Polenergia

Polenergia Group

Q3 2022 Financial Results

November 2022

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Agenda:

01. Summary of key events in Q3 2022
02. Summary of key operational parameters
03. Q3 2022 Financial Results
04. Group’s strategy implementation status

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Summary of key events in Q3 2022

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Q3 2022 Summary: key events (1/3)

Fact	Effect/Comment
Low windiness in Q3 mitigated by high energy generation in previous quarters and capacity increase	▸ High windiness in Q1 and the commissioning of Szymankowo wind farm in 2021 resulted in higher generation in 2022 by 95 GWh compared to the corresponding period of the preceding year, despite low windiness in Q2 and Q3. Negative variance in Q3 alone amounted to 9 GWh.
Exceptional price and volatility increases in the energy market	▸ The year 2022 features historically not experienced YOY increases of prices on the SPOT and forward markets. At the same time, in view of the increased share of installed capacity in RES and the growth of energy generation cost in conventional power plants, the price volatility has been extremely high, with hourly energy prices subject to intraday change by more than PLN 1000 per MWh, depending on the RES generation level. ▸ Electricity prices and extreme market volatility reached peaking point in Q3 leading to substantial increase of nominal profile cost and the balancing costs both for the wind farms and the PV farms. It contributed to negative EBITDA in Trading and Sales caused mainly by negative result on sale of electricity generated by Group own projects and acquired through aggregation business line.

Consistent implementation of the Polenergia Group Strategy for the years 2020-2024	▸ Onshore wind farms: Continuation of the construction of the portfolio of four wind farm projects:
	  ▸ Dębsk: an operating permit was issued for this project in October;
	  ▸ Kostomłoty: a license to generate green power was issued for this project in October;
	  ▸ Piekło and Grabowo: construction started at the end of March 2022.
	▸ Photovoltaics: The construction of a 6.4 MW project in Buk was completed.
	▸ E-mobility: Polenergia eMobility has started to develop the first publicly available charging stations and has been efficiently procuring further locations for the construction e-vehicle charging stations all over the country. In November, the Company began selling the charging service using the first public charging stations owned by the Company.
	▸ Polenergia Fotowoltaika: In Q3 2022, Polenergia Fotowoltaika deployed PV systems of the total capacity of 15.4 MW, while concurrently, Polenergia Pompy Ciepła installed 160 heat pumps. Polenergia Fotowoltaika also began selling the Polenergia 360 product, resulting in 966 contracts for the supply and re-purchase of renewable and zero-emission energy.
	▸ Gas and Clean Fuels: Polenergia, acting as a consortium Leader and ENS, acting as a consortium member, entered into a contract with the National Center for Research and Development for co-financing (PLN 95.1 m) of the project H2 HUB Nowa Sarzyna: Green Hydrogen Storage. The project's goal is to develop an integrated system for the production of green hydrogen, including its storage and a synthetic aviation fuel conversion system, that would be neutral from the CO_2 emission perspective.

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Q3 2022 Summary: key events (2/3)

Fact	Effect/Comment
 Dynamic changes in the macroeconomic environment and the impact of the war in Ukraine	▸ Increased energy and gas price levels and volatility: limited Russian gas supplies and the situation in the European gas market may continue to drive further price increase and volatility. ENS has its gas prices hedged (in terms of volume and fixed price) in relation to the thermal power generation contracts until 2023. An additional safety feature for heat generation is the supply of light heating oil maintained and increased in Q1 2022, as reserve fuel in the event of limited or no supply of gas. 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 result in a significant increase in profile costs. ▸ Increased risk of conducting sales activity: The Group has identified increased risk of sales which is driven, among others, by increased volatility of electricity and natural gas prices, the risk of failure to meet the customers' demand volume and the increased risk of insolvency of customers. ▸ Interest rate growth: the sensitivity of the onshore wind farm segment's operating part to fluctuation of interest and exchange rates is low due to the earlier hedging of most of the projects. However, the growing interest rates affect the investment financing costs of new projects and the revolving financing in the Trading & Sales and Distribution segments. ▸ Increased investment costs and extended duration of projects' implementation: the increase in raw material and product prices on the market and the temporary shortage of employees suffered by subcontractors may result in delays in the implementation of wind and PV farm projects. The growing interest rates are behind the rising costs of financing, while the 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. ▸ 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.

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Q3 2022 Summary: key events (3/3)

Fact	Effect/Comment
Changing regulatory framework	Regulatory intervention aimed to limit the impact of energy price increase on end users ▸ The regulations introduced provide for households to maintain the prices from 2022 in settlements, up to the limit of energy consumption specified in the regulations (2k kWh/year, 2.6k kWh/year for people with disabilities, 3k kWh/year for farmers and families with a nationwide Big Family Card). ▸ The regulations introduced define the maximum prices for the sale of energy to households (PLN 693/MWh) - applicable after exceeding the consumption limits set out in the Freezing Act*, as well as for other eligible consumers (in particular small and medium-sized enterprises and a number of public utility entities) (PLN 785/MWh). ▸ The regulations introduced also limit the revenues generated by energy producers and trading companies. Achieving a surplus of revenues from the sale of energy over the price limits indicated in the regulations results in the obligation to transfer it to the account of the Price Difference Payment Fund. ▸ Impact: the abovementioned regulations will limit revenues increase in RES generation and establish a cap for margin to be earned on sales of electricity to final customers and on trading activity in the period from December 1, 2022 to the end of 2023. The potential strategic and financial implications of this regulations are still under review. Onshore wind farms and PV farms ▸ The act abolishing the "exchange sale obligation": The President signed the act which abolished the obligation to sell the generated electricity on the power exchange (TGE). Impact: This act may significantly reduce liquidity on TGE and thus limit the potential to hedge production volumes in advance on attractive terms. ▸ Provisions on direct lines: The Ministry of Development and Technology has announced it will be revisiting the rules governing the establishment and operation of direct lines. Impact: Direct lines will be another impulse for the development of the RES projects, in particular for the construction of facilities with direct connection to the end-user and dedicated to the production of green hydrogen.

* Term explained in the abbreviations glossary

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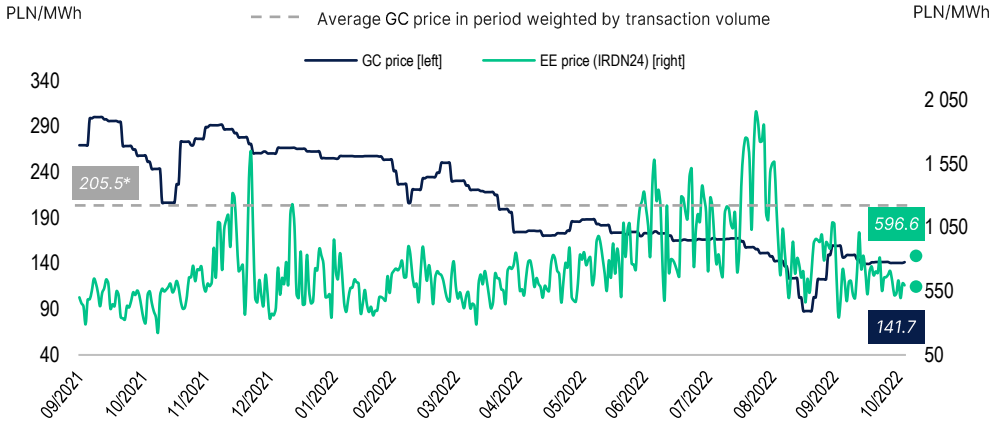
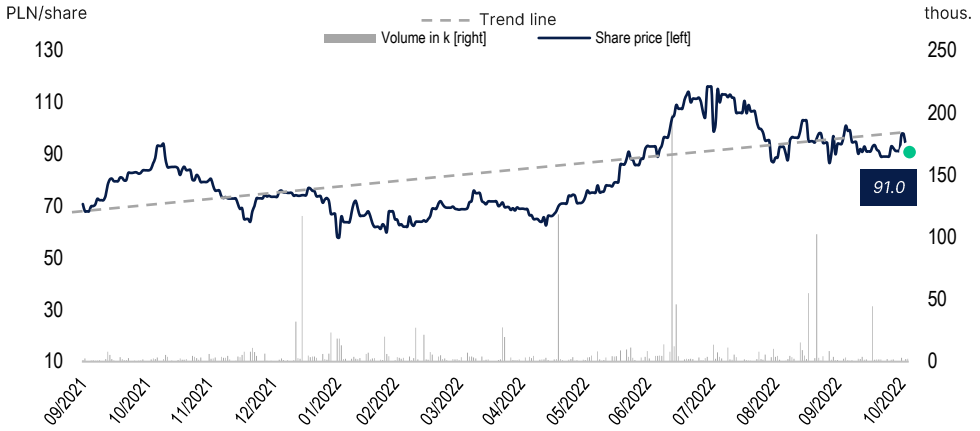
Key indexes and market prices

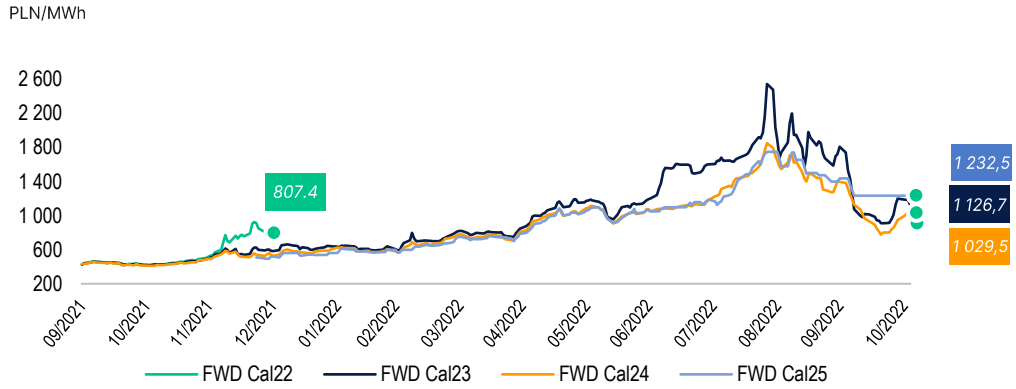
Prices of green certificates and electricity



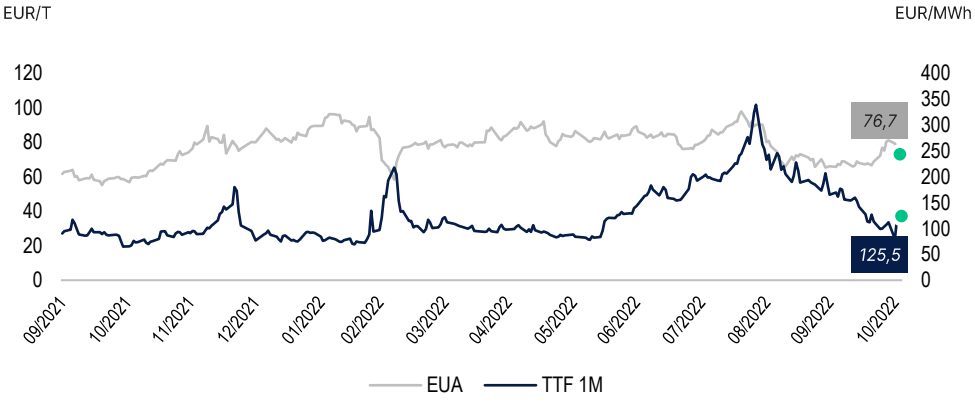
Stock exchange price quotations of Polenergia S.A. shares



