

Polskie Górnictwo Naftowe i Gazownictwo SA

Estimated financial results of PGNiG Group
in Q3 and 9M 2021



November 5th 2021

Disclaimer

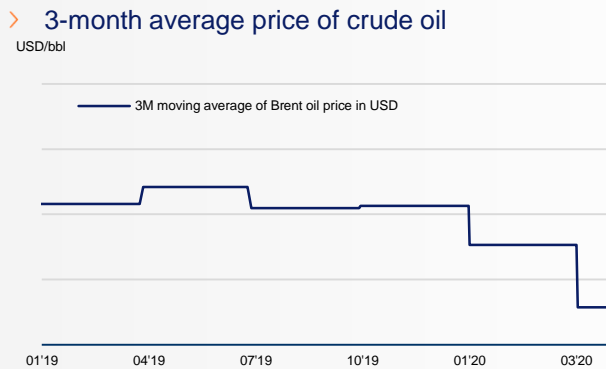
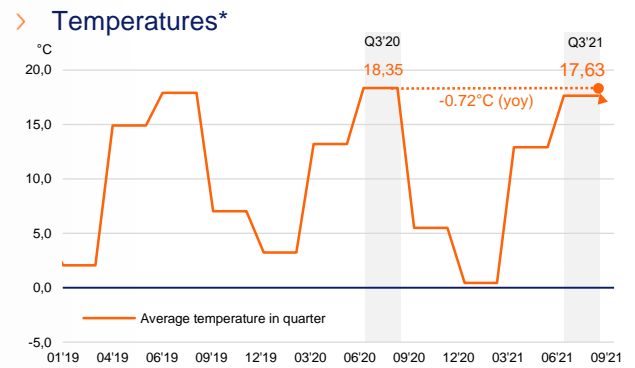
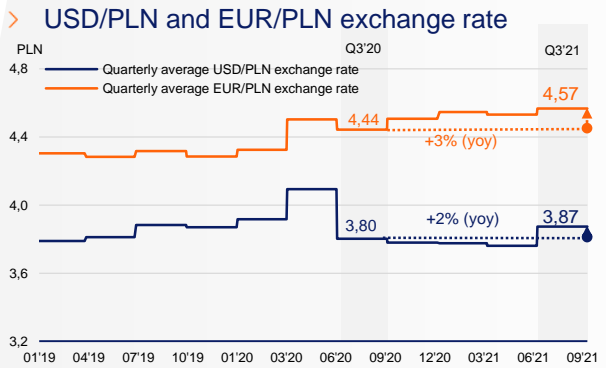
The information contained in this presentation illustrates the estimated financial results of the Polskie Górnictwo Naftowe i Gazownictwo Group (“PGNiG”, the “Company”), published by the Company in Current Report No. 44/2021 of November 5th 2021. The financial data contained in this presentation and in the Current Report may change following an audit by a qualified auditor.

The interim report for Q3 and 9M 2021 will be published on November 25th 2021.

All opinions, judgements and forecasts contained in this presentation have been prepared by PGNiG based on publicly available information. The information contained herein is subject to change without notice and may be incomplete or abridged and it may omit some important details. No information contained herein is intended as an investment offer or recommendation or as an offer to provide any services.

External and market drivers

- > USD/PLN in Q3 2021 up by 2% yoy. at PLN 3.87.
- > EUR/PLN in Q3 2021 up by 3% yoy. at PLN 4.57.
- > Average temperature* in Q3 2021 down -0.72°C yoy.



