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

Polenergia S.A. Group

CONSOLIDATED QUARTERLY REPORT

FOR THE FIRST QUARTER OF 2023

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*

Warsaw, 24 May 2023

Contents

A. INTRODUCTION TO THE CONSOLIDATED QUARTERLY REPORT

1. Consolidated income statement for a 3-month period ended on 31 March 2023

Within the 3-month period ended on 31 March 2023, the results of Polenergia Group (the "Group") in terms of the adjusted EBITDA and net profit amounted to PLN 201.3 m and PLN 122.2 m, respectively, which means a YOY increase by PLN 22.4 m and PLN 6.7 m, respectively.

	Polenergia Group Income Statement (PLN m)	3M 2023	3M 2022	Difference YOY	Difference YOY [%]
	Sales revenues, including:	**1 466,9**	**2 475,5**	**(1 008,6)**	**-41%**
	trading and sales segment	1 205,7	2 287,3	(1 081,7)	
	other	261,2	188,2	73,0	
	Cost of goods sold, including:	**(1 246,6)**	**(2 266,4)**	**1 019,8**	**-45%**
	trading and sales segment	(1 116,9)	(2 173,3)	1 056,4	
	other	(129,7)	(93,1)	(36,6)	
	Gross profit on sales	**220,3**	**209,1**	**11,2**	**5%**
	Selling expenses and general overheads	(61,5)	(54,8)	(6,7)	12%
	Other operating revenue/expense	4,5	(0,3)	4,7	1869%
A	**Operating profit (EBIT)**	**163,3**	**154,0**	**9,3**	**6%**
	Depreciation/Amortization	37,9	24,7	13,1	
	Impairment losses	0,1	0,1	(0,0)	
	EBITDA	**201,3**	**178,9**	**22,4**	**13%**
	Normalizing adjustments:	-	-	-	
	Adjusted EBITDA*	**201,3**	**178,9**	**22,4**	**13%**
B	Financial income	10,5	1,5	9,0	
C	Financial costs	(22,3)	(19,0)	(3,3)	
A+B+C	**Gross profit (loss)**	**151,5**	**136,5**	**15,0**	**11%**
	Income tax	(30,7)	(26,9)	(3,8)	14%
	Net profit (loss) from continuing operations	**120,8**	**109,6**	**11,2**	**10%**
	Profit from discontinued operating activities	-	-	-	
	Profit on disposal of discontinued operations	-	-	-	
	Net profit (loss)	**120,8**	**109,6**	**11,2**	**10%**
	Normalizing adjustments:				
	Purchase price allocation (PPA)	0,7	0,1	0,6	
	Foreign exchange differences	(0,1)	5,5	(5,6)	
	Loan valuation using the amortized cost method	0,8	0,3	0,5	
	Impairment losses **	0,1	0,1	(0,0)	
	Adjusted net profit (loss)*	**122,2**	**115,5**	**6,7**	**5,8%**
	Adjusted EBITDA*	**201,3**	**178,9**	**22,4**	**13%**
	Adjusted EBITDA Margin*	13,7%	7,2%	6,5%	
	Adjusted EBITDA (excl. trading segment)	**153,4**	**107,4**	**46,0**	**43%**
	Adjusted EBITDA margin (excl. trading segment)	58,7%	57,1%	1,7%	

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

**) Reversal of the impairment losses connected with projects development

The sales revenues of Polenergia Group for the first quarter of 2023 were lower by PLN 1,008.6 m year on year, mainly due to lower revenues in the trading and sales segment (by PLN 1,081.7 m), which was partly offset by higher revenues in the wind farm segment (by PLN 72.0 m).

Adjusted EBITDA result in the discussed period amounted to PLN 201.3 m and was higher by PLN 22.4 m YOY mainly due to better performance of the wind farm segment (by PLN 63.3 m) which mainly result from the commencement of production at the Debsk and Kostomloty wind farms, as well as higher electricity and green certificate sales prices compared to 2022 (in which prices were a consequence of hedging transactions concluded in previous years) and lower profile costs. This result has been partly offset by lower result in the trading and sales segment (by PLN 23.6 m), lower result in the gas and clean fuels segment (by PLN 7.8 m) and lower result in the distribution segment (by PLN 8.1 m).

2. Detailed commentary regarding financial results for the 3-month period ended on 31 March 2023 and other significant information on the Group's standing.

In Q1 2023, the onshore wind farm segment yielded the EBITDA result higher by PLN 63.3 m year on year. The improved performance of that segment in Q1 2023 YOY was mainly due the commencement of production at the Debsk and Kostomloty wind farms, as well as higher electricity and green certificate sales prices compared to 2022 (in which prices were a consequence of hedging transactions concluded in previous years) and lower profile costs. The above was partly offset by lower generation volume of the farms in operation in Q1 2022 and higher operating costs of the wind farms.

The EBITDA result in the gas and clean fuels segment dropped by PLN 7.8 m YOY mainly as a result of lower result on the ENS optimization process partly offset by higher margin on heat generation. The effects of the optimization process in 2022 included the reversal of the earlier forward transactions hedging the production and sales of electricity in ENS for a part of 2023. Changes in the level of margin resulting from the changes in the level of prices of electricity, gas and CO_2 allowances in connection with the generation of electricity in ENS (Clean Spark Spread - CSS) permitted making a decision to curb the planned generation in 2023 and gradually close the position in the forward market for the a/m period with additional margin. The impact of the transactions concluded with respect to Q1 2023 the valuation of which was recognized in the financial statements as at the end of 2022 amounting to PLN 6.4 m has been included in the realized result in 2023 reducing the valuation figure as at 31 December 2022. As at 31 March 2023, all forward transactions hedging the margin on generation and sales of ENS in 2023 have been reversed.

The trading and sales segment experienced a decrease of its EBITDA result by PLN 23.6 m relative to the corresponding period of the preceding year. The decrease of the result in Q1 2023 was driven by: i) lower result on the sales of electricity as a result of the recognition of a one-off result of the futures valuation in the preceding year and lower margin on delivery contracts in Q1 2023. ii) lower result on electricity trading and business service resulting mainly from the inverse distribution of the result YOY - realization of negative margin in Q1 and positive margin not recognized before on transactions concluded in the remaining part of 2023. iii) higher operating expenses resulting from the upscaling of operations. The decrease in Q1 2023 has been partly offset by: i) better result on the trading of energy from RES assets due to higher electricity sales prices and smaller impact of the wind profile costs (compared to the hedged sales price) and higher volume due to the expansion of the generating projects portfolio, ii) lower margin on the RES aggregation mainly as a result of completion of contracts with negative margin (resulting from dynamic changes in the electrical energy market) in 2022.

The EBITDA of the distribution segment was lower by PLN 8.1 m year on year. The drop in the result has mainly been the consequence of the lower unit margin on energy sales, lower margin on electricity distribution (mainly due to the delay in updating the distribution tariff) and higher operating expenses from the upscaling of business. The negative result has been partly offset by higher revenues from connection fees and higher other operating income (payment of the amounts from Ergo Energy after the end of the lawsuit that had earlier been written off).

The EBITDA result in the PV segment in Q1 2023 exceeded by PLN 0.4 m that in Q1 2022 due to the commencement of the start-up, in late March 2022, and the commencement of the operating phase in June and July 2022 of two new projects: Sulechów II (11.7 MW) and Sulechów III (9.8 MW), as well as the start-up and the commencement of operation of the Buk I project (6.4 MW) in September 2022.

The result under the Unallocated item in the period since January until March 2023 was lower by 1.8 m compared to the corresponding period of 2022. The change of the 2022 EBITDA result was driven mainly by higher operating expenses (third party services and payroll) at Headquarters resulting from the upscaling of business, partly offset by lower tax cost (no costs under the VAT structure in 2023).

The result on financing activity in Q1 2023 exceeded by PLN 5.7 m the same corresponding period of the preceding year, mainly due to higher interest income (by PLN 7.4 m) and a better result on foreign exchange differences (by PLN 2.1 m) partly offset by higher interest expenses (by PLN 3.6 m).

Higher income tax for Q1 of 2023 is a result of the Group's higher gross profit (higher levels of both financial income and operating income).

The impact of the war in Ukraine and the energy market conditions on the Company's business

In view of the continued armed conflict in Ukraine, risk factors that may potentially impact the business and financial performance of Polenergia Group have been being monitored and identified on an ongoing basis.

In view of the escalating war in Ukraine and the tension in the raw material markets, in 2022 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 Group, increased inflation pressure and volatility of the PLN exchange rate vis-à-vis the EUR and the USD 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 as well as 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 entail a reduction in profits of the energy sector companies.

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

The Gas and Clean Fuels segment is, in the opinion of the Management Board, largely immune to the current volatility of prices in the market caused by the outbreak of war in Ukraine. The margin on electricity production in 2023 is not jeopardized by the earlier reversal of contracts for the sale of electricity and the purchase of gas and CO_2 emission allowances. The gas supplies related to the heat production contracts have already been hedged (in terms of volume and fixed price) until the end of 2023. An additional safety feature for thermal power generation is the supply of light fuel oil maintained and increased in Q1 2022, as reserve fuel in the event of limited or discontinued supply of gas. If ENS is called upon to provide system services, the current cost of gas purchase, in accordance with the contracts in force, will be covered by revenues. The continuation of the current gas market and CO_2 emission allowances situation in the long term may reduce the ability to secure production and margin in ENS for the years to follow. At the Nowa Sarzyna Thermal Power Plant, the main control system was replaced in 2019, security against possible cyber attack was enhanced in 2022 and all remote equipment diagnostic systems were disconnected from the Internet.

In the wind power segment, high volatility of energy prices, combined with periods of variable windiness, may result in a very significant increase in profile costs, which reduces the achieved price of energy sold. It should also be noted that the dynamic increase in electricity prices and, at the same time, the price of PMOZE_A proprietary interest ("green certificates") prompted the lawmaker to reduce the redemption obligation for certificates of origin from 18.5% in 2022 to 12% in 2023. If the reduction of the redemption obligation for PMOZE_A is too big in the years to come and exceeds the pace of the old renewable energy sources projects departing from the certificate system, it may lead to a potential big decrease of market prices of green certificates. In addition, as a consequence of the difficult energy market situation caused by the outbreak of war in Ukraine, the Emergency Measures Act was passed, providing for a cap on the RES assets-originating energy sales prices (a detailed description of the act was presented in a section of the report above).

The trading and sales segment as the only one in the Group had a direct exposure to the Ukrainian market through the subsidiary Polenergia Ukraine. Even before the war began, that company limited its operating activities. Currently, all operational activity in Ukraine has been put on hold. The Group has identified increased risk of trading in all markets, which is driven, among others, by increased volatility and prices of electricity and natural gas, the risk of failure to meet the demand volume by the customers, the risk of non-payment and non-performance of contracts in view of the regulatory dynamic changes and the increased risk of insolvency of customers. In the context of dynamic price increases, a deviation in the energy consumption by the customers compared to the contract value may generate a significant result (either positive or negative) that will be disproportionate to the original assumptions. On top of that, the price volatility coupled with the continued high price levels in the market results in substantial drop in revenues from the Group's RES assets service and RES aggregation. It is noteworthy that the rising quotations of energy prices in the context of low sales prices hedged in the forward market adversely affect the Group's liquidity in relation to the requirement to secure higher deposits in the stock market. In response to the changing market conditions, the Group has been modifying its RES assets sales strategy and has been aiming at increasing the share of energy sales in OTC transactions and under long term cPPA pay-as-produced contracts. The pending changes to the rules of the balancing market in Poland may result in increased balancing costs for RES sources as of 2024. This is a system-related risk for all market players. Negative exchange rate movements may result in a deterioration of the performance on a Euro-denominated market. At the same time, the strengthening of the Euro may lead to an increase in the value of the required security deposits. The segment is also exposed to the risk of interest rate increases. Higher cost of working capital facility, due to the increase of interest rates, may result in a drop of the return on the operations. Polenergia Obrót has also been taking measures to monitor safety risks. Any potential attack that would destroy a telecom and IT infrastructure or restrict access of the availability to systems in a company would prevent the company from continuing its commercial business or would restrict such ability. The abolition of the mandatory sale of energy by the exchanges, with planned consolidation of the generation sector, poses a risk of lack of liquidity and transparency, as well as unreliability of price indices, which may affect the Group's ability to operate its business, as well as its revenues. The risks of additional regulating the energy prices to end-users may have a negative impact on the company by creating a loss that will not be entirely covered by the compensation scheme. In addition, the introduction of the maximum sales prices for RES assets-originating energy has its impacts also on the trading segment and poses a significant risk to the activities of the entire Polish trading segment.

The distribution segment is protected in the long term against the effects of any investment costs increase and rising interest rates through a tariff mechanism. In a short term perspective, until the next distribution tariff update takes place, the Company may experience negative impact of the market changes on the return on the business operations performed.

The Group believes the current market situation should not jeopardize the achievement of the objectives set out in the Polenergia Group's strategy for the years 2020-2024.

In a short term perspective, the investment projects implemented by the Group may be affected by the negative impacts of the current market situation. The increase in raw material and product prices on the market and the temporary shortage of employees suffered by subcontractors may result in delays in the implementation of wind and PV farm projects. The changes of interest rates trigger volatility of the financing costs, while the increase in raw material and commodity prices combined with the fluctuations of the EUR/PLN exchange rate may lead to an increase in total investment costs. The regulation of the maximum sales price applicable to power generators in 2023 may result in a decrease in the economic parameters of the investments in progress. In view of the fuel price increase and the growing demand for gas in the European market, disruptions in the supply chain for the offshore wind power segment have been observed, including the shortage of already scarce human and equipment resources from the offshore wind power sector to the offshore hydrocarbons extraction sector, which may necessitate adjustments in the construction schedules of the offshore wind farm projects MFW Bałtyk II and MFW Bałtyk III.

