

Significant improvement of Polenergia's results

Polenergia S.A. (“Polenergia”), the largest Polish private, vertically integrated energy group, presented a consolidated report for the first six months of 2020. Adjusted EBITDA approximated PLN 148 million, whereas adjusted net profit was at PLN 69 million. This means an increase by 16% and by 34%, respectively in comparison to an analogous period of the last year.

- **PLN 148 million of adjusted EBITDA in the first half-year of 2020 (growth by 16% y/y);**
- **PLN 69 million of adjusted net profit in the first half-year of 2020 (growth by 34% y/y);**
- **41% of adjusted EBITDA margin in the first half-year of 2020 (excluding the trading and sales segment);**
- **40% of gross productivity of wind farms in the first half-year of 2020;**
- **437 GWh of record gross production of energy in the on-shore wind farm segment;**
- **159 MW of on-shore wind farm projects under construction and 27 MW prepared for construction;**
- **238 MW of photovoltaic project capacity at an early stage of development;**
- **Pursuance of the new strategy reinforces Polenergia’s position among leaders of the Polish RES market;**
- **Strong resilience to the unfavourable macro-economic environment caused by the COVID-19 epidemic.**

In the first two quarters of 2020, Polenergia accomplished a significant improvement of results, primarily on account of high productivity of wind farms, higher sale prices of electricity and green certificates and improvement of results in commercial operation. The COVID-19 epidemics has not, so far, exerted a significant impact on the financial results, even though a drop in the domestic demand for electricity has been noted, which was caused by reduced consumption of electricity in production plants and commercial centres. The quality of Polenergia’s assets and decisions made with respect to securing sale prices in generation assets have not exposed the Group to the adverse effects of the crisis caused by the pandemic.

“So far, Polenergia has been manifesting strong resistance to the adverse macro-economic conditions caused by the COVID-19 epidemic. High financial results worked out in 2020, also including the second quarter, indicate that the partial freezing of the Polish economy has not significantly affected the operation of the Group's companies. More importantly, pursuance of Polenergia's new strategy is progressing without any major disruptions. Our results are driven by the wind energy sector which in this and in the next year will remain largely resistant to the ongoing

volatility of electricity prices. In the 2020 perspective, it will play an even more important role due to a material increase in the installed capacity of this segment by 75%, up to 435 MW,” says Michał Michalski, Ph.D., President of the Management Board of Polenergia.

In relation to acknowledgement of Polenergia's Strategy for 2020-2024 in May this year by the Supervisory Board, the Group has defined a new division of areas of operation into operational segments. The on-shore wind farm segment recorded an increase in the first half-year of 2020 with respect to the EBITDA result by PLN 34 million to PLN 127.3 million as compared to the last year. The trade and sales segment recorded EBITDA result on the level of PLN 10.6 million, the distribution segment at PLN 7.9 million, the segment of gas and clean fuels at PLN 7.0 million, whereas the photovoltaic segment at PLN 1.3 million. This means that the adjusted EBITDA result in the reported period soared by PLN 19.9 million to PLN 147.7 million. The adjusted EBITDA result excluding the segment of trade and sales (this segment is characterised by a relatively low individual margin with a very high transaction volume) went up by 1.6 p.p. to 40.6%. The adjusted net profit grew by 34% y/y and reached the level of PLN 69 million. Sales revenues after six months of 2020 amount to PLN 822 and are lower in comparison to the previous year primarily due to lower revenues in the segment of trade and sales, partially compensated by higher revenues in the segment of on-shore wind farms.

From January to June 2020, Polenergia's wind farm produced record-breaking 437 GWh of electricity, whereas their productivity reached 40%. The Mycielín Wind Farm is the leader; in this period, its productivity reached a record level of 51%.

Polenergia has embarked on implementation of its five-year development strategy. In July, construction of the largest project in history was started: the Dębsk Wind Farm with the capacity of 121 MW. Performance of the Szymankowo project with the capacity of 38 MW is carried out without major disruptions, whereas the Kostomłoty project with the capacity of 27 MW is prepared for the start of construction. Participation of the Piekło Wind Farm Project with a total capacity of 13 MW in the next RES auction is also not excluded. Subsequent photovoltaic projects with a total capacity of 27 MW are also prepared for the auction, and the remaining photovoltaic projects with the capacity of 238 MW are at an early stage of development. In parallel, development work is carried out in the segment of gas and clean fuels. A letter of intent has been signed with respect to potential cooperation in area of development of gas co-generation and hydrogen technology projects with Siemens Gas and Power GmbH & Co. KG and Siemens Energy Sp. z o.o. The Group is also systematically expanding the scale of operation in the segment of trade and sales via development of the existing and new business areas, whereas in the segment of distribution, it is continuing performance of the approved investment plan for 2019 - 2022 with a total value of PLN 51 million.

Polenergia's strategic project implemented together with the Norwegian Equinor is construction of the first Polish off-shore wind farms on the Baltic Sea. The developed off-shore projects have terms of connection with a total capacity up to 3000 MW. The Group is holding dialogue with suppliers, yet the date of construction of Bałtyk II and Bałtyk III Off-Shore Wind Farms depends on the date of entry into force of a relevant regulatory system. The new draft of the off-shore act allows for

increasing the capacity of off-shore wind farms, which will be performed as part of the so-called first stage of support, from 4.6 GW to 5.9 GW. The Ministry of Climate announced the parliament's plan to adopt the so-called special purpose off-shore act by the end of this year.

Polenergia is the first Polish private energy group consisting of vertically integrated companies operating in the area of energy production from renewable and conventional gas sources, as well as distribution and trading of electric energy. The strategic project implemented by the Group is construction of wind farms in the Baltic Sea with a total capacity of 3000 MW. Gazeta Giełdy i Inwestorów "Parkiet" awarded the "Byk i Niedźwiedź" prize to Polenergia as the best company in the sWIG80 index in 2018. More information: www.polenergia.pl

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