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POLENERGIA S.A.

**INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022
INCLUDING THE REPORT OF THE INDEPENDENT AUDITOR**

Michał Michalski – President of the
Management Board

Tomasz Kietliński- Vice President of the
Management Board

Iwona Sierżęga – Member of the
Management Board

Piotr Maciołek - Member of the
Management Board

Jarosław Bogacz - Member of the
Management Board

Agnieszka Grzeszczak – Director
Accounting Department

Warsaw 17 August 2022

1. Interim condensed balance sheet

As at 30 June 2022

ASSETS

	Note	30.06.2022	31.12.2021
I. Non-current assets		1 686 339	1 516 502
Tangible fixed assets		12 741	8 676
Intangible assets		146	124
Financial assets	2.5	1 668 629	1 504 264
Deferred income tax assets		4 823	3 438
II. Current assets		799 681	185 551
Inventories		-	-
Trade receivables		13 147	23 955
Income tax receivable		4 051	4 051
Other short term receivables		5 582	285
Prepayments and accrued income		4 001	6 013
Short term financial assets		123 897	-
Cash and equivalent		649 003	151 247
Total assets		2 486 020	1 702 053

EQUITY AND LIABILITIES

	Note	30.06.2022	31.12.2021
I. Shareholders' equity		2 456 064	1 414 866
Share capital		133 604	90 887
Share premium account		1 515 570	557 611
Reserve capital from option measurement		13 207	13 207
Other capital reserves		690 205	449 121
Capital from merger		89 782	89 782
Retained profit (loss)		(26 826)	(26 826)
Net profit/(loss)		40 522	241 084
II. Long term liabilities		9 216	6 290
Provisions	2.4	432	432
Lease liabilities		8 784	5 858
III. Short term liabilities		20 740	280 897
Bank loans and borrowings		-	249 687
Trade payables	2.5	672	2 031
Lease liabilities	2.5	3 743	2 463
Other liabilities	2.5	4 390	12 856
Provisions	2.4	3 019	2 094
Accruals and deferred income		8 916	11 766
Total equity and liabilities		2 486 020	1 702 053

Interim condensed profit and loss account

For the 6-month period ended 30 June 2022

	For 6 months ended		unaudited	unaudited
	30.06.2022	30.06.2021	For 3 months ended 30.06.2022	30.06.2021
Revenues from contracts with clients	12 022	9 644	6 395	4 813
Sales revenues	12 022	9 644	6 395	4 813
Cost of goods sold	(11 082)	(8 856)	(6 041)	(4 522)
Gross sales profit	940	788	354	291
Other operating revenues	-	111	-	34
General overheads	(19 077)	(9 591)	(10 317)	(5 472)
Other operating expenses	(1 030)	(1)	(592)	(1)
Financial income	62 745	251 012	14 384	228 091
including dividend	46 524	20 000	-	-
Financial costs	(4 441)	(627)	(1 794)	(408)
Profit before tax	39 137	241 692	2 035	222 535
Income tax	1 385	(42 845)	(249)	(42 978)
Net profit	40 522	198 847	1 786	179 557
Earnings per share:				
- basic earnings (loss) for period attributable to parent company shareholders	0,89	4,38	0,04	3,95
- diluted earnings (loss) for period attributable to parent company shareholders	0,89	4,38	0,04	3,95

Interim condensed statement of other comprehensive income

For the 6-month period ended 30 June 2022

	For 6 months ended		unaudited	unaudited
	30.06.2022	30.06.2021	For 3 months ended 30.06.2022	30.06.2021
Net profit	40 522	198 847	1 786	179 557
Inne całkowite dochody netto	-	-	-	-
COMPREHENSIVE INCOME FOR PERIOD	40 522	198 847	1 786	179 557

Interim condensed statement of changes in equity

for the 6-month period ended 30 June 2022

	Share capital	Share premium account	Reserve capital from option measurement	Other capital reserves	Capital from merger	Retained loss	Net profit (loss)	Total equity
As at January 2022	90 887	557 611	13 207	449 121	89 782	214 258	-	1 414 866
Other comprehensive income for period								
Net loss for reporting period	-	-	-	-	-	-	40 522	40 522
Transactions with owners of the parent recognized directly in equity								
Issue of shares	42 717	957 959	-	-	-	-	-	1 000 676
Allocation of profit/loss	-	-	-	241 084	-	(241 084)	-	-
As at 30 June 2022	133 604	1 515 570	13 207	690 205	89 782	(26 826)	40 522	2 456 064

for the 6-month period ended on 30 June 2021

	Share capital	Share premium account	Reserve capital from option measurement	Other capital reserves	Capital from merger	Retained loss	Net profit	Total equity
As at January 2021	90 887	557 611	13 207	393 019	89 782	29 276	-	1 173 782
Other comprehensive income for period								
Net profit for reporting period	-	-	-	-	-	-	198 848	198 848
Transactions with owners of the parent recognized directly in equity								
Allocation of profit/loss	-	-	-	56 102	-	(56 102)	-	-
As at 30 June 2021	90 887	557 611	13 207	449 121	89 782	(26 826)	198 848	1 372 630

