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

Polenergia S.A. Group

CONSOLIDATED QUARTERLY REPORT

FOR THE FIRST QUARTER OF 2024

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

Warsaw, 22 May 2024

Table of contents

A. INTRODUCTION TO THE CONSOLIDATED QUARTERLY REPORT

1. Consolidated income statement for a 3-month period ended on 31 March 2024

Within the 3-month period ended on 31 March 2024, the results of Polenergia Group (the “Group”) in terms of the EBITDA and the adjusted net profit amounted to PLN 236.3 million and PLN 141.9 million, respectively, which means a YOY growth of the result by PLN 35.0 million and PLN 19.6 million, respectively.

	Polenergia Group Income Statement (PLN m)	3M 2024	3M 2023	Difference YOY	Difference YOY [%]
	Sales revenues, including:	**1 191,2**	**1 466,9**	**(275,7)**	**-19%**
	trading and sales segment	840,9	1 205,7	(364,8)	
	other	350,3	261,2	89,0	
	Cost of goods sold, including:	**(933,8)**	**(1 246,6)**	**312,8**	**-25%**
	trading and sales segment	(789,5)	(1 116,9)	327,5	
	other	(144,4)	(129,7)	(14,7)	
	Gross profit on sales	**257,4**	**220,3**	**37,0**	**17%**
	Selling expenses and general overheads	(64,5)	(61,5)	(3,0)	
	Other operating revenue/expense	(1,9)	4,5	(6,4)	
	Auction price settlement	0,4	-	0,4	
A	**Operating profit (EBIT)**	**191,4**	**163,3**	**28,1**	**17%**
	Depreciation/Amortization	44,9	37,9	7,1	
	Impairment losses	-	0,1	(0,1)	
	EBITDA	**236,3**	**201,3**	**35,0**	**17%**
B	Financial income	14,0	10,5	3,5	
C	Financial costs	(30,0)	(22,3)	(7,7)	
A+B+C	**Gross profit (loss)**	**175,4**	**151,5**	**23,9**	**16%**
	Income tax	(34,7)	(30,7)	(4,0)	13%
	Net profit (loss)	**140,7**	**120,8**	**19,9**	**16%**
	Normalizing adjustments:				
	Purchase price allocation (PPA)	0,1	0,7	(0,6)	
	Foreign exchange differences	0,4	(0,1)	0,5	
	Loan valuation using the amortized cost method	0,8	0,8	(0,0)	
	Impairment losses **	-	0,1	(0,1)	
	Adjusted net profit (loss)*	**141,9**	**122,2**	**19,6**	**16,1%**
	EBITDA	**236,3**	**201,3**	**35,0**	**17%**
	EBITDA Margin	19,8%	13,7%	6,1%	
	EBITDA (excl. trading segment)	**228,6**	**153,4**	**75,2**	**49%**
	EBITDA margin (excl. trading segment)	65,3%	58,7%	6,5%	

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

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

The sales revenues of Polenergia Group for the first quarter of 2024 were lower by PLN 275.7 million mainly due to lower revenues in the trading and sales segment (by PLN 364.8 million) partly offset by higher revenues in the onshore wind farm segment (by PLN 78.6 million) and the distribution segment (by PLN 11.3 million).

EBITDA in the period under review amounted to PLN 236.3 million and was PLN 35 million higher than in the corresponding period of the preceding year, mainly due to a higher result in the onshore wind farm segment (by PLN 58.2 million), which is a consequence of higher electricity prices obtained by the farms, in view of no extension into 2024 of the law that froze electricity prices from renewable energy sources, and higher production related to the commencement of operation of the Grabowo (44 MW) and Piekło (13.2 MW) wind farms in the third quarter of 2023, as well as higher windiness in the period under review. Higher EBITDA compared to the preceding year's result was also recorded in the distribution segment, (by PLN 15.6 million) mainly as a consequence of a higher unit margin on energy sales in the first quarter of 2024, due to a lower electricity purchase price while maintaining sales prices at a level similar to those in the fourth quarter of 2023 and a higher margin on electricity distribution (mainly due to low base effect as a result of a delay in updating the distribution tariff in 2023). The abovementioned effects were partly offset by a PLN 40.1 million drop in EBITDA in the Trading and Sales segment compared to the result recorded in the corresponding period of the preceding year, mainly due to a lower result on electricity trading from RES assets as a result of a change in the billing model which includes a higher purchase price from RES projects and a lower result on other operations taking into account lower volume on sales of solar panels and heat pumps.

2. Detailed commentary regarding financial performance for the 3-month period ended on 31 March 2024 and other significant information on the Group's standing.

Results of Polenergia Group (PLNm)	Onshore Wind Power	Photovoltaics	Gas and Clean Fuel	Trading	Distribution	Unallocated	TOTAL
EBITDA 3M 2024	222,1	1,7	0,7	7,7	15,0	(11,0)	236,3
EBITDA 3M 2023	163,9	0,9	(0,9)	47,9	(0,6)	(9,9)	201,3
Difference:	58,2	0,9	1,6	(40,1)	15,6	(1,1)	35,0

In Q1 2024, the onshore wind farm segment (493 MW; growth by 57.2 MW YOY) yielded the EBITDA result higher by PLN 58.2 million year on year. The growth in the segment's results in the first quarter of 2024 compared to those of the first quarter of 2023 is a consequence of higher electricity prices obtained by the farms, due to the no extension of the freeze on electricity prices for generators into 2024, as well as higher production associated with the commencement of operation of the Grabowo (44 MW) and Piekło (13.2 MW) wind farms in the third quarter of 2023 and higher windiness during the period under review. The above factors were partly offset by lower sales prices of green certificates obtained by the farms compared to the preceding year, as well as by an increase in operating costs related to, inter alia the commencement of operation of the Grabowo and Piekło wind farms.

The gas and clean fuels segment recorded growth of PLN 1.6 million year on year due to a higher result on optimization of ENS operations and a higher result on system services diminished by a lower result on heat sales and higher fixed costs.

In 2024 the trading and sales segment experienced a drop of the EBITDA result by PLN 40.1 million relative to the corresponding period of the preceding year. The slump of the result was driven by: (i) a lower result on trading in electricity from RES assets as a result of a change in the billing model that incorporates higher purchase prices from RES projects, (ii) lower result on other business, including lower volume on the sales of solar panels and heat pumps, iii) lower result on the prop trading due to lower price volatility in the energy and gas markets, iv) higher operating expenses resulting from the Group's expansion of business. The slump in Q1 2024 has been partly offset by: i) better result on electricity trading and business service mainly due to low base effect as a result of the timing of the transactions in 2023 (realization of negative margin in Q1 and no recognition of the positive margin on transactions performed in the remaining part of the year), (ii) better result on electricity sales as a consequence of the lower cost of end-customer consumption profile.

The EBITDA result of the distribution segment for the 3-month period of 2024 was higher by PLN 15.6 million year on year. Growth of the result is mainly a consequence of a higher unit margin on energy sales in Q1 2024 due to a lower electricity purchase price while maintaining sales prices at a level similar to those in Q4 2023 and a higher margin on electricity distribution (mainly due to low base effect as a result of a delay in updating the distribution tariff in 2023). The higher result was partly offset by higher operating expenses related to the upscaling of operations and the costs incurred in connection with the development of electromobility projects.

The EBITDA result of the PV segment (82 MW) in the first quarter of 2024 was at a higher level compared to that in the first quarter of 2023 (growth by PLN 0.9 million) due to higher energy generation, mainly attributable to the commissioning of the Strzelino photovoltaic farm (45.2MWp) in Q1 2024. The volume effect was partly offset by lower energy prices achieved in Q1 2024 and by slightly higher operating expenses.

The result in the Unallocated item in the period since January until March 2024 was lower by 1.1 million relative to the corresponding period of 2023. The change of the 2024 EBITDA result was driven mainly by higher operating expenses (third party services and payroll) at Headquarters resulting from the upscaling of business.

The result on financing activity in the period between January and March 2024 was lower year on year by PLN 4.2 million, mainly due to higher interest expenses (by PLN 2.8 million), financial expenses from discounting resulting from the deferred costs of dismantling wind turbines and solar panels (PLN 1.2 million) and the result on derivative transactions (PLN 2.6 million) partly offset by higher interest income from deposits (by PLN 2.4 million).

The higher income tax level in 2024 results from the higher income of the Group before tax.

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

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

Despite the ongoing war in Ukraine, in Q1 2024 further drop in prices in commodity markets occurred, reducing price volatility in markets for commodities, as well as electricity, natural gas and CO_2 emission allowances. Significantly higher-than-seasonal-average temperatures and very high generation from renewable energy sources, coupled with relatively low gas and electricity demand, have driven prices back to mid-2021 levels, i.e. pre-energy crisis ones. Nevertheless, given the need to fill in gas storage for the next winter and given Russian attacks on the Ukraine's energy infrastructure, uncertainty about the next surge wave in commodity price remains imminent. On top of that, the conflict in the Middle East has been intensifying, which may cause more disruption in the supply of raw materials to Europe.

In terms of financial factors relevant to the Group, increased cost of money, volatility of the Polish 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 in the balancing market planned to be launched as of 14 June 2024 is most likely to significantly increase the cost of RES sources balancing and profiling, which may adversely affect the Group's results from the exploitation of RES sources.

Low electricity and proprietary right prices observed mainly on Day-Ahead Market (DAM) in the first quarter of 2024 adversely impact the Group's ability to secure forward sales of energy from the Company's projects. As a result, a reduction in the profitability of Group’s RES segment in the future may occur.

The Gas and Clean Fuels segment is, in the opinion of the Management Board, largely immune to the current volatility of prices in the market caused by the outbreak of war in Ukraine. The gas supplies related to the heat generation contracts have already been hedged (in terms of volume and fixed price) for the years 2024 and 2025. An additional safety feature for thermal power generation is the supply of light heating oil maintained and increased in Q1 2022, as reserve fuel in the event of limited or discontinued supply of gas. If ENS is called upon to provide system services, the current cost of gas purchase, in accordance with the contracts in force, will be covered by revenues. The continuation of the current gas market and CO_2 emission allowances situation in the long term may reduce the ability to secure production and margin in ENS for the years to follow. At the Nowa Sarzyna Thermal Power

Plant, the main control system was replaced in 2019, security against possible cyber-attack was enhanced in 2022 and all remote equipment diagnostic systems were disconnected from the Internet.

In the wind power segment, high volatility of energy prices, combined with periods of variable windiness, may result in a very significant increase in profile cost, which reduces the achieved effective price of electricity sold. It should also be noted that the dynamic increase in electricity prices and, at the same time, the price of PMOZE_A proprietary interest ("green certificates") prompted the lawmaker to reduce the redemption obligation for certificates of origin from 12% in 2023 to as low as 5.0% in 2024. The above decision caused a significant drop in the market price of green certificates, which is mainly due to strong reduction in the redemption obligation for PMOZE_A, being stronger than the rate of exit of old renewable energy projects from the certificate system. The sale price of green certificates for the 2024 generation has been secured to a large extent. However, as of 2025, any decline in the market price of certificates may potentially negatively affect the profitability of the Group's wind projects which remain in green certificates system with a total capacity of 227.3 MW.

Due to the significant increase in installed RES capacity in Poland and neighboring countries, negative prices are increasingly common in the market during periods of significant RES generation, resulting in the generator having to pay for each MWh generated during hours when negative price applies. To avoid the abovementioned situation which reduces the Group's revenues, personnel structures and tools are being developed to flexibly on a continuous basis respond to and reduce or shut down RES generating units during periods of negative market prices.

In addition, Polenergia Group's RES generation segment is adversely affected by the situations of oversupply of energy on the market, which occur during periods of low demand for energy in the National Energy System and simultaneous high generation from RES. Because this phenomenon occurs, during periods when PSE is unable to further reduce conventional units or export the surplus energy generated, production from individual RES units is reduced at the operator's demand, i.e. PSE triggers the non-market redispatch of generation units. Such circumstances give rise compensation, nevertheless such compensation is low, and in aggregate this phenomenon reduces the Group's revenues in the RES segment.

The trading and sales segment as the only one in the Group had a direct exposure to the Ukrainian market through the subsidiary Polenergia Ukraine. Even before the war began, said company limited its operating activities. Currently, all operations in Ukraine are put on hold, and the company itself is being prepared for liquidation.

The Group has identified increased risk of trading in all markets, including, among others, the risk of recurring increased volatility of electricity and natural gas prices, the risk of failure to meet the demand volume by the customers, the risk of non-payment and non-performance of contracts in view of the unforeseen regulatory changes and the increased risk of insolvency of customers. In the event the risk of dynamic price increases or reductions materializes, deviations in the energy consumption by the customers compared to the contracted volumes may yield a significant result (either positive or negative) that will be disproportionate to the original assumptions. In addition, the increasing market price volatility associated with RES generation may result in a significant decrease in revenues from the Group's RES asset servicing and RES aggregation operations. In response to the changing market conditions, the Group has modified its strategy of RES assets energy sales and has been aiming at increasing the share of energy sales in OTC transactions, direst sales to the end customers and under long term cPPA contracts. Negative exchange rate movements may result in a deterioration of the performance on a Euro-denominated market. At the same time, the strengthening of the Euro may lead to an increase in the value of the required security deposits. The segment is also exposed to the risk of interest rate increases. Higher cost of working capital facility due to high interest rates may result in a drop of the return on the operations. Polenergia Obrót has also been taking measures to monitor safety risks. Any potential attack that would destroy a telecom and IT infrastructure or restrict access of the availability to systems in a company would prevent the company from continuing its commercial business or would restrict such ability. In the event of a more profound consolidation of the generation sector in Poland, with a spin-off of high-emission units from the State Treasury companies, a risk may occur of aggravated lack of the forward market liquidity, transparency and unreliability of price indices, which may affect the Group's ability to perform operating, as well as its revenues.

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

In a short term perspective, the investment projects implemented by the Group may be affected by the negative impacts of the current market situation. The increase in raw material and product prices on the market and the temporary shortage of employees suffered by subcontractors may result in delays in the implementation of wind and PV farm projects. The changes of interest rates trigger volatility of the financing costs, while the increase in raw material and commodity prices combined with the fluctuations of the EUR/PLN exchange rate may lead to an increase in total investment costs. Disruptions in the supply chain for the offshore wind power segment have been observed, including those resulting from the shortage of already scarce human and equipment resources moving from the offshore wind power sector to other market and sectors, which may necessitate adjustments in the construction programs of the offshore wind farm projects MFW Bałtyk II and MFW Bałtyk III.

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

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

The Group's strategy is being implemented with no significant disturbances.

Onshore Wind Farms and Photovoltaics

The Group operates renewable energy projects of 493MW in the onshore wind segment, as well as 83MW in the PV segment.

The Group continues work aimed at the development of three PV farm projects of the total capacity of ca. 102 MWp which secured auction offtake under the RES support auction scheme.

In February 2024, the companies developing the Szprotawa I and II PV farm projects with a total capacity of 67 MWp entered into contracts for the supply of photovoltaic modules and inverters. In March 2024, construction and installation works were commenced in accordance with the contract entered into in December 2023.

