

Polskie Górnictwo Naftowe i Gazownictwo SA

Estimated financial results of PGNiG Group
in Q1 2022



April 29th 2022

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. 28/2022 of April 29th 2022. The financial data contained in this presentation and in the Current Report may change following an audit by a qualified auditor.

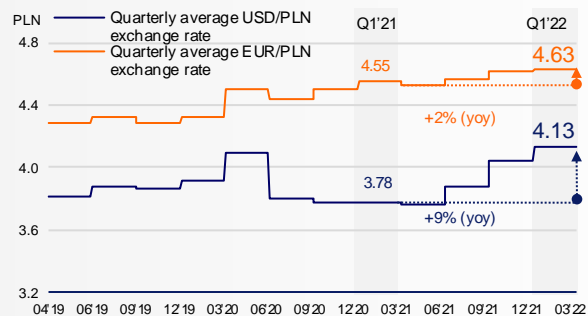
The interim report for Q1 2022 will be published on May 19th 2022.

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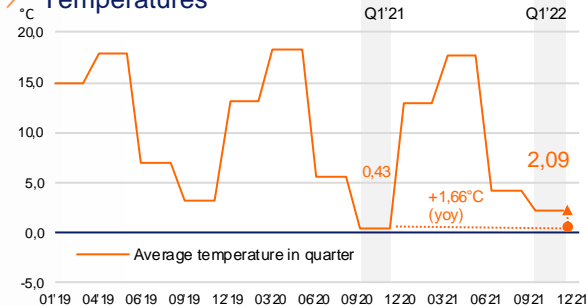
External and market factors

- > USD/PLN exchange rate up +9% yoy in Q1 2022, to PLN 4.13.
- > EUR/PLN exchange rate up +2% yoy in Q1 2022, to PLN 4.63.
- > Average temperature* down -1.7°C yoy in Q1 2022.

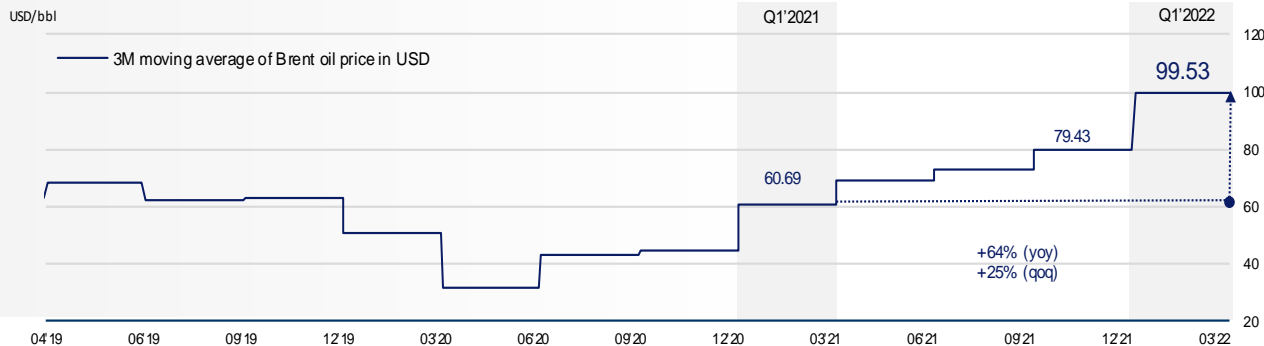
> USD/PLN and EUR/PLN exchange rates



> Temperatures*



> 3M crude oil prices



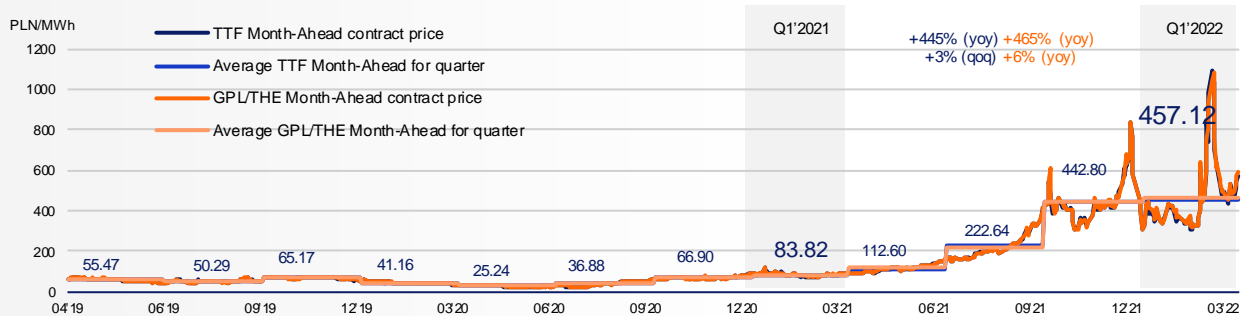
- > 3M (quarterly) average oil price up +64% yoy, to USD 99.5 per barrel.

