Energy of secure future. Flexibility.

PGE Group Strategy until 2035

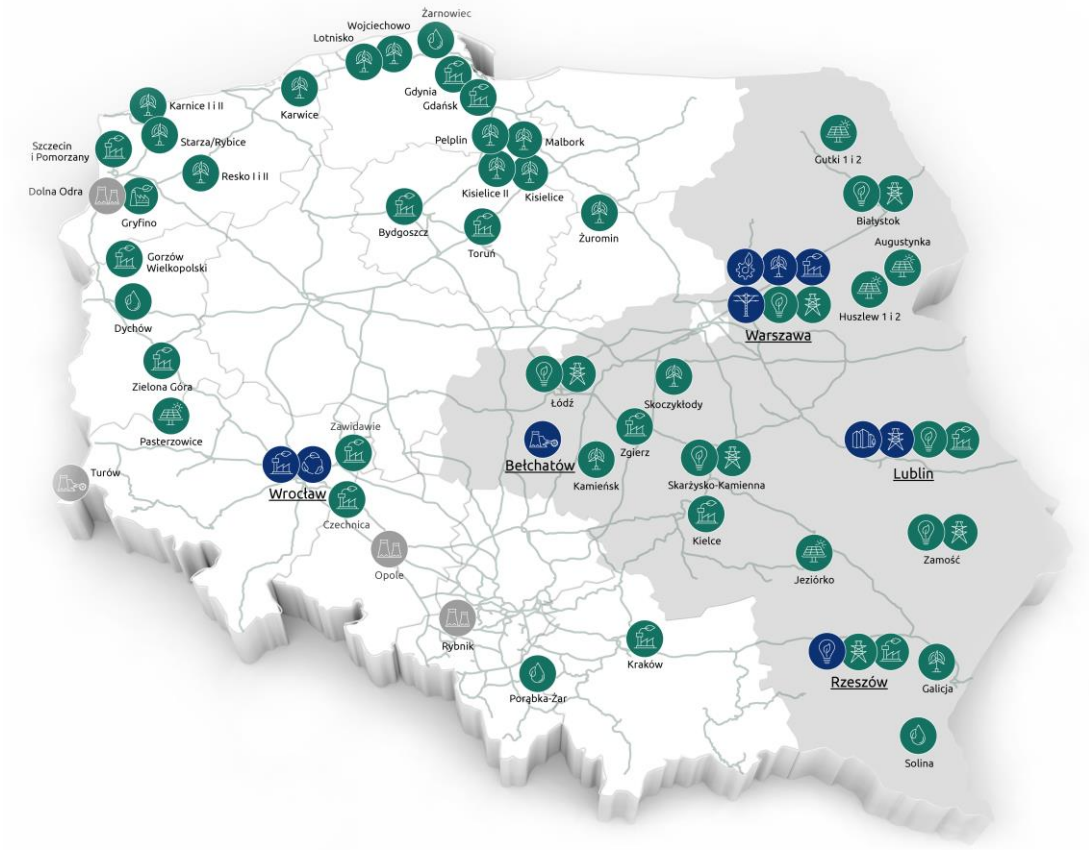
PGE Group Strategy until 2035
Agenda

PGE Group Strategy until 2035 - executive summary

Throughout the 2035 Strategy horizon, the PGE Group will continue to serve as the cornerstone of the Polish energy system

Our operational scale, asset portfolio, and deep expertise in the energy sector form a strong foundation for developing flexible energy services and building a sustainable energy system.

- **42 k** employees
- **5.8 m** end users
- **18.9 GW** installed capacity
- **56.2 TWh** electricity generation
- **40%** of the national electricity distribution area
- **20%** share of the district heating market



PGE Group's strategy up to 2035 addresses the growing volatility and unpredictability of the business environment

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

Aspirations and regulatory requirements influence 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 underscores 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, poses a challenge that demands the need for resilience and the ability to respond quickly and effectively.

Energy security will be driven by large-scale projects crucial to system integrity

The involvement of companies **with the capacity to execute energy and infrastructure megaprojects of strategic significance is essential** in ensuring balance and stability.

Credibility, consistency and scale of operations are the answer to the challenges of the energy transition.

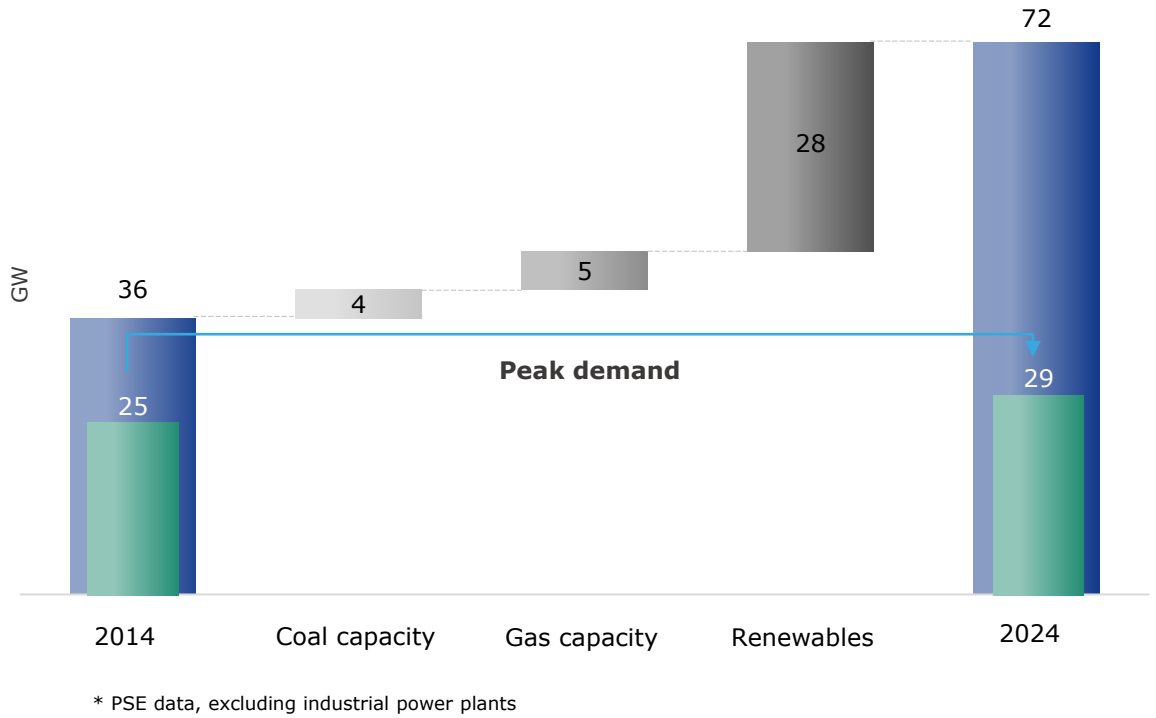
As a market leader, PGE undertakes rational and **sustainable actions** to support a competitive economy and energy security.

PGE Group's strategy up to 2035 aims to **meet market challenges and stakeholder expectations** and **to ensure the Group's sustainable development by participating in the execution of the most important projects for the growth of the Polish economy.**

The response to market changes must address the increase in demand for electricity with a significant change in the structure of supply

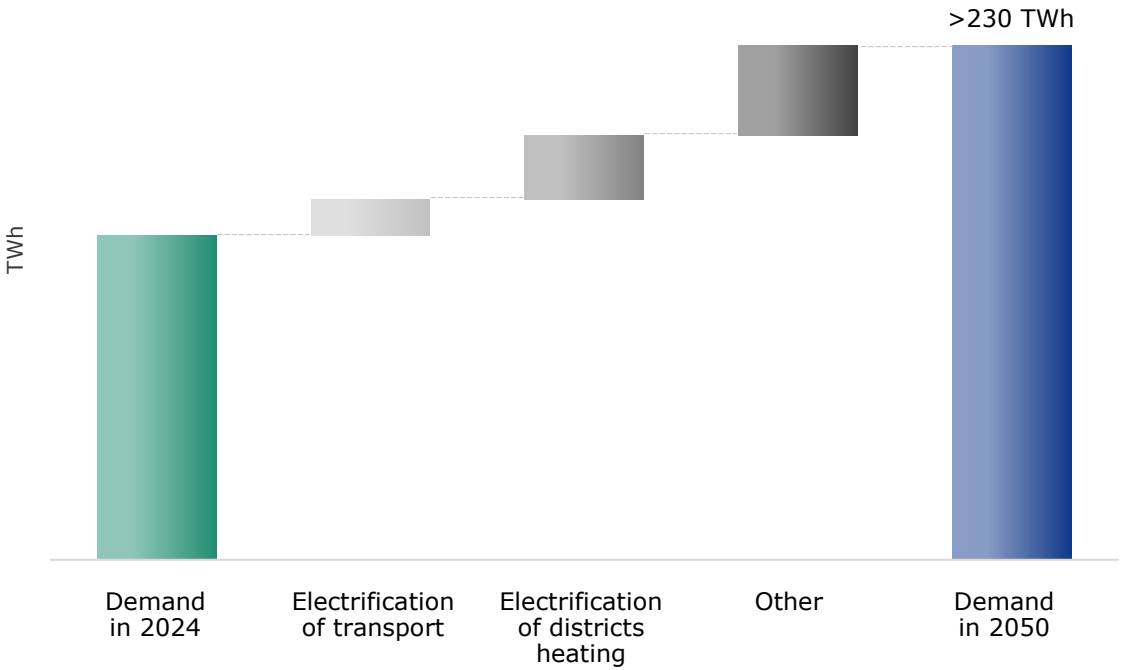
Electrification based on clean energy enables the achievement of decarbonisation targets and reduces dependence on imported fossil fuels.

Changes in installed capacity* in the Polish Power System



* PSE data, excluding industrial power plants

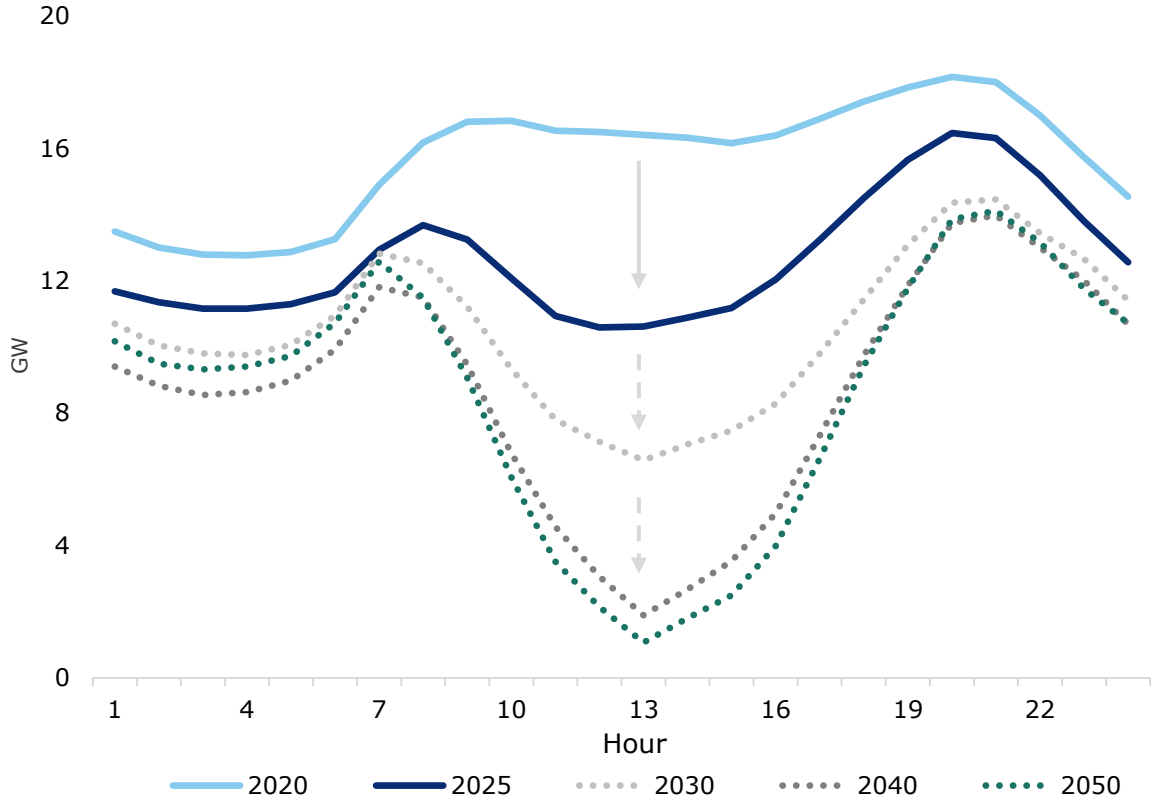
Structure of energy demand growth in the Polish Power System



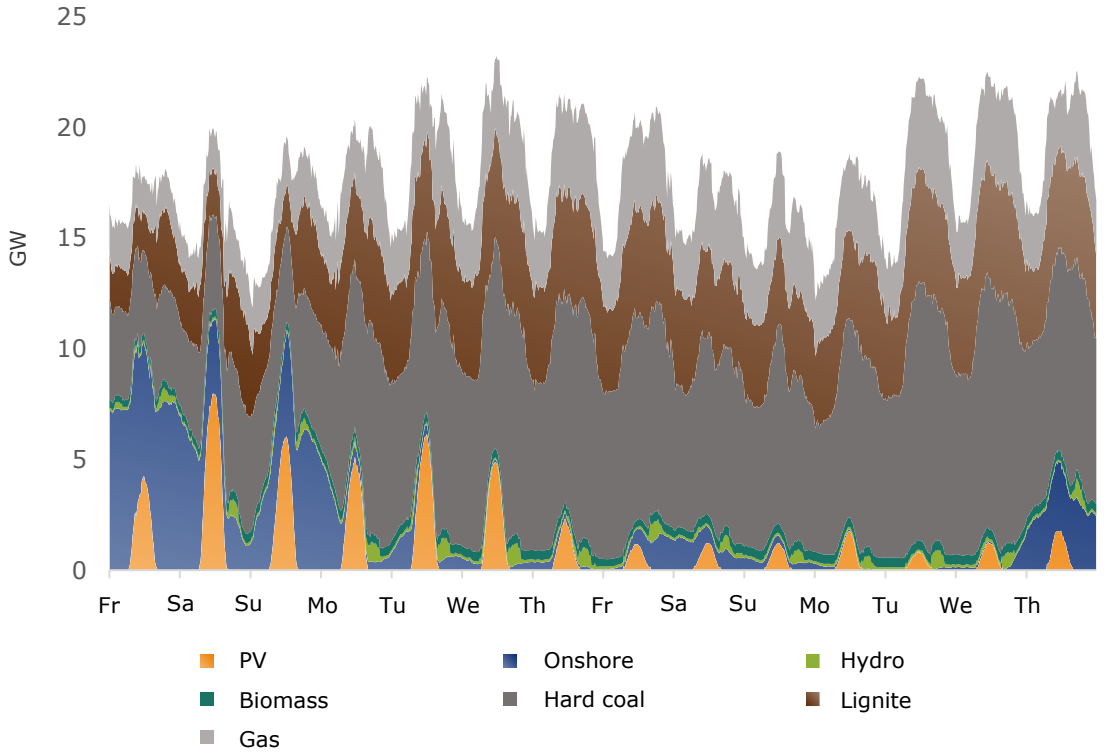
PGE defines Security as Flexibility that enables further development of renewable energy sources while ensuring the stability of the power system

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.

Daily demand for dispatchable power capacity
(2020 to 2050)



Structure of electricity production in Poland
(example incl. d*unkelflaute* period)



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

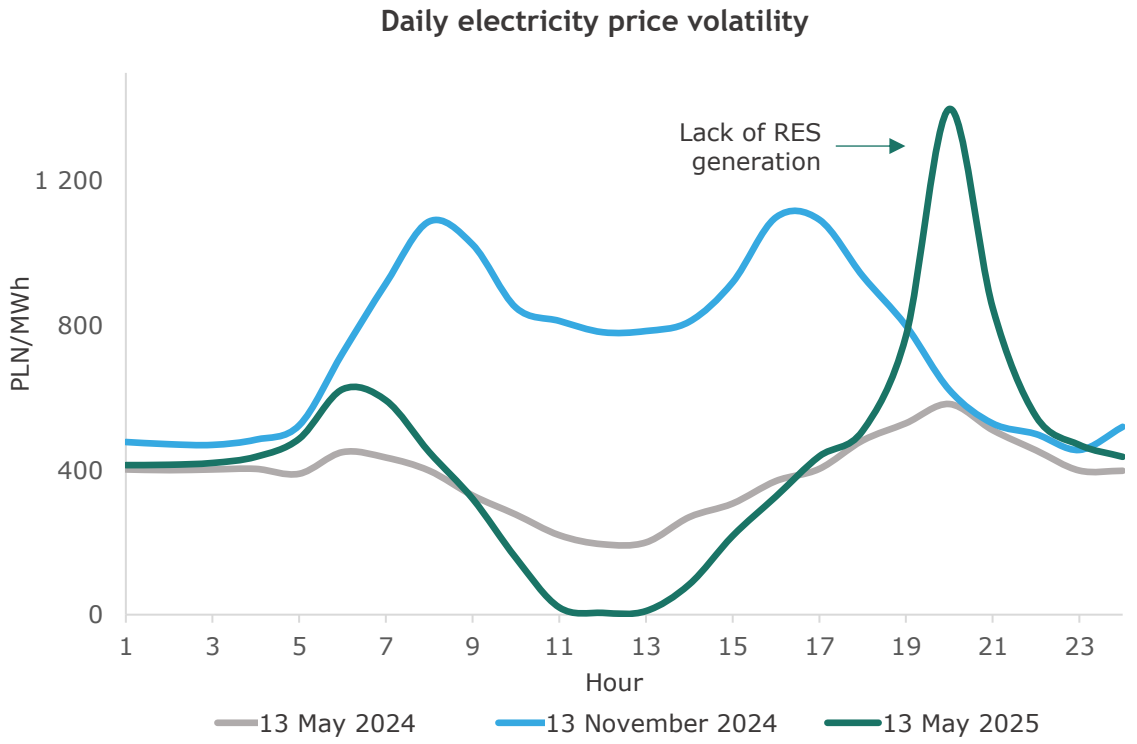
Increased Client activity will create space for partnership-based dialogue with Utilities, which will facilitate better tailoring of offerings, stabilize revenues, and reduce regulatory risks.

