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

Polenergia S.A. Group

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

INCLUDING THE REPORT OF THE INDEPENDENT AUDITOR

Adam Mariusz Purwin – President of the Management Board	*Andrzej Filip Wojciechowski - First Vice President of the Management Board*
Piotr Tomasz Sujecki - Second Vice President of the Management Board	*Łukasz Buczyński - Member of the Management Board*
Agnieszka Grzeszczak – Director Accounting Department	

Warsaw, 25 March 2025

Contents

(PLN k)

1. Consolidated balance sheet

As at 31 December 2024

ASSETS

	Note	31.12.2024	31.12.2023
I. Non-current assets		**5 447 865**	**4 410 530**
1. Tangible fixed assets	12	3 425 389	3 273 092
2. Intangible assets	13	9 239	9 835
3. Subordinated entities goodwill	14	157 338	157 338
4. Financial assets	16	109 383	115 791
5. Financial assets measured using the equity method	17	1 704 128	813 734
6. Long term receivables	18	2 479	1 992
7. Deferred income tax assets	26	37 726	36 385
8. Prepayments and accrued income		2 183	2 363
II. Current assets		**2 082 403**	**2 301 086**
1. Inventories	19	39 813	90 214
2. Trade receivables	20	251 041	279 765
3. Income tax receivable	20	3 501	5 511
4. Other short term receivables	20	141 010	292 415
5. Prepayments and accrued income	21	18 724	16 294
6. Short term financial assets	22	139 309	206 124
7. Cash and equivalent	24	1 489 005	1 410 763
Total assets		**7 530 268**	**6 711 616**

(PLN k)

EQUITY AND LIABILITIES

	Note	31.12.2024	31.12.2023
I. Shareholders' equity		**4 303 511**	**3 997 653**
Equity attributable to the shareholders of the parent company		**4 303 511**	**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		1 114 444	949 665
5. Retained profit (loss)		479 057	375 373
6. Net profit		301 166	263 587
7. F/X translation differences		(136)	48
II. Long term liabilities		**2 498 147**	**1 809 832**
1. Bank loans and borrowings	28	1 190 830	1 320 797
2. Bond issue	29	750 000	-
2. Deferred income tax provision	26	102 002	97 698
3. Provisions	27	124 642	117 537
4. Accruals and deferred income	31	41 566	40 343
5. Lease liabilities		237 878	177 143
6. Futures and forward contracts measurement		2 224	5 681
7. Other liabilities	30	49 005	50 633
III. Short term liabilities		**728 610**	**904 131**
1. Bank loans and borrowings	28	150 207	211 344
2. Bond issue	29	13 352	-
3. Trade payables	30	115 773	108 675
4. Income tax payable	30	49 216	8 001
5. Lease liabilities	30	34 535	27 611
6. Futures and forward contracts measurement	30	98 682	170 687
7. Other liabilities	30	167 838	302 042
8. Provisions	27	9 986	8 003
9. Accruals and deferred income	31	89 021	67 768
Total equity and liabilities		**7 530 268**	**6 711 616**

(PLN k)

2. Consolidated profit and loss account

For the period ended 31 December 2024

	Notes	For 12 months ended 31.12.2024	For 12 months ended 31.12.2023
Revenues from contracts with clients	35	4,312,758	5,602,010
Other revenues	35	7,772	13,402
Sales revenues	35	**4,320,530**	**5,615,412**
Cost of goods sold	36	(3,512,145)	(4,938,570)
Gross sales profit		**808,385**	**676,842**
Other operating	37	12,772	15,958
Selling expenses	36	(84,148)	(95,118)
General overheads	36	(233,496)	(172,419)
Auction price settlement		1,320	(20,209)
Fixed operating expenses	38	(37,055)	(23,821)
including expected credit loss	38	(13,977)	(11,709)
Financial income	39	54,369	50,127
Financial costs	40	(126,132)	(101,056)
Profit before tax		**396,015**	**330,304**
Income tax	26	(94,849)	(66,717)
Net profit		**301,166**	**263,587**
Net profit attributed to:		**301,166**	**263,587**
Parent company shareholders		301,166	263,587
Non-controlling interest		-	-
- basic earnings (loss) for period attributable to parent company shareholders		3.90	3.85
- diluted earnings (loss) for period attributable to parent company shareholders		3.90	3.85

(PLN k)

Consolidated statement of comprehensive income

	For 12 months ended	
	31.12.2024	31.12.2023
Net profit for period	**301,166**	**263,587**
Other comprehensive income that may be reclassified to profit and loss account once specific conditions are met		
Cash flow hedges	4,876	(95,303)
F/X translation differences	(184)	94
Other net comprehensive income	**4,692**	**(95,209)**
Comprehensive income for reporting period	**305,858**	**168,378**
Comprehensive income for reporting period	305,858	168,378
Parent company shareholders	305,858	168,378

(PLN k)

3. Consolidated statement of changes in equity

For the period ended 31 December 2024

	Share capital	Share premium account	Reserve capital from option measurement	Other capital reserves	Retained profit	Net profit	F/X translation differences	Equity attributable to the shareholders of the parent company	Total equity
As at January 2024	**154 438**	**2 241 335**	**13 207**	**949 665**	**375 373**	**263 587**	**48**	**3 997 653**	**3 997 653**
Comprehensive income for reporting period									
- Net profit (loss) for reporting period	-	-	-	-	-	301 166	-	301 166	301 166
- Other comprehensive income for period	-	-	-	4 876	-	-	(184)	4 692	4 692
Transactions with owners of the parent recognized directly in equity									
- Allocation of profit/loss	-	-	-	159 903	103 684	(263 587)	-	-	-
As at 31 December 2024	**154 438**	**2 241 335**	**13 207**	**1 114 444**	**479 057**	**301 166**	**(136)**	**4 303 511**	**4 303 511**

(PLN k)

For the period ended 31 December 2023

	Share capital	Share premium account	Reserve capital from option measurement	Other capital reserves	Retained profit	Net profit	F/X translation differences	Equity attributable to the shareholders of the parent company	Total equity
As at 1 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	-	-	-	-	-	263 587	-	263 587	263 587
- Other comprehensive income for period	-	-	-	(95 303)	-	-	94	(95 209)	(95 209)
Transactions with owners of the parent recognized directly in equity									
- Share issue	20 834	725 406	-	-	-	-	-	746 240	746 240
- Allocation of profit/loss	-	-	-	120 323	(120 323)	-	-	-	-
As at 31 December 2023	**154 438**	**2 241 335**	**13 207**	**949 665**	**375 373**	**263 587**	**48**	**3 997 653**	**3 997 653**

(PLN k)

4. Consolidated statement of cash flows

For the period ended 31 December 2024

	Note	For 12 months ended 31.12.2024	31.12.2023
A.Cash flow from operating activities			
I.Profit (loss) before tax		**396 015**	**330 304**
II.Total adjustments		**376 214**	**285 252**
1.Depreciation		174 346	162 078
2.Foreign exchange losses (gains)		358	106
3.Interest and profit shares (dividends)		70 624	79 466
4.Losses (gains) on investing activities		4 296	8 057
5. Income tax		(49 833)	(71 272)
6.Changes in provisions		7 418	1 905
7.Changes in inventory		49 536	21 380
8.Changes in receivables		219 044	637 052
9.Changes in liabilities, excluding bank loans and borrowings		(120 816)	(510 586)
10.Changes in accruals		21 769	(45 183)
11. Other adjustments		(528)	2 249
III.Net cash flows from operating activities (I+/-II)		**772 229**	**615 556**
B.Cash flows from investing activities			
I. Cash in		**2 143**	**488**
1. Disposal of intangibles and tangible fixed assets		1 425	488
2. Other investment inflows		718	-
II.Cash out		**1 144 586**	**748 380**
1. Acquisition of tangible fixed assets		253 764	320 821
2. For financial assets, including:		890 822	423 139
a) acquisition of financial assets		890 822	423 139
3.Other investment expenses		-	4 420
III.Net cash flows from investing activities (I-II)		**(1 142 443)**	**(747 892)**
C.Cash flows from financing activities			
I.Cash in		**854 921**	**972 335**
1. Cash in from the issue of shares		-	750 000
2.Loans and borrowings		104 921	222 335
3. Bond issue		750 000	-
II.Cash out		**406 462**	**297 937**
1.Repayment of loans and borrowings		298 867	199 914
2.Lease payables		22 155	20 087
3.Interest		85 193	77 341
4.Other financial expenses		247	595
III.Net cash flows from financing activities (I-II)		**448 459**	**674 398**
D.Total net cash flows (A.III+/-B.III+/-C.III)		**78 245**	**542 062**
E.Increase/decrease in cash in the balance sheet, including:		**78 242**	**542 071**
- change in cash due to f/x differences		(3)	9
F.Cash at beginning of period		**1 410 763**	**868 692**
G.Cash at end of period, including:		**1 489 005**	**1 410 763**
- restricted cash	41	174 711	100 348

(PLN k)

5. General information

The Polenergia S.A. Group (the "Group") comprises Polenergia S.A. (the Company) (former Polish Energy Partners S.A.), business name altered with an inscription in the National Court Register (KRS) dated 11 September 2014 (the “Company”, the “Parent company”) and its subsidiaries. The Company was founded under a Notarized Deed of 17 July 1997. The Company has been registered with the National Court Register kept by the District Court for the city of Warsaw, Commercial Division XII of the National Court Register under number KRS 0000026545. The Company was assigned the statistical number REGON 012693488. The registered office of the Company is located in Warsaw, Poland, at Krucza 24/26; since 20 November 2013.

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

The Polenergia Group consists of vertically integrated companies operating in the area of energy generation using both renewable and conventional sources, as well as in the areas of distribution and trading in electrical energy. The Group was formed in the process of consolidating two asset groups controlled by Kulczyk Holding S.àr.l (former Polenergia Holding S.àr.l) with registered office in Luxembourg i.e. Polish Energy Partners S.A. (with focus on the development and operation of renewable energy sources, in particular wind farms) and Grupa Polenergia (with focus on the generation, distribution, sale of and trading in electrical energy and certificates of origin and developing offshore wind farms). In addition, on 3 January 2022, there was a transfer of ownership of shares in Polenergia Fotowoltaika S.A. (former Edison Energia S.A.), whose business is the installation of solar panels and heat pumps.

Lifetime of the Company, as well as all member companies of the Group is unlimited.

These consolidated financial statements were approved for publication by the parent company’s Management Board on 25 March 2024.

5.1. Periods covered by the consolidated financial statements

These consolidated financial statements cover the year ended on 31 December 2024 and comprises comparable financial data for the year ended on 31 December 2023.

5.2. Composition of the Management Board and the Supervisory Board

Composition of the parent company Management Board as at 31 December 2024 was as follows:

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

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

Adam Purwin	President of the Management Board
Andrzej Filip Wojciechowski	First Vice President of the Management Board
Piotr Tomasz Sujecki	Second Vice President of the Management Board
Łukasz Buczyński	Management Board Member

(PLN k)

On 27 February 2024, the Company received information that:

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

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

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

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

On 18 July 2024, the Company's Supervisory Board adopted a resolution pursuant to which it decided to second Mr. Adam Purwin, a member of the Company's Supervisory Board, to temporarily act as a member of the Company's Management Board for a period of 3 months from the date of the resolution.

On 24 September 2024, the Company's Supervisory Board adopted a resolution to appoint the following persons to the Management Board for a new term, i.e., as of 1 January 2025:

- Mr. Adam Purwin, entrusting him with the position of the President of the Company’s Management Board (CEO),
- Mr. Andrzej Filip Wojciechowski, entrusting him with the position of the First Vice President of the Company’s Management Board for Development (CDO),
- Mr. Piotr Tomasz Sujecki, entrusting him with the position of the Second Vice President of the Management Board for Finance (CFO),.
- Mr. Łukasz Buczyński, entrusting him with the position of the Member of the Management Board for Operations (COO)..

In view of the appointment of the new Management Board of the Company, upon the end of the current three-year term, i.e., on 31 December 2024, mandates of all other members of the Management Board expired.

On 19 October 2024, Mr. Adam Purwin was appointed Vice President of the Management Board of the current term pursuant to a resolution of the Company's Supervisory Board adopted on 18 October 2024. The appointment expired on 31 December 2024.

Composition of the parent company Supervisory Board as at 31 December 2024 was as follows:

Dominika Kulczyk	Chair of the Supervisory Board
Thomas O'Brien	Deputy Chair of the Supervisory Board
Szymon Adamczyk	Member of the Supervisory Board
Orest Nazaruk	Member of the Supervisory Board
Ignacio Paz-Ares Aldanondo	Member of the Supervisory Board
Emmanuelle Rouchel	Member of the Supervisory Board

Prof. Piotr Ciżkowicz	Member of the Supervisory Board
Mikołaj Franzkowiak	Member of the Supervisory Board

Composition of the parent company Supervisory Board as at the date of publication of these consolidated financial statements was as follows:

Dominika Kulczyk	Chair of the Supervisory Board
Szymon Adamczyk	Member of the Supervisory Board
Orest Nazaruk	Member of the Supervisory Board
Ignacio Paz-Ares Aldanondo	Member of the Supervisory Board
Emmanuelle Rouchel	Member of the Supervisory Board
Prof. Piotr Ciżkowicz	Member of the Supervisory Board
Mikołaj Franzkowiak	Member of the Supervisory Board
Inés Bargueño	Member of the Supervisory Board

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

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

On 21 May 2024, the Company received the resignation of Mr. Jacek Głowacki from his participation in the Supervisory Board and from his position as Member of the Supervisory Board

On 22 May 2024, the Company received a representation from Mansa Investments sp. z o.o. on the appointment of Mr. Adam Purwin to the Company's Supervisory Board.

On 26 September 2024, the Company received a statement from Prof.dr.hab. Krzysztof Obłój on his resignation from the Supervisory Board and from his position a Member of the Supervisory Board as of 15 October 2024. On the same day, i.e., 26 September 2024, the Company received a representation from Mansa Investments sp. z o.o., with registered office in Warsaw, on the appointment, effective 16 October 2024, of Professor dr. hab. Piotr Bartosz Ciżkowicz, professor at SGH [Warsaw School of Economics], to the Supervisory Board.

On October 18 and 19, the Company received information about the resignation of Mr. Adam Purwin from his position as Member of the Supervisory Board, effective 18 October 2024, and the appointment of Mr. Mikołaj Franzkowiak as Member of the Company's Supervisory Board, effective 19 October 2024.

On March 12, 2025, the Company received a statement from BIF IV Europe Holdings Limited, a shareholder of the Company, on the exercise of a personal right and on the following changes in the Supervisory Board of the Company in the exercise of this right:

- dismissal of Mr. Thomas Joseph O'Brien from the Supervisory Board of the Company with immediate effect;
- appointment of Ms. Inés Bargueño as a Member of the Supervisory Board of the Company with immediate effect.

6. Going concern assumption

These consolidated financial statements have been prepared based on the going concern assumption for the Company and the Group companies in foreseeable future, that is for no fewer than 12 months following the reporting day, i.e., following 31 December 2024.

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 until the end of 2024 brought no battlefield results, neither has it brought the parties any closer to a ceasefire. The impact of the conflict itself on energy commodity quotations in Europe is no longer so significant, given the achieved diversification of natural gas supplies in the form of LNG supplies. Even the termination of gas transmission through Ukraine with the end of 2024 caused no significant change in prices, as it had been anticipated by the markets.

Throughout 2024, prices in the natural gas market depended on weather factors and the situation in global gas markets related to recovering demand especially from the power industry, as well as the supply situation related to the availability of production, among others at facilities in the North Sea, or handling capacity in ports in the United States. The winter period of 2024/2025 resulted in higher commodity prices due to lower RES generation in EU countries and faster depletion of European gas storage. Following the gas price increase and greater generation from carbon-based sources, the prices of CO2 emission allowances and electricity have also risen on European markets. Nevertheless, this is quite normal at this time of year, the current prices being well below the levels of the 2022 energy crisis.

What currently poses a threat to energy markets are diversion actions and elements of hybrid conflict in the form of damages to submarine cables for the transmission of energy, gas, or other energy infrastructure facilities within the EU countries. Energy prices in Europe could also be adversely affected by planned sanctions on purchases of Russian LNG which still remains an important volume for Spain or France. It should also be kept in mind at all times that the political situation remains unstable, and uncertainty about, among other things, the decision of the administration of the new US president could contribute to possible upward movements in commodity and energy prices in Europe.

In terms of financial factors relevant to the Group, persisting high cost of financing, 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 HY2 2024, which adversely affects the Group's results related the exploitation of RES sources. In the coming years, we expect further increases in the profile cost with increasing saturation with RES in the National Energy System and decreasing supply of energy from conventional sources.

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7. 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%	

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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	Wind Farm Four SRL	100%	
88	Eolian Areea SRL	20%	
89	Eolian Efect SRL	20%	

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90	Eolian Express SRL	20%
91	Magnum Eolvolt SRL	20%
92	Eolian Spark SRL	20%
93	Spark Wind Energy SRL	20%
94	Harsh Wind SRL	20%

8. Accounting principles (policy) applied

The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2023, except for the change in accounting policy with respect to the application of hedge accounting in that until 31 December 2023, the Group applied IAS 39 in this regard, while in the year ended 31 December 2024, the Group applied the provisions of IFRS 9, which are described in more detail in Note 8.14..

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

IFRS include standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").
According to the applicable provisions of law, these consolidated financial statements for the financial year ended on 31 December 2024, together with the comparable data for the financial year ended on 31 December 2023 have been audited by chartered auditor.

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

8.1. New and modified standards and interpretations applied

Changes in the standards or interpretation effective as of 2024

Below, new or amended standards and interpretations have been presented, as applicable as of 1 January 2024 or thereafter. Such changes had no material impact on the financial statements of the Company.

- Amendment to IAS 1 "Presentation of Financial Statements"

  The effective date is annual periods beginning 1 January 2024, changes approved by the European Commission.

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

- Amendment to IAS 1 "Presentation of Financial Statements"

  The effective date is annual periods beginning 1 January 2024, changes approved by the European Commission.

  The IAS Board provided for more precise classification of liabilities under short- and long-term liabilities, predominantly in two aspects:

  - ✓ it has been specified that such classification depends on the rights accruing to an entity as at the reporting date,
  - ✓ the management's intentions of early or late payment of a liability shall be disregarded.
  - ✓ Amendment to IAS 1 "Presentation of Financial Statements"

- Amendment to IFRS 16 “Leases””

  The effective date is annual periods beginning 1 January 2024, changes approved by the European Commission.

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

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

  The effective date is annual periods beginning 1 January 2024, changes approved by the European Commission.

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

<u>Applying a standard or interpretation prior to the effective date thereof</u>

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

<u>The published standards and interpretations that did not yet apply to periods commencing 1 January 2024 and thereafter and their impact on the financial statements of the Company</u>

Until the date of these financial statements, new or amended standards and interpretations were published which apply to annual periods subsequent to 2024. The list also includes amendments, standards and interpretations that have been published, but not yet approved by the European Union. The Company estimates that such amendments will have no material impact on the financial statements of the Company

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

  The effective date is annual periods beginning 1 January 2025, changes approved by the European Commission.

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

- Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" regarding the classification and measurement of financial instruments.

  The effective date is annual periods beginning 1 January 2026, changes not approved by the European Commission.

  Amendments to IFRS 9 provide for a possibility to choose the accounting principle with respect to the timing of expiration of a liability when payment is made through an electronic payment system (provided certain conditions are met).

  The amendments to IFRS 9 on the SPPI test provide guidance to help assess whether the contractual cash flows are consistent with the basic lending arrangement. In addition, the amendments introduce a clearer definition of the "non-recourse" feature.

  The amendments to IFRS 9 also provide additional guidance on the characteristics of contractually linked instruments.

  The amendments to IFRS 7 add new disclosure requirements:

  - ✓ relating to investments in equity instruments designated as measured at fair value through other comprehensive income,
  - ✓ for each class of financial assets measured at amortized cost or fair value through other comprehensive income, as well as for financial liabilities measured at amortized cost.

- Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" regarding PPAs (Contracts Referencing Nature-dependent Electricity).

  The effective date is annual periods beginning 1 January 2026, changes not approved by the European Commission.

  The amendments to IFRS 9 include information about which PPAs can be used in hedge accounting and what specific terms are permitted in such hedging. The amendments to IFRS 7 introduce new disclosure requirements for PPAs as defined in the amendments to IFRS 9.

- Amendments to IFRS 1, IFRS7, IFRS 9, IFRS 10, IAS 7

  The effective date is annual periods beginning 1 January 2026, changes not approved by the European Commission.

  Annual Improvements - organizational changes only.

- New IFRS 18, "Presentation and Disclosures in Financial Statements."

  The effective date is annual periods beginning 1 January 2027, the standard not approved by the European Commission.

  The new standard will replace IAS 1 “Presentation of Financial Statements”. IFRS 18 introduces, among others:

  - ✓ new structure of the profit and loss account,
  - ✓ increased data aggregation and disaggregation requirements,
  - ✓ requirements to disclose management-defined performance measures.

- New IFRS 19 "Subsidiaries without public accountability: disclosures".

  The effective date is annual periods beginning 1 January 2027, the standard not approved by the European Commission.

  This standard applies to subsidiaries without public accountability, for which their parent company prepares consolidated financial statements in line with IFRS. The new IFRS 19 exempts disclosures required by other standards, and replaces them with a new list.

8.2. Significant measures based on professional judgment

Certain information provided in these consolidated financial statements are based on the Group’s assessment and professional judgment. So derived estimates may often not reflect the actual performance. The assumptions and assessments that were of biggest importance during the measurement and recognition of assets and liabilities include:

- grid connection fee revenues which are distinct performance obligation, therefore they are recognized as revenue at the time a grid connection invoice is issued. This approach reflects best the economic sense of such transaction. When evaluating the grid connection service and the grid availability service from the perspective whether they are separate performance commitments, the Management Board considered the following arguments: (i) the amount of the grid connection fee is regulated by URE,

  (ii) the customer who pays the connection fee to Polenergia Dystrybucja Sp. z o.o. has no obligation to purchase energy from Polenergia Dystrybucja Sp. z o.o. (as energy may be bought from other energy suppliers). As a result, revenues from the grid connection fee are recognized at a certain point in time where the customer requests Polenergia Dystrybucja Sp. z o.o. connect him/her to the grid. If the market practice changes, i.e., such revenues are recognized in time throughout the economic useful life of the assets, such practice shall be taken into account when recognizing revenues. As refers recognition of the connection fee revenue in accordance with IFRS 15, no market practice has yet been established unequivocally, however an approach has been considered, according to which the connection fees shall be recognized in time, i.e., over the useful life of the assets. According to the Group’s estimates, the potential impact of the change of accounting policies in this respect on the consolidated financial statements as at 31 December 2024 would entail reduction of the retained profit balance of PLN 19.2 million corresponding to the recognition of future revenues of PLN 19.2 million.

In the year ended 31 December 2024 no changes were made in determining the Group's judgment with respect to information disclosed in the consolidated financial statements.

8.3. Significant measures based on estimates

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

- depreciation rates - the depreciation rates are determined based on the expected useful economic life of tangible fixed assets and intangibles. The Group performs review of the adopted economic useful life periods annually, based on the current estimates,
- litigation provision – each case is considered individually, with due regard to its unique features (Note 33),
- accrued holiday leave provision – provision resulting from: the equivalent ratio, each employee's salary level and the number of outstanding vacation days (Note 27),
- provisions for obligations related to the sale of energy - reserve resulting from the volume of electricity sold to the end customer in a given period and the price of certificates purchased for redemption, in accordance with the statutory obligation of electricity vendors to redeem certificates of origin (Note 27),
- balancing provisions - provision for balancing the invoiced sales volume with the purchase volume in the period calculated based on the unbalanced volume and the portfolio-volume weighted average of the balancing market price in the period,
- provision for costs of dismantling fixed assets and land reclamation - it is established at the time of commissioning and obtaining a license for electricity generation of a wind farm or photovoltaic farm in the amount of the present value of the estimated costs of dismantling and removing the remains of equipment and structures, and bringing the land to a condition as close as possible to its pre-construction condition. Estimates of anticipated reclamation costs are subject to updating, also the amount of the provision is reviewed, in particular with regard to current assumptions regarding the inflation level and the discount rate. The increment of the provision relating to a given year is recognized in the initial value of fixed assets. The effect of reversing the discount will be charged to finance costs (Note 27),
- financial assets and liabilities under forward contracts (Notes 16, 22 and 23),
- financial assets and liabilities under forward contracts related to the reversal of forward contracts hedging the production of electricity in Polenergia Elektrociepłownia Nowa Sarzyna Sp. z o.o. (Note 35)
- deferred tax - the Group recognized a deferred tax asset based on the assumption that tax gain will occur in the future permitting its application. Less successful tax gain performance in the future could lead to such assumption becoming unfounded (Note 26),
- impairment losses on non-financial fixed assets - for goodwill, the Group performed impairment tests, while for other non-financial fixed assets the Group analyzed the indications of impairment of fixed assets, and where such indications were found, impairment tests for non-financial fixed assets were performed (Note 15),
- trade receivables impairment losses - calculation and measurement of expected the credit losses with regard to trade receivables is the area that requires significant judgment on the choice of proper methodology and input data. For a detailed description of the measurement methodology of expected credit losses applied by the Group see Note 8.17. In the models used by the Group mostly the historical information from the market and data systems of the Group are used.

- Lease term - When measuring the lease payable, the Group estimates the lease term which covers:
  - irrevocable lease term,
  - terms, where a lease extension option exists, provided there is sufficient certainty to assume that the lessee will exercise such option,
  - terms, where a lease termination option exists, provided there is sufficient certainty to assume that the lessee will not exercise such option.

  In its assessment whether the Group will exercise its option to extend or will not exercise its option to terminate, the Group considers all material facts and circumstances which are an economic incentive for the Group to exercise or not exercise a given option. The items considered include, without limitation:
  - contractual terms regarding lease fees in optional terms,
  - significant investments in the leased object,
  - termination costs,
  - the significance of the underlying asset for the Group's business,
  - terms of exercising the option.

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

In the year ended on 31 December 2024 no changes were made in the way of determining the Group’s estimates that would impact any information disclosed in the consolidated financial statements, with the estimates-derived amounts being specified in the notes referred to hereinabove.

8.4. Measurement currency and currency of the consolidated financial statements

The functional currency of the parent company and other companies (except for the companies Polenergia Energy Ukraine LLC, Wind Farm Four Srl, Polenergia Solární s.r.o which have 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.

8.5. Rules of consolidation

These consolidated financial statements includes the financial statements of Polenergia S.A. and the financial statements of its subsidiaries prepared in each case for the year ended on 31 December 2024. The financial statements of subsidiaries, upon incorporation of adjustments to align them to IFRS, are prepared for the same reporting period as applies to the financial statements of the parent company, using consistent accounting principles and based on single accounting principles applied to transactions and economic events of similar nature. In order to eliminate any discrepancies whatsoever, amendments are made to the applied accounting principles.

Subsidiaries are subject to full consolidation in the period since control has been gained over them by the parent company until such control ceases. The parent company exercises control over a subsidiary in the event it is exposed or is entitled to variable return on its involvement with such entity and is capable of exerting influence on such entity by way of exercising its power over it. Subsidiaries are subject to full consolidation until control is transferred onto the group.

Obtaining control over an entity within the meaning of IFRS 3 is accounted for using the acquisition method. Identifiable assets and liabilities of a subsidiary as at the day it is included in the consolidated financial statements are recognized at fair value. The difference between the fair value of such assets and liabilities and the acquisition price determined also at fair value, shares giving no control and the fair value of previously held shares results in goodwill, which is disclosed under an individual item of the consolidated balance sheet.

All material balances and transactions between the entities within the Group, including unrealized profits form transactions within the Group have been fully eliminated. Unrealized losses are eliminated, unless they prove any impairment.

8.6. Investments in Associates and jointly controlled entities

Shares and interests in associates and jointly controlled entities are measured using the equity method. These are entities over which the parent company has, directly or through subsidiaries, significant influence and which are neither its subsidiaries nor joint ventures. The financial statements of associates are the basis for the measurement of the shares held by the Parent Company using the equity method. The associates, the jointly controlled entities and the Parent Company have the same financial year.