Implementation of the Polenergia Group Strategy for the years 2020-2024

The new strategy of the Group is being implemented with no significant disturbances.

In Q1 2023 the Group has been carrying out works aimed at the implementation of three wind farm projects of the total capacity of 178 MW which secured auction offtake under the RES support auction scheme.

In October 2022 the Dębsk wind farm project with the capacity of 121 MW obtained an Operating Permit, and in January 2023 - the license to generate green power.

The 13.2 MW Piekło wind farm project which secured an auction offtake in December 2020 is currently at the construction stage. Construction works began in March 2022. 100% of the construction and assembly work has been completed, with all the turbines assembled. Turbine acceptance, testing and commissioning are underway. Completion of construction has been scheduled for the second half of 2023.

The 44 MW Grabowo wind farm project which secured an auction offtake in December 2021, is currently at the construction stage. Construction works began in March 2022. 100% of road and foundation works have been completed, 100% of MV cable lines and HV cable lines are in place, 100% of the scope of work on the substation have been completed. Deliveries of major wind turbines components began in October 2022. Currently all turbines have been installed. Acceptance and commissioning of the turbines is underway. Completion of construction has been scheduled for the second half of 2023.

Construction of the Sulechów II, Sulechów III and Buk I projects has been completed, with acceptance certificates issued of completion of a civil structure, and installations entered into the MIOZE register kept by ERO.

The Strzelino PV project obtained the necessary corporate approvals at the end of 2022 and is currently in the construction phase. A contract with the installation and assembly contractor, a contract with the supplier of photovoltaic modules, a contract for the supply of inverters and a contract for the services of the Contract Engineer have been executed. In early March 2023, the construction site was handed over. Completion of the construction works has been scheduled for December 2023.

In December 2022, the subsidiary Polenergia Farma Wiatrowa Namysłów sp. z o.o. developing a portfolio of the Szprotawa PV farm projects with a total capacity of 47 MW successfully participated in the auction for the sale of energy from renewable energy sources. The Group intends to enter into key project contracts in the second half of 2023, subject to the corporate approvals required for the implementation of those projects.

The Group continues further development of wind and photovoltaic projects with a view to attain the goals identified in the Group's Strategy for the years 2020-2024. Currently, the Group's portfolio includes photovoltaic (other than those referred to hereinabove) and (onshore) wind projects in a less advanced stage with an aggregate capacity exceeding 1.5 GW. The Group does not exclude potential participation of the subsidiaries developing wind farm and PV projects in further RES auctions. Different forms of commercialization of production will be considered for individual projects, including bidding a portion of the production in the RES auctions to come, selling energy to industrial customers under cPPA contracts or selling energy in the regulated or over the counter market.

Development work in the offshore wind power segment is continued. The Group holds 50% of the shares in the companies MFW Bałtyk I S.A.. MFW Bałtyk I Sp. z o.o, MFW Bałtyk II Sp. z o.o. and MFW Bałtyk III Sp. z o.o. preparing to develop three offshore wind farms located in the Baltic Sea with total capacity up to 3000 MW. On 4th May 2021 the President of the Energy Regulatory Office issued decisions with respect to the project companies MFW Bałtyk II Sp. z o.o. and MFW Bałtyk III Sp. o.o. (for each company separately) granting the right to cover the negative balance for electricity generated in offshore wind farms, MFW Bałtyk II and MFW Bałtyk III, respectively, of the capacity of 720 MW each.

On 6th June 2022, the company MFW Bałtyk II Sp. z o.o. filed a notification with the President of the Energy Regulatory Office aimed at requesting an opinion of the Antimonopoly Office (UOKIK) on the draft individual support for the project MFW Bałtyk II and requesting the issuing - after the European Commission issues its decision stating compliance of the state aid to the company with the internal market - of a decision altering the initial decision of the President of ERO and the identifying of the price to be the base for the compensation of the negative balance for the project. The proposal is currently being processed by the European Commission under the pre-notification procedure.

In 2022, regulatory changes took place through an amendment to the Act on Promoting Electricity Generation in Offshore Wind Farms, which allows, since 2022, indexing the price of energy at which the negative balance will be settled and to settle project support in Euros. This should improve the projected rate of return of the MFW Bałtyk II and MFW Bałtyk III projects. The companies are engaged in the notification processes for MFW Bałtyk II and MFW Bałtyk III offshore wind farms. On 11th April 2023 MFW Bałtyk II Sp. z o.o. and MFW Bałtyk III Sp. z o.o. submitted to the President of the Energy Regulatory Office updated documentation as part of the application of MFW Bałtyk II sp. z o.o. dated 6th June 2022 to initiate the procedure for pre-notification of individual State aid to the MFW Bałtyk II project (as may be amended at a later stage) and the application of MFW Bałtyk III sp. z o.o. to initiate the procedure for pre-notification of individual State aid to the MFW Bałtyk III project.

In December 2022, MFW Bałtyk II and MFW Bałtyk III signed a contract with Hitachi Energy, the appointed supplier of electricity systems. Procurement proceedings are underway to appoint installation contractors and suppliers of export cables, internal cables and installation vessels.

In February 2023 MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. signed annexes to the contracts with Siemens Gamesa Renewable Energy Poland sp. z z o.o. and Siemens Gamesa Renewable Energy A/S governing the choice the preferred supplier of wind turbines for the projects in development permitting a formal reservation of the installation port in Roene by the supplier. This measure mitigates one of the design risks during the construction phase, i.e. the lack of availability of port facilities.

In April 2023, MFW Bałtyk II sp. z o.o and MFW Bałtyk III sp. z o.o entered into contracts with SIF Netherlands B.V. for the appointment of a preferred supplier and the reservation of production capacity for the production of monopile foundations for wind turbines for each of the projects. The contracts include the supplier's commitment to reserve production capacity to allow the production of foundations in quantities and at times consistent with the current project assumptions. At the same time, the parties agreed to negotiate in good faith monopile production contracts for the projects, which would be executed by 1st October 2023.

In November 2022 the Supreme Administrative Court considered the cassation appeal of GDOŚ against the refusal to issue a new environmental decision for the MFW Bałtyk III offshore wind farm project and referred the case back to the Provincial Administrative Court for reconsideration.

Since in parallel, a final and binding decision was obtained to amend the 2016 Environmental Conditions Decision authorizing the installation of the intended wind turbines, the Company withdrew its complaint from the Provincial Administrative Court (dated 23rd January 2023), thus ending the dispute with the environmental authorities (decision of the Provincial Administrative Court dated 2nd February 2023 on the discontinuation of the proceedings). Once the decision amending the 2016 Environmental Conditions Decision became final and binding (November 2022), it became possible to mitigate the risks associated with the aforementioned proceedings concerning the potential refusal to outline new environmental conditions for the construction of the MFW Bałtyk III offshore wind farm.

Detailed geotechnical research necessary for the design of the foundations of the wind turbines and the offshore substation, and for the design of the power offtake unit was completed by MFW Bałtyk II sp. z o.o and MFW Bałtyk III sp. z o.o

Analysis of test results and detailed geotechnical laboratory testing of core samples has begun.

In December 2022, the company MFW Bałtyk I S.A. obtained a decision outlining the scope of the environmental report for the project called Morska Farma Wiatrowa Bałtyk I. The report is currently being prepared, as amended by the decision dated 31st March 2023.

Preliminary geophysical and geotechnical surveys have been launched in the area of the offshore wind farm and submarine cable corridors by MFW Bałtyk I S.A.

Together with its Lithuanian local partner Modus and the appointed advisor Ramboll, the Company continues preparations to the participation in an auction in Lithuania with a 700 MW offshore wind farm project. Work is underway regarding the technical and economic concept of the project. The auction is expected to commence in the third quarter of 2023.

Work has been in progress in terms of developing gas and hydrogen projects. A large-scale project for the production and storage of hydrogen produced by electrolysis of water with its own renewable energy, submitted by Polenergia S.A. in the competition for projects in the area of hydrogen technologies and systems (organized under the IPCEI mechanism), went for notification to the European Commission on 29th April 2022, following approval by the Anti-monopoly Office (UOKiK).

Polenergia has been performing preparatory works to implement the project to build a green hydrogen plant at the ENS site in accordance with future EU guidelines for this type of investment. A water electrolysis unit of a 5 MW will permit to supply hydrogen to the first selected customers in the Podkarpacie area and to perform co-combustion tests in the existing gas units. The implementation-related and operational experience gained during this project will allow mitigating project risks in subsequent projects.

The Podkarpacie Hydrogen Valley, of which Polenergia is a part, is the first initiative of this type in Poland. It is meant to help build a coordinated and integrated "ecosystem" that is committed to the development of technology, knowledge, research and business.

In addition, under a grant agreement with the National Center for Research and Development, Polenergia is conducting a feasibility study for a project to develop an integrated process system for converting renewable hydrogen into CO_2-neutral synthetic jet fuel.

The Group is modifying the implementation of its strategy in the trading and sales segment, adapting it to the changing market conditions and the rising costs of hedging end-users and profiling RES sources. With the end of 2022, some of the customer contracts expired, with further growth in sales volumes depending on market developments, which necessitates the follow-up recalculation of risks and financial expenses associated with hedging the users and generators forward market positions. The regulations put in place to limit energy sale prices and contributions to the Settlement Administrator's (Zarządca Rozliczeń) fund, which shall continue in force until the end of 2023, have largely inhibited opportunities for any dynamic development of sales and external RES aggregation. The Company has been developing a long-term cPPA contract sales model based on the existing and newly built Group's generation assets.

Commercial business on the wholesale markets has been continued on the Group's own account (prop trading), with the implemented trading strategies making the most of the market volatility, while maintaining restrictive measures to reduce risk exposure. The company's trading activities are subject to regulations on the contributions to the Settlement Administrator, therefore the results of all business lines in 2023 will be reduced by the payments to the Settlement Administrator.

The company Polenergia Sprzedaż continues to sell energy generated in the Group's renewable sources. Customers include both business clients and consumer end-users (B2B and B2C). Green energy produced in the Group's generation assets is sold as the Energy 2051 standard product. As part of the intra-group cooperation, products have been developed, implemented and marketed that combine installation of solar panels and heat pumps with the supply of green energy. Prosumers were able to take advantage of a unique offer in the market, combining Energy 2051 green energy with a price guarantee for 8 years.

As part of its operating activity, the company Polenergia Fotowoltaika S.A. in Q1 2023 installed 14.9 MW of solar panels and 81 heat pumps in the heat pump segment. Sales of services in the corporate segment (large installations in excess of 50 kW) have been continued. New product development is also underway, both independently by the Company and in cooperation with Polenergia Sprzedaż.

In the distribution segment, on 28 April 2023, Polenergia Dystrybucja Sp. z o.o. received a decision from the President of the Energy Regulatory Office approving the Tariff for the distribution and sale of electricity. The new Tariff will become effective on May 13 2023, with RAB (Regulatory Asset Base) of PLN 138.7 m. The approved Investment Plan III for the years 2019 - 2022 worth PLN 51 m in total has been under implementation. As part of Investment portfolio III the Company signed 45 contracts. By the end of Q1 2023, connection agreements were finalized and connection readiness was notified for 42 projects/project phases, and extension of general license was obtained for 20 projects, with further 3 projects expected to obtain general license.

In addition, Polenergia Dystrybucja is also in the course of implementation of Investment Plan IV for the years 2021 - 2026 worth PLN 105 m in total. By the end of Q1 2023, the company signed 71 connection agreements, with the total level of capex resulting from liabilities incurred reaching PLN 96.4 m, which accounts for 91.8% of the investment portfolio IV. As part of Investment Plan IV, the Company completed 19 projects for which connection readiness was notified.

Polenergia eMobility commenced selling a charging service at its own charging stations. In 2022, three sites were commissioned, in 2023 - three sites, with further sites under construction. The first public and private stations managed by Polenergia eMobility have been connected in the software system. The company continues to develop the system's functionality and application for users, and has been prospecting more locations for public stations. The company applied in 2022 for two programs related to subsidizing charging stations from the National Environmental Protection and Water Management Fund, and in 2023 for one program related to subsidizing charging stations from the National Environmental Protection and Water Management Fund.

Other significant information on the Group's condition

On 3 April 2023 the Extraordinary General Meeting passed a resolution to increase the Company's share capital through the issue of new shares with pre-emptive rights. Under the issue, the Company plans to raise proceeds of between PLN 500 million and PLN 750 million. The final amount of the expected proceeds from the issue and the related number of new shares of the Company to be under the issue will be determined by the Management Board in the prospectus or in a communication published after the date of its approval, with due regard to the Company's actual capital requirements. The purpose of the issue is to raise funds to finance the Company's investment projects and development plans, including wind farms (both offshore and onshore) 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 determined and described in the Company's prospectus related to the issue. Planned timing of the issue is turn of the 3Q and 4Q 2023. For the purposes of the issue, the Company engaged Santander Bank Polska S.A. as the Exclusive Global Coordinator, Demand Book Keeper and Investment Firm intermediating in the issue, and DLA Piper Giziński Kycia sp. k. as the Company's legal advisor.

On 18 January 2023, Polenergia Obrót S.A. ("POLO") entered into annex with Deutsche Bank Polska S.A. with registered office in Warsaw to the multi-purpose facility agreement dated 10 November 2021. The annex provides for an increase of the credit limit to a total of PLN 200 million, under which an overdraft limit and a guarantee limit have been made available. The Annex was entered into for a specific term of 12 months, subject to extension for further credit periods. In view of the above, Polenergia S.A. increased its surety up to the total of PLN 100 million. Originally, the facility agreement provided for a PLN 100 million multi-purpose loan to POLO, with the surety of PLN 30 million.

