

# Polenergia Group

Financial results for Q3 2023

November 2023

Polenergia © 2023







# Agenda:

01. Summary of key events in Q3 2023
02. Summary of key operational parameters
03. Financial results for Q3 2023
04. Progress of the Group's strategy implementation

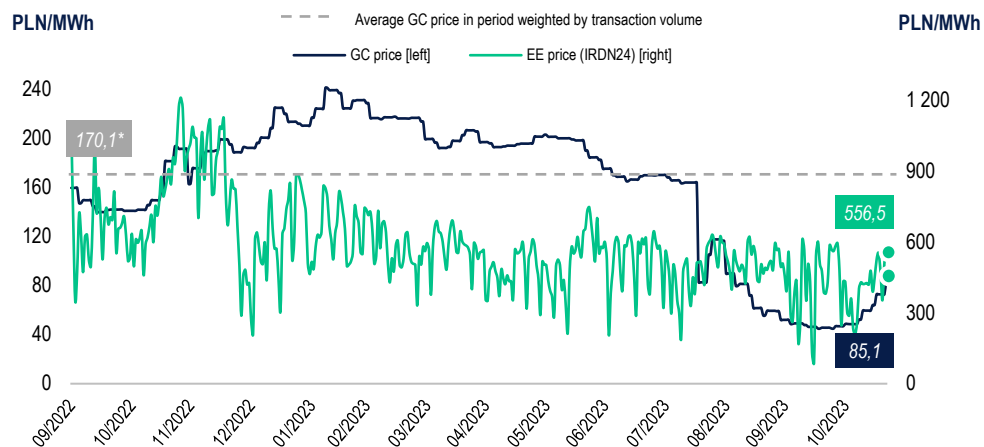
# Summary of key events in Q3 2023

## Summary of Q3 2023: Most important events

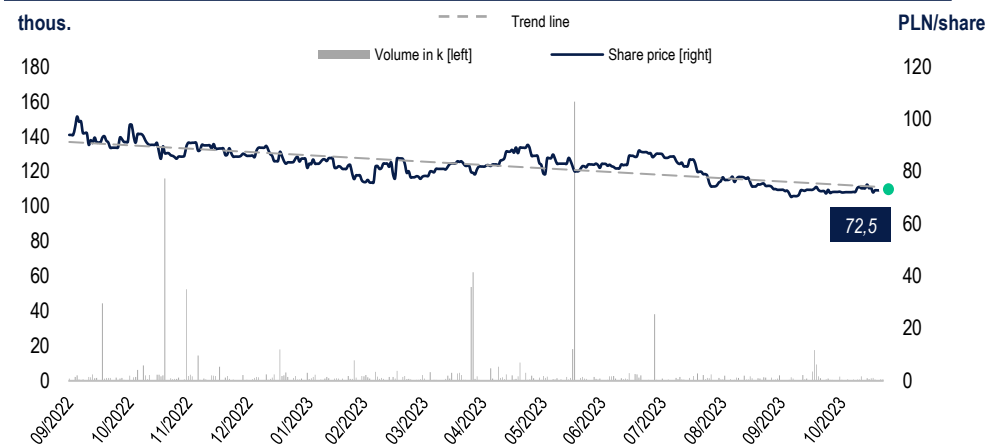
Fact	Effect/Comment
 <p>Higher energy production due to increased capacity, higher windiness in Q3 2023.</p>	<ul style="list-style-type: none"> <li>▶ Completion of construction of the Dębsk projects and commissioning of the Grabowo and Piekło farms in Q1, Q2 and Q3 2023, higher windiness in Q3 2023</li> </ul>
 <p>Consistent implementation of the Polenergia Group Strategy for the years 2020- 2024</p>	<ul style="list-style-type: none"> <li>▶ <u>Offshore wind farms</u>: Update of the budgets of the MFW Baltic II&amp;III projects. Projected Devex level is currently about PLN 950m. The construction work is planned to commence in Q1 2025, and be completed and commissioned in 2028. The total budget for the construction phase is estimated in the range of PLN 21-24b.</li> <li>▶ <u>Onshore wind farms</u>: Completion of the construction of Piekło (13.2MW) and Grabowo (44MW) wind farms</li> <li>▶ <u>Photovoltaic</u>: Finalization of the construction of Strzelino photovoltaic farm (45.16MW).</li> <li>▶ <u>Hydrogen</u>: Continuation of the implementation of the H2Silesia, H2HUB Nowa Sarzyna and eFuels projects.</li> <li>▶ <u>E-mobility</u>: Currently, 24 charging stations and 33 charging points are in operation and more locations are being developed.</li> <li>▶ <u>Distribution</u>: Implementation of the projects in accordance with the adopted IV investment plan.</li> <li>▶ <u>Polenergia Fotowoltaika</u>: In Q3 2023 installations with a total capacity of 8.5 Mwp were assembled, and 233 heat pumps were installed by the Company.</li> </ul>
 <p>AB series shares issued by the Company</p>	<ul style="list-style-type: none"> <li>▶ On 19 October 2023 the Company's Management Board informed on the completion of the public offering of series AB ordinary bearer shares. Following the issue of 10,416,667 shares, the Company raised funds in the amount of PLN 750 million. The issue price of 1 share was set at PLN 72.</li> <li>▶ 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.</li> </ul>
 <p>Variable regulatory environment</p>	<ul style="list-style-type: none"> <li>▶ <u>Liberalization of the 10H rule</u>: Liberalization of the act allows the Group to resume development of new onshore wind projects.</li> <li>▶ <u>Change in the level of obligation to redeem certificates</u>: pursuant to the current draft regulation of the Minister of Climate and Environment, the obligation to redeem green certificates will be 5% in 2024.</li> </ul>

## Key indexes and market prices

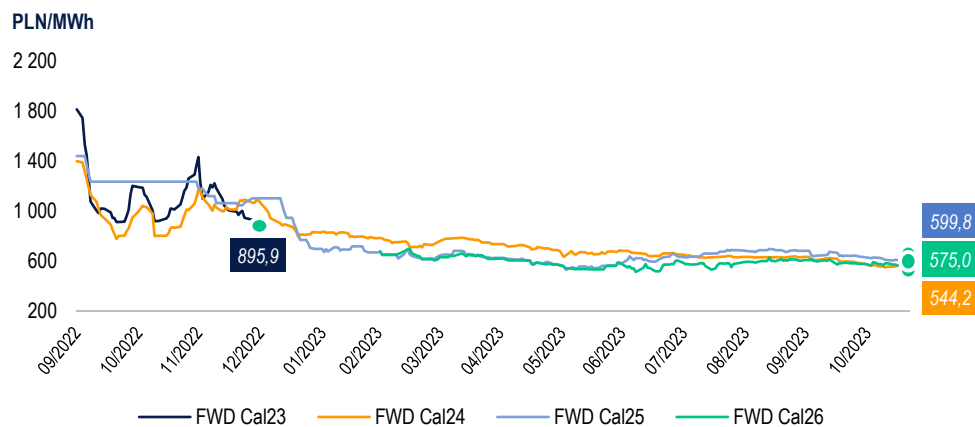
### Prices of green certificates and electricity



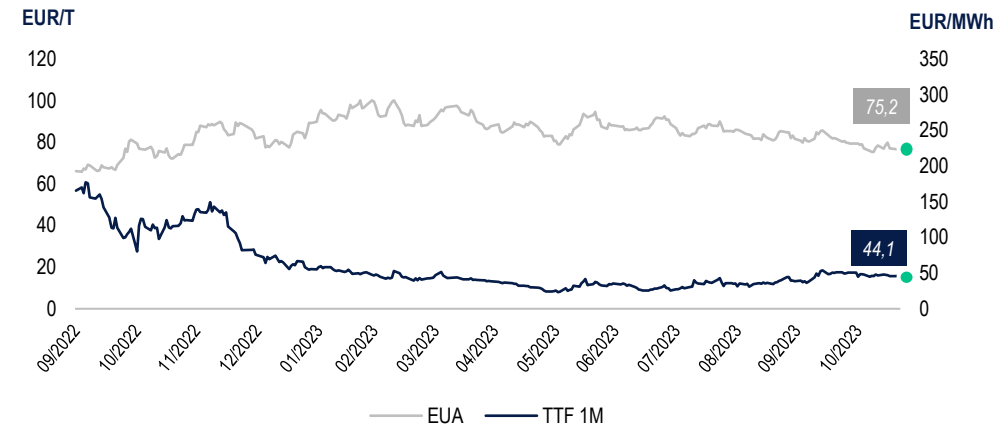
### Stock exchange price quotations of Polenergia S.A. shares



### Forward electricity prices



### CO<sub>2</sub> 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: 201.1 PLN/MWh

# Summary of key operational parameters

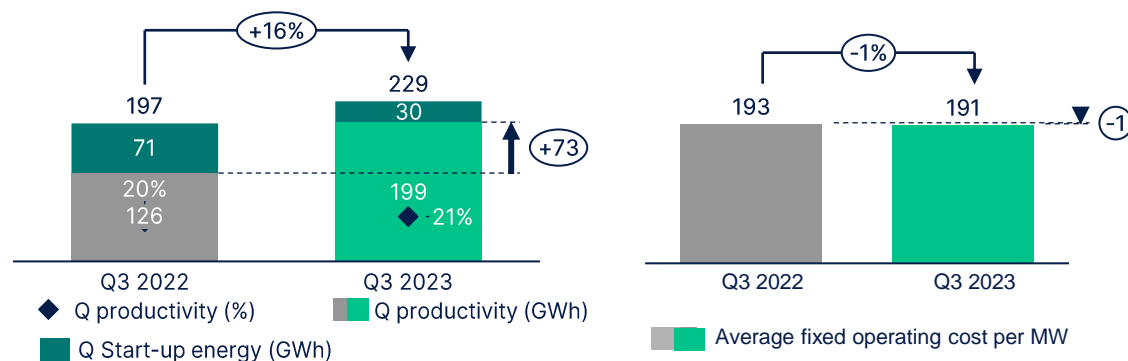
## Summary of key operating parameters - Onshore wind farms

