



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

# Polenergia Group

Financial results for Q1 2024

May 2024

Polenergia © 2024



# Agenda

01. Summary of key events in Q1 2024
02. Summary of key operational parameters
03. Financial results for Q1 2024
04. Non-financial results - ESG
05. Status of the Group's strategy implementation

# Summary of key events in Q1 2024

# Polenergia in numbers Q1 2024 vs. Q1 2023

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**464 GWh (+9%)**

Electricity produced in RES



**574 MW**

including an increase of 102 MW  
(+22%)

Installed capacity in RES



**PLN 350.3 million (+34%)**

Revenues from sales (without Trading segment)



**PLN 236.3 million (+17%)**

EBITDA



**PLN 141.9 million (+16%)**

Net Profit (adjusted)

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## Summary of key events



### INTENSIVE GROWTH OF THE GROUP'S GENERATION CAPACITY

- Completion of construction of the Strzelino photovoltaic farm (45.16MW) and start of construction of the Szprotawa I and II photovoltaic projects (67MW). Positive volume effect due to commencement of operations of new wind farms Piekło (13,2 MW) and Grabowo (44MW) in 3Q 2023.



### START THE PROCESS OF OBTAINING FINANCING FOR BAŁTYK II AND III OFFSHORE WIND FARMS (1,440 MW)

- Discussions started with banks on raising debt financing. The financing close is scheduled by 1Q 2025.



### INCREASE IN PRICES OF ELECTRICITY SALES AT THE GROUP LEVEL

- Due to the termination of price caps obligation resulting from the law freezing electricity prices and due to hedging transactions entered into, the price of electricity obtained at the Group level in Q1 2024 is 43% higher compared to the same period last year.



### GREEN CERTIFICATE SALES PRICES FOR 2024 SECURED AT A HIGH LEVEL

- Securing sales prices for green certificates for 2024 allowed wind farm projects operated by the Group to obtain sales prices significantly higher than currently observed market prices.



### SIGNIFICANT INCREASE IN THE RESULT OF THE DISTRIBUTION SEGMENT

- The high margin on distribution due to low result in Q1 2023 (the delay of the tariff update) and the high margin on electricity sales (electricity purchase costs are lower, while sales prices are similar to those in 2023) resulted in a significant increase in the Distribution segment's result in Q1 2024 compared to the same period last year.

# Summary of key operational parameters

## Summary of key operating parameters - Onshore wind farms

Production of onshore wind farms in operation, start-up energy and productivity%\*

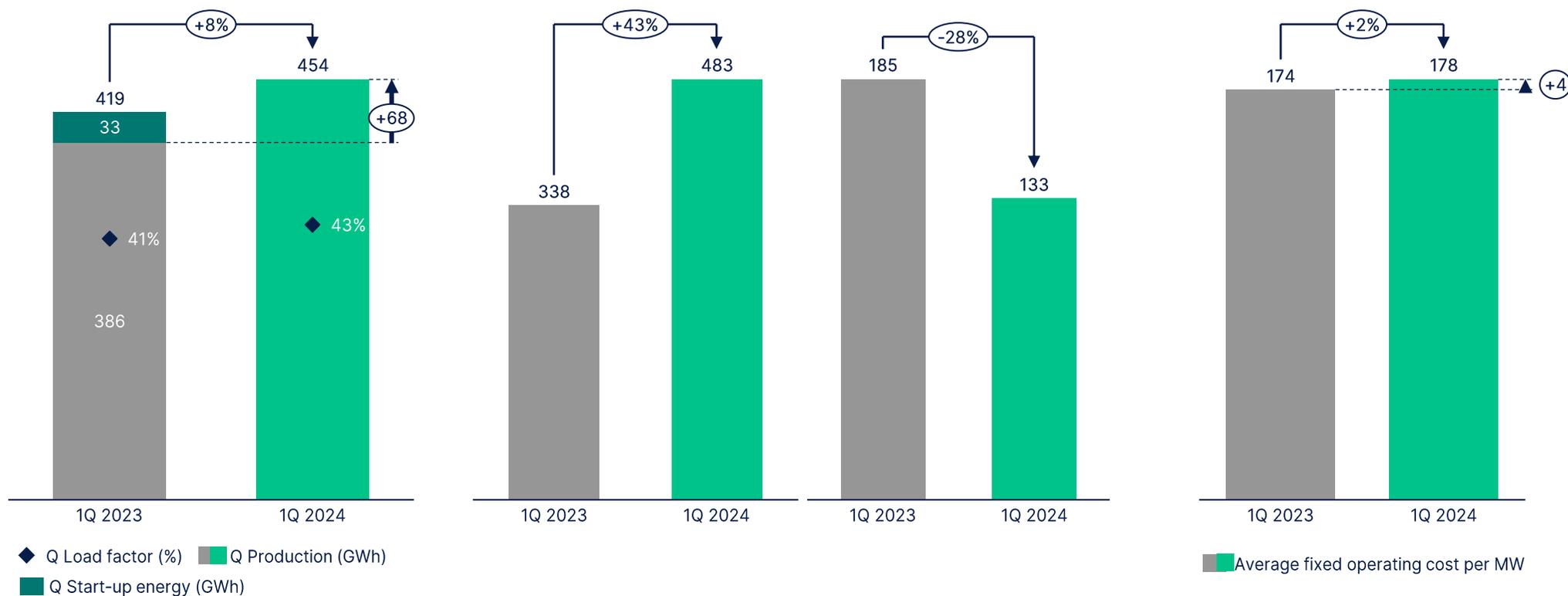
Average revenue per MWh (after balancing and profile costs) at the Group level [PLN/MWh]

Average fixed operating cost per MW in onshore wind farms [thousand PLN/MW/year]\*\*

Quarterly data

Electricity

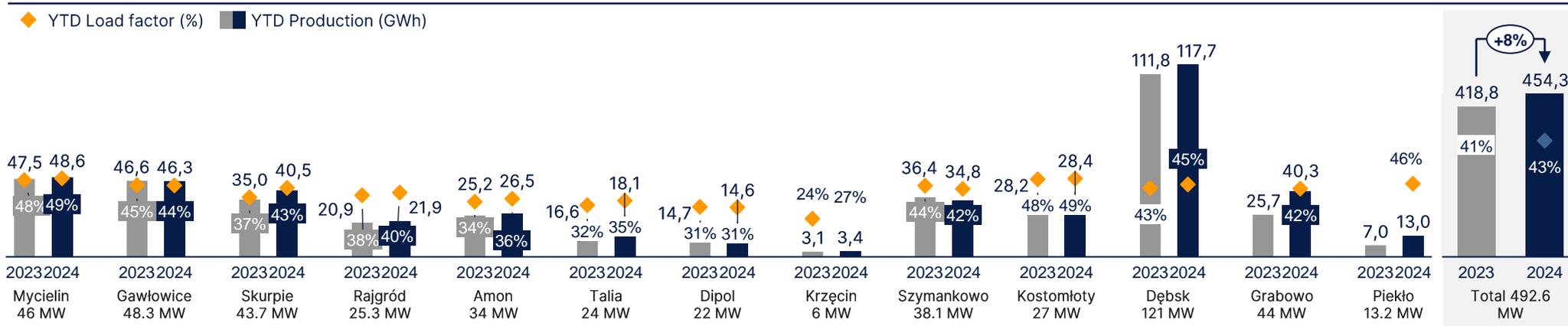
Green Certificates



\*Productivity in Q1 \*2023 exclusive of the Grabowo WF and Piekło WF.  
 \*\* Average cost per MW in Q1 2023 exclusive of Grabowo WF and Piekło WF.

## Summary of key operating parameters - Onshore wind farms

### Production (net) YTD\*



### Net productivity of Polenergia farms\*\*



\*Total productivity in Q1 2023 excluding the production of the Grabowo WF and the Piekło WF

\*\* Calculation of the sector's net production in March estimated on the basis of January and February market data, based on the Polenergia's net production in March compared to Polenergia's net production in January and February.