On 9 February 2023, the company Polenergia Obrót 2 sp. z o.o., developing the Strzelino photovoltaic farm project with a total installed capacity of 45.2 MWp, entered into a contract with JINKO SOLAR (CHUZHOU) CO., LTD. for the delivery of the PV modules for the project. The contract covers the sale of the PV modules manufactured by the supplier in the quantity required for the project. The Contract does not include the supply of inverters. and will be completed by September 2023. The value of Contract is approximately EUR 10 million.

On 31 March 2023, Amon sp. z o.o., with registered office in Łebcz ("Amon"), received a pleading from Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. with registered office in Warsaw ("PKH") in the proceedings instituted by Amon against PKH pending before the Regional Court in Gdansk, by which PKH included a counterclaim ("Counterclaim") demanding the award of PLN 61,576,284.89 from Amon to PKH with statutory default interest. The amount of PLN 55,691,856.47 represents liquidated damages demanded by PKH allegedly on the basis of § 8 sec. 1 of the Agreement for the Sale of proprietary interest Resulting from Certificates of Origin Evidencing the Generation of Electricity in a Renewable Energy Source - the Łukaszów Wind Farm, entered into on 23 December 2009 by Amon with PKH (the "Proprietary Interest Sale Agreement") and resulting allegedly from Amon's failure to meet the quantities of proprietary interest to be transferred in individual months commencing August 2019. The amount of PLN 5,884,428.42, on the other hand, represents compensation claimed by PKH for Amon's alleged failure to perform, in the period from 18 November 2022 to 31 December 2022, under the Agreement for the Sale of Electricity Generated at the Renewable Energy Source - the Łukaszów Wind Farm entered into by Amon with PKH on 23 December 2009 (the "Energy Sale Agreement"). On 16 May 2023 the Regional Court in Gdansk served Amon with a decision dated on 2 May 2023, which left the counterclaim by Polska Energia - Pierwsza Kompania Handlowa without giving further course. The basis for the order in question by the Regional Court in Gdansk is Article 204 § 1, second sentence, of the Code of Civil Procedure, which stipulates that a counterclaim may be filed no later than in response to a lawsuit.

On 20 April 2023, the project companies MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. (collectively, the "Companies"), in which the Issuer holds 50% of shares, developing - as part of a joint venture between the Issuer and Equinor Wind Power AS - projects for the construction of two offshore wind farms, i.e. MFW Bałtyk II and MFW Bałtyk III (collectively, the "Projects"), signed agreements (separate for each Project Company) with SIF Netherlands B.V. for the appointment of a preferred supplier and the reservation of capacity for the production of monopile foundations ("Monopiles") for wind turbines in each of the Projects (collectively, the "Reservation Agreements"). The Reservation Agreements include the supplier's commitment to reserve production capacity to allow the production of Monopiles in quantities and at times consistent with the current project assumptions. At the same time, the parties agreed to negotiate in good faith contracts for the production of Monopiles for the Projects (the "Final Contracts"). Such negotiations will be based on the bid received from the supplier, for the production of 90 Monopoles (total for both Projects; this number will be subject to verification at the design stage). The estimated contract price for the Final Contracts agreed on the basis of the supplier's offer, is ca. EUR 161.4 million for MFW Bałtyk II and ca. EUR 196.1 million for MFW Bałtyk III The contract price will be updated at the time Final Agreements are executed. The final contract price will depend in particular on the price of steel, the final design assumptions, the final determination of variable rates and indexation. The Final Agreements are to be executed by 1 October 2023 (the "Final Date"). The Reservation Agreements may be terminated only in the events provided for therein, and in case the Companies exercise their right to terminate the Reservation Agreements without cause, or in case the Reservation Agreements are terminated by the supplier for reasons attributable to the Companies, or in case the Final Date expires without effect, the Companies shall be obligated to pay the Supplier cancellation fees ("Cancellation Fees"), the amount of which shall depend on the date of termination of the Reservation Agreements, while being linked to the estimated contract price. In connection with the signing of the Reservation Agreements, the Issuer will be required to issue a surety for the Companies' obligations to pay the Cancellation Charges ("PCG"). The maximum amount of the Issuer's obligations under the PCG will cover 50% of the amount of Cancellation Fees determined by the Final Date, i.e. a total of approximately EUR 31 million for both Projects. The issuance of further PCGs will potentially be linked to the execution of Final Agreements, including to secure further Cancellation Fees. Following the signing of the Reservation Agreements, the parties will continue discussions to agree on the ultimate terms of the Final Agreements.

On 18 May 2023, Polenergia Obrót 2 sp. z o.o., developing the Strzelino photovoltaic farm project with a total installed capacity of 45.2 MWp, as borrower (the "Borrower") and mBank S.A., Pekao S.A. and PKO Bank Polski S.A., as lenders (the "Lender"), entered into a loan agreement (the "Loan Agreement"). According to the Loan Agreement, the Lender will provide the Borrower with: (i) a term loan up to a total amount of PLN 90 million to finance the construction of the Strzelino photovoltaic farm, with the possibility of increasing the Lender's exposure (upon fulfilment of additional conditions set out in the Loan Agreement), (ii) a VAT loan up to a maximum total amount of PLN 27 million and (iii) a DSR loan up to a maximum total amount of PLN 9,8 million. In connection with the Loan Agreement, the Borrower and Polenergia S.A. are obliged to conclude a standard security package used in project finance transactions. Among other things, the Borrower has submitted a declaration of submission to enforcement and established a registered pledge on a set of movables and rights, while Polenergia S.A.

has established a registered pledge and a financial pledge on the Borrower's shares and submitted declarations of submission to enforcement. The Loan Agreement provides for repayment of the Term Loan no later than 16 December 2038, the VAT Loan no later than 31 May 2024 and the DSR Loan no later than 16 December 2038. The interest rate on the Loans is determined based on the WIBOR reference rate plus the Lender's margin. The terms and conditions of the Loan Agreement, including those relating to collateral, contractual penalties, start financing and termination of the Loan Agreement, are in line with those applicable to this type of transaction.

Financial performance for the 3-month period ended 31 March 2023 by operating segments

On the following pages a presentation is given of the distribution of the total Group performance in Q1 2023, broken down into the business segments.

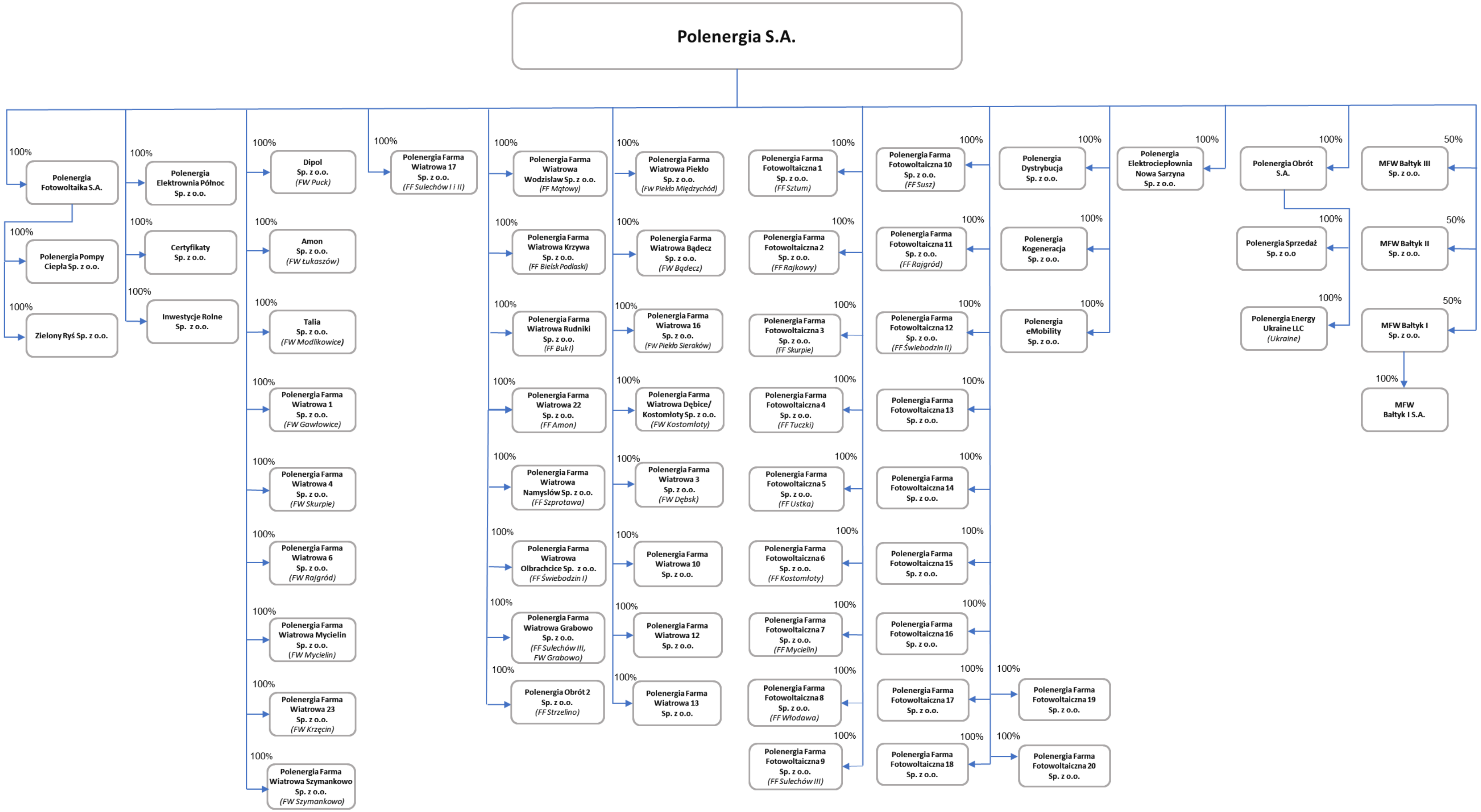
3M 2023 (m PLN)	Onshore Wind Power	Photovoltaics	Gas and Clean Fuel	Trading	Distribution	Unallocated	Purchase price allocation	TOTAL
Sales revenues*	**176,9**	**2,3**	**34,3**	**1 205,7**	**43,9**	**3,8**	**-**	**1 466,9**
Operating costs, including	**(43,7)**	**(2,1)**	**(34,8)**	**(1 116,9)**	**(45,3)**	**(3,0)**	**(0,7)**	**(1 246,6)**
operating costs (without granted green certificates adjustment)	(20,6)							(20,6)
depreciation/amortization	(28,4)	(1,0)	(2,3)	(1,7)	(2,2)	(1,5)	(0,7)	(37,9)
granted green certificates adjustment	5,3							5,3
Gross profit on sales	**133,2**	**0,1**	**(0,5)**	**88,7**	**(1,3)**	**0,8**	**(0,7)**	**220,3**
Gross profit on sales margin	*75,3%*	*6,0%*	*-1,5%*	*7,4%*	*-3,0%*	*"n/a"*	*"n/a"*	*15,0%*
Selling expenses				(25,8)				(25,8)
General overheads	(2,0)	(0,2)	(1,9)	(17,2)	(2,3)	(12,1)	-	(35,7)
Other operating activities	4,2	(0,0)	(0,7)	0,3	0,7	(0,1)	-	4,5
including imairment losses	(0,1)	-	-	-	-	-	-	(0,1)
Operating profit	**135,4**	**(0,1)**	**(3,2)**	**46,1**	**(2,8)**	**(11,4)**	**(0,7)**	**163,3**
EBITDA	**163,9**	**0,9**	**(0,9)**	**47,9**	**(0,6)**	**(9,9)**	**-**	**201,3**
EBITDA Margin	*92,6%*	*38,4%*	*-2,6%*	*4,0%*	*-1,5%*	*"n/a"*	*"n/a"*	*13,7%*
Purchase price allocation (PPA)	-	-	-	-	-	-	-	-
Adjusted EBITDA	**163,9**	**0,9**	**(0,9)**	**47,9**	**(0,6)**	**(9,9)**	**-**	**201,3**
Adjusted EBITDA Margin	*92,6%*	*38,4%*	*-2,6%*	*4,0%*	*-1,5%*	*"n/a"*	*"n/a"*	*13,7%*
Profit (loss) on financial activities	(18,5)	(1,3)	0,4	(5,5)	(1,4)	14,5	-	(11,8)
Profit (loss) before tax	**117,0**	**(1,4)**	**(2,7)**	**40,6**	**(4,3)**	**3,1**	**(0,7)**	**151,5**
Income tax								(30,7)
Net profit (loss) from continuing operations								**120,8**
Profit from discontinued operating activities								**-**
Profit on disposal of discontinued operations								**-**
Net profit (loss) for period								**120,8**
Normalizing adjustments:								
Purchase price allocation (PPA)								0,7
Foreign exchange differences								(0,1)
Loan valuation using amortized cost method								0,8
Impairment losses								0,1
Net result on the sale of assets								-
Adjusted net profit								**122,2**

*Revenues from granted but not sold green certificates are presented as decrease of direct costs in accordance with IFRS 15.

