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Polenergia S.A. Group

CONSOLIDATED QUARTERLY REPORT

FOR THE FIRST QUARTER OF 2021

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A. INTRODUCTION TO THE CONSOLIDATED QUARTERLY REPORT

1. Consolidated income statement for a 3-month period ended on 31 March 2021

Within the 3-month period ended on 31 March 2021, the results of Polenergia Group (the "Group") in terms of the adjusted (normalized) EBITDA and net profit amounted to PLN 75.7m and PLN 34.3m, respectively, which means a YOY drop by PLN 18.4m and PLN 16.8m, respectively.

Polenergia Group Income Statement (PLN m)		3M 2021	3M 2020	Difference YOY	Difference YOY [%]
Sales revenues, including:		636,9	459,0	177,9	39%
	trading and sales segment	495,7	287,8	207,9	
	other	141,2	171,1	(30,0)	
Cost of goods sold, including:		(573,5)	(381,8)	(191,7)	-50%
	trading and sales segment	(483,1)	(287,9)	(195,2)	
	other	(90,4)	(93,9)	3,5	
Gross profit on sales		63,4	77,2	(13,7)	-18%
	Selling expenses and general overheads	(11,8)	(10,1)	(1,6)	-16%
	Other operating revenue/expense	1,1	1,6	(0,5)	-34%
A	Operating profit (EBIT)	52,7	68,6	(15,9)	-23%
	Depreciation/Amortization	22,9	25,3	(2,5)	
	Impairment losses	0,1	0,1	(0,0)	
EBITDA		75,7	94,1	(18,4)	-20%
Normalizing adjustments:					
	Purchase price allocation (PPA)	-	-	-	-
Adjusted EBITDA*		75,7	94,1	(18,4)	-20%
B	Financial income	0,8	3,3	(2,5)	
C	Financial costs	(9,9)	(11,8)	1,9	
A+B+C Gross profit (loss)		43,6	60,2	(16,6)	-28%
	Income tax	(9,4)	(10,3)	0,9	9%
Net profit (loss) from continuing operations		34,2	49,9	(15,7)	-31%
	Profit from discontinued operating activities	-	-	-	-
	Profit on disposal of discontinued operations	-	-	-	-
Net profit (loss)		34,2	49,9	(15,7)	-31%
Normalizing adjustments:					
	Purchase price allocation (PPA)	0,2	2,1	(1,9)	
	Foreign exchange differences	(0,6)	(1,3)	0,7	
	Loan valuation using the amortized cost method	0,3	0,3	0,0	
	Impairment losses **	0,1	0,1	(0,0)	
Adjusted net profit (loss)*		34,3	51,1	(16,8)	-32,9%
Adjusted EBITDA*		75,7	94,1	(18,4)	-20%
Adjusted EBITDA Margin*		11,9%	20,5%	-8,6%	
Adjusted EBITDA (excl. trading segment)		66,7	88,3	(21,6)	-24%
Adjusted EBITDA margin (excl. trading segment)		47,3%	51,6%	-4,4%	

*) Adjusted for non-monetary one-off revenue (cost) recognized in a given financial year.

***) Reversal of the impairment losses connected with projects development in 2020.

The sales revenues of Polenergia Group for Q1 2021 were higher by PLN 177.9m year on year, mainly due to higher revenues in the trading and sales segment (by PLN 207.9m), which was partly offset by lower revenues in the onshore wind farm segment (by PLN 15.4m) and the gas and clean fuels segment (by PLN 11.2m).

Adjusted EBITDA for said period amounted to PLN 75.7m, and was lower by PLN 18.4m year on year, mainly due to a lower result of the wind power segment caused by poorer windiness. It should be noted that the productivity of wind farms in Q1 2020 was historically one of the highest ever.

2. Detailed commentary regarding financial performance for the 3-month period ended on 31 March 2021 and other significant information on the Group's standing.

The onshore wind farm segment yielded the EBITDA result lower by PLN 31.5m year on year. The lower performance in 2021 has been mainly due to the lower production volume and slightly higher operating costs of the wind farms.

The gas and clean fuels EBITDA recorded an increase by PLN 10.6m year on year, mainly as a result of the higher margin on sale of electricity and revenues from the capacity market (the capacity obligation took effect as of January 2021), partly offset by no revenue from stranded costs compensation (as the compensation system ended in May 2020).

The trading and sales segment recorded an increase of EBITDA by PLN 3.2m year on year, as a result of: i) better performance on trading in wind farm-generated electricity thanks to, among others, the optimizing of the fixed volume levels and positive impact of the profiling cost, (ii) better performance on the optimizing of the energy production level in the generating assets of the Group, (iii) the implementation of the new strategy in terms of sales to strategic customers. Such increase was partly offset by: i) lower performance on the wind farm-generated green certificate trade, mainly because of lower productivity in Q1 2021 (poorer windiness and higher COGS of green certificates), as well as due to the impact of the green certificate inventory measurement which was lower by PLN 2.9m than in Q1 2020, ii) higher operating expenses resulting from the growth of the scale of business and higher commission cost, (iii) lower performance on proprietary trading.

The EBITDA of the distribution segment was lower by PLN 0.4m year on year. The drop in performance has been mainly due to lower margin on sales of electricity resulting from lower volume by 16% being the impact of COVID-19, lower TPA sales and lower unit margin, as well as lower other operating income (in Q1 2020 Polenergia Dystrybucja received a refund of partly overpaid real estate tax from prior years), partly offset by higher distribution margin.

The EBITDA result in the photovoltaic segment in Q1 was lower by PLN 0.1m year on year due to increased costs in connection with the development of the PV projects. The EBITDA generated by the Sulechów I project portfolio, which is the only project of the Group that reached the operating phase (in early 2020) was roughly at the same level as in Q1 2020 - a drop by 9% was experienced caused by less intensive insolation.

The result under the Unallocated item in Q1 2021 was lower by 0.1m compared to the corresponding period of 2020. The change in the EBITDA result has been brought about by the discontinued business in the Biomass segment (result lower by PLN 0.6m) partly offset by the better result at the Headquarters (result higher by PLN 0.5m).

As a consequence of the abovementioned developments, the adjusted EBITDA margin, excluding the trading and sales segment, amounted to 47.3%, and was lower by 4.4 pp year on year.

The financial performance in Q1 2021 was lower in YOY perspective by PLN 0.6m, as a result, predominantly, of lower financial income from interest on deposits (by PLN 1.3m), lower foreign exchange gains (by PLN 0.5m) and the financial instruments measurement (by PLN 1.1m), higher financial expenses on account of fees and commissions (by PLN 0.2m) and other charges, i.e. penalties, lease measurement (by PLN 0.2m) partly offset by lower financial expenses on account of loan interest (by PLN 2.7m).

The change of the income tax level compared to the corresponding period of 2020 results from lower profit before tax of the Group, no asset created for the tax loss applied in certain wind farms and from interest capitalization.

Impact of COVID-19 pandemic

In view of the persisting COVID-19 outbreak, risk factors that may potentially impact the business and financial performance of Polenergia Group have been being monitored and identified on an ongoing basis. The Management Board has taken measures to mitigate the adverse impact of the coronavirus, however the final severity and magnitude of such impact are difficult to estimate.

The Management Board is of the opinion that Polenergia Group has so far been resilient to adverse economic environment caused by the COVID-19 outbreak. Very good financial performance achieved in the first quarter of 2021 shows that the repeated partial freezing of the Polish economy did not materially affect the operation of the companies within the Group.

Most of the Group's staff continued teleworking using remote communication equipment. All vital operating processes have been on schedule, with significant management processes handled remotely. The Company identifies risk factors related to the variable scale of COVID-19 infections, in particular with respect to activities and processes that cannot be fully performed remotely. This is true, in the first place, of the gas and clean fuels segment which is largely dependent on the individual manufacturing staff traffic and of the wind farm projects in their construction phase. In order to mitigate the impact of the risk on the operation of the Company Elektrociepłownia Nowa Sarzyna, strict OHS rules were applied to operating activity and renovation works. Moreover, an emergency plan has been prepared for the Company to maintain the production process continuity by the staff working with accommodation on-site. The implementation of wind farm projects in construction phase has so far experienced no significant adverse impact of COVID-19. Safety procedures and occupational health measures have been implemented on site, such as questionnaires and statements to verify good health conditions and no contact with infected individuals, the distancing requirement, the measuring of temperature, points of disinfection, weekly testing for COVID-19 of staff members working on the construction site of Szymankowo wind farm, testing for COVID-19 of new staff members, as well as invariable composition of worker teams on site (it is prohibited to exchange staff members among the sites).

The impact of COVID-19 on the performance in the distribution segment is manifested by a drop in the national demand for electricity driven, among others, by the industrial plants and shopping malls. In view of the extended pandemic period in Poland, entailing high uncertainty, the Company has been monitoring in detail the collection of receivables and has been maintaining an increased bad debt provision established in 2020. Also, it must be noted that if restrictions due to pandemic should be kept, in particular limited operation of shopping malls, this may affect the financial standing of the company.

In the trading and sales segment, as a result of the COVID-19 outbreak, increased trading business risk persists. This has mainly been due to high volatility of prices of CO₂ allowances, electrical energy, raw materials and the PLN/EUR exchange rate. In addition, a factor that increases the risk of commercial business is the risk of reduced liquidity on forward markets and increased risk of counterparty insolvency. The abovementioned risk factors may also affect liquidity by increasing the requirements concerning the security deposits and the bad debt level. In the face of increased likelihood of those risks materializing, ongoing monitoring and analytical activities were intensified in those areas and more stringent verification methods have been applied when entering into new transactions.

The wind power segment remains in 2021, and will remain in 2022, largely immune to the current volatility of electricity prices, given the fact that for the large portion of the portfolio the prices of energy sales and green certificates have been fixed on the forward market. Should the drop in energy and green certificate prices continue for a long time and result in a forward contract quotes reduction, the financial performance potential of the segment may be limited in subsequent years.

Implementation of the Polenergia Group Strategy for the years 2020-2024

The new strategy of the Group is being implemented with no significant disturbances.

The Group continues works aimed at implementation of wind farm projects of the total capacity of 199 MW which secured auction offtake under the RES support auction scheme. In July 2020, the facilities agreement was entered into for the financing of construction of the biggest project in the Group's history - the Dębask wind farm with the capacity of 121 MW, while in September a facility agreement was entered into for the financing of construction of a 27 MW Kostomłoty project. Also, in July 2020 an amended and restated facility agreement dating 2019 was executed which increased the cap on available loans for the Szymankowo wind farm (38MW).

Construction of the Dębask and Szymankowo wind farms has been progressing according to the schedule. At Szymankowo, construction works were completed involving the building of roads, assembly sites and foundations; also all turbines have been assembled (11/11). Documentation for the operating permit application is in preparation. Turbine start-up work is continued. The generation of electricity by the farm has started (synchronizing with the grid). The planned technological start-up will take place as scheduled in the months of May, June and July 2021. At Dębask construction in terms of structural and electrical works has been in progress. The construction of the third farm - Kostomłoty has begun, including the hand-over of the site to the contractor; major equipment and HV and MV cables have been ordered, working plans are being developed.