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

Distribution – RAB [mPLN] and sale [GWh]

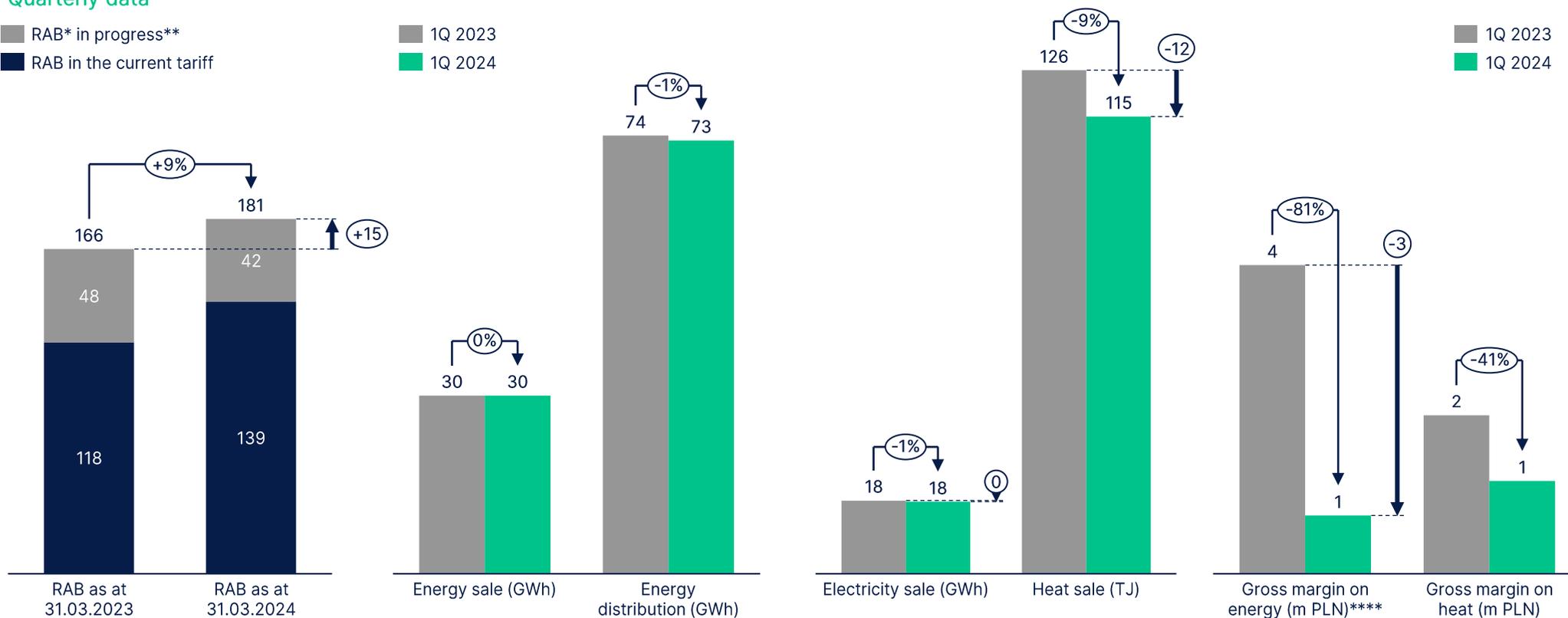
Gas and Clean Fuels – sale [GWh] and average prices [PLN/MWh]

### Quarterly data

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

■ 1Q 2023  
■ 1Q 2024

■ 1Q 2023  
■ 1Q 2024



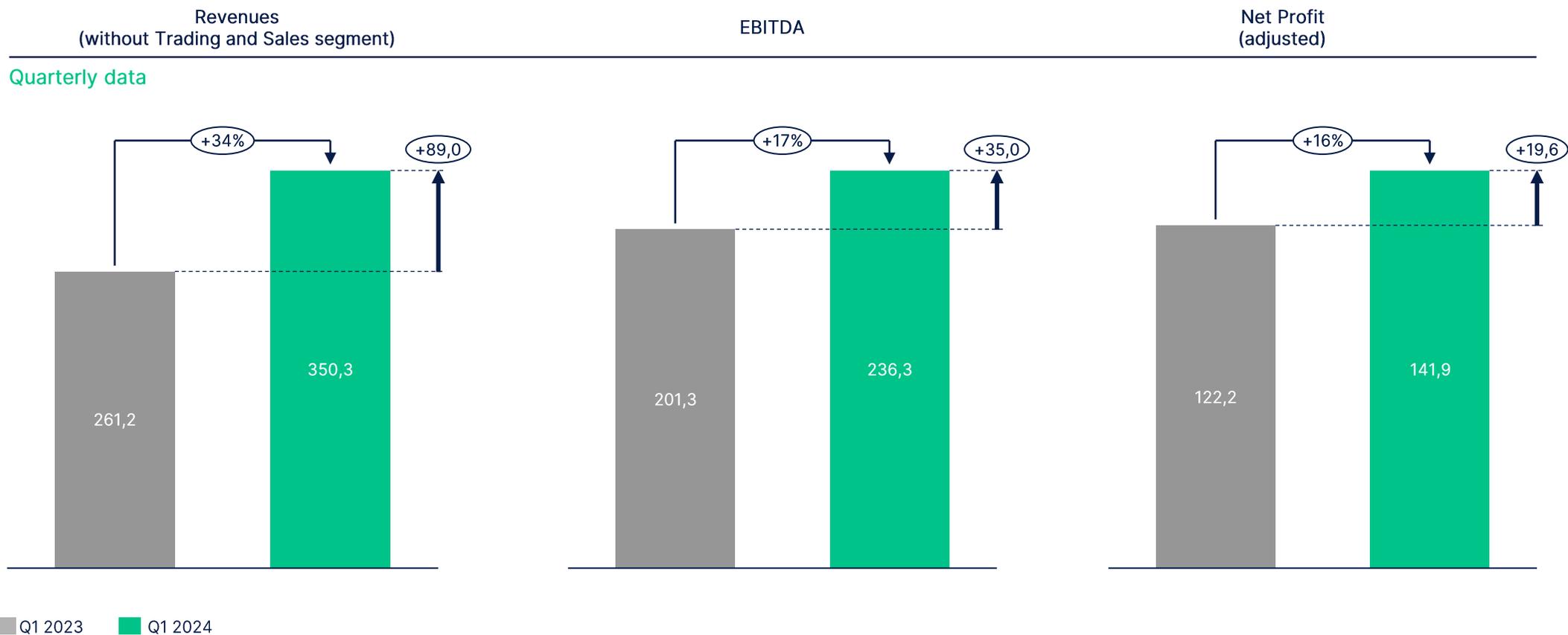
\* Regulatory value of assets - term explained in the glossary

