

Q4 & FY 2021 Financial and Operating Results

INVESTOR PRESENTATION

March 22, 2022



Leading in the green transition

A large, solid blue shape with a wavy, undulating top and bottom edge, resembling a stylized wave or a thick brushstroke, filling the lower half of the frame. The color is a medium blue.

Financials



Key financial data

Consolidated

[IFRS, PLN m]	Q4 2021	Q4 2020	y/y	2021	2020	y/y
Sales	19 880	12 670	57%	52 730	45 766	15%
including LTC compensations ¹	-63	-10	530%	-58	31	-
EBITDA	2 171	1 615	34%	9 535	5 966	60%
Recurring EBITDA	1 969	1 493	32%	8 129	6 184	31%
EBIT	993	668	49%	5 123	1 408	264%
Recurring EBIT ²	875	436	101%	3 933	2 574	53%
Net profit (loss) to equity	721	525	37%	3 972	110	3 511%
Net profit (to equity) – ex. Impairments ²	789	433	82%	4 147	934	344%
CAPEX (including adjustments)	1 593	1 727	-8%	4 662	5 495	-15%
Net cash from operating activities	-349	2 081	-	7 456	10 256	-27%
Net cash from investing activities	-1 313	-1 355	-3%	-4 367	-6 037	-28%
EBITDA margin	11%	13%	-2 p.p.	18%	13%	5 p.p.
Recurring EBITDA margin	10%	12%	-2 p.p.	15%	14%	1 p.p.
Net Working Capital (core "NWC") ³				4 790	5 368	-11%
Net Debt/LTM EBITDA reported				0,44x	1,22x	-64%
Net Debt/LTM EBITDA recurring				0,52x	1,18x	-56%

¹ LTC, without court verdicts,

² one-off items are summarised at the next page,

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

One-off and temporary items

Computation of recurring EBITDA and recurring EBIT:

	Q4 2021	Q4 2020	y/y	2021	2020	y/y
Change of reclamation provision	1 039	128	712%	1 463	-306	-
Change of actuarial provision	12	4	200%	64	-36	-
Release of the provision for Voluntary Leave Programme	0	0	-	11	-28	-
LTC adjustment	-63	-10	530%	-58	31	-
Release of provision for the risk of returning the equivalent of EUA received by Dolna Odra power complex	0	0	-	0	121	-
Provision for Prosumers	-74	0	-	-74	0	-
Temporary items -rollover of the EUA contracts	-712	0	-	0	0	-
One-off items – EBITDA level	202	122	66%	1 406	-218	-
Impairments of TFA and IA (pre-tax)	-84	110	-	-216	-948	-77%
One-off items – EBIT level	118	232	-49%	1 190	-1 166	-

Computation of net profit ex. impairments:

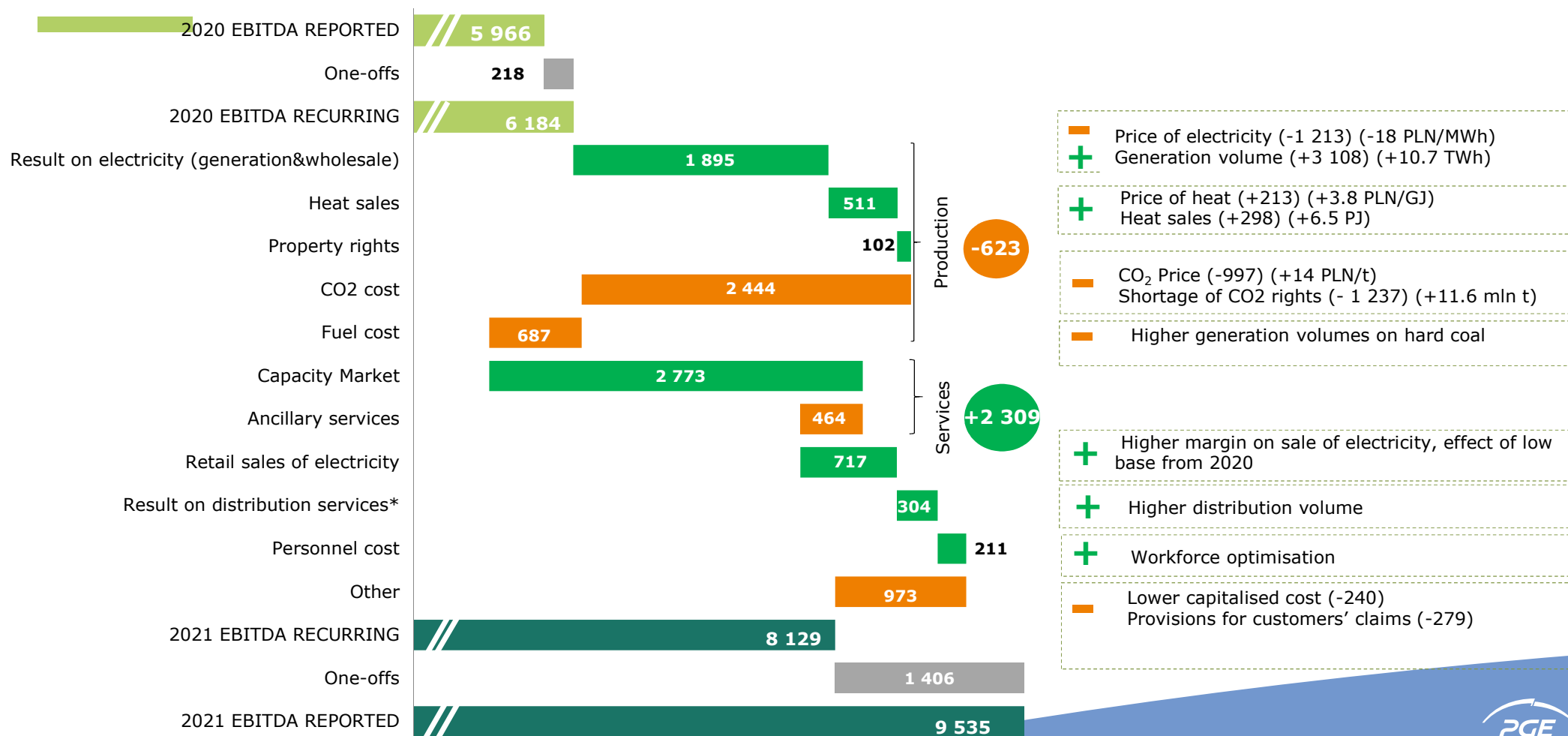
Impairments of TFA and IA (after-tax) and Investments	-68	92	-	-175	-824	-79%
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¹ Impairment of Property, Plant and Equipment, Intangible Assets, Right-of-Use Assets

One-off and temporary items

	Conventional Generation		District Heating		Renewables		Distribution		Supply	
(PLN m)	Q4 21	FY 21	Q4 21	FY 21	Q4 21	FY 21	Q4 21	FY 21	Q4 21	FY 21
EBITDA reported	1 275	4 078	-62	805	420	1 016	732	2 779	-195	827
One-off events, including:	388	1 465	-127	-39	2	3	9	33	-92	-78
LTC compensations	-	-	-63	-58	-	-	-	-	-	-
Change of reclamation provision	1 032	1 446	6	16	1	1	-	-	-	-
Change of actuarial provision	-3	19	1	3	1	2	9	33	3	6
Temporary items -rollover of the EUA contracts	-641	-	-71	-	-	-	-	-	-	-
Release of the provision for Voluntary Leave Programme	-	-	-	-	-	-	-	-	-	11
Provision for Prosumers	-	-	-	-	-	-	-	-	-95	-95
EBITDA recurring	887	2 613	65	844	418	1 013	723	2 746	-103	905

Development of EBITDA by major value drivers



Recurring¹ EBITDA in Q4 2021 - composition and development

	887	65	418	-103	723	4	-25	1 969
	Conventional Generation	District Heating	Renewables	Supply	Distribution	Circular economy ²	Other	EBITDA
Q4 2021	887	65	418	-103	723	4	-25	1 969
Share in Q4 2021 EBITDA (%)	45%	3%	21%	-5%	37%	0%	-1%	100%
Q4 2020	324	351	185	128	576	0	-71	1 493
Change (PLNm)	563	-286	233	-231	147	4	46	476
Change (%)	174%	-81%	126%	-	26%	-	-65%	32%

Record-high production volumes and revenues from the Capacity Market outweighed the increase in CO₂ and fuel costs

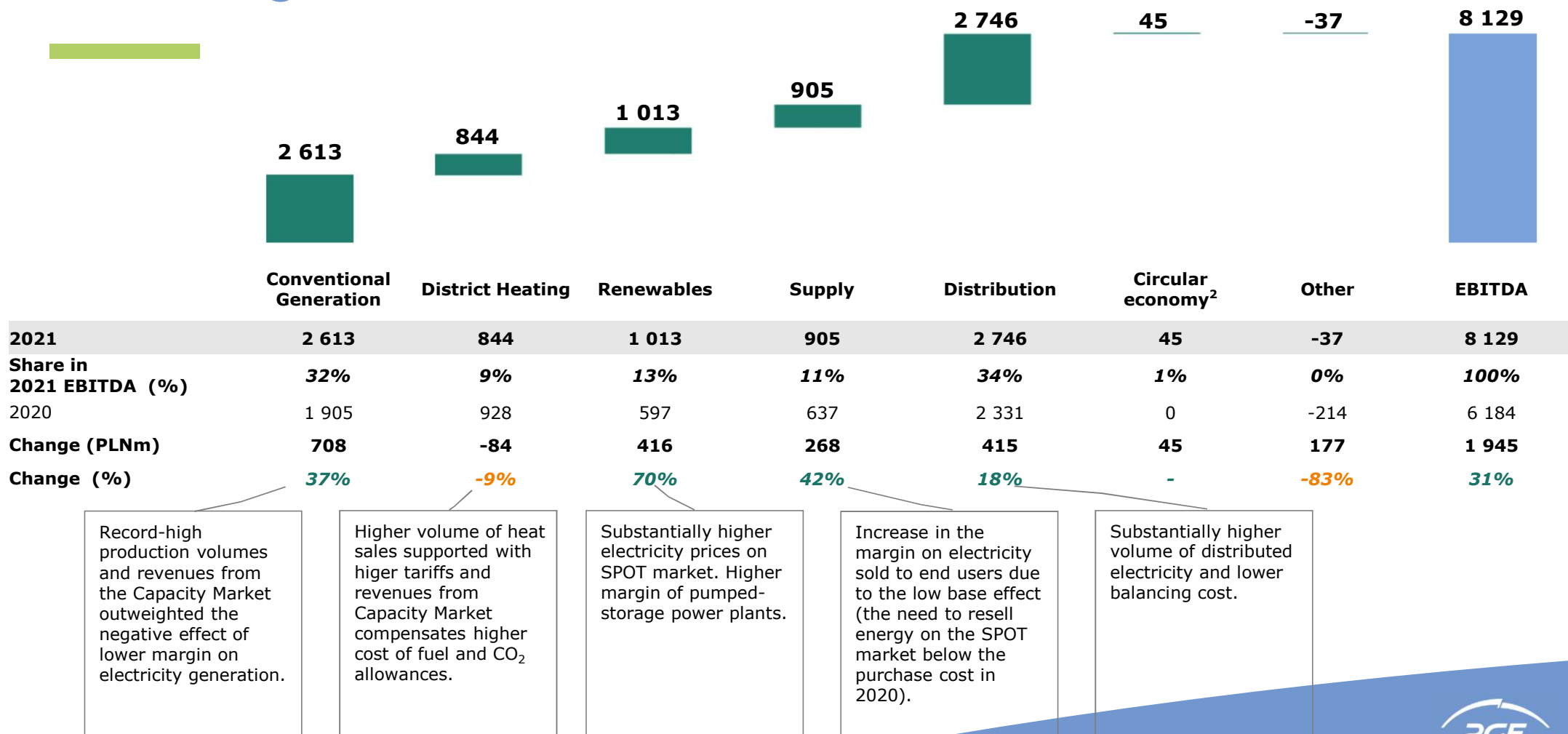
Negative effect of higher gas prices and CO₂ cost outweighed positive effect of higher tariffs and heat volumes. Electricity prices lower by 17% y/y. Breakdown at Lublin CHP.

Substantially higher electricity prices on SPOT market. Capacity Market revenues exceeded revenues from ancillary services recognized in Q4 2020.