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

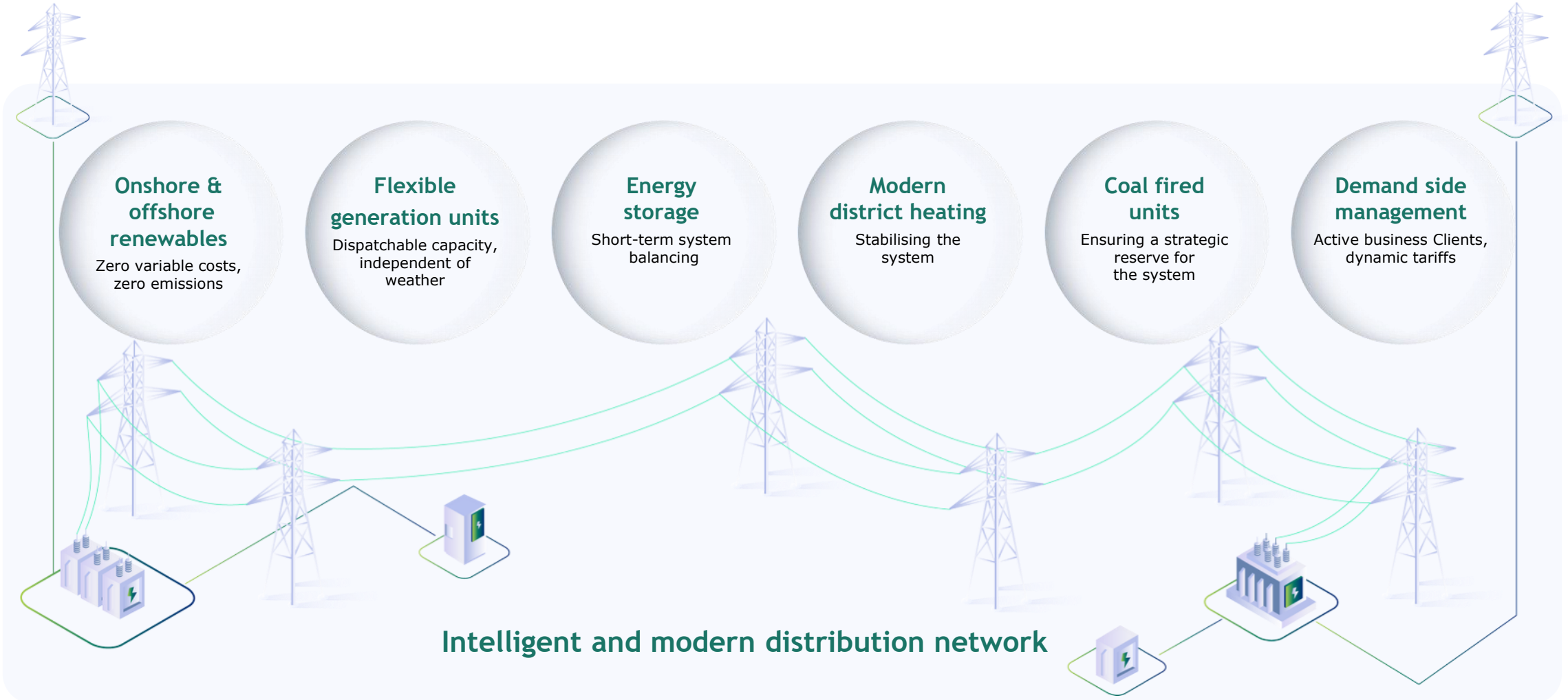
Digitisation and automation will allow for simpler optimisation of energy costs and generate additional revenues, e.g. through DSR services, energy storage participation in capacity auctions and flexibility services.



Source: Towarowa Giełda Energii SA (TGE)

The development of a 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.**



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 value for shareholders with respect for 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 the economy, Poland's energy security and the national supply chain, we are taking rational and sustainable action to build PGE's value.

Dariusz Marzec
Chairman of the Board

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

Optimal and effective organisational model

Key to the implementation of the PGE Group Strategy will be effective and transparent cooperation with stakeholders.

Stakeholders and the Group's context

- Public administration and regulator
- Transmission System Operator
- Shareholders
- Clients
- Suppliers
- Scientific community
- Financial and commodity markets
- Local communities
- Busieness partners

RESPONSIBILITY

DIALOGUE

ESG

INNOVATIVENESS

LOCAL CONTENT

PGE Group

PGE S.A. Corporate centre

- Strategy and asset management
- Wholesale trade and Market Access
- Investments and strategic partnerships
- Financing
- Regulatory management
- Organisational culture and communications
- Innovation and digitalisation
- Centre for Shared Services
- Process management

Business segments

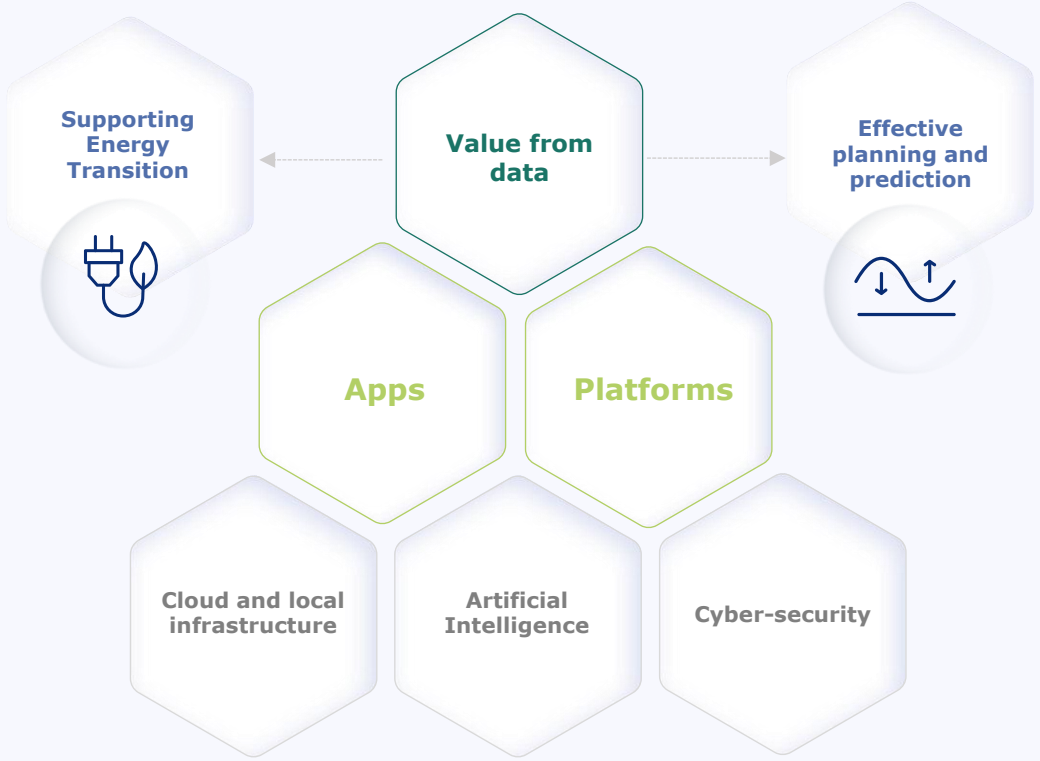
- Realisation of investments, initiatives and transition projects
- Operation and maintenance (O&M)
- Operational excellence
- Role of responsible employer
- Infrastructure security

Cooperation and clear division of responsibilities within the PGE Group

Foundation of efficiency

A comprehensive approach to the ICT development

A strategic transformation of our ICT area will streamline the implementation of our business strategy by building a flexible, scalable and secure environment that supports the daily work of users and enables us to maintain our competitive edge in dynamic energy markets.



Building value based on effective data utilisation

AI-enhanced asset management

Innovative digital services for Customers

Power grid optimisation and predictive maintenance

Digital skills of employees

Cyber security

Resilience of infrastructure, communications and applications

Efficient business and administrative processes

Flexibility offer for Clients, system security, and RES development

PGE Group's Offer for TSO – PSE S.A.

Capacity mechanisms

Power availability at critical moments – power plants ensure operational readiness, ensuring security of energy supply.

Balancing services

Balancing capacities enable rapid response to volatility in the system – we help maintain the balance between energy production and consumption.

Ancillary services

We provide services that support system operation, such as frequency and voltage regulation, thereby increasing the network's resistance to interference.

PGE Group's Offer for Clients, Consumers, and Producers

CLIENTS	PGE OFFERING
Producers and consumers in the DSO Grid	Distribution services and connection offering
Business Partners	Integrated electricity, heat and flexibility services
Residential Customers	
Renewable Energy producers and Energy storage operators	Market Access, PPA, aggregation and balancing
Distributors and consumers of district heating	Efficient supply of district heating and hybrid solutions
Trading companies	Transparent, open-market electricity sales and bilateral contracts

A responsible approach to transition

The coal-based energy segment is most exposed to dynamic changes in the energy market and must be covered by a responsible transition plan based on multilateral cooperation and dialogue.

Production structure shift	The need to maintain power reserve in the system	Decline in demand for coal-based energy	Building new competences	Circular Economy

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

Utilisation of infrastructure for the realisation of new investments of the Group

Cooperation with the administration and transmission system operator

Dialogue, cost rationalisation and optimal asset management

Retraining of employees, engagement in growth segments

Rehabilitation and repurposing of retired asset sites

Consistent approach to value creation and investment financing

Disciplined **investment policy**	**IRR >7.5%**
Adequate **debt level**	**NetDebt/EBITDA <3.5x**
Optimal **financing model**	**Significant share of project finance**
Balanced **Risk profile**	**Rating BBB+**

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

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

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

** 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.

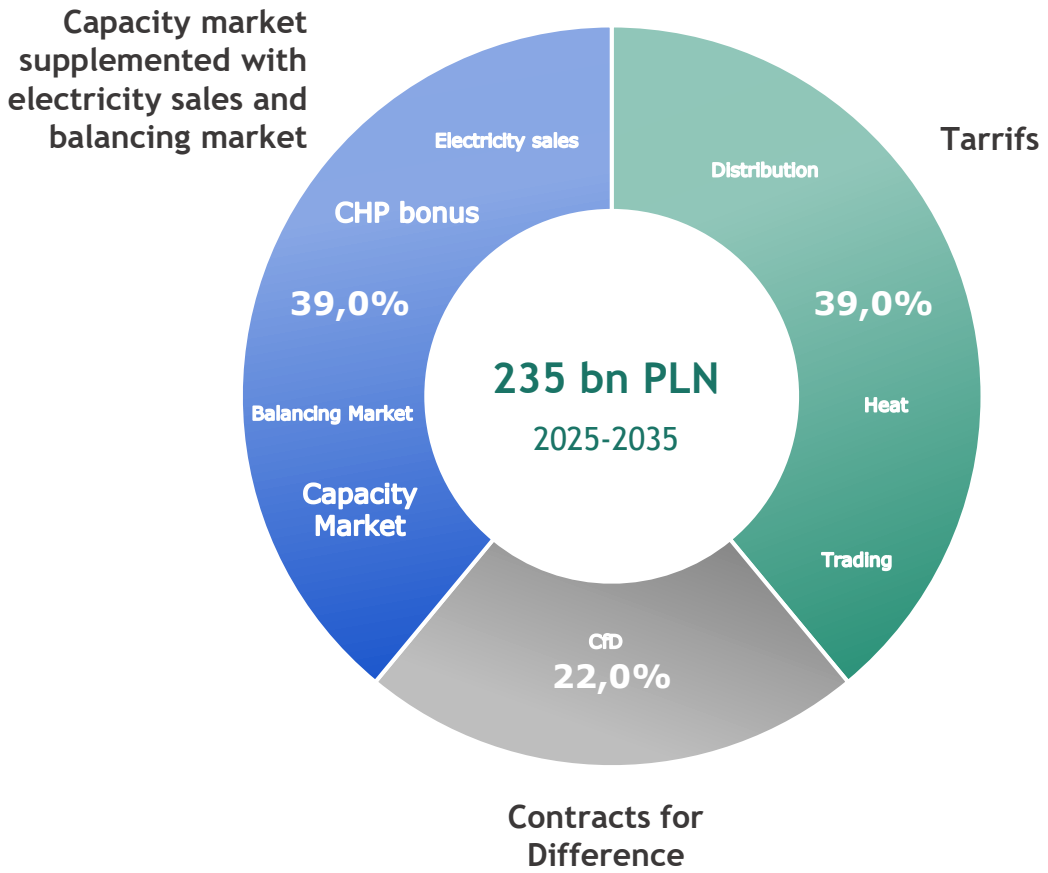
Role of the PGE Group segments

	Distribution	Renewables	Gas Energy	Energy Storage	Integrated district heating systems	Coal Energy	Business partners	Residential Customers	Nuclear power
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
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	-

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

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

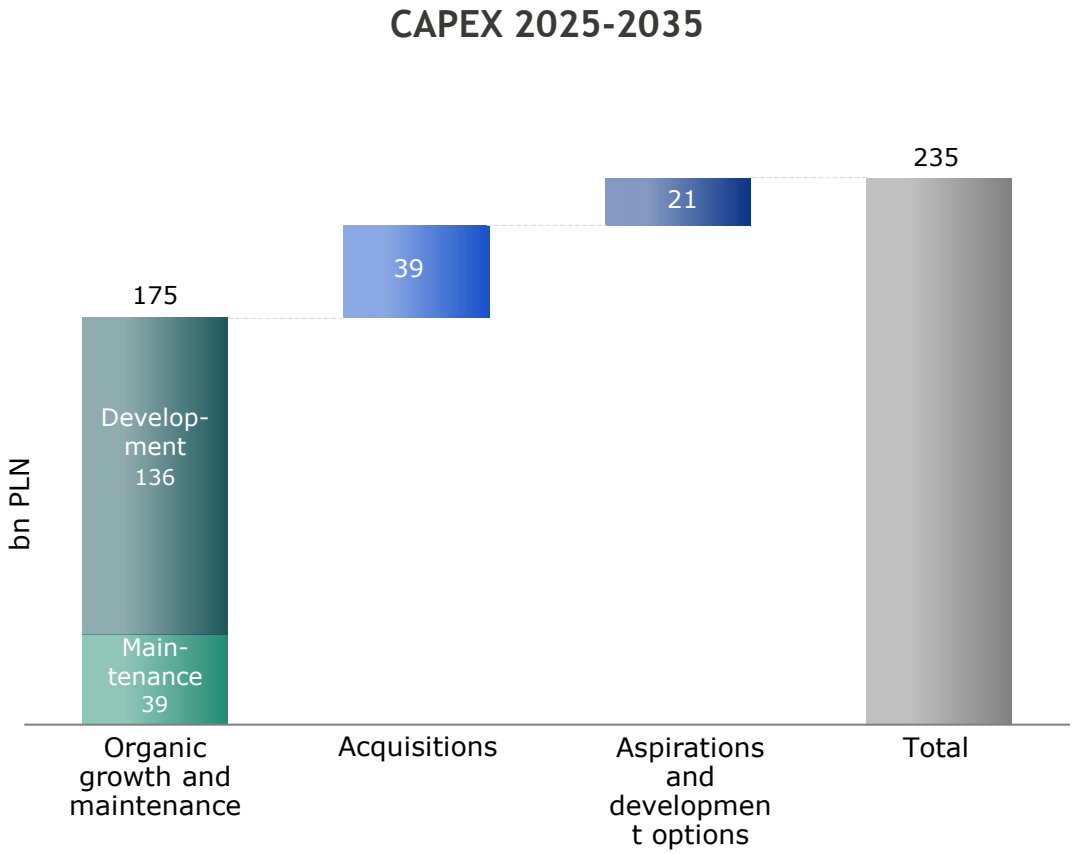
CAPEX by monetisation mechanisms



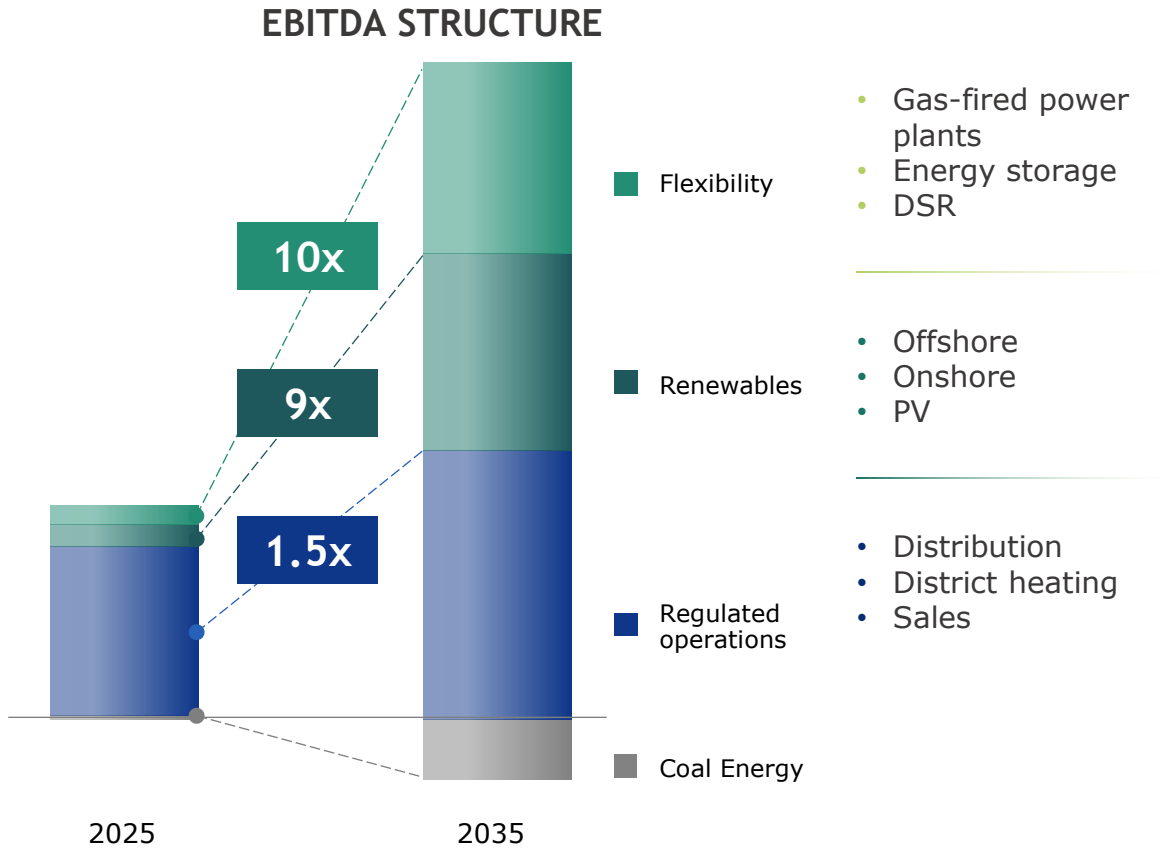
The Group’s balanced capital expenditure structure is underpinned by stable, regulated revenue streams and is positioned to capitalize on growth opportunities arising from capacity mechanisms and balancing services.

CAPEX structure and expected evolution of EBITDA structure

Approx. 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.



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



A sustained driver of domestic supply chain development

PGE Group investments – a catalyst for building the domestic supply chain

PGE's investment programme is set to generate sustained demand for innovative products, services, and technologies, while strengthening partnerships with Polish businesses and the research sector.

Local content in CAPEX and OPEX

By directing a significant share of lifecycle investments to Polish enterprises, PGE strengthens the domestic economy and nurtures local know-how.

Through lasting partnerships, the Group actively contributes to building regional capabilities, stimulating growth in both infrastructure and talent.

