MANAGEMENT BOARD'S REPORT

on the operations of the PGE Capital Group
for the period of 3 months

ending on March 31, 2026

Polska Grupa Energetyczna

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KEY FINANCIAL DATA OF THE PGE CAPITAL GROUP

(PLN m)

Key financial data	Q1 2026	Q1 2025	Change	Change %
Sales revenue	17,453	17,167	286	2%
Reported EBIT	3,032	3,260	-228	-7%
Recurring EBIT	3,147	3,305	-158	-5%
Reported EBITDA	4,081	4,310	-229	-5%
Reported EBITDA margin	23%	25%		
Recurring EBITDA	4,137	4,334	-197	-5%
Recurring EBITDA margin	24%	25%		
Net profit	2,036	2,472	-436	-18%
CapEx (on an accrual basis)	1,657	1,716	-59	-3%
Net cash from operating activities	1,179	4,738	-3,559	-75%
Net cash from investing activities	-3,783	-1,910	-1,873	98%
Net cash from financing activities	248	-1,576	1,824	-

Key financial data	March 31, 2026	December 31, 2025	Change	Change %
Working capital	-1,442	-3,279	1,837	-56%
Net debt[1]	7,136	4,207	2,929	70%
Net debt / Reported LTM EBITDA[2]	0.64x	0.37x		
Net debt / Recurring LTM EBITDA[2]	0.56x	0.33x		
Adjusted net debt[3] / Reported LTM EBITDA[2]	0.43x	0.23x		
Adjusted net debt[3] / Recurring LTM EBITDA[2]	0.38x	0.21x		

One-off events affecting reported EBITDA	Q1 2026	Q1 2025	Change	Change %
Voluntary Leave Programme (VLP)	-28	0	-28	-
Adjustment of electricity compensation for previous period	-24	0	-24	-
Write-down of strategic inventories	-4	0	-4	-
Adjustment of the contribution to the Price Difference Payment Fund (PDPF) for the previous period	0	-28	28	-
Compensations – Long-term Contracts	0	4	-4	-
Total	**-56**	**-24**	**-32**	133%

[1] The value of net financial debt includes loans from the RRP measured at amortised cost. Cash and cash equivalents do not include short-term deposits with a maturity of more than 3 months in the amount of PLN 1,502 million. Estimated economic net debt (including future payments for CO_2 emission allowances) amounts to PLN 15,280 million.

[2] LTM EBITDA – EBITDA for the last 12 months as at the reporting date.

[3] Ratios adjusted for the value of the Project Finance liability and funds of Offshore companies in accordance with the calculation method for the purposes of bank covenants (cash excluding short-term deposits with a maturity of over 3 months).

1. PGE Capital Group - organisation

1.1. Description of business activities

The Capital Group of PGE Polska Grupa Energetyczna S.A. (PGE CG, PGE Capital Group, Capital Group, PGE Group, Group) is the largest vertically integrated producer of electricity and heat in Poland. By combining its own resource base, electricity generation, and distribution network, the PGE Group guarantees safe and reliable electricity supplies to households, businesses, and institutions.

The parent company of the PGE CG is PGE Polska Grupa Energetyczna S.A. (also referred to as PGE S.A., PGE, or the Company). The PGE Group's operations are organised into eight operating segments:

RENEWABLES

The segment's activity is the generation of electricity from renewable sources and pumped-storage power plants. In addition, the segment includes companies engaged in the construction of electricity storage facilities, offshore wind farms and photovoltaic power plants.

GAS-FIRED GENERATION

The segment's activity is the generation of electricity from gas sources.

COAL ENERGY[1]

The segment's activity is lignite mining and the generation of electricity and heat from coal sources.

DISTRICT HEATING

The segment's activities comprise combined heat and power (CHP) generation and heat transmission and distribution.

DISTRIBUTION

The segment's activity is the provision of electricity supply services to final customers using high-, medium- and low-voltage power grids and equipment.

[1] *In the second quarter of 2025, the Company made a presentation change – the former Conventional Generation segment is presented under the new name of Coal Energy. The change reflects the actual function of the segment and the name adopted in the document Strategy of the Capital Group until 2035 dated June 12, 2025. The composition and business activities of the segment remained unchanged.*

RAILWAY ENERGY SERVICES

The segment's activity is primarily the distribution and sales of electricity to railway companies and railway-related customers, sales of fuels, maintenance and upgrading of overhead lines, and other electricity-related services.

SUPPLY

The segment's business is the wholesale trading of electricity on the domestic and foreign markets, the sale of electricity to end users, the trading of CO_2 emission allowances, property rights and fuels, and the provision of Corporate Centre services to the PGE Group’s subsidiaries.

OTHER OPERATIONS

The segment's business involves services provided by its subsidiaries to the PGE Group, among other things the arrangement of financing in the form of eurobonds (PGE Sweden AB), provision of IT services, investments in start-ups, and management of By-products of Combustion (UPS). A number of the Group’s project companies also operate within the segment, including the company responsible for preparing and implementing the nuclear project within the PGE Group.

1.2. Organisational structure

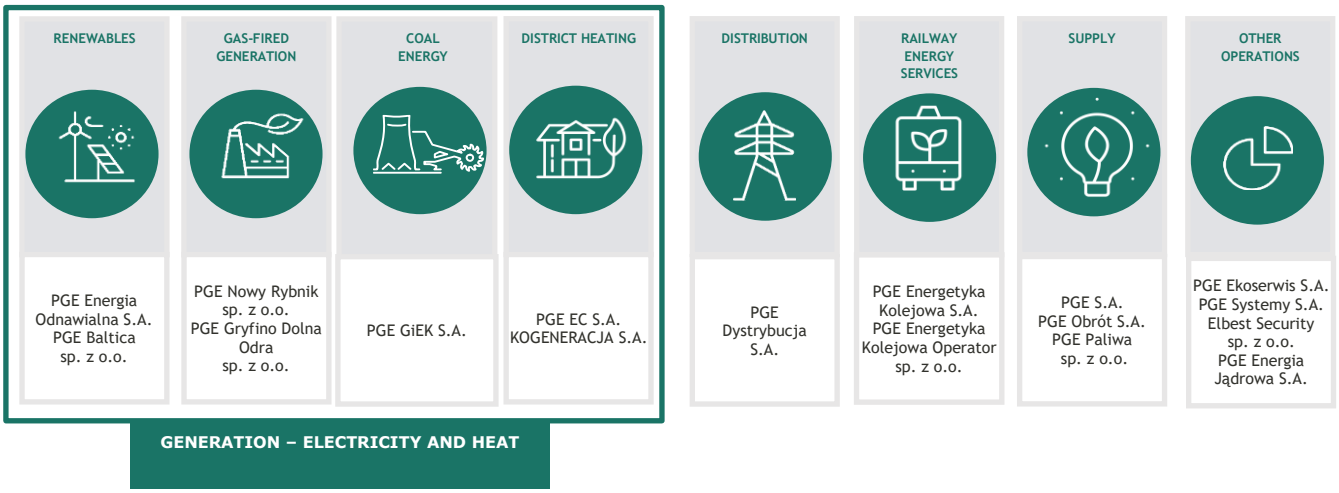
As at March 31, 2026, the PGE Capital Group consisted of:

- the parent company, which is PGE Polska Grupa Energetyczna S.A.,
- 78 subsidiaries consolidated using the full method,
- two entities classified as joint operations,
- six associates and jointly controlled entities.

All companies are organised into eight operating segments.

The diagram below provides an illustrative description of the Group's structure. The full composition of the PGE Capital Group, broken down by segments as well as direct and indirect subsidiaries consolidated using the full method, can be found in Note 1.3 to the consolidated financial statements.

Chart: PGE Capital Group structure[2].



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

1.3. Significant changes in the organisation of the Capital Group

From January 1, 2026 to the date of signing this report, significant changes occurred in the organisation of the PGE Capital Group, as listed in Note 1.3 to the consolidated financial statements and described below.

ESTABLISHMENT OF COMPANIES

Business segment	Established company	Transaction date / registration in the National Court Register (NCR)	Comment
District Heating	PGE EC Operator sp. z o.o.	November 5, 2025 / January 27, 2026	On November 5, 2025, PGE Energia Ciepła S.A. established a single-shareholder company. The company's share capital amounts to PLN 50,000.

ACQUISITION, SUBSCRIPTION OR DISPOSAL OF SHARES/STOCKS BY COMPANIES

Business segment	Acquiring company / acquired company	Transaction date	Comment
Renewables	Wind Farm Łada sp. z o.o. – acquisition by PGE Energia Odnawialna S.A. of 100% of the company's shares from Green Energy Holding sp. z o.o.	January 28, 2026 (conclusion of a conditional preliminary share sale agreement) / January 29, 2026 (acquisition of shares)	On January 28, 2026, between PGE Energia Odnawialna S.A. as the buyer and Green Energy Holding sp. z o.o. as the seller a preliminary conditional agreement for the sale of shares in Wind Farm Łada sp. z o.o. was concluded, under which PGE Energia Odnawialna S.A. and Green Energy Holding sp. z o.o. undertook to conclude the final agreement for the sale of 100% of the shares in Wind Farm Łada sp. z o.o. to PGE EO S.A. On January 29, 2026, after fulfilling specific conditions precedent, the promised sale agreement was concluded.
Renewables	RWE Offshore Wind Poland sp. z o.o. – acquisition by Elektrownia Wiatrowa Baltica 9 sp. z o.o. from RWE Renewables International Participations B.V. (the Netherlands) of 100% of the company's shares	November 25, 2025 (conclusion of a conditional sale agreement) / March 10, 2026 (acquisition of shares)	On November 25, 2025, a conditional share sale agreement for 100% of the shares in RWE Offshore Wind Poland sp. z o.o. was concluded between Elektrownia Wiatrowa Baltica 9 sp. z o.o. as the buyer and RWE Renewables International Participations B.V. as the seller. On March 10, 2026, after fulfilling the conditions provided for in the aforementioned agreement, Elektrownia Wiatrowa Baltica 9 sp. z o.o. acquired 100% of the shares in RWE Offshore Wind Poland sp. z o.o.
District Heating	DKRB Baltica sp. z o.o. – acquisition by PGE Energia Ciepła S.A. of 50% of the shares in DKRB Gdańsk sp. z o.o. from Gdańskie Przedsiębiorstwo Energetyki Cieplnej sp. z o.o. seated in Gdańsk.	February 13, 2026 (conclusion of a conditional sale agreement) / March 19, 2026 (conclusion of the share ownership transfer agreement – dispositive agreement)	On February 13, 2026, a conditional share sale agreement for 50% of the shares in DKRB Gdańsk sp. z o.o. was concluded between PGE Energia Ciepła S.A. as the buyer and GPEC sp. z o.o. as the seller, under which its parties undertook to conclude an agreement transferring the ownership of these shares (dispositive agreement) to PGE Energia Ciepła S.A., provided that the condition set out in this agreement is met. On March 19, 2026, after fulfilling a specific condition precedent, the share ownership transfer agreement (dispositive agreement) referred to above was concluded, as a result of which PGE Energia Ciepła S.A. acquired 50% of the shares in DKRB Gdańsk sp. z o.o. The transfer of ownership of the aforementioned shares to PGE Energia Ciepła S.A. took place on the date of concluding the aforementioned dispositive agreement.

DIVISION OF COMPANIES

Business segment	Divided company / acquiring company	Transaction date / registration in the NCR	Comment
Supply	Energoserwis Kleszczów sp. z o.o. / ELMEN sp. z o.o	October 22, 2025 / On October 28, 2025, the reduction of the share capital of Energoserwis Kleszczów sp. z	On October 22, 2025, the Extraordinary General Meeting of Shareholders of Energoserwis Kleszczów sp. z o.o. and ELMEN sp. z o.o. adopted resolutions on the division of the company being divided by separation under Article 529 § 1 point 4 of the Commercial Companies Code by transferring to ELMEN sp. z o.o. (the acquiring company) the part of the assets of the divided company constituting an organised part of the enterprise (OPE), within which construction and assembly activities are conducted, together with its associated liabilities, receivables, and other assets.

Business segment	Divided company / acquiring company	Transaction date / registration in the NCR	Comment
		o.o. was registered in the National Court Register. On January 2, 2026, an increase in the share capital of ELMEN sp. z o.o. was registered in the National Court Register (spin-off date)	The transfer of the OPE to the acquiring company took place through an appropriate reduction of the share capital of the divided company by cancelling all shares in the divided company held by PGE S.A., and an appropriate increase in the share capital of the acquiring company through the creation of new shares in the acquiring company. In exchange for the cancelled shares in the divided company, PGE S.A. took up all new shares in the increased share capital of the acquiring company. Before the above-mentioned transaction, PGE S.A. held 51% of the share capital of Energoserwis Kleszczów sp. z o.o., whereas 100% of the share capital of ELMEN sp. z o.o. was held by PGE GiEK S.A.
Railway Energy Services	PGE Energetyka Kolejowa S.A. / PGE Energetyka Kolejowa Operator sp. z o.o. (formerly: PGE Energetyka Kolejowa Obsługa sp. z o.o.)	November 3, 2025 / On January 2, 2026, the reduction of the share capital of PGE Energetyka Kolejowa S.A. and the increase of the share capital of PGE Energetyka Kolejowa Operator sp. z o.o. were registered in the National Court Register (spin-off date)	On November 3, 2025, the Extraordinary General Meeting of PGE Energetyka Kolejowa S.A. and the Extraordinary Shareholders' Meeting of PGE Energetyka Kolejowa Obsługa sp. z o.o. (current name: PGE Energetyka Kolejowa Operator sp. z o.o.) adopted resolutions on the division of PGE Energetyka Kolejowa S.A. (the divided company) by a spin-off pursuant to Article 529 § 1 point 4 of the Commercial Companies Code (spin-off division), by transferring to PGE Energetyka Kolejowa Operator sp. z o.o. (the acquiring company) a part of the assets of the divided company in the form of a Branch of this company operating under the name: PGE Energetyka Kolejowa S.A. Oddział w Warszawie – Dystrybucja Energii Elektrycznej, constituting an OPE. The transfer of the organised part of the enterprise was effected through the reduction of the share capital of the divided company and the increase of the share capital of the acquiring company. PGE Energetyka Kolejowa Holding sp. z o.o. is the sole shareholder of the divided company and the sole shareholder of the acquiring company.

LIQUIDATION AND BANKRUPTCY OF COMPANIES

Business segment	Company in liquidation	Transaction date / registration in the NCR	Comment
-	PGE Trading GmbH in liquidation seated in Berlin	March 1, 2021 / As at March 31, 2026, the company has not been removed from the commercial register	On March 1, 2021, the Extraordinary General Meeting of Shareholders of PGE Trading GmbH in liquidation adopted a resolution on the dissolution of the company and the appointment of a liquidator to carry out the liquidation procedure. The liquidation of the company is currently in progress.
-	PGE Trading GmbH in liquidation seated in Berlin	March 31, 2023 / As at March 31, 2026, the company has not been removed from the commercial register	On January 26, 2023, the Extraordinary General Meeting of Shareholders of Railen GmbH adopted a resolution, effective as of January 31, 2023, on the dissolution of the company and the appointment of a liquidator to carry out the liquidation procedure. By order of May 15, 2025, the bankruptcy court opened bankruptcy proceedings against the assets of the company as the debtor and appointed an insolvency administrator. The company's bankruptcy proceedings are currently ongoing.
Railway Energy Services	Energetyka Kolejowa Obrót sp. z o.o. in liquidation	June 2, 2025 / On April 20, 2026, the registry court decided to remove the company from the National Court Register / On April 29, 2026, the removal became final.	On June 2, 2025, the Extraordinary General Meeting of Shareholders of Energetyka Kolejowa Obrót sp. z o.o adopted a resolution on the dissolution of the company and the appointment of a liquidator to carry out the liquidation procedure. On April 20, 2026, the company was removed from the National Court Register (KRS) (an entry that was not yet final). On April 29, 2026, the company's removal from the National Court Register became final, and thus the company's liquidation was completed.
Railway Energy Services	Remton Investments sp. z o. o. in liquidation	June 2, 2025 / As at March 31, 2026, the company has not been removed from the register of entrepreneurs	On June 2, 2025, the Extraordinary General Meeting of Shareholders 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 a resolution on the dissolution of the company and the appointment of a liquidator to carry out the liquidation procedure. The liquidation of the company is currently in progress.
Railway Energy Services	Railen Baltics, UAB in bankruptcy seated in Vilnius	December 23, 2025 / As at March 31, 2026, the company has not been removed from the commercial register	On December 23, 2025, the Meeting of Creditors of Railen Baltics, UAB adopted resolutions pursuant to which it decided to conduct out-of-court bankruptcy proceedings with respect to this company and appointed an insolvency administrator. The company's bankruptcy proceedings are currently ongoing.

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

1.4.1. Management Board

COMPOSITION OF THE COMPANY'S MANAGEMENT BOARD AND CHANGES IN THE MANAGEMENT BOARD DURING 2026

Table: Composition of the Management Board as at January 1, 2026.

First name and surname Member of the Management Board	Position held	Term of office
Dariusz Lubera	acting President of the Management Board – delegated from the Supervisory Board	from December 8, 2025 to January 14, 2026
Przemysław Jastrzębski	Vice-President of the Management Board for Finance	from July 15, 2024 to present
Robert Kowalski	Vice-President of the Management Board for Support and Development	from May 15, 2024 to May 19, 2026
Marcin Laskowski	Vice-President of the Management Board for Regulatory Affairs	from March 18, 2024 to present

On January 14, 2026, following a qualification procedure, the Supervisory Board of PGE S.A. adopted the following resolutions:

- No. 668/XII/2026 on appointing Dariusz Lubera to the composition of the 12th-term Management Board with effect from January 15, 2026 and entrusting him with the function of President of the Management Board,
- No 669/XII/2026 on appointing Katarzyna Rozenfeld to the composition of the 12th-term Management Board with effect from January 19, 2026 and entrusting her with the function of Vice-President of the Management Board for Operations.

Table: Composition of the Company's Management Board as at March 31, 2026.

First name and surname Member of the Management Board	Position held	Term of office
Dariusz Lubera	President of the Management Board	from January 15, 2026 to present
Katarzyna Rozenfeld	Vice-President of the Management Board for Operations	from January 19, 2026 to present
Przemysław Jastrzębski	Vice-President of the Management Board for Finance	from July 15, 2024 to present
Robert Kowalski	Vice-President of the Management Board for Support and Development	from May 15, 2024 to May 19, 2026
Marcin Laskowski	Vice-President of the Management Board for Regulatory Affairs	from March 18, 2024 to present

On May 19, 2026, the Supervisory Board of PGE S.A. adopted resolution No. 736/XII/2026 on the dismissal of Robert Kowalski, Vice-President of the Management Board for Support and Development, from the Management Board.

Table: Composition of the Company's Management Board as at the date of signing the report.

First name and surname Member of the Management Board	Position held	Term of office
Dariusz Lubera	President of the Management Board	from January 15, 2026 to present
Katarzyna Rozenfeld	Vice-President of the Management Board for Operations	from January 19, 2026 to present
Przemysław Jastrzębski	Vice-President of the Management Board for Finance	from July 15, 2024 to present
Marcin Laskowski	Vice-President of the Management Board for Regulatory Affairs	from March 18, 2024 to present

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

1.4.2. Supervisory Board

The Supervisory Board of PGE S.A. operates on the basis of the Act of September 15, 2000 – the Commercial Companies Code and the Articles of Association and the Rules of Procedure of the Supervisory Board of the Company, the content of which is available on the Company's website:

- Articles of Association.
- Rules of Procedure of the Supervisory Board.

COMPOSITION OF THE COMPANY'S SUPERVISORY BOARD AND CHANGES IN THE SUPERVISORY BOARD DURING 2026

Table: Composition of the Company's Supervisory Board as at January 1, 2026.

First name and surname Supervisory Board Member	Position held	Term of office
Michał Domagała	Member of the Supervisory Board / Chair of the Supervisory Board – independent member	from January 25, 2024 to February 6, 2024 from February 7, 2024 to present
Andrzej Sadkowski	Member of the Supervisory Board / Vice-Chair of the Supervisory Board – independent member	from February 1, 2024 to February 6, 2024 from February 7, 2024 to present
Anna Kowalik	Chair of the Supervisory Board / Secretary of the Supervisory Board	from January 1, 2024 to February 6, 2024 from February 7, 2024 to present
Andrzej Kozyra	Member – independent	from February 1, 2024 to present
Dariusz Lubera	Member – independent	from December 5, 2025 to January 14, 2026
Elżbieta Niebisz	Member – independent	from February 1, 2024 to present
Andrzej Rzońca	Member – independent	from February 1, 2024 to present
Piotr Stolarczyk	Member – independent	from December 5, 2025 to present

On January 14, 2026, Dariusz Lubera's resignation from the function of Member of the Supervisory Board was received by the Company.

On January 14, 2026, the Supervisory Board of PGE S.A. adopted Resolution No. 668/XII/2026 on appointing Dariusz Lubera to the composition of the 12th-term Management Board with effect from January 15, 2026 and entrusting him with the function of President of the Management Board.

The Extraordinary General Meeting of PGE S.A. adopted resolutions on the appointment to the composition of the Supervisory Board of PGE S.A. with effect from January 28, 2026 of the following persons:

- Arkadiusz Krężel (Resolution No 4 of the Extraordinary General Meeting),
- Wojciech Wróbel (Resolution No 5 of the Extraordinary General Meeting).

Table: Composition of the Company's Supervisory Board as at March 31, 2026 and as at the date of signing the report.

First name and surname Supervisory Board Member	Position held	Term of office
Michał Domagała	Member of the Supervisory Board / Chair of the Supervisory Board – independent member	from January 25, 2024 to February 6, 2024 from February 7, 2024 to present
Andrzej Sadkowski	Member of the Supervisory Board / Vice-Chair of the Supervisory Board – independent member	from February 1, 2024 to February 6, 2024 from February 7, 2024 to present
Anna Kowalik	Chair of the Supervisory Board / Secretary of the Supervisory Board	from January 1, 2024[1] to February 6, 2024 from February 7, 2024 to present
Andrzej Kozyra	Member – independent	from February 1, 2024 to present
Arkadiusz Krężel	Member – independent	from January 28, 2026 to present
Elżbieta Niebisz	Member – independent	from February 1, 2024 to present
Andrzej Rzońca	Member – independent	from February 1, 2024 to present
Piotr Stolarczyk	Member – independent	from December 5, 2025 to present
Wojciech Wróbel	Member of the Supervisory Board	from January 28, 2026 to present

1.4.2.1. Committees of the Supervisory Board

Table: Composition of the standing committees of the Supervisory Board as at January 1, 2026

First name and surname Supervisory Board Member	Audit Committee	Corporate Governance Committee	Strategy and Development Committee	Nomination and Remuneration Committee	Sustainable Development Committee
Michał Domagała	Member	Member		Member	Member
Anna Kowalik	Member	Member		Chair	
Andrzej Kozyra		Member	Chair	Member	Member
Elżbieta Niebisz	Member		Member		
Andrzej Rzońca	Chair		Member		Member
Andrzej Sadkowski			Member		
Piotr Stolarczyk	Member		Member		

[1] *Anna Kowalik was appointed to the Supervisory Board of PGE S.A. on June 27, 2013.*

Changes in the composition of the standing committees of the Supervisory Board of PGE S.A.:

- on February 18, 2026, Arkadiusz Krężel was appointed to the Corporate Governance Committee,
- on February 18, 2026, Andrzej Kozyra resigned as Chair of the Strategy and Development Committee,
- on February 18, 2026, Piotr Stolarczyk was appointed as Chair of the Strategy and Development Committee,
- on February 18, 2026, Arkadiusz Krężel and Wojciech Wróbel were appointed to the Nomination and Remuneration Committee,
- on March 13, 2026, Andrzej Kozyra was appointed as Chair of the Sustainable Development Committee,
- on March 23, 2026, Arkadiusz Krężel was appointed as Chair of the Corporate Governance Committee.

Table: Composition of the standing committees of the Supervisory Board as at March 31, 2026 and as at the date of signing the report.

First name and surname Supervisory Board Member	Audit Committee	Corporate Governance Committee	Strategy and Development Committee	Nomination and Remuneration Committee	Sustainable Development Committee
Michał Domagała	Member	Member		Member	Member
Anna Kowalik	Member	Member		Chair	
Andrzej Kozyra		Member	Member	Member	Chair
Arkadiusz Krężel		Chair		Member	
Elżbieta Niebisz	Member		Member		
Andrzej Rzońca	Chair		Member		Member
Andrzej Sadkowski			Member		
Piotr Stolarczyk	Member		Chair		
Wojciech Wróbel				Member	

1.5. Shares and shareholding structure

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

SHARE CAPITAL

As at March 31, 2026 and as at the date of signing this report, the share capital of PGE S.A. amounted to PLN 19 183 746 098.70 and was divided into 2,243,712,994 shares with a nominal value of PLN 8.55 each.

Table: Company's share capital.

Series/ issue	Type of shares	Type preferences	Number of shares	Value of series/issue at nominal value (PLN)	Method of capital coverage
"A"	ordinary	n/a	1,470,576,500	12,573,429,75.00	in-kind contribution/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
"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
Total			**2,243,712,994**	**19,183,746,098.70**	

INFORMATION ON SHAREHOLDERS HOLDING SIGNIFICANT SHAREHOLDINGS IN THE COMPANY

According to a letter from the Ministry of State Treasury dated 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 it to exercise 1,365,601,493 votes at the General Meeting of the Company, constituting 60.86% of the total number of votes.

Furthermore, the State Treasury informed about a subsidiary holding shares in PGE S.A. and the combined total number of votes of both entities and its percentage share in the total number of votes. According to the notification, taking into account the shares (18,697,608) held by the State Treasury's subsidiary, i.e. Towarzystwo Finansowe Silesia sp. z o.o. (TF Silesia), the State Treasury holds a total of 1,384,299,101 shares, representing 61.70% of the Company's share capital and entitling it to exercise 1,384,299,101 votes, which constitutes 61.70% of the total number of votes.

Table: Ownership structure of the Company's share capital as at March 31, 2026 and as at the date of signing this report[1].

State Treasury along with its subsidiary		Other shareholders		Total	
nominal value of shares (PLN)	% share in the share capital and in votes	nominal value of shares (PLN)	% share in the share capital and in votes	nominal value of shares (PLN)	% share in the share capital and in 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 the information available in the Company.*

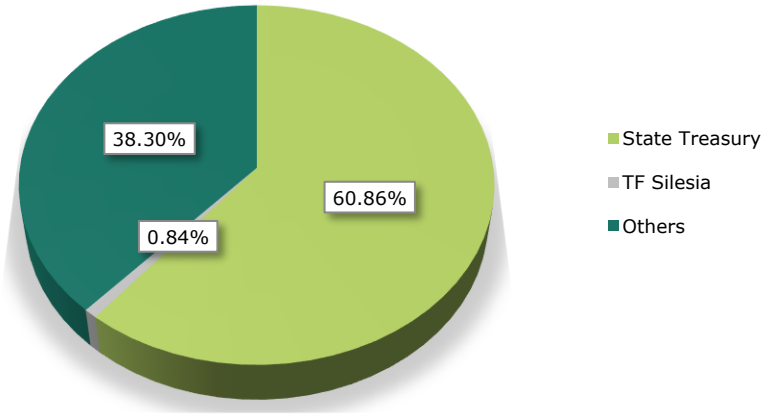
All of the Company's shares are paid up.

Although the Company's shares are not preference shares, the Company's Articles of Association provide for special rights for the State Treasury as long as it remains its Shareholder.

Table: Shareholders holding directly or indirectly through subsidiaries at least 5% of the total number of votes at the General Meeting of PGE S.A. as at March 31, 2026 and as at the date of signing this report.

Shareholder	Number of shares (units)	Number of votes (units)	Share in the total number of votes at the GM (%)
State Treasury	1,365,601,493	1,365,601,493	60.86%
Subsidiary of the State Treasury – TF Silesia	18,697,608	18,697,608	0.84%
Total State Treasury and subsidiary	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%**

Chart: Shareholding structure of PGE S.A. as at March 31, 2026 and as at the date of signing this report.



1.5.2. Shares of the parent company and shares/stocks in entities related to PGE S.A. held by management and supervisory personnel

To the best knowledge of the Company's Management Board, none of the persons managing and supervising the Company as at March 31, 2026 and as at the date of signing this report held any shares in the parent company or shares/stocks in entities related to PGE S.A.

1.6. Employment in the PGE CG

The PGE Capital Group is one of the largest employers in Poland, providing employment to more than 40,000 people. Thanks to their experience and commitment that it is possible to build a values-driven organisation where social responsibility is integrated with business objectives.

The energy transition, implemented in line with the PGE Group Strategy to 2035, requires significant adjustment of the employment structure and the development of new competences. Dynamic technological changes, digitalisation and the development of low- and zero-emission sources require the systematic upgrading of qualifications and the restructuring of employees' competence profiles in order to meet the growing complexity of processes and new models of work in the energy sector. At the same time, the modernisation of infrastructure and the implementation of large-scale projects (including the construction of RES installations), energy storage facilities and modern generation units will create new jobs, both within the Group itself and in the domestic supply chain, constituting a development impulse for the Polish labour market. The Strategy also assumes a socially responsible approach to the transition, including care for employees and regions associated with coal energy sector. This means the need for the gradual reskilling of part of the workforce, the development of alternative career paths in areas resulting from the new asset architecture of the Group, and the creation of support programmes.

Table: Employment level in the PGE CG (in FTEs)[1]

Specification	March 31, 2026	March 31, 2025	Change	Change %
Renewables	856	811	45	6%
Gas-fired Generation	138	96	42	44%
Coal Energy	16,470	17,889	-1,419	-8%
District Heating	3,239	3,325	-86	-3%
Distribution	9,607	9,611	-4	0%
Railway Energy Services	4,063	3,964	99	2%
Supply	3,200	3,288	-88	-3%
Other Operations[2]	2,575	2,551	24	1%
Total in the PGE Group	**40,148**	**41,535**	**-1,387**	**-3%**

[1] *Excluding suspended employees.*

[2] *In the 2026 data, the Other Operations segment includes PGE Energia Jądrowa S.A. (previous name: PGE PAK Energia Jądrowa S.A.).*

The decrease in the number of employees in the PGE CG as at March 31, 2026 compared to March 31, 2025 results mainly from ongoing departures, acquisition of pension rights and the possibility of using the Voluntary Leave Programme in the Coal Energy segment.