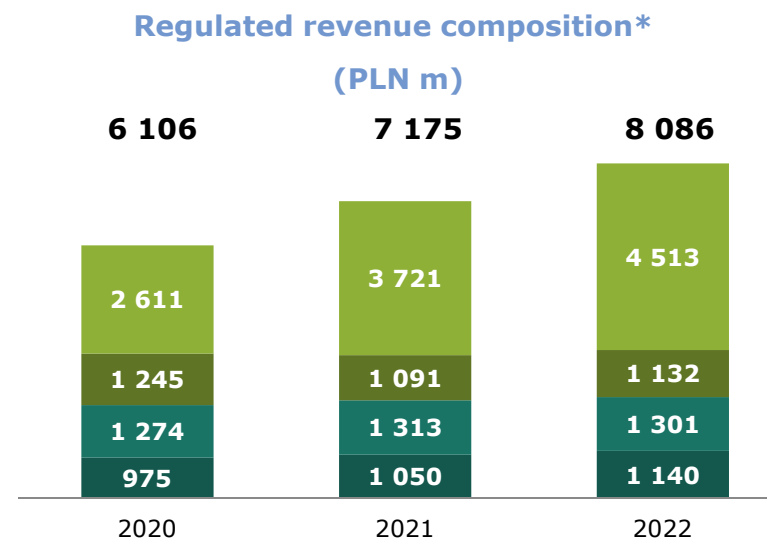
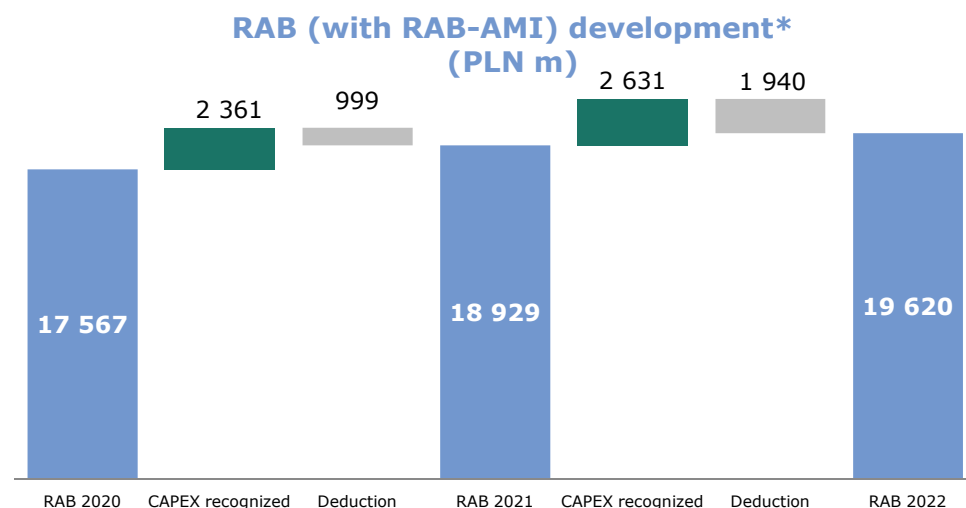
Decline in margin on wholesale market. Substantial provisions for for customers' claims.

Higher volume of distributed electricity and lower balancing cost.

Recurring¹ EBITDA in 2021 - composition and development



Fundamentals of the distribution business



■ Return on RAB ■ D&A ■ Transmission costs ■ Other costs

WACC:

2020	2021	2022
5.507%	5.321%	4.676%

Actual return on RAB:**

2020	2021	2022
5.552%	5.549%	5.782%

CO₂ allowances - regulations and settlement

Accounting standard

Allowances for proprietary consumption received free of charge are recognized at its nominal value – zero. Provision for allowances required for redemption is raised respectively to its actual shortage in a given period. Cost incurred is visible in taxes and charges P&L line.

Emissions and allowances settlement

In 2021 PGE's installations emitted 70.7 tonnes of CO₂. Cost related to CO₂ emissions in 9M'21 amounted to approx. PLN 11 553m. Increase in the unit cost of CO₂ is mainly effect of rollover of EUA contracts DEC-21 for JAN-22 (in total 19.6m tons of CO₂). Simultaneously, the Group generated revenue resulting from the difference in contract prices in the amount of PLN 2 778m. CO₂ cost on the adjusted basis amounted to approx. PLN 8.8bn

PGE Group's installations are not eligible for free emission allowances for electricity generation starting from 2020. The free emission allowances for heat production in 2021 has been allocated in the amount of approx. 1m of EUA.

Free EUA recognized at a zero value (Cons. FS, note 16)

	EUA	
	Volume (Mg m)	Value (PLN m)
As at Jan. 1, 2020	21	1 205
Purchased/Sold (spot)*	48	3 983
Free allocation	13	-
Redeemed	-61	-3 414
As at Dec 31, 2020	21	1 774
Purchased/Sold (spot)*	80	9 447
Free allocation	1	-
Redeemed	-59	-6 318
As at Dec 31, 2021	43	4 903

* PGE Group hedges CO₂ also with forwards

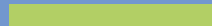
Provision for purchase of CO₂ allowances (Cons.FS, note 21)

As at Jan. 1, 2021	6 318
Redeemed	-6 318
Released provisions	-2
Provision raised for 2021	11 555
Other changes	-
As at Dec 31, 2021	11 553

Impact on P&L (PLN m) – illustrative only

	2021
Costs by kind	32 345
Taxes and charges	13 988

Financial data by segments



Revenues and costs of Conventional Generation

[PLN m]	Q4 2021	Q4 2020	y/y	2021	2020	y/y
Sales, including:	12 048	7 048	71%	28 722	25 251	14%
Sale of electricity	5 225	5 410	-3%	18 766	21 430	-12%
Revenues from Capacity Market	539	0	-	2 161	0	-
Auxiliary services	39	127	-69%	232	482	-52%
Sale of CO2	6 156*	1 362	352%	7 175*	2 897	148%
Cost by kind, including	5 433	3 997	36%	20 877	16 036	30%
D&A	544	483	13%	2 084	2 390	-13%
Materials	853	824	3%	3 368	3 069	10%
Energy	10	3	257%	27	9	190%
External services	436	402	8%	1 539	1 484	4%
Taxes and charges	2 915*	1 559	87%	11 043*	6 099	81%
Personnel expenses	620	682	-9%	2 614	2 819	-7%
Other cost	54	44	24%	202	166	22%
Capitalized costs	-83	-96	-13%	-384	-603	-36%
Cost of goods and materials sold	7 213	3 342	116%	10 639	10 409	2%
Net other operating income/(expenses)	1 247	178	599%	4 408	-56	-
EBIT	732	-17	-	1 998	-647	-
EBITDA	1 275	467	173%	4 078	1 725	136%

Revenues and costs of District Heating

[PLN m]	Q4 2021	Q4 2020	y/y	2021	2020	y/y
Sales, including:	2 431	1 504	62%	6 239	4 899	27%
Sale of electricity	904	749	21%	2 672	2 409	11%
Sale of heat and heat distribution services	882	711	24%	2 555	2 033	26%
Revenues from Capacity Market	81	0	-	281	0	-
Sale of CO2	224*	0	-	252*	202	25%
Cost by kind, including	1 860	1 293	44%	5 318	4 292	24%
D&A	221	181	22%	701	643	9%
Materials	832	558	49%	2 126	1 727	22%
Energy	3	4	20%	10	13	-23%
External services	140	117	20%	451	375	20%
Taxes and charges	509*	277	84%	1 442*	908	59%
Personnel expenses	148	144	3%	486	522	-7%
Other	12	13	-8%	38	36	6%
Capitalized costs	-18	-17	6%	-49	-55	-11%
Cost of goods and materials sold	521	98	432%	821	414	98%
Net other operating income/(expenses)	-343	27	-	-45	56	-
EBIT	-283	158	-	104	304	-66%
EBITDA	-62	339	-	805	947	-15%

Revenues and costs of Renewables

[PLN m]	Q4 2021	Q4 2020	y/y	2021	2020	y/y
Sales, including:	671	342	96%	1 672	1091	53%
Sale of electricity	527	202	161%	1 137	599	90%
Sale of certificates of origin	96	84	14%	224	238	-6%
Auxiliary services and leasing*	-17	55	-131%	13	244	-95%
Revenues from Capacity Market	77	0	-	305	0	-
Other revenues from core activities	-12	1	-1300%	-7	10	-170%
Cost by kind, including	365	115	217%	1 026	701	46%
D&A	93	-43	316%	330	192	72%
Materials	4	4	0%	11	11	0%
Energy	149	79	89%	331	227	46%
External services	63	27	133%	152	86	77%
Taxes and charges	17	16	6%	71	64	11%
Personnel expenses	33	29	14%	113	108	5%
Other cost	6	3	100%	18	13	38%
Capitalized costs	-10	-3	233%	-22	-12	83%
Cost of goods and materials sold	0	1	-100%	1	1	0%
Net other operating income/(expenses)	11	0	-	19	4	375%
EBIT	327	229	43%	686	405	69%
EBITDA	420	186	126%	1 016	597	70%

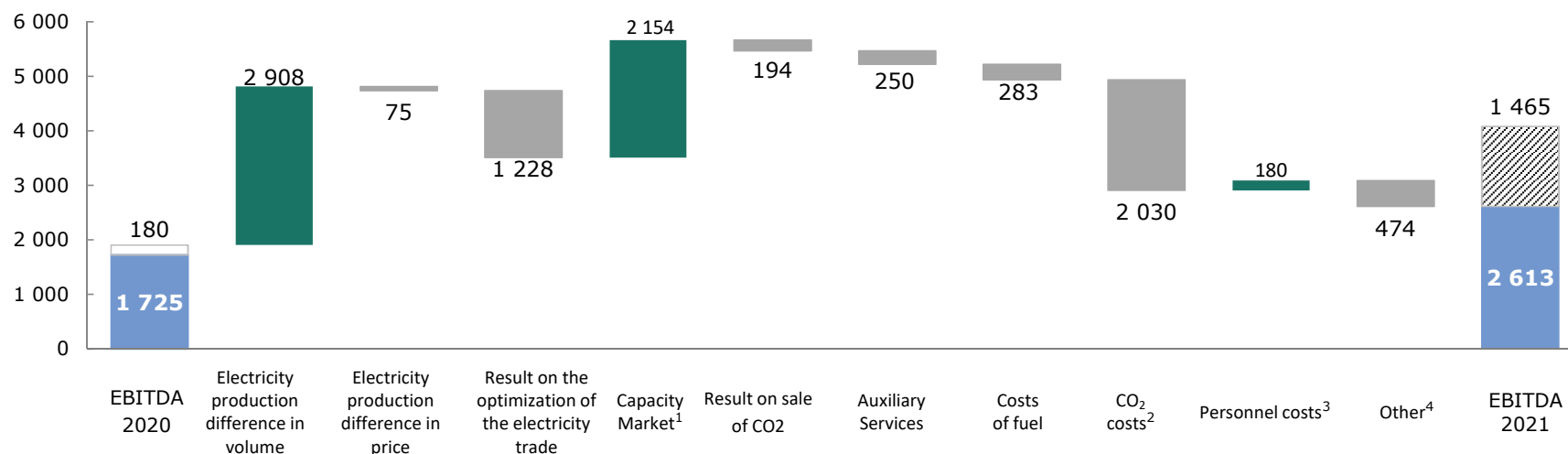
Revenues and costs of Distribution

[PLN m]	Q4 2021	Q4 2020	y/y	2021	2020	y/y
Sales, including	1 713	1 695	1%	6 492	6 396	2%
Revenues from distribution services	1 606	1 605	0%	6 155	6 066	1%
Other revenues from core activities	79	59	34%	225	219	3%
Cost by kind, including	1 358	1 446	-6%	5 102	5 392	-5%
D&A	300	288	4%	1 222	1 215	1%
Materials	18	16	13%	63	63	0%
Energy	210	258	-19%	592	696	-15%
External services	399	442	-10%	1 493	1 628	-8%
Taxes and charges	125	117	7%	504	482	5%
Personnel expenses	302	320	-6%	1209	1293	-6%
Other cost	4	5	-20%	19	15	27%
Capitalized costs	-25	-16	56%	-77	-51	51%
Cost of goods and materials sold	0	0	-	0	0	-
Net other operating income/(expenses)	52	15	247%	92	38	142%
EBIT	432	280	54%	1 559	1 093	43%
EBITDA	732	568	29%	2 779	2 306	21%

Revenues and costs of Supply

[PLN m]	Q4 2021	Q4 2020	y/y	2021	2020	y/y
Sales, including:	20 481	8 916	130%	38 223	29 017	32%
Sale of electricity	3 884	4 171	-7%	13 633	15 742	-13%
Sale of CO2 allowances	15 866	4 185	279%	22 506	11 271	100%
Sale of natural gas	180	86	109%	449	289	55%
Sale of other fuels	242	166	46%	564	691	-18%
Cost by kind, including	445	482	-8%	1 678	1 746	-4%
D&A	8	9	-11%	33	35	-6%
Materials	1	1	0%	4	4	0%
Energy	1	1	0%	3	3	0%
External services	66	94	-30%	245	333	-26%
Taxes and charges	250	267	-6%	968	928	4%
Personnel expenses	85	95	-11%	349	387	-10%
Other cost	34	16	113%	76	57	33%
Cost of goods and materials sold	19 900	8 390	137%	35 361	26 985	31%
Net other operating income/(expenses)	-338	73	-	-390	291	-
EBIT	-203	117	-	794	577	38%
EBITDA	-195	126	-	827	612	35%

Conventional Generation - EBITDA in 2021



Change	2 908	-75	-1 228	2 154	-194	-250	-283	-2 030	180	-474	
EBITDA reported 2020	1 725										
One-offs 2020	-180										
Recurring EBITDA 2020	1 905	12 384	1 353	0	255	482	2 437	5 437	2 813	1 882	
Recurring EBITDA 2021		15 217	125	2 154	61	232	2 720	7 467	2 633	2 356	2 613
One-offs 2021											1 465
EBITDA reported 2021											4 078

Reversal of one-offs decreasing reported results

Reversal of one-offs increasing reported results

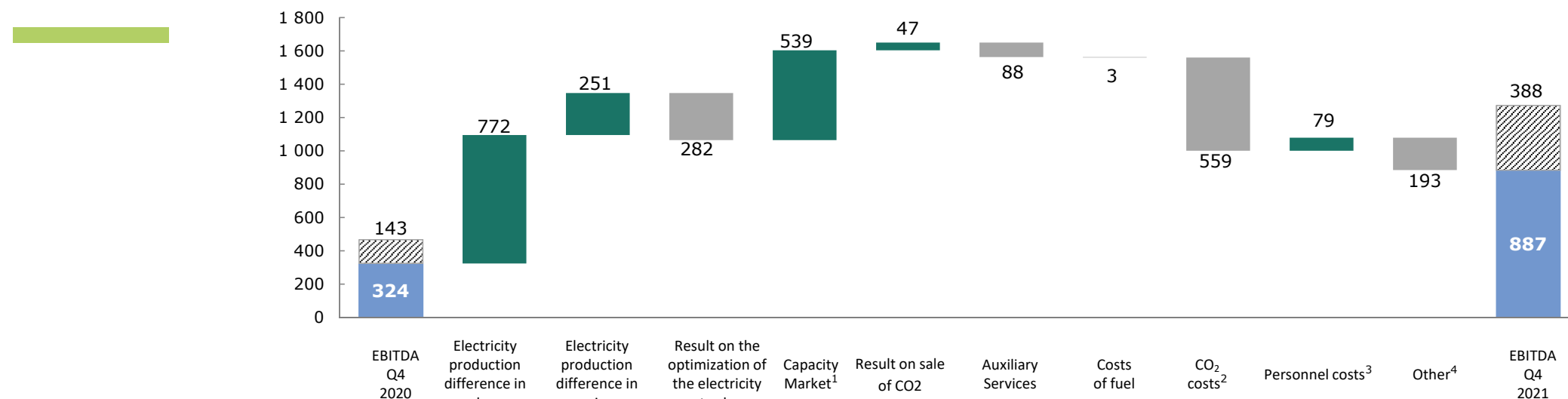
¹Cost on the managerial accounting basis.

²Costs less the resale of CO₂ surplus resulting from the Operator's reduction and commercial activities.


³excluding change in actuarial provision (reported in one-offs)


⁴Other: excluding change in actuarial reclamation provision (reported in one-offs) and result on rollover of CO₂ contracts concerning future periods (temporary items)

Conventional Generation - EBITDA in Q4 2021



Change	772	251	-282	539	47	-88	-3	-559	79	-193	
EBITDA reported Q4 2020	467										
One-offs Q4 2020	143										
Recurring EBITDA Q4 2020	324	3 190	249	0	0	127	653	1 375	695	519	
Recurring EBITDA Q4 2021		4 213	-33	539	47	39	656	1 934	616	712	887
One-offs Q4 2021											388
EBITDA reported Q4 2021											1 275

 Reversal of one-offs decreasing reported results

 Reversal of one-offs increasing reported results

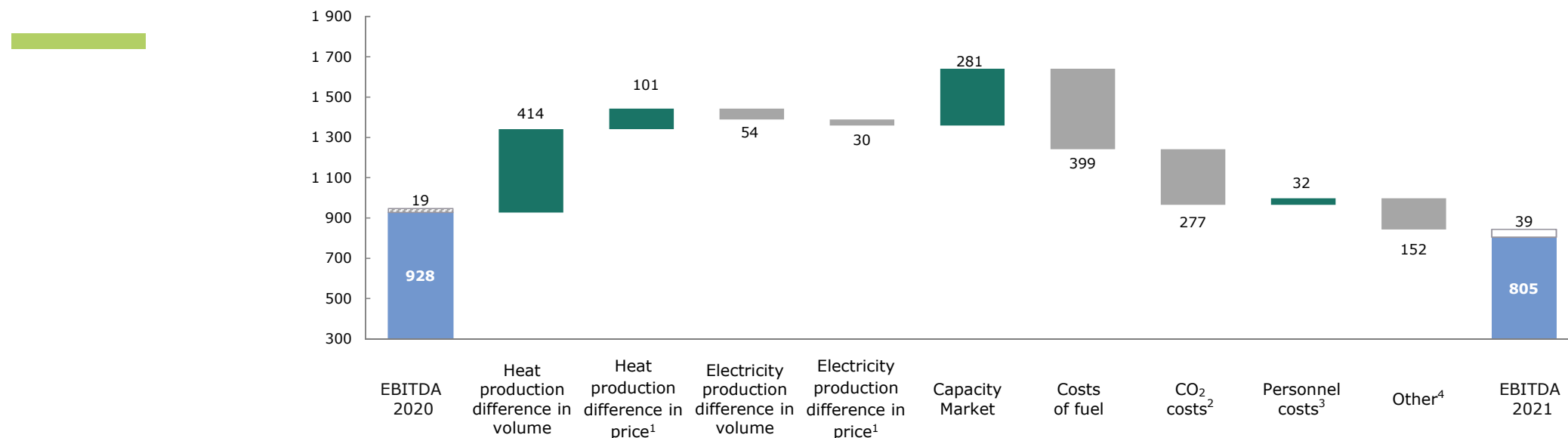
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³excluding change in actuarial provision (reported in one-offs)


⁴Other; excluding change in actuarial reclamation provision (reported in one-offs) and result on rollover of CO₂ contracts concerning future periods (temporary items)

District Heating - EBITDA in 2021



Change	414	101	-54	-30	281	-399	-277	32	-152	
EBITDA reported 2020	947									
One-offs 2020	19									
Recurring EBITDA 2020	928	2 030		2 194	0	1 727	792	521	256	
Recurring EBITDA 2021		2 545		2 110	281	2 126	1 069	489	408	844
One-offs 2021	-39									
EBITDA reported 2021	805									

 Reversal of one-offs increasing reported results

 Reversal of one-offs decreasing reported results

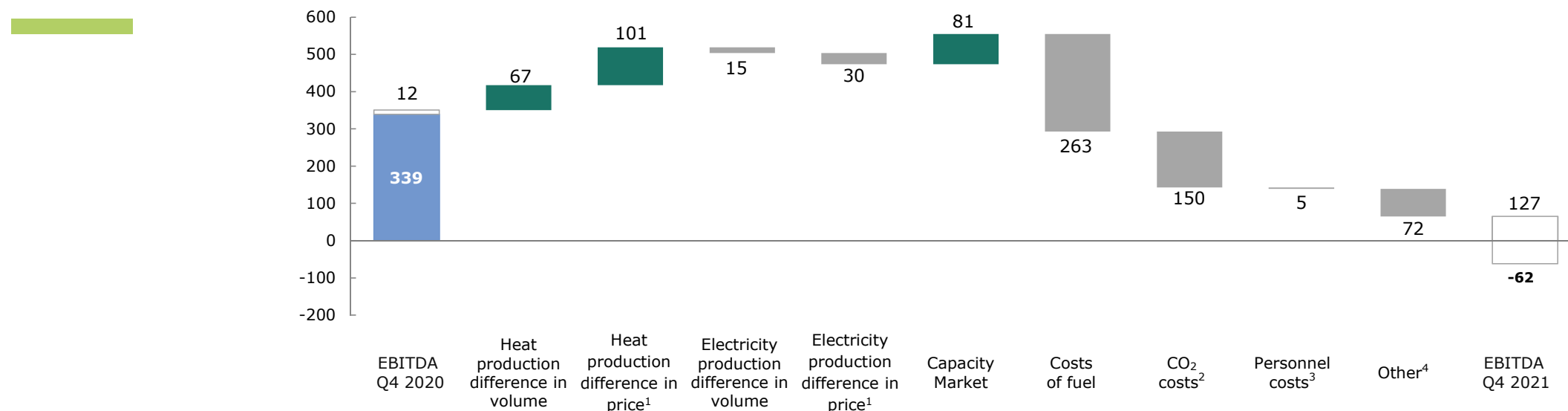
¹Adjusted by cost of redemption of property rights

²Adjusted by result on resale of the CO₂ allowances allocated to the specific period

³excluding change in actuarial provision (reported in one-offs)

⁴excluding change in reclamation provision and LTC contracts (reported in one-offs)

District Heating - EBITDA in Q4 2021



Change	67	101	-15	-30	81	-263	-150	-5	-72	
EBITDA reported Q4 2020	339									
One-offs Q4 2020	-12									
Recurring EBITDA Q4 2020	351	710		656	0	540	248	144	84	
Recurring EBITDA Q4 2021		878		611	81	803	398	149	156	65
One-offs Q4 2021										-127
EBITDA reported Q4 2021										-62

Reversal of one-offs decreasing reported results

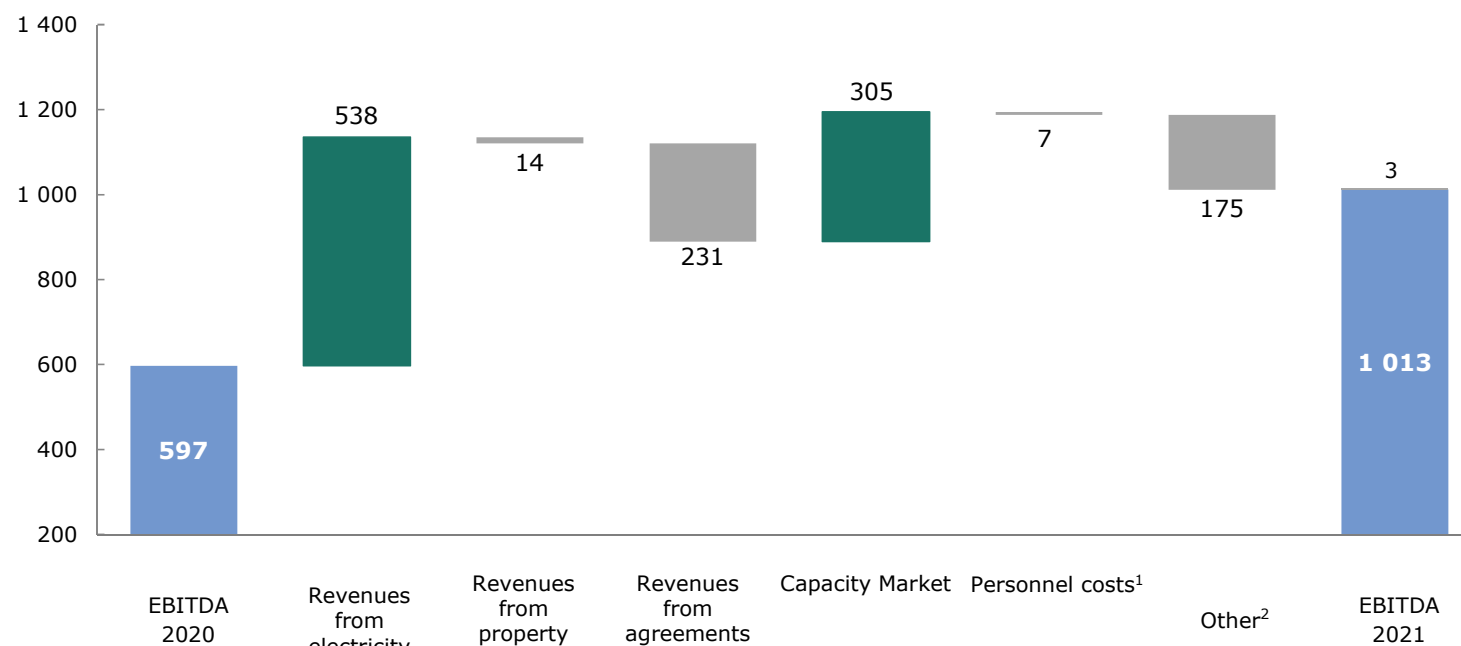
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²Adjusted by result on resale of the CO₂ allowances allocated to the specific period

³excluding change in actuarial provision (reported in one-offs)

⁴excluding change in reclamation provision and LTC contracts (reported in one-offs) and result on rollover of CO₂ contracts concerning future periods (temporary items)

Renewables - EBITDA in 2021

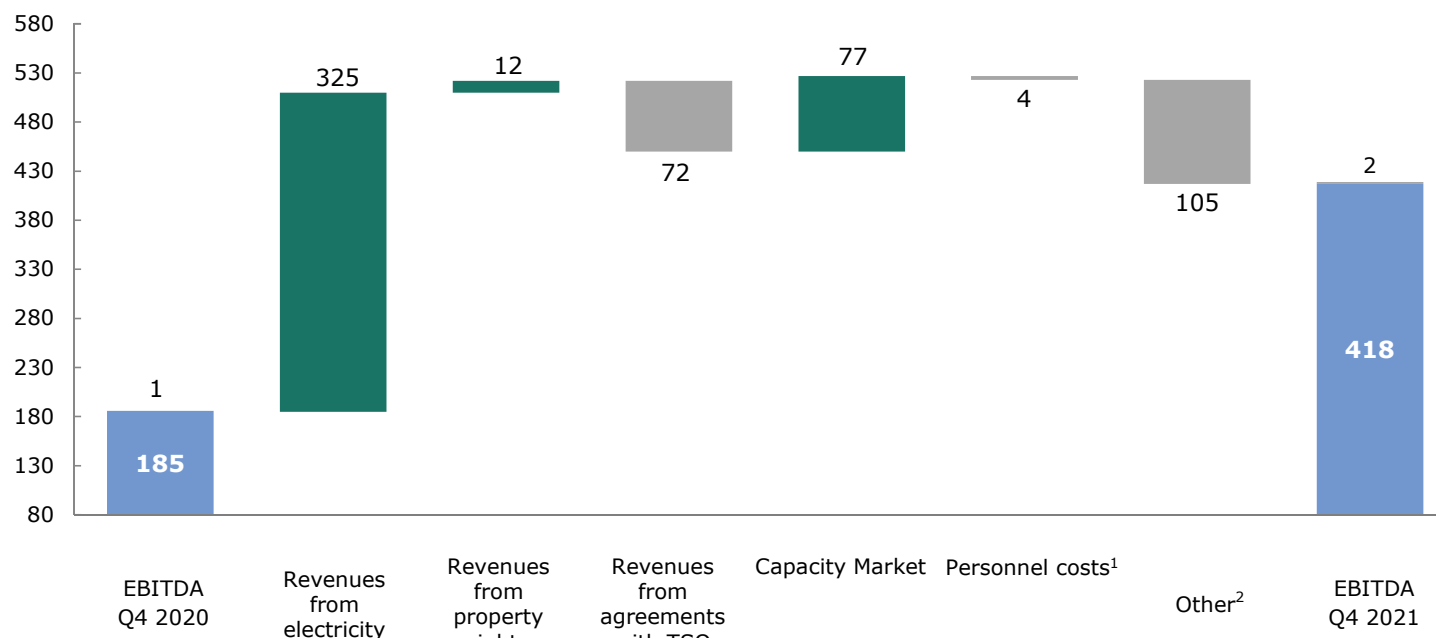


Change	EBITDA 2020	Revenues from electricity	Revenues from property rights	Revenues from agreements with TSO	Capacity Market	Personnel costs ¹	Other ²	EBITDA 2021
	597	538	-14	-231	305	-7	-175	
EBITDA reported 2020	597							
One-offs 2020	0							
Recurring EBITDA 2020	597	599	238	244	0	108	376	
Recurring EBITDA 2021		1 137	224	13	305	115	551	1 013
One-offs 2021								3
EBITDA reported 2021								1 016
Reversal of one-offs increasing reported results								

¹excluding change in actuarial provision (reported in one-offs)

²excluding change in reclamation provision (reported in one-offs)

Renewables - EBITDA in Q4 2021

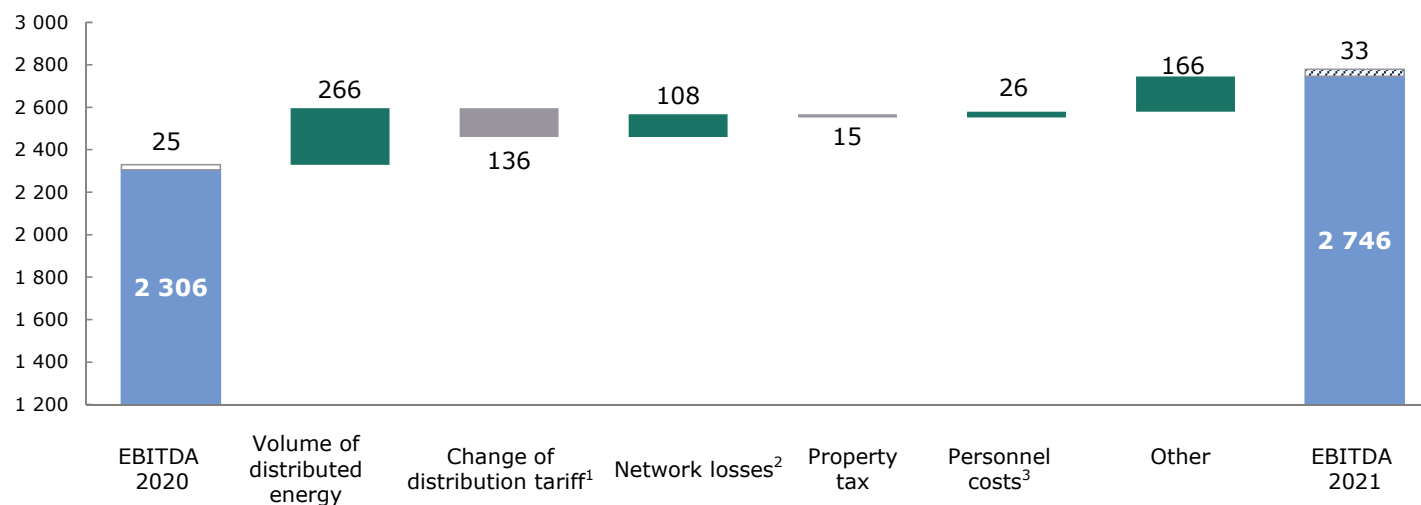


Change	EBITDA Q4 2020	Revenues from electricity	Revenues from property rights	Revenues from agreements with TSO	Capacity Market	Personnel costs ¹	Other ²	EBITDA Q4 2021
		325	12	-72	77	-4	-105	
EBITDA reported Q4 2020	186							
One-offs Q4 2020	1							
Recurring EBITDA Q4 2020	185	202	84	55	0	30	126	
Recurring EBITDA Q4 2021		527	96	-17	77	34	231	418
One-offs Q4 2021								2
EBITDA reported Q4 2021								420
Reversal of one-offs increasing reported results								


¹excluding change in actuarial provision (reported in one-offs)


²excluding change in reclamation provision (reported in one-offs)

Distribution - EBITDA in 2021



Change	266	-136	108	-15	26	166	
EBITDA reported 2020	2 306						
One-offs 2020	-25						
Recurring EBITDA 2020	2 331	4 576	668	434	1 268	125	
Recurring EBITDA 2021		4 706	560	449	1 242	291	2 746
One-offs 2021							33
EBITDA reported 2021							2 779

 Reversal of one-offs increasing reported results

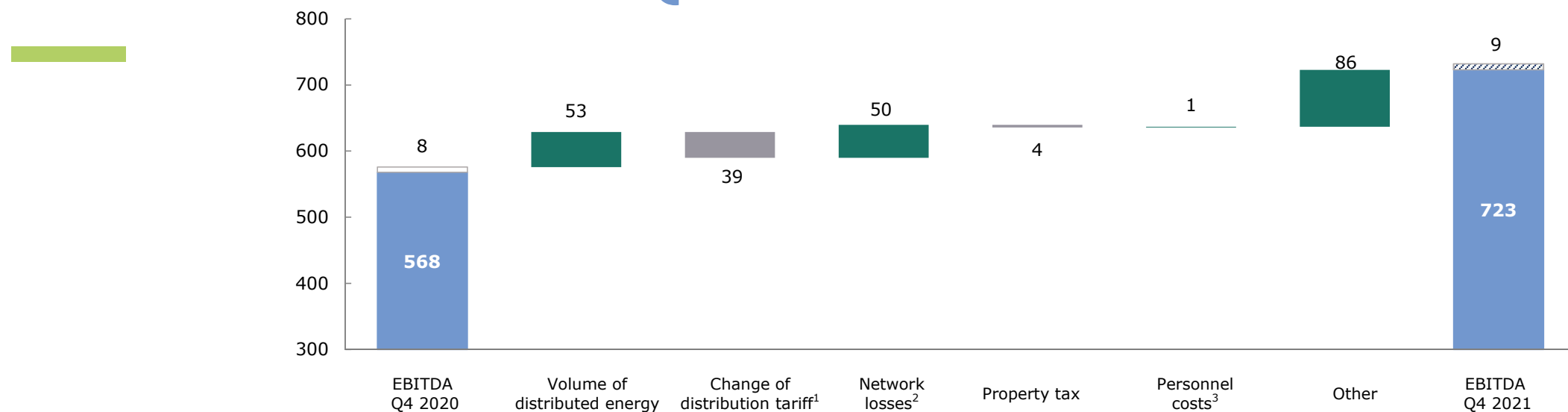
 Reversal of one-offs decreasing reported results

¹Excluding costs of transmission paid to TSO

²Adjusted for revenues from the Balancing Market


³excluding change in actuarial provision (reported in one-offs)

Distribution - EBITDA in Q4 2021



Change	53	-39	50	-4	1	86	
EBITDA reported Q4 2020	568						
One-offs Q4 2020	-8						
Recurring EBITDA Q4 2020	576	1 220	250	108	312	26	
Recurring EBITDA Q4 2021		1 234	200	112	311	112	723
One-offs Q4 2021							9
EBITDA reported Q4 2021							732

 Reversal of one-offs increasing reported results

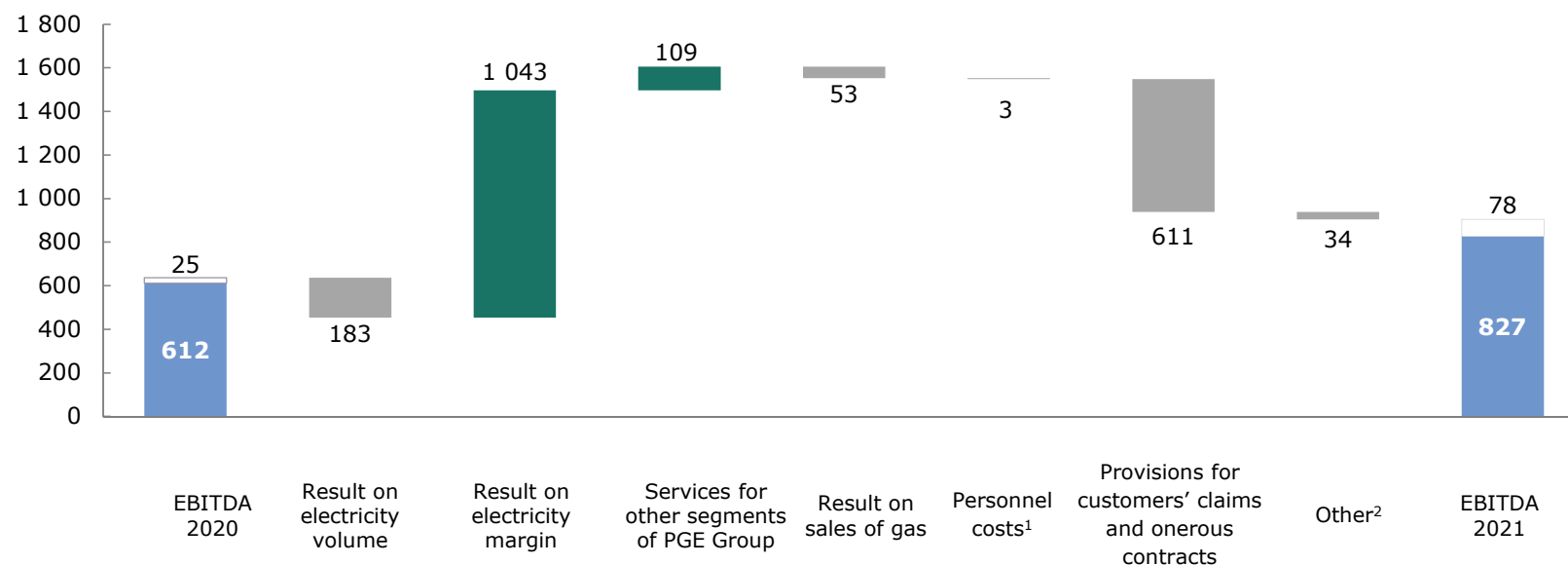
 Reversal of one-offs decreasing reported results

