TAURON Polska Energia S.A. Capital Group

Interim condensed consolidated financial statements
compliant with the International Financial Reporting Standards
approved by the European Union
for the 9-month period ended 30 September 2023

(in PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	3-month period ended 30 September 2023 *(unaudited)*	9-month period ended 30 September 2023 *(unaudited)*	3-month period ended 30 September 2022 *(unaudited restated figures)*	9-month period ended 30 September 2022 *(unaudited restated figures)*
Sales revenue	**12**	9 160	32 442	8 567	26 264
Recompensation revenue	**13**	1 903	6 182	2	6
Cost of sales	**14**	(10 101)	(34 077)	(8 347)	(24 550)
Profit on sale		**962**	**4 547**	**222**	**1 720**
Selling and distribution expenses	**14**	(202)	(561)	(108)	(373)
Administrative expenses	**14**	(167)	(503)	(155)	(414)
Other operating income and expenses	**15**	15	247	7	5
Share in profit/(loss) of joint ventures	**24**	32	95	68	117
Operating profit		**640**	**3 825**	**34**	**1 055**
Interest expense on debt	**16**	(181)	(619)	(154)	(409)
Finance income and other finance costs	**16**	30	(191)	(13)	(54)
Profit (loss) before tax		**489**	**3 015**	**(133)**	**592**
Income tax expense	**17**	(102)	(752)	(18)	(308)
Net profit (loss) on continuing operations		**387**	**2 263**	**(151)**	**284**
Net profit (loss) on discontinued operations	**18**	**–**	**–**	**(81)**	**113**
Net profit (loss)		**387**	**2 263**	**(232)**	**397**
Measurement of hedging instruments	**34.4**	(88)	(262)	(26)	306
Foreign exchange differences from translation of foreign entity		3	(8)	16	23
Income tax	**17**	17	50	5	(58)
Other comprehensive income on continued operations to be reclassified in the financial result		**(68)**	**(220)**	**(5)**	**271**
Actuarial gains (loss)	**37**	3	(13)	1	80
Income tax	**17**	(1)	2	–	(15)
Other comprehensive income on continued operations not to be reclassified in the financial result		**2**	**(11)**	**1**	**65**
Other comprehensive income on discontinued operations	**18**	**–**	**–**	**–**	**11**
Other comprehensive income, net of tax		**(66)**	**(231)**	**(4)**	**347**
Total comprehensive income		**321**	**2 032**	**(236)**	**744**
Net profit (loss):					
Attributable to equity holders of the Parent		385	2 258	(232)	395
Attributable to non-controlling interests		2	5	–	2
Total comprehensive income:					
Attributable to equity holders of the Parent		319	2 027	(236)	742
Attributable to non-controlling interests		2	5	–	2
Profit (loss) per share basic and diluted (in PLN):					
net profit (loss) for the period attributable to shareholders of the parent company		0.22	1.29	(0.13)	0.23
net profit (loss) from continuing operations for the period attributable to shareholders of the parent company		0.22	1.29	(0.08)	0.17

(in PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	**19**	31 138	29 731
Right-of-use assets	**20**	2 032	1 996
Goodwill	**21**	26	26
Energy certificates and CO_2 emission allowances for surrender	**22.1**	–	55
Other intangible assets	**23**	696	726
Investments in joint ventures	**24**	771	682
Loans granted to joint ventures	**25**	222	206
Derivative instruments	**26**	251	390
Other financial assets	**27**	242	301
Other non-financial assets	**28.1**	550	268
Deferred tax assets	**29**	570	672
		36 498	**35 053**
Current assets			
Energy certificates and CO_2 emission allowances for surrender	**22.2**	190	597
Inventories	**30**	1 631	1 118
Receivables from buyers	**31**	4 807	3 819
Income tax receivables	**44**	150	518
Receivables arising from other taxes and charges	**32**	544	803
Derivative instruments	**26**	401	459
Other financial assets	**27**	2 299	478
Other non-financial assets	**28.2**	377	790
Cash and cash equivalents	**33**	1 994	1 678
Assets classified as held for sale		7	7
		12 400	**10 267**
TOTAL ASSETS		**48 898**	**45 320**

(in PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

	Note	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Parent			
Issued capital	**34.1**	8 763	8 763
Reserve capital	**34.3**	3 076	3 009
Revaluation reserve from valuation of hedging instruments	**34.4**	238	450
Foreign exchange differences from translation of foreign entities		52	60
Retained earnings/(Accumulated losses)	**34.5**	6 480	4 299
		18 609	**16 581**
Non-controlling interests	**34.6**	**38**	**33**
Total equity		**18 647**	**16 614**
Non-current liabilities			
Debt	**36**	14 623	15 959
Provisions for employee benefits	**37**	543	494
Provisions for disassembly of fixed assets, land restoration	**38**	159	157
Accruals, deferred income and government grants	**41**	585	571
Deferred tax liabilities	**29**	1 271	1 200
Derivative instruments	**26**	65	10
Other financial liabilities	**46**	106	119
Other non-financial liabilities		1	1
		17 353	**18 511**
Current liabilities			
Debt	**36**	1 408	528
Liabilities to suppliers	**42**	1 999	2 246
Capital commitments	**43**	491	707
Provisions for employee benefits	**37**	70	92
Provisions for liabilities due to energy certificates and CO_2 emission allowances	**39**	2 618	3 692
Other provisions	**40**	789	387
Accruals, deferred income and government grants	**41**	2 505	513
Income tax liabilities	**44**	97	17
Liabilities arising from other taxes and charges	**45**	807	324
Derivative instruments	**26**	519	331
Other financial liabilities	**46**	434	514
Other non-financial liabilities	**47**	1 160	843
Liabilities directly related to assets classified as held for sale		1	1
		12 898	**10 195**
Total liabilities		**30 251**	**28 706**
TOTAL EQUITY AND LIABILITIES		**48 898**	**45 320**

(in PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

9-MONTH PERIOD ENDED 30 SEPTEMBER 2023 *(unaudited)*

		Equity attributable to the equity holders of the Parent							
		Issued capital	Reserve capital	Revaluation reserve on valuation of hedging instruments	Foreign exchange differences from translation of foreign entities	Retained earnings/ (Accumulated losses)	Total	Non-controlling interests	Total equity
As at 1 January 2023		**8 763**	**3 009**	**450**	**60**	**4 299**	**16 581**	**33**	**16 614**
Distribution of prior years profits	**35**	–	67	–	–	(67)	**–**	–	**–**
Dividends and others		–	–	–	–	1	**1**	–	**1**
Transactions with shareholders		**–**	**67**	**–**	**–**	**(66)**	**1**	**–**	**1**
Net profit		–	–	–	–	2 258	**2 258**	5	**2 263**
Other comprehensive income		–	–	(212)	(8)	(11)	**(231)**	–	**(231)**
Total comprehensive income		**–**	**–**	**(212)**	**(8)**	**2 247**	**2 027**	**5**	**2 032**
As at 30 September 2023 (unaudited)		**8 763**	**3 076**	**238**	**52**	**6 480**	**18 609**	**38**	**18 647**

9-MONTH PERIOD ENDED 30 SEPTEMBER 2022 *(unaudited)*

	Equity attributable to the equity holders of the Parent							
	Issued capital	Reserve capital	Revaluation reserve on valuation of hedging instruments	Foreign exchange differences from translation of foreign entities	Retained earnings/ (Accumulated losses)	Total	Non-controlling interests	Total equity
As at 1 January 2022	**8 763**	**2 749**	**299**	**43**	**4 637**	**16 491**	**33**	**16 524**
Distribution of prior years profits	–	260	–	–	(260)	**–**	–	**–**
Dividends and others	–	–	–	–	2	**2**	(3)	**(1)**
Transactions with shareholders	**–**	**260**	**–**	**–**	**(258)**	**2**	**(3)**	**(1)**
Net profit	–	–	–	–	395	**395**	2	**397**
Other comprehensive income	–	–	248	23	76	**347**	–	**347**
Total comprehensive income	**–**	**–**	**248**	**23**	**471**	**742**	**2**	**744**
As at 30 September 2022 *(unaudited)*	**8 763**	**3 009**	**547**	**66**	**4 850**	**17 235**	**32**	**17 267**

(in PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	9-month period ended 30 September 2023 *(unaudited)*	9-month period ended 30 September 2022 *(restated figures unaudited)*
Cash flows from operating activities			
Profit before tax from continuing and discontinued operations	**48.1**	**3 015**	**648**
Share in (profit)/loss of joint ventures		(95)	(117)
Depreciation and amortization	**48.1**	1 642	1 635
Impairment losses on non-financial non-current assets		–	85
Impairment losses on loans granted		(16)	22
Exchange differences		(77)	215
Interest and commissions		623	410
Other adjustments of profit before tax		237	(186)
Change in working capital	**48.1**	(9)	165
Income tax paid	**48.1**	(80)	(389)
Net cash from operating activities		**5 240**	**2 488**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	**48.2**	(3 310)	(2 616)
Purchase of financial assets		(15)	(24)
Loans granted		(1)	(120)
Total payments		**(3 326)**	**(2 760)**
Proceeds from sale of property, plant and equipment and intangible assets		19	18
Dividends received		1	49
Other proceeds		1	5
Total proceeds		**21**	**72**
Net cash used in investing activities		**(3 305)**	**(2 688)**
Cash flows from financing activities			
Repayment of loans and borrowings	**48.3**	(5 436)	(3 795)
Purchase of non-controlling shares		–	(1 061)
Interest paid	**48.3**	(452)	(250)
Repayment of lease liabilities		(92)	(110)
Other payments		(1)	(18)
Total payments		**(5 981)**	**(5 234)**
Proceeds from contracted loans and borrowings	**48.3**	4 843	5 546
Subsidies received		20	22
Total proceeds		**4 863**	**5 568**
Net cash from financing activities		**(1 118)**	**334**
Net increase/(decrease) in cash and cash equivalents		**817**	**134**
Net foreign exchange difference		27	15
Cash and cash equivalents at the beginning of the period	**33**	**940**	**623**
Cash and cash equivalents at the end of the period, of which:	**33**	**1 757**	**757**
restricted cash	**33**	183	176

INFORMATION ON THE CAPITAL GROUP AND THE BASIS FOR THE PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information about the TAURON Polska Energia S.A. Capital Group and its parent company

TAURON Polska Energia S.A. Capital Group (the “Group”, the “Capital Group”, “TAURON Group”) consists of TAURON Polska Energia S.A. (the “parent entity”, the “Company”, the “Parent Company”) and its subsidiaries. TAURON Polska Energia S.A., with its registered office in Katowice at ul. ks. Piotra Ściegiennego 3 in Poland, operates as a joint-stock company, incorporated by notarial deed on 6 December 2006. Until 16 November 2007, the Company operated under the name Energetyka Południe S.A.

The Parent Company is entered in the register of entrepreneurs of the National Court Register maintained by the District Court for Katowice-Wschód, Commercial Department of the National Court Register under KRS number: 0000271562.

The duration of the Parent Company and entities included in the Capital Group is unlimited. The activity is carried out based on the appropriate licences granted to individual entities belonging to the Group.

The TAURON Group's core business is reflected in the breakdown into segments: Generation (the segment comprising generation of electricity from conventional sources and heat generation), Renewable Energy Sources (the segment comprising generation of electricity from renewable sources), Distribution, Sales and other operations, including customer service, as discussed in more detail in Note 11 to these interim condensed consolidated financial statements.

The interim condensed consolidated financial statements of the Group cover the 9-month period ended 30 September 2023 and contain comparative figures for the 9-month period ended 30 September 2022 and as at 31 December 2022. The data included in these interim condensed consolidated financial statements for the 9-month period ended 30 September 2023 and the comparative data for the 9-month period ended 30 September 2022 have not been audited or reviewed by the statutory auditor. The comparative figures as at 31 December 2022 were subject to the audit by the statutory auditor. The interim condensed consolidated statement of comprehensive income comprising the data for the 3-month period ended 30 September 2023 and the comparative figures for the 3-month period ended 30 September 2022 have not been audited or reviewed by the statutory auditor.

These interim condensed consolidated financial statements were approved for publication by the Management Board on 21 November 2023.

Composition of the Management Board

As at 1 January 2023 and as at the date of approval of these interim condensed consolidated financial statements for publication, the Management Board consisted of:

- Paweł Szczeszek - President of the Management Board,
- Patryk Demski - Vice President of the Management Board,
- Bogusław Rybacki - Vice President of the Management Board,
- Krzysztof Surma - Vice President of the Management Board,
- Tomasz Szczegielniak - Vice President of the Management Board,
- Artur Warzocha - Vice-President of the Management Board.

