

TAURON Group's H1 2024 Financial Results

September 12, 2024



Presentation Agenda



Grzegorz Lot
President of
the Management Board

- Priorities of the Management Board of TAURON Polska Energia S.A.
- Audits



Krzysztof Surma
Vice President
of the Management Board
for Finance

- Financial results
- Debt and financing

Paweł Jabłoński
Executive Director for
Portfolio Management

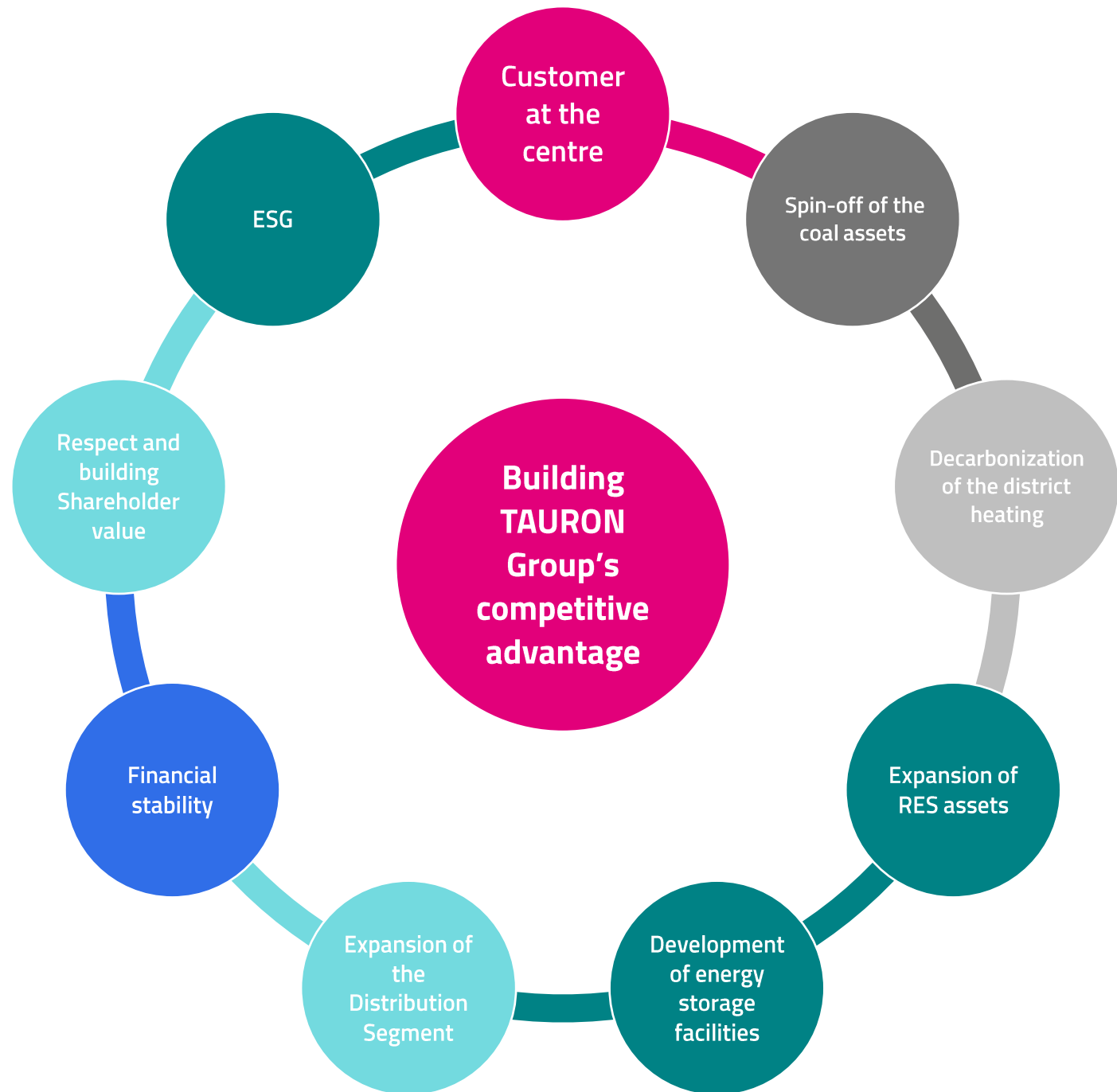
- Situation on the energy and fuel market

Mateusz Lewandowski
acting Executive Director
for Investments

- Investment projects and CAPEX
- RES expansion



Priorities of the new Management Board of TAURON Polska Energia S.A.



COMPLETION OF STAGE I OF THE AUDIT AT TAURON GROUP



implementation
March – July 2024



AREAS AUDITED

- outsourcing contracts (sponsorship, CSR)
- court and administrative proceedings
- audit and control proceedings
- cybersecurity
- human resources management

Audits

16

audits

- sponsorship agreements, CSR, promotion
- internal and external foundations
- selected grid assets management areas
- cybersecurity
- rules with respect to promotions, compensation, bonuses
- RES investment projects
- purchasing process implementation
- asset sales

Activities carried out **in-house**:

All audits were carried out using in-house resources – subject matter areas and group internal audit

AUDIT RESULTS

3 cases reported to the prosecutor's office

- sponsorship and CSR: PLN **8.5** million
- donations made: PLN **4.1** million
- gris assets: PLN **1.25** million



Financial results

Key H1 2024 data

Higher profitability at the EBITDA level year-on-year and a stable level of the net debt/EBITDA ratio



* revenue from sales and compensation payment

Operating data



26.0

+0.2% vs H1 2023



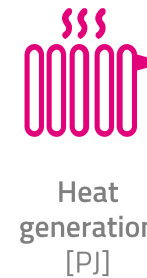
0.9

+1% vs H1 2023



4.5

-17% vs H1 2023



5.6

-10% vs H1 2023



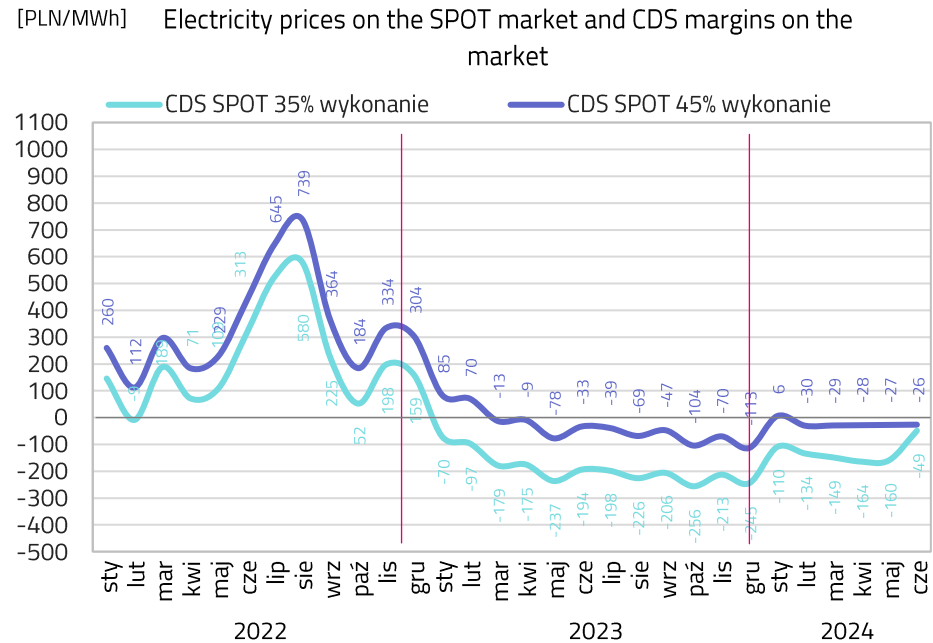
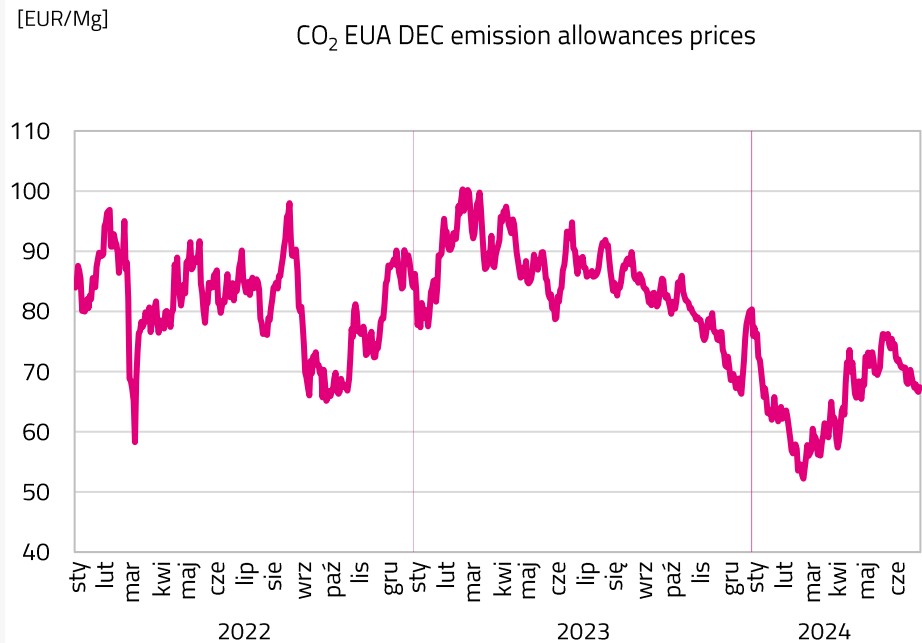
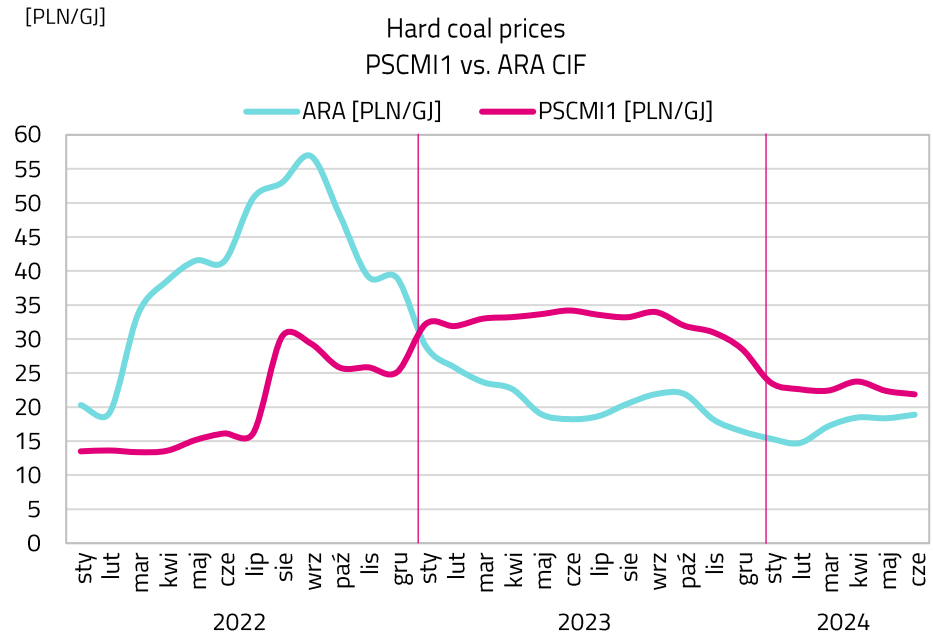
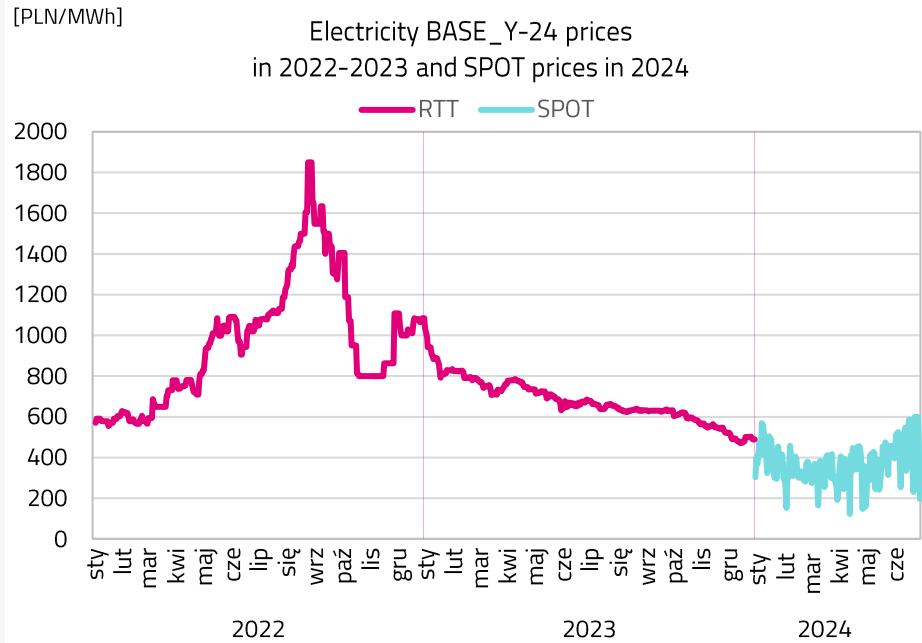
13.5

-12% vs H1 2023



Situation on the energy and fuel market in H1 2024

- The average price of electricity on the SPOT market in H1 2024 (373.88 PLN/MWh) was **52.6% lower** compared to the average price of one year BASE_Y-24 contract in 2022-2023 (789.00 PLN/MWh)
- The average value of the PSCMI1 index in H1 2024 (22.78 PLN/Mg) was **29.9% lower** than the average value in 2023 (32.52 PLN/Mg). The average price of coal at ARA ports for the continued one-year contract in H1 2024 (16.50 PLN/GJ) **declined 19.1%** versus 2023 (20.39 PLN/GJ)
- The average price of CO₂ for the EUADEC-24 contract in H1 2024 (65.55 EUR/Mg) was **23.1% lower** compared to the average price of the EUADEC-23 contract in 2023 (85.26 EUR/Mg)
- CDS on the SPOT market assumes a negative value for the 200 MW units in H1 2024. Margins of coal-fired power plants are in a downward trend on the SPOT market, despite the declining cost of thermal coal and the CO₂ emission allowances

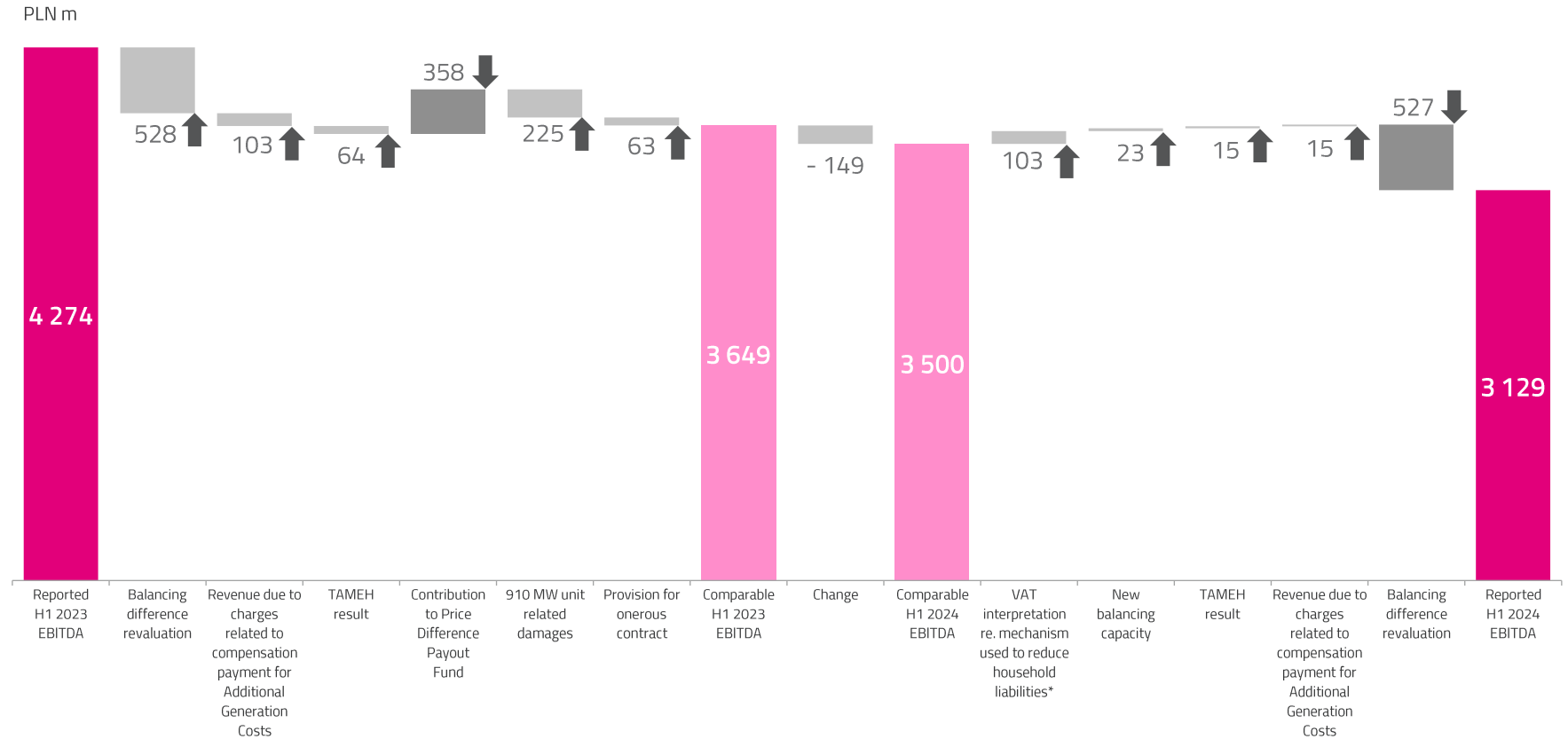




Comparable EBITDA

Comparable EBITDA

Lower adjusted EBITDA as a result of electricity prices decline



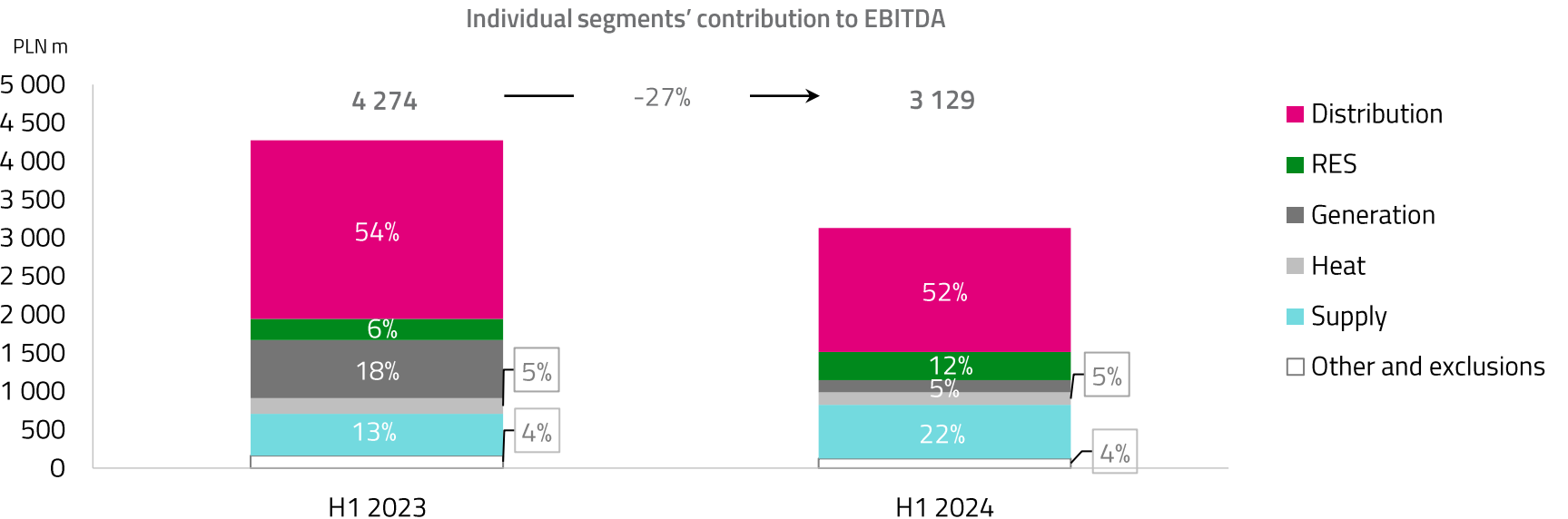
* A partial release of the provision, set up as of 30.09.2023, due to the introduction of the mechanism enabling a reduction of the amount of households' accounts payable towards the electricity trading companies by the amount of PLN 125.34, resulting from the receipt of the individual interpretations of the tax law by TAURON Group's trading subsidiaries. According to the interpretation obtained, the above-mentioned amount is a gross amount, so it includes the VAT, which translates into the right to reduce the VAT due and as a consequence a reduction of the Group's costs in 2024.



Individual segments' H1 2024 results

Decline of the contribution of the Distribution Segment's EBITDA to the total EBITDA of TAURON Group mainly as a result of a change in the revaluation of the balancing difference, as a consequence of the lower electricity prices year-on-year

[PLN m]	Distribution	RES	Generation	Heat	Supply	Other and exclusions**
Revenue*	5 731	512	3 783	1 215	13 271	-7 740
EBITDA	1 616	369	156	166	699	123
EBIT	926	274	-1 494	-35	673	15
CAPEX	1 400	232	40	53	31	103



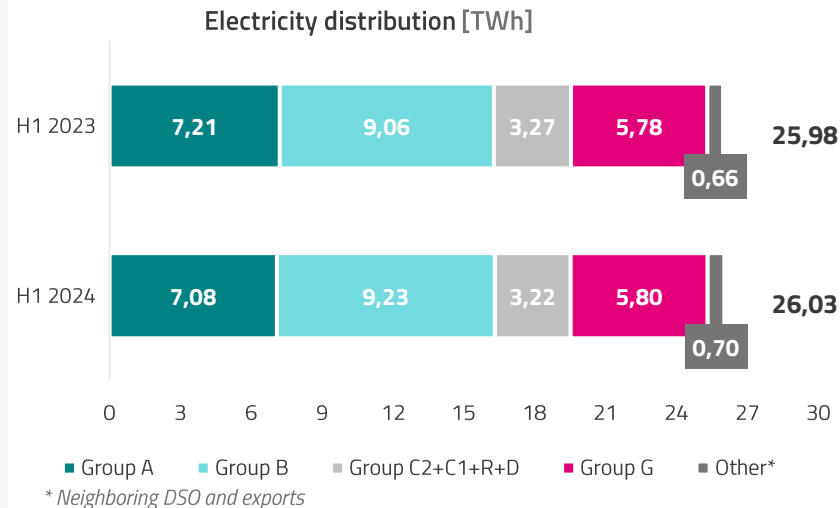
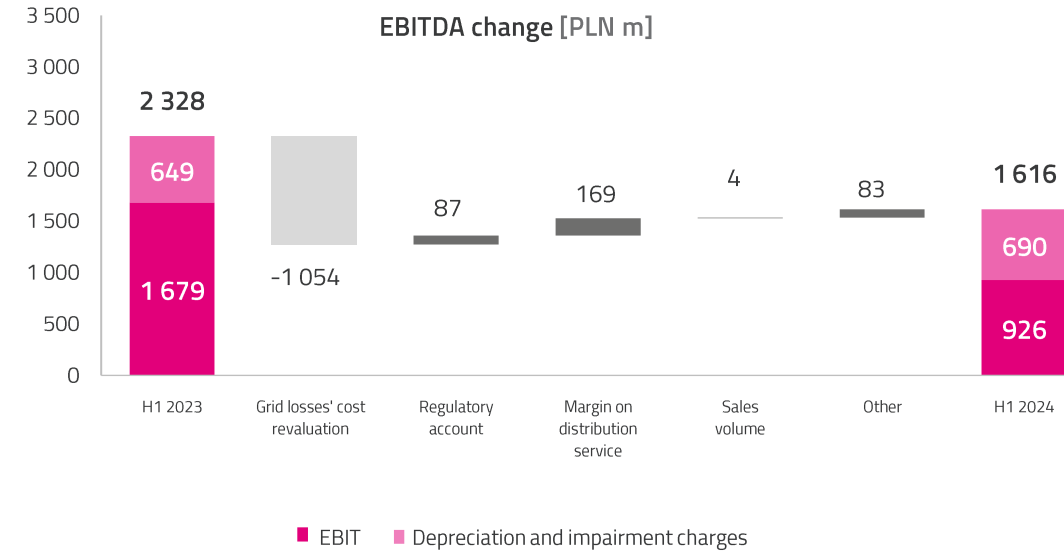
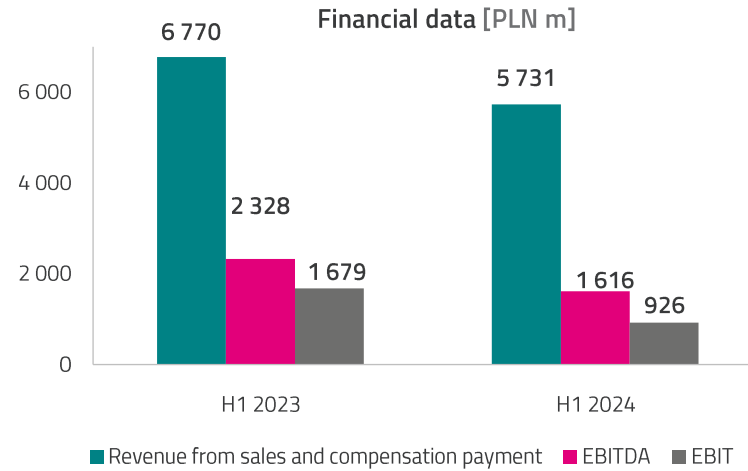
* revenue from sales and compensation payment

** items not included in the segments presented



Distribution Segment H1 2024

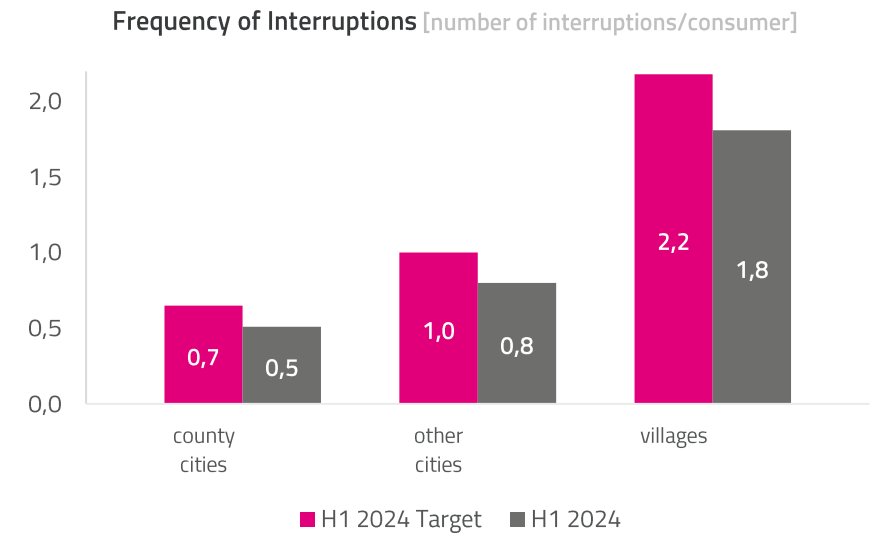
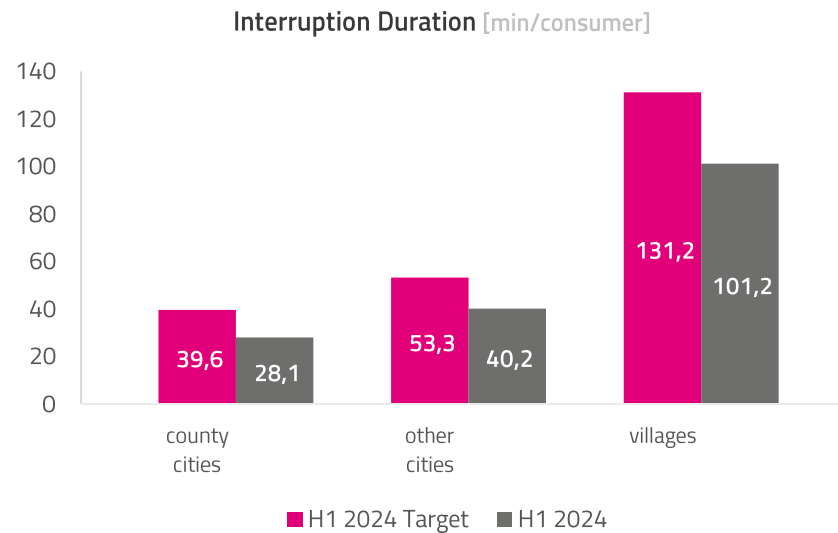
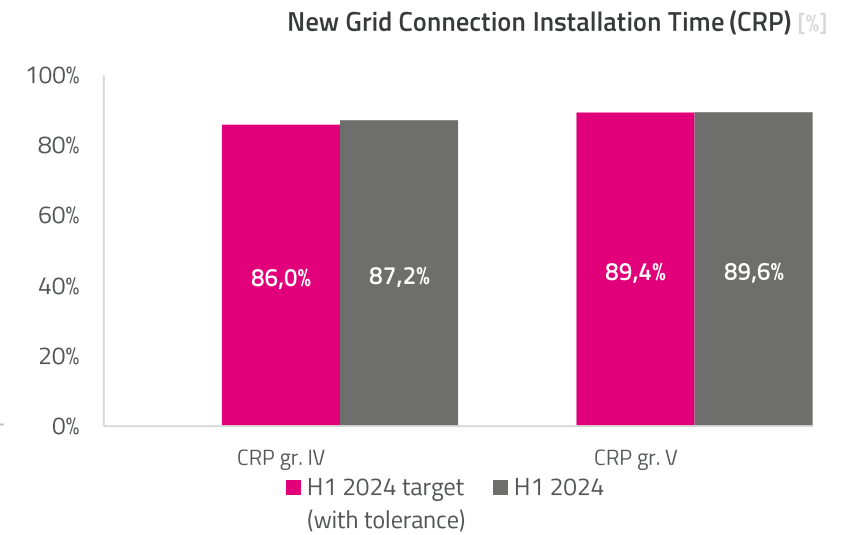
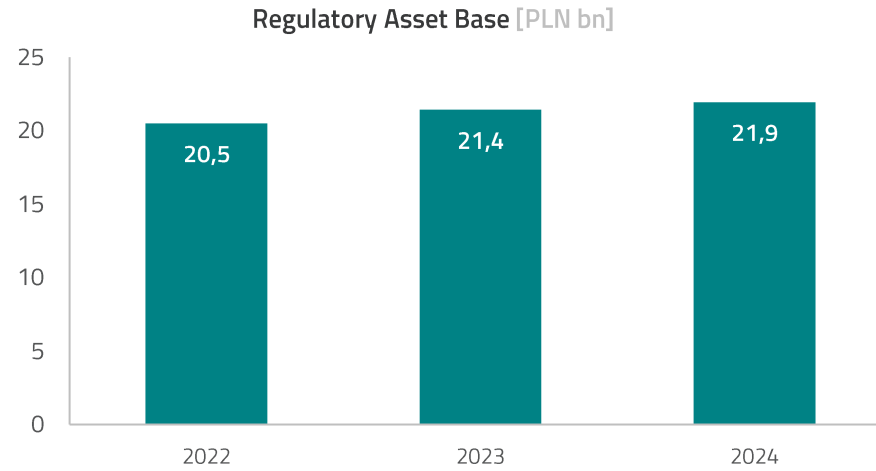
Decline of the Distribution Segment's EBITDA as a result of a change in the revaluation of the balancing difference, as a consequence of the lower electricity prices year-on-year



- Negative impact of the grid losses' cost revaluation -
- Higher margin on the distribution service ✓
- Positive impact of the regulatory account ✓



Distribution Segment key parameters

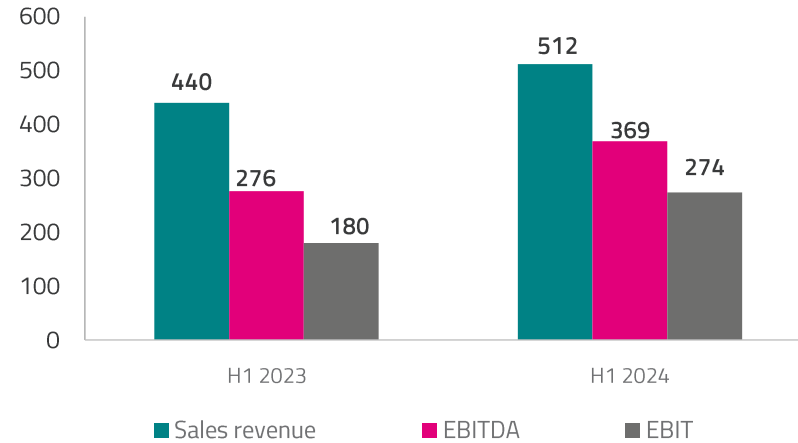




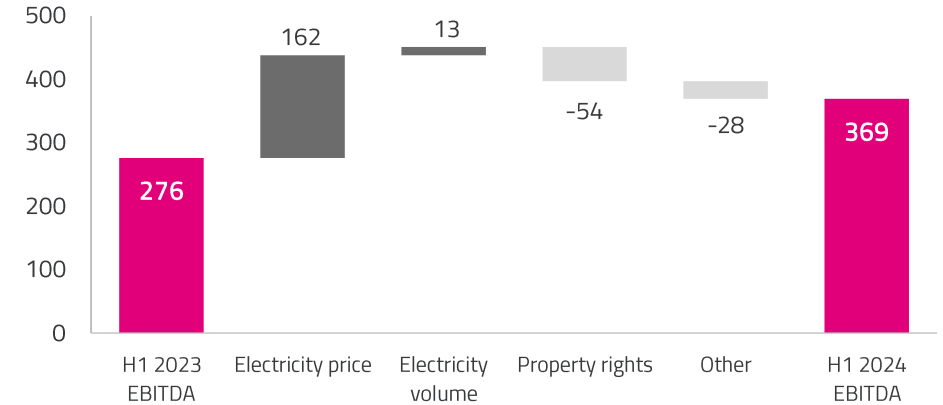
RES Segment H1 2024

Higher margin earned on electricity sales as a consequence of a lack of an obligation to make payments to the Price Difference Payout Fund

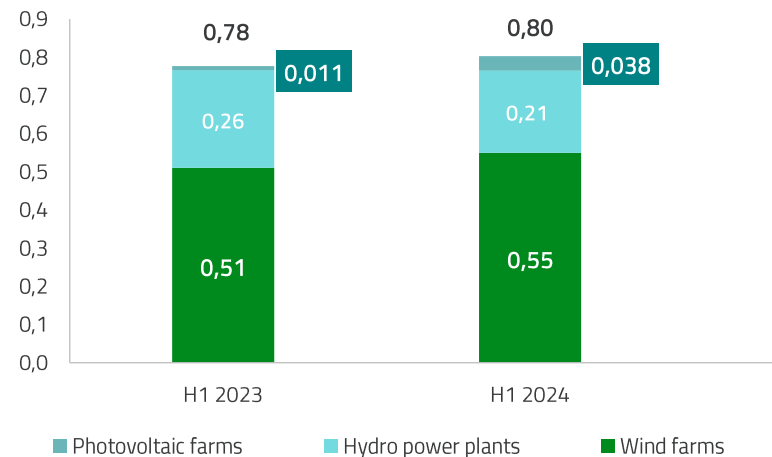
Financial data [PLN m]



EBITDA change [PLN m]



Electricity production [TWh]



▪ Effect of lifting electricity price freeze



▪ Higher production volume by wind farms and photovoltaic farms



▪ Decrease of the property rights prices



▪ Lower production volume by hydro power plants

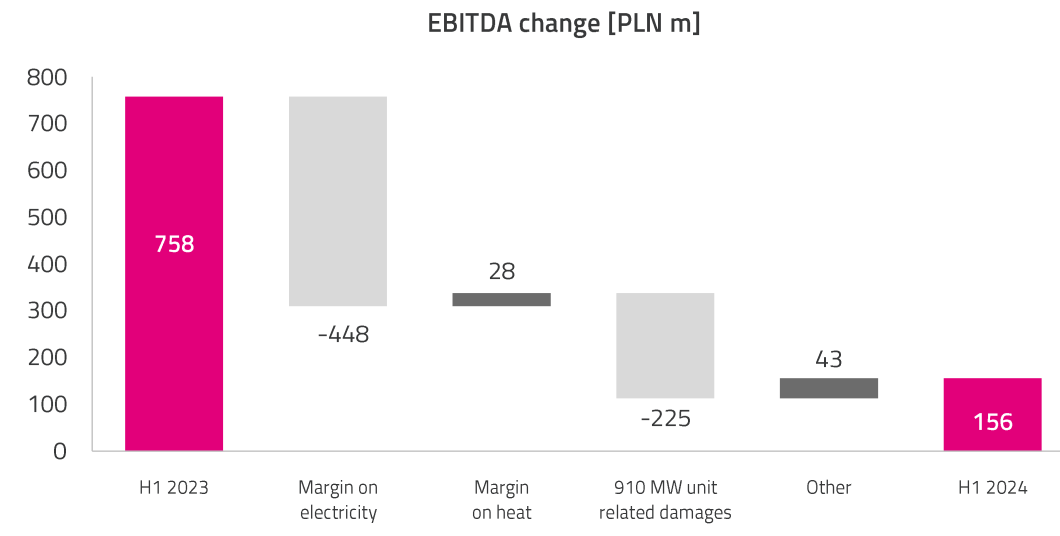
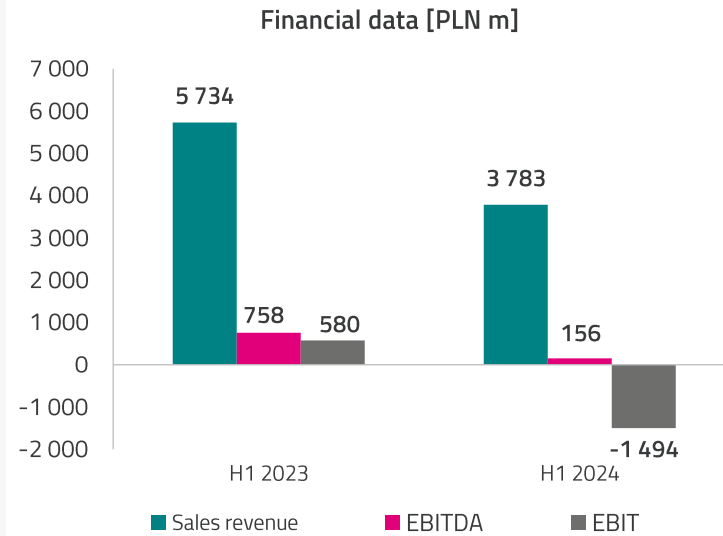




