In case of divergence between the language versions, the Polish version shall prevail.

Polenergia S.A. Group

CONSOLIDATED QUARTERLY REPORT

FOR THE FIRST QUARTER OF 2019

Michał Michalski – President of the Management Board

Robert Nowak - Member of the Management Board

Iwona Sierżęga – Member of the Management Board

Warsaw, 15 May 2019

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A. INTRODUCTION TO THE CONSOLIDATED QUARTERLY REPORT

1. Consolidated profit and loss account for a 3-month period ended on 31 March 2019

Within the 3-month period ended on 31 March 2019, the Polenergia Group achieved results at the level of adjusted (standarised) EBITDA and net profit of PLN 80.3m and PLN 40.0m respectively, which is an increase as compared to the corresponding period of the previous year by PLN 41.4m and PLN 37.5m.

	Polenergia Group Income Statement (mPLN)	3M 2019	3M 2018	Difference YOY	Difference YOY [%]
	Sales revenues, including:	**714,7**	**746,8**	**(32,1)**	**-4%**
	trading segment	535,0	604,1	(69,1)	
	other	179,6	142,7	37,0	
	Cost of goods sold, including:	**(651,4)**	**(723,3)**	**71,9**	**10%**
	trading segment	(530,0)	(603,0)	73,0	
	other	(121,5)	(120,3)	(1,1)	
	Gross profit on sales	**63,2**	**23,5**	**39,7**	**169%**
	Selling expenses and general overheads	(9,4)	(9,2)	(0,3)	-3%
	Other operating revenue/expense	0,5	0,9	(0,4)	-48%
A	**Operating profit (EBIT)**	**54,3**	**15,3**	**39,0**	**255%**
	Depreciation/Amortization	25,5	24,0	1,5	
	Impairment losses	0,4	0,2	0,2	
	EBITDA	**80,3**	**39,6**	**40,7**	**103%**
	Normalizing adjustments:				
	Purchase price allocation (PPA)	-	(0,7)	0,7	100%
	Adjusted EBITDA*	**80,3**	**38,9**	**41,4**	**106%**
B	Financial income	1,8	1,3	0,5	
C	Financial costs	(12,3)	(13,9)	1,6	
A+B+C	**Gross profit (loss)**	**43,8**	**2,7**	**41,1**	***1522%**
	Income tax	(6,8)	(2,6)	(4,2)	-163%
	Net profit (loss)	**37,0**	**0,1**	**36,9**	**35126%**
	Normalizing adjustments:				
	Purchase price allocation (PPA)	2,1	1,5	0,6	
	Foreign exchange differences	0,2	0,0	0,2	
	Loan valuation using the amortized cost method	0,3	0,7	(0,3)	
	Impairment losses**	0,4	0,2	0,2	
	Adjusted net profit (loss)*	**40,0**	**2,5**	**37,5**	**1487%**
	Adjusted EBITDA*	**80,3**	**38,9**	**41,4**	**106%**
	Adjusted EBITDA Margin*	11,2%	5,2%	6,0%	
	Adjusted EBITDA (excl. trading segment)	**77,2**	**40,1**	**37,1**	**93%**
	Adjusted EBITDA margin (excl. trading segment)	43,0%	28,1%	14,9%	

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

**) Reversal of impairments losses in developer and implementation segment

Polenergia Group sales revenues for Q1 2019 were lower by PLN 32.1m, due to lower revenues in the trading segment (by PLN 69.1m), partly offset mainly by higher revenues in the wind farm segment (by PLN 34.7m).

The adjusted EBITDA in the discussed period amounted to PLN 80.3m and was higher by PLN 41.4m as compared to the first quarter of the previous year mainly due to better result of the wind energy segment resulting from higher production volumes and sales prices of green certificates and electricity.

2. Detailed commentary on the financial results for the 3-month period ended on 31 March 2019 and other relevant information on the Group's standing

The wind energy segment recorded an increase in EBITDA by PLN 37.4m in the first quarter of 2019 as compared to the first quarter of 2018, which is mainly a consequence of higher production volumes and sales prices of green certificates and electricity. In addition, the segment's higher result was affected by a decline in operating expenses due to a change in the recognition of lease cost presentation resulting from changes in accounting standards (entry into force of IFRS 16).

In the first quarter of 2019, the conventional energy segment recorded a decrease of EBITDA by PLN 0.6m as compared to the corresponding period of the previous year. The decrease of the result is a consequence of the lack of revenues from yellow certificates due to the expiration of the current support system for gas cogeneration at the end of 2018. The impact of this factor was partially offset by higher compensation for stranded costs (a negative effect on the update of long-term natural gas prices and CO2 emission allowances in Q1 2018) and higher revenues from gas compensation for 2019 (higher Wg adjustment index).

EBITDA of the trading segment for the first quarter of 2019 was higher than the result of the corresponding period of the previous year by PLN 4.3m due to better result on electricity trading, better result on sales of green certificates due to higher sales prices and lower operating costs and commission costs. The impact of these factors was partly offset by a worse result on sales of electricity from wind farms due to higher balancing and profiling costs.

The distribution segment recorded an increase in EBITDA by PLN 0.1m in 2019, which is mainly a consequence of a higher distribution margin, lower operating costs (lower costs of property tax and external services) and a refund of real estate tax compensated by a lower margin on energy sales.

EBITDA of the biomass segment for the first quarter of 2019 was higher by PLN 0.2m as compared to the corresponding period of the previous year, which is a consequence of the ongoing restructuring of the segment. After the sale of the assets of the Biomasa Południe and Biomasa Północ plants in 2018, the operating activity is carried out only at the Biomasa Wschód plant, which, due to the improved situation on the biomass market and the increase in pellet prices, improved profitability despite the drop in the sales volume. Currently, talks are being held with a potential buyer of the Biomasa Wschód plant in cooperation with the financing bank.

EBITDA of the development and implementation segment was on a similar level to the previous year.

The unallocated costs of managing the Group increased by PLN 0.3m as compared to the corresponding period of the previous year due to higher headquarter's operating costs due to the correction of VAT settlement for 2018.

As a result of the above described events, the adjusted EBITDA margin excluding the trading segment amounted to 43.0% and was by 14.9 percentage points higher than recognized in the previous year.

The result on financial activities in the first quarter of 2019 was better than previous year's result by PLN 2.1m as a result of a positive result on winding-up of a subsidiary (PLN 0.7m), lower interest costs (PLN 1.4m), lower long–term loan valuation costs (PLN 0.4m) partially offset by the negative impact of exchange rate differences (PLN 0.1m) and higher costs of commissions and fees (PLN 0.1m).

The change in the level of income tax as compared to the previous year is a consequence of the Group's higher gross result in the first quarter of 2019.

In addition, the net profit was affected by impairment losses on non-financial fixed assets in the development and implementation segment in the amount of PLN 0.4m.

Other material information on the Group's standing

The debt situation of portfolio companies is being monitored on continuous basis.

On 29 March 2019 Amon Sp. z o.o. and Talia Sp. z o.o. subsidiaries signed service agreements with Siemens Gamesa Renewable Energy Sp. z o.o. for the period of 23 years. Conclusion of agreements allows the extension of the service period of the wind turbines of the a/m wind farms up to 30 years.

The restructuring of biomass projects has been continued. Talks with potential investors for Biomass Wschód are in progress in cooperation with the bank financing the plant's operations. The company signed a letter of intent for the supply of pellets for 2020-2026. In addition, an agreement was signed with the financing bank, under which the repayment schedule of the investment loan was modified.

The Group continues work aimed at developing a portfolio of wind farm projects with a total capacity of 199 MW based on revenues from the energy market or long-term contracts. The Group has not ruled out its participation in potential auction for wind farm that may take place in 2019.

Preparatory work aimed at construction of 8 photovoltaic power plants with a total capacity of 8 MW are in progress. Above mentioned projects won the auction and obtained the right to cover a negative balance with respect to the price offered in auction for the produced electricity for a 15-year period. The Group prepares itself to participate in further auctions (anticipated in 2019) with photovoltaic power plants of the total capacity of 16 MW. Further projects with a capacity of 30 MW are at an early stage of development.

In the distribution segment, Polenergia Dystrybucja is continuing the implementation of the new investment plan for 2019-2022 with a total value of PLN 51m, for which PLN 33m was obtained as a loan from the ING bank.

The Group prepares three offshore wind farms (Polenergia Bałtyk I S.A., MFW Bałtyk II Sp. z o.o. and MFW Bałtyk III Sp. z o.o.) located on Baltic Sea with total capacity up to 3000 MW. The farms' construction date depends on the entry into force of a relevant regulatory system. According to the contract concluded in Q2 2018 with Statoil Holding Netherlands B.V (currently Equinor), the Group currently holds a 50% interest in the companies MFW Bałtyk II Sp. z o.o. and MFW Bałtyk III Sp. z o.o. With respect to Polenergia Bałtyk I S.A., a preliminary agreement was concluded transferring 50% of shares in a company running a project for the development and construction of offshore wind farms for the Wind Power AS, a company within the Equinor group. In accordance with current report No. 10/2019 dated 5 March 2019, one of the conditions precedent has been met in the form of obtaining unconditional consent of the President of the Office of Competition and Consumer Protection to establish a joint venture.

On 28 January 2019 the company MFW Bałtyk II sp. z o. o obtained connection conditions which provide a possibility to connect Bałtyk Środkowy II offshore wind farm with a total capacity of 240 MW. The fact the above mentioned connection terms have been obtained means a potential increase of the total capacity of the offshore wind farms developed by MFW Bałtyk II sp. z o. o. and MFW Bałtyk III sp. z o. o. from 1200 MW up to 1440 MW.

