

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

Polenergia S.A. Group

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021
INCLUDING THE REPORT OF THE INDEPENDENT AUDITOR**

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Warsaw, 11 August 2021

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1. Interim condensed consolidated balance sheet
As at 30 June 2021
ASSETS

	Note	30.06.2021	31.12.2020
I. Non-current assets		2 526 239	2 229 951
1. Tangible fixed assets	10	2 067 903	1 946 761
2. Intangible assets	12	4 154	4 746
3. Subordinated entities goodwill	13	69 566	69 566
4. Financial assets	15	156 398	21 358
5. Financial assets measured using the equity method		219 343	175 143
6. Long term receivables		3 891	3 498
7. Deferred income tax assets	18	4 941	8 836
8. Prepayments and accrued income		43	43
II. Current assets		1 825 347	788 498
1. Inventories		40 562	36 836
2. Trade receivables	14	112 814	77 041
3. Income tax receivable	14	2 706	976
4. Other short term receivables	14	301 875	142 154
5. Prepayments and accrued income		9 403	5 712
6. Short term financial assets	15	733 067	151 432
7. Cash and equivalent		624 920	374 347
Total assets		4 351 586	3 018 449

EQUITY AND LIABILITIES

	Note	30.06.2021	31.12.2020
I. Shareholders' equity		1 720 928	1 418 368
Equity attributable to the shareholders of the parent company		1 720 103	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		538 547	459 811
5. Retained profit (loss)		239 486	185 037
6. Net profit		279 998	110 551
7. F/X translation differences		(5)	(8)
Non-controlling interests		825	900
II. Long term liabilities		1 424 547	1 189 190
1. Bank loans and borrowings	21	1 069 018	934 036
2. Deferred income tax provision	18	86 824	74 419
3. Provisions	19	23 408	23 420
4. Accruals and deferred income		45 299	46 897
5. Lease liabilities	20	93 482	97 815
6. Futures and forward contracts measurement	20	102 025	9 886
7. Other liabilities	20	4 491	2 717
III. Short term liabilities		1 206 111	410 891
1. Bank loans and borrowings	21	122 855	71 368
2. Trade payables	20	77 919	99 969
3. Income tax payable	20	585	1 079
4. Lease liabilities	20	11 893	11 240
5. Futures and forward contracts measurement	20	671 286	132 721
6. Other liabilities	20	288 182	69 169
7. Provisions	19	4 050	3 064
8. Accruals and deferred income		29 341	22 281
Total equity and liabilities		4 351 586	3 018 449

2. Interim condensed consolidated profit and loss account

For the period ended 30 June 2021

	Note	For 6 months ended		For 3 months ended	
		30.06.2021	30.06.2020	30.06.2021	30.06.2020
				unaudited	unaudited
Revenues from contracts with clients		1 149 256	818 584	514 709	363 866
Other revenues		63 008	3 414	60 640	(842)
Sales revenues	25	1 212 264	821 998	575 349	363 024
Cost of goods sold	26	(1 047 743)	(704 936)	(474 246)	(323 124)
Gross sales profit		164 521	117 062	101 103	39 900
Other operating revenues	27	2 298	3 435	948	1 189
Selling expense	26	(270)	(271)	(77)	(112)
General overheads	26	(24 674)	(21 555)	(13 110)	(11 596)
Other operating expenses	28	(614)	(1 101)	(322)	(457)
Financial income	29	227 158	3 562	226 394	260
Financial costs	30	(20 498)	(23 524)	(10 626)	(11 749)
Profit before tax		347 921	77 608	304 310	17 435
Income tax	18	(67 998)	(13 121)	(58 626)	(2 843)
Net profit		279 923	64 487	245 684	14 592
Net profit attributed to:		279 923	64 487	245 684	14 592
Parent company shareholders		279 998	64 490	245 757	14 595
Non-controlling shareholders		(75)	(3)	(73)	(3)
Earnings per share:					
– basic earnings (loss) for period attributable to parent company shareholders		6,16	1,42	5,41	0,32
– diluted earnings (loss) for period attributable to parent company shareholders		6,16	1,42	5,41	0,32

Interim condensed consolidated statement of comprehensive income

	For 6 months ended		For 3 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
			unaudited	unaudited
Net profit for period	279 923	64 487	245 684	14 592
Other comprehensive income that may be reclassified to profit and loss account once specific conditions are met				
Cash flow hedges	22 634	(3 522)	(23 517)	(3 625)
F/X translation differences	3	(3)	(4)	(3)
Other net comprehensive income	22 637	(3 525)	(23 521)	(3 628)
COMPREHENSIVE INCOME FOR PERIOD	302 560	60 962	222 163	10 964
Comprehensive income for period:				
Parent company shareholders	302 635	60 965	222 236	10 967
Non-controlling shareholders	(75)	(3)	(73)	(3)

3. Interim condensed consolidated statement of changes in equity

For the period ended 30 June 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	-	-	-	-	-	279 998	-	279 998	(75)	279 923
- Other comprehensive income for period	-	-	-	22 634	-	-	3	22 637	-	22 637
Transactions with owners of the parent recognized directly in equity										
- Allocation of profit/loss	-	-	-	56 102	(56 102)	-	-	-	-	-
As at 30 June 2021	90 887	557 983	13 207	538 547	239 486	279 998	(5)	1 720 103	825	1 720 928

For the period ended 30 June 2020

	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	-	-	-	-	-	64 490	-	64 490	(3)	64 487
- Other comprehensive income for period	-	-	-	(3 522)	-	-	(3)	(3 525)	-	(3 525)
Transactions with owners of the parent recognized directly in equity										
- Allocation of profit/loss	-	-	-	43 541	(43 541)	-	-	-	-	-
As at 30 June 2020	90 887	557 983	13 207	443 680	185 037	64 490	(3)	1 355 281	925	1 356 206

4. Interim condensed consolidated statement of cash flows

For the period ended 30 June 2021

	Noty	For 6 months ended	
		30.06.2021	30.06.2020
A.Cash flow from operating activities			
I.Profit (loss) before tax		347 921	77 608
II.Total adjustments		(277 501)	71 318
1.Depreciation		45 759	49 945
2.Foreign exchange losses (gains)		(10)	197
3.Interest and profit shares (dividends)		18 943	22 383
4.Losses (gains) on investing activities		(223 930)	774
5. Income tax		(55 448)	(15 689)
6.Changes in provisions		975	359
7.Changes in inventory		(3 726)	(1 931)
8.Changes in receivables		(889 870)	(30 908)
9.Changes in liabilities, excluding bank loans and borrowings		824 630	50 417
10.Changes in accruals		1 930	(3 488)
11. Other adjustments		3 246	(741)
III.Net cash flows from operating activities (I+/-II)		70 420	148 926
B.Cash flows from investing activities			
I. Cash in		226 088	31
1. Disposal of intangibles and tangible fixed assets		57	31
2. From financial asstes, including:		226 031	-
a) disposal of financial asstes	8	225 775	-
b) other inflows from financial asstes		256	-
II.Cash out		203 792	35 450
1. Acquisition of tangible fixed assets		159 433	26 371
2. For financial asstes, including:		44 359	9 079
a) acquisition of financial assets		44 359	9 049
b) long term loans given		-	30
III.Net cash flows from investing activities (I-II)		22 296	(35 419)
C.Cash flows from financing activities			
I.Cash in		232 782	61 164
1.Loans and borrowings		232 782	61 164
II.Cash out		75 004	78 399
1.Repayment of loans and borrowings		52 225	54 314
2.Lease payables		4 164	2 956
3.Interest		18 465	20 868
4.Other financial expenses		150	261
III.Net cash flows from financing activities (I-II)		157 778	(17 235)
D.Total net cash flows (A.III+/-B.III+/-C.III)		250 494	96 272
E.Increase/decrease in cash in the balance sheet, including:		250 573	96 257
- change in cash due to fx differences		79	(15)
F.Cash at beginning of period		374 347	345 705
G.Cash at end of period, including:		624 920	441 962
- restricted cash		27 831	123 465