Interim condensed consolidated financial statements for the 9-month period ended 30 September 2023 compliant with the IFRS approved by the EU (in PLN million)

2. Composition of TAURON Group and joint ventures

As at 30 September 2023, TAURON Polska Energia S.A. held, directly and indirectly, shares in the following key subsidiaries:

No.	Company name	Registered office	Share of TAURON Polska Energia S.A. in company equity	Company holding direct shareholding in equity/ General partner
GENERATION				
1	TAURON Wytwarzanie S.A.	Jaworzno	100.00%	TAURON Polska Energia S.A.
2	TAURON Ciepło Sp. z o.o.	Katowice	100.00%	TAURON Polska Energia S.A.
3	TAURON Serwis Sp. z o.o.	Jaworzno	95.61%	TAURON Wytwarzanie S.A.
4	Łagisza Grupa TAURON Sp. z o.o.	Katowice	100.00%	TAURON Wytwarzanie S.A.
5	TAURON Inwestycje Sp. z o.o.[1]	Będzin	100.00%	TAURON Polska Energia S.A.
6	Energetyka Cieszyńska Sp. z o.o.	Cieszyn	100.00%	TAURON Ciepło Sp. z o.o.
RENEWABLE ENERGY SOURCES				
7	TAURON Ekoenergia sp. z o.o.	Jelenia Góra	100.00%	TAURON Polska Energia S.A.
8	TEC1 Sp. z o.o.	Katowice	100.00%	TAURON Polska Energia S.A.
9	TAURON Zielona Energia Sp. z o.o.	Katowice	100.00%	TAURON Polska Energia S.A.
10	TEC1 spółka z ograniczoną odpowiedzialnością Mogilno I sp.k.	Katowice	100.00%	TEC1 Sp. z o.o.
11	TEC1 spółka z ograniczoną odpowiedzialnością Mogilno II sp.k.	Katowice	100.00%	TEC1 Sp. z o.o.
12	TEC1 spółka z ograniczoną odpowiedzialnością Mogilno III sp.k.	Katowice	100.00%	TEC1 Sp. z o.o.
13	TEC1 spółka z ograniczoną odpowiedzialnością Mogilno IV sp.k.	Katowice	100.00%	TEC1 Sp. z o.o.
14	TEC1 spółka z ograniczoną odpowiedzialnością Mogilno V sp.k.	Katowice	100.00%	TEC1 Sp. z o.o.
15	TEC1 spółka z ograniczoną odpowiedzialnością Mogilno VI sp.k.	Katowice	100.00%	TEC1 Sp. z o.o.
16	TEC1 spółka z ograniczoną odpowiedzialnością EW Śniatowo sp.k.	Katowice	100.00%	TEC1 Sp. z o.o.
17	TEC1 spółka z ograniczoną odpowiedzialnością EW Dobrzyń sp.k.	Katowice	100.00%	TEC1 Sp. z o.o.
18	TEC1 spółka z ograniczoną odpowiedzialnością EW Gołdap sp.k.	Katowice	100.00%	TEC1 Sp. z o.o.
19	TEC1 spółka z ograniczoną odpowiedzialnością Ino 1 sp.k.	Katowice	100.00%	TEC1 Sp. z o.o.
20	WIND T1 Sp. z o.o.[2]	Jelenia Góra	100.00%	TAURON Ekoenergia sp. z o.o.
21	"MEGAWATT S.C." Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
22	TAURON Inwestycje Sp. z o.o.[1]	Będzin	100.00%	TAURON Polska Energia S.A.
23	WIND T4 Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
24	WIND T30MW Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
25	FF Park PV 1 Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
26	Windpower Gamów Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
DISTRIBUTION				
27	TAURON Dystrybucja S.A.	Kraków	99.77%	TAURON Polska Energia S.A.
28	TAURON Dystrybucja Pomiary sp. z o.o.	Tarnów	99.77%	TAURON Dystrybucja S.A.
SALES				
29	TAURON Sprzedaż Sp. z o.o.	Kraków	100.00%	TAURON Polska Energia S.A.
30	TAURON Sprzedaż GZE Sp. z o.o.	Gliwice	100.00%	TAURON Polska Energia S.A.
31	TAURON Czech Energy s.r.o.	Ostrava, Czech Republic	100.00%	TAURON Polska Energia S.A.
32	TAURON Nowe Technologie S.A.	Wrocław	100.00%	TAURON Polska Energia S.A.
OTHER				
33	TAURON Obsługa Klienta sp. z o.o.	Wrocław	100.00%	TAURON Polska Energia S.A.
34	Kopalnia Wapienia Czatkowice Sp. z o.o.	Krzeszowice	100.00%	TAURON Polska Energia S.A.
35	Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o.	Warsaw	100.00%	TAURON Polska Energia S.A.
36	Finanse Grupa TAURON Sp. z o.o.	Katowice	100.00%	TAURON Polska Energia S.A.
37	Bioeko Grupa TAURON Sp. z o.o.	Stalowa Wola	100.00%	TAURON Wytwarzanie S.A.
38	Usługi Grupa TAURON Sp. z o.o.	Tarnów	99.77%	TAURON Dystrybucja S.A.
39	TAURON Ubezpieczenia Sp. z o.o.	Katowice	100.00%	TAURON Polska Energia S.A.

[1] *The activities of TAURON Inwestycje Sp. z o.o. are classified in two segments: the Renewable Energy Sources and the Generation segment.*
[2] *After the balance sheet date, the incorporation of WIND T1 Sp. z o.o. by TAURON Ekoenergia Sp. z o.o. was registered on 2 October 2023.*

Incorporation of companies: AVAL-1 Sp. z o.o. and Polpower Sp. z o.o by TAURON Ekoenergia Sp. z o.o.

The incorporation of the following companies was registered on 11 April 2023: AVAL-1 Sp. z o.o. and Polpower Sp. z o.o by TAURON Ekoenergia Sp. z o.o. Until the merger date (incorporation), TAURON Ekoenergia Sp. z o.o. held 100% of the shares in the capital and governing body of AVAL-1 Sp. z o.o. and Polpower Sp. z o.o.

As at 30 September 2023, the share of TAURON Polska Energia S.A. in the capital and in the governing body of the remaining key subsidiaries and jointly-controlled companies has not changed since 31 December 2022.

As at 30 September 2023, TAURON Polska Energia S.A. held direct and indirect interest in the following key jointly-controlled companies in the Generation segment:

No.	Company name	Registered office	Share of TAURON Polska Energia S.A. in the company capital and governing body	Company holding direct shareholding in equity
1	Elektrociepłownia Stalowa Wola S.A.	Stalowa Wola	50.00%	TAURON Inwestycje Sp. z o.o.
2	TAMEH HOLDING Sp. z o.o.	Dąbrowa Górnicza	50.00%	TAURON Polska Energia S.A.
3	TAMEH POLSKA Sp. z o.o.	Dąbrowa Górnicza	50.00%	TAMEH HOLDING Sp. z o.o.
4	TAMEH Czech s.r.o.	Ostrava, Czech Republic	50.00%	TAMEH HOLDING Sp. z o.o.

3. Statement of compliance

These interim condensed consolidated financial statements were prepared in accordance with the International Accounting Standard no. 34 *Interim Financial Reporting* ("IAS 34") according to the model approved by the European Union (the "EU").

The interim condensed consolidated financial statements do not comprise all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group prepared in accordance with the International Financial Reporting Standards ("IFRS") for the year ended 31 December 2022.

4. Going concern

These interim condensed consolidated financial statements have been prepared with the assumption of continuation of activities by the Group companies as a going concern in the foreseeable future, i.e. in the period not shorter than one year following the balance sheet day. As at the date of approving these consolidated financial statements no circumstances have been detected that could put the going concern operation of the Group's companies at risk.

The Group identifies and actively manages liquidity risk, understood as the possibility of losing or limiting the capacity to settle current expenses. The Group has the full capacity to settle its liabilities as they become due and payable. As at the balance sheet date, the Group has available funding under the concluded financing agreements, which is described in notes 36.1 and 36.2 to these interim condensed consolidated financial statements.

In the area of liquidity, financing and securing the continuity of operations, the Management Board, having analysed the financial position of the Company and the Group, does not identify any risk to the continuity of operations in the foreseeable future, i.e. within a period not shorter than 1 year from the balance sheet day, taking into account the description of the impact of the war in the territory of Ukraine on the Group's operations, as further discussed in Note 55 to these interim condensed consolidated financial statements.

5. Functional and presentation currency

The functional currency of the parent entity and its subsidiaries, except for TAURON Czech Energy s.r.o., covered by these interim condensed consolidated financial and the presentation currency of these interim condensed consolidated financial statements is the Polish zloty. The functional currency of TAURON Czech Energy s.r.o. is the Czech koruna ("CZK"). Items in the financial statements of TAURON Czech Energy s.r.o. are translated into the TAURON Group's presentation currency using the relevant exchange rates.

These interim condensed consolidated financial statements are presented in the Polish zloty ("PLN") while all figures are provided in PLN million ("PLN million"), unless indicated otherwise.

(in PLN million)

6. Material values based on professional judgement and estimates

In the process of applying the accounting policy, professional judgement of the management, besides accounting estimates, was of key importance, which has an impact on the figures disclosed in these interim condensed consolidated financial statements. The assumptions underlying these estimates are based on the best knowledge of the Management Board related to the current and future actions and events in individual areas. In the period covered by these interim condensed consolidated financial statements, no significant changes occurred in the estimates or estimation methods applied, which could affect the current or future periods, other than those described below and hereinafter in these interim condensed consolidated financial statements.

Items of the interim condensed consolidated financial statements involving a material risk of significant adjustment to the carrying amounts of assets and liabilities are presented below.

Item	Explanatory note	Estimates and assumptions
Property, plant and equipment	Note 19	As at each balance sheet date the Group assesses whether objective indication of impairment occurred in relation to tangible fixed assets. Where relevant indications exist, the Group is required to perform impairment tests of tangible fixed assets. Within the impairment tests the Group estimates the recoverable amount of an asset or the cash-generating unit ("CGU") to which the specific asset belongs. The recoverable value of an asset or CGU corresponds to the higher of the fair value less costs of sales or the value in use. Estimation of the value in use of cash generating units is based on their future cash flows discounted to the current value with a discount rate. At the balance sheet date, an analysis was performed of the indications that non-financial non-current assets may be impaired. As a result of the analysis, market events were identified that, in the Group's opinion, could have an impact on changing the assumptions used in the impairment tests in relation to the assumptions used in the impairment tests performed as at 30 June 2023 in relation to the generation assets of the Generation segment. Consequently, the Group assessed that there were indications justifying the performance of impairment testing as at 30 September 2023 in relation to the generation assets of the Generation segment. The test carried out as at 30 September 2023 showed no need to recognise impairment losses on non-financial assets due to the identified higher value in use of the CGUs compared to their carrying amount. The Group verifies, at least at the end of each financial year, the economic useful lives of tangible fixed assets while any adjustments to depreciation write-downs are performed with the effect from the beginning of the reporting period in which the verification was completed.
Right-of-use assets	Note 20	At the date of commencement of the lease, the Group measures an rights-of-use assets including in the current value of the lease payments remaining to be paid on that date. Lease payments are discounted by the Group using the interest rate of the lease if that rate can be easily determined. Otherwise, the Group applies the marginal interest rate. The lease incremental borrowing rate is estimated as a weighted average cost of TAURON Group's debt adjusted for the individual rating of the companies, taking into account a breakdown by lease term. The Group applies the portfolio approach to similar leases regarding unified assets with similar use. When accounting for leases under the portfolio approach, the Group applies estimates and assumptions corresponding to the size and composition of the portfolio, including estimates of the weighted average lease term. In order to determine the lease period, e.g. for contracts for an indefinite period, the Group makes an estimate. The rights to use the assets are subject to impairment test estimates on a similar basis to property, plant and equipment.
Loans granted to joint ventures	Note 25	The Group classifies and measures loans granted to joint ventures accordingly. As at the balance sheet date, loans granted to the joint venture, Elektrociepłownia Stalowa Wola S.A., with a total carrying amount of PLN 222 million, were classified as financial assets measured at a fair value through profit or loss. The Group has estimated the fair value accordingly taking into account the credit risk. Analyses of the credit risk of loans granted to the joint venture carried out as at the balance sheet date include, among other things, an estimate of the company future cash flows.

(in PLN million)

Financial derivatives	Note 26	The Group measures financial derivatives at a fair value as at each balance sheet date. The derivatives acquired and held to hedge own needs are not subject to measurement as at the balance sheet date.
Deferred tax assets	Note 29	The Group assesses the enforceability of deferred tax assets at each balance sheet date. As at 30 September 2023, the Group has not recognised a deferred tax asset of PLN 377 million as a result of conducted feasibility assessment.
Receivables from customers	Note 31	As at each balance sheet day, the Group estimates impairment losses on receivables from customers attributable to expected credit losses. An impairment loss is recognised on both overdue and non-overdue receivables based on the probability-weighted expected credit loss that will be incurred in particular if any of the following events occur: payment is overdue by more than 90 days, the debtor goes into liquidation or bankruptcy or is restructured, or the receivables are subject to administrative enforcement, litigation or court enforcement. For the portfolio of strategic counterparties, the risk of their insolvency is assessed based on ratings assigned to the counterparties using an internal scoring model and appropriately restated to account for the likelihood of default. The expected credit loss is calculated based on the estimated potential recoveries from security interests. For receivables from other counterparties, historical repayment figures are expected to reflect the credit risk (including forward-looking adjustments) that will be incurred in future periods. The expected credit losses for this group of counterparties were estimated using the receivables ageing matrix and the percentage ratios assigned to the various ranges and groups (including receivables claimed at court, receivables from counterparties in bankruptcy) allowing to estimate the value of receivables from customers expected to be outstanding. As at 30 September 2023, the Group estimated expected credit losses on receivables from customers in the amount of PLN 254 million.
Debt liabilities	Note 36	When measuring liabilities at amortised cost using the effective interest rate method, the Group estimates future cash flows considering all contractual terms of a given financial instrument, including the early repayment option. In the case of a loan agreement where the drawing period of the loan tranches may be under 12 months where the financing available under the agreement is revolving and the availability period exceeds 1 year, the Group classifies the tranches according to the intention and ability to maintain the financing under the agreement, i.e. as a long-term or short-term liability. The lease liability is measured at the present value of the outstanding lease payments, discounted using either the contractual interest rate (if determinable) or the incremental borrowing rate.
Provisions (including provisions for onerous contracts)	Note 37 Note 38 Note 39 Note 40	The Group estimates the amount of provisions created based on the assumptions, methodology and calculations appropriate for a given type of provisions, evaluating the probability of spending funds that incorporate economic benefits and determining the reliable level of funds necessary to perform the obligation. Provisions are created by the Group if the probability of spending funds that incorporate economic benefits is higher than 50%. As at each balance sheet date, the Group assesses whether it is a party to onerous contracts, i.e. contracts under which the unavoidable costs of fulfilling the obligation outweigh the benefits expected to be received under the contract and, if it is determined that it is a party to such contracts, the present obligation under such contracts is recognised and measured as a provision. The unavoidable costs arising from the contract comprise, at least, net costs of contract termination, corresponding to the costs of fulfilment of the lower of contract fulfilment costs and costs of any compensations or penalties arising for the failure to fulfil the contract. Within contract fulfilment costs, the Group estimates costs directly related to the contract including incremental contract fulfilment costs as well as the allocation of other costs that relate directly to contract fulfilment. As at the balance sheet date, the Group recognised provisions for onerous contracts related to concluded energy sales contracts in the amount of PLN 42 million. The discount rate applied to the valuation of long-term provisions, estimated as at the balance sheet date, was 5.73%, 1 p.p. lower than the rate used for measurements as at 31 December 2022.

In connection with the entry into force of regulations aimed at limiting electricity prices and protecting electricity consumers from price increases, the Group has made revenue estimates in the scope of recompensation relating to the supply of electricity and sale of distribution services, costs of write-downs to the Price Difference Payment Fund and reducing the revenue due to the reduction in customer liabilities to the Sales segment companies in the settlements for 2023, as further discussed in note 9 of these interim condensed consolidated financial statements.

(in PLN million)

Besides the foregoing, the Group makes significant estimates as regards the contingent liabilities recognised, in particular in the scope of legal proceedings where the Group companies are parties (note 52).

As at the balance sheet date, in connection with the ongoing work under the government programme concerning the transformation of the Polish electricity sector (the NABE Programme), the Group has made a judgement and assessed that the criteria for the classification of the above assets and liabilities of the companies included in the NABE Programme held by the Group as a disposable group classified as held for sale were not met, as further described in note 55 of these interim condensed consolidated financial statements.

As at the balance sheet date, in the scope of impact of climate change on the interim condensed consolidated financial statements, the Group does not identify any significant changes in relation to areas and impacts of climate change identified as at 31 December 2022, as further described in note 11 to the consolidated financial statements for the year ended 31 December 2022, with reservation to changes in the assumptions adopted for impairment tests of non-financial fixed assets, described in detail in note 19 to these interim condensed consolidated financial statements.