* Reference point for temperature measurement: Rzeszów

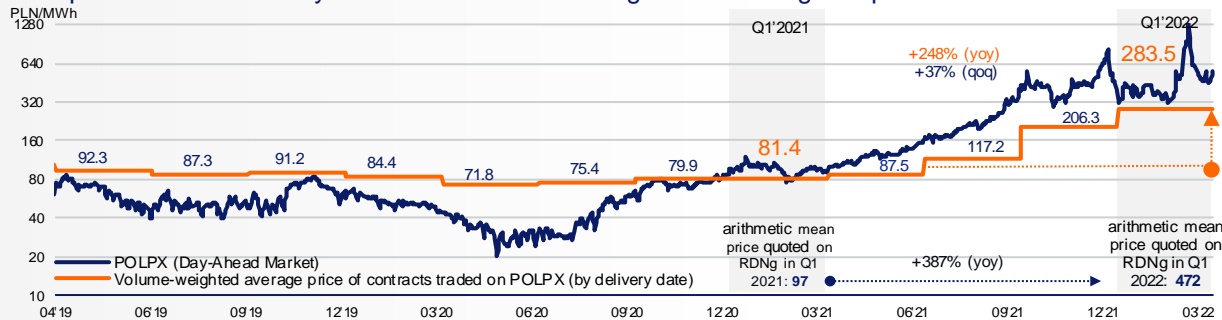
Gas markets

- > TTF and GPL/THE gas prices (Month-Ahead contract) in PLN in Q1 2022:
 - > January: +313% and +337% yoy,
 - > February: +374% and +379% yoy,
 - > March: +666% and +662% yoy.
- > Trading volumes on POLPX in Q1 2022, including all contracts and maturities, up approximately -3% yoy.

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



> Gas prices on POLPX Day-Ahead Market and average volume-weighted price of contracts



Comments:

- > Selling prices on POLPX: the largest volumes of gas were traded on POLPX and other gas exchanges under quarterly, seasonal (summer/winter) and annual contracts. Monthly and weekly futures as well as the spot market played a complementary role.
- > The volume-weighted average quarterly price of contracts traded on POLPX is calculated based on the prices of contracts for delivery in a given quarter.

Selected operating estimates

Current report No. 25/2022 of April 21st 2022

	Q1 2021	Q1 2022	Change yoy
NATURAL GAS* in billion cubic metres			
PRODUCTION VOLUME	1.24	1.78	44%
<i>including Poland and Pakistan</i>	1.02	1.02	-
<i>including PGNiG Upstream Norway</i>	0.22	0.76	245%
IMPORTS VOLUME	4.10	4.05	(1%)
<i>including imports from countries east of Poland</i>	2.26	2.15	(5%)
<i>including western and southern</i>	1.04	0.83	(20%)
<i>including LNG</i>	0.80	1.07	34%
SALES VOLUME OUTSIDE PGNiG GROUP	11.28	11.54	2%
<i>including PGNiG SA</i>	6.26	6.34	1%
<i>on Polish Power Exchange</i>	4.08	3.78	(7%)
<i>exports from Poland</i>	0.21	0.08	(62%)
<i>including PGNiG Obrót Detaliczny</i>	3.51	3.47	(1%)
<i>including PGNiG Supply & Trading</i>	1.51	1.73	15%
DISTRIBUTION in billion cubic metres			
GAS DISTRIBUTION VOLUME**	4.55	4.24	(7%)
CRUDE OIL ***in thousand tonnes			
PRODUCTION VOLUME	328.5	372.3	13%
<i>including Poland</i>	173.9	163.5	(6%)
<i>including PGNiG Upstream Norway</i>	154.6	208.8	35%
SALES VOLUME	250.6	317.4	27%
<i>including Poland</i>	178.1	168.5	(5%)
<i>including PGNiG Upstream Norway</i>	72.5	148.9	105%
HEAT AND ELECTRICITY****			
HEAT SALES VOLUME (PJ)	17.00	17.03	-
ELECTRICITY SALES VOLUME (TWh)	1.22	1.73	42%
GAS IN UNDERGROUND STORAGE FACILITIES in bilion cubic metres			
GAS IN UNDERGROUND STORAGE FACILITIES AS AT MARCH 31 st *****	1.4	1.4	-

* 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 The data do not include the volume managed by Operator Systemu Przesyłowego GAZ-SYSTEM SA and Government Agency for Strategic Reserves