On 29 May 2020, DNB Bank Polski S.A. ("DNB"), acting to order of Polenergia S.A., issued a guarantee in relation to the contract for the supply of wind turbines entered into by Polenergia Farma Wiatrowa Szymankowo Sp. z o.o. with Siemens Gamesa Renewable Energy Sp. z o.o. and Siemens Gamesa Renewable Energy A/S for the amount of EUR 18,284.6k expiring on 31 July 2020 which was extended until 31 August 2020. As security for said guarantee, Polenergia SA paid a deposit to DNB corresponding to 108% of the guarantee amount, i.e. PLN 87.634,7. Such amount has been disclosed in the consolidated statement of cash flows under item "Restricted cash".

5. The rules underlying the interim condensed consolidated financial statements

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 and cover the six month period from 1 January to 30 June 2021 and the comparative period from 1 January to 30 June 2020, while also including data for the second quarter of 2021 and 2020, and with respect to the balance sheet - as at 31 December 2020. In accordance with the applicable laws, these interim condensed consolidated financial statements for the six months ended 30 June 2021 have been reviewed by an independent auditor, while the comparative data for the financial year ended 31 December 2020 have 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. 30 June 2021.

6. Accounting principles applied

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. Those Financial Statements also 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.

6.2 Functional and reporting currency

The functional currency and the reporting currency of these consolidated financial statements is Polish Zloty.

Transactions denominated in currencies other than the functional currency are translated into the functional currency at the rate of exchange prevailing on the transaction date.

As at the balance sheet day, cash, bank loans and other monetary assets and liabilities denominated in currencies other than the functional currency are translated into such functional currency at the average exchange rate of the National Bank of Poland on the balance sheet day. Foreign exchange differences on translation and settlement of items are recognized in finance income or cost, as appropriate. Changes in the measurement of derivatives designated as hedging instruments for hedge accounting purposes are recognized in accordance with the applicable hedge accounting policies.

The following exchange rates were used for measurement purposes:

	2021-06-30	31 December 2020	30.06.2020
USD	3.8035	3.7584	3.9806
EUR	4.5208	4.6148	4.4660
GBP	5.2615	5.1327	4.8851
UAH	0.1396	0.1326	0.1493

6.3 Seasonality and cyclical nature of operations

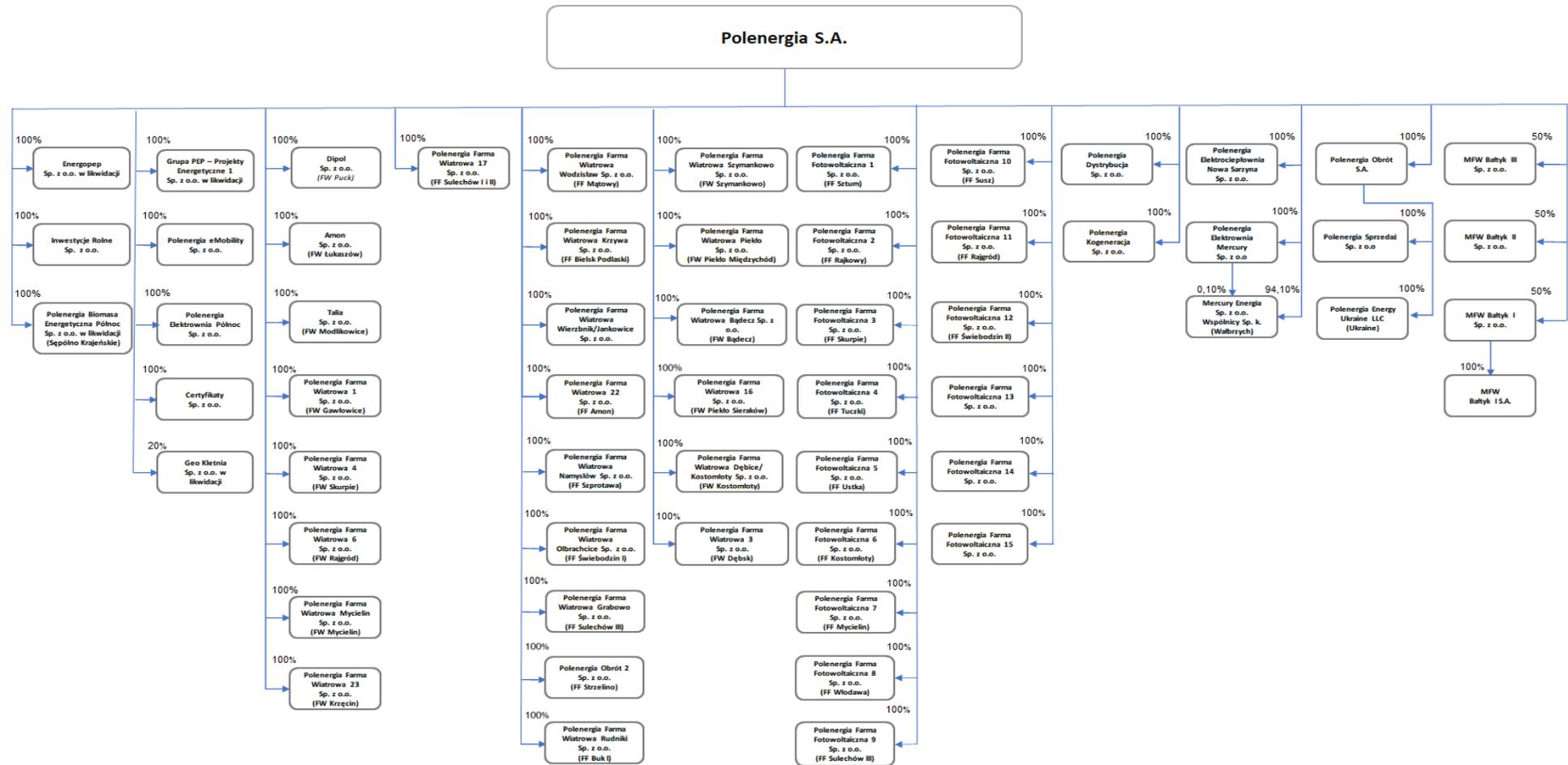
The Group has been operating in the business of electrical energy generation from renewable sources. Wind conditions which determine the electricity production in wind farms are unevenly distributed throughout the year. In autumn and winter they are significantly better than in spring and summer. The 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 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.

6.4 Changes to estimates

Within the 6 month period ended 30 June 2021 forward contracts have been reclassified, as described in more detail in Note 8.

