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POLENERGIA S.A.

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

Michał Michalski – President of the
Management Board

Iwona Sierżęga – Member of the
Management Board

Tomasz Kietliński - Member of the
Management Board

Piotr Maciołek - Member of the
Management Board

Jarosław Bogacz - Member of the
Management Board

Agnieszka Grzeszczak – Director
Accounting Department

Warsaw, 11 August 2021

1. Interim condensed balance sheet

As at 30 June 2021

ASSETS

	Note	30.06.2021	31.12.2020
I. Non-current assets		1 064 386	973 285
Tangible fixed assets		8 631	8 931
Intangible assets		139	16
Financial assets	2.5	1 048 855	953 563
Long term receivables		1 820	1 945
Deferred income tax assets		4 941	8 830
II. Current assets		336 265	232 562
Trade receivables		11 097	16 325
Income tax receivable		318	91
Other short term receivables		745	504
Prepayments and accrued income		3 215	4 796
Short term financial assets		4 000	86 216
Cash and equivalent		316 890	124 630
Total assets		1 400 651	1 205 847

EQUITY AND LIABILITIES

	Note	30.06.2021	31.12.2020
I. Shareholders' equity		1 372 630	1 173 782
Share capital		90 887	90 887
Share premium account		557 611	557 611
Reserve capital from option measurement		13 207	13 207
Other capital reserves		449 121	393 019
Capital from merger		89 782	89 782
Retained profit (loss)		(26 825)	(26 826)
Net profit/(loss)		198 847	56 102
II. Long term liabilities		6 523	7 072
Provisions	2.4	421	421
Lease liabilities		6 102	6 651
III. Short term liabilities		21 498	24 993
Trade payables	2.5	214	1 263
Lease liabilities	2.5	2 003	1 874
Other liabilities	2.5	10 297	11 935
Provisions	2.4	2 207	1 565
Accruals and deferred income		6 777	8 356
Total equity and liabilities		1 400 651	1 205 847

**Interim condensed profit and loss account****For the 6-month period ended on 30 June 2021**

	Note	For 6 months ended		For 3 months ended	
		30.06.2021	30.06.2020	30.06.2021	30.06.2020
Revenues from contracts with clients		9 644	7 736	4 813	3 845
Sales revenues		9 644	7 736	4 813	3 845
Cost of goods sold		(8 856)	(7 110)	(4 522)	(3 615)
Gross sales profit		788	626	291	230
Other operating revenues		111	63	34	1
General overheads		(9 591)	(8 896)	(5 472)	(4 543)
Other operating expenses		(1)	(12)	(1)	(8)
Financial income		251 012	23 057	228 091	14 689
including dividend		20 000	19 500	-	13 000
Financial costs		(627)	(826)	(408)	(661)
Profit before tax		241 692	14 012	222 535	9 708
Income tax	2.3	(42 845)	962	(42 978)	617
Net profit		198 847	14 974	179 557	10 325
Earnings (loss) per share:					
- basic earnings (loss) for period attributable to parent company shareholders		4,38	0,33	3,95	0,23
- diluted earnings (loss) for period attributable to parent company shareholders		4,38	0,33	3,95	0,23

Interim condensed statement of other comprehensive income**For the 6-month period ended on 30 June 2021**

	For 6 months ended		For 3 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Net profit	198 847	14 974	179 557	10 325
Other net comprehensive income	-	-	-	-
COMPREHENSIVE INCOME FOR PERIOD	198 847	14 974	179 557	10 325

Interim condensed statement of changes in equity

for the 6-month period ended on 30 June 2021

	Share capital	Share premium account	Reserve capital from option measurement	Other capital reserves	Capital from merger	Retained loss	Net profit (loss)	Total equity
As at January 2021	90 887	557 611	13 207	393 019	89 782	29 276	-	1 173 782
Other comprehensive income for period								
Net loss for reporting period	-	-	-	-	-	-	198 848	198 848
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	557 611	13 207	449 121	89 782	(26 826)	198 848	1 372 630

for the 6-month period ended on 30 June 2020

	Share capital	Share premium account	Reserve capital from option measurement	Other capital reserves	Capital from merger	Retained loss	Net profit	Total equity
As at January 2020	90 887	557 611	13 207	349 478	89 782	16 715	-	1 117 680
Other comprehensive income for period								
Net profit for reporting period	-	-	-	-	-	-	14 974	14 974
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	557 611	13 207	393 019	89 782	(26 826)	14 974	1 132 654

