

Capital Group

R. Power

Statement of the Management Board on the operation of the Capital Group for 2024

TRANSLATION ONLY

## 01. Basic information about the Parent Company and the Group

R.Power Spółka Akcyjna ('Parent Company') has been established under the notarial deed of 12 October 2010. On 10 December 2021, the Parent Company has been transformed from a limited liability company into a stock company. The transformation was recorded in the registry of entrepreneurs of the National Court Register maintained by the District Court for the Capital City of Warsaw in Warsaw, 13th Economic Department of the National Court Register, on 20 December 2021. The Parent Company is entered into the registry of entrepreneurs of the national Court Register under the number KRS 0000939593. The parent company has received the REGON statistical number of 142641571. The registered office of the Parent Company is located at the address 02-566 Warsaw, ul. Puławska 2.

The number of subsidiaries owned by R.Power S.A. as at the balance date can be found in Note 34 to the consolidated financial statements.

The main activity of the Parent Company includes provision of services related to commercial management and development of solar power plant projects operated by its subsidiaries, solar farms commercialisation and obtaining income from electricity generation (if the given project remains in the portfolio) or sale of individual power plants to investors.

R.Power S.A. and its Group are one of the biggest entities in the solar energy sector in Poland, and since 2024, it has also been expanding its activity onto other segments of the renewable energy sector. The Group operates in Poland, Spain, Italy, Portugal, the Netherlands, Germany and Romania.

The Group operates throughout the entire value chain of the onshore renewables market, which includes:

- (i) development of large-scale photovoltaic projects, wind projects and energy storage projects, up to the 'ready-to-build' stage and their commercialisation through auctions and power purchase agreements ('PPA').
- (ii) general execution of the construction of photovoltaic power plants ('EPC') and photovoltaic systems for the industry, FMCG and logistics,
- (iii) power plant operation and maintenance ('O&M');
- (iv) energy production from renewable energy sources ('IPP - Independent Power Producer').

Additionally, as an entity executing investment projects, the Group is an active and experienced participant of the bank financing market for assets related to operation on the renewable energy market (project finance).

## 02. Significant events impacting the activity of the Group, its financial position and performance achieved in the given year, which took place after the reporting date, until the preparation date of the consolidated financial statements

2024 was the year of dynamic growth in the key business area of R.Power Group, which was directly reflected in the financial results and the balance sheet position. The consolidated revenues of the Group reached PLN 407.5 million, namely a year-to-year increase of 29.7%, mainly thanks to the increased activity in the IPP area and in the EPC and O&M segments. The increased power installed by the Group in Poland and in Portugal contributed to the increased volume of sold electricity, while the continued growth of the RES market in Europe allowed a progress in sales revenue from construction and other services.

The key financial data of the Group were as follows (in PLN million):

Simplified result sheet	Year ended 31 December 2024		Year ended 31 December 2023		Change	Percentage change (%)	
<b>Sales revenue, including:</b>	<b>407.5</b>		<b>314.1</b>		<b>93.3</b>	<b>30%</b>	
Sales of construction services - photovoltaic farms and systems, leasing services	249.3		202.2		47.1	23%	
Energy sales	138.0		89.2		48.8	55%	
O&M service sales	19.0		15.0		4.1	27%	
Other sales	1.2		7.8	-	6.6	-85%	
<b>EBITDA, including:</b>	<b>128.5</b>		<b>95.2</b>		<b>33.2</b>	<b>35%</b>	
Asset rotation (M&A)	18.5		11.3		7.3	64%	
<b>Depreciation</b>	-	<b>38.9</b>	-	<b>19.1</b>	-	<b>19.8</b>	<b>104%</b>
<b>Result from financial operations</b>	-	<b>162.4</b>	-	<b>176.6</b>		<b>14.3</b>	<b>-8%</b>
Debt servicing costs	-	134.6	-	116.8	-	17.7	15%
Financial revenue		14.2		11.3		2.8	25%
Currency exchange rate difference	-	5.8	-	30.8		25.0	-81%
Costs of sold receivables	-	36.2	-	40.3		4.1	-10%
<b>Other result items</b>	-	<b>17.5</b>	-	<b>3.6</b>	-	<b>21.1</b>	<b>-582%</b>
<b>Net result</b>	-	<b>90.3</b>	-	<b>96.9</b>		<b>6.6</b>	<b>-7%</b>

