

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 2022
INCLUDING THE REPORT OF THE INDEPENDENT AUDITOR**

*Michał Michalski – President of the
Management Board*

*Tomasz Kietliński – Vice President of
the Management Board*

*Iwona Sierżęga - 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, 17 August 2022

Contents

1.	Interim condensed consolidated balance sheet	4
2.	Interim condensed consolidated profit and loss account.....	5
3.	Interim condensed consolidated statement of changes in equity	6
4.	Interim condensed consolidated statement of cash flows	8
5.	The rules underlying the interim condensed consolidated financial statements	9
6.	Accounting principles applied	9
7.	The Group's organizational structure.....	11
8.	Adjusted Consolidated EBITDA and Adjusted Consolidated Net Profit	12
9.	Operating segments.....	12
10.	Non-current fixed assets	17
11.	Right-of-use assets	19
12.	Intangible Assets.....	19
13.	Goodwill	19
14.	Purchase price allocation.....	19
15.	Short term receivables	21
16.	Fair values of assets and liabilities	22
17.	Significant shareholders	24
18.	Dividends distributed and proposed	24
19.	Income tax	25
20.	Provisions	26
21.	Liabilities	27
22.	Bank loans incurred and other borrowing liabilities	27
23.	Contingent liabilities.....	27
24.	Litigation.....	28
25.	Capital expenditure	29
26.	Sales revenue	29
27.	Cost according to type	30
28.	Other operating revenues	30
29.	Other operating revenues	30
30.	Financial income	30
31.	Financial expenses	31
32.	Liquidity risk	31
33.	Information on significant transactions with associates	31
34.	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	32

35	Transactions with members of the Group's Management Board and Supervisory Board, their spouses, siblings, ascendants, descendants, or other closely related persons.....	33
36	Material events after the reporting date	33

1. Interim condensed consolidated balance sheet

As at 30 June 2022

ASSETS

	Note	30.06.2022	31.12.2021
I. Non-current assets		4 304 061	3 333 889
1. Tangible fixed assets		2 797 937	2 514 987
2. Intangible assets		11 626	6 392
3. Subordinated entities goodwill	13	150 960	69 129
4. Financial assets		928 508	453 753
5. Financial assets measured using the equity method		394 093	283 593
6. Long term receivables		1 987	2 554
7. Deferred income tax assets	19	18 652	3 438
8. Prepayments and accrued income		298	43
II. Current assets		3 487 095	2 273 292
1. Inventories		98 464	45 078
2. Trade receivables	15	309 489	219 909
3. Income tax receivable	15	15 332	10 061
4. Other short term receivables	15	107 487	353 753
5. Prepayments and accrued income		11 739	8 261
6. Short term financial assets		2 004 517	1 248 864
7. Cash and equivalent		940 067	387 366
Total assets		7 791 156	5 607 181

EQUITY AND LIABILITIES

	Note	30.06.2022	31.12.2021
I. Shareholders' equity		3 076 614	1 857 092
Equity attributable to the shareholders of the parent company		3 076 614	1 857 092
1. Share capital		133 604	90 887
2. Share premium account		1 515 942	557 983
3. Reserve capital from option measurement		13 207	13 207
4. Other capital reserves		967 319	618 105
5. Retained profit (loss)		335 778	239 486
6. Net profit		110 785	337 376
7. F/X translation differences		(21)	48
II. Long term liabilities		2 166 830	1 609 033
1. Bank loans and borrowings		1 128 903	1 020 429
2. Deferred income tax provision	19	129 419	105 420
3. Provisions	20	23 283	23 380
4. Accruals and deferred income		42 108	43 704
5. Lease liabilities		227 869	207 556
6. Futures and forward contracts measurement		610 145	207 044
7. Other liabilities	21	5 103	1 500
III. Short term liabilities		2 547 712	2 141 056
1. Bank loans and borrowings	21	280 213	413 922
2. Trade payables	21	195 019	230 946
3. Income tax payable	21	3 012	14 475
4. Lease liabilities	21	18 666	11 734
5. Futures and forward contracts measurement	21	1 875 127	1 216 122
6. Other liabilities	21	105 746	211 512
7. Provisions	20	5 894	3 647
8. Accruals and deferred income		64 035	38 698
Total equity and liabilities		7 791 156	5 607 181

2. Interim condensed consolidated profit and loss account

For the period ended 30 June 2022

	Note	For 6 months ended		unaudited	unaudited
		30.06.2022	30.06.2021	For 3 months ended 30.06.2022	30.06.2021
Revenues from contracts with clients	26	3 798 947	1 149 256	1 359 172	514 709
Other revenues	26	13 963	63 008	(21 801)	60 640
Sales revenues		3 812 910	1 212 264	1 337 371	575 349
Cost of goods sold	27	(3 544 409)	(1 047 743)	(1 277 973)	(474 246)
Gross sales profit		268 501	164 521	59 398	101 103
Other operating revenues	28	2 903	2 298	1 337	948
Selling expense	27	(54 623)	(270)	(25 244)	(77)
General overheads	27	(53 549)	(24 674)	(28 096)	(13 110)
Other operating expenses	29	(3 314)	(614)	(1 495)	(322)
Financial income	30	16 648	227 158	15 119	226 394
Financial costs	31	(37 729)	(20 498)	(18 718)	(10 626)
Profit before tax		138 837	347 921	2 301	304 310
Income tax	19	(28 052)	(67 998)	(1 150)	(58 626)
Net profit from continuing operations		110 785	279 923	1 151	245 684
Net profit attributed to:		110 785	279 923	1 151	245 684
Parent company shareholders		110 785	279 998	1 151	245 757
Non-controlling shareholders		-	(75)	-	(73)
Earnings per share:					
- basic earnings (loss) for period attributable to parent company shareholders		2,11	6,16	0,02	5,41
- diluted earnings (loss) for period attributable to parent company shareholders		2,11	6,16	0,02	5,41

Interim condensed consolidated statement of comprehensive income

	For 6 months ended		unaudited	unaudited
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Net profit for period	110 785	279 923	1 151	245 684
Other comprehensive income that may be reclassified to profit and loss account once specific conditions are met				
Cash flow hedges	108 130	22 634	47 184	(23 517)
F/X translation differences	(69)	3	(40)	(4)
Other net comprehensive income	108 061	22 637	47 144	(23 521)
COMPREHENSIVE INCOME FOR PERIOD	218 846	302 560	48 295	222 163
Comprehensive income for period:				
Parent company shareholders	218 846	302 560	48 295	222 163
Non-controlling shareholders	-	(75)	-	(73)

