MANAGEMENT BOARD'S REPORT

on activities of PGE Capital Group for the 6-month period

ended June 30, 2025

Polska Grupa Energetyczna

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KEY FINANCIAL DATA

Key financial data	Unit	H1 2025	H1 2024	% change
Sales revenues	PLN m	30 971	31 294	-1%
EBIT reported	PLN m	-3 522	2 859	-
EBIT recurring	PLN m	5 532	2 658	108%
EBITDA reported	PLN m	7 646	5 140	49%
Reported EBITDA margin	%	25	16	
EBITDA recurring	PLN m	7 603	4 837	57%
Recurring EBITDA margin	%	25	15	
Net profit	PLN m	-7 123	2 089	-
Capital expenditures	PLN m	4 914	4 645	6%
Net cash from operating activities	PLN m	12 133	6 105	99%
Net cash from investing activities	PLN m	-4 200	-4 702	-11%
Net cash from financial activities	PLN m	1 834	-3 786	-

Key financial data	Unit	June 30, 2025	December 31, 2024	% change
Working capital	PLN m	-2 099	-7 024	-70%
Net debt	**PLN m**	**-992[1]**	**9 531[2]**	**-**
Net debt /LTM reported EBITDA[3]	x	-0.07	0.78[2]	
Net debt /LTM recurring EBITDA[3]	x	-0.07	0.88[2]	

One-offs affecting EBITDA	Unit	H1 2025	H1 2024	% change
Release of provision for one-time benefit related to NABE (National Agency for Energy Security) carve-out	PLN m	187	0	-
Adjustment of compensations for electricity for previous period	PLN m	65	0	-
LTC compensations	PLN m	25	-7	-
Change of actuarial provision	PLN m	-20	32	-
Correction of contribution to Price Difference Payment Fund for the previous period	PLN m	-23	0	-
Change of reclamation provision	PLN m	-79	392	-
Write-down of strategic inventories	PLN m	-112	0	-
Write-down of receivables from PKP Cargo S.A.	PLN m	0	-114	-
Total	**PLN m**	**43**	**303**	**-86%**

[1] Estimated level of economic financial net debt (taking into account future payments for CO_2 emission rights) amounts to PLN 14 650 m.
[2] Net debt and covenants for December 31,a 2024 were adjusted to calculation method in line with bank covenants (in scope of leasing - IAS 16); initially at December 31, 2024 the value of net debt was presented at PLN 11 045 m.
[3] LTM EBITDA – Last Twelve Months EBITDA.

1. PGE Capital Group - organisation

1.1. Characteristics of activities

Capital Group of PGE Polska Grupa Energetyczna S.A. ("PGE Capital Group", the "Capital Group", "PGE Group", the "Group") is the largest vertically integrated producer of electricity and heat in Poland. By combining own raw material base, electricity generation and distribution network, PGE Group provides a safe and reliable supply of electricity to households, businesses and institutions.

The parent company of PGE Capital Group is PGE Polska Grupa Energetyczna S.A. (also "PGE S.A.", "PGE", the "Company"). PGE Group organizes its activities in eight operating segments:

RENEWABLES

The core business of the segment includes electricity generation from renewable sources and in pumped-storage power plants. In addition, the segment's structures include companies that build electricity storage facilities.

GAS-FIRED GENERATION

The core business of the segment includes electricity generation from gas-fired sources.

COAL ENERGY[1]

Core business of the segment includes extraction of lignite, production of electricity and heat from conventional sources.

DISTRICT HEATING

The core business of the segment includes production of electricity and heat in cogeneration sources as well as transmission and distribution of heat.

DISTRIBUTION

The core business of the segment includes supply of electricity to final off-takers through the grid and HV, MV and LV infrastructure.

RAILWAY ENERGY SERVICES

The segment's main activities are the distribution and sale of electricity to railway operators and customers functioning within the railway system, the sale of fuels, as well as the maintenance and modernisation of overhead contact line network, together with other auxiliary services.

[1] *In the current reporting period the Company has made a presentation adjustment – from the second quarter of 2025 Conventional Generation segment is presented under new name Coal Energy segment. The adjustment reflects the actual function of the segment and the name adopted in the document Strategy of PGE Capital Group until 2035 of June 12, 2025. Composition and core activities of the segment remain unchanged.*

SUPPLY

The core business of the segment includes wholesale trading of electricity on domestic and international market, sale of electricity to final off-takers, trading of CO_2 allowances, energy certificates and fuels and provision of services of the Corporate Centre to companies from the PGE Group.

OTHER OPERATIONS

Other operations include provision of services, through the subsidiaries, to PGE Capital Group, which include organisation of capital raising in form of Eurobonds (PGE Sweden), provision of IT services and investing in start-ups. Additionally, within the segment there are part of project companies of the Group.

From 2025, the Circular Economy segment, which was reported separately until the end of 2024, is included in the Other Operations segment. The scope of activity of companies in this area is to provide comprehensive services in the field of management of Combustion By-Products (UPS), to provide services in auxiliary areas for electricity and heat producers and to supply materials based on UPS.

1.2. Organisational structure

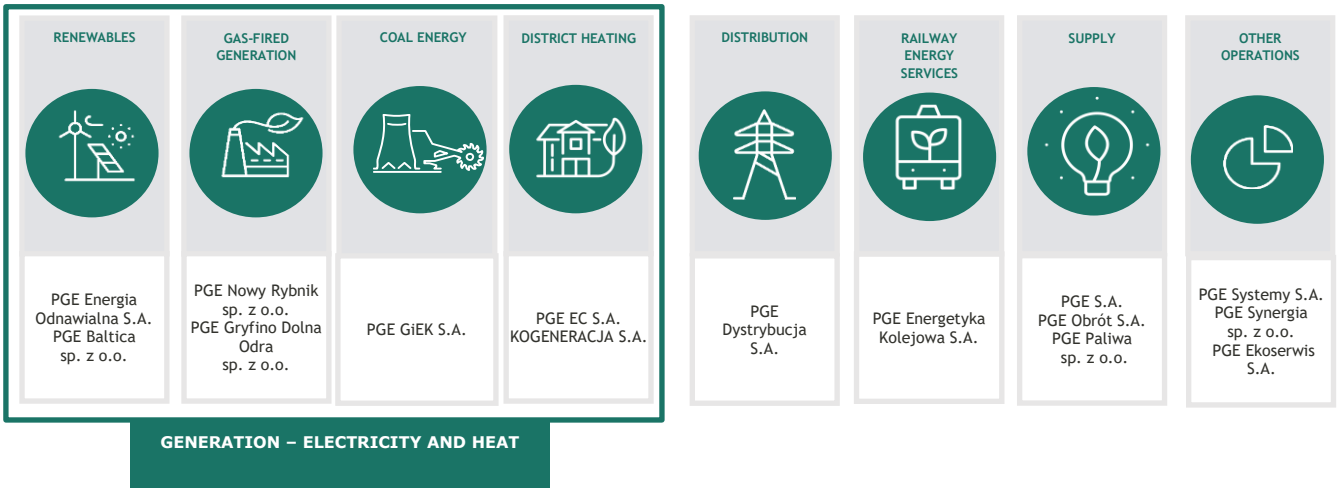
PGE Capital Group as at June 30, 2025 consisted of:

- PGE S.A. - the parent company,
- 71 subsidiaries subject to full consolidation,
- 2 joint operations,
- 6 associates and joint subsidiaries.

All of PGE Group's companies are organised in 8 operating segments.

The following diagram illustrates the Group's structure. A full composition of PGE Group, divided into segments as well as directly and indirectly consolidated subsidiaries, is presented in note 1.3 to the condensed interim consolidated financial statements.

Chart: Structure of PGE Capital Group[2]



[2] *Simplified structure – includes key entities.*

1.3. Significant changes in the organisation of the Capital Group

Significant changes which occurred in the PGE Capital Group's structure in the period from January 1, 2025 until the signing date of this report, are presented in note 1.3 to condensed interim consolidated financial statements and described below.

SETTING UP OF COMPANIES

Segment	Established companies	Date of transaction/ registration in the National Court Register	Comment
	PGE Inwest 28 sp. z o.o., PGE Inwest 29 sp. z o.o., PGE Inwest 30 sp. z o.o., PGE Inwest 31 sp. z o.o.	May 26-27, 2025 / May 28-29, 2025	On 26-27 May 2025, PGE S.A. established four single-member limited liability companies. The share capital of each company amounts to PLN 300 000. The companies were registered in the National Court Register.

MERGERS

Segment	Acquiring company /acquired company	Date of transaction/ registration in the National Court Register (NCR)	Comment
	PGE Energia Odnawialna S.A./ Mithra D sp. z o.o., Mithra F sp. z o.o., Mithra G sp. z o.o., Mithra H sp. z o.o., Mithra I sp. z o.o., Mithra K sp. z o.o., Mithra M sp. z o.o., Mithra N sp. z o.o., Mithra O sp. z o.o., Mithra P sp. z o.o.,	April 15, 2025/ May 5, 2025 (merger date)	On April 15, 2025, the Extraordinary General Meeting of PGE Energia Odnawialna S.A. and the Extraordinary Meetings of Shareholders of the acquired companies adopted resolutions on the merger of the companies by way of acquisition, through the transfer of all assets of the acquired companies to the acquiring company without the issue of new shares in the acquiring company in exchange for the shares of the acquired companies, and on the dissolution of the acquired companies without undergoing liquidation. PGE Energia Odnawialna S.A. was the sole shareholder of the acquired companies.

LIQUIDATION OF COMPANIES

Segment	Company in liquidation	Date of transaction/ registration in the National Court Register	Comment
-	PGE Trading GmbH in liquidation with seat in Berlin	March 1, 2021 / As of June 30, 2025, the company has not been removed from the commercial register	On March 1, 2021 the Extraordinary Assembly of Partners of PGE Trading in liquidation, in which PGE holds 100% of the share capital, adopted resolution on dissolution of the company and appointment of a liquidator to carry out liquidation activities. The liquidation process of the company is currently underway.
-	Railen GmbH in liquidation with seat in Berlin	January 31, 2023 / As of June 30, 2025, the company has not been removed from the commercial register	On January 26, 2023 the Extraordinary Assembly of Partners of Railen GmbH in liquidation, in which PGE Energetyka Kolejowa Holding sp. z o.o. holds 100% of the share capital, adopted resolution, effective January 31, 2023, resolution on dissolution of the company and appointment of a liquidator to carry out liquidation activities. On December 10, 2024, the liquidator submitted an application to open bankruptcy proceedings for the company due to its insolvency. On December 19, 2024, the Bankruptcy Court decided to appoint an expert to confirm the existence of grounds for initiating the company's bankruptcy proceedings. On May 14, 2025, an expert prepared an opinion on the company's financial and legal situation. The opinion concluded that it was justified to open bankruptcy proceedings against the company. By decision of 15 May 2025, the bankruptcy court opened bankruptcy proceedings against the company's assets as a debtor and appointed a bankruptcy trustee. The liquidation process of the company is currently underway.

Segment	Company in liquidation	Date of transaction/ registration in the National Court Register	Comment
	Energetyka Kolejowa Obrót sp. z o.o. in liquidation with seat in Warsaw	June 2, 2025 / As of June 30, 2025, the company has not been removed from the commercial register	On June 2, 2025 the Extraordinary Assembly of Partners of Energetyka Kolejowa Obrót sp. z o.o. in liquidation, in which PGE Energetyka Kolejowa Holding sp. z o.o. holds 100% of the share capital, adopted resolution on dissolution of the company and appointment of a liquidator to carry out liquidation activities. The liquidation process of the company is currently underway.
-	Remton Investments sp. z o.o. in liquidation with seat in Warsaw	June 2, 2025 / As of June 30, 2025, the company has not been removed from the commercial register	On June 2, 2025 the Extraordinary Assembly of Partners of Remton Investments sp. z o.o. in liquidation, in which PGE Energetyka Kolejowa Holding sp. z o.o. holds 100% of the share capital, adopted resolution on dissolution of the company and appointment of a liquidator to carry out liquidation activities. The liquidation process of the company is currently underway.

RESTRUCTURING OF THE COMPANIES

Segment	Company in liquidation	Date of transaction/ registration in the National Court Register	Comment
	ENESTA sp. z o.o. in restructuring with seat in Stalowa Wola	June 21, 2022 / No completion of restructuring proceedings as at June 30, 2025	On June 21, 2022, the District Court in Rzeszów, 5th Commercial Division, opened restructuring (recovery) proceedings of the company ENESTA sp. z o.o. in restructuring and appointed an Administrator as part of these restructuring proceedings. The restructuring process of the company is currently underway. PGE Obrót S.A. currently holds 94.51% share in the share capital of the company.

1.4. Composition of the management and supervisory bodies of the Company

1.4.1. Management Board

MANAGEMENT BOARD MEMBERS

Table: Composition of the Company's Management Board as at January 1, 2025, June 30, 2025 and signing date of the report.

Name and surname of the Management Board member	Position	Period
Dariusz Marzec	President of the Management Board	From March 18, 2024 up to now
Maciej Górski	Vice-President for Operations	From June 24, 2024 up to now
Przemysław Jastrzębski	Vice-President for Finance	From July, 15 2024 up to now
Robert Kowalski	Vice-President for Support and Development	From May 15, 2024 up to now
Marcin Laskowski	Vice-President for Regulations	From March 18, 2024 up to now

None of the members of the Management Board of PGE S.A. are elected as employees' representatives.

There were no changes in the composition of the Company's Management Board during the first half of 2025.

1.4.2. Supervisory Board

Supervisory Board of PGE S.A. operates on the basis of the Act of September 15, 2000 - Code of Commercial Companies and the Company's Statute and Regulations of the Supervisory Board, the content of which is available on the Company's website:

- Statutes
- Regulations of the Supervisory Board.

COMPOSITION OF THE SUPERVISORY BOARD AND CHANGES TO THE SUPERVISORY BOARD IN 2025

Table: Composition of the Company's Supervisory Board as at January 1, 2025, June 30, 2025 and signing date of the report.

Name and surname of the Supervisory Board member	Position	Period
Michał Domagała	Member of the Supervisory Board/ Chairman of the Supervisory Board – independent	25.01.2024 – 06.02.2024 07.02.2024- up to now
Andrzej Sadkowski	Member of the Supervisory Board / Vice-Chairman of the Supervisory Board – independent	01.02.2024 – 06.02.2024 07.02.2024- up to now
Anna Kowalik	Chairwoman of the Supervisory Board / Secretary of the Supervisory Board	01.01.2024[3] – 06.02.2024 07.02.2024- up to now
Małgorzata Banasik	Member of the Supervisory Board – independent	01.02.2024 – up to now
Andrzej Kozyra	Member of the Supervisory Board – independent	01.02.2024 – up to now
Elżbieta Niebisz	Member of the Supervisory Board – independent	01.02.2024 – up to now
Sławomir Patyra	Member of the Supervisory Board – independent	01.02.2024 – up to now
Andrzej Rzońca	Member of the Supervisory Board – independent	01.02.2024 – up to now

There were no changes in the composition of the Company's Supervisory Board during the first half of 2025.

[3] *Anna Kowalik was appointed to the Supervisory Board on June 27, 2013.*

1.4.3. Committees of the Supervisory Board

Table: Composition of the committees of the Supervisory Board as at January 1, 2025 and June 30, 2025.

Name and surname of the member of the Supervisory Board	Audit Committee	Corporate Governance Committee	Strategy and Development Committee	Appointment and Remuneration Committee
Małgorzata Banasik			Chairwoman	Member
Michał Domagała	Member			Member
Anna Kowalik	Member	Member		Chairwoman
Andrzej Kozyra		Member		Member
Elżbieta Niebisz	Member		Member	
Sławomir Patyra		Chairman		Member
Andrzej Rzońca	Chairman		Member	
Andrzej Sadkowski			Member	

On September 4, 2025, the Supervisory Board appointed a Sustainable Development Committee and changed the composition of the Strategy and Development Committee.

Table: Composition of the committees of the Supervisory Board as at signing date of the report.

Name and surname of the member of the Supervisory Board	Audit Committee	Corporate Governance Committee	Strategy and Development Committee	Appointment and Remuneration Committee	Sustainable Development Committee
Małgorzata Banasik				Member	Member
Michał Domagała	Member			Member	Member
Anna Kowalik	Member	Member		Chairwoman	
Andrzej Kozyra		Member	Member	Member	Member
Elżbieta Niebisz	Member		Member		
Sławomir Patyra		Chairman		Member	
Andrzej Rzońca	Chairman		Member		Member
Andrzej Sadkowski			Member		

The detailed scope of competences of individual Committees of the Supervisory Board of PGE can be found in the Regulations of the Supervisory Board available on the website of PGE S.A.

1.5. Shares and shareholders

1.5.1. Share capital of PGE S.A. and ownership structure

SHARE CAPITAL

As at January 1, 2025, June 30, 2025 and the date of signing of this report, the share capital of PGE S.A. was PLN 19 183 746 098.70 and split into 2 243 712 994 shares with a nominal value of PLN 8.55 each. There were no changes in share capital of PGE S.A. during the first half of 2025.

Table: Share capital of the Company.

Series/ issue	Type of shares	Type of privilege	Number of shares	Value of series/issue at nominal value	Capital payment method
"A"	ordinary	n/a	1 470 576 500	12 573 429 075.00	contribution in kind/cash
"B"	ordinary	n/a	259 513 500	2 218 840 425.00	cash
"C"	ordinary	n/a	73 228 888	626 106 992.40	merger with PGE GiE S.A.
"D"	ordinary	n/a	66 441 941	568 078 595.55	merger with PGE Energia S.A.
"E"	ordinary	n/a	373 952 165	3 197 291 010.75	cash
Razem			**2 243 712 994**	**19 183 746 098.70**	

SHAREHOLDERS WITH A SIGNIFICANT STAKE

According to the letter from the Ministry of the State Treasury of May 20, 2022, the State Treasury held 1 365 601 493 ordinary shares of the Company, representing 60.86% of the Company's share capital and entitling to 1 365 601 493 votes on the General Meeting of the Company, constituting 60.86% of total votes.

In addition, The State Treasury informed about the subsidiary holding PGE shares and the total number of votes by both entities and its percentage share in the total number of votes. According to the notification, taking into account the number of shares (18 697 608) held by a subsidiary of the State Treasury, i.e. Towarzystwo Finansowe Silesia sp. z o.o. (TF Silesia), the State Treasury holds a total of 1 384 299 101 shares

constituting 61.70% of the share capital of the Company and entitling to exercise 1 384 299 101 votes, which constitutes 61.70% of the total number of votes.

Table: Shareholding structure at January 1, 2025, June 30, 2025 and the date of signing of this report[1].

State Treasury and its subsidiary		Other shareholders		Total	
Nominal value of shares (PLN)	% in share capital and votes	Nominal value of shares (PLN)	% in share capital and votes	Nominal value of shares (PLN)	% in share capital and votes
11 835 757 313.55	61.70	7 347 988 785.15	38.30	19 183 746 098.70	100.00

[1] *The ownership structure is presented on the basis of information available to the Company.*

All of the Company shares have been paid.

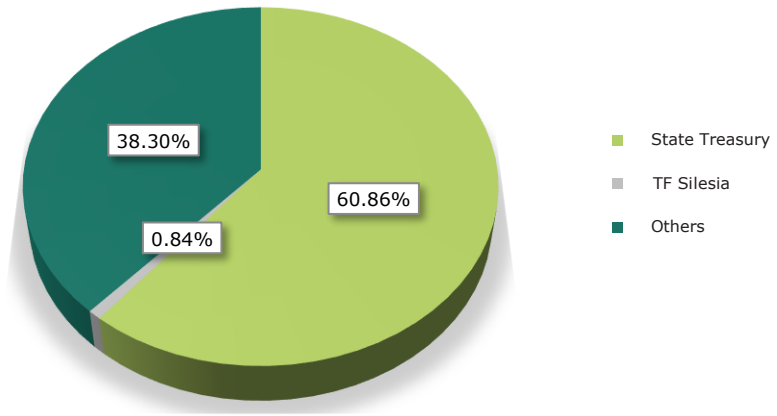
Although the Company's shares are not privileged, the Statutes of the Company provide for special rights of the State Treasury until it remains a Shareholder of the Company.

Table: Shareholders holding directly or indirectly by subsidiaries at least 5% of the total votes at the General Meeting of PGE S.A. January 1, 2025, June 30, 2025 and at the signing date of this report.

Shareholder	Number of shares	Number of votes	% in total votes on General Meeting
State Treasury	*1 365 601 493*	*1 365 601 493*	*60.86%*
State Treasury's subsidiary – TF Silesia	*18 697 608*	*18 697 608*	*0.84%*
State Treasury and its subsidiary - total	1 384 299 101	1 384 299 101	61.70%
Others	859 413 893	859 413 893	38.30%
Total	**2 243 712 994**	**2 243 712 994**	**100.00%**

During the first half of 2025, there were no changes in the shareholding structure of PGE S.A.

Chart: Shareholding structure of PGE S.A.



1.5.2. Shares of the parent company and shares in the entities related to PGE S.A. owned by the members of management and supervisory authorities

Table: Shares of the Company held by persons managing and supervising the Company as at June 30, 2025 and at the signing date of this report.

Name and surname	Position	Company	Number of possessed shares	Nominal value of shares (PLN)
Maciej Górski	Vice-President for Operations	PGE S.A.	20 000	171 000.00

According to the best knowledge of the Management Board of the Company, none of the other members of management and supervisory authorities of the Company held shares of the parent company or shares in entities related to PGE S.A. as at June 30, 2025 and as at the date of signing of this report.

2. PGE Capital Group Strategy until 2035

2.1. Mission, vision and key development directions of the PGE Group

2.1.1. Mission and vision of the PGE Group

The mission of the PGE Group, expressed by the slogan 'Providing energy for a secure future', forms the foundation of all strategic and operational activities. It reflects the Group's commitment to uninterrupted delivery of electricity in a reliable and responsible manner, while taking into account social, environmental and economic needs of both present and future generations.

The mission will be implemented on the basis of three key pillars:

- Ensuring secure and stable energy supply through flexible sources and intelligent infrastructure,
- Building the Group's long-term value with respect for human capital,
- Supporting the competitiveness of the Polish economy through investment in sustainable transformation, energy independence and efficient infrastructure.

The vision of the PGE Group is to be the leader in modern energy, flexibility, distribution and district heating. This means not only the development of new technologies but also the ability to integrate them in a way that benefits customers and the entire power system.

2.1.2. Key development directions

In the year 2035 perspective, the PGE Group has defined eight strategic areas in which it aspires to achieve a leadership position.

Diagram: Strategic aspirations of the PGE Group

FLEXIBLE GAS CAPACITIES

As part of implementing the PGE Group Strategy until 2035, one of the key strategic objectives is the development of flexible gas capacities, which constitute the foundation of a secure energy transition. The Group plans to reach 10 GW of dispatchable, low-emission generation units, fully prepared to switch to zero-emission fuels in the future.

Expansion of the gas-fired generation segment will allow the Group to maintain its position as the largest capacity provider in the National Power System (NPS), ensuring supply stability and increasing the ability to integrate renewable energy sources. Investments in new gas units will be carried out in appropriate locations, making use of existing infrastructure potential, which will allow for optimisation of capital expenditures.

According to the assumptions adopted in the PGE Group Strategy, EBITDA in this area will amount to approximately PLN 7 billion in 2035.

ENERGY DISTRIBUTION

Electricity distribution constitutes one of the pillars of the PGE Group Strategy 2035, playing a key role in ensuring energy security and supporting the economy's transition towards zero emissions. The PGE Group assumes more than a twofold increase in the availability of connections to smart grids, which will enable the development of distributed energy, increase reliability of supply and improve the investment attractiveness of distribution areas.

By 2035, a growth of RES connection capacities of 11 GW and customers by 12 GW is planned, while doubling the Regulatory Asset Base to approx. PLN 57 billion. Investments in distribution infrastructure will be directed towards technological development, automation, digitalisation and improved network resilience, which will allow for a 30% reduction in the SAIDI index compared with the average from 2019–2024.

It is planned that in the distribution area EBITDA will amount to approx. PLN 10 billion in 2035.

RENEWABLE ENERGY

The development of renewable energy sources (RES) constitutes one of the most important priorities of the PGE Group Strategy 2035. The Group plans to reach 9 GW of installed capacity (taking into account projects in joint venture model with partners) and generate 28 TWh of clean electricity annually. RES-driven EBITDA may exceed PLN 10 billion in 2035. Renewables segment is a key source of zero-emission EBITDA of PGE Group.

The Strategy provides for the development of both onshore and offshore wind energy, as well as photovoltaics and hydropower. As part of offshore wind energy, the PGE Group plans to launch 4 GW of capacity by 2035, with secured revenues for 25 years under Contracts for Difference (CfD). Projects implemented as part of strategic partnerships will be financed in a project finance formula, which will limit the impact of investments on the Group's balance sheet.

In the onshore wind segment, organic development is envisaged, as well as acquisitions of operational and ready-to-build projects, and repowering[4] of existing installations. It is planned that in 2035, 12.7 TWh of energy will be generated from onshore wind farms.

The development of photovoltaics will be carried out selectively, focusing on large installations and optimisation of the production profile. By 2035, the PGE Group plans to reach 1 GW of capacity from photovoltaic farms.

CLEAN DISTRICT HEATING

As a leader of integrated district heating systems, the PGE Group is implementing a strategy of transforming the heating sector towards zero emissions, energy efficiency and integration with the power sector. The strategic objective is to reduce CO_2 emissions by 60% by 2035 (compared to 2021 levels), while ensuring stable heat supply and maintaining price competitiveness.

The transformation of district heating systems is based on the development of gas-fired cogeneration units, implementation of Power-to-Heat technologies[5] (electrode boilers, heat pumps), construction of heat accumulators and integration with electricity distribution networks. The PGE Group also plans revitalisation and modernisation of infrastructure, including acquisitions of heat distribution networks, which will increase transmission efficiency and reduce network losses by 3 percentage points compared to 2024.

It is planned that in the district heating area EBITDA will amount to approx. PLN 2.8 billion in 2035.

ENERGY STORAGE

Energy storage constitutes a key element of the PGE Group Strategy 2035, supporting the integration of renewable energy sources and ensuring flexibility and stability of the NPS. The Group plans to reach 18 GWh of storage capacity(8 GWh – energy storage facilities, 10 GWh – pumped storage power plants), which corresponds to a market share of over 60% in Poland in 2035.

The Strategy provides for the development of a diversified storage technology portfolio, including Battery Energy Storage Systems (BESS), as well as pumped-storage power plants (PSPP). Investments will be carried out both in the form of organic projects and through acquisitions, using the locations of coal assets and strategic partnerships.

[4] Repowering is the process of replacing older power plants with new ones that have greater installed capacity or higher efficiency.

[5] Power-to-Heat is a technology that converts electricity into heat.

According to the assumptions in the adopted PGE Group Strategy, the planned EBITDA in this area should amount to approximately PLN 2.1 billion in 2035.

RESPONSIBLE TRANSITION

The PGE Group is implementing a responsible transition of the coal power sector, taking into account the need to ensure energy security, respect the interests of employees and local communities, as well as full coordination with the Transmission System Operator (TSO). This transition is based on the gradual reduction of the role of coal units in the generation mix, while maintaining their availability as peak and reserve capacity.

In response to dynamic market and regulatory changes, the PGE Group is undertaking actions aimed at cost rationalisation, optimal asset management and revitalisation of post-industrial areas. An important element of the strategy is the reskilling of employees and their involvement in developing business segments, such as gas-fired generation, renewables, energy storage and district heating.

The transition also provides for the use of existing infrastructure for the implementation of new investments, including nuclear, gas and RES projects. The Group intends to allocate several hundred million zloty to site studies for nuclear power plants in locations where coal power plants are currently in operation.

The PGE Group conducts social dialogue, cooperates with public administration and local governments, and implements support programmes for employees choosing to continue their careers outside the Group.

The transition of the coal energy sector will be carried out in a sustainable manner, taking into account the circular economy, efficient use of resources and minimisation of environmental impacts. The PGE Group assumes that electricity production from coal after 2035 will depend on system demand and the availability of mechanisms to finance the operating gap.

OFFER FOR BUSINESS PARTNERS

The Group is developing a modern, comprehensive and partnership-based energy offer addressed to business partners, responding to the growing needs of enterprises in terms of efficient energy management, flexibility and participation in the energy transition. The strategic objective is to provide business clients with access to competitive solutions for the purchase of electricity and heat, as well as system and balancing services.

QUALITY AND CUSTOMER SERVICE

In implementing the Strategy 2035, the PGE Group is focusing on providing individual customers with stable electricity and heat supply at competitive prices, while enabling their active participation in the energy transition. The offer for individual customers has been designed in a comprehensive manner, taking into account diverse needs and growing expectations regarding service availability, flexibility and digitalisation.

The Group will also ensure full availability of contact channels — both stationary and digital, with the possibility of 100% remote service. Maintaining a high level of customer satisfaction (CSI at 85 points) and the development of prosumer energy constitute integral elements of value creation in this segment.

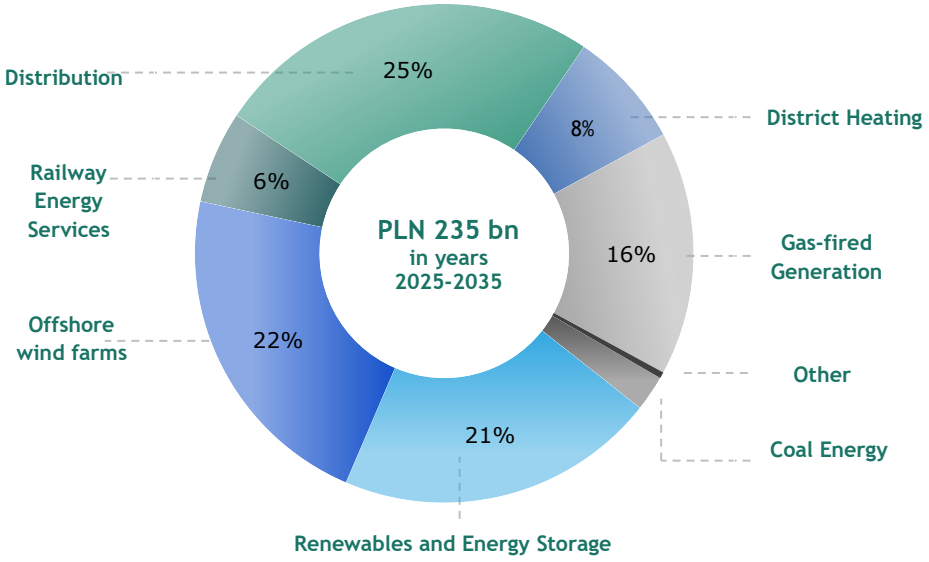
2.1.3. Investments

The PGE Group Strategy 2035 provides for the implementation of an ambitious investment programme with a total value of PLN 235 billion, which constitutes the foundation of the energy transition, infrastructure development and the creation of the Group's long-term value. These investments cover all key areas of activity – from the development of renewable energy sources, energy storage, flexible gas capacities, modern district heating and smart distribution, to digitalisation, innovation and the transition of the coal power sector.

The structure of capital expenditure has been balanced between regulated segments, energy and capacity markets, and contractual mechanisms (e.g. CfD), ensuring revenue stability and the possibility of profitable growth. Around 25% of capital expenditures consist of acquisitions and development options, which will be implemented depending on the availability of opportunities that build the Group's value.

The Group's investment programme is also a stimulus for the development of the domestic supply chain, assuming a significant participation of Polish enterprises in the implementation of infrastructure, technology and service projects. Thanks to this, PGE Group investments not only support the energy transition but also strengthen the competitiveness of the Polish economy.

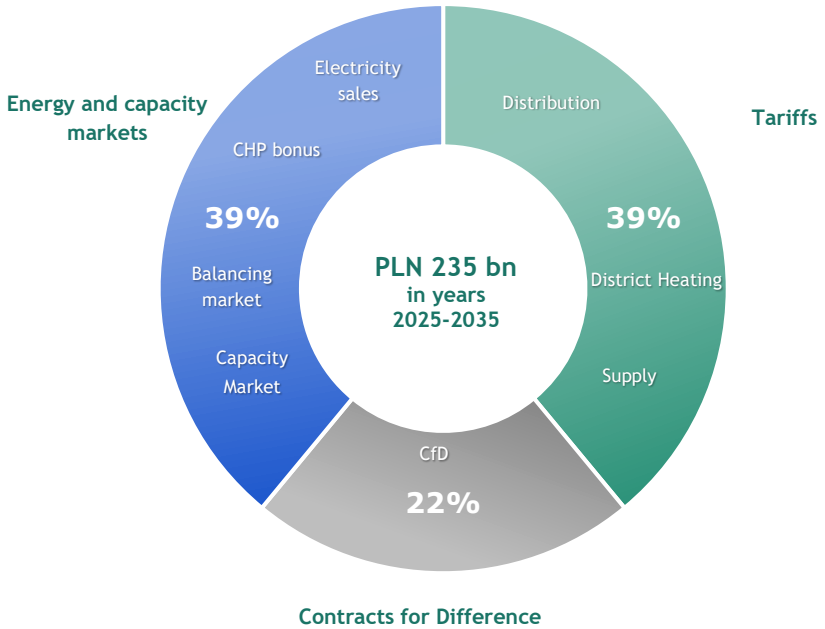
Diagram: Structure of capital expenditure by business segments



2.1.4. Financial foundations

The key to the implementation of the ambitious PGE Group Strategy is its reliance on solid financial foundations and realistic, credible assumptions regarding the market environment. The balanced structure of capital expenditures will be based on stable sources of regulated revenue and will take advantage of growth potential arising from capacity mechanisms and balancing services.

Figure: Capital expenditure by revenue sources



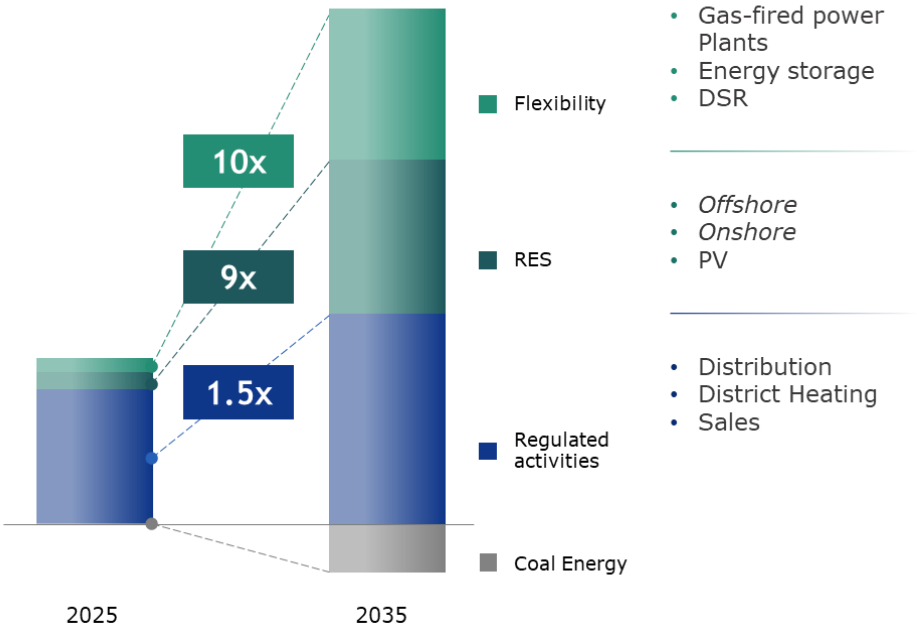
In order to limit external risks affecting the profitability of investments, the Group assumes a selective approach to selection of projects. Only those projects will be implemented that achieve an internal rate of return (IRR) above 7.5%, based on conservative macroeconomic assumptions. In the case of projects with secured revenue streams (e.g. CfDs, PPAs), it will be possible to lower the required IRR level. Maintenance of this assumption will be ensured by the PGE CG Investment Policy, together with its related internal regulations.

Investment projects included in the Group Strategy achieve IRR indicators above 7.5% on the basis of macroeconomic and market assumptions and in the current regulatory environment – with the exception of certain projects identified as 'strategic options', in which new regulatory solutions do not yet exist, although the projects themselves are in line with the country's overall energy policy.

The Group plans a gradual transformation of its business profile, focusing on network infrastructure and building growth potential in RES and flexibility. The transformation of the business aims to improve the risk profile of operations through the application of diversified financing models, including preferential support instruments and the project finance formula.

As a result of the transformation, the Group plans to achieve PLN 30 billion EBITDA in 2035 and climate neutrality by 2050.

Figure: Structure of EBITDA in 2035



3. Risks in the PGE Group's operations

PGE S.A., as the Corporate Centre managing the Capital Group, creates and implements integrated risk management architecture at PGE Capital Group. In particular, it shapes PGE Group's risk management policies, standards and practices, designs and develops internal IT tools to support these processes, specifies global risk appetite and adequate limits as well as monitors their levels. PGE Capital Group companies, as well as other entities from the electrical and power sector, are exposed to a number of risks and threats resulting from the specific operating activities and operating in specific market and regulatory environment.

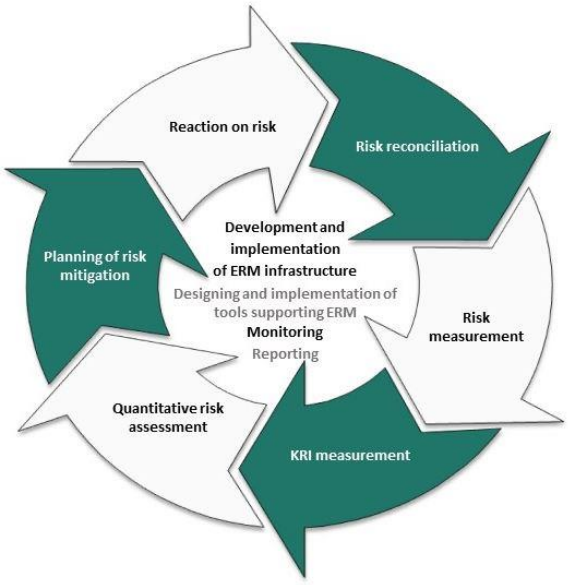
Within the Capital Group, several risk areas related to its operations are analysed. These include, among others, the processes described below:

- corporate risks – current perspective,
- long-term risks,
- ESG risks.

