



Polenergia Group

Financial results for Q2 2023

August 2023

Polenergia © 2023







Program:

01. Summary of key events in Q2 2023
02. Summary of key operational parameters
03. Financial results for Q2 2023
04. Progress of the Group's strategy implementation

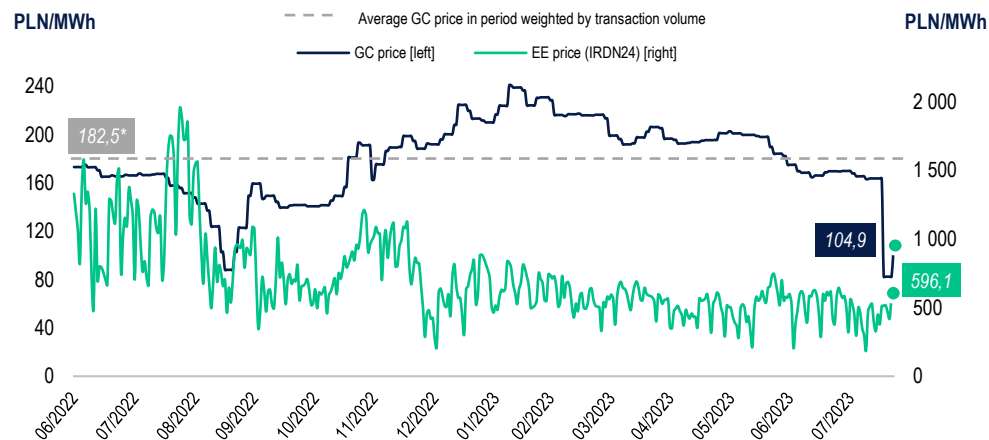
Summary of key events in Q2 2023

Summary of Q2 2023 Most important events

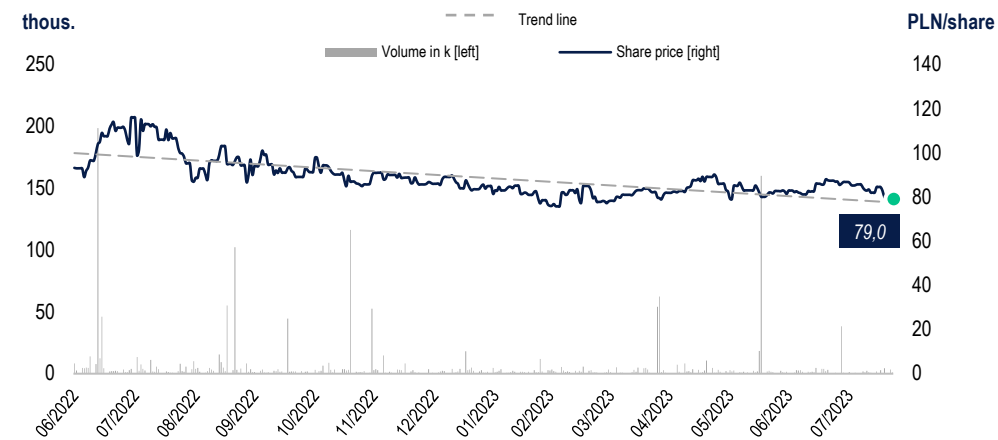
Fact	Effect/Comment
 <p>Higher energy production in H1 2023 due to increased capacity, and low windiness in Q2 2023.</p>	<ul style="list-style-type: none"> ▶ Completion of construction of Dębsk project and commissioning of the Grabowo and Piekło farms in Q1 and Q2. 2023 ▶ Lower production in Q2 2023 in farms in operation in Q2 2022 (-32.2 GWh) due to lower windiness.
 <p>Consistent implementation of the Polenergia Group Strategy for the years 2020- 2024</p>	<ul style="list-style-type: none"> ▶ <u>Offshore wind farms</u>: Update of the budgets of the MFW Baltic II&III projects. Projected Devex level is currently about PLN 950m. The construction work is planned to commence in Q1 2025, and to be completed and commissioned in 2028. The total budget for the construction phase is estimated in the range of PLN 21-24b. ▶ <u>Onshore wind farms</u>: Conclusion of construction of the Piekło wind farm (13,2MW), the Grabowo wind farm (44MW) obtained use permit. ▶ <u>Photovoltaic</u>: Advanced stage of construction of Strzelino photovoltaic farm (45.16MW) ▶ <u>Hydrogen</u>: An agreement has been concluded with the National Fund for Environmental Protection and Water Management (NFOŚiGW) to subsidize the construction of two hydrogen refueling stations with accompanying infrastructure, with a total value of up to PLN 20m, conclusion of agreement for delivery of 5 MW electrolyser. ▶ <u>E-mobility</u>: Currently, 24 charging stations and 33 charging points are in operation, more locations to be developed. ▶ <u>Distribution</u>: Implementation of the projects in accordance with the adopted IV investment plan. ▶ <u>Polenergia Fotowoltaika</u>: In H1 2023, installations assembled with a total capacity of 25.8 MW, and 251 heat pumps installed.
 <p>Preparations for the Company's share issue</p>	<ul style="list-style-type: none"> ▶ The Company plans to raise proceeds of up to PLN 750m, with issue price set at PLN 72 per share. Pre-emptive rights date has been set at 14 September 2023. ▶ The funds raised will be used to further develop wind farm projects (offshore and onshore), photovoltaic farms, and projects in the areas of hydrogen technology, energy storage and electromobility.
 <p>Variable regulatory environment</p>	<ul style="list-style-type: none"> ▶ <u>Liberalization of the 10H rule</u>: Liberalization of the act allows the Group to resume development of new onshore wind projects. ▶ <u>Further amendments to the Emergency Measures Act</u>: further extension of the scope of the act may impact the Group's results in subsequent quarters of 2023. ▶ <u>Change in the level of obligation to redeem certificates</u>: according to the current draft regulation of the Minister of Climate and Environment, in 2024 the obligation to redeem green certificates will be 5%.

Key indexes and market prices

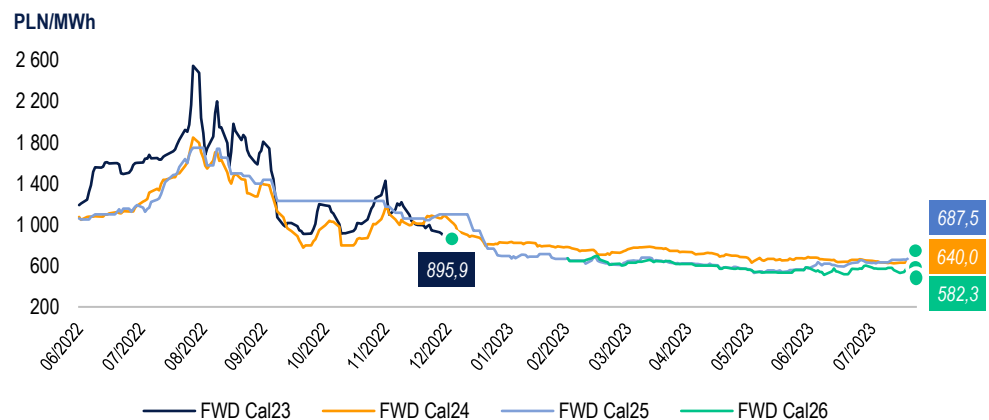
Prices of green certificates and electricity



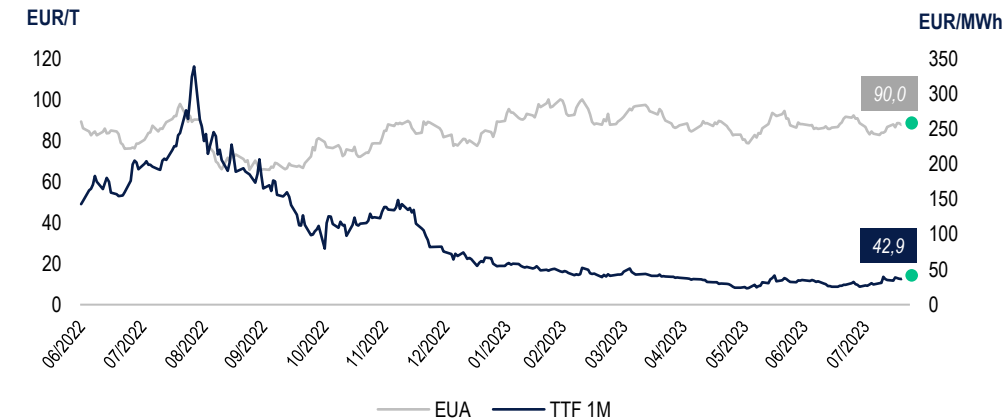
Stock exchange price quotations of Polenergia S.A. shares



Forward electricity prices



CO₂ emission allowance quotations and gas price on TTF



* The average price of GC weighted by transaction volume in the same period of the last year amounted to: 226.0 PLN/MWh

Summary of key operational parameters

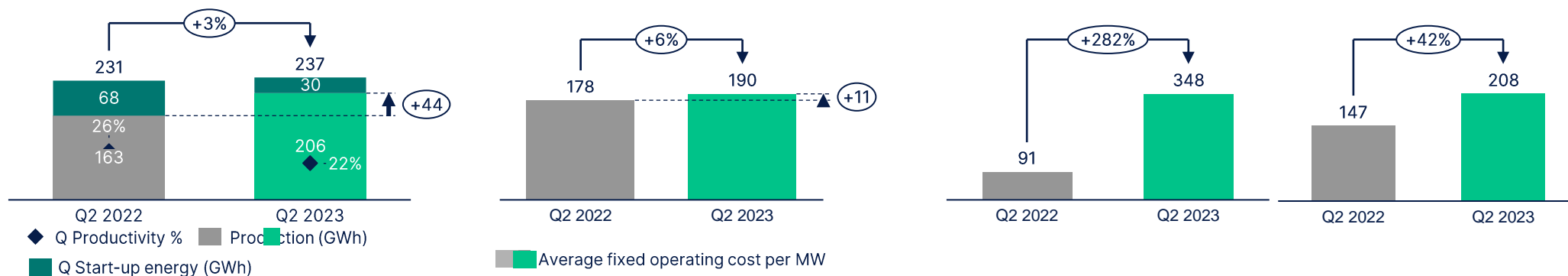
Summary of key operating parameters - Onshore wind farms

