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

Polenergia S.A.

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

FOR THE YEAR ENDED 31 DECEMBER 2022

INCLUDING THE REPORT OF THE INDEPENDENT AUDITOR ON THE AUDIT PERFORMED

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

Agnieszka Grzeszczak – Director Accounting Department

Warsaw, 30 March 2023

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(PLN k)

1. Balance sheet

As at 31 December 2022

ASSETS

	Note	31.12.2022	31.12.2021
I. Non-current assets		**1 539 454**	**1 516 502**
Tangible fixed assets	15	17 232	8 676
Intangible assets	14	249	124
Financial assets	17	1 521 973	1 504 264
Deferred income tax assets	23	-	3 438
II. Current assets		**1 053 434**	**185 551**
Trade receivables	18	33 477	23 955
Income tax receivable	18	-	4 051
Other short term receivables	18	981	285
Prepayments and accrued income	19	7 658	6 013
Short term financial assets	20	585 193	-
Cash and equivalent	21	426 125	151 247
Total assets		**2 592 888**	**1 702 053**

EQUITY AND LIABILITIES

	Note	31.12.2022	31.12.2021
I. Shareholders' equity		**2 535 852**	**1 414 866**
Share capital	22	133 604	90 887
Share premium account		1 515 557	557 611
Reserve capital from option measurement		13 207	13 207
Other capital reserves		690 205	449 121
Capital from merger		89 782	89 782
Retained profit (loss)		(26 826)	(26 826)
Net profit /(loss)		120 323	241 084
II. Long term liabilities		**16 174**	**6 290**
Deferred income tax provision	23	3 870	-
Provisions		464	432
Lease liabilities		11 840	5 858
III. Short term liabilities		**40 862**	**280 897**
Bank loans and borrowings	24	-	249 687
Trade payables	24	2 223	2 031
Income tax payable	24	2 760	-
Lease liabilities	24	4 876	2 463
Other liabilities	24	13 209	12 856
Provisions		3 210	2 094
Accruals and deferred income	25	14 584	11 766
Total equity and liabilities		**2 592 888**	**1 702 053**

(PLN k)

2. Profit and loss account

For the year ended 31 December 2022

	Note	For 12 months ended 31.12.2022	31.12.2021
Revenues from contracts with clients	27	35 584	25 264
Sales revenues		**35 584**	**25 264**
Cost of goods sold	28	(25 861)	(18 488)
Gross sales profit		**9 723**	**6 776**
Other operating revenues	29	51	141
General overheads	28	(39 698)	(41 710)
Other operating expenses	30	(2 902)	(106)
Financial income	31	168 594	321 393
including dividend		82 087	82 851
Financial costs	32	(5 404)	(4 795)
Profit before tax		**130 364**	**281 699**
Income tax	23	(10 041)	(40 615)
Net profit		**120 323**	**241 084**

3. Statement of other comprehensive income

For the year ended 31 December 2022

	For 12 months ended 31.12.2022	31.12.2021
Net profit for period	**120 323**	**241 084**
COMPREHENSIVE INCOME FOR PERIOD	**120 323**	**241 084**

(PLN k)

4. Changes in equity statement

For the year ended 31 December 2022

	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 2022	**90 887**	**557 611**	**13 207**	**449 121**	**89 782**	**214 258**	**-**	**1 414 866**
Other comprehensive income for period								
Net loss for reporting period	-	-	-	-	-	-	120 323	120 323
Transactions with owners of the parent recognized directly in equity								
Issue of shares	42 717	957 946	-	-	-	-	-	1 000 663
Allocation of profit/loss	-	-	-	241 084	-	(241 084)	-	-
As at 31 December 2022	**133 604**	**1 515 557**	**13 207**	**690 205**	**89 782**	**(26 826)**	**120 323**	**2 535 852**

(PLN k)

For the year ended 31 December 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	-	-	-	-	-	-	241 084	241 084
Transactions with owners of the parent recognized directly in equity								
Allocation of profit/loss	-	-	-	56 102	-	(56 102)	-	-
As at 31 December 2021	**90 887**	**557 611**	**13 207**	**449 121**	**89 782**	**(26 826)**	**241 084**	**1 414 866**

(PLN k)

5. Statement of cash flows

For the year ended 31 December 2022

	Notes	For 12 months ended 31.12.2022	31.12.2021
A. Cash flow from operating activities			
I. Profit (loss) before tax		**130 364**	**281 699**
II. Total adjustments		**(140 829)**	**(352 810)**
Depreciation		4 278	2 433
Foreign exchange losses (gains)		(1)	2
Interest and profit shares (dividends)		(136 152)	(84 743)
Losses (gains) on investing activities		(545)	(229 677)
Income tax		4 079	(39 183)
Changes in provisions		1 148	540
Changes in receivables		(10 979)	(7 411)
Changes in short term liabilities, excluding bank loans and borrowings		(948)	1 404
Changes in accruals		(1 709)	1 880
Other adjustments	33	-	1 945
III.Net cash flows from operating activities (I+/-II)		**(10 465)**	**(71 111)**
B. Cash flows from investing activities			
I. Cash in		**317 258**	**402 358**
1. Disposal of intangibles and tangible fixed assets		35	53
2. From financial assets, including:		317 223	402 305
- disposal of financial assets		-	227 375
- dividends and shares in profits		82 087	82 851
- repayment of loans given		230 000	86 216
- interest		5 136	1 832
- other inflows from financial assets		-	4 031
II. Cash out		**777 753**	**552 234**
1. Acquisition of intangible and tangible fixed assets		3 175	282
2. For financial assets, including:		774 578	551 952
- acquisition of financial assets		170 111	532 952
- loans given		604 467	19 000
III.Net cash flows from investing activities (I-II)		**(460 495)**	**(149 876)**
C.Cash flows from financing activities			
I.Cash in		**1 003 859**	**250 000**
1. Net proceeds from the issue of shares and other equity instruments, and capital contributions		1 003 859	-
2.Loans and borrowings		-	250 000
II.Cash out		**258 022**	**2 394**
1.Repayment of loans and borrowings		250 000	-
2.Lease payables		3 984	2 010
3.Interest		4 038	384
III.Net cash flows from financing activities (I-II)		**745 837**	**247 606**
D.Total net cash flows (A.III+/-B.III+/-C.III)		**274 877**	**26 619**
E.Increase/decrease in cash in the balance sheet, including:		**274 878**	**26 617**
- change in cash due to f/x differences		**1**	**(2)**
F.Cash at the beginning of period		**151 247**	**124 630**
G.Cash at the and of period, including:		**426 125**	**151 247**
- restricted cash		28	31

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6. General Information

Polenergia S.A. (former Polish Energy Partners S.A), (business name altered by way of an inscription in the National Court Register (KRS) dated 11 September 2014), (the "Company"), was founded by way of executing a Notarized Deed on 17 July 1997. The Company has been registered with the National Court Register kept by the District Court for the city of Warsaw, Commercial Division XII of the National Court Register under number KRS 0000026545. The Company was assigned the statistical number REGON 012693488. The registered office of the Company is located in Warsaw, 24/26 Krucza St.

Stock of Polenergia S.A. is listed at the Warsaw Stock Exchange.

Polenergia S.A. is a parent company of the first Polish private energy sector group consisting of vertically integrated companies operating in the area of energy generation using both conventional and renewable sources, as well as in the areas of distribution and trading in electrical energy.

The lifetime of the Company is unlimited.

6.1. Periods covered by these financial statements

These financial statements cover the year ended on 31 December 2022 and comprise comparable financial data for the year ended on 31 December 2021.

Composition of the Company Management Board as at 31 December 2022:

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

On 7 February 2023, the Company's Supervisory Board passed a resolution to dismiss Mr. Jarosław Bogacz, a member of the Company's Management Board effective as of 8 February 2023 10:00 hours.

Composition of the parent company's Supervisory Board as at 31 December 2022 was as follows:

Dominika Kulczyk	Chair of the Supervisory Board
Thomas O'Brien	Vice-Chairman of the Supervisory Board
Szymon Adamczyk	Member of the Supervisory Board
Orest Nazaruk	Member of the Supervisory Board
Ignacio Paz-Ares Aldanondo	Member of the Supervisory Board
Emmanuelle Rouchel	Member of the Supervisory Board
Jacek Santorski	Member of the Supervisory Board
Hans E. Member	Member of the Supervisory Board

On 11 May 2022, the Annual General Meeting of the Company appointed Mr. Szymon Adamczyk and Mr. Orest Nazaruk Members of the Supervisory Board for individual three-year term of office. Also, on 11 May 2022 the mandate of Mr. Adrian Dworzyński, Member of the Supervisory Board expired.

On 7 October 2022 Mr. Grzegorz Stanisławski filed his resignation as Member of the Supervisory Board, effective as of 10 October 2022 12:00 hours.

On 10 October 2022 Mr. Jacek Santorski was appointed Member of the Supervisory Board of the Issuer, effective as of 10 October 2022, 12:01 hours.

7. Going concern assumption

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 31 December 2022.

Polenergia S.A. is a holding company with business focusing mainly on investments in the companies operating in the area of generation of energy from renewable and conventional sources, as well as distributions, trading and sale of energy. In addition, the Company provides support services to subsidiaries.

In view of the escalating war in Ukraine and the tension in the raw material markets, we witnessed abrupt changes in the market environment which have been manifested through extremely high volatility of the prices of financial instruments, raw materials and commodities, including fluctuation of prices of electricity, natural gas and CO_2 emission allowances. The underlying situation of the European energy market has made it clear that any significant curbing of natural gas supply to EU resulting in restricted supply and uncontrolled price increases of gas, coal and electricity, combined with the heat, shortage of water in water power stations and problems in the operation of nuclear power plants, evokes uncontrolled behavior of the market participants and difficult to contain growth of energy and raw material prices. Furthermore, among financial factors relevant to the Company, increased inflation pressure and volatility of the Zloty exchange rate vis-à-vis the Euro and the US dollar were observed, as well as a significant growth of costs related to the hedging costs of transactions concluded in commodity markets. Since the high energy prices were deemed unacceptable, a price-freeze act was passed with benefits for end-users and price caps for the generators and revenue caps for the trading companies. Any surplus must be transferred to the Settlement Administrator (Zarządca Rozliczeń). In addition, the lifting of the obligatory sale of energy through the commodity exchange and the curbing of offers on the balancing market will entail a reduction in profits of the energy sector companies.

In a short- and medium-term perspective, the regulatory steps will have adverse impact on the amounts of profit generated by the Company. At the same time, the pursuit to stabilize energy prices may entail reduction of the required level of hedging of transactions concluded in the commodity markets.

8. Identification of consolidated financial statements

The Company prepared consolidated financial statements for the year ended 31 December 2022 which were approved for publication on 30 March 2023. The parent company of the Company is Mansa Investments Sp. z o.o. with registered office in Warsaw, Krucza 24/26. The superior parent company that prepares consolidated financial statements is Kulczyk Holding S.à r.l. with registered office in Luxembourg. The ultimate person controlling the Group is Ms. Dominika Kulczyk.

