

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

**Polenergia S.A. Group**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023  
INCLUDING THE REPORT OF THE INDEPENDENT AUDITOR**

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Management Board*

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Management Board*

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*Iwona Sierżęga – Member of the  
Management Board*

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Accounting Department*

Warsaw, 24 August 2023

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## 1. Interim condensed consolidated balance sheet

As at 30 June 2023

### ASSETS

	Note	30.06.2023	31.12.2022
<b>I. Non-current assets</b>		<b>4 126 347</b>	<b>3 946 486</b>
1. Tangible fixed assets	10	3 161 286	3 030 175
2. Intangible assets	12	10 213	11 785
3. Subordinated entities goodwill	13	157 338	157 338
4. Financial assets		162 289	324 965
5. Financial assets measured using the equity method	14	604 193	394 093
6. Long term receivables		1 987	1 987
7. Deferred income tax assets	19	26 858	25 755
8. Prepayments and accrued income		2 183	388
<b>II. Current assets</b>		<b>1 671 898</b>	<b>2 300 848</b>
1. Inventories		106 019	111 623
2. Trade receivables	15	255 768	360 804
3. Income tax receivable	15	20 377	9 338
4. Other short term receivables	15	123 788	100 214
5. Prepayments and accrued income		21 533	12 673
6. Short term financial assets		358 414	837 504
7. Cash and equivalent		785 999	868 692
<b>Total assets</b>		<b>5 798 245</b>	<b>6 247 334</b>

### EQUITY AND LIABILITIES

	Note	30.06.2023	31.12.2022
<b>I. Shareholders' equity</b>		<b>3 191 579</b>	<b>3 083 035</b>
<b>Equity attributable to the shareholders of the parent company</b>		<b>3 191 579</b>	<b>3 083 035</b>
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		986 171	924 645
5. Retained profit (loss)		375 373	335 778
6. Net profit		167 287	159 918
7. F/X translation differences		8	(46)
<b>II. Long term liabilities</b>		<b>1 699 174</b>	<b>1 784 771</b>
1. Bank loans and borrowings		1 298 725	1 292 699
2. Deferred income tax provision	19	102 285	116 797
3. Provisions	20	23 262	23 398
4. Accruals and deferred income		41 422	40 512
5. Lease liabilities		171 977	160 765
6. Futures and forward contracts measurement		39 451	140 762
7. Other liabilities		22 052	9 838
<b>III. Short term liabilities</b>		<b>907 492</b>	<b>1 379 528</b>
1. Bank loans and borrowings	21	277 727	216 743
2. Trade payables	21	85 325	171 983
3. Income tax payable	21	2 711	9 600
4. Lease liabilities	21	27 208	22 871
5. Futures and forward contracts measurement	21	278 707	747 321
6. Other liabilities	21	185 512	64 744
7. Provisions	20	7 104	6 254
8. Accruals and deferred income		43 198	140 012
<b>Total equity and liabilities</b>		<b>5 798 245</b>	<b>6 247 334</b>

## 2. Interim condensed consolidated profit and loss account

### For the period ended 30 June 2023

	Note	unaudited		unaudited	
		For 6 months ended 30.06.2023	30.06.2022	For 3 months ended 30.06.2023	30.06.2022
Revenues from contracts with clients		2 847 758	3 798 947	1 376 562	1 359 172
Other revenues		(9 708)	13 963	(5 436)	(21 801)
<b>Sales revenues</b>	25	<b>2 838 050</b>	<b>3 812 910</b>	<b>1 371 126</b>	<b>1 337 371</b>
Cost of goods sold	26	(2 484 221)	(3 544 409)	(1 237 610)	(1 277 973)
<b>Gross sales profit</b>		<b>353 829</b>	<b>268 501</b>	<b>133 516</b>	<b>59 398</b>
Other operating revenues	27	7 552	2 903	2 030	1 337
Selling expense	26	(49 526)	(54 623)	(23 719)	(25 244)
General overheads	26	(74 456)	(53 549)	(38 768)	(28 096)
Auction price settlement		(633)	-	(633)	-
Other operating expenses	28	(5 169)	(3 314)	(4 123)	(1 495)
Financial income	29	22 988	16 648	12 506	15 119
Financial costs	30	(45 272)	(37 729)	(22 990)	(18 718)
<b>Profit before tax</b>		<b>209 313</b>	<b>138 837</b>	<b>57 819</b>	<b>2 301</b>
Income tax	19	(42 026)	(28 052)	(11 329)	(1 150)
<b>Net profit from continuing operations</b>		<b>167 287</b>	<b>110 785</b>	<b>46 490</b>	<b>1 151</b>
<b>Net profit attributed to:</b>		<b>167 287</b>	<b>110 785</b>	<b>46 490</b>	<b>1 151</b>
Parent company shareholders		167 287	110 785	46 490	1 151
Non-controlling shareholders		-	-	-	-
<b>Earnings per share:</b>					
- basic earnings (loss) for period attributable to parent company shareholders		2,50	2,11	0,70	0,02
- diluted earnings (loss) for period attributable to parent company shareholders		2,50	2,11	0,70	0,02

### Interim condensed consolidated statement of comprehensive income

	unaudited		unaudited	
	For 6 months ended 30.06.2023	30.06.2022	For 3 months ended 30.06.2023	30.06.2022
<b>Net profit for period</b>	<b>167 287</b>	<b>110 785</b>	<b>46 490</b>	<b>1 151</b>
<b>Other comprehensive income that may be reclassified to profit and loss account once specific conditions are met</b>				
Cash flow hedges	(58 797)	108 130	(24 373)	47 184
F/X translation differences	54	(69)	61	(40)
<b>Other net comprehensive income</b>	<b>(58 743)</b>	<b>108 061</b>	<b>(24 312)</b>	<b>47 144</b>
<b>COMPREHENSIVE INCOME FOR PERIOD</b>	<b>108 544</b>	<b>218 846</b>	<b>22 178</b>	<b>48 295</b>
Comprehensive income for period:				
Parent company shareholders	108 544	218 846	22 178	48 295

### 3. Interim condensed consolidated statement of changes in equity

For the period ended 30 June 2023

	Share capital	Share premium account	Reserve capital from option measurement	Other capital reserves	Retained profit	Net profit	F/X translation differences	Equity attributable to the shareholders of the parent company	Total equity
<b>As at January 2023</b>	<b>133 604</b>	<b>1 515 929</b>	<b>13 207</b>	<b>924 645</b>	<b>495 696</b>	<b>-</b>	<b>(46)</b>	<b>3 083 035</b>	<b>3 083 035</b>
<b>Comprehensive income for reporting period</b>									
- Net profit (loss) for reporting period	-	-	-	-	-	167 287	-	167 287	167 287
- Other comprehensive income for period	-	-	-	(58 797)	-	-	54	(58 743)	(58 743)
<b>Transactions with owners of the parent recognized directly in equity</b>									
- Allocation of profit/loss	-	-	-	120 323	(120 323)	-	-	-	-
<b>As at 30 June 2023</b>	<b>133 604</b>	<b>1 515 929</b>	<b>13 207</b>	<b>986 171</b>	<b>375 373</b>	<b>167 287</b>	<b>8</b>	<b>3 191 579</b>	<b>3 191 579</b>

**For the period ended 30 June 2022**

	Share capital	Share premium account	Reserve capital from option measurement	Other capital reserves	Retained profit	Net profit	F/X translation differences	Equity attributable to the shareholders of the parent company	Total equity
<b>As at January 2022</b>	<b>90 887</b>	<b>557 983</b>	<b>13 207</b>	<b>618 105</b>	<b>576 862</b>	-	<b>48</b>	<b>1 857 092</b>	<b>1 857 092</b>
<b>Comprehensive income for reporting period</b>									
- Net profit (loss) for reporting period	-	-	-	-	-	110 785	-	110 785	110 785
- Other comprehensive income for period	-	-	-	108 130	-	-	(69)	108 061	108 061
<b>Transactions with owners of the parent recognized directly in equity</b>									
- Issue of shares	42 717	957 959	-	-	-	-	-	1 000 676	1 000 676
- Allocation of profit/loss	-	-	-	241 084	(241 084)	-	-	-	-
<b>As at 30 June 2022</b>	<b>133 604</b>	<b>1 515 942</b>	<b>13 207</b>	<b>967 319</b>	<b>335 778</b>	<b>110 785</b>	<b>(21)</b>	<b>3 076 614</b>	<b>3 076 614</b>

