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

Polenergia S.A.

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

FOR THE YEAR ENDED 31 DECEMBER 2023

INCLUDING THE REPORT OF THE INDEPENDENT AUDITOR ON THE AUDIT PERFORMED

Jerzy Wacław Zań – President of the Management Board

Andrzej Filip Wojciechowski - Vice President of the Management Board

Iwona Maria Sierżęga – Member of the Management Board

Piotr Łukasz Maciołek - Member of the Management Board

Agnieszka Grzeszczak – Director Accounting Department

Warsaw, 26 March 2024

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(PLN k)

1. Balance sheet

As at 31 December 2023

ASSETS

	Note	31.12.2023	31.12.2022
I. Non-current assets		**2 414 133**	**1 539 454**
Tangible fixed assets	15	15 135	17 232
Intangible assets	14	565	249
Financial assets	17	2 392 881	1 521 973
Deferred income tax assets	23	3 745	-
Prepayments and accrued income		1 807	-
II. Current assets		**1 080 851**	**1 053 434**
Trade receivables	18	44 105	33 477
Income tax receivable	18	19	-
Other short term receivables	18	1 501	981
Prepayments and accrued income	19	12 106	7 658
Short term financial assets	20	73 882	585 193
Cash and equivalent	21	949 238	426 125
Total assets		**3 494 984**	**2 592 888**

EQUITY AND LIABILITIES

	Note	31.12.2023	31.12.2022
I. Shareholders' equity		**3 441 992**	**2 535 852**
Share capital	22	154 438	133 604
Share premium account		2 240 960	1 515 557
Reserve capital from option measurement		13 207	13 207
Other capital reserves		810 528	690 205
Capital from merger		89 782	89 782
Retained profit (loss)		(26 826)	(26 826)
Net profit /(loss)		159 903	120 323
II. Long term liabilities		**8 805**	**16 174**
Deferred income tax provision	23	-	3 870
Provisions	26	693	464
Lease liabilities		8 112	11 840
III. Short term liabilities		**44 187**	**40 862**
Trade payables	24	5 271	2 223
Income tax payable	24	-	2 760
Lease liabilities	24	5 858	4 876
Other liabilities	24	7 569	13 209
Provisions	26	4 270	3 210
Accruals and deferred income	25	21 219	14 584
Total equity and liabilities		**3 494 984**	**2 592 888**

(PLN k)

2. Profit and loss account

For the year ended 31 December 2023

	Note	For 12 months ended 31.12.2023	31.12.2022
Revenues from contracts with clients	28	51 972	33 657
Other revenues	28	2 534	1 927
Sales revenues		**54 506**	**35 584**
Cost of goods sold	29	(39 977)	(25 861)
Gross sales profit		**14 529**	**9 723**
Other operating revenues	30	698	51
General overheads	29	(58 482)	(39 698)
Other operating expenses	31	(1 029)	(2 902)
Financial income	32	210 315	168 594
including dividend		159 950	82 087
Financial costs	33	(6 252)	(5 404)
Proft before tax		**159 779**	**130 364**
Income tax	23	124	(10 041)
Net profit		**159 903**	**120 323**

3. Statement of other comprehensive income

For the year ended 31 December 2023

	For 12 months ended 31.12.2023	31.12.2022
Net profit for period	**159 903**	**120 323**
COMPREHENSIVE INCOME FOR PERIOD	**159 903**	**120 323**

(PLN K)

4. Changes in equity statement

For the year ended 31 December 2023

	Share capital	Share premium account	Reserve capital from option measurement	Other capital reserves	Capital from merger	Retained loss	Net profit (loss)	Total equity
As at January 2023	**133 604**	**1 515 557**	**13 207**	**690 205**	**89 782**	**93 497**	**-**	**2 535 852**
Other comprehensive income for period								
Net loss for reporting period	-	-	-	-	-	-	159 903	159 903
Transactions with owners of the parent recognized directly in equity								
Issue of shares	20 834	725 403	-	-	-	-	-	746 237
Allocation of profit/loss	-	-	-	120 323		(120 323)	-	-
As at 31 December 2023	**154 438**	**2 240 960**	**13 207**	**810 528**	**89 782**	**(26 826)**	**159 903**	**3 441 992**

(PLN K)

For the year ended 31 December 2022

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

(PLN K)

5. Statement of cash flows

For the year ended 31 December 2023

	For 12 months ended 31.12.2023	For 12 months ended 31.12.2022
A.Cash flow from operating activities		
I.Profit (loss) before tax	**159 779**	**130 364**
II.Total adjustments	**(189 209)**	**(140 829)**
Depreciation	6 297	4 278
Foreign exchange losses (gains)	188	(1)
Interest and profit shares (dividends)	(175 235)	(136 152)
Losses (gains) on investing activities	464	(545)
Income tax	(10 271)	4 079
Changes in provisions	1 289	1 148
Changes in receivables	(10 481)	(10 979)
Changes in short term liabilities, excluding bank loans and borrowings	1 924	(948)
Changes in accruals	(3 384)	(1 709)
III.Net cash flows from operating activities (I+/-II)	**(29 430)**	**(10 465)**
B.Cash flows from investing activities		
I. Cash in	**386 069**	**317 258**
1. Disposal of intangibles and tangible fixed assts	369	35
2. From financial assets, including:	385 700	317 223
- dividends and shares in profits	159 950	82 087
- repayment of loans given	169 407	230 000
- interest	6 209	5 136
- other inflows from financial assets	50 134	-
II.Cash out	**577 438**	**777 753**
1. Acquisition of intangible and tangible fixed assets	3 150	3 175
2. For financial assets, including:	569 868	774 578
- acquisition of financial assets	552 355	170 111
- loans given	17 513	604 467
3.Other investing expenses	4 420	-
III.Net cash flows from investing activities (I-II)	**(191 369)**	**(460 495)**
C.Cash flows from financing activities		
I.Cash in	**755 000**	**1 003 859**
1. Net proceeds from the issue of shares and other equity instruments, and capital	750 000	1 003 859
2.Loans and borrowings	5 000	-
II.Cash out	**11 085**	**258 022**
1.Repayment of loans and borrowings	5 000	250 000
2.Lease payables	5 202	3 984
3.Interest	883	4 038
III.Net cash flows from financing activities (I-II)	**743 915**	**745 837**
D.Total net cash flows (A.III+/-B.III+/-C.III)	**523 116**	**274 877**
E.Increase/decrease in cash in the balance sheet, including:	**523 113**	**274 878**
- change in cash due to f/x differences	**(3)**	**1**
F.Cash at the beginning of period	**426 125**	**151 247**
G.Cash at the and of period, including:	**949 238**	**426 125**
- restricted cash	2 416	28

(PLN K)

6. General Information

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

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

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

The lifetime of the Company is unlimited.

6.1. Periods covered by these financial statements

These financial statements cover the year ended on 31 December 2023 and comprise comparable financial data for the year ended on 31 December 2022.

Composition of the Company Management Board as at 31 December 2023:

Michał Michalski	President of the Management Board
Tomasz Kietliński	Vice-President of the Management Board
Iwona Maria Sierżęga	Member of the Management Board
Piotr Łukasz Maciołek	Member of the Management Board

Composition of the Company Management Board as at the day of issue of these financial statements:

Jerzy Wacław Zań	President of the Management Board
Andrzej Filip Wojciechowski	Vice-President of the Management Board
Iwona Maria Sierżęga	Member of the Management Board
Piotr Łukasz Maciołek	Member of the Management Board

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

On 27 February 2024, the Company received information that:

- Dr. Michał Michalski, President of the Management Board, filed his resignation from his membership in the Management Board and his position of the President of the Management Board, effective as at 27 February 2024, 18:00 hours.
- Tomasz Kietliński, Vice President of the Management Board, filed his resignation from his membership in the Management Board and his position of the Vice President of the Management Board, effective as at 27 February 2024, 19:00 hours.

(PLN K)

On 1 March 2024, the Company's Supervisory Board appointed the following persons members of the Company's Management Board:

- Mr. Jerzy Wacław Zań, entrusting him with the function of the President of the Company's Management Board (CEO) and Chief Financial Officer (CFO) and
- Mr. Andrzej Filip Wojciechowski, entrusting him with the function of Vice President of the Company's Management Board.

The President and Vice President of the Company's Management Board were appointed for the period until the end of the present joint three-year term of the Management Board, i.e. up to and including 31 December 2024.

Composition of the parent company's Supervisory Board as at 31 December 2023 was as follows:

Dominika Kulczyk	Chairwoman of the Supervisory Board
Thomas O'Brien	Deputy Chairman of the Supervisory Board
Szymon Adamczyk	Member of the Supervisory Board
Orest Nazaruk	Member of the Supervisory Board
Ignacio Paz-Ares Aldanondo	Member of the Supervisory Board
Emmanuelle Rouchel	Member of the Supervisory Board
Andrzej Filip Wojciechowski	Member of the Supervisory Board
Krzysztof Obłój	Member of the Supervisory Board

Composition of the parent company's Supervisory Board as at the date of issue of these financial statements was as follows:

Dominika Kulczyk	Chairwoman of the Supervisory Board
Thomas O'Brien	Deputy Chairman of the Supervisory Board
Szymon Adamczyk	Member of the Supervisory Board
Orest Nazaruk	Member of the Supervisory Board
Ignacio Paz-Ares Aldanondo	Member of the Supervisory Board
Emmanuelle Rouchel	Member of the Supervisory Board
Jacek Głowacki	Member of the Supervisory Board
Krzysztof Obłój	Member of the Supervisory Board

On 18 December 2023 the Company's Management Board received resignations of Mr. Hans Schweickardt and Mr. Jacek Santorski from their positions on the Supervisory Board

On 18 December 2023 the Management Board received a statement from the shareholder Mansa Investments sp. z o.o. on the appointment of Mr. Andrzej Filip Wojciechowski and Prof. dr hab. Krzysztof Obłój Members of the Company's Supervisory Board,

On 29 February 2024, the Company received the resignation of Mr. Andrzej Filip Wojciechowski from his position as Member of the Supervisory Board The resignation was submitted effective as at 29 February 2024.

