



TAURON GROUP'S STRATEGY



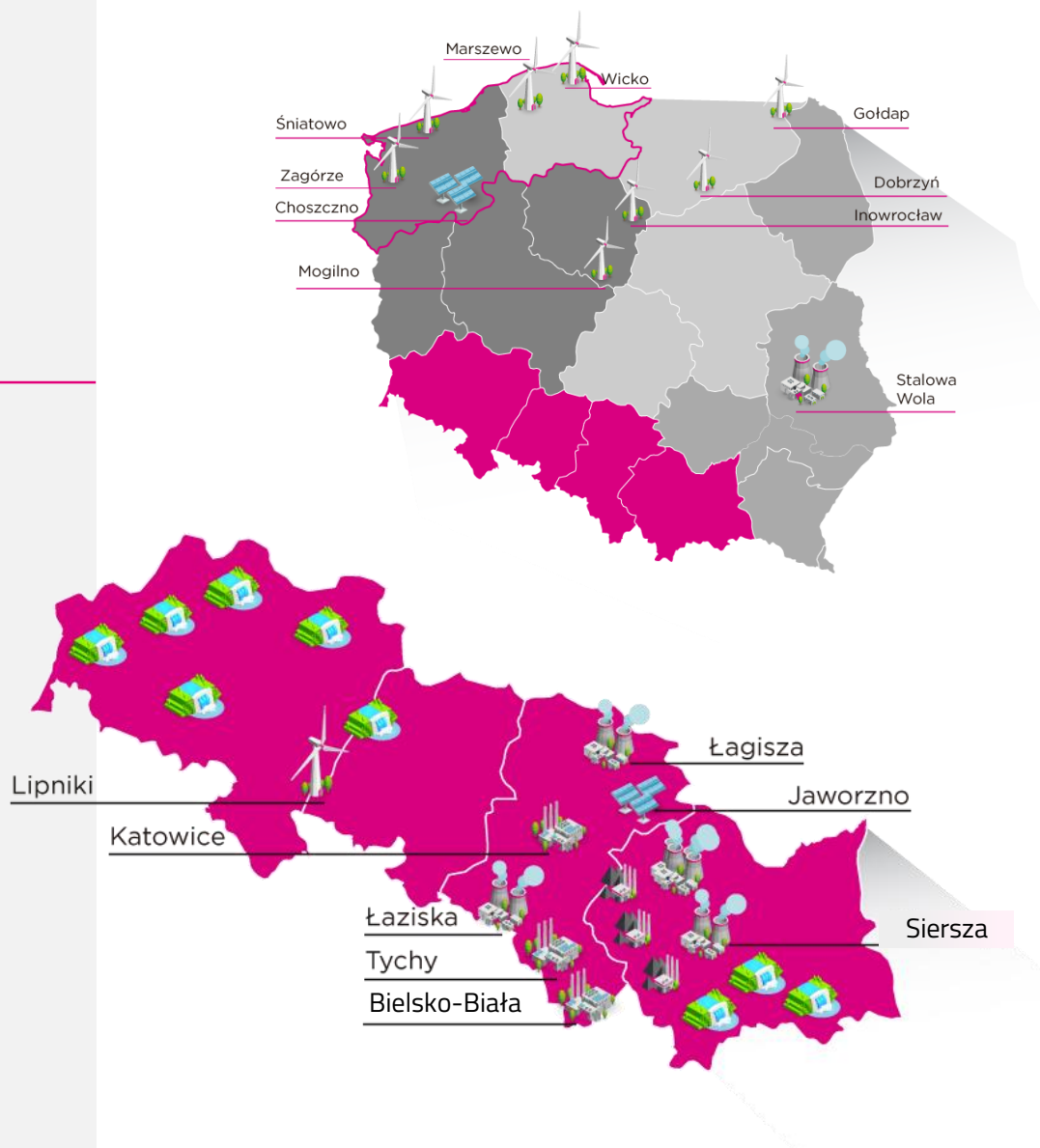
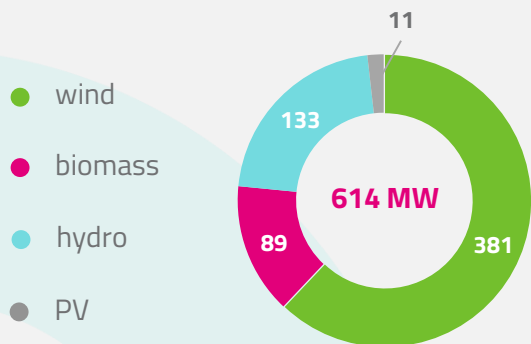
FOR 2022-2030
WITH AN OUTLOOK UNTIL 2050



TAURON Group today

Information on TAURON Group

RES INSTALLED CAPACITY



TAURON Group's distribution area

RES installed capacity	614.0 MW
RES production	1.7 TWh
Conventional installed capacity	4.4 GW
Conventional production	13.9 TWh
District heating networks	1 000 km
Number of customers	3 700
Heat production	12.0 PJ
Heat supply	15.1 PJ
Electricity distribution	54.0 TWh
Area	57 000 km ²
Number of distribution customers	5.8 million
Number of supply customers	5.6 million
Retail electricity supply	33.4 TWh
Coal mines	3 coal mines
Hard coal – reserves	330 m Mg
Commercial coal production	5.1 m Mg
Street lamps maintained	717 000
Number of UPS and UPW based products brought to the market	567 000 Mg

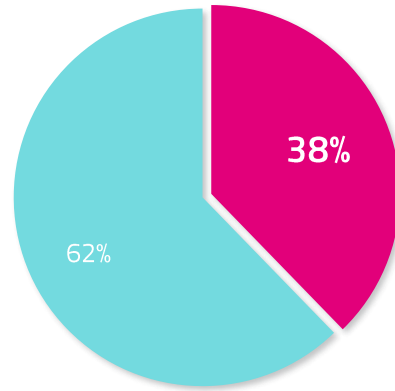


TAURON Group today

TAURON GROUP'S position on the market in 2021

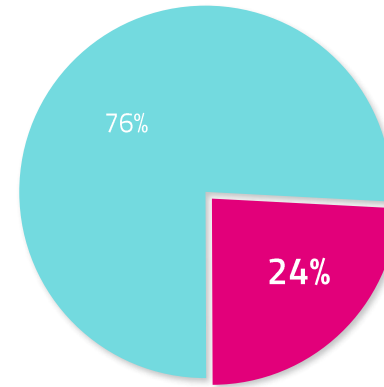
LEADER IN ELECTRICITY DISTRIBUTION SEGMENT

market share



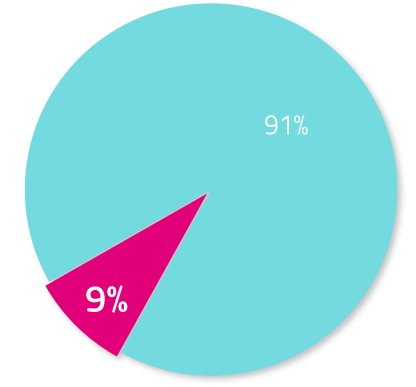
SECOND LARGEST ELECTRICITY SUPPLIER TO THE FINAL CONSUMERS

market share



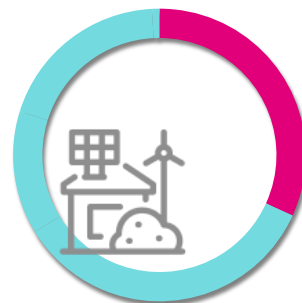
THIRD LARGEST GROSS ELECTRICITY PRODUCT

market share



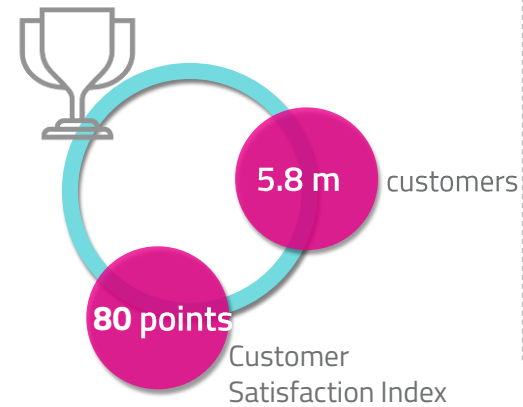
● TAURON ● COMPETITION

MICROINSTALLATIONS CONNECTED TO THE DSO IN 2021

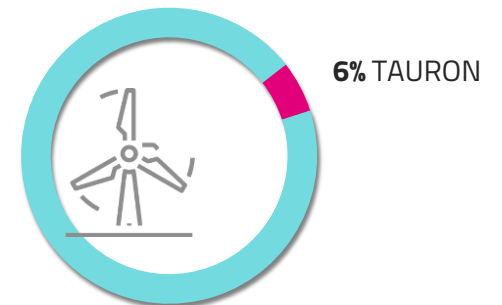


● TAURON ● COMPETITION

INDUSTRY LEADER IN TERMS OF CUSTOMER QUALITY SERVICE



TAURON'S SHARE IN POLAND'S RES ELECTRICITY PRODUCTION



● TAURON ● COMPETITION

Based on the 2020 CSI survey



Strategy Implementation

TAURON is consistently achieving the strategic goals set

MARKET LEADER IN TERMS OF UNIT MARGIN AMONG POLAND'S FOUR LARGEST ELECTRICITY SUPPLIERS

TAURON has maintained the leadership position in terms of unit margin among four largest energy groups