#### 4. Interim condensed consolidated statement of cash flows

##### For the period ended 30 June 2023

	For 6 months ended	
	30.06.2023	30.06.2022
<b>A.Cash flow from operating activities</b>		
<b>I.Profit (loss) before tax</b>	<b>209 313</b>	<b>138 837</b>
<b>II.Total adjustments</b>	<b>127 857</b>	<b>(38 027)</b>
1.Depreciation	77 154	51 174
2.Foreign exchange losses (gains)	33	9
3.Interest and profit shares (dividends)	38 362	26 060
4.Losses (gains) on investing activities	2 845	2 071
5. Income tax	(61 412)	(60 098)
6.Changes in provisions	714	1 196
7.Changes in inventory	5 576	(14 857)
8.Changes in receivables	663 608	(883 407)
9.Changes in liabilities, excluding bank loans and borrowings	(528 409)	826 888
10.Changes in accruals	(71 361)	15 550
11. Other adjustments	747	(2 613)
<b>III.Net cash flows from operating activities (I+/-II)</b>	<b>337 170</b>	<b>100 810</b>
<b>B.Cash flows from investing activities</b>		
<b>I. Cash in</b>	<b>45</b>	<b>2 466</b>
1. Disposal of intangibles and tangible fixed assets	45	-
2. Cash from disposal/liquidation/acquisition of subsidiary	-	2 466
<b>II.Cash out</b>	<b>436 940</b>	<b>393 781</b>
1. Acquisition of tangible fixed assets	222 699	273 065
2. For financial asstes, including:	214 241	120 716
a) acquisition of financial assets	214 241	120 556
b) long term loans given	-	160
<b>III.Net cash flows from investing activities (I-II)</b>	<b>(436 895)</b>	<b>(391 315)</b>
<b>C.Cash flows from financing activities</b>		
<b>I.Cash in</b>	<b>214 063</b>	<b>1 239 854</b>
1. Cash in from the issue of shares	-	1 003 859
2.Loans and borrowings	214 063	235 995
<b>II.Cash out</b>	<b>197 029</b>	<b>396 648</b>
1.Repayment of loans and borrowings	147 248	362 716
2.Lease payables	10 846	6 326
3.Interest	38 776	27 442
4.Other financial expenses	159	164
<b>III.Net cash flows from financing activities (I-II)</b>	<b>17 034</b>	<b>843 206</b>
<b>D.Total net cash flows (A.III+/-B.III+/-C.III)</b>	<b>(82 691)</b>	<b>552 701</b>
<b>E.Increase/decrease in cash in the balance sheet, including:</b>	<b>(82 693)</b>	<b>552 701</b>
- change in cash due to fx differences	(2)	(1)
<b>F.Cash at beginning of period</b>	<b>868 692</b>	<b>387 366</b>
<b>G.Cash at end of period, including:</b>	<b>785 999</b>	<b>940 066</b>
- restricted cash	79 659	30 249

## 5. The rules underlying the interim condensed consolidated financial statements

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 and cover the six-month period from 1 January to 30 June 2023 and the comparative period from 1 January to 30 June 2022, while also including data for the second quarter of 2023 and 2022, and with respect to the balance sheet - as at 31 December 2022. In accordance with the applicable laws, these interim condensed consolidated financial statements for the six-month period ended 30 June 2023 have been reviewed by an independent auditor, and the comparative data for the financial year ended 31 December 2022 have been audited by an independent auditor.

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

- derivatives which have been measured at fair value.

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

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

These interim condensed consolidated financial statements have been prepared on the assumption that the Company and the Group companies will continue as going concerns in the foreseeable future, that is for at least 12 months after the reporting date, i.e. 30 June 2023.

## 6. Accounting principles applied

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. Those Financial Statements also provided detailed information on the principles and methods of measuring assets and liabilities, as well as measuring the financial result, the method of preparing financial statements and gathering comparable data. Such principles have been applied on a consistent basis.

In 2016, a new support system for RES was introduced in the form of auctions. The date of each auction is announced by the ERO President at least 30 days before the scheduled auction. Each participant, i.e. the potential generator, submits a bid that includes the amount of electricity specified in MWh and the price in PLN per MWh, at which the participant agrees to settle the electricity on the basis of a quasi-contract for difference. Support is awarded to generators offering the lowest price in the auction until the available energy volume and value in the auction are exhausted. The bids of the successful generators may not exceed, in aggregate, 100% of the volume and value of electricity specified in the auction announcement and 80% of the volume of electricity covered by all bids. This is meant to ensure competitiveness of the auction. The support period is 15 years from the date of the first sale of electricity in the auction system following the date of winning the auction in question. The successful generator in the auction sells the generated energy on the energy market, but is entitled to cover the so-called "negative balance." According to the RES Act, the negative balance is calculated as the difference between the net value of energy sales in a given month calculated on the basis of exchange electricity prices, and the net value of such energy calculated by adopting the prices specified by the generator in the bid that won the auction. Such price is subject to annual adjustment by the inflation rate determined by the Central Statistical Office. Funds to cover the negative balance are paid by the Settlement Authority (*Zarządca Rozliczeń*) - a special purpose vehicle of the State Treasury.



The balance may also be positive, particularly if market energy prices rise. In such event, the generator is obligated to return the positive balance to the Settlement Authority. Any positive balance is settled on an ongoing (monthly) basis against a future negative balance. The balance is settled within three-year balance settlement periods, with a deadline for its return by 30 June of the following year - this means that if the total balance is positive at the end of a given settlement period, the generator will be obliged to pay the value of the positive balance to the Settlement Authority.

The generator that won the auction is obligated to settle the performance of its obligation to sell electricity under the auction system. Settlement of the volume of energy is made in a given support period within three-year settlement periods and at the end of the support period. If a generator fails to sell at least 85% of the volume specified in the auction system in a given settlement period, it is subject to a fine.

As of 2023, the Group began recognizing settlements under the abovementioned system in accordance with IAS 20, in the item "Settlement of auction price" in the Consolidated Income Statement and in the item Accruals in the Consolidated Balance Sheet.

## 6.2 Functional and reporting currency

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

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

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

The following exchange rates were used for measurement purposes:

	2023-06-30	2022-12-31	2022-06-30
USD	4.1066	4,4018	4,4825
EUR	4.4503	4,6899	4,6806
GBP	5.1796	5,2957	5,4429
UAH	0.1117	0,1258	0,1467

## 6.3 Seasonality and cyclical nature of operations

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

Wind conditions which determine the output of wind farms are uneven during the year. In autumn and winter they are significantly better than in spring and summer. The Group resolved to build wind farms in locations selected based on professional wind measurements confirmed by independent and reputable experts. However, there can be no assurance that the actual wind conditions will be no different than those used in the Group's models for specific investment projects.

## 7. The Group's organizational structure

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

47	Polenergia Farma Fotowoltaiczna 16 Sp. z o.o.	100%
48	Polenergia Farma Fotowoltaiczna 17 Sp. z o.o.	100%
49	Polenergia Farma Fotowoltaiczna 19 Sp. z o.o.	100%
50	Polenergia Farma Wiatrowa 29 Sp. z o.o.	100%
51	Polenergia Farma Wiatrowa 11 Sp. z o.o.	100%
52	Polenergia Farma Wiatrowa 12 Sp. z o.o.	100%
53	Polenergia Farma Wiatrowa 13 Sp. z o.o.	100%
54	Polenergia Farma Wiatrowa 14 Sp. z o.o.	100%
55	Polenergia Farma Wiatrowa 18 Sp. z o.o.	100%
56	Polenergia Farma Wiatrowa 24 Sp. z o.o.	100%
57	Polenergia Farma Wiatrowa 20 Sp. z o.o.	100%
58	Polenergia Farma Wiatrowa 15 Sp. z o.o.	100%
59	Polenergia Farma Wiatrowa 21 Sp. z o.o.	100%
60	Polenergia Farma Wiatrowa 19 Sp. z o.o.	100%
61	Inwestycje Rolne Sp. z o.o.	100%
62	Polenergia Elektrownia Północ Sp. z o.o.	100%
63	Certyfikaty Sp. z o.o.	100%
64	MFW Bałtyk I Sp. z o.o.	50%
65	MFW Bałtyk II Sp. z o.o.	50%
66	MFW Bałtyk III Sp. z o.o.	50%
67	MFW Bałtyk I S.A.	50%
68	Polenergia Fotowoltaika S.A.	100%
69	Polenergia Pompy Ciepła Sp. z o.o.	100%
70	Zielony Ryś Sp. z o.o.	100%
71	Polenergia Farma Wiatrowa 25 Sp. z o.o.	100%
72	Polenergia Farma Wiatrowa 26 Sp. z o.o.	100%
73	Polenergia Farma Wiatrowa 27 Sp. z o.o.	100%
74	Polenergia Farma Wiatrowa 28 Sp. z o.o.	100%