In the RES auction held in December 2020, the Company secured a 15-year offtake for the Piekło Wind Farm of the capacity of ca. 13.2 MW. Preparatory works are in progress aimed at making the final investment decision and commencing construction.

In the December RES auction the Company secured a 15-year offtake for three PV project portfolios: Sulechów II, Sulechów III and Buk I, providing for the construction of 29 PV plants in total, with the aggregate capacity of ca. 28 MW. Preparatory works are in progress aimed at making the final investment decision and commencing construction.

The Group continues further development of wind and photovoltaic projects with a view to attain the goals identified in the Group's Strategy for the years 2020-2024. As a consequence, the Group does not exclude participation of its subsidiaries developing wind farm and photovoltaic projects in forthcoming RES auctions, with decisions about participation in auctions to be made for individual projects, as their development will progress.

Development work in the offshore wind power segment is continued. The Group holds 50% of the shares in the companies MFW Bałtyk I Sp. z o.o., MFW Bałtyk II Sp. z o.o. and MFW Bałtyk III Sp. z o.o. preparing to develop three offshore wind farms located in the Baltic Sea with total capacity up to 3000 MW. On May 4, 2021, the President of the Energy Regulatory Office issued to the project companies MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. decisions on granting each company the right to cover the negative balance for electricity generated in the MFW Bałtyk II and MFW Bałtyk III offshore wind farms, with a capacity of 720 MW each.

As of 1 January 2021 the CHP Plant Nowa Sarzyna, as the participant in the Capacity Market, has been performing its capacity obligation, as per the contract with Polskie Sieci Elektroenergetyczne and has been continuing to provide the black start and system restoration services for PSE. ENS has also been successfully participating in the capacity aftermarket, where trading in capacity obligations takes place, as well as re-allocation of capacity obligations among capacity suppliers. On top of that, based on the Service Level Agreement (SLA) Nowa Sarzyna has been dynamically operating on the energy market due to its optimized model of operation.

The letter of intent executed in 2020 by Polenergia and Siemens Energy gave rise to the continued work aimed at developing new gas cogeneration projects and hydrogen projects. Together with its Partner Polenergia has been developing a high profile project for generation and storage of hydrogen produced by water electrolysis with participation of its own renewable energy. Measures have also been taken, together with the Partners, in order to prepare the gas-powered CHP plant in Nowa Sarzyna for co-firing

of natural gas with hydrogen.

The Group implements the new strategy in the trading and sales segment by developing new and existing business areas. As part of the optimizing process of Nowa Sarzyna's business, more than half of the optimized electricity generation structure has been fixed for 2022 and given favorable market conditions (clean spark spread), positions for individual periods under first quarter of 2021 delivery have been reversed. As part of the geographical expansion, operations commenced in the Ukrainian and Hungarian energy markets. Preparations are underway to start operation in the Ukrainian gas market, as are analyses of entering the Baltic States energy markets. In 2021 the Company significantly increased the volume of its sales to industrial customers with concurrent active prospecting for customers for subsequent years. The company Polenergia Sprzedaż launched renewable energy sales to end customers. Green energy produced in the Group's generation assets is being sold as "Energy 2051" product through the website and teleshopping channels. Also the third-party RES generators aggregation business has been actively promoted - the existing customers were retained and new customers were won for the year 2021. Products are in preparation for the independent RES producers with concurrent prospecting for new customers. Under the flexibility services business line, a contract has been signed for the provision of DSR services with Polskie Sieci Elektroenergetyczne. Intensive efforts are continued to develop flexibility services aggregation and to participate in the capacity aftermarket.

In the distribution segment, on 21 October 2020 new electricity distribution and sales tariff for Polenergia Dystrybucja Sp. z o.o. became effective, with RAB at PLN 109.6m. Also, the approved investment plan for the years 2019-2022 totaling PLN 51m has been under implementation. By the end of Q1 2021 the Company issued 88 documents stating the grid connection terms, resulting in 44 connection agreements finalized. Connection agreements were finalized and connection readiness was expressed for 37 investments/phases of investments. Concession extension was obtained for 7 projects with work in progress in relation to further 15 projects.

After having obtained the approval of the Supervisory Board, Polenergia Dystrybucja commenced implementation of Investment Plan IV for the years 2021-2026. On 15 January 2021 the company executed an annex to the facility agreement with ING Bank Śląski S.A. which granted financing to the company for the implementation of Investment Plan IV in the amount of PLN 75.3m. Said Plan provides for launching investments with respect to the design and construction of electrical energy infrastructure aimed at supplying power to new facilities and customers, in particular with respect to new residential condominiums. In Q1 2021 the Company entered into 22 contracts which corresponds to 15% of the Investment Portfolio IV.

Other significant information on the Group's condition

On 29 January 2021 the company developing the offshore wind farm project MFW Bałtyk I signed a grid connection agreement with PSE. According to the agreement, the total maximum power output of the Project has been determined at 1560MW.

On 5 March 2021 the companies MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. (jointly the "Project Companies") in which Polenergia S.A. holds 50% of shares, developing - under a joint venture with the Equinor group - the construction projects of two offshore wind farms with the intended aggregate capacity of 720MW each ("MFW"), filed after relevant analyses and corporate decisions, their requests to the President of the Energy Regulatory Office ("ERO President") under the procedure provided for in the Act of 17 December 2020 on the promoting of electricity generation in offshore wind farms (the "MFW Act") for the award, pursuant to a decision of the ERO President, of the entitlement to have any deficit compensated with respect to electricity generated in an offshore wind farm and fed into the grid ("Support") ("Requests").

The Support will apply to electricity generated in MFW and will be tantamount to the granting of the

entitlement to have the negative balance compensated resulting from the difference between the price of electric energy specified for a given project in the decision of the ERO President that will be issued at a further procedural stage (adjusted annually for inflation) ("Support Price") and the periodic reference price identified in line with the terms specified by the MFW Act.

On 16 April 2021, Polenergia S.A. together with Wind Power AS (the Equinor Group), passed shareholders resolutions in the Project Companies concerning the consent to sustain the applications for Support filed on 5 March 2021 to the President of the Energy Regulatory Office by the Project Companies. In consequence of the shareholders resolutions, the Project Companies made decisions to sustain their Applications.

The abovementioned shareholders resolutions and decisions of the Project Companies were made in view of the fact that on 30 March 2021 the Minister of Climate and the Environment (the "Minister") issued an ordinance concerning the maximum price for electricity generated in an offshore wind farm and fed to the grid, in PLN per 1 MWh, which is the basis for the settlement of the right to cover the negative balance, in which the Minister set the maximum price for electricity generated in an offshore wind farm and fed to the grid at the level of PLN 319.6 / MWh (the "Maximum Price").

Facing the determined Maximum Price level, the Issuer and Wind Power AS, as the shareholders to the Project Companies, decided that the Project Companies should sustain applications for the Support.

Winning the Support involves, in the first place, obtaining relevant individual decisions of the ERO President granting each of the Project Companies the right to cover the negative balance, as per the Applications. Where the installed capacity of the offshore wind farms, for which the ERO President will issue the decision granting the Support, reaches the maximum total capacity referred to in the MFW Act (i.e. 5.9GW), the Project Companies may be requested to adequately limit the installed capacity of a given offshore wind farm (offshore wind farms) covered by a pertinent Application, otherwise the Support may not be granted (the investors are granted support on a "first in - first processed" basis, in terms of complete Support applications). Further stage will provide for the approval of the Support by the European Commission ("EC"). After EC takes its position, the ERO President will issue an administrative decision in which the individual price will be set that will be the basis for settlement of the negative balance of each of the Project Companies (the "Support Price"). The ERO President may set the Support Price at the level equal to or lower than the Maximum Price. In case the Support Price is lower than the Maximum Price, the Project Companies will have the right to waive their right to cover the negative balance granted to them. Should such scenario materialize, the Issuer and Wind Power AS, as the shareholders to the Project Companies, will assess the advisability of waiving the right to cover the negative balance granted to the Project Companies with a view to give relevant corporate approvals in this respect.

Once the Support is obtained, an obligation arises on the part of the Project Companies to generate and provide to the grid for the first time electrical energy generated in offshore wind farms, or in part thereof, following the obtaining of the concession, within 7 years of the day the ERO President issued the decision specifying the Support Price.

In order to fulfill the abovementioned obligation, significant capital expenditures will be required. The total capital expenditures to be borne by the Project Companies following the obtaining of the Support in connection with the preparation of both projects in the period until the final investment decision and commencement of construction scheduled for 2023 have been estimated at between PLN 307m and PLN 385m. On top of the amounts referred to in the preceding sentence, the estimated construction expenditures amount to between PLN 16,130m and PLN 18,220m, the major share of which will be borne after the final investment decision is made and construction commences. The Issuer, as the shareholder to the Project Companies, will be obligated to pay part of the capital expenditures pro rata to the Issuer's interest in the Project Companies, with due regard to the project finance loan to finance the expenditures during construction intended to be incurred by the Project Companies.

In addition, the Issuer informs that in the event the Project Companies are granted the Support, the Issuer will be entitled to receive additional payments ("Additional Payments") under the contract for, without limitation, the sale of shares in the Project Companies entered into on 5 March 2018 with Statoil Holding Netherlands B.V. (presently Equinor Holding Netherlands B.V.) ("Contract for the Sale of Shares").

Disbursement of Additional Payments, as well as the final amount thereof, depends on a number of factors, including the date of granting the Support and the volume of the intended installed capacity covered by the Support. Disbursement of Additional Payments should take place following the publication of the decision of the ERO President granting the Support to each of the Project Companies under Art. 16 sec. 1 of the MFW Act. The Issuer has assumed the Additional Payments will amount to EUR 35,000 per each MW of installed capacity with respect to an offshore wind farm project developed by MFW Bałtyk II sp. z o.o. and between EUR 33,452 and EUR 36,071 per each MW of installed capacity with respect to an offshore wind farm project developed by MFW Bałtyk III sp. z o.o. It is the projection of the Issuer's Management Board that the proceeds from the Additional payments will be applied to finance capital expenditures related to the preparation of both projects until the final investment decision is made and construction, scheduled for 2023, begins.

The Issuer indicates that in certain circumstances provided for in the Contract for the Sale of Shares, the obligation to make the Additional Payments - with respect to either or both of the Project Companies - may expire or the amount of the Additional Payments made - with respect to either or both of the Project Companies - may be recoverable from the Issuer. This is true, in particular, of a situation where a given decision to grant the Support is canceled or invalidated or it becomes ineffective for other reasons.

On May 4, 2021, the President of the Energy Regulatory Office issued to the project companies MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. decisions on granting each Project Company the right to cover the negative balance for electricity generated in the MFW Bałtyk II and MFW Bałtyk III offshore wind farms, with a capacity of 720 MW each.