3M 2022 (m PLN)	Onshore Wind Power	Photovoltaics	Gas and Clean Fuel	Trading	Distribution	Unallocated	Purchase price allocation	TOTAL
Sales revenues*	**104,9**	**0,9**	**44,8**	**2 287,3**	**35,6**	**1,9**	**-**	**2 475,5**
Operating costs, including	**(22,5)**	**(0,5)**	**(39,2)**	**(2 173,3)**	**(28,4)**	**(2,5)**	**(0,1)**	**(2 266,4)**
operating costs (without granted green certificates adjustment)	(12,3)	-	-	-	-	-	-	(12,3)
depreciation/amortization	(18,2)	(0,2)	(3,3)	(0,3)	(1,8)	(0,7)	(0,1)	(24,7)
granted green certificates adjustment	8,0	-	-	-	-	-	-	8,0
Gross profit on sales	**82,4**	**0,4**	**5,7**	**114,0**	**7,2**	**(0,6)**	**(0,1)**	**209,1**
Gross profit on sales margin	*78,5%*	*46,3%*	*12,6%*	*5,0%*	*20,4%*	*"n/a"*	*"n/a"*	*8,4%*
Selling expenses				(29,4)				(29,4)
General overheads	(1,0)	(0,1)	(1,6)	(13,3)	(1,7)	(7,8)	-	(25,5)
Other operating activities	0,9	(0,1)	(0,4)	(0,2)	0,0	(0,4)	-	(0,3)
including imairment losses	(0,1)	-	-	-	-	(0,0)	-	(0,1)
Operating profit	**82,3**	**0,3**	**3,6**	**71,2**	**5,6**	**(8,8)**	**(0,1)**	**154,0**
EBITDA	**100,7**	**0,5**	**6,9**	**71,5**	**7,4**	**(8,1)**	**-**	**178,9**
EBITDA Margin	*96,0%*	*49,2%*	*15,5%*	*3,1%*	*20,8%*	*"n/a"*	*"n/a"*	*7,2%*
Purchase price allocation (PPA)	-	-	-	-	-	-	-	-
Adjusted EBITDA	**100,7**	**0,5**	**6,9**	**71,5**	**7,4**	**(8,1)**	**-**	**178,9**
Adjusted EBITDA Margin	*96,0%*	*49,2%*	*15,5%*	*3,1%*	*20,8%*	*"n/a"*	*"n/a"*	*7,2%*
Profit (loss) on financial activities	(10,0)	0,0	(0,8)	(4,2)	(0,9)	(1,6)	-	(17,5)
Profit (loss) before tax	**72,3**	**0,3**	**2,8**	**67,0**	**4,6**	**(10,4)**	**(0,1)**	**136,5**
Income tax								(26,9)
Net profit (loss) for period								**109,6**
Profit from discontinued operating activities								-
Profit on disposal of discontinued operations								-
Net profit (loss) for period								**109,6**
Normalizing adjustments:								
Purchase price allocation (PPA)								0,1
Foreign exchange differences								5,5
Loan valuation using amortized cost method								0,3
Impairment losses								0,1
Net result on the sale of assets								-
Adjusted net profit								**115,5**
Change of adjusted EBITDA yoy	**63,3**	**0,4**	**(7,8)**	**(23,6)**	**(8,1)**	**(1,8)**	**-**	**22,4**

*Revenues from granted but not sold green certificates are presented as decrease of direct costs in accordance with IFRS 15.

3. The Group's organizational structure



B. INTERIM CONDENSED FINANCIAL STATEMENTS FOR A 3-MONTH PERIOD ENDED ON 31 MARCH 2023

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
As at 31 March 2023

ASSETS

	31.03.2023	31.12.2022
I. Non-current assets	**4 067 179**	**3 946 486**
1. Tangible fixed assets	3 110 139	3 030 175
2. Intangible assets	10 893	11 785
3. Subordinated entities goodwill	157 338	157 338
4. Financial assets	217 202	324 965
5. Financial assets measured using the equity method	539 193	394 093
6. Long term receivables	1 987	1 987
7. Deferred income tax assets	30 026	25 755
8. Prepayments and accrued income	401	388
II. Current assets	**1 951 443**	**2 300 848**
1. Inventories	134 734	111 623
2. Trade receivables	361 505	360 804
3. Income tax receivable	4 775	9 338
4. Other short term receivables	94 388	100 214
5. Prepayments and accrued income	25 615	12 673
6. Short term financial assets	455 463	837 504
7. Cash and equivalent	874 963	868 692
Total assets	**6 018 622**	**6 247 334**

EQUITY AND LIABILITIES

	31.03.2023	31.12.2022
I. Shareholders' equity	**3 169 401**	**3 083 035**
Equity attributable to the shareholders of the parent company	**3 169 401**	**3 083 035**
1. Share capital	133 604	133 604
2. Share premium account	1 515 929	1 515 929
3. Reserve capital from option measurement	13 207	13 207
4. Other capital reserves	890 221	924 645
5. Retained profit (loss)	495 696	335 778
6. Net profit	120 797	159 918
7. F/X translation differences	(53)	(46)
II. Long term liabilities	**1 736 456**	**1 784 771**
1. Bank loans and borrowings	1 315 842	1 292 699
2. Deferred income tax provision	106 288	116 797
3. Provisions	23 262	23 398
4. Accruals and deferred income	39 714	40 512
5. Lease liabilities	171 801	160 765
6. Futures and forward contracts measurement	66 286	140 762
7. Other liabilities	13 263	9 838
III. Short term liabilities	**1 112 765**	**1 379 528**
1. Bank loans and borrowings	341 552	216 743
2. Trade payables	124 389	171 983
3. Income tax payable	8 435	9 600
4. Lease liabilities	24 893	22 871
5. Futures and forward contracts measurement	382 967	747 321
6. Other liabilities	108 397	64 744
7. Provisions	6 126	6 254
8. Accruals and deferred income	116 006	140 012
Total equity and liabilities	**6 018 622**	**6 247 334**

(PLN k)

INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
For a 3-month period ended on 31 March 2023

	Note	For 3 months ended 31.03.2023	31.03.2022
Revenues from contracts with clients	4.1	1 471 196	2 439 775
Other revenues	4.1	(4 272)	35 764
Sales revenues	4.1	**1 466 924**	**2 475 539**
Cost of goods sold	4.2	(1 246 611)	(2 266 436)
Gross sales profit		**220 313**	**209 103**
Other operating revenues	4.3	5 522	1 566
Selling expense	4.2	(25 807)	(29 379)
General overheads	4.2	(35 688)	(25 453)
Other operating expenses	4.4	(1 046)	(1 819)
Financial income	4.5	10 482	1 529
Financial costs	4.6	(22 282)	(19 011)
Profit before tax		**151 494**	**136 536**
Income tax	4.11	(30 697)	(26 902)
Net profit		**120 797**	**109 634**
Net profit attributed to:		**120 797**	**109 634**
Parent company shareholders		120 797	109 634
Earnings per share:			
– basic earnings (loss) for period attributable to parent company shareholders		1,81	2,41
– diluted earnings (loss) for period attributable to parent company shareholders		1,81	2,41

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For a 3-month period ended on 31 March 2023

	For 3 months ended 31.03.2023	31.03.2022
Net profit for period	**120 797**	**109 634**
Other comprehensive income that may be reclassified to profit and loss account once specific conditions are met		
Cash flow hedges	(34 424)	60 946
F/X translation differences	(7)	(29)
Other net comprehensive income	**(34 431)**	**60 917**
COMPREHENSIVE INCOME FOR PERIOD	**86 366**	**170 551**
Comprehensive income for period:	86 366	170 551
Parent company shareholders	86 366	170 551
Non-controlling shareholders	-	-

(PLN k)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For a 3-month period ended on 31 March 2023

	Noty	For 3 months ended 31.03.2023	31.03.2022
A.Cash flow from operating activities			
I.Profit (loss) before tax		**151 494**	**136 536**
II.Total adjustments		**11 968**	**(143 193)**
1.Depreciation		37 859	24 723
2.Foreign exchange losses (gains)		1	(1)
3.Interest and profit shares (dividends)		19 250	13 294
4.Losses (gains) on investing activities		2 485	440
5. Income tax		(33 439)	(26 461)
6.Changes in provisions		(265)	341
7.Changes in inventory		(23 135)	(23 260)
8.Changes in receivables		463 441	(507 068)
9.Changes in liabilities, excluding bank loans and borrowings		(444 104)	360 610
10.Changes in accruals		(11 615)	14 204
11. Other adjustments		1 490	(15)
III.Net cash flows from operating activities (I+/-II)		**163 462**	**(6 657)**
B.Cash flows from investing activities			
I. Cash in		**-**	**2 466**
1. Cash from disposal/liquidation/acquisition of subsidiary		-	2 466
II.Cash out		**275 816**	**160 924**
1. Acquisition of tangible fixed assets		128 999	160 764
2. For financial asstes, including:		146 817	160
a) acquisition of financial assets		146 817	-
b) long term loans given		-	160
III.Net cash flows from investing activities (I-II)		**(275 816)**	**(158 458)**
C.Cash flows from financing activities			
I.Cash in		**217 446**	**307 981**
1. Cash in from the issue of shares		-	-
2.Loans and borrowings		217 446	307 981
II.Cash out		**98 820**	**115 958**
1.Repayment of loans and borrowings		70 983	98 276
2.Lease payables		7 183	3 670
3.Interest		20 580	13 959
4.Other financial expenses		74	53
III.Net cash flows from financing activities (I-II)		**118 626**	**192 023**
D.Total net cash flows (A.III+/-B.III+/-C.III)		**6 272**	**26 908**
E.Increase/decrease in cash in the balance sheet, including:		**6 271**	**26 919**
- change in cash due to f/x differences		(1)	11
F.Cash at beginning of period		**868 692**	**387 366**
G.Cash at end of period, including:		**874 963**	**414 285**
- restricted cash	4.7	105 513	30 115

(PLN k)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For a 3-month period ended on 31 March 2023

	Share capital	Share premium account	Reserve capital from option measurement	Other capital reserves	Retained profit	Net profit	F/X translattion differences	Equity attributable to the shareholders of the parent company	Total equity
As at January 2023	**133 604**	**1 515 929**	**13 207**	**924 645**	**495 696**	**-**	**(46)**	**3 083 035**	**3 083 035**
Comprehensive income for reporting period									
- Net profit (loss) for reporting period	-	-	-	-	-	120 797	-	120 797	120 797
- Other comprehensive income for period	-	-	-	(34 424)	-	-	(7)	(34 431)	(34 431)
As at 31 March 2023	**133 604**	**1 515 929**	**13 207**	**890 221**	**495 696**	**120 797**	**(53)**	**3 169 401**	**3 169 401**

For a 3-month period ended on 31 March 2022

	Share capital	Share premium account	Reserve capital from option measurement	Other capital reserves	Retained profit	Net profit	F/X translattion differences	Equity attributable to the shareholders of the parent company	Total equity
As at January 2022	**90 887**	**557 983**	**13 207**	**618 105**	**576 862**	**-**	**48**	**1 857 092**	**1 857 092**
Comprehensive income for reporting period									
- Net profit (loss) for reporting period	-	-	-	-	-	109 634	-	109 634	109 634
- Other comprehensive income for period	-	-	-	60 946	-	-	(29)	60 917	60 917
As at 31 March 2022	**90 887**	**557 983**	**13 207**	**679 051**	**576 862**	**109 634**	**19**	**2 027 643**	**2 027 643**

(PLN k)

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

1.1 The rules underlying the interim condensed consolidated financial statements

These interim condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 and cover a 3-month period commencing on 1 January and ending on 31 March 2023, as well as the comparable period since 1 January until 31 March 2022 and in the case of the balance sheet - as at 31 December 2022 In accordance with the applicable laws, these interim condensed consolidated financial statements for the 3-month period ended on 31 March 2023 and comparative data for the 3-month period ended on 31 March 2022 have not been subject to a review by an independent auditor, while the comparative data for the financial year ended 31 December 2022 has been subject to an audit by an independent auditor.

These consolidated financial statements have been prepared in accordance with the historical cost method, except for the following material items in the balance sheet:

- derivatives which have been measured at fair value.

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

Some entities within the Group keep their own accounting books in line with the accounting policies (principles) set forth by the Accounting Act of 29 September 1994 (the “Act”) as amended and rules issued based on such Act (“Polish Accounting Standards”). These consolidated financial statements include adjustments which have not been included in the Group entities’ accounting books, in order to align the financial statements of such entities with the requirements of IFRS.

These interim condensed consolidated financial statements have been prepared on the assumption that the Company and the Group companies will continue as going concerns in foreseeable future, that is for at least 12 months after the reporting date, i.e. after 31 March 2023.

1.2 Rules applied in preparation of the financial statements

The accounting principles applied by the Group have been outlined in the consolidated financial statements of Polenergia Group for 2022 published on 30 March 2023 Said Financial Statements provided detailed information on the principles and methods of measuring assets and liabilities, as well as measuring the financial result, the method of preparing financial statements and gathering comparable data. **Such principles have been applied on a consistent basis.**

1.3 Functional and reporting currency

The functional currency of the parent company and other companies (except for the company Polenergia Energy Ukraine LLC which has no significant impact on the consolidated financial statements) included in these consolidated financial statements, as well as the reporting currency of these consolidated financial statements, is Polish Zloty.

The following exchange rates were used for measurement purposes:

	2023-03-31	2022-12-31	2022-03-31
USD	4.2934	4.4018	4.1801
EUR	4.6755	4.6899	4.6525
GBP	5.3107	5.2957	5.4842

Consolidated Quarterly Report for Q1 2023 ended on 31 March 2023 (PLN K)

1.4 Seasonality and cyclical nature of operations

The Group has been operating in the business of electrical energy generation from renewable sources. Wind conditions which determine the electricity production in wind farms are unevenly distributed throughout the year. In autumn and winter they are significantly better than in spring and summer. The Group resolved to build wind farms in locations selected based on professional wind measurements confirmed by independent and reputable experts. However, there can be no assurance that the actual wind conditions will be no different than those used in the Group's models for specific investment projects. Likewise, for PV farms it is the sun exposure conditions, which also are unevenly distributed throughout the year, that determine the uneven distribution of the electricity generation by those farms. During the summer season, the sun exposure is significantly better than in winter.

