

Capital Group

R. Power

Statement of the Management Board on the operation of the Capital Group for the 6-month period ended 30 June 2025

TRANSLATION ONLY

01. Basic information about the Parent Company and the Group

R.Power Spółka Akcyjna (the '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.

Changes in the composition of the Capital Group are presented in Additional information and explanations, point 2. to the consolidated financial statements.

R.Power is a leading independent renewable energy producer in Poland, also developing its operations in Romania, Italy, Portugal, Spain and Germany. As a multi-technology company, R.Power specialises in the development of photovoltaic projects, energy storage facilities (BESS - Battery Energy Storage Systems) and wind projects.

The Group operates across the entire value chain of the renewable energy market segments, which include:

- (i) the development of large-scale photovoltaic, wind and energy storage projects to the "ready-to-build" stage and their commercialisation through auctions and the conclusion of power purchase agreements (PPAs);
- (ii) general contracting for photovoltaic power plants (EPC - Engineering, Procurement & Construction) and photovoltaic installations for industry, FMCG and logistics;
- (iii) power plant servicing (O&M - Operations & Maintenance);
- (iv) production of energy from renewable energy sources (IPP - Independent Power Producer).

The company is currently developing a portfolio of over 32 GWp, including both PV assets and energy storage facilities, offering energy sales under PPAs. In addition to photovoltaic and wind farms and energy storage facilities, R.Power, through its subsidiary Quanta Energy, offers comprehensive solutions for the supply of renewable energy to industrial customers, companies and institutions – from energy audits and technical and legal analyses, through the process of obtaining permits, to the financing of investments and their construction.

Furthermore, as an investment entity, the Group is an active and experienced participant in the market for bank financing of assets related to renewable energy (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

In 2025, the R.Power Group prepared its consolidated financial statements in accordance with International Financial Reporting Standards for the first time, applying the principles set out in IFRS 1 "First-time Adoption of IFRS". As at the transition date, i.e. 1 January 2024, an IFRS opening balance sheet was prepared, including a full restatement of historical data and disclosure of the main differences compared to the reporting conducted in accordance with the Accounting Act. The Group took advantage of the permissible exemptions and exceptions provided for in IFRS 1, in particular those relating to the measurement of property, plant and equipment and the settlement of shares in subsidiaries. The purpose of adopting IFRS is to ensure the comparability of financial reports with other international entities, increase transparency and facilitate access to capital. The Management Board emphasises that the change in the basis of reporting does not affect the Group's fundamental development strategy, but improves the quality of information for investors and financing institutions.

In the operational and business area, the first half of 2025 was a period of further growth in installed capacity for the R.Power Group, with an increase of 44 MWp, or 8% compared to 31 December 2024. By the end of the financial year, a further 191 MWp of installed capacity is expected to be commissioned, reaching a level of 805 MWp, including over 20 MWp of operational photovoltaic power plants in Romania.

The Group's consolidated revenues reached PLN 207.7 million, an increase of 1% y/y, mainly due to higher activity in the areas of IPP, development and O&M, with a simultaneous significant decline in the EPC segment. The increase in installed capacity by the Group in Poland and Portugal contributed to an increase in the volume of electricity sold, and the partnership agreements signed in 2024 allowed for significant revenue from development services.

The Group's key financial data, restated in accordance with the requirements of International Financial Reporting Standards, were as follows (in millions of PLN):

Simplified profit and loss account	6-month period ended 30 June 2025	6-month period ended 30 June 2024	Change	Percentage change (%)
Revenue from sales, including:	207.7	206.1	1.6	1%
Sales of construction services - photovoltaic farms, installations, and leasing services	97.7	127.9	- 30.2	-24%
Energy sales	83.5	68.1	16.4	23%
O&M services sales	14.1	10.0	4.0	40%
Other sales	12.4	0.1	11.3	21773%
EBITDA	46.6	61.3	-14.8	-24
Depreciation	- 32.1	- 23.1	- 9.0	39%
Net financial costs	- 58.5	- 48.6	- 9.9	20%
Other income items	20.1	0.6	19.6	4722%
Net result	- 23.8	-9.9	-13.9	139%

Assets	30 June 2025	31 December 2024	Change	Percentage change (%)
Fixed assets, including:	3,120	2,856	265	9%
Assets related to photovoltaic farms	2,921	2,703	218	8%
Photovoltaic farms commissioned	1,627	1,516	111	7%
Photovoltaic farms and other renewable energy projects under construction and development	1,080	982	97	10%
Assets under right of use	214	204	10	5%
Other fixed assets	106	75	31	41%
Other fixed assets	93	77	16	20%
Current assets, including:	671	662	9	1%
Cash and cash equivalents	373	381	-8	-2%
Receivables	167	165	2	1%
Other current assets	131	115	16	14%
Total assets	3,791	3,517	274	8%

Liabilities	30 June 2025	31 December 2024	Change	Percentage change (%)
Equity	854	883	-29	-3%
Financial liabilities	2,589	2,266	323	14%
Loans and borrowings	1,414	1,319	95	7%
Bonds	958	744	214	29%
Other financial liabilities	217	203	14	7%
Other liabilities	348	368	-20	-5%
Liabilities related to the acquisition of projects and their components	85	129	-44	-34%
Trade payables	55	77	-22	-28%
Other non-financial liabilities	208	162	47	29%
Total liabilities	3,791	3,517	274	8%

Profit and loss statement

In the IPP area, the Group continued its strategy of expanding its portfolio of own power plants, which translated into a 44% increase in the volume of electricity generated, despite a significant forced reduction in photovoltaic generation on the Polish market. Due to changes in the market environment and the rising cost of PV production, the average selling price per MWh fell by 28%. R.Power's revenue from energy sales in the first half of 2025 increased by 23% y/y to PLN 84 million. In order to reduce revenue volatility in the future, the company pursued an active policy of securing sales volumes for the coming years. In the first half of 2025, long-term Power Purchase Agreements (PPAs) were signed to secure the price for approximately 57 MW, including foreign agreements (Romania). In addition, the Group successfully participated in the RES auction in Germany.

