

# PGE Investor Presentation

January, 2026



*Polska Grupa Energetyczna*

# Agenda

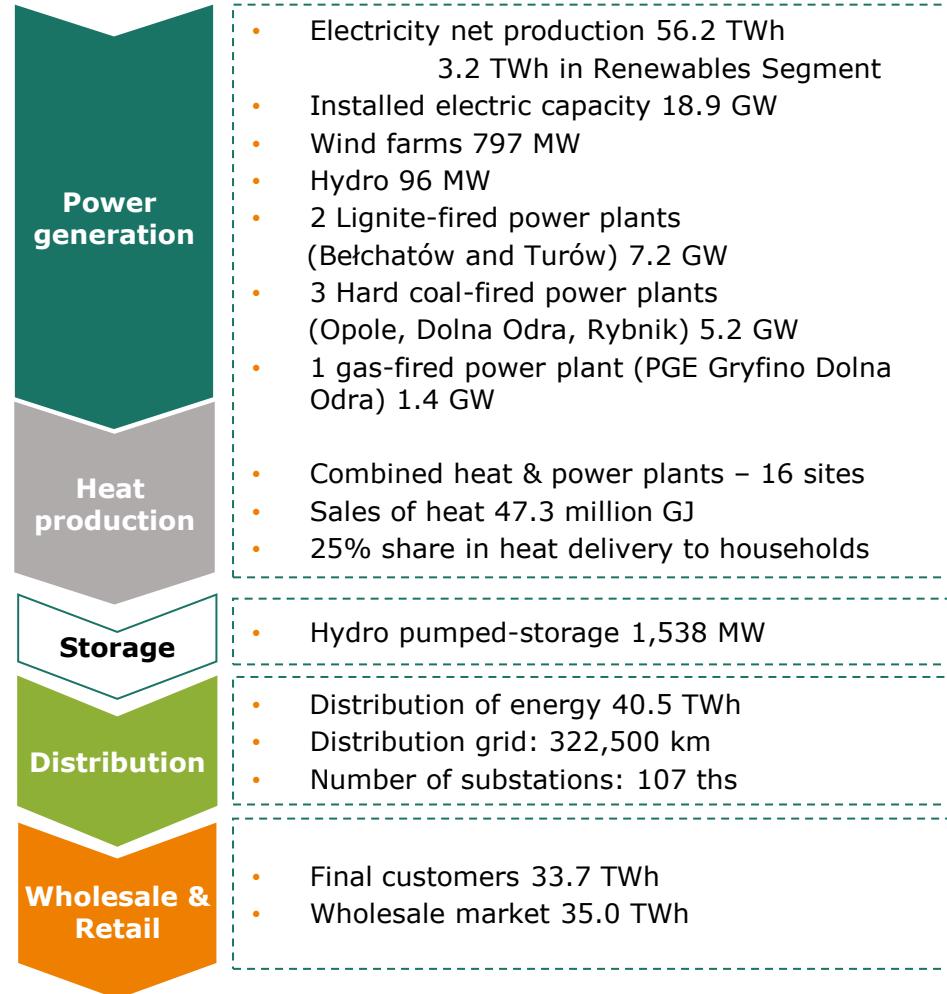
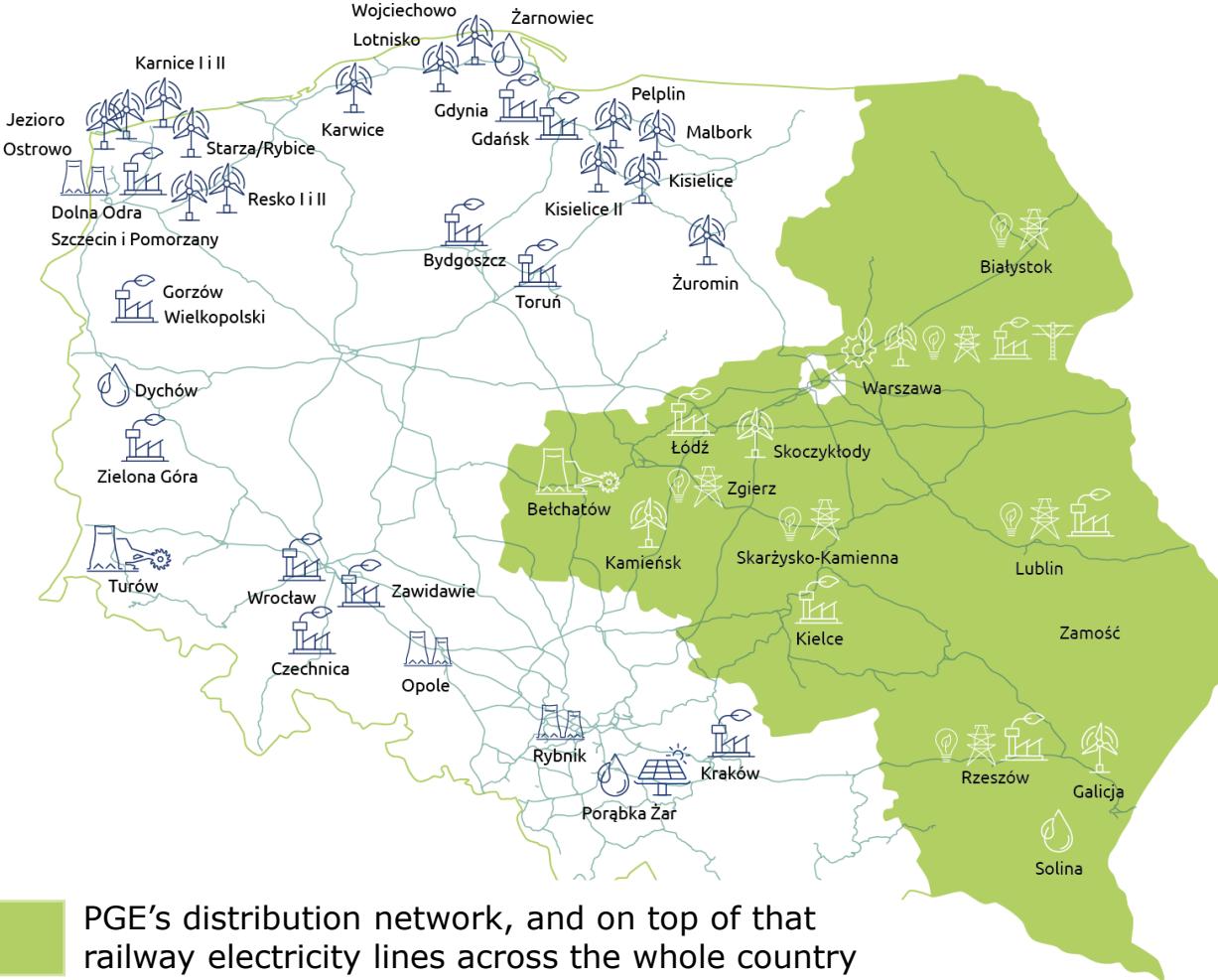
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- PGE at a glance
- Summary of Q3 & 9M 2025 results and operations
- Outlook for 2026
- PGE Group's 2035 Strategy- Summary
- Offshore wind farms
- Ongoing investments
- Market overview
- Regulatory overview
- Financials

# PGE at a glance

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# PGE at a glance (2024)



# Our business segments 2024

Key operational data of PGE Capital Group		Renewables	Gas-fired Generation	Conventional Generation	District Heating	Distribution	Railway Energy Services	Supply
<b>Key assets of the segment</b>		21 wind farms 43 photovoltaic power plants 29 run-of-river hydro power plants 4 pumped-storage power plants, including 2 with natural flow	1 gas-fired power plant <sup>1</sup>	5 conventional power plants 2 lignite mines	16 CHP plants	304.1 <sup>th</sup> km of distribution lines	18.4 <sup>th</sup> km of distribution lines	-
<b>Installed capacity electricity/heat</b>	2 661 MWe/-	1 366 MWe <sup>1</sup> /-	12 392 MWe/958 MWt	2 477 MWe/6 222 MWt	-	-	-	-
<b>Electricity volumes</b>	Net electricity generation 3.21 TWh	Net electricity generation 2.55 TWh	Net electricity generation 43.18 TWh	Net electricity generation 7.23 TWh	Electricity distribution volume 36.28 TWh <sup>2</sup>	Electricity distribution volume 4.27 TWh; Sales to final off-takers 3.01 TWh	Sales to final off-takers 30.65 TWh <sup>3</sup>	-
<b>Heat volumes</b>	-	-	Net heat production 3.00 PJ	Net heat production 45.42 PJ	-	-	-	-
<b>Market position</b>	PGE Group is the largest electricity producer from RES with market share of approx. 6%	Gryfino power plant - the largest gas-fired power plant in Poland	PGE Group is a national leader in electricity and district heat generation	Second domestic electricity distributor with regard to number of customers	Leader of energy services for railway infrastructure and the largest distributor and seller of electricity to the traction grid	Leader in wholesale and retail trading in Poland		

<sup>1</sup> Unit no. 9 commissioned on August 14, 2024, unit no. 10 on October 18, 2024.

<sup>2</sup> Data for PGE Dystrybucja S.A.

<sup>3</sup> Data for PGE Obrót S.A.

# Our Vision: A leader in modern energy, flexibility, distribution and district heating

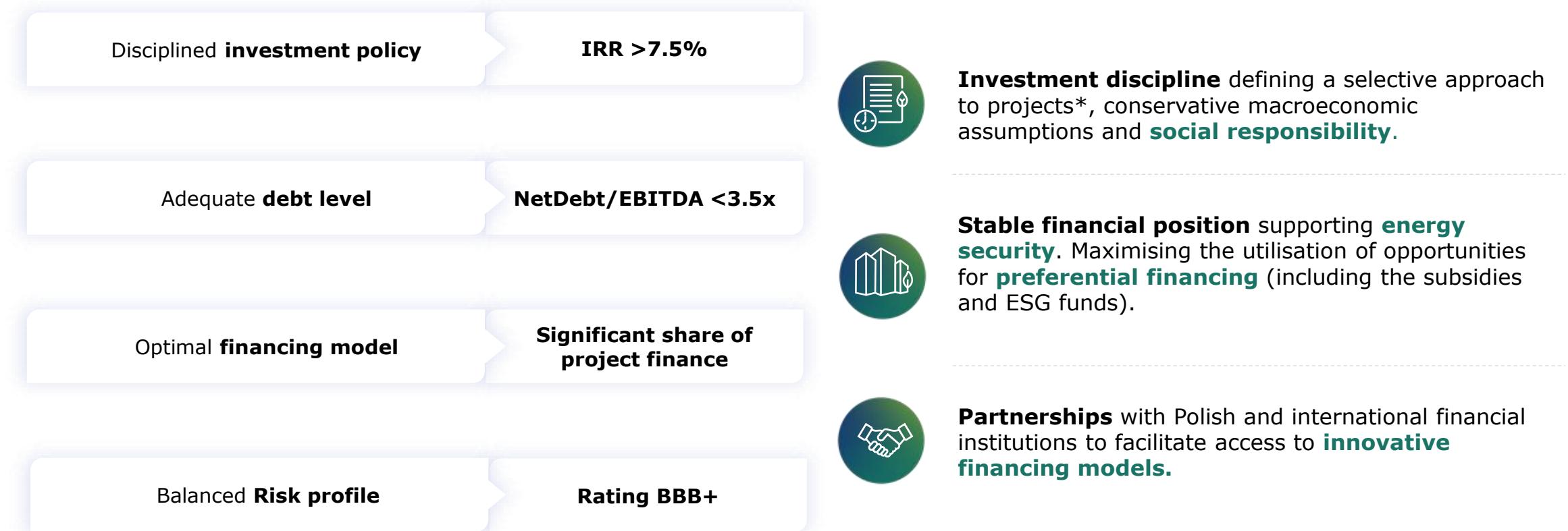


# Strategic targets for 2035 by business segments

	Distribution	Renewables	Gas Energy	Energy Storage	Integrated district heating systems	Coal Energy	Business partners	Residential Customers	Nuclear power	TOTAL
Key strategic aspiration	+11 GW connected RES capacity	28 TWh electricity*	10 GW power capacity	18 GWh capacity*	100% heat from zero and low-emission sources	Asset optimisation	#1 flexibility services for business	#1 Customer service	Location assessment program	-
Cumulative CAPEX 2025-2035	75 bn PLN	85 bn PLN	37 bn PLN	14 bn PLN	18 bn PLN	5 bn PLN	0.5 bn PLN	0.6 bn PLN	Research expenditure: several hundred million PLN	235 bn PLN / 55 bn EUR
EBITDA in 2035	10 bn PLN	10.2 bn PLN	7 bn PLN	2.1 bn PLN	2.8 bn PLN	Effectiveness Managing	0.8 bn PLN	0.5 bn PLN	-	30 bn PLN / 6.5 bn EUR

\* Production/capacity of projects implemented with PGE's participation

# Value creation and CAPEX financing



\* IRR rate >7.5% can be lowered for projects with secured revenue streams (e.g., CfD, PPA, etc.).

# Potential for regular dividend payments

## Planned dividend payments upon achieving the following criteria:

**1** Recurring net profit

**2** Prospect of positive free cash flow for a minimum of 2 years

**3** Maintenance of investment rating

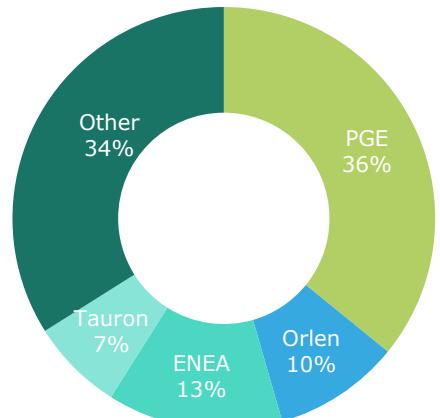
**4** Absence of one-off events having a significant impact on cash flow



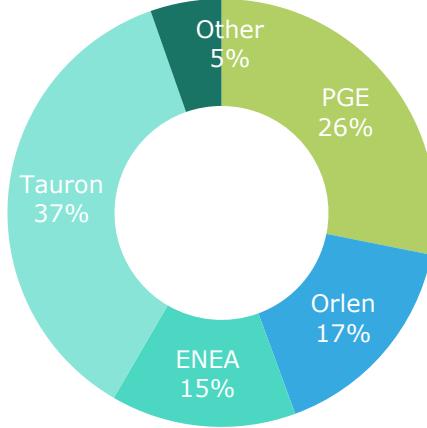
Addressing the issue of financing the operational gap in coal-based energy segment (particularly in the lignite mining) will accelerate dividend payments.

# PGE market position

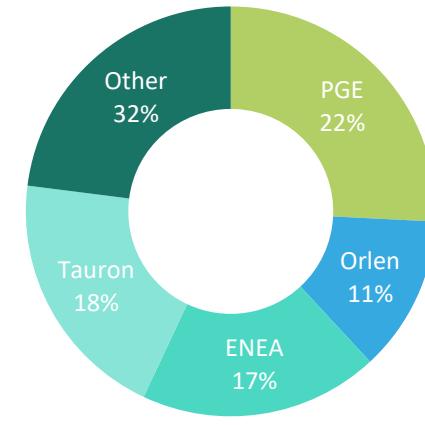
**Electricity net generation**



**Volume of distributed electricity**



**Sales volume to final off-takers**



Data for 2024

# Strategic goals 2035

					
<b>Distribution</b>	<b>Offshore Wind *</b>	<b>Onshore Wind</b>	<b>Flexible Gas Capacity</b>	<b>Energy Storage</b>	<b>Clean District Heating</b>
<b>Connected capacity</b>	<b>4 GW</b>	<b>4 GW</b>	<b>4 GW CCGT plants</b> <b>6 GW OCGT plants</b>	<b>8 GWh BESS</b> <b>10 GWh Pumped Storage Hydro</b> <b>0.5 GWh Heat storage</b>	<b>reducing CO2 emissions by 60% by 2030</b>
<b>new RES 11 GW</b> <b>new customers 12 GW</b>					
					
<b>Photovoltaic</b>	<b>Nuclear Energy</b>	<b>EBITDA</b>	<b>Total Capex</b>	<b>CO2 EMISSIONS REDUCTION</b>	<b>Heat storage</b>
<b>1 GW</b>	<b>longterm strategic option</b>	<b>PLN 30 bn</b>	<b>PLN 235 bn</b>	<b>75%</b>	<b>0.5m m³ capacity</b>

# Summary of Q3 & 9M 2025 results and operations

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# Key financial data

[PLN m]	Q3 2025	Q3 2024	y/y	9M 2025	9M 2024	y/y
Sales	13 785	15 562	-11%	44 756	46 856	-4%
EBITDA	2 644	2 458	8%	10 290	7 598	35%
Recurring EBITDA <sup>1</sup>	2 957	2 454	20%	10 560	7 291	45%
EBIT	1 498	1 297	15%	-2 024	4 156	-
Recurring EBIT <sup>1</sup>	2 012	1 325	52%	7 544	3 983	89%
Net profit (loss) to equity <sup>2</sup>	552	728	-24%	-6 638	2 746	-
Net profit (to equity) – ex. Impairments <sup>2</sup>	748	754	-1%	2 575	2 855	-10%
CAPEX (including adjustments)	2 666	2 580	3%	7 580	7 225	5%
Net cash from operating activities	1 315	8 514	-85%	13 448	14 619	-8%
Net cash from investing activities	-2 971	-2 692	10%	-7 171	-7 394	-3%
Net cash from financing activities	1 188	-598	-	3 022	-4 384	-
EBITDA margin	19%	16%		23%	16%	
Recurring EBITDA margin	21%	16%		24%	16%	
Net Working Capital (core "NWC") <sup>3</sup>				3 346	4 115	-19%
Net Debt <sup>4</sup>				368	2 961	-88%
Net economic financial debt <sup>5</sup>				15 506	19 021	-18%
Net debt/LTM EBITDA reported <sup>4</sup>				0.02x	0.32x	
Net debt/LTM EBITDA recurring <sup>4</sup>				0.03x	0.32x	

<sup>1</sup> one-off items are summarised at the next page.

<sup>2</sup> to the parent undertaking.

<sup>3</sup> Core NWC = inventory + trading receivables – trading payables (distinguish from NWC stated as Current assets minus short term liabilities).

<sup>4</sup> Including factoring liabilities. Net debt and ratios as at September 30, 2024 have been adjusted to be calculated in line with bank covenants (in terms of leases under IFRS 16); net debt of PLN 4 432 million was originally presented as at September 30, 2024.

<sup>5</sup> estimated net economic financial debt (real value of net debt, adjusted by forward payment for CO2).

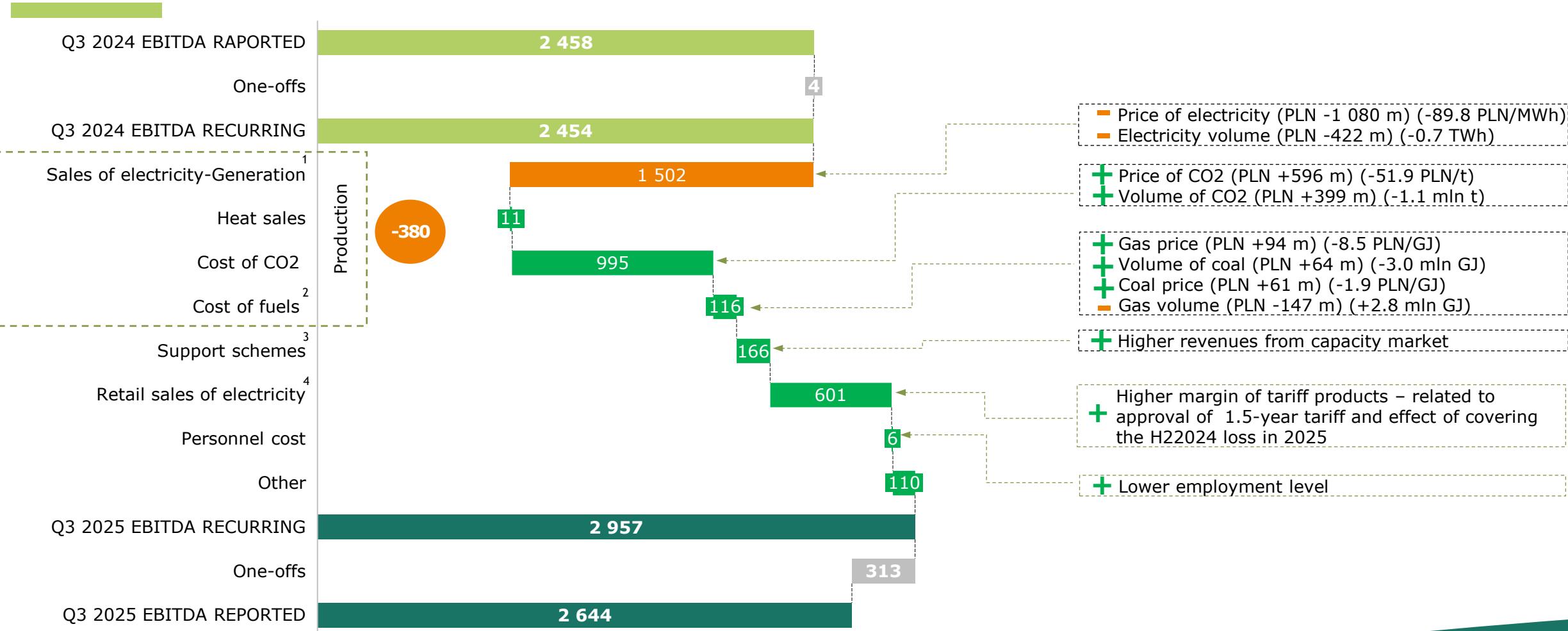
# One-off items

## Computation of recurring EBITDA and recurring EBIT:

[PLN m]	Q3 2025	Q3 2024	y/y	9M 2025	9M 2024	y/y
Provision for restructuring of Dolna Odra power plant	-233	0	-	-233	0	-
Write-off of strategic inventories	-23	0	-	-135	0	-
Change of reclamation provision	0	-412	-	-79	-20	295%
Voluntary Leave Program	-64	-2	> 1 000%	-64	-2	> 1 000%
Correction of contribution to Price Difference Payment Fund for the previous period	0	0	-	-23	0	-
Change of actuarial provision	0	-32	-	-20	0	-
Adj. of compensations for electricity for previous period	0	452	-	65	452	-86%
Write-off of debt	2	0	-	2	0	-
LTC compensations	5	4	25%	30	-3	-
Release of provision for one-time benefit related to NABE carve-out	0	0	-	187	0	-
Written-down of receivables from PKP Cargo	0	-6	-	0	-120	-
<b>One-off items – EBITDA level</b>	<b>-313</b>	<b>4</b>	<b>-</b>	<b>-270</b>	<b>307</b>	<b>-</b>
Impairments of TFA and IA (gross)	-201	-32	528%	-9 298	-134	> 1 000%
<b>One-off items – EBIT level</b>	<b>-514</b>	<b>-28</b>	<b>&gt; 1 000%</b>	<b>-9 568</b>	<b>173</b>	<b>-</b>
<b>Computation of net profit ex. impairments:</b>						
Impairments of TFA and IA (net)	-196	-26	654%	-9 213	-109	> 1 000%