7. The Group's organizational structure



*0.1% przysługujące spółce Energopep Sp. z o.o., 33.9% POL SA, 33% POL D, 33% Dipol

8. Adjusted Consolidated EBITDA and Adjusted Consolidated 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.

EBITDA and ADJUSTED EBITDA

	For 6 months ended		For 3 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Profit before tax	347 921	77 608	304 310	17 435
Financial revenues	(227 158)	(3 562)	(226 394)	(260)
Financial costs	20 498	23 524	10 626	11 749
Depreciation/Amortization	45 759	49 945	22 900	24 613
Development - related impairment loss	140	214	35	107
EBITDA	187 160	147 729	111 477	53 644
Adjusted EBITDA	187 160	147 729	111 477	53 644

ADJUSTED NET PROFIT attributed to parent shareholders

	For 6 months ended		For 3 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
NET PROFIT attributed to parent shareholders	279 998	64 490	245 757	14 595
Unrealized foreign exchange net (gains)/losses	123	86	726	1 395
(Income)/Cost from measurement of long-term borrowings	690	729	354	403
(Net profit) on loss of control over subsidiaries	(186 137)	-	(186 137)	-
Development - related impairment loss	140	214	35	107
Purchase price allocation:				
Depreciation/Amortization	438	4 339	219	1 807
Tax	(84)	(823)	(42)	(343)
Adjusted NET PROFIT attributed to parent shareholders	95 168	69 035	60 912	17 964

The item "Net profit on loss of control over subsidiaries" refers to additional payments related to the transaction of sale of shares in the companies MFW Bałtyk II Sp. z o.o. and MFW Bałtyk III Sp. z o.o. under a contract entered into on 5 March 2018 with Statoil Holding Netherlands B.V. The impact of such additional payments amounted to PLN 225,411 k and was disclosed in the consolidated income statement under "financial revenue" and in the consolidated cash flow report under "financial assets inflows". The abovementioned impact of additional payment after income tax (and having deducted the previous years tax losses) amounted to PLN 186,137k.

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 they are not derived based on any accounting standards. The rules for deriving such indices were defined in the Consolidated Financial Statements of the Polenergia Group for 2020 that were published on 20 March 2021. Definitions of the foregoing indices applied by other entities may be different from those used by the Group.

In the first half of 2021 the adjusted EBITDA amounted to PLN 187,160k and was higher by PLN 39,431k compared to the corresponding period of the preceding year. This was mainly due to the higher performance in the gas and clean fuels segment (by PLN 55,386k) and in the trading and sales segment (by PLN 18,416k). This higher performance has been partly offset by lower performance of the onshore wind farm segment (by PLN 32,636k).

In the first half of 2021 the adjusted net profit of the Group amounted to PLN 95,168k, which means growth compared to the performance in the corresponding period of the preceding year by PLN 26,133k.

The adjusted EBITDA in that second quarter of 2021 amounted to PLN 111,477k and was higher by PLN 57,833k compared to the corresponding period of the preceding year.

In the second quarter of 2021 the adjusted net profit of the Group amounted to PLN 60,912k, which means growth compared to the performance in the corresponding period of the preceding year by PLN 42,948k.

An important factor which had its impact on the performance in HY1 2021 and Q2 2021 was the commencement of the reversal process of the forward transactions securing the production and the sale of the subsidiary Polenergia Elektrociepłownia Nowa Sarzyna Sp. z o.o. (hereinafter: ENS) in Q3 and Q4 2021 and in Q1 2022 as part of the optimization process of the ENS operation.

Changes in the level of margin resulting from the changes in the level of prices of electricity, gas and CO₂ allowances in connection with the generation of electricity in ENS - Clean Spark Spread (CSS) permitted to make a decision to curb the planned generation and gradually close the position in the forward market for the a/m periods. It was the basis for the change of the estimate regarding the assessment of qualification of part of the contracts fixing the generation and sales of ENS under the SLA agreement.

Those contracts (for the delivery of energy, gas and CO₂ which were exempt under IFRS 9.2.4 as a purchase/sale for "own use" from IFRS 9 and were recognized under IFRS 15, were reclassified for measurements and recognition under IFRS 9.

As a result, measurement of relevant financial instruments was performed to the effect that in Q2 2021 the result of PLN 51,673k was recognized at the Group level, comprising: (i) the result on the anticipated generation by ENS in the a/m periods which the forward transactions related to PLN 18,509k - this involves a time shift, and (ii) the impact of additional optimization and favorable CSS changes (as at the end of June CSS had negative result) amounting to PLN 33,164k.

The effect of these efforts is disclosed in the trading and sales segment PLN 13,918k and in the gas and clean fuels segment (PLN 37,756k).

9 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.

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– trading in electricity and certificates of origin, as well as in other energy market instruments, as well as sale of electricity to industrial customers and provision of market access services to energy producers using renewable energy sources,
- Distribution and eMobility- provision of electrical energy and gas distribution and sale services to commercial, industrial and household customers, as well as the development of e-mobility.

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 6 months ended 30.06.2021	RES Generation			Gas and Clean Fuels	Trading and sales	Distribution and eMobility	Unallocated	Purchase price allocation	Total
	On shore wind farms	Photovoltaics	Off shore wind farms						
Revenues from contracts with clients	123 603	1 671	-	71 709	898 016	51 230	3 027	-	1 149 256
Other revenues	-	-	-	37 754	25 254	-	-	-	63 008
Total revenues	123 603	1 671	-	109 463	923 270	51 230	3 027	-	1 212 264
Net sales profit (loss)	63 005	631	-	57 963	36 886	7 818	(1 344)	(438)	164 521
General overheads	(1 752)	(137)	-	(3 353)	(8 618)	(3 042)	(7 772)	-	(24 674)
Interest income/(expense)	(13 867)	(236)	-	(49)	(438)	(1 096)	243	-	(15 443)
Other financial revenue/(expense)	(1 614)	(24)	-	(1 116)	(1 341)	(360)	226 558	-	222 103
Other operating revenue/(expense)	1 554	1	-	(1 046)	650	165	90	-	1 414
Profit/loss before tax	47 326	235	-	52 399	27 139	3 485	217 775	(438)	347 921
Income tax	-	-	-	-	-	-	(68 082)	84	(67 998)
Net profit/loss	-	-	-	-	-	-	-	-	279 923
EBITDA **)	94 672	906	-	62 364	29 017	8 028	(7 827)	-	187 160
Segment assets	2 082 394	64 453	219 343	207 645	1 204 296	185 615	387 840	-	4 351 586
Segment liabilities	1 297 150	18 891	-	45 435	1 136 577	114 895	17 710	-	2 630 658
Depreciation/Amortization	31 752	411	-	8 800	99	3 086	1 173	438	45 759