Production of operational onshore wind farms, start-up energy and productivity%*

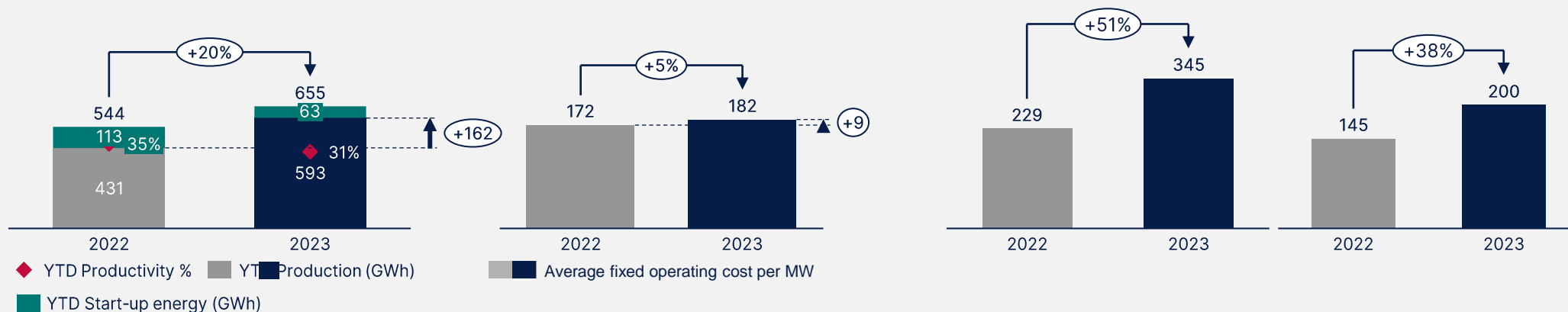
Average fixed operating cost per MW in wind farms [kPLN/MW/year]

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

Quarterly data



Data YTD



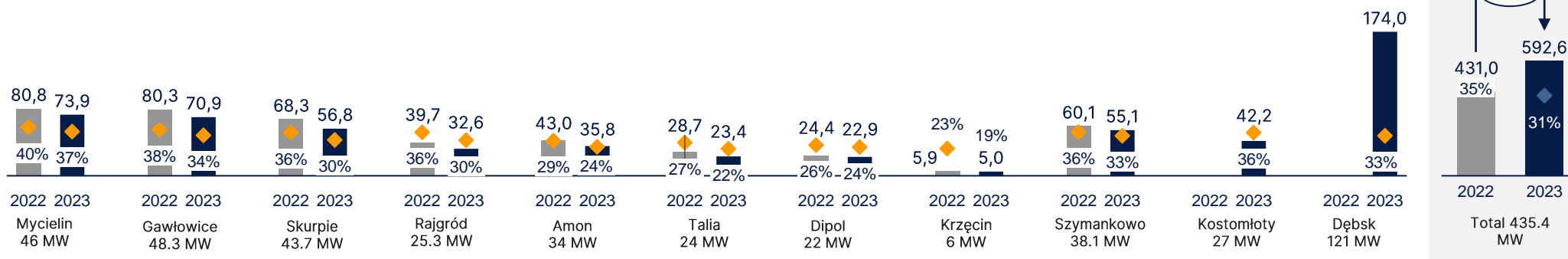
*2022 productivity exclusive of the Dębsk FW and FW Kostomłoty.

** Average fixed cost per MW in 2022 excluding FW Dębsk and FW Kostomłoty.

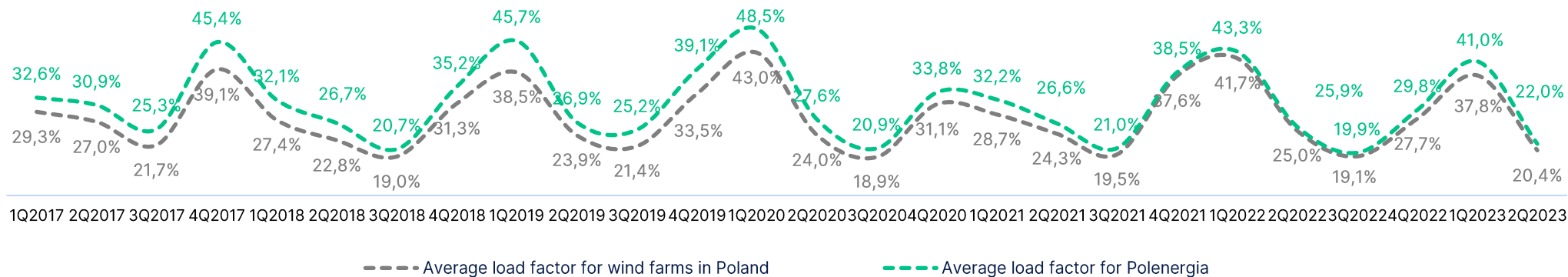
Summary of key operating parameters - Onshore wind farms

Production (net) YTD

◆ Productivity YTD ■ Production YTD (GWh)



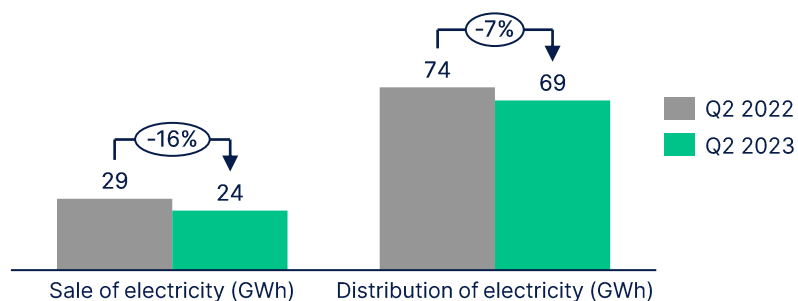
Net productivity of Polenergia farms



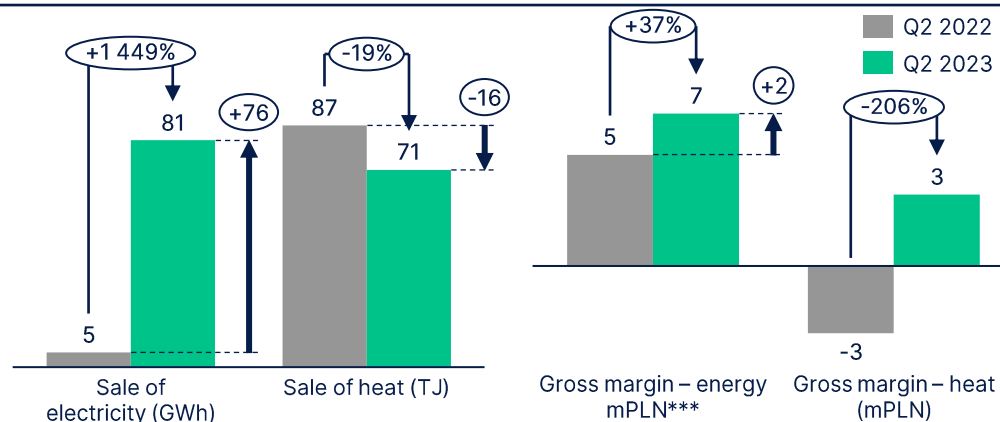
Summary of the key operating parameters - Distribution and Gas and Clean Fuels

Distribution – RAB [mPLN] and sale [GWh]