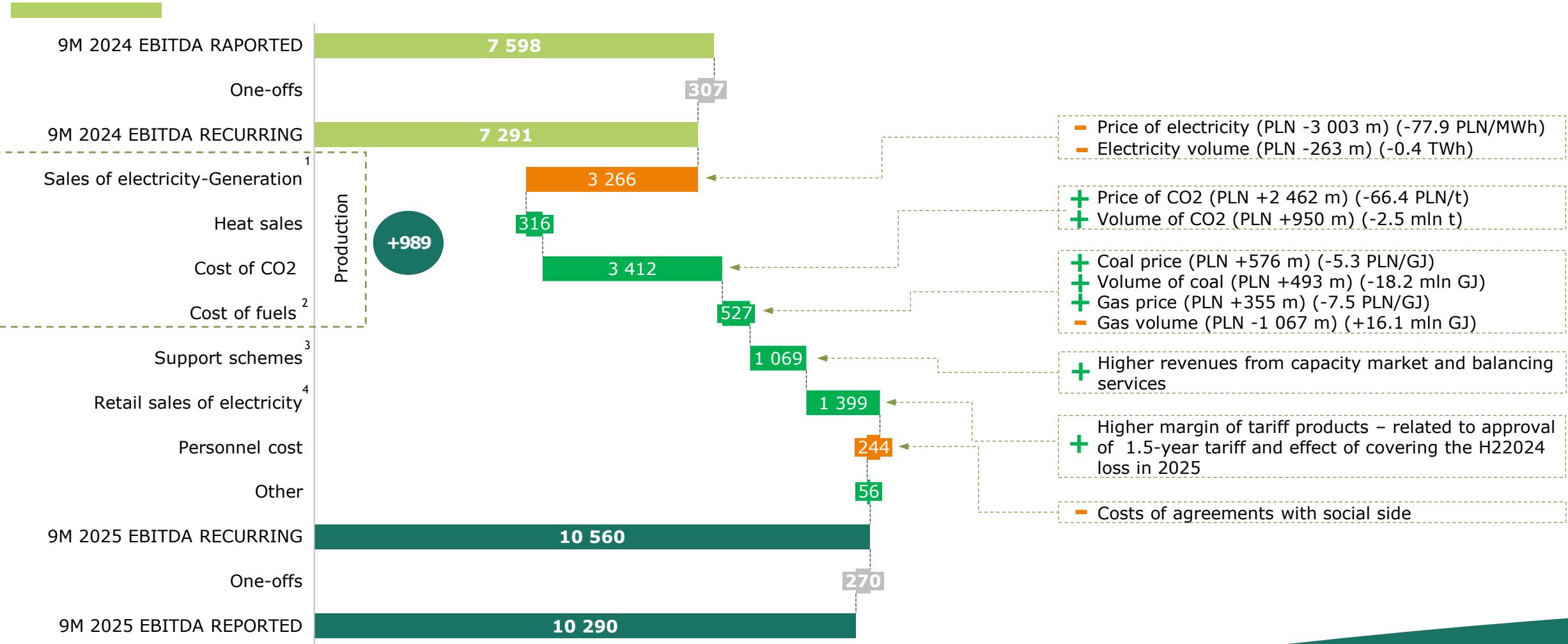
# Development of EBITDA by major value drivers Q3 2025

(PLN m)

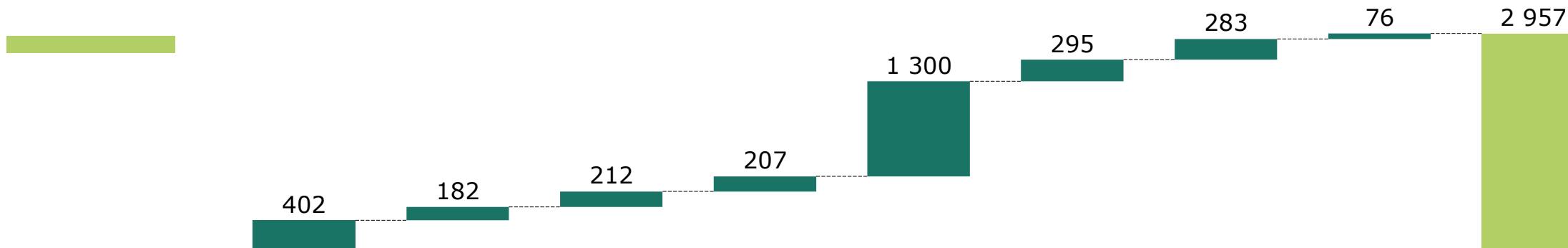


# Development of EBITDA by major value drivers 9M 2025

(PLN m)



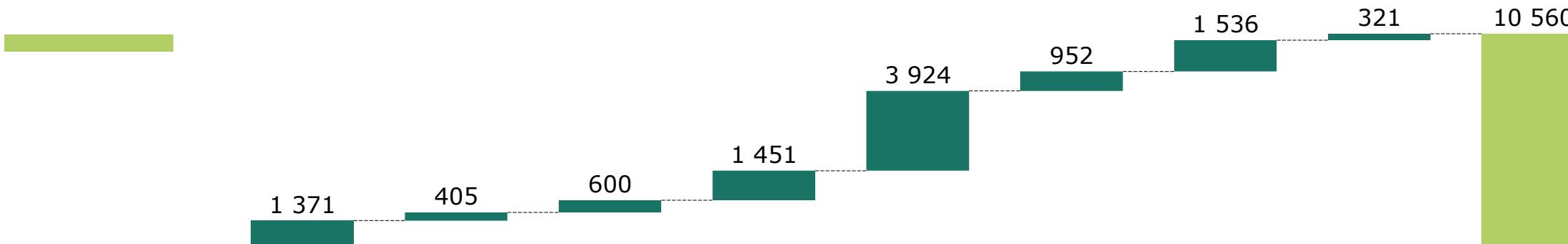
# Recurring<sup>1</sup> EBITDA Q3'25 - composition and development (PLN m)



	Renewables	Gas-fired generation	Coal Energy	District Heating	Distribution	Energy Railway Services	Supply	Other	EBITDA
<b>Q3 2025</b>	<b>402</b>	<b>182</b>	<b>212</b>	<b>207</b>	<b>1 300</b>	<b>295</b>	<b>283</b>	<b>76</b>	<b>2 957</b>
<b>Share in EBITDA (%)</b>	<b>14%</b>	<b>6%</b>	<b>7%</b>	<b>7%</b>	<b>44%</b>	<b>10%</b>	<b>10%</b>	<b>2%</b>	<b>100%</b>
<b>Q3 2024</b>	<b>382</b>	<b>79</b>	<b>484</b>	<b>153</b>	<b>1 142</b>	<b>286</b>	<b>-129</b>	<b>57</b>	<b>2 454</b>
<b>Change (PLNm)</b>	<b>20</b>	<b>103</b>	<b>-272</b>	<b>54</b>	<b>158</b>	<b>9</b>	<b>412</b>	<b>19</b>	<b>503</b>
<b>Change %</b>	<b>5%</b>	<b>130%</b>	<b>-56%</b>	<b>35%</b>	<b>14%</b>	<b>3%</b>	<b>-</b>	<b>33%</b>	<b>20%</b>

Higher revenues from electricity sales mainly due to higher selling price. Positive impact of Capacity Market revenues.	Higher margin on electricity sales as a result of higher sale price with lower purchase price of natural gas. Higher electricity sales volume. Positive impact of Capacity Market revenues, revenues from balancing capacities.	Lower margin on electricity sales (negative effect of lower electricity sales volume and price with positive effect of lower CO2 emissions volume and price with lower coal consumption volume and price). Positive effect of Capacity Market revenues and lower fixed costs.	Higher revenues from heat sales, as a result of higher sales volumes and a higher heat sales price. Positive impact of Capacity Market revenues. Decrease in margin on electricity generation (impact of lower average electricity sales price).	Lower level of electricity purchase costs to cover the balance difference and increase in other revenue from distribution services resulting from reactive power charges.	Better result on distribution as a result of increased distribution tariffs and higher volume of distributed electricity, as well as increased revenues from traction services due to indexation of maintenance contracts. Higher fixed costs particularly due to personnel costs.	Higher result on sales on Gx tariff products related to the approval of 1.5-year tariffs above costs incurred in 2025 and offsetting the negative 2024 result.
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# Recurring<sup>1</sup> EBITDA 9M'25 - composition and development (PLN m)



	Renewables	Gas-fired generation	Coal Energy	District Heating	Distribution	Energy Railway Services	Supply	Other	EBITDA
<b>9M 2025</b>	<b>1 371</b>	<b>405</b>	<b>600</b>	<b>1 451</b>	<b>3 924</b>	<b>952</b>	<b>1 536</b>	<b>321</b>	<b>10 560</b>
<b>Share in EBITDA (%)</b>	<b>13%</b>	<b>4%</b>	<b>6%</b>	<b>14%</b>	<b>37%</b>	<b>9%</b>	<b>15%</b>	<b>2%</b>	<b>100%</b>
<b>9M 2024</b>	<b>1 028</b>	<b>40</b>	<b>-191</b>	<b>929</b>	<b>3 362</b>	<b>845</b>	<b>1 173</b>	<b>105</b>	<b>7 291</b>
<b>Change (PLNm)</b>	<b>343</b>	<b>365</b>	<b>791</b>	<b>522</b>	<b>562</b>	<b>107</b>	<b>363</b>	<b>216</b>	<b>3 269</b>
<b>Change %</b>	<b>33%</b>	<b>913%</b>	<b>-</b>	<b>56%</b>	<b>17%</b>	<b>13%</b>	<b>31%</b>	<b>206%</b>	<b>45%</b>

Higher revenues from ancillary services.

Positive impact of Capacity Market revenues.

Higher margin on electricity sales as a result of higher sale price with lower purchase price of natural gas. Higher electricity sales volume. Positive impact of Capacity Market revenues, revenues from balancing capacities and result on gas trading.

Higher margin on electricity sales (positive effect of lower CO2 emissions volume and price, lower consumption volume and coal price with negative effect of lower electricity sales volume and price). Positive effect of revenues from the Balancing Capacities Market and lower fixed costs.

Higher revenues from heat sales, as a result of higher sales volumes and a higher heat sales price. Positive impact of Capacity Market revenues.

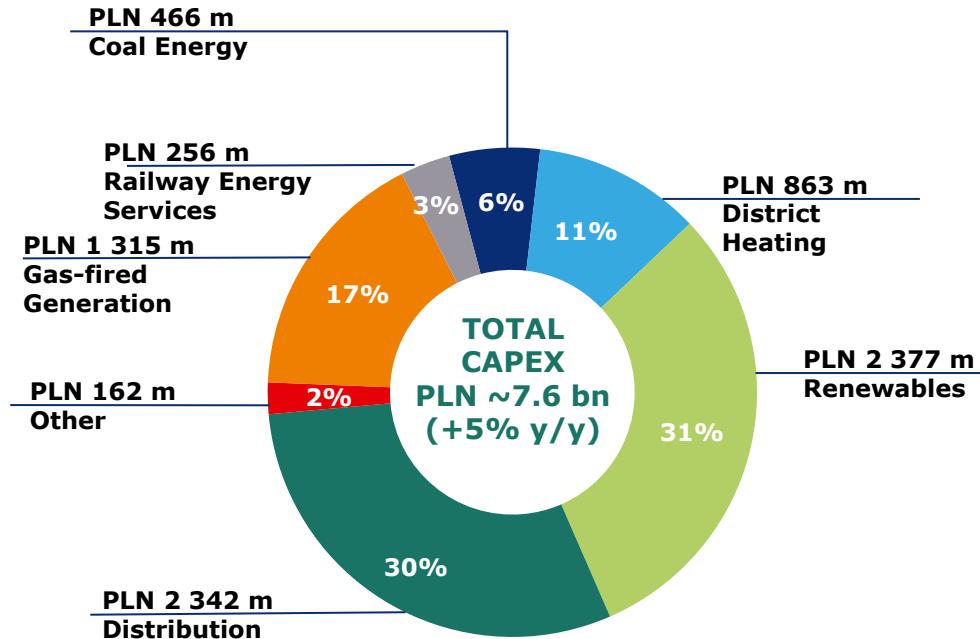
Decrease in margin on electricity generation (impact of lower average electricity sales price).

Positive impact of higher distribution margin (mainly the effect of lower electricity purchase costs to cover the balance difference).

Positive result on distribution as a result of higher connection fee revenues due to the timing of the MUZA Programme (Modernization of Power Systems) and higher volume of distributed electricity. Positive result on other operations in scope of traction services and on electricity sales.

Higher result on sales on Gx tariff products related to the approval of 1.5-year tariffs above costs incurred in 2025 and offsetting the negative 2024 result.

# Capital expenditures in 9M 2025



Key projects		CAPEX in 9M 2025
Generation	Construction of CCGT unit in Rybnik	PLN 1.2 bn
	Construction of CCGT unit in Siechnice	PLN 0.18 bn
	Modernisation of distribution assets	PLN 1.36 bn
	New projects in Distribution segment	PLN 0.98 bn

## New projects

## Modernisation & maintenance

67%

33%

CAPEX in Coal Energy, District Heating, Renewables and Gas-fired Generation (generating capacities), Distribution and Railway Energy Services

- Renewables – more than PLN 2 billion for development projects
- Capacities in Gas-fired Generation – significant outlays for construction of new unit in Rybnik 2050
- Distribution – expenditures amounting to PLN 883 million incurred for connection of new off-takers

# Key operating volumes

## Volumes: generation, sales, distribution

[TWh]	Q3 2025	Q3 2024	y/y	9M 2025	9M 2024	y/y
<b>Net electricity generation, by fuels:</b>	<b>12.58</b>	<b>13.16</b>	<b>-4%</b>	<b>40.09</b>	<b>40.67</b>	<b>-1%</b>
lignite	6.95	7.94	-12%	21.47	<b>22.93</b>	-6%
<i>incl. Turów 7 unit</i>	0.39	0.47	-17%	1.25	1.30	-4%
hard coal	2.87	2.87	0%	9.79	10.93	-10%
<i>incl. Coal Energy segment</i>	2.61	2.53	3%	7.64	8.82	-13%
<i>incl. Opole 5/6 units</i>	2.02	1.15	76%	5.33	3.85	38%
<i>incl. District Heating segment</i>	0.26	0.34	-24%	2.15	2.11	2%
natural gas	1.99	1.61	24%	6.36	4.03	58%
<i>incl. Gryfino</i>	1.27	1.06	20%	3.40	1.50	127%
pumped-storage plants	0.27	0.15	80%	0.68	0.73	-7%
hydro	0.05	0.06	-17%	0.24	0.33	-27%
wind	0.30	0.34	-12%	1.12	1.27	-12%
biomass	0.08	0.10	-20%	0.25	0.30	-17%
municipal waste	0.01	0.01	0%	0.03	0.02	50%
photovoltaic	0.06	0.08	-25%	0.15	0.13	15%
<b>Sales of heat [PJ]</b>	<b>3.51</b>	<b>3.46</b>	<b>1%</b>	<b>31.82</b>	<b>29.81</b>	<b>7%</b>
<i>including Conventional Generation segment</i>	0.33	0.32	3%	1.63	1.57	4%
<b>Sales of electricity to final off-takers, including</b>	<b>7.73</b>	<b>8.30</b>	<b>-7%</b>	<b>24.02</b>	<b>25.34</b>	<b>-5%</b>
Supply	6.93	7.57	-8%	21.70	23.08	-6%
Energy Railway Services	0.77	0.73	5%	2.31	2.23	4%
<b>Distribution of electricity, including</b>	<b>9.73</b>	<b>9.79</b>	<b>-1%</b>	<b>29.89</b>	<b>29.90</b>	<b>0%</b>
Distribution	8.66	8.78	-1%	26.66	26.75	0%
Energy Railway Services	1.07	1.01	6%	3.23	3.15	3%

# Electricity prices and CO2 cost

Electricity prices and CO2 cost

## Average realized wholesale price of electricity

[PLN/MWh]	Q3 2025	Q3 2024	y/y	9M 2025	9M 2024	y/y
<b>Coal Energy segment</b>	487	585	-17%	498	581	-14%
<b>Gas-fired Generation segment</b>	536	612	-12%	561	612	-8%
<b>District Heating segment</b>	491	627	-22%	483	634	-24%
<b>Total (Coal En., Gas-fired Gen. &amp; District Heating)</b>	493	589	-16%	502	588	-15%

## Average cost of CO2

<b>Total (Coal En., Gas-fired Gen. &amp; District Heating) (PLN/ t CO2)</b>	318	371	-14%	321	388	-17%
<b>Total (Coal En., Gas-fired Gen. &amp; District Heating) (PLN/ MWh)</b>	298	348	-14%	290	372	-22%

# Outlook for 2026

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# Recurring EBITDA: outlook for 2026

2026 vs 2025 perspective		Main factors
<b>Renewables</b>		<ul style="list-style-type: none"><li>- Lower margin at pumped-storage power plants</li><li>- Lower revenues from certificates</li></ul>
<b>Gas-fired Generation</b>		<ul style="list-style-type: none"><li>+ Expected higher margin on sales of electricity</li><li>- Expected lower revenues from balancing capacities market</li></ul>
<b>Coal Energy</b>		<ul style="list-style-type: none"><li>- Expected lower margin on sales of electricity</li><li>- Market pressure on production volumes</li><li>- Expected lower revenues from balancing capacities market</li></ul>
<b>District Heating</b>		<ul style="list-style-type: none"><li>+ Assumed lower level of unit cost of production fuels (hard coal and natural gas) and cost of CO<sub>2</sub></li><li>+ Assumed higher revenues from highly-efficient cogeneration</li><li>- Assumed lower prices of electricity</li></ul>
<b>Distribution</b>		<ul style="list-style-type: none"><li>+ Higher Regulatory Asset Base (RAB) due to the scale of implemented investments</li><li>• WACC in the process of reconciliation with the ERO President</li></ul>
<b>Railway Energy Services</b>		<ul style="list-style-type: none"><li>• WACC in the process of reconciliation with the ERO President</li></ul>
<b>Supply</b>		<ul style="list-style-type: none"><li>- Higher base in 2025 due to reversal of lower margin in G tariff in H2 2024</li></ul>

# Financials

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# Cash from operations, investments and net debt

## Consolidated Cash Flows

[PLN m]	Q3 2025	Q3 2024	9M 2025	9M 2024
Operating CF	1 315	8 514	13 448	14 619
Investing CF	-2 971	-2 692	-7 171	-7 394
Financial CF	1 188	-598	3 022	-4 384
<b>Change of cash and equivalents</b>	<b>-468</b>	<b>5 224</b>	<b>9 299</b>	<b>2 841</b>

## Consolidated Balance Sheet

mln PLN	EOP Q3 2025	BOP Q3 2025	Δ Q3 2025	EOP 9M 2025	BOP 9M 2025	Δ 9M 2025
Cash and equivalents	13 662	14 130	-468	13 662	4 363	9 299
Restricted cash (adjustment)	-171	-218	47	-171	-207	36
<b>Disposable cash of PGE Group</b>	<b>13 491</b>	<b>13 912</b>	<b>-421</b>	<b>13 491</b>	<b>4 156</b>	<b>9 335</b>
Short term financial debt	-3 166	-3 122	44	-3 166	-4 614	-1 448
Long term financial debt	-10 693	-9 798	895	-10 693	-9 074	1 619
<b>Total financial debt (gross)<sup>1</sup></b>	<b>-13 859</b>	<b>-12 920</b>	<b>939</b>	<b>-13 859</b>	<b>-13 688</b>	<b>171</b>
<b>Net debt<sup>2</sup></b>	<b>-368</b>	<b>992</b>	<b>1 360</b>	<b>-368</b>	<b>-9 531</b>	<b>-9 163</b>
<b>Net economic financial debt</b>	<b>-15 506</b>	<b>-14 650</b>	<b>856</b>	<b>-15 506</b>	<b>-17 204</b>	<b>-1 698</b>

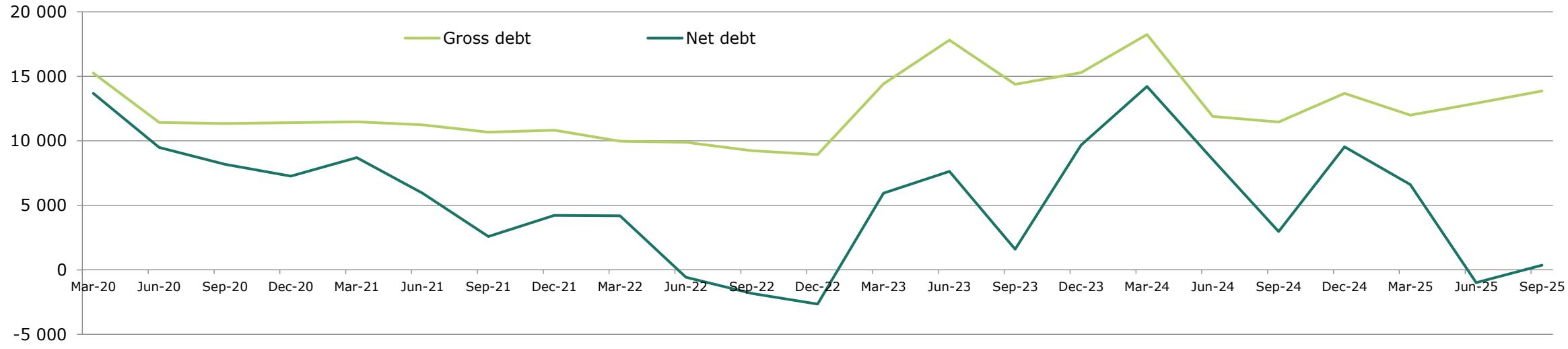
<sup>1)</sup> Liabilities are presented with negative sign, for the sake of consistency between balance sheet and cash flow statement;

<sup>2)</sup> Including factoring liabilities; Net debt for December 31 2024 was adjusted to calculation method in line with bank covenants (in scope of leasing - IFRS 16); initially at December 31, 2024 the value of net debt was presented at PLN 11 045 m

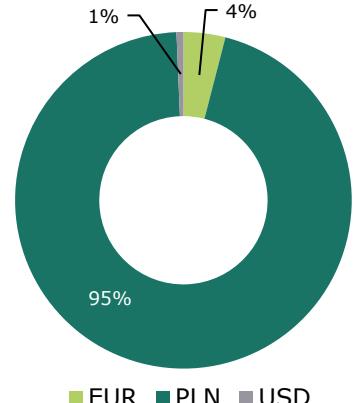
# Debt - data of September 30, 2025



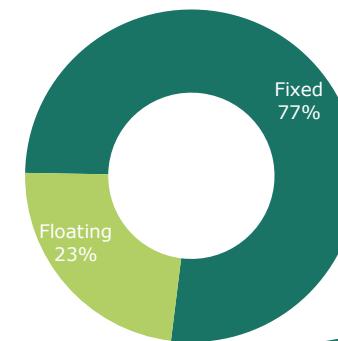
**Gross debt and net debt\* (in PLN million)**