On 29 February 2024 the Company received a representation of the shareholder, Mansa Investments sp. z o.o. about the appointment, under the personal authority provided for in Article 5.4.2(a)(i) of the Company Statutes of Mr. Jacek Głowacki Member of the Supervisory Board, effective as at 29 February 2024.

7. Going concern assumption

These financial statements have been prepared based on the going concern assumption for the Company in foreseeable future, that is for no fewer than 12 months following the end of reporting period day, i.e. following 31 December 2023.

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

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

Despite the ongoing war in Ukraine, the situation in commodity markets gradually calmed down throughout 2023, reducing price volatility in commodity markets as well as electricity, natural gas and CO_2 emission allowances. The activation of alternative supplies of raw materials, coupled with the regulations in place to limit energy and gas prices, a reduction in energy and gas consumption in most European countries, high temperatures in the final part of 2023 and high energy generation from RES resulted in prices in late 2023 rebounding to levels unseen since the outbreak of the war. Nonetheless, uncertainty about the next wave of commodity price increases remains quite real due to the escalating conflict in the Middle East or potential acts of sabotage targeting European energy infrastructure.

Among financial factors relevant to the Company, increased cost of money, volatility of the Zloty exchange rate vis-à-vis the Euro and the US dollar were observed, as well as a risk of increased costs related to the hedging of transactions in commodity markets. The implementation of changes to the balancing market until 14 June 2024 has been positively influencing a potential risk of increased balancing and profile costs concerning RES sources which is anticipated by the market players following the changes.

Strong slump in electricity and property rights prices in late 2023 negatively affect the ability to earn high margins for hedging forward sales of energy from the Company's renewable sources.

8. Identification of consolidated financial statements

The Company prepared consolidated financial statements for the year ended 31 December 2023 which were approved for publication on 26 March 2024.

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9. Company investments

As at 31 December 2023 the Company held investments in the following subsidiaries:

No.	Subsidiaries and Associates	Share of Parent Company	Comments
1	Polenergia Farma Fotowoltaiczna 1 sp. z o.o.	100%	
2	Polenergia Farma Fotowoltaiczna 2 sp. z o.o.	100%	
3	Polenergia Farma Fotowoltaiczna 3 sp. z o.o.	100%	
4	Polenergia Farma Fotowoltaiczna 4 sp. z o.o.	100%	
5	Polenergia Farma Fotowoltaiczna 5 sp. z o.o.	100%	
6	Polenergia Farma Fotowoltaiczna 6 sp. z o.o.	100%	
7	Polenergia Farma Fotowoltaiczna 7 sp. z o.o.	100%	
8	Polenergia Farma Fotowoltaiczna 8 sp. z o.o.	100%	
9	Polenergia Farma Fotowoltaiczna 9 sp. z o.o.	100%	
10	Polenergia Farma Fotowoltaiczna 10 sp. z o.o.	100%	
11	Polenergia Farma Fotowoltaiczna 11 sp. z o.o.	100%	
12	Polenergia Farma Fotowoltaiczna 12 sp. z o.o.	100%	
13	Polenergia Farma Fotowoltaiczna 13 sp. z o.o.	100%	
14	Polenergia Farma Fotowoltaiczna 14 sp. z o.o.	100%	
15	Polenergia Farma Fotowoltaiczna 15 sp. z o.o.	100%	
16	Polenergia Farma Fotowoltaiczna 16 sp. z o.o.	100%	
17	Polenergia H2Silesia sp. z o.o.	100%	
18	Polenergia Farma Fotowoltaiczna 19 sp. z o.o.	100%	
19	Polenergia Farma Wiatrowa 1 sp. z o.o.	100%	
20	Polenergia Farma Wiatrowa 3 sp. z o.o.	100%	
21	Polenergia Farma Wiatrowa 4 sp. z o.o.	100%	
22	Polenergia Farma Wiatrowa 6 sp. z o.o.	100%	
23	Polenergia Farma Wiatrowa 10 sp. z o.o.	100%	
24	Polenergia Farma Wiatrowa 11 sp. z o.o.	100%	
25	Polenergia Farma Wiatrowa 12 sp. z o.o.	100%	
26	Polenergia Farma Wiatrowa 13 sp. z o.o.	100%	
27	Polenergia Farma Wiatrowa 14 sp. z o.o.	100%	
28	Polenergia Farma Wiatrowa 15 sp. z o.o.	100%	
29	Polenergia Farma Wiatrowa 16 sp. z o.o.	100%	
30	Polenergia Farma Wiatrowa 17 sp. z o.o.	100%	
31	Polenergia Farma Wiatrowa 18 sp. z o.o.	100%	
32	Polenergia Farma Wiatrowa 19 sp. z o.o.	100%	
33	Polenergia H2HUB Nowa Sarzyna sp. z o.o.	100%	
34	Polenergia Farma Wiatrowa 21 sp. z o.o.	100%	
35	Polenergia Farma Wiatrowa 22 sp. z o.o.	100%	
36	Polenergia Farma Wiatrowa 23 sp. z o.o.	100%	
37	Polenergia Farma Wiatrowa 24 sp. z o.o.	100%	
38	Polenergia Farma Wiatrowa 25 sp. z o.o.	100%	
39	Polenergia Farma Wiatrowa 26 sp. z o.o.	100%	
40	Polenergia Farma Wiatrowa 27 sp. z o.o.	100%	
41	Polenergia Farma Wiatrowa 28 sp. z o.o.	100%	
42	Polenergia Farma Wiatrowa 29 sp. z o.o.	100%	

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43	Polenergia Farma Wiatrowa Bądecz sp. z o.o.	100%	
44	Polenergia Farma Wiatrowa Dębice/Kostomłoty sp. z o.o.	100%	
45	Polenergia Farma Wiatrowa Grabowo sp. z o.o.	100%	
46	Polenergia Farma Wiatrowa Krzywa sp. z o.o.	100%	
47	Polenergia Farma Wiatrowa Mycielin sp. z o.o.	100%	
48	Polenergia Farma Wiatrowa Namysłów sp. z o.o.	100%	
49	Polenergia Farma Wiatrowa Olbrachcice sp. z o.o.	100%	
50	Polenergia Farma Wiatrowa Piekło sp. z o.o.	100%	
51	Polenergia Farma Wiatrowa Rudniki sp. z o.o.	100%	
52	Polenergia Farma Wiatrowa Szymankowo sp. z o.o.	100%	
53	Polenergia Farma Wiatrowa Wodzisław sp. z o.o.	100%	
54	Amon sp. z o.o.	100%	
55	Dipol sp. z o.o.	100%	
56	Talia sp. z o.o.	100%	
57	Polenergia Obrót 2 sp. z o.o.	100%	
58	Polenergia Sprzedaż sp. z o.o.	100%	
59	Polenergia Dystrybucja sp. z o.o.	100%	
60	Polenergia Kogeneracja sp. z o.o.	100%	
61	Polenergia eMobility sp. z o.o.	100%	
62	Certyfikaty sp. z o.o.	100%	
63	Polenergia Elektrociepłownia Nowa Sarzyna sp. z o.o.	100%	
64	Polenergia Elektrownia Północ sp. z o.o.	100%	
65	Inwestycje Rolne sp. z o.o.	100%	
66	Polenergia H2HUB 1 sp. z o.o.	100%	
67	Polenergia H2HUB 2 sp. z o.o.	100%	
68	Polenergia H2HUB 3 sp. z o.o.	100%	
69	Polenergia H2HUB 4 sp. z o.o.	100%	
70	Polenergia H2HUB 5 sp. z o.o.	100%	
71	Polenergia Farma Wiatrowa 30 sp. z o.o.	100%	
72	Polenergia Farma Wiatrowa 31 sp. z o.o.	100%	
73	Polenergia Farma Wiatrowa 32 sp. z o.o.	100%	
74	Polenergia Farma Wiatrowa 33 sp. z o.o.	100%	
75	Polenergia Farma Wiatrowa 34 sp. z o.o.	100%	
76	Polenergia Farma Wiatrowa 35 sp. z o.o. in organization	100%	
77	Polenergia Obrót S.A.	100%	
78	Polenergia Energy Ukraine LLC	100%	Parent Company: Polenergia Obrót S.A.
79	MFW Bałtyk I sp. z o.o.	50%	
80	MFW Bałtyk I S.A.	100%	Parent Company: MFW Bałtyk I sp. z o.o.
81	MFW Bałtyk II sp. z o.o.	50%	
82	MFW Bałtyk III sp. z o.o.	50%	
83	Polenergia Fotowoltaika S.A.	100%	
84	Polenergia Pompy Ciepła sp. z o.o.	100%	Parent Company: Polenergia Fotowoltaika S.A.
85	Zielony Ryś sp. z o.o.	100%	Parent Company: Polenergia Fotowoltaika S.A.
86	Polenergia Solární s.r.o.	100%	Parent Company: Polenergia Fotowoltaika S.A.
87	Naxxar Wind Farm Four SRL	60%	
88	Eolian Areea SRL	20%	Parent Company: Naxxar Wind Farm Four SRL
89	Eolian Efect SRL	20%	Parent Company: Naxxar Wind Farm Four SRL
90	Eolian Express SRL	20%	Parent Company: Naxxar Wind Farm Four SRL
91	Magnum Eolvolt SRL	20%	Parent Company: Naxxar Wind Farm Four SRL

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92	Eolian Spark SRL	20%	Parent Company: Naxxar Wind Farm Four SRL
93	Spark Wind Energy SRL	20%	Parent Company: Naxxar Wind Farm Four SRL
94	Harsh Wind SRL	20%	Parent Company: Naxxar Wind Farm Four SRL

Acquisition of a 60% stake in Naxxar Wind Farm Four Srl developing wind farm project in Romania

On 7 December 2023, the acquisition of a 60% stake (the "Shares") in Naxxar Wind Farm Four Srl, with registered office in Bucharest (the "Company, from Naxxar Renewable Energy Management Holding Srl, with registered office in Bucharest (the "Seller"), took place (the "Transaction") in performance of a conditional share purchase agreement entered into on 5 October 2023 (the "Agreement"). Ownership of the Shares was transferred on 7 December 2023, in accordance with the terms of the Agreement, in exchange for a payment of EUR 3,476,574.81 (with potential adjustment for the net debt mechanism).
The closing of the Transaction took place in view of the fulfillment (and partial waiver by the Issuer) of the conditions precedent to the Agreement, including the Issuer's receipt of a Foreign Direct Investment (FDI) approval, which was issued on 29 November 2023.
With the closing of the Transaction, the Issuer provided the Company with loans in the amounts of: (i) EUR 1,500,000 to provide financing for the acquisition of new shares in the SPVs and thereby bring the shareholding in each SPV to 20%; (ii) EUR 723,533.19 to repay the Seller's loans to the Company; and (iii) up to EUR 3,776,466.81 to provide the Company with financing for the further development of the Project.

