

Polenergia Group

Financial results for Q1 2022

May 2022

Polenergia © 2022



Agenda:




- 01. Summary of key events in Q1 2022
- 02. Summary of key operating parameters
- 03. Financial results for Q1 2022
- 04. Progress of the Group's strategy implementation



Summary of key events in Q1 2022



Summary of Q1 2022 most important events (1/4)

| Fact | Effect/Comment |
|---|---|
|  High energy production of wind farms in Q1 2022 | <ul style="list-style-type: none"> Higher production in Q1 by 95.4 GWh compared to the same period last year due to higher wind conditions and completed construction of the Szybankowo wind farm in Q3 2021. |
|  Increase in the result of the trading and sales segment and a positive result of ENS production optimization | <ul style="list-style-type: none"> The higher result in the trading and sales segment due to: I) an increase in the valuation of forward transactions in the area of sales to strategic clients (PLN 28.1m), ii) a higher result on trade in energy and certificates from wind farms due to higher wind production and an increase in energy and certificate prices (PLN 24.8m), iii) an increase in the result of the trading portfolio and business service in connection with the additional optimization of transaction hedging for other business lines (PLN 10.2m). As a result of changes in the margin level towards a negative Clean Spark Spread ("CSS"), the "reversal" of transactions hedging the production and sale of electricity in ENS continued. Approximately 70% of the remaining 2023 positions hedged at a given moment were reversed. In the gas and clean fuels segment, the valuation of financial instruments related to the above mentioned transactions resulted in the recognition in Q1 2022 of: (i) PLN 3.4m result on the ENS production expected in the future periods covered by the transactions in the amount of and (ii) PLN 13.2 m impact of additional optimization and favorable CSS changes (negative CSS level). Valuations for Q1 2022, in the amount of PLN 12.5m at the end of 2021, were recognized in the realized result. |
|  Consistent implementation of the Polenergia Group Strategy for the years 2020- 2024 | <ul style="list-style-type: none"> <u>Onshore wind farms:</u> construction of two wind farms' portfolio continued and construction of two successive projects commenced: <ul style="list-style-type: none"> Dębsk: all turbines assembled and energized, test runs in progress; Kostomłoty: the construction performed in compliance with the schedule, all turbines assembled, test runs in progress; Piekło and Grabowo: construction started at the end of March 2022. <u>Photovoltaic:</u> The construction of Sulechów II and Sulechów III PV projects of the total capacity of 21.5 MW was completed, while the 6.4 MW Buk project is in the final phase of construction. <u>System services:</u> In 2022 Nowa Sarzyna Heat and Power Plant as a participant of the Power Market has continued to perform the capacity obligation in accordance with the agreement concluded with Polskie Sieci Elektroenergetyczne and continued to provide the system black start and reconstruction service for PSE. In Q1 2022 Elektrociepłownia Nowa Sarzyna supported the power system by operating in the Reliability Must Run mode. |

Summary of Q1 2022 most important events (2/4)

Fact

Effect/Comment



The Group's high resistance to changes in the macroeconomic environment and the impact of the war in Ukraine

- ▶ Involvement in the markets of Ukraine, Belarus and Russia: The Polenergia Group is not directly exposed to the negative effects of the conflict due to the marginal involvement of the Group's companies in activities in Russia, Belarus and Ukraine and in the cooperation with partners based in these countries.
- ▶ Increased risk of conducting trading activity: The Group identifies the increased risk of trading on other markets, which is due to, inter alia, an increase in the volatility of electricity and natural gas prices, the risk of non-observance of the volume of off-take by contractors and an increased risk of contractors' insolvency.
- ▶ Volatility of raw materials and energy prices and the discontinuation of natural gas supplies from Russia: The margin on electricity production by ENS in 2022 is not threatened in connection with the reversal of contracts for the sale of electricity and the purchase of gas and CO2 emission allowances in 2021. On the other hand, gas supplies related to the ongoing contracts for heat production have already been secured (volume and fixed price) until the end of 2023. The stock of light heating oil was maintained and increased in Q1 2022, as a reserve fuel in the event of limited or disrupted gas deliveries, as an additional security for heat production. If ENS is called upon to provide system services, the gas purchase costs will be covered by revenues. The high energy prices persisting, along with the limited use of conventional sources such as coal, gas and oil, may become an additional incentive to increase the scale of RES investments. At the same time, the high volatility of the energy price combined with periods of variable wind conditions may result in a significant increase in profile costs. Moreover, the dynamic increase in electricity prices prompted the legislator to interfere in the green certificates market, which translated into statements on reducing the obligation to redeem certificates of origin from 18.5% in 2022 to 10% in 2023.
- ▶ Risk of increasing interest rates: the sensitivity of the operating part of the onshore wind farm segment to changes in interest rates and currency exchange rates is low due to the prior hedging of projects. On the other hand, the higher cost of the working capital loan in the trading and sales segment, resulting from the increase in interest rates, may cause the business profitability to deteriorate.
- ▶ The risk of increasing costs and extending the duration of projects: an increase in the prices of raw materials and products on the market and temporary shortages of employees at subcontractors' may cause delays in the implementation of wind and photovoltaic farm projects. An increase in interest rates causes rising costs of financing, and an increase in the prices of raw materials and goods, combined with the volatility of the EUR / PLN exchange rate, may lead to an increase in the total investment costs.

Summary of Q1 2022 most important events (3/4)

Fact

Effect/Comment



Advantageous regulatory environment (1/2)

The energy mix of Poland and the European Union

- ▶ On 8 March the European Commission presented a "REPowerEU" project to make Europe independent of Russian fossil fuels before 2030. The plan provides for, inter alia, increasing the production of biomethane and hydrogen, increasing the share of renewable energy sources, as well as accelerating the procedures of issuing permits to increase onshore and offshore wind power. A key element of the energy package consists in increasing the 2030 RES target by 8 pp, from 32% to 40%. Impact: increasing the RES target set for European Union countries may contribute to the facilitation of legislative processes and the provision of additional funds to support this type of investments.
- ▶ The Ministry of Climate and Environment announces the update of the PEP2040 document, intending to increase the role of renewable energy sources. PEP2040 assumes that the share of RES in gross final energy consumption will amount to at least 23% in 2030. Impact: the adoption of national targets may contribute to coordinating government actions aimed at increasing the RES share in the Polish energy mix.

Onshore wind farms

- ▶ The Ministry of Climate and Environment announces the liberalization of the 10H rule. The amendment is expected to be adopted by the Sejm by the end of June 2022. Impact: further possibility of segment development and implementation of the Group's strategy.
- ▶ The Ministry of Climate and Environment submitted for consultation a draft regulation on the obligation to purchase certificates of origin confirming the production of renewable energy in 2023. The amount of the quantitative share of total electricity proposed by the Ministry, resulting from the redeemed certificates of origin, is to be reduced from 18.5% in 2022 to 10% in 2023. Impact: The Group systematically hedges its productions in the following years, taking advantage of favorable market prices. Potential negative changes will be visible after 2023. The Group's exposure to the price of green certificates has been gradually decreasing due to the gradual withdrawal of the installations from the system (15-year support period).

Photovoltaics

- ▶ The Ministry of Development presented a draft act that provides for the obligation for the RES installations above 500 kW to be built only based on local zoning regulations. The law would hinder the building of large PV farms, especially on a part of agricultural land, except for PV farms with a capacity of up to 1 MW on wastelands and agricultural land of V, VI and VII class. The Project is currently in pre-consultation phase. Impact: the implementation of the proposed obligation to prepare the local zoning regulations for PV projects of the capacity exceeding 500 kW or 1 MW will materially increase the cost and extend the process of developing large scale PV farms.

Summary of Q1 2022 most important events (4/4)

Fact

Effect/Comment



Advantageous regulatory environment (2/2)

Offshore wind farms

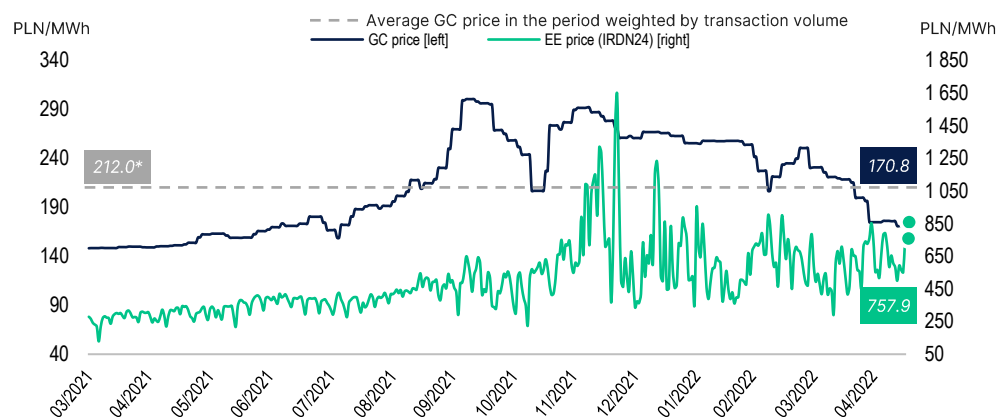
- ▶ In Q3 the government is planning to adopt a draft act to resolve the deadlocks in processing applications in connection with the offshore wind energy. The amendment is to resolve, inter alia, the situation of a deadlock in the applications processing procedure for a permit to build or use artificial islands, structures and devices in Polish maritime areas. Impact: a legal framework developed for resolving disputes will contribute to improving the implementation of offshore wind farm projects.

Trading and sales

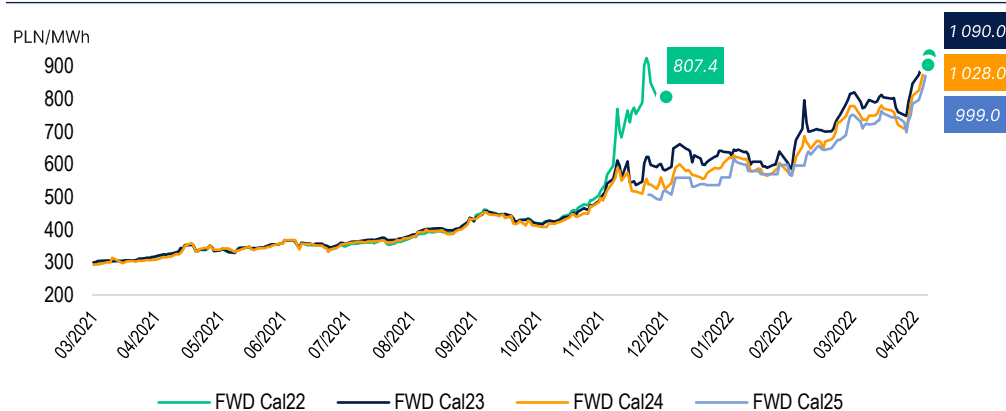
- ▶ On 15 April the call for applications in the 4th edition of Mój Prąd program started. The subsidies are intended for new prosumers and the current prosumers who will abandon the discount system and choose net-billing. Supplementary financing for photovoltaics will amount to PLN 5k. Impact: subsidies may translate into increased interest in the Group's offer in terms of solutions for prosumers.

Key indexes and market prices

Prices of green certificates and electricity



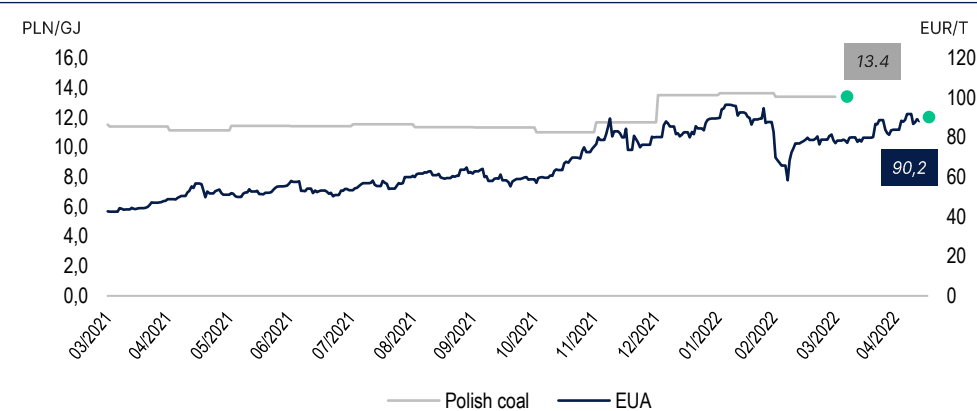
Forward prices of electricity



Quotations of Polenergia S.A. share prices



Quotations of coal and CO2 emission allowance in the Polish market

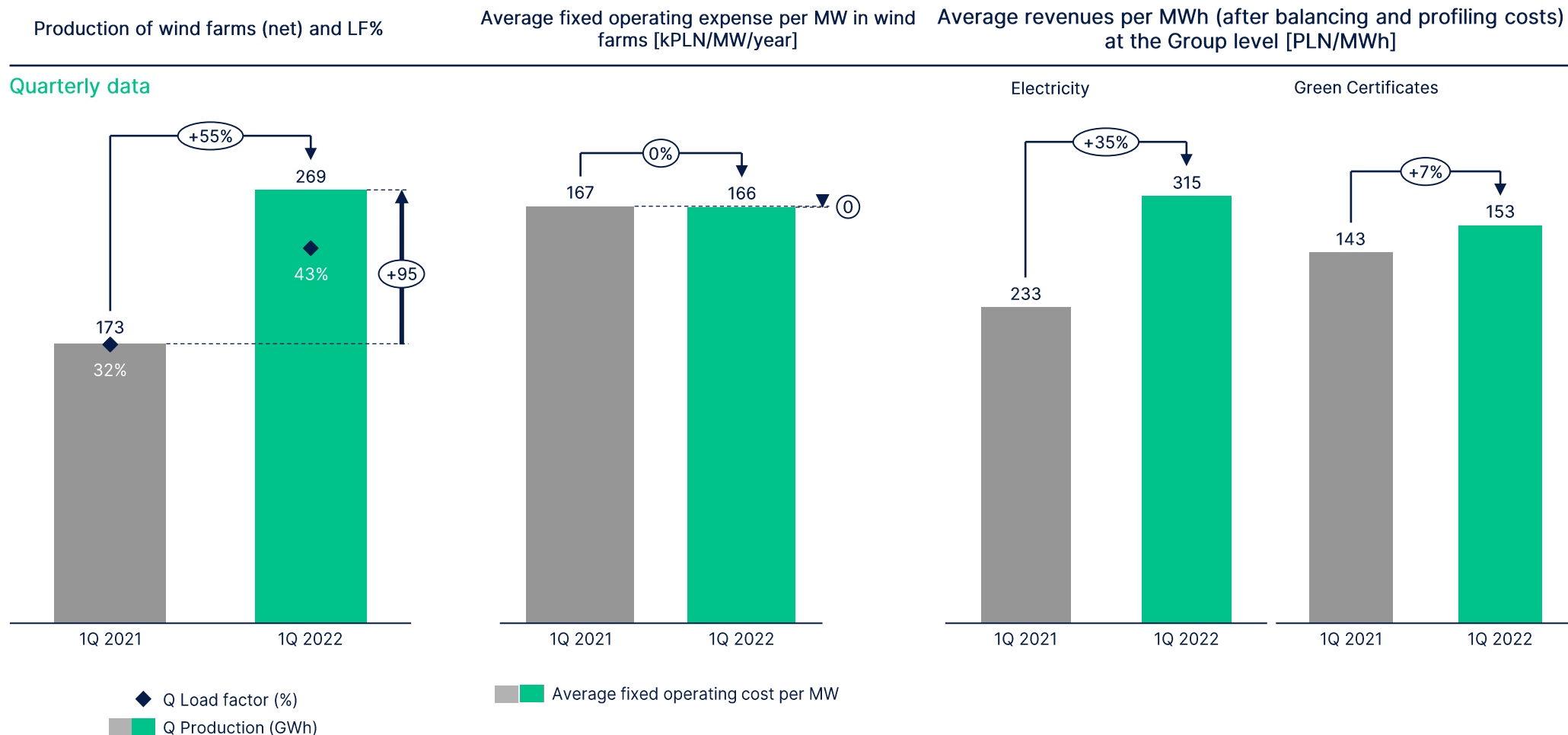


* The average price of GC weighted by transaction volume in the same period of the last year amounted to: PLN 138.0/MWh