*) EBITDA - definition in Note 8

For 6 months ended 30.06.2021		RES Generation					Unallocated	Total
		On shore wind farms	Photovoltaics	Gas and Clean Fuels	Trading and sales	Distribution and eMobility		
- revenue from sale and distribution of electricity	over time	71 525	1 671	47 822	770 925	47 069	-	939 012
- revenue from certificates of origin	over time	52 071	-	-	7 507	-	-	59 578
- revenue from sale of heat	point in time	-	-	9 623	-	-	-	9 623
- revenue from consulting and advisory services	over time	-	-	-	-	-	2 845	2 845
- revenue from lease and operator services	over time	-	-	-	-	1 778	-	1 778
- revenue from sale and distribution of gas	over time	-	-	-	117 251	2 373	-	119 624
- revenue from lease	over time	7	-	-	-	4	171	182
- revenue from the capacity market and blackstart services	point in time	-	-	13 623	-	-	-	13 623
- other	over time	-	-	641	2 333	6	11	2 991
Total revenue from clients		123 603	1 671	71 709	898 016	51 230	3 027	1 149 256
- revenues from the valuation of futures contracts	over time	-	-	37 754	23 674	-	-	61 428
- revenues from CO2 emission allowances	point in time	-	-	-	1 580	-	-	1 580
Total other revenue		-	-	37 754	25 254	-	-	63 008
Total sales revenue		123 603	1 671	109 463	923 270	51 230	3 027	1 212 264

For 6 months ended 30.06.2020	RES Generation			Gas and Clean Fuels	Trading and sales	Distribution and eMobility	Unallocated	Purchase price allocation	Total
	On shore wind farms	Photovoltaics	Off shore wind farms						
Revenues from contracts with clients	152 157	1 824	-	122 676	483 701	46 364	11 862	-	818 584
Other revenues	-	-	-	3 082	332	-	-	-	3 414
Total revenues	152 157	1 824	-	125 758	484 033	46 364	11 862	-	821 998
Net sales profit (loss)	95 204	1 025	-	1 531	17 083	7 280	(722)	(4 339)	117 062
General overheads	(1 319)	(102)	-	(3 279)	(6 927)	(2 605)	(7 323)	-	(21 555)
Interest income/(expense)	(18 618)	(266)	-	10	(149)	(1 060)	2 063	-	(18 020)
Other financial revenue/(expense)	(1 955)	(51)	-	820	(912)	(177)	333	-	(1 942)
Other operating revenue/(expense)	1 649	1	-	(729)	393	485	264	-	2 063
Profit/loss before tax	74 961	607	-	(1 647)	9 488	3 923	(5 385)	(4 339)	77 608
Income tax	-	-	-	-	-	-	(14 014)	893	(13 121)
Net profit/loss									64 487
EBITDA **)	127 308	1 338	-	6 978	10 601	7 896	(6 392)	-	147 729
Segment assets	1 484 236	28 064	162 643	223 915	234 546	156 788	309 887	-	2 600 079
Segment liabilities	864 696	16 508	-	67 724	182 154	94 536	18 255	-	1 243 873
Depreciation/Amortization	31 703	414	-	9 455	51	2 737	1 246	4 339	49 945

For 6 months ended 30.06.2020		RES Generation					Unallocated	Total
		On shore wind farms	Photovoltaics	Gas and Clean Fuels	Trading and sales	Distribution and eMobility		
- revenue from sale and distribution of electricity	over time	91 324	1 824	110 101	470 120	41 447	-	714 816
- revenue from certificates of origin	over time	60 786	-	1 005	7 312	-	-	69 103
- revenue from sale of heat	point in time	-	-	11 478	-	-	-	11 478
- revenue from consulting and advisory services	over time	-	-	-	-	-	2 065	2 065
- revenue from lease and operator services	over time	-	-	-	-	2 893	-	2 893
- revenue from sale and distribution of gas	over time	-	-	-	5 145	2 014	-	7 159
- revenue from sale of pellets	over time	-	-	-	-	-	9 687	9 687
- revenue from lease	over time	7	-	-	-	-	110	117
- other	over time	40	-	92	1 124	10	-	1 266
Total revenue from clients		152 157	1 824	122 676	483 701	46 364	11 862	818 584
- revenues from the valuation of futures contracts	over time	-	-	-	332	-	-	332
- revenues from the stranded costs and cost of gas	over time	-	-	3 082	-	-	-	3 082
Total other revenue		-	-	3 082	332	-	-	3 414
Total sales revenue		152 157	1 824	125 758	484 033	46 364	11 862	821 998

10 Non-current fixed assets

30.06.2021	land	building, premises and civil and water engineering	plant and machinery	vehicles	other non- current fixed assets	non-current fixed assets under construction	prepayments for non-current fixed assets under construction	total non-current fixed assets
Gross value of non-current fixed assets at beginning of period	109 531	616 797	1 403 036	4 927	(2 026)	561 204	33 627	2 727 096
increases (due to)	1 218	2 939	249	567	43	179 014	5 989	190 019
- purchase	-	-	229	487	43	159 184	5 989	165 932
- transfers	-	2 604	20	80	-	19 830	-	22 534
- other	1 218	335	-	-	-	-	-	1 553
reductions (due to)	(100)	(312)	-	(621)	-	(2 392)	(19 830)	(23 255)
- sale and retirement	-	-	-	(330)	-	-	-	(330)
- other	(100)	(312)	-	(291)	-	312	-	(391)
- transfers	-	-	-	-	-	(2 704)	(19 830)	(22 534)
Gross value of non-current fixed assets at end of period	110 649	619 424	1 403 285	4 873	(1 983)	737 826	19 786	2 893 860
Cumulative depreciation at beginning of period	(10 203)	(159 322)	(446 194)	(1 936)	2 301	(101)	-	(615 455)
- current period depreciation	(1 645)	(12 721)	(29 927)	(643)	(69)	-	-	(45 005)
- reductions (due to)	(838)	-	6	355	-	-	-	(477)
- sale and retirement	-	-	-	259	-	-	-	259
- other	(838)	-	6	96	-	-	-	(736)
Cumulative depreciation at end of period	(12 686)	(172 043)	(476 115)	(2 224)	2 232	(101)	-	(660 937)
Impairment losses at beginning of period	-	(344)	-	-	-	(164 536)	-	(164 880)
- increase	-	-	-	-	-	(140)	-	(140)
- reduction	-	-	-	-	-	-	-	-
Impairment losses at end of period	-	(344)	-	-	-	(164 676)	-	(165 020)
Net value of non-current fixed assets at beginning of period	99 328	457 131	956 842	2 991	275	396 567	33 627	1 946 761
Net value of non-current fixed assets at end of period	97 963	447 037	927 170	2 649	249	573 049	19 786	2 067 903

In the 6-month period ended 30 June 2021, the Group incurred external borrowing costs qualifying for capitalization under initial value of non-current fixed assets, totaling PLN 14,014k, with land and buildings worth PLN 475,668k encumbered with mortgages securing repayment of credit facilities.