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9. Company investments

As at 31 December 2022 the Company held investments in the following subsidiaries:

No	Company name	Shares
1	Polenergia Kogeneracja Sp. z o.o.	100%
2	Polenergia Dystrybucja Sp. z o.o.	100%
3	Polenergia eMobility Sp. z o.o.	100%
4	Polenergia Obrót S.A.	100%
5	Polenergia Sprzedaż Sp. z o.o.	100%
6	Polenergia Energy Ukraine LLC	100%
7	Polenergia Elektrociepłownia Nowa Sarzyna Sp. z o.o.	100%
8	Dipol Sp. z o. o.	100%
9	Polenergia Farma Wiatrowa 1 Sp. z o.o.	100%
10	Polenergia Farma Wiatrowa 3 Sp. z o.o.	100%
11	Polenergia Farma Wiatrowa 4 Sp. z o.o.	100%
12	Polenergia Farma Wiatrowa 6 Sp. z o.o.	100%
13	Talia Sp. z o.o.	100%
14	Amon Sp. z o.o.	100%
15	Polenergia Farma Wiatrowa Piekło Sp. z o.o.	100%
16	Polenergia Farma Wiatrowa 16 Sp. z o.o.	100%
17	Polenergia Farma Wiatrowa 23 Sp. z o.o.	100%
18	Polenergia Farma Wiatrowa Mycielin Sp. z o.o.	100%
19	Polenergia Farma Wiatrowa Dębice/ Kostomłoty Sp. z o.o.	100%
20	Polenergia Farma Wiatrowa Szymankowo Sp. z o.o.	100%
21	Polenergia Farma Wiatrowa Grabowo Sp. z o.o.	100%
22	Polenergia Farma Wiatrowa Bądecz Sp. z o.o.	100%
23	Polenergia Farma Wiatrowa Namysłów Sp. z o.o.	100%
24	Polenergia Farma Wiatrowa Olbrachcice Sp. z o.o.	100%
25	Polenergia Farma Wiatrowa Wodzisław Sp. z o.o.	100%
26	Polenergia Obrót 2 Sp. z o.o.	100%
27	Polenergia Farma Wiatrowa Krzywa Sp. z o.o.	100%
28	Polenergia Farma Wiatrowa Rudniki Sp. z o.o.	100%
29	Polenergia Farma Wiatrowa 22 Sp. z o.o.	100%
30	Polenergia Farma Wiatrowa 10 Sp. z o.o.	100%
31	Polenergia Farma Wiatrowa 11 sp. z o.o.	100%
32	Polenergia Farma Wiatrowa 12 sp. z o.o.	100%
33	Polenergia Farma Wiatrowa 13 sp. z o.o.	100%
34	Polenergia Farma Wiatrowa 14 sp. z o.o.	100%
35	Polenergia Farma Wiatrowa 15 Sp. z o.o.	100%
36	Polenergia Farma Wiatrowa 17 Sp. z o.o.	100%
37	Polenergia Farma Wiatrowa 15 Sp. z o.o.	100%
38	Polenergia Farma Wiatrowa 18 Sp. z o.o.	100%
39	Polenergia Farma Wiatrowa 19 Sp. z o.o.	100%
40	Polenergia Farma Wiatrowa 20 Sp. z o.o.	100%
41	Polenergia Farma Wiatrowa 21 Sp. z o.o.	100%
42	Polenergia Farma Wiatrowa 29 Sp. z o.o.	100%
43	Polenergia Farma Fotowoltaiczna 1 Sp. z o.o.	100%
44	Polenergia Farma Fotowoltaiczna 2 Sp. z o.o.	100%
45	Polenergia Farma Fotowoltaiczna 3 Sp. z o.o.	100%
46	Polenergia Farma Fotowoltaiczna 4 Sp. z o.o.	100%

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47	Polenergia Farma Fotowoltaiczna 5 Sp. z o.o.	100%
48	Polenergia Farma Fotowoltaiczna 6 Sp. z o.o.	100%
49	Polenergia Farma Fotowoltaiczna 7 Sp. z o.o.	100%
50	Polenergia Farma Fotowoltaiczna 8 Sp. z o.o.	100%
51	Polenergia Farma Fotowoltaiczna 9 Sp. z o.o.	100%
52	Polenergia Farma Fotowoltaiczna 10 Sp. z o.o.	100%
53	Polenergia Farma Fotowoltaiczna 11 Sp. z o.o.	100%
54	Polenergia Farma Fotowoltaiczna 12 Sp. z o.o.	100%
55	Polenergia Farma Fotowoltaiczna 13 Sp. z o.o.	100%
56	Polenergia Farma Fotowoltaiczna 14 Sp. z o.o.	100%
57	Polenergia Farma Fotowoltaiczna 15 Sp. z o.o.	100%
58	Polenergia Farma Fotowoltaiczna 16 Sp. z o.o.	100%
59	Polenergia Farma Fotowoltaiczna 17 Sp. z o.o.	100%
60	Polenergia Farma Fotowoltaiczna 19 Sp. z o.o.	100%
61	Inwestycje Rolne Sp. z o.o.	100%
62	Polenergia Elektrownia Północ Sp. z o.o.	100%
63	Certyfikaty Sp. z o.o.	100%
64	MFW Bałtyk I Sp. z o.o.	50%
65	MFW Bałtyk II Sp. z o.o.	50%
66	MFW Bałtyk III Sp. z o.o.	50%
67	MFW Bałtyk I S.A.	50%
68	Polenergia Fotowoltaika S.A.	100%
69	Polenergia Pompy Ciepła Sp. z o.o.	100%
70	Zielony Ryś Sp. z o.o.	100%

Acquisition of 100% shares of Polenergia Fotowoltaika S.A. (formerly Edison Energia S.A.)

On 31 December 2021, the Company made payment for the shares of Edison Energia S.A. (presently Polenergia Fotowoltaika S.A.) with registered office in Warsaw, in the amount of PLN 71,900 k, which was recognized as a financial asset in the balance sheet as at 31 December 2021. 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. took place 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 86,120 thousand.

10. Accounting principles (policy) applied

The accounting principles (policies) applied in preparation of the financial statements are consistent with those applied in preparation of the Company financial statements for the year ended 31 December 2022.

10.1. New and modified standards and interpretations applied

Changes in the standards or interpretation effective as of 2022

Below, new or amended standards and interpretations have been presented, as applicable as of 1 January 2022 or thereafter. Such changes had no impact on the financial statements of the Company:

- Changes to IFRS 9, examples to IFRS 16, IAS 41 under Annual Improvements 2018 - 2020:

  - IFRS 1: additional exemption re. measurement of cumulative translation differences from consolidation;
  - IFRS 9: (1) when performing a "10 per cent" test to assess whether a modification should entail derecognition of a liability, only only those fees should be taken into account which are exchanged between the borrower and the lender; (2) it was specifically stated that the fees paid in case a liability is derecognized shall be disclosed under P&O and in case no derecognition takes place, they shall be disclosed under relevant liability;
  - IFRS 16: the amendment to Illustrative Example 13 removes from the lease incentive from lessor in terms of paying the cost of the fit-outs borne by the lessee, which gave rise to interpretation confusion;
  - IAS 41: the amendment removed the requirement for entities to exclude taxation cash flows when measuring the value of biological assets.
- Amendment to IAS 16 "Property, plant and equipment"

  The change provides that production during the test of a fixed asset before it has been brought into operation should be disclosed as (1) inventory as per IAS 2 and (2) revenue in the event it has been sold (rather than affect the value of such fixed asset). Testing a fixed asset is a component of its cost, while the production cost is disclosed in P&O at the time revenue is recognized from sale of inventory resulting from such testing.
- Amendment to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"

  The change provides that the cost of fulfilling the contract include incremental costs (e.g. direct labor) and the allocation of other costs that relate directly to fulfilling contracts, e.g. depreciation.
- Amendment to IFRS 3 "Business Combinations",

  More precise reference was given to definitions of liabilities in the conceptual assumptions and contingent liabilities definition in IAS 37.
- Amendment to IFRS 16 "Leases"

  In 2020 the IAS Board published practical expedients for lessees benefiting from rent concessions due to the COVID-19 pandemic. One of the conditions was that the concessions apply only to payments originally due on or before end of June 2021. The amendment extended such deadline until June 2022.

<u>Applying a standard or interpretation prior to the effective date thereof</u>

In these financial statements no standard or interpretation has been voluntarily applied prior to its effective date.

<u>The published standards and interpretations that did not yet apply to periods commencing 1 January 2022 and their impact on the financial statements of the Company</u>

Until the date of these financial statements, new or amended standards and interpretations were published which apply to annual periods subsequent to 2022. The list also includes amendments, standards and interpretations that have been published, but not yet approved by the European Union.
The Company estimates that such amendments will have no material impact on the financial statements of the Company

- New IFRS 17 "Insurance Contracts"

  This new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts. This standard replaces the existing IFRS 4.
- Amendment to IAS 1 "Presentation of Financial Statements"

  The IAS Board provided for more precise classification of liabilities under short- and long-term liabilities, predominantly in two aspects:
  - it has been specified that such classification depends on the right accruing to an entity as at the end of reporting period,
  - the management's intentions of early or late payment of a liability shall be disregarded.

  The changes apply to annual periods commencing 1 January 2023 and thereafter

- Amendment to IAS 1 “Presentation of Financial Statements”

  The IAS Board specified which information on the accounting policy applied in an entity are material and require to be disclosed in the financial statements. The rules focus on adjusting the disclosures to individual circumstances of an entity. IASB issued a warning not to apply standardized provisions copied from IFRS and expected the base for the measurement of the financial instruments to be deemed material information. The change applies to annual periods commencing 1 January 2023 and thereafter.

- Amendment to IAS 8 “Accounting Principles (Policies), Changes in Accounting Estimates and Errors”

  IASB included a definition of the accounting estimate in the standard: Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. The change applies to annual periods commencing 1 January 2023 and thereafter..

- Amendment to IAS 12 "Income Taxes"

  IASB set a rule that if as a result of a transaction both deductible and taxable temporary differences arise in the same amount, assets and deferred tax provision should be recognized even if such transaction is not an effect of any merger or has no impact on the accounting or tax result. This means it is necessary to recognize assets and deferred tax provision when, for example, equal amounts of temporary differences arise in lease (individual temporary difference on liability and on the usufruct) or in restoration liabilities. The rule that the deferred income tax assets and liabilities are set off against each other provided that the current tax assets and liabilities do so remained unchanged. The change applies to annual periods commencing 1 January 2023 and thereafter.

- Amendment to IFRS 17 “Insurance Contracts”

  IASB provided for transition rules on comparative data for entities that implement IFRS 17 and IFRS 9 simultaneously, with a view to reduce potential accounting mismatches resulting from the disparity between those standards. The change applies to annual periods commencing 1 January 2023 and thereafter.

- Amendment to IFRS 16 “Leases”

  The change is more specific about the requirements with respect to measurement of a lease liability arising from a sale and leaseback transactions. It is meant to prevent incorrect recognition of the transaction effect in that part which refers to the retained right of use in the event lease payments are variable and independent from any index or rate. The change applies to annual periods commencing 1 January 2024 and thereafter.

10.2. The rules underlying these financial statements

These financial statements have been prepared in accordance with the International Accounting Standards/ International Financial Reporting Standards (IAS/IFRS) approved by the European Union.

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

According to the applicable provisions of law, these financial statements for the financial year ended on 31 December 2022, together with the comparable data for the financial year ended on 31 December 2021 have been audited by chartered auditor.

These financial statements have been prepared in line with the historical cost principle.

10.3. Significant measures based on estimates and professional judgment

Certain information provided in these consolidated financial statements are based on the Company’s assessment and professional judgment. So derived estimates may often not reflect the actual performance.

The underlying assumptions regarding the future and other key uncertainty factors as at the balance sheet date have been discussed below. They are connected with a material risk of significant adjustment of balance sheet assets and liabilities in the immediately following financial year and include:

- impairment of investments in subsidiaries and jointly controlled entities - referred to in more detail in Note 17,
- deferred tax resulting from uncertainty regarding the value of assets and liabilities in the balance sheet, as well as the assets from tax loss clearance what will be settled against future tax gains estimated based on the Company's assumptions, referred to in more detail in Note 23,
- trade receivables impairment losses - referred to in more detail in Note 18,
- pension plan and related provisions, accrued holiday provisions,
- Lease term - When measuring the lease payable, the Company estimates the lease term which covers:
  - irrevocable lease term,
  - terms, where a lease extension option exists, provided there is sufficient certainty to assume that the lessee will exercise such option,
  - terms, where a lease termination option exists, provided there is sufficient certainty to assume that the lessee will not exercise such option.

  In its assessment whether the Company will exercise its option to extend or will not exercise its option to terminate, the Company considers all material facts and circumstances which are an economic incentive for the Group to exercise or not exercise a given option. The items considered include, without limitation:

  - contractual terms regarding lease fees in optional terms,
  - significant investments in the leased object,
  - termination costs,
  - the significance of the underlying asset for the Company's business,
  - terms of exercising the option.

  The lease payable disclosed in the balance sheet reflects the best estimates with respect to the lease term, however any future change of circumstances may result in an increased or reduces lease payable and in recording a corresponding adjustment under the right of use assets.