## 8. Adjusted Consolidated EBITDA and Adjusted Consolidated Net Profit

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

	unaudited		unaudited	
	For 6 months ended		For 3 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Profit before tax	209 313	138 837	57 819	2 301
Financial revenues	(22 988)	(16 648)	(12 506)	(15 119)
Financial costs	45 272	37 729	22 990	18 718
Depreciation/Amortization	77 154	51 174	39 295	26 451
Development - related impairment loss	101	216	-	77
<b>EBITDA</b>	<b>308 852</b>	<b>211 308</b>	<b>107 600</b>	<b>32 428</b>
<b>Adjusted EBITDA</b>	<b>308 852</b>	<b>211 308</b>	<b>107 600</b>	<b>32 428</b>

	For 6 months ended		unaudited	unaudited
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
			For 3 months ended	
<b>NET PROFIT attributed to parent shareholders</b>	<b>167 287</b>	<b>110 785</b>	<b>46 490</b>	<b>1 151</b>
Unrealized foreign exchange net (gains)/losses	(456)	7 370	(344)	1 907
(Income)/Cost from measurement of long-term borrowings	1 512	586	757	333
Development - related impairment loss	101	216	-	77
Purchase price allocation:				
Depreciation/Amortization	1 418	132	709	66
Tax	(25)	(24)	(12)	(12)
<b>Adjusted NET PROFIT attributed to parent shareholders</b>	<b>169 837</b>	<b>119 065</b>	<b>47 602</b>	<b>3 522</b>

Neither the level of EBITDA, nor the adjusted EBITDA, nor the adjusted net profit allocated to the parent company shareholders have been defined in IFRS, hence they are not derived based on any accounting standards. The rules for deriving such indices were defined in the Consolidated Financial Statements of the Polenergia Group for 2022 that were published on 30 March 2023. Definitions of the foregoing indices applied by other entities may be different from those used by the Group.

## 9 Operating segments

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

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

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

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

Recipients, with whom the Group achieved no less than 10% of the Group's total revenues, relate to the Trading and Sales segment, such revenues totaling: PLN 1,707,681 k.

For 6 months ended 30.06.2023	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	302 003	8 876	-	102 356	2 341 907	84 716	7 900	-	2 847 758
Other revenues	-	-	-	(9 573)	(135)	-	-	-	(9 708)
Total revenues	302 004	8 876	-	92 783	2 341 772	84 716	7 899	-	2 838 050
<b>Net sales profit (loss)</b>	<b>193 269</b>	<b>4 333</b>	-	<b>2 239</b>	<b>150 266</b>	<b>3 663</b>	<b>1 477</b>	<b>(1 418)</b>	<b>353 829</b>
Selling costs	-	-	-	-	(49 526)	-	-	-	(49 526)
General overheads	(5 647)	(536)	-	(3 781)	(33 120)	(4 390)	(26 982)	-	(74 456)
Interest income/(expense)	(28 995)	(1 813)	-	483	(8 041)	(2 659)	21 478	-	(19 547)
Other financial revenue/(expense)	(4 016)	(430)	-	513	(1 386)	(179)	2 761	-	(2 737)
Other operating revenue/(expense)	4 845	(459)	-	(1 190)	(1 894)	540	(93)	-	1 749
<b>Profit/loss before tax</b>	<b>159 456</b>	<b>1 095</b>	-	<b>(1 736)</b>	<b>56 299</b>	<b>(3 025)</b>	<b>(1 359)</b>	<b>(1 418)</b>	<b>209 312</b>
Income tax	-	-	-	-	-	-	(42 051)	25	(42 026)
<b>Net profit/loss</b>	-	-	-	-	-	-	-	-	<b>167 286</b>
<b>EBITDA *)</b>	249 564	5 310	-	1 867	70 385	4 210	(22 484)	-	308 852
Segment assets	3 309 767	150 981	604 193	170 907	856 315	232 046	474 036	-	5 798 245
Segment liabilities	1 625 475	64 453	-	33 545	774 516	125 879	(17 202)	-	2 606 666
Depreciation/Amortization	56 996	1 972	-	4 599	4 659	4 396	3 114	1 418	77 154

\*) EBITDA - definition in Note 8

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

For 6 months ended 30.06.2023		RES Generation					Unallocated	Total
		On shore wind farms	Photovoltaics	Gas and Clean Fuels	Trading and sales	Distribution and eMobility		
- revenue from sale and distribution of electricity	over time	240 698	8 873	66 823	1 757 808	80 272	-	2 154 474
- revenue from certificates of origin	over time	61 298	-	-	34 513	-	-	95 811
- revenue from sale of heat	point in time	-	-	23 533	-	-	-	23 533
- revenue from consulting and advisory services	over time	-	-	-	-	-	7 736	7 736
- revenue from lease and operator services	over time	-	-	-	-	1 350	-	1 350
- revenue from sale and distribution of gas	over time	-	-	-	383 801	2 314	-	386 115
- revenue from sale of merchandise	over time	-	-	-	-	446	-	446
- revenue from lease	over time	8	3	-	-	2	162	175
- revenue from the capacity market and blackstart services	point in time	-	-	11 999	-	-	-	11 999
- revenue from the solar panels and heat pumps instalation	over time	-	-	-	158 361	-	-	158 361
- other	over time	-	-	1	7 424	332	1	7 758
<b>Total revenue from clients</b>		<b>302 004</b>	<b>8 876</b>	<b>102 356</b>	<b>2 341 907</b>	<b>84 716</b>	<b>7 899</b>	<b>2 847 758</b>
- revenues from the valuation of futures contracts	over time	-	-	(9 573)	(2 056)	-	-	(11 629)
- revenues from CO2 emission allowances	point in time	-	-	-	1 921	-	-	1 921
<b>Total other revenue</b>		<b>-</b>	<b>-</b>	<b>(9 573)</b>	<b>(135)</b>	<b>-</b>	<b>-</b>	<b>(9 708)</b>
<b>Total sales revenue</b>		<b>302 004</b>	<b>8 876</b>	<b>92 783</b>	<b>2 341 772</b>	<b>84 716</b>	<b>7 899</b>	<b>2 838 050</b>

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



**10 Non-current fixed assets**

30.06.2023	land	building, premises and civil and water engineering	plant and machinery	vehicles	other non- current fixed assets	non-current fixed assets under construction	prepayments for non-current fixed assets under construction	total non-current fixed assets
<b>Gross value of non-current fixed assets at beginning of period</b>	<b>170 692</b>	<b>1 066 943</b>	<b>2 259 833</b>	<b>14 761</b>	<b>(682)</b>	<b>393 199</b>	<b>9 488</b>	<b>3 914 234</b>
<b>increases (due to)</b>	<b>23 852</b>	<b>22 745</b>	<b>87 862</b>	<b>6 301</b>	<b>128</b>	<b>142 401</b>	<b>45 303</b>	<b>328 592</b>
- purchase	-	36	756	5 840	128	142 352	41 672	190 784
- transfers	-	20 277	87 058	-	-	49	3 631	111 015
- other	23 852	2 432	48	461	-	-	-	26 793
<b>reductions (due to)</b>	<b>(330)</b>	<b>-</b>	<b>(10 214)</b>	<b>(434)</b>	<b>-</b>	<b>(114 851)</b>	<b>(5 887)</b>	<b>(131 716)</b>
- sale and retirement	(330)	-	(358)	(434)	-	-	-	(1 122)
- other	-	-	(9 856)	-	-	(8 920)	(131)	(18 907)
- transfers	-	-	-	-	-	(105 931)	(5 756)	(111 687)
<b>Gross value of non-current fixed assets at end of period</b>	<b>194 214</b>	<b>1 089 688</b>	<b>2 337 481</b>	<b>20 628</b>	<b>(554)</b>	<b>420 749</b>	<b>48 904</b>	<b>4 111 110</b>
<b>Cumulative depreciation at beginning of period</b>	<b>(24 500)</b>	<b>(219 517)</b>	<b>(555 991)</b>	<b>(5 700)</b>	<b>1 566</b>	<b>(107)</b>	<b>-</b>	<b>(804 249)</b>
- current period depreciation	(3 250)	(25 941)	(41 326)	(3 595)	(331)	-	-	(74 443)
- reductions (due to)	(320)	-	137	(109)	-	-	-	(292)
- sale and retirement	84	-	137	(109)	-	-	-	112
- other	(404)	-	-	-	-	-	-	(404)
<b>Cumulative depreciation at end of period</b>	<b>(28 070)</b>	<b>(245 458)</b>	<b>(597 180)</b>	<b>(9 404)</b>	<b>1 235</b>	<b>(107)</b>	<b>-</b>	<b>(878 984)</b>
<b>Impairment losses at beginning of period</b>	<b>-</b>	<b>(5 624)</b>	<b>(14 603)</b>	<b>-</b>	<b>(5)</b>	<b>(59 578)</b>	<b>-</b>	<b>(79 810)</b>
- increase	-	-	-	-	-	(101)	-	(101)
- reduction	-	-	-	-	-	8 920	151	9 071
<b>Impairment losses at end of period</b>	<b>-</b>	<b>(5 624)</b>	<b>(14 603)</b>	<b>-</b>	<b>(5)</b>	<b>(50 759)</b>	<b>151</b>	<b>(70 840)</b>
<b>Net value of non-current fixed assets at beginning of period</b>	<b>146 192</b>	<b>841 802</b>	<b>1 689 239</b>	<b>9 061</b>	<b>879</b>	<b>333 514</b>	<b>9 488</b>	<b>3 030 175</b>
<b>Net value of non-current fixed assets at end of period</b>	<b>166 144</b>	<b>838 606</b>	<b>1 725 698</b>	<b>11 224</b>	<b>676</b>	<b>369 883</b>	<b>49 055</b>	<b>3 161 286</b>