Interim condensed statement of cash flows

for the 6-month period ended on 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		241 692	14 012
II.Total adjustments		(282 306)	(15 782)
Depreciation		1 173	953
Interest and profit shares (dividends)		(22 034)	(19 929)
Losses (gains) on investing activities		(226 085)	116
Income tax		(39 183)	(513)
Changes in provisions		642	413
Changes in receivables		5 112	4 299
Changes in short term liabilities, excluding bank loans and borrowings		(1 933)	(1 774)
Changes in accruals		2	653
III.Net cash flows from operating activities (I+/-II)		(40 614)	(1 770)
B.Cash flows from investing activities			
I. Cash in		330 115	49 144
1. Disposal of intangibles and tangible fixed assets		52	31
2. From financial assets, including:		330 063	49 113
- disposal of financial assets	2.5	225 775	-
- dividends and shares in profits		20 000	19 500
- repayment of loans given		82 216	14 488
- interest		1 815	555
- other inflows from financial assets		257	14 570
II.Cash out		96 090	22 139
1. Acquisition of intangible and tangible fixed assets		1 019	318
2. For financial assets, including:		95 071	21 821
- acquisition of financial assets		95 071	18 139
- loans given		-	3 682
III.Net cash flows from investing activities (I-II)		234 025	27 005
C.Cash flows from financing activities			
I.Cash in		-	-
II.Cash out		1 151	941
1. Lease payables		955	739
2. Interest		196	202
III.Net cash flows from financing activities (I-II)		(1 151)	(941)
D.Total net cash flows (A.III+/-B.III+/-C.III)		192 260	24 294
E.Increase/decrease in cash in the balance sheet, including:		192 260	24 294
F.Cash at the beginning of period		124 630	237 076
G.Cash at the end of period, including:		316 890	261 370
- restricted cash		109	87 721

2. Notes and Explanations

2.1 Accounting principles (policy) applied

These interim condensed financial statements of the Company as at 30 June 2021 comply with International Accounting Standard 34.

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

These financial statements have been prepared based on the going concern assumption for the Company in foreseeable future, that is for no fewer than 12 months following the end of reporting period day, i.e. following 30 June 2021.

2.2 Seasonality and cyclical nature of operations

Seasonality and cyclical nature of operations have no significant impact on the Company business.

2.3 Income tax

	For 6 months ended		For 3 months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Bieżący podatek dochodowy	38 957	71	38 957	13
Bieżące obciążenie z tytułu podatku dochodowego	38 957	71	38 957	13
Odroczony podatek dochodowy	3 888	(1 033)	4 021	(630)
Związany z powstaniem i odwróceniem się różnic przejściowych	3 888	(1 033)	4 021	(630)
Obciążenie podatkowe wykazane w rachunku zysków i strat	42 845	(962)	42 978	(617)

	For 6 months ended	
	30.06.2021	30.06.2020
Income tax charged to the profit and loss account, including	42 845	(962)
Current tax	38 957	71
Deferred tax	3 888	(1 033)
Profit (Loss) before tax	241 692	14 012
Tax on gross profit at effective tax rate of 19%	45 921	2 662
Current tax of limited partnerships	304	249
Deferred tax (change) of limited partnerships	381	(262)
Non-deductible costs:	77	99
- permanent differences	88	99
- temporary difference on which no tax asset/provision is established	(11)	-
Non-taxable income:	(3 838)	(3 710)
- dividends	(3 800)	(3 705)
- other	(38)	(5)
Income tax in the profit and loss account	42 845	(962)

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 2.5d.

2.4 Provisions

	30.06.2021	31.12.2020
Long term provisions		
- pension plan and related provision	421	421
Total long term provisions	421	421

Short term provisions

- pension plan and related provision	12	12
- accrued holiday leave provision	2 195	1 553
Total short term provisions	2 207	1 565

Change in long term and short term provisions

	30.06.2021	31.12.2020
Provisions at the beginning of the period	1 986	931
- recognition of provisions	665	1 055
- reversal of provisions	(23)	-
Provisions at the end of the period	2 628	1 986

2.5 Amounts having a significant impact on the items of assets, liabilities, equity, net financial result or cash flows

a) Financial assets

	30.06.2021	31.12.2020
- share or stock in non-listed companies	1 046 800	951 729
- loans given	2 055	1 834
Total long term financial assets	1 048 855	953 563

	30.06.2021	31.12.2020
- loans given	4 000	86 216
Total short term financial assets	4 000	86 216

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

b) Right-of-use assets

Right-of-use assets under lease	30.06.2021	31.12.2020
Other real estate	6 132	6 431
Vehicles	1 541	1 557
Total	7 673	7 988

c) Liabilities

	30.06.2021	31.12.2020
- trade payables	214	1 263
- from related entities	-	102
- from other entities	214	1 161
- lease liabilities	2 003	1 874
- other liabilities	10 297	11 935
- budget payments receivable	1 124	2 862
- special funds	134	34
- other	9 039	9 039
Total short term liabilities	12 514	15 072

Under other short term liabilities the payable on account of the purchase of shares was included.

d) Financial income

The item financial income includes 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 income statement under "financial income" and in the consolidated cash flow report under "inflows from financial assets". The abovementioned impact of additional payment after income tax (and having deducted the previous years tax losses) amounted to PLN 186,137k.

e) Fair value

As at 30 June 2021 the Company held no financial instruments that would be measured at fair value.