7. Standards published and amendments to standards which have not yet entered into force until the balance sheet date

The Group did not choose earlier application of any standards or amendments to standards which were published but have not entered into force by 30 September 2023.

IFRS 14 *Regulatory Deferral Accounts* (Date of entry into force according to the standard: 1 January 2016 - The European Commission decided to refrain from launching the process of endorsement of this interim standard for use in the territory of the EU until the publication of the final version of the standard).

The International Accounting Standards Board is working on a standard on regulated activities. The standard is aimed to determine a model for the accounting treatment of assets and liabilities associated with regulated activities. The new standard, if issued, will replace IFRS 14 *Regulatory Accruals*. According to the draft standard, the standard is intended to apply to entities that are party to a contract specifying regulated rates that the entity charges to its customers for goods and services provided, and when part of the total consideration for goods and services provided in a given period is charged to customers through regulated rates in another period (so-called time differences arise). The Group monitors the work carried out by the International Accounting Standards Board regarding the final version of the standard on regulatory assets and liabilities in terms of determining the impact on TAURON Group, particularly in the Distribution segment. As at the date of authorisation of these interim condensed consolidated financial statements for publication, the final version of the standard has not been issued. The Group will assess the impact of the standard on the Group's financial results and financial position once the International Accounting Standards Board has issued the final version of the standard.

Amendments to standards issued by the International Accounting Standards Board which have not been endorsed by the European Union and have not entered into force yet

As at the date of approval of these interim condensed consolidated financial statements for publication, the Company has not yet completed its work on assessing the impact of the introduction of amendments to standards on the accounting policy applied by the Group. The analyses conducted to date indicate that the following amendments to the standards will not materially affect the accounting policy applied so far:

Standard	Date of entry into force according to the standard, not endorsed by the EU *(annual periods staring on or after that date)*
Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current Liabilities with Covenants*	1 January 2024
Amendments to IFRS 16 *Leases: Liability in a Sale and Leaseback*	1 January 2024
Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures: Additional disclosures on financial agreements with suppliers*	1 January 2024
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture as amended*	the date of entry into force of the amendments has been postponed
Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates: No possibility of Currency Exchange*	1 January 2025

(in PLN million)

8. Changes in accounting policies used and restatement of comparable data

The accounting principles (policy) adopted for the preparation of these interim condensed consolidated financial statements are consistent with those used for the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2022, except for the application of the amendments to the standards specified in note 8.1. The Group restated the comparative data in connection with the change in the presentation of abandoned operations and the change in the presentation of the transferred hedges, as described in note 8.2.

8.1. Application of new standards and amendments to standards

According to the Management Board, the following standards and amendments to standards have not materially affected the accounting policy applied so far:

Standard	Amendments	Date of entry into force in the EU *(annual periods staring on or after that date)*
Amendments to IAS 1 *Presentation of Financial Statements and Practice Statement 2: Making Materiality Judgements to accounting policy disclosures.*	The amendments are intended to enhance the relevance of the presented disclosures related to the accounting principles (policy) by replacing the requirement for entities to disclose significant accounting policies with a requirement to disclose material accounting principles and adding guidance on how entities apply the materiality principle when making decisions concerning the disclosure of accounting principles (policy).	1 January 2023
Amendments to IAS 8 *Accounting policies, changes in accounting estimates and errors: Change in accounting estimates*	The amendments clarify the distinction between changes in estimates and changes in accounting principles (policy) and corrections of errors and clarify how entities apply valuation techniques and use inputs to determine estimates.	1 January 2023
IFRS 17 *Insurance Contracts*	The standard applies to all types of insurance contracts (i.e. direct insurance, life insurance, non-life insurance and reinsurance contracts), irrespective of the nature of the business of the entity that concludes them, as well as to certain guarantees and financial instruments with discretionary profit share.	1 January 2023
Amendments to IFRS 17 *Insurance contracts: first-time adoption of IFRS 17 Insurance contracts and IFRS 9 Financial instruments - comparative information*	The amendment is intended to assist entities in avoiding transitional accounting mismatches between financial assets and liabilities due to insurance contracts, thereby improving the usefulness of comparative information for users of financial statements.	1 January 2023
Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	The amendments reduced the scope of the exception for initial recognition of assets and liabilities in paragraphs 15 and 24 of IAS 12 *Income Taxes*, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.	1 January 2023
Amendments to IAS 12 *Income Taxes: International Tax Reform - Model Pillar II Principles*	The amendments require, among others: disclosure of information on current tax burdens related to income taxes under Pillar II of the BEPS 2.0 Directive (concerning global minimum taxation). As at the date of approval for publication of these interim condensed consolidated financial statements, the Model Pillar II Principles have not been implemented in Poland.	1 January 2023

8.2. Restatement of comparable data

Presentation of discontinued operations due to loss of control over TAURON Wydobycie S.A.

On 31 December 2022, the Group lost control of its subsidiary, TAURON Wydobycie S.A., as further described in note 3 of the consolidated financial statements for the year ended 31 December 2022. The Group assessed that the operations of the subsidiary, TAURON Wydobycie S.A., over which the Group lost control, including hard coal mining constituted a separate material line of business of the Group, meeting the definition of discontinued operations under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. In connection with the foregoing, in accordance with the requirements of paragraph 34 of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the Group has restated the comparative data for the 9-month period ended 30 September 2022 in these interim condensed consolidated financial statements, as shown in the table below.

(in PLN million)

	9-month period ended 30 September 2022 *(unaudited approved figures)*	Change in presentation of discontinued operations	9-month period ended 30 September 2022 *(unaudited restated figures)*
Sales revenue	26 810	(546)	26 264
Recompensation revenue	6	–	6
Cost of sales	(24 853)	303	(24 550)
Profit on sale	**1 963**	**(243)**	**1 720**
Selling and distribution expenses	(442)	69	(373)
Administrative expenses	(518)	104	(414)
Other operating income and expenses	5	–	5
Share in profit/(loss) of joint ventures	117	–	117
Operating profit	**1 125**	**(70)**	**1 055**
Interest expense on debt	(411)	2	(409)
Finance income and other finance costs	(66)	12	(54)
Profit before tax	**648**	**(56)**	**592**
Income tax expense	(251)	(57)	(308)
Net profit on continuing operations	**397**	**(113)**	**284**
Net profit on discontinued operations	**–**	**113**	**113**
Net profit	**397**	**–**	**397**
Measurement of hedging instruments	306	–	306
Foreign exchange differences from translation of foreign entity	23	–	23
Income tax	(58)	–	(58)
Other comprehensive income on continuing operations to be reclassified in the financial result	**271**	**–**	**271**
Actuarial gains	94	(14)	80
Income tax	(18)	3	(15)
Other comprehensive income on continuing operations not to be reclassified in the financial result	**76**	**(11)**	**65**
Other comprehensive income on discontinued operations	**–**	**11**	**11**
Other comprehensive income, net of tax	**347**	**–**	**347**
Total comprehensive income	**744**	**–**	**744**
Net profit:			
Attributable to equity holders of the Parent	395	–	395
Attributable to non-controlling interests	2	–	2
Total comprehensive income:			
Attributable to equity holders of the Parent	742	–	742
Attributable to non-controlling interests	2	–	2
Earnings per share basic and diluted (in PLN):			
net profit for the period attributable to shareholders of the parent company	0.23	–	0.23
net profit from continuing operations for the period attributable to shareholders of the parent company	0.23	(0.06)	0.17

Change in the presentation of transferred collaterals on transaction margins and margin deposits as part of settlements with Izba Rozliczeniowa Giełd Towarowych S.A. in the consolidated statement of cash flows

Starting from the consolidated financial statements for the year ended 31 December 2022, the Group changed the presentation of transferred collaterals on transaction margins and margin deposits as part of its settlements with Izba Rozliczeniowa Giełd Towarowych S.A. ("IRGiT") of the consolidated statement of cash flows. The above collaterals were presented in the cash item prior to the change in presentation. After the change in presentation, the change in these collaterals was presented in the cash flows from operating activities of the Group. Accordingly, the Group restated the comparative data for the 9-month period ended 30 September 2022.

(in PLN million)

	9-month period ended 30 September 2022 *(unaudited approved figures)*	Change in presentation of collaterals provided to IRGIT	9-month period ended 30 September 2022 *(unaudited restated figures)*
Cash flows from operating activities			
Change in working capital	176	(11)	165
Net cash from operating activities	**2 499**	**(11)**	**2 488**
Increase/(decrease) in net cash and equivalents	**145**	**(11)**	**134**
Cash opening balance	**791**	**(168)**	**623**
Cash closing balance, including:	**936**	**(179)**	**757**
of limited disposal	355	(179)	176

9. Significant amendments to legal regulations

In the fourth quarter of 2022 and in the third quarter of 2023, legislation came into force to cap electricity prices and protect electricity consumers from price increases, which significantly affected the TAURON Group's operations in the 9-month period ended 30 September 2023.

Legal act and key assumptions		
Act of 7 October 2022 on special solutions for the protection of electricity consumers in 2023 (the "Act on Consumer Protection")	**The Act of 27 October 2022 on extraordinary measures to limit the level of electricity prices and support certain consumers in 2023 (the "Act on Extraordinary Measures")**	**Regulation of the Minister of Climate and Environment of 9 September 2023 amending the Regulation on the method of shaping and calculation tariffs and the settlement method in electricity trade (the "Regulation")**
• Freezing of electricity price in 2023 at a 2022 level for households up to the electricity consumption level defined in the Act on Consumer Protection at a level of 3000 kWh. • Establishment of recompensation for electricity undertakings due to the application of frozen electricity prices in 2023 in the amount of the product of the electricity covered by the frozen prices and the difference between the energy price resulting from the electricity tariff approved by the President of the ERO for 2023 and the frozen electricity prices.	• Introduction of a fixed price for electricity trading applicable until 31 December 2023, the so-called maximum price, at a defined level of PLN 785/MWh (PLN 693 PLN/MWh in the fourth quarter of 2023) for local government units, small and medium-sized enterprises and public utilities and PLN 693/MWh in the case of household customers. • Establishment of a system of recompensations (calculated depending on the type of customer and the time of conclusion of the agreement) payable on a monthly basis, the payment of which is the responsibility of the Settlement Administrator [Zarządca Rozliczeń S.A.]. • The imposition of an obligation on electricity generators (both in the area of conventional generation and renewable energy sources) and trading companies to transfer contributions to the Price Difference Payment Fund (the "Fund"), for the purpose of paying the recompensation established by the Act on Extraordinary Measures, where the above-mentioned entities obtain from the sale of electricity prices exceeding the price limits calculated in accordance with the provisions of the regulation to the aforementioned Act. Setting the maximum overall limit on expenditure from the Fund and a limit in individual years covered by the Act.	• Introducing a mechanism to reduce the amount of households' liabilities to energy enterprises conducting the economic activity in the scope of electricity trading in the 2023 settlements. Pursuant to the Regulation, the amount of annual payments of a customer from the G11 tariff group who meets one of the conditions set out in the Regulation will be reduced by PLN 125.34.

The main assumptions and effects of the aforementioned acts of law on these interim condensed consolidated financial statements are presented in the table below.

(in PLN million)

Impact of selected acts of law on the interim condensed consolidated financial statements for the 9-month period ended 30 September 2023 *(unaudited)*	Note
Revenue from contracts with customers In accordance with the regulations of the Act on *Customer Protection* and the *Act on Extraordinary Measures*, in the 9-month period ended 30 September 2023 the companies of the Sales segment and the company of the Distribution segment applied prices for the sale of electricity and distribution services that do not exceed the maximum prices set out in the aforementioned Acts to the groups of customers indicated in the aforementioned Acts. In accordance with the Regulation, the companies of the Sales segment, on the basis of the conducted analysis of the estimated number of customers who will benefit from the mechanism of reducing the amount of liabilities, recognised an estimated reduction in the amount of revenue from contracts with customers totaling PLN 536 million.	12
Revenue and receivables due to recompensations The companies of the Sales segment recognised recompensations related to electricity supply in the amount of PLN 5 221 million in the 9-month period ended 30 September 2023, pursuant to the *Act on Customer Protection Act* and *the Act on Extraordinary Measures*. The applications for the above recompensation payments were submitted in the period until October 2023. As part of the aforementioned recompensation payments, the companies received the amount of PLN 3 658 million by the balance sheet date and the amount of PLN 51 million was settled against the recompensation advance payments received. The company of the Distribution segment recognised estimated recompensations related to sales of distribution services in the amount of PLN 901 million in the 9-month period ended 30 September 2023 pursuant to the *Act on Customer Protection*. As part of the above recompensations, the companies received the amount of PLN 621 million by the balance sheet date. As at 30 September 2023, the Group had recompensation receivables arising from the *Act on Emergency Measures* and *the Act on Consumer Protection* in the amount of PLN 1 997 million, presented in the statement of financial position under *Other financial assets*, including: • the amount of PLN 1 717 million refers to the companies of the Sales segment, of which the amount of PLN 205 million relates to recompensation recognised as part of revenues in 2022 and the amount of PLN 1 512 million relates to recompensation recognised as part of revenues in the 9-month period ended 30 September 2023, • the amount of PLN 280 million relates to recompensations recognised as part of revenue in the 9-month period ended 30 September 2023 by a company in the Distribution segment.	13, 27
Advance payments for recompensations In the 9-month period ended 30 September 2023, advance payments in the total amount of PLN 1 647 million were received by the companies in the Sales segment under the provisions of the *Act on Customer Protection* and the *Act on Extraordinary Measures*. Advance payments received by companies of the Sales segment by the balance sheet date are settled with the recompensation claims starting on the applications for July 2023. The amount of PLN 51 million had been settled by the balance sheet date. In the 9-month period ended 30 September 2023, based on the provisions of the *Act on Consumer Protection*, the Distribution segment company received advances for recompensations in the scope of sale of distribution services in the total amount of PLN 252 million. Advance payments received by company of the Distribution segment up to the balance sheet date will be settled starting from the applications for August 2023. Advance payments received for recompensations are presented in the item *Accruals and government grants* in the consolidated statement of financial position. As at the balance sheet date, the Group's balance of accruals on account of advance payments received amounts to PLN 2 185 million, comprising the amounts of advance payments received in the 9-month period ended 30 September 2023 and the amount of PLN 337 million received by the Sales segment companies in 2022, less the advance payments settled by 30 September 2023.	41.1
Costs of contributions to the Price Difference Payment Fund Based on the obligation imposed by the *Act on Extraordinary Measures* with regard to the transfer of funds to the Price Difference Payment Fund (the “Fund”), companies of the Group recognised costs of write-downs to the Fund in the 9-month period ended 30 September 2023 in the total amount of PLN 415 million (of which within the segments: Sales - PLN 335 million, Generation - PLN 61 million, RES - PLN 5 million and other operations - PLN 14 million). The cost of the write-down to the Fund has been recognised within the cost of Taxes and charges in the Group's operating activities. Write-downs to the Fund subject to the contribution, with the due transfer date after the balance sheet date, amounting to PLN 62 million, are presented under *Other non-financial liabilities* in the consolidated statement of financial position.	14, 47
Provisions As at the balance sheet date, the Group recognised a provision in Regulation in the amount of PLN 536 million. Based on the analysis performed, the Group did not find it necessary to recognise the provision for onerous contracts in connection with the regulations of the *Act on Customer Protection,* the *Act on Extraordinary Measures* and the *Regulation*.	40

10. Seasonality of activities

The Group's business is characterised by seasonality.