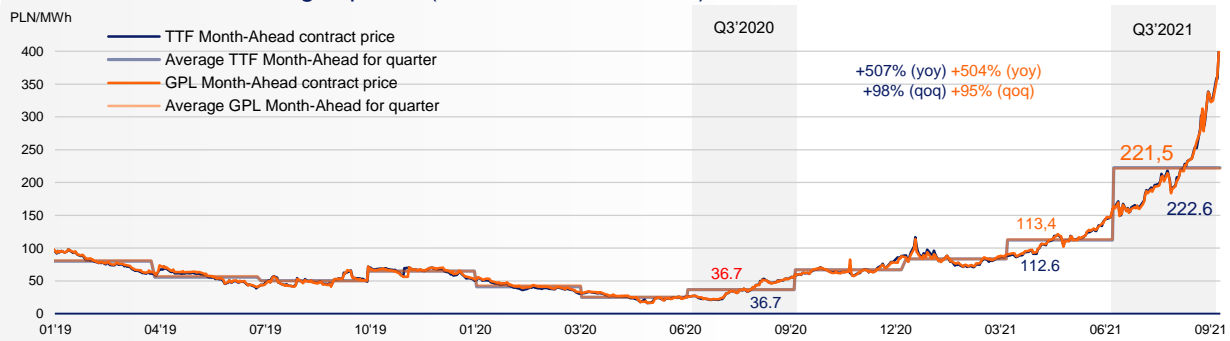
- > +71% yoy increase in the 3-month (quarter) average crude oil price to 72.9 USD/bbl.

* Temperature measurement in reference point in Rzeszów

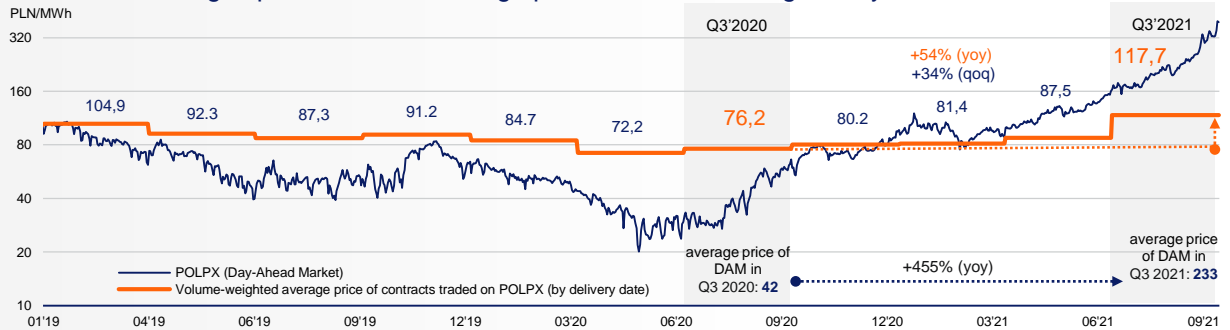
Gas markets

- > TTF and GPL gas prices (Month-Ahead contract) in Q3 2021 :
 - > July: +6x i +6x R/R,
 - > August: +5x i +5x R/R,
 - > September: +5x i +5x R/R.
- > Higher trading volumes (+23% yoy) on POLPX in Q3 2021 of all contracts by their delivery date.

> TTF and GPL natural gas prices (Month-Ahead contract)



> POLPX DAM gas prices and the average price of contracts weighted by volume



Comments:

- > Selling prices at POLPX: the largest volumes of gas were traded on the POLPX and other gas exchanges under contracts with maturities of a quarter, season (summer/winter) and year. These were complemented by monthly/weekly futures and spot contracts.
- > The volume-weighted average price of contracts traded on the POLPX for a given quarter is calculated based on the prices of contracts for delivery in that quarter.

Selected operating estimates

Current report No. 42/2021 of October 19th 2021

	Q3 2020	Q3 2021	Chnage yoy	9M 2020	9M 2021	Chnage yoy
NATURAL GAS* in billion cubic metres						
Production volume	1.11	1.25	13%	3.30	3.59	9%
<i>including Poland and Pakistan</i>	1.00	0.99	(1%)	2.98	2.94	(1%)
<i>including PGNiG Upstream Norway</i>	0.11	0.26	136%	0.32	0.65	103%
Imports volume	3.70	3.72	1%	11.17	11.99	7%
<i>including imports from countries east of Poland</i>	2.51	2.49	(1%)	6.63	7.31	10%
<i>including western and southern</i>	0.44	0.35	(20%)	1.59	1.76	11%
<i>including LNG</i>	0.75	0.88	17%	2.95	2.92	(1%)
Sales volume outside PGNiG Group	5.38	5.87	9%	22.28	24.04	8%
<i>including PGNiG SA</i>	3.31	3.34	1%	13.42	13.41	0%
<i>on Polish Power Exchange</i>	1.31	1.55	18%	6.49	7.63	18%
<i>exports from Poland</i>	0.05	0.00	(100%)	0.95	0.22	(77%)
<i>including PGNiG Obrót Detaliczny</i>	1.16	1.23	6%	5.66	6.69	18%
<i>including PGNiG Supply & Trading</i>	0.90	1.30	44%	3.19	3.94	24%
DISTRIBUTION in billion cubic metres						
Gas distribution volume**	1.84	1.97	7%	8.03	9.32	16%
CRUDE OIL*** in thousand tonnes						
Production volume	306.3	329.9	8%	962.6	938.0	(3%)
<i>including Poland</i>	158.8	144.6	(9%)	525.5	469.7	(11%)
<i>including PGNiG Upstream Norway</i>	147.5	185.3	26%	437.1	468.3	(7%)
Sales volume	324.4	322.1	(1%)	970.8	939.0	(3%)
<i>including Poland</i>	161.3	145.4	(8%)	530.6	465.6	(12%)
<i>including PGNiG Upstream Norway</i>	163.1	176.7	9%	440.2	473.4	8%
HEAT AND ELECTRICITY****						
Heat sales volume (PJ)	3.08	3.72	21%	25.92	27.27	5%
Electricity sales volume (TWh)	0.45	0.44	(2%)	2.47	2.27	(8%)
Gas in underground storage facilities in billion cubic metres						
Gas in underground storage facilities as at September 30th *****	4.0	3.5	(13%)	4.0	3.5	(13%)

* measured as high-methane gas equivalent with a calorific value of 39.5 mJ/cm, data of PGNiG Group

** in natural units by Polska Spółka Gazownictwa

*** combined data for crude oil and condensate / natural gas liquids of PGNiG Group

**** data of PGNiG TERMIKA SA, PGNiG TERMIKA Energetyka Przemysłowa

***** data include high-methane and nitrogen-rich gas stored in Poland and abroad as well as LNG terminals



Selected financial highlights

The financial data contained in this presentation and in the Current Report may change following an audit by a qualified auditor.
The interim report for 9M 2021 will be published on November 25th 2021.

[PLN bn]	Q3 2020	Q3 2021	change yoy	9M 2020	9M 2021	change yoy
Consolidated revenue	6.39	12.51	96%	27.43	37.49	37%
Consolidated EBITDA	1.33	2.20	65%	10.69	7.39	(31%)
Herein: impairment losses on property, plant and equipment of PGNiG Group	+0.05	+0.04	(20%)	-0.81	+0.58	-2x
<i>EBITDA of Exploration and Production</i>	<i>0.48</i>	<i>2.67</i>	<i>5x</i>	<i>0.72</i>	<i>5.42</i>	<i>7x</i>
<i>cost of dry wells and seismic surveys</i>	<i>-0.05</i>	<i>-0.03</i>	<i>(40%)</i>	<i>-0.13</i>	<i>-0.46</i>	<i>3x</i>
<i>impairment losses on property, plant and equipment</i>	<i>+0.05</i>	<i>+0.04</i>	<i>-</i>	<i>-0.81</i>	<i>+0.60</i>	<i>-2x</i>
<i>EBITDA of Trade and Storage</i>	<i>0.63</i>	<i>-0.92</i>	<i>-2x</i>	<i>8.19</i>	<i>-0.64</i>	<i>(108%)</i>
<i>reduction costs of gas associated with retroactive settlement under yamal contract annex</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>+5.69</i>	<i>-</i>	<i>-</i>
<i>gas inventory write-downs</i>	<i>-0,01</i>	<i>-0.01</i>	<i>-</i>	<i>+0.36</i>	<i>-0.01</i>	<i>(103%)</i>
<i>EBITDA of Distribution</i>	<i>0.36</i>	<i>0.54</i>	<i>50%</i>	<i>1.54</i>	<i>2.10</i>	<i>36%</i>
<i>EBITDA of Generation</i>	<i>0.04</i>	<i>-0.02</i>	<i>(150%)</i>	<i>0.57</i>	<i>0.61</i>	<i>7%</i>
Consolidated EBIT	0.59	1.40	137%	8.24	4.82	(42%)
Consolidated net result	0.12	0.67	5x	6.04	3.10	(49%)