\*\* 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 Q1 2024

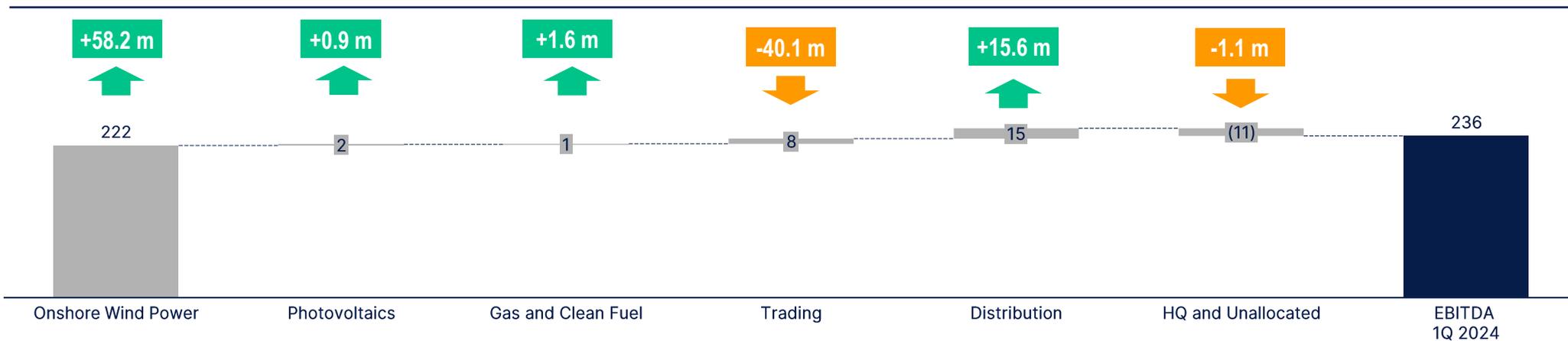
## Financial results for Q1 2024



HIGHER RESULT IN Q1 2024 MAINLY DUE TO HIGHER RESULT IN ONSHORE WIND FARMS AND DISTRIBUTION SEGMENTS, PARTLY OFFSET BY LOWER RESULT IN DISTRIBUTION AND SALES, AND UNALLOCATED SEGMENTS.

## EBITDA structure – Q1 2024 compared to Q1 2023

### EBIDTA structure in Q1 2024



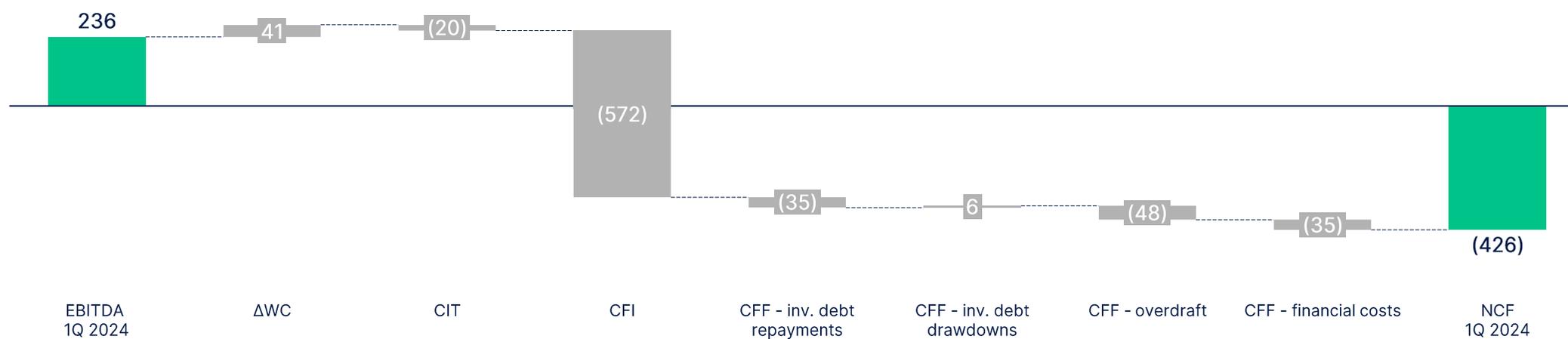
### EBIDTA structure in Q1 2023



INCREASED RESULT IN ONSHORE WIND FARMS, DISTRIBUTION, GAS AND CLEAN FUELS AND PHOTOVOLTAICS SEGMENTS, LOWER RESULTS IN TRADING AND SALES AND HEADQUARTERS AND UNALLOCATED SEGMENTS.

## Polenergia Group cash flow

### Group cash flow in Q1 2024



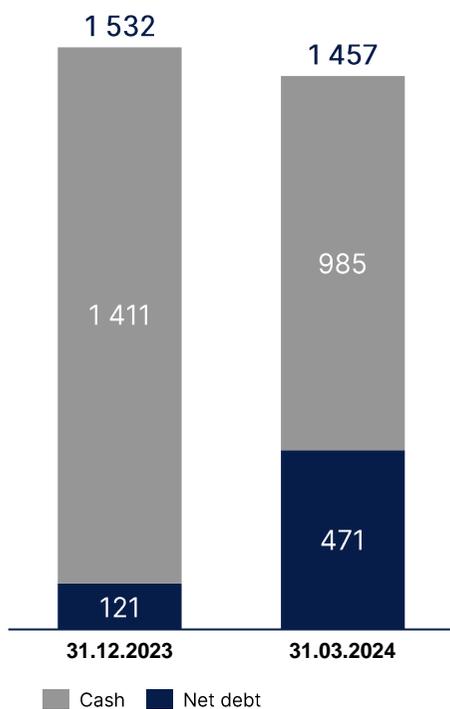
- ▶ Cash flow from investment activities: Capital expenditures incurred in wind and photovoltaic farm projects (-24.0 million) and capital expenditures in Polenergia Dystrybcja (-7.1 million), eMobility (-6.7 million), hydrogen projects (-3.4 million) and other companies (-3.4 million). Supplementary payments towards Offshore Wind Farms (-526.0m). Other expenditure (-1.1m).
- ▶ Cash flow from financial activities: Scheduled repayment of the investment loan plus interest in the onshore wind and photovoltaics (-57.1 million) and distribution (-1.5 million) segments. Taking out an investment loan in wind and photovoltaic farm project companies (2.0 million) and in distribution (4.0 million). Change of the working capital/VAT loan (-47.7 million). Other cash flows (-11.7 million).



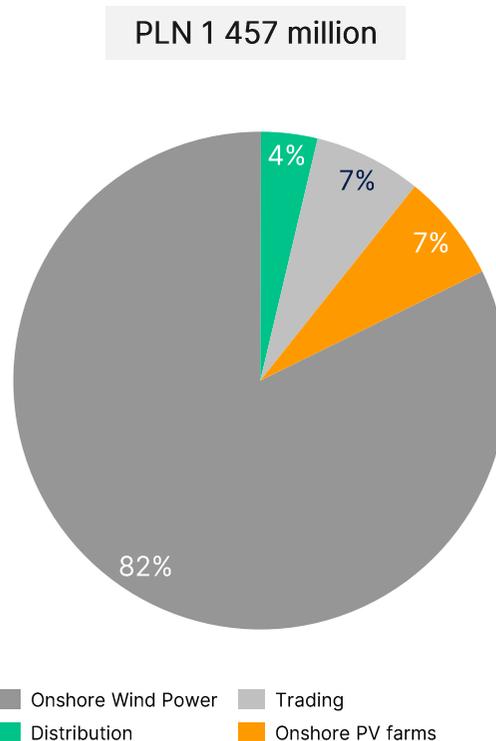
HIGH INVESTMENT EXPENDITURE IN OFFSHORE WIND FARMS FINANCED WITH FUNDS FROM THE ISSUE OF SHARES PERFORMED IN 2023

## Polenergia Group debt structure as at 31 March 2024

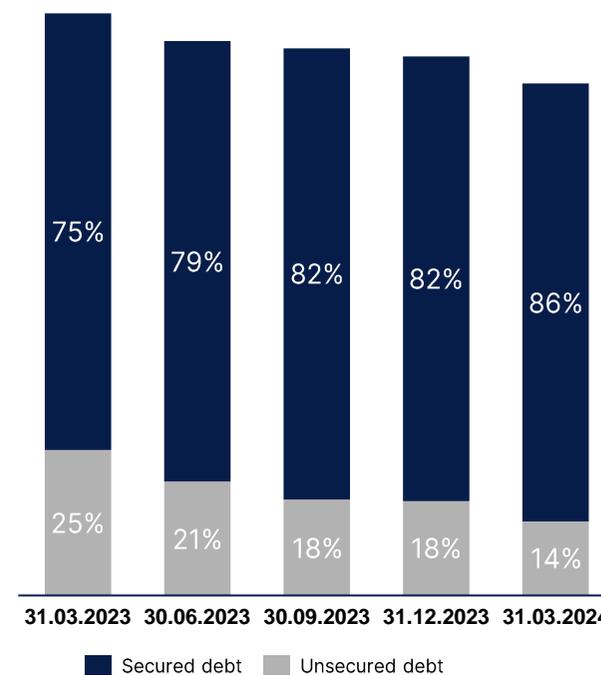
Gross debt (mPLN)