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

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

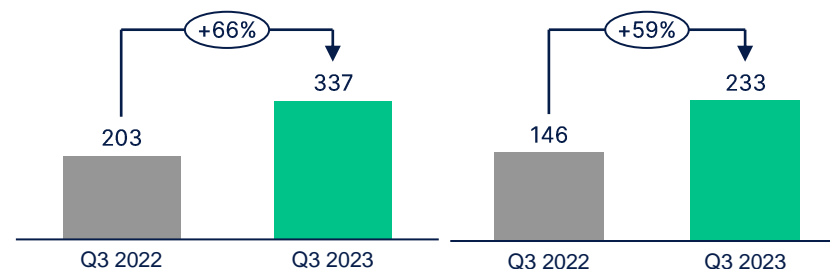
Average revenues per MWh (after balancing and profiling costs) at the Group level [PLN/MWh]

### Quarterly data

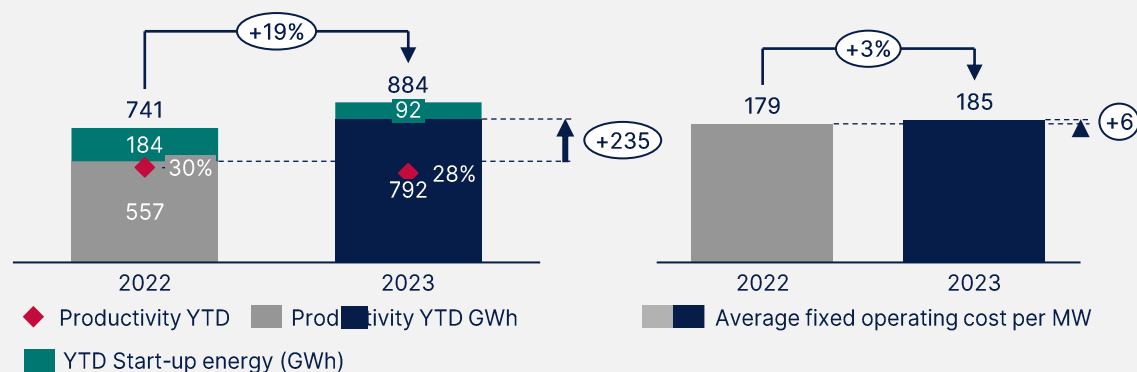


### Electricity

### Green Certificates

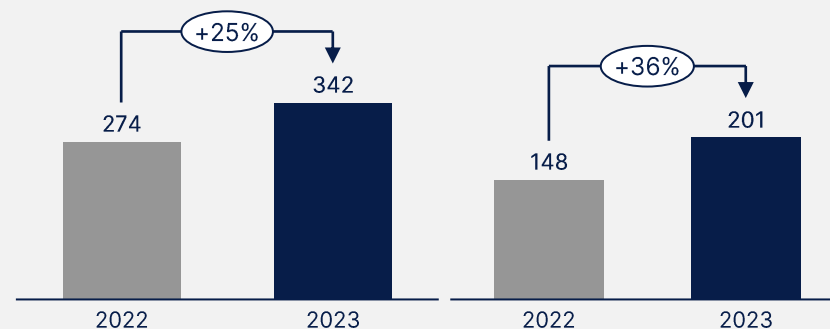


### Data YTD



### Electricity

### Green Certificates

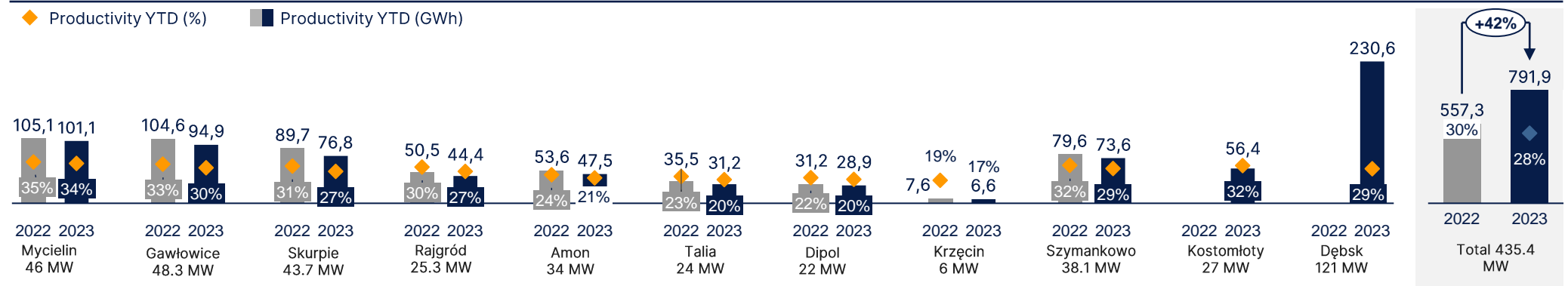


\*2022 productivity exclusive of the Dębsk WF and Kostomłoty WF.

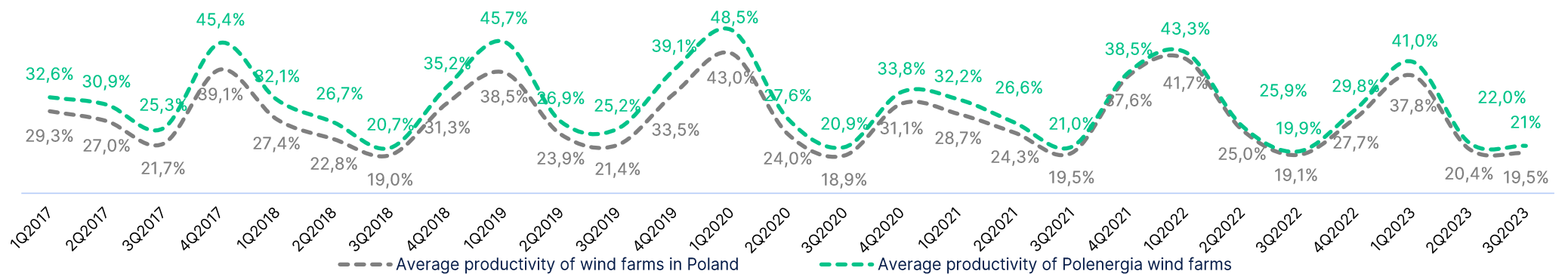
\*\* Average fixed cost per MW in 2022 excluding Dębsk WF and Kostomłoty WF average cost per MW in 2023 excluding Grabowo WF and Piekło WF.

## Summary of key operating parameters - Onshore wind farms

### Production (net) YTD



### Net productivity of Polenergia farms



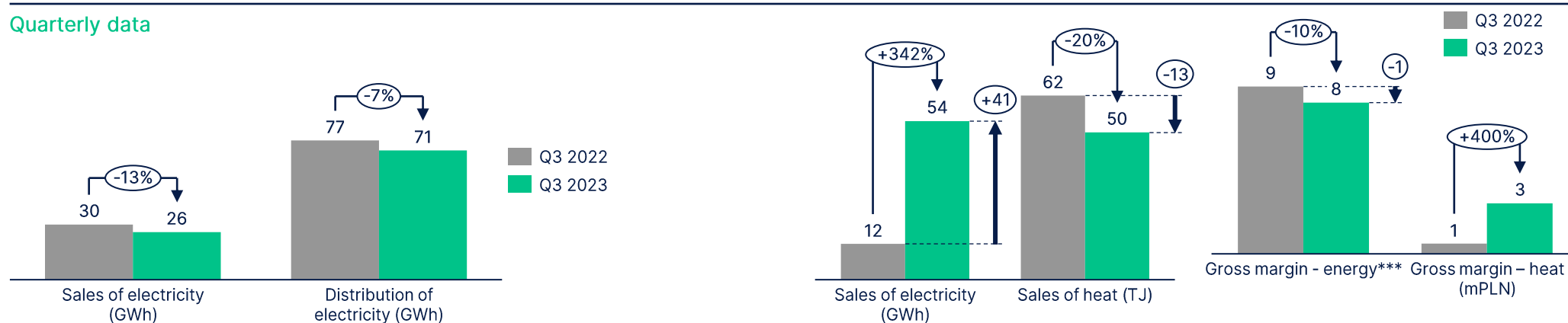


## Summary of the key operating parameters - Distribution and Gas and Clean Fuels

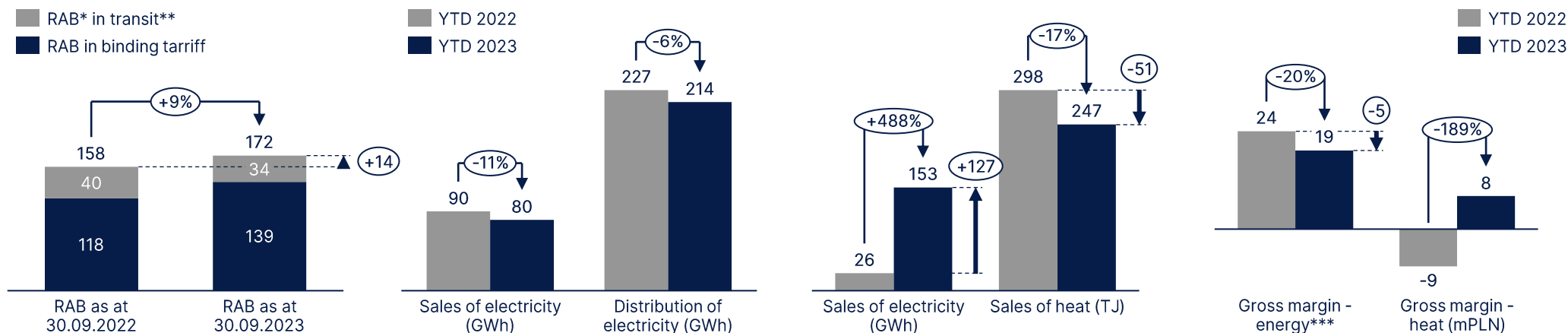
Distribution – RAB [mPLN] and sale [GWh]