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	land	building, premises and civil and water engineering	plant and machinery	vehicles	other non- current fixed assets	non-current fixed assets under construction	prepayments for non-current fixed assets under construction	total non-current fixed assets
31.12.2020								
Gross value of non-current fixed assets at beginning of period	105 987	620 361	1 406 151	5 621	(1 409)	308 136	-	2 444 847
increases (due to)	4 993	10 269	9 685	1 481	208	317 529	33 627	377 792
- purchase	-	69	2 018	1 096	208	317 529	33 627	354 547
- transfers	-	8 883	7 667	385	-	-	-	16 935
- other	4 993	1 317	-	-	-	-	-	6 310
reductions (due to)	(1 449)	(13 833)	(12 800)	(2 175)	(825)	(64 461)	-	(95 543)
- sale and retirement	(1 449)	(12 347)	(11 531)	(1 908)	(368)	(21 823)	-	(49 426)
- other	-	-	(3)	(267)	(457)	(250)	-	(977)
- transfers	-	(1 486)	(1 266)	-	-	(42 388)	-	(45 140)
Gross value of non-current fixed assets at end of period	109 531	616 797	1 403 036	4 927	(2 026)	561 204	33 627	2 727 096
Cumulative depreciation at beginning of period	(4 715)	(138 207)	(389 688)	(2 267)	1 732	(106)	-	(533 251)
- current period depreciation	(3 198)	(25 142)	(60 891)	(1 162)	16	-	-	(90 377)
- reductions (due to)	(2 290)	4 027	4 385	1 493	553	5	-	8 173
- sale and retirement	-	4 027	4 385	1 493	312	5	-	10 222
- other	(2 290)	-	-	-	-	-	-	(2 290)
- transfers	-	-	-	-	241	-	-	241
Cumulative depreciation at end of period	(10 203)	(159 322)	(446 194)	(1 936)	2 301	(101)	-	(615 455)
Impairment losses at beginning of period	-	(8 355)	(6 850)	-	(44)	(218 266)	-	(233 515)
- increase	-	-	-	-	-	(113)	-	(113)
- reduction	-	8 011	6 850	-	44	53 843	-	68 748
Impairment losses at end of period	-	(344)	-	-	-	(164 536)	-	(164 880)
Net value of non-current fixed assets at beginning of period	101 272	473 799	1 009 613	3 354	279	89 764	-	1 678 081
the impact on the IFRS 16 implementation	99 328	457 131	956 842	2 991	275	396 567	33 627	1 946 761
Net value of non-current fixed assets at beginning of period	200 600	930 930	1 966 455	6 345	554	486 331	33 627	3 624 842
Net value of non-current fixed assets at end of period	99 328	457 131	956 842	2 991	275	396 567	33 627	1 946 761

In the year ended 31 December 2021, the Group incurred external borrowing costs qualifying for capitalization under initial value of non-current fixed assets, totaling PLN 17,089k, with land and buildings worth PLN 482,769k encumbered with mortgages securing repayment of credit facilities.

11 Right-of-use assets

Right-of-use assets under lease	30.06.2021	31.12.2020
Land real estate	92 921	78 733
Perpetual usufruct of the land	1 716	1 662
Other real estate	6 565	6 904
Plant and machinery	156	156
Vehicles	2 280	2 706
Total	103 638	90 161

12 Intangible Assets

A review of the intangible assets of the Company performed as at 30 June 2021 showed no grounds for performing an impairment test.

13 Goodwill

As at 30 June 2021 the goodwill amounted to PLN 69,613k. An impairment-related analysis was performed which showed no grounds for goodwill impairment test.

14 Short term receivables

	30.06.2021	31.12.2020
- trade receivables	112 814	77 041
- from related entities	20 821	5 557
- from other entities	91 993	71 484
- income tax receivable	2 706	976
- other receivables	301 875	142 154
- budget payments receivable	34 077	51 780
- lease	244	232
- LTC settlement	18 282	18 282
- other	249 272	71 860
Total net short-term receivables	417 395	220 171
- receivables remeasured write-downs	2 982	3 681
Total gross short-term receivables	420 377	223 852

Under the item "other" security has been included in the amount of PLN 189.161K of CO2 allowances sales transactions as per the hedging contract.

As at 30 June 2021, impairment losses on trade receivables deemed uncollectible decreased down to PLN 2,983k compared to PLN 3,681k as at 31 December 2020.

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

	Total	Step 2	Step 3
Gross value as at 1.1.2021	80 722	76 274	4 448
Arisen	110 626	110 626	-
Paid	(75 552)	(76 268)	717
Gross value as at 30.06.2021	115 796	110 632	5 165

The payment default rates and the calculation of credit losses as at 30 June 2021 have been presented in the table below:

	Receivables from individual customers					
	Total	Current 0-30 days	30-60 days	60-90 days	>90 days	
30.06.2021	31 229	29 135	295	-	76	1 875
Expected credit losses	1 544	-	-	-	-	1 544
31.12.2020	23 265	20 957	421	-	94	1 793
Expected credit losses	1 688	-	-	-	-	1 688

	Receivables from corporate customers				
	Total	Current 0-30 days	30-60 days	60-90 days	>90 days
30.06.2021	81 585	80 812	109	357	307
Expected credit losses	1 438	-	-	-	1 438
31.12.2020	56 546	54 519	19	264	1 744
Expected credit losses	1 993	-	-	249	1 744

15 Fair values of assets and liabilities

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. 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 6 months ended	
	30.06.2021	30.06.2020
Result of measurement of derivatives	61 428	332

Financial instrument category

30.06.2021	30.06.2021	
	Level 2	Total
Short term assets	726 108	726 108
Long term assets	116 174	116 174
Total	842 282	842 282

30.06.2021	30.06.2021	
	Level 2	Total
Short term liabilities	671 286	671 286
Long term liabilities	102 025	102 025
Total	773 311	773 311

Net fair value	68 971	68 971
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Impact on profit/loss	30.06.2021	30.06.2020
Market price increase by 1%	(105)	(47)
Market price decrease by 1%	105	47

The table above includes information on financial assets and liabilities the Group measures at fair value and classifies 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).

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	
		30.06.2021	31.12.2020	30.06.2021	31.12.2020
Financial asstes					
Futures and forward contracts	Level 2	842 282	151 082	842 282	151 082
Derivative instruments	Poziom 2	43 772	18 463	43 772	18 463
Financial liabilities					
Bank loans	n/a	1 191 873	1 005 404	1 191 873	1 005 404
Derivative instruments	Level 2	9 071	8 407	9 071	8 407
Futures and froward contracts	Level 2	671 286	142 607	671 286	142 607

Security

As at 30 June 2021, the Group recognized PLN 22,634k (2020: PLN 3,522) 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 30 June 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	13 970	1,25%	IRS
29.09.2025	76 154	0,52%	IRS
10.09.2035	31 500	1,20%	IRS
29.03.2028	152 402	0,79%	IRS
29.06.2026	39 202	0,56%	IRS
30.06.2034	13 662	0,89%	IRS
26.02.2027	3 143	1,25%	IRS
11.03.2036	1 800	0,75%	IRS
15.06.2021	125 967	3,07%	IRS
11.06.2035	150 300	1,10%	IRS
Total	608 100		

Cash flow hedges (in EUR k)

Maturity date of hedging instrument	Hedged value	Exchange rate hedged	Instrument
2021.08	2 797 EUR	4,4916	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	103 190 EUR		

16 Significant shareholders

Shareholders holding 5% or more of the total number of shares as at the date of issue of these consolidated financial statements include:

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	Pozostali	2 303 604	2 303 604	5,07%
	Total	45 443 547	45 443 547	100,00%

*) Kulczyk Holding S.à r.l. effectively holds 100 % of shares in Mansa Investments Sp. z o.o.

17 Dividends distributed and proposed

No dividend was distributed by the parent in the 6-month period ended 30 June 2021. No dividend is intended to be distributed by the parent in 2021.