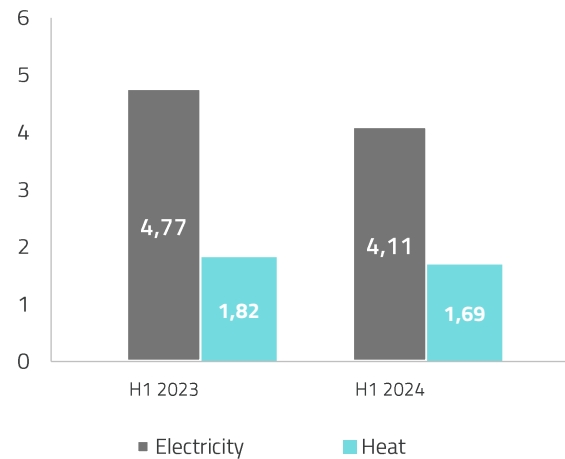
Generation Segment H1 2024

Lower Clean Dark Spread margin earned

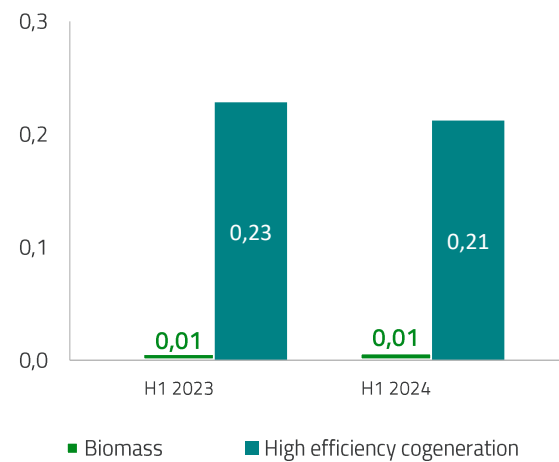
Lower electricity production by the coal-fired units



Gross electricity (coal-fired units) [TWh] and heat [PJ] production



Biomass-fired and high efficiency cogeneration production [TWh]

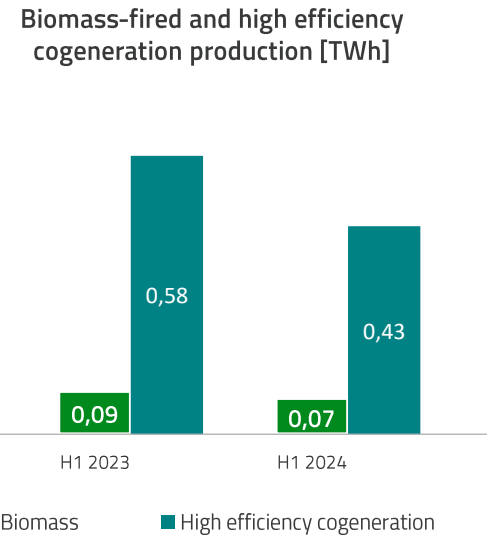
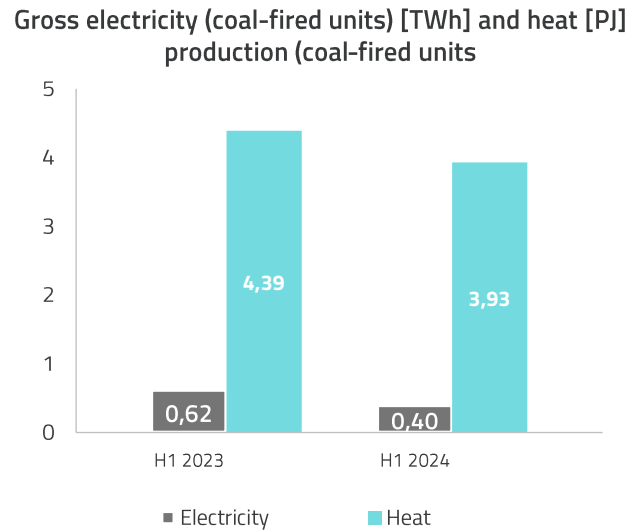
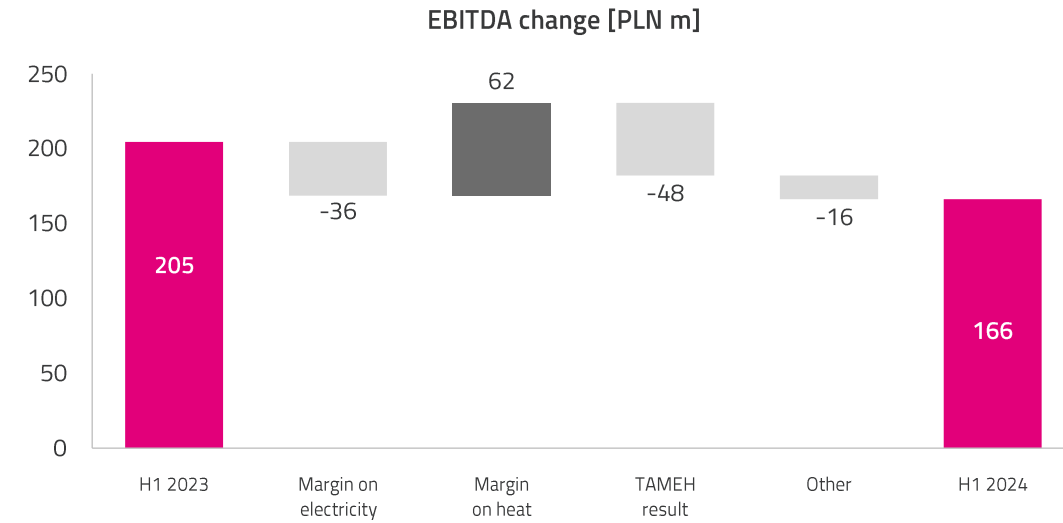
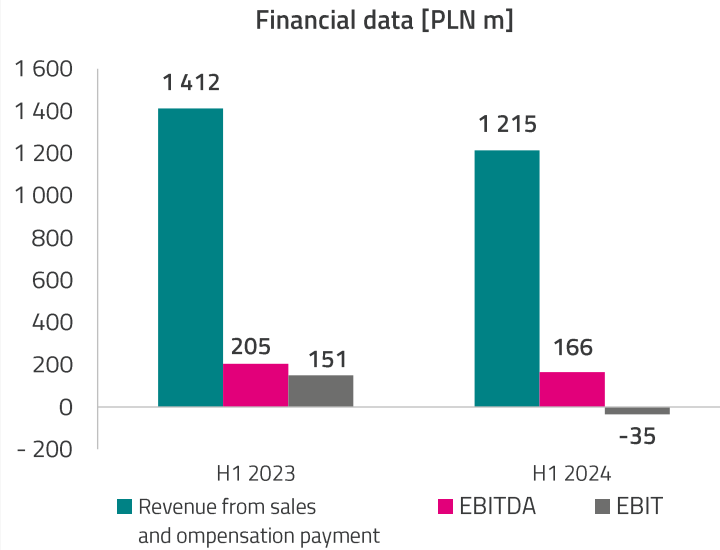


- Lower margin on electricity -
- Lower demand for electricity generated by the coal-fired units -
- Higher margin on heat sales ✓



Heat Segment H1 2024

Lower electricity production by the coal-fired units



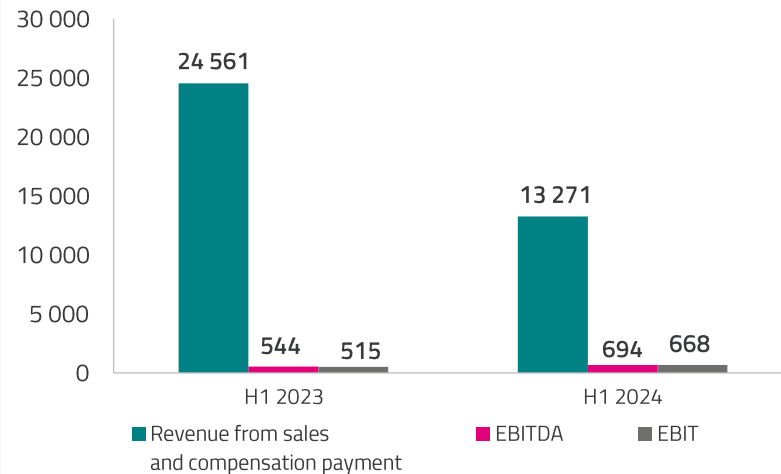
- TAMEH's lower result -
- Lower margin on electricity -
- Higher margin on heat sales ✓



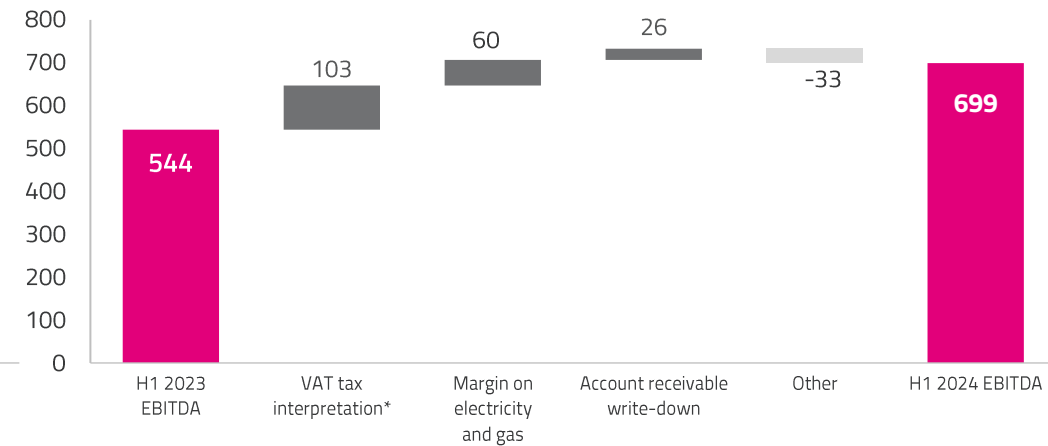
Supply Segment H1 2024

Margin on electricity sales impacted by a decline in electricity sales volume in the business customer segment and the lower margins, while there was no allowance for the Price Difference Fund

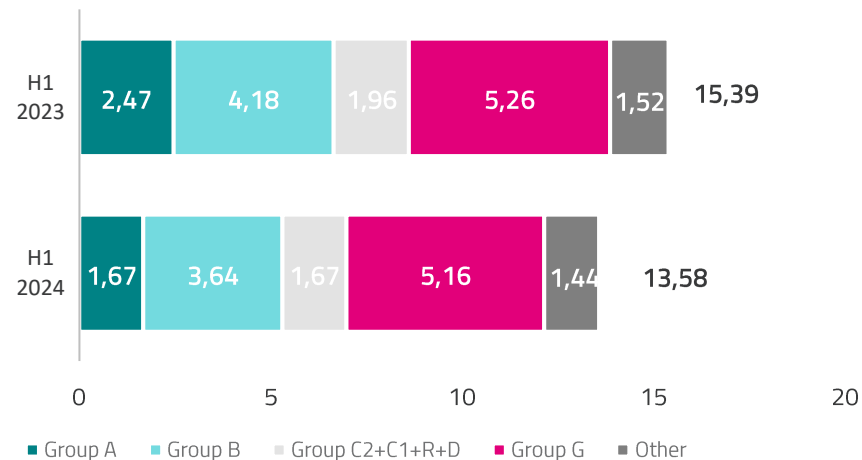
Financial data [PLN m]



EBITDA change [PLN m]



Retail electricity supply [TWh]



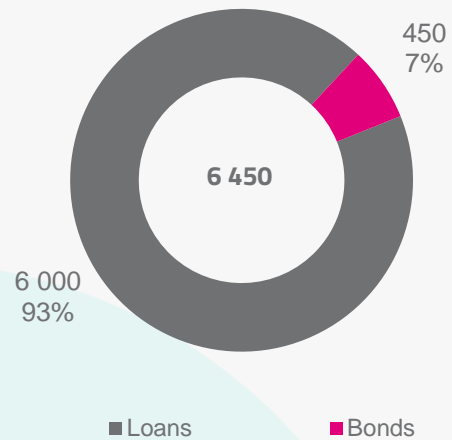
- Interpretation of the tax authorities with respect to VAT* ✓
- Costs fully covered by the G tariff for H1 2024 ✓
- Reduction of G tariff not providing cost coverage in H2 2024 while providing cost coverage for 18 months -
- Decline of the supply volume in the business segment -

* A partial release of the provision, set up as of 30.09.2023, due to the introduction of the mechanism enabling a reduction of the amount of households' accounts payable towards the electricity trading companies by the amount of PLN 125.34, resulting from the receipt of the individual interpretations of the tax law regulations by TAURON Group's subsidiaries. According to the interpretation obtained, the above-mentioned amount is a gross amount, so it includes the VAT, which translates into the right to reduce the VAT due and, as a consequence, leads to a reduction of the Group's costs in 2024.



