

Closing of the acquisition of 100% shares in PKPE Holding sp. z o.o.

INVESTOR PRESENTATION

April 3, 2023



Leading in the green transition



Agenda

Transaction summary

Strategic rationale

Subject of the transaction

PKPE Group - operating segments

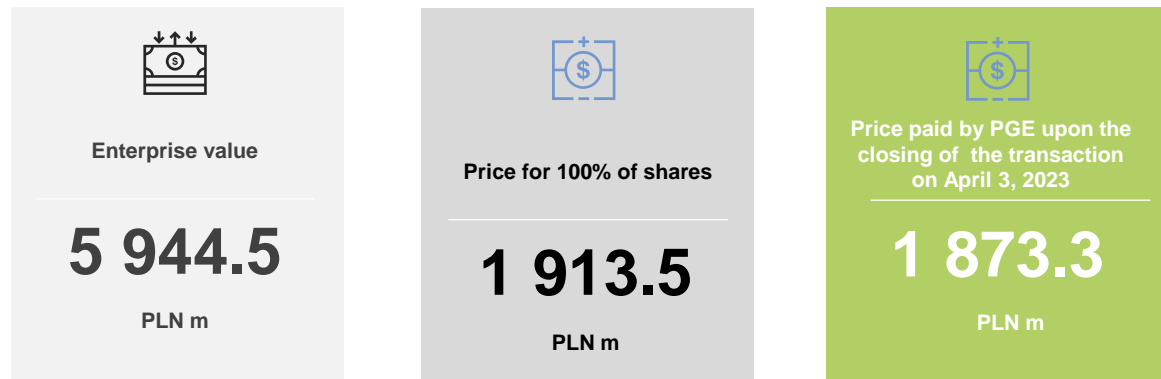
PGE Group after acquisition (Pro Forma 2022)

Transaction summary

Target company

- The subject of the transaction is the acquisition of 100% shares of PKPE Holding Sp. z o.o., including 100% shares of PKP Energetyka S.A. and shares in other subsidiaries owned by the PKPE Holding.
- PKPE Holding is a holding company integrating its subsidiaries, whose activities are focused around the main entity in the holding (PKP Energetyka S.A.) and are divided into three key segments:
 - Distribution,
 - Trade
 - Services

Price (based on the enterprise value, set as at March 31, 2022)*

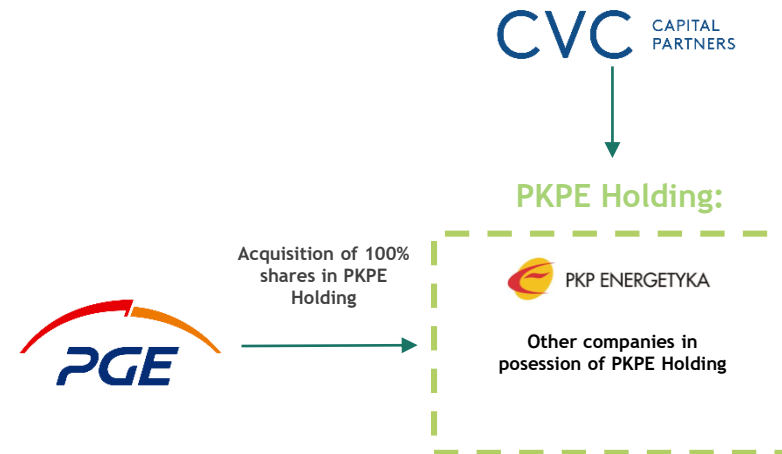


Price adjusted by amount of outflows from PKPE Group.

Key aspects of the transaction

- PKPE Group operates on the prospective railway market, which could **offer to PGE new development opportunities** and ensure **diversification of current operations**.
- Adopted Green Railway program and the activities of PKPE in the Railway Energy Efficiency Center are **contributing to the PGE's strategic goals**, i.e. achieving neutrality in terms of CO2 emissions. The transaction will contribute to maintaining the leading position in the sustainable energy transition in Poland.
- **Participation in the digital transformation** through the planned implementation of investments in grid infrastructure and the development of modern IT solutions.