On 5 February 2021 Mansa Investments and BIF IV Europe Holdings Limited with registered office in London entered into annexes to the investment agreement dated 3 November 2020. In addition, BIF IV Europe Holdings Limited informed about an increase of the price per share of the Company in the call for subscription from PLN 47 to PLN 63. The subscription deadline expired on 17 February 2021. As a result of the call, BIF IV Europe Holdings Limited acquired 10,370,213 shares of stock in the Company, which corresponds to 22.82% of the total number of votes in the Company.

On 20 February 2021 the Management Board of Polenergia S.A. was notified about the fact that the shareholders of Mansa Investments Sp. z o.o. and BIF IV Europe Holdings Limited, entered into an additional memorandum of understanding to the investment agreement of 3 November 2020 and the shareholders agreement of the same date. The notification included, among others, the intention to increase the Company's share capital via the issue of new shares. Such share issue will involve preemptive right or shall otherwise prevent share dilution.

On 28 April 2021 the company Polenergia Farma Wiatrowa Dębice/Kostomłoty Sp. o.o. concluded an interest rate swap transaction with mBank S.A. hedging 90% of the interest rate risk.

On 10 May 2021 the subsidiary Polenergia Farma Wiatrowa 17 Sp. z o.o. entered into a facilities agreement with ING Bank Śląski providing for an investment loan totaling up to PLN 21,5m for the financing of construction of the Sulechów II photovoltaic farm and the VAT loan during construction up to PLN 5,5m. The Facilities Agreement provides for the repayment of the investment loan no later than by 30 June 2036 and of the VAT loan no later than six months after the completion of the project construction.

On 12 May 2021 the subsidiary Polenergia Farma Wiatrowa Rudniki Sp. z o.o. entered into a facilities

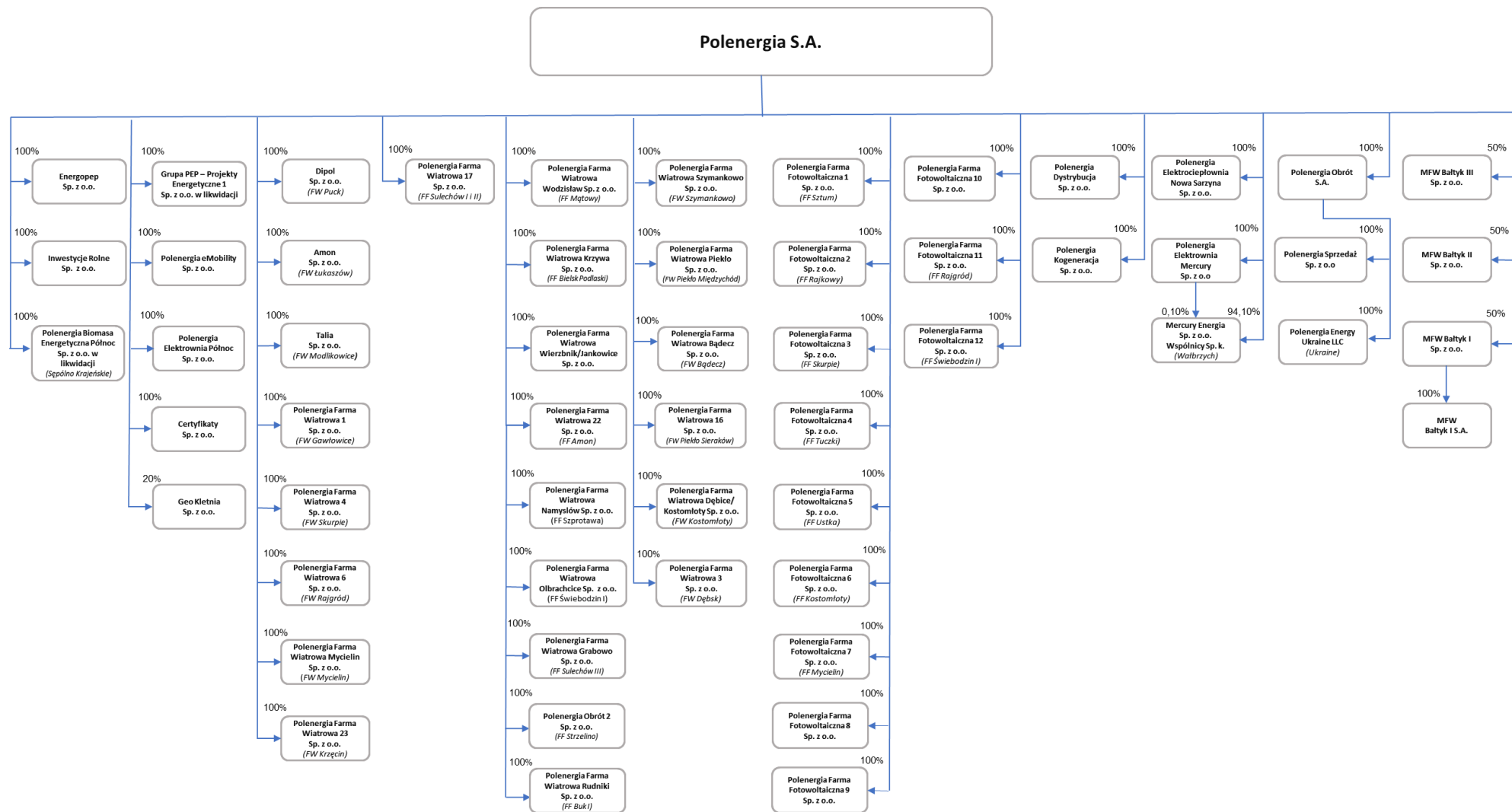
agreement with mBank S.A. providing for an investment loan totaling up to PLN 13m for the financing of construction of the Buk I photovoltaic farm and the VAT loan during construction up to PLN 3,2m. The Facilities Agreement provides for the repayment of the investment loan no later than by 21 December 2037 and of the VAT loan no later than by 31 January 2023.

On 12 May 2021 the subsidiary Polenergia Farma Fotowoltaiczna 9 Sp. z o.o. entered into a facilities agreement with mBank S.A. providing for an investment loan totaling up to PLN 18m for the financing of construction of the Sulechów III photovoltaic farm. The Facilities Agreement provides for the repayment of the investment loan no later than by 21 December 2037.

3M 2021 (PLN m)	Onshore Wind Power	Photovoltaics	Gas and Clean Fuel	Trading	Distribution	Unallocated	Purchase price allocation	TOTAL
Sales revenues	65.9	0.5	47.7	495.7	25.6	1.5	-	636.9
Operating costs, including operating costs (without granted green certificates adjustment)	(30.0)	(0.5)	(35.8)	(483.1)	(21.8)	(2.1)	(0.2)	(573.5)
depreciation/amortization	(10.4)							(10.4)
granted green certificates adjustment	(15.9)	(0.2)	(4.4)	(0.0)	(1.5)	(0.6)	(0.2)	(22.9)
granted green certificates adjustment	(3.8)							(3.8)
Gross profit on sales	35.9	(0.0)	11.9	12.7	3.8	(0.6)	(0.2)	63.4
Gross profit on sales margin	54.4%	-7.6%	25.0%	2.6%	14.9%	"n/a"	"n/a"	10.0%
General overheads	(0.9)	(0.0)	(2.0)	(4.1)	(1.4)	(3.2)	-	(11.6)
Other operating activities	0.8	0.0	(0.6)	0.3	0.3	0.1	-	0.9
including impairment losses	(0.1)	-	-	-	-	(0.0)	-	(0.1)
Operating profit	35.7	(0.1)	9.4	8.9	2.7	(3.7)	(0.2)	52.7
EBITDA	51.7	0.1	13.8	9.0	4.2	(3.1)	-	75.7
EBITDA Margin	78.4%	28.4%	28.9%	"n/a"	16.5%	"n/a"	"n/a"	11.9%
Purchase price allocation (PPA)	-	-	-	-	-	-	-	-
Adjusted EBITDA	51.7	0.1	13.8	9.0	4.2	(3.1)	-	75.7
Adjusted EBITDA Margin	78.4%	28.4%	28.9%	"n/a"	16.5%	"n/a"	"n/a"	11.9%
Profit (loss) on financial activities	(7.7)	(0.2)	0.2	(1.0)	(0.7)	0.3	-	(9.1)
Profit (loss) before tax	28.0	(0.3)	9.6	7.9	1.9	(3.4)	(0.2)	43.6
Income tax								(9.4)
Net profit (loss) from continuing operations								34.2
Profit from discontinued operating activities								-
Profit on disposal of discontinued operations								-
Net profit (loss) for period								34.2
Normalizing adjustments:								
Purchase price allocation (PPA)								0.2
Foreign exchange differences								(0.6)
Loan valuation using amortized cost method								0.3
Impairment losses								0.1
Net result on the sale of assets								-
Adjusted net profit								34.3

3M 2020 (PLN m)	Onshore Wind Power	Photovoltaics	Gas and Clean Fuel	Trading	Distribution	Unallocated	Purchase price allocation	TOTAL
Sales revenues	81.3	0.5	58.8	287.8	24.3	6.2	-	459.0
Operating costs, including operating costs (without granted green certificates adjustment)	(14.1)	(0.4)	(58.5)	(279.3)	(20.4)	(6.6)	(2.5)	(381.8)
depreciation/amortization	(9.8)							(9.8)
granted green certificates adjustment	(15.8)	(0.2)	(4.7)	(0.0)	(1.4)	(0.6)	(2.5)	(25.3)
granted green certificates adjustment	11.5							11.5
Gross profit on sales	67.2	0.1	0.4	8.5	3.9	(0.3)	(2.5)	77.2
Gross profit on sales margin	82.6%	"n/a"	0.7%	"n/a"	15.9%	"n/a"	"n/a"	16.8%
General overheads	(0.7)	(0.1)	(1.7)	(2.8)	(1.1)	(3.6)	-	(10.0)
Other operating activities	0.8	-	(0.2)	0.0	0.6	0.2	-	1.4
including impairment losses	(0.0)	-	-	-	-	(0.1)	-	(0.1)
Operating profit	67.3	0.1	(1.5)	5.7	3.3	(3.7)	(2.5)	68.6
EBITDA	83.2	0.3	3.2	5.8	4.7	(3.0)	-	94.1
EBITDA Margin	102.3%	"n/a"	5.5%	"n/a"	19.2%	"n/a"	"n/a"	20.5%
Purchase price allocation (PPA)	-	-	-	-	-	-	-	-
Adjusted EBITDA	83.2	0.3	3.2	5.8	4.7	(3.0)	-	94.1
Adjusted EBITDA Margin	102.3%	"n/a"	5.5%	2.0%	19.2%	"n/a"	"n/a"	20.5%
Profit (loss) on financial activities	(10.6)	(0.2)	1.8	(0.3)	(0.6)	1.5	-	(8.5)
Profit (loss) before tax	56.7	(0.1)	0.3	5.4	2.7	(2.2)	(2.5)	60.2
Income tax								(10.3)
Net profit (loss) for period								49.9
Profit from discontinued operating activities								-
Profit on disposal of discontinued operations								-
Net profit (loss) for period								49.9
Normalizing adjustments:								
Purchase price allocation (PPA)								2.1
Foreign exchange differences								(1.3)
Loan valuation using amortized cost method								0.3
Impairment losses								0.1
Adjusted net profit								51.1
Change of adjusted EBITDA yoy	(31.5)	(0.1)	10.6	3.2	(0.4)	(0.1)	-	(18.4)

