SUPERVISORY BOARD REPORT

PGE POLSKA GRUPA ENERGETYCZNA S.A.

FOR THE FINANCIAL YEAR 2024

Table of contents

Introduction 3

1. Composition of the Supervisory Board 3

2. Activities of the Supervisory Board 6

3. Committees of the Supervisory Board 9

3.1 Audit Committee 11

3.2 Strategy and Development Committee 12

3.3 Nomination and Remuneration Committee 13

3.4 Corporate Governance Committee 13

4. List of matters addressed by the Supervisory Board as a result of a request from an entity entitled to exercise rights from shares held by the State Treasury 14

5. Assessment of the financial statements and of the Management Board's report on the operations of PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for 2024 14

6. Assessment of the motion on the allocation of profit for 2024 and the level of dividend payment 17

7. Assessment of the use of fixed assets in the Company's operations, with particular emphasis on real estate 17

8. Information on total remuneration payable by the Company for all reviews commissioned by the Supervisory Board during the financial year 18

9. Assessment of the Company's situation on a consolidated basis, including the adequacy and effectiveness of the internal control systems, risk management, compliance and internal audit functions in place at the Company, together with information on the actions taken by the Supervisory Board to carry out this assessment; the assessment covers all material control mechanisms, in particular those concerning reporting and operational activity 18

10. Assessment of the company's application of corporate governance principles and the manner in which it fulfils its disclosure obligations relating to the application of such principles, as set out in the stock exchange rules and regulations and in the regulations on current and periodic information disclosed by issuers of securities, including information on the actions taken by the Supervisory Board to carry out this assessment 32

11. Assessment of the appropriateness of expenditure on sponsorship and donations incurred by the Company and its Group, including the value of such expenditure 37

12. Analysis and evaluation of the performance of PGE Capital Group entities in the context of the consolidated financial statements 41

13. Assessment of the Management Board's fulfilment of its disclosure obligations pursuant to Article 380[1] of the Commercial Companies Code and assessment of the manner in which the Management Board prepared and submitted information, documents, reports or explanations as requested under Article 382 § 4 of the Commercial Companies Code 53

Introduction

PGE Polska Grupa Energetyczna S.A. (also referred to as PGE S.A., PGE, or the Company) is the parent company of the PGE Capital Group, whose operations are organised into eight operating segments: Conventional Generation, Renewables, Supply, Distribution, District Heating, Circular Economy, Railway Energy Services, and Other Operations. PGE S.A. operates within the Supply Segment. The main business activity of PGE S.A. is the wholesale trading of electricity on the domestic market, procurement of fuels and related products, including CO_2 emission allowances for generation companies, as well as the provision of Corporate Centre services to the companies within the PGE Capital Group.

Together with the other companies of the PGE Capital Group, PGE S.A. implements the business strategy of the PGE Capital Group, which responds to profound changes in the energy sector in recent years and to societal expectations, which largely determine the direction of industry development. The PGE Capital Group is a leader in the transformation and modernisation of the energy sector in Poland and supports the creation of a market environment conducive to energy transition. The transition of the PGE Capital Group will proceed in a sustainable manner, in dialogue with social stakeholders. PGE S.A. is aware of the impact of the PGE Capital Group's operations on its surroundings – in social, economic, and environmental dimensions. The activities of the PGE Capital Group are aimed at maximising added value for all stakeholders.

1. Composition of the Supervisory Board

The Supervisory Board of PGE S.A. in its 12th term of office operates on the basis of the Act of 15 September 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 SUPERVISORY BOARD AND CHANGES DURING 2024

Table: Composition of the Company's Supervisory Board as at 1 January 2024

Name of Supervisory Board Member	Position held
Anna Kowalik	Chair of the Supervisory Board
Artur Składanek	Vice-Chair of the Supervisory Board – independent member
Radosław Winiarski	Secretary of the Supervisory Board
Janina Goss	Member – independent
Tomasz Hapunowicz	Member – independent
Mieczysław Sawaryn	Member – independent

The 12th term of the Supervisory Board of PGE S.A. commenced on 22 June 2022.

On 25 January 2024, the Minister of State Assets appointed Mr Michał Domagała to the Supervisory Board.

On 31 January 2024, the Extraordinary General Meeting of PGE Polska Grupa Energetyczna S.A. adopted resolutions on the dismissal and subsequent appointment of new members of the Supervisory Board of PGE S.A.

The following members were dismissed from the Supervisory Board of PGE S.A. by resolutions of the Extraordinary General Meeting:

- Ms Janina Goss (Resolution No 4)
- Mr Tomasz Hapunowicz (Resolution No 5)
- Mr Mieczysław Sawaryn (Resolution No 6)
- Mr Artur Składanek (Resolution No 7)
- Mr Radosław Winiarski (Resolution No 8)

Subsequently, the Extraordinary General Meeting adopted resolutions appointing the following individuals to the Supervisory Board of PGE S.A., effective from 1 February 2024:

- Ms Elżbieta Niebisz (Resolution No 9)
- Mr Eryk Kosiński (Resolution No 10)
- Ms Małgorzata Banasik (Resolution No 11)
- Mr Andrzej Rzońca (Resolution No 12)
- Mr Sławomir Patyra (Resolution No 13)
- Mr Andrzej Sadkowski (Resolution No 14)
- Mr Andrzej Kozyra (Resolution No 15)

At the first meeting of the Supervisory Board of PGE S.A. convened following the Extraordinary General Meeting, held on 7 February 2024, members of the Supervisory Board elected the Chair, Vice-Chair, and Secretary of the Supervisory Board of PGE S.A.:

In accordance with the adopted resolutions:

1. Mr Michał Domagała was appointed Chair of the Supervisory Board of PGE S.A.
2. Mr Andrzej Sadkowski was appointed Vice-Chair of the Supervisory Board of PGE S.A.
3. Ms Anna Kowalik was appointed Secretary of the Supervisory Board of PGE S.A.

As a result of the above changes, the composition of the Supervisory Board of PGE S.A. as at 7 February 2024 was as follows:

1. Michał Domagała – Chair of the Supervisory Board
2. Andrzej Sadkowski – Vice-Chair of the Supervisory Board
3. Anna Kowalik – Secretary of the Supervisory Board
4. Małgorzata Banasik – Member of the Supervisory Board
5. Elżbieta Niebisz – Member of the Supervisory Board
6. Andrzej Kozyra – Member of the Supervisory Board
7. Eryk Kosiński – Member of the Supervisory Board
8. Sławomir Patyra – Member of the Supervisory Board
9. Andrzej Rzońca – Member of the Supervisory Board

On 11 September 2024, the Company received the resignation of Mr Eryk Kosiński from his position as a member of the Supervisory Board of PGE S.A.

As a result of the changes described above, the composition of the Supervisory Board of PGE S.A. as at 31 December 2024 was as follows:

Table: Composition of the Company's Supervisory Board as at 31 December 2024

Name of Supervisory Board Member	Position held
Michał Domagała	Chair of the Supervisory Board – independent member
Andrzej Sadkowski	Vice-Chair of the Supervisory Board – independent member
Anna Kowalik	Secretary of the Supervisory Board
Małgorzata Banasik	Member – independent
Andrzej Kozyra	Member – independent
Elżbieta Niebisz	Member – independent
Sławomir Patyra	Member – independent
Andrzej Rzońca	Member – independent

CURRENT COMPOSITION OF THE SUPERVISORY BOARD OF PGE S.A.

As at the date of signing this report, the composition of the Supervisory Board of PGE S.A. is as presented in the table above.

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

Name of Supervisory Board Member	Position held
Michał Domagała	Chair of the Supervisory Board – independent member
Andrzej Sadkowski	Vice-Chair of the Supervisory Board – independent member
Anna Kowalik	Secretary of the Supervisory Board
Małgorzata Banasik	Member – independent
Andrzej Kozyra	Member – independent
Elżbieta Niebisz	Member – independent
Sławomir Patyra	Member – independent
Andrzej Rzońca	Member – independent

Assessment of compliance with independence criteria by Members of the Supervisory Board

On 1 July 2021, the new 'Best Practice for GPW Listed Companies 2021', adopted by Resolution No 13/1834/2021 of the Supervisory Board of the Warsaw Stock Exchange dated 29 March 2021 (hereinafter referred to as the 'Best Practice for GPW Listed Companies'), came into force and have been applied by PGE since 1 July 2021. Based on Principle 2.3 contained in the Best Practice, the Supervisory Board assesses whether there are any ties or circumstances which may affect a given Member's compliance with independence criteria. The Members of the Supervisory Board who held office in 2024 assessed their own compliance with the independence criteria. The outcome of this assessment is shown in the table above and is presented by the Supervisory Board in accordance with Principle 2.11.1.

In light of the assessment, the Supervisory Board confirms that in 2024 Principle 2.3 of the Best Practice for GPW Listed Companies was fulfilled, whereby at least two Members of the Supervisory Board meet the independence criteria.

2. Activities of the Supervisory Board

In 2024, 25 meetings of the Supervisory Board were held. The Supervisory Board adopted 202 resolutions.

Attendance at the meetings was very good. At most meetings of the Supervisory Board of PGE S.A., all Members were present. The Members of the Supervisory Board of PGE S.A demonstrated consistent attendance and engagement in the Board's work, which positively contributed to the continuity and effectiveness of actions undertaken. Occasional absences had no significant impact on the course of meetings or the execution of planned tasks. Where a Member was absent from a given meeting, the Supervisory Board, upon being informed of the reason, adopted a resolution to excuse the absence. In 2024, six resolutions were adopted to excuse absences of Supervisory Board Members.

During the 2024 financial year, the Supervisory Board of PGE S.A. exercised oversight and control with respect to, among other matters:

- assessment of the Management Board's report on the Company's operations and the standalone financial statements for the previous financial year, in terms of their compliance with the books, documents, and actual circumstances, as well as the Management Board's report on the operations of the PGE Capital Group and the consolidated financial statements of the PGE Capital Group;
- assessment of the Management Board's motions concerning the coverage of loss;
- submission of a written report to the General Meeting on the results of the activities mentioned above;

- selection of the audit firm to conduct the audit or review of the standalone and consolidated financial statements of the PGE Capital Group;
- approval of the Company's annual and multi-annual financial plans, including investment, marketing and sponsorship plans, as well as specifying their scope and submission deadlines;
- issuing opinions on the principles for conducting sponsorship activities and evaluating the effectiveness of the Company's sponsorship initiatives;
- approval of the 'Annual Sponsorship Activity Plan of PGE Polska Grupa Energetyczna S.A. for 2024';
- determining the remuneration and other terms of contracts and entering into contracts with Members of the Management Board (including the President of the Management Board), subject to the powers of the General Meeting arising from mandatory provisions of law;
- providing opinions on reports prepared by the Management Board concerning representational expenses, legal services, marketing services, public relations and social communication services, and management-related consultancy services, as well as reports on the application of good practice as referred to in Article 7(3) of the Act of 16 December 2016 on the principles of state property management;
- approval of the remuneration policy for the PGE Capital Group;
- approval of the Financial Plan of PGE Polska Grupa Energetyczna S.A. for 2024, including the Investment Plan of PGE Polska Grupa Energetyczna S.A.;
- issuing opinions on all motions for resolutions submitted by the Management Board to the General Meeting;
- issuing opinions on material provisions of commercial contracts relating to the implementation of strategic investment projects aimed at ensuring energy security;
- granting consent for the implementation of investment projects and for assuming related liabilities where such expenditures or burdens exceed the authorisation of the Management Board in

accordance with the provisions of the Company's Articles of Association;

- granting consent for concluding or amending contracts for legal services, marketing services, public relations and social communication services, and management consultancy services where the remuneration for such services, whether under a single or multiple contracts with the same entity, exceeds PLN 500,000 net annually;
- granting consent for increasing the share capital of selected companies within the PGE Capital Group and companies with PGE's participation, as well as for acquiring shares in the increased share capital of such companies;
- granting consent for exercising voting rights from shares or interests held in selected companies in respect of amendments to the corporate documents of those companies;
- granting consent for exercising voting rights at general meetings and meetings of shareholders concerning mergers with other companies or transformations of companies.

The Supervisory Board of PGE S.A. in 2024 also adopted resolutions concerning, among others:

- conducting a recruitment procedure and selecting Members of the Management Board of the Company,
- delegating Members of the Supervisory Board to temporarily perform the duties of Members of the Management Board,
- representing the Company in agreements with Members of the Management Board concerning the terms of provision of management services,
- adopting the 'Report on the Remuneration of Members of the Management Board and Supervisory Board of PGE Polska Grupa Energetyczna S.A. for 2023'.

Additionally, the Supervisory Board of PGE S.A. reviewed and analysed the results of audits carried out within the Company and addressed complaints submitted by customers of the PGE Capital Group.

The above-mentioned activities of the Supervisory Board are reflected in the resolutions adopted by the Board and the minutes of the Supervisory Board meetings held in 2024.

Information on the implementation of General Meeting resolutions concerning the activities of the Supervisory Board

In 2024, two General Meetings of the Company were held.

On 31 January 2024, an Extraordinary General Meeting was held, during which resolutions were adopted concerning, inter alia, changes in the composition of the Supervisory Board of PGE S.A., as described above.

On 28 June 2024 (continued after a recess on 25 July 2024), the Ordinary General Meeting was held, during which the following resolutions were adopted:

- approval of the 'Separate Financial Statements of PGE Polska Grupa Energetyczna S.A. for 2023 ended 31 December 2023 in accordance with EU IFRS (in PLN million)',
- approval of the 'Consolidated Financial Statements of the PGE Polska Grupa Energetyczna S.A. Group for 2023 ended 31 December 2023 in accordance with EU IFRS (in PLN million)',
- approval of the 'Management Board Report on the activities of PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for 2023 ended 31 December 2023',
- coverage of the net loss for the 2023 financial year,
- approval of the 'Supervisory Board Report on the Activities of PGE Polska Grupa Energetyczna S.A. for 2023',
- approval of the 'Supervisory Board Report of PGE Polska Grupa Energetyczna S.A. on the assessment of the financial statements for 2023, the motion regarding the allocation of

the net profit for 2023, and the Management Board's fulfilment of disclosure obligations under the Commercial Companies Code',

- PGE Polska Grupa Energetyczna S.A. General Meeting opinion on the 'Report on the Remuneration of Members of the Management Board and the Supervisory Board of PGE Polska Grupa Energetyczna S.A. for 2023',
- granting of discharge to all Members of the Management Board and the Supervisory Board for the performance of their duties in 2023.

The General Meeting did not adopt any resolutions directly related to the activities of the Supervisory Board of PGE.

Information on the implementation of a strategic or remedial programme

Since 2024, work has been ongoing on the New Strategy of the PGE Capital Group – the PGE Capital Group Strategy until 2030 with a perspective to 2050.

Adapting strategic plans to current market, regulatory and social trends is essential for maintaining a leading position in the energy sector. The PGE Capital Group not only responds to changes but also proactively shapes the future of energy by investing in new technologies to develop new business models. Only such measures will make it possible to achieve long-term goals and ensure sustainable development that benefits both the company and society as a whole.

Accordingly, in the third quarter of 2024, the Management Board of PGE S.A. decided to launch the process of updating the strategy of the PGE Capital Group. The overarching aim of this process is to create a new strategy for the Capital Group which will define its development directions, mission and vision of the PGE Capital Group.

The currently applicable Group Strategy, published in October 2020, remains in force until the new strategy of the PGE Capital Group is adopted and published.

In 2024, no remedial plan was adopted for PGE S.A.

Information on the suspension of Members of the Management Board by the Supervisory Board and on the delegation of Members of the Supervisory Board to perform the functions of Management Board Members

In 2024, the Supervisory Board did not adopt any resolutions concerning the suspension of Members of the Management Board from their duties. With regard to the delegation of Members of the Supervisory Board, on 7 February 2024 the Supervisory Board of the Company adopted the following resolutions on delegation:

- Resolution No 290/XII/2024 on the delegation of Mr Eryk Kosiński to temporarily perform the duties of a Member of the Management Board of PGE S.A. for a period of 3 months and entrusting him with the responsibilities of President of the Management Board of the Company,
- Resolution No 291/XII/2024 on the delegation of Ms Małgorzata Banasik to temporarily perform the duties of a Member of the Management Board of PGE S.A. for a period of 3 months.

Subsequently, on 6 March 2024, the Supervisory Board of PGE S.A. adopted resolutions to terminate the delegation of the aforementioned Members of the Supervisory Board to temporarily perform the duties of Members of the Management Board of PGE S.A.

Information on decisions of the Supervisory Board regarding the selection of the statutory auditor

The auditor responsible for examining the separate financial statements of PGE S.A. and the consolidated financial statements of the PGE Capital Group for the years 2022–2024 is PKF Consult sp. z ograniczoną odpowiedzialnością sp.k. (PKF Consult). PKF Consult was selected in 2021 through a public procurement procedure in the form of competitive negotiation with a call for tenders.

On 3 September 2024, following a public procurement procedure, the Supervisory Board of PGE S.A., by Resolution No 410/XII/2024 of 3 September 2024, selected KPMG Audyt spółka z ograniczoną odpowiedzialnością sp.k. to audit the separate financial statements of PGE S.A. and the consolidated financial statements of the PGE Capital Group for the years 2025–2027. The selection procedure was conducted in accordance with legal requirements and internal regulations.

Analysis and assessment of the Company's functioning within a group of companies as defined by the Commercial Companies Code

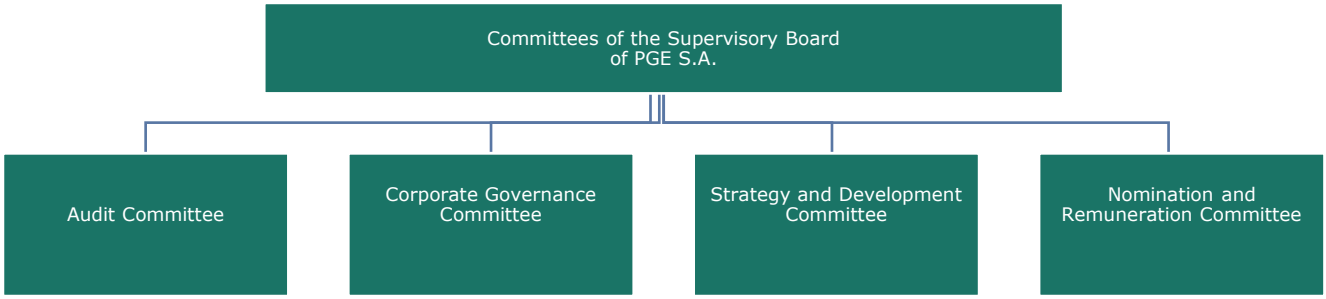
In 2024, PGE S.A. did not operate within a group of companies as defined in the Commercial Companies Code.

3. Committees of the Supervisory Board

In accordance with the Company's Articles of Association, the Rules of Procedure of the Supervisory Board or a resolution of the General Meeting may provide for the establishment of committees within the Supervisory Board, in particular an Audit Committee and a Nomination and Remuneration Committee. The currently binding Rules of Procedure of the Supervisory Board state that the Supervisory Board may establish standing or ad hoc committees functioning as collegial advisory and consultative bodies to the Supervisory Board. The objective of the committees is, in particular, to provide the Supervisory Board with recommendations and opinions on matters within their competence. Committees are appointed by the Supervisory Board from among its Members. Each committee consists of 3 to 5 members. A Chairperson is elected from among the committee members. The Chairperson convenes committee meetings, directs the committee's work, and represents the committee in relations with the Company's governing bodies and employees. The mandate of a committee member expires upon the expiry of the Supervisory Board Member's mandate, resignation from committee membership, or removal from the committee by the Supervisory Board. Each Member of the Supervisory Board has the right to attend committee meetings. The Chairperson of the committee may invite Members of the Management Board, employees of the Company, and other individuals whose presence is justified, to participate in the meetings. Decisions of the committee are taken by consensus unless the rules of the specific committee state otherwise.

The document that governs the scope and responsibilities of the Committees in detail is the Rules of Procedure of the Supervisory Board of PGE S.A., and additionally – the work of the Audit Committee is governed by the Rules of Procedure of the Audit Committee of the Supervisory Board of PGE S.A.

Figure: Committees of the Supervisory Board of PGE S.A.



The work of the Supervisory Board of PGE S.A. was supported by Committees functioning as collegial advisory and consultative bodies of the Supervisory Board of PGE S.A., appointed from among its Members.

In 2024, the following standing Committees operated within the Supervisory Board of PGE S.A.:

- Audit Committee
- Strategy and Development Committee
- Nomination and Remuneration Committee
- Corporate Governance Committee

The detailed scope of the Committees' activities in 2024 is documented in the minutes of the meetings of each respective Committee (a total of 19 meetings of Supervisory Board Committees of PGE S.A. were held in 2024).

