

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



ONSHORE WIND FARMS



GAS AND CLEAN FUELS



DISTRIBUTION



TRADING AND SALES

POLENERGIA CAPITAL GROUP

Financial results for Q4 2020

March 2021


Program:

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01

Summary of key events 2020

Summary of 2020: Most important events (1/4)

Fact	 Effect/Comment
<ul style="list-style-type: none"> ▶ Stable operating activity of the Group 	<ul style="list-style-type: none"> ▶ The Group's EBITDA for the 12 months of 2020 amounted to PLN 256.8m. ▶ The quality of the Group's assets and the decisions made to hedge selling prices in the generation assets prevented the significant effect of COVID-19 pandemic on the Group's financial results. ▶ Higher sales prices of electricity and green certificates in 2020 in the Onshore wind farms segment allowed to achieve an EBITDA higher by 19% compared to the result for 2019. ▶ The Distribution Segment, most exposed to the direct impact of the COVID - 19 pandemic, shows stable results. The growing margin on electricity distribution compensates for the effect of the 10% decrease in sales volume compared to the same period last year. ▶ Effective measures to optimize the levels of long and medium-term hedging, trade optimization activities on the spot market and the consistent implementation of the strategy allowed for a 49% higher EBITDA in the Trading and sales segment compared to the result for 2019.
<ul style="list-style-type: none"> ▶ Adoption and consistent implementation of the Polenergia Group Strategy for the years 2020-2024 (1/2) 	<ul style="list-style-type: none"> ▶ Announcement of the Group's Strategy in May, in the middle of the first wave of the epidemic, and immediate commencement of consistent implementation thereof. ▶ Obtaining financing for a total amount of over PLN 1.1bn and commencing the construction of a portfolio of 3 wind farm projects. <ul style="list-style-type: none"> • Szymankowo: in connection with obtaining auction support for the project, an annex was entered into increasing the investment loan limit to PLN 171m and a VAT loan to PLN 27m. • Dębsk: entering into an investment loan agreement for the total amount of PLN 480m and a VAT loan of PLN 73m. • Kostomłoty: entering into an investment loan agreement for the total amount of PLN 125m and a VAT loan of PLN 25m. • Mansa loan for the amount of PLN 233m to secure a part of own contribution. ▶ Piekło wind farm project (with a total capacity of 13 MW) and photovoltaic farm projects of Sulechów II and Sulechów III (with a total capacity of 22 MW) and Buk I (with a total capacity of 7 MW) won the RES auctions conducted in November / December 2020.

Summary of 2020: Most important events (2/4)

Fact	 Effect/Comment
<ul style="list-style-type: none">▶ Adoption and consistent implementation of the Polenergia Group Strategy for the years 2020-2024 (2/2)	<ul style="list-style-type: none">▶ Hedging revenues from the capacity market in the auction for delivery in 2025. The main auction ended with a closing price of PLN 172.85 / kW / year. The total amount of the capacity obligation for ENS is 111 MW.▶ In the RES segment, a portfolio of wind farms with a total capacity of 186 MW is being built. Further renewable energy projects are under preparation.▶ On 29 January, 2020, the connection agreement for Morska Farma Wiatrowa I was entered into. According to the agreement, the total achievable capacity for the project was set at 1,560 MW.▶ Polenergia Dystrybucja obtained a bank loan in the amount of PLN 75.3m on the basis of an amending agreement to the loan agreement of 21 November, 2018 entered into by the Company with ING bank on 15 January, 2021. The financing will enable the implementation of the IV investment plan.▶ Continued implementation of the new strategy in the area of RES aggregation and energy sales to strategic customers in the Trading and sales segment.▶ Conclusion of a letter of intent on cooperation in the development of gas co-generation projects and hydrogen technologies with Siemens Gas and Power, Siemens Energy and Polenergia International.
<ul style="list-style-type: none">▶ Optimization of owned assets	<ul style="list-style-type: none">▶ Increasing hedge against the interest rate risk increase from 25% to 73% of the total debt at the end of 2020.▶ Conducting the refinancing of the Dipol and Krzęcin projects and expenditure on the construction of the Sulechów I project. Entering into loan agreements in the total amount of up to 31.8m (Dipol and Krzęcin) and disbursement of PLN 15.2m (Sulechów I).▶ Distributions from projects to the Headquarters in the amount of PLN 73m.▶ Carrying out the planned divestments of the Biomasa Wschód and Wińsko projects with a total revenue of PLN 1.8m.

Summary of 2020: Most important events (3/4)

Fact



Effect/Comment

- ▶ Advantageous regulatory environment

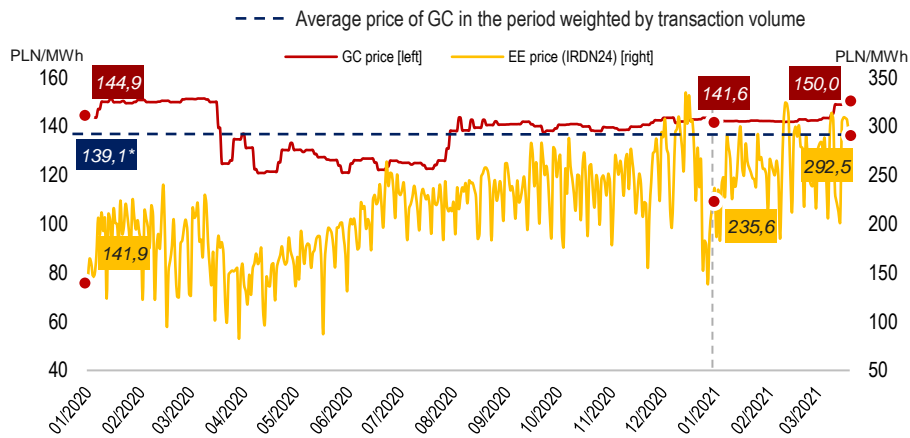
- ▶ The act on support for offshore wind energy entered into force. The adoption of the offshore act means the green light for the development of three wind farm projects in the Baltic Sea with a total capacity of 3 GW, in cooperation with Equinor.
- ▶ The government adopted the State Energy Policy until 2040. The Ministry of Climate informed, that in 2040 more than half of the installed capacity will constitute zero-emission sources. According to the government, the implementation of offshore wind energy into the Polish power system is to play a special role in this process.
- ▶ Inter-ministerial consultations on the draft Polish Hydrogen Strategy until 2030 with the perspective until 2040 were completed. The primary objective of the strategy will be the development of the Polish hydrogen economy, and the specific objectives will include support for developing hydrogen use in three priority areas of energy, transport and industry. The government's declarations fully comply with the adopted Group Strategy.
- ▶ RES auctions were carried out, specific auction volumes for 2021 were determined, and the extension of the auction system until 2027 was announced.
- ▶ Distance Act: Government officials announce the liberalization of the 10H principle.

Summary of 2020: Most important events (4/4)

Fact	Effect/Comment
<p>▶ Volatility of market prices of electricity and green certificates</p> <ul style="list-style-type: none"> • The forward contract for the delivery of electricity in 2022 was valued PLN 0.9/MWh more as at 31 December 2020 and PLN 43.8/MWh more as at 19 March 2021, compared to the beginning of 2020. • The prices of green certificates in the same period decreased by PLN 3.3/MWh (at the end of 2020) and by PLN 5.1/MWh (as at 19 March, 2021), respectively, compared to the beginning of 2020. 	<p>▶ The Group effectively reduces its exposure to the risk of a potential price drop by the successive hedging of energy and green certificates prices on the derivatives market.</p> <p>▶ The prices of green certificates were fully hedged for the expected production volume of wind farms in 2020, 2021 and 2022.</p> <p>▶ For the production of the majority of renewable generating assets portfolio, electricity selling price in 2020, 2021 and 2022 was hedged.</p> <p>▶ The hedging of electricity and green certificates prices for 2023 has also started.</p> <p>▶ In accordance with the SLA agreement between ENS and Polenergia Obrót, the optimal trading position of ENS for 2021 (electricity, gas and CO2 prices) and part of the volumes for the trading position for 2022 were secured.</p>
Fact	Effect/Comment
<p>▶ Distribution - lower sales volume</p>	<p>▶ Distribution volume in 2020 was lower by 10%, demand for energy reduced mainly in shopping malls and industrial zones.</p>

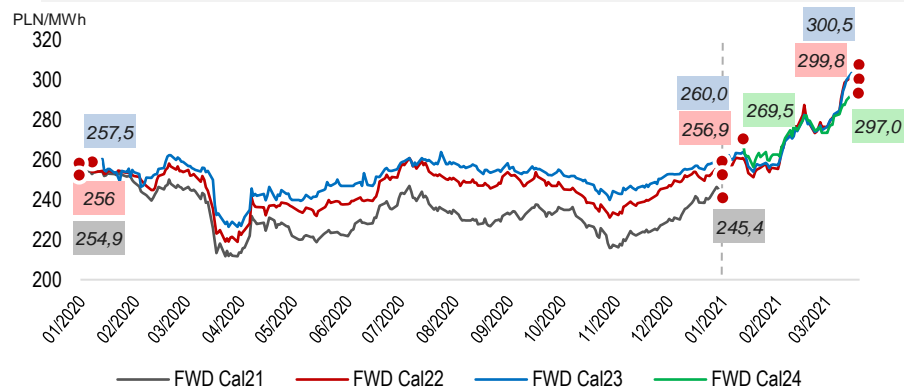
Key indexes and market prices

1 Prices of green certificates and electricity

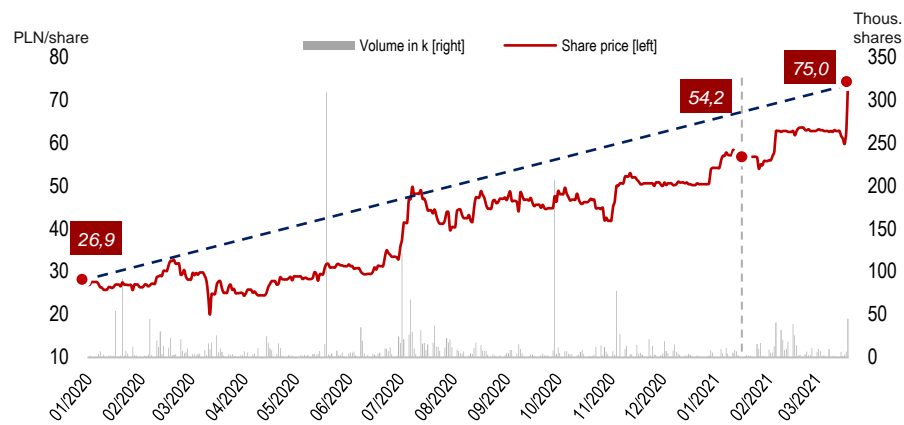


* The average price of GC weighted by transaction volume in the same period of the last year amounted to: PLN 134,2/MWh