31.12.2022	land	building, premises and civil and water engineering	plant and machinery	vehicles	other non- current fixed assets	non-current fixed assets under construction	prepayments for non-current fixed assets under construction	total non-current fixed assets
<b>Gross value of non-current fixed assets at beginning of period</b>	<b>222 525</b>	<b>680 754</b>	<b>1 569 618</b>	<b>5 714</b>	<b>(1 948)</b>	<b>927 005</b>	<b>(16 021)</b>	<b>3 387 647</b>
<b>increases (due to)</b>	<b>(48 126)</b>	<b>389 749</b>	<b>711 244</b>	<b>10 616</b>	<b>1 278</b>	<b>651 074</b>	<b>7 447</b>	<b>1 723 282</b>
- purchase	-	4 912	1 987	10 568	1 271	649 959	5 990	674 520
- transfers	2 814	372 968	707 974	-	16	442	1 457	1 085 671
- other	(50 940)	11 869	1 283	48	(9)	673	-	(37 076)
<b>reductions (due to)</b>	<b>(3 707)</b>	<b>(3 560)</b>	<b>(21 029)</b>	<b>(1 569)</b>	<b>(12)</b>	<b>(1 184 880)</b>	<b>18 062</b>	<b>(1 196 695)</b>
- sale and retirement	(64)	-	(445)	(487)	(3)	(78 950)	-	(79 949)
- other	(207)	(304)	-	(1 075)	-	(18)	-	(1 604)
- transfers	(3 436)	(3 256)	(20 584)	(7)	(9)	(1 105 912)	18 062	(1 115 142)
<b>Gross value of non-current fixed assets at end of period</b>	<b>170 692</b>	<b>1 066 943</b>	<b>2 259 833</b>	<b>14 761</b>	<b>(682)</b>	<b>393 199</b>	<b>9 488</b>	<b>3 914 234</b>
<b>Cumulative depreciation at beginning of period</b>	<b>(15 230)</b>	<b>(180 577)</b>	<b>(491 069)</b>	<b>(2 871)</b>	<b>2 185</b>	<b>(101)</b>	-	<b>(687 663)</b>
- current period depreciation	(4 538)	(39 550)	(64 201)	(3 321)	(387)	-	-	(111 997)
- reductions (due to)	(4 732)	610	(721)	492	(232)	(6)	-	(4 589)
- sale and retirement	1	3	192	487	3	-	-	686
- other	(4 733)	607	(913)	5	(235)	(6)	-	(5 275)
<b>Cumulative depreciation at end of period</b>	<b>(24 500)</b>	<b>(219 517)</b>	<b>(555 991)</b>	<b>(5 700)</b>	<b>1 566</b>	<b>(107)</b>	-	<b>(804 249)</b>
<b>Impairment losses at beginning of period</b>	-	<b>(5 624)</b>	<b>(14 603)</b>	-	<b>(5)</b>	<b>(164 765)</b>	-	<b>(184 997)</b>
- increase	-	-	-	-	-	(599)	-	(599)
- reduction	-	-	-	-	-	105 786	-	105 786
<b>Impairment losses at end of period</b>	-	<b>(5 624)</b>	<b>(14 603)</b>	-	<b>(5)</b>	<b>(59 578)</b>	-	<b>(79 810)</b>
<b>Net value of non-current fixed assets at beginning of period</b>	<b>207 295</b>	<b>494 553</b>	<b>1 063 946</b>	<b>2 843</b>	<b>232</b>	<b>762 139</b>	<b>(16 021)</b>	<b>2 514 987</b>
<b>Net value of non-current fixed assets at end of period</b>	<b>146 192</b>	<b>841 802</b>	<b>1 689 239</b>	<b>9 061</b>	<b>879</b>	<b>333 514</b>	<b>9 488</b>	<b>3 030 175</b>

## 11 Right-of-use assets

Right-of-use assets under lease	30.06.2023	31.12.2022
Land	166 224	145 270
Building, premises and civil and water engineering	15 176	16 574
Plant and machinery	-	156
Vehicles	10 291	8 508
<b>Total</b>	<b>191 691</b>	<b>170 508</b>

## 12 Intangible Assets

A review of the intangible assets of the Company performed as at 30 June 2023 showed no grounds for performing an impairment test.

## 13 Goodwill

As at 30 June 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 and sales - including the company Polenergia Obrót;
- PLN 82 m- trading and sales - including the companies Polenergia Fotowoltaika, Polenergia Pompy Ciepła and Zielony Ryś ("Photovoltaics Group").

## 14 Impairment test of financial assets measured with the equity method

On 26 June 2023, information was received about decisions made by shareholders of the MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. projects. ("Offshore Projects") regarding changes to the intended development expenditures of the projects and the implementation program. The parent company disclosed the details of the changes in Current Report No. 26/2023, which stated, among others, that:

- completion and commissioning of the Offshore Projects would take place in 2028 rather than in 2027 as previously assumed.
- the total budget for the construction phase was currently estimated in the range of PLN 21 - 24 billion, compared to the previously estimated range of PLN 16.1 - 18.2 billion announced in Current Report No. 17/2021

A significant magnitude of changes in the expected expenditures and schedule of the Offshore Projects has been identified by the Company as a rationale for impairment testing in accordance with IAS 36.12. The impairment tests were performed as per 30 June 2023.

In view of the fact that determining fair value for the Offshore Projects is difficult because there is no active market and the regulatory framework under which other similar projects operate in the European market is inconsistent, it was decided that the recoverable value would be determined based on value in use.

The tested assets are presented in the Group's balance sheet as financial assets measured using the equity method in accordance with IAS 28. The value in use of the assets was determined based on the free cash flow to equity (FCFE) method in accordance with the practice applied to impairment testing of the Offshore Projects in previous years.

Guided by market practice and the fact that, due to the specific nature of the tested assets, long-term forecasts are more reliable, the issuer's management adopted a period longer than 5 years for the analysis, i.e. until 2058. In the Group's opinion, such a period of analysis is reasonable due to the fact that the key parameters of the Offshore Projects, such as energy sales price, productivity, capital expenditures and maintenance costs of the projects, are mostly known and come from studies performed, contracts signed or negotiated, or have been determined based on the knowledge gained from other investments both on the part of the Group and Equinor which is the Group's partner in the implementation of the Offshore Projects. In addition, the Polenergia Group has the ability to forecast cash flows for a comparably long period of time, since the specific nature of the Group's projects requires regular development and updating of financial forecasts for the entire life of the investment, which are required and approved by financing institutions and on the basis of which the repayment schedule for long-term loans is established.

Key assumptions:

- The Group holds a 50% interest in companies developing offshore wind farm projects in the Baltic Sea and has been continuing development work together with its partner, Equinor.
- The total intended installed capacity of the Offshore Projects is 1,440 MW.
- The planned commissioning of the Offshore Projects will take place in 2028.
- Capital expenditures have been estimated on the basis of signed and negotiated agreements or knowledge gained from the implementation of other investments by partners in the Offshore Projects.
- The selling price of electricity was estimated on the basis of the maximum support price granted by the ERO President, indexed annually by the inflation rate.
- The productivity of the Offshore Projects was estimated based on current technical assumptions and data from wind measurement campaigns.
- The price growth rate during the forecast period is equal to the inflation rate forecast by the National Bank of Poland published on 10 July 2023. After 2025, the inflation rate was assumed at the NBP's inflation target of 2.5%.
- A discount rate of 10.5% was assumed as determined based on the CAPM model against the assumptions provided by the Company's external advisor.
- The measurement does not include the residual value of assets at the end of the forecast period.

