



POLENERGIA GROUP

Financial results for Q3 2024



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

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Record financial performance

9 months of 2024



9 months of 2024 vs 9 months of 2023



PLN 861.6 million

(+21%)

Revenues (without the Trading segment)



PLN 544.9 million

(+30%)

EBITDA



PLN 296.9 million

(+39%)

Net profit (adjusted)



3 quarters of 2024 vs 3 quarters of 2023



1,042 GWh
(+13%)

Electricity generated in RES



574 MW
(+8%)

Installed capacity in RES
(increase by 45.2 MW)



3,569 MW

Capacity of RES projects in
development in Poland*

* 1,287 MW of onshore wind farm projects, 782 MW of PV projects, 50% of 3,000 offshore wind farm projects developed in cooperation with Equinor



Summary of key events

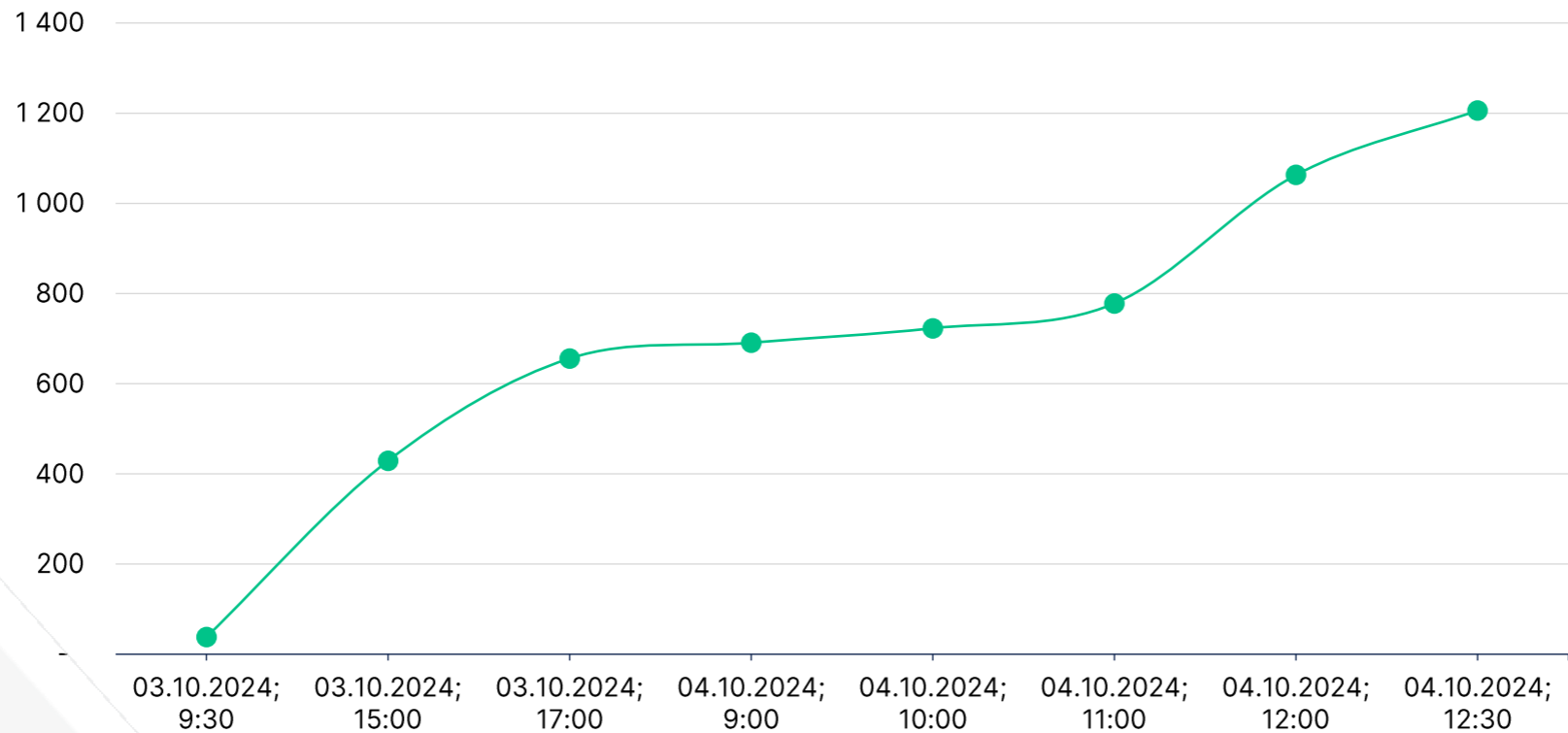
Spectacular success of the first Green Bond issue

The demand exceeded
PLN 1 billion

In response to the oversubscription,
we increased the amount of the issue
**from PLN 500 million
to 750 million**



Spectacular success of the first Green Bond issue by Polenergia.
Already on the first day of the issue, the Group reached a subscription of nearly PLN 700 milion.

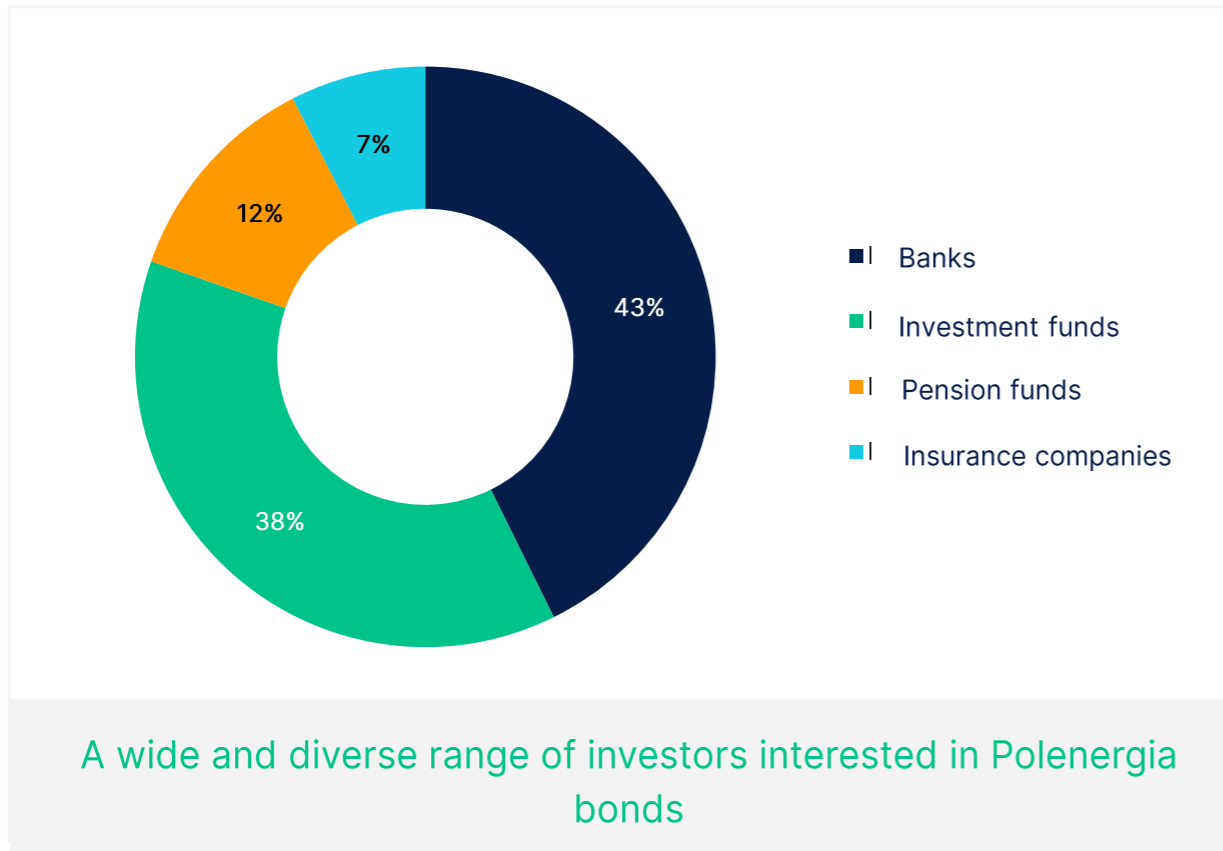


Distribution of subscriptions on the issue date (PLN million)



Spectacular success of the first Green Bond issue by Polenergia

Bondholder investor structure



➤ Polenergia obtained **very attractive pricing terms**. The margin of the first tranche was **270 bps p.a.**

➤ Thanks to the IRS contract already **75% of the first tranche** (PLN 564 million) is hedged against interest rate volatility risk. The average hedging rate was **4.91%**.

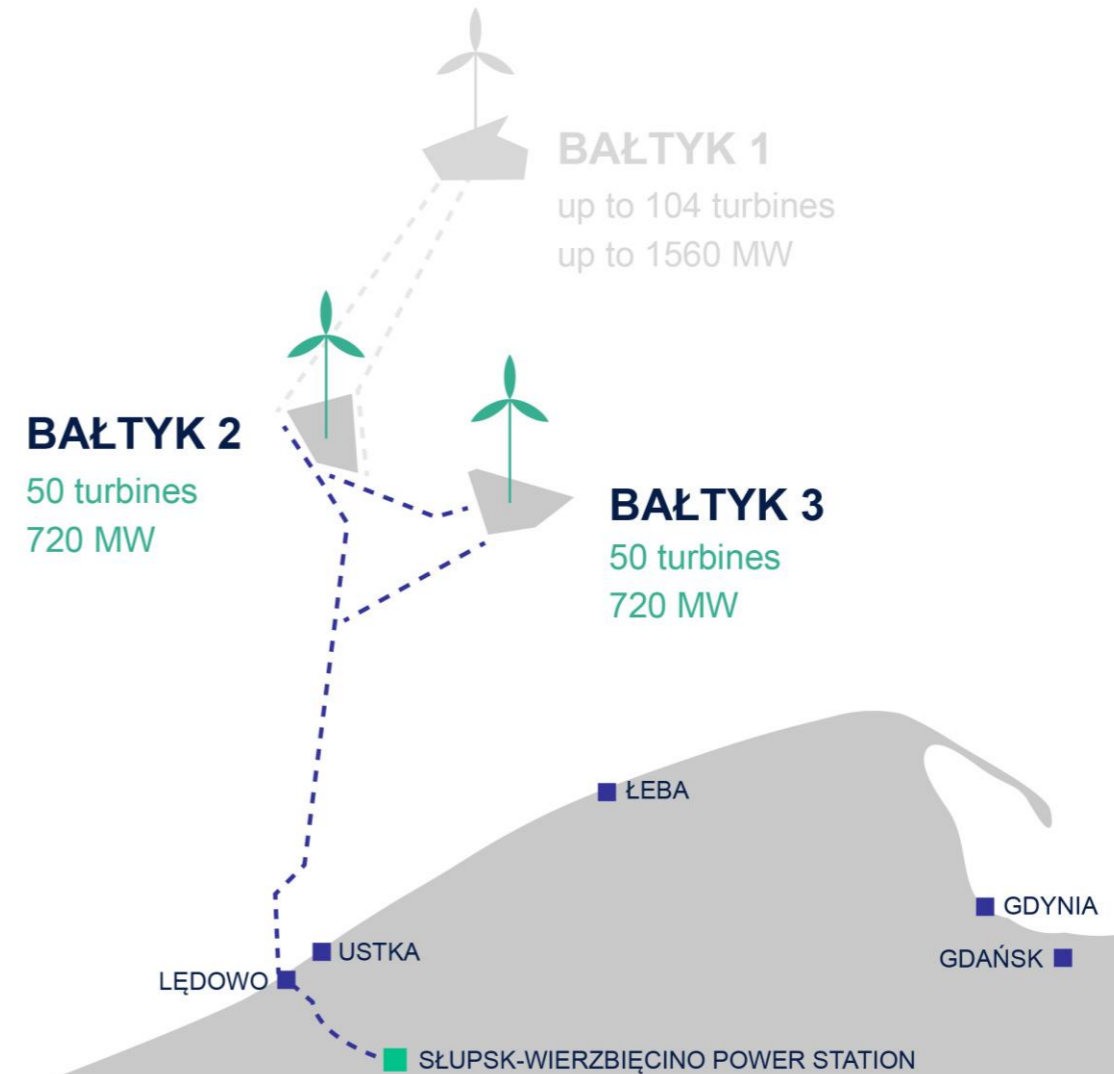
➤ Covenants:

- Equity/Total Assets min. 0.33
- Interest Coverage Ratio min. 1.5.

Spectacular success of the first Green Bond issue by Polenergia

- Green bonds are an important support for **financing of Polenergia's strategic projects**
- Most of the proceeds from the bond issue will be used as an equity contribution to the construction of **Bałtyk 2 and Bałtyk 3 offshore wind farms**
- Projects with a total capacity of 1440 MW will supply clean power to more than **2 million households**