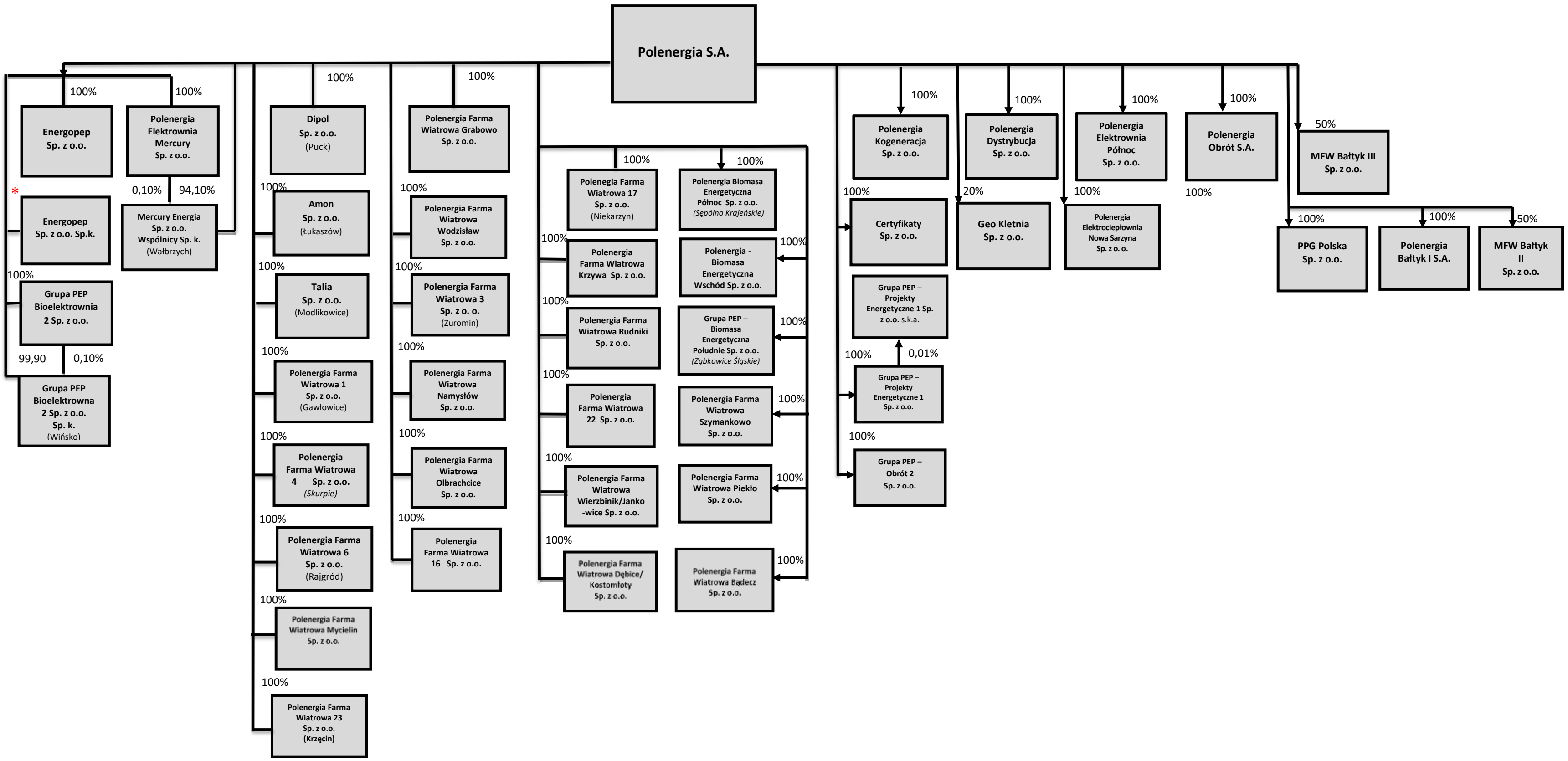
On 30 January 2019 the company Polenergia Bałtyk I S.A. obtained connection conditions for the development of the Bałtyk Północny offshore wind farm. The obtained connection conditions provide a possibility to connect an offshore wind farm with a total capacity of 1560 MW. The fact the above mentioned connection terms have been obtained means possibility of a potential increase of the total capacity of the offshore wind farms developed by MFW Bałtyk II sp. z o. o., MFW Bałtyk III sp. z o. o. and Polenergia Bałtyk I S.A. to up to 3000 MW. Further, on 14 March 2019 MFW Bałtyk III sp. z o.o. obtained a decision on the environmental conditions for the construction of offshore electricity transmission infrastructure to connect the intended offshore electrical energy stations with the national energy system. The total output power to be transmitted through the infrastructure is up to 1440 MW.

The next page presents the breakdown of the Group's total result achieved in the first quarter of 2019 divided into operating segments.

3M 2019 (PLN m)	Wind Power	Conventional Energy	Trading	Distribution	Biomass	Developer and implementation activity	Unalocated cost of Group Management	Purchase price allocation	TOTAL
Sales revenues	71,8	80,6	535,0	23,8	2,3	0,0	1,1	-	714,7
Operating costs	(27,0)	(67,5)	(530,0)	(20,0)	(2,5)	(0,1)	(1,8)	(2,5)	(651,4)
including depreciation/amortization	(15,7)	(5,5)	(0,0)	(1,2)	(0,1)	-	(0,4)	(2,5)	(25,5)
Gross profit on sales	**44,8**	**13,1**	**5,0**	**3,7**	**(0,2)**	**(0,1)**	**(0,7)**	**(2,5)**	**63,2**
Gross profit on sales margin	*62,4%*	*16,3%*	*0,9%*	*15,7%*	*"n/a"*	*"n/a"*	*"n/a"*	*"n/a"*	*8,8%*
General overheads	(0,8)	(1,7)	(2,1)	(1,4)	(0,0)	(0,3)	(2,9)	-	(9,2)
Other operating activities	0,8	(0,4)	0,1	0,2	0,0	(0,5)	(0,0)	-	0,2
including imairment losses	-	-	-	-	0,0	(0,5)	-	-	(0,4)
Operating profit	**44,8**	**11,1**	**3,0**	**2,5**	**(0,2)**	**(0,8)**	**(3,6)**	**(2,5)**	**54,3**
EBITDA	**60,5**	**16,5**	**3,1**	**3,7**	**(0,1)**	**(0,4)**	**(3,2)**	**-**	**80,3**
EBITDA Margin	*84,3%*	*20,5%*	*0,6%*	*15,8%*	*"n/a"*	*"n/a"*	*"n/a"*	*"n/a"*	*11,2%*
Purchase price allocation (PPA)	-	-	-	-	-	-	-	-	-
Adjusted EBITDA	**60,5**	**16,5**	**3,1**	**3,7**	**(0,1)**	**(0,4)**	**(3,2)**	**-**	**80,3**
Adjusted EBITDA Margin	*84,3%*	*20,5%*	*0,6%*	*15,8%*	*"n/a"*	*"n/a"*	*"n/a"*	*"n/a"*	*11,2%*
Profit (loss) on financial activities	(11,0)	(0,4)	(2,0)	(0,5)	(0,1)	0,7	2,8	-	(10,4)
Profit (loss) before tax	**33,8**	**10,7**	**1,0**	**2,0**	**(0,3)**	**(0,1)**	**(0,8)**	**(2,5)**	**43,8**
Income tax									(6,8)
Net profit (loss) for period									**37,0**
Normalizing adjustments:									
Purchase price allocation (PPA)									2,1
Foreign exchange differences									0,2
Loan valuation using amortized cost method									0,3
Impairment losses									0,4
Adjusted net profit									**40,0**

3M 2018 (PLN m)	Wind Power	Conventional Energy	Trading	Distribution	Biomass	Developer and implementation activity	Unalocated cost of Group Management	Purchase price allocation	TOTAL
Sales revenues	37,1	76,4	604,1	22,9	5,3	0,0	0,3	0,7	746,8
Operating costs	(28,6)	(62,7)	(603,0)	(19,0)	(5,8)	(0,5)	(1,1)	(2,5)	(723,3)
including depreciation/amortization	(14,2)	(5,4)	(0,0)	(1,1)	(0,5)	-	(0,2)	(2,5)	(24,0)
Gross profit on sales	**8,5**	**13,7**	**1,2**	**3,9**	**(0,5)**	**(0,5)**	**(0,8)**	**(1,9)**	**23,5**
Gross profit on sales margin	*22,8%*	*18,0%*	*0,2%*	*16,9%*	*"n/a"*	*"n/a"*	*"n/a"*	*"n/a"*	*3,1%*
General overheads	(0,6)	(1,7)	(2,6)	(1,4)	(0,4)	(0,2)	(2,3)	-	(9,0)
Other operating activities	1,1	(0,4)	0,2	0,1	0,0	(0,2)	(0,0)	-	0,8
including imairment losses	-	-	-	-	-	(0,2)	-	-	(0,2)
Operating profit	**9,0**	**11,7**	**(1,2)**	**2,6**	**(0,8)**	**(0,9)**	**(3,1)**	**(1,9)**	**15,3**
EBITDA	**23,2**	**17,1**	**(1,2)**	**3,7**	**(0,3)**	**(0,7)**	**(2,9)**	**0,7**	**39,6**
EBITDA Margin	*62,5%*	*22,4%*	*"n/a"*	*16,1%*	*-5,7%*	*"n/a"*	*"n/a"*	*100,0%*	*5,3%*
Purchase price allocation (PPA)	-	-	-	-	-	-	-	(0,7)	(0,7)
Adjusted EBITDA	**23,2**	**17,1**	**(1,2)**	**3,7**	**(0,3)**	**(0,7)**	**(2,9)**	**-**	**38,9**
Adjusted EBITDA Margin	*62,5%*	*22,4%*	*"n/a"*	*16,1%*	*"n/a"*	*"n/a"*	*"n/a"*	*"n/a"*	*5,2%*
Profit (loss) on financial activities	(12,7)	(0,3)	(1,2)	(0,5)	(0,1)	(0,0)	2,2	-	(12,6)
Profit (loss) before tax	**(3,7)**	**11,3**	**(2,4)**	**2,1**	**(0,9)**	**(0,9)**	**(0,9)**	**(1,9)**	**2,7**
Income tax									(2,6)
Net profit (loss) for period									**0,1**
Normalizing adjustments:									
Purchase price allocation (PPA)									1,5
Foreign exchange differences									0,0
Loan valuation using amortized cost method									0,7
Impairment losses									0,2
Adjusted net profit									**2,5**
Change of adjusted EBITDA yoy	**37,4**	**(0,6)**	**4,3**	**0,1**	**0,2**	**0,3**	**(0,3)**	**-**	**41,4**

3. Organizational structure of the Group



*0,1% przysługuje spółce Energopep Sp. z o.o., 33,9 % POL-SA, 33% POL-D, 33% Dipol;

B. INTERIM CONDENSED FINANCIAL STATEMENTS FOR A 3-MONTH PERIOD ENDED ON 31 MARCH 2019

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
As at 31 March 2019

ASSETS

	Note	31.03.2019	31.12.2018
I. Non-current assets		**1 899 237**	**1 877 422**
1. Tangible fixed assets		1 619 992	1 589 271
2. Intangible Assets		16 821	19 466
3. Subordinated entities goodwill		69 613	69 613
4. Financial assets		18 331	22 538
5. Financial assets measured using the equity method		161 838	161 838
6. Long term receivables		4 064	4 146
7. Deferred income tax assets		8 535	10 507
8. Prepayments and accrued income		43	43
Current assets		**849 189**	**1 176 860**
1. Inventories		37 290	34 971
2. Trade receivables		102 996	116 010
3. Income tax receivable		9 207	5 849
4. Other short term receivables		74 663	59 863
5. Prepayments and accrued income		12 987	5 927
6. Short term financial assets	4.9	310 744	642 383
7. Cash and equivalent		301 302	311 857
Total assets		**2 748 426**	**3 054 282**

