

Polish Oil and Gas Company (PGNiG SA)  
Head Office

Warsaw, April 29<sup>th</sup>, 2022

### Estimates of Q1 2022 consolidated financial highlights

Current Report No. 28/2022

The Management Board of Polskie Górnictwo Naftowe i Gazownictwo SA (“PGNiG”) announces preliminary estimates of the PGNiG Group’s consolidated financial results for the first quarter of 2022.

Consolidated statement of profit or loss – selected items:

in PLNbn	Q1 2021	Q1 2022
Consolidated revenue	14.55	<b>47.40</b>
Consolidated operating profit before interest, taxes, depreciation and amortisation (EBITDA)	3.39	<b>9.60</b>
<i>Including: impairment of non-current assets (total for the PGNiG Group)</i>	<i>+0.28</i>	<b><i>+0.06</i></b>
EBITDA of Exploration and Production, including:	1.35	<b>8.45</b>
<i>Dry wells and seismic surveys</i>	<i>-0.26</i>	<b><i>-0.07</i></b>
<i>Impairment of non-current assets</i>	<i>+0.27</i>	<b><i>+0.05</i></b>
EBITDA of Trade and Storage	0.49	<b>-0.21</b>
<i>Gas inventory write-down</i>	<i>+0.01</i>	<b><i>+0.06</i></b>
EBITDA of Distribution	1.01	<b>1.00</b>
EBITDA of Generation	0.46	<b>0.46</b>
Consolidated operating profit (EBIT)	2.44	<b>8.01</b>
Consolidated net profit/loss	1.75	<b>4.09</b>

The estimated financial results of the PGNiG Group for the first quarter of 2022 were driven by the following factors:

- In the Exploration and Production segment:
  - 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;

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- 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;
2. In the Trade and Storage segment:
    - 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 1<sup>st</sup> 2022 up 83.7% relative to the previous tariff, effective from October 1<sup>st</sup> 2021 to December 31<sup>st</sup> 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 31<sup>st</sup>, 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).
  3. In the Distribution segment:
    - increase in the fee for distribution services effective as of January 1<sup>st</sup>, 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.
  4. In the Generation segment:
    - 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.

Moreover:

1. The debt due to loans, bonds and leasing at the end of first quarter 2022 amounted to PLN 9.2bn (down by PLN 5.4bn related to the end of 2021 to PLN 14.6bn and up by 5.3bn PLN compared with PLN 3.9bn in the first quarter of 2021). Increased indebtedness of the PGNiG Group was caused by higher demand for working capital, resulting from gas purchases at significantly higher prices and the need to replenish deposits securing stock exchange and financial transactions related to derivative instruments.
2. Net debt (total debt from loans, bonds and leasing less cash and cash equivalents) amounted to PLN +0.2bn (net debt amounted to PLN -5.2bn at the end first quarter of 2021, and PLN +3,2bn at the end 2021).

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The amounts presented above are estimates and may be subject to change. The results provided above will be reviewed by the auditor. The interim report for the first quarter of 2022 will be published on May 19th 2022.

Legal basis:

Article 17.1 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16th 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC