

Q1 2023 Preliminary Results

INVESTOR PRESENTATION

May 12, 2023



Leading in the green transition

Disclaimer: estimated data

The Management Board of PGE Polska Grupa Energetyczna (the “Company” or “PGE”) emphasize that figures presented hereby are preliminary estimates, which may change. The financial statements of PGE Group are still in the preparation process. Consolidated report for Q1 2023 will be released on May 23, 2023.

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Estimated operating volumes and sales data

[TWh]	Q1 2023	Q1 2022	y/y
Net electricity generation, by fuels:	15.72	17.32	-9%
Lignite	8.17	10.32	-21%
<i>incl. Turów 7 unit</i>	0.56	0.59	-5%
hard coal (including)	4.93	4.87	1%
Conventional Generation segment	3.43	3.31	4%
<i>incl. Opole 5/6 units</i>	1.36	1.11	23%
District Heating segment	1.50	1.56	-4%
natural gas	1.48	1.12	32%
pumped-storage plants	0.29	0.22	32%
Hydro	0.16	0.14	14%
Wind	0.57	0.55	4%
Biomass	0.12	0.09	33%
municipal waste	0.00	0.01	-100%
Sales of heat [PJ]	20.22	21.28	-5%
<i>incl. Conv. Gen. segment</i>	0.87	0.93	-6%
Sales of electricity to final off-takers	8.87	9.10	-3%
Distribution of electricity	9.47	9.79	-3%
Average realized wholesale price of electricity			
[PLN/MWh]	Q1 2023	Q1 2022	y/y
Conv. Generation segment*	767.50	457.00	68%
District Heating segment*	785.83	370.19	112%
Total (Conv. Gen. & District Heating)*	771.56	443.37	74%
(Conv. Gen. & Dist. H.) Average cost of CO2 (PLN/t CO₂)	430.49	278.03	55%
Conv. Gen. & Dist. H.) Average cost of CO2 (PLN/MWh)	406.62	274.53	48%

*Price after contributions to the Price Difference Payment Fund

4 Estimated key financial data

[PLN bn]	Q1 2023	Q1 2022	y/y
EBITDA recurring PGE Group, including:	3.35	2.60	29%
Conventional Generation	0.91	0.44	107%
District Heating	0.92	0.20	360%
Renewables	0.44	0.50	-12%
Distribution*	1.27	0.80	59%
Supply*	-0.34	0.50	-
Circular Economy	0.01	0.02	-50%
Other + consolidation adjustments	0.14	0.15	-7%
One-off items, including:	0.08	0.02	300%
Provision for prosumers	0.00	0.02	-
Correction of estimated contribution to the Price Difference Payment Fund for 2022**	0.08	0.00	-
EBITDA reported	3.43	2.62	31%

*results include non-cash effect of cost of estimated energy balance, which in Q1 2023 increased results of Distribution segment by approx. PLN 570m and at the same time decreased results of Supply segment by PLN 570 m.

**Value of the contribution to the Price Difference Payment Fund in Q1 2023 amounted to PLN 2.32bn (without taking into account correction of estimated contribution for 2022).

Estimated net profit, CAPEX and net debt

[PLN bn]	Q1 2023	Q1 2022	y/y
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Consolidated net result to equity	1.72	1.02	69%
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CAPEX*	1.53	0.90	70%
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[PLN bn]	31.03.2023	31.12.2022	q/q	31.03.2023	31.03.2022	y/y
Net economic financial debt**	13.77	14.37	-0.60	13.77	11.78	1.99
Net debt	5.94	-2.66	8.60	5.94	4.19	1.75

* Capital expenditures and increases in Right-of-Use Assets

** Estimated net economic financial debt (real value of net debt, adjusted by forward payments for CO2)

6 Drivers of periodic results

Key factors that influenced recurring y/y results dynamics:

Q1 2023

EBITDA recurring higher by approx. 29% y/y

- + Higher revenues from sale of electricity in Conventional Generation and District Heating (higher electricity price by approx. PLN 489/MWh y/y without taking into account contributions to the Price Difference Payment Fund), outweighs lower production volume by 1.7 TWh y/y, approx. PLN 6.45 bn
 - + Higher revenues from heat sales, mainly as effect of higher price, approx. PLN 0.70 bn
 - + Higher revenues from distribution services mainly as a result of higher 2023 tariffs (mainly due to higher price of energy for balancing difference coverage, which is transferred in tariffs), approx. PLN 0.70 bn
 - + Higher revenues from ancillary services and capacity market by approx. PLN 0.60 bn
 - Higher cost of production fuels by approx. PLN 2.35 bn mainly due to increase in hard coal and gas prices
 - Contributions to the Price Difference Payment Fund, approx. PLN 2.32 bn
 - CO2 emission cost higher by approx. PLN 1.70 bn, mainly as a result of higher CO2 price by approx. PLN 152/tonne.
 - Cost of energy for balancing difference coverage in Distribution (adjusted by non-cash cost of estimated energy balance settled between Distribution and Supply segments), higher by approx. PLN 0.65 bn
 - Result on sales of electricity in Supply segment (adjusted by non-cash cost of estimated energy balance settled between Distribution and Supply segments), lower by approx. PLN 0.45 bn
 - Personnel cost higher by approx. PLN 0.25 bn
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Thank you