¹Excluding costs of transmission paid to TSO


²Adjusted for revenues from the Balancing Market

³excluding change in actuarial provision (reported in one-offs)

Supply - EBITDA in 2021



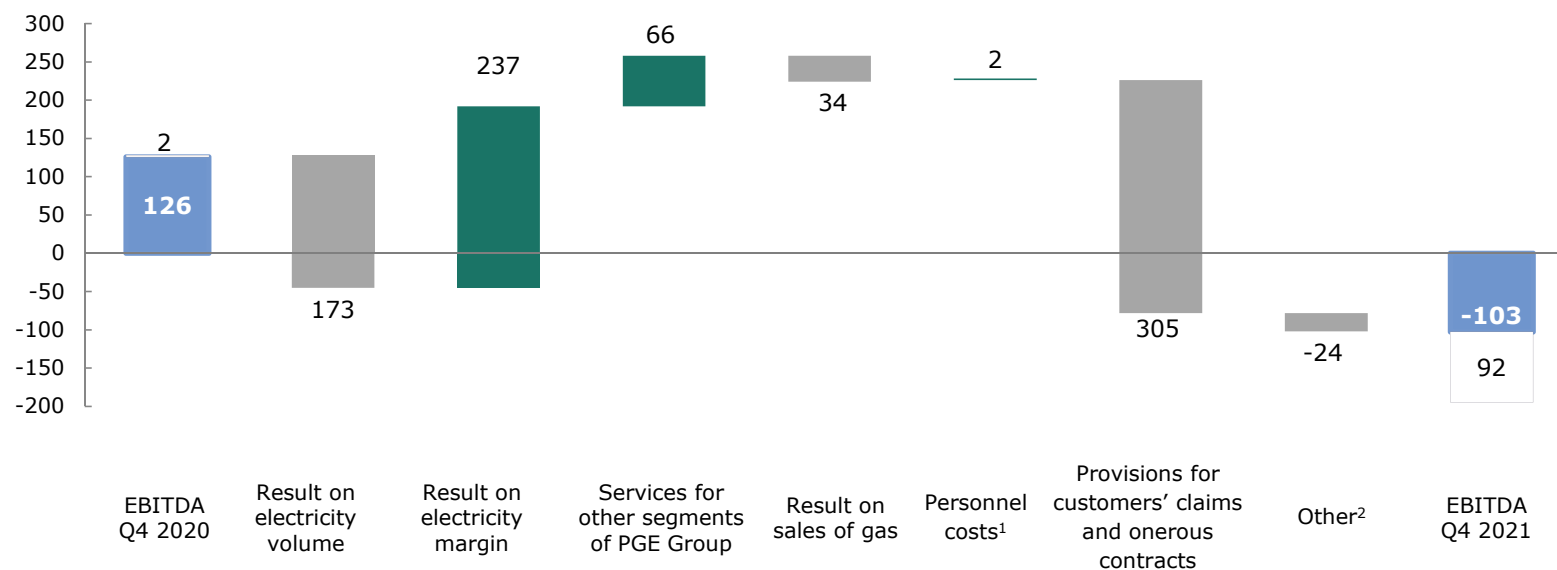
Change	-183	1 043	109	-53	-3	-611	-34	
EBITDA reported 2020	612							
One-offs 2020	-25							
Recurring EBITDA 2020	637	64	877	19	362	332	294	
Recurring EBITDA 2021		924	986	-34	365	-279	328	905
One-offs 2021								-78
EBITDA reported 2021								827

 Reversal of one-offs decreasing reported results

¹excluding change in actuarial provision and cost of Voluntary Leave Program (reported in one-offs).

²excluding provision for prosumers (reported in one-offs)

Supply - EBITDA in Q4 2021



Change		-173	237	66	-34	2	-305	-24	
EBITDA reported Q4 2020	126								
One-offs Q4 2020	-2								
Recurring EBITDA Q4 2020	128	28		218	3	93	77	106	
Recurring EBITDA Q4 2021		92		284	-31	91	-228	130	-103
One-offs Q4 2021									-92
EBITDA reported Q4 2021									-195

 Reversal of one-offs decreasing reported results

¹excluding change in actuarial provision and cost of Voluntary Leave Program (reported in one-offs).

²excluding provision for prosumers (reported in one-offs)

Cash flows and debt



Cash from operations, investments and net debt

Consolidated Cash Flows

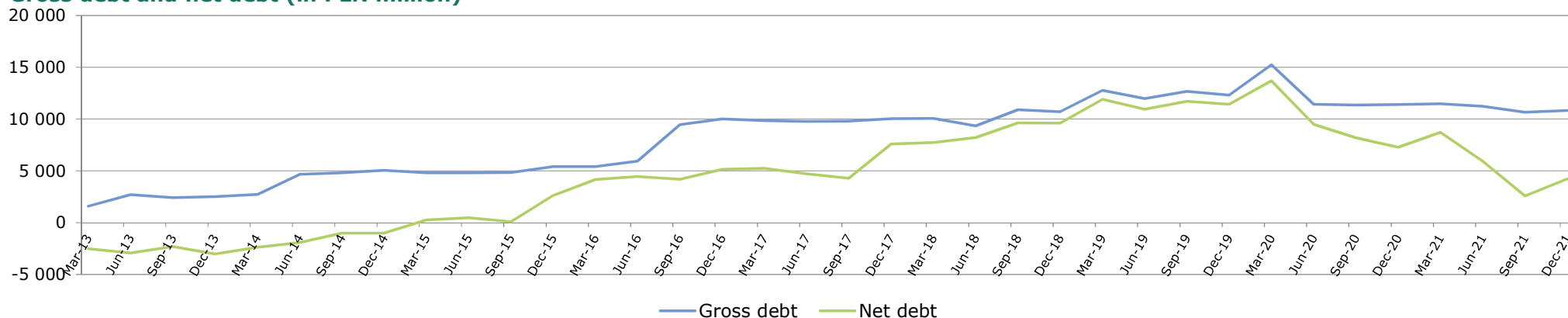
[PLN m]	Q4 2021	Q4 2020		2021	2020	
Operating CF	-349	2 081		7 456	10 256	
Investing CF	-1 313	-1 355		-4 367	-6 037	
Financial CF	149	106		-528	-1 357	
Change of cash and equivalents	-1 513	832		2 561	2 862	

Consolidated Balance Sheet

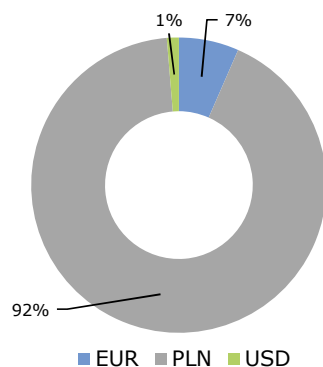
[PLN m]	Q4 EOP 2021	Q4 BOP 2021	Δ Q4 2021	EOP 2021	BOP 2021	Δ 2021
Cash and equivalents	6 733	8 274	-1 541	6 733	4 189	2 544
Short term deposits	77	77	0	77	46	31
Restricted cash (adjustment)	-212	-264	52	-212	-93	-119
Disposable cash of PGE Group	6 598	8 087	-1 489	6 598	4 142	2 456
Short term financial debt	-2 160	-2 117	-43	-2 160	-1 384	-776
Long term financial debt	-8 666	-8 548	-118	-8 666	-10 025	1 359
Total financial debt (gross)	-10 826	-10 665	-161	-10 826	-11 409	583
Net debt	-4 228	-2 578	-1 650	-4 228	-7 267	3 039

Debt development and structure (Dec. 31, 2021)

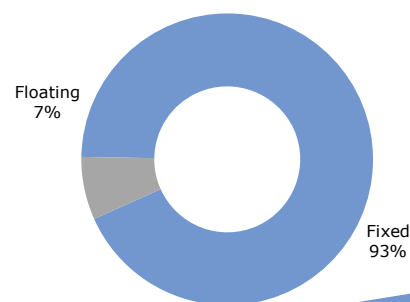
Gross debt and net debt (in PLN million)



Currency profile of drawn debt (including hedging transactions)

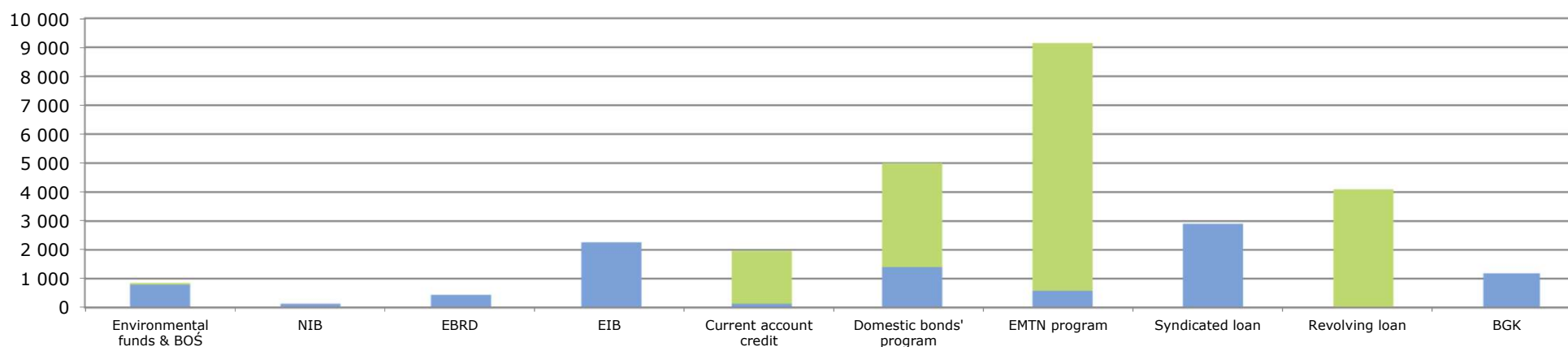


Fixed vs floating rates (drawn debt)

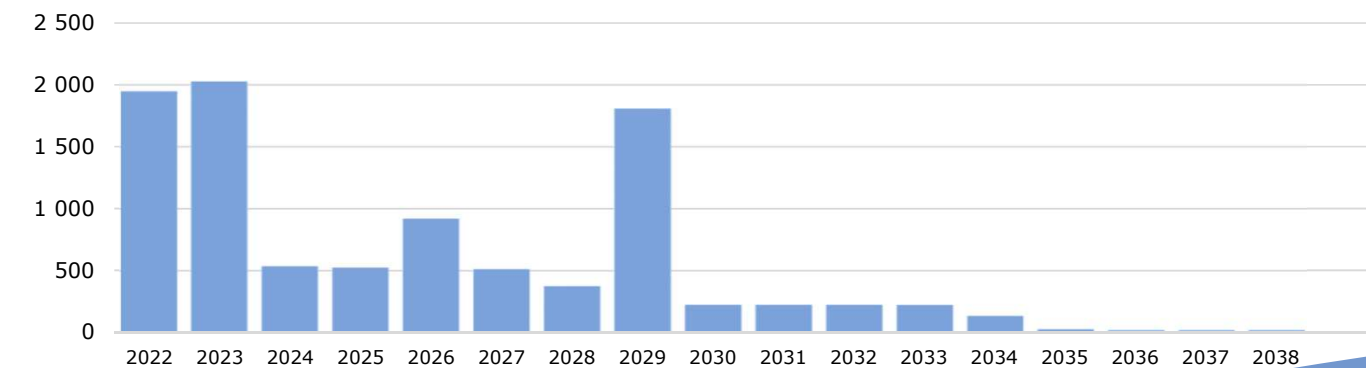


Debt maturity and available financing

Drawn debt and availability of external financing (in PLN m) as at December 31, 2021



Debt maturity profile (PLN m) as at December 31, 2021 ■ Drawn ■ Undrawn



PGE cash position provides...