The uncertainty of estimates stems mainly from the macroeconomic assumptions, as well as those assumptions which are unique for the Company and applied when measuring assets and liabilities.

In the year ended 31 December 2022 no changes were made in determining the Company’s estimates that would impact any information disclosed in the consolidated financial statements.

10.4. Measurement currency and currency of the financial statements

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

10.5. Intangible Assets

Intangible assets which have been separately acquired or produced (provided they meet the criteria for being recognized as development expenditure) are initially recognized at acquisition or production cost. The acquisition cost of intangible assets acquired in a business combination transaction is equivalent to their fair value as at the date of the combination. Following initial recognition, intangible assets are recognized at acquisition or production cost less accumulated amortization and impairment losses, if any. With the exception of capitalized development expenditure, expenditure on intangible assets produced by the Company is not capitalized and is charged to expenses in the period it was incurred.

The Company determines whether intangible assets have definite or indefinite useful lives. Intangible assets with definite useful lives are amortized over their useful lives and tested for impairment each time there is an indication of impairment. The amortization period and method with respect to intangibles with a definite useful life are reviewed at the end of each financial year or more frequently. Changes in the expected useful life or pattern of consumption of the future economic benefits embodied in an asset are disclosed by changing the amortization period or amortization method, as appropriate, and are accounted for as changes in accounting estimates. Amortization charges on intangible assets with definite useful lives are recognized under profit or loss in the category that corresponds to the function of a given intangible asset.

Intangible assets with indefinite useful lives and those which are not used are tested for impairment annually with respect to individual assets or at the level of the relevant cash generating unit.

Expected useful lives are as follows:

Patents, licenses	1 year
Software	2–5 years
Other intangible assets	5 years

Any gain or loss on the disposal of intangibles is determined by way of subtracting the carrying amount of the disposed intangible fixed asset from net proceeds from such disposal. Such gain or loss is recognized in the profit and loss under other operating revenue or other operating costs at the time the buyer takes control over such disposed intangible asset, in line with the requirements of IFRS 15 (see item "Sales revenue" in this section of notes to the financial statements). The amount of consideration payable as part of the intangible disposal transaction is determined in line with the requirements of IFRS 15 concerning the determining of the transaction price.

10.6. Non-current fixed assets

Non-current fixed assets are measured at acquisition cost/production cost less depreciation and impairment losses, if any.

The initial value of non-current fixed assets is represented by their acquisition cost plus all costs directly related to such acquisition and bringing such assets to the working condition for its intended use. The cost also includes the cost of replacing component parts of plant and equipment, which is recognized when incurred if relevant recognition criteria are fulfilled. Costs incurred after a non-current fixed asset has been placed in service, such as costs of maintenance or repair, are charged to the profit and loss account when incurred.

Upon acquisition, non-current fixed assets are divided into components of material value which can be assigned various economic useful lives. The overhaul cost is also deemed a component thereof.

non-current fixed assets other than land property are depreciated using the straight-line method over their estimated useful lives.

Buildings, structures, premises and civil engineering structures	20 years
Plant and equipment	2.5−20 years
Vehicles	2.5−5 years
Other non-current fixed assets	5−7 years

Residual values, useful lives and methods of depreciation of assets are reviewed annually and, if necessary, adjusted effective as of the beginning of the financial year just ended.

Individual fixed assets are recognized separately and depreciated over their useful lives.

Any gain or loss on the disposal of non-current fixed assets is determined by way of subtracting the carrying amount of such non-current fixed asset from net proceeds from such disposal. Such gain or loss is recognized in the profit and loss under other operating revenue or other operating costs at the time the buyer takes control over such disposed non-current asset, in line with the requirements of IFRS 15 (see item "Sales revenue" in this section of notes to the financial statements). The amount of consideration payable as part of the intangible disposal transaction is determined in line with the requirements of IFRS 15 concerning the determining of the transaction price.

10.7. Impairment losses on non-financial fixed assets

An assessment is made by the Company as at the end of each reporting period whether there is any indication that any of non-financial fixed assets may be impaired. If it is found such indications exist, or if it is required to perform annual impairment test, the Group estimates the recoverable amount of a given asset or a cash-generating unit to which a given asset belongs.

The recoverable amount of an asset or a cash-generating unit is the higher of the asset's or cash-generating unit's fair value less selling costs of such asset or unit, or its value in use. In the event the carrying amount of an asset exceeds its recoverable amount, impairment takes place and an impairment loss is recognized, reducing the asset's carrying amount to the established recoverable amount. In assessing value in use, the projected cash flows are discounted to their present value using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to a given asset. Impairment losses with respect to assets in continuing operations are recognized in those expense categories which are consistent with the function of the impaired asset.

As at end of each reporting period the Company makes an assessment whether there is any indication that the previously recognized impairment loss of an asset is redundant or whether it should be reduced. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if and to the extent there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such event, the carrying amount of the asset is increased up to its recoverable amount. Such increased amount may not exceed the carrying amount of the asset that would have been determined (after accumulated amortization/depreciation) if no impairment losses had been recognized on that asset in the preceding years. Reversal of an impairment loss is immediately recognized as income in the profit and loss account. Following reversal of an impairment loss, in subsequent periods the amortization/depreciation charge related to a given asset is adjusted so that its revised carrying amount, less its residual value, can regularly be written down over the remaining useful life of the asset.

10.8. Investments in subsidiaries, associates and jointly controlled entities

Investments in subsidiaries, associates and jointly controlled entities include holding interest in entities that are not listed on active market. Such interest is disclosed in the balance sheet at historical cost less impairment losses, if any.

As at each end of reporting period day the Company performs an analysis of shares it holds in subsidiaries and jointly controlled entities for identification of any indications of impairment of a given project.

In case such indications have been identified, for such projects the Company performs an analysis including, without limitation, a comparison of the share value with the net asset worth of subsidiaries or, where the shares value exceeds the net assets of a company, with the financial projections developed. i.e. impairment tests for the tested businesses.

The impairment loss is recognized as an amount of the excess of the balance sheet value of an asset over its recoverable amount. The recoverable amount is the higher of the two: the assets' fair value less selling expenses or their value in use.

Those shares which have been identified as impaired are evaluated on each end of reporting period day for indications of a potential reversal of such impairment loss.

10.9. Financial assets

The Company categorizes financial assets as follows:

- Financial assets measured at amortized cost,
- Financial assets measured at fair value through profit or loss,

- Financial assets measured at fair value under other comprehensive income,

The classification depends on the model the Company has adopted for financial instrument management and the terms of contractual cash flows from such instruments. The Company reclassifies investments in debt instruments only when the asset management model changes.

Recognition and derecognition

Financial assets are recognized whenever the Company becomes a party to contractual provisions of a given instrument. Financial assets are excluded from accounting books when the right to generate cash flows on account of such financial assets expired or were transferred and the Company transferred substantially all the risk and all benefits attributable to the ownership title.

Measurement as at the initial recognition

On initial recognition, financial assets are recognized by the Company at fair value plus – in the case of financial assets other than those measured at fair value through profit or loss – any transaction costs directly attributable to the purchase of such financial asset. Transaction costs attributable to financial assets measured at fair value through profit or loss are recognized in profit or loss.

Financial assets measured at amortized cost

Debt instruments held to obtain contractual cash flows that include solely payment of principal and interest (SPPI), are measured at amortized cost. Interest revenue is measured using the effective interest rate method and disclosed under "financial income" item in the profit or loss account. Expected credit losses are recognized in line with the accounting principle referred to in Note 10.11 and presented under "financial expenses" item. In particular, the Company classifies the following under that category:

- trade receivables,
- loans that meet the SPPI requirement test which are disclosed, in line with the business model, as "held in order to generate cash flows",
- cash and equivalent.

Financial assets at fair value through profit or loss

Those assets which do not meet the measurement criteria at amortized cost or at fair value under other comprehensive income are measured at fair value through profit or loss. In the year ended 31 December 2022, there were no financial assets measured at fair value through profit or loss.

10.10. Lease

The Company as a lessor

As a lessor, the Company classifies contracts as financial lease, if it involves transfer of substantially all risk and benefits from the ownership of the underlying asset. Otherwise, lease is treated as operating lease. In the year ended 31 December 2022, the Company recorded an impairment loss on a financial lease resulting from the only one such contract.

The Company as a lessee

The assets leased by the Company include office premises, vehicles and equipment. Usually, contracts are entered into for a definite term, between 3 and 6 years, with an option to extend such contract, as referred to hereinbelow.

Recognition of lease payables

As at the initial recognition date, lease payments included in the lease payables measurement discounted at the current value include the following types of payments for the right-of-use the underlying asset throughout the lease term:

- fixed lease payments less any lease incentives receivable,

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

Lease payments related to the lease extension option are also included in the measurement of liability, provided that sufficient certainty exists that such option will be realized.

Lease payments are discounted at the lease discount rate, or in the event it is impossible to easily determine such rate, the lessee's incremental rate is applied. The Company assumed that the incremental interest rate should reflect the cost of financing that would be incurred to finance the purchase of an asset of a similar value to the one the right-of-use pertains to. When estimating the discount rate, the Company considered the following contractual features: type, tenor, currency and potential spread the Company would have to pay to any financial institution providing financing.

Lease payments are allocated between the principal and finance cost. Lease payables have been recognized in the balance sheet under an individual item. The finance costs are charged to profit or loss throughout the term of the lease contract so as to achieve fixed periodic interest rate on the outstanding balance of the amount payable for each given period.

Payments related to short-term lease of equipment and vehicles, as well as the lease of low value assets are recognized under cost, according to a straight line method, in the profit and loss account. Short-term lease denotes lease contracts with the term of 12 or fewer months. Low value assets include computer hardware the value of which does not exceed PLN 20 k.

Recognition of the right-of-use assets

The right-of-use assets are measured at cost which includes:

- the initial measurement amount of the lease payable,
- any lease payments made on or before the commencement date less the lease incentives received,
- any upfront direct costs.

The right-of-use assets are recognized in the balance sheet under the same item where the base assets owned by the Company would be recognized. Depreciation of the right-of-use assets has been recognized in the profit and loss account under the general overheads item.

10.11. Impairment of financial assets

IFRS 9 requires that the impairment loss on account of the expected credit loss for financial assets is estimated notwithstanding whether or not any indications giving rise to such impairment loss occurred. Said standard provides for a 3-step classification of financial assets, impairment-wise. (1) Stage 1 – where credit risk has not increased significantly since initial recognition and where entities are required to determine ECL based on a 12-month loss-occurrence risk; (2) Stage 2 – where credit risk has increased significantly since initial recognition and where entities are required to determine ECL based on the lifetime loss-occurrence risk; (3) Stage 3 – where a financial asset is credit-impaired.

The 3-stage model is applied to all financial assets excepting short term trade receivables for which the Company uses impairment losses throughout the entire lifetime of a given financial instrument.

Trade receivables from individually significant entities (customers buying large volume of goods in a given segment, with cooperation based on long-term contracts) - estimation of expected impairment is based on an analysis of contracting parties' insolvency risk.

The Company also applies the 3-stage model to cash, however in this case, the Management Board believes that impairment is immaterial.

(PLN k)

10.12. Foreign currency transactions

Transactions denominated in currencies other than Polish zloty are translated into Polish zlotys at the rate of exchange prevailing on the transaction date.

Cash, bank loans and other monetary assets and liabilities denominated in currencies other than Polish zloty are translated into Polish zlotys at the average rate quoted by NBP. Foreign exchange differences on translation are recognized in finance income or cost, as appropriate.

Non-cash assets and liabilities recognized at historical cost denominated in foreign currencies are disclosed at historical foreign exchange rate as at the transaction day. Non-cash assets and liabilities recognized at fair value denominated in foreign currencies are translated at the exchange rate prevailing on the day they are measured at fair value.