Bałtyk



Bałtyk 2 and Bałtyk 3

Confirmed support
prices in the contract
for difference

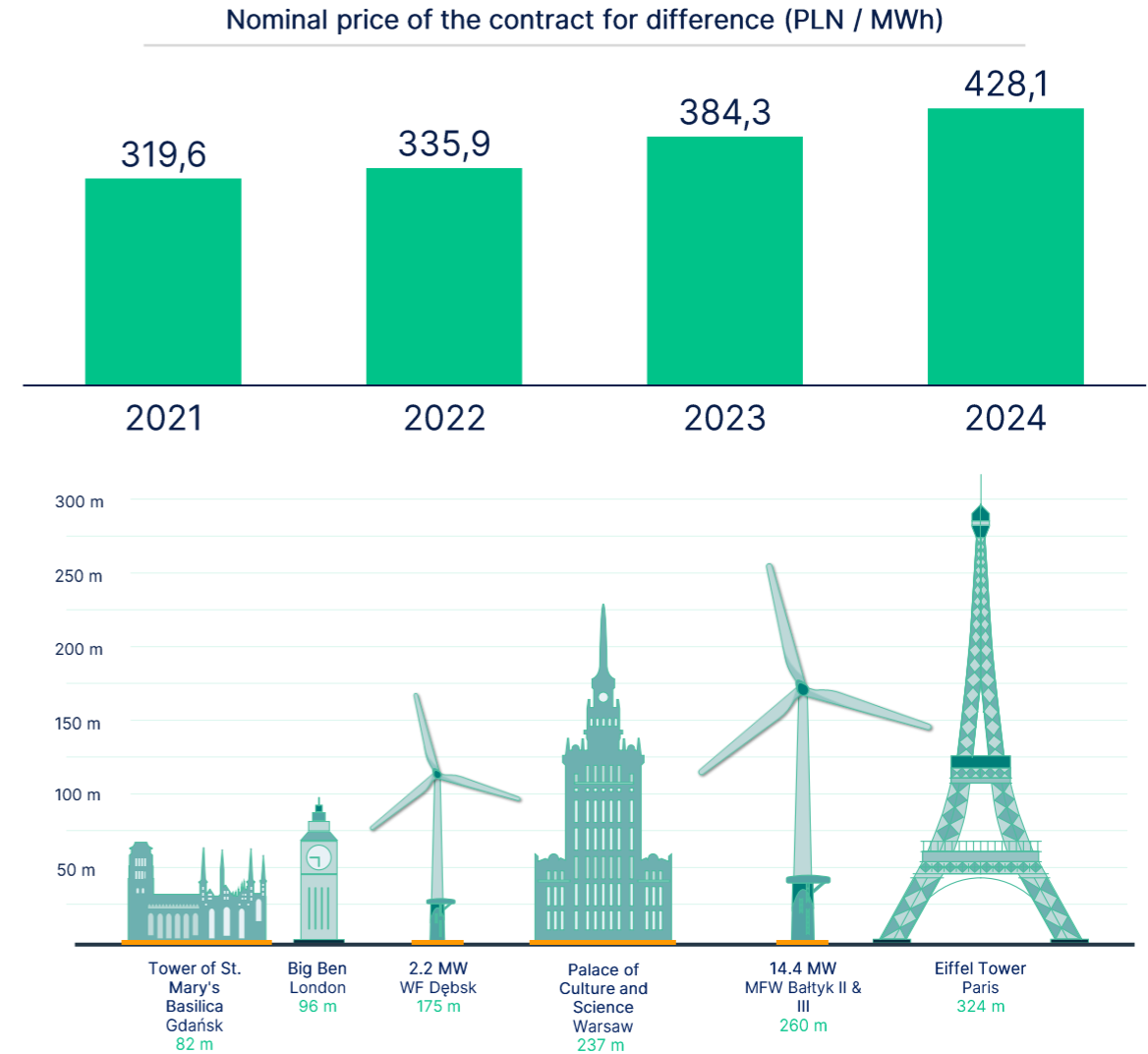
PLN 319.6/MWh





Confirmation of energy price in the contract for difference for the Bałtyk 2 and Bałtyk 3 projects

- Polenergia and Equinor have obtained **the 2nd decision of the President of the Energy Regulatory Office confirming the price of contracts for difference for the Bałtyk 2 and Bałtyk 3 projects**
- The individual price was set at 319.6 PLN / MWh
- The contract for difference was concluded for a period of 25 years
- This is currently the longest contract for difference of this type in Europe
- Since 2021, the price has been indexed by the current level of inflation
- The contract can be settled in euros (at a fixed exchange rate of PLN 4.45), which opens the possibility of financing the project in that currency



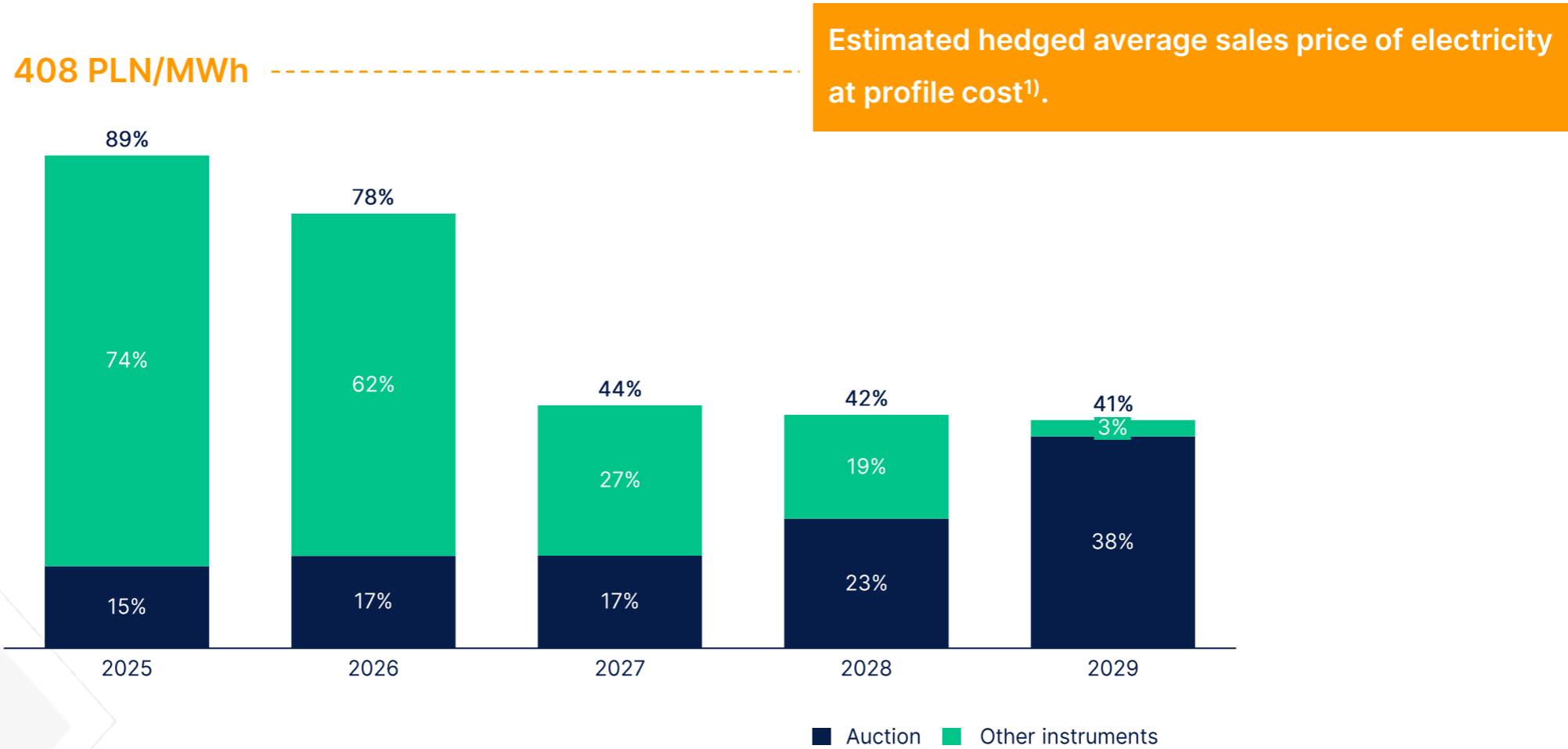
**Polenergia hedged
89% of energy
production target
for the year 2025**

The average hedged price is higher than the current forward contract quotes for 2025





Commercialization prospects regarding electricity from Group assets in the years 2025-2029



The chart only shows electricity production from operational PV and wind assets, as well as projects under construction, excluding the production of green certificates and guarantees of origin. The figures do not include the potential generation from offshore wind farm projects developed by the Group in partnership with Equinor.

1) The market profile cost calculated based on data published by TGE exchange and PSE for the nine-month period of 2024, was 25% for PV assets and 11.4% for onshore wind farms.

Polenergia hedged 89% of energy production target for the year 2025



Our goal is to enter the next financial year with optimally hedged production



The Group hedges energy sales through contracts for difference (auction), PPAs, sales to end customers and forward contracts



One of Polenergia's strategic goals is to hedge long-term prices of energy generated by the Group's assets. These measures are aimed at reducing market risk and ensuring stable and predictable cash flows in the future



Sales prices for the following years are lower compared to 2024. This is attributable to the downward trend in electricity forward contracts and reflects market expectations for prices to fall



The Group intends to take advantage of high market prices, that is why auction volumes have been postponed to later years

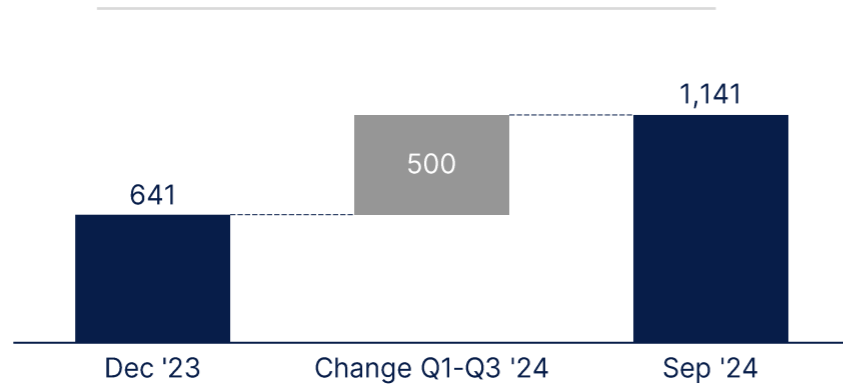


Status of implementation of strategic projects





The implementation of the Bałtyk 2 and Bałtyk 3 projects is on schedule

The expenditures for Bałtyk 2 & 3 incurred to date (in million PLN¹⁾:



In October 2024, another contribution of PLN 350 million to the Bałtyk 2 & 3 projects took place

Key activities until the end of Q1 2025:

-  Obtaining debt financing
-  Making the final investment decision

Contracting:



All the key contracts for project implementation are in place

Project Finance - key information:

- In Q3 2024 wide market sounding was performed
- The next quarter will be devoted to establishing a consortium of financing institutions and negotiating the terms of the loan agreement
- Strong interest from commercial banks, mission investors and export credit agencies
- Competitive financing terms
- Debt share in the project finance at the level of 70-80%
- Long tenor due to a 25-year CfD contract
- Access to financing in EUR

Permitting process

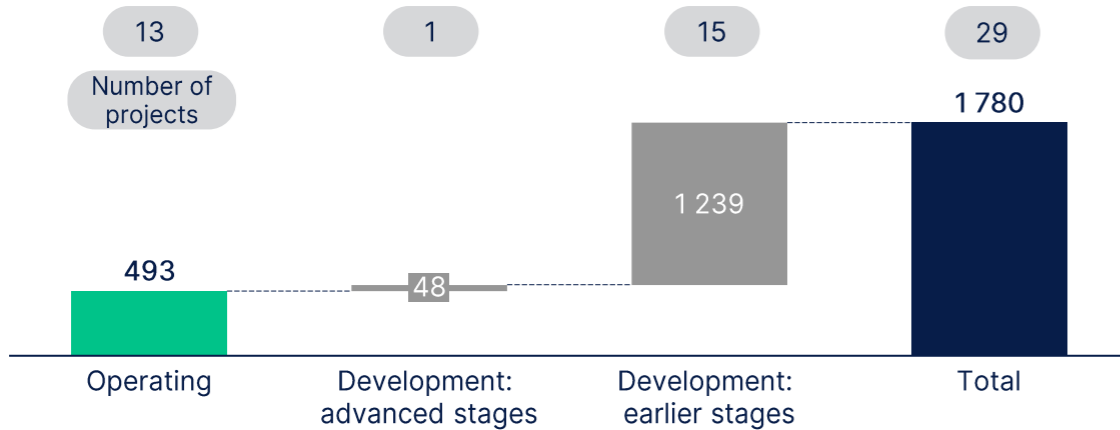
- ✓ Location decision for offshore wind farm
- ✓ Grid connection agreement
- ✓ Permits for laying and using submarine cables
- ✓ Geotechnical studies
- ✓ Wind measurements
- ✓ Environmental Decision
- ✓ Offshore building permits
- ✓ Onshore building permits

1) Carrying value of Bałtyk 2 and Bałtyk 3 projects in the consolidated financial statements

Dynamic growth has continued in onshore wind power and photovoltaics

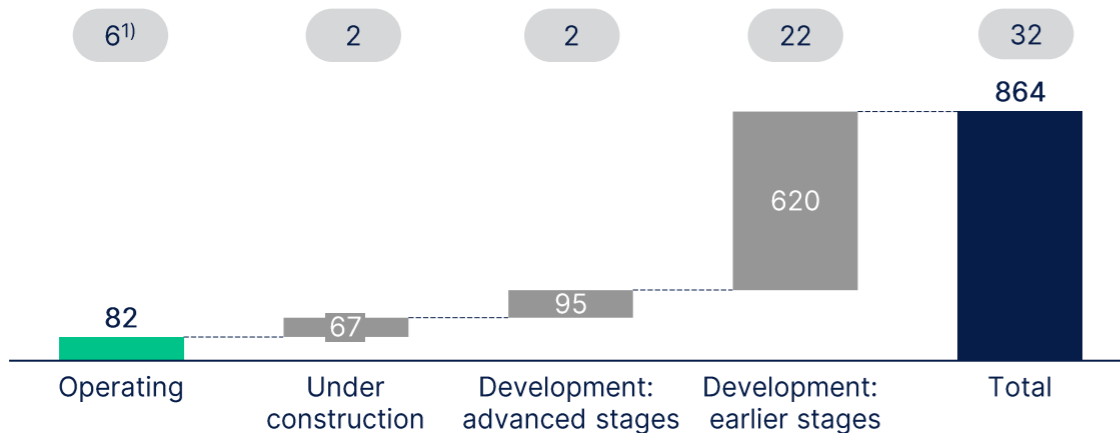
Onshore wind farms

Number of projects and capacity installed and in development (MW):



Photovoltaics

Number of projects and capacity installed and in development (MW):



Up to 2069 MW | total nominal capacity of the projects in the development phase, of which:



Up to 1287 MW | onshore wind projects in the development phase in Poland



Onshore wind farm projects in the early phase of development will reach RtB² status in the years: 2027-2029



Up to 782 MW | photovoltaic projects in the development phase in Poland



Photovoltaic projects in the early phase of development will reach RtB² status in the years: 2025-2029

Projects in the development phase are exposed to a number of risks that may cause the scale of investment to be reduced, or the time schedule to be extended.