Assets	31/12/2024		31/12/2023		Change	Percentage change (%)
<b>Fixed assets, including:</b>	<b>2,490</b>		<b>1,939</b>		<b>551</b>	<b>28%</b>
<b>Assets related to photovoltaic farms</b>	<b>2,182</b>		<b>1,682</b>		<b>500</b>	<b>30%</b>
Photovoltaic farms released for use	1,334		643		691	108%
Photovoltaic farms and other RES projects under construction and development	848		1,040		-191	-18%
<b>Goodwill</b>	<b>183</b>		<b>128</b>		<b>55</b>	<b>43%</b>
<b>Other fixed assets</b>	<b>125</b>		<b>129</b>		<b>-4</b>	<b>-3%</b>
<b>Current assets, including:</b>	<b>707</b>		<b>691</b>		<b>16</b>	<b>2%</b>
Cash and its equivalents	453		382		71	19%
Receivables	153		218		-65	-30%
Other current assets	101		91		10	11%
<b>Total assets</b>	<b>3,198</b>		<b>2,631</b>		<b>567</b>	<b>22%</b>

Liabilities	31/12/2024	31/12/2023	Change	Percentage change (%)
<b>Equity</b>	<b>761</b>	<b>592</b>	<b>169</b>	<b>28%</b>
<b>Financial obligations</b>	<b>2,101</b>	<b>1,752</b>	<b>349</b>	<b>20%</b>
Loans	1,218	1,124	94	8%
Bonds	751	454	297	66%
Other financial obligations	131	174	-43	-25%
<b>Other obligations</b>	<b>336</b>	<b>286</b>	<b>50</b>	<b>18%</b>
Obligations related to the purchase of products and their components	129	111	18	17%
Trade payables	70	49	21	42%
Construction agreement settlements	54	70	-16	-23%
Other non-financial obligations	83	56	27	48%
<b>Total liabilities</b>	<b>3,198</b>	<b>2,631</b>	<b>567</b>	<b>22%</b>

The Group continued its strategy of own power plant portfolio growth in the IPP area. New farms with the power of 185 MWp were commissioned in 2024 (an installed power increase of 48% y/y), which generated an increase of the produced electricity by 84%, despite the significant forced reduction in photovoltaic source generation in Poland. Due to the shift in the market environment and the increasing cost of PV profile, the average sales price per MWh decreased by 19%. The revenue of R.Power from energy sales in 2024 increased by 55% y/y, up to PLN 138 million. In order to limit the revenue fluctuations in the future, the company has been implementing an active policy regarding sales volume securing related to the following years. Long-term Power Purchase Agreements (PPA) were signed in 2024, securing the price for approximately 1,400 GWh of energy over a period of 10 years, including first foreign agreements of this type (Portugal). The Group has also effectively participated in RES auctions in Poland and Romania, as well as in the auctions of the power market for the supply year 2029, supporting the growth of the new, strategic area in the Group's business activity, namely energy storage. The Group has also recorded a proportional increase in operating costs, achieving an EBITDA increase in the IPP area by ca. 48%.

The asset rotation strategy resulted in project sales in Poland (72 MWp), obtaining profit of PLN 18.5 million, 64% higher y/y.

The Nomad segment (EPC and O&M) has indicated an increased activity related to the services provided both to the Group and to third party customers, with a significant share in the improved result. In particular, the EBITDA result (excluding activity for own purposes) has improved thanks to the signed agreement for construction of four PV systems with the total power of 32 MWp on the Polish market, influencing the increased business scale and improved operating profitability. In 2024, the Group has effectively controlled the EPC segment costs, resulting in their increase being proportional to the increasing revenue.