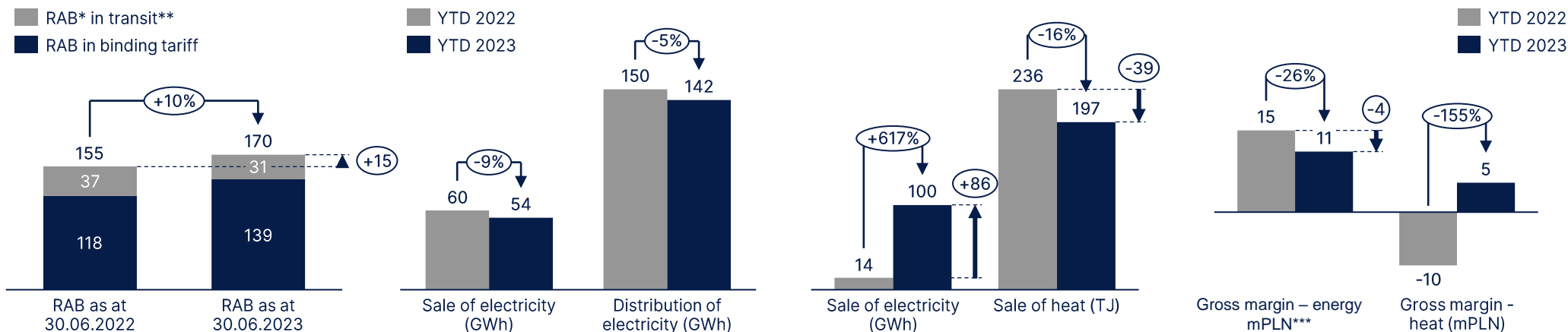
Quarterly data



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



Data YTD



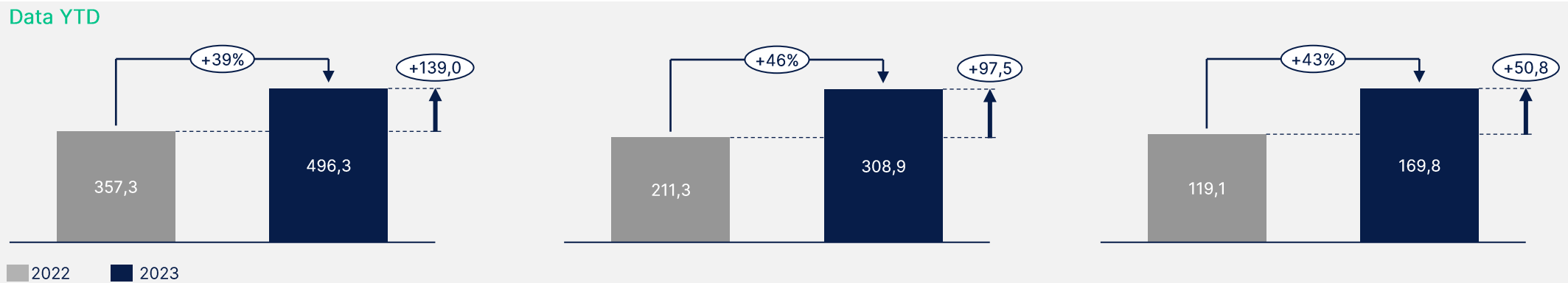
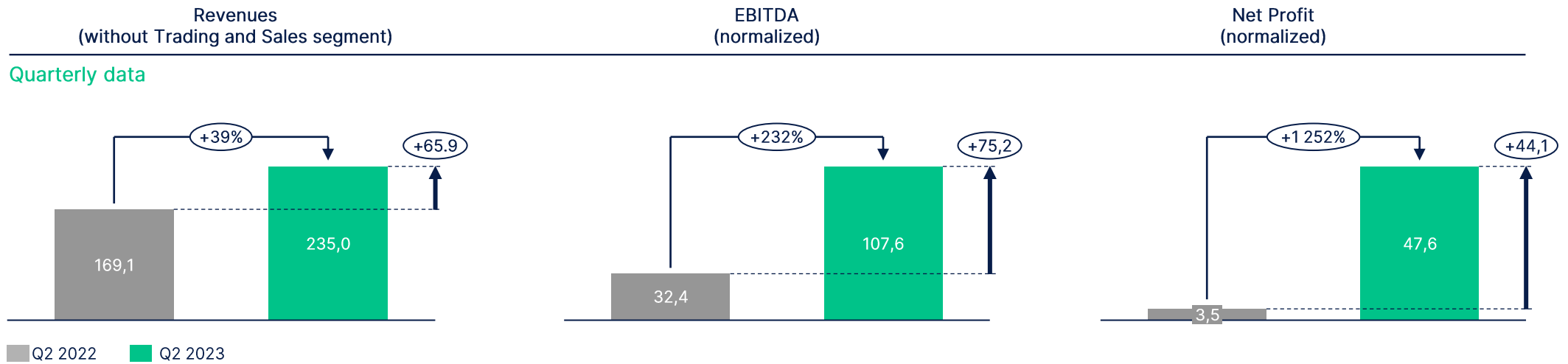
* regulatory value of assets - term explained in the glossary

** 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 in 2021 and 2022.

Financial results for Q2 2023

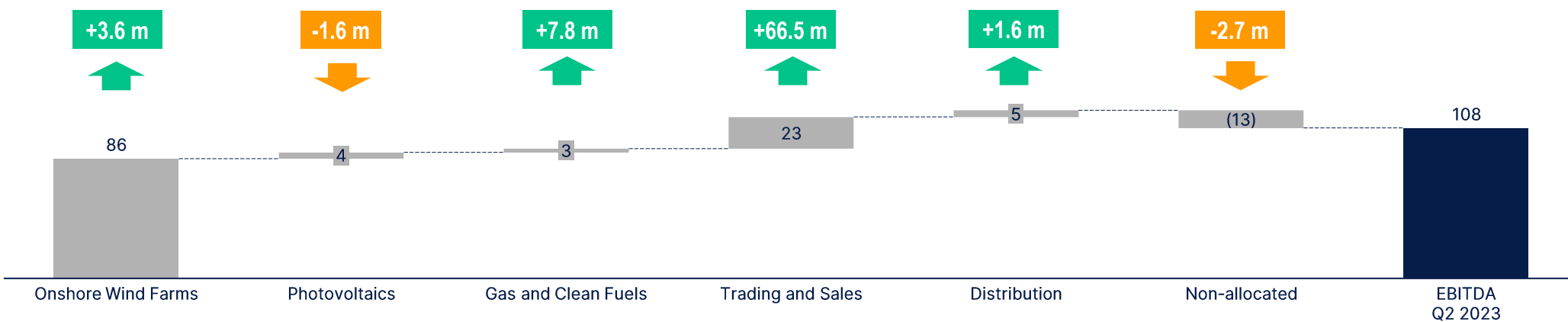
Financial results for Q2 2023



HIGHER RESULT IN H1 IN MID 2023 MAINLY DUE TO HIGHER RESULT IN ONSHORE WIND FARMS AND TRADING AND SALES SEGMENTS, PARTLY OFFSET BY LOWER RESULT IN DISTRIBUTION AND UNALLOCATED SEGMENTS

EBITDA structure – Q2 2023 compared to Q2 2022

EBITDA structure in Q2 2023



EBITDA structure in Q2 2022



INCREASED RESULT IN SEGMENTS: TRADING AND SALES, GAS AND CLEAN FUELS, DISTRIBUTION AND ONSHORE WIND FARMS, LOWER RESULT IN UNALLOCATED AND PHOTOVOLTAIC SEGMENTS.

EBITDA structure – 1H 2023 compared to 1H 2022

EBITDA structure in 2023



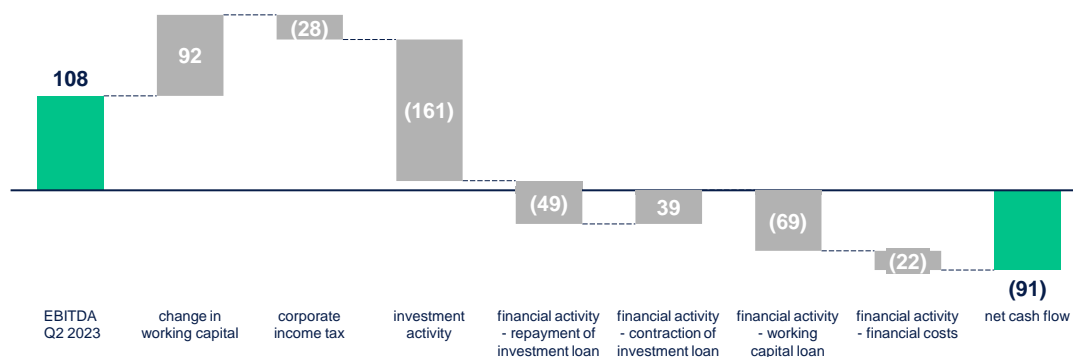
EBITDA structure in 2022



INCREASED RESULT OF ONSHORE WIND FARMS, AND TRADING AND SALES SEGMENTS, PARTLY SET OFF BY REDUCED RESULT OF DISTRIBUTION, PHOTOVOLTAIC AND UNALLOCATED SEGMENTS.

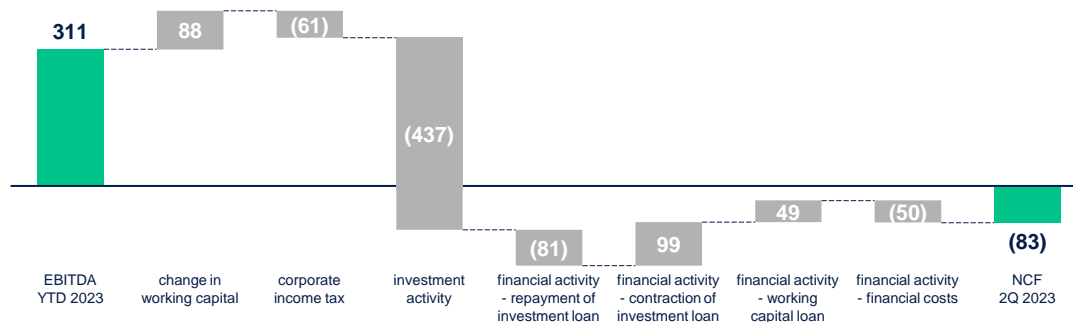
Polenergia Group cash flow

Group cash flow in Q2 2023



- ▶ Cash flow from investment activities: Capital expenditure made in wind and photovoltaic farms segments (-81.2m), including 60.6m in Strzelino, 13.4m in the Grabowo and 2.4m in the Piekło segments and capital expenditure in Polenergia Dystrybucja (-7.3m) and in other companies (-5.1m). Premiums to offshore wind farm projects (-65.0m) and other projects (+0.9m). Payment for shares in Polenergia Fotowoltaika (-3.4m).
- ▶ Cash flow from financial activities: Scheduled repayment of the investment loan plus interest in the onshore wind farms and photovoltaic (-64.3) segments. Taking out an investment loan in wind and photovoltaic farm project companies (32.7m) and in distribution (6.1m). Change of the working capital/VAT loan (-69,2m). Other cash flows (-6.9m).

Group cash flow YTD



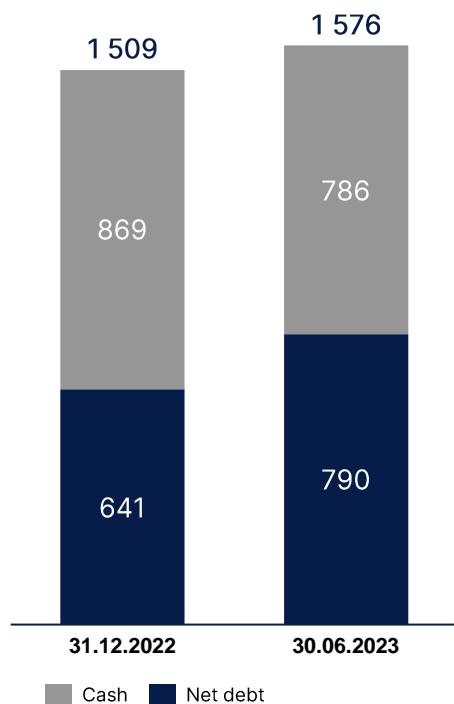
- ▶ Cash flow from investment activities: Capital expenditure made in wind and photovoltaic farms segments (-196,2m), including 28.6m in the Dębsk, 68.6m in the Grabowo, 78.1 in the Strzelino and 15.0m in the Piekło projects, capital expenditure in Polenergia Dystrybucja (-14.1m) and in other companies (-9.5m). Premiums to offshore wind farm projects (-210.1m) and other projects (-0.8m). Payment for shares in Polenergia Fotowoltaika (-3.4m).
- ▶ Cash flow from financial activities: Scheduled repayment of the investment loan plus interest in the onshore wind farms and photovoltaic segments (-114.1). Taking out an investment loan in wind and photovoltaic farm project companies (89.2m) and in distribution (10m). Change of the working capital/VAT loan (+49.0m). Payments of lease liabilities, interest in other segments and other in the amount of -17.1m.