As at 1 January 2024, the composition of the Supervisory Board Committees was as presented in the table below.

Table: Composition of the standing Committees of the Supervisory Board of PGE S.A. as at 1 January 2024

Name of Supervisory Board Member	Audit Committee	Corporate Governance Committee	Strategy and Development Committee	Nomination and Remuneration Committee
Janina Goss	Member			Member
Tomasz Hapunowicz		Chair	Member	
Anna Kowalik	Member	Member	Member	Member
Mieczysław Sawaryn	Member	Member	Member	Chair
Artur Składanek	Chair		Member	
Radosław Winiarski	Member		Chair	

Changes to the composition of the Supervisory Board of PGE S.A., namely: (1) the appointment by the Minister of State Assets on 25 January 2024 of Mr Michał Domagała to the Supervisory Board, (2) the resolutions adopted by the Extraordinary General Meeting on 31 January 2024 on the removal from the Supervisory Board of: Janina Goss, Artur Składanek, Radosław Winiarski, Tomasz Hapunowicz, Mieczysław Sawaryn, and the appointment as of 1 February 2024 of: Małgorzata Banasik, Eryk Kosiński, Andrzej Kozyra, Elżbieta Niebisz, Sławomir Patyra, Andrzej Rzońca, Andrzej Sadkowski, (3) the resignation of Mr Eryk Kosiński from the Supervisory Board of PGE S.A. on 11 September 2024, resulted in changes in the composition of the Committees of the Supervisory Board of PGE S.A., as shown below.

Table: Composition of the standing Committees of the Supervisory Board as at 31 December 2024

Name of Supervisory Board Member	Audit Committee	Corporate Governance Committee	Strategy and Development Committee	Nomination and Remuneration Committee
Małgorzata Banasik			Chair	Member
Michał Domagała	Member			Member
Anna Kowalik	Member	Member		Chair
Eryk Kosiński		Member*	Member*	
Andrzej Kozyra		Member		Member
Elżbieta Niebisz	Member		Member	
Sławomir Patyra		Chair		Member
Andrzej Rzońca	Chair		Member	
Andrzej Sadkowski			Member	

*Mr Eryk Kosiński served as a Member of the above-mentioned standing Committees of the Supervisory Board until 11 September 2024, when the Company received his resignation from the position of Member of the Supervisory Board of PGE S.A.

Table: Composition of the standing Committees of the Supervisory Board as at the date of signing the report

Name of Supervisory Board Member	Audit Committee	Corporate Governance Committee	Strategy and Development Committee	Nomination and Remuneration Committee
Małgorzata Banasik			Chair	Member
Michał Domagała	Member			Member
Anna Kowalik	Member	Member		Chair
Andrzej Kozyra		Member		Member
Elżbieta Niebisz	Member		Member	
Sławomir Patyra		Chair		Member
Andrzej Rzońca	Chair		Member	
Andrzej Sadkowski			Member	

3.1 Audit Committee

The document that specifically regulates the scope and subject matter of the Audit Committee's activities is the Rules of Procedure of the Audit Committee of the Supervisory Board of PGE S.A.

As at the date of signing this report, the composition of the Audit Committee was as follows:

- Andrzej Rzońca – Chair
- Michał Domagała – Member
- Anna Kowalik – Member
- Elżbieta Niebisz – Member

The Audit Committee operates in accordance with the Rules of Procedure of the Audit Committee of the Supervisory Board of PGE S.A., which complies with the requirements of the Act of 11 May 2017 on statutory auditors, audit firms and public oversight (the 'Statutory Auditors Act'). The Company has also adopted, through the Audit Committee:

- the Policy and Procedure for selecting an audit firm to perform the audit (Audit Firm Selection Policy);
- the Policy on the provision of permitted non-audit services by the audit firm performing the audit, its associated entities or members of its network (Non-Audit Services Policy).

All Members of the Audit Committee of the Supervisory Board submitted a declaration to the minutes confirming that they meet the requirements specified in the Statutory Auditors Act relating to the Audit Committee.

In 2024, the following Members of the Audit Committee:

- met the statutory independence criteria: Andrzej Rzońca, Michał Domagała, Elżbieta Niebisz,
- The Member possessing knowledge and skills in the field of accounting or auditing of financial statements, by virtue of their education and experience, was: Andrzej Rzońca,
- The Members possessing knowledge and skills in the sector in which the Company operates, by virtue of their education and professional experience, were: Andrzej Rzońca, Michał Domagała, Anna Kowalik, and Elżbieta Niebisz.

The CVs of the Members of the Audit Committee of the Supervisory Board of PGE S.A., including details of their education and professional experience confirming compliance with the above-mentioned requirements, are available on the website of PGE S.A.

The core task of the Audit Committee is to examine the correctness and effectiveness of the internal controls within the Company and the PGE Capital Group, and to cooperate with the Company's Statutory Auditors. The Audit Committee also performs the tasks set out in the Statutory Auditors Act and in Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (OJ L 158 of 2014, p. 77). The Audit Committee also monitors the Company's financial reporting process.

In 2024, seven meetings of the Audit Committee were held. During its meetings, the Audit Committee reviewed, among others, the 2023 reports, i.e.: the Company's separate financial statements, the consolidated financial statements of the PGE Capital Group, and the Management Board's report on the activities of the Company and the PGE Capital Group. The Audit Committee also held regular meetings with representatives of the auditor, PKF Consult sp. z o.o. sp.k., regarding the results for 2023 and 2024.

In addition, the Audit Committee reviewed the Company's separate financial statements for the first half of 2024 and the consolidated financial statements of the PGE Capital Group for the same period.

In 2024, the Audit Committee approved the Compliance Programme of the PGE Capital Group for 2024.

The Audit Committee gave a positive opinion on the Audit Plan of the PGE Capital Group for 2024.

The Audit Committee also reviewed:

- the results of audits conducted in the Company and the PGE CG,
- reports on services provided by the statutory auditor of PGE S.A. and entities affiliated with the auditor to companies in the PGE Capital Group for 2023 and 2024,
- information on the adoption of recommendations for the Supervisory Board of PGE S.A. regarding the assessment of transactions concluded by PGE S.A. and its subsidiaries with related parties, in terms of whether they were entered into on market terms as part of ordinary business.

In 2024, the Audit Committee was also involved in the process of selecting a new statutory auditor, in accordance with the provisions of the Statutory Auditors Act and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (OJ L 158 of 2014, p. 77).

3.2 Strategy and Development Committee

As at the date of signing this report, the composition of the Strategy and Development Committee was as follows:

- Małgorzata Banasik – Chair
- Elżbieta Niebisz – Member
- Andrzej Rzońca – Member
- Andrzej Sadkowski – Member

The task of the Strategy and Development Committee is to provide opinions and recommendations to the Supervisory Board of PGE S.A. on matters relating to defining strategy and development planning for the Company and the PGE Capital Group. In particular, the Strategy and Development Committee is responsible for giving opinions on strategy and strategic plans as well as investments with a significant impact on the Company's assets, submitted to the Supervisory Board of PGE S.A. by the Management Board.

In 2024, five meetings of the Strategy and Development Committee were held.

The matters considered by the Strategy and Development Committee in 2024 included, among others:

- information from the Management Board of PGE S.A. on key projects and activities carried out in the area of research, development and innovation within the PGE CG,
- information from the Company's Management Board regarding investments in offshore and onshore wind farms,
- information on the assumptions and directions of changes to the Energy Policy of Poland until 2040,
- update of the PGE CG's Strategy,
- investments in gas-fired sources as part of the decarbonisation of the PGE CG's assets.

3.3 Nomination and Remuneration Committee

As at the date of signing the report, the composition of the Nomination and Remuneration Committee was as follows:

- Anna Kowalik – Chair
- Małgorzata Banasik – Member
- Michał Domagała – Member
- Andrzej Kozyra – Member
- Sławomir Patyra – Member

The task of the Nomination and Remuneration Committee is to support the achievement of the Company's strategic objectives by presenting opinions and proposals to the Supervisory Board concerning the management structure, including organisational solutions, remuneration systems, and the selection of personnel with appropriate qualifications. In particular, the responsibilities of the Nomination and Remuneration Committee include:

- initiating and reviewing solutions for the nomination system for Management Board Members,
- reviewing solutions proposed by the Management Board regarding the Company's management system aimed at ensuring effectiveness, consistency, and security of management, as well as compliance with laws and internal regulations,
- periodically reviewing and recommending principles for determining incentive-based remuneration for Management Board Members and senior management, in accordance with the Company's interests,
- periodically reviewing the remuneration system for Management Board Members and senior managers reporting directly to Management Board Members, including management contracts and incentive systems, and submitting proposals to the Supervisory Board on their structure in the context of implementing the Company's strategic goals,
- presenting the Supervisory Board with opinions on the justification for granting performance-based remuneration in the context of assessing the achievement of specific tasks and objectives of the Company,
- assessing the human resources management system in the Company.

In 2024, five meetings of the Nomination and Remuneration Committee were held.

The subject of the Committee's deliberations in 2024 included, among others, the proposal of Management Objectives for the Management Board of PGE S.A. for 2024.

3.4 Corporate Governance Committee

As at the date of signing the report, the composition of the Corporate Governance Committee was as follows:

- Sławomir Patyra – Chair
- Anna Kowalik – Member
- Andrzej Kozyra – Member

The tasks of the Corporate Governance Committee include evaluating the implementation of corporate governance principles in the Company, assessing the manner in which the Company fulfils its disclosure obligations concerning the application of corporate governance principles, and submitting recommendations or proposals for changes in this area to the Supervisory Board, reviewing internal acts and other Company documents submitted to the Supervisory Board that have a significant impact on corporate governance, as well as initiating and developing proposals for amendments to the Company's internal acts relating to corporate governance and presenting them to the Supervisory Board.

In 2024, two meetings of the Corporate Governance Committee were held.

4. List of matters addressed by the Supervisory Board as a result of a request from an entity entitled to exercise rights from shares held by the State Treasury

In fulfilling its reporting obligations, the Supervisory Board of PGE S.A. submitted quarterly reports on the Company to the Ministry of State Assets in 2024.

The quarterly information included, among others:

- data on the Company's operations,
- information on the Company's governing bodies and ownership structure,
- economic and financial data,
- events in a given quarter significantly affecting the Company's functioning (social and business aspects),
- information on key investments.

The Supervisory Board responded to all correspondence from the shareholder entitled to exercise rights from shares held by the State Treasury concerning the supervision exercised over the Company by the Supervisory Board of PGE S.A.

5. Assessment of the financial statements and of the Management Board's report on the operations of PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for 2024

Introduction:

The Supervisory Board of PGE Polska Grupa Energetyczna S.A., acting pursuant to Article 382 § 3 of the Commercial Companies Code and § 18(1)(1) and (2) of the Articles of Association of PGE Polska Grupa Energetyczna S.A., as well as in view of Article 4a of the Accounting Act of 29 September 1994 ('Accounting Act'), conducted an assessment of:

1. the separate financial statements of PGE Polska Grupa Energetyczna S.A. for the year 2024 ended on 31 December 2024 in accordance with EU IFRS (in PLN million),
2. the consolidated financial statements of the PGE Polska Grupa Energetyczna S.A. Capital Group for the year 2024 ended on 31 December 2024 in accordance with EU IFRS (in PLN million),
3. the Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. and of the PGE Capital Group for the year 2024 ended on 31 December 2024 (including the separate Sustainability Statement),
4. the Management Board's motion to the Ordinary General Meeting of PGE Polska Grupa Energetyczna S.A. regarding the proposed allocation of profit for the financial year 2024.

By Resolution No 509/XII/2025 of 14 April 2025, the Supervisory Board of PGE Polska Grupa Energetyczna S.A. issued a positive opinion on:

1. the separate financial statements of PGE Polska Grupa Energetyczna S.A. for the year 2024 ended on 31 December 2024 in accordance with EU IFRS (in PLN million),
2. the consolidated financial statements of the PGE Polska Grupa Energetyczna S.A. Capital Group for the year 2024 ended on 31 December 2024 in accordance with EU IFRS (in PLN million),
3. the Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. and of the PGE Capital Group for the year 2024 ended on 31 December 2024 (including the separate Sustainability Statement).

Additionally, under the aforementioned resolution, the Supervisory Board of PGE Polska Grupa Energetyczna S.A. adopted the document entitled 'Assessment of the Supervisory Board of PGE Polska Grupa Energetyczna S.A. concerning the financial statements and the report on the activities of PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for 2024', which, in accordance with § 70(1)(14) and § 71(1)(12) of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information to be disclosed by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state, was published as part of the annual stock exchange report and consolidated annual report of PGE Polska Grupa Energetyczna S.A. and on the website www.gkpge.pl.

The Supervisory Board's assessment of PGE Polska Grupa Energetyczna S.A. was based not only on its own analyses, but also on the findings of the audit firm as presented in the independent statutory auditor's reports on:

- the audit of the separate financial statements of PGE Polska Grupa Energetyczna S.A. for the year 2024,
- the audit of the consolidated financial statements of the PGE Capital Group for the year 2024,
- the assurance engagement on the Sustainability Statement.

The audit of the separate and consolidated financial statements and the assurance engagement on the Sustainability Statement for 2024 was conducted by PKF Consult spółka z ograniczoną odpowiedzialnością sp. k., with its registered office in Warsaw, entered in the register of authorised audit firms under registration number 477, maintained by the Polish Agency for Audit Oversight.

In accordance with Article 382 § 3 of the Commercial Companies Code and § 18(1)(3) of the Articles of Association of PGE Polska Grupa Energetyczna S.A., the Supervisory Board is obliged to prepare a report on the results of the above assessments and to present such report to the Ordinary General Meeting of PGE Polska Grupa Energetyczna S.A. This report includes the Supervisory Board's assessment of the Management Board's report on the Company's activities and the financial statements (separate and consolidated) for the past financial year.

Accordingly, the Supervisory Board of PGE declares as follows:

Assessment:

Separate financial statements of the PGE Polska Grupa Energetyczna S.A. Capital Group for the year 2024 ended on 31 December 2024 in accordance with EU IFRS (in PLN million).

1. The Supervisory Board of PGE S.A. reviewed and analysed the separate financial statements of PGE Polska Grupa Energetyczna S.A. for the year 2024 ended on 31 December, comprising: the statement of comprehensive income, the statement of financial position as at 31 December 2024, the statement of changes in equity, the cash flow statement for the period from 1 January to 31 December 2024, and the general information, basis of preparation of the financial statements and other explanatory notes.
2. The standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the financial year 2024:
   - present a true and fair view[1] of the Company's financial position as at 31 December 2024, and of its financial performance and cash flows for the financial year ended on that date, in accordance with the applicable International Financial Reporting Standards as adopted by the European Union ('IFRS') and the adopted accounting principles (policy);
   - comply in form and content with the applicable legal regulations binding on the Company and with its Articles of Association;
   - have been prepared on the basis of properly maintained accounting books, in accordance with the provisions of Chapter 2 of the Accounting Act.

[1] By 'true and fair view', the Supervisory Board of PGE Polska Grupa Energetyczna S.A. understands the described factual state presented using the same methodology without any changes compared to the past.

Consolidated financial statements of the PGE Polska Grupa Energetyczna S.A. Capital Group for the year 2024 ended on 31 December 2024 in accordance with EU IFRS (in PLN million),

1. The Supervisory Board reviewed and analysed the consolidated financial statements of the PGE Polska Grupa Energetyczna S.A. Capital Group for the year 2024 ended on 31 December 2024, comprising: the consolidated statement of comprehensive income, the consolidated statement of financial position as at 31 December 2024, the consolidated statement of changes in equity, the consolidated cash flow statement for the period from 1 January to 31 December 2024, and the general information, basis of preparation of the financial statements and other explanatory notes.
2. The consolidated financial statements for 2024:
   - present a true and fair view[2] of the financial position of the Group as at 31 December 2024, and of its financial performance and cash flows for the financial year ended on that date, in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the adopted accounting principles (policy);
   - comply in form and content with the legal regulations applicable to the Group and with the Articles of Association of the Parent Company.

Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. and of the PGE Capital Group for the year 2024 ended on 31 December 2024 (including the separate Sustainability Statement).

1. The report has been prepared in line with the information contained in the separate and consolidated financial statements.
2. The report has been drawn up in accordance with Articles 4a(1), 49 and 55(2a) of the Accounting Act and with §§ 70 and 71 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information to be disclosed by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state.
3. Pursuant to Article 63x of the Accounting Act, a separate part of the report contains information necessary to understand the impact of the PGE Capital Group on sustainable development matters, and how these matters affect the development, performance and position of the PGE Capital Group – this being the Sustainability Statement.

The Sustainability Statement has been prepared in accordance with the European Sustainability Reporting Standards (ESRS), and its structure is consistent with that presented in Appendix D to ESRS 1. The content of the Statement results from a double materiality assessment process and covers the PGE Capital Group's value chain, both downstream and upstream. The preparation of the Sustainability Statement involved representatives from all companies of the PGE Capital Group. In the scope of employee-related information, the Statement was consulted with the PGE S.A. Works Council as the representative of all employees of the corporate centre.
As part of the Sustainability Statement, the PGE Capital Group also fulfils its obligation to disclose the extent to which its business activities may be considered environmentally sustainable. This requirement stems from 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, and from Delegated Regulations establishing a framework to facilitate sustainable investment (the so-called EU Taxonomy for environmental sustainability).

During the review of the financial statements and the Sustainability Statement, the Audit Committee of the Supervisory Board of PGE Polska Grupa Energetyczna S.A. met with representatives of the audit firm. The Audit Committee also reviewed the independent statutory auditor's reports on the audit of the annual consolidated financial statements, the separate financial statements, and the assurance engagement on the Sustainability Statement, as well as the auditor's final reports on the audit and assurance submitted to the Audit Committee.

As a result, the Audit Committee recommended that the Supervisory Board of PGE S.A. issue a positive opinion on the submitted reports for 2024.

[2] As above.

At the same time, the Audit Committee expressed concern over the low liquidity ratios of the PGE Capital Group during the reporting period.

Final conclusions:

Having considered the above, the Supervisory Board issued a positive assessment of:

1. the separate financial statements of PGE Polska Grupa Energetyczna S.A. for the year 2024 ended on 31 December 2024 in accordance with EU IFRS (in PLN million),
2. the consolidated financial statements of the PGE Polska Grupa Energetyczna S.A. Capital Group for the year 2024 ended on 31 December 2024 in accordance with EU IFRS (in PLN million),
3. the Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. and of the PGE Capital Group for the year 2024 ended on 31 December 2024 (including the separate Sustainability Statement).

and recommends that the Ordinary General Meeting of PGE Polska Grupa Energetyczna S.A. approve the documents referred to in points 1–3 above.

6. Assessment of the motion on the allocation of profit for 2024 and the level of dividend payment

The Management Board's motion to the Ordinary General Meeting of PGE Polska Grupa Energetyczna S.A. regarding the proposed allocation of net profit for the financial year 2024.

By Resolution No 155/48/2024 dated 14 April 2025, in view of the Company reporting a net profit of PLN 4,836,635,243.68 (in words: four billion, eight hundred thirty-six million, six hundred thirty-five thousand, two hundred forty-three zloty and sixty-eight groszy) in the financial statements for 2024, the Company's Management Board resolved to submit a motion to the Ordinary General Meeting regarding the allocation of the entire net profit for the 2024 financial year to the reserve capital.

Having examined the aforementioned motion, the Supervisory Board of PGE, by Resolution No 510/XII/2025 of 14 April 2025, issued a positive assessment and opinion on the motion submitted to the Ordinary General Meeting of PGE Polska Grupa Energetyczna S.A. and recommended to the Ordinary General Meeting of PGE Polska Grupa Energetyczna S.A. that the entire net profit for the 2024 financial year be allocated to the reserve capital, in accordance with the motion of the Management Board referred to above.

Final conclusion:
In view of the above, the Supervisory Board issued a positive opinion on the motion of the Management Board of PGE Polska Grupa Energetyczna S.A. to the Ordinary General Meeting regarding the proposed distribution of profit for the 2024 financial year and the appropriation of the entire net profit for the 2024 financial year to the reserve capital, in accordance with the Management Board's motion.

7. Assessment of the use of fixed assets in the Company's operations, with particular emphasis on real estate

Office Building – Warsaw, ul. Mysia 2:

The office building, constructed in 1951/56, with a total floor area of 22,711.28 sq m, constitutes separate ownership of the Company pursuant to decision 396/96 of 14 June 1996. It is located in Warsaw (00-496) at ul. Mysia 2, on a land plot held under perpetual usufruct, with a total area of 4,434.00 sq m, plots Nos 109/3 and 110/3, cadastral district 5-05-02. The property is registered in the land and mortgage register No

WA4M/00168674/5 maintained by the District Court for Warsaw Mokotów in Warsaw, 10th Land and Mortgage Register Division.