EQUITY AND LIABILITIES

	Note	31.03.2019	31.12.2018
I. Shareholders' equity		**1 222 265**	**1 185 741**
Equity attributable to the shareholders of the parent company		**1 221 365**	**1 184 838**
1. Share capital		90 887	90 887
2. Share premium account		601 911	601 911
3. Reserve capital from option measurement		13 207	13 207
4. Other capital reserves		402 731	402 612
5. Retained profit (loss)		75 639	72 235
6. Net profit (loss)		36 990	3 404
7. F/X translation differences		-	582
Non-controlling interests		**900**	**903**
II. Long term liabilities		**992 199**	**954 389**
1. Bank loans and borrowings		781 592	792 259
2. Deferred income tax provision		73 251	69 196
3. Provisions	7	22 302	22 302
4. Accruals and deferred income		52 495	53 367
5. Other liabilities		62 559	17 265
III. Short term liabilities		**533 962**	**914 152**
1. Bank loans and borrowings	4.10	88 141	113 119
2. Trade payables	4.10	92 880	129 391
3. Income tax payable	4.10	198	345
4. Other liabilities	4.10	328 385	646 593
5. Provisions	7	10 587	10 587
6. Accruals and deferred income		13 771	14 117
Total equity and liabilities		**2 748 426**	**3 054 282**

(PLN K)

INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
For a 3-month period ended on 31 March 2019

	Note	For 3 months ended 31.03.2019	31.03.2018
Sales revenues	4.1	714 665	746 813
Cost of goods sold	4.2	(651 442)	(723 299)
Gross sales profit		**63 223**	**23 514**
Other operating revenues	4.3	1 761	1 297
Selling expense	4.2	(244)	(160)
General overheads	4.2	(9 204)	(9 007)
Other operating expenses	4.4	(1 271)	(360)
Financial income	4.5	1 823	1 289
Financial costs	4.6	(12 266)	(13 872)
Proft (loss) before tax		**43 822**	**2 701**
Income tax	7	(6 835)	(2 596)
Net profit (loss)		**36 987**	**105**
	0	**36 987**	**105**
Net profit (loss) attributed to:		**36 987**	**105**
Parent company shareholders		36 990	100
Non-controling shareholders		(3)	5
Earnings (loss) per share:			
Weghted average of ordinary shares		45 443 547	45 443 547
– basic earnings (loss) for period attributable to parent company shareholders		0,81	0,00
– diluted earnings (loss) for period attributable to parent company shareholders		0,81	0,00

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For a 3-month period ended on 31 March 2019

	For 3 months ended 31.03.2019	31.03.2018
Net profit (loss) for period	**36 987**	**105**
Other comprehensive income that may be reclassified to profit and loss account once specific conditions are met		
Cash flow hedges	119	(35)
F/X translation differences	(582)	(28)
Other net comprehensive income	**(463)**	**(63)**
COMPREHENSIVE INCOME FOR PERIOD	**36 524**	**42**
Comprehensive income for period:	36 524	42
Parent company shareholders	36 527	37
Non-controlling shareholders	(3)	5

(PLN K)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For a 3-month period ended on 31 March 2019

	Note	For 3 months ended 31.03.2019	31.03.2018
A.Cash flow from operating activities			
I.Profit (loss) before tax		**43 822**	**2 701**
II.Total adjustments		**(139)**	**47 510**
1.Depreciation	4.2	25 544	24 044
2.Foreign exchange losses (gains)		162	223
3.Interest and profit shares (dividends)		11 216	13 082
4.Losses (gains) on investing activities		762	650
5. Income tax		(4 340)	(2 443)
6.Changes in provisions		-	(977)
7.Changes in inventory		(2 319)	(4 116)
8.Changes in receivables	4.7	334 127	(110 292)
9.Changes in short term liabilities, excluding bank loans and borrowings	4.7	(356 176)	137 106
10.Changes in accruals	4.7	(8 165)	(9 775)
11. Other adjustments		(950)	8
III.Net cash flows from operating activities (I+/-II)		**43 683**	**50 211**
B.Cash flows from investing activities			
I. Cash in		**14**	**2**
1. Disposal of intangibles and tangible fixed assets		-	2
2. Other investment inflows		14	-
II.Cash out		**3 574**	**6 605**
1. Acquisition of tangible fixed assets		3 564	6 572
2. For financial asstes, including:		10	33
a) acquisition of financial assets		10	33
III.Net cash flows from investing activities (I-II)		**(3 560)**	**(6 603)**
C.Cash flows from financing activities			
I.Cash in		**42 751**	**-**
1.Loans and borrowings		42 751	-
II.Cash out		**93 405**	**65 273**
1.Repayment of loans and borrowings		79 214	52 652
2.Lease payables		3 684	124
3.Interest		10 322	12 159
4.Other financial expenses		185	338
III.Net cash flows from financing activities (I-II)		**(50 654)**	**(65 273)**
D.Total net cash flows (A.III+/-B.III+/-C.III)		**(10 531)**	**(21 665)**
E.Increase/decrease in cash in the balance sheet, including:		**(10 555)**	**(26 367)**
- change in cash due to f/x differences		(24)	(50)
- cash classified as asset held of sale		-	(4 652)
F.Cash at the beginning of period		**311 857**	**297 898**
G.Cash at the and of period, including:		**301 302**	**271 531**
- restricted cash	4.7	30 142	31 430

External financing sources - bank loans (statemnt of cash flows)	For 3 months ended 31.03.2019	31.03.2018
item. C.I.1 Proceeds from borrowings	42 751	-
item. C.II.1 Repayment of borrowings	(79 214)	(52 652)
Change in external financing sources, including:	**(36 463)**	**(52 652)**
net investment loans incurred	(15 978)	(46 913)
net drawdown/repayment of overdraft	(20 485)	(5 739)

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For a 3-month period ended on 31 March 2019

	Share capital	Share premium account	Reserve capital from option measurement	Other capital reserves	Retained profit	Net profit	F/X translattion differences	Equity attributable to the shareholders of the parent company	Non-controlling interest	Total equity
As at January 2019	**90 887**	**601 911**	**13 207**	**402 612**	**75 639**	**-**	**582**	**1 184 838**	**903**	**1 185 741**
Comprehensive income for reporting period										
- Net profit (loss) for reporting period	-	-	-	-	-	36 990	-	36 990	(3)	36 987
- Other comprehensive income for period	-	-	-	119	-	-	(582)	(463)	-	(463)
As at 31 March 2019	**90 887**	**601 911**	**13 207**	**402 731**	**75 639**	**36 990**	**-**	**1 221 365**	**900**	**1 222 265**

	Share capital	Share premium account	Reserve capital from option measurement	Other capital reserves	Retained profit	Net profit	F/X translattion differences	Equity attributable to the shareholders of the parent company	Non-controlling interest	Total equity
As at January 2018	**90 887**	**680 777**	**13 207**	**401 970**	**(6 414)**	**-**	**635**	**1 181 062**	**926**	**1 181 988**
Change of accounting principles in line with IFRS 9	-	-	-	-	(217)	-	-	(217)	-	(217)
As at 1 January 2018 (converted)	**90 887**	**680 777**	**13 207**	**401 970**	**(6 631)**	**-**	**635**	**1 180 845**	**926**	**1 181 771**
Comprehensive income for reporting period										
- Net profit (loss) for reporting period	-	-	-	-	-	100	-	100	5	105
- Other comprehensive income for period	-	-	-	(35)	-	-	(28)	(63)	-	(63)
As at 31 March 2018	**90 887**	**680 777**	**13 207**	**401 935**	**(6 631)**	**100**	**607**	**1 180 882**	**931**	**1 181 813**

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

1.1 Lifetime of the Company and Group companies

Lifetime of the Company, as well as lifetime of all related companies is unlimited.

1.2 Periods covered by the interim condensed consolidated financial statements

These condensed consolidated financial statements have been prepared for a 3-month period ended on 31 March 2019 and includes comparable financial data for a 3-month period ended on 31 March 2018 and as at 31 December 2018. The profit and loss account and notes to such profit and loss account include data for a 3-month period ended on 31 March 2019 and comparable data for a 3-month period ended on 31 March 2018.

These interim condensed consolidated financial statements have been prepared based on the going concern assumption for the Company and the Group companies in foreseeable future, that is for no fewer than 12 months following the reporting day, i.e. following 31 March 2019.

1.3 Approval of the financial statements

These interim condensed financial statements were approved for publication by the parent company Management Board on 15 May 2019.

1.4 Rules applied in preparation of the 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 2019, as well as the comparable period since 1 January until 31 March 2018, and in the case of the balance sheet - as at 21 December 2018. These interim condensed financial statements for the 3-month period ended on 312 March 2019 were not subject to any auditor's review, while the comparable data for the financial year ended on 31 December 2018 have been audited by a CPA.

These interim condensed 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 interim condensed 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 do not include all information and disclosures required in the annual consolidated financial statements and they should be construed against the background of the Group's financial statements for the year ended on 31 December 2018.

These interim condensed consolidated financial statements have been prepared using the same accounting standards and calculation methods that were applied in the most recent financial statements for the year ended on 31 December 2018, except for the changes in accounting policy due to the enactment of IFRS 16 "Lease" as of 1 January 2019. The Group resolved to implement said standard as of 1 January 2019. According to the transition provisions in IFRS 16, the new principles were adopted retrospectively, with recognition of the cumulative effect of initial implementation of the new standard under equity as at 1 January 2019. Consequently, there have been no adjustment of the comparative data for the financial year 2018 (modified retrospective approach).

A number of new Standards, modifications of Standards and Interpretations are not yet effective for the annual periods ending on 31 December 2019, thus they have not been applied in these interim condensed consolidated financial statements. None of the new Standards, modifications of Standards and Interpretations will have any significant impact on the Group's financial statements.

2. Adjusted EBITDA and Adjusted Net Profit

Neither the level of EBITDA, nor the adjusted EBITDA nor 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 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 performance to the exclusion of certain elements that have no impact on the core business of the Group and have no connection with the cashflows in the reported period.

The Group defines EBITDA as profit before tax less the financial revenue plus financial expense plus depreciation plus impairment losses of non-financial fixed assets which do not relate directly to the operating activity. Such definition is aimed, in the first place, to ensure comparability of the key indicator for the industry in which the Issuer and its Group operate. In case circumstances occur permitting to reverse the impairment losses of non-financial fixed assets which do not relate directly to the operating activity, such reversal will be included in the calculation of EBITDA.