3.1. Corporate risks – current perspective

In the PGE CG, risk management is aligned with the management levels in individual business areas. The establishment of risk, investment and sustainability committees at the highest management level, reporting directly to the Management Board of PGE S.A., ensures oversight of the effectiveness of risk management processes across the Group. The function of monitoring, coordinating and supporting risk management is carried out by the Risk and Insurance Department of PGE S.A., which enables independent assessment of risks and their impact on the Group's operations.

The PGE Capital Group has consequently developed a comprehensive risk management system, measures and assesses risks in the key companies of the Group. Mechanism allowing identification of areas exposed to risk and risk level measurement methods are periodically verified and developed. Thanks to that, the significant risks concerning various areas of operations are kept within the assumed limits by reducing negative effects of such risks and by taking preventive or corrective measures, in accordance with the presented cycle.



All identified and assessed risks relating to the Group's current activities are recorded in the risk register (risk books) maintained by the Risk and Insurance Department in PGE S.A. Risk books reflect changes in the value of particular risk parameters along with information on implemented mitigating activities (reducing the probability of occurrence and minimising negative consequences of a risk) and its operational efficiency. The effectiveness of the mitigating actions implemented is denoted by the following three categories: effective, to be improved, to be changed.

The table below presents the most significant risks identified in the PGE Capital Group together with their assessment in 2025 EOY perspective. A risk level indicates a risk's potential financial impact on the Group's results, and a risk prospect (trend) indicates the anticipated direction of risk development.

The 2025 EOY perspective scenario assumes leaving coal assets (Coal Energy segment) in the PGE Group.

Table: The main corporate risks of PGE S.A. and the PGE Group along with their assessment and outlook for year 2025.

Risk area	Risk name	Risk level/outlook	Mitigating actions and tools used for the management of the risk
MARKET AND PRODUCT RISKS related to prices and volumes of offered products and services	**Gross margin on sale of electricity from the production assets of the PGE Capital Group and on trading in related products** – its amount is exposed to risks arising from the uncertainty as to the future levels and volatility of market prices (electricity prices and the prices of key energy products i.e. EUA, fuels, including in particular hard coal, gas, the prices of certificates and guarantees of origin) and regulatory issues affecting the formation of these price levels.	 ↗ [6]	**Key activities:** ▪ Optimization of generation assets - definition of production scenarios for updated market parameters of electricity, CO_2 and fuels. ▪ Defining and implementing a margin hedging strategy by hedging revenues brought in by the generation assets of the PGE Capital Group (electricity sales) and costs (EUA, currencies and fuel purchases), monitoring limits relating to the level of hedged margin expected at a given point in time in accordance with the hedging strategy approved by the Risk Committee. ▪ Determining risk appetite and position hedging levels with consideration given to the results of analysing pricing risk in respect of electricity and related products, VaR-based. Target hedging levels are determined taking into account the financial situation and assumptions adopted in the Group's Strategy. ▪ Monitoring risk exposure for individual areas in relation to the limits and hedging strategies defined by the Risk Committee or the Management Board of PGE S.A. through operational reports prepared by the Department of Risk and Insurance.
	Sales volume of electricity and heat – The risk related to achieving the electricity and heat sales plan, which is a derivative of unfavourable external, internal, and local conditions affecting the demand for energy commodities.	 ↔ [7]	
	Tariffs (regulated prices) – resulting from the requirement to approve rates for distribution services and electricity and heat prices for particular groups of entities, as well as from delays in compensation payments by the Settlement Administrator.	 ↔	

Low level of risk; does not pose a threat and may be tolerated

Medium level of risk; needs preparation of the proper reaction based on analysis of costs and benefits

High level of risk; Intolerable risk, which needs immediate and active reaction, leading simultaneously to limitation of possible consequences and of probability of occurrence thereof

↙ *decrease*
↔ *stable perspective*
↗ *growth*

[6] *uncertainty and high volatility of margins depending on generation assets, electricity prices, the EUR exchange rate and commodity prices*
[7] *the observed increase in heat sales volume compensates for the decline in electricity sales volume*

Risk area	Risk name	Risk level/outlook	Mitigating actions and tools used for the management of the risk
	The Capacity Market – consequence of threats related to non-compliance with the capacity obligations of Capacity Market Units.	 ↔[8]	▪ Research, monitoring and analysing the electricity markets and sector trends and the regulatory environment with regard to changes in the electricity sector and related products in order to optimally use generation and selling capacities. ▪ Acquiring new customers - diversification of channels to reach final off-takers and diversification of target groups by maintaining an extensive product portfolio and adapting offering to market demand. ▪ Current clients retention - a diversified portfolio of customer loyalty schemes. ▪ Care for a high level of customer service by developing employees' competences and building relations with business and retail clients. ▪ Use of tools to supporting customer relations processes allows the Group better sales planning and organisation of sales. ▪ Close cooperation with the ERO throughout the tariff year, adapting the strategy for securing tariff sales to the expected approach of the ERO with regard to determining tariff prices for electricity. ▪ Close cooperation is also maintained with the Settlement Administrator and the President of the Energy Regulatory Office in the area of settlements arising from the Act of October 27, 2022 on extraordinary measures aimed at limiting electricity prices and supporting certain customers as well as the Act of May 23, 2024 on the Energy Voucher and Amendments to Certain Acts to restrict the price of electricity, natural gas and system heat. ▪ Ensuring the expected level of operational readiness of the individual capacity market units (investment delays may generate additional costs).
PROPERTY RISKS Related to development and maintenance of the assets	**Failures and damage to property** – connected with the operation and degradation over time of energy equipment and facilities and protection of energy equipment and facilities against destructive factors (including fire, effects of weather phenomena, intentional damage).	 ↗	**Key activities:** ▪ Diversification of the current structure of the production sources, Introducing a technology reducing the negative impact of atmospheric factors. ▪ Active pursuing of a strategy for building up and modernization of the production capacities. ▪ Performing maintenance repairs in line with the highest sector standards. ▪ Ensuring adequate competencies and resources at PGE Baltica sp. z o.o. are delegated to the Baltica 1 project. ▪ Insurance of the most important production assets in the event of breakdown and property damage. Assets are insured based on an analysis of insurance costs, capabilities of insurance markets for specified risks or for particular types of assets, costs related to asset replacement and potential lost revenue. ▪ The systematic improvement of reliability of the power supply to the end users through modernization of the distribution grid. ▪ Continuous monitoring of environmental laws and regulations regarding environmental protection, and the energy policy.
	Tangible investments – related to the strategic development directions of the PGE Capital Group and limited possibilities of obtaining financing for these projects.	 ↗	
	Asset management and maintenance investment - related to risks arising from the maintenance of production assets in good condition.	 ↔	
OPERATIONAL RISKS Related to pursuing of ongoing economic processes	**Fuels and production raw materials** – connected with uncertainty regarding the costs, quality, timeliness and volumes of fuel supply (mainly coal) and production raw material as well as the effectiveness of inventory management processes.	 ↔[9]	**Key activities:** ▪ Optimisation of equipment lifecycles and the availability of key assets. ▪ Optimisation of costs inter alia through monitoring of fuel prices and reserves and securing supply through long-term contracts with suppliers and through price fixing formulas. ▪ Monitoring ICT networks due to increased activity of criminal groups in connection with the war in Ukraine. ▪ Monitoring of legal changes and changes in technical standards in the field of by-products. ▪ Investments in improving the efficiency of the combustion process. ▪ Constant monitoring of service availability. ▪ Creating Business Continuity Plans for critical systems, developing and testing emergency procedures. ▪ Ongoing monitoring of changes in legal regulations. ▪ Training in regulations preventing money laundering and terrorist financing.
	Cybersecurity – the risk of deliberate disruption of the proper functioning of the information processing and exchange space created by IT systems operating at the PGE Capital Group.	 ↗	
	Reputation – risk associated with the negative perception of the Group's image by its customers, counterparties, investors, Shareholders as well as the general public.	 ↗[10]	
	Procurement - related to the ineffectiveness and incorrectness of the purchasing process.	 ↔	

[8] *change in trend from growing to stable due to the entry into force of regulations on the capacity market*
[9] *the change in the risk outlook is influenced by growing uncertainty related to contractual terms for failure to collect the ordered volume of gas*
[10] *the risk outlook is affected by the decision of the Ministry of State Assets not to spin off coal assets from the PGE Group*

Risk area	Risk name	Risk level/outlook	Mitigating actions and tools used for the management of the risk
	Human Resources – pertaining to difficulties in provision of personnel with the relevant experience, competences and ability to perform specific tasks.	↗	▪ Requirement to read Best Procurement Practices and the Code of Conduct for Business Partners of PGE Group companies. ▪ Operating the Central Supplier Survey System. ▪ The proper approval path and internal regulations concerning the purchasing process. ▪ Control of the work environment. ▪ Training of employees in the field of occupational health and safety. ▪ PGE Group's active participation in internship programmes and cooperation with educational institutions in order to secure a pipeline of qualified personnel. ▪ Assessment and training of personnel in order to make optimal use of it within the Group's structures. ▪ Conducting an intensive and effective dialogue in order to avoid escalation of potential disputes with the social partners and to work out the most favourable solutions with regard to employment and employment costs within PGE Capital Group connected therewith.
	Social dialogue – related to the failure to reach an agreement between the PGE Group authorities and the social side, which could lead to strikes/collective disputes	↗[11]	
	Environmental protection – resulting from industry regulations specifying which "environmental" requirements energy installations should meet and what are the principles for using the natural environment, including uncertainty about their final form and level of limits and ESG reporting.	↔	
REGULATORY AND LEGAL RISKS related to fulfilling the requirements of the legal environment	**Employee safety** – associated with failures to provide safe working conditions.	↗[12]	**Key activities:** ▪ Monitoring of the changes being introduced or proposed provides that our operations in key business segments are carried in compliance with the law and that PGE Capital Group has solutions which take into account potential changes in the legal environment. ▪ Social dialogue. ▪ Operational supervision in terms of planned and implemented investment and modernisation measures with respect to their compliance with environmental requirements. ▪ Improvement of activities aimed at protecting and improving the state of the environment by implementing technological and organisational solutions ensuring efficient and effective management in this area. ▪ Monitoring national regulations concerning the Act on Extraordinary Measures in 2023 and the Energy Voucher Act. ▪ Reduction in the emission intensity of PGE Group's generating assets, development of low- and zero-carbon energy generation sources. ▪ Adaptation of used IT infrastructure, internal regulations and practices to make sure that the activities are in compliance with the power sector regulations and binding law. ▪ Monitoring and analysing PGE Group's legal environment at an international level, together with risk assessment. ▪ Assessing the impact on PGE Group of proposed regulatory changes at an international level. ▪ Issuing opinions and influencing changes with regard to the legal environment at an international level in a strategic dimension. ▪ Managing cooperation and contacts with stakeholders as regards international regulations, including through the activities of PGE S.A.'s office in Brussels. ▪ Managing the PGE Capital Group's membership and cooperation within the industry organisation called the Polish Electricity Committee. ▪ Preparing for the fulfilment of new reporting obligations resulting from the new European Union legislation (CSRD/ESRS Directive, EU taxonomy, CSDD). ▪ Monitoring internal regulations implementing EU environmental directives into the national legal system. ▪ Participating in ESG ratings and foreign investor surveys. ▪ Monitoring of requirements for effective raising of external financing and state aid for the development of planned low- and zero-carbon investments by PGE Group.
	Settlement Risk – Additional costs may arise in the form of interest, financial penalties, etc., due to a malfunctioning settlement system and supporting IT systems, as well as due to an unfavourable interpretation by the President of the Energy Regulatory Office (URE) regarding the definition of revenue from electricity sales concerning unjustified costs related to the Price Difference Payment Fund.	↗[13]	
	Concessions – resulting from the statutory requirement to hold concessions with regard to conducted operations.	↙[14]	
	Reporting and Taxes – related to changes in tax regulations and their interpretation as well as their practical, correct implementation.	↔[15]	
	Credit risk – connected with the counterparty default, partial and/or late payment of receivables or a different type of breach of contractual conditions (for example failure to deliver/collect goods or failure to pay for any associated damages or contractual penalties).	↗[16]	

[11] *the risk outlook is affected by the decision of the Ministry of State Assets not to spin off coal assets from the PGE Group*
[12] *the change in the risk outlook stems from the potential risk of accidents resulting from the increasing level of employment due to the increased number of investments.*
[13] *the level of risk and outlook is caused by a dispute over interpretation with the President of the Energy Regulatory Office.*
[14] *change in risk outlook due to the absence of indications of changes in the legal environment affecting existing licences*
[15] *forecast risk outlook in connection with no changes in tax regulations having a negative impact on current risk*
[16] *the increase is due to the number of observed debt collections and possible disputes and court cases*

Risk area	Risk name	Risk level/outlook	Mitigating actions and tools used for the management of the risk
FINANCIAL RISKS Related to finance management	**Liquidity risk** – connected with the possibility of losing the ability to meet current liabilities and obtaining financing sources for business operations.		**Key activities:** ▪ A counterparty assessment is carried out and forms a base for applying internal rating and credit limits. The level of credit exposure and the utilisation of the limit are regularly monitored. Exposures that exceed established limits are hedged in accordance with the rules of the credit risk management procedure. Payment of receivables is monitored on an ongoing basis and early recovery procedures are in place. ▪ Applying a central financing model, which assumes – as a rule – that external capital is raised by PGE S.A. PGE Group subsidiaries use a variety of intra-group financing sources. Liquidity risk is monitored using periodic planning for operating, investing and financing activities. Liquidity planning is related to the cyclical mid-term and long-term preparation and updating of the PGE Capital Group's financial forecasts and plans, allowing for the long-term planning of its cash flows and liquidity. This allows the PGE Group's investment plans and costs to be adjusted in advance to the expected and planned values. In addition, in order to minimise the possibility of cash flow disruptions and liquidity risk, PGE S.A. diversifies its financing sources and their acquisition with regard to its future financial settlements of the PGE Capital Group. ▪ As regards currency risk and interest rate risk, PGE Group has implemented internal management procedures. PGE Group companies execute derivative transactions involving interest rate- and/or currency-based instruments (IRS, CCIRS, FX Forward) only in order to hedge identified risk exposures. Regulations in force do not allow, with regard to derivative transactions based on interest rates and currencies, to enter into speculative transactions, i.e. transactions which would be aimed at generating additional gains resulting from changes in the level of interest rates and changes in exchange rates, while exposing the Group to the risk of incurring a potential loss on this account.
	Interest rate risk – resulting from the negative impact of changes in market interest rates on PGE Group's cash flows.		
	Foreign exchange risk – resulting from negative impact of exchange rate movements on PGE Group's cash flows denominated in currencies other than domestic currency.		

[17] *the risk outlook is affected by the decision to retain coal assets within the PGE Group*

3.2. Long-term risks

The PGE CG does not focus solely on risks related to current operations but also on long-term risks and those arising from ESG areas.

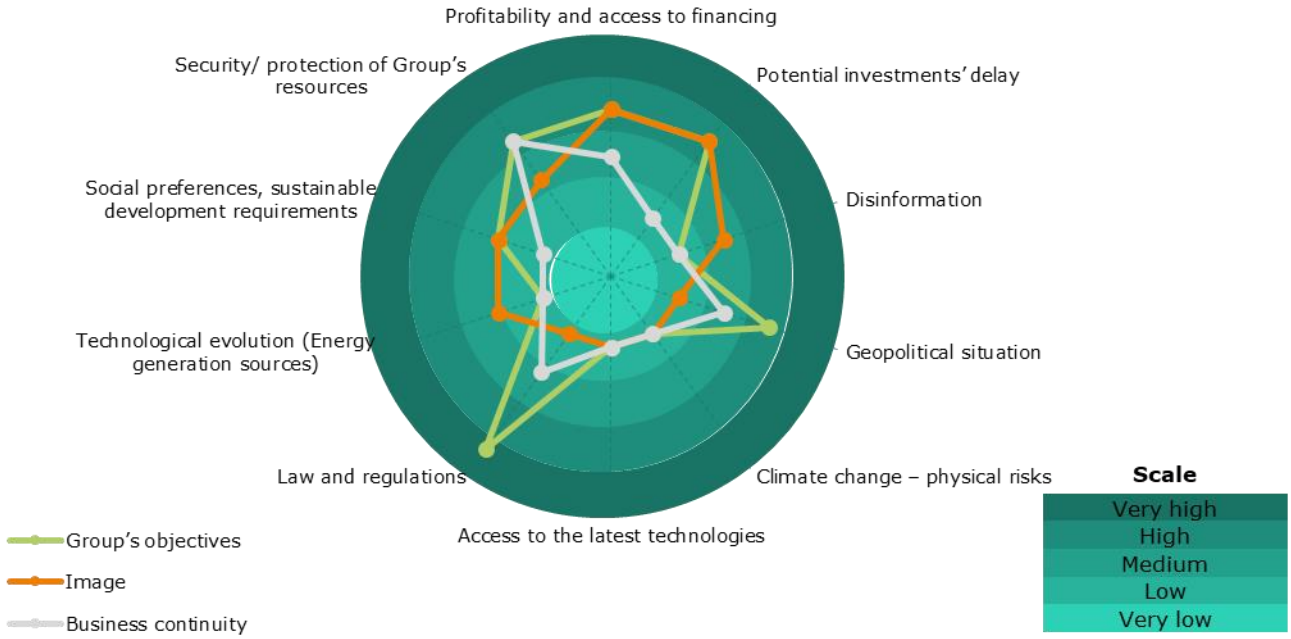
Challenges and threats are assessed, that may arise for the PGE Group in the next decade. Each of the long-term risks is assessed in terms of its impact on the achievement of business goals, the company's image and business continuity. The presented result is the dominant (value most often appearing in the results) of these three aspects. This approach makes it possible to prepare for upcoming challenges and secure the Group's long-term development.

Below are the areas in which potential challenges and threats for the PGE CG have been identified in the perspective of the coming decade:

AREAS OF LONG-TERM RISKS

- **Profitability and access to financing** – risk of the Group being unable to maintain its leading market position due to the continued operation of unprofitable coal assets and limitations of investment capacity.
- **Potential investment delays** – risk of delays in the implementation of key investment projects.
- **Disinformation**– the risk that the use of "fake news" will threaten the functioning of the PGE Group.
- **Geopolitical situation** – the risk of changing geopolitical factors (EU policy, divergence of interests, political conflicts – wars, migrations, recession, stagnation, inflation) resulting in limited access to raw materials (natural gas) used by the PGE Group.
- **Climate change – physical threats** – the physical climate risk associated with the frequency of extreme weather conditions that may result in damage to the PGE Group's assets and climate change affecting demand for electricity and heat.
- **Access to the latest technologies** – location on the market with restrictions on the import of advanced GPU chips limits the possibilities to leverage the potential of artificial intelligence.
- **Law and regulations** – the risk related to changes in the legal system and uncertainty in the regulatory environment, including among others the future shape of support schemes and regulatory burdens resulting from environmental requirements affecting the PGE Group.
- **Technological evolution (energy generation sources)** – risk that technological changes will lead to a shift in the energy market in terms of generation methods.
- **Social preferences, sustainable development requirements** – the risk that social preferences in terms of mass customer expectations, employer attractiveness ratings and public opinion will have a negative impact on the PGE Group.
- **Security/ protection of PGE CG's resources** – the risk that the international situation will negatively affect the physical security and cybersecurity of the PGE Group's assets. Possible attacks on critical infrastructure.

Diagram: Map of long-term risks.



Source: own work

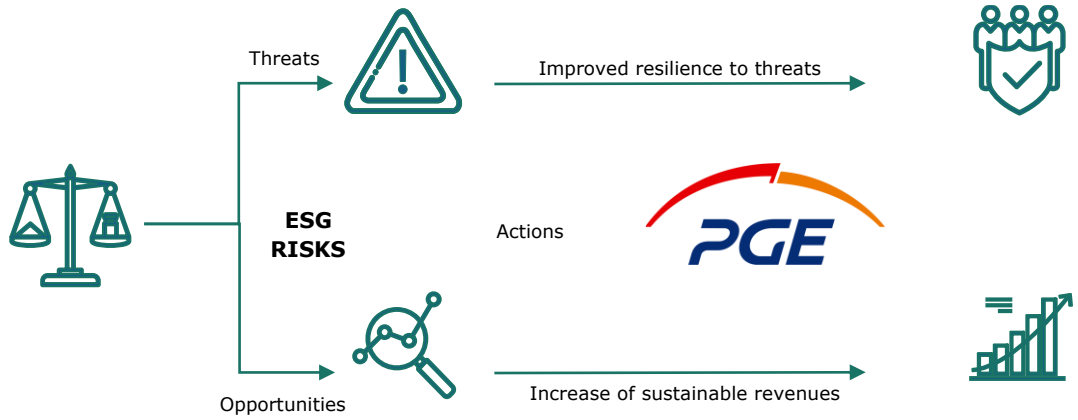
The location on the map based on the assessment of significance level shows the impact of a given risk in three different aspects:

- the achievement of business goals,
- the company's image,
- business continuity.

3.3. ESG risks

The PGE Capital Group is aware of the impact of its operations on the climate, as well as the threats resulting from climate change for the Group's operations. This interdependence generates both risks and opportunities for development. Therefore, the expectations of stakeholders in terms of reporting the impact of activities on the climate as well as dependence on it are understandable, recognising climate risk management as a key element of strategic management, with a direct impact on financial aspects. The PGE Capital Group has taken a number of actions aimed at achieving climate neutrality by 2050. By focusing not only on threats but also on opportunities, it increases its resilience and ability to generate sustainable revenues.

Figure: Interdependencies between ESG risks and PGE Group's activities.



The Group has also stepped up its efforts to meet the regulatory requirements, both national and European. A Sustainability Statement for 2024 has been prepared, formally based on the CSRD[18], the European Sustainability Reporting Standards (ESRS), and the Accounting Act. The Sustainability Statement is included in the Management Board Report on activities of the PGE Polska Grupa Energetyczna S.A. and Capital Group for 2024.

FINANCIAL MATERIALITY

The CSRD Directive imposes on large entities such as PGE the obligation to conduct a double materiality assessment, the results of which determine the scope of sustainability reporting across the entire Capital Group.

Figure: Double materiality proces

The process of ESG risk assessment and financial materiality analysis constitutes one of the two stages of the double materiality analysis. At PGE, it is carried out on an annual cycle, with the involvement of individuals responsible for coordinating activities within the respective segments of the PGE CG. The process methodology is based on the European Sustainability Reporting Standards (ESRS). The assessment covers all areas related to environmental protection, social responsibility and corporate governance, including transitional climate risks related to legislation, technology and reputation. In this process, ESG risks are understood as threats

[18] *CSRD - Corporate Sustainability Reporting Directive.*

(events causing cost increases / revenue decreases) and opportunities (events causing cost reductions / revenue increases).

The ESG risk process comprises the following stages:

Stage I - Identification of ESG threats and opportunities – using available data sources, including the results of the corporate risk management process and expert input from representatives of business segments, threats and opportunities related to individual sustainability topical areas are identified. The assessment covers the extent to which the assets and business operations of the PGE CG may be exposed and sensitive to identified ESG risks.

Stage II – Financial valuation of ESG threats and opportunities – for the identified ESG risks in individual sustainability thematic areas, the following are assessed: probability of occurrence and potential financial impact. Probability is assessed on a 5-point scale (from negligible to very high), while the financial impact of materialisation is estimated with an accuracy of PLN 1 million in relation to impact on revenues / costs. The valuation is carried out for three time perspectives: short-term, medium-term and long-term.

Stage III - Calculation of thresholds for the assessment of financial effect – PGE S.A. calculates the thresholds for the financial impact assessment, which are then used to establish the materiality threshold for ESG risks in the PGE CG.

Stage IV – Aggregation of financial valuation of ESG threats and opportunities at the PGE CG level – the results obtained are verified and aggregated against the defined thresholds for financial impact assessment and an additional qualitative assessment for positions material from the Group's perspective. The results of the ESG risk assessment and financial materiality analysis are then presented to the Risk and Sustainability Committees, as well as approved by the Management Board of PGE S.A. The process of managing material ESG threats and opportunities is currently being implemented in the PGE CG, using the experience of the general risk management process.

The results of the ESG risk assessment and financial materiality analysis are published in the Sustainability Statement, which from 2024 onwards forms part of the Management Board's Report on the activities of PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group.

CDP STUDY

In 2024 PGE Group once again participated in an international study on the company's environmental impact - CDP (https://www.cdp.net/en). In response to enquiries from global investors, the impact of operations on climate, water and forest resources was analysed, in terms of both risks and related opportunities. Any business is affected by two types of climate risks:

- physical risk, related to the physical effects of climate change i.e. real threats in the form of extreme weather events, drought, flooding,
- risks associated with the transition (so called transition risks) to a low-carbon and climate-resilient economy, which relate to meeting regulatory requirements, implementing new technologies or impact on the reputation of a business.

From a business perspective, there is an interdependence between risks and opportunities associated with climate. Actions aimed at mitigating climate change and adapting to its impacts simultaneously provide new opportunities and prospects for business development.

Table: Climate-related opportunities in the PGE Group.

Area	Example
New sources of electricity	Investment in offshore wind farms
New products	Expansion of the product portfolio with PRO EKO initiatives - products that fit into low-emission heating systems

Table: Climate risks in the PGE Group.

Area	Example
Operations	Extreme weather events or changes in climate conditions, which could negatively influence PGE Group's assets and operating activities.
CO_2 emissions	Rising costs of emission allowances, which could adversely affect the profitability of generating assets or ultimately bring these assets to a halt due for economic reasons.

All of the above issues are assessed in terms of probability and the estimated timeframe of materialisation.

ASSESSMENT OF THE IMPACT OF PHYSICAL CLIMATE RISKS ON THE OPERATIONS

Global warming, changing precipitation patterns, rising sea levels and extreme weather events are increasingly challenging the resilience of power systems, increasing the likelihood of disruption. Climate change directly affects every segment of the power system: production potential and efficiency, demand for heating and cooling, resilience of transmission and distribution networks, as well as demand patterns.

In 2024, the PGE Group once again carried out an assessment of key physical climate risks that could negatively affect operations. Awareness of how climate factors (primarily temperature, precipitation and wind) may impact the Group's core activities helps to support adaptation to climate change and increase resilience to climate hazards.

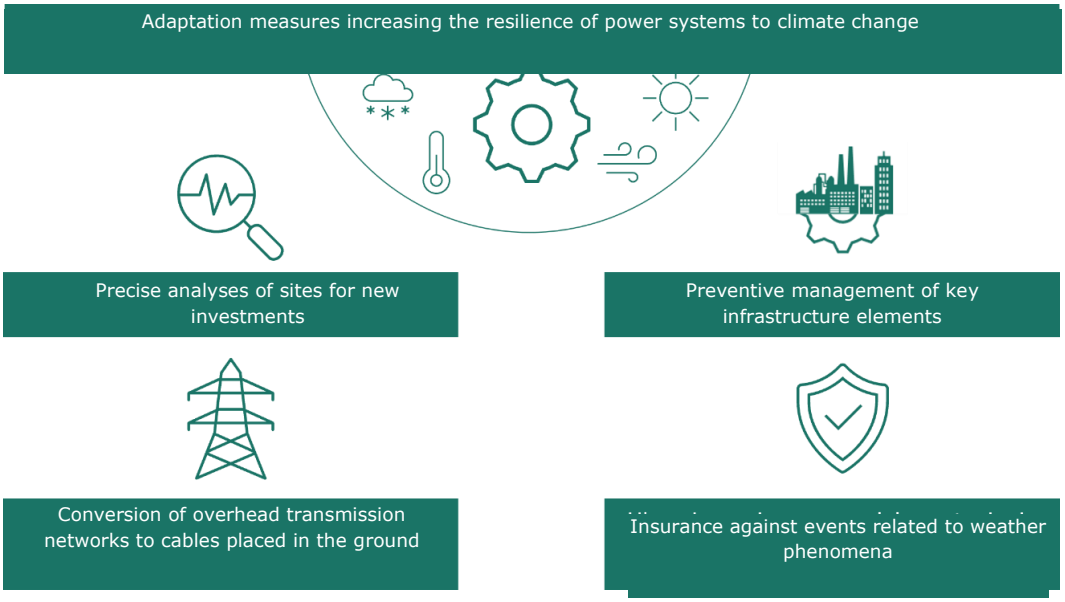
The assessment of the risk related to climatic physical threats in PGE Capital Group is carried out in the current and long-term perspective using scientific models describing possible climate scenarios.

Table: Climate scenarios.

Scenario	Type of scenario	Assumptions	Global temperature rise	Impact of the risk
RCP 4.5	optimistic	introduction of new technologies in order to achieve a higher reduction of greenhouse gas emissions than at present	2.5°C	low/medium
RCP 8.5	pessimistic	current growth rate of greenhouse gas emissions will be maintained, in the "business as usual" formula	4.5°C	low/medium

The assessment carried out showed a low or medium impact of risks related to physical climatic hazards on the key activities of the Capital Group in 2024. The implementation and continuous improvement of adaptation measures developed in the PGE CG significantly affect the process outcomes, demonstrating that the actions undertaken have increased the Group's resilience to physical climate risks.

Figure: Adaptation measures in the PGE Capital Group.



4. Energy market and regulatory and business environment

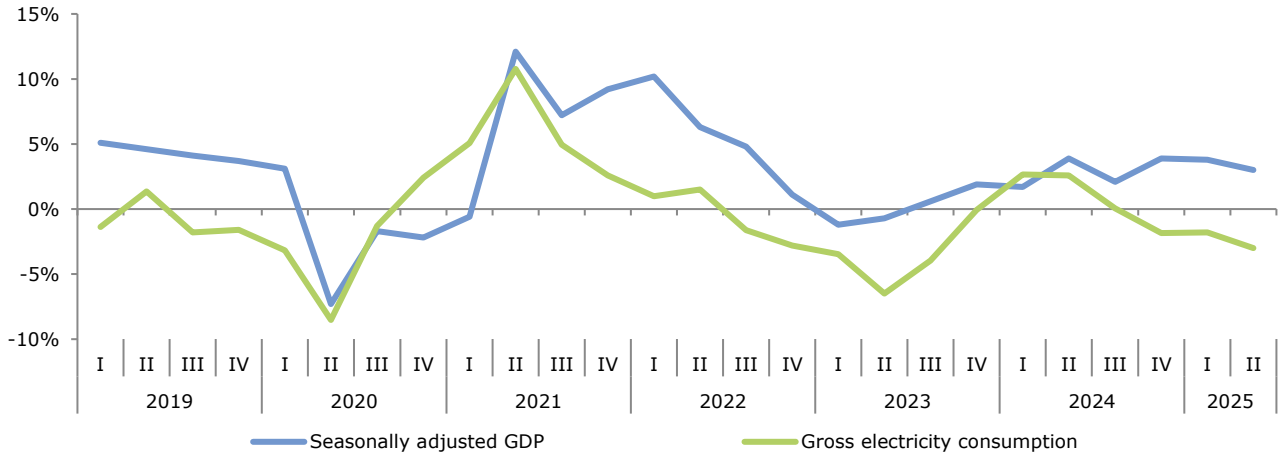
4.1. Macroeconomic environment

PGE Group's main operating area is Poland, and the domestic macroeconomic backdrop has a substantial impact on Group's results. At the same time, the condition of Poland's economy remains largely tied to the situation across the European Union and in global markets. The Group's financial results are affected by both the situation in specific segments of the economy and the financial markets, which determine the terms of PGE Group's debt financing.

In Poland, as in most other economies, there is a positive dependence between change in electricity demand and change in the rate of economic growth. Considering PGE Group's position on the Polish power generation market, as well as its substantial share in the electricity sales and distribution market, changes in electricity and heat demand may have a significant impact on the Group's results.

In the first half of 2025, the downward trend in demand persisted. Electricity demand in the first quarter decreased by 1.8%, in the second quarter decreased by 3%, and for period January–June fell by 2.36% y/y. This decline was related to the increase in photovoltaic generation among prosumers. Seasonally adjusted GDP showed an upward trend. This indicator rose by 3.8% in the first quarter of 2025 and by 3% in the second quarter. The initial effects of the implementation of investment programmes related to the National Recovery Plan have a significant impact on the rate of economic growth. It can be expected that the commissioning of more complex investments financed from European funds may have an impact on the level of electricity demand in the future.

Chart: Seasonally adjusted GDP change vs. change in domestic gross electricity consumption.

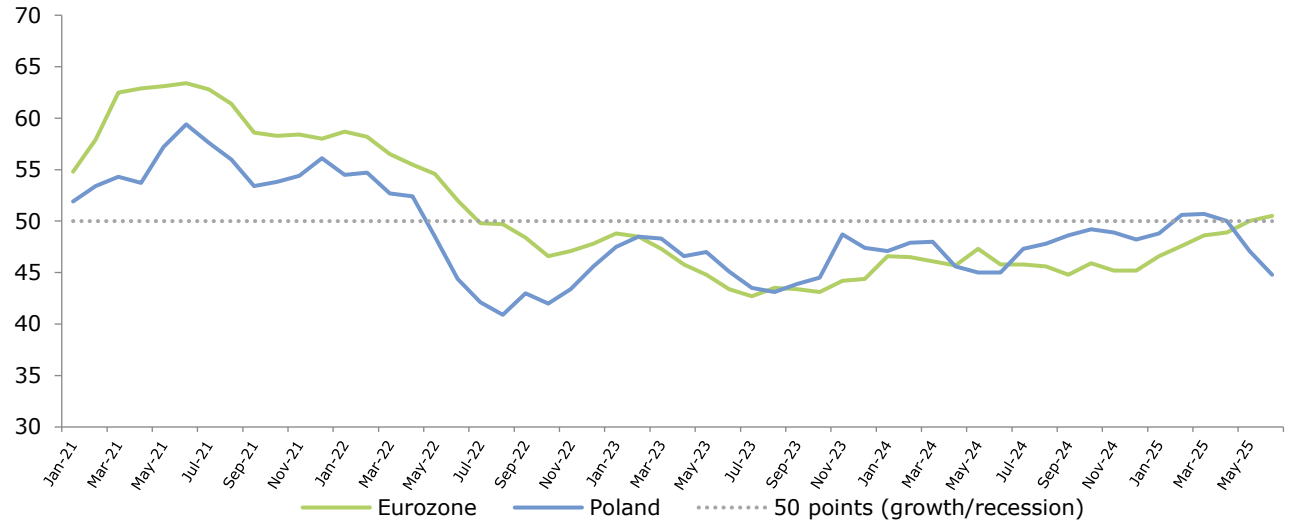


Source: Central Statistical Office of Poland, Polskie Sieci Elektroenergetyczne S.A. (PSE S.A.)

The average PMI index for the Polish industrial sector in the first half of 2025 was 48.7 points, representing an improvement of 2.17 points compared with the same period in 2024, but still below the expansion threshold. In May and June 2025, there was a marked deterioration in the business climate. PMI fell to 47.1 points and 44.8 points, respectively. The decline was driven by weaker market conditions, particularly in the automotive, energy and construction sectors. It should also be emphasised that no significant investment impulse was recorded during the period under review. Industrial forecasts for the second half of 2025 reached their lowest level since the beginning of the year, although some companies expect improvement thanks to funds from the National Recovery and Resilience Plan.

The opposite situation is observed in the Eurozone. In June 2025, the PMI index for the Eurozone industry increased slightly to 49.5 points from 49.4 points in May 2025, reaching the highest level in 34 months. The average index in the first half of 2025 was 48.5 points (an increase of 2.2 points y/y). This growth was mainly driven by improved production.

Chart: Manufacturing PMI in Poland and Eurozone (in points).



Source: Market Economics

4.2. Market environment

4.2.1. Situation in the National Power System (NPS)

Table: Domestic electricity consumption (TWh).

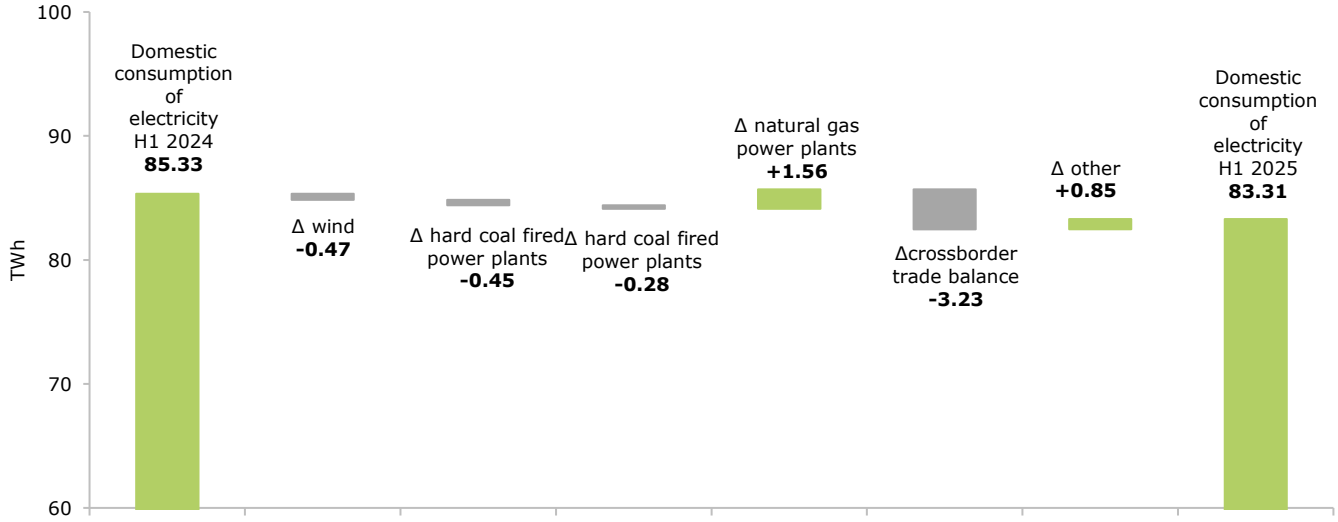
	H1 2025	H1 2024	% change
Domestic electricity consumption, including:	**83.31**	**85.33**	**-2%**
Wind farms	12.34	12.81	-4%
Industrial thermal hard-coal fired power plants	34.46	34.91	-1%
Industrial thermal lignite fired power plants	17.07	17.35	-2%
Industrial gas-fired power plants	8.92	7.36	21%
International exchange balance[1]	-1.11	2.12[1]	-
Other (hydro power plants, other RES)	11.63	10.78	8%

Source: PSE S.A. data
[1] Data adjusted following a correction by PSE S.A.

