

Details of the webcast from the meeting with CEO**May 28, 2024 (Tuesday), 11.00 AM CEST**Link to the webcast: <https://infostrefa.tv/pge/>Questions for Q&A session allowed via email: ir@gkpge.pl**Investor relations contact:**

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e: filip.osadczuk@gkpge.pl**Operations: lower lignite and hard coal generation, higher RES generation. Rising volumes in Distribution on higher demand for electricity. Declining volumes in business tariffs in Supply.****Financials: Positive - higher WACC and RAB in Distribution, contribution of new business line Energy Railway Services. Negative – sharply lower margins on energy generation due to lower electricity prices in Conventional Generation and District Heating, rising personnel cost, lower SPOT prices in Renewables****Newly created Gas-fired generation segment on the eve of providing positive flows**

- PGE electricity generation at 14.6TWh in Q1, (-7% y/y) declined mainly on lower lignite and hard coal generation.
- Recurring EBITDA at PLN 2.5bn (-24% y/y), went down y/y on sharply lower results of Conventional Generation and District Heating. Decline in results of Renewables. Strong result of Distribution (adjusted by non-cash effect of cost of estimated energy balanced settled with Supply). Supply results returned to positive territory (adjusted by non-cash effect of cost of estimated energy balanced settled with Distribution).
- Reported EBITDA at PLN 2.5 bn (-26% y/y), no significant one-offs in Q1 24.
- PLN 15.7bn - net debt at the end of Q1 2024, significantly higher q/q on cash settlement of CO2. Net economic debt at PLN 21.2bn inched down q/q.

Conventional Generation volumes adjusted to higher RES and gas generation in Poland

Lignite generation in Q1 (-0.5TWh, -7% y/y) and hard coal generation (-0.6TWh, -12% y/y) declined on rising production from wind and gas in the National Power System. RES generation in Q1 was at 0.89TWh (+5% y/y) mainly due to higher wind and PV generation (effect on additional installed capacity). Heat volumes were slightly lower in Q1 (-0.3PJ, -1% y/y) on higher average external temperatures in heating season. Total volumes of electricity sales to final off-takers and electricity distribution in PGE Group increased by (0.2 TWh, +3%) and (1.2 TWh, +13%) respectively due to inclusion of PKP Energetyka. On comparable basis volumes of electricity distributed in Q1 in Distribution segment inched up to 9.6TWh (+1% y/y) on higher demand for electricity. Sales to final off-takers in Q1 in Supply declined (-0.5TWh, -6% y/y) on lower volumes to large business clients.

Recurring EBITDA declined in Q1 2024

Recurring EBITDA at PLN 2.5bn (-24% y/y) in Q1, went down on reported loss in Conventional Generation and decline in result of District Heating due to sharply lower margins on electricity generation. RES result declined on lower SPOT prices. Strong result of Distribution (adjusted by non-cash effect of cost of estimated energy balanced settled with Supply) on rising distribution margin. Supply results returned to positive territory (adjusted by non-cash effect of cost of estimated energy balanced settled with Distribution).

Conventional Generation recurring EBITDA plummeted to loss of PLN -0.5bn in Q1 24 vs. profit of PLN 0.9bn in Q1 23 on sharply lower margins on electricity generation and cut on revenues from ancillary services (chiefly due to reallocation of production). Margins have been slashed mainly by fall of the realized effective prices of electricity (-24% y/y) which were not followed to such extent by cost of CO2 (-9% y/y).

District Heating results almost halved to PLN 0.5bn (-44% y/y) on sharply lower margins on electricity generation due to declining prices of electricity and significantly lower support for gas cogeneration.

RES segment recurring EBITDA declined in Q1 down to PLN 0.4bn (-13% y/y) mainly on lower revenues from sale of electricity due to declining SPOT prices.

Supply segment reported strong recurring EBITDA in Q1 at PLN 0.9bn vs. loss of PLN -0.3bn in Q1 23. Results are not directly comparable as they include non-cash item of significant positive effect of estimated energy balanced settled with Distribution segment (PLN +0.9bn y/y) and effect of release of part of the provision for onerous contracts (PLN +0.2bn).

Distribution recurring EBITDA at PLN 1.0bn came out significantly lower (-22% y/y) in Q1, but result was negatively affected by non-cash item of effect of estimated energy balance settled with Supply segment (PLN -0.9bn y/y). Adjusted result was very strong on higher distribution margin (higher WACC and RAB, connection fees and distribution volumes).

CAPEX: transition investments clearly visible

Expenditures on investments (on accrual basis) in PGE Group ramped up to PLN 2.1bn (+33% y/y) in Q1 24 mainly on raising outlays for investment in Distribution and Gas-fired Generation (final stage of Gryfino CCGT units construction process).

Debt increased by change in working capital

Net debt at the end of Q1 at PLN 15.7bn (vs. PLN 11.1bn at the end of Q4 2023) jumped up on cash purchases of CO₂. Value of net economic debt (adjusted by forward payments for CO₂): PLN 21.2bn (net economic debt/ recurring LTM EBITDA = 2.14x) inched down q/q by PLN 0.4bn.

Key Financials

PLNm	Q1 2024	Q1 2023	y/y [%]
Sales	16 841	27 208	-38%
EBITDA	2 536	3 427	-26%
Recurring EBITDA	2 532	3 346	-24%
EBIT	1 408	2 343	-40%
Recurring EBIT	1 450	2 287	-37%
Net profit (to equity)	893	1 724	-48%

EBITDA by segments

PLNm	Q1 2024	Q1 2023	y/y [%]
Renewables	379	436	-13%
Gas-fired Generation	-22	-3	-
Conventional Generation	-498	909	-
District heating	514	916	-44%
Distribution	992	1 274	-22%
Railway Energy Services	279	-	-
Supply	903	-254	-

EBIT by segments

PLNm	Q1 2024	Q1 2023	y/y [%]
Renewables	284	348	-18%
Gas-fired Generation	-23	-3	-
Conventional Generation	-859	429	-
District heating	310	729	-57%
Distribution	653	960	-32%
Railway Energy Services	170	-	-
Supply	894	-262	-

Key operating data

TWh	Q1 2024	Q1 2023	y/y [%]
Net Generation Volume	14.60	15.72	-7%
Sales to End-users	9.12	8.87	3%
Electricity Distribution Volume	10.68	9.47	13%
Sales of Heat [PJ]	19.93	20.22	-1%

Electricity generation by source

TWh	Q1 2024	Q1 2023	y/y [%]
Lignite-fired power plants	7.63	8.15	-6%
Hard coal-fired power plants	3.09	3.43	-10%
Gas-fired power plants	0.03	0.00	-
Coal-fired CHPs	1.24	1.52	-18%
Gas-fired CHPs	1.41	1.48	-5%
Biomass-fired CHPs	0.10	0.12	-17%
Waste-to-energy CHPs	0.01	0.00	-
Pumped-storage	0.32	0.29	10%
Hydro	0.17	0.16	6%
Wind	0.59	0.57	4%
PV	0.01	0.00	-
TOTAL	14.60	15.72	-7%