EBITDA and adjusted EBITDA

	For 3 months ended	
	31.03.2019	31.03.2018
Profit/(loss) before tax	43 822	2 701
Fianancial revenues	(1 823)	(1 289)
Financial costs	12 266	13 872
Depreciation/Amortization	25 544	24 044
Development - related impairment loss	453	247
Biomass - related impairment loss	(6)	-
EBITDA	**80 256**	**39 575**
Purchase price allocation:		
Long term cotract measurement	-	(681)
Adjusted EBITDA	**80 256**	**38 894**

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Adjusted net profit (loss) attributed to parent shareholders

	For 3 months ended	
	31.03.2019	31.03.2018
NET PROFIT (LOSS) attributed to parent shareholders	**36 990**	**100**
Unrealized foreign exchange net (gains)/losses	163	13
(Income)/Cost from measurement of long-term borrowings	336	654
Development - related impairment loss	453	247
Biomass - related impairment loss	(6)	-
Purchase price allocation:		
Depreciation/Amortization	2 532	2 532
Long term contract measurement	-	(681)
Tax	(480)	(351)
Adjusted NET PROFIT (LOSS) attributed to parent shareholders	**39 988**	**2 514**

3. Operating segments

For management purposes, the Group has made an analysis aimed at identifying relevant segments. As a result of such analysis, the following operating segments have been identified, being identical with the reporting segments:

- wind power segment, involving production of electricity,
- conventional energy segment, involving production of heat and electricity,
- trading segment dealing with the sale of electricity and certificates of origin and other energy market instruments,
- distribution segment involving distribution and sale of electricity to commercial, industrial and individual customers,
- biomass segment involving production of pellet from energy crops,
- development and implementation segment involving development and construction of onshore wind farms, offshore wind farms and photovoltaic power plants.

The Management Board has been separately monitoring the operating performance of the segments in order to make decisions regarding allocation of resources, evaluation of such allocation and business performance. The Group defines EBITDA as profit before tax less the financial revenue plus financial expense plus depreciation plus impairment losses of non-financial fixed assets which do not relate directly to the operating activity. In case circumstances occur permitting to reverse the impairment losses of non-financial fixed assets which do not relate directly to the operating activity, such reversal will be included in the calculation of EBITDA. Income tax is monitored at the Group level and is not allocated to segments. Non-allocated assets are the Company's cash.

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 is the only customer with whom the Group generated no less than 10% of total revenues of the Group. 99.9% of assets of the segments are located in Poland.

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For 3 months ended 31.03.2019	Wind Power	Conventional Energy	Trading and energy sales	Distribution	Biomass	Developer and implementation activity	Unallocated cost of Group management*)	Purchase price allocation	Total
Sales revenue from external customers	71 826	80 645	535 021	23 791	2 300	2	1 080	-	714 665
Net sales profit (loss)	**44 812**	**13 136**	**5 048**	**3 744**	**(212)**	**(87)**	**(686)**	**(2 532)**	**63 223**
General overheads	(818)	(1 669)	(2 119)	(1 398)	(32)	(279)	(2 889)	-	(9 204)
Interest income/(expense)	(10 082)	(261)	(1 417)	(447)	(39)	32	2 366	-	(9 848)
Financial revenue/(expense) on unrealized f/x differences	(40)	9	(144)	-	-	(1)	(25)	-	(201)
Other financial revenue/(expense)	(880)	(113)	(460)	(55)	(34)	682	466	-	(394)
Other operating revenue/(expense)	833	(391)	111	163	22	(453)	(39)	-	246
Profit/loss before tax	**33 825**	**10 711**	**1 019**	**2 007**	**(295)**	**(106)**	**(807)**	**(2 532)**	**43 822**
Income tax	-	-	-	-	-	-	(7 315)	480	(6 835)
Net profit/loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**36 987**
EBITDA **)	60 535	16 536	3 057	3 749	(80)	(366)	(3 175)	-	80 256
Segment assets	1 348 869	285 401	437 167	133 733	11 020	79 719	-	-	2 295 909
Unallocated assets	-	-	-	-	-	-	445 729	6 788	452 517
Total assets	**1 348 869**	**285 401**	**437 167**	**133 733**	**11 020**	**79 719**	**445 729**	**6 788**	**2 748 426**
Segment liabilities	934 524	96 425	372 833	81 879	5 898	3 022	-	-	1 494 581
Unallocated liabilities	-	-	-	-	-	-	10 956	20 624	31 580
Total liabilities	**934 524**	**96 425**	**372 833**	**81 879**	**5 898**	**3 022**	**10 956**	**20 624**	**1 526 161**
Depreciation/Amortization	15 708	5 460	17	1 240	148	-	439	2 532	**25 544**

*) HQ costs not allocated to other segments

**) EBITDA - definition in Note 2

For 3 months ended 31.03.2019		Wind Power	Conventional Energy	Trading and energy sales	Distribution	Biomass	Developer and implementation activity	Unallocated cost of Group management*)	Purchase price allocation	Total
- revenue from sale and distribution of electricity	over time	50 986	54 643	509 681	22 244	-	-	-	-	637 554
- revenue from certificates of orgin	over time	20 836	(26)	5 959	-	-	-	-	-	26 769
- revenue from CO2 emission alowances	point in time	-	-	330	-	-	-	-	-	330
- revenue from sale of heat	over time	-	6 827	-	-	-	-	-	-	6 827
- revenue from consulting and advisory services	over time	-	-	-	-	-	-	1 022	-	1 022
- revenue from lease and operator services	over time	-	-	-	219	-	-	-	-	219
- revenue from sale of merchandise	point in time	-	-	-	-	35	-	-	-	35
- revenue from sale of pellets	over time	-	-	-	-	2 264	-	-	-	2 264
- revenue from lease	over time	4	-	-	-	1	2	58	-	65
- revenue from stranded costs and cost of gas	over time	-	19 153	-	-	-	-	-	-	19 153
- revenue from sale and distribution of gas	over time	-	-	16 380	1 323	-	-	-	-	17 703
- other revenue	point in time	-	48	2 671	5	-	-	-	-	2 724
Total sales revenue		**71 826**	**80 645**	**535 021**	**23 791**	**2 300**	**2**	**1 080**	**-**	**714 665**

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For 3 months ended 31.03.2018	Wind Power	Conventional Energy	Trading and energy sales	Distribution	Biomass	Developer and implementation activity	Unallocated cost of Group management*)	Rozliczenie ceny nabycia	Total
Sales revenue from external customers	37 090	76 389	604 145	22 908	5 289	2	309	681	746 813
Net sales profit (loss)	**8 462**	**13 713**	**1 178**	**3 862**	**(469)**	**(546)**	**(835)**	**(1 851)**	**23 514**
General overheads	(593)	(1 680)	(2 558)	(1 390)	(379)	(154)	(2 253)	-	(9 007)
Interest income/(expense)	(11 131)	(299)	(1 042)	(427)	(37)	10	1 714	-	(11 212)
Financial revenue/(expense) on unrealized f/x differences	(199)	49	134	-	-	-	-	-	(16)
Other financial revenue/(expense)	(1 332)	(85)	(319)	(36)	(22)	(17)	456	-	(1 355)
Other operating revenue/(expense)	1 110	(353)	159	85	6	(228)	(2)	-	777
Profit/loss before tax	**(3 683)**	**11 345**	**(2 448)**	**2 094**	**(901)**	**(935)**	**(920)**	**(1 851)**	**2 701**
Income tax	-	-	-	-	-	-	(2 947)	351	(2 596)
Net profit/loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**105**
EBITDA **)	23 185	17 091	(1 201)	3 680	(299)	(681)	(2 881)	681	39 575
Segment assets	1 321 603	288 124	399 019	133 165	52 855	206 358	-	-	2 401 124
Unallocated assets	-	-	-	-	-	-	328 603	16 912	345 515
	-	-	-	-	-	-	-		-
Total assets	**1 321 603**	**288 124**	**399 019**	**133 165**	**52 855**	**206 358**	**328 603**	**16 912**	**2 746 639**
Segment liabilities	976 744	106 326	362 805	69 997	8 526	1 364	-	-	1 525 762
Unallocated liabilities	-	-	-	-	-	-	1 927	37 137	39 064
Total liabilities	**976 744**	**106 326**	**362 805**	**69 997**	**8 526**	**1 364**	**1 927**	**37 137**	**1 564 826**
Depreciation/Amortization	14 206	5 411	20	1 123	543	-	209	2 532	**24 044**

*) HQ costs not allocated to other segments

**) EBITDA - definition in Note 2

(PLN K)

4. Other notes

4.1 Sales revenue

	For 3 months ended	
	31.03.2019	31.03.2018
- revenue from sale and distribution of electricity	637 554	628 658
- revenue from certificates of orgin	26 769	10 611
- revenue from CO2 emission alowances	330	-
- revenue from sale of heat	6 827	6 964
- revenue from consulting and advisory services	1 022	267
- revenue from lease and operator services	219	253
- revenue from sale of merchandise	35	146
- revenue from sale of pellets	2 264	5 111
- revenue from lease	65	46
- revenue from stranded costs and cost of gas	19 153	26 691
- revenue from sale and distribution of gas	17 703	67 466
- other revenue	2 724	600
Total sales revenue	**714 665**	**746 813**

4.2 Cost according to type

	For 3 months ended	
	31.03.2019	31.03.2018
- depreciation	25 544	24 044
- materials and power consumption	58 888	56 868
- third party services	10 866	11 602
- taxes, duties and fees	5 614	7 731
- salaries	7 610	7 936
- social security and other benefits	1 339	1 364
- other cost by type	673	756
Total cost by type	**110 534**	**110 301**
- marchandise and materials sold (+)	550 356	622 165
- selling expenses (-)	(244)	(160)
- general overheads (-)	(9 204)	(9 007)
Total cost of goods sold	**651 442**	**723 299**

(PLN K)

4.3 Other operating revenues

	For 3 months ended	
	31.03.2019	31.03.2018
- reversal of impairment losses, including:	120	-
- receivables remeasured write-downs	115	-
- non-current fixed assets impairment losses	5	-
- reversal of provisions, including:	-	300
- site reclamation	-	300
- other, including:	1 641	997
- compensation and additional payments	202	142
- grant settelment	799	800
- gains on disposal of non financial fixed assets	1	2
- other	639	53
Total other operating revenues	**1 761**	**1 297**

4.4 Other general and administration costs

	For 3 months ended	
	31.03.2019	31.03.2018
- asset impairment losses, including:	598	281
- receivables	146	34
- non-current fixed assets	452	247
- other, including:	673	79
- penalties, fines compensation payable	-	1
- other development-related cost	79	33
- other	594	45
Total other operating costs	**1 271**	**360**