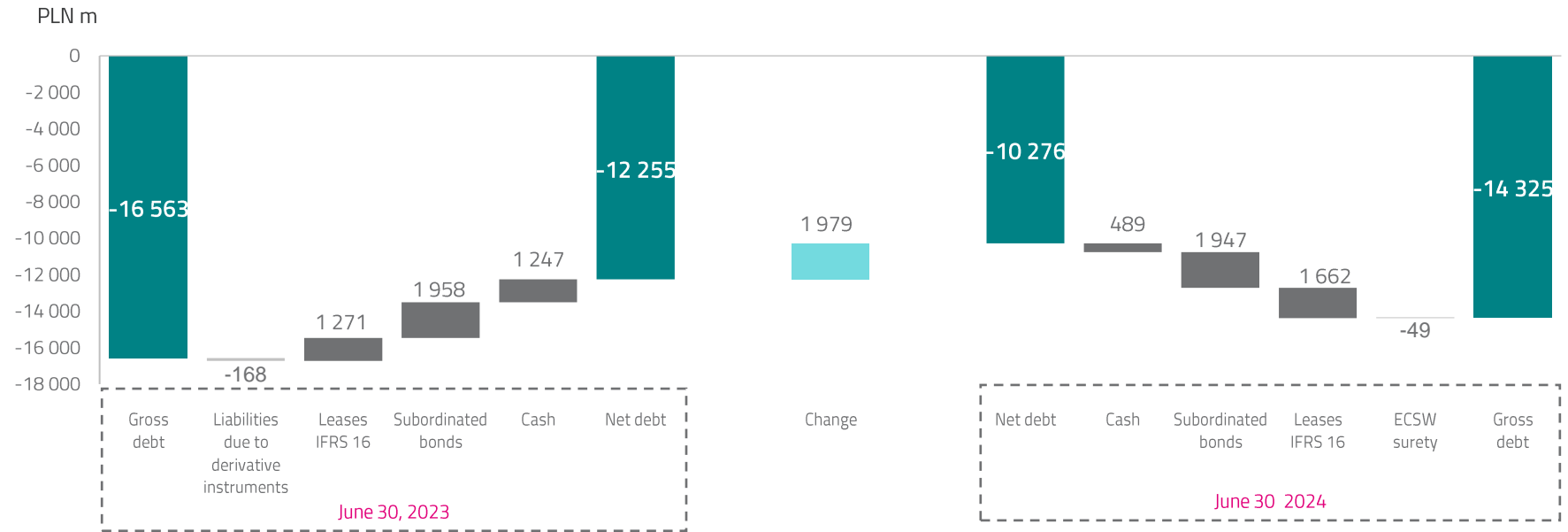
Debt and financing

Amounts of financing available to TAURON Group as of June 30, 2024 [PLN m]



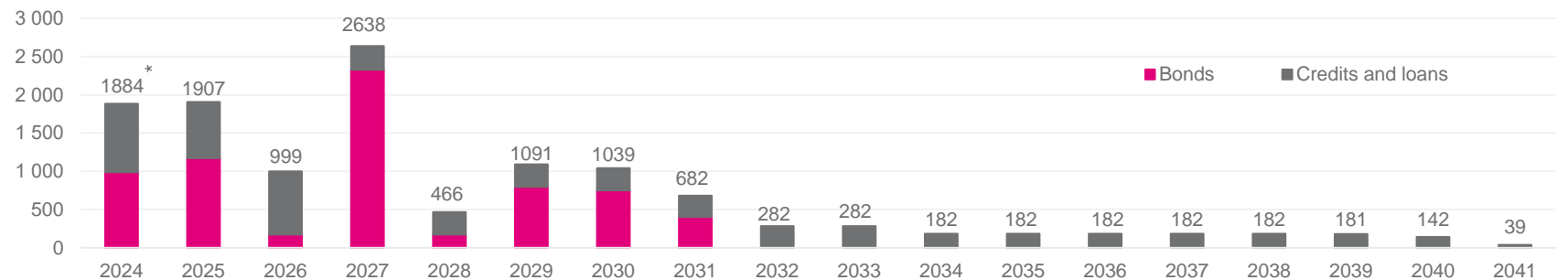
Apart from the above indicated available financings, TAURON Group is also using overdraft facility with the maximum available limits of PLN 500 million and EUR 4 million

Structure of TAURON Group's debt [PLN m]



Net debt/EBITDA as of 30.06.2024 = 2.1x

TAURON Group's nominal debt maturity as of June 30, 2024 [PLN m]



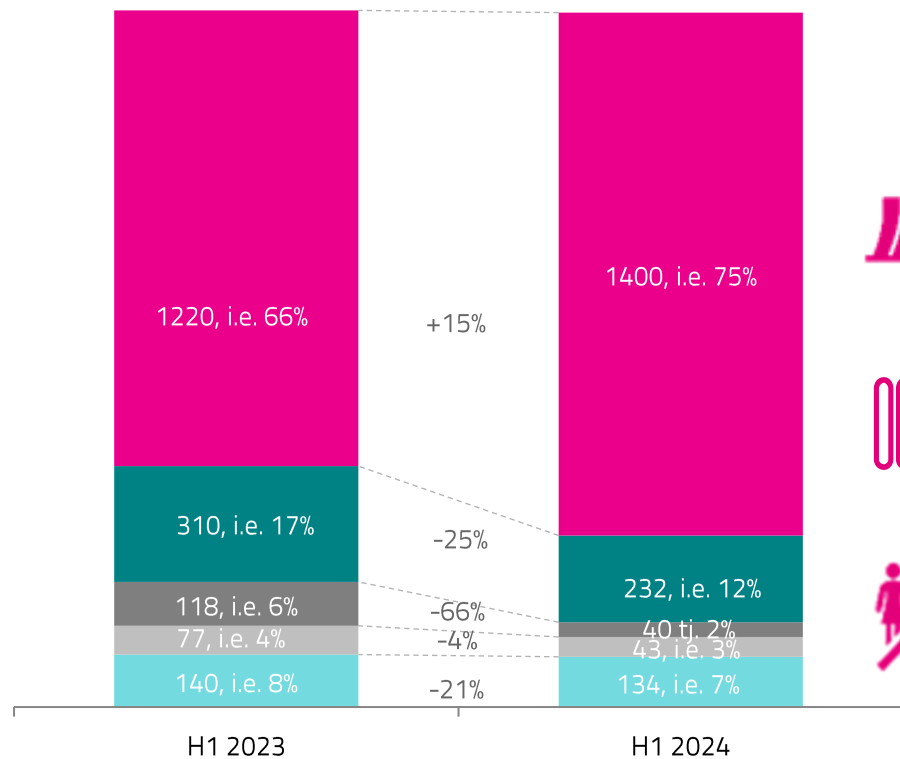
* Including the planned redemption of EUR 190 million subordinated bonds after the non-call period

CAPEX – per segment

Focus on investments
In the Distribution and RES
Segments

Capital expenditures per segment* [PLN m]

1 865 ● (0.3%) → 1 859



■ Distribution ■ RES ■ Generation ■ Heat ■ Supply and Other Operations

Key investment projects implemented in H1 2024 *

Distribution:

- Installing new grid connections (PLN 758m)
- Grid assets refurbishments and replacements (PLN 493m)
- AMIPlus (PLN 94m)
- Dispatcher Communications System (PLN 29 million)

RES:

- Construction of 55 MW Proszówek PV Farm (PLN 25m)
- Construction of 30 MW Warblewo Wind Farm (PLN 10m)
- Construction of 58.5 MW Mierzyn Wind Farm (PLN 7m)
- Construction of 33 MW Gamów Wind Farm (PLN 27m)
- Construction of 19.6 MW Brzeźnica Wind Farm (PLN 14m)
- Construction of 23.8 MW Sieradz Wind Farm (PLN 22m)
- Construction of 90 MW Postomino PV Farm (PLN 64m)
- Construction of 54 MW Bałków PV Farm 54 (PLN 26m)
- Refurbishment of hydro power plants (PLN 13 m)

Generation:

- Outlays at TAURON Wytwarzanie – replacement and refurbishment, overhaul components, 910 MW unit (PLN 31m)

Heat:

- New facility connections to the district heating network at TAURON Ciepło (PLN 11m)
- Maintenance of TC's district heating networks (PLN 10m)
- Maintenance of TC's generation units (PLN 6m)
- ZWK - Construction of a 140MWt gas-fired boiler at TAURON Ciepło (PLN 8m)

Supply and Other Operations:

- IT investments at TAURON Obsługa Klienta (PLN 82m)
- Lighting maintenance and expansion (PLN 29m)

* Outlays do not include equity investments in accordance with the presentation provided in the financial statements.

* Investment outlays do not include financial costs added to the capex and the consolidation adjustments



RES projects under way (as of 30.06.2024)



Wind farms	Capacity (MW _e)	Work progress	Planned completion date
FW Mierzyn	58.5	94%	Q3 2024
FW Warblewo	30	87%	Q3 2024
FW Gamów	33	91%	Q3 2024
FW Nowa Brzeźnica	19.6	59%	Q2 2025
FW Sieradz	23.8	26%	Q4 2025
	164.9		



Photovoltaic farms	Capacity (MW _e)	Work progress	Planned completion date
PV Proszówek I and II	45.6 / 9.4	95%	Q3 2024
PV Bałków	54	9%	Q4 2025
PV Postomino	90	5%	Q4 2025
	199		

364 MW in total

**Thank you for your
attention**





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Q2 2024 data





Financial results

Key Q2 2024 data

Higher profitability at the EBITDA level year-on-year and a stable level of the net debt/EBITDA ratio