Investments in associates and jointly controlled entities are recognized in the balance sheet at purchase price increased to include any subsequent changes of interest of the parent company in the net assets of those entities, less impairment losses, if any. Also, adjustment of the carrying amount may be necessary in view of the change of the proportion of the interest in an associate resulting from any changes in other total comprehensive income of such entity A n impairment test of an investment in associates and jointly controlled entities is held whenever there are indications that such impairment occurred or that any impairment loss disclosed in the preceding years is no longer required. The profit and loss account reflects the share in the business performance of associates and jointly controlled entities.

In case a change is recognized directly under equity of associates and jointly controlled entities, the parent company recognizes its interest in every such change and, if applicable, discloses it in the statement of changes in equity.

Risks associated with the entity's interests in associates and jointly controlled entities are described in the Management Report on the Operations of the Polenergia Group for the year ended 31 December 2024 in Point 13.

As at 31 December 2024, the Group identifies no significant restrictions on the ability of affiliates or jointly controlled entities to transfer funds to the entity in the form of cash dividends.

The Group's contingent liabilities for all or part of the liabilities of associates or jointly controlled entities are presented in Note 32.

8.7. Goodwill

Goodwill arising on acquisition of an entity is initially recognized at acquisition cost, equal to the excess of:

- the consideration transferred,
- the amount of any non-controlling interest in the acquiree, and
- if a business combination takes place in stages, the acquisition date fair value of the equity interest in the acquiree previously held by the acquirer

over net identifiable assets acquired and liabilities assumed as at the acquisition date.
Following the initial recognition, goodwill is carried at acquisition cost less any cumulative impairment losses. Goodwill is tested for impairment annually, or more frequently if there is any conditions for testing are met. Goodwill is not amortized.

As at the acquisition date the acquired goodwill is allocated to each of the cash-generating units that may benefit from the synergies of the business combination. Each unit or a group of units to which goodwill has been allocated:

- corresponds to the lowest level in the Group at which goodwill is monitored for internal management purposes, and
- is no greater than a single operating segment defined in accordance with IFRS 8 Operating Segments.

Impairment of goodwill is determined by estimating the recoverable amount of the cash-generating unit to which the goodwill has been allocated. If the recoverable amount of a cash-generating unit is lower than its carrying amount, the impairment loss is recognized. In the event goodwill comprises part of a cash-generating unit and part of the cash-generating unit's business is sold, the goodwill attributable to the sold business is included in the carrying amount of the sold business for the purpose of calculating gains or losses on the sale of such part of business. In such a case goodwill disposed of is measured based on the relative value of the operations disposed of and the value of the part of the cash-generating unit retained.

8.8. Intangible Assets

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

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

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

Expected useful lives are as follows:

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

Expenditure on research activities is charged to the profit and loss account at the time they are incurred. Development expenditure in connection with a given project are carried forward provided that it may be expected to be recovered in the future. After initial recognition of development expenditure, the historical cost model is applied which requires that assets be disclosed at acquisition cost less accumulated depreciation/amortization and accumulated impairment. Any expenditure carried forward is amortized over the expected period of generating sales revenue under a given project.

The development expenditure is reviewed for impairment annually in case a given asset has not yet been used, or more frequently if an indication of impairment has been identified during the reporting period, which may suggest that the carrying amount may not be recoverable.

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

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8.9. Non-current fixed assets

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

The initial value of non-current fixed assets is represented by their acquisition cost plus all costs directly related to such acquisition and bringing such assets to the working condition for its intended use. Such cost also includes the cost of replacing plant and equipment components as they are incurred, provided the recognition criteria are met, as well as the cost of equipment dismantling and site reclamation which are associated with wind farms and photovoltaic farms. Costs incurred after a non-current fixed asset has been placed in service, such as costs of maintenance or repair, are charged to the profit and loss account when incurred.

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

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

Buildings, structures, premises and civil engineering structures	40 years
Plant and equipment	2.5−40 years
Vehicles	2.5−5 years
Other non-current fixed assets	5−7 years

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

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

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

8.10. Non-current fixed assets under construction

Non-current fixed assets under construction are measured at the amount of aggregate costs directly attributable to their acquisition or production, less impairment losses, if any. Investment materials are also recognized as non-current fixed assets under construction. Non-current fixed assets under construction are not depreciated until completed and placed in service. Wind farm development expenditure is also recognized under non-current fixed assets in construction.

8.11. Debt financing costs

The costs of bank and other borrowings resulting from loans and borrowings incurred which may be directly attributed to acquisition, construction or production of a qualifying asset are capitalized as part of the acquisition or production cost of such asset. Borrowing costs comprise interest and foreign exchange gains or losses up to an amount equal to the adjustment to interest expense.

8.12. Impairment losses on non-financial fixed assets

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

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

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

8.13. Financial assets

The Group categorizes financial assets as follows:

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

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

Recognition and derecognition

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

Measurement as at the initial recognition

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

Financial assets measured at amortized cost

Debt instruments held to obtain contractual cash flows that include solely payment of principal and interest (SPPI), are measured at amortized cost. Interest revenue is measured using the effective interest rate method and disclosed under Financial Income presented under the consolidated profit or loss account. Expected credit losses are recognized in line with the accounting principle referred to in Note 8.17 and presented under Financial Expenses.
In particular, the Group classifies the following under that category:

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

Short-term trade debtors, excepting lease receivable, referred to in more detail in section 8.1 5, are measured at amortized cost.

If the effect of the time value of money is material, the receivable is measured by discounting expected future cash flows to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money. If the discount method is applied, any increase in the amount of the receivables reflecting the passage of time is recognized as financial income.

Financial assets at fair value through profit or loss

Those assets which do not meet the measurement criteria at amortized cost or at fair value under other comprehensive income are measured at fair value through profit or loss.

Under this category the Group classifies derivatives, except those allocated to hedge accounting.

8.14. Hedge accounting

The Group applies the requirements of IFRS 9 on hedge accounting.

The Group applies certain accounting policies for derivatives used as cash flow hedges. The application of hedge accounting requires the Group to meet the conditions set forth in IFRS 9 regarding documentation of the hedging policy, the likelihood of occurrence of the hedged transaction and the effectiveness of the hedge. During the period covered by these consolidated financial statements, the Group has:

- cash flows hedge against fluctuations in interest rates on future loan installment payments (conversion of the variable interest rate under the loan agreement into a fixed rate) and,
- cash flows hedge against exchange rate volatility on account of loan installment payments in currency and,
- cash flows hedge against commodity price volatility due to the sale of electricity generated from RES sources on the SPOT exchange market.

The hedging instruments include interest rate swap (IRS), foreign exchange forward (FX forward) and commodity swap (PPA) derivatives. All derivative hedging instruments are measured at fair value.

For more information on hedge accounting, see Note 23.

For all relationships, a periodic evaluation of their effectiveness is carried out using quantitative methods (regression analysis / sensitivity analysis / offset method using a hypothetical instrument), qualitative methods (comparison of the key terms of the hedged item and the hedging instrument) or a combination thereof. The method adopted for the evaluation of effectiveness is determined from time to time when a new hedging relationship is established, depending on its nature. Hedging relationships are considered to be effective where the evaluation of effectiveness indicates that there exists an economic linkage, with no dominant credit risk impact and an adequately determined hedging ratio.

To the extent that a hedging instrument is an effective hedge, the change in fair value of the instrument is recognized in other comprehensive income and accumulated in the cash flow hedging instruments measurement reserve. The ineffective portion of the hedge is recognized immediately directly in profit or loss.

When the hedged item affects the financial result, the accumulated gains and losses from the valuation of derivative hedging instruments, previously recognized in other comprehensive income, are transferred from equity to profit or loss. The reclassification is presented in the consolidated statements of earnings and other comprehensive income under "Cash flow hedging instruments recognized in earnings - amounts transferred to earnings."

If the hedged transaction results in the recognition of non-financial assets or liabilities, gains and losses from the valuation of derivative hedging instruments, previously recognized in other comprehensive income, are transferred from equity and included in the measurement of the initial value (purchase price) of the hedged item. The transfer is presented in the consolidated statement of changes in equity under "Cash flow hedges: transfer to initial value of assets or liabilities."

The Group ceases to apply hedge accounting only when the hedging relationship no longer meets the eligibility criteria. If a hedging relationship no longer meets the requirements for effectiveness or high probability of realization of the hedged transaction, while the transaction remains expected, the Group ceases to apply hedge accounting with respect to that relationship. Accumulated gains or losses previously recognized in connection with this relationship are presented in the cash flow hedging instruments valuation reserve until the occurrence of a planned future transaction. If, however, the previously planned hedged transaction is no longer expected, gains and losses from the valuation of cash flow hedging instruments are immediately transferred to profit or loss.

8.15. Lease

The Group as a lessee

The Group holds on lease office spaces, land and vehicles. Usually, contracts are entered into for a definite term, between 4 and 22 years, with an option to extend such contract, as referred to hereinbelow. With respect to contracts for an indefinite term, the Group estimates the lease term based on the anticipated useful life of the leased assets.

Recognition of lease payables

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

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

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

Lease payments are discounted at the lease discount rate, or in the event it is impossible to easily determine such rate, the lessee’s incremental rate is applied. The Group has assumed that the incremental discount rate should reflect the cost of such financing as would be incurred to finance the purchase the leased asset. When estimating the discount rate, the Group considered the following contractual features: type, tenor, currency and potential spread the Group would have to pay to any financial institution providing financing.

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

Lease payables have been recognized in the balance sheet under an individual item. Interest on lease payables have been recognized in the profit and loss account under other financial expenses.

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

- the initial measurement amount of the payable,
- any lease payments made on or before the commencement date less the lease incentives received,
- any upfront direct costs,
- reclamation costs

The right-of-use assets have been recognized in the balance sheet under the same item where the base assets owned by the Company would be recognized. Depreciation of the right-of-use assets has been recognized under the profit and loss account under the items: costs of goods sold, general overheads, fixed assets under construction.

8.16. Inventories

Inventory is measured at the lower of the acquisition/production cost and net realizable value. Costs incurred in bringing materials inventories to their present location and condition are included in and increase the cost of the inventories and measured at acquisition cost determined using the weighted average formula.

Net realizable value is the selling price realizable as at the end of the reporting period, net of VAT and excise duty, less any rebates, discounts and other similar items and less the costs to complete and costs to sell.

Being assets held for sale in the course of core business, certificates of origin are recognized as inventories.

8.17. Impairment of financial assets

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

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

Homogenous/fragmented trade receivables which have been estimated, upon a portfolio analysis, to be unimpaired (Stage 2) - estimation of impairment, if any, is based on the application of an impairment matrix against historical data adjusted for future impacts.

Trade receivables from individually significant entities (customers buying large volume of goods in a given segment, with cooperation based on long-term contracts) (Stage 2) - estimation of expected impairment is based on an analysis of contracting parties' insolvency risk.

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

8.18. Other non-financial assets

Receivables from the state budget are presented as other short-term receivables, except for corporate income tax receivable, disclosed as a separate item of the statement of financial position.

The Group recognizes prepayments where costs relate to future reporting periods. Accrued expenses are recognized at probable amounts of current-period liabilities.

8.19. Cash

The Company also applies the 3-grade model to cash, however in this case, the Management Board believes that impairment is immaterial. Cash at bank deposits meet the SPPI test and the “held to collect” business model test, therefore they are measured at amortized cost less the impairment loss determined as per the expected credit loss model.

8.20. Capital

Share capital is recognized at its amount defined in the parent’s Statutes and entered in the court register. Any difference between the fair value of consideration received and the par value of shares is recognized in statutory reserve funds under share premium account. Where shares are repurchased, relevant payment amounts are charged to equity and disclosed in the balance sheet as treasury shares.

Other capital reserves have been accumulated through contributions from profits generated in the preceding financial years and through recognition of measurement of derivatives hedging future cash flows. The option measurement reserve arose in connection with the option program and is not subject to distribution in the form of dividends.

8.21. Provisions

Provisions are recognized if Group companies have an obligation (legal or constructive) resulting from past events and when it is certain or highly probable that an outflow of funds embodying economic benefits will be required to settle such obligation, and when a reliable estimate can be made of the amount of such obligation.

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

Emission allowances provision.

The Group recognizes a provision for emission allowances if it has a deficit of allowances. A surplus of allowances received free of charge over actual emissions, if any, is recognized as an off-balance-sheet item.

Provision for length-of-service awards and retirement pays

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

The present value of provisions as at each reporting date is estimated by an independent actuary. Accrued provisions are equal to the amount of discounted future payments that relate to the period ending on the reporting date. Information on demographics and employee turnover is based on historical data. The impact of the measurement of the provision on future retirement pay obligations and jubilee awards are recognized under profit//loss.

8.22. Prepayments

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

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

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

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

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

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

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

If contractual terms of a financial liability are modified in a way that does not result in derecognition of the existing liability, the gain or loss is immediately recognized in profit or loss at an amount equal to the difference between the present value of modified and original cash flows, discounted using the original effective interest rate.

8.24. Trade creditors and other financial liabilities

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

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading, and financial liabilities initially designated as financial liabilities at fair value through profit or loss. Financial liabilities are classified as held for trading if they have been acquired for the purpose of being sold in the near future. Derivative financial instruments, including separated embedded derivatives, are also classified as held for trading, unless they are considered as effective hedges. Financial liabilities may be designated as financial liabilities measured at fair value through profit or loss on initial recognition if the following criteria are met: (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases, (ii) the liabilities are part of a group of financial liabilities that are managed and measured based on fair value, according to a documented risk management strategy, or (iii) the financial liabilities contain embedded derivative instruments which should be presented separately, whenever they cannot be measured separately.

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

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

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

8.25. Revenue from Contracts with Customers

Sales revenues are recognized at the time and to the extent that the Group meets the obligation to fulfill the performance obligation (provision of service) or supply of goods. An obligation is fulfilled when the customer gains control of the transferred asset.

Revenue is recognized so as to reflect the transfer of promised goods or services to a customer in the amount which reflects the consideration which the entity expects to be entitled to in return for such goods and services.

The Group recognizes revenue from a contract with a customer only if all of the following criteria are met:

- The parties have entered into a contract (either in writing, orally or in accordance with other customary commercial practices) and are obligated to perform their duties,
- The Company is able to identify the rights of each party concerning the goods and services to be transferred,
- The Company is able to identify the terms of payment for the goods and services to be transferred,
- The contract has economic substance,
- The entity is likely to receive remuneration it will be entitled to in consideration for goods or services to be provided to the customer.

Depending on the fulfillment of the criteria referred to in IFRS 15 "Revenue from contracts with customers", revenue may be recognized at a specific time or may be satisfied at a point in time. Information on this breakdown is presented in Note 10.

Revenues include, in particular, revenues from the sale and distribution of energy, certificates of origin, heat, sale and distribution of gas and the capacity market and system recovery services, as well as revenues from installing solar panels and heat pumps. These revenues are determined on the basis of the net price, adjusted for rebates and discounts granted and the excise duty.

The Group recognizes revenues from the sale of electricity and gas at the end of each payment period, according to the volumes delivered to the customer during a given payment period. The Group recognizes revenue over a period of time and uses a simplification that allows revenue to be recognized in accordance with invoicing, as it reflects the degree to which the performance obligation has been met. The transaction price is determined based on contract prices (determined based on the price formula from the contract or based on transaction prices on TGE).

Revenues from the sale of certificates of origin are recognized by the Company in accordance with the invoicing at the time of the conclusion of the transaction for the sale of certificates through the commodity exchange (Towarowa Giełda Energii), as the Group believes that control over the asset (certificate) is lost at that point.

When recognizing revenues from the deployment of the PV panels and heat pumps, the Group applied the rules in line with IFRS 15 “Revenue from Contracts with Customers” and has been recognizing revenues during the delivery of the performance obligation, as per item 39 of IFRS 15 which reads that for each performance obligation satisfied over time, an entity shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation. The measurement of the degree of satisfying the obligation is based on the input method.

8.26. Other revenues

The Group generates other revenues from:

Futures and forward contracts

The subsidiary enters into forward contracts and relevant stock exchanges. Whenever a contract is executed, it is categorized into a relevant portfolio. Contracts are divided into two groups:

- The energy and gas purchase and sale contracts entered into by Polenergia Obrót remain outside the scope of the IFRS 9 standard based on an exemption from IFRS 9 of the purchase/sale for the company's own purpose, given the fact the energy purchased and sold under such contracts is easily exchangeable for cash (it involves a physical delivery of energy). Such contracts are recognized and measured as per IFRS 15, with the accounting principles applicable to those contract described in the section "Revenues from sale of energy under forward contracts"
- Energy and gas purchase and sale contracts recognized and measured as per IFRS 9.

Futures and forward contracts to buy or sell electricity unrealized as at the reporting date are accounted for by the Group as derivatives, falling into the standards for derivative instruments, due to the fact that the energy traded under such contracts is readily convertible into cash. Typically, such transactions are performed through physical delivery of energy and settled on a gross basis.

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 unrealized contracts are measured as at the reporting day at fair value, with changes in value recognized in the profit and loss account. Gains or losses on the measurement of the unrealized contracts as at the reporting date are recognized on a net basis under Revenue from forward contracts measurement.

Transactions under electricity sale contracts which are settled during the year through physical delivery from contracts with customers are disclosed as Revenue from customer contracts in the amounts receivable under the contracts (i.e., sales revenues on contract settlement.

Cost of electricity purchase contracts which are settled during the year through physical purchase of electricity is presented under “COGS - cost of goods sold” at the purchase price (i.e., on contract settlement).

Recognition of carbon emission allowances

Free carbon emission allowances were neither recognized in the balance sheet when they were allotted nor in subsequent periods.

Revenue from sale of allowances acquired for resale is recognized as revenue, and the cost of allowances sold is recognized as COGS (raw materials and energy consumed). If emission allowances held by the Group as at end of the reporting period do not fully cover its actual CO_2 emissions in a given year, the Group recognizes a provision for the costs of covering the deficit.

Interest

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

Dividends

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

Subsidies on account of certificates of origin

Due to the short operating cycle and high turnover, green energy certificates of origin are measured at fair value and recognized under cost of goods sold as revenue from the granted certificates of origin and current assets (inventories) when energy is generated, to the extent it is probable that the Group will receive the related economic benefits.

Subsidized tangible fixed assets

If there is reasonable certainty that subsidies will be received and that all related conditions will be met, subsidies are recognized at fair value.

If a subsidy relates to a cost item, it is recognized as income in matching with the expenses it is intended to compensate for. Where the subsidy relates to an asset, its fair value is credited to a deferred income account and subsequently it is released to the profit and loss account under other operating revenues over the expected useful life of the relevant asset in equal annual installments.

Auction price allocation

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

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

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

As of 2023, the Group began recognizing settlements under the abovementioned system in accordance with IAS 20, in the item "Settlement of auction price" in the Consolidated Profit and Loss Account and in the item Other Liabilities in the Consolidated Balance Sheet

8.27. Taxes

Current tax

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

Deferred tax

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

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

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

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

- except to the extent that the deferred tax asset related to deductible temporary differences arises from the initial recognition of an asset or liability attributable to a transaction other than business combination, and, at the time of the transaction, affects neither the pre-tax profit/loss nor the taxable profit or the tax loss, and

- in the case of deductible temporary differences attributable to investments in subsidiaries or associates and interests in joint ventures, deferred tax asset is only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

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

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

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

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

Value Added Tax

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

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

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

8.28. Earnings per share

Earnings per share for each reporting period are calculated by dividing the net profit attributable to the shareholders of the parent for a given period by the weighted average number of shares outstanding in the period.

Diluted earnings per share for a period are calculated as the quotient of net profit adjusted for changes in net profit attributable to holders of ordinary shares (net of interest on redeemable preference shares convertible into ordinary shares) and the weighted average number of ordinary shares outstanding in the period (adjusted for the effect of dilutive options and dilutive redeemable preferred shares convertible into ordinary shares, including warrants under the management stock option plan).

8.29. Contingent assets and liabilities

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

(PLN k)

A contingent liability is:

- a plausible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but has not been recognized in the financial statements because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to perform the obligation, or

(ii) the amount of the obligation (liability) cannot be measured with sufficient reliability.

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

8.30. Seasonality and cyclical nature of operations

The Group operates on the industrial power outsourcing market. The Group's key customers use heat and electricity supplied by the Group for production purposes at their industrial facilities. Heat and electricity supply business is not subject to seasonal fluctuations. Wind conditions which determine the output of wind farms are uneven during the year In autumn and winter they are significantly better than in spring and summer. The Group resolved to build wind farms in locations selected based on professional wind measurements confirmed by independent and reputable experts. However, there can be no assurance that the actual wind conditions will be no different than those used in the Group’s models for specific investment projects.

8.31. Foreign currency transactions

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

Cash, bank borrowings and other monetary assets and liabilities denominated in currencies other than the functional currency are translated at the balance sheet date into the functional currency at the closing exchange rate prevailing at the end of the reporting period (for entities having the Polish zloty as their functional currency, the average rate quoted by the National Bank of Poland (NBP) is used). Foreign exchange differences on translation and settlement of items are recognized in finance income or cost, as appropriate. Changes in the measurement of derivatives designated as hedging instruments for hedge accounting purposes are recognized in accordance with the applicable hedge accounting policies.

The following exchange rates were used for measurement purposes:

	31.12.2024	31.12.2023
USD	4.1012	3.9350
EUR	4.2730	4.3480
GBP	5.1488	4.9997

9. Adjusted Consolidated EBITDA and Adjusted Consolidated Net Profit

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

(PLN k)

EBITDA and ADJUSTED EBITDA

	For 12 months ended	
	31.12.2024	31.12.2023
Profit before tax	396 015	330 304
Financial revenues	(54 369)	(50 127)
Financial costs	126 132	101 056
Depreciation/Amortization	174 347	162 078
Development - related impairment loss	-	101
Photovoltaics - related impairment loss	-	4 200
EBITDA	**642 125**	**547 612**
Adjusted EBITDA	**642 125**	**547 612**

ADJUSTED NET PROFIT attributed to parent shareholders

	For 12 months ended	
	31.12.2024	31.12.2023
NET PROFIT attributed to parent shareholders	**301 166**	**263 587**
Unrealized foreign exchange net (gains)/losses	3 011	(50)
(Income)/Cost from measurement of long-term borrowings	3 049	3 004
Development - related impairment loss	-	101
Photovoltaics - related impairment loss	-	4 200
Purchase price allocation:		
Depreciation/Amortization	264	2 836
Tax	(50)	(50)
Adjusted NET PROFIT attributed to parent shareholders	**307 440**	**273 628**

Neither the level of EBITDA, nor the adjusted EBITDA nor the adjusted net profit allocated to the parent company shareholders have been defined in IFRS, hence these figures may be derived differently by other entities.

The Group defines EBITDA as profit before tax less the financial revenue plus financial expense plus depreciation plus impairment losses of non-financial fixed assets (including goodwill). Such definition is aimed, in the first place, to ensure comparability of the key indicator for the industry in which the Issuer and its Group operate.

The Adjusted EBITDA index is determined by eliminating from EBITDA any impact of economic events not affecting the core business of the Group and having no connection with cash flows in the reporting period including, in particular:

- Accounting for the purchase price as at the acquisition day (eliminating the profit recognized as at the acquisition day on account of formerly existing relations, elimination of cost/revenue on forward contract clearance recognized at fair value as at the acquisition day),
- Operating result resulting from the change in the Group's strategy.

The Group defines Adjusted Net Profit attributable to shareholders of the parent as net profit clear of any effects of the following economic events:

- Accounting for the purchase price as at the acquisition day (elimination of depreciation/amortization of adjustments made in connection with fair value measurement of acquired fixed assets, elimination of the profit recognized as at the acquisition day in connection with previously existing relations, elimination of cost/revenue on forward contract clearance recognized at fair value as at the acquisition day), including the effect of deferred tax on the above items),
- Impairment losses on non-financial fixed assets, including goodwill
- Net finance profit/loss related to measurement of borrowings using the amortized cost method (the spreading over time of historically incurred commissions on financing obtained),
- Unrealized foreign exchange gains or losses (this item has not been included in the forecast),
- Operating result resulting from the change in the Group's strategy,
- Impact of income tax on the economic events listed above.

10. Operating segments

The following operating segments have been identified, being identical with the reporting segments:

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

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

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

Recipients with whom the Group achieved no less than 10% of the Group's total revenues relate to the Trading and Sales segment, such revenues totaled: PLN 2,715,508 thousand

(PLN k)

For 12 months ended 31.12.2024	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	768 812	26 471	-	147 650	3 136 084	207 885	25 856	-	4 312 758
Other revenues	-	-	-	-	7 772	-	-	-	7 772
Total revenues	768 812	26 471	-	147 650	3 143 855	207 885	25 857	-	4 320 530
Net sales profit (loss)	**506 273**	**11 660**	**-**	**9 015**	**234 144**	**33 565**	**13 992**	**(264)**	**808 385**
Selling costs	-	-	-	-	(84 148)	-	-	-	(84 148)
General overheads	(14 751)	(1 259)	-	(8 343)	(96 351)	(11 499)	(101 293)	-	(233 496)
Interest income/(expense)	(57 149)	(6 150)	-	1 454	(6 451)	(6 958)	19 164	-	(56 090)
Other financial revenue/(expense)	(11 107)	(2 138)	-	(325)	(3 222)	(1 026)	2 145	-	(15 673)
Other operating revenue/(expense)	12 420	(1 678)	-	(783)	(32 705)	819	(1 036)	-	(22 963)
Profit/loss before tax	**435 686**	**435**	**-**	**1 018**	**11 267**	**14 901**	**(67 028)**	**(264)**	**396 015**
Income tax	-	-	-	-	-	-	(95 428)	579	(94 849)
Net profit/loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**301 166**
EBITDA **)	632 133	16 379	-	9 715	32 320	32 854	(81 276)	-	642 125
Segment assets	3 363 790	476 634	1 704 128	205 690	567 687	329 013	883 326	-	7 530 268
Segment liabilities	1 583 817	249 035	-	36 436	341 490	174 908	841 071	-	3 226 757
Depreciation/Amortization	128 191	7 655	-	9 825	11 380	9 969	7 062	264	174 346

*) EBITDA - definition in Note 9

(PLN k)

For 12 months ended 31.12.2023	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	590 650	16 956	-	185 950	4 606 379	183 201	18 874	-	5 602 010
Other revenues	-	-	-	(20 161)	33 563	-	-	-	13 402
Total revenues	590 650	16 956	-	165 789	4 639 942	183 201	18 874	-	5 615 412
Net sales profit (loss)	**371 741**	**8 231**	**-**	**3 636**	**259 762**	**21 779**	**14 529**	**(2 836)**	**676 842**
Selling costs	-	-	-	-	(95 118)	-	-	-	(95 118)
General overheads	(12 295)	(1 180)	-	(7 590)	(82 382)	(10 196)	(58 776)	-	(172 419)
Interest income/(expense)	(58 965)	(2 890)	-	1 285	(13 919)	(6 080)	40 122	-	(40 447)
Other financial revenue/(expense)	(7 338)	(975)	-	342	(3 299)	(404)	1 192	-	(10 482)
Other operating revenue/(expense)	(12 507)	(5 674)	-	(2 677)	(7 090)	851	(975)	-	(28 072)
Profit/loss before tax	**280 636**	**(2 488)**	**-**	**(5 004)**	**57 954**	**5 950**	**(3 908)**	**(2 836)**	**330 304**
Income tax	-	-	-	-	-	-	(66 767)	50	(66 717)
Net profit/loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**263 587**
EBITDA **)	467 747	9 537	-	2 672	85 257	21 302	(38 903)	-	547 612
Segment assets	3 435 198	154 526	813 734	195 388	825 461	276 253	1 011 056	-	6 711 616
Segment liabilities	1 756 962	66 945	-	38 370	652 081	143 189	56 416	-	2 713 963
Depreciation/Amortization	120 706	3 959	-	9 304	10 085	8 868	6 320	2 836	162 078

(PLN k)