The decrease in employment in the Supply segment is the result of the spin-off of Energoserwis Kleszczów sp. z o.o. from the CG's structure.

Changes in employment in the Railway Energy Services segment resulted primarily from the hiring of new employees in connection with filling vacancies, mainly operational staff in PGE Energetyka Kolejowa Operator sp. z o.o. and PGE Energetyka Kolejowa S.A.

The development of projects in the Offshore Energy area resulted in an increase in employment in the Renewables segment.

The increase in employment in the Gas-fired Generation segment was related to the commissioning of the gas-fired power plant PGE Gryfino Dolna Odra sp. z o.o. (which resulted in an increase in technical and administrative staff) and an increase in headcount in PGE Nowy Rybnik sp. z o.o. – in accordance with the schedule of the investment project for the construction of a CCGT unit.

Additionally, in the Other Operations segment, the increase in employment results from the acquisition at the end of 2025 of shares in PGE Energia Jądrowa S.A. (previous name: PGE PAK Energia Jądrowa S.A.), supervising the preparation and implementation of investments in nuclear energy facilities and related investments.

2. Energy market and regulatory and business environment

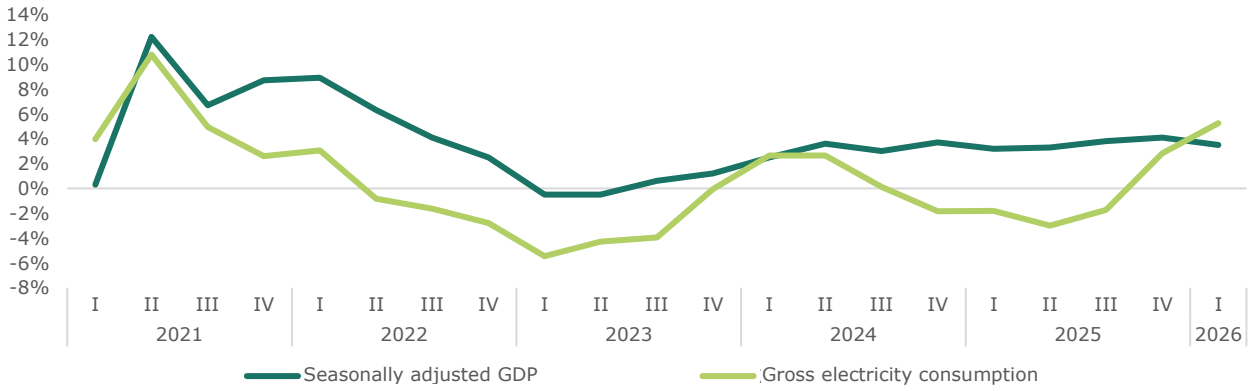
2.1. Macroeconomic environment

Poland remains the main market for the PGE Group's activities, therefore the domestic macroeconomic situation significantly affects its results. At the same time, the condition of the domestic economy remains strongly linked to the situation in the European Union and on global markets, which also impacts the conditions for obtaining debt financing. In the current decade, the relationship between GDP dynamics and growth in electricity demand has become less pronounced, inter alia due to the growing production of electricity by prosumers and the more energy-efficient nature of economic growth.

The Polish economy entered 2026 with momentum, however, the external environment provided reasons for concern. The escalation of the conflict in the Persian Gulf in February 2026 translated into pressure for lower economic growth, primarily through the effects of changes in oil and gas prices. Additionally, severe frosts at the beginning of the year temporarily reduced activity in the manufacturing and construction sectors. According to a quick estimate by the Central Statistical Office, in the first quarter of 2026 Poland's GDP growth (seasonally unadjusted) amounted to 3.4% y/y, which is a better result compared to the first quarter of 2025, when a GDP growth of 3.2% y/y was observed.

At the same time, low air temperatures contributed to an increase in electricity demand in the first quarter of 2026 by 5.3% y/y.

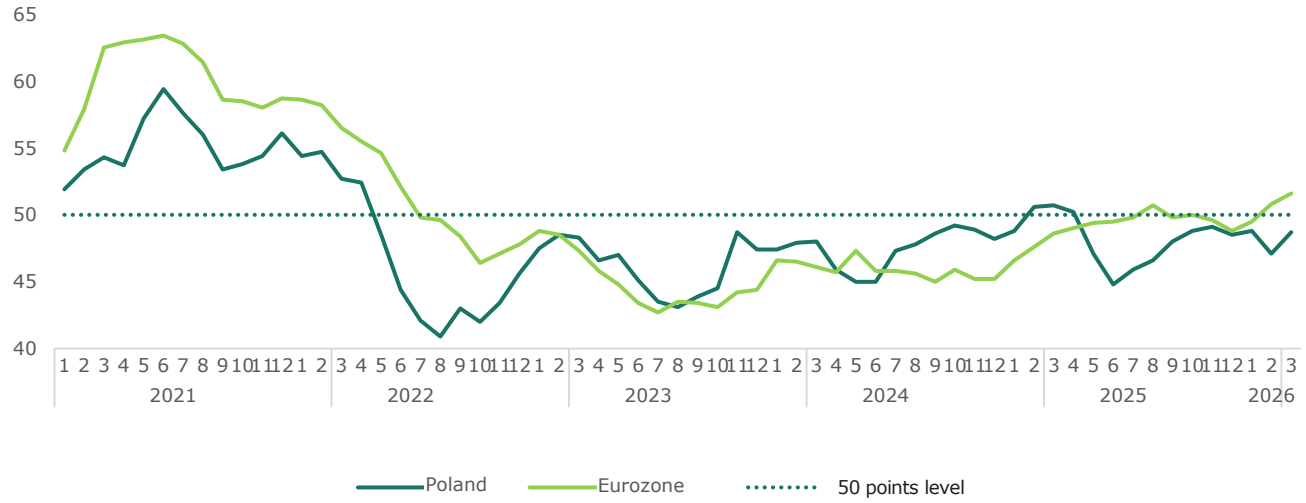
Chart: Dynamics of seasonally adjusted GDP and gross domestic electricity consumption.



Source: Central Statistical Office (GUS), PSE S.A., PKO BP

In the first quarter of 2026, the PMI index for Polish industry remained slightly below the equilibrium level, averaging 48.2 points. In the corresponding period of the previous year, the PMI index averaged 50 points. The PMI index rose to 48.7 points in March 2026 from 47.1 points a month earlier, which indicates a clear slowdown in declines in the manufacturing sector. At the same time, the level of the PMI index has remained below the 50-point mark for the eleventh consecutive month, which means that the sector remains in a contraction phase. Experts point out that the increase in production in the first quarter of 2026 materialised under conditions of a slower decline in new orders, alongside a deepening decline in export orders. New orders have been falling for the twelfth consecutive month — and this remains a key barrier to a sustained rebound. The March reading is heavily 'contaminated' by external factors, mainly the conflict in the Persian Gulf. Similarly as in the COVID-19 pandemic, pressures on supply chains do not stem from high demand, but from disruptions caused by the conflict. The Eurozone performed better than Poland – the average PMI value in the first quarter of 2026 amounted to 50.6 points compared to 47.6 points a year earlier. It results primarily from an increase in the level of production and new orders (the fastest growth in the last four years). Uncertainty is raised by the fact that part of the growth is merely due to inventory accumulation in fear of price increases related to the situation in the Persian Gulf, rather than an economic recovery.

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



Source: Refinitiv Eikon, S&P Global

Sold industrial production increased in March 2026 by 9.4% year-on-year, the fastest since September 2022. After seasonal adjustment, industry grew at a rate of 7% m/m, which in turn is the best result since May and June 2020. Following the winter downtime, some activity shifted from January and February to March 2026. Furthermore, some companies and households may have been buying or producing 'for stock', fearing further trade disruptions and fuel price increases in connection with the conflict in the Persian Gulf.

2.2. Market environment

2.2.1. Electricity

2.2.1.1. Situation in the National Power System

Table: Domestic electricity consumption (TWh).

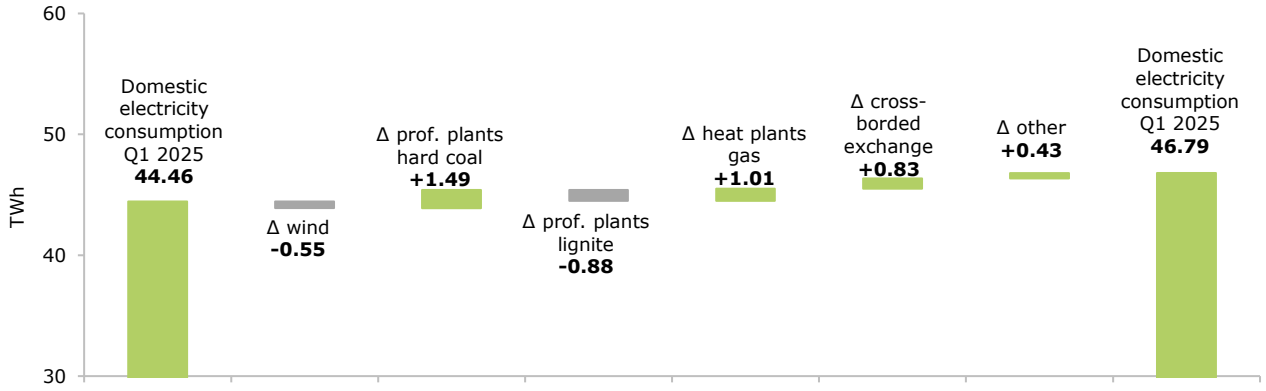
	Q1 2026	Q1 2025	Change	Change %
Domestic electricity consumption, including:	**46.79**	**44.46**	**2.33**	**5%**
Wind farms	6.10	6.65	-0.55	-8%
Hard coal-fired power plants	21.96	20.47	1.49	7%
Professional thermal lignite-fired power plants	9.03	9.91	-0.88	-9%
Professional thermal gas-fired power plants	6.05	5.04	1.01	20%
Foreign exchange balance	-0.51	-1.34	0.83	-62%
Other (hydro, other renewables)	4.16	3.73	0.43	12%

Source: Based on PSE S.A. data

Q1 2026

In the first quarter of 2026, domestic electricity consumption increased by 2.33 TWh compared to the previous year, which was primarily due to lower average daily temperatures and the related higher demand for electricity. As a result of deteriorating wind conditions, wind power generation fell by 0.55 TWh compared to the corresponding period of the previous year. In the first quarter of 2026, similarly to the previous year, Poland was a net exporter of electricity. In total, exports were at a lower level than in the corresponding period of the previous year (-0.51 TWh versus -1.34 TWh), which was influenced by high demand in the current year and significant wind generation in the first quarter of 2025. An increase in production was recorded at hard coal-fired power plants (+1.49 TWh) and gas-fired power plants (+1.01 TWh), with a simultaneous decrease at lignite-fired power plants (-0.88 TWh). Other sources also recorded an increase in generation (+0.43 TWh), particularly photovoltaic power plants, owing to the rise in installed capacity.

Chart: Energy balance in the National Power System in the first quarter of 2026 (TWh).



Source: Own compilation based on PSE S.A. data.

The situation in the National Power System directly affects the operational activities of the PGE CG. In Q1 2026, the PGE Group recorded an increase in gross generation for hard coal-based units by 0.48 TWh (+10% y/y) and for gas-fuelled units by 0.80 TWh (+31% y/y). At the same time, lignite generation fell by 0.87 TWh (-9% y/y).

2.2.1.2. Electricity prices – domestic market

Table: Day-Ahead Market (RDN).

Market/measure	Unit	Q1 2026	Q1 2025	Change	Change %
RDN – average price	PLN/MWh	545	490	55	11%
RDN – trading volume	TWh	12.30	12.17	0.13	1%

Source: TGE data, covering weighted average monthly BASE prices.

Table: Selected price-forming factors affecting RDN quotations.

Factor	Unit	Q1 2026	Q1 2025	Change	Change %
CO_2 allowances[2]	EUR/t	77.52	75.03	2.49	3%
Hard coal PSCMI-1	PLN/GJ	14.23	16.65	-2.42	-15%
Wind generation in the NPS	TWh	6.10	6.65	-0.55	-8%
Indicator: wind generation/NPS consumption	%	13%	15%		-

In the first quarter of 2026, the average electricity price on the RDN amounted to PLN 545/MWh and was 11% higher than the average price (PLN 490/MWh) recorded in the previous year. The decrease in average daily temperatures contributed to the price increase.

The average level of the Polish Steam Coal Market Index (PSCMI-1) in the first quarter of 2026 stood at PLN 14.23/GJ, i.e. 15% y/y lower than in the base period.

Chart: Average monthly quotations on the RDN in 2025–2026 (TGE).

Source: TGE data, covering weighted average monthly BASE prices.

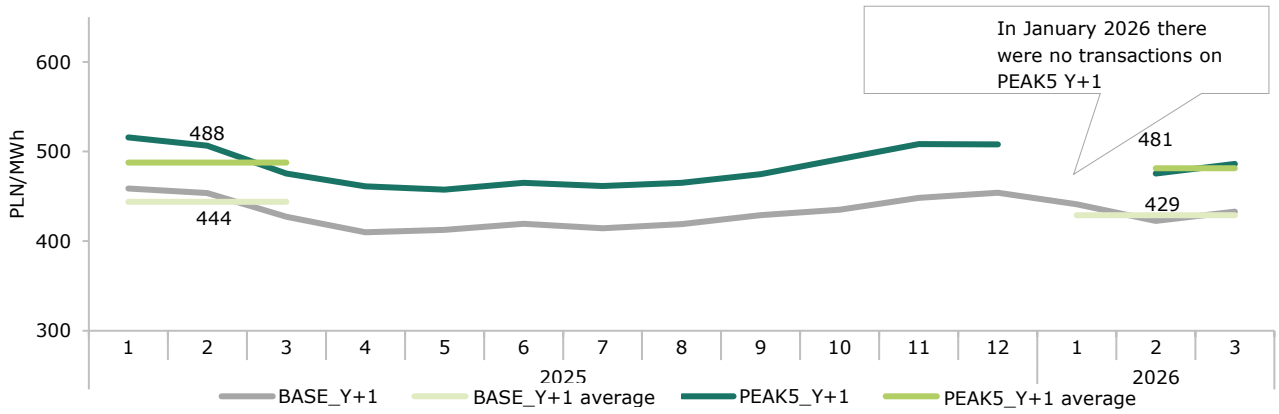
[2] *Own compilation based on ICE quotations.*

Table: Forward Market (RTT).

Market/measure	Unit	Q1 2026	Q1 2025	Change	Change %
BASE Y+1 – average price	PLN/MWh	429	444	-15	-3%
BASE Y+1 – trading volume	TWh	7.38	4.61	2.77	60%
PEAK5 Y+1 – average price	PLN/MWh	481	488	-7	-1%
PEAK5 Y+1 – trading volume	TWh	0.46	0.79	-0.33	-42%

Electricity prices on the RTT market in the first quarter of 2026 decreased for BASE contracts and for PEAK5 contracts compared to the corresponding period of the previous year. The decrease in prices may have been influenced by several factors, including lower coal prices, the projected increase in the share of RES in generation, or a potential easing of the EU ETS operating policy.

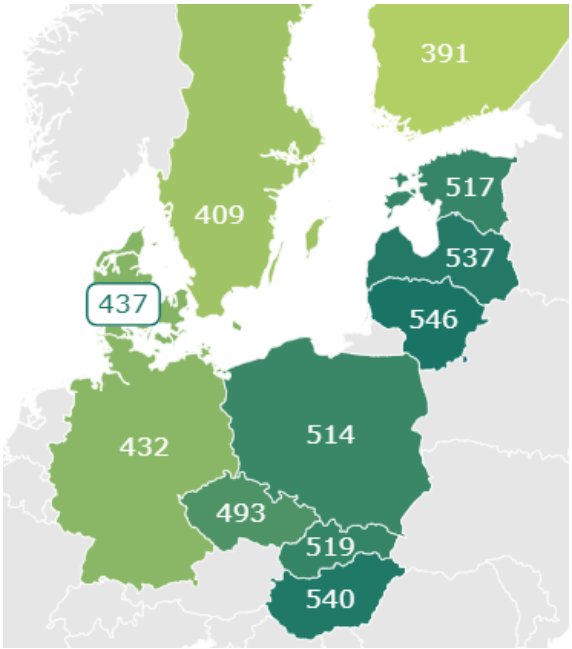
Chart: Average monthly quotations on the RTT in 2025–2026 (TGE).[3]



2.2.1.3. Electricity prices – international market

WHOLESALE ELECTRICITY PRICES – INTERNATIONAL MARKET (RDN)

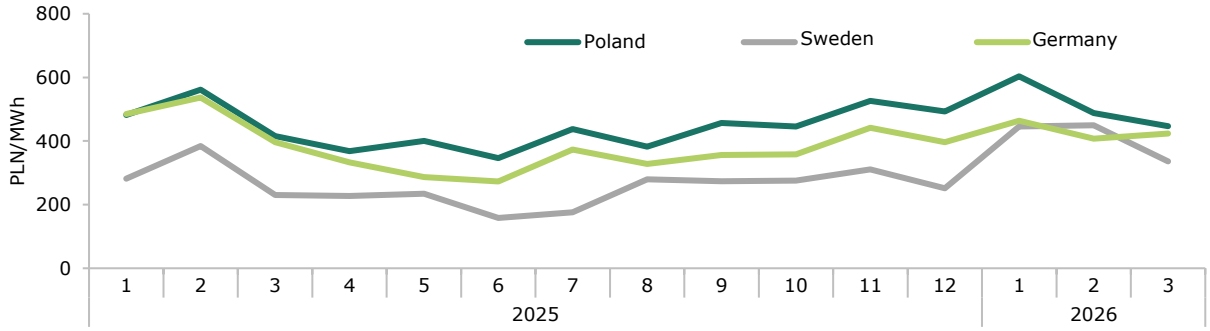
Chart: Comparison of average electricity prices on the Polish market and neighbouring markets in the first quarter of 2026 (prices in PLN/MWh, average EUR exchange rate 4.23).



Source: TGE – RDN price level calculated based on hourly quotations (fixing), EEX, Nord Pool.

[3] *Average monthly level of indices for futures contracts for the following year (Y+1), base and peak load, weighted by trading volume.*

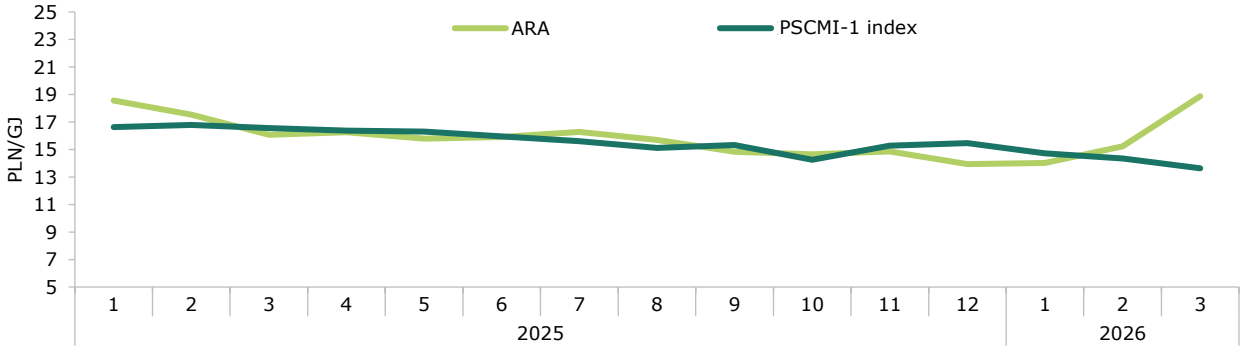
Chart: Energy prices on the RDN.



Source: TGE, EEX, Nord Pool

In the first quarter of 2026, the largest y/y price increases were recorded in Finland (+184 PLN/MWh), Sweden (+110 PLN/MWh) and Lithuania (+79 PLN/MWh), while the largest price decreases were recorded in Germany (-41 PLN/MWh), Hungary (-31 PLN/MWh) and the Czech Republic (-13 PLN/MWh). The variation in electricity prices across countries results from the varying share of renewable energy sources in the generation mix and the situation in related product markets. The price spread between Poland and neighbouring countries also results from differences in prices of coal and natural gas contracts executed domestically and abroad. The changes in prices are driven by changes in market conditions, mainly due to the differentiated share of RES in generation.

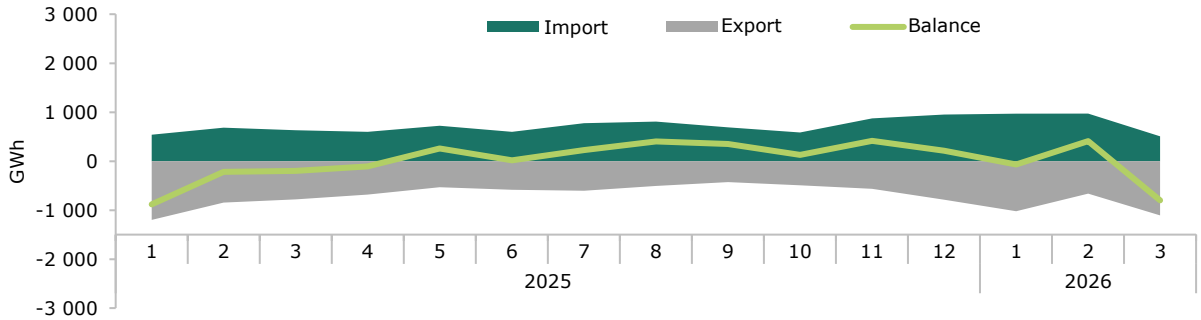
Chart: ARA vs PSCMI-1 coal indices[4].



Source: Industrial Development Agency (ARP), Bloomberg (API21MON OECM Index), own compilation.

POLISH CROSS-BORDER EXCHANGE

Chart: Monthly commercial import and export volumes and trade balance in 2025–2026.

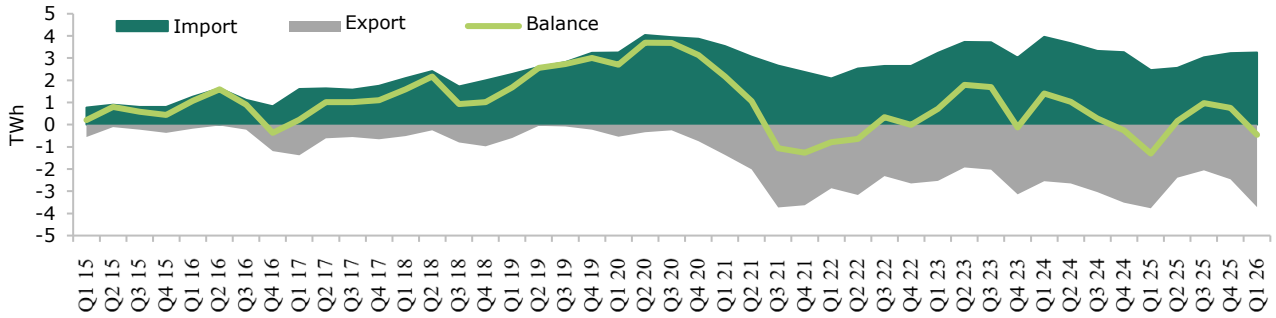


Source: Own compilation based on PSE S.A. data.

[4] *The comparison is for illustrative purposes. The ARA and PSCMI-1 indices differ in methodology: for example, the ARA index includes insurance and delivery costs. PSCMI-1 is an ex-mine index, without insurance and delivery costs. Calorific standards also differ (ARA – 25.12 GJ/t vs. PSCMI-1 calorific value in the range of 20-24 GJ/t). The illustration is intended to compare the trend, rather than the absolute level. For the purposes of the illustration, the ARA index has been converted from USD/t to PLN/GJ.*

The variation in imports/exports results from the share of renewable energy sources in the technology mix and the situation in related product markets. In the first quarter of 2026, Poland was a net exporter of electricity, which resulted from an increase in installed capacity in PV sources and generation from these sources. Exports took place primarily in the morning and afternoon hours.

Chart: Quarterly commercial import and export volumes and trade balance in 2015–2026.



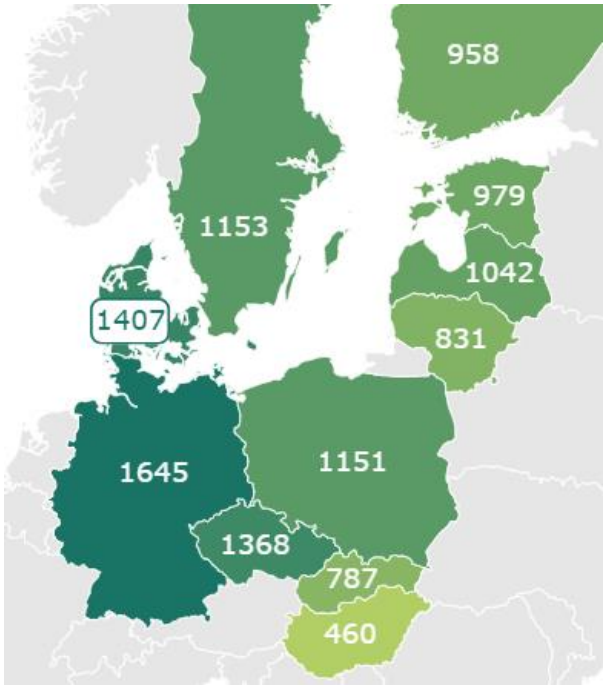
Source: Own compilation based on PSE S.A. data.

In the first quarter of 2026, Poland was a net exporter of electricity, with a negative trade balance of -0.5 TWh. The largest impact on the trade balance came from exports to Slovakia (-1.6 TWh), Czechia (-0.7 TWh) and Germany (-0.7 TWh). At the same time, the highest electricity imports were directed from Germany (1.9 TWh), Sweden (0.5 TWh) and Czechia (0.4 TWh).

RETAIL ELECTRICITY PRICES – INTERNATIONAL MARKET

The variation in retail electricity prices in the EU depends mainly on the level of wholesale electricity prices, the fiscal system (taxes and levies), regulatory mechanisms, and support schemes in individual countries. In the second half of 2025[5], additional charges (above the selling price and distribution cost of electricity) for individual consumers in Poland accounted for 43% of the electricity price. Germans paid the most for electricity, with additional charges accounting for 32% of their final price.

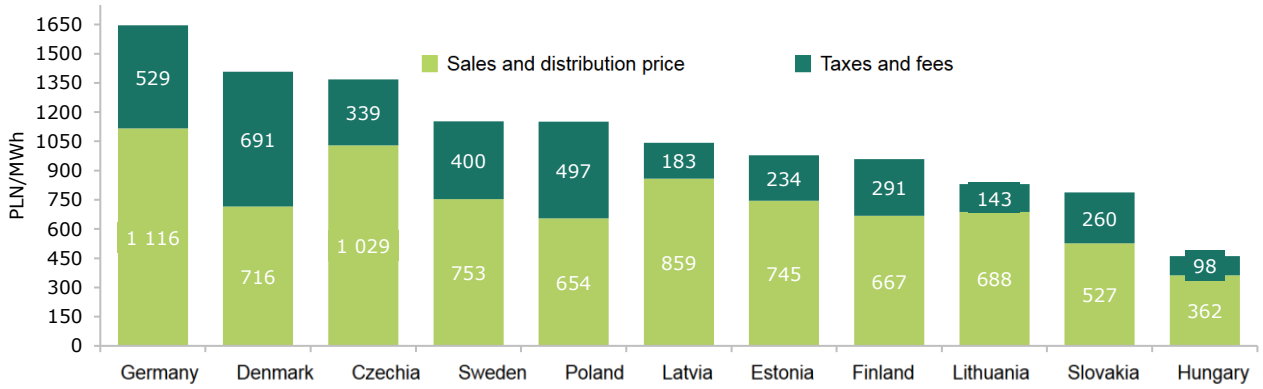
Chart: Comparison of average electricity prices for individual consumers in selected EU countries in the second half of 2025 (prices in PLN/MWh, average EUR exchange rate PLN 4.25).



Source: Own compilation based on Eurostat data.

[5] *Eurostat data on the retail market is published on a semi-annual basis.*

Chart: Share of mark-ups in electricity prices for individual consumers in selected EU countries in the second half of 2025 (prices in PLN/MWh, average EUR exchange rate PLN 4.25)



Source: Own compilation based on Eurostat data.

Along with changes in the market and the evolving generation structure of the Group, long-term contracts and the volatile SPOT market strongly affect the commercial activities of PGE CG. Changes in fuel prices on global markets also affect the value of sales prices in PGE CG and the profitability of fuel inventory utilisation. The average realised wholesale electricity price in the PGE Group in the first quarter of 2026 amounted to PLN 513/MWh.

PURCHASES OF ELECTRICITY BY THE PGE GROUP

The execution of electricity purchases on the wholesale exchange market constitutes a significant element of the business model for the PGE Group. This approach enables effective balancing of natural discrepancies between the planned generation of generation units and the dynamic and variable demand profile of end customers. As a result, the PGE Group minimises operational risk arising from the unpredictability of market conditions and generation variability, particularly in the context of the growing share of renewable sources.

The Group's active presence on the energy contracting market allows for hedging of margins and price stabilisation, which protects financial results against the immediate effects of sharp fluctuations in fuel costs, CO_2 prices and other factors affecting the energy market. The use of hedging strategies and forward purchases limits the impact of short-term volatility of the market, while ensuring greater predictability of the margin achieved.