10. Accounting principles (policy) applied

The accounting principles (policies) applied in preparation of the financial statements are consistent with those applied in preparation of the Company financial statements for the year ended 31 December 2023.

10.1. New and modified standards and interpretations applied

Changes in the standards or interpretation effective as of 2023

Below, new or amended standards and interpretations have been presented, as applicable as of 1 January 2023 or thereafter. Such changes had no material impact on the financial statements of the Company:

- New IFRS 17 “Insurance Contracts”

  This new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts.

  This standard replaces the existing IFRS 4.

- Amendment to IFRS 17 “Insurance Contracts”

  IASB provided for transition rules on comparative data for entities that implement IFRS 17 and IFRS 9 simultaneously, with a view to reduce potential accounting mismatches resulting from the disparity between those standards.

- Amendment to IAS 1 “Presentation of Financial Statements”

  This amendment specified which information on the accounting policy applied by an entity were material and required to be disclosed in the financial statements. The rules focus on adjusting the disclosures to individual circumstances of an entity. IASB issued a warning not to apply standardized provisions copied from IFRS and expected the base for the measurement of the financial instruments to be material information.

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

This amendment introduced a definition of the accounting estimate to the standard: Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.

- Amendment to IAS 12 "Income Taxes"

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

- Amendment to IAS 12 "Income Taxes"

  This amendment introduces a temporary exemption from recognizing deferred taxes resulting from the implementation of international tax reform (Pillar II) and requires additional related disclosures.

Applying a standard or interpretation prior to the effective date thereof

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

The published standards and interpretations that did not yet apply to periods commencing 1 January 2023 or thereafter and their impact on the financial statements of the Company

Until the date of these financial statements, new or amended standards and interpretations were published which apply to annual periods subsequent to 2023. The list also includes amendments, standards and interpretations that have been published, but not yet approved by the European Union.
The Company estimates that such amendments will have no material impact on the financial statements of the Company

- Amendment to IAS 1 “Presentation of Financial Statements”

  This amendment clarifies that, as at the reporting date, an entity does not take into account covenants that will have to be met in the future when considering the classification of liabilities into long-term or short-term. Instead, the entity should disclose information about such covenants in the notes to the financial statements. Amendment to IAS 1 “Presentation of Financial Statements”

  This amendment provides for more precise classification of liabilities under short- and long-term liabilities, predominantly in two aspects:

  - it has been specified that such classification depends on the right accruing to an entity as at the reporting date,
  - the management's intentions of early or late payment of a liability shall be disregarded.

- Amendment to IFRS 16 “Leases””

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

- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures"

  This amendment describes the characteristics of reverse factoring arrangements ("Supplier finance arrangements") and introduces the requirement of additional disclosures.

- Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates"

  This amendment clarifies how an entity should assess whether a currency is exchangeable and how it should determine the exchange rate when there is a lack of exchangeability. The amendment also requires disclosures that allow users of financial statements to understand the impact of a lack of exchangeability.

10.2. The rules underlying these financial statements

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

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

According to the applicable provisions of law, these financial statements for the financial year ended on 31 December 2023, together with the comparable data for the financial year ended on 31 December 2022 have been audited by chartered auditor.

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

10.3. Significant measures based on estimates and professional judgment

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

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

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

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

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

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

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

In the year ended 31 December 2023 no changes were made in determining the Company's estimates that would impact any information disclosed in the consolidated financial statements.

10.4. Measurement currency and currency of the financial statements

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

10.5. Intangible Assets

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

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

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

Expected useful lives are as follows:

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

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

10.6. Non-current fixed assets

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

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

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

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

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

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

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

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

10.7. Impairment losses on non-financial fixed assets

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

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

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

10.8. Investments in subsidiaries, associates and jointly controlled entities

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

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

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

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

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

10.9. Financial assets

The Company categorizes financial assets as follows:

- Financial assets measured at amortized cost,
- Financial assets measured at fair value through profit or loss,
- Financial assets measured at fair value under other comprehensive income,

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

Recognition and derecognition

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

Measurement as at the initial recognition

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

Financial assets measured at amortized cost

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

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

Financial assets at fair value through profit or loss

Those assets which do not meet the measurement criteria at amortized cost or at fair value under other comprehensive income are measured at fair value through profit or loss. In the year ended 31 December 2023, there were no financial assets measured at fair value through profit or loss.

10.10. Lease

The Company as a lessor

As a lessor, the Company classifies contracts as financial lease, if it involves transfer of substantially all risk and benefits from the ownership of the underlying asset. Otherwise, lease is treated as operating lease. In the year ended 31 December 2023, the Company recorded an impairment loss on a financial lease resulting from the only one such contract.

The Company as a lessee

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

Recognition of lease payables

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

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

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

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

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

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

Recognition of the right-of-use assets

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

- the initial measurement amount of the lease payable,

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- any lease payments made on or before the commencement date less the lease incentives received,
- any upfront direct costs.

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

10.11. Impairment of financial assets

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

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

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

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

10.12. Foreign currency transactions

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

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

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

The following exchange rates were used for measurement purposes:

	31.12.2023	**31.12.2022**
USD	3,9350	4,4018
EUR	4,3480	4,6899
GBP	4,9997	5,2957

10.13. Cash

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

10.14. Prepayments

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

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

10.15. Equity

Share capital is shown in the amount defined in the Statutes, and entered in the court register. Any difference between the fair value of consideration received and the par value of shares is recognized in statutory reserve funds under share premium account. Where shares are repurchased, relevant payment amounts are charged to equity and disclosed in the balance sheet as treasury shares. Declared capital contributions to be made in future are disclosed as called up but unpaid capital.

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

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

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

As at 31 December 2023 there are no other restrictions that would apply to distribution of dividend.

10.16. Provisions

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

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

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

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

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

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

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

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

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

10.19. Trade payables and other payables

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

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

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

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

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

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

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

10.20. Financial guarantee contracts as per IFRS 9

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

Such contracts are measured at fair value, according to IFRS 9. Such fair value has been estimated to be the present value of future payments subject to a discount rate based on the risk rate for the assets. The measurement of the present value of payments on account of sureties has been presented in Note 27.1 Guarantees and sureties granted.

10.21. Recognition of revenue

10.21.1. Net sales revenues from services

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

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

10.21.2. Interest

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

10.21.3. Dividends

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

10.21.4. Lease income (operating lease)

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

10.22. Taxes

10.22.1. Current tax

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

10.22.2. Deferred tax

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

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

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

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

- except to the extent that the deferred tax asset related to deductible temporary differences arises from the initial recognition of an asset or liability attributable to a transaction other than business combination, and, at the time of the transaction, affects neither the pre-tax profit/loss nor the taxable profit or the tax loss, and
- in the case of deductible temporary differences attributable to investments in subsidiaries or associates and interests in joint ventures, deferred tax asset is only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

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

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

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

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

10.22.3. Value Added Tax

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

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

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

10.23. Earnings per share

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

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

10.24. Contingent liabilities and assets

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

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

11. Operating segments

The Company’s business in comprised in a single operating segment. Sales revenues include mainly the services provided, referred to in more detail in Note 28.

In 2023, sales revenues received from: MFW Bałtyk II Sp. z o.o. amounted to PLN 5,844 thousand, which accounted for ca. 11% of the Company's sales revenue MFW Bałtyk III Sp. z o.o. amounted to PLN 5,884 thousand, which accounted for ca. 11% of the Company's sales revenue

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12. Earnings per share

	For 12 months ended	
	31.12.2023	31.12.2022
Net profit (loss)	159 903	120 323
Average weighted number of ordinary shares	68 400 162	60 949 963
Profit (Loss) per ordinary share (in PLN)	2,34	1,97

13. Distribution of profit

On 8 May 2023 the Ordinary General Meeting of the Company Shareholders resolved to transfer the profit for 2022 of PLN 120,323 thousand to other capital reserves which may be allocated in future for dividend distributions.

