

# Q4 & FY2022 Financial and Operating Results

INVESTOR PRESENTATION

March 21, 2023



*Leading in the green transition*

# Financials



# Key financial data

[IFRS, PLN m]	Q4 2022	Q4 2021	y/y	2022	2021	y/y
Sales	21 455	19 880	8%	73 435	52 772	39%
<i>including LTC</i>	-1	-63	-	2	-58	-
EBITDA	339	2 171	-84%	8 657	9 535	-9%
Recurring EBITDA	580	1 969	-71%	7 120	8 129	-12%
EBIT	-760	993	-	4 299	5 123	-16%
Recurring EBIT1 <sup>1</sup>	-483	875	-	2 866	3 933	-27%
Net profit (loss) to equity	-614	721	-	3 328	3 972	-16%
Net profit (to equity) – ex. Impairments <sup>2</sup>	-585	789	-	3 412	4 147	-18%
CAPEX (including adjustments)	3 219	1 593	102%	7 053	4 662	51%
Net cash from operating activities	3 080	-366	-	11 609	7 439	56%
Net cash from investing activities	-2 654	-1 313	-	-7 296	-4 367	-
EBITDA margin	2%	11%	-	12%	18%	-
Recurring EBITDA margin	3%	10%	-	10%	15%	-
Net Working Capital (core "NWC") <sup>2</sup>				8 331	4 790	74%
Net Debt				-2 656	4 228	-
Net economic financial debt <sup>3</sup>				14 373	10 322	39%

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

<sup>2</sup> Core NWC = inventory + trading receivables – trading payables (distinguish from NWC stated as Current assets minus short term liabilities)

<sup>3</sup> estimated net economic financial debt (real value of net debt, adjusted by forward payment for CO2)

# One-off and temporary items

## Computation of recurring EBITDA and recurring EBIT:

	Q4 2022	Q4 2021	y/y	2022	2021	y/y
Change of reclamation provision	-17	1 039	-	1 721	1 463	18%
Change of actuarial provision	-54	12	-	-73	64	-
Release of the provision for Voluntary Leave Programme	0	0	-	0	11	-
LTC adjustment	-1	-63	-	2	-58	-
Liability for one-time benefit related to NABE carve-out	-187	0	-	-187	0	-
Release of provision for Prosumers	18	-74	-	74	-74	-
Temporary items -rollover of the EUA contracts	0	-712	-	0	0	-
<b>One-off and temporary items – EBITDA level</b>	<b>-241</b>	<b>202</b>	-	<b>1 537</b>	<b>1 406</b>	<b>9%</b>
Impairments of TFA and IA	-36	-84	-	-104	-216	-
<b>One-off items – EBIT level</b>	<b>-277</b>	<b>118</b>	-	<b>1 433</b>	<b>1 190</b>	<b>20%</b>

## Computation of net profit ex. impairments:

Impairments of TFA and IA (after-tax) and Investments	-29	-68	-	-84	-175	-
---	-----	-----	---	-----	------	---

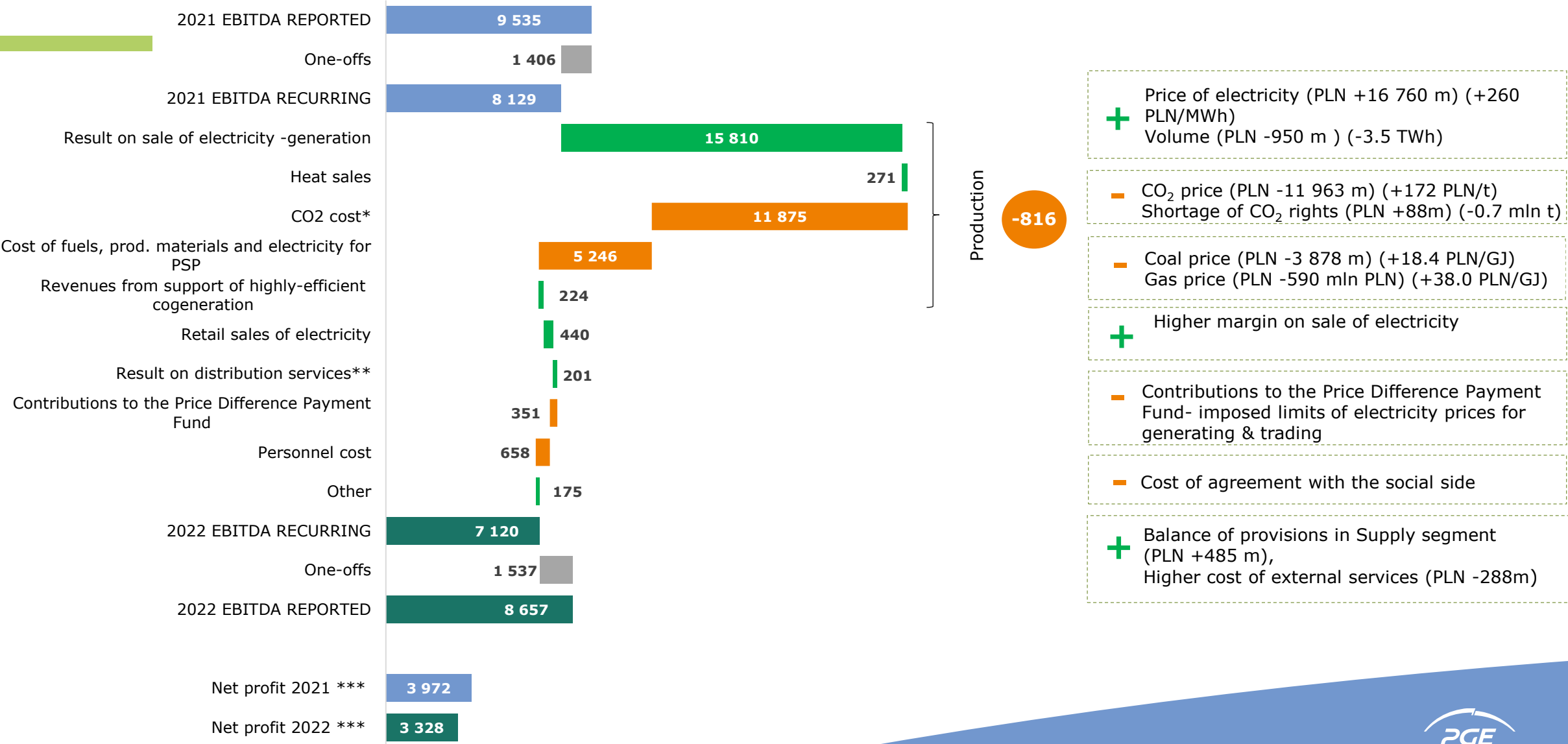
# One-off items by segments 2022

	Conventional Generation		District Heating		Renewables		Distribution		Supply	
(PLN m)	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>EBITDA reported</b>	<b>2 065</b>	<b>4 078</b>	<b>39</b>	<b>805</b>	<b>1 795</b>	<b>1 016</b>	<b>2 850</b>	<b>2 779</b>	<b>2 043</b>	<b>827</b>
<b>Change y/y</b>	<b>-2 013</b>		<b>-766</b>		<b>779</b>		<b>71</b>		<b>1 216</b>	
<b>One-off and temporary items, including:</b>	<b>1 447</b>	<b>1 465</b>	<b>6</b>	<b>-39</b>	<b>-1</b>	<b>3</b>	<b>14</b>	<b>33</b>	<b>93</b>	<b>-78</b>
LTC adjustment			2	-58						
Change of reclamation provision	1 714	1 446	7	16		1				
Change of actuarial provision	-80	19	-3	3	-1	2	14	33	-2	6
Release of the provision for Voluntary Leave Programme										11
Liability for one-time benefit related to NABE carve-out	-187									
Release of provision for prosumers									95	-95
Temporary items -rollover of the EUA contracts										
<b>EBITDA recurring</b>	<b>618</b>	<b>2 613</b>	<b>33</b>	<b>844</b>	<b>1 796</b>	<b>1 013</b>	<b>2 836</b>	<b>2 746</b>	<b>1 950</b>	<b>905</b>

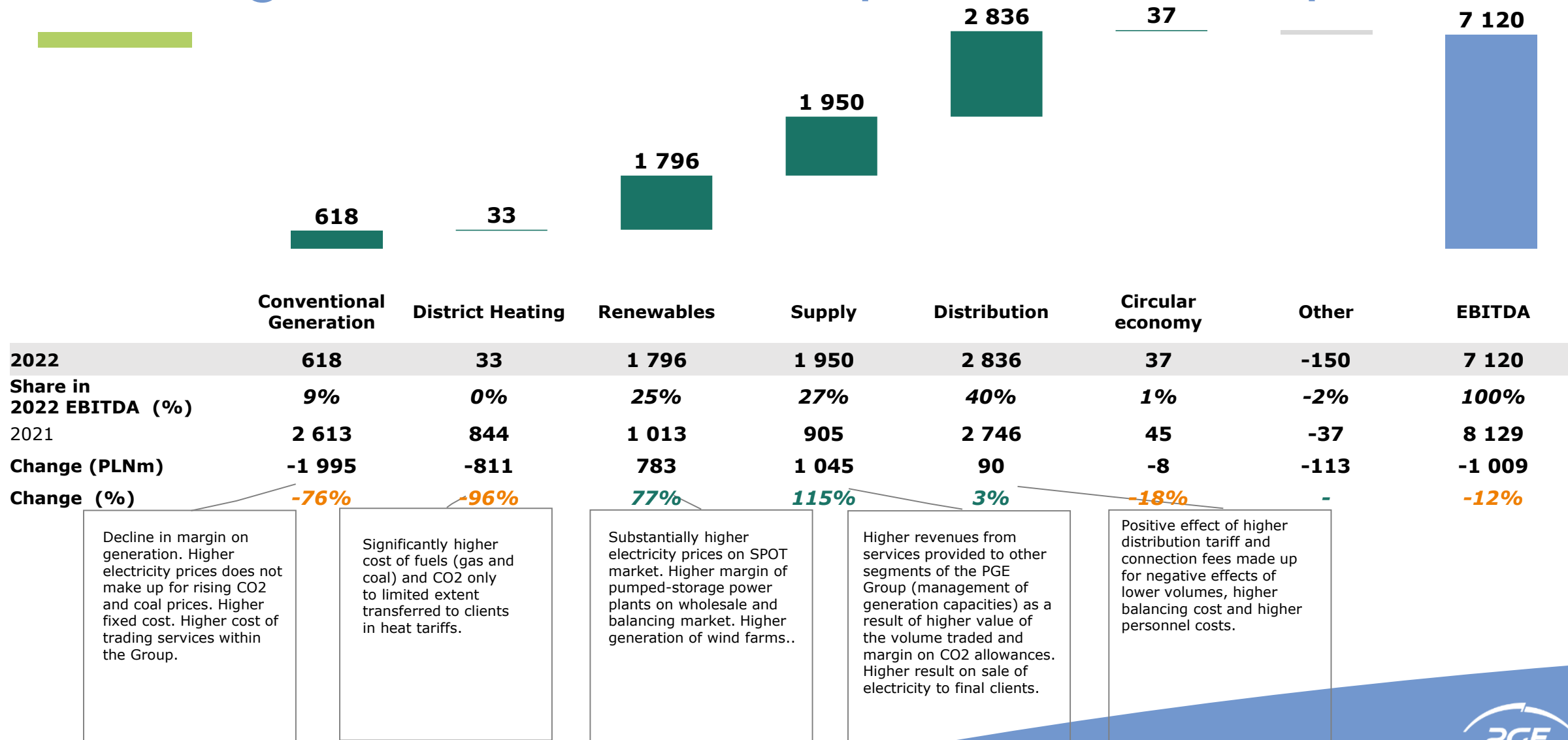
# One-off items by segments Q4 2022

	Conventional Generation		District Heating		Renewables		Distribution		Supply	
(PLN m)	Q4 2022	Q4 2021	Q4 2022	Q4 2021	Q4 2022	Q4 2021	Q4 2022	Q4 2021	Q4 2022	Q4 2021
<b>EBITDA reported</b>	<b>-622</b>	<b>1 275</b>	<b>-10</b>	<b>-62</b>	<b>393</b>	<b>420</b>	<b>710</b>	<b>732</b>	<b>358</b>	<b>-195</b>
<b>Change y/y</b>	<b>-1 897</b>		<b>52</b>		<b>-27</b>		<b>-22</b>		<b>553</b>	
<b>One-off and temporary items, including:</b>	<b>-270</b>	<b>388</b>	<b>-4</b>	<b>-127</b>	<b>-2</b>	<b>2</b>	<b>21</b>	<b>9</b>	<b>21</b>	<b>-92</b>
LTC adjustment			-1	-63						
Change of reclamation provision	-17	1 032		6		1				
Change of actuarial provision	-66	-3	-3	1	-2	1	21	9	-3	3
Release of the provision for Voluntary Leave Programme										
Liability for one-time benefit related to NABE carve-out	-187									
Release of provision for prosumers									24	-95
Temporary items -rollover of the EUA contracts		-641		-71						
<b>EBITDA recurring</b>	<b>-352</b>	<b>887</b>	<b>-6</b>	<b>65</b>	<b>395</b>	<b>418</b>	<b>689</b>	<b>723</b>	<b>337</b>	<b>-103</b>