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

2. Adjusted EBITDA and Adjusted Net Profit

The Group presents data on its EBITDA, adjusted EBITDA and the adjusted net profit allocated to the parent company shareholders in order to present the Group's results to the exclusion of certain elements that have no impact on the core business of the Group and that lead to no cashflows in the reporting period. The Group presents data on its EBITDA, adjusted EBITDA and the adjusted net profit allocated to the parent company shareholders in order to present the Group's results to the exclusion of certain elements that have no impact on the core business of the Group and that lead to no cashflows in the reporting period.

EBITDA and Adjusted EBITDA

	For 3 months ended	
	31.03.2023	31.03.2022
Profit before tax	151 494	136 536
Fianancial revenues	(10 482)	(1 529)
Financial costs	22 282	19 011
Depreciation/Amortization	37 859	24 723
Development - related impairment loss	101	139
EBITDA	**201 252**	**178 880**
Adjusted EBITDA	**201 252**	**178 880**

Adjusted net profit (loss) attributed to parent shareholders

	For 3 months ended	
	31.03.2023	31.03.2022
NET PROFIT attributed to parent shareholders	**120 797**	**109 634**
Unrealized foreign exchange net (gains)/losses	(112)	5 463
(Income)/Cost from measurement of long-term borrowings	755	253
Development - related impairment loss	101	139
Purchase price allocation:		
Depreciation/Amortization	709	66
Tax	(13)	(12)
Adjusted NET PROFIT attributed to parent shareholders	**122 235**	**115 543**

Consolidated Quarterly Report for Q1 2023 ended on 31 March 2023 (PLN K)

Neither the level of EBITDA, the adjusted EBITDA nor the adjusted net profit allocated to the parent company shareholders have been defined in IFRS, hence these figures may be derived differently by other entities. The definitions of the foregoing indices have been provided in the Consolidated financial statements of Polenergia Group for 2022 published on 30 March 2023 Definitions of the foregoing indices applied by other entities may be different from those used by the Group.

3. Operating segments

The Management Board identified the following operating segments which overlap with the reporting ones.

- Onshore wind farms – development, construction and maintenance of facilities generating electrical energy from onshore wind,
- Photovoltaics – development, construction and maintenance of facilities generating electrical energy using the solar radiation,
- Offshore wind farms – development, construction and maintenance of facilities generating electrical energy from wind at sea,
- Gas and clean fuels - development, construction and maintenance of facilities generating electrical energy in gas cogeneration and development work in the manufacture of hydrogen and generation of energy from hydrogen based on the renewable sources originating energy,
- Trading and sales - commercial business in terms of trading in electricity and certificates of origin, other energy market instruments, as well as sale of electricity to industrial customers and individual end users, provision of market access services to energy generators using renewable energy sources, as well as sale and assembly solar panels and heat pumps,
- Distribution and eMobility - provision of electrical energy and gas distribution and sale services to commercial, industrial and household customers, as well as the development of e-mobility.

The Management Board has been separately monitoring the operating performance of the segments in order to make decisions regarding allocation of resources, evaluation of the effects of such allocation and the operating performance. Such evaluation is based on the EBITDA result and gross sale profit or loss. Income tax is monitored at the Group level and is not allocated to operating segments. Company's cash is disclosed under Unallocated Assets.

Transaction prices used in transactions between the operating segments are determined on an arm's length basis, similarly to the transactions with non-related parties. Any and all consolidation adjustments are allocated to individual segments.

For 3 months ended 31.03.2023	RES Generation: On shore wind farms	RES Generation: Photovoltaics	RES Generation: Off shore wind farms	Gas and Clean Fuels	Trading and sales	Distribution and eMobility	Unallocated	Purchase price allocation	Total
Revenues from contracts with clients	176 944	2 251	-	39 290	1 204 937	43 929	3 845	-	1 471 196
Other revenues	-	-	-	(5 024)	752	-	-	-	(4 272)
Total revenues	176 944	2 251	-	34 266	1 205 690	43 929	3 844	-	1 466 924
Net sales profit (loss)	**133 198**	**136**	**-**	**(528)**	**88 746**	**(1 334)**	**804**	**(709)**	**220 313**
Selling costs	-	-	-	-	(25 807)	-	-	-	(25 807)
General overheads	(2 005)	(240)	-	(1 897)	(17 171)	(2 258)	(12 117)	-	(35 688)
Interest income/(expense)	(16 241)	(981)	-	301	(4 440)	(1 342)	13 524	-	(9 179)
Other financial revenue/(expense)	(2 225)	(305)	-	122	(1 069)	(95)	951	-	(2 621)
Other operating revenue/(expense)	4 226	(13)	-	(740)	345	745	(87)	-	4 476
Profit/loss before tax	**116 953**	**(1 403)**	**-**	**(2 742)**	**40 604**	**(4 284)**	**3 075**	**(709)**	**151 494**
Income tax	-	-	-	-	-	-	(30 710)	13	(30 697)
Net profit/loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**120 797**
EBITDA **)	163 922	864	-	(888)	47 853	(647)	(9 852)	-	201 252
Segment assets	3 397 680	149 815	539 193	176 537	1 067 388	221 768	466 241	-	6 018 622
Segment liabilities	1 699 349	56 097	-	34 360	940 195	122 713	(3 493)	-	2 849 221
Depreciation/Amortization	28 402	981	-	2 276	1 739	2 199	1 553	709	37 859

*) EBITDA - definition in Note 2

Consolidated Quarterly Report for Q1 2023 ended on 31 March 2023 (PLN K)

For 3 months ended 31.03.2022	RES Generation			Gas and Clean Fuels	Trading and sales	Distribution and eMobility	Unallocated	Purchase price allocation	Total
	On shore wind farms	Photovoltaics	Off shore wind farms						
Revenues from contracts with clients	104 905	941	-	40 364	2 256 024	35 596	1 945	-	2 439 775
Other revenues	-	-	-	4 444	31 320	-	-	-	35 764
Total revenues	104 905	941	-	44 808	2 287 344	35 596	1 945	-	2 475 539
Net sales profit (loss)	**82 396**	**436**	**-**	**5 658**	**114 003**	**7 246**	**(570)**	**(66)**	**209 103**
Selling costs	-	-	-	-	(29 379)	-	-	-	(29 379)
General overheads	(983)	(115)	-	(1 618)	(13 273)	(1 701)	(7 763)	-	(25 453)
Interest income/(expense)	(9 008)	63	-	38	(1 508)	(788)	(1 767)	-	(12 970)
Other financial revenue/(expense)	(986)	(51)	-	(853)	(2 650)	(120)	148	-	(4 512)
Other operating revenue/(expense)	886	(64)	-	(445)	(198)	11	(443)	-	(253)
Profit/loss before tax	**72 305**	**269**	**-**	**2 780**	**66 995**	**4 648**	**(10 395)**	**(66)**	**136 536**
Income tax	-	-	-	-	-	-	(26 914)	12	(26 902)
Net profit/loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**109 634**
EBITDA **)	100 659	463	-	6 943	71 497	7 404	(8 086)	-	178 880
Segment assets	2 599 786	175 883	283 593	230 568	2 598 519	178 195	370 340	-	6 436 884
Segment liabilities	1 356 906	52 760	-	58 804	2 450 398	111 025	379 348	-	4 409 241
Depreciation/Amortization	18 226	206	-	3 347	343	1 849	686	66	24 723

Consolidated Quarterly Report for Q1 2023 ended on 31 March 2023 (PLN K)

For 3 months ended 31.03.2023		RES Generation						
		On shore wind farms	Photovoltaics	Gas and Clean Fuels	Trading and sales	Distribution and eMobility	Unallocated	Total
- revenue from sale and distribution of electricity	over time	142 515	2 251	18 632	924 127	41 715	-	1 129 240
- revenue from certificates of orgin	over time	34 424	-	-	(5 213)	-	-	29 211
- revenue from sale of heat	point in time	-	-	14 655	-	-	-	14 655
- revenue from consulting and advisory services	over time	-	-	-	-	-	3 737	3 737
- revenue from lease and operator services	over time	-	-	-	-	891	-	891
- revenue from sale and distribution of gas	over time	-	-	-	200 903	1 096	-	201 999
- revenue from sale of merchandise	over time	-	-	-	-	90	-	90
- revenue from lease	over time	5	-	-	-	-	106	111
- revenue from the capacity market and blackstart services	point in time	-	-	6 003	-	-	-	6 003
- revenue from the solar panels and heat pomps instalation	over time	-	-	-	79 730	-	-	79 730
- other	over time	-	-	-	5 391	137	1	5 529
Total revenue from clients		**176 944**	**2 251**	**39 290**	**1 204 938**	**43 929**	**3 844**	**1 471 196**
- revenues from the valuation of futures contracts	over time	-	-	(5 024)	752	-	-	(4 272)
Total other revenue		**-**	**-**	**(5 024)**	**752**	**-**	**-**	**(4 272)**
Total sales revenue		**176 944**	**2 251**	**34 266**	**1 205 690**	**43 929**	**3 844**	**1 466 924**

For 3 months ended 31.03.2022		RES Generation						
		On shore wind farms	Photovoltaics	Gas and Clean Fuels	Trading and sales	Distribution and eMobility	Unallocated	Total
- revenue from sale and distribution of electricity	over time	82 108	941	24 822	1 167 125	33 900	-	1 308 896
- revenue from certificates of orgin	over time	22 793	-	155	745 207	-	-	768 155
- revenue from sale of heat	point in time	-	-	9 509	-	-	-	9 509
- revenue from consulting and advisory services	over time	-	-	-	-	-	1 830	1 830
- revenue from lease and operator services	over time	-	-	-	-	432	-	432
- revenue from sale and distribution of gas	over time	-	-	-	223 340	1 201	-	224 541
- revenue from sale of merchandise	over time	-	-	-	-	52	-	52
- revenue from lease	over time	4	-	-	-	3	102	109
- revenue from the capacity market and blackstart services	over time	-	-	5 877	-	-	-	5 877
- revenue from the solar panels and heat pomps instalation	over time	-	-	-	118 897	-	-	118 897
- other	over time	-	-	1	1 455	8	13	1 477
Total revenue from clients		**104 905**	**941**	**40 364**	**2 256 024**	**35 596**	**1 945**	**2 439 775**
- revenues from the valuation of futures contracts	over time	-	-	4 444	24 120	-	-	28 564
- revenues from CO2 emission allowances	point in time	-	-	-	7 200	-	-	7 200
Total other revenue		**-**	**-**	**4 444**	**31 320**	**-**	**-**	**35 764**
Total sales revenue		**104 905**	**941**	**44 808**	**2 287 344**	**35 596**	**1 945**	**2 475 539**

Consolidated Quarterly Report for Q1 2023 ended on 31 March 2023 (PLN K)

4. Other notes

4.1 Sales revenue

	For 3 months ended	
	31.03.2023	31.03.2022
- revenue from sale and distribution of electricity	1 129 240	1 308 896
- revenue from certificates of orgin	29 211	768 155
- revenue from sale of heat	14 655	9 509
- revenue from consulting and advisory services	3 737	1 830
- revenue from lease and operator services	891	432
- revenue from sale and distribution of gas	201 999	224 541
- revenue from sale of merchandise	90	52
- revenue from lease	111	109
- revenue from the capacity market and blackstart services	6 003	5 877
- revenue from the solar panels and heat pomps instalation	79 730	118 897
- other	5 529	1 477
Total revenue from clients	**1 471 196**	**2 439 775**
- revenues from the valuation of futures contracts	(4 272)	28 564
- revenues from CO2 emission allowances	-	7 200
Total other revenue	**(4 272)**	**35 764**
Total sales revenue	**1 466 924**	**2 475 539**

4.2 Cost according to type

	For 3 months ended	
	31.03.2023	31.03.2022
- depreciation	37 859	24 723
- materials and power consumption	38 735	80 127
- third party services	60 188	67 069
- taxes, duties and fees	8 073	6 501
- salaries	26 860	19 758
- social security and other benefits	4 604	3 424
- other cost by type	1 241	972
Total cost by type	**177 560**	**202 574**
- marchandise and materials sold (+)	1 135 850	2 126 674
- selling certificates of orgin	34 423	22 809
- income from granted certificates of orgin	(39 727)	(30 789)
- selling expenses (-)	(25 807)	(29 379)
- general overheads (-)	(35 688)	(25 453)
Total cost of goods sold	**1 246 611**	**2 266 436**

Consolidated Quarterly Report for Q1 2023 ended on 31 March 2023 (PLN K)

4.3 Other operating revenues

	For 3 months ended	
	31.03.2023	31.03.2022
- reversal of impairment losses, including:	8	-
- expected credit loss	5	-
- non-current fixed assets impairment losses	3	-
- other, including:	5 514	1 566
- compensation and additional payments	43	65
- grant settelment	798	798
- revenue fromlease of non-current fixed assets	-	139
- reinvoicing	26	10
- other	4 647	554
Total other operating revenues	**5 522**	**1 566**

The item "other" includes real estate tax refund relating to previous years in the amount of PLN 3,133 thousand.