3. The Group's organizational structure



B. INTERIM CONDENSED FINANCIAL STATEMENTS FOR A 3-MONTH PERIOD ENDED ON 31 MARCH 2021

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
As at 31 March 2021**
ASSETS

	31.03.2021	31.12.2020
I. Non-current assets	2 351 894	2 229 951
1. Tangible fixed assets	1 976 113	1 946 761
2. Intangible assets	4 404	4 746
3. Subordinated entities goodwill	69 566	69 566
4. Financial assets	113 708	21 358
5. Financial assets measured using the equity method	175 143	175 143
6. Long term receivables	3 955	3 498
7. Deferred income tax assets	8 962	8 836
8. Prepayments and accrued income	43	43
II. Current assets	1 019 639	788 498
1. Inventories	42 016	36 836
2. Trade receivables	107 734	77 041
3. Income tax receivable	1 672	976
4. Other short term receivables	168 726	142 154
5. Prepayments and accrued income	13 507	5 712
6. Short term financial assets	321 351	151 432
7. Cash and equivalent	364 633	374 347
Total assets	3 371 533	3 018 449

EQUITY AND LIABILITIES

	31.03.2021	31.12.2020
I. Shareholders' equity	1 498 765	1 418 368
Equity attributable to the shareholders of the parent company	1 497 867	1 417 468
1. Share capital	90 887	90 887
2. Share premium account	557 983	557 983
3. Reserve capital from option measurement	13 207	13 207
4. Other capital reserves	505 962	459 811
5. Retained profit (loss)	295 588	185 037
6. Net profit	34 241	110 551
7. F/X translation differences	(1)	(8)
Non-controlling interests	898	900
II. Long term liabilities	1 223 275	1 189 190
1. Bank loans and borrowings	925 297	934 036
2. Deferred income tax provision	77 633	74 419
3. Provisions	23 420	23 420
4. Accruals and deferred income	46 098	46 897
5. Zobowiązania z tytułu leasingu	93 901	97 815
6. Zobowiązania z tytułu wyceny kontraktów terminowych	55 063	9 886
7. Other liabilities	1 863	2 717
III. Short term liabilities	649 493	410 891
1. Bank loans and borrowings	89 747	71 368
2. Trade payables	85 775	99 969
3. Income tax payable	727	1 079
4. lease liabilities	12 095	11 240
5. futures and forward contracts measurement	293 420	132 721
6. Other liabilities	143 710	69 169
7. Provisions	3 064	3 064
8. Accruals and deferred income	20 955	22 281
Total equity and liabilities	3 371 533	3 018 449

INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
For a 3-month period ended on 31 March 2021

	Note	For 3 months ended	
		31.03.2021	31.03.2020
Revenues from contracts with clients	4.1	634 547	454 718
Other revenues	4.1	2 368	4 259
Sales revenues	4.1	636 915	458 977
Cost of goods sold	4.2	(573 497)	(381 812)
Gross sales profit		63 418	77 165
Other operating revenues	4.3	1 350	2 246
Selling expense	4.2	(193)	(159)
General overheads	4.2	(11 564)	(9 959)
Other operating expenses	4.4	(292)	(644)
Financial income	4.5	764	3 302
Financial costs	4.6	(9 872)	(11 775)
Profit before tax		43 611	60 176
Income tax		(9 372)	(10 278)
Net profit		34 239	49 898
Net profit attributed to:		34 239	49 898
Parent company shareholders		34 241	49 890
Non-controlling shareholders		(2)	8
Earnings per share:			
Weighted average of ordinary shares		45 443 547	45 443 547
– basic earnings (loss) for period attributable to parent company shareholders		0,75	1,10
– diluted earnings (loss) for period attributable to parent company shareholders		0,75	1,10

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For a 3-month period ended on 31 March 2021

	For 3 months ended	
	31.03.2021	31.03.2020
Net profit for period	34 239	49 898
Other comprehensive income that may be reclassified to profit and loss account once specific conditions are met		
Cash flow hedges	46 151	103
F/X translation differences	7	-
Other net comprehensive income	46 158	103
COMPREHENSIVE INCOME FOR PERIOD	80 397	50 001
Comprehensive income for period:	80 397	50 001
Parent company shareholders	80 399	49 993
Non-controlling shareholders	(2)	8

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For a 3-month period ended on 31 March 2021

	Noty	For 3 months ended	
		31.03.2021	31.03.2020
A.Cash flow from operating activities			
I.Profit (loss) before tax		43 611	60 176
II.Total adjustments		22 188	26 314
1.Depreciation		22 859	25 332
2.Foreign exchange losses (gains)		(9)	238
3.Interest and profit shares (dividends)		10 091	11 062
4.Losses (gains) on investing activities		1 779	495
5. Income tax		(8 978)	(11 047)
6.Changes in provisions		730	(135)
7.Changes in inventory		(5 180)	(10 790)
8.Changes in receivables		(268 509)	(115 718)
9.Changes in liabilities, excluding bank loans and borrowings		282 741	135 695
10.Changes in accruals		(9 572)	(8 410)
11. Other adjustments		(3 764)	(408)
III.Net cash flows from operating activities (I+/-II)		65 799	86 490
B.Cash flows from investing activities			
I. Cash in		22	119
1. Disposal of intangibles and tangible fixed assets		22	119
II.Cash out		68 458	12 920
1. Acquisition of tangible fixed assets		58 261	11 797
2. For financial assets, including:		10 197	1 123
a) acquisition of financial assets		10 197	1 123
III.Net cash flows from investing activities (I-II)		(68 436)	(12 801)
C.Cash flows from financing activities			
I.Cash in		40 055	31 804
1.Loans and borrowings		40 055	31 804
II.Cash out		47 130	46 805
1.Repayment of loans and borrowings		32 015	34 469
2.Lease payables		3 986	1 894
3.Interest		11 018	10 313
4.Other financial expenses		111	129
III.Net cash flows from financing activities (I-II)		(7 075)	(15 001)
D.Total net cash flows (A.III+/-B.III+/-C.III)		(9 712)	58 688
E.Increase/decrease in cash in the balance sheet, including:		(9 714)	58 632
- change in cash due to fx differences		(2)	(56)
F.Cash at beginning of period		374 347	345 705
G.Cash at end of period, including:		364 633	404 337
- restricted cash	4.7	43 882	38 182

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For a 3-month period ended on 31 March 2021

	Share capital	Share premium account	Reserve capital from option measurement	Other capital reserves	Retained profit	Net profit	F/X translation differences	Equity attributable to the shareholders of the parent company	Non-controlling interest	Total equity
As at January 2021	90 887	557 983	13 207	459 811	295 588	-	(8)	1 417 468	900	1 418 368
Comprehensive income for reporting period										
- Net profit (loss) for reporting period	-	-	-	-	-	34 241	-	34 241	(2)	34 239
- Other comprehensive income for period	-	-	-	46 151	-	-	7	46 158	-	46 158
As at 31 March 2021	90 887	557 983	13 207	505 962	295 588	34 241	(1)	1 497 867	898	1 498 765

	Share capital	Share premium account	Reserve capital from option measurement	Other capital reserves	Retained profit	Net profit	F/X translation differences	Equity attributable to the shareholders of the parent company	Non-controlling interest	Total equity
As at March 2020	90 887	557 983	13 207	403 661	228 578	-	-	1 294 316	928	1 295 244
Comprehensive income for reporting period										
- Net profit (loss) for reporting period	-	-	-	-	-	49 890	-	49 890	8	49 898
- Other comprehensive income for period	-	-	-	103	-	-	-	103	-	103
As at 31 March 2020	90 887	557 983	13 207	403 764	228 578	49 890	-	1 344 309	936	1 345 245

1. Information on the rules applied in preparation of the interim condensed consolidated financial statements

1.1 The rules underlying the interim condensed consolidated financial statements

These interim condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 and cover a 3-month period commencing on 1 January and ending on 31 March 2021, as well as the comparable period since 1 January until 31 March 2020, and in the case of the balance sheet - as at 31 December 2020. In accordance with the applicable laws, these interim condensed consolidated financial statements for the 3-month period ended on 31 March 2021 and the comparative data for the 3-month period ended on 31 March 2020 have not been subject to any review by an independent auditor, while the comparative data for the financial year ended 31 December 2020 has been audited by an independent auditor.

These consolidated financial statements have been prepared in accordance with the historical cost method, except for the following material items in the balance sheet:

- derivatives which have been measured at fair value.

IFRS include standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

Some entities within the Group keep their own accounting books in line with the accounting policies (principles) set forth by the Accounting Act of 29 September 1994 (the "Act") as amended and rules issued based on such Act ("Polish Accounting Standards"). These consolidated financial statements include adjustments which have not been included in the Group entities' accounting books, in order to align the financial statements of such entities with the requirements of IFRS.

These interim condensed consolidated financial statements have been prepared on the assumption that the Company and the Group companies will continue as going concerns in the foreseeable future, that is for at least 12 months after the reporting date, i.e. 31 March 2021.

1.2 Rules applied in preparation of the financial statements

The accounting principles applied by the Group have been outlined in the consolidated financial statements of Polenergia Group for 2020 published on 30 March 2021. Said Financial Statements provided detailed information on the principles and methods of measuring assets and liabilities, as well as measuring the financial result, the method of preparing financial statements and gathering comparable data. Such principles have been applied on a consistent basis.

1.3 Functional and reporting currency

The functional currency of the parent company and other companies (except for the company Polenergia Energy Ukraine LLC) included in these consolidated financial statements, as well as the reporting currency of these consolidated financial statements, is Polish Zloty.

The following exchange rates were used for measurement purposes:

	2021-03-31	31.12.2020	2020-03-31
USD	3.9676	3.7584	4.1466
EUR	4.6603	4.6148	4.5523
GBP	5.4679	5.1327	5.1052

1.4 Seasonality and cyclical nature of operations

The Group has been operating in the business of electrical energy generation from renewable sources. Wind conditions which determine the electricity production in wind farms are unevenly

distributed throughout the year. In autumn and winter they are significantly better than in spring and summer. The Group resolved to build wind farms in locations selected based on professional wind measurements confirmed by independent and reputable experts. However, there can be no assurance that the actual wind conditions will be no different than those used in the Group's models for specific investment projects. Likewise, for PV farms it is the sun exposure conditions, which also are unevenly distributed throughout the year, that determine the uneven distribution of the electricity generation by those farms. During the spring and summer season, the sun exposure is much better than in autumn or winter.

The Group also operates on the industrial power outsourcing market. The Group's key customers use heat and electricity supplied by the Group for production purposes at their industrial facilities. Heat and electricity supply business is not subject to seasonal fluctuations.