3. Interim condensed consolidated statement of changes in equity

For the period ended 30 June 2022

	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	Total equity
As at January 2022	90 887	557 983	13 207	618 105	576 862	-	48	1 857 092	1 857 092
Comprehensive income for reporting period									
- Net profit (loss) for reporting period	-	-	-	-	-	110 785	-	110 785	110 785
- Other comprehensive income for period	-	-	-	108 130	-	-	(69)	108 061	108 061
Transactions with owners of the parent recognized directly in equity									
- Issue of shares	42 717	957 959	-	-	-	-	-	1 000 676	1 000 676
- Allocation of profit/loss	-	-	-	241 084	(241 084)	-	-	-	-
As at 30 June 2022	133 604	1 515 942	13 207	967 319	335 778	110 785	(21)	3 076 614	3 076 614

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	Total equity
As at January 2021	90 887	557 983	13 207	459 811	295 588	-	(8)	1 417 468	1 418 368
Comprehensive income for reporting period									
- Net profit (loss) for reporting period	-	-	-	-	-	279 998	-	279 998	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	1 720 928

4. Interim condensed consolidated statement of cash flows

For the period ended 30 June 2022

	For 6 months ended	
	30.06.2022	30.06.2021
A.Cash flow from operating activities		
I.Profit (loss) before tax	138 837	347 921
II.Total adjustments	(38 027)	(277 501)
1.Depreciation	51 174	45 759
2.Foreign exchange losses (gains)	9	(10)
3.Interest and profit shares (dividends)	26 060	18 943
4.Losses (gains) on investing activities	2 071	(223 930)
5. Income tax	(60 098)	(55 448)
6.Changes in provisions	1 196	975
7.Changes in inventory	(14 857)	(3 726)
8.Changes in receivables	(883 407)	(889 870)
9.Changes in liabilities, excluding bank loans and borrowings	826 888	824 630
10.Changes in accruals	15 550	1 930
11. Other adjustments	(2 613)	3 246
III.Net cash flows from operating activities (I+/-II)	100 810	70 420
B.Cash flows from investing activities		
I. Cash in	2 466	226 088
1. Disposal of intangibles and tangible fixed assets	-	57
2. From financial asstes, including:	-	226 031
a) disposal of financial asstes	-	225 775
b) other inflows from financial asstes	-	256
3. Cash from disposal/liquidation/acquisition of subsidiary	2 466	-
II.Cash out	393 781	203 792
1. Acquisition of tangible fixed assets	273 065	159 433
2. For financial asstes, including:	120 716	44 359
a) acquisition of financial assets	120 556	44 359
b) long term loans given	160	-
III.Net cash flows from investing activities (I-II)	(391 315)	22 296
C.Cash flows from financing activities		
I.Cash in	1 239 854	232 782
1. Cash in from the issue of shares	1 003 859	-
2.Loans and borrowings	235 995	232 782
II.Cash out	396 648	75 004
1.Repayment of loans and borrowings	362 716	52 225
2.Lease payables	6 326	4 164
3.Interest	27 442	18 465
4.Other financial expenses	164	150
III.Net cash flows from financing activities (I-II)	843 206	157 778
D.Total net cash flows (A.III+/-B.III+/-C.III)	552 701	250 494
E.Increase/decrease in cash in the balance sheet, including:	552 701	250 573
- change in cash due to f/x differences	(1)	79
F.Cash at beginning of period	387 366	374 347
G.Cash at end of period, including:	940 066	624 920
- restricted cash	30 249	27 831

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 2022 and the comparative period from 1 January to 30 June 2021, while also including data for the second quarter of 2022 and 2021, and with respect to the balance sheet - as at 31 December 2021. In accordance with the applicable laws, these interim condensed consolidated financial statements for the six-month period ended 30 June 2022 have been reviewed by an independent auditor, while the comparative data for the financial year ended 31 December 2021 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 2022.

6. Accounting principles applied

The accounting principles applied by the Group have been outlined in the consolidated financial statements of Polenergia Group for 2021 published on 7 April 2022. 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.

In addition, in connection with the acquisition of the company Polenergia Fotowoltaika S.A. (former Edison Energia S.A) referred to in Note 14, when recognizing revenues from the deployment of the PV panels and heat pumps, the Group applied the rules in line with IFRS 15 "Revenue from Contracts with Customers" and has been recognizing revenues during the delivery of the performance obligation, as per item 39 of IFRS 15 which reads that for each performance obligation satisfied over time, an entity shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation. The measurement of the degree of satisfying the obligation is based on the input method.

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:

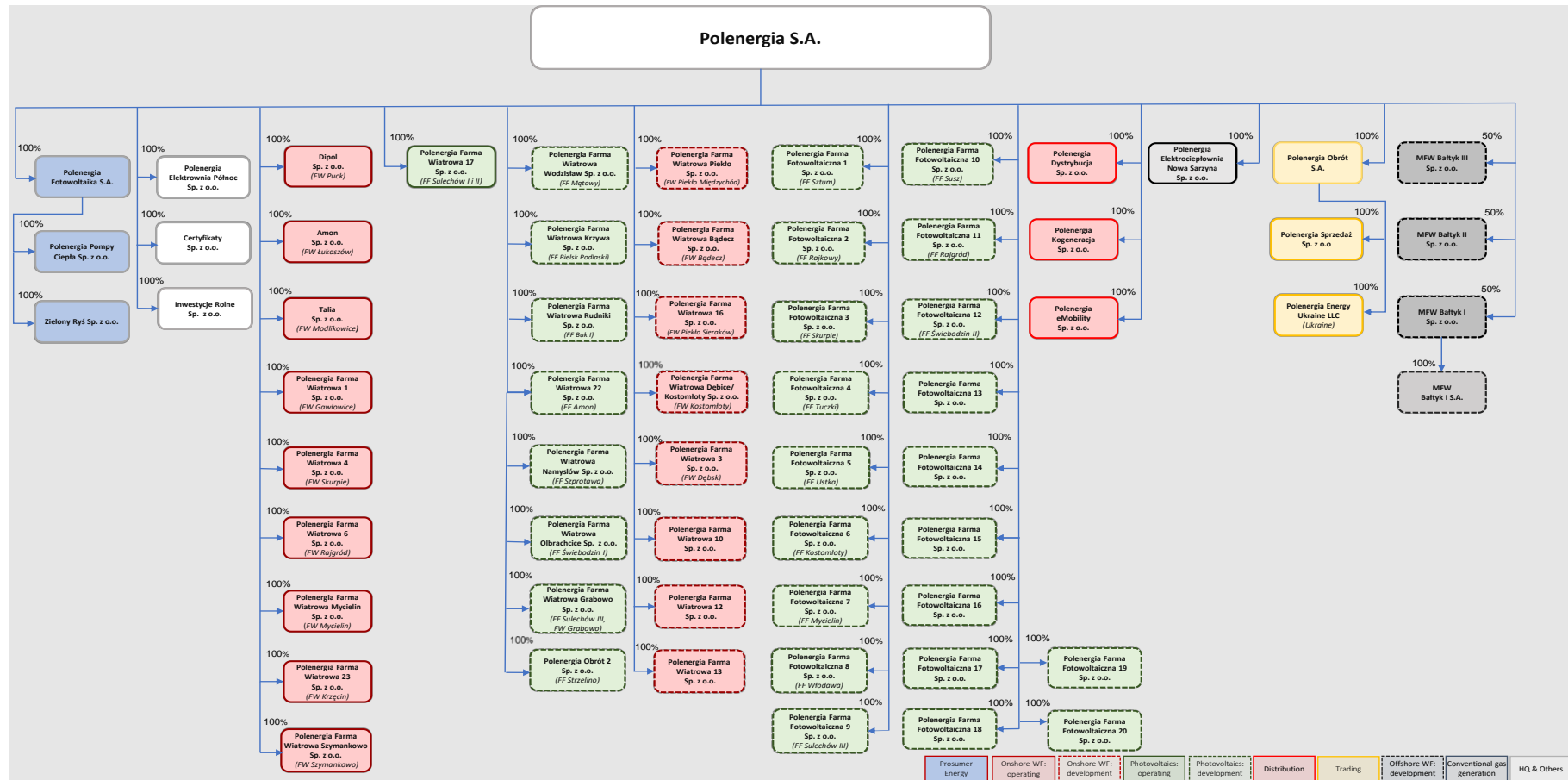
	2022-06-30	2021-12-31	2021-06-30
USD	4.4825	4.0600	3.8035
EUR	4.6806	4.5994	4.5208
GBP	5.4429	5.4846	5.2615
UAH	0.1467	0.1487	0.1396

6.3 Seasonality and cyclical nature of operations

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

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 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.

7. The Group's organizational structure



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	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Profit before tax	138 837	347 921	2 301	304 310
Financial revenues	(16 648)	(227 158)	(15 119)	(226 394)
Financial costs	37 729	20 498	18 718	10 626
Depreciation/Amortization	51 174	45 759	26 451	22 900
Development - related impairment loss	216	140	77	35
EBITDA	211 308	187 160	32 428	111 477
Adjusted EBITDA	211 308	187 160	32 428	111 477

ADJUSTED NET PROFIT attributed to parent shareholders

	For 6 months ended		For 3 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
NET PROFIT attributed to parent shareholders	110 785	279 998	1 151	245 757
Unrealized foreign exchange net (gains)/losses	7 370	123	1 907	726
(Income)/Cost from measurement of long-term borrowings	586	690	333	354
(Net profit) on loss of control over subsidiaries	-	(186 137)	-	(186 137)
Development - related impairment loss	216	140	77	35
Purchase price allocation:				
Depreciation/Amortization	132	438	66	219
Tax	(24)	(84)	(12)	(42)
Adjusted NET PROFIT attributed to parent shareholders	119 065	95 168	3 522	60 912

The item "Net profit on loss of control over subsidiaries" in the period ended 30 June 2021 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 2021 that were published on 7 April 2022. Definitions of the foregoing indices applied by other entities may be different from those used by the Group.

9 Operating segments

Within the Polenergia Group, the following operating segments have been identified, being identical with the reporting segments:

- Onshore wind farms – development, construction and maintenance of facilities generating electrical energy from onshore wind,
- Photovoltaics – development, construction and maintenance of facilities generating electrical energy using the solar radiation,
- Offshore wind farms – development, construction and maintenance of facilities generating electrical energy from wind at sea,

-
- Gas and clean fuels - development, construction and maintenance of facilities generating electrical energy in gas cogeneration and development work in the manufacture of hydrogen and generation of energy from hydrogen based on the renewable sources originating energy,
 - Trading and sales - commercial business in terms of trading in electricity and certificates of origin, 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, The HY1 2022 results also include those of the Polenergia Fotowoltaika Group which deals with the sale and deployment of PV panels and heat pumps.
 - Distribution - 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 customers with whom the Group generated no less than 10% of total revenues of the Group included: the Warsaw Commodity Clearing House (Izba Rozliczeniowa Giełd Towarowych) and ZE PAK S.A.

For 6 months ended 30.06.2022	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	218 726	7 689	-	59 357	3 440 145	68 810	4 220	-	3 798 947
Other revenues	-	-	-	(1 493)	15 456	-	-	-	13 963
Total revenues	218 726	7 689	-	57 864	3 455 601	68 810	4 220	-	3 812 910
Net sales profit (loss)	146 467	6 361	-	(483)	107 309	10 560	(1 581)	(132)	268 501
Selling costs	-	-	-	-	(54 623)	-	-	-	(54 623)
General overheads	(2 049)	(258)	-	(3 450)	(27 243)	(3 659)	(16 890)	-	(53 549)
Interest income/(expense)	(17 270)	(463)	-	319	(4 212)	(2 057)	9 460	-	(14 223)
Other financial revenue/(expense)	(1 896)	(183)	-	(1 119)	(3 772)	(248)	360	-	(6 858)
Other operating revenue/(expense)	1 558	(297)	-	(913)	214	66	(1 039)	-	(411)
Profit/loss before tax	126 810	5 160	-	(5 646)	17 673	4 662	(9 690)	(132)	138 837
Income tax	-	-	-	-	-	-	(28 076)	24	(28 052)
Net profit/loss	-	-	-	-	-	-	-	-	110 785
EBITDA **)	182 675	6 500	-	1 853	27 572	10 693	(17 985)	-	211 308
Segment assets	2 762 386	233 211	394 093	209 328	3 055 303	184 261	952 574	-	7 791 156
Segment liabilities	1 382 050	127 405	-	43 098	2 940 546	114 011	107 432	-	4 714 542
Depreciation/Amortization	36 494	694	-	6 698	1 914	3 726	1 516	132	51 174