**Currency profile of drawn debt  
(including hedging transactions)**

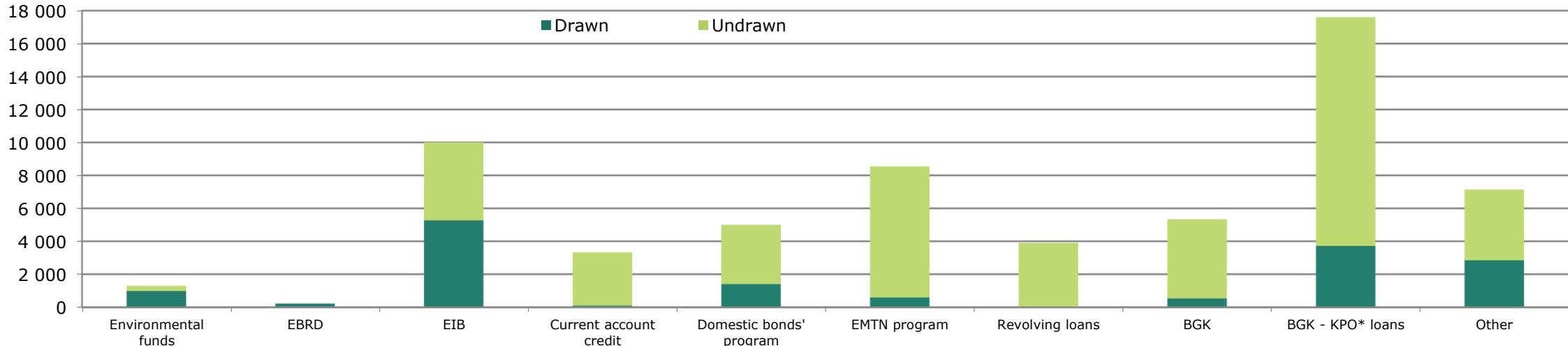


**Fixed vs floating rates  
(drawn debt)**

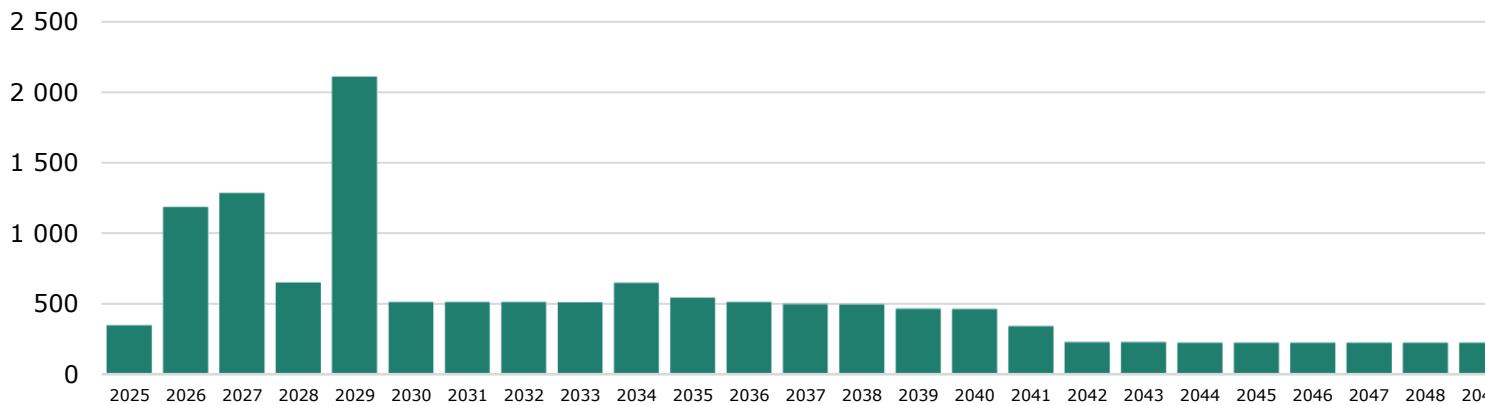


# Available financing and debt maturity

## Drawn debt and availability of external financing (in PLN m) as of September 30, 2025



## Debt maturity profile\*\* (PLN m) as of September 30, 2025



# Stable finances

		Q3 2025	H1 2025
<b>Debt position</b>	Gross Debt (PLN bn)	13.9	12.9
	Net debt (PLN bn)	0.4	-1.0
	Net Debt/LTM EBITDA	<b>0.02x</b>	<b>-0.07x</b>
	Net Economic Financial Debt (PLN bn)	<b>15.5</b>	<b>14.6</b>
	NEFD/ LTM EBITDA recurring	<b>1.10x</b>	<b>1.07x</b>
	Net Debt/Equity	<b>0.01x</b>	<b>-0.03x</b>
<b>Financial strength has been confirmed by rating agencies</b>		MOODY'S	FITCH
	Long-term company rating (IDR)	<b>Baa1</b>	<b>BBB</b>
	Rating outlook	<b>Stable</b>	<b>Stable</b>
	Date of rating assignment	September 2, 2009	September 2, 2009
	Date of the rating confirmation/change	<b>August 18, 2025*</b>	<b>January 13, 2025</b>
	Senior unsecured rating		BBB
	Date of the latest rating change		January 13, 2025
	Long-term national rating		A+ (pol)
	Date of rating assignment		August 10, 2012
	Date of latest rating change		January 13, 2025

# Sources of financing for the investment programme (1/2)



## New Gas Capacities

### REVENUE STREAMS

- Capacity Market
- Balancing capacities
- Energy market



## District Heating

- Sale of electricity and heat
- Capacity Market
- Balancing capacities



## Distribution

- Regulated revenue
- Non-tariff revenues

### FINANCING

Corporate debt

Project finance, partnerships

Subsidies (grants, loans)

Direction of change



- The growing potential of project finance
- Potential involvement of Polish banks and structures with the participation of export agencies (KUKE) and development financing banks (BGK)
- Significantly reduced credit risk due to securing a stable source of revenue based on support from the won capacity market auctions

- Growth financed mainly based on the company's financial surpluses and the Group's balance sheet
- Maximising the use of preferential financing
- Project financing – especially where the decarbonisation plan allows splitting out the part of the assets remunerated by the support system
- Greater availability of project finance in the event of implementation of the national Strategy for District Heating, including support mechanisms for Power-to-Heat

- Financing based on the financial surpluses of companies (EBITDA)
- Involvement in obtaining aid funds (grants, preferential loans) – for infrastructure and R&D projects, to limit the growth rate of distribution rates

# Sources of financing for the investment programme (2/2)



## Offshore

### REVENUE STREAMS

- **Contract for Difference**
- **Sale of electricity**



## Onshore RES

- **Sale of electricity (i.a. wholesale market and PPA)**
- **Guarantees of origin**



## Energy Storage

- **Capacity Market**
- **Balancing capacities**
- **Energy market**

### FINANCING

#### Corporate debt



#### Project finance, partnerships



#### Subsidies (grants, loans)



#### Direction of change

- Strong demand from financial institutions to provide project finance financing – allows minimisation of own contribution
- Syndicated investment loans with the participation of a very wide group of financial institutions, including commercial banks, export agencies and multilateral institutions
- Building unique know-how through cooperation with renowned industry partners

- High financing and refinancing potential in the project finance model
- The limited supply of wind projects available on the market causes a significant appetite on the part of financial institutions for properly structured transactions
- Investment loans granted by banking syndicates, including commercial banks, export agencies and multilateral institutions

- Growing potential of project financing – the market is at the stage of building experience and market standards
- Investment loans granted by banking syndicates, including commercial banks, export agencies and multilateral institutions
- Technology that fits into aid programmes and "green" debt financing



# PGE Group's 2035 Strategy - Summary



# Target results of PGE Group Strategy by 2035



**30** bn PLN  
EBITDA

#ValueCreation



**28** TWh  
RENEWABLE ENERGY

#CleanEnergy



**235** bn PLN  
TOTAL CAPEX

#EnergySecurity



**10** GW  
FLEXIBLE GAS  
POWER PLANTS

#Flexibility



**75%**  
CO<sub>2</sub> EMISSIONS  
DECREASE

#Responsibility

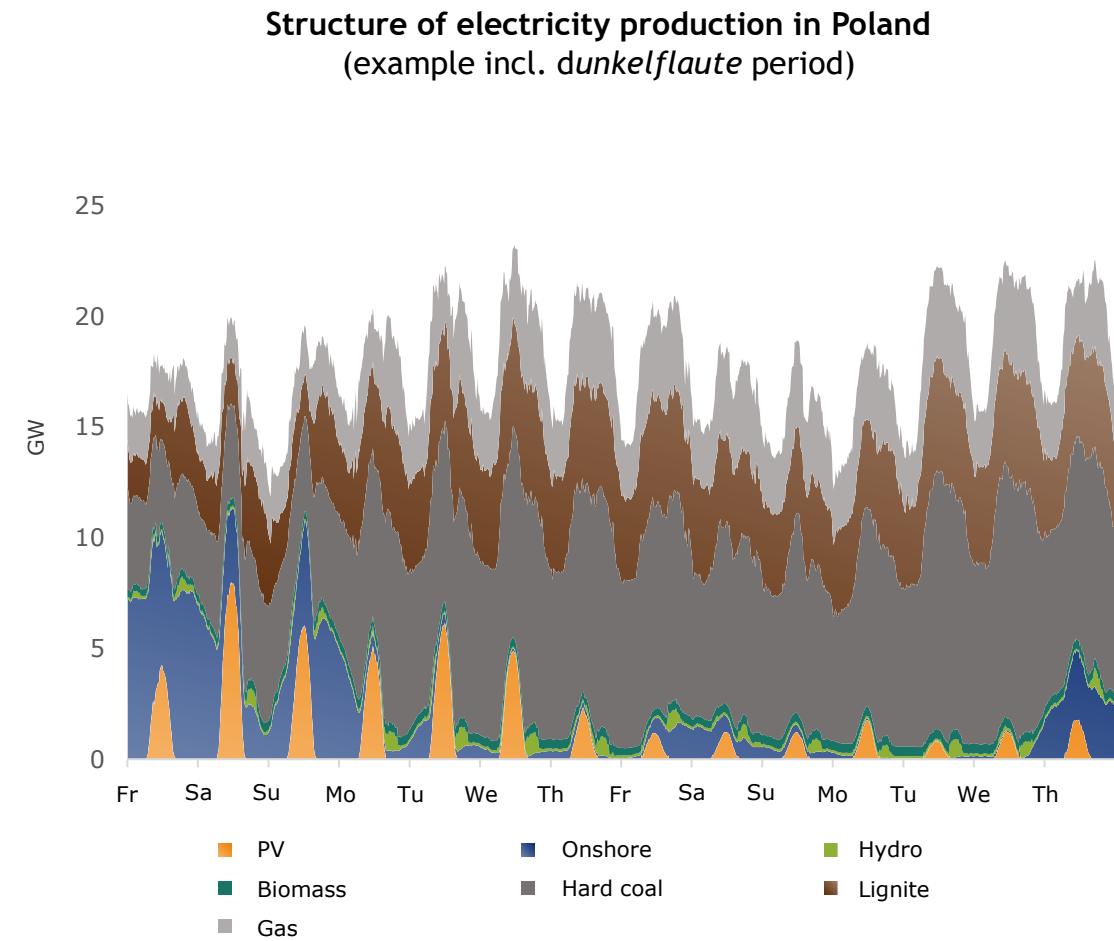
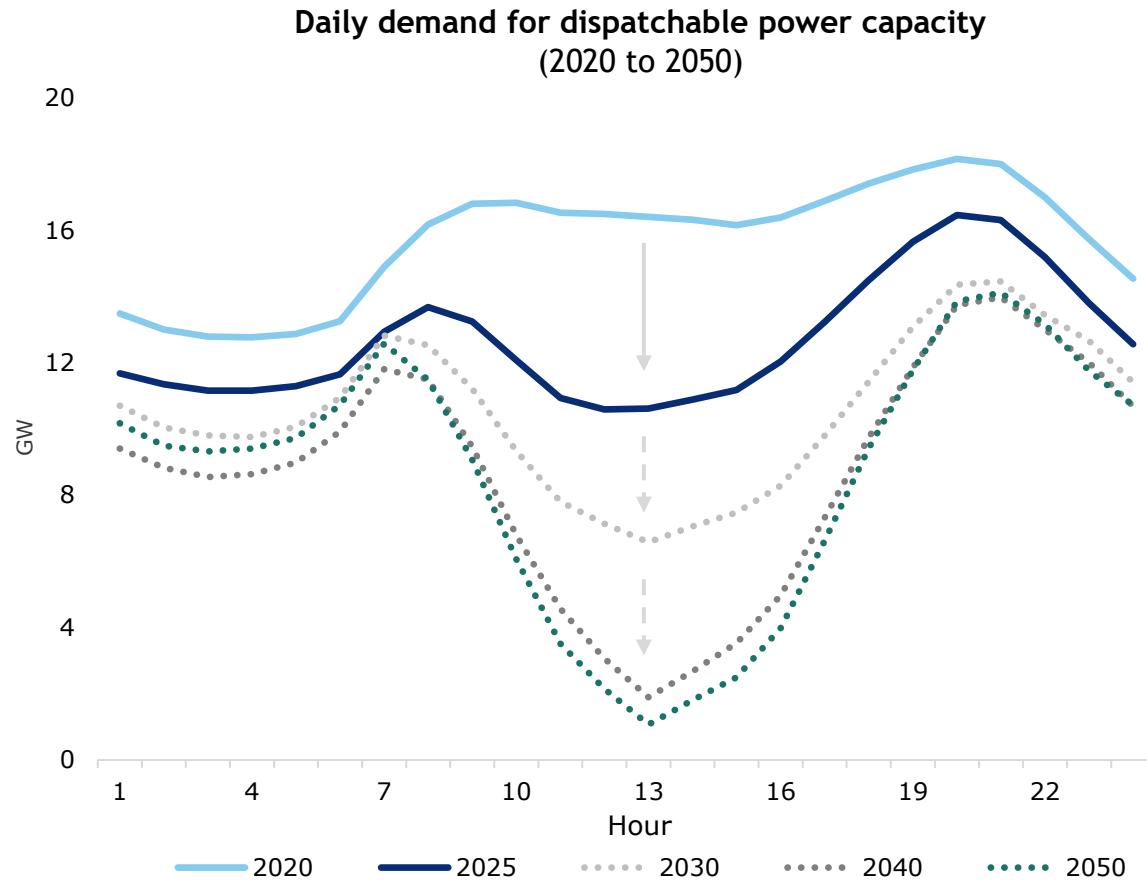


**+11** GW  
RES CONNECTION CAPACITY  
TO SMART GRID

#ReliableDistribution

# PGE defines Security as Flexibility that enables further development of renewable energy sources while ensuring the stability of the power system

Volatility on both the supply and demand sides is increasing in the short and medium term. This requires greater flexibility in both energy generation and consumption.



# PGE will introduce solutions that transfer the benefits of market structure changes into tangible price effects for active Customers

The development of renewable energy sources is contributing to a decline in wholesale prices, but increased electricity price volatility poses a challenge for many market participants, who need to improve their ability to effectively manage of load profiles.

## Evolution of cooperation models

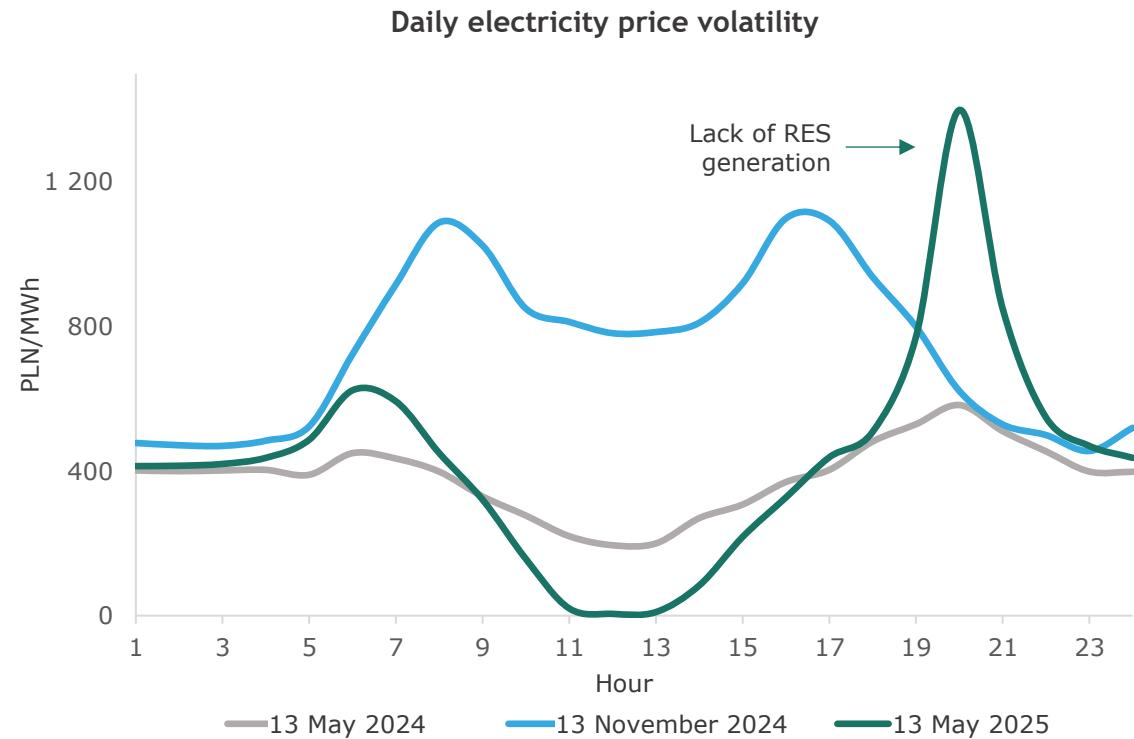
Increased Client activity will create space for partnership-based dialogue with Utilities, which will facilitate better tailoring of offerings, stabilize revenues, and reduce regulatory risks.

## Client activation

Business Customers (and later also residential Customers) will become active participants in electricity and flexibility markets, and their adaptive approach to purchasing electricity and managing of load profile, will enable them to optimise their costs and benefit from periods of lower prices.

## Digitisation

Digitisation and automation will allow for simpler optimisation of energy costs and generate additional revenues, e.g. through DSR services, energy storage participation in capacity auctions and flexibility services.



Source: Towarowa Giełda Energii SA (TGE)

# The PGE Group's 2035 Strategy to addresses the growing volatility and unpredictability of the business environment



New technologies are redefining business models, requiring continuous adaptation and investment in new skills.



Aspirations and regulatory requirements are influencing investment directions and the way business is conducted.



The evolution of social preferences and demographics are changing the structure of energy demand and consumption patterns.



Geopolitical instability highlights the importance of supply security, diversification of energy sources and the resilience of value chains.



The growth in installed capacity of decentralised renewable energy sources is permanently changing the way the energy system operates.



**We operate in a reality where volatility, more than ever before, is a challenge that demands resilience and the ability to respond quickly and effectively.**

# Mission: Providing Energy for a Secure Future



## Energy supply security

We ensure stable energy supplies thanks to flexible sources, smart grid infrastructure and energy storage facilities.



## Group's value creation

We focus on creating long-term shareholder value while respecting our employees.



## Supporting the competitiveness of the Polish economy

We are investing in the sustainable transition to ensure competitive electricity prices, energy independence and efficient infrastructure.



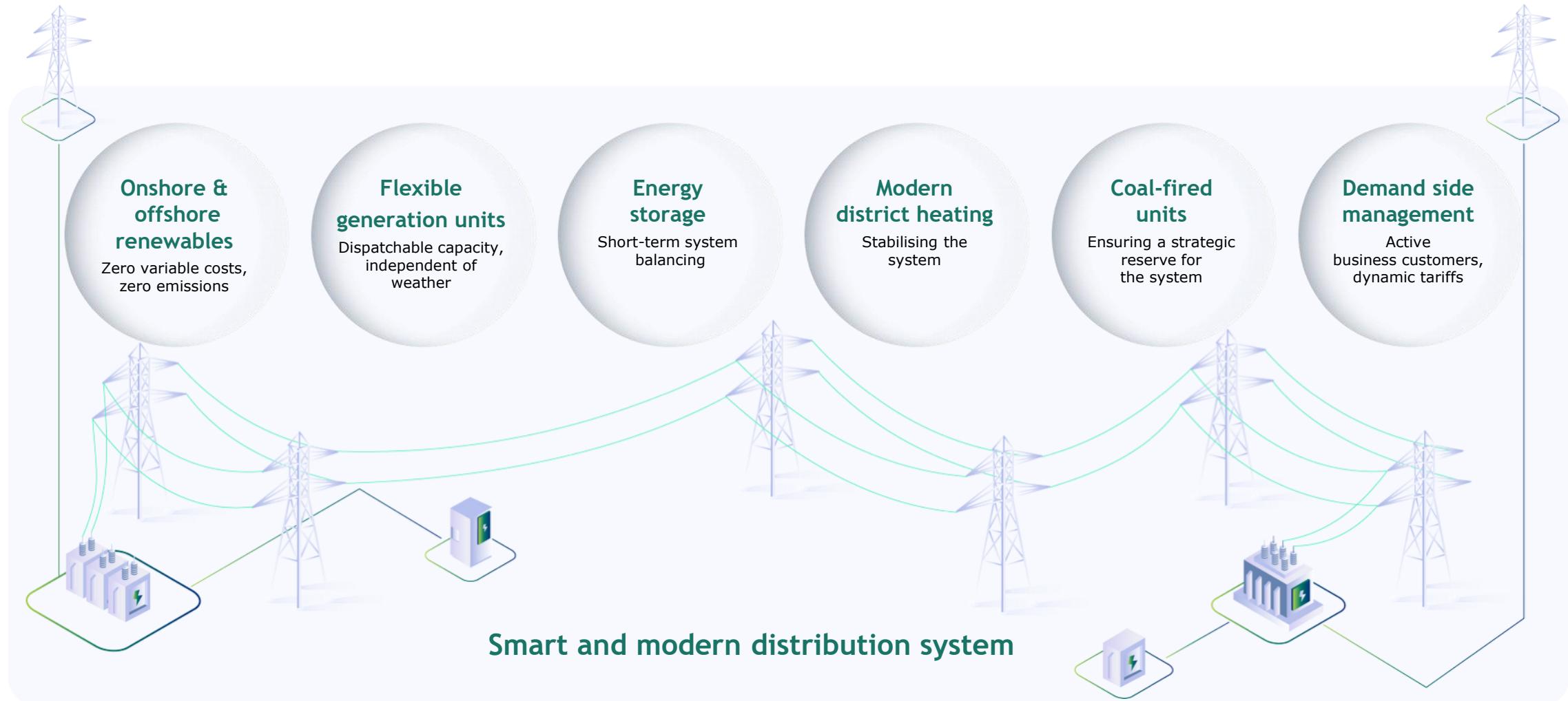
By supporting the competitiveness of Poland's economy, energy security and the domestic supply chain, we are taking rational and sustainable measures to grow PGE's value.