Sales of heat depends on the atmospheric conditions, in particular, on air temperature, and it is higher in the autumn and winter season for individual customers. The level of electricity sales to individual consumers depends on the length of a day, which usually makes electricity sales in this group of consumers lower in the spring and summer season and higher in the autumn and winter season. The level of production and sales of electricity generated in renewable energy sources is affected by seasons and meteorological conditions.

Due to the loss of control on 31 December 2022 over a company in the Mining segment, the Group did not carry out any coal mining and sales activities in the current period.

The seasonality of the remaining areas of the Group operations is limited.

BUSINESS SEGMENTS

11. Information on operating segments

The Group presents information concerning segments for the current and comparative reporting periods in accordance with IFRS 8 *Operating Segments*.

The organisation and management of the Group is carried out on a segment basis, taking into account the type of products and services offered. Each segment constitutes a strategic business entity offering different products and operating on different markets.

The Group applies the same accounting principles (policy) to all operating segments. The Group accounts for transactions between segments as if they referred to unrelated parties, i.e. using current market prices. Revenue from transactions between segments is eliminated in the consolidation process.

After elimination of costs arising from intercompany transactions, general and administrative expenses of the Parent Company are presented under unallocated expenses. General and administrative expenses of the Parent Company are incurred for the benefit of the entire Group and cannot be directly attributed to the specific operating segment.

Segment assets do not include deferred tax, income tax assets, income tax receivables and financial assets, except for receivables from customers and other financial receivables, assets relating to gain on measurement of commodity financial derivative instruments as well as cash and cash equivalents, which represent segment assets.

Segment liabilities do not include current and deferred income tax liabilities and financial liabilities, except for liabilities to suppliers, capital commitments, payroll liabilities as well as liabilities relating to loss on measurement of commodity derivative instruments, which represent liabilities of the segment.

The Group's financing (including financial revenue and costs) and income tax are monitored at the Group level and they are not allocated to segments.

None of the Group's operating segments has been combined with another segment to create reporting segments.

The Management Board separately monitors operating results of the segments in order to take decisions concerning allocation of the resources, to assess the effects of the allocation and to evaluate performance. The evaluation of performance is based on EBITDA and operating profit or loss. The Group defines EBITDA as EBIT increased by depreciation, amortisation and write-offs for non-financial assets. TAURON Group recognises write-downs on non-financial assets of entities consolidated using the full method and share in write-downs on non-financial assets of entities measured using the equity method as write-downs on non-financial assets. EBIT is defined by the Group as the profit/(loss) on continuing operations before tax, financial income and costs, i.e. operating profit/(loss).

Operating segments	Core business	Subsidiaries/ Companies accounted for using the equity method
Generation  	*Electricity generation in conventional sources, including cogeneration.* *Production, distribution and sales of heat*	TAURON Wytwarzanie S.A. TAURON Ciepło Sp. z o.o. TAURON Serwis Sp. z o.o. Łagisza Grupa TAURON Sp. z o.o. Energetyka Cieszyńska Sp. z o.o. TAURON Inwestycje Sp. z o.o. [1] TAMEH HOLDING Sp. z o.o.[2] TAMEH POLSKA Sp. z o.o.[2] TAMEH Czech s.r.o.[2] Elektrociepłownia Stalowa Wola S.A.[2]
Renewable Energy Sources 	*Electricity generation in renewable sources*	TAURON Ekoenergia sp. z o.o. [3] TEC1 Sp. z o.o. TAURON Zielona Energia Sp. z o.o. TEC1 spółka z ograniczoną odpowiedzialnością Mogilno I sp.k. TEC1 spółka z ograniczoną odpowiedzialnością Mogilno II sp.k. TEC1 spółka z ograniczoną odpowiedzialnością Mogilno III sp.k. TEC1 spółka z ograniczoną odpowiedzialnością Mogilno IV sp.k. TEC1 spółka z ograniczoną odpowiedzialnością Mogilno V sp.k. TEC1 spółka z ograniczoną odpowiedzialnością Mogilno VI sp.k. TEC1 spółka z ograniczoną odpowiedzialnością EW Śniatowo sp.k. TEC1 spółka z ograniczoną odpowiedzialnością EW Dobrzyń sp.k. TEC1 spółka z ograniczoną odpowiedzialnością EW Gołdap sp.k. TEC1 spółka z ograniczoną odpowiedzialnością Ino 1 sp.k. WIND T1 Sp. z o.o. "MEGAWATT S.C." Sp. z o.o. WIND T4 Sp. z o.o. WIND T30MW Sp. z o.o. FF Park PV 1 Sp. z o.o. Windpower Gamów Sp. z o.o. TAURON Inwestycje Sp. z o.o. [1]
Distribution 	*Distribution of electricity*	TAURON Dystrybucja S.A. TAURON Dystrybucja Pomiary sp. z o.o.
Sales 	*Wholesale of electricity as well as trading in emission allowances CO_2 and certificates of origin and sales of electricity to domestic end consumers or entities re-selling electricity*	TAURON Polska Energia S.A. TAURON Sprzedaż Sp. z o.o. TAURON Sprzedaż GZE Sp. z o.o. TAURON Czech Energy s.r.o. TAURON Nowe Technologie S.A.

[1] *TAURON Inwestycje Sp. z o.o. classifies activities related to photovoltaic power generation in the Renewable Energy Sources segment, while activities related to investment projects and research and development in the field of power generation from sources other than renewable sources are classified in the Generation segment.*
[2] *Companies accounted for using the equity method.*
[3] *The incorporation of the following companies was registered on 11 April 2023: AVAL-1 Sp. z o.o. and Polpower Sp. z o.o by TAURON Ekoenergia Sp. z o.o.*

In addition to the key operating segments listed above, TAURON Group also conducts operations in the scope of quarrying limestone for the power industry, metallurgy, construction and road building as well as in the area of production of sorbents for use in wet desulphurisation installations and fluidised bed boilers (Kopalnia Wapienia Czatkowice Sp. z o.o.). The operations of TAURON Obsługa Klienta Sp. z o.o., Finanse Grupa TAURON Sp. z o.o., Bioeko Grupa TAURON Sp. z o.o., Usługi Grupa TAURON Sp. z o.o. and Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. and TAURON Ubezpieczenia Sp. z o.o. are also treated as other operations of the Group.

Due to the loss of control of the subsidiary, TAURON Wydobycie S.A. on 31 December 2022 and the classification of the operations of the aforementioned company as discontinued operations within the meaning of IFRS *5 Non-current Assets Held for Sale and Discontinued Operations*, the Group changed the presentation of operating segments in the comparable period, i.e. the 9-month period ended 30 September 2022. The operations of TAURON Wydobycie S.A., previously presented in the Mining operating segment, were recognised under discontinued operations.

(in PLN million)

9-month period ended 30 September 2023 or as at 30 September 2023 *(unaudited)*

	Operating segments				Other	Unallocated items / Eliminations	Total
	Generation	Renewable Energy Sources	Distribution	Sales			
Revenue							
Sales to external customers	6 907	107	4 232	20 942	254	–	**32 442**
Inter-segment sales	2 607	454	4 732	6 328	828	(14 949)	**–**
Total segment revenue	**9 514**	**561**	**8 964**	**27 270**	**1 082**	**(14 949)**	**32 442**
Recompensation revenue	**43**	**–**	**901**	**5 238**	**–**	**–**	**6 182**
EBIT, of which:	**735**	**179**	**2 443**	**414**	**37**	**17**	**3 825**
Share in profit/(loss) of joint ventures	*95*	–	–	–	–	**–**	***95***
Depreciation/amortization	**(352)**	**(142)**	**(982)**	**(41)**	**(131)**	**2**	**(1 646)**
Impairments	**2**	**–**	**(1)**	**(1)**	**–**	**–**	**–**
EBITDA	**1 085**	**321**	**3 426**	**456**	**168**	**15**	**5 471**
EBIT							**3 825**
Finance income (costs)						(810)	**(810)**
Profit/(loss) before income tax							**3 015**
Income tax expense						(752)	**(752)**
Net profit/(loss) for the period							**2 263**
Assets and liabilities							
Segment assets, of which:	10 231	3 527	23 631	8 842	1 130	–	**47 361**
Investments in joint ventures	*771*	–	–	–	–	–	***771***
Unallocated assets						1 537	**1 537**
Total assets							**48 898**
Segment liabilities	3 842	225	2 675	4 912	600	–	**12 254**
Unallocated liabilities						17 997	**17 997**
Total liabilities							**30 251**
Other segment information							
Capital expenditure *	382	396	1 896	70	143	–	**2 887**

** Capital expenditure includes expenditure on property, plant and equipment, intangible assets and rights to use assets excluding the acquisition of CO_2 emission allowances and property rights of energy origin.*

9-month period ended 30 September 2022 *(restated unaudited data)* or as at 31 December 2022

	Operating segments				Other	Unallocated items / Eliminations	Total, continuing operations	Discontinued operations	Total, continuing and discontinued operations
	Generation	Renewable Energy Sources	Distribution	Sales					
Revenue									
Sales to external customers	3 233	134	2 731	19 689	211	–	**25 998**	**812**	**26 810**
Inter-segment sales	4 431	612	2 978	6 420	810	(15 251)	**–**	**–**	**–**
Sales to from discontinued operations	8	–	22	202	34	–	**266**	**(266)**	**–**
Total segment revenue	**7 672**	**746**	**5 731**	**26 311**	**1 055**	**(15 251)**	**26 264**	**546**	**26 810**
Recompensation revenue	**–**	**–**	**–**	**6**	**–**	**–**	**6**	**–**	**6**
EBIT, of which:	**(1 003)**	**272**	**1 415**	**476**	**71**	**(176)**	**1 055**	**70**	**1 125**
Share in profit/(loss) of joint ventures	*117*	–	–	–	–	**–**	***117***	**–**	***117***
Depreciation/amortization	**(334)**	**(110)**	**(933)**	**(33)**	**(98)**	**3**	**(1 505)**	**(130)**	**(1 635)**
Impairments	**(1)**	**–**	**(1)**	**–**	**–**	**–**	**(2)**	**(84)**	**(86)**
EBITDA	**(668)**	**382**	**2 349**	**509**	**169**	**(179)**	**2 562**	**284**	**2 846**
EBIT							**1 055**	**70**	**1 125**
Finance income (costs)						(463)	**(463)**	**(14)**	**(477)**
Profit/(loss) before income tax							**592**	**56**	**648**
Income tax expense						(308)	**(308)**	**57**	**(251)**
Net profit/(loss) for the period							**284**	**113**	**397**
Assets and liabilities									
Segment assets, of which:	10 157	2 910	22 174	6 701	1 156	–	**43 098**	**–**	**43 098**
Investments in joint ventures	*682*	–	–	–	–	–	***682***	**–**	***682***
Unallocated assets						2 222	**2 222**	**–**	**2 222**
Total assets							**45 320**	**–**	**45 320**
Segment liabilities	4 621	204	2 170	2 868	682	–	**10 545**	**–**	**10 545**
Unallocated liabilities						18 161	**18 161**	**–**	**18 161**
Total liabilities							**28 706**	**–**	**28 706**
Other segment information									
Capital expenditure *	268	294	1 438	56	232	–	**2 288**	**311**	**2 599**

** Capital expenditure includes expenditure on property, plant and equipment, intangible assets and rights to use assets excluding the acquisition of CO_2 emission allowances and property rights of energy origin.*

(in PLN million)

3-month period ended 30 September 2023 *(unaudited)*

	Operating segments				Other	Unallocated items / Eliminations	Total
	Generation	Renewable Energy Sources	Distribution	Sales			
Revenue							
Sales to external customers	2 066	16	1 396	5 599	83	–	**9 160**
Inter-segment sales	580	105	1 450	750	274	(3 159)	**–**
Total segment revenue	**2 646**	**121**	**2 846**	**6 349**	**357**	**(3 159)**	**9 160**
Recompensation revenue	**17**	**–**	**247**	**1 639**	**–**	**–**	**1 903**
EBIT, of which:	**9**	**(1)**	**761**	**(104)**	**7**	**(32)**	**640**
Share in profit/(loss) of joint ventures	32	–	–	–	–	–	**32**
Depreciation/amortization	**(120)**	**(46)**	**(334)**	**(13)**	**(46)**	**2**	**(557)**
Impairments	**1**	**–**	**(1)**	**–**	**–**	**–**	**–**
EBITDA	**128**	**45**	**1 096**	**(91)**	**53**	**(34)**	**1 197**
EBIT							**640**
Finance income (costs)						(151)	**(151)**
Profit/(loss) before income tax							**489**
Income tax expense						(102)	**(102)**
Net profit/(loss) for the period							**387**
Other segment information							
Capital expenditure *	187	86	676	24	49	–	**1 022**

** Capital expenditure includes expenditure on property, plant and equipment, intangible assets and rights to use assets excluding the acquisition of CO_2 emission allowances and property rights of energy origin.*

3-month period ended 30 September 2022 *(restated unaudited data)*

	Operating segments				Other	Unallocated items / Eliminations	Total, continuing operations	Discontinued operations	Total, continuing and discontinued operations
	Generation	Renewable Energy Sources	Distribution	Sales					
Revenue									
Sales to external customers	1 490	23	911	5 968	74	–	**8 466**	**224**	**8 690**
Inter-segment sales	760	155	894	2 008	268	(4 085)	**–**	**–**	**–**
Sales to from discontinued operations	3	–	7	82	9	–	**101**	**(101)**	**–**
Total segment revenue	**2 253**	**178**	**1 812**	**8 058**	**351**	**(4 085)**	**8 567**	**123**	**8 690**
Recompensation	**–**	**–**	**–**	**2**	**–**	**–**	**2**	**–**	**2**
EBIT, of which:	**(751)**	**50**	**323**	**457**	**12**	**(57)**	**34**	**(75)**	**(41)**
Share in profit/(loss) of joint ventures	*68*	–	–	–	–	**–**	***68***	**–**	***68***
Depreciation/amortization	**(112)**	**(36)**	**(317)**	**(11)**	**(31)**	**1**	**(506)**	**(30)**	**(536)**
Impairments	**(1)**	**–**	**–**	**–**	**(1)**	**–**	**(2)**	**2**	**–**
EBITDA	**(638)**	**86**	**640**	**468**	**44**	**(58)**	**542**	**(47)**	**495**
EBIT							**34**	**(75)**	**(41)**
Finance income (costs)						(167)	**(167)**	**(6)**	**(173)**
Profit/(loss) before income tax							**(133)**	**(81)**	**(214)**
Income tax expense						(18)	**(18)**	**–**	**(18)**
Net profit/(loss) for the period							**(151)**	**(81)**	**(232)**
Other segment information									
Capital expenditure *	151	201	560	20	42	–	**974**	**144**	**1 118**

** Capital expenditure includes expenditure on property, plant and equipment, intangible assets and rights to use assets excluding the acquisition of CO_2 emission allowances and property rights of energy origin.*

Below table presents information in scope of discontinued operation in 9-month period ended 30 September 2022 and in 3-month period ended 30 September 2022.