14. Intangible Assets

31.12.2023	concessions, patents, licenses and similar entitlements obtained	total intangibles
1. Gross value of intangible assets at beginning of period	**2 469**	**2 469**
a) increase (due to)	441	441
- purchase	441	441
2. Gross value of intangible assets at end of period	**2 910**	**2 910**
3. Cumulative depreciation at beginning of period	**(2 220)**	**(2 220)**
- current period depreciation	(125)	(125)
4. Cumulative depreciation at end of period	**(2 345)**	**(2 345)**
5. Impairment losses at beginning of period	**-**	**-**
6. Impairment losses at end of period	**-**	**-**
7. Net value of intangible assets at beginning of period	**249**	**249**
8. Net value of intangible assets at end of period	**565**	**565**

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

(PLN K)

15. Non-current fixed assets

31.12.2023	building, premises and civil and water engineering	plant and machinery	vehicles	other non-current fixed asstes	total non-current fixed assets
1. Gross value of non-current fixed assets at beginning of period	**20 000**	**1 835**	**6 335**	**798**	**28 968**
a) increases (due to)	1 367	446	2 253	9	4 075
- purchase	-	446	2 253	9	2 708
- other	1 367	-	-	-	1 367
b) reductions (due to)	-	-	(1 041)	-	(1 041)
- sale and liquidation	-		(1 041)	-	(1 041)
2. Gross value of non-current fixed assets at end of period	**21 367**	**2 281**	**7 547**	**807**	**32 002**
3. Cumulative depreciation at beginning of period	**(6 920)**	**(1 021)**	**(3 159)**	**(636)**	**(11 736)**
- current period depreciation	(4 366)	(338)	(1 418)	(50)	(6 172)
- reductions (due to)	-	-	1 041	-	1 041
- sale and liquidation	-		1 041	-	1 041
3. Cumulative depreciation at end of period	**(11 286)**	**(1 359)**	**(3 536)**	**(686)**	**(16 867)**
4. Impairment losses at beginning of period	**-**	**-**	**-**	**-**	**-**
6. Impairment losses at end of period	**-**	**-**	**-**	**-**	**-**
7. Net value of non-current fixed assets at beginning of period	**13 080**	**814**	**3 176**	**162**	**17 232**
8. Net value of non-current fixed assets at end of period	**10 081**	**922**	**4 011**	**121**	**15 135**

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

(PLN K)

16. Right-of-use assets

The tangible fixes asset worth includes the right of use assets of the following carrying amount, with the following underlying asset categories, which were subject to the following depreciation in 2023:

Right-of-use assets under lease	31.12.2023	31.12.2022
Building, premises	10 042	12 958
Vehicles	3 824	3 164
Total	**13 866**	**16 122**

Right-of-use depreciation	31.12.2023	31.12.2022
Building, premises	4 283	2 601
Vehicles	1 395	1 211
Total	**5 678**	**3 812**

The amount of lease payables has been presented in Note 35.

The most significant lease contracts in progress in 2023 include the rental of office space and the lease-to-own of the vehicles. The lease fees are subject to variable interest rate calculated against WIBOR.

17. Long term financial assets

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

	31.12.2023	31.12.2022
share or stock in non-listed companies	2 376 428	1 279 631
loans given	16 453	242 342
Total long term financial assets	**2 392 881**	**1 521 973**

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

Shares or stock in non-listed companies:

	31.12.2023	31.12.2022
As at the beginning of the period	1 279 631	1 482 899
- capital increase	1 146 931	170 524
- acquisition	-	14 220
- return of supplementary payments towards capital	(50 134)	-
- liquidation	-	(242)
- reclassification of capital injections	-	(387 770)
As at the end of the period	**2 376 428**	**1 279 631**

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	31.12.2023			31.12.2022		
	Gross value	Impairment losses	Net value	Gross value	Impairment losses	Net value
In subsidiaries	1 638 941	(85 735)	1 553 206	932 244	(85 735)	846 509
In joint ventures	823 222	-	823 222	433 122	-	433 122
In associates	-	-	-	-	-	-
Total	**2 462 163**	**(85 735)**	**2 376 428**	**1 365 366**	**(85 735)**	**1 279 631**

Financial asset impairment test in subsidiaries

The Company performed an analysis of any indications of shareholding impairment as at 31 December 2023.
With regard to the Company's shareholdings in companies engaged in the operation of photovoltaic farms, indications were found justifying performance of an impairment test with respect to such shareholdings. The analysis of such indications showed that the observed level of the cost of the electricity profile was higher than the original investment assumptions and thus negatively affected returns on the projects.

In the case of the Company's photovoltaic projects which have their electricity sales price for a period of 15 years from the start of operations in the form of a contract for difference and a defined useful life, it was decided that the recoverable amount would be determined based on the value in use. Determining the fair value for these projects is difficult because of the secured price of selling electricity in a fixed-price contract for difference (such price varying for each project). This fact means that available market benchmarks for this type of project may not be reliable. The Group's photovoltaic projects, which do not sell electricity at the guaranteed price as part of their participation in the auction system, have an unhedged sale price for part or all of their sale volume.

The value in use of the shareholdings was determined based on the free cash flow to equity owners and creditors (FCFF) method in line with the practice applied to impairment testing in previous years and in line with the fact that all tested assets have long term debt financing attributable to them.

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 2052. In the Company's opinion, such period of analysis is justified because it is in line with the economic useful life of the assets which was confirmed by an external market advisor.

In addition, the Company has the ability to forecast cash flows for a comparably long period of time, since the specific nature of the Company'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. The models used to determine the recoverable value of the shareholdings were verified by the banks financing the projects.

Key assumptions:

- Electricity generation was estimated based on the installed capacity of 36 MW.
- Productivity indices were adopted based on analyses prepared by external consultants.
- Due to module degradation, a reduction of photovoltaic cell productivity of 0.5% per year was assumed.
- Electricity sales prices were assumed at the level consistent with the contracts in place and for the volume not secured by contracts - based on the forecast of market electricity prices.

- Assumptions regarding the profile costs and market electricity prices have been provided by a reputable market consultant.
- The operating expenses forecast is based on contracts in place, with indexation in subsequent years.
- The price growth rate during the forecast period was assumed at the level consistent with 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%.
- The valuation includes the cost of dismantling the projects at the end of their useful life.
- The discount rate of 5.64% was assumed, as established based on the standard formula for the weighted average cost of capital (WACC), based on the assumptions provided by an external advisor and the Company's internal data.
- The measurement does not include the residual value of assets at the end of the forecast period.

As at 31 December 2023, the carrying amount of the tested shareholdings was PLN 61.6 million. As a result of the impairment test, the Company concluded that no impairment loss was required to be recognized with respect to these shareholdings.

Sensitivity Analysis

Based on the available projections, sensitivity tests have been performed. The tests have proven that impact on the utility value of the tested shareholdings is exerted mainly by the fluctuations of the discount rate and variations of electricity profile cost throughout the forecast period.

A 1 p.p. increase in the discount rate or a change of electricity profile cost throughout the forecast period will entail no change in the assessment of whether shareholdings have been impaired.

Financial asset impairment loss test in jointly controlled entities

Bearing in mind that offshore wind farm projects are a strategic investment of the Company and given the fact that they are entering a key phase of implementation, the Management Board decided to perform impairment tests for ongoing offshore wind farm projects at least once each financing year until construction is completed.

In view of the fact that determining fair value of the offshore wind farms projects is impeded 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 Company's balance sheet as long-term financial assets. 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 in previous years.

Guided by market practice and the fact that, due to the nature of the assets under test, long-term forecasts are more reliable, the Company's management adopted for analysis a period exceeding 5 years, i.e. until 2058 for MFW Bałtyk II sp. z o.o. and MFW Bałtyk III (the "MFW Projects"), while for the MFW Bałtyk I S.A. project ("MFW Bałtyk I") - until 2062. In the Company'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 Company and Equinor which is the Company's partner in the implementation of the Offshore Projects. However, in the case of MFW Bałtyk I it was considered that the expertise and experience gained by the Company and Equinor at the stage of preparing the MFW Projects was sufficient to permit preparing a forecast for the entire life of the assets. In addition, the Company has the expertise 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.

Impairment test of the MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. projects. ("MFW Projects")

Key assumptions:

- The Company 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 MFW Projects.
- The selling price of electricity was estimated on the basis of the maximum support price granted by the URE 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 at 31 December 2023, the carrying amount of the tested shareholdings was PLN 679.3 million. As a result of the impairment test, the Company concluded that no impairment loss was required to be recognized with respect to these shareholdings.

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 shares 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 shares 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 URE President, indexed annually by the inflation rate.

For MFW Bałtyk II sp. z o.o., an increase in the discount rate by 1 percentage point will result in the shareholding impairment of PLN 40 million. In contrast, a 5% change in the level of capital expenditures will not change the assessment whether a shareholding is impaired.

For MFW Bałtyk III sp. z o.o., an increase in the discount rate by 1 percentage point will result in the shareholding impairment of PLN 92 million. In contrast, a 5% increase in the level of capital expenditures will result in the shareholding impairment of PLN 55 million.

Impairment test - MFW Bałtyk I S.A. project.

Key assumptions:

- The Company holds a 50% interest in the company developing an offshore wind farm project in the Baltic Sea and has been continuing development work together with its partner, Equinor.
- The total planned installed capacity of MFW Bałtyk I is no more than 1,540 MW.
- The planned commissioning of MFW Bałtyk I will take place in 2032.
- 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 MFW Projects.

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- The selling price of electricity was estimated on the basis of the maximum support price granted to the Phase I projects by the URE President, indexed annually by the inflation rate.
- The productivity of the MFW Bałtyk I 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 at 31 December 2023, the carrying amount of the tested shareholdings was PLN 143.9 million. As a result of the impairment test, the Group concluded that no impairment loss was required to be recognized with respect to these shareholdings.

Sensitivity Analysis

Based on the available projections, sensitivity tests have been performed. The tests have proven that impact on the utility value of the tested shareholdings is exerted predominantly by the fluctuations of the discount rate, changes of the level of capital expenditure and price fluctuations in contract for difference.

A 1 percentage point increase in the discount rate, a 5% change in capital expenditures, or a 5% variation of the price in contract for difference will entail no change in the assessment whether the shareholding has been impaired.

18. Short term receivables

	31.12.2023	31.12.2022
- trade receivables	44 105	33 477
- from related entities	44 036	33 425
- from other entities	69	52
- income tax receivable	19	-
- other receivables	1 501	981
- other	1 501	981
Total net short-term receivables	**45 625**	**34 458**
- receivables remeasured write-downs	3 486	3 512
Total gross short-term receivables	**49 111**	**37 970**

For transactions with associates see Note 39.

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

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As at 31 December 2023, impairment losses on uncollectible trade receivables amounted to PLN 3,486 thousand (in 2022: PLN 3,512 thousand).