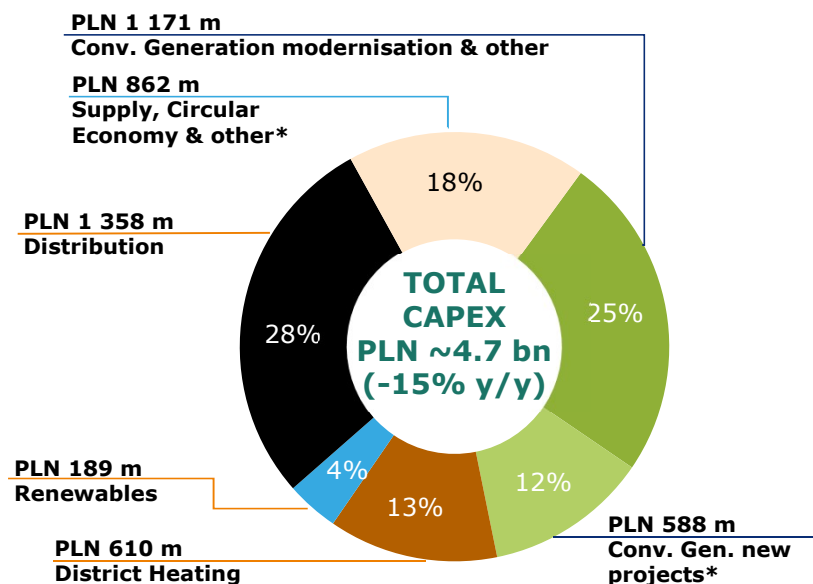
		2021	Q3 2021
... plenty of headroom in the balance sheet	Gross Debt (PLN m)	10 826	10 665
	Net debt (PLN m)	4 228	2 578
	Net Debt/LTM EBITDA	0.44x	0.29x
	Net Debt/Equity	0.09x	0.05x

		MOODY'S	FITCH
Financial strength has been confirmed by rating agencies	Long-term company rating (IDR)	Baa1	BBB+
	Rating outlook	Stable	Stable
	Date of rating assignment	September 2, 2009	September 2, 2009
	Date of the latest rating confirmation	June 30, 2021	January 28, 2022
	Senior unsecured rating		BBB+
	Date of the latest rating change		August 4, 2011
	Date of the latest rating confirmation		January 28, 2022
	Long-term national rating		AA (pol)
	Date of rating assignment		August 10, 2012
	Date of latest rating change		August 3, 2016

Capital expenditures



Capital expenditures in 2021



* In Q4 2021 project of construction of new units in Dolna Odra power plant was transferred from Conventional Generation to Other Operations (along with total capex from previous quarters of 2021)

New projects

Modernisation & maintenance

54%

46%

CAPEX in Distribution and generating capacities incl. Conventional Generation, District Heating, Renewables and Other Operations

Key projects

CAPEX in 2021

Generation

Construction of CCGT units in Dolna Odra power plant

PLN 751 m

Construction of unit no. 7 in Turów power plant

PLN 543 m

Distribution

Modernisation of distribution assets

PLN 692 m

New projects in Distribution segment

PLN 665 m

- Conventional capacities – construction of new units in Dolna Odra power plant and Turów power plant (total PLN 1.3 bn)
- Distribution – expenditures amounting to PLN 626 million incurred for connection of new off-takers
- District Heating – expenditures for development projects amounting to PLN 289 m

Capital expenditures

Segment [PLN m]	Q4 2021	Q4 2020	y/y	2021	2020	y/y
Conventional Generation*	50	896	-94%	1 759	2 372	-26%
District Heating	236	337	-30%	610	671	-9%
Distribution, including:	440	448	-2%	1 358	1 680	-19%
New clients connection	210	195	8%	626	694	-10%
Distribution grid	134	132	2%	359	546	-34%
Renewables, including:	85	39	118%	189	715	-74%
Modernisation and replacement	27	28	-4%	86	59	46%
Supply, Circular Economy and Other Operations ¹	810	48	1 588%	862	186	363%
TOTAL	1 621	1 768	-8%	4 778	5 624	-15%
TOTAL (incl. consolidation adjustments)	1 593	1 727	-8%	4 662	5 495	-15%

* In Q4 2021 project of construction of new units in Dolna Odra power plant was transferred from Conventional Generation to Other Operations (capex adjustment)



Operations



Key operating data

Net electricity generation by fuels, sales and distribution

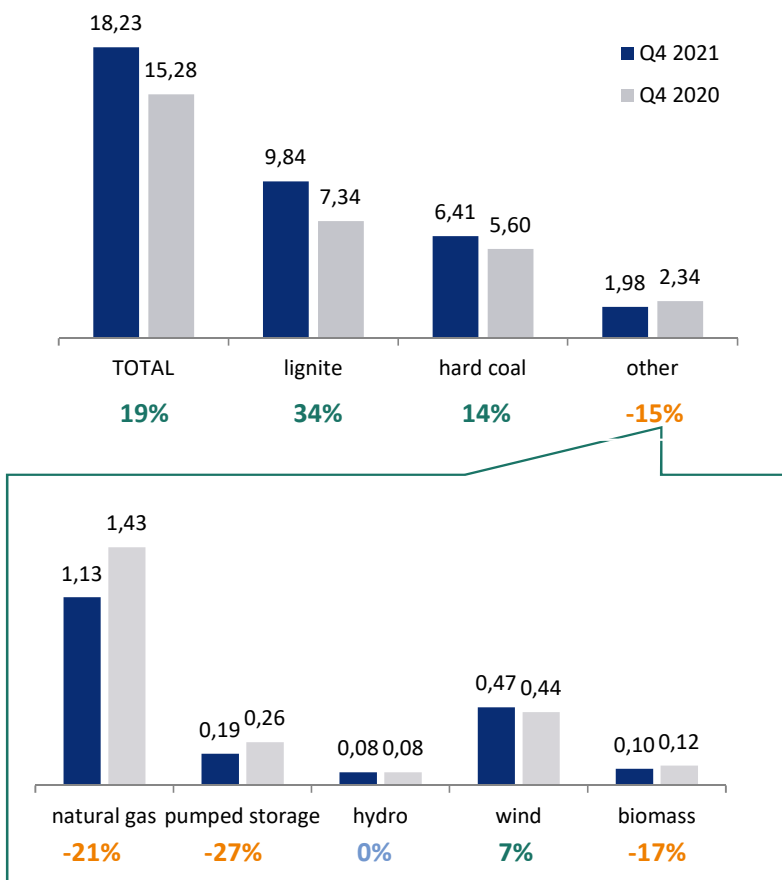
[TWh]	Q4 2021	Q4 2020	y/y	2021	2020	y/y
Net electricity generation, by fuels:	18.23	15.28	19%	68.77	58.13	18%
Lignite	9.84	7.34	34%	37.19	29.79	25%
<i>incl. Turów 7 unit*</i>	0.51	0.00	-	1.33	0.00	-
Hard coal (including):	6.41	5.60	14%	24.34	20.20	20%
Conventional Generation segment	4.97	4.52	10%	20.17	16.69	21%
<i>incl. Opole 5/6 units</i>	1.94	2.16	-10%	8.36	7.39	13%
District Heating segment**	1.44	1.08	33%	4.17	3.51	19%
natural gas	1.13	1.43	-21%	4.22	5.05	-16%
pumped-storage plants	0.19	0.26	-27%	0.69	0.76	-9%
Hydro	0.08	0.08	-	0.45	0.41	10%
Wind	0.47	0.44	7%	1.45	1.49	-3%
Biomass	0.10	0.12	-17%	0.39	0.39	-
municipal waste	0.01	0.01	-	0.04	0.04	-
Sales of heat [PJ]	18.91	17.06	11%	55.07	48.60	13%
<i>incl. Conv. Gen. segment</i>	1.21	2.19	-45%	4.48	4.86	-8%
Sales of electricity to final off-takers	9.56	10.71	-11%	37.48	41.17	-9%
Distribution of electricity	9.80	9.40	4%	37.74	35.67	6%

Average realized wholesale price of electricity

[PLN/MWh]	Q4 2021	Q4 2020	y/y	2021	2020	y/y
Conv. Generation segment	289.8	286.4	1%	270.9	286.2	-5%
District Heating segment	212.5	255.5	-17%	235.5	250.1	-6%
Total (Conv. Gen. & District Heating)	278.9	281.6	-1%	266.7	281.2	-5%

Generation volume by fuel - Q4 2021 y/y

TWh



↑ **National Power System (y/y): Pursue economic recovery in Q4 2021.** Domestic energy consumption higher by 1.2 TWh y/y. Higher electricity prices in foreign markets. Net electricity export +1.4TWh → **higher demand for energy generated in conventional units.**

↑ **Lignite:** significant increase in production y/y due to higher demand. Production in ELT 7 +0.5 TWh y/y.

↑ **Hard coal:** significant increase in production y/y due to higher demand.

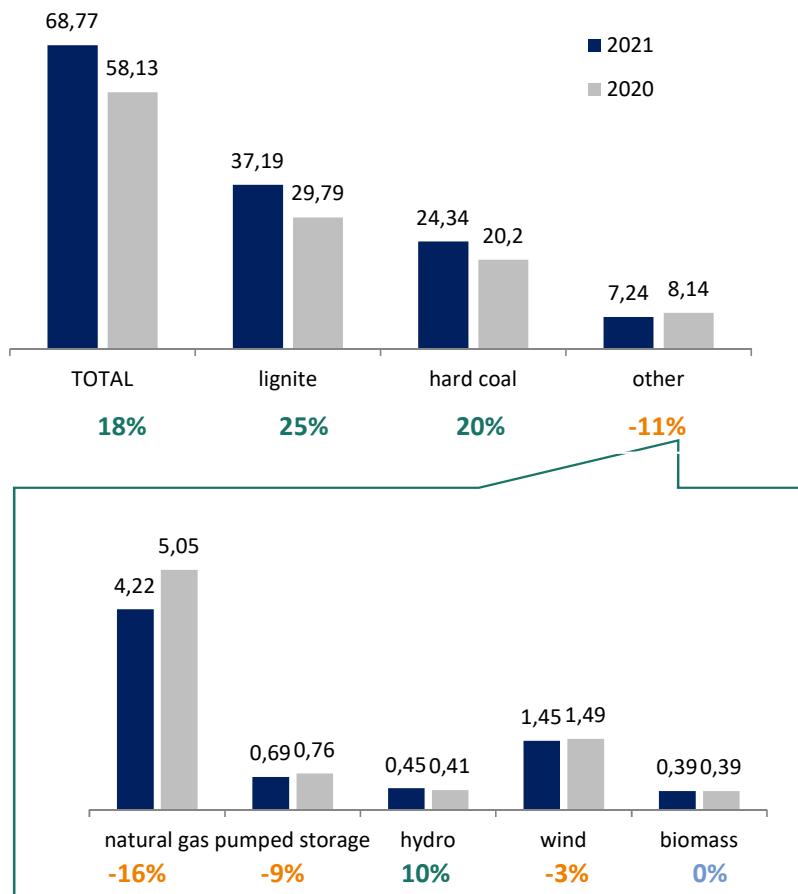
↓ **Natural gas: declining** cogeneration volumes in CHP Lublin Wrotków and Rzeszów because of surging gas prices and breakdown of CHP Lublin

↑ **Wind:** better wind conditions.

↔ **Hydro:** comparable hydrologic conditions.

In Q4'21 and Q4'20 volume of 0.01 TWh was generated from municipal waste (not presented on the bar chart)

Generation volume by fuel - 2021 y/y TWh



In 2021 and 2020 volume of 0.04 TWh was generated from municipal waste (not presented on the bar chart)

Conventional Generation

- ↑ **Generation volume:** Sharp increase in production in conventional power plants due to the surge in demand and significantly lower net import of energy.
- ↑ **Lignite:** higher generation in ELT by approx. 4.8 TWh y/y.
- ↑ **Hard coal:** increase in production in ELR (+2.3 TWh y/y)

District Heating

- ↔ **Comparable electricity production** (+0.04TWh y/y) decrease in production in gas CHP plants was offset by higher coal generation.
- ↓ **Natural gas:** production declined by (-0.8TWh y/y) because of higher gas prices by PLN 8.6/GJ.
- ↑ **Heat:** Increase in heat sales by 6.5 PJ due to lower average temperatures (-1.9°C) in heating season.

