

Polish Oil and Gas Company (PGNiG SA)
Head Office

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Estimates of Q2 and H1 2021 consolidated financial highlights

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The Management Board of Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG") announces preliminary PGNiG's consolidated financial results for Q2 and H1 2021:

in PLNbn	Q2 2020	Q2 2021	H1 2020	H1 2021
Consolidated revenue	7.28	10.43	21.04	24.99
Consolidated EBITDA, herein:	7.27	1.66	9.35	5.06
<i>impairment losses on property, plant and equipment of PGNiG Group</i>	-0.10	0.27	-0.85	0.54
Exploration and Production's EBITDA, herein:	0.17	1.41	0.24	2.75
<i>Cost of dry wells and seismic surveys</i>	-0.06	-0.17	-0.08	-0.43
<i>Impairment losses on property, plant and equipment</i>	-0.09	0.30	-0.85	0.57
Trade and Storage's EBITDA	6.65	-0.36	7.56	0.13
<i>Reduction costs of gas associated with retroactive settlement under yamal contract annex</i>	5.69	-	5.69	-
<i>Gas inventory write-downs</i>	+0.11	-0.01	+0.36	-
Distribution's EBITDA	0.41	0.54	1.18	1.55
Generation's EBITDA	0.12	0.17	0.53	0.63
Consolidated EBIT	6.45	0.84	7.66	3.28
Consolidated net result	5.14	0.58	5.92	2.32

The PGNiG's consolidated financial results for Q2 2021 were driven mainly by:

- In the Exploration and Production segment:
 - higher prices of products, including +118% yoy increase of the average crude oil price in USD/bbl for the quarter and +267% yoy increase of Day Ahead Market gas prices on Polish Power Exchange ("PPE");
 - reversal of impairment losses on non-current assets of PLN +296m;
 - decrease in production volumes of crude oil in Norway by 37 thousand tons or -22% yoy.
- In the Trade and Storage segment:
 - 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;

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- recognition of gas inventory write-downs of PLN -8m vs PLN +108m in Q2 2020;
 - the result on exercise of derivative financial instruments designated for hedge accounting: (1) reflected in sales revenue in the amount of PLN -185m (PLN +171m in Q2 2020), (2) reflected in gas inventory as reduction of procurement cost PLN +67m (PLN -68m in Q2 2020).
3. In the Distribution segment:
- 3.6% increase in the gas distribution tariff, introduced to act on February 1st 2021 compared to the previous tariff;
 - average temperature in Q2 2021 down by 0.31°C yoy;
 - net income/cost of system balancing: PLN -23m in Q2 2021 vs PLN +2m in Q2 2020.
4. In the Generation segment:
- 14% yoy higher revenue from sales of heat on lower average temperature in Q2 2021 and lower heat sales volumes;
 - 11% yoy higher revenue from sales of electricity on lower electricity sales volumes.

The presented values are estimates and as such are subject to change. The results will undergo audit by an independent auditor. The report for H1 2021 will be published on September 2nd, 2021.

Legal basis:

Article 17 section 1 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) 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.