Selected financial highlights – profit and loss

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[PLN bn]	Q1 2021	Q1 2022	change yoy
Consolidated revenue	14.55	47.40	226%
Consolidated EBITDA	3.39	9.6	183%
Herein: impairment losses on property, plant and equipment of PGNiG Group	0.28	0.06	(99%)
<i>EBITDA of Exploration and Production</i>	1.35	8.45	526%
<i>cost of dry wells and seismic surveys</i>	-0.26	-0.07	(73%)
<i>impairment losses on property, plant and equipment</i>	0.27	0.05	(81%)
<i>EBITDA of Trade and Storage</i>	0.49	-0.21	(143%)
<i>gas inventory write-downs</i>	+0.01	+0.06	500%
<i>EBITDA of Distribution</i>	1.01	1.00	(1%)
<i>EBITDA of Generation</i>	0.46	0.46	0%
Consolidated EBIT	2.44	8.01	228%
Consolidated net result	1.75	4.09	134%

Key drivers of the segment's EBITDA

Current report No. 28/2022 of April 29st 2022

Exploration and Production:

- › higher natural gas and oil production volumes in Norway, compared with the first quarter of 2021, by 543 mcm (+244% year-on-year "yoy") and 54 thousand tonnes (+35% yoy), respectively, attributable primarily to the acquisition of INEOS E&P Norge AS assets;
- › EBITDA generated by PGNiG Upstream Norway AS ("PGNiG UN") in the first quarter of 2022 of PLN 4.2bn. In the first quarter of 2021 EBITDA of PGNiG UN amounted to PLN 0.3bn;
- › higher yoy product prices, including quarterly Brent crude prices in USD/bbl up 64%, 445% increase in average TTF prices denominated in polish zloty and 387% rise in average Day-Ahead Market gas prices on the Polish Power Exchange ("POLPX") compared with the first quarter of 2021;
- › reversal of impairment losses on the segment's non-current assets of ca. PLN +52m vs reversal of impairment losses of PLN +269m recognised in the first quarter of 2021.

Distribution:

- › increase in the fee for distribution services effective as of January 1st, 2022, up 3.6% compared with the previous tariff;
- › average temperature in the first quarter of 2022 1.66°C higher yoy;
- › volume of distributed gas down 7% yoy in the first quarter of 2022.

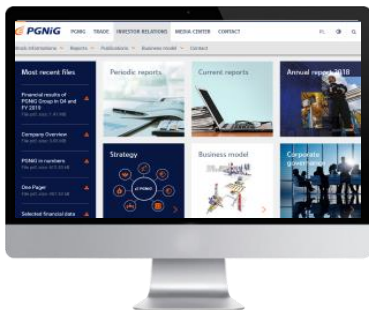
Generation:

- › higher revenue from sales of heat by PLN 168m (+26%) yoy, with the higher average temperature recorded in the first quarter of 2022 and stable heat production volumes;
- › revenue from sales of electricity generated by own sources up PLN 723m (+239%) yoy on higher sales volumes;
- › higher costs of consumption of fuels for production, mainly natural gas.

Trade and Storage:

- › significant rise in gas prices of all contracts on POLPX (up 248%) and Month-Ahead contracts on TTF denominated in polish zloty (up 445%), reflected in the price of domestically produced gas transferred to the Trade and Storage segment;
- › the retail tariff effective as of January 1st 2022 up 83.7% relative to the previous tariff, effective from October 1st 2021 to December 31st 2021;
- › impact of the compensation from the Price Difference Payment Fund on PGNiG OD's results in the first quarter of 2022 that amounted to PLN 1,060m;
- › PGNiG's March sale of 10.06 TWh of natural gas, which is the maintaining emergency stocks of natural gas, to the Governmental Agency for Strategic Reserves for the benefit of the State Treasury, worth PLN 5,955m. The result of the sale of natural gas was fully included in the results of the first quarter of 2022. Payment for the gas will be settled in installments, no later than by August 31st, 2022;
- › effect of recognition of PLN +57m of inventory write-downs compared with PLN +9m of write-downs recognised in the first quarter of 2021;
- › the result on the valuation and realisation of hedging instruments recognized in the operating results in Q1 2022 amounted to a total of PLN -449m, including:
 - › recognized in sales revenue in the amount of PLN -867m (in Q1 2021: PLN -175m);
 - › included in cost of gas of PLN +113m (in Q1 2021: PLN +149m) - in the amount corresponding to the outflow of gas reserves for sale in the reporting period;
 - › included in other operating expenses, net in the amount of PLN +305m (in Q1 2021: PLN -54m).

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