At the same time, the Group recorded an increase in operating costs related to the increase in installed capacity and the indexation of fixed costs, achieving an EBITDA growth in the IPP area of approximately 21% in 2025.

In 2024, the Group developed structures responsible for project development, in particular wind farms and energy storage facilities to the "ready-to-build" stage, general contracting and management of assets already producing energy (IPP segment). In the first half of 2025, the full effect of last year's team expansion was observed in the form of a 54% increase in costs. In the first half of 2025 alone, employment grew at a much slower pace, showing an increase of 15%.

The Nomad segment (EPC and O&M) continued to implement EPC projects both in Poland and on foreign markets. Nomad acquired new contracts and began work on its first hybrid installation, combining a PV farm with energy storage. The Group also expanded its range of services to include wind turbine servicing, which will support the diversification of revenue sources. The continuing high level of the contracted project portfolio provides a solid basis for further growth in the scale of operations and the achievement of stable results in subsequent periods. In the first half of 2025, however, the segment's results were affected by delays in the commencement of a number of contracted projects, the financial effects of which will be visible in the second half of 2025 and in 2026, which caused the Nomad segment's result to deteriorate by PLN 14.5 million at the consolidated level compared to the same period of 2024.

The Quanta segment (leasing and construction of photovoltaic installations for industrial customers) maintained a stable level of revenue and EBITDA, while demonstrating high flexibility in adapting its sales structure to market conditions. In the first half of 2025, revenues amounted to PLN 62 million, which corresponds to an increase of 14% compared to the same period last year. The key change was an increase in sales to grocery discount chains, which largely replaced the micro-installation segment. Growth in this area allowed the company to maintain positive results while implementing a schedule of large projects, which are expected to be completed in the fourth quarter of 2025.

Overall, the effects in all these areas resulted in a 24% y/y decline in EBITDA to PLN 46.7 million.

Statement of financial position

In 2025, the Group maintained a high pace of investment growth, which led to an 8% increase in the balance sheet total to PLN 3.8 billion (including PLN 2.9 billion in tangible fixed assets). The significant increase in the value of fixed assets (+PLN 265 million) was largely directly related to the implementation of new investments in PV farms, energy storage facilities and the acquisition of projects for further development (+PLN 218 million). In 2025, photovoltaic power plants with a capacity of 44 MWp were commissioned, and a further 323 MWp are under construction. The Group plans to commission an additional 191 MWp by the end of the year.

Equity decreased slightly by 3% to PLN 854 million. At the same time, financial liabilities increased (+PLN 323 million) as a result of the bond issue (an increase of PLN 214 million) and the acquisition of new debt financing (an increase in debt of PLN 95 million, including repayments). During the period under review, the Group partially repaid its financial liabilities to shareholders in the amount of PLN 35.5 million.

The above events, both operational and financial, contributed significantly to increasing the scale of the Group's operations and strengthening its further expansion in key European markets. The investments made, M&A transactions, new long-term contracts and capital raised have strengthened the business foundations of the R.Power Group, creating a solid basis for continued growth in the coming periods.

03. Anticipated development of the Group

The Group's strategic goal is to become the leader in the renewable energy sector in selected European markets. The Group intends to place particular emphasis on growing its activities in the area of IPP (independent power production), significantly increasing the size of its portfolio of own, operating photovoltaic power plants in Poland and on foreign markets. An important element of the Group's strategy is technology hybridisation, which will be reflected in investments in energy storage facilities and wind farms as part of so-called "cable pooling" in existing photovoltaic power plants.

R.Power is expanding its activities in the field of energy storage on European markets. BESS (Battery Energy Storage Systems) currently occupy a key place in the development plans, accounting for 17.5 GW of the total project portfolio of 32 GW. This confirms the growing importance of flexible and low-carbon solutions in the energy transition.

The company is running BESS projects simultaneously in six markets: Poland, Romania, Germany, Italy, Spain and Portugal. R.Power is developing both stand-alone energy storage facilities and hybrid installations connected to photovoltaic farms. The first integrated project has already been completed in Poland, paving the way for further integration of renewable sources into the grid infrastructure.

The potential of the energy storage market in Europe is significant, but still largely untapped. According to SolarPower Europe data, by 2029, the total capacity of installed storage facilities in Europe will increase sixfold to almost 120 GWh per year. Nevertheless, the total capacity (400 GWh by the end of the decade) will still be below the level required to ensure flexibility in a renewable energy-based energy system.

As one of the largest independent renewable energy producers in the region, R.Power continues to develop projects in line with its IPP (Independent Power Producer) strategy, responding to the growing needs of the energy transition in Europe.

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 for the six-month period ended 30 June 2025 showed a net loss of PLN 23.8 million. Equity as at 30 June 2025 amounted to PLN 854 million. The balance sheet as at 30 June 2025 showed a balance sheet total of PLN 3.8 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 statement's 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.

Przemysław Pięta

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Tomasz Sęk

– Member of the Management Board

Klaudiusz Kalisz

– Member of the Management Board

Rafał Kozłowski

– Member of the Management Board

Marcin Pajewski

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