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Polenergia S.A. Group

CONSOLIDATED QUARTERLY REPORT

FOR THE THIRD QUARTER OF 2024

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Warsaw, 21 November 2024

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A. INTRODUCTION TO THE CONSOLIDATED QUARTERLY REPORT

1. Consolidated profit and loss account for a 9-month period ended 30 September 2024

Within the 9-month period ended on 30 September 2024, the results of Polenergia Group (the "Group") in terms of the EBITDA and the adjusted net profit amounted to PLN 544.9 million and PLN 296.9 million, respectively, which means a YOY growth of the result by PLN 125.1 million and PLN 83.2 million, respectively.

	Polenergia Group Income Statement (PLN m)	9M 2024	9M 2023	Difference YOY	Difference YOY [%]	Q3 2024	Q3 2023	Difference YOY	Difference YOY [%]
	Sales revenues, including:	**3 016,3**	**4 079,5**	**(1 063,2)**	**-26%**	**911,5**	**1 241,4**	**(330,0)**	**-27%**
	trading and sales segment	2 154,7	3 368,0	(1 213,3)		665,9	1 026,2	(360,4)	
	other	861,6	711,5	150,1		245,6	215,2	30,4	
	Cost of goods sold, including:	**(2 387,0)**	**(3 588,4)**	**1 201,4**	**-33%**	**(736,9)**	**(1 104,2)**	**367,3**	**-33%**
	trading and sales segment	(1 963,6)	(3 152,3)	1 188,7		(596,8)	(960,8)	364,0	
	other	(423,5)	(436,1)	12,7		(140,1)	(143,4)	3,3	
	Gross profit on sales	**629,3**	**491,1**	**138,2**	**28%**	**174,6**	**137,3**	**37,4**	**27%**
	Selling expenses and general overheads	(206,6)	(187,8)	(18,8)		(68,7)	(63,8)	(4,9)	
	Other operating revenue/expense	(7,9)	4,5	(12,5)		0,9	2,1	(1,2)	
	Auction price settlement	(0,2)	(6,9)	6,6		(0,3)	(6,2)	5,9	
A	**Operating profit (EBIT)**	**414,5**	**301,0**	**113,5**	**38%**	**106,6**	**69,4**	**37,2**	**54%**
	Depreciation/Amortization	130,4	118,7	11,6		43,7	41,6	2,1	
	Impairment losses	-	0,1	(0,1)		-	-	-	
	EBITDA	**544,9**	**419,8**	**125,1**	**30%**	**150,3**	**110,9**	**39,3**	**35%**
B	Financial income	36,8	32,5	4,4		10,8	9,5	1,4	
C	Financial costs	(81,1)	(71,5)	(9,5)		(22,9)	(26,3)	3,3	
A+B+C	**Gross profit (loss)**	**370,3**	**261,9**	**108,4**	**41%**	**94,5**	**52,6**	**41,9**	**80%**
	Income tax	(76,2)	(53,1)	(23,1)	44%	(20,8)	(11,1)	(9,7)	88%
	Net profit (loss)	**294,0**	**208,8**	**85,2**	**41%**	**73,7**	**41,5**	**32,2**	**78%**
	Normalizing adjustments:								
	Purchase price allocation (PPA)	0,2	2,1	(1,9)		0,1	0,7	(0,6)	
	Foreign exchange differences	0,5	0,2	0,3		0,1	0,7	(0,6)	
	Loan valuation using the amortized cost method	2,2	2,5	(0,3)		0,7	1,0	(0,3)	
	Impairment losses **	-	0,1	(0,1)		-	-	-	
	Adjusted net profit (loss)*	**296,9**	**213,7**	**83,2**	**39%**	**74,5**	**43,9**	**30,6**	**70%**
	EBITDA	**544,9**	**419,8**	**125,1**	**30%**	**150,3**	**110,9**	**39,3**	**35%**
	EBITDA Margin	18,1%	10,3%	7,8%		16,5%	8,9%	7,6%	
	EBITDA (excl. trading segment)	**490,3**	**323,0**	**167,3**	**52%**	**124,9**	**84,5**	**40,4**	**48%**
	EBITDA margin (excl. trading segment)	56,9%	45,4%	11,5%		50,9%	39,3%	11,6%	

*) 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 three quarters of 2024 were lower by PLN 1.1 billion mainly due to lower revenues in the trading and sales segments (by PLN 1.2 billion) and in the gas and clean fuels segment (by PLN 41.7 million) which was partly offset by higher revenues in the onshore wind farm segment (by PLN 159.4 million) and distribution (by PLN 22.1 million).

The EBITDA result in the period under review amounted to PLN 544.9 million and was PLN 125.1 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 146.7 million), which is mainly a consequence of higher electricity prices obtained by the farms, in view of no extension into 2024 of electricity price freeze for generators and given 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. Higher EBITDA result compared to the corresponding period of the preceding year was also recorded in the distribution segment mainly due to a higher unit margin on energy sales in this period of 2024 and a higher margin on electricity distribution. The result was partly offset by a lower result in the trading and sales segment (by PLN 42.2 million) which is mainly due to a lower result on other operations taking into account lower sales volumes of solar panels and heat pumps, a lower margin on RES assets - originating electricity trading as a result of a change in the billing model incorporating a higher purchase price from RES projects and higher operating expenses due to the upscaling of the Group's business.

In the third quarter of 2024 sales revenues of Polenergia Group dropped by PLN 330.0 million year on year, impacted by lower sales revenues in the trading and sales segment (by PLN 360.4 million) and lower revenues in the gas and clean fuels segment (by PLN 5.2 million), partly offset by higher sales revenues in the onshore wind farm segment (by PLN 31.5 million) and the PV segment (by PLN 3.2 million).

The EBITDA result of the Group in the third quarter of 2024 alone amounted to PLN 150.3 million and was higher by PLN 39.3 million relative to the corresponding period of the preceding year. This was mainly due to a better result in the onshore wind farms segment (by PLN 42.9 million) mainly as a result of higher electricity prices obtained by the farms, due to the non-extension of the electricity price freeze for generators for 2024, better result in the distribution segment (by PLN 0.2 million) due to higher volume on distribution and sales of electricity in the end user segment, better result in the PV segment (by PLN 1.6 million) given higher generation of energy, attributable to a large extent to the commissioning of the Strzelino PV farm (45.2 MWp), and better result in the gas and clean fuels segment (by PLN 1.4 million) due to better result on optimization of ENS operation and better result on system services. The abovementioned result was partly offset by lower performance in the Unallocated segment (by PLN 5.8 million) and trading and sales (by PLN 1.1 million).

In the nine-month period of 2024, the Group's adjusted net profit reached PLN 269.9 million, which means a YOY growth by PLN 83.2 million. In the third quarter of 2024 alone, the adjusted net profit of the Group amounted to PLN 74.5 million, which means growth compared to the performance in the corresponding period of the preceding year by PLN 30.6 million. The growth of the adjusted net profit in the aforementioned periods was mainly caused by the factors impacting adjusted EBITDA described above, higher depreciation resulting from the growth of generating capacity, as well as depreciation of the dismantling provision and an increase in financial income from sureties granted and financial costs of fees, discount and transactions involving derivatives.

2. Detailed commentary regarding financial performance for the 9-month period ended 30 September 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 9M 2024	473,6	16,7	5,8	54,6	39,1	(44,8)	544,9
EBITDA 9M 2023	326,9	10,4	5,0	96,8	14,5	(33,8)	419,8
Difference:	146,7	6,3	0,8	(42,2)	24,5	(11,0)	125,1

In the first three quarters of 2024, the onshore wind farm segment (493 MW; growth by 57.2 MW YOY) yielded the EBITDA result that was higher by PLN 146.7 million year on year. The growth in the segment's results in the abovementioned period has been driven by higher electricity prices obtained by the farms, due to the non-extension of the electricity price freeze 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. 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, among others, the commencement of operation of the Grabowo and Piekło wind farms.

The gas and clean fuels segment recorded an increase of PLN 0.8 million compared to the result in the same period of the preceding year mainly due to: (i) a better result on the optimization of ENS operation reduced by the lack of additional margin on the Reliability-must-run (GWS) service; (ii) higher revenues from the Capacity Market due to a higher price per 1MW of contracted power in 2024 vs. 2023; (iii) lower result on heat sales due to lower cost coverage by tariff prices and an additional charge for not collecting minimum volume of gas for heat. The result on operations in the third quarter of 2024 was lower YOY by PLN 1.4 million, mainly due to: (i) a better result on optimization of ENS operation; (ii) higher revenues from the Capacity Market due to a higher price per 1MW of contracted power in 2024 vs. 2023; (iii) lower result on heat sales due to lower cost coverage by tariff prices and an additional charge for not collecting minimum volume of gas for heat.

The trading and sales segment after three quarters of 2024 experienced a drop of the EBITDA result by PLN 42.2 million relative to the corresponding period of the preceding year. The drop was driven by: i) lower result on other operations in prosumer energy sector resulting from lower sales volume of solar panels and heat pumps, ii) lower result on trade in electricity from RES assets due to the change in the billing model taking into account higher purchase price from RES projects, iii) lower result on electricity trading and business service related mainly to lower price volatility on energy markets, iv) higher operating costs due to the upscaling of the Group's business. The slump in the first three quarters of 2024 was partly offset by: i) better result on electricity sales due to lower cost of end-customer consumption profile. ii) better result on RES aggregation mainly due to additional margin on sale of green certificates. In the third quarter of 2024 alone, the trading and sales segment reported a drop of its EBITDA result by PLN 1.1 million relative to the result in the corresponding period of the preceding year. The decline in the result in the third quarter of 2024 was driven by: (i) lower result on other prosumer energy business taking into account lower qualification and timing of settlement of applications under the My Electricity (*Mój Prąd*) scheme and lower sales volume of solar panels and heat pumps, ii) lower result on electricity trading and business service related mainly to lower price volatility on energy markets, iii) higher operating costs due to the upscaling of the Group's business. The slump in the third quarter of 2024 was partly offset by: i) better result on electricity trading from RES assets due to the contributions to the Settlement Authority's fund obligatory in 2023, ii) better result on trading in wind farm certificates mainly related to the effect of a low base resulting from the transactions performed in 2023. iii) better result on electricity sales due to lower cost of end-customer consumption profile.

The EBITDA result of the distribution segment in the first nine months of 2024 exceeded that of the corresponding period of the preceding year by PLN 24.5 million, while in the third quarter alone, the distribution segment's EBITDA result was higher by PLN 0.2 million compared to the corresponding period of the preceding year. Growth of the result is mainly a consequence of a higher unit margin on energy sales in said period of 2024 due to 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 the low base effect resulting from a delay in updating the distribution tariff in 2023). In the third quarter alone, the result was boosted by higher margins on distribution and electricity sales mainly due to higher volume in the end-user segment. Such 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.

The EBITDA result of the PV segment (82 MW) in the first nine months 2024 and in the third quarter of 2024 was at a higher level compared to that in the corresponding periods of the preceding year (growth by PLN 6.3 million and PLN 1.6 million, respectively) due to higher energy generation, attributable mainly to the commissioning of the Strzelino photovoltaic farm (45.2 MWp) in the first quarter of 2024. The volume effect was partly offset by lower energy prices achieved in the first half of 2024 at some of the farms and by higher operating costs associated with the increase in installed capacity.

The result under the Unallocated item in the period since January until September 2024 was lower by PLN 11.0 million relative to the corresponding period of 2023 (and lower by PLN 5.8 million in the third quarter alone). The change of the 2024 EBITDA result was driven mainly by higher operating expenses at the Headquarters (payroll and third party services) resulting from the upscaling of business.

The result on financing activity in the period between January and September 2024 was lower year on year by PLN 5.1 million, predominantly due to higher interest expenses, financial expenses from discounting resulting from the deferred costs of dismantling wind turbines and solar panels and the result on derivative transactions, partly offset by higher interest income from deposits. In the third quarter alone, the result was higher by PLN 4.7 million, mainly due to lower financial costs of interest and higher income from sureties.

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

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.

The ongoing war in Ukraine has brought no significant results during the third quarter of 2024, and its impact on commodity quotations in Europe is no longer so significant, given the successfully implemented diversification of, among others, natural gas supplies. Throughout the recent quarter, we have seen a relative stabilization of prices in the natural gas market, while electricity and CO_2 emission allowance prices dropped during the quarter. High seasonal temperatures and very high generation from RES, coupled with relatively low gas and electricity demand, have kept the prices at the pre 2022 energy crisis levels. Nevertheless, given the need to fill in gas storage for the next winter the necessary rehabilitation works or extreme weather conditions, as well as potential attacks on the energy infrastructure, uncertainty about potential surge in commodity price remains real. On top of that, the conflict in the Middle East and its potential expansion onto further countries may cause unexpected disruptions in the supply of raw materials to Europe.

In terms of financial factors relevant to the Group, persisting high cost of money resulting from the growth in interest rates, 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 changes in the balancing market implemented as of 14 June 2024 increased the cost of RES sources balancing and profiling in Q3 2024, which adversely affects the Group's results related to the exploitation of RES sources.

In the third quarter, we also observed increased daily price volatility on the Day Ahead Market. High prices are accompanied by more and more negative prices, which means that the average price in the market does not change dramatically, hence forward contracts valuation remains low. Low forward contract prices and higher price volatility pose a risk of reduced future returns in the Group's segments which hinge on renewable electricity generation.

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 2024 and 2025. An additional safety feature for thermal power generation is the supply of light heating oil maintained and increased in the first quarter of 2022, as reserve fuel in the event of limited or discontinued supplies 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 CO2 emission allowances situation in the long term may reduce the ability to secure production and margin in ENS for the years to follow in the forward market.

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 despite the drop in electricity prices on the wholesale market and the concurrently continuing low prices of PMOZE_A proprietary rights ("green certificates"), the lawmaker did not opt to raise the obligation to redeem certificates of origin to the levels that would ensure the market's return to equilibrium. Eventually, the level of obligation to redeem PMOZE_A certificates of origin for 2025 was raised to 8.5% from 5% in 2024. The above decision has kept market prices for green certificates at low levels, which results from low demand due to the obligation to redeem and from the fact that the reduction of the obligation takes place faster than the pace of exiting from the green certificate system by old RES projects. The sale price of green certificates for the 2024 generation has been secured to a large extent. As at the time of the publication of this report, the Group has wind projects with a total capacity of 227.3 MW which operate in the green certificate system remaining in effect for 15 years after the facility's start-up and are exposed to the risk of price volatility of proprietary rights in the long term.

Due to the significant increase in the installed capacity of RES, in particular PV, in Poland and in the neighboring countries, during periods of significant RES generation with concurrent low demand, we have increasingly been experiencing negative prices in the market, which means that for every MWh generated during such hour, the generator must pay to sell it to the market. Such situations mainly occur on weekends and holidays. At the same time, for RES generators using the support schemes for settling, the occurrence of negative prices for at least six consecutive hours entails their inability to settle the production volumes from those hours under the auction system, or results in no proprietary rights issued by the ERO President for the generation in those hours, depending on the support scheme that the given RES source participates in.

In addition, those Polenergia Group's segments that rely upon renewable generation are adversely affected by the occurring situations of oversupply of energy in the market, which happen during periods of low demand for energy in the National Power System when concurrent high generation from RES occurs. Because of this phenomenon, during periods when PSE S.A. ("PSE") is unable to further curtail conventional units or export the surplus energy generated, production from individual RES units is reduced. On the operator's (PSE) demand the non-market redispatch of generation units is triggered. Such circumstances may give rise to a compensation event, yet 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, that company curbed its operating activities. Currently, all operations in Ukraine are put on hold, and the Company itself is in the process of 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 RES assets generated energy sales strategy and has been aiming at increasing the share of energy sales in OTC transactions, direct sales to the end customers and sales 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 an ICT 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 further aggravated lack of the forward market liquidity, transparency and unreliability of price indices, which may affect the Group's ability to perform its operating activity, 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 a 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. Bottlenecks have been observed in the offshore wind supply chain which may result in the requirement to adjust construction schedules of the Bałtyk II and Bałtyk III offshore wind farm projects.

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

Onshore wind farms and PV

The Group operates renewable energy projects of 493 MW in the onshore wind power segment, as well as 82 MWp in the photovoltaics segment.

The Group continues works 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.

The performance of construction and assembly works for the Szprotawa I and Szprotawa II photovoltaic farm projects with a total capacity of 67 MWp has been progressing according to schedule. At the Szprotawa I project, as at the end of September 2024, works completed included the assembly of structures, construction and installation of MV/LV transformer stations, construction of MV and HV power lines and installation of solar modules. At the Szprotawa II project, as at the end of September 2024, pile driving construction works, the construction of MV lines, 75% of the structure assembly work and 25% of the solar module assembly work have been completed. Performance of the aforementioned works at the Szprotawa I and II projects is about 1-2 months ahead of the contractual work program. In Q1 2025, the first voltage application and the start of the facility's technological commissioning are planned.

For the 35 MWp Rajkowy PV farm project, after winning the auction for the sale of energy from renewable sources in 2023, the tender process to appoint the contractor for the comprehensive assembly and electrical works for the project has been completed. In late 2024 / early 2025 it is planned to apply for the required corporate approvals necessary for implementation of the project.