H1 2025

In the first half of 2025, domestic electricity consumption decreased by 2.02 TWh, primarily due to higher generation in PV plants. As a result of deteriorating wind conditions, wind power generation fell by 0.47 TWh compared to the corresponding period of the previous year. In the first half of 2025, Poland was a net exporter of electricity, whereas in the previous year the direction of exchange was the opposite thus it resulted in a year-on-year change in the foreign trade balance of -3.23 TWh. A decrease in production was recorded at hard coal-fired power plants (-0.45 TWh), lignite-fired power plants (-0.28 TWh), and an increase in gas-fired plants (+1.56 TWh). Other sources also recorded an increase in generation (+0.85 TWh), particularly photovoltaic power plants, owing to the rise in installed capacity.

Chart: Energy balance in the NPS (TWh) in H1 2025.



Source: own work based on data from PSE S.A.

The situation in the NPS directly affects the operational activities of the PGE CG. In the first half of 2025, the PGE Group recorded a decrease in production from hard coal units of -1.30 TWh (-14% y/y) and from lignite units of -0.52 TWh (-3% y/y). At the same time, generation from gas-fired units increased by 2.01 TWh (+81% y/y), driven by the growth of installed capacities.

4.2.2. Electricity prices – domestic market

Table: Day-Ahead market (RDN, SPOT market).

Market/measure	Unit	H1 2025	H1 2024	% change
RDN – average price	PLN/MWh	435	389	12%
RDN – trading volume	TWh	23.41	23.49	0%

Data from TGE, include weighted average monthly BASE prices.

Table: Selected price factors affecting RDN quotations.

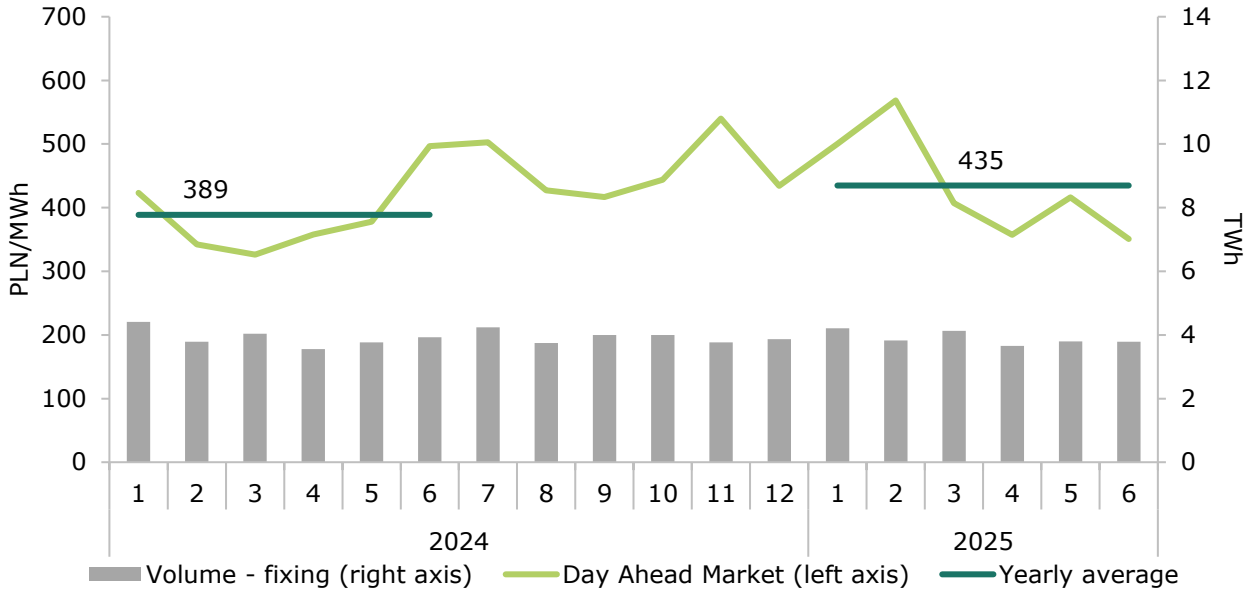
Factor	Unit	H1 2025	H1 2024	% change
CO_2 emission rights[19]	EUR/t	72.30	65.33	11%
Polish Steam Coal Market Index PSCMI-1	PLN/GJ	16.43	22.78	-28%
Wind generation NPS	TWh	12.34	12.81	-4%
Ratio: wind generation/ NPS consumption	%	15%	15%	
Ratio: international trading/ NPS consumption	%	-	2%	

In the first half of 2025, the average electricity price on the day-ahead market was PLN 435/MWh and was higher by 12% than average price (PLN 389/MWh) in the analogical period of the previous year. Decreased generation from wind farms and decline in average daily temperatures contributed to the price increase.

Average level of PSCMI-1 in the first half of 2025 was PLN 16.43/GJ, i.e. lower by 28% than in the base period.

[19] *Source: own work based on ICE quotations.*

Chart: Average monthly prices on the day-ahead market in 2024–2025 (TGE).



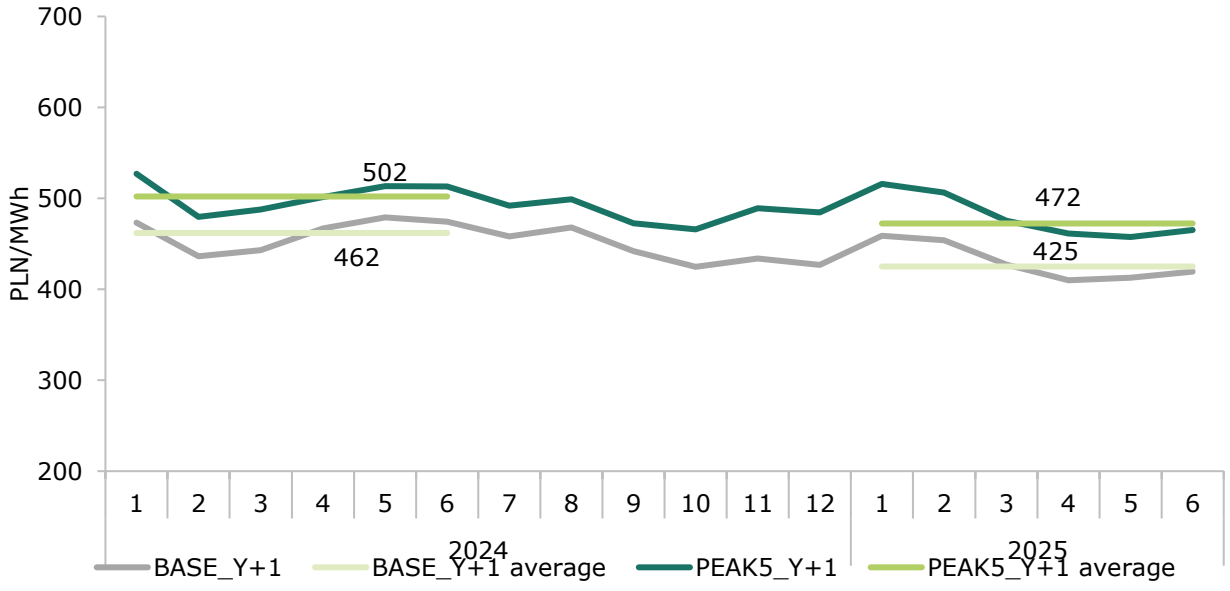
Source: Data from TGE, include weighted average monthly BASE prices.

Table: Forward market (RTT)

Market/measure	Unit	H1 2025	H1 2024	% change
BASE Y+1 – average price	PLN/MWh	425	462	-8%
BASE Y+1 – trading volume	TWh	11.90	16.62	-28%
PEAK5 Y+1 – average price	PLN/MWh	472	502	-6%
PEAK5 Y+1 – trading volume	TWh	1.81	2.21	-18%

Energy prices on the forward market in the first half of 2025 fell for both BASE and PEAK5 contracts in comparison to the analogical period of the previous year. Several factors may have contributed to the price decline, including lower coal prices, the projected increase in the share of RES in generation or the prospect of a slowing economy and thus lower demand due to the introduction of tariffs by the US.

Chart: Average monthly prices on the forward market in 2024–2025 (TGE).[20]

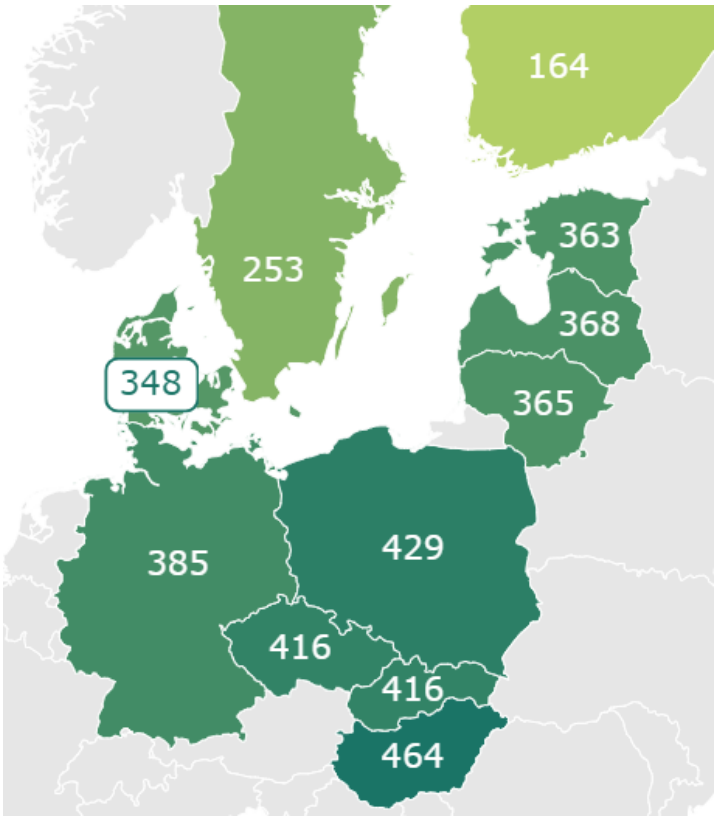


[20] *Monthly average index level for forward contracts for the next year (Y+1), baseload and peak, weighted by the trading volume.*

4.2.3. Electricity prices - international market

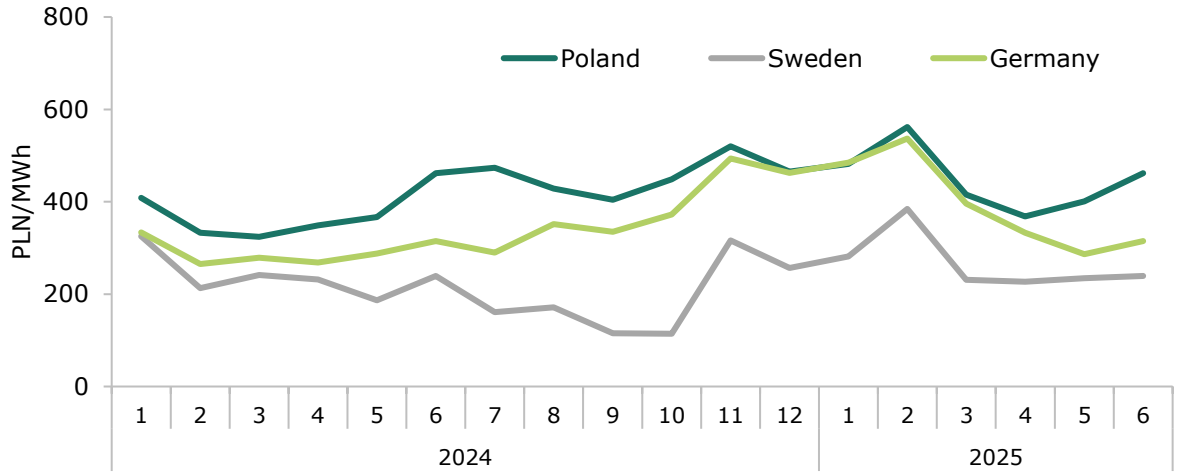
WHOLESALE MARKET (COMPARISON OF SPOT MARKETS)

Chart: Comparison of average electricity prices on Polish market and on European markets in the first half of 2025 (prices in PLN/MWh, average exchange rate EUR/PLN 4.23).



Source: TGE - RDN price level calculated on the basis of hourly quotations (fixing), EEX, Nordpool.

Chart: Evolution of spot market prices.

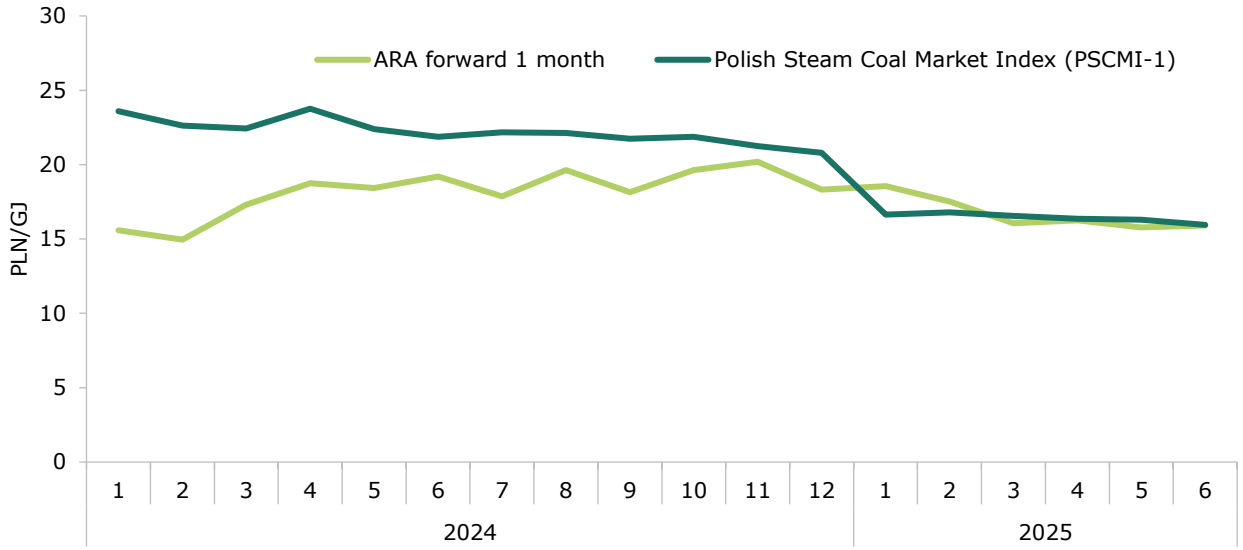


Source: TGE, EEX, Nordpool

In the first half of 2025, the largest y-o-y price increase was recorded in Hungary (+143 PLN/MWh), in Czechia (+110 PLN/MWh) and Germany (+94 PLN/MWh), while the price decline was recorded in Finland (-79 PLN/MWh). The differentiation of energy prices results from a higher share of renewable energy sources in the generation mix and from the situation on the markets for related products. The price spread between Poland and its neighbouring countries is also due to differences in realised coal prices and also to prices of

natural gas at home and abroad. The reason for the price drop was a change in the market situation, mainly increasing share of RES in generation.

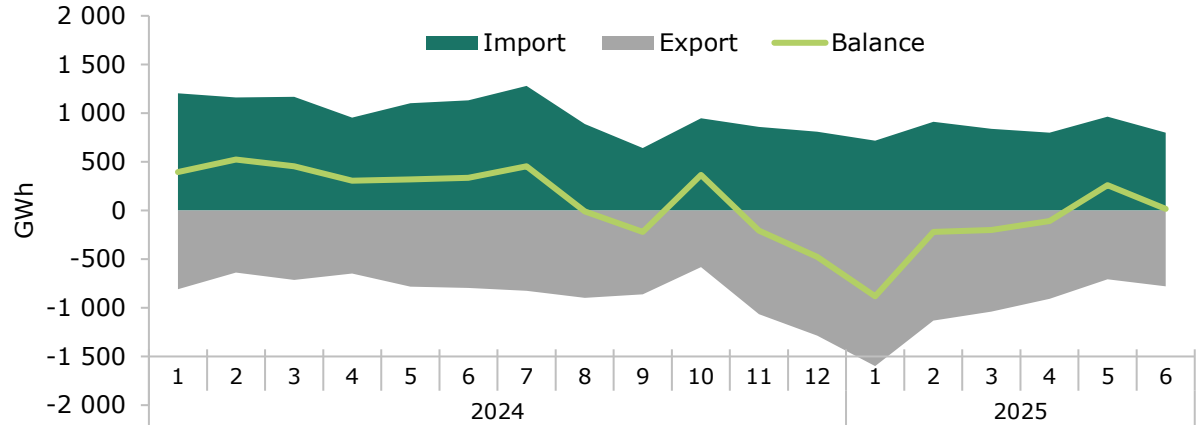
Chart: Hard coal indices ARA vs PSCMI-1[21].



Source: ARP, Bloomberg (API21MON OECM Index), own work.

INTERNATIONAL TRADING

Chart: Monthly imports, exports and cross-border exchange balance in 2024-2025.

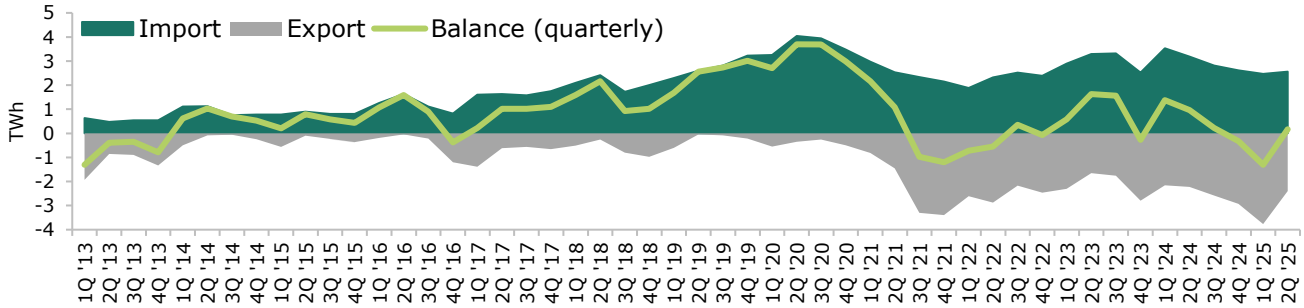


Source: own work based on data from PSE S.A.

The variation in imports/exports is due to the level of the share of renewable energy sources in the technological mix and the situation in the markets for related products. In the first half of 2025, Poland was an exporter of electricity, driven by an increase in installed PV capacity and generation from these sources. Exports took place mainly in the mornings and afternoons.

[21] *The comparison is illustrative only. Methodologies of counting the ARA and PSCMI1 indexes are different. Among other things, the ARA index includes insurance and delivery costs. The PSCMI 1 is an ex-mine index without insurance and delivery costs. Standards for calculating the caloric values are also different (ARA – 25.12 GJ/t vs. PSCMI1 caloric value - range 20-24 GJ/t). The aim is to compare the trend and not the absolute level. For illustration purposes ARA index is recalculated from USD/t to PLN/GJ.*

Chart: Quarterly trading volumes – import, export and international trading balance in years 2015 - 2025.



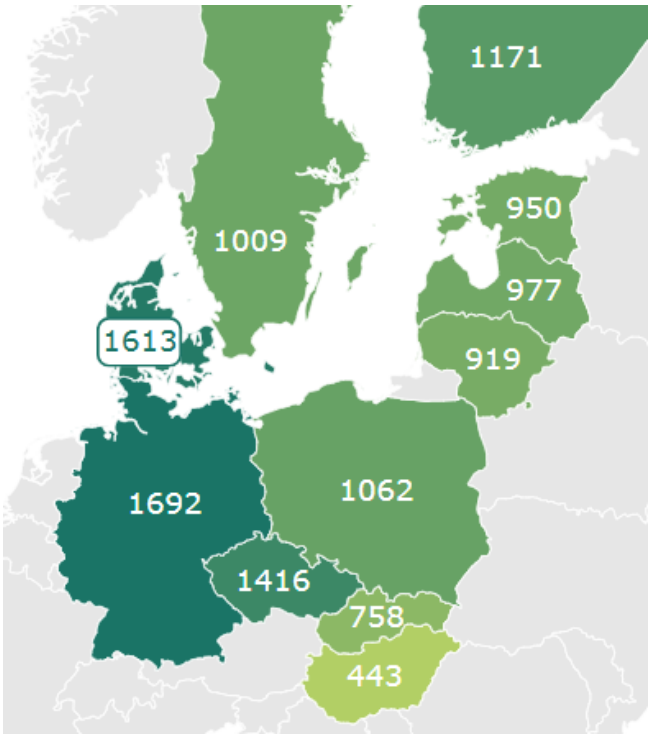
Source: own work based on data from PSE S.A.

In the first half of 2025, Poland was a net exporter of electricity, with a negative trade balance of 1.1 TWh (imports: 5.0 TWh, exports: 6.1 TWh). The largest impact on the trade balance came from exports to Slovakia (-2.9 TWh), Czechia (-1.3 TWh) and Germany (-1.2 TWh). At the same time, we imported most electricity from Germany (2.0 TWh). Sweden (1.9 TWh) and Czechia (0.6 TWh).

RETAIL MARKET

The diversity of electricity prices for retail customers in the European Union depends mainly on the level of the wholesale prices of electricity, fiscal system (taxes and fees), regulatory mechanism and support schemes in particular countries. In Poland in the second half of 2024[22] an additional burden (over sale price and cost of electricity distribution) for individual customers accounted for 50% of the electricity price. The Germans paid the most for electricity, for whom additional charges also accounted for 29% of the final price.

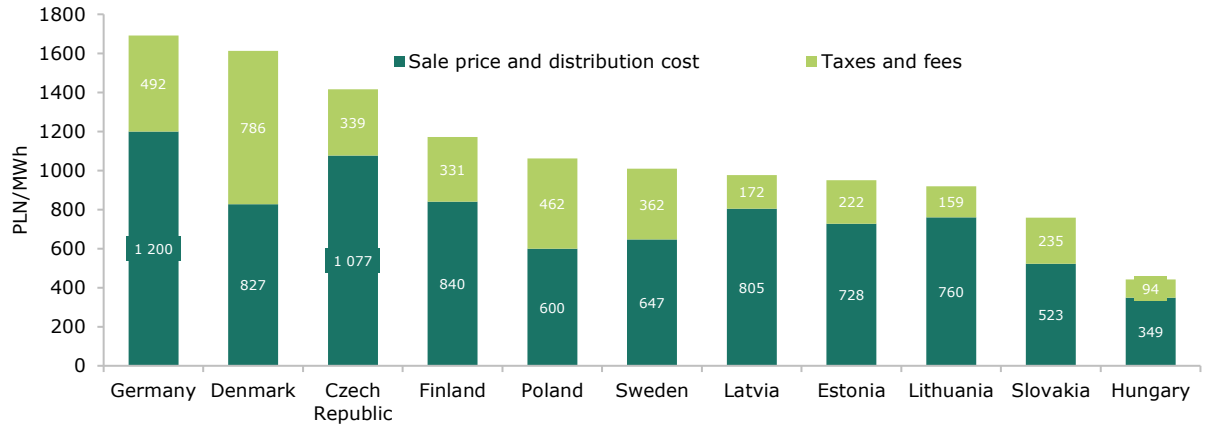
Chart: Comparison of average electricity prices on Polish market and on European markets in the second half of 2024 (prices in PLN/MWh, average exchange rate EUR/PLN 4.29).



Source: own work based on Eurostat data.

[22] *Eurostat data on retail market are published in semi-annual intervals.*

Chart: The share of additional charges in electricity prices for the individual customers in selected EU countries in the second half of 2024 (prices in PLN/MWh, average exchange rate EUR/PLN 4.29).



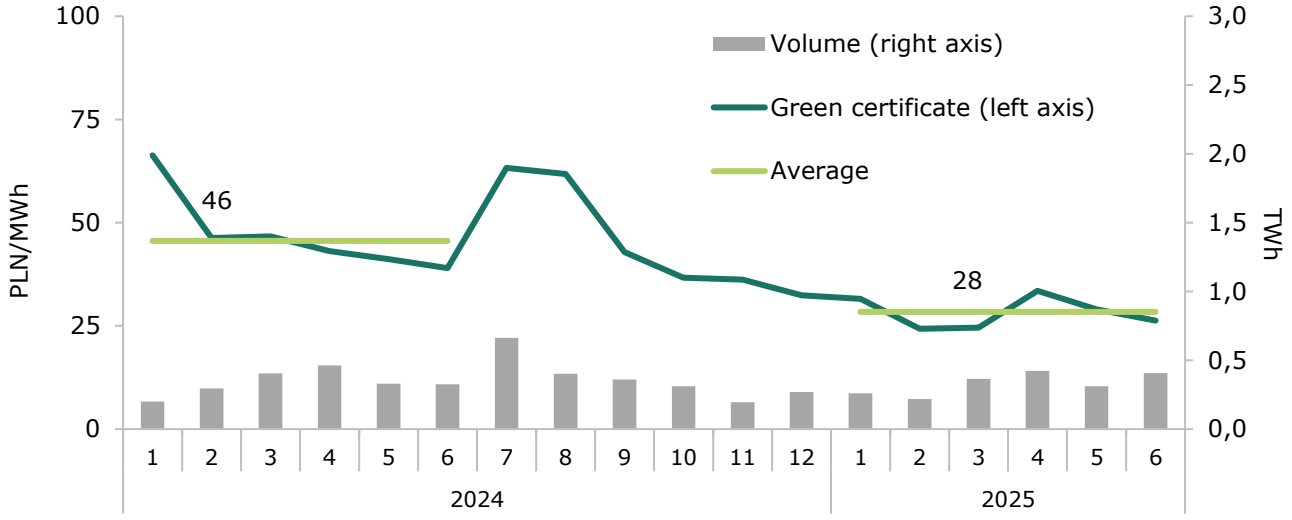
Source: own work based on Eurostat data.

Alongside market changes and the evolving generation structure of the Group, not only long-term contracts but also the volatile spot market significantly impacts the Group's trading activities. Changes in global fuel prices also affect the value of sales prices within the Group and the profitability of utilising reserves. The average wholesale electricity price realised in the first half of 2025 was PLN 506/MWh.

4.2.4. Prices of certificates

In the first half of 2025 the average price of green certificates (index TGEozea) reached PLN 28/MWh and was lower by 39% compared to the previous year. At the end of August 2024, the Ministry of Climate and Environment published the level of the green certificates redemption obligation for 2025, which amounts to 8.5%. Work is currently underway to establish new redemption obligation levels.

Chart: Average quarterly prices of green certificates (TGEozea).



Source: Own work based on TGE quotations.

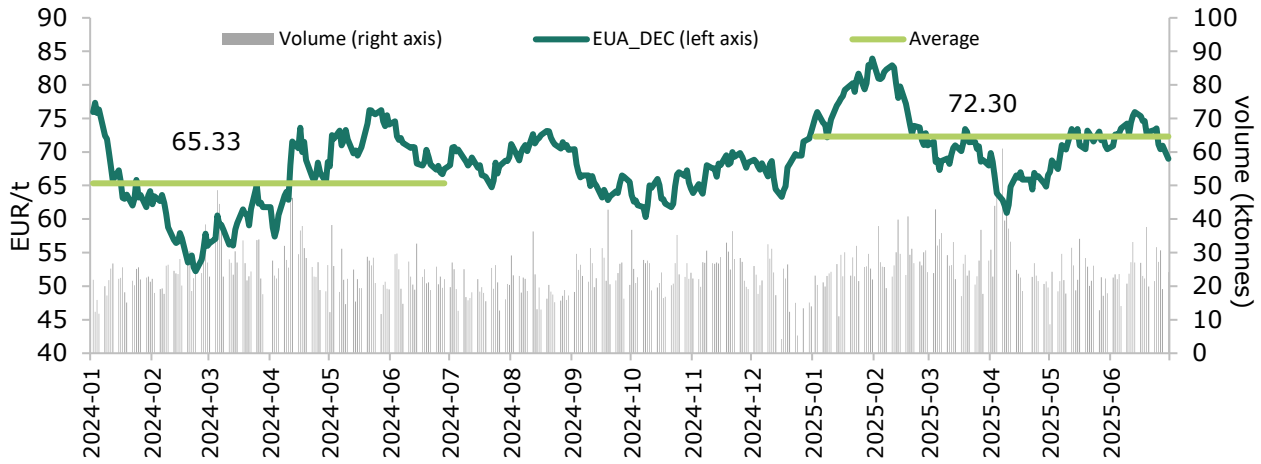
The decline in property rights prices resulted in lower revenue from the sale of RES property rights within the PGE Group. Revenue from the sale of property rights in the PGE Group decreased y/y by PLN 21 million (from PLN 50 million in the first half of 2024 to PLN 29 million in the first half of 2025).

4.2.5. Prices of CO_2 emission rights

EUA (European Union Allowances) prices are one of the key factors determining wholesale energy prices and PGE Group's financial results. Installations emitting CO_2 in the process of electricity or heat production bear the expenses for purchasing EUA allowances to cover the deficit (i.e. the difference between CO_2 emissions at PGE Group's generating units and the free-of-charge allowances received under derogation in accordance with the National Investment Plan). Wherein, last allocations granted free of charge were planned for realisation of investment tasks for 2019. It means that the free allocations for electricity generation, in accordance with the currently used method, ended when 2019 allowances were received.

In the first half of 2025 the weighted average price of EUA DEC was EUR 72.30/t and was higher (by approx. 11%) than the average price of EUR 65.33/t in the first half of the previous year.

Chart: Prices of CO_2 emission rights.



Source: own work based on ICE exchange quotations.

4.3. CO_2 emission rights granted free of charge

In accordance with Commission Implementing Regulation (EU) 2019/1842 of October 31, 2019 laying down rules for the application of Directive 2003/87/EC of the European Parliament and of the Council as regards further arrangements for adjustment of the allocation of free CO_2 emission allowances due to changes in activity levels, the competent authority may suspend the issuance of free emission allowances to an installation until it is determined that there is no need to adjust the allocation to that installation or the Commission has adopted a decision concerning adjustments to the allocation to that installation.

In national legislation, the Act on the Greenhouse Gas Emission Trading Scheme introduced an additional condition for the issuance of emission allowances to installations. Due to the amendment of Directive (EU) 2023/959 of the European Parliament and of the Council of May 10, 2023, amending Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Union, the deadline for issuing emission allowances has changed from February 28 to June 30 each year, following the publication of information in the Public Information Bulletin on the website of the Ministry of Climate and Environment.

In accordance with legal requirements, activity level reports for individual installations for 2024 have been submitted, with a deadline of June 30, 2025. A further adjustment will be adjusted during 2025 to reflect increases and decreases in production volumes resulting from revised activity level reports submitted for individual installations.

Table: Emission of CO_2 (in tons).

	H1 2025	H1 2024	% change
Electricity and heat	25 914 669	27 339 190	-5%

Table: Allocations of CO_2 emission rights (in tons).

	2025	2024	% change
Heat	553 629	595 229	-7%

Since 2020, installations owned by the PGE CG have not been eligible for free CO_2 emission allowances for electricity generation. The Group is only entitled to free EUA allowances for heat production. In 2025, the amount of granted CO_2 emission allowances totalled approx. 554 thousand tonnes.

4.4. Regulatory environment

PGE Group operates in an environment with a significant impact of domestic and foreign regulations. Presented below is a summary of the most significant decisions, which could have an impact on PGE Group's operations in the coming years.

Legal regulations regarding the current rules for determining the prices of electricity and heat and the compensations due in this respect are described in Note 27.2 to the condensed interim consolidated financial statements.

4.4.1. Domestic regulatory environment

Segments	Regulation	Regulation objectives	Stage	Impact on PGE Group
	Act amending the act on reserves of crude oil, petroleum products and natural gas and the rules of conduct in situations of threats to fuel security of the state and disruptions on the oil market, and certain other acts.	The main objective of the act is to introduce changes to the current model for creating and maintaining strategic reserves of natural gas. The regulation imposes on the Government Agency for Strategic Reserves the exclusive obligation to create and maintain strategic reserves of natural gas, while obligated entities will bear the cost of maintaining these reserves through a gas fee.	**On August 27, 2025,** the President vetoed the bill.	Once the provisions come into force, companies from District Heating and Gas-fired Generation segments will pay the gas fee.
	Regulation of the Minister of Climate and Environment of May 30, 2025 on specific qualitative and dimensional characteristics of energy wood (Dziennik Ustaw of 2025 item 746).	The regulation defines the specific qualitative and dimensional characteristics of energy wood, indicates the characteristics of wood raw material that is not suitable for industrial use or has limited potential for use in the non-energy sector.	**On June 6, 2025,** a regulation was published in the Journal of Laws. The new provisions regarding energy wood will enter into force on **September 7, 2025.**	The regulation introduces quality and dimension criteria for wood used in the energy sector. The regulation is of great importance for the District Heating sector.
	Regulation of the Minister of Climate and Environment of January 9, 2025 on the maximum price for electricity generated at offshore wind farms and injected into the grid that may be indicated in bids submitted by generators in an auction (Dziennik Ustaw of 2025 item 41).	The regulation determines the maximum price for electricity generated in offshore wind farms and introduced to the grid in PLN per 1 MWh under the second phase of the support scheme. A division into three area groups has been introduced based on the criterion of distance from the shoreline and 3 price levels were established: PLN 485.71/MWh, PLN 499.33/MWh and PLN 512.32/MWh.	The Regulation entered into force on **January 15, 2025**.	The regulation is of key importance for the Renewables segment as it will enable applying for the right to cover the negative balance in phase II of the support scheme for OWFs to be claimed.
	Act amending the Act on investments in wind power plants and certain other acts.	The Act updates the rules for locating onshore wind farms (hereinafter: 'WF') by abolishing the general 10H rule[23], by modifying the rules for locating wind farms away from residential buildings (500 m) and national parks (1,500 m), as well as introducing a minimum distance from Natura 2000 areas covering special bird protection areas and bat habitat protection areas. The Act also introduces regulations: ▪ concerning the modernisation of existing wind installations, enabling parallel processing of decisions on environmental conditions and local plans concerning the modernisation of existing wind installations, enabling parallel processing of decisions on environmental conditions and local plans ▪ participation fund instead of a mechanism for making at least 10% of wind farm capacity available to interested residents who use the energy generated as virtual prosumers;	**On August 21, 2025,** the President vetoed the bill.	The changes to be introduced will contribute to the development of the RES sector and thus have a positive impact on the investments made by the Renewables segment. The bill is also of significant importance for the Supply segment, due to the need to adapt to changes in settlements with prosumers and the extension of price freezes, as well as for the Distribution segment due to regulations concerning the connection of micro-installations and energy storage facilities.

[23] *10H rule - ten times the height of a wind turbine as the minimum distance between a new development and existing residential buildings and nature conservation areas.*

Segments	Regulation	Regulation objectives	Stage	Impact on PGE Group
		▪ clarification of the regulations governing the information provided in settlements with prosumers, as well as the final settlement of the prosumer deposit in the event of a change of supplier; ▪ introducing support for biomethane in installations above 1 MW in the form of auctions; extending the 'energy price freeze' for households until the end of 2025.		
	Bill of January 24, 2025 to amend the Capacity Market Act (Dziennik Ustaw of 2025 item 159).	The bill introduces a supplementary auction mechanism in the Capacity Market in the period from the second half of 2025 to the end of 2028. Supplementary auctions will purchase additional capacity for energy security purposes under the Capacity Market mechanism and, by way of derogation, high-carbon units will be able to participate in them.	The Act entered into force on **February 13, 2025**.	The entry into force of the legislation as proposed allows units not meeting the 550 kg/MWh emission limit to participate in the Capacity Market mechanism until the end of 2028.
	Act of January 24, 2025 amending the Law on Value Added Tax, the Law on Excise Tax and certain other laws (Dziennik Ustaw of 2025 item 222).	The Act proposes to extend the operation of the reverse charge mechanism for VAT on gas in the gas system, electricity in the electricity system and services for the transfer of greenhouse gas emission allowances until December 31, 2026.	Art. 1 point 3 of the Act entered into force on **February 28, 2025**.	The entry into force of the provision of Article 1, point 3 will enable an extension of the reverse charge mechanism for VAT on electricity, gas and greenhouse gas emissions until December 31, 2026.
	Regulation of the Ministry of Climate and Environment of October 30, 2024 on reference values for new and substantially modernised cogeneration units in 2025 (Dziennik Ustaw of 2025 item 1603).	The regulation specifies the reference values for new cogeneration units and for substantially retrofitted cogeneration units, applicable in the following calendar year.	The regulation entered into force on **January 1, 2025**.	Regulation affects the level of revenue from the support scheme for the District Heating segment in 2025.
	Regulation of the Ministry of Climate and Environment of October 30, 2024 on the maximum quantity and value of energy from high-efficiency cogeneration covered by support and unit amounts of the guaranteed premium in the year 2025 (Dziennik Ustaw of 2025 item 1609).	The regulation indicates the maximum quantities and values of electricity from high-efficiency cogeneration supported and the unit amounts of the guaranteed premium in 2025.	The regulation entered into force on **January 1, 2025**.	Regulation affects the level of revenue from the support scheme for the District Heating segment in 2025.
	Draft Act on asbestos products.	The draft Act provides for the introduction of regulations establishing exceptions to the obligation to remove asbestos-containing products by allowing their permanent securing. These provisions apply, among others, to operational underground district heating and electricity installations. Leaving such installations underground is permitted if their location does not expose personnel servicing other infrastructure elements to asbestos, particularly when they are situated at a lower level.	**On April 22, 2025**, a reconciliation conference on the draft was held, during which the Ministry of Climate and Environment published the comments submitted.	The changes proposed in the draft Act are beneficial for the District Heating segment.
	Regulation of the Minister of Industry of December 24, 2024 amending the Regulation on the detailed list of liquid fuels, the production, storage, transshipment, transmission or distribution, trade, including foreign trade, of which requires a licence, and the import of which requires registration in the register of importing entities. (Dziennik Ustaw of 2024 item 1955).	The entry into force of the Regulation necessitates changes to liquid fuel trading licences due to the amendment of the liquid fuel list.	The regulation entered into force on **January 1, 2025**.	Entities from the PGE Capital Group holding a license for trading in liquid fuels, which includes the changed fuel codes were obliged to submit an application for a licence amendment within 30 days from the date of entry into force of the provisions introducing the amended liquid fuel.
-	Draft Act amending the Act on the preparation and implementation of investments in nuclear power facilities and related investments, as well as certain other acts.	The draft Act introduces two changes affecting the process of constructing nuclear power facilities, i.e. enabling the issuance of a building permit for a nuclear power facility investment also for a part of the construction project that cannot function independently; and allowing investors to obtain a building permit for preliminary construction works.	The public consultation process concluded on **January 8, 2025**. The PGE Group submitted comments on the draft Act.	The solutions included in the draft Act will expedite the process of obtaining the necessary approvals and permits related to the construction of nuclear power facilities, thereby reducing the risk of delays in the investment schedule.