Key drivers of the segment's EBITDA

Current report No. 44/2021 of November 5th 2021

Comment Q3 2021 vs Q3 2020

Exploration and Production:

- > higher prices of products, including 71% yoy increase of the average crude oil price in USD/bbl for the quarter and 455% yoy increase of Day Ahead Market gas prices on Polish Power Exchange;
- > reversal of impairment losses on non-current assets of PLN +37m;
- > increase in production volumes of crude oil in Norway by over 38 thousand tons (26% yoy).

Trade and Storage:

- > significantly higher prices of natural gas on the PPE, which has an impact on the level of settlement price for gas from domestic production to the Trade and Storage segment;
- > 5.6% average increase of gas fuel price in the new retail tariff, introduced to act on May 1st 2021 compared to the previous tariff;
- > recognition of gas inventory write-downs of PLN -8m vs PLN -5m in Q3 2020;
- > the result on exercise of derivative financial instruments designated for hedge accounting: (1) reflected in sales revenue in the amount of PLN -79m (PLN +86m in Q3 2020). (2) reflected in gas inventory as reduction of procurement cost PLN +385m (PLN -80m in Q3 2020).

Distribution:

- > 3.6% increase in the gas distribution tariff, introduced to act on February 1st 2021 compared to the previous tariff;
- > average temperature in Q3 2021 down by 0.72°C yoy;
- > net income/cost of system balancing : PLN -7m in Q3 2021 vs PLN +1m in Q3 2020.

Generation:

- > 25% yoy higher revenue from sales of heat on lower average temperature in Q3 2021 and lower heat sales volumes;
- > 13% yoy higher revenue from sales of electricity on lower electricity sales volumes;

Comment 9M 2021 vs 9M 2020

Exploration and Production:

- > higher prices of products, including 62% yoy increase of the average crude oil price in USD/bbl for the quarter and 250% yoy decline of Day Ahead Market gas prices on Polish Power Exchange;
- > reversal of impairment losses on non-current assets of PLN ca. +603m;
- > increase in production volumes of crude oil in Norway by 31 thousand tons (7% yoy).

Trade and Storage:

- > significantly higher prices of natural gas on the PPE, which has an impact on the level of settlement price for gas from domestic production to the Trade and Storage segment;
- > reversal of gas inventory write-downs of PLN -8m vs PLN +363m in 9M 2020;
- > the result on exercise of derivative financial instruments designated for hedge accounting: (1) reflected in sales revenue in the amount of PLN +439m (PLN +1 076m in 9M 2020). (2) reflected in gas inventory as reduction of procurement cost PLN -624m (PLN 363m in 9M 2020).

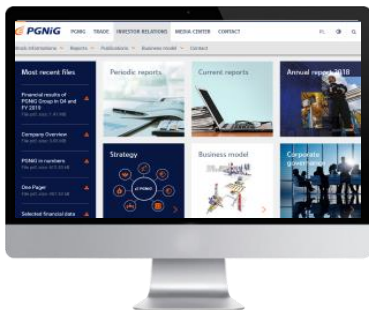
Distribution:

- > 3.6% increase in the gas distribution tariff, introduced to act on February 1st 2021;
- > average temperature in 9M 2021 down by 1.28 °C yoy;
- > net income/cost of system balancing : PLN -42m in 9M 2021 vs PLN +19m in 9M 2020.

Generation:

- > 21% yoy higher revenue from sales of heat on lower average temperature in 9M 2021 and higher heat sales volumes;
- > 3% yoy lower revenue from sales of electricity on lower electricity sales volumes;

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Disclaimer

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