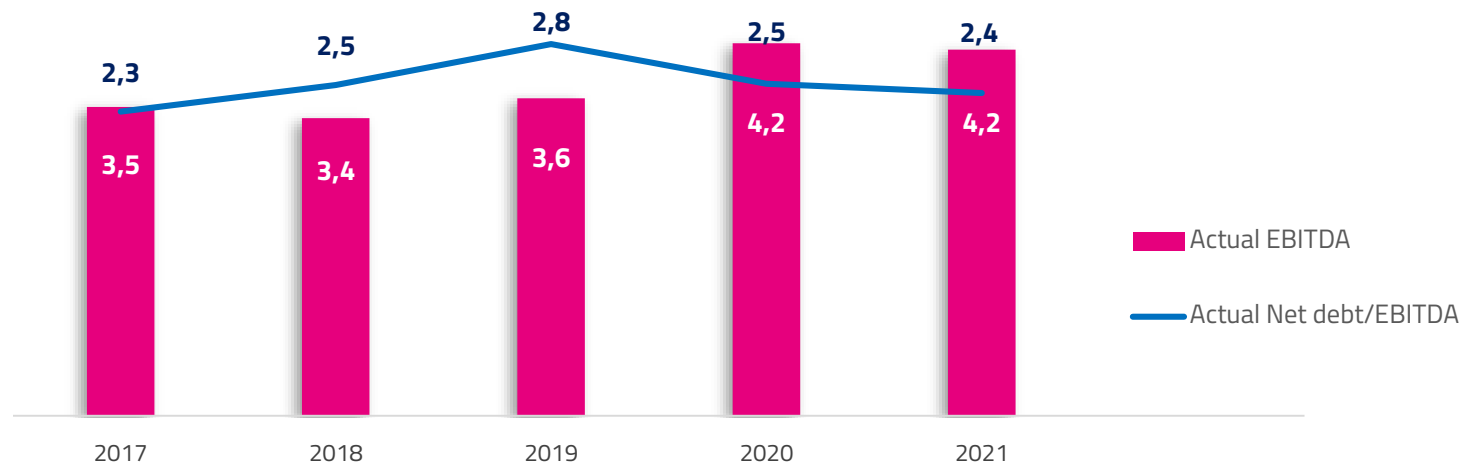
MAINTAINING THE CUSTOMER BASE

TAURON is the largest electricity distributor and the second largest electricity supplier in Poland

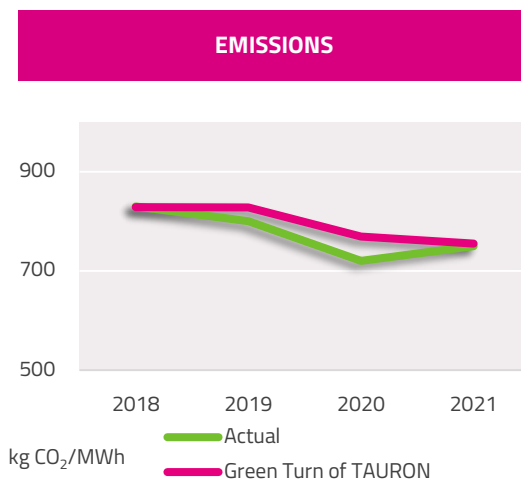
MAINTAINING A HIGH CSI INDEX

TAURON is the industry leader with respect to customer service quality

**EBITDA ABOVE PLN 4 BILLION STARTING FROM 2020
MAINTAINING NET DEBT/EBITDA COVENANT BELOW 3.5x**

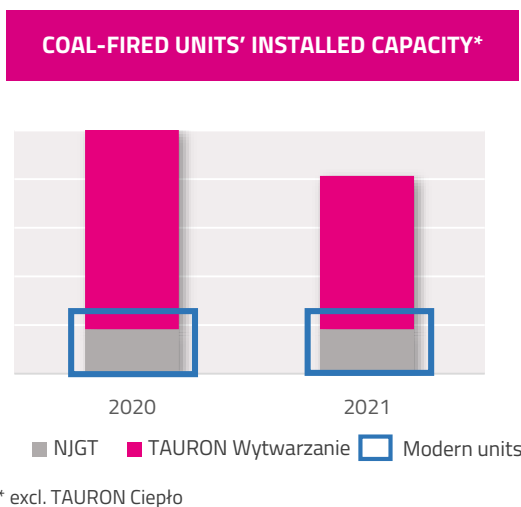


MATERIAL REDUCTION OF CO₂ EMISSIONS THANKS TO THE TRANSITION OF ASSETS

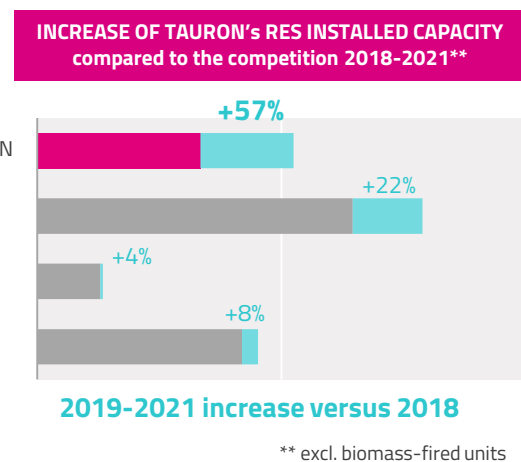


TRANSITION OF ASSETS – IMPLEMENTATION OF THE COAL-FIRED UNITS SHUTDOWN SCHEDULE

Approximately 1 GW of obsolete coal-fired capacity in total has been retired (120 MW units)



INCREASING THE SHARE OF LOW- AND ZERO-EMISSION SOURCES IN TAURON GROUP'S GENERATION FLEET



TAURON WITH THE LARGEST RES CAPACITY INCREASE AMONG THE FOUR ENERGY GROUPS



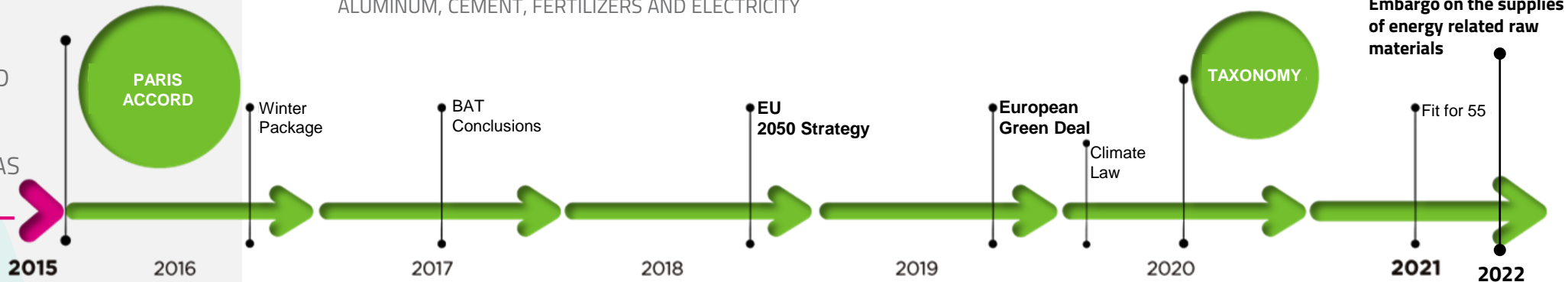
Changes in the regulatory environment

Electricity generation, distribution and trading markets are highly regulated.

Russia's aggression is accelerating EU's activities for climate and Europe's energy independence.

PARIS AGREEMENT

REPRESENTS A WATERSHED MOMENT FOR ACTIVITIES AIMED AT REDUCING GREENHOUSE GAS EMISSIONS



EU REGULATIONS



TIGHTENING OF THE POLICY OF FINANCIAL INSTITUTIONS REGARDING FINANCING OF ENERGY PROJECTS RELATED TO FOSSIL FUELS (**TAXONOMY**)

"FIT FOR 55" LEGISLATIVE PACKAGE AIMED AT UPDATING AND ADJUSTING THE APPLICABLE REGULATIONS TO THE GREENHOUSE GAS REDUCTION TARGETS AT THE LEVEL OF AT LEAST 55% BY 2030:

EU ETS – INCREASING OF THE EMISSIONS REDUCTION TARGET IN SECTORS COVERED BY THE SYSTEM (EVEN BY 61% BY 2030, COMPARED TO 2005), TIGHTENING OF MSR (WITHDRAWING OF SUCCESSIVE POOLS OF EMISSION ALLOWANCES)

RED II (RES) – ACCELERATING OF THE INCREASE OF THE RES ELECTRICITY CONSUMPTION TARGET IN THE FINAL ELECTRICITY CONSUMPTION (TO 40% IN 2030), INCREASING OF THE ANNUAL RES ELECTRICITY CONSUMPTION TARGET IN THE DISTRICT HEATING AND COOLING SECTOR. TIGHTENING OF THE SUSTAINABLE CRITERIA FOR BIOMASS

EED – INCREASING OF THE ENERGY EFFICIENCY IMPROVEMENT TARGET BY 2030 TO 36%, CHANGE OF THE EFFICIENT DISTRICT HEATING AND COOLING SYSTEMS' DEFINITION

ETD – INCREASING OF THE TAXES ON ELECTRICITY AND ENERGY RELATED PRODUCTS (a likely delay)

CARBON "TAX" ON THE BORDER (**CARBON BORDER ADJUSTMENT MECHANISM**) FOR ENERGY INTENSIVE SECTORS: STEEL AND IRON, ALUMINUM, CEMENT, FERTILIZERS AND ELECTRICITY