Transaction structure

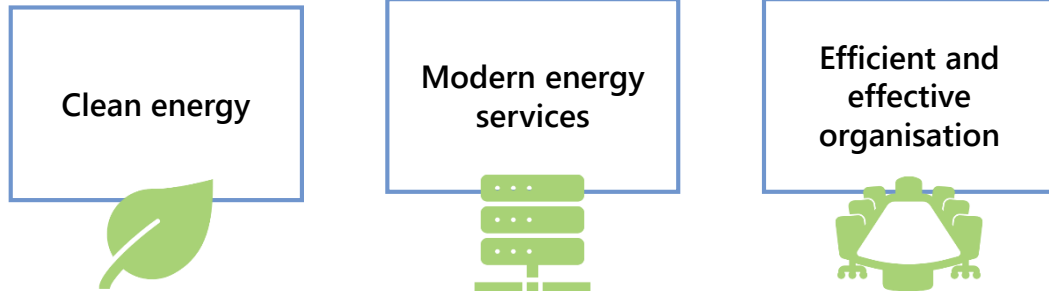


Strategic rationale

#PGE2030 Strategy- main strategic objectives



Leader of sustainable energy transition



The acquisition of PKPE is in line with the strategy of the PGE Group, potential synergies could facilitate the achievement of strategic goals, such as:

- PGE Group - leader of sustainable energy transition in Poland
- Obtaining high dynamics of transformation thanks to new market opportunities in result of acquisition
- Diversification of activities and strengthening the group's profile as a result of entering a new business area - the railway market
- Building the value of the PGE Group through new investment projects in grid infrastructure
- Potential for increasing EBITDA
- Obtaining potential synergies in the field of energy trading and reduction of head office costs in PKPE

Subject of the transaction

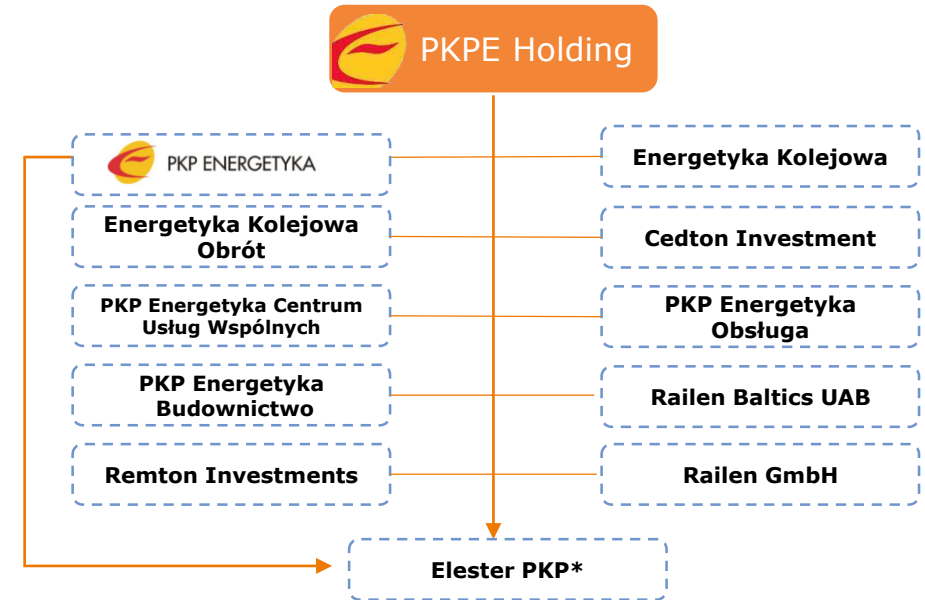
- PKPE Holding is a holding company integrating its subsidiaries, whose activities are focused around the main entity in the holding (PKP Energetyka S.A.)
- PKPE is a leader of energy services for railway infrastructure. The Group is a distributor and seller of electricity to traction network and also provides traction network maintenance services.
- PKPE's largest customers include PKP Group.
- Business operations of PKPE are divided into three segments: **Distribution, Trade and Services.**
- **Distribution segment** is an operator of railway distribution grid and also non-railway distribution grids.
- **Trade segment** is the only provider of the traction power for railway undertakings. The segment also sells electricity to non-railway clients.
- **Services segment** provides traction network maintenance services as well as construction and modernization services.