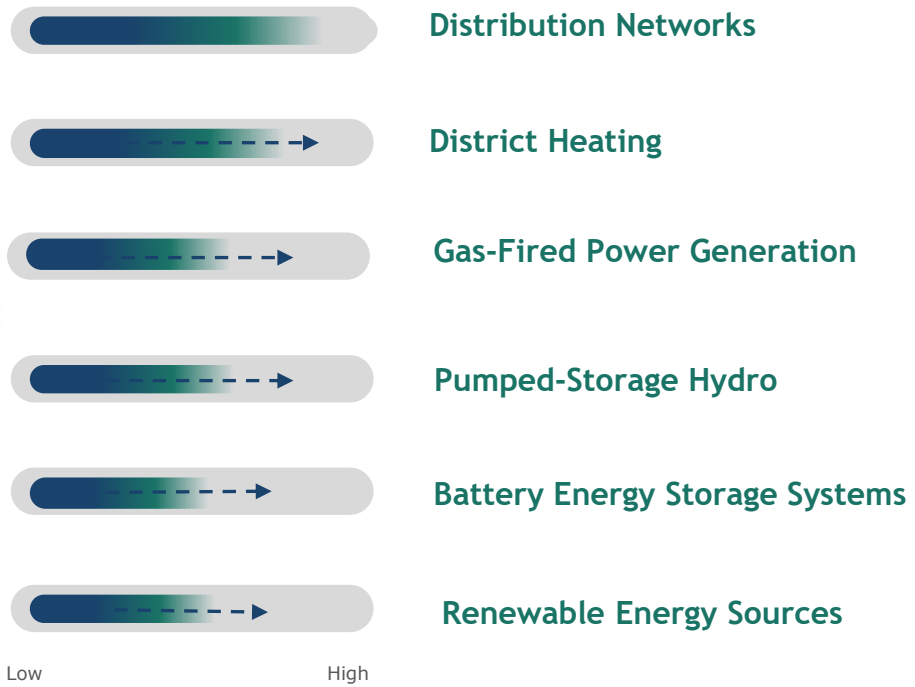
PGE Group aims to gradually increase the share of the domestic supply chain in the implementation of its investment program.

Key elements of the supply chain

1. Construction and installation services
2. Technologies (e.g. transformer stations, cables, ICT, smart meters)
3. Infrastructure (e.g. distribution networks, installation and service ports)
4. Service and long-term O&M support
5. Components (e.g. steel structures, towers)
6. Design and education (technical schools, universities, international cooperation)

>150 bn PLN
Estimated local content value by 2035

Local content by segment



Expected results of the 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_2 EMISSIONS DECREASE

#Responsibility

+11 GW

RES CONNECTION CAPACITY

TO SMART GRID

#ReliableDistribution

PGE Group Strategy until 2035 – in detail

Flexibility. A Strategic Philosophy for Creating Value

The energy system depends on the coordinated operation of complementary technologies to maintain reliability and resilience

Technology	Coal plants	Gas CCGT	Gas OCGT	District heating (incl. CHP)	Nuclear	Wind	Solar	Hydro	Pumped hydro storage	Battery storage	Demand-side Management
Unit role	Peak-reserve	Peak/base	Balancing/ Reserve	Determined by heat production	Baseload	RES	RES	RES	Balancing/ reserve	Balancing	Reserve
Average yearly load factor (h/year)	500 - 3 000	2 000 - 5 000	250 – 1 900	200 – 8 000	>7 500	onshore: 1 500 - 3 000 offshore: 3 500 - 4 500	9 00 - 1 200	3 500 - 6 000	500 - 2 000	500 – 2 000	<500
Availability [1] (limiting factors)	Scheduled repairs Trade margin	Scheduled repairs Trade margin	Scheduled repairs Trade margin	Determined by district heating production	Scheduled repairs	Weather-dependant	Time of day and weather-dependant	Determined by hydrological conditions	Reservoir capacity (several to several dozen hours of operation)	Storage capacity (typically 2 - 4h)	Impact on the company's core business (minutes-hours of operation)
Flexibility [2]											

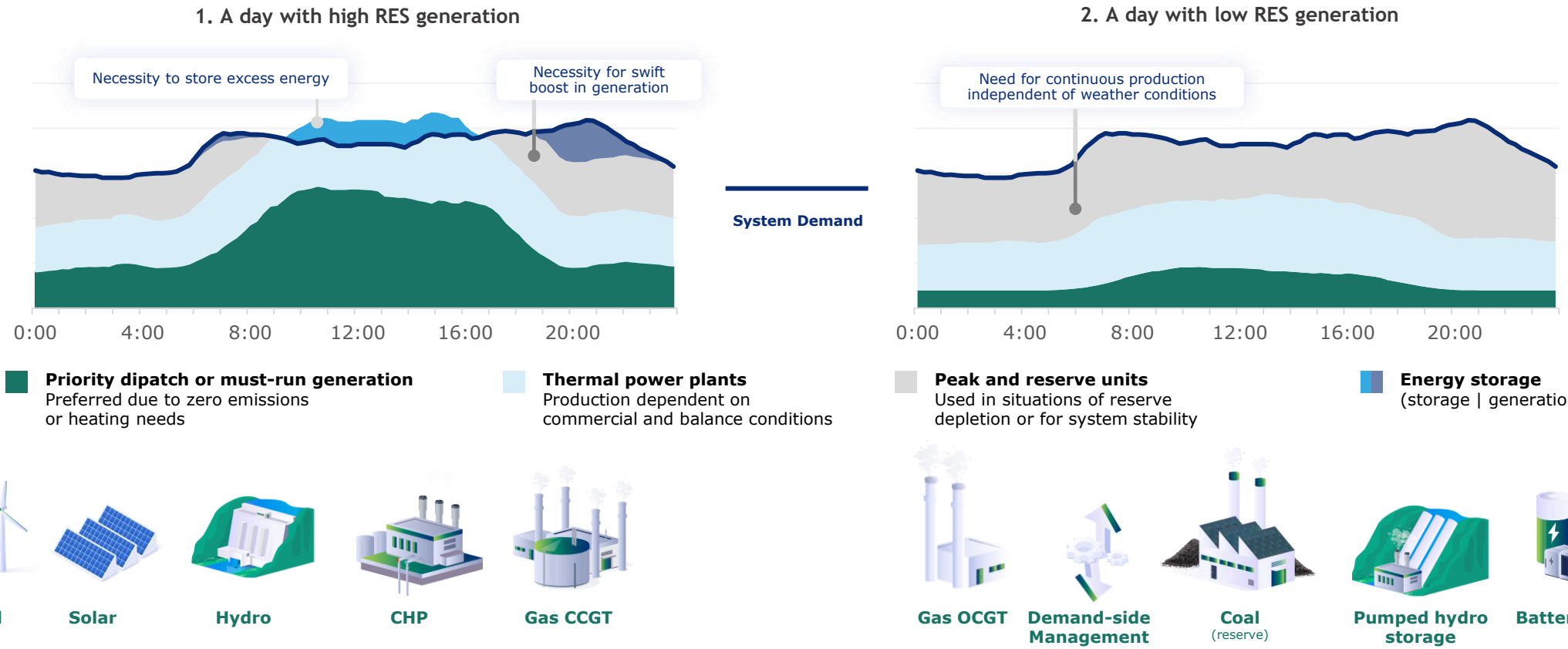
Emitting technologies

[1] Availability – readiness to provide power to the grid
[2] Flexibility – ability to quickly increase production or reduce consumption in response to the Operator's dispatch orders or market price signals

The evolving energy mix requires greater flexibility both in energy generation and consumption

The way we meet our energy needs throughout the day is evolving and becoming increasingly dynamic. The traditional model, shaped by the characteristics of conventional energy sources, is giving way to a complex system defined by distributed generation, regulations promoting low-emission technologies, and the development of flexible balancing mechanisms.

Structure of power demand coverage in the Polish Power System in two scenarios



Integrating district heating with the power grid will enhance the system's overall flexibility

District heating systems can provide demand-side flexibility by absorbing excess electricity and converting it into thermal energy. The combination of flexible gas cogeneration, renewables, and Power-to-Heat technologies enhances the integration of heating networks with the electricity system.

Reaction time

Power sufficiency

Operational flexibility: managing daily fluctuations in supply and demand

TECHNOLOGIES	OPTIMISATION MEASURES
Cogeneration and gas engines	Adapting to delivery of system services
Electrode boilers	Increasing the daily operating range of devices
Heat accumulators	
Large-scale heat pumps	

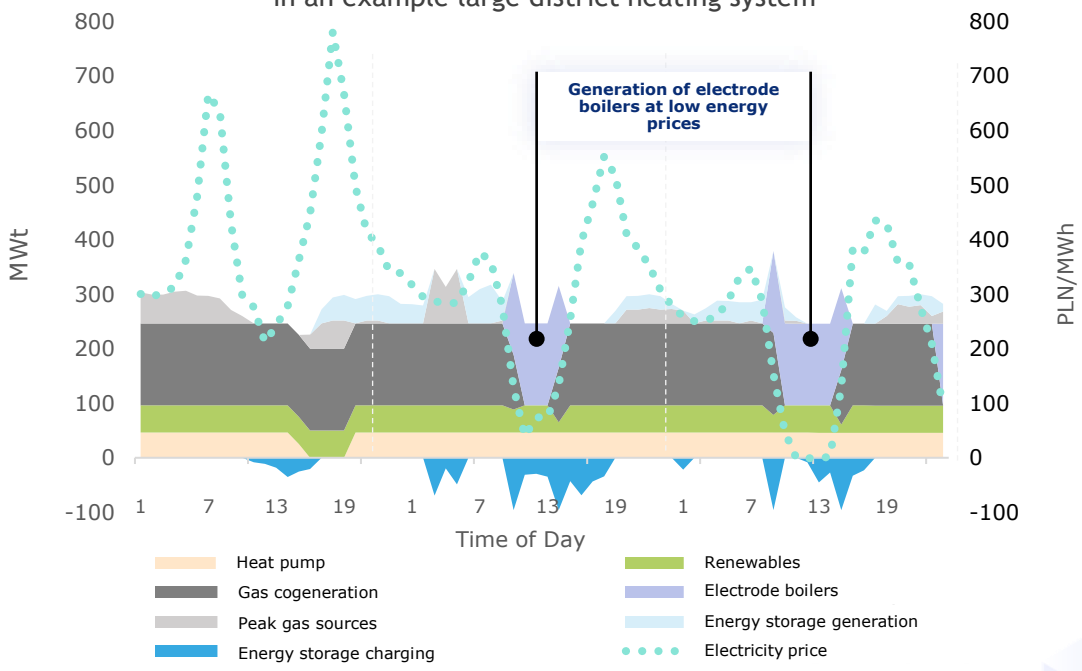
Medium-term flexibility: balancing fluctuations in demand related to weather conditions

Thermal inertia of the heating network	Reducing transmission losses
Medium-term heat storage	Efficiency of heating systems
Controllable heat consumption	IoT and AI-based network management automation

Power adequacy: during winter period

Cogeneration and gas engines	Securing contracted power and heat supply from new sources
Biomass and gas boilers, Waste-to-Energy, geothermal	Hybrid solutions and new models of cooperation with Customers

Flexibility in covering winter heat demand
in an example large district heating system



RES, heat pumps and gas cogeneration operate as baseload units.
Heat pumps are turned off during peak electricity prices.
Electrode boilers replace CHP during periods of low electricity prices.
Heat is stored during periods of low electricity prices and improves the flexibility of CHP.
Peak gas sources are utilised during periods of greatest demand.

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?

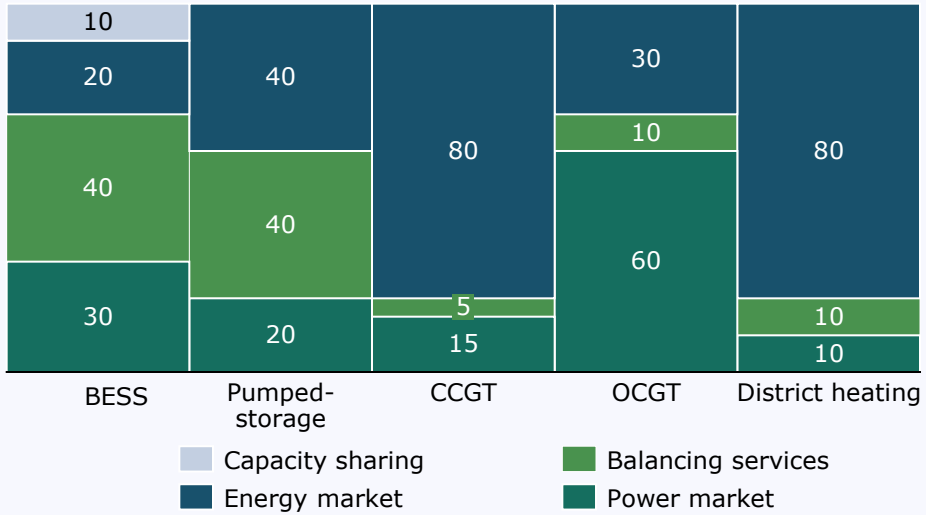
Flexibility is a **key feature of a modern energy systems, essential for maintaining its stability and resilience.**

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 create 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 per individual technologies [%]



PGE Group's flexibility portfolio

The PGE Group treats flexibility requirements as a priority, developing and optimising its own portfolio of dispatchable sources in line of available remuneration mechanisms.

Dispatchable Generation

Ensuring reliable power supply independent of weather conditions:

- New gas power plants
- Optimised coal power plants

Battery Storage And Pumped-storage

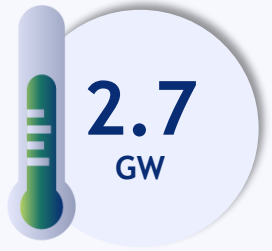
Managing energy surpluses and supporting the systemic integration of RES:

- Pumped-storage power plants
- Electrochemical (battery) storage systems

District Heating

Intelligent linkage of sectors to the benefit of the system and consumers:

- Combined Heat and Power (CHP)
- Electrode boilers, storage and heat pumps
- Thermal inertia of the heating network



Effective management of such a diversified portfolio will be made possible by a new ICT architecture that supports business processes through AI-based solutions.

Priority flexibility mechanisms for the PGE Group

Management of generation, storage, and demand-side resources

- Rotational inertia for system stabilisation (grid forming)
- Capacity sharing
- Balancing services
- Capacity mechanisms
- Demand aggregation and management
- Flexibility platform for DSO

Strategic aspirations

Distribution

Railway Energy Services

#1 Energy distribution

- Increase in connected RES capacity by 11 GW (+125%) and consumers by 12 GW (+14%)
- Twofold increase in the Regulated Asset Base to 57 bn PLN

#1 Energy distribution

Smart grid connection availability more than doubled

Our motivation:

- Support for RES development
- 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

CAPEX

37 bn PLN
until 2030

75 bn PLN
until 2035

EBITDA

8 bn PLN
until 2030

10 bn PLN
until 2035

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

Intelligent development of distribution networks for the benefit of Customers, energy producers, and the security of infrastructure

Over 70% of RES are connected to the low- and medium-voltage grid, which means that the technical and operational capacity to handle bi-directional energy flows is essential for security of supply in an electrified economy.

PGE Dystrybucja
PGE Energetyka Kolejowa

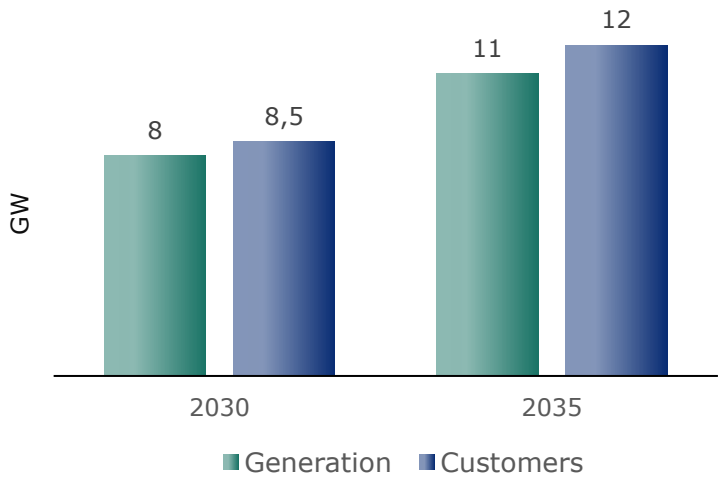
Strategic drivers of infrastructure development

		Goals for 2035	
1	**Support for the development of RES and electrification**	Increase in the capacity of connected RES, consumers and EV charging stations through a targeted investment programme.	**11 GW** **12 GW**	**Connected capacity of new RES sources, storage facilities and charging stations** **Connected capacity of new Customers**
2	**Reliability of supply and resilience of infrastructure**	Reducing duration of planned and unplanned outages by modernising infrastructure and leveraging distributed flexibility resources.	**-30%**	**Reduction of SAIDI compared to the 2019-2024 average**
3	**Technological development and cybersecurity**	New operational technologies and IT as essential enablers of business activity: predictive analytics, SCADA, GIS, and IoT.	**-30%**	**Reduction of failure correction costs per kilometre of the distribution network**
4	**Affordability of distribution services**	Rational investments and operational excellence delivering tangible benefits to distribution service Customers.	✓	**Maintaining the growth of the average distribution fees below the wage growth in the enterprise sector**

Greater connected capacity and user-friendly connection procedures

PGE Group is determined to ensure an increase in the availability of connection capacity, reduce waiting times and increase the user-friendliness and transparency of the process.

Cumulative connected capacity of new Customers and generation sources
(compared to 2025)



Number of connected Clients
(year-average)

75 k	80 k	82 k
2025	2030	2035

<250 days

Shorter average connection time for residential Customers

+30 p.p.

Improving the Customer Effort Score in connection processes

25 bn PLN

for connections for the period of 2025-2035

Facilitation package for investors

Review, simplification, and automation of connection procedures — including a reduction in the number of forms and required actions on the Customer's side

Digitisation of all key processes

A commercial grid connection offer and partnership-based cooperation in project implementation.

Full transparency (100%) in investment and grid connection processes

Customer-Friendly Service Programme „Stay in Touch”

An individual approach to all Customer groups through multiple communication channels — with dedicated support for the elderly and individuals with limited mobility

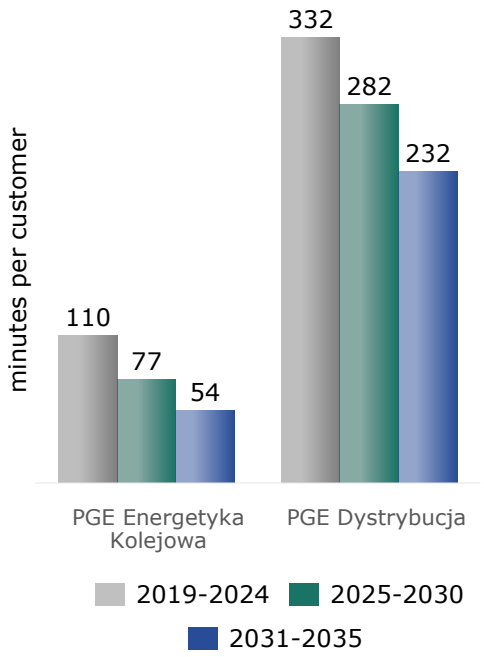
Simplification of connection procedures and the use of clear, accessible language in contracts, regulations, and Customer interactions

Modernised and digital network infrastructure as the foundation for the electrification of the economy

The road to Net Zero runs through the electrification of the economy, supported by the digitisation and automation of the power grid. The key milestones on this journey still lie ahead.