4.4 Other operating expenses

	For 3 months ended	
	31.03.2023	31.03.2022
- asset impairment losses, including:	145	720
- expected credit loss	44	581
- non-current fixed assets	101	139
- other, including:	901	1 099
- penalties, fines compensation payable	18	5
- donation	180	622
- complaints,compensation	75	216
- repair costs covered by compensation	-	131
- other	628	125
Total other operating costs	**1 046**	**1 819**

4.5 Financial income

	For 3 months ended	
	31.03.2023	31.03.2022
- financial income from interest on deposit and loans	9 783	928
- f/x differences, including:	409	6
- unrealized	26	-
- realized	383	6
- valuation of financial liablities	-	68
- other surety - related fees	261	85
- other	29	442
Total financial revenue	**10 482**	**1 529**

Consolidated Quarterly Report for Q1 2023 ended on 31 March 2023 (PLN K)

4.6 Financial expenses

	For 3 months ended	
	31.03.2023	31.03.2022
- interest expenses	18 962	13 898
- f/x differences, including:	468	2 151
- unrealized	(112)	6 745
- realized	580	(4 594)
- commission an other fees	1 745	2 026
- measurement of financial liabilities *)	932	380
- other	175	556
Total financial cost	**22 282**	**19 011**

*) refers to bank loans measured at amortized cost

4.7 Cash flows

Restricted cash	For 3 months ended	
	31.03.2023	31.03.2022
- cash frozen for loan repayment	45 873	27 765
- frozen cash for deposit	47 510	-
- frozen cash - split payment	12 090	2 297
- frozen cash - social benefit fund	40	53
Total	**105 513**	**30 115**

4.8 Goodwill

As at 31 March 2023, goodwill amounts to PLN 157 m and includes the following segments and cash generating centers:

- PLN 25 m - distribution - including the companies Polenergia Dystrybucja and Polenergia Kogeneracja;
- PLN 44 m - trading - including the company Polenergia Obrót;
- PLN 88 - photovoltaics - including the companies Polenergia Fotowoltaika, Polenergia Pompy Ciepła and Zielony Ryś (“Photovoltaics Group”).

4.9 Fair value of futures and forward contracts

Fair value of futures and forward contracts

In view of the operations of the subsidiary Polenergia Obrót S.A., the Group classifies futures and forward contracts to buy or sell electricity as derivatives, in line with IFRS 9 - Financial Instruments. Accordingly, such contracts are measured at fair value, with changes in fair value recognized under the profit and loss account. Gains or losses on the measurement of contracts are disclosed on a net basis under revenue or selling expenses, as appropriate. Measurement is performed with respect to the outstanding part of the contracts broken down into a current portion to be completed within 12 months from the reporting date, and a long term portion to be completed in subsequent years.

Consolidated Quarterly Report for Q1 2023 ended on 31 March 2023 (PLN K)

	For 3 months ended	
	31.03.2023	31.03.2022
Result of measurement of derivatives	(4 272)	28 564

Financial instrument category

	31.03.2023	Total
	Level 2	Total
Short term assets	408 909	408 909
Long term assets	62 782	62 782
Total	**471 691**	**471 691**

	Level 2	Total
Short term liabilities	382 967	382 967
Long term liabilities	66 286	66 286
Total	**449 253**	**449 253**
Net fair value	**22 438**	**22 438**

Impact on profit/loss	31.03.2023	31.03.2022
Market price increase by 1%	45	1 571
Market price decrease by 1%	(45)	(1 571)

The table below includes information on financial assets and liabilities the Group measured at fair value and classified at specific levels of the fair value hierarchy:

- Level 2 – assets and liabilities measurement inputs other than quoted market prices included under Level 1 that are observable for the variables from active markets,

Level 2: The fair value is measured based on other inputs that are observable either directly or indirectly. As similar contracts are traded in an active market, the prices reflect results of actual transactions in similar derivative instruments. The fair value of loans is determined at amortized cost i.e. the discounted cash flow analysis at the assumed effective interest rate as a discount rate.

Forward contracts are entered into on stock exchanges for speculative purposes and measured with the model using market parameters, i.e. the market price of an instrument discounted using relevant interest rates. The impact of applying unobserved data, if any, was immaterial to the measurement of derivatives (level 2).

Consolidated Quarterly Report for Q1 2023 ended on 31 March 2023 (PLN K)

Fair values of other financial assets and liabilities

Fair value of other financial assets and liabilities enumerated below is not materially different from their carrying amount:

- long term receivables,
- trade debtors and other receivables.
- cash and equivalent,
- bank loans and borrowings,
- trade creditors and other payables.

	Category	Carrying amount		Fair Value	
		31.03.2023	31.12.2022	31.03.2023	31.12.2022
Financial asstes					
Futures and forward contracts	Level 2	471 691	926 564	471 691	926 564
Derivative instruments	Poziom 2	197 056	233 642	197 056	233 642
Financial liabilities					
Bank loans	n/a	1 657 394	1 509 442	1 657 394	1 509 442
Derivative instruments	Level 2	11 916	9 375	11 916	9 375
Futures and froward contracts	Level 2	449 253	888 083	449 253	888 083

Security

As at 31 March 2023, the Group recognized PLN 34,424 k (31 March 2022: PLN 60,946 k) in other comprehensive income being a component of equity, on account of the effective portion of the hedging instrument’s fair value.

Hedging transactions are entered into with a view to mitigate the impact of:

- interest rate variation on the amount of the future highly probable payments of loan installments.
- foreign exchange rates changes on the amount of the future highly probable foreign currency denominated payments under the investment agreements.

Hedge accounting seeks to eliminate the risk of an accounting mismatch between the time when gains or losses on a hedging instrument and those on the hedged item are recognized.

As at 31 March 2023, the Group held the following hedging instruments for hedge accounting purposes.

Consolidated Quarterly Report for Q1 2023 ended on 31 March 2023 (PLN K)

Interest rate risk hedges

Maturity date of hedging instrument	Hedged value	Interest rate hedged	Instrument
29.09.2025	37 343	0,52%	IRS
29.06.2026	21 727	0,56%	IRS
26.02.2027	7 859	1,25%	IRS
26.02.2027	1 628	1,25%	IRS
29.03.2028	121 995	0,79%	IRS
15.12.2027	100 844	0,75%	IRS
22.12.2031	8 811	2,60%	IRS
12.12.2033	22 470	6,71%	IRS
12.12.2033	22 470	6,71%	IRS
13.03.2034	121 464	6,65%	IRS
30.06.2034	12 229	0,89%	IRS
11.06.2035	141 015	1,10%	IRS
10.09.2035	419 736	1,20%	IRS
31.12.2035	17 752	2,39%	IRS
11.03.2036	105 711	2,22%	IRS
Total	**1 163 054**		

Cash flow hedges

Maturity date of hedging instrument	Hedged value	Exchange rate hedged	Instrument
2023.Q2	1 316 EUR	4,8135	Forward
Total	**1 316 EUR**		

4.10 Trade creditors and other receivables

As at 31 March 2023, impairment losses on trade receivables deemed uncollectible decreased down to PLN 18,703 k compared to PLN 18,917 k as at 31 December 2022.

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

	Total	Step 2	Step 3
Gross value as at 1.1.2023	379 721	317 035	62 686
Arisen	315 677	315 677	-
Paid	(315 189)	(317 596)	2 407
Gross value as at 31.12.2023	380 209	315 116	65 093

Consolidated Quarterly Report for Q1 2023 ended on 31 March 2023 (PLN K)

The payment default rates and the calculation of credit losses as at 31 March 2023 and as at 31 December 2022 have been presented in the table below:

	Total	Receivables from individual customers Current 0-30 days	30-60 days	60-90 days	>90 days
31.03.2023	8 082	759	759	741	5 823
Expected credit losses	4 077	-	-	-	4 077
31.12.2022	60 580	54 769	939	239	4 633
Expected credit losses	4 291	-	-	-	4 291

	Total	Receivables from corporate customers Current 0-30 days	30-60 days	60-90 days	>90 days
31.03.2023	353 424	309 117	4 201	- 461	40 567
Expected credit losses	14 649	13 214	-	-	1 435
31.12.2022	300 224	260 893	230	- 35	39 136
Expected credit losses	14 627	13 214	-	-	1 413

4.11 Effective tax rate

	For 3 months ended 31.03.2023	For 3 months ended 31.03.2022
Income tax charged to the profit and loss account, including	**30 697**	**26 902**
Current tax	36 836	32 759
Deferred tax	(6 139)	(5 857)
Profit (Loss) before tax	**151 494**	**136 536**
Tax on gross profit at effective tax rate of 19%	28 784	25 942
Non-deductible costs:	**1 996**	**960**
- permanent differences	179	235
- temporary difference on which no tax asset/provision is established	1 817	725
Non-taxable income:	**(83)**	**-**
- other	(83)	-
Income tax in the profit and loss account	**30 697**	**26 902**

4.12 Changes in provisions

Change in short term and long term provisions

	31.03.2023	31.12.2022
Provisions at beginning of the period	**29 652**	**27 027**
- recognition of provisions	90	4 611
- reversal of provisions	(354)	(1 986)
Provisions at end of the period	**29 388**	**29 652**

Consolidated Quarterly Report for Q1 2023 ended on 31 March 2023 (PLN K)

5. Interest bearing bank loans and borrowings

Polenergia Obrót S.A.

On 18 January 2023, Polenergia Obrót S.A. signed an annex to the facility agreement entered into with Deutsche Bank Polska S.A. on 10 November 2021. As a result of the signing of the annex, the credit limit increased to PLN 200,000 thousand with the possibility of using it up to PLN 100,000 thousand as overdraft and PLN 150,000 thousand as bank guarantee.

In addition, the annex extended the date until which the Company may extend the 12-month loan periods until 10 January 2025.

Polenergia Dystrybucja Sp. z o.o.

On 23 February 2023, Polenergia Dystrybucja Sp. z o.o. signed an annex to the loan agreement with ING Bank Śląski S.A., based on which the Company was granted a term loan and a working capital loan. The annex extended the final repayment date of the working capital loan until 30 November 2023.

Polenergia Farma Wiatrowa Rudniki Sp. z o.o.

On 28 February and 24 March 2023, Polenergia Farma Wiatrowa Rudniki Sp. z o.o. signed annexes to the agreement for the term loan granted to it on 12 May 2021 by MBANK S.A. to finance the construction of a photovoltaic facility. The annexes were extending the final completion dates of the project's construction phase to 14 April and finally to 30 April 2023. According to the annexes, certain conditions for obtaining formal confirmation by the bank of the completion of this phase have also been changed. In addition, the term loan repayment schedule was amended, as a result of which the final repayment date was extended to 21 December 2037. Also, the requirements regarding the date of joining the auction system were changed.

Polenergia Farma Fotowoltaiczna 9 Sp. z o.o.

On 30 January, 14 February, 13 March and 24 March 2023, Polenergia Farma Fotowoltaiczna 9 Sp. z o.o. signed annexes to the agreement for the term loan granted to it by MBANK S.A. pursuant to the loan agreement dated 12 May 2021 extending the loan availability date finally to 30 April 2023. According to the annexes, certain conditions have also been changed for obtaining formal confirmation by the bank of the completion of this phase which is the prerequisite of releasing the refinancing loan.

In the period ended 31 March 2023, repayments of investment loans took place in wind farms and a PV farm, totaling PLN 30,358 k, of which PLN 5,762.9 k were made as mandatory loan prepayments. Meanwhile, the repayment of the investment loan by Polenergia Dystrybucja Sp. z o.o. amounted to PLN 1,300 k.

In the same period, the investment loans launched for the construction of the wind farms amounted to PLN 56,491.8 k in total while the investment loan granted to Polenergia Dystrybucja Sp. z o.o. amounted to PLN 3,900 k.

Working capital loans debt balance: overdrafts and revolving loans to finance VAT on the investment expenditure in the group increased in total by PLN 127,835.8 k.

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

On 3 April 2023, the Company's Extraordinary General Meeting of Shareholders passed a resolution to increase the Company's share capital through the issuance of new ordinary bearer shares with pre-emptive rights, a public offering of new issue shares, determining 14 September 2023 as the day of pre-emptive rights to new issue shares, dematerialization and applying for admission and introduction of pre-emptive rights, rights to shares and new issue shares to trading on the regulated market operated by the Warsaw Stock Exchange, and amending the Company's Statutes, as well as authorizing the Supervisory Board to determine the consolidated text of the Company's Statutes (described in more detail in Current Report No. 11/2023 dated 3 April 2023).

7. Information on dividend distributed (or declared) in total and per share, broken down into ordinary and preferred shares

No dividend distribution took place within the 3-month period ended on 31 March 2023.

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

On 4 January 2023, ERGO HESTIA S.A., acting to order of ONDE S.A., issued a Guarantee for the proper removal of defects or faults for the works performed during the construction of the Dębice/Kostomłoty Wind Farm. The guarantee was issued up to the maximum amount of PLN 1,973.8 k and will expire on 18 October 2027.

On 12 January 2023, ERGO HESTIA S.A., acting to order of ONDE S.A., issued a Guarantee for the proper removal of defects or faults for the works performed during construction of the Szymankowo Wind Farm. The guarantee was issued to the maximum amount of PLN 2,339.5 k and will expire on 9 September 2026.

On 30 January 2023, FORTUM Marketing and Sales Polska S.A. extended until 26 July 2024 and increased the amount of the PCG guarantee issued for the obligations of Fortum Oyi under the contract with Polenergia Obrót S.A. to PLN 8,000 k.

On 6 February 2023, PEKAO S.A. issued another guarantee to order of Potęgowo Mashaw to secure energy supply SWAP transactions. In total, as at 31 March 2023, Polenergia Obrót S.A. held 8 valid guarantees issued by PEKAO S.A. to order of Potęgowo Mashaw to hedge SWAPs for the supply of energy totaling PLN 5,028 k.