# Development of EBITDA by major value drivers (PLN m)

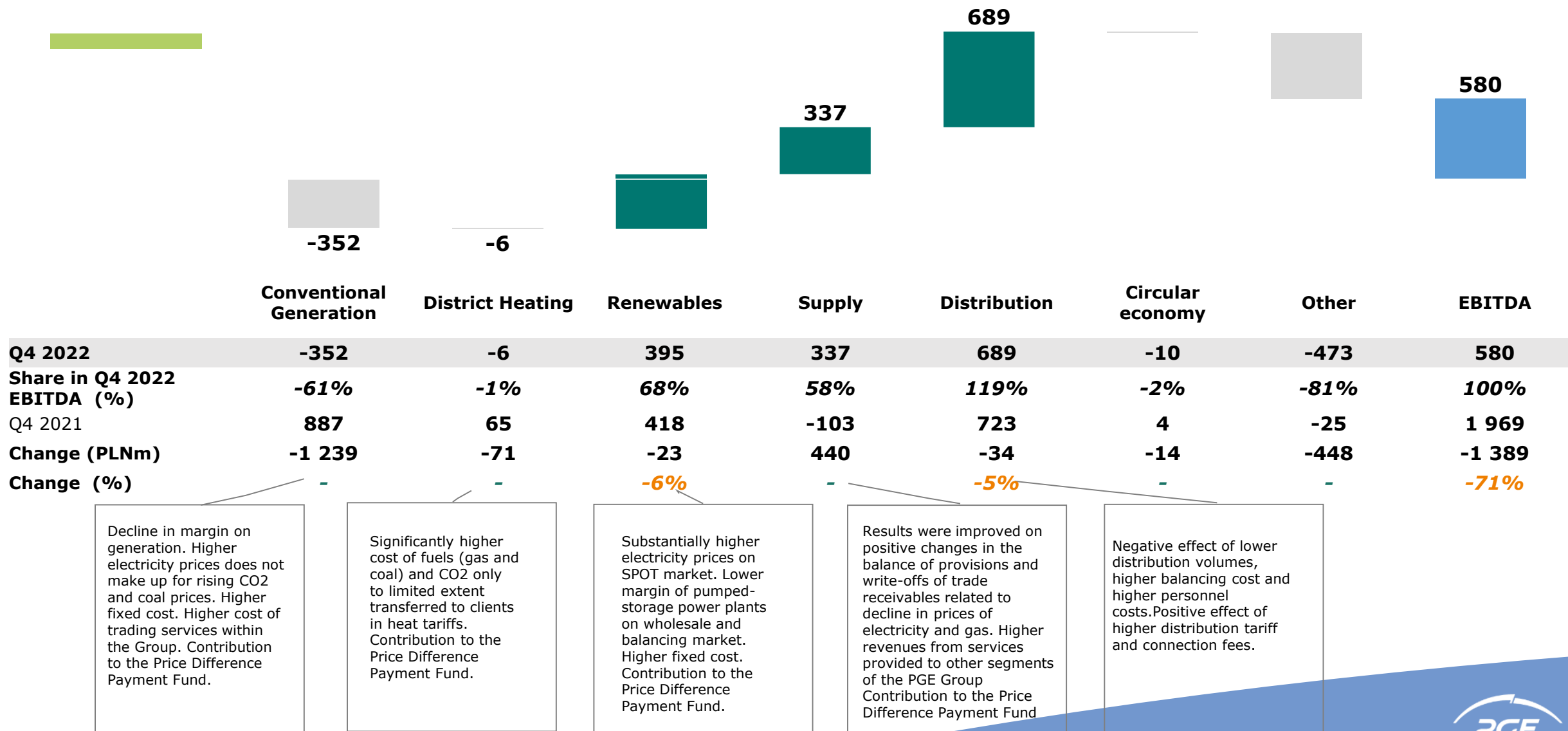


# Recurring<sup>1</sup> EBITDA in 2022 - composition and development

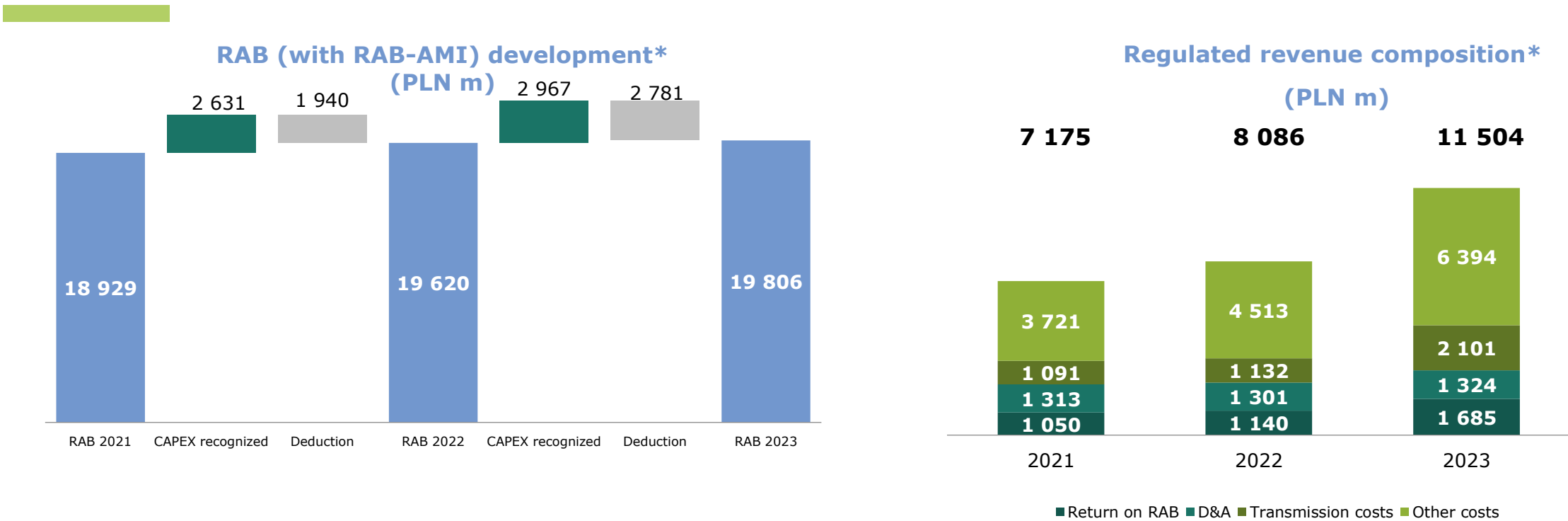




# Recurring<sup>1</sup> EBITDA in Q4 2022 - composition and development



# Fundamentals of the distribution business



WACC:

2021	2022	2023
5.321%	4.676%	5.781%

Actual return on RAB:\*\*

2021	2022	2023
5.549%	5.811%	8.507%

10 \* Based on a Tariff  
\*\* Including AMI, regulatory indicator (WR) and reinvestment premium

# CO<sub>2</sub> 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 H1' 2022 PGE's installations emitted 70.0 tonnes of CO<sub>2</sub>. Cost related to CO<sub>2</sub> emissions in this period amounted to PLN 20 324m.

PGE Group's installations are not eligible for free emission allowances for electricity generation starting from 2020. Only the free emission allowances for heat production are allocated.

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

	EUA	
	Volume (Mg m)	Value (PLN m)
<b>As at Jan 1, 2021</b>	<b>21</b>	<b>1 774</b>
Purchased/Sold (spot)*	80	9 447
Free allocation	1	-
Redeemed	-59	-6 318
<b>As at Dec 31, 2021</b>	<b>43</b>	<b>4 903</b>
Purchased/Sold (spot)*	47	11 525
Free allocation	1	-
Redeemed	-71	-11 560
<b>As at Dec 31, 2022</b>	<b>20</b>	<b>4 868</b>

\* PGE Group hedges CO<sub>2</sub> also with forwards

### Provision for purchase of CO<sub>2</sub> allowances (Cons.FS, note 21)

<b>As at Jan 1, 2022</b>	<b>11 553</b>
Redeemed	-11 560

Provision raised for 2022	20 325
---------------------------	--------

<b>As at Dec 31, 2022</b>	<b>20 318</b>
---------------------------	---------------

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

	2022
Costs by kind	<b>48 312</b>
Taxes and charges	<b>23 278</b>

# Financial data by segments



# Revenues and costs of Conventional Generation

[PLN m]	Q4 2022	Q4 2021	y/y	2022	2021	y/y
<b>Sales, including:</b>	<b>10 543</b>	<b>12 048</b>	<b>-12%</b>	<b>36 460</b>	<b>28 764</b>	<b>27%</b>
Sale of electricity	9 616	5 225	84%	33 434	18 807	78%
Revenues from Capacity Market	530	539	-2%	2 142	2 161	-1%
Auxiliary services	108	39	174%	220	232	-5%
Sale of CO2	116	6 156	-98%	263	7 175	-96%
<b>Cost by kind, including</b>	<b>10 332</b>	<b>5 433</b>	<b>90%</b>	<b>33 585</b>	<b>20 893</b>	<b>61%</b>
D&A	475	544	-13%	1 940	2 084	-7%
Materials	2 980	853	249%	6 908	3 384	104%
Energy	15	10	43%	56	28	100%
External services	578	436	33%	1 928	1 539	25%
Taxes and charges	5 190	2 915	78%	19 283	11 043	75%
Personnel expenses	1 027	620	66%	3 259	2 614	25%
Other cost	67	54	24%	211	202	5%
<b>Capitalized costs</b>	<b>-106</b>	<b>-83</b>	<b>28%</b>	<b>-263</b>	<b>-368</b>	<b>-29%</b>
<b>Cost of goods and materials sold</b>	<b>1 480</b>	<b>7 213</b>	<b>-79%</b>	<b>4 822</b>	<b>10 647</b>	<b>-55%</b>
<b>Net other operating income/(expenses)</b>	<b>67</b>	<b>1 246</b>	<b>-95%</b>	<b>1 812</b>	<b>4 408</b>	<b>-59%</b>
<b>EBIT</b>	<b>-1 095</b>	<b>732</b>	<b>-</b>	<b>127</b>	<b>1 998</b>	<b>-94%</b>
<b>EBITDA</b>	<b>-622</b>	<b>1 275</b>	<b>-</b>	<b>2 065</b>	<b>4 078</b>	<b>-49%</b>

# Revenues and costs of District Heating

[PLN m]	Q4 2022	Q4 2021	y/y	2022	2021	y/y
<b>Sales, including:</b>	<b>2 796</b>	<b>2430</b>	<b>15%</b>	<b>7 690</b>	<b>6 239</b>	<b>23%</b>
Sale of electricity	1 326	904	47%	3 963	2 672	48%
Sale of heat and heat distribution services	1 120	882	27%	2 901	2 555	14%
Revenues from Capacity Market	54	81	-33%	211	281	-25%
Sale of CO2	66	224	-	67	252	-73%
<b>Cost by kind, including</b>	<b>2 604</b>	<b>1 867</b>	<b>39%</b>	<b>7 657</b>	<b>5 318</b>	<b>44%</b>
D&A	192	221	-13%	752	701	7%
Materials	1 308	832	57%	3 457	2 189	58%
Energy	7	3	133%	23	10	130%
External services	163	140	16%	525	451	16%
Taxes and charges	761	509	50%	2 297	1 442	59%
Personnel expenses	161	148	9%	564	486	16%
Other	12	14	-14%	39	38	3%
<b>Capitalized costs</b>	<b>-16</b>	<b>-18</b>	<b>-11%</b>	<b>-62</b>	<b>-49</b>	<b>27%</b>
<b>Cost of goods and materials sold</b>	<b>569</b>	<b>521</b>	<b>9%</b>	<b>957</b>	<b>821</b>	<b>17%</b>
<b>Net other operating income/(expenses)</b>	<b>158</b>	<b>-343</b>	<b>-</b>	<b>150</b>	<b>-45</b>	<b>-</b>
<b>EBIT</b>	<b>-203</b>	<b>-283</b>	<b>-28%</b>	<b>-713</b>	<b>104</b>	<b>-</b>
<b>EBITDA</b>	<b>-10</b>	<b>-62</b>	<b>84%</b>	<b>39</b>	<b>805</b>	<b>-95%</b>

# Revenues and costs of Renewables

[PLN m]	Q4 2022	Q4 2021	y/y	2022	2021	y/y
<b>Sales, including:</b>	<b>900</b>	<b>671</b>	<b>34%</b>	<b>3 401</b>	<b>1 672</b>	<b>103%</b>
Sale of electricity	690	507	36%	2 849	1 137	151%
Sale of certificates of origin	84	96	-13%	246	224	10%
Auxiliary services and leasing*	5	3	67%	16	13	23%
Revenues from Capacity Market	66	77	-14%	276	305	-10%
Other revenues from core activities	55	-12	-	14	-7	-
<b>Cost by kind, including</b>	<b>603</b>	<b>365</b>	<b>65%</b>	<b>2 013</b>	<b>1 026</b>	<b>96%</b>
D&A	88	93	-5%	355	330	8%
Materials	6	4	50%	15	11	36%
Energy	316	149	112%	1 154	331	249%
External services	66	63	5%	188	152	24%
Taxes and charges	68	17	300%	126	71	77%
Personnel expenses	51	33	55%	151	113	34%
Other cost	8	6	33%	24	18	33%
<b>Capitalized costs</b>	<b>-7</b>	<b>-10</b>	<b>-30%</b>	<b>-20</b>	<b>-22</b>	<b>-9%</b>
<b>Cost of goods and materials sold</b>	<b>1</b>	<b>0</b>	<b>-</b>	<b>3</b>	<b>1</b>	<b>200%</b>
<b>Net other operating income/(expenses)</b>	<b>2</b>	<b>11</b>	<b>-82%</b>	<b>35</b>	<b>19</b>	<b>84%</b>
<b>EBIT</b>	<b>305</b>	<b>327</b>	<b>-7%</b>	<b>1 440</b>	<b>686</b>	<b>110%</b>
<b>EBITDA</b>	<b>393</b>	<b>420</b>	<b>-6%</b>	<b>1 795</b>	<b>1 016</b>	<b>77%</b>

# Revenues and costs of Distribution

[PLN m]	Q4 2022	Q4 2021	y/y	2022	2021	y/y
<b>Sales, including</b>	<b>1 796</b>	<b>1 713</b>	<b>5%</b>	<b>6 803</b>	<b>6 492</b>	<b>5%</b>
Revenues from distribution services	1 680	1 606	5%	6 374	6 155	4%
Other revenues from core activities	85	79	8%	303	226	34%
<b>Cost by kind, including</b>	<b>1 501</b>	<b>1 358</b>	<b>11%</b>	<b>5 419</b>	<b>5 102</b>	<b>6%</b>
D&A	332	300	11%	1 245	1 222	2%
Materials	23	18	28%	83	63	32%
Energy	242	210	15%	637	592	8%
External services	400	399	0%	1 518	1 493	2%
Taxes and charges	129	125	3%	527	504	5%
Personnel expenses	371	302	23%	1 389	1 209	15%
Other cost	4	4	0%	20	19	5%
<b>Capitalized costs</b>	<b>-79</b>	<b>-25</b>	<b>216%</b>	<b>-201</b>	<b>-77</b>	<b>161%</b>
<b>Cost of goods and materials sold</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Net other operating income/(expenses)</b>	<b>9</b>	<b>52</b>	<b>-83%</b>	<b>31</b>	<b>92</b>	<b>-66%</b>
<b>EBIT</b>	<b>383</b>	<b>432</b>	<b>-11%</b>	<b>1 616</b>	<b>1 559</b>	<b>4%</b>
<b>EBITDA</b>	<b>710</b>	<b>732</b>	<b>-3%</b>	<b>2 850</b>	<b>2 779</b>	<b>3%</b>