As of 30 June 2023, the carrying value of tested assets was PLN 460.4 million. As a result of the asset impairment test, the Group concluded that no impairment loss was required for these assets.

#### Sensitivity Analysis

Based on the available projections, sensitivity tests have been performed. The tests have proven that impact on the value in use of the tested assets is exerted mainly by the fluctuations of the discount rate and fluctuations of the level of capital expenditure. It should also be noted that a change in market electricity prices has a negligible impact on the value in use of the assets under test, since the sales price of electricity for the Offshore Projects is determined on the basis of the maximum support price granted by the President of the ERO, indexed annually by the inflation rate.

A 1 p.p. increase in the discount rate or a 5% change in capital expenditures will entail no change in the assessment of whether assets have been impaired.

In the case of MFW Bałtyk I S.A., no grounds for impairment testing were found.

The Polenergia Group, in cooperation with Equinor, has been developing the MFW Bałtyk I offshore wind farm project with the capacity, according to the permits obtained so far, may reach up to 1,560 MW. The development program assumes the project will be ready for the offshore wind farm auction no later than in 2025. This is because, according to the Act on Promoting Electricity Generation from Offshore Wind Farms (the "Offshore Act"), the first auction for offshore wind farms is scheduled to take place in 2025.

The Offshore Act establishes the relevant criteria that each project must meet to participate in the auction. The most important conditions that projects should meet include the location permit, the grid

connection agreement and the environmental conditions decision. As of the date of publication of the report, MFW Bałtyk I holds a valid location permit and a grid connection agreement, and is in the process of obtaining the environmental conditions decision. The company believes there is currently no risk that the MFW Bałtyk I offshore wind farm project will not obtain the environmental conditions decision in time to participate in the auction.

In addition, as part of the development of the MFW Bałtyk I offshore project, a number of preparatory tasks were completed (e.g., windiness measurements) and a number of administrative decisions were obtained (e.g., four permits for laying and using submarine cables in the Polish maritime areas were obtained). The reports and administrative decisions obtained are free of any conclusions that could significantly deteriorate the operational parameters of the project or cause a significant increase in the expenditures associated with its implementation.

In accordance with the provisions of the Offshore Act, the commercial launch of the project must take place no later than within 7 years from the date of a successful auction.

It should also be emphasized that modifications to the parameters of the MFW Bałtyk II and MFW Bałtyk III projects resulting from their specific nature, the regulatory framework and the time schedule they must be implemented entail no changes to the parameters of the MFW Bałtyk I project.

## 15 Short term receivables

	30.06.2023	31.12.2022
- trade receivables	255 768	360 804
- from related entities	8 187	41 762
- from other entities	247 581	319 042
- income tax receivable	20 377	9 338
- other receivables	123 788	100 214
- budget payments receivable	30 145	46 617
- other	93 643	53 597
<b>Total net short-term receivables</b>	<b>399 933</b>	<b>470 356</b>
- receivables remeasured write-downs	20 573	18 917
<b>Total gross short-term receivables</b>	<b>420 506</b>	<b>489 273</b>

In the period ended 30 June 2023, there was an increase in the allowance for accounts receivable from PLN 18,917 k to PLN 20,573 k. The main reason for this increase was the amount of expected credit losses of Jeronimo Martins Polska S.A. (further described in Note 23).

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	214 589	214 589	-
Paid	(317 969)	(317 414)	(555)
Gross value as at 31.12.2023	276 341	214 210	62 131

The payment default rates and the calculation of credit losses as at 30 June 2023 have been presented in the table below:

(PLN k)

	Receivables from individual customers				
	Total	Current 0-30 days	30-60 days	60-90 days	>90 days
30.06.2023	2 921	384	384	147	2 006
Expected credit losses	4 697	-	-	-	4 697
31.12.2022	60 580	54 769	939	239	4 633
Expected credit losses	4 291	-	-	-	4 291

	Receivables from corporate customers				
	Total	Current 0-30 days	30-60 days	60-90 days	>90 days
30.06.2023	252 847	212 863	4	428	39 552
Expected credit losses	15 899	13 214	-	-	2 685
31.12.2022	300 224	260 893	230	35	39 136
Expected credit losses	14 627	13 214	-	-	1 413

## 16 Fair values of assets and liabilities

### Fair value of futures and forward contracts

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

	For 6 months ended	
	30.06.2023	30.06.2022
Result of measurement of derivatives	(11 629)	6 763

### Financial instrument category

	30.06.2023	Total
	Level 2	Total
Short term assets	305 031	305 031
Long term assets	40 064	40 064
<b>Total</b>	<b>345 095</b>	<b>345 095</b>

	Level 2	Total
	Short term liabilities	278 707
Long term liabilities	39 451	39 451
<b>Total</b>	<b>318 158</b>	<b>318 158</b>

<b>Net fair value</b>	<b>26 937</b>	<b>26 937</b>
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Impact on profit/loss	30.06.2023	30.06.2022
Market price increase by 1%	70	(2)
Market price decrease by 1%	(70)	2

The table above includes information on financial assets and liabilities the Group measures at fair value and classifies at specific levels of the fair value hierarchy:

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

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

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

### Fair values of other financial assets and liabilities

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

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

	Category	Carrying amount		Fair Value	
		30.06.2023	31.12.2022	30.06.2023	31.12.2022
<b>Financial asstes</b>					
Futures and forward contracts	Level 2	345 095	926 564	345 095	926 564
Derivative instruments	Poziom 2	172 681	233 642	172 681	233 642
<b>Financial liabilities</b>					
Bank loans	n/a	1 576 452	1 509 442	1 576 452	1 509 442
Derivative instruments	Level 2	21 461	9 375	21 461	9 375
Futures and froward contracts	Level 2	318 158	888 083	318 158	888 083

### Security

As at 30 June 2023, the Group recognized PLN -58,797 k (30 June 2022: PLN 108,130 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 30 June 2023, the Group held the following hedging instruments for hedge accounting purposes.

## Interest rate risk hedges (in PLN k)

Maturity date of hedging instrument	Hedged value	Interest rate hedged	Instrument
29.09.2025	35 756	0,52%	IRS
29.06.2026	20 872	0,56%	IRS
26.02.2027	7 124	1,25%	IRS
26.02.2027	1 181	1,25%	IRS
15.12.2027	97 003	0,75%	IRS
29.03.2028	119 158	0,79%	IRS
18.12.2028	0	5,19%	IRS *
22.12.2031	8 702	2,60%	IRS
21.06.2033	8 880	5,67%	IRS
12.12.2033	24 990	6,71%	IRS
12.12.2033	24 990	6,71%	IRS
13.03.2034	130 545	6,65%	IRS
30.06.2034	12 065	0,89%	IRS
11.06.2035	139 574	1,10%	IRS
10.09.2035	416 007	1,20%	IRS
31.12.2035	17 537	2,39%	IRS
11.03.2036	104 867	2,22%	IRS
<b>Total</b>	<b>1 169 251</b>		

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

## Cash flow hedges (in EUR k)

Maturity date of hedging instrument	Hedged value	Exchange rate hedged	Instrument
2023.Q3	3 500 EUR	4,5516	Forward
<b>Total</b>	<b>3 500 EUR</b>		

## 17 Significant shareholders

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

No	Shareholder	Number of shares held	Number of votes	Shareholding
1	Mansa Investments Sp. z o.o. *)	28 617 254	28 617 254	42,84%
2	BIF IV Europe Holdings Limited	21 317 706	21 317 706	31,91%
3	Drugi Allianz Polska OFE	5 229 666	5 229 666	7,83%
4	Nationale-Nederlanden OFE	3 954 903	3 954 903	5,92%
5	Others	7 682 717	7 682 717	11,50%
	<b>Total</b>	<b>66 802 246</b>	<b>66 802 246</b>	<b>100%</b>

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



## 18 Dividends distributed and proposed

No dividend was distributed by the parent in the 6-month period ended 30 June 2023. No dividend is intended to be distributed by the parent in 2023.