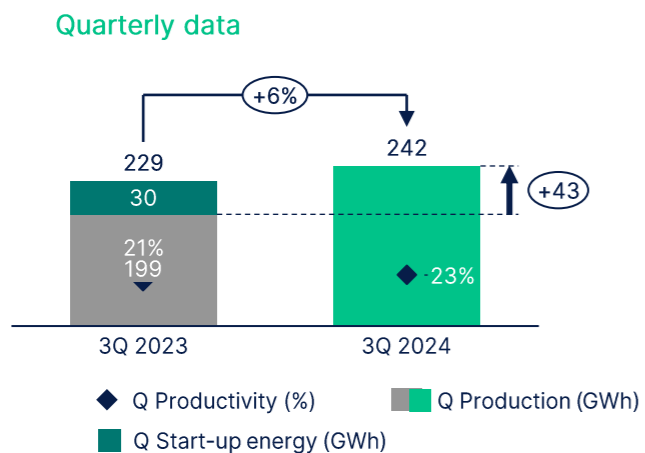
Source: Polenergia
 1) Includes a 1MW project operating at the Nowa Sarzyna Thermal Power Plant (ENS)
 2) RtB - Ready to Build



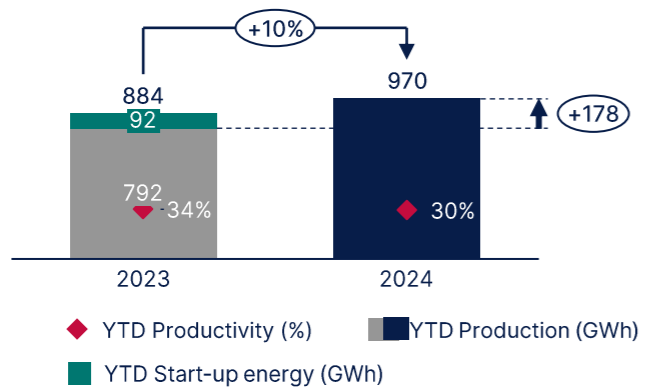
Summary of key operating parameters

Summary of key operating parameters - onshore wind farms

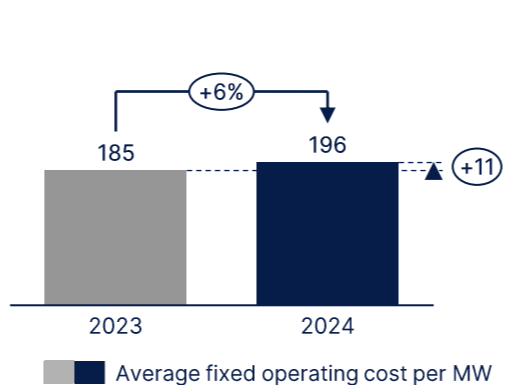
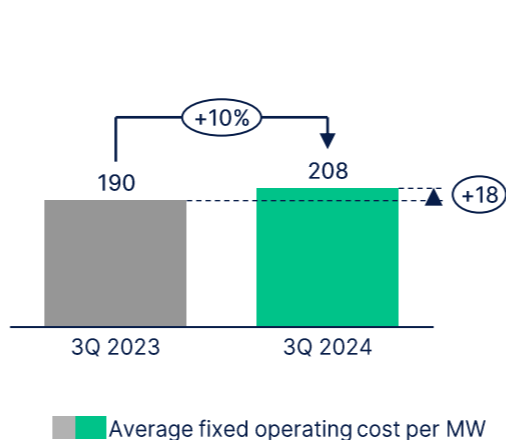
Production of operational onshore wind farms, start-up energy and productivity%*



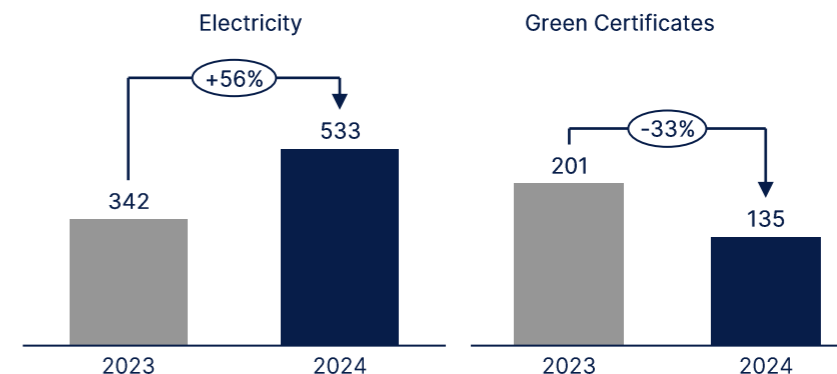
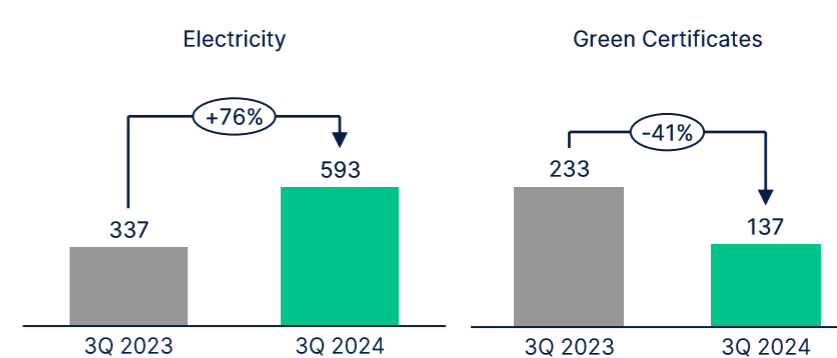
YTD data



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



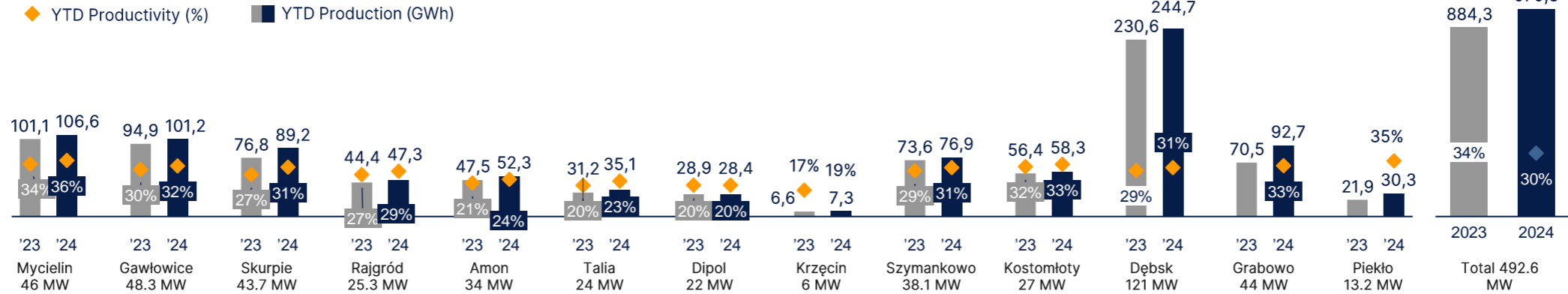
Average revenues per MWh (after balancing and profile costs) at the Group level [PLN/MWh]



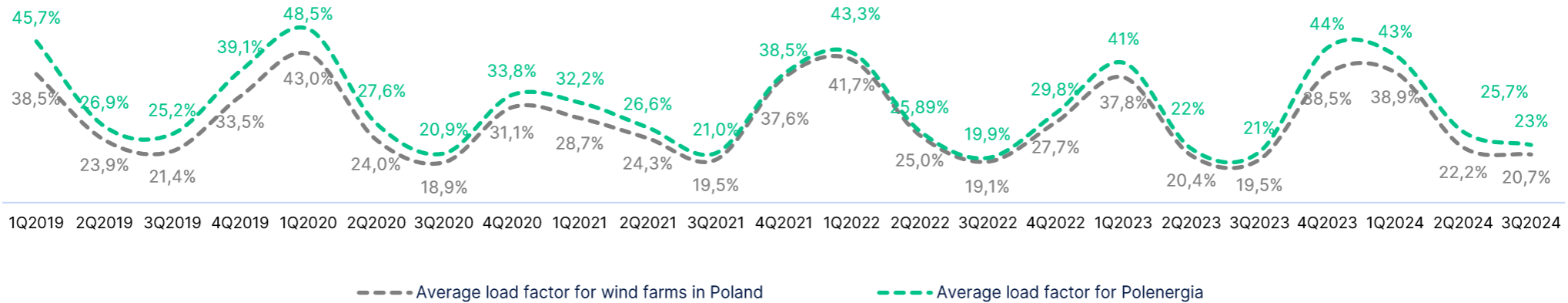
* Productivity in 2023 excluding WF Grabowo and WF Piekło.
** Average fixed cost per MW in 2023 excluding WF Grabowo and WF Piekło.

Summary of key operating parameters - onshore wind farms

Production (net) YTD*



Net productivity of Polenergia farms

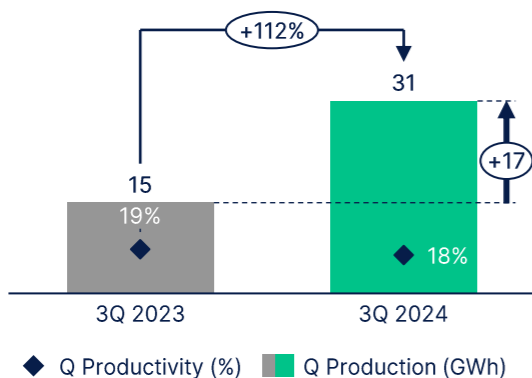


*Total productivity in Q1-Q3 2023 excluding the production of the WF Grabowo and the WF Piekło.

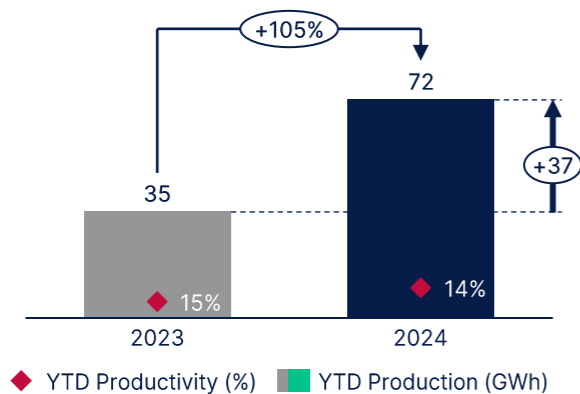
Summary of key operating parameters - photovoltaic farms

Production of photovoltaic farms and productivity %

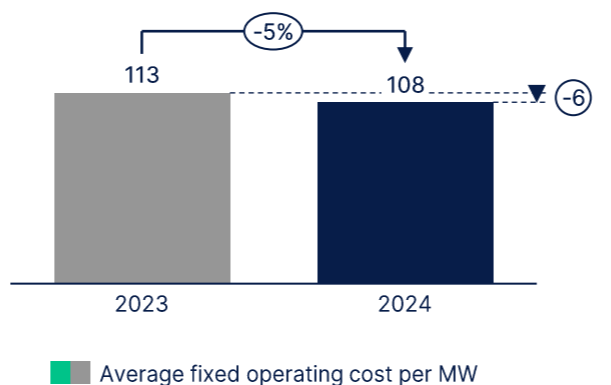
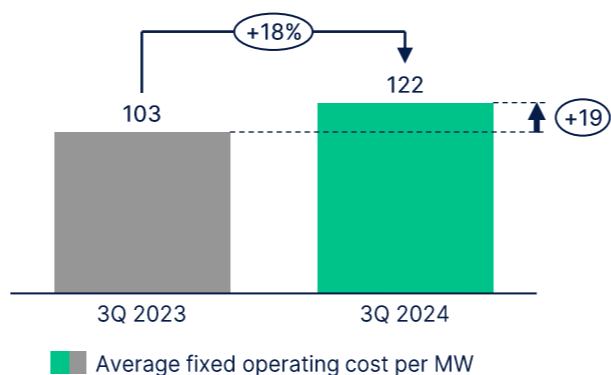
Quarterly data



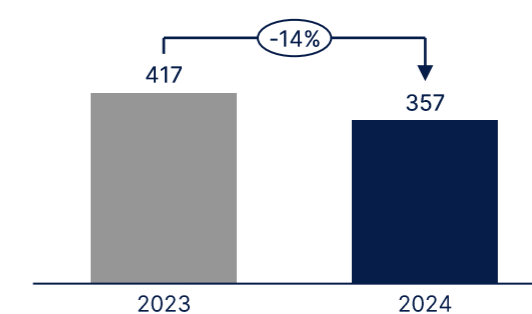
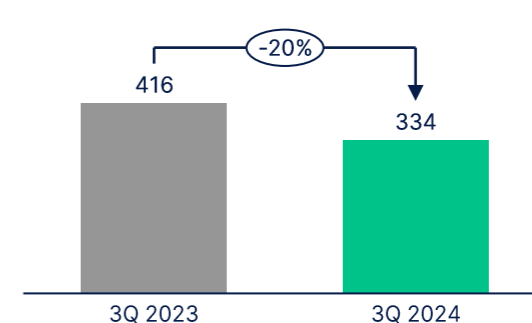
YTD data



Average fixed operating cost per MW in photovoltaic farms [thousand PLN/MW/year]*



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



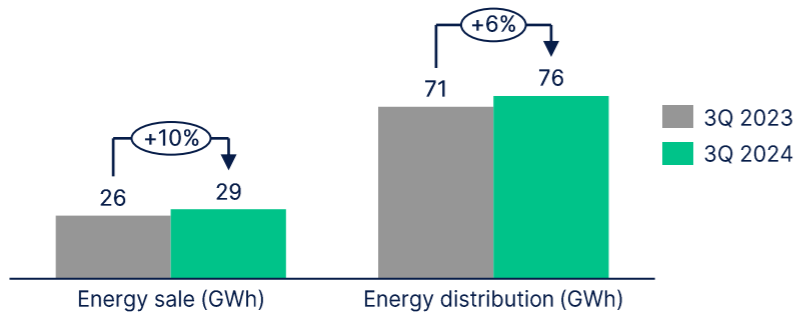
* Average fixed cost per MW in 2024 excluding PV Strzelino.