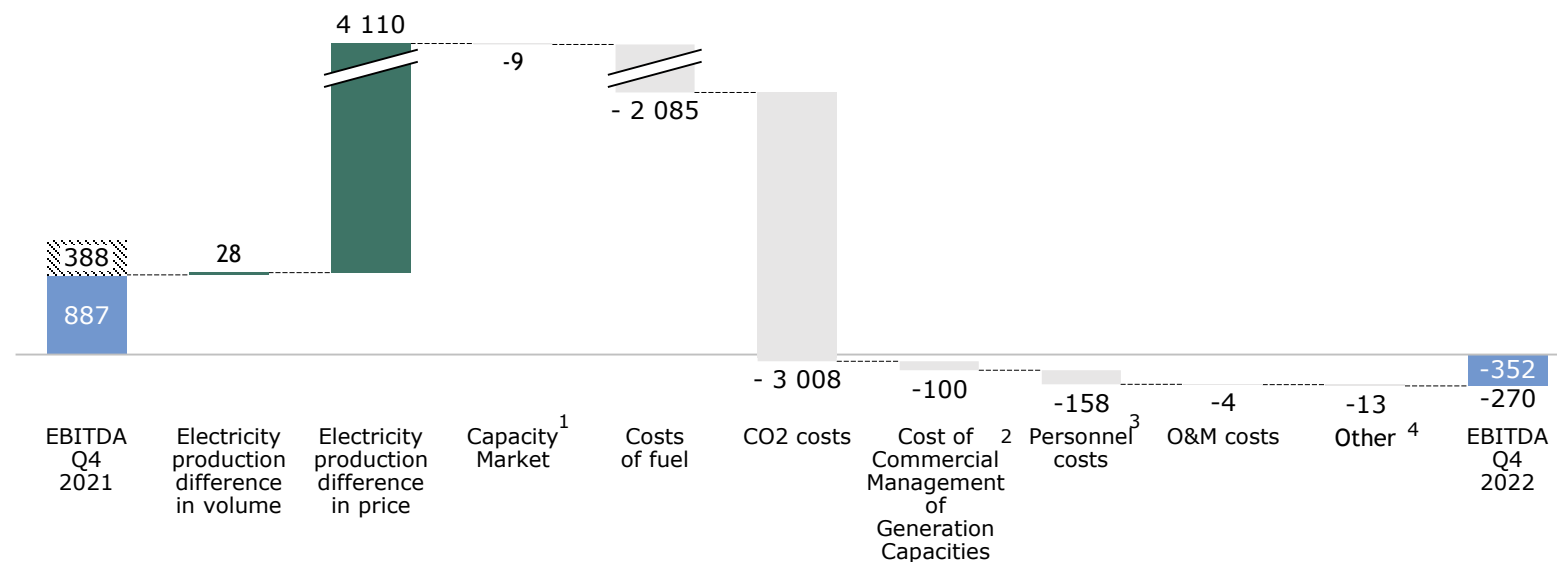
# Revenues and costs of Supply

[PLN m]	Q4 2022	Q4 2021	y/y	2022	2021	y/y
<b>Sales, including:</b>	<b>14 400</b>	<b>20 481</b>	<b>-30%</b>	<b>46 566</b>	<b>38 223</b>	<b>22%</b>
Sale of electricity	5 792	3 884	49%	22 520	13 633	65%
Sale of CO2 allowances	3 055	15 866	-81%	12 200	22 506	-46%
Sale of natural gas	224	180	24%	1 041	449	132%
Sale of other fuels	4 243	242	1653%	8 576	564	1421%
<b>Cost by kind, including</b>	<b>892</b>	<b>445</b>	<b>100%</b>	<b>2 419</b>	<b>1 678</b>	<b>44%</b>
D&A	8	8	0%	33	33	0%
Materials	2	1	100%	6	4	50%
Energy	2	1	100%	4	3	33%
External services	187	66	183%	431	245	76%
Taxes and charges	502	250	101%	1 358	968	40%
Personnel expenses	148	85	74%	457	349	31%
Other cost	43	34	26%	130	76	71%
<b>Cost of goods and materials sold</b>	<b>13 829</b>	<b>19 900</b>	<b>-31%</b>	<b>42 211</b>	<b>35 361</b>	<b>19%</b>
<b>Net other operating income/(expenses)</b>	<b>671</b>	<b>-338</b>	<b>-</b>	<b>72</b>	<b>-390</b>	<b>-</b>
<b>EBIT</b>	<b>350</b>	<b>-203</b>	<b>-</b>	<b>2 010</b>	<b>794</b>	<b>153%</b>
<b>EBITDA</b>	<b>358</b>	<b>-195</b>	<b>-</b>	<b>2 043</b>	<b>827</b>	<b>147%</b>


# Contributions to the Price Difference Payment Fund

[PLN m]	Q4 2022	Q4 2021	y/y	2022	2021	y/y
Conventional Generation	45	0	-	45	0	-
District Heating	21	0	-	21	0	-
Renewables	50	0	-	50	0	-
Supply	235	0	-	235	0	-
<b>Contributions to the Price Difference Payment Fund</b>	<b>351</b>	<b>0</b>	<b>-</b>	<b>351</b>	<b>0</b>	<b>-</b>

# Conventional Generation - EBITDA in Q4 2022



Change	28	4 110	-9	-2 085	-3 008	-100	-158	-4	-13	
EBITDA reported Q4 2021	1 275									
One-offs Q4 2021	388									
Recurring EBITDA Q4 2021	887	4 180	539	656	1 934	215	616	199	212	
Recurring EBITDA Q4 2022		8 318	530	2 741	4 942	315	774	203	225	-352
One-offs Q4 2022										-270
EBITDA reported Q4 2022										-622

 Reversal of one-offs increasing reported results.

 Reversal of one-offs decreasing reported results.

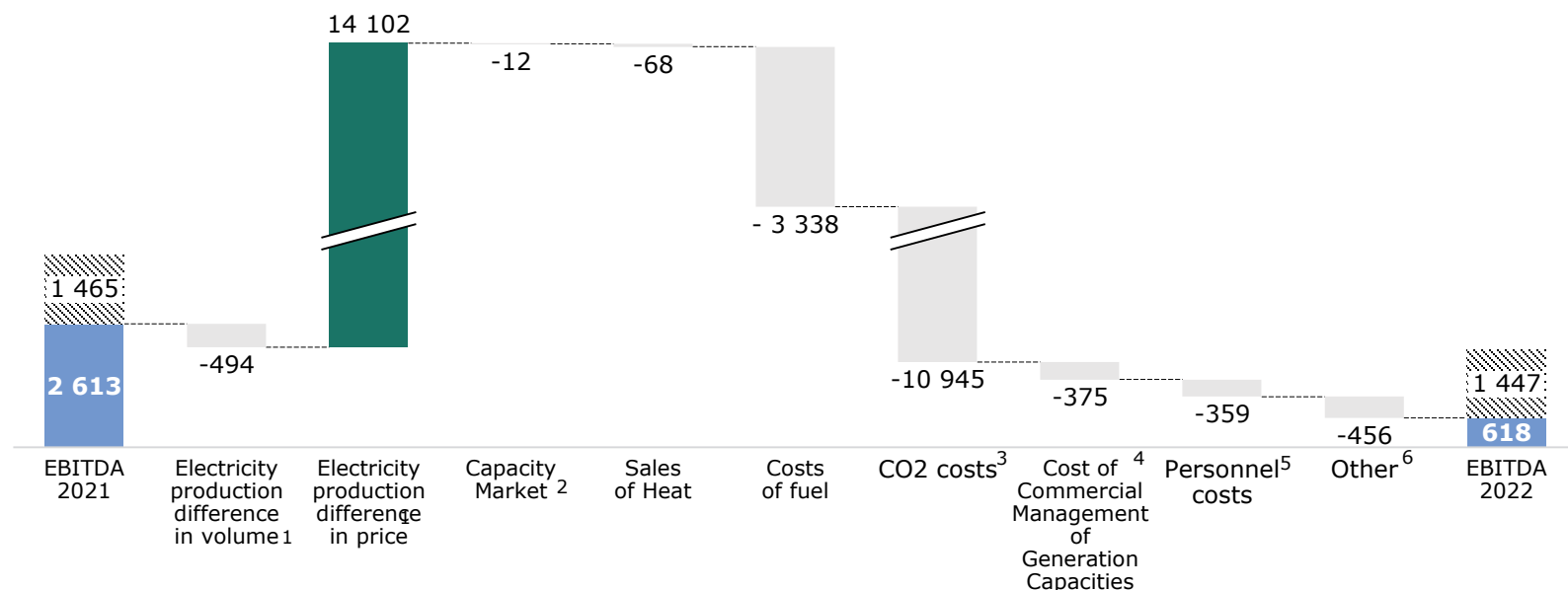
<sup>1</sup>Managerial view.

<sup>2</sup>Commercial Management of Generation Capacities – intra group agreement on management of sales of electricity


<sup>3</sup>The item Personnel costs excluding impact of change in actuarial provision (one-off)

<sup>4</sup>Other without including the impact of change of the reclamation provision (one-off) and result on rollover of the EUA contracts (temporary item)

# Conventional Generation - EBITDA in 2022



Change		-494	14 102	-12	-68	-3 388	-10 945	-375	-359	-456	
EBITDA reported 2021	4 078										
One-offs 2021	1 465										
Recurring EBITDA 2021	2 613	15 374	2 154	157	2 720	7 467	774	2 633	1 478		
Recurring EBITDA 2022		28 982	2 142	89	6 108	18 412	1 149	2 992	1 934	618	
One-offs 2022										1 447	
EBITDA reported 2022										2 065	

 Reversal of one-offs increasing reported results.

<sup>1</sup>Change in presentation in comparison to data published in 2021 – according to MSR 16 electricity generation of new Turów unit (ELT 7) was included following synchronization from the transmission system to start of trial run.

<sup>2</sup>Managerial perspective.

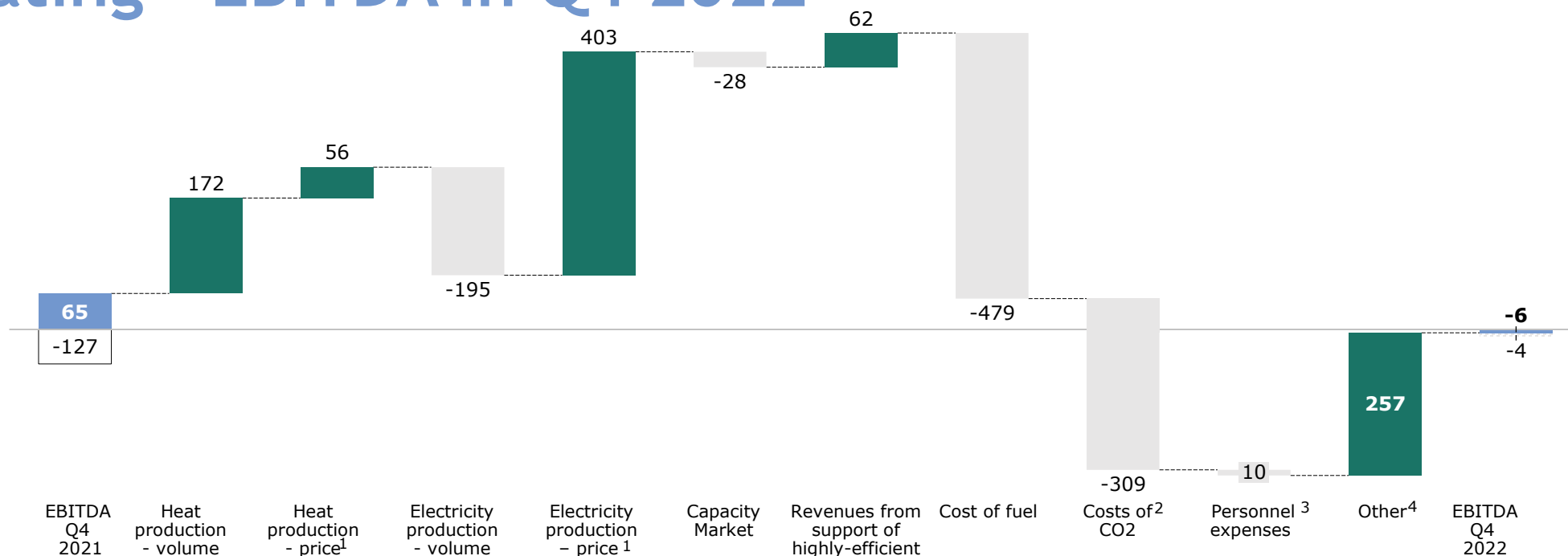
<sup>3</sup>Costs reduced by resale of CO2, that was caused due to reductions by PSE S.A. and trading activities.

<sup>4</sup>Commercial Management of Generation Capacities – intra group agreement on management of sales of electricity


<sup>5</sup>The item Personnel costs excluding impact of change in actuarial provision (one-off)

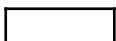
<sup>6</sup>Other without including the impact of change of the reclamation provision (one-off) and result on rollover of the EUA contracts (temporary item)

# District Heating - EBITDA in Q4 2022



Change	172	56	-195	403	-28	62	-479	-309	-10	257	
EBITDA reported Q4 2021	-62										
One-offs Q4 2021	-127										
Recurring EBITDA Q4 2021	65	878		611	81	2	803	398	149	159	
Recurring EBITDA Q4 2022		1 106		819	54	64	707	707	158	-98	-6
One-offs Q4 2022											-4
EBITDA reported Q4 2022											-10

 Reversal of one-offs increasing reported results.

 Reversal of one-offs decreasing reported results.

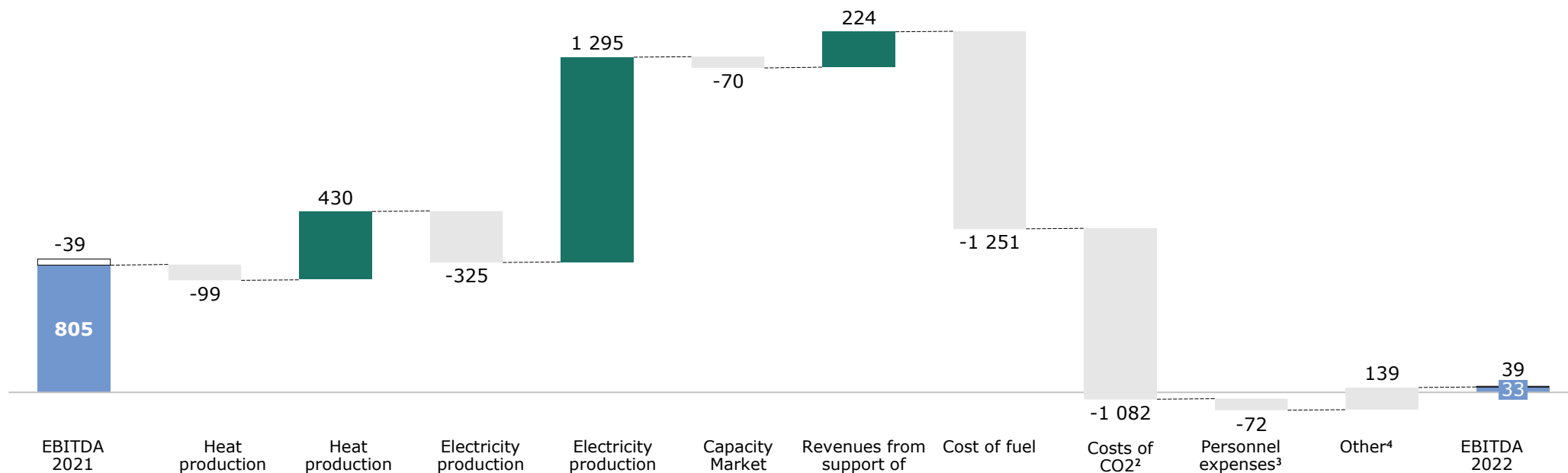
<sup>1</sup>Value adjusted for costs of certificates redemption.

<sup>2</sup>Adjusted by resale of CO<sub>2</sub> assigned to a given period.