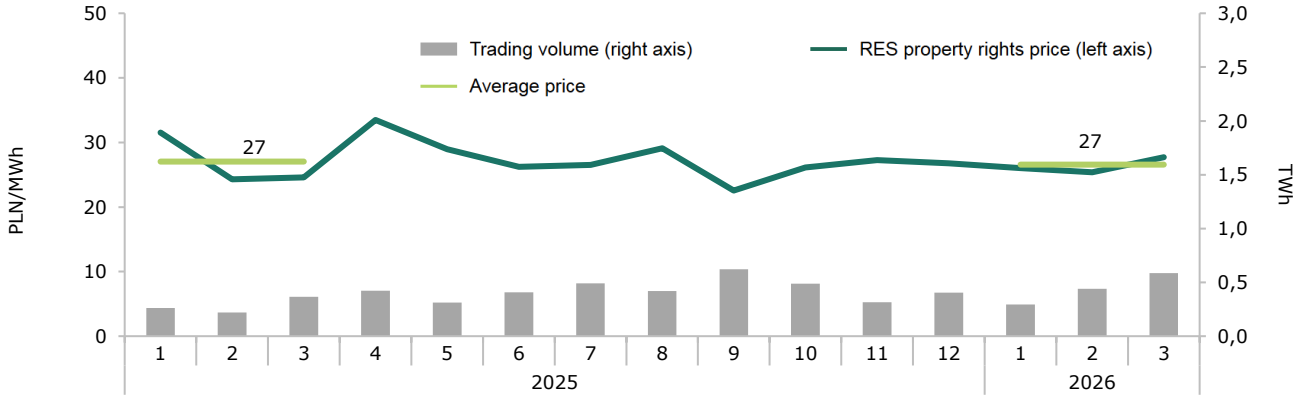
Integrated commercial and operational activities also enable the creation of competitive energy sales offers for retail and business customers, optimisation of operating costs of generation and storage assets, and maintaining the financial liquidity of the entire Group.

As a result, active management of the electricity purchase and sales portfolio constitutes the foundation not only of the financial stability of the PGE CG, but also of the security of operation of the National Power System. Through effective balancing of production and demand, the use of available market tools and predictability resulting from contracting, the PGE CG strengthens its resilience to market fluctuations, supports energy security and builds a sustainable competitive advantage in the conditions of a dynamically transforming energy sector.

2.2.2. Property rights

In the first quarter of 2026, the average price of green certificates (TGEozea index) reached PLN 27/MWh and was at a level analogous to the previous year. In August 2025, the Ministry of Climate and Environment published the level of the obligation to redeem RES property rights for 2026, which is 9%.

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



Source: Own compilation based on TGE quotations.

We recorded lower revenue from the sale of RES property rights in the PGE Group. In the first quarter of 2026, these revenues amounted to PLN 10 million, compared to PLN 14 million in the first quarter of 2025.

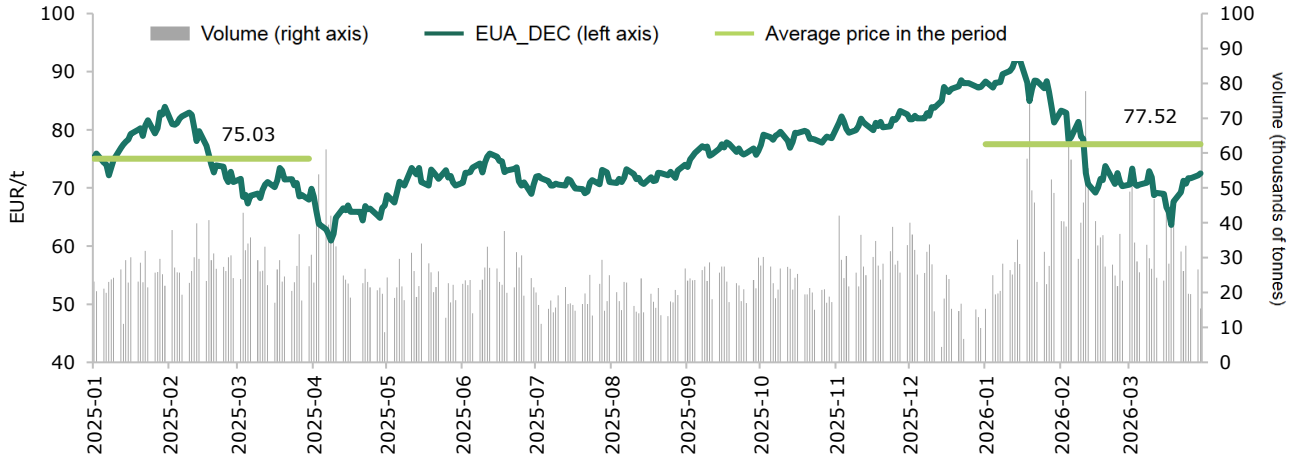
2.2.3. CO_2 emission allowances

2.2.3.1. CO_2 emission allowance prices

EUA quotations are one of the key factors determining the financial results of the PGE Group. Installations emitting CO_2 in the process of generating electricity or heat incur costs related to the purchase of EUAs to cover the deficit (i.e. the difference between CO_2 emissions in the PGE Group's generation units and the free allocations received under the so-called derogation, in accordance with the implementation of the National Investment Plan). The free allocation of allowances for electricity generation ended with the receipt of allocations for 2019.

In the first quarter of 2026, the weighted average price of the instrument was EUR 77.52/t, which was higher (by approx. 3%) than the average price of EUR 75.03/t observed in the first quarter of the previous year.

Chart: Prices of carbon dioxide (CO_2) emission allowances.



Source: Own compilation based on ICE quotations.

2.2.3.2. Purchases of CO_2 emission allowances by the PGE CG

The PGE Group purchases CO_2 emission allowances through external institutions authorised to trade in financial instruments. Part of the purchase of CO_2 emission allowances is carried out on regulated European EUA allowance markets. The value of costs related to the obligation to redeem CO_2 emission allowances is a significant element shaping the financial results of the PGE Capital Group. The method of executing EUA purchases is also of fundamental importance for the financing structure of the PGE CG. In the first quarter of 2026, the cost of CO2 emission charges amounted to PLN 5.2 billion.

2.2.3.3. CO_2 emission allowances granted free of charge

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.

The deadline for issuing free emission allowances is set for 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, verified reports on the activity level for individual installations for 2025 were submitted by March 31, 2026. Further adjustments will be corrected during 2026 to reflect increases and decreases in production volumes resulting from the verified activity level reports submitted for individual installations.

Table: CO_2 emissions (tonnes).

	Q1 2026	Q1 2025	Change	Change %
Electricity and heat	15,650,620	15,380,144	270,476	2%

Table: Table: Allocation of CO_2 emission allowances (tonnes).

	2026	2025	Change	Change %
Heat	490,628	553,629	-63,001	-11%

2.3. Changes in the regulatory environment

The PGE Group operates in an environment heavily influenced by national and international regulations. Below is a summary of the most significant decisions that may affect the activities of the PGE CG in the coming years.

2.3.1. Domestic regulatory environment

ADOPTED ACTS AND REGULATIONS

Segments	Regulation	Objectives of the regulation	Stage	Impact on the PGE CG
	Regulation of the Minister of Energy on the maximum quantity and value of electricity from high-efficiency cogeneration covered by support and the unit guaranteed premium in 2026.	The Regulation sets out the maximum quantities and values of electricity from high-efficiency cogeneration covered by support and the unit guaranteed premium for 2026.	The Regulation entered into force on **January 1, 2026**.	The Regulation affects the level of revenue from the support scheme for the District Heating segment in 2026.
	Regulation of the Minister of Energy on reference values for new and significantly modernised cogeneration units in 2026.	The Regulation lays down the applicable reference values for new and significantly modernised cogeneration units.	The Regulation entered into force on **January 1, 2026**.	The Regulation affects the level of revenue from the support scheme for the District Heating segment in 2026.
	Act of March 13, 2026 amending the Act – Energy Law and certain other Acts.	The Act introduces a change in the rules for connecting installations to the power grid (part of the anti-blackout package). Moreover, the Act implements EU law provisions: it provides for strengthening the protection of electricity consumers and the introduction of additional tools encouraging consumers to increase their market activity, the obligation for the supplier to provide the final customer with information on their rights and key contractual terms, and the obligation for the President of the Energy Regulatory Office to ensure that suppliers have strategies limiting risks arising from changes in wholesale electricity prices (hedging strategies). The Act also adapts national regulations to the amended REMIT Regulation[1].	The Act entered into force on **April 30, 2026**.	The provisions of the Act will have a significant impact on the business activities conducted by the Companies in all Segments of the PGE CG. They may result in: ▪ increase in costs of the investment preparation stage (increased advances for the connection fee), ▪ an increase in costs related to the performance of new obligations imposed by regulations in the Supply segment, ▪ an increase in the risk of financial penalties for potential breaches of REMIT Regulation provisions in the Supply segment, ▪ a potential increase in revenue on the Distribution Segment side related to connecting installations to distribution networks.

DRAFT ACTS AND REGULATIONS

Segments	Regulation	Objectives of the regulation	Stage	Impact on the PGE CG
	Draft Act on asbestos-containing products.	The draft Act provides for the introduction of 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 October 31, 2025**, the Committee for European Affairs adopted the draft. The draft is at the stage of governmental consultations.	The changes provided for in the draft Act are beneficial for the District Heating segment due to the possibility of reducing CapEx in the future.

[1] *REMIT stands for the Regulation of the European Parliament and of the Council (EU) on Wholesale Energy Market Integrity and Transparency.*

Segments	Regulation	Objectives of the regulation	Stage	Impact on the PGE CG
	The Draft 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 that affect the process of constructing nuclear power facilities, i.e.: enabling the issuance of a construction permit for an investment involving the construction of a nuclear power facility, also for such a part of the construction project that cannot function independently, and enabling the investor to obtain a construction permit for preliminary construction works.	**On April 14, 2026**, the draft was referred for its first reading in the Committee on Energy, Climate and State Assets.	The solutions 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.
	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 process. The Ministry of Climate and Environment (MCE) published the comments submitted on the draft Act.	The regulation may potentially affect the operation of the Coal Generation 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 the greenhouse gas emissions trading system and certain other acts.	The draft defines: ▪ new rules for adjusting the allocation of free emission allowances for certain installations in the years 2026–2030, ▪ rules for the return of excess allowances issued, ▪ introduces an additional 30% of emission allowances for district heating installations, ▪ indicates heating and cooling from RES as a priority area within financing from the Modernisation Fund.	**On March 12, 2026**, the draft Act was referred for consideration by the Council of Ministers.	The project is relevant for the District Heating and Coal Energy segments in terms of new regulations concerning the return of allowances. Indicating heating and cooling from RES as a priority under the Modernisation Fund opens access to new sources of financing in the District Heating segment.
	Draft act amending the Act on energy efficiency and certain other acts.	Key proposals: ▪ tightening of the conditions for the use of the substitute fee and introduction of financial sanctions for inactive entities on the certificate market, ▪ introduction of a mechanism for indexing the substitute fee and flexible rate setting for the years 2027–2030, ▪ clarification of the catalogue of fuels subject to the obligation and exclusions for certain sources, ▪ implementation of the energy efficiency principle, including in public procurement, ▪ introduction of new obligations regarding the implementation of energy management systems and energy audits, ▪ introduction of new obligations for network operators – monitoring and calculation of network losses, implementation of the principle of 'energy efficiency first' in development plans and tariffs.	**On October 30, 2025**, the public consultations concluded. The Ministry of Climate and Environment published comments submitted as part of the interministerial consultations.	The draft affects operations across all segments of the PGE Group by increasing costs related to obligations introduced by the Act, e.g. implementation of an energy management system in companies, implementation of energy efficiency principles in public procurement.
	Draft Act amending certain acts with a view to simplifying administrative procedures in matters decided by way of administrative decisions or handled tacitly.	The draft provides for the introduction of tacit consent when extending permits for the collection or treatment of waste, where such permits were issued for a period shorter than 10 years. The draft also assumes the introduction of solutions regarding tacit consent of the authority in relation to an environmental decision. In a situation where the authority does not confirm its validity in writing within 90 days from the submission of the application, it is	The draft was referred for its first reading to the Deregulation Committee in the Sejm.	With regard to solutions concerning the change of the addressee of environmental decisions and the implementation of the project to which the decision relates, the draft affects operations across all segments of the PGE Group. The introduction of tacit consent in the case of extending the validity period of a permit for waste processing is significant for companies in the PGE Group engaged in the processing of UPS.

Segments	Regulation	Objectives of the regulation	Stage	Impact on the PGE CG
		deemed that the conditions for project implementation remain valid.		
	Draft Act amending the Energy Law and the Act on Renewable Energy Sources.	In the area of the electricity market, the draft provides for the introduction of an obligation for electricity producers to sell 80% of the electricity generated through the Polish Power Exchange (Towarowa Giełda Energii) or through platforms operated by nominated electricity market operators (NEMOs). The draft also provides for increasing the obligation to sell high-methane natural gas via the Polish Power Exchange from 55% to 85%. The draft further provides for an amendment to the provisions on non-market redispatching, which, in the case of metering agreements, is intended to limit the losses of electricity producers in situations where non-market redispatching of renewable energy sources occurs.	The public consultations concluded on **December 3, 2025**. The Ministry of Energy published comments submitted to the draft Act.	Potential financial consequences: increased exchange trading (transaction) costs and the requirement to post mandatory collateral by entities obliged to trade on the exchange, increased compliance costs (necessity to establish 'Chinese walls', monitoring trading activities for the use of inside information), increase in personnel costs. The inability to hedge the position of PGE Obrót S.A. within the generation assets held in the PGE Group will translate into higher operating costs of trading activities and a lack of synergy and economies of scale. In the case of Offshore Energy, this may lead to an inability to finance investments through Project Finance.
	Draft Act amending certain acts in order to introduce deregulation in the energy sector.	The key solutions of the draft Act concern the simplification of electricity bills, liberalisation of settlements for heat supplied directly to industry, changes to the rules for determining the return on capital employed in heat generation, its distribution and heat trading, specification of the conditions under which electric boilers are recognised as sources whose heat is subject to a purchase obligation, and specification of when heat from these units may be classified as originating from RES for the purposes of meeting the status of an efficient district heating system, as well as simplification of provisions and improvement of the application of the Act on promoting electricity from high-efficiency cogeneration.	The draft was referred for consideration by the Standing Committee of the Council of Ministers.	The draft Act is relevant for the following segments: Supply, Distribution, Renewables and Gas-fired Generation.
	Draft Act amending the Act on renewable energy sources and certain other acts.	The draft introduces changes in the following areas: ▪ biomethane, biogas and biomass – including changes in the support scheme; ▪ onshore wind energy: streamlining of the investment process; ▪ other changes: aggregation of the capacity of micro-installations and energy storage, increased consistency and transparency of the presentation of information on prosumer invoices.	The draft has been referred to the Standing Committee of the Council of Ministers and is under consideration.	Streamlining of the investment process concerning onshore wind farms. Due to the need to introduce changes in prosumer settlement systems, it is relevant for companies engaged in electricity trading. It requires adaptation to new regulations related to the rules for aggregating the installed capacity of PV installations and energy storage.
	Draft Act amending the Act on access to information on the environment and its protection, public participation in environmental protection and environmental impact assessments, and certain other acts.	The draft Act changes the rules governing the enforceability with immediate effect of environmental permits; extends deadlines for providing environmental information and submitting comments as part of public participation, enables the authority competent to issue an environmental decision to independently assess project variants and, with the investor's consent, to select for implementation a variant other than that indicated in the application.	**On March 31, 2026,** comments submitted as part of the interministerial consultations were published.	The draft Act is of material importance to the PGE Group, particularly in the context of planning and implementing investments.

Segments	Regulation	Objectives of the regulation	Stage	Impact on the PGE CG
	Draft Act amending the Act – Environmental Protection Law and certain other Acts	The draft contains solutions implementing the provisions of Directive 2024/1785 (IED 2.0) by: ▪ introducing the obligation to conduct an analysis to determine the strictest achievable associated emission levels (BAT AELs), ▪ clarifying the methodology for assessing the justification for granting derogations from BAT AELs, ▪ assessing the impact of granted derogations on the state of the environment, ▪ standardising the rules for determining the volume of allowable emissions, ▪ introducing binding environmental performance levels (BAT AEPL), ▪ introducing a mandatory environmental management system (EMS).	The public consultations concluded on **April 6, 2026**	The draft Act is relevant for the Gas-Fired Generation, Coal Energy, and District Heating segments due to potential costs of adjusting to the strictest possible BAT-AELs, and the construction/modernisation of the EMS environmental management system. The introduction of the regulations covered by the draft may contribute to a reduction in operating costs as part of efficiency measures, and also – by improving ESG credibility – translate into better availability of financing for transformation projects.
	Draft Regulation of the Council of Ministers amending the Regulation on projects likely to have a significant impact on the environment.	The draft introduces regulatory facilitation in the case of repowering existing RES installations.	Referred for consideration by the Standing Committee of the Council of Ministers on **March 19, 2026**.	The draft is relevant to the Renewables segment through the introduction of provisions enabling the replacement of older installations with new ones in order to increase electricity generation without expanding the environmental impact area.
	Draft Regulation of the Ministry of Climate and Environment on other geological documentation.	The draft includes clarification of the requirements for geological documentation, other than geological documentation prepared in the case of conducting geological works using seismic surveys within the boundaries of the maritime areas of the Republic of Poland for the purpose of siting offshore wind farms and associated power evacuation infrastructure.	Public consultations were completed on **January 9, 2026**, and the Ministry of Climate and Environment published the comments received.	The draft is relevant to the Renewables segment due to ongoing investment projects concerning offshore wind farms (OWF) and lays down formal requirements for geological surveys, seismic surveys for the needs of the OWF and regarding the evacuation of power from the OWF.

2.3.2. Foreign regulatory environment

Segments	Regulation	Objectives of the regulation	Stage	Impact on the PGE CG
	Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community and related regulations (EU ETS).	Combating climate change. Creating investment incentives for developing low-emission sources through an appropriate CO2 price signal.	By **July 2026** at the latest, the European Commission is to present a draft amendment to address the issue of reducing the volatility of the CO_2 price and mitigating its impact on electricity prices.	▪ Improving the competitiveness of renewable sources compared to generation units using high-emission fuels. ▪ Impact on the availability of emission allowances under the EU ETS for conventional units after 2030. ▪ Possible investment support (inter alia for grid projects and energy storage projects) under the Modernisation Fund and the Innovation Fund.
	Decision amending Decision (EU) 2015/1814 of the European Parliament and of the Council concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme (MSR).	The changes will mean a departure from the mechanism of invalidating emission allowances accumulated in the MSR above the limit of 400 million allowances.	On A**pril 1, 2026**, the European Commission presented a proposal to amend the Decision. The agreement on the final text of the Decision is tentatively planned for the **end of 2026**.	Possibility of using allowances from the MSR to ensure greater liquidity in the EU ETS market.
	Regulation of the European Parliament and of the Council 2026/667 amending Regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality (ECL).	Setting an intermediate target on the path to achieving climate neutrality by 2050 through the introduction of a binding climate target for 2040 – a net reduction of greenhouse gas emissions by 90% by 2040 compared with 1990 levels.	The Regulation was published in the Official Journal of the EU on **March 18, 2026** and entered into force 20 days after publication.	Faster decarbonisation in the perspective to 2040. Key solutions will depend on the shape of the legislation implementing the new objective. Impact on the availability of emission allowances under the EU ETS for conventional units after 2030 and on the amendment of energy legislation, which will have to be adapted to the new reduction target
	Directive 2026/470 of the European Parliament and of the Council amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirements.	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. The package of proposals 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).	The Directive was published in the Official Journal of the EU on **February 26, 2026** and entered into force 20 days after publication. Member States should transpose the Directive into national legal orders by **March 19, 2027**, and selected articles by **July 26, 2028**.	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 it simplifies reporting requirements. Among the most favourable changes is the removal of provisions concerning climate transition plans under the CSDDD and the further postponement of the application date of that Directive by one year, i.e. from July 26, 2028 to July 26, 2029. This translates into a simpler and more efficient framework for conducting business operations.
	Environmental Omnibus – proposal (part of the Package): Directive amending Directives 2008/98/EC, 2010/75/EU, (EU) 2015/2193, (EU) 2024/1785 as regards simplification of some requirements and reduction of administrative burden, Regulation on accelerating environmental impact assessments.	The legislative proposals include, inter alia, amendments to Directive 2010/75/EU (IED): removal of the requirement to include a transformation plan in the environmental management system (EMS) and enabling the preparation of an EMS at enterprise level (covering several installations), simplification of EMS requirements and postponement of its implementation deadline from 2027 to 2030, as well as amendments to Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment, simplifying environmental impact assessments, inter alia by indicating maximum procedural time limits.	Adoption of the amendments by the Council and the European Parliament is expected in the **fourth quarter of 2026**.	The proposal introduces favourable changes, significantly reducing reporting burdens that would result from the requirement to prepare a transformation plan. Simplifications regarding the issuance of environmental permits for projects may accelerate the investment process.
	The Multiannual Financial Framework (MFF) for 2028–2034.	The establishment of a new EU Multiannual Financial Framework for the years 2028–2034. For the PGE Group, the most important ones are: ▪ a Regulation establishing the European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries	Legislative work is ongoing in the Council and the European Parliament on the regulations governing individual funds,	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.

Segments	Regulation	Objectives of the regulation	Stage	Impact on the PGE CG
		and maritime, prosperity and security for the period 2028-2034; ▪ a Regulation establishing the European Competitiveness Fund; ▪ a Regulation establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities; ▪ a Regulation establishing the Connecting Europe Facility for the period 2028-2034 (CEF).	with the Council having adopted a partial general approach on the CEF Regulation on **December 15, 2025** .	
	Commission Regulation (EU) No 651/2014 of June 17, 2014 declaring certain categories of aid compatible with the internal market in application of the Treaty on the Functioning of the European Union (GBER).	Enabling Member States to grant certain categories of State aid without prior notification to the European Commission.	The Commission is conducting consultations on the draft revision of the Regulation, which were completed on **April 23, 2026**, and subsequently plans to adopt the amended GBER Regulation in the **fourth quarter of 2026**.	Changes to the GBER may enable faster and more flexible implementation of investment projects, particularly in the area of District Heating segment transformation. The revision may also enable more efficient access to public support for projects related to, inter alia, renewables, heat supply, or innovation.
	Directive 2014/25/EU of February 26, 2014 on procurement by entities operating in the water, energy, transport and postal services sectors.	Simplification of public procurement rules and their use as an instrument to strengthen the competitiveness of the EU economy.	The Commission conducted consultations on the revision of the Directive, which were completed in **January 2026**. The PGE Group participated in them. The European Commission plans to present a legislative proposal before **July 2026**. Reaching an agreement is tentatively planned for the **fourth quarter of 2027**.	Reduction of the formalisation and time consumption of public procurement procedures, affecting investment schedules and ensuring the supply of high-quality technologies, products and services, while strengthening supply chain resilience.
	European Grids Package – Regulation on guidelines for trans-European energy infrastructure (TEN-E) and a Directive amending Directives (EU) 2018/2001, (EU) 2019/944 and (EU) 2024/1788 as regards acceleration of permit-granting procedures.	Introduction of a European perspective on infrastructure planning, while accelerating permitting procedures and enabling optimal use of existing energy infrastructure, as well as accelerating the development of energy infrastructure in Europe.	The Cypriot Presidency assumes the adoption of the Council's general approach by **June 2026**. The conclusion of the trilogues is tentatively planned for the **third quarter of 2026**.	Expansion of the catalogue of infrastructure projects covered by the TEN-E Regulation in the area of electricity distribution, introduction of favourable rules accelerating permitting procedures for network infrastructure as well as for RES projects and storage.

3. Operations of the PGE CG and operating segments

3.1. Basic operational data of the PGE CG

Basic operational data of the PGE CG							
	Renewables	**Gas-Fired Generation**	**Coal Energy**	**District Heating**	**Distribution**	**Railway Energy Services**	**Supply**
Key assets of the segment	22 wind farms 68 photovoltaic power plants 29 run-of-river hydroelectric power plants 4 pumped-storage power plants, including 2 with natural inflow	1 gas-fired power plant	5 conventional power plants 2 lignite mines	16 CHP plants	305.9 thousand km of distribution lines	18.6 thousand km of distribution lines	-
Installed capacity electricity/ heat	2,783 MWe/-	1,366 MWe/-	11,938 MWe/951 MWt	2,698 MWe/7,347 MWt[3]	-	-	-
Electricity volumes	Net electricity generation 0.80 TWh	Net electricity generation 1.42 TWh	Net electricity generation 11.04 TWh	Net electricity generation 3.25 TWh	Distributed electricity 10.22 TWh[1]	Distributed electricity 1.27 TWh; Electricity sales to final customers 0.84 TWh	Electricity sales to final customers 7.24 TWh
Heat volumes	-	-	Net heat generation 1.21 PJ	Net heat generation 22.81 PJ	-	-	-
Market position	PGE CG is one of the largest producers of electricity from renewable sources in Poland with a market share of approx. 5%	Gryfino Power Plant – the largest gas and steam power plant in Poland	Domestic leader in electricity production and the largest producer of district heat		Second largest distributor in terms of the number of customers of electricity in the country	Leader of energy services for railway infrastructure and the largest distributor and supplier of electricity to the traction network	Leader in wholesale and retail trade in Poland

[1] Data concern PGE Dystrybucja S.A.
[2] Data concern PGE Obrót S.A.
[3] From 2026, an update of the methodology for determining installed capacities.

KEY OPERATIONAL DATA OF THE PGE CG

Table: Key operational data.

Key operational data	Unit	Q1 2026	Q1 2025	Change	Change %
Net electricity generation	TWh	16.49	16.08	0.41	3%
of which: RES generation	TWh	0.62	0.67	-0.05	-7%
Electricity sales outside the PGE Capital Group	TWh	17.34	17.60	-0.26	-1%
Electricity sales to final customers[1]	TWh	8.07	8.56	-0.49	-6%
Heat generation	PJ	24.02	21.33	2.69	13%
Heat sales	PJ	23.65	20.86	2.79	13%
Electricity distribution	TWh	11.49	10.75	0.74	7%

[1] *Excluding intra-Group sales; sales carried out primarily by PGE Obrót S.A. and the Railway Energy Services segment.*

ENERGY BALANCE OF THE PGE CG

Table: Overview of electricity sales, purchases, generation and consumption within the PGE Capital Group (TWh).

Sales volume	Q1 2026	Q1 2025	Change	Change %
A. Electricity sales outside the PGE Capital Group, including:	17.34	17.60	-0.26	-1%
Sales to final customers[1]	8.07	8.56	-0.49	-6%
Wholesale and balancing market sales	9.27	9.04	0.23	3%
B. Electricity purchased outside the PGE Group (wholesale and balancing market)	2.24	2.61	-0.37	-14%
C. Net electricity generation within PGE Capital Group entities	16.49	16.08	0.41	3%
D. Internal consumption by DSOs, lignite mines and PSPPs (D=C+B-A)	1.39	1.09	0.30	28%

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

The total volume of electricity purchased and generated was higher than the volume of electricity sold. The difference, presented in section D, results from the need to cover grid losses in distribution operations, electricity consumption in lignite mining operations, and electricity consumption by pumped-storage power plants.

Higher energy sales on the wholesale and balancing markets are the effect of higher generation from hard coal and gas units in the PGE CG, which was caused by higher demand for energy as a result of low temperatures. The lower volume of electricity purchased on the wholesale market primarily reflects a decrease in sales to final customers by PGE Obrót S.A., particularly in the corporate and small and medium-sized enterprise customer segments, which are increasingly turning to diversified energy sources, especially those based on renewable energy.

Table: Net electricity generation (TWh).

Generation volume	Q1 2026	Q1 2025	Change	Change %
ELECTRICITY GENERATION (TWh), of which:	**16.49**	**16.08**	**0.41**	**3%**
Lignite-fired power plants	7.70	8.51	-0.81	-10%
Hard coal-fired power plants	3.34	2.86	0.48	17%
of which: biomass co-firing	*0.00*	*0.01*	-0.01	*-100%*
Gas-fired power plant	1.42	0.98	0.44	45%
Coal-fired CHP plants	1.30	1.36	-0.06	-4%
Gas-fired CHP plants	1.85	1.52	0.33	22%
Biomass-fired CHP plants	0.08	0.08	0.00	0%
Waste-to-energy CHP plant	0.01	0.01	0.00	0%
Pumped-storage power plants	0.26	0.19	0.07	37%
Hydro power plants	0.09	0.09	0.00	0%
Wind farms	0.41	0.45	-0.04	-9%
Photovoltaic power plants	0.03	0.03	0.00	0%
of which: RES generation	0.62	0.67	-0.05	-7%

Electricity generation in the first quarter of 2026 was 3% higher compared to the first quarter of 2025. The higher generation is mainly the result of greater electricity demand due to low outdoor temperatures.

An increase in generation from hard coal-fired power plants (up 0.48 TWh), including: Opole Power Plant (up 0.27 TWh), Rybnik Power Plant (up 0.17 TWh), Dolna Odra Power Plant (up 0.04 TWh). In total, coal-fired power plant units were kept on reserve for 1,867 hours less and underwent maintenance outages for 5,112 hours less.

Higher output from the gas-fired power plant (Gryfino Dolna Odra Power Plant – up 0.44 TWh) – power plant units were kept on reserve for 1,348 hours less.

Higher generation from gas-fired CHP plants (up 0.33 TWh) apart from favourable weather conditions, is also the effect of commissioning the Nowa Czechnica CHP plant and gas engines at the Bydgoszcz CHP plant during 2025.

Higher generation from pumped-storage power plants (up 0.07 TWh) stems from the operational nature of these generation units and their increased utilisation by PSE S.A.

Lower output from lignite-fired power plants (down 0.81 TWh) stems from the longer downtime of the Turów Power Plant units on reserve by 1,129 hours and the longer downtime of the Bełchatów Power Plant units on reserve by 496 hours. At the same time, the average load was lower by 33 MW in the case of the Turów Power Plant and by 21 MW in the case of the Bełchatów Power Plant.

Lower generation in coal-fired CHP plants (down 0.06 TWh) mainly in connection with the ongoing major overhaul of equipment at unit No. 1 in the Gdynia CHP Plant.

The lower generation from wind farms (a decrease of 0.04 TWh) is due to worse wind conditions in the areas where the PGE CG's wind farms are located.

Production at biomass CHPs, municipal waste-fired CHPs, hydroelectric and photovoltaic plants remained at the same level as in the comparable period.

HEAT GENERATION

Table: Net heat generation (PJ)

Generation volume	Q1 2026	Q1 2025	Change	Change %
Net heat generation (PJ)	**24.02**	**21.33**	**2.69**	**13%**
Lignite-fired power plants	0.96	0.89	0.07	8%
Hard coal-fired power plants	0.25	0.25	0.00	0%
Coal-fired CHP plants	15.65	14.47	1.18	8%
Gas-fired CHP plants	5.81	4.58	1.23	27%
Biomass-fired CHP plants	0.68	0.81	-0.13	-16%
Waste-to-energy CHP plants	0.08	0.07	0.01	14%
Other CHP plants	0.59	0.26	0.33	127%

The main factor contributing to the higher level of net heat production in the first quarter of 2026 y/y was outdoor temperature. Average temperatures in 2026 were 2.2°C lower year-on-year.