## 19 Income tax

	For 6 months ended		For 3 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Current income tax	43 481	43 347	6 645	10 588
Current income tax charge	43 259	43 252	6 423	10 493
Adjustments to prior years current income tax	222	95	222	95
Deffered income tax	(1 455)	(15 295)	4 684	(9 438)
Related to temporary differences and their reversal	(1 455)	(15 295)	4 684	(9 438)
Income tax charged to the profit and loss account	42 026	28 052	11 329	1 150

	Balance sheet	Profit and loss account	Capital	Balance sheet
	01.01.2023			30.06.2023
<b>Deferred income tax</b>				
Deferred income tax provision				
Tangible fixed assets	98 296	9 503	-	107 799
Intangible assets	8	-	-	8
Receivables	47 358	1 132	(11 493)	36 997
Cash	68	(20)	-	48
Loans and borrowings	7 742	(4 653)	-	3 089
Liabilities	(2 629)	(1 124)	-	(3 753)
Other	156	(2 159)	-	(2 003)
Inventories	11 930	(505)	-	11 425
<b>Deferred income tax provision before tax</b>	<b>162 929</b>	<b>2 174</b>	<b>(11 493)</b>	<b>153 610</b>
<b>Compensation</b>				<b>(51 325)</b>
<b>Deferred income tax provision</b>				<b>102 285</b>
Deferred income tax assets				
Tangible fixed assets	2 075	(749)	-	1 326
Inventories	331	(270)	-	61
Receivables	6 094	(3 380)	-	2 714
Borrowings	3 861	2 372	-	6 233
Liabilities	22 567	4 804	2 667	30 038
Provisions	21 918	(5 758)	-	16 160
Retained assets	5 778	8 498	-	14 276
Prepayments	9 239	(1 891)	-	7 348
Financial assets	24	3	-	27
<b>Deferred income tax asset</b>	<b>71 887</b>	<b>3 629</b>	<b>2 667</b>	<b>78 183</b>
<b>Compensation</b>				<b>(51 325)</b>
<b>Deferred income tax assets</b>				<b>26 858</b>
Deferred income tax expense		(1 455)		
Net deferred tax (assets)/provision	91 042		(14 160)	75 427

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

	For 6 months ended	
	30.06.2023	30.06.2022
<b>Income tax charged to the profit and loss account, including</b>	<b>42 026</b>	<b>28 052</b>
Current tax	43 475	43 347
Deferred tax	(1 449)	(15 295)
<b>Profit (Loss) before tax</b>	<b>209 313</b>	<b>138 837</b>
Tax on gross profit at effective tax rate of 19%	39 769	26 379
Adjustments to prior years current income tax	158	95
Adjustments to prior years differed income tax	2	-
<b>Non-deductible costs:</b>	<b>2 234</b>	<b>1 389</b>
- permanent differences	379	477
- temporary difference on which no tax asset/provision is established	1 855	912
<b>Non-taxable income:</b>	<b>(137)</b>	<b>189</b>
- other	(137)	189
<b>Income tax in the profit and loss account</b>	<b>42 026</b>	<b>28 052</b>

## 20 Provisions

	30.06.2023	31.12.2022
<b>Long term provisions</b>		
- pension plan and related provision	2 123	2 259
- litigation provision	21 139	21 139
<b>Total long term provisions</b>	<b>23 262</b>	<b>23 398</b>
<b>Short term provisions</b>		
- pension plan and related provision	69	69
- accrued holiday leave provision	6 353	5 394
- other provisions	682	791
<b>Total short term provisions</b>	<b>7 104</b>	<b>6 254</b>

### Change in long term and short term provisions

	30.06.2023	31.12.2022
<b>Provisions at beginning of the period</b>	<b>29 652</b>	<b>27 027</b>
- recognition of provisions	1 675	4 611
- reversal of provisions	(961)	(1 986)
<b>Provisions at end of the period</b>	<b>30 366</b>	<b>29 652</b>

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

**21 Liabilities**

	30.06.2023	31.12.2022
- bank loans and borrowings	277 727	216 743
- trade payables	85 325	171 983
- from related entities	1 367	2 076
- from other entities	83 958	169 907
- income tax payable	2 711	9 600
- lease liabilities	27 208	22 871
- futures and forward contracts measurement	278 707	747 321
- other liabilities	185 512	64 744
- budget payments receivable	27 041	15 349
- prepayments for deliveries	106 678	39 599
- price difference payment fund	43 615	-
- payroll payable	2 338	3 431
- special funds	480	39
- for risk hedging	909	1 037
- LTC settlement	-	11
- other	4 451	5 278
<b>Total short term liabilities</b>	<b>857 190</b>	<b>1 233 262</b>

	30.06.2023	31.12.2022
- risk hedging	20 552	8 338
- investment liabilities	1 500	1 500
<b>Total other long term liabilities</b>	<b>22 052</b>	<b>9 838</b>

**22 Bank loans incurred and other borrowing liabilities**
*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.

In 2023, Polenergia Dystrybucja informed the financing bank of its failure to meet the financial covenants required by the bank under the loan agreement, and requested a waiver from the financing bank regarding such default to meet said covenants. Such waiver was granted by the bank and, consequently, the bank made a commitment vis a vis the borrower to refrain from taking any action it would otherwise be entitled to in the event the covenants are not met.

*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, 13 February, 9 March, 24 March and 20 April 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.

*Polenergia Farma Wiatrowa 17 Sp. z o.o.*

On 20 April 2023, Polenergia Farma Wiatrowa 17 Sp. z o.o. signed an amending and consolidating annex to the facility agreement executed on 22 October 2019 with ING Bank Polska S.A. for the construction of a photovoltaic farm. As a result of the execution of said annex, the repayment schedule for the construction tranche of the loan was changed, the date and certain conditions for obtaining formal confirmation from the bank of the completion of the construction phase of the project financed under this tranche were modified.

*Polenergia Obrót 2 Sp. z o.o.*

On 18 May 2023, Polenergia Obrót 2 Sp. z o.o. signed the facilities agreement with a syndicate of banks including mBank S.A. (also acting as the facility agent and the security agent), Powszechna Kasa Oszczędności Bank Polski S.A. and Bank Polska Kasa Opieki S.A. for the following:

- an investment loan to finance the costs of a photovoltaic farm project in the maximum amount of PLN 90,000 thousand, with availability period ending on 29 February 2024 and a final repayment date of 16 December 2038;

- a revolving facility for financing VAT on the aforementioned project costs capped at PLN 27,000 thousand with availability period ending on 31 May 2024 and a final repayment date on 31 May 2024.

The repayment of both loans is secured by pledges on accounts, assets and shares, project support and subordination agreements, a statement of submission to collection and a surety by Polenergia S.A.

*Polenergia S.A.*

On 5 June 2023, Polenergia S.A. signed an agreement with Santander Bank Polska S.A. (also acting as the facility agent and the security agent) and Bank Polska Kasa Opieki S.A., a revolving facility agreement up to the limit of PLN 300,000 thousand to finance the development of projects in subsidiaries permitted by the facility agreement, by subsidizing the activities listed therein.

The credit limit under said agreement was made available until 5 June 2026 and provides for an option of extension for further periods.

The repayment is secured by a pledge of bank accounts, a power of attorney to the accounts and a statement of submission to collection.

In the period ended 30 June 2023, repayments of investment loans took place in wind farms and a PV farm, totaling PLN 83,399,1 thousand, of which PLN 35.640 thousand were made as loan prepayments. During said period, Polenergia Dystrybucja Sp. z o.o. repaid the investment loan of PLN 2,600 thousand as scheduled.

The investment loans launched in HY1 2023 for the construction of the wind and PV farms amounted to PLN 89,194.6 thousand in total, while the investment loan granted to Polenergia Dystrybucja Sp. z o.o. amounted to PLN 9,970 thousand .

Working capital loans debt balance: overdrafts and revolving facilities to finance VAT on the investment expenditure in the group increased in total by PLN 61,148.9 thousand.

### Guarantees and sureties granted

On 30 January 2023, Polenergia S.A. issued Payment Company Guarantees ("PCG") to Hitachi Energy Poland Sp. z o.o. to secure payments under the contract entered into by MFW Bałtyk II Sp. z o.o. and MFW Bałtyk III Sp. z o.o. up to a maximum amount of EUR 9,500 thousand and EUR 8,550 thousand, respectively, with the expiration date ending upon the occurrence of one of the events described in the PCG, estimated to be the dates of 1 June 2024 and 1 December 2024, respectively.

### 23 Litigation and disputes

Amon sp. z o.o. and Talia sp. z o.o. – each Company acting separately filed a claim for rendering ineffective the statements of termination by Polska Energia – Pierwsza Kompania Handlowa sp. z o.o. (a company operating in the Tauron Group) of the contracts for the sale of property rights incorporated in certificates of origin for electricity generated in renewable energy sources – 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 sp. z o.o. against Polska Energia – Pierwsza Kompania Handlowa sp. z o.o. in which the entire appeal filed by the latter 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 sp. z o.o. against Polska Energia – Pierwsza Kompania Handlowa sp. z o.o. in which the entire appeal filed by the latter company was dismissed. On 12 June 2023, Polska Energia – Pierwsza Kompania Handlowa sp. z o.o. filed a cassation complaint.