For 12 months ended 31.12.2024		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	685 493	26 451	75 669	1 775 385	194 619	-	2 757 617
- revenue from certificates of origin	over time	83 305	-	-	17 724	-	-	101 029
- revenue from sale of heat	point in time	-	-	41 701	-	-	-	41 701
- revenue from consulting and advisory services	over time	-	-	-	-	-	23 968	23 968
- revenue from lease and operator services	over time	-	-	-	-	3 176	-	3 176
- revenue from sale and distribution of gas	over time	-	-	-	1 104 774	5 166	-	1 109 940
- revenue from sale of merchandise	over time	-	-	-	-	1 750	-	1 750
- revenue from lease	over time	14	8	-	-	2	627	651
- revenue from the capacity market and blackstart services	point in time	-	-	30 259	-	-	-	30 259
- revenue from the solar panels and heat pumps installation	over time	-	-	-	226 666	-	-	226 666
- revenue from charging services	over time	-	-	-	-	878	-	878
- other	over time	-	12	21	11 534	2 294	1 262	15 123
Total revenue from clients		**768 812**	**26 471**	**147 650**	**3 136 083**	**207 885**	**25 857**	**4 312 758**
- revenues from the valuation of futures contracts	over time	-	-	-	6 265	-	-	6 265
- revenues from CO2 emission allowances	point in time	-	-	-	1 507	-	-	1 507
Total other revenue		**-**	**-**	**-**	**7 772**	**-**	**-**	**7 772**
Total sales revenue		**768 812**	**26 471**	**147 650**	**3 143 855**	**207 885**	**25 857**	**4 320 530**

(PLN k)

For 12 months ended 31.12.2023		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	485 693	16 935	119 160	3 272 532	172 359	-	4 066 679
- revenue from certificates of origin	over time	104 942	-	-	44 041	-	-	148 983
- revenue from sale of heat	point in time	-	-	42 925	-	-	-	42 925
- revenue from consulting and advisory services	over time	-	-	-	-	-	17 118	17 118
- revenue from lease and operator services	over time	-	-	-	-	4 092	-	4 092
- revenue from sale and distribution of gas	over time	-	-	-	962 763	4 533	-	967 296
- revenue from sale of merchandise	over time	-	-	-	-	1 519	-	1 519
- revenue from lease	over time	15	6	-	-	6	481	508
- revenue from the capacity market and blackstart services	point in time	-	-	23 862	-	-	-	23 862
- revenue from the solar panels and heat pumps installation	over time	-	-	-	311 924	-	-	311 924
- revenue from charging services	over time	-	-	-	-	93	-	93
- other	over time	-	15	3	15 119	599	1 275	17 011
Total revenue from clients		**590 650**	**16 956**	**185 950**	**4 606 379**	**183 201**	**18 874**	**5 602 010**
- revenues from the valuation of futures contracts	over time	-	-	(20 161)	(13 723)	-	-	(33 884)
- revenues from CO2 emission allowances	point in time	-	-	-	47 286	-	-	47 286
Total other revenue		**-**	**-**	**(20 161)**	**33 563**	**-**	**-**	**13 402**
Total sales revenue		**590 650**	**16 956**	**165 789**	**4 639 942**	**183 201**	**18 874**	**5 615 412**

(PLN k)

11. Earnings per share

	For 12 months ended	
	31.12.2024	31.12.2023
Net profit	301 166	263 587
Average weighted number of ordinary shares	77 218 913	68 400 162
Profit per ordinary share (in PLN)	3,90	3,85

	For 12 months ended	
	31.12.2024	31.12.2023
Average weighted number of ordinary shares	77 218 913	68 400 162
Effect of dilution	-	-
Diluted weighted average number of ordinary shares	77 218 913	68 400 162

(PLN k)

12. Non-current fixed assets

31.12.2024	land	building, premises and civil and water engineering	plant and machinery	vehicles	other non-current fixed assets	non-current fixed assets under construction	prepayments for non-current fixed assets under construction	total non-current fixed assets
Gross value of non-current fixed assets at beginning of period	**195 804**	**1 304 083**	**2 577 933**	**24 120**	**(232)**	**183 649**	**16 134**	**4 301 491**
increases (due to)	**65 696**	**72 286**	**132 578**	**12 219**	**1 498**	**218 165**	**9 551**	**511 993**
- purchase	-	13 789	3 988	10 780	1 189	217 516	9 551	256 813
- transfers	-	46 322	128 572	454	304	649	-	176 301
- other	65 696	12 175	18	985	5	-	-	78 879
reductions (due to)	**(159)**	**(9 109)**	**(2 966)**	**(9 132)**	**(321)**	**(175 573)**	**(29)**	**(197 289)**
- sale and liquidation	(90)	(1 798)	(2 390)	(8 920)	(321)	-	-	(13 519)
- other	(69)	(7 311)	(576)	(212)	-	-	699	(7 469)
- transfers	-	-	-	-	-	(175 573)	(728)	(176 301)
Gross value of non-current fixed assets at end of period	**261 341**	**1 367 260**	**2 707 545**	**27 207**	**945**	**226 241**	**25 656**	**4 616 195**
Cumulative depreciation at beginning of period	**(31 873)**	**(265 214)**	**(647 503)**	**(9 957)**	**1 296**	**(108)**	**-**	**(953 359)**
- current period depreciation	(8 630)	(61 110)	(93 018)	(8 193)	(468)	-	-	(171 419)
- reductions (due to)	(884)	1 325	1 944	6 342	289	-	-	9 016
- sale and liquidation	-	1 345	1 945	6 189	289	-	-	9 768
- other	(884)	(20)	(1)	153	-	-	-	(752)
Cumulative depreciation at end of period	**(41 387)**	**(324 999)**	**(738 577)**	**(11 808)**	**1 117**	**(108)**	**-**	**(1 115 762)**
Impairment losses at beginning of period	**-**	**(9 824)**	**(14 603)**	**-**	**(5)**	**(50 608)**	**-**	**(75 040)**
- increase	-	(4)	-	-	-	-	-	(4)
Impairment losses at end of period	**-**	**(9 828)**	**(14 603)**	**-**	**(5)**	**(50 608)**	**-**	**(75 044)**
Net value of non-current fixed assets at beginning of period	**163 931**	**1 029 045**	**1 915 827**	**14 163**	**1 059**	**132 933**	**16 134**	**3 273 092**
Net value of non-current fixed assets at end of period	**219 954**	**1 032 433**	**1 954 365**	**15 399**	**2 057**	**175 525**	**25 656**	**3 425 389**

In the 12-month period ended 31 December 2024, the Group incurred debt financing costs qualifying for capitalization under initial value of non-current fixed assets, totaling PLN 3,418 thousand (31 December 2023: PLN 18,289 thousand), with land and buildings worth PLN 1,117,676 thousand (31 December 2022: PLN 1,069 thousand) encumbered with mortgages securing repayment of credit facilities.

(PLN k)

31.12.2023	land	building, premises and civil and water engineering	plant and machinery	vehicles	other non-current fixed assets	non-current fixed assets under construction	prepayments for non-current fixed assets under construction	total non-current fixed assets
Gross value of non-current fixed assets at beginning of period	**170 692**	**1 066 943**	**2 259 833**	**14 761**	**(682)**	**393 199**	**9 488**	**3 914 234**
increases (due to)	**26 267**	**239 491**	**330 424**	**14 803**	**569**	**269 087**	**64 373**	**945 014**
- purchase	152	625	2 696	13 443	365	214 226	64 373	295 880
- transfers	-	142 337	326 431	-	204	54 861	-	523 833
- other	26 115	96 529	1 297	1 360	-	-	-	125 301
reductions (due to)	**(1 155)**	**(2 351)**	**(12 324)**	**(5 444)**	**(119)**	**(478 637)**	**(57 727)**	**(557 757)**
- sale and liquidation	(280)	(2 320)	(2 468)	(4 275)	(119)	-	-	(9 462)
- other	(875)	(31)	(9 856)	(1 169)	-	(8 927)	(2 454)	(23 312)
- transfers	-	-	-	-	-	(469 710)	(55 273)	(524 983)
Gross value of non-current fixed assets at end of period	**195 804**	**1 304 083**	**2 577 933**	**24 120**	**(232)**	**183 649**	**16 134**	**4 301 491**
Cumulative depreciation at beginning of period	**(24 500)**	**(213 434)**	**(562 074)**	**(5 700)**	**1 566**	**(107)**	**-**	**(804 249)**
- current period depreciation	(7 034)	(53 957)	(87 654)	(7 729)	(292)	-	-	(156 666)
- reductions (due to)	(339)	2 177	2 225	3 472	22	(1)	-	7 556
- sale and liquidation	84	2 167	2 192	4 108	59	(1)	-	8 609
- other	(423)	10	33	(636)	(37)	-	-	(1 053)
Cumulative depreciation at end of period	**(31 873)**	**(265 214)**	**(647 503)**	**(9 957)**	**1 296**	**(108)**	**-**	**(953 359)**
Impairment losses at beginning of period	**-**	**(5 624)**	**(14 603)**	**-**	**(5)**	**(59 578)**	**-**	**(79 810)**
- increase	-	(4 200)	-	-	-	(101)	-	(4 301)
- reduction	-	-	-	-	-	9 071	-	9 071
Impairment losses at end of period	**-**	**(9 824)**	**(14 603)**	**-**	**(5)**	**(50 608)**	**-**	**(75 040)**
Net value of non-current fixed assets at beginning of period	**146 192**	**847 885**	**1 683 156**	**9 061**	**879**	**333 514**	**9 488**	**3 030 175**
Net value of non-current fixed assets at end of period	**163 931**	**1 029 045**	**1 915 827**	**14 163**	**1 059**	**132 933**	**16 134**	**3 273 092**

In the 12-month period ended 31 December 2023, the Group incurred debt financing costs qualifying for capitalization under initial value of non-current fixed assets, totaling PLN 18,289 thousand (31 December 2022: PLN 43,041 thousand), with land and buildings worth PLN 1,069,139 (31 December 2022: PLN 906,094 thousand) encumbered with mortgages securing repayment of credit facilities.

(PLN k)

Right-of-use assets under lease	31.12.2024	31.12.2023
Land	222 083	163 484
Building, premises and civil and water engineering	20 193	12 676
Plant and machinery	14 228	434
Vehicles	14 343	12 833
Total	**270 847**	**189 427**

Right-of-use liabilities under lease	31.12.2024	31.12.2023
Land	236 705	177 936
Building, premises and civil and water engineering	22 115	13 348
Plant and machinery	304	404
Vehicles	13 289	13 066
Total	**272 413**	**204 754**
	0	**0**

	For 12 months ended	
Right-of-use amortization	31.12.2024	31.12.2023
Land	7 885	7 071
Building, premises and civil and water engineering	7 572	7 014
Plant and machinery	250	173
Vehicles	6 524	7 609
Total	**22 231**	**21 867**

	For 12 months ended	
Right-of-use interest costs	31.12.2024	31.12.2023
Land	7 827	7 117
Building, premises and civil and water engineering	1 353	751
Plant and machinery	11	12
Vehicles	1 058	877
Total	**10 249**	**8 757**

Changes in lease payables are shown in Note 43.

(PLN k)

13. Intangible Assets

31.12.2024	concessions, patents, licenses and similar entitlements obtained	prepayments for intangibles	intangible assets from purchase price allocation	total intangibles
1. Gross value of intangible assets at beginning of period	**26 543**	**164**	**58 000**	**84 707**
a) increase (due to)	2 434	2 104	-	4 538
- purchase	2 433	58	-	2 491
- other	1	2 046	-	2 047
b) reductions (due to)	(203)	(2 205)	-	(2 408)
- sale and liquidation	(203)	-	-	(203)
- other	-	(2 145)	-	(2 145)
- transfers	-	(60)	-	(60)
2. Gross value of intangible assets at end of period	**28 774**	**63**	**58 000**	**86 837**
3. Cumulative depreciation at beginning of period	**(16 872)**	**-**	**(58 000)**	**(74 872)**
- current period depreciation	(2 931)	-	-	(2 931)
- reductions (due to)	205	-	-	205
- sale and liquidation	205	-	-	205
4. Cumulative depreciation at end of period	**(19 598)**	**-**	**(58 000)**	**(77 598)**
5. Impairment losses at beginning of period	**-**	**-**	**-**	**-**
6. Impairment losses at end of period	**-**	**-**	**-**	**-**
7. Net value of intangible assets at beginning of period	**9 671**	**164**	**-**	**9 835**
8. Net value of intangible assets at end of period	**9 176**	**63**	**-**	**9 239**

(PLN k)

31.12.2023	concessions, patents, licenses and similar entitlements obtained	prepayments for intangibles	intangible assets from purchase price allocation	total intangibles
1. Gross value of intangible assets at beginning of period	**23 415**	**206**	**58 000**	**81 621**
a) increase (due to)	3 510	1 848	-	5 358
- purchase	2 416	1 604	-	4 020
- other	1 094	244	-	1 338
b) reductions (due to)	(382)	(1 890)	-	(2 272)
- sale and liquidation	(382)	-	-	(382)
- other	-	(1 525)	-	(1 525)
- transfers	-	(365)	-	(365)
2. Gross value of intangible assets at end of period	**26 543**	**164**	**58 000**	**84 707**
3. Cumulative depreciation at beginning of period	**(11 836)**	**-**	**(58 000)**	**(69 836)**
- current period depreciation	(5 400)	-	-	(5 400)
- reductions (due to)	364	-	-	364
- sale and liquidation	364	-	-	364
4. Cumulative depreciation at end of period	**(16 872)**	**-**	**(58 000)**	**(74 872)**
5. Impairment losses at beginning of period	**-**	**-**	**-**	**-**
6. Impairment losses at end of period	**-**	**-**	**-**	**-**
7. Net value of intangible assets at beginning of period	**11 579**	**206**	**-**	**11 785**
8. Net value of intangible assets at end of period	**9 671**	**164**	**-**	**9 835**

14. Goodwill

As at 31 December 2024 goodwill amounted to PLN 157 million and was attributable to the following cash-generating units (segments):

- PLN 25 million - distribution - including the companies Polenergia Dystrybucja and Polenergia Kogeneracja;
- PLN 44 million - trading - including the company Polenergia Obrót;
- PLN 88 million - trading and sales - including the companies Polenergia Fotowoltaika, Polenergia Pompy Ciepła and Zielony Ryś ("Photovoltaics Group"). The goodwill related to the acquisition of the Photovoltaics Group results from the delta between the acquisition price and the net present value.

Goodwill impairment test

As at 31 December 2024 a goodwill impairment test was performed which showed no impairment of the asset in question. The test was performed with respect to fixed assets and intangibles plus goodwill for those operating segments to which, as at 31 December 2024, goodwill had been allocated. The utility value estimated based on the cash flow projections of individual projects underlies the measurement of the recoverable value of individual cash generating centers.

The test was performed based on the present value of estimated operating cash flows. Calculations were performed based on detailed forecasts with the projections horizon until 2050 or for the entire lifetime of the companies. Polenergia Group has the ability to forecast cash flows for a comparably long period. The nature of the Group's projects requires that financial forecasts be regularly developed and updated for the entire life of the project. The analyses prepared are required and accepted by the institutions financing the Group's projects, and based on them a repayment schedule is created for long-term loans granted.

Key assumptions impacting the estimation of the utility value adopted in the test as at 31 December 2024 and for individual segments:

- Energy prices: the wholesale energy price path until 2027 is based on quotations for forward contracts, independent business advisors and the Group's best knowledge (CAGR of ca. 6.1%). Beyond 2027 the average annual growth rate of ca. 1.9% has been assumed based on the available forecasts of independent business advisors.
- Green certificate prices: the market path for certificate prices is based on the Group's own forecast based on forward contract quotes and independent business advisors' forecasts (CAGR until 2031 ca. -27,4%)

The discount rates used to determine the recoverable value were established based on the standard formula for the weighted average cost of capital (WACC), based on the assumptions provided by an external advisor and the Group's internal data.

(PLN k)

Goodwill in segment	Key assumptions	Level of discount rate assumed in test as at: 31.12.2024	Level of discount rate assumed in test as at: 31.12.2023
Polenergia Dystrybucja	The WRA figure adopted for the forecast is based on the level which incorporates historical capex plus capex intended for the years 2024-2050. In distribution, the weighted average cost of capital has been assumed at the regulatory level of WACC published by the regulatory authority URE. In subsequent years changes in regulatory WACC have been assumed resulting from the variation of interest rates on the market. Average margins on energy sales in real terms have been assumed at the level of historical margins while taking into account the change in the Company's sales volume structure as a result of the ongoing investment plan and new products included in the offer. Increased volume of energy sold due to capital expenditures effected. Driven by the market practice and the fact that long-term forecasts are (due to the features of the tested assets) more reliable (when compared to any measurement based on residual value), the issuer's management assumed a period exceeding 5 years for the purpose of the analysis. The period of detailed projections refers to the years 2025-2050.	4,80% Polenergia Dystrybucja 4,38% Polenergia Kogeneracja	4,80% Polenergia Dystrybucja 4,38% Polenergia Kogeneracja
Polenergia Obrót	The margin in trading in 2025 assumes implementation of the commercial strategy based on short-term trading and structured transactions. Asset margin includes current PPAs for wind and photovoltaic assets (electricity, proprietary rights, guarantees of origin) and extensions to new projects. Additional margin in areas related to trading in the energy and gas markets, including proprietary trading, energy sales to strategic customers and in cPPA contracts. Driven by the market practice and the fact that long-term forecasts are (due to the features of the tested assets) more reliable (when compared to any measurement based on residual value), the issuer's management assumed a period exceeding 5 years for the purpose of the analysis. In the trading segment, the period of detailed projections refers to the years 2025-2050.	8.90%	8.90%
Polenergia Fotowoltaika	Continued operations in all existing segments (photovoltaics and energy storage for B2C, B2B SME markets, photovoltaics for large enterprises) based on the existing and currently developed products. Average margins on the sale of installations in real terms have been assumed at the historic margin levels.	8.90%	8.90%

(PLN k)

	Continuation of implemented optimizations in the OPEX area. In accordance with guidelines of IAS 36 and in view of the dynamic changes in the distributed generation market, the issuer's management adopted a detailed projection period covering 2025-2029 for analysis, increased to include the residual value.	

The assumptions made are in line with the long-term projection used by the Group.

Recoverable values for distribution and trading and sales segments exceed the values of fixed assets and intangibles increased to include goodwill. As at 31 December 2024, the impairment test was performed which showed no impairment of goodwill in those segments.

Based on the available projections, sensitivity tests have been performed. The tests have proven that impact on the utility value of the tested assets is exerted mainly by the fluctuations of the discount rate (WACC) and fluctuations of electricity prices.
According to the estimates of the Management Board, in Trading and Sales the increase of the WACC by 1 percentage point or a change of the electricity price by 1% r will entail no changes in the assessment whether any impairment of assets occurred.

In the Distribution segment, a 1 percentage point increase in the weighted average cost of capital will result in an asset impairment of PLN 21 million. In contrast, a 1% change in electricity prices will not change the assessment of whether an asset is impaired.

15. Asset impairment test

Asset impairment loss test in the Photovoltaics segment

The Group performed an analysis of any indications of fixed assets impairment as at 31 December 2024. In the Photovoltaics segment indications were found with respect to the assets held by the Group that made it necessary to perform an impairment test with respect to tangible and intangible fixed assets. The analysis showed that the increasing magnitude of curtailment and the more frequent occurrence of negative prices during peak production hours are important factors justifying the test.

As the Group's photovoltaic projects have their electricity sales price secured for a period of 15 years from the start of operations in the form of a contract for difference and a defined useful life, it was decided that the recoverable amount would be determined based on the value in use. Determining the fair value for these projects is difficult because of the secured price of selling electricity in a fixed-price contract for difference (such price varying for each project). This fact means that available market benchmarks for this type of project may not be reliable.

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

Guided by market practice and the fact that, due to the specific nature of the tested assets, long-term forecasts are more reliable, the issuer's management adopted a period longer than 5 years for the analysis, i.e. until 2055. In the Group's opinion, such period of analysis is justified because it is in line with the economic useful life of the assets which was confirmed by an external market advisor.

In addition, the Polenergia Group has the ability to forecast cash flows for a comparably long period of time, since the specific nature of the Group's projects requires regular development and updating of financial forecasts for the entire life of the investment, which are required and approved by financing institutions and on the basis of which the repayment schedule for long-term loans is established. The models used to determine the recoverable value of assets were verified by the banks financing the projects.

Key assumptions:

- Electricity generation was estimated based on the installed capacity of 81 MW.
- Productivity indices were adopted based on analyses prepared by external consultants,
- Due to module degradation, a reduction of photovoltaic cell productivity of 0.4% per year on the average was assumed,
- Electricity sales prices were assumed at the level consistent with the contracts in place and for the volume not secured by contracts - based on the forecast of market electricity prices,
- Assumptions regarding the profile costs and market electricity prices have been provided by a reputable market consultant,
- The operating expenses forecast is based on contracts in place, with indexation in subsequent years,
- The price growth rate during the forecast period was assumed at the level consistent with the inflation rate forecast by the National Bank of Poland published on 8 November 2024. Beyond 2027, the inflation rate was assumed at the NBP's inflation target of 2.5%,
- The measurement includes the cost of dismantling the projects at the end of their useful life,
- The discount rate of 5.92% was assumed, as established based on the standard formula for the weighted average cost of capital (WACC), based on the assumptions provided by an external advisor and the Company's internal data,
- The measurement does not include the residual value of assets at the end of the forecast period.

As at 31 December 2024, the carrying value of tested assets was PLN 367.8 million. As a result of the asset impairment test, the Group concluded that no impairment loss was required for these assets.

Sensitivity Analysis

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

In the case of the Sulechów I and Sulechów II projects, a 1 p.p. increase in the cost of the electricity profile will result in an asset impairment charge of PLN 0.8 million, while in the case of the Buk project, a 1 p.p. increase in the cost of the electricity profile will result in an asset impairment charge of PLN 0.4 million. For the remaining photovoltaic farm projects, a 1 p.p. change in profile cost will not trigger any asset impairment charge.

In the case of the Sulechów I and Sulechów II projects, a 1 p.p. increase in the discount rate will result in an asset impairment charge of PLN 2.6 million, and in the case of the Buk project, a 1 p.p. increase in the discount rate will result in an asset impairment charge of PLN 1.5 million. For the remaining photovoltaic farm projects, a 1 p.p. change in the discount rate will not trigger any asset impairment charge.

Asset impairment test for the assets of the company Polenergia Sprzedaż

The Group performed an analysis of any indications of fixed assets impairment as at 31 December 2024. With respect to the company Polenergia Sprzedaż indications were identified that necessitated an impairment test with respect to tangible and intangible fixed assets. The results of the analysis show that the company has negative net assets.

Determining fair value for this type of project is difficult due to the fact that the company was established to commercialize the electricity generated by the Group's assets and has a hedged purchase price for energy in long-term contracts. As a result, available market benchmarks for this type of project may not be reliable.

In view of the above, it was decided that the recoverable value would be determined based on the value in use.

The value in use of the assets was determined based on the discounted cash flow to equity holders and creditors (FCFF) method.

Guided by market practice and with due regard to the specific nature of the tested assets, according to which long-term forecasts are more reliable, the issuer's management adopted a period longer than 5 years for the analysis, i.e. until 2050. In the Group's view, such a horizon of the analysis is justified because the company commercializes electricity generated by Group assets with a similar useful life.

In addition, the Polenergia Group has the ability to forecast cash flows for a comparably long period of time, since the specific nature of the Group's projects requires regular development and updating of financial forecasts for the entire life of the investment, which are required and approved by financing institutions and on the basis of which the repayment schedule for long-term loans is established.

Key assumptions:

- Continued sales of electricity generated from the Group's renewable energy assets to a diversified customer base, comprising mainly the SME and prosumer sectors, under medium- and long-term contracts carried out by the internal sales team and using external partners.
- Development of electricity sales in the PPA channel, including the PPA+ model.
- Average energy sales margins in real terms have been assumed at the historic margin levels.
- The forecast of operating expenses was made on the basis of historical data, taking into account planned development and projected indexation in subsequent years.

As at 31 December 2024, the carrying value of tested assets was PLN 1 million. As a result of the asset impairment test, the Group concluded that no impairment charge was required for these assets.

Sensitivity Analysis

Based on the available projections, sensitivity tests have been performed. The tests have proven that impact on the utility value of the tested assets is exerted mainly by the fluctuation of the discount rate and fluctuation of electricity prices.

A 1 p.p. increase in the discount rate or a 1% change of energy price will entail no change in the assessment whether or not assets have been impaired.

Impairment test of financial assets measured with the equity method

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

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

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

Guided by market practice and the fact that, due to the nature of the assets under test, long-term forecasts are more reliable, the issuer's management adopted for analysis a period exceeding 5 years, i.e. until 2058 for MFW Bałtyk II sp. z o.o. and MFW Bałtyk III (the "Offshore Projects"), while for the MFW Bałtyk I S.A. project ("MFW Bałtyk I") - until 2062. In the Group's opinion, such a period of analysis is reasonable due to the fact that the key parameters of the Offshore Projects, such as energy sales price, productivity, capital expenditures and maintenance costs of the projects, are mostly known and come from studies performed, contracts signed or negotiated, or have been determined based on the knowledge gained from other investments both on the part of the Group and Equinor which is the Group's partner in the implementation of the Offshore Projects. However, in the case of MFW Bałtyk I it was considered that the expertise and experience gained by the Company and Equinor at the stage of preparing the Offshore Projects was sufficient to permit preparing a forecast for the entire life of the assets. In addition, the Polenergia Group has the ability to forecast cash flows for a comparably long period of time, since the specific nature of the Group's projects requires regular development and updating of financial forecasts for the entire life of the investment, which are required and approved by financing institutions and on the basis of which the repayment schedule for long-term loans is established.

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

Key assumptions:

- The Group holds a 50% interest in companies developing offshore wind farm projects in the Baltic Sea and has been continuing development work together with its partner, Equinor.
- The total intended installed capacity of the Offshore Projects is 1,440 MW.
- The planned commissioning of the Offshore Projects will take place in 2028.
- Capital expenditures have been estimated on the basis of signed and negotiated agreements or knowledge gained from the implementation of other investments by partners in the Offshore Projects.
- The selling price of electricity was estimated on the basis of the maximum support price granted by the URE President, indexed annually by the inflation rate.
- The productivity of the Offshore Projects was estimated based on current technical assumptions and data from wind measurement campaigns.
- The price growth rate during the forecast period is equal to the inflation rate forecast by the National Bank of Poland published on 8 November 2024. Beyond 2025, the inflation rate was assumed at the NBP's inflation target of 2.5%,
- A discount rate of 10.5% was assumed as determined based on the CAPM model against the assumptions provided by the Company's external advisor.
- The measurement does not include the residual value of assets at the end of the forecast period.

As at 31 December 2024, the carrying value of tested assets was PLN 1,490.4 million. As a result of the asset impairment test, the Group concluded that no impairment charge was required for these assets.

Sensitivity Analysis

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

In the case of MFW Bałtyk II sp. z o.o. an increase in the discount rate by 1 p.p. or an increase in the level of capital expenditures by 5% will entail no change in the assessment whether the assets are impaired or not.

In the case of MFW Bałtyk III sp. z o.o. an increase in the discount rate by 1 p.p. will entail no change in the assessment whether the assets are impaired or not. In contrast, a 5% increase in the level of capital expenditures will result in an impairment loss of PLN 4 million.

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

Key assumptions:

- The Group holds a 50% interest in the company developing an offshore wind farm project in the Baltic Sea and has been continuing development work together with its partner, Equinor.
- The planned commissioning of MFW Bałtyk I will take place in 2032.
- Capital expenditures have been estimated on the basis of signed and negotiated agreements or knowledge gained from the implementation of other investments by partners in the Offshore Projects.
- The sales price of electricity was estimated based on the maximum support price for Phase II projects, as specified in the draft regulation for areas in the more remote areas of the Central Shoal. This price is subject to annual indexation by the inflation rate.
- The productivity of the MFW Bałtyk I was estimated based on current technical assumptions and data from wind measurement campaigns.
- The price growth rate during the forecast period is equal to the inflation rate forecast by the National Bank of Poland published on 8 November 2024. After 2027, the inflation rate was assumed at the NBP's inflation target of 2.5%.
- A discount rate of 10.5% was assumed as determined based on the CAPM model against the assumptions provided by the Company's external advisor.
- The measurement does not include the residual value of assets at the end of the forecast period.

As at 31 December 2024, the carrying value of tested assets was PLN 169.8 million. As a result of the asset impairment test, the Group concluded that no impairment charge was required for these assets.