HEAT SALES

In the first quarter of 2026, total heat sales by the PGE Group amounted to 23.65 PJ, representing a year-on-year increase of 2.79 PJ.

The increase in heat sales also reflected higher demand caused by colder weather conditions compared to 2025.

3.2. Key financial results of PGE CG

In order to ensure transparency and enable a full assessment of operational efficiency, financial results are presented using EBITDA and recurring EBITDA indicators. These measures may constitute a key reference point for investors and financial institutions, enabling an objective comparison of the profitability of the PGE Group against the energy sector.

EBITDA – A MEASURE OF OPERATIONAL EFFICIENCY

The EBITDA indicator (operating result increased by depreciation and amortisation) reflects the Group's ability to generate cash from its core operating activities, before taking into account financial costs, tax burdens and non-cash depreciation charges. By eliminating the impact of differences in capital structure (level of debt) and tax policy, EBITDA enables monitoring of the current financial condition regardless of the historical value of fixed assets.

RECURRING EBITDA – A BASIS FOR LONG-TERM ASSESSMENT

Recurring EBITDA, in the Company's assessment, is the most reliable indicator for evaluating the profitability of the Group. It is an operating result adjusted for one-off events, which by their nature are not part of the regular business model and should not be taken into account when forecasting results in subsequent reporting periods.

One-off events are understood as items of the financial result which:

- do not result from the normal, recurring operating activities of the entity – they do not occur regularly in subsequent periods and are not part of the standard business model;
- are incidental or exceptional in nature – they arise as a result of specific events that are not related to the current operating cycle (e.g. restructuring, regulatory events, valuation of provisions) and are not expected to occur in subsequent reporting periods;
- are independent of current operational management – their occurrence does not result from ongoing operational processes (generation, sales, distribution);
- may significantly distort comparability of results between periods – they are characterised by high volatility, are often non-cash and irregular, and therefore burden or improve the financial result, that does not reflect the real operational efficiency of the entity.

Thanks to the use of these measures, the result better reflects the Group's real, recurring cash-generating potential, which facilitates the analysis of profitability trends and the assessment of the ability to service debt and finance future development investments.

The consolidated EBITDA of the PGE Group comprises the financial results of individual operating segments and consolidation adjustments. The segments with the largest share in the Group's recurring EBITDA for the first quarter of 2026 are: Distribution (36%), District Heating (27%), Renewables (11%). The other segments account for less than 10% of the PGE Group's recurring EBITDA.

Chart: Recurring EBITDA of the PGE CG (PLN million).

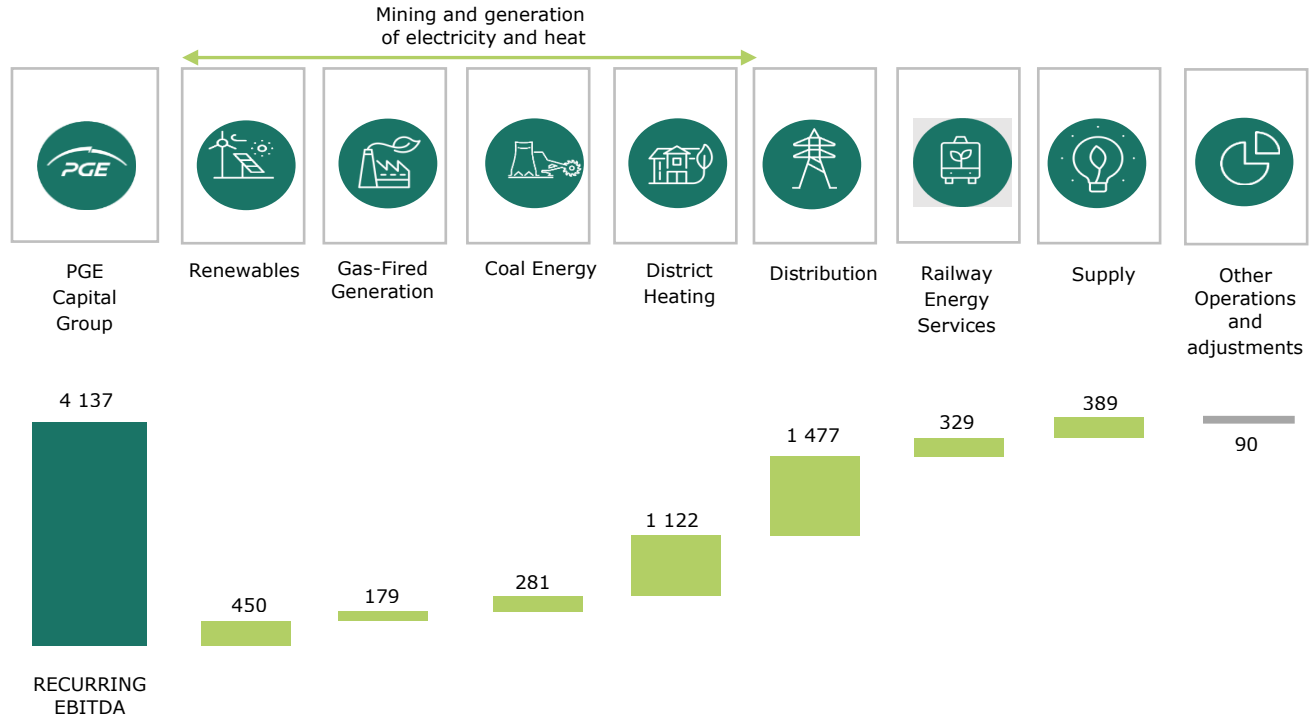


Chart: Reported EBITDA of the PGE CG (PLN million).

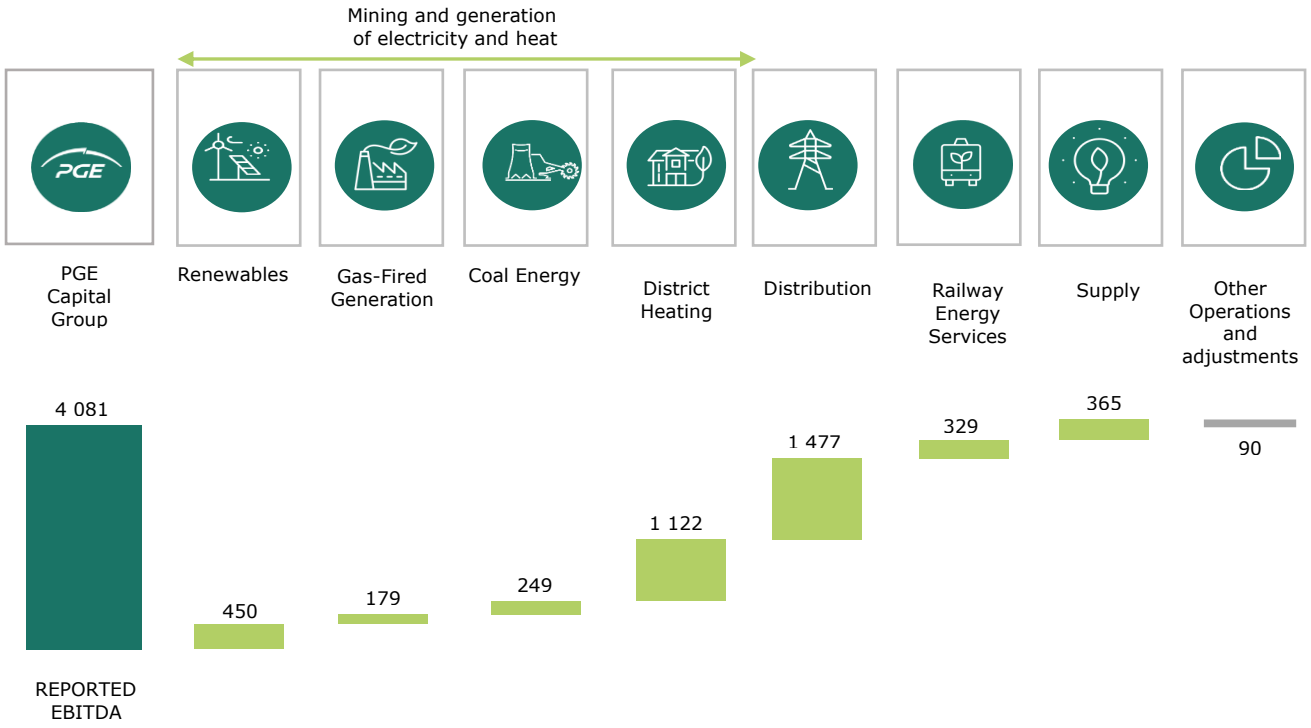
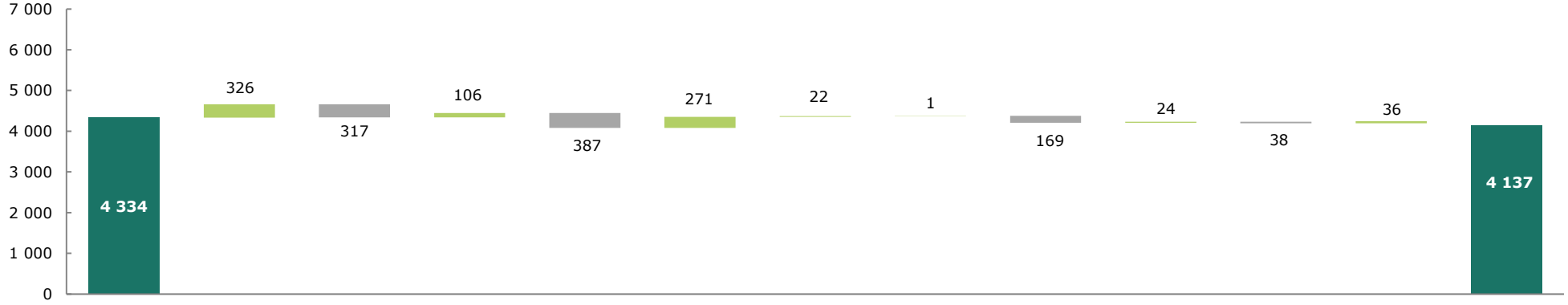


Chart: Main factors shaping the EBITDA of the PGE CG (PLN million).

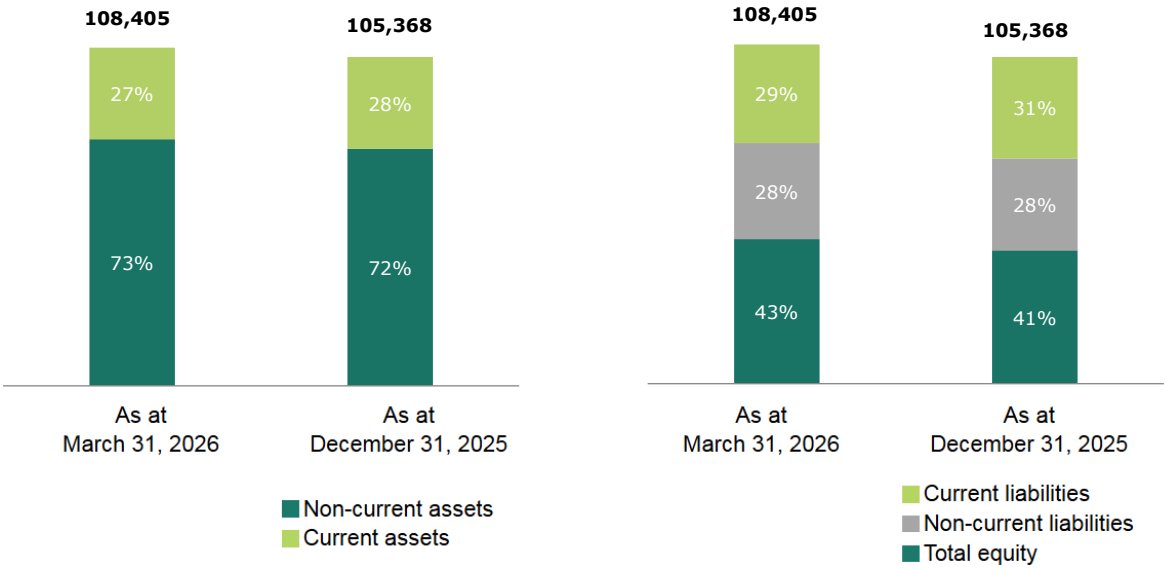


	EBITDA Q1 2025	Result on sales of electricity by generators[1]	CO_2 emission allowances	Production fuel costs	Result on electricity sales to final customers[2]	Revenue from heat sales[3]	Distribution service margin[4]	Personnel costs[5]	Provisions for onerous contracts	Result on distribution services and on electricity to final customers in the Railway Energy Services segment[6]	Capitalised costs	Other[7]	EBITDA Q1 2026
Variance		**326**	**-317**	**106**	**-387**	**271**	**22**	**1**	**-169**	**24**	**-38**	**-36**	
Reported EBITDA Q1 2025	**4,310**												
One-off events Q1 2025	**-24**												
Recurring EBITDA Q1 2025	**4,334**	8,021	4,833	2,534	621	2,075	1,997	2,102	-34	400	300	355	
Recurring EBITDA Q1 2026		8,347	5,150	2,428	234	2,346	2,019	2,101	135	424	262	319	**4,137**
One-off events Q1 2026													**-56**
Reported EBITDA Q1 2026													**4,081**

[1] *Revenue from the sale of electricity less electricity purchase costs and costs directly related to electricity generation.*
[2] *Including compensation and adjustments to the margin on property rights across the PGE CG; excluding the additional estimation of balancing difference costs.*
[3] *Including compensation.*
[4] *Including revenue from distribution services, transmission services costs of PSE S.A., the balance of pass-through and transit fees, and costs of purchasing electricity to cover the balancing difference; excluding the additional estimation of balancing difference costs.*
[5] *Excluding the Voluntary Leave Programme.*
[6] *Including compensation.*
[7] *Excluding: LTC compensation, the write-down of strategic inventories, and the adjustment of the contribution to the PDP Fund for the previous period.*

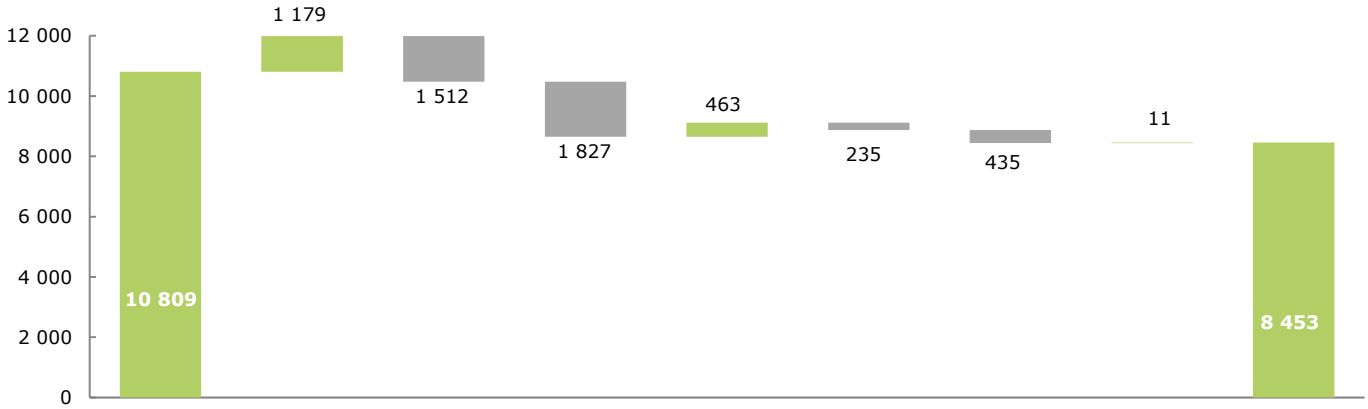
A detailed description of income and expenses is provided in Note 6 to the consolidated financial statements.

Chart: Structure of Assets, Equity and Liabilities (PLN million).



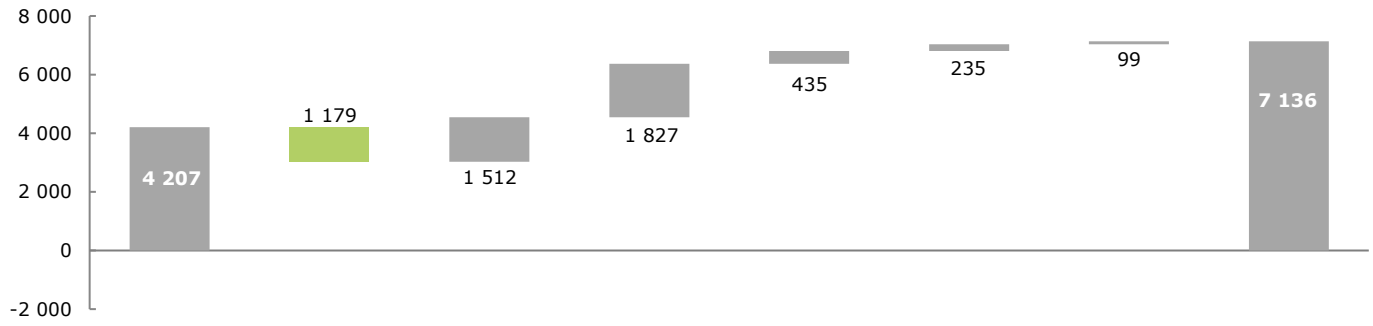
A detailed description of the statement of financial position is provided in Notes 9-22 to the consolidated financial statements.

Chart: Change in cash and cash equivalents (PLN million).



	Cash and cash equivalents at January 1, 2026	Net cash from operating activities	Placement /withdrawal of deposits with maturities over 3 months	Acquisition/sale of property, plant and equipment and intangible assets.	Balance of repayments/ inflows from loans, borrowings, bonds and finance leases	Interest paid on loans and bonds, and financial instruments.	Acquisition of a fully consolidated entity, net of cash acquired	Other	Cash and cash equivalents at March 31, 2026
Impact on cash position		1,179	-1,512	-1,827	463	-235	-435	11	
Cash and cash equivalents	**10,809**								**8,453**

Chart: Net debt (PLN million).

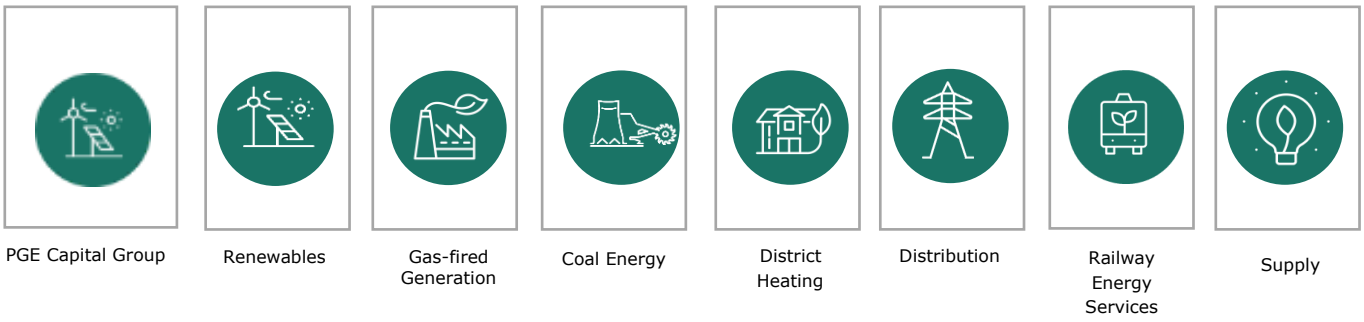


	Net debt December 31, 2025	Net cash from operating activities	Opening/ terminating deposits over 3 months	Acquisition/sale of property, plant and equipment and intangible assets	Acquisition of a fully consolidated entity, net of cash acquired	Debt servicing - interest	Other	Net debt March 31, 2026[1]
Impact on net debt level		-1 179	1 512	1 827	435	235	99	
Net debt	**4 207**							**7 136**

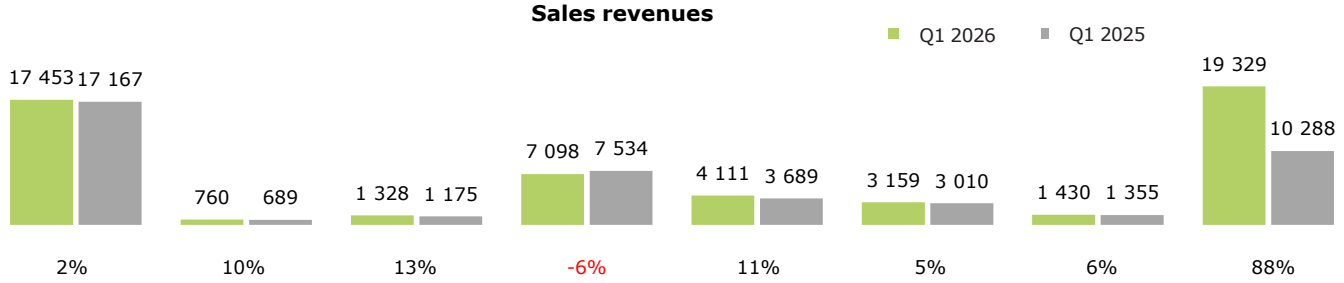
[1] *Net debt includes the cash of Offshore companies (PLN 554 million) and financial liabilities under Project Finance (PLN 2,829 million); the estimated level of economic net debt (including future payments for CO_2 emission allowances) amounts to PLN 15,280 million.*

3.3. Characteristics of business segments

3.3.1. Key financial results in the business segments

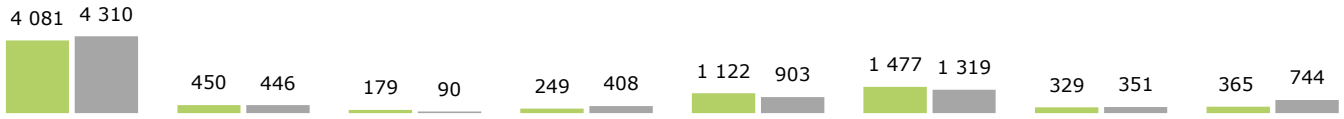


Sales revenues



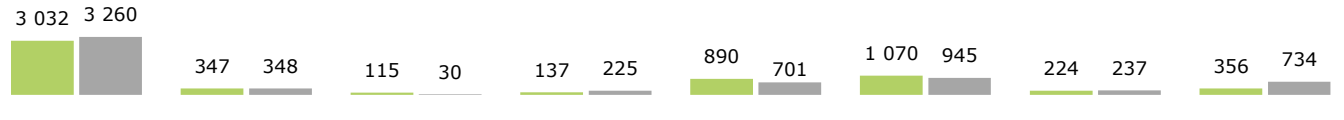
2%	10%	13%	-6%	11%	5%	6%	88%

Reported EBITDA



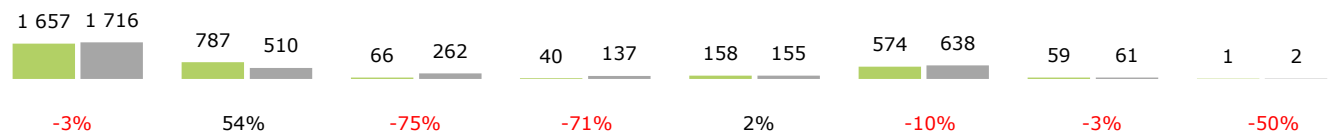
-5%	1%	99%	-39%	24%	12%	-6%	-51%

Reported EBIT



-7%	0%	283%	-39%	27%	13%	-5%	-51%

Capital Expenditures on an accrual basis



-3%	54%	-75%	-71%	2%	-10%	-3%	-50%

3.3.2. Renewables segment.

The segment's activity is the generation of electricity from renewable sources and pumped-storage power plants. In addition, the segment includes companies engaged in the construction of electricity storage facilities, offshore wind farms and photovoltaic power plants.

Renewables

Main revenue items	PLN million
Sales of electricity	519
Ancillary services	125
Capacity Market	92
Sale of property rights	15

Electricity generation	**0.80 TWh**

Main expense items	PLN million
Depreciation	103
Energy consumption	83
of which electricity for pumping purposes	81
Personnel costs	67
Third-party services	65
Taxes and charges	25
of which property tax	22

Main profit/loss items	PLN million
EBIT	347
EBITDA	450

The Renewables segment relies primarily on **revenue from the sale of electricity**; however, unlike generation at systemic power plants in the Coal Energy segment, this revenue is more dependent on volatile weather conditions and spot market prices due to the adopted model of selling electricity from renewable sources. The volume of electricity generated simultaneously translates into the generation of (green) property rights and revenue from the sale of energy origin certificates obtained by the segment's assets, excluding hydropower plants above 5 MWe.

Since 2021, a significant item in the segment's revenue has been revenue from the Capacity Market, a mechanism introduced to prevent electricity shortages in the National Power System. Selected power plants within the Renewables segment receive remuneration for fulfilling the capacity obligation (the Capacity Market unit remaining ready to deliver electrical capacity to the National Power System and committing to deliver a specific capacity during a period of threat). **Capacity Market revenue** compensated for the partial loss of revenue from the provision of ancillary services. The intervention reserve service (RIG) was withdrawn. The next stage of the Balancing Market reform was implemented in mid-June 2024. As a result of this reform, power plants have the ability to offer balancing energy and balancing capacities. The new catalogue of balancing services includes: frequency containment reserve, frequency restoration reserve, and replacement reserve. The new balancing services are included in the revenue from the provision of ancillary services. The Balancing Capacities service is of key importance for the Renewables segment.

Significant operating expense items within the segment include: **energy consumption for pumping water in pumped-storage power plants, depreciation of the segment's assets**, and **third-party services**, primarily repair and maintenance services. **Property tax** and **labour costs** also constitute a significant operating expense item within the segment.

ASSETS AND OPERATIONAL DATA

Within the PGE Capital Group, operational activities in the field of renewable energy are managed by PGE Energia Odnawialna S.A. Due to the nature of the business, the segment also includes companies from the Offshore Energy area, which are responsible for all activities related to offshore wind energy.

The segment's assets consist of:

- 22 wind farms,
- 68 photovoltaic power plants,
- 29 run-of-river hydropower plants,
- 4 pumped-storage hydropower plants, including 2 with natural inflow.

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

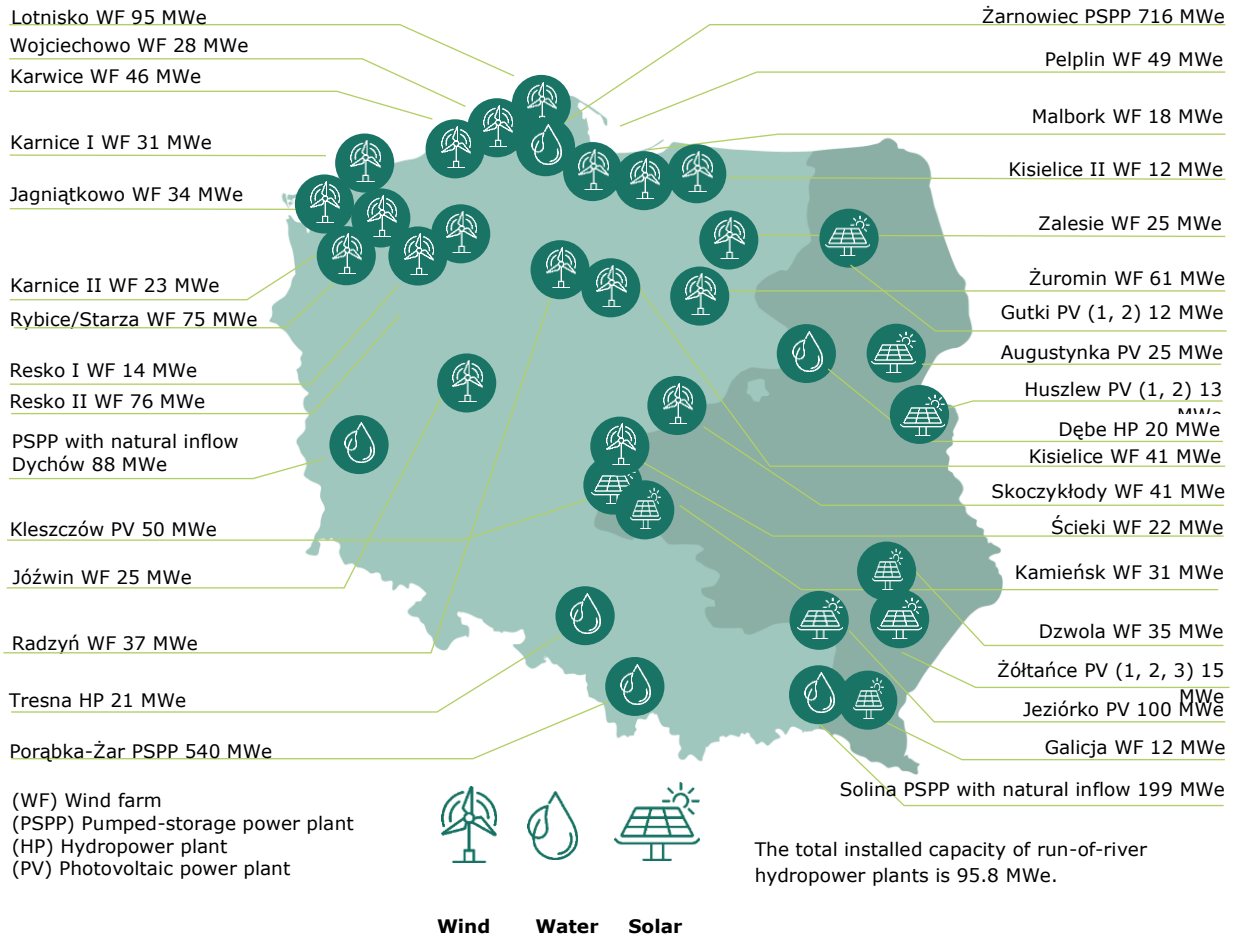
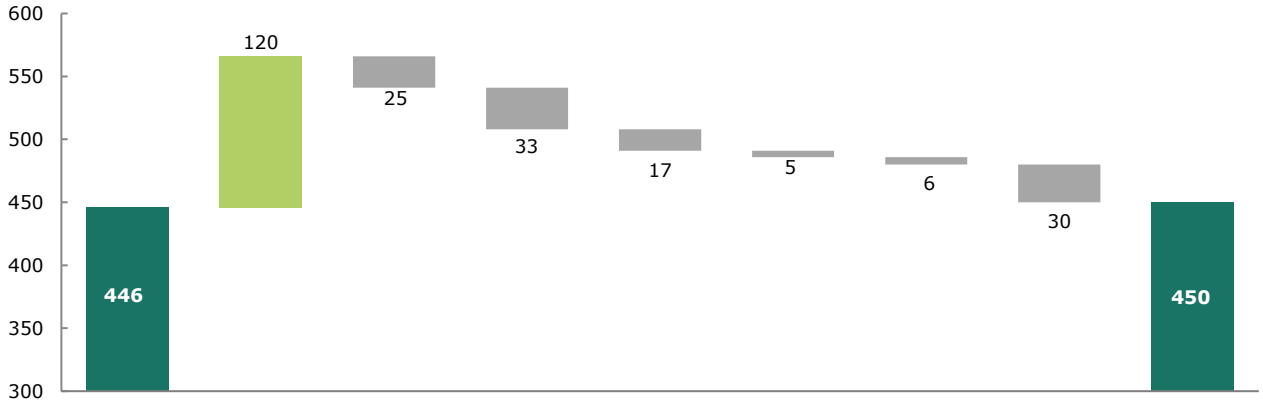


Table: Energy generation (GWh).