Forward electricity prices



CO_2 emission allowance quotations and gas price on TTF



* Average GC price weighted against the transaction volume in the corresponding period of the preceding year was: 171.7 PLN/MWh

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Summary of key operational parameters

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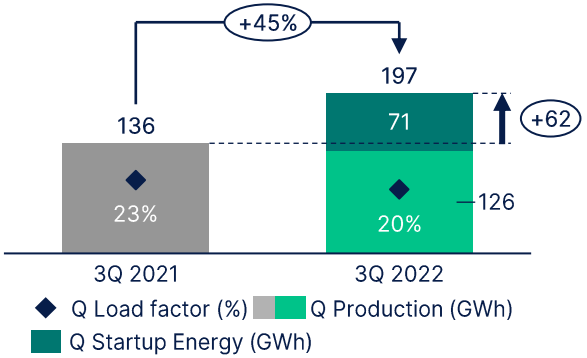
Summary of key operating parameters - Onshore wind farms

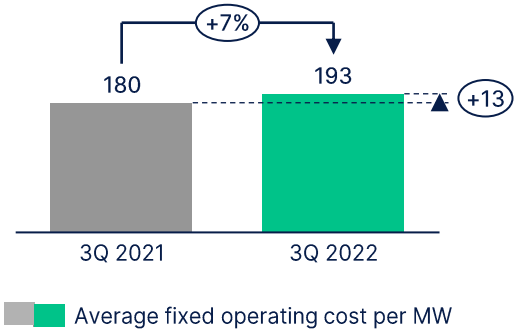
Operating onshore wind farm production, startup energy and LF%

Average fixed operating cost per MW in onshore wind farms [PLN K/MW/year]

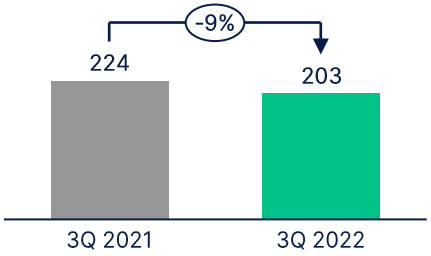
Revenue per MWh (after balancing and profile cost) at the Group level [PLN/MWh]

Quarterly data

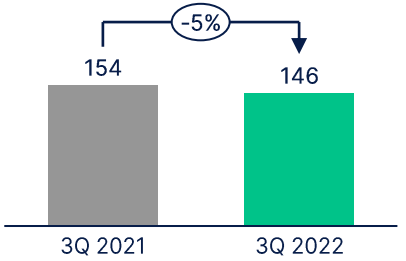




Electricity



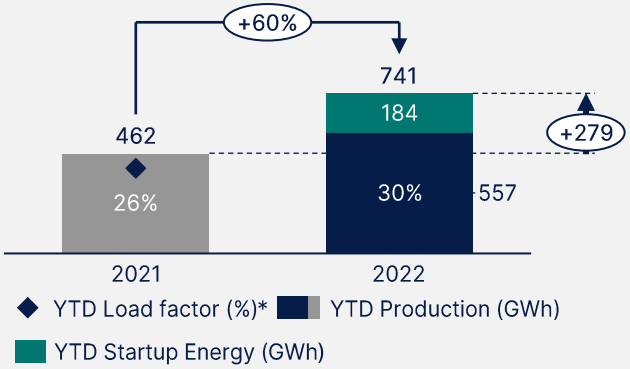
Green Certificates

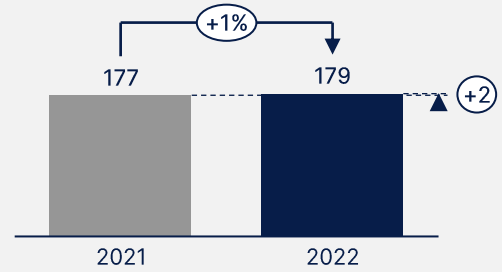


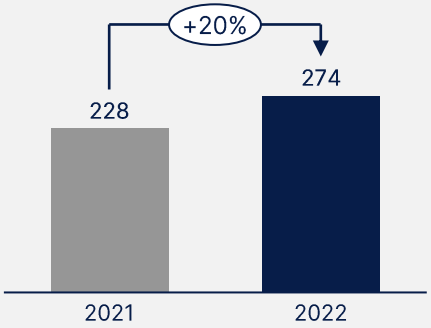
YTD figures

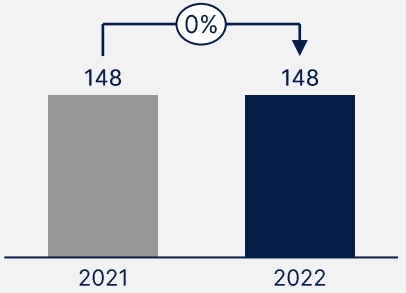
Electricity

Green Certificates









* Productivity in 2021, excluding Szymankowo WF in view of its commenced generation in 2021.

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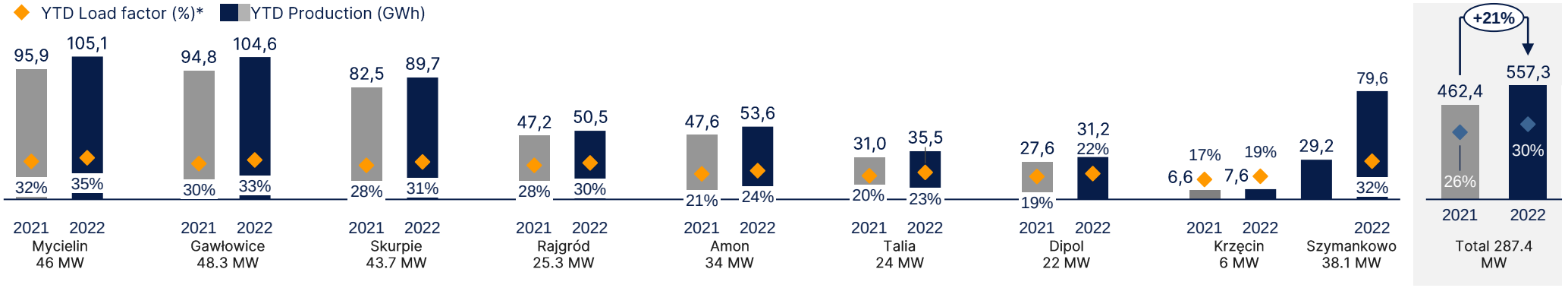
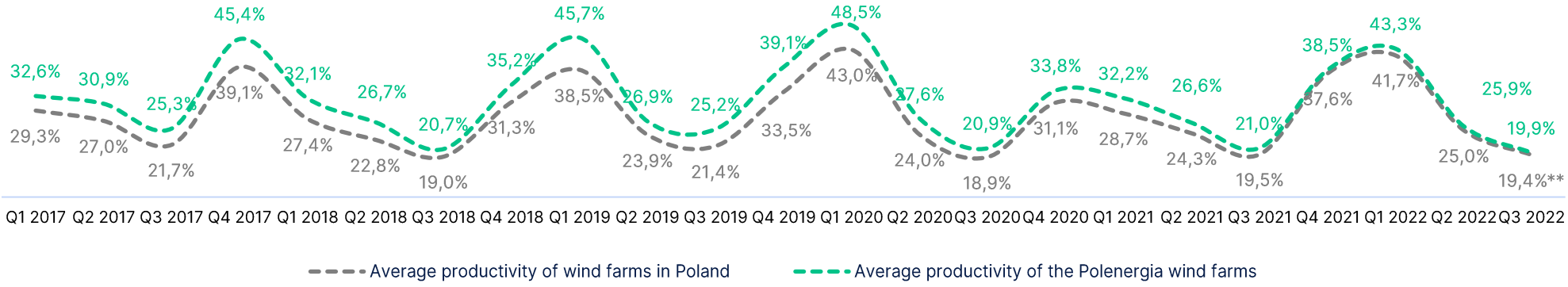
Summary of key operating parameters - Onshore wind farms

(Net) Production, YTD



Net productivity of Polenergia wind farms



THE USE OF STATE-OF-THE-ART TECHNOLOGIES, VERY GOOD LOCATION OF PROJECTS AND AN EXPERIENCED TECHNICAL TEAM PERMIT TO ACHIEVE SLIGHTLY HIGHER OUTPUT THAN THE MARKET AVERAGE.

* Productivity in 2021, excluding Szymankowo WF in view of its commenced generation in 2021.
** Calculation of net production of the sector in September estimated based on the market figures of July and August by way of a comparison of net production of Polenergia in September against the net production of Polenergia in July and August.

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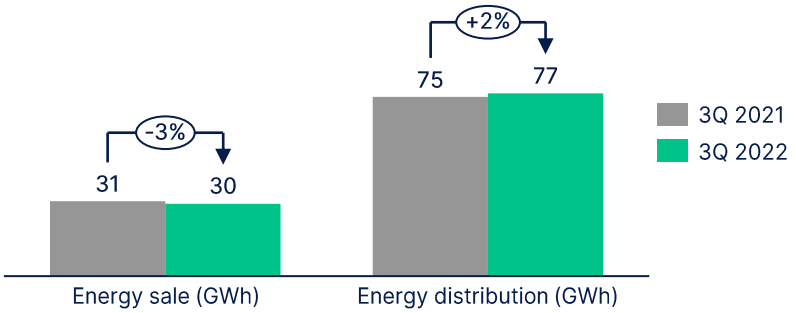
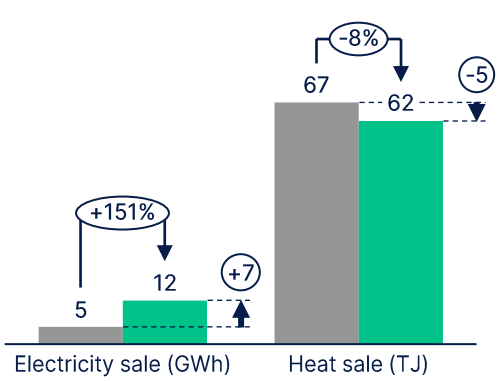
Summary of Key Operational Parameters - Distribution and Gas and Clean Fuels

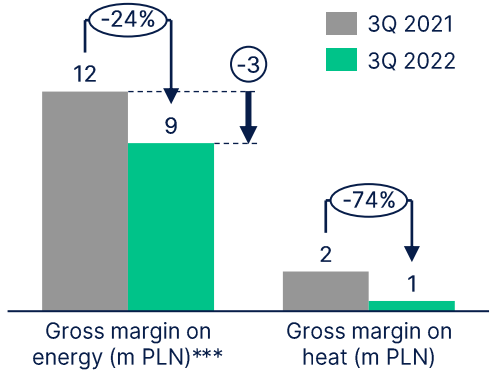
Distribution – RAB [m PLN] and sale [GWh]