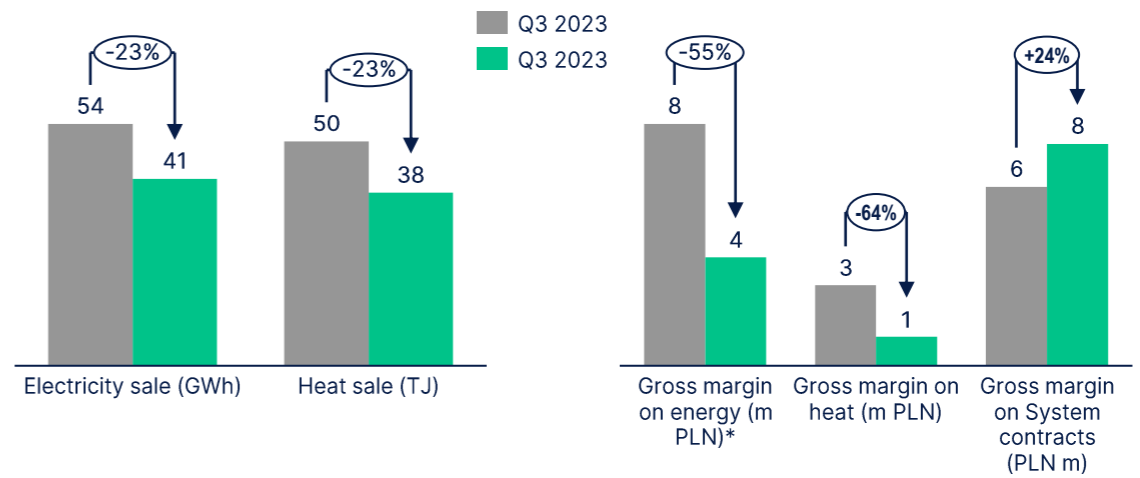
Summary of the key operating parameters - Distribution and Gas and Clean Fuels

Distribution - RAB [million PLN] and sales [GWh]

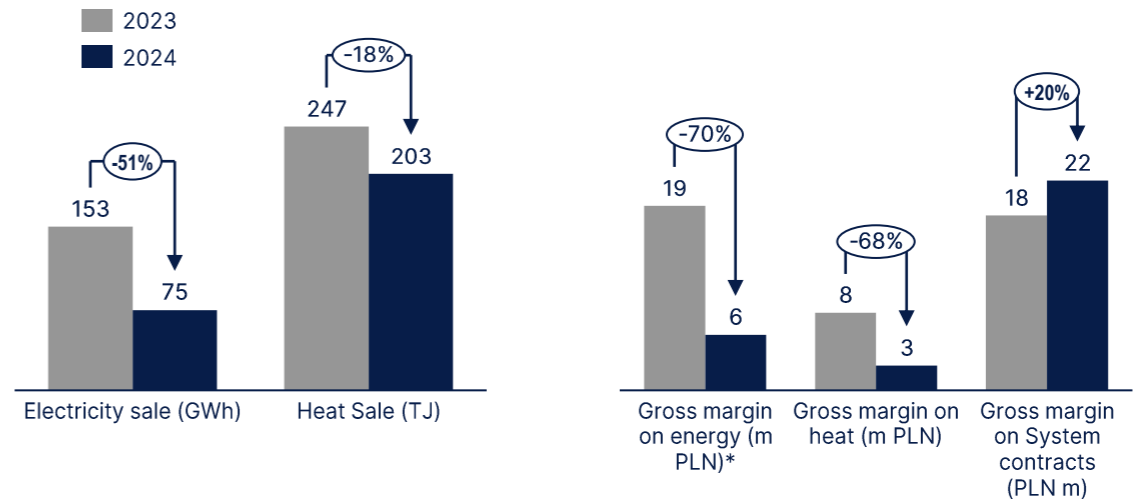
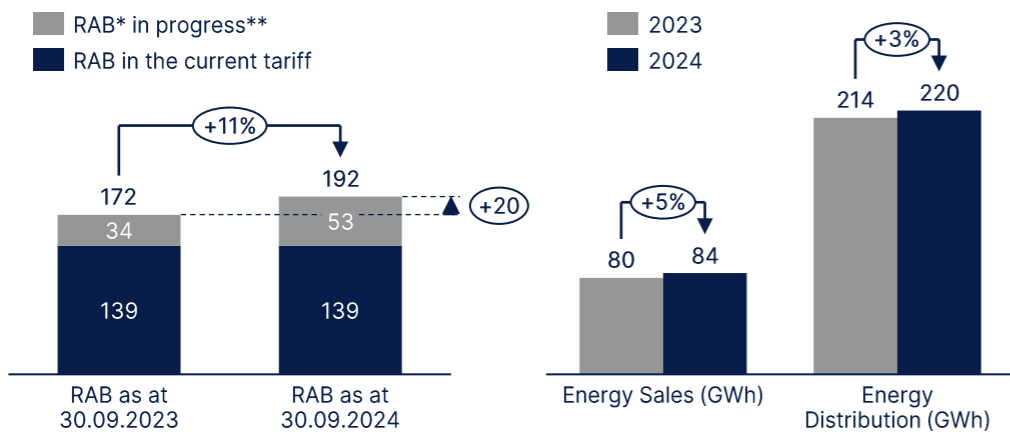
Quarterly data



Gas and Clean Fuels – sale [GWh] and margins [million PLN]



Data YTD





Financial results
for 9 months
and Q3 2024



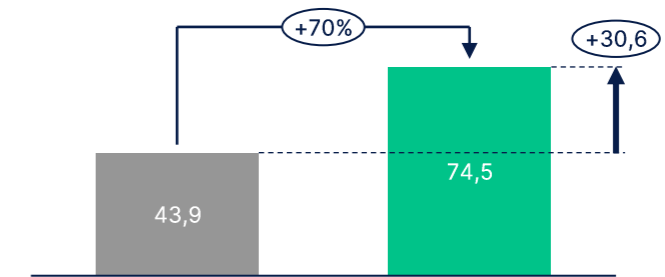
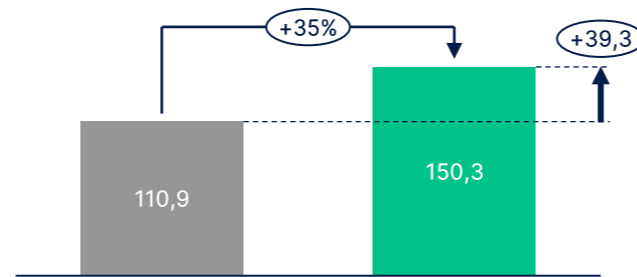
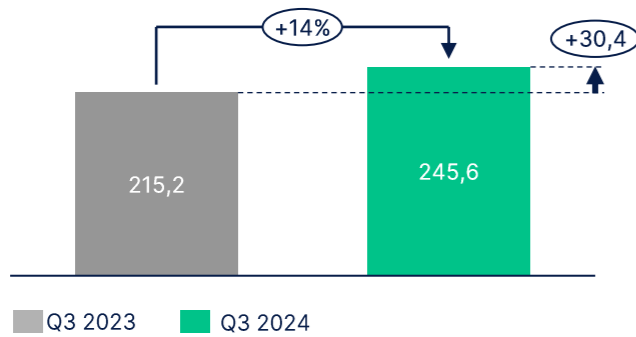
Financial results for 9 months and Q3 2024

Revenues
(without Trading and Sales segments)

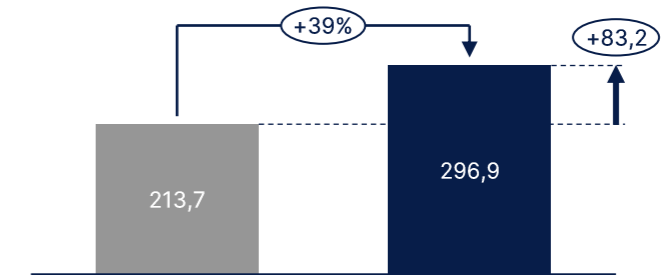
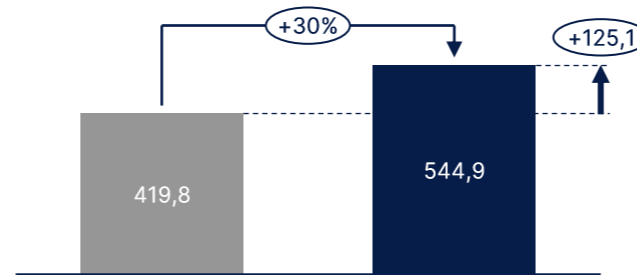
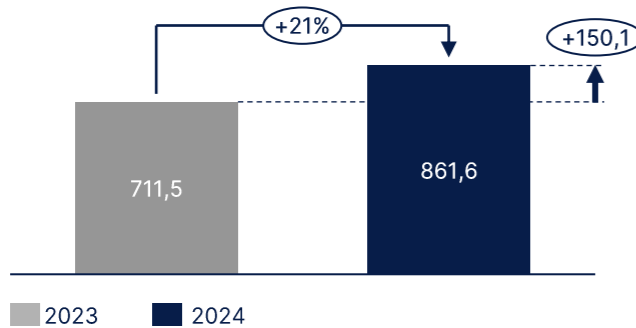
EBITDA

Net Profit
(normalized)

Quarterly data



YTD data

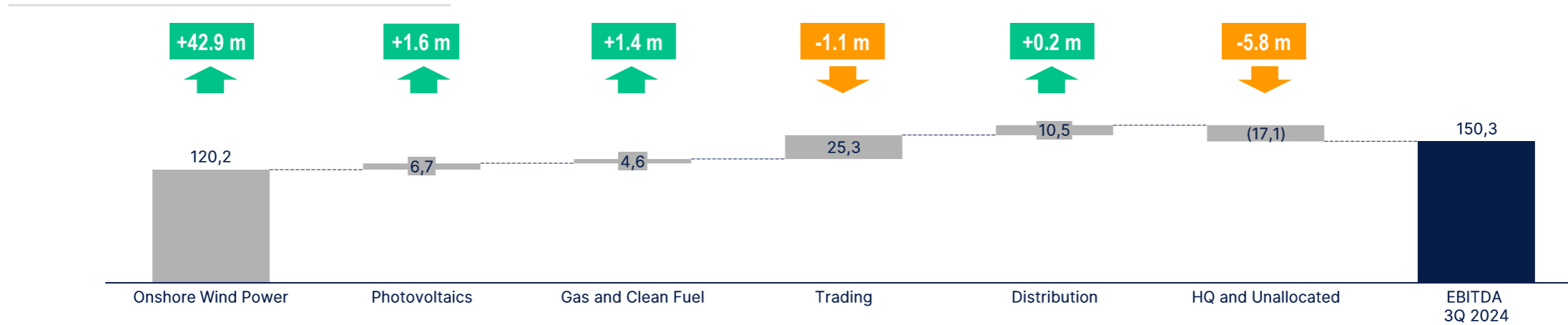


BETTER RESULT AFTER THREE QUARTERS OF 2024 MAINLY DUE TO BETTER RESULT IN ONSHORE WIND FARMS, DISTRIBUTION AND PV SEGMENTS, PARTLY OFFSET BY LOWER RESULT IN TRADING AND SALES AND UNALLOCATED SEGMENTS

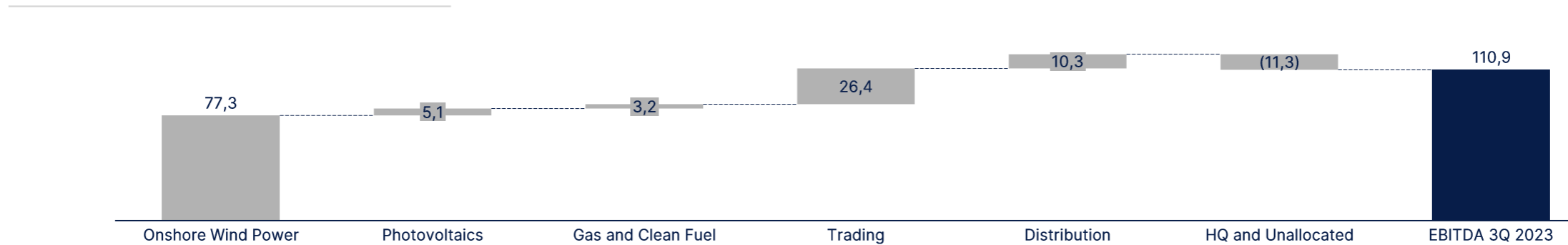


EBITDA result structure – Q3 2024 compared to Q3 2023

EBITDA structure in Q3 2024



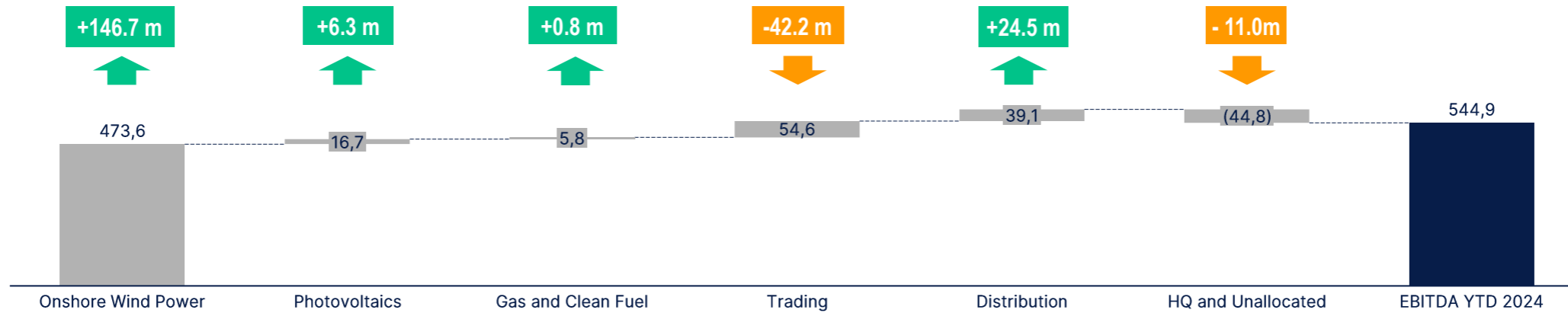
EBITDA result structure in Q3 2023



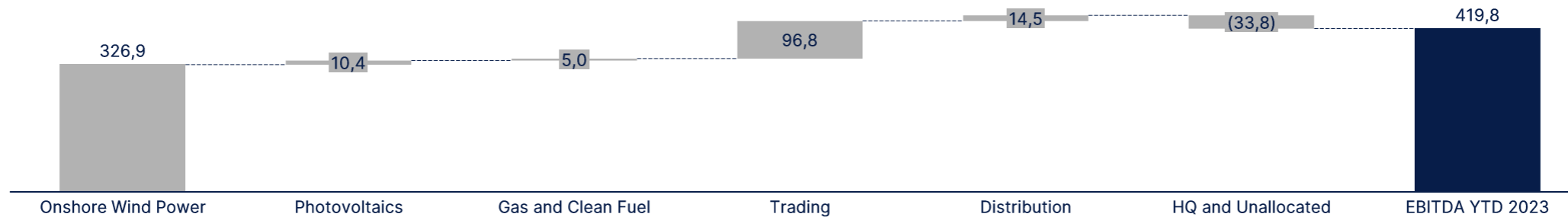
BETTER RESULT MAINLY DUE TO HIGHER ELECTRICITY SALES PRICES OBTAINED BY WIND FARMS, DUE TO THE LACK OF EXTENSION OF THE ELECTRICITY PRICES FREEZE FOR GENERATORS INTO 2024

EBITDA result structure – 9 months of 2024 compared to 9 months of 2023

EBITDA structure in 2024



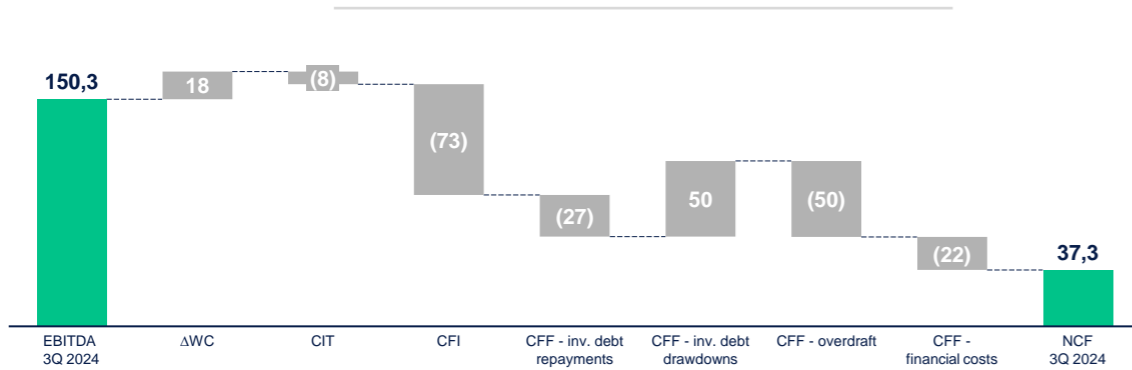
EBITDA structure in 2023



BETTER RESULT MAINLY DUE TO HIGHER ELECTRICITY SALES PRICES OBTAINED BY WIND FARMS, DUE TO THE LACK OF EXTENSION OF THE ELECTRICITY PRICES FREEZE FOR PRODUCERS INTO 2024 AND HIGHER GENERATION THANKS TO THE COMMENCEMENT OF OPERATION OF THE GRABOWO (44 MW) AND PIEKŁO (13.2 MW) WIND FARMS