Power Plant Types	Q1 2026	Q1 2025	Change	Change %
Pumped-storage power plants	261	186	75	40%
Run-of-river hydropower plants	93	92	1	1%
Wind farms	411	447	-36	-8%
Photovoltaic power plants	32	26	6	23%
Total	**797**	**751**	**46**	**6%**

Chart: Key EBITDA variances in the Renewables segment (PLN million) – managerial perspective.



	EBITDA Q1 2025	Revenue - EL[1]	Revenue PR	Electricity purchase for PSPPs	Revenue - ancillary services[2]	Capacity Market revenue	Personnel costs	Other	EBITDA Q1 2026
Variance		**120**	**-25**	**-33**	**-17**	**-5**	**-6**	**-30**	
EBITDA Q1 2025	**446**	399	40	80	142	97	61	91	
EBITDA Q1 2026		519	15	113	125	92	67	121	**450**

[1] *The item includes electricity revenue from core generation technologies (wind, hydro, PV, PSPP).*
[2] *Including revenues from balancing services.*

Key factors affecting the results of the Renewables segment y/y:

- **Higher revenue from the sale of electricity** resulting from: a higher average electricity selling price by PLN 70/MWh y/y, which translated into a revenue increase of PLN 65 million; and a higher sales volume by 113 GWh, which contributed to a revenue increase of PLN 55 million.
- **Lower revenue from the sale of property rights** resulting from a lower sales volume by 116 GWh, which led to a revenue decrease of PLN 15 million, a lower average selling price of property rights by PLN 39/MWh y/y due to an oversupply of property right certificates on the market, and a lower redemption obligation that significantly limited demand, translating into a revenue decrease of PLN 10 million.
- **Higher electricity purchase costs for pumping purposes at pumped-storage** power plants as a result of a higher purchase volume by 143 GWh, contributing to a cost increase of PLN 44 million, offset by a lower average electricity purchase price by PLN 27/MWh y/y, which resulted in a cost decrease of PLN 11 million. The volume of electricity purchased for pumping purposes was higher due to greater utilisation of assets for system services.
- **Lower revenue from ancillary services** primarily associated with lower revenue from balancing services, due to increased market competition.
- **Lower Capacity Market revenue** caused by a smaller share in the total available capacity of the PGE CG.
- **The increase in personnel costs** is primarily the result of higher employment due to the development of the Offshore Energy and Renewables areas, as well as signed wage agreements.
- **The change in the value of 'other'** is mainly due to higher operating costs resulting from the development of the Offshore Energy and Renewables segments.

CAPITAL EXPENDITURE

Table: Capital expenditure – Renewables segment (PLN million)[1].

	Q1 2026	Q1 2025	Change	Change %
Investment in generation capacity, including:	787	510	277	54%
▪ Development projects	776	431	345	80%
▪ Modernisation and replacement	11	79	-68	-86%
Total	**787**	**510**	**277**	**54%**

[1] *From 2026 PGE Inwest 12 sp. z o.o. was transferred from Other Operations segment and is included in the Renewables segment. Company is dedicated to the development of the Młoty PSPP.*

KEY EVENTS IN THE RENEWABLES SEGMENT

Offshore Wind Farm (OWF) Construction Programme

In line with the PGE Group Strategy in offshore energy, the objective is to achieve 4 GW of capacity in operation by 2035. The PGE Group currently holds 9 location permits for offshore wind farms in the Baltic Sea. The PGE Group obtained three location permits in 2012 (with a total potential capacity of approx. 3.4 GW), five subsequent permits (with a total potential capacity of approx. 3.9 GW) were acquired in 2023, while the ninth permit comes from the FEW Bałtyk II project with a capacity of approx. 350 MW, acquired from the RWE Group in 2026 and currently implemented jointly with the Baltica 9 project as an integrated Baltica 9+ project. The commissioning of the first project – Baltica 2 with a capacity of approx. 1.5 GW – is planned for the fourth quarter of 2027.

- **Baltica 1 project** (approx. 0.9 GW)

Baltica 1 is a project located approximately 80 km north of the Polish Baltic Sea coast in the area of the Ławica Środkowa sandbank. The project did not obtain support in the auction held in December 2025 for the right to cover the negative balance for electricity generated by the offshore wind farm and fed into the grid. Consequently, the project is subject to reconfiguration and is being considered for participation in the 2027 auction.

- **Baltica 2 project** (approx. 1.5 GW)

The Baltica 2 project, implemented jointly with Ørsted on a 50/50 formula, is currently in the construction phase. In January 2025, the final investment decision was taken and financing was secured under the Project Finance formula. Under the contract for the construction of the onshore power evacuation system, advanced assembly works of key equipment, i.e. GIS switchgears, harmonic filters and STATCOM transformers, are underway, and export cables are being laid towards the offshore connection. In the first quarter of 2026, sea-to-land directional drilling using modern HDD (Horizontal Directional Drilling) technology was completed. Clearing the seabed of boulders and routing in the export cable corridor are ongoing. The scour protection systems installation campaign, consisting in reinforcing the seabed to protect monopiles against scouring, was completed. The production of 77 monopiles carried out by EEW Special Pipe Constructions GmbH was completed. In January 2026, the transport of foundations to the installation port in Roenne began, and their installation started in May 2026. At the same time, prefabrication of 4 offshore substations (OSS), cables and turbines continued.

- **Baltica 3 project** (approx. 1 GW)

The Baltica 3 project is in the optimisation process. In the first quarter of 2026, work was carried out on drafting the Environmental Impact Report and obtaining a decision amending the Environmental Decision for the Baltica 3 project. In April 2026, an application was submitted to amend the Environmental Decision and the Permit for Erecting Artificial Islands (PszW), taking into account the technical assumptions resulting from the reconfiguration carried out in 2025. Tender procedures were also launched for conducting archaeological research for the area of the onshore transformer substation and the cable trench, as well as for the formal commencement of the construction of the onshore power evacuation and preparatory works.

- **Baltica 9+ project** (approx. 1.3 GW)

Project is in the preparation phase for implementation. In March 2026, the acquisition of 100% of the shares in RWE Offshore Wind Poland sp. z o.o., holding the FEW Bałtyk II project with a capacity of approx. 350 MW, was finalised. The project is supported by a contract for difference, obtained as part of the so-called Phase I of offshore development. Bałtyk II is located adjacent to Baltica 9, which will result in an offshore wind farm with a total capacity of approx. 1.3 GW. In the first quarter of 2026, the Permit for Laying and Maintenance of Cables (PLMC) was also obtained within the Territorial Sea and Exclusive Economic Zone. Work is underway on preparing a procedure for compiling the Environmental Impact Report and obtaining the Environmental Decision for the B9+ connection infrastructure.

- **Construction of the O&M (Operations and Maintenance) Port in Ustka**

The project is in the implementation phase. In the course of the works carried out in the first quarter of 2026, the reinforcement and concreting of the walls and ceiling of the office and warehouse building were completed. As part of hydrotechnical works, most of the reinforced concrete works along the quays of the OWF construction base and the operations and maintenance base were executed, and the demolition of the construction basin quay was carried out. The remaining works include the land development around the base building along with the construction of manoeuvring and storage yards, as well as the installation of internal systems and finishing works for the office and warehouse building.

Photovoltaic Installation Construction Programme of the PGE CG

To date, projects with a total capacity of approximately 292 MW have been commissioned under the Programme. Installations with a capacity of 318 MW are generating electricity, including projects after energisation but prior to final acceptance. In the first quarter of 2026, energy generation commenced at Tarchały Wielkie PV, Jedlanka Stara PV, Kwiatków PV and Piekarzew PV. At the same time, projects with a total capacity of approximately 115 MW continued to be implemented.

Comprehensive Modernisation Programme for the Porąbka-Żar PSPP

In December 2025, PGE Energia Odnawialna S.A. withdrew from the agreement with the General Contractor (a consortium of GE Hydro France S.A.S. and Mostostal Warszawa S.A.), inter alia due to delays in the execution of the investment, inability to complete it on time and improper performance of works. The project is undergoing reconfiguration.

The Battery Energy Storage Facility Construction Project (BESS) in Żarnowiec

The project is in the execution phase and involves the construction of an electricity storage facility with a capacity of 262 MW and a volume of approx. 981 MWh, along with a power evacuation system. The project secured a 17-year contract in the Capacity Market auction for 2029. Currently, works are continuing at the storage construction site and along the power evacuation route. The first deliveries of storage units are being executed. The completion of construction is scheduled for the first half of 2027.

The Electricity Storage Facility Construction Project in Gryfino

In the first quarter of 2026, work continued on the tender procedure aimed at selecting a general contractor for the investment involving the design and construction of the Gryfino Battery Energy Storage System. On April 17, 2026, an annex was signed with Polskie Sieci Elektroenergetyczne S.A., changing the deadline for energising the storage facility from December to June 2028. On April 23, 2026, an agreement was concluded with a consortium of two Polish companies: SPEC BAU POLSKA sp. z o.o. and EL PROFESSIONAL sp. z o.o., which will act as the general contractor for the investment. The completion of construction is planned for 2028.

Integration of energy storage facilities with RES (approx. 190 MW)

In the first quarter of 2026, works related to the preparation and execution of the tender procedure were carried out. On April 2, 2026, a procedure was announced for the supply of storage units and transformer substations for the electricity storage facilities: Lotnisko, Ścieki, Wojciechowo and Pelplin. The opening of bids is scheduled for May 2026. Completion of construction is scheduled for 2028.

Construction of the Młoty pumped-storage power plant (Młoty PSPP)

Works related to the Młoty PSPP project are underway at PGE Inwest 12 sp. z o.o. In December 2025, the environmental impact report for PSP Młoty and for the power evacuation line from PSP Młoty to the Ząbkowice Śląskie power substation was submitted. The environmental impact reports were submitted to the Regional Directorate for Environmental Protection (RDOŚ) in Wrocław. In the first quarter of 2026, the hydrogeological model was accepted, which constitutes a crucial material for updating the environmental impact report. The updated environmental impact report was submitted to the Regional Directorate for Environmental Protection in early March 2026.

KEY PROJECTS IN THE RENEWABLES SEGMENT

Project objective	Budget[1]	Capital expenditure total [1]	Capital expenditure In Q1 of 2026 [1]	Net efficiency	Contractor	Investment completion date
Construction of Baltica 2 OWF [PGE share 50%]	~PLN 15.0 billion	PLN 4.88 billion	PLN 0.68 billion	42%	Multi-contracting	December 2027
Construction of BESS Żarnowiec	~PLN 1.3 billion	PLN 0.05 billion	PLN 0.01 billion	85%	LG Energy Solution Wrocław sp. z o.o.	Q2 2027

[1] *Capital expenditure does not include financing costs.*

3.3.3. Business segment – Gas-fired Generation

The segment's activity is the generation of electricity from gas sources.

Gas-fired Generation

Main revenue items	PLN million
Sales of electricity[1]	731
Capacity Market	64
Gas resale[2]	58
Ancillary services	32

Electricity generation	**1.42 TWh**

Main expense items	PLN million
Costs of natural gas consumption	458
CO_2 emission costs	171
Depreciation, disposal, impairment write-downs	64
Third-party services	58
Personnel costs	10

Main profit/loss items	PLN million
EBIT	115
EBITDA	179

[1] Managerial perspective (sales less electricity purchase).
[2] Managerial perspective (sales less gas purchase).

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 electricity price determined by supply and demand balancing mechanisms, taking into account variable generation costs. At the same time, the most significant expense items in the segment, due to their size and volatility, and thus their 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 electricity shortages in the National Power System. Power plants receive remuneration for fulfilling the capacity obligation (the Capacity Market unit remaining ready to deliver electrical capacity to the system and committing to deliver a specific capacity to the system during a period of threat). An additional item in the segment's revenue is **revenue from the provision of ancillary services**. The segment also generates an additional **result on gas trading**.

ASSETS

The Gas-fired Generation segment comprises:

- 2 units belonging to PGE Gryfino Dolna Odra sp. z o.o., each with an installed capacity of 683 MW, operating on low-emission gas fuel,
- 1 unit with a capacity of 882 MW under construction at PGE Nowy Rybnik sp. z o.o.

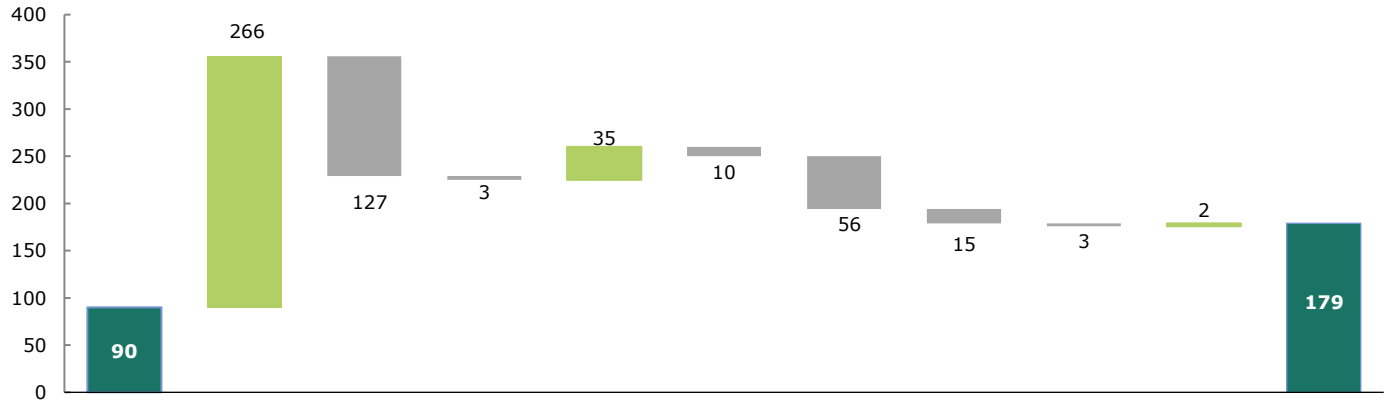
Unit 9 in Gryfino was commissioned on August 14, 2024, while unit 10 on October 18, 2024.

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

Table: Energy generation (TWh).

Main fuel types	Q1 2026	Q1 2025	Change	Change %
Gas	1.42	0.98	0.44	45%
Total	**1.42**	**0.98**	**0.44**	**45%**

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



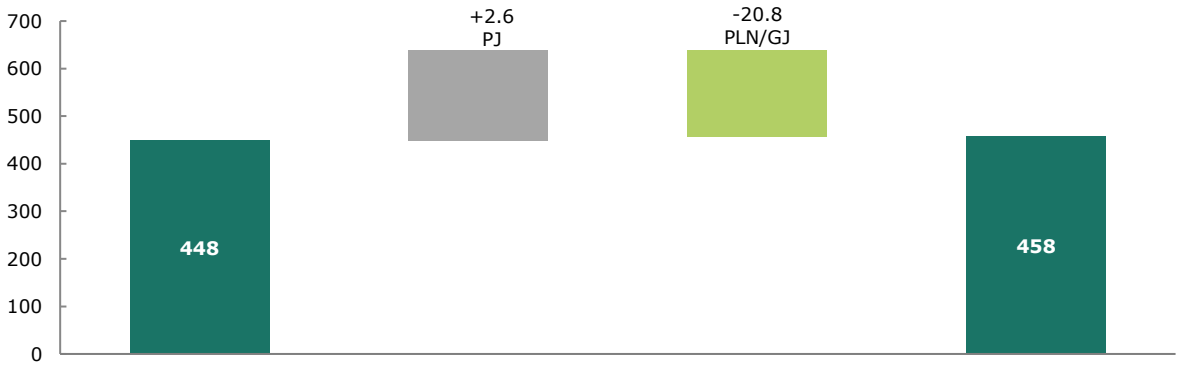
	EBITDA Q1 2025	Electricity generation – volume[1]	Electricity generation – price[1]	Capacity Market and ancillary services revenue	Trade in natural gas[2]	Costs of natural gas	CO_2 emission costs	ZHZW costs	Personnel costs	Other[2]	EBITDA Q1 2026
Variance		**266**	**-127**	**-3**	**35**	**-10**	**-56**	**-15**	**-3**	**2**	
EBITDA Q1 2025	**90**	592		100	23	448	115	27	7	28	
EBITDA Q1 2026		731		97	58	458	171	42	10	26	**179**

[1] *Managerial perspective (sales less electricity purchase).*
[2] *Managerial perspective (sales less gas purchase).*

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

- **An increase in net electricity sales revenue** due to: a higher sales volume by 0.4 TWh, which contributed to a revenue increase of approx. PLN 266 million, accompanied by a lower average electricity selling price by PLN 90.0/MWh y/y, which translated into a revenue decrease of approx. PLN 127 million.
- **Lower Capacity Market revenue**, due to a lower share of the Gryfino Dolna Odra Power Plant in the total available capacity of the Group. At the same time, **higher revenue from ancillary services** for balancing services, due to higher prices.
- **A higher result achieved on gas trading**, as a consequence of favourable market conditions.
- **Higher costs of natural gas consumption** due to higher consumption of this fuel by 2.6 PJ driven by higher electricity generation by 0.4 TWh, which led to a cost increase of PLN 191 million, accompanied by a lower price by PLN 20.8/GJ, which reduced costs by PLN 181 million.
- **Higher CO_2 costs** due to higher emissions by 0.1 million tonnes of CO_2 as a result of higher electricity generation and a higher average unit CO_2 cost by PLN 18.17/t. The main variances are presented in the chart below.
- **Higher ZHZW costs** due to a higher volume of managed electricity.
- **Higher personnel costs** in connection with an increase in employment resulting from the supplementing of competences in the companies PGE Nowy Rybnik sp. z o.o. and PGE Gryfino Dolna Odra sp. z o.o.

Chart: Costs of consumption of production fuels in the Gas-fired Generation segment (PLN million).

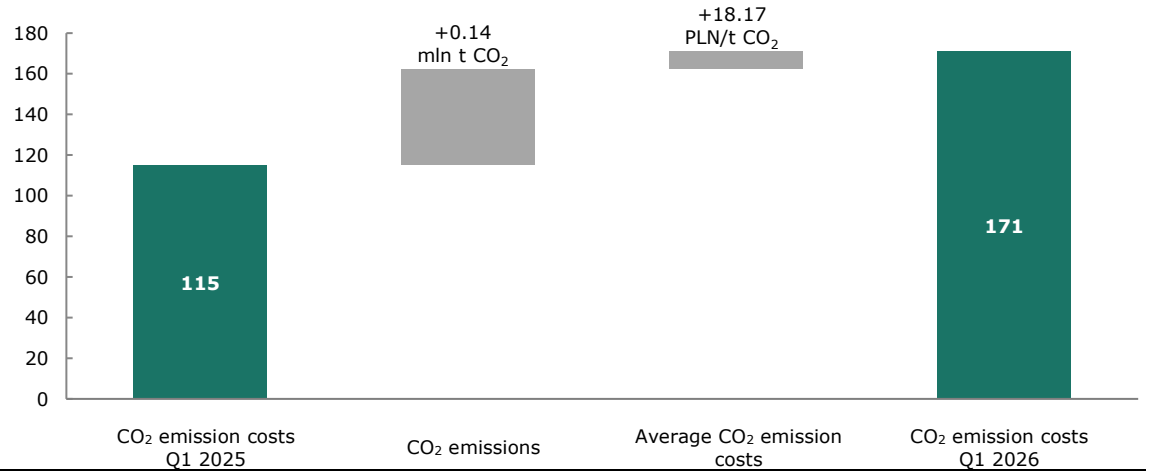


		191	**-181**	
Fuel costs Q1 2025	**448**			
Fuel costs Q1 2026				**458**

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

Fuel type	**Q1 2026**		**Q1 2025**		**Change %**	
	Volume (thousand m³)	**Cost (PLN million)**	**Volume (thousand m³)**	**Cost (PLN million)**	**Volume (thousand. m³)**	**Cost (PLN million)**
Gas	232,478	458	160,993	448	44%	2%
Total	**232,478**	**458**	**160,993**	**448**	**44%**	**2%**

Chart: Chart CO_2 emission costs in the Gas-fired Generation segment (PLN million).



Variance		**47**	**9**	
CO_2 emission costs Q1 2025	**115**			
CO_2 emission costs Q1 2026				**171**

Table: Data on CO_2 in the Gas-fired Generation segment.

Data on CO_2	**Q1 2026**	**Q1 2025**	**Change**	**Change %**
CO_2 emissions (tonnes)	487,329	345,640	141,689	41%
Average CO_2 cost (PLN/t)	350.89	332.72	18.17	5%

CAPITAL EXPENDITURE

Table: Capital expenditure – Gas-fired Generation segment (PLN million).

	Q1 2026	**Q1 2025**	**Change**	**Change %**
Investment in generation capacity, including:	66	262	-196	-75%
▪ Development projects	65	261	-196	-75%
▪ Modernisation and replacement	1	1	0	-
Total	**66**	**262**	**-196**	**-75%**

KEY EVENTS IN THE GAS-FIRED GENERATION SEGMENT

The project for the **construction of a gas and steam unit with a gross capacity of 882 MW in Rybnik** (PGE Nowy Rybnik Sp. z o.o.) is at an advanced stage of construction. In the first quarter of 2026, the generator casing enclosure for the steam turbine was placed, works related to the assembly of the gas reduction and measurement station were completed, as well as works on the construction of the 110 kV line and the receipt of voltage from the 110 kV switchgear at the 'Wielopole' Power Substation.

Gas Capacity Construction Programme

- The **Gas-Fired Power Plant OCGT Rybnik Construction** project (approx. 600 MW) is in the implementation phase. In March 2026, an agreement was signed with a consortium comprising: Polimex Mostostal S.A. (consortium leader), Siemens Energy sp. z o.o. (consortium member), Siemens Energy Global GmbH & Co. KG (consortium member). In March 2026, an application was also submitted for the Environmental Decision, along with the environmental impact report for the project. Preliminary market consultations (WKR) with potential contractors for the power evacuation are underway.
- The **Gas-Fired Power Plant OCGT Gryfino Construction** project (approx. 600 MW) is in the implementation phase. In March 2026, an agreement was signed with a consortium comprising: Polimex Mostostal S.A. (consortium leader), Siemens Energy sp. z o.o. (consortium member), Siemens Energy Global GmbH & Co. KG (consortium member). In March 2026, an application was submitted for the Environmental Decision, along with the environmental impact report for the project.

KEY PROJECT IN THE GAS-FIRED GENERATION SEGMENT

Project objective	Budget[1]	Total expenditure[2]	Expenditure in Q1 2026	Fuel/efficiency net.	Contractor	Investment completion date
Construction of a combined cycle gas turbine unit at PGE Nowy Rybnik sp. z o.o.	PLN 3.7 billion[1]	PLN 2.8 billion	PLN 0.01 billion	Natural gas / 63.9%	A Consortium of companies composed of Polimex Mostostal S.A. (consortium leader), Siemens Energy sp. z o.o., and Siemens Energy Global GmbH & Co. KG.	March 2027

[1] *Following a decision by the Investment Committee of PGE S.A., the project budget has been reduced (the project contingency fund has been cut).*
[2] *Capital expenditure does not include financing costs and expenditures in the form of advances paid to the General Contractor (GRI) and other contractors.*

3.3.4. Business segment – Coal Energy

The segment's activity is lignite mining and the generation of electricity from coal sources.

Coal Energy

Main revenue items	PLN million
Sales of electricity[1]	5,734
Capacity Market	703
Revenue from ancillary services	182
Heat sales	70
of which heat distribution	2

Electricity generation	**11.04 TWh**
Heat generation	**1.21 PJ**

Main expense items	PLN million
CO_2 emission costs	3,996
Personnel costs[2]	880
Costs of consumption of production fuels	602
Third-party services	388
Depreciation, disposal, impairment write-downs	112

Main profit/loss items	PLN million
Recurring EBIT	222
Reported EBIT	137
Recurring EBITDA	281
Reported EBITDA	249

[1] Managerial perspective (sales less electricity purchase).
[2] After adjusting for one-off events.

The primary source of revenue for the Coal Energy segment is **revenue from the sale of electricity** on the wholesale market, based on the electricity price determined by supply and demand balancing mechanisms, taking into account variable generation costs. At the same time, the most significant expense items in the segment, due to their size and volatility, and thus their impact on the operating result, are the **costs of CO_2 emission charges** and the **costs of consumption of production fuels**, primarily hard coal. The lignite generation, which is key to the Group, is based on its own mining, hence its cost, which is relatively stable, is mainly reflected in fixed-nature expense items, i.e. personnel costs, third-party services and depreciation.

Since 2021, a significant item in the segment's revenue has been **revenue from the Capacity Market**, a mechanism introduced to prevent electricity shortages in the National Power System. The power plants of PGE GiEK S.A. receive remuneration for fulfilling the capacity obligation (the Capacity Market unit remaining ready to deliver electrical capacity to the system and committing to deliver a specific capacity to the system during a period of threat). Capacity Market revenue compensated for the revenue from the provision of ancillary services. The intervention cold reserve (IRZ) and operational capacity reserve (ORM) services were withdrawn, while mainly revenue from capacity reallocation remained. The next stage of the Balancing Market reform was implemented in mid-June 2024. As a result of this reform, power plants have the ability to offer balancing energy and balancing capacities. The new catalogue of balancing services includes: frequency containment reserve, frequency restoration reserve, and replacement reserve.

Additionally, the segment generates **revenue from the sale of heat** produced at systemic power plants.

ASSETS

The Coal Energy segment comprises: 2 lignite mines and 5 conventional power plants.

The Coal Energy segment is the leader in the lignite mining industry (its share in the mining market for this resource accounts for 95%[1] of domestic extraction) and is also the largest electricity producer – generating approx. 26%[2] of domestic gross electricity production. Generation is based on lignite extracted from its own mines and hard coal.

[1] Own calculations based on Central Statistical Office (GUS) data.
[2] Own calculations based on PSE S.A. data.

Chart: Main assets of the Coal Energy segment and their installed capacity.

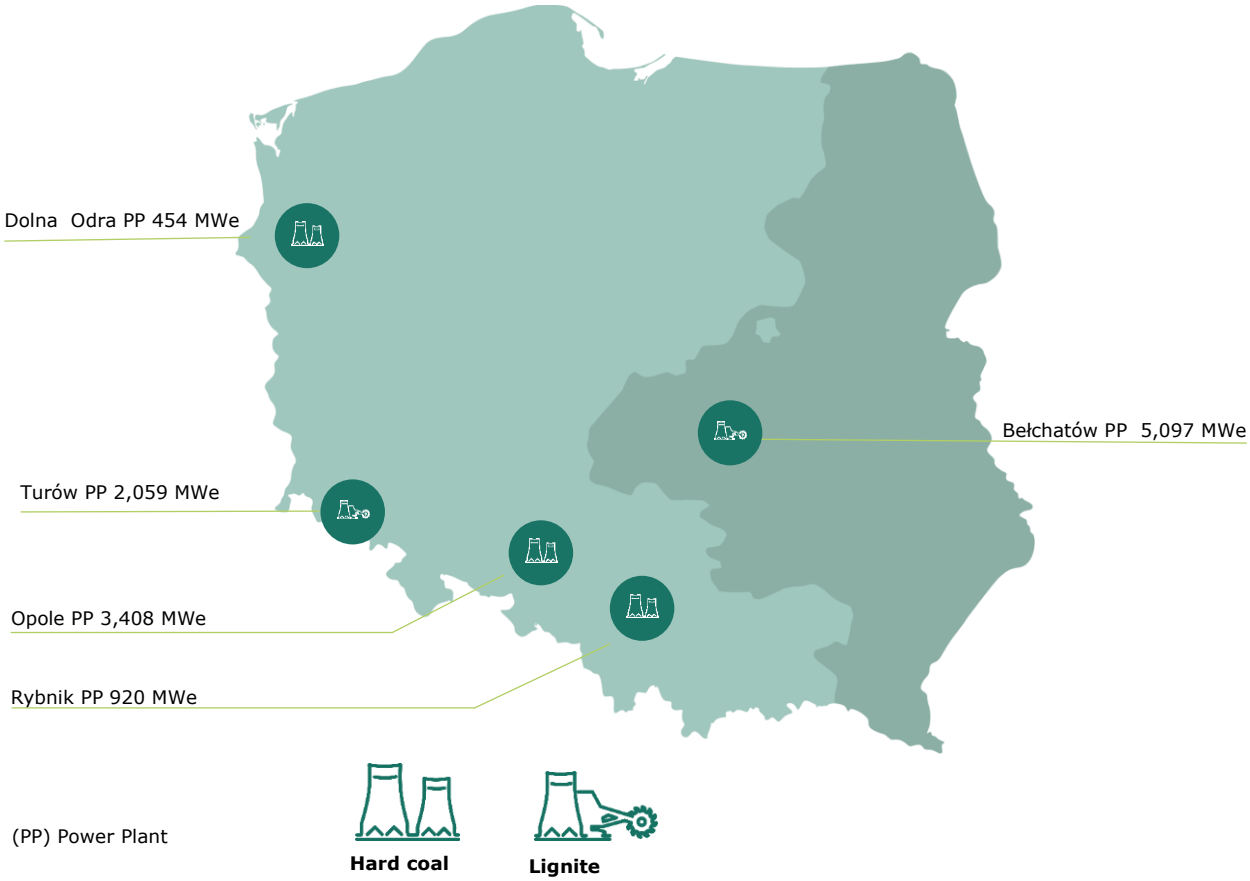


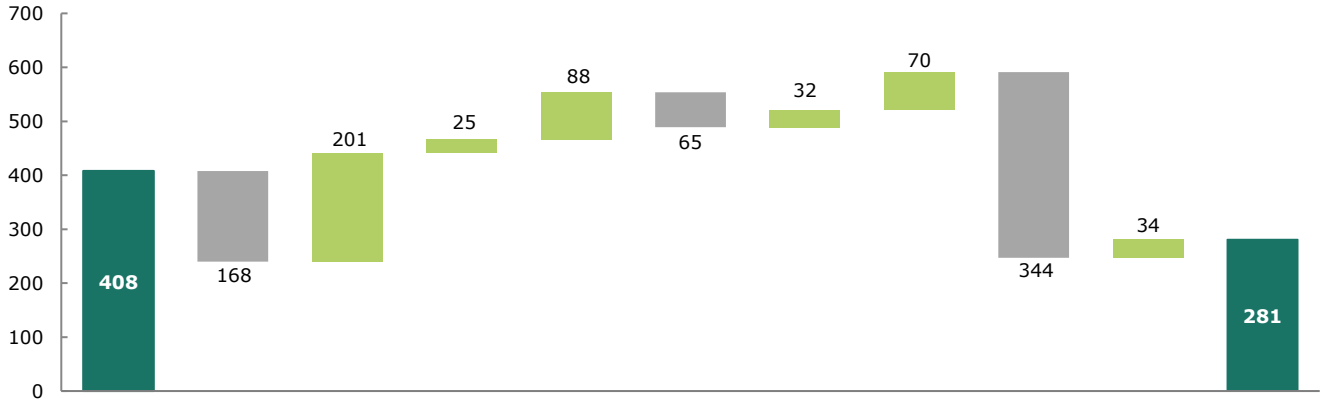
Table: Energy generation (TWh).