<sup>3</sup>The item Personnel costs excluding impact of change in actuarial provision (one-off)

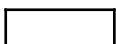
<sup>4</sup>Other without including the impact of change of the reclamation provision, LTC compensations (one-offs) and result on rollover of the EUA contracts (temporary item).

# District Heating - EBITDA in 2022



Change	-99	430	-325	1 295	-70	224	-1 251	-1 082	-72	139	
EBITDA reported 2021	805										
One-offs 2021	-39										
Recurring EBITDA 2021	844	2 545		2 110	281	7	2 126	1 069	489	415	
Recurring EBITDA 2022		2 876		3 080	211	231	3 377	2 151	561	276	33
One-offs 2022											6
EBITDA reported 2022											39

 Reversal of one-offs increasing reported results.

 Reversal of one-offs decreasing reported results.

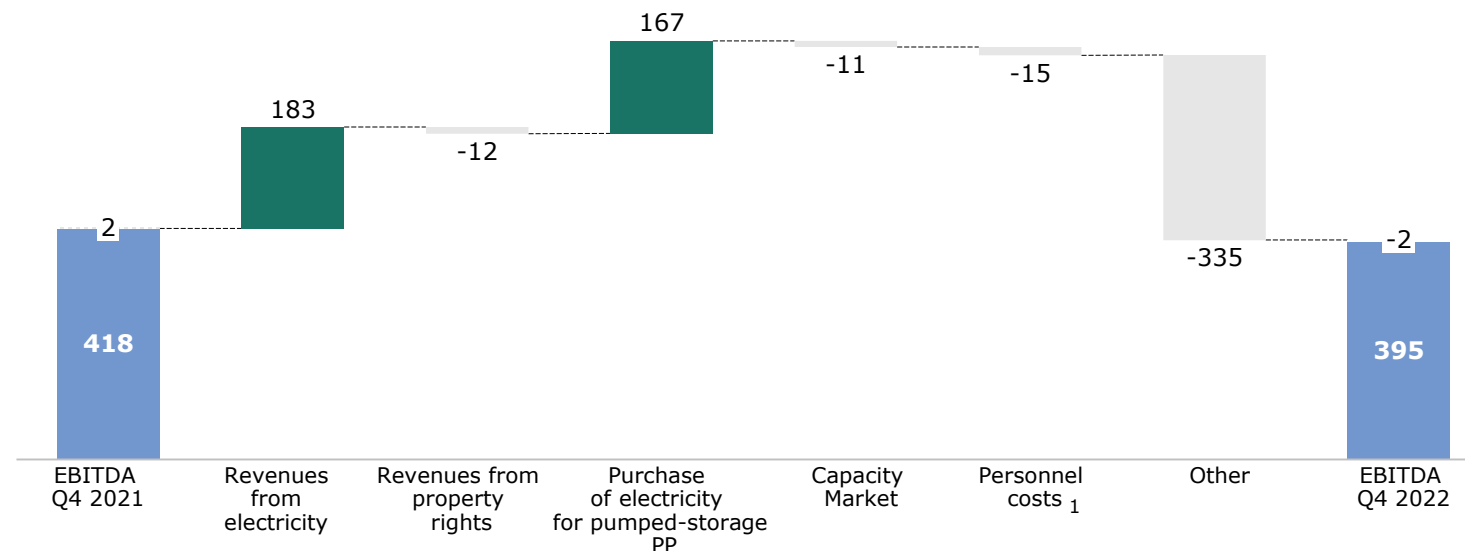
<sup>1</sup>Value adjusted for costs of certificates redemption.

<sup>2</sup>Adjusted by resale of CO<sub>2</sub> assigned to a given period.


<sup>3</sup>The item Personnel costs excluding impact of change in actuarial provision (one-off)

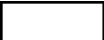
<sup>4</sup>Other without including the impact of change of the reclamation provision, LTC compensations (one-offs) and result on rollover of the EUA contracts (temporary item).

# Renewables - EBITDA in Q4 2022



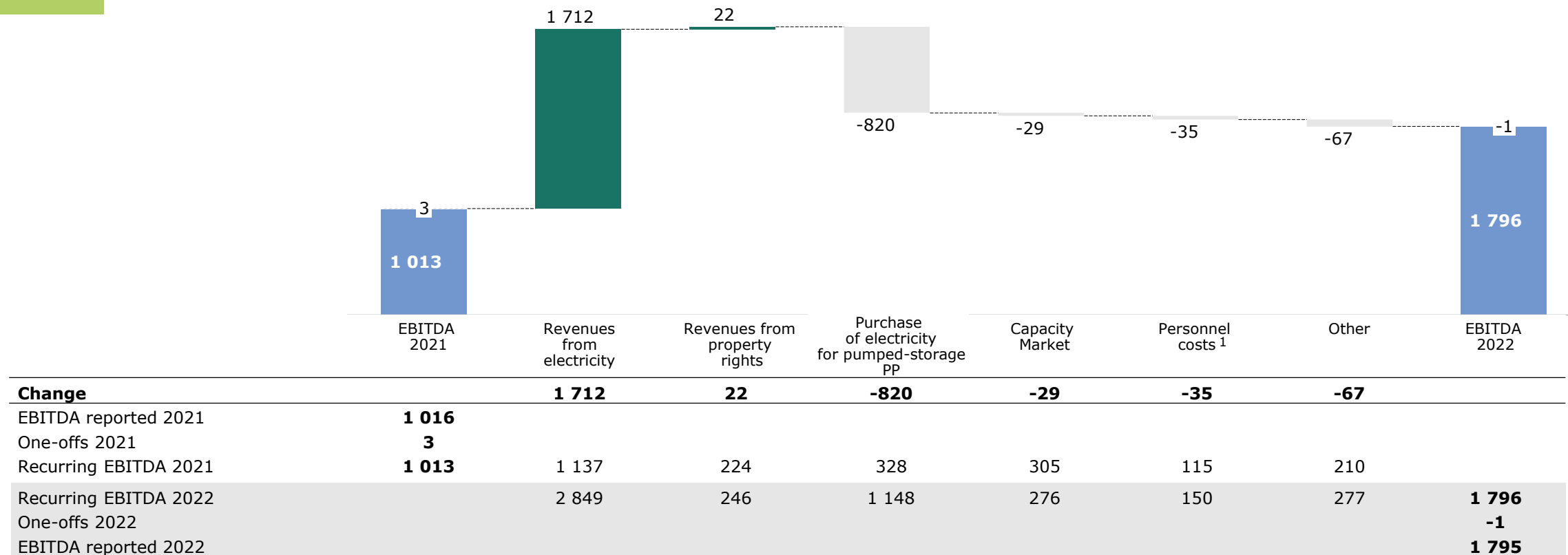
Change		183	-12	167	-11	-15	-335	
EBITDA reported Q4 2021	420							
One-offs Q4 2021	2							
Recurring EBITDA Q4 2021	418	507	96	148	77	34	376	
Recurring EBITDA Q4 2022		690	84	315	66	49	711	395
One-offs Q4 2022								-2
EBITDA reported Q4 2022								393


 Reversal of one-offs increasing reported results.

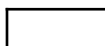
 Reversal of one-offs decreasing reported results.

<sup>1</sup> Personnel costs excluding impact of change in actuarial provision (one-off).

# Renewables - EBITDA in 2022



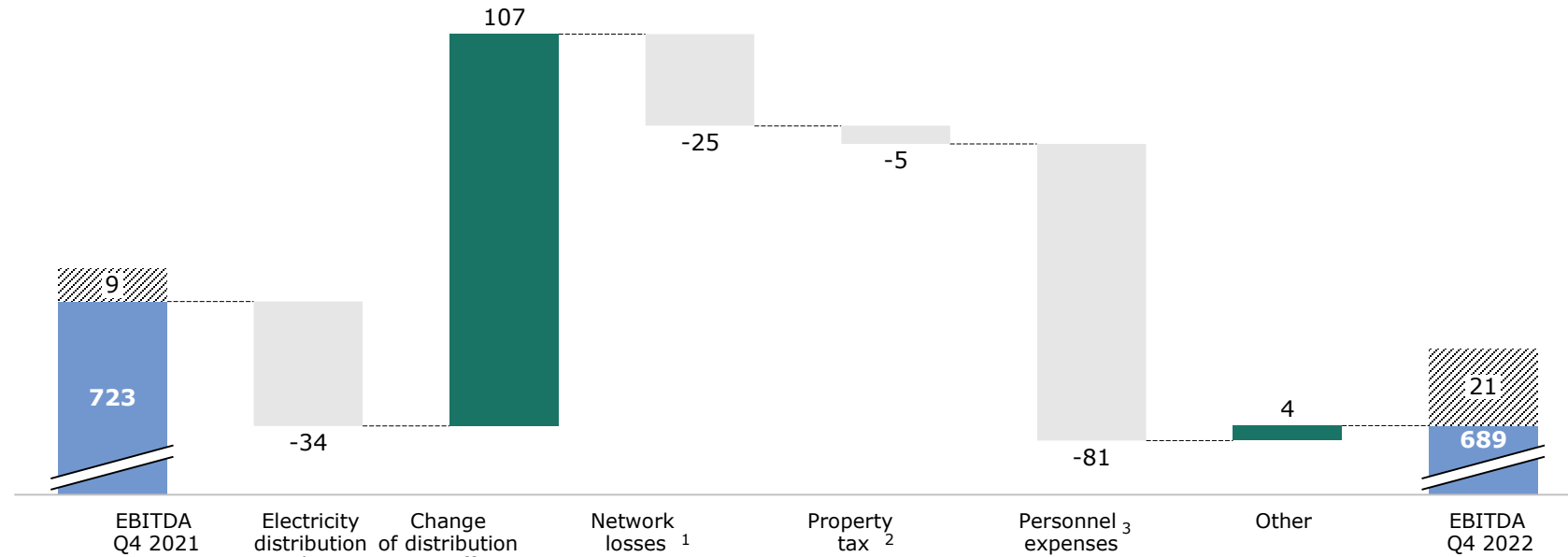
 Reversal of one-offs increasing reported results.

 Reversal of one-offs decreasing reported results.

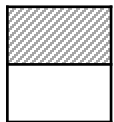
<sup>1</sup>Personnel costs excluding impact of change in actuarial provision (one-off).



# Distribution - EBITDA in Q4 2022



Change		-34	107	-25	-5	-81	4	
EBITDA reported Q4 2021	732							
One-offs Q4 2021	9							
Recurring EBITDA Q4 2021	723	1234		200	112	311	112	
Recurring EBITDA Q4 2022		1307		225	117	392	116	689
One-offs Q4 2022								21
EBITDA reported Q4 2022								710



Reversal of one-offs decreasing reported results.

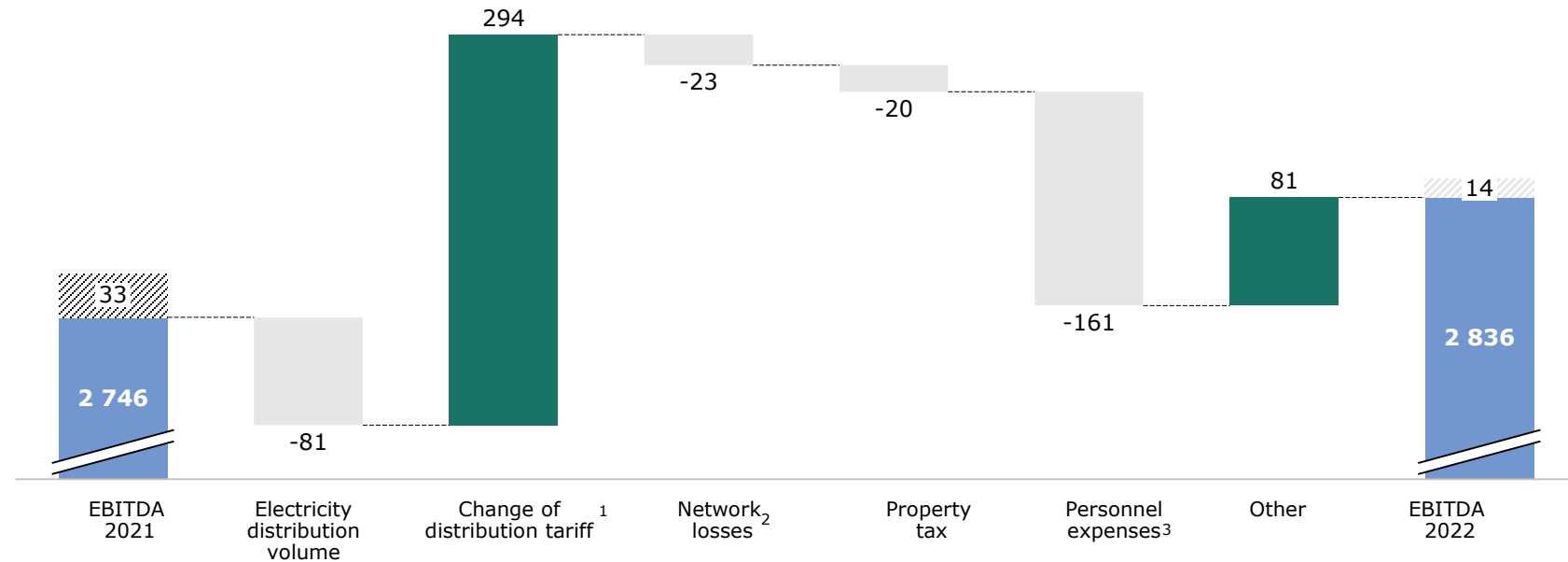
Reversal of one-offs increasing reported results.

<sup>1</sup> Excluding cost of transmission services from PSE S.A.

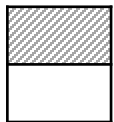
<sup>2</sup> Adjusted for revenues from the Balancing market.

<sup>3</sup> The item Personnel costs excluding impact of change in actuarial provision (one-off)

# Distribution - EBITDA in 2022



Change		-81	294	-23	-20	-161	81	
EBITDA reported 2021	2 779							
One-offs 2021	33							
Recurring EBITDA 2021	2746		4706	560	449	1242	291	
Recurring EBITDA 2022			4919	583	469	1403	372	2836
One-offs 2022								14
EBITDA reported 2022								2850



Reversal of one-offs decreasing reported results.