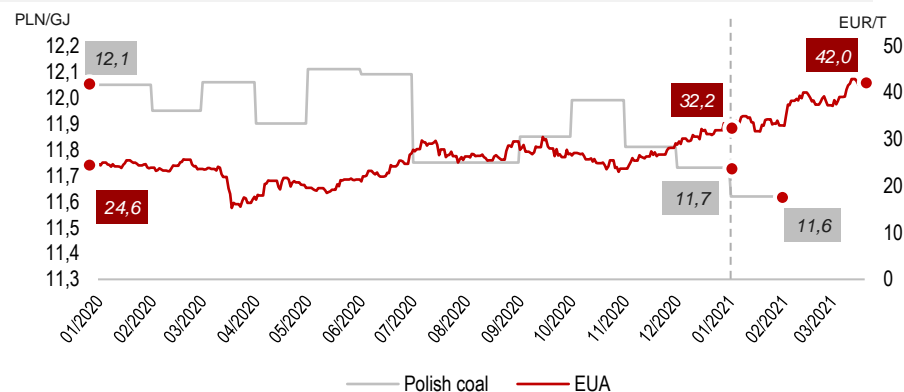
3 Forward prices of electricity



2 Quotations of Polenergia S.A. share prices



4 Quotations of prices of coal and CO₂ emission allowance in the Polish market



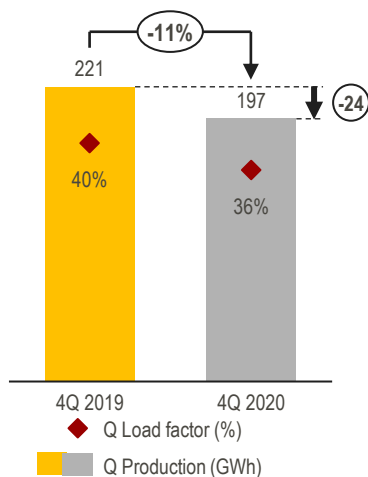
02

Summary of key operational parameters

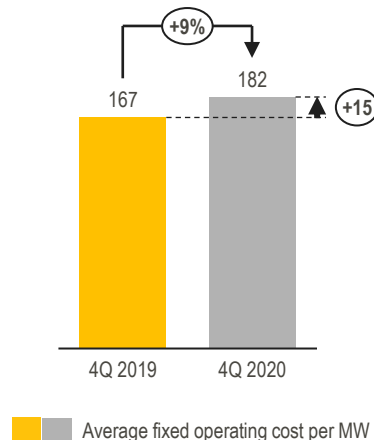
Summary of key operating parameters - Onshore wind farms

1 Production of onshore wind farms (gross) and LF%

Quarterly data

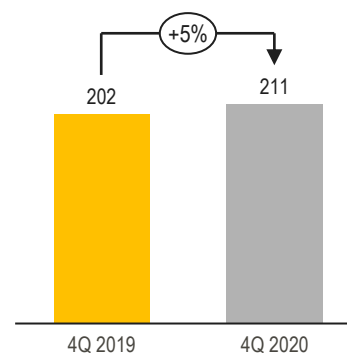


2 Average fixed operating cost per MW in onshore wind farms [kPLN/MW/year]

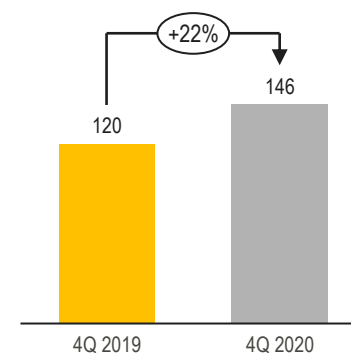


3 Average revenues per MWh (after balancing and profiling costs) at the Group level [PLN/MWh]

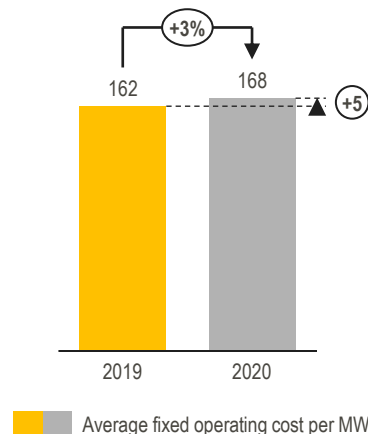
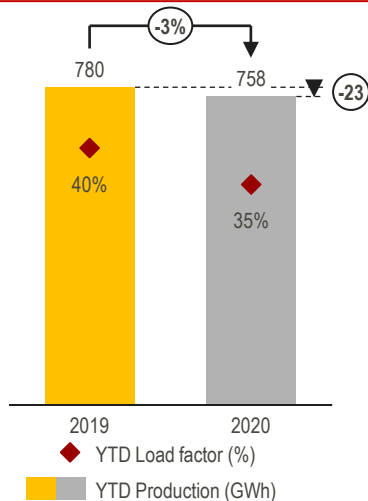
Electricity



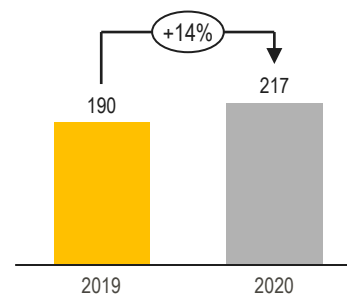
Green Certificates



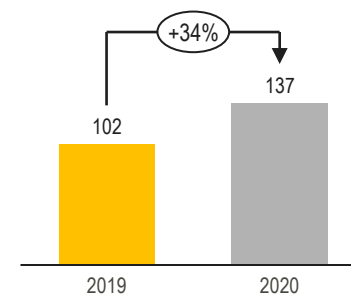
YTD data



Electricity

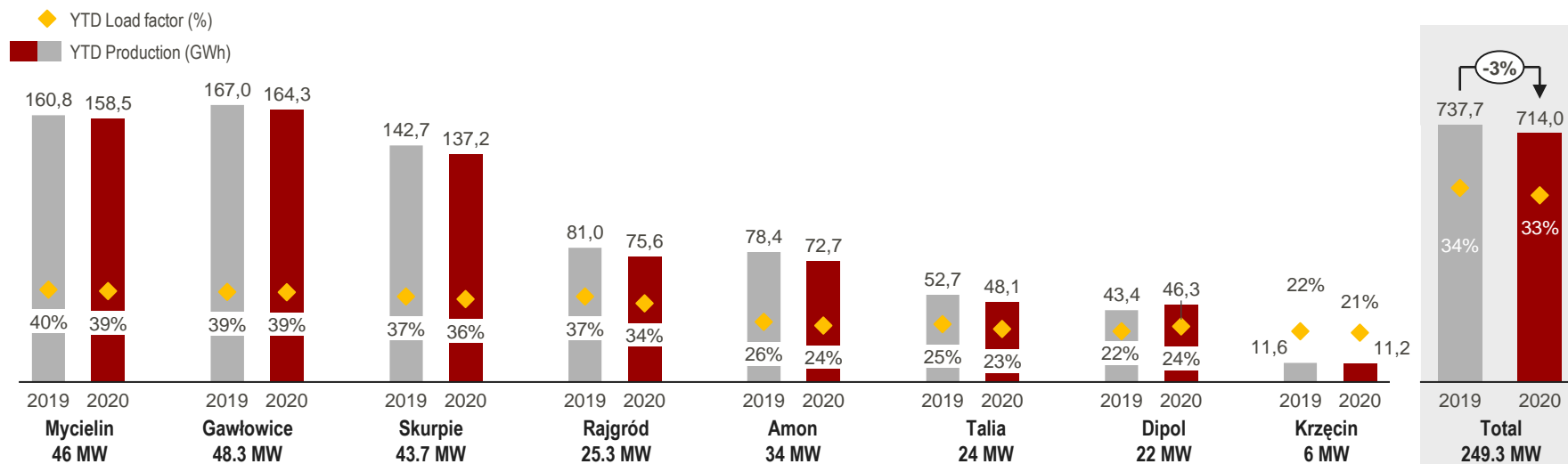


Green Certificates

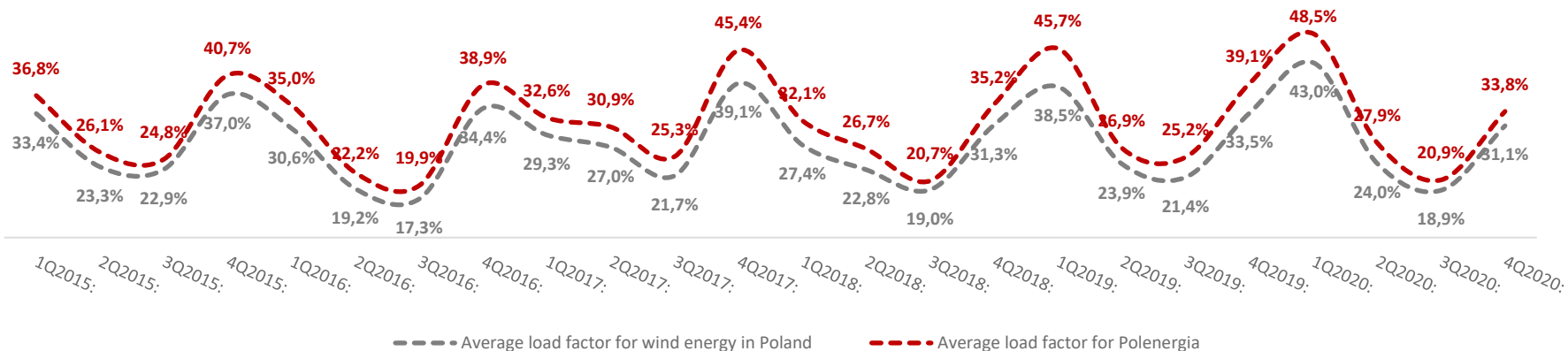


Summary of key operating parameters - Onshore wind farms

Production (net), YTD



Net productivity of Polenergia farms above the average*



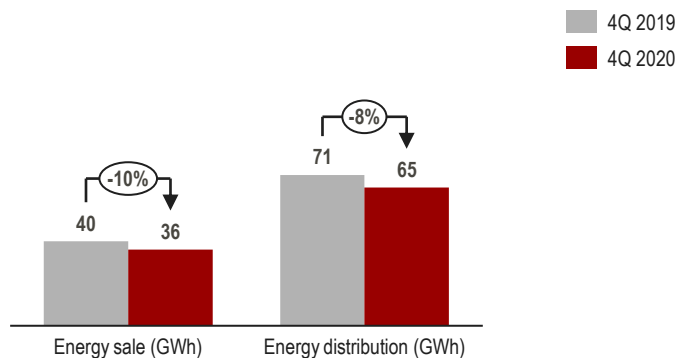
* Comparison based on net productivity (after own consumption and losses) due to the availability of sector data

APPLICATION OF MODERN TECHNOLOGIES, VERY GOOD LOCATION OF PROJECTS AND EXPERIENCED TECHNICAL TEAM ENABLE CONTINUOUS ACHIEVEMENT OF PRODUCTION LEVELS EXCEEDING THE MARKET AVERAGE.