**Dariusz Marzec**

President of the Management Board

# The development of smart grid is determining a new energy system architecture

**A reasonable balance**, increased flexibility and the ability to integrate renewable energy sources are **essential for a secure and successful energy transition**.



# The flexibility portfolio as a driver of diversified revenue streams

To ensure the secure and stable functioning of the Polish Power System, the Transmission System Operator determines the necessary power configuration using advanced tools.

## Why flexibility?

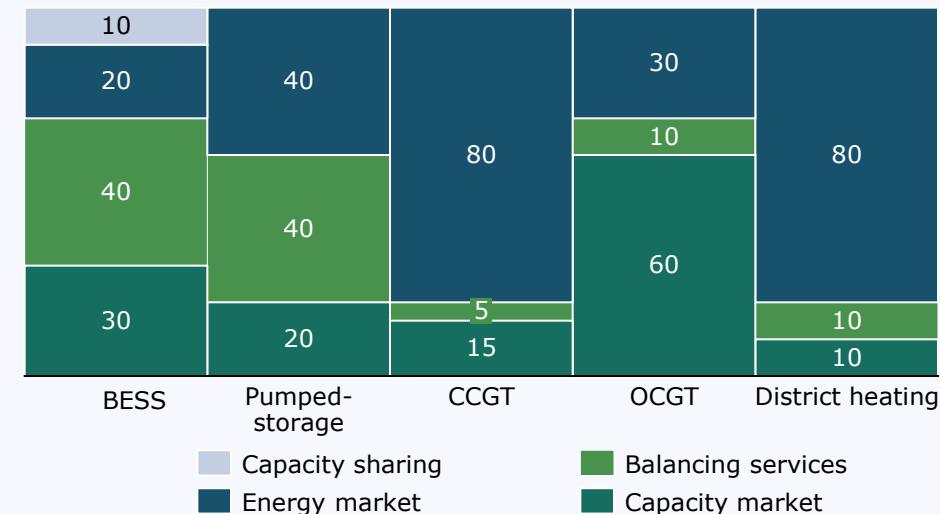
Flexibility is a **key feature of modern energy systems, essential for maintaining their stability and resilience.**

A diverse set of tools supporting the PGE Group's market strategy enables the **effective development of optimal and adaptive business models.**

With years of experience, the PGE Group is committed to consistently creating value across energy trading, technical and commercial balancing services, and participation in the capacity market.

## Diversified revenue streams

Illustrative structure of energy and capacity revenue streams by individual technologies [%]



# Role of the PGE Group's segments



	Distribution	Renewables	Gas energy	Energy Storage	Integrated district heating systems	Coal Energy	Business partners	Residential customers	Nuclear power
Key strategic aspiration	<b>+11 GW</b> additional connected RES capacity	<b>28 TWh</b> electricity*	<b>10 GW</b> power capacity	<b>18 GWh</b> capacity*	<b>100%</b> heat from zero- and low-emission sources	<b>Asset optimisation</b>	<b>#1</b> flexibility services for business	<b>#1</b> Customer service	<b>Location assessment programme</b>
Cumulative CAPEX 2025-2035	PLN <b>75</b> bn	PLN <b>85</b> bn	PLN <b>37</b> bn	PLN <b>14</b> bn	PLN <b>18</b> bn	PLN <b>5</b> bn	PLN <b>0.5</b> bn	PLN <b>0.6</b> bn	Research expenditure: several hundred million PLN
EBITDA in 2035	PLN <b>10</b> bn	PLN <b>10.2</b> bn	PLN <b>7</b> bn	PLN <b>2.1</b> bn	PLN <b>2.8</b> bn	-	PLN <b>0.8</b> bn	PLN <b>0.5</b> bn	-

\* Total production/capacity of projects implemented with PGE's participation

# #1 Energy distribution

Smart grid connection availability more than doubled



## Our motivation:

Supporting the growth of renewables

Increasing the reliability of the grid

Improving the investment attractiveness of distribution areas

Stable tariff revenues

Electrification of the economy

Increasing energy security

### PGE S.A.

Strategic outlook

Investment financing

Strategic and ownership supervision

### PGE Dystrybucja

Operational Outlook

### PGE Energetyka Kolejowa

Operational Outlook

## For whom:

### Prosumers

Development of distributed generation  
(PV, heat pumps)

### Energy customers

Reliable power supply

### Producers

Increased availability of connection capacity

### PGE shareholders

Element of building the Group's value

## CAPEX

PLN 37 bn

until 2030

PLN 75 bn

until 2035

## EBITDA

PLN 8 bn

until 2030

PLN 10 bn

until 2035

# Rational development of the distribution segment as a foundation for the PGE Group's value growth

PGE Group's investments will be focused on increasing connection capacity, observability and controllability, as well as on automating grid operation. Operational efficiency and alignment of development directions with transformation priorities will ensure solid levels of profitability.

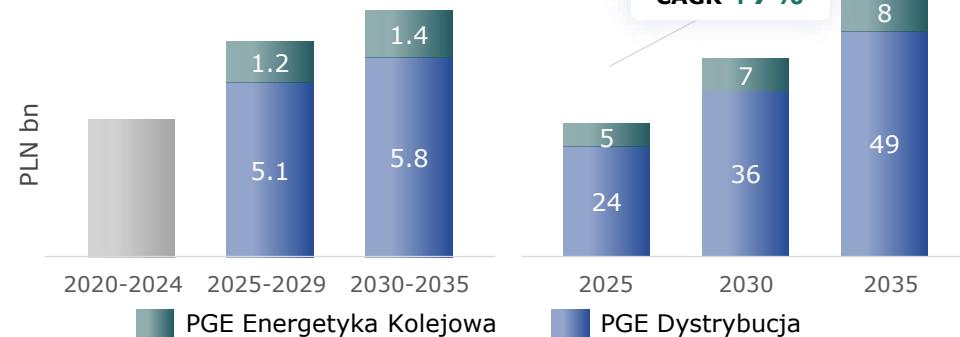
1 Long-term outlook for the electrification of the economy

2 Developing the Regulated Asset Base in alignment with the directions incentivised by the Energy Regulatory Office

3 Planning growth with the use of flexibility services

4 Digitalisation and automation – necessary for the continuity of operation of smart grids and the cost efficiency of DSOs

## Average annual expenditure in the distribution segment



## Regulated Asset Base

**2X** increase in the Regulated Asset Base  
**>9%** Annual average WACC until 2035  
**100%** coverage of costs in tariff

## Increase in the volume of energy distributed [TWh]

	2025	2030	2035
Increase in the volume of energy distributed [TWh]	40	43	48
Maintaining OPEX effectiveness [PLN'24/MWh]	56	54	50

## Maintaining OPEX effectiveness [PLN'24/MWh]

# #1 Renewable Energy

**26 TWh of green electricity from offshore and onshore RES**

## Our motivation

Decarbonisation of the generation mix and maintenance of the position as the leading supplier of green electricity to the grid

Financial potential and competencies to implement megaprojects

Ability to secure long-term revenues through CfDs

Change in the perception of the Group by stakeholders, including financial institutions



### PGE S.A. Strategic outlook

Investment financing

Sourcing and managing partnerships

Sale of electricity and balancing services

Coordination of cPPA conclusion

### PGE Baltica Operational outlook (Offshore wind)

### PGE Energia Odnawialna Operational outlook (Onshore RES)

### CAPEX

**PLN 34 bn**

until 2030

**PLN 85 bn**

until 2035

### EBITDA

**PLN 3.6 bn**

until 2030

**PLN 10.2 bn**

until 2035

## For whom

### Energy consumers

Supply of green electricity at competitive rates

### PGE shareholders

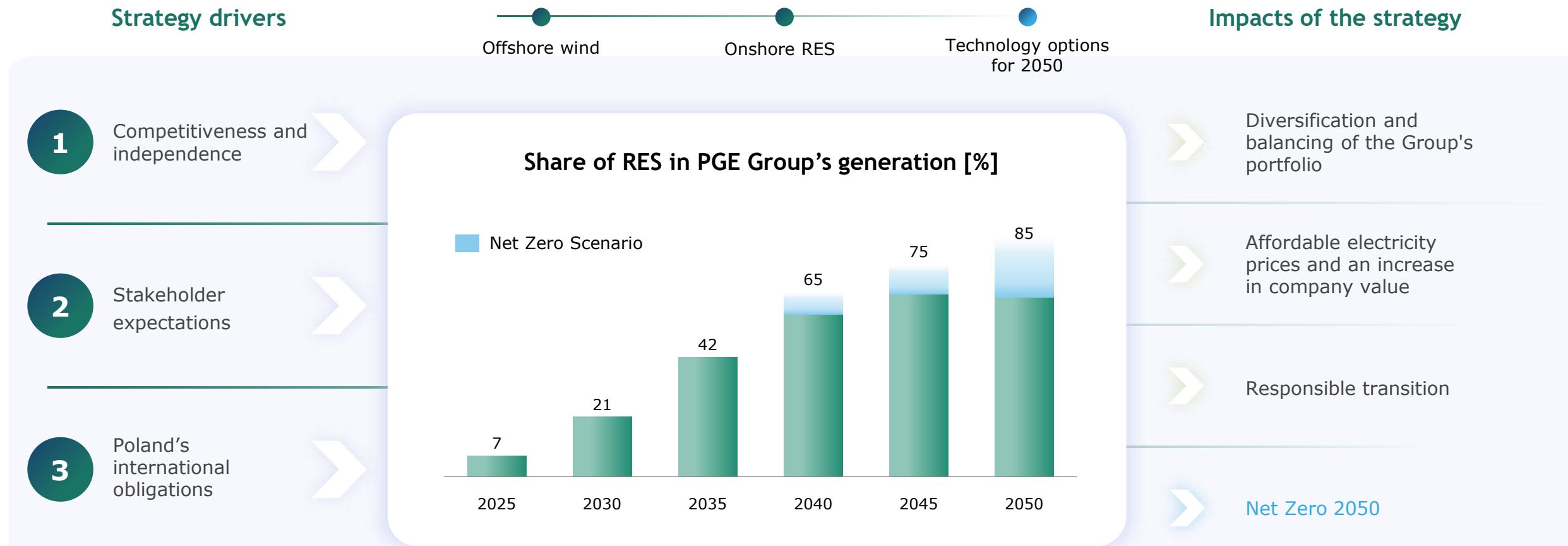
Element of building the Group's value

### Project partners

Market access for electricity and balancing power

# Clean energy for economic competitiveness and resource independence

Affordable energy is key to business competitiveness, clean transport and efficient district heating. PGE Group's investments and competencies will allow Poland to reduce its reliance on fuel imports and meet its emission reduction targets.



# #1 Flexible gas capacity

10 GW of dispatchable capacity, enabling a safe energy transition

## Our motivation

Maintaining the position of the leading electricity supplier to the Polish Power System

Strong financial capacity and expertise to execute large-scale and complex projects

Strategically located sites, suitable for large-scale investments within the PGE Group

Stable revenue streams from capacity mechanisms and effective monetisation of market volatility in energy and ancillary services



### PGE S.A. Strategic outlook

Investment financing (including project finance)  
Developing an auction strategy  
Capacity obligations management  
Optimisation of gas contracting sources  
Monetisation of the commercial flexibility of assets  
Analysing opportunities for partner engagement

### Gas Power Segment Operational outlook

#### CAPEX

PLN 27 bn

until 2030

PLN 37 bn

until 2035

#### EBITDA

PLN 4 bn

until 2030

PLN 7 bn

until 2035

## For whom

### System operator

Stabilisation of the Polish Power System

### Energy consumers

Guaranteed energy supply

### Renewables

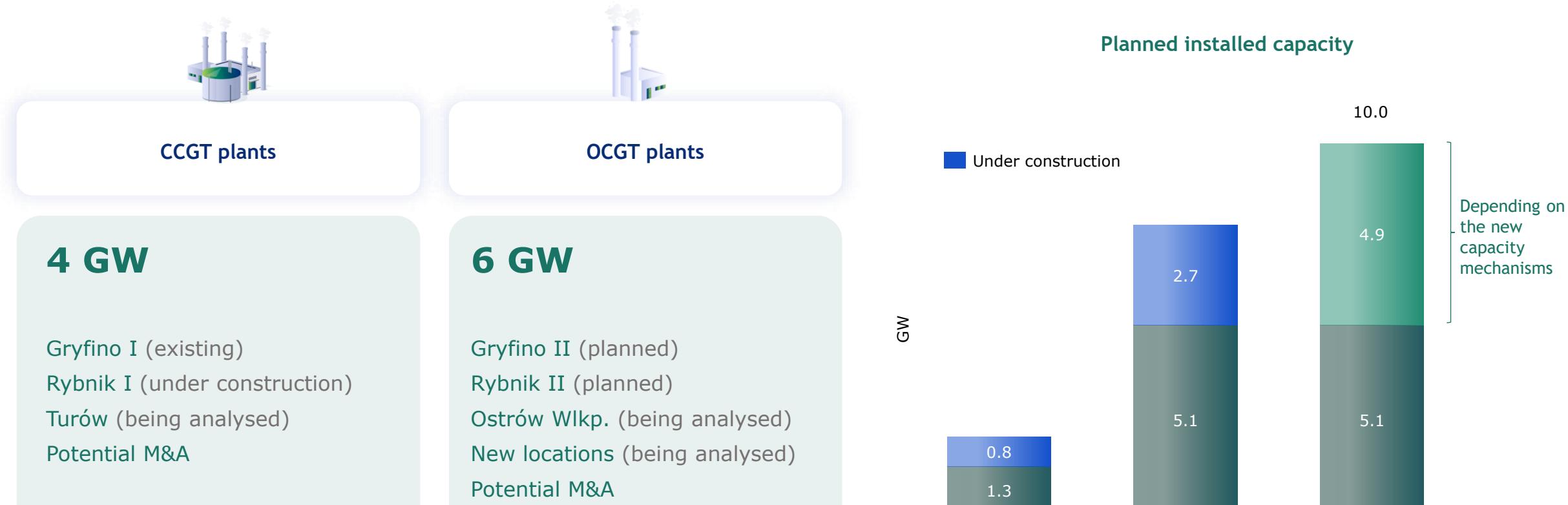
Greater integration capacity for RES

### PGE shareholders

Element of building the Group's value

# PGE Group's aspirations regarding gas energy

The revenue streams of the gas-fired units will be based on the capacity market, electricity sales, and the provision of balancing services.



The extent of the capacity implemented in excess of 5.1 GW will depend on the attractiveness and predictability of their compensation mechanisms (extension of the capacity mechanisms)

# #1 Energy Storage

18 GWh capacity for RES integration and market balancing

## Our motivation

Sustaining the position as the leading electricity supplier to the Polish Power System

Ensuring system balance through integration and management of the Group's own renewable energy sources

Strategically located sites for investment in both large-scale and distributed electricity and heat storage facilities

Unlocking new revenue streams through the monetisation of energy market volatility



### PGE S.A. Strategic outlook

Investment financing  
Commercial storage management  
Acquisitions

### PGE Energia Odnawialna (physical and chemical storage) Operational outlook

### PGE Energia Ciepła (thermal storage) Operational outlook

### CAPEX

PLN 9 bn  
until 2030

PLN 14 bn  
until 2035

### EBITDA

PLN 1.7 bn  
until 2030  
PLN 2.1 bn  
until 2035

## For whom

### Transmission System Operator Short-term system balancing

### Energy consumers Energy prices stabilisation

### Renewables Greater integration capacity for RES

### PGE shareholders Element of building the Group's value

# Broad exposure to available energy storage technologies

Energy storage facilities will enable reliable short-term system balancing and support the continued integration of renewable energy sources. Through price arbitrage opportunities, they can also contribute to the stabilisation of electricity and heat prices.



**Battery energy storage system (BESS)**

Technical and commercial balancing for renewable energy sources and local grid balancing (distributed storage).

Revenue from capacity mechanisms reinforced by revenue from the balancing services market and energy market arbitrage.



**Pumped-Storage Hydro (PSH)**

Participation in daily balancing and the full range of regulatory ancillary services (e.g. blackstart).

PSH Młoty – additionally reduction of flood risk thanks to the support of water management.



**Heat storage**

Combining renewable electricity and district heating by using surplus RES production.

Optimising the operation of cogeneration sources.



PGE Energia Odnawialna

PGE Energia Ciepła

# #1 Clean district heating

Leader in integrated, efficient district heating systems

## Our motivation

Keeping the local heat markets' leadership

Supporting the flexibility of the power system through the Group's commercial competencies

Optimisation of operation of generation and distribution assets

The combination of stable tariff revenues and CHP support mechanisms ensures return on investment and maintains EBITDA stability



**PGE S.A.**  
Strategic outlook

Financing of investments  
Optimising gas contracting sources  
Monetising the commercial flexibility of assets

**PGE Energia Ciepła**  
Operational outlook

## CAPEX

**PLN 9.3 bn**

until 2030

**PLN 18 bn**

until 2035

including **PLN 3 bn** for network acquisitions and modernisation

## EBITDA

**PLN 2.7 bn**

in 2030

**PLN 2.8 bn**

in 2035

## For whom

### Heat consumers

Reliability of heat supply

### Heating distributors

Thermal power availability

### Local governments

Energy security and financing the necessary expenditures for network modernisation

### PGE shareholders

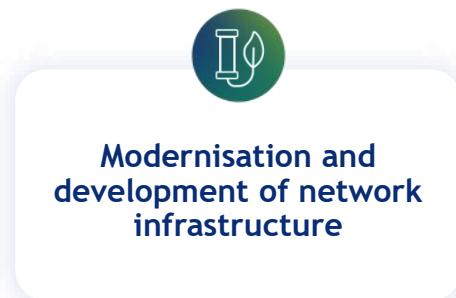
Element of building the Group's value

### Environment and climate

Reduction in CO<sub>2</sub> and NO<sub>x</sub> emissions, and water use

# District heating on the road to climate neutrality

A roadmap is being developed for each heating system location to achieve climate neutrality while maintaining the price competitiveness of district heating.



**Maximising** the potential of Power-to-Heat  
Replacing the old coal-fired units with new high-efficiency gas-fired units

Construction of heat accumulators at all locations to optimise power in the sources

**-60%**

Reduction in CO<sub>2</sub> emissions by 2035 (compared to 2021)

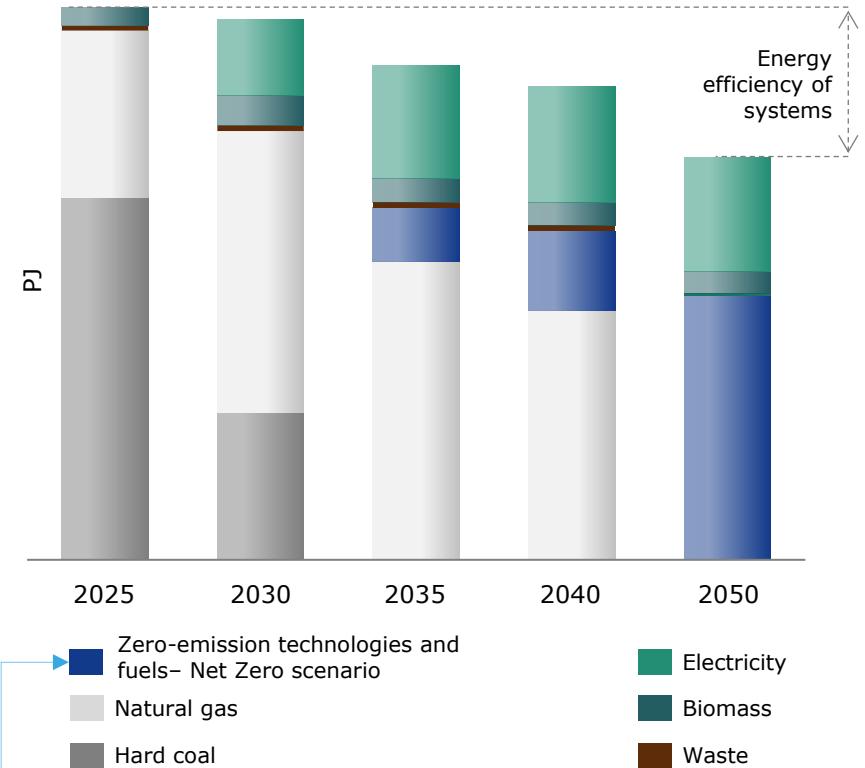
**-3 p.p.**

Reduction in average network losses (compared to 2021)

**Net Zero**

**by 2050**  
based on new technologies and zero-emission fuels

## Structure of district heating production



The level of production utilising electricity will have greater potential with increased commercial production management capacity and regulatory incentives for Power-to-Heat.

# Investments in the transformation and modernisation of district heating systems

The transformation of district heating assets will allow us to achieve climate neutrality while maintaining price attractiveness and security of supply.



## Transformation of generation assets

- Phasing out coal-fired heating units
- Deploying **gas-fired cogeneration** as a flexible transitional technology that enables a rapid shift away from imported coal and supports the future use of zero-emission fuels
- **Implementing Power-to-Heat technologies** powered by clean electricity, such as electrode boilers and heat pumps

**PLN 15 bn**

Development and maintenance of district heating assets until 2035



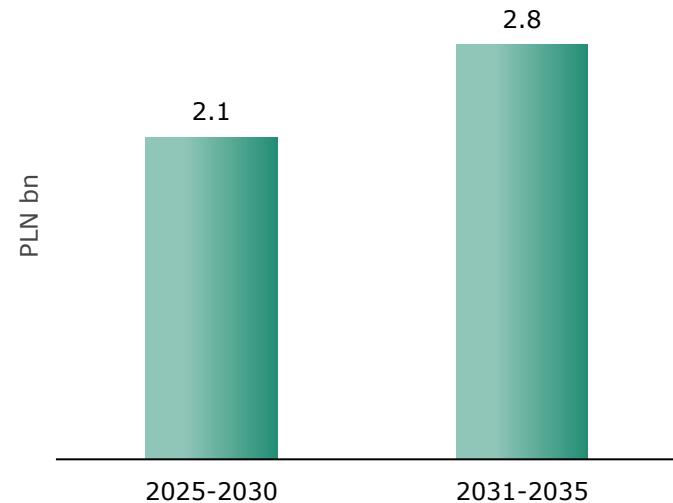
## Modernisation and development of network infrastructure

- **Acquisition** of heat distribution networks
- **Integration** of the generation assets under development
- **Optimisation of the network structure** accounting for the role of waste heat, off-grid and hybrid systems

**PLN 3 bn**

Potential acquisitions and modernisations of district heating networks

## Average annual EBITDA



# A responsible approach to the transition from coal energy

Change in generation mix	Decline in coal energy demand	Need to maintain power in the system	Evolution of the competence profile	Circular Economy
<ul style="list-style-type: none"><li>Competitiveness of coal-fired power plants limited by CO<sub>2</sub> emission prices</li><li>Change in the nature of operation of coal-fired units from baseload to peak-reserve</li><li>Loss of profitability of coal operations</li></ul>	<ul style="list-style-type: none"><li>The need for cost optimisation to reduce losses</li><li>The need for rational asset management based on clear criteria and standards</li></ul>	<ul style="list-style-type: none"><li>Coordination of available capacity with TSO's actual needs</li><li>The need to implement a long-term financing mechanism for critical assets</li></ul>	<ul style="list-style-type: none"><li>A qualified, experienced and committed team of employees</li><li>Employment potential in PGE Group's growth segments</li></ul>	<ul style="list-style-type: none"><li>Utilising opportunities for a business use of reclaimed land</li><li>Effective management of decommissioned power plant assets</li></ul>

## DIALOGUE WITH EMPLOYEES COOPERATION WITH LOCAL COMMUNITIES COORDINATION WITH THE TRANSMISSION SYSTEM OPERATOR

**Utilisation of infrastructure for the implementation of new investments by the Group**

**Optimised asset management and cost rationalisation**

**Cooperation with the public administration and the Transmission System Operator**

**Reskilling of employees, engagement in growth segments**

**Reclamation and repurposing of retired power plant sites**

# Nuclear energy as a long-term strategic option

For the period beyond 2035, the PGE Group will continue to develop additional strategic options, seeking the most effective pathways to achieve the Net Zero scenario. The key criterion will remain the creation of Group value based on zero-emission generation, while supporting the competitiveness of the economy.