18 Income tax

In the 6-month period ended on 30 June 2021 the increased current tax burden results mainly from the recognition of the revenues from additional payments related to the sale of shares in MFW Bałtyk II Sp. z o.o. and MFW Bałtyk III Sp. z o.o., described in more detail in Note 8.

	For 6 months ended		For 3 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Current income tax	53 791	12 682	45 861	6 770
Current income tax charge	53 425	12 642	45 495	6 730
Adjustments to prior years current income tax	366	40	366	40
Deffered income tax	14 207	439	12 765	(3 927)
Related to temporary differences and their reversal	14 207	439	12 765	(3 927)
Income tax charged to the profit and loss account	67 998	13 121	58 626	2 843

	Balance sheet	Profit and loss account	Capital	Balance sheet
	01.01.2021			30.06.2021
Deffered income tax				
Deffered income tax provision				
Tangible fixed assets	94 695	1 006	-	95 701
Intangible assets	115	(58)	-	57
Receivables	4 058	1 567	1 537	7 162
Cash	-	61	-	61
Loans and borrowings	288	962	-	1 250
Lease receivables	395	(22)	-	373
Liabilities	(2 777)	(1 239)	-	(4 016)
Other	1 609	8 179	-	9 788
Inventories	5 129	2 639	-	7 768
Deffered income tax provision before tax	103 512	13 095	1 537	118 144
Compensation				(31 320)
Deffered income tax provision				86 824
Deffered income tax assets				
Tangible fixed assets	1 133	(138)	-	995
Inventories	(44)	44	-	-
Receivables	428	750	-	1 178
Borrowings	1 455	152	-	1 607
Liabilities	13 949	(253)	(556)	13 140
Provisions	4 663	1 076	-	5 739
Retained assets	7 392	(2 480)	-	4 912
Prepayments	8 953	(263)	-	8 690
Deffered income tax asset	37 929	(1 112)	(556)	36 261
Compensation				(31 320)
Deffered income tax assets				4 941
Deffered income tax expense		14 207		
Net deffered tax (assets)/provision	65 583		2 093	81 883

The temporary difference related to tangible fixed assets and intangible assets follows from the assets measured due to the purchase price allocation and accelerated tax depreciation/amortization.

EFFECTIVE TAX RATE

	For 6 months ended	
	30.06.2021	30.06.2020
Income tax charged to the profit and loss account, including	67 998	13 121
Current tax	53 791	12 682
Deferred tax	14 207	439
Profit (Loss) before tax	347 921	77 608
Tax on gross profit at effective tax rate of 19%	66 105	14 746
Adjustments to prior years current income tax	(85)	668
Adjustments to prior years differed income tax	14	-
Current tax of limited partnerships	304	-
Differed tax of limited partnerships	381	-
Non-deductible costs:	1 328	(2 288)
- permanent differences	345	75
- asset from tax losses in the Special Economic Zone	-	(149)
- temporary difference on which no tax asset/provision is established	983	(2 214)
Non-taxable income:	(49)	(5)
- other	(49)	(5)
Income tax in the profit and loss account	67 998	13 121

19 Provisions

	30.06.2021	31.12.2020
Long term provisions		
- pension plan and related provision	2 269	2 281
- litigation provision	21 139	21 139
Total long term provisions	23 408	23 420
Short term provisions		
- pension plan and related provision	12	12
- accrued holiday leave provision	4 038	3 052
Total short term provisions	4 050	3 064

Change in long term and short term provisions

	30.06.2021	31.12.2020
Provisions at beginning of the period	26 484	24 500
- recognition of provisions	1 010	2 618
- reversal of provisions	(36)	(634)
Provisions at end of the period	27 458	26 484

The long-term provision for litigation originates from the prudent approach to the case vs. Eolos Polska Sp. z o.o. described in more detail in the Consolidated Financial Statements for the year ended 31 December 2020.

20 Liabilities

	30.06.2021	31.12.2020
- bank loans and borrowings	122 855	71 368
- trade payables	77 919	99 969
- from related entities	1 280	553
- from other entities	76 639	99 416
- income tax payable	585	1 079
- lease liabilities	11 893	11 240
- futures and forward contracts measurement	671 286	132 721
- other liabilities	288 182	69 169
- budget payments receivable	12 110	13 880
- prepayments for deliveries	103 496	36 542
- payroll payable	327	929
- special funds	143	34
- z tytułu zabezpieczenia ryzyka	6 080	7 190
- LTC settlement	1 604	1 604
- other	164 422	8 990
Total short term liabilities	1 172 720	385 546

The item "Other" includes the liability from the initial stock exchange margin and variation margin related to forward transactions in CO2 allowances.

	30.06.2021	31.12.2020
- risk hedging	2 991	1 217
- investment liabilities	1 500	1 500
Total other long term liabilities	4 491	2 717

21 Bank loans incurred and other borrowing liabilities
Polenergia Dystrybucja sp. z o.o.

On 15 January 2021, Polenergia Dystrybucja Sp. z o.o. signed another amendment to the facilities agreement of 20 November 2012 with ING Bank Polska S.A. According to the amended agreement, the company increased the overdraft cap up to PLN 12,000k and extended the term thereof until 20 November 2021. The company was also granted additional facility capped at PLN 75,310k for the financing of the investments and extended the term for repayment of all investment tranches received until 20 November 2029.

Polenergia Farma Wiatrowa Dębice/Kostomłoty sp. z o.o.

On 14 April 2021 Polenergia Farma Wiatrowa Dębice-Kostomłoty Sp. z o.o. made a drawdown of the full tranche of the loan from Mansa Investments Sp. z o.o. in the amount of PLN 10,000k, thus utilizing the full loan amount under the agreement dated 18 April 2020.

On 15 April 2021 and on 11 June 2021, Polenergia Farma Wiatrowa Dębice/Kostomłoty Sp. z o.o. executed annexes to the facility agreement of 30 September 2020 entered into with mBank S.A. As a result of the signing of the a/m annexes, terms were changed relating, without limitation, to the drawdowns of the loans, with the cap on the facility, the tenor and the security remaining unchanged.

On 28 April 2021 the company Polenergia Farma Wiatrowa Dębice-Kostomłoty Sp. z o.o. concluded an interest rate hedging transaction with mBank S.A. corresponding to 90% of the incurred loan amount.

Polenergia Farma Wiatrowa 17 sp. z o.o.

On 10 May 2021 Polenergia Farma Wiatrowa 17 Sp. z o.o. entered into an annex to the facility agreement of 22 October 2019 with ING Bank Śląski S.A. As a result of the signing of the a/m annex, the amount of the construction tranche of the facility changed from PLN 24,500k to PLN 21,500k and the amount of the VAT tranche from PLN 4,500k to PLN 5,500k; also the end date of the availability of

the construction tranche and the VAT tranche changed from 30 June 2021 to 30 June 2022. Until 30 June 2021 no amounts have been drawn down under the construction tranche or the VAT tranche of the facility. The annex also changed the final repayment date of the construction tranche from 30 June 2035 to 30 June 2036.

Polenergia Farma Wiatrowa Rudniki sp. z o.o.