Segments	Regulation	Regulation objectives	Stage	Impact on PGE Group
	Act of February 21, 2025 on the amendment of the Capacity Market Act and certain other laws (Dziennik Ustaw of 2025 item 290).	The act introduces a maximum of two additional auctions for the years 2029 and 2030. These additional auctions will be held if the main capacity market auction results do not ensure the security of electricity supply for end users. The same entities as in the main auction may participate in the additional auctions.	The act entered into force on **March 18, 2025.**	The changes provided for in the act are significant for the following segments: Gas-fired Generation, Coal Energy and District Heating.
	Draft Act amending certain acts supporting the safety of the Oder River in the field of water management.	The draft act provides for the establishment of a special cyclical review of water law permits and integrated permits for the discharge of wastewater into waters within the Oder river basin, separate from the provisions of the Water Law and the Environmental Protection Law.	PGE S.A. submitted comments during the public consultation of the draft Act. The Ministry of Climate and Environment (MCE) published the comments submitted on the draft Act.	The regulation may potentially affect the operation of companies from the Coal Energy and District Heating segments, due to the need to incur additional investment costs related to adapting their activities to the requirements of the act.
	Draft Act amending the Act on promoting electricity generation in offshore wind farms and certain other acts.	The draft Act introduces measures aimed at accelerating implementation and improving investment conditions for offshore wind farm projects. These include: amendments to the auction-based support system for offshore wind energy, introduction of compensation mechanisms from the Settlement Administrator in the event of market redispatch of offshore wind farms as active units on the balancing market, enabling the sale of electricity during the commissioning phase of offshore wind farms, prohibition on transferring projects covered by Phase I support to Phase II, extension of the validity of grid connection conditions for offshore wind farms (PSzW[24]) and associated power evacuation infrastructure, definition of rules for calculating compensation for fishers for lost benefits related to the construction, operation and decommissioning of offshore wind farms, and the obligation to bear costs related to mitigating the negative impact of offshore wind farms on national defence and security systems.	The draft Act of **August 14, 2025** was referred to the Standing Committee of the Council of Ministers. PGE S.A. submitted comments during the public consultation of the draft Act.	The project is of key importance to the Renewables segment due to the investment projects under way concerning offshore wind farms.
	Draft Act amending the Act – Energy Law and certain other Acts.	The draft Act provides for the strengthening of consumer protection for electricity users and the introduction of additional tools encouraging consumers to become more active in the market, including the right of the final customer to conclude more than one comprehensive contract/sales contract for electricity at the same time, as well as the right of the final customer to conclude a fixed-price electricity contract, the obligation for the supplier to provide the final customer with a short summary of their rights and the key terms of the contract, the obligation of the President of the Energy Regulatory Office (ERO) to ensure that suppliers have strategies to limit risks arising from changes in wholesale electricity prices – 'hedging strategies', which will be approved by the President of URE in the form of a decision, and the introduction of additional protection against the disconnection of electricity supplies for consumers affected by energy poverty. The draft also covers the optimisation of solutions in the area of connections to the electricity grid and includes provisions aimed at increasing the transparency of transactions concluded on energy markets and tightening mechanisms for preventing manipulation on the wholesale energy market.	PGE S.A. submitted comments during the public consultation of the draft Act. The Ministry of Climate and Environment (MCE) published the comments submitted on the draft Act.	The provisions of the draft act will have a significant impact on the business activities conducted by the companies in all segments of the PGE CG.
	Act of May 21, 2025 amending certain acts in connection with the implementation of the	The draft act introduces the possibility for various categories of energy market participants to join the implementation of tasks via CSIRE in stages.	The Act entered into force on **June 11, 2025**, with exceptions.	The act is of material importance for the Distribution and Supply segments due to the necessity to allow sufficient

[24] *PSzW - permit for the construction and use of artificial islands.*

Segments	Regulation	Regulation objectives	Stage	Impact on PGE Group
	Central Energy Market Information System (CSIRE) (Dziennik Ustaw of 2025 item 759).	This process is to be carried out depending on the size of the entity – from July 2025 to October 2026. Moreover, the act maintained the entry into force of provisions regarding virtual prosumers as of July 2, 2025, while allowing their functioning during a transitional period until October 19, 2026 within the same DSO area.		time to carry out the required modifications and testing in systems cooperating with CSIRE, as well as to prepare market participants' organisations for the new model and for migrating data to CSIRE.
	Regulation of the Ministry of Climate and Environment of April 29, 2025 on the parameters of the supplementary auction for the 2029 delivery year (Dziennik Ustaw of 2025 item 71).	Regulation defines the parameters of the supplementary auction for the 2029 delivery year, which will be conducted in 2025.	The Regulation entered into force on **April 30, 2025**.	It is relevant to the Coal Energy and District Heating segments.
	Draft Act amending the act on the greenhouse gas emissions trading system and certain other acts.	The purpose of the draft act is to implement into national law Directive 2023/959 amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the European Union, as well as Regulation 2023/857 amending Regulation (EU) 2018/842 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement. The draft introduces, among other things, new rules for adjusting the allocation of free emission allowances for certain installations for the years 2026–2030, as provided for in Directive 2023/959. It also incorporates the CBAM[25] into national legislation, sets out the principles for the return of surplus allowances, and amends provisions concerning the national implementation system for the Modernisation Fund.	PGE S.A. submitted comments during the public consultation of the draft Act. The Ministry of Climate and Environment responded to the comments submitted during the public consultation. The draft was forwarded to the Committee for European Affairs for consideration.	Given the scope of the matters covered by the draft act, it is relevant to the District Heating and Coal Energy segments.
	Act amending certain acts in order to carry out deregulation in the field of energy	The act introduces changes to the basic form of correspondence between energy companies, consumers, public administration bodies and other entities – from paper to electronic form; an obligation to attach to the bill a summary of the key elements of the electricity price; extension of the cable pooling formula, raising the licensing threshold for RES installations to 5 MW of installed electrical capacity, exemption from a building permit requirement for photovoltaic installations with installed capacity not exceeding 500 kW – applicable to electricity generation for own needs, postponement of the deadline for publication of capacity fee rates by the President of the Energy Regulatory Office (URE) for the following year – from September 30 to October 31.	**On August 25, 2025,** the President vetoed the bill.	The regulation is particularly relevant for the following segments: Supply, Renewables and Gas-fired Generation.
	Regulation of the Minister of Climate and Environment of August 29, 2025 on amending the quantitative share of the total electricity volume resulting from redeemed certificates of origin confirming the generation of electricity from renewable energy sources in 2026–2028.	The regulation specifies a 9% redemption rate for certificates of origin, known as 'green certificates,' over a three-year period, i.e. for 2026, 2027, and 2028.	The Regulation entered into force on **August 31, 2025.**	The regulation affects the level of revenues of producers in the Renewables and District Heating segments (installations operating on biomass), who are responsible for the supply of certificates of origin.
	Draft regulation of the Ministry of Climate and Environment on the parameters of the main auction for the delivery year 2030 and the parameters of additional auctions for the delivery year 2027, as well as the parameters of preliminary auctions for those auctions.	The regulation aims to define the parameters of the main auction for the delivery year 2030, the parameters of additional auctions for the delivery year 2027, as well as the parameters of preliminary auctions for those auctions.	The Regulation entered into force on **August 6, 2025**	The regulation is relevant for the Coal Energy and District Heating segments.

[25] CBAM – Carbon Border Adjustment Mechanism – an EU system aimed at equalising the carbon cost between domestic and imported products.

Segments	Regulation	Regulation objectives	Stage	Impact on PGE Group
	Draft bill amending the Act on extraordinary measures aimed at limiting electricity prices and supporting certain consumers in 2023-2025.	The draft bill concerns the extension of the maximum price mechanism for electricity for another period, i.e. from October 1, 2025 to December 31, 2025. Currently, the mechanism is to remain in force until September 30, 2025.	**Public consultations are ongoing until September 21, 2025** as part of the parliamentary legislative process.	The proposed amendment affects the Supply segment.
	Draft bill on heating vouchers and amendments to certain other acts	The draft contains regulations concerning: ▪ rules and procedures for granting, determining the amount and paying out heating vouchers; ▪ postponing the publication date of capacity charges for the following year by the President of the Energy Regulatory Office from 30 September to 31 October, enabling the recalculation of capacity charges for the 2026 supply year, and clarifying the deadlines for the provision concerning the cancellation of capacity auction; ▪ extending the freeze on electricity prices until the end of 2025.	On **September 4, 2025**, it was submitted for consideration by the Standing Committee of the Council of Ministers.	The proposed bill affects the outcome of settlements with electricity consumers and the level of compensation resulting from its application. In the case of heating companies, the proposed amendment introduces an obligation to publish single-component heat supply prices used in settlements with consumers in each tariff group in each heating system.
	Regulation of the Minister of Energy of August 28, 2025, amending the regulation on detailed rules for setting and calculating tariffs and settlements for heat supply	The primary objective of the amendment to the Regulation of the Minister of Climate of April 7, 2020 on detailed rules for setting and calculating tariffs and settlements for heat supply (Journal of Laws, item 718, as amended) is to address the urgent need for changes aimed at transforming the heating sector in terms of tariffs for heat generated in cogeneration units.	The regulations have been submitted for publication in the Dziennik Ustaw (Journal of Laws) of the Republic of Poland.	The regulation affects the level of revenues in the District Heating segment.

4.4.2. International regulatory environment

Segments	Regulation	Regulation objectives	Stage	Impact on PGE Group
	Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Union and related regulations.	Combating climate change. Development of investment incentives through a CO_2 price signal to develop low-emission sources.	**On April 4, 2024** an amendment to the Delegated Regulation on the rules for free allocation of allowances was published. The EC worked on an amendment to Implementing Regulation 2019/1842, which lays down rules for the application of Directive 2003/87/EC with regard to further arrangements for adjustments to the free allocation of emission allowances due to changes in activity levels (determination of the allowance allocation method for additional allowances for district heating). The act was adopted **in March 2025.** The European Commission launched public consultations on the Modernisation Fund (closed on **May 26, 2025**) and the Innovation Fund (closed on **July 8, 2025**). The review process of these regulations is scheduled to conclude in **Q1 2026** for the Modernisation Fund and in **Q4 2025** for the Innovation Fund. Any legislative proposals to amend the functioning of these funds may be presented in **2026**, together with the revision of Directive 2003/87/EC. On **July 8, 2025** consultations were also completed on the review of Directive 2003/87/EC. The conclusions of the review and any legislative proposals are planned for **Q3 2026.**	Increased competitiveness of renewable sources compared to generation assets using high-emission fuels. Increase in operating costs for conventional generation of electricity and heat. Option to obtain investment support from the Modernisation Fund and Innovation Fund and additional free allocation of allowances to district heating (this includes ensuring annual allocation during the investment implementation phase).
	Multiannual Financial Framework beyond 2027	The establishment of a new EU Multiannual Financial Framework for the period beyond 2027.	**On July 16, 2025**, the European Commission presented a package of legislative proposals on Multiannual Financial Framework, including draft legislation concerning: the establishment of a European Competitiveness Fund, the Connecting Europe Facility, national and regional partnership plans, the Social Climate Fund, the European Social Fund, and the EU's own resources**.** The EC's consultations on these proposals began on **July 18, 2025**.	Acquisition of EU funds for investment by PGE CG. The potential contribution to the EU budget will depend on the outcome of the decision-making process regarding the EU's new own resources.
	Communication from the European Commission on the draft Clean Industry State Aid Framework (CISAF).	Improving the competitiveness of European industry, including actions aimed at reducing energy prices.	The communication sets out the rules for Member States to grant State aid in order to achieve the objectives of the Clean Industrial Deal. The final version of the communication was adopted by the EC on **June 25, 2025**, and entered into force on that date. The communication was published in the Official Journal of the EU on **July 4, 2025**.	Improving the competitiveness of renewable energy sources, electricity and heat storage facilities.
	EC Communication (COM(2024)63) - Europe's 2040 climate target and the pathway to climate neutrality by 2050 (2040 target).	Setting an intermediate target on the pathway to climate neutrality in 2050 (as required by Regulation 2021/1119 of the European Parliament and of the Council on establishing the framework for achieving climate neutrality – the European climate law).	On **February 6, 2024**, the European Commission published a communication on the 2040 target of a 90% reduction in emissions compared to 1990. The EC's legislative proposal on the implementation of the 2040 target into European climate law (along with the announced flexibilities in its implementation, including the possible contribution of international emission units to the target - at a rate of 3%) was presented on **July 2, 2025.** Subsequently, on **July 21, 2025**, the European Commission launched a public consultation on this proposal. The proposed legislative changes will need to be adopted by the European Parliament and the Council.	Faster decarbonisation and RES development in the run-up to 2040. Key solutions will depend on the shape of the legislation implementing the new objective .
	Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 with regard to certain requirements for corporate sustainability reporting and certain requirements for corporate	Reduction of reporting and regulatory burdens, aimed at enabling companies to contribute more effectively to the achievement of the EU's sustainability goals while maintaining the competitiveness of the EU economy.	On **February 26, 2025**, the European Commission published the first package of proposals, which aims to consolidate, simplify, eliminate inconsistencies, and align the EU Taxonomy Regulation, the Corporate Sustainability Reporting Directive (CSRD), and the Corporate Sustainability Due Diligence Directive (CSDDD). These proposals include: changing the application date of the CSRD and CSDDD; proposed amendments to the provisions of the CSRD and CSDDD; and proposed amendments to the delegated acts under the EU Taxonomy Regulation. **On June 23, 2025**, the Council adopted a general approach.	The proposal introduces beneficial changes in relation to the CSRD, CSDDD, and the EU Taxonomy, reducing reporting and regulatory burdens, including by limiting the number of data points collected and published annually and simplifying reporting requirements. This translates into a simpler and more efficient framework for conducting business operations.

Segments	Regulation	Regulation objectives	Stage	Impact on PGE Group
	sustainability due diligence (part of Omnibus package).		On **June 12, 2025**, a working version of the report by the rapporteur in the European Parliament was published. The vote on this report in the leading JURI committee of the European Parliament is scheduled for mid-October 2025, and the vote in the plenary session of the European Parliament is scheduled for the second half of October 2025.	
	Directive 2025/794 amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements (part of Omnibus package).	Postponing the date of application of the CSRD by 2 years for large companies not yet covered by the directive (new date of application is **January 1, 2027**) and for small and medium-sized enterprises that are public interest entities (new date of application is **January 1, 2028**). Postponement of the CSDDD application date for the largest companies from **July 26, 2027** to **July 26, 2028**. Change of the CSDDD transposition date into national legal systems from **July 26, 2026** to **July 26, 2027**.	Directive 2025/794 was adopted under a special accelerated procedure in the European Parliament (on **April 3, 2025**) and in the Council (on **April 14, 2025**), and was subsequently published in the Official Journal of the EU on **April 16, 2025**. The directive entered into force the day after its publication. Member States are required to transpose it into their national legal systems by **December 31, 2025**.	This new regulation introduces a favourable change with regard to the CSDDD by postponing its application by one year, from **July 26, 2027** to **July 26, 2028.**
	Regulation amending Regulations (EU) 2021/1058 and (EU) 2021/1056 as regards specific measures to address strategic challenges in the context of the mid-term review of cohesion policy.	The regulation introduces new priority areas in cohesion policy and creates incentives for Member States to increase the level of investment in these priority areas.	The European Commission presented its legislative proposal on **April 1, 2025**. The Council of the EU adopted its negotiating mandate at the COREPER meeting on **June 18, 2025**. The European Parliament worked on this proposal under the simplified procedure and, on **June 25, 2025**, adopted its position in a vote in the Committee on Regional Development. The Council and Parliament reached an agreement (in trilogue format) on **July 15, 2025**.	The new provisions will give Member States the possibility to allocate a larger share of cohesion policy funds to priority investments in distribution networks, dual-use projects, the protection of critical energy infrastructure, and electric vehicle recharging infrastructure. These investments are to benefit, among other things, from higher levels of pre-financing and co-financing from EU funds.

5. Activities of PGE Capital Group and operational segments

5.1. Key operational data of PGE Capital Group

Key operational data of PGE Capital Group	Renewables	Gas-fired Generation	Coal Energy	District Heating	Distribution	Railway Energy Services	Supply
Key assets of the segment	21 wind farms 55 photovoltaic power plants 29 run-of-river hydro power plants 4 pumped-storage power plants, including 2 with natural flow	1 gas-fired power plant	5 conventional power plants 2 lignite mines	16 CHP plants	304.6 th km of distribution lines	18.4 th km of distribution lines	-
Installed capacity electricity/heat	2 667 MWe/-	1 366 MWe/-	12 392 MWe/958 MWt	2 698 MWe/6 431 MWt	-	-	-
Electricity volumes	Net electricity generation 1.51 TWh	Net electricity generation 2.13 TWh	Net electricity generation 19.56 TWh	Net electricity generation 4.31 TWh	Electricity distribution volume 18.00 TWh[1]	Electricity distribution volume 2.16 TWh; Sales to final off-takers 1.54 TWh	Sales to final off-takers 14.77 TWh[2]
Heat volumes	-	-	Net heat production 1.70 PJ	Net heat production 27.30 PJ	-	-	-
Market position	PGE Capital Group is the largest electricity producer from RES with market share of approx. 6%	Gryfino power plant - the largest gas-fired power plant in Poland	PGE Group is a national leader in electricity and district heat generation		Second domestic electricity distributor with regard to number of customers	Leader of energy services for railway infrastructure and the largest distributor and seller of electricity to the traction grid	Leader in wholesale and retail trading in Poland

[1] *Data for PGE Dystrybucja S.A.*
[2] *Data for PGE Obrót S.A.*

KEY OPERATING RESULTS OF PGE GROUP

Table: Key operating results.

Key operating results	Unit	H1 2025	H1 2024	% change
Electricity generation, net	TWh	27.51	27.51	0%
including RES generation	TWh	1.29	1.46	-12%
Sales of electricity outside the PGE Capital Group	TWh	32.60	33.79	-4%
Sales of electricity to final off-takers[1]	TWh	16.29	17.04	-4%
Heat production	PJ	29.00	26.94	8%
Heat sales	PJ	28.31	26.35	7%
Electricity distribution	TWh	20.16	20.11	0%

[1] *After eliminating sales within the PGE Group, sales carried out mainly by PGE Obrót S.A. and Railway Energy Services segment.*

BALANCE OF ENERGY OF PGE CAPITAL GROUP

Table: Sales, purchase, production and consumption of electricity in the PGE Capital Group (TWh).

Sales volume	H1 2025	H1 2024	% change
A. Sales of electricity outside the PGE Capital Group:	32.60	33.79	-4%
Sales to end-users[1]	16.29	17.04	-4%
Sales on the wholesale and balancing market	16.31	16.75	-3%
B. Purchases of electricity from outside of PGE Group (wholesale and balancing market)	7.20	8.61	-16%
C. Net production of electricity in units of PGE Capital Group	27.51	27.51	0%
D. Own consumption DSO, lignite mines, pumped-storage power plants (D=C+B-A)	2.11	2.33	-9%

[1] *Sales carried out mainly by PGE Obrót S.A. and Railway Energy Services segment.*

The total volume of purchased and generated electricity is higher than the volume of electricity sold. The difference presented in point D results from the necessity to cover grid losses in the distribution business (DSO), consumption of energy at lignite mines and consumption of energy at pumped-storage power plants.

Lower sales of energy on the wholesale and balancing market are the result of lower generation from coal units at PGE Capital Group which was caused by renewable sources covering a higher proportion of domestic demand. Lower purchases at the wholesale market result mainly from lower sales to final off-takers at PGE Obrót S.A. in the corporate client and large business segments, who tend to diversify energy sources, mainly with greater use of RES.

Table: Net production of electricity (TWh).

Production volume	H1 2025	H1 2024	% change
ELECTRICITY PRODUCTION IN TWh, including:	**27.51**	**27.51**	**0%**
Lignite-fired power plants	14.52	14.99	-3%
Coal-fired power plants	5.04	6.31	-20%
Including co-combustion of biomass	*0.01*	*0.02*	-50%
Gas-fired power plants	2.13	0.44	384%
Coal-fired CHP plants	1.89	1.77	7%
Gas-fired CHP plants	2.24	1.98	13%
Biomass-fired CHP plants	0.16	0.18	-11%
Communal waste-fired CHP plants	0.02	0.01	100%
Pumped-storage power plants	0.41	0.58	-29%
Hydroelectric plants	0.19	0.27	-30%
Wind power plants	0.82	0.93	-12%
PV plants	0.09	0.05	80%
including RES generation	1.29	1.46	-12%

The level of electricity production in the first half of 2025 was at the same level as in the first half of 2024.

Higher production at Gryfino Dolna Odra power plant (growth by 1.7 TWh) is a result of low base of the first half of 2024 when, as part of the investment process, the blocks produced 0.4 TWh of electricity.

The higher production from and gas-fired CHP plants (growth by 0.3 TWh) is the result of the commissioning of the Nowa Czechnica CHP plant and the start-up of gas engines at the Bydgoszcz CHP plant.

The higher production from coal-fired CHP plants (growth by 0.1 TWh) is a result of higher energy production in co-generation with heat due to weather conditions (lower average temperatures).

Higher photovoltaic generation (growth by 0.04 TWh) is due to new capacity being commissioned.

Lower production in hard coal-fired power plants (decrease of 1.3 TWh): lower production was recorded at Rybnik power plant (decline by 0.6 TWh) and Dolna Odra power plant (decline by 0.6 TWh) and Opole power plant (decline by 0.1 TWh). Lower generation at Rybnik power plant results from reserve downtime of units longer by 5 119 h, while lower generation at Dolna Odra power plant is a result of repairs of units longer by 8 697 h (blocks 5-8 remained under medium overhauls in accordance with the annual schedule). Lower generation at Opole power plant is a result of reserve downtime of units longer by 2 381 h.

Lower production at lignite-fired power plants (decline by 0.5 TWh) results from lower generation at Bełchatów power plant. The units of this power plant were in reserve downtime longer by 3 346 hours.

Lower production at pumped storage plants (decrease by 0.2 TWh) is due to the nature of the operation of the generating units, which were less utilised by PSE in the first half of 2025.

Lower hydropower production due to poorer hydrological conditions in the first half of 2025.

Lower production at wind farms resulted from worse windiness in the first half of 2025.

Production at biomass CHP plants remained at similar to the comparable period.

HEAT PRODUCTION

Table: Net production of heat (PJ).

Heat production volume	H1 2025	H1 2024	% change
Net production of heat in PJ	**29.00**	**26.94**	**8%**
Lignite-fired power plants	1.34	1.29	4%
Coal-fired power plants	0.36	0.35	3%
Coal-fired CHP plants	19.56	19.57	0%
Gas-fired CHP plants	6.17	4.27	44%
Biomass-fired CHP plants	1.06	1.09	-3%
CHP plants fuelled by municipal waste	0.14	0.05	180%
Other CHP plants	0.37	0.32	16%

External temperatures contributed more than any other factor to lower net generation of heat in the first half of 2025 (y/y). The average temperatures in 2025 were by 0.2° C lower y/y, which translated into increased production of heat.

HEAT SALES

The above result was mainly influenced by higher heat demand due to lower average outdoor temperatures compared to 2024. In the first half of 2025 the heat sales volume in PGE Capital Group totalled 28.3 PJ and were higher by 2.0 PJ y/y.

5.2. PGE Group's key financial results

The best way to measure the profitability of energy companies is recurring EBITDA. This is a result before depreciation, amortization, income tax and financial activities, including interest from drawn debt. EBITDA makes it possible to compare the results of companies regardless of the value of their assets, level of debt and existing income tax rates. Additionally, recurring EBITDA is adjusted for one-offs.

PGE Group's consolidated EBITDA is composed of the financial results of each of its operating segments. The following segments have the largest share in the Group's recurring EBITDA for the first half of 2025: Distribution (35%), Supply (16%), District Heating (16%), Renewables (13%) and Railway Energy Services (9%). Other segments have an insignificant share in the result.

Chart: Recurring EBITDA of PGE Capital Group (PLN million)

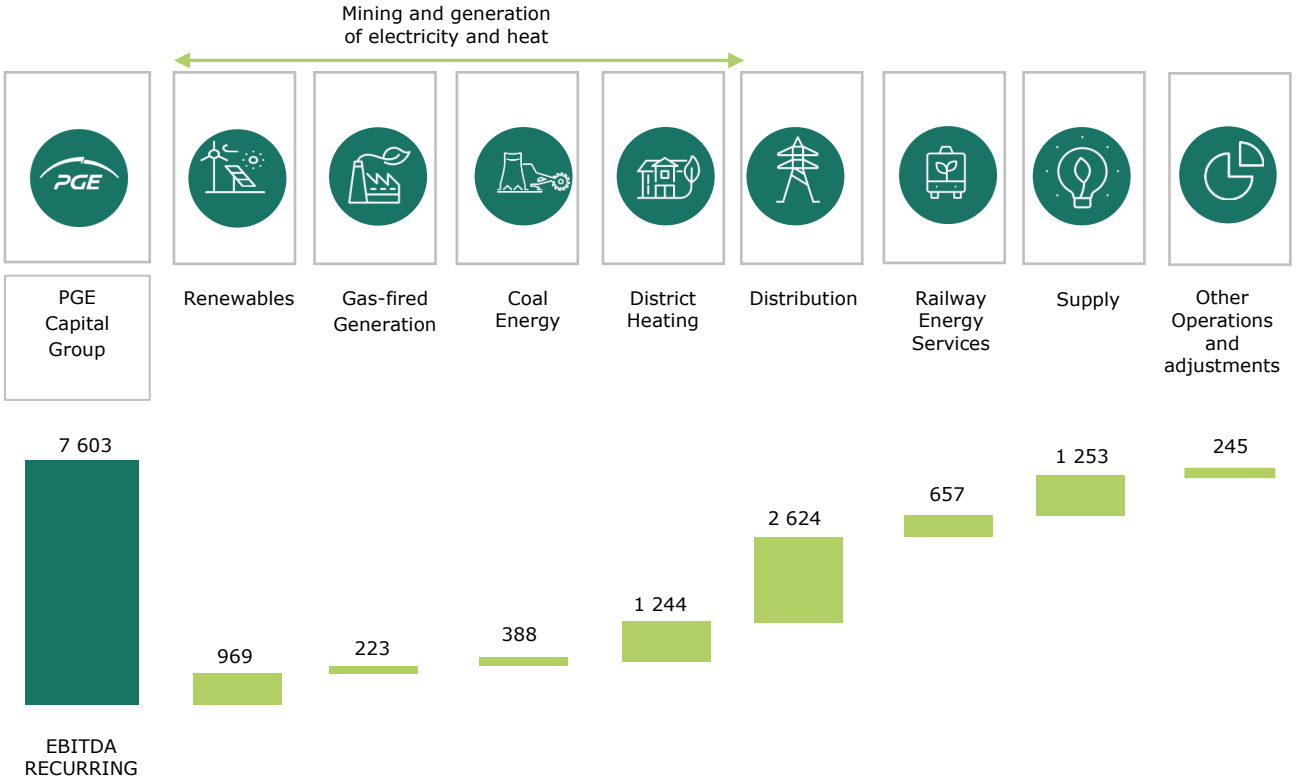


Chart: Reported EBITDA of PGE Capital Group (PLN million)

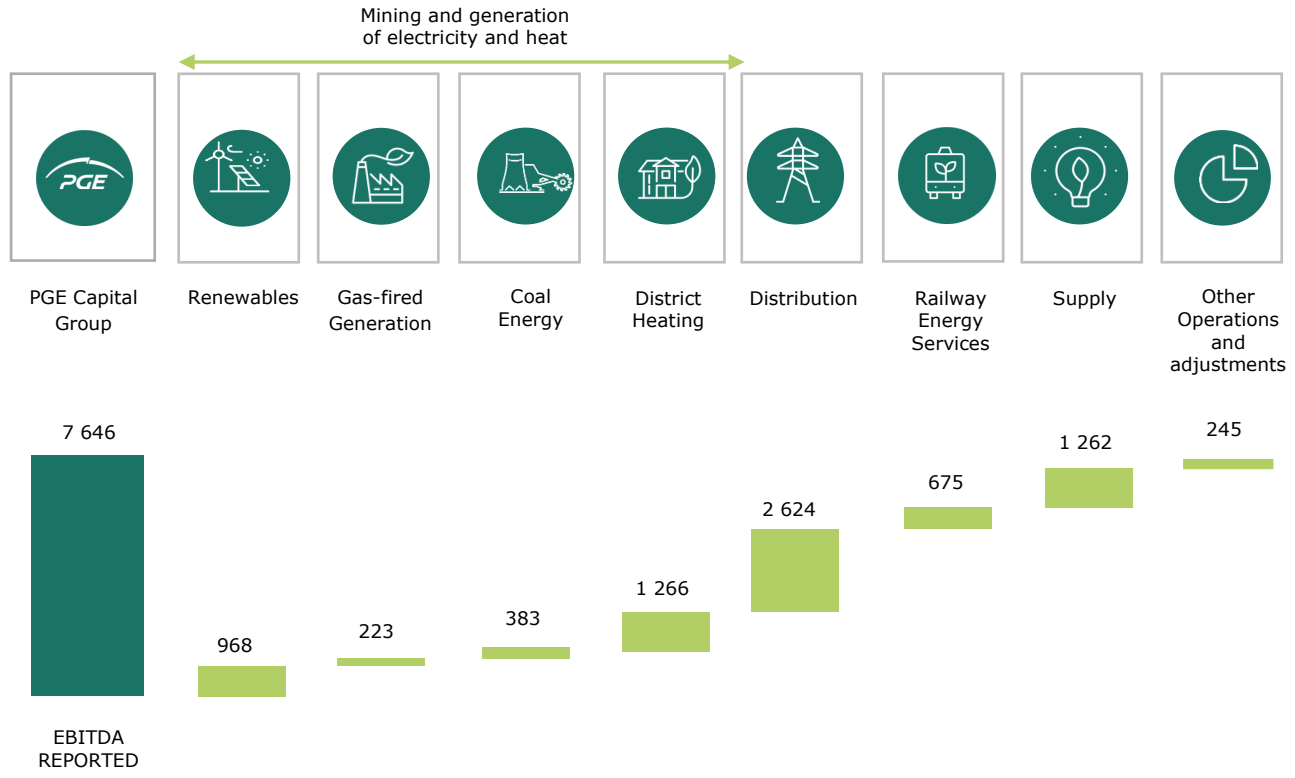
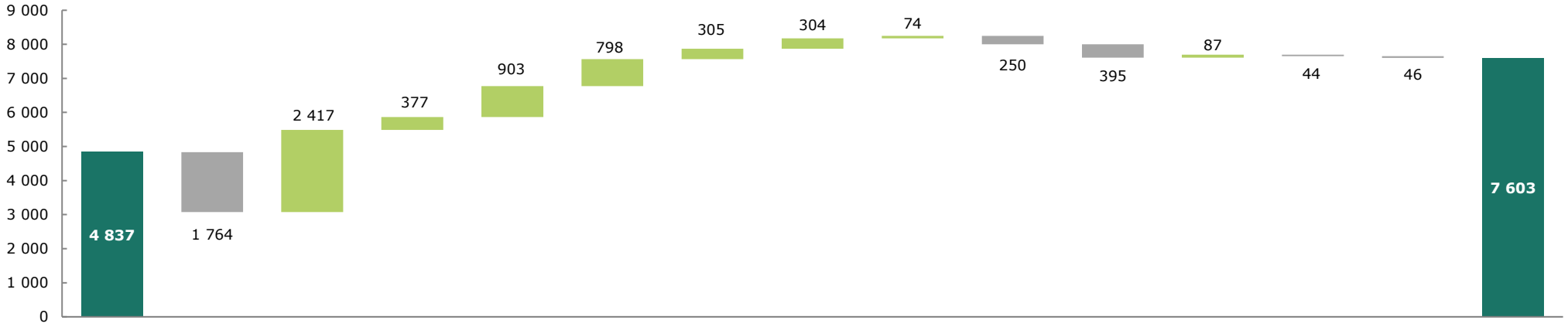


Chart: Key factors affecting EBITDA in PGE Capital Group (PLN million).



	EBITDA H1 2024	Result on the sale of electricity at producers[1]	CO_2 emission rights	Production fuel costs	Revenues from ancillary services and Capacity Market[2]	Result on the sale of electricity to final customers[3]	Revenues from heat sales[4]	Margin on distribution services[5]	Costs of transport services and other external services	Personnel expenses[6]	Provisions for onerous contracts	Margin on distribution services and on electricity to final customers Railway Energy Services[7]	Capitalised costs	Other[8]	EBITDA H1 2025
Change		**-1 764**	**2 417**	**377**	**903**	**798**	**305**	**304**	**74**	**-250**	**-395**	**87**	**-44**	**-46**	
Reported EBITDA H1 2024	**5 140**														
One-offs H1 2024	**303**														
Recurring EBITDA H1 2024	**4 837**	15 521	10 550	4 310	1 772	257	2 694	3 510	386	3 941	417	708	648	1 503	
Recurring EBITDA H1 2025		13 757	8 133	3 933	2 675	1 055	2 999	3 814	312	4 191	22	795	604	1 549	**7 603**
One-offs H1 2025															**43**
Reported EBITDA H1 2025															**7 646**

[1] Revenue from the sale of electricity less the cost of purchasing electricity and costs directly related to electricity generation; data for H1 2024 have been adjusted to the currently used data presentation method.

[2] Including revenues from the balancing services.
[3] Including compensation, margin adjustment on certificates at PGE Group; without additional estimation of the cost of the balancing difference.
[4] Including compensations.
[5] Including revenues from distribution services, compensations, transmission services (PSE), balance of transferred and transit fees and costs of electricity purchased to cover balancing difference; without additional estimation of the cost of the balancing difference.
[6] Without taking actuarial provisions (one-off) into account.
[7] Including revenues from compensations.
[8] Without LTC compensations, correction of contribution to the PDP fund, write-down for receivables from PKP Cargo S.A., write-down of strategic inventories and release of provision for one-time benefit related to NABE carve-out (one-offs).

Chart: Structure of assets and equity and liabilities (PLN million).

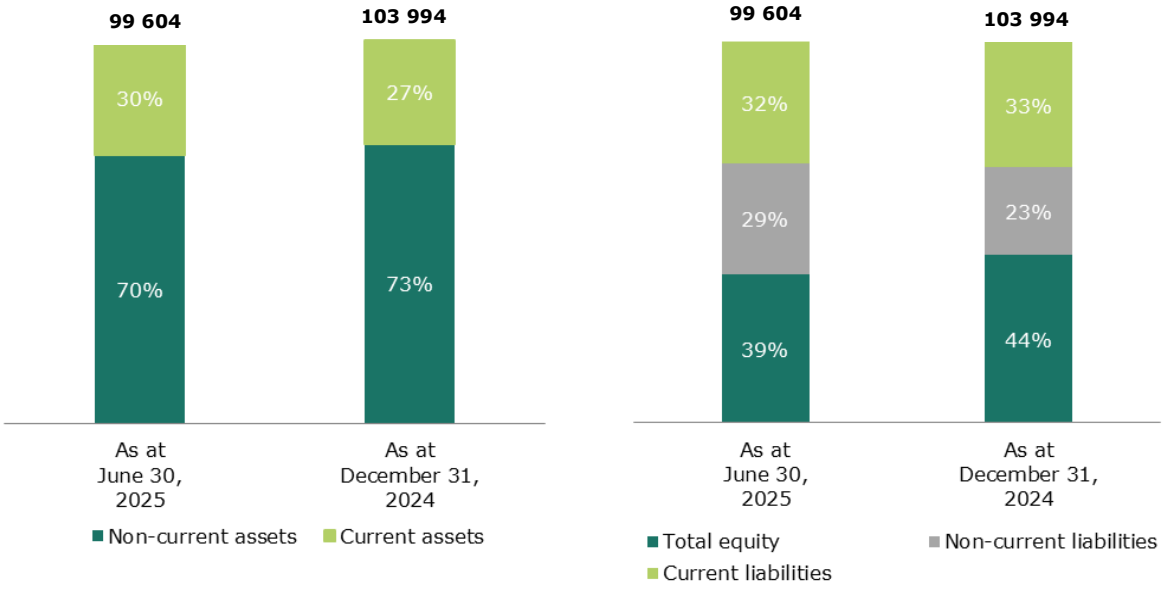
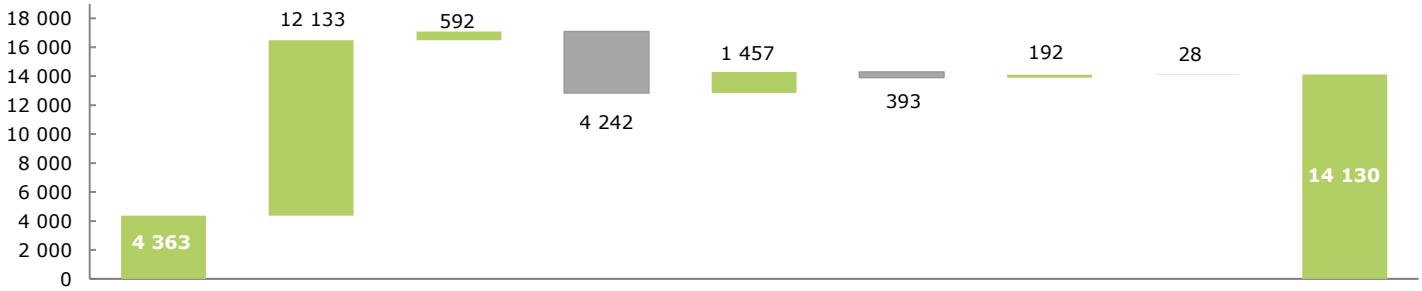
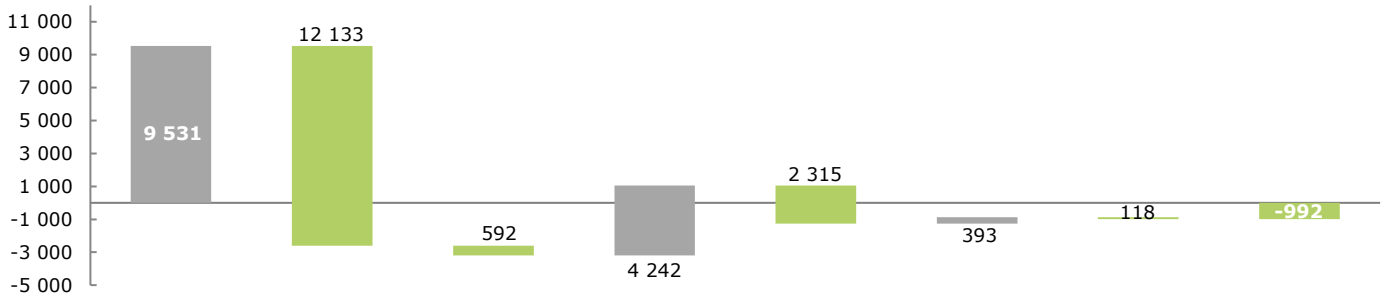


Chart: Net change in cash (PLN million).