The Group has been working to further develop wind and PV projects in Poland. Currently, the Group's portfolio includes photovoltaic projects (other than those referred to above) and (onshore) wind projects at a less advanced stage with an aggregate capacity of ca. 1.9 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 Wind Farm Four Srl („WF4”, former Naxxar Wind Farm Four Srl). WF continues to develop the wind farm project in seven SPVs. In the third quarter of 2024, the Company exercised the call option granted under the agreement to acquire a 60% stake in WF4 entered into on 5 October 2023 with Naxxar Renewable Energy Management Holding Srl ("NRE MH"), as a result of which the Company acquired the remaining 40% stake in WF4 from NRE MH, consequently becoming the sole shareholder of WF4. The consideration for the remaining shares amounted to EUR 2,800,072.00 and was paid on 27 September 2024. On the day the Company exercised its call option, NRE MH and WIP International GmbH ("WIP") entered into a settlement agreement to settle and terminate, through mutual concessions, all claims of WIP, including the claims reported by the Company in current reports Nos. 29/2024 dated 27 May 2024. and 32/2024 dated 24 June 2024 (the "Claims"), against, among others, the Company, NRE MH, the project companies and Naxxar Wind Energy Project Zenon Srl - the former (prior to NRE MH) owner of shares in WF4 (the "Settlement"). As part of the Settlement Agreement, WIP has completely waived its Claims against, among others, the entities listed above, their affiliates, subsidiaries, shareholders, representatives, employees, as well as any other third parties. As a result, there has been a release of the Claims, while the legal proceedings pending before the Romanian court have become unfounded and the Company expects them to be validly discontinued.

In the third quarter of 2024, the business of WF4 was oriented towards the environmental procedure and obtaining the last decisions and permits necessary to approve the local zoning plan (RO: PUZ).

One of the company's key strategic goals is to secure energy production from the Group's operating assets over the long term. In order to minimize market risk and stabilize revenues, the Group applies instruments hedging the energy sales such as contracts for difference (auction), PPAs, direct sales to end customers and forward contracts.

As of the publication date of this report for the year 2025, the Group has hedged 89% of its generation target, achieving a weighted average net price of PLN 408/MWh (after deducting the estimated profile cost). The energy sales price for 2025 is lower compared to 2024, due to the downward trend in the electricity forward market and the market expectations for prices to continue dropping.

The table below shows the level of commercialization of electricity from the Group's wind and photovoltaic assets in the years 2025-2029:

	2025	2026	2027	2028	2029
Auction	15%	17%	17%	23%	38%
Other hedging instruments	74%	62%	27%	19%	3%
Total	89%	78%	44%	42%	41%

Offshore wind farms

Development works in the offshore wind power segment have been continued. The Group holds 50% of the shares in 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.

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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.

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. The European Commission's decision on compatibility with the internal market was issued on 2 August 2024, while the President of the Energy Regulatory Office issued his decisions on 6 November 2024 concerning MFW Bałtyk II and MFW Bałtyk III offshore wind farms, setting the price as the basis for covering the negative balance at PLN 319.60/MWh for the 25-year period of support. The price set by such decisions is subject, since 2022, to annual adjustment by the average annual index of prices of consumer goods and services from the preceding calendar year, as published in the communication of the President of the Central Statistical Office. According to the decision's rationale, the authority determined in the course of the proceedings that the commencement of works on the MFW Bałtyk II and MFW Bałtyk III projects took place prior to the issuance of the decision by the President of the Energy Regulatory Office, which means that the price that is the base for payment of the negative balance will not be subject to any "claw-back" adjustment.

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).

All location decisions (LD) 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. As at 18 August, a full set of building permits was obtained for MFW Bałtyk II and MFW Bałtyk III. As at 18 September, a full set of certificates stating the final and binding status of all 17 building permits.

On 28 June 2024, the companies MFW Bałtyk II and MFW Bałtyk III entered into annexes to the connection agreements with PSE for both projects related to updating the connection schedule, updating the technical conditions for connection to the PSE's grid and adjusting the agreements to current regulatory requirements.

On 5 August 2024, physical preparatory works began on the ONS BII transformer station, i.e. preparation works on the access road, retention basins with agricultural drainage, preparation of the water connection and the power connection for the purpose of construction, utility relocation with respect to the MV line (re-building the 15 kV overhead line). Preparatory works have also begun on the ONS BIII transformer station.

On 16 February 2024, the Minister of Infrastructure issued decisions amending the Artificial Island Permits for both projects. The need for amendment resulted from the change in the design and implementation assumptions, the alignment of the provisions of the AIP 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.

Private properties along the route of the export cable for MFW Bałtyk II and MFW Bałtyk III have been secured by agreements for the establishment of transmission easements, properties owned by the State Treasury have been covered by the location decision. The location decisions for MFW Bałtyk II and MFW Bałtyk III for the onshore cable were appealed by one property owner to the Voivode of the Pomorskie region. The case is pending at the second instance, i.e. the Ministry of Development and Technology. However, appeals against location decisions do not suspend their enforceability.

The companies are continuing the process of purchasing the real estate for the substation (ONS) and access road and have the right to use the land for construction purposes - notarial deeds establishing the right of use are scheduled for the first half of October 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, opening of an exhibition on offshore wind energy in the Naval Culture Center - a branch of the National Maritime Museum in Gdańsk, supporting cooperation with Polish companies during e.g. Supplier Days, or participation in educational campaigns.

In the third quarter of 2024, extensive market sounding was performed with potential lenders to procure project finance for the offshore wind farm projects developed by the two companies. The next quarter will be devoted to establishing a syndicate of financing institutions and negotiating the terms of the loan agreement. The closing of the financing process is expected in the first quarter of 2025.

Key contracts related to the MFW Bałtyk II and MFW Bałtyk III offshore projects are in place.

Material agreements signed by the end of the third quarter of 2024 include:

- Major project contracts with Siemens Gamesa Renewable Energy for the manufacture, supply and service of 100 wind turbines (both contracts entered into in February 2024);
- ESON (electrical system design and delivery of onshore transformer station) (December 2022);
- EPCI offshore export cables (October 2024);
- EPCI inter-array cables (October 2024);
- Foundation design (March 2024);
- Transportation and installation of foundations and OSS (July 2024);
- Installation of wind turbines; Charter contract (September 2024);
- Delivery of an offshore EPC transformer station (August 2024);
- Transition elements - EPC (August 2024);
- Onshore export cable - EPC (September 2024);
- Onshore export cable - construction works (August 2024);
- HDD Landfall (September 2024);

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.

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.

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").

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 also without cause, 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 5 years, but this will entail a higher annual fee payable to the contractor. Under the Service Agreements, the contractor provided the Project Companies with availability 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 to the contractor. The maximum total amount of the Company's PCG obligations amounts, to ca.: (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 approved schedule, production work is scheduled to begin in Q2 2025, and to be completed 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 agreements 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).

[Contracts for transportation and installation of turbine foundations and offshore transformer stations].

On 2 July 2024, the project companies MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. in a joint venture with Equinor Wind Power AS signed contracts with a Dutch law company Heerema Marine Contractors Nederland SE (each Company individually) for the transportation and installation of turbine foundations and offshore transformer stations. The subject matter of the contracts is the transportation and installation of monopile wind turbine foundations, transition elements and offshore transformer stations using specialized installation vessels. The contractor's total remuneration under the two contracts has been tentatively estimated - as at the execution date - at ca. EUR 390 million, this estimate to be updated ca. 15 months prior to the commencement of the installation works. The final indexed remuneration will depend, without limitation, on the final working time of the vessels, fuel prices and the cost of subcontractors contracted. In connection with the conclusion of the agreements, the Company will be required to issue payment guarantees to the contractor for obligations incurred during the period until the Companies reach financial close. The total anticipated maximum value of the Company's guarantees is ca. EUR 42 million for payments in EUR and ca. USD 90 million for payments in USD. The final agreements were preceded by reservation agreements dated 17 April 2024. The subject matter of the reservation agreements was to obligate the parties 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. The reservation agreements also covered the performance of preliminary works.

On 30 August 2024, the project companies MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. within a joint venture with Equinor Wind Power AS signed:

- Agreements for the production of Offshore Wind Turbine Transition Elements with a consortium comprising Smulders Project Belgium NV and Sif Netherlands BV. The execution of the Agreements was preceded by the signing of reservation agreements dated 28 June 2024;
- Agreements for onshore export cable installation work with the company Enprom Sp. z o.o. The execution of the Agreements was preceded by the signing of reservation agreements dated 27 June 2024;
- Agreements for the turnkey design and construction of offshore transformer stations with the company Iemants NV, based in Arendonk, Belgium (the "Offshore Transformer Station Agreements"). The execution of the Agreements was preceded by the signing of reservation agreements dated 14 May 2024;

[Agreements for the Production of Transition Elements].

Under the Transition Elements Agreements, 100 transition elements connecting the foundation (monopile) to the wind turbine tower including equipment will be manufactured, 50 of them for each Project, with transportation and installation of the transition elements provided by Heerema Marine Contractors Nederland SE, under a separate contract. According to the approved schedule, commencement of production is scheduled to begin in HY1 2025, and to be completed mid-2026.

Remuneration of the Contractor is based on rates indexed with the price inflation index with respect to materials and services (e.g. steel) used in production. At the time the Agreements were signed, it was estimated at about EUR 328 million. Such amount will be updated after the design is finalized, yet before the steel is ordered. The remuneration may also be increased in case the Project Companies launch an optional scope of work.

The Agreements guarantee the Project Companies the right to terminate at any time, subject to the obligation to pay termination fees to the Contractor (from 15% to 25% of the unpaid remuneration provided for in the Agreement). The agreements provide for a claw back mechanism to reduce the cost of any cancellation of Projects by the Project Companies if the Contractor obtains contracts for a comparable project (cost refund up to 75% of the termination fee).

[Cable Installation Agreements]

The Cable Installation Agreements include in their scope the construction of a cable corridor and the installation of onshore export cables for both Projects. According to the approved schedule, commencement of work is scheduled for Q4 2024, and completion for July 2026. The work program will be aligned with the program provided for in the Onshore Cable Agreements. The Contractor's total remuneration under the two Agreements (i.e., for both Projects) was tentatively set, as at the date of signing the Agreements, at ca. PLN 172.6 million. This amount is not final and may be increased during the term of the Agreements due to additional works that may be triggered at the request of the Project Companies. The remuneration is not subject to any indexation.

The Agreements guarantee the Project Companies the right to terminate them also without cause, in which case the Contractor shall be entitled to compensation for the work performed prior to the termination of the Agreement if it has been completed to the satisfaction of a given Project Company.

[Offshore Transformer Station Agreements].

The scope of work of the Agreements includes the design, procurement of materials and turnkey (EPC) construction of two offshore transformer stations, one for each Project, with transportation and installation of the transformer stations to be provided by Heerema Marine Contractors Nederland SE, under a separate contract. According to the approved program, the first design work began in February 2024 under the reservation agreements, with the work completion scheduled for October 2026 for MFW Bałtyk II and April 2027 for MFW Bałtyk III.

The Contractor's total remuneration under the two Agreements (i.e., for both Projects) was tentatively set, as at the date of signing the Agreements, at ca. EUR 350 million. Remuneration is based on rates indexed by the price inflation index with respect to materials used in the production of underwater structures and offshore transformer modules.

The fee for early termination of the Agreements by the Project Companies is directly proportional to the cost of the Contractor's production work and the balance of completed orders, in accordance with the cost growth curve provided for in the Agreements.

[Payment collateral for Contractors].

The Agreements for Transition Elements and the Agreements for Offshore Transformer Stations are conditional. Their entry into force depends on the delivery of sureties (Parent Company Guarantee), by the parties obligated to issue them. POLSA will be required to provide sureties for liabilities incurred during the period until the financial institutions confirm the provision of financing for the Projects (the achievement of the financial close by the Companies). As at 30 August 2024, the maximum amount of guaranteed obligations on the part of POLSA for the two Projects combined was estimated: for the Transition Elements Agreements, at ca. EUR 100 million; for the Offshore Transformer Stations Agreements, at ca. EUR 51 million.

On 11 September 2024, the project companies MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. within a joint venture with Equinor Wind Power AS signed: Agreements for the design, purchase of materials, execution and delivery of onshore cables with Tele-Fonika Kable S.A., based in Myślenice (the "Onshore Cable Agreements"); and Agreements for the execution of the landfall of onshore export cables with Visser & Smit Hanab B.V., based in Papendrecht, the Netherlands (the "Cable Landfall Agreements"),

[Onshore Cable Agreements]

The scope of the Onshore Cable Agreements includes the design, procurement of materials, construction and delivery of onshore export cables, onshore interconnection cables and onshore fiber optic cables, including all cable line splicing, grounding and termination works for both Projects. According to the adopted work program, completion is planned for Q1 2027, in the case of MFW Bałtyk II and Q2 2027, in the case of MFW Bałtyk III.

The Contractor's total remuneration under the two Onshore Cable Agreements (i.e., for both Projects) was tentatively set, as at the date of signing the Agreements, at ca. PLN 139.5 million. The amount of the Contractor's remuneration is subject to change - in particular, as a result of current prices for materials used in the performance of the Agreements, such as copper and aluminum.

The Onshore Cable Agreements guarantee the Project Companies the right to terminate them also without cause, but such termination of the Agreements will entail the obligation to pay termination fees to the Contractor corresponding to 3% of the outstanding remuneration and documented costs and fees of subcontractors related to termination.

In connection with the execution of the Onshore Cable Agreements, POLSA will be required to issue sureties for the liabilities of the Project Companies towards the Contractor incurred during the period until the Companies reach financial close. As at 11 September 2024, the maximum net amount of liabilities guaranteed by POLSA for the two Projects under the Onshore Cable Contracts combined was estimated at ca. PLN 36 million.

[Cable Landfall Agreements]

Under the Cable Landfall Agreements, the Contractor has agreed to perform four horizontal directional drills (HDD) and install four cable ducts in the landfall area. The drills will make it possible to pull the export cables from the offshore part to the shore. According to the approved work program, commencement of works is scheduled for Q4 2024, and completion by the end of 2026.

The Contractor's total remuneration under the two Cable Landfall Agreements (i.e., for both Projects) was tentatively set, as at the date of signing the Agreements, at ca. EUR 31 million. The final remuneration amount will depend on, among others, weather conditions and the occurrence of any downtime in case such conditions are unfavorable.

The Cable Landfall Agreements guarantee the Project Companies the right to terminate them also without cause, but such termination of the Agreements will entail the obligation to pay a fee to the Contractor corresponding to 1% of the outstanding remuneration. The Contractor shall be entitled to compensation for work performed prior to the termination of the Contract if it has been completed to the satisfaction of the Project Companies.

[Installation vessel charter contracts].

On 30 September 30, 2024, the project companies MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o., within a joint venture with Equinor Wind Power AS, signed offshore wind turbine installation vessel charter contracts with Cadeler A/S, based in Copenhagen, Denmark, one for each of the Projects (the "Final Contracts"). The execution of the Final Contracts was preceded by the signing of reservation agreements dated 12 May 2024;

Under the Final Contracts, the Contractor has undertaken, without limitation, to charter two offshore wind turbine installation vessels, load, transport and install the offshore wind turbines, along with associated installation work.

The Contractor's total remuneration under the two contracts (i.e., for both Projects) has been tentatively estimated - as at the date of signing the Final Agreements - at ca. EUR 128 million, with the final Remuneration to be updated for fuel costs, port dues and emission fees (in total, by ca. 4% of the value of the Final Contracts). The Contractor’s remuneration may also be increased in case the Project Companies launch any additional works.

The Final Contracts contain similar substantive provisions, standard for maritime contracts, including details on the timing of crew mobilization and the program of installation works, as well as rules for terminating the Final Contracts, terms of liability, including liquidated damages. The Contractor shall provide the Project Companies with a performance bond with respect to the Final Contracts and shall submit a corporate guarantee. The content of the Final Contracts for both Project Companies is convergent, with due regard to the differences in design of each Project.

[Agreements for the provision of services for the operation and maintenance of the Projects].

On 15 November 2024 the project companies MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. concluded, with Equinor Polska sp. z o.o. (‘Manager’) agreements for the provision of services for the operation and maintenance of the Projects (“O&M Agreements’).

Under the O&M Agreements, the Manager will provide operation and maintenance services for the offshore wind farms during the operational phase. The Manager’s responsibilities will include managing the Projects in operation and providing comprehensive administrative, accounting and operational services to the Projects. The O&M Agreements will also provide the Projects with the service of access to the service base infrastructure, including, inter alia, offices, warehouse, control room and berth for the full anticipated operational period, i.e. 30 years.

In certain cases regulated in the O&M Agreements, these agreements, with regard to the provision of Project operation and maintenance services by the Manager, may be terminated – in such a situation, the Project Companies will be authorised to continue using the service base during the original term of the O&M Agreements. In the event of termination of the O&M Agreements in their entirety (based on a limited catalogue of reasons specified in the Agreements), the Project Companies will have the option to exercise the option to purchase the service base (if the conditions provided for the exercise of this option are fulfilled). The construction, equipment, access and maintenance of the service base is the responsibility of the Manager.

The O&M Agreements were concluded for a period until the expiry of 30 years as of the date of the commercial operation of the Projects or, if earlier, until the withdrawal from service of the last offshore wind turbine.

The monthly amounts payable to the Manager by both Project Companies were divided into two components, i.e. remuneration calculated based on the variable costs of the services covered by the Agreement (OPEX) and the fixed costs of the Manager's expenditure on the service base (CAPEX) divided between the Project Companies and spread over the full term of the Agreements. The O&M Agreements do not specify the maximum remuneration to be paid to the Manager under the two agreements. CAPEX costs have been set at approximately €18 million per Project Company. The variable remuneration will be calculated annually for each year of the Agreements according to the rates and variables regulated in the Agreements and subsequently approved by the Shareholders.

The Agreements are entered into prior to the final investment decision ('FID') planned by the Shareholders in the first quarter of 2025. In the event that the FID is not undertaken by the end of March 2026 (or such other date as agreed by the parties), the Project Companies will be able to terminate the O&M Agreements against payment of a sum equivalent to the capital expenditure incurred by the Manager in connection with the construction of the service base and the costs of ceasing construction ('Guaranteed Sum'). Accordingly, the Issuer provided a surety to secure the payment of the Guaranteed Sum by the Project Companies. The value of the Guaranteed Liabilities on the part of the Issuer (corresponding to the Issuer's 50 per cent. share in the Project Companies) amounts to EUR 18 million in total for both Project Companies. With the undertaking of the FID, the suretyship expires.