Main fuel types	Q1 2026	Q1 2025	Change	Change %
Hard coal	3.34	2.86	0.48	17%
Lignite	7.70	8.51	-0.81	-10%
Biomass	0.00	0.01	-0.01	-100%
Total	**11.04**	**11.38**	**-0.34**	**-3%**

Table: Heat generation (PJ)

Main fuel types	Q1 2026	Q1 2025	Change	Change %
Hard coal	0.25	0.25	0.00	0%
Lignite	0.96	0.89	0.07	8%
Total	**1.21**	**1.14**	**0.07**	**6%**

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



	EBITDA Q1 2025[1]	Electricity generation amount[2]	Electricity generation price[2]	Ancillary services and Capacity Market revenue[3]	Fuel costs	CO_2 emission costs	CMGC costs	Personnel costs[4]	Changes in provisions for onerous contracts	Other[5]	EBITDA Q1 2026
Variance		**-168**	**201**	**25**	**88**	**-65**	**32**	**70**	**-344**	**34**	
Reported EBITDA Q1 2025	**408**										
One-off events Q1 2025	**0**										
Recurring EBITDA Q1 2025	**408**	5,701		860	690	3,931	224	950	122	480	
Recurring EBITDA Q1 2026		5,734		885	602	3,996	192	880	-222	446	**281**
One-off events Q1 2026											**-32**
Reported EBITDA Q1 2026											**249**

[1] *Data for the first quarter of 2025 have been made comparable.*
[2] *Managerial perspective (sales less electricity purchase).*
[3] *Including revenues from balancing services.*
[4] *Personnel costs excluding the impact of the costs of the Voluntary Leave Program (one-off events).*
[5] *The 'Other' item excluding the impact of the write-down of strategic inventories (one-off events).*

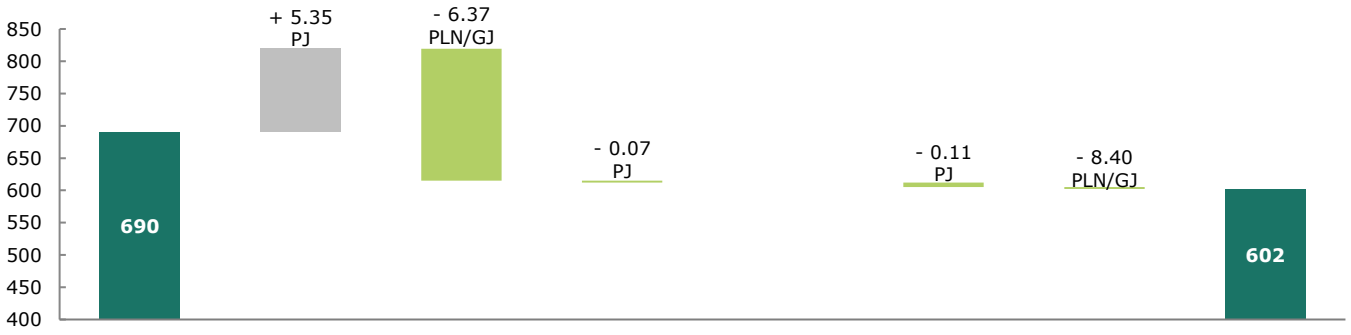
Table: Data on one-off events in the Coal Energy segment (PLN million).

One-off events	Q1 2026	Q1 2025	Change	Change %
Voluntary Leave Program	-28	0	-28	-
Write-down of strategic inventories	-4	0	-4	-
Total	**-32**	**0**	**-32**	**-**

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

- **An increase in revenue from the sale of electricity**, resulting from: a higher average electricity selling price by PLN 19/MWh y/y, which translated into a revenue increase of approx. PLN 201 million; a lower sales volume by 0.3 TWh, which reduced revenue by approx. PLN 168 million.
- **A higher result achieved from the Capacity Market** mainly due to a higher share of the segment's power plants in the total available capacity of the Group and a higher average price of the capacity obligation. The above effect was reduced by **lower revenue from ancillary services** due to increased market competition.
- **Lower fuel consumption costs**, primarily of hard coal, as a result of a lower price by PLN 6.4/GJ with a higher consumption of this fuel by 5.4 PJ. The main variances for individual types of fuels are presented in the chart below.
- **Higher CO_2 costs** caused by a higher average CO_2 cost of PLN 12.4/tonne coupled with lower CO_2 emissions by 0.3 million tonnes resulting from lower electricity generation from lignite. The main variances are presented in the chart below.
- **Lower CMGC (Commercial Management of Generation Capacities) costs** mainly in connection with a lower electricity trading volume.
- **Lower personnel costs** mainly in connection with a decrease in the average employment level.
- **A negative change in provisions for onerous contracts** due to increase of contracted volume in 2026.

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

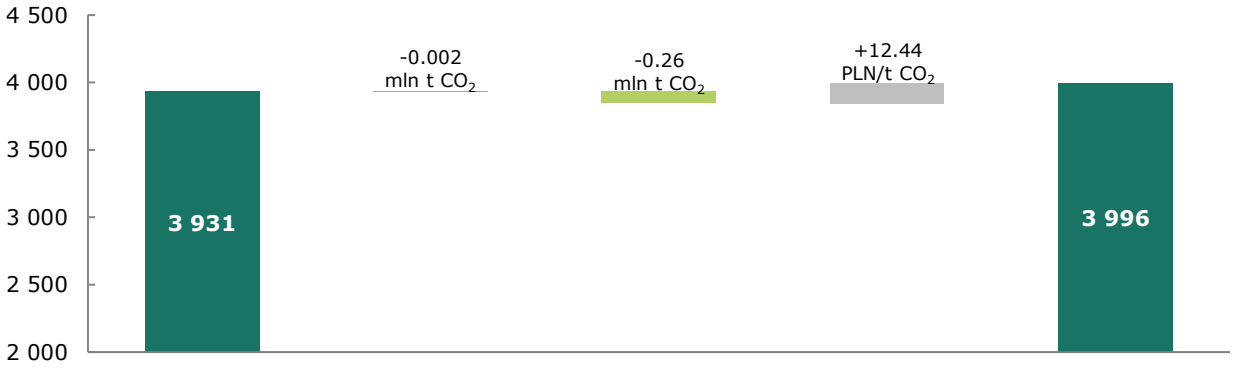


	Fuel costs Q1 2025	Hard coal volume	Hard coal price	Biomass volume	Biomass price	Light and heavy fuel oil volume	Light and heavy fuel oil price	Fuel costs Q1 2026
		129	**-204**	**-3**	**0**	**-7**	**-3**	
Fuel costs Q1 2025	**690**	647		3		40		
Fuel costs Q1 2026		572		0		30		**602**

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

Fuel type	Q1 2026		Q1 2025		Change %	
	Volume (thousand tonnes)	Cost (PLN million)	Volume (thousand tonnes)	Cost (PLN million)	Volume (thousand tonnes)	Cost (PLN million)
Hard coal	1,443	572	1,223	647	18%	-12%
Biomass	0	0	4	3	-100%	-100%
Light and heavy fuel oil	13	30	15	40	-13%	-25%
Total		**602**		**690**		**-13%**

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



	CO_2 emission costs Q1 2025	Free allocation of CO_2 emission allowances	CO_2 emissions	Average CO_2 emission costs	CO_2 emission costs Q1 2026
Variance		**1**	**-84**	**148**	
CO_2 emission costs Q1 2025	**3,931**				
CO_2 emission costs Q1 2026					**3,996**

Table: Data on CO_2 in the Coal Energy segment.

Data on CO_2	Q1 2026	Q1 2025	Change	Change %
Free allocation of CO_2 emission allowances (tonnes)	8,383	10,464	-2,081	-20%
CO_2 emissions (tonnes)	11,920,312	12,179,802	-259,490	-2%
Average CO_2 cost (PLN/t)	335.46	323.02	12.44	4%

CAPITAL EXPENDITURE

Table: Capital expenditure – Coal Energy segment (PLN million).

	Q1 2026	Q1 2025	Change	Change %
Investment in generation capacity, including:	39	133	-94	-71%
▪ Development projects	0	3	-3	-100%
▪ Modernisation and replacement	39	130	-91	-70%
Other	1	4	-3	-75%
Total	**40**	**137**	**-97**	**-71%**

KEY EVENTS IN THE COAL ENERGY SEGMENT

- Regarding the task of **constructing unit No. 7 at the Turów Power Plant**, the Contractor was charged with the costs of entrusting the partial removal of defects to a third party, and debit notes for the amount of PLN 5 million were issued and delivered. The Contractor rejected the notes. Work on concluding a settlement with the Contractor of unit No. 7 is ongoing.

3.3.5. Business segment – District Heating

The segment's activities comprise combined heat and power (CHP) generation and heat transmission and distribution.

District Heating

Main revenue items	PLN million
Heat sales[1] of which the sale of contracted capacity and heat distribution	2,254
Sales of electricity[2]	1,539
Capacity Market	117
Revenue from high-efficiency cogeneration support	51

Heat generation	**22.81 PJ**
Electricity generation	**3.25 TWh**

Main expense items	PLN million
Costs of consumption of production fuels	1,402
CO_2 emission costs	1,055
Depreciation, disposal, impairment write-downs	232
Third-party services	207
Personnel costs	173

Main profit/loss items	PLN million
Recurring EBIT	898
Reported EBIT	890
Recurring EBITDA	1,122
Reported EBITDA	1,122

[1] Managerial perspective (sales less heat purchase and costs of redeeming property rights).
[2] Managerial perspective (sales less electricity purchase).

Just as with the Coal Energy segment, an important source of revenue for this segment is **revenue from the sale of electricity**; however, this is usually directly linked to heat production, which depends on demand and is characterised by high seasonality and dependence on outdoor temperatures. For this reason, unlike the systemic power plants in the Coal Energy segment, CHP plants generally do not play an active role in the process of shaping electricity prices on the wholesale market.

Revenue from the sale and distribution of heat is regulated in nature. Energy enterprises determine their own tariffs and submit them to the President of the ERO for approval. Heat production in the PGE Group takes place at cogeneration units whose heat tariffs are calculated using a simplified method (as opposed to tariff-setting based on a full cost structure) relying on the so-called reference prices, primarily determined by the average heat selling prices from specific-fuel non-cogeneration units. These are published annually by the President of the ERO. The heat generation tariff for cogeneration units for a given tariff year thus reflects the change in the level of costs incurred by heating (non-cogeneration) units in the previous calendar year. In the case of heat distribution tariffs, a cost-based method is used, allowing to cover justified costs (mainly heat loss costs and property tax) and the return on invested capital, in accordance with the guidelines of the President of the ERO. Heat distribution tariffs are applied by branches in Gorzów and Zgierz, as well as by Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A., PGE Toruń S.A. and PGE Zielona Góra S.A.

The production of heat and electricity is directly linked to the segment's key variable costs – the **cost of consumption of production fuels** (primarily hard coal and natural gas) and the **cost of CO_2 emission charges**.

Generating electricity in high-efficiency cogeneration is additionally remunerated. CHP plants receive support at a level that covers the increased operational costs of production. A support mechanism is also in place for biomass-fired generation sources. This type of generation is additionally remunerated through the allocation of origin certificates in the form of so-called green certificates, the sale of which generates additional revenue. Within the segment, such revenue is generated by the Szczecin CHP plant.

A significant item in the segment's revenue is **revenue from the Capacity Market**, a mechanism introduced to prevent electricity shortages in the National Power System. CHP plants receive remuneration for fulfilling the capacity obligation (the Capacity Market unit remaining ready to deliver electrical capacity to the system and committing to deliver a specific capacity to the system during a period of threat).

The segment's results are significantly affected by weather conditions. Temperatures directly shape the level of demand for heat. At the same time, the level of heat production determines the level of electricity generation in cogeneration, which represents an additional, significant source of revenue, decisively impacting the profitability of CHP plants.

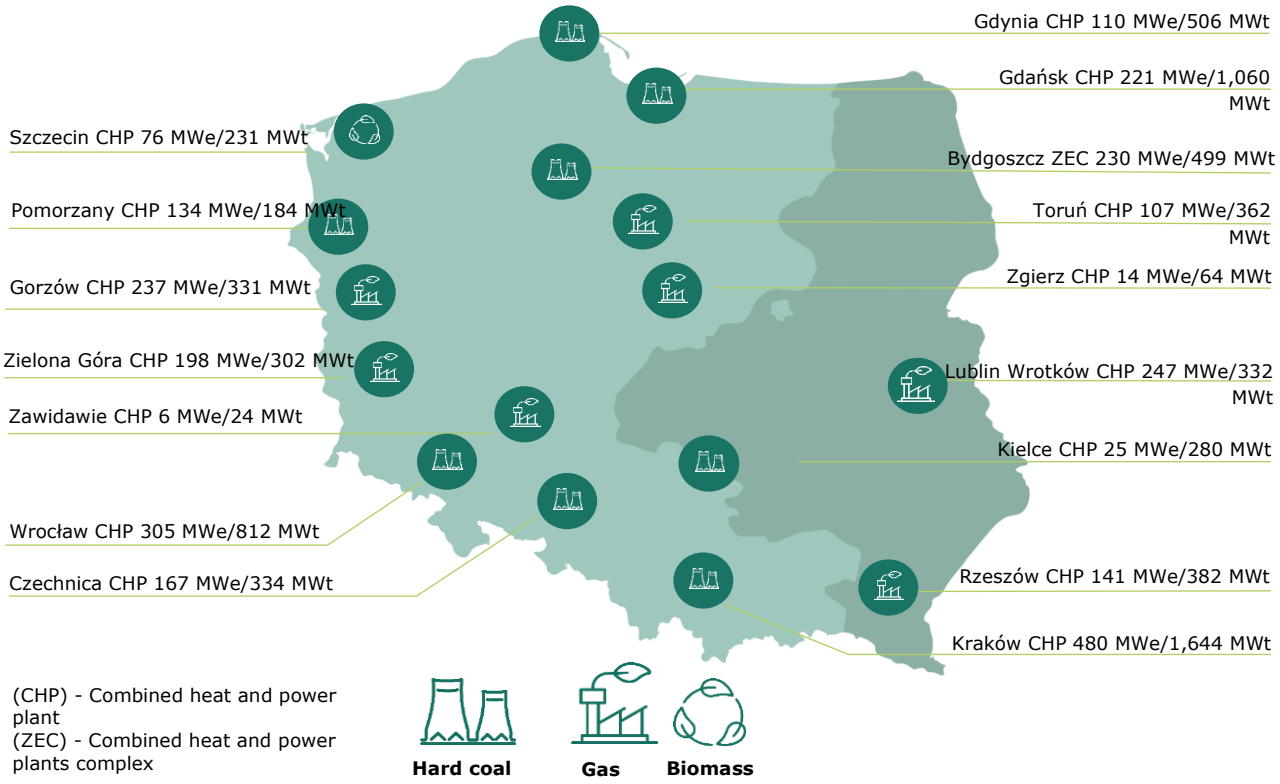
ASSETS

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

The segment currently consists of 16 CHP plants.

The District Heating segment is the largest heat producer in the country. Production is based mainly on hard coal and natural gas.

Chart: Main assets of the District Heating segment and their installed capacity[1].



[1] *From 2026, an update of the methodology for determining installed capacities.*

Table: Energy generation (TWh).

Main fuel types	Q1 2026	Q1 2025	Change	Change %
Hard coal	1.30	1.36	-0.06	-4%
Natural gas	1.85	1.52	0.33	22%
Biomass	0.08	0.08	0.00	0%
Other	0.02	0.01	0.01	100%
Total	**3.25**	**2.97**	**0.28**	**9%**

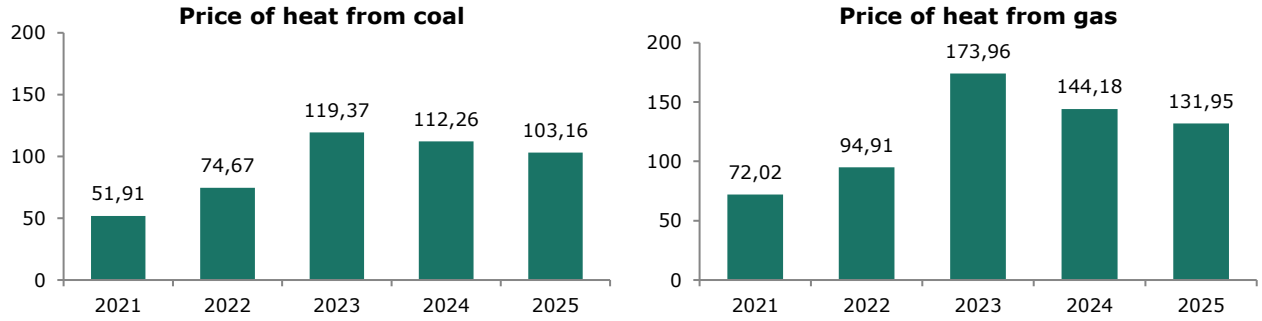
Table: Heat generation (PJ)

Main fuel types	Q1 2026	Q1 2025	Change	Change %
Hard coal	15.65	14.47	1.18	8%
Natural gas	5.81	4.58	1.23	27%
Biomass	0.68	0.81	-0.13	-16%
Other	0.67	0.33	0.34	103%
Total	**22.81**	**20.19**	**2.62**	**13%**

TARIFFS IN THE DISTRICT HEATING SEGMENT

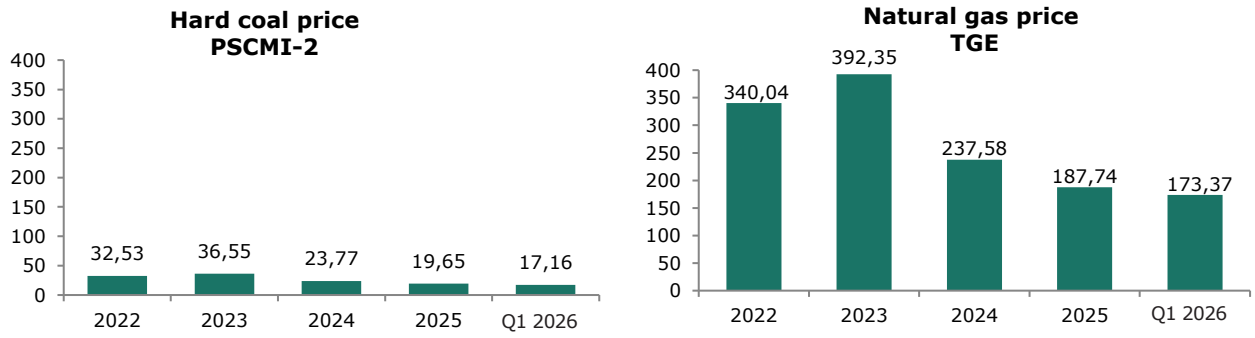
Revenue from heat sales for CHP plants is tariff-based under the so-called simplified method, and is therefore characterised by a relative delay in the pass-through of costs (annual or biennial). This is because they are based on the y/y dynamics of average costs (taking into account the fuels used) incurred by non-cogeneration units for the year preceding the moment of setting the tariff.

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



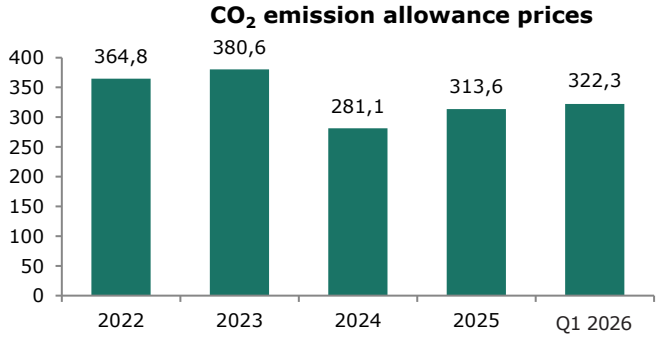
Source: ERO.

Charts: Changes in fuel costs – hard coal (PLN/GJ) – PSCMI-2[3] and gas (PLN/MWh) - TGE.



Source: Source: ARP, TGE.

Chart: Change in the cost of CO_2[4] emission allowances (PLN/t).



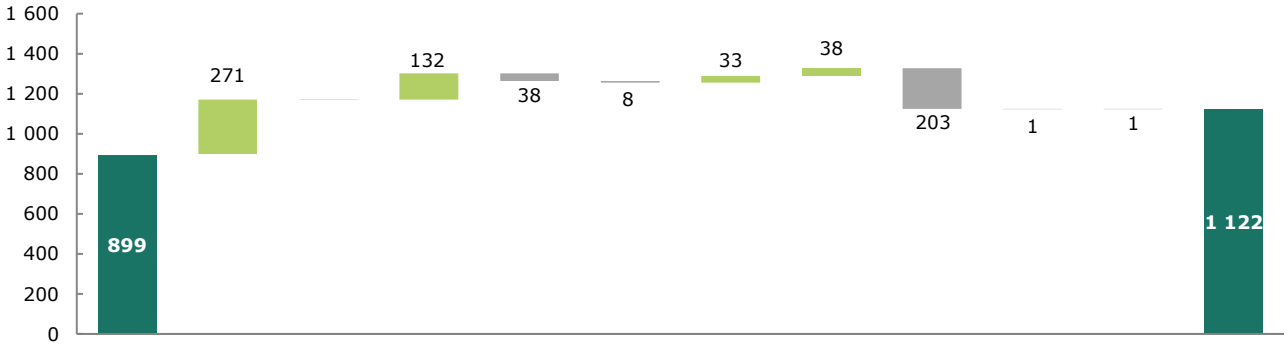
Source: ICE.

The reference price of heat from coal fell by 8% in 2025, reflecting the previous drop in costs. This value constitutes the basis for calculating tariffs for cogeneration units in 2026. Meanwhile, in 2026 itself, an average market drop in coal prices of 13% was recorded, accompanied by a 3% increase in the average price of CO_2 emission allowances compared to 2025.

Tariffs for gas-based heat generation in 2025 are set based on the change in the reference price, with lower gas prices observed in 2026 than in previous periods. Gas prices in futures contracts on TGE stood at approx. PLN 173/MWh (i.e. an 8% drop).

[3] *PSCMI-2 Polish Steam Coal Market Index 2 - the averaged price level of thermal coal fines sold on the domestic heat market.*
[4] *Arithmetic average of daily and monthly quotations in a given period (spot price).*

Chart: Key EBITDA variances in the District Heating segment (PLN million) - managerial perspective.



	EBITDA Q1 2025	Heat generation - volume	Heat generation - price[1]	Electricity generation - volume	Electricity generation - price[2]	Capacity Market	Revenue from high-efficiency cogeneration support	Fuel costs	CO_2 emission costs	Personnel costs	Other[3]	EBITDA Q1 2026
Variance		**271**	**0**	**132**	**-38**	**-8**	**33**	**38**	**-203**	**-1**	**-1**	
Reported EBITDA Q1 2025	**903**											
One-off events Q1 2025	**4**											
Recurring EBITDA Q1 2025	**899**	1,983		1,445		125	18	1,440	852	172	208	
Recurring EBITDA Q1 2026		2,254		1,539		117	51	1,402	1,055	173	209	**1,122**
One-off events Q1 2026												**0**
Reported EBITDA Q1 2026												**1,122**

[1] Managerial perspective (sales less heat purchase and costs of redeeming property rights).
[2] Managerial perspective (sales less electricity purchase).
[3] The 'Other' item excluding the impact of LTC compensation (one-off events).

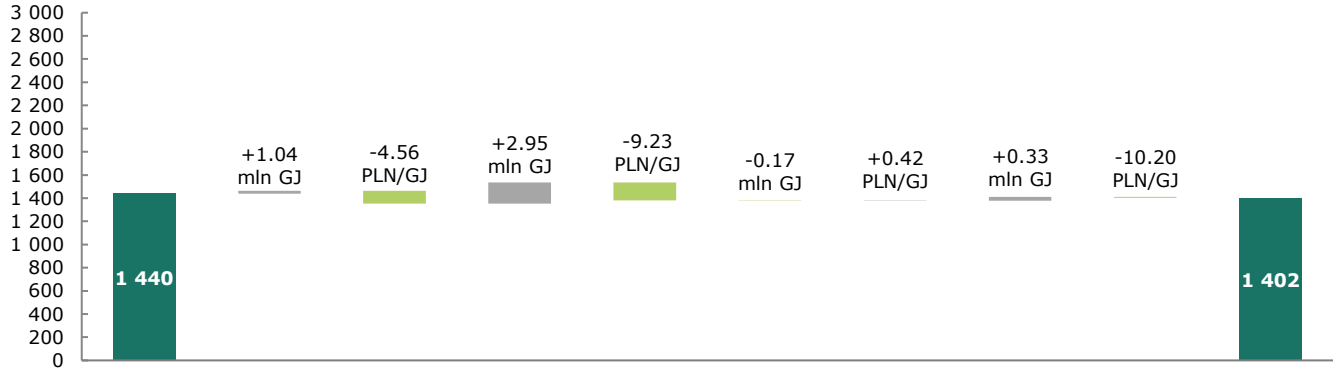
Table: Data on one-off events in the District Heating segment (PLN million).

One-off events	Q1 2026	Q1 2025	Change	Change %
LTC Compensations	0	4	-4	-100%
Total	**0**	**4**	**-4**	**-100%**

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

- The **higher volume of net heat production** is a result of lower outdoor temperatures compared to the corresponding period of 2025. Average temperatures in 2026 were lower by approx. 2.2°C y/y, which translated into heat generation being higher by 2.62 PJ.
- The **increase in revenue from the sale of electricity** results from: a higher sales volume by 0.3 TWh, which increased revenue by approx. PLN 132 million; a lower average electricity selling price by PLN 12/MWh y/y, which translated into a revenue drop of approx. PLN 38 million.
- **Lower Capacity Market revenue** caused by a smaller share in the total available capacity of the PGE CG.
- **Higher revenues from support for high-efficiency cogeneration** due to the commencement of operation in 2025 of the Czechnica CHP plant and gas engines at the Bydgoszcz CHP plant.
- **Lower fuel consumption costs**, which are mainly due to the lower price of hard coal consumed. Details are presented in the chart below.
- **Higher CO_2 costs** as a result of a higher volume of CO_2 emissions. Details are presented in the chart below.
- A **higher level of personnel costs** in connection with the implementation of wage agreements.

Chart: Costs of consumption of production fuels in the District Heating segment (PLN million).

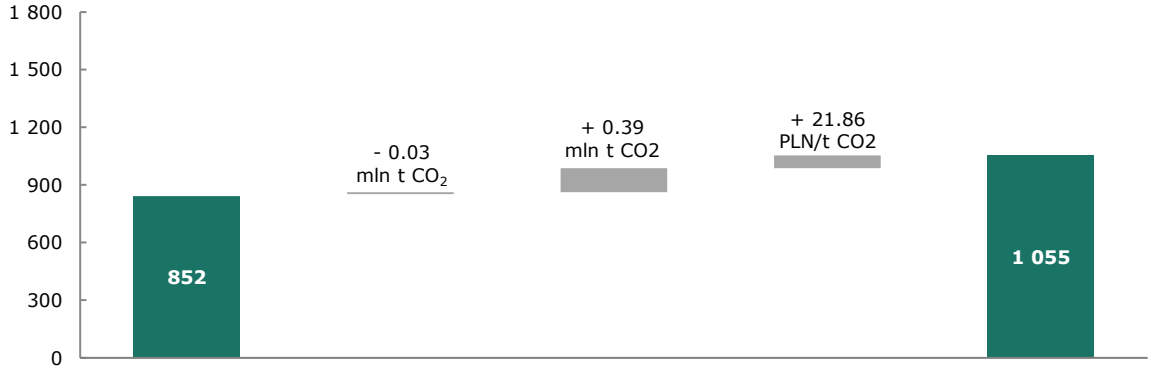


	Costs Q1 2025	Hard coal volume	Hard coal price	Gas volume	Gas price	Biomass volume	Biomass price	Fuel oil and other raw materials volume	Fuel oil and other raw materials price	Costs Q1 2026
Variance		**23**	**-111**	**183**	**-153**	**-5**	**1**	**31**	**-7**	
Fuel costs Q1 2025	**1,440**	513		848		48		31		
Fuel costs Q1 2026		425		878		44		55		**1,402**

Table: Data on the consumption of production fuels in the District Heating segment.