Notes to the interim condensed standalone financial statements presented on pages 7 through 11 form an integral part of these financial statements

Interim condensed statement of cash flows

for the 6-month period ended 30 June 2022

	For 6 months ended	
	30.06.2022	30.06.2021
A.Cash flow from operating activities		
I.Profit (loss) before tax	39 137	241 692
II.Total adjustments	(52 877)	(282 306)
Depreciation	1 516	1 173
Interest and profit shares (dividends)	(44 786)	(22 034)
Losses (gains) on investing activities	(507)	(226 085)
Income tax	-	(39 183)
Changes in provisions	925	642
Changes in receivables	5 511	5 112
Changes in short term liabilities, excluding bank loans and borrowings	(11 829)	(1 933)
Changes in accruals	(3 707)	2
III.Net cash flows from operating activities (I+/-II)	(13 740)	(40 614)
B.Cash flows from investing activities		
I. Cash in	46 524	330 115
1. Disposals of intangibles and tangible fixed assets	-	52
2. From financial assets, including:	46 524	330 063
- disposal of financial assets	-	225 775
- dividends and shares in profits	46 524	20 000
- repayment of loans given	-	82 216
- interest	-	1 815
- other inflows from financial assets	-	257
II.Cash out	283 821	96 090
1. Acquisition of intangible and tangible fixed assets	1 403	1 019
2. For financial assets, including:	282 418	95 071
- acquisition of financial assets	142 285	95 071
- loans given	140 133	-
III.Net cash flows from investing activities (I-II)	(237 297)	234 025
C.Cash flows from financing activities		
I.Cash in	1 003 859	-
1. Net proceeds from the issue of shares and other equity instruments, and capital contributions	1 003 859	-
II.Cash out	255 066	1 151
1.Repayment of loans and borrowings	250 000	-
2.Lease payables	1 416	955
3.Interest	3 650	196
III.Net cash flows from financing activities (I-II)	748 793	(1 151)
D.Total net cash flows (A.III+/-B.III+/-C.III)	497 756	192 260
E.Increase/decrease in cash in the balance sheet, including:	497 756	192 260
- change in cash due to fx differences	-	-
F.Cash at the beginning of period	151 247	124 630
G.Cash at the end of period, including:	649 003	316 890
- restricted cash	27	109

Notes to the interim condensed standalone financial statements presented on pages 7 through 11 form an integral part of these financial statements

2. Notes and Explanations

2.1 Accounting principles (policy) applied

These interim condensed financial statements of the Company as at 30 June 2022 comply with International Accounting Standard 34.

The accounting principles applied have been outlined in the financial statements for 2021 published on 8 April 2022. 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.

These financial statements have been prepared based on the going concern assumption for the Company in foreseeable future, that is for no fewer than 12 months following the end of reporting period day, i.e. following 30 June 2022.

2.2 Seasonality and cyclical nature of operations

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

2.3 Income tax

	For 6 months ended		For 3 months ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Current income tax	-	38 957	-	38 957
Current income tax charge	-	38 957	-	38 957
Adjustments to prior years current income tax	-	-	-	-
Deferred income tax	(1 385)	3 888	249	4 021
Related to temporary differences and their reversal	(1 385)	3 888	249	4 021
Income tax charged to the profit and loss account	(1 385)	42 845	249	42 978

	For 6 months ended	
	30.06.2022	30.06.2021
Income tax charged to the profit and loss account, including	(1 385)	42 845
Current tax	-	38 957
Deferred tax	(1 385)	3 888
Profit (Loss) before tax	39 137	241 692
Tax on gross profit at effective tax rate of 19%	7 436	45 921
Current tax of limited partnerships	-	304
Deferred tax (change) of limited partnerships	-	381
Non-deductible costs:	(13)	77
- permanent differences	(13)	88
- temporary difference on which no tax asset/provision is established	-	(11)
Non-taxable income:	(8 808)	(3 838)
- dividends	(8 840)	(3 800)
- other	32	(38)
Income tax in the profit and loss account	(1 385)	42 845

2.4 Provisions

	30.06.2022	31.12.2021
Long term provisions		
- pension plan and related provision	432	432
Total long term provisions	432	432

Short term provisions

- pension plan and related provision	12	12
- accrued holiday leave provision	3 007	2 082
Total short term provisions	3 019	2 094

Change in long term and short term provisions

	30.06.2022	31.12.2021
Provisions at the beginning of the period	2 526	1 986
- recognition of provisions	925	562
- reversal of provisions	-	(22)
Provisions at the end of the period	3 451	2 526