Polenergia Group cash flow

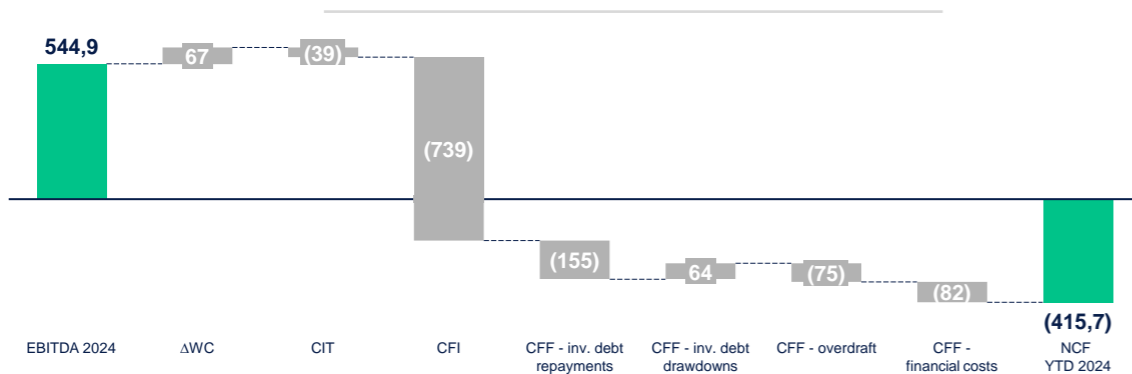
Group cash flow in Q3 2024



Comment:

- **Cash flow from investment activities:** Capital expenditure made in wind and photovoltaic farms segments (-35.2 million), including in the Szprotawa 1 project and the Szprotawa 2 project, and capital expenditure in Polenergia Dystrybcja (- 10.9 million) and in other companies (15.0 million). Payments for foreign projects and other (-12.2 million).
- **Cash flow from financial activities:** Scheduled repayment of the investment loan plus interest in the onshore wind farms and photovoltaic segments (-41.4 million). Incurring an investment loan in wind and photovoltaic farm project companies (50.0 million). Change of the revolving credit /VAT loan (-50.4 million). Other cash flows (-7.8 million).

Group cash flow YTD



- **Cash flow from investment activities:** Capital expenditure in wind and photovoltaic farms segments (-137.4 million), including in the Szprotawa 1 and the Szprotawa 2 projects, capital expenditure in Polenergia Dystrybcja (- 26.2 million) and in other companies (-38.1 million). Subsidies for offshore wind farm projects (-526.0 million), payments for foreign projects and other (-11.7 million).
- **Cash flow from financial activities:** Scheduled repayment of the investment loan plus interest in the onshore wind farms and photovoltaic segments (-208.7 million). Incurring an investment loan in onshore wind and photovoltaic farm project companies (58.4 million) and in distribution (6.0 million). Change of the revolving credit /VAT loan (-75.3 million). Payments of lease liabilities, interest in other segments and other in the amount of -29.1 million.

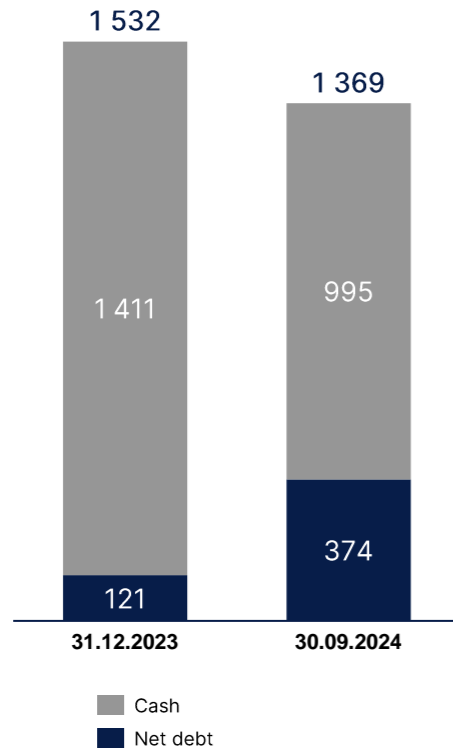


HIGH EXPENDITURES IN OFFSHORE WIND FARM PROJECTS FINANCED MAINLY WITH THE COMPANY OWN FUNDS

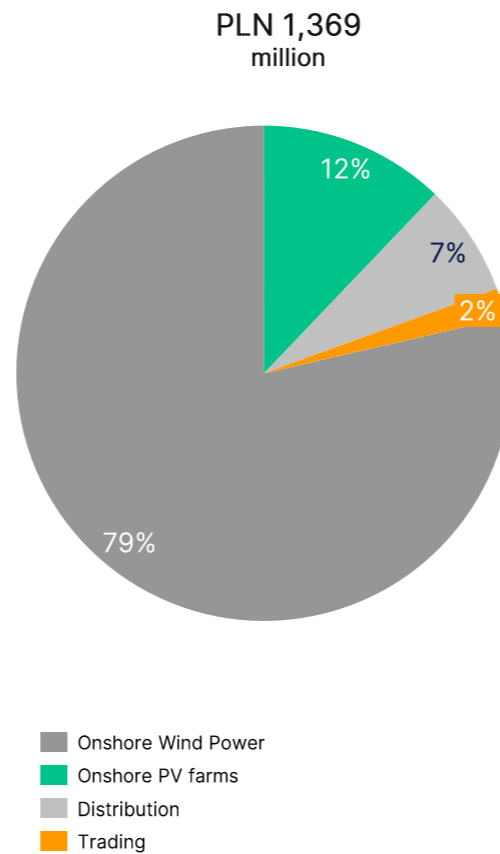


Polenergia Group debt structure as at 30 September 2024

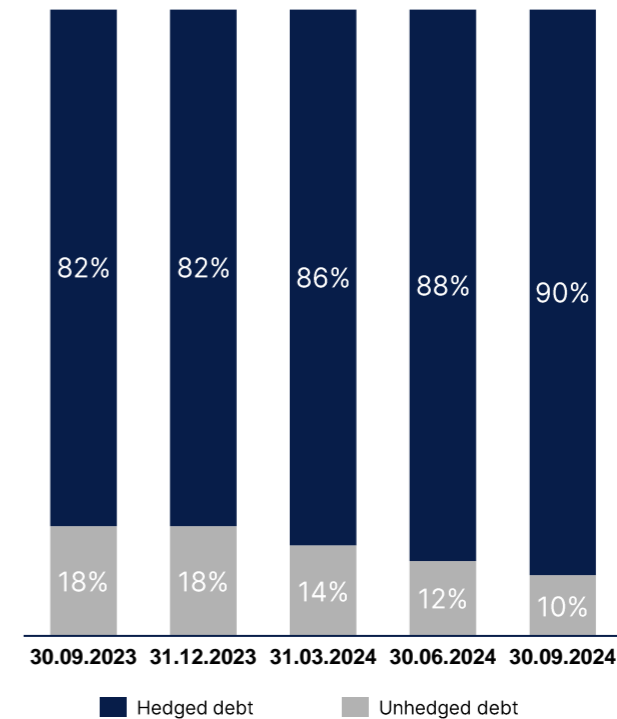
Gross debt (million PLN)



Debt structure by segment

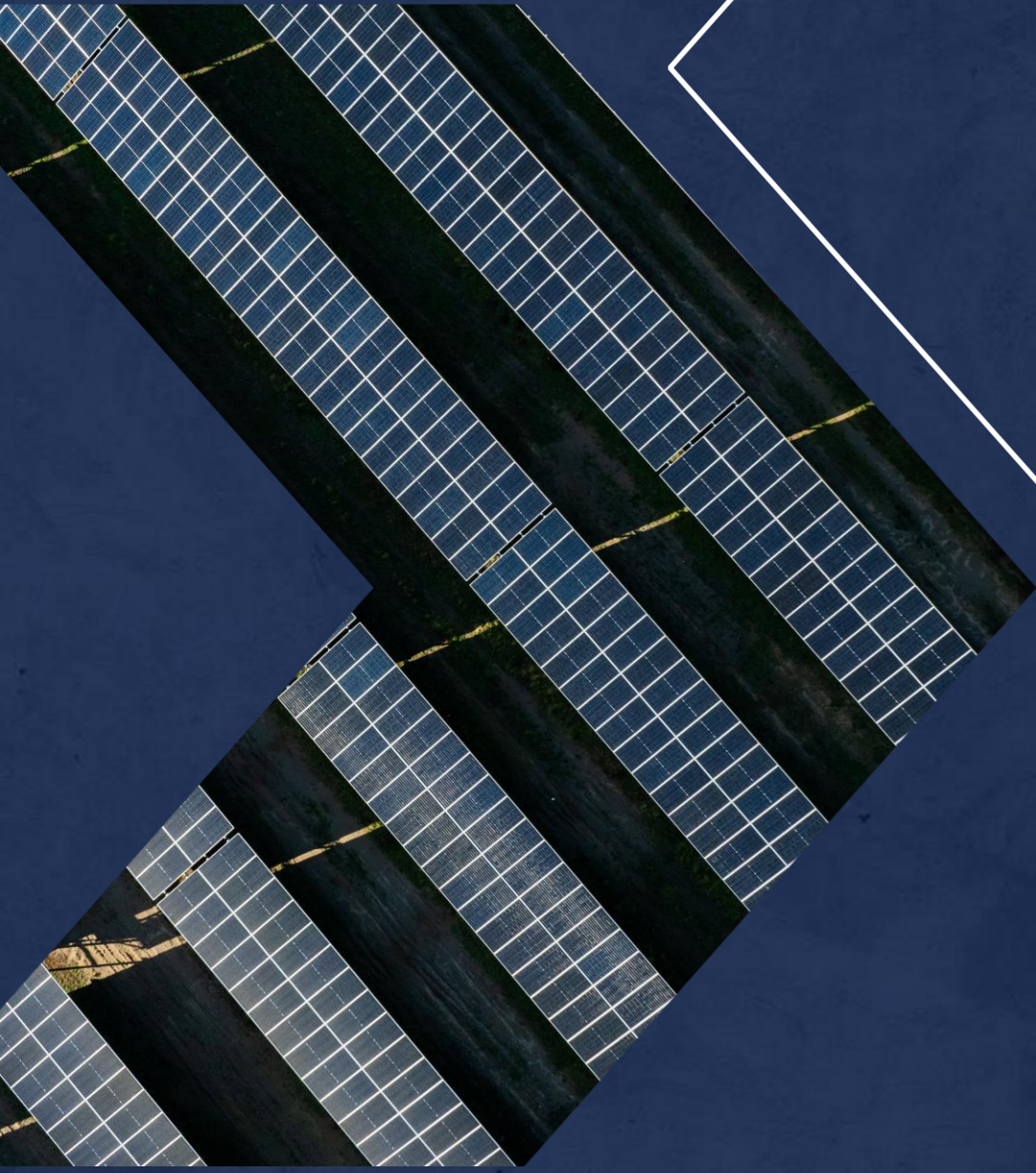


Debt structure - interest rate hedging



DECREASE OF GROSS DEBT COMPARED TO THE END OF 2023, NO CURRENCY RISK IN THE DEBT STRUCTURE. DEBT COST HEDGED IN 90% FOR BANK LOANS, INCLUDING 93% OF INVESTMENT LOANS

 Polenergia



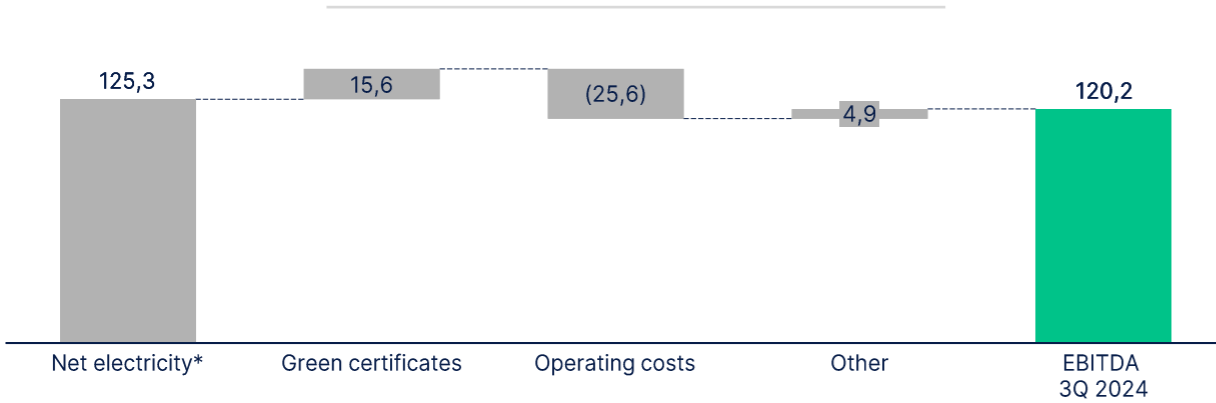
Q & A



Summary of segment results

Onshore wind farms - Q3

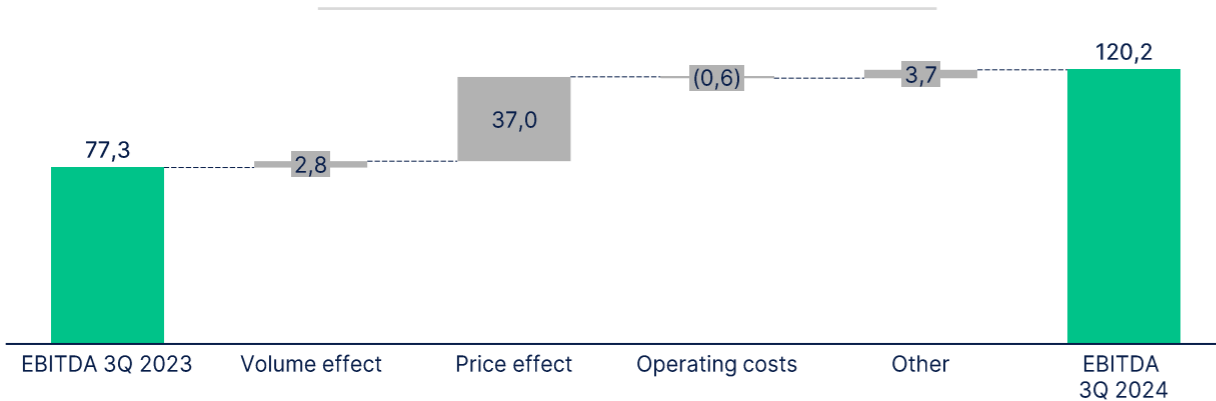
EBITDA build-up



Comment:

- Higher electricity prices related to the expiration of the validity period of limits under the energy prices freezing act.
- The above partly offset by lower green certificate prices associated with the drop in market prices.
- The operating costs in Q3 2024 higher than in Q3 2023 mainly due to inclusion of the operating costs of the Piekło and Grabowo wind farms.