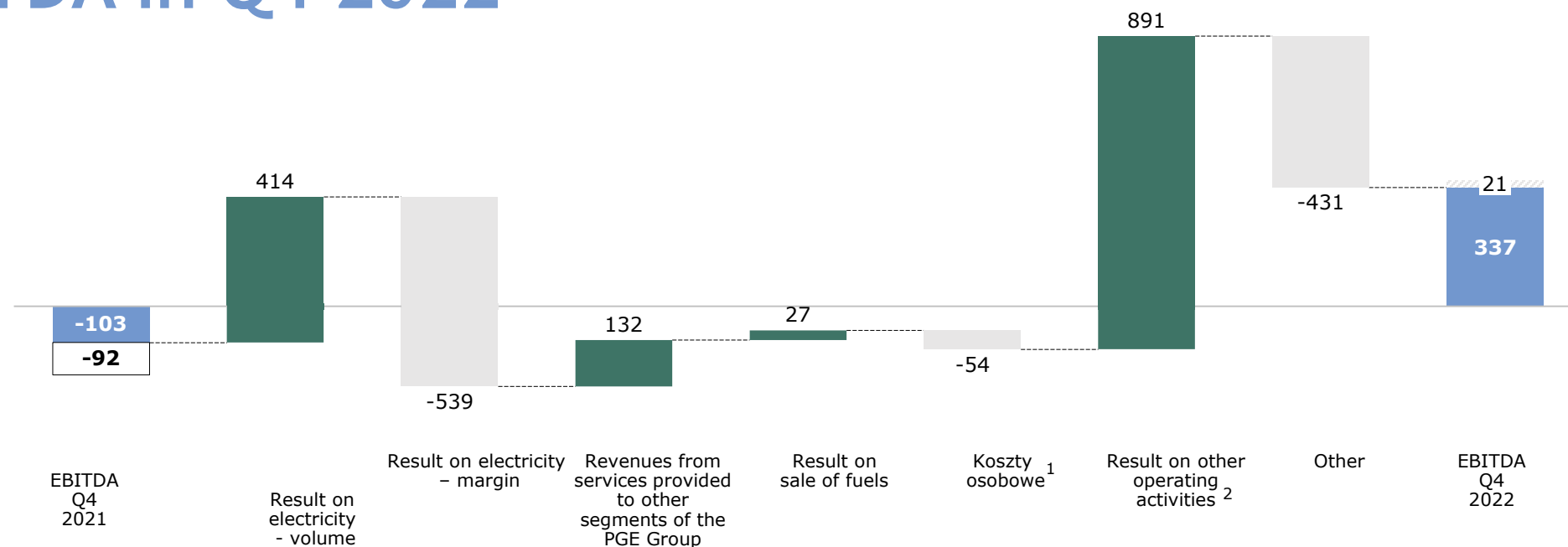
Reversal of one-offs increasing reported results.

<sup>1</sup> Excluding cost of transmission services from PSE S.A.


<sup>2</sup> Adjusted for revenues from the Balancing market.

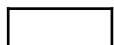
<sup>3</sup> The item Personnel costs excluding impact of change in actuarial provision (one-off)

# Supply - EBITDA in Q4 2022



Change	414	-539	132	27	-54	891	-431	
EBITDA reported Q4 2021	-195							
One-offs Q4 2021	-92							
Recurring EBITDA Q4 2021	-103	92	311	-27	91	-243	145	
Recurring EBITDA Q4 2022		-33	443	0	145	648	576	337
One-offs Q4 2022								21
EBITDA reported Q4 2022								358

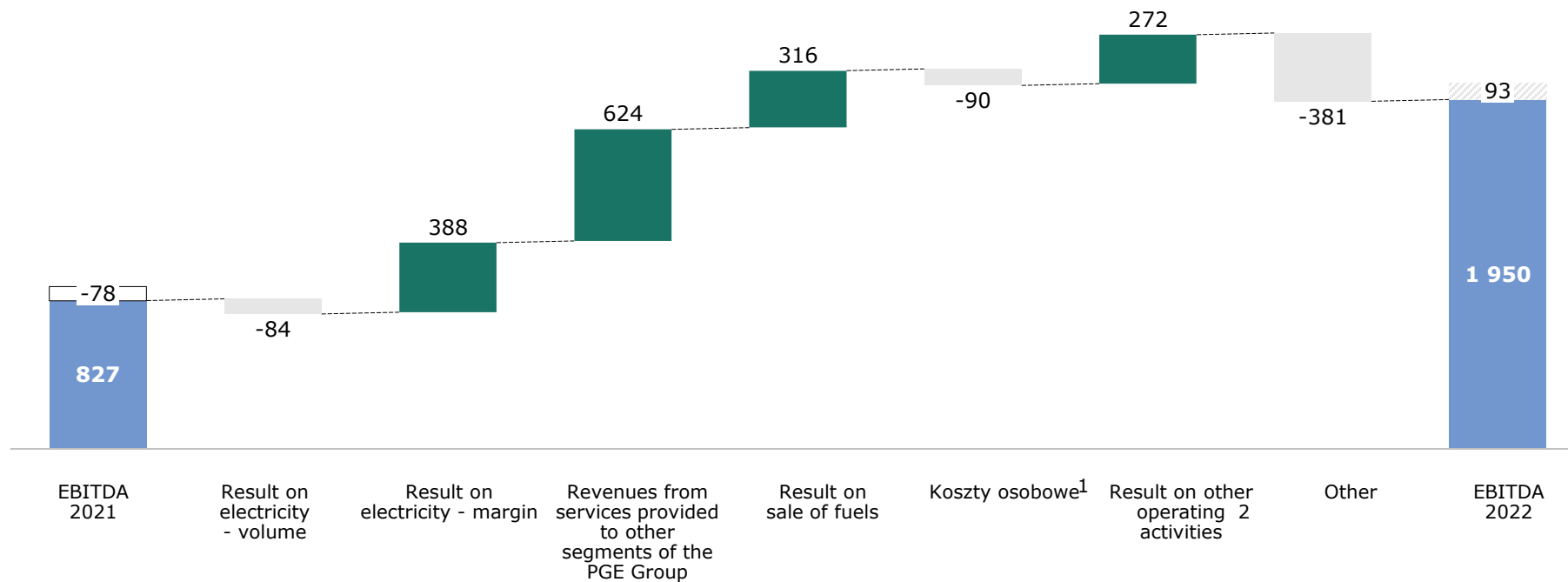
 Reversal of one-offs increasing reported results.

 Reversal of one-offs decreasing reported results.


<sup>1</sup> The item Personnel costs excluding impact of change in actuarial provision and provision for Voluntary Leave Program (one-offs).


<sup>2</sup> Without including the impact of provision for prosumers (one-off).

# Supply - EBITDA in 2022



Change	-84	388	624	316	-90	272	-381	
EBITDA reported 2021	827							
One-offs 2021	-78							
Recurring EBITDA 2021	905	924	999	-12	365	-295	346	
Recurring EBITDA 2022		1 228	1623	304	455	-23	727	1950
One-offs 2022								93
EBITDA reported 2022								2043

 Reversal of one-offs increasing reported results.

 Reversal of one-offs decreasing reported results.

<sup>1</sup> The item Personnel costs excluding impact of change in actuarial provision and provision for Voluntary Leave Program (one-offs).

<sup>2</sup> Without including the impact of provision for prosumers (one-off).

# Cash flows and debt



# Cash from operations, investments and net debt

## Consolidated Cash Flows

PLN m	Q4 2022	Q4 2021	2022	2021
Operating CF	3 080	-366	11 609	7 439
Investing CF	-2 654	-1 313	-7 296	-4 367
Financial CF	-336	149	841	-528
<b>Change of cash and equivalents</b>	<b>90</b>	<b>-1 530</b>	<b>5 154</b>	<b>2 544</b>

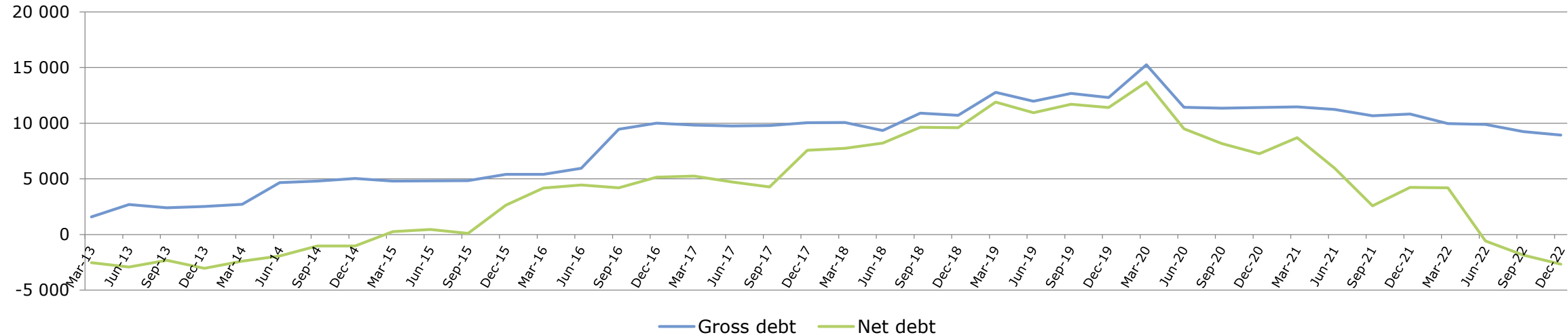
## Consolidated Balance Sheet

PLN m	EOP Q4 2022	BOP Q4 2022	Δ Q4 2022	EOP 2022	BOP 2022	Δ 2022
Cash and equivalents	11 887	11 807	80	11 887	6 733	5 154
Loans granted	0	0	0	0	77	-77
Restricted cash (adjustment)	-295	-729	434	-295	-212	-83
<b>Disposable cash of PGE Group</b>	<b>11 592</b>	<b>11 078</b>	<b>514</b>	<b>11 592</b>	<b>6 598</b>	<b>4 994</b>
Short term financial debt	-2 137	-2 236	99	-2 137	-2 160	23
Long term financial debt	-6 799	-7 005	206	-6 799	-8 666	1 867
<b>Total financial debt (gross)</b>	<b>-8 936</b>	<b>-9 241</b>	<b>305</b>	<b>-8 936</b>	<b>-10 826</b>	<b>1 890</b>
<b>Net debt</b>	<b>2 656</b>	<b>1 837</b>	<b>819</b>	<b>2 656</b>	<b>-4 228</b>	<b>6 884</b>

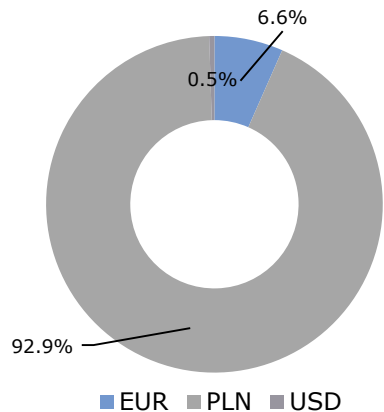
Liabilities are presented with negative sign, for the sake of consistency between balance sheet and cash flow statement

# Debt development and structure (December 31, 2022)

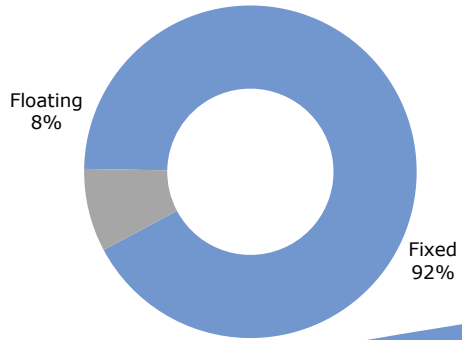
Gross debt and net debt (in PLN million)



Currency profile of drawn debt (including hedging transactions)

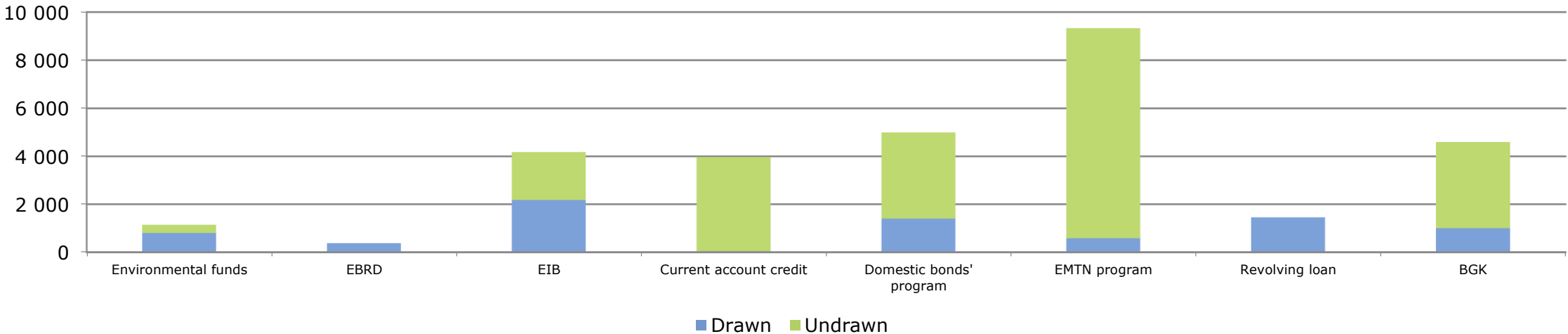


Fixed vs floating rates (drawn debt)

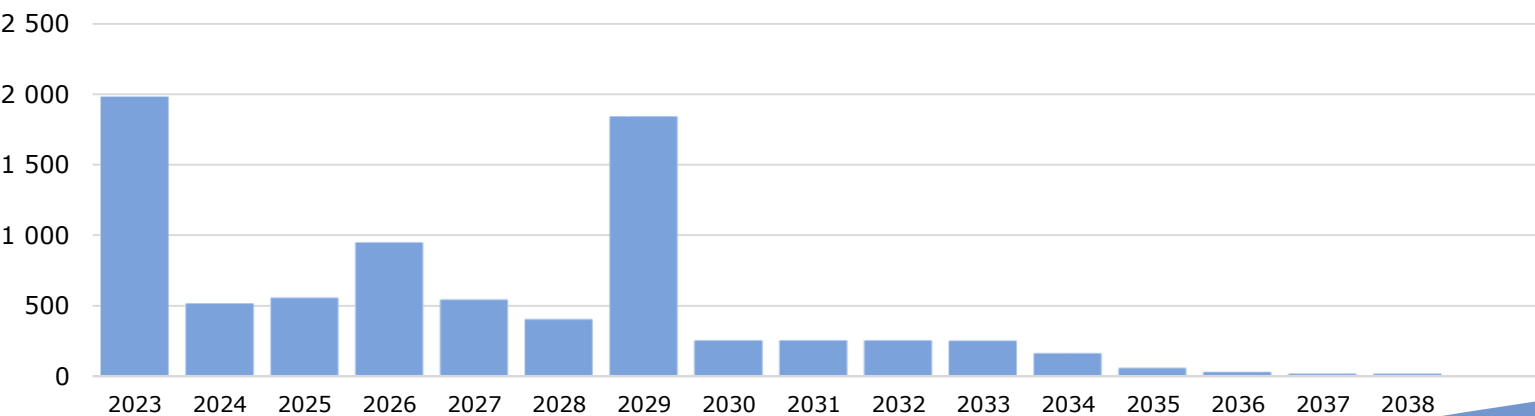


# Debt maturity and available financing

Drawn debt and availability of external financing (in PLN m) as at December 31, 2022