Summary of key operating parameters

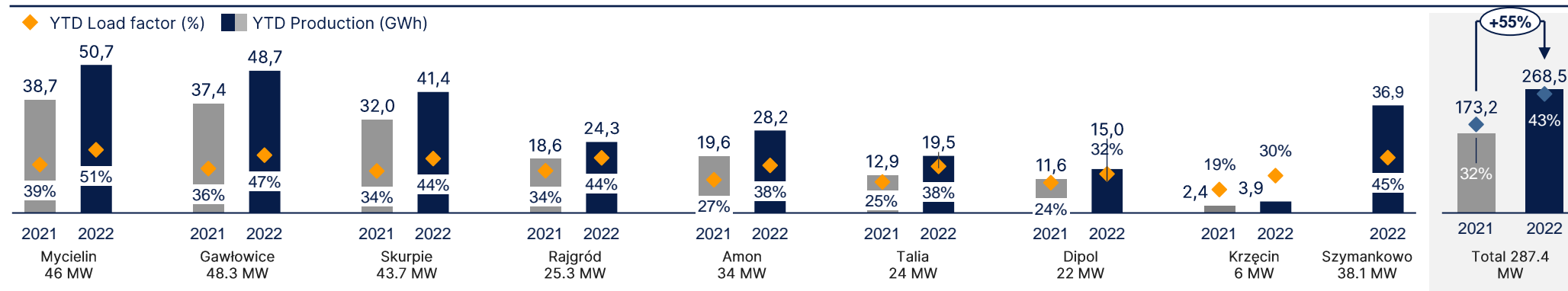


Summary of key operating parameters - Onshore wind farms

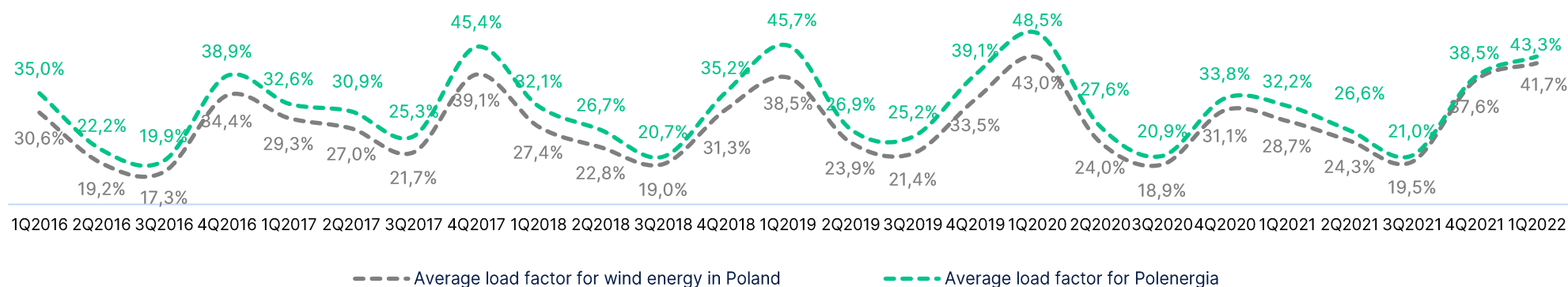


Summary of key operating parameters- Onshore wind farms

Production (net) YTD



Net productivity of Polenergia farms above the average*



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

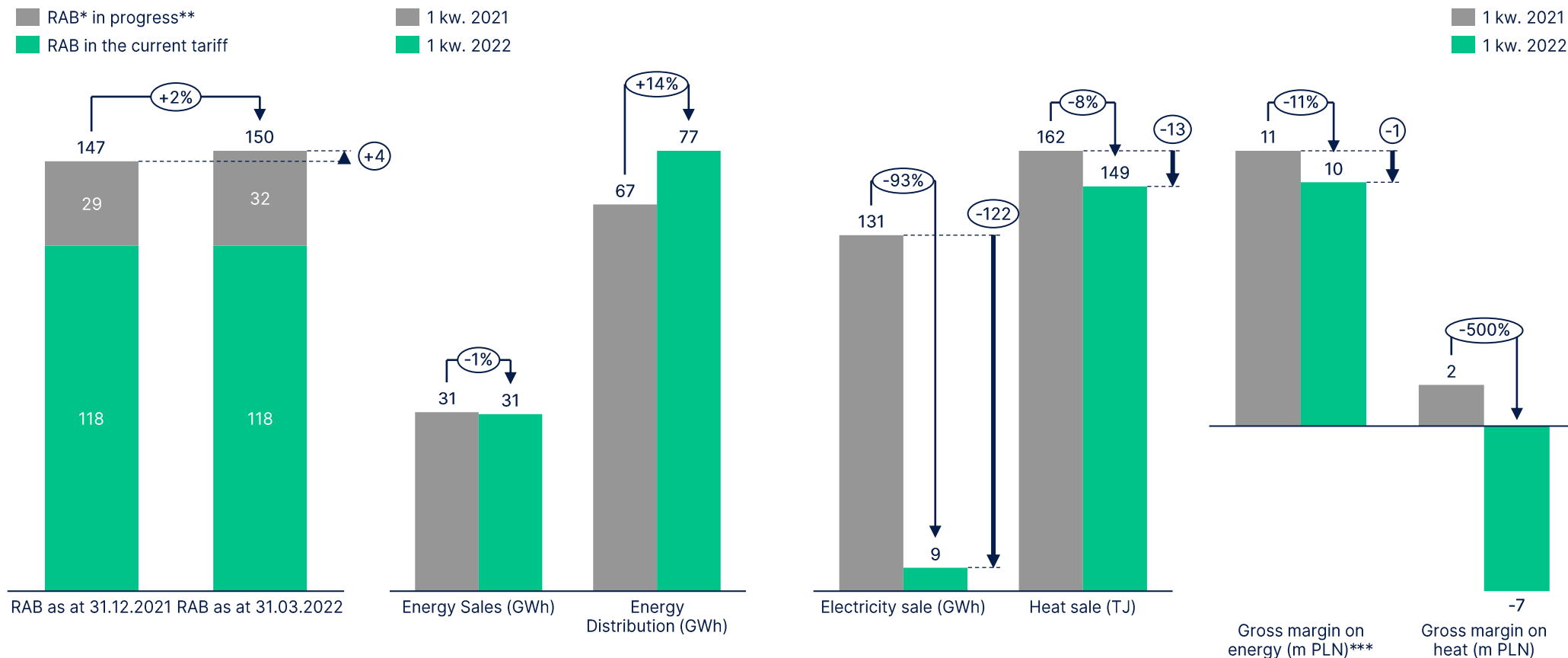
* Comparison based on net productivity (after own consumption and losses) due to the availability of sector data

Summary of key operating parameters- Gas and Clean Fuels and Distribution

Distribution – RAB [mPLN] and sales [GWh]

Gas and Clean Fuels – sales [GWh] and average prices [PLN/MWh]