The following exchange rates were used for measurement purposes:

	2022-12-31	31 December 2021
USD	4.4018	4.0600
EUR	4.6899	4.5994
GBP	5.2957	5.4846

10.13. Cash

Cash disclosed in the statement of cash flows comprises cash in hand, bank deposits, shares in investment funds, treasury bills and bonds not classified as investing activities (in excess of 3 months). Cash at bank deposits meet the SPPI test and the “held to collect” business model test, therefore they are measured at amortized cost less the impairment loss determined as per the expected credit loss model.

10.14. Prepayments

Prepayments are recognized in case the Company bears expenses that refer to the future reporting periods, in particular they include estimated accrued revenues, insurance and subscriptions prepayments.

Accruals are recognized at probable amounts of current-period liabilities, in particular they include estimated future premiums and costs of third party services.

10.15. Equity

Share capital is shown in the amount defined in the Statutes, and entered in the court register. Any difference between the fair value of consideration received and the par value of shares is recognized in statutory reserve funds under share premium account.

Where shares are repurchased, relevant payment amounts are charged to equity and disclosed in the balance sheet as treasury shares. Declared capital contributions to be made in future are disclosed as called up but unpaid capital.

Other capital reserves were established from statutory write-offs of profits generated in previous financial years, while capital reserves from the measurement of options were established in connection with the option program and are subject to distribution as dividend.

The merger capital comes from a merger of companies which occurred under Article 492 sec. 1 item 1 of the Commercial Companies Code by way of a transfer of all assets and liabilities of the company Neutron sp. z o.o. ["the acquiree"], the company Grupa PEP Finansowanie Projektów Sp. z o.o. ["the acquiree"] and the company Grupa PEP Uprawy Energetyczne Sp. z o.o. ["the acquiree"] onto the company Polenergia S.A. ["the acquirer"][merger by acquisition], using the accounting method of combining shares without closing the accounts.

As required by the Commercial companies Code, the Company is obligated to establish reserve capital to cover losses, which is disclosed in the balance sheet as Share premium account. After each financial year, at least 8% of net profit disclosed in the Company financial statements should be contributed to statutory reserve funds, until the funds reach at least one-third of the share capital. While it is the General Meeting that resolves how to spend such statutory reserve funds and capital reserves, part of statutory reserve funds equal to one-third of the share capital, may only be spend to cover the loss disclosed in the financial statements and may not be used for any other purpose.

As at 31 December 2022 there are no other restrictions that would apply to distribution of dividend.

10.16. Provisions

Provisions are recorded whenever the Company is under an existing obligation (by operation of law or by common practice) resulting from past events and when it is certain or very likely that performance of such obligation will necessitate the outflow of resources with inherent economic benefits and when it is possible to provide a reliable estimation of the amount of such obligation.

Where expenditure required to settle the obligation is expected by the Company to be reimbursed by another party (e.g. under an insurance agreement), the reimbursement is recognized as a separate asset only when virtual certainty exists that it will be actually received. Cost related to a given provision is recognized in profit or loss net of any recoveries. If the effect of the time value of money is material, the amount of a provision is determined by discounting the projected future cash flows to their present value, using a pre-tax discount rate reflecting the current market estimates of the time value of money, as well as any risk associated with a given obligation. If the discount method is applied, an increase in the provision as a result of the passage of time is recognized as finance costs.

10.17. Provision for length-of-service awards and retirement pays

In accordance with the company remuneration systems, the Company employees are entitled to retirement pays. Retirement pays are one-off benefits, paid out when an employee retires. Amounts of such retirement pays depend on the length of service and the average remuneration of the employee. The Company recognizes a provision for future retirement pay obligations through profit/loss in order to allocate costs to the periods they relate to. Accrued obligations are equal to the amount of discounted future payments, taking into account employee turnover, and relate to the period ending on the reporting date. Information on demographics and employee turnover is based on historical data.

10.18. Interest-bearing bank loans, borrowings and other debt instruments

All bank loans, borrowings and other debt instruments are initially recognized at fair value net of transaction costs associated with such loan or borrowing.

After initial recognition, interest-bearing loans, borrowings and other debt instruments are measured at amortized cost using the effective interest rate method.

Amortized cost includes the incremental costs, as well as any discounts or premiums obtained in connection with the liability.

Any gains or losses are taken to profit and loss account when the liability is derecognized or accounted for using the effective interest rate method.

10.19. Trade payables and other payables

Short-term trade payables are recognized at nominal amounts payable in view of a negligible discount effect.

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading, and financial liabilities initially designated as financial liabilities at fair value through profit or loss.

Financial liabilities are classified as held for trading if they have been acquired for the purpose of being sold in the near future. Derivative financial instruments, including separated embedded derivatives, are also classified as held for trading, unless they are considered as effective hedges.

Financial liabilities may be designated as financial liabilities measured at fair value through profit or loss on initial recognition if the following criteria are met: (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases, (ii) the liabilities are part of financial liabilities of the Company that are managed and measured based on fair value, according to a documented risk management strategy, or (iii) the financial liabilities contain embedded derivative instruments which should be presented separately, whenever they cannot be measured separately.

Financial liabilities other than financial instruments measured at fair value through profit or loss are measured at amortized cost using the effective interest rate method.

The Company derecognizes a financial liability when it has been extinguished, that is when the obligation specified in the contract has either been discharged or canceled or has expired. When an existing debt instrument between the same parties is replaced by another instrument whose terms are substantially different, the Company treats such replacement as if the former financial liability was extinguished and recognizes a new liability. Similarly, material modifications to the terms of a contract concerning an existing financial liability are presented by the Company as the original liability being extinguished and a new financial liability being recognized. Any differences in the respective carrying amounts arising in connection with such replacement are charged to the profit and loss account.

Other non-financial liabilities include, in particular, value added tax payable to tax authorities and liabilities under prepayments received, to be settled through the supplies of merchandise, services or fixed assets. Other non-financial liabilities are recognized at their amounts due.

10.20. Financial guarantee contracts as per IFRS 9

The Company enters into financial guarantee contracts, e.g. surety where it undertakes to indemnify the creditor against any loss that may arise in connection with the default in payment by the relevant companies.

Such contracts are measured at fair value, according to IFRS 9. Such fair value has been estimated to be the present value of future payments subject to a discount rate based on the risk rate for the assets. The measurement of the present value of payments on account of sureties has been presented in Note 26.1 Guarantees and sureties granted.

10.21. Recognition of revenue

10.21.1. Net sales revenues from services

The principles in IFRS 15 refer to any and all revenue yielding contracts. The core principle of the new standard is that revenue is recognized at the moment of transfer of control over the goods or services to a customer in the amount of the transaction price. Any goods or services which are sold in packages but can be identified separately in a package must be recognized individually, on top of that any discounts and rebates affecting the transaction price must in principle be allocated to individual elements of the package. The accounting policies applicable to individual revenue categories have been listed below:

Revenue from the provision of services of a continuous nature is recognized in the course of fulfilling the obligation to perform by way of delivering the promised service to the customer. It includes revenue from consultancy and advisory projects and rental revenue. This method applied to recognize revenue is based on the outlays.

10.21.2. Interest

Interest gains are recognized gradually as interest accrues (using the effective interest rate method, where the effective interest rate is one which discounts future cash flows over the estimated life of the financial instruments) relative to the net carrying amount of a given financial asset.

10.21.3. Dividends

Dividends are recognized when the shareholders' rights to receive distribution are established.

10.21.4. Lease income (operating lease)

Revenues from rental (lease) are recognized on a straight line basis throughout the lease term for contracts in progress.

10.22. Taxes

10.22.1. Current tax

Current tax asset and income tax payable for the current period and for previous periods are measured at the amount expected to be paid to (or recovered from) tax authorities, using the tax rates and tax legislation that have been enacted or substantively enacted as at the end of the reporting period.

10.22.2. Deferred tax

For the purposes of financial reporting, deferred tax is calculated using the balance-sheet liability method in relation to temporary differences existing as at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts as disclosed in the financial statements.

A deferred tax liability provision is recognized for all taxable temporary differences:

- except where the deferred tax liability provision arises from the initial recognition of goodwill or the initial recognition of an asset or liability attributable to a transaction other than business combination and, at the time of the transaction, affecting neither the pre-tax profit/loss nor the taxable profit or loss, and
- in the case of taxable temporary differences attributable to investments in subsidiaries or associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled by the investor and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, as well as unused tax credits and unused tax losses brought forward, to the extent it is probable that taxable income will be available against which the deductible temporary differences, tax credits and tax losses can be utilized:

- except to the extent that the deferred tax asset related to deductible temporary differences arises from the initial recognition of an asset or liability attributable to a transaction other than business combination, and, at the time of the transaction, affects neither the pre-tax profit/loss nor the taxable profit or the tax loss, and
- in the case of deductible temporary differences attributable to investments in subsidiaries or associates and interests in joint ventures, deferred tax asset is only recognized to the extent

that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of a deferred tax asset is reviewed as at the end of each reporting period and is gradually reduced to the extent it is no longer probable that sufficient taxable income will be generated to allow the deferred tax asset to be realized in full or in part. As at the end of each reporting period, any unrecognized deferred tax asset is reassessed and recognized to the extent that it is probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liability provisions are calculated using tax rates expected to be effective at the time of realization of the asset or liability, based on tax rates (and tax legislation) effective at the end of the reporting period or tax rates (and tax legislation) which at the reporting date are certain to be effective in the future.

Income tax on items posted directly to equity is recognized in equity rather than in the profit and loss account.

Deferred tax assets and deferred tax liability provisions are offset by the Company if and only if has a legally enforceable right to offset current tax asset and income tax payable, and the deferred tax relates to the same taxpayer and the same tax authority.

10.22.3. Value Added Tax

Revenue, expenses, assets and liabilities are recognized net of VAT, except in the following cases:

- where the value added tax paid on the purchase of assets or services is not recoverable from the tax authorities; in such a case it is recognized as part of the acquisition price of a given asset or as part of the cost item, and
- in the case of receivables and payables which are recognized inclusive of VAT.

The net amount of the value added tax which is recoverable from or payable to tax authorities is disclosed in the balance sheet under receivables or payables, as appropriate.

10.23. Earnings per share

Basic earnings per share are calculated as the quotient of net profit for a given period attributable to holders of ordinary shares in the Company and the weighted average number of ordinary shares outstanding in the period.

Diluted earnings per share are calculated as the quotient of net profit for a given period attributable to holders of ordinary shares (net of interest on redeemable preference shares convertible into ordinary shares) and the weighted average number of ordinary shares outstanding in the period (adjusted for the effect of dilutive options and dilutive redeemable preference shares convertible into ordinary shares).

10.24. Contingent liabilities and assets

A contingent liability is understood as an obligation to make a payment or provide a service which may arise upon the occurrence or non-occurrence of certain future events. Contingent liabilities are not recognized in the balance sheet, however information on contingent liabilities is disclosed, unless the probability of the outflow of resources embodying economic benefits is negligible.

Contingent receivables are not recognized in the balance sheet, but information on contingent receivables is disclosed if the inflow of resources embodying economic benefits is likely to occur.

11. Operating segments

The Company’s business in comprised in a single operating segment. Sales revenues include mainly the services provided, referred to in more detail in Note 27. The total amount of revenue received from customers with whom transactions exceed 10 or more percent of the entity's total revenue is PLN 7,208 thousand.

(PLN k)

12. Earnings per share

	For 12 months ended	
	31.12.2022	31.12.2021
Net profit (loss)	120,323	241,084
Average weighted number of ordinary shares	60,949,963	45,443,547
Profit (Loss) per ordinary share (in PLN)	1.97	5.31

13. Distribution of profit

On 11 May 2022 the Ordinary General Meeting of the Company Shareholders resolved to transfer the profit for 2022 of PLN 241,084 k to other capital reserves.