The O&M Agreements, which are agreements with a subsidiary of one of the Project Companies' Shareholders, were concluded on the basis of the no gain no loss principle, with necessary modifications to the OPEX remuneration to the Manager resulting from transfer pricing regulations. The conclusion of the O&M Agreements with the Manager represents the implementation of the agreements of the Partners made under the Agreements of 22 May 2018, the conclusion of which was announced by the Issuer in current report 14/2018 of 22 May 2018.

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MFW Bałtyk I

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

The environmental impact report for the project called Morska Farma Wiatrowa [Offshore Wind Farm] Bałtyk I was submitted to RDOŚ in Gdańsk on 21 November 2023. In July 2024, cross-border consultations involving the opinions on the environmental documentation by Danish and Swedish authorities and NGOs were completed. Public consultations are scheduled to be completed in October 2024.

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. On 20 May 2024, a decision was issued by RDOŚ stating the requirement to conduct an environmental impact assessment and specifying the scope of the report. The EIA report is under development.

Preliminary geophysical and geotechnical surveys by MFW Bałtyk I S.A. have been completed in the area of the offshore wind farm and sub-sea cable corridors. A decision approving a geological work plan to identify geological and engineering conditions for the foundation of wind turbines, a substation and associated infrastructure is in the process.

Private real properties in the mainline of the export cable for MFW Bałtyk I are being secured by agreements to establish transmission easements. Works in this area began in Q1 2024. As at 30 September 2024, 51% of the private properties and one institutional plot have been secured. Plots owned by institutions and private plots to which the company will obtain no rights will be secured, similarly to Bałtyk 2 and Bałtyk 3, i.e. 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 evacuation facilities.

On 11 March 2024, an application was submitted to PSE 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 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. On 22.10.2024, PSE issued new HVDC connection conditions for a 1560 MW offshore wind farm. It is intended to execute Annex 1 to the Connection Agreement incorporating the change in the technology of power output from the offshore wind farm.

In June 2024, a contract was signed with the Ramboll&Projmors consortium covering design work and consulting on obtaining a building permit for the entire Bałtyk 1 project.

In connection with the planned use of the 500m buffer of the farm (currently excluded from development under the artificial island decision), an application was submitted to the Ministry of Infrastructure on 30 September 2024 to amend the permit in this regard and remove the restriction on development of that area. The expected date of the decision amending the artificial island permit is January 2025.

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 involves activities aimed at raising the project's maturity level, including securing key permits, closing financing and developing the technical design, and developing a project implementation strategy based on extensive dialog with technology and service providers related to large-scale hydrogen projects. 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 analyses performed, the best location for the project was selected and an application was filed for power and water systems connection conditions. A multi-discipline feasibility study for the project in the recommended location has been completed. The study was preceded by intensive dialog with suppliers of key equipment and with architects and general contractors. It is based on the actual parameters of the equipment and takes into account the readiness to implement the project within the assumed time and financial framework. Such document presents the proposed processing system of the H2Silesia project as a development of the original investment idea. Analyses of equipment performance and its efficiency, optimization and pre-selection, as well as its location are also included. Due to the significant lead time for delivery of key equipment and the financing requirements, a contracting strategy for the project has been proposed including a general designer and a general contractor, together with the supply of technology components. The development of the strategy included a dialog with potential contractors who would deliver the equipment and would perform construction work in line with the adopted strategy. Parallel to the design process, work was underway to prepare an application for a decision on the environmental conditions for the project, along with an environmental impact assessment report. Those documents respond to legislative requirements related to environmental protection and public participation in the proceedings, prior to obtaining the approval for the project's implementation. The application for the aforementioned decision was submitted to the authority, and the administrative procedure has begun.

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 member 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. The Group anticipates that 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. As a Group, we are involved in the consultation process on the hydrogen strategy (Investment Strategy - investment in zero-emission hydrogen technologies) the Ministry of Climate and Environment is currently working on. Such strategy is to define in detail the rules for the distribution of funds from the National Recovery Plan, which are to be used, among others, to subsidize IPCEI projects in Poland. 2. The final implementation of the project depends on a number of criteria, including requirements related to the Hydrogenation Strategy currently under development, as well as making a final investment decision 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 Q4 2024) and 10 years of a long-term electrolyzer maintenance agreement. Also, on 7 June 2023, 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 award in the tender will take place in Q4 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 Building Permit for the Nowa Sarzyna installation was obtained. In addition, a Decision on the Zoning Permit for a filling station in Rzeszów was obtained. Concurrently, an Environmental Decision was obtained in the first quarter of 2024, as well as the Zoning Permit 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. The tender has been resolved, with the submitted bid selected as the winning bid.

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 continuously recalculates financial risks and costs related to securing the positions of consumers and producers on the futures market. The regulations limiting energy sales prices and introducing deductions payable to the Price Settlement Authority fund which were in force in 2023 largely inhibited the possibility of dynamic development of sales and activities related to the aggregation of external RES. The year 2024 and the end of the aforementioned regulations will see the market slowly return to a state without artificial price restrictions, however the segment is still not as dynamic as it was before those regulations. In addition to the traditional sales model, the Company has been intensively developing a sales model in long-term cPPAs based on the Group's existing and newly built generation assets.

Activity has been developing successfully in the short term and ultra-short-term market (Intraday Market) for the execution of transactions on the day of delivery, a few hours before physical delivery of energy, using available data on changing market fundamentals. The Company also performs short-term optimization of the operation of RES sources during periods of negative market prices. Trading on own account on wholesale markets (prop trading) is also successively performed, and the implemented trading strategies take advantage of market volatility with a positive effect, while maintaining restrictive measures to limit risk exposure.

The company Polenergia Sprzedaż continues and develops the sale of 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 three models: as a product with the Energy 2051 standard, a product without this standard, still retaining the guarantee of 100% RES-originating energy and in the PPA+ model. 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 on the market, combining Energia 2051 green energy with a price guarantee for many 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. In 2024, the Company launched the PPA+ model, combining the supply of energy generated in a RES source with a balancing service with an option to purchase energy based on the forward and spot indices of the Commodity Exchange. The Company is actively developing a network of sales partners and is holding talks with institutions and banks regarding the cross-sale model projects. In order to provide adequate customer service and increase the reach of new customer acquisition, a contract has been signed for the implementation of a new Billing system combined with CRM as the main tool for managing distributed sales networks. 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, in the third quarter of 2024, the company Polenergia Fotowoltaika S.A. installed 4.6 MWp of solar panels and 668 energy storage facilities, while in the heat pump segment 116 pumps were installed. The Company has been working to expand sales of services in the corporate segment (installations in excess of 50 kWp).

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 m 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 75 projects/project phases, and extension of general license was obtained for 29 projects, with further 9 projects expected to obtain general license.

In addition, Polenergia Dystrybucja is also in the course of implementation of Investment Plan IV for the years 2021 - 2026 worth PLN 105 m in total. By the end of the second quarter of 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 90 projects/phases of projects, for which it declared readiness to connect, and general license extensions have been obtained for 25 projects; licenses are also expected to be obtained for another 21 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. 61 Company's owned public charging stations (95 charging points) have been brought into operation. In addition, the company has a portfolio of contracts allowing it to build another 212 charging stations. 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 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 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 2 July 2024, Polenergia Farma Wiatrowa Namysłów sp. z o. o., developing the Szprotawa I photovoltaic farm project with a total installed capacity of 47 MWp, entered into a facilities agreement with mBank S.A. and Pekao S.A.: a term loan up to a total of PLN 90 million to finance the construction of the Szprotawa 1 photovoltaic farm, with the possibility of increasing the lender's exposure, a VAT loan up to a maximum total of PLN 20 million and a DSR loan up to a maximum total of PLN 6 million. The Facilities Agreement provides for repayment of the term loan and the DSR loan no later than within 15 years of the date of project completion, or by 16 June 2040, while the VAT loan shall be repaid within six months of the date of final construction financial clearance, but no later than 30 April 2026. The interest rate on the loans is based on the WIBOR reference rate, plus the lender's margin.

On 19 September 2024, Polenergia Farma Fotowoltaiczna 16 sp. z o.o., developing the Szprotawa 2 photovoltaic farm project with a total capacity of 20 MWp, entered into a facilities agreement with Pekao S.A.: a term loan up to a total of PLN 27,000,000.00 to finance the construction of the Szprotawa 2 photovoltaic farm, with the possibility of increasing the Lender's exposure (after additional conditions are met, as defined in the Facilities Agreement); a VAT loan up to a maximum total of PLN 7,000,000.00 and a DSR loan up to a maximum total of PLN 2,800,000.00.

The Management Board of the Company Polenergia S.A. announced that on 10 October 2024, it received information that Miejskie Przedsiębiorstwo Komunikacyjne [Municipal Transportation Company] - Rzeszów sp. z o.o. ("Employer") had awarded the contract in the public procurement procedure No. DW.TZ.1.2024 dated 5 March 2024 "Supply and distribution of hydrogen fuel" (the "Tender"). In the Employer’s opinion the subsidiary Polenergia H2HUB Nowa Sarzyna sp. z o.o., which is implementing the H2HUB Nowa Sarzyna project (the "Project") submitted the best bid in the Tender, and was awarded the contract. The estimated value of the Tender is PLN 120 million with the contract duration of 180 months. The Company reports that the implementation of the Project is subject to obtaining the relevant corporate approvals, including a final investment decision.

On 14 August 2024, the Company's Management Board announced that, in connection with the Company's development plans, it had decided to expand the strategic options review announced in the Company's current report No. 4/2024 dated 8 February 2024 (the "Strategic Options Review") (the "Report"). As at the date of this announcement, the Strategic Option Review under the terms of the Report covers the implementation of projects within the framework of the strategic objectives identified in the Report and selected projects in other business segments of the Polenergia Group in the long term, excluding offshore wind farm projects, as well as strategic assets. In the course of the Strategic Option Review, the Company intends to engage in discussions with various parties, and additional information about the Company and the projects that are the subject of the Strategic Option Review may be disclosed to selected parties, to the extent permitted by applicable law. Both the timing and the final outcome of the Strategic Option Review are uncertain as at the date of this document. To date, no decisions have been made related to the selection of a specific strategic option for individual projects, and it is uncertain if and when such decisions will be made in the future. The Company will provide information to the public on the progress of the Strategic Option Review in accordance with applicable laws.

The Board of Directors of the company under the name Polenergia S.A., announced that on October 9, 2024, it decided that the Polenergia Group would join the Development Program established under the renewable energy framework agreement ("REFA") entered into between Brookfield Power US Holding America Co. ("Brookfield") and Microsoft Corporation ("Microsoft") on 29 April 2024, and subsequently annexed on 9 July 2024 (the "Development Program"). In view of the above, the Issuer's subsidiary Polenergia Obrót S.A. ("POLO") entered into a Back-to-Back Agreement with Brookfield on 10 October 2024, pursuant to which it agreed to offer Microsoft, in cooperation with Brookfield, renewable energy projects with a total installed capacity of 100 MW (the "Projects") (the "Back-to-Back Agreement") in the Polish region in 2026. POLO may propose to offer more Projects, which will require additional approval of the other party. As a result of the above, virtual power purchase agreement ("vPPA") financial settlement agreements will be executed with Microsoft, with Polenergia Group companies developing renewable energy generation projects as parties to such vPPAs. The Back-to-back Agreement is the result of Brookfield's commitment to Microsoft under the REFA. The REFA's goal is to establish a Development Program under which Microsoft will acquire, among others, all or part of the production of the Projects in accordance with the terms and conditions set forth in the vPPA to be executed under the aforementioned Program. Under the terms of the Back-to-Back Agreement, POLO is liable for the so-called shortfall in the event of a failure to fulfill its obligation to offer Microsoft Projects at least 85% of the agreed volume. POLO's maximum liability is limited to USD 1,500,000. Based on the Cooperation Agreement between the Company and POLO, the above liability was transferred to the Company. The Back-to-Back Agreement was entered into for the duration of the REFA (i.e., until 31 December 2030) and shall be terminated whenever the REFA is terminated early or if POLO terminates it following 31 December 2027. The Back-to-Back Agreement is entered into under the laws of the New York State, with the place of arbitration being London.

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 10 October 2024, the Company's Management Board announced its decision to allocate 750,000 A Series Bonds, with a par value of PLN 1,000 each and a total par value of PLN 750,000,000. The A Series bonds were allocated to a total of 57 investors (the number includes the sub-funds), provided they were duly paid in full. The rights from the A Series Bonds shall arise upon entry in the register of persons entitled under the Bonds kept by the Issuing Agent, pursuant to Art. 7a sec. 4 item 4 of the Act on Trading in Financial Instruments of 29 July 2005 (the "Trading Act"), and thereafter they shall be registered in the securities depository maintained by the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych S.A.). („KDPW"). The issue of the A Series Bonds on 16 October 2024, was successfully completed. In order to mitigate the WIBOR-based interest rate volatility risk associated with the Bond Issue, the Company entered into forward interest rate swaps (IRS) with financial institutions on 17 and 18 October 2024. In total, the transactions hedge 75% of the issuer's exposure to WIBOR-based interest rate volatility risk in connection with the Bond Issue. The transactions were made on arms-length terms, no different from those commonly used for this type of financial operations. The average hedging rate was 4.91%.

On 21 May 2024, Mr. Jacek Głowacki resigned from his position as a member of Polenergia S.A.'s Supervisory Board. The resignation was submitted effective as at 21 May 2024.

The Management Board of Polenergia S.A. reported that on 24 September 2024, the Company's Supervisory Board adopted resolutions to appoint the following persons to the Company's Management Board for a new term: Mr. Adam Purwin, appointing him President of the Company's Management Board (CEO); Mr. Andrzej Filip Wojciechowski, appointing him First Vice President of the Company's Management Board for Development (CDO); Mr. Piotr Tomasz Sujecki, appointing him Second Vice President of the Company's Management Board for Finance (CFO); and Mr. Łukasz Buczyński, appointing him Member of the Company's Management Board for Operations (COO). The Members of the Company's Management Board were appointed for a joint three-year term of office commencing the day immediately following the end of the current term of office of the Management Board, i.e. as of 1 January 2025. In view of the appointment of the Company Management Board, mandates of all current members of the Management Board will expire at the end of the current three-year term, i.e. on 31 December 2024.

On 26 September 2024, the Company's Management Board received a statement from Prof. Dr. Krzysztof Obłój on his resignation from the Supervisory Board and his function as a member of the Supervisory Board as of 15 October 2024. The resignation contains no information about the reasons for its submission. On the same day, i.e. 26 September 2024, the Company received a statement from Mansa Investments sp. z o.o., with registered office in Warsaw, on the appointment, effective 16 October 2024 (beginning of day), pursuant to the personal authority provided for in Article 5.4.2.(a)(i) of the Company's Statutes, of Professor Piotr Bartosz Ciżkowicz, of at SGH [Warsaw School of Economics], to the Supervisory Board.

The Management Board of Polenergia S.A. reported that on 18 and 19 October 2024, the Board received information on the following changes in the composition of the Supervisory Board and the Management Board: Resignation of Mr. Adam Purwin from his position as Member of the Supervisory Board as of 18 October 2024 (end of day); Appointment of Mr. Adam Purwin Vice Chairman of the Management Board of the current term as of 19 October 2024 (beginning of day) pursuant to a resolution of the Company's Supervisory Board adopted on 18 October 2024. Such appointment expires on 31 December 2024, i.e. with the end of the current term of office of the Management Board. Thereafter, Mr. Adam Purwin will assume the position of the President of the Company's Management Board. The changes also included the appointment of Mr. Mikołaj Franzkowiak Member of the Company's Supervisory Board as of 19 October 2024 (beginning of day), based on a statement by Mansa Investments sp. z o.o., with registered office in Warsaw.