Reliability

SAIDI power outage indicator



Observability

Share of Smart Meters

	2025	2030
Consumers	38%	100%
Substations	72%	100%

Controllability

1. Process coordination with the TSO
2. Sector coupling for network stabilisation (heating, transport)
3. Ensuring interoperability at operational and information technology level

Flexibility

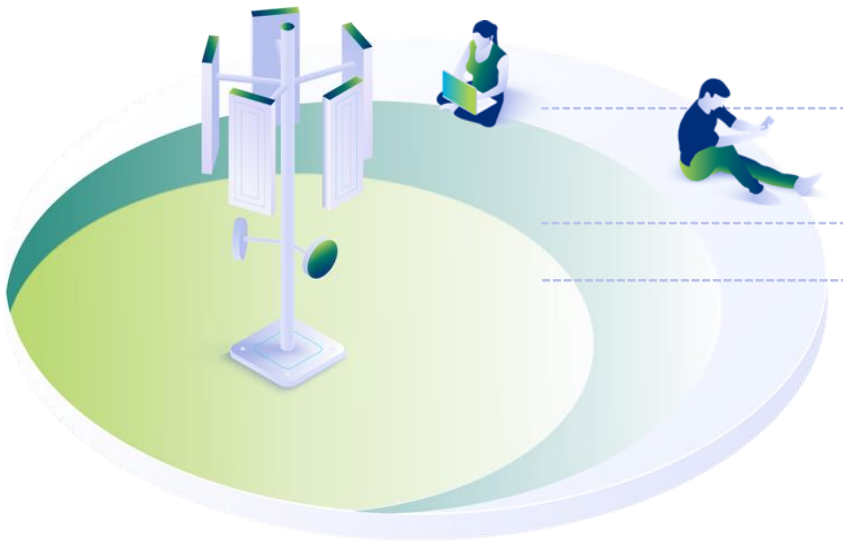
- Identification of flexibility needs
- Defining the services and products ordered by the DSO and the rules for their provision
- Launch of a platform for certification, contracting and settlement of services and products

Autonomy

- AI-supported systems for resource activation and network operation management
- Maximising the share of failures handled automatically
- Reducing response times to network disruptions

LTE 450: digital connectivity for more efficient and resilient energy infrastructure

Thanks to PGE's construction of a communication network based on a dedicated 450 MHz band, **it is possible to provide an interference-resistant communication and data transmission — both for the energy sector and for public safety services.**



EXPANSION OF **LTE450** NETWORK ACROSS THE ENTIRE COUNTRY

Services for External users

- Support for emergency and defense services during crises or natural disasters
- A unified, standardised broadband communication network for national security

LTE450-based services for the energy industry

- Connecting Smart Meters with DSO systems
- Ensure interoperability between DSOs
- Standardisation and end-to-end network configuration
- 24/7 Operational supervision

LTE 450
Independent multi-service network

- Dispatch communication and broadband data transmission and support for IoT communication (remote reading, control)
- 36-hour communication backup in emergency situations
- Independence from the availability of commercial operators' services

LTE450: designed with safety in mind

- Dedicated frequencies
- SIM cards with their own encryption keys
- 24/7 Network Monitoring Centre and CERT
- Use of own infrastructure, emergency power supply and tele-transmission equipment
- ICT security systems

Excellent propagation

Reliability and business continuity

Low power demand

Quality and speed of transmission

Development programmes in the area of networks focused on Customer needs and improvement of network reliability and observability

Goals

Full potential of digitalisation and flexibility

Network modernisation

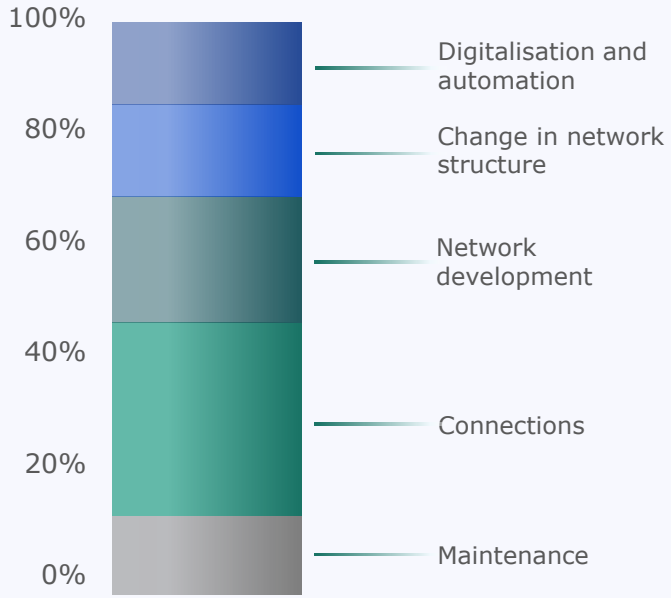
Smart growth

Increasing connection availability

Total capital expenditure until 2035

75 bn PLN

Structure of capital expenditures



Key development programmes

Development of **ICT** tools and **artificial intelligence** to **maintain quality and operational continuity** in the conditions of dynamic technological, climatic and social changes.

- Replacement of MV/LV and HV/MV transformers
- Modernisation and expansion of Primary Substations (GPZ) and Power Supply Systems (MUZa)
- Underground cabling of 10,000 km of distribution networks
- Construction of energy storage facilities for internal and grid-related (non-commercial) purposes

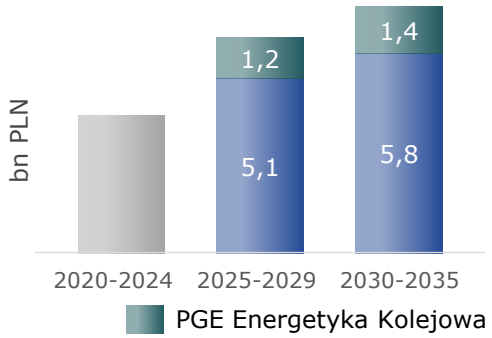
- Development of an independent LTE450 communication network
- Development of the Central Power Dispatch Centre and launch of the Central Distribution Management System
- Installation of Smart Meters at substations and end-user locations
- Implementation of modern IT tools (e.g. GIS and EAM) to improve technical asset management

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

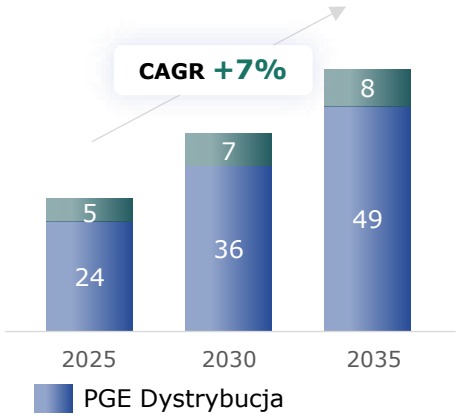
PGE Group's investments will be focused on increasing connection capacity, observability and controllability, as well as on automating grid operation. Operational efficiency and alignment of development directions with transformation priorities will ensure solid levels of profitability.

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. Growth planning with flexibility services
4. Digitisation 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

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

Offshore Wind

Onshore RES

#1 Renewable Energy

- 9 GW of installed capacity
- 28 TWh of green electricity for a competitive economy
- Key source of zero-emission EBITDA exceeding 10 bn PLN

#1 Renewable Energy

26 TWh of green electricity from offshore and onshore RES

Our motivation

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

Financial potential and competences 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

34 bn PLN
until 2030

85 bn PLN
until 2035

EBITDA

3.6 bn PLN
until 2030

10.2 bn PLN
until 2035

For whom

Energy consumers
Supply of green elecitricty 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 competences will allow Poland to reduce its dependence on fuel imports and meet its emission reduction targets.

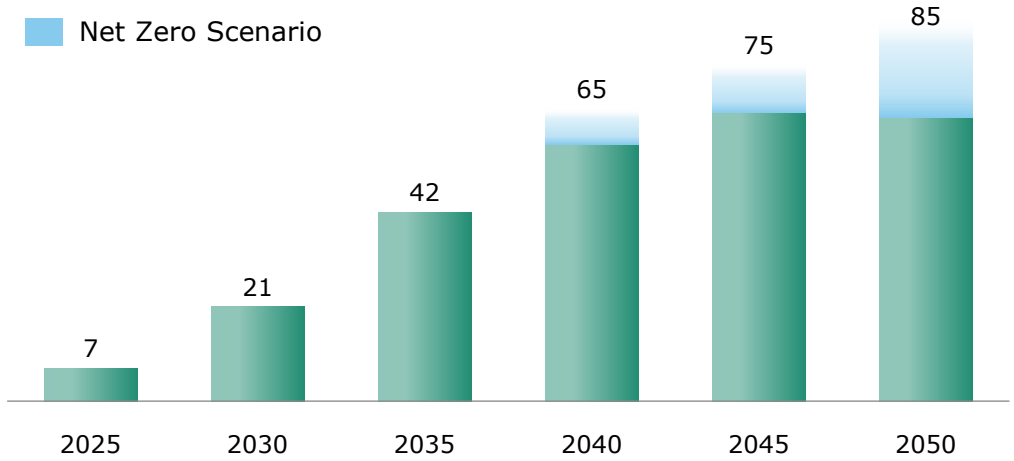
Strategy drivers

Offshore wind

Onshore RES

Technology options for 2050

1. Competitiveness and independence
2. Stakeholder expectations
3. Poland’s international obligations



Impacts of the strategy

- Diversification and balancing of the Group's portfolio
- Affordable electricity prices and an increase in company value
- Responsible transition
- Net Zero 2050

Offshore wind power offers a unique opportunity to build a new branch of industry, providing affordable and sustainable energy

High efficiency and low emissions
The highest capacity utilisation factors among the RES technologies developed in Poland and minimal CO_2 emissions over the entire life cycle contribute to the achievement of the climate neutrality goal.

4 GW
⇩
11 m ton
limited annual CO_2 emissions

Local Content

Growing share of Local Content
The share of the Polish industry in the supply chain of implemented projects is growing and is maintained at levels consistent with the assumptions of the Sectoral Agreement for the Development of Offshore Wind.

Scalability and optimal use of undeveloped marine space
The use of high-power turbines allows to reduce the impact of Offshore Wind Farms on the environment and is in line with current maritime development plans.

>14 MW
power of a single wind turbine

Infrastructure development

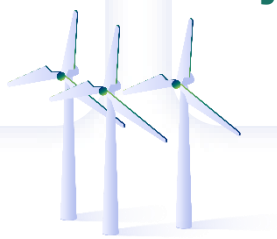
Impact on the Polish economy
Development of offshore wind farm support infrastructure in Poland by the PGE Group, including projects such as the installation terminal in Gdańsk.

Revenue security in the long term
The President of ERO granted the Baltica 2 and Baltica 3 projects the CfD contract which secures the revenues of these assets over a 25-year horizon.

Secured revenues over a
25-year
horizon

Financing in the formula
Project Finance

Limited financial risks
Offshore can be financed under the project finance formula, thus reducing the impact of the investment on the balance sheet.



Development potential of PGE Group's offshore wind farms

A coherent strategy for developing subsequent offshore areas focuses on the most efficient projects

Offshore wind farms will be a key source of zero-emission electricity for PGE Group

Offshore Wind Energy will play a key role in building value and transforming the PGE Group's generation portfolio.

Long-term revenue protection thanks to CfD contracts

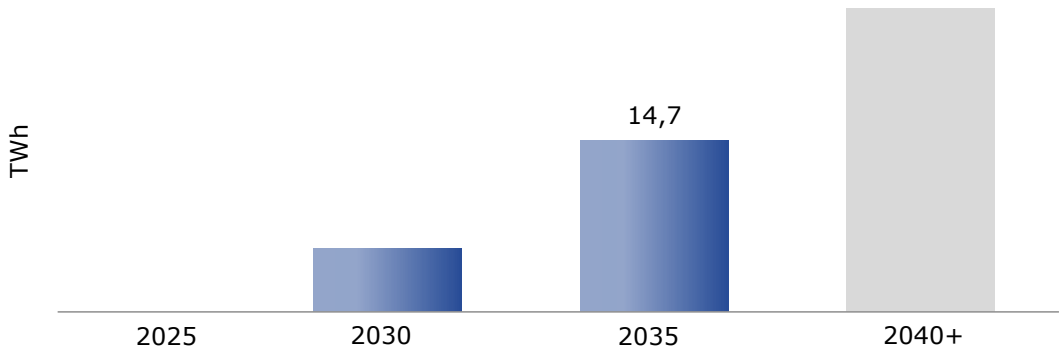
Project development in cooperation with experienced partners

4 GW
operational in 2035

Development of own service and operation competences

Project finance formula

Annual electricity sales* of offshore projects with PGE Group participation

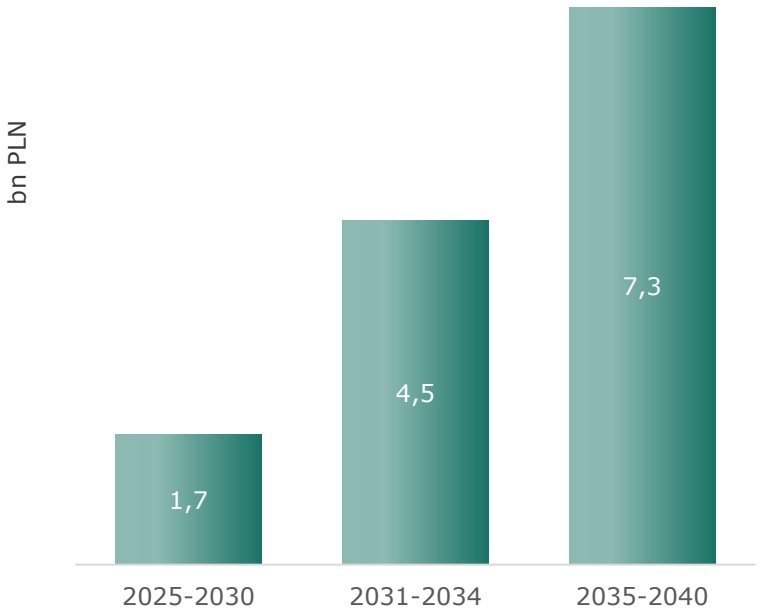


* Graph shows the entire volume of electricity sold by installations, regardless of the share of partners

Electricity for
7.5 m
households

Offshore offers the prospect of energy price stabilisation thanks to the Contracts for Difference mechanism

Expected average annual revenues from offshore projects



The key milestones on the path to achieving the full strategic aspirations of the PGE Group in the coming years will be:

Contract for Difference auctions

The years 2025-2029 will be decisive for the possibility of commercialisation of Phase II offshore development projects in Poland based on Contracts for Difference (the difference between the market price of electricity and the offer price specified by the investor).

PGE Group is preparing to take part in auctions to secure the revenue side of its projects.

Strategic Partnerships

Trusted partners can bring knowledge, experience and synergies to projects, which can ultimately determine the competitiveness of those projects.

The synergies achieved, such as consistent power dispatch planning or commercial and technical management, can translate into real savings for end users.

Development of onshore wind energy

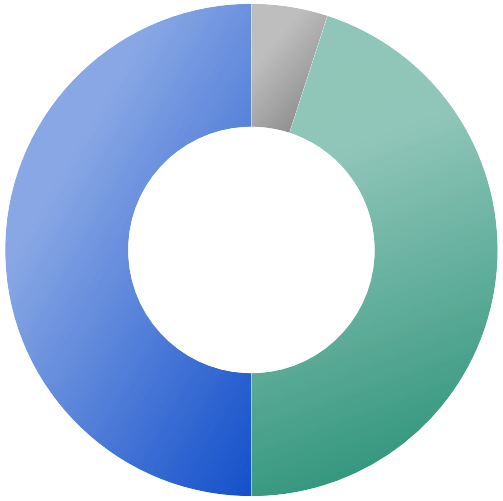
Onshore wind energy in the best locations in terms of productivity and access to the grid is a source of clean energy, allowing PGE Group's generation portfolio to remain competitive.

Onshore wind farms

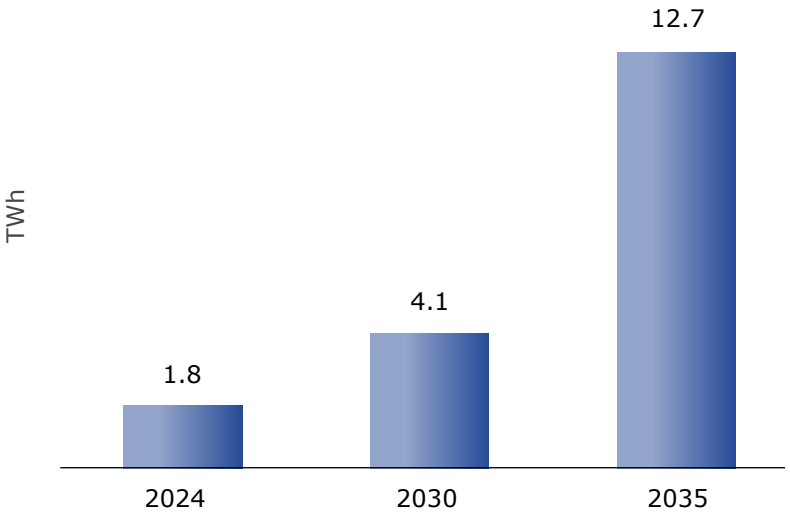
- The area of active M&A activity - acquisitions of operational and ready-to-build projects
- New financing models
- Organic growth leveraging the PGE Group’s internal competencies
- Maximisation of installed capacity within a single grid connection
- Repowering in the most productive locations
- Partnerships in the development phase
- Expansion of in-house service capabilities and continuous efficiency improvement

4 GW
in 2035

12.7 TWh
in 2035



Illustrative structure



Development of photovoltaics and hydropower

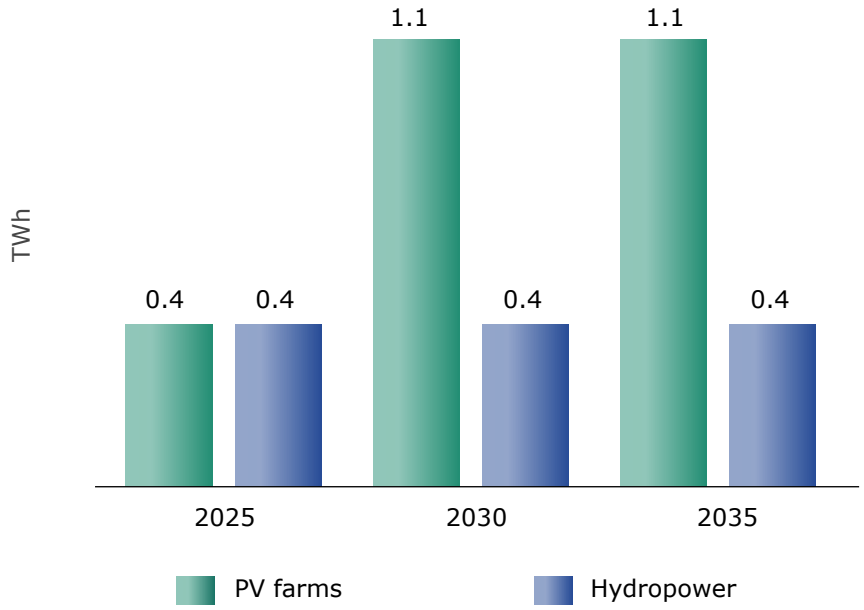
Short development timelines, scalability, and the potential for integration with onshore wind farms and energy storage systems make selected PV projects a complementary renewable asset.