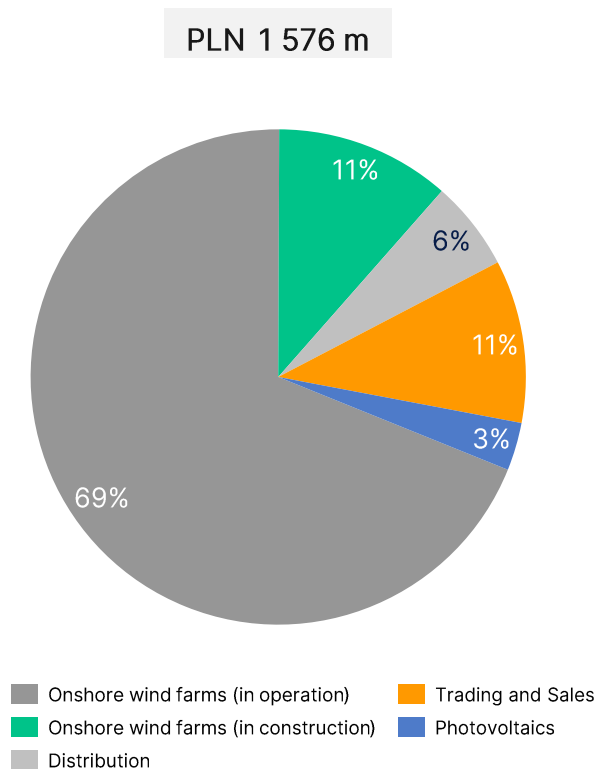
HIGH EXPENDITURES IN ONSHORE AND OFFSHORE WIND FARM PROJECTS AND PHOTOVOLTAIC FARMS MAINLY FINANCED WITH THE COMPANY OWN FUNDS.

Polenergia Group debt structure as at 30 June 2023

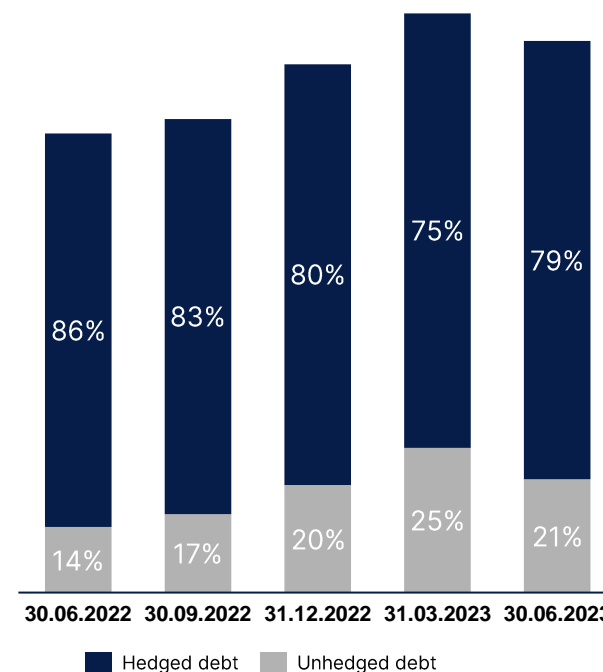
Gross debt (mPLN)



Debt structure as per segments



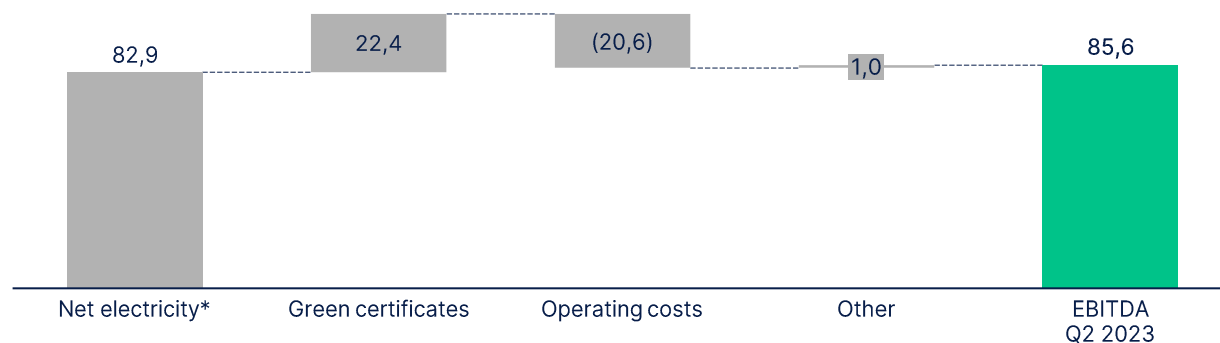
Debt structure - interest rate hedging



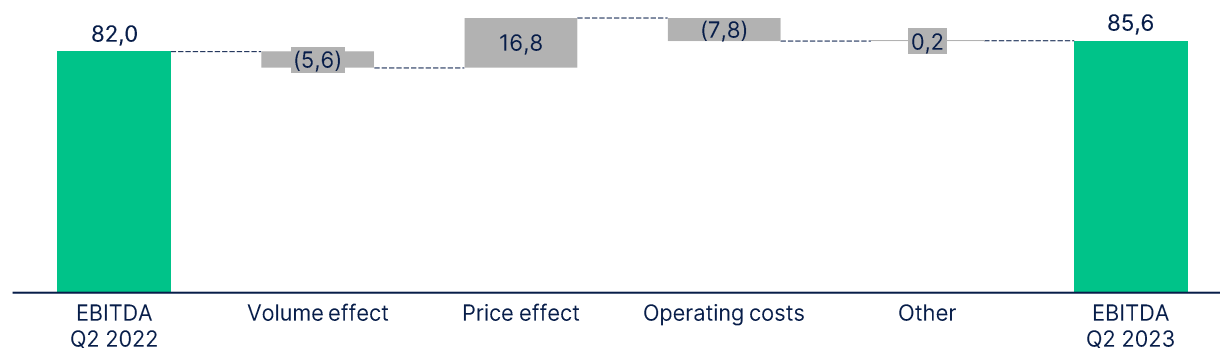
INCREASE OF NET DEBT COMPARED TO THE END OF 2022 DUE TO INCREASE OF DEBT IN TRADING AND SALE SEGMENT AND INCREASE OF THE BALANCE OF INVESTMENT LOANS; NO CURRENCY RISK IN THE DEBT STRUCTURE. DEBT COST HEDGED IN 79% FOR BANK LOANS, INCLUDING 89% OF INVESTMENT LOANS.

Onshore wind farms - Q2

EBITDA build-up



EBITDA bridge



Comment

- ▶ Higher volume of produced electricity due to the concession obtained by the Dębsk (January 2023) and the Kostomłoty (October 2022) farms and the production in start-up phase in the Piekło and Grabowo farms, partly set off by lower volume of electricity generated in other operating farms.
- ▶ Negative volume effect in Q2 2023 due to lower volume of green certificates compared to the same period of 2022.
- ▶ Increase in selling prices of electricity and green certificates at the segment level compared to Q2 2022 (when the binding prices resulted from hedging transactions concluded in previous years).
- ▶ The operating costs in Q2 2023 higher than in Q2 2022 mainly due to taking into account of the costs related to the maintenance of the Dębsk and Kostomłoty wind farms.
- ▶ Revenues from awarded but not yet sold green certificates* and related selling costs are presented without IFRS 15 adjustment (as opposed to the presentation in the consolidated annual report).

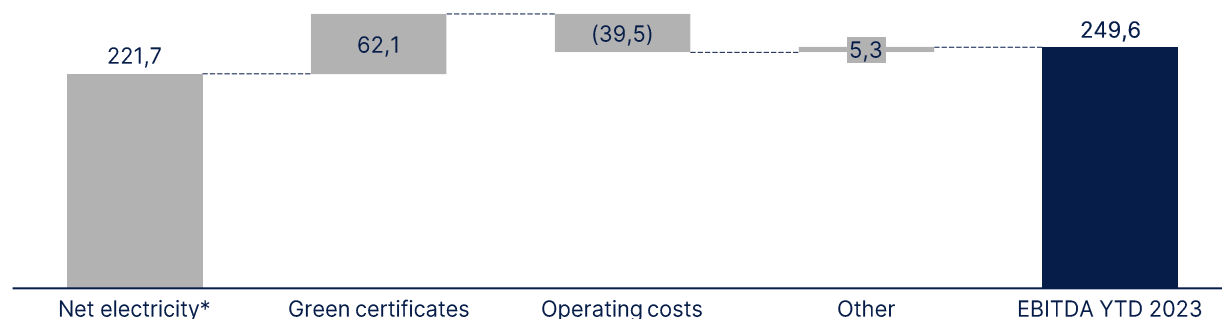


HIGHER PRODUCTION VOLUMES AND ELECTRICITY SALES PRICES, WITHIN THE LIMITS IMPOSED BY THE ACT FREEZING ENERGY PRICES, AND GREEN CERTIFICATES, PARTLY OFFSET BY HIGHER OPERATING COSTS AND LOWER GREEN CERTIFICATE VOLUMES.