Quarterly data



* regulatory value of assets - term explained in the glossary

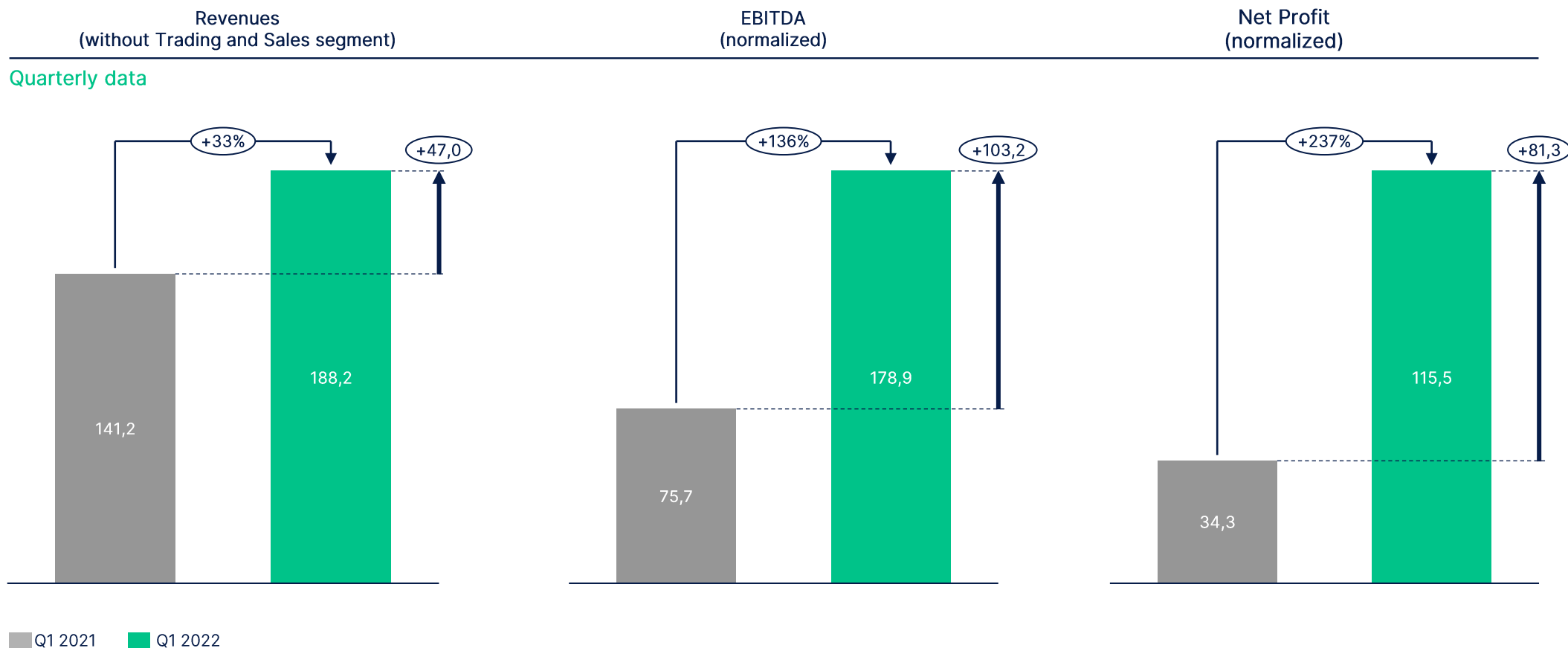
** term explained in the glossary

*** gross margin at the ENS level, without taking into account the impact of optimization including a part of 2023, recognized in the consolidated financial results of the Group

Financial results for Q1 2022



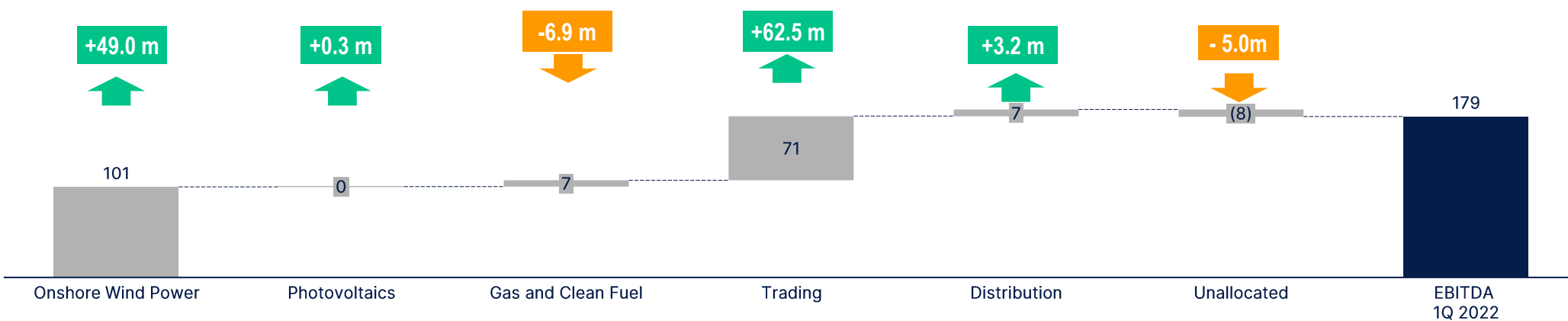
Financial results for Q1 2022



HIGHER RESULT IN Q1 2022 MOSTLY DUE TO HIGHER RESULT OF STRATEGIC CUSTOMERS IN THE TRADING AND SALES SEGMENT, AND HIGHER RESULT IN THE ONSHORE WIND FARM SEGMENT DUE TO HIGH WIND CONDITIONS

EBITDA structure – Q1 2022 compared to Q1 2021

EBITDA structure in Q1 2022



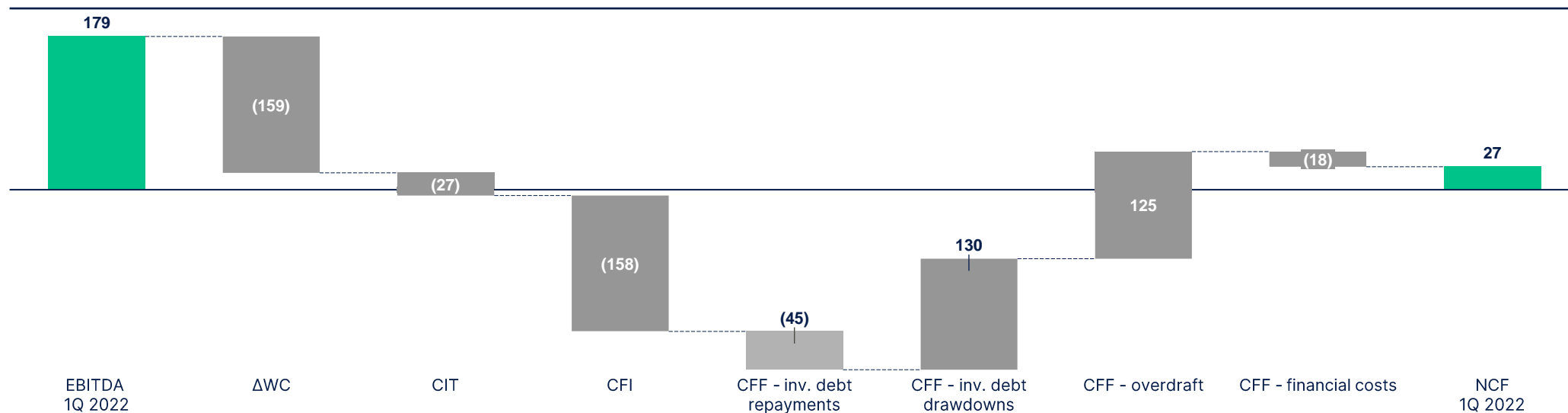
EBITDA structure in Q1 2021



INCREASED RESULT IN TRADING AND SALES SEGMENT, ONSHORE WIND FARMS, DISTRIBUTION AND PHOTOVOLTAICS, PARTLY OFFSET BY A LOWER RESULT IN THE GAS AND CLEAN FUEL AND UNALLOCATED SEGMENTS