On 12 May 2021 Polenergia Farma Wiatrowa Rudniki Sp. z o.o. executed a facility agreement with mBank S.A. capped at PLN 13,000k for the investment tranche and at PLN 3,200k for the VAT tranche. The facility is meant to finance the construction of the Buk PV Farm. The facility is secured by registered pledges on the assets, on the accounts and shares, the assignment of receivables under the project agreements, the subordination agreement, the project support agreement and by direct agreements, powers of attorney and the statement of voluntary submission to enforcement. The availability periods end on the following dates: for the investment tranche - on 1 September 2022, for the VAT tranche - on 15 October 2022. Until 30 June 2021 no amounts have been drawn down under the facility. The outside repayment date for the investment tranche is 21 December 2037 and for the VAT tranche - 31 January 2023.

Polenergia Farma Fotowoltaiczna 9 sp. z o.o.

On 12 May 2021 Polenergia Farma Fotowoltaiczna 9 Sp. z o.o. executed a facility agreement with mBank S.A. capped at PLN 18,000k for the investment tranche. The facility is meant to finance the construction of the Sulechów PV Farm. The facility is secured by registered pledges on the assets, on the accounts and shares, the assignment of receivables under the project agreements, the subordination agreement and by direct agreements, powers of attorney and the statement of voluntary submission to enforcement. The facility availability period ends on 10 December 2022. Until 30 June 2021 no drawdown was made under the facility. The outside repayment date of the facility is 21 December 2037.

Polenergia Farma Wiatrowa 3 sp. z o.o.

On 14 April 2021 Polenergia Farma Wiatrowa 3 Sp. z o.o. made a drawdown of the last tranche of the loan from Mansa Investments Sp. z o.o. in the amount of PLN 83,600k, thus utilizing the full loan amount under the agreement dated 18 April 2020.

In the period ended 30 June 2021 repayments of investment loans took place in wind and PV farms in operation amounting in total to PLN 34,151.8k, and in Polenergia Dystrybucja Sp. z o.o. amounting to PLN 1,413.4k. In the same period, the debt from the investment loans for the construction of the wind farms increased in total by PLN 59,000.0k and in Polenergia Dystrybucja Sp. z o.o. by PLN 12,710.0k. Also the debt from working capital loans increased, namely from the overdrafts and revolving loans to finance VAT on the investment expenditure, by PLN 51,126.7k in total.

22 Contingent liabilities

Guarantees and sureties granted

In the 6-month period ended 30 June 2021, the Group granted no third-party guarantees.

23 Litigation

Amon Sp. z o.o. and Talia Sp. z o.o. - each Company acting separately filed a claim for rendering ineffective the statements of termination by Polska Energia – Pierwsza Kompania Handlowa Sp. z o.o. (a company operating in the Tauron Group) of the contracts for the sale of property rights incorporated in certificates of origin for electricity generated in a renewable energy source – wind farms located in Łukaszów (Amon) and Modlikowice (Talia) and the agreements on sale of electricity generated in the a/m wind farms. The partial and preliminary judgments were favorable for both Companies in that their claims were allowed in that part which referred to the rendering of the statements of termination of the challenged contracts by the company Polska Energia – Pierwsza Kompania Handlowa Sp. z o.o.

ineffective. The judgments have been appealed against. Presently, both companies await the judgments in the 2nd instance.

Amon Sp. z o.o. and Talia Sp. z o.o. filed their claims for damages against Tauron Polska Energia S.A. The grounds for the liability in tort of Tauron is the cessation of the performance by Polska Energia - Pierwsza Kompania Handlowa Sp. z o.o., a subsidiary of Tauron, of long-term contracts for the sale of electricity generated in renewable sources and long-term contracts for the sale of property rights under the certificates of origin confirming that energy has been generated in renewable sources, entered into with the companies Amon and Talia. Presently, witness statements are given in writing before the court in Katowice.

On 4 January 2021 the Court of Appeals in Gdańsk delivered to Polenergia Dystrybucja Sp. z o.o. the cassation complaint of one of the energy suppliers against the judgment of the Court of Appeals in Gdańsk dated 7 November 2019 that dismissed the appeal of such supplier in the case for the recovery of the overpayment for energy supplied and the ordered the energy supplier to pay PLN 548k to the company, of which the unchallenged part has already been paid. The Supreme Court has issued no decision on what will be done with the cassation complaint, whether the Court will accept it for consideration or leave it unconsidered.

Polenergia Elektrownia Północ Sp. z o.o. filed a claim in 2019 for payment of PLN 500k as liquidated damages. In November 2020 the case was referred to a mediator, upon consent of both parties. As a result of the mediation commenced on 10 May 2021, settlement was achieved under which the company waived its claims referred to in the statement of claim and the respondent withdrew its cassation complaint in another case.

The companies Certyfikaty Sp. z o.o., Polenergia Obrót S.A. and Polenergia Usługi Sp. z o.o. have been sued by Eolos Polska Sp. z o.o. before the District Court in Warsaw Commercial Division XX for payment of liquidated damages on account of termination of the contracts for the sale of property rights incorporated in the certificates of origin of electrical energy generated in renewable energy sources and for payment of the amounts due on account of the balancing costs. The most recent trial was held on 24 March 2021 in the form of the online hearing of the parties. The Court decided to continue the hearing of evidence. The hearing will be scheduled ex officio.

On 13 July 2021 Polenergia Farma Wiatrowa 1 Sp. z o.o. received an action for payment of damages for using real properties without a valid contract. The claimants demand payment because the access road to one of the wind turbines is now located on the real property they hold the title to, following the court's decision on the delimitation of the real property. Formerly, another lessor was the owner thereof. The reply was sent.

24 Capital expenditure

As at 30 June 2021, the Group's intention is that the aggregate capital expenditure on fixed assets in 2021 should total ca. PLN 750 million. Such amounts shall mainly be allocated to projects development in the area of, without limitation, onshore and offshore wind power generation, photovoltaics and the investment program implementation in the distribution segment.

25 Sales revenue

	For 6 months ended		For 3 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
- revenue from sale and distribution of electricity	939 012	714 816	416 741	308 190
- revenue from certificates of origin	59 578	69 103	26 476	38 047
- revenue from sale of heat	9 623	11 478	3 927	4 764
- revenue from consulting and advisory services	2 845	2 065	1 433	1 047
- revenue from lease and operator services	1 778	2 893	1 093	2 031
- revenue from sale and distribution of gas	119 624	7 159	49 959	4 638
- revenue from sale of pellets	-	9 687	-	4 563
- revenue from lease	182	117	71	19
- revenue from the capacity market and blackstart services	13 623	-	13 623	-
- other	2 991	1 266	1 386	567
Total revenue from clients	1 149 256	818 584	514 709	363 866
- revenues from the valuation of futures contracts	61 428	332	59 060	(2 749)
- revenues from the stranded costs and cost of gas	-	3 082	-	1 922
- revenues from CO2 emission allowances	1 580	-	1 580	(15)
Total other revenue	63 008	3 414	60 640	(842)
Total sales revenue	1 212 264	821 998	575 349	363 024