Lease in the office building located at ul. Mysia 2, Warsaw:

At the end of 2024, the leased areas totalled 2,322.04 sq m.

Main tenants (total leased area: 1,978.32 sq m – as at 31 December 2024):

- Polskie Sieci Elektroenergetyczne S.A. (629.88 sq m)
- PGE Systemy S.A. (473.23 sq m)
- KRN FOOD sp. z o.o. (453.03 sq m)
- PGE Dom Maklerski S.A. (422.18 sq m)

Other tenants (total leased area: 343.72 sq m): PGE Ventures sp. z o.o., Exatel S.A., Fundacja PGE, Pracownicze Towarzystwo Emerytalne Nowy Świat S.A., PGE Asekuracja S.A., Towerlink Poland sp. z o.o., ORANGE POLSKA S.A. oraz PGE Energia Ciepła S.A., PGE Inwest 2 sp.z o.o., PGE Gryfino 2050 sp. z o.o., PGE Inwest 9 sp. z o.o., PGE Inwest 10 sp. z o.o., PGE Inwest 11 sp. z o.o., PGE Inwest 12 sp. z o.o., PGE Inwest 14 sp. z o.o., PGE Inwest 20 sp. z o.o, PGE Inwest 21 sp. z o.o, PGE Inwest 22 sp. z o.o, PGE Inwest 23 sp. z o.o, PGE Inwest 24 sp. z o.o, PGE Inwest 25 sp. z o.o;

Total rental income for 2024 amounted to: PLN 5,983,220.56,

including from the main tenants:

Polskie Sieci Elektroenergetyczne S.A. – PLN 3,198,546.37

PGE Systemy S.A. – PLN 817,562.77

PGE Dom Maklerski S.A. – PLN 711,727.92

Solivoda sp. z o.o. – PLN 123,994.69, subsequently replaced by KRN FOOD sp. z o.o. – PLN 126,365.53

8. Information on total remuneration payable by the Company for all reviews commissioned by the Supervisory Board during the financial year

In 2024, the Supervisory Board of PGE S.A. did not exercise the right provided for under the provisions of the Commercial Companies Code and did not appoint a Supervisory Board advisor. Accordingly, the Company did not incur any costs in this respect in 2024.

9. Assessment of the Company's situation on a consolidated basis, including the adequacy and effectiveness of the internal control systems, risk management, compliance and internal audit functions in place at the Company, together with information on the actions taken by the Supervisory Board to carry out this assessment; the assessment covers all material control mechanisms, in particular those concerning reporting and operational activity

This assessment was prepared on the basis of documents submitted by the Company's Management Board, discussions held with the participation of the Management Board during meetings of the Supervisory Board,

as well as during meetings of the standing committees operating within the Supervisory Board, and taking into account the following reports presented to the Supervisory Board: the separate financial statements of PGE Polska Grupa Energetyczna S.A. for the year 2024 ended on 31 December 2024 in accordance with EU IFRS (in PLN million), the consolidated financial statements of the PGE Polska Grupa Energetyczna S.A. Capital Group for the year 2024 ended on 31 December 2024 in accordance with EU IFRS (in PLN million), the Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. and of the PGE Capital Group for the year 2024 ended on 31 December 2024 (including the separate Sustainability Statement).

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD AND EVENTS AFTER THE REPORTING PERIOD

1. Impact of the war on the territory of Ukraine on the activity of the PGE Capital Group

The Russian war against Ukraine may affect the operations of the PGE Capital Group and its future financial performance. Since the publication of the most recent financial statements, no material changes have been identified in the scope of the reported matters. In particular, the following items may be subject to assessment or revision: the recoverable amount of selected asset items, the level of expected credit losses, and the valuation of financial instruments. The PGE Capital Group continues to monitor the course of the war, its macroeconomic and market consequences on an ongoing basis. Any events that occur will be appropriately reflected in future financial statements of the PGE Capital Group.

2. The coal asset spin-off project

The discontinuation of operations in the area of conventional energy generation based on coal combustion results from the strategy of the PGE Capital Group, which aims to achieve climate neutrality by 2050. The spin-off of coal assets will bring tangible benefits to the PGE Capital Group, including in the following areas:

- greater and more favourable access to debt and equity financing sources, lower financing costs;
- greater and more favourable access to the insurance market;
- reduced cash requirements for securing the costs of CO_2 emissions and inventories of production raw materials,
- release of credit limits at financing institutions as a result of reduced demand for CO_2 emission allowances,
- increased ability to allocate financial resources to investments in distribution networks and green technologies, which are characterised by a higher rate of return,
- reduced risk of changes in prices of CO_2 emission allowances.

All of the above measures will, in the opinion of the Management Board, make the Company more attractive to shareholders.

Activities related to a spin-off of coal and lignite power generation assets

On 9 May 2024, by order of the Minister of State Assets, a dedicated team was appointed to oversee the spin-off of coal assets from State Treasury-owned companies in the energy sector.

The team's responsibilities include:

- analysing the conditions for the spin-off of coal assets from State Treasury-owned energy companies,
- cooperating with State Treasury-owned energy companies in developing assumptions, directions, and methods for implementing the spin-off,
- identifying the entities responsible for carrying out the spin-off and allocating tasks among them.

The team commenced its work in the second quarter of 2024.

In February 2025, the Ministry of State Assets (MSA) selected KPMG Advisory sp. z o.o. sp.k. as the adviser supporting the team's work. According to the current timeline declared by MAP, further information on the matter is expected to be presented by the end of the second quarter of 2025.

3. Concluding an agreement and establishing a special purpose vehicle for the nuclear power plant project

On 31 October 2022 PGE Polska Grupa Energetyczna S.A. and Korea Hydro & Nuclear Power Co. Ltd. and ZE PAK S.A. letter of intent to start cooperation within the framework of the strategic Polish-Korean project to build a nuclear power plant at the Pątnów-Konin site. The planned capacity of the plant is 2,800 MW, based

on the use of two PWR (Pressurised Water Reactor) nuclear reactors with the Korean APR 1400 technology. The cooperation also includes field and environmental studies, a feasibility study and obtaining the necessary administrative decisions.

In the Polish Nuclear Power Programme, the Pątnów-Konin area is recommended as one of the possible locations for the construction of a nuclear power plant in Poland. The investment project is also in line with the principles of the development of nuclear technologies contained in Poland's Energy Policy until 2040.

In 2023, PGE Polska Grupa Energetyczna S.A. and ZE PAK S.A. established the company PGE PAK Energia Jądrowa S.A., in which each holds a 50% share.

On 16 August 2023, PGE PAK Energia Jądrowa S.A. filed an application with the Ministry of the Economy for the issuance of a fundamental decision for the construction of a nuclear power plant in the Konin region.

On 24 November 2023, the Ministry of Climate and Environment issued the Basic Decision for the construction of a nuclear power plant in the Konin region.

On 23 January 2025, the Company signed a Term Sheet with ZE PAK S.A. regarding a potential transaction involving the acquisition by PGE S.A. of

- 100% of the shares in PAK CCGT sp. z o.o. ('Shares'), and
- 50% of the shares in PGE PAK Energia Jądrowa S.A. ('Equity Interest').

The Term Sheet sets out the basic terms of the potential acquisition of the Shares and Equity Interest and grants PGE S.A. exclusive negotiation rights in this regard until 30 June 2025 (the planned transaction closing date). The document does not, however, oblige the parties to complete the transaction. The detailed terms of the transaction will be determined following a due diligence process conducted by PGE S.A. with the support of external legal, financial and tax, and technical and environmental advisers.

4. Regulatory changes in the electricity market

Starting from 1 December 2022, the Company's financial position has been affected by the provisions of the Act on Extraordinary Measures in 2023, which introduced the obligation for electricity producers and energy companies engaged in electricity trading to make monthly contributions to the Price Difference Payment Fund ('the Fund'). The contribution to the Fund was calculated as the product of the volume of electricity sold and the positive difference between the volume-weighted average market price of the electricity sold and the volume-weighted average price cap of the electricity sold, as regulated by the Regulation of the Council of Ministers of 8 November 2022 on the method of calculating the price cap.

From 1 January 2023 onwards, trading companies calculate the amount of the contribution to the Fund for a given calendar month to which the settlement relates, taking into account the volume of electricity sales, the market price and the price limit for the 3 decades of that month, i.e. from the 1st to the 10th, from the 11th to the 20th and from the 21st to the last day of a month. Until 31 December 2022, the contribution to the Fund was calculated separately for each day of the month.

On 1 March and 1 September 2023, amendments to the provisions of the Extraordinary Measures Act 2023 governing the rules of making contributions to the Fund came into force. The change included, among other things, an expansion of the catalogue of revenues that form the basis for calculating the contribution to the Fund. As a result, the total amount of contributions made by PGE S.A. increased.

The financial statements also describe potential disputes with the President of the Energy Regulatory Office and the position of PGE Polska Grupa Energetyczna S.A. on the correctness of settlements regarding contributions to the Fund.

5. Signing of loan agreements with BGK under the National Recovery and Resilience Plan

On 31 March 2025, PGE S.A. signed two loan agreements with Bank Gospodarstwa Krajowego (BGK) from the funds of the National Recovery and Resilience Plan (KPO) for a total amount of approx. PLN 12.1 billion, including:

approx. PLN 9,521 million for financing projects implemented by PGE Dystrybucja S.A., and

approx. PLN 2,566 million for financing projects implemented by PGE Energetyka Kolejowa S.A.

The loans are granted from KPO funds under Investment G3.1.4, entitled 'Support for the national energy system (Energy Support Fund)', in accordance with the 'Call for Applications Guidelines for loans for power grid infrastructure granted by BGK'.

The loan funds will be used exclusively to finance eligible expenditure related to the implementation of the following projects:

PGE Dystrybucja S.A.: increasing capacity to integrate renewable energy sources and improving energy supply security through the construction and modernisation of the power grid ('Distribution Project'),

PGE Energetyka Kolejowa S.A.: strengthening security, improving energy quality, and increasing the ability to connect more RES sources to the distribution grid supplying the Polish railway system and its accompanying ecosystem ('Railway Energy Project').

In accordance with the loan agreements, PGE S.A. may draw down the funds once standard bank financing conditions precedent have been met and after concluding the necessary documentation with PGE Dystrybucja S.A. and PGE Energetyka Kolejowa S.A., including intra-group loan agreements.

The loan disbursements will be made progressively, based on submitted disbursement applications, as the Distribution Project and the Railway Energy Project are implemented, but no later than 20 December 2036, and up to the amount of funds transferred to BGK for this purpose by the minister competent for climate and environment.

The loans will bear interest at a fixed rate of 0.5% per annum, and repayment is scheduled in semi-annual instalments between 2034 and 2049 (with final repayment due on 20 December 2049).

According to the terms of the loan agreements, the financing amount may be increased, which would require the conclusion of appropriate annexes to the Loan Agreements.

ECONOMIC AND FINANCIAL SITUATION OF PGE S.A. FOR 2024

Key financial results

Key financial data	Unit	Q4 2024	Q4 2023	Change %	2024	2023	Change %
Sales revenue	PLN million	21,671	22,154	-2%	50,916	65,842	-23%
Reported EBIT	PLN million	397	461	-14%	1,462	1,988	-26%
Recurring EBIT	PLN million	531	518	3%	1,549	2,028	-24%
Reported EBITDA	PLN million	401	464	-14%	1,476	2,002	-26%
Reported EBITDA margin	%	2	2		3	3	
Recurring EBITDA	PLN million	535	521	3%	1,563	2,042	-23%
Recurring EBITDA margin	%	2	2		3	3	
Net profit	PLN million	691	-11,075	-	4,836	-5,894	-
CapEx	PLN million	1	16	-94%	4	22	-82%
Net cash from operating activities	PLN million	-7,386	-10,501	-30%	-9,471	-19,272	-51%
Net cash from investing activities	PLN million	657	-774	-	12,036	6,120	97%
Net cash from from financing activities	PLN million	1,981	2,008	-1%	-2,421	4,301	-

Key financial data	Unit	31 December 2024	31 December 2023	Change %
Working capital	PLN million	30,075	24,074	25%
Shares and interests in subsidiaries	PLN million	23,370	21,711	8%
Net debt	PLN million	**-19,449**	**-10,021**	**94%**
Net debt / reported LTM EBITDA	x	-13.18	-5.01	
Net debt / recurring LTM EBITDA	x	-12.44	-4.91	

One-off events affecting EBITDA	Unit	Q4 2024	Q4 2023	Change %	2024	2023	Change %
Valuation of forward contracts for CO_2 emission allowances	PLN million	-132	-57	132%	-85	-39	118%
Actuarial provision	PLN million	-1	0	-	-1	-1	0%
Adjustment of the contribution to the Price Difference	PLN million	-1	0	-	-1	0	-

Payment Fund for the previous period							
Total	PLN million	**-134**	**-57**	**135%**	**-87**	**-40**	**118%**

REVENUE BY GEOGRAPHICAL AREA

In 2024, PGE S.A. generated revenue predominantly on the domestic market (revenue from foreign clients represented an insignificant share). The share of revenue from domestic sales exceeded 99.99%.

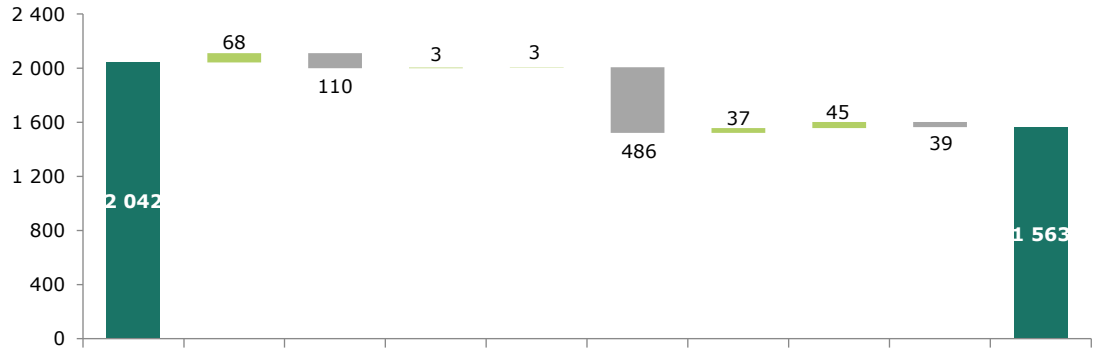
KEY FINANCIAL FIGURES AT PGE S.A. OVER 5 YEARS

Table: Data on key financial figures at PGE S.A. (in PLN million).

	2024	2023	Change %	2022	2021	2020
Sales revenue	50,916	65,842	-23%	35,922	35,917	27,541
Reported EBIT	1,462	1,988	-26%	1,139	601	712
Reported EBITDA	1,476	2,002	-26%	1,151	613	724
Recurring EBITDA	1,563	2,042	-23%	752	602	745
One-off events[1]	-87	-40	118%	399	11	-21
Net profit/loss	4,836	-5,894	-	3,097	1,734	1,744
Net debt	-19,449	-10,021	94%	-10,906	-5,337	-397
Net debt / reported LTM EBITDA	-13.18	-5.01		-9.48	-8.71	-0.55
Net debt / recurring LTM EBITDA	-12.44	-4.91		-14.50	-8.87	-0.53
Working capital	30,075	24,074	25%	17,253	11,517	8,985
CapEx	4	22	-82%	6	2	4

[1]*One-off events at EBITDA level.*

Figure: Main factors affecting EBITDA (PLN million).



	EBITDA 2023	Electricity sales result	Result on CO_2 emission allowances trading	Gas sales result	Capacity market	Revenue from ZHZW and ZDEE agreements	Revenue from Corporate Centre services	Organisational costs	Result on other operations	EBITDA 2024
Variance		**68**	**-110**	**3**	**3**	**-486**	**37**	**45**	**-39**	
Reported EBITDA 2023	**2,002**									
One-off events 2023	**-40**									
Recurring EBITDA 2023	**2,042**	-27	453	-1	30	1,934	292	681	42	

Recurring EBITDA 2024	41	343	2	33	1,448	329	636	3	**1,563**
One-off events 2024									**-87**
Reported EBITDA 2024									**1,476**

Key year-on-year factors affecting the financial results of PGE S.A.:

Higher result on electricity sales in 2024 due to an increase in the unit margin on electricity sales by PLN 1.7/MWh, resulting from securing electricity supply for retail trading purposes within the internal generation portfolios of the PGE CG.

Lower result on CO_2 emissions allowances trading was driven by a lower temporary valuation of forward transactions and a lower realised margin on CO_2 trading. The reduced margin mainly results from a reduced volume of CO_2 allowances sold (down by 21.9 million tonnes). The decline in volume was primarily due to a different purchasing schedule for CO_2 allowances for redemption for 2022 and 2023, and reduced demand stemming from lower production.

Decrease in revenue from PGE Capital Group companies for services related to Commercial Generation Capacities Management and Securing Electricity Supplies results from a lower value of electricity managed on behalf of PGE Capital Group companies, as well as a lower weighted average margin by 0.08 percentage points. The decrease in the value of managed electricity resulted from a lower average electricity price by PLN 246/MWh, despite a higher electricity volume by 7.9 TWh.

Increase in revenue from the provision of Corporate Centre services is the result of higher revenues from support service agreements, driven primarily by the centralisation of accounting-HR and communications/marketing functions since July 2023, higher rates for services provided, and new contracts with additional group companies.

Decrease in organisational operating costs is mainly due to the absence of the Price Difference Payment Fund contribution recorded in 2023 in the amount of PLN 94 million, as the legal provisions regulating contributions to the Price Difference Payment Fund were not in effect in 2024.

Lower result on other operating activities mainly due to a lower impairment write-down on receivables (reversal in 2024 of an impairment write-down on receivables from ENESTA sp. z o.o. amounting to PLN 12 million, compared to PLN 60 million of the write-down reversed in 2023).

FINANCIAL ACTIVITIES

Table: Financial activities (PLN million).

Finance income/expenses	2024	2023	Change %
Dividends from PGE CG companies	2,374	3,269	-27%
Interest	1,586	1,750[1]	-9%
Gain/(Loss) on disposal of investments	-	21	-
Revaluation of financial instruments	-25	-6	317%
Reversal/establishment of impairment write-downs	63	-12,250	-
Foreign exchange differences	-42	-32	31%
Other	-12	-25[1]	-52%
Result on financial activities	**3,944**	**-7,273**	-

[1] Reclassification of commission on loans and credits as well as on guarantees received and granted to the item 'Other'.

The key factors affecting the year-on-year financial results of PGE S.A. were:

A decrease in dividend income – mainly due to the absence of a dividend from PGE Energetyka Kolejowa Holding sp. z o.o. in 2024 (in 2023 the dividend amounted to PLN 1,412 million), and lower dividend income from PGE Energia Odnawialna S.A. by PLN 163 million, offset by higher dividend income from PGE Dystrybucja S.A. by PLN 638 million.

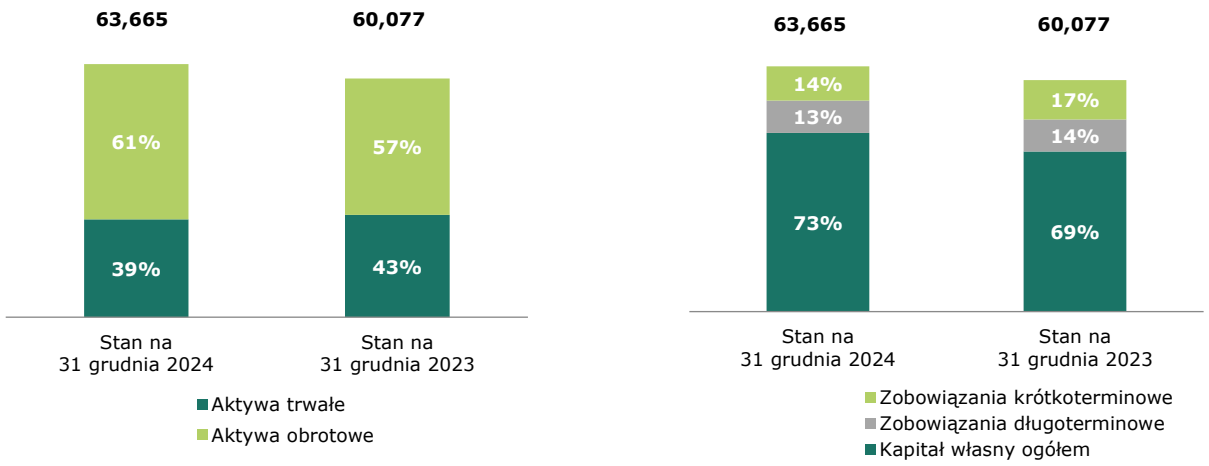
A decrease in interest income – mainly due to lower interest on bank accounts and deposits, resulting primarily from a lower level of cash and deposits in 2024.