Financial performance for the 9-month period ended 30 September 2024 by operating segments

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

9M 2024 (m PLN)	Onshore Wind Power	Photovoltaics	Gas and Clean Fuel	Trading	Distribution	Unallocated	Purchase price allocation	TOTAL
Sales revenues*	**571,3**	**23,5**	**96,2**	**2 154,7**	**155,4**	**15,2**	**-**	**3 016,3**
Operating costs, including	**(192,6)**	**(10,6)**	**(91,4)**	**(1 963,6)**	**(116,3)**	**(12,4)**	**(0,2)**	**(2 387,0)**
operating costs (without granted green certificates adjustment)	(80,5)							(80,5)
depreciation/amortization	(96,1)	(5,5)	(7,3)	(8,6)	(7,4)	(5,2)	(0,2)	(130,4)
granted green certificates adjustment	(16,0)	-	-	-	-	-	-	(16,0)
Gross profit on sales	**378,7**	**12,8**	**4,9**	**191,1**	**39,2**	**2,8**	**(0,2)**	**629,3**
Gross profit on sales margin	*66,3%*	*54,7%*	*5,1%*	*8,9%*	*25,2%*	*"n/a"*	*"n/a"*	*0,2*
Selling expenses	-	-	-	(65,3)	-	-	-	(65,3)
General overheads	(8,9)	(0,9)	(6,2)	(65,3)	(7,5)	(52,7)	-	(141,4)
Other operating activities	7,7	(0,8)	(0,2)	(14,6)	(0,0)	(0,2)	-	(8,2)
including impairment losses	-	-	-	-	-	-	-	-
Operating profit	**377,5**	**11,1**	**(1,5)**	**46,0**	**31,7**	**(50,1)**	**(0,2)**	**414,5**
EBITDA	**473,6**	**16,7**	**5,8**	**54,6**	**39,1**	**(44,8)**	**-**	**544,9**
EBITDA Margin	*82,9%*	*71,0%*	*6,0%*	*2,5%*	*25,1%*	*"n/a"*	*"n/a"*	*18,1%*
Profit (loss) on financial activities	(48,8)	(6,1)	0,9	(8,5)	(5,9)	24,2	-	(44,2)
Profit (loss) before tax	**328,6**	**5,0**	**(0,6)**	**37,5**	**25,8**	**(25,8)**	**(0,2)**	**370,3**
Income tax								(76,2)
Net profit (loss) for period								**294,0**
Normalizing adjustments:								
Purchase price allocation (PPA)								0,2
Foreign exchange differences								0,5
Loan valuation using amortized cost method								2,2
Impairment losses								-
Net result on the sale of assets								-
Adjusted net profit								**296,9**

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

9M 2023 (m PLN)	Onshore Wind Power	Photovoltaics	Gas and Clean Fuel	Trading	Distribution	Unallocated	Purchase price allocation	TOTAL
Sales revenues*	**412,0**	**15,4**	**138,0**	**3 368,0**	**133,3**	**12,9**	**-**	**4 079,5**
Operating costs, including	**(165,2)**	**(6,3)**	**(132,8)**	**(3 152,3)**	**(119,4)**	**(10,3)**	**(2,1)**	**(3 588,4)**
operating costs (without granted green certificates adjustment)	(74,0)	-	-	-	-	-	-	(74,0)
depreciation/amortization	(88,4)	(3,0)	(7,0)	(7,0)	(6,6)	(4,7)	(2,1)	(118,7)
granted green certificates adjustment	(2,8)	-	-	-	-	-	-	(2,8)
Gross profit on sales	**246,8**	**9,1**	**5,2**	**215,7**	**13,9**	**2,6**	**(2,1)**	**491,1**
Gross profit on sales margin	*59,9%*	*58,8%*	*3,7%*	*6,4%*	*10,5%*	*"n/a"*	*"n/a"*	*12,0%*
Selling expenses	-	-	-	(73,2)	-	-	-	(73,2)
General overheads	(8,6)	(0,9)	(5,5)	(52,6)	(6,6)	(40,5)	-	(114,6)
Other operating activities	0,2	(0,7)	(1,6)	(0,1)	0,5	(0,6)	-	(2,3)
including impairment losses	(0,1)	-	-	-	-	-	-	(0,1)
Operating profit	**238,4**	**7,4**	**(1,9)**	**89,8**	**7,9**	**(38,5)**	**(2,1)**	**301,0**
EBITDA	**326,9**	**10,4**	**5,0**	**96,8**	**14,5**	**(33,8)**	**-**	**419,8**
EBITDA Margin	*79,3%*	*67,4%*	*3,6%*	*2,9%*	*10,9%*	*"n/a"*	*"n/a"*	*10,3%*
Profit (loss) on financial activities	(48,7)	(3,6)	1,1	(14,2)	(4,5)	30,9	-	(39,1)
Profit (loss) before tax	**189,7**	**3,8**	**(0,9)**	**75,6**	**3,4**	**(7,6)**	**(2,1)**	**261,9**
Income tax								(53,1)
Net profit (loss) for period								**208,8**
Normalizing adjustments:								
Purchase price allocation (PPA)								2,1
Foreign exchange differences								0,2
Loan valuation using amortized cost method								2,5
Impairment losses								0,1
Net result on the sale of assets								-
Adjusted net profit								**213,7**
Change of EBITDA yoy	**146,7**	**6,3**	**0,8**	**(42,2)**	**24,5**	**(11,0)**	**-**	**125,1**

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

3Q 2024 (m PLN)	Onshore Wind Power	Photovoltaics	Gas and Clean Fuel	Trading	Distribution	Unallocated	Purchase price allocation	TOTAL
Sales revenues*	**141,5**	**9,7**	**40,0**	**665,9**	**49,1**	**5,3**	**-**	**911,5**
Operating costs, including	**(56,3)**	**(4,4)**	**(36,4)**	**(596,8)**	**(38,4)**	**(4,5)**	**(0,1)**	**(736,9)**
operating costs (without granted green certificates adjustment)	(28,0)							(28,0)
depreciation/amortization	(32,0)	(2,2)	(2,5)	(2,7)	(2,5)	(1,8)	(0,1)	(43,7)
granted green certificates adjustment	3,7	-	-	-	-	-	-	3,7
Gross profit on sales	**85,2**	**5,3**	**3,6**	**69,1**	**10,7**	**0,8**	**(0,1)**	**174,6**
Gross profit on sales margin	*60,2%*	*54,6%*	*9,0%*	*10,4%*	*21,7%*	*"n/a"*	*"n/a"*	*19,2%*
Selling expenses	-	-	-	(21,1)	-	-	-	(21,1)
General overheads	(2,0)	(0,1)	(1,5)	(21,8)	(2,4)	(19,7)	-	(47,6)
Other operating activities	5,0	(0,6)	0,1	(3,5)	(0,2)	(0,0)	-	0,6
including impairment losses	-	-	-	-	-	-	-	-
Operating profit	**88,2**	**4,5**	**2,1**	**22,6**	**8,1**	**(18,9)**	**(0,1)**	**106,6**
EBITDA	**120,2**	**6,7**	**4,6**	**25,3**	**10,5**	**(17,1)**	**-**	**150,3**
EBITDA Margin	*85,0%*	*68,9%*	*11,5%*	*3,8%*	*21,4%*	*"n/a"*	*"n/a"*	*16,5%*
Profit (loss) on financial activities	(13,5)	(2,7)	0,2	(3,5)	(1,9)	9,3	-	(12,1)
Profit (loss) before tax	**74,7**	**1,9**	**2,4**	**19,1**	**6,1**	**(9,6)**	**(0,1)**	**94,5**
Income tax								(20,8)
Net profit (loss) for period								**73,7**
Normalizing adjustments:								
Purchase price allocation (PPA)								0,1
Foreign exchange differences								0,1
Loan valuation using amortized cost method								0,7
Impairment losses								-
Net result on sale of assets								-
Adjusted net profit								**74,5**

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

3Q 2023 (m PLN)	Onshore Wind Power	Photovoltaics	Gas and Clean Fuel	Trading	Distribution	Unallocated	Purchase price allocation	TOTAL
Sales revenues*	**110,0**	**6,5**	**45,2**	**1 026,2**	**48,6**	**5,0**	**-**	**1 241,4**
Operating costs, including	**(56,4)**	**(1,8)**	**(42,3)**	**(960,8)**	**(38,3)**	**(3,9)**	**(0,7)**	**(1 104,2)**
operating costs (without granted green certificates adjustment)	(21,4)	-	-	-	-	-	-	(21,4)
depreciation/amortization	(31,4)	(1,0)	(2,4)	(2,4)	(2,2)	(1,6)	(0,7)	(41,6)
granted green certificates adjustment	(3,6)	-	-	-	-	-	-	(3,6)
Gross profit on sales	**53,5**	**4,7**	**2,9**	**65,4**	**10,3**	**1,1**	**(0,7)**	**137,3**
Gross profit on sales margin	*48,7%*	*72,3%*	*6,5%*	*6,4%*	*21,2%*	*"n/a"*	*"n/a"*	*11,1%*
Selling expenses	**-**	**-**	**-**	**(23,7)**	**-**	**-**	**-**	(23,7)
General overheads	(3,0)	(0,4)	(1,7)	(19,5)	(2,2)	(13,5)	-	(40,1)
Other operating activities	(4,6)	(0,3)	(0,4)	1,8	0,0	(0,6)	-	(4,1)
including impairment losses	-	-	-	-	-	-	-	-
Operating profit	**45,9**	**4,1**	**0,8**	**24,1**	**8,1**	**(12,9)**	**(0,7)**	**69,4**
EBITDA	**77,3**	**5,1**	**3,2**	**26,4**	**10,3**	**(11,3)**	**-**	**110,9**
EBITDA Margin	*70,3%*	*77,7%*	*7,0%*	*2,6%*	*21,2%*	*"n/a"*	*"n/a"*	*8,9%*
Profit (loss) on financial activities	(15,7)	(1,4)	0,1	(4,8)	(1,7)	6,7	-	(16,8)
Profit (loss) before tax	**30,3**	**2,7**	**0,9**	**19,3**	**6,4**	**(6,3)**	**(0,7)**	**52,6**
Income tax								(11,1)
Net profit (loss) for period								**41,5**
Normalizing adjustments:								
Purchase price allocation (PPA)								0,7
Foreign exchange differences								0,7
Loan valuation using amortized cost method								1,0
Impairment losses								-
Net result on the sale of assets								-
Adjusted net profit								**43,9**
Change of EBITDA yoy	**42,9**	**1,6**	**1,4**	**(1,1)**	**0,2**	**(5,8)**	**-**	**39,3**

*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

Parent Company
Polenergia S.A.

No.	Name of Subsidiary/Associate	Parent company share	Comment
1	Polenergia Farma Fotowoltaiczna 1 sp. z o.o.	100%	
2	Polenergia Farma Fotowoltaiczna 2 sp. z o.o.	100%	
3	Polenergia Farma Fotowoltaiczna 3 sp. z o.o.	100%	
4	Polenergia Farma Fotowoltaiczna 4 sp. z o.o.	100%	
5	Polenergia Farma Fotowoltaiczna 5 sp. z o.o.	100%	
6	Polenergia Farma Fotowoltaiczna 6 sp. z o.o.	100%	
7	Polenergia Farma Fotowoltaiczna 7 sp. z o.o.	100%	
8	Polenergia Farma Fotowoltaiczna 8 sp. z o.o.	100%	
9	Polenergia Farma Fotowoltaiczna 9 sp. z o.o.	100%	
10	Polenergia Farma Fotowoltaiczna 10 sp. z o.o.	100%	
11	Polenergia Farma Fotowoltaiczna 11 sp. z o.o.	100%	
12	Polenergia Farma Fotowoltaiczna 12 sp. z o.o.	100%	
13	Polenergia Farma Fotowoltaiczna 13 sp. z o.o.	100%	
14	Polenergia Farma Fotowoltaiczna 14 sp. z o.o.	100%	
15	Polenergia Farma Fotowoltaiczna 15 sp. z o.o.	100%	
16	Polenergia Farma Fotowoltaiczna 16 sp. z o.o.	100%	
17	Polenergia H2Silesia sp. z o.o.	100%	
18	Polenergia Farma Fotowoltaiczna 19 sp. z o.o.	100%	
19	Polenergia Farma Wiatrowa 1 sp. z o.o.	100%	
20	Polenergia Farma Wiatrowa 3 sp. z o.o.	100%	
21	Polenergia Farma Wiatrowa 4 sp. z o.o.	100%	
22	Polenergia Farma Wiatrowa 6 sp. z o.o.	100%	
23	Polenergia Farma Wiatrowa 10 sp. z o.o.	100%	
24	Polenergia Farma Wiatrowa 11 sp. z o.o.	100%	
25	Polenergia Farma Wiatrowa 12 sp. z o.o.	100%	
26	Polenergia Farma Wiatrowa 13 sp. z o.o.	100%	
27	Polenergia Farma Wiatrowa 14 sp. z o.o.	100%	
28	Polenergia Farma Wiatrowa 15 sp. z o.o.	100%	
29	Polenergia Farma Wiatrowa 16 sp. z o.o.	100%	
30	Polenergia Farma Fotowoltaiczna Sulechów sp. z o.o.	100%	
31	Polenergia Farma Wiatrowa 18 sp. z o.o.	100%	
32	Polenergia Farma Wiatrowa 19 sp. z o.o.	100%	
33	Polenergia H2HUB Nowa Sarzyna sp. z o.o.	100%	
34	Polenergia Farma Wiatrowa 21 sp. z o.o.	100%	
35	Polenergia Farma Wiatrowa 22 sp. z o.o.	100%	
36	Polenergia Farma Wiatrowa 23 sp. z o.o.	100%	
37	Polenergia Farma Wiatrowa 24 sp. z o.o.	100%	
38	Polenergia Farma Wiatrowa 25 sp. z o.o.	100%	
39	Polenergia Farma Wiatrowa 26 sp. z o.o.	100%	
40	Polenergia Farma Wiatrowa 27 sp. z o.o.	100%	
41	Polenergia Farma Wiatrowa 28 sp. z o.o.	100%	
42	Polenergia Farma Wiatrowa 29 sp. z o.o.	100%	
43	Polenergia Farma Wiatrowa Bądecz sp. z o.o.	100%	
44	Polenergia Farma Wiatrowa Dębice/Kostomłoty sp. z o.o.	100%	
45	Polenergia Farma Wiatrowa Grabowo sp. z o.o.	100%	

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

B. INTERIM CONDENSED FINANCIAL STATEMENTS FOR A 9-MONTH PERIOD ENDED 30 SEPTEMBER 2024

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
as at 30 September 2024

ASSETS

	30.09.2024	31.12.2023
I. Non-current assets	**5 033 139**	**4 410 530**
1. Tangible fixed assets	3 372 590	3 273 092
2. Intangible assets	10 072	9 835
3. Subordinated entities goodwill	157 338	157 338
4. Financial assets	99 555	115 791
5. Financial assets measured using the equity method	1 353 259	813 734
6. Long term receivables	2 496	1 992
7. Deferred income tax assets	35 805	36 385
8. Prepayments and accrued income	2 024	2 363
II. Current assets	**1 666 095**	**2 301 086**
1. Inventories	80 007	90 214
2. Trade receivables	222 980	279 765
3. Income tax receivable	6 391	5 511
4. Other short term receivables	215 957	292 415
5. Prepayments and accrued income	14 423	16 294
6. Short term financial assets	131 315	206 124
7. Cash and equivalent	995 022	1 410 763
Total assets	**6 699 234**	**6 711 616**

EQUITY AND LIABILITIES

	30.09.2024	31.12.2023
I. Shareholders' equity	**4 274 606**	**3 997 653**
Equity attributable to the shareholders of the parent company	**4 274 606**	**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	1 092 500	949 665
5. Retained profit (loss)	479 057	375 373
6. Net profit	294 018	263 587
7. F/X translation differences	51	48
II. Long term liabilities	**1 738 831**	**1 809 832**
1. Bank loans and borrowings	1 223 280	1 320 797
2. Deferred income tax provision	102 504	97 698
3. Provisions	125 990	117 537
4. Accruals and deferred income	41 390	40 343
5. Lease liabilities	188 417	177 143
6. Futures and forward contracts measurement	7 164	5 681
7. Other liabilities	50 086	50 633
III. Short term liabilities	**685 797**	**904 131**
1. Bank loans and borrowings	145 775	211 344
2. Trade payables	82 842	108 675
3. Income tax payable	36 429	8 001
4. Lease liabilities	31 339	27 611
5. Futures and forward contracts measurement	91 592	170 687
6. Other liabilities	235 489	302 042
7. Provisions	9 211	8 003
8. Accruals and deferred income	53 120	67 768
Total equity and liabilities	**6 699 234**	**6 711 616**

(PLN k)

INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
for a 9-month period ended 30 September 2024

	Note	For 9 months ended		For 3 months ended	
				unaudited	unaudited
		30.09.2024	30.09.2023	30.09.2024	30.09.2023
Revenues from contracts with clients	4.1	3 007 199	4 094 525	908 331	1 246 767
Other revenues	4.1	9 118	(15 034)	3 160	(5 326)
Sales revenues	4.1	**3 016 317**	**4 079 491**	**911 491**	**1 241 441**
Cost of goods sold	4.2	(2 387 001)	(3 588 387)	(736 859)	(1 104 166)
Gross sales profit		**629 316**	**491 104**	**174 632**	**137 275**
Other operating revenues	4.3	10 127	11 050	2 644	3 498
Selling expense	4.2	(65 259)	(73 222)	(21 115)	(23 696)
General overheads	4.2	(141 377)	(114 593)	(47 603)	(40 137)
Auction price settlement		(240)	(6 853)	(309)	(6 220)
Other operating expenses	4.4	(18 070)	(6 536)	(1 695)	(1 367)
including expected credit loss		(14 226)	(2 131)	(280)	(50)
Financial income	4.5	36 830	32 461	10 831	9 473
Financial costs	4.6	(81 061)	(71 539)	(22 933)	(26 267)
Profit before tax		**370 266**	**261 872**	**94 452**	**52 559**
Income tax	4.11	(76 248)	(53 099)	(20 801)	(11 073)
Net profit		**294 018**	**208 773**	**73 651**	**41 486**
Net profit attributed to:		**294 018**	**208 773**	**73 651**	**41 486**
Parent company shareholders		294 018	208 773	73 651	41 486
Non-controling shareholders		-	-	-	-
– basic earnings (loss) for period attributable to parent company shareholders		3,81	3,13	0,95	0,62
– diluted earnings (loss) for period attributable to parent company shareholders		3,81	3,13	0,95	0,62

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for a 9-month period ended 30 September 2024

	For 9 months ended		For 3 months ended	
			unaudited	unaudited
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Net profit for period	**294 018**	**208 773**	**73 651**	**41 486**
Other comprehensive income that may be reclassified to profit and loss account once specific conditions are met				
Cash flow hedges	(17 068)	(74 346)	(32 612)	(15 549)
F/X translation differences	3	36	(26)	(18)
Other net comprehensive income	**(17 065)**	**(74 310)**	**(32 638)**	**(15 567)**
COMPREHENSIVE INCOME FOR PERIOD	**276 953**	**134 463**	**41 013**	**25 919**
Comprehensive income for period:	276 953	134 463	41 013	25 919
Parent company shareholders	276 953	134 463	41 013	25 919

(PLN k)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for a 9-month period ended 30 September 2024

	For 9 months ended	
	30.09.2024	30.09.2023
A.Cash flow from operating activities		
I.Profit (loss) before tax	**370 266**	**261 872**
II.Total adjustments	**202 013**	**222 579**
1.Depreciation	130 375	118 728
2.Foreign exchange losses (gains)	169	(29)
3.Interest and profit shares (dividends)	60 707	58 408
4.Losses (gains) on investing activities	(120)	3 290
5. Income tax	(39 424)	(66 458)
6.Changes in provisions	4 904	704
7.Changes in inventory	10 423	11 569
8.Changes in receivables	196 937	605 756
9.Changes in liabilities, excluding bank loans and borrowings	(150 140)	(465 180)
10.Changes in accruals	(11 728)	(46 081)
11. Other adjustments	(90)	1 872
III.Net cash flows from operating activities (I+/-II)	**572 279**	**484 451**
B.Cash flows from investing activities		
I. Cash in	**1 733**	**242**
1. Disposal of intangibles and tangible fixed assets	1 015	242
2. Other investment inflows	718	-
II.Cash out	**741 129**	**677 633**
1. Acquisition of tangible fixed assets	201 717	285 267
2. For financial asstes, including:	539 412	392 366
a) acquisition of financial assets	539 412	392 366
III.Net cash flows from investing activities (I-II)	**(739 396)**	**(677 391)**
C.Cash flows from financing activities		
I.Cash in	**64 414**	**208 876**
1.Loans and borrowings	64 414	208 876
II.Cash out	**313 066**	**235 320**
1.Repayment of loans and borrowings	230 729	163 028
2.Lease payables	18 017	14 748
3.Interest	64 117	57 265
4.Other financial expenses	203	279
III.Net cash flows from financing activities (I-II)	**(248 652)**	**(26 444)**
D.Total net cash flows (A.III+/-B.III+/-C.III)	**(415 769)**	**(219 384)**
E.Increase/decrease in cash in the balance sheet, including:	**(415 741)**	**(219 387)**
- change in cash due to f/x differences	28	(3)
F.Cash at beginning of period	**1 410 763**	**868 692**
G.Cash at end of period, including:	**995 022**	**649 305**
- restricted cash	102 734	90 352

(PLN k)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for a 9-month period ended 30 September 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	-	-	-	-	-	294 018	-	294 018	294 018
- Other comprehensive income for period	-	-	-	(17 068)	-	-	3	(17 065)	(17 065)
Transactions with owners of the parent recognized directly in equity									
- Alocation of profit/loss	-	-	-	159 903	(159 903)	-	-	-	-
As at 30 September 2024	**154 438**	**2 241 335**	**13 207**	**1 092 500**	**479 057**	**294 018**	**51**	**4 274 606**	**4 274 606**

for a 9-month period ended 30 September 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	-	-	-	-	-	208 773	-	208 773	208 773
- Other comprehensive income for period	-	-	-	(74 346)	-	-	36	(74 310)	(74 310)
- Alocation of profit/loss	-	-	-	120 323	(120 323)	-	-	-	-
As at 30 September 2023	**133 604**	**1 515 929**	**13 207**	**970 622**	**375 373**	**208 773**	**(10)**	**3 217 498**	**3 217 498**

(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 9-month period commencing on 1 January and ending on 30 September 2024, as well as the comparable period since 1 January until 30 September 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 9-month period ended on 30 September 2024 and the comparative data for the 9-month period ended on 30 September 2023 have not been subject to a review by an independent auditor, while the comparative data for the financial year ended 31 December 2023 was audited by an independent auditor.