* revenue from sales and compensation payment

Operating data



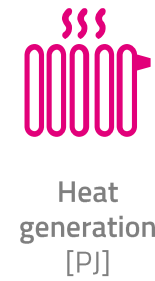
12.4
+0.5% vs Q2 2023



0.3
-1% vs Q2 2023



1.9
-12% vs Q2 2023



1.3
-30% vs Q2 2023



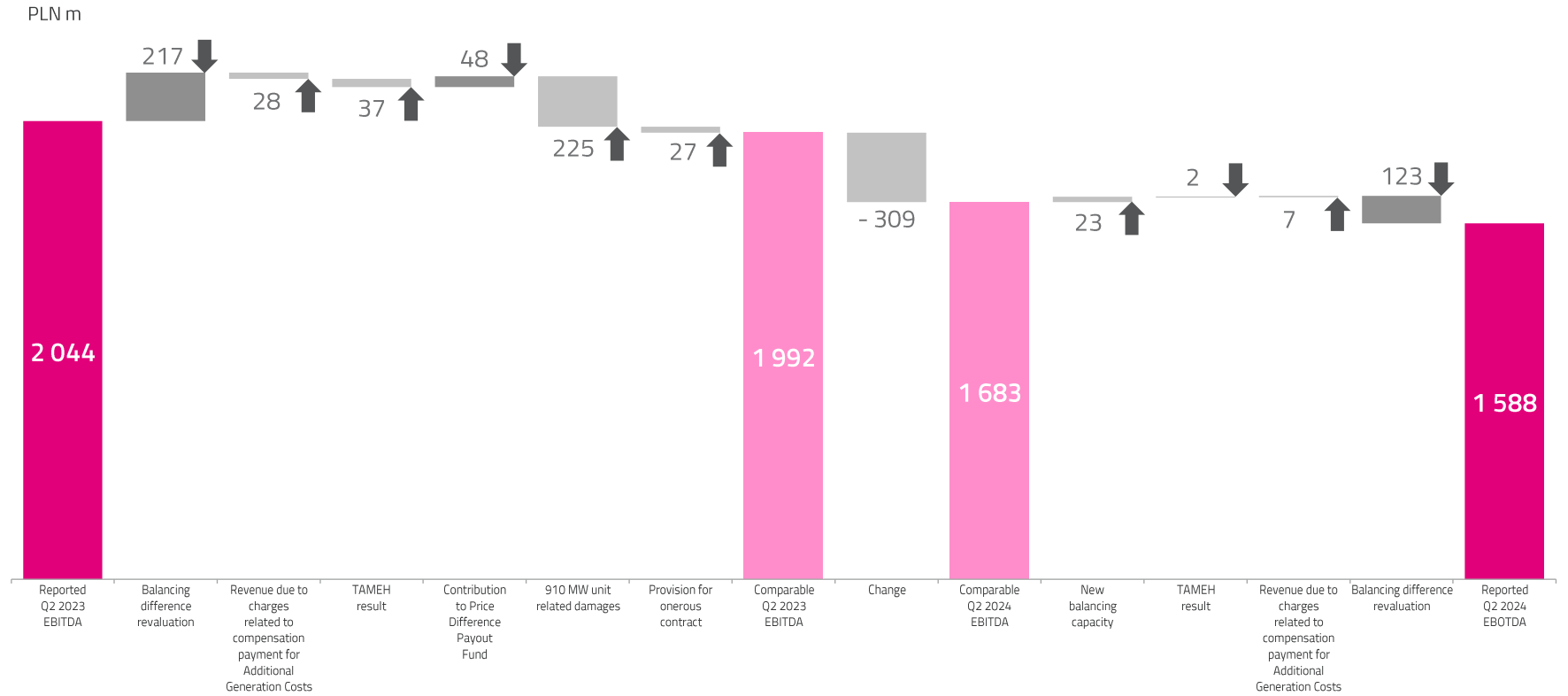
6.1
-13% vs Q2 2023



Comparable EBITDA

Comparable EBITDA

Lower adjusted EBITDA as a result of electricity prices decline

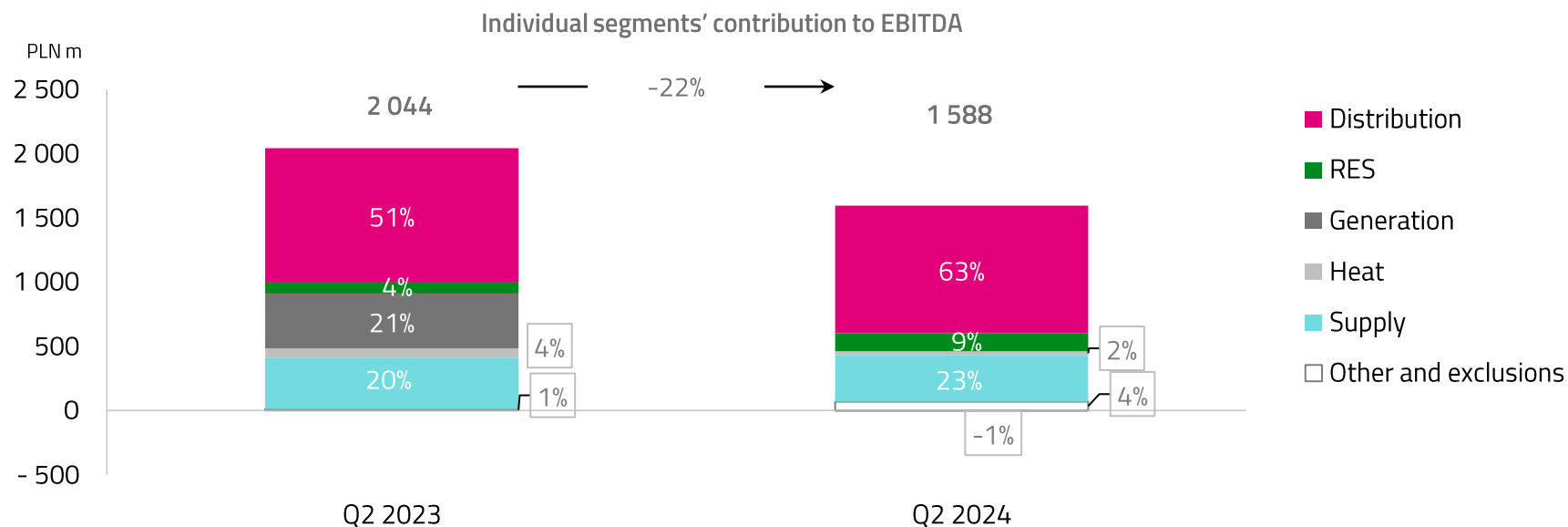




Individual segments' Q2 2024 results

Increase of the contribution of the Distribution Segment's EBITDA to the total EBITDA of TAURON Group

[PLN m]	Distribution	RES	Generation	Heat	Supply	Other and exclusions**
Revenue*	3 012	220	1 615	358	5 910	-3 035
EBITDA	994	140	-9	31	363	69
EBIT	645	92	-1 596	-138	350	18
CAPEX	743	133	15	33	18	70



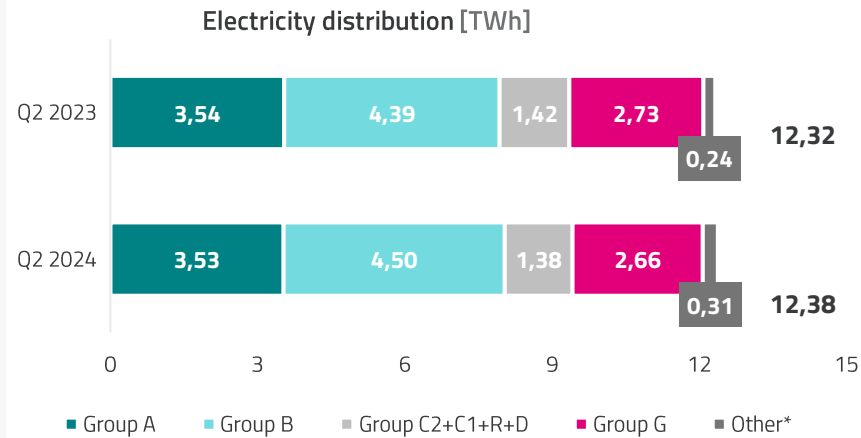
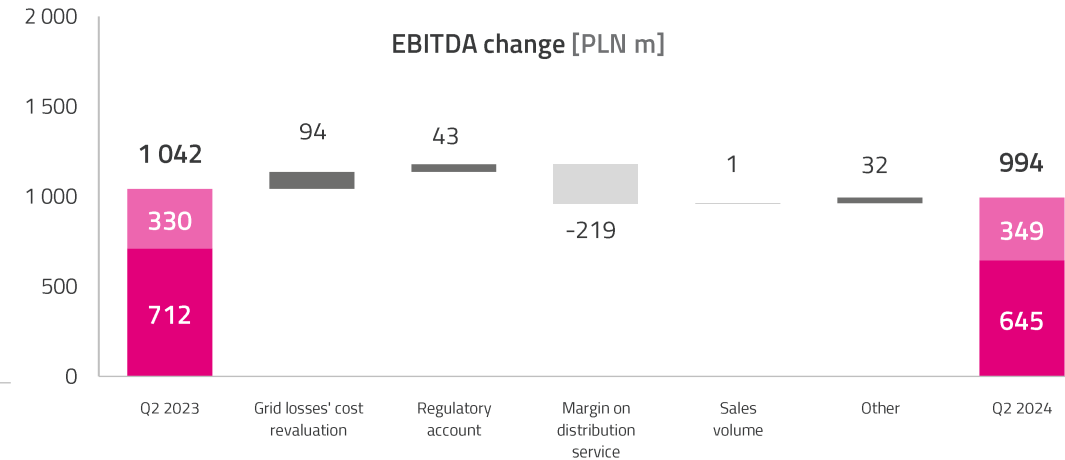
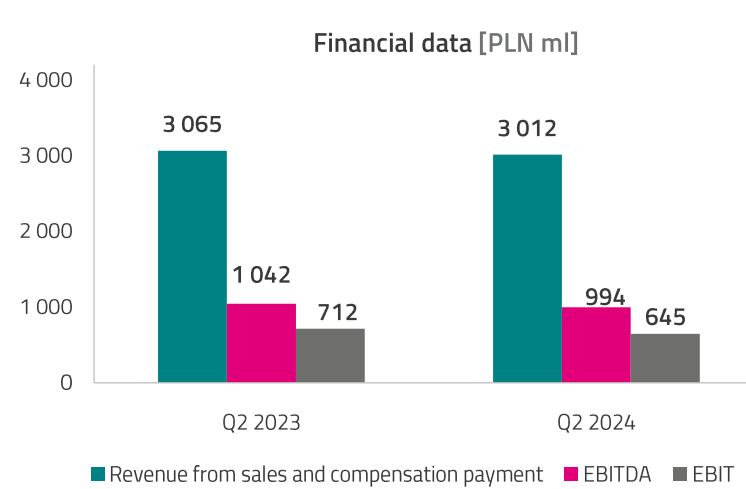
* revenue from sales and compensation payment

** items not included in the segments presented



Distribution Segment Q2 2024

Decline of the Distribution Segment's EBITDA as a result of the lower value of the balancing difference, as a consequence of the lower electricity prices year-on-year



* Neighboring DSO and exports

■ EBIT ■ Depreciation and impairment charges

■ Negative impact of the decline in electricity prices on the balance of the settlement of the balancing difference

■ Positive impact of the regulatory account

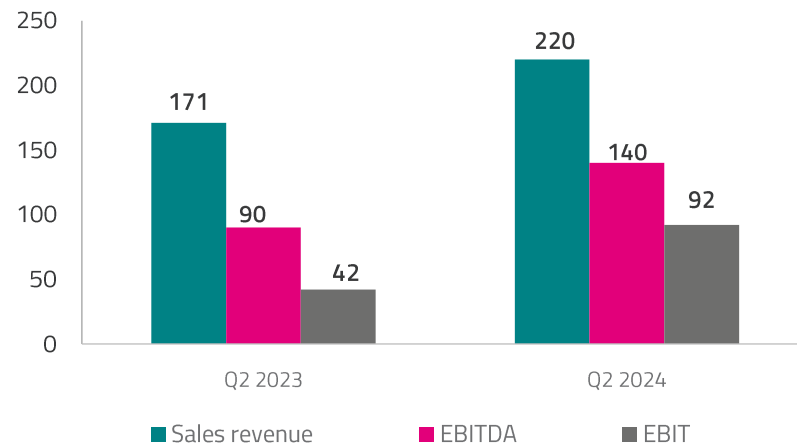




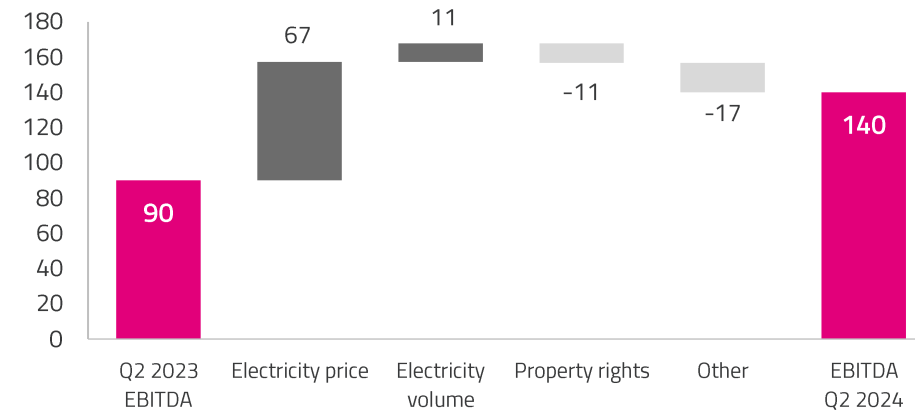
RES Segment Q2 2024

Higher margin earned on electricity sales as a consequence of a lack of an obligation to make payments to the Price Difference Payout Fund

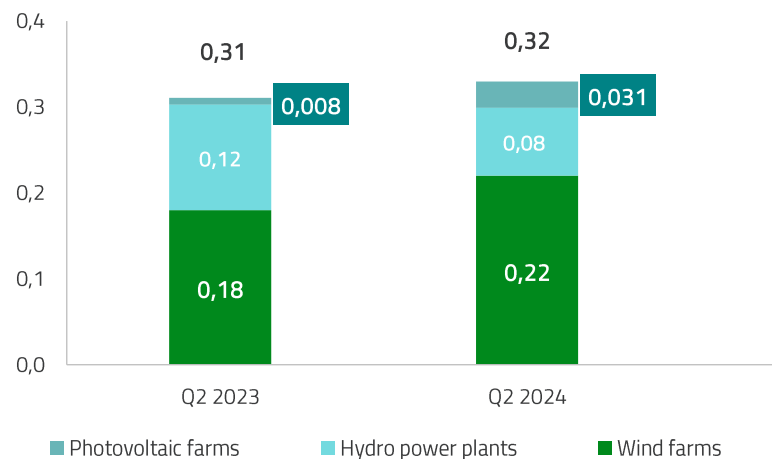
Financial data [PLN m]



EBITDA change [PLN m]



Electricity production [TWh]