Sensitivity Analysis

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

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

(PLN k)

16. Long term financial assets

	31.12.2024	31.12.2023
- share or stock in non-listed companies	3 825	2 495
- futures contracts *)	3 419	13 486
- derivative instruments **)	102 139	99 810
Total long term financial assets	**109 383**	**115 791**

*) measured at fair value through profit or loss

**) measured at fair value through other comprehensive income

17. Financial assets measured using the equity method

Polenergia S.A. and Wind Power AS (hereinafter the "Shareholders") participate in a joint venture (JV) involving the development of offshore wind farms (the "Project") in the Baltic Sea. The Shareholders hold, directly or indirectly, 50% shares/stock each in the companies MFW Bałtyk I S.A. MFW Bałtyk II Sp. z o.o. and MFW Bałtyk III Sp. z o.o.

The table below shows the carrying amount of the Group's investments in the joint venture:

	MFW Bałtyk III Sp. z o.o.	MFW Bałtyk II Sp. z o.o.	MFW Bałtyk I S.A.	Total
Open balance as at 1 January	**304 798**	**335 612**	**143 783**	**784 193**
Capital contributions	425 000	425 000	26 000	**876 000**
Closing balance as at 31 December	**729 798**	**760 612**	**169 783**	**1 660 193**

As at 31 December 2024 and as at 31 December 2023 net assets of the subsidiaries (MFW Bałtyk II Sp. z o. o., MFW Bałtyk III Sp. z o. o., MFW Bałtyk I S.A.) comprised:

31.12.2024	MFW Bałtyk III Sp. z o.o.	MFW Bałtyk II Sp. z o.o.	MFW Bałtyk I S.A.	Total
Non-current fixed assets - capital expenditure for wind farm under construction	1 171 543	1 439 569	309 639	**2 920 751**
Other receivables	24 417	41 690	6 524	**72 631**
Cash	355 827	128 281	56 465	**540 573**
Liabilities	(62 612)	(24 554)	(16 343)	**(103 509)**
Accruals	(86 867)	(133 040)	(14 015)	**(233 922)**
Total net assets	**1 402 308**	**1 451 946**	**342 270**	**3 196 524**

(PLN k)

31.12.2023	MFW Bałtyk III Sp. z o.o.	MFW Bałtyk II Sp. z o.o.	MFW Bałtyk I S.A.	Total
Non-current fixed assets - capital expenditure for wind farm under construction	454 677	496 658	230 747	**1 182 082**
Other receivables	11 114	11 727	13 230	**36 071**
Cash	127 382	138 801	54 918	**321 101**
Liabilities	(40 096)	(44 120)	(10 105)	**(94 321)**
Accruals	(1 185)	(1 183)	(20)	**(2 388)**
Total net assets	**551 892**	**601 883**	**288 770**	**1 442 545**

The subsidiaries (MFW Bałtyk II sp. z o. o., MFW Bałtyk III sp. z o. o., MFW Bałtyk I S.A.) in the year ended on 31 December 2024 carried out no operating business, hence they generated no substantial profits/losses and, as a result, they had no impact on the measurement of the shares using the equity method.

Acquisition of the remaining 40% stake in Wind Farm Four Srl, formerly: Naxxar Wind Farm Four Srl developing a wind farm project in Romania

On 5 October 2023, Polenergia S.A. entered into a conditional agreement to acquire 60% of shares in Naxxar Wind Farm Four Srl, with registered office in Bucharest. The date of taking control is 7 December 2023.

On 27 September 2024, the Company exercised the call option granted under the agreement to acquire a 60% stake in Bucharest-based company Wind Farm Four Sarl, as a result of which the Company acquired the remaining 40% stake for a consideration of EUR 2,800 thousand. As a result, the Company became the sole shareholder of Wind Farm Fourl Sarl which holds a 20% stake in each of the 7 SPVs developing the wind farm project in Romania's Tulcea county.

As at the date of taking control over the company Wind Farm Four Srl, the SPVs share purchase price was allocated at fair value amounting to PLN 29,541 thousand and recognized under financial assets measured by the equity method, while as at 31 December 2024 this value amounts to: PLN 43,935 thousand.

18. Long term receivables

	31.12.2024	31.12.2023
- receivables from other entities	2 479	1 992
- other receivables	2 479	1 992
Net long term receivables	**2 479**	**1 992**

19. Inventories

	31.12.2024	31.12.2023
- materials and merchandise	24 613	57 287
- certificates of origin	12 005	31 848
- property rights	2 456	69
- prepayments for deliveries	739	1 010
Total net inventories	**39 813**	**90 214**
- inventory remeasured write-downs	15 822	702
Total gross inventories	**55 635**	**90 916**

(PLN k)

20. Short term receivables

	31.12.2024	31.12.2023
- trade receivables	251 041	279 765
- from related entities	38 982	20 195
- from other entities	212 059	259 570
- income tax receivable	3 501	5 511
- other receivables	141 010	292 415
- budget payments receivable	22 425	14 311
- other	118 585	278 104
Total net short-term receivables	**395 552**	**577 691**
- receivables remeasured write-downs	42 919	30 098
Total gross short-term receivables	**438 471**	**607 789**

Trade receivables belong to the category of financial instruments defined in IFRS 9 as financial assets measured at amortized cost. Other receivables include assets outside IFRS 9.

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

As at 31 December 2024 estimated credit losses on trade receivables increased up to PLN 42,919 thousand compared to PLN 30,098 thousand as at 31 December 2023.

One of the reasons for the increase was the recognition of credit losses on receivables, related to the pre-financing of photovoltaic installations associated with the "My Current 6.0 and Clean Air" programs, which will be reversed upon receipt of financing from these programs.

In addition, a significant value of credit losses is related to: the ongoing litigation with Jeronimo Martins Polska S.A., further described in Note 33.

- Based on the legal opinions, the Management Board maintains the position that the lawsuit will be resolved favorably for the Group and the estimated write-down is an assessment of the risks associated with a lengthy litigation process and an assessment of the counterparty's insolvency.
- decision of the URE President of 31 August 2021 concerning the subsidiary Polenergia Elektrociepłownia Nowa Sarzyna Sp. z o.o. by virtue of which the President determined the amount of the final adjustment of stranded costs compensation in view of the end of the adjustment period, in the amount of PLN 3,758 thousand. On 4 October 2021, this decision was appealed against before the Court of Competition and Consumer Protection. The value of the dispute is PLN 13,214 thousand, for which the subsidiary established an allowance

(PLN k)

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

	Total	Grade 2	Grade 3
Gross value as at 1.01.2024	309 863	246 674	63 190
Arisen	208 821	208 821	-
Paid	(224 724)	(247 501)	22 776
Gross value as at 31.12.2024	293 960	207 994	85 966

The table below shows the amounts of default and the calculation of expected credit losses as at 31 December 2024 and as at 31 December 2023.

		Receivables from individual customers			
	Total	Current 0-30 days	30-60 days	60-90 days	>90 days
31.12.2024	7 865	2 186	2 186	591	2 902
Expected credit losses	18 458	-	-	-	18 458
31.12.2023	4 185	798	798	325	2 264
Expected credit losses	5 543	-	-	-	5 543

		Receivables from corporate customers			
	Total	Current 0-30 days	30-60 days	60-90 days	>90 days
31.12.2024	243 176	202 691	43	297	40 145
Expected credit losses	24 462	13 214	-	-	11 248
31.12.2023	275 580	241 928	2 450	375	30 827
Expected credit losses	24 578	13 214	-	-	11 364

21. Short term prepaid expenses

	31.12.2024	31.12.2023
- insurance	7 423	7 549
- subscriptions	47	36
- maintenance	1 689	1 665
- real estate tax, perpetual usufruct charges, lease payments	1	4
- accrued revenue	4 848	3 557
- accrued commissions	9	8
- other	4 707	3 475
Total prepayments and accrued income	**18 724**	**16 294**

(PLN k)

22. Short-term financial assets

	31.12.2024	31.12.2023
- derivative instruments *)	31 723	35 516
- loans given	-	71
- futures and forward contracts measurement **)	107 586	170 537
Total short term financial assets	**139 309**	**206 124**

*) measured at fair value through other comprehensive income

**) measured at fair value through profit or loss

23. Fair values of assets and liabilities

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.

(PLN k)

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

	For 12 months ended	
	31.12.2024	31.12.2023
Result of measurement of derivatives	6 265	(33 884)

Financial instrument category

	31.12.2024	Total
	Level 2	Total
Short term assets	107 586	107 586
Long term assets	3 419	3 419
Total	**111 005**	**111 005**

	Level 2	Total
Short term liabilities	98 682	98 682
Long term liabilities	2 224	2 224
Total	**100 906**	**100 906**
Net fair value	**10 099**	**10 099**

Impact on profit/loss	31.12.2024	31.12.2023
Market price increase by 1%	14	(66)
Market price decrease by 1%	(14)	66

Measurement of the fair value of speculative futures contracts, i.e., futures contracts with an open position, amounted to PLN -6 thousand as at the reporting date.

Derivatives measured at fair value through profit or loss

Polenergia S.A. hedged a currency risk associated with equity contributions to its offshore wind farm projects. This risk has largely been hedged by the currency conversion of own funds which will be used to finance offshore wind farm projects that incur a significant portion of their expenses in EUR. In order to hedge the above risk, the company bought 169,000 thousand EUR at an average exchange rate of ca. 4.28. 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 31.12.2024 was PLN -6 thousand.

Cash flow hedges (in EUR thousand)

Maturity date of the hedging instrument	Hedged value	Exchange rate hedged	Instrument
2025.Q1	229	4,37	Currency SWAP
2025-2028	169 000	4,28	Cash
Total	**169 229 EUR**		

Derivatives measured at fair value through other comprehensive income

As at 31 December 2024 the Group recognized PLN 4,876 thousand in other comprehensive income being a component of equity (2023: PLN -95,303 thousand) on account of the effective portion of the assessment of the hedging instrument to the fair value.

The purpose of the hedging transactions is to mitigate the effect of interest rate movements on future, highly probable credit instalment payments.

Hedge accounting seeks to eliminate the risk of an accounting mismatch between the time when gains or losses on a hedging instrument and those on the hedged item are recognized. As at 31 December 2024 the Group held the following hedging instruments for cash flow hedge accounting purposes:

Interest rate risk hedges

Interest rate risk hedges

Maturity date of hedging instrument	Hedged value	Interest rate hedged	Instrument
29.09.2025	10 475	0,52%	IRS
29.06.2026	9 416	0,56%	IRS
15.12.2027	72 791	0,75%	IRS
29.03.2028	94 228	0,79%	IRS
18.12.2028	58 860	5,19%	IRS
25.09.2029	48 638	4,42%	IRS
16.10.2029	0	4,91%	IRS
17.12.2029	16 000	4,98%	IRS
22.12.2031	7 682	2,60%	IRS
21.06.2033	7 850	5,67%	IRS
12.12.2033	24 500	6,71%	IRS
12.12.2033	24 500	6,71%	IRS
13.03.2034	137 040	6,65%	IRS
30.06.2034	10 691	0,89%	IRS
11.06.2035	126 786	1,10%	IRS
10.09.2035	379 757	1,20%	IRS
31.12.2035	16 072	2,39%	IRS
11.03.2036	98 117	2,22%	IRS
Total	**1 143 403**		

(PLN k)

Fair values of other financial assets and liabilities

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

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

	Category	Carrying amount		Fair Value	
		31.12.2024	31.12.2023	31.12.2024	31.12.2023
Financial assets					
Futures and forward contracts	Level 2	111 005	184 023	111 005	184 023
Derivative instruments	Level 2	133 862	135 326	133 862	135 326
Financial liabilities					
Bonds	n/a	763 352	-	763 352	-
Bank loans	n/a	1 341 037	1 532 141	1 341 037	1 532 141
Derivative instruments	Level 2	20 053	29 083	20 053	29 083
Futures and forward contracts	Level 2	100 906	176 368	100 906	176 368

24. Cash and equivalent

	31.12.2024	31.12.2023
Cash and equivalent	1 489 005	1 410 763
- cash at hand and in bank	1 489 005	1 410 763
Total cash and equivalent	**1 489 005**	**1 410 763**

For more information on restricted cash of PLN 174,711 thousand, see Note 41 (2023: PLN 100,348 thousand).

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

The Group applies a three-level model (referred to in more detail in Note 8.17) with respect to cash, however, in the opinion of the Management Board, such allowance is immaterial, because the Company avails itself of reputable financial institutions only.

Cash and equivalent belong to the category of financial instruments defined in IFRS 9 as financial assets measured at amortized cost.

(PLN k)

25. Share capital and statutory reserve funds/capital reserves

Shareholders holding 5% or more of the total number of shares

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

No	Shareholder	Number of shares held	Number of votes	Shareholding
1	Mansa Investments Sp. z o.o. *)	33 168 900	33 168 900	42,95%
2	BIF IV Europe Holdings Limited	24 738 738	24 738 738	32,04%
3	Allianz Polska OFE	6 045 142	6 045 142	7,83%
4	Nationale-Nederlanden OFE	4 571 602	4 571 602	5,92%
5	Others	8 694 531	8 694 531	11,26%
	Total	**77 218 913**	**77 218 913**	**100%**

Undistributed profit and constraints on dividend distributions

Under the Polish Commercial Companies Code, the parent is required to create statutory reserve funds to cover losses. After each financial year, at least 8% of net profit disclosed in the standalone financial statements of the parent should be contributed to the statutory reserve fund, until the fund reaches at least one-third of the parent's share capital. While it is the General Meeting that resolves how to spend such statutory reserve funds and capital reserves, part of statutory reserve funds equal to one-third of the share capital i.e., PLN 51,479 thousand, may only be spent to cover the loss disclosed in the standalone financial statements and may not be distributed for any other purpose.

Dividends distributed and proposed

No dividend was distributed by the parent in the 12-month period ended on 31 December 2024. No dividend is intended to be distributed by the parent in 2025.

26. Income tax

	For 12 months ended 31.12.2024	31.12.2023
Current income tax	93 053	73 518
Current income tax charge	93 487	71 944
Adjustments to prior years current income tax	(434)	1 574
Deferred income tax	1 796	(6 801)
Related to temporary differences and their reversal	1 796	(6 801)
Income tax charged to the profit and loss account	94 849	66 717

(PLN k)

	Balance sheet	Profit and loss account	Capital	Balance sheet
Deferred income tax	**01.01.2024**			**31.12.2024**
Deferred income tax provision				
Tangible fixed assets	134 217	15 574	-	149 791
Intangible assets	8	-	-	8
Receivables	29 040	(33)	(1 210)	27 797
Cash	64	(15)	-	49
Loans and borrowings	2 420	(84)	-	2 336
Prepayments	-	6 600	-	6 600
Liabilities	(3 796)	(209)	-	(4 005)
Other	(5 913)	2 065	-	(3 848)
Inventories	13 102	(3 960)	-	9 142
Deferred income tax provision before tax	**169 142**	**19 938**	**(1 210)**	**187 870**
Compensation				**(85 868)**
Deferred income tax provision				**102 002**
Deferred income tax assets				
Tangible fixed assets	1 240	252	-	1 492
Inventories	96	247	-	343
Receivables	7 588	3 493	-	11 081
Cash	-	554	-	554
Borrowings	3 324	101	-	3 425
Liabilities	40 113	2 926	(2 377)	40 662
Provisions	37 329	3 961	-	41 290
Retained assets	10 453	2 575	-	13 028
Prepayments	7 659	4 054	-	11 713
Financial assets	27	(21)	-	6
Deferred income tax asset	**107 829**	**18 142**	**-2 377**	**123 594**
Compensation				**(85 868)**
Deferred income tax assets				**37 726**
Deferred income tax expense		**1 796**		
Net deferred tax (assets)/provision	**61 313**		**1 167**	**64 276**

(PLN k)

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

	For 12 months ended	
	31.12.2024	31.12.2023
Income tax charged to the profit and loss account, including	**94 849**	**66 717**
Current tax	93 053	73 518
Deferred tax	1 796	(6 801)
Profit (Loss) before tax	**396 015**	**330 304**
Tax on gross profit at effective tax rate of 19%	75 243	62 758
Adjustments to prior years current income tax	(933)	392
Adjustments to prior years differed income tax	1 182	(112)
Non-deductible costs:	**19 310**	**4 098**
- permanent differences	5 661	1 122
- temporary difference on which no tax asset/provision is established	13 649	2 976
Non-taxable income:	**47**	**(419)**
- other	47	(419)
Income tax in the profit and loss account	**94 849**	**66 717**

27. Provisions

	31.12.2024	31.12.2023
Long term provisions		
- pension plan and related provision	2 501	2 415
- dismantling cost	101 002	93 983
- litigation provision	21 139	21 139
Total long term provisions	**124 642**	**117 537**
Short term provisions		
- pension plan and related provision	388	634
- accrued holiday leave provision	9 273	7 067
- other provisions	325	302
Total short term provisions	**9 986**	**8 003**

Change in long term and short term provisions

	31.12.2024	31.12.2023
Provisions at beginning of the period	**125 540**	**29 652**
- recognition of provisions	15 631	96 883
- reversal of provisions	(6 146)	(739)
- application provisions	(397)	(256)
Provisions at end of the period	**134 628**	**125 540**

The long-term provision for litigation originates from the prudent approach to the case vs. Eolos Poland Sp. z o.o. described in more detail in Note 33.

(PLN k)

28. Bank loans and other borrowing liabilities

31.12.2024

Bank	Company	Long term liability	Short term liability	Interest rate	Maturity	Security
Deutsche Bank Polska S.A.	Polenergia Obrót S.A.	-	-	WIBOR 1M + margin	10.01.2025	Assignment of claims under sale agreements, powers of attorney over bank accounts, statement of voluntary submission to enforcement, loan surety and statement of voluntary submission to enforcement by Polenergia S.A.
PEKAO SA	Polenergia Obrót S.A.	-	-	WIBOR 1M + margin	09.11.2022	Assignment of claims under sale agreements, powers of attorney over bank accounts, statement of voluntary submission to enforcement, loan surety and statement of voluntary submission to enforcement by Polenergia S.A.
ING Bank Śląski S.A.	Polenergia Dystrybucja Sp. z o.o.	100 194	7 768	WIBOR 3M + margin	20.11.2029	Pledge over assets, pledge over Borrower's shares, statement of voluntary submission to enforcement (the highest security amount of PLN 315 345 K each)
Bank consortium ('mBank S.A., PKO BP S.A., SANTANDER Bank Polska S.A., DNB Bank Polska S.A.)	Amon Sp. z o.o.	12 105	6 366	WIBOR 3M + margin	30.11.2022	Registered pledge over assets, pledge over shares of the Borrower and Talia Sp. z o.o., assignment of claims (under project contracts, lease contracts, maintenance contract), financial and registered pledge on receivables on bank accounts and powers of attorney for such accounts, contract for transfer of the right to funds on Agent's Account, surety issued by Polenergia S.A. (jointly with Talia Sp. z o.o.), up to PLN 6,700 thousand, mutual surety issued by Talia Sp. z o.o., subordination of Polenergia S.A. 's claims and Talia Sp. z.o.o's claims to Lender's claims, statement of voluntary submission to enforcement

(PLN k)

Bank consortium ('mBank S.A., PKO BP S.A., SANTANDER Bank Polska S.A., DNB Bank Polska S.A.)	Talia Sp. z o.o.	1 239	3 322	WIBOR 3M + margin	31.12.2026	Registered pledge over assets, pledge over shares of the Borrower and Amon Sp. z o.o., assignment of claims (under project contracts, lease contracts, maintenance contract), financial and registered pledge on receivables on bank accounts and powers of attorney for such accounts, contract for transfer of the right to funds on Agent's Account, surety issued by Polenergia S.A. (jointly with Amon Sp. z o.o.), up to PLN 6,700 thousand, mutual surety issued by Amon Sp. z o.o., subordination of Polenergia S.A. 's claims and Amon Sp. z o.o. 's claims to Lender's claims, statement of voluntary submission to enforcement
European Bank for Reconstruction and Development	Polenergia Farma Wiatrowa 1 Sp. z o.o.	25 801	10 497	WIBOR 3M + margin	31.12.2026	Mortgage over real property, registered pledge over assets, pledge over Borrower's shares, assignment of claims under project contracts, equity contribution agreement and sponsors' support agreement, subordination of equity contribution agreement, statement of voluntary submission to enforcement
Syndicate of banks (EBRD, BOŚ S.A.).	Polenergia Farma Wiatrowa 4 Sp. z o.o.	46 134	18 915	WIBOR 3M + margin	29.12.2032	Mortgage over real property, registered pledge over assets, pledge over Borrower's shares, assignment of claims under project contracts, equity contribution agreement and sponsors' support agreement, subordination of equity contribution agreement, statement of voluntary submission to enforcement
European Bank for Reconstruction and Development	Polenergia Farma Wiatrowa 6 Sp. z o.o.	13 981	5 732	WIBOR 3M + margin	29.12.2032	Mortgage over real property, registered pledge over assets, pledge over Borrower's shares, assignment of claims under project contracts, equity contribution agreement and sponsors' support agreement, subordination of equity contribution agreement, statement of voluntary submission to enforcement
Syndicate of banks (EBRD, BOŚ S.A., Bank of China, ALIOR BANK S.A.)	Polenergia Farma Wiatrowa Mycielin Sp. z o.o.	59 278	18 789	WIBOR 3M + margin	29.12.2032	Registered pledge over assets, pledge over Borrower's shares, assignment of claims under project contracts, equity contribution agreement and sponsors' support agreement, subordination of equity contribution agreement, statement of voluntary submission to enforcement

(PLN k)

ING Bank Śląski S.A.	Polenergia Farma Fotowoltaiczna Sulechów Sp. z o.o.	-	11 253	WIBOR 3M + margin	15.09.2029	Registered pledge over assets, registered pledge over accounts, registered pledge over shares, assignment of claims under project contracts and insurance policies, powers of attorney over bank accounts, statement of voluntary submission to enforcement, subordination agreement, sponsor completion guarantee
ING Bank Śląski S.A.	Polenergia Farma Fotowoltaiczna Sulechów Sp. z o.o.	-	17 192	WIBOR 3M + margin	30.06.2034	Registered pledge over assets, registered pledge over accounts, registered pledge over shares, assignment of claims under project contracts and insurance policies, powers of attorney over bank accounts, statement of voluntary submission to enforcement, subordination agreement, sponsor completion guarantee
Syndicate of banks (MBANK, ING BANK ŚLĄSKI, EBRD)	Polenergia Farma Wiatrowa Szymankowo Sp. z o.o.	121 074	9 122	WIBOR 3M + margin	30.06.2036	Registered pledge over assets, registered pledge over accounts, registered pledge over shares, assignment of claims under project contracts and insurance policies, statement of voluntary submission to enforcement, subordination agreement, support agreement, direct agreement
Syndicate of banks (mBank S.A., ING Bank Śląski S.A., Santander Bank Polska S.A.).	Polenergia Farma Wiatrowa 3 Sp. z o.o.	365 340	22 746	WIBOR 3M + margin	10.09.2036	Registered pledge over accounts, Registered pledge over assets, debt assumption agreement, mortgage, assignment of claims under project contracts and insurance policies, registered pledge over shares, subordination agreement, submissions to execution, support agreement, direct agreement, power of attorney to file settlement documents
mBank S.A.	Polenergia Farma Wiatrowa Dębice/Kostomłoty Sp. z o.o.	102 635	5 992	WIBOR 3M + margin	10.06.2037	Registered pledge over accounts, Registered pledge over assets, debt assumption agreement, assignment of claims under project contracts and insurance policies, registered pledge over shares, subordination agreement, submissions to execution, support agreement, direct agreement, power of attorney to file settlement documents

(PLN k)

mBank S.A.	Polenergia Farma Fotowoltaiczna Buk Sp. z o.o.	7 859	127	WIBOR 3M + margin	01.09.2037	Registered pledge over accounts, Registered pledge over assets, assignment of claims under project contracts and insurance policies, registered pledge over shares, support agreement, direct agreements, power of attorney to file settlement documents, statement of voluntary submission to enforcement
mBank S.A.	Polenergfia Farma Fotowoltaiczna 9 Sp. z o.o.	8 152	130	WIBOR 6M + margin	21.12.2037	Registered pledge over accounts, Registered pledge over assets, assignment of claims under project contracts and insurance policies, registered pledge over shares, direct agreements, power of attorney to file settlement documents, statement of voluntary submission to enforcement
Syndicate of banks (mBank S.A., Powszechna Kasa Oszczędności Bank Polska S.A., Bank Polska Kasa Opieki S.A.).	Polenergia Farma Wiatrowa Grabowo Sp. z o.o.	134 510	1 808	WIBOR 3M + margin	21.12.2037	Mortgage over real property, registered pledge over accounts, registered pledge over assets, debt assumption agreement, assignment of claims under project contracts and insurance policies, registered pledge over shares, subordination agreement, submissions to execution, support agreement, direct agreement, power of attorney to file settlement documents
mBank S.A.	Polenergia Farma Wiatrowa Piekło Sp. z o.o.	25 821	659	WIBOR 3M + margin	11.12.2038	Registered pledge over accounts, registered pledge over assets, debt assumption agreement, assignment of claims under project contracts and insurance policies, registered pledge over shares, subordination agreement, submissions to execution, support agreement, direct agreement, power of attorney to file settlement documents
mBank S.A.	Polenergia Farma Wiatrowa 16 Sp. z o.o.	25 306	648	WIBOR 3M + margin	11.11.2038	Registered pledge over accounts, registered pledge over assets, debt assumption agreement, assignment of claims under project contracts and insurance policies, registered pledge over shares, subordination agreement, submissions to execution, support agreement, direct agreement, power of attorney to file settlement documents

(PLN k)

Syndicate of banks (mBank S.A., Powszechna Kasa Oszczędności Bank Polska S.A., Bank Polska Kasa Opieki S.A.).	Polenergia Farma Fotowoltaiczna Strzelino Sp. z o.o.	67 604	1 255	WIBOR 6M + margin	30.04.2024	Registered pledge over accounts, registered pledge over assets, debt assumption agreement, assignment of claims under project contracts and insurance policies, registered pledge over shares, subordination agreement, submissions to execution, support agreement, direct agreement, power of attorney to file settlement documents, Polenergia S.A. guarantee agreement for a Hedging Agreement
Syndicate of banks (Santander Bank Polska S.A., Bank Polska Kasa Opieki S.A.)	Polenergia S.A.	-	-	WIBOR 6M + margin	11.11.2038	Registered pledge over accounts, power of attorney, submissions to execution
Syndicate of banks (mBank S.A., Bank Polska Kasa Opieki S.A.)	Polenergia Farma Wiatrowa Namysłów Sp. z o.o.	56 797	151	WIBOR 6M + margin	30.04.2024	Registered pledge over accounts, registered pledge over assets, registered pledge over shares, assignment of claims under project contracts, insurance policies and PPA's, support agreement, subordination agreement, direct agreement, power of attorney to file settlement documents, submissions to execution
Syndicate of banks (mBank S.A., Bank Polska Kasa Opieki S.A.)	Polenergia Farma Wiatrowa Namysłów Sp. z o.o.	-	6 122	WIBOR 1M + margin	16.12.2038	Registered pledge over accounts, registered pledge over assets, registered pledge over shares, assignment of claims under project contracts, insurance policies and PPA's, support agreement, subordination agreement, direct agreement, power of attorney to file settlement documents, submissions to execution

(PLN k)

Bank Polska Kasa Opieki S.A.	Polenergia Farma Fotowoltaiczna 16 Sp. z o.o.	17 000	56	WIBOR 6M + margin	05.06.2026	Registered pledge over accounts, registered pledge over assets, registered pledge over shares, assignment of claims under project contracts, insurance policies and PPA's, support agreement, subordination agreement, direct agreement, power of attorney to file settlement documents, submissions to execution
Bank Polska Kasa Opieki S.A.	Polenergia Farma Fotowoltaiczna 16 Sp. z o.o.	-	1 557	WIBOR 1M + margin	00.01.1900	Registered pledge over accounts, registered pledge over assets, registered pledge over shares, assignment of claims under project contracts, insurance policies and PPA's, support agreement, subordination agreement, direct agreement, power of attorney to file settlement documents, submissions to execution
Bank Gospodarstwa Krajowego	Polenergia S.A.	-	-	WIBOR 6M + margin	30.01.2030	n/a
Total		**1 190 830**	**150 207**			

(PLN k)