*) EBITDA - definition in Note 8

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	

(PLN k)

For 6 months ended 30.06.2022		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	158 701	7 689	31 587	2 105 633	67 123	-	2 370 733
- revenue from certificates of origin	over time	60 018	-	155	755 464	-	-	815 637
- revenue from sale of heat	point in time	-	-	15 840	-	-	-	15 840
- revenue from consulting and advisory services	over time	-	-	-	-	-	4 030	4 030
- revenue from lease and operator services	over time	-	-	-	-	(940)	-	(940)
- revenue from sale and distribution of gas	over time	-	-	-	374 085	2 459	-	376 544
- revenue from sale of merchandise	over time	-	-	-	-	52	-	52
- revenue from lease	over time	7	-	-	-	5	165	177
- revenue from the capacity market and blackstart services	point in time	-	-	11 773	-	-	-	11 773
- revenue from the solar panels and heat pumps installation	over time	-	-	-	201 344	-	-	201 344
- other	over time	-	-	2	3 619	111	25	3 757
Total revenue from clients		218 726	7 689	59 357	3 440 145	68 810	4 220	3 798 947
- revenues from the valuation of futures contracts	over time	-	-	(1 493)	8 256	-	-	6 763
- revenues from CO2 emission allowances	point in time	-	-	-	7 200	-	-	7 200
Total other revenue		-	-	(1 493)	15 456	-	-	13 963
Total sales revenue		218 726	7 689	57 864	3 455 601	68 810	4 220	3 812 910

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	over 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		-	-	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 other revenue		123 603	1 671	109 463	923 270	51 230	3 027	1 212 264

10 Non-current fixed assets

30.06.2022	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	222 525	680 754	1 569 618	5 714	(1 948)	927 005	(16 021)	3 387 647
increases (due to)	25 803	59 132	7 433	4 955	1 042	293 096	26 621	418 082
- purchase	-	4 483	1 256	4 947	1 040	291 312	2 443	305 481
- transfers	-	50 217	6 175	-	11	1 111	24 178	81 692
- other	25 803	4 432	2	8	(9)	673	-	30 909
reductions (due to)	-	-	(294)	(94)	(7)	(77 532)	(4 156)	(82 083)
- sale and retirement	-	-	(294)	(94)	(3)	-	-	(391)
- transfers	-	-	-	-	(4)	(77 532)	(4 156)	(81 692)
Gross value of non-current fixed assets at end of period	248 328	739 886	1 576 757	10 575	(913)	1 142 569	6 444	3 723 646
Cumulative depreciation at beginning of period	(15 230)	(180 577)	(491 069)	(2 871)	2 185	(101)	-	(687 663)
- current period depreciation	(2 278)	(17 657)	(29 197)	(1 207)	(178)	-	-	(50 517)
- reductions (due to)	(3 760)	1 828	(184)	92	(242)	(625)	-	(2 891)
- sale and retirement	-	-	171	94	3	-	-	268
- other	(3 760)	1 828	(355)	(2)	(249)	(621)	-	(3 159)
- transfers	-	-	-	-	4	(4)	-	-
Cumulative depreciation at end of period	(21 268)	(196 406)	(520 450)	(3 986)	1 765	(726)	-	(741 071)
Impairment losses at beginning of period	-	(5 624)	(14 603)	-	(5)	(164 765)	-	(184 997)
- increase	-	-	-	-	-	359	-	359
- reduction	-	-	-	-	-	-	-	-
Impairment losses at end of period	-	(5 624)	(14 603)	-	(5)	(164 406)	-	(184 638)
Net value of non-current fixed assets at beginning of period	207 295	494 553	1 063 946	2 843	232	762 139	(16 021)	2 514 987
Net value of non-current fixed assets at end of period	227 060	537 856	1 041 704	6 589	847	977 437	6 444	2 797 937

31.12.2021	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)	113 661	69 927	183 627	1 430	89	561 621	23 345	953 700
- purchase	-	-	462	1 350	89	547 605	23 345	572 851
- transfers	-	68 932	183 165	80	-	14 016	-	266 193
- other	113 661	995	-	-	-	-	-	114 656
reductions (due to)	(667)	(5 970)	(17 045)	(643)	(11)	(195 820)	(72 993)	(293 149)
- sale and retirement	(567)	(5 449)	(17 045)	(352)	(11)	-	-	(23 424)
- other	(100)	(521)	-	(291)	-	312	-	(600)
- transfers	-	-	-	-	-	(196 132)	(72 993)	(269 125)
Gross value of non-current fixed assets at end of period	222 525	680 754	1 569 618	5 714	(1 948)	927 005	(16 021)	3 387 647
Cumulative depreciation at beginning of period	(10 203)	(159 322)	(446 194)	(1 936)	2 301	(101)	-	(615 455)
- current period depreciation	(3 505)	(26 084)	(61 547)	(1 310)	(124)	-	-	(92 570)
- reductions (due to)	(1 522)	4 829	16 672	375	8	-	-	20 362
- sale and retirement	7	5 414	16 672	280	8	-	-	22 381
- other	(1 529)	(585)	-	95	-	-	-	(2 019)
Cumulative depreciation at end of period	(15 230)	(180 577)	(491 069)	(2 871)	2 185	(101)	-	(687 663)
Impairment losses at beginning of period	-	(344)	-	-	-	(164 536)	-	(164 880)
- increase	-	(5 280)	(14 603)	-	(5)	(229)	-	(20 117)
- reduction	-	-	-	-	-	-	-	-
Impairment losses at end of period	-	(5 624)	(14 603)	-	(5)	(164 765)	-	(184 997)
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	207 295	494 553	1 063 946	2 843	232	762 139	(16 021)	2 514 987

11 Right-of-use assets

Right-of-use assets under lease	30.06.2022	31.12.2021
Land real estate	220 495	203 086
Perpetual usufruct of the land	1 666	1 689
Other real estate	12 938	6 475
Plant and machinery	156	156
Vehicles	6 380	2 566
Total	241 635	213 972

12 Intangible Assets

A review of the intangible assets of the Company performed as at 30 June 2022 showed no grounds for performing an impairment test.