The company is implementing the 35 MWp Rajkowy PV farm project, after winning the auction for the sale of energy from renewable sources in 2023, has launched a bidding process to appoint the contractor for the comprehensive assembly and electrical works for the project. At the beginning of Q3 2024, it is planned to apply for the required corporate approvals for the project.

The Group continues further development of wind and photovoltaic projects with a view to attain the goals identified in the Group’s Strategy for the years 2020-2024. Currently, the Group’s portfolio includes photovoltaic (other than those referred to above) and (onshore) wind projects in a less advanced stage with an aggregate capacity exceeding 2.0 GW. The Group does not exclude potential participation of the subsidiaries developing wind farm and PV projects in further RES auctions. Various forms of commercialization of production will be considered for individual projects, including bidding a portion of the production in the RES auctions to come, selling energy to end customers under cPPA contracts or selling energy in the regulated or over the counter market.

The Group is working to further develop wind projects in Romania through its subsidiary Naxxar Wind Farm Four Srl ("Naxxar WF"). Naxxar WF continues the ongoing development of the wind farm project in seven SPVs. In Q1 2024, the company's activities were oriented towards the commenced environmental procedure and obtaining the last decisions and permits necessary to obtain the local zoning plan (RO: PUZ). At the same time, the company is at the stage of contracting a designer for the technical concept of the power evacuation infrastructure, necessary for signing a connection agreement with the TSO (RO: Transelectrica S.A.) planned for June 2024.

Additionally, the Management Board has initiated a project status review to assess the necessary further investments in relation to risk and return on investment. Depending on the results of the review, a decision will be made to either continue, discontinue further implementation, or modify the method or scope of implementation.

Offshore wind farms

Development work in the offshore wind power segment is continued. The Group holds 50% of the shares in each of the companies MFW Bałtyk I Sp. z o.o, MFW Bałtyk II Sp. z o.o. and MFW Bałtyk III Sp. z o.o. preparing to develop three offshore wind farms located in the Baltic Sea with total capacity up to 3000 MW.

MFW Bałtyk II and MFW Bałtyk III

On 4 May 2021 the President of the Energy Regulatory Office issued decisions with respect to the project companies MFW Bałtyk II Sp. z o.o. and MFW Bałtyk III Sp. o.o. (for each company separately) granting the right to cover the negative balance for electricity generated in offshore wind farms, MFW Bałtyk II and MFW Bałtyk III, respectively, of the capacity of 720 MW each.

In 2022, regulatory changes took place through an amendment to the Act on Promoting Electricity Generation in Offshore Wind Farms, which allows, since 2022, indexing the price of energy at which the negative balance will be settled and to settle project support in Euro, which has a positive impact on the expected returns from the MFW Bałtyk II and MFW Bałtyk III projects. The companies are engaged in the notification processes for MFW Bałtyk II and MFW Bałtyk III offshore wind farms.

In June 2022, an application was submitted for an environmental conditions decision for the power evacuation infrastructure from the MFW Bałtyk II i MFW Bałtyk III projects. Based on such application, the authority (RDOŚ in Gdańsk) issued a decision on the scope of the project's environmental impact report in August 2022. Such requirement resulted from changes in the technical description of the export cable project.

On 6 June 2022, MFW Bałtyk II Sp. z o.o. filed a notification with the President of the Energy Regulatory Office aimed at requesting an opinion of the Office for Competition and Consumer Protection (UOKIK) on the draft individual support for the project MFW Bałtyk II and requesting the issuing - after the European Commission issues its decision stating compliance of the state aid to the company with the internal market - of a decision altering the initial decision of the President of URE and the identifying of the price to be the base for the compensation of the negative balance for the project.

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

In December 2022, a contract was signed by MFW Bałtyk II and MFW Bałtyk III with the appointed supplier of the onshore substation (in the EPC format) along with the design and supply of the high-voltage device of the offshore substation, Hitachi Energy Poland sp. z o.o. Hitachi Energy is also responsible for supplying the complete control system, telecommunications network, all high-voltage equipment in the offshore and onshore substation, as well as the turnkey supply of the onshore substation.

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

Based on the decision of RDOŚ in Gdańsk, the companies submitted an environmental impact report in March 2023.

In March 2023, the project companies MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. signed agreements with Ramboll AS to develop design documentation for the locations of the two offshore wind farms, including detailed designs for the foundations.

On 11 April 2023, MFW Bałtyk II Sp. z o.o. and MFW Bałtyk III Sp. z o.o. submitted to the President of the Energy Regulatory Office updated documentation as part of the application of MFW Bałtyk II sp. z o.o. dated 6 June 2022 to initiate the procedure for pre-notification of individual State aid to the MFW Bałtyk II project (as may be amended at a later stage) and the application of MFW Bałtyk III sp. z o.o. to initiate the procedure for pre-notification of individual State aid to the MFW Bałtyk III project.

In April 2023, all the required civil expert reports for MFW Bałtyk II Sp. z o.o. and MFW Bałtyk III Sp. z o.o. were submitted for approval by the Maritime Authority. In July 2023, the required military expert reports for MFW Bałtyk II Sp. z o.o. and MFW Bałtyk III Sp. z o.o. were submitted for approval by the Ministry of National Defense and the Ministry of Interior and Administration, respectively. All of the abovementioned civil and military expert reports have been approved. Decisions approving expert reports are part of the application for a building permit.

In September 2023, a request was filed to commence notification for the MFW Bałtyk II and MFW Bałtyk III offshore wind farm projects, using the prenotification procedure.

In October 2023, the administrative proceedings in that case were closed. The environmental conditions decision was issued on 29 November 2023 and was subsequently supplemented (at the companies' request) by a decision dated 14 December 2023 (the earlier environmental decision was withdrawn in legal terms in August 2023, due to the impossibility of implementing the project on its basis, as currently planned).

In September 2023, an amendment decision was obtained for the permit to lay and maintain cables in the areas of internal sea waters and territorial sea issued in 2014 for the MFW Bałtyk III („PUUK”). The amendment of the decision, and the subsequent transfer of rights thereunder (application for transfer of rights filed in October 2023) is meant to ensure continuity of the corridor (in its offshore part) for connection infrastructure for all three offshore wind farm projects. In October 2023, an application for partial transfer of rights under the PUUK decision was submitted to the Maritime Authority in Gdynia, and in December 2023, the authority announced the proceedings were closed. In January 2024, a decision was obtained which partly transferred the rights onto MFW Bałtyk II and MFW Bałtyk I (in the landfall part).

Applications for water permits for MFW Bałtyk II and MFW Bałtyk III were submitted to the Koszalin Basin Authority in December 2023. In the same month, the preparation of applications for location decisions ("LDs") was completed, applications for LDs for the onshore station for both projects were submitted on 18 December 2023. On 12 January 2024, LD applications for land cables were submitted. All LDs for the land portion of the project have been obtained: LDs for the land station were issued on 12 January 2024, LDs for land cables were obtained on 7 March 2024. On 20 March 2024, the process of obtaining location decisions for the Offshore part for both projects was completed. By the end of April 2024, applications for building permits for offshore wind farms in the offshore part were submitted.

In October 2023, contracts were signed for the supply and installation of cables for MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. Internal cables will be supplied and installed by Seaway 7 AS, with export cables supplied by an international consortium established by Jan De Nul Luxembourg SA and Hellenic Cables SA. The scope of the export cable contracts includes the design, manufacture, testing, transportation, installation and protection of two 220 kV export cables for each wind farm, from the offshore substation ("OSS") to the connection trench at the landfall. The scope of contracts for internal cables includes the design, manufacture, transportation, installation and supervision of 66 kV internal cables connecting wind turbines to the offshore substation ("OSS").

In October 2023, a package of tender documents was published for the selection of a consultant for obtaining the permits necessary for the ready-to-build MFW Bałtyk I project and a contractor for the design documentation (Building Permits Advisory and Design). A contract with the successful bidder is scheduled to be signed in May 2024.

On 12 December 2023, the Office of Competition and Consumer Protection prenotified to the European Commission ("EC") an application for an individual decision concerning the aid to MFW Bałtyk II and MFW Bałtyk III and on 13 December 2023, the Office applied to the EC for jointly proceeding with the case of MFW Bałtyk II and MFW Bałtyk III. Such application is currently being processed by the European Commission under the pre-notification procedure. The expected date for the European Commission's decision is Q2 2024, while ERO is obligated to issue a second decision defining the level of support within 90 days. The price update decision permitting to cover the negative balance is expected to be obtained in late Q3/early Q4 2024.

In addition, in December 2023, a request was filed with the Minister of Infrastructure to amend the permits for the erection of artificial islands with structures and equipment in the Polish sea territory ("PSZW") obtained for MFW Bałtyk II and MFW Bałtyk III in 2013 and 2012, respectively. The need for amendment resulted from the change in the design and implementation assumptions, the alignment of the provisions of the PSZW permit to the results of the analysis performed with respect to the deployment of radars for national defense purposes and the need to ensure compliance with the approved navigation expert report. The proceedings were initiated on 18 December 2023. On 16 February 2024, the Minister of Infrastructure issued decisions amending the PSZW for both projects.

Real estate along the alignment of the export cable for MFW Bałtyk II and MFW Bałtyk III are secured by transfer easement agreements in ca. 95%. Plots owned by institutions and private plots to which the companies have no rights (3 plots) were secured under the Act of 24 July 2015 on the preparation and implementation of strategic investments in terms of transmission networks, by means of an administrative decision concerning the location of projects in terms of the power derivation facilities (decisions dated 7 March 2024).

Detailed geotechnical research necessary for the design of the foundations of the wind turbines and the offshore substation, and for the design of the power offtake unit was completed by MFW Bałtyk II sp. z o.o and MFW Bałtyk III sp. z o.o. Analysis of test results and detailed geotechnical laboratory testing of core samples has begun.

As part of the implementation of the Projects, continuous active operations in the area of stakeholder management, have been performed including the promotion of the "local content." The projects undertake a number of initiatives in the areas of, without limitation, information, communication, education and supply chain development. Examples of such activities include periodical information meetings with local communities, the opening of a Local Information Point in Łeba, supporting cooperation with Polish companies during e.g. Supplier Days, or participation in educational campaigns.

On 15 February 2024, the project companies MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o S.A. entered into contracts with Siemens Gamesa Renewable Energy sp. z o.o. with registered office in Warsaw, a company belonging to the Siemens Energy AG group, each Project company acting on its own:

- agreements for the supply of wind turbines for the implementation of the offshore wind farm project MFW Bałtyk II and MFW Bałtyk III, respectively (the "WTG Supply Agreements");
- the Service Agreements for the warranty service of the wind turbines as equipment of the MFW Bałtyk II and MFW Bałtyk III offshore wind farms ("Service Agreements");

The contracts are governed by English law.

[WTG Supply Agreements]

The WTG Supply Agreements include the design, engineering, delivery, deployment, supervision and commissioning of a complete set of 100 offshore wind turbines (50 WTGs for each Project) with a maximum capacity of 14.4 MW each, along with a WTG SCADA (*Supervisory Control and Data Acquisition*) system. The total remuneration of the contractor under the two WTG Supply Agreements (i.e. for both projects) has been estimated, as at the date of execution of those agreements, at ca. EUR 1.66 billion. This amount is not final and will be updated during the term of the WTG Supply Agreements, as part of the contractor's remuneration is based on rates subject to indexation in terms of the prices of certain materials and services, inflation, currency hedging or labor costs. Final remuneration of the contractor will be determined in accordance with the provisions of the WTG Supply Agreements based on the actually completed scope of work and with due regard to the factors depending on the market condition. The Project Companies estimate the total amount of capital expenditures to be incurred under the WTG Supply Agreements, including in connection with the exercise of options, at ca. EUR 1.8 billion. Entering into the Turbine Supply Agreements requires the Project Companies to incur significant capital expenditures before making a final investment decision ("FID") for the projects. The estimated CAPEX to be incurred before FID, including indexation, amount to ca. PLN 88 million and ca. EUR 88 million. The WTG Supply Agreements guarantee the Project Companies the right to terminate them without cause as well, but such termination of the WTG Supply Agreements will entail the obligation to pay termination fees to the contractor, the value of which increases over time, depending on when the WTG Supply Agreements are terminated. The contractor's agreed remuneration was calculated assuming a back-to-back installation, i.e. continuous performance of both contracts. If this assumption fails to materialize due to the failure of the relevant Project Company to proceed with the work in one of the projects or the termination of one of the WTG Supply Agreements, an amount of ca. EUR 30 million will be added to the contract price. Entering into the WTG Supply Agreements allows the Projects to be implemented according to the current schedule.

[Service Agreements]

The Service Agreements cover the maintenance and warranty service of the wind turbines as equipment of the MFW Bałtyk II and MFW Bałtyk III offshore wind farms for a period of 5 years. The contractor's total remuneration under the two Service Agreements (i.e. for both projects), is estimated as at the date of those agreements, at ca. EUR 384 million, which includes the upfront fee and the annual fees payable to the contractor over the 5-year term referred to above. Fees for services referred to in the Service Agreements will be subject to indexation, the level of which will depend on the industry's producer price index and quarterly data published by Eurostat. The Project Companies may extend the term of the Service Agreements for another five years, but this will entail a higher annual fee payable to the contractor. Under the Service Agreements, the contractor provided the Project Companies with efficiency guarantees.

[Securing payments to Contractor under the WTG Supply Agreements]

Under the WTG Supply Agreements, the Company will be required to provide payment security in the form of a corporate guarantee ("PCG"). PCGs issued by the Company will cover 50% of the value of the Project Companies' existing obligations vis a vis the contractor. The maximum amount of the Company's PCG obligations, rounded up, shall be: (i) up to EUR 27 million and up to PLN 29.6 million for obligations incurred between 30 September 2024 and 30 April 2025, and (ii) up to EUR 47.2 million and up to PLN 52 million for obligations incurred between 1 May 2025 and 31 July 2025, in each case PCGs will expire if the financial close confirmed by the financing institution (facility agent) is reached. The PCGs will also secure payment by the Project Companies of termination fees with respect to the WTG Supply Agreements.

[Agreements for the production and supply of monopiles]

On 16 February 2024, the project companies MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o., entered into agreements with SIF Netherlands B.V. with registered office in Roermond (the Netherlands) for the manufacture and supply of the monopile foundation structures for WTGs. The agreements provide for the production of 100 monopiles, 50 for each project, on which the wind turbines will be founded. According to the assumed program, production work has been scheduled to begin in Q2 2025, while the production of the last monopiles is envisaged in Q1 2026. The total remuneration of the Contractors under the two agreements (i.e. for both projects) was tentatively set - as at the date of signing the agreements - at ca. EUR 440 million. Remuneration is based on rates indexed by the price inflation index with respect to materials and services used in production. It may also be adjusted due to possible foundation design changes. Entering into those Agreements allows the Projects to be implemented according to the current schedule. The contracts are governed by English law. In view of the execution of the Agreements, the Company issued sureties for the obligations of the Project Companies, including payment of 50% of the contractor's costs incurred in connection with the premature termination of the agreements. As at the date of publication of this Report, the maximum amount of guarantee obligations under the a/m agreements on the Company's part for the two projects combined is estimated at ca. EUR 167.5 million, the expiration date of the Company's guarantees in each case being the achievement of financial close confirmed by the financing institution (facility agent).