Polenergia Group cash flow

Polenergia Group cash flow in Q1 2022



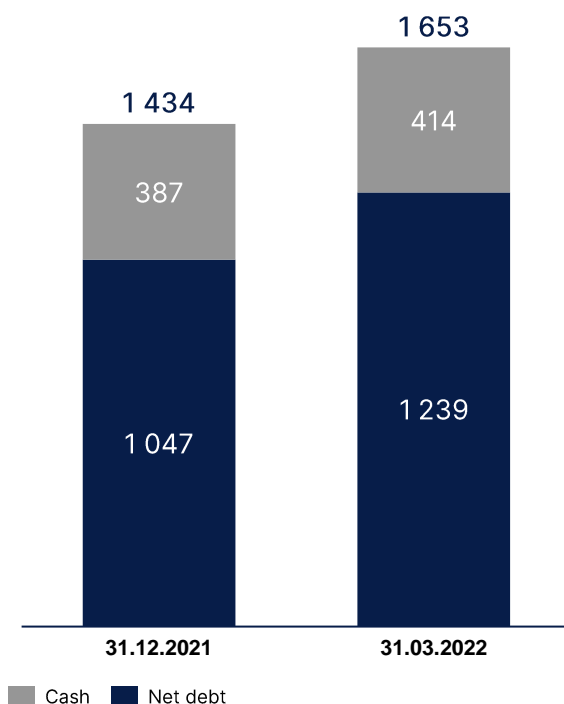
- **Cash flow from investment activities:** Investment expenditure on wind and photovoltaic farm projects in construction and development (-149.8m) and in other companies (-10.9m). Supplementary financing for other companies (-0.2m). Polenergia Fotowoltaika cash acquired at the time of purchase (2.5m).
- **Cash flow from financial activities:** Scheduled repayment of the investment loan in the onshore wind farms (-37.4m), photovoltaic (-0.1m) and distribution (-0.7m) segment. Debt repayment in Polenergia Fotowoltaika (-6.5m). Investment loan drawings in Dystrybucja (3.3 m) and in wind and photovoltaic project companies (126.3 m). Change in working capital loan / VAT loan in Trading (130.2m), Distribution (2.5m) and wind and photovoltaic farms (-8.2m). The financial flows on account of financial costs consist mainly of interest payments (-14.0m) and lease payments (-3.7m).



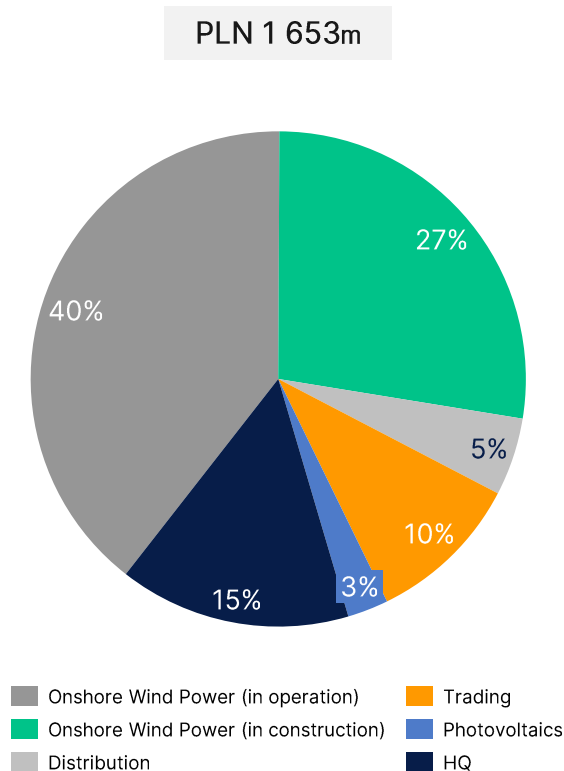
HIGH INVESTMENT EXPENDITURE IN ONSHORE WIND FARM AND PHOTOVOLTAIC FARMS SEGMENTS FINANCED WITH COMPANY FUNDS, INVESTMENT DEBT AND WORKING CAPITAL LOAN

Polenergia Group debt structure as at 31 March 2022

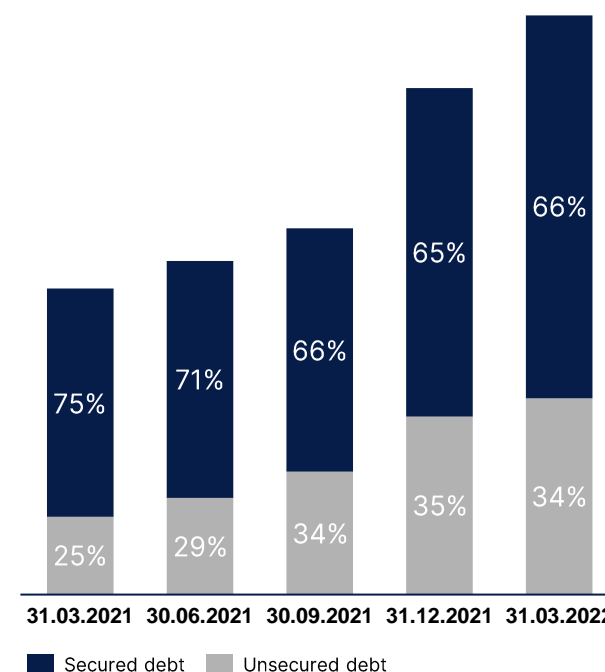
Gross debt (mPLN)



Debt structure as per segments



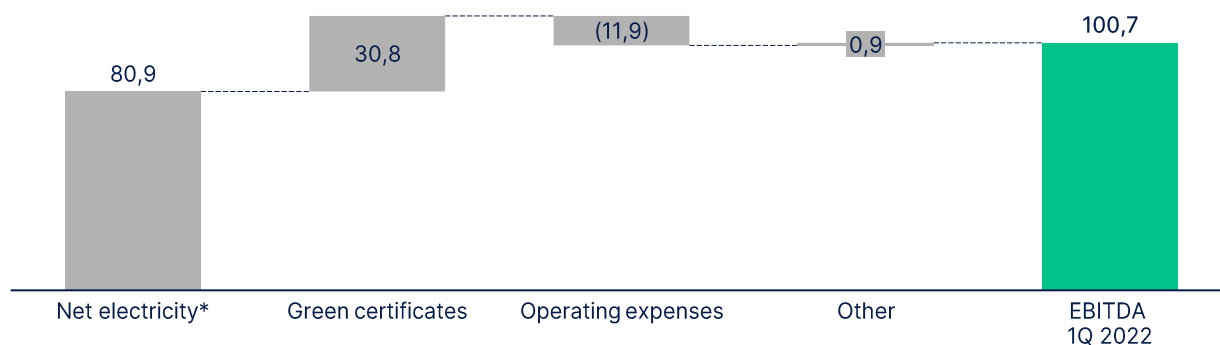
Debt structure - interest rate hedging



INCREASE OF NET DEBT DUE TO INCREASE OF GROSS DEBT, NO CURRENCY RISK IN THE DEBT STRUCTURE. DEBT COST HEDGED IN 66% OF BANK LOANS AND IN 91% OF INVESTMENT LOANS

Onshore wind farms - Q1

EBITDA build-up



Comment

- ▶ Net energy production volume higher by 95.4 GWh.
- ▶ Increase in electricity sales prices at the segment level (by PLN 4.7/MWh).
- ▶ Increase in green certificates' sales prices at the segment level (by PLN 2.1/MWh).
- ▶ Operating expenses in Q1 2022 higher than in Q1 2021, mainly due to the operating expenses of the Szymankowo wind farm, commissioned in Q3 2021.
- ▶ 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 annual report).