	Cash and cash equivalents at January 1, 2025	Net cash from operating activities	Proceeds from the issuance of shares of non-controlling shareholders	Purchase/sale of property, plant and equipment and intangible assets	Balance of repayments/ inflows of loans, borrowings, bonds and finance lease	Interest paid - loans, borrowings, bonds and financial instruments	Grants received for fixed assets	Other	Cash and cash equivalents at June 30, 2025
Impact on level of cash		12 133	592	-4 242	1 457	-393	192	28	
Cash and cash equivalents	**4 363**								**14 130**

Chart: Net financial debt (PLN million).

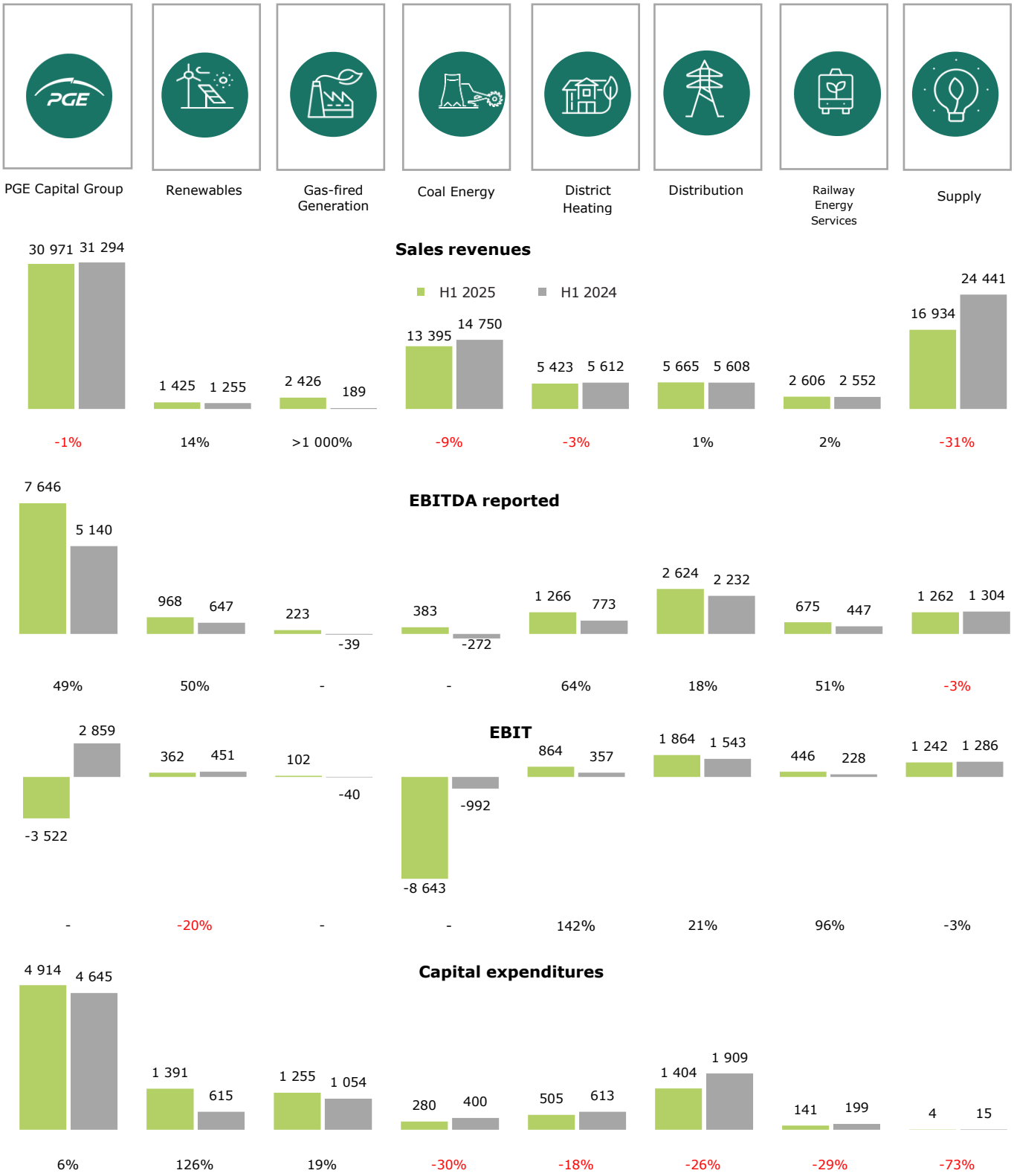


	Net financial debt December 31, 2024[2]	Net cash from operating activities	Proceeds from the issuance of shares of jointly controlled entities	Purchase/ sale of property, plant and equipment and intangible assets	Difference in KPO loan valuation[3]	Interest on debt	Other	Net financial debt June 30, 2025[1]
Impact on level of net debt		-12 133	-592	4 242	-2 315	393	-118	
Financial net debt	**9 531**							**-992**

[1] *Estimated level of net economic debt (taking into account forward payment for CO_2 emission rights) amounts to* ***PLN 14 650 million****.*
[2] *Net debt as at December 31, 2024, has been adjusted to reflect the calculation method consistent with bank covenants (regarding leases under IFRS 16); originally, as at December 31, 2024, the amount presented was PLN 11 045 million.*
[3] *Difference between the loan amount received and the fair value; KPO - National Recovery and Resilience Plan.*

5.3. Characteristics of business segments

5.3.1. Key results in business segments



5.3.2. Renewables

This segment is involved in the generation of electricity from renewable sources and in pumped storage power plants. The segment's structures also include companies that build electricity storage facilities.

Renewables

Main revenue items	PLN m
Sale of electricity	783
Revenues from ancillary services	383
Capacity Market	174
Sale of certificates	60

Electricity generation	1.51 TWh

Main cost items	PLN m
Depreciation and amortisation	606
Personnel costs[1]	122
External services	110
Use of energy	93
Including energy to pump water at pumped-storage plants	90
Taxes and fees	43
incl. real estate tax	39

Main result items	PLN m
EBIT recurring	764
EBIT reported	362
EBITDA recurring	969
EBITDA reported	968

[1] *Personnel costs without taking into account change of actuarial provision (one-off).*

The Renewables segment is based mainly on **revenues from the sale of electricity**, however contrary to production at industrial plants within the Coal Energy segment, this revenue is subject to a larger degree to changes in weather conditions and prices on the spot market due to the renewables sales model in place. Electricity output volume translates into production of property rights (green certificates) and revenue from the sale of energy origin certificates obtained by the segment's assets, excluding hydropower plants over 5 MWe.

Revenue from the Capacity Market, a mechanism introduced to prevent electricity shortages in the National Power System, constitutes a significant item in the segment's revenue, starting from 2021. Selected power plants in the Renewables segment receive fees for performing the capacity obligation (a Capacity Market Entity being on standby to supply electricity to the system and the obligation to supply specified capacity to the system when the system is under threat). **Capacity Market revenue** compensated for revenue from ancillary services. The readiness intervention reserve service was discontinued. Since mid-June 2024, the next phase of the Balancing Market reform has been implemented. As a result of the above reform, power plants have the possibility to offer balancing energy and balancing capacity. The new catalogue of balancing services includes: frequency maintenance reserve, frequency restoration reserve and replacement reserve. New balancing services are recognised as ancillary services revenue.

The significant cost items of the segment's operations are: **use of energy to pump water at pumped-storage plants, depreciation of segment assets** and **third-party services**, mainly the repair and maintenance services. **Property tax** and labour costs also constitute a significant cost item in this segment.

ASSETS AND OPERATIONAL DATA

The PGE Capital Group's operations in renewable energy are managed by the PGE Energia Odnawialna S.A. Due to the profile of operations, the segment also includes companies from the Offshore area, which are responsible for all activities related to offshore wind energy.

Assets in the segment include:

- 21 wind farms,
- 55 photovoltaic power plants,
- 29 run-of-river hydro power plants,
- 4 pumped-storage power plants, including 2 with natural flow.

Diagram: Main assets of the Renewables segment and their installed capacity.

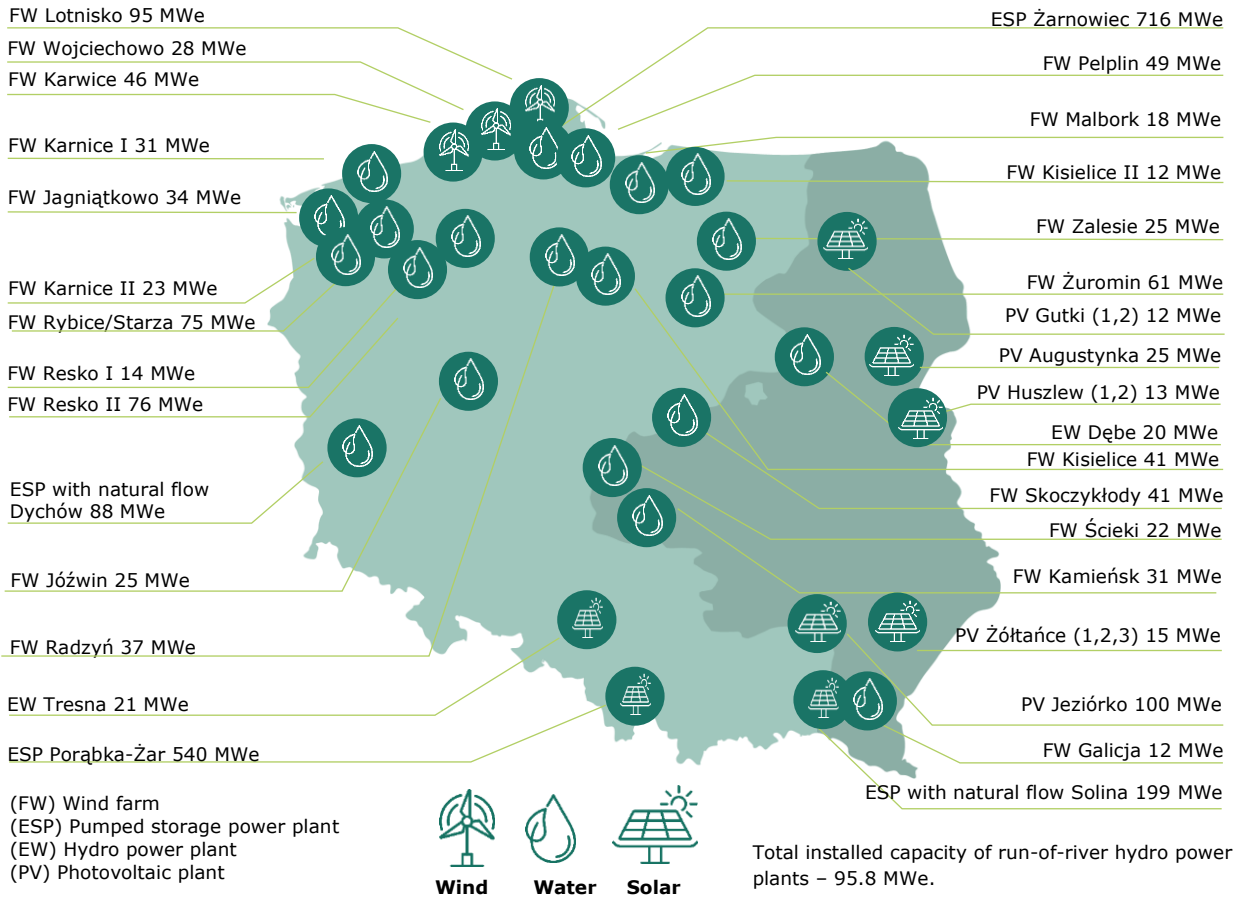
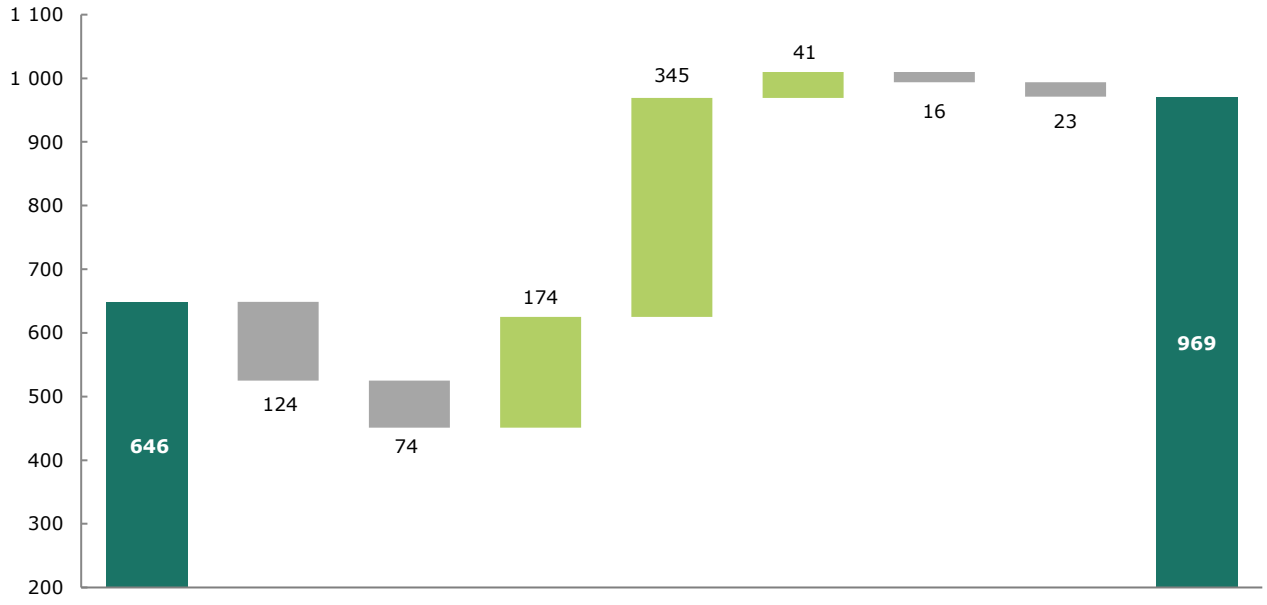


Table: Energy production (GWh).

Type of power plant	H1 2025	H1 2024	% change
Pumped-storage power plants	415	576	-28%
Run-of-river hydro power plants	189	268	-29%
Wind farms	823	934	-12%
PV plants	85	54	57%
Total	**1 512**	**1 832**	**-17%**

Chart: Key changes of EBITDA in Renewables (in PLN million) – managerial perspective.



	EBITDA H1 2024	Electricity revenues[1]	Certificates revenues	Purchase of electricity for pumped storage plants[2]	Revenues from ancillary services[3]	Revenues from Capacity Market	Personnel costs[4]	Other	EBITDA H1 2025
Change		**-124**	**-74**	**174**	**345**	**41**	**-16**	**-23**	
Reported EBITDA H1 2024	**647**								
One-offs H1 2024	**1**								
Recurring EBITDA H1 2024	**646**	907	134	311	38	133	106	149	
Recurring EBITDA H1 2025		783	60	137	383	174	122	172	**969**
One-offs H1 2025									**-1**
Reported EBITDA H1 2025									**968**

[1] *Electricity revenues include revenues from main generation technologies (wind, water, PV, pumped storage).*
[2] *Change in reporting due to the introduction of balancing services.*
[3] *Including income from balancing services.*
[4] *Personnel costs without taking into account change of actuarial provision (one-off).*

Table: Data on one-offs in Renewables (PLN million).

One-offs	H1 2025	H1 2024	% change
Change of actuarial provision	-1	1	-
Total	**-1**	**1**	**-**

Key factors affecting the y/y results of Renewables:

- **Lower revenues from electricity sales** results from: lower sales volume by 621 GWh, what translated into decrease of revenues by PLN 250 million, higher average electricity sale price by PLN 78/MWh y/y what translated into increase of revenues by PLN 126 million.
- **Lower revenues from sales of certificates** resulting from: lower average electricity sale price by PLN 117 PLN/MWh y/y, what translated into decrease of revenues by PLN 86 million, higher sales volume by 62 GWh, what translated into increase of revenues by PLN 12 million.
- **The decrease in electricity purchase costs for pumping** in pumped storage power plants results from lower purchase volume by 728 GWh, contributing to a decrease in costs by PLN 213 million and higher average electricity purchase price by PLN 117/MWh y/y, what translated into increase of costs by PLN 39 million.
- **Higher revenues from the ancillary services** result mainly from revenue from balancing services introduced from June 2024.
- **Higher revenues from the Capacity Market** result mainly from higher utilisation of production units in the power system.

- **The increase in personnel costs** is mainly a result of higher employment due to the development of the Offshore Energy and Renewable Energy areas and wage agreements concluded in 2024.
- **Value change in item Other** results mainly from lower revenues from the sale of guarantees of origin for electricity.

CAPITAL EXPENDITURES

Table: Capital expenditures incurred in Renewables segment (PLN million.

	H1 2025	H1 2024	% change
Investments in generating capacities, including:	1 389	609	128%
▪ Development	1 131	498	127%
▪ Modernisation and replacement	258	111	132%
Other	2	6	-67%
Total	**1 391**	**615**	**126%**

KEY EVENTS IN RENEWABLES

Offshore wind farms construction program

The strategic goal of the PGE Group in the offshore energy area is, in accordance with the new PGE Group Strategy until 2035, achieving 4 GW of capacity in operation by 2035.

The group has 8 location permits for an offshore wind farms in the Baltic Sea. 3 location permits (potential of 3.4 GW) were obtained by the Group in 2012 while 5 permits (with a total capacity potential of 3.9 GW) were obtained in 2023. Commissioning of the first project carried out jointly with Ørsted - Baltica 2 with a capacity of approx. 1.5 GW - is planned in the fourth quarter of 2027.

- **The Baltica 1 project** (approximately 0.9 GW) is in the stage of preparation for implementation. The final report from the preliminary geotechnical campaign was drafted in the second quarter of 2025. In March 2025, the Ministry of Climate and Environment approved the Geological and Engineering Documentation for the Onshore Transformer Station and Cable Duct. In April 2025, the Environmental Impact Assessment report for the power evacuation scope was submitted to the Regional Directorate for Environmental Protection. With regard to the Environmental Permit for the Offshore Wind Farm, public consultations are ongoing – the decision is expected to be obtained at the turn of the third and fourth quarters of 2025.
- The **Baltica 2 project** (approx. 1.5 GW) is currently in the implementation phase, following the Final Investment Decision (FID) taken in the first quarter of 2025. In the first half of 2025, work continued under the contract for the construction of the onshore section of the power evacuation system, including, among other things, the completion of the foundations for the 275 kV and 400 kV GIS switchgear buildings of the Onshore Transformer Station (OTS), as well as site preparation for construction activities related to the drilling works in the so-called 'landfall area'. The construction of the OTS switchgear buildings was also completed. The production of equipment and factory acceptance tests are in progress. In the second quarter of 2025, works related to the removal and relocation of boulders were also carried out in areas designated for foundations and along the route of the subsea cables.
- The **Baltica 3 project** (approx. 1 GW) is under preparation for implementation and in reconfiguration phase. In the first quarter of 2025 environmental surveys for migratory birds and bats were continued. On July 2, 2025, a contract was concluded with the Contractor (EKO-KONSULT sp. z o.o.) for the preparation of an environmental impact report and the obtaining of an amending decision regarding the environmental conditions for the Baltica 3 OWF project, in order to adapt to technical assumptions after reconfiguration.
- The **Baltica 9 project** (approx. 1 GW) is in the preparation phase for implementation. In April 2025 agreements were signed with the contractors: for the execution of the geophysical campaign with Geofizyka Toruń, for the supervision of the geophysical and geotechnical surveys with East Point Geo Ltd. Work and for works related to the survey of the Baltic seabed for unexploded ordnance and shallow gas – the surveys will be conducted by a consortium of Geo Ingenieurservice Polska sp. z o.o. and Baltic Diving Solutions sp. z o.o. Works under the geophysical campaign were completed at the beginning of July 2025.
- **Construction of the O&M Port in Ustka** – In the first quarter of 2025, contracts were signed with the Contract Engineer (Sweco Polska sp. z o.o.) and the General Contractor (Korporacja Budowlana DORACO sp. z o.o.) for the Operations and Maintenance Base in Ustka. In the second quarter of 2025, the General Contractor commenced design works and site preparation. In June 2025, the main construction works related to the car park, O&M base and construction facilities for the OWF were also commenced.

PGE Group PV Development Program

So far, projects with a total capacity of approx. 216 MW have been commissioned under the programme. Electricity is produced by installations with an aggregate capacity of 237 MW, including projects without final acceptance. In the first half of 2025, final receipts of photovoltaic farms with a capacity of approximately 20 MW were made - including: PV Żółtańce with a capacity of 15 MW. In parallel, the implementation of photovoltaic farm projects with a total capacity of approx. 220 MW was continued.

Comprehensive modernisation program of Porąbka-Żar pumped-storage power plant

The scope of works includes the modernization of the technological part of the upper reservoir and the construction facilities of the waterway. The main works related to the modernisation of the upper reservoir and the fairway were completed in 2024. Work on the technological part, i.e. the modernisation of the four hydrosets, will be carried out sequentially so that partial operation of the power station is possible. Dismantling work for hydroset no. 3 was completed in the second quarter of 2025. Currently assembly work is ongoing (including for the generator), along with deliveries of other modernised components. Design work is also continuing.

The Battery Energy Storage Facility Construction Project in Żarnowiec

PGE Inwest 14 sp. z o.o. is carrying out works related to the construction project of a **Battery Energy Storage Facility in Żarnowiec**, with a capacity of 262 MW and an approximate storage volume of 981 MWh, which will be one of the largest such energy storage installations in Europe. The facility will be located near the future transformer station for the PGE Group's offshore wind farms and Poland's largest pumped-storage power plant. The contract with the Contractor – LG Energy Solution Wrocław sp. z o.o. – worth PLN 1.3 billion net, was signed on March 7, 2025. In parallel, site preparation works (tree felling, relocations, geotechnical investigations) were carried out and completed in April 2025. On April 24, 2025, the construction site was handed over to the Contractor. On June 26, 2025, the building permit for the facility was obtained. At present, documentation works are in progress (including the basic and technical design) as well as the application for a permit to construct the export connection from the battery energy storage facility. In December 2024, the storage facility obtained a 17-year contract in the 2029 Capacity Market auction. As part of project financing, the PGE Group submitted an application for a grant from the National Recovery and Resilience Plan (NRRP) and the Modernisation Fund. Completion of construction is scheduled for 2027.

The Electricity Storage Facility Construction Project in Gryfino

PGE Inwest 22 sp. z o.o. is preparing to implement a project for the construction of an **electricity storage facility in Gryfino** with a capacity of up to 400 MW and a storage volume of 800 MWh. In December 2024, the storage facility obtained a 17-year contract in the 2029 Capacity Market auction. In March 2025, the environmental decision was obtained. In May 2025, a grid connection agreement was signed with PSE S.A., and as part of project financing, an application for a grant from the Modernisation Fund was submitted. On August 1, 2025, a tender procedure was announced for the construction of the electricity storage facility in Gryfino together with the necessary technical infrastructure. Completion of construction is scheduled for 2028.

5.3.3. Gas-fired Generation

The segment's business is the generation of electricity in gas-fired sources.

Gas-fired Generation

Main revenue items	PLN m
Sale of electricity[1]	1 165
Capacity Market	169

Electricity generation	**2.13 TWh**

Main result items	PLN m
EBIT	102
EBITDA	223

Main cost items	PLN m
Costs of natural gas	859
Costs of CO_2	245
Depreciation and amortisation, liquidation, write-offs	121
External services	83
Personnel costs	14

[1] *Managerial perspective (sales less electricity purchases).*

The primary source of revenue for the Gas-Fired Generation segment is **revenue from the sale of electricity** on the wholesale market based on the price of electricity determined by supply and demand balancing mechanisms, taking into account the variable costs of generation. At the same time, the most significant cost items of the segment, by virtue of their size and volatility, and therefore impact on the operating result, are the **costs of natural gas consumption** and **the costs of CO_2 emission charges**.

A significant item in the segment's revenue is **revenue from the Capacity Market**, a mechanism introduced to prevent a shortage of electricity in the NPS. The power plants are remunerated for the fulfilment of the capacity obligation (the Capacity Market unit's remaining ready to supply electricity to the system and its commitment to supply a certain capacity to the system during an emergency period). An additional item in the segment's revenue is **revenue from for the provision of ancillary services**.

ASSETS

The Gas-fired Generation segment comprises of:

- 2 units in Gryfino Power Plant, each with an installed capacity of 683 MW fuelled by low-emission gas,
- 1 unit with a capacity of 882 in construction at PGE Nowy Rybnik sp. z o.o.

In Gryfino, unit no. 9 was commissioned on August 14, 2024, while unit no. 10 on October 18, 2024.

Diagram: Main assets of the Gas-fired Generation segment and their installed capacity.

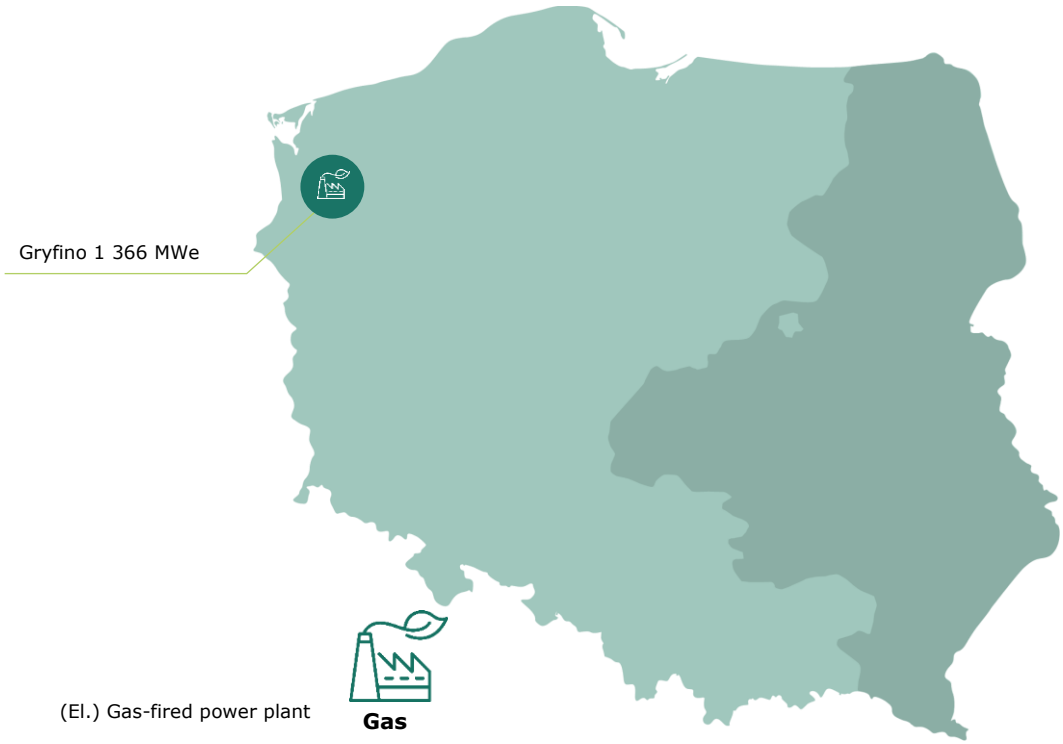
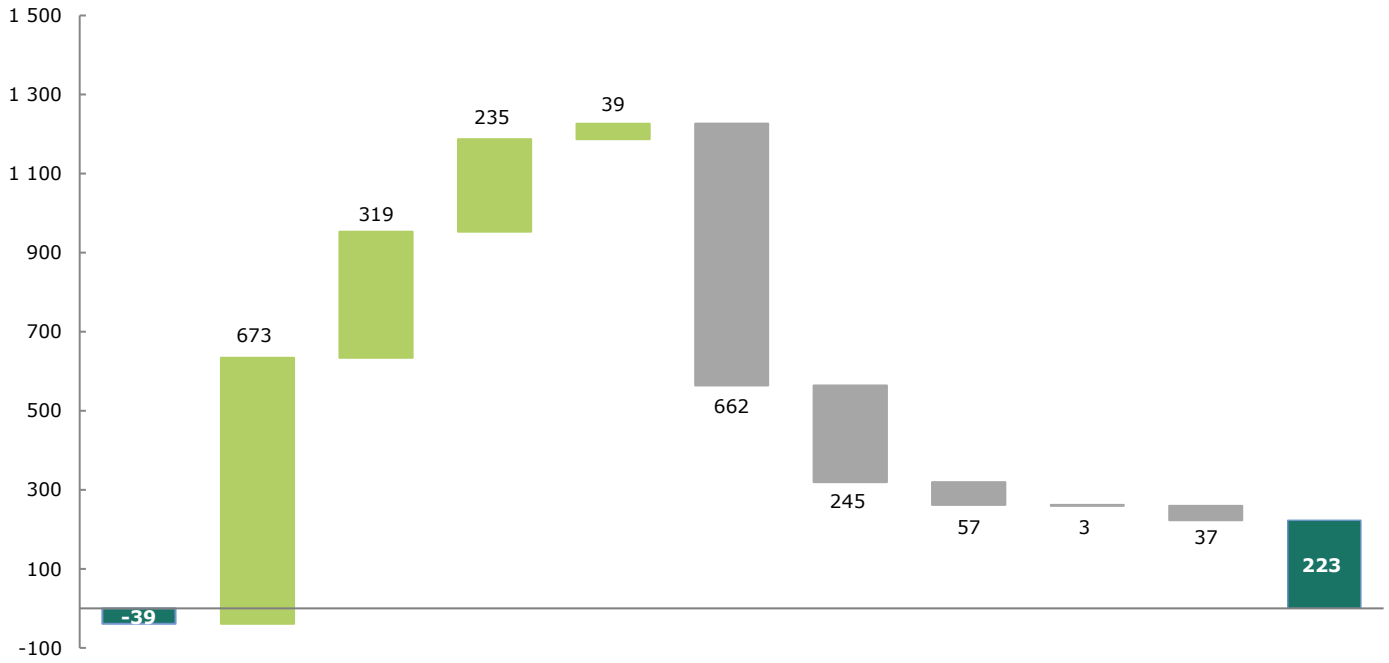


Table: Electricity generation (TWh).

Main fuel type	H1 2025	H1 2024	% change
Gas	2.13	0.44	384%
Total	**2.13**	**0.44**	**384%**

Chart: Key changes of recurring EBITDA in Gas-fired Generation (in PLN million) – managerial perspective.



	EBITDA H1 2024	Electricity production – volume[1]	Electricity production – price[1]	Revenues from ancillary services and Capacity Market	Gas trading	Costs of natural gas	Costs of CO_2	Costs of ZHZW	Personnel costs	Other	EBITDA H1 2025
Change		**673**	**319**	**235**	**39**	**-662**	**-245**	**-57**	**-3**	**-37**	
EBITDA H1 2024	**-39**	173		8	0	197	0	0	11	12	
EBITDA H1 2025		1 165		243	39	859	245	57	14	49	**223**

[1] *Managerial perspective (sales less electricity purchases).*

Key factors affecting EBITDA of Gas-fired Generation segment y/y:

- **Increased net revenues from the sale of electricity,** as a result of commissioning of both units at PGE Gryfino Dolna Odra sp. z o.o. in the second half of 2024 including: higher average electricity sale price by PLN 150 /MWh y/y, what translated into increase of revenues by approx. PLN 319 million; higher sales volume by 1.7 TWh, what translated into increase of revenues by approx. PLN 673 million.
- **Higher revenues from the Capacity Market**, i.e. remuneration for the performance of the capacity obligation and **revenues from ancillary services** for provision of balancing services which did not occur in the comparable period.
- **Result on gas trading**, which did not occur during the comparable period.
- **Higher costs of natural gas consumption**, as a result of higher consumption of this fuel by 10.1 PJ due to increased electricity production by 1.7 TWh and higher price by PLN 3.3/GJ.
- **CO_2 costs,** as a result of emission of 0.8 tonnes million in the production process (in the comparable period, until the commissioning of the units, the segment did not incur CO_2 emission charges).
- **Costs of ZHZW** i.e. costs of commercial management of generation capacities.
- **Higher personnel costs**, mainly due to the commissioning of both units at the PGE Gryfino Dolna Odra sp. z o.o. in the second half of 2024.
- **The item Other,** mainly takes into account other variable costs incurred in the production process and the costs of repairs and assets operations. The increase in this item is due to the longer operation of the units in the first half of 2025 as compared to the comparable period.

Table: Data on production fuels consumption in Gas-fired Generation.

Fuel type	H1 2025		H1 2024	
	Volume (m^3 ths)	Cost (PLN m)	Volume (m^3 ths)	Cost (PLN m)
Gas	351 780	859	85 638	197
Total	**351 780**	**859**	**85 638**	**197**

Table: Data on CO_2 costs in Gas-fired Generation.

Data on CO_2	H1 2025	H1 2024	% change
CO_2 emission (tons)	753 345	-	-
Average CO_2 costs (PLN/t)	325,2	-	-

CAPITAL EXPENDITURES

Table: Capital expenditures incurred in Gas-fired Generation segment (PLN million).

	H1 2025	H1 2024	% change
Investments in generating capacities, including:	1 255	1 054	19%
▪ Development	1 248	1 054	18%
▪ Modernisation and replacement	7	0	-
Total	**1 255**	**1 054**	**19%**

KEY EVENTS IN GAS-FIRED GENERATION

In the second quarter of 2025, work continued on the implementation of the project for the construction of an 882 MW gross **gas-steam (CCGT) unit in Rybnik** (PGE Nowy Rybnik sp. z o.o.). On the construction site, the delivery and installation of key equipment continued. In April 2025, transformers and generators were delivered, and in May 2025, the steam turbine was received on construction site. A substantial scope of works is currently being carried out in the area of the cooling water system. At the beginning of July 2025, the permit for the construction of the export connection system was obtained. On August 4, 2025, Annex No. 2 was signed, which changes the date of the unit's commissioning from December 2026 to March 6, 2027.

KEY PROJECTS IN GAS-FIRED GENERATION SEGMENT

Aim of the project	Budget	Expenditures incurred[2]	Capital expenditures in H1 2025[2]	Fuel/ Net efficiency	Contractor	Investment completion date
Construction of gas-steam unit at PGE Nowy Rybnik sp. z o.o.	PLN 3.7 bn[1]	PLN 2.3 bn	PLN 1.2 bn	Natural gas / 63.9%	Syndicate of companies: Polimex Mostostal S.A. (consortium leader), Siemens Energy sp. z o.o., Siemens Energy Global GmbH & Co. KG	March 2027

[1] *By decision of the PGE S.A. Investment Committee, the project budget has been reduced (the amount of the project reserve has been limited).*
[2] *Expenditures incurred do not include financing costs and expenses in the form of advances paid to the General Contractor for the Investment and to the other contractors.*

5.3.4. Coal Energy

This segment includes lignite mining and generation of electricity in conventional sources.

Coal Energy

Main revenue items	PLN m
Sale of electricity[1]	9 912
Capacity Market	1 172
Revenues from ancillary services	478
Sale of heat	112
Including contracted capacity and heat distribution	26

Electricity generation	**19.56 TWh**
Heat generation	**1.70 PJ**

Main result items	PLN m
EBIT recurring	38
EBIT reported	-8 643
EBITDA recurring	388
EBITDA reported	383

Main cost items	PLN m
Depreciation and amortisation, liquidation, write-offs	9 022
Including capitalised depreciation	-4
Costs of CO_2	6 789
Personnel costs[2]	1 847
Cost of production fuels used	1 150
External services	824

[1] *Managerial perspective (sales less electricity purchases).*

[2] *Adjusted for one-offs.*

The main source of revenue in the Coal Energy segment is **revenue from the sale of electricity** on the wholesale market, based on electricity prices that are shaped by supply and demand mechanisms, taking into account the variable costs of generation. At the same time, the segment's key cost items, given their size and volatility, and thus their impact on operating results, are the **fees for CO2 emissions** and **cost of production fuels**, mainly hard coal. Lignite-based production, which is of key significance for the Group, is based on own mines, therefore its cost is relatively stable and reflected mainly in fixed-cost items, i.e. personnel costs, third-party services and depreciation.

Revenue from the Capacity Market, a mechanism introduced to prevent electricity shortages in the NPS, constitutes a significant item in the segment's revenue in 2021. PGE GiEK S.A.'s power plants receive fees for performing the capacity obligation (a Capacity Market entity being on standby to supply electricity to the system and the obligation to supply specified capacity to the system when the system is under threat). Capacity Market revenue compensated for revenue from ancillary services. The cold intervention reserve and operational capacity reserve services were discontinued, while revenue from capacity reallocation remained. Since mid-June 2024, the next phase of the Balancing Market reform has been implemented. As a result of the above reform, power plants have the possibility to offer balancing energy and balancing capacity. The new catalogue of balancing services includes: frequency maintenance reserve, frequency restoration reserve and replacement reserve.