(PLN k)

14. Intangible Assets

31.12.2022	concessions, patents, licenses and similar entitlements obtained	total intangibles
1. Gross value of intangible assets at beginning of period	**2 296**	**2 296**
a) increase (due to)	173	173
- purchase	173	173
2. Gross value of intangible assets at end of period	**2 469**	**2 469**
3. Cumulative depreciation at beginning of period	**(2 172)**	**(2 172)**
- current period depreciation	(48)	(48)
4. Cumulative depreciation at end of period	**(2 220)**	**(2 220)**
5. Impairment losses at beginning of period	**-**	**-**
6. Impairment losses at end of period	**-**	**-**
7. Net value of intangible assets at beginning of period	**124**	**124**
8. Net value of intangible assets at end of period	**249**	**249**

31.12.2021	concessions, patents, licenses and similar entitlements obtained	total intangibles
1. Gross value of intangible assets at beginning of period	**2 167**	**2 167**
a) increase (due to)	129	129
- purchase	129	129
2. Gross value of intangible assets at end of period	**2 296**	**2 296**
3. Cumulative depreciation at beginning of period	**(2 151)**	**(2 151)**
- current period depreciation	(21)	(21)
4. Cumulative depreciation at end of period	**(2 172)**	**(2 172)**
5. Impairment losses at beginning of period	-	**-**
6. Impairment losses at end of period	**-**	**-**
7. Net value of intangible assets at beginning of period	**16**	**16**
8. Net value of intangible assets at end of period	**124**	**124**

(PLN k)

15. Non-current fixed assets

31.12.2022	building, premises	plant and machinery	vehicles	other non-current fixed assets	total non-current fixed assets
1. Gross value of non-current fixed assets at beginning of period	**10 216**	**1 344**	**4 079**	**677**	**16 316**
a) increases (due to)	9 784	491	2 390	121	12 786
- purchase	-	491	2 390	121	3 002
- other	9 784	-	-	-	9 784
b) reductions (due to)	-	-	(134)	-	(134)
- sale and liquidation	-		(134)	-	(134)
2. Gross value of non-current fixed assets at end of period	**20 000**	**1 835**	**6 335**	**798**	**28 968**
3. Cumulative depreciation at beginning of period	**(4 235)**	**(764)**	**(2 051)**	**(590)**	**(7 640)**
- current period depreciation	(2 685)	(257)	(1 242)	(46)	(4 230)
- reductions (due to)	-	-	134	-	134
- sale and liquidation	-		134	-	134
3. Cumulative depreciation at end of period	**(6 920)**	**(1 021)**	**(3 159)**	**(636)**	**(11 736)**
4. Impairment losses at beginning of period	**-**	**-**	**-**	**-**	**-**
6. Impairment losses at end of period	**-**	**-**	**-**	**-**	**-**
7. Net value of non-current fixed assets at beginning of period	**5 981**	**580**	**2 028**	**87**	**8 676**
8. Net value of non-current fixed assets at end of period	**13 080**	**814**	**3 176**	**162**	**17 232**

(PLN k)

31.12.2021	building, premises	plant and machinery	vehicles	other non-current fixed assets	total non-current fixed assets
1. Gross value of non-current fixed assets at beginning of period	**9 597**	**1 025**	**2 974**	**677**	**14 273**
a) increases (due to)	**619**	322	1 216	-	2 157
- purchase	-	322	1 216	-	1 538
- other	619	-	-	-	619
b) reductions (due to)	-	(3)	(111)	-	(114)
- sale and liquidation	-	(3)	(111)	-	(114)
2. Gross value of non-current fixed assets at end of period	**10 216**	**1 344**	**4 079**	**677**	**16 316**
3. Cumulative depreciation at beginning of period	**(2 877)**	**(570)**	**(1 345)**	**(550)**	**(5 342)**
- current period depreciation	(1 358)	(197)	(817)	(40)	(2 412)
- reductions (due to)	-	3	111	-	114
- sale and liquidation	-	3	111	-	114
3. Cumulative depreciation at end of period	**(4 235)**	**(764)**	**(2 051)**	**(590)**	**(7 640)**
4. Impairment losses at beginning of period	**-**	**-**	**-**	**-**	**-**
6. Impairment losses at end of period	**-**	**-**	**-**	**-**	**-**
7. Net value of non-current fixed assets at beginning of period	**6 720**	**455**	**1 629**	**127**	**8 931**
8. Net value of non-current fixed assets at end of period	**5 981**	**580**	**2 028**	**87**	**8 676**

(PLN k)

16. Right-of-use assets

The tangible fixes asset worth includes the right of use assets of the following carrying amount, with the following underlying asset categories, which were subject to the following depreciation in 2022:

Right-of-use assets under lease	31.12.2022	31.12.2021
Building, premises	12 958	5 776
Vehicles	3 164	1 985
Total	**16 122**	**7 761**

Right-of-use depreciation	31.12.2022	31.12.2021
Building, premises	2 601	1 275
Vehicles	1 211	788
Total	**3 812**	**2 063**

The amount of lease payables has been presented in Note 34.

The most significant lease contracts in progress in 2022 include the rental of office space and the lease-to-own of the vehicles. The lease fees are subject to variable interest rate calculated against WIBOR.

17. Long term financial assets

The Company reviews its investment in subsidiaries based on their net assets as at the balance sheet date. Should indications of impairment be identified, the Company estimates the recoverable value. No indications have been identified for these assets.

	31.12.2022	31.12.2021
- share or stock in non-listed companies	1 279 631	1 482 899
- loans given	242 342	21 365
Total long term financial assets	**1 521 973**	**1 504 264**

Shares or stock are disclosed in the balance sheet at historical cost less impairment, if any, while loans are measured at amortized cost using the effective interest rate method. less impairment, if any.

(PLN k)

Shares or stock in non-listed companies:

	31.12.2022	31.12.2021
As at the beginning of the period	1 482 899	951 729
- capital increase	170 524	461 052
- acquisition	14 220	71 900
- return of supplementary payments towards capital	-	(601)
- sale of shares	-	(1 044)
- liquidation	(242)	(137)
- reclassification of capital subsidies	(387 770)	-
As at the end of the period	**1 279 631**	**1 482 899**

	31.12.2022			31.12.2021		
	Gross value	Impairment losses	Net value	Gross value	Impairment losses	Net value
In subsidiaries	932 244	(85 735)	846 509	1 257 455	(97 178)	1 160 277
In joint ventures	433 122	-	433 122	322 622	-	322 622
Total	**1 365 366**	**(85 735)**	**1 279 631**	**1 580 077**	**(97 178)**	**1 482 899**

The change of the impairment losses results from the liquidation of the companies whose shares were subject to such impairment.

On 3 January 2022, the transfer of the ownership title to all shares of Edison Energia S.A. with registered office in Warsaw took place.

Financial asset impairment loss test in subsidiaries

As at 31 December 2022, the Company analyzed the indications of impairment of financial assets in subsidiaries.
No indications were identified with respect to those assets that would necessitate an impairment test.

Financial asset impairment loss test in jointly controlled entities

As at 31 December 2022, the Company analyzed the indications of impairment of investments in the companies under joint control. No indications were identified with respect to those assets that would necessitate an impairment test.

(PLN k)

18. Short term receivables

	31.12.2022	31.12.2021
- trade receivables	33 477	23 955
- from related entities	33 425	23 913
- from other entities	52	42
- income tax receivable	-	4 051
- other receivables	981	285
- other	981	285
Total net short-term receivables	**34 458**	**28 291**
- receivables remeasured write-downs	3 512	3 512
Total gross short-term receivables	**37 970**	**31 803**

For transactions with associates see Note 38.

Trade receivables bear no interest and are typically payable within 7– 45 days.

As at 31 December 2022, impairment losses on uncollectible trade receivables amounted to PLN 3,512 k (in 2021: PLN 3,512 k)

	31.12.2022	31.12.2021
As at the beginning of the period	**3 512**	**3 567**
- Reversal	-	(55)
As at the end of the period	**3 512**	**3 512**

Below is a classification of trade receivables into impairment stages of the model:

	Total	Step 2
31.12.2022	33 477	33 477
31.12.2021	23 955	23 955

Changes of the carrying amount of trade receivables within the current reporting period have been presented in the table below:

Trade receivables - gross value	31.12.2022	31.12.2021
As at the beginning of the period	**27 467**	**19 892**
Generated	53 633	38 920
Paid	(44 111)	(31 345)
As at the end of the period	**36 989**	**27 467**

(PLN k)

The expected credit losses as at 31 December 2022 have been shown in the table below:

		Receivables from corporate customers			
	Total	Current 0-30 days	30-60 days	60-90 days	>90 days
31.12.2022	36 989	32 903	3	5	4 078
-	(3 512)	-	-	-	(3 512)
31.12.2021	27 475	23 943	-	8	3 524
-	(3 512)	-	-	-	(3 512)

19. Prepayments

	31.12.2022	31.12.2021
- insurance	524	406
- subscriptions	2	51
- accrued revenue	6 579	5 177
- other	553	379
Total prepayments and accrued income	**7 658**	**6 013**

As at 31 December 2022 accrued revenues of PLN 6,579 k (2021: PLN 5,177 k) result from the provision of services to subsidiaries.

20. Short term financial assets

	31.12.2022	31.12.2021
- loans given	585 193	-
Total short term financial assets	**585 193**	**-**

Loans are valued at amortized cost using the effective interest rate method.

21. Cash and equivalent

	31.12.2022	31.12.2021
Cash and equivalent, including:	426 125	151 247
- cash at hand and in bank	426 125	151 247
Total	**426 125**	**151 247**

Cash at banks earns interest at floating rates linked to interest rates for overnight deposits. Short-term deposits are placed for various periods, from one day to one month, depending on the Company's immediate cash requirement, and earn interest at interest rates determined for them.

As at 31 December 2022 restricted cash amounted to PLN 28 k (2022: PLN 31 k).

The company applies a three-tier model to cash.

(PLN k)

In the opinion of the Management Board, impairment loss, if any, would be immaterial and as such has not been disclosed in the financial statements because the Company avails itself of reputable financial institutions only.

22. Share capital and capital reserves

22.1. Significant shareholders

Shareholders holding 5% or more of the total number of shares as at the date of issue of these 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	PTU Allianz Polska S.A.	5 229 666	5 229 666	7,83%
5	Others	7 870 389	7 870 389	11,78%
	Total	**66 802 246**	**66 802 246**	**100%**

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

On 29 March 2022, the District Court for the capital city of Warsaw in Warsaw, Commercial Department XII of the National Court Register registered an increase of the Company's share capital as a result of the issuance of the AA series ordinary bearer shares.

23. Income tax

23.1. Tax charges

	For 12 months ended	
	31.12.2022	31.12.2021
Current income tax	2 733	35 223
Current income tax charge	2 733	35 223
Differed income tax	7 308	5 392
Related to temporary differences and their reversal	7 308	5 392
Income tax charged to the profit and loss account	10 041	40 615

(PLN k)

23.2. Deferred income tax

	Balance sheet	Profit and loss account	Balance sheet
Deferred income tax	**01.01.2022**		**31.12.2022**
Deferred income tax provision			
Tangible fixed assets	1 465	1 588	3 053
Receivables	984	391	1 375
Loans and borrowings	-	7 154	7 154
Deferred income tax provision before tax	**2 449**	**9 133**	**11 582**
Deferred income tax assets			
Tangible fixed assets	355	(124)	231
Borrowings	949	(113)	836
Liabilities	1 868	1 308	3 176
Provisions	2 715	754	3 469
Deferred income tax asset	**5 887**	**1 825**	**7 712**
Deferred income tax expense		**7 308**	
Net deferred tax (assets)/provision	**(3 438)**		**3 870**

	31.12.2022	31.12.2021
Deferred income tax liability		
with maturity following 12 months	10 207	1 466
with maturity within 12 months	1 375	983
Deferred income tax asset		
with maturity following 12 months	3 176	1 868
with maturity within 12 months	4 536	4 019
Deferred income tax liabilities (assets)	**3 870**	**(3 438)**

(PLN k)

23.3. Effective tax rate

	For 12 months ended	
	31.12.2022	31.12.2021
Income tax charged to the profit and loss account, including	**10 041**	**40 615**
Current tax	2 733	35 223
Deferred tax	7 308	5 392
Profit (Loss) before tax	**130 364**	**281 699**
Tax on gross profit at effective tax rate of 19%	24 769	53 523
Adjustments to prior years current income tax	(27)	-
Current tax of limited partnerships	-	304
Deferred tax (change) of limited partnerships	-	381
Non-deductible costs:	**821**	**2 754**
- permanent differences	534	255
- temporary difference on which no tax asset/provision is established	287	2 499
Non-taxable income:	**(15 522)**	**(16 347)**
- dividends	(15 597)	(15 742)
- other	75	(605)
Income tax in the profit and loss account	**10 041**	**40 615**

24. Short term liabilities

	31.12.2022	31.12.2021
- bank loans and borrowings	-	249 687
- trade payables	2 223	2 031
- from related entities	87	2
- from other entities	2 136	2 029
- income tax payable	2 760	-
- lease liabilities	4 876	2 463
- other liabilities	13 209	12 856
- budget payments receivable	9 106	3 311
- special funds	19	26
- other	4 084	9 519
Total short term liabilities	**23 068**	**267 037**

For transactions with associates see Note 38.