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.
- financial assets, including borrowings,
- cash and equivalent,
- bank loans and borrowings,
- other long term liabilities,
- trade creditors and other payables.

2.6 Changes to estimates

In the 6-month period ended 30 June 2021, the Group made no significant changes to its estimates.

2.7 Dividend distribution

No dividends were paid by the parent in the 6-month period ended 30 June 2021. No dividends are intended to be paid by the parent in the second half-year of 2021.

2.8 Revenue and profit/loss in individual operating segments

The main source of revenue for the Company is the service provision business. Given low complexity of its business, the Company does not distinguish any segments other than the core one.

2.9 Information on changes in contingent liabilities or contingent assets

In the 6-month period ended 30 June 2021, the following contingent liabilities or contingent assets occurred:

On 4 March 2021, acting to order of Polenergia S.A., Santander Bank Polska S.A. issued a bank guarantee to secure the liabilities of MFW Bałtyk II Sp. z o.o. in view of the company's participation in the support scheme for offshore wind farm construction. The guarantee was issued to the amount of PLN 21,600.0k and will expire on 31 October 2030.

On 4 March 2021, acting to order of Polenergia S.A., Santander Bank Polska S.A. issued a bank guarantee to secure the liabilities of MFW Bałtyk III Sp. z o.o. in view of the company's participation in the support scheme for offshore wind farm construction. The guarantee was issued to the amount of PLN 21,600.0k and will expire on 31 October 2030.

On 2 June and 4 June 2021, under the guarantee cap of Santander Bank Polska S.A. acting to order of the Company, the bank issued 13 guarantees in total to the aggregate amount of PLN 5,644.3k with the maximum tenor until 31 January 2025. Such guarantees were issued to cover the auction obligation of the SPVs towards the President of ERO and will be returned by the end of July 2021, as the companies were not successful in the auctions.

On 12 May 2021, in view of the facility agreement entered into by Polenergia Farma Wiatrowa Rudniki Sp. z o.o., Polenergia S.A. executed a project support agreement whereby it made a commitment to pay any cost overrun compared to the original project costs up to the maximum amount of PLN 807.4. Such commitment expires on 1 September 2022.

The Company has been issuing guarantees and sureties within the Polenergia S.A. group that meet the recognition criteria of financial guarantees according to IFRS 9, with the fair value of the financial guarantees calculated as a discounted sum of payments amounting to PLN 46m as at 30 June 2021.

2.10 Information on material transactions with associates

30.06.2021	Revenues	Costs	Receivables
Amon Sp. z o.o.	211	-	319
Dipol Sp. z o. o.	187	-	122
E-Mobility Sp. z o.o.	46	-	30
Polenergia Dystrybucja Sp. z o.o.	761	-	394
Polenergia Elektrociepłownia Nowa Sarzyna Sp. z o.o.	20 246	-	180
Polenergia Farma Fotowoltaiczna 2 Sp. z o.o.	105	-	99
Polenergia Farma Wiatrowa 1 Sp. z o.o.	373	-	260
Polenergia Farma Wiatrowa 4 Sp. z o.o.	457	-	348
Polenergia Farma Wiatrowa 6 Sp. z o.o.	354	-	227
Polenergia Farma Wiatrowa Dębice/ Kostomłoty Sp. z o.o.	592	-	582
Polenergia Farma Wiatrowa Grabowo Sp. z o.o.	309	-	301
Polenergia Farma Wiatrowa Mycielina Sp. z o.o.	380	-	283
Polenergia Farma Wiatrowa Namysłów Sp. z o.o.	101	-	96
Polenergia Farma Wiatrowa Piekło Sp. z o.o.	119	-	112
Polenergia Farma Wiatrowa Rudniki Sp. z o.o.	121	-	112
Polenergia Farma Wiatrowa Szymankowo Sp. z o.o.	930	-	921
Polenergia Kogeneracja Sp. z o.o.	236	-	207
Polenergia Obrót S.A.	814	-	406
Polenergia Farma Wiatrowa 16 Sp. z o.o.	116	-	109
Polenergia Farma Wiatrowa 17 Sp. z o.o.	223	-	187
Polenergia Farma Wiatrowa 23 Sp. z o.o.	113	-	71
Polenergia Farma Wiatrowa 3 Sp. z o.o.	1 853	-	1 819
Talia Sp. z o.o.	187	-	242
MFW Bałtyk I S.A.	492	-	492
MFW Bałtyk II Sp. z o.o.	969	-	969
MFW Bałtyk III Sp. z o.o.	984	-	969
Krucza Inwestycje KREH 1 Sp. z o.o. S.K.	422	1 703	-
Total	31 701	1 703	9 857

Loans granted to associates have been described in Note 2.5.

2.11 Events following the reporting date

By the date of preparation of these financial statements, i.e. by 11 August 2021, no events occurred which would not have been disclosed in the accounting books of the reporting period.