Strategic Rationale	PGE Group's Plans	Project Profitability	New Group Competencies	Safety
Participation in a crucial part in the energy transition in Poland.	<b>Until 2035, spending only on preparation of projects</b> for administrative and investment decisions.  Subsequent decisions will depend on the results of location research and market demand.	Depending on state aid mechanisms.	Readiness to participate in Polish Nuclear Power Programme (PPEJ) as a unit operator, offering (amongst other things) qualified staff, service and operational competencies, as well as sales support.	Multi-criteria analyses of safety at the construction and operation stages.



## Financial effects of the Strategy

# Consistent approach to value creation and investment financing

Disciplined **investment policy**

**IRR >7.5%**



**Investment discipline** defining a selective approach to projects\*, conservative macroeconomic assumptions and **social responsibility**.

Adequate **debt level**

**NetDebt/EBITDA <3.5x**



**Stable financial position** supporting **energy security**. Maximising the utilisation of opportunities for **preferential financing** (including the subsidies and ESG funds).

Optimal **financing model**

**Significant share of project finance**



**Partnerships** with Polish and international financial institutions to facilitate access to **innovative financing models**.

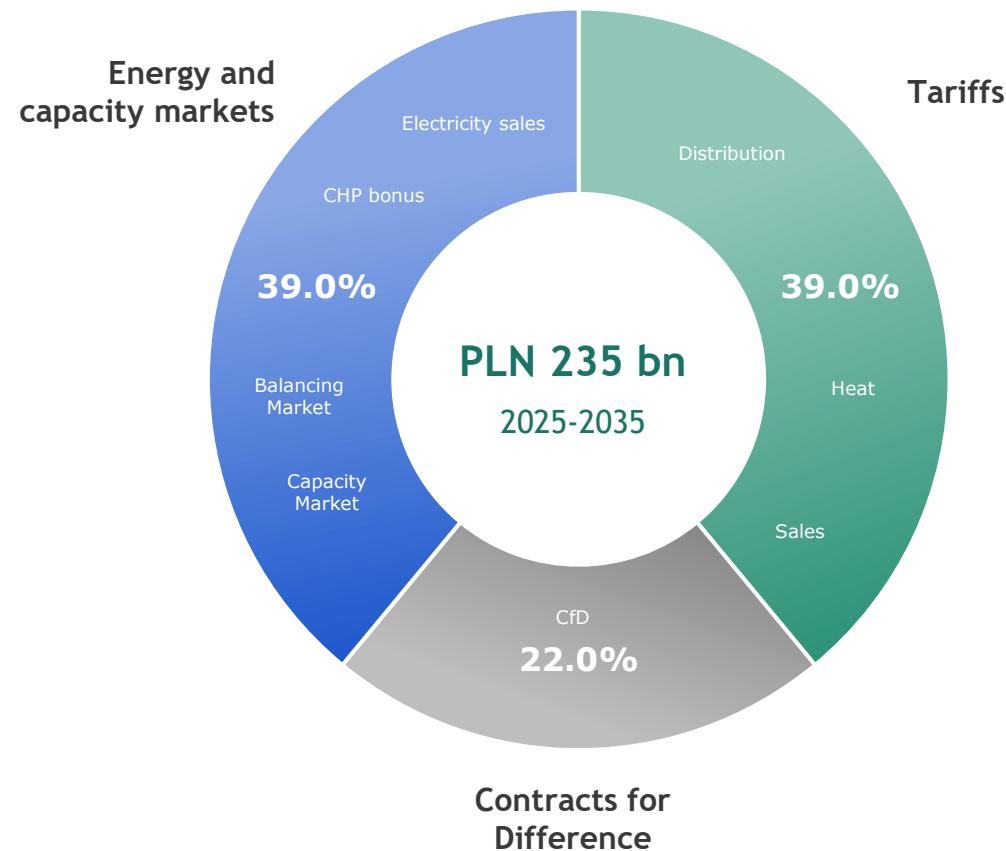
Balanced **risk profile**

**BBB+rating**

\* *IRR rate >7.5% can be reduced for projects with secured revenue streams (e.g., CfD, PPA, etc.).*

# A balanced capital expenditure structure supported by stable, regulated revenues and secured opportunities for profitable growth.

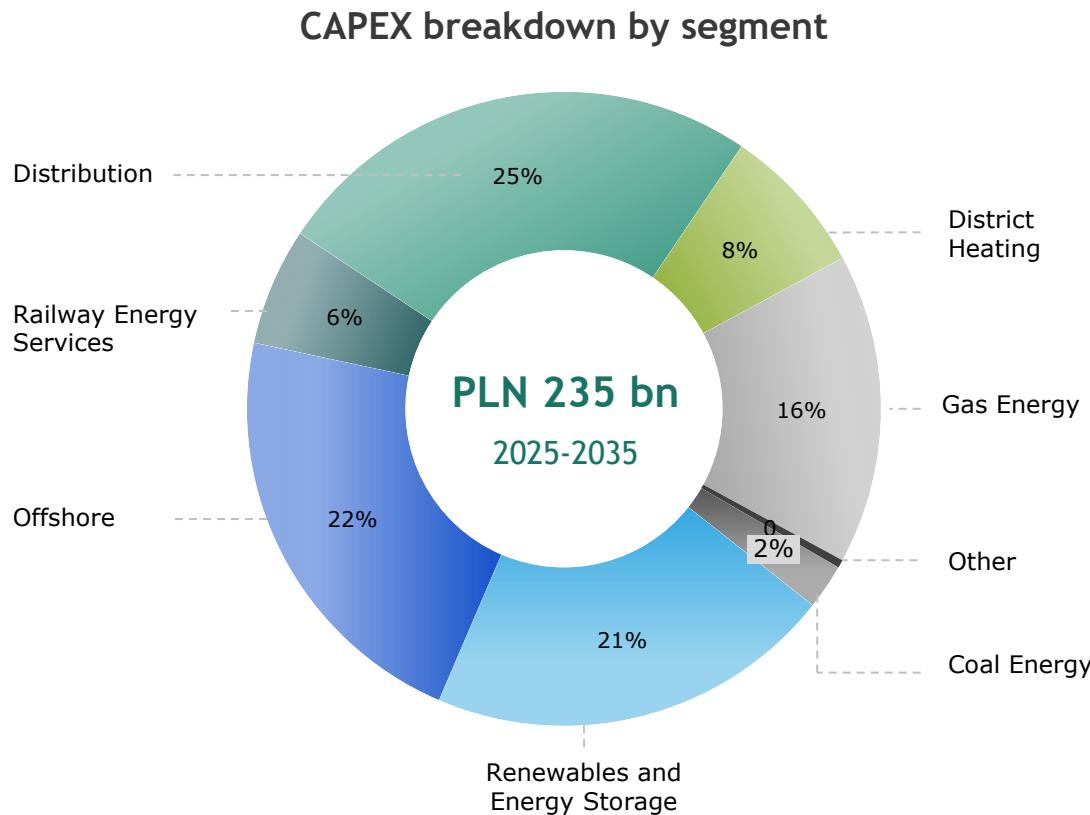
## CAPEX by monetisation mechanisms



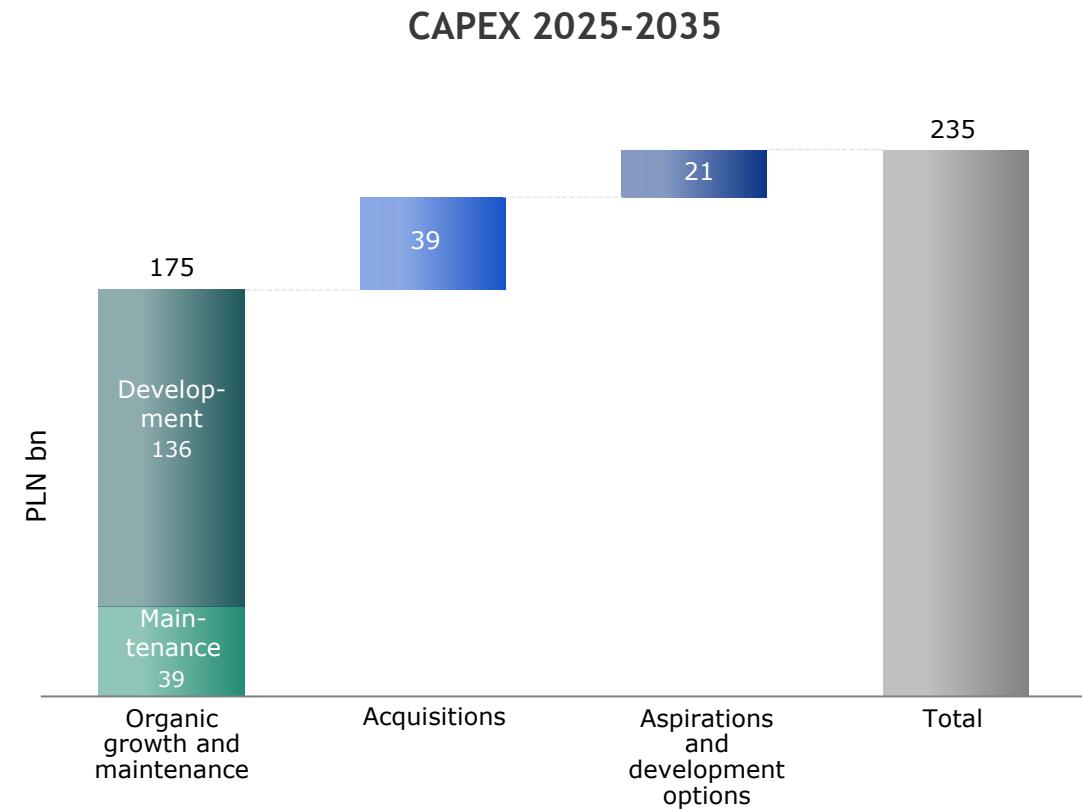
The Group's balanced capital expenditure structure will be underpinned by stable, regulated revenue streams and will be positioned to capitalise on growth opportunities arising from capacity mechanisms and balancing services.

# An ambitious development programme based on regulated revenues and building growth potential in RES and flexibility

An investment programme focused on grid infrastructure, renewables and flexibility.



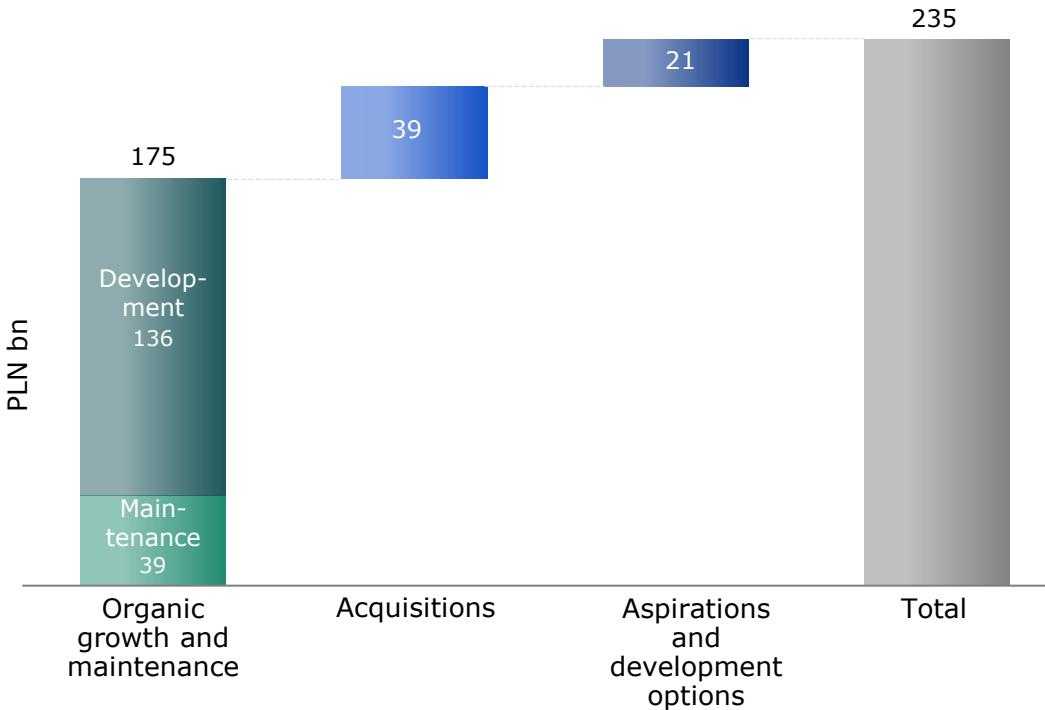
Approximately 25% of CAPEX consists of acquisitions and development options, which will be pursued depending on the PGE Group's financial capacity and the availability of value-enhancing opportunities.



# CAPEX structure and expected evolution of EBITDA structure

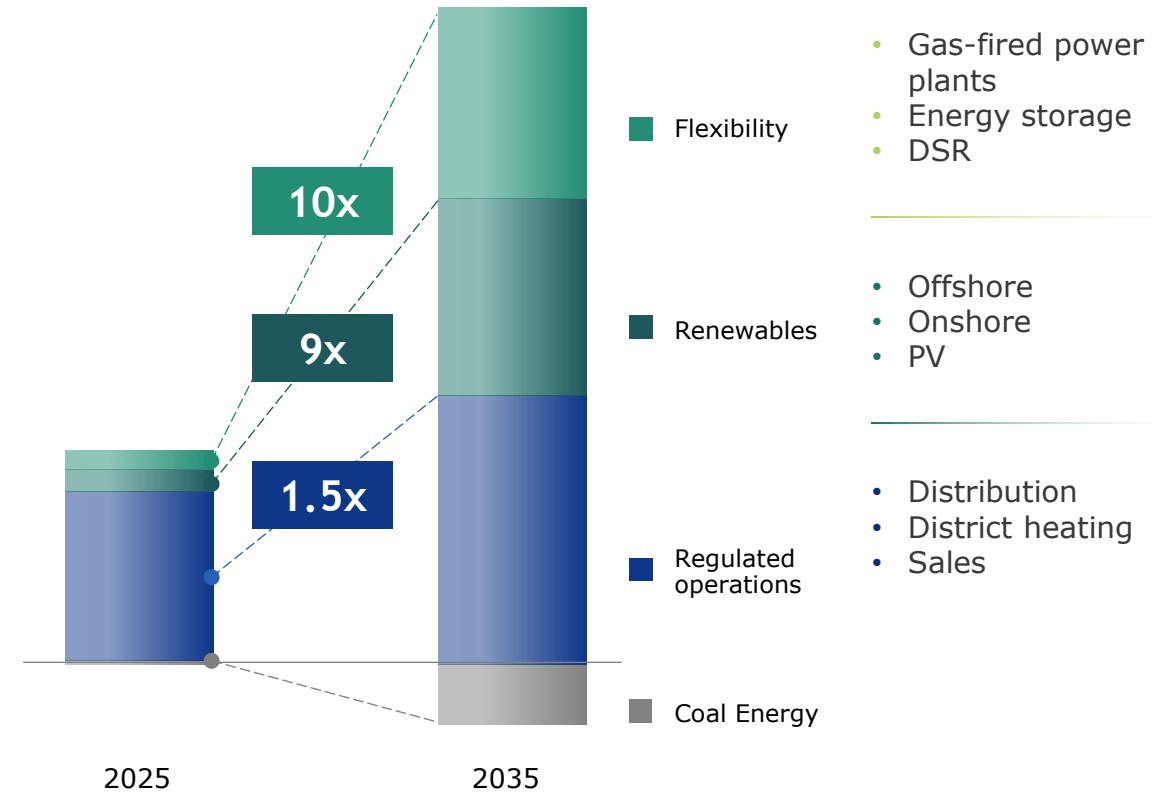
Around 25% of CAPEX is made up of acquisitions and development options, which will be implemented depending on the financial capabilities and availability of opportunities that build PGE Group's value.

CAPEX 2025-2035



EBITDA secured by distribution and regulatory mechanisms, with growth potential stemming from RES and flexibility.

EBITDA STRUCTURE



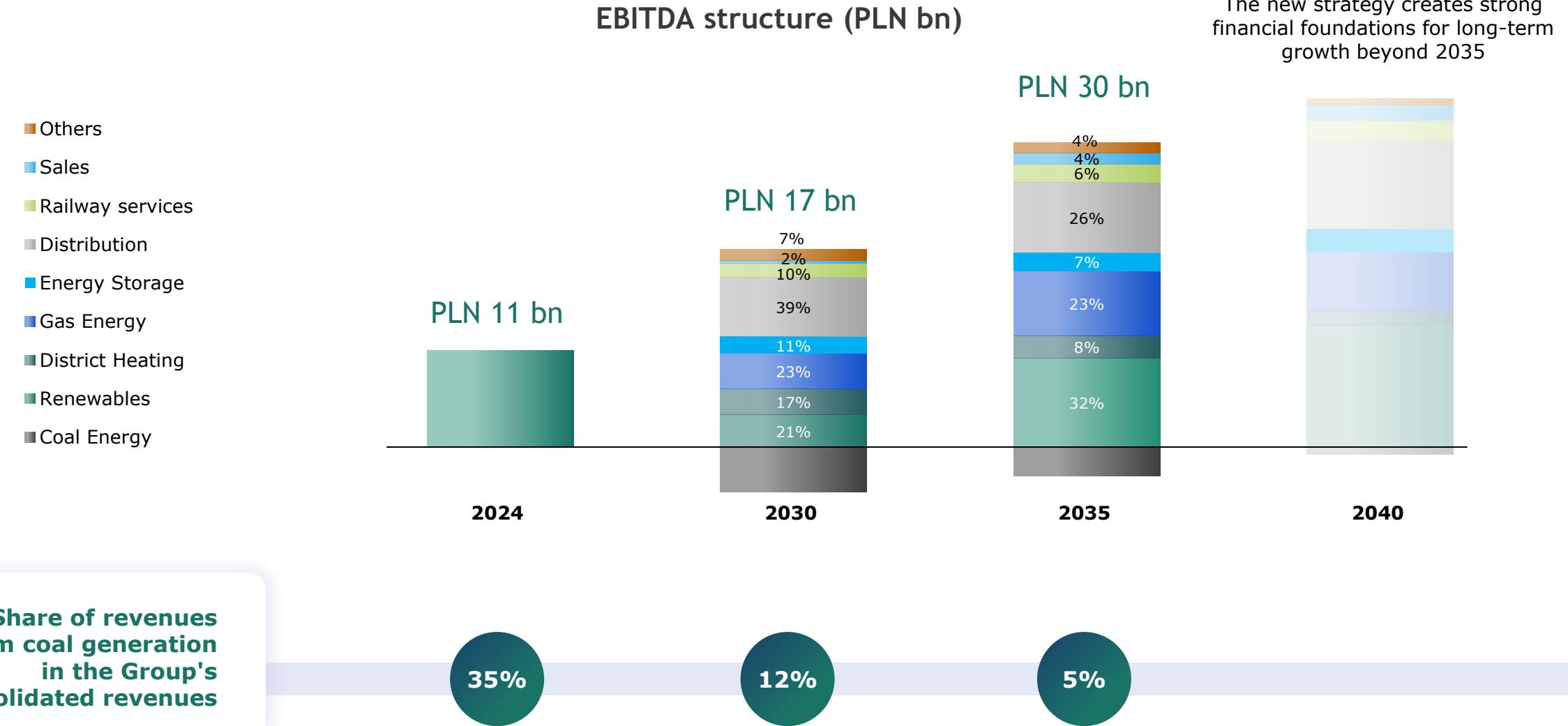
- Gas-fired power plants
- Energy storage
- DSR

- Offshore
- Onshore
- PV

- Distribution
- District heating
- Sales

- Coal Energy

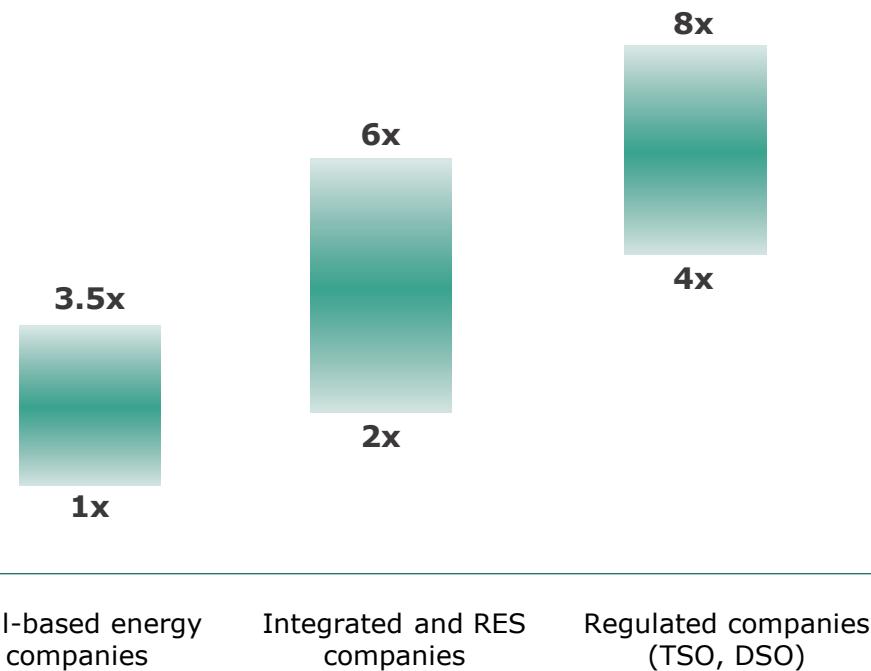
# EBITDA evolution towards regulated segments, renewables, and mechanisms that reward flexibility



# Business profile transformation will give the PGE Group greater ability to finance its growth

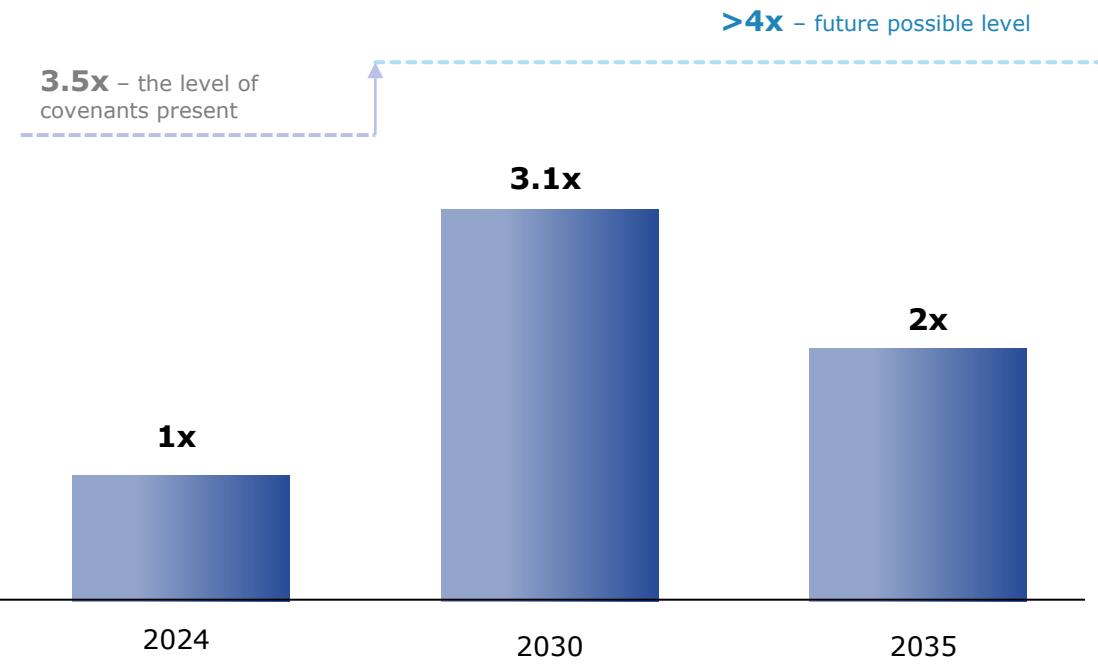
At present the PGE Group maintains a low net debt-to-EBITDA ratio compared to the industry in general.