On 16 February 2024, all water permits were obtained. Due to the need to redesign the site of the station's water discharge, it was necessary to amend one of the water permits obtained. The application for such modification was submitted on 15 March 2024.

On 17 April 2024, the project companies MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o., signed reservation and preliminary work agreements with Heerema Marine Contractors Nederland SE in relation to a contract for the transportation and installation of offshore wind turbine foundations and an offshore transformer station at the MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. projects. The subject matter of the reservation agreements is the parties' commitment to continue negotiating in good faith the final contracts for the transportation and installation of offshore wind turbine foundations and an offshore transformer station, in exchange for reserving the availability of installation vessels for project implementation according to an assumed work program. Reservation agreements also apply to the performance of preliminary works which will subsequently be covered by final agreements, if any. Reservation agreements may be terminated by the Project Companies without cause, yet such termination would result in an obligation to pay Heerema Marine Contractors Nederland SE for the preliminary work performed, as well as the cancellation fees, and cancellation and reservation fees to subcontracted suppliers. Cancellation fees may reach ca. EUR 29.2 million in total for both projects.

Analogous fees may be charged to the Project Companies if the final agreements are not signed by 1 July 2024, unless the parties extend such deadline.

On 9 May 2024, the project companies MFW Bałtyk II and MFW Bałtyk III obtained their first (two) building permits. These permits issued by the Pomeranian Voivodeship Office include the construction of two offshore export cables (for each project), which constitute a crucial element of the connection infrastructure for offshore wind farms. These cables are routed from the offshoresubstation (OSS) to the Horizontal Directional Drilling (HDD) borehole passing beneath the shoreline (Landfall). The decision-making process involved numerous consultations and opinions, as well as the necessity of approving a series of expertise related to maritime safety and navigation. The building project and obtaining permits for MFW Bałtyk II and MFW Bałtyk III are managed by the Gdańsk-based design office “Projmors”.

On 12 May 2024, the project companies MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. signed reservation agreements with CADELER A/S for installation vessels and for preliminary works related to the preparation for the installation of offshore wind turbines in the projects. The subject of the reservation agreements is the commitment of the parties to continue in good faith negotiations for final agreements on the installation of offshore wind turbines for the projects, in exchange for the supplier reserving the availability of installation vessels for the purpose of carrying out installation works for wind turbines according to the envisaged schedule. The reservation agreements also cover the execution of preliminary preparatory works, which will then be covered by final agreements if concluded. The reservation agreements may be terminated by the companies without cause, but this will result in an obligation to pay a cancellation fee to the supplier in the amount of 5 million euros per company. Similar fees may be charged to the companies if, for reasons attributable to the companies, final agreements are not signed by 1 September 2024, subject to the possibility of extension of this deadline by the parties.

On 14 May 2024, the project companies MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. signed reservation agreements with Iemants NV and agreements for preliminary work on the design and construction of offshore transformer substations, one substation for each project. The subject of the reservation agreements is the reservation of resources of the contractor and key subcontractors in the assumed schedule and the commitment of the parties to continue negotiating final EPC agreements in good faith, i.e., for the design and construction of "turnkey" offshore transformer substations. The reservation agreements also provide for the commencement by the contractor of necessary preliminary work and orders for materials with long delivery times, enabling the timely implementation of the projects. The reservation agreements may be terminated by the companies without cause upon payment for the preliminary work performed and fees for resignation in favor of subcontractors. The resignation fees may amount to approximately 65.5 million euros in total for both projects. Similar costs may be incurred by the companies if, due to the fault of the companies, final agreements are not signed by 1 August 2024, subject to the possibility of extension of this deadline by the parties.

In the first quarter of 2024, discussions were initiated with potential lenders to secure financing in project finance formula for the implementation of offshore wind farm projects conducted by both companies. Subsequent quarters will be dedicated to formulating a consortium of financing institutions and negotiating the terms of the loan agreement. The expected completion of the financing process should occur in the first quarter of 2025.

MFW Bałtyk I

The Group holds a 50% stake in the company MFW Bałtyk I Sp. z o.o. developing an offshore wind farm in the Baltic Sea with the capacity of up to 1560 MW.

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

The environmental impact report was submitted to RDOŚ in Gdańsk on 21 November 2023. On 1 December 2023, RDOŚ commenced the proceedings to issue the environmental conditions decision. The administrative proceedings are being held in consideration of the cross-border environmental impact procedure which is coordinated by the General Directorate for Environmental Protection.

On 29 January 2024, an application was submitted for the issuance of a decision on the environmental conditions for the connection infrastructure of the offshore wind farm MFW Bałtyk I, with the procedure formally initiated by RDOŚ in Gdańsk on 20 February 2024.

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

On 11 March 2024, an application was submitted by MFW Baltic I to PSE SA for a change in the grid connection conditions, i.e. for the specifying of new conditions for connection to the transmission grid of the facility being an HVDC system connected to the energy park module with a 1560 MW DC connection. The project has a grid connection agreement with PSE SA with connection conditions issued for 1560 MW of HVAC technology. Bearing in mind the economic and technical benefits for the MFW Bałtyk I project, the Management Board of the project companies decided to request a switch of the power evacuation system of the wind farm to HVDC technology. If the application is granted by PSE SA, it will result in an amendment to the grid connection agreement.

Gas and clean fuels

The Group has actively been developing a hydrogen program to extend the current value chain with the use of electricity to produce renewable hydrogen (produced by electrolysis of water using electricity generated from renewable energy sources). Implementation of the program includes the development of new business models and the construction of hydrogen generation units for industrial use, to power zero-emission means of transportation and for energy applications. Three projects are being implemented under the program: H2Silesia, H2HUB Nowa Sarzyna and eFuels.

The H2Silesia project is being developed by Polenergia's special purpose vehicle H2Silesia sp. z o. o. and involves the construction of a 105 MW large-scale renewable hydrogen production facility for heavy industry and zero-emission transportation located in Upper Silesia. The intended facility will be able to produce ca. 13,000 tons of hydrogen per year. In 2023, a decision was made to move the project from the conceptual phase to the development phase, which includes actions aimed at obtaining key permits, financial close and developing the technical design. One of the first activities of the development phase was to hire a consultant to provide the Owner's Engineer service for the project. Based on the consultant's analyses, the best location for the project was selected and an application was filed for grid connection conditions. Work is currently underway on a multi-discipline feasibility study for the project in selected location. Due to the significant lead time for delivery of key equipment and the financing requirements, work has begun on a contracting strategy for the project including a general designer and a general contractor.

In February 2024, the European Commission issued a notification decision on State aid for the H2Silesia project under IPCEI Hydrogen Hy2Infra. The notification decision approves the cap of the State aid for the H2Silesia project and does not mean that Polenergia H2Silesia sp. z o.o. will be granted funding for its implementation, but it is rather an expression of the European Commission's approval of possible State aid and confirmation that such support will be proportionate and necessary within the meaning of the EU regulations. The decision to grant funding and the determination of the final amount of funding will be made at the national level. The total amount of eligible costs in the project is EUR 218.36 million while the maximum amount of State aid approved by the European Commission may reach EUR 142.77 million which corresponds to the amount of the financing gap in the project. Eligible costs in the project include the supply and installation of electrolyzers, a cooling system, an electrical substation, a water treatment station, a deoxygenation and drying system, compressors, a hydrogen storage facility and a hydrogen distribution station, together with the associated auxiliary installations, buildings and road system, as well as preparatory works, design and commissioning. Group anticipates that eligible costs of the project exceeding the value of the public subsidy will be covered from funds and sources, such as, among others, equity and an investment loan. The final implementation of the project depends on external criteria, such as the conclusion of contracts securing the terms of hydrogen supply, the fulfillment of the relevant economic criteria and the availability of financing for the project, as well as making a final investment decision based on the above data and obtaining the required corporate approvals.

The H2HUB Nowa Sarzyna project involves the construction of a pilot facility for the production of renewable hydrogen with a nominal capacity of the electrolyzer of ca. 5 MW which will allow a maximum production of ca. 500 tons of green hydrogen per year. This facility will be located in Nowa Sarzyna at the premises of the Nowa Sarzyna Combined Heat and Power Plant (ENS).

On 7 June 2023, Polenergia's subsidiary H2HUB Nowa Sarzyna sp. z o.o. developing the H2HUB Nowa Sarzyna project, entered into a contract with Hystar AS, based in Høvik, Norway, for the supply and commissioning of a 5 MW electrolyzer (performance under said contract is subject to a final investment decision and has been scheduled for Q3 2024) and 10 years of a long-term electrolyzer maintenance agreement. On the same day, an agreement was entered into with the International Finance Corporation ("IFC"), a member of the World Bank Group, for cooperation with a view to co-finance the development costs of the H2HUB Nowa Sarzyna project which includes a hydrogen production plant, along with two filling stations and associated infrastructure.

On 27 June 2023, Polenergia's subsidiary Polenergia Elektrociepłownia Nowa Sarzyna (thermal power plant) entered into an agreement with the National Fund for Environmental Protection and Water Management (NFOŚiGW) for the financing of a project "Construction by Polenergia ENS sp. z o.o. of public access hydrogen filling stations in Rzeszów and Nowa Sarzyna." The project's objective is to build two hydrogen filling stations with associated infrastructure, in two locations: in the area bordering on the Nowa Sarzyna thermal power plant and in the city of Rzeszów. The total amount of the grant funding awarded will be up to PLN 20 million. On 8 April 2024, an annex was signed assigning the subsidy to the H2HUB Nowa Sarzyna SPV. According to the annex, the hydrogen filling stations and associated infrastructure should be put into operation in the second half of 2025, with the subsidy agreement providing for possible changes to the program.

Tenders were held to appoint an EPC contractor separately for the hydrogen filling station in Rzeszów and for the hydrogen production facility and the filling station in Nowa Sarzyna. Binding bids within the assumed budget were received. The tender will be awarded at the end of Q2 / beginning of Q3 2024. Concurrently, a tender is being held to appoint a supplier of battery trucks that will be used to transport hydrogen from the Nowa Sarzyna plant to the hydrogen filling station in Rzeszów.

A valid and binding zoning permit (DWZ) has been received for the plant in Nowa Sarzyna that is necessary to apply for a Building Permit (scheduled for Q2 2024). In addition, the Environmental Decision (DUŚ) for the filling station in Rzeszów has been obtained and an application for the zoning permit has been filed. Concurrently, an Environmental Decision was obtained in Q1 2024 for a photovoltaic installation of up to 8 MW that will power the electrolyzer in Nowa Sarzyna.

Talks are underway with green hydrogen customers, during which contractual terms for the supply of hydrogen from the H2HUB Nowa Sarzyna plant are being discussed. In March 2024, a public tender was launched by MPK Rzeszów for the supply and distribution of hydrogen as fuel for FCEV buses. Tender documentation has been reviewed, proposals for changes have been sent to the Employer, the current deadline for bidding is early May 2024. In April, a public tender was announced by Chełm Bus Lines for the supply and distribution of hydrogen as fuel for FCEV buses. Tender documents are being reviewed.

The H2HUB Nowa Sarzyna project is part of activities under the label of the Subcarpathian Hydrogen Valley, with Polenergia S.A. and Polenergia Elektrociepłownia Nowa Sarzyna sp. z o.o being among the founders thereof.

As part of the long-term development of the Group's business, a project called eFuels has been underway aimed at preparing the Group to participate in the hydrogen economy not only in terms of production of renewable hydrogen, but also in its processing into derivative products. The project aims to use renewable hydrogen to produce methanol and renewable jet fuel. The fuel produced as a result of the project will reduce greenhouse gas emissions in air transportation, with no need to build new infrastructure, fuel bases or to develop new aircraft designs. As part of the National Research and Development Center's competition titled "New Technologies in Energy I", the Company was among 6 teams that were awarded funding to implement innovative energy projects. This project is implemented by a consortium led by the Company, with other partners including Polenergia Elektrociepłownia Nowa Sarzyna sp. z o.o. and Wrocław University of Technology. On 30 June 2023, the Company completed Phase I of the Project involving development of a Feasibility Study for the project. NCBR evaluated the feasibility study submitted (the outcome of Phase I of the project) by awarding the maximum number of points, thereby allowing the project to proceed into Phase II (construction of a pilot plant and conducting research to upscale the technology to a higher level of technological readiness). Only 3 of the original 11 competing Consortia qualified for Phase II of the NCBR competition. Polenergia S.A., as the leader of the scientific and industrial consortium, has developed and begun implementing the plan for implementing Phase II of the project.

In view of the significant scale of the intended capital expenditures to achieve the strategic goals identified in the business strategy, the Management Board has initiated a review of options in the area of hydrogen strategy 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.

Trading and Sales

The Group has been modifying the implementation of its strategy in the trading and sales segment on an ongoing basis, adapting it to the changing market conditions and the rising costs of hedging end users and profiling and balancing RES sources. Offering to end users is done with particular attention to risks and potential costs that may affect the margins realized in the future. The Group keeps a follow-up recalculation of financial risks and costs associated with hedging customer and generator positions in the futures market. The regulations put in place to limit energy sale prices and contributions to the Settlement Administrator's (Zarządca Rozliczeń) fund which remain in force since 2023 have largely inhibited opportunities for any dynamic development of sales and external RES aggregation. The Company has been intensely developing a long-term cPPA contract sales model based on the existing and newly built Group's generation assets.

The activity in the short-term and ultra-short term trading market (the Intraday Market) is being successfully developed in terms of transactions just a few hours before physical delivery of energy and using available data on the changing market fundamentals. Commercial business in the wholesale markets has also been continued on the Group's own account (prop trading), with the implemented prop trading strategies making the most of the market volatility, while maintaining restrictive measures to reduce risk exposure.

The company Polenergia Sprzedaż continues to sell energy generated in the renewable sources controlled by the Group. Customers include both business clients and consumer end-users (B2B and B2C). The green energy produced in the Group's generating assets is sold in two models: as a product with the Energy 2051 standard and a product without this standard, yet still retaining the guarantee of 100% RES-originating energy. As part of the intra-group cooperation, sales of products have been continued that combine installation of solar panels, heat pumps, energy storage with the supply of green energy. Prosumers were able to take advantage of a unique offer in the market, combining Energy 2051 green energy with a price guarantee for 8 years. Last year, the Company launched SMART cPPA and SLIM cPPA products with a price guarantee until the end of 2028 targeted at B2B customers. The company launched a series of marketing activities aimed at building its image and acquiring sales leads, thus strengthening its position in the market.

As part of its operating activity, the company Polenergia Fotowoltaika S.A. in Q1 2024 installed 5.6 MWp of solar panels and 228 energy storage facilities, while in the heat pump segment it installed 73 pumps. The company is working to expand sales of services in the corporate segment (installations of more than 50 kWp) and to increase operations in the Czech market.

Distribution and eMobility

In the distribution segment, on 28 April 2023, Polenergia Dystrybucja Sp. z o.o. received a decision from the President of the Energy Regulatory Office approving the Tariff for the distribution and sale of electricity. The new Tariff became effective on 13 May 2023, with RAB (Regulatory Asset Base) of PLN 138.7 million. The approved Investment Plan III for the years 2019 - 2022 worth PLN 51 million in total has been under implementation. As part of Investment portfolio III, the Company signed 45 contracts. By the end of Q1 2024, connection agreements were finalized, and connection readiness was notified for 69 projects/project phases, and extension of general license was obtained for 25 projects, with further 13 projects expected to obtain general license.