2. Adjusted EBITDA and Adjusted Net Profit

The Group presents data on its EBITDA, adjusted EBITDA and the adjusted net profit allocated to the parent company shareholders in order to present the Group's results to the exclusion of certain elements that have no impact on the core business of the Group and that lead to no cashflows in the reporting period. The Group presents data on its EBITDA, adjusted EBITDA and the adjusted net profit allocated to the parent company shareholders in order to present the Group's results to the exclusion of certain elements that have no impact on the core business of the Group and that lead to no cashflows in the reporting period.

EBITDA and Adjusted EBITDA

	For 3 months ended	
	31.03.2021	31.03.2020
Profit before tax	43 611	60 176
Financial revenues	(764)	(3 302)
Financial costs	9 872	11 775
Depreciation/Amortization	22 859	25 332
Development - related impairment loss	105	107
EBITDA	75 683	94 088
Adjusted EBITDA	75 683	94 088

Adjusted net profit (loss) attributed to parent shareholders

	For 3 months ended	
	31.03.2021	31.03.2020
NET PROFIT attributed to parent shareholders	34 241	49 890
Unrealized foreign exchange net (gains)/losses	(603)	(1 309)
(Income)/Cost from measurement of long-term borrowings	336	326
Development - related impairment loss	105	107
Purchase price allocation:		
Depreciation/Amortization	219	2 532
Tax	(42)	(480)
Adjusted NET PROFIT attributed to parent shareholders	34 256	51 066

Neither the level of EBITDA, nor of the adjusted EBITDA nor of the adjusted net profit allocated to the parent company shareholders have been defined in IFRS, hence these figures may be derived differently by other entities. The definitions of the foregoing indices have been provided in the Consolidated financial statements of Polenergia Group for 2020 published on 30 March 2021. Definitions of the foregoing indices applied by other entities may be different from those used by the Group.

3. Operating segments

On 18 May 2020 the Supervisory Board approved the Strategy of Polenergia Group for the years 2020-2024 prepared by the Issuer's Management Board ("Polenergia Group Strategy"). When devising the Polenergia Group Strategy, current and forecast situation in the power sector was considered, the analysis of the macroeconomic, marketplace and regulatory environment was performed and assumptions were made regarding the directions of the sector's development in the next five years' time horizon. The Polenergia Group Strategy was prepared so as to enable the Group to reach the optimal level of development while maintaining stable financial standing. Facing a huge transformation process of the Polish energy market, it is an ambition of Polenergia Group to support any efforts related to the Polish energy transformation process and the development of low-emission economy.

In view of the above, for management purposes, the Group redefined its business areas dividing them into operational segments, while data for the 3-month period ended 31 March 2021 was transposed so as to ensure its comparability.

The following operating segments have been identified, being identical with the reporting segments:

- Onshore wind farms - development, construction and maintenance of facilities generating electrical energy from onshore wind,
- Photovoltaics - development, construction and maintenance of facilities generating electrical energy using the solar radiation,
- Offshore wind farms - development, construction and maintenance of facilities generating electrical energy from wind at sea,
- Gas and clean fuels - development, construction and maintenance of facilities generating electrical energy in gas cogeneration and development work in the manufacture of hydrogen and generation of energy from hydrogen based on the renewable sources originating energy,
- Trading and sales - commercial business in terms of trading in electricity and certificates of origin, as well as in other energy market instruments, sale of electricity to industrial customers and provision of market access services to energy producers using renewable energy sources,
- Distribution - provision of electrical energy and gas distribution and sale services to commercial, industrial and household customers,

The Management Board has been separately monitoring the operating performance of the segments in order to make decisions regarding allocation of resources, evaluation of the effects of such allocation and the operating performance. Such evaluation is based on the EBITDA result and gross sale profit or loss. Income tax is monitored at the Group level and is not allocated to operating segments. Company's cash is disclosed under Unallocated Assets.

Transaction prices used in transactions between the operating segments are determined on an arm's length basis, similarly to the transactions with non-related parties. Any and all consolidation adjustments are allocated to individual segments.

The Warsaw Commodity Clearing House (Izba Rozliczeniowa Giełd Towarowych) is the only customer with whom the Group generated no less than 10% of total revenues of the Group.

For 3 months ended 31.03.2021	RES Generation			Gas and Clean Fuels	Trading and sales	Distribution	Unallocated	Purchase price allocation	Total
	On shore wind farms	Photovoltaics	Off shore wind farms						
Revenues from contracts with clients	65 897	462	-	47 675	493 373	25 612	1 528	-	634 547
Other revenues	-	-	-	-	2 368	-	-	-	2 368
Total revenues	65 897	462	-	47 675	495 740	25 612	1 529	-	636 915
Net sales profit (loss)	35 866	(35)	-	11 924	12 660	3 805	(583)	(219)	63 418
General overheads	(879)	(41)	-	(1 974)	(4 095)	(1 381)	(3 194)	-	(11 564)
Interest income/(expense)	(6 965)	(180)	-	(24)	(213)	(468)	136	-	(7 714)
Other financial revenue/(expense)	(761)	(11)	-	245	(800)	(274)	207	-	(1 394)
Other operating revenue/(expense)	755	1	-	(555)	347	255	62	-	865
Profit/loss before tax	28 016	(266)	-	9 616	7 899	1 937	(3 372)	(219)	43 611
Income tax	-	-	-	-	-	-	(9 263)	(109)	(9 372)
Net profit/loss	-	-	-	-	-	-	-	-	34 239
EBITDA **)	51 692	131	-	13 800	8 959	4 224	(3 123)	-	75 683
Segment assets	1 999 331	36 551	175 143	203 617	609 785	177 334	169 772	-	3 371 533
Segment liabilities	1 130 805	16 163	-	47 771	540 759	108 494	28 776	-	1 872 768
Depreciation/Amortization	15 865	206	-	4 404	47	1 545	573	219	22 859

*) EBITDA - definition in Note 2

For 3 months ended 31.03.2020	RES Generation			Gas and Clean Fuels	Trading and sales	Distribution	Unallocated	Purchase price allocation	Total
	On shore wind farms	Photovoltaics	Off shore wind farms						
Revenues from contracts with clients	81 291	465	-	57 689	284 749	24 288	6 236	-	454 718
Other revenues	-	-	-	1 160	3 099	-	-	-	4 259
Total revenues	81 291	465	-	58 849	287 848	24 288	6 236	-	458 977
Net sales profit (loss)	67 208	111	-	397	8 507	3 850	(376)	(2 532)	77 165
General overheads	(683)	(52)	-	(1 698)	(2 818)	(1 145)	(3 563)	-	(9 959)
Interest income/(expense)	(9 613)	(147)	-	39	(44)	(538)	1 201	-	(9 102)
Other financial revenue/(expense)	(1 014)	(31)	-	1 724	(270)	(76)	296	-	629
Other operating revenue/(expense)	754	-	-	(209)	42	599	257	-	1 443
Profit/loss before tax	56 652	(119)	-	253	5 417	2 690	(2 185)	(2 532)	60 176
Income tax	-	-	-	-	-	-	(10 758)	480	(10 278)
Net profit/loss									49 898
EBITDA **)	83 204	268	-	3 229	5 757	4 671	(3 041)	-	94 088
Segment assets	1 313 189	22 573	153 643	253 150	298 958	131 380	484 218		2 657 111
Segment liabilities	883 989	442		63 073	233 500	88 183	32 525	10 154	1 311 866
Depreciation/Amortization	15 849	209		4 739	26	1 367	610	2 532	25 332

For 3 months ended 31.03.2021		RES Generation					Unallocated	Total
		On shore wind farms	Photovoltaics	Gas and Clean Fuels	Trading and sales	Distribution		
- revenue from sale and distribution of electricity	over time	38 006	462	41 643	418 425	23 735	-	522 271
- revenue from certificates of origin	over time	27 887	-	-	5 215	-	-	33 102
- revenue from sale of heat	point in time	-	-	5 696	-	-	-	5 696
- revenue from consulting and advisory services	over time	-	-	-	-	-	1 412	1 412
- revenue from lease and operator services	over time	-	-	-	-	685	-	685
- revenue from sale and distribution of gas	over time	-	-	-	68 477	1 188	-	69 665
- revenue from lease	over time	4	-	-	-	2	105	111
- other	over time	-	-	336	1 255	2	12	1 605
Total revenue from clients		65 897	462	47 675	493 372	25 612	1 529	634 547
- revenues from the valuation of futures contracts	over time	-	-	-	2 368	-	-	2 368
Total other revenue		-	-	-	2 368	-	-	2 368
Total sales revenue		65 897	462	47 675	495 740	25 612	1 529	636 915

For 3 months ended 31.03.2020		RES Generation					Unallocated	Total
		On shore wind farms	Photovoltaics	Gas and Clean Fuels	Trading and sales	Distribution		
- revenue from sale and distribution of electricity	over time	57 899	465	50 929	275 030	22 303	-	406 626
- revenue from certificates of origin	over time	23 388	-	-	7 668	-	-	31 056
- revenue from sale of heat	point in time	-	-	6 714	-	-	-	6 714
- revenue from consulting and advisory services	over time	-	-	-	-	-	1 018	1 018
- revenue from lease and operator services	over time	-	-	-	-	862	-	862
- revenue from sale and distribution of gas	over time	-	-	-	1 401	1 120	-	2 521
- revenue from sale of pellets	over time	-	-	-	-	-	5 124	5 124
- revenue from lease	over time	4	-	-	-	-	94	98
- other	over time	-	-	46	650	3	-	699
Total revenue from clients		81 291	465	57 689	284 749	24 288	6 236	454 718
- revenues from the valuation of futures contracts	over time	-	-	-	3 081	-	-	3 081
- revenues from the stranded costs and cost of gas	over time	-	-	1 160	-	-	-	1 160
- revenues from CO2 emission allowances	point in time	-	-	-	18	-	-	18
Total other revenue		-	-	1 160	3 099	-	-	4 259
Total sales revenue		81 291	465	58 849	287 848	24 288	6 236	458 977

4. Other notes

4.1 Sales revenue

	For 3 months ended	
	31.03.2021	31.03.2020
- revenue from sale and distribution of electricity	522 271	406 626
- revenue from certificates of origin	33 102	31 056
- revenue from sale of heat	5 696	6 714
- revenue from consulting and advisory services	1 412	1 018
- revenue from lease and operator services	685	862
- revenue from sale and distribution of gas	69 665	2 521
- revenue from sale of pellets	-	5 124
- revenue from lease	111	98
- other	1 605	699
Total revenue from clients	634 547	454 718
- revenues from the valuation of futures contracts	2 368	3 081
- revenues from the stranded costs and cost of gas	-	1 160
- revenues from CO2 emission allowances	-	18
Total other revenue	2 368	4 259
Total sales revenue	636 915	458 977

4.2 Cost according to type

	For 3 months ended	
	31.03.2021	31.03.2020
- depreciation	22 859	25 332
- materials and power consumption	3 421	50 751
- third party services	13 502	10 781
- taxes, duties and fees	5 115	4 977
- salaries	10 053	9 123
- social security and other benefits	1 787	1 312
- other cost by type	589	490
Total cost by type	57 326	102 766
- merchandise and materials sold (+)	524 176	300 654
- selling certificates of origin	27 893	22 775
- income from granted certificates of origin	(24 141)	(34 265)
- selling expenses (-)	(193)	(159)
- general overheads (-)	(11 564)	(9 959)
Total cost of goods sold	573 497	381 812