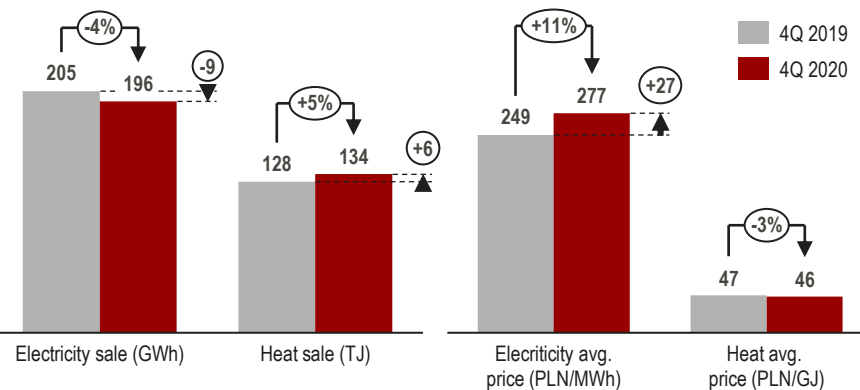
Summary of key operational parameters - Gas and clean fuels and Distribution

4 Distribution – sales [GWh]

Quarterly data



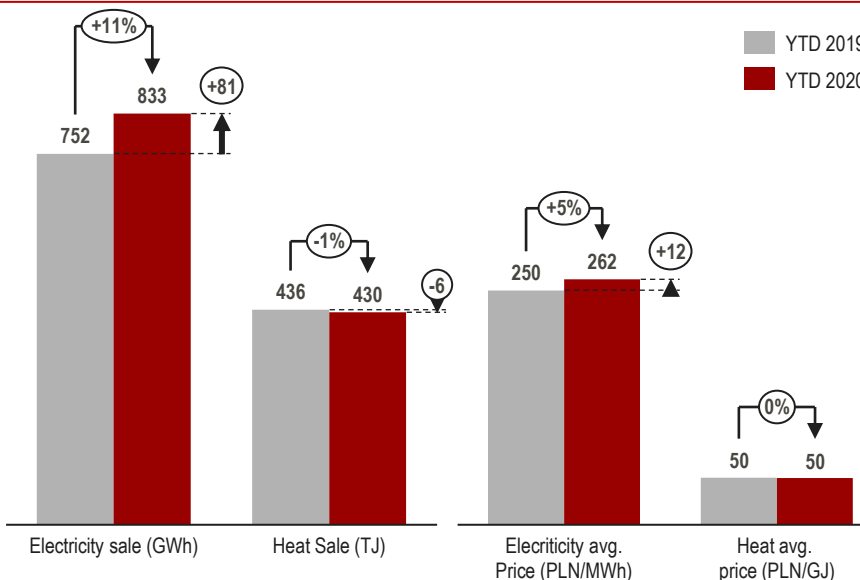
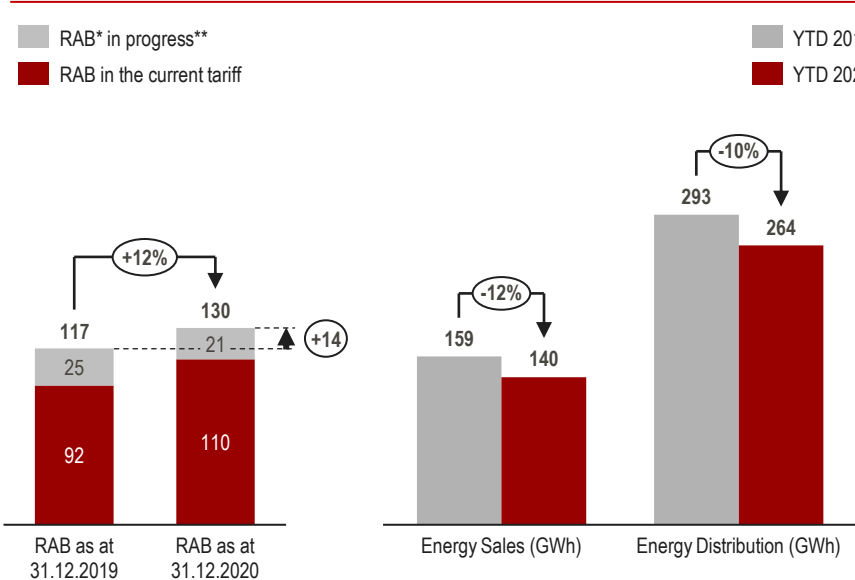
5 Gas and clean fuels – sales [GWh] and average prices [PLN/MWh]



YTD data

■ RAB* in progress**
 ■ RAB in the current tariff

■ YTD 2019
 ■ YTD 2020



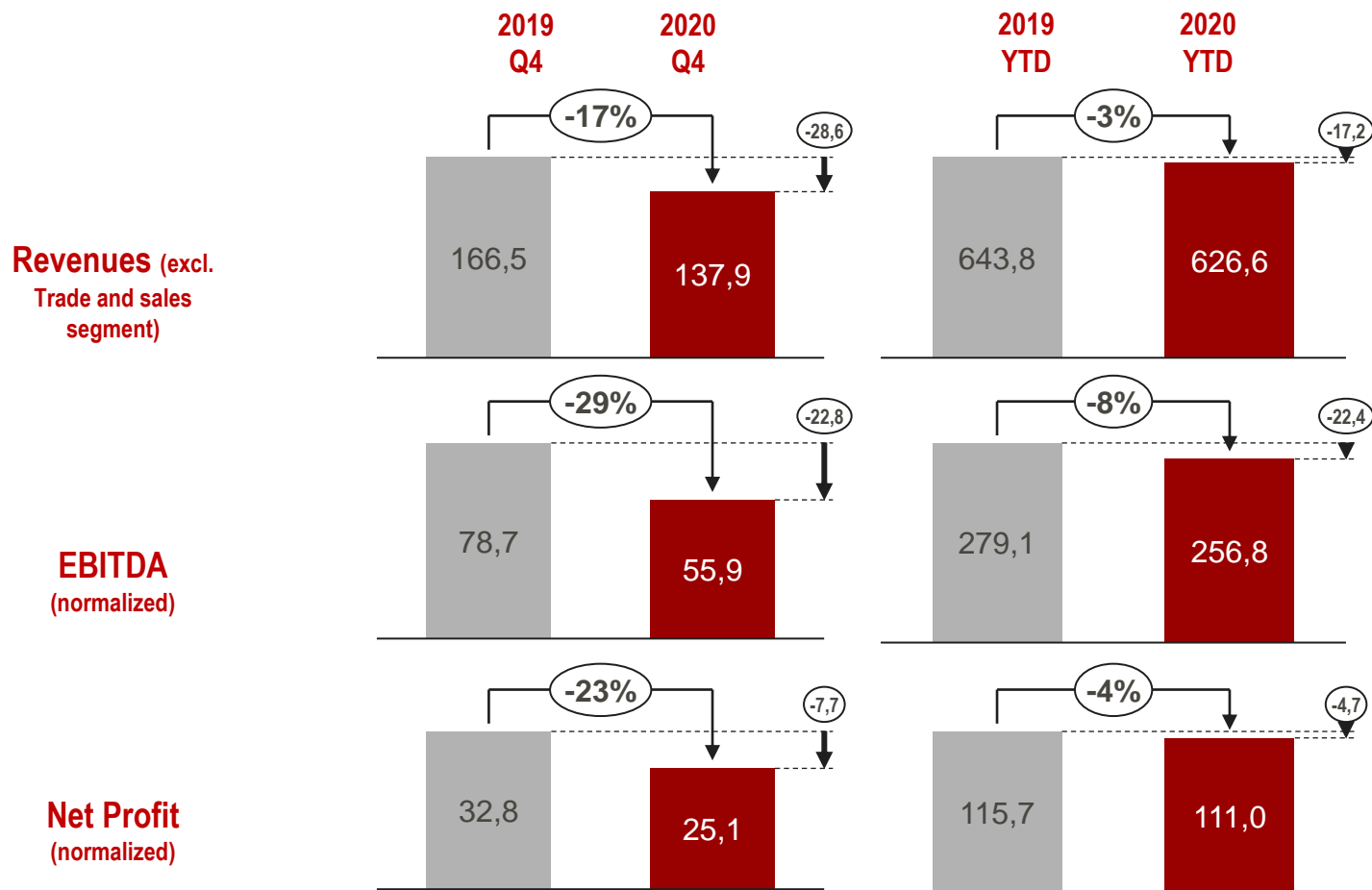
* regulatory value of assets - term explained in the glossary