31.12.2023

Bank	Company	Long term liability	Short term liability	Interest rate	Maturity	Security
Deutsche Bank Polska S.A.	Polenergia Obrót S.A.	-	45 978	WIBOR 1M + margin	18.01.2024	Assignment of claims under sale agreements, powers of attorney over bank accounts, statement of voluntary submission to enforcement, loan surety and statement of voluntary submission to enforcement by Polenergia S.A.
PEKAO SA	Polenergia Obrót S.A.	-	52 868	WIBOR 1M + margin	09.11.2022	Assignment of claims under sale agreements, powers of attorney over bank accounts, statement of voluntary submission to enforcement, loan surety and statement of voluntary submission to enforcement by Polenergia S.A.
ING Bank Śląski S.A.	Polenergia Dystrybucja Sp. z o.o.	92 012	6 336	WIBOR 3M + margin	20.11.2029	Pledge over assets, pledge over Borrower's shares, statement of voluntary submission to enforcement (the highest security amount of PLN 315 345 thousand each)
Syndicate of banks (mBank S.A., PKO BP S.A. Santander Bank Polska S.A., DNB Bank Polska S.A.).	Amon Sp. z o.o.	35 259	5 065	WIBOR 3M + margin	31.12.2026	Registered pledge over assets, pledge over shares of the Borrower and Talia Sp. z o.o., assignment of claims (under project contracts, lease contracts, maintenance contract), financial and registered pledge on receivables on bank accounts and powers of attorney for such accounts, contract for transfer of the right to funds on Agent's Account, surety issued by Polenergia S.A. (jointly with Talia Sp. z o.o.), up to PLN 6,700 thousand, mutual surety issued by Talia Sp. z o.o., subordination of Polenergia S.A. 's claims and Talia Sp.z.o o.'s claims to Lender's claims, statement of voluntary submission to enforcement
Syndicate of banks ('mBank S.A., PKO BP S.A. Santander Bank Polska S.A., DNB Bank Polska S.A.)	Talia Sp. z o.o.	16 082	3 565	WIBOR 3M + margin	31.12.2026	Registered pledge over assets, pledge over shares of the Borrower and Amon Sp. z o.o., assignment of claims (under project contracts, lease contracts, maintenance contract), financial and registered pledge on receivables on bank accounts and powers of attorney for such accounts, contract for transfer of the right to funds on Agent's Account, surety issued by Polenergia S.A. (jointly with Amon Sp. z o.o.), up to PLN 6,700 thousand, mutual surety issued by Amon Sp. z o.o., subordination of Polenergia S.A. 's claims and Amon Sp. z o.o. 's claims to Lender's claims, statement of voluntary submission to enforcement
European Bank for Reconstruction and Development	Polenergia Farma Wiatrowa 1 Sp. z o.o.	47 509	9 653	WIBOR 3M + margin	29.12.2032	Mortgage over real property, registered pledge over assets, pledge over Borrowers' shares, assignment of claims under project contracts, equity contribution agreement and sponsors' support agreement, subordination of equity contribution agreement, statement of voluntary submission to enforcement

(PLN k)

Syndicate of banks (EBRD, BOŚ S.A.)	Polenergia Farma Wiatrowa 4 Sp. z o.o.	85 157	17 471	WIBOR 3M + margin	29.12.2032	Mortgage over real property, registered pledge over assets, pledge over Borrowers' shares, assignment of claims under project contracts, equity contribution agreement and sponsors' support agreement, subordination of equity contribution agreement, statement of voluntary submission to enforcement
European Bank for Reconstruction and Development	Polenergia Farma Wiatrowa 6 Sp. z o.o.	25 783	5 291	WIBOR 3M + margin	29.12.2032	Mortgage over real property, registered pledge over assets, pledge over Borrowers' shares, assignment of claims under project contracts, equity contribution agreement and sponsors' support agreement, subordination of equity contribution agreement, statement of voluntary submission to enforcement
Syndicate of banks (EBRD, BOŚ S.A., Bank of China, ALIOR BANK S.A.)	Polenergia Farma Wiatrowa Mycielin Sp. z o.o.	77 746	18 294	WIBOR 3M + margin	15.09.2029	Registered pledge over assets, pledge over Borrowers' shares, assignment of claims under project contracts, equity contribution agreement and sponsors' support agreement, subordination of equity contribution agreement, statement of voluntary submission to enforcement
ING Bank Śląski S.A.	Polenergia Farma Wiatrowa 17 Sp. z o.o.	11 254	916	WIBOR 3M + margin	30.06.2034	Registered pledge over assets, registered pledge over accounts, registered pledge over shares, assignment of claims under project contracts and insurance policies, powers of attorney over bank accounts, statement of voluntary submission to enforcement, subordination agreement, sponsor completion guarantee
ING Bank Śląski S.A.	Polenergia Farma Wiatrowa 17 Sp. z o.o.	17 191	358	WIBOR 3M + margin	30.06.2036	Registered pledge over assets, registered pledge over accounts, registered pledge over shares, assignment of claims under project contracts and insurance policies, powers of attorney over bank accounts, statement of voluntary submission to enforcement, subordination agreement, sponsor completion guarantee
Syndicate of banks (MBANK, ING BANK Śląski, EBRD)	Polenergia Farma Wiatrowa Szymankowo Sp. z o.o.	136 309	8 365	WIBOR 3M + margin	10.09.2036	Registered pledge over assets, registered pledge over accounts, registered pledge over shares, assignment of claims under project contracts and insurance policies, statement of voluntary submission to enforcement, subordination agreement, support agreement, direct agreement
mBank S.A.	DIPOL Sp. z o.o.	1 688	2 327	WIBOR 1M + margin	26.02.2027	'Registered pledge over accounts, power of attorney, registered pledge over assets, assignment of claims under project contracts and insurance policies, registered pledge over shares, subordination agreement, submissions to execution

(PLN k)

mBank S.A.	Polenergia Farma Wiatrowa 23 Sp. z o.o.	-	301	WIBOR 1M + margin	26.02.2027	'Registered pledge over accounts, power of attorney, registered pledge over assets, assignment of claims under project contracts and insurance policies, registered pledge over shares, subordination agreement, submissions to execution
Syndicate of banks (mBank S.A., ING Bank Śląski S.A., Santander Bank Polska S.A.)	Polenergia Farma Wiatrowa 3 Sp. z o.o.	401 345	22 650	WIBOR 3M + margin	10.06.2037	Registered pledge over accounts, Registered pledge over assets, debt assumption agreement, mortgage, assignment of claims under project contracts and insurance policies, registered pledge over shares, subordination agreement, submissions to execution, support agreement, direct agreement, power of attorney to file settlement documents
mBank S.A.	Polenergia Farma Wiatrowa Dębice/Kostomłoty Sp. z o.o.	108 079	5 599	WIBOR 3M + margin	01.09.2037	Registered pledge over accounts, Registered pledge over assets, debt assumption agreement, assignment of claims under project contracts and insurance policies, registered pledge over shares, subordination agreement, submissions to execution, support agreement, direct agreement, power of attorney to file settlement documents
mBank S.A.	Polenergia Farma Wiatrowa Rudniki Sp. z o.o.	7 964	49	WIBOR 3M + margin	21.12.2037	Registered pledge over accounts, Registered pledge over assets, assignment of claims under project contracts and insurance policies, registered pledge over shares, support agreement, direct agreements, power of attorney to file settlement documents, statement of voluntary submission to enforcement
mBank S.A.	Polenergia Farma Fotowoltaiczna 9 Sp. z o.o.	8 268	61	WIBOR 6M + margin	21.12.2037	Registered pledge over accounts, Registered pledge over assets, assignment of claims under project contracts and insurance policies, registered pledge over shares, direct agreements, power of attorney to file settlement documents, statement of voluntary submission to enforcement
Syndicate of banks (mBank S.A., Powszechna Kasa Oszczędności Bank Polska S.A., Bank Polska Kasa Opieki S.A.)	Polenergia Farma Wiatrowa Grabowo Sp. z o.o.	133 893	1 399	WIBOR 3M + margin	11.12.2038	Mortgage over real property, registered pledge over accounts, registered pledge over assets, debt assumption agreement, assignment of claims under project contracts and insurance policies, registered pledge over shares, subordination agreement, submissions to execution, support agreement, direct agreement, power of attorney to file settlement documents
Syndicate of banks (mBank S.A., Powszechna Kasa Oszczędności Bank Polska S.A., Bank	Polenergia Farma Wiatrowa Grabowo Sp. z o.o.	-	2 822	WIBOR 1M + margin	30.07.2024	Mortgage over real property, registered pledge over accounts, registered pledge over assets, debt assumption agreement, assignment of claims under project contracts and insurance policies, registered pledge over shares, subordination agreement, submissions to execution, support agreement, direct agreement, power of attorney to file settlement documents

(PLN k)

Polska Kasa Opieki S.A.)						
mBank S.A.	Polenergia Farma Wiatrowa Piekło Sp. z o.o.	26 356	423	WIBOR 3M + margin	11.11.2038	Registered pledge over accounts, registered pledge over assets, debt assumption agreement, assignment of claims under project contracts and insurance policies, registered pledge over shares, subordination agreement, submissions to execution, support agreement, direct agreement, power of attorney to file settlement documents
mBank S.A.	Polenergia Farma Wiatrowa 16 Sp. z o.o.	25 833	417	WIBOR 3M + margin	11.11.2038	Registered pledge over accounts, registered pledge over assets, debt assumption agreement, assignment of claims under project contracts and insurance policies, registered pledge over shares, subordination agreement, submissions to execution, support agreement, direct agreement, power of attorney to file settlement documents
Syndicate of banks (mBank S.A., Powszechna Kasa Oszczędności Bank Polska S.A., Bank Polska Kasa Opieki S.A.)	Polenergia Obrót 2 Sp. z o.o.	-	63	WIBOR 6M + margin	16.12.2038	Registered pledge over accounts, registered pledge over assets, debt assumption agreement, assignment of claims under project contracts and insurance policies, registered pledge over shares, subordination agreement, submissions to execution, support agreement, direct agreement, power of attorney to file settlement documents, Polenergia S.A. guarantee agreement for a Hedging Agreement
Syndicate of banks (mBank S.A., Powszechna Kasa Oszczędności Bank Polska S.A., Bank Polska Kasa Opieki S.A.)	Polenergia Obrót 2 Sp. z o.o.	63 069	1 073	WIBOR 1M + margin	31.05.2024	Registered pledge over accounts, registered pledge over assets, debt assumption agreement, assignment of claims under project contracts and insurance policies, registered pledge over shares, subordination agreement, submissions to execution, support agreement, direct agreement, power of attorney to file settlement documents, Polenergia S.A. guarantee agreement for a Hedging Agreement
Syndicate of banks (Santander Bank Polska S.A., Bank Polska Kasa Opieki S.A.)	Polenergia S.A.	-	-	WIBOR 6M + margin	05.06.2026	Registered pledge over accounts, power of attorney, submissions to execution
Total		**1 320 797**	**211 344**			

29. Bond issue

On 16 October 2024, the issue of Series A bearer bonds of the total par value of PLN 750,000 thousand was completed. Series A bonds were allocated to a total of 57 investors with a final redemption date of 16 October 2029, with the Company's call option prior to the final date on the terms of the Terms and Conditions of the Bond Issue.

The purpose of the Bond Issue is to apply the proceeds for direct and indirect financing or refinancing of the development, acquisition, construction and operation of Green Projects, including in particular offshore wind farms.

The interest rate on the bonds is based on the 6M base rate plus a relevant margin. Payment days for interest accrued on the par value of the bonds shall occur on a semi-annual basis. The Company hedged the risk of fluctuations of interest rates related to the bond issue in 75% by entering into IRS transactions. On 16 October 2024, the issue of Series A bearer bonds of the total par value of PLN 750,000 thousand was completed. Series A bonds were allocated to a total of 57 investors with a final redemption date of 16 October 2029, with the Company's call option prior to the final date on the terms of the Terms and Conditions of the Bond Issue.

The purpose of the Bond Issue is to apply the proceeds for direct and indirect financing or refinancing of the development, acquisition, construction and operation of Green Projects, including in particular offshore wind farms.

The interest rate on the bonds is based on the 6M base rate plus a relevant margin. Payment days for interest accrued on the par value of the bonds shall occur on a semi-annual basis. The Company hedged the risk of fluctuations of interest rates related to the bond issue in 75% by entering into Interest Rate Swap (IRS) transactions.

Under the terms of the bond issue, the Company is required to report the following financial covenants:

a) The asset coverage ratio, calculated as the ratio of adjusted consolidated equity to adjusted consolidated assets, as at a given calculation date should not be less than 1.5;
b) The interest coverage ratio, calculated as the ratio of operating cash flow plus distributions received from subsidiaries and equity injections by shareholders and proceeds from the sale of intangible assets, property, plant and equipment and financial assets to financial debt charges in the recent 12 months preceding the relevant calculation date, should not be less than 0.33.

(PLN k)

30. Trade payables and other payables

SHORT TERM LIABILITIES

	31.12.2024	31.12.2023
- bank loans and borrowings	150 207	211 344
- trade payables	115 773	108 675
- from related entities	490	989
- from other entities	115 283	107 686
- income tax payable	49 216	8 001
- lease liabilities	34 535	27 611
- futures and forward contracts measurement	98 682	170 687
- other liabilities	167 838	302 042
- budget payments receivable	40 239	32 018
- prepayments for deliveries	102 558	239 764
- price difference payment fund	10 345	22 328
- payroll payable	3 860	3 571
- special funds	524	99
- for risk hedging	1 739	2 030
- other	8 573	2 232
Total short term liabilities	**616 251**	**828 360**

OTHER LONG TERM LIABILITIES

	31.12.2024	31.12.2023
- price difference payment fund	22 297	22 080
- risk hedging	18 314	27 053
- investment liabilities	1 500	1 500
- prepayments for deliveries	6 894	-
Total other long term liabilities	**49 005**	**50 633**

Bank loans and borrowings and trade liabilities belong to the category of financial instruments defined in IFRS 9 as financial liabilities measured at amortized cost. Forward contract measurement liabilities belong to the category of financial instruments defined in IFRS 9 as financial liabilities measured at fair value through profit or loss. Other risk hedging liabilities are measured at fair value through other comprehensive income.

Other liabilities include payables outside IFRS 9.

(PLN k)

31. Accruals

	31.12.2024	31.12.2023
Long term accruals and deferred income		
- deferred income - grants	41 566	40 343
Total long term accruals and deferred income	**41 566**	**40 343**

Short term accruals and deferred income

	31.12.2024	31.12.2023
- future bonuses, salaries and wages	59 605	32 143
- third party services	14 869	9 257
- deferred income - grants	3 191	3 193
- settlement of the substitution fee	8 556	21 769
- capex for non-current fixed assets	1 196	1 060
- other	1 604	346
Total short term accruals and deferred income	**89 021**	**67 768**

32. Contingent liabilities

Guarantees and sureties granted

Parent Company Guarantees (PCG) issued by Polenergia S.A. ("POLSA") as collateral for obligations under contracts entered into by MFW Bałtyk II Sp. z o.o. AND MFW Bałtyk III Sp. z o.o. in which it holds a 50% stake:

On 30 January 2023, the Company issued guarantees to secure obligations under the contract entered into by MFW Bałtyk II Sp. z o.o. („MFW BII") and MFW Bałtyk III Sp. z o.o. („MFW BIII") with Hitachi Energy Poland Sp. z o.o. in the amounts of EUR 9.500 thousand and EUR 8.550 thousand, respectively. On 11 July 2024 and 31 October 2024, MFW BII and MFW III respectively issued requests to commence works in accordance with the provisions of the contract, which obligated POLSA to increase the limits of the guarantees issued to the maximum amounts of EUR 28,500 thousand and EUR 18,200 thousand, respectively. Both guarantees will expire on the date when the conditions for disbursement of the first tranche of the loan granted for the construction of offshore wind farms are met.

As at 31 December 2024, measurement applied to the fair value of the guarantees which amounted to PLN 261.9 thousand and PLN 192.60 thousand, respectively.

On 3 November 2023, POLSA issued guarantees to secure obligations under the contract entered into by MFW BII and MFW BIII. with Jan De Nul & Hellenic Cables S.A. in the amounts of EUR 17,127.6 thousand and EUR 18,454,9 thousand, respectively. On 1 October 2024, the amounts of liabilities under the guarantees issued increased, in accordance with the provisions thereof, to EUR 74,573.5 thousand and EUR 81,234.7 thousand, respectively. Both guarantees will expire on the date when the conditions for disbursement of the first tranche of the loan granted for the construction of offshore wind farms are met.

As at 31 December 2024, measurement applied to the fair value of the guarantees which amounted to PLN 673.6 thousand and PLN 852.5 thousand, respectively.

On 29 February 2024, POLSA issued guarantees to secure the obligations of MFW BII and MFW BIII under the contract with Sif Netherlands B.V. with limit amounts of EUR 99.500 thousand and EUR 68,000 thousand, respectively. On 20 December 2024, the guarantee amounts were increased in accordance with relevant annexes to EUR 111,599.9 thousand for MFW BII obligations and to EUR 108,701.1 thousand for MFW BIII obligations. Both guarantees will expire on the date when the conditions for disbursement of the first tranche of the loan granted for the construction of offshore wind farms are met.

As at 31 December 2024, measurement applied to the fair value of the guarantees which amounted to PLN 1.105,9 thousand and PLN 1 099,3 thousand, respectively.

On 14 August 2024, POLSA issued guarantees to secure the obligations of MFW BII and MFW BIII under the contract with Heerema Marine Contractors with limit amounts of EUR 20,810.7 thousand each and USD 44,854,8 thousand, each. Both guarantees will expire on the date when the conditions for disbursement of the first tranche of the loan granted for the construction of offshore wind farms are met.

As at 31 December 2024, measurement applied to the fair value of the guarantees which amounted to PLN 624.5 thousand and PLN 624.5 thousand, respectively.

On 27 September 2024, POLSA issued guarantees to secure the obligations of MFW BII and MFW BIII under the contract with Siemens Gamesa Renewable Energy Sp. z o.o. with limit amounts of EUR 13,474.4 thousand each and PLN 14,780.4 thousand each. Both guarantees will expire on the date when the conditions for disbursement of the first tranche of the loan granted for the construction of offshore wind farms are met.

As at 31 December 2024, measurement applied to the fair value of the guarantees which amounted to PLN 173.5 thousand and PLN 173.5 thousand, respectively.

On 27 September 2024, POLSA issued guarantees to secure the obligations of MFW BII and MFW BIII under the contract with the consortium of Sif Netherlands / Smulders Projects Belgium with limit amounts of EUR 57,500.0 thousand and EUR 42,500,0 thousand, respectively. Both guarantees will expire on the date when the conditions for disbursement of the first tranche of the loan granted for the construction of offshore wind farms are met.

As at 31 December 2024, measurement applied to the fair value of the guarantees which amounted to PLN 558.6 thousand and PLN 400 thousand, respectively.

On 14 October 2024, POLSA issued guarantees to secure the obligations of MFW BII and MFW BIII under the contract with Tele-Fonika Kable, with limit amounts of PLN 17,787.9 thousand each. Both guarantees will expire on the date when the conditions for disbursement of the first tranche of the loan granted for the construction of offshore wind farms are met.

As at 31 December 2024, measurement applied to the fair value of the guarantees which amounted to PLN 42.9 thousand and PLN 42.4 thousand, respectively.

On 15 November 2024, POLSA issued guarantees to secure the obligations of MFW BII and MFW BIII under the contract for the provision of operation and maintenance services with Tele-Equinor Polska Sp. z o.o., with limit amounts of PLN 9,000.0 thousand each. Both guarantees will expire on the date when the final investment decision on the construction of the offshore wind farms is made.

As at 31 December 2024, measurement applied to the fair value of the guarantees which amounted to PLN 84.7 thousand for both guarantees.

On 4 December 2024, POLSA issued guarantees to secure the obligations of MFW BII and MFW BIII under the contract with Iemants NV, with limit amounts of EUR 25,430.9 thousand each. Both guarantees will expire on the date when the conditions for disbursement of the first tranche of the loan granted for the construction of offshore wind farms are met.

As at 31 December 2024, measurement applied to the fair value of the guarantees which amounted to PLN 239.9 thousand and PLN 235.2 thousand, respectively.

Contractual obligations under material contracts

Execution of PPA and PPA+ between Polenergia Obrót S.A. and Mercedes-Benz Manufacturing Poland sp. z o.o.

On 8 February 2024, Polenergia Obrót S.A., a subsidiary of Polenergia S.A., entered into PPAs and PPA+s with Mercedes-Benz Manufacturing Poland sp. z o.o., with the registered office in Jawor, concerning the sale of all electricity consumed by Mercedes-Benz Manufacturing Poland sp. z o.o., including the portion of electricity produced by the following renewable energy installations: the Dębsk wind farm with an installed capacity of 121 MW and the Sulechów 3 photovoltaic farm with an installed capacity of 9.84 MW, as well as guarantees of origin of electricity from renewable energy sources in a number corresponding to the amount of electricity sold, and commercial balancing of the needs of Mercedes-Benz Manufacturing Poland sp. z o.o.

The period for the sale of electricity and guarantees of origin under the concluded PPAs and PPA+s started on 1 March 2024 and lasts until 31 December 2027.
With regard to the sale of electricity produced by the Dębsk and Sulechów 3 wind farms, the planned volume of electricity sales refers to a certain portion of the volume to be produced by the Dębsk and Sulechów 3 wind farms during the period. Electricity produced by Dębsk and Sulechów 3 wind farms is sold at a fixed price, with the proviso that the price may be increased or decreased depending on the amount of the averaged CPI index - the average annual index of prices for total consumer goods and services for the previous calendar year published by the Central Statistical Office. The remaining amount of electricity consumed by Mercedes-Benz Manufacturing Poland sp. z o.o. will be sold at a price based on prices on the SPOT market on the exchange commodity market of the Polish Power Exchange, or at a fixed price for a specific amount of electricity, if such fixed price is established in accordance with the procedure specified in the PPA+.
The total estimated revenue from the sale of electricity and guarantees of origin under the PPAs and PPA+s may amount to about PLN 131,414,173.53 million. In the event of early termination of the PPAs and PPA+s (as a result of the circumstances provided for in each agreement, respectively), a termination fee shall be due to the eligible party in the amount specified in the PPA or PPA+, respectively.

Execution by project companies implementing offshore wind farm projects of agreements for supply of wind turbines and agreements for performance of warranty service

On 15 February 2024, the project companies MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o, in which Polenergia S.A. holds a 50% share, developing, as part of a joint venture between Polenergia S.A. and Equinor Wind Power AS, the projects for the construction of two offshore wind farms, i.e. MFW Bałtyk II and MFW Bałtyk III, concluded with Siemens Gamesa Renewable Energy sp. z o.o. with the registered address in Warsaw, a company in the Siemens Energy AG group, each project company separately, (i) agreements for the supply of wind turbines for the implementation of the offshore wind farm projects MFW Bałtyk II and MFW Bałtyk III, respectively, and (ii) agreements for the performance of warranty services for the wind turbines included in the offshore wind farms MFW Bałtyk II and MFW Bałtyk III.

The turbine supply agreements cover the design, engineering, delivery, installation supervision and commissioning of a complete set of 100 offshore wind turbines (50 for each wind farm) with a maximum capacity of 14.4 MW each, along with a WTG SCADA (*Supervisory Control and Data Acquisition*) system.
The contractor's total remuneration under the two turbine supply agreements (i.e., for the MFW Baltic II and MFW Baltic III wind farms), was estimated at approximately EUR 1.66 billion as at the date of these agreements. This amount is not final and will be updated during the term of the turbine supply contracts, as part of the contractor's remuneration is based on rates subject to indexation in terms of prices for certain materials and services, inflation, currency hedging or labor costs. The final remuneration of the contractor will be determined in accordance with the provisions of the turbine supply agreements on the basis of the final completed scope of work and taking into account factors depending on the market situation. The Project Companies estimate the total amount of capital expenditures to be incurred under the turbine supply agreements, including in connection with the exercise of options, at approximately EUR 1.8 billion.
The conclusion of turbine supply agreements is associated with the need for project companies to incur significant capital expenditures before making a final investment decision for the MFW Bałtyk II and MFW Bałtyk III offshore wind farms. The estimated value of capital expenditures to be incurred before the final investment decision, including indexation, is about PLN 88 million and about EUR 88 million.
Both turbine supply agreements contain the same substantive provisions, standard for this type of contract, including a detailed definition of the scope and schedule of work, termination rules, liability rules, including contractual penalties, performance bonds for turbine supply. The differences between the turbine supply agreements reflect the design differences of each offshore wind farm.
Turbine supply agreements guarantee project companies the right to terminate them also without cause, while such termination of turbine supply agreements entails the obligation to pay termination fees to the

contractor, the amount thereof increasing over time, depending on at which point turbine supply agreements are terminated. The contractor's agreed remuneration was calculated assuming a so-called back-to-back installation, i.e., the performance of both agreements on a continuous basis. If this assumption fails to materialize due to the failure of the project company in question to proceed with the work for one of the wind farms or the termination of one of the turbine supply agreements, an amount of about EUR 30 million will be added to the contractual price. The conclusion of turbine supply agreements allows the MFW Bałtyk II and MFW Bałtyk III offshore wind farms to be implemented according to the current schedule.

The turbine warranty service contracts cover the maintenance and warranty service of wind turbines included in 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 agreements for performing warranty service on the turbines (i.e., MFW Bałtyk II and MFW Bałtyk III offshore wind farms), was estimated as of the date of these agreements at approximately EUR 384 million, such amount including the initial fee and annual fees payable to the contractor over the 5-year period indicated above.

Fees for services specified in agreements for performing warranty service on turbines will be subject to indexation, the level thereof depending on the industry's producer price index and quarterly data published by Eurostat. Project companies can extend the contractual term for performing warranty service on turbines for another five years, albeit against payment of a higher annual fee to the contractor.

Both turbine warranty service contain the same substantive provisions, standard for this type of contract, including a detailed definition of the scope and schedule of work, termination rules or rules of responsibility. The differences between the turbine warranty service agreements reflect the design differences of each offshore wind farm. Under agreements to perform warranty service on wind turbines, the contractor provided performance guarantees to project companies.

Under the agreements, Polenergia S.A. was required to provide payment security in the form of corporate guarantees. Corporate guarantees are issued by Polenergia S.A. for 50% of the value of existing liabilities of project companies towards the contractor. The maximum amount of Polenergia S.A.'s liabilities under corporate guarantees totals (rounded up): (i) up to EUR 27 million and up to PLN 29.6 million for obligations arising between 30 September 2024 and 30 April 2025, and (ii) up to EUR 47.2 million and up to PLN 52 million for obligations arising between 1 May 2025 and 31 July 2025, in each case the corporate guarantees will expire if financial close confirmed by the financing institution (facility agent) is reached. Corporate guarantees also secure payment of termination fees for turbine supply agreements by the project companies.

The agreements for the supply of wind turbines and agreements for the performance of warranty services for wind turbines were concluded under English law.

Conclusion of significant contracts for production and delivery of foundation structures for monopile type wind turbines by project companies implementing offshore wind farm projects

On 16 February 2024 MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. project companies, in which Polenergia S.A. holds a 50% of shares, developing, under a joint venture between Polenergia S.A. and Equinor Wind Power AS, projects for the construction of two offshore wind farms, i.e. MFW Bałtyk II and MFW Bałtyk III, signed agreements with SIF Netherlands B.V. with the registered address in Roermond, Holland, for the production and delivery of foundation structures for monopile type wind turbines. The conclusion of the final agreements was preceded by the signing of reservation agreements on 30 April 2023, subsequently annexed on 29 September 2023 and 12 January 2024.

100 monopiles will be produced under the agreements entered into, 50 for each of the offshore wind farms on which the wind turbines will be set. According to the approved schedule, production work is scheduled to begin in Q2 2025, and to be completed in Q1 2026. The contractor's total remuneration under the two agreements (i.e., MFW Bałtyk II and MFW Bałtyk offshore wind farms) was tentatively set, as of the date of signing the agreements, at approximately EUR 440 million. The remuneration is based on rates indexed by the price inflation index for materials and services used in production. The remuneration may also be adjusted due to possible changes to foundations' design.