NATIONAL REGULATIONS



WORKS ON STRUCTURAL SOLUTIONS FOR HARD COAL MINING AND POWER SECTORS AIMED AT ENSURING ENERGY SECURITY

AMENDMENT OF THE ACT ON RENEWABLE ENERGY SOURCES MODIFYING THE PROSUMERS SUPPORT SYSTEM CURRENTLY IN PLACE

CHANGES TO THE CAPACITY MARKET – EXCLUDING FROM THE PARTICIPATION IN NEW AUCTIONS OF UNITS THAT DO NOT COMPLY WITH THE EMISSIONS LIMIT OF 550 kg CO₂/MWh BEYOND 2025

TIGHTENING OF THE DSO INDEPENDENCE REQUIREMENTS (**NEW CONTENT OF THE COMPLIANCE PROGRAMS**)

PEP 2040 – ENERGY TRANSITION TAKING INTO ACCOUNT ENERGY SELF-SUFFICIENCY, A DECLINE OF THE SHARE OF COAL AND AN INCREASE OF THE SHARE OF RES IN THE NATIONAL ENERGY MIX (a likely update)

Embargo on the supplies of energy related raw materials



Market, customer, technology

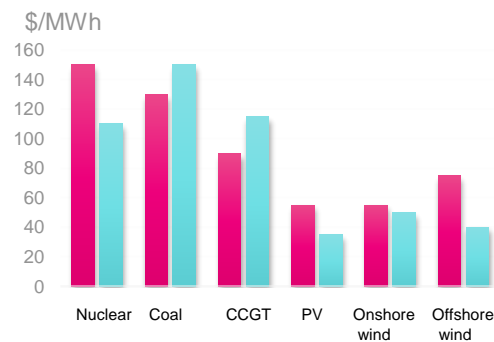
A strong impact of the climate policy on the financial position of the power sector, behavior of the investors, customers and development of technology. Pressure aimed at achieving independence of energy related raw materials (commodities) from Russia.

MARKET TRENDS AND CHALLENGES

- INCREASE OF THE CO₂ EMISSION ALLOWANCES PRICES AND **ACCELERATION OF THE RES GROWTH**
- HIGH VOLATILITY OF DEMAND FOR AND PRICES OF ENERGY RELATED RAW MATERIALS** AND RISK OF THE AVAILABILITY OF REQUIRED VOLUMES
- RAPID GROWTH OF PROSUMER INSTALLATIONS**
- RISE OF THE CUSTOMERS' ECOLOGICAL AWARENESS** AND GROWING INTEREST IN CURBING THE HOUSEHOLDS' EMISSIONS
- RISE IN THE POPULARITY OF **DIGITAL CUSTOMER SERVICE CHANNELS AND MULTI CHANNEL SERVICES**
- ASSUMED **GROWTH OF THE MARKET OF PRODUCTS AND SERVICES DEDICATED TO THE CONSTRUCTION AND MAINTENANCE OF OFFSHORE WIND FARMS**
- DEVELOPMENT OF HYDROGEN TECHNOLOGIES** – ACCELERATION OF RESEARCH AND PILOT PROJECTS RELATED TO THE PRODUCTION AND USE OF HYDROGEN
- DIGITIZATION OF THE POWER SECTOR**, DEVELOPMENT OF SMART METERING. NEW COMMUNICATIONS TECHNOLOGIES
- TECHNOLOGY AND MARKET CHANGES RESULTING IN AN **INCREASE OF THE AVERAGED (LEVELLIZED) COST OF ELECTRICITY FOR INSTALLATIONS EMITTING CO₂ AND A DECREASE THEREOF FOR THE NUCLEAR AND RES TECHNOLOGIES**

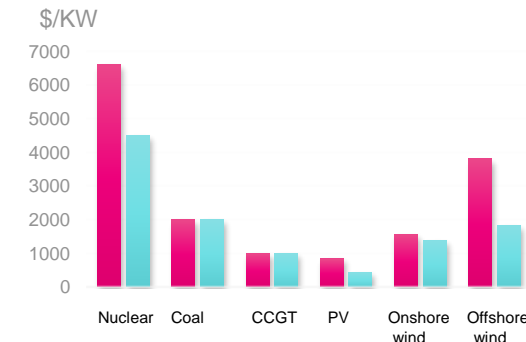
● 2019 ● 2040

LCOE



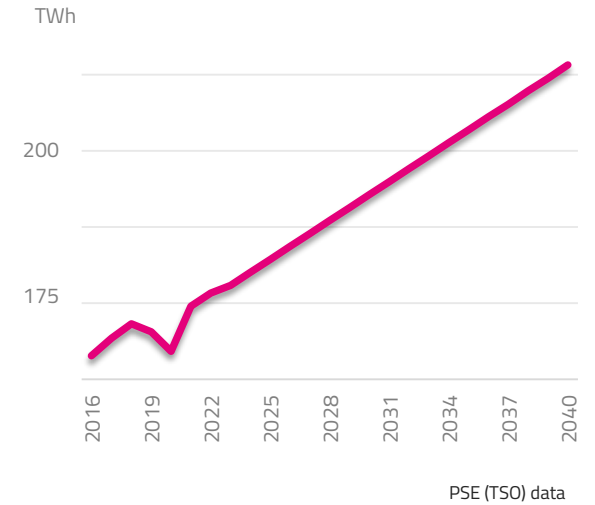
LCOE (Levelized cost of electricity) – averaged cost of electricity

UNIT CAPEX

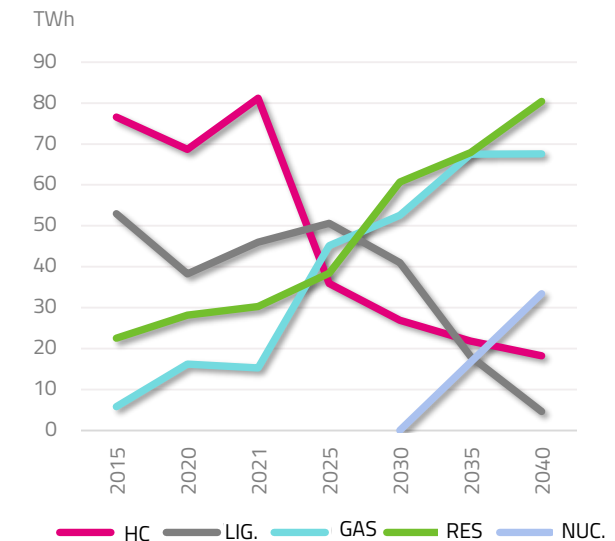


IEA: World Energy Outlook 2020

DEMAND FOR ELECTRICITY



ELECTRICITY PRODUCTION



PEP 2040 data according to the high CO₂ prices scenario



TAURON is taking on challenges in response to changes

Volatility of the macroenvironment caused by Russia's aggression requires a cautious and flexible approach to investments

KEY IMPLICATIONS STEMMING FROM THE ENVIRONMENT, CONSTITUTING ASSUMPTIONS FOR THE STRATEGY

Group's decarbonization

- Readiness to spin off and transfer coal mining assets outside the Group
- Readiness to divest generation assets to NABE

Sustainable investment projects

- Increase of the capacity of renewable energy sources
- Reduction of heat generation related emissions. Gas as a transition fuel for district heating
- Modernization (refurbishment) and expansion of the distribution grid
- Flexibility in investments and acquisitions in response to the macroeconomic volatility

Customer as the center of attention

- Maintaining leadership position on the electricity supply market in terms of the number of products offered
- Security of customers' data
- Improvement of the sales efficiency and customer service quality, thanks to adapting the offering to the customers' needs

New solutions supporting the transition

- Engagement in the preparations for the potential investments in the future of the power sector:
 - Offshore wind farms
 - SMR technologies
 - Electricity storage, in particular pumped storage hydropower plants
 - Green hydrogen production



TAURON Group's new Strategy is a response to market changes, customer expectations and challenges related to the climate and environment



WE TAKE CARE OF THE CUSTOMER. WE CARE FOR THE PLANET.
WE CHOOSE THE GREEN TURN OF TAURON

TAURON Group's MISSION



TAURON – COMPANY OF FIRST CHOICE

TAURON Group's VISION



Objectives and priorities

OVERALL OBJECTIVE:

To build TAURON Group's value through modern solutions for customers and climate while maintaining financial stability

IMPLEMENTATION OF THE OVERALL OBJECTIVE WILL BE BASED ON **THREE PRIORITIES** OF THE STRATEGY

Priority #1

Sustainable operations



**TRANSITION
TOWARDS CLIMATE
NEUTRALITY**

Priority #2

Growth based on the largest customer base



**LEADER IN TERMS OF
RELIABILITY OF
ELECTRICITY AND HEAT
DISTRIBUTION AND
SUPPLY AS WELL AS
CUSTOMER SERVICE**

Priority #3

Organization that follows changes



**STABLE FINANCIAL
POSITION SUPPORTED
BY EFFICIENT AND
STREAMLINED
ORGANIZATION**



Objectives and priorities

Mission

**WE TAKE CARE OF THE
CUSTOMER. WE CARE FOR
THE PLANET.
WE CHOOSE THE GREEN
TURN
OF TAURON**

Vision

**TAURON – COMPANY OF FIRST
CHOICE**

TAURON 2050

OVERALL OBJECTIVE

To build TAURON Group's value through modern solutions for customers and climate while maintaining financial stability