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

### Quarterly data



### Data YTD



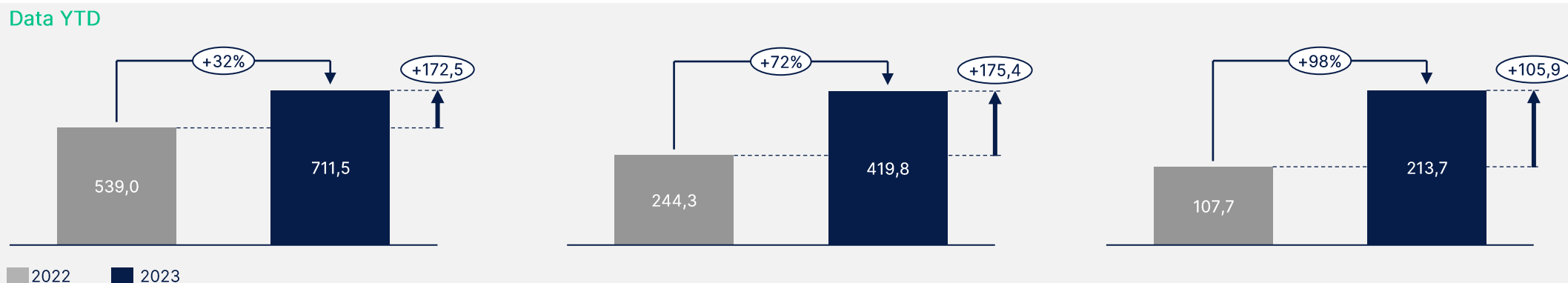
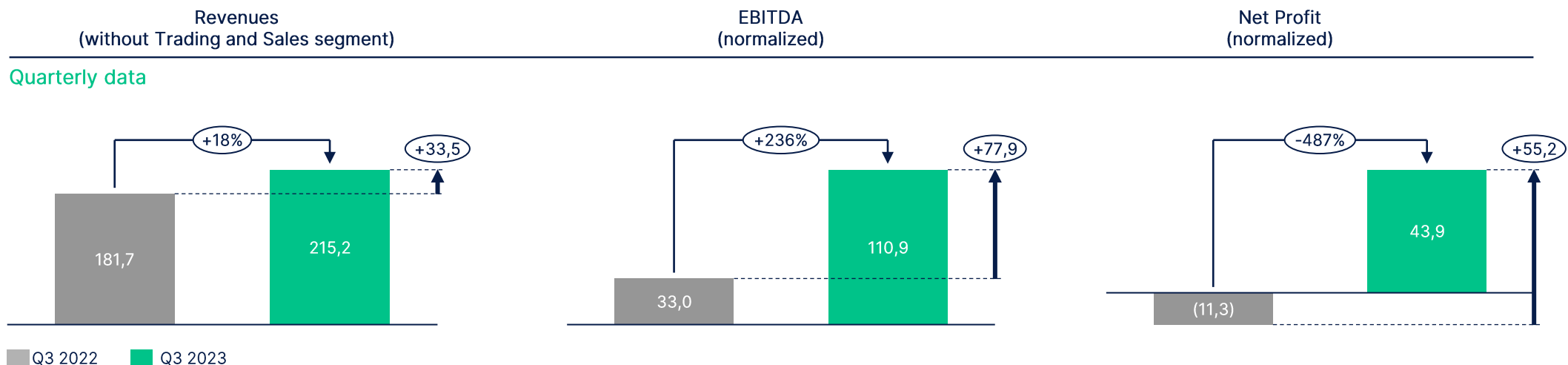
\* regulatory value of assets - term explained in the glossary

\* 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 in 2021 and 2022.

# Financial results for Q3 2023

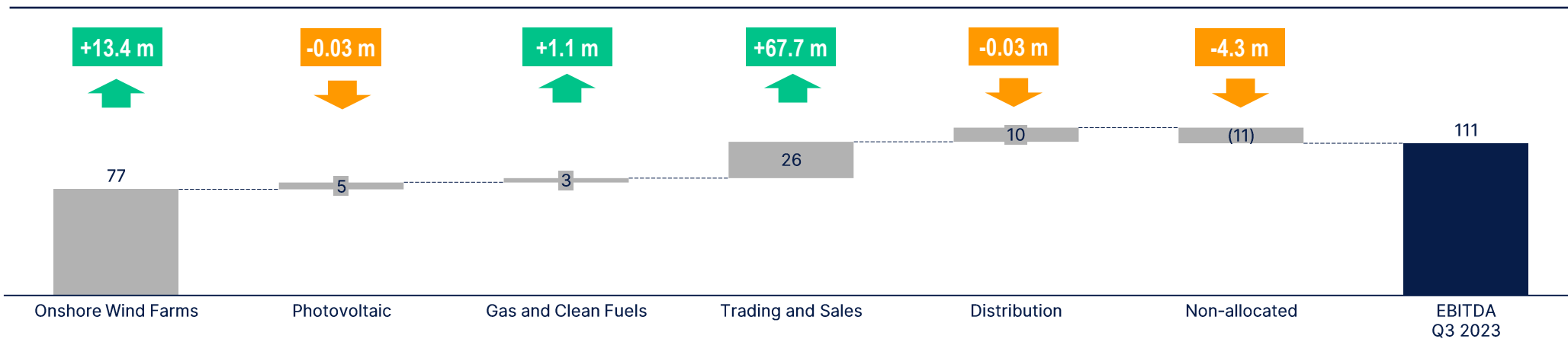
## Financial results for Q3 2023



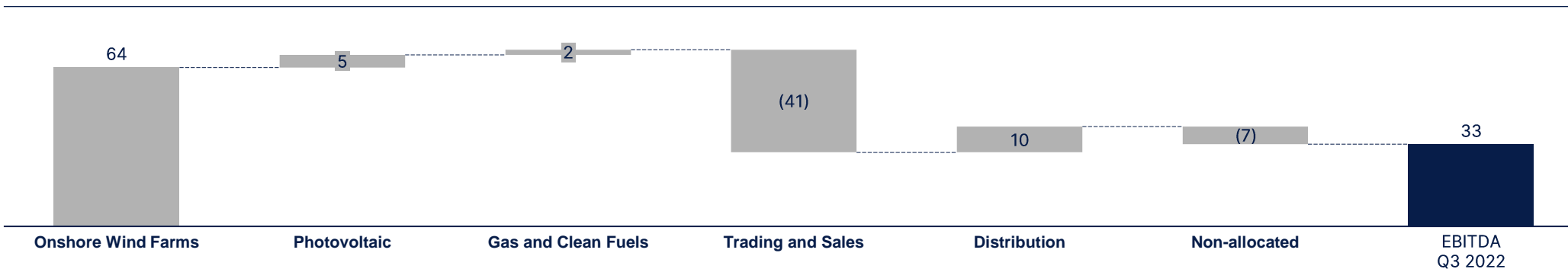
HIGHER RESULT IN THE PERIOD OF 9 MONTHS 2023 MAINLY DUE TO HIGHER RESULT IN ONSHORE WIND FARMS AND TRADING AND SALES SEGMENTS, PARTLY OFFSET BY LOWER RESULT IN DISTRIBUTION AND UNALLOCATED SEGMENTS

## EBITDA structure – Q3 2023 compared to Q3 2022

### EBITDA structure in Q3 2023



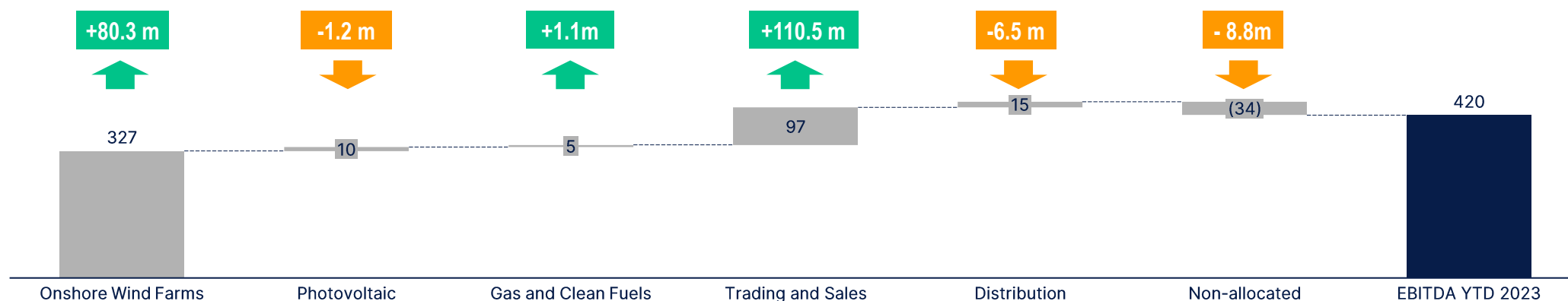
### EBITDA structure in Q3 2022



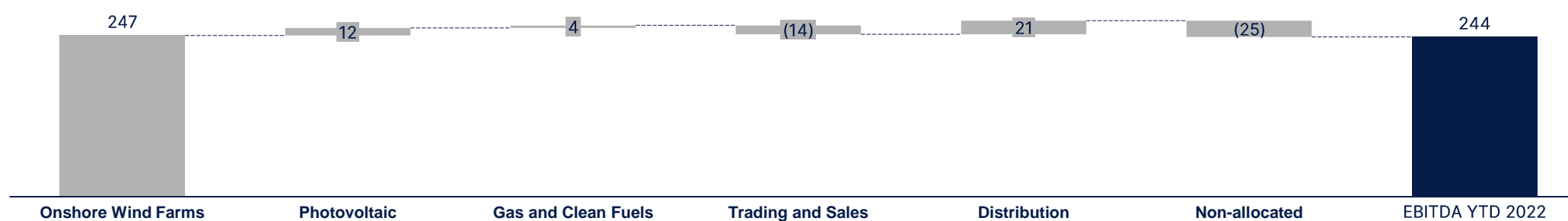
INCREASED RESULT IN SEGMENTS: TRADING AND SALES, GAS AND CLEAN FUELS AND ONSHORE WIND FARMS, LOWER RESULT IN UNALLOCATED SEGMENT, THE RESULT OF DISTRIBUTION AND PHOTOVOLTAIC SEGMENTS AT THE SIMILAR LEVEL. DISTRIBUTION