On 8 February 2023, Societe Generale Paris issued a Performance Bond to order of Hitachi Energy Group for the contract with the Offshore Wind Farm Bałtyk II Sp. z o.o. The performance bond was issued up to a maximum amount of EUR 726 k plus PLN 3,385.5 k plus SEK 3,136.4 k plus CHF 17.1 k with an expiration date of 31 May 2024.

On 8 February 2023, Societe Generale Paris issued a Performance Bond to order of Hitachi Energy Group for the contract with Bałtyk III Sp. z o.o. Offshore Wind Farm. The performance bond was issued up to a maximum amount of EUR 494.9 k plus PLN 3,810.5 k plus SEK 1,935.5 k plus CHF 15.7 k with an expiration date of 30 November 2024.

On 1 March 2023, PEKAO S.A. extended the validity of the guarantee issued to order of PKP Energetyka to secure obligations under the contract with Polenergia Obrót S.A. until 28 February 2025.

On 22 March 2023, ERGO HESTIA S.A., acting to order of ONDE S.A., issued a Guarantee for the removal of defects or faults for the works performed during construction of the Dębsk Wind Farm. The guarantee was issued to the maximum amount of PLN 5,064.7 k and will expire on 22 March 2028.

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

Amon Sp. z o.o. and Talia Sp. z o.o. - each Company acting separately filed a claim for rendering ineffective the statements of termination by Polska Energia – Pierwsza Kompania Handlowa Sp. z o.o. (a company operating in the Tauron Group) of the contracts for the sale of proprietary interest incorporated in certificates of origin for electricity generated in a renewable energy source − wind farms located in Łukaszów (Amon) and Modlikowice (Talia) and the agreements on sale of electricity generated in the a/m wind farms. The partial and preliminary judgments were favorable for both Companies in that their claims were allowed in that part which referred to the rendering of the statements of termination of the challenged contracts by the company Polska Energia – Pierwsza Kompania Handlowa Sp. z o.o. ineffective. The judgments have been appealed against. On 20 December 2021 the Court of Appeal in Gdańsk issued a judgment in the case instituted by Talia against Polska Energia – Pierwsza Kompania

Handlowa Sp. z o.o. in which the entire appeal filed by that company was dismissed. On 16 August 2022, Polska Energia – Pierwsza Kompania Handlowa Sp. z o.o filed a cassation complaint. On 17 November 2022 the Court of Appeal in Gdańsk issued a judgment in the case instituted by Amon against Polska Energia – Pierwsza Kompania Handlowa Sp. z o.o. in which the entire appeal filed by that company was dismissed. Polska Energia - Pierwsza Kompania Handlowa is entitled to file a cassation appeal against such judgment.

On 31 March 2023, Amon sp. z o.o. received a pleading from Polska Energia - Pierwsza Kompania Handlowa Sp. z o.o. in the proceedings instituted by Amon covering further claims of Amon arising from the non-performance of the abovementioned contracts by Polska Energia - Pierwsza Kompania Handlowa Sp. z o.o., pending before the Regional Court in Gdańsk, by which pleading Polska Energia - Pierwsza Kompania Handlowa included a counterclaim demanding the award of PLN 61,576 k from Amon with statutory default interest, split as follows: (i) on the amount of PLN 55,691 k - from 31 March 2023 until the date of payment; (ii) on the amount of PLN 5,884 k - from the day immediately following the date of direct delivery of a copy of the counterclaim to Amon's counsel.

The amount of PLN 55.691 k represents liquidated damages demanded by Polska Energia – Pierwsza Kompania Handlowa allegedly on the basis of § 8 sec. 1 of the Agreement for the Sale of proprietary interest resulting from certificates of origin evidencing the generation of electricity in a renewable energy source - the Łukaszów Wind Farm, entered into on 23 December 2009 by Amon with Polska Energia – Pierwsza Kompania Handlowa and resulting allegedly from Amon's failure to meet the quantities of proprietary interest to be transferred in individual months commencing August 2019.

The amount of PLN 5.884 k represents compensation claimed by Polska Energia – Pierwsza Kompania Handlowa for Amon's alleged failure to perform, in the period from 18 November 2022 to 31 December 2022, under the Agreement for the sale of electricity generated at the Renewable Energy Source - the Łukaszów Wind Farm entered into by Amon with Polska Energia – Pierwsza Kompania Handlowa on 23 December 2009.

On May 16 2023, the Regional Court of Gdańsk served Amon an order dated 2 May 2023, which left the counterclaim of Polska Energia – Pierwsza Kompania Handlowa without proceeding any further. The basis for the order in question by the Regional Court in Gdansk is Article 204 sec. 1, second sentence of the Code of Civil Procedure, which stipulates that a counterclaim may be brought no later than in a statement of defense.

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

On 12 August 2022, the Supreme Court refused to consider the cassation appeal of one of the electricity suppliers against the judgment of the Court of Appeal in Gdańsk dated 7 November 2019, dismissing the appeal of such supplier in a case brought by Polenergia Dystrybucja Sp. z o.o. for a refund of overpayment for energy supplied and the need for the electricity supplier to pay Polenergia Dystrybucja Sp. z o.o. the amount of PLN 548 k. Thus, the case was closed. The total amount demanded by Polenergia Dystrybucja Sp. z o.o., increased to include interest, was paid by the opposing party in January 2023.

The companies Certyfikaty Sp. z o.o., Polenergia Obrót S.A. and Polenergia Usługi Sp. z o.o. have been sued by Eolos Polska Sp. z o.o. before the District Court in Warsaw Commercial Division XX for payment of liquidated damages on account of termination of the contracts for the sale of property rights incorporated in the certificates of origin of electrical energy generated in renewable energy sources and for payment of the amounts due on account of the balancing costs. The most recent trail was held on 24 March 2021 in the form of the online hearing of the parties. The Court decided to continue the evidentiary hearing procedure, including the appointment of a court expert in the case. Certyfikaty Sp. z o.o. made an advance payment towards providing evidence based on the expert opinion.

On 13 July 2021, Polenergia Farma Wiatrowa 1 Sp. z o.o. received a statement of claim for payment of compensation for non-contractual use of the property. The claimants demand payment because the access road to one of the wind turbines is now located on the real property they hold the title to, following the court's decision on the delimitation of the real property. Formerly, the property was owned by another lessor. The reply was sent. The Court appointed an expert in the case to establish the value of the real property. During the most recent hearing held on 13 March 2023 the parties to the proceedings were heard. A judgment is expected to be announced.

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

On 1 December 2022, Polenergia Obrót S.A. filed an action against JMP in the District Court in Warsaw, demanding payment of the amount of PLN 40,853 k with statutory default interest applicable to commercial transactions accruing from the date of filing the action until the date of payment. The amount of the claim includes JMP's unpaid energy invoices worth PLN 39,528 k and the amount of PLN 1,324 k of accrued interest for the period up to the date of filing the action. The difference in the value of the asserted claims compared to the amounts covered by JMP's set-off statement results from settlement adjustments made in the meantime in connection with updating the metering data and from the submission by Polenergia Obrót of set-off statements. As of the date of the report, the case has not yet been considered.

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

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

In the course of the proceedings, on 28 June 2022 the Company received another request from UOKiK to submit additional information and documents. The Company provided UOKiK with the documents and information referred to in the request.

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

Due to the nature of Polenergia Fotowoltaika S.A.'s business, since December 2022 the Company has filed 77 actions for payment in pursuit of receivables under contracts between the Company and its customers. As at the date of this report, the total value of the asserted claims is ca. PLN 340 k. Due to the nature of Polenergia Fotowoltaika S.A.'s business, the Company is a party to 13 litigations in connection with contracts between the Company and its customers and cooperation agreements between the Company and its subcontractors.

10. Information on any surety issued by the Issuer or any subsidiary with respect to a loan or a borrowing or any guarantee issued jointly to a single entity or a subsidiary of such entity, if the total amount of the existing sureties and guarantees is material

On 30 January 2023, Polenergia S.A. issued a Guarantee for payment of liabilities under the contract concluded by Morska Farma Wiatrowa Bałtyk II Sp. z o.o. with Hitachi Energy Poland Sp. z o.o.. The guarantee was issued up to a maximum amount of EUR 9,500 thousand with an expiry date in accordance with the provisions of the guarantee.

On 30 January 2023, Polenergia S.A. issued a Guarantee for payment of liabilities under the contract concluded by Morska Farma Wiatrowa Bałtyk III Sp. z o.o. with Hitachi Energy Poland Sp. z o.o.. The guarantee was issued up to a maximum amount of EUR 8,550 thousand with an expiry date in accordance with the provisions of the guarantee.

11. Other information that, in the Issuer's opinion, is important in the evaluation of its personnel, property and financial situation, as well as in the assessment of its financial performance and changes thereof and information that is important for the assessment of the Issuer's ability to perform its obligations.

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

12. Identification of factors that, in the opinion of the Issuer, will impact its performance in the perspective of at least the immediately following quarter

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

- windiness levels on locations of the wind farms of: Puck, Łukaszów, Modlikowice, Gawłowice, Rajgród, Skurpie, Mycielin, Krzęcin, Szymankowo and Dębsk,
- insolation levels on locations of the Sulechów I, II, III and Buk PV farms
- prices of electricity and green certificates,
- final wording of the regulations affecting the Issuer's business,
- potential price volatility of CO_2 emission allowances and natural gas,
- financial standing of the Company's customers,
- macroeconomic situation of Poland,
- market interest rates,
- availability and cost of debt financing,
- the developments relating to the armed conflict in Ukraine.

13. Liquidity risk

The Group monitors the risk of its funds being insufficient to pay liabilities as they fall due through periodic liquidity planning. Such tool takes into account the maturities of investments and financial assets (e.g. accounts receivable, other financial assets) and forecast cash flows from operating activities.

The Group aims at balancing the continuity and flexibility of financing by using diversified funding sources, including overdrafts, bank loans, borrowings and lease contracts.

The table below shows the Group's financial liabilities by maturity as at 31 March 2023 and 31 December 2022, in terms of undiscounted contractual payments.

31.03.2023	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	69 315	387 817	843 464	1 080 384	**2 380 980**
Other liabilities	491 225	139	71 867	7 682	**570 913**
Liabilities for deliveries and sevices	124 389	-	-	-	**124 389**
Lease liabilities	6 012	15 942	77 226	216 512	**315 692**

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
Interest bearing loans and borrowings	75 780	251 832	838 668	1 053 716	**2 219 996**
Other liabilities	812 065	-	148 105	2 495	**962 665**
Liabilities for deliveries and sevices	171 983	-	-	-	**171 983**
Lease liabilities	13 468	5 414	69 326	205 484	**293 692**

14. Information on significant transactions with associates

Major transactions with associates in the 3-month period ended on 31 March 2023 include:

31.03.2023	Revenues	Receivables
MFW Bałtyk I S.A.	1 006	1 019
MFW Bałtyk II Sp. z o.o.	1 151	1 179
MFW Bałtyk III Sp. z o.o.	1 169	1 180
Total	**3 326**	**3 378**

The following significant transactions with associates took place in the 3-month period ended on 31 March 2023:

31.03.2023	Revenues	Receivables
Mansa Investments Sp. z o.o.	51	38
Green Stone Solution Sp. z o.o.	24	16
Total	**75**	**54**

The following significant transactions with associates with personal relations took place in the 3-month period ended on 31 March 2023:

31.03.2023	Revenues	Costs	Receivables	Libilities
Krucza Inwestycje KREH 1 Sp. z o.o. S.K.	90	2 136	35	-
Autostrada Eksploatacja S.A.	1 987	-	729	-
Beyond.pl Sp. z o.o.	40	182	-	27
Ciech Sarzyna S.A.	1	148	-	79
Euro Invest Sp. z o.o.	199	-	74	-
Total	**2 317**	**2 466**	**838**	**106**

All transactions have been concluded on arm's length terms.

15. Identification of event which occurred following the day of preparation of the quarterly condensed financial statements and not included in such financial statements however potentially significantly impacting the future financial performance of the Issuer

By the date of preparation of these condensed consolidated financial statements, i.e. by 24 May 2023, no events occurred which would not have been disclosed in the accounting books of the reporting period

Consolidated Quarterly Report for Q1 2023 ended on 31 March 2023 (PLN K)

C. OTHER INFORMATION PERTAINING TO THE CONSOLIDATED QUARTERLY REPORT

1. Discussion of key financial and economic data contained in the quarterly financial statements, in particular factors and events, including non-recurring ones, with a material effect on the Issuer's operations and profits earned or losses incurred in the financial year, as well as discussion of the Issuer's development prospects at least during the next financial year.