Debt structure as per segments



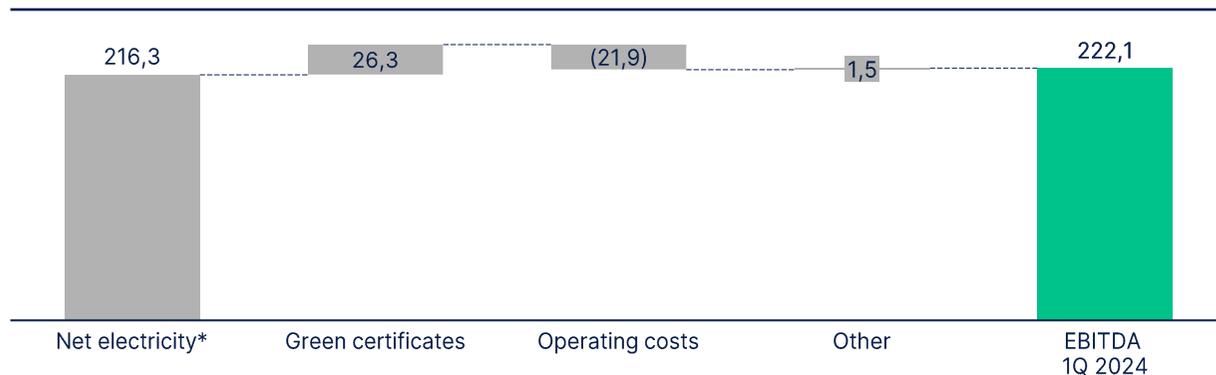
Debt structure - interest rate hedging



SIGNIFICANT INCREASE OF NET DEBT COMPARED TO THE END OF 2023 DUE TO DECREASE OF CASH BALANCE, CURRENCY RISK IN THE DEBT STRUCTURE. DEBT COST HEDGED IN 86% FOR BANK LOANS, INCLUDING 89% OF INVESTMENT LOANS.

## Onshore wind farms - Q1

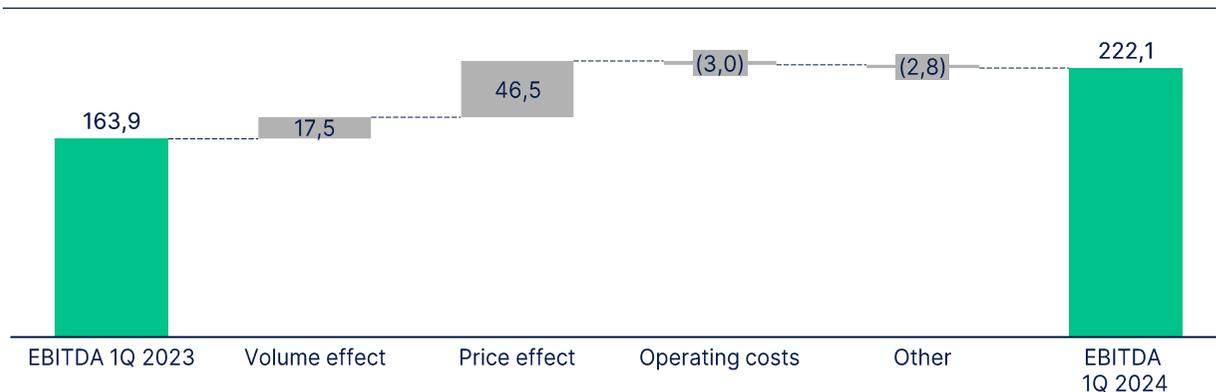
### EBITDA build-up



### Comment

- ▶ Higher electricity prices related to the expiration of the validity period of limits under the law freezing energy prices.
- ▶ Higher production volume due to the start of operation of the Grabowo and Piekło wind farms and higher windiness. The above partly offset by lower green certificate prices associated with the drop in market prices.
- ▶ The operating costs in Q1 2024 higher than in Q1 2023 mainly due to taking into account of the costs related to the maintenance of the Piekło and Grabowo wind farms.
- ▶ Lower other operating income due to one-time property tax refund in Q1 2023.

### EBITDA bridge

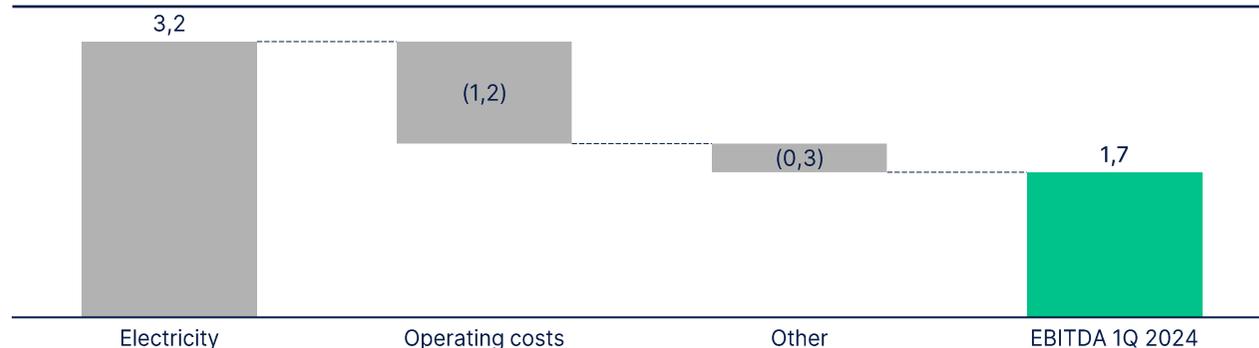


HIGHER ELECTRICITY SALES PRICES AND HIGHER PRODUCTION VOLUMES, PARTLY OFFSET BY HIGHER OPERATING COSTS AND LOWER GREEN CERTIFICATE PRICES.

\* term explained in the glossary of abbreviations

## Photovoltaics - Q1

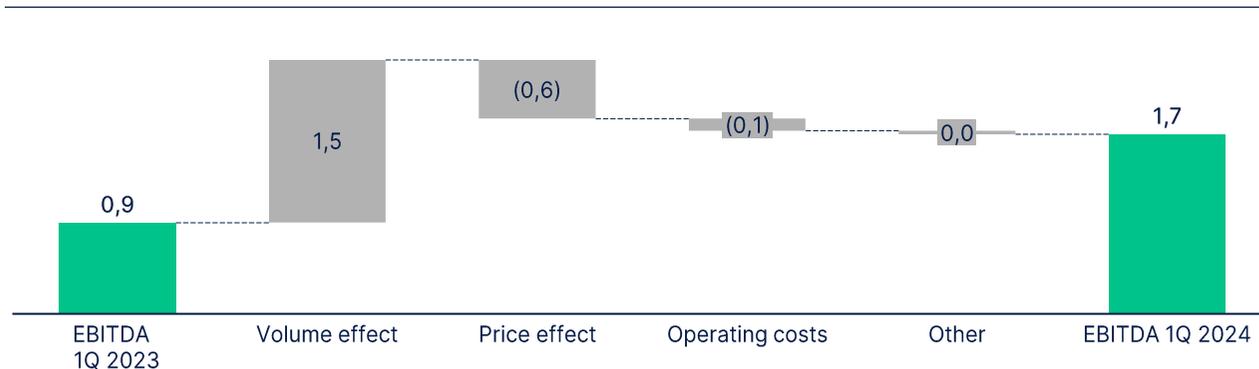
### EBITDA build-up



### 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), Buk (6.4 MW) and Strzelino (45.2) PV farms.
- ▶ Segment EBITDA result in Q1 2024 was at a higher level compared to the result of Q1 2023 (up by PLN 0.9 million) due to higher energy production in the PV segment, mainly due to putting into operation of the Strzelino farm in Q1 2024 r. The volume effect was partly offset by lower energy prices obtained in Q1 2024 and slightly higher operating costs.