EBITDA bridge

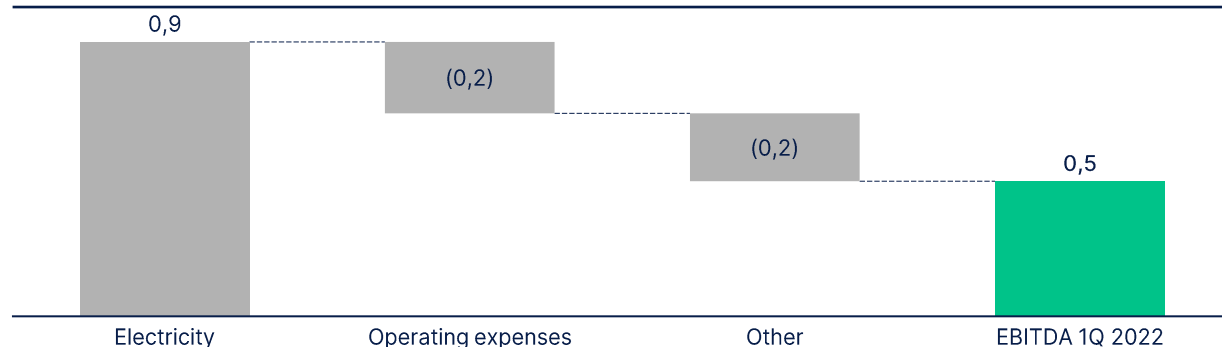


HIGHER PRODUCTION VOLUME AND HIGHER SALE PRICES OF ELECTRICITY AND GREEN CERTIFICATES, PARTLY SET OFF BY HIGHER OPERATING EXPENSES

* term explained in the glossary of abbreviations

Photovoltaics - Q1

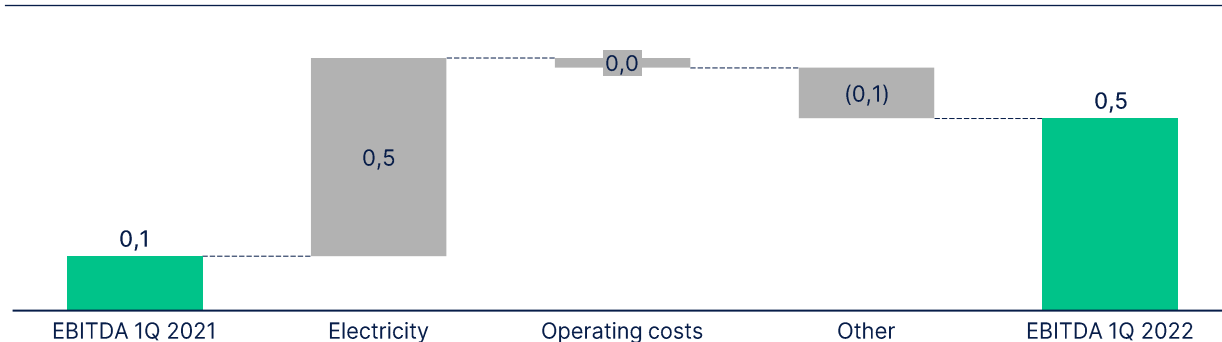
EBITDA build-up



Comment

- ▶ The result of the segment mainly includes revenues from the sale of electricity, guaranteed by the support obtained under the auction system, generated within the portfolio of 8 photovoltaic projects (Sulechów I).
- ▶ The EBITDA of Sulechów I in Q1 2022 was higher than in Q1 2021 due to the higher generated volume and partial sales of electricity at higher prices outside the auction system (+PLN 0.5m).
- ▶ The lower result under the "Other" item is due to higher costs related to the development of further photovoltaic projects in the Group in Q1 2022 compared to Q1 2021.

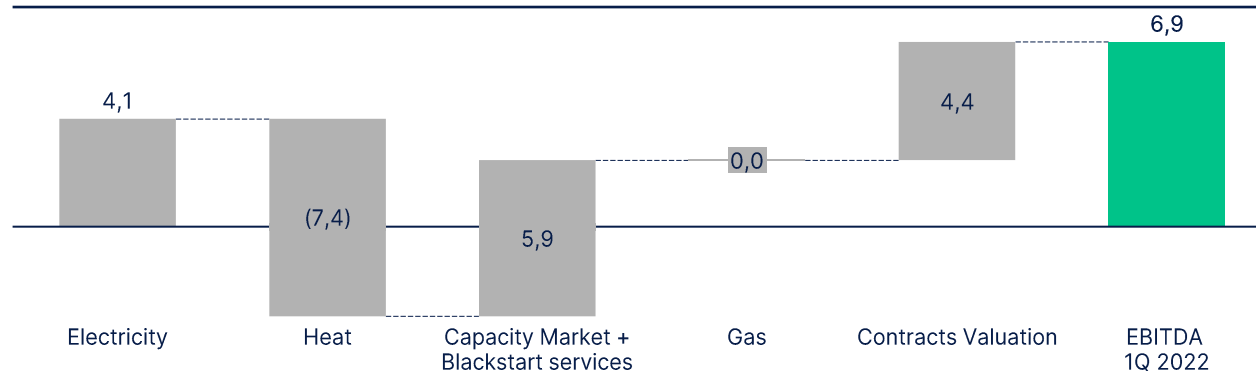
EBITDA bridge



INCREASED RESULT DUE TO THE HIGHER SULECHÓW VOLUME AND PARTIAL SALES OF ELECTRICITY AT HIGHER PRICES OUTSIDE THE AUCTION SYSTEM

Gas and Clean Fuels - Q1

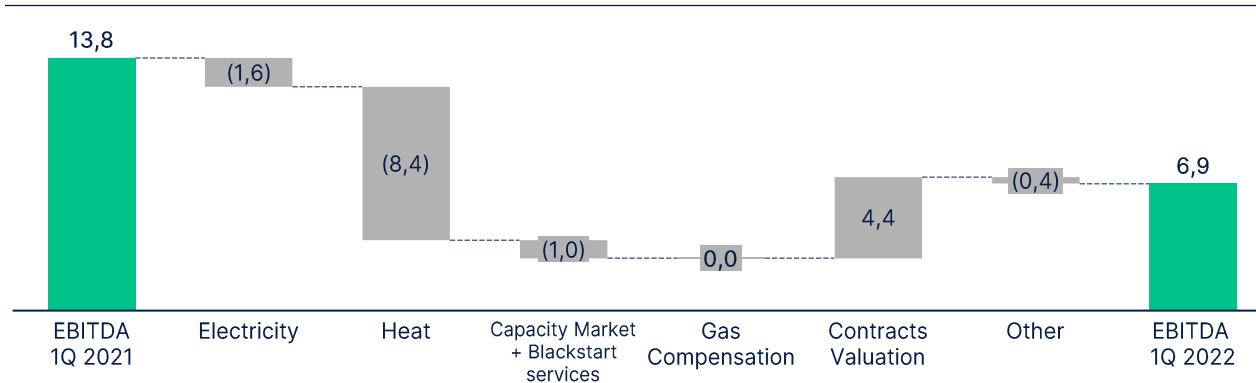
EBITDA build-up



Comment

- ▶ Higher result on electricity (including the valuation of contracts) mainly due to the process of ENS operation optimization (valuation of forward transactions hedging the ENS production and sale in a part of 2023), of which PLN 3.4 m corresponds to the result on the expected ENS production in the above-mentioned period, concerned by the concluded transactions (time shift).
- ▶ The lower result on heat is due to higher gas and CO2 costs in 2022.
- ▶ Lower revenues from the capacity market due to the lower price in 2022.