In addition, Polenergia Dystrybucja is also in the course of implementation of Investment Plan IV for the years 2021 - 2026 worth PLN 105 million in total. By the end of Q1 2024, the company signed 94 connection agreements, with the total estimated capex reaching PLN 104.89 million which accounts for 99.9% of the investment portfolio IV. Under the Investment Plan IV, the company completed 74 projects for which it declared readiness to connect, and license extensions have been obtained for 23 projects; licenses are also expected to be obtained for another 22 projects.

The company Polenergia eMobility has been actively acquiring locations for the construction of public charging stations throughout the country and has been building further charging stations. 36 publicly available charging stations owned by the Company were brought into operation (50 charging points) of which 9 stations were commissioned in Q1 2024. Additionally, the company holds a portfolio of contracts allowing it to construct an additional 197 charging stations. The company is developing the software system functionality for operating charging stations, as well as for customer service in a client application. A call center service has also been launched to support customer service. The company has applied in 2022 and 2023 to three programs related to subsidizing charging stations from the National Environmental Protection and Water Management Fund (NFOŚiGW) and CEF (Connecting Europe Facility). In addition to investing in a network of public access stations, the company has prepared and launched sales of a commercial e-mobility offer which includes the sale of charging stations, technical service and management services in relation to charging stations.

In view of the significant scale of the intended capital expenditures to achieve the strategic goals identified in the business strategy, the Management Board has initiated a review of options in the area of electromobility 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.

Other significant information on the Group's condition

On 7 February 2024, the Management Board of the Company published supplementary information on the completed public offering of 10,416,667 AB series ordinary bearer shares of a par value of PLN 2.00 each. The total cost of the share issue amounted to PLN 3,761 thousand net, (including the costs of: preparation and performance of the Offering - PLN 2,882 thousand net, underwriters' remuneration, for each separately - not including the preparation of the prospectus, including the advisory costs - PLN 821 thousand net, promotion - PLN 58 thousand net). The total cost of conducting the Offering has been accounted for through recognition in equity. The average cost of conducting the subscription was PLN 0.36 net per Offered Share.

On 13 March 2024, the Extraordinary General Meeting of Polenergia S.A. revoked the existing authorization of the Company's Management Board to increase the Company's share capital within the limits of the authorized capital and granted the Company's Management Board a new authorization to increase the Company's share capital within the limits of the authorized capital, with an option for the Management Board, acting upon the consent of the Supervisory Board, to deny the pre-emptive rights with respect to new shares of the Company, in whole or in part, for another period, on terms and within the limits set forth in the amendments to the Company's Statutes (Resolution No. 3/2024 of 12 March 2024, published in current report No. 17/2024). In connection with the changes made, the Management Board is authorized to increase the Company's share capital by no more than PLN 115,828,368 through the issuance of no more than 57,914,184 new ordinary bearer shares with a par value of PLN 2 each (the "New Shares") (the "Authorized Capital"). The Management Board intends to raise, through the issuance of new shares of the Company within the Authorized Capital in the years 2024-2027, total proceeds of up to ca. PLN 3.4 billion. Within the limits of the Authorized Capital, the Management Board is authorized to increase the Company's share capital, by way of one or more successive share capital increases, within three years from the date on which an amendment to the Company's Statutes is entered in the Register of Entrepreneurs.

On 8 February 2024, Polenergia Obrót S.A. entered into PPA and PPA+ agreements (the "PPA and PPA+ Agreements") with Mercedes-Benz Manufacturing Poland Sp. z o.o., with registered office in Jawor. The PPA and PPA+ agreements relate to the sale of all electricity consumed by the buyer, including a portion of electricity produced by the following renewable energy facilities: the Dębsk wind farm with an installed capacity of 121 MW ("RES Facility 1") and the Sulechów 3 photovoltaic farm with an installed capacity of 9.84 MW ("RES Facility 2"), and the sale of guarantees of origin of electricity from renewable energy sources in a number corresponding to the amount of electricity sold, as well as commercial balancing of the buyer's needs. The period for the sale of electricity and guarantees of origin under the PPA and PPA+ agreements starts from 1 March 2024 and will continue until 31 December 2027. With respect to the sale of electricity produced by the Dębsk wind farm and the Sulechów 3 photovoltaic farm, the planned volume of electricity sales relates to a certain portion of the volume to be produced by the aforementioned farms during the period. Electricity produced by the farms will be sold at a fixed price, subject to an increase or reduction of the price depending on the amount of the averaged CPI - the average annual index of prices for consumer goods and services for the preceding calendar year published by the Central Statistical Office (GUS). The remaining amount of electricity consumed by the buyer will be sold at a price based on the SPOT market prices on the exchange commodity market of Towarowa Giełda Energii S.A., or at a fixed price for a specified volume of electricity, if such fixed price has been established in accordance with the procedure set forth in the PPA+ agreement. The total estimated revenues from the sale of electricity and guarantees of origin under the PPA and PPA+ Agreements may reach ca. PLN 131.4 million net. In the event of early termination of the PPA and PPA+ Agreements by POLO or Mercedes-Benz Manufacturing Poland Sp. z o.o., respectively, due to a breach of contract by the other party as specified in the agreement, the non-breaching party shall be entitled to a termination fee in the amount specified in the agreement.

On 22 February 2024, Polenergia Farma Wiatrowa Namysłów sp. z o. o., developing the Szprotawa I photovoltaic farm project with a total installed capacity of 47 MWp, and (ii) Polenergia Farma Fotowoltaiczna 16 sp. z o.o, developing the Szprotawa II photovoltaic farm project with a total installed capacity of 20 MWp, entered into a contract with the company Jinko Solar (Chuzhou) Co., Ltd. concerning the supply of photovoltaic modules for both projects. The contracts cover the sale of the photovoltaic modules manufactured by Jinko Solar in the quantity required for the implementation of the projects. The contracts do not include the supply of inverters. The contract will be completed by the end of October 2024. The total value of the contracts is ca. EUR 8 million.

On 8 April 2024, Polenergia Elektrociepłownia Nowa Sarzyna sp. z o.o. and Polenergia H2HUB Nowa Sarzyna sp. z o. o. entered into an annex to the subsidy agreement with the National Environmental Protection and Water Management Fund. According to said annex, ENS and the Fund have agreed to H2HUB Nowa Sarzyna stepping into all rights and obligations of ENS under the subsidy agreement. The stepping by H2HUB Nowa Sarzyna into the rights and obligations of ENS has a releasing effect on ENS, which means that from the moment the annex has been entered into, ENS is no longer a party to the rights and obligations under the subsidy agreement. The total amount of the financing of the project in the form of subsidy has not changed and amounts to PLN 20,000,000, which corresponds to ca. 43% of the project's eligible costs. According to the annex, the hydrogen filling stations and associated infrastructure should be put into operation in the second half of 2025, with the subsidy agreement providing for possible changes to the program. H2HUB Nowa Sarzyna's entitlement to the disbursement of the funds from the subsidy is subject to the fulfillment of conditions commonly applied to SPVs in agreements with the National Environmental Protection and Water Management Fund. Meeting the conditions for disbursement of the funds from the subsidy required by the subsidy agreement may require obtaining relevant corporate approvals.

On 21 May 2024, Mr. Jacek Głowacki resigned from his position as a member of the Supervisory Board of Polenergia S.A. The resignation took effect on 21 May 2024.

On 22 May 2024, Mr. Adam Purwin was appointed to the Supervisory Board of Polenergia S.A. as a member, with the appointment taking effect on 22 May 2024.

Financial performance for the 3-month period ended 31 March 2024 by operating segments

On the following pages a presentation is given of the distribution of the total Group performance in Q1 2024, broken down into the business segments.

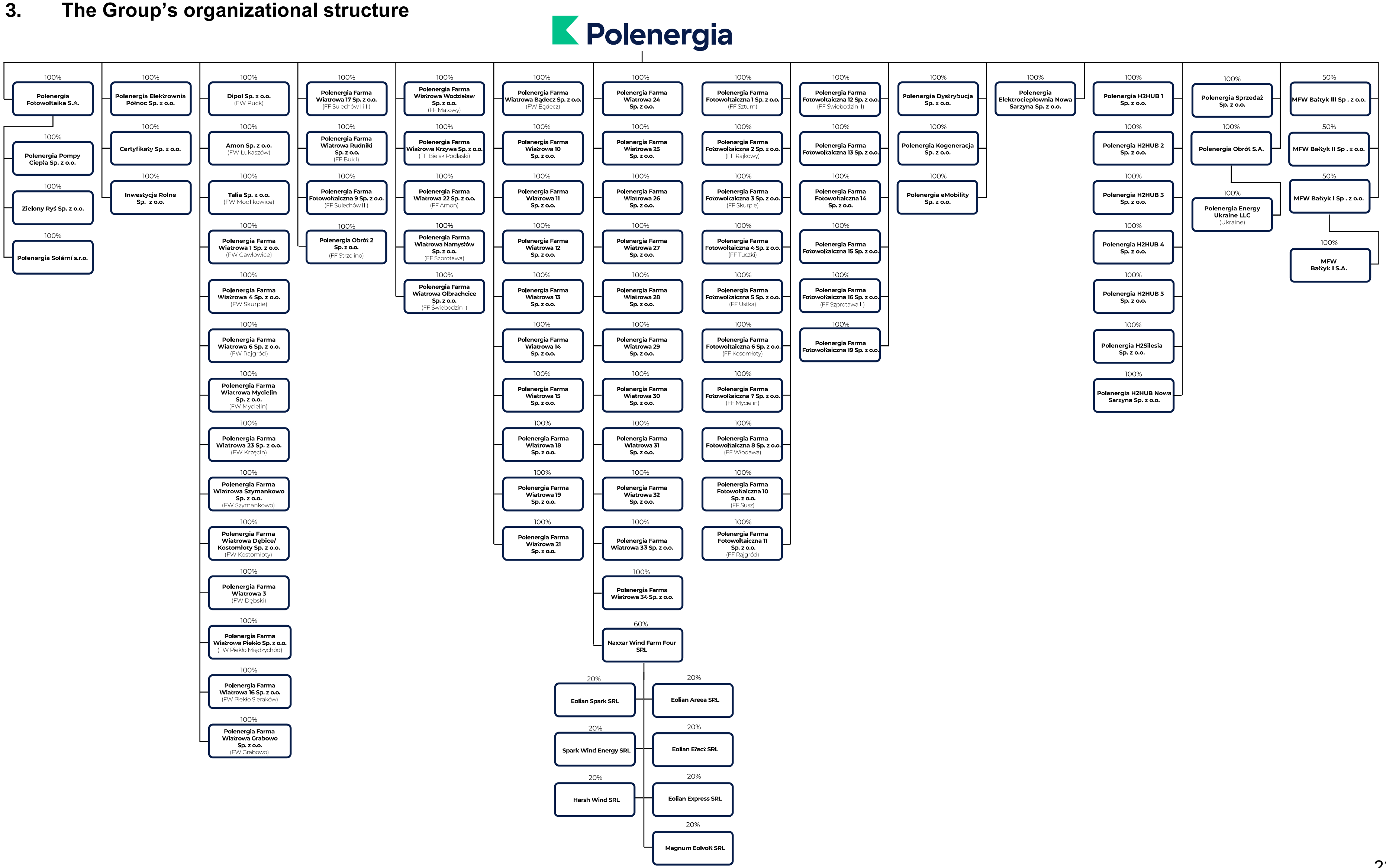
3M 2024 (m PLN)	Onshore Wind Power	Photovoltaics	Gas and Clean Fuel	Trading	Distribution	Unallocated	Purchase price allocation	TOTAL
Sales revenues*	**255,6**	**3,1**	**32,3**	**840,9**	**55,3**	**4,0**	**-**	**1 191,2**
Operating costs, including	**(66,1)**	**(2,6)**	**(30,2)**	**(789,5)**	**(40,5)**	**(4,9)**	**(0,1)**	**(933,8)**
operating costs (without granted green certificates adjustment)	(27,3)							(27,3)
depreciation/amortization	(33,7)	(1,5)	(2,4)	(3,1)	(2,4)	(1,7)	(0,1)	(44,9)
granted green certificates adjustment	(5,0)	-	-	-	-	-	-	(5,0)
Gross profit on sales	**189,5**	**0,5**	**2,1**	**51,5**	**14,8**	**(0,9)**	**(0,1)**	**257,4**
Gross profit on sales margin	*74,1%*	*15,3%*	*6,5%*	*6,1%*	*26,8%*	*"n/a"*	*"n/a"*	*21,6%*
Selling expenses	-	-	-	(22,0)	-	-	-	(22,0)
General overheads	(2,9)	(0,3)	(3,1)	(21,8)	(2,4)	(11,8)	-	(42,4)
Other operating activities	1,8	0,1	(0,7)	(3,0)	0,2	-	-	(1,5)
including imairment losses	-	-	-	-	-	-	-	-
Operating profit	**188,4**	**0,3**	**(1,7)**	**4,6**	**12,5**	**(12,7)**	**(0,1)**	**191,4**
EBITDA	**222,1**	**1,7**	**0,7**	**7,7**	**15,0**	**(11,0)**	**-**	**236,3**
EBITDA Margin	*86,9%*	*56,0%*	*2,2%*	*0,9%*	*27,1%*	*"n/a"*	*"n/a"*	*19,8%*
Profit (loss) on financial activities	(19,0)	(0,8)	0,4	(2,5)	(1,9)	7,9	-	(16,0)
Profit (loss) before tax	**169,4**	**(0,5)**	**(1,3)**	**2,1**	**10,6**	**(4,8)**	**(0,1)**	**175,4**
Income tax								(34,7)
Net profit (loss) for period								**140,7**
Normalizing adjustments:								
Purchase price allocation (PPA)								0,1
Foreign exchange differences								0,4
Loan valuation using amortized cost method								0,8
Impairment losses								
Net result on the sale of assets								-
Adjusted net profit								**141,9**