Revaluation of financial instruments – the deviation is mainly due to a 2024 revaluation of the liability arising from expected credit losses on guarantees granted to PGE Górnictwo i Energetyka Konwencjonalna S.A. ('PGE GiEK S.A.').

Changes in impairment allowances – in 2024, there was a decrease in the impairment allowance for bonds issued by Autostrada Wielkopolska S.A., a decrease in the impairment allowance for shares in PGE Systemy S.A., an increase in the impairment allowance for loans granted to PGE GiEK S.A., and an increase in the impairment allowance for shares in PGE Nowa Energia sp. z o.o. w likwidacji. In 2023, an impairment allowance had been created for shares, loans granted and bonds held in PGE GiEK S.A. totalling PLN 11,750 million, as well as for bonds issued by Autostrada Wielkopolska S.A. in the amount of PLN 475 million, and for an increase in the impairment of shares in PGE Trading GmbH.

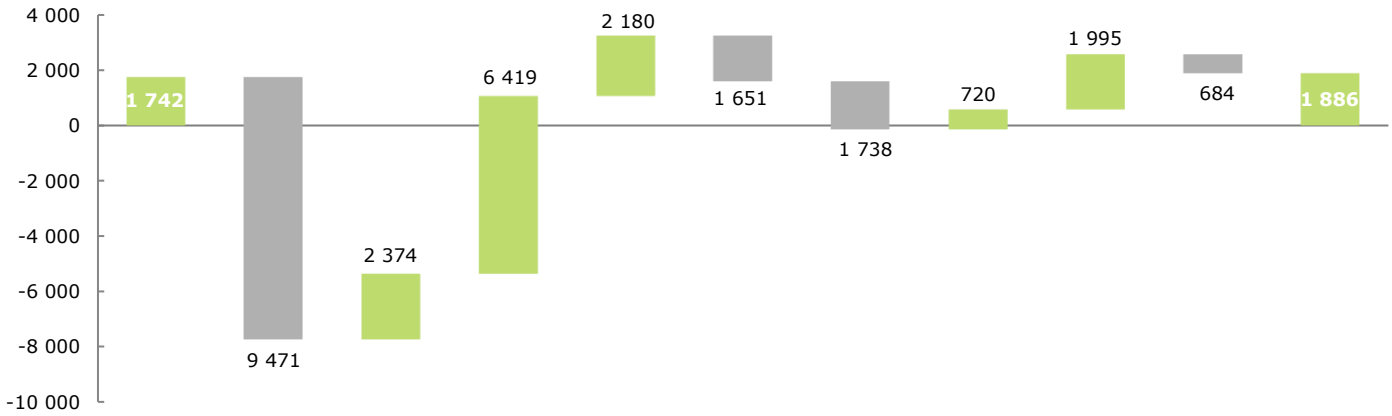
STATEMENT OF FINANCIAL POSITION

Figure: Structure of Assets, Capital and Liabilities (PLN million).



STATEMENT OF CASH FLOWS

Figure: Change in cash (PLN million).



	Cash as at 1 January 2024	Net cash from operating activities	Dividends received	Granting/repayment of loans granted	Acquisition /redemption of bonds of companies belonging to the PGE CG	Acquisition/sale of shares and stocks in subsidiaries	Taking out/repaying loans, borrowings, bond issues	Cash pooling income and expenses	Interest received	Other	Cash as at 31 December 2024
Impact on cash		**-9,471**	**2,374**	**6,419**	**2,180**	**-1,651**	**-1,738**	**720**	**1,995**	**-684**	
Cash	**1,742**										**1,886**

NET DEBT OF PGE S.A. AND KEY FINANCIAL INDICATORS

Table: The Company's net debt as at 31 December 2024 and 2023 (in PLN million).

	As at 31 December 2024	As at 31 December 2023
Cash at bank and in hand	58	379
Short-term deposits	1,151	1,304
Funds held in VAT accounts	677	59
Cash and cash equivalents	**1,886**	**1,742**
Short-term loans and debt securities (PGE CG)	29,523	21,257
Loans and receivables – cash pooling	581	703
Cash at the Company's disposal	**31,990**	**23,702**
Short-term credits and loans	2,330	4,131
Short-term bonds (interest)	10	10
Short-term liabilities – cash pooling	1,977	1,371
Lease liabilities (long-term and short-term)	23	23
Long-term credits and loans	6,801	6,747
Long-term bonds issued	1,400	1,399
Gross financial debt (short-term and long-term)	**12,541**	**13,681**
Net financial debt	**-19,449**	**-10,021**

KEY FINANCIAL INDICATORS

Figure: Profitability indicators

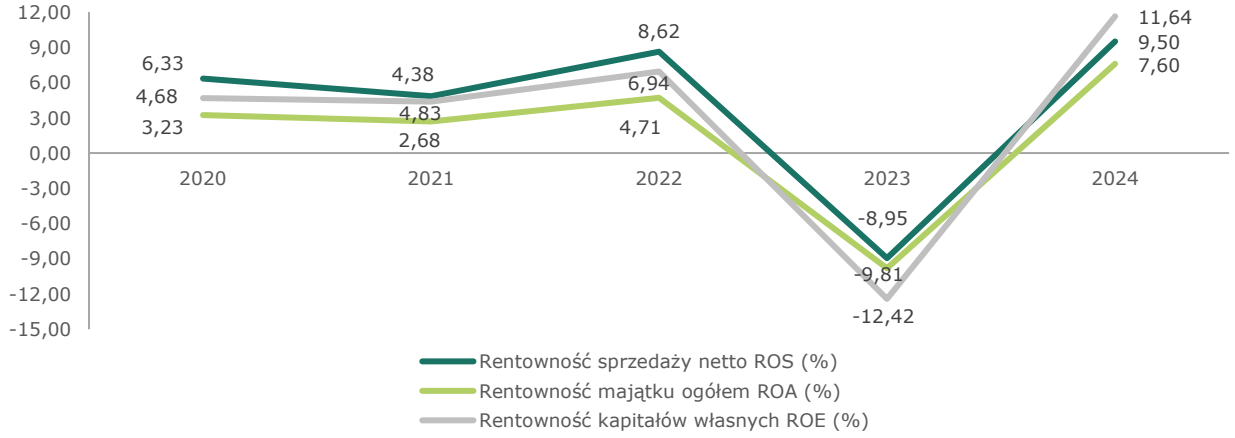


Figure: Receivables and payables turnover indicators

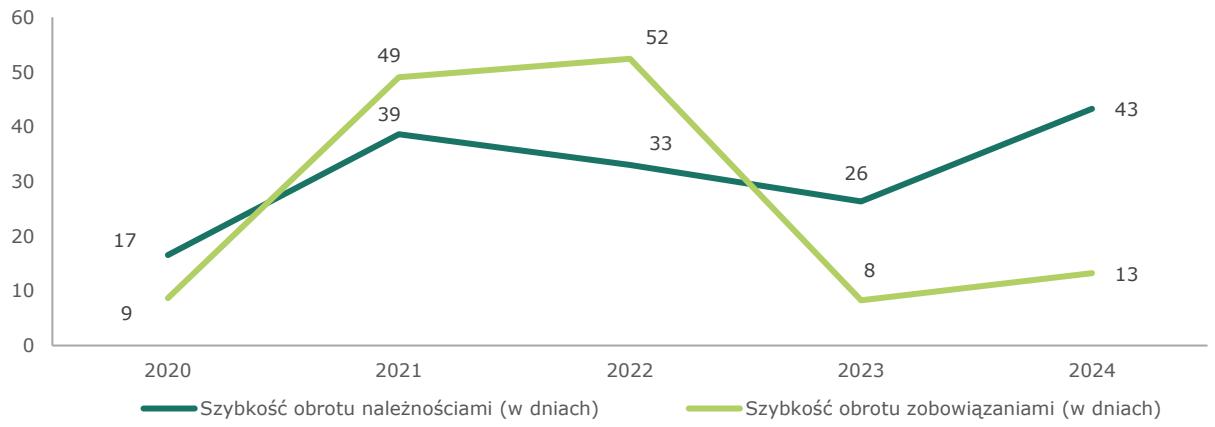


Figure: Liquidity indicators

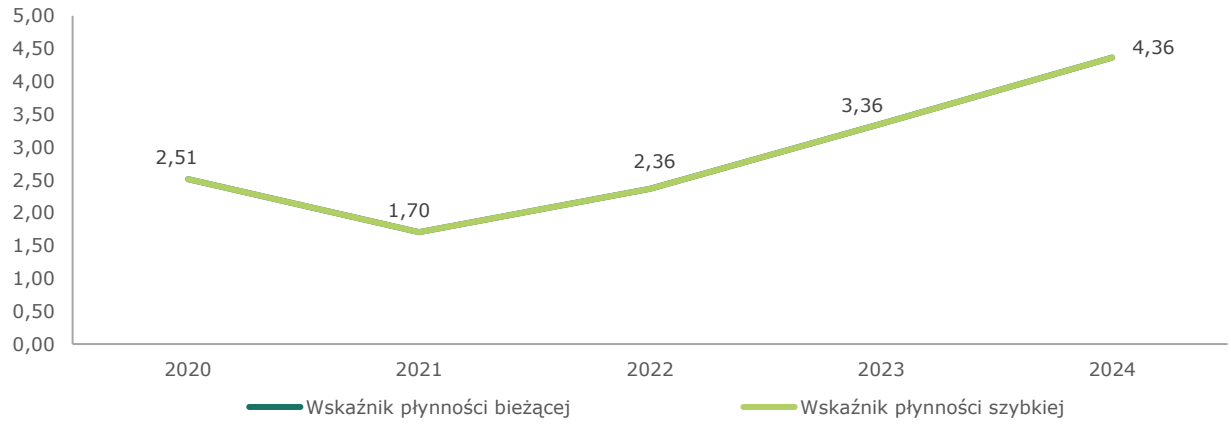
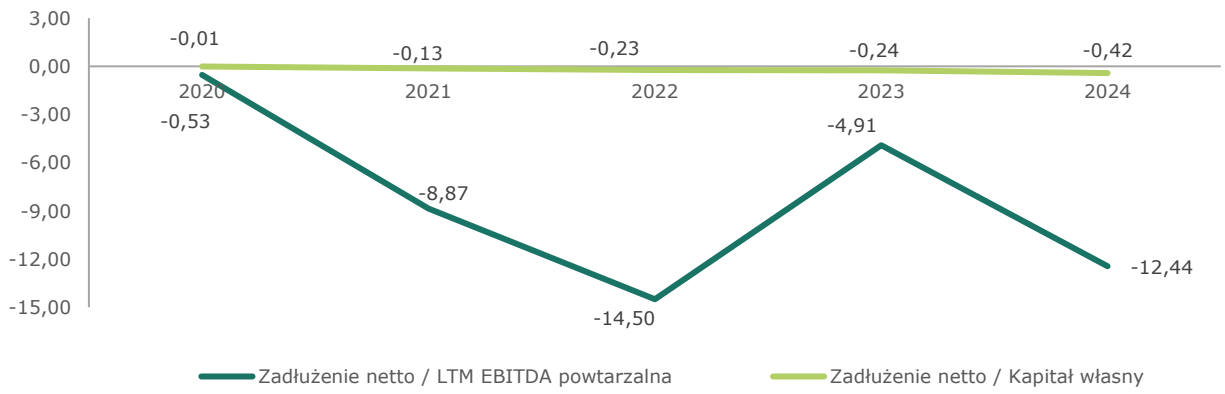


Figure: Indebtedness indicators



Key operating results, sales and supply markets

Table: Summary of electricity sales (TWh).

Sales volume	Q4 2024	Q4 2023	Change %	2024	2023	Change %
Sale of electricity to the PGE CG	10.02	10.69	-6%	35.82	39.29	-9%
Sale of electricity on the exchange market and in bilateral transactions outside the PGE CG	0.33	0.12	175%	1.15	0.31	271%
Sales under GB and RB schemes	0.56	0.45	24%	2.13	1.96	9%
Total electricity sales	**10.91**	**11.26**	**-3%**	**39.10**	**41.56**	**-6%**

PGE S.A. acts as the wholesale trading competence centre for the PGE Capital Group. The year-on-year decline in the volume of electricity sold in 2024 to PGE Group companies is primarily the result of a reduced volume supplied to PGE GiEK S.A. and a decrease in volume to PGE Obrót S.A. for the purpose of securing electricity supplies for retail customers. The drop in electricity sales to retail customers is mainly attributable to a reduction in sales volumes to large customers in the professional segment. The increase in electricity sales volume to entities outside the PGE Capital Group is due to higher trading volumes on the Polish Power Exchange (TGE).

The main recipient of electricity sold by PGE S.A. is its subsidiary PGE Obrót S.A., which accounted for 79% of the total sales volume in 2024.

Table: Summary of electricity sales (TWh) over a 5-year period.

Sales volume	2024	2023	2022	2021	2020
Sale of electricity to the PGE CG	35.82	39.29	39.94	42.02	51.75
Sale of electricity on the exchange market and in bilateral transactions outside the PGE CG	1.15	0.31	0.77	1.57	4.07
Sales under GB and RB schemes	2.13	1.96	1.64	1.39	1.26
Total electricity sales	**39.10**	**41.56**	**42.35**	**44.98**	**57.08**

Table: Volume of natural gas sales (TWh).

Sales volume	Q4 2024	Q4 2023	Change %	2024	2023	Change %
Sales of gas to the PGE CG	0.37	0.62	-40%	0.79	2.80	-72%
Sales of gas outside the PGE CG	0.03	0.06	-50%	0.08	0.21	-62%
Total gas sales	**0.40**	**0.68**	**-41%**	**0.87**	**3.01**	**-71%**

The year-on-year decrease in the volume of natural gas sold is primarily the result of lower volumes sold to entities within the PGE CG: sales to combined heat and power plants and to entities securing supplies for retail customers.

The main recipients of natural gas sold by PGE S.A. in 2024 were its subsidiaries: PGE Energia Ciepła S.A., which accounted for 46% of the sales volume, PGE Gryfino Dolna Odra sp. z o.o. with a 28% share, and PGE Toruń S.A. with an 11% share.

Table: Volume of natural gas sales (TWh) over 5 years.

Sales volume	2024	2023	2022	2021	2020
Sales of gas to the PGE CG	0.79	2.80	2.86	3.09	3.21
Sales of gas outside the PGE CG	0.08	0.21	0.71	0.79	0.60
Total gas sales	**0.87**	**3.01**	**3.57**	**3.88**	**3.81**

The main suppliers of electricity to PGE S.A. in 2024 were subsidiaries: PGE GiEK S.A. (53%), PGE Dom Maklerski S.A. (15%), and PGE Energia Ciepła S.A. (14%). As regards natural gas, the principal supplier was PGE Dom Maklerski S.A., which provided 70% of the purchased volume.

INTERNAL AUDIT

PGE S.A. complies with the recommendations set out in the Best Practice for GPW Listed Companies regarding the maintenance of an effective internal audit function, adjusted to the Company's size, type and scale of operations. The internal audit function at the Company covers all areas of activity within the PGE CG, excluding the protection of classified information, which is regulated by a dedicated act. Internal audit operates on the basis of the Internal Audit Charter of the PGE CG, developed in line with internationally recognised professional standards for internal auditing.

The audit function is consolidated within the PGE Capital Group and is carried out by the Internal Audit Department, which conducts audit tasks for PGE S.A. and individual companies of the PGE CG. An exception is made for entities in the PGE CG Conventional Generation Segment, which maintain separate audit structures.

The Internal Audit Department of PGE S.A. conducts independent and objective activities in evaluating risk management, corporate governance, and the internal control system. This assessment is carried out in a systematic and orderly manner, contributing to the improvement of the effectiveness and efficiency of

operational processes. In this way, the internal audit function supports the organisation in achieving its objectives by ensuring the effectiveness of operations and through advisory services.

The audit function is independent of operational activities. The Director of the Internal Audit Department reports directly to the President of the Management Board of PGE S.A. Matters relating to internal audit are also presented to the Audit Committee of the Supervisory Board through communication of the results of individual audit assignments and periodic reporting covering the overall functioning of the internal audit function across the PGE CG.

The internal audit function operates according to a plan. The Internal Audit Department prepares audit tasks and the resources required for their implementation in the Annual Audit Plan of the PGE CG, which is approved by the Management Board of PGE S.A. The Annual Audit Plan is based, among other things, on the Long-Term Audit Plan covering a four-year cycle, operational risk analysis results, and reported audit needs. In addition to planned audit tasks, ad hoc assignments are also carried out.

The internal structure of the Internal Audit Department includes organisational units dedicated to servicing specific operational segments of the PGE Capital Group, as well as Divisions carrying out activities at the Corporate Centre level. In order to ensure independence, the Internal Audit Department within the organisational structure of PGE S.A. reports directly to the President of the Management Board. Both the Department's Management and the internal auditors support operational and reporting processes at the Company by participating in advisory assignments and by communicating to the relevant organisational units of PGE S.A. the significant issues identified during audits.

One of the key features of the internal control system at the PGE CG is its operation based on ongoing cooperation between the units responsible for audit, security, and compliance. This cooperation is particularly realised through regular and prompt exchange of information.

ASSESSMENT OF THE ADEQUACY AND EFFECTIVENESS OF THE COMPLIANCE SYSTEM

Characteristics of the Compliance Management System at the PGE CG

The purpose of the compliance area is to support the management boards of the PGE Capital Group companies in implementing uniform rules of operation across the Group, thereby fostering an organisational culture that promotes compliance with the law and ethical principles as well as conduct consistent with the principles of sustainable business.

Compliance Policies

The policies represent a declaration of lawful and ethical conduct towards internal and external stakeholders. These documents are published on the website www.gkpge.pl (Compliance tab) – in both Polish and English:

- Code of Ethics of the PGE Capital Group
- Anti-Corruption Policy of the PGE Capital Group
- Code of Conduct for Business Partners of the PGE Capital Group Companies

Information on reporting channels for irregularities is also available on the websites of the PGE CG companies.

Compliance Management System Standard

The compliance management system currently in place within the PGE Capital Group is based on the recommendations of ISO 37301 Compliance Management Systems (CMS) (no certification process has been undertaken to date). This standard outlines requirements for the design, implementation, and effectiveness of compliance management systems. The system is also in line with the Best Practice for GPW Listed Companies 2021.

Structure of the Compliance Management System and Reporting Lines

The PGE Capital Group has an organisational structure dedicated to compliance tasks. At the corporate centre – PGE S.A. – this function is carried out by the Compliance Department (hereinafter 'CD'), operating within the Security Division, with the Director of the CD reporting directly to the President of the Management Board. The Director of the CD also has a direct reporting line to the Management Board and to the Audit Committee of the PGE Supervisory Board. Compliance Coordinators are appointed in PGE CG companies, who report to the Director of the Compliance Department at PGE S.A. in the performance of their tasks.

These individuals also have an appropriate direct reporting line to the Management Boards of their respective companies.

Supervisory Board's Assessment of the Compliance System's Operation in 2024 at the PGE Group

In 2024, the Compliance Department at PGE S.A. continued and improved the established practice of conducting periodic training on the PGE Capital Group's Code of Ethics and anti-corruption regulations, compliance communication, and implementation of core processes, including identifying legal and regulatory provisions, identifying and assessing compliance risks, conducting compliance assessments, and periodic reporting.

The effectiveness of activities is continuously assessed and improved as needed. In 2024, ongoing monitoring continued in respect of follow-up actions resulting from completed investigations and compliance monitoring.

The key Compliance activities in 2024 included:

- Ensuring implementation of the requirements of the Whistleblower Protection Act of 14 June 2024 in PGE CG companies;
- Supporting the organisation in meeting the requirements of sustainability reporting.

Compliance Assessments were conducted in the respective PGE Capital Group companies regarding: implementation of the compliance management process, fair business and ethical conduct, respectful conduct (human rights and labour rights), personal data protection, anti-corruption, conflict of interest prevention, business partner relations, anti-money laundering and counter-terrorist financing (AML/CFT).

In selected PGE Capital Group companies, compliance assessments also covered adherence to fair competition principles and consumer protection issues.

The aggregate results of the Compliance Assessments for individual PGE Capital Group companies for the period Q4 2023 – Q3 2024 will be presented in the form of a Group-wide Compliance Assessment to the Audit Committee of the PGE Supervisory Board as part of the 2024 Annual Compliance Report.

The Compliance Department is preparing the 2024 Compliance Report for the Audit Committee of the PGE Supervisory Board, which will form the basis for evaluating the effectiveness of the Compliance Management System at PGE S.A. in 2024. The full assessment of the system's effectiveness will be completed following the Audit Committee's review of the aforementioned document.