4.3 Other operating revenues

	For 3 months ended	
	31.03.2021	31.03.2020
- reversal of impairment losses, including:	320	210
- expected credit loss	320	64
- non-current fixed assets impairment losses	-	146
- reversal of provisions, including:	-	135
- litigation provision	-	135
- other, including:	1 030	1 901
- compensation and additional payments	6	1 030
- grant settlement	814	798
- gains on disposal of non financial fixed assets	20	66
- other	190	7
Total other operating revenues	1 350	2 246

4.4 Other operating revenues

	For 3 months ended	
	31.03.2021	31.03.2020
- asset impairment losses, including:	113	581
- expected credit loss	8	328
- non-current fixed assets	105	253
- other, including:	179	63
- penalties, fines compensation payable	13	-
- other development-related cost	147	26
- other	19	37
Total other operating costs	292	644

4.5 Financial income

	For 3 months ended	
	31.03.2021	31.03.2020
- financial income from interest on deposit and loans	81	1 388
- interest from lease	50	54
- fx differences, including:	232	442
- unrealized	113	442
- realized	119	-
- other surety - related fees	1	2
- other	400	1 416
Total financial revenue	764	3 302

4.6 Financial expenses

	For 3 months ended	
	31.03.2021	31.03.2020
- interest expenses	7 845	10 544
- fx differences, including:	527	242
- unrealized	(631)	(1 174)
- realized	1 158	1 416
- commission on other fees	753	534
- measurement of financial liabilities *)	415	403
- other	332	52
Total financial cost	9 872	11 775

*) refers to bank loans measured at amortized cost

4.7 Cash flows

Restricted cash	For 3 months ended	
	31.03.2021	31.03.2020
- cash frozen for loan repayment	22 389	25 290
- frozen cash for deposit	9 850	2 901
- frozen cash - split payment	11 592	9 991
- frozen cash - social benefit fund	51	-
Total	43 882	38 182

4.8 Goodwill

As at 31 March 2021, goodwill amounted to PLN 69m and included the following segments and cash generating centers:

- PLN 25m - distribution - including the companies Polenergia Dystrybucja and Polenergia Kogeneracja;
- PLN 44m - trading - including the company Polenergia Obrót.

4.9 Fair value of futures and forward contracts

Fair value of futures and forward contracts

Futures and forward contracts to buy or sell electricity entered into by Polenergia Obrót S.A., a subsidiary, are classified as derivatives, in line with IFRS 9 - Financial Instruments. Accordingly, such contracts are measured at fair value, with changes in fair value recognized under the profit and loss account. Gains or losses on the measurement of contracts are disclosed on a net basis under revenue or selling expenses, as appropriate. Measurement is performed with respect to the outstanding part of the contracts broken down into a current portion to be completed within 12 months from the reporting date, and a long term portion to be completed in subsequent years.

	For 3 months ended	
	31.03.2021	31.03.2020
Result of measurement of derivatives	(997)	3 118

Financial instrument category

31.03.2021	Level 2	Total
Short term assets	298 361	298 361
Long term assets	61 397	61 397
Total	359 758	359 758

31.03.2021	Level 2	Total
Short term liabilities	293 420	293 420
Long term liabilities	55 063	55 063
Total	348 483	348 483

Net fair value	11 275	11 275
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The table below includes information on financial assets and liabilities the Group measured at fair value and classified at specific levels of the fair value hierarchy:

- Level 2 – assets and liabilities measurement inputs other than quoted market prices included under Level 1 that are observable for the variables from active markets,

Level 2: The fair value is measured based on other inputs that are observable either directly or indirectly. As similar contracts are traded in an active market, the prices reflect results of actual transactions in similar derivative instruments. The fair value of loans is determined at amortized cost i.e. the discounted cash flow analysis at the assumed effective interest rate as a discount rate.

Forward contracts are entered into on stock exchanges for speculative purposes and measured with the model using market parameters, i.e. the market price of an instrument discounted using relevant interest rates. The impact of applying unobserved data, if any, was immaterial to the measurement of derivatives (level 2).

The aggregate effect of the increase of the market prices of electricity, gas and CO2 emission allowances by 1% will make the gross sales profit drop by PLN 9k. The calculation was performed with respect to futures and forward contracts to buy or sell electricity, natural gas and CO2 emission allowances classified as derivatives measured at fair value.

Fair values of other financial assets and liabilities

Fair value of other financial assets and liabilities enumerated below is not materially different from their carrying amount:

- long term receivables,
- trade debtors and other receivables.
- cash and equivalent,
- bank loans and borrowings,
- trade creditors and other payables.

	Category	Carrying amount		Fair Value	
		31.03.2021	31.12.2020	31.03.2021	31.12.2020
Financial asstes					
Futures and forward contracts	Level 2	359 758	151 082	359 758	151 082
Derivative instruments	Poziom 2	61 861	18 463	61 861	18 463
Financial liabilities					
Bank loans	n/a	1 015 044	1 005 404	1 015 044	1 005 404
Derivative instruments	Level 2	4 262	8 407	4 262	8 407
Futures and froward contracts	Level 2	293 420	132 721	293 420	132 721

Security

As at 31 March 2021, the Group recognized PLN 46,151k (31 March 2020: PLN 103k) in other comprehensive income being a component of equity, on account of the effective portion of the hedging instrument's fair value.

Hedging transactions are entered into with a view to mitigate the impact of:

- interest rate variation on the amount of the future highly probable payments of loan installments.
- foreign exchange rates changes on the amount of the future highly probable foreign currency denominated payments under the investment agreements.

Hedge accounting seeks to eliminate the risk of an accounting mismatch between the time when gains or losses on a hedging instrument and those on the hedged item are recognized.

As at 31 March 2021, the Group held the following hedging instruments for hedge accounting purposes.

Interest rate risk hedges

Maturity date of hedging instrument	Hedged value	Interest rate hedged	Instrument
26.02.2027	15 926	1,25%	IRS
29.09.2025	77 499	0,52%	IRS
10.09.2035	9 000	1,20%	IRS
29.03.2028	154 806	0,79%	IRS
29.06.2026	39 927	0,56%	IRS
30.06.2034	13 798	0,89%	IRS
26.02.2027	3 884	1,25%	IRS
15.12.2028	26 366	0,75%	IRS
15.06.2021	103 031	3,07%	IRS
11.06.2035	141 300	1,10%	IRS
Total	585 537		

Cash flow hedges

Maturity date of hedging instrument	Hedged value	Exchange rate hedged	Instrument
2021.04	2 936 EUR	4,4254	Forward
2021.05	3 775 EUR	4,5022	Forward
2021.06	1 487 EUR	4,4291	Forward
2021.08	725 EUR	4,4368	Forward
2021.09	28 630 EUR	4,4401	Forward
2021.10	19 751 EUR	4,4436	Forward
2021.11	9 513 EUR	4,4464	Forward
2021.12	21 113 EUR	4,4998	Forward
2022.01	7 429 EUR	4,4532	Forward
2022.02	10 853 EUR	4,5426	Forward
2022.03	1 087 EUR	4,4600	Forward
2022.06	775 EUR	4,5734	Forward
2022.07	517 EUR	4,5752	Forward
Total	108 591 EUR		

4.10 Trade creditors and other receivables

As at 31 March 2021, impairment losses on trade receivables deemed uncollectible decreased down to PLN 2,871k compared to PLN 2 3,681k as at 31 December 2020.

Below is a classification of trade receivables as per individual impairment model stages:

	Razem	stopień 2	stopień 3
Wartość brutto na 1.1.2021	80 722	76 274	4 448
Powstałe	106 724	106 724	-
Splacone	(76 842)	(78 643)	1 802
Wartość brutto 31.03.2021	110 604	104 355	6 250

The payment default rates and the calculation of credit losses as at 31 March 2021 have been presented in the table below:

	Należności od klientów indywidualnych				
	Total	Bieżące 0-30 dni	30-60 dni	60-90 dni	>90 dni
31.03.2021	24 722	22 292	424	18	1 988
Oczekiwane straty kredytowe	1 432	-	-	-	1 432
31.12.2020	23 265	20 957	421	94	1 793
Oczekiwane straty kredytowe	1 688	-	-	-	1 688

	Należności od klientów korporacyjnych				
	Total	Bieżące 0-30 dni	30-60 dni	60-90 dni	>90 dni
31.03.2021	83 012	80 319	658	644	1 391
Oczekiwane straty kredytowe	1 438	-	-	-	1 438
31.12.2020	56 546	54 519	19	264	1 744
Oczekiwane straty kredytowe	1 993	-	-	249	1 744

4.11 Effective tax rate

	Za okres 3 miesięcy zakończony	
	31.03.2021	31.03.2020
Obciążenie z tytułu podatku w rachunku zysków i strat, w tym	9 372	10 278
Podatek bieżący	7 930	5 919
Podatek odroczony	1 442	4 359
Zysk (Strata) brutto przed opodatkowaniem	43 611	60 176
Obciążenie podatkowe od wyniku brutto wg efektywnej stawki pod. 19%	8 286	11 433
Korekty dotyczące bieżącego podatku dochodowego z lat ubiegłych	149	(15)
Korekty dotyczące odroczonego podatku dochodowego z lat ubiegłych	104	-
Koszty niestanowiące kosztów uzyskania przychodów:	829	(1 140)
- różnice trwałe	222	(57)
- aktywo z tytułu strat podatkowych w Specjalnej Strefie Ekonomicznej	1	(10)
- różnica przejściowa, od której nie tworzone jest aktywo/rezerwa pod.	606	(1 073)
Przychody niebędące podstawą do opodatkowania:	4	-
- inne	4	-
Podatek w rachunku zysków i strat	9 372	10 278

4.12 Changes in provisions

Change in short term and long term provisions

	31.03.2021	31.12.2020
Stan rezerw na początek okresu	26 484	24 500
- utworzenie rezerw	-	2 618
- rozwiązanie rezerw	-	(634)
Stan rezerw na koniec okresu	26 484	26 484

5. Interest bearing bank loans and borrowings

On 15 January 2021 Polenergia Dystrybucja sp. z o.o. executed an annex to the facility agreement with ING Bank Śląski S.A. which granted financing to the company for the implementation of Investment Plan IV in the amount of PLN 75.3m. Said Plan provides for launching investments with respect to the design

and construction of electrical energy infrastructure aimed at supplying power to new facilities and customers, in particular with respect to new residential condominiums.

6. Information on the issue, redemption and repayment of debentures and equity securities

During the first quarter ended on 31 March 2021 and until the date of this report, the Company has not issued any debt or equity securities.

7. Information on dividend distributed (or declared) in total and per share, broken down into ordinary and preferred shares

No dividend distribution took place within the 3-month period ended on 31 March 2021.