The Quanta segment (leasing services and construction of photovoltaic systems for industrial customers) maintained the achieved sales levels and EBITDA on a stable level. In 2024, the revenue was PLN 152 million, namely a decrease of 3% compared to the previous year (PLN 156 million). At the same time, the EBITDA result significantly increased, by 49%, indicating improvement of the operating efficiency and profitability of the executed projects.

The change to the project portfolio structure was the main factor influencing this improvement. The share of large projects significantly increased during the discussed period, while the share of micro installations decreased. Large projects are characterised by higher profit margins and more advantageous cost to revenue ratios.

Additionally, the execution of a range of installation projects for discount supermarket stores had a significant impact on the result. These projects were characterised by high repeatability of technical and organisational solutions, which enabled significant optimisation of fixed costs utilization and improved operating efficiency.

The total activity in all the areas mentioned above enabled the EBITDA increase by 35% y/y, reaching the level of PLN 128.5 million.

The Group has maintained the high rate of investment growth in 2024, which led to the increase of the balance sheet amount by 22%, up to PLN 3.2 billion (including 2.2 billion in tangible fixed assets). The significant increase of the value of tangible fixed assets (+PLN 502 million) was directly related to the execution of new PV farm projects, energy storage projects and takeovers of projects for further development, with the power of 316 MWp, including 24.1 MWp in Portugal. A joint venture agreement for the development of a PV project portfolio was also signed with Elawan Energy S.L.U., with the power of up to 2 GWp in Italy.

The equity increased by PLN 168.6 million to PLN 760.9 million, mainly thanks to the increase of the share capital as a part of the execution of the investment agreement of 2023, signed with 3S Ra Holdings S. à R.L., with the European Bank for Reconstruction and Development (EBRD) and the purpose-specific company of Fundusz Trójmorze (3SIF - Three Seas Initiative Investment Fund) being shareholders. At the same time, financial obligations resulting from the issuance of bonds (an increase of PLN 297.5 million) increased (+PLN 348.5 million) and new debt financing was obtained (a debt increase of PLN 93.8 million, including repayments). The result from financial activities is correlated with the debt increase (an increase of PLN 18 million, 15% y.y), however, the smaller impact of currency exchange rate differences (an improvement of PLN 25 million) and financial revenue from revaluation and efficient management of cash surpluses allowed this to be partially compensated and the negative result from financial activities to be decreased by 8%.

The events indicated above, both operating and financial in nature, had a significant impact on the increased scale of Group activity and its preparation for further expansion in key European countries. The implemented investments, M&A transactions, new long-term contracts and capital access reinforced the business foundations of R.Power and are the basis for continued growth in future periods.

### 03. Predicted Group growth

The strategic objective of the Group is to become the leader in the renewable energy sector in the selected European markets. The Group wants to put particular emphasis on increased activity in the IPP area (independent power production) by significantly increasing the value of own, operational photovoltaic power plant portfolio in Poland and on foreign markets. The technology hybridisation is an important element of the Group's strategy, which should be reflected in investments in energy storage solutions and wind farms as a part of the so-called 'cable pooling' in the existing photovoltaic power plants.

#### 04. Key achievements in research and development

The Group does not carry out separate works in the field of research and development. The efforts of the Management Board are focussed on business optimisation and its improved efficiency as the consequence.

#### 05. Current and foreseen financial situation.

The financial result over the period of 12 months ended on 31 December 2024 yielded a net loss of PLN 90.3 million. As of 31 December 2024, the equity was PLN 760.9 million. The carrying amount of assets and liabilities at 31 December 2024 was PLN 3.2 billion.

During the next year, the Management Board of the Parent Company plans to increase the revenue levels and to improve profitability. The Management Board does not see threats to the ability to meet the obligations of the Group companies. All obligations are processed continuously, as per the contractual conditions.

#### 06. Own shares

As at the balance date and as at the financial statements approval date, none of the Group companies holds its own shares.

#### 07. Branches (sites) owned by the Group

None of the Group companies has branches (sites).

#### 08. Financial instruments

The relevant information is presented in the consolidated financial statements, in note 36 concerning additional information and explanations.