Priority #1



Sustainable operations

Priority #2



Growth based on the largest customer base

Priority #3



Organization that follows changes

Key strategic objectives of TAURON Group

- EBITDA of PLN 4.5 billion in 2025 and over PLN 6.5 billion in 2030
- Maintaining the net Debt/EBITDA ratio at a safe level
- Increasing RES capacity to 1.6 GW in 2025 and to 3.7 GW in 2030
- Reducing emissions to 200 kg CO₂/MWh in 2025 and below 160 kg CO₂/MWh in 2030
- Implementing smart metering
100% of smart meters by 2030
- New connections of consumers to the district heating network approx. 450 MWt by 2030
- Maintaining high standards of customer service – FTR (First Time Resolution) ratio > 90% in 2030

Climate neutrality by 2050



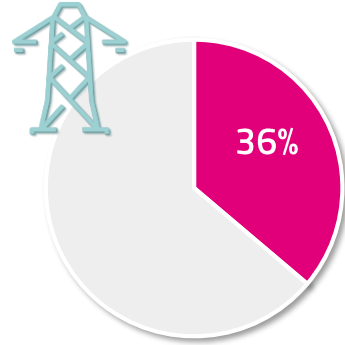
TAURON Group tomorrow

TAURON GROUP on the domestic market in 2030

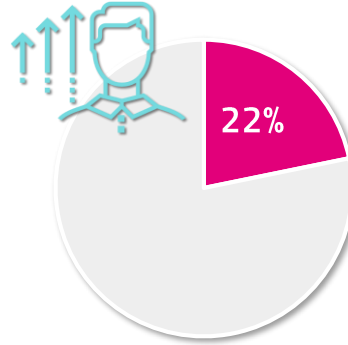
MAINTAINING TAURON GROUP'S MAJOR ROLE IN THE POWER INDUSTRY

Estimated market share in Poland's power sector's segments based on the in-house analyses and forecasts

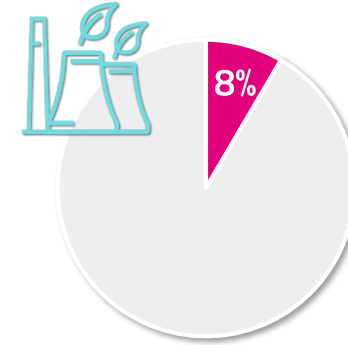
TAURON IS A LEADER IN ELECTRICITY DISTRIBUTION SEGMENT



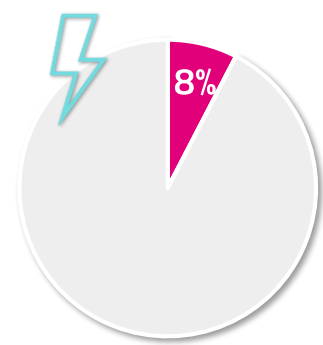
TAURON IS THE SECOND LARGEST ELECTRICITY SUPPLIER TO THE FINAL CONSUMERS



TAURON IS ONE OF THE LARGEST ELECTRICITY GENERATORS

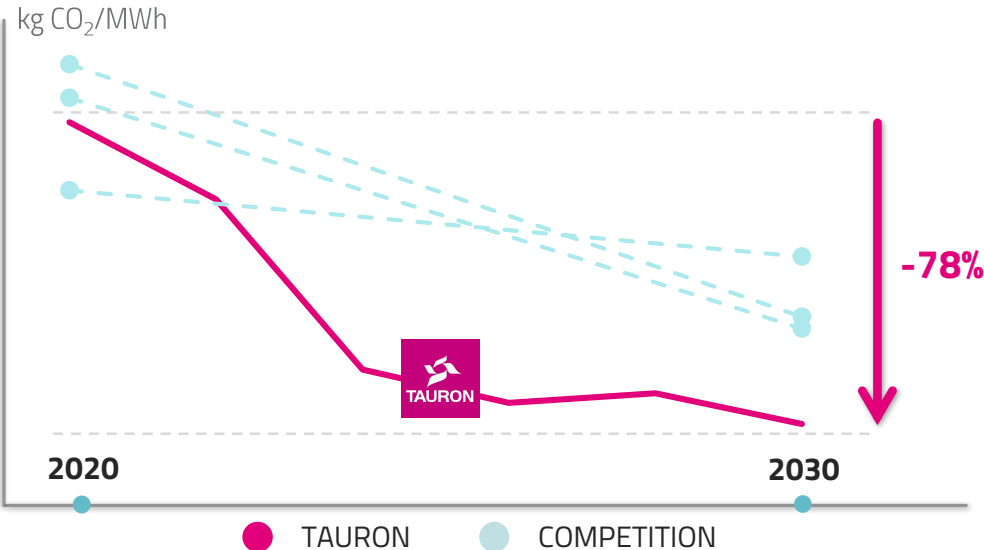


TAURON'S INSTALLED CAPACITY IN POLAND



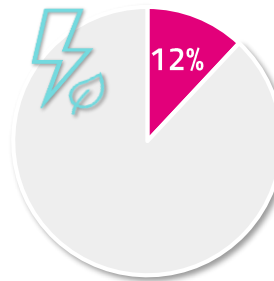
TAURON GROUP with the largest reduction of emissions compared to the competition

DECLARED REDUCTION OF EMISSIONS IN THE STRATEGIC PLANS OF ENERGY GROUPS



TAURON GROUP'S RES INSTALLED CAPACITY VERSUS THE MARKET

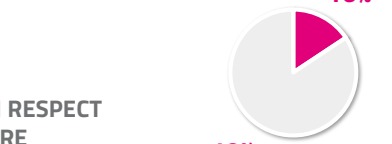
excl. prosumers and offshore



ONSHORE INSTALLED CAPACITY



PV INSTALLED CAPACITY



GROUP'S AMBITION WITH RESPECT TO ITS SHARE OF OFFSHORE INSTALLED CAPACITY BY 2030





Objectives and priorities

Priority #1 Sustainable operations

Transition towards climate
neutrality

DIRECTIONS



#1

INCREASE OF RENEWABLE ENERGY SOURCES' INSTALLED CAPACITY, INCLUDING INVOLVEMENT IN OFFSHORE WIND FARMS DEVELOPMENT AND MAINTAINING THE CAPACITY AND IMPROVING THE EFFICIENCY OF HYDRO POWER PLANTS AS A STABLE RENEWABLE SOURCE



#2

EXIT FROM COAL-BASED ENERGY AND OPERATIONS RELATED TO HARD COAL MINING AS WELL AS TRANSITION OF DISTRICT HEATING TOWARDS LOW- AND ZERO-EMISSION SOURCES



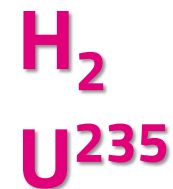
#3

REDUCING EMISSIONS AND ACHIEVING CLIMATE NEUTRALITY IN 2050



#4

INVOLVEMENT IN THE DEVELOPMENT OF CIRCULAR ECONOMY



#5

INNOVATIVE SOLUTIONS SUPPORTING THE TRANSITION TOWARDS ENVIRONMENTALLY SUSTAINABLE OPERATIONS, ENABLING ACHIEVING CLIMATE NEUTRALITY IN 2050

- IMPLEMENTING ENERGY STORAGE TECHNOLOGY, IN PARTICULAR PUMPED STORAGE HYDRO POWER PLANTS
- PRODUCTION AND USE OF GREEN HYDROGEN
- ACHIEVING READINESS FOR THE IMPLEMENTATION OF A MODERN NUCLEAR SOURCE CONSTRUCTION PROJECT



Objectives and priorities

Priority #2

Growth based on the largest customer base

Leader in terms of reliability of electricity and heat distribution and supply as well as customer service

DIRECTIONS



#1
ENSURING ELECTRICITY AND HEAT SUPPLY SECURITY AND QUALITY



#2
MAINTAINING HIGH CUSTOMER SATISFACTION INDICES, MODERN IT TOOLS



#3
CONTINUOUS DEVELOPMENT OF THE BASKET OF PRODUCTS AND SERVICES AS WELL AS NEW CUSTOMER RELATIONSHIP MODELS



#4
READINESS TO PROVIDE NEW DISTRIBUTION SERVICES AS PART OF THE NEW ELECTRICITY MARKET MODEL



#5
INCREASE OF REVENUE FROM THE NEWLY DEVELOPED BUSINESSES AND THE COMMERCIALIZATION OF INNOVATIONS



#6
DEVELOPMENT OF SMART AND FLEXIBLE GRID INFRASTRUCTURE



#7
RESEARCH AND INNOVATIONS RELATED ACTIVITIES ASSUMING TAKING ADVANTAGE OF THE POTENTIAL OF THE IN-HOUSE INFRASTRUCTURE AND CUSTOMER BASE



Objectives and priorities

Priority #3

Organization that follows changes

Stable financial position supported by efficient and streamlined organization

DIRECTIONS



#1

ENSURED FINANCING FOR INVESTMENT PROJECTS AND OPERATIONS, INCLUDING TAKING ADVANTAGE OF THE STRATEGIC AND EQUITY PARTNERSHIPS FOR EXPANSION



#2

HUMAN CAPITAL MANAGEMENT IN ORDER TO DEVELOP AND IMPLEMENT SOLUTIONS THAT SHAPE ORGANIZATIONAL CULTURE AND FRIENDLY WORK ENVIRONMENT



#3

MAXIMUM UTILIZATION OF THE FUNDS DEDICATED TO THE TRANSITION



#4

OPERATIONAL EFFICIENCY BASED ON THE ALTERED BUSINESS MODEL



#5

INFORMATION SECURITY AS A MATERIAL ELEMENT OF EXPANSION (GROWTH)