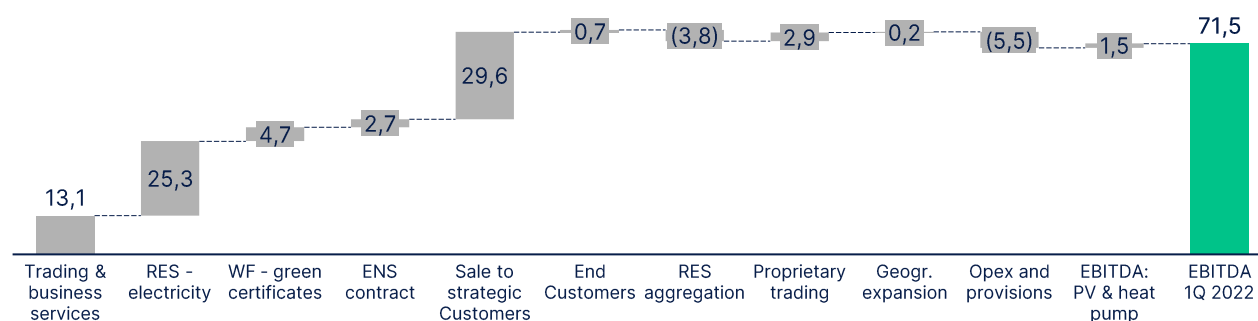
EBITDA bridge



LOWER EBITDA DUE TO LOWER RESULT ON HEAT, PARTLY OFFSET BY HIGHER OPTIMIZATION IN THE ELECTRICITY PRODUCTION PROCESS

Trading and Sales - Q1

EBITDA build-up

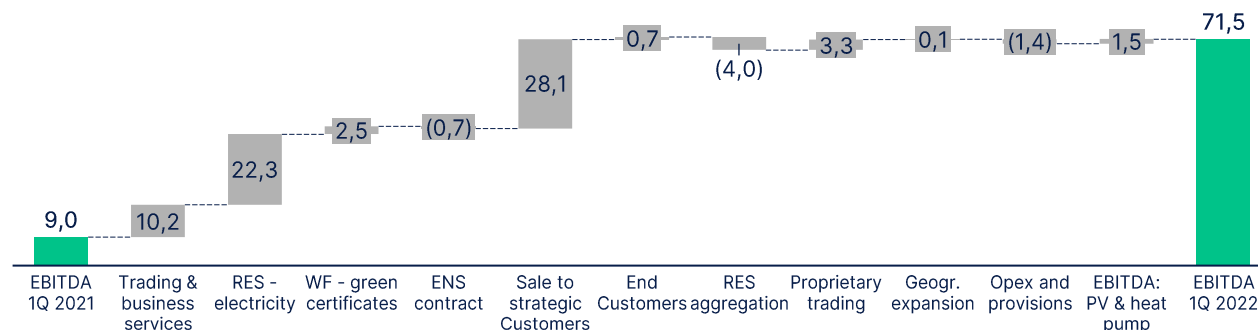


Comment

► Increase in EBITDA in the following areas:

- sales to strategic clients related mainly to the valuation of forward transactions,
- trade in energy and certificates from wind farms due to higher wind production and increased prices of energy and certificates,
- trading portfolio and business service in connection with the additional optimization of transaction hedging for other business lines,
- proprietary trading activities in the energy and gas markets,
- sales of photovoltaics and heat pumps by companies included in the segment in 2022.

EBITDA bridge



► The EBITDA increase was partly offset by:

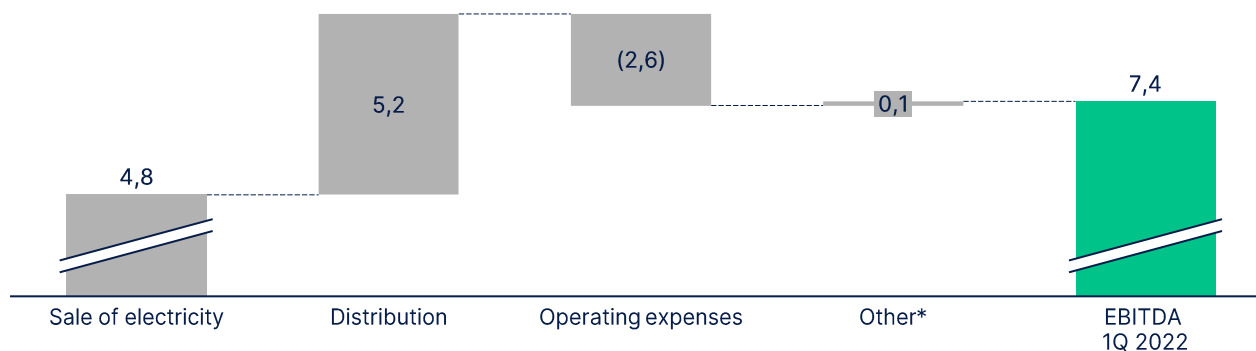
- lower margin on RES aggregation mainly as a consequence of higher profiling and balancing costs,
- lower result on ENS optimization resulting in 2022 valuation of forward transactions hedging production and sales for 2023 (the impact on the result of optimization carried out in Q1 2021 was higher),
- higher operating expenses due to increased scale of operations.



INCREASE IN SALES TO STRATEGIC CUSTOMERS, TRADE IN ENERGY FROM RES ASSETS, AND TRADE AND BUSINESS SUPPORT PARTLY OFFSET BY A LOWER MARGIN ON RES AGGREGATION AND INCREASED OPERATING EXPENSES

Distribution - Q1

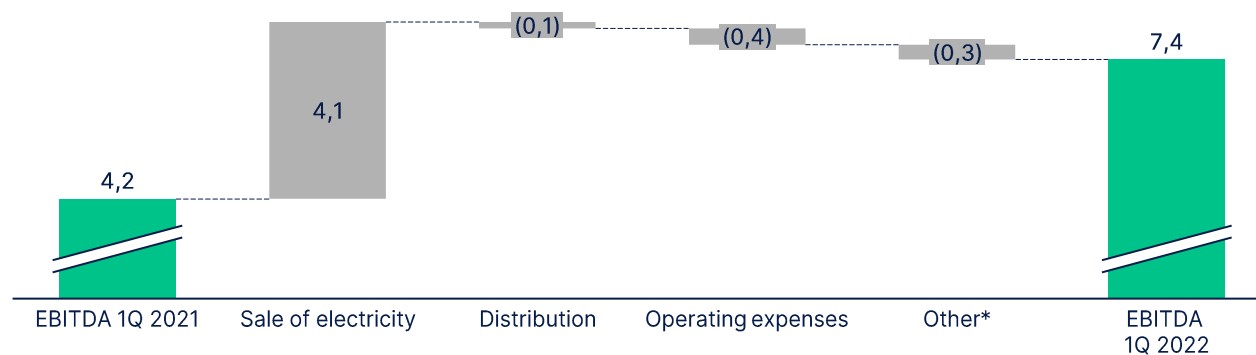
EBITDA build-up



Comment

- ▶ The distribution segment recorded a PLN 3.2m increase in EBITDA compared to the same period last year, mainly due to:
 - higher unit margin on energy sales,
- ▶ partly offset by:
 - lower revenues from connection fees,
 - higher operating expenses mainly due to increased scale of operations,
 - lower other operating expenses (in 2021 a repayment of written off receivables was made).

EBITDA bridge



STABLE OPERATING ACTIVITY INCREASE OF EBITDA DUE TO A HIGHER MARGIN ON ENERGY SALES




* the result of Polenergia Kogeneracja and Polenergia eMobility is taken into account

Progress of the Group's strategy implementation






Progress of the Group's strategy implementation (1/3)

Polenergia has started the construction of two wind farm projects and completed the construction of the Sulechów II and Sulechów III photovoltaic farms. The construction of the Dębisk and Kostomłoty wind farms has been progressing according to schedule

| Area | Status |
|--|--|
|  Onshore wind farms | <p>Projects in the advanced phase of development:</p> <ul style="list-style-type: none"> ▶ The Group is working to implement four wind farm projects with a total capacity of 205 MW, which received support under the RES support auction scheme. ▶ Construction works in wind farms in construction have been proceeding according to the schedule, turbine installations and energizing have been completed in Dębisk, all components for wind turbines have been delivered and turbine assembly has been finished in Kostomłoty, test runs are in progress. ▶ The Piekło wind farm and the Grabowo wind farm projects are in the construction phase. Construction works began at the end of March 2022. The projects are planned to be completed in H2 2023. <p>Works have been underway to prepare further projects to participate in future auctions. For individual projects, decisions on participating in auctions or other forms of hedging revenues from future production will be considered with the successively increasing work progress. The Group has been working on the further development of onshore wind projects to achieve the goals set out in the Group's Strategy for 2020-2024.</p> |
|  Photovoltaics | <p>Projects in the advanced phase of development:</p> <ul style="list-style-type: none"> ▶ The construction of PV Sulechów II and Sulechów III projects with a total capacity of 21.5 MW was completed, while the Buk project with a capacity of 6.4 MW is in the final phase of construction. <p>Other projects:</p> <ul style="list-style-type: none"> ▶ The Group is preparing the construction of two photovoltaic projects (Świebodzin and Strzelino) with a total capacity of approx. 56 MW, which received support under the RES auction in December 2021. <p>Works have been underway to prepare further projects to participate in auctions. For individual projects, decisions on participating in auctions or other forms of hedging revenues from future production will be considered with the successively increasing work progress. The Group has been working on the further development of photovoltaic projects to achieve the goals set out in the Group's Strategy for 2020-2024.</p> |
|  Offshore wind farms | <ul style="list-style-type: none"> ▶ The projects in advanced development phase - MFW Bałtyk II and MFW Bałtyk III (total planned capacity of approx. 1.4 GW) <ul style="list-style-type: none"> ▶ MFW Bałtyk III obtained the extension of the validity of the previous environmental decision and the application for a new decision was submitted to be re-examined. ▶ Agreements were entered into for the preferred turbine supplier for MFW Bałtyk II and MFW Bałtyk III (Siemens Gamesa) projects. ▶ Projects in early development phase - MFW Bałtyk I Sp. z o.o. (planned capacity approx. 1.6 GW) <ul style="list-style-type: none"> ▶ An environmental research program is underway to prepare an environmental impact report. |