Trade payables bear no interest and are typically settled within 14 days.

Other liabilities bear no interest, except for the lease payables.

On 20 April 2022, Polenergia S.A. repaid in full a non-renewable short-term loan granted by Deutsche Bank Polska S.A. on 1 December 2021, capped at PLN 250,000,000 for the financing of projects, with original maturity on 27 May 2022.

(PLN k)

25. Accruals

	31.12.2022	31.12.2021
- future bonuses, salaries and wages	13 420	8 310
- third party services	1 164	2 904
- other	-	552
Total short term accruals and deferred income	**14 584**	**11 766**

26. Contingent liabilities

26.1. Guarantees and sureties granted

Amon Sp. z o.o. and Talia Sp. z o.o.

On 27 December 2012 the Company issued a surety for the blank promissory note issued by Talia Sp. z o.o. to “Agro-Tak” Zagrodno Bronisław Tabisz Leszek Kachniarz s.j. on account of the existing lease agreement, with the term until 7 December 2035. The maximum amount under the promissory note is capped at PLN 500 k.

As at 31 December 2022 there were no liabilities under the a/m agreement, but the fair value of the compensation related to the surety agreement was subject to measurement which showed PLN 45.3 k.

On 21 April 2015 the Company issued a surety for the blank promissory note issued by Amon Sp. z o.o. to Przedsiębiorstwo Rolne Łukaszów on account of the existing lease agreement with the term until 22 June 2035. The maximum amount under the promissory note is capped at PLN 900 k.

As at 31 December 2022 there were no liabilities under the a/m agreement, but the fair value of the surety agreement was subject to measurement which showed PLN 78.6 k.

On 29 June 2018 the Company issued a surety for the liabilities of Amon Sp. z o.o. and Talia Sp. z o.o. under the loan agreements both companies entered into on 1 June 2010 as amended, in particular following that of 28 June 2018 which amended and harmonized those loan agreements. The surety was granted to both companies up to the total amount of PLN 6,700 k; with the fair value of the surety agreement subject to measurement which as at 31 December 2022 showed PLN 187.7 k for each of the companies.

Polenergia Obrót S.A.

On 30 May 2017 the Company entered into an agreement ” with Polenergia Obrót S.A. subsidiary ("POLO") for the issue of the guarantee facility to the contractors of POLO. The guarantees issued under the a/m agreement have been capped at PLN 45,000 k. This Agreement has been entered into for indefinite term.

Within the aforementioned limit, as of 31 December 2022, the Company was the issuer of: a guarantee issued on 27 September 2018, modified on 21 December 2021, in favor of CEZ a.s. in the amount of EUR 3,000 k

- and expiring on 31 January 2025;
- a guarantee issued on 5 October 2018, modified on 4 August 2018, in favor of CEZ a.s. in the amount of PLN 2,000 k and expiring on 28 February 2024;
- a guarantee issued on 3 December 2020 in favor of PGE Obrót S.A. in the amount of PLN 1,000 k and expiring on 31 October 2023;

- a guarantee issued on 6 May 2020 in favor of PGE Obrót S.A. in the amount of PLN 2,000 k and expiring on 31 May 2025;
- a guarantee issued on 28 May 2021 in favor of Vitol Gas and Power B.V in the amount of EUR 500 k and expiring on 28 February 2023.

Measurement covered the fair value of the guarantees issued as at 31 December 2022 totaling PLN 237.3.

On 30 September 2022, the Company issued another surety for the liabilities of POLO under the overdraft facility granted by Bank Pekao S.A. capped at PLN 150,000 k with final maturity until 30 September 2023. As at 31 December 2022, measurement applied to the fair value of the surety which amounted to PLN 661.9 k.

On 2 December 2021, the Company issued a surety for the liabilities of POLO under the overdraft facility granted by Deutsche Bank Poland S.A. capped at PLN 30,000 k for a specific term of 12 months subject to extension for further terms, however not exceeding 8 November 2024. As at 31 December 2022, measurement applied to the fair value of the surety which amounted to PLN 152.3 k.

Cap on guarantees

On 29 November 2019 the Company entered into a Framework Agreement with mBank S.A. (“mBank”) governing the terms of the Company use of the capped auction deposit guarantees that were necessary for the special purpose vehicles of Polenergia Group (“SPVs”) to participate in December 2019 in electricity auctions as required by the current Regulations of such auctions approved by the President of the Energy Regulatory Authority (“ERO President ”).

The available limit for auctions is PLN 13,762 k and the availability period commences on the day of execution of the framework agreement until 30 November 2020, with the maximum tenor of such guarantee not exceeding 40 months. The ultimate validity date of a guarantee may not go beyond 29 March 2024.

On 2 December and 5 December 2019 mBank issued 27 guarantees under said limit totaling PLN 13,762 k thus using the entire available guarantee amount. On 10 February and 18 February 2020, due to the failure to win the auctions secured by the abovementioned guarantees, PURE returned part of the guarantees for a total amount of PLN 2,056.4 k. On 20 December 2022, PURE returned the bank guarantee in the amount of PLN 2,277 k in connection with the performance of the obligation secured by the aforementioned guarantee. Within the limit, there remain 2 active guarantees for a total amount equal to PLN 9,429 k, with the maximum expiration date of 31 January 2024. As at 31 December 2022, measurement applied to the fair value of the guarantees which amounted to PLN 71.6 k.

On 20 November 2020, the Company entered into an agreement with Santander Bank Polska S.A.("Santander") for a limit on guarantees, as amended by the annexes the most recent of which was signed on 29 November 2022, specifying the rules for issuing guarantees.

The limit as amended is PLN 75,000 k, with the availability since the day of executing the agreement until 30 November 2023. The maximum tenor of the guarantee cannot exceed 47 months for onshore projects and 120 months for offshore projects. The guarantees have been issued in connection with the auctions launched by ERO for wind and photovoltaic farm projects, the support scheme for offshore wind farms, connection agreements and other forms of security under the Contracts signed.

Within the a/m limit, as at 31.12.2022, the active guarantees issued totaled PLN 72,558.7 k. As at 31 December 2022, measurement applied to the fair value of the active guarantees which amounted to PLN 3,413.8 k in aggregate.

PCG guarantees for turbine suppliers

On 30 December 2021, the Company issued a guarantee to secure payments under the contract for the supply of wind turbines entered into by the company Polenergia Farma Wiatrowa Piekło Sp. z o.o. and Polenergia Farma Wiatrowa 16 Sp. z o.o. for the benefit of the company Vestas Poland Sp. z o.o., valid until 21 June 2023. As at 31 December 2022 the outstanding amount under contract was EUR 1,693.1 k net of VAT, with measurement applying to the fair value of the guarantees of PLN 39.1 k. for both farms together.

On 30 December 2021, the Company issued a guarantee to secure payments under the contract for the supply of wind turbines entered into by the company Polenergia Farma Wiatrowa Grabowo Sp. z o.o. for the benefit of the company Vestas Poland Sp. z o.o., valid until 28 July 2023. As at 31 December 2022 the outstanding amount under contract was EUR 9,772 k net of VAT, with measurement applying to the fair value of the guarantee of PLN 274.3 k.

Project support agreements

On 10 July 2020 the Company entered into the project support agreement with the banks that granted the loan to Polenergia Farma Wiatrowa 3 Sp. z o.o. for the construction of the Dębsk wind farm. Under said agreement the Company issued a surety to pay any excess in case of the project's budgeted cost overrun, up to the maximum amount of PLN 54,071.5 k. The surety expires on the day of completion of the project's construction phase intended initially for 30 June 2022 and extended until 31 January 2023. As at 31 December 2022, measurement applied to the fair value of the surety which amounted to PLN 36.7 k.

On 12 May 2021 the Company entered into a project support agreement with the banks that granted the loan to Polenergia Farma Wiatrowa Rudniki Sp. z o.o. for the construction of the Buk PV farm. Under said agreement the Company issued a surety to pay any excess in case of the project's budgeted cost overrun, up to the maximum amount of PLN 807.4 k. The surety expires on the day of completion of the project's construction phase which was originally scheduled for 15 October 2022 and subsequently extended until 28 February 2023. As at 31 December 2022, measurement applied to the fair value of the surety which amounted to PLN 1.0 k.

On 22 December 2021, the Company entered into the project support agreement with mBank that granted the loan to the companies: Polenergia Farma Wiatrowa 16 Sp. z o.o. and Polenergia Farma Wiatrowa Piekło Sp. z o.o. for the construction of the wind farm. Under said agreement the Company issued a surety to pay any excess in case of the project's budgeted cost overrun, up to the maximum amount of PLN 5,804 k. The surety expires on the day of completion of the project's construction phase which is planned not to exceed 30 December 2023. As at 31 December 2022, measurement applied to the fair value of the surety which amounted to PLN 48.6 k for both companies together.

On 22 December 2021, the Company entered into the project support agreement with the banks that granted the loan to Polenergia Farma Wiatrowa Grabowo Sp. z o.o. for the construction of the wind farm. Under said agreement the Company issued a surety to pay any excess in case of the project's budgeted cost overrun, up to the maximum amount of PLN 16,808.4 k. The surety expires on the day of completion of the project's construction phase which is planned not to exceed 29 April 2024. As at 31 December 2022, measurement applied to the fair value of the surety which amounted to PLN 187.6 k.

On 22 September 2021, the Company entered into the surety repayment agreement with the bank that provided the loan to the company Polenergia Farma Wiatrowa 17 Sp. z o.o. for loan construction of the Sulechów II PV farm up to the maximum amount of PLN 31.2 k. The surety expires on the day of completion of the projects construction phase with the final scheduled date of 28 February 2023. As at 31 December 2022, measurement applied to the fair value of the surety which amounted to PLN 22.6 k.

(PLN k)

26.2. Litigation

The company is not a party to any proceedings before any common court.

26.3. Tax settlements

Tax settlements and other regulated areas of activity (e.g. customs or foreign exchange control) are subject to inspection by administrative bodies, which are authorized to impose high penalties and sanctions. As the legal regulations regarding these issues in Poland are relatively new, they are often ambiguous and inconsistent. Differences in the interpretation of tax legislation are frequent, both within public administration bodies and between those bodies and businesses, leading to uncertainty and conflicts. Consequently, tax risk in Poland is substantially higher than in countries with more mature tax systems.

Tax settlements may be subject to inspection for a period of five years from the end of the calendar year in which the tax payment was made. Such inspections may result in additional tax liabilities for the Company on top of the existing ones. The Company is of the opinion that as at 31 December 2022 sufficient provisions were established for the recognized and quantifiable tax risk.

26.4. Capital expenditure

As at 31 December 2022, the Company plans that the Company's capital expenditure on capital investments in the Company in 2023 in the form of co-financing subsidiaries and associates will reach ca. PLN 784 m in total. Such amount shall mainly be allocated to project development in the areas of, without limitation, offshore and onshore wind power generation.