	3-month period ended 30 September 2022 *(unaudited restated figures)*			9-month period ended 30 September 2022 *(unaudited restated figures)*		
	Discontinued operations			Discontinued operations		
	Mining	Unallocated items / Eliminations	Total, discontinued operations	Mining	Unallocated items / Eliminations	Total, discontinued operations
Revenue						
Sales to external customers	224	–	**224**	812	–	**812**
Sales to from discontinued operations	220	(321)	**(101)**	827	(1 093)	**(266)**
Total segment revenue	**444**	**(321)**	**123**	**1 639**	**(1 093)**	**546**
EBIT	**(81)**	**6**	**(75)**	**57**	**13**	**70**
Depreciation/amortization	**(30)**	**–**	**(30)**	**(130)**	**–**	**(130)**
Impairments	**2**	**–**	**2**	**(84)**	**–**	**(84)**
EBITDA	**(53)**	**6**	**(47)**	**271**	**13**	**284**
			–			–
EBIT			**(75)**			**70**
Finance income (costs)		(6)	**(6)**		(14)	**(14)**
Profit/(loss) before income tax			**(81)**			**56**
Income tax expense		–	**–**		57	**57**
Net profit/(loss) for the period			**(81)**			**113**
Other segment information						
Capital expenditure *	144	–	**144**	311	–	**311**

** Capital expenditure includes expenditure on property, plant and equipment, intangible assets and rights to use assets excluding the acquisition of CO_2 emission allowances and property rights of energy origin.*

(in PLN million)

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

12. Sales revenue

	9-month period ended 30 September 2023 *(unaudited)*	9-month period ended 30 September 2022 *(unaudited restated figures)*
Sale of goods for resale, finished goods and materials without elimination of excise, of which:	**24 384**	**20 295**
Excise	(75)	(38)
Sale of goods for resale, finished goods and materials	**24 309**	**20 257**
Electricity	22 193	18 031
Heat energy	878	547
Gas	864	681
CO_2 emission allowances	29	604
Energy certificates and similar	167	207
Other goods for resale, finished goods and materials	178	187
Rendering of services	**8 074**	**5 957**
Distribution and trade services	7 206	5 163
Capacity Market	517	481
Maintenance of road lighting	110	96
Connection fees	78	87
Other services	163	130
Other revenue	**59**	**50**
Total revenue	**32 442**	**26 264**

In the 9-month period ended 30 September 2023, sales revenues increased in relation to the comparable period and the main changes were related to sales revenues of the following products, goods and services:

- Electricity - an increase mainly as a result of higher prices, which is due on the one hand to the increase in market electricity prices during the contracting period, and on the other hand to the regulation, by legislative solutions introduced in 2022, of the price level in 2023 for selected customer groups at a higher level than the prices applied in the comparable period;
- Heat energy - an increase mainly due to significant price increases in heat tariffs approved by the ERO President, resulting from a significant increase in the prices of CO_2 emission allowances and coal;
- Gas - an increase mainly due to a significant rise in prices in relation to the comparable period, as a result of an increase in prices contracted during 2022 on account of deliveries in 2023, while sales volumes decreased;
- Distribution and trading services - increase as a consequence of an increase in the rate of the distribution and transmission service with a simultaneous decrease in the volume of the distribution service.

In the scope of revenue from the sale of CO_2 emission allowances, there was a decrease due to a non-recurring event in the comparable period in the form of the failure of the 910 MW unit in Jaworzno. With the aim of using the surplus of allowances created by the failure for redemption purposes of another Group installation and matching the delivery date of the allowances and the cash expenditure, in the first quarter of 2022 the Group sold 1 717 000 EUAs with a simultaneous repurchase of this volume in the EUA MAR'23 futures product. Revenues from sale of the aforementioned allowances amounted to PLN 604 million.

Revenues on sales from continued operations by operating segment is shown in the tables below.

Interim condensed consolidated financial statements for the 9-month period ended 30 September 2023 compliant with the IFRS approved by the EU (in PLN million)

9-month period ended 30 September 2023 *(unaudited)*

	Generation	Renewable Energy Sources	Distribution	Sales	Other	Total
Sale of goods for resale, finished goods and materials	**6 245**	**101**	**1**	**17 790**	**172**	**24 309**
Electricity	5 334	–	–	16 813	46	**22 193**
Heat energy	878	–	–	–	–	**878**
Gas	–	–	–	864	–	**864**
CO_2 emission allowances	–	–	–	29	–	29
Energy certificates and similar	29	101	–	29	8	**167**
Other goods for resale, finished goods and materials	4	–	1	55	118	**178**
Rendering of services	**647**	**6**	**4 202**	**3 147**	**72**	**8 074**
Distribution and trade services	232	–	4 072	2 902	–	**7 206**
Capacity Market	402	5	–	110	–	**517**
Maintenance of road lighting	–	–	–	110	–	**110**
Connection fees	–	–	78	–	–	**78**
Other services	13	1	52	25	72	**163**
Other revenue	**15**	**–**	**29**	**5**	**10**	**59**
Total sales revenue	**6 907**	**107**	**4 232**	**20 942**	**254**	**32 442**

9-month period ended 30 September 2022 *(restated unaudited data)*

	Generation	Renewable Energy Sources	Distribution	Sales	Other	Total
Sale of goods for resale, finished goods and materials	**2 719**	**128**	**2**	**17 221**	**187**	**20 257**
Electricity	2 109	1	–	15 858	63	**18 031**
Heat energy	547	–	–	–	–	**547**
Gas	–	–	–	681	–	**681**
CO_2 emission allowances	–	–	–	604	–	**604**
Energy certificates and similar	63	127	–	7	10	**207**
Other goods for resale, finished goods and materials	–	–	2	71	114	**187**
Rendering of services	**511**	**6**	**2 725**	**2 665**	**50**	**5 957**
Distribution and trade services	172	–	2 596	2 395	–	**5 163**
Capacity Market	325	5	–	151	–	**481**
Maintenance of road lighting	–	–	–	96	–	**96**
Connection fees	1	–	86	–	–	**87**
Other services	13	1	43	23	50	**130**
Other revenue	**11**	**–**	**26**	**5**	**8**	**50**
Total sales revenue	**3 241**	**134**	**2 753**	**19 891**	**245**	**26 264**

Revenue from sales of electricity broken down by customer groups is presented in the table below.

	9-month period ended 30 September 2023 *(unaudited)*	9-month period ended 30 September 2022 *(unaudited restated figures)*
Revenue from sales of electricity	**22 193**	**18 031**
Retail sale	**13 585**	**10 869**
Strategic clients	3 340	1 683
Business clients	6 036	5 211
Mass clients - Group G	2 866	2 554
Mass clients - SME	1 297	1 225
Other	121	234
Excise duty	(75)	(38)
Wholesale	**7 898**	**6 663**
Other	**710**	**499**

13. Recompensations

	9-month period ended 30 September 2023 *(unaudited)*	9-month period ended 30 September 2022 *(unaudited)*
Recompensation electricity	5 221	–
Recompensation distribution electricity services	901	–
Recompensation gas	17	6
Recompensation heat energy and distribution heat services	43	–
Total	**6 182**	**6**

(in PLN million)

In the 9-month period ended 30 September 2023, based on the legal regulations that established a recompensation scheme, the Group recognised recompensation revenues totaling PLN 6 182 million relating mainly to:

- companies of the Sales segment that recognised recompensations relating to electricity sales in the 9-month period ended 30 September 2023 in the amount of PLN 5 221 million,
- company of the Distribution segment, which recognised recompensations relating to sales of distribution services in the 9-month period ended 30 September 2023 in the amount of PLN 901 million.

The aforementioned recompensations are described in detail in Note 9 to these interim condensed consolidated financial statements.

14. Costs by type

	9-month period ended 30 September 2023 *(unaudited)*	9-month period ended 30 September 2022 *(unaudited restated figures)*
Depreciation and amortization	(1 646)	(1 505)
Write-downs on non-financial fixed assets	–	(1)
Materials and energy	(3 637)	(2 627)
Maintenance and repair services	(196)	(160)
Distribution services	(2 168)	(1 149)
Other external services	(673)	(506)
Cost of obligation to remit the CO_2 emission allowances	(2 457)	(2 056)
Allowance for Price Difference Payment Fund	(415)	–
Other taxes and charges	(591)	(612)
Employee benefits expense	(2 331)	(2 005)
Allowance for trade receivables expected credit losses	(76)	28
Costs of provision for onerous contracts	84	(573)
Other	(110)	(90)
Total costs by type	**(14 216)**	**(11 256)**
Cost of goods produced for internal purposes	620	514
Selling expenses	561	373
Administrative expenses	503	414
Cost of goods for resale and materials sold	(21 545)	(14 595)
Cost of sales	**(34 077)**	**(24 550)**

In the 9-month period ended 30 September 2023 in relation to the comparable period, the main changes in the cost of goods, products, materials and services sold referred to:

- an increase in the cost of materials and energy consumption, mainly as a result of higher costs of coal fuel consumed for electricity and heat generation, which in the most significant level results from the change of the price of coal contracted throughout 2022 on account of deliveries in 2023;
- an increase in the cost of distribution services, resulting, inter alia, from an increase in the average rate for transmission services purchased from PSE S.A.;
- an increase in the cost of the obligation to redeem CO_2 emission allowances, which mainly results from the increase in the price of CO_2 emission allowances included in the calculation of the provision at a simultaneous decrease in CO_2 emission of the Group's generation units, as a consequence of lower electricity production and increase share of production by the most cost effective production units;
- incurring by TAURON Group in the current period of the costs of write-downs to the Price Difference Payment Fund in the amount of PLN 415 million as a consequence of the entry into force of the Act of 27 October 2022 on *Extraordinary Measures to Limit the Level of Electricity Prices and Support Certain Consumers in 2023*;
- an increase in employee benefit costs, the main reason for which is the recognition of the effects of the collective wage agreements signed with the social party;
- an increase in the value of goods and materials sold, which results mainly from the increase in the prices of electricity and gas purchased for resale, with simultaneously decrease of volume.

(in PLN million)

15. Other operating revenues and expenses

The surplus of other operating income over other operating expenses in the amount of PLN 247 million is mainly due to the recognition within other operating income of a performance bond received by TAURON Wytwarzanie S.A. in the amount of PLN 240 million as part of the settlement concluded with the contractor for the construction of the 910 MW unit in Jaworzno, which is described in more detail in Note 55 of these interim condensed consolidated financial statements. Given the lack of assignment of amounts in the settlement agreement to individual indemnity titles, the guarantee was recognised within the Group's other operating income.

16. Financial revenues and costs

	9-month period ended 30 September 2023 *(unaudited)*	9-month period ended 30 September 2022 *(unaudited restated figures)*
Income and costs from financial instruments	**(766)**	**(451)**
Interest costs	(619)	(409)
Gain/loss on derivative instruments	(293)	202
Exchange differences	44	(237)
Commission relating to borrowings and debt securities	(13)	(18)
Remeasurement of loans granted	16	(22)
Interest income	86	48
Other	13	(15)
Other finance income and costs	**(44)**	**(12)**
Interest on employee benefits	(26)	(21)
Interest on discount of other provisions	(7)	(5)
Other finance income	8	20
Other finance costs	(19)	(6)
Total, including recognized in the statement of comprehensive income:	**(810)**	**(463)**
Interest expense on debt	(619)	(409)
Finance income and other finance costs	(191)	(54)

The increase in interest costs results from a higher level of use of external funding and the generally higher level of base rates in the 9-month period ended 30 September 2023 in relation to the comparable period. The increase of the level of the base rates is partially offset by the concluded IRS hedging instruments. The amount of interest costs shown in the table takes into account the above hedging effect.

The loss on derivatives in the 9-month period ended 30 September 2023 is mainly associated with strengthening of the Polish zloty exchange rate, which resulted in a decline in the valuation and current settlement of currency derivatives. In the comparable period, due to the weakening of the Polish zloty, there was a positive result on derivatives. The strengthening of zloty also resulted in positive exchange differences in the current period.

17. Tax burden in the statement of comprehensive income

	9-month period ended 30 September 2023 *(unaudited)*	9-month period ended 30 September 2022 *(unaudited restated figures)*
Current income tax	**(528)**	**(740)**
Current income tax expense	(528)	(752)
Adjustments to current income tax from previous years	–	12
Deferred tax	**(224)**	**432**
Income tax expense in profit/(loss)	**(752)**	**(308)**
Income tax expense relating to other comprehensive income, including:	**52**	**(73)**
reclassified to profit or loss	50	(58)
not reclassified to profit or loss	2	(15)

Interim condensed consolidated financial statements for the 9-month period ended 30 September 2023 compliant with the IFRS approved by the EU (in PLN million)

In the 9-month period ended 30 September 2023, TAURON Polska Energia S.A. and selected subsidiaries accounted for income tax within the Tax Capital Group registered on 28 December 2022 for 2023-2025 by the Head of the First Tax Office for the Mazowieckie Province in Warsaw.

In the period ended 31 December 2022, TAURON Group companies accounted for income tax individually.

18. Discontinued operations

In the comparative period, the operations of TAURON Wydobycie S.A., over which the Group lost control on 31 December 2022 as a result of the disposal by the Company of 100% of its shares in TAURON Wydobycie S.A., were presented as discontinued operations.