— Distribution grid of PKPE
 — boundaries of the voivodships

Distribution grid of PKPE

Structure of PKPE Holding



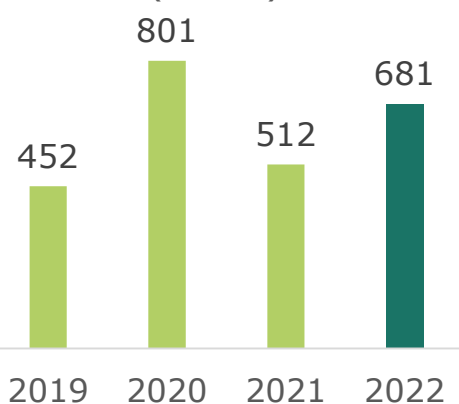
* PKPE holds 90% shares in the company

PKPE Group - operating segments

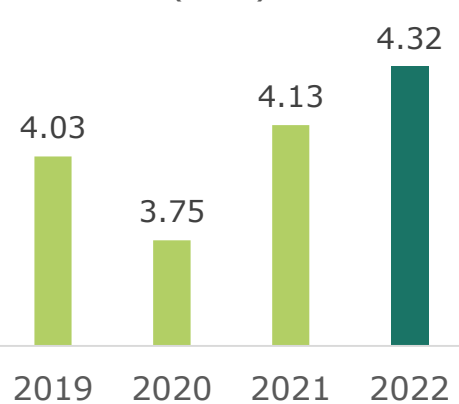
Distribution

- The group is a Distribution System Operator (DSO) responsible for distribution of electricity to traction network (over 60% of the distribution volume of the Group).
- Distribution grids of PKP Energetyka are located along the main railway lines.
- The main clients of the Distribution segment are railway network operators and other entities possessing their own parts of the traction network.
- Regulated Asset Base (RAB) for 2023 amounts to **PLN 3.42bn.**
- Length of the power lines is at approx. **21 500 km.**
- **Volume of distributed electricity** in 2022 was at **4.32 TWh.**

CAPEX in the distribution segment
(PLN m)

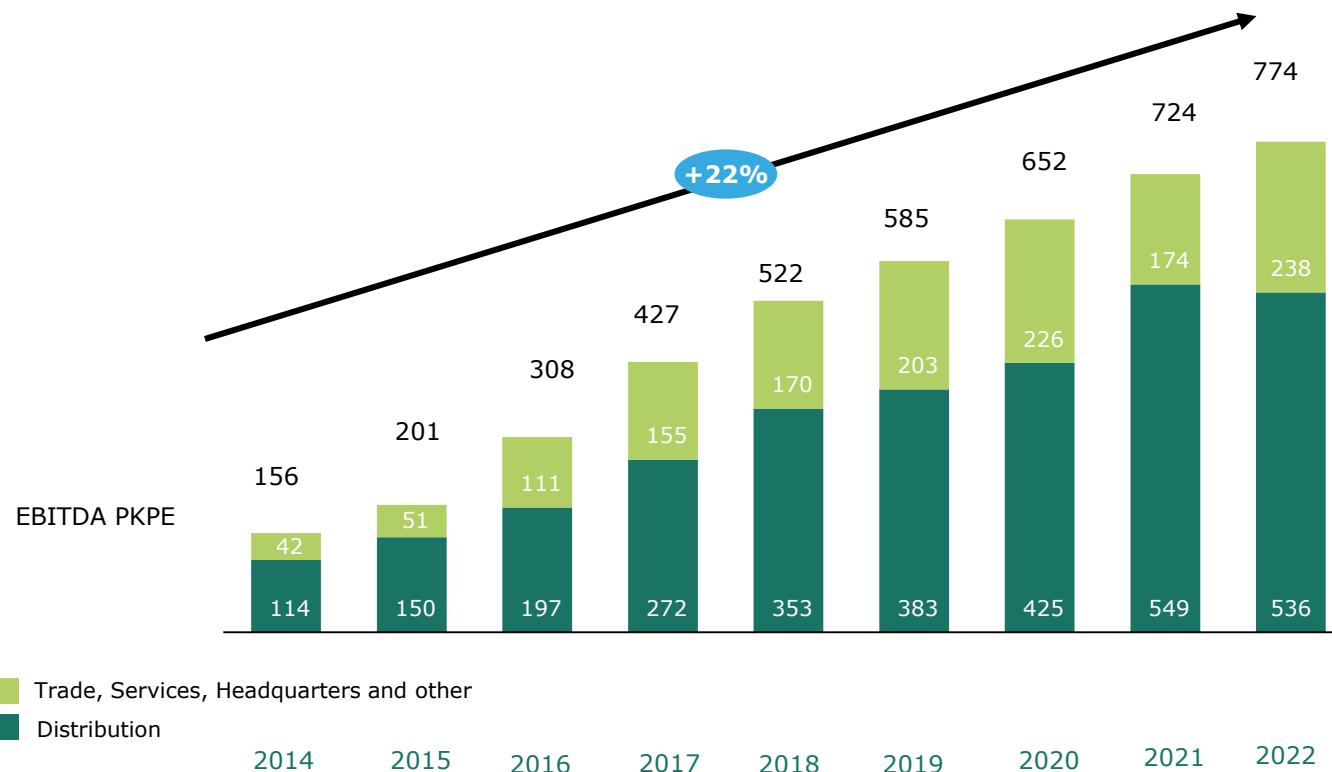


Volume of distributed electricity
(TWh)