13 Goodwill

As at 30 June 2022, goodwill amounts to PLN 151m and includes the following segments and cash generating centers:

- PLN 25m - distribution - including the companies Polenergia Dystrybucja and Polenergia Kogeneracja;
- PLN 44m - trading and sales - including the company Polenergia Obrót;
- PLN 82m- trading and sales - including the companies Polenergia Fotowoltaika, Polenergia Pompy Ciepła and Zielony Ryś ("Photovoltaics Group"). The goodwill related to the acquisition of the Photovoltaics Group results from the delta between the acquisition price and the net present value. Such value is preliminary (tentative), as in line with IFRS 3 the acquiring company has 12 months, commencing on the acquisition day, to measure the acquired assets at fair value. In view of the above, the goodwill of subordinated companies is approximate and may change within 12 months of the acquisition of the Photovoltaics Group. The goodwill determined so far is not yet deemed final, given the fact measurement is still in progress.

14 Purchase price allocation

On 3 January 2022, i.e. on the date the entry was made in the shareholders register, the transfer of ownership title to all shares of Edison Energia S.A. (presently Polenergia Fotowoltaika S.A.) took place in accordance with the provisions of the Preliminary Share Sale Agreement as amended and the Final Share Sale Agreement concerning the sale of 100% shares in Edison Energia S.A. to the Company by the existing shareholders.

The price for 100% of the company's shares was agreed at PLN 74,896k and was subject to further adjustments, if any, related to the closing accounts procedures. The final price was PLN 86,120k.

The date of assuming control is 3 January 2022.

As at the day of assuming control, the following were performed:

- Measurement of assets and liabilities at fair value;
- Preliminary determination of the goodwill disclosed in the consolidated balance sheet under Goodwill of subsidiaries by way of comparing the allocated purchase price with the net fair value of assets. The goodwill determined so far is not yet deemed final, given the fact review of the measurements are still in progress. The goodwill recognized by the Group results from the fact that the Group assumes the value of discounted cashflows from operating activity of the companies over which control has been assumed exceeding that of the acquired net assets.

Purchase price	86 120
Net assets	(854)
Goodwill before purchase price allocation	86 974
Allocation of the purchase price to assets reducing the book goodwill, including:	
Intangible assets Relationships with suppliers	3 867
Intangible assets Relationships with subcontractors	1 276
Total purchase price allocation	5 143
Initial goodwill on the balance sheet	81 831

Below is the value of the assets and liabilities acquired measured at fair value:

ASSETS

	31.12.2021
I. Non-current assets	8 004
1. Tangible fixed assets	5 306
2. Intangible assets	619
3. Deferred income tax assets	2 079
II. Current assets	67 719
1. Inventories	38 532
2. Trade receivables	13 235
3. Other short term receivables	8 139
4. Prepayments and accrued income	5 344
5. Short term financial assets	3
6. Cash and equivalent	2 466
Total assets	75 723

EQUITY AND LIABILITIES

	31.12.2021
I. Shareholders' equity	(854)
1. Share capital	400
2. Other capital reserves	2 940
3. Retained profit (loss)	498
4. Net profit (loss)	(4 692)
II. Long term liabilities	1 735
1. Deferred income tax provision	4
2. Provisions	3
3. Lease liabilities	1 727
III. Short term liabilities	74 842
1. Bank loans and borrowings	6 541
2. Trade payables	22 545
3. Income tax payable	3 428
4. Lease liabilities	1 725
5. Other liabilities	36 140
6. Provisions	952
7. Accruals and deferred income	3 511
Total equity and liabilities	75 723

15 Short term receivables

	30.06.2022	31.12.2021
- trade receivables	309 489	219 909
- from related entities	33 259	37 599
- from other entities	276 230	182 310
- income tax receivable	15 332	10 061
- other receivables	107 487	353 753
- budget payments receivable	50 302	196 509
- for risk hedging	-	237
- other	57 185	157 007
Total net short-term receivables	432 308	583 723
- receivables remeasured write-downs	17 926	16 155
Total gross short-term receivables	450 234	599 878

As at 30 June 2022, credit losses on trade receivables deemed uncollectible increased up to PLN 17,926k compared to. 16,155k as at 31 December 2021, the change concerns mainly Polenergia Fotowoltaika S.A..

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

	Total	Step 2	Step 3
Gross value as at 1.1.2022	236 064	219 088	16 976
Arisen	306 156	306 156	-
Paid	(214 805)	(219 466)	4 661
Gross value as at 30.06.2022	327 415	305 778	21 637

The payment default rates and the calculation of credit losses as at 30 June 2022 have been presented in the table below:

	Receivables from individual customers				
	Total	Current 0-30 days	30-60 days	60-90 days	>90 days
30.06.2022	39 977	35 323	707	252	3 695
Expected credit losses	3 300	-	-	-	3 300
31.12.2021	25 105	24 090	246	23	792
Expected credit losses	1 506	-	-	-	1 506

	Receivables from corporate customers				
	Total	Current 0-30 days	30-60 days	60-90 days	>90 days
30.06.2022	269 512	267 478	571	1 447	16
Expected credit losses	14 626	13 214	-	-	1 412
31.12.2021	194 804	194 754	24	3	29
Expected credit losses	14 649	13 214	-	-	1 435

16 Fair values of assets and liabilities

Fair value of futures and forward contracts

In view of the operations of the subsidiary Polenergia Obrót S.A., the Group classifies futures and forward contracts to buy or sell electricity 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	
	30.06.2022	30.06.2021
Result of measurement of derivatives	6 763	61 428

Financial instrument category

	30.06.2022	30.06.2022
	Level 2	Total
Short term assets	1 845 125	1 845 125
Long term assets	717 491	717 491
Total	2 562 616	2 562 616

	Level 2	Total
	Short term liabilities	1 875 127
Long term liabilities	610 145	610 145
Total	2 485 272	2 485 272

Net fair value	77 344	77 344
-----------------------	---------------	---------------

	30.06.2022	30.06.2021
Impact on profit/loss		
Market price increase by 1%	(2)	(105)
Market price decrease by 1%	2	105