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

- derivatives which have been measured at fair value.

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

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

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

	30.09.2024	31.12.2023	30.09.2023
USD	3.8193	3.9350	4.3697
EUR	4.2791	4.3480	4.6356
GBP	5.1241	4.9997	5.3464

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1.4 Seasonality and cyclical nature of operations

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

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

2. Adjusted EBITDA and Adjusted Net Profit

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

EBITDA and Adjusted EBITDA

		unaudited		unaudited
	For 9 months ended		For 3 months ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Profit before tax	370 266	261 872	94 452	52 559
Fianancial revenues	(36 830)	(32 461)	(10 831)	(9 473)
Financial costs	81 061	71 539	22 933	26 267
Depreciation/Amortization	130 376	118 728	43 719	41 574
Development - related impairment loss	-	101	-	-
EBITDA	**544 873**	**419 779**	**150 273**	**110 927**
Adjusted EBITDA	**544 873**	**419 779**	**150 273**	**110 927**

Adjusted net profit (loss) attributed to parent shareholders

		unaudited		unaudited
	For 9 months ended		For 3 months ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
NET PROFIT attributed to parent shareholders	**294 018**	**208 773**	**73 651**	**41 486**
Unrealized foreign exchange net (gains)/losses	507	233	50	689
(Income)/Cost from measurement of long-term borrowings	2 239	2 496	721	984
Development - related impairment loss	-	101	-	-
Purchase price allocation:				
Depreciation/Amortization	198	2 127	66	709
Tax	(38)	(38)	(13)	(13)
Adjusted NET PROFIT attributed to parent shareholders	**296 924**	**213 692**	**74 475**	**43 855**

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.

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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 of 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 9 months ended 30.09.2024	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	571 341	23 463	-	96 233	2 145 576	155 406	15 180	-	3 007 199
Other revenues	-	-	-	-	9 118	-	-	-	9 118
Total revenues	571 341	23 463	-	96 233	2 154 694	155 406	15 180	-	3 016 317
Net sales profit (loss)	**378 741**	**12 826**	**-**	**4 880**	**191 144**	**39 154**	**2 769**	**(198)**	**629 316**
Selling costs	-	-	-	-	(65 259)	-	-	-	(65 259)
General overheads	(8 928)	(864)	-	(6 153)	(65 316)	(7 459)	(52 657)	-	(141 377)
Interest income/(expense)	(40 825)	(4 534)	-	1 144	(5 948)	(5 147)	22 949	-	(32 361)
Other financial revenue/(expense)	(8 000)	(1 604)	-	(256)	(2 519)	(757)	1 267	-	(11 869)
Other operating revenue/(expense)	7 654	(829)	-	(213)	(14 619)	(5)	(171)	-	(8 183)
Profit/loss before tax	**328 642**	**4 995**	**-**	**(598)**	**37 483**	**25 786**	**(25 843)**	**(198)**	**370 267**
Income tax	-	-	-	-	-	-	(76 286)	38	(76 248)
Net profit/loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**294 019**
EBITDA **)	473 577	16 670	-	5 821	54 587	39 061	(44 843)	-	544 873
Segment assets	3 270 257	489 528	1 353 259	199 347	651 555	298 274	437 014	-	6 699 234
Segment liabilities	1 578 993	219 106	-	32 696	414 527	137 042	42 264	-	2 424 628
Depreciation/Amortization	96 110	5 536	-	7 307	8 637	7 371	5 216	198	130 375

*) EBITDA - definition in Note 2

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For 9 months ended 30.09.2023	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	411 956	15 399	-	153 067	3 367 903	133 299	12 901	-	4 094 525
Other revenues	-	-	-	(15 111)	77	-	-	-	(15 034)
Total revenues	411 957	15 399	-	137 956	3 367 980	133 299	12 900	-	4 079 491
Net sales profit (loss)	**246 792**	**9 052**	**-**	**5 159**	**215 703**	**13 942**	**2 583**	**(2 127)**	**491 104**
Selling costs	-	-	-	-	(73 222)	-	-	-	(73 222)
General overheads	(8 608)	(919)	-	(5 469)	(52 574)	(6 569)	(40 454)	-	(114 593)
Interest income/(expense)	(42 707)	(2 683)	-	832	(11 229)	(4 280)	27 409	-	(32 658)
Other financial revenue/(expense)	(5 964)	(960)	-	232	(2 961)	(258)	3 491	-	(6 420)
Other operating revenue/(expense)	221	(728)	-	(1 619)	(110)	542	(645)	-	(2 339)
Profit/loss before tax	**189 734**	**3 762**	**-**	**(865)**	**75 607**	**3 377**	**(7 616)**	**(2 127)**	**261 872**
Income tax	-	-	-	-	-	-	(53 137)	38	(53 099)
Net profit/loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**208 773**
EBITDA *)	326 868	10 379	-	5 035	96 814	14 515	(33 832)	-	419 779
Segment assets	3 334 326	157 258	784 193	187 056	881 924	242 908	292 350	-	5 880 015
Segment liabilities	1 672 352	64 496	-	30 906	718 374	126 353	50 036	-	2 662 517
Depreciation/Amortization	88 362	2 974	-	6 963	7 016	6 600	4 686	2 127	118 728

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For 9 months ended 30.09.2024		RES Generation		Gas and Clean Fuels	Trading and sales	Distribution and eMobility	Unallocated	Total
		On shore wind farms	Photovoltaics					
- revenue from sale and distribution of electricity	over time	497 216	23 448	44 826	1 275 083	145 073	-	1 985 646
- revenue from certificates of orgin	over time	74 114	-	-	3 705	-	-	77 819
- revenue from sale of heat	point in time	-	-	28 958	-	-	-	28 958
- revenue from consulting and advisory services	over time	-	-	-	-	-	14 398	14 398
- revenue from lease and operator services	over time	-	-	-	-	3 042	-	3 042
- revenue from sale and distribution of gas	over time	-	-	-	687 471	3 890	-	691 361
- revenue from sale of merchandise	over time	-	-	-	-	980	-	980
- revenue from lease	over time	11	4	-	-	2	547	564
- revenue from the capacity market and blackstart services	point in time	-	-	22 430	-	-	-	22 430
- revenue from the solar panels and heat pomps instalation	over time	-	-	-	168 887	-	-	168 887
- revenue from charging services	over time	-	-	-	-	370	-	370
- other	over time	-	11	19	10 430	2 049	235	12 744
Total revenue from clients		**571 341**	**23 463**	**96 233**	**2 145 576**	**155 406**	**15 180**	**3 007 199**
- revenues from the valuation of futures contracts	over time	-	-	-	7 611	-	-	7 611
- revenues from CO2 emission allowances	point in time	-	-	-	1 507	-	-	1 507
Total other revenue		**-**	**-**	**-**	**9 118**	**-**	**-**	**9 118**
Total sales revenue		**571 341**	**23 463**	**96 233**	**2 154 694**	**155 406**	**15 180**	**3 016 317**

Consolidated Quarterly Report for Q3 2024 ended 30 September 2024 (PLN k)

For 9 months ended 30.09.2023		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	324 549	15 380	104 706	2 535 920	126 432	-	3 106 987
- revenue from certificates of orgin	over time	87 396	-	-	41 928	-	-	129 324
- revenue from sale of heat	point in time	-	-	30 258	-	-	-	30 258
- revenue from consulting and advisory services	over time	-	-	-	-	-	12 559	12 559
- revenue from lease and operator services	over time	-	-	-	-	1 790	-	1 790
- revenue from sale and distribution of gas	over time	-	-	-	539 649	3 343	-	542 992
- revenue from sale of merchandise	over time	-	-	-	-	1 274	-	1 274
- revenue from lease	over time	12	4	-	-	5	340	361
- revenue from the capacity market and blackstart services	point in time	-	-	18 102	-	-	-	18 102
- revenue from the solar panels and heat pomps instalation	over time	-	-	-	236 098	-	-	236 098
- revenue from charging services	over time	-	-	-	-	-	-	-
- other	over time	-	15	1	14 308	455	1	14 780
Total revenue from clients		**411 957**	**15 399**	**153 067**	**3 367 903**	**133 299**	**12 900**	**4 094 525**
- revenues from the valuation of futures contracts	over time	-	-	(15 111)	(12 338)	-	-	(27 449)
- revenues from CO2 emission allowances	point in time	-	-	-	12 415	-	-	12 415
Total other revenue		**-**	**-**	**(15 111)**	**77**	**-**	**-**	**(15 034)**
Total sales revenue		**411 957**	**15 399**	**137 956**	**3 367 980**	**133 299**	**12 900**	**4 079 491**

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4. Other notes

4.1 Sales revenue

	For 9 months ended		For 3 months ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
- revenue from sale and distribution of electricity	1 985 646	3 106 987	660 670	952 513
- revenue from certificates of orgin	77 819	129 324	18 900	33 513
- revenue from sale of heat	28 958	30 258	6 103	6 725
- revenue from consulting and advisory services	14 398	12 559	5 022	4 823
- revenue from lease and operator services	3 042	1 790	775	440
- revenue from sale and distribution of gas	691 361	542 992	147 049	156 877
- revenue from sale of merchandise	980	1 274	233	828
- revenue from lease	564	361	264	186
- revenue from the capacity market and blackstart services	22 430	18 102	7 913	6 103
- revenue from the solar panels and heat pomps instalation	168 887	236 098	55 671	77 737
- revenue from charging services	370	-	211	-
- other	12 744	14 780	5 520	7 022
Total revenue from clients	**3 007 199**	**4 094 525**	**908 331**	**1 246 767**
- revenues from the valuation of futures contracts	7 611	(27 449)	3 160	(15 820)
- revenues from CO2 emission allowances	1 507	12 415	-	10 494
Total other revenue	**9 118**	**(15 034)**	**3 160**	**(5 326)**
Total sales revenue	**3 016 317**	**4 079 491**	**911 491**	**1 241 441**

4.2 Cost according to type

	30.09.2024	30.09.2023	30.09.2024	30.09.2023
- depreciation	130 376	118 728	43 719	41 574
- materials and power consumption	64 256	100 868	20 336	28 818
- third party services	169 665	182 138	59 836	61 516
- taxes, duties and fees	23 471	94 190	7 926	15 151
- salaries	97 643	79 775	34 025	27 969
- social security and other benefits	16 509	13 624	5 096	4 156
- other cost by type	4 644	4 301	1 468	1 761
Total cost by type	**506 564**	**593 624**	**172 406**	**180 945**
- marchandise and materials sold (+)	2 071 115	3 179 801	636 906	983 436
- selling certificates of orgin	74 132	87 395	11 892	26 097
- income from granted certificates of orgin	(58 174)	(84 618)	(15 627)	(22 479)
- selling expenses (-)	(65 259)	(73 222)	(21 115)	(23 696)
- general overheads (-)	(141 377)	(114 593)	(47 603)	(40 137)
Total cost of goods sold	**2 387 001**	**3 588 387**	**736 859**	**1 104 166**

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4.3 Other operating revenues

	For 9 months ended		For 3 months ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
- reversal of impairment losses, including:	284	150	229	112
- expected credit loss	99	150	44	112
- reversal of provisions, including:	2 197	-	-	-
- other	2 197	-	-	-
- other, including:	7 646	10 900	2 415	3 386
- compensation and additional payments	614	543	392	496
- grant settlement	2 394	2 798	799	832
- revenue fromlease of non-current fixed assets	17	-	2	-
- gains on disposal of non financial fixed assets	607	294	453	249
- reinvoicing	448	115	164	59
- other	3 566	7 150	605	1 750
Total other operating revenues	**10 127**	**11 050**	**2 644**	**3 498**

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

4.4 Other operating expenses

	For 9 months ended		For 3 months ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
- asset impairment losses, including:	14 676	2 232	334	50
- expected credit loss	14 226	2 131	280	50
- inventories	450	-	54	-
- non-current fixed assets	-	101	-	-
- other, including:	3 394	4 304	1 361	1 317
- penalties, fines compensation payable	414	711	94	30
- compensation	2	-	2	(27)
- donation	1 640	1 230	794	575
- loss on disposal of non-financial fixed assets	278	1	277	-
- complaints,compensation	138	-	52	(718)
- repair costs covered by compensation	9	-	-	-
- other	913	2 362	142	1 457
Total other operating costs	**18 070**	**6 536**	**1 695**	**1 367**

4.5 Financial income

	For 9 months ended		For 3 months ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
- financial income from interest on deposit and loans	30 571	29 655	8 145	8 977
- f/x differences, including:	491	1 277	124	(141)
- unrealized	341	329	72	(439)
- realized	150	948	52	298
- valuation of financial liablities	106	-	-	(5)
- other surety - related fees	5 275	1 408	2 432	686
- other	387	121	130	(43)
Total financial revenue	**36 830**	**32 461**	**10 831**	**9 474**

4.6 Financial expenses

	For 9 months ended		For 3 months ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
- interest expenses	62 932	62 313	18 531	22 088
- f/x differences, including:	1 500	1 148	456	812
- unrealized	967	617	134	412
- realized	533	531	322	400
- commission an other fees	7 083	4 610	1 812	1 819
- financial costs due to discounting	3 649	-	1 213	-
- measurement of financial liabilities *)	2 870	3 081	890	1 209
- other	3 027	387	31	339
Total financial cost	**81 061**	**71 539**	**22 933**	**26 267**

*) refers to bank loans measured at amortized cost

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4.7 Cash flows

Restricted cash	For 9 months ended	
	30.09.2024	30.09.2023
- cash frozen for loan repayment	44 761	54 217
- frozen cash for deposit	34 008	27 295
- frozen cash - split payment	23 587	8 603
- frozen cash - social benefit fund	378	237
Total	**102 734**	**90 352**

4.8 Goodwill

As at 30 September 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 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 forward contracts measurement 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,

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 by granulating the quotation of the monthly product 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).

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	For 9 months ended	
	30.09.2024	30.09.2023
Result of measurement of derivatives	7 611	(27 449)

Financial instrument category

	30.09.2024	Total
	Level 2	Total
Short term assets	99 906	99 906
Long term assets	10 498	10 498
Total	**110 404**	**110 404**

	Level 2	Total
Short term liabilities	91 592	91 592
Long term liabilities	7 164	7 164
Total	**98 756**	**98 756**
Net fair value	**11 648**	**11 648**

Impact on profit/loss	30.09.2024	30.09.2023
Market price increase by 1%	18	23
Market price decrease by 1%	(18)	(23)

Measurement of the fair value of speculative futures contracts, i.e., futures contracts with an open position, amounted to PLN 21 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, measurement of which was recognized directly through profit or loss.

Polenergia Obrót S.A. has entered into transactions to hedge future cash flows from gas and energy purchase contracts denominated in EUR. The total volume of transactions amounted to EUR 229 thousand, and the value of these transactions as at 30 September 2024 amounted to PLN 18 thousand.

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Maturity date of hedging instrument	Hedged value	Exchange rate hedged	Instrument
2025.Q1	229 EUR	4 EUR	SWAP
Total	**229 EUR**		

Derivatives measured at fair value through other comprehensive income

As at 30 September 2024 the Group recognized PLN -17.068 thousand in other comprehensive income being a component of equity (30 September 2023: PLN -74,346 thousand) on account of the effective portion of the assessment of the hedging instrument to the fair value.