Distribution, district heating, RES and customer are the key areas of the new Strategy

ROLES OF INDIVIDUAL LINES OF BUSINESS



RES

Investments in RES are the foundations of the transition
Implementing energy storage technologies, including pumped storage hydro power plants



Distribution

Distribution as a segment bringing stable, regulated revenue for the Group, thanks to the continuous expansion and refurbishment of the grid



Supply

Increase of customer satisfaction level through high service quality
Improving the offering and processes, digitization/automation



Heat

Profitable growth of the Heat Line of Business including the program of transition towards the low-emission sources



Investments in circular economy and efficient utilization of resources

Reducing CAPEX – spinning off of assets

Decarbonization



Mining



Generation



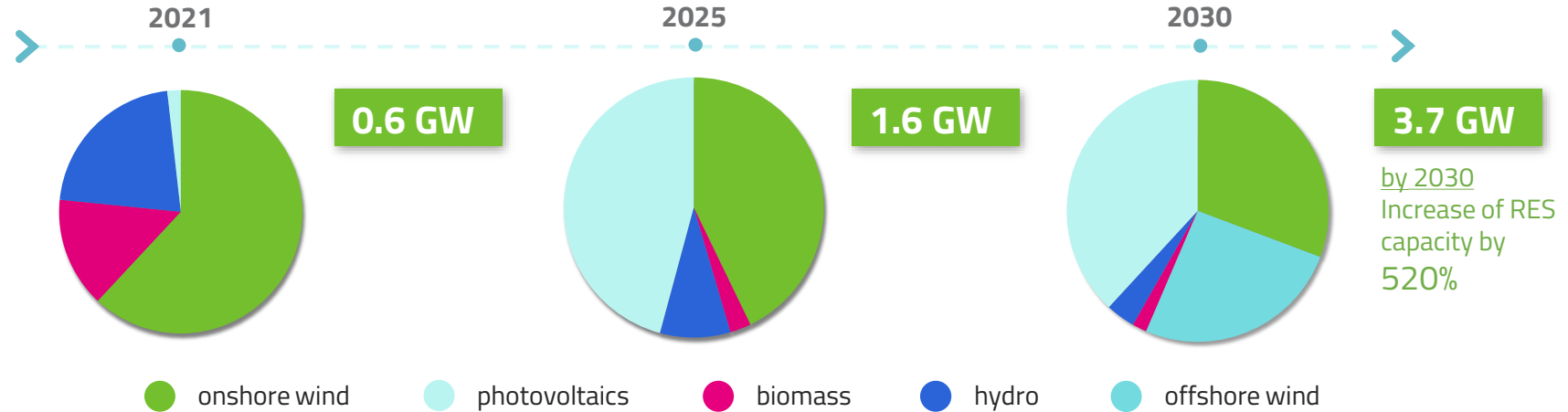
Implementation of the government solutions for the hard coal mining sector and coal-based energy



Ambition to increase renewables' installed capacity

Transition towards climate neutrality

Renewable Energy Sources' capacity



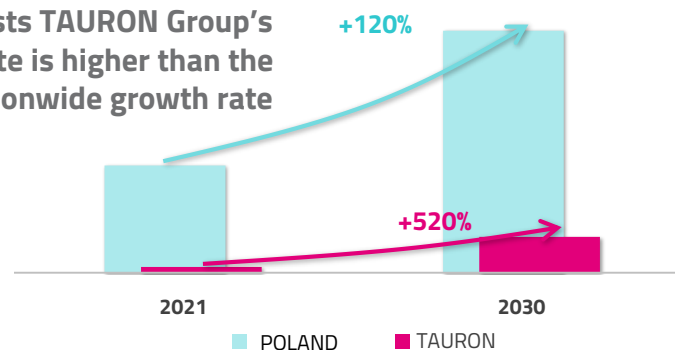
ONSHORE WIND FARMS
0.7 GW OF WIND INSTALLED CAPACITY BY 2025, **1.1 GW** BY 2030

PHOTOVOLTAICS
0.7 GW OF SOLAR INSTALLED CAPACITY BY 2025 AND **1.4 GW** BY 2030

HYDRO POWER
MAINTAINING INSTALLED CAPACITY AND **TAKING ADVANTAGE OF THE POTENTIAL** OF THE IN-HOUSE ASSETS AND MARKET OPPORTUNITIES IN ORDER TO INCREASE THE PRODUCTION VOLUME

OFFSHORE
 INVOLVEMENT IN THE DEVELOPMENT OF THE **ONSHORE WIND ENERGY** WITH STRATEGIC PARTNERS AND IN-HOUSE DEVELOPMENT UP TO **1 GW** OF INSTALLED CAPACITY BY 2030, FURTHER **1.1 GW** OF CAPACITY BY 2030

Based on the current forecasts TAURON Group's RES capacity growth rate is higher than the nationwide growth rate



LOCAL CONTENT
 TAKING ADVANTAGE OF THE OPPORTUNITIES AS PART OF THE DOMESTIC **SUPPLY CHAIN TO BUILD OFFSHORE WIND FARMS**

DEVELOPMENT OF RENEWABLE ENERGY SOURCES IS A PATH TOWARDS CLIMATE NEUTRALITY

Based on the ARE data as well as in-house analyses and forecasts. Capacity does not include prosumer installations.



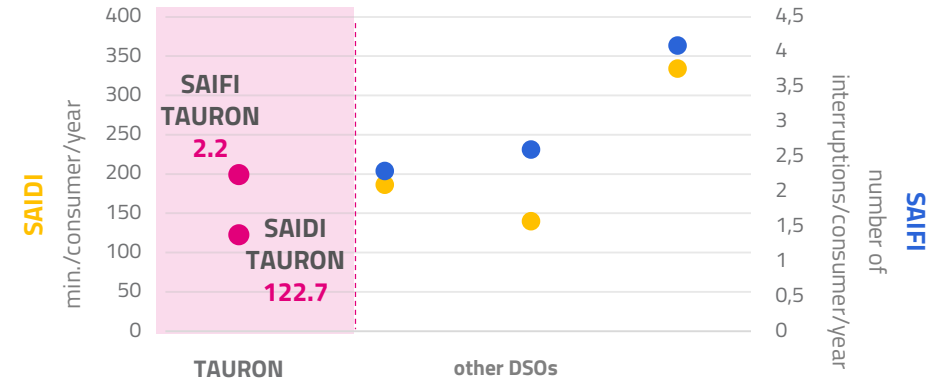
Poland's largest electricity distributor

Leader in terms of the reliability of electricity distribution

- Ensuring high level of reliability and quality of electricity supply
- Minimizing the level of the balancing difference of electricity
- Investments in grid infrastructure to enable connecting new consumers and renewable sources to the grid
- Implementing smart metering in electricity distribution grid
- Automation and digitization of grid infrastructure as well as preparation for the purchase of flexibility services
- Use of grid flexibility services, including energy storage facilities to liquidate grid constraints
- Local market moderator for the growth of energy communities

QUALITY INDICATORS IN 2021

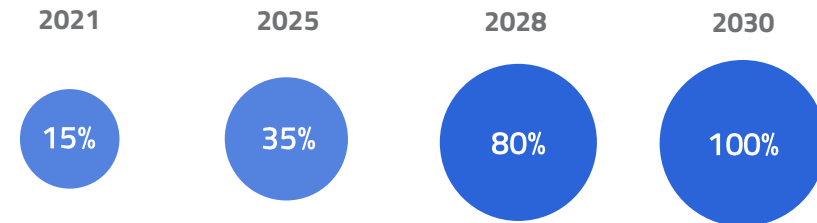
SAIDI, SAIFI (including unplanned and disaster related interruptions)



TAURON achieving the best quality indicators among the largest Distribution System Operators

SMART METERS SHARE

● percentage share



NUMBER OF METERS

estimated number of meters in reference to the 5.8 million strong customer base



BY 2030 TAURON WILL REMAIN THE LARGEST ELECTRICITY DISTRIBUTOR IN POLAND IN TERMS OF VOLUME AND NUMBER OF CUSTOMERS



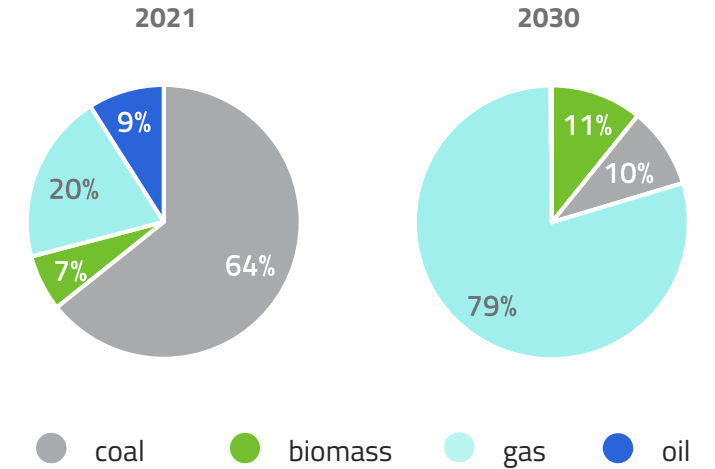
TAURON GROUP is the largest heat supplier in the south of Poland

Reliable district heating generator and supplier

- Investments in generation capacity – replacing coal-fired sources with modern low-emission units
- Ensuring the high level of reliability and quality of heat supply
- Improving technical and economic (financial) parameters, including minimizing heat transfer losses
- Developing district heating market by acquiring new customers. Providing support for the liquidation of low emission sources
- Analyzing the possibilities of using alternative fuel
- Extending the range of the offering by adding new products, including a chill supply offer