The agreements contain the same substantive provisions, standard for this type of agreement, including a detailed definition of the scope and schedule of work, termination rules, liability rules, including contractual penalties, performance bonds provided by the contractor and warranties for the work performed. The fee for early termination of the agreements by project companies is directly proportional to the cost of the contractor's production work and the balance of completed and unpaid orders,

according to the cost growth curve provided for in the agreements. The agreements provide for a clawback mechanism, reducing cancellation costs if the contractor obtains orders for the same production slot.
The execution of the agreements allows the MFW Bałtyk II and MFW Bałtyk III offshore wind farms to be implemented according to the current schedule. In connection with the conclusion of the agreements, Polenergia S.A. was obliged to issue sureties for the obligations of the project companies, including payment of 50% of the contractor's costs incurred in connection with the early termination of the agreements. As of the date of the agreements, the maximum amount of guarantee liabilities on the part of Polenergia S.A. for the two wind farms combined is estimated at approximately EUR 170 million, with the expiration date of Polenergia S.A.'s guarantees in each case being the achievement of financial close confirmed by the financing institution (facility agent).
The agreements were concluded under English law.
In December 2024, the project companies increased their liability limits under corporate guarantees issued to SIF Netherlands B.V. The submission of the increased corporate guarantees was related to the commencement by the contractor of the next phase of performance of the agreements for the production and delivery of foundation structures for monopile type wind turbines involving the ordering of key steel components for foundation structures. The maximum projected amounts of Polenergia S.A.'s guaranteed obligations to the contractor in the period until the financial closing of the projects were increased in such a way that for the MFW Bałtyk II offshore wind farm project, from the previous approx. EUR 99.5 million, the obligations increased to approx. EUR 111.6 million, and for the Bałtyk III offshore wind farm project, from approx. EUR 68 million to an estimated EUR 108.7 million. Financial closing of the projects is scheduled for the first quarter of 2025. Upon reaching financial close of the projects, the corporate guarantees granted will expire.

Conclusion of contracts for delivery of modules for the Szprotawa I and Szprotawa II photovoltaic farm projects

On 22 February 2024 the following Polenergia S.A.'s subsidiaries: (i) 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 the contract with Jinko Solar (Chuzhou) Co. Ltd. for the delivery of photovoltaic modules for the Szprotawa I photovoltaic farm and the contract regarding the supplier of photovoltaic modules for the Szprotawa II photovoltaic farm.
The contracts cover the sale of photovoltaic modules manufactured by the supplier, in the quantity required for the implementation of the Szprotawa I photovoltaic farm and the Szprotawa II photovoltaic farm. The terms of the contracts do not deviate from standard market conditions for this type of contract. The contractual provisions relate in particular to: the obligations of the parties, remuneration and settlement rules, liability, including limitation thereof, guarantee for the removal of defects and faults in the delivered modules. The contracts do not provide for the supply of inverters. The total value of the contracts amounts to approximately EUR 8 million. The conclusion of the contracts marked the achievement of an important milestone in the development of the Szprotawa I photovoltaic farm and the Szprotawa II photovoltaic farm.

Conclusion of an agreement for the transfer of receivables and assumption of debt under the funding agreement by a subsidiary of Polenergia S.A.

On 8 November 2024, the following subsidiaries of Polenergia S.A.: - Polenergia Elektrociepłownia Nowa Sarzyna sp. z o.o., together with - Polenergia H2HUB Nowa Sarzyna sp. z o. o. entered into an annex to the funding agreement for the project titled "Construction by Polenergia ENS sp. z o.o. of publicly accessible hydrogen refueling stations in Rzeszów and Nowa Sarzyna” concluded with to the National Fund for Environmental Protection and Water Management.

Pursuant to the annex, Elektrociepłownia Nowa Sarzyna sp. z o.o. and the National Fund for Environmental Protection and Water Management agreed that Polenergia H2HUB Nowa Sarzyna sp. z o.o. will assume all the rights and obligations of Polenergia Elektrociepłownia Nowa Sarzyna sp. z o.o. under the funding agreement. The entry of Polenergia H2HUB Nowa Sarzyna sp. z o.o. into the rights and obligations of Polenergia Elektrociepłownia Nowa Sarzyna sp. z o.o. has the effect of releasing Polenergia Elektrociepłownia Nowa Sarzyna sp. z o.o., from the rights and obligations under the funding

agreement from the moment of concluding the annex, to which Polenergia Elektrociepłownia Nowa Sarzyna sp. z o.o. will no longer be a party.
The total amount of the project's funding in the form of a subsidy did not change and amounts to PLN 20,000,000, which is about 43% of the project's eligible costs. According to the annex, the hydrogen refueling stations and associated infrastructure should be put into operation in the second half of 2025, with the funding agreement providing for the possibility of changes to the schedule. According to the funding agreement and the annex, the entitlement of Polenergia H2HUB Nowa Sarzyna sp. z o.o. to payment of the subsidy is subject to the fulfillment of conditions commonly used for special-purpose companies in agreements concluded with the National Fund for Environmental Protection and Water Management.

Conclusion of reservation agreements by project companies implementing offshore wind farm projects and for preliminary works on transportation and installation of offshore wind turbines foundations and offshore transformer station.

On 17 April 2024, MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. project companies, in which Polenergia S.A. holds 50% of shares, developing, under a joint venture between Polenergia S.A. and Equinor Wind Power AS, projects for the construction of two offshore wind farms, i.e. MFW Bałtyk II and MFW Bałtyk III, signed agreements with Heerema Marine Contractors Nederland SE (each project company separately) for reservation and performing preliminary works on transportation and installation of offshore wind turbines foundations and offshore transformer station.

The subject matter of the Reservation Agreements is to commit the parties to continue negotiating in good faith final contracts for the transportation and installation of offshore wind turbine foundations and an offshore transformer station in exchange for reserving by the supplier the availability of installation vessels for implementing MFW Bałtyk II and MFW Bałtyk III projects according to the assumed schedule. The reservation agreements also provided for performing preliminary works, further covered by the final agreements. Reservation agreements could have been terminated by project companies without cause, which would have resulted in an obligation to pay preliminary works performed to the supplier and a cancellation fee, and to pay cancellation and reservation fees to subcontractors.
The cancellation fees could amount to up to about EUR 29.2 million for the two projects. Analogous fees could have been charged to the project companies if final agreements had not been signed by 1 July 2024, subject to the possibility of extending this deadline by the parties. As on 2 July 2024 the project companies entered into the final agreements with Heerema Marine Contractors Nederland SE for the transportation and installation of turbines foundations and offshore transformer stations, the reservation agreements expired.

The conclusion by the project companies implementing offshore wind farms of reservation agreements for installation vessels and for performing preliminary works to prepare for the installation of offshore wind turbines.

On 12 May 2024, MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. project companies, in which Polenergia S.A. holds 50% of shares, developing, under a joint venture between Polenergia S.A. and Equinor Wind Power AS, the projects for the construction of two offshore wind farms, i.e. MFW Bałtyk II and MFW Bałtyk III, signed reservation agreements (for each project company separately) with CADELER A/S with the registered address in Copenhagen (Denmark) for installation vessels and performing preliminary works to prepare for the installation of offshore wind turbines in the two construction projects of MFW Bałtyk II sp. z o.o. and MFW Bałtyk III offshore wind farms.

The subject matter of the reservation agreements was to commit the parties to continue negotiating in good faith the final agreements for the installation of offshore wind turbines for the construction of the MFW Bałtyk II sp. z o.o. and MFW Bałtyk III offshore wind farm projects, in exchange for the supplier's reservation of the availability of installation vessels to perform the wind turbine installation work according to the assumed schedule. The reservation agreements also provided for performing preliminary works, further covered by the final agreements.
The reservation agreements could have been terminated by the project companies without cause, which would have resulted in an obligation for each project company to pay a cancellation fee of EUR 5 million to the supplier. Analogous fees could have been charged to the project companies if final agreements had not been signed by 1 September 2024, subject to the possibility of extending this deadline by the parties. Due to the project companies' conclusion of final agreements for charters for offshore wind

turbine installation vessels with CADELER A/S with registered office in Copenhagen, Denmark on 30 September 2024, the reservation agreements expired.

Execution of reservation agreements and preliminary works for the design and construction of offshore transformer stations on a turnkey basis by design companies implementing offshore wind farm construction projects

On 14 April 2024, MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. project companies, in which Polenergia S.A. holds 50% of shares, developing, under a joint venture between Polenergia S.A. and Equinor Wind Power AS, the projects for the construction of two offshore wind farms, i.e. MFW Bałtyk II and MFW Bałtyk III, entered into the agreements (for each project company separately) with Iemants NV with the registered address in Arendonk (Belgium) for reservation and performance of preliminary works for the design and construction of offshore transformer stations, one station for each project.

The subject matter of the reservation agreements was to reserve the resources of the contractor and key subcontractors on an assumed schedule, and to commit the parties to continue negotiating in good faith the final EPC agreements, i.e., for the "turnkey" design and construction of offshore transformer stations (final agreements). The reservation agreements also stipulated that the contractor begin the necessary preliminary works and procurement of materials with long lead times, enabling the timely construction of the two offshore wind farm projects.
Reservation agreements could have been terminated by project companies without cause, resulting in an obligation to pay remuneration for preliminary works performed and a cancellation fee to subcontractors. The cancellation fees could have amounted to up to about EUR 65.5 million for both offshore wind farm projects. Analogous costs could have been be incurred by the project companies if, through the fault of the project companies, final agreements had not been signed by 1 August 2024, subject to the parties' ability to extend the deadline. As the project companies entered into final agreements with Iemants NV on 30 August 2024, the reservation agreements expired.

Execution by the project companies implementing offshore wind farms of reservation agreements for performing preliminary works to produce transition components of offshore wind turbines.

On 28 June 2024, MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. project companies, in which Polenergia S.A. holds 50% of shares, developing, under a joint venture between Polenergia S.A. and Equinor Wind Power AS, projects for the construction of two offshore wind farms, i.e. MFW Bałtyk II and MFW Bałtyk III, signed reservation agreements, each project company separately, with the consortium of Smulders Projects Belgium NV and SIF Netherlands B.V. for performing preliminary works to produce transition components of offshore wind farms.

The purpose of the reservation agreements was to allow suppliers to begin work, to secure the suppliers' main resources, including the availability of the installation port and the availability of selected subcontractors, and to commit the parties to negotiate in good faith the terms of final agreements for the production of transition components for offshore wind turbines used in offshore wind farm projects (final agreements).
Reservation agreements could have been terminated by project companies without cause, which would have resulted in an obligation to pay preliminary works performed and a cancellation fee to the suppliers, and to pay fees to subcontractors. The cancellation fees could amount to up to about EUR 44 million for the two projects. In order to secure the cancellation fees, Polenergia S.A., in accordance with its share in the projects, was obliged to issue Parent Company Guarantee to suppliers up to a total of EUR 22 million for both projects. Due to the project companies' conclusion of final agreements for production of transition components of offshore wind farms with the consortium of Smulders Project Belgium NV and Sif Netherlands B.V. on 30 August 2024, the reservation agreements expired.

Execution of agreements for the transport and installation of offshore wind turbine foundations and offshore transformer stations by the project companies implementing offshore wind farm construction projects

On 2 July 2024, MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. project companies, in which Polenergia S.A. holds 50% of shares, developing, under a joint venture between Polenergia S.A. and Equinor Wind Power AS, projects for the construction of two offshore wind farms, i.e. MFW Bałtyk II and MFW Bałtyk III, signed agreements (for each project company separately) with Heerema Marine

Contractors Nederland SE for the transport and installation of offshore wind turbine foundations and offshore transformer stations (final agreements).

The execution of the final agreements was preceded by the signing of reservation agreements on 17 April 2024 by the project companies with the contractor. The subject matter of the final agreements is the transportation and installation of monopile type wind turbine foundations, transition components and offshore transformer stations using specialized installation vessels.
The total remuneration of the contractor under the two agreements (i.e., for both offshore wind farm projects) was tentatively estimated, as of the date of signing the final agreements, at approximately EUR 390 million, with the estimate to be updated approximately 15 months before installation works begin. The final indexed remuneration will depend on, among other things, the final working time of the ships, fuel prices and the cost of contracted subcontractors. The wording of the final agreements is uniform in terms of the main provisions, with design discrepancies. The final agreements contain standard provisions for installation agreements for offshore works.
The contractor will provide the project companies with performance guarantees for the final agreements and will provide a corporate guarantee. In connection with the conclusion of the final contracts, Polenergia S.A. was obliged to provide the contractor with a payment guarantee (*Parent Company Guarantee*) for liabilities incurred during the period until the project companies reach financial close. The total anticipated maximum value of the payment guarantees granted by Polenergia S.A. for the two offshore wind farm projects amounts totals about EUR 42 million for payments in EUR and about USD 90 million for payments in USD.

Execution of the facility agreement for the PV Szprotawa 1 project

On 2 July 2024, Polenergia Farma Wiatrowa Namysłów sp. z o.o., a subsidiary of Polenergia S.A., developing the Szprotawa 1 photovoltaic farm project with a total capacity of 47 MWp, as borrower, and mBank S.A. and Pekao S.A., as lenders, entered into the facility agreement.

Under the facility agreement, the lenders will provide the borrower with: (i) a term facility up to a total of PLN 90,000,000.00 million to finance the construction of the Szprotawa 1 photovoltaic farm, with the possibility of increasing the lenders' exposure (upon fulfillment of additional conditions specified in the facility agreement), (ii) a VAT facility up to a maximum total of PLN 20,000,000.00, and (iii) a DSR facility up to a maximum total of PLN 6,500,000.00.
In connection with the facility agreement, the borrower and Polenergia S.A. were obliged to conclude a standard security package used in project finance type transactions. The borrower filed, without limitation, a statement of submission to execution and established a registered pledge on a set of movables and rights, while Polenergia S.A. established a registered pledge and a financial pledge on shares in the borrower and filed statements of submission to execution.
The facility agreement provides for repayment of the term loan and the DSR loan no later than 15 years from the date of project completion or by 16 June 2040 (the earlier of the dates), and the VAT loan within six months from the date of final construction settlement, but no later than 30 April 2026. The interest rate on the credit is set based on the WIBOR reference rate, plus the lenders' margin. The terms of the facility agreement, including those relating to collateral, contractual penalties, mobilization of financing and termination of the facility agreement, are in line with those used in this type of transaction.

Execution of agreements for the supply of key wind farm components and key construction phase agreements by project companies implementing offshore wind farm projects

On 30 August 2024, MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. project companies, in which Polenergia S.A. holds 50% of shares, developing, under a joint venture between Polenergia S.A. and Equinor Wind Power AS, projects for the construction of two offshore wind farms, i.e. MFW Bałtyk II and MFW Bałtyk III (each project company separately), entered into: (i) the agreement for the production of transition components of offshore wind turbines with a consortium of Smulders Project Belgium NV and Sif Netherlands B.V.; the execution of the agreements for the transition components was preceded by the signing of reservation agreements by the project companies with the contractor on 28 June 2024; (ii) the agreement for the installation work of onshore export cables with Enprom sp. z o.o., with the registered address in Warsaw; and (iii) the agreement for the turnkey design and construction of offshore transformer stations with Iemants NV, with the registered address in Arendonk, Belgium. The execution of the agreement for the turnkey design and construction of offshore transformer stations was preceded by the signing of reservation agreements by the project companies with the contractor on 14 May 2024.

Under the agreements for the production of transition components, 100 transition components connecting the foundation (monopile) to the wind turbine tower with equipment will be produced, 50 for each of the offshore wind farm projects, with transportation and installation of the transition components provided by Heerema Marine Contractors Nederland SE, under the separate agreement. According to the approved schedule, production is scheduled to commence in HY1 2025, and to be completed in mid 2026.

The contractor's remuneration is based on rates indexed by the price inflation rate for materials (e.g., steel) and services used in production. At the time the agreements for the production of transitional components were concluded, they were estimated at about EUR 328 million. This amount will be updated after the design is finalized and before the steel is ordered. The remuneration may also increase if the project companies launch an optional scope of work.

The agreements guarantee project companies the right to terminate them 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). Agreements for the production of transitional components provide for a claw-back mechanism to reduce the costs of potential abandonment of offshore wind farm projects by project companies if the contractor obtains contracts for a comparable project (reimbursement of up to 75% of the value of the termination fee.

The cable installation agreements cover the construction of a cable corridor and the installation of onshore export cables for both offshore wind farm projects. According to the approved schedule, production is scheduled to commence in Q4 2024, and to be completed in July 2026. The work schedule will be aligned with the work schedule stipulated in the cable installation agreements.

The contractor's total remuneration under the two agreement for cable installation (i.e., for both offshore wind farm construction projects) was tentatively set, as of the date of signing the cable installation agreements, at approximately PLN 172.6 million. This amount is not final and may be increased during the term of the cable installation agreements through additional work triggered at the request of the project companies. The remuneration is not subject to indexation. The agreements guarantee project companies the right to terminate them also without cause, in which case the contractor is entitled to compensation for works done prior to the termination of the cable installation agreement, if the works were completed to the satisfaction of the project company in question.

The scope of work of the agreements for the turnkey design and construction of offshore transformer stations includes the design, procurement of materials and turnkey (EPC) construction of two offshore transformer stations, one for each of the offshore wind farm projects, with transportation and installation of the transformer stations to be provided by Heerema Marine Contractors Nederland SE, under a separate agreement. According to the approved schedule, the first design work began in February 2024 on the basis of reservation agreements, while the work is scheduled to be completed in October 2026 for MFW Bałtyk II and in April 2027 for MFW Bałtyk III.

The contractor's total remuneration under the two agreement for turnkey design and construction of transformer stations (i.e., for both offshore wind farm construction projects) was tentatively set, as of the date of signing the agreements, at approximately EUR 350 million. The remuneration is based on rates indexed to the price inflation rate for materials used in the production of underwater structures and surface modules of the transformer station. The fee for any early termination of contracts for the turnkey design and construction of offshore transformer stations by project companies is directly proportional to the cost of the contractor's production work and the balance of completed orders, according to the cost growth curve provided for in the agreements for the turnkey design and construction of offshore transformer stations.

Agreements for the production of offshore wind turbine transition components and contracts for the turnkey design and construction of offshore transformer stations were contingent on the provision of sureties (Parent Company Guarantee) by the parties obligated to issue them. Polenergia S.A. Was obliged to provide sureties for liabilities arising in the period until financial institutions confirm the granting of financing for offshore wind farm construction projects (project companies reach financial close). The condition was met, and thus the agreements for the production of transition components and the agreements for the turnkey design and construction of offshore transformer stations came into effect. As at 30 August 2024, the maximum total amount of guarantee liabilities on the part of Polenergia S.A. for both offshore wind farm projects is estimated as follows: (i) for agreements for the production of transition components for offshore wind turbines at approximately EUR 100 million, and (ii) for agreements for the turnkey design and construction of offshore transformer stations at approximately EUR 51 million.

The agreements entered into on 30 August 2024 contain similar substantive provisions, standard for this type of agreements, including a detailed definition of the scope and schedule of work, termination rules, liability rules, including contractual penalties, performance bonds provided by the contractor and warranties for the work performed. The differences between the agreements reflect the specifics of contractual performance (offshore/onshore work). The wording of the agreements for the two project companies is the same, taking into account the design differences of each offshore wind farm project. The agreements were concluded under English law. The conclusion of the agreements is associated with the need for the project companies to incur significant capital expenditures (capex) prior to the final investment decision (FID) for the offshore wind farm projects and prior to the confirmation by financial institutions of the granting of financing for both projects (the achievement of financial close by the project companies), the procedure of obtaining the financing being underway. The conclusion of the agreements allows the two offshore wind farm projects to be performed in accordance with the current schedule and to maintain interfaces with the other contractors for work on both projects.

Conclusion of agreements by project companies implementing offshore wind farm projects for the design, purchase of materials, construction and delivery of onshore cables, and for bringing export cables ashore

On 11 September 2024, MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. project companies, in which Polenergia S.A. holds 50% of shares, developing, under a joint venture between Polenergia S.A. and Equinor Wind Power AS, projects for the construction of two offshore wind farms, i.e. MFW Bałtyk II and MFW Bałtyk III (each project company separately), entered into: (i) the agreement for the design, purchase of materials, manufacture and delivery of cables onshore with Tele-Fonika Kable S.A., based in Myślenice, and (ii) the agreement for bringing export cables ashore with Visser &Smit Hanab B.V., with the registered address in Papendrecht (Holland).

The scope of the contracts for the design, purchase of materials, construction and delivery of onshore cables includes the design, purchase 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 work for the two offshore wind farm projects. According to the adopted schedule, 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 agreements for design, purchase of materials, performance and delivery of cables onshore (i.e., for both offshore wind farm construction projects) was tentatively set, as of the date of signing the agreements, at approximately PLN 139.5 million. The amount of the contractor's remuneration is subject to change - in particular, as a result of the application of current prices of materials used in the performance of contracts for the design, purchase of materials, execution and delivery of cables onshore, such as copper and aluminum. Agreements for the design, purchase of materials, performance and delivery of onshore cables guarantee the project companies the right to terminate them also without cause, with the termination of the agreements in this manner entailing the obligation to pay the contractor a fee equal to 3% of the remaining remuneration, and documented costs and remuneration of subcontractors concerned with the cancellation. In connection with the conclusion of agreement for the design, purchase of materials, construction and delivery of cables onshore, Polenergia S.A. was obliged to issue sureties for the project companies' obligations to the contractor arising during the period until the project companies reach financial close. As at 11 September 2024, the maximum amount of net liabilities guaranteed by Polenergia S.A. for the two offshore wind farm projects under the agreements for design, purchase of materials, construction and delivery of cables onshore is estimated to total about PLN 36 million.

As part of the agreement to bring export cables ashore, the contractor undertook to drill four horizontal directional drills (HDD) and install four cable ducts in the landfall area. The drilled holes will make it possible to pull the export cables from the offshore part to land. According to the approved schedule, work was to begin in the Q4 2024 and be completed by the end of 2026.

The contractor's total remuneration under the two agreements for brining export cables ashore (i.e., for both projects of construction of offshore wind farms) was tentatively set at approximately EUR 31 million, as of the date of signing the agreements. The final remuneration will depend on, among others, weather conditions and the occurrence of any downtime in the event that conditions are unfavorable.

Agreements for bringing export cables ashore guarantee project companies the right to terminate also without cause, with the termination of agreements for bringing export cables ashore under this procedure entailing an obligation to pay the contractor an amount equal to 1% of the remaining remuneration. The Contractor shall be entitled to payment for work performed prior to the termination of the agreement for bringing export cables ashore, if completed to the satisfaction of the project companies.

The agreements entered into on 11 September 2024 contain similar substantive provisions, standard for this type of agreements, including a detailed definition of the scope and schedule of work, termination rules, liability rules, including contractual penalties, performance bonds provided by the contractor and warranties for the work performed. The differences between the agreements reflect the specifics of contractual performance (offshore/onshore work). The wording of the agreements for the two project companies is the same, taking into account the design differences of each offshore wind farm project. The agreements were concluded under English law. The conclusion of the agreements is associated with the need for the project companies to incur significant capital expenditures (capex) prior to the final investment decision (FID) for both projects and prior to the confirmation by financial institutions of the granting of financing for both projects (the achievement of financial close by the project companies), the procedure of obtaining the financing being underway. The execution of the agreements allows the MFW Bałtyk II and MFW Bałtyk III offshore wind farm projects to be performed in accordance with the current schedule as at the date of conclusion of the agreements, and to maintain interfaces with the other contractors for work on both projects. Agreements for the design, procurement of materials, construction and delivery of cables onshore and agreements for bringing export cables ashore were among the last major agreement to complete securing the supply and installation of power takeoff infrastructure from the two projects.

Conclusion of the facility agreement for the FF Szprotawa 2 project

On 19 September 2024 - Polenergia Farma Fotowoltaiczna 16 sp. z o.o., a subsidiary of Polenergia S.A., developing the Szprotawa 2 photovoltaic farm project with a total capacity of 20 MWp, as borrower, and Pekao S.A., as lenders, entered into a facility agreement. Under the facility agreement, the lender will provide the borrower with: (i) a term facility 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' exposure (upon fulfillment of additional conditions specified in the facility agreement), (ii) a VAT facility up to a maximum total of PLN 7,000,000.00, and (iii) a DSR facility up to a maximum total of PLN 2,800,000.00.

In connection with the credit facility agreement, the borrower and Polenergia S.A. were required to conclude a standard security package used in project finance type transactions. The borrower filed, without limitation, a statement of submission to execution and established a registered pledge on a set of movables and rights, while Polenergia S.A. established a registered pledge and a financial pledge on shares in the borrower and will file statements of submission to execution.

The facility agreement provides for repayment of the term facility and the DSR facility no later than 15 years from the date of project completion or by 16 December 2039 (the earlier of the dates), and the VAT facility within six months from the date of final construction settlement, but no later than 30 April 2026. The interest rate on the credit is set based on the WIBOR reference rate, plus the lenders' margin. The terms of the facility agreement, including those relating to collateral, contractual penalties, mobilization of financing and termination of the facility agreement, are in line with those used in this type of transaction.

Acquisition of the remaining 40% of shares in Naxxar Wind Farm Four SRL, which is developing a wind farm project in Romania, and waiver by the creditors of the claims related to, among other things, claims against Naxxar Wind Farm Four Srl and the project companies

On 27 September 2024, Polenergia S.A. exercised the call option granted under the agreement for the acquisition of 60% of shares in Naxxar Wind Farm Four Srl, with the registered address in Bucharest, entered into on 5 October 2023 with Naxxar Renewable Energy Management Holding Srl, with the registered address in Bucharest, as a result of which Polenergia S.A. acquired the remaining 40% of shares in Naxxar Wind Farm Four Srl from Naxxar Renewable Energy Management Holding Srl. As a result, Polenergia S.A. became the sole shareholder of Naxxar Wind Farm Four Srl. As at 27 September 2024 Naxxar Wind Farm Four held 20% of shares in each of the 7 special purpose vehicles developing a wind farm project in Tulcea district, Romania.

The consideration for 40% of shares in Naxxar Wind Farm Four Srl amounted to EUR 2,800,072.00 and was paid on 27 September 2024. Moreover, on 27 September 2024, Naxxar Renewable Energy Management Holding SRL and, among others, WIP International GmbH entered into a settlement agreement to settle and terminate, through mutual concessions, all of the claims of WIP International GmbH, including claims that are the subject of or related to the statement of claim of WIP International GmbH filed against, among others: (i) Naxxar Wind Farm Four Srl, (ii) Naxxar Renewable Energy Management Holding Srl, (iii) 7 special purpose companies developing a wind farm project in Romania's Tulcea district, and (iv) Naxxar Wind Energy Project Zenon Srl - the former (prior to Naxxar Renewable Energy Management Holding Srl) owner of shares in Naxxar Wind Farm Four Srl. Under the settlement agreement, WIP International GmbH completely waived claims against, among others, Polenergia S.A., Naxxar Wind Farm Four Srl, Naxxar Renewable Energy Management Holding Srl implementing wind farm project in Romania, Tulcea district, their affiliates, subsidiaries, shareholders, representatives, employees, and any other third parties.
As a result, a release from claims occurred, while the legal proceedings pending before a Romanian court have become unfounded and Polenergia S.A. expects them to be discontinued.

Conclusion by project companies implementing offshore wind farm construction projects of reservation agreements for charter of installations vessels for offshore wind farms

On 30 September 2024, MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. project companies, in which Polenergia S.A. holds 50% of shares, developing, under a joint venture between Polenergia S.A. and Equinor Wind Power AS, projects for the construction of two offshore wind farms, i.e. MFW Bałtyk II and MFW Bałtyk III, signed agreements (for each project company separately) with CADELER AS with the registered address in Copenhagen, Denmark, for charter agreements for offshore wind turbine installation vessels, one for each project (final agreements).

The execution of the final agreements was preceded by the signing of reservation agreements by the project companies with the contractor on 12 May 2024. As part of the final agreements, the contractor undertook, among other things, to charter two offshore wind turbine installation vessels, load, transport and install the offshore wind turbines, along with associated installation work.
The total remuneration of the contractor under the two agreements (i.e., for both offshore wind farm projects) was tentatively estimated, as of the date of signing the final agreements, at approximately EUR 128 million, while the final remuneration will be updated to include fuel costs, port fees and emission fees (in total by approx. 4% of the value of the final agreements). The contractor's remuneration may also increase if the project companies launch additional works. The final agreements contain similar substantive provisions, standard for maritime contracts, including details on the timing of crew mobilization and the schedule of installation work, and rules for termination of the final agreements, liability rules, including contractual penalties.
The contractor will provide the project companies with performance guarantees for the final agreements and will provide a corporate guarantee. The wording of the final agreements for the two project companies is the same, taking into account the design differences of each offshore wind farm project. The final agreements were entered into under English law. The execution of the final agreements allows for the installation of wind turbines in the Baltic Sea area at a dedicated location according to the current

schedule and with interfaces with the other contractors for the works in the two offshore wind farm projects.