EBITDA of operating segments, PLN m
(managerial data of PKPE) adjusted by one-off items

CAGR 2014-22



PKPE Group - operating segments

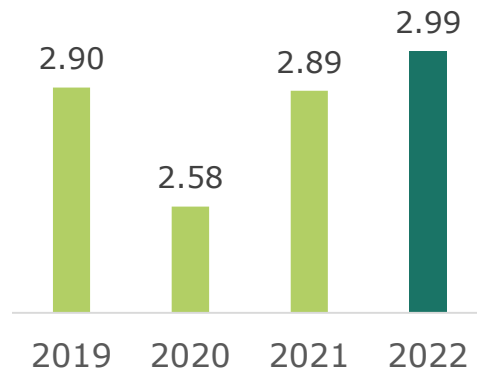
Trade

- In the Trade segment, the PKPE Group, as the only supplier, provides electricity to railway undertakings with a unique ability to balance demand (traction electricity) and also to other customers.
- The segment also sells fuels for railway undertakings in 19 fuel stations located in different parts of Poland.
- **Volume of electricity sold** in 2022 amounted to **2.99 TWh**, including 2.73 TWh of traction electricity.

Services

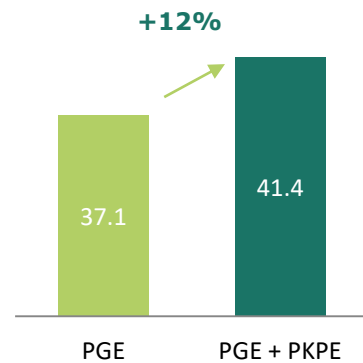
- The Services segment provides **traction network maintenance services**, as well as **construction and modernization services** (focused mainly on the implementation of projects related to the traction network).
- Traction **network maintenance services** account for the majority of revenues and margin, and are provided mainly under long-term agreement concluded with PKP PLK for the years 2019-2023. Preliminary agreement was concluded for the period 2024-2027.
- The segment also manufactures traffic control and signaling systems.

Electricity sold
(TWh)

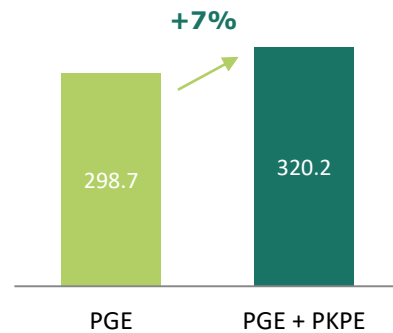


PGE Group after acquisition (Pro Forma 2022)

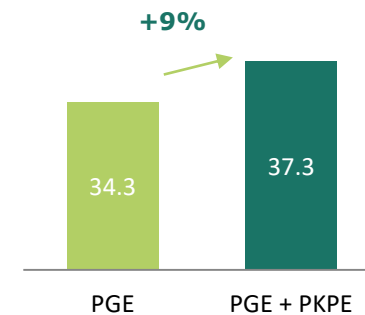
Distribution of electricity (TWh)



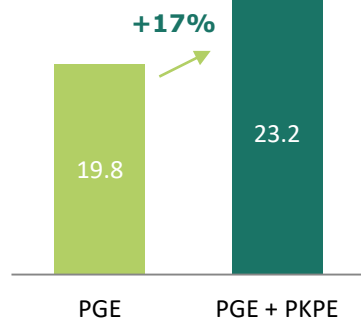
Distribution lines (ths. km)



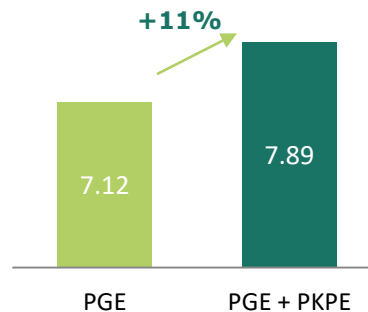
Sale of electricity (TWh)



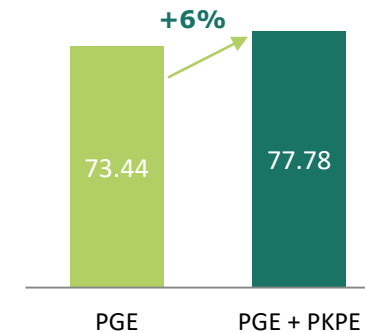
Distribution RAB (PLN bn)



EBITDA¹ (PLN bn)



Revenues (PLN bn)



1) EBITDA recurring PGE Group, EBITDA managerial data PKPE- excluding major one-offs

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Thank you