DECARBONIZATION OF THE HEAT SEGMENT

Composition of TUARON Ciepłota's heat sources installed capacity



NEW CONNECTIONS TO THE DISTRICT HEATING NETWORKS



In the 2022-2030 time frame approx. **450 MWt** of new connections

BY 2030 TAURON WILL BE THE LARGEST SUPPLIER OF CLEAN HEAT IN THE REGION

THANKS TO INVESTMENTS IN DISTRICT HEATING NETWORKS AND REPLACEMENT OF GENERATION SOURCES WITH THE LOW-EMISSION SOURCES



Leading electricity supplier offering the highest customer service quality

Products and services tailored to customer needs

- Increasing customer satisfaction level by offering high service quality
- Rapid reaction to market changes and customer expectations – diversified, attractive basket of products and services
- Providing modern, integrated sales customer service channels, simplifying procedures
- Developing ecological products and services in response to the demand for solutions as a result of the “green transition” as well as the SMART products and services
- Liquidating barriers, introducing facilities guaranteeing a high level of service for customers with disabilities
- Ensuring high level of security for the IT systems and customer data

OFFERING PRODUCTS WITH A SUSTAINABLE ENVIRONMENTAL IMPACT



MAXIMIZING THE NUMBER OF SUPPLY AGREEMENTS THAT COVER VARIOUS PRODUCTS



FIRST TIME RESOLUTION SOLVING ISSUES AS PART OF THE FIRST CONTACT



FULL DIGITIZATION OF CUSTOMER SERVICE DEPARTING FROM PAPER



CHANNELS ADAPTED TO SERVE PERSONS WITH DISABILITIES

BY 2030 TAURON WILL MAINTAIN ITS POSITION AS POLAND'S LARGEST ELECTRICITY SUPPLIER IN TERMS OF THE NUMBER OF CUSTOMERS

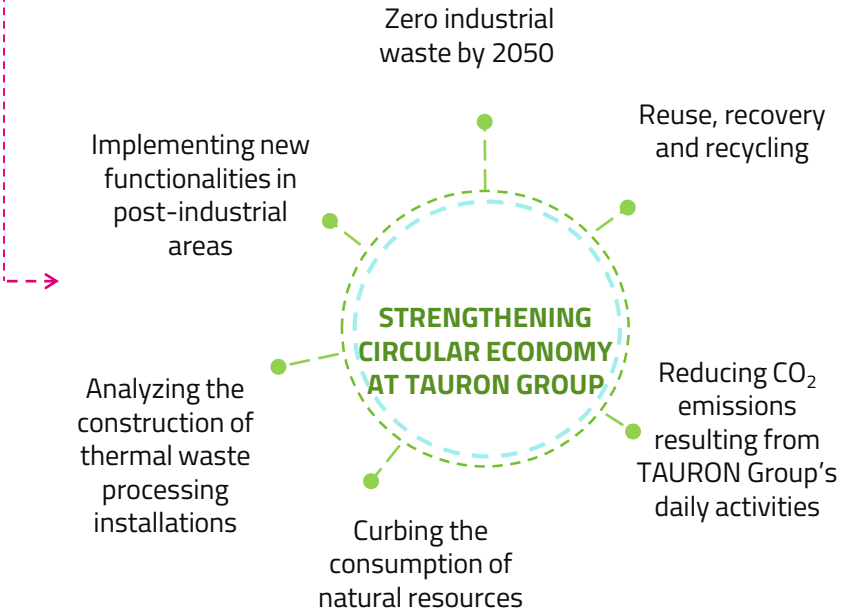


Developing a product offering based on TAURON Group's competences

Engaging in new areas of operations, circular economy

- Introducing products and services based on taking advantage of TAURON Group's potential
- Focusing on services and products related to the energy industry and multi-utility services (energy services, Internet, lighting, smart city, electromobility)
- Commercializing projects developed as part of research and development activities

Intensifying activities aimed at strengthening circular economy



BY 2030 TAURON WILL TAKE ADVANTAGE OF THE GROUP'S CURRENT POTENTIAL IN ORDER TO INCREASE REVENUE FROM ENERGY RELATED OPERATIONS, TAURON WILL STRENGTHEN THE GROUP'S COMPETENCES AND EXPERIENCE, WHICH WILL CREATE THE BASIS FOR A FURTHER DEVELOPMENT OF THE OFFERING OF PRODUCTS AND SERVICES RESPONDING TO CUSTOMER NEEDS



Research and innovations related activities based on the potential of the in-house infrastructure and customer base

Innovating solutions supporting the #Green Turn of TAURON

Modern solutions supporting RES infrastructure management



- Developing RES management systems
- developing tools for production forecasting and balancing as well as predicting failures
- solutions for energy storage technologies

New technologies supporting the "green transition" of the district heating



- developing scenarios and testing solutions for the use of alternative fuels and waste heat in the district heating
- seeking alternative solutions for traditional investment activities

Technologies aimed at achieving a significant position in hydrogen-based economy



- seeking economically justified green hydrogen production options
- creating and developing demand side solutions related to green hydrogen, green ammonia and biomethane

Innovative solutions increasing the distribution grids operation efficiency



- seeking optimal energy storage facilities use options
- developing advanced grid diagnostics tools
- creating solutions with respect to flexibility market, cooperation with energy cooperatives and energy clusters

New products, services and business models in response to customer needs



- creating smart solutions to be used by individual, business and institutional customers
- supporting the transition of the product portfolio into a service profile
- engaging a customer into developing innovative products, services and business models

Solutions supporting TAURON Group's digital transition



- developing modern customer contact forms
- developing tools for processing large data quantities
- testing the possibilities of applying artificial intelligence in business processes

Readiness to implement the construction of a modern nuclear source generating electricity and heat in high efficiency cogeneration



- participating in the conceptual works and analyzing the possibility of taking part in the construction of Small Modular Reactors (SMR)
- using SMRs to generate electricity and heat in high efficiency cogeneration



Financial stability and operational efficiency



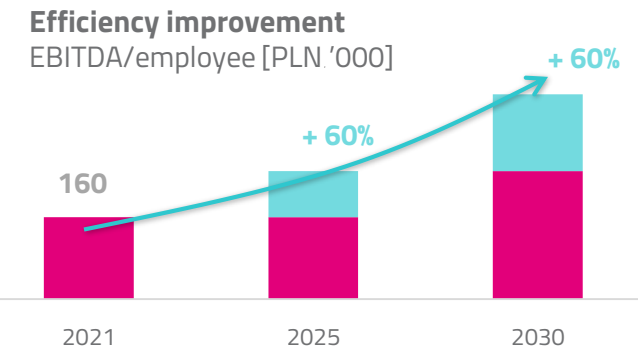
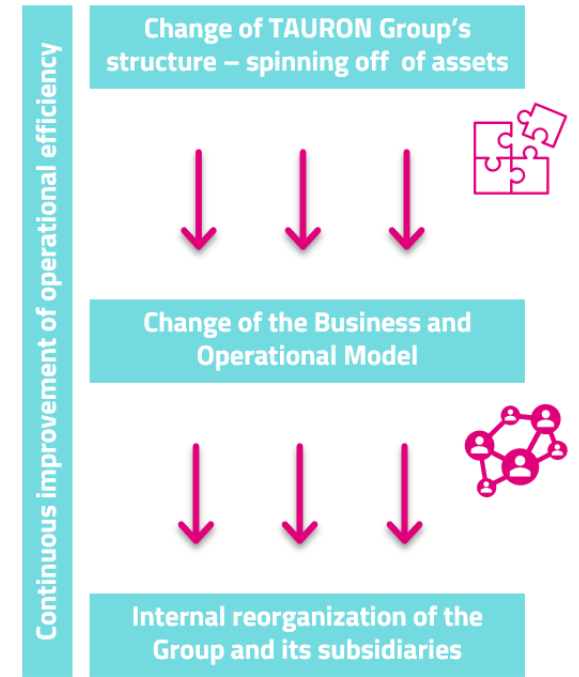
NET DEBT/EBITDA < COVENANT

MAINTAINING A SAFE LEVERAGE RATIO

Efficient and streamlined organization that follows changes

- Obtaining funds required to conduct investment activities and refinance the existing debt, including from the support providing sources
- Seeking strategic and equity partners to carry out projects under various formulas
- Changing the employment structure and developing the organization, change management during the transition process
- Implementing solutions ensuring retaining, acquiring and developing employees with desired competences
- Divesting shares in companies with assets and processes related to utility scale coal-based energy
- Divesting shares in selected non-core entities or minority stakes that are not in line with the value chain
- Implementing solutions that strengthen the Group's resilience against threats coming from cyberspace

TAURON Group's ambition is to increase efficiency





TAURON GROUP'S SUSTAINABLE DEVELOPMENT

We are taking actions aimed at achieving all of **UN's Sustainable Development Goals**



In its new **Strategy** **TAURON Group** is focusing on **5 goals**



Provide everyone with access to stable, sustainable and modern energy at an affordable price



Develop stable infrastructure, promote sustainable industrialization and support innovations



Make cities and residential housing estates safe, stable, sustainable and supporting social inclusion



Provide models of sustainable consumption and production



Take urgent actions aimed at combating climate change and the consequences thereof



TAURON Group's sustainable development

ESG

Directions of actions and goals

DIRECTIONS:

- COMBATING CLIMATE CHANGE AND ENVIRONMENT DEGRADATION
- STRENGTHENING THE IMPLEMENTATION OF THE CIRCULAR ECONOMY
- SUSTAINABLE INFRASTRUCTURE

GOALS as part of ESG

- Seeking to minimize hard coal consumption and achieving climate neutrality by 2050
- Supporting the combatting of the low emission sources
- Activities aimed at promoting circular economy
- Adaptation to climate change

DIRECTIONS:

- ENSURING SECURITY BASED ON THE BEST PRACTICE AND STANDARDS
- APPLYING CORPORATE GOVERNANCE IN ACCORDANCE WITH THE BEST PRACTICE
- RISK MANAGEMENT AND INTERNAL CONTROLS SYSTEM

DIRECTIONS:

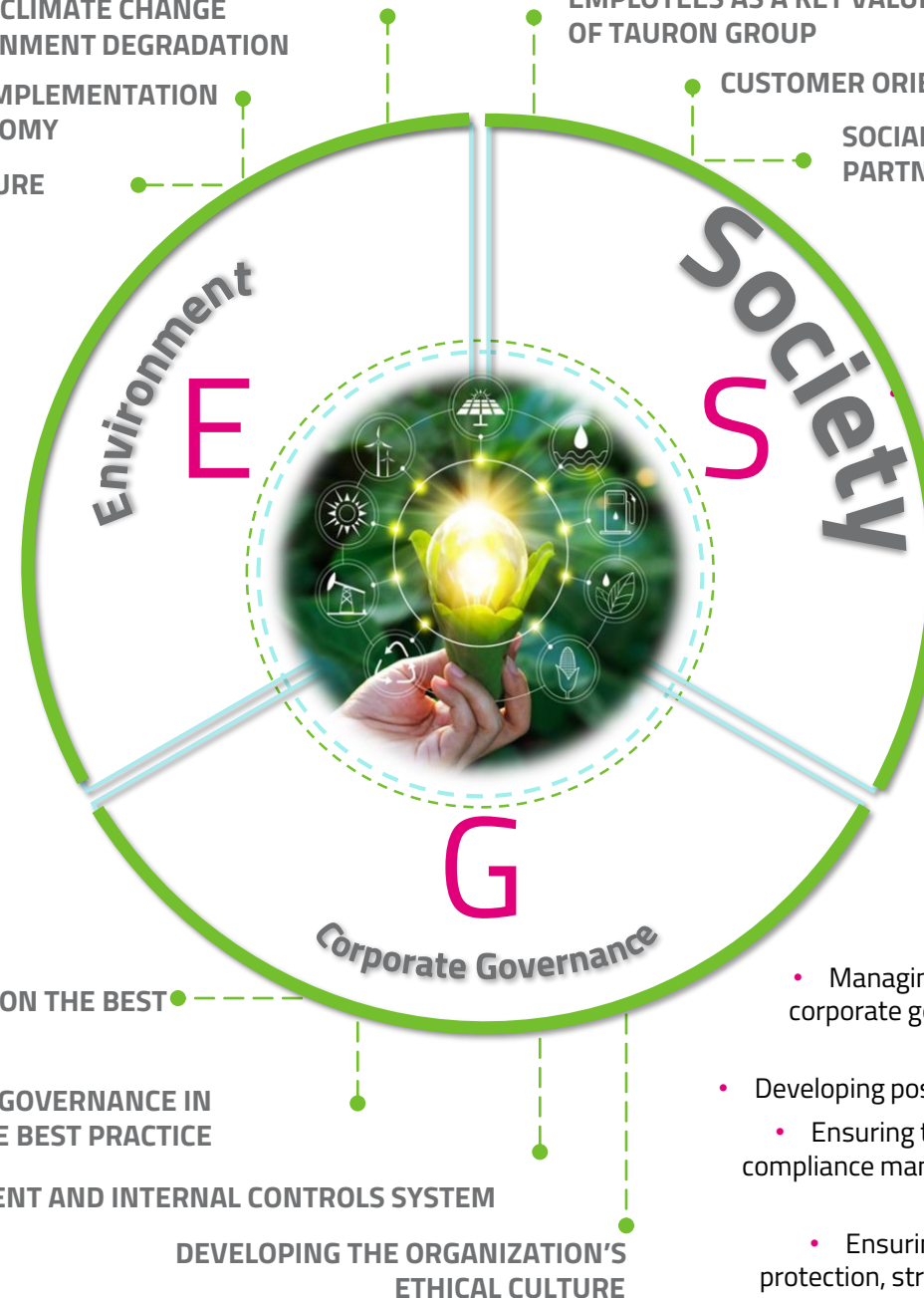
- EMPLOYEES AS A KEY VALUE (ASSET) OF TAURON GROUP
- CUSTOMER ORIENTATION
- SOCIAL AND BUSINESS PARTNERSHIPS

GOALS as part of ESG

- Work environment providing support for employee development, ensuring compliance with the ethics and diversity principles
- Providing support for the customers in seeking sustainable development and strengthening their competitiveness, by developing the ecological products offering
 - Introducing facilities and liquidating barriers for persons with disabilities
- Increase of customer satisfaction level and digitization of service processes
- Supporting activities for public benefit as well as efficient and transparent dialogue

GOALS as part of ESG

- Managing TAURON Group in compliance with corporate governance, ESG related management objectives
- Developing positive relationships with shareholders
 - Ensuring the functioning of systems, including: compliance management, risk management, internal controls, whistleblowing
- Ensuring safety and security as well as data protection, strengthening resilience against threats coming from cyberspace



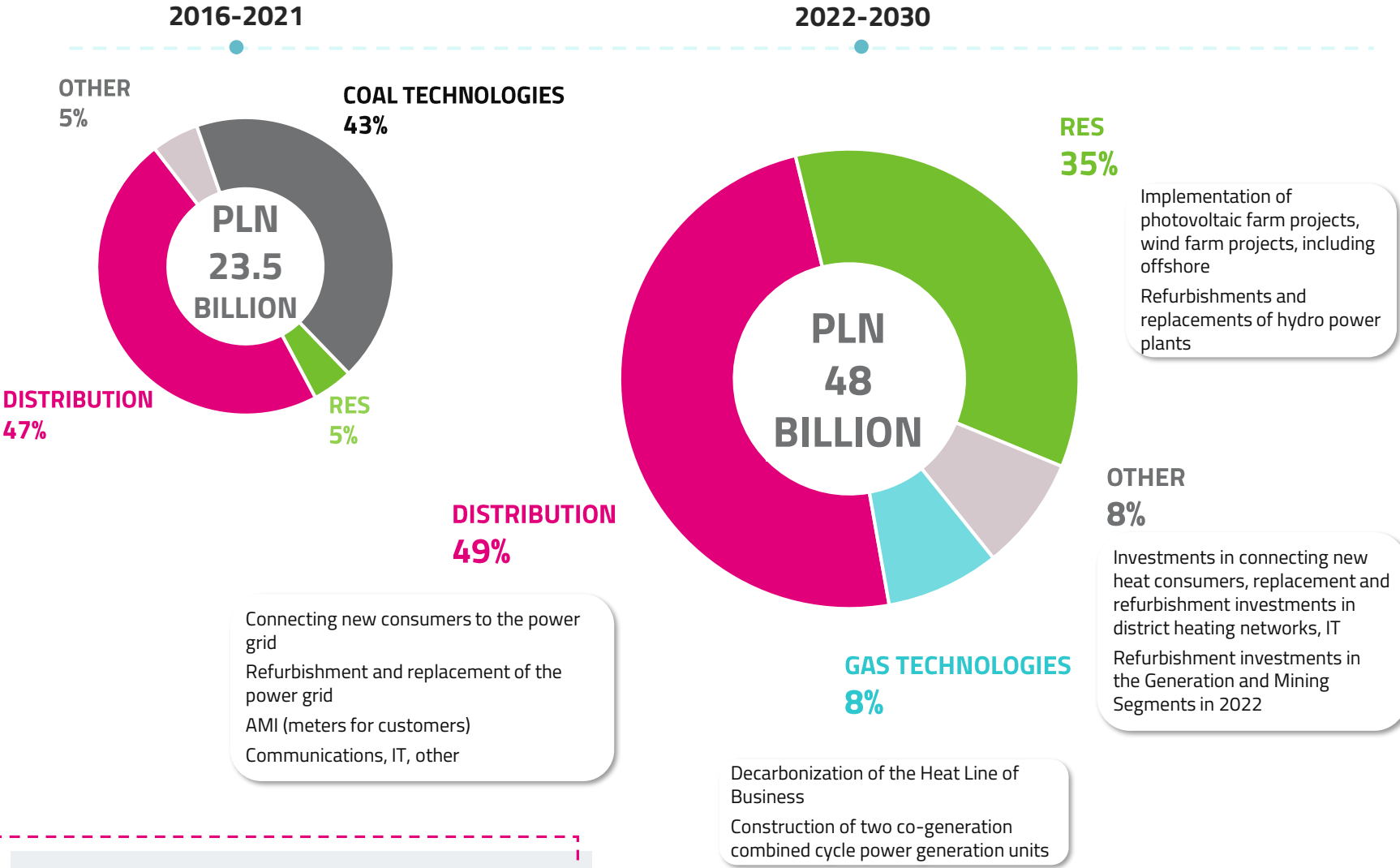


CAPEX Program

Material change of investment directions

Very high volatility of macroeconomic conditions and availability of energy related raw materials (commodities) forces a flexible approach in implementing investment projects