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

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

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

As at 30 September 2024 the Group held the following hedging instruments for cash flow hedge accounting purposes:

Interest rate risk hedges

Maturity date of hedging instrument	Hedged value	Interest rate hedged	Instrument
29.09.2025	12 464	0,52%	IRS
29.06.2026	10 488	0,56%	IRS
15.12.2027	76 975	0,75%	IRS
29.03.2028	97 785	0,79%	IRS
18.12.2028	59 450	5,19%	IRS
25.09.2029	36 638	4,42%	IRS
22.12.2031	7 690	2,60%	IRS
21.06.2033	7 870	5,67%	IRS
12.12.2033	24 720	6,71%	IRS
12.12.2033	24 720	6,71%	IRS
13.03.2034	137 976	6,65%	IRS
30.06.2034	10 951	0,89%	IRS
11.06.2035	130 439	1,10%	IRS
10.09.2035	389 545	1,20%	IRS
31.12.2035	16 354	2,39%	IRS
11.03.2036	99 715	2,22%	IRS
Total	**1 143 780**		

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.

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	Category	Carrying amount 30.09.2024	Carrying amount 31.12.2023	Fair Value 30.09.2024	Fair Value 31.12.2023
Financial asstes					
Futures and forward contracts	Level 2	110 404	184 023	110 404	184 023
Derivative instruments	Level 2	117 298	135 326	117 298	135 326
Financial liabilities					
Bank loans	n/a	1 369 055	1 532 141	1 369 055	1 532 141
Derivative instruments	Level 2	27 688	29 083	27 688	29 083
Futures and froward contracts	Level 2	98 756	176 368	98 756	176 368

4.10 trade creditors and other receivables

As at 30 September 2024 impairment losses on trade receivables deemed uncollectible increased up to PLN 43,238 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 1.01.2024	309 863	246 674	63 190
Arisen	172 339	172 339	-
Paid	(215 987)	(247 180)	31 192
Gross value as at 30.09.2024	266 215	171 833	94 382

The payment default rates and the calculation of credit losses as at 30 September 2024 and as at 31 December 2023 are presented in the table below:

	Total	Receivables from individual customers Current 0-30 days	30-60 days	60-90 days	>90 days
30.09.2024	10 088	1 212	1 215	621	7 040
Expected credit losses	18 782	-	-	-	18 782
31.12.2023	4 185	798	798	325	2 264
Expected credit losses	5 520	-	-	-	5 520

	Total	Receivables from corporate customers Current 0-30 days	30-60 days	60-90 days	>90 days
30.09.2024	212 889	166 120	1 072	1 593	44 104
Expected credit losses	24 456	13 214	-	-	11 242
31.12.2023	275 580	241 928	2 450	375	30 827
Expected credit losses	24 578	13 214	-	-	11 364

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4.11 Effective tax rate

	For 9 months ended	
	30.09.2024	30.09.2023
Income tax charged to the profit and loss account, including	**76 248**	**53 099**
Current tax	66 968	58 175
Deferred tax	9 280	(5 076)
Profit (Loss) before tax	**370 266**	**261 872**
Tax on gross profit at effective tax rate of 19%	70 351	49 756
Adjustments to prior years current income tax	(909)	436
Adjustments to prior years differed income tax	811	(5)
Non-deductible costs:	**5 904**	**3 345**
- permanent differences	1 015	981
- temporary difference on which no tax asset/provision is established	4 889	2 364
Non-taxable income:	**91**	**(433)**
- other	91	(433)
Income tax in the profit and loss account	**76 248**	**53 099**

4.12 Changes in provisions

Change in short term and long term provisions

	30.09.2024	31.12.2023
Provisions at beginning of the period	**125 540**	**29 652**
- recognition of provisions	10 292	96 883
- reversal of provisions	(331)	(739)
- application provisions	(300)	(256)
Provisions at end of the period	**135 201**	**125 540**

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5. Interest bearing bank loans and borrowings

Polenergia Farma Fotowoltaiczna Strzelino Sp. z o.o.

On 29 February 2023, Polenergia Farma Fotowoltaiczna Strzelino Sp. z o.o. Signed annexes to the facility agreement with a syndicate of banks including mBank S.A. (also acting as the facility agent and the security agent), Powszechna Kasa Oszczędności Bank Polski S.A. and Bank Polska Kasa Opieki S.A. The annexes changed the maximum availability periods for the loan tranches, being respectively: investment tranche until 30 April 2024 and 30 June 2024, VAT tranche until 31 May 2024, and changed the date from which the DSR (debt service reserve) loan is made available to 30 April 2024 and 30 June 2024. On 26 June 2024, the project's construction phase was completed.

Polenergia Farma Wiatrowa Namysłów Sp. z o.o.

On 2 July 2024, Polenergia Farma Wiatrowa Namysłów Sp. z o.o. signed a loan agreement with mBank S.A. and Bank Polska Kasa Opieki S.A. to finance the construction of the Szprotawa I photovoltaic farm. Under the agreement, the company was granted a PLN 90,000 thousand investment loan limit, a PLN 20,000 thousand revolving working capital loan to finance VAT, and a PLN 6,500 thousand DSR limit.

The loans are secured by agreements for registered pledges on assets, bank accounts and shares, assignment of receivables as collateral from project contracts and power purchase agreements, subordination agreement, project sponsor support agreement, direct agreements, power of attorney to apply for settlement with the Settlement Agency, statement of submission to enforcement.

The final repayment date for the investment loan and DSR is 16 June 2040, and for the VAT loan - 30 April 2026.

Polenergia Elektrociepłownia Nowa Sarzyna Sp. z o.o.

On 29 July 2024, Polenergia Elektrociepłownia Nowa Sarzyna Sp. z o.o. signed an annex extending the availability of the overdraft it obtained under the loan agreement of 29 July 2011 with ING Bank Śląski S.A., until 29 July 2025. According to the annex, the amount of the facility limit was also changed, decreasing from PLN 50,000 thousand to PLN 35,000 thousand.

Polenergia Obrót S.A.

On 13 September 2024, Polenergia Obrót S.A. signed an annex to the agreement on the multi-purpose facility limit it had received under the agreement of 18 August 2015 with Bank Polska Kasa Opieki S.A. According to the annex, the availability date of the facility limit was extended until 30 September 2025, and the maximum validity period of the guarantees requested under the limit was extended until 30 September 2028.

Polenergia Farma Fotowoltaiczna 16 Sp. o.o.

On 19 September 2024, Polenergia Farma Fotowoltaiczna 16 Sp. z o.o. signed a loan agreement with Bank Polska Kasa Opieki S.A. to finance the construction of the Szprotawa II photovoltaic farm. Under the agreement, the company received a PLN 27,000 thousand investment loan limit, a PLN 7,000 thousand revolving working capital loan to finance VAT, and a PLN 2,800 thousand DSR limit.

The loans are secured by agreements for registered pledges on assets, bank accounts and shares, assignment of receivables as collateral from project contracts and power purchase agreements, subordination agreement, project sponsor support agreement, direct agreements, power of attorney to apply for settlement with the Settlement Agency, statement of submission to enforcement.

The final repayment date for the investment loan and DSR is 16 December 2039, and for the VAT loan - 30 June 2026.

In the period between 1 January and 30 September 2024:

- wind and photovoltaic farms made repayments of their investment loans in the total amount of PLN 22,673 thousand, including PLN 3,310 thousand as a result of mandatory or voluntary prepayments made, and they also triggered further tranches of investment loans in the total amount of PLN 45,797 thousand, and VAT financing loans in the total amount of PLN 4,171 thousand;

- Polenergia Dystrybucja Sp. z o.o. made repayments of the investment loan in the total amount of
.PLN 4,405 thousand. and triggered further tranches of that loan in the total amount of PLN 6,000 thousand**.**
- working capital loans debt balance, i.e. overdrafts and revolving facilities to finance VAT on the investment expenditure in the group decreased in total by PLN 46,195 thousand.

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

On 8 February 2024, the Management Board of Polenergia S.A. adopted a resolution ("**Resolution**") to initiate the process of granting a new authorization to the Management Board to increase the share capital of Polenergia S.A. within the limits of Polenergia S.A.'s authorized capital that would allow the Management Board to launch one or more issues of new shares of Polenergia S.A. in future in order to raise financing for Polenergia S.A.'s strategic objectives which include 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 ("**Strategic Objectives**") ("**New Authorized Capital**").

Concurrently, in view of the significant scale of planned capital expenditures to attain the Strategic Objectives, the Management Board proceeded to review options in the area of electromobility, hydrogen strategy, and new foreign projects, and has not ruled out future decisions to abandon their further implementation or to change the manner or scope of their implementation, depending on the results of the review, such decision to be announced as required by the mandatory provisions of law. The aforementioned decision will not affect Polenergia S.A.'s intention to continue pursuing its Strategic Objectives in other areas, as well as Polenergia S.A.'s plans to issue new shares in Polenergia S.A. within the limits of the New Authorized Capital, except for a possible change in the allocation of the proceeds from the share issue to other Strategic Objectives.

It is the intention of the Management Board to obtain a new authorization to increase the share capital of Polenergia S.A. within the limits of the New Authorized Capital for a period of three years, on the basis of which the Management Board will be authorized to increase the share capital of Polenergia S.A. by no more than PLN 115,828,368 through the issuance of no more than 57,914,184 new shares in Polenergia S.A. ("**New Shares**") and to deprive existing shareholders of Polenergia S.A. of the subscription rights to the New Shares in whole or in part with the consent of the Supervisory Board.**.**

It is the intention of the Management Board that the provisions of Polenergia S.A.'s Statutes relating to the New Authorized Capital should provide, in case a decision is made to deprive existing shareholders of Polenergia S.A. of the subscription rights to the New Shares, for the granting of a preemptive right allowing shareholders holding shares in Polenergia S.A. representing at least 0.2% of Polenergia S.A.'s share capital to maintain their percentage shareholding. During the Extraordinary General Meeting on 13 March 2024, the proxy of the shareholders submitted proposals to amend the preemptive right so that it would also be granted to persons on the list of persons eligible to participate in the Extraordinary General Meeting of Polenergia S.A. held on 13 March 2024. The resolution, in the wording proposed by the shareholders' proxy, was adopted, which was communicated by Polenergia S.A. in current report No. 17/2024 on 13 March 2024.

To the best knowledge of the Management Board, as at the date of adoption of said Resolution, the preemptive right would apply to shareholders of Polenergia S.A. representing a total of ca. 98% of Polenergia S.A.'s share capital.

As at the date of the Resolution, the Management Board:

- intended to raise total proceeds of up to ca. PLN 3.4 billion in 2024-2027 through the issue of New Shares performed within the limits of the New Authorized Capital, with the final number of New Shares issued depending on market conditions and price sensitivity of demand for the shares of Polenergia S.A., therefore it may be lower than the maximum number of New Shares that may 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 issues of New Shares will be aligned to Polenergia S.A.'s actual capital requirements at a given time, with due regard to the timetable for implementation of individual Strategic Objectives. Also, 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 shall require approval of the Supervisory Board.

On 13 March 2024, an Extraordinary General Meeting of Polenergia S.A. was held, at which Resolution No. 3/2024 was adopted on amending the Statutes of Polenergia S.A. which granted the Management Board new authorization to increase the share capital of Polenergia S.A. within the limits of the New Authorized Capital. The Management Board will report separately about exercising such authorization to increase the share capital of Polenergia S.A. within the limits of the New Authorized Capital in accordance with applicable laws.

As at the date of publication of this report, no resolutions on increasing the share capital of Polenergia S.A. under the New Authorized Capital have been adopted.

On 11 July 2024, the Management Board of Polenergia S.A. adopted a resolution on the establishment by Polenergia S.A. of a bond issue program, with a total maximum par value of up to PLN 1,000,000,000. (the "**Program**") and the issuance by Polenergia S.A. of individual series of bonds under the Program. (the „**Bonds**”), to be subscribed for by eligible investors, subject to the following conditions:

1) The Bonds may be bonds issued under the Green Bond formula, including in accordance with the understanding of this term in the *Green Bond Principles* guidelines for the green bond issue process published in June 2021 (including the June 2022 appendix) by the International Capital Market Association ICMA);
2) The Bonds will be issued in accordance with Article 33(1) or (2) of the Bonds Act of 15 January 2015;
3) The Bonds will be offered in a manner that shall not require Polenergia S.A. to: (i) prepare any prospectus referred to in Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published in connection with the public offering of securities or their admission to trading on a regulated market and repealing Directive 2003/71/EC nor to (ii) publish any information memorandum referred to in Art. 38b of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies;
4) The Bonds shall be issued as unsecured;
5) The Bonds shall be registered in the securities depository maintained by the National Depository for Securities [Krajowy Depozyt Papierów Wartościowych S.A.] („**KDPW**”). Registration of the Bonds in the depository maintained by the KDPW may take place under the *delivery versus payment* procedure or with the participation of the issuing agent by way of entering the Bonds in the records kept by the issuing agent, pursuant to Article 7a (4)(4) of the Act on Trading in Financial Instruments of 29 July 2005;
6) The Bonds may be subject to listing in the alternative trading system operated by the Warsaw Stock Exchange [Giełda Papierów Wartościowych w Warszawie S.A.];
7) The Bonds shall bear interest. The interest rate shall be fixed or variable, based on the reference rate specified in the terms of issue of the respective Bonds series, increased to include a margin;
8) The purpose of issuing the Bonds is to finance the development, purchase, construction and operation of green projects, with the specific use of the proceeds from the bond issue to be specified in the terms and conditions of issue of the respective series of Bonds issued under the Program;

9) Detailed terms and conditions of the Bond issue concerning the Bonds of a given series, including the level of the margin, shall be determined by the Management Board of Polenergia S.A., based on resolutions adopted in this regard, each time by way of adopting individual bond issue-related resolutions concerning to a given series of Bonds or by persons authorized by the Management Board of Polenergia S.A., upon prior approval by the Supervisory Board of the draft terms and conditions of such Bond issue.

On 11 July 2024, the Supervisory Board of Polenergia S.A. adopted a resolution approving the establishment of the Program by Polenergia S.A.

On 10 September 2024, Polenergia S.A. entered into a program agreement with respect of the Program ("**Program Agreement**") with Bank Polska Kasa Opieki S.A**.** “**Pekao Bank** ”, mBank S.A. ("**mBank**") and Santander Bank Polska S.A**.** ("**Santander**") (Pekao Bank, mBank, and Santander hereinafter collectively referred to as the "**Banks**")**.**

Under the Program Agreement, the Banks assumed an obligation to perform certain obligations related to the organization and operation of the Program and the organization and issue of the Bonds to the extent covered by the Program Agreement.

Pekao Bank shall act as Program co-organizer, dealer and green bond structuring agent. mBank shall act as Program co-organizer, dealer and green bond structuring agent. Santander shall act as Program co-organizer and dealer.

After the balance sheet date (i.e., after 30 September 2024), on 16 October 2024, an issue of A Series Bonds took place of the total par value of PLN 750,000,000 ("**A Series Bonds**", "**Bond Issue**")**.** Basic information concerning the Bond Issue:

1) issue price of one A Series Bond is PLN 1,000;
2) redemption date for A Series Bonds is 16 October 2029;
3) early redemption of A Series Bonds is possible at the request of Polenergia S.A. or a bondholder under the terms and conditions of the A Series Bond issue;
4) Purpose of the Bond Issue: to directly and indirectly finance or refinance the development, acquisition, construction and operation of Green Projects, including in particular offshore wind farms.
5) Interest rate: variable - 6M WIBOR + Margin 270 bps p.a.
6) Interest periods - semi-annual.

Also, after the balance sheet date (i.e., after 30 September 2024), on 17 and 18 October 2024, Polenergia S.A. entered into forward interest rate swaps (IRS) with financial institutions, hedging in total 75% of Polenergia S.A.'s exposure to WIBOR-based interest rate volatility risk in connection with the Bond Issue.

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 9-month period ended on 30 September 2024.

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

On 15 January 2024, guarantees received by Polenergia Obrót S.A. issued on request of Potęgowo Mashav for a total amount of PLN 2,971 thousand expired, while on 31 January 2024, a guarantee for PLN 576 thousand was extended for another year.

On 26 January 2024, Polenergia Farma Wiatrowa Namysłów Sp. z o.o. received an insurance guarantee for performance bond issued by InterRisk TU S.A. upon request of P&Q Sp. z o.o., with a limit amount of PLN 8,595 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 for performance bond issued by InterRisk TU S.A. upon request of P&Q Sp. z o.o., with a limit amount of PLN 2,350 thousand with expiration date of 16 July 2025.

On 29 January 2024, Schattdecor presented a bank guarantee to secure its obligations under the contract with Polenergia Obrót S.A. in the amount of PLN 2,800 thousand, with an expiration date of 31 January 2026.

On 14 February 2024, Polenergia Farma Wiatrowa Namysłów Sp. z o.o. received a bank guarantee for performance bond concerning contract engineer's services, issued by Santander Bank Polska S.A. upon request of AYESA POLSKA Sp. z o.o., with a limit amount of PLN 127 thousand, expiring on 28 February 2027.

On 15 February 2024, Polenergia Farma Fotowoltaiczna 16 Sp. z o.o. received a bank guarantee for performance bond concerning contract engineer's services, issued by Santander Bank Polska S.A. upon request of AYESA POLSKA Sp. z o.o., with a limit amount of PLN 42 thousand, expiring on 28 February 2027.

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

On 13 March 2024, Siemens Gamesa Renewable Energy Sp. z o.o. provided bank guarantees for performance bond of the contract concluded with MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. for a total of PLN 88,682 thousand and EUR 80,846 thousand, respectively, both guarantees expiring on 5 October 2027.

On 15 March 2024, Mercedes-Benz Poland submitted a bank guarantee for the amount of PLN 6,138 thousand with an expiration date of 31 May 2028 to secure its obligations under the energy supply contract entered into with Polenergia Obrót SA.

On 11 April 2024, the validity of the Orange Polska PCG issued on behalf of Orange Energia in favor of Polenergia Obrót Sp. z o.o. was extended until 31 July 2027. On 21 August 2024, the PCG maximum limit was increased from PLN 4,200 thousand to PLN 24,200 thousand.