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

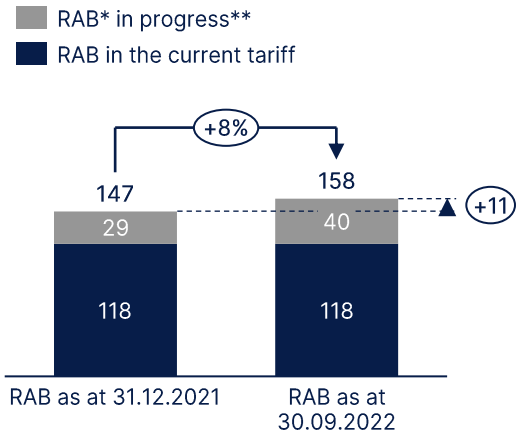
Quarterly data

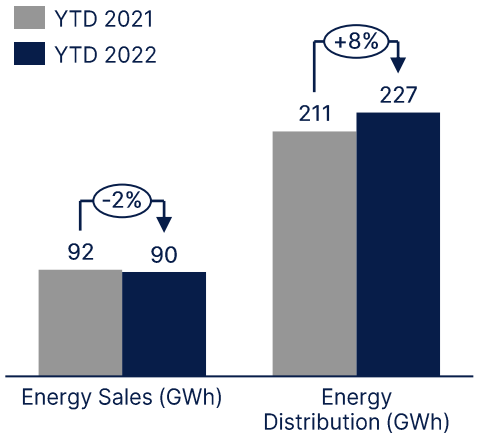


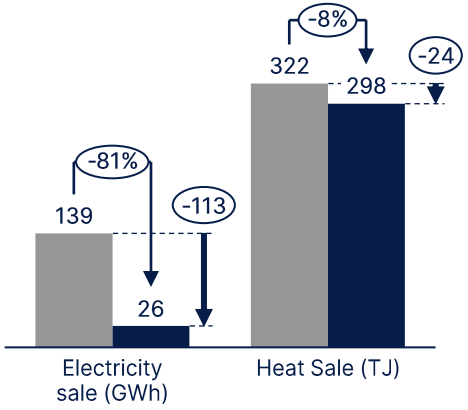


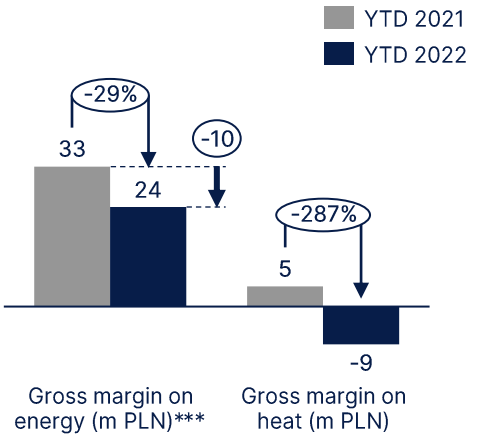


Data YTD









* 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.

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Q3 2022 Financial Results

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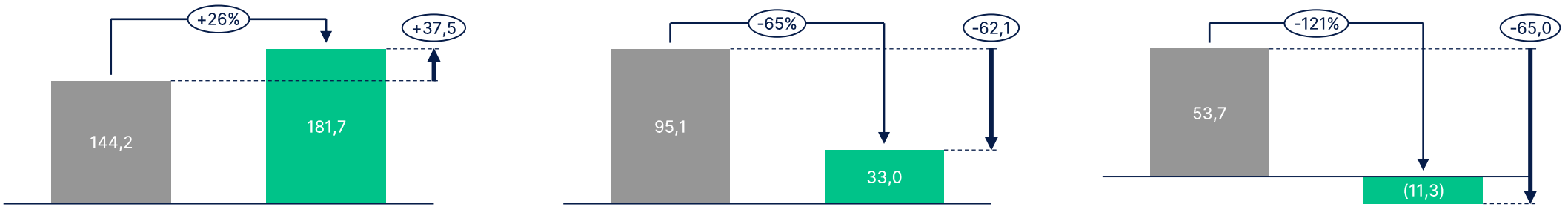
Q3 2022 Financial Results

Revenues
(without the Trading and Sales segment)

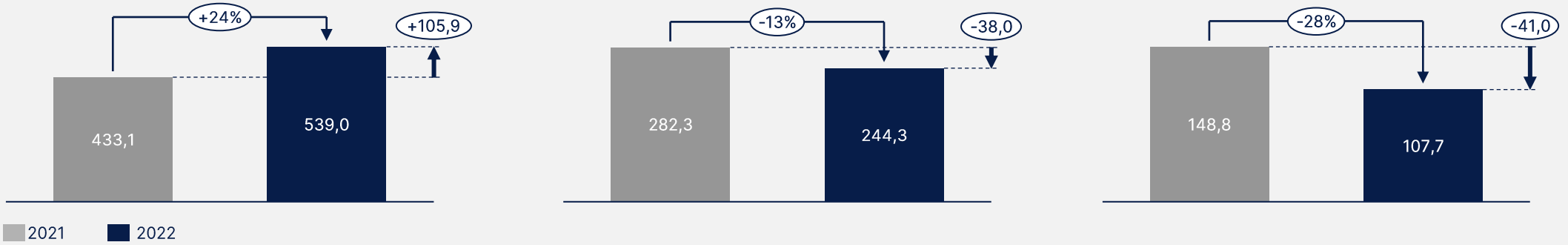
EBITDA
(normalized)

Net Profit
(normalized)

Quarterly data



YTD



LOWER RESULT IN Q3 2022 MAINLY DUE TO LOWER RESULT IN GAS AND CLEANS FUELS AND IN TRADING AND SALES, RELATED TO THE 2021 ENS OPTIMIZATION, HIGHER PROFILE AND BALANCING COST AND DROP IN THE PROFIT ON SALES TO STRATEGIC CUSTOMERS, PARTLY OFFSET, WITHOUT LIMITATION, BY HIGHER RESULT IN THE ONSHORE WIND FARM SEGMENT.

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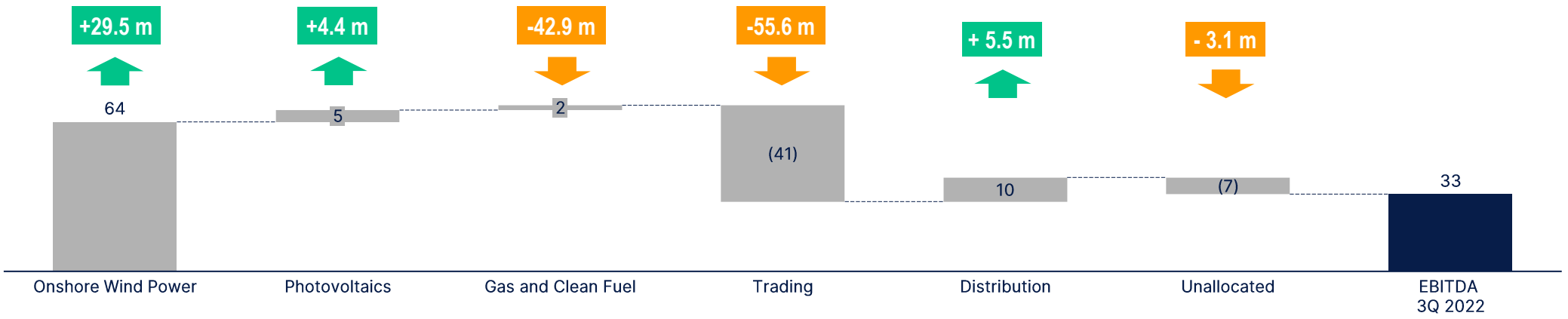
Structure of the EBITDA result – Q3 2022 vs. Q3 2021

Structure of the EBITDA result in Q3 2022



Structure of the EBITDA result in Q3 2021

BETTER RESULT IN THE ONSHORE WIND FARM, DISTRIBUTION AND PHOTOVOLTAICS SEGMENTS AND LOWER RESULT IN THE TRADING AND SALES, GAS AND CLEAN FUELS SEGMENTS, AS WELL AS IN UNALLOCATED.

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Structure of the EBITDA result - first three quarters of 2022 compared against the first three quarters of 2021

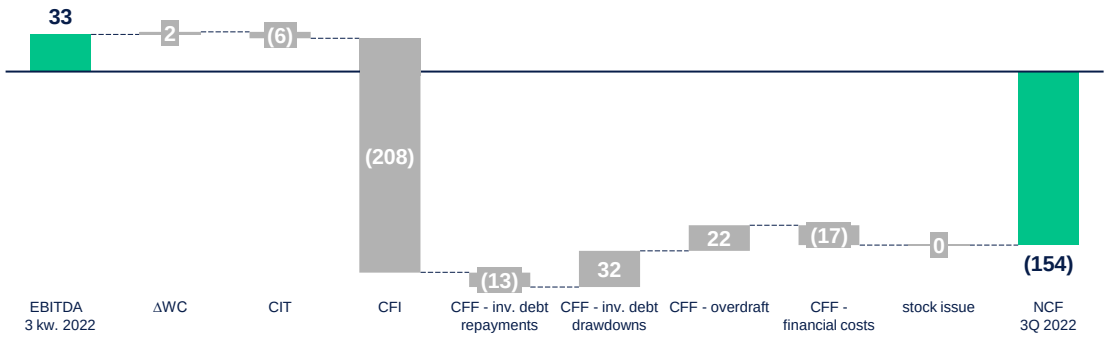
Structure of the EBITDA result after the three quarters of 2022

Structure of the EBITDA result after the three quarters of 2021

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

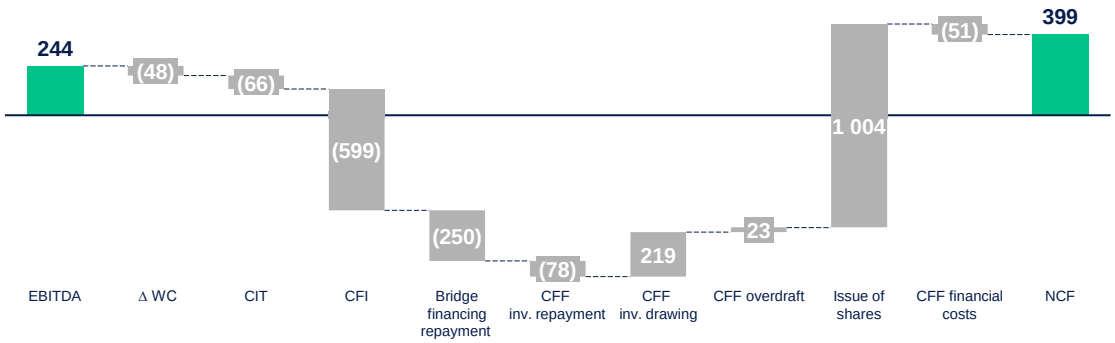
Cash flow of the Polenergia Group

The Group's cash flow in Q3 2022



- **Cash flows from investing activities:** Mainly capex in wind farm and PV farm projects (-197.2 m) including 107.2m in Grabowo and 27.3m in Piekło project, capex in Polenergia Dystrybucja (-8.3m) and in other companies (-2.4 m).
- **Cash flow from financial activities:** Investment loan and interest repayment in the onshore wind farm and PV segments according to the schedule (-25.6 m), Incurring an investment loan in the wind farm and PV project companies (+29.3 m). Change in the revolving loan/ VAT loan (+22.5 m). Other cash flows of PLN -1.8m.