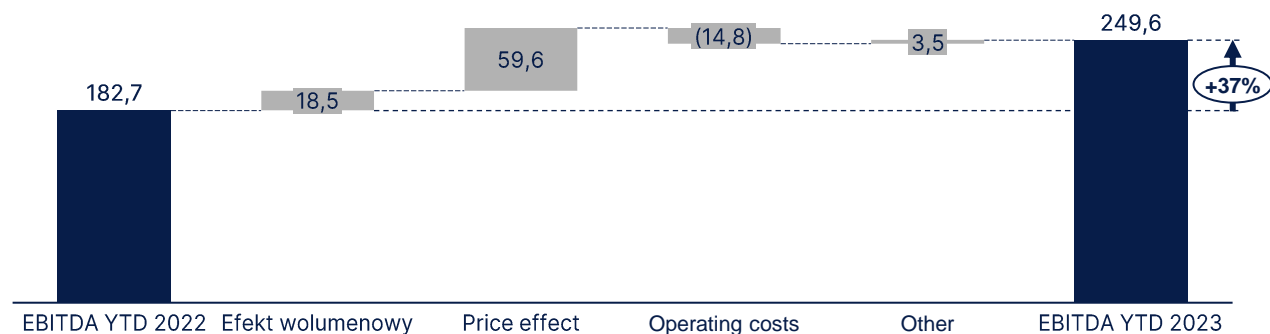
* term explained in the glossary of abbreviations

Onshore wind farms - YTD

EBITDA build-up



EBITDA bridge



Comment

- ▶ Higher net energy production volume due to the construction of new wind farms (Kostomłoty and Dębsk) and the start-up of the Grabowo and Piekło wind farms.
- ▶ Increase in selling prices of electricity and green certificates at the segment level compared to the same period of 2022 (when the binding prices resulted from hedging transactions concluded in previous years).
- ▶ Increase in operating expenses, mainly due to including the costs associated with the maintenance of Dębsk and Kostomłoty wind farms
- ▶ The "Other" item includes the reimbursement of the overpaid 2017 real estate tax for the Skurpie wind farm.
- ▶ Revenues from awarded but not yet sold green certificates* and related selling costs are presented without IFRS 15 adjustment (as opposed to the presentation in the consolidated annual report).

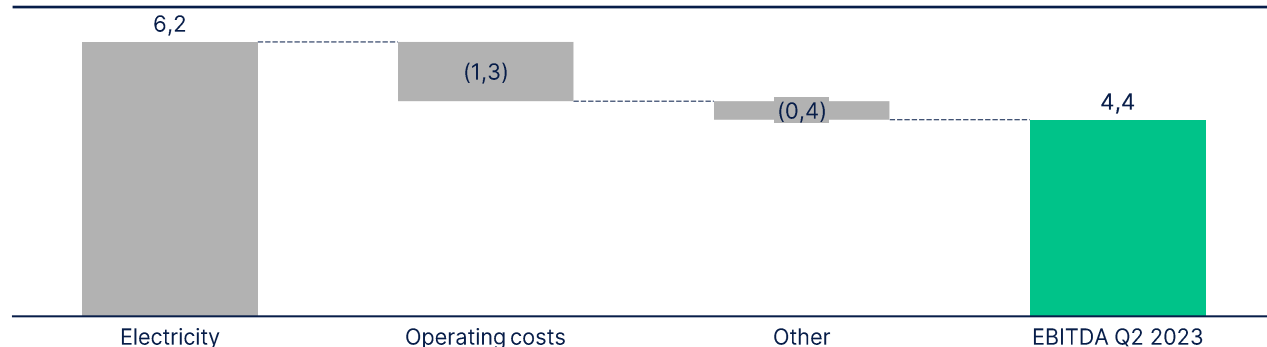


HIGHER PRODUCTION VOLUME AND HIGHER SALE PRICES OF ELECTRICITY AND GREEN CERTIFICATES, PARTLY SET OFF BY HIGHER OPERATING COSTS

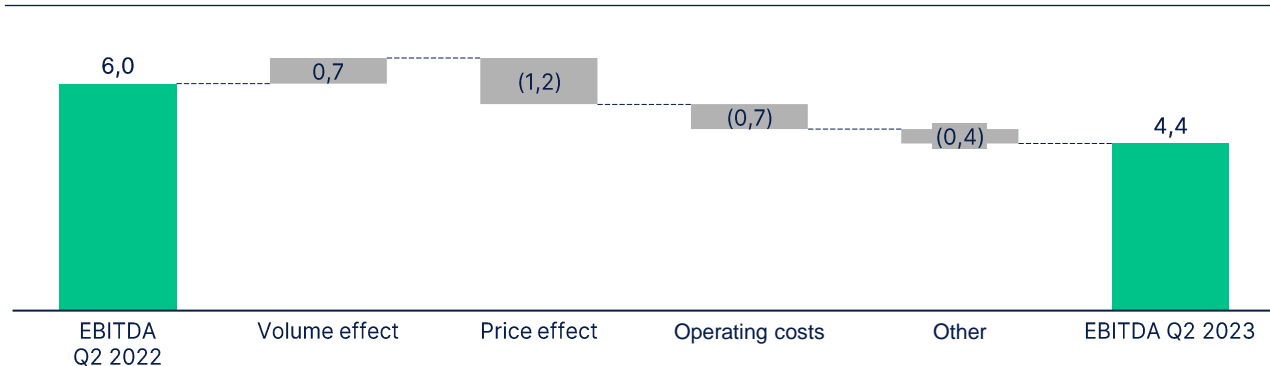
* term explained in the glossary of abbreviations

Photovoltaics - Q2

EBITDA build-up



EBITDA bridge



Comment

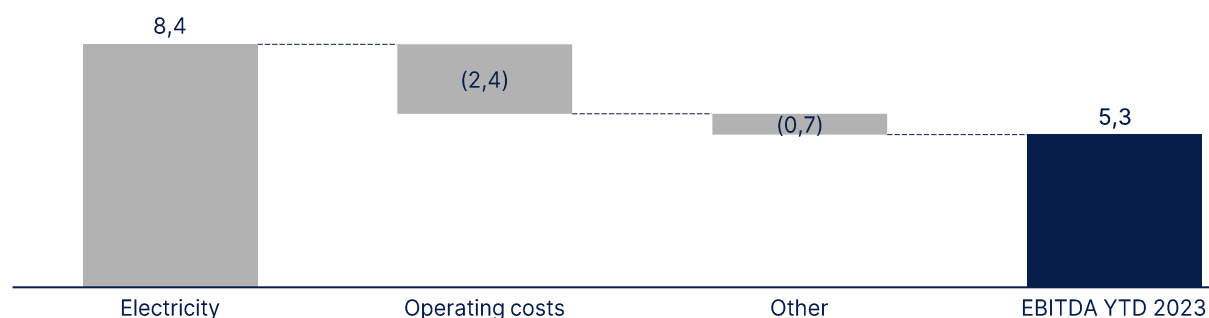
- ▶ The result in the segment consists of revenues from the sale of electricity generated by the Sulechów I (8 MW), Sulechów II (11.7 MW), Sulechów III (9.8 MW) and Buk (6.4 MW) PV farms.
- ▶ The segment's EBITDA in Q2 2023 was at a lower level compared to that of Q2 2022 (PLN -1.6m) mainly due to the lower effective selling price of electricity by Sulechów I, II and III and higher operating costs for these companies compared to Q2 2022 due to the fact that Q2 2023 was already fully operational.
- ▶ Volume produced in Q2 2023 by the Sulechów I farm was fully settled under the auction system. The volume produced by the Sulechów II, III and Buk PV farms during the period was sold at a price capped at the statutory price limit.
- ▶ Higher operating costs of the segment mainly due to the full operational phase of the Sulechów II, Sulechów III and Buk projects in Q2 2023.



DECREASED RESULT DUE TO LOWER EFFECTIVE PRICE OF ELECTRICITY SALES AND HIGHER DISTRIBUTION COSTS OF THE SEGMENT

Photovoltaic - YTD

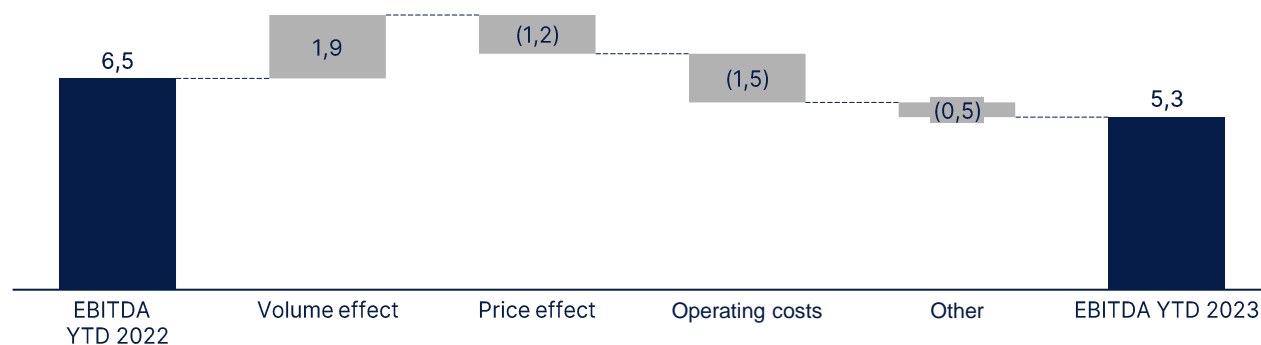
EBITDA build-up



Comment

- ▶ The PV segment's EBITDA after the first half of 2023 was lower by PLN 1.2 m compared to the same period in 2022 due to the lower effective selling price of electricity by Sulechów I, II and III and higher operating expenses for these companies than in H1 2022 due to the fact that H1 2023 was already fully operational.
- ▶ This effect was partially offset by higher production in H1 2023 relative to H1 2022 at the Sulechów I, II and III farms, and the commissioning in September 2022 of the PV Buk photovoltaic farm, which contributed to the segment result in H1 2023.
- ▶ The volume generated in H1 2023 by the Sulechów I farm was fully accounted for under the auction system. The volume produced by the Sulechów II, III and Buk PV farms during the period was sold at a price capped at the statutory price limit.