Typical NetDebt/EBITDA ratios of energy companies by business profile



The Group aims to improve its risk profile by adopting new growth financing models, enabling a safe increase in net debt levels while maintaining its credit rating and keeping financial costs under control.

Forecast of net financial debt to EBITDA of the PGE Group



# Potential for regular dividend payments

Dividend payments planned upon achieving the following criteria:

**1** Recurring net profit

**2** Prospect of positive free cash flow  
for a minimum of 2 years

**3** Maintenance of investment rating

**4** Absence of one-off events having  
significant impact on cash flow



Addressing the issue of financing the operational gap  
in coal-based energy segment  
(particularly in the lignite mining)  
will accelerate dividend payments.

# ESG as a source of stakeholder value

The strategic goals of the PGE Group are adopted with the aim of positively impacting the surroundings. Integrating the ESG aspects into management practices ensures complete alignment with sustainability principles.

## ENVIRONMENTAL

Minimising the negative impact of operations on the environment and implementing initiatives contributing to environmental protection

- New dispatchable generating units
- Expansion of the RES portfolio
- Grid modernisation enabling more RES connections and less re-dispatching
- Implement biodiversity conservation and water management policy objectives
- Implement circular economy principles and reduce resource consumption

## SOCIAL

Support for the responsible transition of the Polish economy, care for employees and relations with communities

- Reducing the risk of energy price increases and strengthening security of supply
- Stable working conditions and a partnership-based approach to local communities
- Engaging local authorities in planning a responsible transformation
- Supporting employee development and fostering their commitment

## GOVERNANCE

Standards of organisational management

- Organisational resilience and transparency
- Management of processes and organisational culture
- Principles of responsible ESG-compliant corporate governance
- Recognition of minority shareholders' rights

**Net Zero by 2050**

**-75% CO<sub>2</sub> emissions by 2035**

**-76% NOx emissions by 2035**

**Gender pay gap: <5%**

**Aspiration and Zero Accident Policy**

**>30% variable remuneration for the Management Board depending on the achievement of ESG targets**

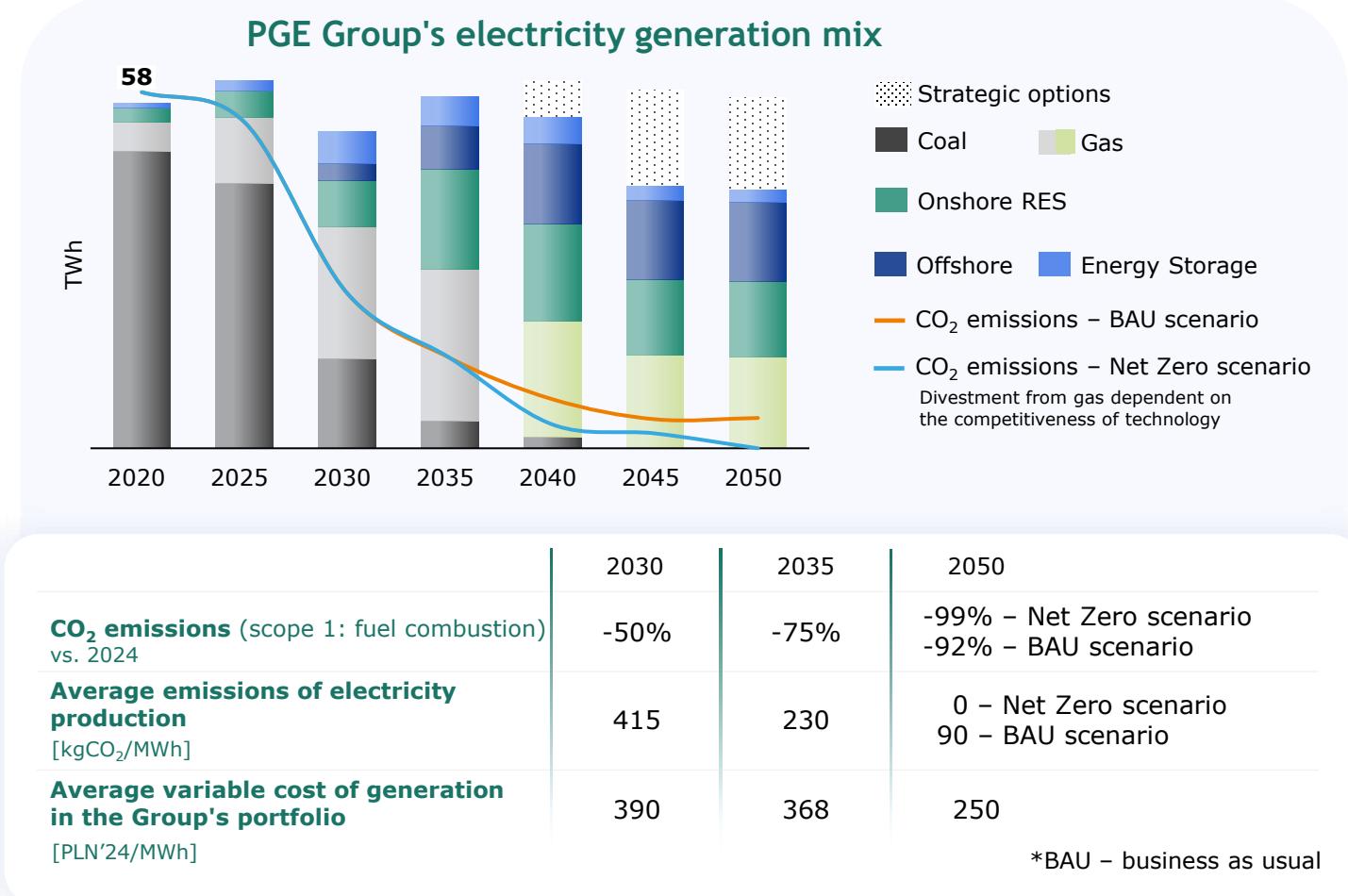
**>90% anti-corruption training for particularly exposed job positions**

# PGE's transition on the path to Net Zero



The implementation of flexibility initiatives will enable PGE Group to responsibly expand its portfolio of renewable sources.

Due to a significant decline in coal-based energy production volumes – caused by market and regulatory factors – **PGE will focus on large-scale low- and zero-emission projects** that enable rapid growth in the clean generation market.

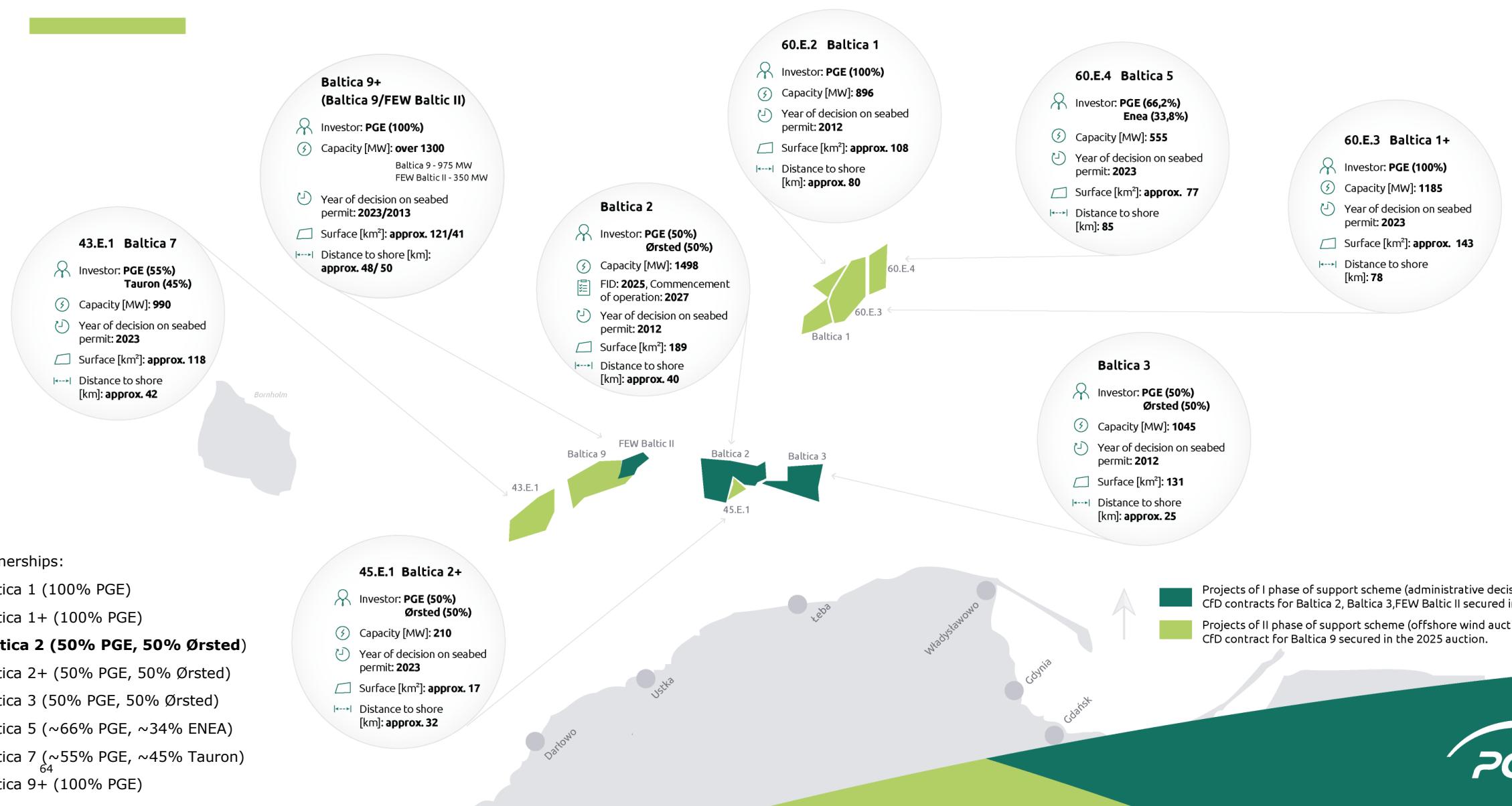


Production at coal-fired power plants after 2035 depends on the demand of the Transmission System Operator and on the mechanism for financing the operational gap

## Ongoing & completed investments



# PGE offshore wind projects portfolio



# Baltica 2 project in progress



Power: **approx. 1.5 GW**



Distance  
to shore: **approx. 40 km**



Operation  
commencement: **2027**

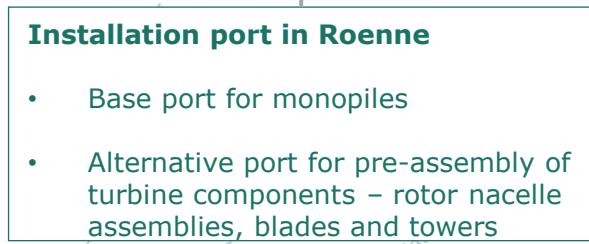


Number of turbines: **107**

Annual generation: **5.4 TWh**



Surface: **190 sq. km**



PGE Baltica O&M base

Ustka

Darłowo

Kolobrzeg

65



Location of the onshore  
substation

Baltica 2

Cable lines route

Teba

Wladyslawowo

Gdynia

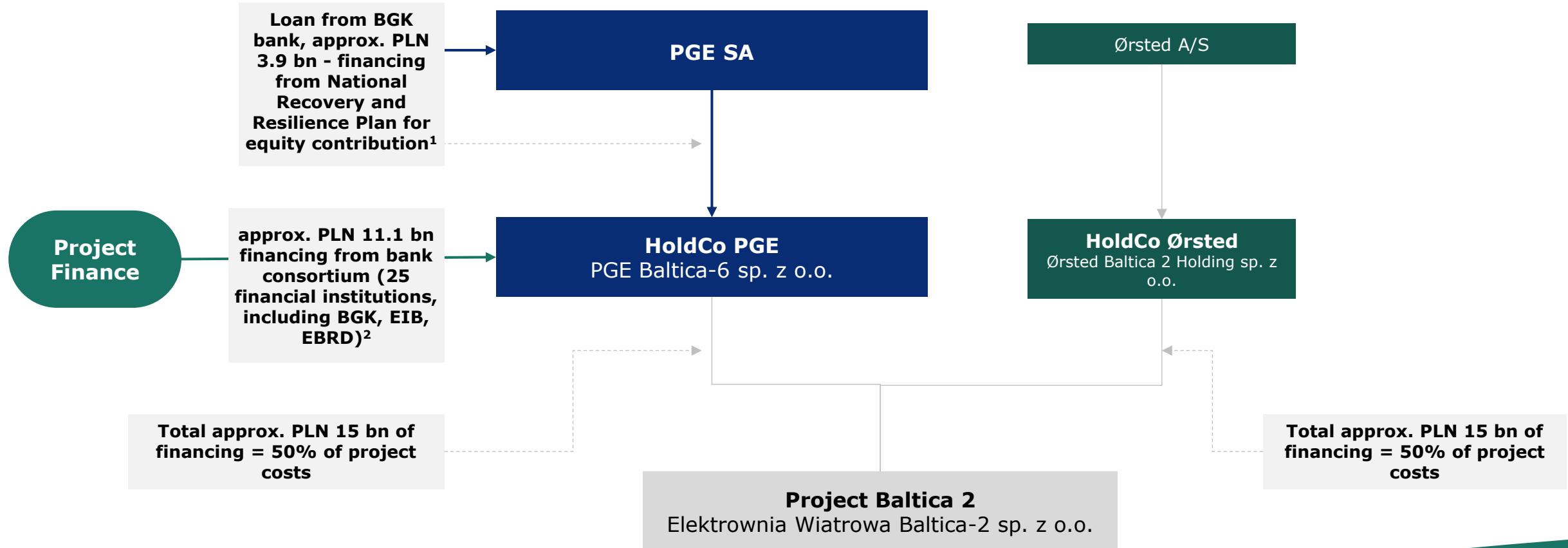
Gdańsk

**Installation Terminal T5  
in Gdańsk**

- Base port for pre-assembly of turbine components – rotor nacelle assemblies, blades and towers



# Financing Structure of the Baltica 2



<sup>1</sup> final maturity date of the loan - Dec 20, 2036

<sup>2</sup> non-recourse project finance of approx. PLN 11.1 bn for the construction period and the following 22 years. Possibility to use additional credit lines in amount of approx. PLN 1.5 bn.

# CfD for the Baltica 2, Baltica 3, FEW Baltic II



## Offshore wind support based on CfD scheme

### Projects of I phase of support scheme

1. **Secured CfD strike price: PLN 319.60/MWh (EUR 71.82/MWh)** (in 2021 prices)
2. **Annual indexation with the consumer price index (CPI) for the previous year or inflation target of Monetary Policy Council (whichever is lower)**
3. **Current strike price of CfD (for 2025): PLN 443.49/MWh**
4. **25 years of support** - one of the longest support period in the offshore market, which allows Project Finance debt repayment to be extended, investment to be highly leveraged and project debt repayments to be spread optimally over time
5. **CfD settlement against electricity prices for single Imbalance Settlement Period** – during the support period, the Offshore Wind Farm does not incur a profile costs

# First ever offshore wind auction in Poland

Contract for Difference granted to Baltica 9 along with ability to develop the neighbouring site will allow PGE to build Baltica 9+ offshore wind farm with total capacity of about 1.3 GW.

## Baltica 9



Capacity: **975 MW**



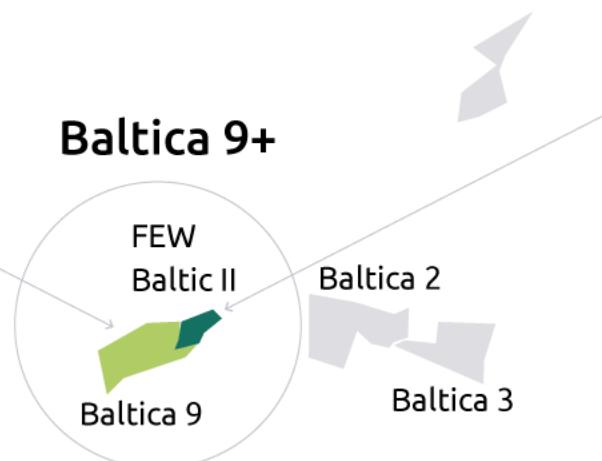
Distance to shore: **approx. 48 km**



Surface: **approx. 121 km<sup>2</sup>**



PGE Baltica O&M base in Ustka



## FEW Baltic II



Capacity: **350 MW**



Distance to shore: **approx. 50 km**



Surface: **approx. 41 km<sup>2</sup>**

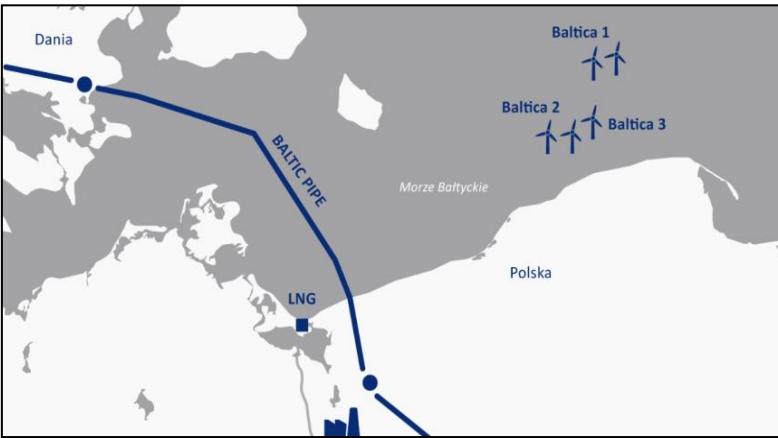


# Offshore wind -2025 auction

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- **The Act of November 27, 2024 amending law on promotion of generation of electricity in offshore wind farms** stipulates different prices for different locations of maritime areas.
  - Ministry of Climate and Environment published in January 2025 ordinance on maximum electricity prices in offshore auctions. Based on the amended law on promotion of generation of electricity in offshore wind farms, the ordinance splits projects into 3 groups.
  - Maximum price PLN 485.87/MWh was set for projects in the areas closest to the shore (including PGE Baltica 2+, approx. 210 MW).
  - Maximum price PLN 499.33/MWh was set for projects (including PGE/Tauron Baltica 7, approx. 990 MW; PGE Baltica 9, approx. 975 MW).
  - Maximum price PLN 512.32/MWh was set for projects in the most distant areas (including PGE Baltica 1, approx. 896 MW; PGE Baltica 1+, approx. 1185 MW; PGE/Enea Baltica 5, approx. 555 MW).
- PGE has submitted two offshore wind farm projects for the 2025 auction: **Baltica 1 (896 MW) and Baltica 9 (975 MW)**.
- **In the 2025 auction PGE secured 25-year CFD for project Baltica 9 (975 MW) at PLN 489 PLN/MWh (2025 price)**.
- **The start of operations is planned for December 17, 2032.**

# 1st gas power plant in Poland - Gryfino commissioned in 2024



**Gross capacity: 2x683 MWe**  
**Net efficiency : approx. 63%**  
**Fuel: gas**  
**Net emission rate : <0.35 t CO<sub>2</sub>/MWh**  
**Contract value (net): PLN 3.70 billion**  
**LTSA value: PLN 1.03 billion (12 years)**  
**Commissioning date: August - October 2024**

## Key dates and events in the project:

- December 6, 2019 - planned units obtained **17-year contracts in main capacity auction for 2024**
- January 30, 2020 - **contract with General Electric Global Services GmbH, Polimex Mostostal S.A. and General Electric International Inc.** for construction of 2 CCGT units and related 12-year LTSA
- March 10, 2020 - a contract **with GAZ-SYSTEM for connection of Dolna Odra power plant to the gas grid** - investment connected with construction of 63 km of gas pipeline and gas station
- October 29, 2020 - valid construction permit for the investment was obtained; General Contractor took over the construction site Nov. 2020
- December 1, 2020 - GAZ-SYSTEM obtained all the administrative decisions and permits required for BALTIC PIPE and started construction phase. The commissioning took place in September 2022.
- November 25, 2021** - laying the cornerstone for the construction of units.
- In March 2022 GAZ-SYSTEM signed an agreement for construction of 63 km gas pipeline which supplies fuel for the new units in Gryfino Dolna Odra power plant. The installation of the **gas pipeline** has been **completed in July 2023**.
- 2023** - in January deliveries of gas compressors were made, further pressure tests of the boilers were carried out, and cabling began. The installation of the HRSG boiler of unit 9 was completed in February 2023. The first commissioning works started, including at the water treatment station and the gas preparation station.
- 2024 - Unit no. 9 put into operation on August 14, 2024, unit no. 10 commissioned on October 18, 2024**

# CCGT Rybnik - alternative for coal units



**Capacity: 882 MWe**

**General efficiency of the unit:** approx. 64%

**Fuel:** natural gas

**Net emission rate :** <0.35 t CO<sub>2</sub>/MWh

**Contract value (net):** PLN 3.15 billion

**LTSA value (net):** PLN 762.5m (12 years)

**Commissioning date:** Q1 2027

**Ecological effects** – assumed decreases in emissions:

- CO<sub>2</sub> - 320 kg/MWh vs 900 kg/MWh for coal-fired unit
- SO<sub>2</sub>, NO<sub>x</sub> - decrease almost to zero

## Key dates and events in the project:

- In December 2022, the Rybnik unit was awarded a **17-year capacity contract** in the main capacity market auction, which will take effect **from 2027**
- **February 9, 2023** - PGE Polska Grupa Energetyczna signed an agreement with syndicate of Polimex Mostostal S.A., Siemens Energy sp. z o.o. and Siemens Energy Global GmbH & Co. KG for **realisation of CCGT unit**
- The project's capital expenditures will be partly – in the amount of approximately PLN 0.88 billion – financed from funds raised through PGE Polska Grupa Energetyczna's Series E share issue, which took place in the first half of 2022
- The new CCGT unit will have the possibility of co-firing hydrogen in gas fuel.
- **Advancement of the project:** construction work continues on many fronts. Installation of the steam turbine, electrical installations inside buildings, and gas infrastructure are underway. After obtaining a construction permit for power evacuation in July 2025, work began on installing service cables on poles for the 400 kV line. In August, an amendment to the contract with the General Contractor of the combined cycle power unit was signed, changing the commissioning date from the end of 2026 to March 2027.