Debt maturity profile (PLN m) as at December 31, 2022





# PGE cash position provides...

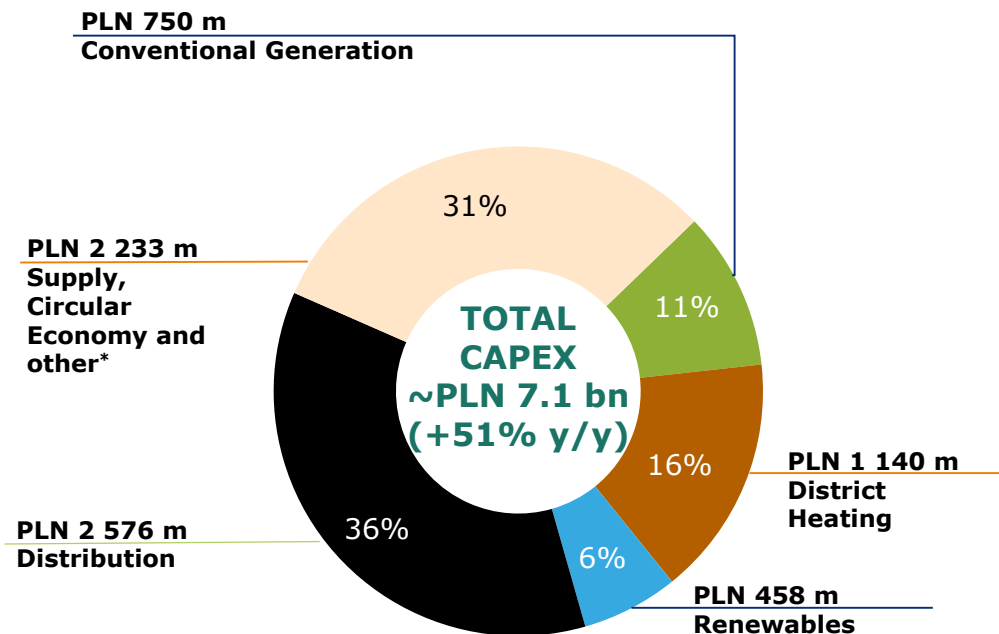
		2022	Q3 2022
... plenty of headroom in the balance sheet	Gross Debt (PLN m)	8 936	9 241
	Net debt (PLN m)	-2 656	-1 837
	Net Debt/LTM EBITDA	-0.31x	-0.18x
	Net Debt/Equity	-0.05x	-0.03x

		MOODY'S	FITCH
Financial strength has been confirmed by rating agencies	Long-term company rating (IDR)	<b>Baa1</b>	<b>BBB+</b>
	Rating outlook	<b>Stable</b>	<b>Stable</b>
	Date of rating assignment	September 2, 2009	September 2, 2009
	Date of the latest rating confirmation	<b>January 13, 2023</b>	<b>January 24, 2023</b>
	Senior unsecured rating		BBB+
	Date of the latest rating change		August 4, 2011
	Date of the latest rating confirmation		January 24, 2023
	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 2022



\* Includes construction of new units at PGE Gryfino 2050 (approx. PLN 2 mld PLN)



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

	Kluczowe projekty	CAPEX in 2022
Generation	Construction of CCGT units in PGE Gryfino	PLN 2.0 bn
	Construction of New Czechnica CHP plant	PLN 392 m
Distribution	Modernisation of distribution assets	PLN 1 407 m
	New projects in Distribution segment	PLN 1 154 m

- Low-carbon capacities - construction of new units in PGE Gryfino and New Czechnica CHP plant (jointly approx. PLN 2.4 bn)
- Distribution – expenditures amounting to PLN 1.1 bn incurred for connection of new off-takers
- District Heating – expenditures for development projects amounting to PLN 679 m

# Capital expenditures

Segment (PLN m)	Q4 2022	Q4 2021	y/y	2022	2021	y/y
Conventional Generation	350	50	600%	750	1 759	-57%
District Heating	618	236	162%	1 140	610	87%
Distribution, including:	1 361	440	209%	2 576	1 358	90%
New clients connection	490	210	133%	1 097	626	75%
Distribution grid	577	134	331%	956	359	166%
Renewables, including:	258	85	204%	458	189	142%
Modernisation and replacement	51	27	89%	105	86	22%
Supply, Circular Economy and Other Operations	682	810	-16%	2 233	862	159%
TOTAL	3 269	1 621	102%	7 157	4 778	50%
<b>TOTAL (incl. consolidation adjustments)</b>	<b>3 219</b>	<b>1 593</b>	<b>102%</b>	<b>7 053</b>	<b>4 662</b>	<b>51%</b>

A large, solid blue shape with a wavy, undulating top edge that spans the width of the image, creating a modern, abstract background.

# Operations



# Key operating data

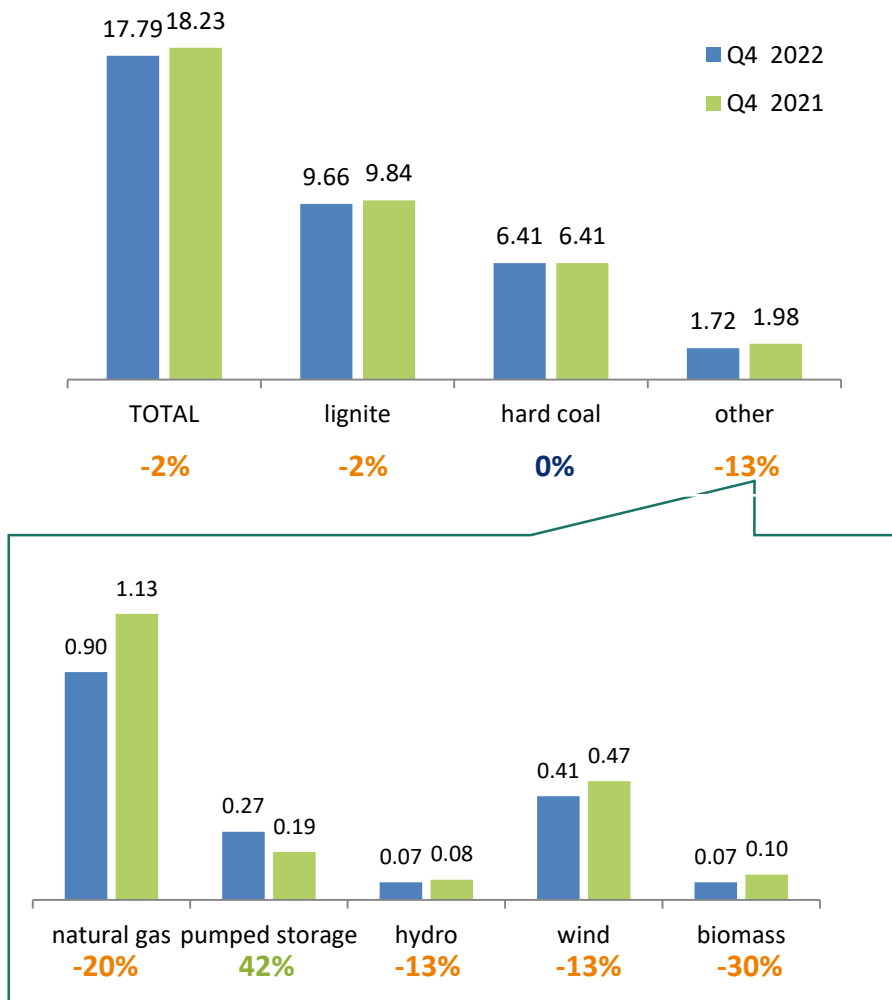
## Net generation of electricity by fuels, sales to final clients and distribution

[TWh]	Q4 2022	Q4 2021	y/y	2022	2021	y/y
<b>Net electricity generation. by fuels:</b>	<b>17.79</b>	<b>18.23</b>	<b>-2%</b>	<b>66.13</b>	<b>68.95</b>	<b>-4%</b>
Lignite	9.66	9.84	-2%	39.60	37.37	6%
incl. Turów 7 unit	0.44	0.51	-14%	2.00	1.51	32%
hard coal (including)	6.41	6.41	0%	20.55	24.34	-16%
Conventional Generation segment	5.10	4.97	3%	16.30	20.17	-19%
incl. Opole 5/6 units	2.01	1.94	4%	6.31	8.36	-25%
District Heating segment	1.31	1.44	-9%	4.25	4.17	2%
natural gas	0.90	1.13	-20%	2.79	4.22	-34%
pumped-storage plants	0.27	0.19	42%	0.95	0.69	38%
Hydro	0.07	0.08	-13%	0.39	0.45	-13%
Wind	0.41	0.47	-13%	1.57	1.45	8%
Biomass	0.07	0.10	-30%	0.25	0.39	-36%
municipal waste	0.00	0.01	-	0.03	0.04	-25%
<b>Sales of heat [PJ]</b>	<b>17.49</b>	<b>18.97</b>	<b>-8%</b>	<b>51.28</b>	<b>55.07</b>	<b>-7%</b>
incl. Conv. Gen. segment	1.14	1.20	-5%	2.56	4.48	-43%
<b>Sales of electricity to final off-takers</b>	<b>8.56</b>	<b>9.56</b>	<b>-10%</b>	<b>34.28</b>	<b>37.48</b>	<b>-9%</b>
<b>Distribution of electricity</b>	<b>9.52</b>	<b>9.80</b>	<b>-3%</b>	<b>37.07</b>	<b>37.74</b>	<b>-2%</b>
<b>Average realized wholesale price of electricity</b>						
[PLN/MWh]	Q4 2022*	Q4 2021	y/y	2022	2021	y/y
Conv. Generation segment*	560.06	289.84	93%	519.00	270.90	92%
District Heating segment*	318.07	212.47	50%	395.57	235.54	68%
<b>Total (Conv. Gen. &amp; District Heating)*</b>	<b>528.21</b>	<b>278.90</b>	<b>89%</b>	<b>505.39</b>	<b>266.66</b>	<b>90%</b>
<b>(Conv. Gen. &amp; Dist. H.) Average cost of CO2 (PLN/t CO<sub>2</sub>)</b>	<b>306.06</b>	<b>124.45</b>	<b>146%</b>	<b>296.39</b>	<b>121.75</b>	<b>143%</b>
<b>(Conv. Gen. &amp; Dist. H.) Average cost of CO2 (PLN/MWh)</b>	<b>304.38</b>	<b>130.43</b>	<b>133%</b>	<b>304.49</b>	<b>120.19</b>	<b>153%</b>

\*Price after contributions to the Price Difference Payment Fund

# Generation volume by fuel - Q4 2022 y/y

TWh



↓ **National Power System (y/y): Lower demand for electricity.** Domestic energy consumption lower by 1.3 TWh y/y (-2.8% y/y). Net electricity export 0.2TWh (change of balance of foreign exchange 1.3TWh) → **lower generation by 2.6 TWh y/y (-5.4% y/y).** Increase in generation of PVs and hydro.

## PGE:

↓ **Lignite:** Decline in production -2% y/y due to lower demand for electricity.

↔ **Hard coal:** flat generation y/y on improving coal availability.

↓ **Natural gas:** significantly lower cogeneration volumes in CHP Lublin Wrotków and CHP Rzeszów due to surging gas prices.

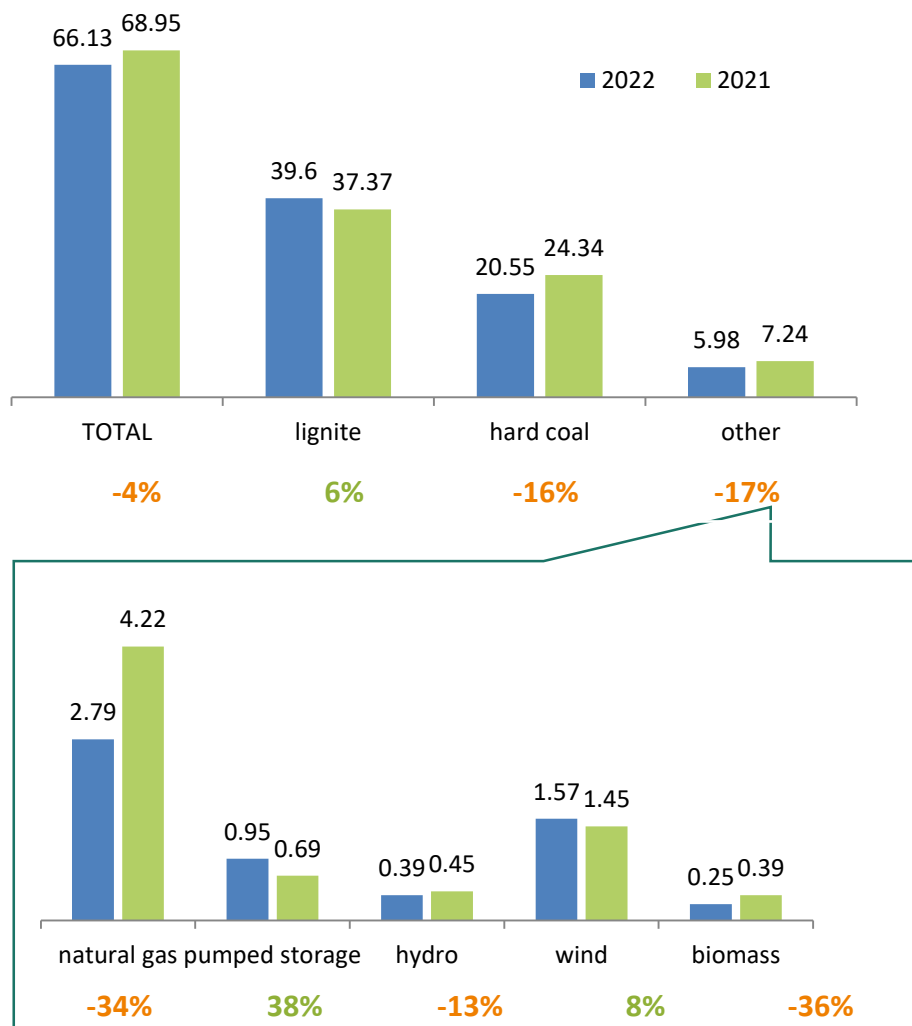
↓ **Wind:** weaker wind conditions.

↓ **Hydro:** reconstruction of Dębe power plant

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

# Generation volume by fuel - 2022 y/y

## TWh



In 2022 and 2021 volume of 0.03 TWh and 0.04 TWh respectively was generated from municipal waste (not presented on the bar chart)

### Conventional Generation

**Generation volume:** Decline in production by 3% y/y due to lower load factor of hard coal power plants. Increase in production of lignite power plants.

**Lignite:** higher generation in ELT by 0.8 TWh y/y and ELB by 1.4 TWh y/y due to lower generation on hard coal.

**Hard coal:** significant decline in production y/y due to lower coal availability and maintenance shutdowns (including Opole power plant, approx. -2.2TWh).

### District Heating

**Decline in generation** by 16% y/y on significant decrease in production in gas CHP plants.

**Natural gas:** production decline by (-34% y/y) because of dynamic growth of gas prices by PLN 38.0/GJ and breakdown of CHP Lublin Wrocław.

**Heat:** Decline in heat sales by 3.8 PJ due to higher average daily temperatures in heating season.

### RES

**Wind:** Production higher due to good wind conditions in H1 2022 and impact of new capacities. Load factor at 26.0% against 25.7% in 2021.