8. Information on changes in contingent liabilities or contingent assets that occurred since the end of the last financial year

On 4 January, 19 February, 11 March and 17 March 2021, DNB Bank Polska S.A., acting to order of Potęgowo Mashaw, issued SWAP hedging guarantees for the supply of energy by Polenergia Obrót S.A. totaling PLN 2,682.7k. The validity periods of the abovementioned guarantees expire, respectively, on 28 December 2021, 17 February, 8 March and 15 March 2022.

On 19 January 2021, acting to order of PKP Energetyka, PKO BP bank issued an annex to the guarantee of 20 April 2020 increasing the amount of the guarantee issued in favor of Polenergia Obrót S.A. from PLN 6,000k to PLN 12,000k and extending the term of such guarantee until 31 December 2023.

On 5 February 2021 STU Ergo Hestia S.A. insurance company, acting to order of Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A. following the change of the business name to ONDE S.A, issued a performance bond for the benefit of Polenergia Farma Wiatrowa Dębice/Kostomłoty Sp. z o.o. in connection with the contract for the performance by the company of all-inclusive construction works in the process of construction of the Kostomłoty wind farm. The guarantee was issued to the amount of PLN 3,873.9k and will expire on 30 September 2022.

On 8 February 2021 Skandinaviska Enskilda Banken AB, Spółka Akcyjna – Oddział w Polsce [Polish Branch], acting to order of Bilfinger Tebodin Poland Sp. z o.o., issued a performance bond for the benefit of Polenergia Farma Wiatrowa Dębice/Kostomłoty Sp. z o.o. in connection with the contract for the performance of the engineer's duties in the Kostomłoty wind farm project. The guarantee was issued for PLN 267k in the period since the date of issue until 1 October 2022 and for PLN 80.1k thereafter. The guarantee expires on 15 September 2024.

9. Identification of proceedings before a court, an arbitral tribunal or public administration body with respect to liabilities or receivables of the Issuer or the Issuer's subsidiary

During the period ended on 31 March 2021 there occurred no material changes in the proceedings before the court, any arbitral panel or public authority compared to information disclosed in the consolidated financial statements for the year ended on 31 December 2020 published on 31 March 2021.

10. Information on any surety issued by the Issuer or any subsidiary with respect to a loan or a borrowing or any guarantee issued jointly to a single entity or a subsidiary of such entity, if the total amount of the existing sureties and guarantees is material

As at 31 March 2021, the Group has issued no third party guarantees.

11. Other information that, in the Issuer's opinion, is important in the evaluation of its personnel, property and financial situation, as well as in the assessment of its financial performance and changes thereof and information that is important for the assessment of the Issuer's ability to perform its obligations.

In the opinion of the Group, there is no information, other than that presented herein, that would be important for the assessment of the Group's ability to perform its obligations.

12. Identification of factors that, in the opinion of the Issuer, will impact its performance in the perspective of at least the immediately following quarter

The Group believes in the perspective of further quarters significant impact on its performance (consolidated and single-company one) will be exerted by the following factors:

- windiness levels on locations of the wind farms of: Puck, Łukaszów, Modlikowice, Gawłowice, Rajgród, Skurpie, Mycielin, Krzęcin and Szymankowo,
- prices of electricity and green certificates,
- final wording of the regulations affecting the Issuer's business,
- potential price volatility of CO2 emission allowances and natural gas,
- financial standing of the Company's customers,
- macroeconomic situation of Poland,
- market interest rates,
- availability and cost of debt financing,
- the developments relating to the COVID-19 pandemics.

13. Liquidity risk

The Group monitors the risk of its funds being insufficient to pay liabilities as they fall due through periodic liquidity planning. Such tool takes into account the maturities of investments and financial assets (e.g. accounts receivable, other financial assets) and forecast cash flows from operating activities.

The Group aims at balancing the continuity and flexibility of financing by using diverse funding sources, including overdrafts, bank loans, borrowings and lease contracts.

The table below shows the Group's financial liabilities by maturity as at 31 March 2021 and 31 December 2020, based on maturity in terms of undiscounted contractual payments.

31.03.2021	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	In excess of 5 years	Total
Interest bearing loans and borrowings	45 227	67 426	403 186	832 707	1 348 546
Other liabilities	436 720	406	56 563	367	494 056
Liabilities for deliveries and services	85 775	-	-	-	85 775
Lease liabilities	4 348	7 343	41 648	110 014	163 353

31.12.2020	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	In excess of 5 years	Total
Interest bearing loans and borrowings	24 270	62 655	389 411	935 452	1 411 788
Other liabilities	200 844	1 131	11 386	1 132	214 493
Liabilities for deliveries and services	99 969	-	-	-	99 969
Lease liabilities	8 934	2 677	41 781	116 402	169 794

14. Information on significant transactions with associates

Major transactions with associates in the 3-month period ended on 31 March 2021 include:

31.03.2021	Revenues	Receivables
MFW Bałtyk I S.A.	259	259
MFW Bałtyk II Sp. z o.o.	438	438
MFW Bałtyk III Sp. z o.o.	438	438
Total	1 135	1 135

The following significant transactions with associates took place in the 3-month period ended on 31 March 2021:

31.03.2021	Revenues	Costs	Receivables	Liabilities
Mansa Investments Sp. z o.o.	40	-	135	-
Kulczyk Holding Sarl	5	-	29	-
Polenergia International Sarl	-	84	264	165
Polenergia Usługi Sp. z o.o.	30	-	61	-
Total	75	84	489	165

The following significant transactions with associates where personal relations exist took place in the 3-month period ended on 31 March 2021:

31.03.2021	Revenues	Costs	Receivables	Liabilities
Krucza Inwestycje KREH 1 Sp. z o.o. S.K.	-	895	-	-
Autostrada Eksploatacja S.A.	799	-	307	-
Beyond.pl Sp. z o.o.	470	1 045	391	1 127
Ciech Sarzyna S.A.	1 611	271	1 244	201
Ciech Pianki Sp. z o.o.	117	7	195	-
Ciech Vitrosilicon S.A.	1 299	-	2 058	-
Ciech Soda Polska S.A.	10 223	-	7 663	-
Ciech Żywiec Sp. z o.o.	3 309	105	-	-
Total	17 828	2 323	11 858	1 328

All transactions have been effected on arm's length terms.

15. Identification of event which occurred following the day of preparation of the quarterly condensed financial statements and not included in such financial statements however potentially significantly impacting the future financial performance of the Issuer

On 4 May 2021 the President of the Energy Regulatory Office issued decisions with respect to project companies MFW Bałtyk II Sp. z o.o. and MFW Bałtyk III Sp. z o.o. (jointly referred to as the "Project Companies") where the Company holds 50% of shares, on awarding - to each of the Project Companies - the right to cover the negative balance for electricity generated in offshore wind farms, MFW Bałtyk II and MFW Bałtyk III, respectively, with the capacity of 720 MW each ("Decisions") ("Aid"). The decisions are compliant with the requests of the Project Companies.

Therefore, the Company is authorised to receive additional payments as provided in the contract regarding, among others, sale of shares in the Project Companies concluded on 5 March 2018 with Statoil Holding Netherlands B.V. (currently operating under the business name of Equinor Holding Netherlands B.V.) (the "Share Purchase Agreement") The estimated amount of additional payments

which the Company intends to assign for further financing of project development will amount to - in reference to the offshore wind farm project implemented by MFW Bałtyk III Sp. z o.o. EUR 34,762 per every MW of installed capacity. In reference to the offshore wind farm project implemented by MFW Bałtyk II Sp. z o.o. the estimated payment will amount to EUR 35,000 per every MW of installed capacity. The additional payments referred to above will be recognized in the standalone and consolidated financial statement for the second quarter of 2021 and the estimated impact on the gross profit will be EURm 50.2, and the estimated impact on the net profit, that is after taking into account the income tax, will be EURm 40.7.

C. OTHER INFORMATION PERTAINING TO THE CONSOLIDATED QUARTERLY REPORT

1. Discussion of key financial and economic data contained in the quarterly financial statements, in particular factors and events, including non-recurring ones, with a material effect on the Issuer's operations and profits earned or losses incurred in the financial year, as well as discussion of the Issuer's development prospects at least during the next financial year.

Key economic and financial data concerning the Issuer's Group performance is presented in the table below:

Major economic and financial data (PLN m)	3M 2021	3M 2020	Difference
Sales revenues	636,9	459,0	177,9
EBITDA	75,7	94,1	(18,4)
Adjusted EBITDA with the elimination of the effect of purchase price allocation	75,7	94,1	(18,4)
Net profit (loss)	34,2	49,9	(15,7)
Adjusted net profit with the elimination of the effect of purchase price allocation, unrealized f/x differences, impairment losses, loan valuation and net gain/loss on disposal of assets	34,3	51,1	(16,8)

The year-on-year changes in the performance in 2021 were driven by the following factors:

a) On the level of EBITDA (a drop by PLN 18.4m):

- The lower performance (by PLN 31.5m) in the onshore wind farm segment has been mainly due to the lower production volume and slightly higher operating costs of the wind farms;
- The lower performance (by PLN 0.1m) in the photovoltaics segment has been due to the increase of costs related to the PV projects development. The EBITDA generated by the Sulechów I project portfolio, which is the only project of the Group that reached the operating phase (in early 2020) was roughly at the same level as in Q1 2020 - a drop by 9% was experienced caused by less intensive insolation;
- The higher performance (by PLN 10.6m) in the gas and clean fuel resulted from higher margin on sale of electricity and revenues from the capacity market (the capacity obligation services commenced under the Capacity Market contract), partly offset by no revenue from stranded costs compensation (as the compensation system ended in May 2020);
- The higher performance (by PLN 3.2m) in the trading and sales segment due to: i) increased result on trading in wind farm-generated electricity thanks to, among others, the optimizing of the fixed volume levels and positive impact of the profiling costs, (ii) increased result on the optimizing of the energy production level in the generating assets of the Group, iii) the implementation of the new strategy in terms of sales to strategic customers. Such increase was partly offset by: i) lower performance on the wind farm-generated green certificate trade, mainly because of lower supply in Q1 2021 (poorer windiness and higher COGS of green certificates), as well as due to the impact of the green certificate inventory measurement which was lower by PLN 2.9m than in Q1 2020, ii) higher operating expenses resulting from the growth of the scale of business and higher commission cost, iii) lower result on proprietary trading;
- The drop in performance (by PLN 0.4m) in the distribution segment was due to lower margin on sales of electricity resulting from lower volume by 16% being the impact of COVID-19, lower TPA sales and lower unit margin, as well as lower other operating income (in Q1 2020 Polenergia Dystrybucja received a refund of partly overpaid real estate tax from prior years), partly offset by higher distribution margin.
- Lower result (by PLN 0.1m) in Unallocated item has mainly been the effect of the discontinuation of the biomass business (drop by PLN 0.6m) partly offset by the higher result at Headquarters (increase by PLN 0.5m).

b) On the level of adjusted EBITDA (a drop by PLN 18.4 m):

- The EBITDA effect described above (lower result by PLN 18.4m);

c) On the level of Net Profit (drop by PLN 15.7m):

- The EBITDA effect (lower result by PLN 18.4m);
- Lower depreciation/amortization (by PLN 2.5m) resulting predominantly from the discontinued amortization of the asset from gas compensation and stranded costs recognized under the Purchase Price Allocation, lower depreciation in the gas and clean fuels segment (lower depreciation rate in view of a longer period of depreciating rehabilitation over time) and discontinuing the operations by Biomasa Wschód, partly offset by bringing fixed assets into use in distribution;

All the abovementioned factors contributed to the drop of the operating profit by PLN 15.9m.