## EBITDA structure – 3 quarters of 2023 compared to 3 quarters 2022

### EBITDA structure in 2023



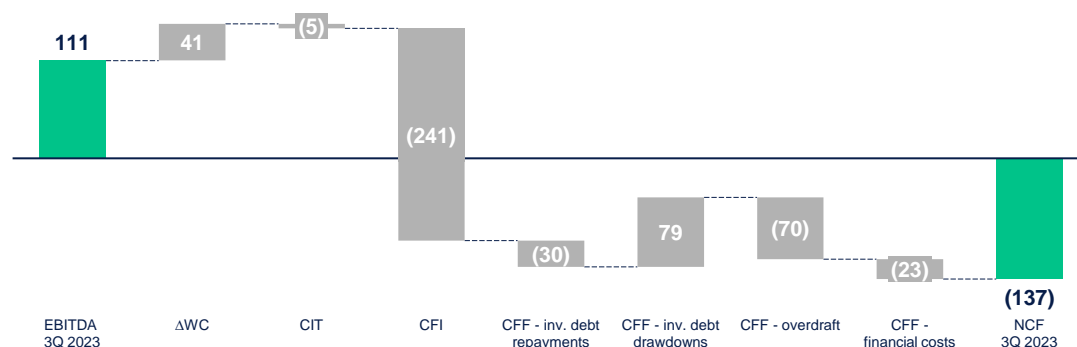
### EBITDA structure in 2022



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

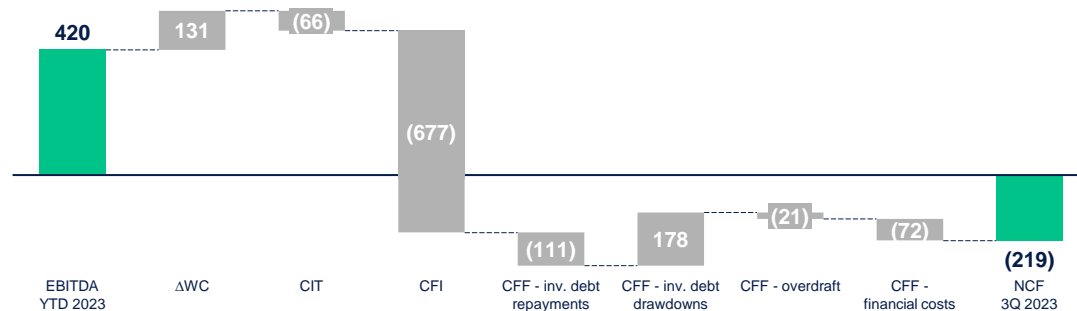
## Polenergia Group cash flow

### Group cash flow in Q3 2023



- Cash flow from investment activities: Capital expenditure made in wind and photovoltaic farms segments (-53,6m), including 36.0m in Strzelino, 10.3m in the Grabowo and 2.8m in the Piekło segments and capital expenditure in Polenergia Dystrybucja (-6.6m) and in other companies (-2.4m). Supplementary payments towards offshore wind farms projects (-180.0m).
- Cash flow from financial activities: Scheduled repayment of the investment loan plus interest in the onshore wind farms and photovoltaic segments (-45.3m). Taking out an investment loan in wind and photovoltaic farm project companies (75.2m) and in distribution (3.5m). Change of the working capital/VAT loan (-69.9m). Other cash flows (-7.0).

### Group cash flow YTD



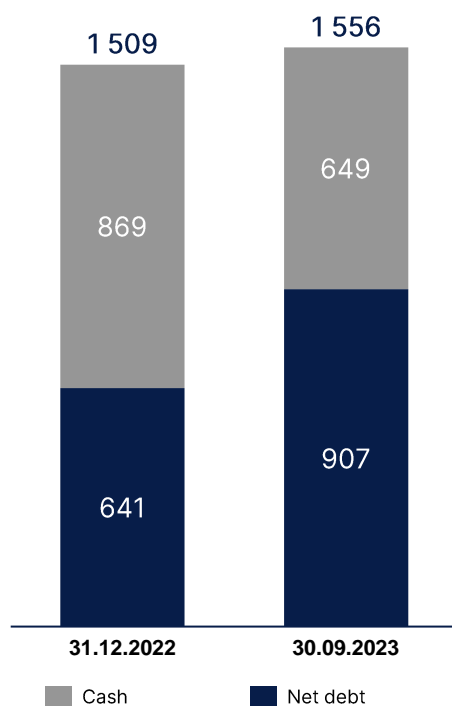
- Cash flow from investment activities: Capital expenditure made in wind and photovoltaic farms segments (-252,7m), including 28.6m in the Dębsk, 78.9m in the Grabowo, 114.2 in the Strzelino and 17.8m in the Piekło projects, capital expenditure in Polenergia Dystrybucja (-20.8m) and in other companies (-11.8m). Supplementary payments towards offshore wind farms projects (-390.1m). 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 (-159.4). Taking out an investment loan in onshore wind farm and photovoltaic farm project companies (164.4m) and in distribution (13.5m). Change of the working capital/VAT loan (-20.9m). Payments of lease liabilities, interest in other segments and other in the amount of -24.0m.



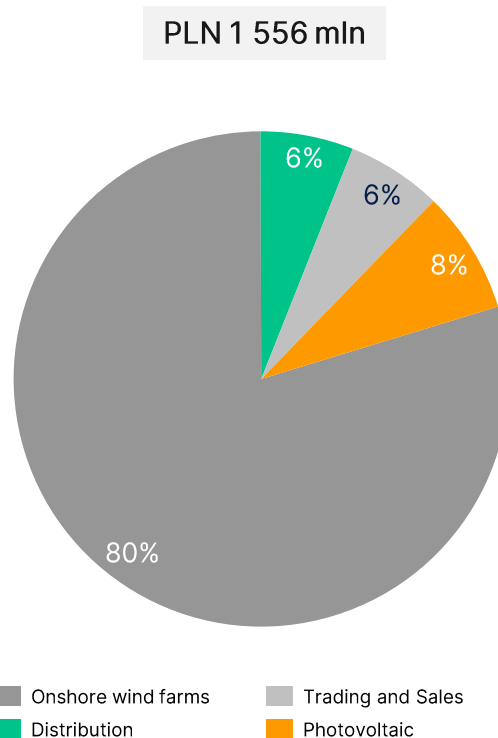
HIGH INVESTMENT EXPENDITURES IN ONSHORE AND OFFSHORE WIND FARM PROJECTS AND PHOTOVOLTAIC FARMS MAINLY FINANCED WITH THE COMPANY OWN FUNDS.

## Polenergia Group debt structure as at 30 September 2023

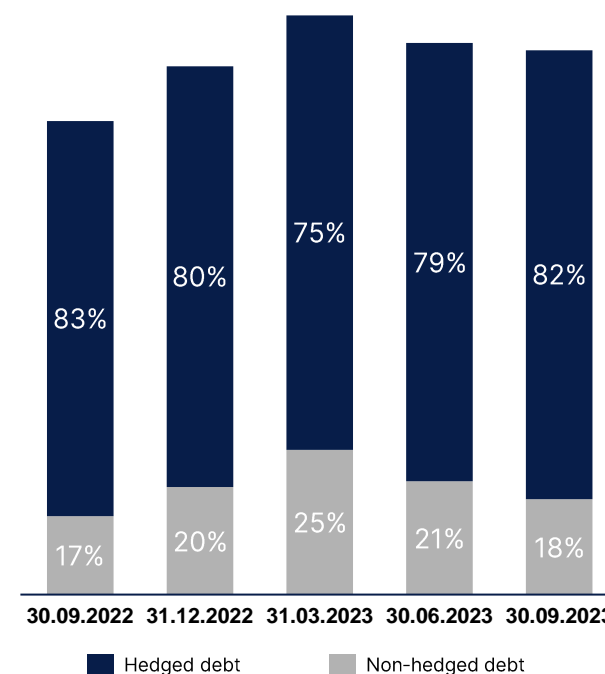
Gross debt (mPLN)