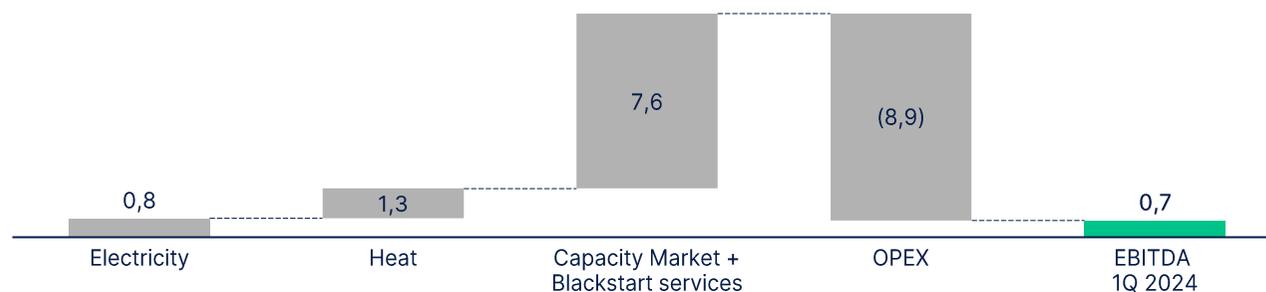
### EBITDA bridge



HIGHER RESULT DUE TO HIGHER PRODUCTION (STRZELINO FARM - 45.2 MW BROUGHT INTO OPERATION) PARTLY OFFSET BY LOWER EFFECTIVE ENERGY SALES PRICE

## Gas and Clean Fuels - Q1

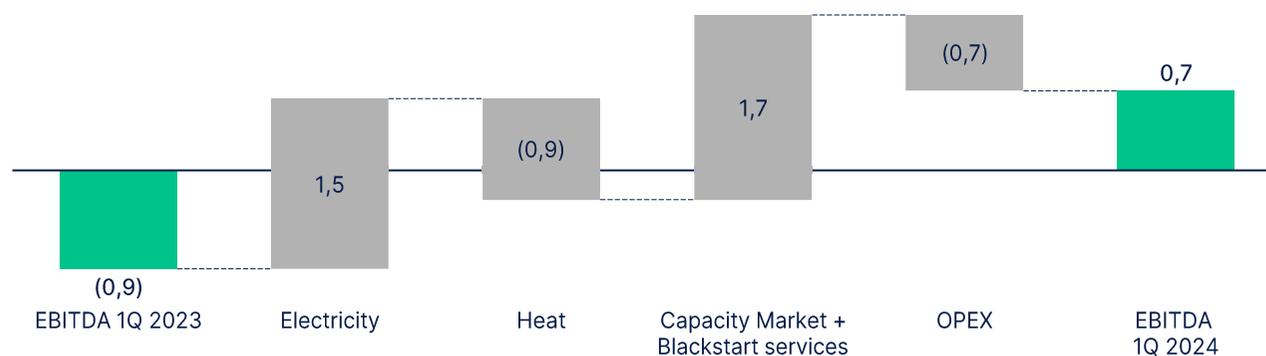
### EBITDA build-up



### Comment

- ▶ Energy - higher result on electricity due to the optimization process of ENS service in Q1 2024 reduced by the lack of additional margin on the GWS service (Q1 2023 - 1.2 million).
- ▶ Heat - lower result on heat in Q1 2024 is due to lower cost coverage by tariff prices and an additional charge for not collecting minimum volume of gas for heat in Q1 2024.
- ▶ Capacity Market - higher price per 1MW of contracted power in 2024 vs. 2023.
- ▶ OPEX - higher operating expenditures are due to shift in time

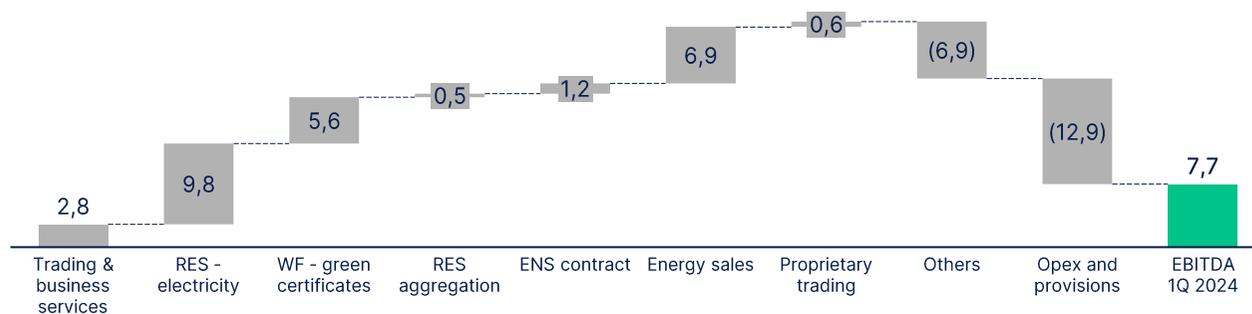
### EBITDA bridge



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

## Trading and Sales - Q1

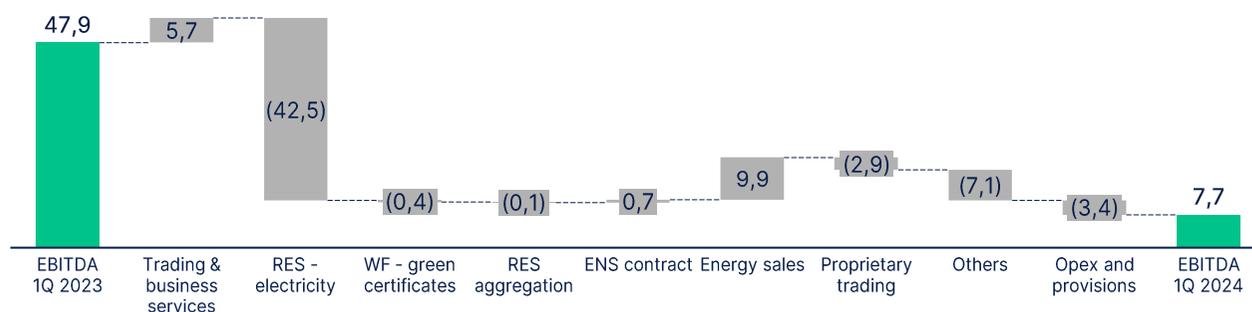
### EBITDA build-up



### Comment

- ▶ Decrease in EBITDA due to:
  - a lower result on electricity trading from RES assets due to a change in the settlement model taking into account a higher purchase sales price from RES projects,
  - lower result on other operations taking into account lower volume of sales of photovoltaic panels and heat pumps,
  - lower result on proprietary trading activities due to lower price volatility in energy and gas markets,
  - higher operating costs in connection to the developing scale of operations.
- ▶ The EBITDA decrease partly offset by:
  - higher result on trading and business service related mainly to the timing of transactions performed in 2023 (realization of a negative margin in Q1 and not recognizing a positive margin on transactions performed in the remaining part of the year),
  - higher result on electricity sales as a consequence of lower cost of end-customer consumption profile.