	9-month period ended 30 September 2022 *(unaudited restated figures)*		
	Mining Segment	**Eliminations**	**Discontinued operations**
Sales revenue	1 639	(1 093)	**546**
Cost of sales	(1 362)	1 059	**(303)**
Gross profit on sale on discontinued operations	**277**	**(34)**	**243**
Selling and distribution expenses	(79)	10	**(69)**
Administrative expenses	(141)	37	**(104)**
Operating profit on discontinued operations	**57**	**13**	**70**
Finance income and finance costs	(297)	283	**(14)**
Profit (loss) before tax on discontinued operations	**(240)**	**296**	**56**
Income tax expense	57	–	**57**
Net profit (loss) on discontinued operations	**(183)**	**296**	**113**
Actuarial profits	14	–	**14**
Income tax	(3)	–	**(3)**
Other comprehensive income not to be reclassified in the financial result on discontinued operations	**11**	**–**	**11**
Total comprehensive income on discontinued operations	**(172)**	**296**	**124**
Net profit (loss) on discontinued operations:			
Attributable to equity holders of the Parent	(183)	296	**113**
Comprehensive income on discontinued operations:			
Attributable to equity holders of the Parent	(172)	296	**124**
Basic and diluted net profit per shares (in PLN):			
from net profit on discontinued operations for the period attributable to shareholders of the parent company			**0.06**

(in PLN million)

EXPLANATORY NOTE TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

19. Property, plant and equipment

9-month period ended 30 September 2023 *(unaudited)*

	Land	Buildings, premises and civil engineering structures	Plant and machinery	Other	Assets under construction	Property, plant and equipment, total
COST						
Opening balance	**146**	**31 457**	**24 968**	**930**	**1 820**	**59 321**
Direct purchase	–	–	–	2	2 480	**2 482**
Borrowing costs	–	–	–	–	36	**36**
Transfer of assets under construction	1	1 372	782	34	(2 189)	**–**
Sale	–	(2)	(68)	(7)	(3)	**(80)**
Liquidation	–	(39)	(123)	(11)	–	**(173)**
Received free of charge	4	19	43	–	–	**66**
Overhaul expenses	–	–	–	–	242	**242**
Items generated internally	–	–	–	–	28	**28**
Cost of disassembly of wind farms	–	4	5	–	–	**9**
Other movements	–	2	(13)	–	8	**(3)**
Closing balance	**151**	**32 813**	**25 594**	**948**	**2 422**	**61 928**
ACCUMULATED DEPRECIATION						
Opening balance	**–**	**(13 790)**	**(15 020)**	**(692)**	**(88)**	**(29 590)**
Depreciation for the period	–	(717)	(688)	(42)	–	**(1 447)**
Impairment	–	–	1	–	(1)	**–**
Sale	–	1	67	6	–	**74**
Liquidation	–	35	120	11	–	**166**
Other movements	–	(3)	(15)	–	25	**7**
Closing balance	**–**	**(14 474)**	**(15 535)**	**(717)**	**(64)**	**(30 790)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**146**	**17 667**	**9 948**	**238**	**1 732**	**29 731**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**151**	**18 339**	**10 059**	**231**	**2 358**	**31 138**
of which operating segments:						
Generation	**46**	**2 399**	**3 477**	**21**	**430**	**6 373**
Renewable Energy Sources	**1**	**872**	**1 127**	**2**	**539**	**2 541**
Distribution	**88**	**14 228**	**5 225**	**161**	**1 345**	**21 047**
Other segments and other operations	**16**	**840**	**230**	**47**	**44**	**1 177**

9-month period ended 30 September 2022 *(unaudited)*

	Land	Buildings, premises and civil engineering structures	Plant and machinery	Mine workings	Other	Assets under construction	Property, plant and equipment, total
COST							
Opening balance	**144**	**31 221**	**25 948**	**280**	**978**	**1 773**	**60 344**
Direct purchase	–	–	–	1	–	1 946	**1 947**
Borrowing costs	–	–	–	–	–	23	**23**
Transfer of assets under construction	2	1 119	689	–	20	(1 830)	**–**
Sale	–	(2)	(87)	–	(12)	(1)	**(102)**
Liquidation	–	(41)	(66)	(113)	(9)	–	**(229)**
Received free of charge	–	12	1	–	–	–	**13**
Overhaul expenses	–	–	–	–	–	101	**101**
Items generated internally	–	–	–	242	–	57	**299**
Cost of disassembly of wind farms and decommissioning of mines	–	(118)	(19)	–	–	3	**(134)**
Other movements	–	4	13	–	(1)	(12)	**4**
Closing balance	**146**	**32 195**	**26 479**	**410**	**976**	**2 060**	**62 266**
ACCUMULATED DEPRECIATION							
Opening balance	**–**	**(14 276)**	**(15 840)**	**(105)**	**(728)**	**(221)**	**(31 170)**
Depreciation for the period	–	(666)	(645)	(88)	(42)	–	**(1 441)**
Impairment	–	(20)	(15)	(32)	–	(14)	**(81)**
Sale	–	2	87	–	12	–	**101**
Liquidation	–	38	60	113	9	–	**220**
Other movements	–	(9)	(1)	–	1	12	3
Closing balance	**–**	**(14 931)**	**(16 354)**	**(112)**	**(748)**	**(223)**	**(32 368)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**144**	**16 945**	**10 108**	**175**	**250**	**1 552**	**29 174**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**146**	**17 264**	**10 125**	**298**	**228**	**1 837**	**29 898**
of which operating segments:							
Mining*	**3**	**100**	**162**	**293**	**3**	**118**	**679**
Generation	**42**	**2 465**	**3 494**	**–**	**18**	**257**	**6 276**
Renewable Energy Sources	**–**	**824**	**1 306**	**–**	**3**	**57**	**2 190**
Distribution	**83**	**13 221**	**4 989**	**–**	**172**	**1 225**	**19 690**
Other segments and other operations	**18**	**654**	**174**	**5**	**32**	**180**	**1 063**

**The control over the company forming the Mining segment was divested on 31 December 2022.*

(in PLN million)

In the 9-month period ended 30 September 2023, the Group purchased property, plant and equipment (including capitalised borrowing costs) in the amount of PLN 2 518 million. The major purchases were performed in connection with investment in the following operating segments:

Operating segment	9-month period ended 30 September 2023 *(unaudited)*	9-month period ended 30 September 2022 *(unaudited)*
Distribution	1 868	1 411
Renewable Energy Sources	382	257
Generation	111	102
Sales	62	52

Impairment tests

As at 30 September 2023, an analysis was carried out of the indications that may confirm the impairment of non-financial assets. The analysis identified the following market events that may change the assumptions used in the impairment tests compared to the assumptions used in the impairment tests performed as at 30 June 2023, which may therefore affect the impairment assessment:

- no recovery of electricity demand in the third quarter of 2023. After a significant decline in electricity demand (-4.9% in the first half of 2023 compared to the first half of 2022), demand in the third quarter of 2023 was still 4% lower than in the third quarter of 2022;
- continued lower electricity generation from coal-fired sources. In the third quarter of 2023, electricity generation from coal-fired power stations fell by 14.4% compared to the third quarter of 2022;
- a decrease in the average electricity price for the BASE (Y+1) futures contract from PLN 737.99/MWh in the first half of 2023 to the level of PLN 638.76/MWh in the third quarter of 2023 (-13.4%);
- a decrease in the average electricity price on the SPOT market from PLN 570.41/MWh in the first half of 2023 to PLN 503.70/MWh in the third quarter of 2023 (-11.7%);
- a decrease in the average price of coal in ARA ports to an average level of USD 123.03/Mg in the third quarter of 2023, compared to the average of USD 133.73/Mg in first half 2023 (-8%);
- a decrease in the average gas price for the BASE (Y+1) futures contract from PLN 288.50/MWh in the first half of 2023 to the level of PLN 258.78/MWh in the third quarter of 2023 (-10.3%).

As a result of the above changes and the price decline levels, an adjustment in the forecasts occurred in relation to the assumptions made in the impairment tests carried out as at 30 June 2023 in the following scope:

- a decline in forecast average BASE electricity prices in the period 2024-2026 by an average of 6.8% relative to the assumptions adopted in the impairment tests at 30 June 2023;
- a decline in forecast average BASE coal prices for delivery in 2024-2026 by an average of 22% relative to the assumptions adopted in the impairment tests at 30 June 2023;
- a decrease in projected average BASE gas prices in 2024-2026 by an average of 22.6% relative to the assumptions used in the impairment tests at 30 June 2023;
- a slight increase in projected CO_2 prices for 2024-2026 by an average of 2.2% for EU ETS market contracts compared to the assumptions adopted in the impairment tests at 30 June 2023.

The identified indications of impairment relate to the Group's generation assets in the Generation from Conventional Energy Sources segment: CGU Generation-Coal, CGU Generation-Biomass, CGU ZW Katowice, CGU ZW Tychy, CGU ZW Bielsko-Biała, CGU ZW Local Heat Plants Area, CGU ECI Generation and the Renewable Energy Sources (RES) generation segment: CGU Hydroelectric power plants, CGU Wind power plants, CGU Photovoltaic power plants.

With regard to the identification of cash-generating units ("CGUs"), the Group has made changes to the impairment tests performed as at 30 June 2023 on the operations of Energetyka Cieszyńska Sp. z o.o., where the heat transmission business is identified together with this business in the Transmission CGU of TAURON Ciepło Sp. z o.o.

(in PLN million)

The tests conducted as at 30 September 2023 required estimating the value in use of cash generating units, based on their future cash flows discounted subsequently to the present value using a discount rate.

Impairment tests for the identified CGUs from the Generation from conventional energy sources segment and the Renewable Energy Sources (RES) generation segment were carried out on the basis of estimated cash flows covering the entire period of their operation.

The reliance on projections covering a period longer than 5 years results mainly from the long-lasting investment processes in the power industry. The macroeconomic and sector-oriented assumptions underlying the projections are updated as frequently as any indications for their modification are observed on the market. The projections also take into account changes in the regulatory environment known as at the date of the test.

Key assumptions in the scope of tests performed as at 30 September 2023

Pricing assumptions and assumptions with regard to the power balance and the level of electricity demand have been developed taking into account current market conditions and ongoing changes in climate and energy policy. The projected electricity prices result from long-term modelling using a 24-hour electricity market model. External sources were taken into account when updating the forecasts, mainly in terms of fuel and CO_2 prices.

Category	Description
Coal	Between 2024 and 2026, the forecast assumes a 43.6% decline in coal prices compared to the average PSCMI1 index price calculated for the three quarters of 2023. For this period, an assumption was made of a stabilising demand-supply situation in global coal markets, particularly at ARA ports supported by falling natural gas and LNG prices. In connection with a falling demand caused by decreasing electricity generation from conventional sources and the need to take into account global trends in domestic coal price paths (coal mine closures are assumed in accordance with the social agreement defining the timing of mine closures), the occurrence of a fixed coal price at a level nearly 10% lower than the projected average price in 2024-2026 was assumed after 2026.
Energy Electricity	The BASE electricity price forecast assumes a decline by 10.8% for 2024 compared to average prices reference BASE contract (Y+1) achieved in the three quarters of 2023 and a further decline by an average of 0.5% in the period 2025-2030 and an average decrease of 1% in the period 2031-2040. The continuing change in the structure of electricity generation and the increase in the share of renewable energy sources is reducing the level of electricity prices on the wholesale market. A difficult balancing situation in Europe is still forecast, due to the progressive, systematic shutdown of conventional sources and the failure to rebuild available controllable capacity.
CO_2	CO_2 emission limits for heat generation have been adopted in line with the regulation of the Council of Ministers and adjusted by the level of free allowances. The growth path of price of CO_2 emission allowances has been adopted throughout the forecasting horizon. For 2024 the forecast assumes a price slightly higher (0.8%) compared to the average price recorded in three quarters of 2023. CO_2 prices increase by an average of 3.1% over the period 2025-2030 due to the implementation of ambitious climate targets and the extended operation of the Market Stability Reserve mechanism by 2030 (fixed prices 2024). In the period 2031-2040, CO_2 prices will fall by an average of 0.4%. Between 30 June 2023 and 30 September 2023, there were no changes of regulatory nature in the EU ETS market and CO_2 allowance prices were in a sideways trend, therefore, analogically to other assumptions for the period after 2026, the prices used for impairment testing were left as at 30 June 2023.
Natural gas	In view of the observed stabilisation of the demand-supply situation on the global gas markets, a decrease of around 15.2% was assumed for the price in 2024 compared to the average price of the reference BASE contract (Y+1) obtained in the three quarters of 2023. A further decline in gas prices by an average of 1% was assumed in the years 2025-2040. For the period concerned, assumptions were made about the long-term filling of the demand gap for the raw material in question in Europe through stable gas flows from the Norwegian Continental Shelf and LNG supplies. Poland will import via Gas through the Baltic Pipe and two LNG terminals (the FSRU terminal in Gdańsk is scheduled for commissioning in the 2027/2028 timeframe), resulting in a high correlation of gas prices in Poland with the European indices. The price drop in the long term will be affected by the projected decline in demand, resulting from the forecast substitution of natural gas by hydrogen and further increases share of RES in the energy mix of Union European countries.

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Capacity market	It is assumed that payments from Capacity market will be maintained until 2028 for existing coal-fired units which do not meet the EPS 550 criterion (for which the unit emission performance exceeds 550 kg/MWh). For units which concluded long-term contracts by 31 December 2019 and do not meet the EPS 550 criterion, maintaining of payments until the end of the contract effectiveness period has been assumed. In line with the agreement reached by the European Council of 17 October 2023 regarding the reform of the energy market model, it was assumed that a derogation would be introduced regarding the validity of CO_2 emission limits for units seeking support from the Capacity Market and consequently that the period of possible support for such units would be extended from June 2025 to the end of 2028. In the forecasts, the extension of support from capacity mechanisms for eight units of the 200 MW class located at the Jaworzno and Łaziska Górne Branches and the 460 MW unit at the Łagisza Branch was assumed, which resulted in the extension of the operation of the 200 MW class units until 2028.
Period of operation of generating units	• CGU Generation-Coal: period of operation of generating units not longer than until 2035, including: a unit in the Łagisza Branch and the Nowe Jaworzno Branch until 2035, six units in the Jaworzno III Branch until 2028, four units in the Łaziska Branch until 2028, two units in the Jaworzno II Branch until 2026, two units in the Siersza Branch until 2025; • CGU Generation-Biomass: a biomass unit in the Jaworzno II Branch by 2026; • CGU ZW Katowice, CGU ZW Tychy, CGU ZW Bielsko-Biała, CGU ZW Local Heat Plants Area, CGU ECI Generation: generation plants until 2049; • CGU Hydroelectric power plants until 2072; • CGU Wind power plants until 2047; • CGU Photovoltaic power plants until 2048.
Wages	An increase in wages was assumed, based on signed wage and expected agreements with the social party and an increase in the minimum wage with effect for the following years of the financial forecast.
WACC	A weighted average cost of capital (WACC) level of 8%-11.58% in nominal after-tax terms over the projection period for individual generation companies was assumed. The methodology for calculating the discount rate remained unchanged compared to the impairment test carried out at 30 June 2023.

The assumptions concerning energy certificates of origin and the RES support schemes have not changed compared to the tests as at 30 June 2023.

In addition to tangible fixed assets, the CGUs tested comprised intangible assets and rights to use assets.