Debt structure as per segments



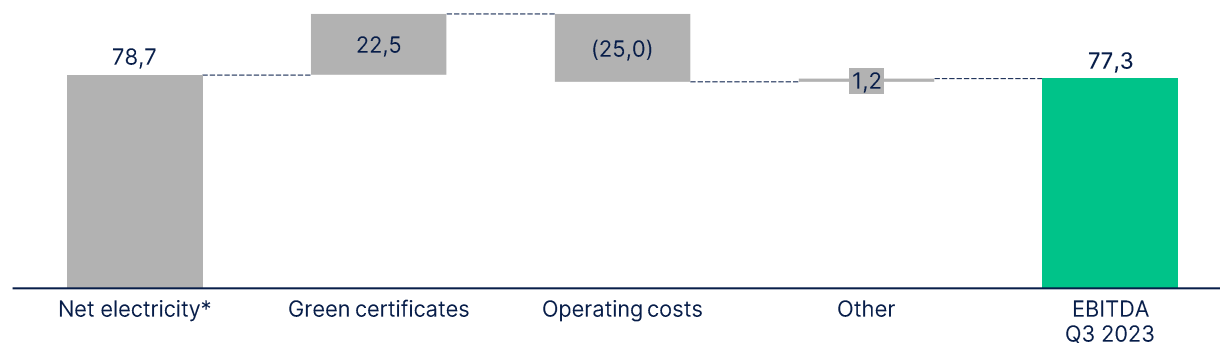
Debt structure - interest rate hedging



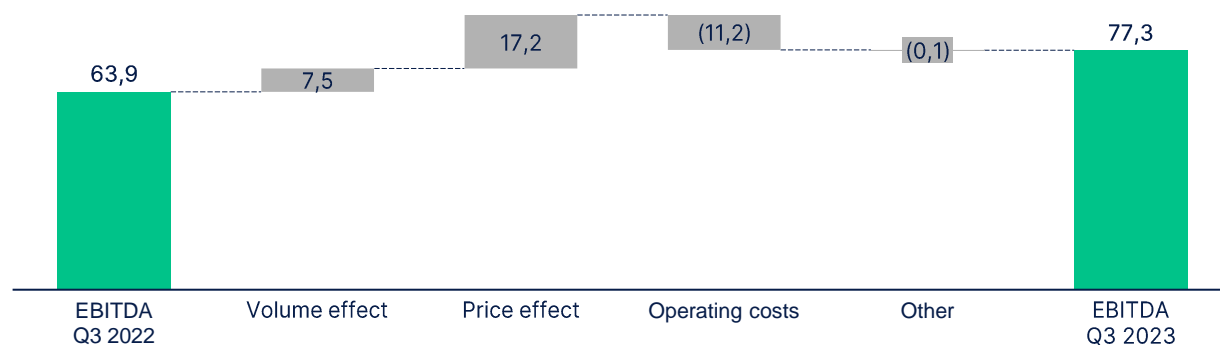
INCREASE OF NET DEBT COMPARED TO THE END OF 2022 DUE TO INCREASE OF THE BALANCE OF INVESTMENT LOANS; NO CURRENCY RISK IN THE DEBT STRUCTURE. DEBT COST HEDGED IN 82% FOR BANK LOANS, INCLUDING 89% OF INVESTMENT LOANS.

## Onshore wind farms - Q3

### 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 (both farms obtained the concession for electricity generation in Q3 2023), partly set off by lower volume of electricity generated in other operating farms.
- ▶ Increase in electricity sales prices and green certificates at the segment level compared to Q3 2022 (when the binding prices resulted from hedging transactions concluded in previous years).
- ▶ The operating costs in Q3 2023 higher than in Q3 2022 mainly due to taking into account of the costs related to the maintenance of the Dębsk, Kostomłoty, Piekło and Grabowo 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).



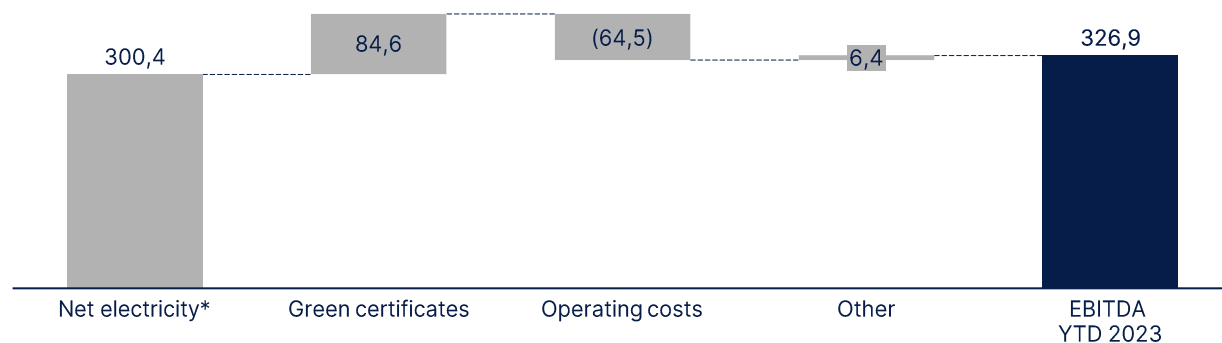
HIGHER PRODUCTION VOLUMES AND ELECTRICITY SALES PRICES, WITHIN THE LIMITS IMPOSED BY THE ACT FREEZING ENERGY PRICES, AND GREEN CERTIFICATES, PARTLY OFFSET BY HIGHER OPERATING COSTS AND LOWER GREEN CERTIFICATE VOLUMES.

\* term explained in the glossary of abbreviations



## Onshore wind farms - YTD

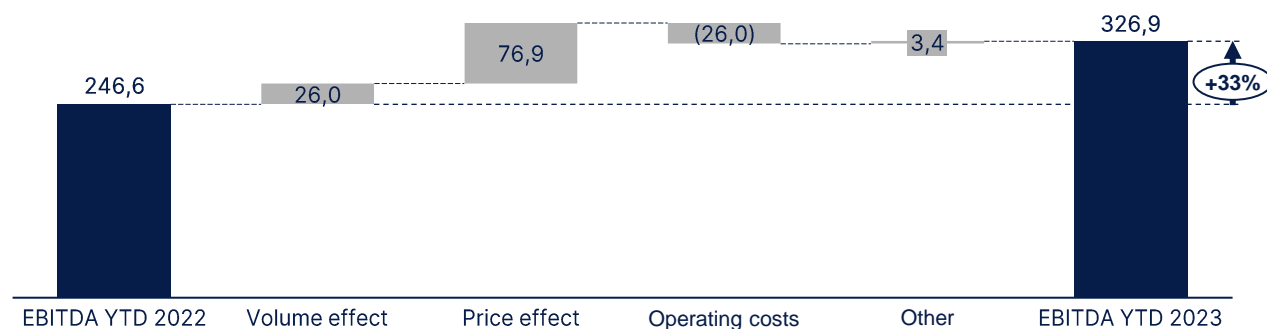
### EBITDA build-up



### 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, Kostomłoty, Piekło and Grabowo 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).

### EBITDA bridge

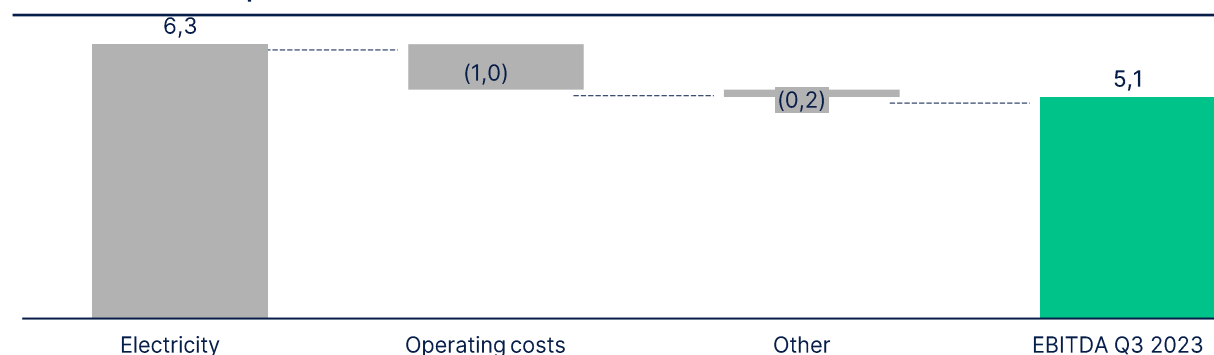


HIGHER PRODUCTION VOLUME AND HIGHER SALE PRICES OF ELECTRICITY AND GREEN CERTIFICATES, PARTLY SET OFF BY HIGHER OPERATING COSTS

\* term explained in the glossary of abbreviations

## Photovoltaics - Q3

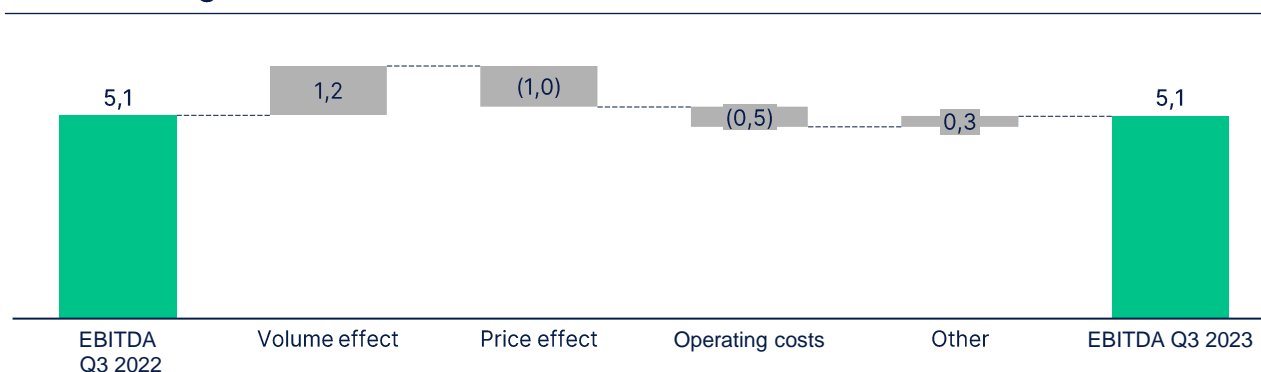
### EBITDA build-up



### 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 EBITDA result of segment in Q3 2023 was at a similar level compared to Q3 2020 (-0.03mPLN).
- ▶ Lower effective price of electricity sales was set off by higher production in Q3. Higher operating costs in 3Q2023 related to the full operational period of the Buk PV which started operation at the end of September 2022.
- ▶ Volume produced in Q3 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.