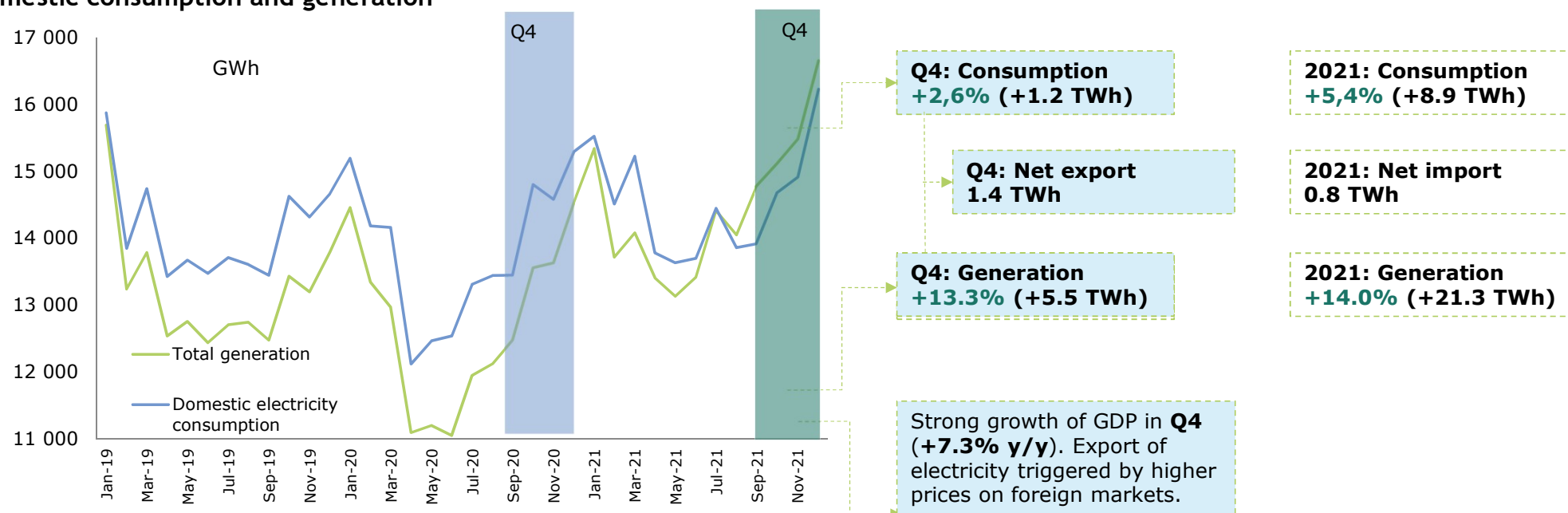
RES

- ↓ **Wind:** Production slightly declined. Load factor at the level of approx. 26%.
- ↑ **Hydro:** better hydrologic conditions

Electricity market - balance of energy

The economy makes up for pandemic downturn. Poland as net exporter of electricity in Q4

Domestic consumption and generation

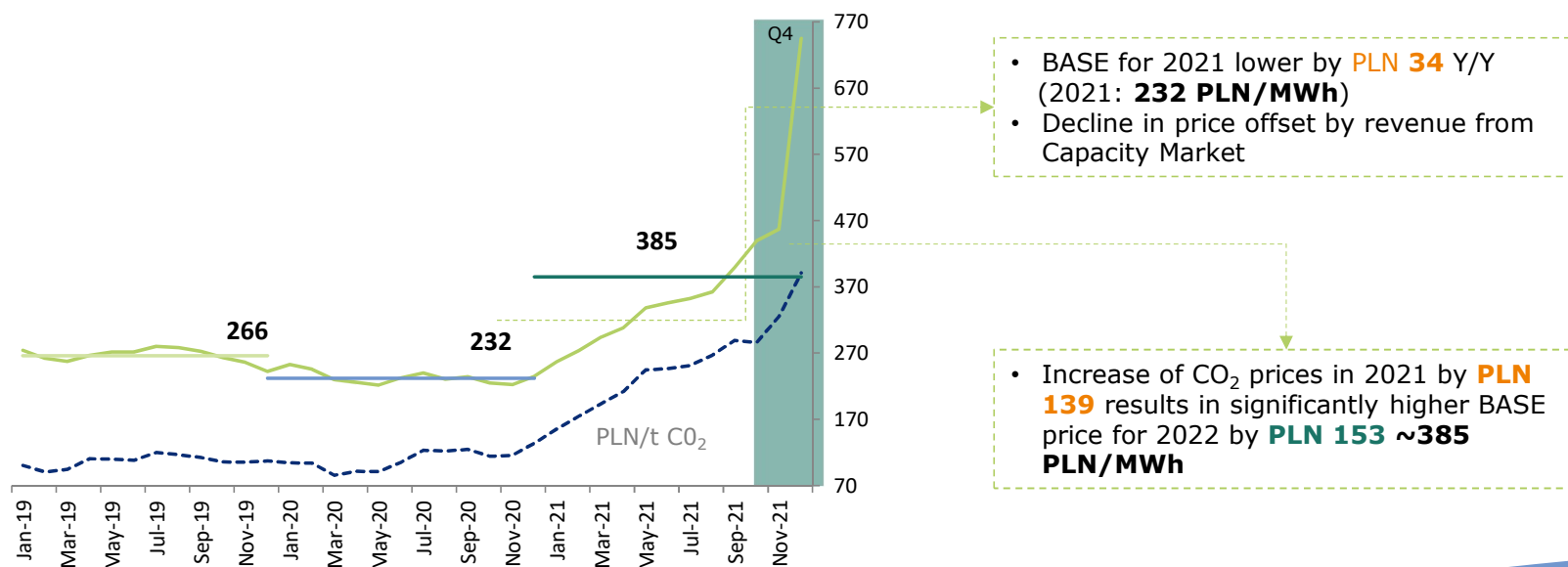


Source: PSE

Electricity market - price

Continued rises in CO₂ prices and improvement of model CDS as effect of market situation

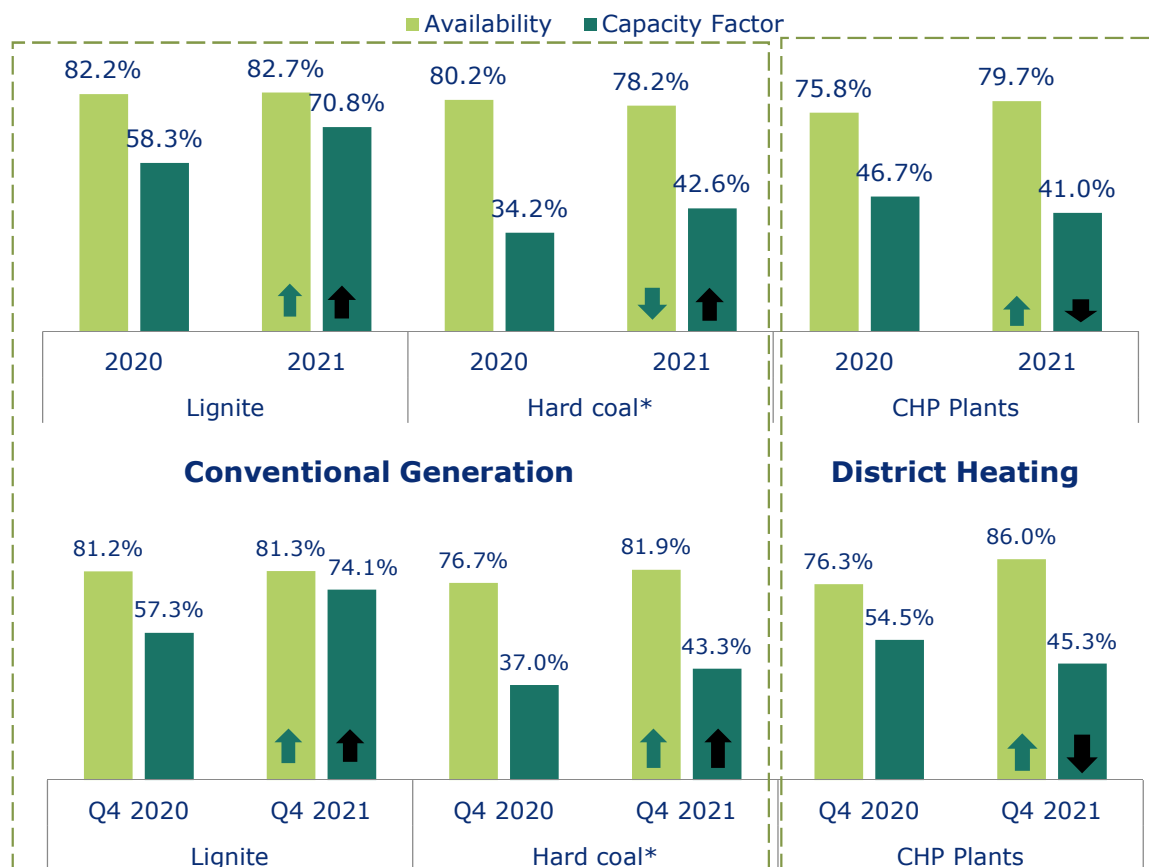
BASE Forward next year and CO₂ prices



Source: TGE

Generation assets - conventional

Higher load of key power plants and CHP's

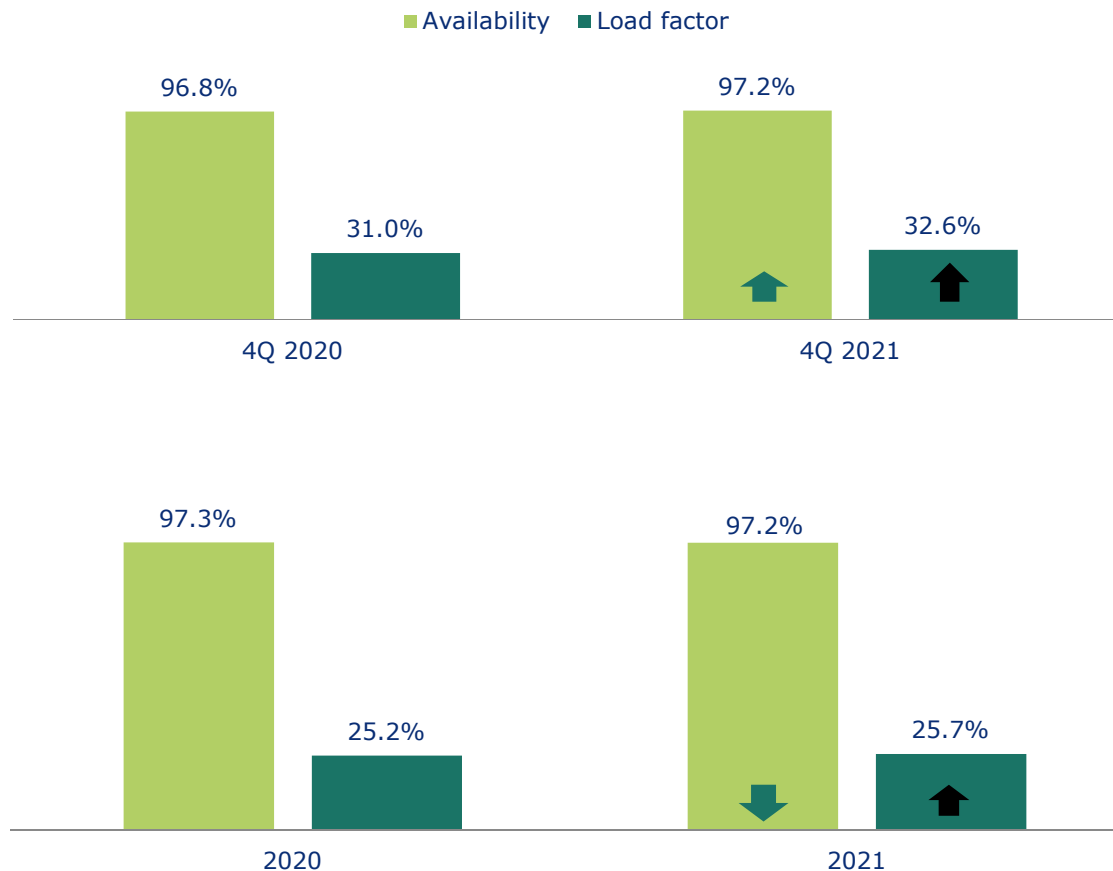


- Significantly higher power plant load due to rising domestic demand and sharply lower net import of electricity.
- Lower utilisation of CHP plants (lower generation of gas CHP's and higher generation of coal CHP's).

*Excluding units no. 1-2 in Dolna Odra (Interventional Cold Reserve in 2020, units were decommissioned in Jan. 2021) and units no. 1-2 in Rybnik (working as a peak units).