Key economic and financial data concerning the Issuer's Group performance is presented in the table below:

EBITDA / Net profit (loss) [PLN m]	3M 2023	3M 2022	Difference
Sales revenues	1 466,9	2 475,5	(1 008,6)
EBITDA	201,3	178,9	22,4
Adjusted EBITDA	201,3	178,9	22,4
Net profit (loss)	120,8	109,6	11,2
Adjusted net profit (loss)	122,2	115,5	6,7

The year-on-year changes in the Q1 2023 performance were driven by the following factors:

a) On the level of EBITDA (increase by PLN 22.4 m):

- Higher result in the onshore wind farm segment (by PLN 63.3 m) mainly due to the commencement of production at the Debsk and Kostomloty wind farms, as well as higher electricity and green certificate sales prices compared to 2022 (in which prices were a consequence of hedging transactions concluded in previous years) and lower profile costs. The above was partly offset by lower generation volume of the farms in operation in Q1 2022 and higher operating costs of the wind farms;
- Better performance of the photovoltaics segment (by PLN 0.4 m) due to the start-up at the end of March 2022, followed by the bringing into operation in June and July 2022, of two new facilities - Sulechów II (11.7 MW) and Sulechów III (9.8 MW), as well as the start-up and bringing into operation of the Buk I project (6.6 MW) in September 2022.
- Lower result in the gas and clean fuels segment (by PLN 7.8 m) as a result of lower earnings due to optimization of electricity production at ENS partly offset by a higher margin on heat sales due to higher tariff prices compensating for the higher cost of gas and the CO_2 emission allowances;
- Lower result of the trading and sales segment (by PLN 23.6 m) due to: i) lower result on the sales of electricity as a consequence of the recognition of a one-off result of the futures measurement in the preceding year and lower margin on delivery contracts in Q1 2023. ii) lower result on electricity trading and business service mainly as a consequence of the inverse distribution of the YOY result - realization of negative margin in Q1 and positive margin not recognized yet on transactions concluded in the remaining part of 2023. iii) higher operating expenses resulting from the expansion of operations. The lower result in Q1 2023 has been partly offset by: i) better result on the RES assets originating energy trading of energy from RES assets due to higher electricity sales prices and smaller impact of the wind profile costs (compared to the hedged sales price) and higher volume due to the growth of the generating projects portfolio, ii) lower margin on the RES aggregation mainly as a result of completion of contracts with negative margin (resulting from dynamic changes in the electrical energy market) in 2022.
- Lower result of the distribution segment (by PLN 8.1 m) has mainly been the consequence of the lower unit margin on energy sales, lower margin on electricity distribution (mainly due to the delay in updating the distribution tariff) and higher operating expenses from the upscaling of business. The negative result has been partly offset by higher revenues from connection fees and higher other operating income (payment of the amounts from Ergo Energy after the end of the lawsuit that had earlier been written off.
- Lower result in Unallocated item (by PLN 1.8 m) has been mainly a consequence of higher operating expenses at the Headquarters as a consequence of the upscaling of business.

b) On the level of adjusted EBITDA (increase by PLN 22.4 m):

- The EBITDA effect described above (higher by PLN 22.4 m);

c) On the level of Net Profit (increase by PLN 11.2 m):

- The EBITDA effect (higher result by PLN 22.4 m);
- Higher depreciation and amortization (by PLN 13.1 m) resulting primarily from the commissioning of fixed assets in the wind farm and photovoltaic segment, higher depreciation of leased assets under IFRS 16 and depreciation of the asset recognized at the Purchase Price Allocation of Polenergia Fotowoltaika S.A.

All the abovementioned items contributed to the increase of the operating profit by PLN 9.3 m.

- Higher financial income (by PLN 9.0 m) mainly as a consequence of higher interest income (by PLN 7.4 m), higher foreign exchange gains (by PLN 2.1 m), partly offset by lower income on valuation of derivatives (by PLN 0.4 m).
- Higher financial expenses (by PLN 3.3 m) resulting mainly from higher interest expenses (PLN 3.6 m), and financial liabilities valuation (by PLN 0.6 m), partly offset by lower costs from derivative instruments valuation (by PLN 0.6 m);
- Higher income tax for Q1 2023 is a result of the Group's higher gross profit (higher levels of both financial income and operating income).

d) On the level of adjusted net profit (increase by PLN 6.7 m):

- The net profit effect (increase by PLN 11.2 m);
- Reversal of the foreign exchange differences effect (drop by PLN 5.6 m);
- Elimination of the purchase price allocation effect (increase by PLN 0.6 m);
- Reversal of the effect of impairment charges (unchanged);
- Reversal of the effect of loan valued using the amortized cost method (increase by PLN 0.5 m).

2. Concise outline of significant achievements or failures of the issuer in the reporting period including a list of related major events

An outline of significant achievements or failures of the Issuer in the reporting period including a list of related major events has been presented in section A.2 hereof.

3. Management Board's position on the feasibility of meeting the previously published forecasts for a given year in light of the results presented in the quarterly report

The Company publishes no financial performance forecasts.

4. Description of factors and events, in particular those of non-typical nature, of significant impact on the financial performance achieved

The factors of significant impact on the financial performance of the Group have been referred to in sections A.2 and C.1 hereof.

5. Identification of shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the general meeting of shareholders of the Issuer as at the

day of delivery of the quarterly report, including the specification of the number of shares held by such companies, their percentage share in the share capital, number of votes attaching to them and their percentage share in the total number of votes at the general meeting, as well as identification of changes in the ownership structure of substantial share interest of the Issuer in the period since the delivery of the most recent past quarterly report

No	Shareholder	Number of shares	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	Powszechne Towarzystwo Emerytalne Allianz Polska S.A.	5 229 666	5 229 666	7,83%
4	Nationale-Nederlanden Otwarty Fundusz Emerytalny	3 954 903	3 954 903	5,92%
5	Pozostali	7 682 717	7 682 717	11,50%
	Total	**66 802 246**	**66 802 246**	**100,00%**

*) 100% of shares in Mansa Investments Sp. z o.o. is indirectly controlled by Ms. Dominika Kulczyk through the company Kulczyk Holding S.à r.l.

6. Identification of effects of changes in the entity's structure, including changes resulting from mergers, acquisitions or disposals of the group entities, long-term investments, splits, restructuring or discontinuation of operations

In the reporting period, there were no material changes in the entity's structure including ones resulting from mergers, acquisitions or disposals of the issuer's group entities, long-term investments, splits, restructuring or discontinuation of operations, save for the following events:

On 14 January 2023, the company Polenergia Farma Wiatrowa 18 sp. z o.o. was entered into the Entrepreneurs Register of the National Court Register KRS.

On 16 January 2023, the company Polenergia Farma Wiatrowa 24 sp. z o.o. was entered into the Entrepreneurs Register of the National Court Register KRS.

On 18 January 2023, the company Polenergia Farma Wiatrowa 19 sp. z o.o. was entered into the Entrepreneurs Register of the National Court Register KRS.

On 23 January 2023, the company Polenergia Farma Wiatrowa 21 sp. z o.o. was entered into the Entrepreneurs Register of the National Court Register KRS.

On 23 January 2023, the company Polenergia Farma Wiatrowa 15 sp. z o.o. was entered into the Entrepreneurs Register of the National Court Register KRS.

On 26 January 2023, the company Polenergia Farma Wiatrowa 20 sp. z o.o. was entered into the Entrepreneurs Register of the National Court Register KRS.

On 17 March 2023, the company Polenergia Farma Wiatrowa 25 sp. z o.o. was entered into the Entrepreneurs Register of the National Court Register KRS.

On 3 April 2023, the company Polenergia Farma Wiatrowa 26 sp. z o.o. was entered into the Entrepreneurs Register of the National Court Register KRS.

On 4 April 2023, the company Polenergia Farma Wiatrowa 27 sp. z o.o. was entered into the Entrepreneurs Register of the National Court Register KRS.

On 5 April 2023, the company Polenergia Farma Wiatrowa 28 sp. z o.o. was entered into the Entrepreneurs Register of the National Court Register KRS.

Consolidated Quarterly Report for Q1 2023 ended on 31 March 2023 (PLN K)

D. QUARTERLY FINANCIAL INFORMATION OF THE COMPANY POLENERGIA S.A.

INTERIM CONDENSED STANDALONE BALANCE SHEET
as at 31 March 2023

ASSETS

	31.03.2023	31.12.2022
I. Non-current assets	**2 114 669**	**1 539 454**
Tangible fixed assets	17 567	17 232
Intangible assets	320	249
Financial assets	2 094 597	1 521 973
Deferred income tax assets	2 173	-
Prepayments and accrued income	12	-
II. Current assets	**495 971**	**1 053 434**
Trade receivables	21 204	33 477
Income tax receivable	501	-
Other short term receivables	581	981
Prepayments and accrued income	7 554	7 658
Short term financial assets	37 056	585 193
Cash and equivalent	429 075	426 125
Total assets	**2 610 640**	**2 592 888**

EQUITY AND LIABILITIES

	31.03.2023	31.12.2022
I. Shareholders' equity	**2 564 009**	**2 535 852**
Share capital	133 604	133 604
Share premium account	1 515 557	1 515 557
Reserve capital from option measurement	13 207	13 207
Other capital reserves	690 205	690 205
Capital from merger	89 782	89 782
Retained profit (loss)	93 496	(26 826)
Net profit /(loss)	28 158	120 323
II. Long term liabilities	**12 208**	**16 174**
Deferred income tax provision	-	3 870
Provisions	464	464
Lease liabilities	11 744	11 840
III. Short term liabilities	**34 423**	**40 862**
Trade payables	1 921	2 223
Income tax payable	-	2 760
Lease liabilities	5 406	4 876
Other liabilities	5 283	13 209
Provisions	3 210	3 210
Accruals and deferred income	18 603	14 584
Total equity and liabilities	**2 610 640**	**2 592 888**

Consolidated Quarterly Report for Q1 2023 ended on 31 March 2023 (PLN K)

INTERIM CONDENSED STANDALONE PROFIT AND LOSS ACCOUNT
for the 3-month period ended on 31 March 2023

	For 3 months ended	
	31.03.2023	31.03.2022
Revenues from contracts with clients	10 083	5 627
Sales revenues	**10 083**	**5 627**
Cost of goods sold	(9 273)	(5 041)
Gross sales profit	**810**	**586**
General overheads	(12 072)	(8 760)
Other operating expenses	(89)	(438)
Financial income	41 021	48 361
including dividend	24 000	46 524
Financial costs	(425)	(2 647)
Proft before tax	**29 245**	**37 102**
Income tax	(1 087)	1 634
Net profit	**28 158**	**38 736**

INTERIM CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME
for the 3-month period ended on 31 March 2023

	For 3 months ended	
	31.03.2023	31.03.2022
Net profit	**28 158**	**38 736**
COMPREHENSIVE INCOME FOR PERIOD	**28 158**	**38 736**

Consolidated Quarterly Report for Q1 2023 ended on 31 March 2023 (PLN K)

INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY
for the 3-month period ended on 31 March 2023

	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 2023	**133 604**	**1 515 557**	**13 207**	**690 205**	**89 782**	**(26 826)**	**120 323**	**2 535 852**
Other comprehensive income for period								
Net loss for reporting period	-	-	-	-	-	-	28 157	28 157
As at 31 March 2023	**133 604**	**1 515 557**	**13 207**	**690 205**	**89 782**	**(26 826)**	**148 480**	**2 564 009**

INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY
for the 3-month period ended on 31 March 2022

	Share capital	Share premium account	Reserve capital from option measurement	Other capital reserves	Capital from merger	Retained loss	Net profit	Total equity
As at January 2022	**90 887**	**557 611**	**13 207**	**449 121**	**89 782**	**(26 826)**	**241 084**	**1 414 866**
Other comprehensive income for period								
Net profit for reporting period	-	-	-	-	-	-	38 736	38 736
As at 31 March 2022	**90 887**	**557 611**	**13 207**	**449 121**	**89 782**	**(26 826)**	**279 820**	**1 453 602**

Consolidated Quarterly Report for Q1 2023 ended on 31 March 2023 (PLN K)

INTERIM CONDENSED STANDALONE STATEMENT OF CASH FLOWS
for the 3-month period ended on 31 March 2023

	For 3 months ended	
	31.03.2023	31.03.2022
A.Cash flow from operating activities		
I.Profit (loss) before tax	**29 245**	**37 102**
II.Total adjustments	**(34 196)**	**(40 037)**
Depreciation	1 544	684
Foreign exchange losses (gains)	1	-
Interest and profit shares (dividends)	(34 571)	(45 038)
Losses (gains) on investing activities	-	(749)
Income tax	(10 392)	-
Changes in receivables	12 906	16 567
Changes in short term liabilities, excluding bank loans and borrowings	(7 795)	(12 406)
Changes in accruals	4 111	905
III.Net cash flows from operating activities (I+/-II)	**(4 951)**	**(2 935)**
B.Cash flows from investing activities		
I. Cash in	**188 040**	**46 524**
1. From financial assets, including:	188 040	46 524
- dividends and shares in profits	24 000	46 524
- repayment of loans given	160 000	-
- interest	4 040	-
II.Cash out	**178 620**	**38 392**
1. Acquisition of intangible and tangible fixed assets	649	861
2. For financial assets, including:	177 971	37 531
- acquisition of financial assets	177 971	9 579
- loans given	-	27 952
III.Net cash flows from investing activities (I-II)	**9 420**	**8 132**
C.Cash flows from financing activities		
I.Cash in	**-**	**-**
II.Cash out	**1 518**	**2 848**
1.Lease payables	1 303	698
2.Interest	215	2 150
III.Net cash flows from financing activities (I-II)	**(1 518)**	**(2 848)**
D.Total net cash flows (A.III+/-B.III+/-C.III)	**2 951**	**2 349**
E.Increase/decrease in cash in the balance sheet, including:	**2 950**	**2 349**
- change in cash due to f/x differences	**(1)**	**-**
F.Cash at the beginning of period	**426 125**	**151 247**
G.Cash at the and of period, including:	**429 075**	**153 596**
- restricted cash	73	35

Consolidated Quarterly Report for Q1 2023 ended on 31 March 2023 (PLN K)

COST ACCORDING TO TYPE

`	For 3 months ended	
	31.03.2023	31.03.2022
- depreciation	1 544	684
- materials and power consumption	320	144
- third party services	6 591	3 239
- taxes, duties and fees	3	1 732
- salaries	11 279	6 900
- social security and other benefits	1 604	1 100
- other cost by type	4	2
Total cost by type	**21 345**	**13 801**
- general overheads (-)	(12 072)	(8 760)
Total cost of goods sold	**9 273**	**5 041**

Consolidated Quarterly Report for Q1 2023 ended on 31 March 2023 (PLN K)