	31.12.2023	31.12.2022
As at the beginning of the period	**3 512**	**3 512**
- Increase	200	-
- Reversal	(226)	-
As at the end of the period	**3 486**	**3 512**

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

	Total	Step 2
31.12.2023	44 105	44 105
31.12.2022	33 477	33 477

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

Trade receivables - gross value	31.12.2023	31.12.2022
As at the beginning of the period	**36 989**	**27 467**
Generated	81 313	53 633
Paid	(70 912)	(44 111)
As at the end of the period	**47 390**	**36 989**

The expected credit losses as at 31 December 2023 have been shown in the table below:

		Receivables from corporate customers			
	Total	Current 0-30 days	30 - 60 days	60 - 90 days	>90 days
31.12.2023	47 391	43 819	115	1	3 456
Expected credit losses	(3 286)	-	-	-	(3 286)
31.12.2022	27 475	23 943	-	8	3 524
Expected credit losses	(3 512)	-	-	-	(3 512)

19. Prepayments

	31.12.2023	31.12.2022
- insurance	613	524
- subscriptions	35	2
- accrued revenue	10 396	6 579
- other	1 062	553
Total prepayments and accrued income	**12 106**	**7 658**

As at 31 December 2023 accrued revenues of PLN 10,396 thousand (2022: PLN 6,579 thousand) result from the provision of services to subsidiaries.

(PLN K)

20. Short term financial assets

	31.12.2023	31.12.2022
- derivative instruments	3 545	-
- loans given	70 337	585 193
Total short term financial assets	**73 882**	**585 193**

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

21. Cash and equivalent

	31.12.2023	31.12.2022
Cash and equivalent, including:	949 238	426 125
- cash at hand and in bank	949 238	426 125
Total	**949 238**	**426 125**

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

As at 31 December 2023 restricted cash amounted to PLN 2,416 thousand (2022: PLN 28 thousand).

The company applies a three-tier model to cash. In the opinion of the Management Board, impairment loss, if any, would be immaterial and as such has not been disclosed in the financial statements because the Company avails itself of reputable financial institutions only.

22. Share capital and capital reserves

22.1. Significant shareholders

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

No	Shareholder	Number of shares held	Number of votes	Shareholding
1	Mansa Investments Sp. z o.o. *)	33 079 625	33 079 625	42,84%
2	BIF IV Europe Holdings Limited	24 738 738	24 738 738	32,04%
3	Allianz Polska OFE	6 045 142	6 045 142	7,83%
4	Nationale-Nederlanden OFE	4 571 602	4 571 602	5,92%
5	Other	8 783 806	8 783 806	11,38%
	Total	**77 218 913**	**77 218 913**	**100%**

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

On 6 November 2023, the District Court for the capital city of Warsaw in Warsaw, Commercial Department XII of the National Court Register registered an increase of the Company's share capital as a result of the issuance of the AB series ordinary bearer shares.

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23. Income tax

23.1. Tax charges

	For 12 months ended	
	31.12.2023	31.12.2022
Current income tax	7 492	2 733
Current income tax charge	7 492	2 733
Deferred income tax	(7 616)	7 308
Related to temporary differences and their reversal	(7 616)	7 308
Income tax charged to the profit and loss account	(124)	10 041

23.2. Deferred income tax

	Balance sheet	Profit and loss account	Balance sheet
Deferred income tax	**01.01.2023**		**31.12.2023**
Deferred income tax provision			
Tangible fixed assets	3 054	(429)	2 625
Receivables	1 374	868	2 242
Loans and borrowings	7 154	(7 133)	21
Deferred income tax provision before tax	**11 582**	**(6 694)**	**4 888**
Deferred income tax assets			
Tangible fixed assets	232	(124)	108
Borrowings	835	(107)	728
Liabilities	3 176	(355)	2 821
Provisions	3 469	1 507	4 976
Deferred income tax asset	**7 712**	**921**	**8 633**
Deferred income tax expense		**(7 615)**	
Net deferred tax (assets)/provision	**3 870**		**(3 745)**

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	31.12.2023	31.12.2022
Deferred income tax liability		
with maturity following 12 months	2 646	10 207
with maturity within 12 months	2 242	1 375
Deferred income tax asset		
with maturity following 12 months	2 821	3 176
with maturity within 12 months	5 812	4 536
Deferred income tax liabilities (assets)	**(3 745)**	**3 870**

23.3. Effective tax rate

	For 12 months ended	
	31.12.2023	31.12.2022
Income tax charged to the profit and loss account, including	**(124)**	**10 041**
Current tax	7 492	2 733
Deferred tax	(7 616)	7 308
Profit (Loss) before tax	**159 779**	**130 364**
Tax on gross profit at effective tax rate of 19%	30 358	24 769
Adjustments to prior years current income tax	-	(27)
Non-deductible costs:	**(103)**	**821**
- permanent differences	(61)	534
- temporary difference on which no tax asset/provision is established	(42)	287
Non-taxable income:	**(30 379)**	**(15 522)**
- dividends	(30 391)	(15 597)
- other	12	75
Income tax in the profit and loss account	**(124)**	**10 041**

24. Short term liabilities

	31.12.2023	31.12.2022
- trade payables	5 271	2 223
- from related entities	175	87
- from other entities	5 096	2 136
- income tax payable	-	2 760
- lease liabilities	5 858	4 876
- other liabilities	7 569	13 209
- budget payments receivable	7 462	9 106
- special funds	24	19
- other	83	4 084
Total short term liabilities	**18 698**	**23 068**

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For transactions with associates see Note 39.

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

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

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.

25. Accruals

	31.12.2023	31.12.2022
- future bonuses, salaries and wages	18 349	13 420
- third party services	2 870	1 164
Total short term accruals and deferred income	**21 219**	**14 584**

26. Provisions

	31.12.2023	31.12.2022
Long term provisions		
- pension plan and related provision	693	464
Total long term provisions	**693**	**464**
Short term provisions		
- pension plan and related provision	78	69
- accrued holiday leave provision	4 192	3 141
Total short term provisions	**4 270**	**3 210**

Change in long term and short term provisions

	31.12.2023	31.12.2022
Provisions at the beginning of the period	**3 674**	**2 526**
- recognition of provisions	1 545	1 148
- application provisions	(256)	-
Provisions at the end of the period	**4 963**	**3 674**

27. Contingent liabilities

27.1. Guarantees and sureties granted

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

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

As at 31 December 2023 there were no liabilities under the a/m agreement, but the fair value of the compensation related to the surety agreement was subject to measurement which showed PLN 41.8 thousand.

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

As at 31 December 2023 there were no liabilities under the a/m agreement, but the fair value of the surety agreement was subject to measurement which showed PLN 72.3 thousand.

On 29 June 2018 the Company issued a surety for the liabilities of Amon Sp. z o.o. and Talia Sp. z o.o. under the loan agreements both companies entered into on 1 June 2010 as amended, in particular following that of 28 June 2018 which amended and harmonized those loan agreements. The surety was granted to both companies up to the total amount of PLN 6,700 thousand; with the fair value of the surety agreement subject to measurement which as at 31 December 2023 showed PLN 140.8 thousand for each of the companies.

Polenergia Obrót S.A.

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

Under the a/m cap, as at 31 December 2023, the Company remained the issuer of:

- a guarantee issued on 27 September 2018, the date of the most recent amendment being 25 January 2023, in favor of CEZ a.s. in the amount of EUR 1,000 thousand and expiring on 31 January 2025;
- a guarantee issued on 6 May 2020 in favor of PGE Obrót S.A. in the amount of PLN 2,000 k and expiring on 31 May 2025;
- a guarantee issued on 28 February 2023 in favor of PGE Obrót S.A. in the amount of PLN 2,000 thousand and expiring on 31 December 2025;
- a guarantee issued on 9 March 2023 in favor of Vitol Gas and Power B.V in the amount of EUR 500 thousand and expiring on 28 February 2024;
- a guarantee issued on 15 January 2023 in favor of HANDEN Obrót S.A. for PLN 1,000 thousand and expiring on 31 January 2025;
- a guarantee issued on 23 March 2023 in favor of EDF Trading for EUR 500 thousand and expiring on 31 March 2025;
- a guarantee issued on 18 October 2023 in favor of D. Trading for EUR 500 thousand and expiring on 16 October 2024;

- a guarantee issued on 11 October 2023 in favor of Equinor for EUR 3,800 thousand and expiring on 31 October 2024;

Measurement covered the fair value of the guarantees issued at at 31 December 2023 totaling PLN 156.3 thousand.

On 30 September 2023, the Company issued another surety for the liabilities of POLO under the overdraft facility granted by Bank Pekao S.A. capped at PLN 150,000 thousand with final maturity until 30 September 2024. As at 31 December 2023, measurement applied to the fair value of the surety which amounted to PLN 664.3 thousand.

On 2 December 2021, the Company issued a surety for the liabilities of POLO under the overdraft facility granted by Deutsche Bank Poland S.A. capped at PLN 30,000 thousand, increased on 18 January 2023 up to PLN 100,000 thousand expiring on 31 January 2026. As at 31 December 2023, measurement applied to the fair value of the surety which amounted to PLN 1,231.7 thousand.

In December 2023, the Company issued on behalf of POLO 88 guarantees under the concluded packages of contracts for the sale of electricity for the McDonald's restaurant chain up to a total of PLN 8,500 thousand expiring on 31 December 2028. As at 31 December 2023, the fair value of the guarantees totaled PLN 352.4 thousand.

<u>Cap on guarantees</u>

On 20 November 2020, the Company entered into an agreement with Santander Bank Polska S.A.("Santander") for a limit on guarantees, as amended by the annexes the most recent of which was signed on 14 December 2023, specifying the rules for issuing guarantees.

The limit as amended is PLN 85,000 thousand, with the availability since the day of executing the agreement until 30 November 2024. The maximum tenor of the guarantee cannot exceed 47 months for onshore projects and 120 months for offshore projects. The guarantees have been issued in connection with the auctions launched by URE for wind and photovoltaic farm projects, the support scheme for offshore wind farms, connection agreements and other forms of security under the Contracts signed.

Within the a/m limit, as at 31.12.2023, the active guarantees issued totaled PLN 66,527.2 thousand. As at 31 December 2023, measurement applied to the fair value of the active guarantees which amounted to PLN 2,908.1 thousand in aggregate.