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

3M 2023 (m PLN)	Onshore Wind Power	Photovoltaics	Gas and Clean Fuel	Trading	Distribution	Unallocated	Purchase price allocation	TOTAL
Sales revenues*	**176,9**	**2,3**	**34,3**	**1 205,7**	**43,9**	**3,8**	**-**	**1 466,9**
Operating costs, including	**(43,7)**	**(2,1)**	**(34,8)**	**(1 116,9)**	**(45,3)**	**(3,0)**	**(0,7)**	**(1 246,6)**
operating costs (without granted green certificates adjustment)	(20,6)	-	-	-	-	-	-	(20,6)
depreciation/amortization	(28,4)	(1,0)	(2,3)	(1,7)	(2,2)	(1,5)	(0,7)	(37,9)
granted green certificates adjustment	5,3	-	-	-	-	-	-	5,3
Gross profit on sales	**133,2**	**0,1**	**(0,5)**	**88,7**	**(1,3)**	**0,8**	**(0,7)**	**220,3**
Gross profit on sales margin	*75,3%*	*6,0%*	*-1,5%*	*7,4%*	*-3,0%*	*"n/a"*	*"n/a"*	*15,0%*
Selling expenses	-	-	-	(25,8)	-	-	-	(25,8)
General overheads	(2,0)	(0,2)	(1,9)	(17,2)	(2,3)	(12,1)	-	(35,7)
Other operating activities	4,2	(0,0)	(0,7)	0,3	0,7	(0,1)	-	4,5
including imairment losses	(0,1)	-	-	-	-	-	-	(0,1)
Operating profit	**135,4**	**(0,1)**	**(3,2)**	**46,1**	**(2,8)**	**(11,4)**	**(0,7)**	**163,3**
EBITDA	**163,9**	**0,9**	**(0,9)**	**47,9**	**(0,6)**	**(9,9)**	**-**	**201,3**
EBITDA Margin	*92,6%*	*38,4%*	*-2,6%*	*4,0%*	*-1,5%*	*"n/a"*	*"n/a"*	*13,7%*
Profit (loss) on financial activities	(18,5)	(1,3)	0,4	(5,5)	(1,4)	14,5	-	(11,8)
Profit (loss) before tax	**117,0**	**(1,4)**	**(2,7)**	**40,6**	**(4,3)**	**3,1**	**(0,7)**	**151,5**
Income tax								(30,7)
Net profit (loss) for period								**120,8**
Normalizing adjustments:								
Purchase price allocation (PPA)								0,7
Foreign exchange differences								(0,1)
Loan valuation using amortized cost method								0,8
Impairment losses								0,1
Net result on the sale of assets								-
Adjusted net profit								**122,2**
Change of EBITDA yoy	**58,2**	**0,9**	**1,6**	**(40,1)**	**15,6**	**(1,1)**	**-**	**35,0**

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

3. The Group's organizational structure



B. INTERIM CONDENSED FINANCIAL STATEMENTS FOR A 3-MONTH PERIOD ENDED ON 31 MARCH 2024

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
As at 31 March 2024

ASSETS

	31.03.2024	31.12.2023
I. Non-current assets	**4 978 836**	**4 410 530**
1. Tangible fixed assets	3 299 960	3 273 092
2. Intangible assets	9 589	9 835
3. Subordinated entities goodwill	157 338	157 338
4. Financial assets	130 903	115 791
5. Financial assets measured using the equity method	1 339 734	813 734
6. Long term receivables	2 310	1 992
7. Deferred income tax assets	36 701	36 385
8. Prepayments and accrued income	2 301	2 363
II. Current assets	**1 774 583**	**2 301 086**
1. Inventories	89 369	90 214
2. Trade receivables	219 850	279 765
3. Income tax receivable	3 290	5 511
4. Other short term receivables	245 111	292 415
5. Prepayments and accrued income	30 698	16 294
6. Short term financial assets	201 208	206 124
7. Cash and equivalent	985 057	1 410 763
Total assets	**6 753 419**	**6 711 616**

(PLN K)

EQUITY AND LIABILITIES

	31.03.2024	31.12.2023
I. Shareholders' equity	**4 153 733**	**3 997 653**
Equity attributable to the shareholders of the parent company	**4 153 733**	**3 997 653**
1. Share capital	154 438	154 438
2. Share premium account	2 241 335	2 241 335
3. Reserve capital from option measurement	13 207	13 207
4. Other capital reserves	965 056	949 665
5. Retained profit (loss)	638 960	375 373
6. Net profit	140 686	263 587
7. F/X translation differences	51	48
II. Long term liabilities	**1 794 240**	**1 809 832**
1. Bank loans and borrowings	1 291 453	1 320 797
2. Deferred income tax provision	102 911	97 698
3. Provisions	118 845	117 537
4. Accruals and deferred income	40 533	40 343
5. Lease liabilities	189 962	177 143
6. Futures and forward contracts measurement	7 378	5 681
7. Other liabilities	43 158	50 633
III. Short term liabilities	**805 446**	**904 131**
1. Bank loans and borrowings	165 059	211 344
2. Trade payables	86 089	108 675
3. Income tax payable	19 701	8 001
4. Lease liabilities	30 917	27 611
5. Futures and forward contracts measurement	169 502	170 687
6. Other liabilities	246 640	302 042
7. Provisions	7 670	8 003
8. Accruals and deferred income	79 868	67 768
Total equity and liabilities	**6 753 419**	**6 711 616**

(PLN K)

INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
For a 3-month period ended on 31 March 2024

	Note	For 3 months ended 31.03.2024	For 3 months ended 31.03.2023
Revenues from contracts with clients	4.1	1 189 763	1 471 196
Other revenues	4.1	1 441	(4 272)
Sales revenues	4.1	**1 191 204**	**1 466 924**
Cost of goods sold	4.2	(933 847)	(1 246 611)
Gross sales profit		**257 357**	**220 313**
Other operating revenues	4.3	2 533	5 522
Selling expense	4.2	(22 049)	(25 807)
General overheads	4.2	(42 405)	(35 688)
Auction price settlement		358	-
Other operating expenses	4.4	(4 422)	(1 046)
including expected credit loss		(3 847)	(44)
Financial income	4.5	14 028	10 482
Financial costs	4.6	(29 985)	(22 282)
Profit before tax		**175 415**	**151 494**
Income tax	4.11	(34 729)	(30 697)
Net profit		**140 686**	**120 797**
Net profit attributed to:		**140 686**	**120 797**
Parent company shareholders		140 686	120 797
Non-controling shareholders		-	-
– basic earnings (loss) for period attributable to parent company shareholders		1,82	1,81
– diluted earnings (loss) for period attributable to parent company shareholders		1,82	1,81

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For a 3-month period ended on 31 March 2024

	For 3 months ended 31.03.2024	For 3 months ended 31.03.2023
Net profit for period	**140 686**	**120 797**
Other comprehensive income that may be reclassified to profit and loss account once specific conditions are met		
Cash flow hedges	15 391	(34 424)
F/X translation differences	3	(7)
Other net comprehensive income	**15 394**	**(34 431)**
COMPREHENSIVE INCOME FOR PERIOD	**156 080**	**86 366**
Comprehensive income for period:	156 080	86 366
Parent company shareholders	156 080	86 366

(PLN K)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For a 3-month period ended on 31 March 2024

	For 3 months ended	
	31.03.2024	31.03.2023
A.Cash flow from operating activities		
I.Profit (loss) before tax	**175 415**	**151 494**
II.Total adjustments	**82 218**	**11 968**
1.Depreciation	44 913	37 859
2.Foreign exchange losses (gains)	86	1
3.Interest and profit shares (dividends)	22 693	19 250
4.Losses (gains) on investing activities	(727)	2 485
5. Income tax	(19 524)	(33 439)
6.Changes in provisions	975	(265)
7.Changes in inventory	845	(23 135)
8.Changes in receivables	102 613	463 441
9.Changes in liabilities, excluding bank loans and borrowings	(63 579)	(444 104)
10.Changes in accruals	(5 646)	(11 615)
11. Other adjustments	(431)	1 490
III.Net cash flows from operating activities (I+/-II)	**257 633**	**163 462**
B.Cash flows from investing activities		
I. Cash in	**825**	**-**
1. Disposal of intangibles and tangible fixed assets	139	-
2. Other investment inflows	686	-
II.Cash out	**572 157**	**275 816**
1. Acquisition of tangible fixed assets	45 832	128 999
2. For financial asstes, including:	526 325	146 817
a) acquisition of financial assets	526 278	146 817
b) long term loans given	47	-
III.Net cash flows from investing activities (I-II)	**(571 332)**	**(275 816)**
C.Cash flows from financing activities		
I.Cash in	**6 458**	**217 446**
1.Loans and borrowings	6 458	217 446
II.Cash out	**118 465**	**98 820**
1.Repayment of loans and borrowings	83 571	70 983
2.Lease payables	9 539	7 183
3.Interest	25 298	20 580
4.Other financial expenses	57	74
III.Net cash flows from financing activities (I-II)	**(112 007)**	**118 626**
D.Total net cash flows (A.III+/-B.III+/-C.III)	**(425 706)**	**6 272**
E.Increase/decrease in cash in the balance sheet, including:	**(425 706)**	**6 271**
- change in cash due to f/x differences	-	(1)
F.Cash at beginning of period	**1 410 763**	**868 692**
G.Cash at end of period, including:	**985 057**	**874 963**
- restricted cash	103 781	105 513

(PLN K)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For a 3-month period ended on 31 March 2024

	Share capital	Share premium account	Reserve capital from option measurement	Other capital reserves	Retained profit	Net profit	F/X translattion differences	Equity attributable to the shareholders of the parent company	Total equity
As at January 2024	**154 438**	**2 241 335**	**13 207**	**949 665**	**638 960**	**-**	**48**	**3 997 653**	**3 997 653**
Comprehensive income for reporting period									
- Net profit (loss) for reporting period	-	-	-	-	-	140 686	-	140 686	140 686
- Other comprehensive income for period	-	-	-	15 391	-	-	3	15 394	15 394
As at 31 March 2024	**154 438**	**2 241 335**	**13 207**	**965 056**	**638 960**	**140 686**	**51**	**4 153 733**	**4 153 733**

For a 3-month period ended on 31 March 2023

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

(PLN K)

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

1.1 The rules underlying the interim condensed consolidated financial statements

These interim condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 and cover a 3-month period commencing on 1 January and ending on 31 March 2024, as well as the comparable period since 1 January until 31 March 2023 and in the case of the balance sheet - as at 31 December 2023 In accordance with the applicable laws, these interim condensed consolidated financial statements for the 3-month period ended on 31 March 2024 and comparative data for the 3-month period ended on 31 March 2023 have not been subject to a review by an independent auditor, while the comparative data for the financial year ended 31 December 2023 has been subject to an audit by an independent auditor.

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

- derivatives which have been measured at fair value.

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

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

These interim condensed consolidated financial statements have been prepared on the assumption that the Company and the Group companies will continue as going concerns in foreseeable future, that is for at least 12 months after the reporting date, i.e. after 31 March 2024.

1.2 Rules applied in preparation of the financial statements

The accounting principles applied by the Group have been outlined in the consolidated financial statements of Polenergia Group for 2023 published on 26 March 2024 Said Financial Statements provided detailed information on the principles and methods of measuring assets and liabilities, as well as measuring the financial result, the method of preparing financial statements and gathering comparable data. Such principles have been applied on a consistent basis.

1.3 Functional and reporting currency

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

The following exchange rates were used for measurement purposes:

	31.03.2024	31.12.2023	31.03.2023
USD	3.9886	3.9350	4.2934
EUR	4,3009	4.3480	4.6755
GBP	5,0300	4.9997	5.3107

Consolidated Quarterly Report for Q1 2024 ended on 31 March 2024 (PLN K)

1.4 Seasonality and cyclical nature of operations

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

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

2. Adjusted EBITDA and Adjusted Net Profit

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

EBITDA and Adjusted EBITDA

	For 3 months ended	
	31.03.2024	31.03.2023
Profit before tax	175 415	151 494
Fianancial revenues	(14 028)	(10 482)
Financial costs	29 985	22 282
Depreciation/Amortization	44 913	37 859
Development - related impairment loss	-	101
Photovoltaics - related impairment loss	-	(2)
EBITDA	**236 285**	**201 252**
Adjusted EBITDA	**236 285**	**201 252**

Adjusted net profit (loss) attributed to parent shareholders

	For 3 months ended	
	31.03.2024	31.03.2023
NET PROFIT attributed to parent shareholders	**140 686**	**120 797**
Unrealized foreign exchange net (gains)/losses	375	(112)
(Income)/Cost from measurement of long-term borrowings	753	755
Development - related impairment loss	-	101
Photovoltaics - related impairment loss	-	(2)
Purchase price allocation:		
Depreciation/Amortization	66	709
Tax	(13)	(13)
Adjusted NET PROFIT attributed to parent shareholders	**141 867**	**122 235**

Consolidated Quarterly Report for Q1 2024 ended on 31 March 2024 (PLN K)

Neither the level of EBITDA, the adjusted EBITDA nor the adjusted net profit allocated to the parent company shareholders have been defined in IFRS, hence these figures may be derived differently by other entities. The definitions of the foregoing indices have been provided in the Consolidated financial statements of Polenergia Group for 2023 published on 26 March 2024 Definitions of the foregoing indices applied by other entities may be different from those used by the Group.

3. Operating segments

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

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

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

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

For 3 months ended 31.03.2024	RES Generation			Gas and Clean Fuels	Trading and sales	Distribution and eMobility	Unallocated	Purchase price allocation	Total
	On shore wind farms	Photovoltaics	Off shore wind farms						
Revenues from contracts with clients	255 584	3 114	-	32 339	839 494	55 262	3 970	-	1 189 763
Other revenues	-	-	-	-	1 441	-	-	-	1 441
Total revenues	255 584	3 114	-	32 339	840 935	55 262	3 970	-	1 191 204
Net sales profit (loss)	**189 487**	**475**	**-**	**2 091**	**51 478**	**14 810**	**(918)**	**(66)**	**257 357**
Selling costs	-	-	-	-	(22 049)	-	-	-	(22 049)
General overheads	(2 921)	(311)	-	(3 144)	(21 816)	(2 442)	(11 771)	-	(42 405)
Interest income/(expense)	(16 203)	(417)	-	468	(1 593)	(1 733)	9 894	-	(9 584)
Other financial revenue/(expense)	(2 840)	(350)	-	(94)	(874)	(210)	(2 005)	-	(6 373)
Other operating revenue/(expense)	1 844	112	-	(658)	(3 006)	177	-	-	(1 531)
Profit/loss before tax	**169 367**	**(491)**	**-**	**(1 337)**	**2 140**	**10 602**	**(4 800)**	**(66)**	**175 415**
Income tax	-	-	-	-	-	-	(34 742)	13	(34 729)
Net profit/loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**140 686**
EBITDA **)	222 149	1 744	-	705	7 704	14 977	(10 994)	-	236 285
Segment assets	3 598 241	194 082	1 339 734	193 728	747 050	284 410	396 174	-	6 753 419
Segment liabilities	1 769 008	68 062	-	31 946	544 143	141 915	44 612	-	2 599 686
Depreciation/Amortization	33 739	1 467	-	2 417	3 095	2 432	1 697	66	44 913

*) EBITDA - definition in Note 2

Consolidated Quarterly Report for Q1 2024 ended on 31 March 2024 (PLN K)

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

Consolidated Quarterly Report for Q1 2024 ended on 31 March 2024 (PLN K)

For 3 months ended 31.03.2024		RES Generation: On shore wind farms	RES Generation: Photovoltaics	Gas and Clean Fuels	Trading and sales	Distribution and eMobility	Unallocated	Total
- revenue from sale and distribution of electricity	over time	224 257	3 113	9 231	402 212	51 073	-	689 886
- revenue from certificates of orgin	over time	31 323	-	-	1 142	-	-	32 465
- revenue from sale of heat	point in time	-	-	15 382	-	-	-	15 382
- revenue from consulting and advisory services	over time	-	-	-	-	-	3 727	3 727
- revenue from lease and operator services	over time	-	-	-	-	1 333	-	1 333
- revenue from sale and distribution of gas	over time	-	-	-	379 450	1 267	-	380 717
- revenue from sale of merchandise	over time	-	-	-	-	427	-	427
- revenue from lease	over time	4	1	-	-	1	218	224
- revenue from the capacity market and blackstart services	point in time	-	-	7 708	-	-	-	7 708
- revenue from the solar panels and heat pomps instalation	over time	-	-	-	52 252	-	-	52 252
- other	over time	-	-	18	4 438	1 105	25	5 586
Total revenue from clients		**255 584**	**3 114**	**32 339**	**839 494**	**55 262**	**3 970**	**1 189 763**
- revenues from the valuation of futures contracts	over time	-	-	-	1 441	-	-	1 441
Total other revenue		**-**	**-**	**-**	**1 441**	**-**	**-**	**1 441**
Total sales revenue		**255 584**	**3 114**	**32 339**	**840 935**	**55 262**	**3 970**	**1 191 204**