RISKS AND THREATS TO PGE S.A. AND THE PGE CG

Risks in the activities of the PGE CG

As the Corporate Centre managing the Capital Group, PGE S.A. designs and implements solutions within the architecture of integrated risk management across the PGE CG. In particular, it defines policies, standards, and practices for risk management at Group level, develops and improves internal IT tools supporting the process, determines the global risk appetite and hedging strategies for risks managed centrally within the PGE Capital Group, and sets appropriate limits and monitors their levels.

The companies of the PGE Capital Group, like other entities in the power sector, are exposed to risks and threats arising from the nature of their operational activities and the market and regulatory environment in which they operate. The PGE Capital Group classifies risks as ERM risks (annual), long-term risks, and climate-related risks.

Within the ERM (Enterprise Risk Management) area, the most significant risks to the operations of PGE S.A. and the PGE Capital Group include:

- Market and product risks related to prices and volumes of offered products and services,
- Asset-related risks linked to the development and maintenance of assets,
- Operational risks related to the execution of current business processes,
- Regulatory and legal risks concerning compliance with legal requirements,
- Financial risks associated with the management of financial operations.

All identified and assessed risks related to the current activities of the PGE Capital Group are recorded in the risk register (risk books) maintained by the Risk and Insurance Department at PGE S.A. The risk books reflect changes in the value of individual risk parameters, along with information on the mitigating actions undertaken (aimed at reducing the probability of occurrence and minimising the negative consequences of risk), as well as their effectiveness.

1. Long-term risks

The PGE CG does not focus solely on risks associated with its current operations, but also on long-term risks and those arising from climate change. Risks that could affect the operations of the PGE Capital Group within the next decade are also identified and assessed. Senior management (Members of the Management Board and Division Directors) assess the impact of long-term risks on the achievement of goals, corporate image, and business continuity of the CG. This allows the PGE Capital Group to prepare for emerging challenges and safeguard its long-term development.

The following are the areas in which challenges and threats have been identified for the PGE CG over the coming decade:

- Profitability and access to financing
- Potential delays in investments
- Disinformation
- Geopolitical situation
- Climate change – physical risks
- Access to the latest technologies
- Law and regulations
- Technological evolution (energy generation sources)
- Social preferences and sustainable development requirements
- Security / protection of PGE CG resources

2. Climate risks

The PGE Capital Group is aware of both the impact of its operations on the climate, as well as the risks of climate change to the PGE Capital Group's operations. This interdependence generates both risks and development opportunities. Stakeholders' expectations regarding the reporting of the impact of operations on the climate, as well as dependence on it, are therefore understandable, with climate risk management being recognised as a key element of strategic management with a direct impact on financial aspects.

Figure: Interdependencies between climate and the operations of the PGE Capital Group.

The PGE Capital Group also stepped up its efforts to meet regulatory requirements, both national and European. For the year 2024, a Sustainability Statement has been prepared, the formal basis of which is Directive (EU) 2022/2464 of the European Parliament and of the Council (Corporate Sustainability Reporting Directive, CSRD), the European Sustainability Reporting Standards (ESRS), and the Accounting Act. The Sustainability Statement is included in the Management Board Reports on activities of the PGE CG. The PGE Capital Group is also required to disclose the extent to which its business activities can be considered environmentally sustainable. This requirement results from Regulation (EU) 2020/852 of the European

Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, and from the related Delegated Regulations. The activities of the PGE Capital Group in terms of the EU Environmental Taxonomy are described in section 9.2.1 of this report.

CHANGES IN THE STRUCTURE OF THE PGE CAPITAL GROUP

Acquisition, subscription, or disposal of shares/equity interests by companies of the PGE Capital Group

On 9 October 2023, PGE S.A. and the National Fund for Environmental Protection and Water Management (NFOŚiGW) signed an investment agreement concerning the financing of PGE Inwest 12 sp. z o.o. for the purpose of developing a pumped-storage power plant in the locality of Młoty (Bystrzyca Kłodzka commune, Lower Silesian voivodeship). As a result of the execution of this agreement, on 17 October 2023 the Extraordinary General Meeting of Shareholders of PGE Inwest 12 sp. z o.o. adopted a resolution to increase the share capital and resolved that the new shares in the increased share capital would be subscribed for by PGE S.A. and NFOŚiGW in exchange for cash contributions. On 24 October 2023, both entities subscribed for the new shares. PGE S.A. currently holds 51% and NFOŚiGW 49% of the share capital. The share capital increase was registered with the National Court Register on 4 March 2024.

On 18 December 2023, the Extraordinary General Meeting of Shareholders of ENESTA sp. z o.o. w restrukturyzacji adopted a resolution to increase the company's share capital from PLN 82,402,000 to PLN 116,402,000, i.e. by PLN 34,000,000, by issuing 34,000 new shares with a nominal value of PLN 1,000 each. PGE Obrót S.A., as one of the shareholders, acquired all new shares in the increased share capital. As a result of the increase in the share capital and the subscription for all new shares in the company by PGE Obrót S.A., upon registration of the increase in the company's share capital in the National Court Register, i.e. on 17 June 2024, the shareholding of PGE Obrót S.A. in the company's share capital increased from 92.25% to 94.51%.

On 11 June 2024, the Ordinary General Meeting of PGE Toruń S.A. resolved on the compulsory buyout by PGE Energia Ciepła S.A. of 48,220 registered ordinary shares representing 0.12% of the share capital of PGE Toruń S.A. from minority shareholders, pursuant to Article 418^1 of the Commercial Companies Code. On 12 August 2024, an entry was made in the shareholder register of PGE Toruń S.A. As a result of the compulsory buyout of shares and the corresponding amendment to the shareholder register, the shareholding of PGE Energia Ciepła S.A. in the share capital of PGE Toruń S.A. increased from 95.22% to 95.34%.

On 10 December 2024, between PGE S.A. (the sole shareholder of the Companies), acting as the seller, and PGE Energia Odnawialna S.A., acting as the buyer, four respective agreements for the sale of shares in the companies PGE Inwest 14 sp. z o.o., PGE Inwest 21 sp. z o.o., PGE Inwest 22 sp. z o.o. and PGE Inwest 24 sp. z o.o. (the 'Companies'), representing 100% of the share capital of each Company (the shares), were concluded, namely:

1) 19,919 shares in PGE Inwest 14 sp. z o.o., with a nominal value of PLN 19,919,000,

2) 13,560 shares in PGE Inwest 21 sp. z o.o., with a nominal value of PLN 13,560,000,

3) 13,688 shares in PGE Inwest 22 sp. z o.o., with a nominal value of PLN 13,688,000,

4) 4,468 shares in PGE Inwest 24 sp. z o.o., with a nominal value of PLN 4,468,000.

The ownership of the shares in the Companies was transferred to PGE Energia Odnawialna S.A. on 10 December 2024.

Liquidation of companies

On 1 March 2021, the Extraordinary General Meeting of Shareholders of PGE Trading GmbH w likwidacji, with its registered office in Berlin, in which PGE S.A. 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.

On 31 March 2022, the Extraordinary General Meeting of Shareholders of PGE Nowa Energia sp. z o.o. w likwidacji, with its registered office in Warsaw, in which PGE S.A. 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. On 16 February 2024, the liquidation of PGE Nowa Energia sp. z o.o. w likwidacji was completed and the company was removed from the National Court Register. On 22 April 2024, the removal of the company from the National Court Register became final.

On 26 January 2023, the Extraordinary General Meeting of Shareholders of Railen GmbH w likwidacji, in which PGE Energetyka Kolejowa Holding sp. z o.o. holds 100% of the share capital, adopted a resolution, effective as of 31 January 2023, on the dissolution of the company and the appointment of a liquidator to carry out the liquidation procedure. On December 10, 2024, the liquidator submitted an application to open bankruptcy proceedings due to the occurrence of grounds for the company's insolvency. On 19 December 2024, the bankruptcy court decided to appoint an expert to confirm the existence of the grounds for initiating insolvency proceedings.

On 3 October 2023, the administrator of the Lithuanian Register of Legal Entities initiated the liquidation of Railen Baltics, UAB, in which PGE Energetyka Kolejowa Holding sp. z o.o. holds 100% of the share capital. The decision to initiate the liquidation was appealed, and as a result, on 31 January 2024, the District Court of the City of Vilnius overturned the liquidation of Railen Baltics, UAB. Consequently, the company is no longer in liquidation.

Restructuring of companies

On 21 June 2022, the District Court in Rzeszów, 5th Commercial Division, opened restructuring proceedings (sanation) for ENESTA sp. z o.o. w restrukturyzacji, with its registered office in Stalowa Wola, and appointed an Administrator for these restructuring proceedings. The restructuring process is currently ongoing. PGE Obrót S.A. currently holds 94.51% of the company's share capital.

10. Assessment of the company's application of corporate governance principles and the manner in which it fulfils its disclosure obligations relating to the application of such principles, as set out in the stock exchange rules and regulations and in the regulations on current and periodic information disclosed by issuers of securities, including information on the actions taken by the Supervisory Board to carry out this assessment

DISCLOSURE OBLIGATIONS REGARDING THE APPLICATION OF CORPORATE GOVERNANCE PRINCIPLES SET OUT IN THE STOCK EXCHANGE RULES AND REGULATIONS

In 2024, PGE S.A. was subject to the corporate governance principles set out in the document 'Best Practice for GPW Listed Companies 2021' ('Best Practice'). The Best Practice was adopted by Resolution No 13/1834/2021 of the Management Board of the Warsaw Stock Exchange on 29 March 2021 and has been

applied by PGE S.A. since 1 July 2021. The full text of the Best Practice is published on the official website of the Warsaw Stock Exchange dedicated to corporate governance: https://www.gpw.pl/dobre-praktyki2021.

Furthermore, pursuant to Article 7(3) of the Act on the principles of state property management, the Prime Minister may define best practice in the area of corporate governance. As the Prime Minister has not specified such best practice, the Company did not apply any additional practices in 2024 other than those indicated in the Best Practice.

Companies applying the Best Practice are obliged to report on their compliance. Within the Company and the PGE Capital Group, a comprehensive assessment was carried out on the application of the Best Practice, involving a range of substantive departments. A responsibility matrix was drawn up in relation to individual principles, and the necessary data and explanations were collected in order to determine the degree of compliance with the Best Practice. In addition, the Company took into account the recommendations of the Corporate Governance Committee concerning the application of the Best Practice, which were based on questions submitted by issuers. The report on the status of application was presented to the Management Board and the Supervisory Board of the Company, together with relevant explanations and comments. In the report, the Company declared compliance with 53 principles of the Best Practice, which — according to the comparisons available at the time of preparing this report on the Best Practice Scanner website (https://www.gpw.pl/dpsn-skaner) — means a COMPLY ratio (declared level of compliance with the Best Practice 2021) of 84%, compared to 83% for the Energy sector and 78% for companies included in the WIG index. The Company monitors the application of the principles on an ongoing basis and is obliged to publish relevant information in the event of any breach.

Since December 2021, the Company has operated a Sustainable Development Committee, responsible for implementing ESG principles within the PGE Group, including governance issues, and for preparing recommendations aimed at increasing the scope of application of the Best Practice.

In 2024, the Company applied the Best Practice with the exception of the following principles:
1.3.2 'Companies integrate ESG factors in their business strategy, including in particular: [...] social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations'.

The Company's business strategy includes broad social and employee matters; however, it does not explicitly include actions taken or planned to ensure gender equality. Nevertheless, the Company makes efforts to ensure that its activities in the area of human resources are based on equal treatment of both sexes.

1.4.2 'To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial.
ESG information concerning the strategy should among others: present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target'.

At present, the Company does not publish information about the actions taken or planned to ensure gender pay equality. The gender pay gap ratio is presented as part of the Sustainability Statement, which forms an integral part of the Management Board's Report on the Activities of PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group.

2.1 'Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age,

professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%'.

PGE S.A. has not yet developed a diversity policy with respect to the Company's governing bodies. The process of selecting individuals for management positions takes into account such elements as appropriate education, professional experience, qualifications, and competencies of the candidates and in no way disqualifies candidates on the basis of the elements indicated in the principle of a diversity policy. There was no gender diversity within the Company's Management Board, whereas the minority share in the Supervisory Board stood at approximately 38% (as at 31 December 2024).

2.2 'Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1'.

PGE S.A. has not yet developed a diversity policy with respect to the Company's governing bodies. The process of selecting individuals for management positions takes into account such elements as appropriate education, professional experience, qualifications, and competencies of the candidates and in no way disqualifies candidates on the basis of the elements indicated in the principle of a diversity policy. In the Company's view, the versatility of the Company's governing bodies is ensured through the diversity of the Members of the Management Board and the Supervisory Board in terms of education, specialist knowledge in various fields, and professional experience. There was no gender diversity within the Company's Management Board, whereas the minority share in the Supervisory Board stood at approximately 38% (as at 31 December 2024).

2.11.6 'In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least the following: [...] information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1'.

The Company does not have a formalised diversity policy with respect to the Management Board and the Supervisory Board; therefore, it does not prepare a report containing information on the degree of implementation of the diversity policy.

3.5 'Persons responsible for risk and compliance management report directly to the president or other member of the management board'.

Under the current organisational structure, the person responsible for risk management reports to the Director of the Finance Division, who in turn reports directly to a Member of the Management Board. The lack of direct reporting by the director of the department responsible for risk management results from the Company's organisational structure and the consistent treatment of risks alongside financial matters. Regardless of the reporting line to the Director of the Finance Division, within the scope of their responsibilities, the Director of the Risk and Insurance Department maintains direct contact with the Management Board Member for Finance. Under the current organisational structure, the person responsible for Compliance has the ability to report directly to the President of the Management Board, while organisationally they report to the Director of the Security Division, who reports directly to the President of the Management Board.

3.7 'Principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks'.

The principle is not complied with in respect of principle 3.5 in the case of persons responsible for risk management in certain PGE Capital Group companies of material importance to its operations. In the remaining PGE Capital Group companies of material importance to its operations, the individuals designated to perform tasks related to risk management and compliance report to the Presidents or Members of the Management Boards of the respective companies.

3.8 'The person responsible for internal audit or the management board if such function is not performed separately in the company reports to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle 3.1 and tables a relevant report'.

At present, information concerning the assessment of the effectiveness of the functioning of the systems and functions referred to in principle 3.1 (internal control, risk management, and supervision of compliance with laws and regulations (compliance), as well as an effective internal audit function) is presented to the Supervisory Board by the directors of the respective departments and the President of the Management Board.

4.1 'Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed'.

The Management Board of PGE does not rule out the possibility of adopting the aforementioned principle in the future.
In the view of the Management Board, the current non-application of the aforementioned principle does not affect the reliability of the Company's information policy, nor does it entail any risk of restricting or hindering Shareholders' participation in the General Meeting. The Company provides real-time broadcasting of the General Meeting proceedings.

6.4 'As the Supervisory Board performs its responsibilities on a continuous basis, the remuneration of Supervisory Board Members cannot depend on the number of meetings held. The remuneration of members of committees, in particular the Audit Committee, should take into account additional workload on the committee.'

The remuneration of Members of the Supervisory Board of PGE S.A. was determined by Resolution No 5 of the Extraordinary General Meeting dated 14 December 2016 (as amended), concerning the principles for determining the remuneration of Supervisory Board Members. Under this resolution, the monthly remuneration of Supervisory Board Members is calculated as the product of the average monthly remuneration in the enterprise sector, excluding profit distribution awards, in the fourth quarter of the previous year, as published by the President of Statistics Poland, and a multiplier of: 1.7 (for the Chair of the Supervisory Board) or 1.5 (for other Members of the Supervisory Board). The remuneration of Supervisory Board Members is not dependent on the number of meetings held; however, participation in committee work is not additionally remunerated. The remuneration paid to Members of the Supervisory Board of PGE S.A. is in line with the principles set out in the Act of 9 June 2016 on the Rules for Determining the Remuneration of Persons Managing Certain Companies (commonly referred to as the 'Salary Cap Act').

INFORMATION ON BREACHES OF THE BEST PRACTICE 2021
In 2024, there were no incidental breaches of the Best Practice for WSE Listed Companies 2021.

Disclosure obligations regarding the application of corporate governance principles set out in the regulations on current and periodic information disclosed by issuers of securities

As at the date of publication of the PGE Annual Report for 2024, i.e. 15 April 2025, the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information to be disclosed by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state (Journal of Laws of 2018, item 757) imposed an obligation on issuers of securities to publish a statement on the application of corporate governance in the annual activity report of the issuer (§ 70(6)(5)).

In 2025, in accordance with the above-mentioned regulation, the Company included the relevant statement in the 'Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. and of the PGE Capital Group for the year 2024 ended on 31 December 2024' concerning the application of corporate governance principles in 2024, which was published on 15 April 2025.

The aforementioned statement contained information in compliance with the requirements of the aforementioned regulation, including:

- Information on the set of corporate governance principles applicable to the Company in 2024,
- Information on any departures from the application of corporate governance principles,
- A description of the main features of the internal control and risk management systems in place in the Company in relation to the financial reporting process,
- Information on shareholders holding significant shareholdings in the Company,
- Information on shareholders holding special control rights,
- A description of restrictions on the exercise of voting rights attached to the Company's shares,
- A description of restrictions on the transferability of the Company's securities,
- Information on the rules for amending the Company's Articles of Association,
- A description of the functioning of the Company's General Meeting, its key powers, as well as shareholders' rights and the manner of exercising them,
- A description of the rules for the appointment and removal of the Company's managing and supervisory persons, and the scope of their powers,
- Information on the composition and functioning of the Company's management and supervisory bodies and of the committees of the Supervisory Board,
- Additional information on the Audit Committee, including compliance with independence criteria, the knowledge and skills of its members, and the policy on selecting the audit firm,
- Information on the remuneration of the governing bodies of PGE S.A.,
- Information on shares and other securities,
- A description of the management structure of PGE S.A. and the division of responsibilities among the Management Board Members,
- The role of the Management Board in the context of sustainable development,
- Information on the Sustainable Development Committee.

Furthermore, in compliance with the provisions of Directive (EU) 2022/2464 of the European Parliament and of the Council (Corporate Sustainability Reporting Directive, CSRD) and the Accounting Act, PGE prepared a Sustainability Statement in accordance with the European Sustainability Reporting Standards (ESRS). This Statement forms part of the Management Board Report on the activities of PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for 2024 and includes, inter alia, information relating to corporate governance (ESRS G).

The verification of the Company's fulfilment of disclosure obligations concerning the application of corporate governance principles was carried out by the PGE Supervisory Board as part of the assessment of the Management Board Report on the activities of PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for 2024.
The above confirms that the Company has fulfilled its disclosure obligations concerning the application of corporate governance principles, as set out in the Rules of the Warsaw Stock Exchange and in the regulations

on
current and periodic information disclosed by issuers of securities.

11. Assessment of the appropriateness of expenditure on sponsorship and donations incurred by the Company and its Group, including the value of such expenditure

Sponsorship Policy
The document governing the current sponsorship activities of the PGE Capital Group is the 'General Procedure – Rules for Conducting Sponsorship Activities in PGE Polska Grupa Energetyczna S.A. and other Companies of the PGE Capital Group', effective as of 21 April 2021. The sponsorship procedure imposes the obligation to prepare an Annual Sponsorship Activity Plan (hereinafter: 'ASAP'), which is adopted by resolution of the Management Board and approved by resolution of the Supervisory Board.

Sponsorship activities in the areas of sport, culture and industry events carried out in the first quarter of 2024 were based on the ASAP adopted in January 2024. Subsequently, the Marketing and Advertising Department conducted a reassessment of the sponsorship plan. As a result, the need to update the document was identified. The purpose of the changes was to optimise sponsorship activities so that the funds allocated to sponsorship would be spent in line with the adopted sponsorship strategy and in the most efficient manner possible. The revised ASAP was approved by a Management Board resolution on 6 August 2024 and by a Supervisory Board resolution on 3 September 2024. The update did not affect the budget allocated for sponsorship, which remained at PLN 70.6 million, in line with the Company's financial plan.
The sponsorship optimisation process, initiated in February 2024, involved:

- Terminating selected sponsorship agreements,
- Discontinuing projects that were to be continued based on new agreements concluded during 2024,
- Refraining from entering into cooperation on new projects planned for launch in 2024,
- Adjusting the level of funding – by reducing or increasing remuneration.

As a result of the optimisation of the sponsorship plan, the following sponsorship agreements were terminated:

- Sport: Stal Mielec (football), Łódzki Hockey Club (ice hockey), Stal Stalowa Wola (football), Chełmski KS (football and volleyball), Zofia Klepacka (sailing), Polish Esports League – PGE Champions Division (esports), PGE Turów Zgorzelec Esport (esports)
  PGE Junior: Hugonacademy (squash), Judo Academy Poznań (judo), FC Lesznowola (football), Polonia Przemyśl (football)
- Culture: Tomaszów Symphony Orchestra, Portal dla Kultury (culture portal), J. Kurtyka Library, Warsaw Rising Museum.