<u>Project support agreements</u>

On 22 December 2021, the Company entered into the project support agreement with the banks that granted the loan to Polenergia Farma Wiatrowa Grabowo Sp. z o.o. for the construction of the wind farm. Under said agreement the Company issued a surety to pay any excess in case of the project's budgeted cost overrun, up to the maximum amount of PLN 16,808.4 thousand. The surety expires on the day of completion of the project's construction phase, i.e. on 29 April 2024. As at 31 December 2023, measurement applied to the fair value of the surety which amounted to PLN 23.2 thousand.

On 18 May 2023, the Company entered into the project support agreement with the banks that granted the loan to Polenergia Obrót 2 Sp. z o.o. for the construction of a wind farm. Under said agreement the Company issued a surety to pay any excess in case of the project's budgeted cost overrun, up to the maximum amount of PLN 7,006.9 thousand. The surety expires on the day of completion of the project's construction phase, i.e. on 30 April 2024. As at 31 December 2023, measurement applied to the fair value of the surety which amounted to PLN 19.7 thousand.

<u>Sureties for lease agreements</u>

On 12 January 2023, the Company issued surety with respect to the payment of obligations under land lease agreements entered into by Polenergia Obrót 2 Sp. z o.o. with Dawid Mirosław Ulenberg and Sylwia Dorota Ulenberg up to a total of PLN 900 thousand expiring on 12 January 2053. As at 31 December 2023, measurement applied to the fair value of the surety which amounted to PLN 223.5 thousand.

PCGs for offshore.

On 30 January 2023, the Company issued guarantees to secure obligations under the contract entered into by MFW Bałtyk II Sp. z o.o. and MFW Bałtyk III Sp. z o.o. with Hitachi Energy Poland Sp. z o.o. in the amounts of EUR 9.500 thousand and EUR 8.550 thousand, respectively. As at 31 December 2023, measurement applied to the fair value of the guarantees which amounted to PLN 208.6 thousand and PLN 181.3 thousand, respectively.

On 29 May 2023, the Company issued guarantees to secure obligations under the contract entered into by MFW Bałtyk II Sp. z o.o. and MFW Bałtyk III Sp. z o.o. with SIF NETHERLANDS B.V. in the amounts of EUR 17.000 thousand and EUR 21,000 thousand, respectively. As at 31 December 2023, measurement applied to the fair value of the guarantees which amounted to PLN 208.6 thousand and PLN 181.3 thousand, respectively.

On 3 November 2023, the Company issued guarantees to secure obligations under the contract entered into by MFW Bałtyk II Sp. z o.o. and MFW Bałtyk III Sp. z o.o. with Jan De Nul & Hellenic Cables S.A. in the amounts of EUR 17,127.6 thousand and EUR 18,454,9 thousand, respectively. As at 31 December 2023, measurement applied to the fair value of the guarantees which amounted to PLN 375.9 thousand and PLN 405 thousand, respectively.

27.2. Litigation

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

27.3. Tax settlements

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

Tax settlements may be subject to inspection for a period of five years from the end of the calendar year in which the tax payment was made. Such inspections may result in additional tax liabilities for the Company on top of the existing ones. The Company is of the opinion that as at 31 December 2023 sufficient provisions were established for the recognized and quantifiable tax risk.

27.4. Capital expenditures

As at 31 December 2023, the Company plans that the Company's capital expenditure on capital investments in the Company in 2024 in the form of co-financing subsidiaries and associates will reach ca. PLN 1,635 million in total. Such amount shall mainly be allocated to project development in the areas of, without limitation, offshore and onshore wind power generation and photovoltaics.

(PLN K)

28. Sales revenues

	For 12 months ended	
	31.12.2023	31.12.2022
- advisory and consultancy projects revenue	50 387	32 635
- lease revenue	2 534	1 927
- other	1 585	1 022
Revenue from contracts with customers – total	54 506	35 584
Total sales revenue	**54 506**	**35 584**

29. Cost according to type

	For 12 months ended	
	31.12.2023	31.12.2022
- depreciation	6 297	4 278
- materials and power consumption	1 823	1 428
- third party services	36 879	20 856
- taxes, duties and fees	245	2 033
- salaries	46 789	32 819
- social security and other benefits	6 361	4 104
- other cost by type	65	41
Total cost by type	**98 459**	**65 559**
- general overheads (-)	(58 482)	(39 698)
Total cost of goods sold	**39 977**	**25 861**

30. Other operating revenues

	For 12 months ended	
	31.12.2023	31.12.2022
- reversal of impairment losses, including:	226	-
- receivables remeasured write-downs	226	-
- other, including:	472	51
- compensation and additional payments	-	12
- grant settlement	100	-
- gains on disposal of non-financial fixed assets	369	35
- other	3	4
Total other operating revenues	**698**	**51**

(PLN K)

31. Other operating expenses

	For 12 months ended	
	31.12.2023	31.12.2022
- asset impairment losses, including:	200	-
- expected credit loss	200	-
- other, including:	829	2 902
- penalties, fines compensation payable	-	9
- other development-related cost	804	2 891
- other	25	2
Total other operating costs	**1 029**	**2 902**

32. Financial revenues

	For 12 months ended	
	31.12.2023	31.12.2022
- financial revenues from dividends and profit sharing earnings	159 950	82 087
- financial income from interest on deposit and loans	42 858	80 848
- f/x differences, including:	751	-
- unrealized	759	-
- realized	(8)	-
- other surety - related fees	6 750	5 548
- other	6	111
Total financial revenue	**210 315**	**168 594**

In the period ended 31 December 2023 and 31 December 2022, the Company received dividend distributions and advance payments towards expected profit from the following companies:

	For 12 months ended	
	31.12.2023	31.12.2022
Dipol Sp. z o.o.	4 496	-
Polenergia Farma Wiatrowa 23 Sp. z o.o.	1 590	-
Polenergia Farma Wiatrowa Mycielin Sp. z o.o.	30 881	16 681
Polenergia Farma Wiatrowa 4 Sp. z o.o.	-	7 236
Polenergia Farma Wiatrowa 1 Sp. z o.o.	-	11 771
Polenergia Farma Wiatrowa 6 Sp. z o.o.	-	5 590
Polenergia Elekrociepłownia Nowa Sarzyna Sp. z o.o.	24 000	31 300
Polenergia Obrót S.A.	-	9 509
Polenergia Farma Wiatrowa 3 Sp. z o.o.	78 728	-
Polenergia Farma Wiatrowa Szymankowo Sp. z o.o.	7 357	-
Polenergia Farma Wiatrowa Dębice/Kostomłoty Sp. z o.o.	12 898	-
Total	**159 950**	**82 087**

(PLN K)

33. Financial expenses

	For 12 months ended	
	31.12.2023	31.12.2022
- interest expenses	880	3 517
- f/x differences, including:	-	176
- unrealized	-	176
- commission and other fees	4 497	1 469
- other	875	242
Total financial cost	**6 252**	**5 404**

34. Cash flows

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

Receivables:	31.12.2023	31.12.2022
- change in short-term and long-term receivables, net, in the statement of financial position	(11 148)	(10 218)
- change in other receivables	667	(761)
Change in receivables in the statement of cash flows	**(10 481)**	**(10 979)**

Liabilities:	31.12.2023	31.12.2022
- change in liabilities, net of borrowings, in the statement of financial position	(5 338)	8 940
- change in finance lease liabilities	3 847	(5 827)
- change in financial liabilities	3 415	(4 061)
Change in liabilities in the statement of cash flows	**1 924**	**(948)**

Accruals and deferrals:	31.12.2023	31.12.2022
- change in accruals and deferrals in the statement of financial position	380	1 173
- billing for commissions on loans	-	313
- costs related to the issue of shares transferred to equity	(3 764)	(3 195)
Change in accruals and deferrals in the statement of cash flows	**(3 384)**	**(1 709)**

(PLN K)

35. Debt

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

31.12.2023	Loans	Leasing	Total
As at the beginning of the period	**-**	**16 715**	**16 715**
Inflows from debt incurred	5 000	3 422	8 422
financing received	5 000	3 422	8 422
Interest accruing	20	852	872
Debt payments	(5 020)	(6 065)	(11 085)
principal repayments	(5 000)	(5 202)	(10 202)
interest paid	(20)	(863)	(883)
Valuation	-	(954)	(954)
As at the end of the period	**-**	**13 970**	**13 970**

36. Objectives and policies of financial risk management

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

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

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

36.1. Foreign exchange risk

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

36.2. Credit Risk

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

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

(PLN K)

36.3. Liquidity risk

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

The Company aims at balancing the continuity and flexibility of financing by using different funding sources, such as, for example lease contracts. On top of that, the liquidity risk includes also the guarantees and sureties issued by the Company and referred to in more detail in Note 27.1.

The table below shows the Company's financial liabilities (except for the guarantees and sureties issued as referred to in Note 27.1) as at 31 December 2023 and as at 31 December 2022 according to their maturity based on contractual undiscounted payments.

31.12.2023	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	In excess of 5 years	Total
Other liabilities	7 569	-	-	-	**7 569**
Liabilities for deliveries and services	5 271	-	-	-	**5 271**
Lease liabilities	1 567	4 664	8 768	-	**14 999**

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

37. Financial instruments

37.1. Loans given

As at 31.12.2023

Borrower	Date of loan	Lon balance	Interest rate	Repayment commencement date
Polenergia Dystrybucja Sp. z o.o.	20.11.2014	3 657	fixed 8,12%	Bullet repayment 31.12.2026
Polenergia Fotowoltaika S.A.	04.01.2022	7 773	Wibor 3M + 3 %	31.12.2024
Polenergia Fotowoltaika S.A.	28.01.2022	5 921	Wibor 3M + 3 %	31.12.2024
Polenergia Fotowoltaika S.A.	04.03.2022	11 785	Wibor 3M + 3 %	31.12.2024
Polenergia Fotowoltaika S.A.	29.04.2022	11 685	Wibor 3M + 3 %	31.12.2024
Polenergia Fotowoltaika S.A.	03.08.2022	28 537	Wibor 3M + 3 %	31.12.2024

(PLN K)

Naxxar Wind Farm Four S.R.L.	05.10.2023	4 636	EuroWibor 3M +3 %	31.03.2024
Naxxar Wind Farm Four S.R.L.	07.12.2023	12 796	EuroWibor 3M +3 %	31.03.2026
Total		**86 790**		

As at 31.12.2022

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

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

Loans are valued at amortized cost, the measurement value is not material.