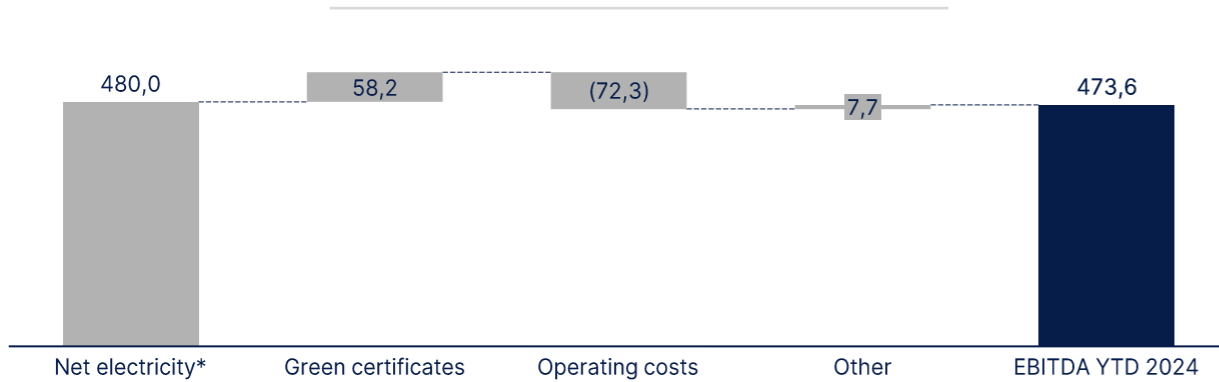
EBITDA bridge



HIGHER ELECTRICITY SALES PRICES PARTLY OFFSET BY HIGHER OPERATING COSTS AND LOWER GREEN CERTIFICATE PRICES

Onshore wind farms - YTD

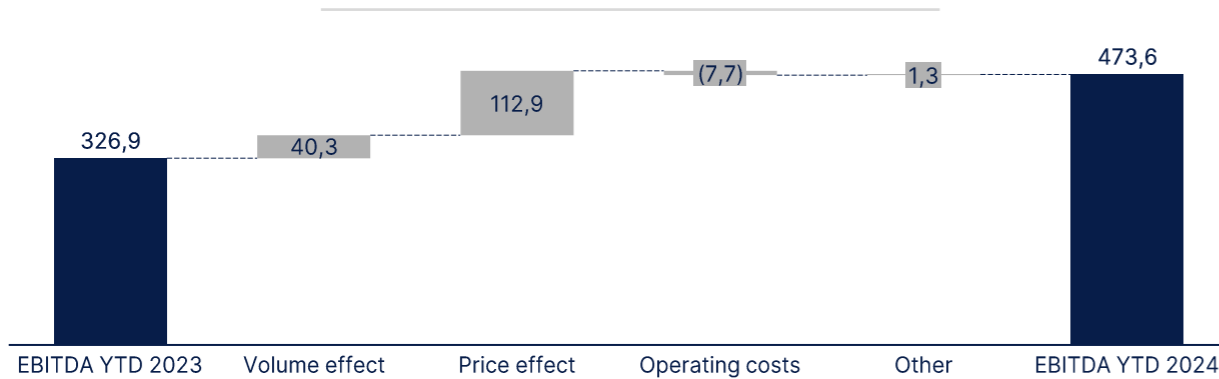
EBITDA build-up



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 the first three quarters of 2024 higher than in the corresponding period of 2023 mainly due to the inclusion of the operating costs of the Piekło and Grabowo wind farms.

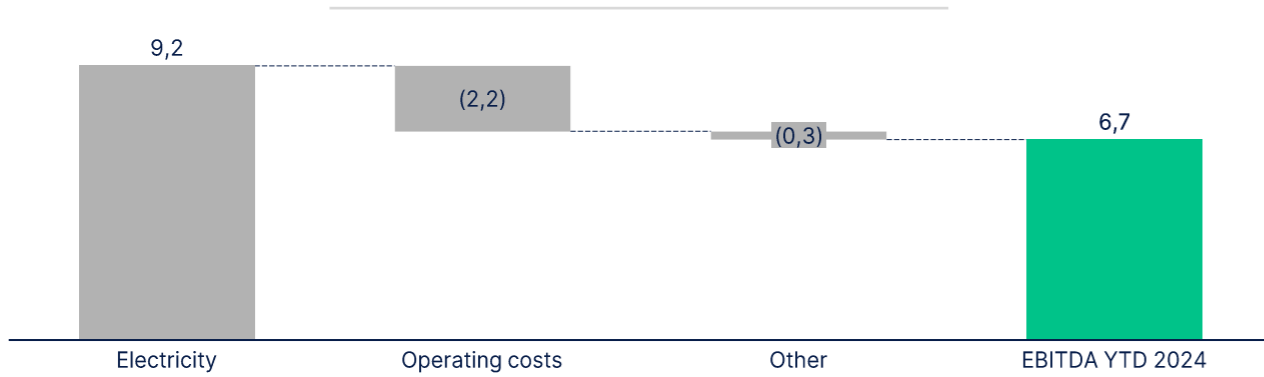
EBITDA bridge



HIGHER PRODUCTION VOLUME AND HIGHER SALE PRICES OF ELECTRICITY PARTLY OFFSET BY HIGHER OPERATING COSTS

Photovoltaics - Q3

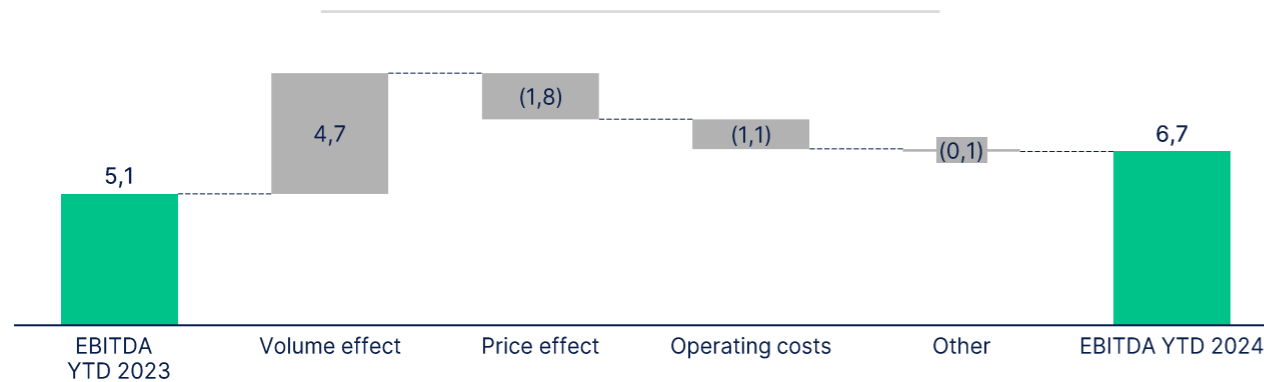
EBITDA build-up



Comment:

- The EBITDA result of the segment in Q3 2024 was higher relative to Q3 2023 (growth by PLN 1.6 million) due to higher energy production in the PV segment, mainly attributable to the commissioning of the Strzelino farm in Q1 2024.
- The volume effect was partly offset by lower energy prices obtained in Q3 2024 and slightly higher operating costs associated with the increase in installed capacity.

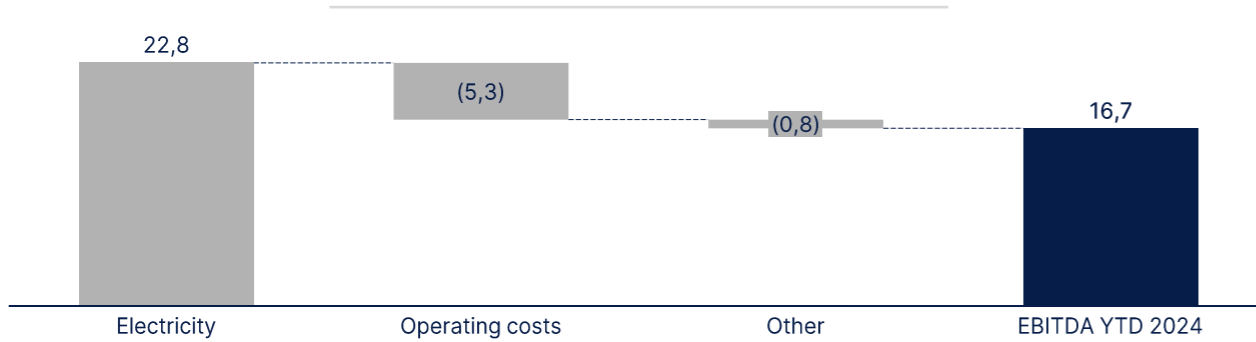
EBITDA bridge



BETTER RESULT DUE TO HIGHER PRODUCTION (COMMISSIONING OF THE STRZELINO FARM - 45.2 MW) PARTLY OFFSET BY LOWER EFFECTIVE ENERGY SALES PRICE AND HIGHER OPERATING COSTS

Photovoltaics - YTD

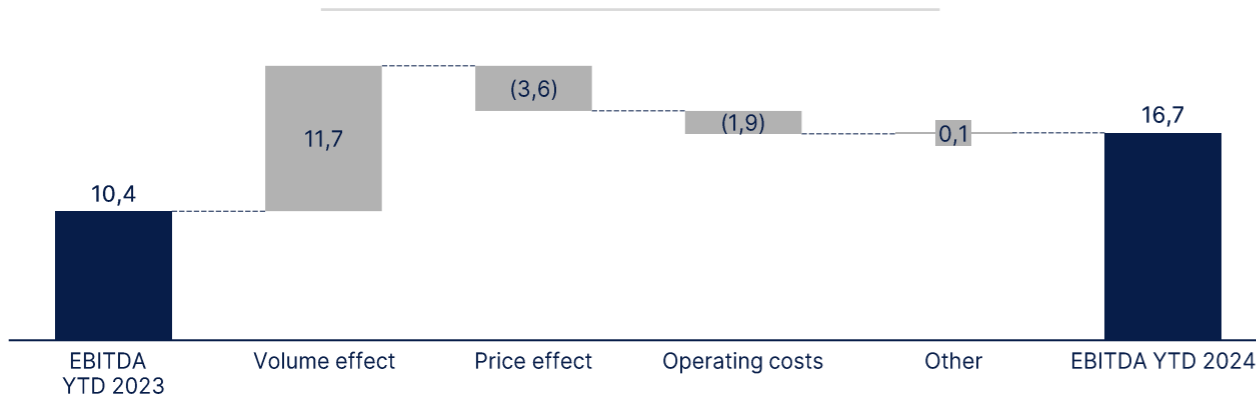
EBITDA build-up



Comment:

- The EBITDA result of the PV segment after nine months of 2024 was higher by PLN 6.3 million compared to the corresponding period of 2023 due to higher energy generation in the PV segment, mainly attributable to the commissioning of the Strzelino farm in Q1 2024.
- The volume effect was partly offset by lower achieved energy prices in 2024 and higher operating costs related to the increase in installed capacity.

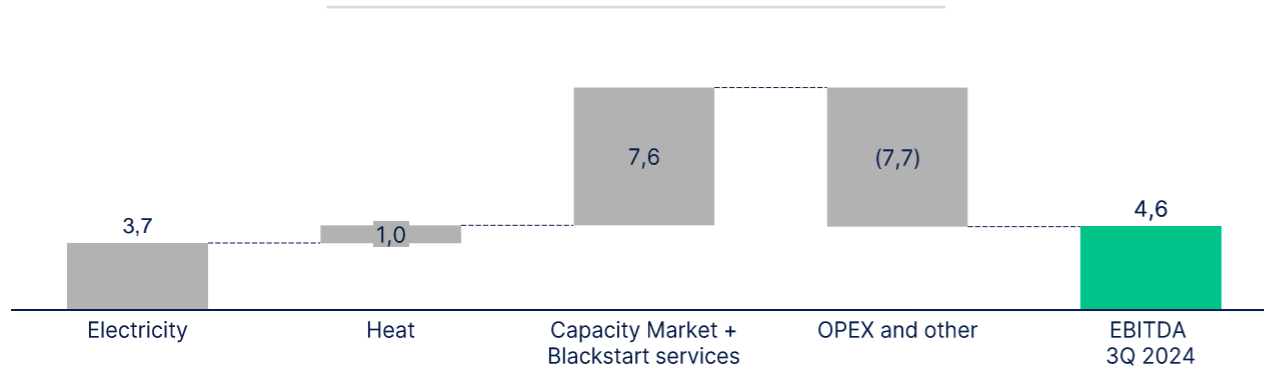
EBITDA bridge



INCREASED RESULT DUE TO HIGHER GENERATION VOLUME PARTLY OFFSET BY LOWER EFFECTIVE SALES PRICE OF ELECTRICITY AND HIGHER OPERATING COSTS OF THE SEGMENT

Gas and Clean Fuels - Q3

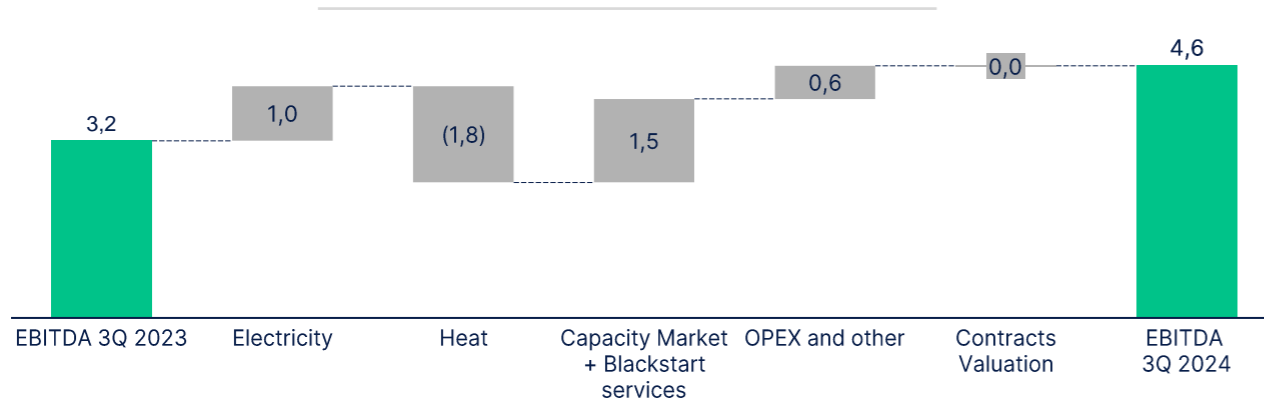
EBITDA build-up



Comment:

- Energy - better result on electricity due to the effect of the optimization process of ENS operation in Q3 2023 vs Q3 2024.
- Heat - lower result on heat in Q3 2024 due to lower cost coverage by tariff prices and an additional charge for not collecting minimum volume of gas for heat in Q3 2024.
- Capacity Market - higher revenues due to a higher price per 1MW of contracted power in 2024 vs. 2023;

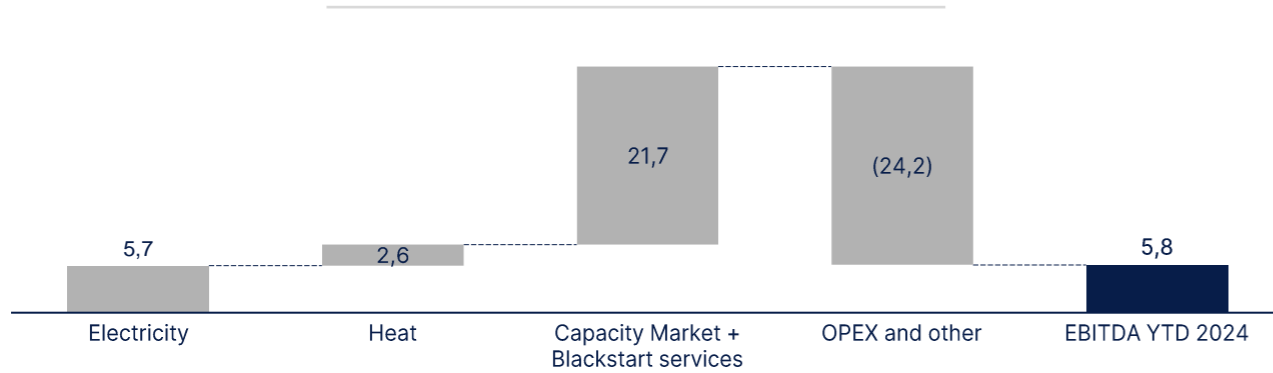
EBITDA bridge



HIGHER EBITDA DUE TO A BETTER RESULT ON THE CAPACITY MARKET AND A BETTER RESULT ON THE OPTIMIZATION OF THE POWER GENERATION PROCESS PARTLY OFFSET BY A LOWER RESULT ON HEAT

Gas and Clean Fuels - YTD

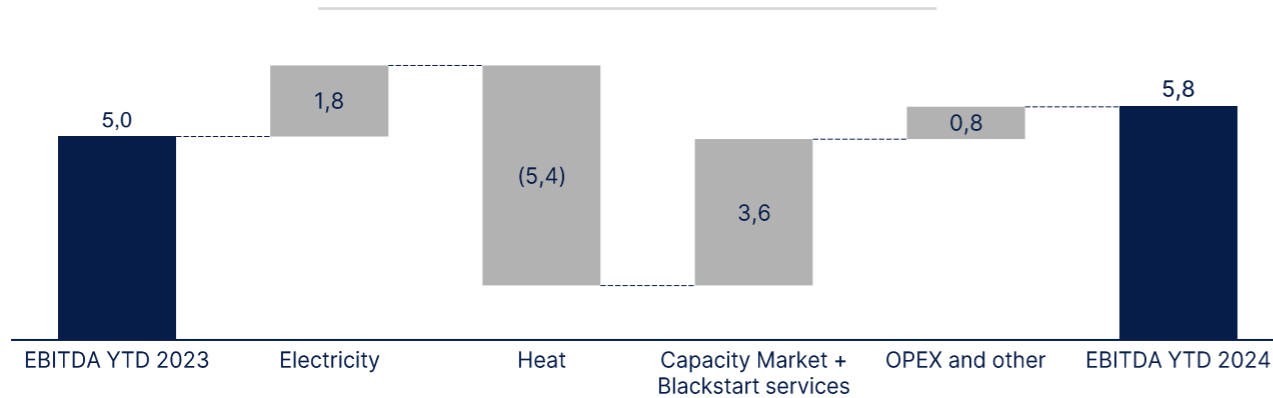
EBITDA build-up



Comment:

- Energy - better result on electricity as a result of the process of optimizing ENS operation in 2024, reduced by the absence of additional margin on the GWS service (Q1 2023 = PLN 1.2 million).
- Heat - lower result on heat in 2024 compared to the corresponding period in 2023 due to lower coverage of costs by tariff prices and an additional charge for failure to collect minimum amounts of gas for heat in 2024.
- Capacity Market - higher revenues due to a higher price per 1MW of contracted power in 2024 vs. 2023;

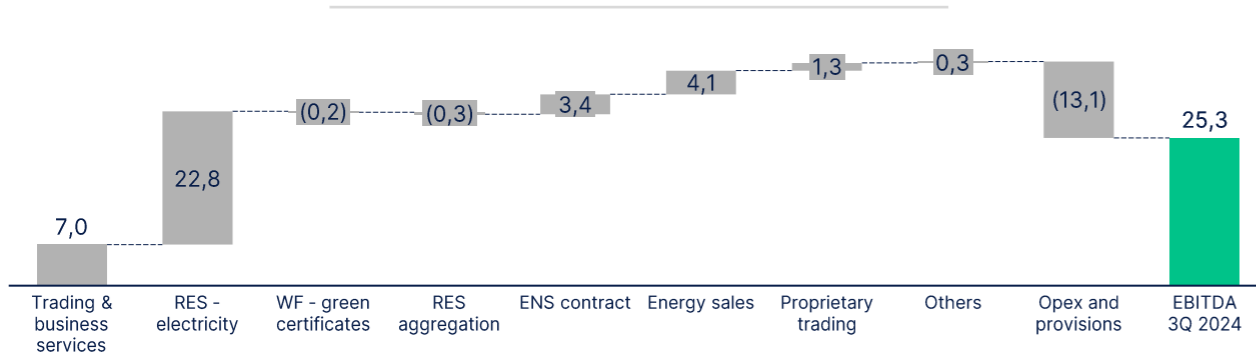
EBITDA bridge



HIGHER LEVEL OF EBITDA DUE TO A BETTER RESULT ON THE CAPACITY MARKET AND A BETTER RESULT ON THE OPTIMIZATION OF THE POWER GENERATION PROCESS PARTLY OFFSET BY A LOWER RESULT ON HEAT

Trading and Sales - Q3

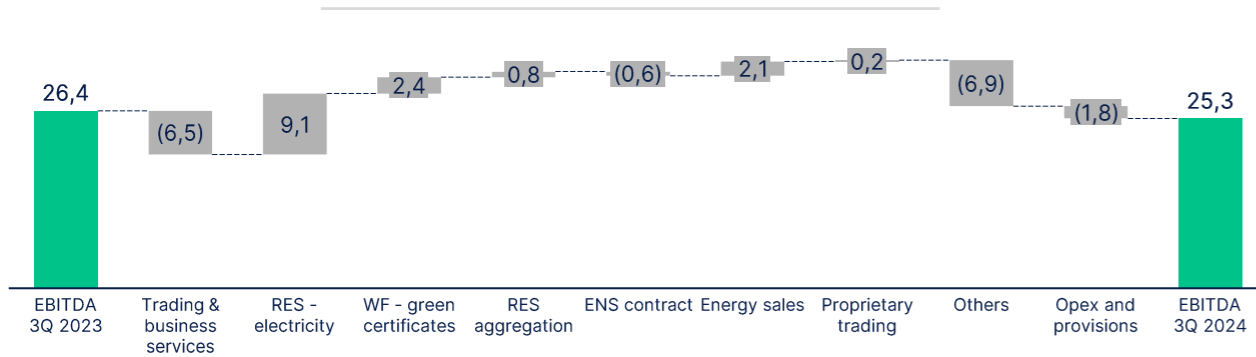
EBITDA build-up



Comment:

- Decrease in EBITDA due to:
 - lower result on other business taking into account lower qualification and timing of settlement of applications under *My Electricity (PL Mój Prąd)* scheme and lower sales volume of solar panels and heat pumps,
 - lower result on electricity trading and business service related mainly to lower price volatility on energy markets,
 - higher operating costs due to the developing scale of operations of the Group
- The EBITDA decrease partly offset by:
 - higher result on electricity trading from RES assets due to the contributions to the Settlement Authority's fund binding in 2023,
 - better result on trading in wind farm certificates mainly related to the effect of a low base resulting from the transactions performed in 2023,
 - better result on electricity sales due to lower cost of end-customer consumption profile.

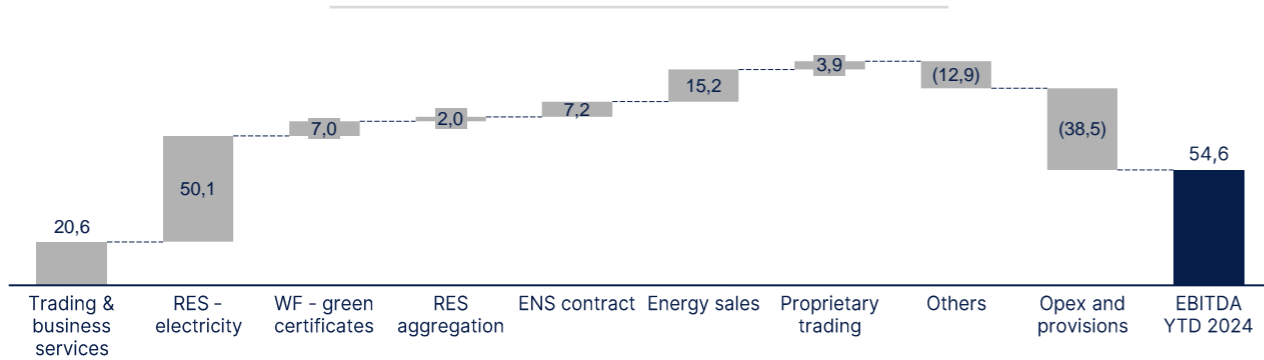
EBITDA bridge



DROP IN THE RESULT ON, AMONG OTHERS, SALES OF PROSUMER ENERGY SOLUTIONS, TRADING AND BUSINESS SERVICES, PARTLY OFFSET BY HIGHER RESULT ON TRADING OF THE RES-ORIGINATING ENERGY

Trading and Sales - YTD

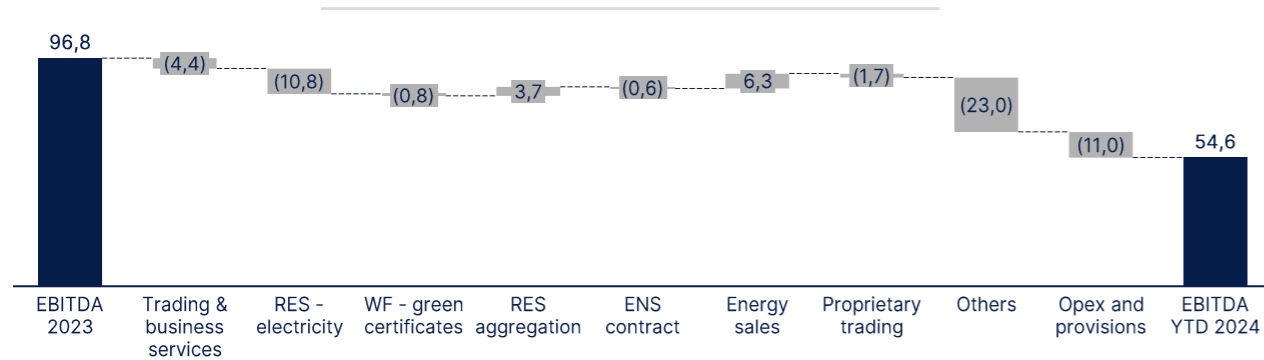
EBITDA build-up



Comment:

- Decrease in EBITDA in the following areas:
 - lower result on other operations taking into account lower volume of sales of photovoltaic panels and heat pumps,
 - trade in electricity from RES assets due to the change in the settlement model taking into account higher purchase price from RES projects,
 - electricity trading and business service related mainly to lower price volatility on energy markets,
 - operating costs due to the developing scale of operations of the Group
- The EBITDA decrease partly offset by:
 - better result on electricity sales due to lower cost of end-customer consumption profile,
 - better result on RES aggregation mainly due to additional margin on the sale of green certificates.

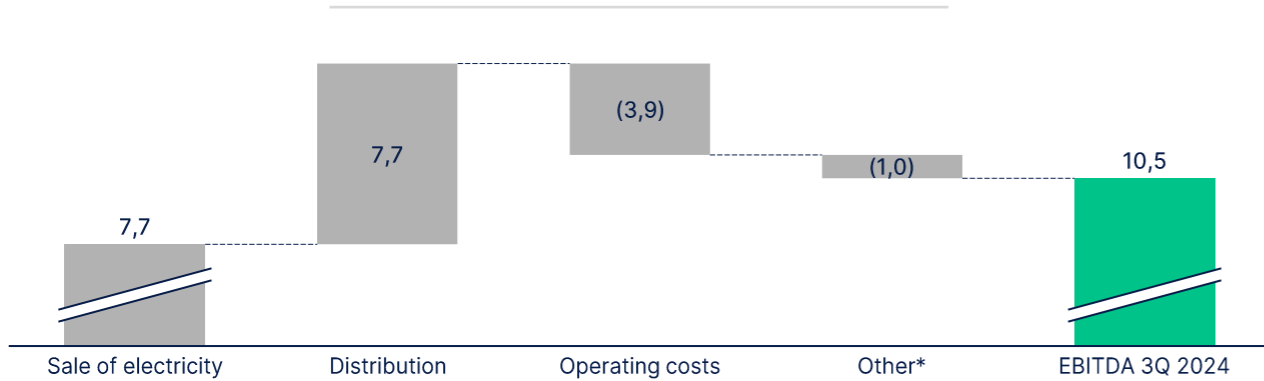
EBITDA bridge



DECREASE IN PROFIT ON SALES OF PROSUMER ENERGY SOLUTIONS AND RES-ORIGINATING ENERGY TRADING

Distribution - Q3

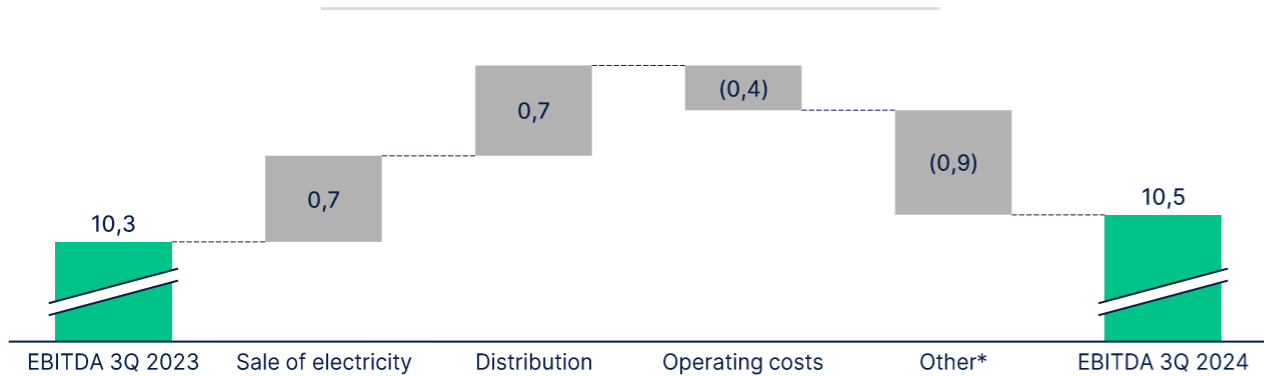
EBITDA build-up



Comment:

- The distribution segment recorded EBITDA at the level by PLN 0.2 million higher compared to the corresponding period of the preceding year, mainly as a result of:
 - higher margin on distribution and sales of electricity mainly due to higher volume in the end-user segment.
- EBITDA was partly offset by:
 - higher operating costs due to increased scale of operations,
 - costs incurred in the development of electromobility projects.