42 Generation assets - wind farms

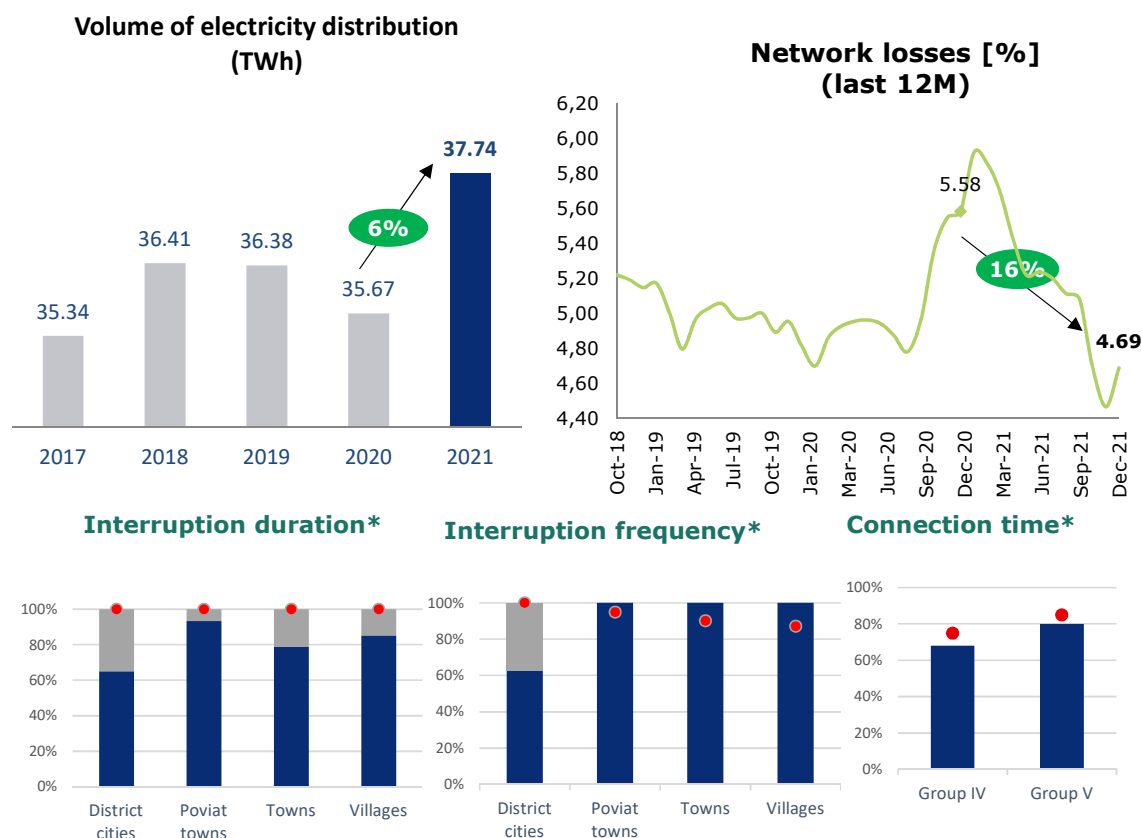
Lower windiness in 2021, comparable generation in the quarter



- Higher load factor and availability due to better wind conditions in Q4 2021.

- Slight increase in load factor.
- Slightly lower level of availability y/y.

Distribution assets



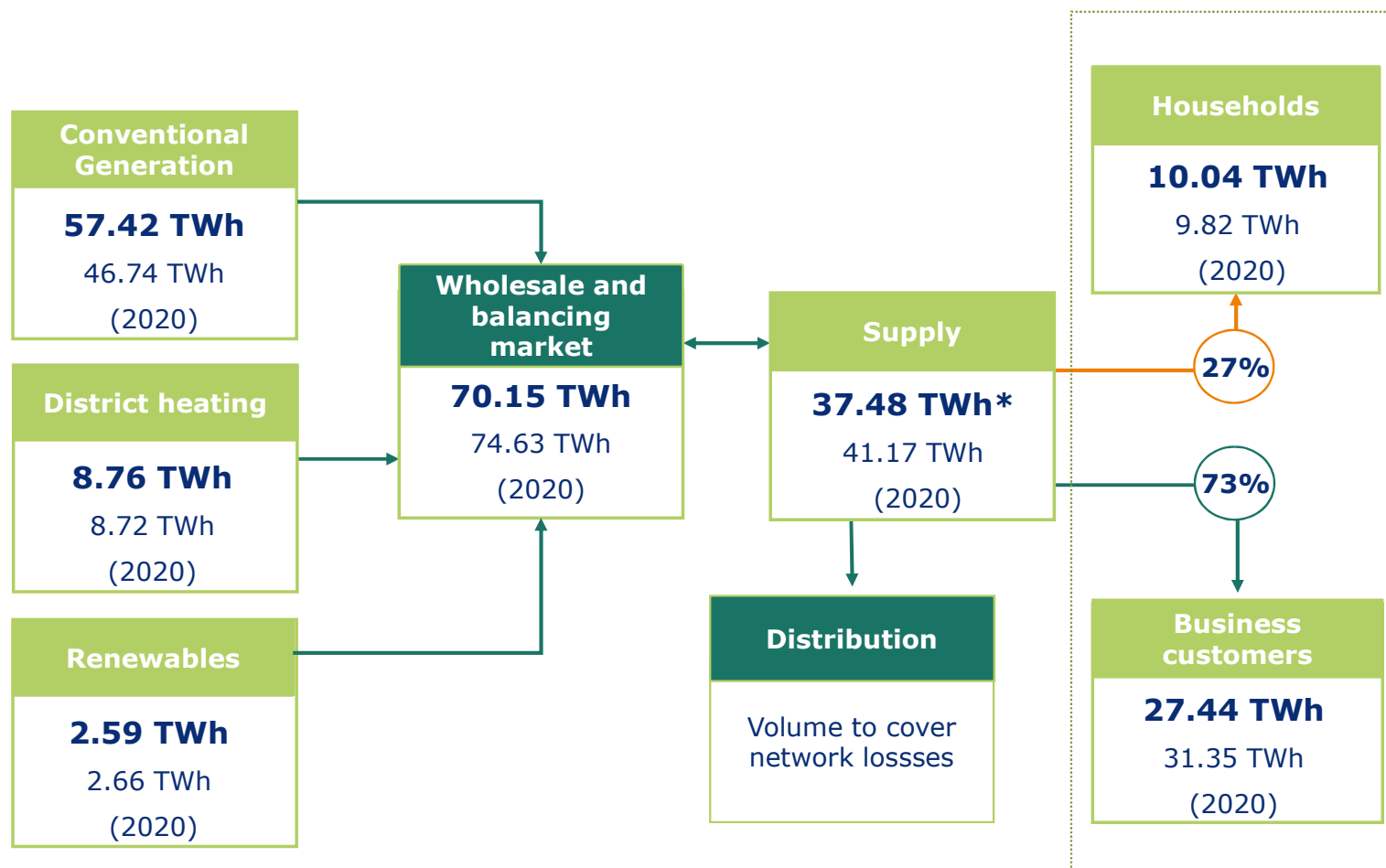
*Indicators relevant to qualitative KPI's of ERO

- indicated KPI of ERO

- Positive growth of distribution volumes; Energy consumption increased in all tariff groups
- Relatively lower level of network losses at the end of September (change in profile of off-takers - lower losses generated on medium and high voltage network)
- Qualitative indicators of Interruption duration came in the range of KPI's set by ERO for 2021.
- Some qualitative indicators of Interruption frequency do not meet indicated KPI's due to unfavourable weather conditions.
- Indicators of connection time fully met.

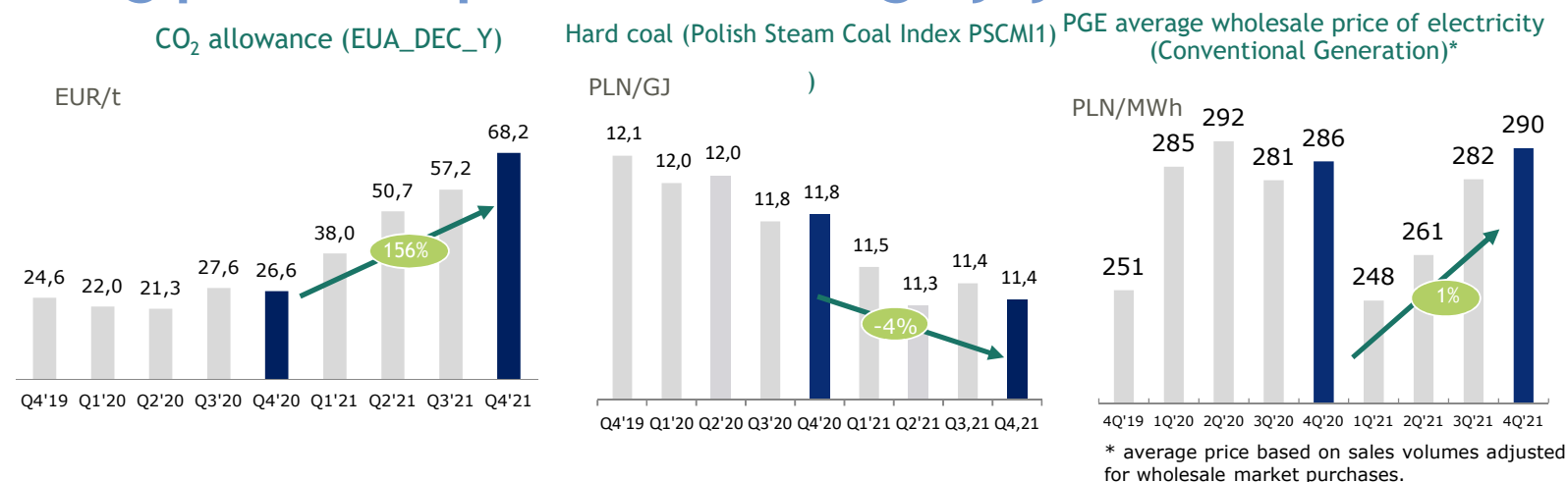
2021 Output and sales of electricity

Illustrative

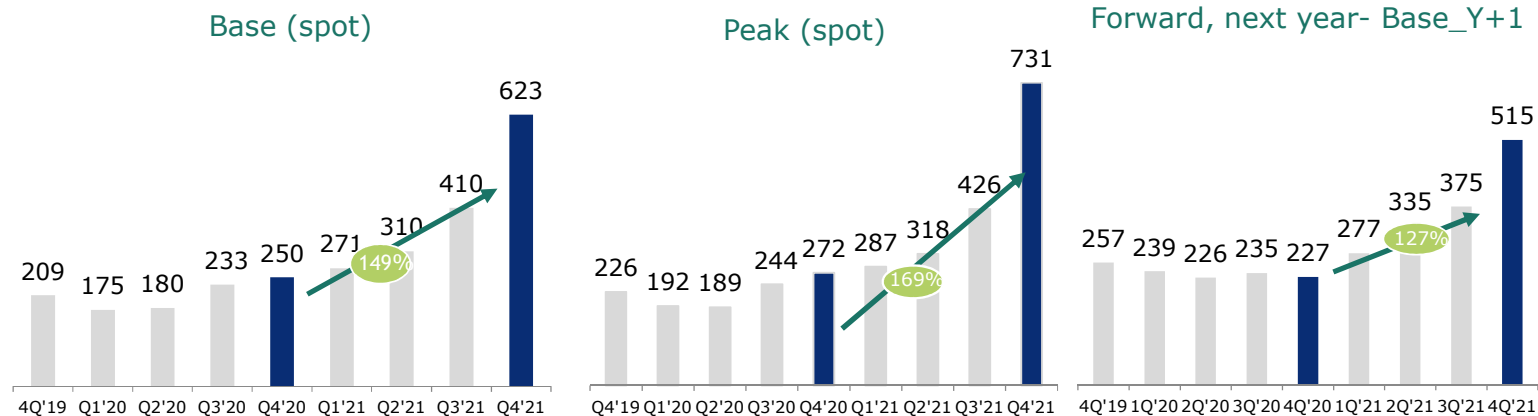


Sales after intragroup exemptions. Some business flows incl. Balancing market, international trade, purchases from power exchange and own consumption are not shown.
Source: PGE

Increasing prices at power exchange y/y



Average quarterly TGE Electricity Prices (PLN/MWh)



Sources: TGE,PGE,ICE,ARP, Bloomberg

Invitation for webcast

On behalf of
Wojciech Dąbrowski

President & CEO

and

Lechośław Rojewski

Vice-President for Finance & CFO

we kindly invite you to a webcast of the presentation of

PGE Q4 & FY 2021 results

which will be held on

Wednesday, March 23, 2022

at 10:00 AM (CET)

In order to register please visit <https://infostrefa.tv/pge/>
After the registration, you will receive access link to the webcast.

We recommend **registering at least 15 minutes before the scheduled broadcast.**

Questions for the Q&A session may be submitted via e-mail

ir@gkpge.pl during or before the webcast

and via questionnaire available on the webcast page.

Sell-side analysts covering PGE

Institution	Analyst
BDM	Krystian Brymora
BOŚ	Jakub Viscardi
Citigroup	Piotr Dzieciołowski
IPOPEMA	Robert Maj
mBank	Kamil Kliszc
Pekao	Marcin Górnik
PKO BP	Andrzej Rembelski
Santander Biuro Maklerskie	Paweł Puchalski
Societe Generale	Bartłomiej Kubicki
Trigon DM	Michał Kozak
Wood & Company	Ondrej Slama

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Thank you