A decision was also taken not to continue the following projects:

- Sport: PGE Rysice Rzeszów (women's volleyball), Winter PGE National on Tour (ice-skating events), PGE Junior: PGE KPR Gryfino (handball), Kotwica Kołobrzeg (football), GKS Glinik Gorlice (football), AP Łomża (football), Podhalanin Biecz (football), SEMP Ursynów (football)
- Culture: Centre of Polish Sculpture in Orońsko, Museum of Polish Children – Victims of Totalitarianism

A decision was made to revise the level of funding for the following projects:

- Sport: PGE Spójnia Stargard (basketball), Polish Swimming Association, Polish Figure Skating Association (main partnership and 'Chodź na łyżwy' – Let's Go Skating programme)
- Culture: Lower Silesian Philharmonic in Jelenia Góra, Wawel Royal Castle Museum.

If the amount allocated for the implementation of a given project was lower than that originally planned in the 2024 ASAP, the unused portion could be redirected to increase funding for another sponsorship project or to support a new project not originally included in the 2024 ASAP.

As a result of the update to the ASAP, the following new projects were launched in 2024, although they were not included in the original plan:

- Sport: PGE Wybrzeże Gdańsk (handball), PGE Projekt Warszawa (volleyball), PGE Grot Budowlani Łódź (women's volleyball), Grand Prix PLS (volleyball), Gdynia Sailing Days and the 100th anniversary of the Polish Yachting Association (sailing), Sopot Sailing Club (sailing), Polish Chess Federation (chess), Polish Tennis Association (tennis)
- Culture: Poznań Philharmonic, Polish Chamber Philharmonic Sopot, BohaterON initiative

As a result of the changes introduced, sponsorship activities in the areas of sport, culture and industry events were carried out in 2024 on the basis of the following sponsorship programmes:

- PGE MOCna Liga (sponsorship of the National Stadium – PGE Narodowy, the professional speedway league – PGE Ekstraliga, and professional sports clubs in the most popular disciplines, such as handball and basketball);
- PGE Siatka Mocy (PGE Power Net) – sponsorship of professional sports clubs, beach volleyball, amateur competitions, and children's and youth volleyball;
- Moc Wiatru i Wody (The Power of Wind and Water) – primarily sponsorship of sports associations in disciplines related to the elements of wind and water;
- Energetyczna Zima z PGE (Energising Winter with PGE) – support for speed and figure skating through sponsorship of federations and academies;
- Moc Ciała i Umysłu (The Power of Body and Mind) – cooperation with the Polish Chess Federation and the Polish Tennis Association;
- PGE Junior – support for youth sports academies in various disciplines across Poland;
- PGE Kulturalna Grupa Energetyczna (PGE Cultural Energy Group) – sponsorship of cultural institutions and events;
- PGE – Leader of the Energy Transition – sponsorship of industry events in the energy sector.

As part of the PGE MOCna Liga programme, title sponsorship of the Kazimierz Górski National Stadium, launched in 2015, was continued. Thanks to this partnership, the PGE brand has been prominently positioned during the most important sporting, cultural and business events held at the PGE Narodowy stadium.
The title sponsorship of the PGE Ekstraliga – the world's top speedway league – which also began in 2015, was likewise continued. In addition to PGE Ekstraliga matches, the agreement also covers the Individual International Ekstraliga Championship.

As part of the PGE MOCna Liga programme, a title sponsorship agreement was launched with the men's handball team PGE Wybrzeże Gdańsk, and the existing title partnership with the men's basketball club PGE Spójnia Stargard was continued.

In 2024, a new sponsorship programme was launched under the name PGE Siatka Mocy (PGE Power Net). According to published analyses, volleyball is the second most popular sport in Poland after football. Under the PGE Siatka Mocy programme, title sponsorships were initiated with the men's volleyball club PGE Projekt Warszawa and the women's volleyball club PGE Grot Budowlani Łódź. In addition, projects such as the Grand Prix of the Polish Volleyball League were implemented within the framework of this programme.

As part of the Power of Wind and Water (Moc Wiatru i Wody) programme, cooperation continued with the Polish Yachting Association (PZŻ), the Polish Canoe Federation (PZKaj), and the Polish Swimming Association (PZP).

In 2024, a new sponsorship programme titled PGE – Power of Body and Mind (PGE Moc Ciała i Umysłu) was also introduced. This initiative was created to support the comprehensive development of athletes who combine physical endurance

with intellectual challenge. By investing in sports that require both outstanding physical fitness and strategic thinking, the programme aims to inspire young people to succeed across multiple areas of life. Within this framework, partnerships were established with the Polish Chess Federation and the Polish Tennis Association.

In 2024, as part of its Sponsorship Strategy, PGE maintained its status as the main sponsor of Polish skating, continuing its sponsorship agreements with the Polish Speed Skating Association (PZŁS) and the Polish Figure Skating Association (PZŁF). As with other partnerships established under the Power of Wind and Water programme, these agreements cover not only direct support for the Polish national teams and their participation in major championship events, but also a range of additional initiatives aimed at promoting these disciplines and encouraging family and youth involvement in sport.

In 2024, PGE S.A. provided individual sponsorship support to two athletes: Piotr Kosewicz (Paralympic athlete, discus throw) and Ksawery Masiuk (swimmer).

In addition to its involvement in sports sponsorship, 2024 also marked the continuation of PGE's sponsorship activities in the field of culture. Under the PGE Cultural Energy Group (PGE Kulturalna Grupa Energetyczna) programme, PGE supported over 30 cultural projects across Poland in 2024.

The total amount spent on sponsorship by PGE S.A. in 2024 was PLN 55,479,964, including:

- Sports sponsorship: PLN 43,961,151
- Cultural sponsorship: PLN 9,893,100
- Conferences and congresses: PLN 1,542,000
- Other: PLN 83,713

Sponsorship activities in 2024 were carried out based on the Annual Sponsorship Activity Plan, which had been positively approved by both the Management Board and the Supervisory Board of PGE. In addition, the Supervisory Board adopted separate resolutions granting consent for the conclusion of individual sponsorship agreements exceeding PLN 500,000. The rationale of the sponsorship policy, in accordance with the General Procedure – Rules for Conducting Sponsorship Activities in PGE Polska Grupa Energetyczna S.A. and other Companies of the PGE Capital Group, is assessed annually through an effectiveness audit conducted by an independent external auditor – a professional entity specialising in evaluating the efficiency of sponsorship activities. The evaluation of the sponsorship measures is presented in an annual report submitted to the Management Board of PGE S.A. and the Supervisory Board of PGE S.A.

Charitable and Social Activities

The scope of corporate social responsibility initiatives undertaken in 2024 was aligned with the objectives set out in the strategy of the PGE Capital Group and with the United Nations Sustainable Development Goals (SDGs), in particular:
Goal 7. Affordable and clean energy,
Goal 11. Sustainable cities and communities,
Goal 12. Responsible consumption and production,
Goal 13. Climate action.

By initiating numerous projects and partnerships, PGE's activities in the area of social engagement support the achievement of business objectives and foster stronger relationships with stakeholders.

In 2024, PGE ranked third in the 18th edition of the ESG – Responsible Management Ranking, in the industry leader category (fuels, energy and mining), and second among ESG leaders in the 'S' (social) dimension.

Key projects implemented in 2024:

- Autumn in the Colours of Health

In autumn 2024, the PGE Capital Group launched a unique health promotion campaign under the slogan 'Autumn in the Colours of Health', focusing on the prevention of skin cancer, breast cancer, testicular cancer and prostate cancer.

Three webinars were held, attracting nearly 1,000 participants, and over 2,000 medical examinations were carried out in nine locations across Poland, including dermatoscopic examinations, breast and testicular ultrasounds, and PSA blood tests. The initiative attracted great interest from employees – both women and men – highlighting the importance of such preventive efforts.

- Health and Safety Campaign – 'Don't Let There Be Nothing Left of You'

In 2024, the PGE Capital Group conducted a health and safety campaign under the motto 'Don't Let There Be Nothing Left of You', raising awareness of safe behaviour in the workplace.

- Information Campaign for Farmers

At the end of August 2024, PGE Dystrybucja S.A. launched an information campaign aimed at farmers and agricultural workers to raise awareness and improve safety when working near power lines. The campaign focused on increasing knowledge, shaping and reinforcing good habits, and promoting safe behaviours to reduce the risk of accidents involving people and agricultural machinery.

- Energetic Schoolbag

In 2024, first-year pupils from the regions in which PGE Górnictwo i Energetyka Konwencjonalna S.A. operates (Bełchatów, Turów, Rybnik, Opole regions and the vicinity of Dolna Odra Power Plant) received 350 schoolbags equipped with school supplies.

- Child Safety School – Promoting Safety Among the Youngest

In 2024, PGE Dystrybucja S.A. continued educational activities for children and youth on the safe use of electrical appliances and – increasingly important today – on energy efficiency.

- Blood Donation

'Blood Isn't Water – Take a Stand, Don't Stand By!' – Throughout the year, PGE Capital Group employees have donated blood in cyclical campaigns, during holidays and in response to individual requests.

- Educational Programme 'HEATING in a Box'

In April 2024, the 2nd edition of the educational programme 'OGRZEWANIE w pudełku' ('HEATING in a Box') concluded. It had been running since October 2023, organised by PGE Energia Ciepła S.A., PGE Toruń S.A., and the Centre for Modernity Młyn Wiedzy in Toruń. The programme reached 1,650 primary and secondary school students from 41 schools across Poland.

- Employee Volunteering

From March to April, employees of the PGE Capital Group – together with their families, schoolchildren, foresters and local communities – planted nearly 70,000 young trees in 19 locations across 10 voivodeships. In April 2024, PGE Volunteers also marked Earth Day. In the Biebrza Valley, 43 PGE Volunteers helped clean up the Tsar's Road.

In autumn, as part of the 'Forests Full of Energy' programme, PGE Volunteers along with their families participated in forest cleanup activities in the Pułtusk Forest District.

Major special events and initiatives supported by PGE volunteers include:

- ✓ Preparation of aid packages for flood victims,
- ✓ 'Podaruj gwiazdkę' [Give a Christmas Star] campaign – for children from orphanages and social welfare centres across Poland,
- ✓ Christmas gift packages for seniors and residents of care homes,
- ✓ Support for subsequent editions of the 'Szlachetna Paczka' [Noble Gift] campaign,

- Biodiversity

The PGE Capital Group has long been actively engaged in efforts to preserve and enhance biodiversity, with a consistent focus on protecting birds, forests, animals and vegetation. In 2024, the Group implemented the following initiatives:

- ✓ 'Forests Full of Energy'
- ✓ Stork protection programme
- ✓ Recovery of the peregrine falcon population
- ✓ Nest boxes for common swifts
- ✓ Beekeeping support programme

- ✓ Monitoring of birds and porpoises
- ✓ Protecting birds from collision with windmills

PGE Foundation

Socially responsible initiatives are also carried out by the PGE Foundation, which constitutes an important element of the PGE Capital Group's corporate social responsibility strategy. The Foundation's purpose is to organise and strengthen the Company's social engagement, ensure transparency of its activities, facilitate communication about social initiatives, and contribute to building a positive image of the PGE Capital Group.

Through donations and the implementation of its own and partnership projects, the Foundation supports initiatives
of a social nature, and carries out activities in the fields of science and education, ecology and environmental protection, healthcare, culture and national heritage. In addition, the Foundation provides support to employees of the PGE Capital Group and their immediate families in difficult life situations. In 2024, the PGE Foundation received 873 donation requests. Based on the objectives set out in the updated Foundation Strategy for 2024 (approved by the Management Board and the Supervisory Board of PGE in July 2024), the Foundation awarded 260 donations, amounting to a total of PLN 7,976,257. The Annual Donation Plans, along with donations from PGE Capital Group companies, were approved and submitted to the Foundation in the third quarter of the year.

As part of its donation programme, the Foundation supported institutions operating in the following areas:

- Environmental – including donations to thirteen national parks, the League for the Preservation of Nature, ornithological societies and other organisations involved in nature and climate protection. The contributions enabled the implementation of projects supporting biodiversity and ecological education;
- Social – including initiatives such as 'Wind-Powered Municipality' (Gmina Napędzana Wiatrem) and 'Sharing the Warmth' (Dzielimy się ciepłem).

In 2024, the PGE Foundation primarily implemented projects of an educational and social nature. The initiatives carried out attracted very high levels of interest. The most significant of these included:

- Farm of Good Energy (Farma Dobrej Energii) – over 10,000 participants;
- 3rd edition of the 'Encounters with Art' competition – 2,683 submissions (compared to approx. 500 in the first edition), approx. 4,500 pupils participating in school trips;
- Good Energy Volunteering (Wolontariat Dobrej Energii) – 20 projects implemented;
- Olympiad of Knowledge in Electrotechnics and Power Engineering – 2,005 students from 100 vocational schools took part;
- Energetic Grinch – 54 educational performances in kindergartens, schools and hospitals;
- Holiday gift parcels for children in care homes;
- Support for flood victims – in-kind and financial donations for preschools and schools.

The total cost of statutory activities (donations and projects) amounted to PLN 10,847,808.

The Supervisory Board gives a positive assessment of the sponsorship and donation activities carried out by the Company and the PGE Capital Group.

12. Analysis and evaluation of the performance of PGE Capital Group entities in the context of the consolidated financial statements

PGE S.A. is the parent company of the PGE Capital Group, whose activities are organised into eight Business segments: Conventional Generation, Renewables, Supply, Distribution, District Heating, Circular Economy, Railway Energy Services, and Other Operations.

KEY FINANCIAL RESULTS OF THE PGE CAPITAL GROUP

Table: Key financial figures of the PGE Capital Group (PLN million)

Key financial data	Unit	Q4 2024	Q4 2023	Change %	2024	2023	Change %
Sales revenue	PLN million	17,627	24,889	-29%	64,483	95,964	-33%
Reported EBIT	PLN million	-4,221	-8,186	-48%	-65	-3,431	-98%
Recurring EBIT	PLN million	2,354	758	211%	6,337	5,963	6%
Reported EBITDA	PLN million	4,617	1,698	172%	12,215	10,028	22%
Reported EBITDA margin	%	26	7		19	10	
Recurring EBITDA	PLN million	3,587	2,067	74%	10,878	10,722	1%
Recurring EBITDA margin	%	20	8		17	11	
Net loss	PLN million	-5,899	-8,023	-26%	-3,088	-4,902	-37%
CapEx	PLN million	3,464	3,453	0%	10,689	10,088	6%
Net cash from operating activities	PLN million	-3,813	-6,262	-39%	10,806	3,269	231%
Net cash from investing activities	PLN million	-2,906	-3,256	-11%	-10,300	-11,451	-10%
Net cash from financing activities	PLN million	2,208	2,588	-15%	-2,176	2,328	-

Key financial data	Unit	31 December 2024	31 December 2023	Change %
Working capital	PLN million	-7,024	-7,107	-1%
Net debt	**PLN million**	**11,045[1]**	**11,121**	**-1%**
Net debt / Reported LTM EBITDA	x	0.90	1.11	
Net debt / Recurring LTM EBITDA	x	1.02	1.04	

One-off events affecting EBITDA	Unit	Q4 2024	Q4 2023	Change %	2024	2023	Change %
Change in rehabilitation provision	PLN million	642[2]	-196[3]	-	622	-527	-
Adjustment to electricity compensation for previous period	PLN million	162	0	-	614	0	-
Adjustment of the contribution to the Price Difference Payment Fund (PDPF) for the previous period	PLN million	208	-6	-	208	80	160%
Change in actuarial provision	PLN million	15	-86	-	15	-138	-
Compensations – Long-term Contracts	PLN million	7	-81	-	4	-109	-
Retirement Departure Programme	PLN million	-3	0	-	-5	0	-
Establishment of impairment write-downs on receivables from PKP Cargo S.A.	PLN million	-1	0	-	-121	0	-
Total	**PLN million**	**1,030**	**-369**	**-**	**1,337**	**-694**	**-**

[1] Estimated economic net debt (including future payments for CO_2 emission allowances) amounts to PLN 17,204 million.

[2] Effect of change in discount rate: +PLN 320 million; effect of changes in technical assumptions: +PLN 322 million.

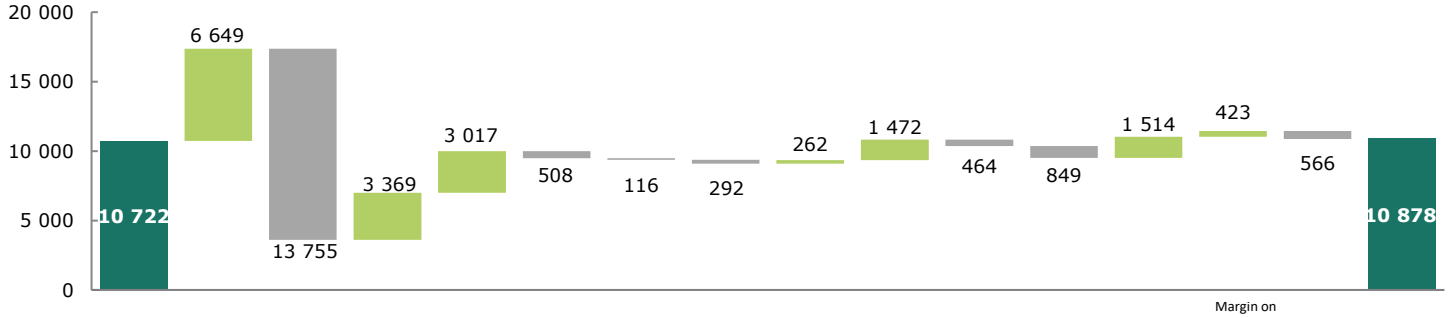
[3] Effect of change in discount rate: -PLN 245 million; effect of changes in technical assumptions: +PLN 49 million.

Table: Key financial figures of the PGE Capital Group over 5 years (PLN million)

Key financial data	2024	2023	Change %	2022	2021	2020
Sales revenue	64,483	95,964	-33%	73,435	52,772	45,766
Reported EBIT	-65	-3,431	-98%	4,299	5,123	1,408
Recurring EBIT	6,337	5,963	6%	2,866	3,933	2,574
Reported EBITDA	12,215	10,028	22%	8,657	9,535	5,966
Recurring EBITDA	10,878	10,722	1%	7,120	8,129	6,184

One-off events[3]	1,337	-694	-	1,537	1,406	-218
Net profit/loss	-3,088	-4,902	-37%	3,390	3,945	148
Net debt	11,045	11,121	-1%	-2,656	4,228	7,267
Net debt / Reported LTM EBITDA	0.90	1.11		-0.31	0.44	1.22
Net debt / Recurring LTM EBITDA	1.02	1.04		-0.37	0.52	1.18
Working capital	-7,024	-7,107	-1%	-1,250	890	71
CapEx	10,689	10,088	6%	7,053	4,662	5,495

Figure: Main factors influencing the EBITDA of the PGE Capital Group (PLN million)



	EBITDA 2023	Contribution to the PDPF[1]	Result on electricity sales by generators[2]	CO_2 emission allowances	Fuel and other production costs	Revenues from high-efficiency cogeneration support	Revenues from RUS and Capacity Market[3]	Result on electricity sales to final customers[4]	Heat sales revenue[5]	Distribution margin[6]	Connection fee revenue	Personnel costs[7]	Provision for onerous contracts	Margin on distribution and sales to final customers – Railway Energy Services Segment[8]	Other[9]	EBITDA 2024
Variance		**6,649**	**-13,755**	**3,369**	**3,017**	**-508**	**-116**	**-292**	**262**	**1,472**	**-464**	**-849**	**1,514**	**423**	**-566**	
Reported EBITDA 2023	**10,028**															
One-off Events 2023	**-694**															
Recurring EBITDA 2023	**10,722**	6,649	46,457	23,714	11,917	584	4,425	258	4,764	5,385	704	7,324	-798	996	2,449	
Recurring EBITDA 2024		0	32,702	20,345	8,900	76	4,309	-34	5,026	6,857	240	8,173	716	1,419	3,015	**10,878**
One-off Events 2024																**1,337**
Recurring EBITDA 2024																**12,215**

[1] Excluding the impact of the adjustment of the contribution to the Price Difference Payment Fund (PDPF) for the previous period (one-off event).

[2] Revenue from electricity sales less the cost of electricity purchased.

[3] Including revenues from balancing services.

[4] Including compensation (excluding adjustments for previous years), adjustment to property rights margins across the PGE Capital Group; excluding estimated costs of balancing differences.

[5] Including compensation.

[6] Including revenues from distribution services, compensation (excluding adjustments for previous years), transmission service costs (PSE S.A.), net of passed-through and transit fees, and cost of electricity purchased to cover balancing differences; excluding estimated balancing difference costs.

[7] Excluding the impact of changes in the actuarial provision and the Retirement Departure Programme (one-off events).