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	
		30.06.2022	31.12.2021	30.06.2022	31.12.2021
Financial asstes					
Futures and forward contracts	Level 2	2 562 616	1 494 612	2 562 616	1 494 612
Derivative instruments	Poziom 2	278 655	134 684	278 655	134 684
Financial liabilities					
Bank loans	n/a	1 409 116	1 434 351	1 409 116	1 434 351
Derivative instruments	Level 2	3 603	35	3 603	35
Futures and froward contracts	Level 2	2 485 272	1 423 166	2 485 272	1 423 166

Security

As at 30 June 2022, the Group recognized PLN 108,130k (2021: PLN 22,634k) 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 2022, 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
29.09.2025	55 528	0,52%	IRS
29.06.2026	29 696	0,56%	IRS
26.02.2027	9 521	1,25%	IRS
26.02.2027	2 001	1,25%	IRS
29.03.2028	133 057	0,79%	IRS
15.12.2028	111 836	0,75%	IRS
22.12.2031	9 158	2,60%	IRS
12.12.2033	0	6,71%	IRS *)
12.12.2033	0	6,71%	IRS *)
13.03.2034	0	6,65%	IRS *)
30.06.2034	12 882	0,89%	IRS
11.06.2035	147 002	1,10%	IRS
10.09.2035	417 600	1,20%	IRS
31.12.2035	18 437	2,39%	IRS
11.03.2036	105 300	2,22%	IRS
Total	1 052 018		

*) A „forward-starting IRS” instrument; as at 30 June 2022 the volume was 0.

Cash flow hedges (in EUR k)

Maturity date of hedging instrument	Hedged value	Exchange rate hedged	Instrument
2022.Q3	31 762 EUR	4,6318	Forward
2022.Q4	19 404 EUR	4,7973	Forward
2023.Q1	9 473 EUR	4,8254	Forward
2023.Q2	977 EUR	4,8206	Forward
Total	61 616 EUR		

17 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. *)	28 617 254	28 617 254	42,84%
2	BIF IV Europe Holdings Limited	21 317 706	21 317 706	31,91%
3	Nationale Nederlanden OFE	3 767 231	3 767 231	5,64%
4	Generali OFE	3 370 844	3 370 844	5,05%
5	Aviva OFE Aviva Santander	5 533 000	5 533 000	8,28%
6	Others	4 196 211	4 196 211	6,28%
	Total	66 802 246	66 802 246	100%

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

18 Dividends distributed and proposed

No dividend was distributed by the parent in the 6-month period ended 30 June 2022. No dividend is intended to be distributed by the parent in 2022.

19 Income tax

In the 6-month period ended 30 June 2022, the increased current tax burden results mainly from the recognition of the revenues from the earn-out 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	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Current income tax	43 347	53 791	10 588	45 861
Current income tax charge	43 252	53 425	10 493	45 495
Adjustments to prior years current income tax	95	366	95	366
Deferred income tax	(15 295)	14 207	(9 438)	12 765
Related to temporary differences and their reversal	(15 295)	14 207	(9 438)	12 765
Income tax charged to the profit and loss account	28 052	67 998	1 150	58 626

	Balance sheet	Profit and loss account	Capital	Tax on taking of control over subsidiaries	Balance sheet
	01.01.2022				30.06.2022
Deferred income tax					
Deferred income tax provision					
Tangible fixed assets	95 505	3 308	-	-	98 813
Intangible assets	8	-	-	-	8
Receivables	26 714	2 406	26 142	-	55 262
Cash	43	21	-	-	64
Loans and borrowings	1 368	(161)	-	1	1 208
Liabilities	(3 847)	(59)	-	4	(3 902)
Other	7 059	1 301	-	-	8 360
Inventories	11 329	(2 267)	-	-	9 062
Deferred income tax provision before tax	138 179	4 549	26 142	5	168 875
Compensation					(39 456)
Deferred income tax provision					129 419
Deferred income tax assets					
Tangible fixed assets	1 048	(248)	-	906	1 706
Inventories	-	(46)	-	86	40
Receivables	694	585	-	197	1 476
Borrowings	1 566	483	-	8	2 057
Liabilities	16 312	(570)	(11)	202	15 933
Provisions	8 045	9 485	-	493	18 023
Retained assets	265	10 459	-	166	10 890
Prepayments	8 267	(317)	-	-	7 950
Financial assets	-	13	-	20	33
Deferred income tax asset	36 197	19 844	-11	2 078	58 108
Compensation					(39 456)
Deferred income tax assets					18 652
Deferred income tax expense		(15 295)			
Net deferred tax (assets)/provision	101 982		26 153	(2 073)	110 767

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	
	30.06.2022	30.06.2021
Income tax charged to the profit and loss account, including	28 052	67 998
Current tax	43 347	53 791
Deferred tax	(15 295)	14 207
Profit (Loss) before tax	138 837	347 921
Tax on gross profit at effective tax rate of 19%	26 379	66 105
Adjustments to prior years current income tax	95	(85)
Adjustments to prior years differed income tax	-	14
Current tax of limited partnerships	-	304
Differed tax of limited partnerships	-	381
Non-deductible costs:	1 389	1 328
- permanent differences	477	345
- temporary difference on which no tax asset/provision is established	912	983
Non-taxable income:	189	(49)
- other	189	(49)
Income tax in the profit and loss account	28 052	67 998

20 Provisions

	30.06.2022	31.12.2021
Long term provisions		
- pension plan and related provision	2 144	2 241
- litigation provision	21 139	21 139
Total long term provisions	23 283	23 380
Short term provisions		
- pension plan and related provision	12	12
- accrued holiday leave provision	5 157	3 635
- other provisions	725	-
Total short term provisions	5 894	3 647

Change in long term and short term provisions

	30.06.2022	31.12.2021
Provisions at beginning of the period	27 027	26 484
- recognition of provisions	3 490	837
- reversal of provisions	(1 340)	(294)
Provisions at end of the period	29 177	27 027

The long-term provision for litigation originates from the prudent approach to the case vs. Eolos Polska Sp. z o.o.