Fuel type	Q1 2026		Q1 2025		Change %	
	Volume (thousand tonnes)	Cost (PLN million)	Volume (thousand tonnes)	Cost (PLN million)	Volume (thousand tonnes)	Cost (PLN million)
Hard coal	1,116	425	1,055	513	6%	-17%
Gas (thousand m^3)	510,471	878	425,473	848	20%	4%
Biomass	180	44	189	48	-5%	-8%
Fuel oil and other raw materials	-	55	-	31	-	77%
Total		**1,402**		**1,440**		**-3%**

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



	CO_2 emission costs Q1 2025	Free allocation of CO_2 emission allowances	CO_2 emissions	Average CO_2 emission costs	CO_2 emission costs Q1 2026
Variance		**10**	**126**	**67**	
CO_2 emission costs Q1 2025	**852**				
CO_2 emission costs Q1 2026					**1,055**

Table: Data on CO_2 in the District Heating segment.

Data on CO_2	Q1 2026	Q1 2025	Change	Change %
Free allocation of CO_2 emission allowances (tonnes)	188,546	220,600	-32,054	-15%
CO_2 emissions (tonnes)	3,242,979	2,854,702	388,277	14%
Average CO_2 cost (PLN/t)	345.36	323.50	21.86	7%

CAPITAL EXPENDITURE

Table: Capital expenditure in the District Heating segment (in PLN million).

	Q1 2026	Q1 2025	Change	Change %
Investment in generation capacity, including:	158	154	4	3%
▪ Development projects	88	122	-34	-28%
▪ Modernisation and replacement	70	32	38	119%
Other	0	1	-1	-
Total	**158**	**155**	**3**	**2%**

KEY EVENTS IN THE DISTRICT HEATING SEGMENT

- **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. Construction works on the boiler house hall and the electrical building are nearing completion. Works are underway within the gas and electrical infrastructure. Boilers were delivered and installed in February 2026. In March 2026, the connection to the gas pipeline from which fuel will be supplied to the installation was completed, and the chimney was installed. Preparations for commissioning are currently underway. The heating plant will commence operational activity in the third quarter of 2026.
- In the **Rzeszów CHP plant**, the second line of the Thermal Processing Plant with Energy Recovery (ITPOE) with a capacity of 80 thousand tonnes of waste per year was commissioned in April 2026.
- 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. To date, installations with a total capacity of 1.3 MW have been commissioned under the Programme. The following projects are in the execution phase: Rzeszów II PV, Bydgoszcz PV, Zielona Góra I PV and Gorzów Wielkopolski PV with a total capacity of approx. 10 MW. In the first quarter of 2026, the Rzeszów II PV with a capacity of 2.7 MW commenced electricity generation.
- **Investment Programme for the Gdynia CHP plant** - the scope of the investment involves the construction of new generation sources - gas engines with a capacity of up to 50 MWe and two biomass boilers with a total capacity of 30 MWt. For the gas engines scope, commissioning works were carried out in the first quarter of 2026. In March 2026, all five constructed units were synchronised with the power grid. Regulatory operation and final finishing works are ongoing. The commencement of operation of gas engines is planned for Q3 2026. As part of the construction of biomass boilers, foundation works were carried out in the first quarter of 2026. Currently, intensive structural and construction works on the main technological facilities are underway.
- **Industrial Project for the Kraków CHP plant** – work on detailed designs for the task of constructing gas engines with a capacity of up to 100 MWe and works related to the foundations for the construction of the planned buildings are ongoing. In February 2026, a contract was signed with the contractor for the construction of a connecting gas pipeline that will enable gas to be supplied to the gas engines currently under construction. Preparation of the construction site for this scope of the investment is currently underway.
- **Capital Expenditure Programme for the Szczecin Branch** – in February 2026, a contract was concluded with METROLOG sp. z o.o. for the construction of gas engines (approx. 23 MWe). Design works are currently ongoing, and the construction site is being prepared (felling of trees and shrubs).
- **Capital Expenditure Programme for the Gdańsk CHP plant** – in February 2026, an agreement was signed with a Consortium of companies composed of MIKO-TECH sp. z o.o., Smart EPC sp. z o.o., and Electrum sp. z o.o. for the construction of a cogeneration source in the form of gas engines with a capacity of approx. 36 MWe. Work is currently underway on the basic, construction, and land development designs for the investment.

KEY PROJECT IN THE DISTRICT HEATING SEGMENT

Project objective	Budget[1]	Capital expenditure total[1]	Capital expenditure in Q1 2026[1]	Fuel/ net efficiency	Contractor	Investment completion date
Industrial Project for the Kraków CHP plant (100 MWe gas engines and connecting gas pipeline)	PLN 0.8 billion	PLN 0.036 billion	PLN 0.016 billion	Natural gas / Overall 42%	A Consortium of companies composed of Unibep S.A., SBB Energy S.A.	September 2028

[1] *Capital expenditure does not include financing costs.*

3.3.6. Business segment – Distribution

The segment's activity is the provision of electricity supply services to final customers using high-, medium- and low-voltage power grids and equipment.

Distribution

Main revenue items	PLN million
Sales of distribution services	3,037
Connection fees	33

Volume of distributed electricity	**10.22 TWh**
Number of customers	**5.87 million**

Main expense items	PLN million
Transmission services	676
Personnel costs	467
Depreciation and amortisation, liquidation, write-offs	416
of which capitalised depreciation	9
Balancing difference[1]	326
Taxes and charges	195
of which property tax	161

Main profit/loss items	PLN million
EBIT	1,070
EBITDA	1,477

[1] *In managerial perspective (costs of purchasing electricity under the contract with PGE S.A., compensation settlement and re-estimation, less revenue from electricity sales on the Balancing Market).*

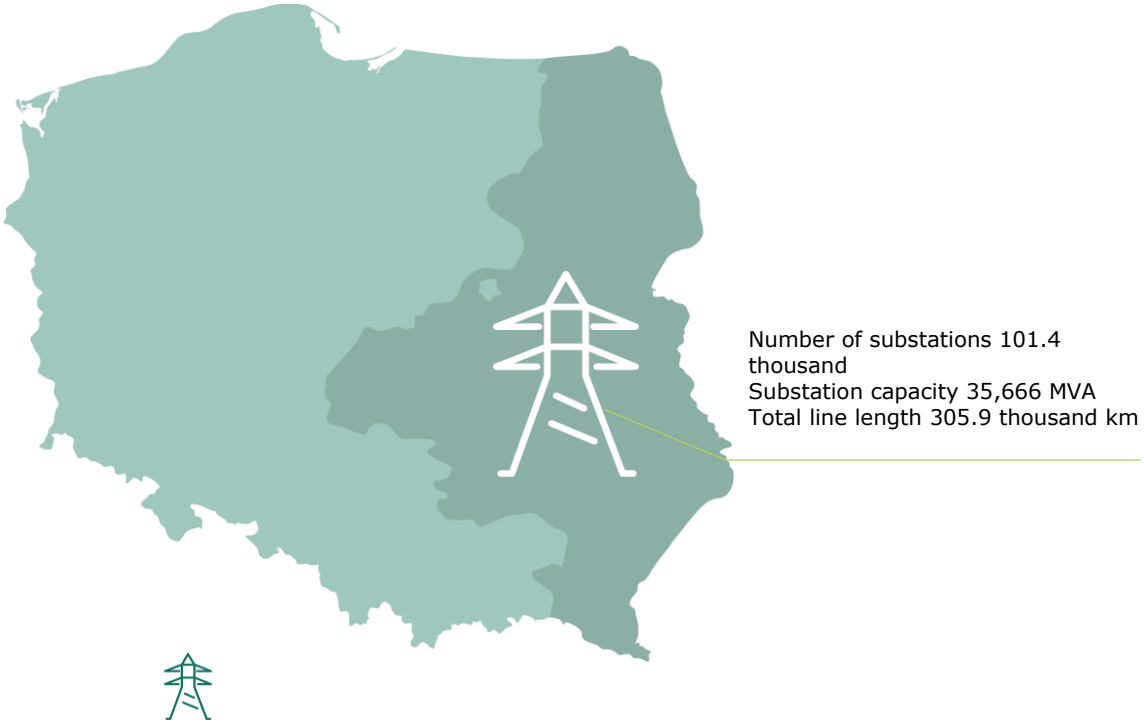
The segment's revenue is primarily based on the electricity distribution tariff approved annually by the President of the ERO upon the company's request, meaning it is regulated in nature. The tariff accounts for justified operating costs related to the activities of the distribution system operator, depreciation costs, costs of taxes on distribution assets, costs associated with covering grid losses during electricity distribution, and the purchase of transmission services from the Transmission System Operator. At the same time, the tariff includes **pass-through costs** such as the RES fee, transition fee, cogeneration fee and capacity fee.

A key element shaping the Distribution segment's result is the justified **return on the capital invested by the company**. To this end, the Regulatory Asset Base (RAB) is determined, calculated on the basis of the completed investments, taking asset depreciation into account. RAB serves as the basis for calculating the return on capital employed using the weighted average cost of capital (WACC), which is determined by the President of the ERO during the tariff approval process. The President of the ERO is authorised to differentiate the return on capital employed, taking into account the prioritisation of the DSO's development goals. Consequently, priority capital projects may be remunerated using an additional reinvestment premium mechanism. Furthermore, the level of the return on capital depends on meeting the individual quality regulation targets set by the President of the ERO for 2018–2025 regarding performance indicators, which include the duration and frequency of supply interruptions, as well as the time taken to complete network connections.

AREA, VOLUMES, CUSTOMERS

PGE Dystrybucja S.A. operates over an area[5] of 129,938 km^2 and supplies electricity to approx. 5.87 million customers.

Chart: Main assets of the Distribution segment and their parameters



Distribution network area of the Distribution segment

Table: Volume of distributed electricity (TWh).[1]

Tariffs	Q1 2026	Q1 2025	Change	Change %
Tariff group A	1.16	1.19	-0.03	-3%
Tariff group B	3.72	3.60	0.12	3%
Tariff group C+R	1.88	1.83	0.05	3%
Tariff group G	3.46	3.00	0.46	15%
Total	**10.22**	**9.62**	**0.60**	**6%**

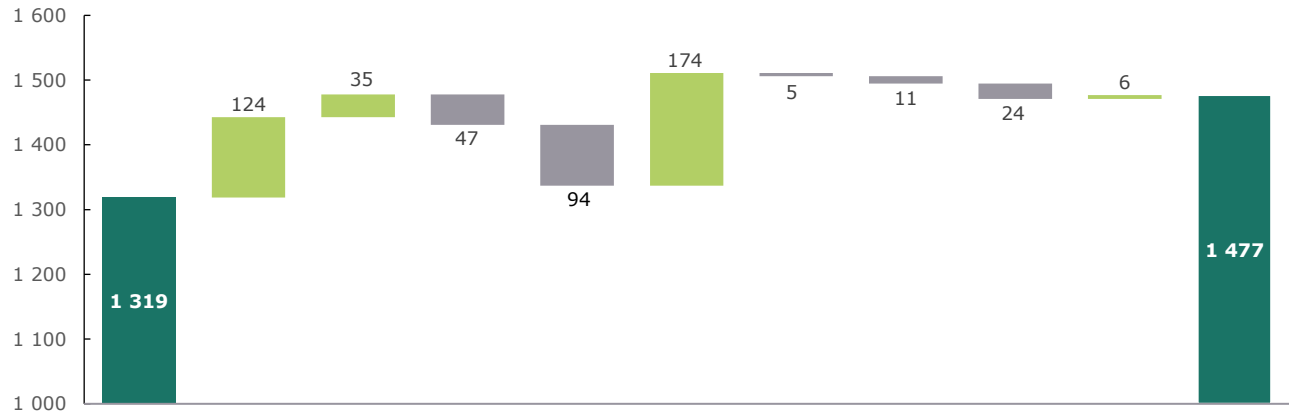
Table: Number of customers by electricity delivery points (units).[1]

Tariffs	Q1 2026	Q1 2025	Change	Change %
Tariff group A	226	190	36	19%
Tariff group B	15,446	14,764	682	5%
Tariff group C+R	483,150	476,760	6,390	1%
Tariff group G	5 369,314	5 314,826	54,488	1%
Total	**5,868,136**	**5,806,540**	**61,596**	**1%**

[5] *Area of municipalities where PGE Dystrybucja S.A. operates*

KEY FACTORS AFFECTING THE SEGMENT'S RESULTS

Chart: Key EBITDA variances in the Distribution segment (PLN million) - managerial perspective.



	EBITDA Q1 2025	Change in distributed electricity sales volume	Change of distribution rates[1]	Other revenue from distribution services	Balancing difference costs[2]	Additional estimation of balancing difference costs[2]	Connection fee revenue	Property Tax	Personnel costs	Other	EBITDA Q1 2026
Variance		**124**	**35**	**-47**	**-94**	**174**	**-5**	**-11**	**-24**	**6**	
EBITDA Q1 2025	**1,319**	2,051		199	248	158	38	150	443	30	
EBITDA Q1 2026		2,210		152	342	-16	33	161	467	36	**1,477**

[1] Excluding transmission services costs of PSE S.A.
[2] Item adjusted for revenue from the Balancing Market.

The key factors affecting the results of the Distribution segment y/y were:

- An **increase in the volume of distributed electricity** by 0.6 TWh, primarily driven by higher electricity demand under the household and large enterprise tariffs.
- An **increase in distribution service rates** by PLN 3.5/MWh, primarily driven by higher average rates in the household tariff.
- A **decrease in other revenue from distribution services**, resulting from a lower average electricity selling price on the competitive market, which forms the basis for calculating charges for the consumption of reactive power exceeding the contracted limits.
- **Higher costs of purchasing electricity to cover the balancing difference**, mainly caused by an increased volume of electricity required to cover this difference.
- The **positive impact of the 'additional estimation of balancing difference costs' item**, mainly as a result of changes in electricity volumes and prices.
- A **decrease in connection fee revenue** due to a lower completion rate of connection projects.
- An **increase in property tax** due to the higher value of network assets resulting from the completion of capital projects and the expansion of the power grid, as well as higher tax rates.
- An **increase in personnel costs**, mainly associated with the implementation of wage agreements concluded with trade unions.
- The **change in the 'other' item** is primarily due to higher other operating income (revenue from settled grants).

CAPITAL EXPENDITURE

Table: Capital expenditure in the Distribution segment (in PLN million).

	Q1 2026	Q1 2025	Change	Change %
Investment in generation capacity, including:	568	637	-69	-11%
▪ Development projects	214	282	-68	-24%
▪ Modernisation and replacement	354	355	-1	0%
Other	6	1	5	500%
Total	**574**	**638**	**-64**	**-10%**

KEY EVENTS IN THE DISTRIBUTION SEGMENT

Connecting new customers

The execution of the Programme for connecting new customers to the distribution network continued, under which capital expenditure of PLN 198 million was incurred in the first quarter of 2026.

Cabling Programme

The PGE Group continued the implementation of the Medium-Voltage Network Cabling Programme, aiming to achieve a 30% cabling rate for the MV networks owned by PGE Dystrybucja S.A. The expenditure incurred in the first quarter of 2026 for the Programme amounted to PLN 58 million.

Since the launch of the Programme in 2019, 5,951 km of MV cable lines have been completed.

Remote Reading Meters (RRM) Installation Project

The implementation of the Project is mandatory and stems from the requirements imposed on Distribution System Operators (DSOs) by the legislator in the Energy Law. In the first quarter of 2026, capital expenditure amounting to PLN 75 million was incurred. Works were carried out with the aim of:

- supplying meters for final customers connected to the LV network,
- installation of meters at final customers.
- resolving the procurement procedure for the supply of remote reading meters for final customers for the period from July 2026 to December 2028.

In accordance with the provisions of the act, by December 31, 2028, the DSO must install remote reading meters linked to the remote reading system at electricity delivery points representing at least 80% of the total number of electricity delivery points of final customers. Currently, the RRM rate is 50% (2.9 million pieces).

Implementation of central CRM and Billing systems (NCB Programme)

A project implemented by PGE Systemy S.A. The purpose of the NCB Programme is to implement a comprehensive, central IT solution supporting key business processes in the PGE Capital Group, carried out by PGE Obrót S.A. and PGE Dystrybucja S.A. The NCB Programme covers the implementation of a central billing system – separately for PGE Obrót S.A. and PGE Dystrybucja S.A. – as well as a CRM system for PGE Obrót S.A. Since January 2026, the migration of a further two local billing systems (HandelMax) to the NCB system has been completed. Preparations are currently underway for the migration of subsequent system rollouts. As part of the NCB Programme, work is continuing to adapt the IT environment of the PGE CG to the requirements of the Central Energy Market Information System (CSIRE). According to the schedule, the completion of the NCB Programme is planned for the first half of 2027.

LTE450 Programme

A project implemented by PGE Systemy S.A., with its assets being developed within PGE Dystrybucja S.A. and PGE Systemy S.A. The purpose of the investment is to build a modern dedicated communications network using LTE450 technology for the provision of services, including critical communications, control of energy infrastructure and remote reading for PGE Dystrybucja S.A. On December 31, 2025, the LTE450 service was commercially launched on the dedicated communications network being built for PGE Dystrybucja S.A. Further expansion of the LTE450 network coverage within the operational area of PGE Dystrybucja S.A. is planned for 2026 through the development of local infrastructure, alongside the modernisation and construction of proprietary telecommunications facilities where the LTE450 equipment will be installed. Completion of the Investment Phase of the LTE450 Programme is planned for the second half of 2027. The investment in PGE Dystrybucja S.A. mainly covers tangible assets, while PGE Systemy S.A. provides IT infrastructure, particularly in the area of intangible assets.

3.3.7. Business segment – Railway Energy Services

The Railway Energy Services Segment encompasses activities carried out by PGE Group, which mainly include the distribution and sales of electricity to railway companies and railway-related customers, sales of fuels for railway carriers, maintenance and upgrading of overhead lines, and other electricity-related services.

Railway Energy Services

Main revenue items	PLN million
Sales of distribution services	659
Sales of electricity	540
Sales of services	171
Sales of fuels	59

Volume of distributed electricity	**1.27 TWh**
Number of customers - electricity distribution	**59.0 thousand**
Volume of electricity sales to final customers	**0.84 TWh**
Number of customers - electricity supply	**39.1 thousand**

Main profit/loss items	PLN million
EBIT	224
EBITDA	329

Main expense items	PLN million
Purchase of electricity	463
including to cover the balancing difference	33
Electricity transit service	306
Personnel costs	165
Other third-party services	65
Purchase of fuels	52
Taxes and charges	24
of which property tax	12

One of the primary sources of revenue in the Railway Energy Services segment is **revenue from the sale of electricity**. They are derived from energy supplies to railway companies and entities connected to the segment's distribution network. Railway companies are also provided with fuel sales services.

Another significant source of revenue is **revenue from electricity distribution**. Similarly to the Distribution segment, this revenue is regulated in nature and is based on a tariff approved by the President of the ERO. As a rule, they ensure the pass-through of justified costs and a return on the capital invested in the distribution network. The activity of Railway Energy Services as a Distribution System Operator is limited to areas around railway lines across the country. On January 2, 2026, as a result of the unbundling process, distribution activities were spun off from PGE Energetyka Kolejowa S.A. and transferred to PGE Energetyka Kolejowa Obsługa sp. z o.o., currently operating under the name PGE Energetyka Kolejowa Operator sp. z o.o. and acting as the Distribution System Operator.

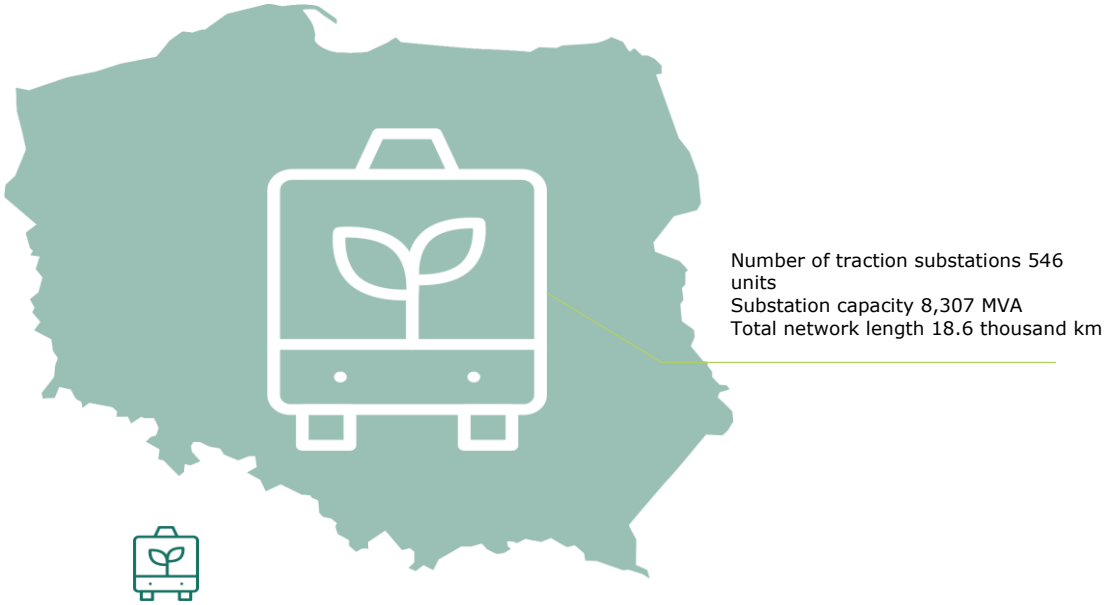
The most significant expense items in the segment are the costs of purchasing distribution services, electricity and fuels for resale.

Within the operations of the Railway Energy Services segment, works related to the maintenance of the overhead lines and the execution of local modernisation works on the overhead lines are carried out. Services related to non-traction electrical power engineering are also provided, such as equipment maintenance, as well as the construction and maintenance of railway traffic control systems. **Personnel costs** constitute the most significant expense item for this type of activity.

VOLUMES, CUSTOMERS AND OPERATIONAL DATA

The majority of the segment's assets consists of property associated with electricity distribution, which is owned by PGE Energetyka Kolejowa Operator sp. z o.o. This includes, among others, 546 traction substations supplying railway lines throughout the country. The total length of the company's network is 18.6 thousand kilometres. Approximately 59 thousand customers are connected to the grid of PGE Energetyka Kolejowa S.A.

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



Distribution network area of the Railway Energy Services segment

Table: Volume of electricity sales to final customers (TWh).

Tariffs	Q1 2026	Q1 2025	Change	Change %
Tariff group B	0.80	0.75	0.05	7%
Tariff group C+R	0.03	0.03	0.00	0%
Tariff group G	0.01	0.01	0.00	0%
Total	**0.84**	**0.79**	**0.05**	**6%**

Table: Number of electricity supply customers by power take-off points (units).

Tariffs	Q1 2026	Q1 2025	Change	Change %
Tariff group B	278	291	-13	-4%
Tariff group C+R	6,302	6,639	-337	-5%
Tariff group G	32,550	30,729	1,821	6%
Total	**39,130**	**37,659**	**1,471**	**4%**

Table: Volume of distributed electricity (TWh).

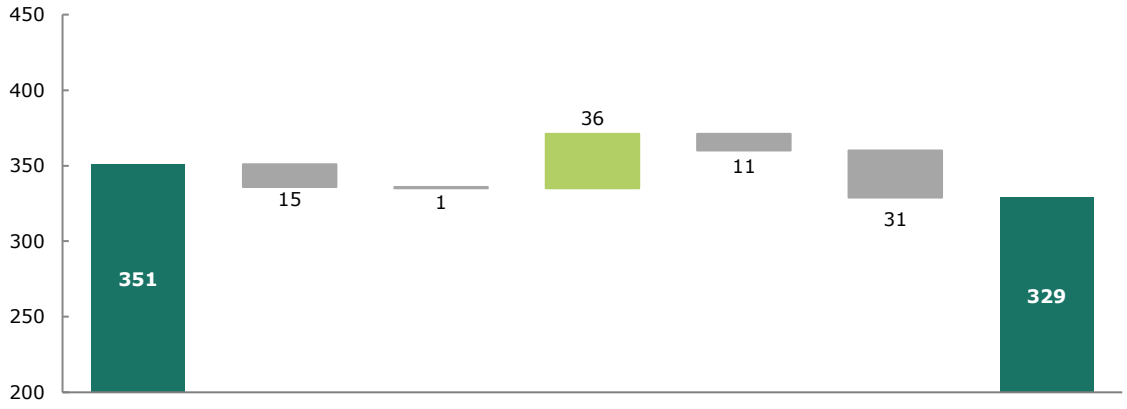
Tariffs	Q1 2026	Q1 2025	Change	Change %
Tariff group B	1.03	0.95	0.08	8%
Tariff group C+R	0.22	0.17	0.05	29%
Tariff group G	0.02	0.01	0.01	100%
Total	**1.27**	**1.13**	**0.14**	**12%**

Table: Number of electricity distribution customers by power take-off points (units).

Tariffs	Q1 2026	Q1 2025	Change	Change %
Tariff group B	734	678	56	8%
Tariff group C+R	25,359	25,294	65	0%
Tariff group G	32,924	31,043	1,881	6%
Total	**59,017**	**57,015**	**2,002**	**4%**

KEY FACTORS AFFECTING THE SEGMENT'S RESULTS

Chart: Key variances of recurring EBITDA in the Railway Energy Services segment (PLN million) - managerial perspective.



	EBITDA Q1 2025	Result on electricity	Result on electricity distribution[1]	Other Operations[2]	Personnel costs	Other	EBITDA Q1 2026
Variance		**-15**	**-1**	**36**	**-11**	**-31**	
EBITDA Q1 2025	**351**	118	323	142	154	78	
EBITDA Q1 2026		103	322	178	165	109	**329**

[1] *Excluding transmission services costs of PSE S.A., including revenue from network connections and the resumption of supplies, and adjusted for the cost of balancing differences.*
[2] *Other operations relate mainly to sales of fuels and traction services.*

Key factors affecting the EBITDA of the Railway Energy Services segment y/y:

- A **lower result on electricity sales** results from a lower average customer margin in both the traction and non-traction segments, partially offset by a positive volume effect in tariff group B among traction customers, driven by an increase in passenger transport operations.
- A **lower distribution result** is mainly the effect of lower connection fee revenue in connection with the schedule of the Power Supply Systems Modernisation Programme (MUZa), accompanied by a 12% y/y increase in the volume of distributed electricity.
- A **higher result from other operations**, relating mainly to traction services, which is associated with the indexation of maintenance agreements and higher revenue from railway contracts stemming from the execution of a new scope of works.
- **Higher personnel costs** primarily results from the implementation of agreements concluded with trade unions and an increase in employment.
- A **change in the value of 'Other'** item due to higher costs of materials consumed and third-party services, associated with the execution of a new scope of capital projects.

CAPITAL EXPENDITURE

Table: Capital expenditure – Railway Energy Services segment (PLN million).

	Q1 2026	Q1 2025	Change	Change %
Investment in generation capacity, including:	49	61	-12	-20%
▪ Development projects	38	32	6	19%
▪ Modernisation and replacement	11	29	-18	-62%
Other	10	0	10	-
Total	**59**	**61**	**-2**	**-3%**

KEY EVENTS IN THE RAILWAY ENERGY SERVICES SEGMENT

Power Supply Systems Modernisation Programme (MUZa)

The implementation of the MUZa Programme was continued, based on the 'Agreement on the rules for connection to the distribution network' concluded with PKP Polskie Linie Kolejowe S.A. (PKP PLK), and its objectives are:

- enabling an increase in the capacity of railway lines (increased train traffic),

- introduction of higher-power locomotives (around 6 MW) allowing speed to be increased to 200 km/h,
- electrification of railway lines,
- reducing the failure rate of the distribution network and equipment, and improving power quality parameters,
- meeting the power supply requirements according to the standards defined by the Technical Specifications for Interoperability (TSI) for the 'Energy' subsystem – having obtained the permit of the President of the Office of Rail Transport (UTK).

For the Railway Energy Services segment, the Programme entails the modernisation and construction of traction substations in accordance with the connection agreements concluded with PKP PLK. In the first quarter of 2026, capital expenditure incurred amounted to PLN 8.4 million. Since the launch of the MUZa Programme in 2012, 332 connection agreements have been signed, and 274 agreements have been successfully completed.

Connecting new electricity customers

The Program for connecting new customers to the distribution network was implemented, under which 895 customers were connected in the first quarter of 2026 and the incurred expenditure amounted to PLN 6 million.

3.3.8. Business segment – Supply

The Supply segment covers operations conducted by the PGE Group on the wholesale energy market and on the retail market. Operations carried out on the wholesale market primarily involve the execution of trading transactions concerning electricity and CO_2 emission allowances on behalf of and for the benefit of the operating segments.

Supply

Main revenue items	PLN million
Sales of electricity[2]	9,681
Sales of CO_2 emission allowances	7,875
Sales of gas	1,351
Sales of fuels	292
Sales management	56

Volume of electricity sales to final customers[1]	**7.24 TWh**
Number of customers[1]	**5.71 million**

Main expense items	PLN million
Purchase of electricity	9,092
Purchase of CO_2 emission allowances	7,793
Purchase of gas	1,314
Segment operating costs[2]	378
Fuel costs[3]	256
Costs of redeeming property rights	69

Main profit/loss items	PLN million
Recurring EBIT	380
Reported EBIT	356
Recurring EBITDA	389
Reported EBITDA	365

[1] Data concern PGE Obrót S.A.
[2] After adjusting for one-off events.
[3] Managerial terms (transport costs and other cost items are included).

Within retail market operations, the primary source of the **segment's revenue is the sale of electricity** to final customers. This includes sales to business and institutional customers, accounting for over 60% of the volume sold, and to individual customers. The segment's revenue also encompasses **sales of natural gas and fuels**, primarily including coal fines and coarse coal, executed by PGE Paliwa sp. z o.o.

The electricity sold corresponds to the **costs of purchasing electricity** on the wholesale market and the **costs of redeeming property rights** under the support schemes for renewable sources and energy efficiency.