PV farms

- Selective project development
- Focus on the largest installations and load profile optimisation
- Utilisation of shared grid connection potential to maximize the value of individual locations

Hydropower plants

- Optimisation of asset maintenance costs with attention to safety and functions related to water management



1 GW i 1.1 TWh
in 2035

0.1 GW i 0.4 TWh
in 2035

#1 Flexible gas capacity

- 10 GW flexible, low-emission generation units
- 100% readiness for transition to zero-emission fuels

#1 Flexible gas capacity

10 GW of dispatchable power enabling a safe energy transition

Our motivation

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

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

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

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 Duty Management
Optimisation of gas contracting sources
Monetisation of the commercial flexibility of assets
Analysing opportunities for partner engagement

Gas Power Segment
Operational outlook

CAPEX

27 bn PLN
until 2030

37 bn PLN
until 2035

EBITDA

4 bn PLN
until 2030

7 bn PLN
until 2035

For whom

System operator
Stabilisation

Energy consumers
Guaranteed energy supply

Renewables
Greater integration capacity for RES

PGE shareholders
Element of building the Group's value

Supplementation of the power balance during periods of low RES generation

Without the addition of new, controllable generation sources, further integration of renewable energy into the system will not be feasible. By expanding its gas-fired generation portfolio, the PGE Group is positioning itself as a key driver of the energy transition.

Gas CCGT plants

- The most competitive and controllable generation assets during the energy transition.
- Emitting three times less CO_2 than coal and requiring only half the maintenance costs.
- Flexible contracts and diversified gas supply sources enhance commercial performance.
- Sites located adjacent to existing power plants reduce capital expenditures compared to greenfield projects and support the recruitment of qualified personnel.

Gas OCGT plants

- Gas turbines will provide peak-reserve capacity, offering rapid start-up capabilities and the potential for continuous operation.
- Project revenues will be secured through capacity market auctions, energy sales, and the provision of balancing services.
- Although less efficient than combined cycle gas turbines (CCGTs), their reserve-mode operation will result in relatively low CO_2 emissions.

All new units will be designed to accommodate the use of decarbonized gases in the future, with the fuel switch subject to technical feasibility and economic viability.

PGE Group's aspirations in the area of 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.

Gas CCGT plants

4 GW

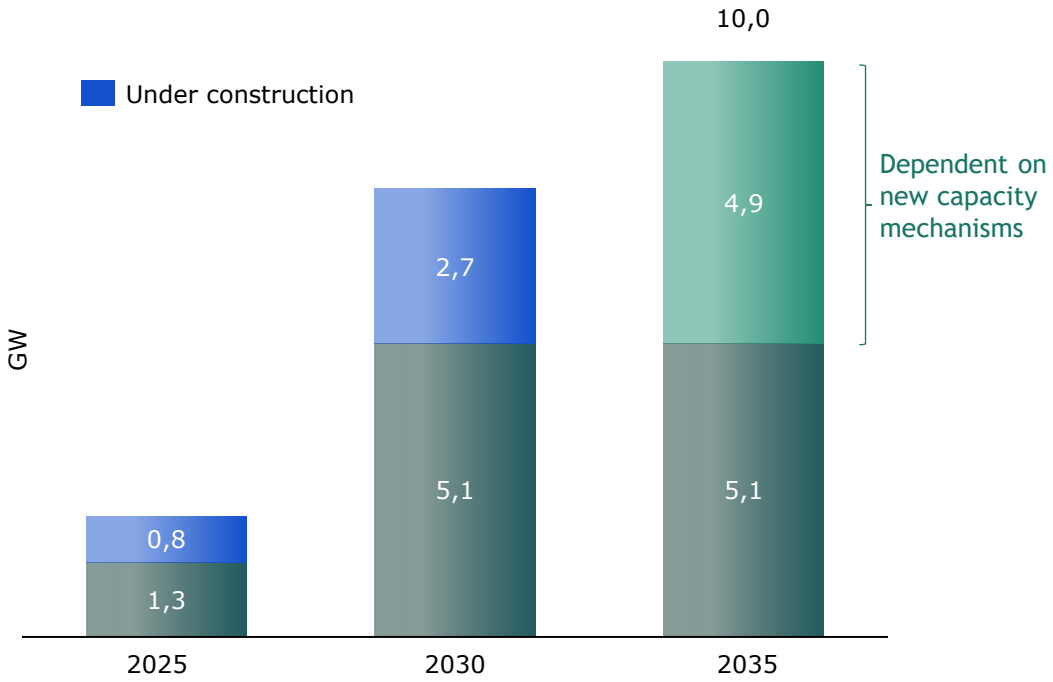
Gryfino I (existing)
Rybnik I (under construction)
Turów (under analysis)
M&A Analysis

Gas OCGT plants

6 GW

Gryfino II (planned)
Rybnik II (planned)
Ostrów Wlkp. (under analysis)
Nowe lokalizacje (under analysis)
M&A Analysis

Planned installed capacity



The scale of the capacity implemented will depend on the attractiveness and predictability of compensation for the mechanisms (extension of capacity mechanisms)

Securing gas supplies

The growing demand for gas fuel with a variable consumption profile necessitates the adoption of more flexible supply solutions. The PGE Group plans to implement measures aimed at optimising supply costs and reducing dependence on a limited number of suppliers.

In the long term, the objective is to replace conventional fuels with zero-emission energy sources.

Short-term outlook

Flexible trade agreements

With delivery taking into account the nature of the unit's operations

PGE S.A.

Hedging

On financial markets

PGE Dom Maklerski

Mid-term outlook

Import

From global markets

New operational competency

Gas storage units and gas field shares

Increasing independence from third parties

Potential analysis

Long-term outlook

Readiness for H2 & RFNBO

Option analysis

Energy Storage

District Heating

#1 Energy Storage

- 60% market share in storage capacity in Poland
- Complementarity of chemical, physical and thermal technologies

#1 Energy Storage

18 GWh of 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

9 bn PLN
until 2030

14 bn PLN
until 2035

EBITDA

1.7 bn PLN
until 2030

2.1 bn PLN
until 2035

For whom

Transmission System Operator
Short-term system balancing

Energy consumers
Certainty of energy supply

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 system services market and energy market arbitrage

Pumped Hydro Storage (PHS)

Participation in long-term balancing and the full range of regulatory ancillary services (blackstart)

PHS Młoty - support for the integration of RES in the system and 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

PGE Group's diversified energy storage portfolio

The energy storage facilities being developed by the PGE Group will incorporate a range of complementary technologies, enabling more effective utilisation of the Group’s locations and generation assets.

Battery energy storage system (BESS)

- Organic growth, incl. using the location of coal assets
- Acquisitions of operational and ready-to-build projects

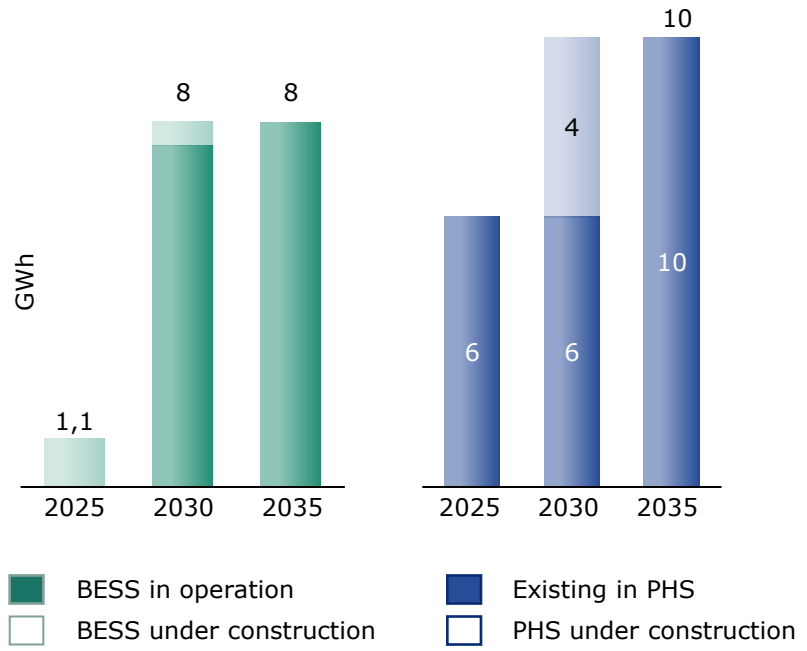
Pumped Hydro Storage (PHS)

- PHS Młoty project with location decision in Q3 2026
- The implementation depends on a new power or capacity mechanism and subsidies for the part dedicated to flood protection
- Strategic partnership with NFOŚiGW
- Potential acquisitions

Heat storage

- An integral part of district heating systems at 12 locations, improving the energy efficiency of the system
- Heat storage tanks up to 60 k m^3 preferred

Energy storage portfolio capacity



8 GWh
in 2035

10 GWh
in 2035*

0.5 GWh
in 2035

>60%
market share in 2035

* Refers to full power/capacity of projects implemented with PGE's participation

#1 Clean district heating

District heating

- Reduce CO_2 emissions by 60% by 2035
- Development of energy efficient systems in cooperation with local governments
- Integrating district heating with the electricity sector to enhance overall system flexibility.

#1 Clean district heating

Leader in integrated, efficient district heating systems

Our motivation

Local heat markets leadership

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

Operations of generation and distribution assets optimisation

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

PGE S.A.
Strategic outlook

Financing of investments
Optimisation of gas contracting sources
Monetisation of the commercial flexibility of assets

PGE Energia Ciepła
Operational outlook

CAPEX

9.3 bn PLN
until 2030

18 bn PLN
until 2035

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

EBITDA

2.7 bn PLN
in 2030

2.8 bn PLN
in 2035

For whom

Heat consumers
Reliability of heat supply

Heating distributors
Thermal power availability

Local governments
Energy security and financing of necessary expenditures for network modernisation

PGE shareholders
Element of building the Group's value

Environment and climate
Reduction in CO_2 and NO_x emissions, and water use

District heating on the road to climate neutrality

To achieve decarbonisation pathway, each district heating site is guided by a dedicated roadmap that also safeguards the affordability of heat for consumers.

Transition of generation assets

Maximising the potential of Power-to-Heat

Replacement of old coal-fired units with new high-efficiency gas-fired units

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

Modernisation and development of network infrastructure

Reduction of transmission losses and gradual implementation of low-temperature networks

Optimal power and generation management thanks to **integration** into heat distribution networks

Implementing Smart Heat technologies

Scoping effective pathways to achieving climate neutrality

Striving to achieve the status of **efficient district heating systems** in integrated locations

Research and analysis on the possibility of using SMR units, zero-emission fuels, or CO_2 capture

Technical and economic assessment of the possibility of **fuel-switching in gas units** and preparation of the supply chain

-60%

Reduction in CO_2 emissions by 2035
(compared to 2021)

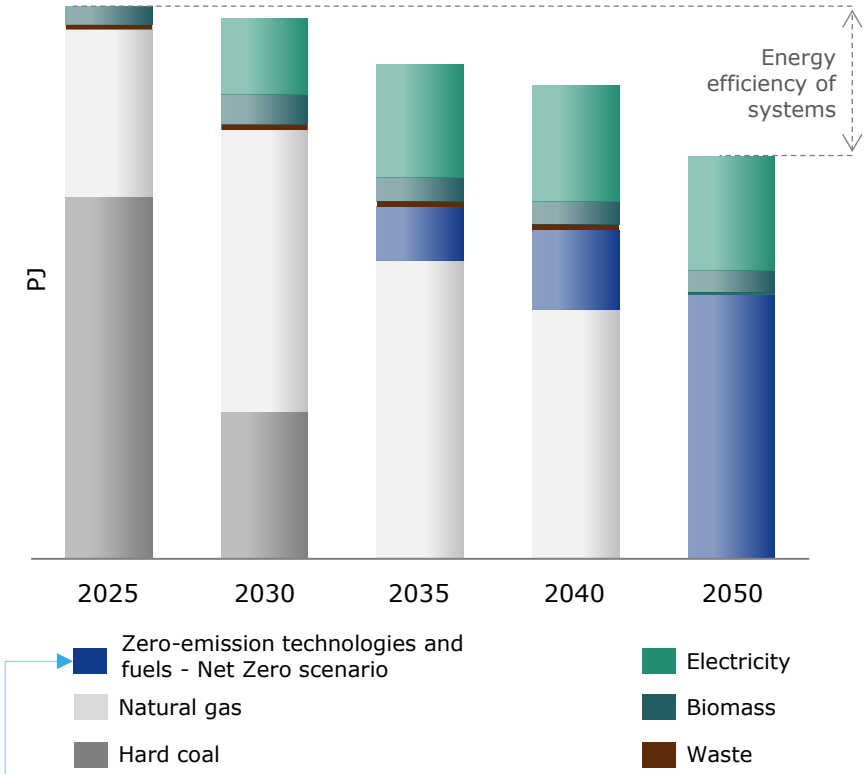
-3 p.p.

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.*

Development and integration of efficient heat markets

Progressive decarbonisation will be supported by initiatives aimed at preparing a comprehensive offering based on synergies within PGE Group.

Network integration

- **Cooperation with local governments** and businesses to fully harness the potential of local heating resources
- Increasing the **integration** between heat production and distribution to optimize development at each location

Integration indicator

Increasing the share of own distribution in total heat sales

Development of heat markets and product and service offerings

- Intensifying sales and promotion of district heating
- Offering **an integrated solution** that extends the value chain through cross-selling and synergies within the Group
- Developing generation assets in new locations, including hybrid and decentralized (off-grid) energy sources

LCOH

Competitiveness of system heat in relation to individual solutions

Increasing flexibility and energy efficiency

- Implementation of ICT tools, including ML and AI, to manage the operation of generation assets and heating networks
- Construction of heat accumulators to optimize the performance of the district heating system
- Adaptation of equipment to operate efficiently across a wide range of workloads

Heat storage

Supporting the efficient operation of district heating systems

Investments in 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.

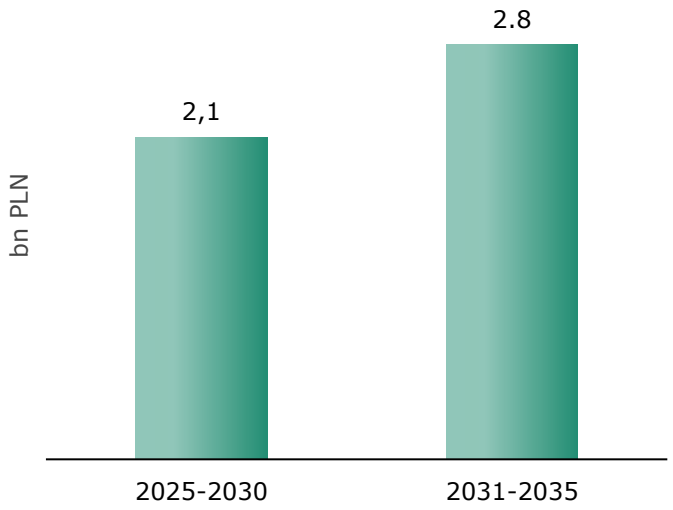
Transformation of generation assets

- 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

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, island and hybrid systems

Average annual EBITDA



15 bn PLN

Development and maintenance of district heating assets until 2035

3 bn PLN

Potential acquisitions and modernisations of district heating networks

#1 Responsible transition

- Responsible transformation while ensuring energy security
- Efficient asset management
- Reduction of CO_2 emissions

#1 Responsible transition

A responsible approach to changing the generation mix, with respect for the role of employees and local communities, fully aligned with the needs of TSO - PSE S.A.

Our motivation

Responsibility for employees and local communities

Leveraging the potential for further regional development

Implementation of actions in line with the principles of sustainable development

PGE S.A.
Strategic outlook

Setting standards and directions for the activities of segment companies

Coordination of activities related to the transfer of employees within the Group

Competency model management

PGE PAK Energia Jądrowa
Operational outlook

PGE GiEK
Operational outlook

Cost rationalisation and optimal asset management

Social dialogue

Revitalisation of post-industrial areas

For whom

Transmission System Operator

Power system stability

Energy consumers

Providing secure energy during the transition

PGE Employees

Transparency and socially responsible process management

Local communities

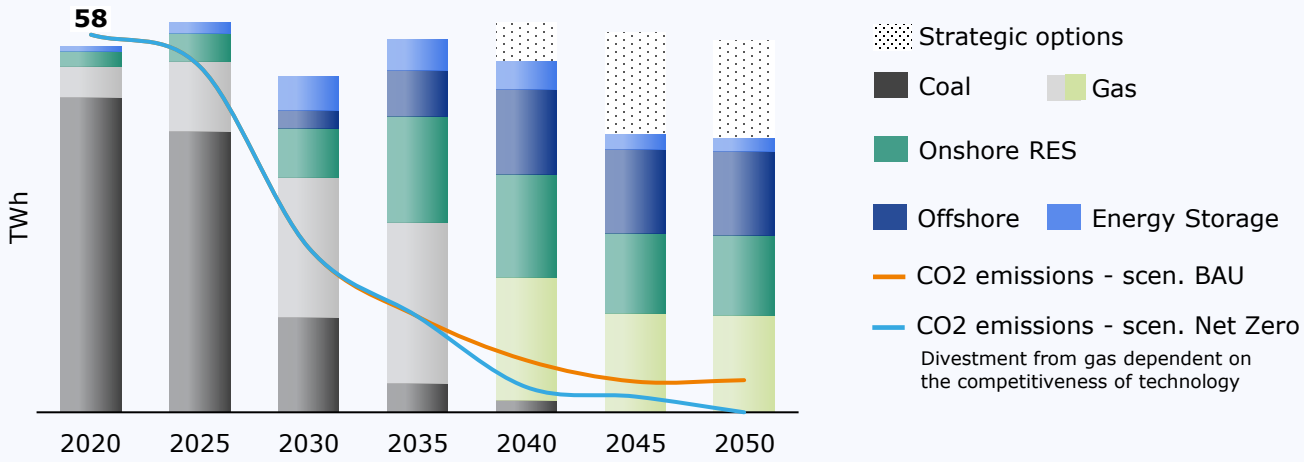
Harnessing the potential of existing locations for the energy transition

PGE’s transition on the path to Net Zero

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

Due to a significant decline in coal-based energy production volumes – driven 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.

PGE Group's electricity production structure



	2030	2035	2050
CO_2 emissions (scope 1: fuel combustion) vs 2024	-50%	-75%	-99% - scen. Net Zero -92% - scen. BAU
Average emissions of electricity production [$kgCO_2/MWh$]	415	230	0 - scen. Net Zero 90 - scen. BAU
Average variable cost of generation in the Group's portfolio [PLN’24/MWh]	390	368	250

*BAU – business as usual

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

A responsible approach to the transition from coal energy

Change in generation structure

- Competitiveness of coal-fired power plants limited by CO_2 emission prices
- Change in the nature of operation of coal-fired units from base to peak-reserve
- Loss of profitability of coal operations

Decline in coal energy demand

- The need for cost optimisation waste reduction
- The need for rational asset management based on clear criteria and standards

Need to maintain power in the system

- Coordination of available capacity with TSO's real needs
- The need to implement a long-term financing mechanism for critical assets

Evolution of the competence profile

- A qualified, experienced and committed team of employees
- Employment potential in PGE Group's growth segments

Circular Economy

- Utilising opportunities for the economic use of reclaimed land
- Effective management of decommissioned power plant assets

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

Use of infrastructure for the implementation of the Group's new investments

Optimised asset management and cost rationalisation

Cooperation with transmission system operator and public administration

Retraining of employees, engagement in growth segments

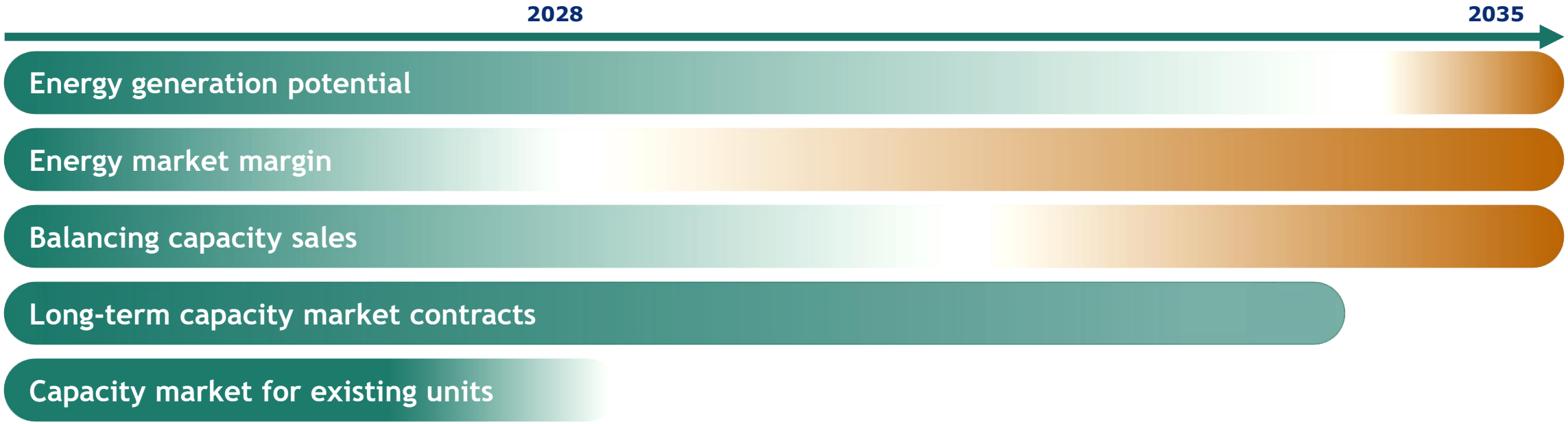
Rehabilitation and repurposing of retired asset sites

Energy security at the core of PGE GiEK’s transition

Cooperation with the public administration and the transmission system operator

Energy security and flexibility

For the coming decade, coal-fired units can ensure the safe operation of the Polish Power System.
The lack of market and regulatory mechanisms makes it impossible to cover the costs of their operation and the scale of losses will be a significant burden on the Group's balance sheet.
Maintaining these units in the system requires the implementation of new support mechanisms.



Illustrative diagram – not intended to indicate the decommissioning timelines of individual units

Optimal asset management in the transformation of PGE GiEK

Cost rationalisation and optimal asset management

Optimal asset management

The necessity to maintain assets while limiting their market utilization requires particular diligence in managing operational costs and maintenance costs. It also reflects our broader economic and social responsibility. A rational cost approach will support the responsible transformation of the site, ensuring optimal availability and flexibility.

Effective implementation of capacity obligations and balancing services	Optimisation of expected availability and failure rate in relations to role in the power system
A renovation policy tailored to the market mission of the assets	Taking into account the evolving operational profiles of units and shifting performance objectives
Maintaining a balance between production and production potential	Adjusting lignite mining capacity to match energy demand

People at the heart of transition of PGE GiEK

Retraining of employees, engagement in growth segments

Further professional development within the PGE Group

PGE GiEK's highly qualified workforce represents a strong potential for the Group's development projects.

RETRAINING

We enable professional reorientation

Transformation requires evolution of qualifications

We support the development of employees in new areas in line with the Group's Strategy

In addition, we train employees in competence centres

PROFESSIONAL CAREER CONTINUATION

Responsible HR policy within PGE GiEK

Maximizing the efficiency of structured internal transfers to positions critical for the delivery of system services

Continuation of employment within the Group

Employees affected by the transformation will be offered job opportunities:

- At gas-fired power plants
- At the branches of PGE Energetyka Kolejowa
- At the branches of PGE Energia Ciepła
- In other development projects across the PGE Group
- In PGE's battery energy storage investments

PROTECTIVE PROGRAMMES

Support for individuals choosing to leave the PGE Group

Employees choosing to continue their careers outside the PGE Group will receive support through:

- Signed social agreements
- Dedicated voluntary departure programmes
- Statutory social protection
- Cooperation with regional employers

Directions for potential development of the location of PGE GiEK

Utilising existing PGE GiEK locations for the implementation of new investments by PGE Group

Research and analysis on nuclear energy	New gas-fired power plants	Combined heat and power units	Energy storage and RES	Circular economy
• Bełchatów – large nuclear units • Turów - SMR	• Gryfino (CCGT i OCGT) • Rybnik (CCGT i OCGT) • Turów (CCGT)	• Gryfino • Bełchatów • Rybnik • Turów	• Gryfino • Bełchatów • Rybnik • Turów	• Responsible development of post-power plant areas
ENTITY RESPONSIBLE FOR IMPLEMENTATION				
Research phase carried out by PGE SA.	**PGE S.A. Gas Power segment**	**PGE Energia Ciepła as well as via Joint Venture with other partners**	**PGE Energia Odnawialna**	**PGE Ekoserwis in cooperation with PGE GiEK and its subsidiaries**

PGE GiEK will provide competences and resources for optimal use of the potential of each location

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.

Nuclear technology
including SMR

„Nuclear power in PGE”
Location assessment program

3 locations
selected for detailed analysis
(Bełchatów, Turów, Konin)

Strategic Rationale	PGE Group’s Plans	Project Profitability	New Group Competences	Safety
Participation in a key link in the energy transition in Poland.	**Until 2035, expenditure only on preparation** of projects for administrative and investment decisions. Subsequent decisions depend on the results of location research and market demand	Dependent on public support mechanisms.	Readiness to participate in PPEJ as a unit operator, offering (amongst other things) a qualified Staff, service and Operational competences, as well as commercial servicing.	Multi-criteria analyses in the field of safety of the construction and operation stage.

Circular Economy as a part of responsible transition

We are committed to the responsible use of resources and to protecting our environment

Rehabilitation
Rational management of the decommissioning and reclamation of post-industrial areas

Partnerships and new technologies
PGE Group coordinated activities

Efficient waste management
Development of new solutions aimed at increasing the level of waste recovery to 75%

Management of Combustion Byproducts
Management of current CBP generation and resources accumulated in storage facilities

Responsible consumption
Shaping behaviours and processes that support the protection of natural resources and the environment

- Reducing expenditure through better preparation of investment sites
- Extending the useful life of products, materials and resources to reduce operating costs
- Optimising costs and expenditure through a strategic, long-term approach to asset management throughout their life cycle
- Reducing disposal and reclamation costs for production assets and generating income from unproductive assets (net RecEx)

PGE Group strategic target

Net RecEx = 0 PLN

#1 Offer for Business Partners

- A comprehensive and advanced range of energy solutions
- Clients’ proactive cooperation in the energy and balancing market

#1 Offer for Business Partners

Advanced, partnership-driven and comprehensive solutions for business in Poland

Our motivation

Enabling Clients to access optimal solutions for purchasing electricity to enhance their competitiveness

Building revenues from access to capacity mechanisms, the balancing market and ancillary services

Monetisation of the potential for aggregation of market participants

Increasing margins outside the regulated segment

Facilitating sensible use of energy and distribution services for Customers

PGE S.A.
Strategic perspective

Optimisation of the portfolio of capacity services and energy trading

Professional Client Service

Retail portfolio support

Resource aggregation

PGE Energetyka Kolejowa
Operational perspective

PGE Obrót
Operational perspective

For whom

Business Partners

Competitive prices through access to capacity and electricity markets

Active participation in the energy market

Use of prosumer solutions (generation sources, storage, DSR)

PGE shareholders

Element of building the Group's value

CAPEX

0.5 bn PLN
until 2035

EBITDA

0.8 bn PLN
until 2035

Changing market dynamics result in favorable price outcomes for active participants

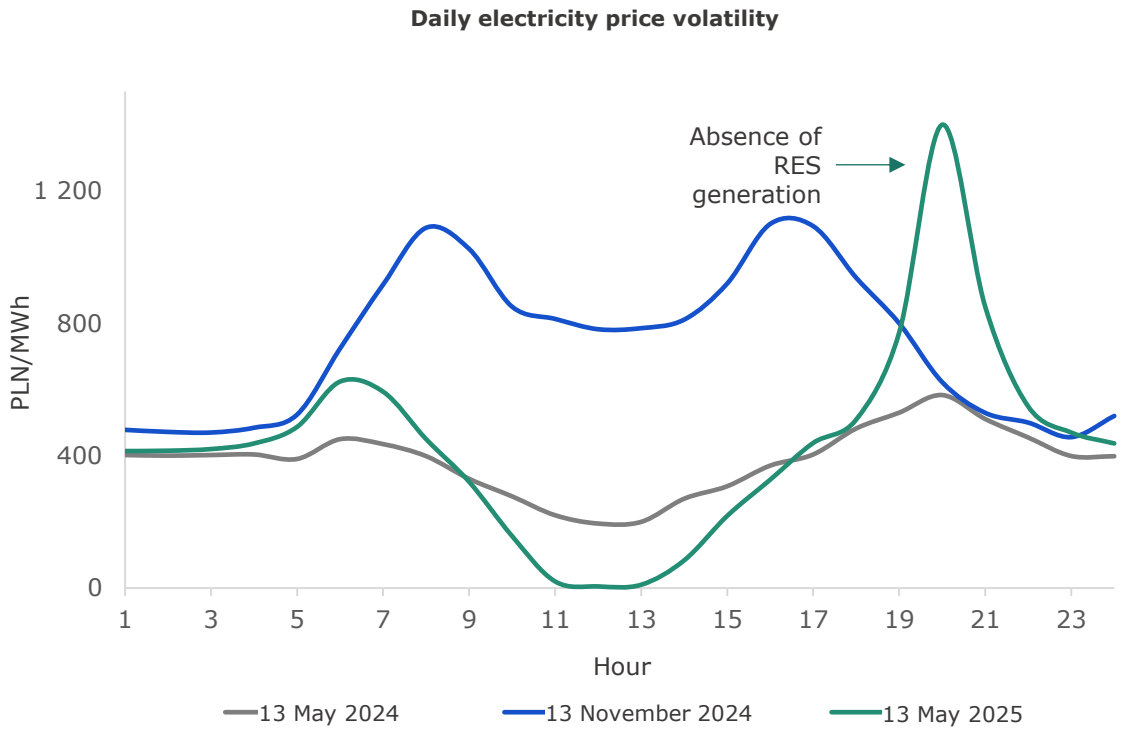
Growth of RES is conducive to a decrease in wholesale prices, but the increased volatility of energy prices is a challenge for many market participants.
Flexibility in both generation and demand reduces costs and improves competitiveness.

PGE Group's offering will meet the expectations of business partners by comprehensively addressing their energy management needs.

- Providing Clients with access to energy, capacity and balancing services
- Management of energy storage, PV inverters and heat pumps
- Aggregation of Customer production and storage resources of Customers
- Enabling functioning within the DSR
- Preparation of a wide range of flexible forms of energy purchase, e.g. as part of cPPAs or indexed price formulas
- Support in effective management of the consumption profile

Effective management of the electricity and heat consumption profile will allow our Clients to reduce their exposure to the volatility of energy prices on the market and ultimately reduce costs.

Market participants can enhance their ability to effectively manage consumption and generation profiles



Source: Towarowa Giełda Energii SA (TGE)

The evolving needs of enterprises require an offering tailored to their specific requirements

PGE Group offering	Business Partners	Rail Customers
Electricity and heat offer foundation and margin base Sale of electricity and heat in formulas and supply models tailored to the needs of business partners, including within the connection process.	**Diverse sales formulas, including:** • cPPA contracts • Fixed price contracts • Indexed-linked contracts • Contracts with safeguards • Mixed formulas **Diverse delivery models, including** • Electricity and district heating and cooling • Hybrid hubs • Construction and operation of own RES • Virtual sales models	• Tailor-made contracts for the sale of energy (including green energy) for rail carriers • Construction of hydrogen railway stations and hydrogen supply in locations facing electrification challenges
Additional energy services flexibility and activity on the market Modern services supporting active participation in the energy transition through energy, capacity and flexibility services markets.	**Select services:** • DSR Aggregation, • Provision of Balancing Service Provider Functions • Development and management of Clients installations (PV, storage, heat)	• Solutions enabling recuperation of electrical energy for railway vehicles
Advisory and technical support optimalisation and efficiency Comprehensive advice and support in the field of energy management – from needs analysis to implementation of solutions.	**Advisory scope including, i.a.:** • Energy efficiency • Cost and consumption optimisation • Planning for the energy transition	• Overhead line construction and maintenance services • Solutions supporting energy efficiency on railways, including *eco-diving*

Comprehensive energy solutions as a driver of value in the business segment

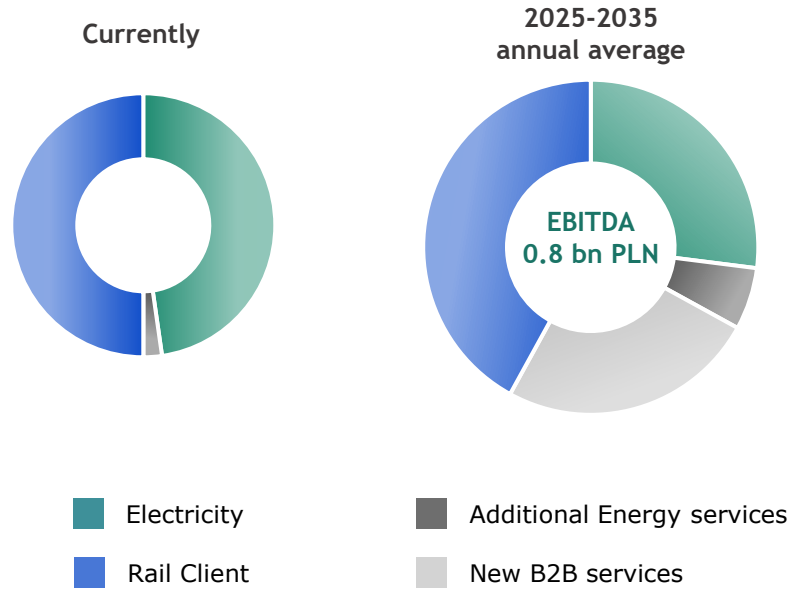
Development of cooperation models that promote comprehensive and long-term solutions enabling benefit-sharing and improving economic competitiveness

The offer for business partners will be based on long-term partnerships tailored to individual needs. The development of the offering will be implemented in a way that ensures long-term profitability for the partner's business segment.

Sources of value for PGE Group

- Selective offering
- Prioritising margin over volume
- Partnership-based value creation
- Long-term collaboration

Expected margin effects



#1 Quality of Customer service

- Maintaining the Customer satisfaction index at the level at least 85 points
- Availability of remote and point-to-point service channels

#1 Quality of Customer service

Effective communication channels enabled by Customer service point availability and advanced digital solutions

Our motivation

Strengthening the positive image of the PGE Group

Developing non-tariff margin sources

Improving Customer service efficiency

Ensuring security of energy supply

Advanced prosumer energy solutions

PGE S.A.
Strategic outlook

Forecasting the consumption profile of the Customer portfolio

Optimising energy contracting in the retail portfolio

Defining service and communication standards

PGE Obrót
Operational outlook

PGE Dystrybucja
Customer service outlook

For whom

Residential Clients

Reliability of energy supply,

Enabling participation in the energy transition,

Availability of user-friendly contact channels

Option to purchase additional services

CAPEX

0.6 bn PLN
until 2035

EBITDA

0.5 bn PLN
until 2035

We will enable residential Customers to choose convenient contact channels tailored to their needs

The PGE Group will maintain traditional Customer service points and develop digital channels tailored to the changing needs of key Customer groups and technological capabilities.

Convenient contact channels

- **Customer service points** – availability of traditional forms of contact
- **Digital and mobile access** – self-service via a mobile application and Customer Portal, 24/7 availability of services

85 pts

Customer satisfaction index (CSI*)

100%

Remote service capability

*target average value for C and G segments in all Group entities

We provide residential Customers with security and opportunity to participate in the energy transition

The PGE Group will provide residential Customers with a stable supply of electricity at competitive prices and enable them to participate in the energy transition.

Tailored energy offer

- **Reliability of supply** – stable and reliable access to electricity and heat
- **Availability of green energy** – the possibility of choosing electricity and heat from renewable sources
- **Tailored delivery formula** – products with a guaranteed price or dynamic tariffs – tailored to the Customer's preferences and consumption profile
- **Virtual prosumer** – a platform that provides participation in the production of renewable energy without the need to physically own an installation

Energy-related services

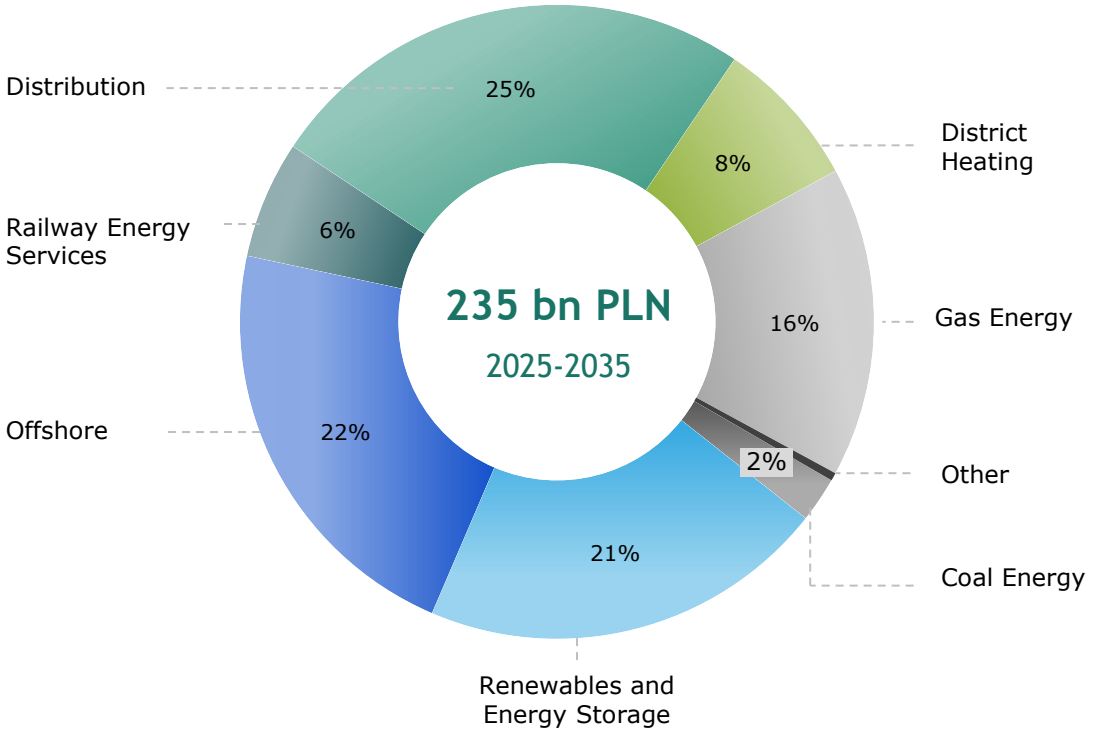
- **Sales, assistance and servicing of installations** – dynamic development of the PRO-EKO offer and energy-related service packages
- **Energy consulting and intelligent monitoring** – Client applications that enable consumption tracking, generating reports and presenting recommended actions to achieve savings
- **Possibility to participate in the flexibility market** – active participation in the energy transition by supporting the stability of the system (through a portfolio of individual Customers aggregated by DSO)

Financial effects

An ambitious development programme based on regulated revenues and building growth potential related to RES and flexibility

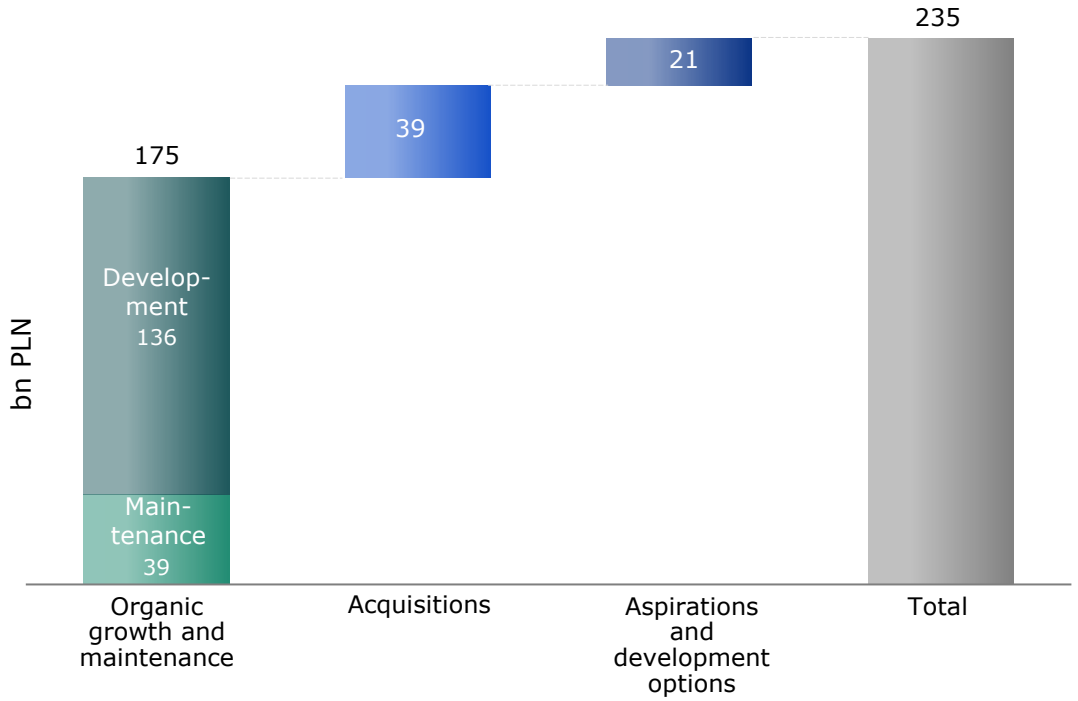
An investment programme focused on grid infrastructure, renewables and flexibility.

CAPEX breakdown by segment



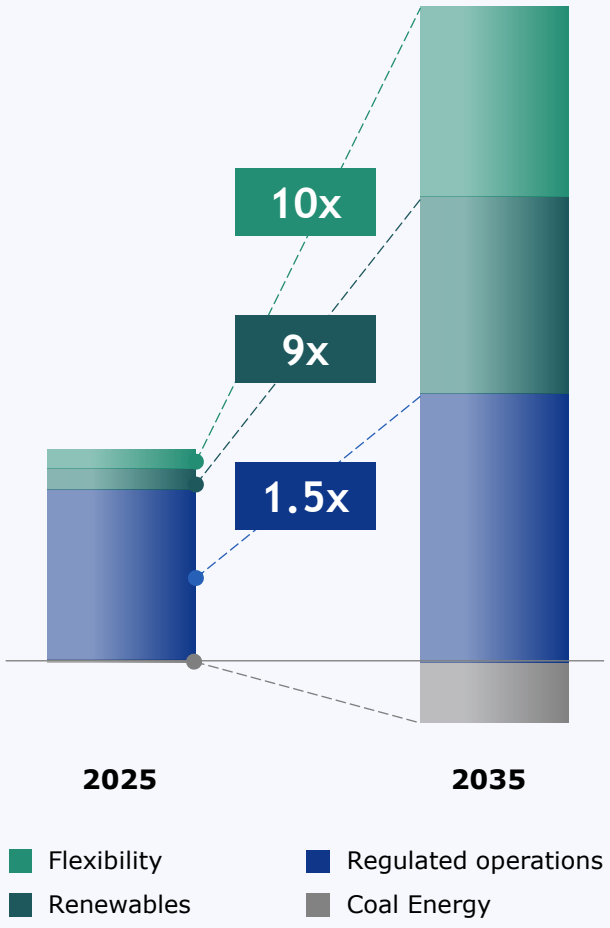
Approximately 25% of CAPEX consists of acquisitions and development options, which will be pursued depending on the PGE Group's financial capacity and the availability of value-enhancing opportunities.

CAPEX 2025-2035



EBITDA secured by distribution and regulatory mechanisms with growth potential driven by renewables and system flexibility

EBITDA structure



- Gas-fired power plants
- Energy storage
- DSR

- Capacity mechanisms and market valuation of flexibility
- Integration of PGE Group's resources and competences
- A partnership and profitable offering for business

- Offshore
- Onshore
- PV

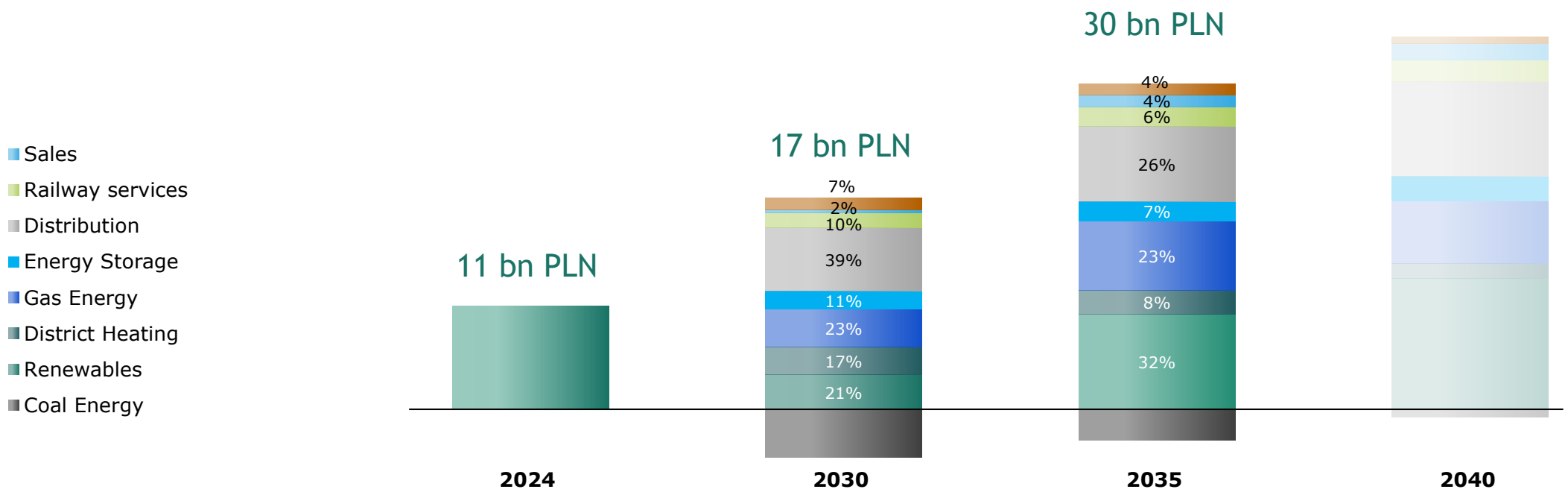
- Focus on large projects
- Optimisation of financing structures
- Operational excellence

- Distribution
- District heating

- Rational investments
- Modernisation and digitisation of assets
- Greater observability and manageability of the infrastructure

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

The new strategy creates a strong financial foundation for long-term growth beyond 2035



Share of revenues from coal generation in the Group's consolidated revenues

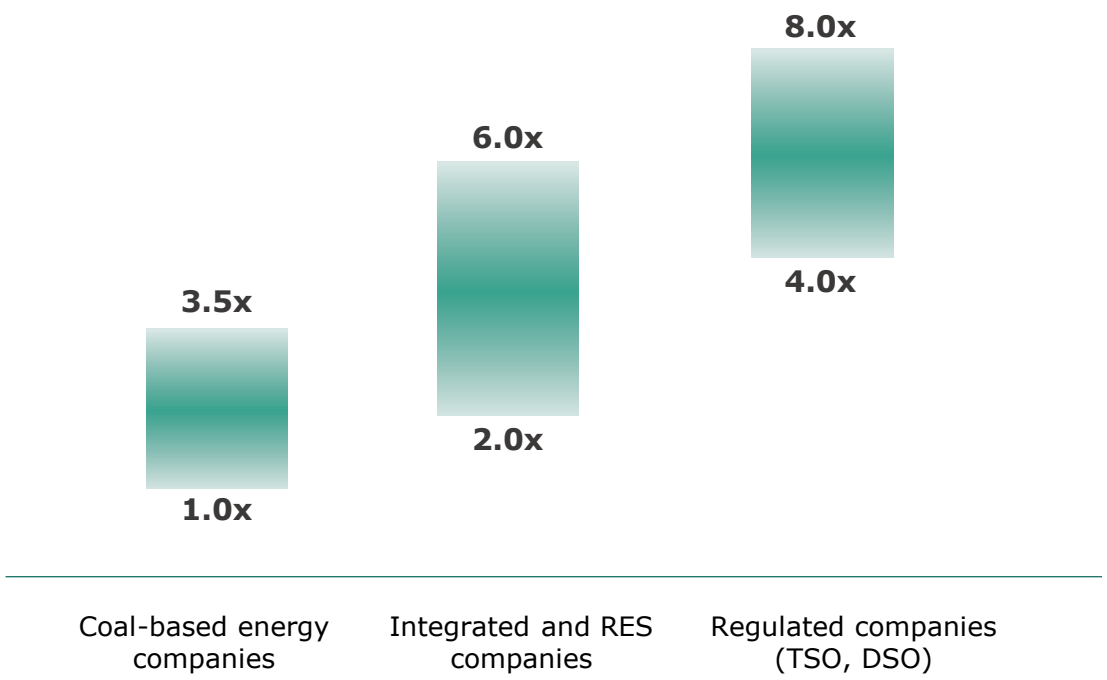
35% **12%** **5%**

Business profile transformation gives PGE greater ability to finance development

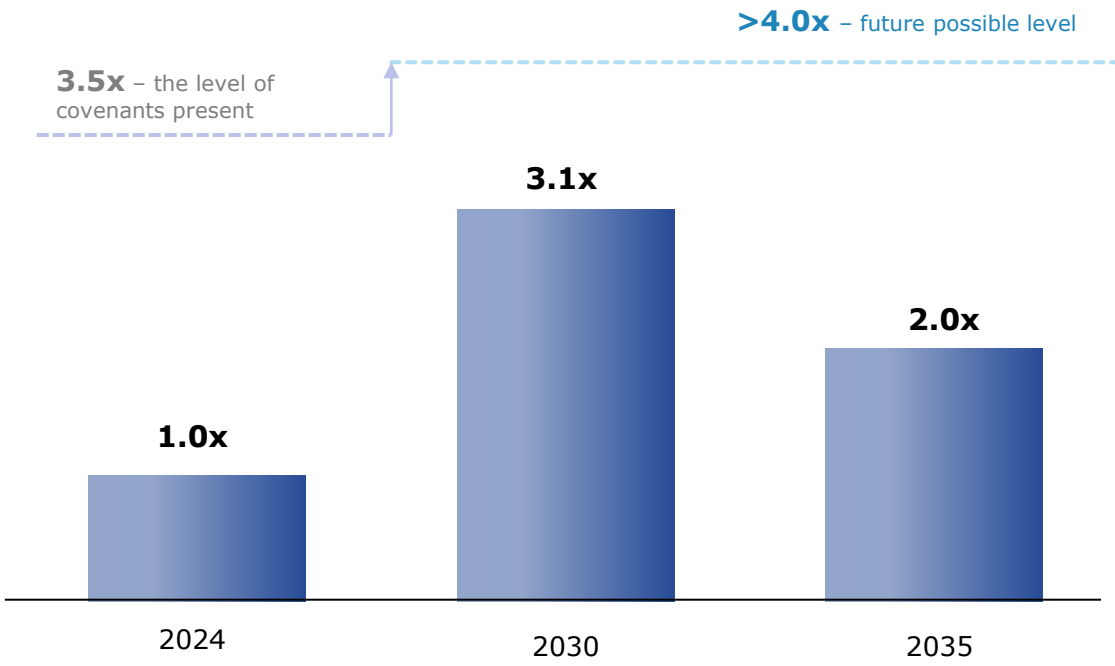
PGE Group maintains a low net debt-to-EBITDA ratio compared to the broader industry.

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

Typical NetDebt/EBITDA level of energy companies by business profile



Forecast of net financial debt to EBITDA of PGE Group



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

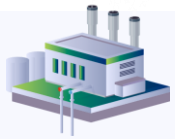
New Gas Capacities

REVENUE STREAMS

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

FINANCING

- 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 won capacity market auctions



District Heating

REVENUE STREAMS

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

FINANCING

- Development financed mainly based on the company's financial surpluses and the Group's balance sheet
- Maximizing the use of preferential financing
- Project financing – especially where the decarbonisation plan allows for the separation of 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*

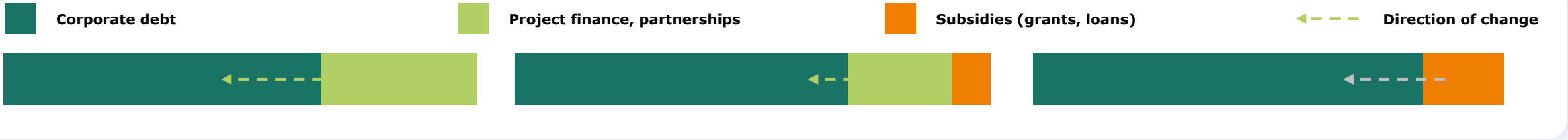
Distribution

REVENUE STREAMS

- **Regulated revenue**
- **Non-tariff revenues**

FINANCING

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



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

Offshore

Onshore RES

Energy Storage

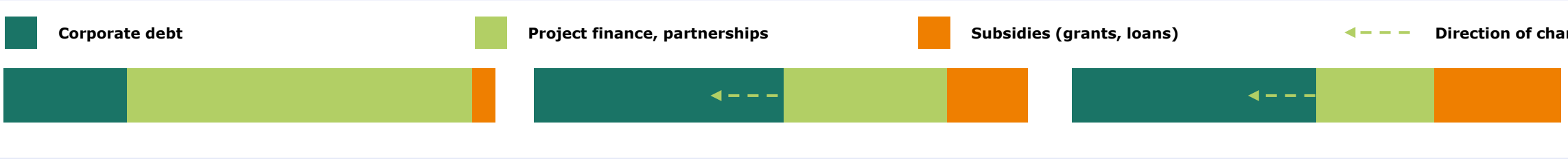
REVENUE STREAMS

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

- **Sale of electricity (including PPA stock solutions)**
- **Guarantees of origin**

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

FINANCING



- Strong demand from financial institutions for 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 in the phase 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

ESG as a source of value for stakeholders

The strategic goals of the PGE Group are embraced with the aim of positively impacting the surroundings. Integrating 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
- Implementation of the biodiversity conservation and water management policy objectives
- Implement circular economy principles and reducing resource consumption

Net Zero by 2050

-75% CO2 emissions by 2035

-76% NOx emissions by 2035

SOCIAL

Support for the responsible transition in 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

Gender pay gap: < 5%

Aspiration and Zero Accident Policy

GOVERNANCE

Standards of organisational management

- Organisational resilience and transparency
- Management of process and organisational culture
- Principles of responsible corporate governance in accordance with ESG
- Recognition of minority shareholders' rights

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

>90% anti-corruption training for positions particularly exposed

Operating Model

Optimal and effective operating model

Effective and transparent cooperation with stakeholders will be key to the successful implementation of the PGE Group Strategy.

Stakeholders and the Group's context

- Public administration and regulator
- Transmission System Operator
- Shareholders
- Clients
- Suppliers
- Scientific community
- Financial and commodity markets
- Local communities
- Business partners

RESPONSIBILITY

DIALOGUE

ESG

INNOVATIVENESS

LOCAL CONTENT

PGE Group

PGE S.A. Corporate centre

- Strategy and asset management
- Wholesale trade and Market Access
- Investments and strategic partnerships
- Financing
- Regulatory management
- Organisational culture and communications
- Innovation and digitalisation
- Centre for Shared Services
- Process management

Business segments

- Execution of investments, initiatives and transition projects
- Operation and maintenance (O&M)
- Operational excellence
- Role of responsible employer
- Infrastructure security

Cooperation and clear division of responsibilities within the PGE Group

Foundation of efficiency

Constructive regulatory dialogue

The energy transition requires a predictable and sustainable regulatory framework that supports, rather than hinders, the implementation of capital-intensive infrastructure projects and the creation of solutions for the benefit of energy consumers.