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

Consolidated Quarterly Report for Q1 2024 ended on 31 March 2024 (PLN K)

4. Other notes

4.1 Sales revenue

	For 3 months ended	
	31.03.2024	31.03.2023
- revenue from sale and distribution of electricity	689 886	1 129 240
- revenue from certificates of orgin	32 465	29 211
- revenue from sale of heat	15 382	14 655
- revenue from consulting and advisory services	3 727	3 737
- revenue from lease and operator services	1 333	891
- revenue from sale and distribution of gas	380 717	201 999
- revenue from sale of merchandise	427	90
- revenue from lease	224	111
- revenue from the capacity market and blackstart services	7 708	6 003
- revenue from the solar panels and heat pomps instalation	52 252	79 730
- revenue from charging services	56	-
- other	5 586	5 529
Total revenue from clients	**1 189 763**	**1 471 196**
- revenues from the valuation of futures contracts	1 441	(4 272)
Total other revenue	**1 441**	**(4 272)**
Total sales revenue	**1 191 204**	**1 466 924**

4.2 Cost according to type

	For 3 months ended	
	31.03.2024	31.03.2023
- depreciation	44 913	37 859
- materials and power consumption	18 458	38 735
- third party services	52 568	60 188
- taxes, duties and fees	8 351	8 073
- salaries	30 386	26 860
- social security and other benefits	5 423	4 604
- other cost by type	1 119	1 241
Total cost by type	**161 218**	**177 560**
- marchandise and materials sold (+)	832 063	1 135 850
- selling certificates of orgin	31 314	34 423
- income from granted certificates of orgin	(26 294)	(39 727)
- selling expenses (-)	(22 049)	(25 807)
- general overheads (-)	(42 405)	(35 688)
Total cost of goods sold	**933 847**	**1 246 611**

Consolidated Quarterly Report for Q1 2024 ended on 31 March 2024 (PLN K)

4.3 Other operating revenues

	For 3 months ended	
	31.03.2024	31.03.2023
- reversal of impairment losses, including:	-	8
- expected credit loss	-	5
- non-current fixed assets impairment losses	-	3
- other, including:	2 533	5 514
- compensation and additional payments	101	43
- grant settelment	798	798
- gains on disposal of non financial fixed assets	118	-
- reinvoicing	140	26
- other	1 376	4 647
Total other operating revenues	**2 533**	**5 522**

In Q1 2023 the item "other" included real estate tax refund relating to prior years in the amount of PLN 3,133 thousand.

4.4 Other operating expenses

	For 3 months ended	
	31.03.2024	31.03.2023
- asset impairment losses, including:	4 042	145
- expected credit loss	3 847	44
- inventories	195	-
- non-current fixed assets	-	101
- other, including:	380	901
- penalties, fines compensation payable	3	18
- donation	71	180
- complaints,compensation	37	75
- other	269	628
Total other operating costs	**4 422**	**1 046**

4.5 Financial income

	For 3 months ended	
	31.03.2024	31.03.2023
- financial income from interest on deposit and loans	12 164	9 783
- f/x differences, including:	273	409
- unrealized	239	26
- realized	34	383
- other surety - related fees	1 332	261
- other	259	29
Total financial revenue	**14 028**	**10 482**

Consolidated Quarterly Report for Q1 2024 ended on 31 March 2024 (PLN K)

4.6 Financial expenses

	For 3 months ended	
	31.03.2024	31.03.2023
- interest expenses	21 748	18 962
- f/x differences, including:	741	468
- unrealized	702	(112)
- realized	39	580
- commission an other fees	2 431	1 745
- financial costs due to discounting	1 193	-
- measurement of financial liabilities *)	930	932
- other	2 942	175
Total financial cost	**29 985**	**22 282**

*) refers to bank loans measured at amortized cost

4.7 Cash flows

Restricted cash	For 3 months ended	
	31.03.2024	31.03.2023
- cash frozen for loan repayment	52 391	45 873
- frozen cash for deposit	24 089	47 510
- frozen cash - split payment	27 267	12 090
- frozen cash - social benefit fund	34	40
Total	**103 781**	**105 513**

4.8 Goodwill

As at 31 March 2024, goodwill amounts to PLN 157 million and includes the following segments and cash generating centers:

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

4.9 Fair value of futures and forward contracts

Futures and forward contracts measured at fair value through profit or loss

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

The table below includes information on financial assets and liabilities related to the measurement of forward contracts that the Group measures at fair value and classifies at specific levels of the fair value hierarchy:

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

Consolidated Quarterly Report for Q1 2024 ended on 31 March 2024 (PLN K)

Level 2: Fair value is determined on the basis of other directly or indirectly observable data (in the case of products for a duration of less than one month - the determination of the price is made mainly through the granularity of the monthly product quotes based on historical data of the month's structure). As similar contracts are traded in an active market, the prices reflect results of actual transactions in similar derivative instruments. The fair value of loans is determined at amortized cost i.e. the discounted cash flow analysis at the assumed effective interest rate as a discount rate.

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

	For 3 months ended	
	31.03.2024	31.03.2023
Result of measurement of derivatives	1 441	(4 272)

Financial instrument category

	31.03.2024	Total
	Level 2	**Total**
Short term assets	168 389	168 389
Long term assets	13 960	13 960
Total	**182 349**	**182 349**

	Level 2	Total
Short term liabilities	169 502	169 502
Long term liabilities	7 378	7 378
Total	**176 880**	**176 880**
Net fair value	**5 469**	**5 469**

Impact on profit/loss	31.03.2024	31.03.2023
Market price increase by 1%	(93)	45
Market price decrease by 1%	93	(45)

The measurement of the fair value of speculative forward contracts, i.e. ones with an open position, amounted to PLN -35 thousand as at the reporting date.

Derivatives measured at fair value through profit or loss

In addition, the Group entered into derivative transactions to hedge foreign currency risk, the measurement of which was recognized directly through profit or loss.

Polenergia Obrót S.A. entered into transactions hedging future cash flows from gas and energy purchase contracts denominated in Euro. The total volume of transactions amounted to EUR 1,219 thousand, and the value of those transactions as at 31 March 2024 was PLN 28 thousand.

Maturity date of hedging instrument	Hedged value	Exchange rate hedged	Instrument
2024.Q2-Q3	1 219 EUR	4,3371	SWAP

Consolidated Quarterly Report for Q1 2024 ended on 31 March 2024 (PLN K)

Derivatives measured at fair value through other comprehensive income

As at 31 March 2024, the Group recognized PLN 15,391 k (31 March 2023: PLN -34,424 k) in other comprehensive income being a component of equity, on account of the effective portion of the hedging instrument's fair value.

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

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

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

As at 31 March 2024, the Group held the following hedging instruments for hedge accounting purposes.

Interest rate risk hedges

Maturity date of hedging instrument	Hedged value	Interest rate hedged	Instrument
29.09.2025	23 584	0,52%	IRS
29.06.2026	15 360	0,56%	IRS
26.02.2027	3 858	1,25%	IRS
26.02.2027	304	1,25%	IRS
15.12.2027	85 186	0,75%	IRS
29.03.2028	107 218	0,79%	IRS
18.12.2028	55 680	5,19%	IRS
22.12.2031	7 711	2,60%	IRS
21.06.2033	7 890	5,67%	IRS
12.12.2033	24 740	6,71%	IRS
12.12.2033	24 740	6,71%	IRS
13.03.2034	137 976	6,65%	IRS
30.06.2034	11 386	0,89%	IRS
11.06.2035	133 135	1,10%	IRS
10.09.2035	396 350	1,20%	IRS
31.12.2035	16 820	2,39%	IRS
11.03.2036	101 247	2,22%	IRS
Total	**1 153 185**		

Fair values of other financial assets and liabilities

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

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

Consolidated Quarterly Report for Q1 2024 ended on 31 March 2024 (PLN K)

	Category	Carrying amount		Fair Value	
		31.03.2024	31.12.2023	31.03.2024	31.12.2023
Financial asstes					
Futures and forward contracts	Level 2	182 349	184 023	182 349	184 023
Derivative instruments	Level 2	146 575	135 326	146 575	135 326
Financial liabilities					
Bank loans	n/a	1 456 512	1 532 141	1 456 512	1 532 141
Derivative instruments	Level 2	21 564	9 375	21 564	9 375
Futures and froward contracts	Level 2	176 880	176 368	176 880	176 368

4.10 Trade creditors and other receivables

As at 31 March 2024 impairment losses on trade receivables deemed uncollectible increased up to PLN 34,029 thousand compared to PLN 30,098 thousand as at 31 December 2023.

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

	Total	Step 2	Step 3
Gross value as at 1.1.2024	309 863	246 674	63 190
Arisen	187 960	187 960	-
Paid	(243 944)	(246 758)	2 730
Gross value as at 31.03.2024	253 879	187 876	65 920

The payment default rates and the calculation of credit losses as at 31 March 2024 and as at 31 December 2023 have been presented in the table below:

		Receivables from individual customers			
	Total	Current 0-30 days	30-60 days	60-90 days	>90 days
31.03.2024	4 359	1 543	1 543 -	44	1 317
Expected credit losses	9 474	-	-	-	9 474
31.12.2023	4 185	798	798	325	2 264
Expected credit losses	5 543	-	-	-	5 543

		Receivables from corporate customers			
	Total	Current 0-30 days	30-60 days	60-90 days	>90 days
31.03.2024	215 491	174 647	9 824	363	30 657
Expected credit losses	24 578	13 214	-	-	11 364
31.12.2023	275 580	244 262	116	375	30 827
Expected credit losses	24 578	13 214	-	-	11 364

Consolidated Quarterly Report for Q1 2024 ended on 31 March 2024 (PLN K)

4.11 Effective tax rate

	For 3 months ended	
	31.03.2024	31.03.2023
Income tax charged to the profit and loss account, including	**34 729**	**30 697**
Current tax	33 444	36 836
Deferred tax	1 285	(6 139)
Profit (Loss) before tax	**175 415**	**151 494**
Tax on gross profit at effective tax rate of 19%	33 329	28 784
Adjustments to prior years current income tax	(128)	-
Adjustments to prior years differed income tax	55	-
Non-deductible costs:	**1 482**	**1 996**
- permanent differences	393	179
- temporary difference on which no tax asset/provision is established	1 089	1 817
Non-taxable income:	**(9)**	**(83)**
- other	(9)	(83)
Income tax in the profit and loss account	**34 729**	**30 697**

4.12 Changes in provisions

Change in short term and long term provisions

	31.03.2024	31.12.2023
Provisions at beginning of the period	**125 540**	**29 652**
- recognition of provisions	1 308	96 883
- reversal of provisions	(314)	(739)
- application provisions	(19)	(256)
Provisions at end of the period	**126 515**	**125 540**

Consolidated Quarterly Report for Q1 2024 ended on 31 March 2024 (PLN K)

5. Interest bearing bank loans and borrowings

Polenergia Obrót 2 Sp. z o.o.

On 29 February 2024, Polenergia Obrót 2 Sp. z o.o. signed an annex to the facility agreement signed with a syndicate of banks including mBank S.A. (also acting as the facility agent and the security agent), Powszechna Kasa Oszczędności Bank Polski S.A. and Bank Polska Kasa Opieki S.A. The Annex changed the maximum availability periods of the loan tranches: investment loan until 30 April 2024, VAT loan until 31 May 2024, and the date from which the DSR (debt service reserve) loan is made available to 30 April 2024.

In the period between 1 January and 31 March 2024:

- the wind and photovoltaic farms made repayments of their investment loans totaling PLN 33,871.98 thousand, including PLN 5,303.87 thousand as a result of mandatory prepayments, and at the same time made drawdowns of further tranches of investment loans totaling PLN 1,960.0 thousand;
- Polenergia Dystrybucja Sp. z o.o. made repayments of the investment loan in the total amount of PLN 1,468.24 thousand and performed a drawdown of another tranche of said loan totaling PLN 4,000.00 thousand.
- The working capital loans debt balance, i.e. overdrafts and revolving facilities to finance VAT on the investment expenditure decreased in total by PLN 47,732.14 k in the group.

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

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 pre-emptive right so that it would also be granted to those on the list of persons entitled to attend the Company's

Extraordinary General Meeting on 13 March 2024. The resolution, as proposed by the shareholders' proxy, was adopted and announced 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 during which Resolution No. 3/2024 concerning the amendment to the Company's Statutes was adopted granting the Management Board new authorization to increase the Company's share capital within the limits of the New Authorized Capital. The Management Board will separately report on the exercise of such authorization to increase the Company's share capital within the limits of the New Authorized Capital in accordance with applicable laws.

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

No dividend distribution took place within the 3-month period ended on 31 March 2024.

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

On 15 January 2024, the guarantees received by Polenergia Obrót S.A. issued to order of Potęgowo Mashav for a total amount of PLN 2,971.37 thousand expired, while the guarantee was extended for another year for PLN 576.45 thousand.

On 26 January 2024, Polenergia Farma Wiatrowa Namysłów Sp. z o.o. received an insurance guarantee as performance bond issued by InterRisk TU S.A. to order of P&Q Sp. z o.o., with a limit amount of PLN 8,595.1 thousand, with an expiration date of 11 June 2025.

On 26 January 2024, Polenergia Farma Fotowoltaiczna 16 Sp. z o.o. received an insurance guarantee as performance bond issued by InterRisk TU S.A. to order of P&Q Sp. z o.o. with a limit amount of PLN 2,350.2 thousand, with an expiration date of 16 July 2025.

On 29 January 2024, Schattdecor submitted a bank guarantee for the amount of PLN 2,800.0 thousand, with an expiration date of 31 January 2026, as collateral for its obligations under the contract with Polenergia Obrót S.A.

On 15 February 2024, Polenergia Farma Wiatrowa Namysłów Sp. z o.o. received a bank guarantee as performance bond for the contract engineer's services, issued by Santander Bank Polska S.A. to order of AYESA POLSKA Sp. z o.o., with a limit amount of PLN 127.5 thousand and an expiration date of 28 February 2027.

On 15 February 2024, Polenergia Farma Fotowoltaiczna 16 Sp. z o.o. received a bank guarantee as performance bond for the contract engineer's services, issued by Santander Bank Polska S.A. to order of AYESA POLSKA Sp. z o.o., with a limit amount of PLN 42.7 thousand and an expiration date of 28 February 2027.

On 5 March 2024, Polenergia Obrót S.A. received a PCG issued by E.ON SE to secure obligations under the contract with E.ON in the amount of PLN 50,000 thousand, with an expiration date of 31 January 2026.