** term explained in the glossary

03

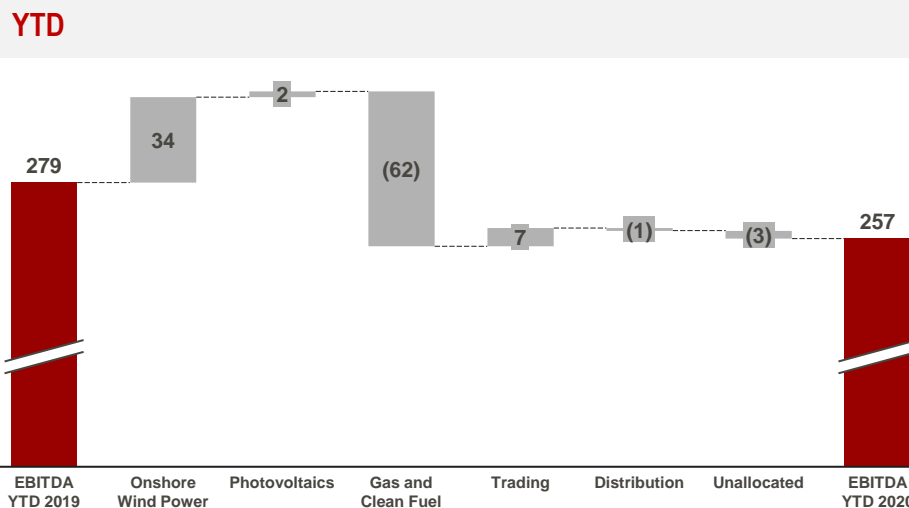
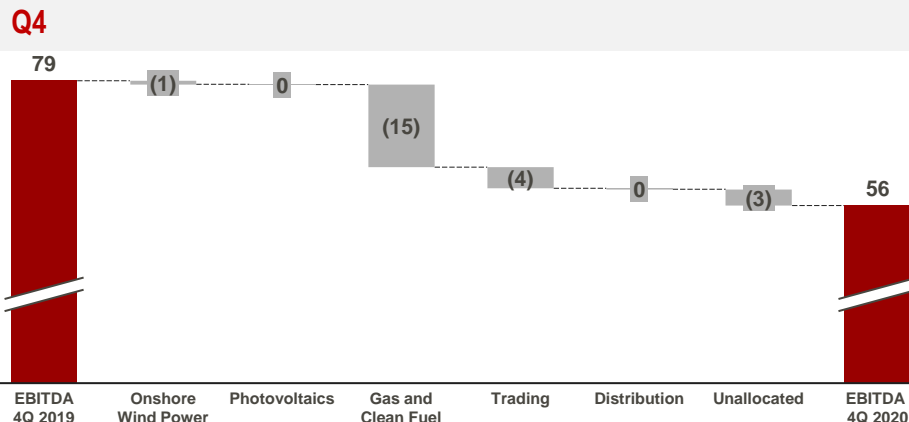
Financial results for Q4 2020

Financial results for Q4 2020



LOWER RESULT IN Q4 2020 DUE TO THE LACK OF REVENUES FROM GAS COST COMPENSATION AND LOWER REVENUES FROM STRANDED COSTS COMPENSATION IN GAS AND CLEAN FUELS SEGMENT.

EBITDA by operating segments*



Comments

Onshore wind farms: YTD: higher selling prices of electricity and green certificates partly offset by lower production volumes and higher costs of activity related to the development and construction of wind farms. Q4: lower production volume and higher operating costs related to the development and construction of wind farms partly offset by higher sales prices of electricity and green certificates.

Photovoltaic: Q4: result lower than in Q3 due to lower insolation (the lowest insolation during the year was in the Q4).

Gas and clean fuels: YTD Lower result is due to the lower revenues from compensation of gas costs (termination of the long-term contract for the purchase of gas) and lower revenues from stranded costs compensation (the end of the stranded costs compensation system in May 2020).

Trading and Sales: YTD: an increase in the result on the sale of electricity generated by the wind farm segment, a higher result on activities optimizing the operation of the Group's generation assets and the effects of implementing the new strategy in the area of trading and sales. These factors were partly offset by the lower result on trading portfolio, higher operating costs and commission costs. Q4: a decrease in the result on trade in energy and green certificates (respectively higher prices on the SPOT market and worse wind conditions) and stabilization of the margin level.

Distribution: YTD The decrease of the result mainly due to a single event in Q3 2019 (release of the 1.6m provision in view of the favorable judgment obtained in the finalized court proceedings) partly offset by higher margin on electricity sales. At the same time, in the distribution segment, the cumulative distribution volume was by 10% lower compared to the previous year due to the decrease in demand for energy in production plants and shopping malls, mainly in connection with COVID-19 epidemic. Q4: a decrease in the result due to a lower margin on energy distribution (mainly the impact of an 8% lower volume due to the COVID-19 epidemic) partly offset by higher margin on energy sales.

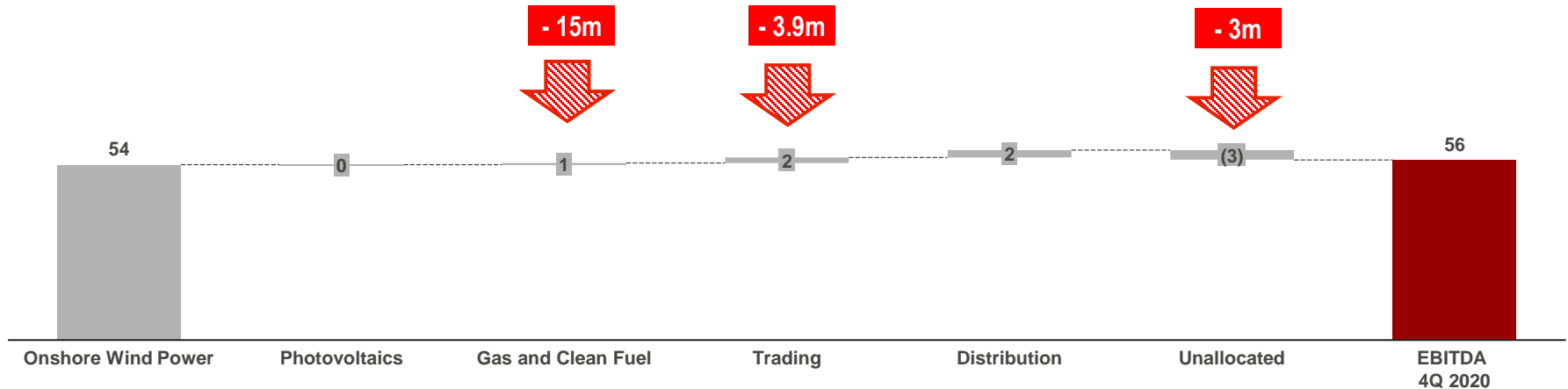
Unallocated: The decline in the annual EBITDA is mainly effect of higher operating costs of the Headquarters, discontinuation of biomass operations and the liquidation of Energopep. The lower EBITDA in Q4 is mainly due to the discontinuation of biomass activity.

* Following the approval by the Supervisory Board of the Polenergia Group Strategy for 2020-2024, the Group set up new operating segments.

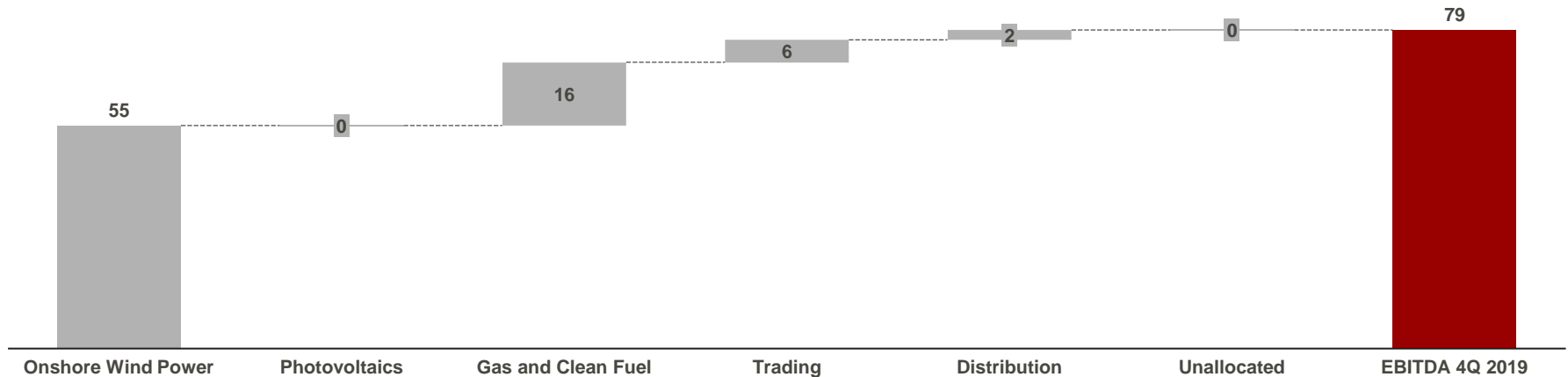
LOWER RESULT IN THE GAS AND CLEAN FUELS AND UNALLOCATED SEGMENT PARTLY OFFSET BY IMPROVED RESULTS OF THE ONSHORE WIND FARMS, TRADING AND SALES AND PHOTOVOLTAIC SEGMENT.