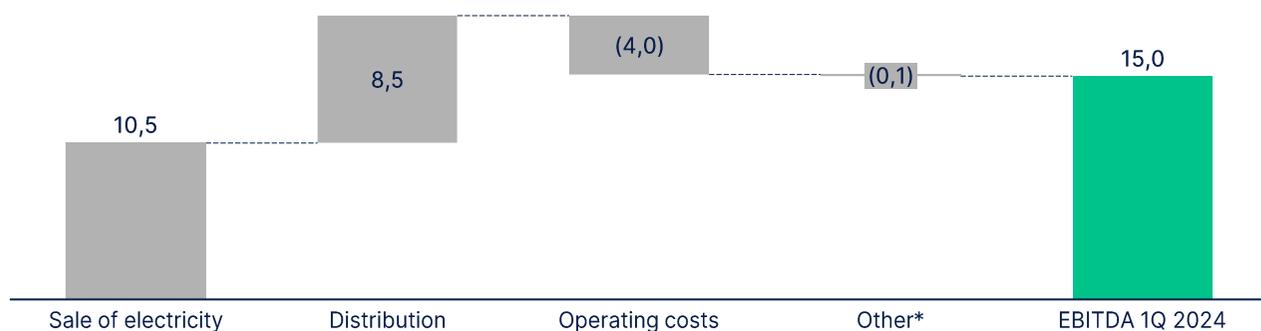
### EBITDA bridge



LOWER RESULT ON ENERGY TRADING FROM RES DUE TO A CHANGE IN THE SETTLEMENT MODEL AND LOWER RESULT ON SALES OF PROSUMER ENERGY SOLUTIONS PARTLY OFFSET BY HIGHER RESULT ON ENERGY SALES AND BUSINESS TRADING AND SERVICE.

## Distribution - Q1

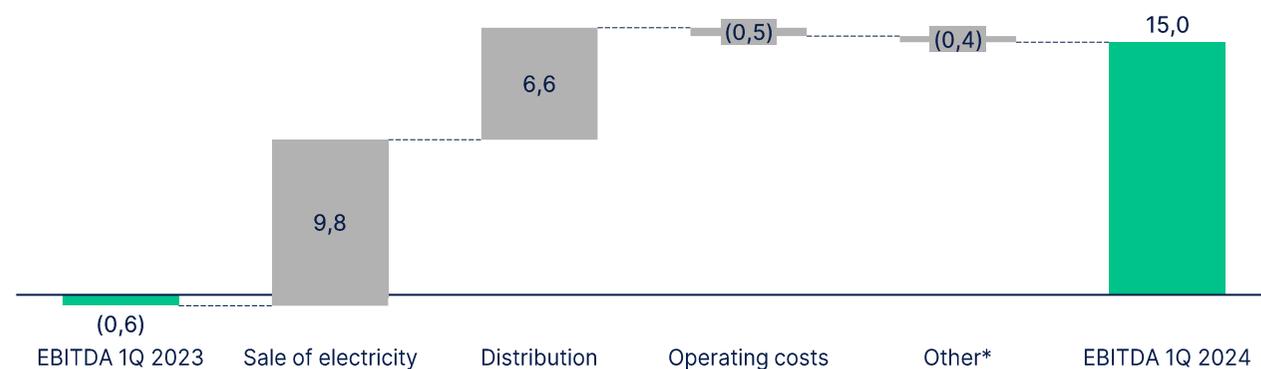
### EBITDA build-up



### Comment

- The distribution segment recorded EBITDA of 15.6m higher compared to the same period last year, mainly due to:
  - higher margin on distribution (mainly due to low base effect as a result of delay in tariff update in Q1 2023)
  - higher margin on electricity sales associated with lower electricity purchase price while maintaining sales prices at similar levels until Q4 2023.
- EBITDA result was partly offset by:
  - higher operating costs due to increased scale of operations,
  - costs incurred in the development of electromobility projects.

### EBITDA bridge

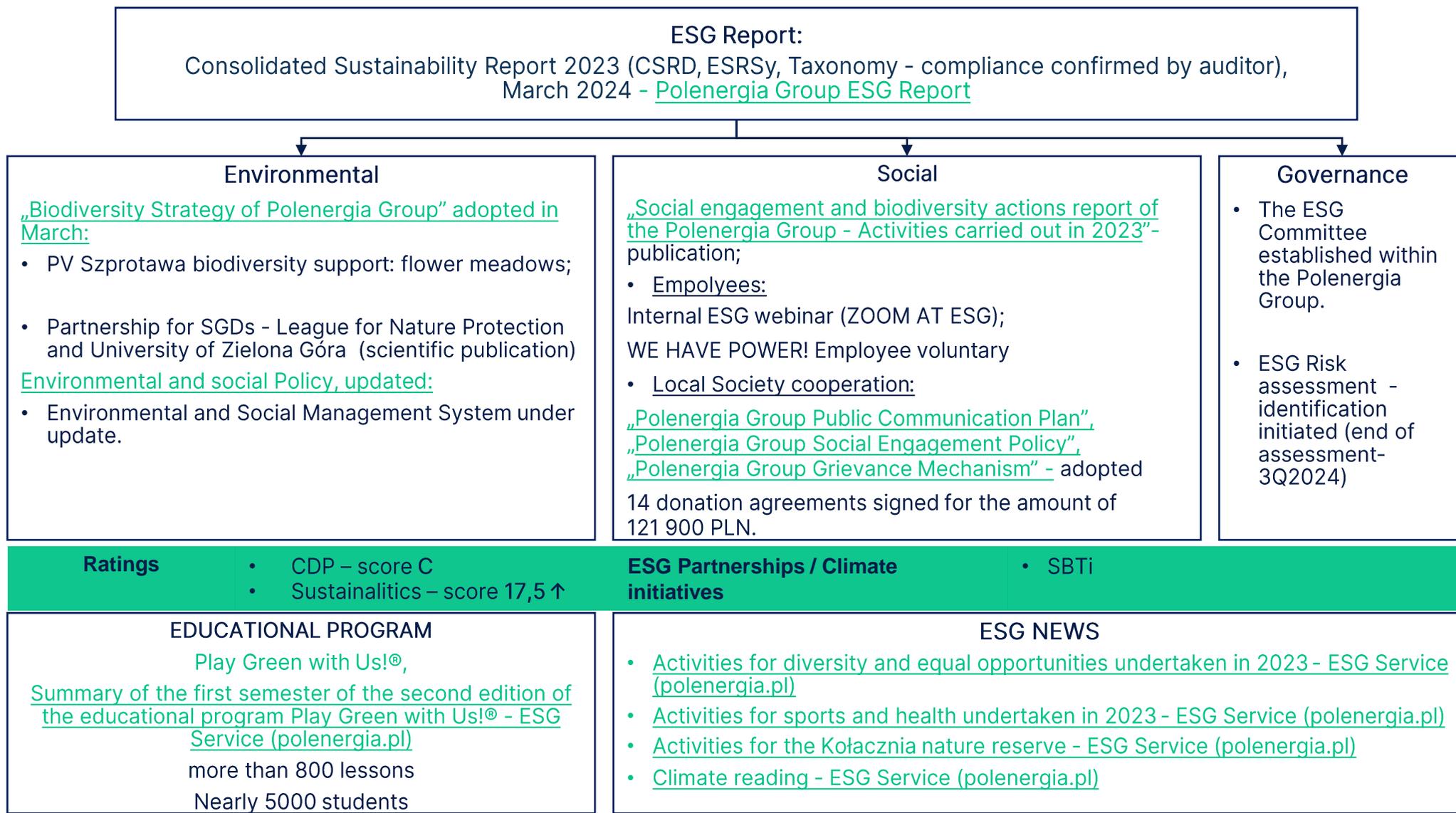


INCREASE IN EBITDA DUE TO A HIGHER MARGIN ON DISTRIBUTION AND A HIGHER MARGIN ON ELECTRICITY SALES.

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

# Non-financial results - ESG

## ESG: summary of key events



# Status of the Group's strategy implementation

Implementation of the Bałtyk II & Bałtyk III projects is on schedule, and we intend to secure the necessary debt financing and obtain a construction permit by 1Q 2025.