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 sp. z o.o. covering further claims of Amon sp. z o.o. arising from the non-performance of the abovementioned contracts by Polska Energia - Pierwsza Kompania Handlowa sp. z o.o., pending before the District 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) with respect to amount of PLN 55,691 k since 31 March 2023 until the date of payment, (ii) with respect to amount of PLN 5,884 k since the day immediately following the day of direct delivery of a copy of the counterclaim to the counsel of Amon sp. z o.o.

The amount of PLN 55,691 k represents liquidated damages demanded by Polska Energia – Pierwsza Kompania Handlowa sp. z o.o. 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 sp. z o.o. with Polska Energia – Pierwsza Kompania Handlowa sp. z o.o. 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, in turn, 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 sp. z o.o. with Polska Energia – Pierwsza Kompania Handlowa sp. z o.o. on 23 December 2009.

On 16 May 2023, the District Court in Gdańsk served Amon sp. z o.o. an order dated 2 May 2023, which left the counterclaim of Polska Energia – Pierwsza Kompania Handlowa sp. z o.o. without proceeding any further. The basis for the order in question issued by the District Court in Gdańsk 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 Polska Energia S.A. 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 proprietary rights under the certificates of origin confirming that energy has been generated in renewable sources, entered into with the companies Amon sp. z o.o. and Talia sp. z o.o. Presently, witness statements are given - orally during the hearings before the District Court in Katowice and in writing.

The companies Certyfikaty sp. z o.o., Polenergia Obrót S.A. and Green Stone Solutions sp. z o.o. (formerly 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 proprietary rights incorporated in the certificates of origin of electrical energy generated in renewable energy sources and for payment of the amounts due on account of the balancing costs. The most recent trial was held on 24 March 2021 in the form of the online hearing of the parties. The Court decided to continue the evidentiary hearing procedure, including the appointment of a court expert in the case. A court-appointed expert is preparing an opinion in the case.

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. On 30 June 2023, the District Court in Wąbrzeźno, in a closed session, issued a judgment ordering Polenergia Farma Wiatrowa 1 sp. z o.o. to pay the claimants the sum of PLN 18,428.08 for non-contractual use of the property in the period from 13 March 2020 to 31 December 2021. The claimants demanded payment of PLN 52,500.00. Polenergia Farma Wiatrowa 1 sp. z o.o. in the course of the litigation did not dispute the validity of the claim, but rather the amount demanded. The amount awarded by the Court reflects the position presented by the respondent during the proceedings. The judgment is not yet final and binding.

On 2 June 2023, Polenergia Farma Wiatrowa 1 sp. z o.o. received a notice of termination from the lessor of the lease agreement entered into on 26 February 2008 relating to the real estate where some of the wind turbines of the Gawłowice Wind Farm are located, along with the accompanying infrastructure. The grounds for termination claimed by the lessor in the termination notice is that Polenergia Farma Wiatrowa 1 sp. z o.o. delivered a bank guarantee required by the lease agreement that was issued in a form that is incorrect in the lessor's opinion. Polenergia Farma Wiatrowa 1 sp. z o.o. does not share the lessor's view as to the legitimacy of the grounds for termination, therefore the company informed the landlord that in its opinion the termination was ineffective and the lease agreement was still binding. Polenergia Farma Wiatrowa 1 sp. z o.o. has been seeking an amicable resolution of the dispute through direct negotiations aimed at obtaining the revocation of the statement on termination of the lease agreement. As of the date of publication of this Report:

- the banks financing the construction and development of the Gawłowice Wind Farm have confirmed that they will not exercise their reserved discretions in the event of a breach until the earlier of the following dates: (i) 30 September 2023; or (ii) the date on which the financing banks determine that a default has not occurred, or, if a default is determined to have occurred, the date on which the financing banks grant a waiver (the "Standstill Period"). The condition stipulated by the banks is the restriction of the possible distributions (including dividend payments) during the Standstill Period by Polenergia Group project companies that have obtained financing on the basis of the loan agreement the above-mentioned statement of the banks relates to, i.e. Polenergia Farma Wiatrowa 1 sp. z o.o. (Gawłowice Wind Farm), Polenergia Farma Wiatrowa 4 sp. z o.o. (Skurpie Wind Farm) and Polenergia Farma Wiatrowa 6 sp. z o.o. (Rajgród Wind Farm).

- Polenergia Farma Wiatrowa 1 sp. z o.o. cannot exclude that the negotiations will be unsuccessful, and the dispute over the legitimacy of the termination will be referred to court; and

- Polenergia Farma Wiatrowa 1 sp. z o.o. cannot exclude that although the dispute with the lessor has not, as yet, affected the operation of the Gawłowice Wind Farm, it may not remain the same in the future.

In the Company's opinion, since the termination of the lease is ineffective, the risk of significant adverse financial and operational consequences is low.

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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.

Polenergia Dystrybucja sp. z o.o. 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) launched investigation with respect to the company Polenergia Fotowoltaika S.A. with registered office in Warsaw 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.

Polenergia Fotowoltaika S.A. provided UOKiK with the documents and information referred to in the request. On 28 June 2022 the company received another request from UOKiK to submit additional information and documents. Polenergia Fotowoltaika S.A. 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.

Polenergia Obrót S.A. was obliged to fulfill, by 30 June 2023, its obligations under Article 52 sec. 1 of the Renewable Energy Sources Act and Article 10 sec. 1 of the Energy Efficiency Act to redeem a certain number of proprietary rights to certificates of origin and energy efficiency certificates for 2022. Already after the reporting date, Polenergia Obrót S.A. determined that it had performed 98.05% of that obligation. On 21 July 2023, Polenergia Obrót S.A. made additional payments as surcharges on replacement fees to fulfill the obligation in full. Failure to meet the deadline of 30 June 2023 may result in the imposition of fines by the President of the Energy Regulatory Office, in particular under Article 170 sec. 2 of the Renewable Energy Sources Act.

This March, Polenergia Obrót S.A. received information from CIME V-E Asset AG ("CIME") about financial difficulties that may cause delays in payment of receivables to Polenergia Obrót S.A. under the framework agreement dated 27 February 2020, entered into according to the International Swaps and Derivatives Association Inc. template and the transaction agreements for the years 2023 - 2025 ("ISDA") closed thereunder, accompanied by a request from CIME to extend the repayment deadline and enter into discussions regarding the solution to the situation, while Polenergia Obrót S.A. confirmed non-payment of invoices for the billing period covering January 2023 and February 2023. On 24 March 2023, Polenergia Obrót S.A. sent a demand to CIME for payment of the amount due under the ISDA, which included financial instruments based on energy products, as well as amounts resulting from late payments under the ISDA (the "Debt").

On 14 July 2023, Polenergia Obrót S.A. and CIME Krzanowice entered into an agreement for the sale of electricity generated in the wind farm owned by CIME Krzanowice for a period of 10 years, under which, Polenergia Obrót S.A. will, as of 1 September 2023, receive all of the energy generated in said wind farm (the "Offtake Agreement"). In order to contractually supplement the provisions of the Offtake Agreement and comprehensively implement the principles of repayment of the Debt owed to Polenergia Obrót S.A., CIME, CIME Krzanowice and Polenergia Obrót S.A., on 3 August 2023, entered into a Debt restructuring agreement pursuant to which Polenergia Obrót S.A. will be entitled to set off, in an agreed amount, the Debt against CIME Krzanowice's claims against Polenergia Obrót S.A. for electricity delivered under the Offtake Agreement which will gradually reduce the level of Debt in a 10-year time horizon (the "Restructuring Agreement"). In order to secure Polenergia Obrót S.A.'s rights under the Offtake Agreement and the Restructuring Agreement, CIME Krzanowice, CIME and Polenergia Obrót S.A. agreed to establish a registered pledge in favor of Polenergia Obrót S.A. on CIME Krzanowice's assets and CIME's shares in the share capital of CIME Krzanowice.

On top of that, in addition to the business provisions under the aforementioned agreements, Polenergia Obrót S.A. and CIME entered into an agreement partly terminating the ISDA with respect to transactions from the date of said agreement until the end of 2023.

In connection with the event described above, a valuation of receivables was performed based on estimated cash flows associated with the performance of the described agreements.