Cash flows of the Group YTD



- **Cash flows from investing activities:** Mainly capital expenditures in the wind farm and PV farm projects (-458.0m), including 128.8m in Grabowo and 34.9m in Piekło project, , contributions to offshore wind farms (-110.5m), payment for Polenergia Fotowoltaika (-7.6m) and capital expenditures in Polenergia Dystrybucja (-16.3m) and other companies (-6.8m).
- **Cash flow from financial activities:** Investment loan and interest repayment in the onshore wind farm and PV segments according to the schedule (-103.3 m), Repayment of the HQ bridge financing (-250 m). Incurring an investment loan in the onshore wind farm and PV projects (211.9 m). Change in the revolving loan/ VAT loan (+23.4 m). Share issue (1,003.9 m). Other cash flows of PLN -18.3m.

HIGH CAPITAL EXPENDITURES IN THE WIND FARM AND PHOTOVOLTAIC FARM SEGMENT MAINLY FINANCED WITH EQUITY.

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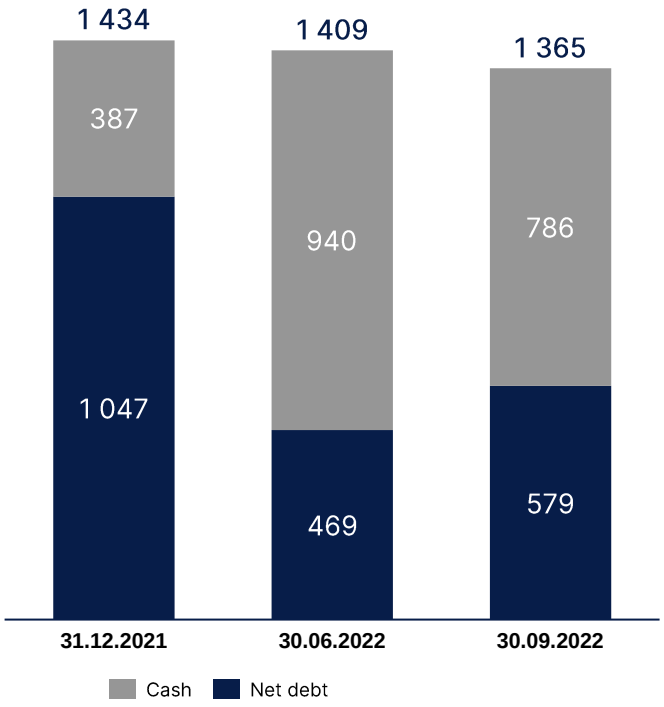
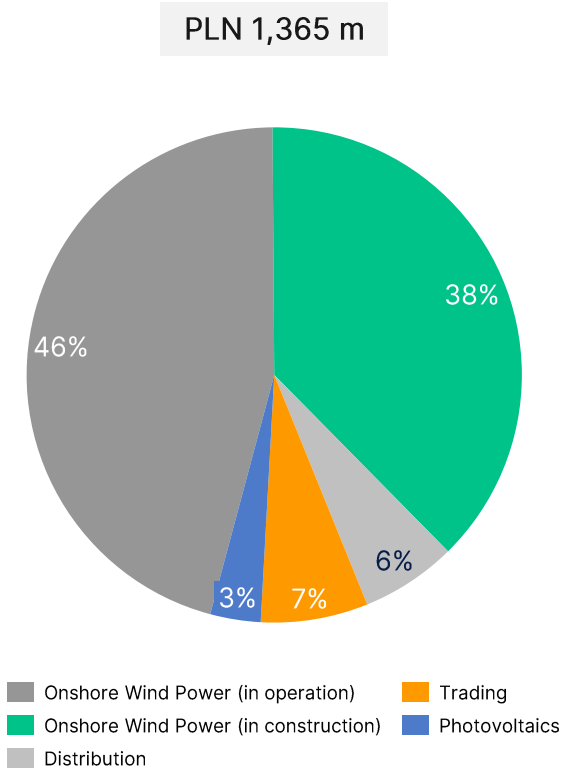
Debt structure of the Polenergia Group as at 30 September 2022

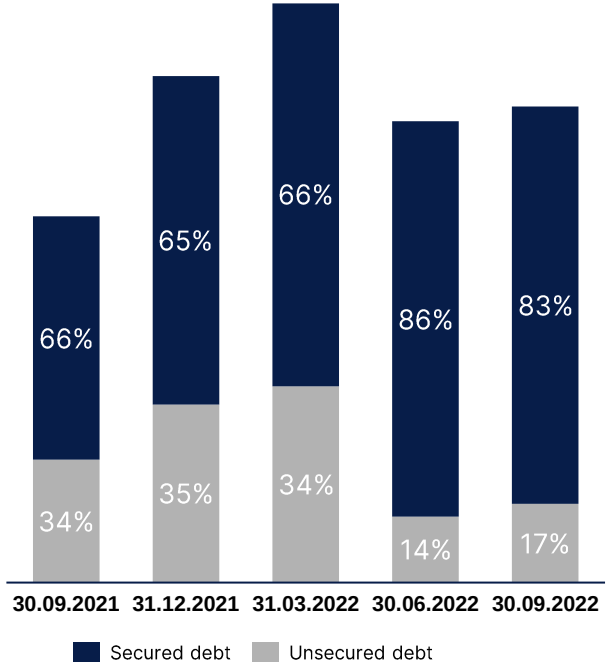
Gross debt (PLN million)



Debt structure by segments



Debt structure - interest rate swaps



NET DEBT INCREASE COMPARED TO THE END OF Q2 2022 DUE TO THE DROP IN THE CASH BALANCE, THERE IS NO FOREIGN EXCHANGE RISK IN THE DEBT STRUCTURE. DEBT COST HEDGED IN 83% FOR BANK LOANS, OF WHICH IN 93% FOR INVESTMENT LOANS.

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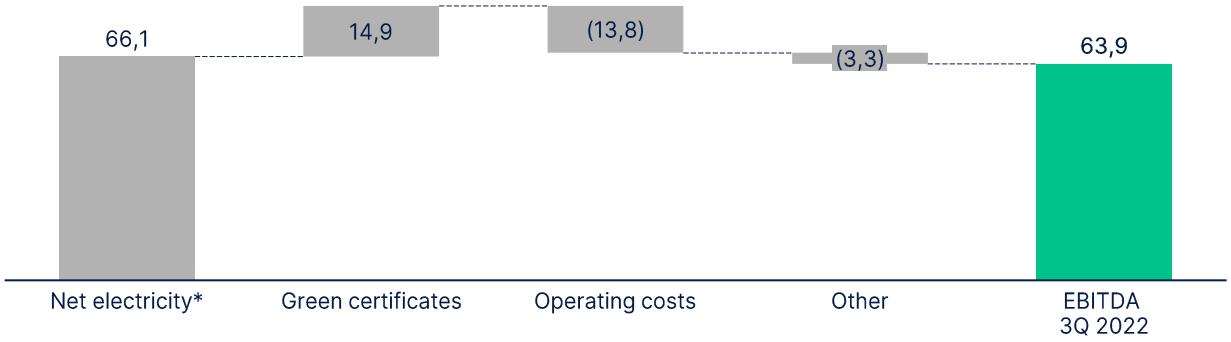
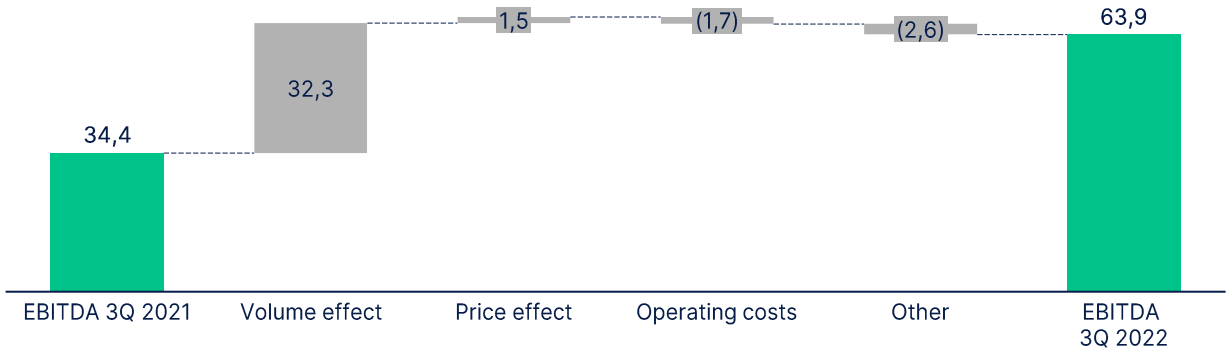
Onshore wind farms - Q3

EBITDA build-up



EBITDA bridge



Commentary

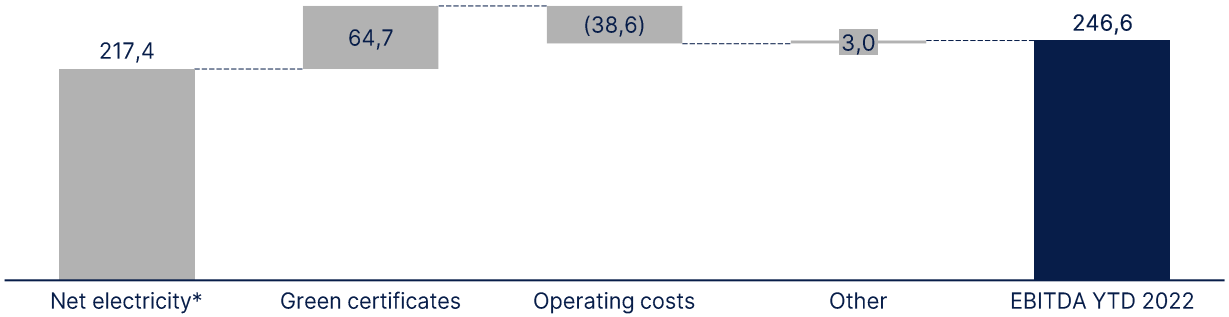
- The net production volume of wind farms in operation dropped by 9.4 GWh in Q3 because of lower windiness.
- Increase in sales prices of electricity at segmental level (by PLN 4.6/MWh).
- Growth in sales prices of green certificates at segmental level (by 6.3 PLN/MWh).
- Operating costs in Q3 2022 exceeded those in Q3 2021 mainly due to inclusion of the operating expenses of the Szymankowo wind farm and the higher cost of own consumption of energy.
- Income from green certificates granted but yet unsold* and the associated selling expenses are presented without the IFRS 15 adjustment (unlike in the presentation in the consolidated annual report).