# New Czechnica CHP project commissioned May 2025



**Capacity:** 179 MWe and 315 MWt + heat accumulator 13000m<sup>3</sup>

**General efficiency of the unit:** approx. 85%

**Fuel:** natural gas

**Net emission rate :** <0.35 t CO<sub>2</sub>/MWh

**Contract value (net):** PLN 1.16 billion\*

**LTSA value (net):** PLN 25m & EUR 20.7m (103 months)

**Commissioning date:** Q2 2025

**Ecological effects** – assumed decreases in emissions:

- CO<sub>2</sub> from 450 kg/MWh to 220 kg/MWh
- SO<sub>2</sub> by 90%
- NOx by 53%
- Particulate matters by 17%

## Key dates and events in the project:

- In March 2020 KOGENERACJA S.A. and GAZ-SYSTEM signed a contract for connection of New Czechnica to the gas transmission grid
- On **March 12, 2021** the company received a **co-generation individual premium** for New Czechnica CHP plant
- **June 23, 2021 - signing of a contract for construction of New Czechnica CHP plant**
- Construction site handed over to the General Contractor on October 28, 2021
- Geotechnical surveys completed in November 2021
- Co-financing obtained in amount of PLN 380 million (mostly from National Fund for Environmental Protection and Water Management)
- GAZ-SYSTEM completed a construction of gas pipeline. Equipment is being installed at the gas preparation station.
- **2023-2024** - In Q1 2023, the technological installation of the reserve-peak boiler plant was completed. In August 2023, four low-emission peak-reserve boilers were commissioned as part of the plant commissioning plan. The back-up boiler plant was commissioned in November 2023 (operates as a part of the district heating system of Siechnice and Wrocław) and the gas CHP plant was connected to the power distribution network in February 2024. In Q3 2024, commissioning work continued on the gas and steam unit, including the so-called hot start-up and the first firing of both gas turbines. The peak and reserve boiler plant and the CCGT unit are in regulatory operation.
- **New Czechnica CHP plant was commissioned on May 21, 2025.**

# Development of PV farms - Focus on completion of rational projects on advanced stage



## Strategic objective: 1 GW in 2035

Ca. 4 000 ha of land secured to develop >2GW

Projected growth – own developments + acquisition of projects

Project managed by PGE Energia Odnawialna S.A.

Installed capacity – 231 MW Q1 2025

### 2024:

- Augustynka PV farm with a capacity of **25 MW** commissioned in early 2024
- In February 2024, PGE Energia Odnawialna signed agreements for the construction of 14 photovoltaic farms with a total capacity of 180 MW. The new installations will be built by 2026 (the largest are PV Kleszczów 50 MW, PV Wrzosów 32 MW, PV Srebrzyszcze 30 MW and PV Jeziórko 3 30 MW)
- May 2024 - PGE Energia Odnawialna was awarded a licence for the production of electricity from PV Pasterzowice (8 MW)
- Jeziórko PV farm (1st stage) with a capacity of **50 MW** commissioned in Q3 2024

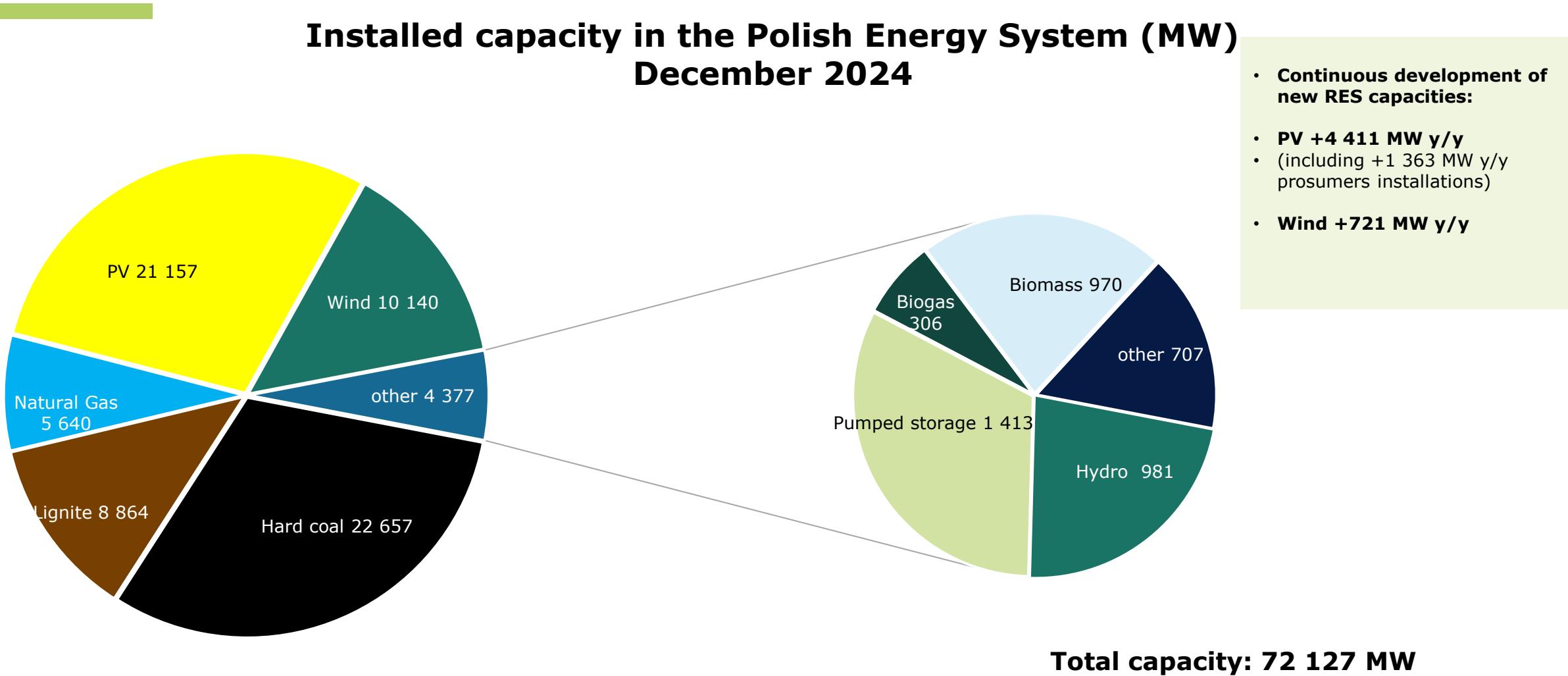
### 2025:

- Jeziórko PV farm (2nd stage) with a capacity of **50 MW** commissioned in Q1 2025
- At the end of March 2025 PGE Group had **50 operating PV farms with a capacity of approx. 231 MW**

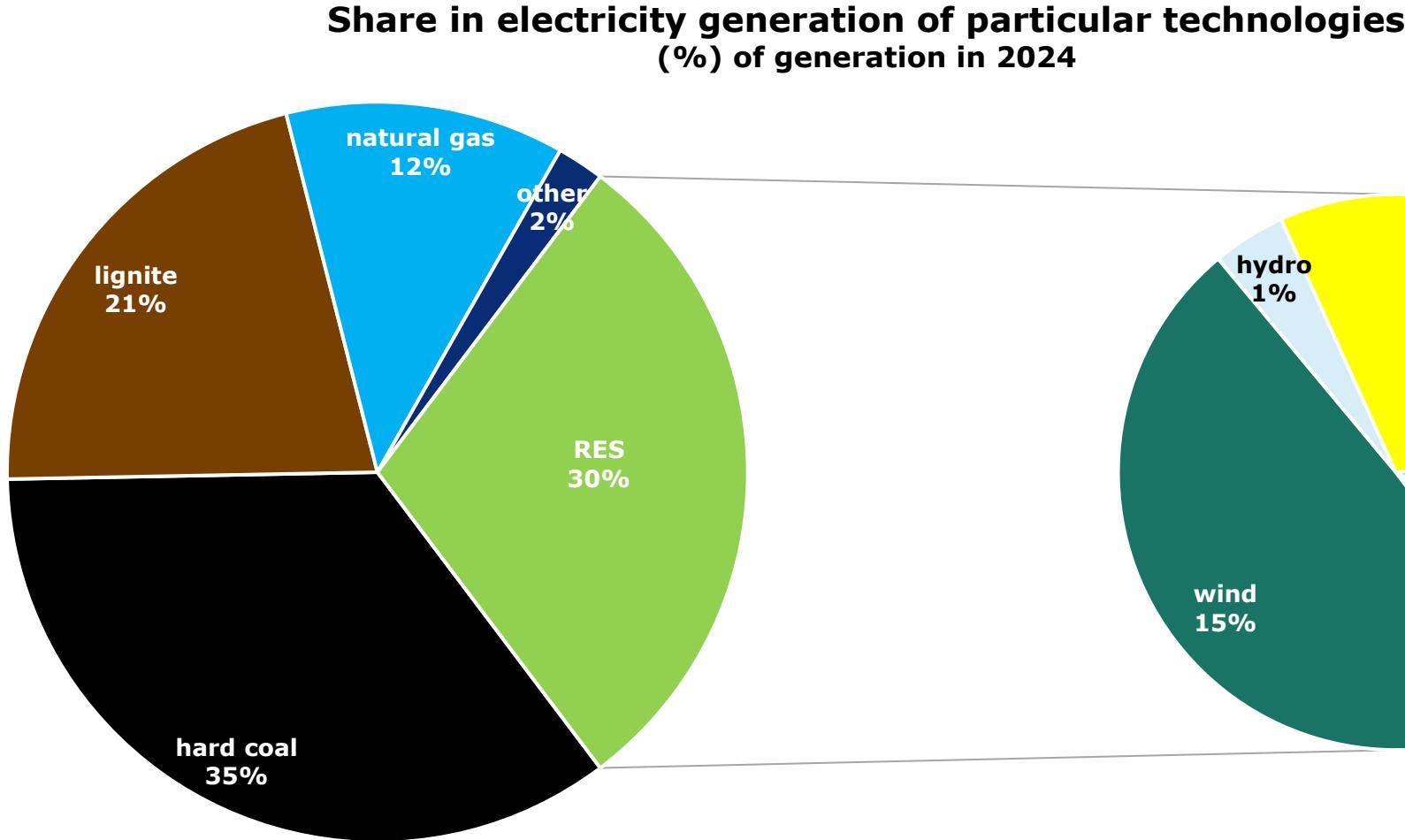
# Market overview

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# Polish Power System- installed capacity



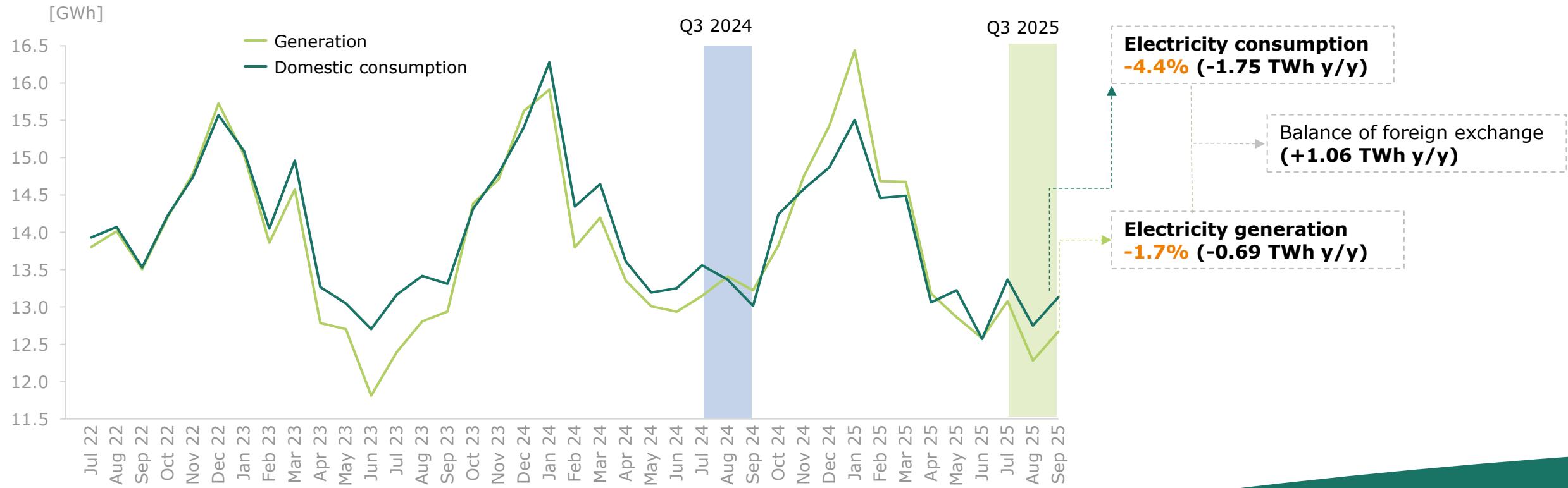
# Polish Power System- generation mix



- **Total gross generation +2% y/y** on higher demand for electricity and lower import of electricity
- **Conventional sources -2% y/y**
  - Lignite +4% y/y
  - Hard coal -10% y/y
  - Natural gas +23% y/y
- **PV +31% y/y** (effect of new capacities)
- **Wind +13% y/y** (effect of favourable wind conditions and new capacities)

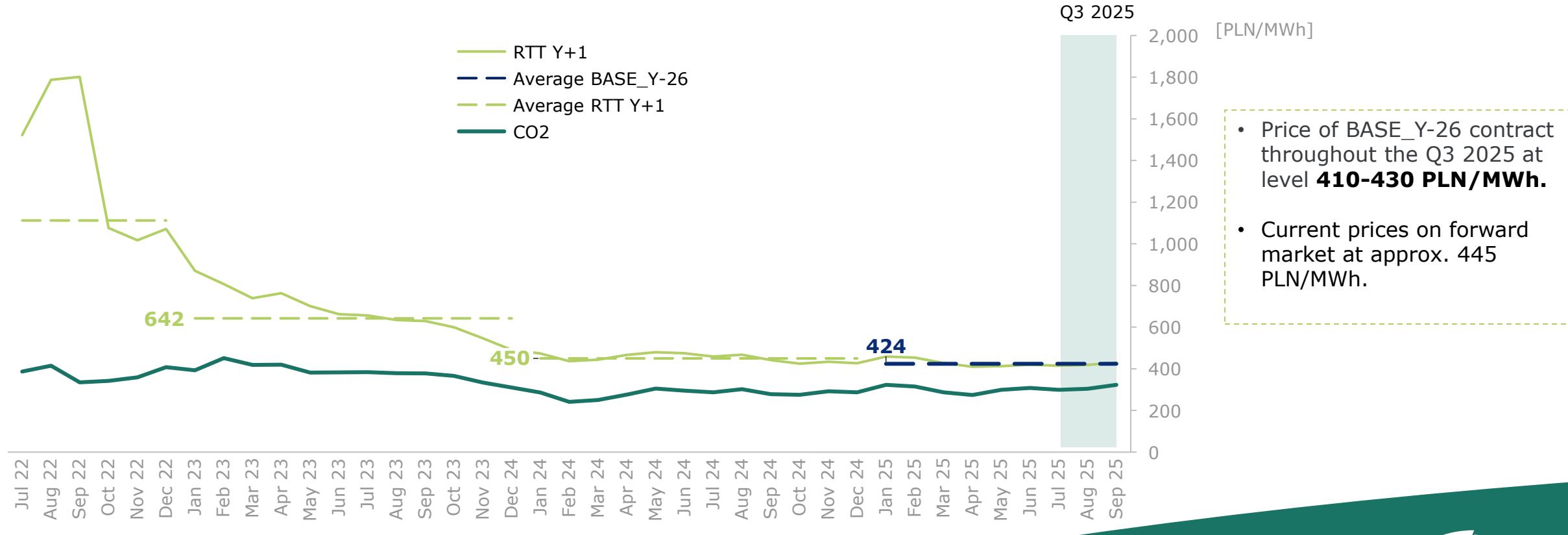
# Electricity market - balance of energy

## Domestic consumption and generation



# Electricity market - prices

## BASE Forward next year and CO<sub>2</sub> prices



# Regulatory overview - Capacity Market & Balancing Capacity Market

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# Capacity market derogation for coal units 2025-2028

- European Parliament amended in June 2024 electricity market regulations 2019/942 and 2019/943 as regards derogation for the generating units that emits more than 550 g of CO2 per kWh (including coal generation) for the capacity mechanism.
- Derogations for coal units were prolonged from 30 Jun. 2025 until 21 Dec. 2028.
- Derogations were incorporated into Polish law by the Act of 24 January 2025 on changes in the bill on capacity markets.
- The bill assumes that supplementary auctions for coal units will be held only if capacity needed to eliminate resource adequacy problem is not contracted in main and additional auctions (lack of sufficient bids has to be confirmed additionally by national resource adequacy assessment).
- Maximum support for coal units limited to EUR 72/kW/year.
- In supplementary auctions apart from coal units also existing generating units, existing foreign generating units (which previously won the initial auction for a given delivery period but did not enter into a capacity contract) and physical DSR units will be able to participate.
- In earlier periods PGE have already contracted capacity for coal generating units for years 2025-2028 mainly in 5 years contracts for modernized units (approx. 5.5 GW for 2025 and approx. 3.2 GW for 2026-2028) and 15 year contracts for new units (approx. 1.9 GW).

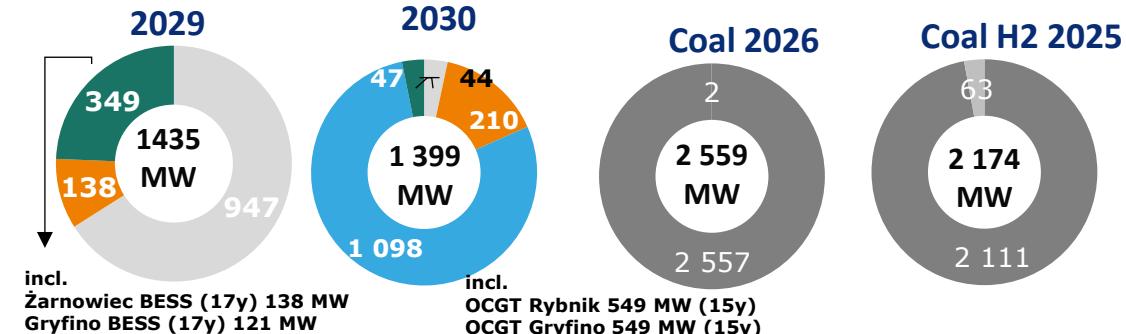
## Supplementary capacity auctions for H2 2025-2028 (dedicated mainly to existing coal units)

- **May 15, 2025.** Auction for H2 2025. Total contracted capacity volume amounted to **5 051 MW**.
- **PGE contracted 2 111 MW in coal units and 63 MW in DSR at PLN 431 kW/year**.
- **Sep 11, 2025.** Auction for FY 2026. Total contracted capacity volume amounted to **7 580 MW**.
- **PGE contracted 2 559 MW at PLN 346 kW/year**