#### 09. Assumed going concern

The Management Board of the Parent Company did not find any facts and circumstances which could indicate a threat to the possibility of business continuity by Group companies, over a period of at least 12 months following the balance date, as a result of intended or forced cessation or significant limitation of its prior business activity.

The escalation of conflict between Ukraine and Russia, however, which led to Russia invading Ukraine with its military on 24 February 2022, is currently one of the biggest challenges for the societies and economies around the world. As at the date on which these consolidated financial statements were prepared, the aforementioned conflict is ongoing and it is impossible to predict its end date.

In 2025, the United States of America have intensified its protectionist efforts by raising customs tariffs and announcing their further increases, also increasing the volatility on international markets.

These factors may have negative impact on the economic situation in Poland, including foreign currency exchange rates and interest rate levels, liquidity, supply chains and the deterioration of general social mood. This may lead to a significant, negative impact on the financial and operating situation of the Group, the effect of which is currently difficult to predict. The Management Board of the Parent Company continues to monitor the current situation and is ready to take actions intended to ensure uninterrupted, continued business activity.

## 10. Key threats and risks, which are significant to the assessment of the ability to meet obligations related to issued debt securities according to the Parent Company as the Issuer

As a part of its business, R.Power Capital Group identifies a range of risks which may severely impact its financial and operational situation, the ability to implement strategies and meeting obligations resulting from the issued debt securities.

### 10.1. Strategic and operating risks

The Group is implementing an ambitious strategy of business growth as an independent producer of renewable energy in Poland and on foreign markets. This requires efficient coordination of many parallel processes - from project development, through financing, construction and operating management, to the possible sales of assets. The risk of not achieving the assumed strategic objectives is related to unpredicted administrative barriers, delays in schedule implementation and changes to the market environment. Incorrect situation assessment may lead to erroneous investment decisions and hamper the growth rate.

### 10.2. Financial and structural risks

The Group finances its projects in the project finance model, via specific-purpose vehicles, the debt of which is secured with their own assets. This means a limited or non-recourse financing - ability to recover from the assets of the Parent Company by the debtor. Issues with timely project execution or achieving the assumed cash flows may lead to violations of loan agreements, which in turn poses the threat of securities being enforced by the banks and the loss of investment value. Additionally, the valuation of projects for the purpose of investment and sales carries the risk of incorrect assumptions related to costs, schedules or technical parameters.

### 10.3. Market and regulation risks

Electricity markets are characterised by high price volatility, which depends on the energy policy, regulatory interventions (e.g. maximum prices) and the supply-demand balance. Group projects are exposed to the risk of decreasing revenue in the case of unfavourable changes to the legal environment. Currency exchange rate fluctuations, in particular those of EUR and USD against PLN, influence the costs of investment in technological components and may decrease the profitability of projects denominated in foreign currencies. The changing

regulations, in particular those applicable to licences, taxes and construction law, may also result in additional costs or delays.

#### 10.4. Macroeconomic and geopolitical risks

Economic uncertainty, rising interest rates and inflation may limit the availability of external funding and deter investors from purchasing RES projects. Global turbulences, such as war in Ukraine or the aftermath of the COVID-19 pandemic, may have negative impact on supply chains and component costs. Additionally, the increasing competition on the renewable energy market - including that of foreign capital groups - may limit the accessibility of attractive locations to the Group and exert price pressure.

#### 10.5. Technical and environmental risks

Implementation and operation of PV farms is related to the risk of technical malfunctions, equipment degradation and delays in connection to the grid. Components used in investments (modules, inverters, energy storage units) have limited lifetime and are susceptible to malfunctions and weather conditions. Natural disasters or long-term adverse weather conditions (low productivity) may result in worse financial results of projects, and in some cases - lead to temporary suspension of activity. The Group enters into servicing and insurance agreements, but some risks may not be covered by insurance.

The Group implements risk control and management systems which include due diligence for projects, technical and environmental risk assessment, use of standard draft agreements and continuous monitoring of the legal environment. Despite the undertaken actions, complete elimination of risks is impossible and their materialisation may have negative impact on the implementation of strategy and payments of liabilities of the Issuer.

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