HIGHER SALES PRICES OF ELECTRICITY AND GREEN CERTIFICATES, PARTLY OFFSET BY HIGHER OPERATING EXPENSES.

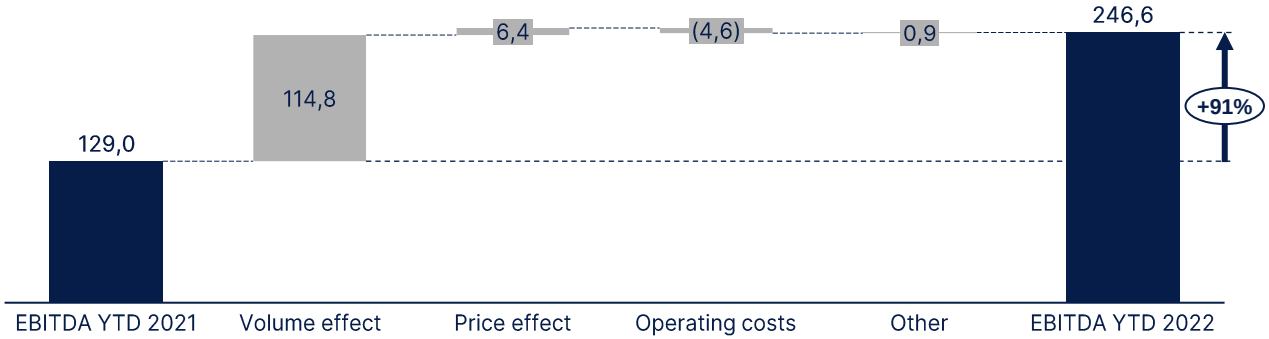
* Term explained in the abbreviations glossary

Onshore wind farms - YTD

EBITDA build-up



EBITDA bridge



Commentary

- Net production volume higher by 94.9 GWh given higher windiness in Q1 2022 and the commencement of operation of the Szymankowo wind farm in Q3 2021.
- Increase in sales prices of electricity at segmental level (by 1.3 PLN/MWh).
- Growth in sales prices of green certificates at segmental level (by 8.9 PLN/MWh).
- Operating expenses in the three quarters of 2022 exceeded those in a corresponding period of the preceding year mainly due to inclusion of the operating expenses of the Szymankowo wind farm brought into operation in Q3 2021 and the higher cost of own consumption of energy.
- Income from green certificates granted but yet unsold* and the associated selling expenses are presented without the IFRS 15 adjustment (unlike in the presentation in the consolidated annual report).

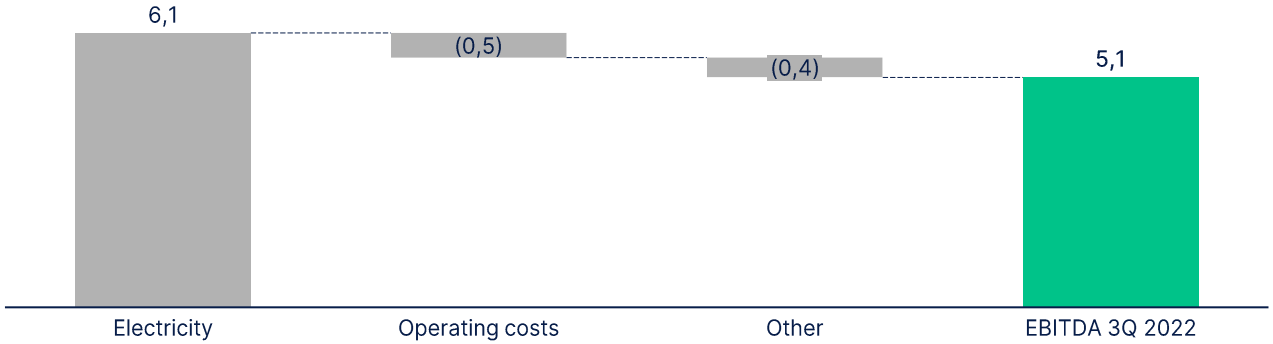
HIGHER PRODUCTION VOLUME AND HIGHER SALE PRICES OF ELECTRICITY AND GREEN CERTIFICATES, PARTLY SET OFF BY HIGHER OPERATING COSTS

* term explained in the glossary of abbreviations

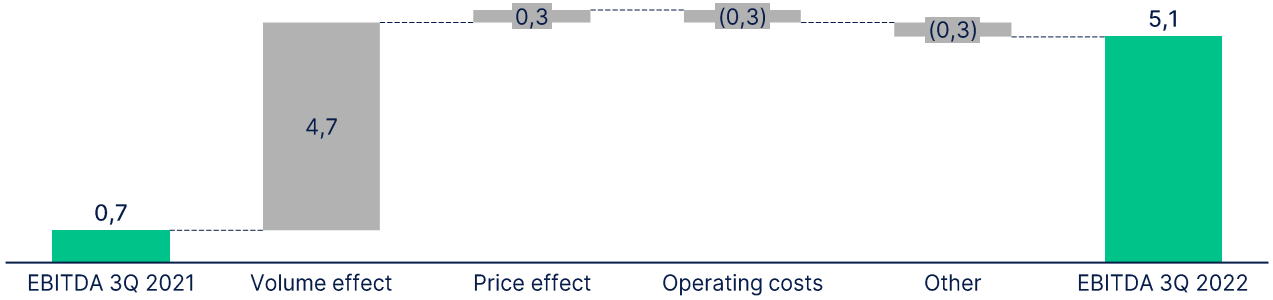
Polenergia

Photovoltaics - Q3

EBITDA build-up



EBITDA bridge



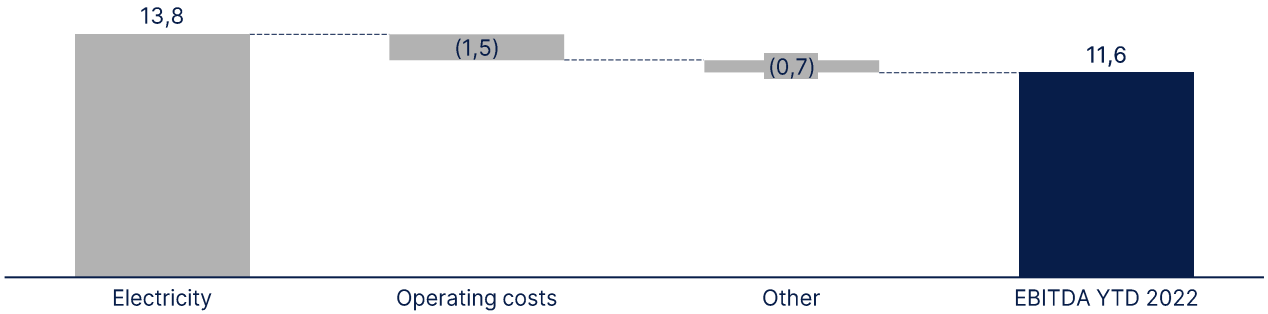
Commentary

- The segment's result comprises mainly revenues from sales of electrical energy generated in the Sulechów I (8 MW), Sulechów II (11.7 MW) and Sulechów III (9.8 MW) PV farms, with relatively low contribution of the Buk (6.4 MW) farm, given the fact it was energized as late as at the end of Q3.
- The segment's EBITDA result in Q3 2022 exceeded that of Q3 2021 (+ PLN 4.4 m) due to energizing the three new facilities: Sulechów II and Sulechów III at the end of Q1 2022 and Buk in Q3 2022 and the start-up generation in Q2 and Q3.
- In Sulechów I part of the generated volume was settled under the auction system, while the remaining portion was sold outside the support scheme at relatively high market prices.
- in Sulechów II and III, energy was sold at a fixed price hedged until the end of 2022.

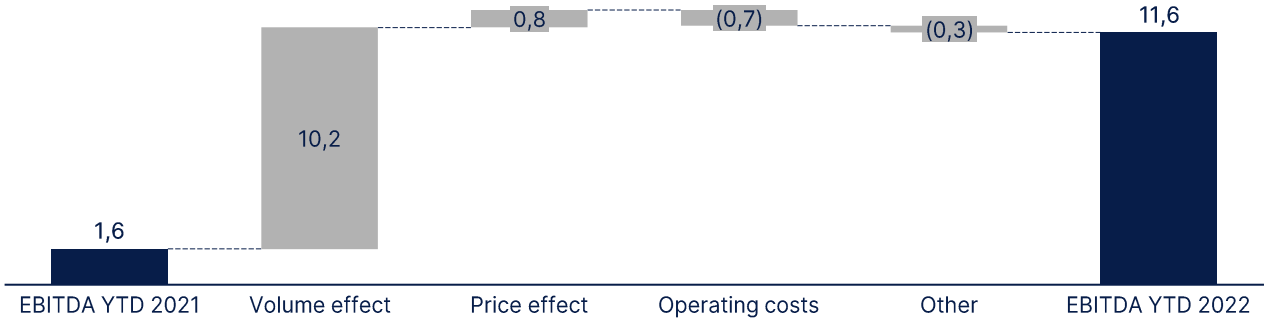
BETTER RESULT DUE TO THE ENERGIZING AND BRINGING INTO OPERATION OF SULECHÓW II, SULECHÓW III AND BUK FACILITIES.

Photovoltaics - YTD

EBITDA build-up



EBITDA bridge



Commentary

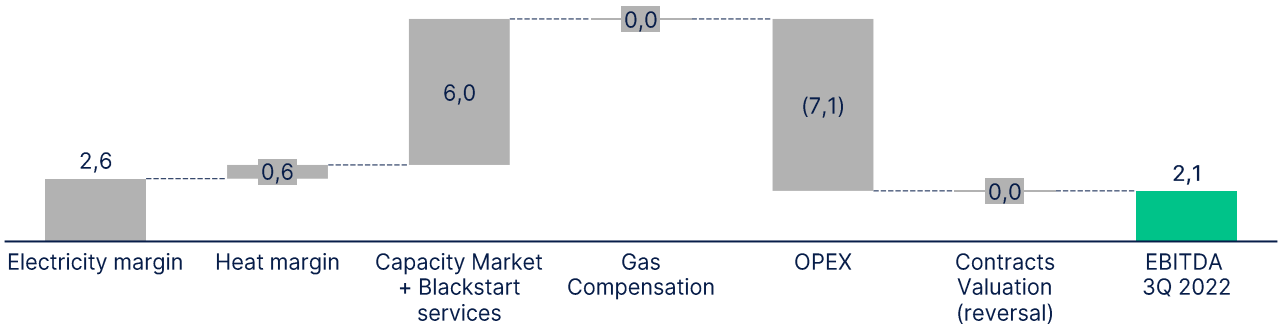
- The PV segment's EBITDA result after three quarters of 2022 exceeded by PLN 10.0m that in a corresponding period of 2021 due to the energizing of three new facilities: Sulechów II and Sulechów III at the end of Q1 2022 and Buk in Q3 2022 and the start-up generation in Q2 and Q3.