(PLN K)

37.2. Financial assets

During the period ended 31 December 2023, the following changes occurred in financial assets:

Company	Share capital increase	Refund of additional share capital contributions
Polenergia Farma Wiatrowa Rudniki Sp. z o.o.	2 261	-
Polenergia Farma Wiatrowa 22 Sp. z o.o.	3 100	-
Polenergia Farma Wiatrowa 16 Sp. z o.o.	-	680
Polenergia Farma Wiatrowa Krzywa Sp. z o.o.	220	-
Polenergia Farma Wiatrowa Szymankowo Sp. z o.o.	60 844	8 785
Polenergia Farma Wiatrowa Dębice/ Kostomłoty Sp. z o.o.	11 503	3 071
Polenergia Farma Wiatrowa Bądecz Sp. z o.o.	600	-
Polenergia Farma Wiatrowa 3 Sp. z o.o.	310 406	7 165
Polenergia Farma Wiatrowa Wodzisław Sp. z o.o.	230	-
Polenergia Farma Wiatrowa Grabowo Sp. z o.o.	188 273	-
Polenergia Farma Wiatrowa Namysłów Sp. z o.o.	790	-
Polenergia Farma Wiatrowa Olbrachcice Sp. z o.o.	420	-
MFW Bałtyk II Sp. z o.o.	173 000	-
MFW Bałtyk III Sp. z o.o.	152 000	-
MFW Bałtyk I Sp. z o.o.	65 100	-
Polenergia eMobility Sp. z o.o.	12 314	-
Polenergia Elektrownia Północ Sp. z o.o.	246	-
Polenergia Obrót 2 Sp. z o.o.	96 010	30 433
Polenergia Farma Fotowoltaiczna 1 Sp. z o.o.	190	-
Polenergia Farma Fotowoltaiczna 2 Sp. z o.o.	2 704	-
Polenergia Farma Fotowoltaiczna 3 Sp. z o.o.	1 227	-
Inwestycje Rolne Sp. z o.o.	1 500	-
Polenergia Farma Fotowoltaiczna 4 Sp. z o.o.	1 412	-
Polenergia Farma Fotowoltaiczna 5 Sp. z o.o.	426	-
Polenergia Farma Fotowoltaiczna 6 Sp. z o.o.	1 840	-
Polenergia Farma Fotowoltaiczna 7 Sp. z o.o.	460	-
Polenergia Farma Fotowoltaiczna 8 Sp. z o.o.	551	-
Polenergia Farma Fotowoltaiczna 9 Sp. z o.o.	18 309	-
Polenergia Farma Fotowoltaiczna 10 Sp. z o.o.	541	-
Polenergia Farma Fotowoltaiczna 11 Sp. z o.o.	584	-
Polenergia Farma Fotowoltaiczna 12 Sp. z o.o.	1 491	-
Polenergia Farma Fotowoltaiczna 13 Sp. z o.o.	823	-
Polenergia Farma Fotowoltaiczna 14 Sp. z o.o.	560	-
Polenergia Farma Fotowoltaiczna 15 Sp. z o.o.	352	-
Polenergia Farma Fotowoltaiczna 16 Sp. z o.o.	1 051	-
Polenergia Farma Fotowoltaiczna 17 Sp. z o.o.	1 461	-
Polenergia Farma Wiatrowa 14 Sp. z o.o.	724	-
Polenergia Farma Fotowoltaiczna 19 Sp. z o.o.	230	-
Polenergia Farma Wiatrowa 29 Sp. z o.o.	480	-
Polenergia Farma Wiatrowa 11 Sp. z o.o.	634	-
Polenergia Farma Wiatrowa 12 Sp. z o.o.	845	-
Polenergia Farma Wiatrowa 15 Sp. z o.o.	200	-
Polenergia Farma Wiatrowa 18 Sp. z o.o.	650	-

Polenergia Farma Wiatrowa 19 Sp. z o.o.	200	-
Polenergia Farma Wiatrowa 20 Sp. z o.o.	9 022	-
Polenergia Farma Wiatrowa 21 Sp. z o.o.	305	-
Polenergia Farma Wiatrowa 24 Sp. z o.o.	906	-
Polenergia Farma Wiatrowa 25 Sp. z o.o.	205	-
Polenergia Farma Wiatrowa 26 Sp. z o.o.	185	-
Polenergia Farma Wiatrowa 27 Sp. z o.o.	75	-
Polenergia Farma Wiatrowa28 Sp. z o.o.	36	-
Polenergia Farma Wiatrowa 30 Sp. z o.o.	5	-
Polenergia Farma Wiatrowa 31 Sp. z o.o.	5	-
Polenergia Farma Wiatrowa 32 Sp. z o.o.	5	-
Polenergia H2HUB 1 Sp. z o.o.	5	-
Polenergia H2HUB 2 Sp. z o.o.	5	-
Polenergia H2HUB 3 Sp. z o.o.	5	-
Polenergia H2HUB 4 Sp. z o.o.	5	-
Polenergia H2HUB 5 Sp. z o.o.	5	-
Polenergia Sprzedaż Sp. z o.o.	4 309	-
Naxxar Wind Farm Four S.R.L.	15 086	-
Total	**1 146 931**	**50 134**

37.3. Currency risk

Polenergia S.A. hedged the currency risk on the funds received from the share issue that will be used to finance the offshore wind farm projects which incur a significant portion of their expenses in Euro. To hedge the aforementioned risk, the company bought a foreign currency option to purchase EUR 82,000 thousand with the execution price of 4.3350. The purchase cost of the option was PLN 4,420 thousand, and its value as at 31 December 2023 was PLN 3,545 thousand. The measurement to fair value was recognized in the profit and loss account.

Cash flow hedges (in EUR thousand)

Maturity date of the hedging instrument	Collateral value	FX rate	Hedging instrument
2024 Q1	82 000	4,3350	Currency option

(PLN K)

37.4. Interest rate risk

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

31.12.2023

INTEREST RATE RISK							
Variable interest rate	<1 year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years	Total
Lease	5,858	5656	2232	224	-	-	13,970
Loans granted	70337	12796	-	-	-	-	83,133
Fixed interest rate	*< 1 year*	*1-2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*> 5 years*	*Total*
Cash assets	949 238	-	-	-	-	-	949 238
Loans granted	-	3 657	-	-	-	-	3 657

31.12.2022

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

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

38. Capital management

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

The Company manages its capital structure and modifies it in response to changes in the economic environment. In order to maintain or adjust its capital structure, the Company may make changes regarding dividend distribution, return the capital to the shareholders, or issue new shares. In the years ended 31 December 2023 and 31 December 2022, no changes were made in objectives, policies and processes in this respect.

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

(PLN K)

	31.12.2023	31.12.2022
Trade payables and other liabilities	12 840	15 432
Less cash and cash equivalents	(949 238)	(426 125)
Net debt	**(936 398)**	**(410 693)**
Share capital	3 441 992	2 535 852
Total capital	**3 441 992**	**2 535 852**
Capital and net debt	**2 505 594**	**2 125 159**
Leverage ratios	-37%	-19%

39. Information on significant transactions with associates

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

31.12.2023	Sales revenues	Financial income	Receivables
Amon Sp. z o.o.	669	117	282
Dipol Sp. z o. o.	803	4 513	170
Polenergia eMobility Sp. z o.o.	669	14	700
Polenergia Dystrybucja Sp. z o.o.	2 248	847	727
Polenergia Elektrociepłownia Nowa Sarzyna Sp. z o.o.	1 012	24 000	156
Polenergia Farma Fotowoltaiczna 1 Sp. z o.o.	144	2	152
Polenergia Farma Fotowoltaiczna 2 Sp. z o.o.	246	54	315
Polenergia Farma Fotowoltaiczna 3 Sp. z o.o.	195	3	215
Polenergia Farma Fotowoltaiczna 4 Sp. z o.o.	157	1	173
Polenergia Farma Fotowoltaiczna 5 Sp. z o.o.	124	4	133
Polenergia Farma Fotowoltaiczna 6 Sp. z o.o.	135	5	170
Polenergia Farma Fotowoltaiczna 7 Sp. z o.o.	147	1	150
Polenergia Farma Fotowoltaiczna 8 Sp. z o.o.	109	3	119
Polenergia Farma Fotowoltaiczna 9 Sp. z o.o.	185	1 039	53
Polenergia Farma Fotowoltaiczna 10 Sp. z o.o.	128	2	135
Polenergia Farma Fotowoltaiczna 11 Sp. z o.o.	186	2	207
Polenergia Farma Fotowoltaiczna 12 Sp. z o.o.	264	11	300
Polenergia Farma Fotowoltaiczna 13 Sp. z o.o.	166	8	180
Polenergia Farma Fotowoltaiczna 14 Sp. z o.o.	148	3	172
Polenergia Farma Wiatrowa 1 Sp. z o.o.	1 190	133	441
Polenergia Farma Wiatrowa 4 Sp. z o.o.	1 196	226	501
Polenergia Farma Wiatrowa 6 Sp. z o.o.	1 223	68	319
Polenergia Farma Wiatrowa Bądecz Sp. z o.o.	382	14	418
Polenergia Farma Wiatrowa Dębice/ Kostomłoty Sp. z o.o.	1 302	13 254	520
Polenergia Farma Wiatrowa Grabowo Sp. z o.o.	968	2 325	705
Polenergia Farma Wiatrowa Krzywa Sp. z o.o.	158	-	172
Polenergia Farma Wiatrowa Mycielin Sp. z o.o.	1 284	31 094	565
Polenergia Farma Wiatrowa Namysłów Sp. z o.o.	469	52	553
Polenergia Farma Wiatrowa Olbrachcice Sp. z o.o.	359	18	408
Polenergia Farma Wiatrowa Piekło Sp. z o.o.	716	79	217
Polenergia Farma Wiatrowa Rudniki Sp. z o.o.	255	28	78