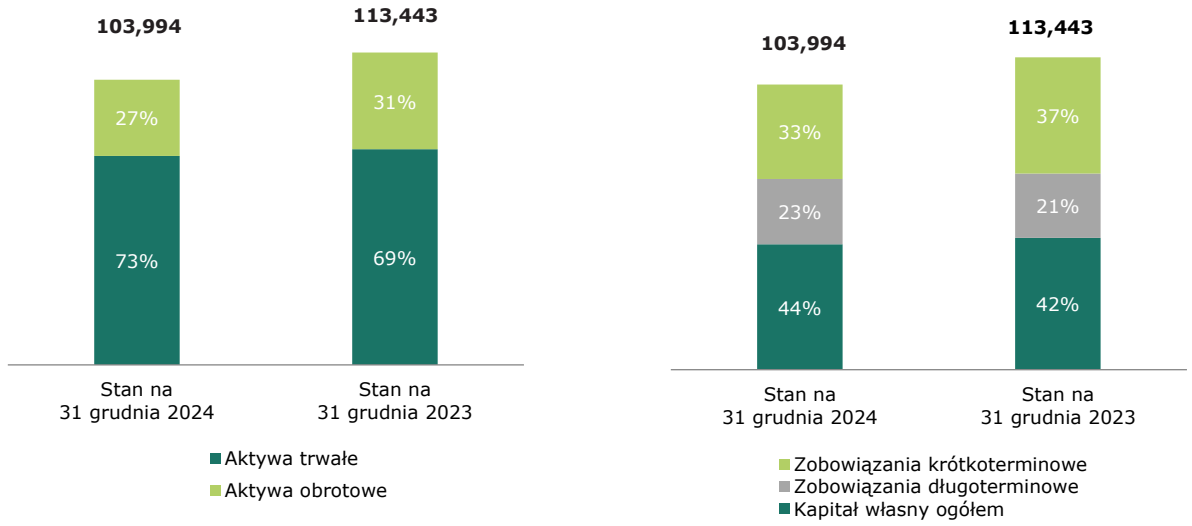
[8] Including revenues from compensation (excluding adjustments for previous years) and changes in the calculation methodology.

[9] Excluding KDT compensation (Long-Term Power Purchase Agreements), changes in the rehabilitation provision, and the establishment of impairment write-downs on receivables from PKP Cargo S.A. (one-off events).

[3] One-off events at EBITDA level.

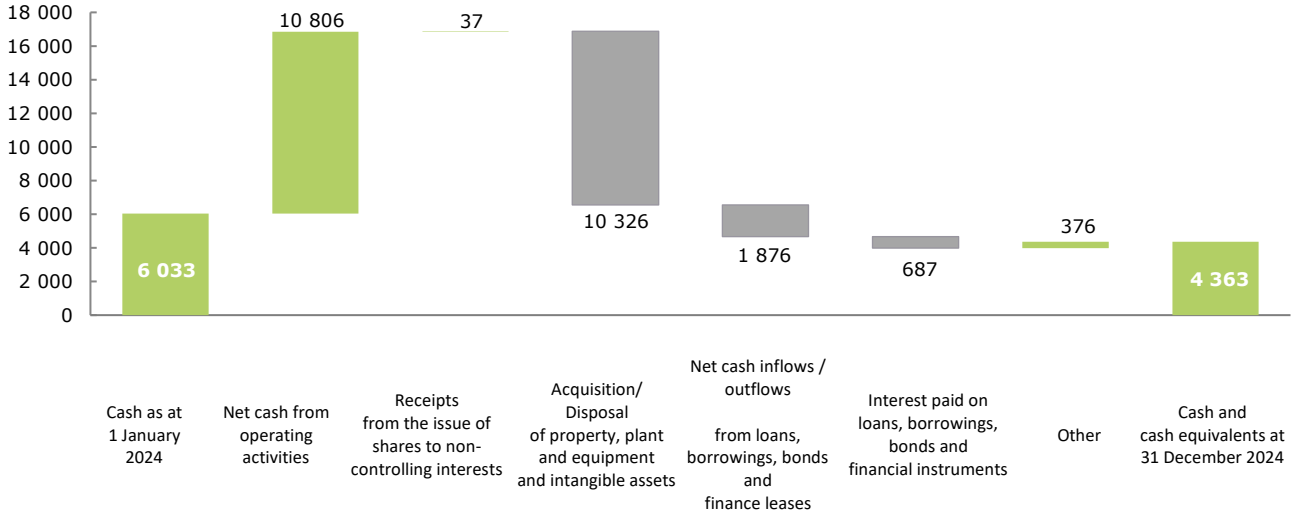
STATEMENT OF FINANCIAL POSITION

Figure: Structure of Assets, Capital and Liabilities (PLN million).



STATEMENT OF CASH FLOWS

Figure: Change in cash (PLN million).



Impact on cash position		10,806	37	-10,326	-1,876	-687	376	
Cash and cash equivalents	**6,033**							**4,363**

NET DEBT OF THE PGE CAPITAL GROUP

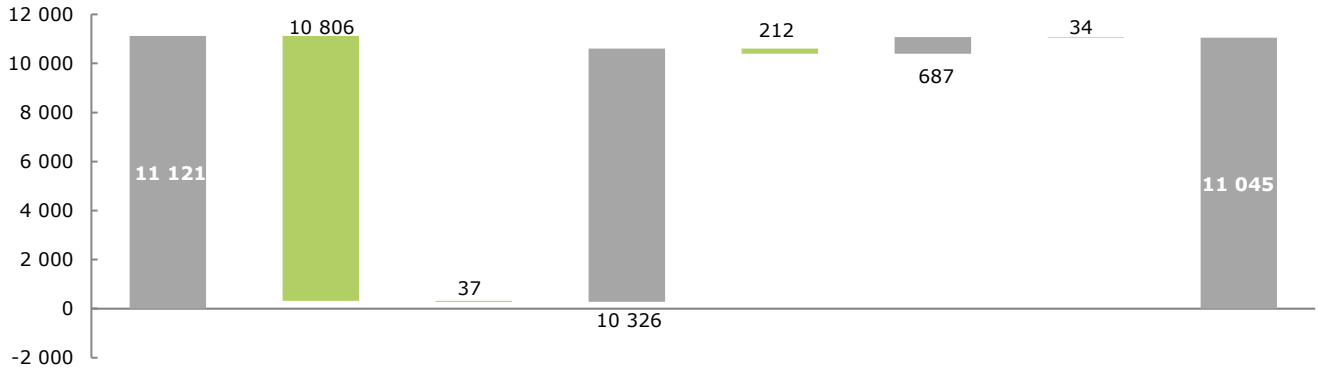
Table: Net debt of the PGE Capital Group (PLN million)

	As at 31 December				
	2024	2023	2022	2021	2020
Cash at bank and in hand	1,830	2,760	1,428	5,059	1,415
Overnight deposits	60	103	791	5	309
Short-term deposits	693	236	6,147	1,124	1,423
Proceeds from share issue	508	1,309	2,727	0	0
Funds held in VAT accounts	1,272	1,625	794	545	1,042
Cash and cash equivalents	**4,363**	**6,033**	**11,887**	**6,733**	**4,189**

Adjustment for restricted cash	-207	-419	-295	-212	-93
Loans granted	0	0	0	77	46
Cash available to the PGE Group	**4,156**	**5,614**	**11,592**	**6,598**	**4,142**
Short-term credits and loans	2,581	4,376	2,062	2,099	1,318
Short-term bonds issued	18	18	21	13	10
Short-term lease liabilities	132	119	54	48	56
Short-term factoring liabilities	2,009	1,838	0	0	0
Long-term credits and loans	7,057	7,018	3,808	5,757	7,105
Long-term bonds issued	1,989	1,999	2,046	2,033	2,035
Long-term lease liabilities	1,415	1,367	945	876	885
Gross financial debt (short-term and long-term)	**15,201**	**16,735**	**8,936**	**10,826**	**11,409**
Net financial debt	**11,045**	**11,121**	**-2,656**	**4,228**	**7,267**

In 2024, the net debt amounted to PLN 11,045 million, which was PLN 76 million lower than in 2023.

Figure: Net financial debt (PLN million)

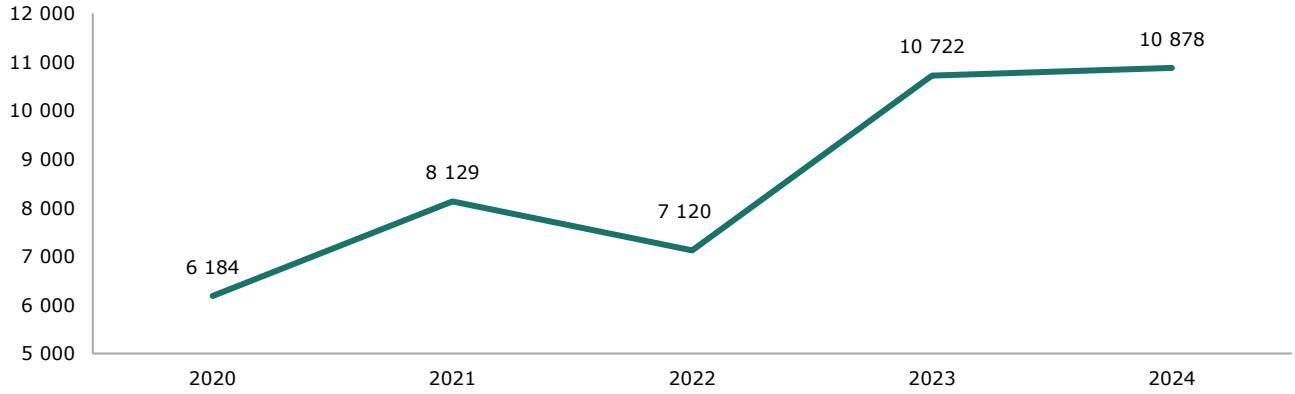


	Net financial debt 31 December 2023	Net cash from operating activities	Receipts from the issue of shares to non-controlling interests	Acquisition / Disposal of property, plant and equipment and intangible assets	Change in restricted cash	Debt servicing – interest	Other	Net financial debt 31 December 2024[1]
Impact on net debt level		-10,806	-37	10,326	-212	687	-34	
Net financial debt	**11,121**							**11,045**

[1] *Estimated economic net debt (including future payments for CO_2 emission allowances) amounts to PLN 17,204 million.*

KEY FINANCIAL RATIOS OF THE PGE CAPITAL GROUP

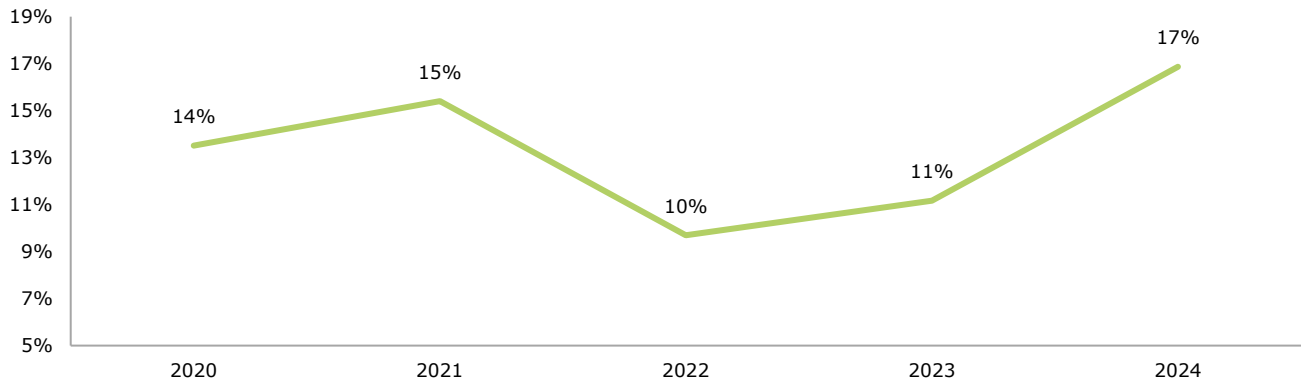
Figure: Recurring EBITDA (PLN million)



The PGE Capital Group maintains a stable, positive EBITDA despite significant changes in market conditions. Slightly lower values were recorded in 2022, undoubtedly influenced by the war in Ukraine and the increase in commodity prices, particularly hard coal, natural gas and CO_2 emission allowances.

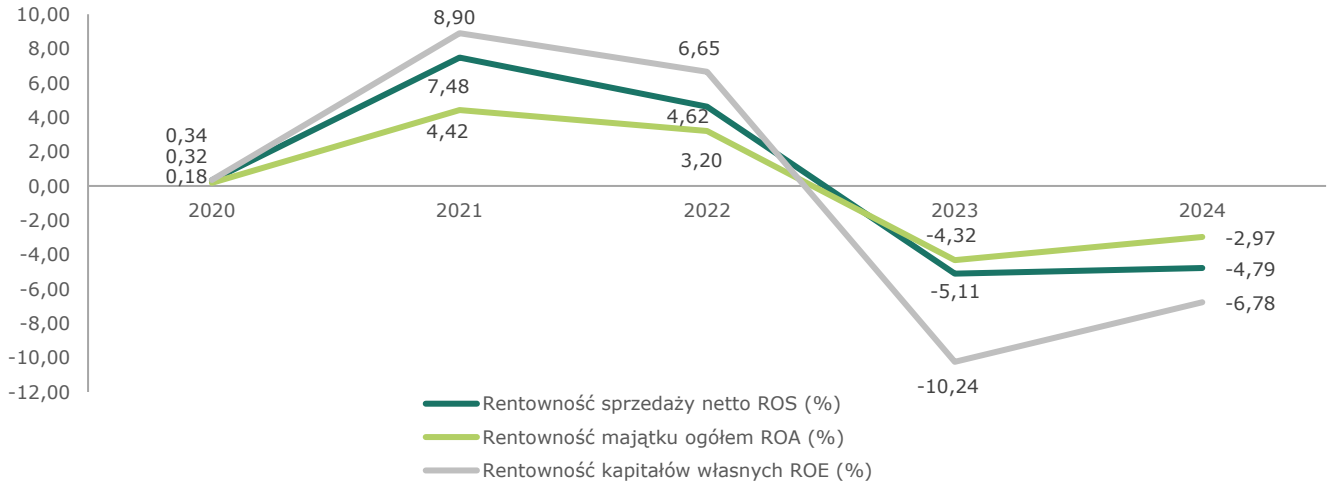
In 2024, the Group recorded a stabilisation of results. Recurring EBITDA amounted to PLN 10,878 million, an increase of PLN 156 million compared to the previous year.

Figure: Recurring EBITDA margin (%)



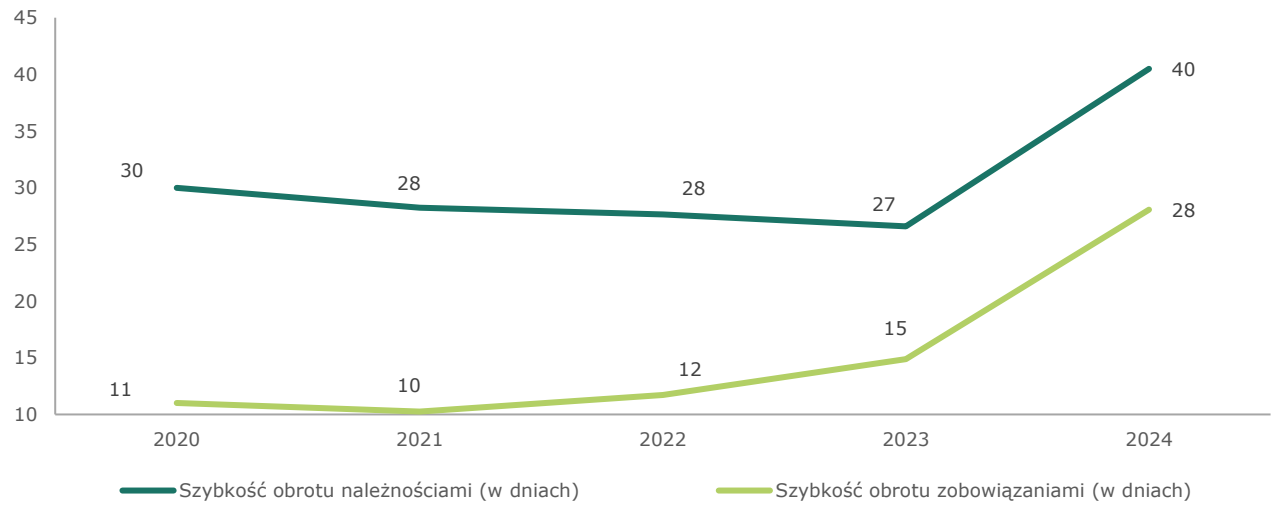
Following the decline in 2022, the EBITDA margin has shown an upward trend. In 2024, it reached its highest value in the past five years, i.e. 17%.

Figure: Profitability ratios (%)



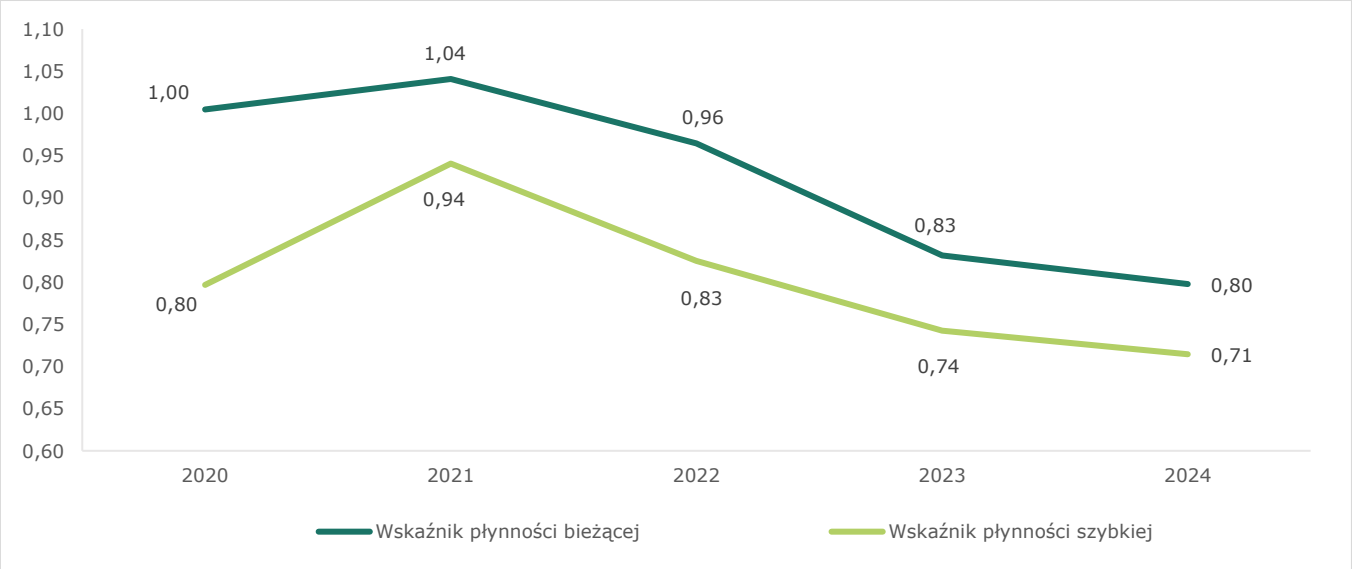
The profitability ratios for 2024 and 2023 were negative, due to a net loss incurred by the Capital Group. Key factors that significantly impacted the net result over the past two years primarily related to impairment adjustments to the value of the Group's property, plant and equipment, which were non-cash in nature.