4.5 Financial income

	For 3 months ended	
	31.03.2019	31.03.2018
- financial income from interest on deposit and loans	1 085	1 097
- interest from finance lease	28	32
- f/x differences, including:	7	156
- unrealized	(23)	183
- realized	30	(27)
- other	703	4
Total financial revenue	**1 823**	**1 289**

(PLN K)

4.6 Financial costs

	For 3 months ended	
	31.03.2019	31.03.2018
- interest expenses	10 961	12 341
- f/x differences, including:	253	214
- unrealized	178	199
- realized	75	15
- commission an other fees	588	498
- measurement of financial liabilities *)	415	807
- other	49	12
Total financial cost	**12 266**	**13 872**

*) refers to bank loans measured at amortized cost

4.7 Cash flows

Restricted cash	For 3 months ended	
	31.03.2019	31.03.2018
- cash frozen for loan repayment	18 323	25 713
- frozen cash for deposit	7 790	-
- frozen cash for long-term and mid-term refurbishment	3 911	5 632
- other frozen cash	118	85
Total	**30 142**	**31 430**

Explanation of differences between changes in certain items in the statement of financial position and changes in the statement of cash flows

Receivables:	For 3 months ended	
	31.03.2019	31.03.2018
- change in short-term and long-term receivables, net, in the statement of financial position	(1 704)	25 665
- change in receivables classified as held of sale	-	(907)
- deconsolidation of sold subsidiary	(57)	-
- change in financial receivables	335 888	(135 050)
Change in receivables in the statement of cash flows	**334 127**	**(110 292)**

Liabilities:	For 3 months ended	
	31.03.2019	31.03.2018
- change in liabilities, net of borrowings, in the statement of financial position	(309 425)	134 406
- change in finance lease liabilities	(46 177)	122
- change in liabilities classified as held of sale	-	1 025
- change in investment commitments	(561)	1 842
- deconsolidation of sold subsidiary	(109)	-
- change in financial liabilities	96	(289)
Change in liabilities in the statement of cash flows	**(356 176)**	**137 106**

Accruals and deferrals:	For 3 months ended	
	31.03.2019	31.03.2018
- change in accruals and deferrals in the statement of financial position	(8 278)	(9 874)
- billing for commissions on loans	21	99
- settelement of subsidies in time	92	-
Change in accruals and deferrals in the statement of cash flows	**(8 165)**	**(9 775)**

(PLN K)

4.8 Goodwill

As at 31 March 2019 goodwill amounted to PLN 69m and included the following segments and cash generating centers:

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

4.9 Short term financial assets

	31.03.2019	31.12.2018
- futures and forward contracts measurement	310 744	642 383
Total short term financial assets	**310 744**	**642 383**

4.10 Short term liabilities

	31.03.2019	31.12.2018
- bank loans and borrowings	88 141	113 119
- trade payables	92 880	129 391
- from related entities	49	-
- from other entities	92 831	129 391
- income tax payable	198	345
- other liabilities	328 385	646 593
- budget payments receivable	17 608	7 232
- prepayments for deliveries	-	6 006
- lease liabilities	2 972	186
- futures and forward contracts measurement	302 594	628 377
- payroll payable	1 011	1 374
- special funds	13	32
- other	4 187	3 386
Total short term liabilities	**509 604**	**889 448**

4.11 Disclosures due to the enactment of IFRS 16 “Lease”

Recognition of lease payables

The Group recognizes lease payables due to lease that was earlier classified under “operating lease” in line with the principles of IAS 17 Leases. Such payables have been measured at the present value of the outstanding lease payments as at the inception of IFRS 16 application. Discounting using the marginal interest range of the Group as at 1 January 2019 was applied.

As at the initial recognition, lease payments included in the lease liability measurement include the following types of payments for the right to use the underlying asset throughout the lease term:

- fixed lease payments less any lease incentives receivable,
- variable lease payments dependent on market indices,
- amounts expected to be paid for guaranteed residual value of the leased asset,
- purchase option exercise price, provided sufficient certainty exists as to such exercise,
- penalties for termination of lease if the lessee may exercise termination option.

In order to derive the discount rates under IFRS 16, the Group has assumed that the discount rate should reflect the cost of such financing as would be incurred to purchase the leased asset. When estimating the discount rate, the Group considered the following contractual features: type, tenor, currency and potential spread the Group would have to pay to any financial institution providing financing.

(PLN K)

As at 1 January 2019 the discount rates derived by the Group were within the range of (depending on the terms of contract):

- for PLN-denominated contracts: between 3.86% and 6.18%
- for EUR-denominated contracts: 4.54 %

The risk-free rate (RFR) has been estimated based on treasury bonds.

The Group applied simplified principles regarding short-term leases (not exceeding 12 months) and such leases where the value of the underlying asset is low - for those leases the Group will not recognize financial liabilities and relevant right-of-use assets. Respective lease payments shall be recognized as an expense over the lease term on a straight-line basis.

Recognition of the right-of-use assets

Right-of-use assets are measured at cost.

As at 1 January 2019 the Group adopted asset recognition at the amount of liabilities adjusted for any temporary amounts recognized to date in the balance sheet.

Application of estimates and judgments

Implementation of IFRS 16 requires certain estimates, judgments and calculations which impact on the measurement of finance lease liabilities and right-of-use assets. They include, without limitation:

- assessment whether the contract provides for a lease in line with IFRS 16,
- determination of term of contracts (including indefinite term contracts and extendable contracts),
- determination of the discount rate applied in order to discount future cash flows,
- determination of the depreciation rate.

Application of practical expedients

At the initial application of IFRS 16 the Group has taken advantage of the following practical expedients permitted by the standard:

- a single discount rate shall be applied to the lease contract portfolio which share similar characteristics,
- operating lease contracts with the outstanding lease term not exceeding 12 months as at 1 January 2019 have been recognized as short term lease,

Impact on the financial position report as at 1 January 2019

The impact of IFRS 16 implementation with respect to the contracts under review on the recognition of additional financial liabilities and relevant right-of-use assets is shown in the tables below:

Right-of-use assets/Liabilities under lease	1.01.2019
Land real estate	45 964
Perpetual usufruct of the land	269
Other real estate	3 090
Plant and machinery	103
Vehicles	1 339
Other	13
Total	**50 778**

(PLN K)

Impact on equity

The implementation of IFRS 16 has no impact on retained profit and equity as at 1 January 2019 in view of the recognition of the right-of-use assets and lease liabilities in identical amounts.

Impact on financial ratios

As practically all lease contracts have been recognized in the Group's balance sheet, implementation of IFRS 16 by the Group will impact its ratios, including debt to equity ratio. In addition, following implementation of IFRS 16 measurement of profit will change (including, without limitation. operating profit, EBITDA), as well as cash flows. The Group reviewed the impact of those changes on the compliance with the covenants in loan agreements to which the Group is a party and identified no risk of breach of said covenants. The Group reviewed the impact of IFRS 16 on the deferred tax and identified to differences.

Impact on individual items of the Group's financial statements as at 31 March 2019

Right-of-use assets under lease	31.03.2019
Land real estate	45 325
Perpetual usufruct of the land	269
Other real estate	2 768
Plant and machinery	259
Vehicles	1 352
Other	13
Total	**49 986**

Right-of-use liabilities under lease	31.03.2019
Land real estate	42 840
Perpetual usufruct of the land	264
Other real estate	2 773
Plant and machinery	249
Vehicles	986
Other	11
Total	**47 123**

In the period between 1 January 2019 and 31 March 2019 the total depreciation cost of the right-of-use assets amounted to PLN 1,089 K. Interest expense on lease payables increased, with the respective amount of PLN 569 K in the first quarter of 2019.

5. Explanations regarding seasonality or cyclicality of the issuer's business in the reported period

The Polenergia Group has been active on the markets of:

- Wind power,
- Conventional energy,
- Trading and sales of energy and gas,
- Distribution,
- Biomass,
- Development and implementation activity.

(PLN K)

Conventional energy and Wind power are subject to seasonality.

The Polenergia 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. However, a small part of heat supply is used to heat premises. This is true of both industrial and municipal customers. These heat supplies used to heat premises are subject to seasonality in that consumption is increased in the first and fourth quarter of each financial year. Nevertheless, this seasonality of consumption has no impact on the performance of the Group.

Also, wind conditions which determine the output of wind farms are uneven during the year In autumn and winter they are significantly better than in spring and summer The Issuer 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 not be different than those used in the Group’s models for specific investment projects.

6. Interest bearing bank loans and borrowings

In Q1 2019 the company Polenergia Biomasa Energetyczna Wschód Sp. z o.o. continued the debt restructuring process commenced in Q4 2018 concerning the project finance facility from Bank PEKAO S.A. amounting to PLN 4,622 K as at 31 March 2019. Throughout said process, the Company committed to establish additional pledges on its assets, the rights on cash receivables and assignment of rights under a commercial contract, as well as to pay an increased loan instalment payable in June 2019.

7. Changes to estimates

a) effective tax rate

	For 3 months ended	
	31.03.2019	31.03.2018
Income tax charged to the profit and loss account, including	**6 835**	**2 596**
Current tax	835	435
Deferred tax	6 000	2 161
Profit before tax	**43 822**	**2 701**
Tax on gross profit at effective tax rate of 19%	8 326	513
Adjustments to prior years current income tax	(1)	18
Non-deductible costs:	**(1 490)**	**2 077**
- permanent differences	79	44
- asset from tax losses in the Special Economic Zone	33	102
- temporary difference on which no tax asset/provision is established *)	(1 602)	1 931
Non-taxable income:	**-**	**(12)**
- other	-	(12)
Income tax in the profit and loss account	**6 835**	**2 596**

*) mainly concerns the non-recognition of an asset in case of risk of deducting losses in future

b) changes in provisions

Change in short term and long term provisions

	31.03.2019	31.12.2018
Provisions at the beginning of the period	**32 889**	**26 563**
- recognition of provisions	-	7 463
- reversal of provisions	-	(1 094)
- application provisions	-	(43)
Provisions at the end of the period	**32 889**	**32 889**

(PLN K)

c) trade debtors and other receivables

In the period ended on 31 March 2019 the bad debt write-off for trade debtors increased up to PLN 2,106 K.

	31.03.2019	31.12.2018
As at the beginning of the period	**2 077**	**2 340**
- Increase	156	276
- Application	(9)	(193)
- Reversal	(118)	(346)
As at the end of the period	**2 106**	**2 077**

Below, an analysis of trade debtors as at 31 March 2019 is presented

		Receivables from individual customers			
	Total	Current 0-30 days	30-60 days	60-90 days	>90 days
Receivables as at 31 March 2019	13 637	12 973	197	- 5	472
Expected credit losses	1 112	-	-	-	1 112

		Receivables from corporate customers			
	Total	Current 0-30 days	30-60 days	60-90 days	>90 days
Receivables as at 31 March 2019	89 359	81 911	403	5 068	1 977
Expected credit losses	994	-	-	-	994

d) purchase contracts measured and energy and green certificates sale

Forward contracts, being derivatives, are measured at fair value, with changes in fair value recognized in the profit and loss account. Measurement is performed with respect to the outstanding part of the contracts broken down into long term and short term ones.