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Polenergia Farma Wiatrowa Szymankowo Sp. z o.o.	961	8 245	575
Polenergia Farma Wiatrowa 10 Sp. z o.o.	278	-	297
Polenergia Farma Wiatrowa Wodzisław Sp. z o.o.	197	-	216
Polenergia Kogeneracja Sp. z o.o.	758	-	113
Polenergia Obrót S.A.	4 370	3 707	1 612
Polenergia Sprzedaż Sp. z o.o.	2 660	-	443
Polenergia Farma Wiatrowa 16 Sp. z o.o.	611	77	193
Polenergia Farma Wiatrowa 17 Sp. z o.o.	521	137	175
Polenergia Farma Wiatrowa 22 Sp. z o.o.	411	-	453
Polenergia Farma Wiatrowa 23 Sp. z o.o.	584	1 593	119
Polenergia Farma Wiatrowa 3 Sp. z o.o.	2 233	82 841	1 723
Polenergia Obrót 2 Sp. z o.o.	1 307	429	1 651
Talia Sp. z o.o.	660	79	236
Polenergia Farma Fotowoltaiczna 16 Sp. z o.o.	161	2	165
Polenergia H2Silesia Sp. z o.o.	191	1	177
Polenergia Farma Wiatrowa 14 Sp. z o.o.	385	1	411
Polenergia Fotowoltaika SA	609	5 778	2 090
Polenergia Farma Wiatrowa 11 Sp. z o.o.	206	-	205
Polenergia Farma Wiatrowa 12 Sp. z o.o.	247	-	239
Polenergia Farma Wiatrowa 13 Sp. z o.o.	365	-	374
Polenergia Farma Wiatrowa 29 Sp. z o.o	102	-	102
Polenergia Farma Wiatrowa 18 Sp. z o.o.	210	-	212
Polenergia Farma Wiatrowa 19 Sp. z o.o.	216	-	218
Polenergia Farma Wiatrowa 21 Sp. z o.o.	135	-	137
Polenergia Farma Wiatrowa 24 Sp. z o.o.	195	-	197
Polenergia Farma Wiatrowa 25 Sp. z o.o.	134	-	136
Polenergia H2HUB Nowa Sarzyna Sp z o.o.	346	-	352
Mansa Investments Sp. z o.o.	261	-	39
Total	**36 551**	**180 810**	**22 266**

31.12.2023	Sales revenues	Financial income	Receivables
MFW Bałtyk I S.A.	5 138	105	5 828
MFW Bałtyk I Sp. z o.o.	21	-	12
MFW Bałtyk II Sp. z o.o.	5 844	904	7 542
MFW Bałtyk III Sp. z o.o.	5 884	941	7 589
Total	**16 887**	**1 950**	**20 971**

The interest in and loans given to associates are referred to in Notes 37.1. and 37.2.

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

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40. Headcount

As at 31 December 2023 and as at 31 December 2022, the Company employees divided into professional groups included:

	31.12.2023	31.12.2022
Parent company Management Board	4	5
Parent company employees *)	152	109
Total	**156**	**114**

*) maternity leave employees included

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

In the years 2023 and 2022 the remuneration paid to the Management Board Members amounted to:

	31.12.2023	31.12.2022
Michał Michalski	3811	2889
Tomasz Kietliński	1985	1300
Iwona Sierżęga	1784	1631
Piotr Maciołek	1519	1246
Jarosław Bogacz	1081	547
Total	**10179**	**7614**

The remuneration of members of the Management Board includes the base salary under employment, bonuses and additional monetary or non-monetary benefits such as private medical care package, motor insurance policy, a company car, hotel accommodation and commuting expenses.
Certain Management Board members are party to a mutual agreement on termination of employment within the next 6 -12 months. If a Management Board member being party to such agreement resigns, the Company is required to pay a severance benefit equal to 30% - 100% of the remuneration received by such Management Board member over the last 12 months.

In the years 2023 and 2022 the remuneration paid to the Supervisory Board Members amounted to:

	31.12.2023	31.12.2022
Hans E. Schweickardt	70	72
Orest Nazaruk	84	84
Adrian Dworzyński	-	26
Szymon Adamczyk	72	46
Total	**226**	**228**

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

In the period ended 31 December 2023, there were no transactions with members of the Management Board and Supervisory Board, their spouses, siblings, ascendants, descendants, or other closely related persons.

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

The table below shows the fees of the entity authorized to audit financial statements paid or payable for the year ended on 31 December 2023 and the year ended on 31 December 2022, broken down into the type of service:

Type of service	31.12.2023	31.12.2022
Audit and verification of the financial statements	262	117
Other services	28	28

44. Material events after the reporting date

On 8 February 2024, the Management Board of the Company adopted a resolution (the "Resolution") concerning initiating the process of granting the Management Board new authorization to increase the Company's share capital within the limits of the Company's authorized capital enabling the Management Board to perform one or more issues of new shares of the Company in the future in order to raise financing for the Company's strategic objectives covering further implementation of the Company's investment projects and development plans, including the development and construction of (offshore and onshore) wind farms and photovoltaic farms, as well as further development of projects in the areas of hydrogen technology, energy storage and electromobility (the "Strategic Objectives") (the "New Authorized Capital").

In addition, in view of the significant scale of the intended capital expenditures to achieve the Strategic Goals, the Management Board has initiated a review of options in the areas of electromobility, hydrogen strategy and new foreign projects, and does not rule out deciding in the future, depending on the results of the review, to abandon their further implementation or to change the manner or scope of their implementation, which shall be communicated by the Company to the extent required by the applicable provisions of law. The Decision referred to above shall not affect the Company's intention to continue implementation of the Strategic Goals in the remaining areas, nor the Company's plans to issue new shares in the Company within the limits of the New Authorized Capital, except for a change, if any, in the way the share issue proceeds will be allocated to other Strategic Objectives.

It is the intention of the Management Board to obtain a new authorization to increase the Company's share capital within the limits of the New Authorized Capital for a period of three years, pursuant to which the Management Board will be authorized to increase the Company's share capital by an amount not exceeding PLN 115,828,368 through the issuance of no more than 57,914,184 new shares in the Company (the "New Shares") and to deprive the existing shareholders of the Company of their subscription rights with respect to the New Shares in whole or in part upon the approval of the Supervisory Board.

It is the intention of the Management Board that the provisions of the Company's Statutes relating to the New Authorized Capital provide, whenever a decision is made to deprive the existing shareholders of the Company of their right to subscribe for the New Shares, for the granting of a preemptive right allowing the shareholders holding Company shares representing at least 0.2% of the Company's share capital to maintain their percentage of the Company's share capital. At the Extraordinary General Meeting on

13 March 2024, the shareholders' proxy submitted proposals to amend the priority right so that it is also granted to persons on the list of persons entitled to attend the Extraordinary General Meeting of the Company on 13 March 2024. The resolution in the wording proposed by the shareholder proxy was adopted, as reported by the Company in current report No. 17/2024 on 13 March 2024.

To the best knowledge of the Management Board, as at the date of this report, such preemptive right would apply to Company's shareholders representing in total approximately 98% of the Company's share capital.

As at the date of this report, the Management Board:

- intends to raise total proceeds of up to ca. PLN 3.4 billion in the years 2024-2027 through the issue of New Shares performed under the New Authorized Capital, with the final number of New Shares issued depending on market conditions and the price sensitivity of demand for the Company's shares, thus it may be lower than the maximum number of New Shares that can be issued under the New Authorized Capital;
- has not decided on the parameters and timing of potential issues of New Shares under the New Authorized Capital, nor is it certain when such decisions will be made. Decisions on the timing and parameters of future issuances of New Shares will be tailored to the Company's actual capital requirements at the time, taking into account the timetable for achieving the various Strategic Objectives. The Management Board does not rule out resorting to other temporary sources of financing during interim periods. Any determination by the Management Board of the key parameters of each issue of New Shares will require approval by the Supervisory Board.

On 13 March 2024, an Extraordinary General Meeting of the Company was held at which Resolution No. 3/2024 was adopted to amend the Articles of Association of the Company granting the Board of Directors new authority to increase the share capital of the Company within the limits of the New Authorised Capital. The use of the authorisation to increase the Company's share capital within the limits of the New Authorised Capital will be communicated separately by the Board of Directors in accordance with the applicable legal provisions.

On 27 February 2024, the Company received information that:

- Dr. Michał Michalski, President of the Management Board, filed his resignation from his membership in the Management Board and his position of the President of the Management Board, effective as at 27 February 2024, 18:00 hours.
- Tomasz Kietliński, Vice President of the Management Board, filed his resignation from his membership in the Management Board and his position of the Vice President of the Management Board, effective as at 27 February 2024, 19:00 hours.

On 29 February 2024, the Company received the resignation of Mr. Andrzej Filip Wojciechowski from his position as Member of the Supervisory Board The resignation was submitted effective as at 29 February 2024.

On 29 February 2024 the Company received a representation of the shareholder, Mansa Investments sp. z o.o. about the appointment, under the personal authority provided for in Article 5.4.2(a)(i) of the Company Statutes, of Mr. Jacek Głowacki Member of the Supervisory Board, effective as at 29 February 2024.

On 1 March 2024, the Company's Supervisory Board appointed the following persons members of the Company's Management Board:

- Mr. Jerzy Wacław Zań, entrusting him with the function of the President of the Company's Management Board (CEO) and Chief Financial Officer (CFO) and
- Mr. Andrzej Filip Wojciechowski, entrusting him with the function of Vice President of the Company's Management Board.

The President and Vice President of the Company's Management Board were appointed for the period until the end of the present joint three-year term of the Management Board, i.e. up to and including 31 December 2024.