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

a) Financial assets

	30.06.2022	31.12.2021
- share or stock in non-listed companies	1 629 106	1 482 899
- loans given	39 523	21 365
Total long term financial assets	1 668 629	1 504 264

	30.06.2022	31.12.2021
- loans given	123 897	-
Total short term financial assets	123 897	-

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

b) Right-of-use assets

Right-of-use assets under lease	30.06.2022	31.12.2020
Other real estate	9 207	5 776
Vehicles	2 657	1 985
Total	11 864	7 761

c) Liabilities

	30.06.2022	31.12.2021
- bank loans and borrowings	-	249 687
- trade payables	672	2 031
- from related entities	-	2
- from other entities	672	2 029
- lease liabilities	3 743	2 463
- other liabilities	4 390	12 856
- budget payments receivable	794	3 311
- special funds	174	26
- other	3 422	9 519
Total short term liabilities	8 805	267 037

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

d) Fair value

As at 30 June 2022, the Company held no financial instruments that would be measured at fair value.

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

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

2.6 Changes to estimates

In the 6-month period ended 30 June 2022, the Company made no significant changes to its estimates.

2.7 Dividend distribution

No dividends were paid by the parent in the 6-month period ended 30 June 2022. No dividends are intended to be paid by the parent in the second half-year of 2022.

2.8 Revenue and profit/loss in individual operating segments

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

2.9 Information on changes in contingent liabilities or contingent assets

In the 6-month period ended 30 June 2022, the following contingent liabilities or contingent assets occurred:

On 31 March 2022, acting to order of Polenergia S.A., Santander Bank Polska S.A. issued a bank guarantee to secure the liabilities of Polenergia Obrót 2 Sp. z o.o. in view of the company's entering into a connection agreement with Energa Operator S.A. The guarantee was issued to the amount of PLN 1,857.0k and will expire on 1 May 2024.

On 5 April 2022, acting to order of Polenergia S.A., Santander Bank Polska S.A. issued two bank guarantees for the benefit of the companies Polenergia Farma Wiatrowa Piekło sp. z o.o. and Polenergia Farma Wiatrowa 16 Sp. z o.o. in view of the usufruct contracts entered into with the Międzychód County Authority for the county roads during the construction of a wind farm. The guarantees were issued to the amount of PLN 500k each, and shall expire on 5 April 2023.

The Company has been issuing guarantees and sureties within the Polenergia S.A. group that meet the recognition criteria of financial guarantees according to IFRS 9, with the fair value of the financial guarantees calculated as a discounted sum of payments amounting to PLN 7.36m as at 30 June 2022.

2.10 Information on material transactions with associates

30.06.2022	Revenues	Costs	Receivables
Amon Sp. z o.o.	225	-	479
Dipol Sp. z o. o.	193	-	125
Polenergia eMobility Sp. z o.o.	145	-	125
Polenergia Dystrybucja Sp. z o.o.	695	12	419
Polenergia Elektrociepłownia Nowa Sarzyna Sp. z o.o.	31 526	-	186
Polenergia Farma Fotowoltaiczna 2 Sp. z o.o.	113	-	108
Polenergia Farma Wiatrowa 1 Sp. z o.o.	5 329	-	247
Polenergia Farma Wiatrowa 4 Sp. z o.o.	2 767	-	323
Polenergia Farma Wiatrowa 6 Sp. z o.o.	2 374	-	239
Polenergia Farma Wiatrowa Dębice/ Kostomłoty Sp. z o.o.	663	-	649
Polenergia Farma Wiatrowa Grabowo Sp. z o.o.	555	-	645
Polenergia Farma Wiatrowa Mycielin Sp. z o.o.	6 344	-	299
Polenergia Farma Wiatrowa Namysłów Sp. z o.o.	105	-	100
Polenergia Farma Wiatrowa Piekło Sp. z o.o.	201	-	195
Polenergia Farma Wiatrowa Rudniki Sp. z o.o.	126	-	119
Polenergia Farma Wiatrowa Szymankowo Sp. z o.o.	414	-	317
Polenergia Kogeneracja Sp. z o.o.	249	-	229
Polenergia Obrót S.A.	1 319	-	823
Polenergia Sprzedaż Sp. z o.o.	259	-	119
Polenergia Farma Wiatrowa 16 Sp. z o.o.	180	-	173
Polenergia Farma Wiatrowa 17 Sp. z o.o.	339	-	396
Polenergia Farma Wiatrowa 23 Sp. z o.o.	120	-	74
Polenergia Farma Wiatrowa 3 Sp. z o.o.	1 305	-	1 279
Polenergia Obrót 2 Sp. z o.o.	132	-	123
Talia Sp. z o.o.	204	-	357
Pozostałe	1 298	-	1 108
Total	57 180	12	9 256

Loans granted to associates have been described in Note 2.5.

2.11 Events following the reporting date

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