In addition, this segment generates **revenues from sales of heat** produced at industrial power plants.

ASSETS

Coal Energy segment consists of: 2 lignite mines and 5 conventional power plants.

Conventional Generation segment is the leader of lignite mining (its share in the extraction market of this raw material accounting for 94%[26] of domestic extraction it is also the largest generator of electricity as it generates approx. 26%[27] of domestic gross electricity production. The generation is based on lignite extracted from mines owned by the company as well as hard coal.

[26] *Own calculations based on data from Central Statistical Office of Poland.*
[27] *Own calculations based on data from PSE S.A.*

Diagram: Main assets of the Conventional Generation segment with their installed capacity.

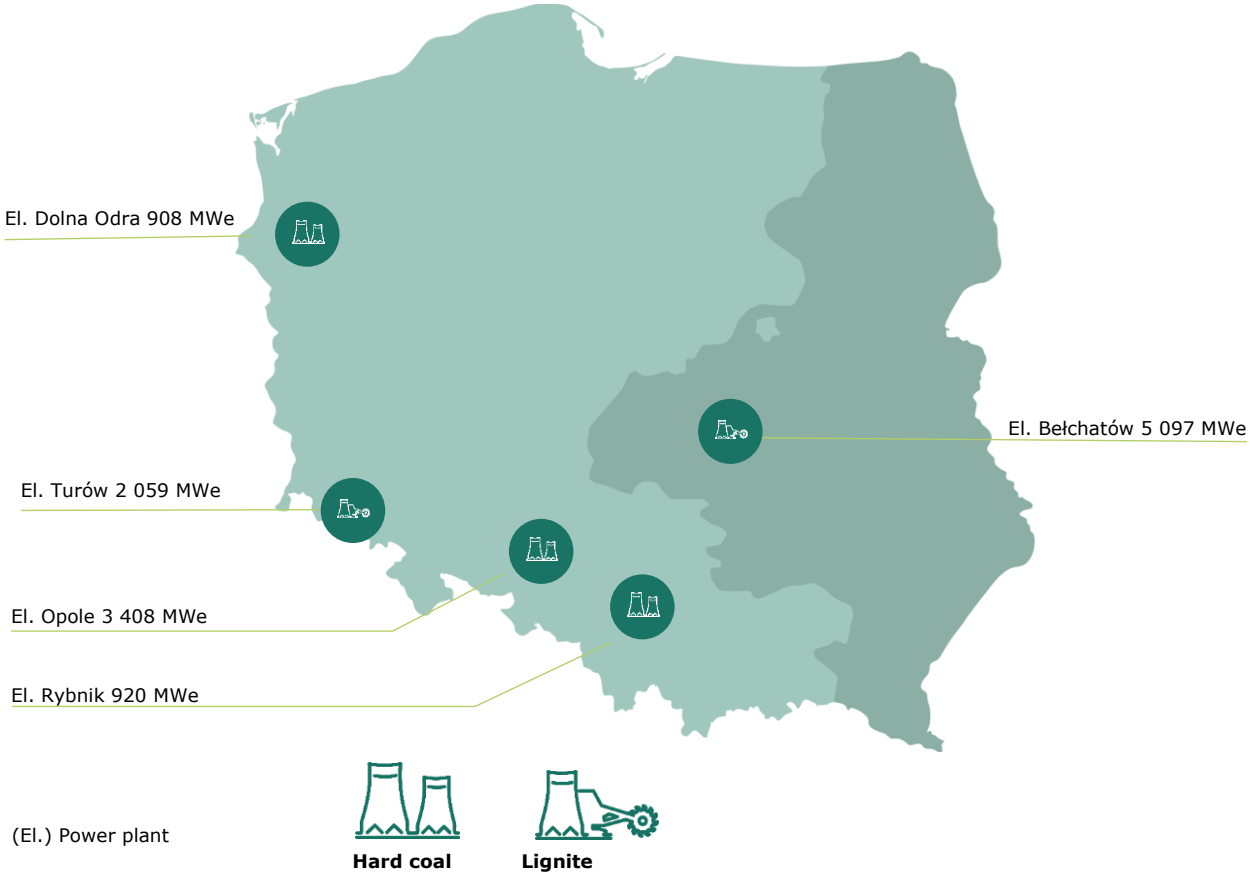


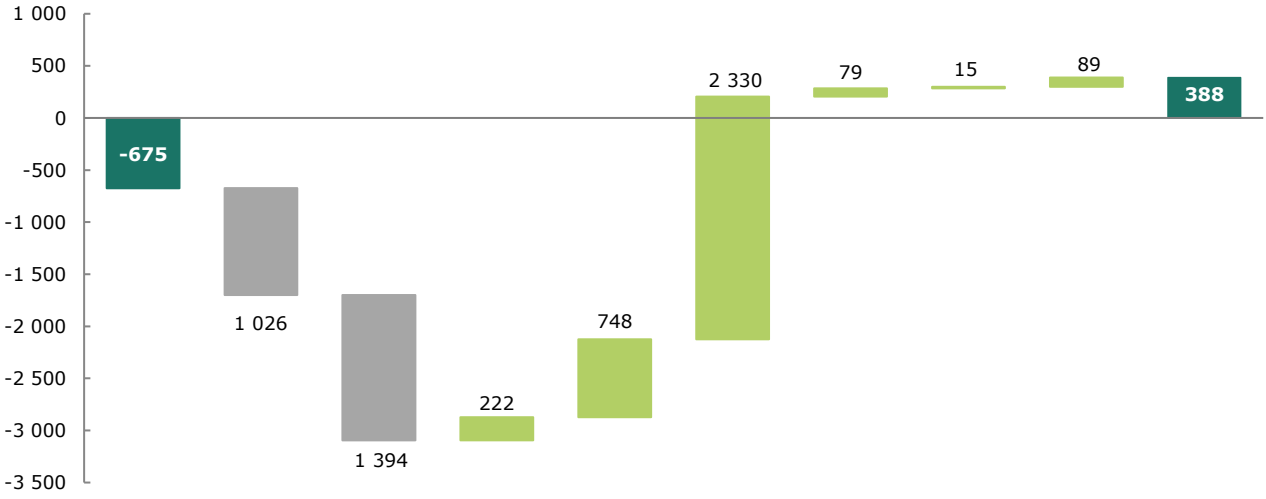
Table: Electricity production (TWh).

Main fuel types	H1 2025	H1 2024	% change
Hard coal	5.03	6.29	-20%
Lignite	14.52	14.99	-3%
Biomass	0.01	0.02	-50%
Total	**19.56**	**21.30**	**-8%**

Table: Heat production (PJ).

Main fuel types	H1 2025	H1 2024	% change
Hard coal	0.36	0.35	3%
Lignite	1.34	1.29	4%
Total	**1.70**	**1.64**	**4%**

Chart: Key changes of recurring EBITDA in Coal Energy (in PLN million) – managerial perspective.



	EBITDA H1 2024	Electricity production -volume[1]	Electricity production - price[1]	Ancillary services and Capacity Market[2]	Costs of fuel	Costs of CO_2	Costs of ZHZW	Personnel costs[3]	Other[4]	EBITDA H1 2025
Change		**-1 026**	**-1 394**	**222**	**748**	**2 330**	**79**	**15**	**89**	
Reported EBITDA H1 2024	**-272**									
One-offs H1 2024	**403**									
Recurring EBITDA H1 2024	**-675**	12 332		1 428	1 898	9 119	472	1 862	1 084	
Recurring EBITDA H1 2025		9 912		1 650	1 150	6 789	393	1 847	995	**388**
One-offs H1 2025										**-5**
Reported EBITDA H1 2025										**383**

[1] *Managerial perspective (sales less electricity purchases).*
[2] *Including revenue from balancing services.*
[3] *Personnel costs without taking into account impact of change of actuarial provision (one-off).*
[4] *Item Other without taking into account of Change of reclamation provision, release of provision for one-time benefit related to NABE carve-out and settlement of PDP Fund contribution as well as write-down of strategic inventories (one-offs).*

Table: Data on one-offs in Coal Energy segment (PLN million).

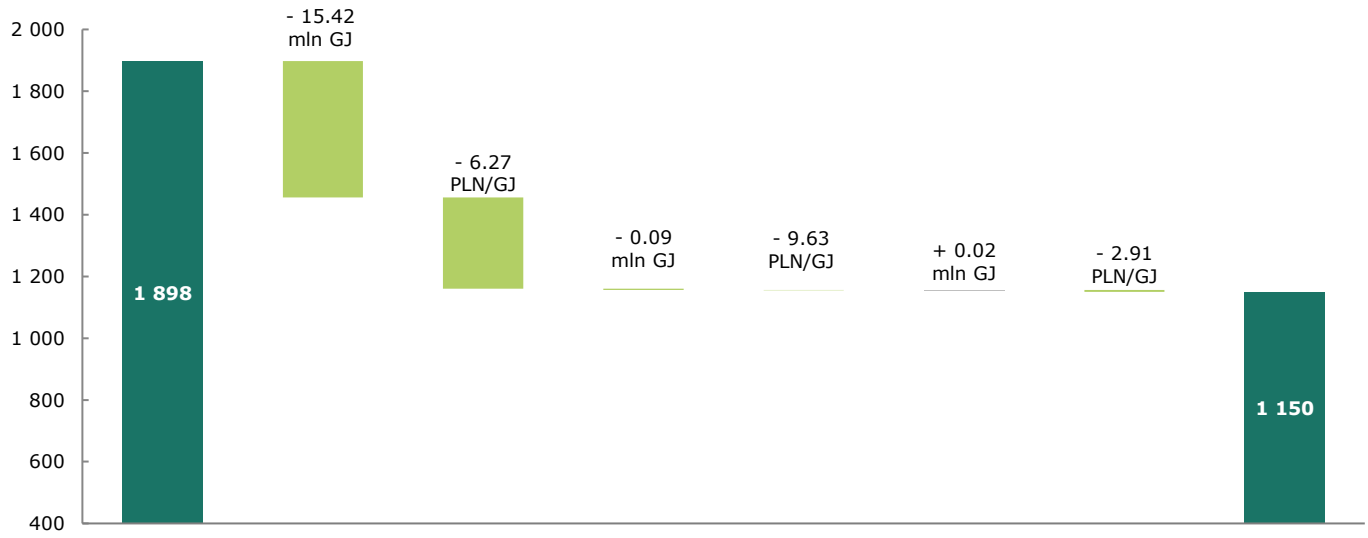
One-offs	H1 2025	H1 2024	% change
Change of reclamation provision	-77	389	-
Change of actuarial provision	-8	14	-
Release of provision for one-time benefit related to NABE carve-out	187	0	-
Correction of contribution to the Price Difference Payment Fund for the previous period	5	0	-
Write-down of strategic inventories	-112	0	-
Total	**-5**	**403**	**-**

Key factors affecting the EBITDA result of Coal Energy segment on y/y basis:

- **Decrease in revenues from the sale of electricity,** which results from: lower average selling price of electricity by PLN 73/MWh y/y, which translated into a decrease in revenues by approx. PLN 1 394 million; lower sales volume by 1.7 TWh, which resulted in a decrease in revenues by approx. PLN 1 026 million.
- **Higher result obtained from the Capacity Market**, as a result of the higher contracted volume of capacity obligation and **higher revenues from ancillary services** as a result of provision of balancing services which – following a reform of Balancing Market – replaced revenues from reallocation of capacities and other services provided within ancillary services.
- **Lower fuel consumption costs**, mainly hard coal as a result of lower consumption of this fuel by 15.4 PJ due to lower electricity production and lower price by PLN 6.3/GJ. Main changes on different types of fuel are presented in the chart below.
- **Lower CO_2 costs** as a result of lower average cost of CO_2 by PLN 69.0/t and lower CO_2 emissions by 2.2 tons million as a result of lower electricity production. Main changes are shown in the chart below.

- **Lower ZHZW costs** results mainly due to lower average price of electricity and lower volume of traded electricity.
- **Lower personnel costs** mainly in connection with a decline in the average level of employment.

Chart: Costs of production fuels consumption in Coal Energy (PLN million).

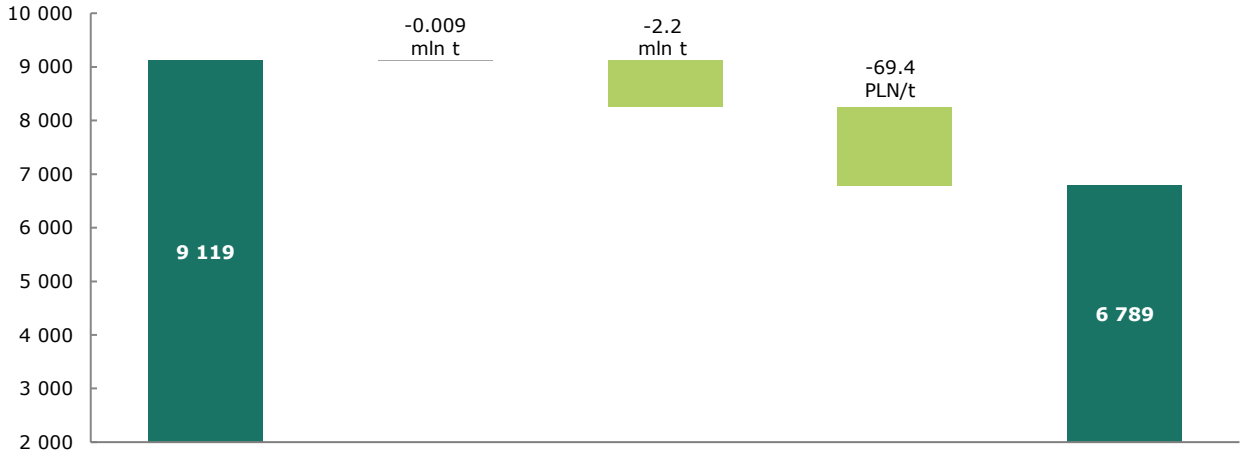


	Cost of fuels H1 2024	Hard coal volume	Hard coal price	Biomass volume	Biomass price	Light and heavy oil volume	Light and heavy oil price	Cost of fuels H1 2025
		-442	**-296**	**-4**	**-1**	**1**	**-6**	
Cost of fuels H1 2024	**1 898**		1 796		8		94	
Cost of fuels H1 2025			1 058		3		89	**1 150**

Table: Data on use of production fuels consumption in Coal Energy.

Fuel type	H1 2025		H1 2024	
	Volume (tons ths)	Cost (PLN million)	Volume (tons ths)	Cost (PLN million)
Hard coal	2 148	1 058	2 807	1 796
Biomass	5	3	11	8
Fuel oil – light and heavy	35	89	35	94
Total		**1 150**		**1 898**

Chart: CO_2 costs in Coal Energy segment (PLN million).



Change		**3**	**-868**	**-1 465**	
CO_2 costs H1 2024	**9 119**				
CO_2 costs H1 2025					**6 789**

Table: Data on CO_2 costs in Coal Energy (PLN million).

Data on CO_2	H1 2025	H1 2024	% change
Allocation of free allowances for CO_2 emissions (tons)	20 955	29 877	-30%
CO_2 emission (tons)	21 136 752	23 357 593	-10%
Average CO_2 costs (PLN/t CO_2)	321.5	390.9	-18%

CAPITAL EXPENDITURES

Table: Capital expenditures incurred in Coal Energy segment (PLN million).

	H1 2025	H1 2024	% change
Investments in generating capacities, including:	276	370	-25%
▪ Development	5	4	25%
▪ Modernisation and replacement	271	366	-26%
Other	4	30	-87%
Total	**280**	**400**	**-30%**

KEY EVENTS IN COAL ENERGY

- As part of the project to **expand the industrial wastewater treatment plant at the Turów Power Plant**, on March 28, 2025, Facility B – Node D was commissioned for operation. This is a wastewater treatment installation for ash settling tanks, comprising a sulphate precipitation installation for concentrate, two lines of 75 m³/h each, and the construction of a pumping station to transfer wastewater from this node (and the current ash settling tanks) to the so-called Node E. On June 26, 2025, the final acceptance was carried out – the commissioning of the OP I ash settling tank under the contract for the modernisation of the OP II settling tank, as well as the emptying and modernisation of the OP I ash settling tank.
- As regards the **construction of Unit 7 at the Turów Power Plant**, the Contractor was charged with the costs of entrusting partial defect rectification to a third party, with debit notes issued and delivered for a total amount of approximately PLN 2.3 million (the connection of the ash removal line from electrostatic precipitator zone I to zone II was completed, and ash discharge pipelines were replaced). The Contractor consistently rejects each debit note. On July 15, 2025, the Management Board of PGE GiEK S.A. adopted a resolution on the acceptance of the content of the application for conciliation proceedings before the Arbitration Court at the General Counsel to the Republic of Poland with the Contractor of the unit, together with a proposed settlement. The contractor has accepted the draft conciliation proposal. A detailed description of the penalties charged is provided in Note 24.3 to the condensed interim consolidated financial statements.

5.3.5. District Heating

Core business of the District Heating segment includes production of electricity and heat from cogeneration sources as well as distribution of heat.

District Heating

Main revenue items	PLN m
Sale of heat[1] including contracted capacity and heat distribution	2 859
Sale of electricity[2]	2 087
Capacity Market	203
Revenues from support of highly-efficient co-generation	33

Heat generation	**27.30 PJ**
Electricity generation	**4.31 TWh**

Main cost items	PLN m
Cost of production fuels used	1 996
Costs of CO_2	1 209
Depreciation and amortisation, liquidation, write-offs	402
External services	350
Personnel costs[3]	344

Main result items	PLN m
EBIT recurring	864
EBIT reported	864
EBITDA recurring	1 244
EBITDA reported	1 266

[1] *Managerial perspective (sales less heat purchases and costs of certificates redemption).*
[2] *Managerial perspective (sales less electricity purchases).*
[2] *Adjusted for one-offs.*

As in the case of Coal Energy, this segment's significant revenues are **revenues from electricity sales**, however, they are usually directly related to generation of heat which in turn depends on demand that is highly seasonal and depends on external temperatures. This is why, in contrast to industrial power plants in Conventional Generation, as a rule, CHP plants do not have any considerable impact on the development of prices for electricity on the wholesale market.

Revenues from the sale and distribution of heat are regulated revenues. Energy companies independently set tariffs and present them to the President of the Energy Regulatory Office (the "ERO President") for approval. Heat production at PGE Group takes place in cogeneration units, which tariffs for heat are calculated using a simplified approach (compared to tariffs based on a full cost structure), based on reference prices, conditioned on average sales prices for heat generated in units with specific fuel other than cogeneration units. They are published each year by the ERO President. Tariffs for heat production for cogeneration units in a given tariff year thus reflect changes in the costs of heat-generation units (not co-generation units) in the previous calendar year. The cost approach is applied in the case of tariffs for heat distribution, which allows to cover justified costs (mainly the costs of heat losses and property tax) and a return on invested capital, in line with guidelines from the ERO President. Distribution tariffs for heat are in place at branches in Gorzów and Zgierz, as well as by KOGENERACJA S.A., PGE Toruń and Zielona Góra CHP.

Generation of heat and electricity is directly related to key variable costs of the segment, i.e. **the cost of production fuel used** (in particular, hard coal and gas) and **the cost of fees for CO_2 emissions**.

Electricity production in high-efficiency cogeneration is additionally remunerated. CHP plants receive support at a level covering increased operating costs related to production. The support mechanism in the form of certificates is in place also for biomass-fired generating assets. This type of production is additionally remunerated by awarding origin certificates, i.e. green certificates, the sale of which generates additional revenue. Within the segment such revenues is obtained at Szczecin CHP plant and biomass unit in Kielce CHP.

Revenue from the Capacity Market, a mechanism introduced to prevent electricity shortages in the National Power System, constitutes a significant item in the segment's revenue. CHP plants receive fees for performing the capacity obligation (a Capacity Market entity being on standby to supply electricity to the system and the obligation to supply specified capacity to the system when the system is under threat).

Weather conditions substantially affect the segment's results. Temperatures directly shape the level of heat demand. Simultaneously, the level of heat production determines the level of electricity production in co-generation, which is an additional source of revenues that decisively affects the CHP plant's profitability.

ASSETS

The following companies are included in the segment: PGE Energia Ciepła S.A., KOGENERACJA S.A., EC Zielona Góra S.A., PGE Toruń S.A., MEGAZEC sp. z o.o. and the district heating network in Gryfino.

Currently, the segment includes 16 combined heat and power plants.

District Heating is the largest heat producer in Poland. Generation is based mainly on hard coal and natural gas.

Diagram: Main assets of the District Heating segment and their installed capacity

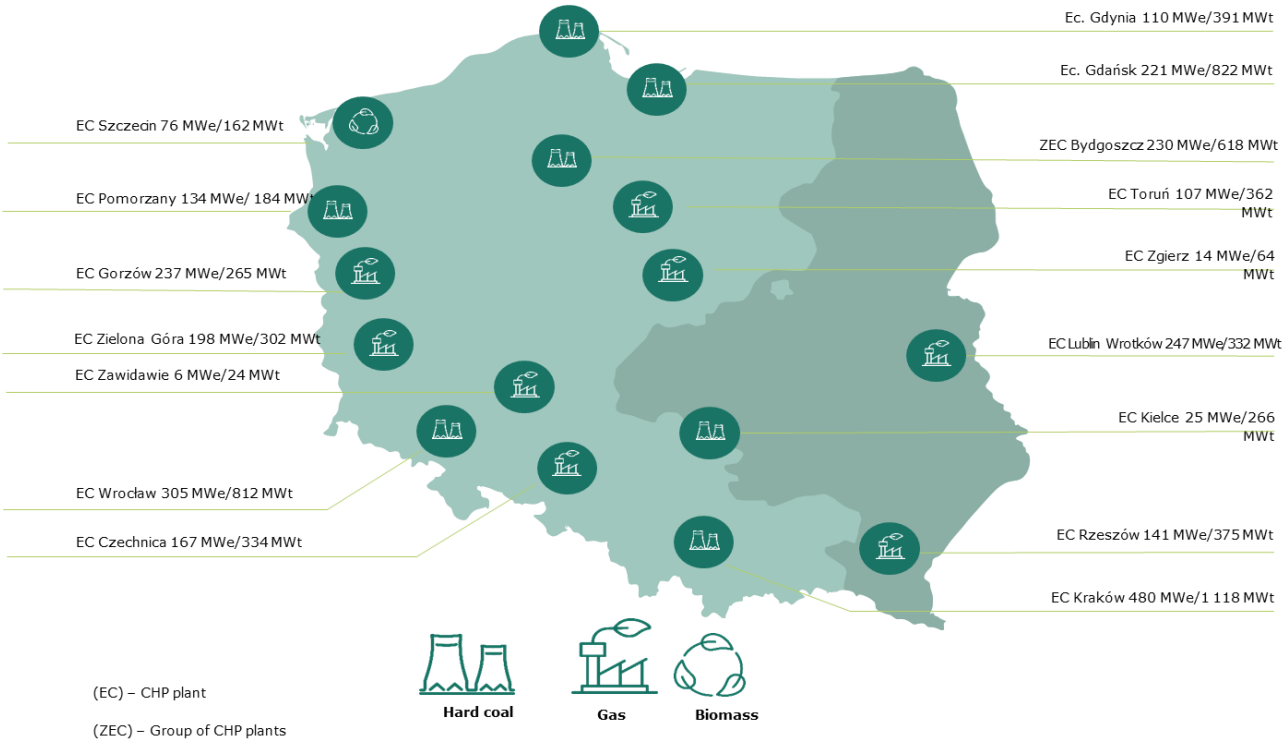


Table: Electricity production (TWh).

Main fuel types	H1 2025	H1 2024	% change
Hard coal	1.89	1.77	7%
Gas	2.24	1.98	13%
Biomass	0.16	0.18	-11%
Other	0.02	0.01	100%
Total	**4.31**	**3.94**	**9%**

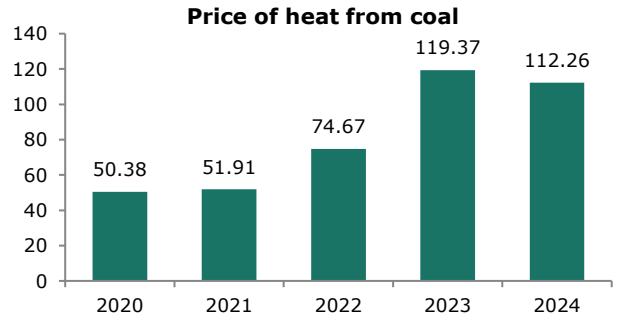
Table: Heat production (PJ).

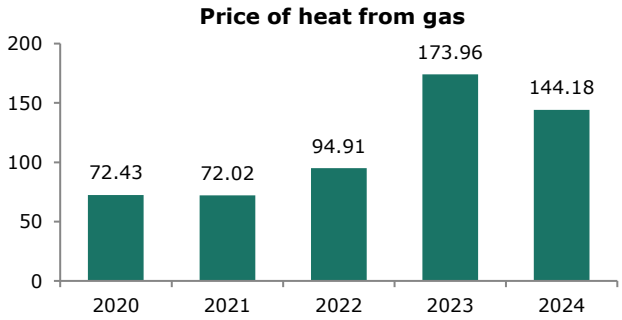
Main fuel types	H1 2025	H1 2024	% change
Hard coal	19.56	19.57	0%
Gas	6.17	4.27	44%
Biomass	1.06	1.09	-3%
Other	0.51	0.37	38%
Total	**27.30**	**25.30**	**8%**

TARIFFS IN DISTRICT HEATING

Income on heat sales for CHP plant are tariffed as part of the so-called simplified method, so they are characterised by a relative delay in the transfer of costs (annual or two-year). They are based on the year-to-year dynamics of average costs (including fuels used) incurred by entities that are not co-generation entities for the year preceding the time of tariff setting.

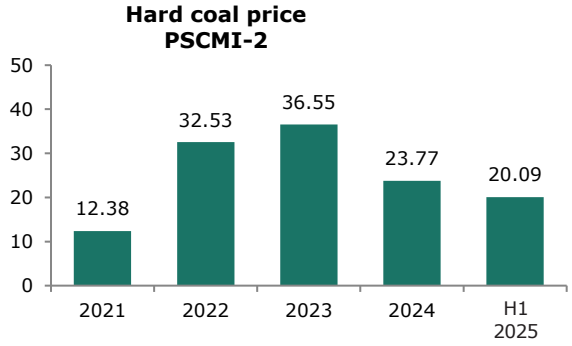
Charts: Changes in the reference price of heat for hard coal and natural gas (PLN/GJ).

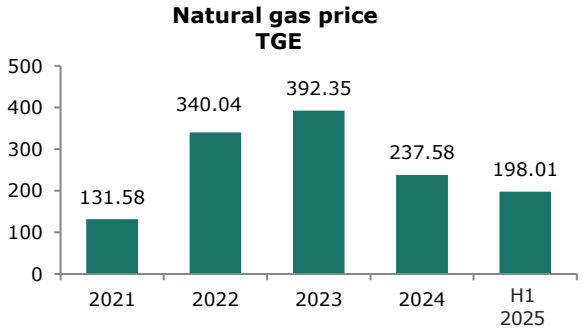




Source: ERO.

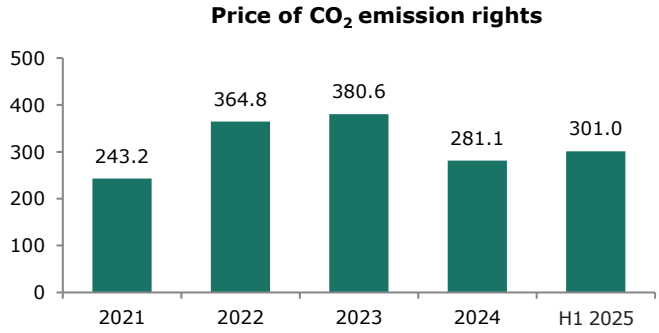
Charts: Changes in costs of fuels – hard coal (PLN/GJ) – PSCMI-2[28] and gas (PLN/MWh) - TGE.





Source: ARP, TGE.

Chart: Changes in price of CO_2 emission rights[29] (PLN/t).



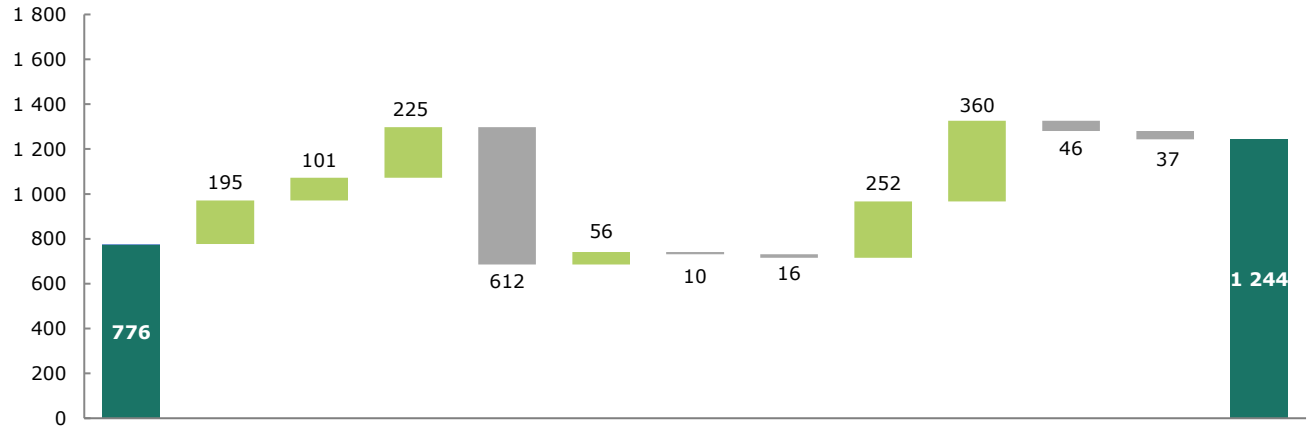
Source: ICE.

Reflecting previous costs decrease, the reference price of heat produced from hard coal decreased by 6% in 2024. It is a base to the increase in heat prices for co-generation entities establishing the tariff during 2025. In 2025 the average market price of coal decreased by 15%, while the average price of CO_2 emission rights increased by 7% in comparison to 2024.

[28] PSCMI-2 Polish Steam Coal Market Index 2 - the average prices for pulverised coals sold on the domestic heating market.
[29] Arithmetic average of the daily and monthly records in a given period (spot price).

Tariffs for the production of heat from gas in 2025 are set based on a change in the reference price, whereas in 2025 gas prices were lower than in previous periods. Prices of gas in TGE forward contracts stood at approx. PLN 198/MWh (i.e. decrease by 17%).

Chart: Key changes of EBITDA in District Heating (in PLN million) – managerial perspective.



	EBITDA H1 2024	Heat production - volume	Heat production - price[1]	Electricity production - volume	Electricity production – price[2]	Capacity Market	Revenues from support of highly-efficient cogeneration	Contribution to PDP Fund	Cost of fuel	Costs of CO_2	Personnel costs[3]	Other[4]	EBITDA H1 2025
Change		**195**	**101**	**225**	**-612**	**56**	**-10**	**-16**	**252**	**360**	**-46**	**-37**	
Reported EBITDA H1 2024	**773**												
One-offs H1 2024	**-3**												
Recurring EBITDA H1 2024	**776**	2 563		2 474		147	43	-16	2 248	1 569	298	352	
Recurring EBITDA H1 2025		2 859		2 087		203	33	0	1 996	1 209	344	389	**1 244**
One-offs H1 2025													**22**
Reported EBITDA H1 2025													**1 266**

[1] Managerial perspective (sales less heat purchases and certificates redemption costs).
[2] Managerial perspective (sales less electricity purchases).
[3] Personnel costs without taking into account change of actuarial provision (one-off).
[4] Item Other without taking into account the impact of changes in the LTC compensations and change of reclamation provision (one-offs).

Table: Data on one-offs in District Heating (PLN million).

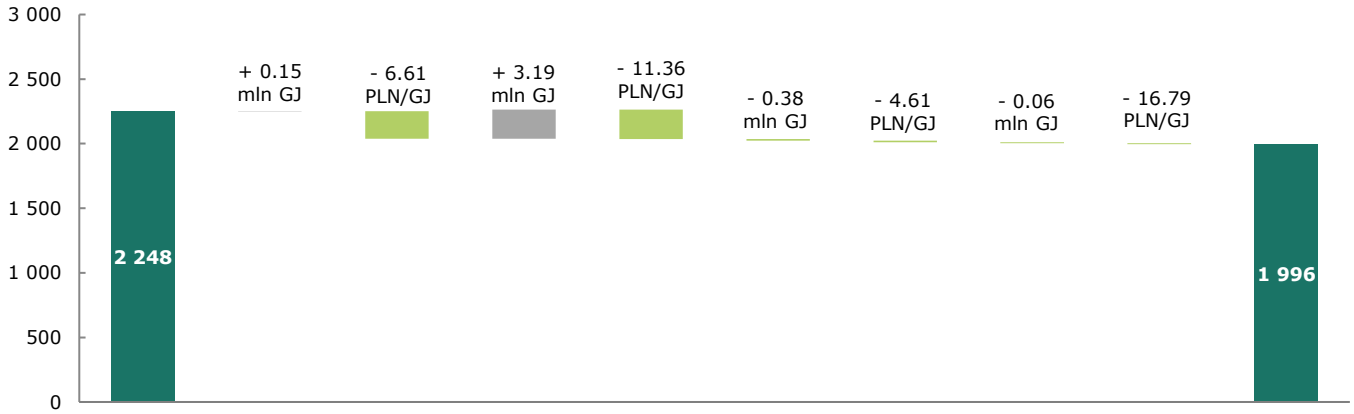
One-off	H1 2025	H1 2024	% change
Change of reclamation provision	-2	3	-
Change of actuarial provision	-1	1	-
LTC compensations	25	-7	-
Total	**22**	**-3**	**-**

Key factors affecting the EBITDA result of District Heating segment on y/y basis:

- **Higher volume of net heat production** in the first half of 2025 y/y is a result of lower outside temperatures compared to the analogical period of 2024. The average temperatures in 2025 were by 0.2° C lower y/y, what translated into increased heat production (by 2.0 PJ).
- **Increase of heat sale price** is a result of increased tariffs for heat for the CHP plants in the second half of 2024 following the publication by the ERO of reference prices for heat production in units not being co-generation units.
- **Decrease in revenues from the sale of electricity** results from: lower average selling price of electricity by PLN 142/MWh y/y, which translated into a decrease in revenues by approx. PLN 612 million; higher sales volume by 0.4 TWh, which resulted in an increase in revenues by approx. PLN 225 million.
- **Higher revenues from Capacity Market,** due to the higher volume of contracted volume of capacity obligation.
- **Lower revenues due to support for high-efficiency cogeneration** due to postponement of the commissioning of the Czechnica CHP Plant.
- **Lack of contribution for the Price Difference Payment Fund**. In 2024, the final settlement of the contribution took place.

- **Lower fuel consumption costs** which are caused by lower prices of natural gas and hard coal. The details are shown in the chart below.
- **Lower CO_2 costs** are mainly a result of lower prices of emissions. The details are shown in the chart below.
- **Higher personnel costs** mainly in connection with the implementation of agreements concluded with the social side.

Chart: Consumption costs of production fuels in District Heating (PLN million).

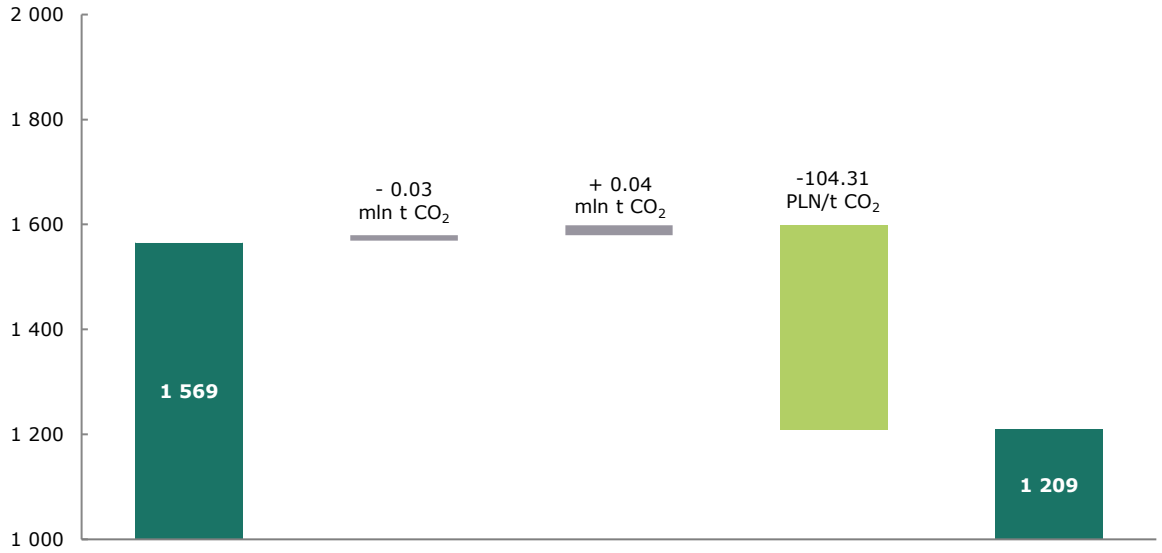


	Costs of fuel H1 2024	Hard coal volume	Hard coal price	Gas volume	Gas price	Biomass volume	Biomass price	Fuel oil and other raw materials volume	Fuel oil and other raw materials price	Costs of fuel H1 2025
Change		**4**	**-214**	**226**	**-229**	**-12**	**-13**	**-7**	**-7**	
Costs of fuel H1 2024	**2 248**	893		1 198		101		56		
Costs of fuel H1 2025		683		1 195		76		42		**1 996**

Table: Data on production fuels consumption in District Heating.

Fuel type	H1 2025		H1 2024	
	Volume (tons ths)	Cost (PLN million)	Volume (tons ths)	Cost (PLN million)
Hard coal	1 470	683	1 436	893
Gas (cubic metres ths)	644 078	1 195	561 200	1 198
Biomass	302	76	359	101
Fuel oil and other raw materials	-	42	-	56
Total		**1 996**		**2 248**

Chart: CO_2 costs in District Heating (PLN million).