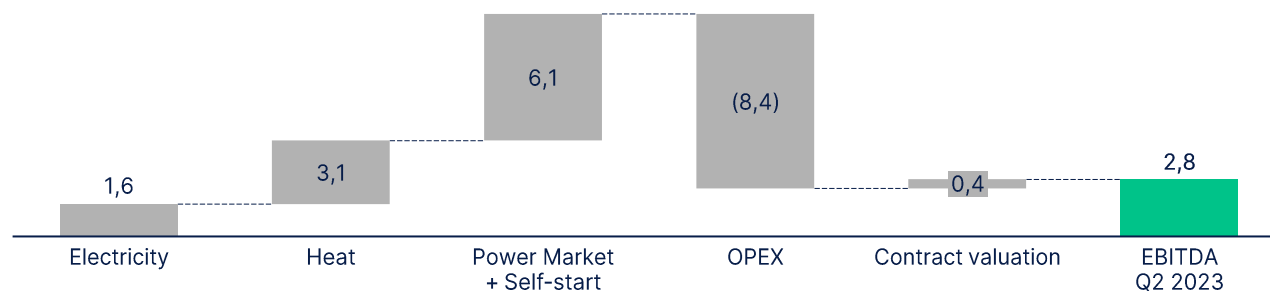
EBITDA bridge



DECREASED RESULT DUE TO LOWER EFFECTIVE PRICE OF ELECTRICITY SALES AND HIGHER DISTRIBUTION COSTS OF THE SEGMENT

Gas and Clean Fuels - Q2

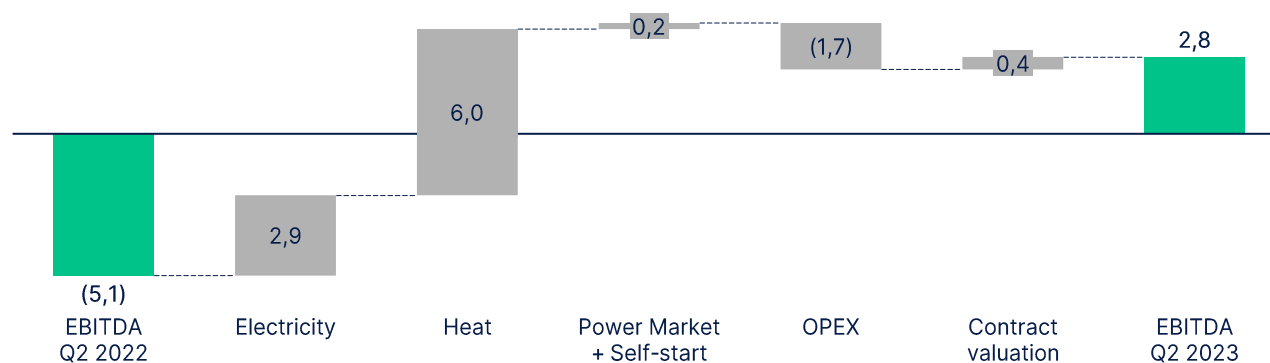
EBITDA build-up



Comment

- ▶ Higher result on electricity (taking into account the valuation of contracts) as a result of the ENS operation optimization process.
- ▶ Heat - higher result on heat in 2023 due to higher tariff prices (the tariff transferring higher gas and CO2 costs in 2022 entered into force in August 2022).
- ▶ OPEX - higher costs of the transmission fee, higher gas costs (higher Gaz-System tariff prices) and higher operating costs due to higher inflation in 2023 vs 2023.

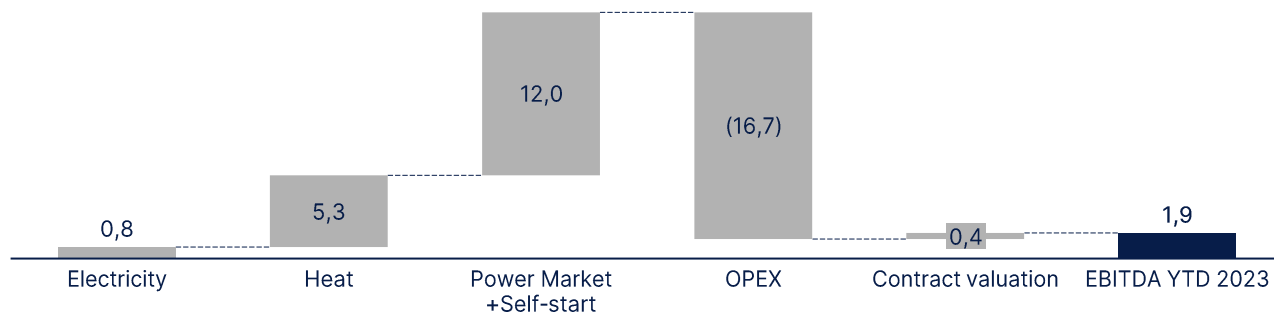
EBITDA bridge



HIGHER EBITDA DUE TO A HIGHER RESULT ON HEAT AND CAPACITY MARKET, PARTLY OFFSET BY HIGHER FIXED COSTS.

Gas and Clean Fuels - YTD

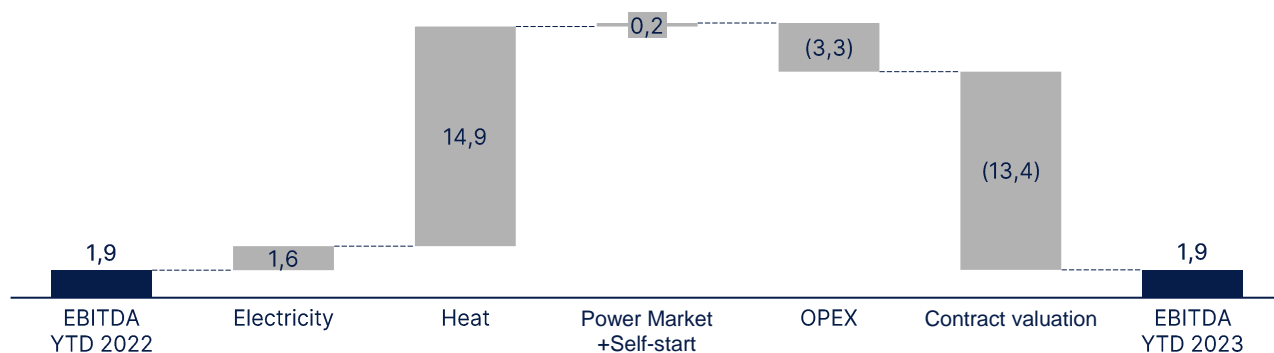
EBITDA build-up



Comment

- ▶ Lower result on electricity (taking into account the valuation of contracts) as a result of the ENS operation optimization process (mainly the evaluation of hedging and reversal transactions related to part of 2023 = 13.9m in Q1 2022).
- ▶ Higher result on heat in 2023 due to higher tariff prices (the tariff transferring higher gas and CO2 costs in 2022 entered into force in August 2022).
- ▶ OPEX - higher costs of the transmission fee, higher gas costs (higher Gaz-System tariff prices) and higher operating costs due to higher inflation in 2023 vs 2023.

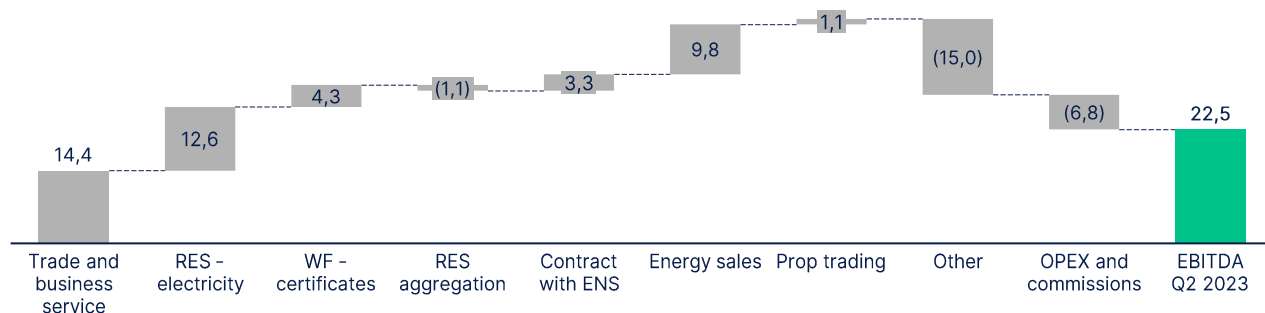
EBITDA bridge



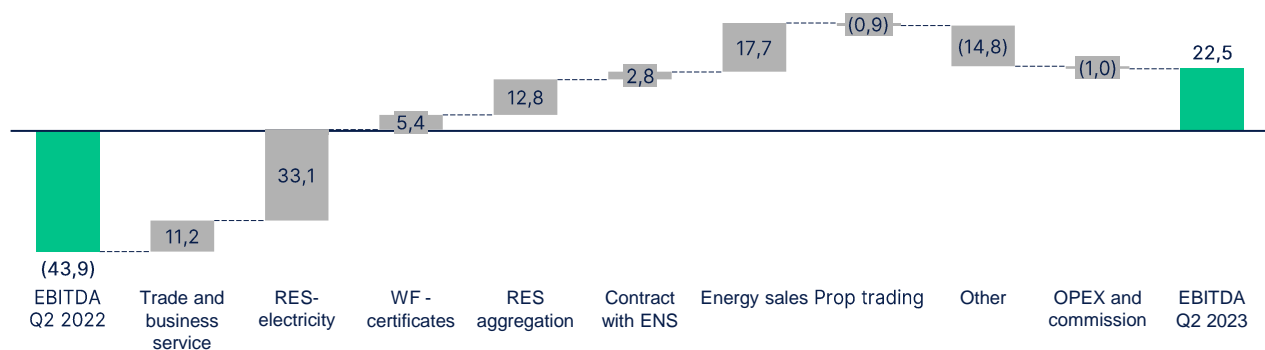
EBITDA AT THE SAME LEVEL DUE TO A HIGHER RESULT ON HEAT AND CAPACITY MARKET, OFFSET BY A LOWER RESULT ON OPTIMIZATION OF ELECTRICITY GENERATION PROCESS AND HIGHER FIXED COSTS.

