

Pricing of offering of Senior Secured Notes due 2025

Drax Finco plc
21 October 2020

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Drax Finco plc, a wholly owned subsidiary of Drax Group plc ("**Drax**"), today announces it has priced its offering (the "**Offering**") of euro denominated senior secured notes due 2025 (the "**Notes**") in an aggregate principal amount of €250 million.

The Notes will bear interest at an interest rate of $2\frac{5}{8}$ per cent. per annum and will be issued at 100 per cent. of their nominal value.

Drax has placed cross-currency swaps to convert the proceeds of the Offering into Sterling, as a result of which the effective Sterling-equivalent interest rate is 3.24 per cent. per annum. The Notes will extend the Group's average debt maturity profile and reduce the Group's overall cost of debt.

Drax intend to use the gross proceeds of the Offering (i) for general corporate purposes, which may include the repayment of indebtedness, and (ii) to pay estimated fees and expenses of the Offering, including Initial Purchasers' fees and commissions, professional fees and other associated transaction costs. Drax intend to repay the existing £350 million 4¼ per cent. Senior Secured Fixed Rate notes due 2022 issued by the Issuer in full before 31 December 2020.

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Cautionary Statement

This release is being issued pursuant to Rule 135c under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and is for information purposes only and does not constitute a prospectus or any offer to sell or the solicitation of an offer to buy any security in the United States of America or in any other jurisdiction. Securities may not be offered or sold in the United States of America absent registration or an exemption from registration under the Securities Act. The Notes and related guarantees were offered in a private offering exempt from the registration requirements of the Securities Act and were accordingly offered only to persons outside the United States in compliance with Regulation S under the Securities Act. No indebtedness incurred in connection with any other financing transactions will be registered under the Securities Act.

This communication is directed only at persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the "**Order**"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Order, (iii) are persons who are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons").

Any investment activity to which this communication relates will only be available to, and will only be engaged in with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

This announcement is not a public offering in the Grand Duchy of Luxembourg or an offer of securities to the public under Regulation (EU) 2017/1129, and any amendments thereto.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Article 4(1) of MiFID II; (ii) a customer within the meaning of the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK will be prepared. Offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation. Any offer of Notes in any Member State of the EEA or in the UK will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes.

The Manufacturer target market (MiFID II product governance) is eligible counterparties and professional clients only (all distribution channels).

In connection with any issuance of the Notes, a stabilising manager (or person(s) acting on behalf of such stabilising manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than 30 days after the date on which the issuer received the proceeds of the issue, or no later than 60 days after the date of the allotment of the Notes, whichever is earlier. Any stabilisation action or over-allotment must be conducted by the stabilising manager (or person(s) acting on behalf of the stabilising manager) in accordance with all applicable laws and rules.

Forward Looking Statements

This release includes forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements can be identified by the use of forward-looking terminology, including, but not limited to, terms such as "aim", "anticipate", "assume", "believe", "continue", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "outlook", "plan", "predict", "project", "should", "will" or "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts and include statements regarding Drax's intentions, beliefs or current expectations concerning, among other things, Drax's future financial conditions and performance, results of operations and liquidity, strategy, plans, objectives, prospects, growth, goals and targets, future developments in the markets in which Drax participate or are seeking to participate, and anticipated regulatory changes in the industry in which Drax operate. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward-looking statements are not guarantees of future performance and are based on numerous assumptions. Given these risks and uncertainties, readers should not rely on forward looking statements as a prediction of actual results.

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