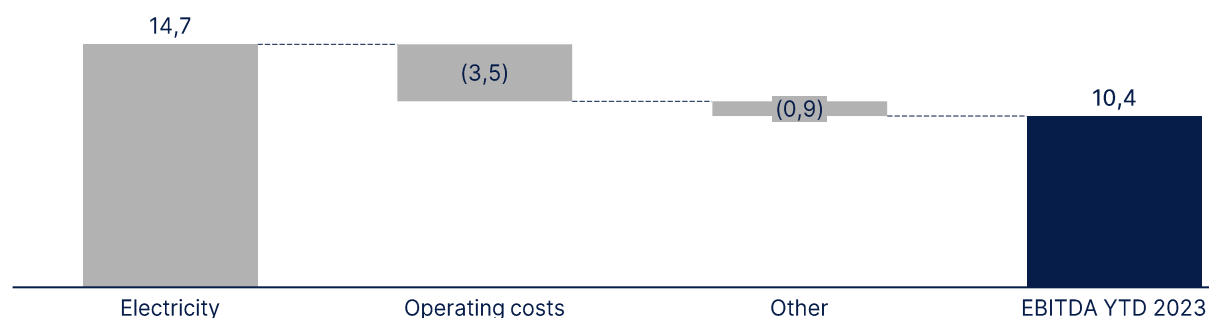
### EBITDA bridge



LOWER EFFECTIVE ELECTRICITY SALES PRICE IN Q3 SET OFF BY THE VOLUME EFFECT

## Photovoltaic - YTD

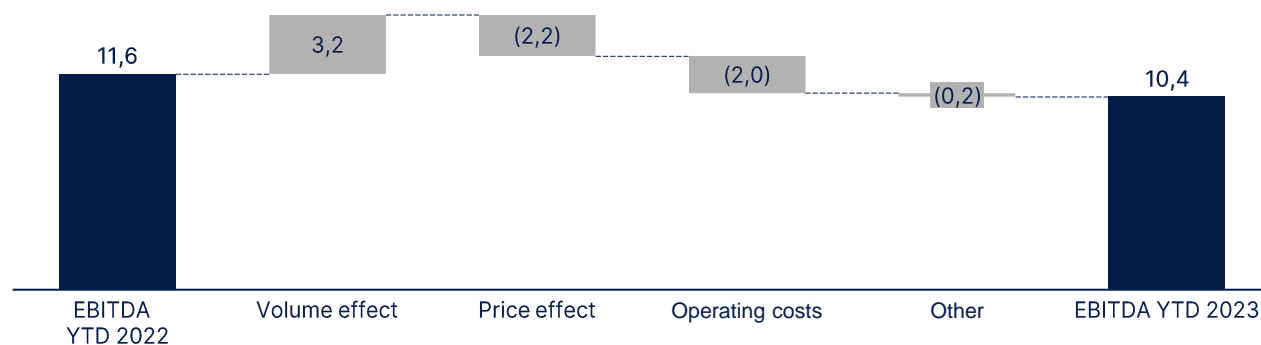
### EBITDA build-up



### Comment

- ▶ The PV segment's EBITDA after the first three quarters 2023 was lower by PLN 1.2m compared to the same period in 2022 due to the lower effective sales price of electricity in all farms, and operating expenses of these companies higher than in the same period 2022 as Q3 2023 YTD was already a fully operational period.
- ▶ This effect was partially offset by higher production in Q3 2023 YTD relative to Q3 2022 YTD at the Sulechów I, II and III farms, and the commissioning of the PV Buk photovoltaic farm which contributed to the segment result in September 2022.
- ▶ The volume generated in the first three quarters of 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.

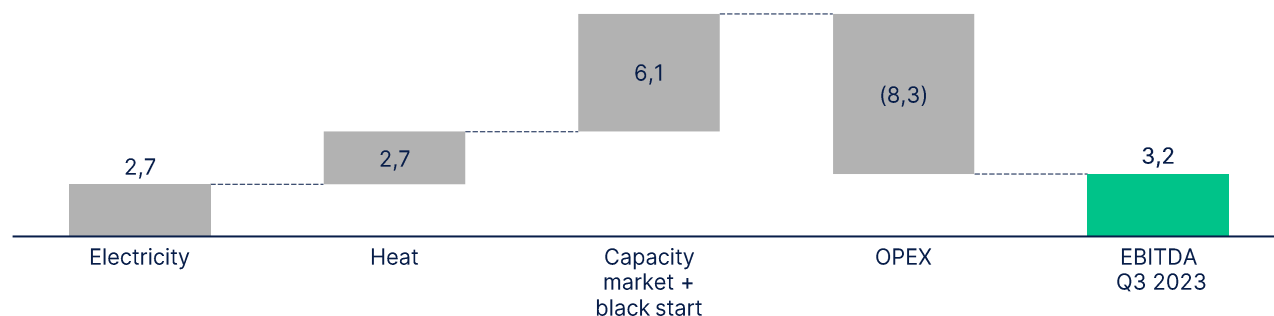
### EBITDA bridge



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

## Gas and Clean Fuels - Q3

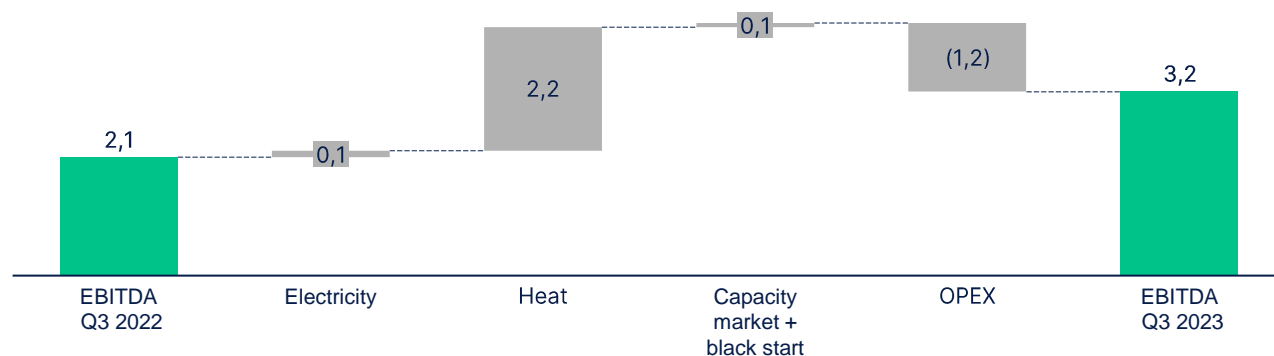
### EBITDA build-up



### Comment

- ▶ Heat - higher result on heat in 2023 was due to better heat generation efficiency as a result of modernization performed.
- ▶ OPEX - higher costs of the transmission fee, gas price increase (increase in Gaz-System's tariff prices) and higher costs of due to higher inflation in 2023 vs. 2022.

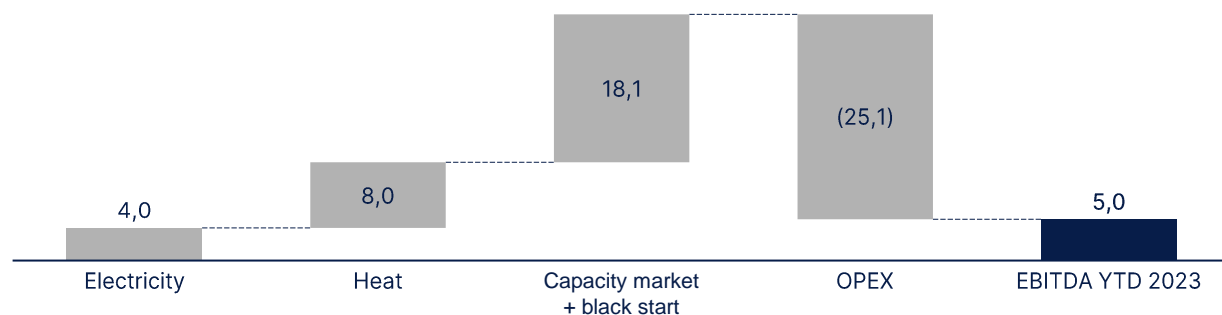
### EBITDA bridge



HIGHER EBITDA DUE TO HIGHER RESULT ON HEAT PARTLY OFFSET BY HIGHER FIXED COSTS.

## Gas and Clean Fuels - YTD

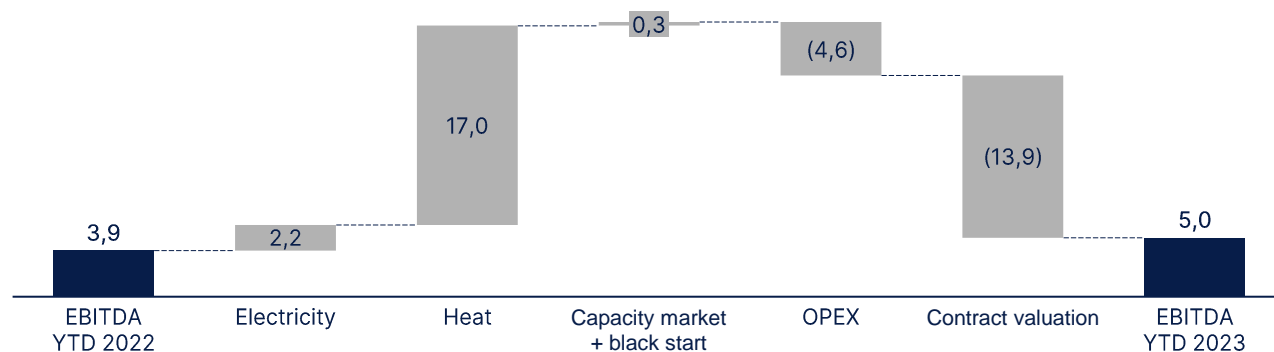
### EBITDA build-up



### Comment

- ▶ Lower result on electricity (taking into account the valuation of contracts) due to 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) and better efficiency of heat generation due to modernizations performed.
- ▶ OPEX - higher costs of the transmission fee, gas price increase (increase in Gaz-System's tariff prices) and higher costs of due to higher inflation in 2023 vs. 2022.