Change		**11**	**18**	**-389**	
CO_2 costs H1 2024	**1 569**				
CO_2 costs H1 2025					**1 209**

Table: Data on CO_2 costs in District Heating.

Data on CO_2	H1 2025	H1 2024	% change
Allocation of free allowances for CO_2 emissions (tons)	295 130	320 232	-8%
CO_2 emission (tons)	4 024 572	3 981 597	1%
Average CO_2 costs (PLN/t CO_2)[1]	324.09	428.40	-24%

CAPITAL EXPENDITURES

Table: Capital expenditures incurred in District Heating segment.

PLN million	H1 2025	H1 2024	% change
Investments in generating capacities, including:	503	609	-17%
▪ Development	381	478	-20%
▪ Modernisation and replacement	122	131	-7%
Other	2	4	-50%
Total	**505**	**613**	**-18%**

KEY EVENTS IN DISTRICT HEATING

- **Construction of a New Heat Source in Gryfino.** A contract is being executed for the turnkey construction of a gas boiler house with a capacity of 28 MWt, together with the necessary auxiliary systems. On July 10, 2025, a contract was signed with the General Contractor (Enervigo sp. z o.o.) for the execution of the aforementioned investment.
- The turnkey construction of the **New Czechnica CHP plant,** i.e. CCGT unit with a total gross capacity of 179 MWe and 315 MWt. On May 21, 2025, the protocol for commissioning the gas and steam unit was signed. The mediation settlement of March 19, 2025, concluded between KOGENERACJA S.A. and the consortium consisting of Polimex Mostostal S.A. and Polimex Energetyka sp. z o.o., was approved by the court in July 2025. The settlement amicably resolves the dispute between the parties regarding the determination of the contractual remuneration for the work performed by the Contractor. The dispute concerning the deadline for the performance of the obligation specified in the Agreement as April 30, 2024 remains subject to the binding mediation agreement. Details are described in note 24.3 of the condensed interim consolidated financial statements.
- The construction of a reserve-peak boiler plant with a total capacity of 182 MWt continued at **Lublin CHP plant**. Assembly work has been completed, s trial run was conducted along with the testing of guaranteed parameters. On May 30, 2025, the protocol for commissioning the investment was signed.

- At **Rzeszów CHP plant** the construction of the second line with a capacity of 80 000 tons of waste / year of the Waste-to-Energy Incinerator is in progress. Installation works on the main equipment and auxiliary systems have been completed. Electrical and automation installation works are ongoing, along with the installation of the remaining equipment. On August 2, 2025, the first feed of waste onto the grate was carried out. On August 5, 2025, Amendment No. 1 was signed to the agreement for the connection of the newly built installation to the distribution network.
- At **Bydgoszcz CHP plant** (EC II) the contract is being pursued for construction of a cogeneration source based on five gas engines with a total capacity of 52.6 MWe/ 50.8 MWt and a reserve-peak heat source. On June 24, 2025, the handover protocol for the newly constructed facility was officially signed. Defects identified during acceptance which do not limit operation are currently being rectified. The anticipated completion date is the fourth quarter of 2025.
- In selected locations, PGE Energia Ciepła S.A. is implementing a **Programme to build photovoltaic power plants** with a total capacity of approx. 13 MW to partially meet own energy needs. So far, installations with a total capacity of 1.3 MW have been commissioned under the Programme: PV Rzeszów II, PV Bydgoszcz and PV Zielona Góra I with a total capacity of approx. 7.4 MW. At the same time, in the second quarter of 2025, a tender procedure was conducted for the selection of the General Contractor for the PV Gorzów project with a capacity of 2.5 MW – the contract is expected to be signed in the third quarter of 2025.
- **Investment Programme for the Combined Heat and Power Plant in Gdynia -** scope of investment is the construction of new generation sources - gas engines of up to 50 MWe and two biomass boiler with total capacity of 30 MWt. Construction and design work is continuing for the gas engine scope. Deliveries of machinery and technological equipment (including heat exchangers and transformers) are ongoing. In the case of biomass boilers, work is ongoing on the detailed designs, pending the building permit. Commencement of construction works is scheduled for the third quarter of 2025.
- **The Industrial Project for the Kraków CHP Plant** – the tender procedure for the selection of the General Investment Executor for the construction of gas engines with a capacity of up to 100 MWe has been completed. For this scope of works, a contract was concluded with the consortium of Unibep S.A. and SBB Energy S.A. A building permit decision has been obtained for this part of the investment.

KEY PROJECT IN DISTRICT HEATING

Aim of the project	Budget[1]	Expenditures incurred[1]	Capital expenditures in H1 2025[1]	Fuel/ Net efficiency	Contractor	Investment completion date
Construction of New Czechnica CHP Plant	PLN 1.4 bn	PLN 1.3 bn	PLN 180 m	Natural gas/ Co-generation 85%	Syndicate of: Polimex Mostostal S.A. (Leader) / Polimex Energetyka sp. z o.o.	Contractual date: Q2 2024. Commissioning on May 21, 2025

[1] Expenditures incurred do not include financing costs and expenses in the form of advances paid to the General Contractor for the Investment and to the other contractors.

5.3.6. Distribution

Core business of the segment includes supply of electricity to final off-takers through the grid and HV, MV and LV infrastructure.

Distribution

Main revenue items	PLN m
Sale of distribution services[1]	5 360
Connection fees	122

Volume of distributed electricity	**18.00 TWh**
Number of customers	**5.82 m**

Main cost items	PLN m
Transmission services	1 202
Personnel costs[1]	915
Depreciation and amortisation, liquidation, write-offs	774
including capitalised depreciation	14
Network loss[2]	537
Taxes and fees	349
including real estate tax	301

Main result items	PLN m
EBIT	1 864
EBITDA	2 624

[1] *Adjusted for one-offs*

[2] *Managerial perspective (cost of electricity purchase within contract with PGE S.A., compensation settlement and additional estimation, reduced by revenues from sales of electricity on Balancing Market)*

The segment's revenues are based primarily on the tariff for electricity distribution services approved annually by the President of the Energy Regulatory Office at the company's request, which means that they are of a regulated nature. The tariff takes into account reasonable operating costs related to the distribution system operator's activities, depreciation costs, costs of taxes on distribution assets, costs related to the necessity to cover network losses on electricity distribution or the purchase of transmission services from the TSO. At the same time, the tariff reflects the **costs transferred in fees** such as the RES fee, the transition fee, the co-generation fee and the capacity fee.

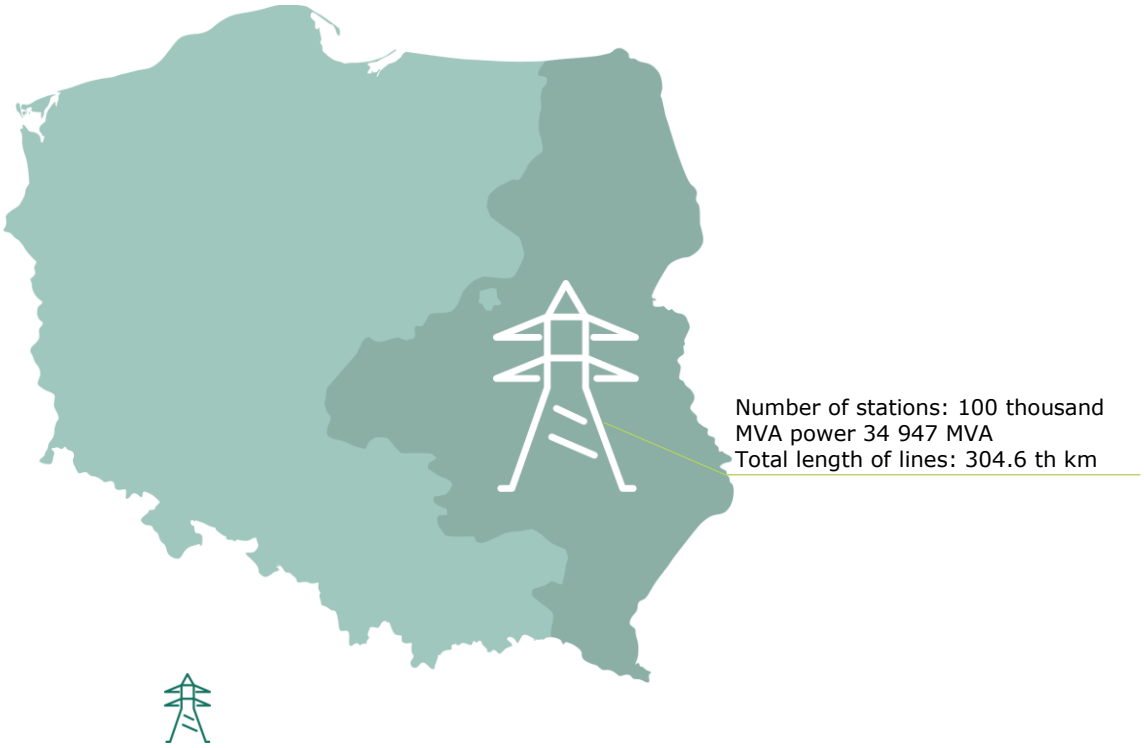
The key element shaping the Distribution segment's result is **return on company's invested capital**. For this purpose, the so-called Regulatory Asset Base (RAB) is determined and calculated on the basis of incurred investment costs including depreciation of assets. The RAB is the basis for calculating the return on capital employed, using the weighted average cost of capital (WACC), which is determined by the ERO President in the tariff process. It is within the competence of the ERO President to differentiate the remuneration from capital employed, taking into account the prioritisation of the DSO's development objectives, so that priority investment projects can be remunerated using an additional reinvestment bonus mechanism. In addition, return on capital depends on the achievement of individual quality targets set by the ERO President for performance indicators including: interruption time, interruption frequency and connection time for years 2018-2025.

As part of the government's Solidarity Shield, a package of laws was adopted in 2022 to protect consumers, including with respect to the pricing of electricity distribution services. Under its terms, for some eligible customers, within certain limits, the prices of electricity distribution services in 2023 were frozen at the 2022 price level, which was in force until the end of June 2024. As a result of the entry into force of the Energy Voucher Act from July 1, 2024, prices for electricity distribution services have been unfrozen, with the result that rates from the current tariff apply. In the first half of 2024 DSOs were entitled to compensation to cover the application of reduced prices for distribution services. The compensation was the difference in the electricity distribution service charges between the 2024 tariff and the 2022 tariff up to the maximum limit. The entity responsible for the payment of compensation was the company Zarządca Rozliczeń S.A. As a result of the entry into force of the Energy Voucher Act from July 1, 2024 the settlement deadline for compensation for 2023 was also postponed from June 30, 2024 to October 31, 2024.

AREA, VOLUMES, CUSTOMERS

PGE Dystrybucja S.A. operates in the area[30] of 129 938 sq. km and delivers electricity to approximately 5.8 million customers.

Chart: Main assets of the Distribution segment and their parameters



Network area of the Distribution segment

Table: Volume of distributed energy (TWh)

Tariff	H1 2025	H1 2024	% change
A tariff group	2.51	2.53	-1%
B tariff group	7.03	7.01	0%
C+R tariff groups	3.10	3.15	-2%
G tariff group	5.36	5.28	2%
Total	**18.00**	**17.97**	**0%**

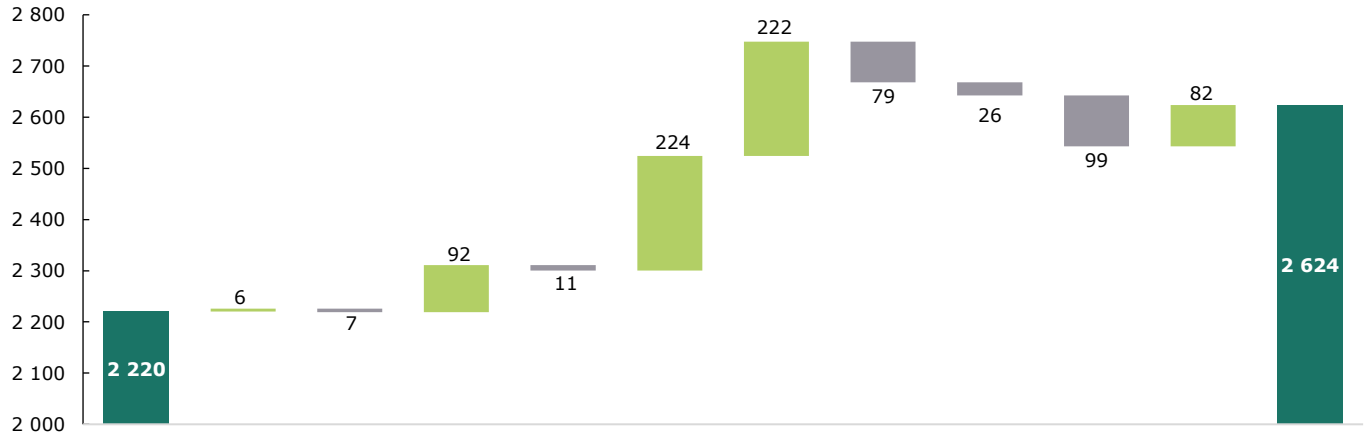
Table: Number of customers according to power take-off points

Tariff	H1 2025	H1 2024	% change
A tariff group	192	157	22%
B tariff group	14 883	14 357	4%
C+R tariff groups	479 178	475 047	1%
G tariff group	5 329 813	5 270 420	1%
Total	**5 824 066**	**5 759 981**	**1%**

[30] *The area of municipalities in which PGE Dystrybucja S.A. operates.*

KEY FACTORS FOR THE RESULTS OF THE SEGMENT

Chart: Key changes of EBITDA in Distribution (in PLN million) – managerial perspective.



	EBITDA H1 2024	Electricity distribution volume	Tariffs[1]	Other revenue from distribution services	Result on transit	Network losses[2]	Additional estimation of network losses[3]	Revenues from connection fees	Real estate tax	Personnel costs[4]	Other	EBITDA H1 2025
Change		**6**	**-7**	**92**	**-11**	**224**	**222**	**-79**	**-26**	**-99**	**82**	
Reported EBITDA H1 2024	**2 232**											
One-offs H1 2024	**12**											
Recurring EBITDA H1 2024	**2 220**	3 767	307	14	578	405	201	275	816	5		
Recurring EBITDA H1 2025		3 766	399	3	354	183	122	301	915	87		**2 624**
One-offs H1 2025												**0**
Reported EBITDA H1 2025												**2 624**

[1] Excluding cost of transmission services from PSE S.A. and taking into account revenues from compensations and adjustment of compensations for electricity for the previous period (one-off).
[2] Adjusted for revenues from the Balancing market.
[3] Neutral for PGE Capital Group result.
[4] Personnel costs without taking into account change of actuarial provision (one-off).

Table: Data on one-offs in Distribution (PLN million).

One-offs	H1 2025	H1 2024	% change
Change of actuarial provision	-8	12	-
Adjustment of compensations for electricity for the previous period	8	-	-
Total	**0**	**12**	**-**

Key factors affecting results of Distribution segment y/y:

- **Increase in the volume of distributed** electricity by 0.03 TWh, resulting mainly from higher demand for electricity in the tariffs for households as a result of an increase in the number of power take-off points by 59 thousand.
- **Decrease in rates of distribution services** by an average of PLN 0.4/MWh resulting from change in tariffs approved for 2025.
- Increase in other revenue from distribution services due to reactive power fees.
- **Lower costs of electricity purchases** to cover network losses mainly as a result of drop in electricity prices.
- **Positive impact of the additional estimation of the cost of network losses** as a result of changes in electricity prices. The additional estimation has a neutral impact on the results of the PGE Capital Group.
- **Decrease in connection fee revenue** as a result of lower completion of connection projects during the reporting period.
- **Increase of costs of tax on real estate** results from higher tax rates and an increase in the value of grid assets as a result of the investments and expansion of the power grid.
- **Increase in personnel costs** mainly due to realisation of agreements concluded with the social side.

- **Value change in item Other**, results mainly from increased capitalised costs, lower repair and operating costs and other operating income (income from settled grants and penalties resulting from failure to meet deadlines specified in contracts).

CAPITAL EXPENDITURES

Table: Capital expenditures incurred in Distribution segment (PLN million).

	H1 2025	H1 2024	% change
Investments in generating capacities, including:	1 403	1 909	-27%
▪ Development	619	889	-30%
▪ Modernisation and replacement	784	1 020	-23%
Other	1	0	-
Total	**1 404**	**1 909**	**-26%**

KEY EVENTS IN DISTRIBUTION

Connecting new customers

The New Customer Connection Program to the distribution network was implemented, under which in the first half of 2025 expenditures were incurred in the amount of PLN 566 million.

LTE450 Program

The objective of the Programme is the construction of a modern Special Communications Network in the LTE450 technology for the provision of services such as critical communication, control of energy infrastructure and remote reading for PGE Dystrybucja S.A. The entity responsible for the execution of this task within the PGE Capital Group is PGE Systemy S.A. As part of the continuity of project works, in the first half of 2025, implementation of the component projects of the Programme continued in accordance with the adopted work plan and the scope of LTE450 network service implementation in 2025. The works carried out included deliveries and installation of telecommunications equipment and modernisation of PGE Dystrybucja S.A.'s own facilities.

The main stream of works included the successive deliveries and installation of power supply systems, which enabled the comprehensive launch of all components of the LTE450 system at the first locations. Acceptance tests are currently being carried out, and installation works are continuing at further PGE Group facilities in line with the adopted LTE450 Radio Plan.

In the first half of 2025, a public procurement procedure for the purchase of SIM cards was continued. Sectoral negotiations were also concluded in the public procurement procedure 'Acquisition of the Field Maintenance Service for LTE450 network infrastructure'.

The LTE450 service was launched in August 2025, and full coverage of the PGE Dystrybucja S.A. area of operation will be achieved in 2027.

In January 2025 PGE Dystrybucja S.A. received support under the National Recovery and Resilience Plan for implementation of works within LTE450 Program. The implementation of control milestones required by the NRRP is progressing in accordance with the adopted schedule.

Cabling program

In the first half of 2025 PGE Group continued to implement its cabling program for medium-voltage (MV) grids up to the level of 30% of MV networks owned by PGE Dystrybucja S.A., incurring expenditures in amount of PLN 68 million.

5 063 kms of MV cable lines were completed from the start of the Program in 2019.

Installation program for Remote Reading Meters

This project implementation is mandatory and results from the requirements imposed on Distribution System Operators (DSO) by the legislator in the amended Energy Law. In the first half of 2025, the tasks with a value of PLN 313 million were realised in order to:

- supply of meters for end customers connected to the LV network and for MV/LN substations,
- modernisation of MV/LN substations with regard to ensuring the possibility of installing remote reading balancing meters,
- installation of meters at off-takers and at substations,
- commencement of tenders for remote reading meters for end off-takers for the years 2026 – 2028.

According to the provisions of the law, the DSO until December 31, 2028 is to install remote reading meters connected to a remote reading system at power take-off points, representing at least 80% of the total number of end-customer energy consumption points.

Implementation of central systems CRM and Billing (NCB Program)

The aim of the NCB Program is the implementation of a comprehensive, central IT solution to support key business processes at PGE Group being performed by PGE Obrót S.A. and PGE Dystrybucja, consisting of two billing systems – separate for each of the companies – and a CRM system for PGE Obrót S.A. The entity responsible for the execution of this task within the PGE Capital Group is PGE Systemy S.A.

In the first quarter of 2025 implementation works of the pilot stage were continued. The stage covering the first local billing systems was launched for production in mid-March 2025. In the second quarter of 2025, the stabilisation phase confirming the proper functioning of the implemented solution was underway. Acceptance works are currently ongoing. Subsequent stages will be implemented in the second half of 2025 and in 2026, with the completion of the Programme planned for the first half of 2027.

In parallel, as part of dedicated accompanying projects included in the Programme, work continued to ensure the necessary integration of the IT environment within the PGE Group to the requirements of CSIRE. In accordance with the adopted schedule, development work was carried out on a communication module dedicated to cooperation with the CSIRE central hub on the PSE S.A. side. At the same time, in accordance with the schedule adopted by PSE S.A., further updates of initial supplies to the CSIRE system were carried out. Relevant validation and correctness tests confirmed the compliance of the data with the requirements.

5.3.7. Railway Energy Services

The segment include activities by the PGE Capital Group mainly in field of distribution and sale of electricity to railway operators and customers functioning within the railway system, the sale of fuels, as well as the maintenance and modernisation of overhead contact line network, together with other ancillary services.

Railway Energy Services

Main revenue items	PLN m
Sale of distribution services	1 157
Sale of electricity[2]	1 005
including compensations[2]	1
Sale of services	282
Sale of fuels	97

Volume of distributed electricity	**2.16 TWh**
Number of customers – Electricity distribution	**57.3 th**
Volume of electricity sold to OF[1]	**1.54 TWh**
Number of customers – electricity trading	**37.9 th**

Main cost items	PLN m
Electricity purchase	799
including for network losses	45
Cost of electricity transit services	552
Personnel costs[2]	303
Other external services	133
Purchase of fuels	90
Taxes and fees	47
including real estate tax	23

Main result items	PLN m
EBIT recurring	426
EBIT reported	446
EBITDA recurring	657
EBITDA reported	675

[1] OF – Final Off-takers.
[2] Adjusted for one-offs.

One of the primary sources of revenue in the Railway Energy Services segment is the **sale of electricity**. This revenue is derived from the supply of energy to railway operators and entities connected to the segment's distribution network. Rail operators are additionally the recipients of fuel sales services.

Another important source of revenue is the **revenue form the distribution of electricity**. Similarly to the Distribution segment, this revenue is subject to applicable regulations and based on a tariff approved by the ERO President. In principle, this tariff ensures a transfer of reasonable costs and a return on the capital invested in the distribution network. The activities of the Railway Energy Services segment as a distribution network operator are limited to the areas along railway lines throughout the country.

The most significant cost items of the segment include the purchase of the distribution services, as well as the purchase of electricity and fuels for resale.

The scope of the Railway Energy Services segment's activities comprises works related to the maintenance of the overhead contact line network and the performance of local modernisation works on this network. The segment also provides power engineering services outside the ranges of the overhead contact line network, such as equipment maintenance, as well as the construction and maintenance of railway traffic control systems. In this type of activity, the most significant costs are **personnel costs.**

Additionally, on the basis of the provisions of the Act of December 7, 2023 amending the acts to support consumers of electricity, gas fuels and heat, the system of compensation for trading companies for the application of capped prices and discounts was extended until June 30, 2024. In addition, as a result of the Act of May 23, 2024 on the energy voucher and amendments to other acts, from July 1, 2024, maximum prices for households, SMEs and local authorities were introduced.

VOLUMES, CUSTOMERS AND OPERATING DATA

The main part of the segment's assets consists of electricity distribution assets held by PGE Energetyka Kolejowa SA. Among other elements, these assets include 546 overhead contact line network substations supplying power to railway lines throughout the country. The total length of the company's network lines is 18.4 thousand kilometres. The network of PGE Energetyka Kolejowa S.A. serves approximately 57 thousand customers.

Chart: Main assets of the Railway Energy Services segment and their parameters

Network area of the Railway Energy Services segment

Table: Volume of electricity sold to final off-takers (TWh).

Tariff	H1 2025	H1 2024	% change
B tariff group	1.46	1.42	3%
C+R tariff groups	0.05	0.06	-17%
G tariff group	0.03	0.02	50%
Total	**1.54**	**1.50**	**3%**

Table: Number of retail sale customers by power take-off points.

Tariff	H1 2025	H1 2024	% change
B tariff group	294	293	0%
C+R tariff groups	6 632	7 324	-9%
G tariff group	30 954	29 441	5%
Total	**37 880**	**37 058**	**2%**

Table: Volume of distributed electricity (TWh).

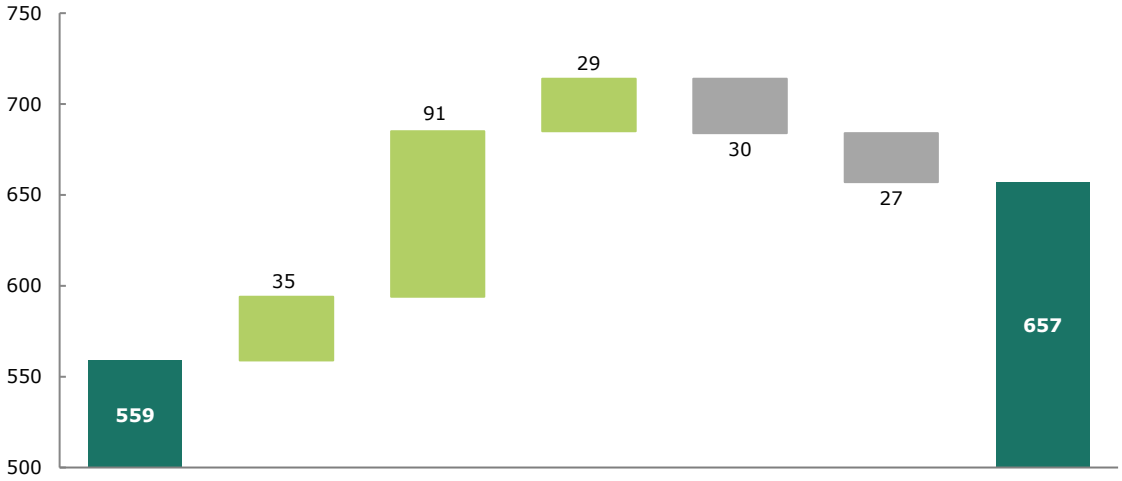
Tariff	H1 2025	H1 2024	% change
B tariff group	1.85	1.81	2%
C+R tariff groups	0.28	0.30	-7%
G tariff group	0.03	0.03	0%
Total	**2.16**	**2.14**	**1%**

Table: Number of distribution customers by power take-off points.

Tariff	H1 2025	H1 2024	% change
B tariff group	686	663	3%
C+R tariff groups	25 300	25 775	-2%
G tariff group	31 264	29 734	5%
Total	**57 250**	**56 172**	**2%**

KEY FACTORS FOR THE RESULTS OF THE SEGMENT

Chart: Key changes of recurring EBITDA in Railway Energy Services (in PLN million) – managerial perspective.



	EBITDA H1 2024	Result on electricity[1]	Result on electricity distribution[2]	Other operations[3]	Personnel costs[4]	Other[5]	EBITDA H1 2025
Change		**35**	**91**	**29**	**-30**	**-27**	
Reported EBITDA H1 2024	**447**						
One-offs H1 2024	**-112**						
Recurring EBITDA H1 2024	**559**	200	514	261	273	143	
Recurring EBITDA H1 2025		235	605	290	303	170	**657**
One-offs H1 2025							**18**
Reported EBITDA H1 2025							**675**

[1] Including adjustment of compensations for electricity for the previous period (one-off).
[2] Excluding the costs of transmission services from PSE S.A., including compensation revenues, connection revenues, resumption of supplies and adjusted for the cost of the balancing difference.
[3] Other activities mainly concern the sale of fuel and traction services.
[4] Personnel costs without taking into account impact of change of actuarial provision (one-off).
[5] Other without taking into account Write-down of receivables from PKP Cargo (one-off).

Table: Data on one-offs in Railway Energy Services (PLN million).

One-offs	H1 2025	H1 2024	% change
Write-down of receivables from PKP Cargo	0	-114	-
Change of actuarial provision	-1	2	-
Adjustment of compensations for electricity for previous period	19	0	-
Total	**18**	**-112**	**-**

Key factors affecting results of Railway Energy Services segment y/y:

- **Positive result on electricity sales** due to higher margins of traction as well as non-traction customers, inter alia due to the effect of the law in 2024, reducing the margin by setting maximum electricity prices.
- **Higher result on distribution** is mainly the result of an increase in connection fee revenue due to the schedule of the Power Supply System Modernisation Program (MUZa) and higher capacity realisation.
- **Higher result on other activities** mainly relates to operations in area of traction services in connection with the indexation of contracts with contractors.
- **Higher personnel costs** mainly in connection with realisation of the agreements with the social party.
- **The change in the item 'Other'** mainly in terms of higher material consumption costs due to the implementation of the new investment scope.

CAPITAL EXPENDITURES

Table: Capital expenditures in Railway Energy Services segment (PLN million).

	H1 2025	H1 2024	% change
Investment in generation capacities, including:	141	199	-29%
▪ Development	85	180	-53%
▪ Modernisation and replacement	56	19	195%
Total	**141**	**199**	**-29%**

KEY EVENTS IN THE SEGMENT

MUZa Program - Power Supply Systems Modernisation programme

The MUZa programme was continued, that is being implemented on the basis of the "Agreement on the principles of establishing a connection to the distribution network" entered into with PKP Polskie Linie Kolejowe S.A. (PKP PLK) and its objectives are the following:

- enabling an increase in the capacity of railway lines (increase in train traffic),
- introducing locomotives with higher power (of the order of 6 MW) allowing for an increase in speed up to 200 km/h,
- electrifying railway lines,
- reducing the distribution network and equipment failure rate as well as improving the quality parameters of electricity,
- meeting the power supply requirements according to the standards set out in the Technical Specifications for Interoperability (TSI) of the "Energy" subsystem – obtained authorisation from the President of the Railway Transport Office (RTO).

On the part of the Railway Energy Services segment, the programme consists in the modernisation and construction of overhead contact line network substations in accordance with the agreements for network connections entered into with PKP PLK. In the first half of 2025 expenditures incurred amounted to PLN 30.1 million. Since the start of the programme in 2012, 297 connection agreements were signed. In the reporting period 271 agreements were completed.

Connection of new electricity off-takers

The program for connecting new customers to the distribution network was pursued, under which expenditures of PLN 27.8 million were incurred in the first half of 2025.

ZUBI project - project aimed at installing remote reading balancing meters

Project aimed at installing remote reading balancing meters (Balancing Systems Installation – BSI) was continued. The implementation of the project is mandatory under the requirements imposed on DSOs by the Legislator in the Energy Law of May 20, 2021. The deadline for the completion of the task is determined for December 31, 2025. In 2025 tasks have been carried out to:

- purchase of balancing cabinets with installed remote reading metres for MV/LV substations,
- purchasing current transformers for MV/LV substations,
- purchasing installation services for balancing cabinets at MV/LV substations,
- installing balancing cabinets at MV/LV substations.

At the end of the second quarter of 2025 5 018 MV/LV substations out of the 5 763 owned by PGE Energetyka Kolejowa S.A. have been equipped with metering systems. Expenditures of PLN 25.3 million were incurred in the first half of 2025 for this project.

5.3.8. Supply

Supply segment activities include Group's wholesale and retail trading of electricity. Wholesale trading includes mainly electricity trading on behalf of and for Coal Energy segment, Gas-fired Generation segment, District Heating segment and Renewables segment.

Supply

Main revenue items	PLN m
Sale of electricity[3]	12 393
including compensations	612
Sale of CO_2 emission rights	2 552
Sale of gas	944
Sales management	551
Sale of fuels	213

Volume of electricity sold to final customers[1]	**1.77 TWh**
Number of customers[1]	**5.70 m**

Main cost items	PLN m
Electricity purchase[2]	10 895
Purchase of CO_2 emission rights	2 509
Purchase of gas	935
Segment operating expenses[3]	735
Costs of fuels[2]	237
Redemption of certificates	146

Main result items	PLN m
EBIT recurring	1 233
EBIT reported	1 242
EBITDA recurring	1 253
EBITDA reported	1 262

[1] *Data for PGE Obrót S.A.*

[2] *Managerial perspective (transport costs and other cost items have been taken into account).*

[3] *Adjusted for one-offs.*

As part of retail-market activities, the key source of **segment's revenue is sale of electricity** to final customers. This is sale to business and institutional clients, which constitutes more than 66% of the sales volume, and to retail clients. The segment's revenue also includes the **sale of natural gas and fuels**, mainly: pulverised coal and coarse coal, which is sold by PGE Paliwa sp. z o.o.

As a result of the law of November 27, 2024, amending the law on emergency measures aimed at reducing the level of electricity prices and supporting certain consumers, from January 1, 2025 to September 30, 2025, the maximum price of electricity for households will continue to apply.

Electricity sales are matched by the **costs to purchase electricity** on the wholesale market and **costs to redeem certificates** as part of the support system for renewable sources and energy efficiency.

As part of the activities on the wholesale market, CO_2 purchases are made for the needs of the Coal Energy, Gas-fired Generation and District Heating segments, which is reflected both in terms of costs and revenues. At the same time, a significant revenue item is the provision of services to the Group's companies related to the management of purchases and sales of electricity and related products.

The Supply segment also incurs costs related to the operations of the Group's corporate centre.

VOLUMES, CUSTOMERS AND OPERATING DATA

Table: Volume of electricity sales to final off-takers (TWh)[1].

Tariffs	H1 2025	H1 2024	% change
A tariff group	2.10	2.08	1%
B tariff group	5.04	5.59	-10%
C+R tariff groups	2.65	3.09	-14%
G tariff group	4.98	4.75	5%
Total	**14.77**	**15.51**	**-5%**

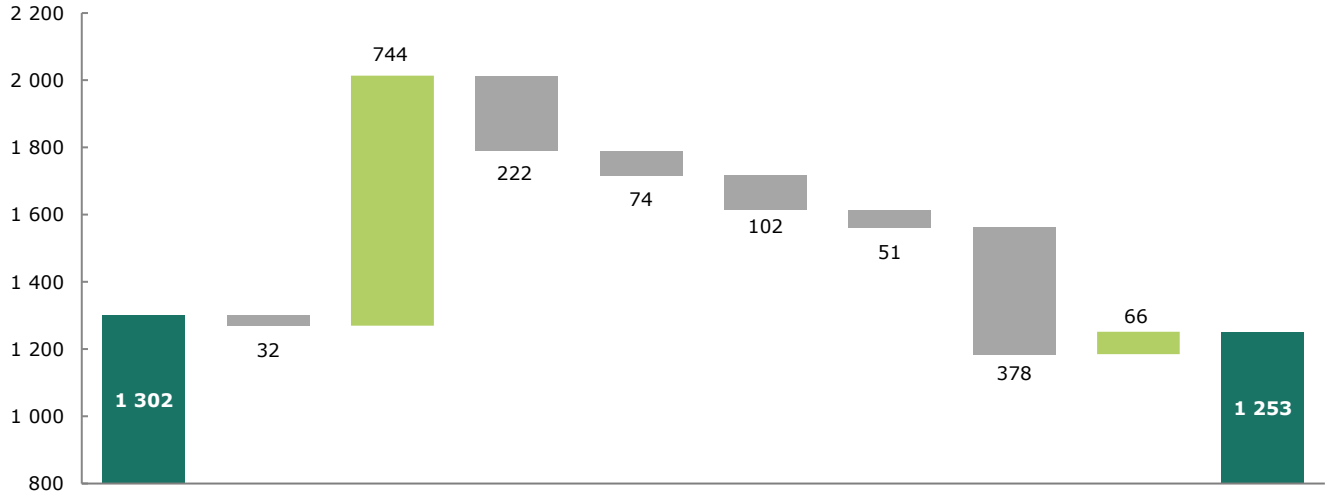
[1] *Data for PGE Obrót S.A.*

Table: Number of customers according to power take-off points[1].

Tariffs	H1 2025	H1 2024	% change
A tariff group	138	149	-7%
B tariff group	10 393	11 112	-6%
C+R tariff groups	364 536	399 871	-9%
G tariff group	5 324 143	5 267 220	1%
Total	**5 699 210**	**5 678 352**	**0%**

[1] *Data for PGE Obrót S.A.*

Chart: Key changes of EBITDA in Supply (in PLN million) – managerial perspective.



	EBITDA H1 2024	Result on electricity - volume[1]	Result on electricity - price[1]	Additional estimation of network losses[2]	Revenues from services provided to other segments of the PGE Group[3]	Result on sale of CO_2	Personnel costs[4]	Result on other operating activities	Other[5]	EBITDA H1 2025
Change		**-32**	**744**	**-222**	**-74**	**-102**	**-51**	**-378**	**66**	
Reported EBITDA H1 2024	**1 304**									
One-offs H1 2024	**2**									
Recurring EBITDA H1 2024	**1 302**	215		-405	728	145	363	446	-274	
Recurring EBITDA H1 2025		927		-183	654	43	414	68	-208	**1 253**
One-offs H1 2025										**9**
Reported EBITDA H1 2025										**1 262**

[1] *Including adjustment of compensations for electricity for the previous period at PGE Obrót S.A. (one-off).*
[2] *Neutral for the PGE Capital Group result.*
[3] *This item does not include the margin on CO_2 transactions with PGE Group companies.*
[4] *Personnel costs without taking into account impact of change of actuarial provision (one-off)*
[5] *Other without taking into account impact of settlement of contribution to the PDP Fund for the previous period (one-off).*

Table: Data on one-offs in Supply segment (PLN million).

One-offs	H1 2025	H1 2024	% change
Adjustment of compensations for electricity for the previous period	38	0	-
Correction of contribution to the PDP Fund for the previous period	-28	0	-
Change of actuarial provision	-1	2	-
Total	**9**	**2**	**350%**

Key factors affecting EBITDA of Supply segment y/y:

- **Higher result on sale of electricity** is mainly the result of a higher margin on tariff products which is related to the approval of a 1.5-year tariff above the costs incurred in 2025 and compensation for the negative result from 2024.
- **Negative impact of additional estimation of balancing difference cost** mainly as a result of changes in electricity prices. The additional estimation has a neutral impact on the results of the PGE Capital Group.
- **Decrease of revenues from services performed within the Capital Group** resulting from the decrease in revenues under the ZHZW agreement, which is a consequence of the lower value of trade in electricity under management.
- **Lower result on CO_2** sales mainly as a result of change in interim valuation of CO_2 forward contracts.
- **Higher personnel costs** as a consequence of organisational changes and in connection with the implementation of wage agreements with the social side.
- **Lower result on other operating activities** as a result of the high base of the previous year when provisions for onerous contracts, mainly for tariff group G, were released.
- **The change in the 'Other' item value** was mainly due to a higher sales of additional services.

5.3.9. Other Operations

Core activities of the segment include provision of services to PGE Capital Group, inter alia organisation of capital raising in form of Eurobonds (PGE Sweden), provision of IT services, provision of security services.