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

The Group has issued no debentures. Until the date of this report the parent company has not issued any debentures in the Q1 period ended on 31 March 2019.

9. 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 2019.

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

On 15 January and 31 January 2019 guarantees issued by PKO BP SA to Polenergia Farma Wiatrowa 4 Sp. z o.o. to order of Electrum Sp. z o.o. expired with respect to the contract for the performance of electrical works in connection with the construction of a wind farm.

On 31 January 2019 a bank guarantee issued by mBank to POLENERGIA OBRÓT S.A. to order of ELEKTRIX to secure obligations under a commercial contract.

(PLN K)

On 31 March 2019 a guarantee for commercial contracts entered into by Polenergia Obrót S.A. with EDF and issued by Kulczyk Investment in the amount of EUR 1,000 K expired.

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

The subsidiaries of the Company - Amon Sp. z o.o. (on 22 May 2015) and Talia Sp. z o.o. (on 21 May 2015) each acting separately, filed actions for declaring ineffective the notices of termination by Polska Energia - Pierwsza Kompania Handlowa Sp. z o.o. of the following:

1) Contract for the Sale of Proprietary Interest in Certificates of Origin Confirming Generation of Electrical Energy in a Renewable Energy Source - Wind Farm in Łukaszów dated 23 December 2009 and the Contract for the Sale of Electrical Energy Generated in a Renewable Energy Source - Wind Farm in Łukaszów dated 23 December 2009, with respect to Amon;

2) Contract for the Sale of Proprietary Interest in Certificates of Origin Confirming Generation of Electrical Energy in a Renewable Energy Source - Wind Farm in Modlikowice dated 23 December 2009 and the Contract for the Sale of Electrical Energy Generated in a Renewable Energy Source - Wind Farm in Modlikowice dated 23 December 2009, with respect to Talia.

Subsequently, Amon Sp. z o.o. and Talia Sp. z o.o. modified their actions in that they raised a new claim, in addition to the original claim for determination, by demanding compensation for non-performance or improper performance of the abovementioned contracts and further expanded such claim to include consecutive period of non-performance of said contracts by Polska Energia - Pierwsza Kompania Handlowa Sp. z o.o. As a result, Amon Sp. z o.o. currently claims payment of PLN 40,478 K, with Talia Sp. z o.o. claiming PLN 26,769 K.

At the end of April 2018 the subsidiaries: Amon Sp. o.o. and Talia sp. z o.o. filed a claim against Tauron Polska Energia S.A. ("Tauron") in view of the breaking of long-term contracts for the sale of energy and proprietary interest entered into by a subsidiary of Tauron, Polska Energia - Pierwsza Kompania Handlowa Sp. z o.o. ("PKH") with Amon and Talia. Amon claims payment of PLN 47,556 K as compensation with interest and litigation cost and demands that liability of Tauron be determined for future damages estimated at more than PLN 158,000 K, hence the amount of the claim of Amon exceeds PLN 205,000 K. Talia claims payment of PLN 31,299 K as compensation with interest and litigation cost and demands that liability of Tauron be determined for future damages estimated at slightly less than PLN 107,000 K, hence the amount of the claim of Talia exceeds PLN 138,000 K.

In the opinion of Amon and Talia, Tauron, as the sole shareholder to PKH and as an entity that took actions aimed at the expiration of the long term contracts and to make groundless statements of termination of such contracts and cessation of purchase by PKH of energy and proprietary interest under such contracts and as the entity that ordered certain actions with PKH and liquidators thereof and intentionally took advantage of the damage done to Amon and Talia, is responsible for the damage Amon and Talia have been suffering as a result of the breaking of such long term contracts. Thus, Amon and Talia believe their claims are justified and deserve to be adjudicated as per the action filed by both companies.

The company Eolos Polska Sp. z o.o. filed for payment, jointly and severally, by the Company subsidiaries: Certyfikaty Sp. z o.o. (on 3 October 2016) and Polenergia Obrót S.A. (on 1 February 2017) of liquidated damages and receivables due to balancing costs totaling PLN 27,895 K on account of alleged non-performance of contracts that expired on 5 January 2016. It must be noted that the claimant specifies in its statement of claim that their claim may be higher in view of the fact that in subsequent years liquidated damages pursued will be increased.

In their reply Certyfikaty sp. z o.o. and Polenergia Obrót S.A. argue that the claim is fully non-substantiated and, on top of that, Polenergia Obrót S.A. challenges the grounds for the alleged joint and several liability for the obligations of Certyfikaty sp. z o.o. The Company shares the position of Certyfikaty sp. z o.o. and Polenergia Obrót S.A.

12. Information on significant related party transactions

Major transactions with associates in the period ended on 31 March 2019 include:

31.03.2019	Revenues
Polenergia Bałtyk I S.A.	108
MFW Bałtyk II Sp. z o.o.	295
MFW Bałtyk III Sp. z o.o.	297
Razem	**700**

Following significant related party transactions took place in the 3-month period ended on 31 March 2019 (all transactions on arm's length terms):

31.03.2019	Revenues	Receivables
Polenergia Bałtyk I S.A.	108	108
MFW Bałtyk II Sp. z o.o.	295	295
MFW Bałtyk III Sp. z o.o.	297	297
Razem	**700**	**700**

13. 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 2019 the Group has not issued any third party guarantees.

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

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

- macroeconomic situation of Poland,
- final wording of the regulations affecting the issuer's business,
- prices of electricity and green certificates,
- windiness levels on locations of the wind farms of: Puck, Łukaszów, Modlikowice, Rajgród, Gawłowice, Skurpie, Mycielin and Krzęcin,
- potential price volatility of CO_2 emission allowances, natural gas, biomass and availability of those raw materials,
- financial standing of the Company's customers,
- availability of project financing,
- the EUR exchange rate and WIBOR/EURIBOR rates.

(PLN K)

16. Objectives and policies of financial risk management

Apart from derivative instruments, the key financial instruments used by the Group include bank credits, cash and short term deposits. The primary purpose of such financial instruments is to secure financial resources for the Group activity. The Group also holds other financial instruments such as trade receivables and payables arising directly in the course of its business.

Moreover, the Group enters into transactions involving derivative instruments, including forward type contracts (to hedge currency and market price risk). Such transactions are aimed at managing the currency risk and market price risk (in particular in case of electricity trading) arising in the course of the Group's business and resulting from the sources of funding used by the Company.

The major types of risk resulting from the Group financial instruments include the interest rate risk, liquidity risk, currency risk and credit risk. The Management Board verifies and establishes the principles of managing each of the above types of risk, as briefly discussed below. The Group also monitors the risk of market prices with regard to all the financial instruments held by the Company.

16.1 Interest rate risk

The Group is exposed to risk resulting from changing interest rates mainly with reference to non-current financial liabilities.

The Group manages its interest expense using floating rate liabilities. Payments of interest on credit are hedged with derivative financial instruments.

In the table below the sensitivity of gross profit/loss on annual basis is presented with respect to reasonable fluctuant interest rates assuming that other factors remain unchanged (due to floating rate liabilities). The effect on the Group's equity is not presented.

31.03.2019	Change	Change in profit/loss before tax within the consecutive 3 months in PLN K
WIBOR 1M	1%	(1 751)
EURIBOR 1M	1%	(44)
WIBOR 1M	-1%	1 751
EURIBOR 1M	-1%	44

31.03.2018	Change	Change in profit/loss before tax within the consecutive 3 months in PLN K
WIBOR 1M	1%	(1 957)
EURIBOR 1M	1%	(54)
WIBOR 1M	-1%	1 957
EURIBOR 1M	-1%	54

16.2 Currency risk

Currency risk in the Group mainly concerns EUR rate changes with reference to short passive currency position under bank deposits, investment commitments and investment credit facilities. As at 31 March 2019 the currency risk was valued at EUR 4.3m. No hedging against changes of currency exchange rate is used.

Save for unhedged currency position above, when negotiating the conditions of hedging derivative instruments, the Group strives to adapt such conditions to those of the hedged item, to ensure maximum effectiveness of hedging.

In the table below the sensitivity of the Group's profit/loss before tax is presented (following the change of fair value of cash assets and liabilities) with respect to reasonable fluctuant EUR exchange rate, assuming that other factors remain unchanged.

	Currency exchange rate fluctuance	Impact on profit/loss
31.03.2019	+ 0,01 PLN/EUR	(43)
	- 0,01 PLN/EUR	43
31.03.2018	+ 0,01 PLN/EUR	(53)
	- 0,01 PLN/EUR	53

In the period ended on 31 March 2019 the Group incurred PLN 201k of financial costs on account of unrealized foreign exchange rate gains/losses.

In the period from 31 March 2018 until 30 June 2019 the PLN/EUR exchange rate changes may impact the amount of unrealized exchange rate gains/losses.Gain/loss on unrealized exchange rate as at 31 June 2019 will mostly depend on the difference between the exchange rate of 31 March 2019 and the exchange rate of 30 June 2019, while appreciation/depreciation of the Polish zloty with respect to EUR will have positive/negative effect on net profit in the amount of ca PLN 45k per each PLN 0.01 of the difference with respect to the exchange rate of 31 March 2019.

16.3 Credit risk

The Group enters into transactions exclusively with reputable companies enjoying sound credit standing. All customers wishing to use trade credit are subject to credit verification procedure. Moreover, owing to on-going monitoring of receivable balances, the Group's exposure to the risk of unrecoverable receivables is insignificant.

With respect to the Group's other financial assets such as cash and cash equivalents, financial assets available for sale and some derivative instruments, the Group's credit risk arises due to the contracting party's inability to pay and the maximum exposure to such risk equals the balance sheet amount of such instruments.

As the Group implements investment projects mainly using external financing, a material debt concentration occurs in the Group. The credit agreements entered into provide for numerous financial covenants to be met by individual projects.

In the current market environment and given the variability of electricity and green certificates' prices, a risk of breaching financial covenants is involved.

The Group monitors the level of indebtedness and financial covenants in individual companies, remaining in contact with the financing institutions.

Cash at bank accounts is held with well-rated banks. No credit risk concentration is encountered, as the Group uses several reputable banks in the market.

Trade receivables are due mainly from customers which enjoy good credit ratings and have continued the co-operation with the Group.

16.4 Liquidity risk

The Group's financial liabilities as at 31 March 2019 and 31 December 2018 as per maturity date based on the contractual non discounted payments are presented in the table below.

