

Stabilising Polenergia performance

After three quarters of 2020 Polenergia S.A. ("Polenergia"), Poland's largest private, vertically integrated energy group achieved nearly PLN 1.33 billion in sales revenues. Adjusted EBITDA amounted to almost PLN 201 million and adjusted net profit to nearly PLN 86 million. Despite the ongoing COVID-19 pandemic, the Group maintained its results at a level similar to that of the same period last year.

- **PLN 201 million of adjusted EBITDA after three quarters of 2020;**
- **PLN 86 million of adjusted net profit after three quarters of 2020;**
- **37% adjusted EBITDA margin after three quarters of 2020 (excluding the trading and sales segment);**
- **34% of gross wind farm productivity after three quarters of 2020;**
- **561 GWh of record gross energy production of the onshore wind farm segment;**
- **186 MW of onshore wind farm projects under construction;**
- **40 MW total capacity of projects prepared for this year's RES auctions.**

The nine months of 2020 were marked by the stabilisation of Polenergia's performance. Thanks to the quality of the Group's assets and the decisions taken to hedge the sale prices for generation assets, the COVID-19 pandemic has not had a significant impact on the financial results so far. The distribution segment most exposed to the direct impact of the epidemic shows stable results. The growing margin on the distribution of electricity compensates for the effect of a 10% decrease in volume compared to the same period last year. Moreover, the decrease in the result in the gas and clean fuels segment related to the expiry of the support system was partly offset by a higher result in the wind farms segment and the trading and sales segment.

„What everyone needs now in this ongoing pandemic is stability and an optimistic view of the future. We have achieved stabilisation of results in this difficult year, which should be considered a success. However, we are not stopping and are consistently implementing the Polenergia strategy, which is already producing results and increasing the value of the entire Group. For the first time in many years, we are simultaneously building three wind farms: in Szymankowo, Dębsk and Kostomłoty, with a total capacity of 186 MW. Their implementation is fully financially secure. The investments are proceeding according to schedule without significant delays despite the high risk associated with the pandemic. We are optimistic about this year's RES auctions for which we are preparing a portfolio of wind and photovoltaic farm projects with a total capacity of 40 MW. We are carefully listening to the announcements made by the public side in connection with the adoption of the Act on Support for Offshore Wind Energy and the rapid preparation of the

assumptions of the hydrogen economy development strategy - says dr Michał Michalski, President of the Management Board of Polenergia.

Since the beginning of 2020, the Group's sales revenues amounted to PLN 1.33 billion and were lower compared to last year mainly due to lower revenues in the trading and sales segment, partially offset by higher revenues in the onshore wind farm segment. Adjusted EBITDA after three quarters of this year amounted to PLN 200.8 million, up by PLN 0.4 million year-on-year. The PLN 47 million decrease in EBITDA of the gas and clean fuels segment was offset by a PLN 35 million higher EBITDA of the onshore wind farm segment due to higher production volumes and higher selling prices of green certificates and electricity. The trading and sales segment, due to the consistent implementation of the new strategy and an increase in the result on trading in electricity from wind farms, contributed to an increase in adjusted EBITDA by PLN 11 million. Adjusted EBITDA margin excluding the trading and sales segment (the segment is characterised by a relatively low unit margin with very high transaction volume) was 36.9%, while adjusted net profit increased by 4% y/y to PLN 85.9 million.

Analysing this year's results of Polenergia, it can be seen that an important factor influencing the stabilisation is the segment of onshore wind farms and the sale prices of green certificates and electricity. Gross production of this segment reached a record level of 561 GWh, with productivity amounting to 34%. The wind farms in Mycielin and Gawłowice are the leaders in the Group, accounting for around 45% of the total production of the entire segment, with productivity of 44% and 39%, respectively.

The strategic project of Polenergia, implemented together with Equinor, is the construction of the first offshore wind farms in Poland on the Baltic Sea. The offshore projects under development have connection conditions with a total capacity of up to 3000 MW. The date of construction of MWF Baltic II and MWF Baltic III depends on the entry into force of an appropriate regulatory system. The Government Plenipotentiary for Renewable Energy Sources informed that the entry into force of the Act on Support for Offshore Wind Energy is planned later this year.

Polenergia – a Polish private energy group which consists of vertically integrated companies operating in the field of energy generation from renewable and conventional gas sources and electricity distribution and trading. The strategic project implemented by the Group is the construction of wind farms in the Baltic Sea with a total capacity of 3000 MW. The "Parkiet" (Stock Exchange and Investors) magazine awarded Polenergia with the "Bull and Bear" award for the best company in the sWIG80 index in 2018. More information: www.polenergia.pl.

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