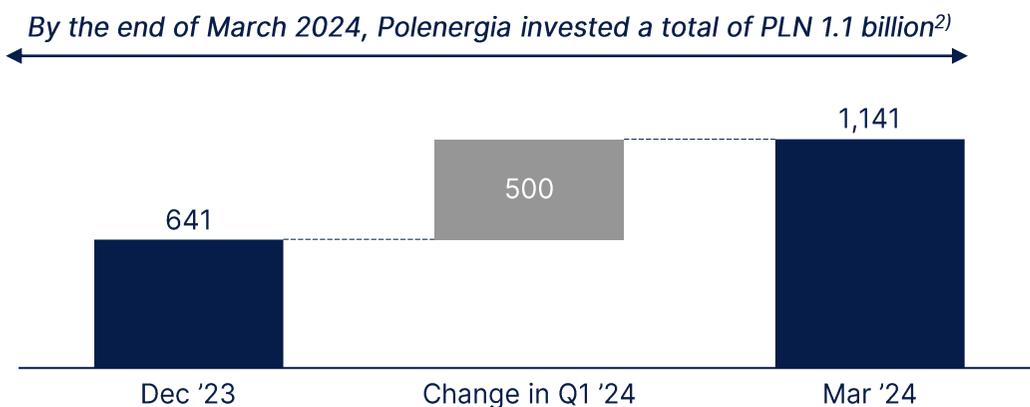
### Signed Contracts<sup>1)</sup>

-  Electric system: approx. EUR 251 million  
*Hitachi Energy*
-  Export cables: approx. EUR 372 million  
*Jan De Nul & Hellenic*
-  Internal cables: approx. EUR 187 million  
*Seaway 7 Management*
-  Wind turbines: approx. EUR 1.8 billion  
*Siemens Gamesa*
-  Turbine service: approx. EUR 384 million  
*Siemens Gamesa*
-  Production of foundations (monopiles): approx. EUR 440 million  
*SIF Netherlands*
-  Installation of foundations (reservation): undisclosed value  
*Heerema Marine Contractors*
-  Installation vessels (reservation): undisclosed value  
*CADELER A/S*
-  Offshore transformer stations (reservation): undisclosed value  
*Iemants NV*

### Contracts to be concluded

-  Contract for transition elements
-  Production of foundations (jacket) and top electrical components at sea
-  Installation of foundations (final contract)

### Bałtyk I & III expenditures to date:



### Key activities by 1Q 2025:

-  Obtaining building permit
-  Obtaining debt financing

1) The values presented are estimates and subject to change  
2) Carrying value of Bałtyk II and III projects in the consolidated financial statements

The process of raising debt financing involves maximizing project returns by optimizing cost, debt share and timing of equity payments

Illustrative schedule of Bałtyk II & III project funding



Polenergia's Key Objectives



Maximize the share of debt in the financing structure of projects



Maximize possible delay of equity payments to the project



Optimize financial costs

Minimize the total amount of new issuance and optimize the time of raising funds, postponing as much as possible the need to use some or all of the authorized capital

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

### Completion of the construction of the Strzelino photovoltaic farm (45.2 MW), commencement of the construction of the Szprotawa I and II photovoltaic farms (67 MW), conclusion of key agreements for the MFW Bałtyk II and MFW Bałtyk III projects

 <p>Onshore wind farms</p>	<ul style="list-style-type: none"> <li>▶ Further development of onshore wind projects. Estimated power of the Group's project portfolio in Poland at an early stage of development of over 1,3 GW.</li> <li>▶ Continued development of wind projects in Romania* - activities oriented towards the open environmental procedure and the final decisions and permits necessary to obtain the local development plan.</li> </ul>
 <p>Photovoltaics</p>	<ul style="list-style-type: none"> <li>▶ The Strzelino photovoltaic farm (approx. 45.16 MW) was granted electricity generation licence in March 2024.</li> <li>▶ Construction commenced of the Szprotawa I and Szprotawa II projects with a total capacity of 67 MW.</li> <li>▶ Obtaining auction support for the PV Szprotawa II (20 MW) and PV Rajkowy (35 MW) projects in November 2023.</li> <li>▶ The estimated capacity of the Group's current portfolio of early-stage projects in Poland is approximately 0.7 GW.</li> </ul>
 <p>Offshore wind farms</p>	<p><b>Projects MFW Bałtyk II i MFW Bałtyk III (total planned capacity approx. 1,4 GW):</b></p> <ul style="list-style-type: none"> <li>▶ Conclusion of an agreement with Siemens Gamesa in February 2024 for the supply of wind turbines and an agreement to perform warranty services for the wind turbines. The estimated value of the contracts is approx. EUR 1,8bn and approx. EUR 384m respectively.</li> <li>▶ Conclusion of a contract with SIF Netherlands B.V. in February 2024 for the manufacture and supply of foundation structures for monopole wind turbines. The estimated value of the contract is approx. EUR 440m.</li> <li>▶ Conclusion of a booking and pre-working agreement with Heerema Marine Contractors Nederland SE in April 2024 for a contract for the transportation and installation of offshore wind turbine foundations and an offshore transformer station.</li> <li>▶ Conclusion of agreements with CADELER A/S in May 2024 for the booking of installation vessels and for preliminary work in preparation for the installation of offshore wind turbines.</li> <li>▶ Entering into reservation and preconstruction agreements with Lemants NV for the design and construction of offshore transformer stations in May 2024.</li> <li>▶ Obtained construction permits for two subsea export cables (per project) in May 2024.</li> <li>▶ Discussions have been initiated with potential lenders to provide financing in the project finance formula.</li> </ul> <p><b>Project MFW Bałtyk I:</b></p> <ul style="list-style-type: none"> <li>▶ Continued work on the MFW Bałtyk I project, aimed at preparing the project for auction.</li> </ul>

\* In view of the significant scale of planned capital expenditure, the Management Board has initiated a review of options in the areas of new foreign projects, electromobility, hydrogen strategy and does not rule out a decision in the future, depending on the results of the review, to abandon their further implementation or to change the manner or scope of their implementation.

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

### The Group is developing the sales model for long-term cPPAs and continues to implement the IV investment plan for 2021-2026 in the Distribution segment

 <p>Distribution</p>	<ul style="list-style-type: none"> <li>▶ <b>Polenergia Dystrybucja:</b> Implementation of Investment Plan IV for 2021-2026 with a total value of PLN 105 million.</li> <li>▶ <b>Polenergia eMobility*:</b> 36 of the company's own, public charging stations have been commissioned (50 charging points), with 9 charging stations commissioned in Q1 2024. The Company has a portfolio of contracts allowing for the construction of an additional 197 charging stations. The company applied in 2022 and 2023 in 3 programmes related to the financing of charging stations from the National Fund for Environmental Protection and Water Management and in 2023 also in 1 CEF (Connecting Europe Facility) programme.</li> </ul>
 <p>Trading and Sales</p>	<p><b>Polenergia Obrót:</b></p> <ul style="list-style-type: none"> <li>▶ Adapting the implementation of the strategy to changing market conditions, increasing costs of securing end-users and profiling and balancing RES sources.</li> <li>▶ The cPPA long-term contract sales model based on the Group's generation assets is being intensively developed.</li> <li>▶ Development of activities in the short-term and ultra-short-term market (Intraday Market) for the execution of transactions on the day of delivery, hours before the physical delivery of energy.</li> <li>▶ Proprietary trading activities are carried out on wholesale markets and the strategies implemented make positive use of market volatility while limiting risk exposure.</li> <li>▶ <b>Polenergia Sprzedaż:</b> Sale of green energy generated at the Group's assets to business and residential customers.</li> <li>▶ <b>Polenergia Fotowoltaika:</b> The development of the offer mainly targets customers with single-family houses. The product portfolio, which includes photovoltaic installations and heat pumps, has been expanded to include energy storage. Expansion into the Czech market is underway.</li> </ul>
 <p>Gas and clean fuels</p>	<ul style="list-style-type: none"> <li>▶ <b>ENS:</b> Continuation of the capacity obligation and the provision of black start and system restoration service for PSE, participation in the secondary power market. As a result of the emergence of a positive CSS, ENS produced power dynamically in January and February 2024.</li> <li>▶ <b>H2Silesia*:</b> Development of large-scale (105 MW) project production and storage of water produced in the process of electrolysis water with own renewable energy. The project has received the European Commission's approval decision maximum public aid for the project H2Silesia at 142.77m.</li> <li>▶ <b>H2Hub Nowa Sarzyna*:</b> <ul style="list-style-type: none"> <li>▶ Conclusion of a contract for the supply and commissioning of a 5 MW electrolyser partly financed (EUR 600k) by the International Finance Corporation (IFC).</li> <li>▶ The conclusion of an agreement with the National Fund for Environmental Protection and Water Management in June 2023 to finance the project to build two hydrogen refuelling stations with associated infrastructure in the amount of PLN 20 million. A tender has been conducted and binding offers have been received. The tender will be concluded in late Q2/early Q3 2024.</li> </ul> </li> </ul>