▪ Effect of lifting electricity price freeze



▪ Higher production volume by wind farms and photovoltaic farms



▪ Decrease of the property rights prices



▪ Lower production volume by hydro power plants

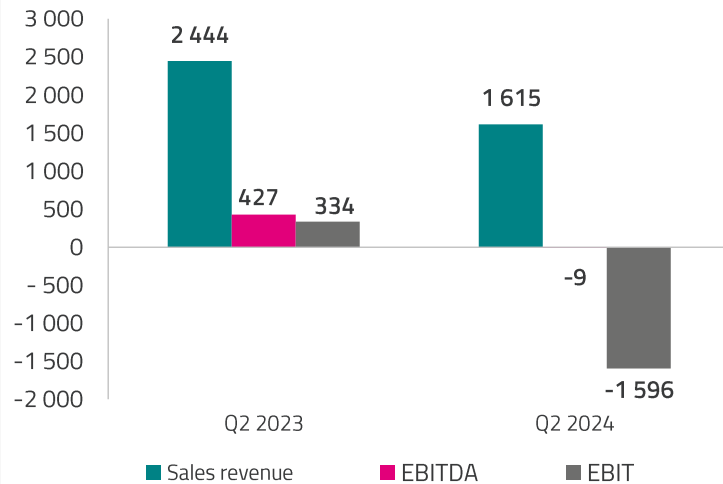




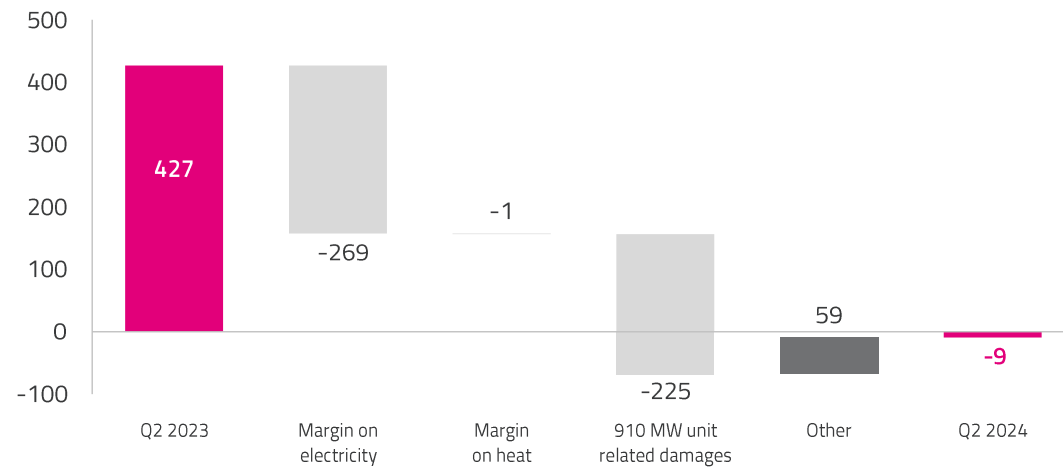
Generation Segment Q2 2024

Lower Clean Dark Spread margin earned

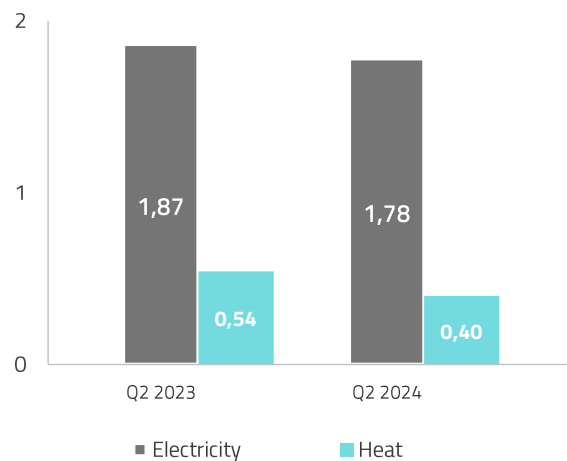
Financial data [PLN m]



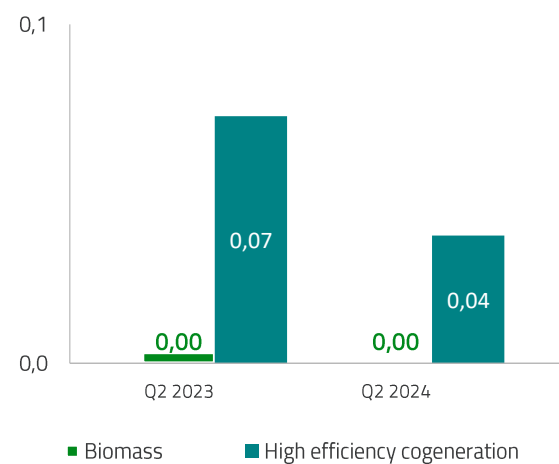
EBITDA change [PLN m]



Gross electricity (coal-fired units) [TWh] and heat [PJ] production



Biomass-fired and high efficiency cogeneration production [TWh]

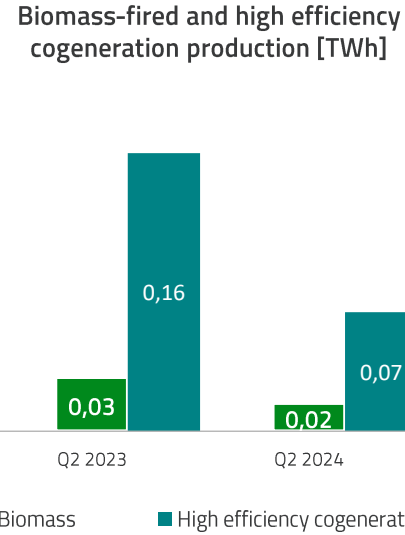
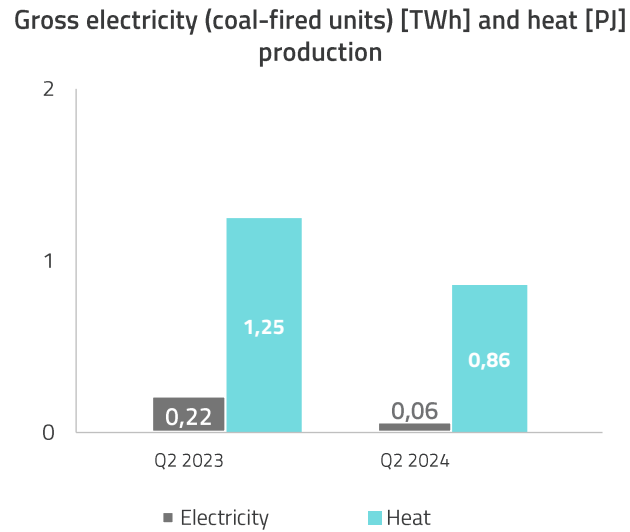
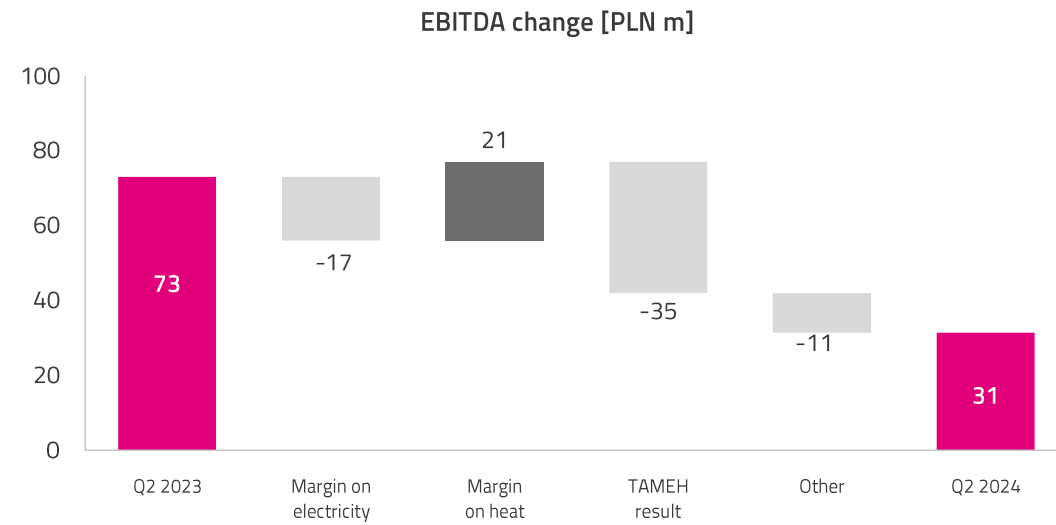
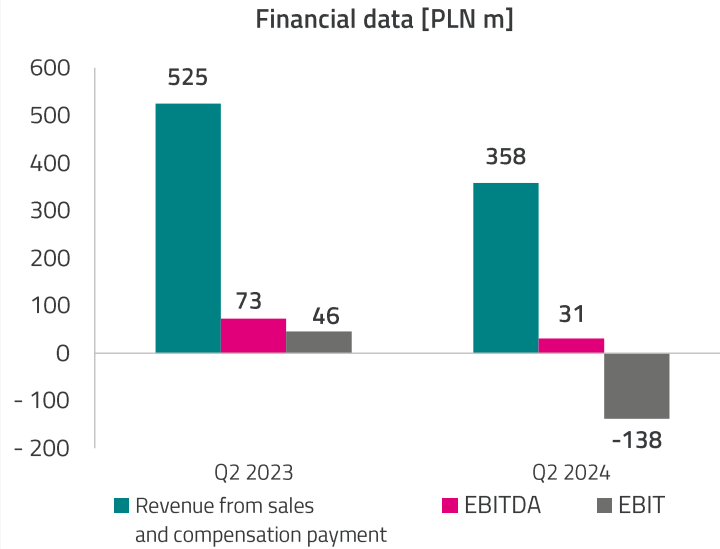


- Lower margin on electricity
- Lower volume of electricity sold



Heat Segment Q2 2024

Lower electricity production by the coal-fired units



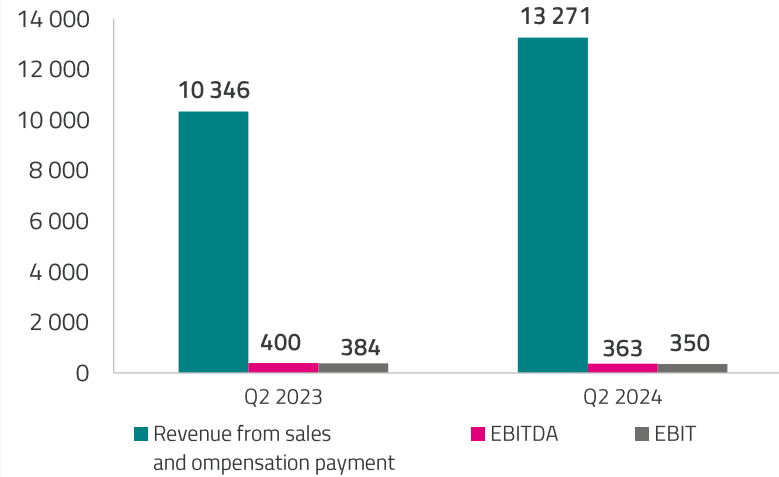
- TAMEH's lower result -
- Lower margin on electricity -
- Higher margin on heat sales ✓



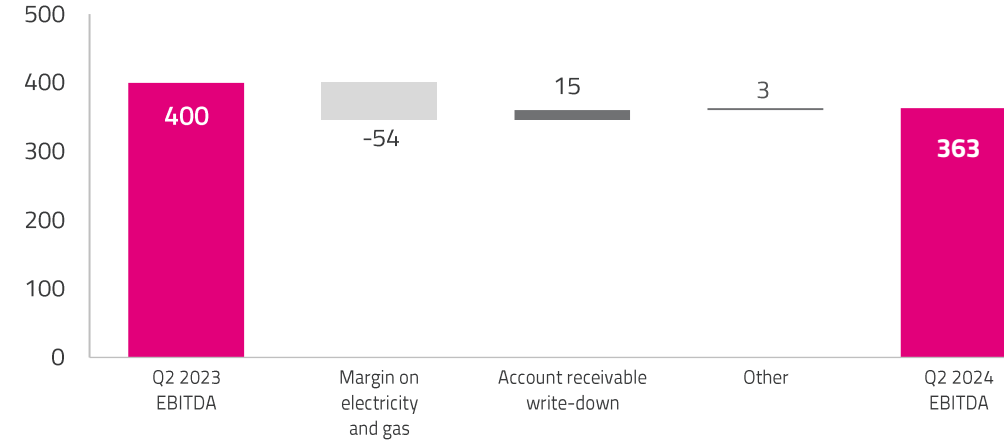
Supply Segment Q2 2024

EBITDA impacted by the lower margin in the business segment and the decline of the sales volume

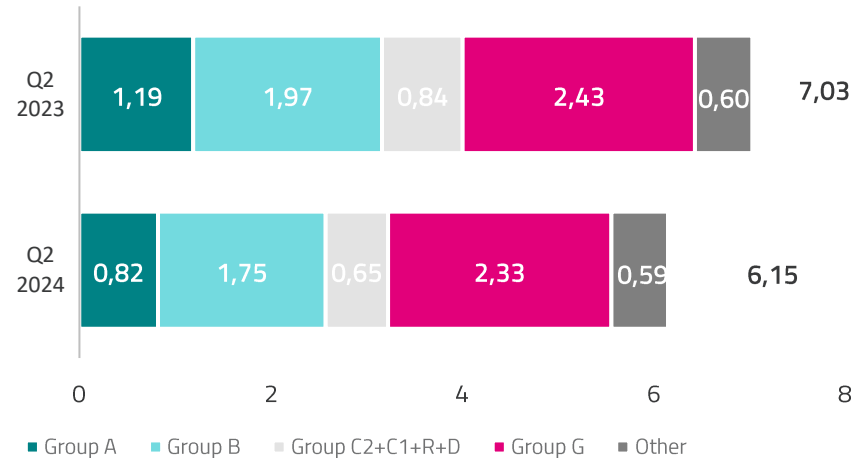
Financial data [PLN m]



EBITDA change [PLN m]



Retail electricity supply [TWh]



▪ Lower margin on electricity sales in the business segment

▪ Decline of the supply volume in the business segment

▪ Costs fully covered by the G tariff in Q2 2024





Electricity market price trends

Electricity						
Platforms: TGE (PPX)	2023		2024 (actual + estimates)		2024/2023	
	Price (PLN/MWh)	Volume (GWh)	Price (PLN/MWh)	Volume (GWh)	Price %	Volume %
Forward BASE (Y+Q+M)	869.25	117 955	582.02	68 272	-33.0%	-42.1%
Forward PEAK (Y+Q+M)	1 205.46	8 939	635.57	6 531	-47.3%	-26.9%
Forward (weighted average)	892.94	126 895	586.69	74 803	-34.3%	-41.1%
SPOT (TGE)	518.48	63 124	416.96	56 482	-19.6%	-10.5%
Weighted average total	768.54	190 019	513.67	131 285	-33.2%	-30.9%