ESTIMATED CAPITAL EXPENDITURES IN 2022-2030



Connecting new consumers to the power grid
 Refurbishment and replacement of the power grid
 AMI (meters for customers)
 Communications, IT, other

Implementation of photovoltaic farm projects, wind farm projects, including offshore
 Refurbishments and replacements of hydro power plants

Investments in connecting new heat consumers, replacement and refurbishment investments in district heating networks, IT
 Refurbishment investments in the Generation and Mining Segments in 2022

Decarbonization of the Heat Line of Business
 Construction of two co-generation combined cycle power generation units

Each investment project will, prior to pouring significant funds, be subjected to an analysis based on the updated knowledge and forecasts



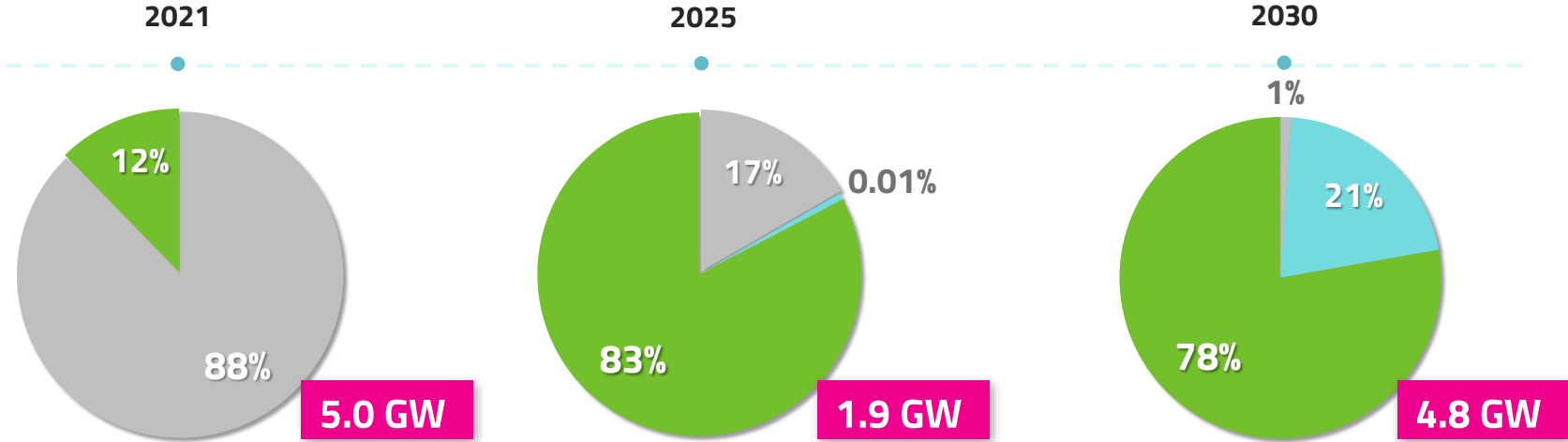
TAURON Group's installed capacity

Energy transition

an approximately 80% share of RES in TAURON Group's energy mix by 2030

AMBITIONS WITH RESPECT TO ENERGY MIX

● Conventional capacity - coal ● Conventional capacity - gas ● RES capacity



OFFSHORE
BEYOND 2030 ADDITIONAL 1.1 GW OF INSTALLED CAPACITY IN OFFSHORE WIND ENERGY

MAJOR DECARBONIZATION OF TAURON GROUP COMPARED TO THE POLISH MARKET

	Share of coal in installed capacity	
	2021	2030
TAURON	88%	approx. 1%
POLAND	67%	ok. 40%

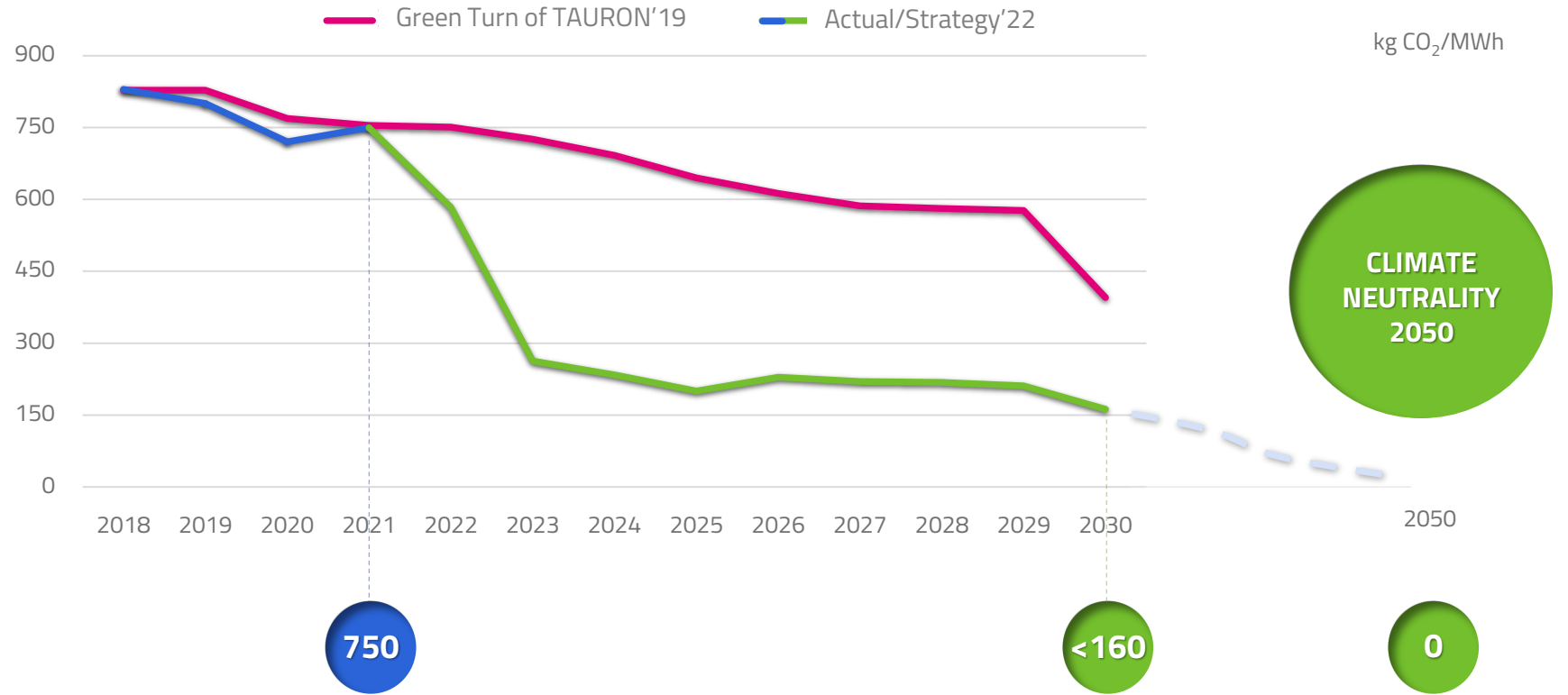
Based on ARE and Poland's Energy Policy until 2040
Capacity does not include prosumer installations.



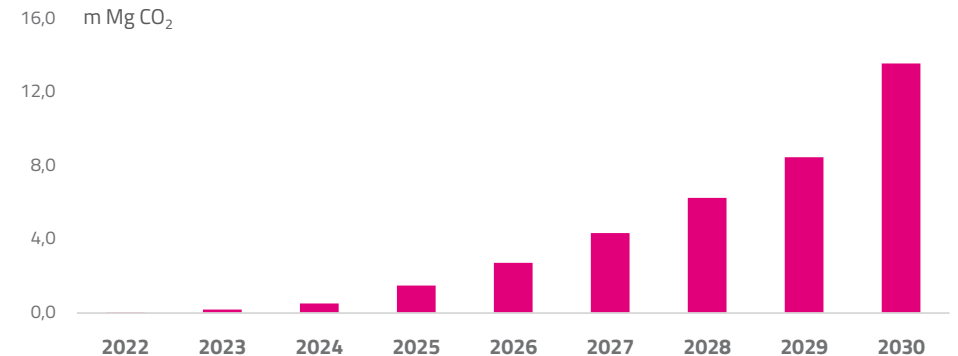
Transition towards climate neutrality

REDUCING EMISSIONS AND ACHIEVING CLIMATE NEUTRALITY IN 2050

TAURON Group's emissions reduction forecast



Approximately 14 million Mg of CO₂ emissions avoided thanks to the development of TAURON Group's renewable energy sources



Dividend policy

LONG TERM OUTLOOK



In the long term TAURON is planning to pay out a dividend in the amount of **minimum 40% of the consolidated net profit**



TAURON's intention is to provide a dividend yield at the level that would be competitive as compared to the long term debt instruments issued on the Polish market by companies with an investment rating (grade)

The decision on the dividend payout is taken by the General Meeting of the Company having received the recommendation of the Company's Management Board that takes into account, when setting the recommended dividend level, first and foremost:

- Legal requirements and provisions of the financial agreements, in particular related to not exceeding the specified leverage ratio
- Ensuring the investment rating (grade) of the Company
- Implementation of the investment policy
- Group's liquidity position as well as the cost and possibilities of obtaining financing

In the time frame covered by the strategy, i.e. until 2030, due to the high amount of the capital expenditures related to the implementation of the strategic projects, the Management Board will not be recommending a dividend payout to the General Meeting, unless in the opinion of the Management Board such retaining of the funds by TAURON Group will contribute to the growth of its assets' value.



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