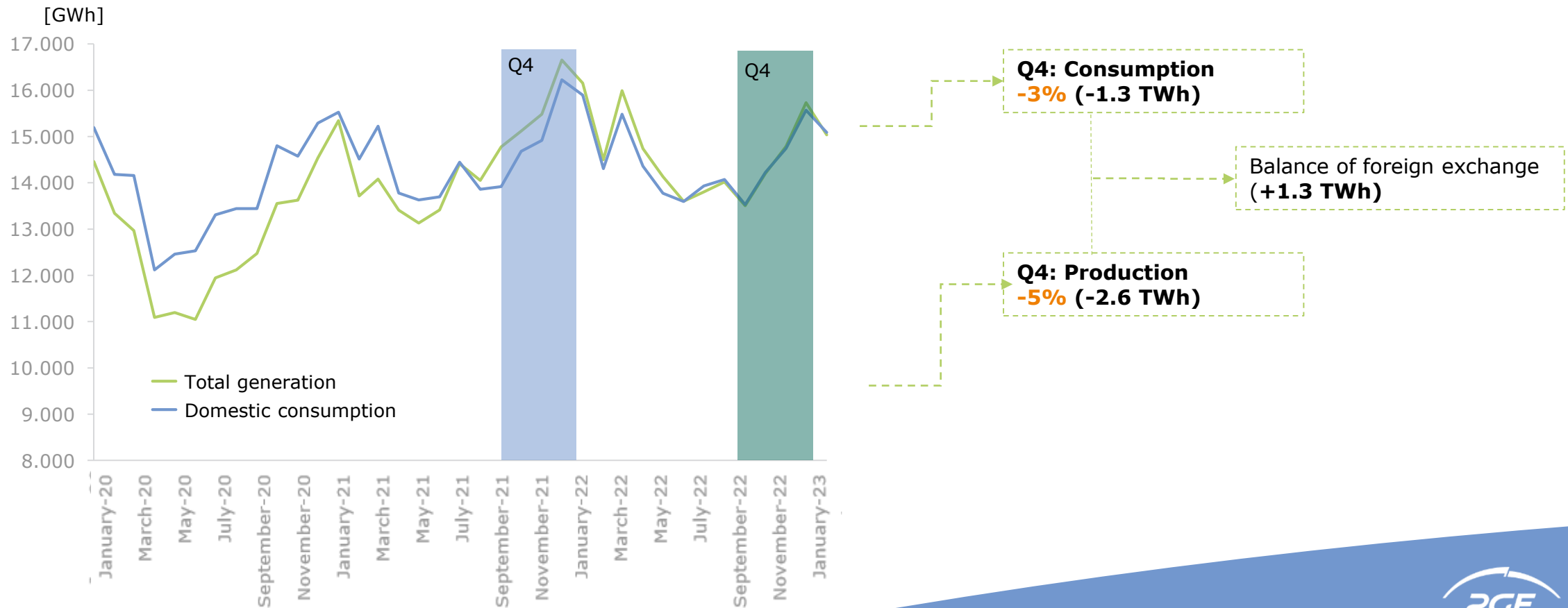
**Hydro:** weaker hydrologic conditions, reconstruction of Dębe power plant.



# Electricity market - balance of energy

## Reversal of upward trend in demand. Balanced foreign electricity exchange.

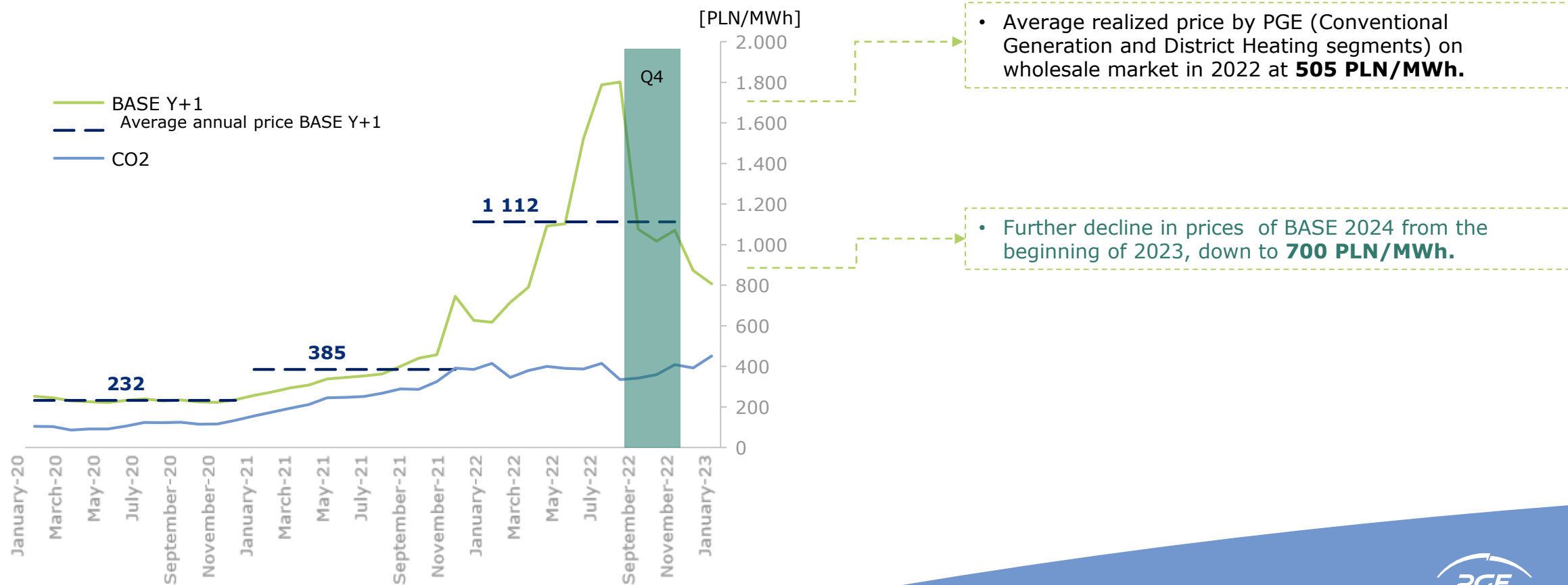
Domestic consumption and production of electricity



# Electricity market - price

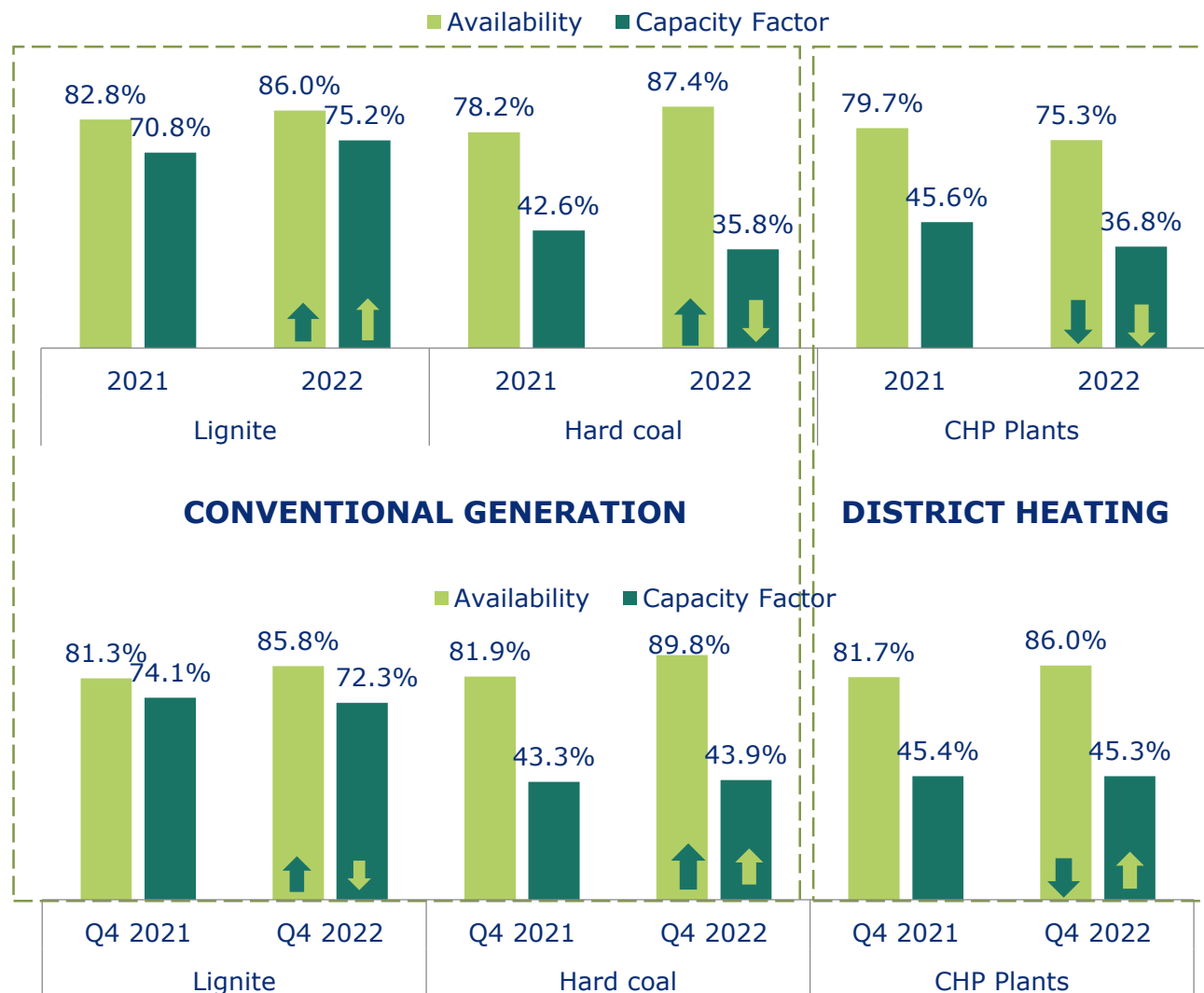
## Decline in fuel prices reflected in electricity prices

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



# Generation assets - conventional

## Higher load of lignite power plants in 2022



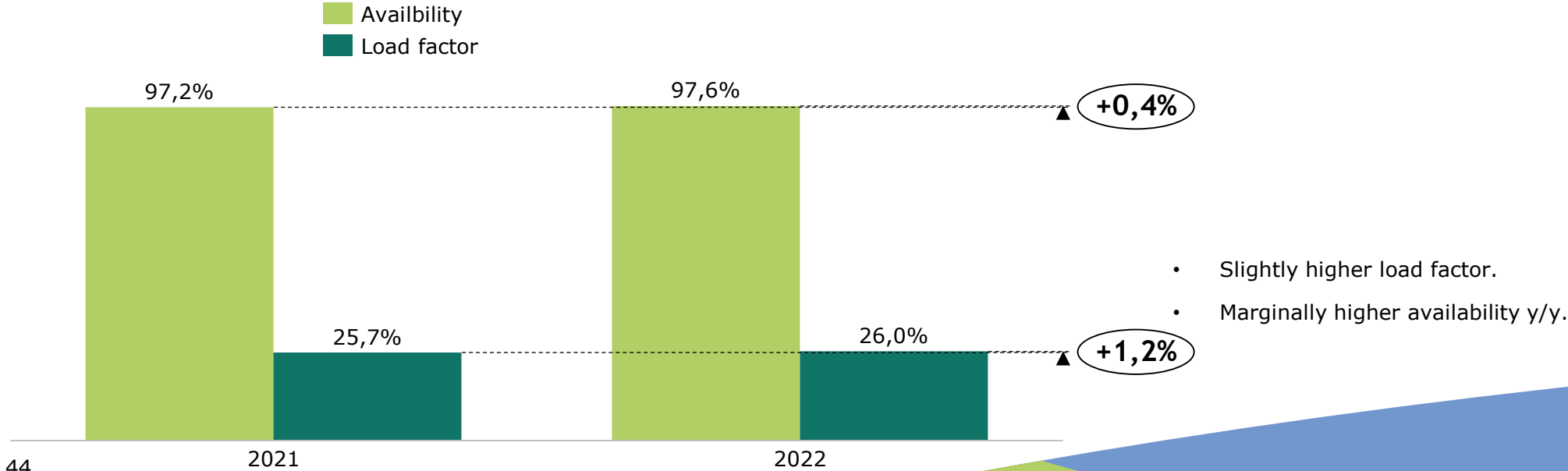
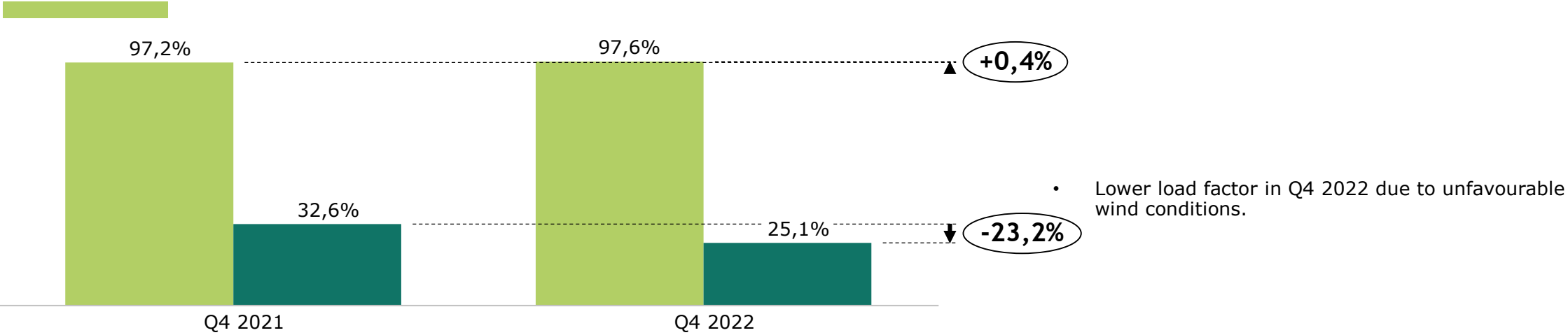
### 2022:

- Higher load factor of lignite power plants due to lower generation of hard coal power plants.
- Lower load factor of hard coal power plants due to limited coal availability and rising coal prices.
- Lower utilisation of CHP plants (lower generation of gas CHP's and higher generation of coal CHP's) due to surging gas prices, breakdown of CHP Lublin and higher outdoor temperatures.

### Q4 2022:

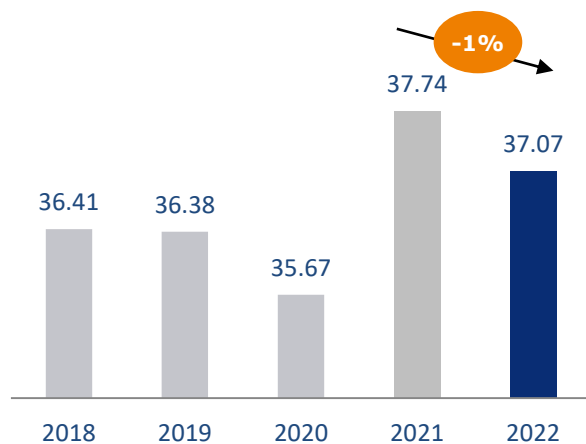
- Lower load factor of lignite power plants due to lower demand from Polish electricity system.
- Higher load factor of hard coal power plants, as there were no problems with coal availability.
- Comparable utilization of CHP's.