Joining a development program between Brookfield Power US Holding America Co. and Microsoft Corporation

On 9 October 2024, Polenergia S.A. decided that the Polenergia Group would join the Development Program established under the Master Power Agreement between Brookfield Power US Holding America Co. and Microsoft Corporation on 29 April 2024, and subsequently annexed on 9 July 2024.

In connection with its entry into the Development Program, Polenergia Obrót S.A., a subsidiary of Polenergia S.A. entered into a back-to-back agreement with Brookfield Power US Holding America Co. on 10 October 2024, under which it agreed to offer Microsoft Corporation, in cooperation with Brookfield Power US Holding America Co. renewable energy projects with a total installed capacity of 100 MW in Poland in 2026. Polenergia Obrót S.A. may offer more renewable energy projects, which will require additional approval from the contracting party.
As a result, financial settlement agreements for the purchase of electricity (virtual power purchase agreement) will be entered into with Microsoft Corporation, to which Polenergia Group companies developing renewable energy generation projects will be party.
The Back-to-Back Agreement is the result of Brookfield Power US Holding America Co.'s commitment to Microsoft Corporation, arising under the Master Power Agreement. The purpose of the Master Power Agreement is to establish a Development Program under which Microsoft Corporation will purchase, among other things, all or part of the output of renewable energy projects with a total installed capacity of 100 MW in accordance with the terms and conditions set forth in the financial settlement agreement for the purchase of electricity to be concluded under the aforementioned Development Program.
Under the terms of the back-to-back agreement, Polenergia Obrót S.A. is liable for the so-called shortfall in the event of failure to fulfill its obligation to offer Microsoft Corporation renewable energy projects at least at the level of 85% of the agreed volume. Polenergia Obrót S.A.'s maximum liability is limited to USD 1,500,000. Under a cooperation agreement between Polenergia S.A. and Polenergia Obrót S.A., the above liability was transferred to Polenergia S.A. The Back-to-Back Agreement was concluded for the term of the Master Power Agreement (i.e., until 31 December, 2030) and is terminated if there is an early termination of the Master Power Agreement or if terminated by Polenergia Obrót S.A. after 31 December 2027. The Back-to-Back Agreement is concluded under the laws of the State of New York, with the arbitration located in London.

Conclusion of agreements by project companies implementing offshore wind farm projects for the charter of crew transport vessels

On 25 October 2024, MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. project companies, in which Polenergia S.A. holds 50% of shares, developing, under a joint venture between Polenergia S.A. and Equinor Wind Power AS, projects for the construction of two offshore wind farms, i.e. MFW Bałtyk II and MFW Bałtyk III, signed in total four agreements for chartering crew transport vessels Each of the project companies entered into two agreements in this regard, one with Northern Offshore Services A/S, with the registered address in Copenhagen, Denmark, and the other with Njord Offshore Ltd. with the registered address in Maud's Court, UK.

Under the agreements, Northern Offshore Services A/S and Njord Offshore Ltd. as shipowners will charter a total of four crew transport vessels to the project companies CTV - Crew Transport Vessels) serving the process of offshore wind farm and transformer station construction at sea and providing servicing during the initial period of operation of offshore wind farm projects, including the technological start-up phase (two vessels for each offshore wind farm project).
MFW Bałtyk II sp. z o.o entered into agreements for a three-year charter period, while the agreements for MFW Bałtyk III sp. z o.o. were concluded under an option formula (for a three-year period), which can be exercised by the company until 1 September 2026. Each company has the option to optionally extend the agreements for another three years' term. The remuneration for chartering the vessels was set in the agreements at a fixed daily rate, subject to indexation.
MFW Bałtyk II sp. z o.o. estimates the cost of the charter over a three-year period at about EUR 13.5 million, and MFW Bałtyk III sp. z o.o. at about EUR 13.8 million (if it exercises the option). In addition, if the agreements are extended for another three years' term, the additional remuneration to shipowners is estimated at around EUR 30 million combined for the two offshore wind projects. The expected start

date for chartering vessels is Q2 2026 for the MFW Bałtyk II project and Q3 2027 for the MFW Bałtyk II project, respectively.
The agreements contain similar substantive provisions standard for maritime contracts, including the start date and charter period, optional charter extensions, liability rules, mandatory insurance, and termination rules, including termination fees. The agreements were concluded under English law. The conclusion of the agreements was essential for the smooth construction of the two offshore wind farm projects and the transition to the operational phase. The agreements provide flexibility for the use of chartered vessels for each offshore wind farm project.

Issuance by project companies implementing the offshore wind farm project of requests to commence work and increase of corporate guarantees for agreements for the supply of electrical systems infrastructure and the supply of onshore power station under the EPC formula

In October 2024 MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. project companies, in which Polenergia S.A. holds 50% of shares, developing, under a joint venture between Polenergia S.A. and Equinor Wind Power AS, projects for the construction of two offshore wind farms, i.e. MFW Bałtyk II and MFW Bałtyk III, issued requests to commence work on agreements for the supply of electrical system infrastructure and the supply of an onshore power station in the EPC formula concluded with Hitachi Energy Poland sp. z o.o. on 30 December 2022.

The purpose of issuing the request to commence work was to accelerate the commencement of the work covered by the aforementioned agreements in full scope, which involves, among other things, the expansion of the scope of preliminary work and the waiver by the project companies of certain conditions precedent holding up the implementation of the aforementioned agreements. Polenergia S.A. was required to provide increased payment guarantees. The maximum projected amounts of Polenergia S.A.'s guaranteed obligations in the period until the financial closing were increased i.e., for the MFW Bałtyk II offshore wind farm project, from the previous approx. EUR 9.5 million to approx. EUR 28.5 million, and for the Bałtyk III offshore wind farm project, from approx. EUR 8.5 million to an estimated EUR 18.2 million.

Execution of operation and maintenance service agreements by project companies implementing offshore wind farm projects

On 15 November 2024, MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. project companies, in which Polenergia S.A. holds 50% of shares, developing, under a joint venture between Polenergia S.A. and Equinor Wind Power AS, projects for the construction of two offshore wind farms, i.e. MFW Bałtyk II and MFW Bałtyk III, entered into agreements with Equinor Polska sp. z o.o. for the provision of services in the scope of operation and maintenance of both projects (i.e. projects for the construction of MFW Bałtyk II and MFW Bałtyk III offshore wind farms).

Under project operation and maintenance service agreements, Equinor Polska sp. z o.o. will provide offshore wind farm operation and maintenance services during the operational phase. The tasks of Equinor Polska sp. z o.o. will include managing projects in operation and providing comprehensive administrative, accounting and operational support for projects. The operation and maintenance service agreements will also provide the projects with access to the service base infrastructure, including offices, warehouse, control room and berth, among others, for the full expected operation period of the project, i.e., 30 years.
In certain cases governed by agreements for the provision of project operation and maintenance services, these agreements may be terminated in the scope of project operation and maintenance services provided by Equinor Polska sp. z o.o.; in such situation, the project companies will be entitled to continue using the service base during the original term of the agreements for the provision of project operation and maintenance services. In the event of termination of service agreements for operation and maintenance of projects in their entirety (based on a limited catalog of premises specified in the contracts), project companies may exercise the option to purchase a service base (in the event that the conditions provided for the exercise of this option are met). Equinor Polska sp. z o.o. is responsible for the provision, equipment, access and maintenance of the service base.
The service agreements for operation and maintenance of the projects were concluded for a period of up to 30 years from the date of commencing commercial operation of the projects or, if earlier, until the date of decommissioning of the last offshore wind turbine. Monthly dues to Equinor Polska sp. z o.o. payable by both project companies were divided into two components, i.e., remuneration calculated on

the basis of variable costs of contracted services (OPEX) and fixed costs of Equinor Polska sp. z o.o.'s expenditures on the service base (CAPEX) split between the project companies and spread over the full contractual term. The agreements for project operation and maintenance services do not specify the maximum remuneration to be paid to Equinor Polska sp. z o.o. under the two agreements. CAPEX costs were set at around EUR 18 million for each of the project companies. The variable remuneration will be calculated annually for each year of the agreements according to the rates and variables provided for therein, and then approved by Polenergia S.A. and Equinor Wind Power AS. The agreements are entered into prior to the final investment decision, planned by Polenergia S.A. and Equinor Wind Power AS in Q1 2025. If the final investment decision is not made by the end of March 2026 (or any other date agreed upon by the parties), the project companies may terminate the service agreements for the operation and maintenance of the projects against payment of a sum equivalent to the capital expenditures incurred by Equinor Polska sp. z o.o. in connection with building the service base and the costs of discontinuing the construction.
Accordingly, Polenergia S.A. provided a surety to secure the payment of a sum corresponding to the aforementioned capital expenditures by the project companies. The guaranteed liabilities on the part of Polenergia S.A. (corresponding to Polenergia S.A.'s 50% share in the project companies) amounts to EUR 18 million in total for the two project companies. The surety expires once the final investment decisions are made. Service agreements for operation and maintenance of projects were concluded under Polish law. Service agreements for project operation and maintenance which are entered into with a subsidiary of one of the shareholders of the project companies, were concluded on the basis of the no gain no loss principle, with the necessary modifications in terms of OPEX remuneration to Equinor Polska sp. z o.o. resulting from transfer pricing regulations. The execution of the project operation and maintenance service agreements with Equinor Polska sp. z o.o. is implementation of the arrangements Polenergia S.A. and Equinor Wind Power AS made under agreements dated 22 May 2018. The execution of service agreements for project operation and maintenance was a key milestone in the process of obtaining financing for the two projects.

Conclusion of contracts regarding the sales of electricity and provision of balancing services by the project companies implementing offshore wind farm projects

On 22 November 2024, MFW Bałtyk II sp. z o.o. and MFW Bałtyk III sp. z o.o. project companies, in which Polenergia S.A. holds 50% of shares, developing, under a joint venture between Polenergia S.A. and Equinor Wind Power AS, projects for the construction of two offshore wind farms, i.e. MFW Bałtyk II and MFW Bałtyk III, each with the connection capacity of 720 MW, signed contracts for the sales of electricity with Danish company Danske Commodities A/S. The subject matter of the electricity sales contracts is the sale of the entire volume of electricity generated at the two offshore wind farm projects.

Due to the planned commissioning of the projects in phases, sales of electricity under electricity sales contracts will commence after the concession for the first phase of each project is obtained. In addition, the electricity sales contracts include the provision of commercial balancing services (including during the commissioning period of subsequent technological phases of a given project) and the role of Danske Commodities A/S as a balancing service provider. Electricity sales contracts are of the nature of wholesale and balancing market access agreements (route-to-market agreements). The task of Danske Commodities A/S will include acting as the entity responsible for balancing the projects, including the settlement of imbalances with Polskie Sieci Elektroenergetyczne S.A., and as the balancing service provider and market operator within the meaning of the Terms and Conditions for the Balancing of Polskie Sieci Elektroenergetyczne S.A. The electricity sales contracts cover the sale of all guarantees of origin of electricity issued for energy generated at the projects during the contractual term.
The electricity sale price will equal the settlement price determined in the process of single day-ahead market coupling for the Polish market area for a given imbalance settlement period (SDAC). The electricity sales contracts also take into account additional revenues that may arise from the provision of balancing services in accordance with the Terms and Conditions for Balancing of Polskie Sieci Elektroenergetyczne S.A., while the actual production and the possibilities and scope of the balancing services provided will depend, among other things, on the course of the process of connecting offshore wind farms to the power grid, the certification process for the provision of balancing services and the volatility of conditions on the balancing market operated by Polskie Sieci Elektroenergetyczne S.A. Electricity sales contracts are correlated with the method of accounting for revenues of projects secured by the right to cover the negative balance with respect to the price set in the decision of the President

of the Energy Regulatory Office issued for the projects, i.e. PLN 319.60/MWh, taking into account the indexation since 2022.
Electricity sales contracts typically contain provisions as to the possibility of early termination in the event of breach and the obligation of the terminating party to pay a fee covering the actual damages and costs incurred as a result of early termination. Electricity sales contracts were concluded until the date on which 3 years from the start of commercial operation will have elapsed. Electricity sales contracts may be extended if the project companies accept a new price offer from Danske Commodities A/S for subsequent periods. The entry into force of the electricity sales contracts is subject to the fulfillment of a condition precedent - that Polenergia S.A. and Equinor Wind Power AS make a final investment decision to implement the projects within a maximum of 18 months from their conclusion, scheduled for Q1 2025. The contract is subject to Polish law.

Conclusion of loan agreements with Bank Gospodarstwa Krajowego under the National Recovery and Resilience Plan, financing contributions to offshore wind farm projects Bałtyk II and Bałtyk III

On 18 December 2024, Polenergia S.A. entered into a loan agreement with Bank Gospodarstwa Krajowego for a loan from the National Recovery and Resilience Plan under Investment G3.1.5 "Construction of Offshore Wind Farms", on the basis of which Bank Gospodarstwa Krajowego granted Polenergia S.A. a loan of up to PLN 750,000,000.00.
The loan may be used by Polenergia S.A. exclusively to finance or refinance the eligible costs of the Baltic II and Baltic III offshore wind farm projects: (i) including, but not limited to, expenses related to the offshore portion of the projects, (ii) excluding VAT, financing costs, and those incurred before 1 February 2022. Polenergia S.A. will use the funds obtained from the loan exclusively to make or secure cash contributions to the projects. The loan will be made available for use as of the date of fulfillment of the standard conditions precedent for bank financing specified in the loan agreement.
The date of final repayment of the loan is on the earlier of the following dates: (a) the date falling five (5) years from the date of the first disbursement of the loan; or (b) 30 January 2030, while the loan may have been used no later than by 30 June 2025. The interest rate on the loan will be calculated on the basis of a floating interest rate based on the relevant WIBOR rate plus a margin. The loan was granted at market conditions and will not constitute state aid. The loan is not secured on any asset of Polenergia S.A. or Polenergia Group.

33. Litigation

Amon sp. z o.o. and Talia sp. z o.o.– each company acting separately filed a claim for rendering ineffective the statements of termination by Polska Energia – Pierwsza Kompania Handlowa sp. z o.o (a company operating in the Tauron Group) of the contracts for the sale of proprietary rights incorporated in certificates of origin for electricity generated in renewable energy sources − wind farms located in Łukaszów (Amon) and Modlikowice (Talia) and the agreements on sale of electricity generated in the a/m wind farms.

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 pleading from Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. in the proceedings instituted by Amon sp. z o.o. against Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. covering further claims of Amon sp. z o.o. arising from the non-performance of the abovementioned contracts by Polska Energia - Pierwsza Kompania Handlowa sp. z o.o., pending before the District Court in Gdańsk, by which pleading Polska Energia - Pierwsza

Kompania Handlowa included a counterclaim demanding the award of PLN 61,576 thousand from Amon so. z o.o. with statutory default interest, split as follows: (i) on the amount of PLN 55,691 thousand - since 31 March 2023 until the date of payment, (ii) on the amount of PLN 5,884 thousand - since the day immediately following the date of direct delivery of a copy of the counterclaim to the counsel of Amon sp. z o.o.

The amount of PLN 55.691 thousand represents liquidated damages demanded by Polska Energia – Pierwsza Kompania Handlowa sp. z o.o. allegedly on the basis of Art. 8 sec. 1 of the Agreement for the Sale of proprietary interest resulting from certificates of origin evidencing the generation of electricity in a renewable energy source - the Łukaszów Wind Farm, entered into on 23 December 2009 by Amon sp. z o.o. with Polska Energia – Pierwsza Kompania Handlowa sp. z o.o. and resulting allegedly from Amon's failure to meet the quantities of proprietary interest to be transferred in individual months commencing August 2019.

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

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

On 23 December, 2024, the District Court in Warsaw served Talia sp. z o.o. with a copy of the statement of claim by Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. for payment of the amount of PLN 75,334 thousand with default interest calculated as follows: (i) on the amount of PLN 41,860 thousand - since 8 September 2023 until the date of payment, (ii) on the amount of PLN 33,474 thousand - since the day immediately following the date of delivery of a copy of the claim to Talia until the date of payment.

The amount of PLN 41,860 thousand represents liquidated damages demanded by Polska Energia – Pierwsza Kompania Handlowa sp. z o.o. allegedly on the basis of Art. 8 sec. 1 of the Agreement for the sale of proprietary interest resulting from certificates of origin evidencing the generation of electricity in a renewable energy source - the Modlikowice Wind Farm, entered into on 23 December 2009 by Talia sp. z o.o. with Polska Energia – Pierwsza Kompania Handlowa sp. z o.o. and resulting allegedly from Talia's failure to meet the quantities of proprietary interest to be transferred in individual months commencing August 2019.

The amount of PLN 33,474 thousand, in turn, represents compensation claimed by Polska Energia – Pierwsza Kompania Handlowa for Talia 's alleged failure to perform, in the period since 21 December 2021 until 30 April 2023, under the Agreement for the sale of electricity generated at the Renewable Energy Source - the Modlikowice Wind Farm entered into by Talia sp. z o.o. with Polska Energia – Pierwsza Kompania Handlowa on 23 December 2009.

Talia sp. z o.o. proceeded to analyze the statement of claim and will file a statement of defense within the deadline set by the District Court in Warsaw.

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 District Court in Gdańsk, in connection with the ineffective termination and non-performance by Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. of long-term contracts for the sale of energy and 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 Gdańsk, in connection with the ineffective termination and non-performance by Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. of long-term contracts for the sale of energy and proprietary rights entered into 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 District Court in Katowice.

On 28 December 2023, Amon sp. z o.o. and Talia sp. z o.o. filed a second change of the claim with the District Court in Katowice 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 for Amon sp. z o.o., and by PLN 19,277 thousand for Talia sp. z o.o.

The companies Certyfikaty sp. z o.o., Polenergia Obrót S.A. and Green Stone Solutions sp. z o.o. (formerly Polenergia Usługi sp. z o.o.) were sued by Eolos Polska sp. z o.o. before the District Court in Warsaw Commercial Department XX for payment of liquidated damages for termination of agreements for the sale of proprietary 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 served, on 25 July 2024 Polenergia Obrót S.A. responded to the letter. A hearing was held on 28 February 2025, at which the expert gave explanations. The court required the parties to submit their positions in writing.

On 13 July 2021, Polenergia Farma Wiatrowa 1 sp. z o.o. received a statement of claim for payment of compensation for non-contractual use of the property. The claimants 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 Regional Court in Wąbrzeźno, at a closed session, issued a judgment awarding the amount of PLN 18,428.08 from Polenergia Farma Wiatrowa 1 sp. z o.o. to the claimants for non-contractual use of the property in the period since 13 March 2020 until 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 District Court in Toruń. At a hearing before the District 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 since 31 May 2020 until 31 December 2021. The parties entered into an annex to the lease agreement, pursuant to which Polenergia Farma Wiatrowa 1 sp. z o.o. paid to the lessors the amounts resulting from the court settlement.

On 2 June 2023, Polenergia Farma Wiatrowa 1 sp. z o.o. received a notice of termination from the lessor of the lease agreement entered into on 26 February 2008 relating to the real estate where some of the wind turbines of the Gawłowice Wind Farm are located, along with the accompanying infrastructure. The grounds for termination claimed by the lessor in the termination notice was that Polenergia Farma

Wiatrowa 1 sp. z o.o. delivered a bank guarantee required under the lease agreement which was issued in a form that is incorrect (in the lessor's opinion). 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 reached agreement and signed the lease agreement (in its new wording) in March 2024, maintaining the continuity of the lease.

Polenergia Obrót S.A. was bound by contracts for the sale of energy with Jeronimo Martins Polska S.A. ("JMP"), which were terminated by Polenergia Obrót S.A. effective as at 30 June 2022. In view of the termination of the contracts in question, JMP served upon Polenergia Obrót S.A. requests for payment of PLN 3,501 thousand and PLN 36,027 thousand, i.e., in aggregate PLN 39,528 thousand The claims 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, the Company 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 an action against JMP in the District Court in Warsaw, demanding payment of PLN 40,853 thousand with statutory default interest applicable to commercial transactions accruing from the date of filing the action until the date of payment. The amount of the claim includes JMP's unpaid energy invoices worth PLN 39,528 thousand and the amount of PLN 1,324 thousand of accrued interest for the period until the date of filing the action.

The difference in the value of the asserted claims compared to the amounts covered by JMP's set-off statement results from settlement adjustments made in the meantime in connection with updating the metering data and from the submission by Polenergia Obrót S.A of set-off statements. In September 2023, JMP served a statement of defense to Polenergia Obrót S.A. 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 that Enerace sp. o.o. will join the litigation as an intervening party (on the side of JMP), nevertheless, it has not yet taken place. The court also ordered that a team of experts be established or an institute in the field of energy be named that would take up the preparation of an opinion for the following: assessing the amount of deliverable JMP is entitled from Polenergia Obrót S.A. on account of the purchase of electricity, along with the price for the opinion, as requested by JMP in its response to the claim.

In its rejoinder to the statement of defense, Polenergia Obrót S.A. objected to the expert opinion evidence, arguing it was useless to the case. In this regard, Polenergia Obrót S.A. filed an additional pleading to disregard this piece of evidence with a rationale for such request.

The first hearing was held on 6 March 2025. The court heard two witnesses (one requested by JMP and the other requested by Polenergia Obrót S.A.) and adjourned the hearing until 11 September 2025 when further witnesses will be heard.

Polenergia Dystrybucja sp. z o.o. manages the collection proceedings in relation to non-payment for the electrical energy supplied. The asserted claims currently total approximately PLN 511 thousand.

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

Polenergia Fotowoltaika S.A. 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. with registered office 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 134 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 53 court proceedings related to claims arising from contracts between Polenergia Fotowoltaika S.A. and its subcontractors or suppliers.

Proceedings initiated by the Marshal of the Wielkopolskie Province against Polenergia Fotowoltaika S.A. to determine the amount of product fee arrears for the introduction of packaged products to the domestic market for 2020 in the amount of PLN 43,080. On 3 December 2024, a decision was issued requiring Polenergia Fotowoltaika S.A. to pay PLN 43,080. Polenergia Fotowoltaika S.A., having consulted legal counsel, did not appeal against this decision. The fee plus interest has been paid. The Authority discontinued the proceedings with respect to the late payment of the fee. On 29 October 2024, the Marshal of the Wielkopolskie Province notified about initiating the proceedings against Polenergia Fotowoltaika S.A. to determine the amount of product fee arrears for the introduction of electronic or electrical equipment (solar panels) on the domestic market. The Company's legal made a point that the penalty (product fee) may be within the region of PLN 1,200,000. The case is pending.

Polenergia Obrót S.A. was obliged to fulfill, by 30 June 2023, its obligations under Article 52 sec. 1 of the Renewable Energy Sources Act and Article 10 sec. 1 of the Energy Efficiency Act to redeem a certain number of proprietary rights to certificates of origin and energy efficiency certificates for 2022. Already after the balance sheet date, Polenergia Obrót S.A. determined that it had fulfilled 98.05% of this obligation. On 21 July 2023 Polenergia Obrót S.A. made additional payments on account of substitution fees to completely fulfill the obligation. Failure to meet the deadline of 30 June 2023 may result in the imposition of fines by the President of the Energy Regulatory Office, in particular under Article 170 sec. 2 of the Renewable Energy Sources Act. On March 11, 2025, Polenergia Obrót S.A. received two notifications from the President of the Energy Regulatory Office (URE), namely, the initiation of two proceedings for imposing a penalty in connection with the disclosure of the possibility of not fulfilling the obligations in terms of obtaining and presenting for cancellation the certificates of origin and certificates of origin from biogas for the year 2022. These violations may result in the imposition of a financial penalty, which cannot exceed 15% of the revenue of the penalized entity, achieved in the previous tax year. In imposing the penalty, the URE takes into account the scope of the violations, the repetition of violations, or financial benefits that could be obtained from the violation. The authority may also refrain from imposing a penalty if the scope of the violations is insignificant and the entity has ceased to violate the law or fulfilled the obligation. The company is preparing responses to the aforementioned summons.

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. (Price 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., Polenergia Farma Wiatrowa 3 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 both cases, Polenergia Obrót S.A. also received a notice of completion of evidentiary proceedings. At this stage, the President of the Energy Regulatory Authority is expected to issue and serve decisions on these cases.

A breach of the aforementioned act may result in a 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 penalty if the degree of harmfulness of the act is negligible, and the entity has ceased its breach or has fulfilled its obligation. Polenergia S.A.'s subsidiaries submitted all the delayed reports.

In June 2024, the following Polenergia S.A.'s subsidiaries: - Polenergia Farma Wiatrowa Grabowo Sp. z o.o., Polenergia Farma Wiatrowa 16 Sp. z o.o., and Polenergia Farma Wiatrowa Piekło Sp. z o.o. received interest notes from Zarządca Rozliczeń S.A. (Price Settlement Authority). issued by the Ministry of Climate and Environment for a total amount of approximately PLN 664 thousand on account of statutory interest for the untimely transfer of receivables under the contribution to the Price Difference Payment Fund. The aforementioned subsidiaries questioned the legal grounds for charging interest by the Ministry of Climate and Environment.

In his letter dated 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 inventory to the URE President for verification by the URE President, pursuant to Article 25(3) of the Act on Supplies 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 provided the missing information and additional clarifications, also after the completion of the evidentiary part of the administrative proceedings. Violation of the obligation in question is subject to a fine ranging from 1% to 15% of the entrepreneur's revenue resulting from activities performed under a general license for trading in natural gas with foreign countries. The proceedings were concluded with a decision by the URE President dated 29 August 2024 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 established 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 the payment of receivables to Polenergia Obrót S.A. under the framework agreement dated 27 February 2020, concluded on the basis of the *International Swaps and Derivatives Association Inc*. template, and the transaction agreements for 2023 - 2025 ("**ISDA**") concluded thereunder. 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 were not 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 Polenergia Obrót S.A.'s rights under the Offtake Agreement and the Restructuring Agreement, CIME Krzanowice, CIME and Polenergia Obrót S.A. agreed to establish a registered pledge in favor of Polenergia Obrót S.A. on CIME Krzanowice's assets and CIME's shares in the share capital of CIME Krzanowice.

Also, in addition to the business provisions under the aforementioned agreements, Polenergia Obrót S.A. and CIME have entered into an agreement partially terminating the ISDA with respect to transactions since the date of such agreement until the end of 2023. In connection with the abovementioned event, measurement of receivables was performed based on estimated cash flows related to the performance of the contracts in question. The parties have been continuously performing their obligations under the Restructuring Agreement and the Offtake Agreement. Simultaneously, the CIME has been making payments, although with delay, on account of the receivables for derivatives entered into under the ISDA agreement.

Polenergia Elektrociepłownia Nowa Sarzyna sp. z o.o. challenged the decision of the President of the Energy Regulatory Office with respect to the final settlement of stranded costs under the Act on the principles of coverage of costs arising at generators in connection with early termination of long-term agreements for the sale of capacity and electricity (the "LTC Termination Act"). In his decision the President of the Energy Regulatory Office determined the amount of the final settlement of stranded costs payable to the company, as additional funds to those already paid, to be PLN 3,758 thousand. As the company does not share the interpretation of selected provisions of the LTC Termination Act, it appealed against the decision of the President of the Energy Regulatory Office to the Court of Competition and Consumer Protection in Warsaw, demanding an increase in the amount of funds due to Company. The disputed value is PLN 13.214 thousand, for which Company established an allowance under receivables

On 23 November 2023, the abovementioned Court issued a judgment in which it changed the appealed decision and set the amount of the final adjustment of stranded costs at PLN 16,645,912, thus recognizing as legitimate the claim of Polenergia Elektrociepłownia Nowa Sarzyna sp. z o.o. in the amount of PLN 12,887 thousand and dismissing the claim as to the amount of PLN 327 thousand. On 12 January 2024, Polenergia Elektrociepłownia Nowa Sarzyna sp. z o.o. filed an appeal against part of the judgment in that portion in which its claim had been dismissed.