BETTER RESULT DUE TO THE ENERGIZING AND BRINGING INTO OPERATION OF SULECHÓW II, SULECHÓW III AND BUK FACILITIES.

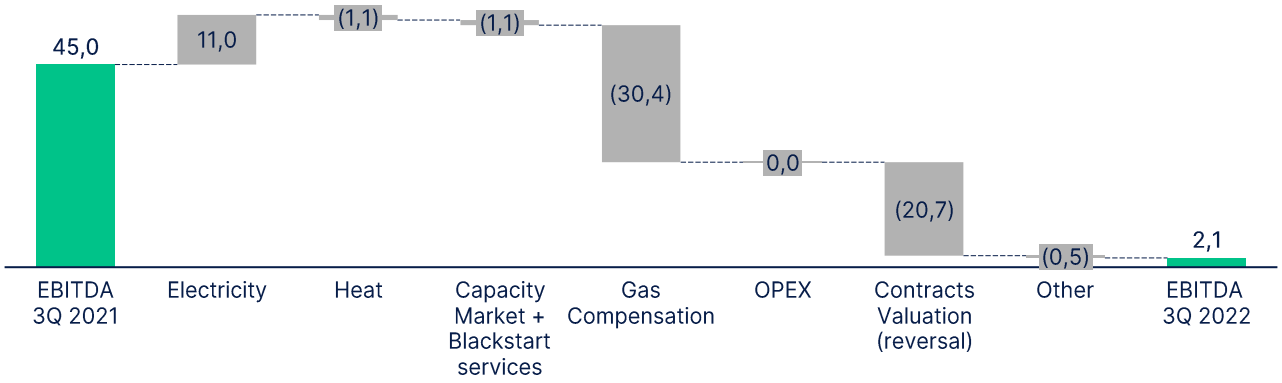
Polenergia

Gas and clean fuels – Q3

EBITDA build-up



EBITDA bridge



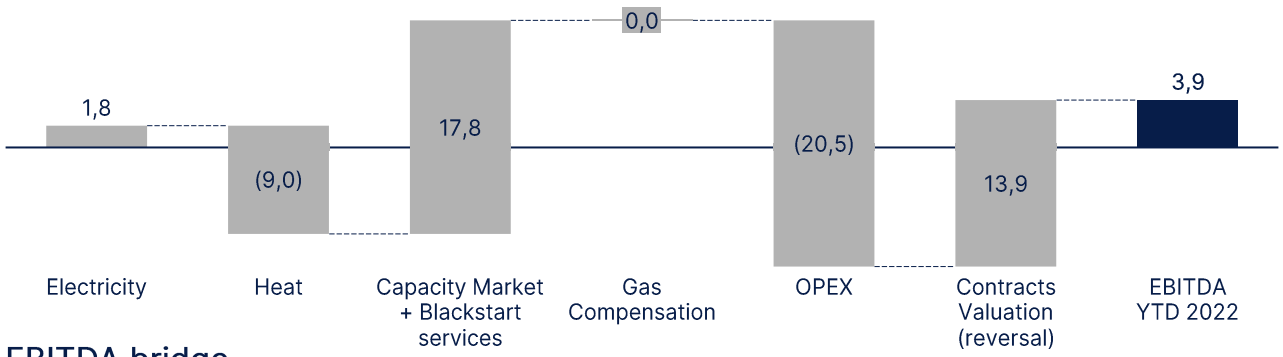
Commentary

- Lower result on electrical energy (including contracts measurement) due to the ENS operation optimization (mainly measurement in Q3 2021 of forward transactions hedging production and sales in ENS and the reversal of such transactions for Q2-Q4 2022 = PLN 20.7 m).
- Lower result on thermal power results from higher costs of gas and CO_2 in 2022, partly offset by additional revenues recognized in December 2021 (13.4 m, incl. 1.5 m for Q3 2022).
- Lower revenues from the capacity market due to the lower price in 2022.

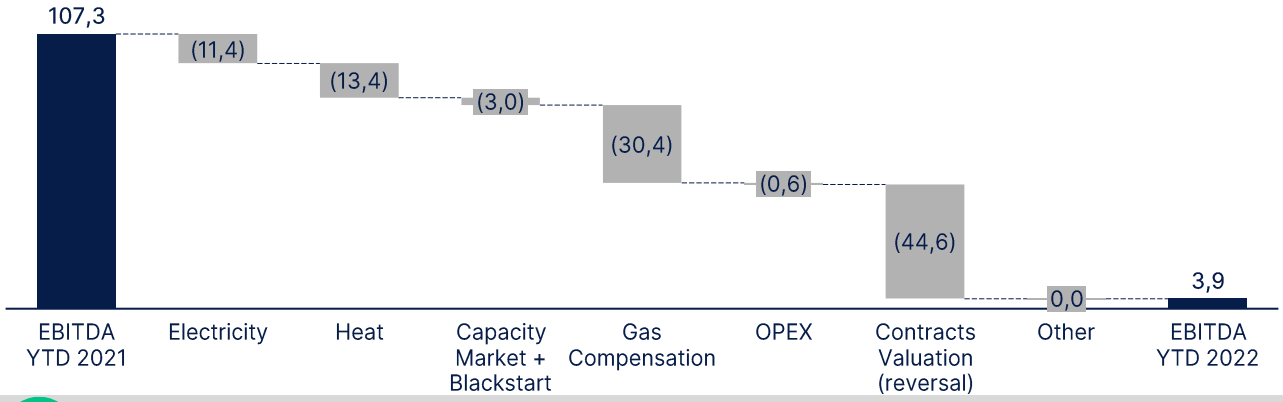
LOWER EBITDA DUE TO LOWER OPTIMIZATION OF THE ELECTRICITY GENERATION PROCESS AND LOWER RESULT ON THERMAL POWER.

Gas and Clean Fuels - YTD

EBITDA build-up



EBITDA bridge



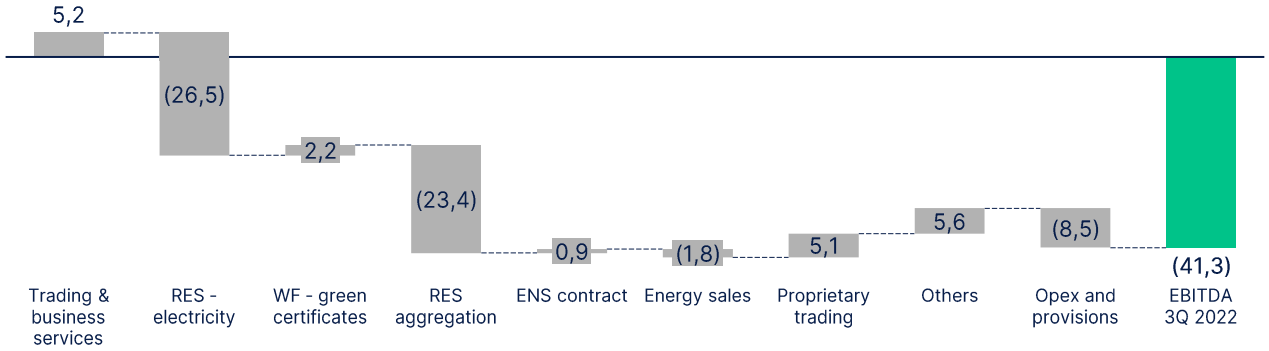
Commentary

- Lower result on electrical energy (including contracts measurement) due to the ENS operation optimization (mainly measurement in Q2 and Q3 2021 of forward transactions hedging production and sales in ENS and the reversal of such transactions for Q3 and Q4 2021 and for 2022 = 58.4 m and the measurement in Q1 2022 of the hedging transactions and the reversed transactions relating to part of 2023 = 13.9 m).
- Lower result on thermal power results from higher costs of gas and CO_2 in 2022, partly offset by additional revenues recognized in December 2021 (13.4 m, incl. 12.9 m for Q1-Q3 2022).
- Lower revenues from the capacity market due to the lower price in 2022.

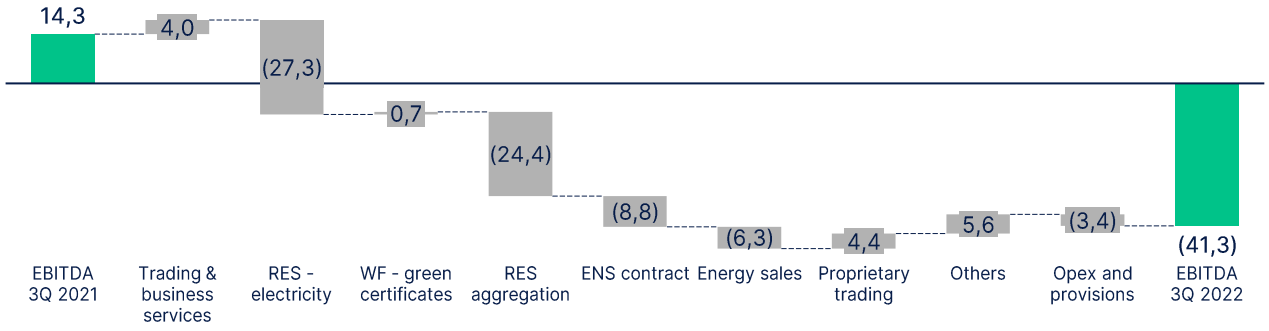
LOWER EBITDA DUE TO LOWER OPTIMIZATION OF THE ELECTRICITY GENERATION PROCESS AND LOWER RESULT ON THERMAL POWER.