21 Liabilities

	30.06.2022	31.12.2021
- bank loans and borrowings	280 213	413 922
- trade payables	195 019	230 946
- from related entities	90	15 326
- from other entities	194 929	215 620
- income tax payable	3 012	14 475
- lease liabilities	18 666	11 734
- futures and forward contracts measurement	1 875 127	1 216 122
- other liabilities	105 746	211 512
- budget payments receivable	10 419	18 146
- prepayments for deliveries	87 024	155 576
- payroll payable	2 119	1 192
- special funds	563	35
- for risk hedging	-	35
- other	5 621	36 528
Total short term liabilities	2 477 783	2 098 711

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

	30.06.2022	31.12.2021
- risk hedging	3 603	-
- investment liabilities	1 500	1 500
Total other long term liabilities	5 103	1 500

22 Bank loans incurred and other borrowing liabilities

On 24 January 2022, the company Polenergia Obrót S.A. executed Annex 10 to the multifaceted credit limit agreement of 18 August 2018 with Bank Pekao S.A. The Annex maintained the maximum debt limit at PLN 300,000k, with concurrent increase of the overdraft amount to PLN 150,000k to be incurred by the company under the permitted indebtedness. The cap on the bank guarantees remained at PLN 260,000k. Also, the method to calculate commitment fees on the a/m limits was changed.

On 21 March 2022 the company Polenergia Elektrociepłownia Nowa Sarzyna Sp. z o.o. executed Annex 9 to the facility agreement of 29 July 2011 with ING Bank Śląski S.A., resulting in the increase of the credit limit up to PLN 50,000k as of the day of executing the Annex until 30 November 2022. Thereafter, the limit shall be available in the amount of PLN 20,000k again, until 30 June 2023. The final maturity of the entire debt under the limit falls on 31 July 2023.

In the period ended 30 June 2022, repayments of investment loans took place in wind and PV farms in operation amounting in total to PLN 74,171.6k, and in Polenergia Dystrybucja Sp. z o.o. amounting to PLN 1,413.4k. In the same period, the investment loans debt for the construction of the wind and PV farms in construction increased in total by PLN 182,593.4k and investment loan granted to Polenergia Dystrybucja Sp. z o.o. by PLN 3,340.0k.

Working capital loans debt balance: overdrafts and revolving loans to finance VAT on the investment expenditure in the group decreased in total by PLN 2,289.7k.

23 Contingent liabilities

Guarantees and sureties granted

In the 6-month period ended 30 June 2022, the Group granted no third-party guarantees.

24 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. On 20 December 2021 the Court of Appeal in Gdańsk issued a judgment in the case instituted by Talia against Polska Energia – Pierwsza Kompania Handlowa Sp. z o.o. in which the entire appeal filed by that company was dismissed. Amon is awaiting the decision of the Court of Appeal.

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 - orally during the hearings before the District Court in Katowice and in writing.

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 claimant filed the cassation complaint to the Supreme Court.

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 evidentiary hearing procedure, including the appointment of a court expert in the case. 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, the property was owned by another lessor. The reply was sent. The Court appointed a court expert in the case to determine the value of the real property.

On 4 July 2022 and subsequently on 7 July 2022 Polenergia Obrót S.A. received lawsuits from its former employee for payment of damages under the competition ban following termination of employment. The total amount of the claim is slightly below PLN 90k. Polenergia Obrót sent its statement of defense, in which an option to settle has been considered.

Polenergia Obrót S.A. had contracts for the sale of energy with Jeronimo Martins Polska S.A. ("JMP") which were terminated by Polenergia Obrót S.A. effective as of 30 June 2022. In view of the termination of the contracts in question, JMP served upon Polenergia Obrót S.A. requests for payment of PLN 3,501k and PLN 36,027k, i.e. in aggregate PLN 39,528k. The claims raised by JMP refer to the periods falling after the date the sale contracts ceased to be effective, therefore the Company believes them to be groundless. By the same token, the Company deems the statement by JMP of a set-off of the amounts of the claims against the receivables of the Company from JMP ineffective.

Polenergia Dystrybucja manages the collection proceedings in relation to non-payment for the electrical energy supplied. The aggregate claims amount is currently ca. PLN 500k.

On 6 December 2021, the President of the Antimonopoly Office (UOKiK) instituted investigation with respect to the company Polenergia Fotowoltaika S.A. with registered office in Warsaw ("Company") aiming at a preliminary determination whether, as a result of the activities concerning the provision of services in terms of the sale and assembly of photovoltaic systems performed by the Company, there occurred any breach that would give rise to instituting the proceedings in the case for considering the sample contract prohibited or any breach of the consumers' interests enjoying legal protection that would give rise to instituting the proceedings in the case for any practices infringing upon the collective interests of consumers.

The Company provided UOKiK with the documents and information referred to in the request. On 28 June 2022 the Company received another request from UOKiK to submit additional information and documents. The Company provided UOKiK with the documents and information referred to in the request.

The investigation by UOKiK may lead to: 1) no continuation of the proceedings; 2) discontinuation of the proceedings as unfounded; 3) instituting the proper proceedings in the case for considering the sample contract prohibited or any practices infringing upon the collective interests of consumers.

25 Capital expenditure

As at 30 June 2022, the Group plans that the aggregate capital expenditure on fixed assets in 2022 should total ca. PLN 663 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.

26 Sales revenue

	For 6 months ended		For 3 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
- revenue from sale and distribution of electricity	2 370 733	939 012	1 061 837	416 741
- revenue from certificates of origin	815 637	59 578	47 482	26 476
- revenue from sale of heat	15 840	9 623	6 331	3 927
- revenue from consulting and advisory services	4 030	2 845	2 200	1 433
- revenue from lease and operator services	(940)	1 778	(1 372)	1 093
- revenue from sale and distribution of gas	376 544	119 624	152 003	49 959
- revenue from sale of merchandise	52	-	-	-
- revenue from lease	177	182	68	71
- revenue from the capacity market and blackstart services	11 773	13 623	5 896	13 623
- revenue from the solar panels and heat pumps instalation	201 344	-	82 447	-
- other	3 757	2 991	2 280	1 386
Total revenue from clients	3 798 947	1 149 256	1 359 172	514 709
- revenues from the valuation of futures contracts	6 763	61 428	(21 801)	59 060
- revenues from CO2 emission allowances	7 200	1 580	-	1 580
Total other revenue	13 963	63 008	(21 801)	60 640
Total sales revenue	3 812 910	1 212 264	1 337 371	575 349