## 24 Capital expenditures

As at 30 June 2023, the Group's intention is that the aggregate capital expenditure on fixed assets in 2023 will total ca. PLN 959 million. Such amounts shall mainly be allocated to projects development in the area of offshore and onshore wind power generation, photovoltaics and the investment program implementation in the distribution segment.

## 25 Sales revenues

	For 6 months ended		For 3 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
- revenue from sale and distribution of electricity	2 154 474	2 370 733	1 025 234	1 061 837
- revenue from certificates of origin	95 811	815 637	66 600	47 482
- revenue from sale of heat	23 533	15 840	8 878	6 331
- revenue from consulting and advisory services	7 736	4 030	3 999	2 200
- revenue from lease and operator services	1 350	(940)	459	(1 372)
- revenue from sale and distribution of gas	386 115	376 544	184 116	152 003
- revenue from sale of merchandise	446	52	356	-
- revenue from lease	175	177	64	68
- revenue from the capacity market and blackstart services	11 999	11 773	5 996	5 896
- revenue from the solar panels and heat pumps installation	158 361	201 344	78 631	82 447
- other	7 758	3 757	2 229	2 280
<b>Total revenue from clients</b>	<b>2 847 758</b>	<b>3 798 947</b>	<b>1 376 562</b>	<b>1 359 172</b>
- revenues from the valuation of futures contracts	(11 629)	6 763	(7 357)	(21 801)
- revenues from CO2 emission allowances	1 921	7 200	1 921	-
<b>Total other revenue</b>	<b>(9 708)</b>	<b>13 963</b>	<b>(5 436)</b>	<b>(21 801)</b>
<b>Total sales revenue</b>	<b>2 838 050</b>	<b>3 812 910</b>	<b>1 371 126</b>	<b>1 337 371</b>

## 26 Cost according to type

	For 6 months ended		For 3 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
- depreciation	77 154	51 174	39 295	26 451
- materials and power consumption	72 050	125 414	33 315	45 287
- third party services	120 622	120 505	60 434	53 436
- taxes, duties and fees	79 039	11 518	70 966	5 017
- salaries	51 806	40 316	24 946	20 558
- social security and other benefits	9 468	6 783	4 864	3 359
- other cost by type	2 540	2 090	1 299	1 118
<b>Total cost by type</b>	<b>412 679</b>	<b>357 800</b>	<b>235 119</b>	<b>155 226</b>
- merchandise and materials sold (+)	2 196 365	3 284 504	1 060 515	1 157 830
- selling certificates of origin	61 298	60 032	26 875	37 223
- income from granted certificates of origin	(62 139)	(49 755)	(22 412)	(18 966)
- selling expenses (-)	(49 526)	(54 623)	(23 719)	(25 244)
- general overheads (-)	(74 456)	(53 549)	(38 768)	(28 096)
<b>Total cost of goods sold</b>	<b>2 484 221</b>	<b>3 544 409</b>	<b>1 237 610</b>	<b>1 277 973</b>

During the period ended 30 June 2023, under the obligation imposed by the Extraordinary Measures Act to contribute to the Price Differential Payment Fund (the "Fund"), the Group companies recognized costs for contributions to the Fund totaling PLN 63 million, which were disclosed under Taxes and fees and Other liabilities.



## 27 Other operating revenues

	For 6 months ended		For 3 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
- reversal of impairment losses, including:	38	-	30	-
- expected credit loss	38	-	33	-
- non-current fixed assets impairment losses	-	-	(3)	-
- other, including:	7 514	2 903	2 000	1 337
- compensation and additional payments	47	68	4	3
- grant settlement	1 966	1 595	1 168	797
- revenue from lease of non-current fixed assets	-	-	-	(139)
- reinvoicing	56	36	30	26
- other	5 400	1 170	753	616
<b>Total other operating revenues</b>	<b>7 552</b>	<b>2 903</b>	<b>2 030</b>	<b>1 337</b>

## 28 Other operating expenses

	For 6 months ended		For 3 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
- asset impairment losses, including:	2 182	983	2 037	263
- expected credit loss	2 081	767	2 037	186
- non-current fixed assets	101	216	-	77
- other, including:	2 987	2 331	2 086	1 232
- penalties, fines compensation payable	681	98	663	93
- donation	655	1 554	475	932
- complaints, compensation	718	285	643	69
- other	905	263	277	138
<b>Total other operating costs</b>	<b>5 169</b>	<b>3 314</b>	<b>4 123</b>	<b>1 495</b>

## 29 Financial income

	For 6 months ended		For 3 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
- financial income from interest on deposit and loans	20 678	15 747	10 895	14 819
- fx differences, including:	1 418	122	1 009	116
- unrealized	768	110	742	110
- realized	650	12	267	6
- valuation of financial liabilities	5	54	5	(14)
- other surety - related fees	722	276	461	191
- other	164	449	135	7
<b>Total financial revenue</b>	<b>22 988</b>	<b>16 648</b>	<b>12 506</b>	<b>15 119</b>

## 30 Financial expenses

	For 6 months ended		For 3 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
- interest expenses	40 225	29 970	21 263	16 072
- fx differences, including:	336	1 986	(132)	(165)
- unrealized	205	9 209	317	2 464
- realized	131	(7 223)	(449)	(2 629)
- commission on other fees	2 791	3 647	1 046	1 621
- measurement of financial liabilities *)	1 872	777	940	397
- other	48	1 349	(127)	793
<b>Total financial cost</b>	<b>45 272</b>	<b>37 729</b>	<b>22 990</b>	<b>18 718</b>

\*) refers to bank loans measured at amortized cost

### 31 Liquidity risk

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

The Group aims at balancing the continuity and flexibility of financing by using diverse funding sources, including account overdrafts, credit facilities and lease contracts.

The table below shows the Group's financial liabilities by maturity as at 30 June 2023 and 31 December 2022, in terms of undiscounted contractual payments.

30.06.2023	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	64 014	330 480	825 085	1 011 697	<b>2 231 276</b>
Other liabilities	464 408	642	49 899	10 773	<b>525 722</b>
Liabilities for deliveries and services	85 325	-	-	-	<b>85 325</b>
Lease liabilities	5 456	16 685	77 528	234 884	<b>334 553</b>

  

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	<b>2 219 996</b>
Other liabilities	812 065	-	148 105	2 495	<b>962 665</b>
Liabilities for deliveries and services	171 983	-	-	-	<b>171 983</b>
Lease liabilities	13 468	5 414	69 326	205 484	<b>293 692</b>

### 32 Information on significant transactions with associates

Major transactions with jointly controlled parties in the period ended on 30 June 2023 include:

30.06.2023	Revenues	Receivables
MFW Bałtyk I S.A.	2 020	1 984
MFW Bałtyk II Sp. z o.o.	2 545	2 508
MFW Bałtyk III Sp. z o.o.	2 556	2 503
<b>Total</b>	<b>7 121</b>	<b>6 995</b>

Major transactions with associates in the period ended 30 June 2023 include:

30.06.2023	Revenues	Receivables
Mansa Investments Sp. z o.o.	94	91
Green Stone Solution Sp. z o.o.	45	41
<b>Total</b>	<b>139</b>	<b>132</b>

Major transactions with parties where personal relations exist, in the period ended 30 June 2023 include:

(PLN k)

30.06.2023	Revenues	Costs	Receivables	Liabilities
Krucza Inwestycje KREH 1 Sp. z o.o. S.K.	166	3 995	34	-
Autostrada Eksploatacja S.A.	3 082	-	345	-
Beyond.pl Sp. z o.o.	40	479	-	132
Ciech Sarzyna S.A.	57	429	2	268
Euro Invest Sp. z o.o.	402	-	104	-
Master BIF IV UK Holdings Ltd	-	225	-	-
<b>Total</b>	<b>3 747</b>	<b>5 128</b>	<b>485</b>	<b>400</b>

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

In the period ended 30 June 2023 and in the year ended 31 December 2022, remuneration of members of the Management Board of the Parent and of the Supervisory Board was as follows:

Management Board	30.06.2023	31.12.2022
Michał Michalski	2 590	2 889
Tomasz Kielinski	1 427	1 605
Iwona Sierżęga	1 242	1 631
Piotr Maciolek	1 240	1 605
Jarosław Bogacz	1 150	1 606
<b>Total</b>	<b>7 649</b>	<b>9 336</b>

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

Supervisory Board	30.06.2023	31.12.2022
Hans E. Schweickardt	36	72
Orest Nazaruk	42	84
Adrian Dworzyński	-	26
Szymon Adamczyk	36	46
<b>Total</b>	<b>114</b>	<b>228</b>

Other members of the Supervisory Board do not collect any remuneration.

### 34 Material events after the reporting date

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