On 15 March 2024, Mercedes-Benz Poland submitted a bank guarantee for the amount of PLN 6,137.7 thousand, with an expiration date of 31 May 2028, to secure obligations under the energy supply contract with Polenergia Obrót SA.

On 25 March 2024, the insurance performance bond issued by InterRisk TU S.A. to Polenergia Obrót 2 Sp. z o.o. to order of P&Q Sp. z o.o. was extended until 30 April 2024.

In the period between 1 January and 31 March 2024, further McDonald's franchisees provided bank guarantees (issued by Santander Bank Polska S.A. and ING Bank Śląski S.A.) to secure their obligations under the energy supply contract for a total amount of PLN 1,185.01 thousand to Polenergia Obrót S.A. - all to be renewed until 31 May 2028.

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

On 29 February 2024, Polenergia S.A. issued payment guarantees for the obligations of the company MFW Bałtyk II Sp. z o.o. in which it holds a 50% stake, in connection with a contract with SIF Netherlands B.V. The guarantee to secure payments under the contract was issued up to the maximum amount of EUR 99,500 thousand and will expire on 31 December 2028.

On 29 February 2024, Polenergia S.A. issued payment guarantees for the obligations of the company MFW Bałtyk III Sp. z o.o. in which it holds a 50% stake, in connection with a contract with SIF Netherlands B.V. The guarantee to secure payments under the contract was issued up to the maximum amount of EUR 68,000 thousand and will expire on 31 December 2028.

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

Amon and Talia v Polska Energia – Pierwsza Kompania Handlowa and Tauron Polska Energia

Amon sp. z o.o. and Talia sp. z o.o. each filed an action to state ineffectiveness of the declarations of termination by Polska Energia – Pierwsza Kompania Handlowa sp. z o.o. (a company operating within the Tauron Group) of the Agreements for the sale of proprietary rights resulting from certificates of origin confirming the production of electricity in renewable energy sources - wind farms in Łukaszów (Amon) and Modlikowice (Talia) and the Agreements for the sale of electricity generated in the above-mentioned wind farms.

Both companies obtained favorable partial and preliminary judgments upholding the claim in the part regarding the ineffectiveness of the statements of termination by Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. of the contracts in dispute. The judgments have been appealed against.

On 20 December 2021 the Court of Appeal in Gdańsk issued a judgment in the case instituted by Talia sp. z o.o. against Polska Energia – Pierwsza Kompania Handlowa sp. z o.o. in which the entire appeal filed by the latter company was dismissed. On 16 August 2022, Polska Energia – Pierwsza Kompania Handlowa sp. z o.o filed a cassation complaint. On 17 November 2022, the Court of Appeal in Gdańsk issued a judgment in the case instituted by Amon sp. z o.o. against Polska Energia – Pierwsza Kompania Handlowa sp. z o.o. in which the entire appeal filed by the latter company was dismissed. On 12 June 2023, Polska Energia – Pierwsza Kompania Handlowa sp. z o.o filed a cassation complaint. Both cassation complaints were accepted for review by the Supreme Court.

On 31 March 2023, Amon sp. z o.o. received a pleading from Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. in the proceedings instituted by Amon sp. z o.o. covering further claims of Amon sp. z o.o. arising from the non-performance of the abovementioned contracts by Polska Energia - Pierwsza Kompania Handlowa sp. z o.o., pending before the District Court in Gdańsk, by which pleading Polska Energia - Pierwsza Kompania Handlowa included a counterclaim demanding the award of PLN 61,576 thousand from Amon with statutory default interest, split as follows: (i) on the amount of PLN 55,691 thousand - from 31 March 2023 until the date of payment, (ii) on the amount of

PLN 5,884 thousand - from the day immediately following the date of direct delivery of a copy of the counterclaim to the counsel of Amon sp. z o.o.

The amount of PLN 55,691 thousand represents liquidated damages demanded by Polska Energia – Pierwsza Kompania Handlowa sp. z o.o. allegedly on the basis of Art. 8 sec. 1 of the Agreement for the Sale of proprietary interest resulting from certificates of origin evidencing the generation of electricity in a renewable energy source - the Łukaszów Wind Farm, entered into on 23 December 2009 by Amon sp. z o.o. with Polska Energia – Pierwsza Kompania Handlowa sp. z o.o. and resulting allegedly from Amon's failure to meet the quantities of proprietary interest to be transferred in individual months commencing August 2019.

The amount of PLN 5,884 thousand, in turn, represents compensation claimed by Polska Energia – Pierwsza Kompania Handlowa for Amon's alleged failure to perform, in the period from 18 November 2022 to 31 December 2022, under the agreement for the sale of electricity generated at the Renewable Energy Source - the Łukaszów Wind Farm entered into by Amon sp. z o.o. with Polska Energia – Pierwsza Kompania Handlowa sp. z o.o. on 23 December 2009.

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

On 28 December 2023 Amon sp. z o.o. filed a second change of the claim against Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. with the Regional Court in Gdansk, in connection with the ineffective termination and non-performance by Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. of long-term contracts for the sale of energy and proprietary interest entered into by Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. with Amon sp. z o.o. By virtue of the aforementioned change of claim, Amon, in addition to the amounts previously claimed, seeks payment of PLN 18,297 thousand as damages for non-performance of the aforementioned contracts during their continued term.

On 28 December 2023 Talia sp. z o.o. filed a fifth change to the claim against Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. with the Regional Court in Gdańsk, in connection with the ineffective termination and non-performance by Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. of long-term contracts for the sale of energy and proprietary interest concluded by Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. with Talia sp. z o.o. By virtue of the abovementioned change of claim, Talia, in addition to the amounts claimed so far, seeks payment of PLN 12,075 thousand as damages for non-performance of the aforementioned contracts during their continued term.

Amon sp. z o.o. and Talia sp. z o.o. filed their claims for damages against Tauron Polska Energia S.A. The grounds for the liability in tort of Tauron Polska Energia S.A. is the cessation of the performance by Polska Energia - Pierwsza Kompania Handlowa sp. z o.o., a subsidiary of Tauron, of long-term contracts for the sale of electricity generated in renewable sources and long-term contracts for the sale of proprietary rights under the certificates of origin confirming that energy has been generated in renewable sources, entered into with the companies Amon sp. z o.o. and Talia sp. z o.o.

Witnesses are currently being interviewed orally at hearings and in writing before the Regional Court in Katowice.

On 28 December 2023 Amon sp. z o.o. and Talia sp. z o.o. filed with the Regional Court in Katowice a second change of claim against Tauron Polska Energia S.A covering claims of Amon and Talia for damages occurring after 30 June 2020. Pursuant to the change in question, the claims for damages with interest increased by PLN 29,668 thousand in case of Amon sp. z o.o., and PLN 19,277 thousand in case of Talia sp. z o.o.

Eolos vs. Certyfikaty, Polenergia Obrót and Green Stone Solutions

The companies Certyfikaty sp. z o.o., Polenergia Obrót S.A. and Green Stone Solutions sp. z o.o. (formerly Polenergia Usługi Sp. z o.o.) have been sued by Eolos Polska sp. z o.o before the District Court in Warsaw Commercial Division XX for payment of liquidated damages on account of termination of the contracts for the sale of proprietary rights incorporated in the certificates of origin of electrical energy generated in renewable energy sources and for payment of the amounts due on account of the balancing costs. The court appointed an expert in the case who prepared an opinion. On 14 December 2023, the court ordered the admission of evidence from a supplementary written opinion of the expert.

Polenergia Obrót vs. Jeronimo Martins Polska

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

On 1 December 2022, Polenergia Obrót S.A. filed an action against JMP in the Regional Court in Warsaw, demanding payment of the amount of PLN 40,853 thousand with statutory default interest applicable to commercial transactions accruing from the date of filing the action until the date of payment. The amount of the claim includes JMP's unpaid energy invoices worth PLN 39,528 thousand and the amount of PLN 1,324 thousand of accrued interest for the period up to the date of filing the action.

The difference in the value of the asserted claims compared to the amounts covered by JMP's set-off statement results from settlement adjustments made in the meantime in connection with updating the metering data and from the submission by Polenergia Obrót S.A of set-off statements. In September 2023, JMP delivered its statement of defense to Polenergia Obrót S.A. According to the claimant company, the content of the statement of defense, nor the arguments presented in JMP's subsequent pleadings, do not affect the previous assessment of the legitimacy of claim of Polenergia Obrót S.A.

The first hearing has not been scheduled yet.

Polenergia Dystrybucja's debt collection cases

Polenergia Dystrybucja sp. z o.o. manages the collection proceedings in relation to non-payment for the electrical energy supplied. The aggregate claims amount is currently ca. PLN 455 k.

UOKiK investigation against Polenergia Fotowoltaika

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

In the course of the proceedings, UOKiK requested that Polenergia Fotowoltaika S.A. submit additional information and documents. Polenergia Fotowoltaika S.A. provided UOKiK with the documents and information referred to in the requests.

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

Polenergia Fotowoltaika's debt collection cases

Due to the nature of Polenergia Fotowoltaika S.A.'s business, since December 2022 the company has filed 83 actions for payment in pursuit of receivables under contracts between the company and its customers. Due to the nature of its business, Polenergia Fotowoltaika S.A. is a party to 11 litigations in connection with contracts between the Company and its customers and the agreements between the company and its subcontractors or suppliers.

Challenging the decision of the President of URE by Polenergia Elektrociepłownia Nowa Sarzyna

Polenergia Elektrociepłownia Nowa Sarzyna sp. z o.o. challenged the decision of the President of the Energy Regulatory Office with respect to the final settlement of stranded costs under the Act on the principles of coverage of costs arising at generators in connection with early termination of long-term agreements for the sale of capacity and electricity (the "LTC Termination Act"). In his decision the President of the Energy Regulatory Office determined the amount of the final settlement of stranded costs payable to the company, as additional funds to those already paid, of PLN 3,758 thousand. As the company does not share the interpretation of selected provisions of the LTC Termination Act, it appealed against the decision of the President of the Energy Regulatory Office to the Court of Competition and Consumer Protection in Warsaw, demanding an increase in the amount of funds due to Company. The disputed value is PLN 13,214 thousand, for which Company established an allowance under receivables

On 23 November 2023, the abovementioned Court issued a judgment in which it changed the appealed decision and set the amount of the final adjustment of stranded costs at PLN 16,645 thousand, thus recognizing as legitimate the claim of Polenergia Elektrociepłownia Nowa Sarzyna sp. z o.o. in the amount of PLN 12,887 thousand and dismissing the claim as to the amount of PLN 327 thousand. On 12 January 2024, Polenergia Elektrociepłownia Nowa Sarzyna sp. z o.o. filed an appeal against part of the judgment in that portion in which its claim had been dismissed. On 30 January 2024, the President of the Energy Regulatory Office filed an appeal against the part of the judgment regarding the dismissed claim.

Redemption of proprietary rights by Polenergia Obrót

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

Restructuring the debt under the ISDA CIME contract due to Polenergia Obrót

In March 2023 Polenergia Obrót S.A. received information from CIME V-E Asset AG ("CIME") about financial difficulties that may cause delays in the payment of receivables to Polenergia Obrót S.A. under the framework agreement dated 27 February 2020, concluded on the basis of the International Swaps and Derivatives Association Inc. template, and the transaction agreements for 2023 - 2025 ("**ISDA**") concluded thereunder In addition, on 24 March 2023, Polenergia Obrót S.A. found out that invoices for the billing period covering January 2023 and February 2023 had not been paid, and approached CIME with a call for payment of receivables under ISDA, covering financial instruments based on energy products, and amounts resulting from late payments under ISDA (the "Debt").

In response to the need for restructuring measures, Polenergia Obrót S.A. agreed to enter into a package of agreements with CIME and CIME Krzanowice III sp. z o. o. being CIME's Polish operating subsidiary, ("CIME Krzanowice") in order to secure the interests of Polenergia Obrót S.A. to a maximum extent.

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

Proceedings instituted by the President of the Energy Regulatory Office (URE) against Polenergia Obrót, Polenergia Sprzedaż, Polenergia Farma Wiatrowa 3 and Polenergia Farma Wiatrowa Dębice/Kostomłoty

During September and October 2023, a number of the Polenergia S.A.'s subsidiaries (Polenergia Obrót S.A., Polenergia Sprzedaż sp. z o.o., Polenergia Farma Wiatrowa 3 sp. z o.o. and Polenergia Farma Wiatrowa Dębice/Kostomłoty sp. z o.o.) received notices of launching ex officio administrative proceedings by the President of the Energy Regulatory Office for the imposition of a monetary penalty in connection with the violation of the Act of 27 October 2022 on emergency measures aimed at limiting the amount of electricity prices and support for certain consumers by failing to submit to Zarządca Rozliczeń S.A. (Price Settlement Authority), by the deadline stipulated by the aforementioned Act, reports confirming the deduction for the Price Differential Payment Fund.

Polenergia S.A.'s subsidiaries have provided the President of the Energy Regulatory Office with explanations of the reasons for the delays (lasting usually a couple of days) in submitting reports and are now awaiting possible further correspondence or decisions, with Polenergia Farma Wiatrowa Dębice/Kostomłoty sp. z o.o. having received a notice of the closing of administrative proceedings and having been given an opportunity to review the evidence in the case.

A breach of the aforementioned law may result in a fine. The law currently stipulates that such fine may not exceed 15% of the punished entity's revenue generated in the immediately preceding financial year, with the President of the Energy Regulatory Office, when imposing the penalty, taking into account the degree of harmfulness of the act, the degree of culpability, as well as the track record of the entrepreneur and its financial capabilities. The President may also waive the penalty if the degree of harmfulness of the act is negligible, and the entity has ceased its breach or has fulfilled its obligation. The subsidiaries of Polenergia S.A. submitted all the delayed reports.

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

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

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

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

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

13. Liquidity risk

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

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

The table below shows the Group's financial liabilities by maturity as at 31 March 2024 and 31 December 2023, in terms of undiscounted contractual payments.