27. Sales revenues

	For 12 months ended	
	31.12.2022	31.12.2021
- revenue from consulting and advisory services	32 635	23 727
- revenue from lease	1 927	1 508
- other	1 022	29
Total revenue from clients	**60 848**	**25 264**
Total sales revenue	**60 848**	**25 264**

28. Cost according to type

	For 12 months ended	
	31.12.2022	31.12.2021
- depreciation	4 278	2 433
- materials and power consumption	1 428	615
- third party services	20 856	31 528
- taxes, duties and fees	2 033	380
- salaries	32 819	22 081
- social security and other benefits	4 104	3 110
- other cost by type	41	51
Total cost by type	**65 559**	**60 198**
- general overheads (-)	(39 698)	(41 710)

(PLN k)

Total cost of goods sold	**25 861**	**18 488**

29. Other operating revenues

	For 12 months ended	
	31.12.2022	31.12.2021
- reversal of impairment losses, including:	-	55
- receivables remeasured write-downs	-	55
- other, including:	51	86
- compensation and additional payments	12	-
- gains on disposal of non financial fixed assets	35	53
- other	4	33
Total other operating revenues	**51**	**141**

30. Other operating expenses

	For 12 months ended	
	31.12.2022	31.12.2021
- other, including:	2 902	106
- penalties, fines compensation payable	9	-
- other development-related cost	2 891	104
- other	2	2
Total other operating costs	**2 902**	**106**

31. Financial income

	For 12 months ended	
	31.12.2022	31.12.2021
- financial revenues from dividends and profit sharing earnings	82 087	82 851
- financial income from interest on deposit and loans	80 848	2 473
- interest from lease	-	115
- other surety - related fees	5 548	6 159
- disposal of shares in subsidiaries and jointly controlled entities	-	226 331
- other	111	3 464
Total financial revenue	**168 594**	**321 393**

In the period ended 31 December 2022 and 31 December 2021, the Company received dividend distributions and advance payments towards expected profit from the following companies:

	For 12 months ended	
	31.12.2022	31.12.2021
Dipol Sp. z o.o.	-	2 956
Polenergia Farma Wiatrowa 23 Sp. z o.o.	-	1 145
Polenergia Farma Wiatrowa Mycielin Sp. z o.o.	16 681	19 076
Polenergia Farma Wiatrowa 4 Sp. z o.o.	7 236	5 404

(PLN k)

Polenergia Farma Wiatrowa 1 Sp. z o.o.	11 771	9 531
Polenergia Farma Wiatrowa 6 Sp. z o.o.	5 590	4 739
Polenergia Elektrociepłownia Nowa Sarzyna Sp. z o.o.	31 300	40 000
Polenergia Obrót S.A.	9 509	-
Total	**82 087**	**82 851**

32. Financial expenses

	For 12 months ended	
	31.12.2022	31.12.2021
- interest expenses	3 517	1 433
- f/x differences, including:	176	673
- unrealized	176	(26)
- realized	-	699
- commission and other fees	1 469	608
- other	242	2 081
Total financial cost	**5 404**	**4 795**

33. Cash flows

Reasons for differences between changes of certain items in the balance sheet and the changes resulting from the cash flow statement

Receivables:	31.12.2022	31.12.2021
- change in short-term and long-term receivables, net, in the statement of financial position	(10 218)	(5 466)
- change in lease receivables	-	(1 945)
- change in other receivables	(761)	-
Change in receivables in the statement of cash flows	**(10 979)**	**(7 411)**

Liabilities:	31.12.2022	31.12.2021
- change in liabilities, net of borrowings, in the statement of financial position	8 940	1 485
- change in finance lease liabilities	(5 827)	390
- change in investment commitments	-	(471)
- change in financial liabilities	(4 061)	
Change in liabilities in the statement of cash flows	**(948)**	**1 404**

Accruals and deferrals:	31.12.2022	31.12.2021
- change in accruals and deferrals in the statement of financial position	1 173	2 193
- billing for commissions on loans	313	(313)
- costs related to the issue of shares transferred to equity	(3 195)	
Change in accruals and deferrals in the statement of cash flows	**(1 709)**	**1 880**

(PLN k)

34. Debt

Debt payables include mainly loan and lease. The expenses related to such payables are recognized under profit/loss and charged to the financial expenses.

31.12.2022	Loans	Leasing	Total
As at the beginning of the period	**249 687**	**8 321**	**258 008**
Inflows from debt incurred	-	12 173	12 173
financing received	-	12 173	12 173
Interest accruing	3 451	616	4 067
Debt payments	(253 451)	(4 571)	(258 022)
principal repayments	(250 000)	(3 984)	(253 984)
interest paid	(3 451)	(587)	(4 038)
Valuation	-	177	177
Other non-cash changes	313	-	313
As at the end of the period	**-**	**16 716**	**16 716**

35. Objectives and policies of financial risk management

Financial instruments held or issued by the Company may bring about occurrence of one or several types of material risks.

The key financial instruments used by the Company include credit and short-term deposits. The primary purpose of such financial instruments is to maintain funds to finance the Company's operations. The Company also holds other financial instruments, such as trade payables and receivables and loans arising directly in the course of its business.

The major types of risk arising out of the Group's financial instruments include: interest rate risk, foreign exchange risk, credit risk and liquidity risk. The Management Board establishes and verifies rules for managing each of these types of risk; the rules are briefly discussed below. The Company also monitors the risk of market prices with respect to all financial instruments it holds.

35.1. Foreign exchange risk

The foreign exchange risk in the Company is very low as only insignificant transactions are denominated in foreign currency. The Company has no major open foreign exchange position in its balance sheet. On the other hand, most of the revenues and costs of the Company are realized in Polish Zlotys.

35.2. Credit risk

The Company enters into transactions with companies enjoying sound credit standing. All customers willing to avail themselves of a supplier credit are subject to detailed credit check procedures. Moreover, thanks to ongoing monitoring of receivables, the Company's exposure to bad debt risk is insignificant.

With respect to the Company's trade receivables and other financial assets, such as cash and cash equivalents, loans granted, credit risk is related to the counterparty's inability to pay, with the maximum exposure to such risk being equal to the carrying amount of such instruments. The Company holds cash in bank accounts solely in reputable financial institutions. Loans are given to associates for which the risk of non-payment is minimized by their business. In addition, the Company bears the credit risk in connection with the sureties given to associates whose business and financial performance are monitored on an ongoing basis. The impact of Covid–19 pandemic has been described in Section 7.

(PLN k)

35.3. Liquidity risk

The Company monitors the risk of its funds being insufficient to pay liabilities at maturity through periodic liquidity planning tool. 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 Company aims at balancing the continuity and flexibility of financing by using different funding sources, such as, for example lease contracts. On top of that, the liquidity risk includes also the guarantees and sureties issued by the Company and referred to in more detail in Note 26.1.

The table below shows the Company's financial liabilities (except for the guarantees and sureties issued as referred to in Note 26.1) as at 31 December 2022 and as at 31 December 2021 according to their maturity based on contractual undiscounted payments.

31.12.2022	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	In excess of 5 years	Total
Other liabilities	13 209	-	-	-	13 209
Liabilities for deliveries and services	2 223	-	-	-	2 223
Lease liabilities	1 320	3 839	12 964	-	18 123

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	-	249 687	-	-	249 687
Other liabilities	12 856	-	-	-	12 856
Liabilities for deliveries and services	2 031	-	-	-	2 031
Lease liabilities	631	1 706	6 503	-	8 840

(PLN k)

36. Financial instruments

36.1. Loans given

As at 31.12.2022

Borrower	Date of loan	Lon balance	Interest rate	Repayment commencement date
Polenergia Dystrybucja Sp. z o.o.	20.11.2014	2 905	8,12% fixed interest	Bullet repayment 31.12.2026
Polenergia Farma Wiatrowa Grabowo Sp. z o.o.	12.04.2022	11 705	Wibor 3M + 2,3 %	21.12.2038
Polenergia Farma Wiatrowa Grabowo Sp. z o.o.	01.07.2022	37 505	Wibor 3M + 2,3 %	01.01.2042
Polenergia Farma Wiatrowa Grabowo Sp. z o.o.	13.07.2022	10 597	Wibor 3M + 2,3 %	01.01.2042
Polenergia Farma Wiatrowa Grabowo Sp. z o.o.	18.07.2022	126 656	Wibor 3M + 2,3 %	01.01.2042
Polenergia Fotowoltaika S.A.	04.01.2022	7 252	Wibor 3M + 3 %	31.12.2023
Polenergia Fotowoltaika S.A.	28.01.2022	5 401	Wibor 3M + 3 %	31.12.2023
Polenergia Fotowoltaika S.A.	04.03.2022	10 749	Wibor 3M + 3 %	31.12.2023
Polenergia Fotowoltaika S.A.	29.04.2022	10 657	Wibor 3M + 3 %	30.04.2023
Polenergia Fotowoltaika S.A.	03.08.2022	26 028	Wibor 3M + 3 %	31.12.2024
Polenergia Obrót S.A.	27.06.2022	163 409	Wibor 3M + 1,45 %	31.03.2023
Polenergia Farma Fotowoltaiczna 9 Sp. z o.o.	01.10.2021	26 946	Wibor 3M + 2,3 %	21.12.2037
Other *)		387 725	Wibor 3M	
Total		**827 535**		

*) relates to additional contributions made which led to the exceeding of the limit specified in the articles of association of the companies and therefore violated Article 177 of the Commercial Companies Code. In these financial statements, the value of such contributions has been included under Short-term financial assets.

As at 31.12.2021

Borrower	Date of loan	Lon balance	Interest rate	Repayment commencement date
Polenergia Dystrybucja Sp. z o.o.	20.11.2014	2 308	8,12% fixed interest	Bullet repayment 31.12.2026
Polenergia Farma Wiatrowa Grabowo Sp z o.o.	01.10.2021	19 057	Wibor 3M + 2,3 %	21.12.2037
Total		**21 365**		

(PLN k)

36.2. Financial assets

During the period ended 31 December 2022, the following changes occurred in financial assets:

Company	Share capital increase	Acquisition	Liquidation of the company	Reclassification of additional share capital contributions
Polenergia Farma Wiatrowa Piekło Sp. z o.o.	15 972	-	-	-
Polenergia Farma Wiatrowa Rudniki Sp. z o.o.	1 540	-	-	-
Polenergia Farma Wiatrowa 16 Sp. z o.o.	18 876	-	-	-
Polenergia Farma Wiatrowa Krzywa Sp. z o.o.	400	-	-	-
Polenergia Farma Wiatrowa Szymankowo Sp. z o.o.	-	-	-	55 486
Polenergia Farma Wiatrowa Dębice/ Kostomłoty Sp. z o.o.	-	-	-	10 490
Polenergia Farma Wiatrowa 3 Sp. z o.o.	-	-	-	279 174
Polenergia Farma Wiatrowa Wodzisław Sp. z o.o.	720	-	-	-
Polenergia Farma Wiatrowa Grabowo Sp. z o.o.	2 545	-	-	34 790
Polenergia Farma Wiatrowa Namysłów Sp. z o.o.	3 207	-	-	-
Polenergia Farma Wiatrowa Olbrachcice Sp. z o.o.	400	-	-	-
MFW Bałtyk II Sp. z o.o.	37 500	-	-	-
MFW Bałtyk III Sp. z o.o.	38 000	-	-	-
MFW Bałtyk I Sp. z o.o.	35 000	-	-	-
Polenergia Biomasa Energetyczna Północ Sp. z o.o.	-	-	11 444	-
Polenergia eMobility Sp. z o.o.	5 910	-	-	1 310
Polenergia Elektrownia Północ Sp. z o.o.	154	-	-	210
Grupa PEP Projekty Energetyczne 1 Sp. z o.o.	-	-	242	-
Polenergia Obrót 2 Sp. z o.o.	1 295	-	-	-
Polenergia Farma Fotowoltaiczna 1 Sp. z o.o.	1 654	-	-	170
Polenergia Farma Fotowoltaiczna 2 Sp. z o.o.	880	-	-	1 680
Polenergia Farma Fotowoltaiczna 3 Sp. z o.o.	770	-	-	270
Inwestycje Rolne Sp. z o.o.	40	-	-	-
Polenergia Farma Fotowoltaiczna 4 Sp. z o.o.	271	-	-	60
Polenergia Farma Fotowoltaiczna 5 Sp. z o.o.	330	-	-	390
Polenergia Farma Fotowoltaiczna 6 Sp. z o.o.	480	-	-	440
Polenergia Farma Fotowoltaiczna 7 Sp. z o.o.	85	-	-	115
Polenergia Farma Fotowoltaiczna 8 Sp. z o.o.	170	-	-	270
Polenergia Farma Fotowoltaiczna 9 Sp. z o.o.	16	-	-	40
Polenergia Farma Fotowoltaiczna 10 Sp. z o.o.	403	-	-	233
Polenergia Farma Fotowoltaiczna 11 Sp. z o.o.	908	-	-	220
Polenergia Farma Fotowoltaiczna 12 Sp. z o.o.	470	-	-	1 060
Polenergia Farma Fotowoltaiczna 13 Sp. z o.o.	620	-	-	755
Polenergia Farma Fotowoltaiczna 14 Sp. z o.o.	815	-	-	320
Polenergia Farma Fotowoltaiczna 15 Sp. z o.o.	-	-	-	106
Polenergia Farma Fotowoltaiczna 16 Sp. z o.o.	37	-	-	60
Polenergia Farma Fotowoltaiczna 17 Sp. z o.o.	-	-	-	60
Polenergia Farma Wiatrowa 14 Sp. z o.o.	173	-	-	60
Polenergia Fotowoltaika S.A.	-	14 220	-	-
Polenergia Farma Fotowoltaiczna 19 Sp. z o.o.	5	-	-	-
Polenergia Farma Wiatrowa 20 Sp. z o.o.	145	-	-	-
Polenergia Farma Wiatrowa 11 Sp. z o.o.	73	-	-	-
Polenergia Farma Wiatrowa 12 Sp. z o.o.	375	-	-	-