26 Cost according to type

	For 6 months ended		For 3 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
- depreciation	45 759	49 945	22 900	24 613
- materials and power consumption	5 607	98 514	2 186	47 763
- third party services	28 549	21 992	15 047	11 211
- taxes, duties and fees	11 496	10 293	6 381	5 316
- salaries	21 675	19 810	11 622	10 687
- social security and other benefits	3 549	2 853	1 762	1 541
- other cost by type	860	896	271	406
Total cost by type	117 495	204 303	60 169	101 537
- merchandise and materials sold (+)	947 806	517 135	423 630	216 481
- selling certificates of origin	52 094	59 825	24 201	37 050
- income from granted certificates of origin	(44 708)	(54 501)	(20 567)	(20 236)
- selling expenses (-)	(270)	(271)	(77)	(112)
- general overheads (-)	(24 674)	(21 555)	(13 110)	(11 596)
Total cost of goods sold	1 047 743	704 936	474 246	323 124

27 Other operating revenues

	For 6 months ended		For 3 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
- 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:	1 978	3 090	948	1 189
- compensation and additional payments	8	1 061	2	31
- grant settlement	1 611	1 616	797	818
- gains on disposal of non financial fixed assets	52	77	32	11
- other	307	336	117	329
Total other operating revenues	2 298	3 435	948	1 189

28 Other operating revenues

	For 6 months ended		For 3 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
- asset impairment losses, including:	260	831	147	250
- expected credit loss	120	471	112	143
- non-current fixed assets	140	360	35	107
- other, including:	354	270	175	207
- penalties, fines compensation payable	57	5	44	5
- other development-related cost	198	192	51	166
- other	99	73	80	36
Total other operating costs	614	1 101	322	457

29 Financial income

	For 6 months ended		For 3 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
- financial income from interest on deposit and loans	107	2 219	26	831
- interest from lease	99	109	49	55
- fx differences, including:	408	353	176	(89)
- unrealized	215	286	102	(156)
- realized	193	67	74	67
- other surety - related fees	218	-	217	(2)
- valuation of financial instruments	-	740	-	740
- disposal of shares in a subsidiary	225 775	-	225 775	-
- other	551	141	151	(1 275)
Total financial revenue	227 158	3 562	226 394	260

The item "Sale of shares in subsidiary" includes revenue from additional payments related to the sale of the companies MFW Bałtyk II Sp. z o.o. and MFW Bałtyk III Sp. z o.o. (referred to in more detail in Note 8).

30 Financial expenses

	For 6 months ended		For 3 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
- interest expenses	15 649	20 348	7 804	9 804
- fx differences, including:	947	1 075	420	833
- unrealized	367	392	998	1 566
- realized	580	683	(578)	(733)
- commission and other fees	1 629	1 074	876	540
- measurement of financial liabilities *)	852	900	437	497
- other	1 421	127	1 089	75
Total financial cost	20 498	23 524	10 626	11 749

*) refers to bank loans measured at amortized cost

31 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 account overdrafts, credit facilities and lease contracts.

The table below shows the Group's financial liabilities by maturity as at 30 June 2021 and 31 December 2020, in terms of undiscounted contractual payments.

(PLN k)

30.06.2021	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	35 425	134 558	462 261	1 030 630	1 662 874
Other liabilities	962 055	406	103 523	-	1 065 984
Liabilities for deliveries and services	77 919	-	-	-	77 919
Lease liabilities	1 857	9 247	42 856	108 924	162 884

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

32 Information on significant transactions with associates

Major transactions with jointly controlled parties in the period ended on 30 June 2021 include:

30.06.2021	Revenues	Receivables
MFW Bałtyk I S.A.	492	492
MFW Bałtyk I Sp. z o.o.	7	2
MFW Bałtyk II Sp. z o.o.	969	969
MFW Bałtyk III Sp. z o.o.	984	969
Total	2 452	2 432

Major transactions with associates in the period ended on 30 June 2021 include:

30.06.2021	Revenues	Costs	Receivables
Kulczyk Holding S.à r.l.	11	-	13
Mansa Investments Sp. z o.o.	71	-	117
Polenergia International CEE S.à r.l.	-	-	11
Polenergia International S.à r.l.	-	165	264
Polenergia Usługi Sp. z o.o.	46	-	23
Total	128	165	428

Major transactions with parties where personal relations exist in the period ended on 30 June 2021 include:

(PLN k)

30.06.2021	Revenues	Costs	Receivables	Liabilities
KI One S.A.	-	48	-	-
Krucza Inwestycje KREH 1 Sp. z o.o. S.K.	422	1 703	-	2
Autostrada Eksploatacja S.A.	1 299	-	206	-
Beyond.pl Sp. z o.o.	963	1 449	579	436
Ciech Sarzyna S.A.	3 450	361	1 545	-
Ciech Pianki Sp. z o.o.	182	7	48	-
Ciech Vitrosilicon S.A.	2 714	-	1 744	-
Ciech Soda Polska S.A.	23 945	-	12 615	-
Ciech Żywice Sp. z o.o.	3 309	105	-	-
Ciech Vitro Sp. z o.o.	3	-	2	-
Total	36 287	3 673	16 739	438

For information on transactions with members of the parent's Management Board and Supervisory Board, see Note 33.

33 Information on the total amount of remuneration and awards (in cash or in kind) paid or payable to members of the managing and supervising authorities of the parent

In the period ended 30 June 2021 and in the year ended 31 December 2020, remuneration of members of the Management Board of the Parent and of the Supervisory Board was as follows:

Management Board	30.06.2021	31.12.2020
Michał Michalski	1 401	2 497
Iwona Sierżęga	788	1 332
Tomasz Kietliński	754	773
Piotr Maciołek	763	795
Jarosław Bogacz	925	795
Robert Nowak *)	-	1 422
Total	4 631	7 614

*) Mr. Nowak was receiving relevant payments due to his resignation from his position in the Management Board on 16 December 2019.

Certain Management Board members are party to a mutual agreement on termination of employment within the next 6–12 months. If a Management Board member being party to such agreement resigns, the Company is required to pay a severance benefit equal to 30% - 100% of the remuneration received by such Management Board member over the last 12 months.

Supervisory Board	30.06.2021	31.12.2020
Hans E. Schweickardt	36	72
Marta Schmude	-	40
Orest Nazaruk	42	84
Brian Bode	12	72
Marjolein Helder	28	60
Adrian Dworzyński	33	60
Total	151	388

34 Transactions with members of the Group's Management Board and Supervisory Board, their spouses, siblings, ascendants, descendants, or other closely related persons

In the year ended 30 June 2021, there were no transactions with members of the Management Board and Supervisory Board, their spouses, siblings, ascendants, descendants, or other closely related persons.

35 Material events after the reporting date

On 29 July 2021 the President of the Energy Regulatory Office ("ERO President") issued a decision for the subsidiary Polenergia Elektrociepłownia Nowa Sarzyna sp. z o.o. („Polenergia ENS”) which determined the cost of consumption of the collected natural gas and the cost of uncollected natural gas for the year 2020 in the correction period since 1 January 2020 until 1 June 2020 due to Polenergia ENS under the Act of 29 June 2007 on the terms of paying the costs incurred by the generators due to premature termination of long term power purchase agreements at the level of PLN 30,366k.

In addition, the ERO President issued a decision which determined the annual adjustment of stranded costs for 2020 in the correction period since 1 January 2020 until 1 June 2020 at the level of PLN 3,964k.