On 22 April 2024, Sif Netherlands B.V. presented bank guarantees issued in favor of MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. for a total amount of EUR 4,406 thousand as performance bond for the contract, expiring on 20 October 2026.

On 29 April 2024, the validity of the guarantee issued in favor of Polenergia Obrót S.A. by OP Corporate Bank upon request of IGNITIS Polska sp. z o.o. in connection with a commercial contract was extended.

The insurance performance bond issued to Polenergia Farma Fotowoltaiczna Strzelino Sp. z o.o. upon request of P&Q Sp. z o.o. by InterRisk TU S.A. on 25 January 2023, expired on 24 May 2024.

The validity of the contract performance bond issued on 8 February 2023 by Société Générale upon request of Hitachi Energy Poland Sp. z o.o. in favor of MFW Bałtyk II Sp. z o.o. expired on 31 May 2024.

The PCGs concerning the reservation agreements concluded by MFW Bałtyk II Sp. z o.o. and MFW Bałtyk III Sp. z o.o. with Sif Holding N.V., issued on 1 July 2024 by Sif Netherlands B.V. , expired on 1 September 2024.

On 10 September and 20 September 2024, DTrading presented guarantees issued by PKO BP for the amounts of PLN 11,850 thousand and PLN 5,916, respectively, with expiration dates of 30 November 2024 and 31 August 2027, in connection with a commercial contract entered into with Polenergia Obrót S.A.

The contract engineer's performance bond issued by Bilfinger Tebodin Poland Sp. z o.o. in favor of Polenergia Farma Wiatrowa Dębice/Kostomłoty Sp. z o.o. expired on 15 September 2024. In the period from 1 January to 30 September 2024, McDonald's licensee franchisees provided bank guarantees in favor of Polenergia Obrót S.A.to secure their obligations under the concluded energy supply contracts for a total amount of PLN 5,181 thousand - all to be extended until 31 May 2028.

9. Information on loan or credit sureties or guarantees issued by the Company or the Company's subsidiary to a single entity or its subsidiaries, if the total value of existing sureties and guarantees is material.

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

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

On 28 June 2024, Polenergia S.A. issued payment guarantees for the obligations of MFW Bałtyk II Sp. z o.o., in which it holds 50% of shares, in connection with the contract concluded with SIF NETHERLANDS/Smulders Projects Belgium Rez. The guarantee was issued to secure payments under the contract up to a maximum of EUR 11.812 thousand, with the expiration date of 1 September 2024.

On 28 June 2024, Polenergia S.A. issued payment guarantees for the obligations of MFW Bałtyk III Sp. z o.o., in which it holds 50% of shares, in connection with the contract concluded with SIF NETHERLANDS/Smulders Projects Belgium Rez. The guarantee was issued to secure payments under the contract up to a maximum of EUR 11.812 thousand, with the expiration date of 1 September 2024.

On 14 August 2024, Polenergia S.A. issued payment guarantees for the obligations of the MFW Bałtyk II Sp. z o.o., in which it holds 50% of shares, in connection with a contract with Heerema Marine Contractors. The guarantee was issued to secure payments under the contract up to a maximum of EUR 20.811 thousand, and USD 44,855 thousand, with an expiration date as provided for in the guarantee.

On 14 August 2024, Polenergia S.A. issued payment guarantees for the obligations of the MFW Bałtyk III Sp. z o.o., in which it holds 50% of shares, in connection with a contract with Heerema Marine Contractors. The guarantee was issued to secure payments under the contract up to a maximum of EUR 20.811 thousand and USD 44,855 thousand, with an expiration date as provided for in the guarantee.

On 27 September 2024, Polenergia S.A. issued payment guarantees for the obligations of MFW Bałtyk II Sp. z o.o., in which it holds 50% of shares, in connection with a contract with Siemens Gamesa Renewable Energy Sp. z o.o.. The guarantee was issued to secure payments under the contract up to a maximum of EUR 13.474 thousand, and PLN 14,780 thousand with expiration dates as stated in the guarantee.

On 27 September 2024, Polenergia S.A. issued payment guarantees for the obligations of MFW Bałtyk III Sp. z o.o., in which it holds 50% of shares, in connection with a contract with Siemens Gamesa Renewable Energy Sp. z o.o. The guarantee was issued to secure payments under the contract up to a maximum of EUR 13.474 thousand and PLN 14,780 thousand with expiration dates as stated in the guarantee.

On 27 September 2024, Polenergia S.A. issued payment guarantees for the obligations of MFW Bałtyk II Sp. z o.o., in which it holds 50% of shares, in connection with a contract with SIF NETHERLANDS/Smulders Projects Belgium. The guarantee was issued to secure payments under the contract up to a maximum of EUR 57.500 thousand, with the expiration date of 30 April 2024.

On 27 September 2024, Polenergia S.A. issued payment guarantees for the obligations of MFW Bałtyk III Sp. z o.o., in which it holds 50% of shares, in connection with a contract with SIF NETHERLANDS/Smulders Projects Belgium. The guarantee was issued to secure payments under the contract up to a maximum of EUR 42.500 thousand, with the expiration date of 30 April 2024.

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

Amon sp. z o.o. and Talia sp. z o.o. - each 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 property 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 were challenged on appeal.

On 20 December 2021 the Court of Appeals in Gdansk announced a judgment in a case brought by Talia sp. z o.o. against Polska Energia - Pierwsza Kompania Handlowa sp. z o.o., dismissing the appeal filed by the above company in its entirety. On 16 August 2022, Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. filed a cassation appeal. On 17 November 2022 the Court of Appeals in Gdansk announced a judgment in a case brought by Amon sp. z o.o. against Polska Energia - Pierwsza Kompania Handlowa sp. z o.o., dismissing the appeal filed by the above company in its entirety. On 12 June 2023 Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. filed a cassation appeal. Both cassation appeals were accepted for examination by the Supreme Court.

On 31 March 2023, Amon sp. z o.o. received a procedural letter from Polska Energia – Pierwsza Kompania Handlowa sp. z o.o., in a case brought by Amon sp. z o.o. v. Polska Energia – First Kompania Handlowa sp. z o.o. including further claims of Amon sp. z o. o. resulting from the failure to perform the above-mentioned contracts by Polska Energia - Pierwsza Kompania Handlowa sp. z o.o., pending before the District Court in Gdańsk, in which letter Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. entered into a counterclaim demanding an award from Amon sp. z o.o. for its benefit the amount of PLN 61,576 thousand with statutory default interest calculated 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 following the date of direct delivery of a copy of the counterclaim to the attorney of Amon sp. z o.o.

The amount of PLN 55.691 thousand represents contractual penalties demanded by Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. allegedly on the basis of §8 section 1 of the agreement for the sale of property rights arising from certificates of origin confirming the generation of electricity in a renewable energy source - Łukaszów Wind Farm concluded on 23 December 2009 by Amon sp. z o.o. with Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. and allegedly resulting from the failure of Amon sp. z o.o. to meet the number of property rights to be transferred in individual months starting from August 2019.

The amount of PLN 5.884 thousand in turn represents compensation claimed by Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. for the alleged failure of Amon sp. z o.o. to perform an agreement for the sale of electricity generated at a renewable energy source - the Łukaszów Wind Farm, concluded by Amon sp. z o.o. with Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. on 23 December 2009, in the period from 18 November 2022 to 31 December 2022.

On 16 May 2023, the Regional Court of Gdansk served Amon sp. z o.o. with a ruling dated 2 May 2023, leaving the counterclaim by Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. without further consideration. The ruling issued by the Regional Court in Gdansk was based on Article 204 § 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 property rights concluded 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 sp. z o.o., in addition to the amounts claimed so far, demands payment of the amount of PLN 18.297 thousand as compensation for failure to perform the aforementioned agreements during their further 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 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 property rights concluded by Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. with Talia sp. z o.o. By virtue of the above change of the claim, Talia, in addition to the amounts claimed so far, seeks payment of the amount of PLN 12.075 thousand as compensation for non-performance of the aforementioned contracts during their further term.

Amon sp. z o.o. and Talia sp. z o.o. brought an action for damages claims against Tauron Polska Energia S.A. The tort liability for damages of Tauron Polska Energia S.A. is based on the cessation of performance by Polska Energia- Pierwsza Kompania Handlowa sp. z o.o., - a subsidiary of Tauron Polska Energia S.A., of long-term agreements for the sale of electricity generated from renewable sources and long-term agreements for the sale of property rights resulting from certificates of origin confirming the production of electricity from renewable sources, entered into with 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 the claim against Tauron Polska Energia S.A. covering Amon's and Talia's claims for damages arising 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.

Certyfikaty sp. z o.o., Polenergia Obrót S.A. i Green Stone Solutions sp. z o.o. (then under the name: Polenergia Usługi sp. z o.o.) were sued by Eolos Polska sp. z o.o. before the Regional Court in Warsaw XX Economic Department for payment of contractual penalties for termination of agreements on the sale of property rights arising from certificates of origin of electricity generated at renewable energy sources and for payment of receivables on account of balancing costs. The court appointed an expert in the case to prepare an opinion. On 14 December 2023, the court ordered the admission of evidence from a written supplementary expert opinion. The opinion was prepared on 15 May 2024 and delivered on 15 July 2024. Polenergia Obrót S.A. responded to the letter.

On 13 July 2021 Polenergia Farma Wiatrowa 1 sp. z o.o. received a claim for compensation for non-contractual use of the real property. The claimants demanded the payment because the access road to one of the wind turbines was located on the real property belonging to the claimants as a result of a court judgment delimiting the property. The real property had previously been owned by another lessor. On 30 June 2023 the District Court in Wąbrzeźno, at a closed session, issued a judgment awarding from Polenergia Farma Wiatrowa 1 sp. z o.o. to the claimants the amount of PLN 18,428.08 for non-contractual use of the property in the period from 13 March 2020 to 31 December 2021. The claimants demanded payment of PLN 52,500.00. Polenergia Farma Wiatrowa 1 Sp. z o.o. did not dispute the validity of the claim during the proceedings, but only the amount claimed. The amount awarded by the Court corresponds to the position taken by the respondent in the course of the proceedings. The claimant filed an appeal with the Regional Court in Toruń. At a hearing before the Regional Court in Toruń on 15 May 2024, the parties reached a settlement, which means that the dispute is over. Under the settlement, Polenergia Farma Wiatrowa 1 sp. z o.o. will pay the claimant the amount of PLN 35,000.00 as compensation for non-contractual use of the property for the period from 31 May 2020 to 31 December 2021. At the same time, the parties agreed to enter into a lease agreement on terms agreed by the parties.

On 2 June 2023 Polenergia Farma Wiatrowa 1 sp. z o.o ("Polenergia FW 1") received the lessor's notice of termination of the lease agreement entered into on 26 February 2008 in relation to the real property on which some of wind turbines of Farma Wiatrowa Gawłowice are located, along with associated infrastructure. In the termination notice the lessor stated that in its opinion Polenergia Farma Wiatrowa 1 failed to provide the bank guarantee in the correct form required by the lease agreement. Polenergia Farma Wiatrowa 1 did not share the lessor's view of the grounds for termination, and informed the lessor that in the opinion of Polenergia FW1 the termination was ineffective and the lease agreement was still in force. Polenergia Farma Wiatrowa was seeking at the same time an amicable resolution of the dispute through direct negotiations aimed at obtaining the withdrawal of the notice of termination of the lease agreement. Finally, following negotiations the Parties agreed and signed the lease agreement (in its new wording) in March 2024, maintaining the continuity of the lease.

Polenergia Obrót S.A. was bound with contracts for energy sale concluded with Jeronimo Martins Polska S.A. („**JMP**"), which were terminated by Polenergia Obrót S.A. effective as of 30 June 2022. In connection with the termination of the contracts in question, JMP addressed Polenergia Obrót S.A. with a call for payment of PLN 3.501 thousand and PLN 36.027 thousand, i.e. a total of PLN 39.528 thousand. The claims filed by JMP relate to periods falling after the date of expiry of the sale contracts, and therefore Polenergia Obrót S.A. considers them groundless. Thus, Polenergia Obrót S.A. also deems ineffective the statement of JMP on setting off the requested amounts with the receivables of Polenergia Obrót S.A. due to JMP.

On 1 December 2022, Polenergia Obrót S.A. filed a claim against JMP with the Regional Court in Warsaw, demanding payment of PLN 40.853 thousand plus statutory interest for delay in commercial transactions, calculated from the date of filing the claim to the date of payment. The amount of the claim includes the amount of PLN 39.528 thousand of the invoices for energy unpaid by JMP and the amount of PLN 1.324 thousand for accrued interest for the period until the date of filing the claim.

The difference in the value of the claims pursued in relation to the amounts covered by JMP's statement on setting off results from the adjustments of settlements made in the meantime related to the update of measurement data and the submission by Polenergia Obrót S.A. of statements on setting off. In September 2023, JMP served Polenergia Obrót S.A. with a statement of defense. According to the claimant, the content of the statement of defense, as well as the arguments presented in JMP's subsequent pleadings, do not affect the previous assessment of the legitimacy of Polenergia Obrót S.A.'s claim. It is possible for Enerace to join the case as an intervener (on the side of JMP),nevertheless, this has not yet taken place.

The first hearing was not scheduled.

Polenergia Dystrybucja sp. z o.o. is pursuing collection cases related to non-payment for delivered electricity. The asserted claims currently total approximately PLN 511 thousand.

On 6 December 2021 the President of the Office of Competition and Consumer Protection (**,,UOKiK**") initiated clarification proceedings with respect to Polenergia Fotowoltaika S.A. based in Warsaw, for preliminary determination whether, as a result of activities related to the services of the sale and installation of photovoltaic installations provided by Polenergia Fotowoltaika S.A., there was a breach justifying the initiation of proceedings to recognize the provisions of the model contract as prohibited, or a breach of consumer interests protected by law justifying the initiation of proceedings regarding practices that breach the collective interests of consumers.

Polenergia Fotowoltaika S.A. submitted to the President of the UOKiK all documents and information requested by the President of the UOKiK in the course of the proceedings.

On 6 September 2024 the President of UOKiK issued a decision to close the clarification proceedings with respect to Polenergia Fotowoltaika S.A. based in Warsaw, for preliminary determination whether, as a result of activities related to the services of the sale and installation of photovoltaic installations provided by Polenergia Fotowoltaika S.A., there was a breach justifying the initiation of proceedings to recognize the provisions of the model contract as prohibited, or a breach of consumer interests protected by law justifying the initiation of proceedings regarding practices that breach the collective interests of consumers.

According to the operative part of the decision, it is not subject to appeal.

Since December 2022, Polenergia Fotowoltaika S.A. has filed 90 claims for payment concerning the collection of receivables under contracts between Polenergia Fotowoltaika S.A. and its customers. Polenergia Fotowoltaika S.A. is party to 15 court proceedings related to claims arising from contracts between Polenergia Fotowoltaika S.A. and its subcontractors or suppliers.

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

During September and October 2023, a number of 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 initiation ex officio by the President of the Energy Regulatory Office of administrative proceedings regarding the imposition of a monetary penalty in connection with breach of the Act on emergency measures aimed at limiting the amount of electricity prices and supporting certain consumers dated 27 October 2022 by failing to submit to Zarządca Rozliczeń S.A. (Settlement Authority), reports confirming the deduction for the Price Difference Payment Fund within the deadline prescribed by the aforementioned Act.

Polenergia S.A.'s subsidiaries provided the President of the Energy Regulatory Office with explanations of the reasons for the (usually few days') delays in submitting reports and are awaiting possible further correspondence or decisions, with Polenergia Farma Wiatrowa Dębice/Kostomłoty sp. z o.o. And Polenergia Obrót S.A. received a notice that evidentiary proceedings had been completed, and the evidence gathered in the case could be consulted. Two proceedings are pending against Polenergia Obrót S.A. - separately for each of the two breaches of statutory reporting deadlines. In this connection, Polenergia Obrót S.A. expects to be served with a notice of completion of evidentiary proceedings in the second case.

The indicated breach of the aforementioned law may result in a monetary fine. The act currently stipulates that the penalty may not exceed 15% of the punished entity's revenue generated in the previous financial year, while the President of the Energy Regulatory Office, when imposing the penalty, takes into account the degree of harmfulness of the act, the degree of culpability, as well as the past behavior of the entrepreneur and its financial capabilities when imposing the penalty. The URE President may also waive the punishment if the degree of harmfulness of the act is negligible, and the entity has stopped breaching the law or fulfilled the obligation. Polenergia S.A.'s subsidiaries submitted all the delayed reports.

In the letter of 23 May 2024, the President of the Energy Regulatory Office ("**URE**") notified Polenergia Obrót S.A., a subsidiary of Polenergia S.A., of the initiation of administrative proceedings for the imposition of a fine in connection with suspected non-compliance with the obligation to present information on the volume of mandatory stocks to the URE President for verification by the URE President, pursuant to Article 25 section 3 of the Act on Stocks of Crude Oil, Petroleum Products and Natural Gas and the Principles of Handling Situations of Risk to the State's Fuel Security and Disturbances on the Oil Market, of 16 February 2007. In response to the request by the URE President, Polenergia Obrót S.A. provided the missing information and additional clarifications, including after the completion of the evidentiary part of the administrative proceedings. The breach of the obligation in question is subject to a monetary fine ranging from 1% to 15% of the entrepreneur's revenue resulting from activities performed in virtue of a license for trading natural gas with foreign countries. The proceedings were concluded with a decision by the President of the URE dated 29 August 2024, DRG.DRG-3.451.1.2024.MKu2, to impose a fine of PLN 276,252 on Polenergia Obrót S.A. Polenergia Obrót S.A., having acknowledged the conditions for filing an effective appeal against the aforementioned decision, and taking into account the fact that there are no formal and material grounds for effectively repealing the decision through appeal proceedings, decided not to file an appeal and to pay the fine imposed on the company. The result of Polenergia Obrót S.A. will not be affected, as the fine was paid on 10 September 2024 using the funds from a provision previously set up for this purpose.