Results of the tests

The test carried out as at 30 September 2023 showed no need to recognise impairment losses on non-financial assets, in fact that the value in use of the CGUs exceeds their carrying amount.

Sensitivity analysis

The tables below present the estimated impact of a change in key factors on the recoverable amount of the tested CGUs. For electricity generating assets form convectional energy sources, the key factor analysed is the Clean Dark Spread ("CDS") due to the fact that a change in electricity prices generally results from the changes in the price of coal and CO_2 emission allowances.

The CDS is the amount of first-step margin achieved by the CHP plants tested, calculated as a difference between the price of electricity and the model variable costs (fuel cost, CO_2 cost) associated with coal-fired electricity generation.

The sensitivity analysis took into account the change in CDS structure due to the planned phased decommissioning of the 200 MW class units over the period up to 2028 as assumed in the tests.

Parameter	Change	Impact on the recoverable amount				
		CGU Generation-Coal	CGU ZW Katowice	CGU ZW Tychy	CGU ZW Bielsko-Biała	CGU ECI Wytwarzanie
Change of CDS in forecast period	+1%	31	11	4	4	0
	-1%	(31)	(11)	(4)	(4)	(0)
Change of WACC (net)	+0,1 p.p.	(9)	(5)	(3)	(2)	(1)
	-0,1 p.p.	9	5	3	2	1
Lack of support from Capacity Market for entity which do not meet EPS 550 criteria after June 2025		(1 070)				

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Parameter	Change	Impact on the recoverable amount		
		CGU Hydro Power Stations	CGU Wind Power Stations	CGU Photovoltaic Power Stations
Change in electricity prices over the forecast period	+1%	26	40	5
	-1%	(26)	(40)	(5)
Change of WACC (net)	+0,1 p.p.	(15)	(19)	(4)
	-0,1 p.p.	15	19	4

20. Right-of-use assets

9-month period ended 30 September 2023 *(unaudited)*

	Land	Perpetual usufruct right	Buildings, premises and civil engineering structures	Plant and machinery	Motor vehicles	Transmission easements	Right-of-use assets in progress	Right-of-use assets total
COST								
Opening balance	**796**	**1 136**	**249**	**16**	**12**	**175**	**5**	**2 389**
Direct purchase	–	–	–	–	–	–	9	9
Transfer of right-of-use assets in progress	–	–	–	–	–	8	(8)	–
Increase due to a new lease contract	51	–	6	–	3	–	–	**60**
Increase(decrease) due to lease changes	20	5	23	2	–	–	–	**50**
Liquidation	(6)	–	(2)	–	(3)	–	–	**(11)**
Other movements	2	(2)	(1)	1	(1)	5	1	**5**
Closing balance	**863**	**1 139**	**275**	**19**	**11**	**188**	**7**	**2 502**
ACCUMULATED DEPRECIATION								
Opening balance	**(102)**	**(167)**	**(71)**	**(4)**	**(5)**	**(44)**	**–**	**(393)**
Depreciation for the period	(30)	(25)	(16)	(2)	(2)	(6)	–	**(81)**
Liquidation	1	–	1	–	2	–	–	**4**
Closing balance	**(131)**	**(192)**	**(86)**	**(6)**	**(5)**	**(50)**	**–**	**(470)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**694**	**969**	**178**	**12**	**7**	**131**	**5**	**1 996**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**732**	**947**	**189**	**13**	**6**	**138**	**7**	**2 032**

9-month period ended 30 September 2022 *(unaudited)*

	Land	Perpetual usufruct right	Buildings, premises and civil engineering structures	Plant and machinery	Motor vehicles	Transmission easements	Right-of-use assets in progress	Right-of-use assets, total
COST								
Opening balance	**618**	**1 200**	**212**	**112**	**11**	**150**	**6**	**2 309**
Direct purchase	22	–	9	–	–	1	8	**40**
Transfer of right-of-use assets in progress	–	–	–	–	–	8	(8)	–
Increase due to a new lease contract	34	–	8	19	2	–	–	**63**
Increase/(decrease) due to lease changes	5	(5)	6	4	–	–	–	**10**
Liquidation	(3)	–	(1)	(43)	(1)	–	–	**(48)**
Acquisition of a subsidiary	23	–	9	–	–	1	–	**33**
Other movements	–	(2)	–	–	–	8	–	**6**
Closing balance	**699**	**1 193**	**243**	**92**	**12**	**168**	**6**	**2 413**
ACCUMULATED DEPRECIATION								
Opening balance	**(71)**	**(134)**	**(51)**	**(66)**	**(4)**	**(37)**	**–**	**(363)**
Depreciation for the period	(23)	(29)	(15)	(21)	(2)	(5)	–	**(95)**
Impairment	–	–	–	(4)	–	–	–	**(4)**
Liquidation	–	–	–	42	1	–	–	**43**
Closing balance	**(94)**	**(163)**	**(66)**	**(49)**	**(5)**	**(42)**	**–**	**(419)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**547**	**1 066**	**161**	**46**	**7**	**113**	**6**	**1 946**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**605**	**1 030**	**177**	**43**	**7**	**126**	**6**	**1 994**

21. Goodwill

Operating segment	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Distribution	26	26
Total	**26**	**26**

(in PLN million)

22. Energy certificates and CO_2 emission allowances

22.1. Long-term energy certificates and CO_2 emission allowances

	9-month period ended 30 September 2023 *(unaudited)*			9-month period ended 30 September 2022 *(unaudited)*		
	Energy certificates	CO_2 emission allowances	Total	Energy certificates	CO_2 emission allowances	Total
Opening balance	**42**	**13**	**55**	**200**	**244**	**444**
Direct purchase	–	–	–	2	–	2
Reclassification	(42)	(13)	**(55)**	(200)	(244)	**(444)**
Closing balance	–	–	–	2	–	2

22.2. Short-term energy certificates and CO_2 emission allowances

	9-month period ended 30 September 2023 *(unaudited)*			9-month period ended 30 September 2022 *(unaudited)*		
	Energy certificates	CO_2 emission allowances	Total	Energy certificates	CO_2 emission allowances	Total
Opening balance	**245**	**352**	**597**	**151**	**6**	**157**
Direct purchase	392	2 906	**3 298**	315	1 500	**1 815**
Generated internally	124	–	**124**	185	–	**185**
Surrendered	(734)	(3 150)	**(3 884)**	(625)	(1 494)	**(2 119)**
Reclassification	42	13	**55**	197	45	**242**
Closing balance	**69**	**121**	**190**	**223**	**57**	**280**

23. Other intangible assets

9-month period ended 30 September 2023 *(unaudited)*

	Development expenses	Software, concessions, patents, licenses and similar items	Other intangible assets	Intangible assets not made available for use	Intangible assets total
COST					
Opening balance	**18**	**1 207**	**259**	**167**	**1 651**
Direct purchase	–	–	–	88	**88**
Transfer of intangible assets not made available for use	–	143	14	(157)	**–**
Sale/Liquidation	–	(51)	(1)	–	**(52)**
Closing balance	**18**	**1 299**	**272**	**98**	**1 687**
ACCUMULATED AMORTIZATION					
Opening balance	**(8)**	**(785)**	**(132)**	**–**	**(925)**
Amortization for the period	(2)	(107)	(9)	–	**(118)**
Sale/Liquidation	–	51	1	–	**52**
Closing balance	**(10)**	**(841)**	**(140)**	**–**	**(991)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**10**	**422**	**127**	**167**	**726**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**8**	**458**	**132**	**98**	**696**

9-month period ended 30 September 2022 *(unaudited)*

	Development expenses	Software, concessions, patents, licenses and similar items	Other intangible assets	Intangible assets not made available for use	Intangible assets total
COST					
Opening balance	**17**	**1 045**	**223**	**71**	**1 356**
Direct purchase	–	–	–	189	**189**
Transfer of intangible assets not made available for use	3	62	34	(99)	**–**
Sale/Liquidation	(2)	(10)	–	–	**(12)**
Closing balance	**18**	**1 097**	**257**	**161**	**1 533**
ACCUMULATED AMORTIZATION					
Opening balance	**(8)**	**(686)**	**(122)**	**–**	**(816)**
Amortization for the period	(2)	(88)	(9)	–	**(99)**
Sale/Liquidation	2	10	–	–	**12**
Closing balance	**(8)**	**(764)**	**(131)**	**–**	**(903)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**9**	**359**	**101**	**71**	**540**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**10**	**333**	**126**	**161**	**630**

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24. Shares in joint ventures

	As at 30 September 2023 or for the 9-month period ended 30 September 2023 (unaudited)			As at 31 December 2022 or for the 9-month period ended 30 September 2022 (unaudited)		
	Elektrociepłownia Stalowa Wola S.A.	TAMEH HOLDING Sp. z o.o. *	Total	Elektrociepłownia Stalowa Wola S.A.	TAMEH HOLDING Sp. z o.o. *	Total
Non-current assets	1 673	1 836	**3 509**	1 719	1 909	**3 628**
Current assets, including:	378	1 456	**1 834**	512	1 982	**2 494**
cash and cash equivalents	*65*	*362*	***427***	*81*	*113*	***194***
Non-current liabilities (-), including:	(2 030)	(114)	**(2 144)**	(2 015)	(543)	**(2 558)**
debt	*(2 024)*	*(33)*	***(2 057)***	*(2 010)*	*(408)*	***(2 418)***
Current liabilities (-), including:	(630)	(1 553)	**(2 183)**	(727)	(1 903)	**(2 630)**
debt	*(125)*	*(422)*	***(547)***	*(109)*	*(190)*	***(299)***
Total net assets	**(609)**	**1 625**	**1 016**	**(511)**	**1 445**	**934**
Share in net assets (50%)	(305)	813	**508**	(256)	723	**467**
Investment in joint ventures	**–**	**771**	**771**	**–**	**682**	**682**
Sales revenue	1 101	3 275	**4 376**	1 606	3 551	**5 157**
Net profit (loss), including:	(67)	190	**123**	(97)	234	**137**
Depreciation	*(46)*	*(121)*	***(167)***	*(46)*	*(150)*	***(196)***
Interest income	*2*	*6*	***8***	*–*	*2*	***2***
Interest expenses	*(124)*	*(39)*	***(163)***	*(108)*	*(40)*	***(148)***
Income tax	*–*	*(46)*	***(46)***	*–*	*(54)*	***(54)***
Share in profit/(loss) of joint ventures	–	95	**95**	–	117	**117**

** The information presented relates to the TAMEH HOLDING Sp. z o.o. Capital Group. The value of the interest held in TAMEH HOLDING Sp. z o.o. differs from the value of net assets attributable to the Group, because the cost of shares in TAMEH HOLDING Sp. z o.o. was calculated taking into account the fair value of the share contributed to the joint venture by companies from the ArcelorMittal Group.*

Elektrociepłownia Stalowa Wola S.A.

Elektrociepłownia Stalowa Wola S.A. is a special purpose vehicle established in 2010 at the initiative of TAURON Polska Energia S.A. and PGNiG S.A. (presently Orlen S.A.), through which the partners implemented an investment consisting in the construction of CCGT unit in Stalowa Wola fired by gas, with the gross electrical capacity of 450 MWe and the net heat capacity of 240 MWt. On 30 September 2020, Elektrociepłownia Stalowa Wola was commissioned.

TAURON Polska Energia S.A. has an indirect shareholding of 50% in the capital of the company and in the governing body, exercised through TAURON Inwestycje Sp. z o.o. Due to the fact that in 2015 the accumulated share of losses of the joint venture and the adjustment to "top-down" transactions between the Group companies and the joint venture exceeded the value of the interest in the joint venture, the Company discontinued to recognise its share of any further losses of the joint venture.

In addition, the Company has receivables on account of loans granted to Elektrociepłownia Stalowa Wola S.A. in the carrying amount of PLN 222 million, as further discussed in Note 25 to these interim condensed consolidated financial statements.

On 25 July 2023, an agreement to the letter of intent concluded in August 2021 was signed, the intention of which is to confirm the strive to continue the discussions planned in the letter of intent regarding a potential transaction for the sale by the TAURON Group to the Orlen Group of its equity share in Elektrociepłownia Stalowa Wola S.A. and receivables on account of loans granted to Elektrociepłownia Stalowa Wola S.A., as described in more detail in Note 55 of these interim condensed consolidated financial statements.

TAMEH HOLDING Sp. z o.o. and subsidiaries

In 2014, a shareholders' agreement was concluded between TAURON Group and ArcelorMittal Group regarding TAMEH HOLDING Sp. z o.o., which is responsible for investment and operational projects in the area of industrial energy. The agreement was concluded for a period of 15 years, with a possibility of its extension. The two capital groups hold a 50% interest in TAMEH HOLDING Sp. z o.o. each.

TAMEH HOLDING Sp. z o.o. is the owner of 100% of the shares in TAMEH POLSKA Sp. z o.o., formed by a contribution in kind by the TAURON Group: Zakład Wytwarzania Nowa and Elektrownia Blachownia as well as Elektrociepłownia in Kraków contributed by the ArcelorMittal Group. In addition, TAMEH HOLDING Sp. z o.o. holds 100% of TAMEH Czech s.r.o. shares, which consists of the Ostrava Combined Heat and Power Plant.

(in PLN million)

25. Loans granted to joint ventures

As at the balance sheet date, the Group granted loans to Elektrociepłownia Stalowa Wola S.A. joint venture, classified as assets measured at a fair value.

	As at 30 September 2023 *(unaudited)*		As at 31 December 2022		Maturity date	Interest rate
	Repayable principal amount and interest contractually accrued	Carrying amount	Repayable principal amount and interest contractually accrued	Carrying amount		
Loans granted to EC Stalowa Wola S.A.	716	222	685	206	30/06/2033	fixed
Total, of which:	**716**	**222**	**685**	**206**		
Non-current		222		206		

26. Derivatives and hedge accounting

Instrument	Methodology for determining the fair value	As at 30 September 2023 *(unaudited)*
Derivatives subject to hedge accounting		
IRS	The difference in discounted interest cash flows based on a floating interest rate and a fixed interest rate. The data input is the interest rate curve from the Refinitiv service.	IRS (Interest Rate Swap) instruments are used to hedge a portion of the interest rate risk on the cash flows associated with the exposure to WIBOR 6M designated under the dynamic risk management strategy, i.e: • interest on a loan with a nominal value of PLN 750 million, for periods commencing, respectively from July 2020 and expiring in December 2024; • interest on bonds and a loan with a total nominal value of PLN 3 090 million, for periods beginning in December 2019 expiring successively from 2023 to 2029. In accordance with the terms of the transaction, the Company pays interest accrued based on a fixed interest rate in PLN, while receiving payments at a floating interest rate in PLN.
Derivatives measured at a fair value through the profit and loss other than subject to hedge accounting		
CCIRS	The difference in the discounted interest cash flows of the stream paid and the stream received, in two different currencies, expressed in the valuation currency. The input data are interest rate curves, basis spreads and the NBP fixing for the relevant currencies from the Refinitiv service.	CCIRS (Coupon Only Cross Currency Swap fixed-fixed) derivatives involve an exchange of interest payments on the total notional amount of EUR 500 million. The transaction matures in July 2027. Under the terms of the transaction, the Company pays interest based on a fixed interest rate in PLN, while receiving payments at a fixed interest rate in EUR. CCIRS derivatives aimed at securing the currency flows generated by interest payments on Eurobonds issued.
Commodity forward/futures	The fair value of forward transactions for the purchase and sale of CO_2 emission allowances, electricity and other commodities is determined based on prices quoted in an active market or based on cash flows representing the difference between the price reference index (forward curve) and the contract price.	Commodity derivatives (futures, forward) comprise forward transactions for the purchase and sale of CO_2 emission allowances and other commodities.
Currency forward	The difference in discounted future cash flows between the forward price as at the valuation date and the transaction price, multiplied by the nominal value of the contract in foreign currency. The input date comprise the NBP fixing and the interest rate curve implied from the FX swap transaction for the relevant currency from the Refinitiv service.	FX forward derivatives comprise forward transactions for the purchase of currency, intended primarily for hedging currency flows for the purchase of CO_2 emission allowances.