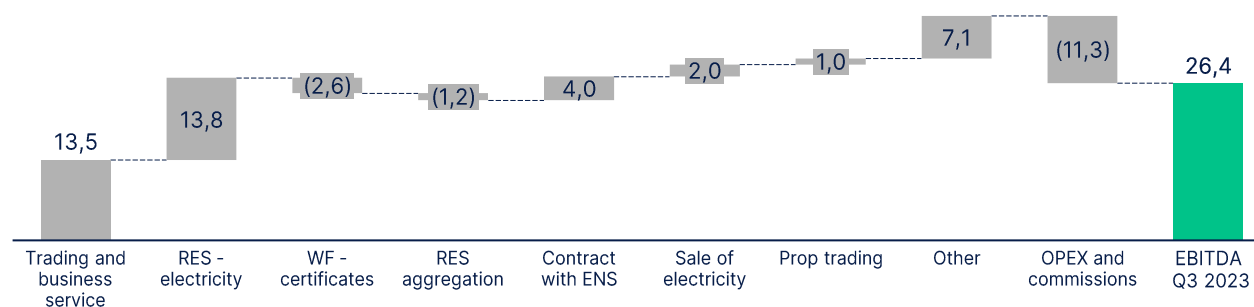
### EBITDA bridge



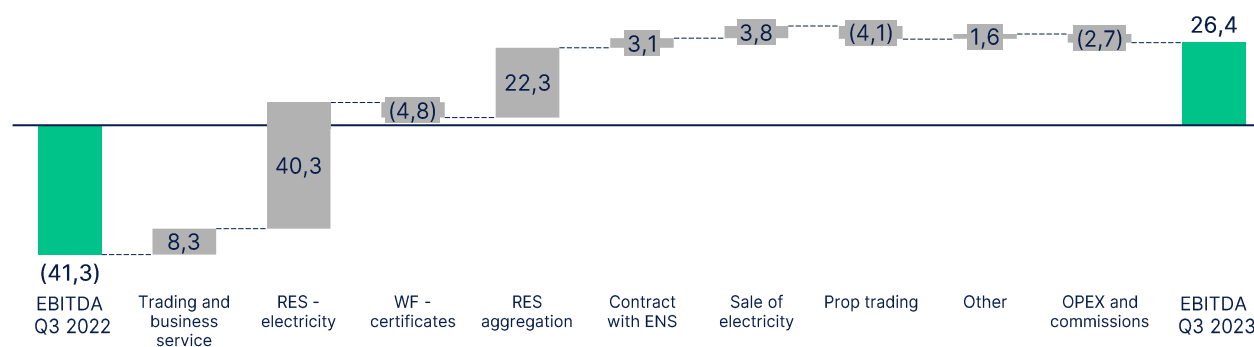
HIGHER EBITDA DUE TO A HIGHER RESULT ON HEAT PARTLY OFFSET BY A LOWER RESULT ON OPTIMIZATION OF ELECTRICITY GENERATION PROCESS AND HIGHER FIXED COSTS.

## Trading and Sales - Q3

### EBITDA build-up



### EBITDA bridge



### Comment

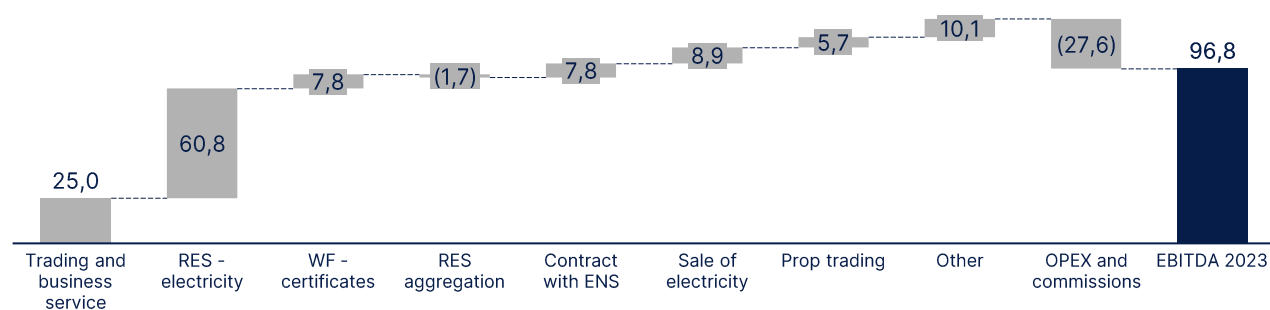
- Increase in EBITDA in the following areas:
  - trading in energy from RES assets due to higher electricity sales prices and lower impact of wind profile costs (compared to the hedged sales price) and higher volume due to the increased portfolio of generation projects,
  - RES aggregation, mainly as a consequence of terminating the contracts with a negative margin (resulting from dynamic changes on the electricity market) in 2022,
  - electricity trading and business service related to using the price volatility on energy markets,
  - energy sales related mainly to achieving a higher margin on the portfolio of supply contracts,
- The EBITDA increase was partly offset by:
  - lower result on green certificates due to the decline in market prices caused by a change in the amount of redemption of certificates of origin of electricity,
  - lower margin on prop trading activities,
  - higher operating costs due to increased scale of operations.



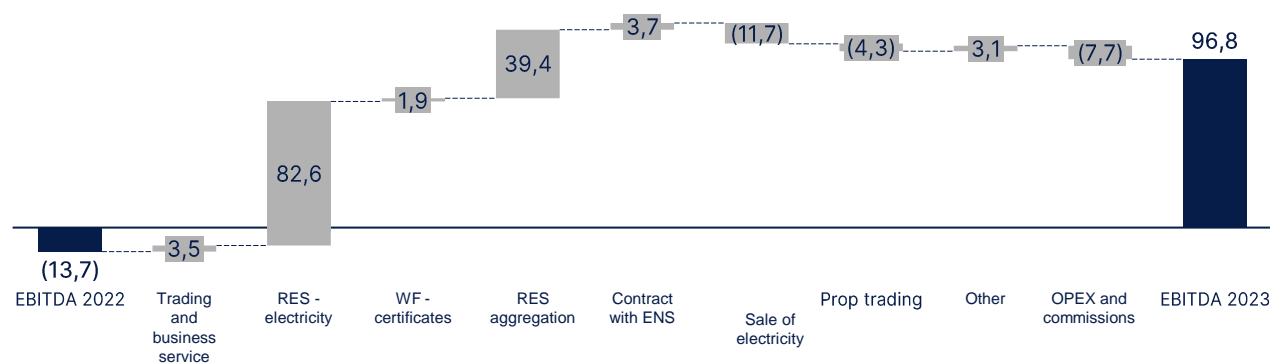
INCREASE IN RESULT ON SALES OF ENERGY FROM GROUP ASSETS, ENERGY SALES, RES AGGREGATION AND ELECTRICITY TRADING AND BUSINESS SERVICES

## Trading and Sales - YTD

### EBITDA build-up



### EBITDA bridge



### Comment

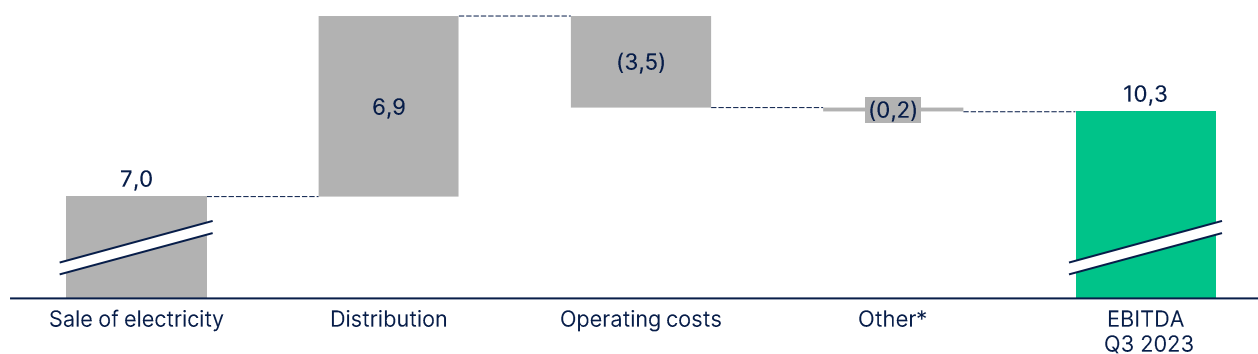
- ▶ Increase in EBITDA in the following areas:
  - trading in energy from RES assets due to higher electricity sales prices and lower impact of wind profile costs (compared to the hedged sales price) and higher volume due to the increased portfolio of generation projects,
  - RES aggregation, mainly 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 service related to using the price volatility on energy markets,
  - ENS service contract using the short term volatility of *Clean Spark Spread*,
  - other activities, taking into account higher result on sales of photovoltaic panels and heat pumps.
- ▶ 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 margin on prop trading activities,
  - higher operating costs due to increased scale of operations.



HIGHER MARGIN ON ENERGY TRADING FROM GROUP ASSETS, RES AGGREGATION AND TRADING AND BUSINESS SERVICE

## Distribution - Q3

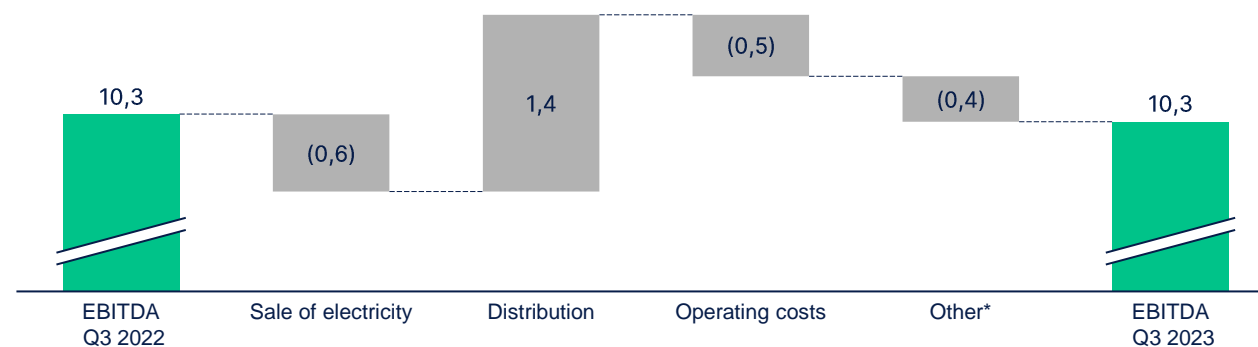
### EBITDA build-up



### Comment

- ▶ The distribution segment recorded EBITDA at the level comparable to the same period last year, mainly due to:
  - entry into force of the new distribution tariff (13.05.2023),
- ▶ offset by:
  - lower margin on the sale of electricity due to lower sales volume
  - higher operating costs due to increased scale of operations,
  - costs incurred in the development of electromobility projects.