- Lower financial income (by PLN 2.5m) due to the drop in financial income from interest by PLN 1.3m, the drop in revenues from financial instruments measurement in the gas and clean fuels segment (by PLN 1.1m) and lower f/x gains (by PLN 0.2m);
- Lower finance costs (by PLN 1.9m) resulting mainly from lower interest expense (PLN 2.7m) partly offset by higher costs of f/x differences, bank charges and penalties (PLN 0.8m);
- Lower income tax (by PLN 0.9m) due to lower profit before tax of the Group in 2021 and the effect of no asset from the tax loss in certain wind farms, as well as capitalization of interest.

d) On the level of adjusted net profit (drop by PLN 16.8m):

- The effect of the net profit (drop by PLN 15.7m);
- Elimination of the purchase price allocation effect (drop by PLN 1.9m);
- Reversal of the effect of foreign exchange differences (increase by PLN 0.7m).

2. Concise outline of significant achievements or failures of the issuer in the reporting period including a list of related major events

An outline of significant achievements or failures of the Issuer in the reporting period including a list of related major events has been presented in section A.2 hereof.

3. Management Board's position on the feasibility of meeting the previously published forecasts for a given year in light of the results presented in the quarterly report

The Company publishes no financial performance forecasts.

4. Description of factors and events, in particular those of non-typical nature, of significant impact on the financial performance achieved

The factors of significant impact on the financial performance of the Group have been referred to in sections A.2 and C.1 hereof.

- 5. Identification of shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the general meeting of shareholders of the Issuer as at the day of delivery of the quarterly report, including the specification of the number of shares held by such companies, their percentage share in the share capital, number of votes attaching to them and their percentage share in the total number of votes at the general meeting, as well as identification of changes in the ownership structure of substantial share interest of the Issuer in the period since the delivery of the most recent past quarterly report**

No Shareholder	Number of shares held	Number of votes	Shareholding
1 Mansa Investments Sp. z o.o. *)	23 467 043	23 467 043	51,64%
2 BIF IV Europe Holdings Limited	10 370 213	10 370 213	22,82%
3 Nationale Nederlanden OFE	2 570 000	2 570 000	5,66%
4 Generali OFE	3 000 000	3 000 000	6,60%
5 Aviva OFE Aviva Santander	3 732 687	3 732 687	8,21%
6 Others	2 303 604	2 303 604	5,07%
Total	45 443 547	45 443 547	100%

*) Kulczyk Holding S.à r.l., a company established and operating under the laws of Luxembourg, holds 100 % of shares in Mansa Investments sp. z o.o.

- 6. Identification of effects of changes in the entity's structure, including changes resulting from mergers, acquisitions or disposals of the group entities, long-term investments, splits, restructuring or discontinuation of operations**

In the reporting period, there were no material changes in the entity's structure including ones resulting from mergers, acquisitions or disposals of the issuer's group entities, long-term investments, splits, restructuring or discontinuation of operations, save for the following events:

On 4 January 2021 the company Polenergia Farma Fotowoltaiczna 5 sp. z o.o. was entered into the Entrepreneurs Register of the National Court Register (KRS).

On 28 January 2021 the company Polenergia Farma Fotowoltaiczna 6 sp. z o.o. was entered into the Entrepreneurs Register of KRS.

On 19 March 2021 the company Polenergia Farma Fotowoltaiczna 12 sp. z o.o. was entered into the Entrepreneurs Register of KRS.

On 22 March 2021 the company Polenergia Farma Fotowoltaiczna 7 sp. z o.o. was entered into the Entrepreneurs Register of KRS.

On 22 March 2021 the company Polenergia Farma Fotowoltaiczna 11 sp. z o.o. was entered into the Entrepreneurs Register of KRS.

On 16 April 2021 the company Polenergia Farma Fotowoltaiczna 8 sp. z o.o. was entered into the Entrepreneurs Register of KRS.

On 16 April 2021 the company Polenergia Farma Fotowoltaiczna 9 sp. z o.o. was entered into the Entrepreneurs Register of KRS.

On 19 April 2021 the company Polenergia Farma Fotowoltaiczna 10 sp. z o.o. was entered into the Entrepreneurs Register of KRS.

On 29 January 2021 the Extraordinary General Meeting passed a resolution concerning the winding-up of the company Energopep sp. z o.o. and its liquidation. Entry into KRS on 10 March 2021.

On 30 November 2020 the company Energopep sp. z o.o. sp.k was deleted from KRS. The entry became effective as of 29 January 2021.

On 15 January 2021 the Extraordinary General Meeting passed a resolution concerning the winding-up of the company Polenergia Biomasa Energetyczna Północ sp. z o.o. and its liquidation. Entry into KRS on 17 February 2021.

D. QUARTERLY FINANCIAL INFORMATION OF THE COMPANY POLENERGIA S.A.

**INTERIM CONDENSED STANDALONE BALANCE SHEET
as at 31 March 2021**

	31.03.2021	31.12.2020
I. Non-current assets	1 002 206	973 285
Tangible fixed assets	9 023	8 931
Intangible assets	15	16
Financial assets	982 323	953 563
Long term receivables	1 883	1 945
Deferred income tax assets	8 962	8 830
II. Current assets	219 466	232 562
Trade receivables	7 129	16 325
Income tax receivable	91	91
Other short term receivables	825	504
Prepayments and accrued income	4 033	4 796
Short term financial assets	87 675	86 216
Cash and equivalent	119 713	124 630
Total assets	1 221 672	1 205 847

EQUITY AND LIABILITIES

	31.03.2021	31.12.2020
I. Shareholders' equity	1 193 072	1 173 782
Share capital	90 887	90 887
Share premium account	557 611	557 611
Reserve capital from option measurement	13 207	13 207
Other capital reserves	393 019	393 019
Capital from merger	89 782	89 782
Retained profit (loss)	29 276	(26 826)
Net profit /(loss)	19 290	56 102
II. Long term liabilities	7 072	7 072
Provisions	421	421
Lease liabilities	6 651	6 651
III. Short term liabilities	21 528	24 993
Trade payables	522	1 263
Lease liabilities	2 029	1 874
Other liabilities	10 566	11 935
Provisions	1 565	1 565
Accruals and deferred income	6 846	8 356
Total equity and liabilities	1 221 672	1 205 847

**INTERIM CONDENSED STANDALONE PROFIT AND LOSS ACCOUNT
for the 3-month period ended on 31 March 2021**

	For 3 months ended	
	31.03.2021	31.03.2020
Revenues from contracts with clients	4 831	3 891
Sales revenues	4 831	3 891
Cost of goods sold	(4 334)	(3 495)
Gross sales profit	497	396
Other operating revenues	77	62
General overheads	(4 119)	(4 353)
Other operating expenses	-	(4)
Financial income	22 921	8 368
including dividend	20 000	6 500
Financial costs	(219)	(165)
Profit before tax	19 157	4 304
Income tax	133	345
Net profit	19 290	4 649
Earnings (loss) per share:		
– basic earnings (loss) for period attributable to parent company shareholders	0,42	0,10
– diluted earnings (loss) for period attributable to parent company shareholders	0,42	0,10

**INTERIM CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME
for the 3-month period ended on 31 March 2021**

	For 3 months ended	
	31.03.2021	31.03.2020
Net profit	19 290	4 649
Other net comprehensive income	-	-
Inne całkowite dochody netto	-	-
COMPREHENSIVE INCOME FOR PERIOD	19 290	4 649

**INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY
for the 3-month period ended on 31 March 2020**

	Share capital	Share premium account	Reserve capital from option measurement	Other capital reserves	Capital from merger	Retained loss	Net profit	Total equity
As at January 2021	90 887	557 611	13 207	393 019	89 782	29 276	-	1 173 782
Other comprehensive income for period								
Net loss for reporting period	-	-	-	-	-	-	19 290	19 290
As at 31 March 2021	90 887	557 611	13 207	393 019	89 782	29 276	19 290	1 193 072

	Share capital	Share premium account	Reserve capital from option measurement	Other capital reserves	Capital from merger	Retained loss	Net profit	Total equity
As at January 2020	90 887	557 611	13 207	349 478	89 782	16 715	-	1 117 680
Other comprehensive income for period								
Net loss for reporting period	-	-	-	-	-	-	4 649	4 649
As at 31 March 2020	90 887	557 611	13 207	349 478	89 782	16 715	4 649	1 122 329

**INTERIM CONDENSED STANDALONE STATEMENT OF CASH FLOWS
for the 3-month period ended on 31 March 2021**

	For 3 months ended	
	31.03.2021	31.03.2020
A.Cash flow from operating activities		
I.Profit (loss) before tax	19 157	4 304
II.Total adjustments	(14 351)	(1 695)
Depreciation	573	469
Interest and profit shares (dividends)	(21 590)	(6 763)
Losses (gains) on investing activities	(20)	(25)
Income tax	-	(513)
Changes in receivables	8 937	6 325
Changes in short term liabilities, excluding bank loans and borrowings	(1 504)	(1 029)
Changes in accruals	(747)	(159)
III.Net cash flows from operating activities (I+/-II)	4 806	2 609
B.Cash flows from investing activities		
I. Cash in	20 043	21 137
1. Disposal of intangibles and tangible fixed assets	20	27
2. From financial assets, including:	20 023	21 110
- dividends and shares in profits	20 000	6 500
- interest	23	40
- other inflows from financial assets	-	14 570
II.Cash out	29 359	7 962
1. Acquisition of intangible and tangible fixed assets	706	31
2. For financial assets, including:	28 653	7 931
- acquisition of financial assets	28 653	7 931
III.Net cash flows from investing activities (I-II)	(9 316)	13 175
C.Cash flows from financing activities		
I.Cash in	-	-
II.Cash out	408	453
1. Lease payables	330	354
2. Interest	78	99
III.Net cash flows from financing activities (I-II)	(408)	(453)
D.Total net cash flows (A.III+/-B.III+/-C.III)	(4 918)	15 331
E.Increase/decrease in cash in the balance sheet, including:	(4 917)	15 331
- change in cash due to fx differences	-	-
F.Cash at the beginning of period	124 630	237 076
G.Cash at the end of period, including:	119 713	252 407
- restricted cash	1 074	311

COST ACCORDING TO TYPE

	For 3 months ended	
	31.03.2021	31.03.2020
- depreciation	573	469
- materials and power consumption	127	98
- third party services	2 319	2 016
- taxes, duties and fees	(316)	205
- salaries	4 982	4 407
- social security and other benefits	768	633
- other cost by type	-	20
Total cost by type	8 453	7 848
- general overheads (-)	(4 119)	(4 353)
Total cost of goods sold	4 334	3 495