

Details of the webcast from the meeting with CEO**May 26, 2021 (Wednesday), 10.30 AM CEST**Link to the webcast: www.gkpge.pl/Investor-RelationsQuestions for Q&A session allowed via email: ir@gkpge.pl**Investor relations contact:**

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e: filip.osadczuk@gkpge.pl**Operations: Solid results backed by harsh winter****Financials: Group EBITDA beats market consensus thanks to improvement across segments**

- +11% y/y Q1 PGE power generation 1.7TWh increase equates to an increase in domestic demand
- Decline in margins of Conventional Generation offset by capacity market revenues
- Strong sales of heat drives the results of District Heating together with capacity market revenues
- High PLN 2.2bn EBITDA and net profit to equity at PLN 0.8bn compared to PLN 0.4bn in Q1 2020
- Net debt rises ca. PLN 0.7bn as a result of payments for 2020 CO2 allowances

Generation and distribution rise while sale to end users decreases

Rebounding lignite generation at 8.6TWh (+19% y/y) stems from a cold, windless start to the year that limited net imports of electricity to Poland. Also better utilisation of hard coal assets (+8%) while wind assets' generation slumps by 22% despite new units in operation. Total generation at 17.1TWh (+11% y/y)

Strong growth in heat volumes (+16% y/y) reaching 23.0PJ as the average outside temperatures were lower. Volumes of electricity distributed (9.5TWh v 9.2TWh in 2020) with 4% improvement follow rise in domestic demand. Sales to end-users visibly lower (-10% y/y) as a result of the reviewed commercial assumptions.

EBITDA at record levels from recent years

Higher EBITDA (PLN 2.2bn, +25% y/y) supported by revenues from the capacity market entering into force, good generation and distribution volumes increased by restoration of retail margins.

PLN 0.5bn Conventional Generation segment EBITDA slightly higher y/y as the loss of margins on generation is covered by revenues from the capacity market. Parallel capacity market payments in District Heating make this segment's result equal to Conventional Generation.

RES EBITDA stands at PLN 0.2bn – additional wind capacities and higher electricity prices on SPOT market offset lower windiness and lower prices of green certificates.

Supply segment result surges to PLN 0.35bn (+61% y/y) as the better efficiency of electricity hedging supports margins.

Distribution EBITDA at almost PLN 0.7bn (+15% y/y) as an effect of higher volumes and rising tariffs due to increased RAB.

CAPEX: A new investment cycle is still on the horizon

Expenditures on investments (on an accrual basis) in PGE Group dropped to ca. PLN 0.8bn (-12% y/y) as the realised projects came to an end. New projects (offshore, district heating, CCGT units in Dolna Odra power plant) are ahead. Lower Distribution CAPEX at the level of PLN 0.3bn (-33% y/y) mainly as an effect of the unsupportive weather conditions.

Net debt increased but effect of huge payments for 2020 EUAs limited

As expected net debt rises - to PLN 9.1bn, compared to the end of 2020 PLN +0.66bn, but PLN 4.9bn lower y/y. High payments for CO2 2020 allowances, mostly hedged in EUA Mar-2021 contracts. However, strong cash flow from operations with emissions again covered in forward contracts, limits debt's increase. Additionally, payments received as a result of the sale of stakes in PGE EJ1 (nuclear project).

Net debt/LTM EBITDA stands q/q at 1.4x (2.0x as of Q1 2020).

May 25, 2021

Key Financials

PLNm	Q1 2021	Q1 2020	y/y [%]
Sales	11 900	12 591	-5%
EBITDA	2 206	1 770	25%
EBIT	1 164	773	51%
Net profit (to equity)	808	432	87%
Net profit (to equity) ex. impairments	844	457	85%

EBITDA by segments

PLNm	Q1 2021	Q1 2020	y/y [%]
Conventional Generation	511	497	3%
District Heating	510	342	49%
Renewables	193	193	0%
Distribution	658	573	15%
Supply	352	218	61%

EBIT by segments

PLNm	Q1 2021	Q1 2020	y/y [%]
Conventional Generation	41	59	-31%
District Heating	357	195	83%
Renewables	104	119	-13%
Distribution	348	261	33%
Supply	343	210	63%

Key operating data

TWh	Q1 2021	Q1 2020	y/y [%]
Net Generation Volume	17.09	15.36	11%
Sales to End-users	9.67	10.74	-10%
Electricity Distribution Volume	9.53	9.17	4%
Sales of Heat [PJ]	22.96	19.75	16%

Electricity generation by source

TWh	Q1 2021	Q1 2020	y/y [%]
Lignite-fired power plants	8.58	7.21	19%
Hard coal-fired power plants	4.54	4.12	10%
Coal-fired CHPs	1.69	1.64	3%
Gas-fired CHPs	1.45	1.42	2%
Biomass-fired CHPs	0.09	0.11	-18%
Waste-to-energy CHPs	0.01	0.01	0%
Pumped-storage	0.20	0.22	-9%
Hydro	0.14	0.13	8%
Wind	0.39	0.50	-22%
TOTAL	17.09	15.36	11%
Renewable generation	0.64	0.76	-16%
incl. biomass co-combustion	0.01	0.01	0%

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Further information

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