Structure of EBITDA - Q4 2020 compared to Q4 2019

2020



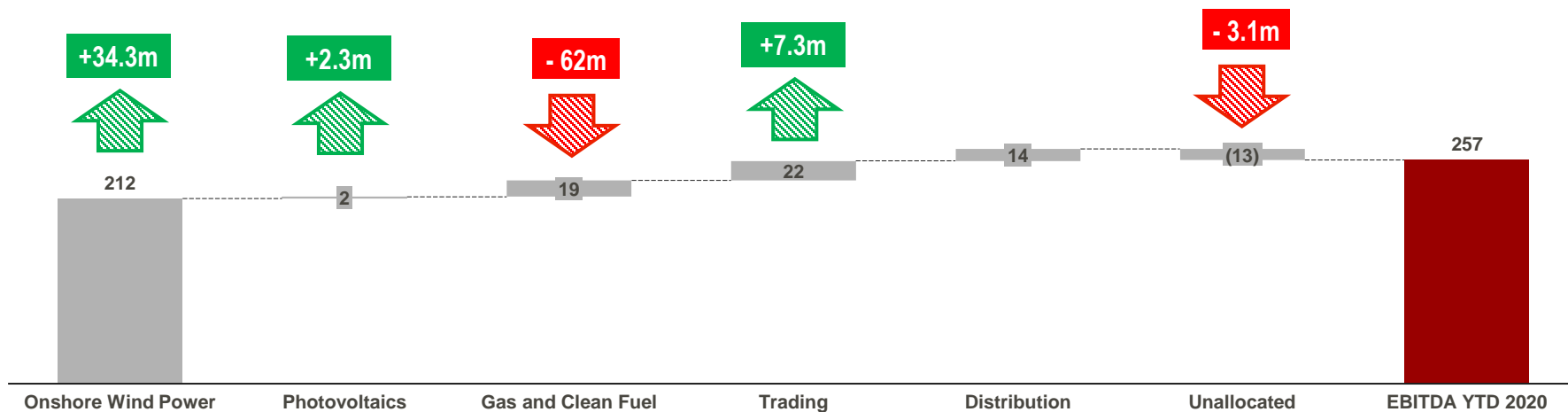
2019



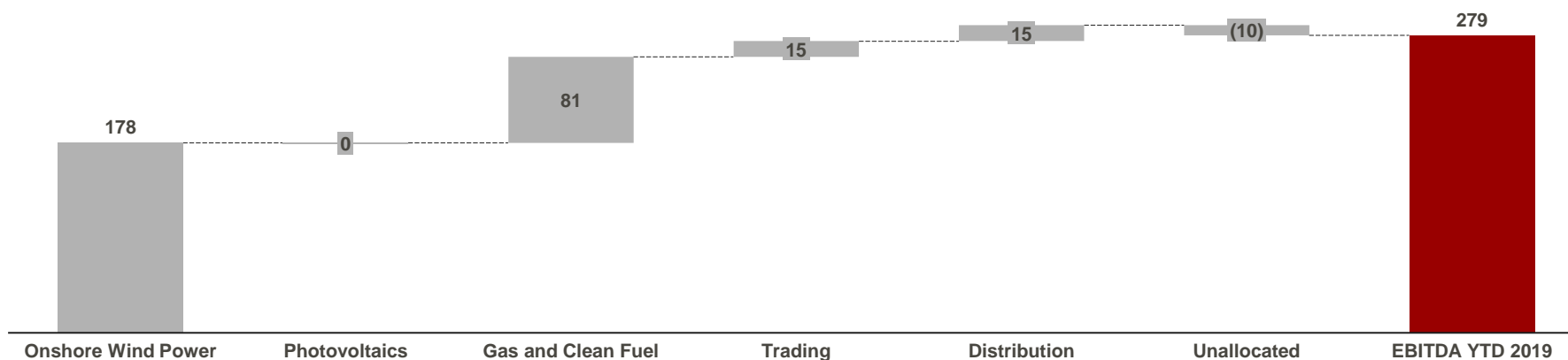
DECREASE IN THE RESULT OF THE GAS AND CLEAN FUELS, TRADING AND SALES AND UNALLOCATED SEGMENT.

Structure of EBITDA - 2020 compared to 2019

2020



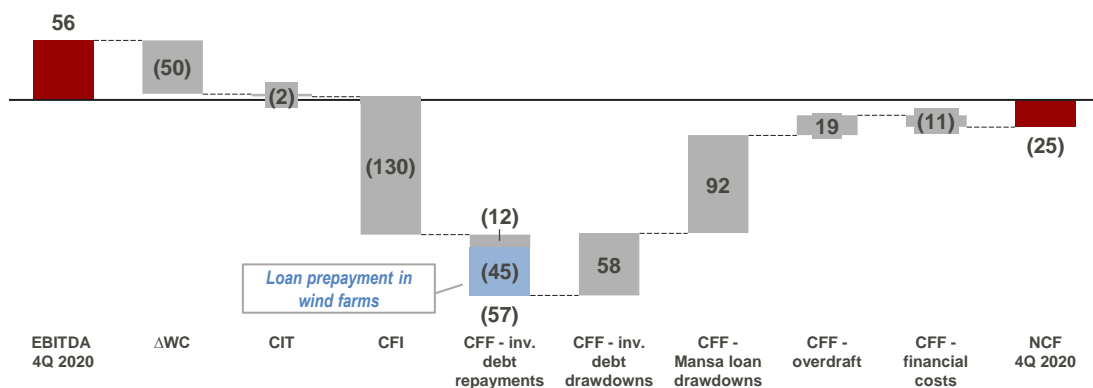
2019



LOWER RESULT IN THE GAS AND CLEAN FUELS AND UNALLOCATED SEGMENT PARTLY OFFSET BY IMPROVED RESULTS OF THE ONSHORE WIND FARM, TRADING AND SALES AND PHOTOVOLTAICS SEGMENT.

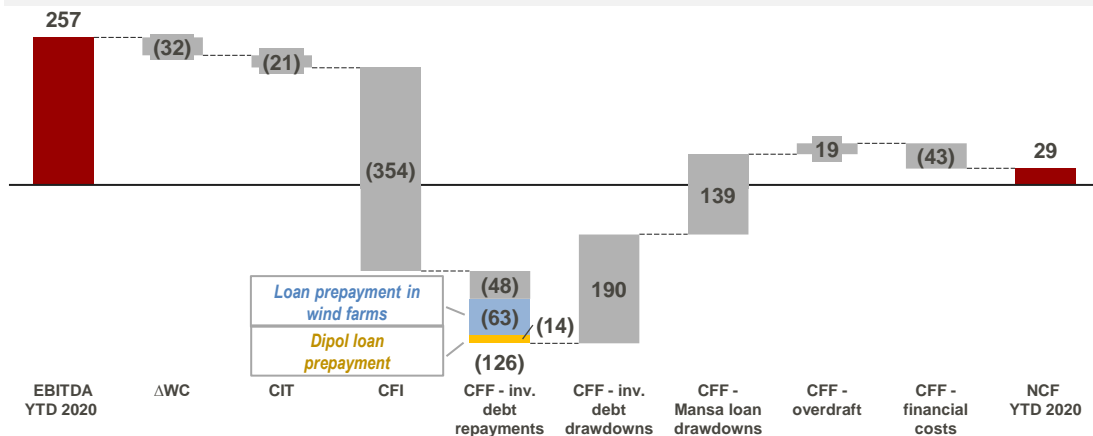
Polenergia Group cash flow

Q4



- **Cash flow from investment activities:** Capital expenditure made in the projects in advanced development phase which obtained support in RES auction in 2019 (-116.4m), and in other companies (-8.6m). Equity injections to offshore wind farms (-5.5m) and other (+1.2m).
- **Cash flow from financial activities:** Scheduled repayment of investment loan (-11.7m). Prepayment of investment loan in the wind farms (-45.3m). Drawdown of investment debt in the Szymankowo (48.4m) and Dębsk (10m) projects and the loan in the Szymankowo (51m) and Dębsk (41m) wind farms. Change of VAT working capital loan in the Szymankowo wind farm (18.9m). The financial cash flows related to financial costs consist mainly of interest repayments (-7.3m) and lease payments (-3.6m).

YTD

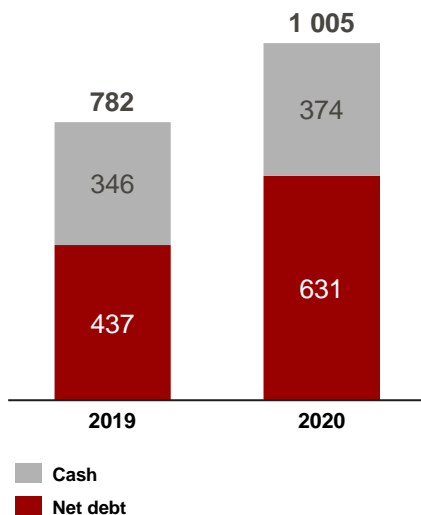


- **Cash flow from investment activities:** Capital expenditure made in the projects in advanced development phase which obtained support in RES auction in 2019 (-304.4m) and in other companies (-27.7m). Equity injections to offshore wind farms (-22.0m) and other (+0.9m).
- **Cash flow from financial activities:** Scheduled repayment of the investment loan in the onshore wind farm segment (-48.3m). Prepayment of investment debt in the wind farms (-77.6m). Drawdown of an investment debt of 189.5m. Drawdown of a loan at the Dębsk wind farm (88.4 m) and Szymankowo (51 m). Change of working capital loan in Obrót (-0.2m) and Szymankowo (18.9m). The financial flows related to financial costs consist mainly of interest repayments (-35.9m) and lease payments (-7.0m).

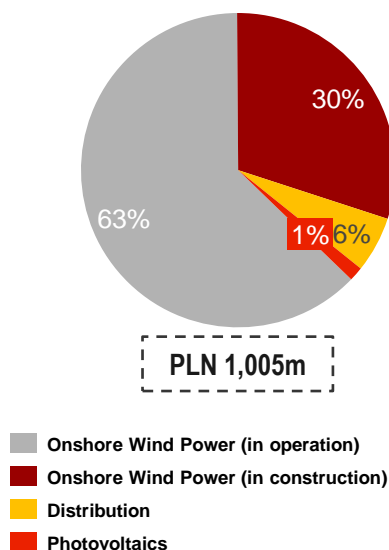
HIGH CAPITAL EXPENDITURE IN ONSHORE WIND FARMS FINANCED WITH COMPANY'S EQUITY AND INVESTMENT DEBT.

Debt structure as at 31 December 2020

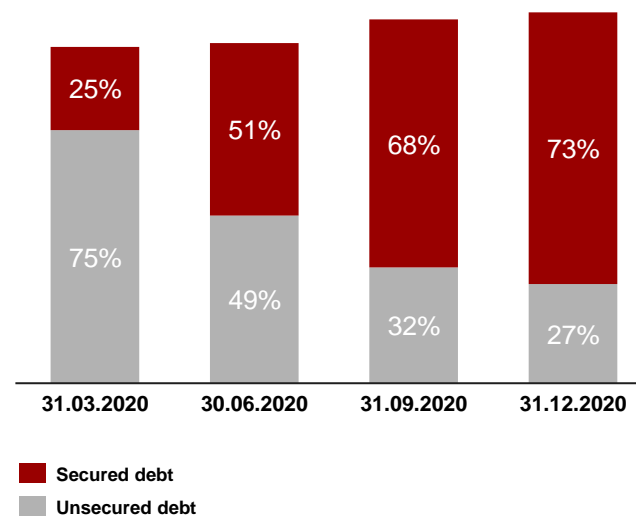
Gross debt (mPLN)



Debt structure as per segments



Debt structure - interest rate hedging

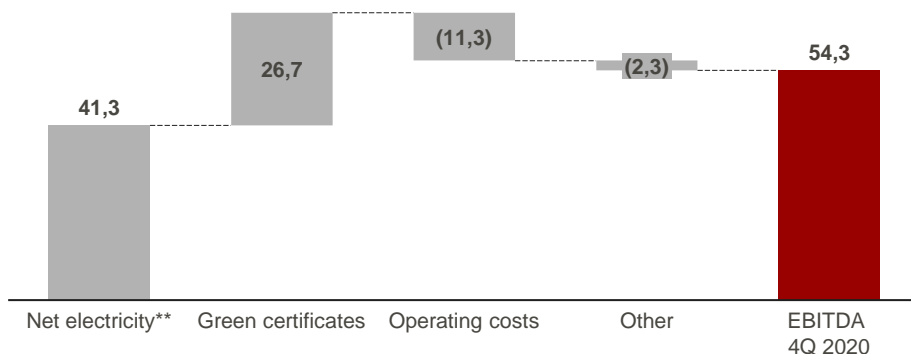


In Q4 2020 new interest rate hedging agreements were entered into in the Dębsk wind farm. Taking into account Dipol, Krzęcin, Mycielin, Skurpie, Gawłowice, Rajgród i Szymankowo wind farms, Sulechów photovoltaic farm and Dystrybucja company, the effective hedging level currently amounts to about 73%. The Company intends to continue to reduce its exposure to interest rate risk taking advantage of favorable market conditions.

NO CURRENCY RISK IN THE DEBT STRUCTURE. 73% OF THE DEBT COST HEDGED.

Onshore wind farms - Q4

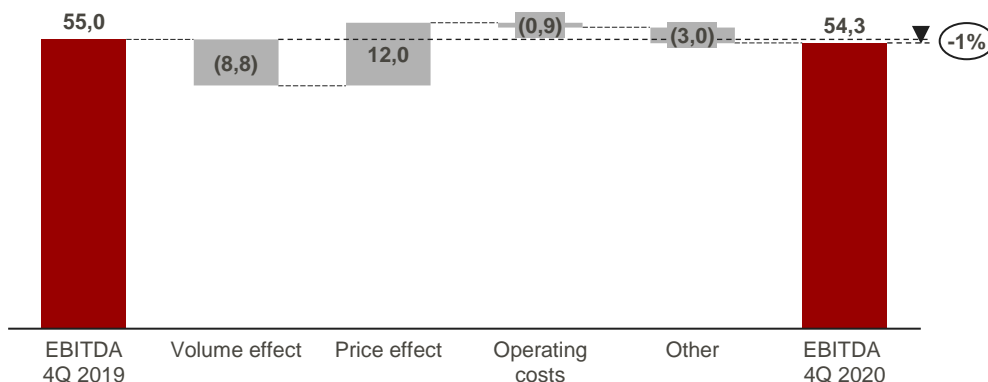
1 EBITDA* build-up



Comments

- Gross energy production volume lower by 24 GWh.
- Increase in electricity sales prices at the segment level (by PLN 18/MWh) despite higher total balancing and profiling costs.
- Increase in green certificates' sales prices at the segment level (by PLN 23/MWh).
- Revenues from awarded but not yet sold green certificates** and related selling costs are presented without IFRS 15 adjustment (as opposed to presentation in the consolidated yearly report).

2 EBITDA* bridge



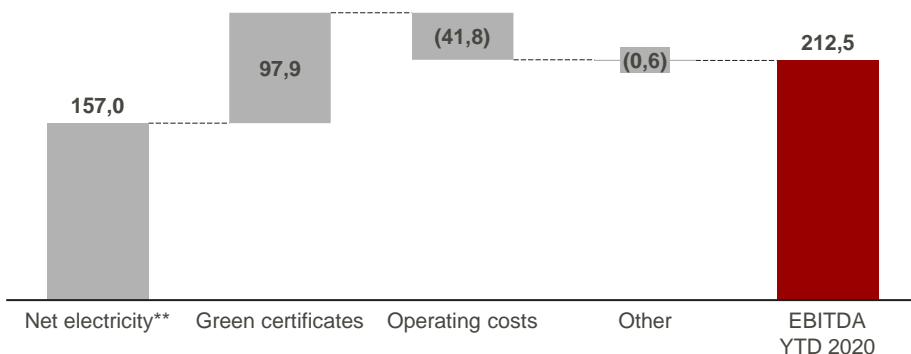
* In Q2 2020, there was a change in the presentation of activities related to the development and construction of wind farms by allocating them to the Onshore wind farm segment (item "other"). In order to maintain data comparability, the cost of wind farm development and construction was also included in the 2019 EBITDA.

** term explained in the glossary of abbreviations

HIGHER SALE PRICES OF GREEN CERTIFICATES AND ELECTRICITY PARTLY OFFSET BY LOWER PRODUCTION VOLUME.

Onshore wind farms - YTD

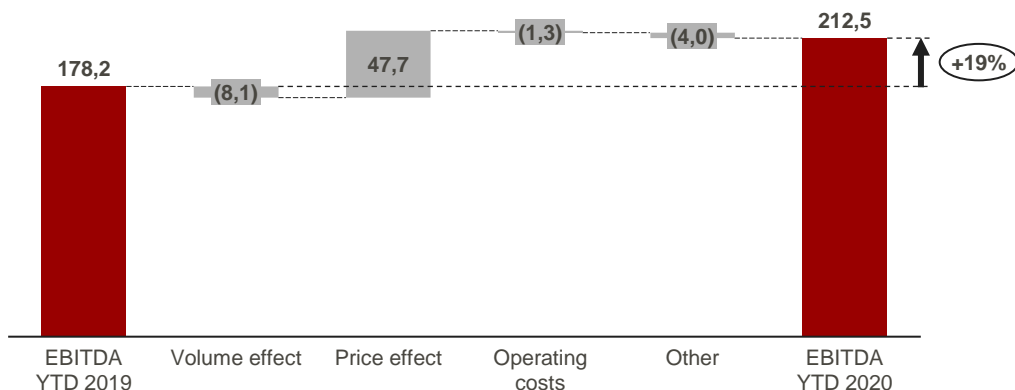
1 EBITDA* build-up



Comments

- Gross energy production volume lower by 23 GWh.
- Increase in electricity sales prices at the segment level (by PLN 13 / MWh) despite higher total balancing and profiling costs.
- Increase in green certificates' sales prices at the segment level (by PLN 38 / MWh).
- Revenues from awarded but not yet sold green certificates** and related selling costs are presented without IFRS 15 adjustment (as opposed to presentation in the consolidated yearly report).

2 EBITDA* bridge



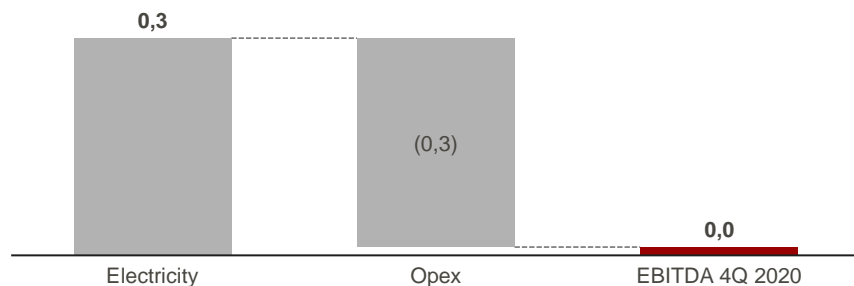
* In Q2 2020, there was a change in the presentation of activities related to the development and construction of wind farms by allocating them to the Onshore wind farm segment (item "other"). In order to maintain data comparability, the cost of wind farm development and construction was also included in the 2019 EBITDA.

** term explained in the glossary of abbreviations

HIGHER SALE PRICES OF GREEN CERTIFICATES AND ELECTRICITY PARTLY OFFSET BY LOWER PRODUCTION VOLUME.

Photovoltaic - Q4, YTD

1 EBITDA* build-up (Q4)



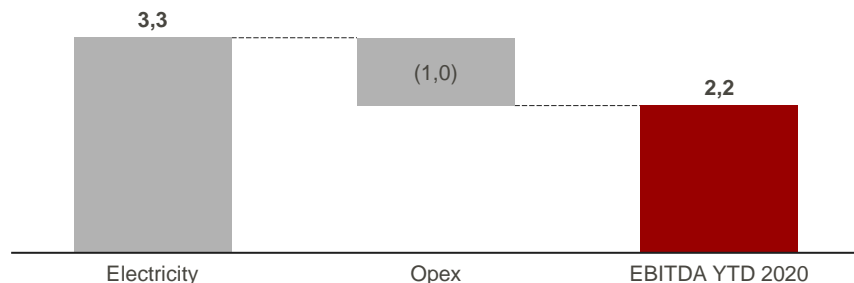
Comments

Due to the entry into the operating phase by the Sulechów I photovoltaic farm (with the capacity of 8 MW), which received auction support in 2018, the Group reports the Photovoltaic segment separately in the financial statements.

The result in this segment mainly includes revenues from the sale of electricity, secured by the support obtained under the auction system.

EBITDA in the fourth quarter was by PLN 0.9m lower than in the third quarter as a result of lower electricity production (the lowest annual insolation in the fourth quarter).

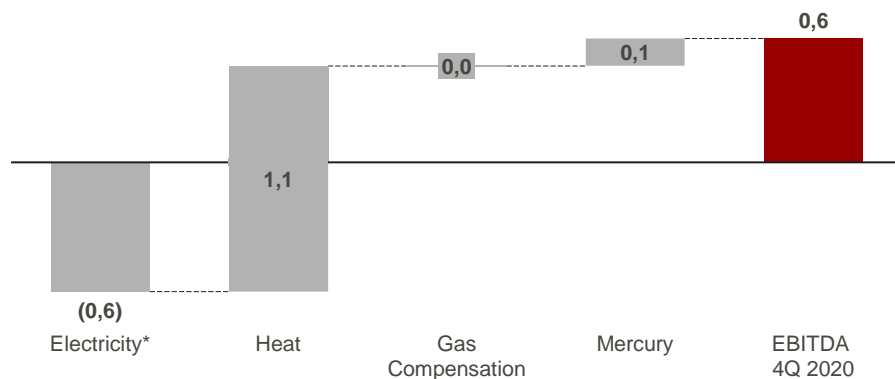
2 EBITDA* build-up (YTD)



SEPARATION OF PHOTOVOLTAIC SEGMENT IN CONNECTION WITH COMMENCING OPERATIONAL ACTIVITY OF THE FIRST PROJECT. THE RESULT IN Q4 LOWER THAN THE RESULT IN Q3 DUE TO LOWER INSOLATION.

Gas and Clean Fuels - Q4

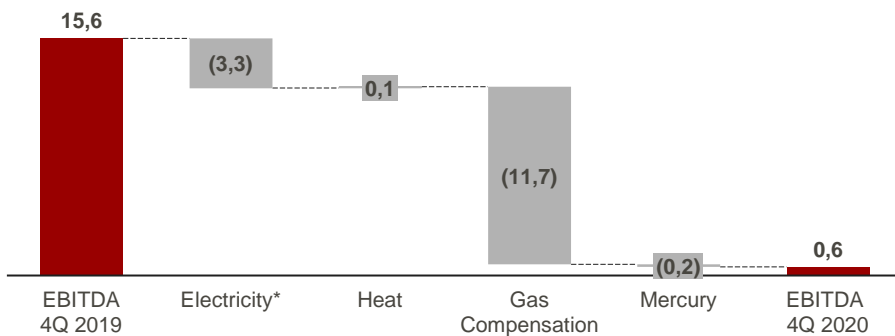
1 EBITDA build-up



Comments

- Lack of revenues from gas compensation in Q4 2020 is due to the termination of the long-term contract for the purchase of gas.
- The lower result on electricity is due to lower revenues from stranded costs compensation (the end of the compensation scheme in May 2020) partly offset by higher margin on energy sales (optimization of energy sales and gas cost).