### EBITDA bridge



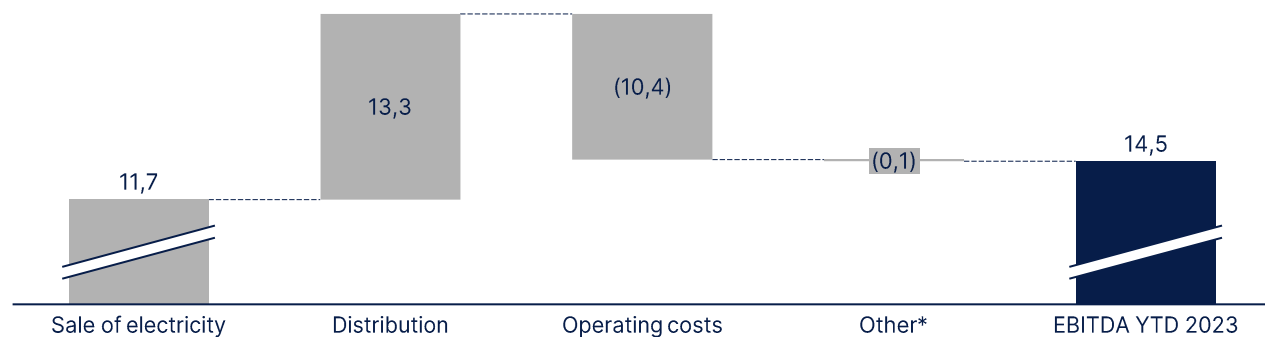
THE EBITDA OF THE DISTRIBUTION SEGMENT IN Q3 2023 WAS SIMILAR TO THE RESULTS IN THE SAME PERIOD OF LAST YEAR.

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



## Distribution - YTD

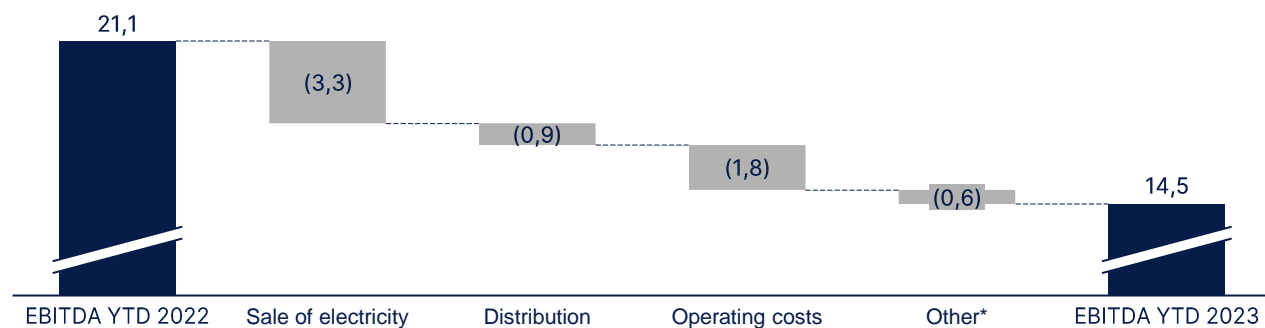
### EBITDA build-up



### Comment

- ▶ The distribution segment recorded a PLN 6.5m decrease in EBITDA compared to the same period last year, mainly due to:
  - lower unit margin on energy sales in the first half of the year,
  - 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:
  - 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)

The Piekło (13.2 MW) and Grabowo (44 MW) wind farm projects have been completed, the Strzelino photovoltaic farm project (45.16 MW) is in an advanced stage of construction

Area	Status
 Onshore wind farms	 <ul style="list-style-type: none"> <li>▶ In the second half of August the Piekło wind farm project (13.2 MW), which received support under the RES support auction system, was completed, and in September the Grabowo wind farm project (44 MW) was completed.</li> </ul>
 Photovoltaics	 <p>Projects in advanced phase of development:</p> <ul style="list-style-type: none"> <li>▶ The construction of the Strzelino Photovoltaic Farm with a capacity of approx. 45.16 MW, which received support under RES auction, is in its final stage. Key contracts were concluded in Q1 2023, the investment loan agreement was entered into in May. The construction is planned to be completed in Q4 2023</li> </ul>
 Offshore wind farms	 <p>The projects in advanced development phase - MFW Bałtyk II and MFW Bałtyk III (total planned capacity of approx. 1.4 GW):</p> <ul style="list-style-type: none"> <li>▶ In September 2023, MFW Bałtyk II and MFW Bałtyk III concluded annexes to the reservation agreements with the supplier of monopile foundations, changing the expected date of signing contracts for the production of monopiles to 15 January 2024.</li> <li>▶ In October 2023, MFW Bałtyk II and MFW Bałtyk III concluded contracts for the design, production, testing, transportation, installation and protection of export cables on the section from the offshore transformer station to the onshore energy output point with Jan De Nul Luxembourg SA and Hellenic Cables SA Hellenic Cable Industry Single Member Societe Anonyme. The total remuneration was initially estimated, as at the date of signing the contracts, at approximately EUR 372m.</li> <li>▶ In October 2023, MFW Bałtyk II and MFW Bałtyk III concluded contracts with Seaway 7 Management AS for the design, production, testing, transport, installation and protection of "inter-array" cables, i.e. connecting offshore wind turbines with an offshore transformer station. The total remuneration was initially determined, as at the date of signing the contracts, at approximately EUR 187m.</li> </ul> <p>Projects in the early phase of development:</p> <ul style="list-style-type: none"> <li>▶ Continued work on the MFW Bałtyk I project, aimed at preparing the project for the auction.</li> <li>▶ 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.</li> </ul>





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

The Group's activities have been intensively developing, Polenergia eMobility has been acquiring locations for the construction of further charging stations and further development of green hydrogen projects.

Area	Status
 <b>Distribution</b>	 <ul style="list-style-type: none"> <li>▶ 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> <li>▶ Polenergia eMobility has been actively acquiring locations for the construction of public charging stations throughout the country, and building further charging stations. The Company has been developing functionalities of the software system for operating charging stations and for customer service in the client application. A call center service has also been launched. In 2022 and 2023, the company applied in 3 programs related to co-financing charging stations from the National Fund for Environmental Protection and Water Management (NFOŚiGW). The Company prepared and marketed a commercial electromobility offer that includes the sale of charging stations, technical services and charging station management services.</li> </ul>
 <b>Gas and clean fuels</b>	 <ul style="list-style-type: none"> <li>▶ 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 until August 2023 using an optimized operating model.</li> <li>▶ 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> <li>▶ The Company concluded a contract for the delivery and commissioning of an electrolyzer with a capacity of 5 MW. The Company received financing from the International Finance Corporation (IFC) to implement the project, in the amount of up to EUR 600,000 .</li> <li>▶ ENS has been preparing 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> <li>▶ 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 has also been underway to select an EPC contractor for the project.</li> </ul>
 <b>Trading and Sales (1/2)</b>	 <ul style="list-style-type: none"> <li>▶ 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.</li> </ul>

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

Polenergia has been actively participating in humanitarian support for refugees from Ukraine, supporting the development of future staff in the energy sector, promoting environmental and climate education, and taking up activities to strengthen relations with local communities.

Area	Status
 <b>Trading and Sales (2/2)</b>	 <ul style="list-style-type: none"> <li>▶ Activity has been developing successfully 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.</li> </ul>
 <b>Corporate Social Responsibility</b>	 <p>The Company has:</p> <ul style="list-style-type: none"> <li>▶ been involved in humanitarian aid for refugees from Ukraine. has continued providing support for male and female refugees residing in the municipality of Nowa Sarzyna and Pelplin. Additionally, psychological support has been provided for Ukrainian pupils attending primary schools in Warsaw (Mobile Psychologist campaign by Stowarzyszenie Q Zmianom).</li> <li>▶ actively been working to support the development of future staff: involvement in the organization of classes at the Academy of ESG Women Leaders (support for women) and the Academy of Energy (development of specialists in the field of energy) organized by the Lesław Paga Foundation.</li> <li>▶ commenced cooperation with INE PAN in the field of transferring knowledge regarding business security</li> <li>▶ supported active conservation in the Słowiński National Park under the REGeneration program run by UNEP/GRID.</li> <li>▶ organized educational events for employees (nature walk in the Kampinos National Park) and local societies (nature classes in schools).</li> <li>▶ prepared biodiversity conservation strategies for the Polenergia Group in cooperation with a consultant .</li> <li>▶ taken actions for D&amp;I (Diversity and Inclusion), supported Rural Women's Associations, Senior Clubs and organizations supporting people with disabilities</li> <li>▶ taken up activities for the health of employees, organized webinars on diabetes and on cancer preventive tests.</li> <li>▶ actively promoted charitable activities by organizing employee volunteering (joint cleaning of the banks of the Vistula and Trzebońnica and helping those under the care of the "Little Prince" Community Center - performing garden work)</li> <li>▶ been involved in ecological and climate education activities: the second edition of the Play with us in green!® project has started, including the promotion of the "Climate Reading" campaign and the provision of teaching aids to schools in the form of EduBoxes regarding RES.</li> <li>▶ taken actions to strengthen relationship with local communities, maintained a dialog with representatives of municipalities and associations operating within the Group's projects.</li> </ul>

# 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](mailto:POLENERGIAIR@polenergia.pl)

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