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Polenergia Farma Wiatrowa 13 Sp. z o.o.	255	-	-	-
Polenergia Farma Wiatrowa 15 Sp. z o.o.	5	-	-	-
Polenergia Farma Wiatrowa 18 Sp. z o.o.	5	-	-	-
Polenergia Farma Wiatrowa 19 Sp. z o.o.	5	-	-	-
Polenergia Farma Wiatrowa 20 Sp. z o.o.	5	-	-	-
Polenergia Farma Wiatrowa 21 Sp. z o.o.	5	-	-	-
Polenergia Farma Wiatrowa 24 Sp. z o.o.	5	-	-	-
Total	**170 524**	**14 220**	**11 686**	**387 769**

36.3. Interest rate risk

In the table below the fair value is determined of the Company's financial instruments exposed to the interest rate risk, according to aging categories.

31.12.2022

INTEREST RATE RISK							
Variable interest rate	<1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Lease	4 876	5 197	4 942	1 701	-	-	16 716
Loans granted	585 193	26 028	-	-	-	213 409	824 630
Fixed interest rate	*< 1 year*	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*> 5 years*	*Total*
Cash assets	426 125	-	-	-	-	-	426 125
Loans granted	-	-	-	2 905		-	2 905

31.12.2021

INTEREST RATE RISK							
Variable interest rate	<1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Bank credits in PLN	249 687	-	-	-	-	-	249 687
Lease	2 463	1 914	1 815	1 642	487	-	8 321
Loans granted	-	-	-	-	-	19 057	19 057
Fixed interest rate	*< 1 year*	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*> 5 years*	*Total*
Cash assets	151 247	-	-	-	-	-	151 247
Loans granted	-	-	-	-	2 308	-	2 308

The variable interest rate of financial instruments is updated at less than one year intervals. Other financial instruments of the Company that have not been shown in the tables above bear no interest, thus they are not exposed to the interest rate risk.

37. Capital management

The primary objective behind the Company's capital management is to maintain good credit rating and safe capital ratios, in order to support the Company's operations and build shareholder value.

The Company manages its capital structure and modifies it in response to changes in the economic environment. In order to maintain or adjust its capital structure, the Company may make changes regarding dividend distribution, return the capital to the shareholders, or issue new shares. In the years ended 31 December 2022 and 31 December 2021, no changes were made in objectives, policies and processes in this respect.

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The Company monitors its capital position using the leverage ratio, calculated as the ratio of net debt to the sum of total equity and net debt. The Company's net debt includes interest-bearing borrowings and loans less cash and cash equivalents.

	31.12.2022	31.12.2021
Interest under borrowings	-	249 687
Trade payables and other liabilities	15 432	14 887
Less cash and cash equivalents	(426 125)	(151 247)
Net debt	**(410 693)**	**113 327**
Share capital	2 535 852	1 414 866
Total capital	**2 535 852**	**1 414 866**
Capital and net debt	**2 125 159**	**1 528 193**
Leverage ratios	-19%	7%

38. Information on significant transactions with associates

Significant transactions closed by the Company with related parties in individual periods have been shown in the table below:

31.12.2022	Revenues	Receivables
Amon Sp. z o.o.	570	593
Dipol Sp. z o. o.	551	142
Polenergia eMobility Sp. z o.o.	447	434
Polenergia Dystrybucja Sp. z o.o.	2 190	617
Polenergia Elektrociepłownia Nowa Sarzyna Sp. z o.o.	815	269
Polenergia Farma Fotowoltaiczna 1 Sp. z o.o.	102	117
Polenergia Farma Fotowoltaiczna 2 Sp. z o.o.	287	333
Polenergia Farma Fotowoltaiczna 3 Sp. z o.o.	158	177
Polenergia Farma Fotowoltaiczna 4 Sp. z o.o.	138	152
Polenergia Farma Fotowoltaiczna 5 Sp. z o.o.	109	118
Polenergia Farma Fotowoltaiczna 6 Sp. z o.o.	231	251
Polenergia Farma Fotowoltaiczna 8 Sp. z o.o.	106	106
Polenergia Farma Fotowoltaiczna 11 Sp. z o.o.	168	178
Polenergia Farma Fotowoltaiczna 12 Sp. z o.o.	252	259
Polenergia Farma Fotowoltaiczna 13 Sp. z o.o.	132	138
Polenergia Farma Fotowoltaiczna 14 Sp. z o.o.	175	182
Polenergia Farma Wiatrowa 1 Sp. z o.o.	968	408
Polenergia Farma Wiatrowa 4 Sp. z o.o.	1 084	503
Polenergia Farma Wiatrowa 6 Sp. z o.o.	1 004	290
Polenergia Farma Wiatrowa Bądecz Sp. z o.o.	192	198
Polenergia Farma Wiatrowa Dębice/ Kostomłoty Sp. z o.o.	1 673	596
Polenergia Farma Wiatrowa Grabowo Sp. z o.o.	1 235	3 042
Polenergia Farma Wiatrowa Krzywa Sp. z o.o.	123	146
Polenergia Farma Wiatrowa Mycielin Sp. z o.o.	1 126	529
Polenergia Farma Wiatrowa Namysłów Sp. z o.o.	269	317
Polenergia Farma Wiatrowa Olbrachcice Sp. z o.o.	284	295
Polenergia Farma Wiatrowa Piekło Sp. z o.o.	542	616
Polenergia Farma Wiatrowa Rudniki Sp. z o.o.	290	81
Polenergia Farma Wiatrowa Szymankowo Sp. z o.o.	987	558

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Polenergia Farma Wiatrowa 10 Sp. z o.o.	157	163
Polenergia Farma Wiatrowa Wodzisław Sp. z o.o.	156	170
Polenergia Kogeneracja Sp. z o.o.	772	123
Polenergia Obrót S.A.	3 877	2 058
Polenergia Sprzedaż Sp. z o.o.	1 164	454
Polenergia Farma Wiatrowa 16 Sp. z o.o.	473	542
Polenergia Farma Wiatrowa 17 Sp. z o.o.	663	286
Polenergia Farma Wiatrowa 23 Sp. z o.o.	334	69
Polenergia Farma Wiatrowa 3 Sp. z o.o.	3 066	1 738
Polenergia Obrót 2 Sp. z o.o.	390	405
Talia Sp. z o.o.	530	440
Polenergia Farma Fotowoltaiczna 18 Sp. z o.o.	198	195
Polenergia Fotowoltaika SA	110	913
Polenergia Farma Wiatrowa 12 Sp. z o.o.	100	99
Polenergia Farma Wiatrowa 13 Sp. z o.o.	107	111
Other	1 289	1 377
Total	**29 594**	**20 788**

31.12.2022	Revenues	Receivables
MFW Bałtyk I S.A.	2 876	3 238
MFW Bałtyk I Sp. z o.o.	17	15
MFW Bałtyk II Sp. z o.o.	4 220	4 699
MFW Bałtyk III Sp. z o.o.	4 234	4 685
Total	**11 347**	**12 637**

The interest in and loans given to associates are referred to in Notes 36.1. and 36.2.

All transactions with associates have been executed on arm's length terms.

Mansa Investments is the associate that controls the Company. The superior level entity that prepares consolidated financial statements of the Group is Kulczyk Holding Sarl with registered office in Luxembourg.

39. Employment

As at 31 December 2022 and as at 31 December 2021, the Company employees divided into professional groups included:

	31.12.2022	31.12.2021
Parent company Management Board	5	5
Parent company employees *)	109	83
Total	**114**	**88**

*) includes maternity leave employees

(PLN k)

40. Information on the total amount of remuneration and awards (in cash or in kind) paid to the members of the managing and supervising authorities of the Company

In the years 2022 and 2021 the remuneration paid to the Management Board Members amounted to:

	31.12.2022	31.12.2021
Michał Michalski	2 889	2 571
Tomasz Kietliński	1 300	1 113
Iwona Sierżęga	1 631	1 451
Piotr Maciołek	1 246	1 095
Jarosław Bogacz	547	362
Total	**7 614**	**6 592**

The remuneration of members of the Management Board includes the base salary under employment, bonuses and additional monetary or non-monetary benefits such as private medical care package, motor insurance policy, a company car, hotel accommodation and commuting expenses.
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.
In the years 2022 and 2021 the remuneration paid to the Supervisory Board Members amounted to:

	31.12.2022	31.12.2021
Hans E. Schweickardt	72	84
Orest Nazaruk	84	100
Brian Bode	-	14
Marjolein Helder	-	33
Adrian Dworzyński	26	82
Szymon Adamczyk	46	-
Total	**228**	**313**

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

In the period ended 31 December 2022, there were no transactions with members of the Management Board and Supervisory Board, their spouses, siblings, ascendants, descendants, or other closely related persons.

(PLN k)

42. Information on remuneration of a certified auditor or entity authorized to audit the financial statements

The table below shows the fees of the entity authorized to audit financial statements paid or payable for the year ended on 31 December 2022 and the year ended on 31 December 2021, broken down into the type of service:

Type of service	31.12.2022	31.12.2021
Audit and review of financial statements	117	97

43. Material events after the reporting date

On 22 February 2023, the Company Management Board passed a resolution (the "Resolution") to initiate the process of increasing the Company's share capital through the issuance of new shares of the Company, under which the Company plans to raise proceeds of between PLN 500 million and PLN 750 million (the "Issue"). The final value of the expected proceeds from the Issue and the related number of new shares of the Company to be issued under the Issue will be determined by the Management Board in the prospectus or in a communication to be published after the date of its approval, with due regard to the Company's actual capital requirements.

In view of the above, the Management Board convened an Extraordinary General Meeting of the Company, with the agenda providing for the adoption of a resolution on the Issue. The final decision About the Issue and the increase of the Company's share capital will rest with the General Meeting.

It is the intention of the Management Board to address the Issue to the Company's shareholders on the basis of the pre-emptive rights and to perform the Issue through a public offering based on a prospectus within the meaning of Regulation EU 2017/1129 of the European Parliament and the Council of 14 June 2017.

As of the date of the Resolution, the purpose of the Issue is to raise funds to finance the Company's investment projects and development plans, including offshore and onshore wind farms and photovoltaic farms, as well as projects in the area of hydrogen technology, energy storage and electromobility, the implementation of which is in line with the Polenergia Group Strategy for the years 2020-2024, published by the Company in May 2020. The ultimate purpose of the Issue will be confirmed and described in the Company's prospectus relating to the Issue.

For the purposes of the Issue, the Company engaged Santander Bank Polska S.A. as the Exclusive Global Coordinator, Demand Brook Keeper and Investment Firm intermediating in the Issue, and DLA Piper Giziński Kycia sp. k. as the Company's legal advisor.