31.03.2024	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	In excess of 5 years	Total
Interest bearing loans and borrowings	48 309	205 126	783 877	979 944	**2 017 256**
Other liabilities	414 941	1 201	24 753	25 783	**466 678**
Liabilities for deliveries and sevices	86 089	-	-	-	**86 089**
Lease liabilities	6 768	16 376	75 018	227 893	**326 055**

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
Interest bearing loans and borrowings	54 620	245 106	795 443	1 021 539	**2 116 708**
Other liabilities	471 099	1 629	22 671	33 644	**529 043**
Liabilities for deliveries and sevices	108 675	-	-	-	**108 675**
Lease liabilities	14 115	6 894	71 943	227 354	**320 306**

14. Information on significant transactions with associates

Major transactions with associates in the 3-month period ended on 31 March 2024 include:

31.03.2024	Revenues	Receivables
MFW Bałtyk I S.A.	1 215	1 212
MFW Bałtyk II Sp. z o.o.	1 908	2 589
MFW Bałtyk III Sp. z o.o.	1 893	2 608
Total	**5 016**	**6 409**

The following significant transactions with associates with personal relations took place in the 3-month period ended on 31 March 2024:

31.03.2024	Costs	Libilities
Krucza Inwestycje KREH 1 Sp. z o.o. S.K.	2 700	6
Beyond.pl Sp. z o.o.	145	36
Ciech Sarzyna S.A.	148	91
Total	**2 993**	**133**

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

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

By the date of preparation of these condensed consolidated financial statements, i.e. by 22 May 2024, no events occurred which would not have been disclosed in the accounting books of the reporting period

Consolidated Quarterly Report for Q1 2024 ended on 31 March 2024 (PLN K)

C. OTHER INFORMATION PERTAINING TO THE CONSOLIDATED QUARTERLY REPORT

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

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

EBITDA / Net profit (loss) [PLN m]	3M 2024	3M 2023	Difference
Sales revenues	1 191,2	1 466,9	(275,7)
EBITDA	236,3	201,3	35,0
Net profit (loss)	140,7	120,8	19,9
Adjusted net profit (loss)	141,9	122,2	19,6

The year-on-year changes in the Q1 2024 performance were driven by the following factors:

a) On the level of EBITDA (increase by PLN 35.0 million):

- Better result of the onshore wind farms segment (by PLN 58.2 million) is mainly a consequence of higher electricity prices, the commencement of operation of the Grabowo and Piekło farms, and higher windiness. The above was partly offset by lower prices of green certificates and higher operating costs in wind farms;
- Better EBITDA result of the PV segment in the first quarter of 2024 relative to Q1 2023 (growth by PLN 0.9 million) due to higher energy generation in the PV segment, attributable mainly to the commissioning of the Strzelino photovoltaic farm in Q1 2024, which was partly offset by lower energy prices achieved in Q1 2024 and by slightly higher operating expenses.
- Better result of the gas and clean fuels segment (by PLN 1.6 million) due to better result on optimization of the ENS operation and better result on system services reduced by lower result on heat sales and higher fixed costs.
- Lower result of the trading and sales segment (by PLN 40.1 million) due to: (i) lower result on trading in electricity from RES assets as an effect of a change in the billing model that incorporates higher purchase prices from RES projects, (ii) lower result on other business, incorporating lower volume on the sales of solar panels and heat pumps, iii) lower result on the prop trading due to lower price volatility in the energy and gas markets, iv) higher operating expenses accompanying the business upscaling process. The slump in Q1 2024 has been partly offset by: i) better result on electricity trading and business service mainly due to low base effect as a result of the timing of the transactions in 2023 (realization of negative margin in Q1 and no recognition of the positive margin on transactions performed in the remaining part of the year), (ii) better result on electricity sales as a consequence of the lower cost of end-customer consumption profile;
- Better result of the distribution segment (by PLN 15.6 million) as a consequence of the higher unit margin on energy sales, and higher margin on electricity distribution (mainly due to low base effect as a result of the delay in updating the distribution tariff in previous year). The better result was partly offset by higher operating expenses related to the upscaling of operations and the costs incurred in connection with the development of electromobility projects.
- Lower result in Unallocated item (by PLN 1.1 million) has been mainly a consequence of higher operating expenses at the Headquarters caused predominantly by the upscaling of business.

b) On the level of Net Profit (increase by PLN 19.9 million):

- The EBITDA effect (higher result by PLN 35.0 million);

- Higher depreciation (by PLN 7.1 million) resulting primarily from the commissioning of fixed assets in the wind farm and PV farm segment, depreciation related to the dismantling provision established in 2023 and higher depreciation of leased assets under IFRS 16 adjusted for the finished PPA settlement concerning the acquisition of Polenergia Fotowoltaika S.A.
- Lower impairment losses (by PLN 0.1 million).

All the above mentioned items contributed to the increase of the operating profit by PLN 28.1 million.

- Higher financial income (by PLN 4.2 million) mainly as a consequence of higher interest income, better result on transactions involving derivatives and higher surety fees.
- Higher financial expenses (by PLN 8.4 million) resulting mainly from higher interest expenses, higher costs resulting from the measurement of derivatives and commission expenses, as well as financial expenses due to discounting resulting from the deferred costs of dismantling wind turbines and solar panels.
- The higher income tax level (by PLN 4 million) in 2024 results from the higher income of the Group before tax.

c) On the level of adjusted net profit (increase by PLN 19.6 million):

- The net profit effect (increase by PLN 19.9 million);
- Reversal of the foreign exchange differences effect (increase by PLN 0.5 million);
- Elimination of the purchase price allocation effect (drop by PLN 0.6 million);
- Reversal of the impairment losses effect (drop by PLN 0.1 m);
- Reversal of the loan measurement effect using the amortized cost method (unchanged).

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

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

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

The Company publishes no financial performance forecasts.

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

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

5. Identification of shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the general meeting of shareholders of the Issuer as at the day of delivery of the quarterly report, including the specification of the number of shares held by such companies, their percentage share in the share capital, number of votes attaching to them and their percentage share in the total number of votes at the general meeting, as well as identification of changes in the ownership structure of substantial share interest of the Issuer in the period since the delivery of the most recent past quarterly report

No.	Shareholder	Number of shares held	Number of votes	Percentage
1	Mansa Investments sp. z o.o.[1]	33,127,625	33,127,625	42.90%
2	BIF IV Europe Holdings Limited [2]	24,738,738	24,738,738	32.04%
3	Allianz Polska OFE[3]	6,045,142	6,045,142	7.83%
4	Nationale-Nederlanden OFE[4]	4,571,000	4,571,000	5.92%
5	Others (less than 5%)	8,736,408	8,736,408	11.31%
	Total	77,218,913	77,218,913	100%

[1] 100% of shares in Mansa Investments sp. z o.o. is indirectly controlled by Ms. Dominika Kulczyk through the company Kulczyk Holding s.à r.l. As announced on 13 April 2022 (Current Report No. 16/2022 dated 13 April 2022), Mansa Investments sp. z o.o. and BIF IV Europe Holdings Limited are acting in concert, based on an investment agreement entered into on 3 November 2020 (as amended), meeting the criteria referred to in Article 87 section 1 item 5 of the Act on Public Offering and Conditions for Introducing Financial Instruments to the Organized Trading System and on Public Companies. The number of shares and votes referred to in the table above additionally takes into account information on the number of shares allotted to individual shareholders under the Public Offering of Series AB ordinary bearer shares and the notification received by the Company on 3 April 2024 on the acquisition of 48,000 shares of the Company (Current Report No. 20/2024 dated 3 April 2024). On top of that, on 12 June 2023, the Company received a notification of the execution, on 7 June 2023, of a financial pledge agreement between Mansa and Santander Bank Polska S.A. the subject of which was 1,000,000 shares of the Issuer held by Mansa, representing, as at the date of the notification, approximately 1.5% of the Company's share capital and of the total number of votes in the Company (Current Report No. 24/2023 of 13 June 2023). On 27 September 2023, the Company received a notification of the execution, on 22 September 2023, of a financial pledge agreement between Mansa and Santander Bank Polska S.A. the subject of which was 13,000,000 shares of the Issuer held by Mansa, representing, as at the date of the notification, approximately 19.46% of the Company's share capital and of the total number of votes in the Company (Current Report No. 38/2023 dated 28 September 2023). between Mansa and Santander Bank Polska S.A., of a financial pledge agreement, the subject of which was 13,000,000 shares of the Issuer held by Mansa, representing, as at the notification date, approximately 19.46% of the Company's share capital and of the total number of votes in the Company (Current Report No. 38/2023 dated 28 September 2023).

[2] As announced on 13 April 2022 (Current Report No. 16/2022 dated 13 April 2022), Mansa Investments sp. z o.o. and BIF IV Europe Holdings Limited are acting in concert, based on an investment agreement entered into on 3 November 2020 (as amended), meeting the criteria referred to in Article 87 section 1 item 5 of the Act on Public Offering and Conditions for Introducing Financial Instruments to the Organized Trading System and on Public Companies. The number of shares and votes referred to in the table above additionally takes into account information on the number of shares allotted to individual shareholders in the Public Offering of AB Series ordinary bearer shares.

[3] Notification of a change in ownership published by the Company in current report No. 19/2023 of 16 May 2023. The number of shares and votes referred to in the table above additionally takes into account information on the number of shares allotted to individual shareholders in the Public Offering of AB Series ordinary bearer shares.

[4] As reported at the Issuer's EGM dated 13 March 2024 (Current Report No. 18/2024 dated 19 March 2024).

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

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

On 26 February 2024, the company Polenergia Farma Wiatrowa 33 sp. z o.o. was entered into the Entrepreneurs Register of the National Court Register KRS.

On 11 March 2024 the company Polenergia Farma Wiatrowa 34 sp. z o.o. was entered into the Entrepreneurs Register of the National Court Register KRS.

Consolidated Quarterly Report for Q1 2024 ended on 31 March 2024 (PLN K)

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

INTERIM CONDENSED STANDALONE BALANCE SHEET
as at 31 March 2024

ASSETS

	31.03.2024	31.12.2023
I. Non-current assets	**2 999 842**	**2 414 133**
Tangible fixed assets	14 595	15 135
Intangible assets	512	565
Financial assets	2 978 526	2 392 881
Deferred income tax assets	4 404	3 745
Prepayments and accrued income	1 805	1 807
II. Current assets	**483 480**	**1 080 851**
Trade receivables	22 026	44 105
Income tax receivable	20	19
Other short term receivables	2 461	1 501
Prepayments and accrued income	12 019	12 106
Short term financial assets	71 870	73 882
Cash and equivalent	375 084	949 238
Total assets	**3 483 322**	**3 494 984**

EQUITY AND LIABILITIES

	31.03.2024	31.12.2023
I. Shareholders' equity	**3 438 010**	**3 441 992**
Share capital	154 438	154 438
Share premium account	2 240 960	2 240 960
Reserve capital from option measurement	13 207	13 207
Other capital reserves	810 528	810 528
Capital from merger	89 782	89 782
Retained profit (loss)	133 077	(26 826)
Net profit /(loss)	(3 982)	159 903
II. Long term liabilities	**7 926**	**8 805**
Provisions	693	693
Lease liabilities	7 233	8 112
III. Short term liabilities	**37 386**	**44 187**
Trade payables	1 344	5 271
Lease liabilities	6 156	5 858
Other liabilities	1 460	7 569
Provisions	4 270	4 270
Accruals and deferred income	24 156	21 219
Total equity and liabilities	**3 483 322**	**3 494 984**

Consolidated Quarterly Report for Q1 2024 ended on 31 March 2024 (PLN K)

INTERIM CONDENSED STANDALONE PROFIT AND LOSS ACCOUNT
for the 3-month period ended on 31 March 2024

	For 3 months ended	
	31.03.2024	31.03.2023
Revenues from contracts with clients	11 382	10 083
Sales revenues	**11 382**	**10 083**
Cost of goods sold	(12 300)	(9 273)
Gross sales profit	**(918)**	**810**
Other operating revenues	2	-
General overheads	(11 686)	(12 072)
Other operating expenses	(2)	(89)
Financial income	12 441	41 021
including dividend	-	24 000
Financial costs	(4 478)	(425)
Proft before tax	**(4 641)**	**29 245**
Income tax	659	(1 087)
Net profit	**(3 982)**	**28 158**

INTERIM CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME
for the 3-month period ended on 31 March 2024

	For 3 months ended	
	31.03.2024	31.03.2023
Net profit	**(3 982)**	**28 158**
Other net comprehensive income	**-**	**-**
COMPREHENSIVE INCOME FOR PERIOD	**(3 982)**	**28 158**

Consolidated Quarterly Report for Q1 2024 ended on 31 March 2024 (PLN K)

INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY
for the 3-month period ended on 31 March 2024

	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 2024	**154 438**	**2 240 960**	**13 207**	**810 528**	**89 782**	**133 077**	**-**	**3 441 992**
Other comprehensive income for period								
Net profit (loss) for reporting period	-	-	-	-	-	-	(3 982)	(3 982)
As at 31 March 2024	**154 438**	**2 240 960**	**13 207**	**810 528**	**89 782**	**133 077**	**(3 982)**	**3 438 010**

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

	Share capital	Share premium account	Reserve capital from option measurement	Other capital reserves	Capital from merger	Retained loss	Net profit	Total equity
As at January 2023	**133 604**	**1 515 557**	**13 207**	**690 205**	**89 782**	**(26 826)**	**120 323**	**2 535 852**
Other comprehensive income for period								
Net profit for reporting period	-	-	-	-	-	-	28 157	28 157
As at 31 March 2023	**133 604**	**1 515 557**	**13 207**	**690 205**	**89 782**	**(26 826)**	**148 480**	**2 564 009**

Consolidated Quarterly Report for Q1 2024 ended on 31 March 2024 (PLN K)

INTERIM CONDENSED STANDALONE STATEMENT OF CASH FLOWS
for the 3-month period ended on 31 March 2024

	For 3 months ended	
	31.03.2024	31.03.2023
A.Cash flow from operating activities		
I.Profit (loss) before tax	**(4 641)**	**29 245**
II.Total adjustments	**16 784**	**(34 196)**
Depreciation	1 698	1 544
Foreign exchange losses (gains)	-	1
Interest and profit shares (dividends)	(1 764)	(34 571)
Losses (gains) on investing activities	(688)	-
Income tax	(1)	(10 392)
Changes in receivables	21 119	12 906
Changes in short term liabilities, excluding bank loans and borrowings	(6 252)	(7 795)
Changes in accruals	3 026	4 111
Other adjustments	(354)	-
III.Net cash flows from operating activities (I+/-II)	**12 143**	**(4 951)**
B.Cash flows from investing activities		
I. Cash in	**688**	**188 040**
1. Dipsosal of intangibles and tangible fixed asstes	2	-
2. From financial assets, including:	-	188 040
- dividends and shares in profits	-	24 000
- repayment of loans given	-	160 000
- interest	-	4 040
3. Other investment inflows	686	-
II.Cash out	**585 274**	**178 620**
1. Acquisition of intangible and tangible fixed assets	63	649
2. For financial assets, including:	585 211	177 971
- acquisition of financial assets	585 164	177 971
- loans given	47	-
III.Net cash flows from investing activities (I-II)	**(584 586)**	**9 420**
C.Cash flows from financing activities		
I.Cash in	**-**	**-**
II.Cash out	**1 711**	**1 518**
1.Lease payables	1 507	1 303
2.Interest	204	215
III.Net cash flows from financing activities (I-II)	**(1 711)**	**(1 518)**
D.Total net cash flows (A.III+/-B.III+/-C.III)	**(574 154)**	**2 951**
E.Increase/decrease in cash in the balance sheet, including:	**(574 154)**	**2 950**
- change in cash due to f/x differences	**-**	**(1)**
F.Cash at the beginning of period	**949 238**	**426 125**
G.Cash at the and of period, including:	**375 084**	**429 075**
- restricted cash	983	73

Consolidated Quarterly Report for Q1 2024 ended on 31 March 2024 (PLN K)

COST ACCORDING TO TYPE

	For 3 months ended	
	31.03.2024	31.03.2023
- depreciation	1 698	1 544
- materials and power consumption	587	320
- third party services	6 854	6 591
- taxes, duties and fees	7	3
- salaries	12 553	11 279
- social security and other benefits	2 247	1 604
- other cost by type	40	4
Total cost by type	**23 986**	**21 345**
- general overheads (-)	(11 686)	(12 072)
Total cost of goods sold	**12 300**	**9 273**

Consolidated Quarterly Report for Q1 2024 ended on 31 March 2024 (PLN K)