EBITDA bridge



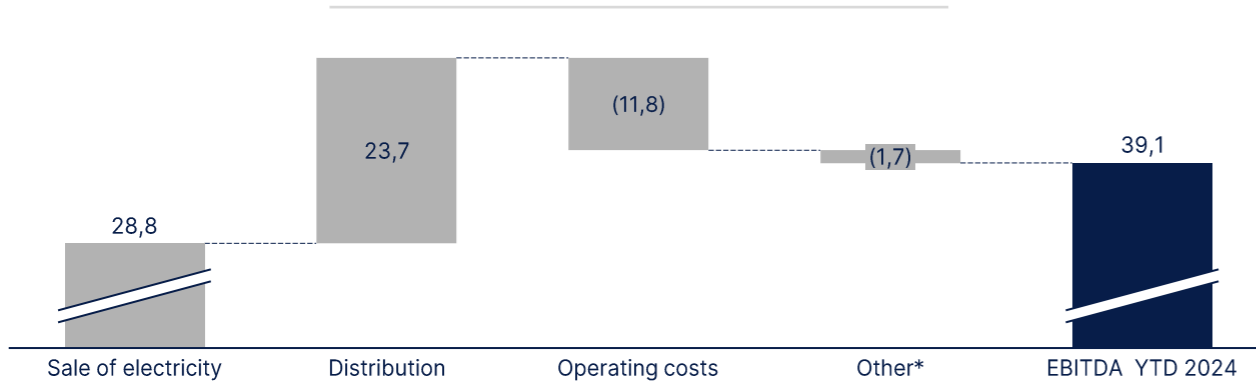
* takes into account the result of Polenergia Kogeneracja and Polenergia eMobility



INCREASE IN EBITDA DUE TO HIGHER MARGIN ON DISTRIBUTION AND HIGHER MARGIN ON ELECTRICITY SALES OFFSET BY HIGHER OPERATING COSTS AND DEVELOPMENT COSTS OF ELECTROMOBILITY PROJECTS

Distribution - YTD

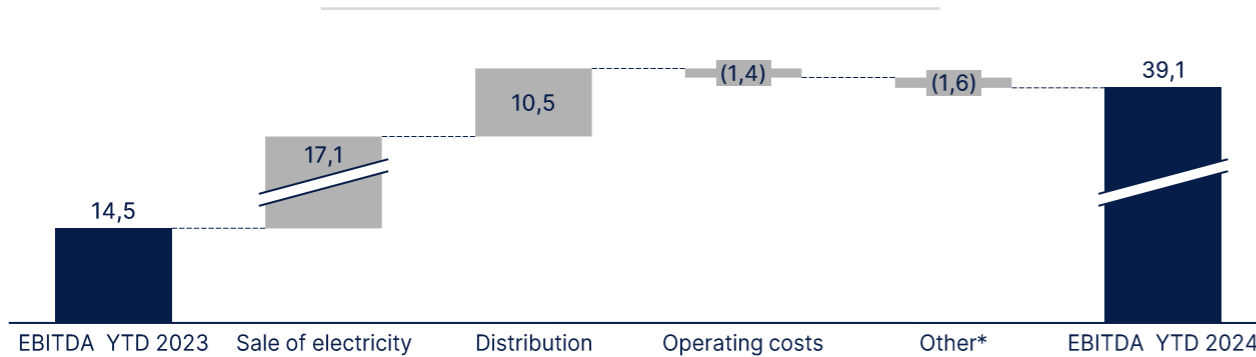
EBITDA build-up



Comment:

- The distribution segment recorded growth of the EBITDA result by PLN 24.5 million compared to the corresponding period of the preceding year, mainly as a result of:
 - higher margin on electricity sales associated with lower electricity purchase price while maintaining sales prices at a similar level until Q4 2023
 - higher margin on electricity distribution (mainly due to the delay in updating the distribution tariff in H1 2023),
- partly offset by:
 - higher operating costs due to increased scale of operations,
 - costs incurred in the development of electromobility projects.

EBITDA bridge



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



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



Non-financial results.
Progress of the Group's
Strategy implementation



ENVIRONMENT

- Scope3 measurement tool has been developed and Scope 3 calculations have been made for the first time for Polenergia Group.
- Biodiversity strategy - in preparation (we are at the LOCATE stage: identifying Polenergia's interaction with the environment).
- Preparation of the book on biodiversity measures taken at the photovoltaic farm in Strzelino is at the final stage (this work is a result of co-operation with the League for the Preservation of Nature and the University of Zielona Góra).
- 2 Eco-canoeing trips combined with cleaning up the Tanew River and Bug River were organized for Polenergia employees.
- First hydrogen co-combustion tests were conducted in Polenergia Elektrociepłownia Nowa Sarzyna. We received a building permit for the H2HUB Nowa Sarzyna hydrogen project. The heart of the project is a 5 MW electrolyzer for green hydrogen production.
- The implemented OWF Bałtyk 2 and 3 projects obtained a full set of offshore and onshore construction permits – a total of 17 permits. The contracting of key suppliers of individual offshore wind farm components has been completed. Current information about the Projects can be found on the website: [Homepage](#) | [Wind farms in the Baltic Sea \(bałtyk123.pl\)](#).

ESG NEWS

- [Biodiversity Protection Education – 3rd Edition of the Polenergia's Educational Classes](#)





SOCIAL RESPONSIBILITY

- Internal ESG webinar (ZOOM ON ESG) - educational campaign for employees (1 meeting was held on the Scope 3 results for Polenergia Group)
- Human Rights Impact Assessment is at the last stage (we are waiting for reply from external stakeholders).
- Diversity & Inclusion Policy - employee consultations were conducted; document is ready to be presented to the Managing Board.
- **Play Green with us!®** - 3rd edition of educational project for primary schools was launched in September: 79 primary schools and kindergartens declared participation in that programme in 2024/2025 school year so far. New set of scenarios for eco lessons concerning biodiversity was sent to schools.

Education

[Play Green with Us!® at Municipal Events](#)





ESG: summary of key developments (3/3)



CORPORATE GOVERNANCE

- The Green Bond Framework (GBF) document was published and the Second Party Opinion (SOP) was obtained.
- Assessment of ESG risks - identification is in progress (end of process - Q4 2024).
- Work has begun on the ESG survey of suppliers and the ESG procedures for suppliers.

RATINGS

- CDP - assessment C
- Sustainalitics - rating 17.5 ↑


ESG AWARDS

2 awards for adopting sustainability assumptions in business: 1st place in the G category and 3rd place in the "ESG Ranking. Responsible Management" competition in the "Fuels, Energy, Mining" sector.



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

Conclusion of key agreements for Bałtyk 2 and Bałtyk 3 projects



Offshore wind farms

Bałtyk 2 and Bałtyk 3 projects (total planned capacity of approx. 1.4 GW):

- In July 2024 agreements were entered into with Heerema Marine Contractors Nederland SE for the transportation and installation of foundations for turbines and offshore transformer stations.
- The European Commission approved the support price of no more than 319.60 PLN/MWh for electricity generated by the projects.
- Obtaining all construction permits - August 2024.
- Entering into agreements with Smulders Project Belgium NV and Sif Netherlands BV for offshore wind farm transition elements in August 2024. The estimated value of the contract is approximately EUR 328 million.
- Entering into cable installation contracts with Enprom Ltd. in August 2024. The estimated value of the contract is approximately PLN 173 million.
- Entering into offshore substation contracts with Iemants NV in August 2024. The estimated value of the contract is approximately EUR 350 million.
- Entering into onshore cable contracts with Tele-Fonika Kable in September 2024. The estimated value of the contract is approximately PLN 139.5 million.
- Entering into agreements with Visser & Smit Hanab for Landfall Cables in September 2024. The estimated value of the contract is approximately EUR 31 million.
- Entering into offshore wind turbine installation vessel charter agreements with Cadeler A/S in September 2024. The estimated value of the contract is approximately EUR 128 million.
- Entering into agreements with Northern Offshore Services A/S and Njord Offshore Ltd. in October 2024 to charter vessels for crew transportation. The estimated value of the contract is approximately EUR 27 million.
- Discussions are underway with potential lenders to secure financing in the project finance formula.

Bałtyk 1 Project:

- Works have continued to prepare the project for auction.
- During consultations on the draft regulation, the Ministry of Climate raised the maximum purchase price for energy from offshore wind farms at the auction in the second phase of support from PLN 471.83 to PLN 512.32 per MWh.

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

Advanced stage of construction of PV farms Szprotawa 1 and Szprotawa 2 (67 MW)



Onshore wind farms

- Further development of onshore wind projects. The capacity of the Group's current portfolio of the projects in the early phase of development in Poland is estimated at approx. 1.3 GW.
- The continued development of wind projects in Romania - the activities are focused on the pending environmental procedure and on obtaining the last decisions and permits necessary for the local development plan.






Photovoltaics

- Advanced stage of construction of the Szprotawa 1 and Szprotawa 2 projects with a total capacity of 67 MW.
- The capacity of the Group's current portfolio of the projects in the early phase of development in Poland is estimated at approx. 0.7 GW.

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

The Group has been developing the sales model under 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"> • Polenergia Dystrybucja: implementation of Investment Plan IV of the total value of PLN 105 million. • Polenergia eMobility: launching 61 of the Company owned public charging stations (95 charging points). The company has a portfolio of contracts to build additional 212 charging stations. In 2022 and 2023, the company applied in 3 programs related to subsidizing the charging stations by the National Fund for Environmental Protection and Water Management (NFOŚiGW). In 2023 it applied in CEF program (Connecting Europe Facility).
 <p>Trading and Sales</p>	<p>Polenergia Obrót:</p> <ul style="list-style-type: none"> • The adaptation of the strategy implementation to changing market conditions and the increasing costs of end user hedging, profiling and balancing RES sources. • Intensive development of the sales model in long-term cPPAs based on the Group's generation assets. • Development of operations in the short-term and ultra-short-term market (Intraday Market) for performing transactions on the day of delivery, hours before physical delivery of energy. • Trading on own account on wholesale markets (prop trading) is performed, and the implemented strategies take advantage of market volatility with a positive effect, while maintaining risk exposure. • Polenergia Sprzedaż: sales of green energy generated at the Group's assets to business and individual customers. • Polenergia Fotowoltaika: Development of the offer mainly aimed at customers who own single-family houses. The product portfolio, which includes photovoltaic systems and heat pumps, has been expanded to include energy warehouses.
 <p>Gas and clean fuels</p>	<ul style="list-style-type: none"> • ENS: Continued performance of power obligation and provision of black-start and system restoration services for PSE, participation in the secondary power market. In January, February and in Q3 2024, as a result of the positive CSS, ENS was generating power dynamically. • H2Silesia: Development of a large scale (105 MW project for generation and storage of hydrogen produced by water electrolysis using own renewable energy. The notification decision was obtained from the European Commission, approving a maximum ceiling of EUR 142.77 million in state aid for the H2Silesia project. <p>H2Hub Nowa Sarzyna:</p> <ul style="list-style-type: none"> • Entering into a contract for the supply and commissioning of a 5 MW electrolyzer partly financed (EUR 600 thousand EUR) by the International Finance Corporation (IFC). • In June 2023 an agreement was entered into with the National Fund for the Environmental Protection and Water Management (NFOŚiGW) to subsidize the construction of two hydrogen filling stations with accompanying infrastructure, worth PLN 20 million. A tender was held and binding bids were received. The tender will be awarded at the turn of Q2/Q3 2024.



Appendices



Policy of commercialization of RES projects in Polenergia Group

Description	 Contract for difference (offshore phase I)	 Contract for difference (onshore and PV)	 cPPA	 End customers	 Forward Contracts
Period	25 years	15 years	3 - 10 years	1 - 8 years	1 - 2 years
Counterparty	Price Settlement Authority	Price Settlement Authority	Large and medium-sized enterprises	SMEs and individual customers	TGE / OTC market
Option to enter into a contract	Individual decision of the president of ERO for 100% of the volume	Participation in the RES auction	Negotiations with counterparty	Contracting based on standardized products	Ability to close transaction at any time
Profile risk	No risk	Risk limited to difference between auction price and average daily price	Individual commercial terms	Depending on the contract - the risk is borne by the Group or shared	Group's Risk at TGE, OTC - commercial terms
Indexation by inflation	Yes	Yes	Individual commercial terms	None	None

Decisions on production hedging are made by the Risk Committee, which comprises representatives of the Group's Management Board and experts in the areas of electricity trading and sales, market analysis and risk and finance, based on forecasts from internal and external sources.

Glossary of abbreviations



Term



Definition

Revenues on account of granted and yet unsold green certificates	Revenues are presented without the adjustment resulting from IFRS 15 in order to maintain data transparency, in particular the price effect. Pursuant to IFRS 15, granted certificates of origin should be presented as a reduction of the cost of sale under the income from granted certificates of origin item and the cost of certificates of origin sold - at the time of sale. Revenues from granted but not yet sold green certificates presented on slides 17 and 18 include the provisions for revenues set up at the time of production of certificates of origin, while the cost of sales is not adjusted for these revenues.
Net electricity	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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