\* In view of the significant scale of planned capital expenditure, the Management Board has initiated a review of options in the areas of new foreign projects, electromobility, hydrogen strategy and does not rule out a decision in the future, depending on the results of the review, to abandon their further implementation or to change the manner or scope of their implementation.

# Q&A

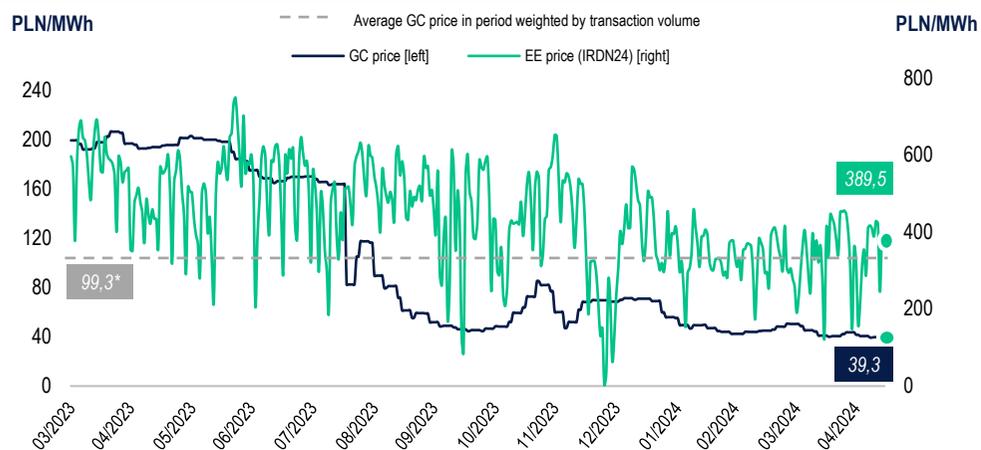


# Attachments

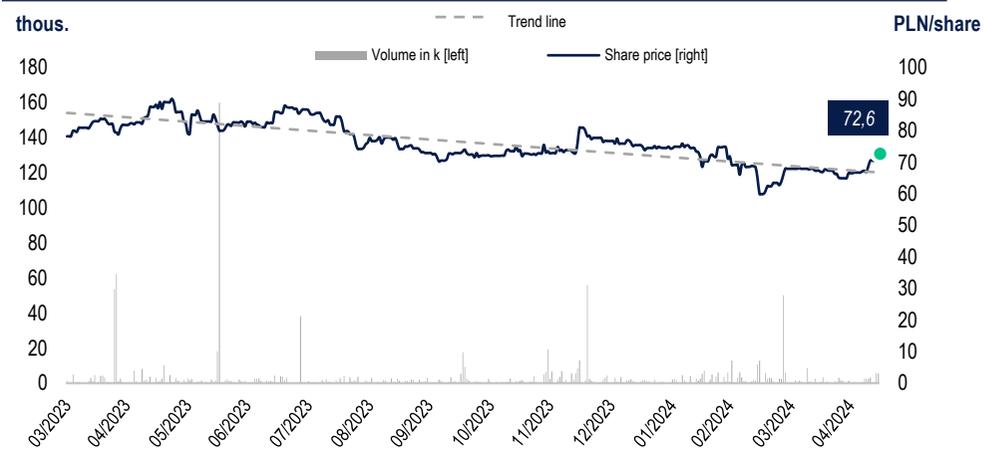


## Key indexes and market prices

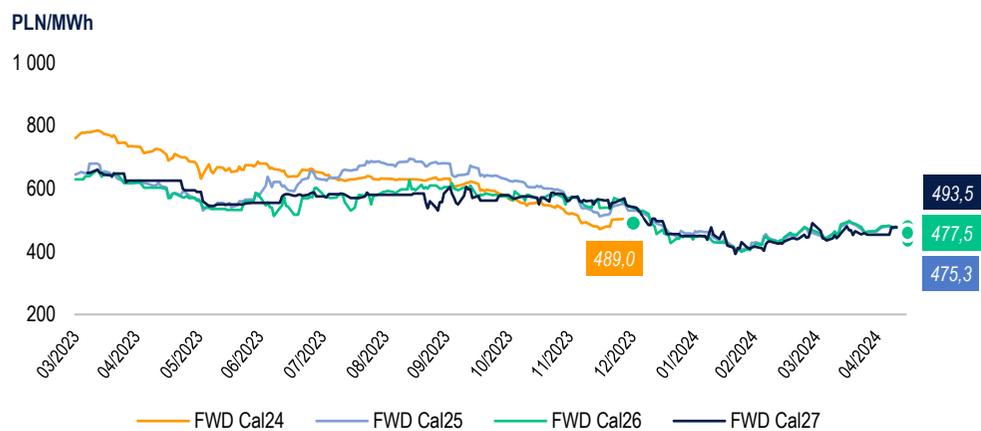
### Prices of green certificates and electricity



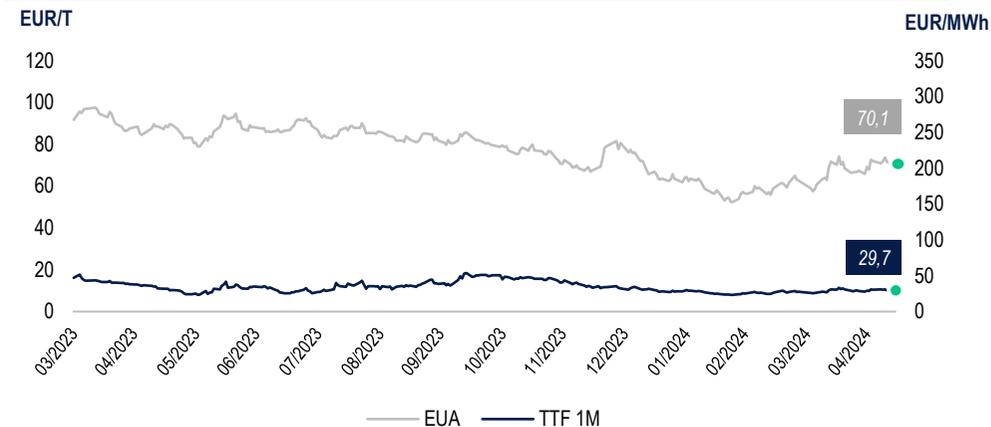
### Stock exchange price quotations of Polenergia S.A. shares



### Forward electricity prices



### CO<sub>2</sub> emission allowance quotations and gas price on TTF



\* Average GC price weighted against the transaction volume in the corresponding period of the preceding year was: 181.3 PLN/MWh

## 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	Gross margin from the sale of a unit of electricity in gas-fired generating units. ( <i>Clean Spark Spread</i> ).



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