Trading and Sales - Q2

EBITDA build-up



EBITDA bridge



Comment

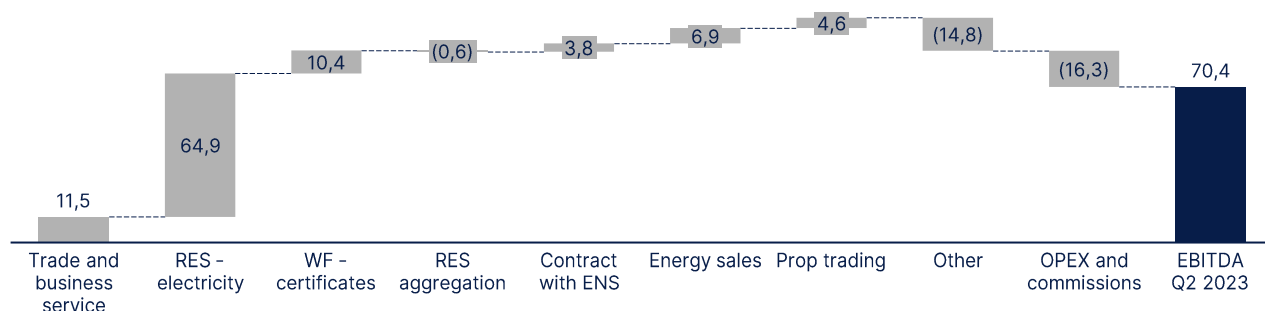
- ▶ Increase in EBITDA in the following areas:
 - trading in energy from RES assets due to higher electricity sales prices and lower impact of wind profile costs (compared to the hedged sales price) and higher volume due to the increased portfolio of generation projects,
 - energy sales mainly related to higher profitability of performed contracts and the absence of the negative impact of the revaluation of futures contracts made in Q2 2022,
 - RES aggregation, mainly as a consequence of terminating the contracts with a negative margin (resulting from dynamic changes on the electricity market) in 2022,
 - electricity trading and business services related mainly to the reverse distribution of the y/y result - realization of a negative margin in the first quarter and a partly recognized positive margin on transactions performed in the remaining part of 2023.
 - other activity, taking into account the higher result on the sale of photovoltaic panels and heat pumps.
- ▶ The EBITDA increase was partly offset by:
 - higher operating costs due to increased scale of operations,
 - lower margin on prop trading activities.



INCREASE IN RESULT ON TRADING ENERGY FROM GROUP ASSETS, ENERGY SALES, RES AGGREGATION, ELECTRICITY TRADING AND BUSINESS SERVICES

Trading and Sales - YTD

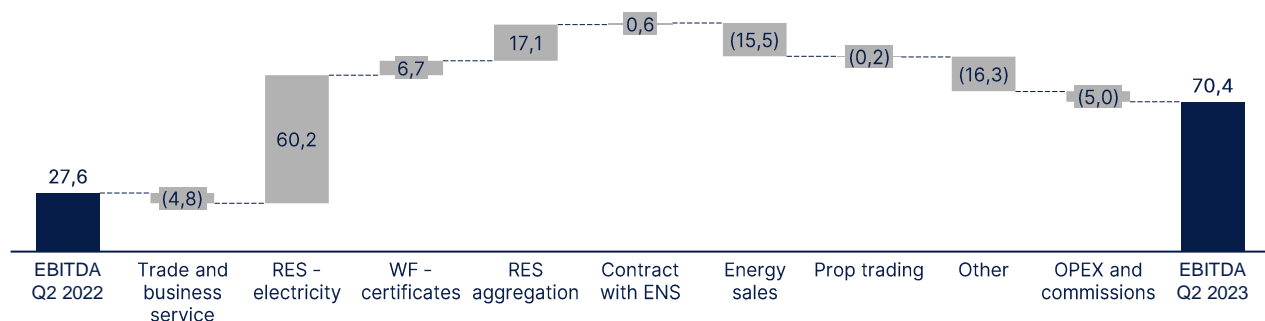
EBITDA build-up



Comment

- ▶ Increase in EBITDA in the following areas:
 - trading in energy from RES assets due to higher electricity sales prices and lower impact of wind profile costs (compared to the hedged sales price) and higher volume due to the increased portfolio of generation projects,
 - RES aggregation, mainly as a consequence of terminating the contracts with a negative margin (resulting from dynamic changes on the electricity market) in 2022,
 - trading in wind farm certificates due to the increase in the sale price of green certificates.
 - other activity, taking into account the higher result on the sale of photovoltaic panels and heat pumps.

EBITDA bridge



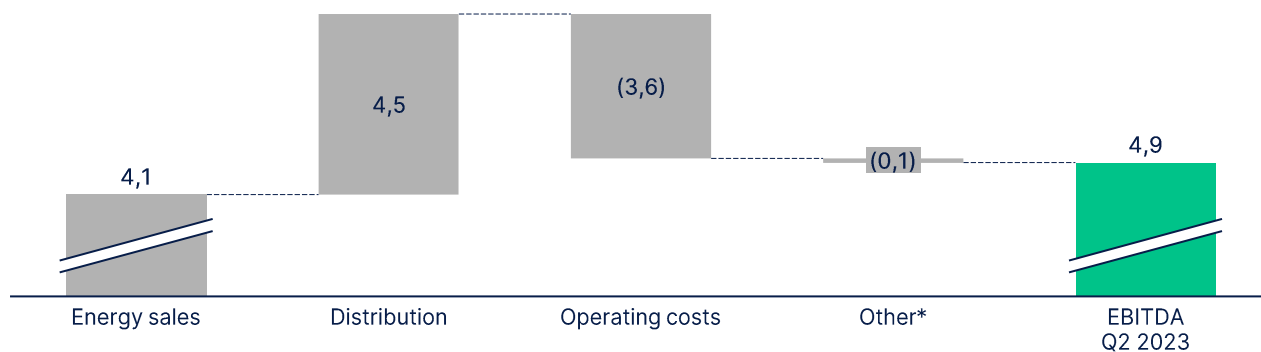
- ▶ The EBITDA increase was partly offset by:
 - lower result on electricity sales mainly related to the recognition of a one-time result on the valuation of forward transactions last year,
 - lower result on electricity trading and business services related mainly to the reverse distribution of the y/y result - realization of a negative margin in the first quarter and a partly recognized positive margin on transactions performed in the remaining part of 2023.,
 - higher operating costs due to increased scale of operations.



HIGHER MARGIN ON ENERGY TRADING FROM GROUP ASSETS, RES AGGREGATION AND TRADING IN CERTIFICATES

Distribution - Q2

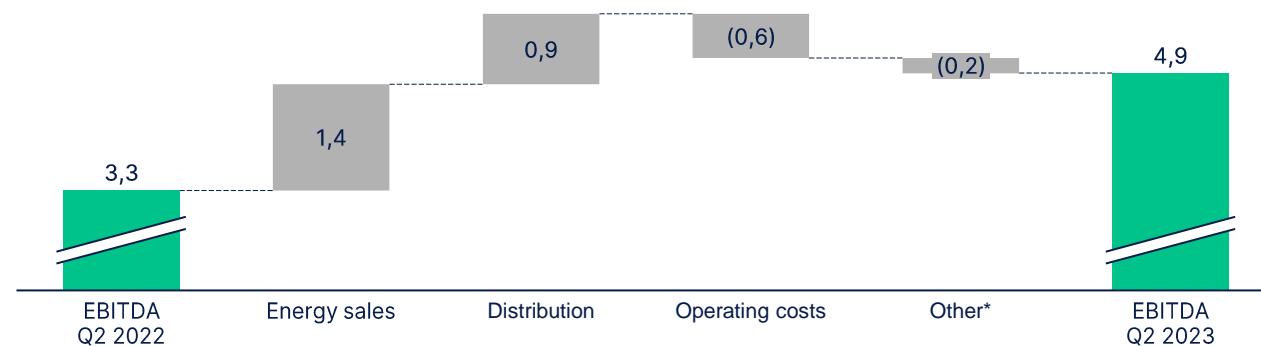
EBITDA build-up



Comment

- ▶ The distribution segment recorded an increase in EBITDA by PLN 1.6m compared to the same period last year, which is mainly a consequence of:
 - higher unit margins on electricity sales as a result of the entry into force of a new tariff for the sale of electricity to households (13.05.2023).
 - entry into force of the new distribution tariff (13.05.2023),
 - higher revenues on account of connection fees,
- ▶ partly offset by:
 - higher operating costs due to increased scale of operations,
 - costs incurred in the development of electromobility projects.

EBITDA bridge

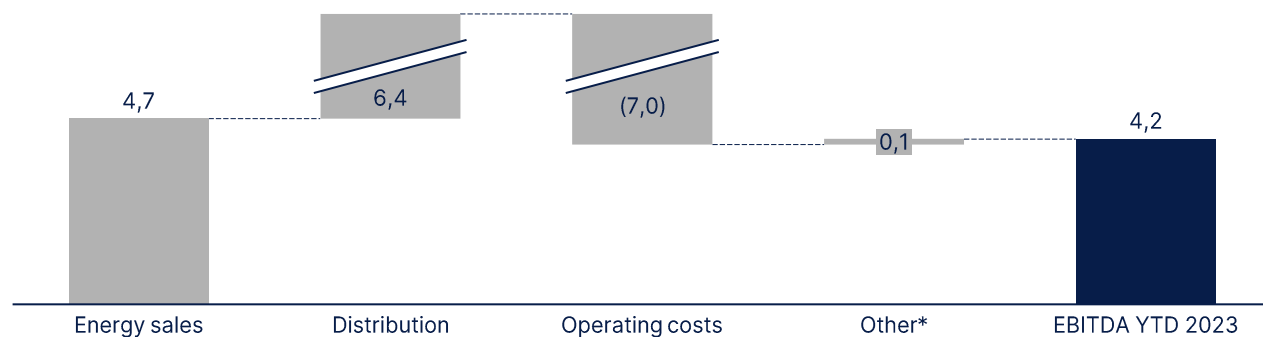


INCREASE IN EBITDA DUE TO HIGHER UNIT MARGIN ON ENERGY SALES AND NEW DISTRIBUTION TARIFF COMING INTO EFFECT

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

Distribution - YTD

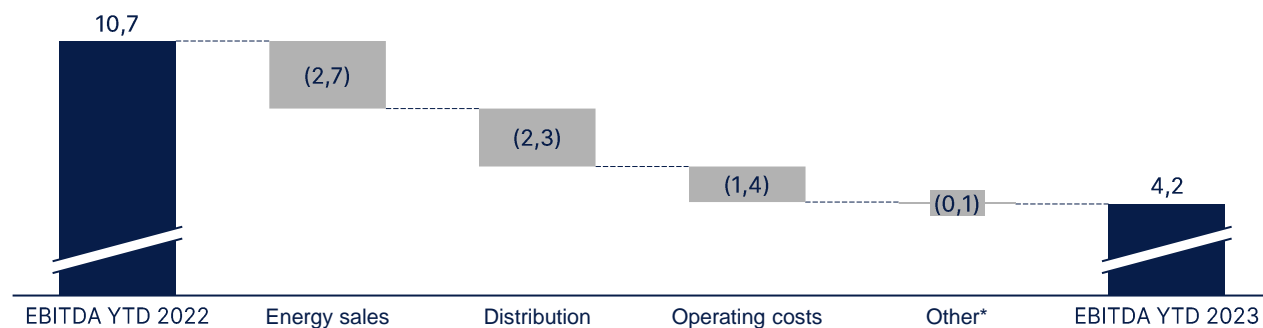
EBITDA build-up



Comment

- ▶ The distribution segment recorded a PLN 6.5 m decrease in EBITDA compared to the same period last year, mainly due to:
 - lower unit margin on energy sales,
 - lower margin on electricity distribution (mainly due to the delay in updating the distribution tariff),
 - higher operating costs resulting from increased scale of operations,
- ▶ partly offset by:
 - the entry of a new, higher distribution tariff from 13 May 2023,
 - higher revenues from connection fees.