As of 2025, the Circular Economy segment was included in the Other Operations segment, that was separately reported until the end of 2024. The object of the companies in this area is to provide comprehensive combustion by-products (UPS) management services, to provide services in ancillary areas to electricity and heat generators and to supply UPS-based materials.

The segment also includes the company PGE Ventures sp. z o.o., which is responsible for investments in start-ups at every stage of the investment cycle.

Other Operations

Main revenue items	PLN m
Revenues related to UPS	246
Revenues from IT services	186

Management of combustion by-products

Provision of services for PGE Capital Group

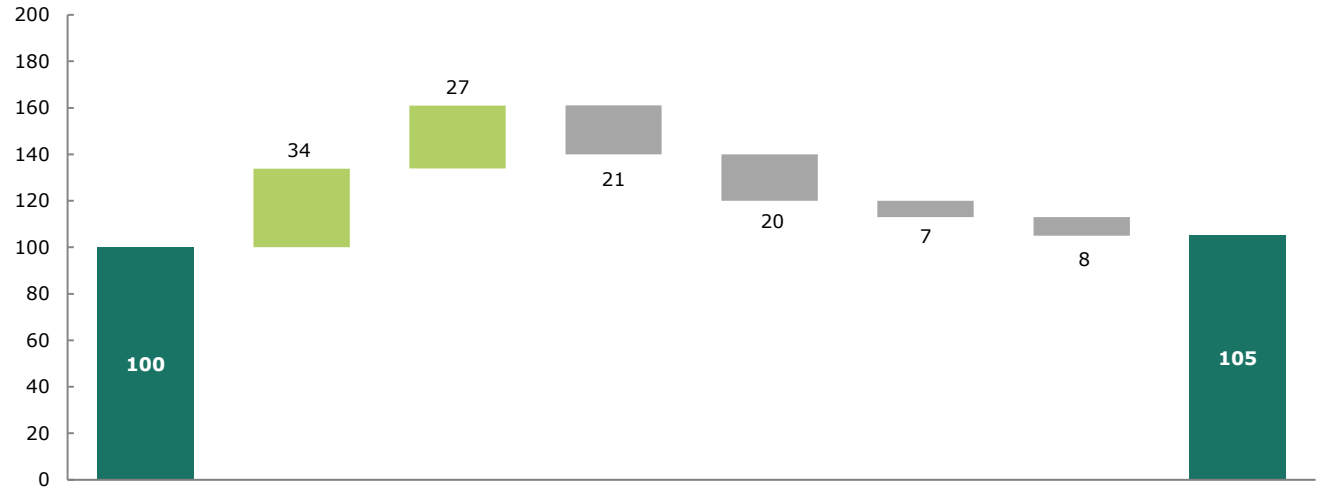
Investments in start-ups

Main cost items	PLN m
Personnel costs	233
IT services	60
Value of goods and materials sold	51
Amortisation and depreciation	32
Transport services	29

Main result items	PLN m
EBIT	73
EBITDA	105

KEY FACTORS FOR THE RESULTS OF THE SEGMENT

Chart: Key factors affecting EBITDA in Other Operations segment (in PLN million) – managerial perspective[1].



	EBITDA H1 2024	UPS-related revenues	Revenues from sale of IT services	Value of goods and materials sold - UPS	Personnel costs	Costs of IT services	Other	EBITDA H1 2025
Change		**34**	**27**	**-21**	**-20**	**-7**	**-8**	
EBITDA H1 2024	**100**	212	159	30	213	1	-27	
EBITDA H1 2025		246	186	51	233	8	-35	**105**

[1] *Data for the first half of 2024 have been adjusted for comparability due to the transfer of companies in the Circular Economy segment to the Other Operations segment.*

Key factors affecting EBITDA of Other Operations segment y/y:

- **Higher revenues related to combustion by-products**, due to the higher sales volume and higher prices.
- **Higher revenues from sales of IT services** due to a greater range of services provided by PGE Systemy S.A. to companies in the PGE CG (implementation of development initiatives).
- **Higher value of goods and materials sold,** mainly due to higher UPS purchase costs due to higher purchase volume.
- **Higher personnel costs** due to the increase in the minimum wage, inflation pressure, realisation of wage agreements.
- **Higher telecom service costs** due to the purchase of external services to enable PGE Systemy S.A. to provide a broader scope of services to the PGE Group and to carry out new investment programmes.
- **Other** deviations relate to the reduction of the cost of products manufactured for own needs.

CAPITAL EXPENDITURES

Table: Capital expenditures incurred in Other Operations segment (PLN million)[1]

	H1 2025	H1 2024	% change
Investments in generation capacities, including:	75	33	127%
▪ Development	63	31	103%
▪ Modernisation and replacement	12	2	500%
Other	0	1	-
Total	**75**	**34**	**121%**

[1] *Data for the first half of 2024 have been adjusted for comparability due to the transfer of companies in the Circular Economy segment to the Other Operations segment and a reclassification made between development and modernisation expenditures.*

KEY EVENTS IN OTHER OPERATIONS

- At PGE Inwest 12 sp. z o.o., work is underway on the project **Construction of the Młoty pumped storage power plant**. An environmental impact report is currently being prepared and will be submitted to the Regional Directorate for Environmental Protection in Wrocław. In April and May 2025, legal audit reports of real estate commissioned in 2024 were received. In June 2025, a report from an additional nature inventory was received.

6. Other elements of the report

6.1. Significant events of the reporting period affecting operation in the first half of 2025 and subsequent periods

6.1.1. New Strategy of PGE Group until 2035

On June 12, 2025 PGE Group announced its Strategy until 2035. A detailed description can be found in p. 2 of this report.

New Strategy of PGE Group until 2035

6.1.2. Significant decisions of the Ordinary General Meeting of PGE S.A.

On June 27, 2025, the Ordinary General Meeting (OGM) of the Company adopted resolutions regarding:

- approval of the standalone financial statements of PGE S.A. for 2024,
- approval of the consolidated financial statements of the PGE Group for 2024,
- approval of the Management Board Report on the activities of PGE S.A. and the PGE Group for 2024,
- approval of the Supervisory Board Report of PGE S.A. for 2024,
- positive opinion on the remuneration report of the Management Board Members and the Supervisory Board Members of PGE S.A. for 2024,
- allocation of the net profit of PGE S.A. for 2024 to the reserve capital,
- amendment to the Statutes of PGE S.A. granting the Supervisory Board the competence to select the auditor for the assurance of sustainability reporting,
- discharge of the Members of the Supervisory Board of PGE S.A. from the performance of their duties in 2024,
- granting or withholding discharge to Members of the Management Board of PGE S.A. from the performance of their duties in 2024,
- amendment of the Remuneration Policy for the Members of the Management Board and Supervisory Board of PGE S.A.

OGM resolutions

6.1.3. Change of PGE's rating by Fitch Ratings

On January 13, 2025 Fitch rating agency ("Fitch", the "Agency") has downgraded long-term Issuer Default Rating (IDR) of PGE from BBB+ with stable outlook to BBB with stable outlook, PGE's senior unsecured rating and senior unsecured rating of subsidiary PGE Sweden AB (publ) from BBB+ to BBB and national ratings: PGE from AA(pol) with stable outlook to A+(pol) with stable outlook and senior unsecured rating from AA(pol) to A+(pol).

Within the rating assessment Fitch agency did not assume a spin-off from PGE Group's structure of conventional assets associated with mining and electricity generation from lignite and hard coal.

Fitch justifies the rating downgrade by projected increase of Company's net leverage due to a high capex, allocated largely to energy transition. Additionally, in its report the Agency points out a weakening PGE's competitive position due to structural market changes, including the growth of renewables in electricity generation. As a consequence, Fitch expects decrease in volumes of PGE's lignite- and coal-fired power generation and reduced profitability of the Company, which is significantly affected by the fixed cost base of its lignite mines, given the lack of domestic regulatory mechanisms to cover these losses. According to the Agency's report, stable outlook reflects PGE's adequate projected net leverage and the solid share of regulated distribution and a gradually improving electricity generation mix, including investments in new CCGT units, onshore renewable energy sources and first offshore wind project.

The Management Board of PGE emphasises that the ratings downgrade, within the investment grade rating level, does not impact the current Company's financing agreements and costs of debt servicing.

Change of PGE's rating by Fitch Ratings

6.1.4. Project of carve-out of coal generation assets.

For a description see note 27.1 of the condensed interim consolidated financial statements.

6.1.5. Regulatory changes

For a description see note 27.2 of the condensed interim consolidated financial statements and p. 4.4 of this report.

6.1.6. Environmental decision on the Turów Lignite Mine

For a description see note 24.3 of the condensed interim consolidated financial statements.

6.1.7. Restructuring proceedings of ENESTA sp. z o.o.

For a description see note 1.2 of the condensed interim consolidated financial statements.

6.1.8. Nuclear power plant construction project

For a description see note 27.3 of the condensed interim consolidated financial statements.

6.1.9. Estimation of electricity imbalance fed to the grid by prosumers

For a description see note 2.3 of the condensed interim consolidated financial statements.

6.1.10. Contractual penalties for the contractor for unit 7 at Turów Power Plant

For a description see note 24.3 of the condensed interim consolidated financial statements.

6.1.11. Implementation and financing of the Baltica 2 project

For a description see note 27.4 of the condensed interim consolidated financial statements.

6.1.12. Construction of an energy storage facility in Żarnowiec

For a description see p. 5.3.2 of this report.

Construction of energy storage facility

6.1.13. Signing of loan agreements with BGK within National Recovery and Resilience Plan

For a description see note 27.5 of the condensed interim consolidated financial statements.

6.1.14. Signing of a loan agreement with the European Investment Bank

On April 25, 2025 PGE S.A. signed a term loan agreement with the European Investment Bank („EIB") The value of the loan agreement amounts to PLN 2.25 bn and the loan will be intended for financing of capital expenditures of PGE Energia Odnawialna S.A. (PGE's subsidiary) for the modernisation project of Porąbka-Żar pumped storage power plant and for construction of PV farms together with the grid connection infrastructure. The financing is provided as part of supporting REPowerEU plan in Poland.

The loan will be drawn in tranches. Each tranche may be drawn in PLN or EUR. The final maturity date will be maximum 18 years from the drawing date of the last tranche whereby the last tranche may be drawn no later than 24 months from the agreement signing date. The interest rate will be determined before the payment of the each tranche. The agreement does not provide for tangible collaterals. After signing of the agreement, total nominal value of the financing from the EIB amounts to PLN 8.9 bn.

Loan agreement with EIB

6.1.15. Result of supplementary Capacity Market auction for delivery period from July 1 to December 31, 2025

On May 15, 2025 as a result of supplementary Capacity Market auction for delivery period from July 1 to December 31, 2025 units from PGE Group were awarded capacity contracts with an aggregated capacity obligation of 2 174 MW. The auction clearing price amounts to PLN 431.00/kW/year. The above clearing price

is not a final result of capacity market auction. Final results are to be published by the President of Energy Regulatory Office on its website (in the section Biuletyn Informacji Publicznej).

Result of supplementary auction p. 1

Result of supplementary auction p. 2

6.1.16. Impairment tests on property, plant and equipment

Results of conducted tests indicate the impairment loss of balance sheet value of selected property, plant and equipment in the PGE Capital Group companies amounting to approx. PLN 9.1 billion, including: approx. PLN 8.7 billion in the Coal Energy segment and approx. PLN 0.4 billion in the Renewables segment. At the same time, in the course of the work, a necessity to lower value of deferred tax asset (in accordance with IAS 12) in amount of approx. PLN 2.5 billion has been identified.

The above adjustments are of non-cash nature. They lower the PGE Capital Group's gross result for the first half of 2025 by approx. PLN 9.1 billion and net result by approx. PLN 11.6 billion.

A detailed description can be found in notes 3 and 14 of the condensed interim consolidated financial statements.

Impairment tests on property, plant and equipment

6.1.17. Completion of negotiations with ZE PAK S.A. regarding the potential acquisition of shares from ZE PAK S.A.

ZE PAK informed about its withdrawal from the intention to sell 100% of shares in PAK CCGT sp. z o.o. and, consequently, about the termination of negotiations with the Company as of June 30, 2025. At the same time, PGE S.A. and ZE PAK declare their intention to continue talks on the functioning of PGE PAK Energia Jądrowa S.A.

A detailed description can be found in note 27.3 of the condensed interim consolidated financial statements.

Completion of negotiations

6.2. Subsequent events

6.2.1. Change of Company's Statutes

On July 24, 2025, PGE S.A. received a decision on the entry of the amendment to the Company's Articles of Association into the Register of Entrepreneurs of the National Court Register. The amendment consisted in granting the Supervisory Board the competence to select the audit firm for the assurance of sustainability reporting.

Change of Statutes

6.2.2. Construction of the electricity storage facility in Gryfino

On August 1, 2025, a tender procedure was announced for the construction of a new large-scale battery energy storage facility in Gryfino with a capacity of 400 MW and a storage volume of 800 MWh.

It is planned to increase the total energy storage capacity in the PGE Group to 18 GWh by 2035.

Construction of the electricity storage facility in Gryfino

6.2.3. New gas-fired peak power plant in Rybnik

On August 11, 2025, a tender was announced for the design and construction of a gas-fired peak power plant (OCGT) in Rybnik with a capacity of approximately 600 MW. The contract also covers a 12-year service period for the constructed power plant.

New gas-fired power plant in Rybnik

6.3. Proceedings in front of court, body appropriate for arbitration proceedings or in front of public administration authorities

Significant proceedings pending in front of courts, competent arbitration authority or public administration authority are described in note 24.3 to the condensed interim consolidated financial statements. This note

discusses, inter alia the issue of compensation regarding the conversion of shares, issues related to the request by the Polimex-Mostostal consortium for an increase in remuneration for the construction of a CHP plant in Siechnice and environmental decision on the Turów Lignite Mine.

6.4. Information on credit and loan agreements concluded and terminated in the first half of 2025

Table: Significant external financial loan agreements signed in the first half of 2025

Company (Borrower)	Party of the agreement	Type of financing	Signing date	Maturity date	Liability limit (million)[1]	Currency	Fixed/ floating rate
PGE S.A.	BGK	Term loan (KPO)	2025-01-29	2036-12-20	3 900	PLN	Floating
PGE S.A.	BGK	Term loan (KPO)	2025-03-31	2049-12-20	2 566	PLN	Fixed
PGE S.A.	BGK	Term loan (KPO)	2025-03-31	2049-12-20	9 521	PLN	Fixed
PGE S.A.	EBI	Term loan	2025-04-25	2045-04-25	2 250	PLN	Fixed
PGE Baltica 6 sp. z o.o.	Financial institutions	Syndicated loans and other – project finance (*Baltica 2 project*)	2025-01-29	2049-11-30	2 812[2]	EUR	Floating
PGE Baltica 6 sp. z o.o.	Financial institutions	Syndicated loans and other – project finance (*Baltica 2 project*)	2025-01-29	12 months from Final Completion Date but not later than 2030-12-12	436	PLN	Floating

[1] *Values over PLN 100 m.*
[2] *Maximum limit comprising of: Term loan, Standby Debt and DSRF (Debt Service Reserve Facility).*

As at June 30, 2025, the total nominal value of external loans and credits received amounted to PLN 11.3 billion, while their carrying amount equalled PLN 9.0 billion. The difference between these amounts is mainly due to the fair value measurement of the preferential loan from the KPO in amount of PLN 2.3 billion, which was recognised as a grant to assets and is presented in deferred income.

A detailed description is provided in notes 22.1, 27.4 and 27.5 to the condensed interim consolidated financial statements.

6.5. Information on the granting by PGE S.A. or its subsidiary during the first half of 2025 of sureties for loans or issuing a guarantee

In the first half of 2025, there were no significant loan and credit guarantees or guarantees granted other than those indicated in note 24.1 of the condensed interim consolidated financial statements.

6.6. Information on issue, redemption and repayment of debt securities and other securities

Table: External bonds issued as at June 30, 2025

Company (Issuer)	Party of the agreement	Type of financing	Signing date of the program (yyyy-mm-dd)	Maturity date of the program (yyyy-mm-dd)	Maximum value of the program (million)	Liability (million)	Currency
PGE S.A.	Pekao S.A. and ING Bank Śląski S.A.	Domestic market bonds	2011-08-29	-	5 000	1 400[1]	PLN
PGE Sweden AB	BNP Paribas, CITIGROUP Global Markets Ltd., ING Bank N.V., London Branch, Nordea Bank Danmark A/S, PKO BP S.A. and Societe Generale	Eurobonds	2014-05-22	-	2 000	138[2]	EUR

[1] *Bonds with a total value of PLN 1.4 bn were issued in two series: PLN 1 billion with 10-year maturity i.e. May 21, 2029 and PLN 400 million with 7-year maturity i.e. May 21, 2026.*
[2] *Issue of 15-year bonds (private placement) of August 1, 2014, maturity date – August 1, 2029.*

6.7. Securities for the financing transactions of the Baltica 2 Project

In connection with the signing of loan agreements aimed at financing the Baltica 2 Project, as referred to in Notes 22.1, 24.2 and 27.4 of the condensed interim consolidated financial statements, securities for the project financing transactions have been established in the form of registered and financial pledges over bank accounts, assets, and shares of the companies.

Table: Summary of securities for the financing transactions of the Baltica 2 wind farm (in PLN million).

No	Securing Party	Beneficiary of Security	Security Document Title	Agreement Date	Subject of Security and Its Value	Maximum Secured Amount[1]	Currency
1.	PGE Baltica 6 sp. z o.o.	Deutsche Bank Luxembourg S.A.	Financial pledge agreement on bank accounts[2]	2025-02-07	Receivables from bank account agreements held by PGE Baltica 6 sp. z o.o.	35 809	PLN
2.	PGE Baltica 6 sp. z o.o.	Deutsche Bank Luxembourg S.A.	Financial pledge agreement on bank accounts	2025-02-03	Receivables from bank account agreements held by PGE Baltica 6 sp. z o.o.	35 809	PLN
3.	PGE Baltica 6 sp. z o.o.	Deutsche Bank Luxembourg S.A.	Registered pledge agreement on bank accounts	2025-02-03	Receivables from bank account agreements held by PGE Baltica 6 sp. z o.o.	35 809	PLN
4.	PGE Baltica 6 sp. z o.o.	Deutsche Bank Luxembourg S.A.	Registered pledge agreement on assets	2025-02-03	Assets with a total value of PLN 2 042 479 765.41 (as of the agreement date)	35 809	PLN
5.	PGE Baltica 6 sp. z o.o.	Deutsche Bank Luxembourg S.A.	Registered pledge and financial pledge agreement on shares in Elektrownia Wiatrowa Baltica – 2 sp. z o.o.	2025-02-03	200 065 shares in Elektrownia Wiatrowa Baltica – 2 sp. z o.o., each with a nominal value of PLN 500	35 809	PLN
6.	PGE Baltica 6 sp. z o.o.	Deutsche Bank Luxembourg S.A.	Registered pledge and financial pledge agreement on shares in Elektrownia Wiatrowa Baltica – 2 sp. z o.o.	2025-03-17	10 shares in Elektrownia Wiatrowa Baltica – 2 sp. z o.o., each with a nominal value of PLN 500	35 809	PLN
7.	PGE Baltica 6 sp. z o.o.	Deutsche Bank Luxembourg S.A.	Registered pledge and financial pledge agreement on shares in Elektrownia Wiatrowa Baltica – 2 sp. z o.o.	2025-07-25	20 shares in Elektrownia Wiatrowa Baltica – 2 sp. z o.o., each with a nominal value of PLN 500	35 809	PLN
8.	PGE Baltica 6 sp. z o.o.	Deutsche Bank Luxembourg S.A.	Security assignment agreement	2025-02-03	Rights from insurance agreements, project documents, and guarantees	35 809	PLN
9.	PGE Baltica 6 sp. z o.o.	Deutsche Bank Luxembourg S.A.	Security assignment agreement	2025-02-05	Rights from the pledge agreement on the VAT bank account dated February 4, 2025 between Elektrownia Wiatrowa Baltica 2 sp. z o.o. as pledgor and PGE Baltica 6 sp. z o.o. and Ørsted Baltica 2 Holding sp. z o.o. as pledgees	35 809	PLN
10.	PGE Baltica 6 sp. z o.o.	Deutsche Bank Luxembourg S.A.	Power of attorney granted to Deutsche Bank Luxembourg S.A. to	2025-01-29	Rights under a surety agreement Ørsted A/S and PGE Baltica 6 sp. z .o.o.	35 809	PLN

No	Securing Party	Beneficiary of Security	Security Document Title	Agreement Date	Subject of Security and Its Value	Maximum Secured Amount[1]	Currency
			exercise rights under the guarantee agreement between, among others, Ørsted A/S and PGE Baltica 6 sp. z .o.o.				
11.	PGE Baltica 2 sp. z o.o.	Deutsche Bank Luxembourg S.A.	Security assignment agreement	2025-02-03	Future rights under intra-group loan agreements	35 809	PLN
12.	PGE Baltica 2 sp. z o.o.	Deutsche Bank Luxembourg S.A.	Registered pledge and financial pledge agreement on shares in PGE Baltica 6 sp. z o.o.	2025-02-03	1 684 424 shares in PGE Baltica 6 sp. z o.o., each with a nominal value of PLN 1 000	35 809	PLN
13.	PGE Baltica 2 sp. z o.o.	Deutsche Bank Luxembourg S.A.	Registered pledge and financial pledge agreement on new shares in PGE Baltica 6 sp. z o.o. (10 shares)	2025-06-03	10 shares in PGE Baltica 6 sp. z o.o., each with a nominal value of PLN 1 000	35 809	PLN
14.	PGE S.A.	Deutsche Bank Luxembourg S.A.	Security assignment agreement	2025-02-03	Future rights under intra-group loan agreements	35 809	PLN
15.	Elektrownia Wiatrowa Baltica – 2 sp. z o.o.	PGE Baltica 6 sp. z o.o. and Ørsted Baltica 2 Holding sp. z o.o.	Pledge agreement on VAT bank account	2025-02-04	Receivable from the VAT account agreement held by Elektrownia Wiatrowa Baltica – 2 sp. z o.o.	633	PLN

[1] An amount equal to 150% of the value of liabilities – the total amount of financing granted and treasury transaction limits, except for collateral provided by Elektrownia Wiatrowa Baltica – 2 sp. z o.o. in order to secure repayment of VAT loans granted to Elektrownia Wiatrowa Baltica – 2 sp. z o.o. by PGE Baltica 6 sp. z o.o. and Ørsted Baltica 2 Holding sp. z o.o. In this case, it is an amount equal to 150% of the value of the loans granted.

[2] The bank accounts in question were closed in February 2025.

The total maximum value of established securities for loan agreements amounts to PLN 35.8 billion.

In addition, security was established for a loan granted to Elektrownia Wiatrowa Baltica – 2 sp. z o.o. by the partners in the company i.e. PGE Baltica 6 sp. z o.o. and Ørsted Baltica 2 Holding sp. z o.o in the form of a registered pledge agreement and civil pledges over a VAT bank account of Elektrownia Wiatrowa Baltica – 2 sp. z o.o. and in the form of Declarations of Submission to Enforcement. The highest sum of the security arising from this pledge agreement amounts to PLN 633 million for each of partners.

6.8. Transactions with related entities

Information about transactions with related entities is presented in note 26 to the condensed interim consolidated financial statements. In addition, note 6 to the condensed interim consolidated financial statements indicates that PGE CG accounts for inter-segment transactions as if they related to unrelated parties - on an arm's length basis.

6.9. Publication of financial forecasts

PGE S.A. did not publish financial forecasts.

6.10. Significant off-balance sheet items

Significant off-balance sheet items are described in notes 11 and 24 to the condensed interim consolidated financial statements.

6.11. Factors which, in the issuer's opinion, will have an impact on its results over at least the next quarter

Significant factors and events that, in the issuer's opinion, will affect its results over at least the next quarter are described in the remaining sections of this report.

6.12. Agreements and other information important for the assessment of the personnel and financial situation, financial result of the PGE Capital Group and their changes, as well as information important for the assessment of the Group's ability to fulfil its obligations

In the first half of 2025, apart from the events indicated in the other sections of this report, there were no other events that are important for the assessment of the personnel, property and financial situation, financial result of the PGE Capital Group and their changes, as well as for the assessment of the Group's ability to fulfil its obligations.

7. Statement of the Management Board on the reliable preparation of the financial statements

To the best knowledge of the Management Board of PGE S.A., the half-yearly financial report, containing interim condensed consolidated financial statements of PGE Capital Group, interim condensed standalone financial statements for PGE S.A. and comparative data were prepared in accordance with the governing accounting principles, present a fair, true and reliable view of the material and financial situation of PGE Capital Group and its financial result.

The report of the Management Board on the activities of PGE Capital Group presents a true view of the development, achievements and situation of the Capital Group including a description of the main threats and risks.

8. Statement on the entity authorised to audit the financial statements

The Management Board of PGE S.A. declares that the auditing company, which reviews the interim consolidated financial statements and interim condensed standalone financial statements for PGE S.A., was appointed in accordance with provisions of the law. The entity and the statutory auditors, who performed the review, fulfilled all the requirements for issuing an unbiased and independent report on the review, in accordance with the governing provisions and professional standards.

9. Approval of the Management Board's Report

The foregoing Management Board's Report on activities of PGE Capital Group was approved for publication by the Management Board of the parent company on September 9, 2025.

Warsaw, September 9, 2025

Signatures of members of the Management Board of PGE Polska Grupa Energetyczna S.A.

President of the Management Board	**Dariusz Marzec**	
Vice-President of the Management Board	**Maciej Górski**	
Vice-President of the Management Board	**Przemysław Jastrzębski**	
Vice-President of the Management Board	**Robert Kowalski**	
Vice-President of the Management Board	**Marcin Laskowski**	

Glossary

Glossary of industry terms	
Ancillary control services (ACS)	services provided to the transmission system operator, which are indispensable for the proper functioning of the National Power System and ensure the keeping of required reliability and quality standards.
Achievable capacity	the maximum sustained capacity of a generating unit or generator, maintained continuously by a thermal generator for at least 15 hours or by a hydroelectric generator for at least five hours, at standardized operating conditions, as confirmed by tests.
ARA	USD hard coal price index in EU. Loco in harbours Amsterdam-Rotterdam-Antwerp
Availability factor	(working time + standby time in reserve) x 100 / period time
Balancing market	a technical platform for balancing electricity supply and demand on the market. The differences between the planned (announced supply schedules) and the actually delivered/off-taken volumes of electricity are settled here. The purpose of the balancing market is to balance transactions concluded between individual market participants and actual electricity demand. The participants of the balancing market can be the generators, customers for electricity understood as entities connected to a network located in the balancing market area (including off-takers and network customers), trading companies, electricity exchanges and the TSO as the balancing company.
Base, baseload	standard product on the electricity market: a constant hourly power supply per day in a given period, for example week, month, quarter or year
BAT	Best Available Technology
Best Practices	Documents „Best Practice for WSE Listed Companies 2016" adopted by the resolution of the WSE Supervisory Board of October 13, 2015 and effective from January 1, 2016 until June 30, 2021 and „Best Practice for WSE Listed Companies 2016 2021" adopted by the resolution of the WSE Supervisory Board of March 29, 2021 and effective from July 1, 2021.
Biomass	solid or liquid substances of plant or animal origin, subject to biodegradation, obtained from agricultural or forestry products, waste and remains or industries processing their products as well as certain other biodegradable waste in particular agricultural raw materials.
Black energy	popular name for energy generated as a result of combustion of black coal or lignite.
BREF	Best Available Techniques Reference Document
Capacity fee	An element of the electricity bill, charged to ensure energy security (constant electricity supply).
CCGT	Combined Cycle Gas Turbine
CSDDD	Corporate Sustainability Due Diligence Directive
CSRD	Corporate Sustainability Reporting Directive
Circular economy	system that minimises the consumption of resources and the level of waste as well as emissions and energy losses by creating a closed loop of processes in which waste from one process is used as resources in other processes so as to maximally reduce the quantity of production waste
Co-combustion	the generation of electricity or heat based on a process of combined, simultaneous combustion in one device of biomass or biogas together with other fuels; part of the energy thus generated can be deemed to be energy generated with the use of renewable sources.
Co-generation	the simultaneous generation of heat and electricity or mechanical energy in the course of one and the same technological process.
Co-generation certificate	a document confirming the generation of electricity in high-efficiency cogeneration, issued by the ERO President, so-called red certificates (for energy generated from coal in cogeneration with heat) and yellow certificates (for energy generated from gas in cogeneration with heat)
Co-generation fee	an element of the electricity bill collected to finance the new support mechanism for high-efficiency cogeneration (auction system from 2019).
Constrained generation	the generation of electricity to ensure the quality and reliability of the national power system; this applies to generating units in which generation must continue due to the technical limitations of the operation of the power system and the necessity of ensuring its adequate reliability.
Distribution	transport of energy through distribution grid of high (110 kV), medium (15kV) and low (400V) voltage in order to supply the customers.
Distribution System Operator (DSO)	a power company engaging in the distribution of gaseous fuels or electricity, responsible for traffic in the gas or electricity distribution systems, current and long-term security of operation of the system, the operation, maintenance, repairs and indispensable expansion of the distribution network, including connections to other gas or power systems.
ERO	Energy Regulatory Office (pol. URE).
EUA	European Union Allowances: transferable CO2 emission allowances; one EUA allows to release one tonne of CO2.
EU Environmental taxonomy	Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088
EU ETS	European Union Greenhouse Gas Emission Trading Scheme) EU emission trading scheme. Its operating rules are set out in the ETS Directive, amended by the Directive 2009/29/EC of the European Parliament and of the Council of April 23, 2009 (OJ EU L. of 2009, No. 140, p. 63—87).
EW	Hydroelectric power plant
FW	Wind farm
Generating unit	a technically and commercially defined set of equipment belonging to a power company and used to generate electricity or heat and to transmit power.
Green certificate	a document confirming the generation of electricity from renewable energy sources, issued by the ERO President
Green energy	conventional name for energy produced from renewable energy sources
GW	gigawatt, a unit of capacity in the SI system, 1 GW = 10^9 W.
GWe	one gigawatt of electric capacity.
GWt	one gigawatt of heat capacity.
HCl	hydrogen chloride.
Hg	mercury.

High Voltage Network (HV)	a network with a nominal voltage of 110 kV.
ICT	Information and Communications Technology, a concept encompassing techniques for processing, collecting or transmitting information in electronic form
IGCC	Integrated Gasification Combined Cycle
Installed capacity	the formal value of active power recorded in the design documentation of a generating system as being the maximum achievable capacity of that system, confirmed by the acceptance protocols of that system (a historical value, it does not change over time.
Installed capacity utilisation indicator	produced electricity x 100 / (period time x installed capacity)
IRGiT	Izba Rozliczeniowa Giełd Towarowych S.A. (commodities clearing house)
IRZ	Cold Intervention Reserve Service – service consisting of maintaining power units ready for energy production. Energy is produced on request of PSE S.A.
IOS	Flue Gas Desulphurization Installation
ITRE	European Parliament Committee on Industry, Research and Energy
JWCD	Centrally Dispatched Generating Unit – A generating unit connected to the coordinated 110 kV network, subject to central dispatch by PSE S.A.
KPI	Key Performance Indicator
KRI	Key Risk Indicator
KSP	the National Transmission System, a set of equipment for the transmission of electricity in the territory of Poland.
kV	kilo volt, an SI unit of electric potential difference, current and electromotive force; 1kV= 103 V.
kWh	kilowatt-hour, a unit of electric energy in the SI system defined as the volume of electricity used by the 1 kW equipment over one hour. 1 kWh = 3,600,000 J = 3.6 MJ.
kWp	a power unit dedicated to determining the power of photovoltaic panels, means the amount of electricity in the peak of production.
LNG	Liquefied natural gas
Low Voltage Network (LV)	a network with a nominal voltage not exceeding 1 kV.
LTC	long-term contracts on the purchase of capacity and electricity entered into between Polskie Sieci Elektroenergetyczne S.A. and electricity generators in the years 1994-2001.
LTC Act	Act of June 29, 2007 on the principles of covering costs incurred by producers in connection with early termination of long-term contracts for the sale of electricity capacity and energy (Journal of Laws No. 130 item 905 of 2007)
LZO	Remote reading meters
ME	Energy Storage facility
Medium-voltage network (MV)	an energy network with a nominal voltage higher than 1 kV but lower than 110 kV.
MFW	Offshore wind farm
MIE	Minimum Energy Volumes
MSR	Market Stability Reserve (relating to CO_2)
MW	a unit of capacity in the SI system, 1 MW = 10^6 W.
MWe	one megawatt of electric power.
MWt	one megawatt of heat power.
NH_3	ammonia
Nm^3	normal cubic meter; a unit of volume from outside the SI system signifying the quantity of dry gas in 1 m3 of space at a pressure of 101.325 Pa and a temperature of 0°C.
NO_x	nitrogen oxides.
NPS	National Power System, a set of equipment for the distribution, transmission and generation of electricity, forming a system to allow the supply of electricity in the territory of Poland
N:W ratio	Ration of volume of overburden removed in m^3 to the mass of extracted coal in tons
Operational Capacity Reserve (ORM)	ORM constitutes of generation capacities of active Production Schedular Units (JGWa) in operation or layover, representing excess capacity over electricity demand available to the TSO under the Energy Sale Agreements and on the Balancing Market in unforced generation
OTF	Organised Trading Facilities
Peak, peakload	a standard product on the electricity market; a constant power supply from Monday to Friday, each hour between 7:00 a.m. and 10:00 p.m. (15-hour standard for the Polish market) or between 8:00 a.m. and 8:00 p.m. (12-hour standard for the German market) in a given period, for example week, month, quarter or year
PJ	Petajoule, a unit of work/heat in the SI system, 1 PJ = approx. 278 GWh
PPA	Power Purchase Agreement
Pumped storage power plants	special type of hydro-power plant allowing for electricity storage. It uses the upper reservoir, to which water is pumped from the lower reservoir using electricity (usually excessive in system). The pumped storage facilities provide ancillary control services for the national power system. In periods of increased demand for electricity, water from the upper reservoir is released through the turbine. This way, electricity is produced.
Property rights (certificates)	negotiable exchange-traded rights under green and co-generation certificates
Prosumer	end customer who purchases electricity under a comprehensive agreement and generates electricity only from renewable sources at a micro-installations for own purposes, unrelated to economic activities
PSCMI1	Polish Steam Coal Market Index 1 - average level of prices of coal dust sold to industrial-scale power plants in Poland
PSCMI-2	Polish Steam Coal Market Index 2 - average price level of energy fines sold on the domestic heat market
Purchasing Managers Index (PMI)	a composite indicator developed by Markit Economics to show the condition of the industrial sector; an indicator value above 50 points indicates an improvement in the situation in the sector
PV	photovoltaic
RAB	Regulatory Asset Base.

Red energy	popular name for electricity co-generated with heat.
Regulator	the President of ERO, fulfilling the tasks assigned to him in the energy law. The regulator is responsible for, among others, giving out licenses for energy companies, approval of tariffs for energy companies, appointing Transmission System Operators and Distribution System Operators.
Renewable Energy Source (RES)	a source of generation using wind power, solar radiation, geothermal energy, waves, sea currents and tides, flow of rivers and energy obtained from biomass, landfill biogas as well as biogas generated in sewage collection or treatment processes or the disintegration of stored plant or animal remains.
REPowerEU	the EC's plan for energy saving, ecological production and diversification of energy supplies in connection with the disruption of the global energy market caused by Russia's invasion of Ukraine
RES fee	The RES fee is used to ensure the availability of energy from renewable sources in the National Power System. The RES fee is used exclusively to cover the negative balance of renewable energy settlements between producers of this energy and sellers of electricity generated from renewable energy sources and the operating costs of Zarządca Rozliczeń S.A. (the administrator of RES fees).
RIG	Readiness Interventional Reserve - the power plant's readiness to provide the active power generation service or its consumption at the request of PSE.
R&D	Research and Development
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SCR	Selective catalytic reduction
SPOT market	a market where transactions are executed no later than the second business day after they are ordered. Transactions made on the cash market are paid for at the time they are concluded – in this case, the capital is transferred.
Tariff	the list of prices and rates and terms of application of the same, devised by an energy enterprise and introduced as binding on the customers specified therein in the manner defined by an act of parliament
Tariff group	a group of customers off-taking electricity or heat or using services related to electricity or heat supply to whom a single set of prices or charges and terms are applied.
TGE	Towarowa Giełda Energii S.A. (Polish Power Exchange), a commodity exchange on which trading can take place in electricity, liquid or gas fuels, extraction gas, emission allowances and property rights whose price depends directly or indirectly on electric energy, liquid or gas fuels and emission allowances, admitted to commodity exchange trading
TPA	Third Party Access, the owner or operator of the network infrastructure to third parties in order to supply goods/services to third party customers
Transition fee	a distribution fee element charged to compensate power plants for losses resulting from early termination of LTC.
Transmission of electricity	transport of electricity through high voltage (220 and 400 kV) transmission network from generators to distributors.
Transmission System Operator (TSO)	a power company engaging in the transmission of gaseous fuels or electric energy, responsible for traffic in a gas or power transmission system, current and long-term security of operation of that system, the operation, maintenance, repair and indispensable expansion of the transmission system, including connections with other gas or power systems. In Poland, for the period from July 2, 2014 till December 31, 2030 Polskie Sieci Elektroenergetyczne S.A. was chosen as a TSO in the field of electricity transmission.
TTF	Title Transfer Facility – gas futures index from the Dutch stock exchange ICE Endex Dutch
TWh	terawatt hour, a multiple unit for measuring of electricity unit in the system SI. 1 TWh is 10^9 kWh
Utility power plants	a category used by PSE S.A. in monthly reports on the operation of the National Power System and the Balancing Market – includes power plants and combined heat and power plants
Ultra-high-voltage network (UHV)	an energy network with a voltage equal to 220 kV or higher.
V (volt)	electrical potential unit, electric voltage and electromotive force in the International System of Units (SI), 1 V= 1J/1C = (1 kg x m^2) / (A x s^3).
W (watt)	a unit of power in the International Systems of Units (SI), 1 W = 1J/1s = 1 kg x m^2 x s^{-3}.
Yellow energy	popular name for energy generated in gas-fired power plants and CCGT power plants.
ZDEE	Agreement on Securing Electricity Supplies
ZHZW	Commercial Management of Generation Capacities