(PLN K)

31.03.2019	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	91 324	172 826	408 640	651 732	**1 324 522**
Other liabilities	339 850	9 116	41 978	-	**390 944**
Liabilities for deliveries and sevices	92 880	-	-	-	**92 880**

31.12.2018	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	84 523	177 057	398 166	675 205	**1 334 951**
Other liabilities	640 197	390	23 271	-	**663 858**
Liabilities for deliveries and sevices	129 391	-	-	-	**129 391**

Dipol

The Guarantee Agreement was entered into between Polish Energy Partners S.A. (legal predecessor of Polenergia S.A.) with Raiffeisen Bank Polska S.A. („Bank") to secure the Bank's cash receivables provided for in the credit facility agreement up to the amount of PLN 6.3m. Guarantor is obliged to pay the due amount of the bank's receivables in the Event of Default, upon the written demand for payment sent by the Bank to the Guarantor and prepared in compliance with the model enclosed to the Guarantee Agreement. Prior to addressing the demand for payment, the bank is obliged to request the company to pay the amount due within a defined time limit. According to the Management Board position, the liabilities of the guarantor (Polenergia S.A.) under the guarantee have expired and the bank may not lodge claims against the guarantor on such account. However in view of the diverging position of the financing bank in this issue, for the sake of prudence please note that the liability under the guarantee on the part of Polenergia S.A. may arise up to the amount of PLN 6.3m.

Amon/Talia

The Guarantee Agreements (one agreement per each Company) were entered into by Polenergia S.A. with the financing banks to secure each bank's receivables from Amon sp. z o.o. and Talia sp. z o.o. (respectively) on account of capital and interest on the long term credit up to the total amount of PLN 6.7m jointly for both Companies. The guarantee amount was split into separate amounts for each bank in respective agreements (depending on the given bank's involvement). The Guarantor is obliged to pay in case of failure by a given Company to meet any of cash liabilities within due date, upon the demand for payment sent to the Guarantor by the bank, defining, but not limited to, the amount of liabilities payable by a given Company.

GSR / Mycielin

Equity Support and Subscription Agreement was entered into, whereby Polenergia S.A., the Sponsor, acts as the guarantor for the following companies: Polenergia Farma Wiatrowa 1 sp. z o.o.) (Gawłowice project), Polenergia Farma Wiatrowa 4 sp. z o.o. (Skurpie project), Polenergia Farma Wiatrowa 6 sp. z o.o. (Rajgród project), Polenergia Farma Wiatrowa Mycielin Sp. z o.o. (Mycielin project), providing for 1) Unconditional guarantee: obligation to top up the debt service reserve account in case of Event of Default and failure to maintain the DSRA funds in the required amount and 2) Conditional Guarantee: in case any of the premises defined in the agreement occurs (decrease in DSCR, occurrence of Payment Default), the Beneficiary (the company as a rule) may send the demand for payment to the Sponsor. The obligation to pay covers any overdue payments on account of the credit agreement and the amount of the closest successive capital and interest instalment. Thus in practice the Conditional Guarantee is limited to the amount of two capital and interest instalments.

17. Capital management

The primary objective of the Group capital management is to maintain good credit rating and safe capital ratios to support the Group's operational activity and increase the value for its shareholders.

(PLN K)

The Group manages and modifies the capital structure depending on the changes in the economic environment. In order to maintain or adjust the capital structure, the Group may change the payment of dividend to the shareholders, return the capital to the shareholders or issue new shares. In the period ended 31 December 2019 and in the year ended on 31 December 2018 no modifications were made to the capital structure objectives, policies and processes binding in such scope.

The Group monitors the capital balance using the leverage ratio, computed as the net debt to total equity plus net debt. The net debt includes interest-bearing borrowings minus cash and cash equivalents.

	31.03.2019	31.12.2018
Interest under borrowings	869 733	905 378
Less cash and cash equivalents	(301 302)	(311 857)
Net debt	**568 431**	**593 521**
Share capital	1 222 265	1 185 741
Total capital	**1 222 265**	**1 185 741**
Capital and net debt	**1 790 696**	**1 779 262**
Leverage ratios	32%	33%

18. Events occurred after the date of preparing the condensed quarterly financial statements, not included herein, which could have a material effect on the future profit/loss of the issuer

Until the date of preparation of the present condensed consolidated financial statements, that is until 15 May 2019 no events occurred which would not be disclosed in the accounting books of the reporting period.

(PLN K)

C. OTHER INFORMATION FOR THE CONSOLIDATED QUARTERLY REPORT

1. Discussion of major economic and financial data disclosed in the interim financial statements, in particular description of factors and events, including non-typical ones, having material effect on the issuer's business and profit gained or loss borne by the issuer in the financial year, and the discussion of perspectives of the issuer's business development at least in the successive financial year.

Major economic and financial performance ratios obtained by the issuer are presented in the table below:

Major economic and financial data [PLN m]	12M 2018	12M 2017	Change
Sales revenues	714,7	746,8	(32,1)
EBITDA	80,3	39,6	40,7
Adjusted EBITDA with the elimination of the effect of purchase price allocation	80,3	38,9	41,4
Net profit (loss)	37,0	0,1	36,9
Adjusted net profit with the elimination of the effect of purchase price allocation, unrealized f/x differences, impairment losses, loas valuation and net gain/loss on disposal of assets	40,0	2,5	37,5

The following factors had effect on the profit/loss in the first quarter 2019 compared to the profit/loss in the identical period of the previous year:

a) At the EBITDA level (increase by PLN 40.7m):

- Better result of wind energy segment (by PLN 37.4m), mainly due to higher production volumes and sales prices of green certificates and electricity,
- Worse result of conventional energy segment (by PLN 0.6m) due to lack the lack of revenues from yellow certificates due to the expiration of the current support system for gas cogeneration at the end of 2018, partly offset by higher revenues from stranded costs compensation (a negative effect on the update of long-term natural gas prices and CO2 emission allowances in Q1 2018) and higher revenues from gas compensation for 2019 (higher Wg correction rate);
- Better result of trading segment (by PLN 4.3m) due to higher result on electricity trading, higher result on sale of green certificates due to higher selling prices and lower operating costs and commission costs, partly offset by lower result on the sale of electricity from wind farms due to higher balancing and profiling costs;
- Better result of distribution segment (by PLN 0.1m) due to higher distribution margin, lower operating costs and refund of real estate tax, partly offset by lower margin on the sale of energy;
- Better result of biomass segment (by PLN 0.2m) due to ongoing restructuring of the segment and limited business scale. Moreover, increased prices of pellets allowed for obtaining higher production profitability;
- Lower costs of development and implementation segment allocated to the profit and loss account (by PLN 0.3m);
- Increased unallocated costs of the Group management (by PLN 0.3m) due to higher headquarters' operating costs following correction of VAT settlement for 2018.

b) At the EBIDTA adjustment level (increase by PLN 41.4m):

- The above described effect of EBIDTA (higher result by PLN 40.7m);
- Elimination of the effect of purchase price allocation (plus PLN 0.7m).

c) At the level of Net Profit//Loss (increase by PLN 36.9m), due to:

- Effect of EBIDTA (higher result by PLN 40.7m);

- Higher depreciation (by PLN 1.5m) resulting first of all from higher depreciation in the wind farm segment due to the reversal of impairment loss in Mycielin WF assets and the change in the presentation of lease costs in line with changed accounting standards (entry into force of IFRS 16);
- Higher financial revenues (by PLN 0.5m) due to the profit on the winding-up of a subsidiary (by PLN 0.7m) partly offset by negative effect of exchange rate differences (by PLN 0.1m);
- Lower financial costs (by PLN 1.6m) resulting from lower interest costs (by PLN 1.4m), lower long–term loan valuation costs (PLN 0.4m), partly offset by higher costs of commissions and fees (by PLN 0.1m);
- Effect of impairment losses (increase by PLN 0.2m) mainly resulting from the impairment loss related to development and implementation segment made in 2019;
- Higher level of income tax (by PLN 4.2m).

d) At the level of adjusted net profit – eliminating the effect of accounting for purchase price, the effect of unrealized exchange rate profit/loss, impairment loss, credit valuation and discount valuation (increase by PLN 37.5m):

- Effect of higher net profit/loss (higher result by PLN 36.9m);
- Elimination of the effect of purchase price allocation (plus PLN 0.6m).
- Elimination of the effect of unrealized exchange rate differences (plus PLN 0.2m);
- Elimination of the effect of long-term loan valuation (plus PLN 0.3m);
- Reversal of the effect of impairment losses (plus PLN 0.2m).

2. Brief description of the issuer's material achievements or failures in the period concerned by the report, including a list of the most important respective events.

The description of material achievements or failures in the period concerned by the report, including the most important events involved, was presented in part A.2 – *Detailed comments regarding financial performance for the 3- months period ended on 31 March 2019 and other material information on the position of the Group* hereof.

3. Position of the Management Board concerning the possibility of meeting the prior published forecast results in the light of the results presented in the quarterly report

The Company does not publish forecast results for successive years.

4. Description of factors and events, in particular non-typical ones, having significant effect on the obtained profit/loss

The factors having significant effect on the profit/loss obtained were described in items A.1 and C.1-2 hereof.

5. Indication of the shareholders holding directly or indirectly through subsidiaries at least 5% of the total number of votes in the Issuer's General Meeting as at the date of presenting the quarterly report, including the number of shares held by such entities, their per cent share in the share capital, the number of resulting votes and their percent share in the total number of votes in the General Meeting and changes in the ownership structure of material packages of the issuer's shares in the period since the presentation of the precedent quarterly report

No	Shareholder	Number of shares held	Number pf votes	Shareholding
1	Mansa Investments Sp. z o.o. *)	23 467 043	23 467 043	51,64%
2	China - Central and Eastern Europe Investment Co-operation Fund SCS SICAV-SIF**	7 266 122	7 266 122	15,99%
3	Nationale Netherlanden	2 570 000	2 570 000	5,66%
4	Generali OFE	3 000 000	3 000 000	6,60%
5	Aviva OFE	3 732 000	3 732 000	8,21%
6	NN Investment Partners TFI	2 278 095	2 278 095	5,01%
7	Pozostali	3 130 287	3 130 287	6,89%
	Total	**45 443 547**	**45 443 547**	**100,00%**

*) Kulczyk Holding S.à r.l., a company formed under the law of Luxembourg, holding 100% of Mansa Investments sp. z o.o
**) through Capedia Holdings Limited, a subsidiary, with the registered address in Nicosia,Cyprus

On 12 April 2019 the Company received from NN Investment Partners Towarzystwo Funduszy Inwestycyjnych S.A. („NN TFI S.A.") the notification in virtue of art. 69 section 1 item 1) in connection with art. 87 section 1 item 2) letter a) of the act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading and on Public Companies (i.e. Polish Official Journal of 2019, item 623). Pursuant to the notification, change was made to the joint share of votes of investment funds managed by NN TFI S.A. regarding the total number of votes in the Company. Prior to the change of the share, investment funds managed by NN TFI S.A. jointly held 2 252 341 shares of the Company, constituting 4.96 % of the Company's share capital, giving right to exercise 2 252 341 votes in the Company, constituting 4.96 % of the total number of votes in the Company. Currently the investment funds managed by NN TFI S.A. jointly hold 2 278 095 shares of the Company, constituting 5.02 % of the Company share capital, giving right to exercise 2 278 095 votes in the Company, constituting 5.02 % in the total number of votes in the Company. 5% of the total number of votes in the Company was exceeded as a result of purchasing of the Company shares by NN Parasol Fundusz Inwestycyjny Otwarty on 9 April 2019.