PGE Group will substantively and constructively participate in regulatory processes at the national and international level, especially in areas directly resulting from its mission:

Energy supply security

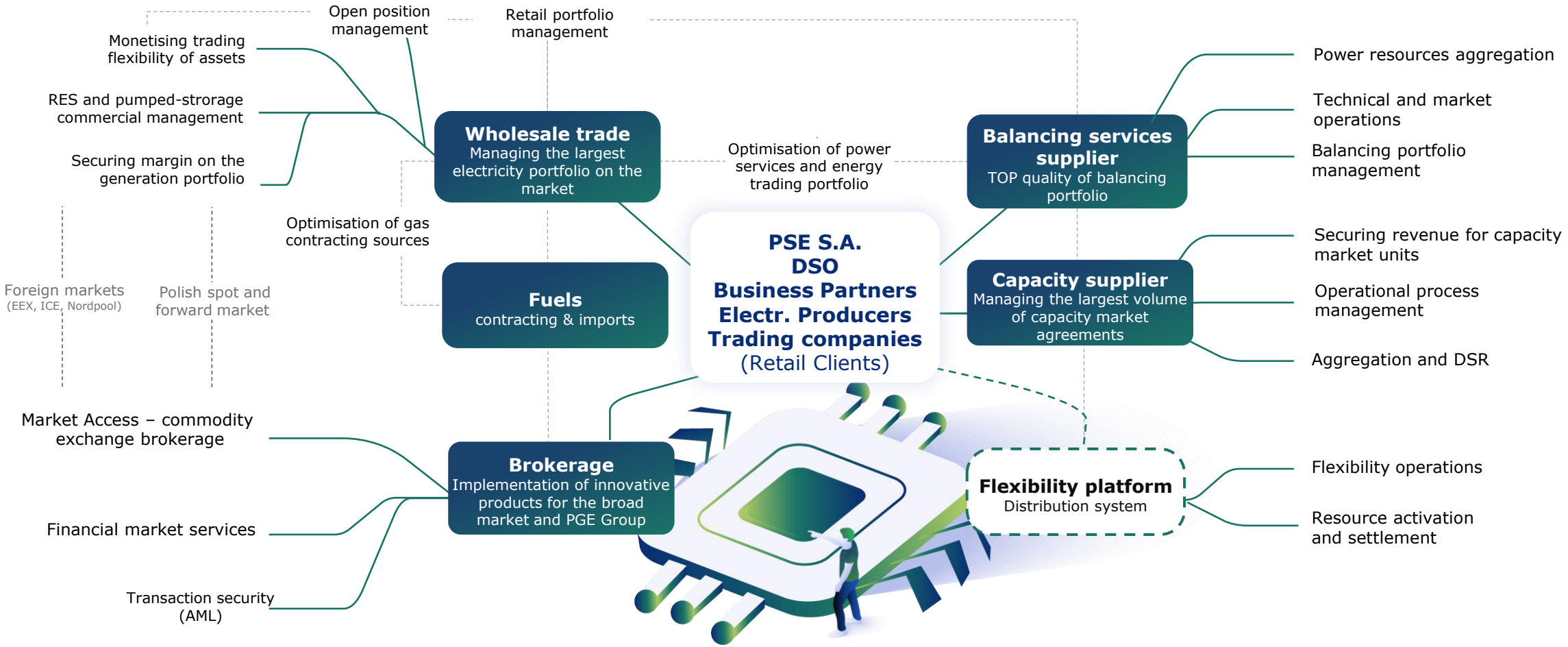
Supporting the competitiveness of the Polish economy

Group's value creation

Safe transition	Creating support systems and market mechanisms adapted to the specifics and scale of investment projects and considering the volatility of the environment	1. Extension of power mechanisms for dispatchable capacity 2. Revenue stabilisation mechanisms for zero-emission units 3. Facilitating investment 4. Transitional solutions for coal and gas units
Harmonious development of national and EU markets	Predictability of the EU energy market, stability of the EU ETS, mitigation of investment and operational risks	1. Clearly defined and realistic energy and climate targets 2. Mechanisms for stabilising CO_2 and fuel prices 3. Development of balancing markets and flexibility 4. Changes in the retail market – benefits for consumers and sellers thanks to the revision of regulations that did not meet the needs of the energy transition
Social acceptance	Building trust with consumers and local communities by ensuring a balance between aspirations, financial and technological capabilities	1. Maintaining the price competitiveness of energy and district heating 2. Considering the pace of commercialisation of zero-emission technologies 3. Transparent and constructive dialogue with stakeholders on energy policy priorities
Financing	Providing funds for investment and profitable operation while maintaining affordability for Customers	1. Availability of an adequate level of financial support instruments commensurate with the scale of the challenges 2. Ensuring an adequate return through tariff mechanisms

Energy, capacity and flexibility platform

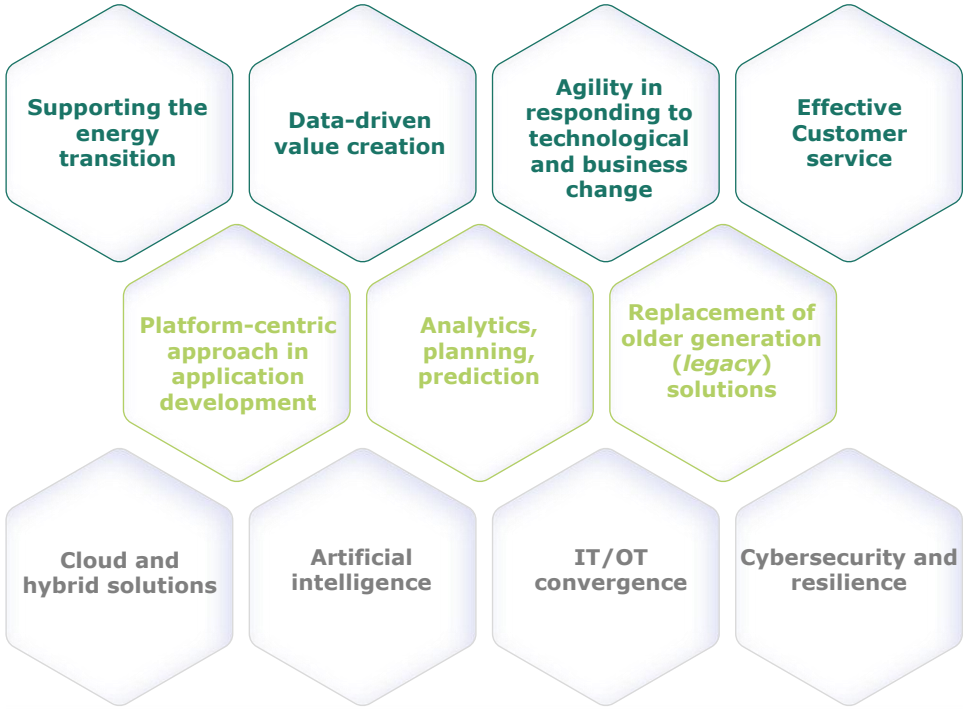
The PGE Group is strengthening its competencies, organisational structures, and systems to lead the energy trading, power system balancing, and effective collaboration with PSE S.A. (TSO) and DSOs, contributing to the development of a modern and efficient energy market.



Comprehensive approach to ICT development

The strategic transformation of our ICT landscape is designed to empower the execution of our business strategy by creating a flexible, scalable, and secure digital environment. This foundation will not only support users in their daily operations but also enable the organisation to sustain a competitive edge in the rapidly evolving energy market.

Goals and aspirations



Strategic initiatives

Business interactions

- Optimising operational processes and back-office functions through ICT and AI solutions
- Co-creating innovative digital services for the energy sector
- Enhancing user and Customer experience to align with modern expectations

Applications and Platforms

- Transforming business solutions to drive innovation
- Expanding capabilities in data analytics and predictive modeling
- Democratising ICT by broadening access to tools, data, and knowledge

Technology and safety

- Improving the efficiency and security of the ICT area
- Optimising data processing
- Building a cybersecurity model and strengthening the resilience of applications, hardware and connectivity

Foundation

- Consistency of ICT governance and principles at the PGE Group level
- Centralisation of innovative ICT services and solutions around Shared Service ICT Centre
- Development of digital competences

Strategic talent management

In the face of dynamic changes, we focus on **developing our employees - their competencies, motivation, and ability to co-create the PGE Group.**

Being an organisation ready for future challenges, we are committed to **promoting digital skills, responsible leadership**, and facilitating cross-generational communication.

Competences of the future:

We support the development of technical, social and leadership skills – we build an organisation ready for change through the development of knowledge, motivational leadership and a culture of cooperation.

Diversity and collaboration:

We want to create space for both innovators and those who bring experience. We support the building of teams based on diverse perspectives, with equal opportunities for women in the energy sector.

ZERO employee accidents
– fundamental principle in the PGE Group

Low employee turnover rate
- reflects the stability of employment and staff satisfaction

The real impact of women on the organisation
- high share of women in key positions

Min. 80% Staff retention
- after employment under an employment contract for the next 12 months

Equity in remuneration
- pay gap below 5%

Succession plan for key positions
- we prepare successors

An environment of respect and equal opportunity for all

Efficient asset management

The Group implements systematic and coordinated principles and initiatives to manage its assets, risks, and spending for the sustainable achievement of strategic goals.

PGE Group Strategy

PGE Group's Asset Management Policy

Sets standardized rules and practices for managing production assets across the PGE Group

General Procedure for Asset Management System

Defines the rules regarding the scope of powers and the manner of implementation of activities regarding PGE Group's asset management

Strategic Asset Management Plan (SAMP)

Defines strategic objectives in the area of asset management, the methodology for creating AMOP and the functioning of SAMP in group members

Asset Management Operating Plan (AMOP)

Defines the activities and resources, responsibilities and timelines for the implementation of the SAMP and the achievement of asset management objectives for group members

Strategic goals
asset management

Operational indicators

Results of implementing strategic priorities:

- Ensuring the security of energy and heat supply to consumers
- Building value for PGE Group's shareholders
- Compliance with the principles of sustainable development
- Safe use of assets

Comprehensive risk management

The PGE Group employs a GRC model designed to enable the organisation to achieve its business objectives in an ethical, predictable manner, in compliance with legal and market requirements.

The GRC Model (Governance - Risk - Compliance) forms the basis for risk management within the PGE Group.

Corporate Governance

The establishment of risk, investment and sustainable development committees at the highest management level, reporting directly to the Management Board of PGE S.A., **ensures supervision over the effectiveness of risk management processes throughout the PGE Group.**

Risk

The function of monitoring, coordinating and supporting risk management is performed by the department responsible for risk, which enables **independent assessment of risks and their impact on the operations of the PGE Group.**

Compliance

Separating compliance functions **strengthens operational compliance with legal regulations and internal standards and increases the effectiveness of monitoring the regulatory environment and identifying potential gaps.**

Integrated IT tools

Risk management support systems enable monitoring, analysis and reporting of operational risks.

Risk registry

Identified risks are documented in dedicated databases, which enables their systematic monitoring and assessment of the effectiveness of mitigation measures.

Resilience and security of processes and assets

Due to ongoing market and environmental changes we see a **need to increase security and resilience**.

We aim to **ensure business continuity**, asset security and protection of sensitive data.

In our activities, we consider the potential impact of various risks, incl.:

- **Threats in the digital domain**
- **Climate change**
- **Extreme weather events**
- **Political crises**
- **Social changes**
- **Financial risks and economic uncertainty**
- **Terrorism and physical attacks**
- **Technical risks**

Technological advancement and the adoption of a security-by-design approach are key to maintaining both competitiveness and resilience.

By leveraging cutting-edge solutions, we aim to ensure the reliability and quality of our products and services, while offering Customers access to multifunctional tools and intuitive, user-friendly interfaces.

To safeguard critical infrastructure, our initiatives are closely coordinated with key stakeholders and public administration, ensuring a comprehensive approach to physical security.

We conduct reviews of security requirements and best practices and **prepare business continuity and crisis response plans**.

We **implement initiatives** enabling the entire Group to comply with anti-money laundering and anti-terrorist financing standards.

Research, development, and innovative technologies

Alongside the development of generation units, the PGE Group will pursue strategic options in areas that enable achieving zero emissions while ensuring the security of the power system.

Research and Development priorities

Building new revenue streams

Reducing costs and increase efficiency

Security of energy supply through flexible energy sources and smart grid infrastructure

Shaping a sustainable future

Development of long-term strategic options

Zero-emission fuels
(incl. the „**Green Fuels**" programme for the RFNBO supply chain)

CO_2 Capture
(incl. CCU, Direct Air Capture)

Energy storage
(incl. mechanical, thermal, chemical)

Effective implementation process

- Analysis of the technological challenges faced by PGE Group companies
- Identifying innovative solutions to meet requirements and improve the functioning of companies within the PGE Group
- Connecting partners and science with PGE Group companies through pilot implementations and PoC
- Successful deployment in business lines and commercialisation on the market

Integration of stakeholders in the area of Research and Development

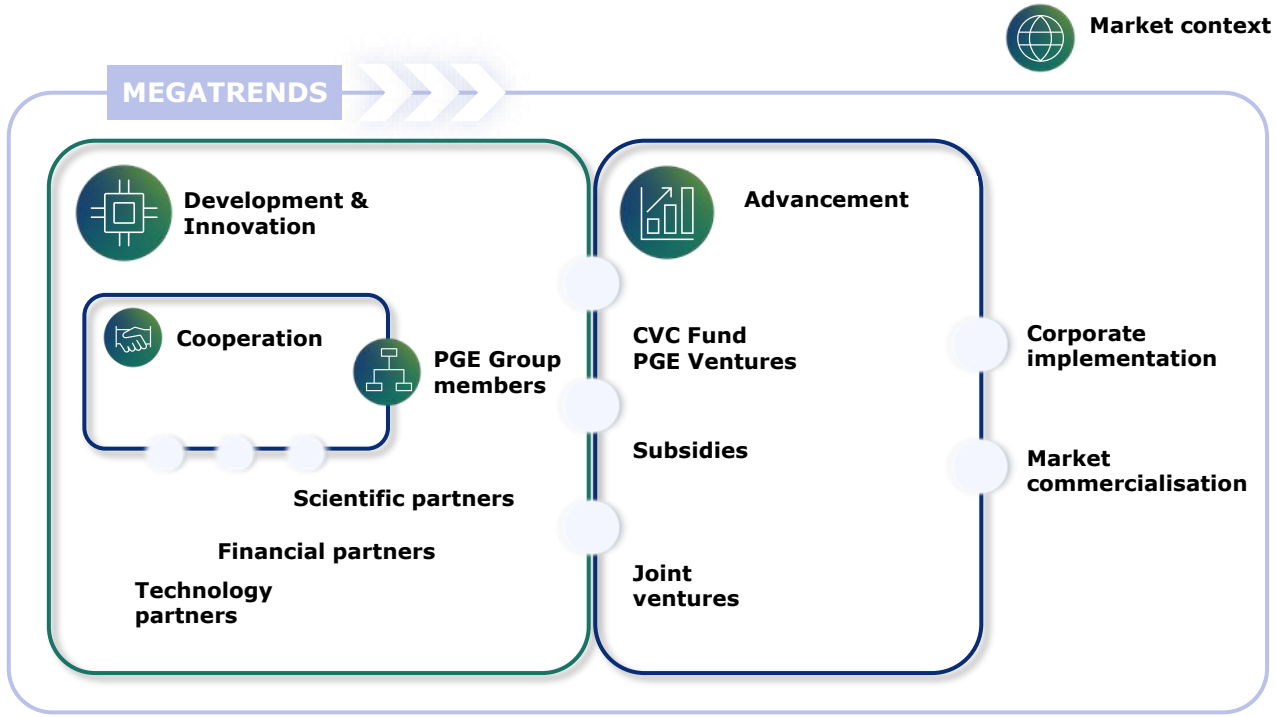
R&D initiatives will serve to test concepts, technologies, and new business models by linking PGE with scientific communities, financial partners, and Clients, thus providing innovative services and products.

Leveraging the knowledge, experience, and resources of all stakeholders, combined with the PGE brand, will create a dynamic development platform.

The use of internal competence centres allows us to effectively respond to changes in the environment and the needs of Customers.

Cooperation with external technological and scientific partners allows us to share resources and reduce the risk of research and development projects.

Cooperation with capital partners enables effective scaling of development projects and diversification of financing sources.



Improving the management system in line with ESG principles

ESG Ratings

As part of its commitment to sustainability, the PGE Group is regularly evaluated by independent ESG rating agencies. These assessments examine the Group's transparency, its management of ESG risks and opportunities, and its broader environmental footprint.

ESG Rating

Sustainable Fitch

Rating	Pt. ranges
5	0-12.5
4	12.5-37.5
3	37.5-62.5
2	62.5-87.5
1	87.5-100

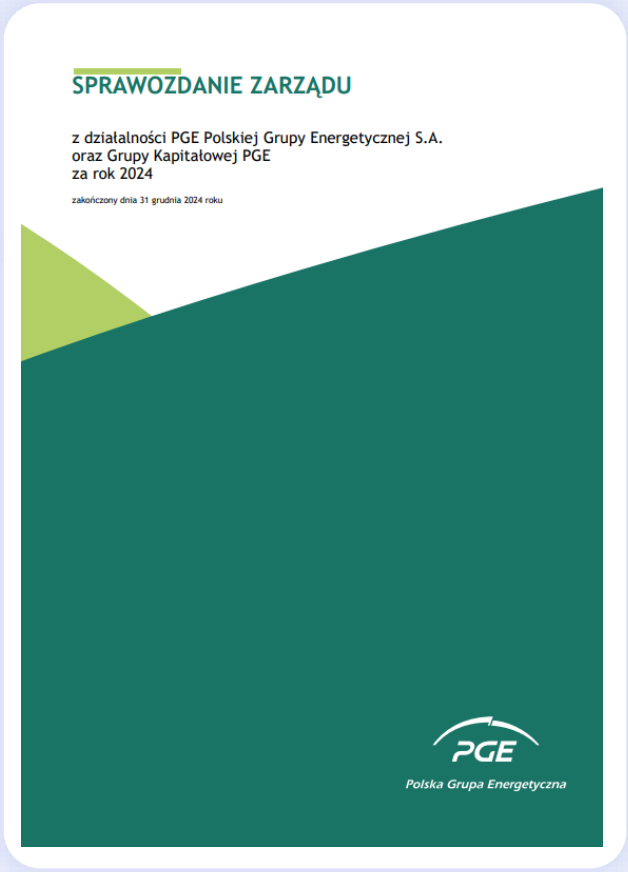
PGE Group's current score
53
(2025)

PGE Group aims to improve its ESG rating by 2030

Sustainable Development Statement

Since 2025, PGE has been reporting its impact on the environment in sustainability statements included in the Management Board Report.

The statement is based on the guidelines of the CSRD directive and the accompanying ESRS reporting standards.



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