2 EBITDA bridge

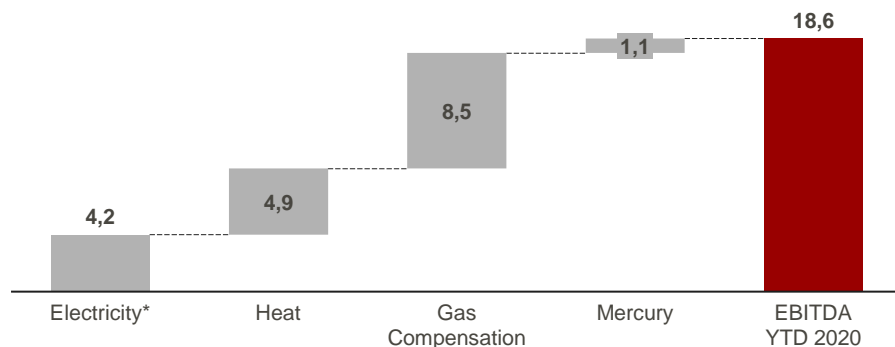


* Takes into account the compensation of stranded costs, revenues from black-start service and co-generation bonus.

LOWER EBITDA DUE TO THE LACK OF REVENUES ON ACCOUNT OF GAS COMPENSATION AND LOWER REVENUES ON ACCOUNT OF STRANDED COST COMPENSATION.

Gas and Clean Fuels - YTD

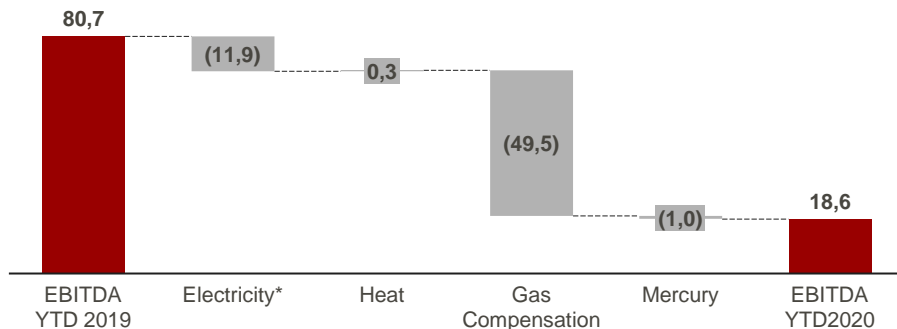
1 EBITDA build-up



Comments

- The lower result on gas compensation in 2020 is due to the termination of the long-term contract for the sale of gas and lower gas cost adjustment for 2019.
- The lower result on electricity is due to lower revenues from stranded costs compensation (the end of the compensation scheme in May 2020) partly offset by higher margin on energy sales (optimization of energy sales and gas cost), and the revenues on account of feed-in premium (co-generation support system) for 2019.

2 EBITDA bridge

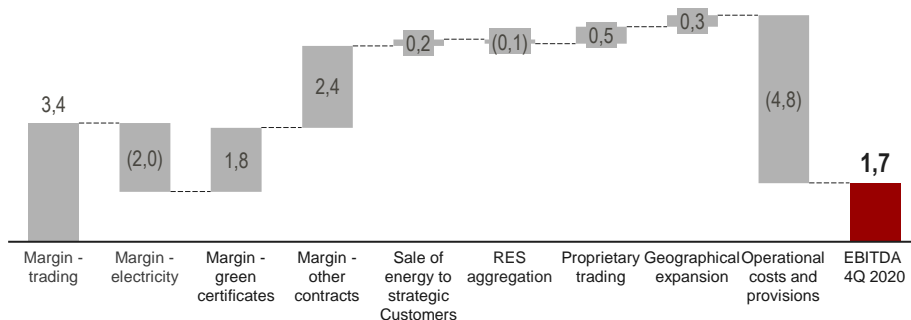


* Takes into account the compensation of stranded costs, revenues from black-start service and co-generation bonus

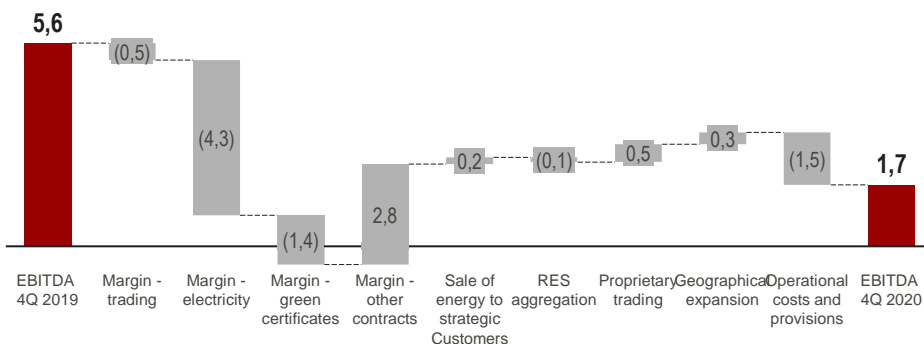
LOWER EBITDA DUE TO LOWER REVENUES ON ACCOUNT OF GAS COMPENSATION AND STRANDED COST COMPENSATION.

Trading and Sales - Q4

1 EBITDA build-up



2 EBITDA bridge



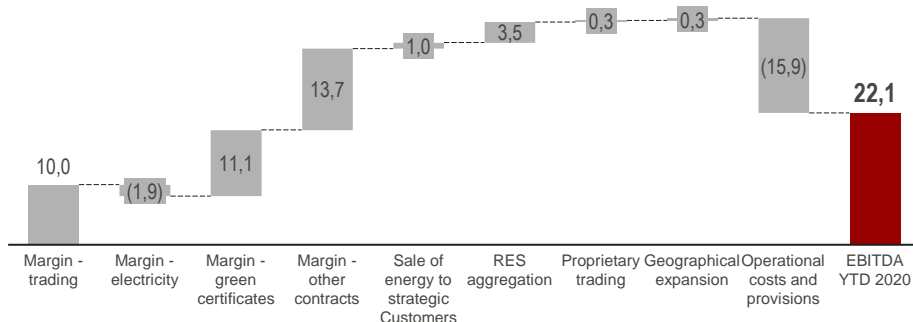
Comments

- EBITDA decrease by PLN 3.9m in connection with:
 - a decline in the result on trade in energy from wind farms, incl. due to higher prices on the SPOT market and worse wind conditions compared to the hedging level in Q4 2020,
 - lower result on trade in green certificates from wind farms due to stabilized level of margin on sale as a result of the changes in intragroup CPAs, lower supply in Q4 2020 (worse wind conditions) and lower impact of the valuation of the certificates generated, but not yet issued,
 - higher operating costs due to development of segment (mainly salaries due to the increase in employment resulting from the implementation of new business lines and the increase in the costs of external services) and higher commission costs.
- The decrease was partly offset by:
 - increase in the result on the optimization of the production level in the Group's production assets,
 - effect of implementing the new strategy in the scope of sales to strategic customers, proprietary trading and geographical expansion.

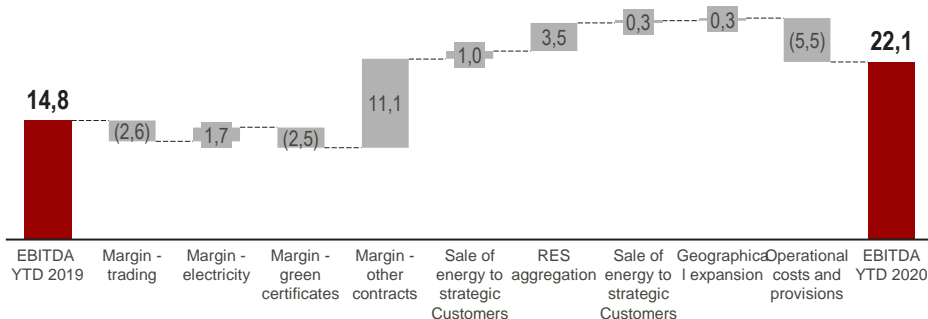
LOWER RESULT ON ELECTRICITY AND WIND FARM CERTIFICATES TRADING AND HIGHER OPERATING AND COMMISSION COSTS PARTLY OFFSET BY HIGHER RESULT ON OTHER CONTRACTS AND THE IMPLEMENTATION OF THE NEW STRATEGY.

Trading and Sales - YTD

1 EBITDA build-up



2 EBITDA bridge



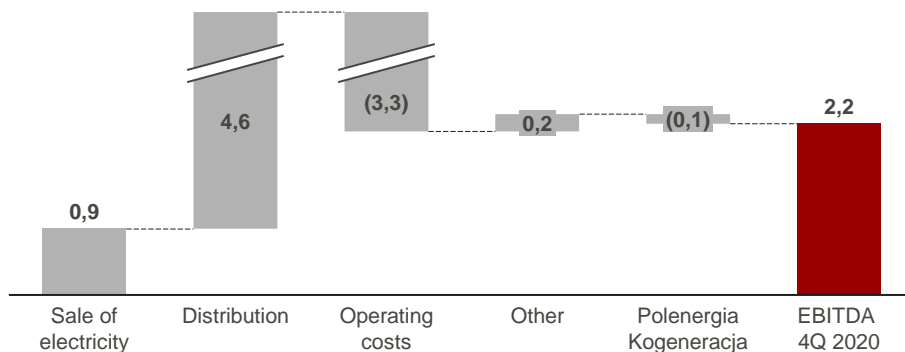
Comments

- EBITDA increase by PLN 7.3m in connection with:
 - higher result on energy sales from wind farms due to activities optimizing long and medium term hedging levels and business optimization in the spot market,
 - increase in the result on the optimization of the production level in the Group's production assets,
 - effect of implementing the new strategy in the scope of sales of electricity to strategic customers, RES aggregation and geographical expansion.
- The increase was partly offset by:
 - decrease in the result on the trading portfolio due to the lack of one-off events that contributed to the improvement of the result in 2019,
 - decline in the result in green certificates from wind farms in connection, inter alia, with stabilized level of margin on sale due to the changes in intragroup CPAs and lower effect of the valuation of the certificates generated, but not yet issued,
 - higher operating costs due to development of segment (mainly salaries due to the increase in employment resulting from the implementation of new business lines and the increase in the costs of external services) and higher commission costs.