EBITDA bridge






DECREASE IN EBITDA DUE TO LOWER UNIT MARGIN ON ENERGY SALES, LOWER MARGIN ON ELECTRICITY DISTRIBUTION AND HIGHER OPERATING COSTS.

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

Progress of the Group's strategy implementation




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

Construction of the Piekło wind farm (13.2 MW) was completed and an operational permit was obtained for the Grabowo wind farm (44 MW)

Area	Status
 <p data-bbox="271 549 546 576">Onshore wind farms</p>	<p data-bbox="804 512 1272 533">Projects in the advanced phase of development:</p> <ul data-bbox="804 549 2123 639" style="list-style-type: none"> <li data-bbox="804 549 2123 569">▶ In mid-August, the Piekło wind farm project (13.2 MW), which received support under the RES auction support system, was completed. <li data-bbox="804 585 2123 639">▶ The Grabowo wind project is in the construction phase. Construction works began at the end of March 2022. The use permit was obtained, and the project construction is planned to be completed in H2 2023.
 <p data-bbox="271 810 450 837">Photovoltaics</p>	<p data-bbox="804 788 1240 809">Projects in advanced phase of development:</p> <ul data-bbox="804 825 2123 900" style="list-style-type: none"> <li data-bbox="804 825 2123 900">▶ Construction of the Strzelino Photovoltaic Farm with a capacity of approx. 45.16 MW, which received support under RES auction in December 2021 is in advanced stage. Key contracts were concluded in Q1 2023, while investment loan agreement was signed in May. Planned completion of construction in Q4 2023.
 <p data-bbox="271 995 546 1023">Offshore wind farms</p>	<p data-bbox="804 954 1980 975">The projects in advanced development phase - MFW Bałtyk II and MFW Bałtyk III (total planned capacity of approx. 1.4 GW):</p> <ul data-bbox="804 991 2123 1145" style="list-style-type: none"> <li data-bbox="804 991 2123 1145">▶ In June 2023 resolutions were passed by shareholders of MFW Baltic II and MFW Baltic III to update project budgets. The projected Devex level is currently about PLN 950m (the amount also includes funds already spent). The construction works are planned to commence in Q1 2025, and be completed and commissioned in 2028. Implementation of the projects according to the current schedule will result in the need to incur, prior to starting construction works, a portion of CAPEX, in addition to Devex. According to current estimates, these expenditures could amount to about PLN 2.8-3.2b, against a total construction phase budget estimated in the range of PLN 21-24b. <p data-bbox="804 1193 1218 1214">Projects in the early phase of development:</p> <ul data-bbox="804 1230 2123 1417" style="list-style-type: none"> <li data-bbox="804 1230 2123 1305">▶ Continued work on the MFW Bałtyk I project, aimed at preparing the project for the auction. The windiness and wave intensity surveys, which lasted over a year, were completed in April 2023. The obtained ocean and meteorological data will allow for determining expected electricity production and starting the facility design. <li data-bbox="804 1321 2123 1417">▶ A decision has been made to complete works to prepare wind farm project in the Baltic Sea in Lithuanian maritime areas for auction. The decision was made after analyzing the project's economic viability in light of the published parameters for the planned auction, and after consultation and agreement with the Modus Energy AB Lithuanian company (operating under the Green Genius brand), which was to act as a local partner in the project.





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

The Group's intensive business development continues, Polenergia eMobility launched successive public charging stations.

Area	Status
 <p data-bbox="253 544 412 571">Distribution</p>	<ul style="list-style-type: none"> <li data-bbox="808 504 2132 555">▶ 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. <li data-bbox="808 563 2132 695">▶ Polenergia eMobility is actively acquiring locations for building public charging stations throughout the country, with 24 charging stations with 33 charging points currently in operation. The Company has and is developing its own software for operating charging stations, and for customer service, a call center service was launched. In 2022 and 2023, the company applied in 3 programs for co-financing charging stations from the National Fund for Environmental Protection and Water Management. A commercial electromobility offer was prepared and marketed including the sale of charging stations, technical services and charging station management services.
 <p data-bbox="253 778 521 805">Gas and clean fuels</p>	<ul style="list-style-type: none"> <li data-bbox="808 711 2132 845">▶ In 2023 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. Due to the emergence of positive CSS, ENS produced energy in a dynamic way from May to June 2023 through an optimized operating model. <li data-bbox="808 853 2132 904">▶ 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. <li data-bbox="808 912 2132 991">▶ The company has entered into a contract for the supply and commissioning of a 5 MW electrolyzer, the contract is expected to be executed in Q3. 2023 r. For the implementation of the investment, the Company received financing from the International Finance Corporation (IFC) in the amount of up to EUR 600 thousand. <li data-bbox="808 999 2132 1050">▶ 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. <li data-bbox="808 1058 2132 1166">▶ In June Polenergia Elektrociepłownia Nowa Sarzyna entered into an agreement with the National Fund for Environmental Protection and Water Management (NFOŚiGW) to subsidize a project for the construction of two hydrogen refueling stations, along with accompanying infrastructure, in two locations: in the area bordering Elektrociepłownia Nowa Sarzyna and in Rzeszów. The total amount of subsidy awarded will amount up to PLN 20m. A bidding process is also underway to select an EPC contractor for the project.
 <p data-bbox="271 1246 584 1273">Trading and Sales (1/2)</p>	<ul style="list-style-type: none"> <li data-bbox="808 1182 2132 1374">▶ The Group is modifying the strategy implemented in the trading and sales segment, adapting to changing market conditions and the increasing costs of securing end users and profiling RES sources. At the end of 2022 a part of the contracts with customers expired, and further growth in sales volumes depends on the development of the market situation, which forces the ongoing recalculation of risks and financial costs related to securing the recipients' position on the futures market. The implemented regulations limiting energy sales prices and deductions payable to the Price Settlement Authority fund tariff in force until the end 2023 largely inhibited the possibility of dynamic development of sales and activities related to the aggregation of external RES. The Company is developing a sales model in long-term cPPAs based on the Group's existing and newly built generation assets.

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

Polenergia actively participates in humanitarian support for refugees from Ukraine, supports the development of future staff in the energy sector, promotes environmental and climate education, takes up activities to strengthen relations with local communities and prepares an ESG strategy.

Area	Status
 <p data-bbox="271 568 584 600">Trading and Sales (2/2)</p>	 <ul data-bbox="801 560 2123 660" style="list-style-type: none"> ▶ With positive results, activity is being developed in the ultra-short-term market (the Intraday Market) for the execution of transactions a few hours before physical delivery of energy, using available data on changing market fundamentals. Trading on own account on wholesale markets (prop trading) is successively performed, and the implemented trading strategies take advantage of market volatility with a positive effect, while maintaining restrictive measures to limit risk exposure.
 <p data-bbox="271 802 696 834">Corporate Social Responsibility</p>	 <p data-bbox="801 775 943 799">The Company:</p> <ul data-bbox="801 810 2123 1267" style="list-style-type: none"> ▶ is involved in humanitarian aid for refugees from Ukraine. continues providing support for male and female refugees residing in the municipality of Nowa Sarzyna and Pelplin. ▶ actively works to support the development of future staff and support women through involvement in the preparation of classes as part of the Akademia Liderok ESG organized by the Lesław Paga Foundation. ▶ supports active conservation in the Słowiński National Park under the REGeneration program run by UNEP/GRID. ▶ Organizes educational events for employees (nature walk) and local societies (nature classes in schools). ▶ In cooperation with a consultant prepares biodiversity conservation strategies for the Polenergia Group. ▶ undertakes activities in favor of D&I (Diversity and Inclusion), organizing workshops for the Group's employees on inclusivity and inclusive language. ▶ takes action for the health of male and female employees: implementation of Polenergia's sports challenge WE INCREASE POWER! ▶ Is involved in environmental and climate education activities - the first edition of the project Play Green with Us!® completed: more than 1,100 h of eco classes implemented, 70 elementary schools involved, 16 eco competitions organized, promotion of Climate Reading in 18 establishments, planted more than 1,500 of young pine seedlings + 120 trees/shrubs. ▶ takes actions to strengthen relationship with local communities, holds a dialog with representatives of municipalities and associations operating within the Group's projects.

Q&A



Appendices



Glossary of abbreviations



Term



Definition

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 15 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	Revenues 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. Such expenditure 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
YTD	Year-to-date, cumulative from the beginning of the year
Act on price freezing	Act on special solutions to protect electricity consumers in 2023 in connection with the situation on the electricity market, implemented on 7 October 2022.
CSS	the gross margin from the sale of a unit of electricity in gas-fired generating units. (<i>Clean Spark Spread</i>).



Polenergia SA
ul. Krucza 24/26
00- 526 Warsaw

Tel.: +48 22 522 3974
E-mail: POLENERGIAIR@polenergia.pl

Polenergia © 2023