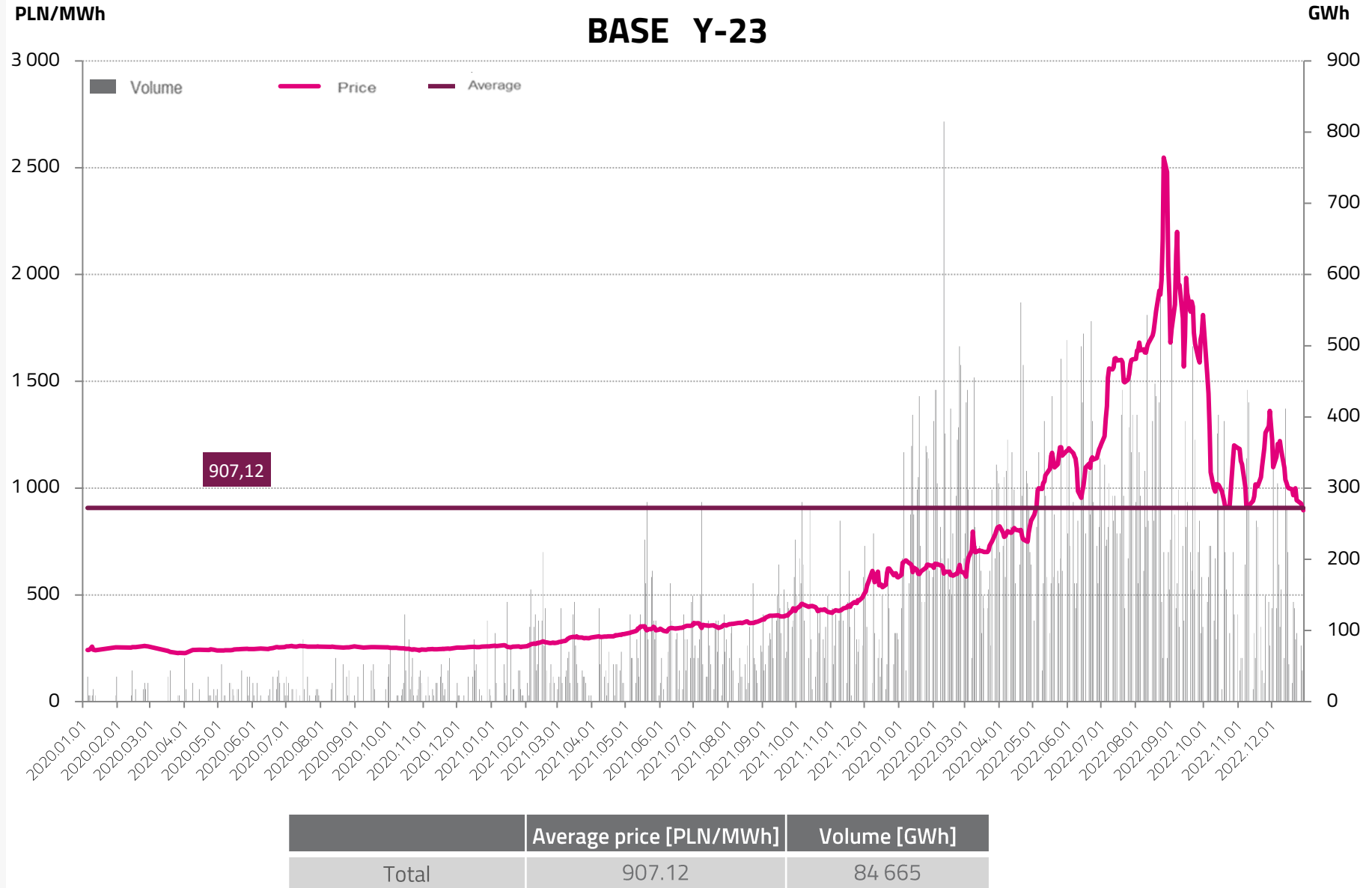
Property rights (PLN/MWh)			
Certificate type	Market prices (H1 2024 weighted average)	Substitution fee and obligation for:	
		2023	2024
OZE (PMOZE_A)	45.70	239.75 (12.0%)	197.73 (5.0%)
RES from biogas plants (PMOZE_BIO)	304.53	300.03 (0.5%)	300.03 (0.5%)

CO ₂ emission allowances (EUR/t)	
CO ₂ market analysts survey*	Price [EUR/Mg]
2024 average	67.7
2025 average	79.2
2026 average.	95.3
2024 average price forecast by TAURON	68.69

* Source: CAKE, Commerzbank, Energy Aspects, Morgan Stanley, Vertis, Volue Insight, TAURON



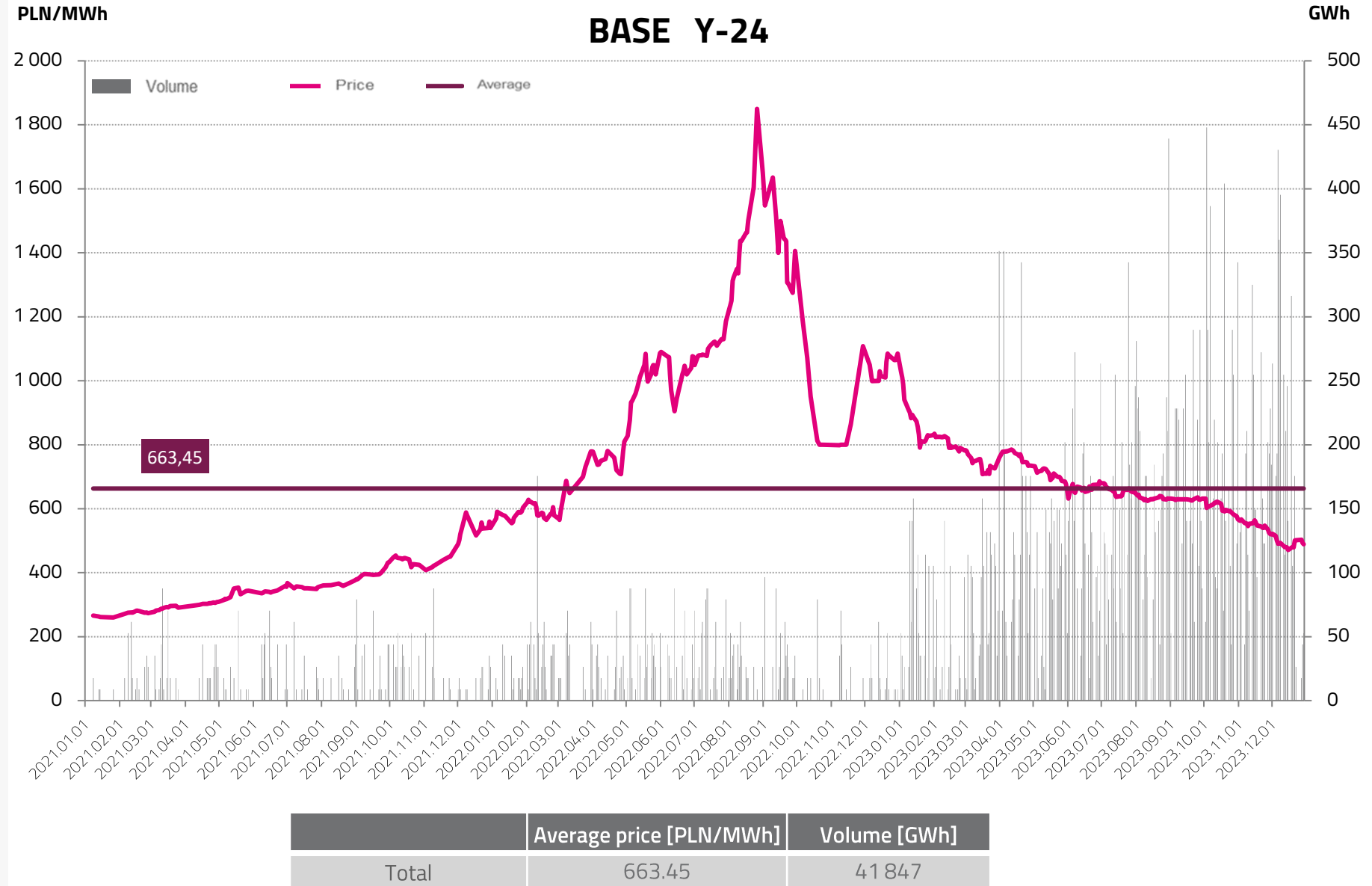
2023 BASE contract prices



Average electricity price that takes into account 2023 one-year BASE and PEAK contracts: 937.04 PLN/MWh, total 2023 BASE and PEAK contracts volume: 01 439 GWh



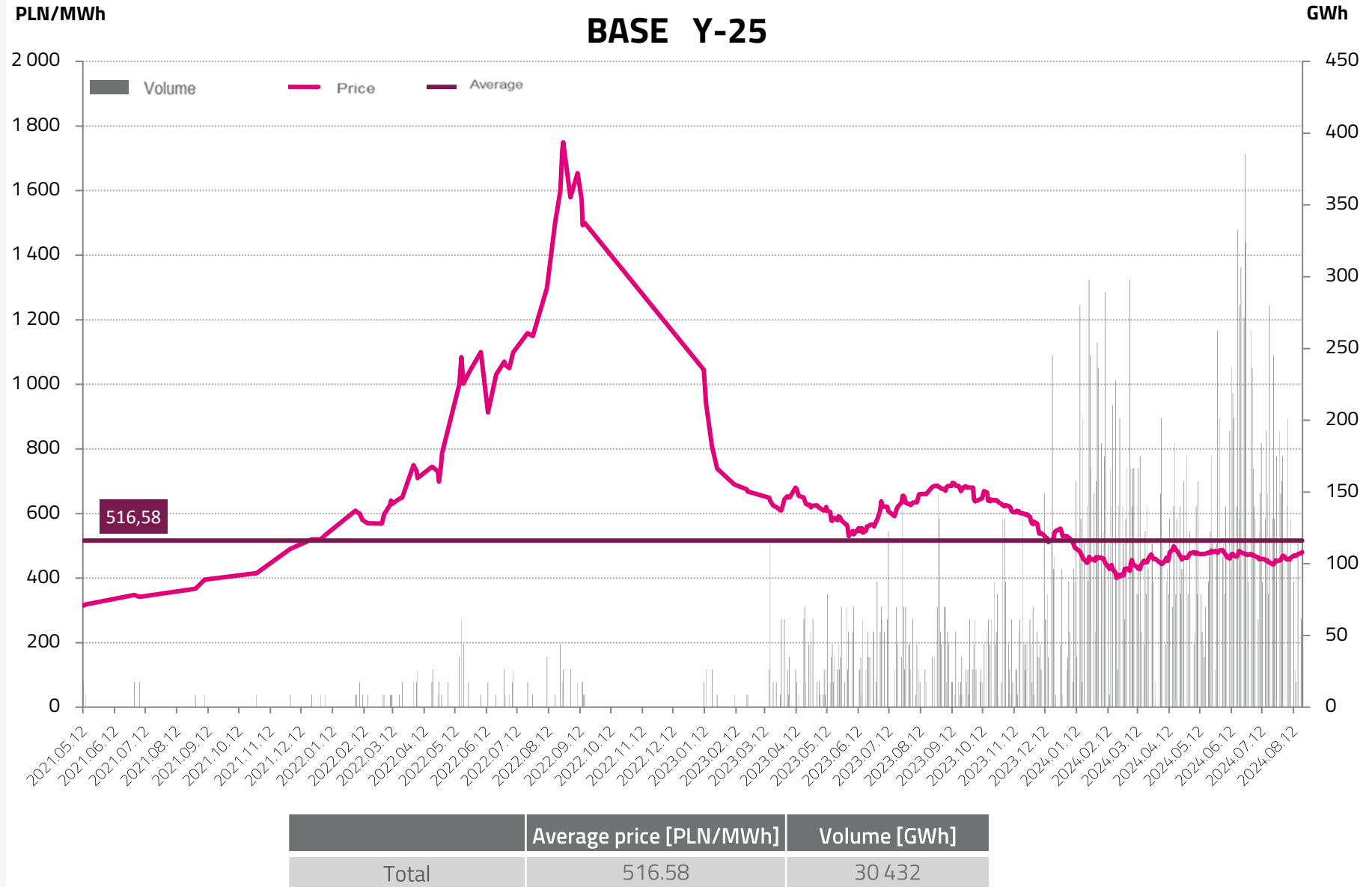
2024 BASE contract prices



Average electricity price that takes into account 2024 one-year BASE and PEAK contracts: 672.47 PLN/MWh, total 2024 BASE and PEAK contracts volume: 45 524 GWh.



2025 BASE contract prices



Average electricity price that takes into account 2025 one-year BASE and PEAK contracts: 515.05 PLN/MWh,
 total 2025 BASE and PEAK contracts volume: 33 430 GWh
 (based on the data up to 20.08.2024)



Analysts covering TAURON

Institution	Analyst
Dom Maklerski mBanku*	Kamil Kliszc
Dom Maklerski Santander	Paweł Puchalski
Dom Maklerski PKO BP	Andrzej Rembelski
Dom Maklerski Banku Handlowego	Piotr Dzięciołowski
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Institution	Analyst
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WOOD & Company	Iuliana Ciopraga
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* issuing of recommendations has been suspended