Figure: Receivables and payables turnover indicators (days)



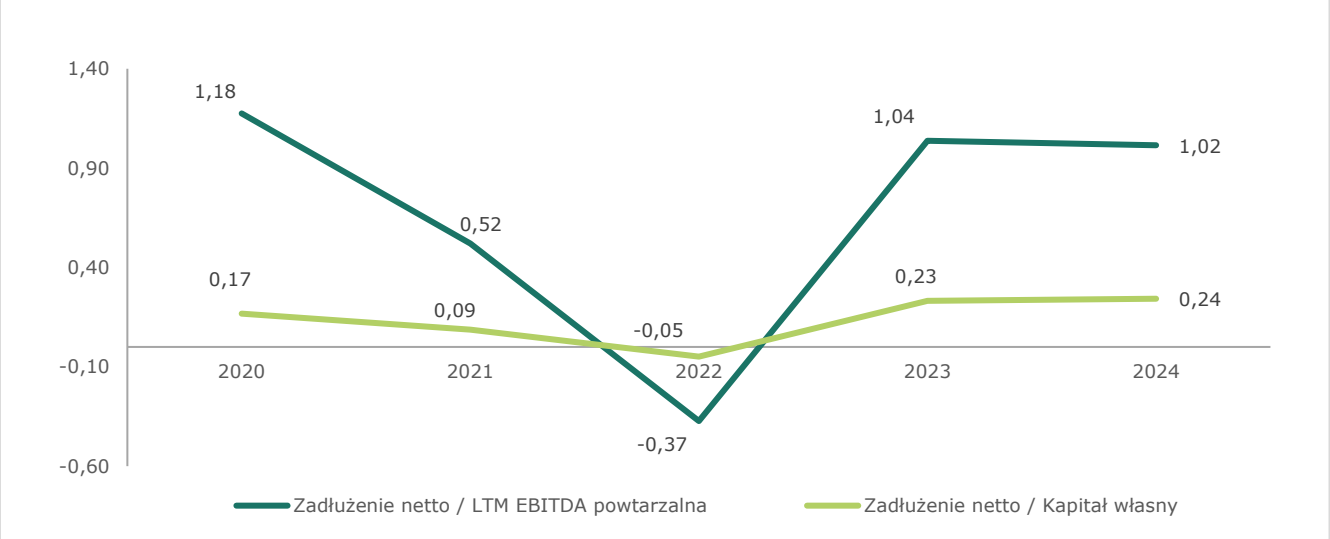
In 2024, the receivables turnover cycle lengthened – from 27 days in 2023 to 40 days in 2024, meaning that the waiting period for receivables within the PGE Group increased this year. The trade payables turnover ratio also increased – from 15 days in 2023 to 28 days in 2024.

Figure: Liquidity indicators



In 2024, the current liquidity ratio stood at 0.80 and the quick liquidity ratio at 0.71, which were lower than the previous year's figures of 0.83 and 0.74 respectively. This was mainly due to a decrease in current assets by PLN 7,411 million, i.e. 21% y/y, relating in particular to a reduction in other financial receivables of PLN 2,322 million, other short-term assets of PLN 1,976 million and cash and cash equivalents of PLN 1,670 million, with a simultaneous decrease in short-term liabilities of PLN 7,494 million, i.e. 18% y/y.

Figure: Indebtedness indicators



As part of its liquidity assessment, the PGE Capital Group monitors the net debt / EBITDA ratio at a level that ensures the maintenance of investment-grade credit ratings, and thereby the ability to finance the Group's ambitious investment programme.

In 2024, the net debt / LTM recurring EBITDA ratio was 1.02, slightly lower than the previous year (1.04). This change was primarily driven by higher recurring EBITDA (PLN 10,878 million) compared to 2023 (PLN 10,722 million), along with a slightly lower level of net debt: PLN 11,045 million in 2024 vs. PLN 11,121 million in 2023.

The net debt / equity ratio in 2024 stood at 0.24, similar to the 2023 figure of 0.23.

KEY OPERATIONAL DATA OF THE PGE CAPITAL GROUP

Table: Key operational data over the past 5 years

Key operational data	Unit	2024	2023	2022	2021	2020
Net electricity generation	TWh	56.16	56.77	66.13	68.95	58.13
of which: RES generation	TWh	2.77	2.73	2.24	2.33	2.32
Electricity sales outside the PGE Capital Group	TWh	68.66	81.96	100.19	107.83	115.80
Electricity sales to final customers[1]	TWh	33.70	34.71	34.28	37.48	41.17
Heat generation	PJ	48.42	50.25	52.79	56.77	50.12
Heat sales	PJ	47.28	49.03	51.28	55.07	48.58
Electricity distribution	TWh	40.55	38.88	37.07	37.74	35.67

[1] *Excluding intra-Group sales; sales carried out primarily by PGE Obrót S.A. and PGE Energia Ciepła S.A.*

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

Sales volume	Q4 2024	Q4 2023	Change %	2024	2023	Change %
A. Electricity sales outside the PGE Capital Group, including:	17.28	22.38	-23%	68.66	81.96	-16%
Sales to final customers[1]	8.36	8.75	-4%	33.70	34.71	-3%
Wholesale and balancing market sales	8.92	13.63	-35%	34.96	47.25	-26%
B. Electricity purchased outside the PGE Group (wholesale and balancing market)	3.04	9.06	-66%	16.97	30.12	-44%
C. Net electricity generation within PGE Capital Group entities	15.49	15.65	-1%	56.16	56.77	-1%
D. Internal consumption by DSOs, lignite mines and PSPPs (D=C+B-A)	1.25	2.33	-46%	4.47	4.93	-9%

[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.

The decline in both electricity sales and purchases on the wholesale and balancing markets was primarily driven by the internal securing of electricity supplies for the retail portfolio within the internal portfolios of the PGE Capital Group's generation companies. In addition, the lower volume of electricity purchased on the wholesale market reflects a decrease in sales to final customers by PGE Obrót S.A., particularly in the corporate and large business customer segments, which are increasingly turning to diversified energy sources, especially those based on renewable energy. At the same time, an increase in sales to final customers was recorded by PGE Energetyka Kolejowa S.A., as the 2024 result includes electricity sales for all four quarters, whereas in the corresponding period of the previous year, only three quarters were included (the Railway Energy Services segment has been consolidated since 3 April 2023).

Table: Net electricity generation (TWh)

Generation volume	Q4 2024	Q4 2023	Change %	2024	2023	Change %
ELECTRICITY GENERATION (TWh), of which:	**15.49**	**15.65**	**-1%**	**56.16**	**56.77**	**-1%**
Lignite-fired power plants	7.90	7.80	1%	30.83	29.75	4%
Hard coal-fired power plants	3.50	4.25	-18%	12.35	15.07	-18%
of which: biomass co-firing	*0.01*	*0.01*	*0%*	*0.04*	*0.02*	*100%*
Gas-fired power plants	1.05	0.00	-	2.55	0.00	-
Coal-fired CHP plants	1.10	1.16	-5%	3.21	3.83	-16%
Gas-fired CHP plants	1.09	1.31	-17%	3.62	4.21	-14%
Biomass-fired CHP plants	0.10	0.11	-9%	0.37	0.44	-16%
Waste-to-energy CHP plants	0.01	0.00	-	0.03	0.03	0%
Pumped-storage power plants	0.14	0.31	-55%	0.87	1.20	-28%
Hydroelectric power plants	0.07	0.10	-30%	0.40	0.44	-9%
Wind farms	0.51	0.60	-15%	1.78	1.77	1%
Photovoltaic power plants	0.02	0.01	100%	0.15	0.03	400%
of which: RES generation	0.72	0.83	-13%	2.77	2.73	1%

In 2024, electricity generation was 1% lower than in 2023.

The slightly lower overall generation level in the PGE Capital Group was mainly attributable to high domestic demand coverage from renewable and gas-based sources.

Lower output from hard coal-fired power plants (total decrease of 2.7 TWh) was primarily observed at the Opole Power Plant (down 2.2 TWh) and the Dolna Odra Power Plant (down 0.5 TWh). These deviations resulted from a decrease in average unit load: by 48 MW at Opole and 4 MW at Dolna Odra. Additionally, the plants were kept on reserve for a total of 4,513 hours and underwent maintenance outages for a total of 1,676 hours.

Lower output from coal-fired, gas-fired and biomass-fired CHP plants (combined decrease of 1.3 TWh) stemmed from reduced electricity generation in combined heat and power mode due to milder weather conditions (higher average temperatures).

A decrease in generation from pumped-storage power plants (PSPP) (down 0.3 TWh) reflected the lower utilisation of these units by PSE S.A. in 2024, given the nature of their dispatch.

The decrease in hydroelectric power generation was due to less favourable hydrological conditions in 2024.

Gas-fired units at the Gryfino Power Plant generated 2.6 TWh of electricity.

An increase in generation from lignite-fired power plants (up 1.1 TWh) was driven by higher output from the Bełchatów Power Plant (up 1.8 TWh), owing to a 24 MW increase in average unit load. This was partially offset by lower output at the Turów Power Plant (down 0.7 TWh), where the average unit load was 18 MW lower than in the previous year.

Higher photovoltaic generation resulted from the commissioning of new solar capacity.

Slightly higher wind power output was achieved due to more favourable wind conditions.

Table: Net heat generation (PJ).

Heat generation volume	Q4 2024	Q4 2023	Change %	2024	2023	Change %
Net heat generation (PJ)	**17.85**	**17.60**	**1%**	**48.42**	**50.25**	**-4%**
Lignite-fired power plants	0.78	0.78	0%	2.36	2.46	-4%
Hard coal-fired power plants	0.21	0.20	5%	0.64	0.64	0%
Coal-fired CHP plants	11.38	11.76	-3%	32.07	34.95	-8%
Gas-fired CHP plants	4.73	3.86	23%	10.56	9.89	7%
Biomass-fired CHP plants	0.59	0.87	-32%	2.05	1.87	10%
Waste-to-energy CHP plants	0.06	0.02	200%	0.15	0.11	33%
Other CHP plants	0.10	0.11	-9%	0.59	0.33	79%

The year-on-year decrease in net heat generation in 2024 was primarily driven by higher outdoor temperatures. Average temperatures in 2024 were 1.1°C higher than in 2023, which resulted in lower heat production.

Heat sales

The decline in heat sales also reflected lower demand caused by milder weather conditions compared to 2023. In 2024, total heat sales by the PGE Capital Group amounted to 47.3 PJ, representing a year-on-year decrease of 1.7 PJ.

KEY FINANCIAL RESULTS AND CAPITAL EXPENDITURE BY BUSINESS SEGMENTS OF THE PGE CAPITAL GROUP

Table: Key financial figures – Renewables segment (PLN million)

	2024	2023	Change %	2022	2021	2020
Sales revenue	2,466	2,806	-12%	3,401	1,672	1,091
Reported EBIT	938	753	25%	1,440	686	405
Reported EBITDA	1,340	1,114	20%	1,795	1,016	597
Recurring EBITDA	1,344	1,108	21%	1,796	1,013	597
One-off events[1]	-4	6	-	-1	3	-
CapEx	1,648	1,223	35%	458	189	715

[1]*One-off events at EBITDA level.*

Table: Capital expenditure – Renewables segment (PLN million)

	2024	2023	Change %
Investment in generation capacity, including:	1,631	1,218	34%
▪ Development projects	1,293	1,001	29%
▪ Modernisation and replacement	338	217	56%
Other	17	5	240%
Total	**1,648**	**1,223**	**35%**

Table: Key financial figures – Gas-fired Generation segment (PLN million)

	2024	2023	Change %
Sales revenue	1,574	1	>1,000%
EBIT	85	-16	-
EBITDA	146	-15	-
CapEx	2,462	732	236%

Table: Capital expenditure – Gas-fired Generation segment (PLN million) [1]

	2024	2023	Change %
Investment in generation capacity, including:	2,462	732	236%
▪ Development projects	2,457	732	236%
▪ Modernisation and replacement	5	0	-
Total	**2,462**	**732**	**236%**

[1]*Segment carved out from the Other Operations segment as of 2024 (data for 2023 has been restated for comparability).*

Table: Key financial figures – Conventional Generation segment (PLN million)

Specification	2024	2023	Change %	2022	2021	2020
Sales revenue	31,010	47,969	-35%	36,460	28,764	25,251
Reported EBIT	-7,317	-9,418	-	127	1,998	-647
Reported EBITDA	1,632	1,472	11%	2,065	4,078	1,725
Recurring EBITDA	828	2,086	-60%	618	2,613	1,905

One-off events[1]	804	-614	-	1,447	1,465	-180
CapEx	1,031	1,478	-30%	750	1,759	2,372

[1]One-off events at EBITDA level.

Table: Capital expenditure – Conventional Generation segment (PLN million)

	2024	2023	Change %
Investment in generation capacity, including:	1,005	1,464	-31%
▪ Development projects	8	36	-78%
▪ Modernisation and replacement	997	1,428	-30%
Other	26	14	86%
Total	**1,031**	**1,478**	**-30%**

Table: Key financial figures – District Heating segment (PLN million)

	2024	2023	Change %	2022	2021	2020
Sales revenue	10,696	12,626	-15%	7,690	6,239	4,899
Reported EBIT	621	1,168	-47%	-713	104	304
Reported EBITDA	1,505	1,952	-23%	39	805	947
Recurring EBITDA	1,483	2,061	-28%	33	844	928
One-off events[1]	22	-109	-	6	-39	19
CapEx	1,406	1,523	-8%	1,140	610	671

[1]One-off events at EBITDA level.

Table: Capital expenditure – District Heating segment (PLN million)

PLN million	2024	2023	Change %
Investment in generation capacity, including:	1,401	1,507	-7%
▪ Development projects	870	1,144	-24%
▪ Modernisation and replacement	531	363	46%
Other	5	16	-69%
Total	**1,406**	**1,523**	**-8%**

Table: Key financial figures – Distribution segment (PLN million)

	2024	2023	Change %	2022	2021	2020
Sales revenue	11,299	10,590	7%	6,803	6,492	6,396
Reported EBIT	3,133	2,578	22%	1,616	1,559	1,093
Reported EBITDA	4,573	3,880	18%	2,850	2,779	2,306
Recurring EBITDA	4,530	3,930	15%	2,836	2,746	2,331
One-off events[1]	43	-50	-	14	33	-25
CapEx	3,841	4,224	-9%	2,576	1,358	1,680

[1]One-off events at EBITDA level.

Table: Capital expenditure – Distribution segment (PLN million)

	2024	2023	Change %
Investment in generation capacity, including:	3,841	4,224	-9%
▪ Development projects	1,736	1,742	0%
▪ Modernisation and replacement	2,105	2,482	-15%
Total	**3,841**	**4,224**	**-9%**

Table: Key financial figures – Railway Energy Services segment (PLN million)

	2024	2023[1]	Change %
Sales revenue	5,305	4,728	12%
Reported EBIT	590	866	-32%
Reported EBITDA	1,073	1,243	-14%
Recurring EBITDA	1,112	1,238	-10%
One-off events[2]	-39	5	-
CapEx	498	1,053	-53%

1 Data for 2023 presented as of the acquisition date, i.e. from 3 April 2023.

[2]One-off events at EBITDA level.

Table: Key financial figures – Supply segment (PLN million)

	2024	2023	Change %	2022	2021	2020
Sales revenue	52,562	73,316	-28%	46,566	38,223	29,017

Reported EBIT	1,867	-38	-	2,010	794	577
Reported EBITDA	1,904	-4	-	2,043	827	612
Recurring EBITDA	1,393	-74	-	1,950	905	637
One-off events[1]	511	70	630%	93	-78	-25
CapEx	34	31	10%	17	8	16

[1]One-off events at EBITDA level.

Table: Key financial figures – Circular Economy segment (PLN million)

	2024	2023	Change %	2022	2021
Sales revenue	442	376	18%	354	311
Reported EBIT	55	42	31%	28	36
Reported EBITDA	69	56	23%	37	45
Recurring EBITDA	69	57	21%	37	45
One-off events[1]	-	-1	-	-	-
CapEx	19	17	12%	16	9

[1]One-off events at EBITDA level.

Table: Key financial figures – Other Operations segment (PLN million)

	2024	2023[1]	Change %	2022	2021	2020
Sales revenue	541	362	49%	317	432	501
Reported EBIT	46	38	21%	6	-2	-138
Reported EBITDA	97	88	10%	57	60	18
Recurring EBITDA	97	89	9%	58	59	-7
One-off events[1]	0	-1	-	-1	1	25
CapEx	142	97	46%	2,200	845	170

[1] Due to the separation of the Gas-fired Generation segment from the Other Operations segment, the 2023 data has been restated for comparability.

[2]One-off events at EBITDA level.

Table: Capital expenditure – Other Operations segment (PLN million)[1]

	2024	2023	Change %
Investment in generation capacity, including:	142	97	46%
▪ Development investments	71	0	-
▪ Modernisation and replacement	71	97	-27%
Total	142	97	46%

[1] Due to the separation of the Gas-fired Generation segment from the Other Operations segment, the 2023 data has been restated for comparability.

13. Assessment of the Management Board's fulfilment of its disclosure obligations pursuant to Article 380[1] of the Commercial Companies Code and assessment of the manner in which the Management Board prepared and submitted information, documents, reports or explanations as requested under Article 382 § 4 of the Commercial Companies Code

In 2024, the Management Board of the Company regularly informed the Supervisory Board of PGE of the situation of the Company and the PGE Capital Group.
In particular, the Management Board submitted monthly reports presenting the economic and financial position of the Company, along with the results of the PGE Capital Group. These reports included key financial data, covering the achievement of EBITDA targets at both Company and Group level, margins, and controllable fixed costs, with particular focus on personnel costs and repair and maintenance expenses. The information provided also included analyses of capital expenditure with commentary on major investment projects. The PGE Supervisory Board was also kept informed of the current net debt level of the PGE Capital Group and the status of compliance with bank covenants. The reported data was presented together with explanations of significant variances compared to planned values and those achieved in the previous year.

The Management Board of the Company also kept the PGE Supervisory Board informed about the implementation of the Company's strategic directions of development, understood as the execution of the business strategy, long-term interests, and stability of the Company as reflected in the Management Goals defined by the General Meeting and further specified by the Supervisory Board. Among the general Management Goals for 2024 established by the General Meeting, particular emphasis was placed on achieving specific financial (EBITDA, net debt/EBITDA) and technical indicators, implementing investment projects aligned with the PGE Capital Group strategy, conducting research projects aimed at effectively leveraging innovation potential, and building a systemic approach to communication. The bonus criteria defined for individual Management Board Members for 2024 included the execution of key strategic directions and were intended to motivate the Management Board to act towards the realisation of the Company's principal strategic goals.

The Management Board of the Company systematically provided the Supervisory Board of PGE with quarterly updates on the operational and investment activities of the PGE Capital Group. These reports included investment plans
for individual business segments and their performance relative to the approved budgets. The Supervisory Board was also regularly informed of the progress of strategic investment projects in 2024.

The Supervisory Board of PGE was kept regularly updated on the technical condition of the assets of the PGE Capital Group and its subsidiaries, electricity generation, heat sales, and hard coal inventory levels.

The Management Board also provided information on human resources matters within the Company. The updates outlined joint initiatives implemented by the Corporate Centre (PGE S.A.) in cooperation with subsidiaries, as well as key initiatives specific to individual business segments.

In addition, the Management Board submitted regular reports on the occupational health and safety (OHS) situation across the PGE Capital Group. Proactive and reactive OHS objectives have been implemented for the top management of the PGE Capital Group subsidiaries.

During meetings of the PGE Supervisory Board in 2024, the Management Board presented reports on financial flows related
to the Group's commercial activities, general information illustrating developments on the energy market,

the financial impact of trading activities in relation to the strategic objectives defined in the Financial Plan, and margin forecasts for the key subsidiaries of the PGE Capital Group.

The Management Board also informed the Supervisory Board of transactions, events or circumstances that had or could have a material impact on the Company's financial position, including its profitability and liquidity.

Most of the above-mentioned information was prepared on a monthly or quarterly basis. In 2024, the Management Board of the Company regularly presented the Supervisory Board of PGE with information regarding the resolutions adopted by the Management Board and their subject matter. The Supervisory Board of PGE S.A. was also informed of any changes to information previously submitted to the Board.

In this respect, the Management Board duly fulfilled its disclosure obligations under Article 380^1 of the Commercial Companies Code, which concern the provision of information to the Supervisory Board. These disclosures also covered companies within the PGE Capital Group.

The Supervisory Board of PGE S.A. positively assesses the manner in which the Management Board prepared or submitted information, documents, reports or explanations as requested pursuant to Article 382 § 4 of the Commercial Companies Code.

The Supervisory Board of PGE S.A. also expresses a positive opinion on its cooperation with the Management Board of the Company in 2024.

This report presents the main areas of activity of the Supervisory Board of PGE in the financial year 2024. The Members of the Supervisory Board performed their duties based on their knowledge and experience in the management and supervision of commercial companies.

The Members of the Supervisory Board of PGE S.A. represented a diverse set of competences. The Supervisory Board included members with legal backgrounds (attorneys-at-law and advocates), as well as individuals with educational backgrounds in economics and engineering, including those with expertise in the energy sector. The Members of the Management Board of PGE S.A. participated in the meetings of the Supervisory Board of PGE, presented the Management Board's motions submitted for the Supervisory Board's consideration, provided explanations upon request of the Members of the Supervisory Board of PGE S.A., and implemented the Supervisory Board's recommendations.

The number of meetings held by the Supervisory Board of PGE S.A. in 2024, the high attendance rate, and the range and complexity of the matters discussed and decisions taken confirm that the Supervisory Board exercised its supervisory duties across all areas of the Company's operations.

Chair of the Supervisory Board
of PGE Polska Grupa Energetyczna S.A.

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Michał Domagała

Members of the Supervisory Board:

Małgorzata Banasik ……

Anna Kowalik ……

Andrzej Kozyra ……

Elżbieta Niebisz .....

Sławomir Patyra .....

Andrzej Rzońca .....

Andrzej Sadkowski .....