HIGHER RESULT ON ELECTRICITY TRADING FROM WIND FARMS, OTHER CONTRACTS AND IMPLEMENTATION OF THE NEW STRATEGY PARTLY OFFSET BY WORSE RESULT ON TRADING PORTFOLIO AND WIND FARM GREEN CERTIFICATES TRADING, HIGHER OPERATING AND COMMISSION COSTS.

Distribution - Q4

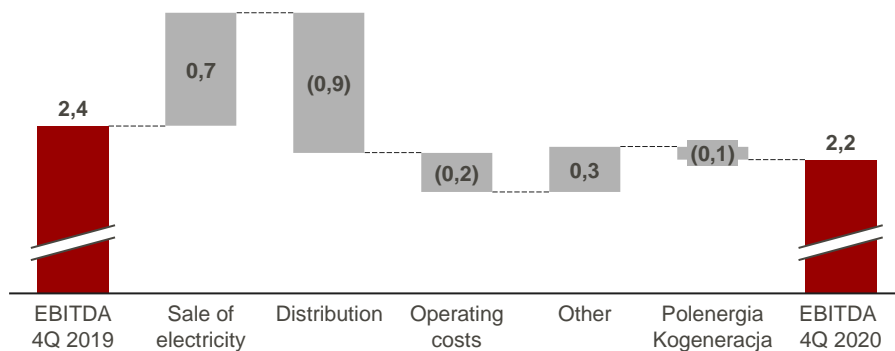
1 EBITDA build-up



Comments

- The distribution segment recorded PLN 0.2m reduction in EBITDA compared to the same period last year, mainly due to:
 - lower margin on energy distribution, which is mainly due to the 8% lower volume as a result of the COVID-19 epidemic
 - partly offset by higher margin on energy sale.

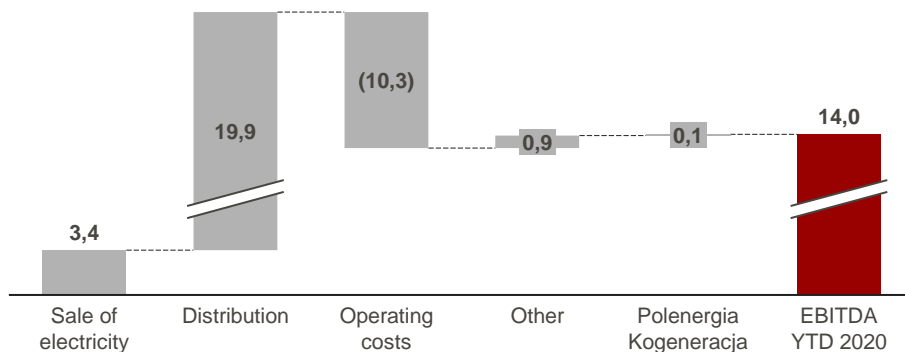
2 EBITDA bridge



STABLE OPERATING ACTIVITY. DECREASE OF EBITDA DUE TO A LOWER DISTRIBUTION VOLUME AS A RESULT OF COVID-19 PANDEMIC.

Distribution - YTD

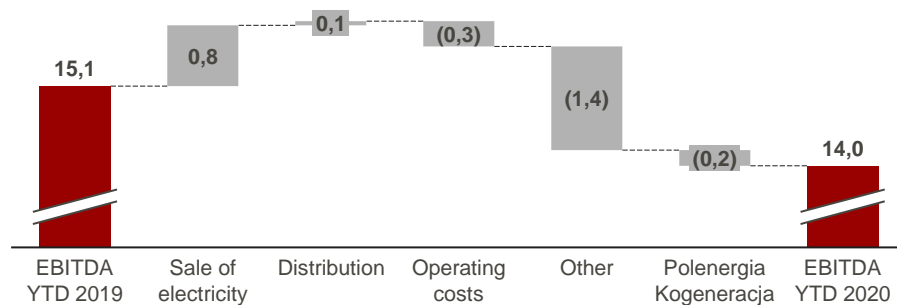
1 EBITDA build-up



Comments

- The distribution segment recorded PLN 1.1m reduction in EBITDA compared to the same period last year, mainly due to:
 - lower result on other activity - in Q3 2019 PLN 1.6m of provisions were released due to the favorable judgment in the finalized court proceedings,
 - partly offset by higher margin on energy sale.

2 EBITDA bridge



LOWER EBITDA DUE TO ONE-OFF EVENTS. STABLE OPERATING ACTIVITY. DESPITE THE TURBULENCE RELATED TO COVID-19 PANDEMIC, THE COMPANY MAINTAINED THE LEVEL OF THE MARGIN ON ENERGY DISTRIBUTION.

04

Progress of the Group's strategy implementation

Progress of the Group's strategy implementation (1/2)

Onshore wind farms



- Projects in the advanced phase of development
 - The Group is working to implement four wind farm projects with a total capacity of 199 MW which received support under the RES support auction scheme.
 - In 2020 debt agreements were entered into to finance the construction of Dębisk (121 MW) and Kostomłoty (27 MW) wind farms. Additionally, an agreement was signed amending and unifying the debt agreement of 2019, increasing the limit of available debt for the Szymankowo wind farm (38 MW).
 - Construction works are performed in line with the schedule. In Szymankowo, works related to the construction of roads, assembly yards and foundations were completed, turbine assembly works are in progress. Construction and electrical works are underway in Dębisk. The preparation phase for the construction of the third Kostomłoty farm started.
- Other projects
 - The Group is preparing for the construction of the Piekło wind farm of 13.2 MW total capacity developed by Polenergia Farma Wiatrowa Piekło Sp. z o.o. and Polenergia Farma Wiatrowa 16 Sp. z o.o. subsidiaries which won RES auction in 2020.
 - The Group is working on the further development of onshore wind projects to achieve the goals set out in the Group's Strategy for 2020-2024.

Photovoltaic:



- The Group is preparing three photovoltaic projects for construction (Sulechów II, Sulechów III and Buk I) with a total capacity of approx. 28 MW, which received 15 years of support under the December RES auction.
- The Group is working on the further development of photovoltaic projects to achieve the goals set out in the Group's Strategy for 2020-2024.

Offshore wind farms:



- The act on promoting electricity generation in offshore wind farms was signed by the President of the Republic of Poland.
- The projects in advanced development phase - MFW Bałtyk II and MFW Bałtyk III (total planned capacity of approx. 1.4 GW)
 - An application has been submitted for granting the right to negative balance coverage under the first phase of projects provided for in the Act.
- Projects in early development phase - MFW Bałtyk I Sp. z o.o. (planned capacity approx. 1.6 GW)
 - An environmental research program was launched to prepare an environmental impact report.
 - On 29.01.2021 the connection agreement was entered into with PSE.

Distribution:



- The implementation of the approved investment plan for 2019-2022 of the total value of PLN 51m is underway.
- Polenergia Dystrybucja proceeded to the implementation of the IV investment plan for the years 2021-2026 of the total value of PLN 105m. On January 15th, 2021 the company entered into an annex to the debt agreement with ING bank, granting to the company the funds for implementing the plan in the amount of PLN 75.3m.

Progress of the Group's strategy implementation (2/2)



Gas and Clean Fuels:

- Nowa Sarzyna Heat and Power Plant – in compliance with SLA entered into with Polenergia Obrót, ENS commercial standing for 2021 was hedged (optimum energy volume, price of energy, gas and CO₂), commercial standing for 2022 is currently being hedged.
- Grupa Polenergia entered into the letter of intent with Siemens Gas and Power GmbH & Co. KG, Siemens Energy sp. z o.o. on potential co-operation in the scope of development of gas co-generation projects and hydrogen technologies.
- Production of green hydrogen - Polenergia and its Partner are analyzing several potential projects for the production and storage of hydrogen produced in the electrolysis process from its own renewable energy.



Trading and Sales:

- Optimization of Nowa Sarzyna Heat and Power Plant - 100% of optimum electricity production structure was secured for 2021 and 55.7% for 2022.
- Sale of energy to strategic customers - from 2020 the sales to large industrial customers has been performed. The company entered into agreements with customers for the years 2021-2022 and is acquiring more customers.
- RES aggregation - the company is providing services to external RES customers. The existing customers were retained and new customers were acquired for 2021. The Company is submitting offers to prospective customers.
- The sale of renewable energy to end customers - the concession was obtained for the selling company. The process of building sales channel is in an advanced phase.
- Prop trading – the trade was launched from the beginning of June 2020. The year 2020 was closed with a positive result.
- Geographical expansion - the activity in the Ukrainian and Hungarian market entered the operational phase. Preparations were underway to commence business activity in the Romanian market.
- Flexibility - delayed implementation of the business line as legal framework was not adopted in the market.



Corporate Social Responsibility:

- Acceding to the international Partnership of United Nations Global Compact (UNGC).
- Cooperation with Kulczyk Foundation, UNEP GRID and the Lesław Paga Foundation, with the purpose of preparing for educational activities aimed at children, students and graduates in the field of climate and RES.
- Support for the biodiversity protection. Notification of the projects for 2020 Good Practices (Responsible Business Forum).
- Adoption of the Charity Policy, strengthening support for charity activities for the benefit of local communities, inclusion of reporting activities in the annual EHS reporting. Completion of the due diligence process and preparation of the EHS report for 2020.
- Start of external communication in the field of SEG and work on the SEG service.

Glossary of abbreviations

✓ Revenues on account of granted and yet unsold green certificates

Revenues are presented without the adjustment resulting from IFRS 15 in order to maintain data transparency, in particular the price effect. Pursuant to IFRS 15, granted certificates of origin should be presented as a reduction of the cost of sale under the income from granted certificates of origin item and the cost of certificates of origin sold - at the time of sale.

Revenues from granted but not yet sold green certificates presented on slides 20 and 21 include the provisions for revenues set up at the time of production of certificates of origin, while the cost of sales is not adjusted for these revenues.

✓ Net electricity

Revenue from sales of electricity less cost of balancing and profile.

✓ EBITDA

Gross profit minus financial income plus financial costs plus depreciation plus impairment loss on non-financial fixed assets (including goodwill).

✓ RAB

Regulatory asset base - the value of assets on the basis of which the Energy Regulatory Office determines the distribution tariff.

✓ RAB in transit

Expenditure already incurred but not reflected in the distribution tariff. They will be included in subsequent tariff updates.

✓ (MW)

Megawatt.

✓ MWh,GWh

Megawatt hour, Gigawatt hour

✓ TJ, GJ

Terajoule, Gigajoule

✓ RES

Renewable Energy Sources.

✓ Proprietary trading

Trade on own account using own funds.

✓ SLA

Service Level Agreement.

✓ SEG

Social, Environment and Governance.

✓ EHS

Environment, Health and Safety.