6. Indication of the effects of changes to the structure of business entity, including merger of business entities, takeover or sale of capital group units, long term investments, division, restructuring and discontinuation of business

In the Q1 2019 no merger of business entities, takeover or sale of capital group units, long term investments, division, restructuring or discontinuation of business took place.

7. General information

Polenergia S.A. Capital Group, former Polish Energy Partners S.A), (the business name altered by way of an inscription in the National Court Register (KRS) dated 11 September 2014 (the "Group") comprises Polenergia S.A. (the "Company", the "parent company") and its subsidiaries. The Company was founded under the Notarized Deed of 17 July 1997. The Company was registered with the National Court Register kept by the District Court for the city of Warsaw, Commercial Division XX of the National Court Register under number KRS 0000026545. The Company was assigned the statistical number REGON 012693488. The registered office of the Company is located in Warsaw at Krucza 24/26.

According to the National Court Register entry, the object of the Company includes:

- production and distribution of electricity (classified under PKD 40.10),
- production and distribution of heat (steam and hot water) (PKD 40.30),
- general construction and civil engineering (PKD 45.21),

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- construction systems (PKD 45.3),
- other forms of lending, save for business which requires a concession or a license or which has been exclusively reserved for banks (PKD 65.22),
- research and development in natural and technical sciences (PKD 73.10),
- development and sale of real estate on the Company's own account (PKD 70.11),
- real property management provided to third parties (PKD 70.32),
- accounting and bookkeeping services (PKD 74.12),
- construction, urban and technology- related design (PKD 74.20),
- business and management advisory services (PKD 74.14),
- other commercial business, not classified elsewhere (PKD 74.84),
- other forms of education, not classified elsewhere (PKD 80.42),
- wholesale of solid, liquid and gaseous fuel and derivative products (PKD 51.51).

The scope of business of the subsidiaries is related to the core business of the parent company.

8. Composition of the Management Board and the Supervisory Board of the controlling entity

The composition of the Management Board and the Supervisory Board of the controlling entity as at the date of publication of the financial statements:

Michał Michalski	President of the Management Board
Iwona Sierżęga	Member of the Management Board
Robert Nowak	Member of the Management Board

On 23 January 2019 the Company received the resignation of Mr. Jacek Głowacki from the position of the President of the Management Board. At the same time, at the meeting of 23 January 2019, the Supervisory Board of the Company appointed Mr. Michał Michalski as the President of the Management Board and Ms. Iwona Sierżęga as the Management Board Member.

The composition of the Management Board and the Supervisory Board of the controlling entity as at the date of publication of the financial statements is as follows:

Dominika Kulczyk	Chairperson of the Supervisory Board
Hans E.Schweickardt	Vice-Chairman of the Supervisory Board
Brian Bode	Member of the Supervisory Board
Adrian Dworzyński	Member of the Supervisory Board
Marjolein Helder	Member of the Supervisory Board
Sebastian Kulczyk	Member of the Supervisory Board
Orest Nazaruk	Member of the Supervisory Board
Marta Schmude-Olczak	Member of the Supervisory Board

On 7 January 2019 Mr. Michał Kawa submitted his resignation from the position of the member of the Company Supervisory Board.

On 8 January 2019 the Extraordinary General Meeting of the Company revoked Mr. Kajetan D'Obyrn from the Company Supervisory Board and appointed Marjolein Helder and Sebastian Kulczyk as Supervisory Board members.

On 17 April 2019 Mr. Adrian Dworzyński was appointed as the member of the Company Supervisory Board.

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D. POLENERGIA S.A QUARTERLY FINANCIAL INFORMATION

INTERIM CONDENSED BALANCE SHEET
as at 31 March 2019

	31.03.2019	31.12.2018
I. Non-current assets	**850 193**	**844 764**
Tangible fixed assets	3 985	1 375
Intangible Assets	106	123
Financial assets	838 617	836 002
Long term receivables	2 078	2 160
Deferred income tax assets	5 407	5 104
II. Current assets	**241 249**	**247 842**
Inventories	10 362	10 362
Trade receivables	7 253	10 865
Income tax receivable	3 986	3 986
Other short term receivables	7 894	7 922
Prepayments and accrued income	1 792	3 152
Short term financial assets	30 138	3 000
Cash and equivalent	179 824	208 555
Total assets	**1 091 442**	**1 092 606**

EQUITY AND LIABILITIES

	31.03.2019	31.12.2018
I. Shareholders' equity	**1 072 512**	**1 074 139**
Share capital	90 887	90 887
Share premium account	601 539	601 539
Reserve capital from option measurement	13 207	13 207
Other capital reserves	349 478	349 478
Capital from merger	89 782	89 782
Retained profit (loss)	(70 755)	(26 826)
Net profit (loss)	(1 626)	(43 928)
II. Long term liabilities	**1 787**	**301**
Provisions	21	21
Other liabilities	1 766	280
III. Short term liabilities	**17 143**	**18 166**
Trade payables	545	760
Other liabilities	11 236	10 260
Provisions	767	767
Accruals and deferred income	4 595	6 379
Total equity and liabilities	**1 091 442**	**1 092 606**

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INTERIM CONDENSED PROFIT AND LOSS ACCOUNT
for the 3 months period ended on 31 March 2019

	For 3 months ended	
	31.03.2019	31.03.2018
Sales revenues	3 915	3 632
Sales revenues	**3 915**	**3 632**
Cost of goods sold	(3 549)	(3 301)
Gross sales profit	**366**	**331**
Other operating revenues	-	2
General overheads	(3 830)	(3 217)
Other operating expenses	(42)	(6)
Financial income	2 868	2 884
Financial costs	(1 291)	(1 518)
Proft (loss) before tax	**(1 929)**	**(1 524)**
Income tax	303	181
Net profit (loss)	**(1 626)**	**(1 343)**

INTERIM CONDENSED STATEMENT OF TOTAL REVENUES
for the 3 months period ended on 31 March 2019

	For 3 months ended	
	31.03.2019	31.03.2018
Net profit (loss)	**(1 626)**	**(1 343)**
Other net comprehensive income	**-**	**-**
COMPREHENSIVE INCOME FOR PERIOD	**(1 626)**	**(1 343)**

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INTERIM CONDENSED STATEMENT OF TOTAL REVENUES
for the 3 months period ended on 31 March 2019

	Share capital	Share premium account	Reserve capital from opttion measurement	Other capital reserves	Capital from merger	Retained loss	Net loss	Total equity
As at January 2019	**90 887**	**601 539**	**13 207**	**349 478**	**89 782**	**(70 755)**	**-**	**1 074 138**
Other comprehensive uncome foe period								
Net loss for reporting period	-	-	-	-	-	-	(1 626)	(1 626)
As at 31 March 2019	**90 887**	**601 539**	**13 207**	**349 478**	**89 782**	**(70 755)**	**(1 626)**	**1 072 512**

	Share capital	Share premium account	Reserve capital from opttion measurement	Other capital reserves	Capital from merger	Retained loss	Net loss	Total equity
As at January 2018	**90 887**	**680 405**	**13 207**	**349 478**	**89 782**	**(105 692)**	**-**	**1 118 067**
Other comprehensive uncome foe period								
Net loss for reporting period	-	-	-	-	-	-	(1 343)	(1 343)
As at 31 March 2018	**90 887**	**680 405**	**13 207**	**349 478**	**89 782**	**(105 692)**	**(1 343)**	**1 116 724**

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INTERIM CONDENSED CASH FLOW STATEMENT
for the 3 months period ended on 31 March 2019

	For 3 months ended	
	31.03.2019	31.03.2018
A.Cash flow from operating activities		
I.Profit (loss) before tax	**(1 929)**	**(1 524)**
II.Total adjustments	**3 325**	**5 380**
Depreciation	440	208
Foreign exchange losses (gains)	23	-
Interest and profit shares (dividends)	(1 532)	(1 264)
Losses (gains) on investing activities	1 258	1 157
Changes in receivables	3 722	6 389
Changes in short term liabilities, excluding bank loans and borrowings	(162)	(1 086)
Changes in accruals	(424)	(24)
III.Net cash flows from operating activities (I+/-II)	**1 396**	**3 856**
B.Cash flows from investing activities		
I. Cash in	**81 224**	**1 760**
1. From financial asstes, including:	81 224	1 760
- repayment of long-term loans given	46 000	1 000
- interest	15	65
- other inflows from financial asstes	35 209	695
II.Cash out	**110 859**	**11 016**
1. Acquisition of tangible fixed assets	180	82
2. For financial asstes, including:	110 679	10 934
- acquisition of financial asstes	37 679	10 934
- loans given	73 000	-
III.Net cash lows from investing activities (I-II)	**(29 635)**	**(9 256)**
C.Cash flows from financing activities		
I.Cash in	**-**	**-**
II.Cash out	**468**	**60**
1.Lease payables	443	56
2.Interest	25	4
III.Net cash flows from financing activities (I-II)	**(468)**	**(60)**
D.Total net cash flows (A.III+/-B.III+/-C.III)	**(28 707)**	**(5 460)**
E.Increase/decrease in cash in the balance sheet, including:	**(28 731)**	**(5 460)**
- change in cash due to f/x differebces	**(24)**	**-**
F.Cash at the beginning of period	**208 555**	**168 096**
G.Cash at the and of period, including:	**179 824**	**162 636**
- restricted cash	3	10

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COST BY NATURE

	For 3 months ended	
	31.03.2019	31.03.2018
- depreciation	440	208
- materials and power consumption	75	68
- third party services	2 032	1 939
- taxes, duties and fees	905	564
- salaries	3 395	3 213
- social security and other benefits	504	495
- other cost by type	28	31
Total cost by type	**7 379**	**6 518**
- general overheads (-)	(3 830)	(3 217)
Total cost of goods sold	**3 549**	**3 301**

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