Within the framework of wholesale market operations, CO_2 purchases are executed to cover the needs of the Coal Energy, Gas-fired Generation and District Heating segments, which is reflected on both the cost and revenue sides. Concurrently, a significant revenue item arises from the provision of services to Capital Group companies in respect of managing the purchases and sales of electricity and derivative products.

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

VOLUMES, CUSTOMERS AND OPERATIONAL DATA

Table: Volume of electricity sales to final customers (TWh)[1].

Tariffs	Q1 2026	Q1 2025	Change	Change %
Tariff group A	0.78	1.05	-0.27	-26%
Tariff group B	2.23	2.62	-0.39	-15%
Tariff group C+R	1.31	1.47	-0.16	-11%
Tariff group G	2.92	2.63	0.29	11%
Total	**7.24**	**7.77**	**-0.53**	**-7%**

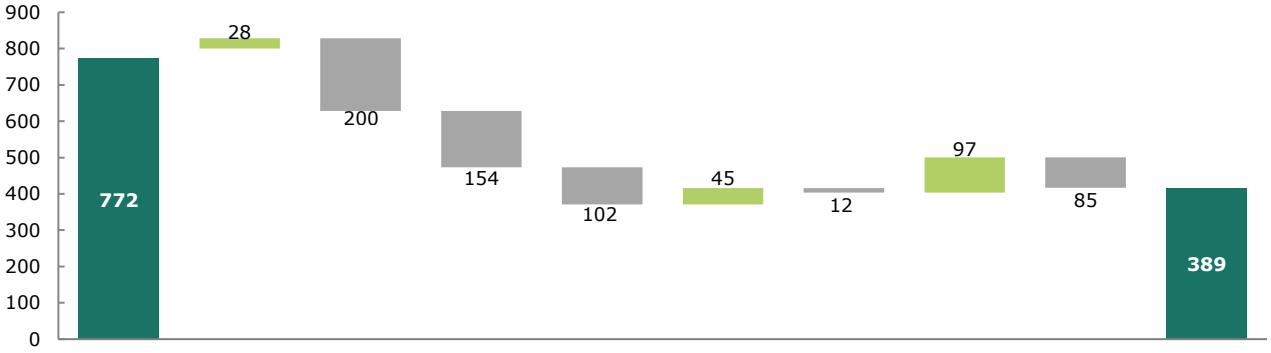
[1] Data concern PGE Obrót S.A.

Table: Number of customers by power take-off points (units)[1].

Tariffs	Q1 2026	Q1 2025	Change	Change %
Tariff group A	118	139	-21	-15%
Tariff group B	9,587	10,439	-852	-8%
Tariff group C+R	343,038	365,456	-22,418	-6%
Tariff group G	5 360,485	5 311,053	49,432	1%
Total	**5,713,228**	**5,687,087**	**26,141**	**0%**

[1] *Data concern PGE Obrót S.A.*

Chart: Key EBITDA variances in the Supply segment in managerial terms (PLN million).



		EBITDA Q1 2025	Result on electricity volume[1]	Result on electricity price[1]	Estimate of balancing diff. costs	Revenue from operations for segments in PGE CG[2]	Result on sales of CO_2	Personnel costs	Changes in provisions for onerous contracts	Other[3]	EBITDA Q1 2026
Variance			**28**	**-200**	**-154**	**-102**	**45**	**-12**	**97**	**-85**	
Reported EBITDA Q1 2025	**744**										
One-off event Q1 2025	**-28**										
Recurring EBITDA Q1 2025	**772**	649		-158	229	38	201	48	-149		
Recurring EBITDA Q1 2026		477		-4	127	83	213	145	-234		**389**
One-off events Q1 2026											**-24**
Reported EBITDA Q1 2026											**365**

[1] *Item excluding the adjustment to electricity compensation for previous period in PGE Obrót S.A. (One-off event) Additionally, a portion of the margin from the CMGC service was reclassified to the result on electricity.*
[2] *Item excluding the margin on CO_2 transactions with the PGE CG companies. Additionally, a portion of the revenue from the CMGC service was reclassified to the result on electricity.*
[3] *Item excluding the adjustment of the contribution to the Price Difference Payment Fund (PDPF) for the previous period (one-off event).*

Table: Data on one-off events in the Supply segment (PLN million).

One-off events	Q1 2026	Q1 2025	Change	Change %
Adjustment of the contribution to the Price Difference Payment Fund (PDPF) for the previous period	0	-28	28	-
Adjustment to electricity compensation for previous period	-24	0	-24	-
Total	**-24**	**-28**	**4**	**-14%**

Key factors affecting the EBITDA of the Supply segment y/y:

- A **lower result on electricity sales** is primarily the effect of lower margins on tariff products, which is associated with a high base of the previous year, when a 1.5-year tariff was in force with approved costs higher than those incurred in 2025. At the same time, in the current year, the President of the ERO did not recognise the full costs incurred in the tariff calculation.
- A **negative impact of the 'additional estimation of balancing difference costs'** item, mainly as a result of changes in electricity volumes and prices.
- A **decrease in revenue from operations within the PGE CG**, is mainly the result of shifting part of the margin from the CMGC service to the result on electricity.
- A **higher result on CO_2 sales**, primarily due to a higher realised margin on CO_2 trading.
- **Higher personnel costs**, primarily in connection with the implementation of wage agreements concluded with trade unions.
- **Changes in provisions for onerous contracts** as a result of a higher value of the reversal of provisions for onerous contracts compared to the previous year (relates mainly to G tariff group).
- A **change in the value of 'other' item**, primarily as a result of higher costs of the distribution service.

3.3.9. Business segment – Other Operations

The segment's business involves services provided to the PGE Capital Group, including ensuring comprehensive services regarding the management of By-products of Combustion (UPS), the arrangement of financing in the form of eurobonds (PGE Sweden AB), as well as the provision of IT and security services. Additionally, a number of the Group's project companies operate within the segment, including the company responsible for preparing and implementing the nuclear project within the PGE Group.

Also operating within the segment is PGE Ventures sp. z o.o., which is responsible for investments in startups at every stage of the investment cycle.

Other Operations

Main revenue items	PLN million
Revenue from IT services	119
Revenue related to UPS	110

Management of UPS

Provision of services for the PGE CG

Investments in startups

Main expense items	PLN million
Personnel costs	125
IT services	47
Value of goods and materials sold as part of UPS	30
Depreciation	27

Main profit/loss items	PLN million
EBIT	18
EBITDA	45

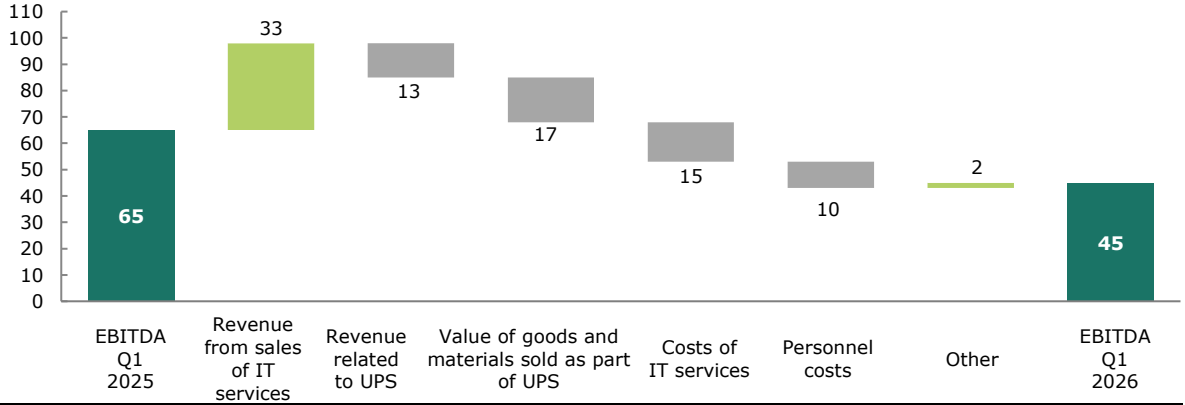
In the Other Operations segment, revenue from the sales of UPS, telecommunications and IT services, as well as other services, is dominant.

Revenue related to UPS includes revenue from the sale of unprocessed UPS, revenue from the sale of products manufactured on the basis of UPS within proprietary production processes, and the sale of services associated with UPS management. The level of revenue generated depends on multiple factors, including the commercial feasibility of selling processed and unprocessed UPS, the seasonality of the industries purchasing UPS, the seasonal operations of UPS suppliers (power plants, CHP plants), the size of the received volume, the output of the production infrastructure, the storage capabilities for UPS as material inventories intended for production, and prevailing market conditions. **Revenue from other services** in the UPS area encompasses revenue from the sale of continuous and ad-hoc services to electricity and heat producers concerning, among other things, the operation of ash removal systems and equipment, the operation of technological lines, the operation of milling plants, and the management of fuel and UPS storage yards.

Revenue from the sale of telecommunications and IT services results from the delivery of IT solutions to companies within the PGE CG. Furthermore, under **other services**, design services in the energy sector, security of persons and property, and insurance services are provided.

KEY FACTORS AFFECTING THE SEGMENT'S RESULTS

Chart: Key EBITDA variances in the Other Operations segment (PLN million) - managerial perspective.



Variance		**33**	**-13**	**-17**	**-15**	**-10**	**2**	
EBITDA Q1 2025	**65**	86	123	13	32	115	16	
EBITDA Q1 2026		119	110	30	47	125	18	**45**

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

- **Higher revenue from the sales of IT services** due to new service price lists effective from the firstquarter of 2026 and the execution of a broader scope of services for the PGE CG companies by PGE Systemy S.A.
- **Lower revenue related to UPS** results from lower volumes associated with, among other factors, persistently low temperatures in the first quarter of 2026, which led to lower mining and sales of raw materials.
- A **higher value of goods and materials sold**, primarily stemming from higher UPS purchase costs following price increases.
- **An increase in IT services costs** in connection with the purchase of external services to enable PGE Systemy S.A. to provide a broader scope of services for the PGE CG and to run new capital expenditure programmes.
- **Higher personnel costs** are related to the employment of employees in new areas (LTE450, NCB, Cybersecurity) in PGE Systemy S.A., salary review, salary agreements with the social side and the inclusion of a new company in the segment in the first quarter of 2026 (PGE Energetyka Jądrowa S.A.).
- The **change in the value of 'other' item** stems mainly from the sale of purchased licences by PGE Systemy S.A.

CAPITAL EXPENDITURE

Table: Capital expenditure – Other Operations segment (PLN million).

	Q1 2026	Q1 2025	Change	Change %
Investment in generation capacity, including:	24	20	4	20%
▪ Development projects	16	5	11	220%
▪ Modernisation and replacement	8	15	-7	-47%
Total	**24**	**20**	**4**	**20%**

KEY EVENTS IN THE OTHER OPERATIONS SEGMENT

LTE450 Programme

A project implemented by PGE Systemy S.A. for PGE Dystrybucja S.A. The purpose of the programme is to build a modern dedicated communications network using LTE450 technology for the provision of services including critical communications, control of energy infrastructure and remote reading. The investment in PGE Systemy S.A. provides IT infrastructure, particularly in the area of intangible assets. A detailed description is provided in section 3.3.6 of this report, the LTE 450 Programme.

Implementation of central CRM and Billing systems (NCB Programme)

A project implemented by PGE Systemy S.A. The purpose of the NCB Programme is to implement a comprehensive, central IT solution supporting key business processes in the PGE Capital Group, carried out by PGE Obrót S.A. and PGE Dystrybucja S.A. A detailed description is provided in section 3.3.6 of this report concerning the implementation of central CRM and Billing systems (NCB Programme).

4. Other elements of the Report

4.1. Significant events affecting operations in the first quarter of 2026 and subsequent periods

Segment	Event	Description	Impact on the PGE CG
	Conflict in the Persian Gulf	The conflict in the Persian Gulf, and particularly its further escalation, may generate multidimensional threats of an economic, geopolitical and cyber nature, also affecting companies operating in Poland. Due to the strategic role of the PGE Group in ensuring the country's energy security, all Group entities continuously monitor the situation in the Persian Gulf and assess the possibility of potential threats. The Group's priority is to secure the business continuity of generation units and distribution infrastructure, so as to ensure uninterrupted supplies of electricity and heat to residents, institutions and enterprises. A detailed description is provided in Note 26.1 to the consolidated financial statements.	As at the date of this report, the conflict in the Persian Gulf does not have any material impact on the operating activities, contracting processes, or financial stability of the PGE Group. No risk to going concern has been identified and the continuity of the supply chain remains intact.
	Resignation of a Supervisory Board Member	On January 14, 2026, Dariusz Lubera's resignation from the function of Member of the Supervisory Board of PGE was received by the Company. Resignation of a Supervisory Board Member	The changes are aimed at aligning the composition of the Supervisory Board with the Company's current priorities.
	Appointment of Management Board Members	On January 14, 2026, the Supervisory Board of PGE S.A. appointed Dariusz Lubera and Katarzyna Rozenfeld to the composition of the 12th-term Management Board. Dariusz Lubera was appointed President of the Management Board as of January 15, 2026, and Katarzyna Rozenfeld was appointed Vice-President of the Management Board for Operations as of January 19, 2026. Appointment of Management Board Members	The changes are aimed at aligning the composition of the Management Board with the Company's current priorities.
	Appointment of Supervisory Board Members	The following members were appointed to the Supervisory Board, effective from January 28, 2026, by resolutions of the Extraordinary General Meeting: ▪ Arkadiusz Krężel, ▪ Wojciech Wróbel. Appointment of the Supervisory Board Members	The changes are aimed at aligning the composition of the Supervisory Board with the Company's current priorities.
	Acquisition of the 35 MW Dzwola wind farm by PGE Energia Odnawialna S.A.	On January 29, 2026, after fulfilling specific conditions precedent, an agreement was concluded under which PGE Energia Odnawialna S.A. acquired 100% of the shares in Wind Farm Łada sp. z o.o., managing the Dzwola wind farm. The farm consists of 10 turbines with a unit capacity of 3.5 MW, together with the necessary accompanying infrastructure and a main power supply point. Acquisition of the Dzwola Wind Farm	Strengthening the RES portfolio and implementing the key assumptions of the Strategy.
	Winning an auction for the cogeneration premium	Between February 6 and 10, 2026, as a result of the auction for the cogeneration premium concerning the sale of electricity generated in high-efficiency cogeneration, KOGENERACJA S.A. secured a premium ranging from PLN 219.0/MWh to PLN 274.76/MWh. As part of the auction procedure, the company entered a cogeneration source with a capacity of up to 4.5 MWe at the Zawidawie CHP plant. The total volume of electricity from high-efficiency cogeneration that will be covered by the premium spread over 15 years amounts to 430,444 MWh.	Winning the auction provides the PGE CG with long-term, stable financial support, enhancing revenue predictability and supporting the implementation of the Strategy.
	Conclusion of agreements for the construction of gas units in Rybnik and Gryfino	The projects, each with a capacity of approximately 600 MW, will be implemented by a consortium of companies composed of Polimex Mostostal S.A. (consortium leader), Siemens Energy sp. z o.o., and Siemens Energy Global GmbH & Co. KG. On March 4, 2026, the following agreements were signed: ▪ for the construction of a gas unit in Rybnik along with a service agreement ▪ for the construction of a gas unit in Gryfino along with a service agreement The value of the contract for the construction of the unit in Rybnik amounts to PLN 1,171 million net and EUR 270 million net. The value of the contract for the provision of maintenance services for a minimum period of 12 years from the date of handing over the unit for operation amounts to EUR 132 million net in respect of the fixed component of the maintenance remuneration, and up to PLN 20 million net in respect of the maximum variable remuneration.	Securing a stable source of long-term revenue in the future. Implementation of the strategy.

Segment	Event	Description	Impact on the PGE CG
		The value of the contract concerning the unit in Gryfino amounts to PLN 1,185 million net and EUR 260 million net. The value of the contract for the provision of maintenance services for a minimum period of 12 years from the date of handing over the unit for operation amounts to EUR 132 million net in respect of the fixed component of the maintenance remuneration, and up to PLN 20 million net in respect of the maximum variable remuneration. Conclusion of agreements for the construction of gas units	
	Acquisition of the FEW Bałtyk II OWF project	On March 10, 2026, the transaction regarding the acquisition of 100% of the shares in RWE Offshore Wind Poland sp. z o.o. from RWE Renewables International Participations B.V. (the FEW Bałtyk II project) was closed, following the fulfilment of the conditions set out in the agreement dated November 25, 2025. FEW Bałtyk II is a project with a capacity of approx. 350 MW adjacent to the Baltica 9 project developed by the PGE Group, which is at a more advanced stage of development. The project has support in the form of a contract for difference obtained under the so-called Phase I Offshore, holds location permits, a permit for laying and maintaining cables (PUUK), and secured land rights in the onshore section for the originally planned route. Closing of the acquisition transaction	The acquisition of the FEW Bałtyk II project allows the PGE Group to achieve synergies resulting from the joint development of the FEW Bałtyk II and PGE Baltica 9 projects, which will from now on be implemented as a project with a capacity of approx. 1,325 MW. This acquisition will contribute to the PGE Group's strategic objective of reaching 4 GW of installed capacity in offshore wind farms by 2035.
	ERO inspections regarding contributions to the PDPF	On March 12, 2026, as a result of the ERO inspection, PGE Obrót S.A. received an administrative decision on the obligation to transfer to the PDPF account the amount of PLN 605 million, constituting the difference between the contribution paid and the amount calculated by the President of the ERO. A provision of PLN 605 million was established for this liability in 2025. On March 20, 2026, the company made the payment (subject to reimbursement) in accordance with the received decision, and on March 26, 2026, an appeal was filed to the SOKiK along with a request to suspend the execution of the decision. On March 26, 2026, PGE Energetyka Kolejowa S.A. received from the ERO a summons for an inspection concerning the financial results of past periods with regard to the PDP Fund. A detailed description is provided in Note 23.3 to the consolidated financial statements. Decision of the President of the ERO on the contribution to the PDPF	The payment made adversely affects the cash flows of the Capital Group.
	Dismissal of the complaint against the decision regarding the environmental decision regarding the Turów Mine	A description is provided in Note 23.3 to the consolidated financial statements.	Reducing risks for both the PGE Group and the Polish power system by ensuring the continuity of operation of mines and power plants, which are related strategic units for the NPS.
	Contractual penalties for the contractor of unit 7 at the Turów Power Plant	A description is provided in Note 23.3 to the consolidated financial statements.	Impact on the PGE Capital Group's risks related to the lack of resolution of the dispute.
	Obtaining of a grant by PGE Dystrybucja S.A. from NFOŚiGW for approx. PLN 1.4 billion for the modernisation of the distribution network.	In March 2026, PGE Dystrybucja S.A. signed seven new agreements involving grants worth nearly PLN 1.4 billion for the execution of a power grid modernisation programme in rural areas. Thanks to the RRP funds, the company will enhance its capacity to connect new RES installations and will implement smart solutions increasing the security and reliability of energy supplies. As part of the programme, MV/LV substations will be modernised and equipped with balancing meters and power quality analysers. Obtaining of a grant by PGE Dystrybucja S.A.	The ability to execute the capital expenditure programme without committing the PGE CG's own funds.

4.2. Events after the reporting date

Segment	Event	Description	Impact on the PGE CG
	Selection of the contractor for the energy storage facility in Gryfino	In April 2026, PGE Energia Odnawialna S.A. completed the procedure for the selection of the general contractor for the investment concerning the Gryfino battery energy storage facility. The project will be implemented by a consortium of two Polish companies: SPEC BAU POLSKA sp. z o.o. and EL PROFESSIONAL sp. z o.o. The Gryfino energy storage facility with a capacity of up to 400 MW and a minimum capacity of 800 MWh will be built in Nowe Czarnowo, in the vicinity of other PGE Group investments. The contract covers the design,	The storage facility provides PGE with stable, 17-year revenue from the Capacity Market. It serves as a key tool for balancing RES, ensuring synergies with proprietary investments. Execution of strategic objectives.

Segment	Event	Description	Impact on the PGE CG
		delivery, construction, assembly, commissioning and handover for operation under a 'turnkey design and build' formula, including the provision of warranty maintenance services for a period of 36 months following commissioning. The contract value amounts to PLN 1.1 billion gross. The project has been secured with a 17-year contract in the Capacity Market, and its commissioning is planned for the end of 2028.	
	Winning an auction for the cogeneration premium	Between April 14 and 16, 2026, as a result of the auction for the cogeneration premium concerning the sale of electricity, a premium of PLN 274.70/MWh for 15 years was obtained for the Bartnicza Heating Plant (a partner investment with Gdańskie Przedsiębiorstwo Energetyki Cieplnej sp. z o.o.).	Winning the auction provides the PGE CG with long-term, stable financial support, enhancing revenue predictability and supporting the implementation of the Strategy.
	Dismissal of the Management Board member	On May 19, 2026, the Supervisory Board of PGE S.A. adopted a resolution to dismiss Robert Kowalski, Vice-President of the Management Board for Support and Development.	The changes are aimed at aligning the composition of the Management Board with the Company's current priorities.

4.3. Anticipated development of the PGE Capital Group

The development of the PGE Capital Group in the forthcoming periods will primarily be determined by the implementation of the Strategy announced on June 12, 2025, through:

- 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.

Investments in RES will be of key importance, in particular the development of offshore and onshore wind energy and investments in the Distribution segment.

In the generation area, a further increase in the role of gas units as transitional sources supporting the stability of the power system in conditions of an increasing share of less stable renewable sources is expected. At the same time, the Group will continue activities aimed at optimizing the operation of existing assets and adapting them to changing market and regulatory conditions.

A significant factor affecting the Group's development prospects will remain the regulatory environment, including the European Union's climate policy, approach to CO_2 emission allowance and national support mechanisms for the energy sector. In particular, the evolution of the energy market and the shape of regulations governing the energy transition will affect the profitability of individual business segments.

Furthermore, the Group's development will depend on prevailing macroeconomic conditions, including the levels of electricity prices, fuel prices, and financing costs. In the Management Board's assessment, activities aimed at improving operational efficiency, cost optimisation and the development of new business areas, including energy services and solutions supporting decarbonisation, will also be of material importance.

4.4. Information on loan and borrowing agreements concluded and terminated in the first quarter of 2026

In the first quarter of 2026, no new material external loan and borrowing agreements were concluded. As at March 31, 2026, the total value of liabilities under loans and borrowings amounted to PLN 11,710 million.

Detailed information is also presented in Note 21.1 to the consolidated financial statements.

4.5. Information on the granting in a given quarter by PGE S.A. or by its subsidiary of sureties for a loan or borrowing, or the provision of guarantees[1]

Table: Table: Summary of the main items of sureties for a loan or borrowing, or guarantees provided in a given quarter by PGE S.A. or by its subsidiary.

Company granting surety/ guarantee	Surety/ guarantee beneficiary	Debtor – for whose liabilities the surety or guarantee is issued	Type of security	Surety/guarantee validity period		Value of surety/ guarantee (million)	Currency
				Start	End		
PGE S.A.	Polimex Mostostal S.A., Siemens Energy sp. z o.o., Siemens Energy Global GmbH & Co.KG	PGE Inwest 27 sp. z o.o.	Corporate Guarantee	27/03/2026	01/11/2030	1,184	PLN
PGE S.A.	Polimex Mostostal S.A., Siemens Energy sp. z o.o., Siemens Energy Global GmbH & Co.KG	PGE Inwest 23 sp. z o.o.	Corporate Guarantee	27/03/2026	21/08/2030	1,170	PLN
PGE S.A.	Polimex Mostostal S.A., Siemens Energy sp. z o.o., Siemens Energy Global GmbH & Co.KG	PGE Inwest 23 sp. z o.o.	Corporate Guarantee	27/03/2026	21/08/2030	269	EUR
PGE S.A.	Polimex Mostostal S.A., Siemens Energy sp. z o.o., Siemens Energy Global GmbH & Co.KG	PGE Inwest 27 sp. z o.o.	Corporate Guarantee	27/03/2026	01/11/2030	260	EUR
PGE S.A.	Goldman Sachs Paris Inc. et Cie	PGE Paliwa sp. z o.o.	Corporate Guarantee	30/03/2026	25/03/2028	50	USD

[1] *Cumulatively to one entity or a subsidiary of that entity, if the total value of the existing sureties or guarantees is significant.*

4.6. Other material information

PROCEEDINGS PENDING BEFORE A COURT, AN AUTHORITY COMPETENT FOR ARBITRATION PROCEEDINGS OR A PUBLIC ADMINISTRATION AUTHORITY

Material proceedings pending before courts, authorities competent for arbitration proceedings, and public administration authorities are discussed in Note 23.3 to the consolidated financial statements. The indicated note discusses, among other things, the issues of compensation regarding the conversion of shares, penalties for the contractor of Unit 7 at the Turów Power Plant, matters related to the request from the Polimex-Mostostal and Polimex Energetyka sp. z o.o. consortium for an increase in the contract price for the construction of the CHP plant in Siechnice, as well as the environmental decision concerning the Turów Mine, the integrated permit for PGE Gryfino Dolna Odra sp. z o.o., and others.

TRANSACTIONS WITH RELATED ENTITIES

Information on transactions with the related entities is presented in note 25 to the consolidated financial statements.

Furthermore, it was stated in note 5 of the consolidated financial statements that Inter-segment transactions are accounted for by the PGE CG as if they were with unrelated parties (at arm's length).

FACTORS WHICH, IN THE ISSUER'S OPINION, WILL AFFECT THE RESULTS ACHIEVED BY IT OVER A HORIZON OF AT LEAST THE NEXT QUARTER

Material factors and events that, in the issuer's opinion, will influence its results over a horizon of at least the following quarter are described in the other sections of this report.

MATERIAL OFF-BALANCE SHEET ITEMS

A description of material off-balance sheet items is presented in Notes 23.1 and 10 to the consolidated financial statements.

AGREEMENTS AND INFORMATION RELEVANT FOR ASSESSING THE HR, PROPERTY AND FINANCIAL SITUATION, THE FINANCIAL RESULT OF THE PGE CG AND THEIR CHANGES, AS WELL AS INFORMATION RELEVANT FOR ASSESSING THE PGE CG'S ABILITY TO FULFIL ITS OBLIGATIONS

Material agreements and events are presented in section 4.1 Significant events affecting operations in the first quarter of 2026 and subsequent periods and 4.2 Events after the reporting date of this report.

In the first quarter of 2026, aside from the events indicated in the other sections of this report, there were no other events relevant to the assessment of the HR, property and financial situation, the financial result of the PGE CG and their changes, as well as the assessment of the PGE Capital Group's ability to fulfil its obligations.

RISKS IN PGE CG OPERATIONS

Risk factors associated with the operations of the PGE Capital Group are described in detail in the Management Board's report on operations for 2025. In the first quarter of 2026, no material changes occurred regarding these factors.

PUBLICATION OF FINANCIAL RESULT FORECASTS

PGE S.A. did not publish any financial result forecasts.

BRANCHES HELD BY THE COMPANY

The Company operates the PGE Group Knowledge and Development Centre Branch headquartered in Lublin.

5. Statement of the Management Board on the true and fair preparation of the reports

To the best of the knowledge of the Management Board of PGE S.A., the quarterly consolidated financial statements and comparative data have been prepared in accordance with the applicable accounting principles and give a true, fair and clear view of the property and financial position, as well as the financial result, of the PGE Capital Group.

The Management Board's report on the operations of the PGE Capital Group provides a true picture of the development, achievements and situation of the Capital Group.

6. Approval of the Management Board's Report

This Management Board's Report on the operations of the PGE Capital Group was approved by the Management Board of the Parent Company on May 26, 2026.

Warsaw, May 26, 2026

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

President of the Management Board	**Dariusz Lubera**	*signed with a qualified electronic signature*
Vice-President of the Management Board	**Katarzyna Rozenfeld**	*signed with a qualified electronic signature*
Vice President of the Management Board	**Przemysław Jastrzębski**	*signed with a qualified electronic signature*
Vice President of the Management Board	**Marcin Laskowski**	*signed with a qualified electronic signature*

Methodology for calculating indicators

Indicator	Calculation method
Reported EBIT	operating result
Recurring EBIT	reported EBIT adjusted for one-off events
Reported EBITDA	operating result + depreciation/amortisation
Recurring EBITDA	reported EBITDA adjusted for one-off events
Working capital	current assets - short-term liabilities
Reported LTM EBITDA	reported EBITDA for the last 12 months as at the reporting date
Recurring LTM EBITDA	recurring EBITDA for the last 12 months as at the reporting date
Reported EBITDA margin (%)	reported EBITDA × 100 / revenue from sales
Recurring EBITDA margin (%)	recurring EBITDA × 100 / revenue from sales
Return on sales (ROS, %)	reported net profit or loss × 100 / revenue from sales
Return on assets (ROA, %)	reported net profit or loss × 100 / total assets
Return on equity (ROE, %)	reported net profit × 100 / (equity - net profit)
Receivables turnover (in days)	average gross trade receivables × 365 days / net revenue
Payables turnover (in days)	average short-term trade payables × 365 days / net revenue
Current ratio (x)	current assets / short-term liabilities
Quick ratio (x)	(current assets - inventories) / short-term liabilities

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.
ALOP	Insurance against loss of profit caused by delays in investment implementation
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
CMGC	Commercial Management of Generation Capacities
CSDDD	Corporate Sustainability Due Diligence Directive
CSI	Customer Satisfaction Index
CSIRE	Central Energy Market Information System
CHP auction	A support mechanism in which energy producers using high-efficiency cogeneration (simultaneous production of electricity and heat) compete for a cogeneration premium. The winner is guaranteed by offering the lowest subsidy price for electricity sold from new or modernized units.
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.
Contract for difference (Cfd)	A contract, which specifies a support model in which the supporting party and the supported party agree on a certain reference price. If market energy prices are lower than the reference price, the positive difference is paid to the supported party. Otherwise, if energy prices are higher than the reference price, the supporting party receives the difference.
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.
DSR	Demand Side Response, a service consisting in the voluntary, temporary reduction of electricity consumption by consumers in exchange for remuneration.
EIB	European Investment Bank
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

Glossary of industry terms	
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.
KOGENERACJA S.A.	Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A.
KPI	Key Performance Indicator
KPO	National Recovery and Resilience Plan
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

Glossary of industry terms	
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
SO_2	Sulphur dioxide
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
UTK	Office of Rail Transport
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