

Details of the webcast from the meeting with CFO**November 22, 2023 (Wednesday), 10.00 AM CET**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: Declining electricity consumption affects operational results in Generation, while negative volume effect on distribution and sales covered up by volumes of acquired PKP Energetyka****Financials: Positive - higher electricity prices, increase in heat tariffs, higher WACC in distribution and contribution of acquisition. Negative - higher CO2 costs, impact of legal regulations limiting electricity prices, rising personnel cost**

- PGE power generation at 13.1TWh in Q3 2023, (-18% y/y) declined mainly due to curtailment of lignite generation.
- Recurring EBITDA at PLN 2.5bn (+5% y/y) in Q3 supported by results of Distribution and new business segment Railway Energy Services. Decline in results of Conventional Generation, RES and Supply.
- Reported EBITDA at PLN 2.5bn (+28% y/y) in Q3, no significant one-offs in Q3 2023 vs. negative one-off (reclamation provision) of PLN -0.4bn in Q3 2022.
- PLN 1.6bn - net debt at the end of Q3, declined q/q on better cash flow, while net economic debt still heavy at PLN 18.5bn.

Generation volumes adjusted to changing market situation

Lignite generation in Q3 sharply declined (-2.9TWh, -29% y/y) on lower domestic demand for energy, net import of electricity and reallocation of generation to hard coal power plants. Volumes of hard coal generation have decreased to a lesser extent (-0.5TWh, -10% y/y). RES generation in Q3 was at 0.46TWh (+31% y/y), due to increased biomass CHP generation and comparable volumes of other renewable technologies.

Heat volumes were lower in Q3 (-0.6PJ, -15% y/y). Higher volumes of electricity distributed in Q3 at 9.6TWh (+0.7TWh, +8% y/y) and sales of electricity to final off-takers at 8.5TWh (+0.2 TWh, +3% y/y) were the sole result of contribution of new business segment (Railway Energy Services). On comparable basis volumes in both segments declined by (-3% y/y and -6% y/y respectively).

Recurring EBITDA on the rise

Recurring EBITDA at PLN 2.5bn (+5% y/y) in Q3 increased due to better results of Distribution, District Heating and contribution of new segment Railway Energy Services. On the other hand there was decline in results of Conventional Generation, RES and Supply.

Results were under pressure of legal regulations limiting electricity prices for producers and trading companies in Poland. Contributions to the Price Difference Payment Fund in segments of Conventional Generation, District Heating, Railway Energy Services and Renewables amounted in Q3 to PLN 1.1bn. Supply segment EBITDA was affected by the provision related to the Regulation of the Minister for Climate and Environment on tariffs in amount of PLN 0.3 bn.

Conventional Generation recurring EBITDA was at PLN 0.3bn in Q3 compared to PLN 0.6bn in a base year. Negative impact of lower volumes, contributions to Price Difference Payment Fund, higher CO2 costs was not offset by significantly higher energy prices, lower costs of hard coal and increased revenues from services.

District Heating was in Q3 at PLN 0.1bn compared to loss of PLN -0.01bn in Q3 2022. Results were improved on higher heat tariffs and increase in volume of electricity production due to better profitability of gas generation (lower prices of gas fuel and support for gas cogeneration).

RES segment recurring EBITDA declined in Q3 down to PLN 0.2bn (-70% y/y) mainly on lower revenues from sale of electricity due to lower market price of energy and decline in margin of pumped storage power plants.

Supply segment recurring EBITDA declined to PLN 0.4bn by -21% y/y and was affected by the lower margin on the sale of electricity to end-users.

Distribution recurring EBITDA was significantly higher at PLN 1.0bn (+50% y/y) in Q3 on positive effect of higher distribution tariff due to rising WACC.

CAPEX: transition investments clearly visible

Expenditures on investments (on accrual basis) in PGE Group ramped up to PLN 2.7bn (+35% y/y) in Q3 mainly on raising outlays for investment in Distribution and RES segments. On the top of that expenditures of a new segment - Railway Energy Services.

Debt declined on better cash flow

Net debt at the end of Q3 at PLN 1.6bn (vs. PLN 7.6bn at the end of Q2 2023). Value of net economic debt (adjusted by forward payments for CO2): PLN 18.5bn (net economic debt/ recurring LTM EBITDA = 2.0x) declined q/q by PLN 0.7bn as a result of higher cash flow boosted by change in working capital.

Key Financials

PLNm	Q3 2023	Q3 2022	y/y [%]	9M 2023	9M 2022	y/y [%]
Sales	21 515	19 355	11%	71 075	51 980	37%
EBITDA	2 458	1 926	28%	8 330	8 318	0%
Recurring EBITDA	2 450	2 328	5%	8 655	6 540	32%
EBIT	1 206	805	50%	4 755	5 059	-6%
Recurring EBIT	1 243	1 262	-2%	5 205	3 349	55%
Net profit (to equity)	953	654	46%	3 029	3 942	-23%

EBITDA by segments

PLNm	Q3 2023	Q3 2022	y/y [%]	9M 2023	9M 2022	y/y [%]
Conventional Generation	310	157	97%	1 323	2 687	-51%
District heating	89	-10	-	1 317	49	2 588%
Renewables	167	561	-70%	846	1 402	-40%
Distribution	1 001	668	50%	3 252	2 140	52%
Railway Energy Services	356	-	-	625	-	-
Supply	387	509	-24%	504	1 685	-70%

EBIT by segments

PLNm	Q3 2023	Q3 2022	y/y [%]	9M 2023	9M 2022	y/y [%]
Conventional Generation	-213	-326	-35%	-195	1 222	-
District heating	-102	-217	-53%	744	-510	-
Renewables	76	463	-84%	575	1 135	-49%
Distribution	672	363	85%	2 288	1 233	86%
Railway Energy Services	254	-	-	426	-	-
Supply	379	500	-24%	479	1 660	-71%

Key operating data

TWh	Q3 2023	Q3 2022	y/y [%]	9M 2023	9M 2022	y/y [%]
Net Generation Volume	13.10	16.02	-18%	41.12	48.34	-15%
Sales to End-users	8.49	8.26	3%	25.96	25.72	1%
Electricity Distribution Volume	9.64	8.93	8%	28.46	27.55	3%
Sales of Heat [PJ]	3.44	4.03	-15%	31.82	33.79	-6%

Electricity generation by source

TWh	Q3 2023	Q3 2022	y/y [%]	9M 2023	9M 2022	y/y [%]
Lignite-fired power plants	7.13	10.01	-29%	21.95	29.88	-27%
Hard coal-fired power plants	4.21	4.54	-7%	10.82	11.20	-3%
Coal-fired CHPs	0.40	0.59	-32%	2.67	3.00	-11%
Gas-fired CHPs	0.59	0.28	111%	2.90	1.89	53%
Biomass-fired CHPs	0.07	0.00	-	0.33	0.18	83%
Waste-to-energy CHPs	0.02	0.01	100%	0.03	0.03	0%
Pumped-storage	0.32	0.25	28%	0.89	0.68	31%
Hydro	0.07	0.06	17%	0.34	0.32	6%
Wind	0.28	0.28	0%	1.17	1.16	1%
PV	0.01	0.00	-	0.02	0.00	-
TOTAL	13.10	16.02	-18%	41.12	48.34	-15%