Trading and Sales - Q3

EBITDA build-up



EBITDA bridge



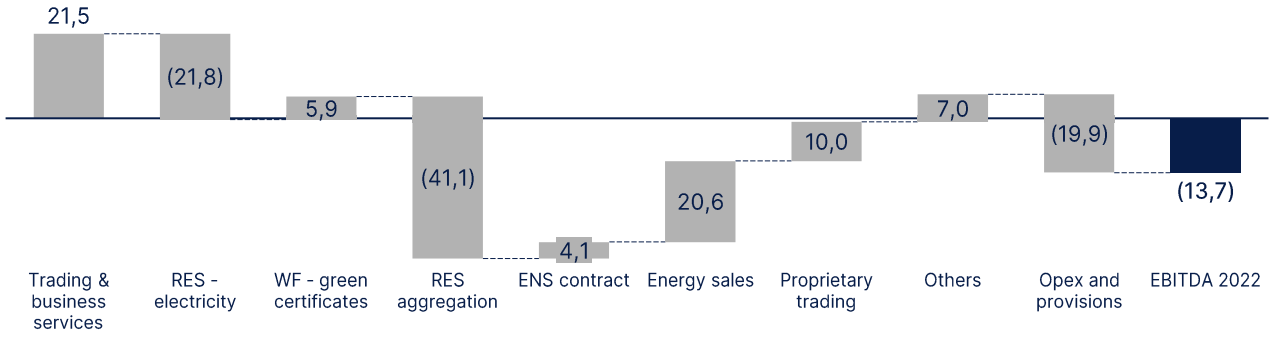
Commentary

- Decrease of the EBITDA result in the areas of:
  - trading energy from renewable energy sources mainly due to significant increase in profile cost and lower generation levels of wind farms compared to the sales hedging position.
  - RES aggregation, mainly as a consequence of the higher profile and balancing cost and the volume variance of asset generation on the sales hedging position.
  - ENS contract service in connection with the ENS optimization in Q3 2021 triggering measurement of forward transactions hedging production and sales of future periods,
  - sales of energy due to volume variance of energy supply and increase in the profile cost experienced by customers,
  - higher operating expenses resulting from the upscaling of operations.
- The decrease of the EBITDA result was partly offset by:
  - higher margin on the trading portfolio and business service due to the implementation of a short-term strategy on, without limitation, electricity markets,
  - higher margin on the prop trading due to higher price volatility in the energy and gas markets,
  - better result on other operations, mainly including the sales of solar panels and heat pumps.

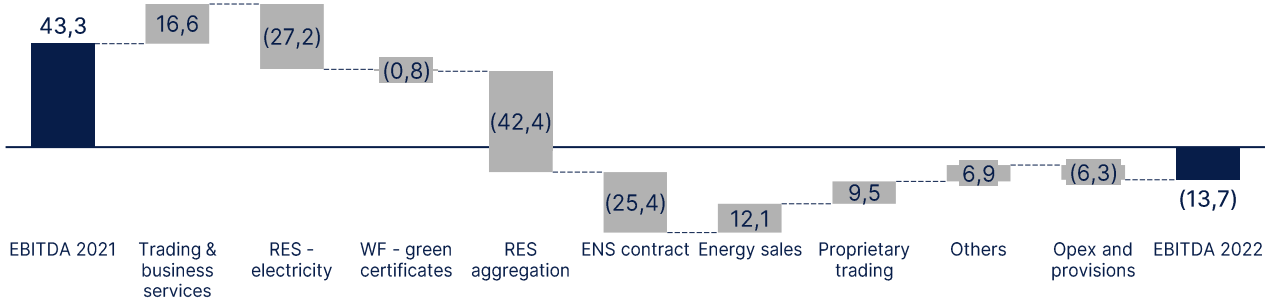
DECREASE IN THE RESULT ON ENERGY TRADE FROM GROUP ASSETS AND RES AGGREGATION DUE TO INCREASED PROFILE COST AND VOLUME VARIANCE ON THE SALES HEDGING POSITION, AND ON THE SERVICING OF THE ENS CONTRACT AND SALE OF ELECTRICITY PARTLY OFFSET BY BETTER RESULT ON TRADING AND THE TRADING PORTFOLIO

Trading and Sales - YTD

EBITDA build-up



EBITDA bridge



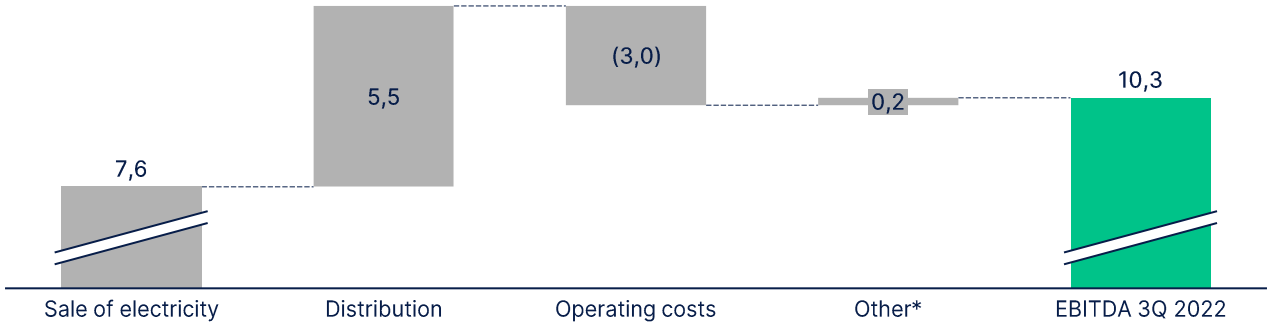
Commentary

- Decrease of the EBITDA result in the areas of:
  - RES aggregation as a consequence of the significant increase of profile and balancing cost and the volume variance of asset generation compared to the sales hedging position.
  - trading energy from renewable energy sources mainly due to significant increase in profile cost and volume variance of wind farm generation compared to the sales hedging position.
  - the ENS contract service in connection with the ENS optimization in 2021 resulting in the measurement of forward transactions hedging production and future periods sales,
  - higher operating expenses resulting from the upscaling of operations.
- The decrease of the EBITDA result was partly offset by:
  - increased margin on the trading portfolio and business service due to, among others, the implementation of a short-term strategy in the markets and making the most of the exceptional price volatility on the markets,
  - better result on energy sales related mainly to the measurement of forward transactions,
  - better result on the proprietary trading in the energy and gas markets,
  - better result on other operations, mainly including the sales of solar panels and heat pumps.

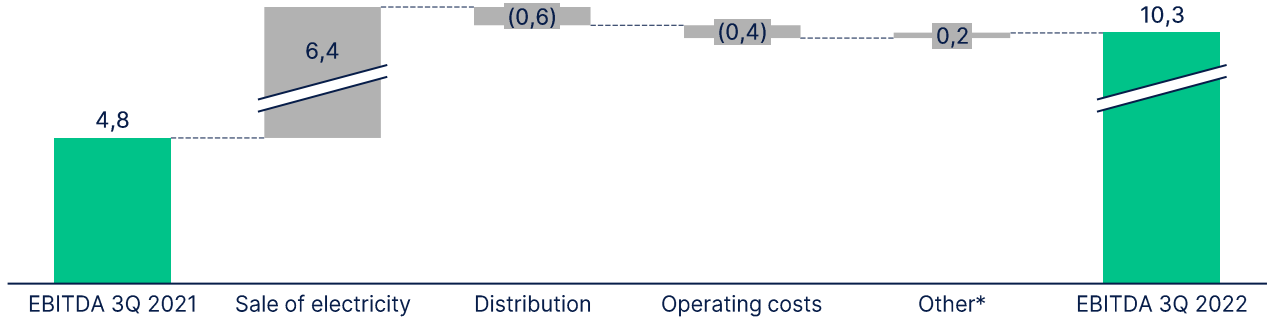
LOWER MARGIN ON RES AGGREGATION AND ENERGY TRADING FROM RES ASSETS DUE TO INCREASED PROFILE COST AND GENERATION VOLUME VARIANCE COMPARED TO THE SALES HEDGING POSITION AND ON THE SERVICING OF THE ENS CONTRACT, PARTLY OFFSET BY BETTER RESULT ON ENERGY SALES AND TRADING TAKING ADVANTAGE OF THE PRICE VOLATILITY

Distribution - Q3

EBITDA build-up



EBITDA bridge



Commentary

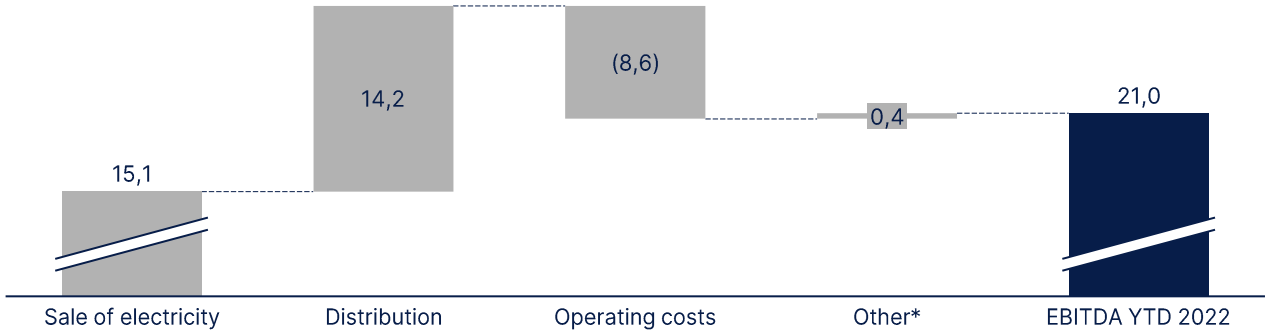
- The distribution segment recorded a growth of the EBITDA result by PLN 5.5m compared to the corresponding period of the preceding year, mainly as a result of:
  - higher unit margin on energy sales,
- partly offset by:
  - higher operating expenses mainly because of the upscaling of operations,
  - lower energy distribution margin.

HIGHER EBITDA DUE TO HIGHER MARGIN ON ENERGY SALES.

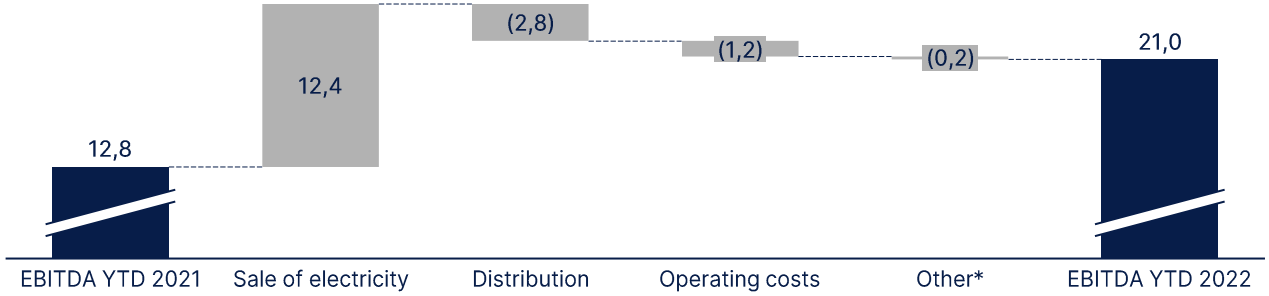
* takes into account the result of Polenergia Kogeneracja and Polenergia eMobility

Distribution - YTD

EBITDA build-up



EBITDA bridge



Commentary

- The distribution segment recorded a growth of the EBITDA result by PLN 8.2m compared to the corresponding period of the preceding year, mainly as a result of:
  - higher unit margin on energy sales,
- partly offset by:
  - lower margin on electricity distribution - adjustment took place in Q2 2022 of revenue from connection fees as a result of the changes in the implementation schedules of projects with the customers,
  - higher operating expenses driven by the upscaling of business,
  - costs incurred for the implementation of the electro-mobility pilot project.

HIGHER EBITDA DUE TO HIGHER MARGIN ON ENERGY SALES.

* takes into account the result of Polenergia Kogeneracja and Polenergia eMobility

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Group’s strategy implementation status

Polenergia

Group's strategy implementation status (1/3)

The Kostomłoty wind farm obtained a general license for generation of energy. The 6.4 MW Buk project was commissioned for operation.

Area	Status
Onshore wind farms	Projects in the advanced phase of development: ▸ The Group is working to implement three wind farm projects with a total capacity of 178 MW, which received support under the RES support auction scheme. ▸ The construction works in the Kostomłoty and Dębsk wind farms have been completed. In August 2022, the Kostomłoty wind farm obtained a decision on the Operating Permit and in October 2022 - the general license for energy generation. In October 2022, the Dębsk wind farm obtained a decision on the Operating Permit and filed an application for the general license for energy generation. ▸ The Piekło and Grabowo wind farm projects are under construction. Construction works began in late March 2022. Completed works include foundations, road works and cabling. In October 2022, deliveries of the components for wind turbines began, along with pre-installations. Completion of construction with respect to those projects has been intended in the second half of 2023.
Photovoltaics	Projects in the advanced phase of development: ▸ The 6.4 MW Buk project was commissioned for operation. Other projects: ▸ The Group has been preparing two photovoltaic projects (Świebodzin and Strzelino) with a total capacity of ca. 56 MW, which in December 2021 secured auction offtake under the RES auction scheme and has been considering preparations to build the 10.5 MW Świebodzin II PV projects.
Offshore wind farms	▸ The projects in advanced development phase - MFW Bałtyk II and MFW Bałtyk III (total planned capacity of approx. 1.4 GW). ▸ MFW Bałtyk II Sp. z o.o. filed a notification request with the President of the Energy Regulatory Office. The notification is under consideration by the anti monopoly authority UOKiK. A notification for the MFW Bałtyk III project is being prepared. ▸ MFW Bałtyk III obtained a positive decision from RDOŚ Gdańsk amending the environmental decision for the project. ▸ In August 2022, the Early Works Agreement with the turbine supplier entered into force, while the Service Agreement and the Turbine Supply Agreement are being negotiated. ▸ In August 2022, MFW Bałtyk II and MFW Bałtyk III signed a letter of intent with Hitachi Energy, the appointed supplier of electricity systems, under which the supplier will start early works preceding the design stage. ▸ Early development projects - MFW Bałtyk I sp. z o.o (planned capacity of ca. 1.6 GW). · In preparation for the participation in the auction for a 700 MW project in the Lithuanian areas of the Baltic Sea, the Company, together with its local Lithuanian partner MODUS, appointed the company Ramboll technical adviser to prepare the feasibility study.

Polenergia

Group’s strategy implementation status (2/3)

The Group's operations are under intense development, Polenergia eMobility has launched an application to use the charging stations.

Area	Status
Distribution	▸ Polenergia Dystrybucja has been implementing Investment Plan IV for the years 2021-2026 for the total amount of PLN 105m in compliance with the prior adopted schedule. ▸ Polenergia eMobility has launched and implemented the backoffice, as well as the Polenergia eMobility app. The company continues to acquire the locations, proceeds with the design process, as well as the construction and subsequent commissioning of public charging stations.
Gas and clean fuels	▸ 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 with Polskie Sieci Elektroenergetyczne and to provide the black start and system restoration service for PSE. ENS has also been participating 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 the Q1 and Q3 2022, ENS provided the Reliability-must-run (RMR) services to PSE. Thanks to the contracts for the sale of energy and the purchase of gas and CO_2, secured 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. If a positive CSS occur, 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. ▸ ENS prepares for the production of renewable hydrogen and for the co-combustion of natural gas with hydrogen, and actively participates in the creation and development of the Subcarpathian Hydrogen Valley.
Trading and Sales	▸ Developing new and existing business areas - for the year 2022 the Company increased sales volumes to strategic end-users. In the second and third quarters of 2022, the acquisition of new contracts was suspended, due to high price volatility and a risky market environment. ▸ The business line of the sale of long-term cPPA products from the Group’s RES sources, both existing and under construction, has been maintained and developed, and advanced negotiations with end customers are ongoing. ▸ The company Polenergia Sprzedaż continues to sell energy generated in the Group's renewable sources. Green energy produced in the Group's generation assets is sold as the Energy 2051 standard product. Customers were solicited for energy supply for the years 2022-2027. As part of the intra-group cooperation, products have been developed and marketed that combine the installation of solar panels and heat pumps with the supply of green energy. Commercial business on the wholesale markets has been continued on the Group's own account (prop trading), with the implemented trading strategies making the most of the market volatility, while maintaining restrictive measures to reduce risk exposure. An ultra-short-term (intraday) trading line is being developed to take advantage of price volatility due to the fluctuating market conditions shortly before delivery. The Company began developing its „structure trading” activity consisting of concluding bilateral transactions with trading entities operating in the European markets in terms of sales, purchase, storage and transmission of natural gas and electricity.

Group’s strategy implementation status (3/3)

Polenergia has been continuing its efforts to help refugees from Ukraine, educate children (climate education) and future energy sector staff, support biodiversity and prepare for non-financial reporting.

Area	Status
Corporate Social Responsibility	The Company: ▸ has been involved in humanitarian aid for refugees from Ukraine. In total, more than 40 tasks have been achieved in the area of one-off and long-term aid. ▸ has been actively supporting the development of future energy sector staff by, without limitation, funding studies for 4 women from the Pomerania region. ▸ has been supporting biodiversity: in wind farms, measures have been taken to protect the nests of Montagu's harrier and to protect two species of strictly protected amphibians. Nature-related developments are underway on the construction of four wind farms to plan additional activities in the area of biodiversity, including trees planting in Q4. ▸ has been taking steps in the D&I area – work and workshop completed under the First Edition #Target Gender Equality in Poland. Contacts have been made with 11 Country Wives' Clubs, one sports club involving girls (the wrestling club from Pelplin) and one Association of mothers having disabled children. ▸ has been undertaking steps to promote the safety and health of staff: has held a series of psychoeducational meetings for parents in cooperation with the Mazovia Center of Neuropsychiatry, has been providing training for employees in the fields of occupational health and safety, first aid, fire safety and work at heights at wind farms, and has been handling the employee voluntary service. ▸ has been involved in organizing webinars on eco-education, children's excursions from children's homes and organizing employee voluntary service and projects for eco-education. ▸ has been acting to strengthen relations with local communities – conducting dialog with representatives of municipalities and associations operating within the Group projects. The communication process with the local community and feedback forms have been updated to systematize communication channels and dialog with the Group's stakeholders (local communities). ▸ in cooperation with the advisory firm, has performed an analysis of the relevance of the ESG issues for the Polenergia Group. A table of non-financial GRI data has been developed.

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Appendices

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Glossary of abbreviations

Term	Definition
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 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.
Net electricity	Revenue from sales of electricity less cost of balancing and profile
EBITDA	The profit before tax less the financial income plus financial expense plus depreciation plus impairment losses of non-financial fixed assets (including goodwill)
Freezing Act	The Act on special solutions to protect electricity consumers in 2023 in connection with the situation on the electricity market, introduced on October 7, 2022.
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 made, 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, an agreement for a guaranteed level of services provided
SEG	Social, Environment and Governance
EHS	Environment, Health and Safety
YTD	Year-to-date, cumulative since the beginning of the year

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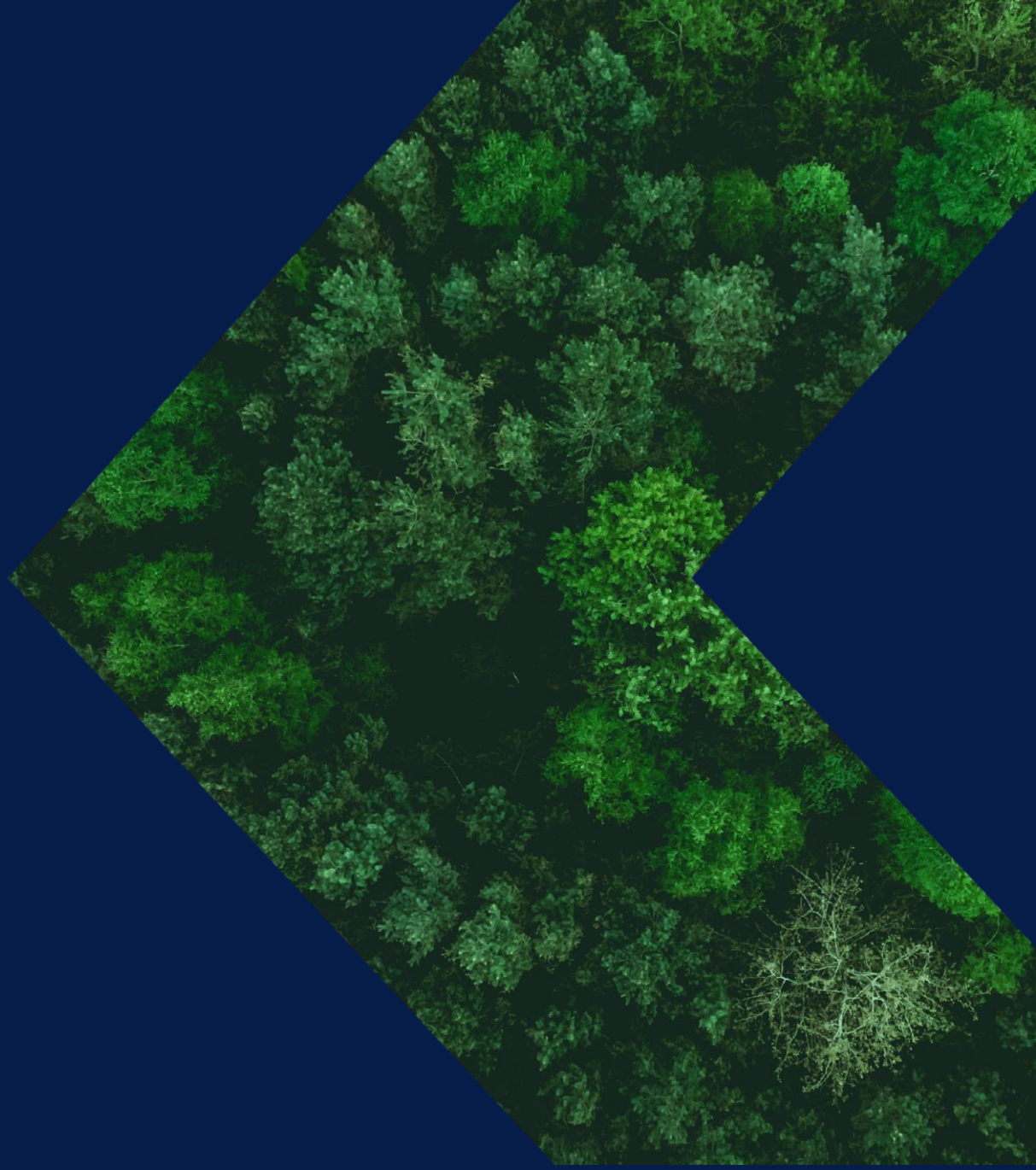

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