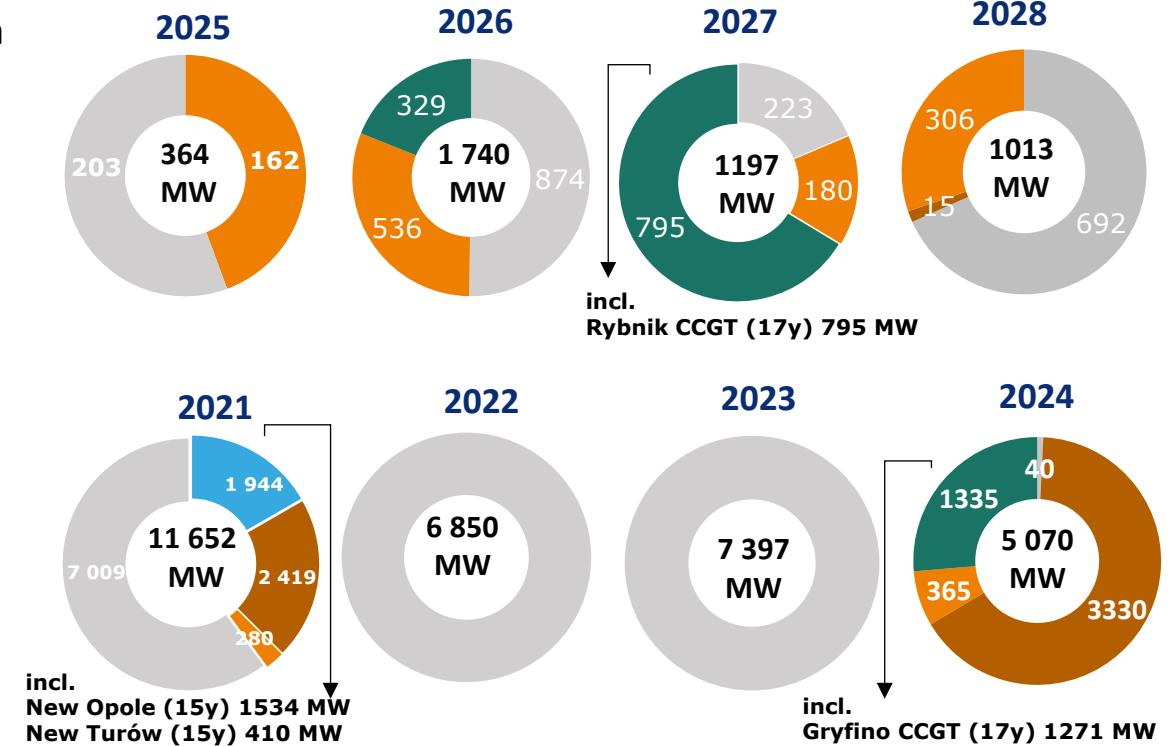
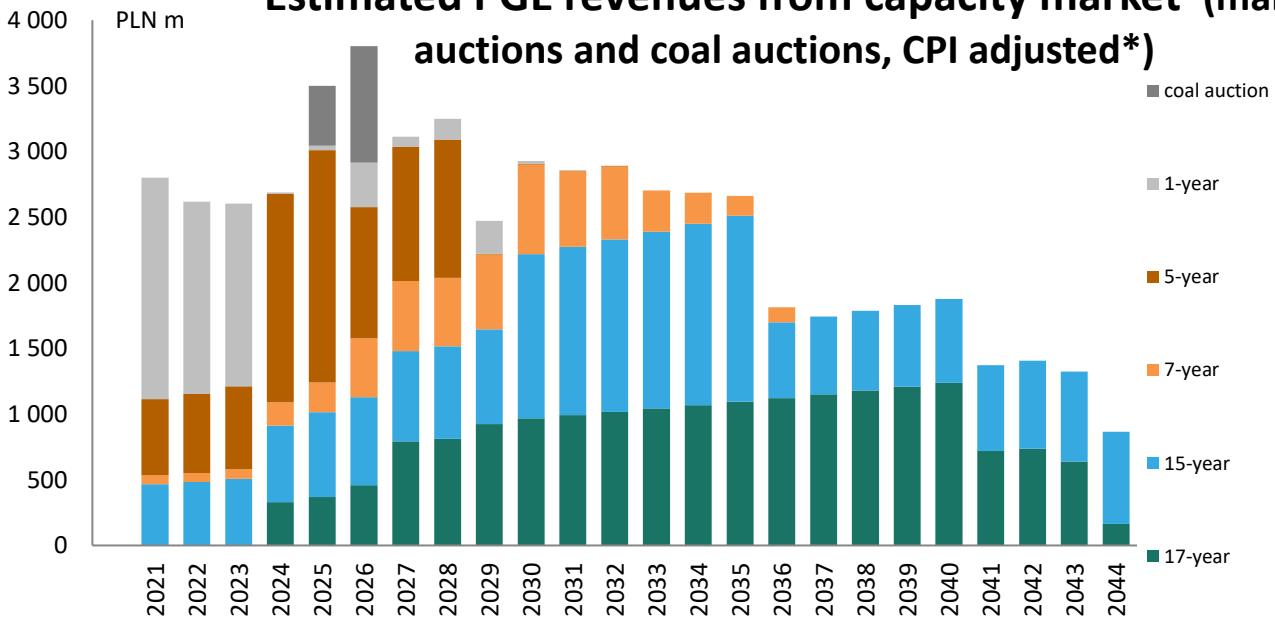
# Capacity market - results of auctions

Capacity market results of auctions

## PGE contracts

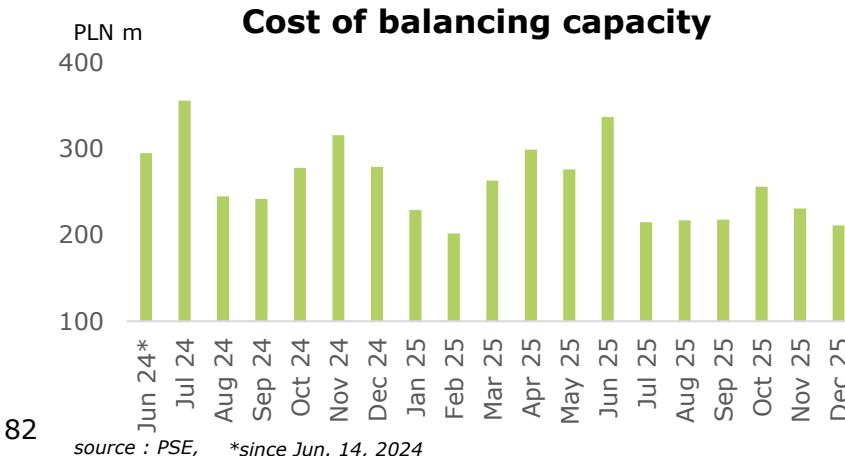


## Estimated PGE revenues from capacity market (main auctions and coal auctions, CPI adjusted\*)



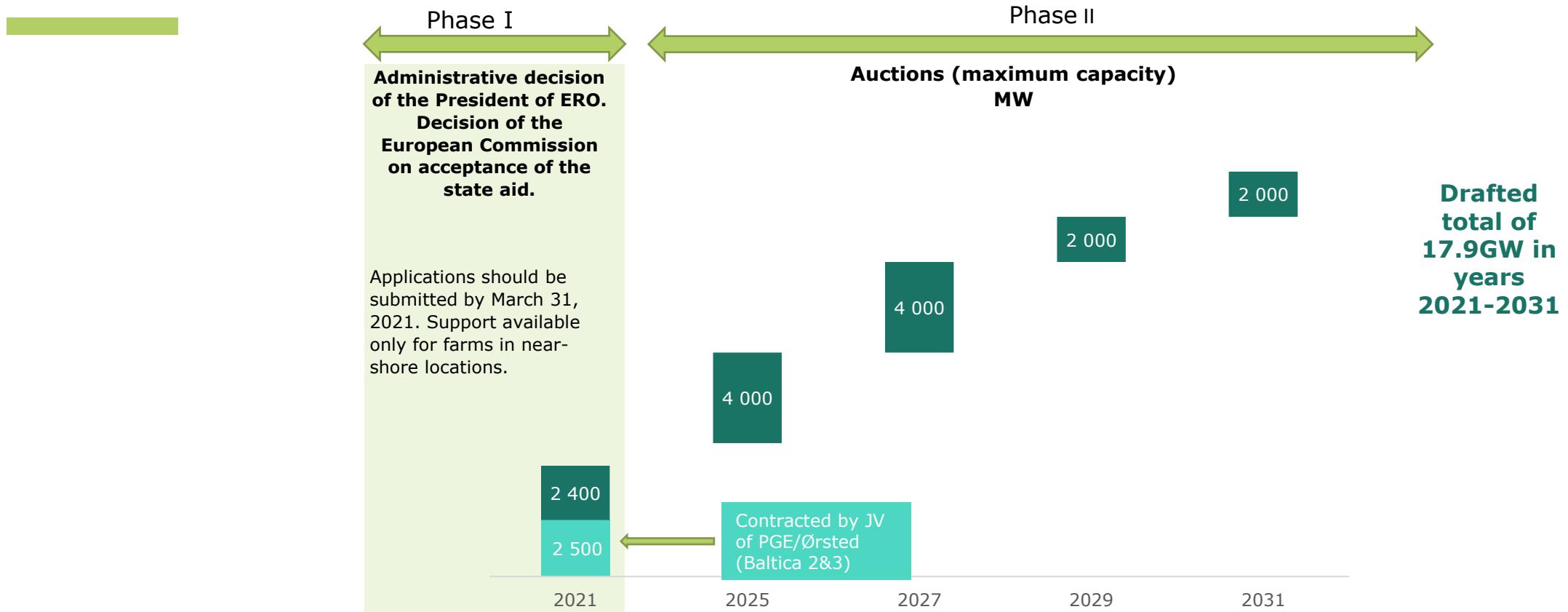
# Reform of balancing market

- **Implementation of balancing market reform (from June 14, 2024):**
  - Implementation of balancing capacity market - pricing for ancillary services set in daily auctions.
  - Generators responsible for implementation of notified production plans and covering of start-up costs
  - 15-minute balancing time
- **Balancing capacity market- impact on SPOT prices:**
  - **Contracting balancing capacity “up”** reduces the volume available for trading => **higher SPOT prices during periods of high demand for electricity**
  - **Contracting balancing capacity “down”** forces the sale of additional volume => **lower SPOT prices during periods of low demand for electricity**



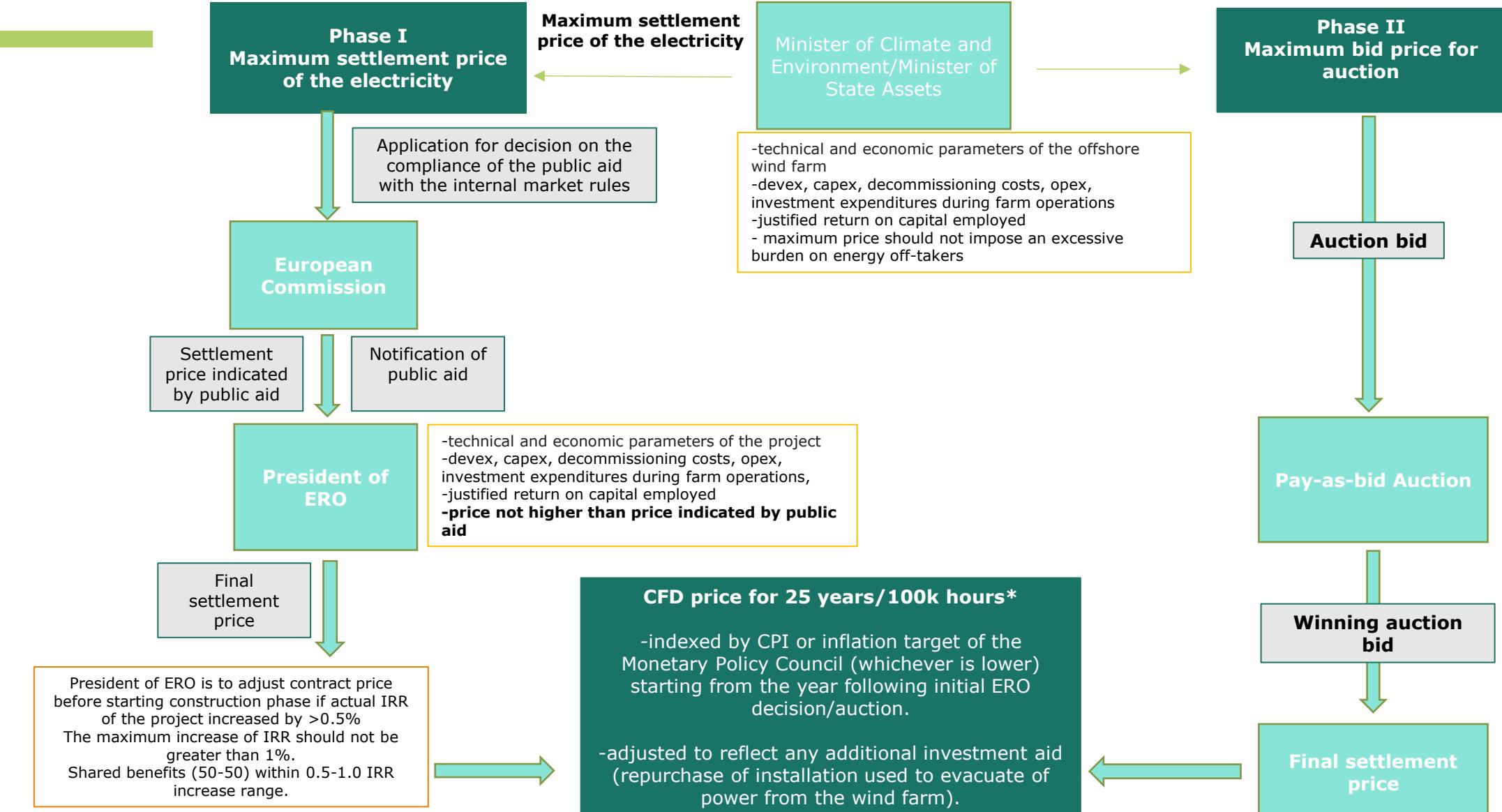
# Regulatory overview - Offshore Wind

# Offshore wind support scheme



*\*Capacity for 2025-2031 auctions could be decreased if necessary to balance demand and supply in the National Power System.  
Maximum capacity for a given year could be adjusted by the Council of the Ministers*

# Offshore wind - CFD price-setting process



\* Electricity generator indicates what proportion of the settlement price is to be settled in EUR. Baltica 2&3 CED price at PLN 319.6/MWh (EUR 71.82/MWh). CPI adjustments for 2021 5.1%, 2022 14.4%, 2023 11.4%.

# Offshore wind - settlement of the CFD contract

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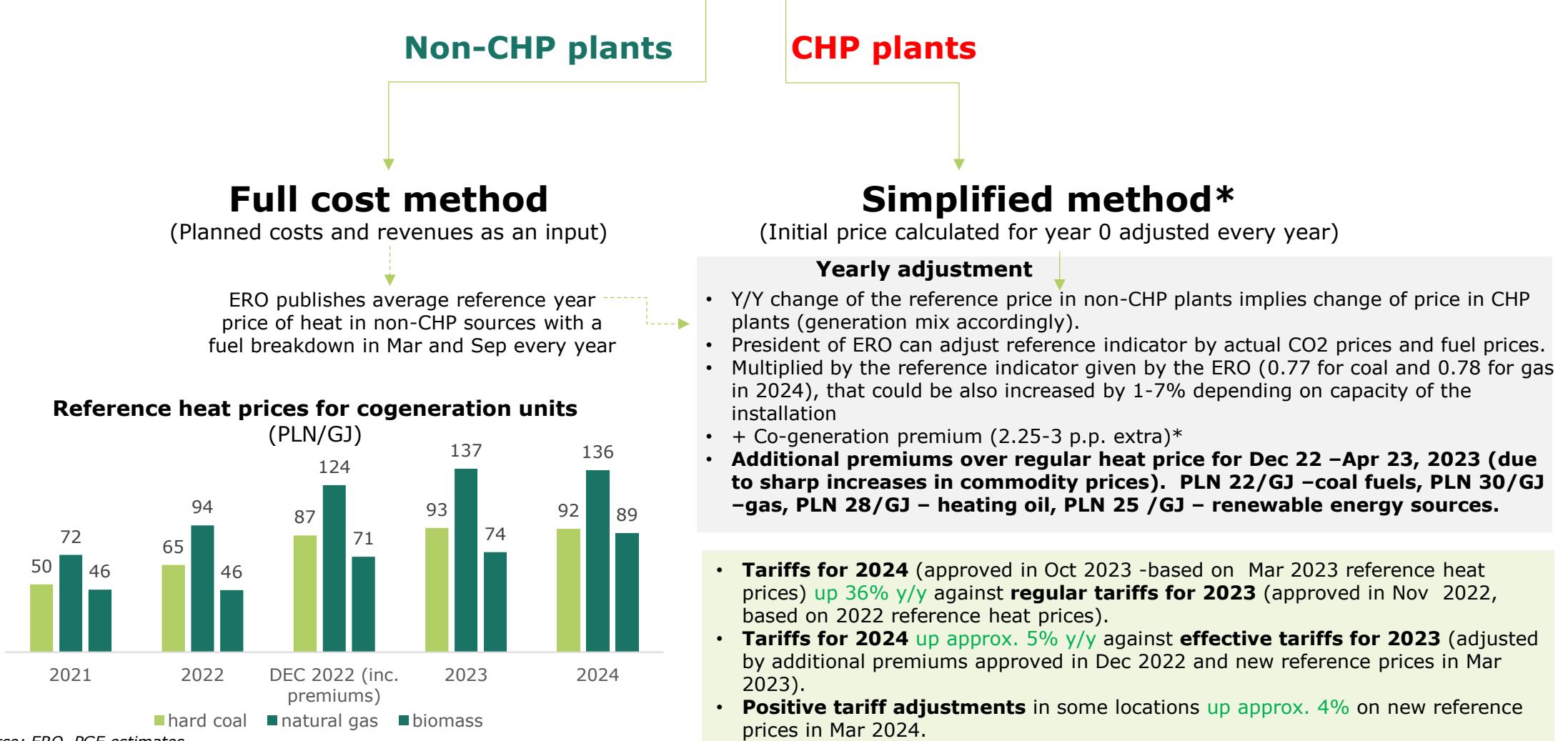
- **Contract granted for 25 years** (counted from the first feeding into the grid electricity from the offshore windfarm).
- **Electricity volume limited up to 100 000 hours of generation at full capacity.** Indicated load factor assuming 25 years of generation amounts to 45.7%.
- Electricity generator **indicates what proportion of the settlement price is to be settled in EUR.**
- **Contract price is adjusted to reflect any additional investment aid** (for example for the repurchase of installation used to evacuate power from the wind farm).
- **Settlement of the contract based on the difference between settlement price and SPOT market price of the electricity (Day-Ahead Market).**
- **Payment for the volume of electricity that has not been generated in the offshore windfarm because of network curtailments.**
- **Electricity generated in the period of negative market prices is not included in the support scheme.**
- **CFD balance calculated as a product of generated volume and difference between market price and settlement price of electricity.**
- **Negative balance is covered by Renewable Energy Settlement Operator on monthly basis. Positive balance is settled with the future negative balance.**

# Regulatory overview

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# Tariffs in district heating - heat generation

## Tariffs approved by the Energy Regulatory Office for 12-month period



# Cogeneration Support Scheme

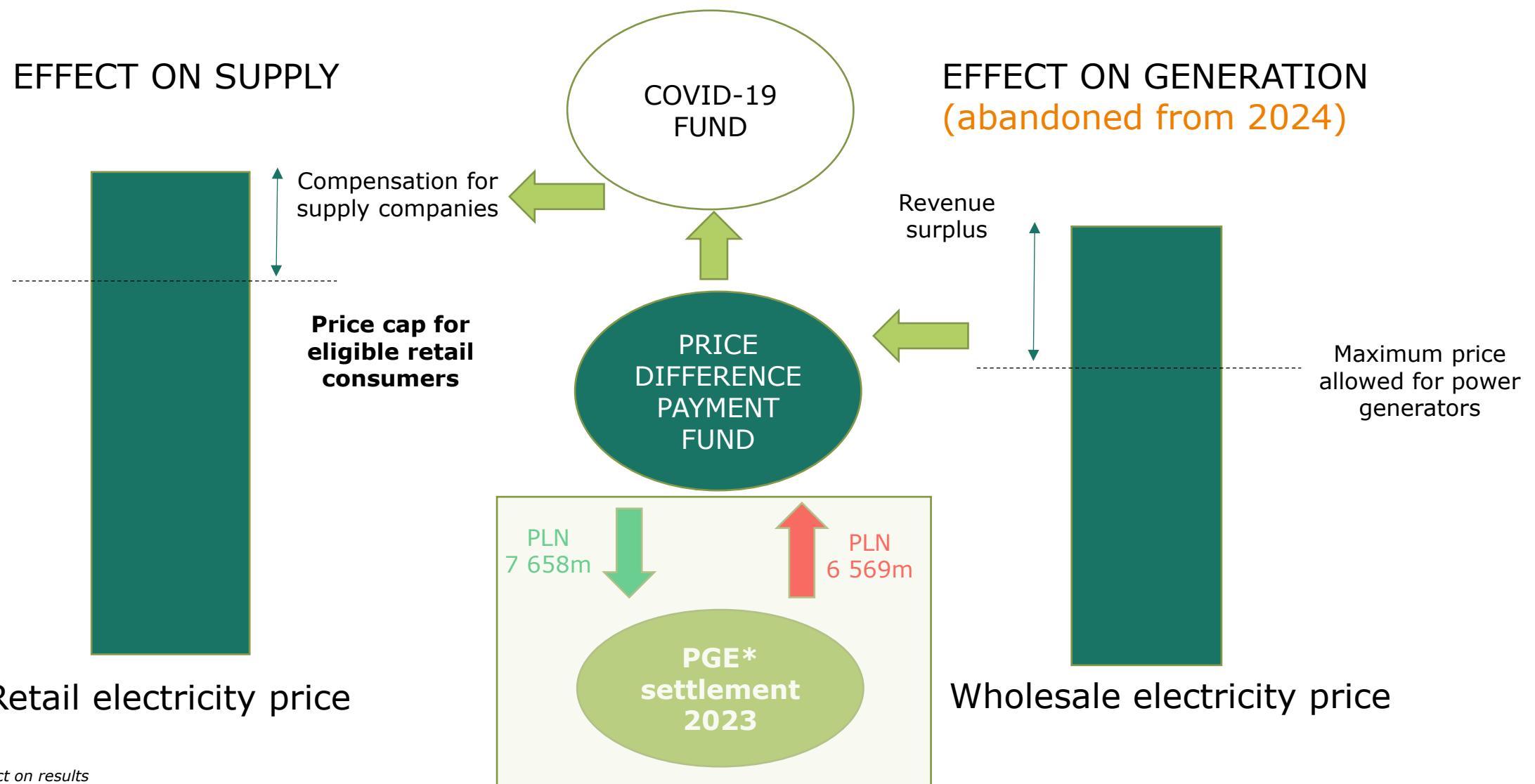
	Support length	<1 MW	<1-50 MW	>=50 MW
<b>EXISTING</b>	15 years from the first CHP certificate			
<b>MODERNISED</b> (CAPEX >=50%*)	5-6-7 years from the modernisation		<b>Guaranteed premium</b>	<b>Individual guaranteed premium</b>
<b>SIGNIFICANTLY MODERNISED</b> (CAPEX 25%-50%*)	15 years after the modernisation		<b>Pay-as-bid auction for cogeneration premium</b>	<b>Enrollment on individual cogeneration premium</b>
<b>NEW</b>	15 years after completion			

- Producers receive **premium** – additional payment to the electricity (100% of the volume if >70% of the heat is put into the public grid, otherwise proportionally\*\*)
- Premium applies to units with **EPS of maximum 450 kg CO2/MWh** under current market conditions\*\*\*
- Premium calculated on LCOE basis for baskets (**reference prices** include capacity and fuels: gas/solid fuel/biomass/other)
- Cogeneration premium = 110% of the reference price
- Individual guaranteed premium <= individual cogeneration premium
- Premiums indexed and respectively adjusted\*\*\*\*
- PGE was granted for 2023 individual guaranteed premium for existing gas units (support of PLN 408m in HY 2023). New Czechnica CHP was granted in 2021 individual cogeneration premium for 15 years (expected premium for 2024 at approx. PLN 70/MWh).**

**PGE is participating in the application process for individual guaranteed premium for 2024. Support could be limited due to lower gas prices (support is eligible only to units, which do not cover cost of operation). CHP Rzeszów and Lublin are no longer eligible for support, as they have terminated 15 years support period.**

\* Of the CAPEX related to the construction of a new unit, \*\* The rule does not apply to small units (<1 MW), \*\*\* Exemption for new units if there are no technical/economical conditions to provide gas and biomass in a specific location, \*\*\*\* Investment support subtracted, existing units: age coefficient, modernised: CAPEX level

# Price-freeze mechanism 2023-2025 (simplified, illustrative only)



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Thank you

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