In March 2023 Polenergia Obrót S.A. received information from CIME V-E Asset AG ("**CIME"**) about financial difficulties that may cause delays in payments 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. At the same time, on 24 March 2023, Polenergia Obrót S.A. stated that invoices for the billing period covering January 2023 and February 2023 had not been paid, and addressed 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., 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 at the wind farm owned by CIME Krzanowice for a 10 years' term, under which Polenergia Obrót offtakes all the energy generated at this wind farm as of 1 September 2023 (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., on 3 August 2023 CIME, CIME Krzanowice and Polenergia Obrót entered into an agreement restructuring the Debt, pursuant to which Polenergia Obrót S.A. will be entitled to set off the Debt in the agreed amount against CIME Krzanowice's receivables from Polenergia Obrót S.A. for electricity supplied under the Offtake Agreement which will allow for gradual reduction of the level of the Debt over a 10-year time horizon (the "**Restructuring Agreement**"). In order to secure the rights of Polenergia Obrót S.A. 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.

In addition to the business provisions under the aforementioned agreements, Polenergia Obrót S.A. and CIME entered into an agreement partially terminating the ISDA with respect to transactions from the date of this agreement until the end of 2023.

In connection with the above-described event, a valuation of receivables was made based on estimated cash flows related to the performance of the described agreements.

The debtor is making payments, although with delays.

Polenergia Elektrociepłownia Nowa Sarzyna sp. z o.o. has 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 Covering Costs Arising at Generators in Connection with Early Termination of Long-Term Contracts for the Sale of Power and Electricity (the "**LTC Termination Act**"). In its decision, the President of the Energy Regulatory Office determined that the amount of PLN 3,758 thousand is due to the Company on account of final settlement of stranded costs, in addition to the already received funds. The Company did not agree with the interpretation of selected provisions of the LTC Termination Act, and appealed against the decision of the President of the Energy Regulatory Office to the Court of Competition and Consumer Protection (SOKiK) in Warsaw, demanding an increase in the amount of funds due to the Company. The value of the subject of the dispute amounts to PLN 13,214 thousand, and the respective impairment loss on receivables was recognized by the Company.

On 23 November 2023, the SOKiK issued a judgment in which it amended the appealed decision and set the amount of the final adjustment of stranded costs at PLN 16,645,912, thus recognizing as legitimate the claim of Polenergia Elektrociepłownia Nowa Sarzyna sp. z o.o. concerning 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 with regard to the dismissed claim. There are no information about the filing of an appeal by the President of the Energy Regulatory Office.

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.

The Group believes that there are no information other than presented herein relevant to assessing the Group's ability to meet its obligations.

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

In the Group's opinion, the following factors will materially affect its results (at the consolidated level and the stand-alone level) in the coming quarters:

- wind conditions in the areas where the Puck, Łukaszów, Modlikowice, Gawłowice, Rajgród, Skurpie, Mycielin, Krzęcin, Szymankowo, Kostomłoty, Dębsk, Piekło, Międzychód and Grabowo Wind Farms are located,
- insolation in the area of the Sulechów I, II, III, Buk and Strzelino photovoltaic farms portfolios,
- prices of electricity and green certificates,
- final wording of the regulations affecting the Issuer's business,
- any changes in the prices of CO_2 emission allowances and natural gas,
- financial condition of the Company's customers,
- macroeconomic situation in Poland,
- interest rates levels in the market,
- availability and cost of debt financing,
- developments in connection with the armed conflict in Ukraine.

13. Risks associated with the liquidity

The Group monitors the risk of lack of funds using a periodic liquidity planning tool. This tool takes into account the due/maturity dates of both investments and financial assets (e.g., accounts receivable, other financial assets), as well as projected cash flows in operational activity.

The Group's goal is to maintain a balance between continuity and flexibility of financing, through the use of diversified sources of financing, such as overdrafts, bank credits, loans, and lease agreements.

The table below shows the Group's financial liabilities as at 30 September 2024, and as at 31 December 2023, by maturity date based on contractual non-discounted payments.

30.09.2024	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	59 787	176 618	725 109	1 048 156	**2 009 670**
Other liabilities	325 287	1 796	33 641	23 607	**384 331**
Liabilities for deliveries and sevices	82 842	-	-	-	**82 842**
Lease liabilities	3 779	21 048	79 429	244 632	**348 888**

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 material transactions with related parties

Principal transactions with related parties for the period of 9 months ended 30 September 2024:

30.09.2024	Revenues	Receivables
MFW Bałtyk I S.A.	4 217	4 191
MFW Bałtyk II Sp. z o.o.	7 390	7 222
MFW Bałtyk III Sp. z o.o.	6 763	6 542
Total	**18 370**	**17 955**

For the 9 months period ended 30 September 2024, there the following material transactions with related parties involving personal relationships took place:

30.09.2024	Revenues	Costs	Receivables	Libilities
Krucza Inwestycje KREH 1 Sp. z o.o. S.K.	394	7 047	32	6
Beyond.pl Sp. z o.o.	-	887	-	6
Qemetica S.A. (dawniej: Ciech Sarzyna S.A.)	11	468	-	92
Master BIF IV UK Holdings Ltd	-	215	-	-
Total	**405**	**8 617**	**32**	**104**

All transactions are made at arm's length.

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15. Events occurred after the date the condensed quarterly financial statements were prepared and not included herein, which may significantly affect the Issuer's future financial results

Until the date of preparation of these condensed consolidated financial statements, that is, until 21 November 2024, there were no events that were not recognized in the books of the reporting period.

C. OTHER INFORMATION 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 development prospects for the Issuer's activity at least during the next financial year**

Key economic and financial results achieved by the Issuer's capital group data are presented in the table below:

EBITDA / Net profit (loss) [PLN m]	9M 2024	9M 2023	Difference
Sales revenues	3 016,3	4 079,5	(1 063,2)
EBITDA	544,9	419,8	125,1
Net profit (loss)	294,0	208,8	85,2
Adjusted net profit (loss)	296,9	213,7	83,2

The results achieved in the first 3 quarters of 2024 compared to the results for the same period were driven by the following factors:

a) On the level of EBITDA (increase by PLN 125.1 million):

- Higher result of the onshore wind farms segment (by PLN 146.7 million), which is mainly a consequence of higher electricity prices and the start of operation of the Grabowo and Piekło farms. The above was partially offset by lower green certificate prices and higher operating costs for wind farms;
- Higher photovoltaic segment result (increase by PLN 6.3 million) due to higher energy production in the PV segment, mainly due to the commissioning of the Strzelino farm in the first quarter of 2024, partly offset by lower energy prices in 2024 at some of the farms and higher operating costs in connection with the increase in installed capacity;
- Higher result of the gas and clean fuels segment (by PLN 0.8 million) mainly due to higher result on optimization of ENS operation and system services (Capacity Market) reduced by lower result on heat sales;
- Lower trading and sales segment result (by PLN 42.2 million) as a result of: i) lower result on other prosumer energy business as a consequence of lower sales volume of photovoltaic panels and heat pumps, ii) lower result on electricity trading from RES assets as a result of a change in the billing model taking into account a higher purchase price from RES projects, iii) lower result on electricity trading and business services mainly due to lower price volatility in energy markets, iv) higher operating expenses due to the expansion of the Group's scale of operations. The decrease in result in the first three quarters of 2024 was partly offset by: (i) higher result on electricity sales due to lower cost of end customer consumption profile, (ii) higher result on RES aggregation mainly due to additional margin on green certificate sales;
- Higher result of the distribution segment (by PLN 24.5 million) due to higher unit margin on energy sales and higher margin on electricity distribution (related to the low base effect caused by the delay in updating the distribution tariff in the previous year). The higher result was partly offset by higher operating expenses related to the increase in the scale of operations and the costs incurred in connection with the development of electromobility projects.
- Lower result of unallocated items (by PLN 11.0 million), due to higher operating expenses at the Headquarters resulting mainly from the increase in the scale of operations.

b) On the level of Net Profit (increase by PLN 85.2 million):

- The EBITDA effect (result higher by PLN 125.1 million);
- Higher depreciation and amortization(by PLN 11.6 million**)** primarily due to the commissioning of fixed assets in the wind and photovoltaic farms segment, depreciation related to setting up of the dismantling provision in 2023, and higher depreciation of leased assets under IFRS 16 adjusted for the completion of the PPA settlement related to the acquisition of Polenergia Fotowoltaika S.A.;

- Lower impairment loss (by PLN 0.1 million) related to development.

All the above mentioned items contributed to the increase of the operating profit by PLN 113.5 million.

- Higher financial income (by PLN 4.4 million) mainly due to higher interest income and higher surety income, partly offset by lower foreign exchange result.
- Higher financial expenses (by PLN 9.5 million) resulting mainly from financial expenses on account of discount, higher costs of interest, commissions and derivatives.
- The higher income tax for the first three quarters of 2024 is due to the Group's higher gross profit.

c) On the level of adjusted net profit (increase by PLN 83.2 million):

- The net profit effect (increase by PLN 85.2 million);
- Reversal of the foreign exchange differences effect (increase by PLN 0.3 million);
- Elimination of the purchase price allocation effect (decrease by PLN 1.9 million);
- Reversal of the impairment losses effect (decrease by PLN 0.1 million);
- Reversal of the effect of valuation of loans using the amortized cost method (decrease by PLN 0.3 million).

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 does not publish any performance forecasts.

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

Factors having a significant impact on the Group's financial results are described in sections A.2 and C.1 hereof.

5. Shareholders holding, directly or indirectly through subsidiaries, 5% or more of total number of voting rights at the Issuer's General Meeting as at the date of presentation of the quarterly report, including information on the number of shares held by those shareholders, their ownership interests, the resulting number of votes at the General Meeting and their share in total voting rights at the General Meeting, and any changes in the ownership structure of major holdings of Issuer's shares after the issue of the previous quarterly report

No	Shareholder	Number of shares	Number of votes	Shareholding
1	Mansa Investments sp. z o.o. *)	33 127 625	33 127 625	42,90%
2	BIF IV Europe Holdings Limited	24 738 738	24 738 738	32,04%
3	Allianz Polska Otwarty Fundusz Emerytalny	6 045 142	6 045 142	7,83%
4	Nationale-Nederlanden Otwarty Fundusz Emerytalny	4 571 602	4 571 602	5,92%
5	Others	8 735 806	8 735 806	11,31%
	Total	**77 218 913**	**77 218 913**	**100,00%**

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

6. Identification of effects of changes in the entity’s structure, including changes resulting from mergers, acquisitions or disposals of the capital 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, Polenergia Farma Wiatrowa 33 sp. z o.o. was entered into the Entrepreneurs Register of the National Court Register (KRS).

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

On 5 August 2024, Polenergia Farma Wiatrowa 35 sp. z o.o. was entered into the Entrepreneurs Register of KRS.

On 27 September 2024, Polenergia S.A. exercised the call option granted to it under the agreement for the acquisition of 60% of the shares in its subsidiary Wind Farm Four Srl (formerly Naxxar Wind Farm Four Srl) entered into on 5 October 2023 with Naxxar Renewable Energy Management Holding Srl ("NRE MH"); as a result it acquired from NRE MH the remaining 40% of the shares in the share capital of Wind Farm Four Srl, consequently becoming the sole shareholder of that company.

D. QUARTERLY FINANCIAL INFORMATION OF POLENERGIA S.A.

INTERIM CONDENSED STANDALONE BALANCE SHEET
as of 30 September 2024

ASSETS

	30.09.2024	31.12.2023
I. Non-current assets	**3 077 093**	**2 414 133**
Tangible fixed assets	13 713	15 135
Intangible assets	403	565
Financial assets	3 053 416	2 392 881
Deferred income tax assets	7 962	3 745
Prepayments and accrued income	1 599	1 807
II. Current assets	**515 169**	**1 080 851**
Trade receivables	33 512	44 105
Income tax receivable	-	19
Other short term receivables	1 653	1 501
Prepayments and accrued income	6 310	12 106
Short term financial assets	70 076	73 882
Cash and equivalent	403 618	949 238
Total assets	**3 592 262**	**3 494 984**

EQUITY AND LIABILITIES

	30.09.2024	31.12.2023
I. Shareholders' equity	**3 550 747**	**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	970 431	810 528
Capital from merger	89 782	89 782
Retained profit (loss)	(26 826)	(26 826)
Net profit /(loss)	108 755	159 903
II. Long term liabilities	**6 455**	**8 805**
Provisions	693	693
Lease liabilities	5 762	8 112
III. Short term liabilities	**35 060**	**44 187**
Trade payables	1 233	5 271
Lease liabilities	6 626	5 858
Other liabilities	3 260	7 569
Provisions	5 374	4 270
Accruals and deferred income	18 567	21 219
Total equity and liabilities	**3 592 262**	**3 494 984**

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INTERIM CONDENSED STANDALONE INCOME STATEMENT
for the 9 months' period ended 30 September 2024

	For 9 months ended		For 3 months ended	
			unaudited	unaudited
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Revenues from contracts with clients	36 921	31 724	12 233	11 041
Sales revenues	**36 921**	**31 724**	**12 233**	**11 041**
Cost of goods sold	(34 153)	(29 141)	(11 454)	(9 949)
Gross sales profit	**2 768**	**2 583**	**779**	**1 092**
Other operating revenues	287	506	220	361
General overheads	(52 383)	(40 297)	(19 612)	(13 456)
Other operating expenses	(458)	(507)	(221)	(266)
Financial income	161 434	156 917	10 550	13 569
including dividend	129 313	121 712	-	6 086
Financial costs	(7 132)	(1 611)	(592)	(650)
Proft before tax	**104 516**	**117 591**	**(8 876)**	**650**
Income tax	4 239	483	1 528	910
Net profit	**108 755**	**118 074**	**(7 348)**	**1 560**

INTERIM CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME
for the 9 months' period ended 30 September 2024

	For 9 months ended		For 3 months ended	
			unaudited	unaudited
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Net profit for period	**108 755**	**118 074**	**(7 348)**	**1 560**
Other net comprehensive income	**-**	**-**	**-**	**-**
COMPREHENSIVE INCOME FOR PERIOD	**108 755**	**118 074**	**(7 348)**	**1 560**

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INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY
for the 9 months' period ended 30 September 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	-	-	-	-	-	-	108 755	108 755
Transactions with owners of the parent recognized directly in equity								
Allocation of profit/loss	-	-	-	159 903	-	(159 903)	-	-
As at 30 September 2024	**154 438**	**2 240 960**	**13 207**	**970 431**	**89 782**	**(26 826)**	**108 755**	**3 550 747**

INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY
for the 9 months' period ended 30 September 2024

	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**	**93 497**		**2 535 852**
Other comprehensive income for period								
Net profit for reporting period	-	-	-	-	-	-	118 074	118 074
Podział wyniku finansowego	-	-	-	120 323		(120 323)	-	-
As at 30 September 2023	**133 604**	**1 515 557**	**13 207**	**810 528**	**89 782**	**(26 826)**	**118 074**	**2 653 926**

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INTERIM CONDENSED STANDALONE STATEMENT OF CASH FLOWS
for the 9 months' period ended 30 September 2024

	For 9 months ended	
	30.09.2024	30.09.2023
A.Cash flow from operating activities		
I.Profit (loss) before tax	**104 516**	**117 591**
II.Total adjustments	**(120 806)**	**(142 949)**
Depreciation	5 209	4 685
Foreign exchange losses (gains)	140	2
Interest and profit shares (dividends)	(135 264)	(135 571)
Losses (gains) on investing activities	(871)	(242)
Income tax	41	(10 274)
Changes in provisions	1 104	864
Changes in receivables	10 441	2 387
Changes in short term liabilities, excluding bank loans and borrowings	(4 958)	(6 969)
Changes in accruals	3 352	2 169
III.Net cash flows from operating activities (I+/-II)	**(16 290)**	**(25 358)**
B.Cash flows from investing activities		
I. Cash in	**187 208**	**338 240**
1. Dipsosal of intangibles and tangible fixed asstes	186	242
2. From financial assets, including:	186 304	337 998
- dividends and shares in profits	129 313	121 712
- repayment of loans given	-	169 407
- interest	-	6 209
- other inflows from financial assets	56 991	40 670
3. Other investment inflows	718	-
II.Cash out	**711 007**	**520 991**
1. Acquisition of intangible and tangible fixed assets	112	2 180
2. For financial assets, including:	710 895	518 811
- acquisition of financial assets	671 845	518 811
- loans given	39 050	-
III.Net cash flows from investing activities (I-II)	**(523 799)**	**(182 751)**
C.Cash flows from financing activities		
I.Cash in	**-**	**5 000**
1.Loans and borrowings	-	5 000
II.Cash out	**5 531**	**9 529**
1.Repayment of loans and borrowings	-	5 000
2.Lease payables	4 929	3 859
3.Interest	602	670
III.Net cash flows from financing activities (I-II)	**(5 531)**	**(4 529)**
D.Total net cash flows (A.III+/-B.III+/-C.III)	**(545 620)**	**(212 638)**
E.Increase/decrease in cash in the balance sheet, including:	**(545 620)**	**(212 640)**
- change in cash due to f/x differences	**-**	**(2)**
F.Cash at the beginning of period	**949 238**	**426 125**
G.Cash at the and of period, including:	**403 618**	**213 485**
- restricted cash	319	178

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COSTS BY TYPE

	For 9 months ended		For 3 months ended	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
- depreciation	5 209	4 685	1 800	1 571
- materials and power consumption	1 747	1 159	597	451
- third party services	26 260	24 071	9 539	8 321
- taxes, duties and fees	306	124	235	17
- salaries	46 069	34 468	16 715	11 472
- social security and other benefits	6 882	4 879	2 213	1 535
- other cost by type	63	52	(33)	38
Total cost by type	**86 536**	**69 438**	**31 066**	**23 405**
- general overheads (-)	(52 383)	(40 297)	(19 612)	(13 456)
Total cost of goods sold	**34 153**	**29 141**	**11 454**	**9 949**

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