On 27 May 2024, a subsidiary of Polenergia S.A. - Wind Farm Four SRL, with registered office in Bucharest ("Wind Farm Four"), received a pleading (statement of claim) filed by WIP International GmbH ("WIP International") to the Second District Court in Bucharest, Romania. On 7 December 2023 Polenergia S.A. acquired 60% of the shares and on 27 September 2024 the remaining 40% shares in Wind Farm Four's share capital. Wind Farm Four currently holds a 20% stake in each of the 7 project companies developing a wind farm project in Tulcea district, Romania (the "Project Companies").

Wind Farm Four was sued by the claimant among other defendants (including: Naxxar Renewable Energy Management Holding SRL, with the registered address in Bucharest, which sold shares in Wind Farm Four to Polenergia S.A, the Project Companies and Naxxar Renewable Energy SRL). In the statement of claim the claimant requested that the Court declare the following documents and legal actions invalid or ineffective against the Claimant (*actio pauliana*):

(i) Annex No. 1 dated 15 December 2022 to the framework cooperation agreement (joint venture-type agreement) signed on 27 March 2021 between Wind Farm Four, Naxxar Renewable Energy SRL and the remaining shareholders of the Project Companies on granting consent to transfer shares in the Project Companies from Naxxar Renewable Energy SRL to Wind Farm Four;

(ii) the transfer of the share package held by Naxxar Renewable Energy SRL in each of the Project Companies to Wind Farm Four, which took place on 15 December, 2022;

(iii) changes in the share capital and among the holders of shares in Wind Farm Four, i.e.: (a) the decision dated 17 March 2023 made by Naxxar Renewable Energy SRL as Wind Farm Four's sole shareholder to increase Wind Farm Four's share capital through the issue of new shares which were subscribed for by Naxxar Renewable Energy Management Holding SRL, as a result of which Naxxar Renewable Energy Management Holding SRL held 99.01% of all shares in Wind Farm Four; and (b) the transfer of the remaining 0.99% of Wind Farm Four's shares to Naxxar Renewable Energy Management Holding SRL.

On 27 September 2024, Naxxar Renewable Energy Management Holding SRL (the seller) and WIP International, among other parties, entered into a settlement agreement to settle and terminate, through mutual concessions, all of the claimant's claims, including those that are the subject of or related to the statement of claim referred to above. Under the settlement agreement, the claimant completely waived its claims against, among others, Polenergia S.A., Wind Farm Four, Naxxar Renewable Energy Management Holding SRL and the Project Companies, their affiliates, subsidiaries, shareholders, representatives, employees, and any other third parties. As a result, the claims were dismissed, and the legal proceedings pending before a Romanian court were discontinued on 15 October 2024. The settlement agreement also included the settlement and termination, through mutual concessions, of all claims of FP Management Holding GmbH ("FPMH"), including those subject to or related to the statement of claim filed by FMPH before the Bucharest Court, Civil Division VI which, as at the time of the settlement, had not been served on Polenergia S.A. or Wind Farm Four SRL (service of the statement of claim occurred after the settlement agreement had been reached). FMPH filed a statement of claim against Polenergia S.A. and Wind Farm Four, among other defendants (including: Naxxar Renewable Energy Management Holding SRL, with the registered address in Bucharest, which sold shares in Wind Farm Four to Polenergia S.A, Naxxar Wind Energy Project Zenon SRL). In the statement of claim FPMH requested that the Court declare the following documents and legal actions invalid or ineffective against it (*actio pauliana*):

(i) documents relating to the assignment of shares held by Naxxar Wind Energy Project Zenon SRL in the Project Companies;

(ii) documents regarding the increase of the Wind Farm Four's share capital, the admission of defendant Naxxar Renewable Energy Management Holding SRL as a shareholder, and the reduction of Naxxar Wind Energy Project Zenon SRL's percentage share in the Wind Farm Four's share capital;

(iii) Wind Farm Four share assignment agreement between Naxxar Renewable Energy Management Holding SRL and Naxxar Wind Energy Project Zenon SRL;

(iv) documents relating to the sale of 60% of the shares in the Wind Farm Four's share capital to Polenergia S.A., including a share sale agreement dated 5 October 2023 between Polenergia S.A. and Naxxar Renewable Energy Management Holding SRL and a share transfer agreement dated 7 December 2023 between Polenergia S.A. and Naxxar Renewable Energy Management Holding SRL,

and requested an order to restore the parties to the state of affairs prior to the execution of the aforementioned documents, i.e., to restore to assets the shares of Naxxar Wind Energy Project Zenon SRL in the Project Companies and Wind Farm Four, respectively, and to impose upon the respondents the obligation to pay the litigation costs. Under the settlement agreement, the claimant completely waived claims against, among others, Polenergia S.A., and Wind Farm Four, and the Project Companies, their affiliates, subsidiaries, shareholders, representatives, employees, and any other third parties. As a result, the legal proceedings pending before the Romanian court ended with the dismissal of FPMH's claims in their entirety based on the judgment dated 23 December 2024, according to which the Court took into account the settlement agreement reached and the claimant's waiver of the claims covered by the statement of claim.

(PLN k)

34. Capital expenditure

As at 31 December 2024, the Group's intention is that the aggregate capital expenditure on fixed assets in 2025 amount in total to ca. PLN 1 232 million. Such amounts shall mainly be allocated to projects development in the area of offshore and onshore wind power, photovoltaics and the investment program implementation in the distribution segment.

35. Sales revenue

	For 12 months ended	
	31.12.2024	**31.12.2023**
- revenue from sale and distribution of electricity	2 757 617	4 066 679
- revenue from certificates of origin	101 029	148 983
- revenue from sale of heat	41 701	42 925
- revenue from consulting and advisory services	23 968	17 118
- revenue from lease and operator services	3 176	4 092
- revenue from sale and distribution of gas	1 109 940	967 296
- revenue from sale of merchandise	1 750	1 519
- revenue from lease	651	508
- revenue from the capacity market and blackstart services	30 259	23 862
- revenue from the solar panels and heat pumps installation	226 666	311 924
- revenue from charging services	878	93
- other	15 123	17 011
Total revenue from clients	**4 312 758**	**5 602 010**
- revenues from the valuation of futures contracts	6 265	(33 884)
- revenues from CO2 emission allowances	1 507	47 286
Total other revenue	**7 772**	**13 402**
Total sales revenue	**4 320 530**	**5 615 412**

Under the items "revenue from sales and distribution of energy", "revenue from sale and distribution of gas" and "revenue from carbon dioxide emission allowances", revenue is recognized that results from the sales invoices issued under the forward contracts that were measured at fair value, in the amount of PLN 1,652,101 thousand. Respectively, the costs resulting from the invoices related to the purchase of energy under forward contracts are disclosed under the item "value of goods and materials sold".

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36. Cost according to type

	For 12 months ended	
	31.12.2024	31.12.2023
- depreciation	174 347	162 078
- materials and power consumption	87 064	135 933
- third party services	244 777	239 609
- taxes, duties and fees	30 478	127 590
- salaries	156 196	112 897
- social security and other benefits	22 266	18 809
- other cost by type	7 820	6 512
Total cost by type	**722 948**	**803 428**
- merchandise and materials sold (+)	3 085 994	4 413 785
- selling certificates of origin	83 328	104 941
- income from granted certificates of origin	(62 481)	(116 047)
- selling expenses (-)	(84 148)	(95 118)
- general overheads (-)	(233 496)	(172 419)
Total cost of goods sold	**3 512 145**	**4 938 570**

37. Other operating revenues

	For 12 months ended	
	31.12.2024	31.12.2023
- reversal of impairment losses, including:	285	527
- expected credit loss	100	527
- inventory remeasured impairment losses	185	-
- reversal of provisions, including:	1 043	350
- other	1 043	350
- other, including:	11 444	15 081
- compensation and additional payments	1 946	738
- grant settlement	3 227	3 629
- revenue from lease of non-current fixed assets	17	-
- gains on disposal of non financial fixed assets	749	488
- reinvoicing	663	458
- other	4 842	9 768
Total other operating revenues	**12 772**	**15 958**

The item "other" includes real estate tax refund relating to previous years in the amount of PLN 339 thousand, for the year ended 31 December 2023.

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38. Other operating expenses

	For 12 months ended	
	31.12.2024	31.12.2023
- asset impairment losses, including:	29 281	16 317
- expected credit loss	13 977	11 709
- inventories	15 304	307
- non-current fixed assets	-	4 301
- other, including:	7 774	7 504
- penalties, fines compensation payable	1 607	1 652
- compensation	2	41
- donation	3 082	2 014
- loss on disposal of non-financial fixed assets	279	427
- complaints, compensation	244	164
- repair costs covered by compensation	34	-
- other	2 526	3 206
Total other operating costs	**37 055**	**23 821**

39. Financial income

	For 12 months ended	
	31.12.2024	31.12.2023
- financial income from interest on deposit and loans	43 523	44 833
- f/x differences, including:	147	2 709
- unrealized	298	896
- realized	(151)	1 813
- valuation of financial liabilities	36	204
- other surety - related fees	10 242	2 106
- other	421	275
Total financial revenue	**54 369**	**50 127**

40. Financial expenses

	For 12 months ended	
	31.12.2024	31.12.2023
- interest expenses	99 613	85 280
- f/x differences, including:	3 249	1 133
- unrealized	4 015	834
- realized	(766)	299
- commission and other fees	9 266	9 198
- financial costs due to discounting	5 288	-
- write-down of financial assets	-	28
- measurement of financial liabilities *)	3 800	3 913
- other	4 916	1 504
Total financial cost	**126 132**	**101 056**

*) refers to bank loans measured at amortized cost

(PLN k)

41. Cash flows

Restricted cash	For 12 months ended 31.12.2024	31.12.2023
- cash frozen for loan repayment	115 171	49 444
- frozen cash for deposit	35 321	28 463
- frozen cash - split payment	24 060	22 398
- frozen cash - social benefit fund	159	43
Total	**174 711**	**100 348**

42. Reconciliation of changes in liabilities due to financing operations

31.12.2024	Bank Loans	Bonds	Lease	Total
As at the beginning of the period	**1 532 141**	**-**	**204 754**	**1 736 895**
Inflows from debt incurred	104 921	750 000	58 369	913 290
financing received	104 921	750 000	58 369	913 290
Interest accruing	73 445	13 352	11 003	97 800
Debt payments	(372 260)	-	(19 319)	(391 579)
principal repayments	(298 867)	-	(8 864)	(307 731)
interest paid	(73 393)	-	(10 455)	(83 848)
Exchange rate differences on debt denominated in foreign currency	-	-	(5)	(5)
Valuation	2 600	-	17 403	20 003
Other	190	-	208	398
As at the end of the period	**1 341 037**	**763 352**	**272 413**	**2 376 802**

31.12.2023	Bank Loans	Lease	Total
As at the beginning of the period	**1 509 442**	**183 636**	**1 693 078**
Inflows from debt incurred	212 648	14 937	227 585
financing received	212 648	14 937	227 585
Interest accruing	69 286	9 073	78 359
Debt payments	(269 718)	(27 624)	(297 342)
principal repayments	(199 914)	(20 087)	(220 001)
interest paid	(69 804)	(7 537)	(77 341)
Exchange rate differences on debt denominated in foreign currency	-	(5)	(5)
Valuation	711	25 147	25 858
Other	9 772	(410)	9 362
As at the end of the period	**1 532 141**	**204 754**	**1 736 895**

43. Objectives and policies of financial risk management

In addition to derivatives, the key financial instruments used by the Group include bank loans, bonds issued, cash and short-term deposits. The primary purpose of such financial instruments is to procure funds to finance the Group's operations. The Group also holds other financial instruments, such as trade payables and receivables arising in connection with its operations.

The Group enters into transactions involving Interest Rate Swap (IRS) derivative instruments, forward contracts (to hedge its currency and market price risks). The purpose of such transactions is to manage the currency risk and the risk of market prices (particularly in electricity trading) which arise in the course of the Group's operations and in connection with the sources of funding it uses.

The key risk types connected with the Group's financial instruments include: interest rate risk, liquidity risk, currency risk, and credit risk. The Management Board establishes and verifies rules for managing each of these types of risk; the rules are briefly discussed below. The Group also monitors the market price risk with respect to the financial instruments it holds.

Interest rate risk

The Group's exposure to the risk of market interest rates volatility concerns primarily its long-term financial liabilities.

The Group manages its interest expense by using debt financing based on variable interest rates. To hedge interest payments under its borrowings, the Group uses financial derivatives.

The following table shows the sensitivity of the financial result before tax on an annual basis to changes in interest rates, assuming that other factors remain unchanged (in connection with variable interest rate liabilities). i.e., a 1% increase/decrease in interest rates will result in a decrease/increase in financial result before tax by PLN 2,214 thousand. The impact on the Group's equity has not been presented, as it relates only to the financial result.

31.12.2024	Change	Change in profit/loss before tax within the consecutive 12 months in PLN K
WIBOR 3M	1%	(815)
WIBOR 6M	1%	(1 399)
WIBOR 3M	-1%	815
WIBOR 6M	-1%	1 399

31.12.2023	Change	Change in profit/loss before tax within the consecutive 12 months in PLN K
WIBOR 1M	1%	(1 657)
WIBOR 1M	-1%	1 657

In the table below the fair value is determined of the Group's financial instruments exposed to the interest rate risk, according to aging categories. The breakdown into individual years reflects the maturity of the loan

31.12.2024

INTEREST RATE RISK

Variable interest rate	*<1 year*	*1–2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*>5 years*	*Total*
Bonds	13 351	-	-	-	750 000	-	763 351
Bank loans in PLN	150 207	123 718	122 280	95 336	72 645	776 851	1 341 037
Lease	34 535	31 802	22 500	20 099	18 015	145 463	272 414
Fixed interest rate	*<1 year*	*1–2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*>5 years*	*Total*
Cash assets	1 489 005	-	-	-	-	-	1 489 005

(PLN k)

31.12.2023

INTEREST RATE RISK

Variable interest rate	<1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Bank loans in PLN	211 344	114 809	148 567	116 817	121 986	818 618	1 532 141
Lease	27 611	22 902	17 159	14 785	16 792	105 505	204 754
Fixed interest rate	*<1 year*	*1–2 years*	*2-3 years*	*3-4 years*	*4-5 years*	*>5 years*	*Total*
Cash assets	1 410 763	-	-	-	-	-	1 410 763

Currency risk

The Group's foreign exchange risk boils down to the risk associated with fluctuations of the EUR exchange rate in relation to the open foreign currency position within:

- Future investment expenses in offshore wind farm projects.

The majority of capital expenditures are denominated in foreign currencies, mainly in EUR, which results in significant exposure to foreign exchange risk related to the amount of future capital expenditures. In the projects under development, the Group incurs 50% of the investment costs, due to the fact that the offshore wind farm projects are implemented as a joint venture described in more detail in Note 18 and are presented in these consolidated financial statements as Financial Assets measured using equity method. Amendments to the Act on Promoting Electricity Generation in Offshore Wind Farms, enacted in 2022, allow the denomination in EUR of part or all of the revenues from the right to cover the negative balance from sale of electricity. The abovementioned regulatory change makes it possible to reduce foreign exchange risk at the investment stage thanks to the possibility of debt financing also in EUR. Polenergia S.A. has hedged much of the foreign exchange risk associated with equity contributions to offshore wind farm projects by converting its own funds that will be used to finance these projects, which incur a significant portion of their expenses in EUR.

In addition, the Group intends to mitigate currency risk using equity funds or derivative financial instruments for:

- Future investment expenses in onshore wind farm and photovoltaic projects.

The exchange rate fluctuations are taken into account by the Group in economic forecasts for each project and are aimed to be reflected in commercial assumptions in a way that allows for maintaining the anticipated return rate on the projects.

- Operating activity.

The Group identifies no significant foreign exchange risk in its operating activity. Exchange rate fluctuations mainly affect a small portion of cash at bank and certain trade payables. Moreover, Polenergia Obrót S.A. ("Polenergia Obrót") is exposed to currency risk on account of electricity trading in foreign markets and its participation in the CO2 emission allowance market. The company's exposure to currency risk is largely mitigated by means of natural hedging, i.e., revenues and corresponding costs of purchase, as well as receivables and liabilities, are all generated in foreign currencies. Whenever Polenergia Obrót concludes any substantial transactions, foreign exchange hedging transactions are also concluded. Risk management issues in Polenergia Obrót are governed by the company's risk management policy, in accordance with the rules provided for therein.

Credit risk

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

In the case of corporate customers, the Group has a Credit Risk Management Process Procedure for Wholesale Counterparties, according to which each counterparty undergoes, among others, an analysis of its financial situation with the assignment of a rating, also the planned exposure is analyzed, necessary collateral is determined and an appropriate limit is assigned. Ongoing monitoring of exposures, reporting any exposures and possible corrective actions, e.g., by requesting additional collateral, ensure that the risk of bad debts is immaterial.

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Cash at bank is held with creditworthy banking institutions.

Risk related to breach of covenants

The Group's investment projects rely to a large extent on external financing, and the Group companies are parties to many loan agreements giving rise to material obligations on this account, referred to in more detail in Note 28. The existing loan agreements provide for a number of financial covenants which have to be met by the respective projects.

The Group monitors the debt levels and compliance with covenants at individual companies on an ongoing basis and remains in contact with the financing institutions.

In the company Polenergia Farma Fotowoltaiczna Sulechów, one of the covenants, was not met as at 31.12.2024, therefore the loan was reclassified as a current liability in the amount of PLN 26.7 million in the consolidated financial statements as at the reporting date. According to the loan agreement, it is possible to rectify this covenant by injecting additional capital by the sponsor and the sponsor is willing to exercise its right to rectify.

As at 31 December 2024, no other covenants have been breached.

Liquidity risk

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

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

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

31.12.2024	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	In excess of 5 years	Total
Bonds	-	59 721	942 789	-	**1 002 510**
Interest bearing loans and borrowings	55 757	214 368	742 884	938 543	**1 951 552**
Other liabilities	272 036	1 378	15 914	28 421	**317 749**
Liabilities for deliveries and services	115 773	-	-	-	**115 773**
Lease liabilities	17 926	9 254	94 976	289 829	**411 985**

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 services	108 675	-	-	-	**108 675**
Lease liabilities	14 115	6 894	71 943	227 354	**320 306**

(PLN k)

44. Management of capital

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

The Group manages its capital structure and modifies it in response to changes in the economic environment. To maintain or adjust its capital structure, the Group may introduce changes regarding dividend distribution, return capital to the shareholders, or issue new shares. In the year ended on 31 December 2024 and in the financial year ended on 31 December 2023, no changes were made in the objectives, policies and processes in this area.

The Group has been monitoring its capital level using the leverage ratio, calculated as the ratio of net debt to the sum of total equity and net debt. The Group's net debt includes interest-bearing loans and borrowings, as well as bonds issued, less cash and cash equivalents.

	31.12.2024	31.12.2023
Interest under borrowings	2 091 037	1 532 141
Less cash and cash equivalents	(1 489 005)	(1 410 763)
Net debt	**602 032**	**121 378**
Share capital	4 303 511	3 997 653
Total capital	**4 303 511**	**3 997 653**
Capital and net debt	**4 905 543**	**4 119 031**
Leverage ratios	12%	3%

45. Information on significant transactions with associates

Major transactions with jointly controlled entities in the period ended 31 December 2024 include:

31.12.2024	Sales revenues	Financial income	Receivables
MFW Bałtyk I S.A.	7 089	72	8 366
MFW Bałtyk II Sp. z o.o.	7 693	5 496	15 563
MFW Bałtyk III Sp. z o.o.	7 733	4 500	14 323
Total	**22 515**	**10 068**	**38 252**

Major transactions with parties where personal relations exist, in the period ended 31 December 2024 include:

31.12.2024	Sales revenues	Costs	Receivables	Lilibilities
Krucza Inwestycje Sp. z o.o.	474	9 238	66	19
Beyond.pl Sp. z o.o.	-	1 455	-	196
Qemetica S.A. (former Ciech Sarzyna S.A.)	11	644	2	61
Master BIF IV UK Holdings Ltd	-	339	-	-
Tortoli Sp. z o.o.	100	-	10	-
dFlights Sp. z o.o.	-	1 000	-	-
Total	**585**	**12 676**	**78**	**276**

For information on transactions with members of the parent's Management Board and Supervisory Board, see Notes 47 and 48.

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46. Headcount

As at 31 December 2024 and as at 31 December 2023 the Group's employees divided into professional groups and recalculated into full-time jobs included:

	31.12.2024	31.12.2023
Parent company Management Board	5	4
Parent company employees	178	152
Subsidiaries employees	307	322
Total headcount	**490**	**478**

Persons on parental leave and Management Board members employed under a service contract have been included.

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

In the period ended 31 December 2024 and in the year ended 31 December 2023, remuneration of members of the Management Board of the Parent and of the members of the Supervisory Board was as follows:

Management Board	31.12.2024	31.12.2023
Adam Purwin	762	-
Andrzej Filip Wojciechowski	1 825	-
Jerzy Zań	2 126	-
Iwona Sierżęga	2 162	1 826
Piotr Maciołek	2 115	1 773
Michał Michalski	2 831	3 811
Tomasz Kietliński	2 473	2 172
Jarosław Bogacz	-	1 150
Total	**14 294**	**10 732**

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

Supervisory Board	31.12.2024	31.12.2023
Hans E. Schweickardt	-	70
Orest Nazaruk	84	84
Szymon Adamczyk	72	72
Krzysztof Obłój	60	-
Jacek Głowacki	15	-
Andrzej Wojciechowski	15	-
Adam Purwin	11	-
Piotr Ciżkowicz	13	-
Mikołaj Franzkowiak	15	-
Total	**285**	**226**

(PLN k)

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

In the year ended 31 December 2024, there were no transactions with members of the Management Board and Supervisory Board, their spouses, siblings, ascendants, descendants, or other closely related persons.

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

The audit firm performing the audit and review of the Group's financial statements for 2024 is Grant Thornton Polska Prosta spółka akcyjna.
The entire remuneration was paid to Grant Thornton Polska Prosta spółka akcyjna on account of the following::

Type of services	31.12.2024	31.12.2023
Audit of the parent company's annual financial statements	276	162
Audit of the subsidiaries annual financial statements	1 358	880
Review of financial statements of the parent company and related entities	360	349
Other services	153	47
Total	**2 147**	**1 438**

*These items include remuneration charged to the Parent Company and its affiliates over which the Company has direct or indirect control, which are subject to consolidation.

50. Information on CO2 allowance and environmental protection

Trade in emission allowances is an environmental policy instrument designed to reduce pollutant emissions. Poland's membership in EU and the Kyoto protocol require Poland to participate in the emissions scheme. The emissions trading scheme was introduced on 1 January 2005 with Directive 2003/87/EC of the European Parliament and of the Council, transposed into Polish legislation by virtue of the Act on Trading in Allowances for Emissions of Greenhouse Gases and Other Substances of 22 December 2004. The current period - EU ETS 2021-2030 is governed by the Act of 15 April 2021 amending the Act on Trading in Allowances for Emissions of Greenhouse Gases and certain other acts.

The only entity in the Group subject to the abovementioned legislation is EC Nowa Sarzyna thermal power plant (KPRU number: PL 0472-05 which is a combustion installation with a rated thermal input in excess of 20 MW that participates in the EU emissions trading scheme.

EC Nowa Sarzyna received free allowances under article "10a", for the years 2021-2025, in the amount from 10,347 (in 2021) to 9,284 (in 2025) EUA, respectively.

In 2023 Nowa Sarzyna emitted 67,625 tons of carbon dioxide (as confirmed by the report on the audit of the facility performed by an independent reviewer, DNV).

In the implementation and operation of its projects, Polenergia Group places great emphasis on research focused on environmental protection and biodiversity, which is an integral aspect of the Group's business operations, and as a result, the Group's Sustainable Development Strategy was adopted in 2023 with a time horizon of 2030, while the Biodiversity Strategy was adopted in 2024, presenting in detail the Group's commitments and direction of operations with due regard to current legislation.

In line with established best practice, before proceeding with a project, the first step in the pre-investment phase for any potential location for a new land project is a preliminary analysis of environmental conditions. Then, for wind farms, a site reconnaissance of the planned site (screening) is carried out, and annual pre-execution ornithological and chiropterological monitoring is initiated, which consists of studies focused on bird and bat activity. In parallel, a natural inventory is taken which involves identifying plant habitats, fungi, lichens, amphibians, reptiles and mammals. For photovoltaic farms, a natural inventory is performed. The results of all the abovementioned studies are used to prepare an analysis of the project's environmental impact required for obtaining an environmental decision for the intended project.

During the construction phase of each project, natural supervision is performed to protect the creatures living in the area, to minimize the impact caused by construction work. The coverage includes the area of roads provided for the transportation of construction materials, the area for the construction of the farm with associated infrastructure, as well as adjacent areas. Construction supervision also forms the basis for preparing locally adapted projects for the support and restoration of local ecosystems after the construction phase. Thanks to this effort, the projects fit in with local conditions and needs identified by naturalists in the area. It is worth mentioning that an Environmental and Social Action Plan (ESAP) is developed for each new project as an appendix to the contract with the general contractor for construction work.

Once the investment reaches the post-implementation phase, the studies from the first phase are repeated. For wind farms, a three-year ornithological and chiropterological monitoring is performed during their first five years of operation, comparing the results of the pre-implementation monitoring studies and analyzing the impact of the wind turbines on the behavior and mortality of birds and bats, along with possible implementation of mitigation measures. An acoustic analysis is also performed after the commencement of the wind farm's operation to study the spreading of sound and ensure that acceptable noise levels are met. In the case of photovoltaic farms, a renewed nature inventory is being performed to assess the impact of the measures taken for the sake of biodiversity.

The table below structures all the environmental action steps described above.

Phase I: Pre-implementation	
Wind Farms	Photovoltaic farms
Preliminary analysis of the environmental conditions of the planned site	
Screening - field environmental reconnaissance of the planned location	n/a
Ornithological and chiropterological monitoring - annual surveys focused on bird and bat activity at the planned site	n/a
Natural inventory - inventory of habitats of plants (including protected and invasive species), fungi, lichens, amphibians, reptiles and mammals	
Analysis of the environmental impact of the project at the stage of the environmental decision procedure	
Phase II: Construction phase	
Natural supervision over construction - protection of creatures living on the project site, minimization of impacts caused by construction work, proposals for post-construction biodiversity measures	
Phase III: Post-implementation	
Ornithological and chiropterological monitoring - 3-year monitoring of birds and bats, comparison of research results with pre-implementation monitoring assumptions, implementation of mitigation measures	Natural inventory - comparison and assessment of the impact of biodiversity measures on the site and in the area adjacent to the project
Acoustic analysis - sound propagation study	n/a

A variety of initiatives are taken up to support biodiversity development on site and in the areas adjacent to the Group's investments. Among the projects carried out to expand and promote biodiversity are the seeding of honey meadows, the planting of shrubs, the construction of stone biotopes, and the installation of nesting boxes and birdhouses. Many environmental activities are also undertaken for the benefit of local communities, such as plantings at schools, public libraries, and parks. The aforementioned activities stem from the Environmental and Social Policy, in which the Group has pledged, for example, to make biodiversity conservation its priority, as well as to work for and with local communities. Active communication and dialogue with stakeholders from the planning stage of the investment through the entire life cycle is carried out in accordance with the Public Involvement Policy, which is part of Polenergia Group's Social Communication Plan. A transparent and formalized communication process is also realized through the introduced Grievance Mechanism, through which any stakeholder can submit a complaint or request, either orally or in writing, regarding projects implemented by the Group.

During the operation phase, it is ensured that operations comply with the sectoral permits held for the projects in question - water permits for water intake or discharge, as well as waste generation or integrated permits, if the project in question requires such permits. Supervision is performed to fulfill obligations under administrative decisions in terms of record keeping, surveying and reporting to authorities. Nowa Sarzyna Thermal Power Plant also has its environmental policy and has implemented an environmental management system in accordance with ISO 14001, an international standard that specifies the requirements for companies to operate in full compliance with applicable legal requirements and environmental principles.

In addition, annual environmental and social reviews are conducted at all sites in operation and under construction to internally verify the status of environmental and social activities and to supervise non-compliance and take corrective, corrective and preventive actions in the Group's projects under implementation.

51. Material events after the reporting date

By the date of preparation of these consolidated financial statements, i.e., by 25 March 2024, no events occurred that would not have been disclosed in the accounting books of the reporting period.