# Generation assets - wind farms

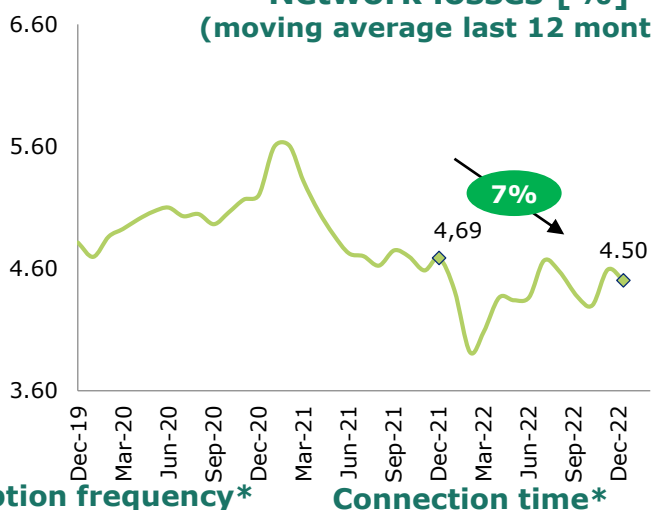


# Distribution assets

Volume of distributed electricity  
(TWh)

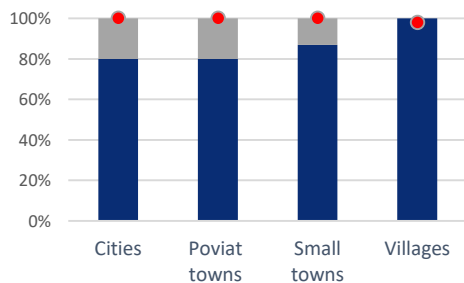


Network losses [%]  
(moving average last 12 months)

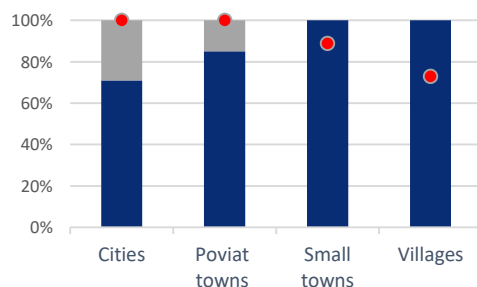


- Declining distribution volumes
- Lower level of network losses at the end of 2022.

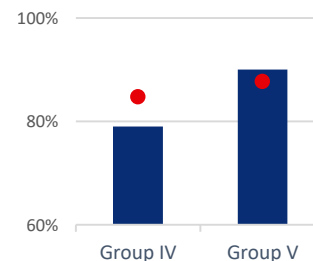
Interruption duration\*



Interruption frequency\*



Connection time\*



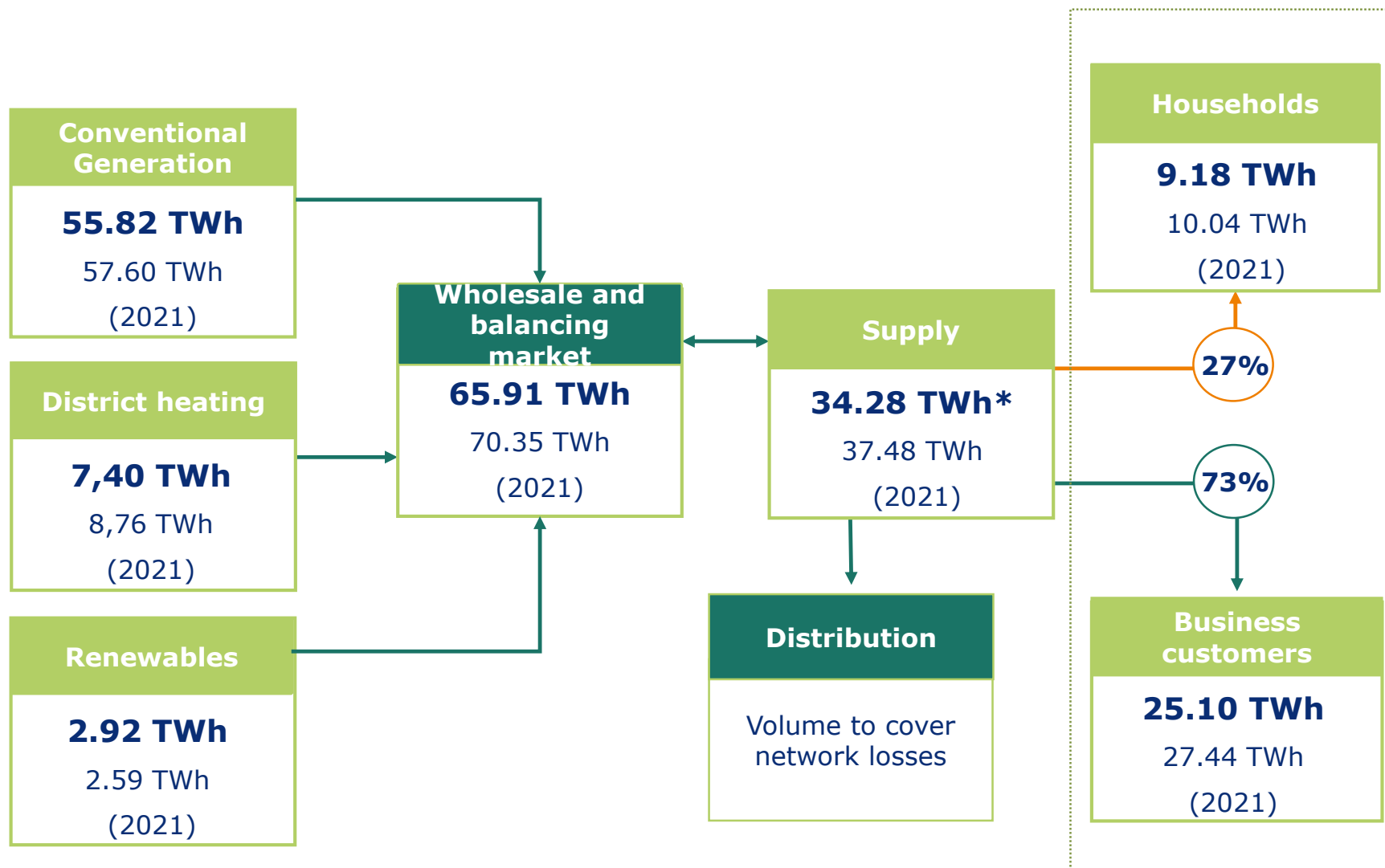
- Some qualitative indicators of Interruption frequency and frequency time do not meet indicated KPI's due to unfavourable weather conditions.
- Benchmark of connection time in Group V below the threshold.

\*Indicators relevant to qualitative KPI's of ERO

• indicated KPI of ERO

# 2022 Output and sales of electricity

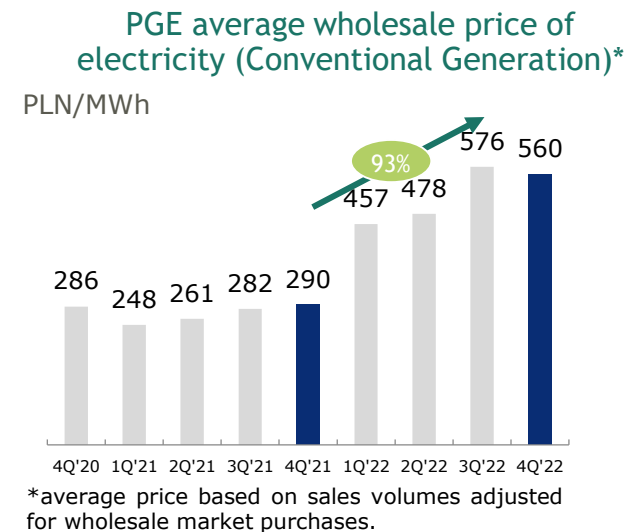
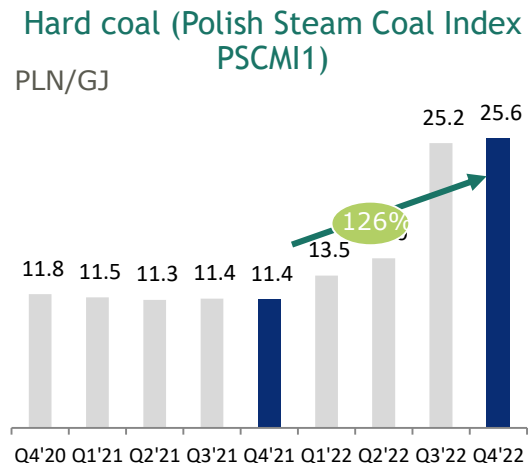
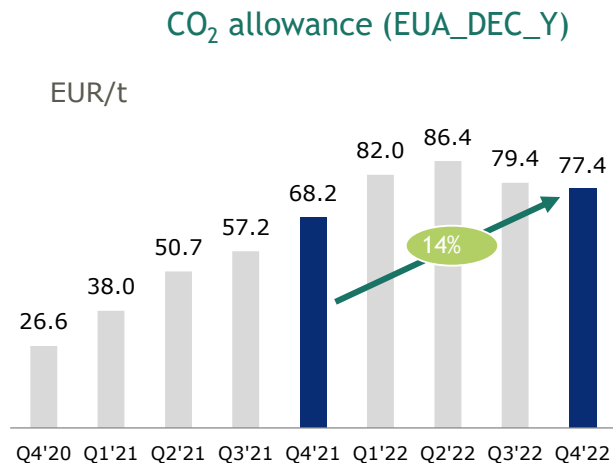
Illustrative



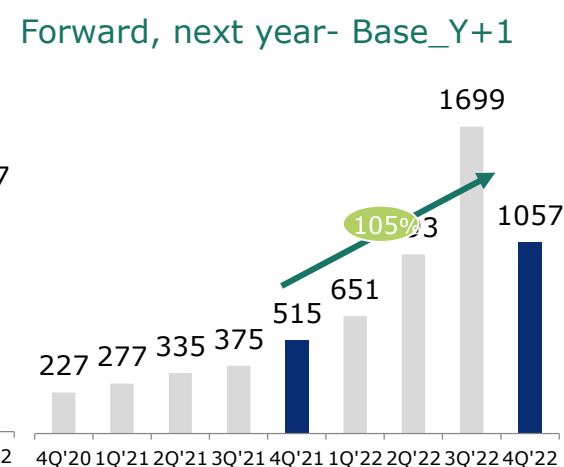
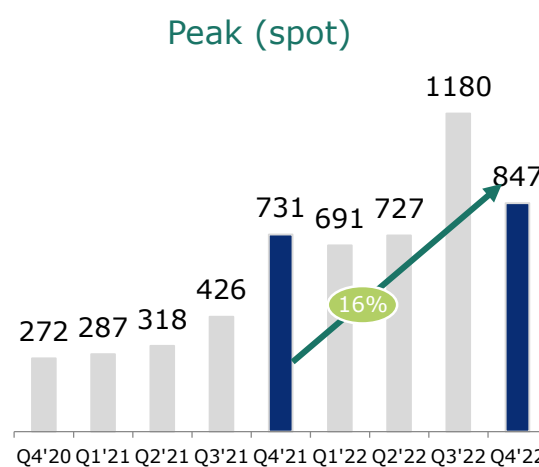
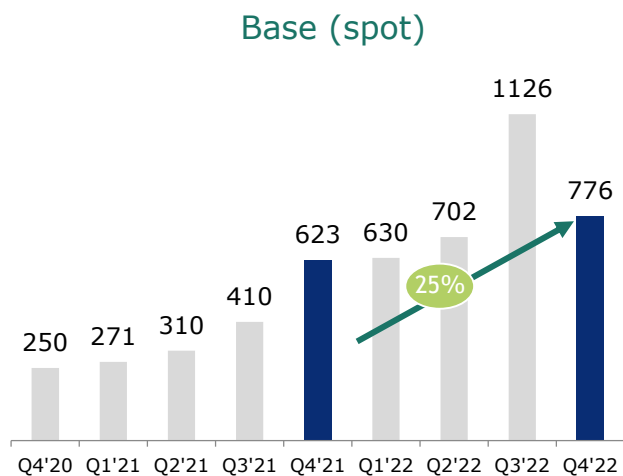
\* Sales after intragroup exemptions. Some business flows incl. Balancing market, international trade, purchases from power exchange and own consumption are not shown.

Source: PGE

# Increasing prices at power exchange y/y



## Average quarterly TGE Electricity Prices (PLN/MWh)



# Invitation for webcast

On behalf of

**Wojciech Dąbrowski**

President & CEO

and

**Lechosław Rojewski**

Vice-President for Finance & CFO

we kindly invite you to a webcast of the presentation of

**PGE Q4 2022 results**

which will be held on

**Wednesday, March 22, 2023**

**at 10:00 AM(CET)**

Transmission will be available on

<https://infostrefa.tv/pge/>

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

[ir@gkpge.pl](mailto:ir@gkpge.pl) during or before the webcast

and via questionnaire available on the webcast page.



# Sell-side analysts covering PGE

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

# Disclaimer

This presentation has been prepared by the management of PGE Polska Grupa Energetyczna S.A. (the "Company" or "PGE") and other entities. This presentation does not constitute or form part of and should not be constructed as, an offer to sell, or the solicitation or invitation of any offer to buy or subscribe for, securities of Company, any of its subsidiaries in any jurisdiction. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investments decision whatsoever.

We operate in an industry for which it is difficult to obtain precise industry and market information. Market data and certain economics and industry data and forecasts used, and statements made herein regarding our position in the industry were estimated or derived based upon assumptions we deem reasonable and from our own research, surveys or studies conducted at our request for us by third parties or derived from publicly available sources, industry or general publications such as newspapers.

This presentation and any materials distributed in connection with this presentation are not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

This presentation includes "forward-looking statements". These statements contain the words "anticipate", "believe", "intend", "estimate", "expect" and words of similar meaning. All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Company's products and services) are forward-looking statements.

# Investor Relations contacts



**Filip Osadczuk**

IR and ESG Director

[filip.osadczuk@gkpge.pl](mailto:filip.osadczuk@gkpge.pl)

Tel: (+48 22) 340 12 24

Mob: +48 695 501 370



**Krzysztof Dragan**

[krzysztof.dragan@gkpge.pl](mailto:krzysztof.dragan@gkpge.pl)

Tel: (+48 22) 340 15 13

Mob: +48 601 334 290



**Stanisław Ozga**  
**CFA**

[stanislaw.ozga@gkpge.pl](mailto:stanislaw.ozga@gkpge.pl)

Tel: (+48 22) 340 12 69

Mob: +48 887 171 324

Thank you