Progress of the Group's strategy implementation (2/3)

Intensive development of the Group's operations has continued, Polenergia eMobility has started the first phase of the project of building generally accessible charging stations, works have been underway on the products allowing to achieve sales synergy between Polenergia Sprzedaż and Polenergia Fotowoltaika

| Area | Status |
|--|---|
|  Distribution | <ul style="list-style-type: none"> ▶ Polenergia Dystrybucja has been implementing IV investment plan for the years 2021-2026 for the total amount of PLN 105m in compliance with the prior adopted schedule. ▶ Polenergia eMobility has started the first phase of the project of building generally accessible charging stations by securing the locations for the stations. The tender procedure for a software system for managing the network of stations has started. |
|  Gas and clean fuels | <ul style="list-style-type: none"> ▶ In 2022 the EC Nowa Sarzyna (Heat and Power Plant), as the participant in the Capacity Market, has continued to perform the capacity obligation as per the contract entered into with Polskie Sieci Elektroenergetyczne and to provide the black start and system restoration service for PSE. ENS also participates in the capacity aftermarket, where trading in capacity obligations takes place, as well as re-allocation of capacity obligations among capacity suppliers. In addition, in Q1 2022 the heat and power plant provided PSE with the Reliability Must Run (RMR) services. Thanks to the contracts for the sale of energy and the purchase of gas and CO₂, hedged for 2022 and then "reversed", in accordance with the SLA (Service Level Agreement), the gas and steam unit is currently not operating on the energy market (except for system services) and heat is produced in auxiliary boiler room. Should a positive CSS occur, the ENS will dynamically revert to energy production thanks to an optimized operating model. ▶ Polenergia has been developing a large scale 100 MW project for generation and storage of hydrogen produced by water electrolysis using its own renewable energy. The project is under the IPCEI procedure. On 29 April 2022, the Ministry of Climate and Environment, upon approval by the Office of Competition and Consumer Protection, submitted a project under the so-called RHATL wave for notification to the European Commission. ▶ ENS has been preparing for the production of renewable hydrogen and for the co-combustion of natural gas with hydrogen, and actively participating in the creation and development of the Subcarpathian Hydrogen Valley. Two gas turbines in ENS with a capacity of 40 MW each were partially modernized and prepared for co-firing up to 10% hydrogen with natural gas at the end of 2021. |
|  Trading and sales | <ul style="list-style-type: none"> ▶ Optimization of Elektrociepłownia Nowa Sarzyna - changes in the level of margin resulting from the changes in the level of prices of electricity, gas and CO₂ allowances in connection with the generation of electricity in ENS (the so-called Clean Spark Spread) allowed for making a decision to curb the planned generation and reverse the position in the forward market for 2023 (about 1/3 of the ENS planned annual production was hedged for 2023). In 2022, ENS provides Reliability Must Run services (RMR) commissioned by PSE. The current market spreads do not allow for hedging energy sales for the coming years with a positive margin. ▶ Sale of energy to strategic customers - sale is made to acquired end customers. The company makes indicative offers to further customers. ▶ RES aggregation - the company provides services to acquired external RES customers and makes indicative offers to further customers, taking into account the increasing range of price volatility and the levels of risks associated with this business line. ▶ Works are underway on the development and sale of long-term cPPA products from the Group's RES sources, and advanced negotiations are in course with end customers. ▶ Sales of renewable energy to end customers - Polenergia Sprzedaż sells green energy only through its website and teleshopping channels. The company has been gradually expanding its sales portfolio. The sale is carried out in the Energia 2051 standard, since Polenergia Sprzedaż, as the first energy company in Poland, holds the TÜV SÜD certificate, confirming the highest quality of the offer for green energy sale in the Energia 2051 standard. Works are underway to implement the products allowing to achieve sales synergy between Polenergia Sprzedaż and Polenergia Fotowoltaika. |

Progress of the Group's strategy implementation (3/3)

Polenergia has continued its efforts to help refugees from Ukraine

| Area | Status |
|--|--|
|  Trading and sales | <ul style="list-style-type: none"> ▶ Geographic expansion - operations on the Hungarian market continued, however, due to limitations in the available cross-border capacity, the trade volume was limited. The company is intensifying activities in the field of developing ultra-short-term trading (intraday) on the European SIDC intraday market, expanding its trading team for this purpose. Due to the geopolitical situation in Ukraine, business involvement has been kept to a minimum. ▶ The company monitors and analyzes the situation in terms of business opportunities related to importing energy from Ukraine, while minimizing own risks. ▶ Flexibility services - in the absence of implemented legal regulations, the development of the system services market is still limited, therefore the development of this business line has been suspended. ▶ As part of the Edison Energia Group taken over in January this year, the companies' names were changed to Polenergia Fotowoltaika and Polenergia Pompy Ciepła. In accordance with the adopted Group Strategy for the years 2020-2024, the Polenergia Group adapts to the new realities by investing in installations and customer service in the area of prosumer energy. |
|  Corporate Social Responsibility | <ul style="list-style-type: none"> ▶ Humanitarian aid for refugees from Ukraine: <ul style="list-style-type: none"> ▶ Emergency assistance (providing food at railway stations / reception points, employee volunteering, layettes for children, help in creating additional jobs in crisis institutions, e.g. the Center for Child Psychiatry in Warsaw, etc.). ▶ A roof over the head - both one-off activities (assistance to local governments / foundations in adapting premises for accommodation purposes) and long-term obligations (including covering the costs of utilities, food, medicines and other necessary livelihood). ▶ Financing of adaptation works in accommodation facilities, commitment to long-term financing of the media, food and medicines. Actions for refugees with disabilities. ▶ Decent work - searching within the Group for opportunities to offer decent work for male and female refugees from Ukraine. ▶ A total of over 22 activities in the area of emergency and long-term aid have been carried out so far. ▶ Actions to support the development of future human resources in the energy sector: <ul style="list-style-type: none"> ▶ In Q1 2022 preparations were made to start recruitment for the 11th edition of the Energy Academy and the L. Paga Foundation Academy of Business Female Leaders, with Polenergia is the Strategic Partner. ▶ Other activities <ul style="list-style-type: none"> ▶ The Polenergia Group is working on the "#for Climate" educational project. In Q1 2022 work continued on the completion and publication of the "Play green with us" website and educational materials for children and youth. Co-created with the Kulczyk Foundation and the UNEP / GRID-Warsaw partner for substantive issues. As part of the action, it is planned to start employee volunteering and organize webinars for teachers and climate and environmental educators. ▶ In Q1 2022 the works on the EHS Report to financing institutions and the ESG Service for 2021 were completed. The Group published GHG emissions in scenarios 1 and 2 for the first time (the report is available on the Group's ESG website). ▶ Trainings for managerial staff in team management and support for diversity in teams were completed (cyclical trainings lasted from December 2021 to March 2022). |

Appendices



Glossary of abbreviations



Term



Definitions:

| | |
|--|--|
| Revenues on account of granted and yet unsold green certificates | <p>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.</p> <p>Revenues from granted but not yet sold green certificates presented on slides 18 and 19 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.</p> |
| 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 |



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