27 Cost according to type

	For 6 months ended		For 3 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
- depreciation	51 174	45 759	26 451	22 900
- materials and power consumption	125 414	5 607	45 287	2 186
- third party services	120 505	28 549	53 436	15 047
- taxes, duties and fees	11 518	11 496	5 017	6 381
- salaries	40 316	21 675	20 558	11 622
- social security and other benefits	6 783	3 549	3 359	1 762
- other cost by type	2 090	860	1 118	271
Total cost by type	357 800	117 495	155 226	60 169
- merchandise and materials sold (+)	3 284 504	947 806	1 157 830	423 630
- selling certificates of origin	60 032	52 094	37 223	24 201
- income from granted certificates of origin	(49 755)	(44 708)	(18 966)	(20 567)
- selling expenses (-)	(54 623)	(270)	(25 244)	(77)
- general overheads (-)	(53 549)	(24 674)	(28 096)	(13 110)
Total cost of goods sold	3 544 409	1 047 743	1 277 973	474 246

28 Other operating revenues

	For 6 months ended		For 3 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
- reversal of impairment losses, including:	-	320	-	-
- expected credit loss	-	320	-	-
- other, including:	2 903	1 978	1 337	948
- compensation and additional payments	68	8	3	2
- grant settlement	1 595	1 611	797	797
- gains on disposal of non financial fixed assets	34	52	34	32
- reinvoicing	36	-	26	-
- other	1 170	307	477	117
Total other operating revenues	2 903	2 298	1 337	948

29 Other operating revenues

	For 6 months ended		For 3 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
- asset impairment losses, including:	983	260	263	147
- expected credit loss	767	120	186	112
- non-current fixed assets	216	140	77	35
- other, including:	2 331	354	1 232	175
- penalties, fines compensation payable	98	57	93	44
- donation	1 554	198	932	51
- costs passed on to other entities	285	-	69	-
- repair costs covered by compensation	131	-	-	-
- other	263	99	138	80
Total other operating costs	3 314	614	1 495	322

30 Financial income

	For 6 months ended		For 3 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
- financial income from interest on deposit and loans	15 747	107	14 819	26
- interest from lease	-	99	-	49
- fx differences, including:	122	408	116	176
- unrealized	110	215	110	102
- realized	12	193	6	74
- valuation of financial liabilities	54	-	(14)	-
- other surety - related fees	276	218	191	217
- disposal of shares in a subsidiary	-	225 775	-	225 775
- other	449	551	7	151
Total financial revenue	16 648	227 158	15 119	226 394

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

31 Financial expenses

	For 6 months ended		For 3 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
- interest expenses	29 970	15 649	16 072	7 804
- fx differences, including:	1 986	947	(165)	420
- unrealized	9 209	367	2 464	998
- realized	(7 223)	580	(2 629)	(578)
- commission and other fees	3 647	1 629	1 621	876
- measurement of financial liabilities *)	777	852	397	437
- other	1 349	1 421	793	1 089
Total financial cost	37 729	20 498	18 718	10 626

*) refers to bank loans measured at amortized cost

32 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 2022 and 31 December 2021, in terms of undiscounted contractual payments.

30.06.2022	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	54 853	289 039	649 605	763 733	1 757 230
Other liabilities	1 980 861	9	613 435	1 816	2 596 121
Liabilities for deliveries and services	194 598	335	86	-	195 019
Lease liabilities	3 178	13 831	71 803	323 022	411 834

31.12.2021	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	44 408	412 680	542 149	616 101	1 615 338
Other liabilities	1 427 228	406	208 544	-	1 636 178
Liabilities for deliveries and services	230 946	-	-	-	230 946
Lease liabilities	8 991	3 577	58 924	283 394	354 886

33 Information on significant transactions with associates

Major transactions with jointly controlled parties in the period ended 30 June 2022 include:

(PLN k)

30.06.2022	Revenues	Receivables
MFW Bałtyk I S.A.	969	969
MFW Bałtyk I Sp. z o.o.	7	2
MFW Bałtyk II Sp. z o.o.	1 490	1 442
MFW Bałtyk III Sp. z o.o.	1 493	1 428
Total	3 952	3 839

Major transactions with associates in the period ended 30 June 2022 include:

30.06.2022	Revenues	Receivables
Mansa Investments Sp. z o.o.	80	58
Green Stone Solution Sp. z o.o.	29	21
Total	109	79

Major transactions with parties where personal relations exist, in the period ended 30 June 2022 include:

30.06.2022	Revenues	Costs	Receivables	Liabilities
Beyond.pl Sp. z o.o.	1 231	145	460	21
Ciech Sarzyna S.A.	7 897	236	2 929	69
Ciech Płanki Sp. z o.o.	405	-	107	-
Ciech Vitrosilicon S.A.	4 523	-	1 663	-
Ciech Soda Polska S.A.	54 658	-	24 182	-
Ciech Żywiec Sp. z o.o.	3 309	105	-	-
Total	72 023	2 474	29 341	90

For information on transactions with members of the parent's Management Board and Supervisory Board, see Note 34.

34 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 2022 and in the year ended 31 December 2021, remuneration of members of the Management Board of the Parent and of the Supervisory Board was as follows:

Management Board	30.06.2022	31.12.2021
Michał Michalski	2 015	2 571
Tomasz Kietliński	863	1 394
Iwona Sierżęga	863	1 451
Piotr Maciołek	863	1 411
Jarosław Bogacz	863	1 511
Total	5 467	8 338

Certain Management Board members are parties to a mutual agreement on termination of employment within the next 6 -12 months. If a Management Board member being a 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.

(PLN k)

Supervisory Board	30.06.2022	31.12.2021
Hans E. Schweickardt	36	84
Orest Nazaruk	42	100
Brian Bode	-	14
Marjolein Helder	-	33
Adrian Dworzyński	26	82
Szymon Adamczyk	10	-
Total	114	313

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

In the Period ended 30 June 2022, there were no transactions with members of the Management Board and Supervisory Board, their spouses, siblings, ascendants, descendants, or other closely related persons, save for the transactions presented below,

	Revenues	Advance payment	Receivables
Piotr Maciolek	1	27	1

36 Material events after the reporting date

By the date of preparation of these condensed consolidated financial statements, i.e. by 17 August 2022, no events occurred which would not have been disclosed in the accounting books of the reporting period