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The measurement of derivatives as at the respective balance sheet dates is presented in the table below:

	As at 30 September 2023 *(unaudited)*				As at 31 December 2022			
	Total		Charged to profit or loss	Charged to revaluation reserve from valuation of hedging instruments	Total		Charged to profit or loss	Charged to revaluation reserve from valuation of hedging instruments
	Assets	Liabilities			Assets	Liabilities		
Derivatives subject to hedge accounting								
IRS	**361**	**–**	64	297	**592**	**–**	34	558
Derivatives measured at fair value through profit or loss								
CCIRS	**4**	**(1)**	3	–	**21**	**–**	21	–
Commodity forwards/futures	**286**	**(280)**	6	–	**236**	**(232)**	4	–
Currency forwards	**1**	**(303)**	(302)	–	**–**	**(109)**	(109)	–
Total	**652**	**(584)**			**849**	**(341)**		
Non-current	251	(65)			390	(10)		
Current	401	(519)			459	(331)		

The derivatives shown in the table above relate to futures contracts covered within the scope of IFRS 9 *Financial Instruments.* The derivatives acquired and held to hedge own needs as excluded from the scope of IFRS 9 *Financial Instruments* are not subject to measurement as at the balance sheet date.

27. Other financial assets

	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Receivables due to recompensation	2 005	465
Shares	224	211
Deposits and term deposits for Mining Decommissioning Fund	3	3
Other financial receivables, including:	309	100
Bid bonds, deposits and collateral transferred	299	94
Initial and variation margin deposits arising from stock exchange transactions	3	–
Other	7	6
Total	**2 541**	**779**
Non-current	242	301
Current	2 299	478

Recompensation receivables mainly relate to:

- recompensations of the companies of the Sales segment with regard to the supply of electricity for 2022 and the 9-month period ended 30 September 2023 in the total amount of PLN 1 717 million,
- recompensations of the company of the Distribution segment with regard to the sale of the distribution service for the 9-month period ended 30 September 2023 in the amount of PLN 280 million,

vested in the above companies under the regulations that established the compensation scheme, as further described in note 9 of these interim condensed consolidated financial statements.

28. Other non-financial assets

28.1. Other non-current non-financial assets

	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Prepayments for assets under construction and intangible assets, including:	516	229
related to the construction of wind farms and photovoltaics	*492*	*211*
Contract acquisition costs and costs of discounts	12	7
Prepayments for debt charges	8	12
Property and tort insurance	2	10
Other	12	10
Total	**550**	**268**

(in PLN million)

28.2. Other current non-financial assets

	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Advances for deliveries, including:	257	723
related to coal supplies	*253*	*716*
Costs settled over time, including:	97	62
Property and tort insurance	*37*	*32*
Contract acquisition costs and costs of discounts	*39*	*14*
IT and telecom services	*8*	*11*
Other, including:	23	5
Transfers made to the Social Benefit Fund	*19*	–
Total	**377**	**790**

29. Deferred income tax

	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Deferred tax liabilities		
difference between tax base and carrying amount of property, plant and equipment, intangible assets and right-of-use assets	1 983	1 918
different timing of recognition of sales revenue for tax purposes	1 048	684
difference between tax base and carrying amount of financial assets	201	220
difference between tax base and carrying amount of energy certificates	7	15
other	162	114
Total	**3 401**	**2 951**
Deferred tax assets		
provisions and accruals	736	742
difference between tax base and carrying amount of financial assets and financial liabilities	581	505
different timing of recognition of sales revenue and cost of sales for tax purposes	1 149	667
difference between tax base and carrying amount of property, plant and equipment, intangible assets and right-of-use assets	517	673
tax losses	53	104
power infrastructure received free of charge and received connection fees	6	6
other	35	63
Total	**3 077**	**2 760**
Deferred tax assets not recognized	(377)	(337)
Recognized deferred tax assets	**2 700**	**2 423**
After setting off balances at the level of individual Group companies, deferred tax for the Group is presented as:		
Deferred tax asset	**570**	**672**
Deferred tax liability	**(1 271)**	**(1 200)**

As at 30 September 2023 and 31 December 2022, the deferred tax assets and deferred tax liabilities of the companies that constitute the Tax Capital Group from 2023 onwards have been offset, due to the fact that these companies file a joint tax return from 2023 onwards.

The Group assesses the enforceability of deferred tax assets at each balance sheet date. As a result of the assessment performed as at the balance sheet date, deferred tax assets in the amount of PLN 377 million were not recognised, mainly with regard to the companies in the Generation and Sales segment.

(in PLN million)

30. Inventories

	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Gross value		
Coal	1 330	841
CO_2 emission allowances	19	2
Other inventories	298	292
Total	**1 647**	**1 135**
Measurement to net realisable value		
Other inventories	(16)	(17)
Total	**(16)**	**(17)**
Fair value		
CO_2 emission allowances	19	2
Net realisable value		
Coal	1 330	841
Other inventories	282	275
Total	**1 631**	**1 118**

31. Receivables from customers

	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Gross value		
Receivables from buyers, of which:	4 805	3 795
Additional assessment of revenue from sales of electricity and distribution services	*1 970*	*925*
Receivables claimed at court	256	232
Total	**5 061**	**4 027**
Allowance/write-down		
Receivables from buyers	(91)	(62)
Receivables claimed at court	(163)	(146)
Total	**(254)**	**(208)**
Net value		
Receivables from buyers	4 714	3 733
Receivables claimed at court	93	86
Total, of which:	**4 807**	**3 819**
Current	4 807	3 819

32. Receivables arising from other taxes and charges

	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
VAT receivables	543	791
Excise duty receivables	–	1
Other	1	11
Total	**544**	**803**

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33. Cash and cash equivalents

	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Cash and cash equivalents presented in the statement of financial position, of which:	**1 994**	**1 678**
restricted cash, including:	404	1 047
collateral of settlements with Izba Rozliczeniowa Giełd Towarowych S.A.	*221*	*725*
cash on VAT bank accounts (split payment)	*174*	*318*
bank accounts related to subsidies received	*7*	*1*
Collateral of settlements with Izba Rozliczeniowa Giełd Towarowych S.A.	(221)	(725)
Cash pool	(9)	(37)
Bank overdrafts	(4)	–
Foreign exchange	(3)	24
Cash and cash equivalents presented in the statement of cash flows	**1 757**	**940**

The collateral for settlements with Izba Rozliczeniowa Giełd Towarowych S.A. in the form of funds transferred as part of transaction margins and margin deposits in connection with transactions concluded by the Group companies on the Polish Power Exchange which, in the opinion of the Group, do not constitute cash and equivalents in the consolidated statement of cash flows.

34. Equity

34.1. Issued capital

Issued capital as at 30 September 2023 *(unaudited)*

Class/ issue	Type of shares	Number of shares	Nominal value of one share (in PLN)	Value of class/issue at nominal value	Method of payment
AA	bearer shares	1 589 438 762	5	7 947	cash/in-kind contribution
BB	registered shares	163 110 632	5	816	in-kind contribution
	Total	**1 752 549 394**		**8 763**	

Shareholding structure as at 30 September 2023 and as at 31 December 2022 *(to the best of the Company knowledge)*

Shareholder	Number of shares	Nominal value of shares	Percentage of share capital	Percentage of total vote
State Treasury	526 848 384	2 634	30.06%	30.06%
KGHM Polska Miedź S.A.	182 110 566	911	10.39%	10.39%
Nationale - Nederlanden Otwarty Fundusz Emerytalny	88 742 929	444	5.06%	5.06%
Other shareholders	954 847 515	4 774	54.49%	54.49%
Total	**1 752 549 394**	**8 763**	**100%**	**100%**

As at 30 September 2023, to the best of the Company knowledge, the value of issued capital, the number of shares, the nominal value of shares and the shareholding structure, have not changed as compared to the status as at 31 December 2022.

34.2. Shareholder rights

The voting rights of the shareholders holding more than 10% of the total votes in the Company have been limited in such a manner that none of them is authorised to exercise the right to more than 10% of votes in the Company at the General Meeting. The limitation does not apply to the State Treasury and the subsidiaries of the State Treasury in the period when the State Treasury including the State Treasury subsidiaries hold the number of shares in the Company authorising to at least 25% of the total votes in the Company.

(in PLN million)

34.3. Reserve capital

	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Amounts from distribution of prior years profits	3 076	3 009
Total reserve capital	**3 076**	**3 009**

The reserve capital of the Company up to the level of one-third of the Company share capital, i.e. PLN 2 921 million, may be used only to cover losses.

34.4. Revaluation reserve from the measurement of hedging instruments

	9-month period ended 30 September 2023 *(unaudited)*	9-month period ended 30 September 2022 *(unaudited)*
Opening balance	**450**	**299**
Remeasurement of hedging instruments	(262)	306
Deferred income tax	50	(58)
Closing balance	**238**	**547**

The revaluation reserve from measurement of hedging instruments results from the measurement of Interest Rate Swap (IRS) instruments hedging the interest rate risk due to debt, which is discussed in more detail in Note 26 to these interim condensed consolidated financial statements. For the transactions concluded, the Group applies hedge accounting.

As at 30 September 2023, the Group recognised the amount of PLN 238 million of the revaluation reserve from the measurement of hedging instruments. This amount represents an asset on account of the measurement of IRS instruments as at the balance sheet day in the amount of PLN 361 million, adjusted by the portion of the measurement relating to debt interest accrued at the balance sheet day, including the deferred tax.

34.5. Retained earnings and restrictions on dividends

The amounts of retained earnings arising from the settlement of mergers with subsidiaries as well as actuarial gains and losses on post-employment benefit provisions recognised through other comprehensive income are not distributed.

As at 30 September 2023 and as at the date these interim condensed consolidated financial statements were authorised for publications, there are no other restrictions concerning the payment of dividends.

34.6. Non-controlling interests

The non-controlling interests amounting to PLN 38 million as at balance sheet day and relate mainly to TAURON Dystrybucja S.A.

35. Dividends paid and proposed for disbursement

In the 9-month period ended 30 September 2023 and in the comparable period, the Company did not propose payment or paid any dividends to the shareholders of the Company.

On 28 March 2023, the Management Board of the Company decided to recommend that the entire net profit for 2022 in the amount of PLN 67 million should be allocated to the supplementary capital of the Company. On 10 May 2023 the Ordinary General Meeting of the Company adopted the resolution in compliance with the recommendation of the Management Board.

36. Debt liabilities

	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Unsubordinated bonds	5 271	5 256
Subordinated bonds	2 057	1 966
Loans and borrowings	7 396	8 010
Lease liabilities	1 307	1 255
Total	**16 031**	**16 487**
Non-current	14 623	15 959
Current	1 408	528

(in PLN million)

36.1. Bonds issued

Issuer	Investor	Interest rate	Currency	Nominal value of bonds issued in currency	Redemption date	Carrying amount As at 30 September 2023 *(unaudited)*	Carrying amount As at 31 December 2022
TAURON Polska Energia S.A.	Bank Gospodarstwa Krajowego	floating, based on WIBOR 6M	PLN	600	2023-2028	614	602
				490	2023-2029	502	491
	A series bonds (TPE 1025)	floating, based on WIBOR 6M	PLN	1 000	2025	1 034	1 014
	Eurobonds	fixed	EUR	500	2027	2 323	2 362
Finanse Grupa TAURON Sp. z o.o.	International investors	fixed	EUR	168	2029	798	787
Unsubordinated bonds						**5 271**	**5 256**
TAURON Polska Energia S.A.	Bank Gospodarstwa Krajowego	floating, based on WIBOR 6M	PLN	400	2031[2]	412	401
	European Investment Bank	fixed[1]	EUR	190	2034[2]	860	851
			PLN	400	2030[2]	419	381
			PLN	350	2030[2]	366	333
Subordinated bonds						**2 057**	**1 966**
Total bonds						**7 328**	**7 222**

[1] In the case of hybrid (subordinated) bonds subscribed for by the European Investment Bank, two financing periods are distinguished. In the first period, the interest rate is fixed, while in the second period the interest rate is variable based on the base rate (EURIBOR/WIBOR) plus a fixed margin.
[2] In the case of subordinated bonds, the maturity date shall take into account two financing periods. The maturity dates presented in the table above are the final terms of redemption according to agreement, after two period of financing. Measurement of bonds as at the balance sheet day includes earlier redemption, in connection with the intended redemption of bonds after the termination of first period of financing (in 2024, 2025 and 2026).

The Company additionally holds financing available under the subordinated bond emission scheme which was concluded in 2021 with Bank Gospodarstwa Krajowego up to the amount of PLN 450 million. On 10 March 2023, the Company concluded an annex to the aforementioned agreement extending the period allowing for the issue of subordinated bonds to 36 months from the date the documentation was signed, i.e. from 11 March 2021.

36.2. Loans and borrowings

Loans and borrowings drawn as at 30 September 2023 *(unaudited)*

Currency	Interest rate	Value of loans and borrowings as at the balance sheet date: currency	Value of loans and borrowings as at the balance sheet date: PLN	of which maturing within (after the balance sheet date): less than 3 months	3-12 months	1-2 years	2-3 years	3-5 years	over 5 years
PLN	floating	6 162	6 162	764	2	904	254	1 758	2 480
	fixed	1 134	1 134	21	99	556	68	81	309
Total PLN		**7 296**	**7 296**	**785**	**101**	**1 460**	**322**	**1 839**	**2 789**
Total			**7 296**	**785**	**101**	**1 460**	**322**	**1 839**	**2 789**
Interest increasing carrying amount			100						
Total			**7 396**						

Loans and borrowings as at 31 December 2022

Currency	Interest rate	Value of loans and borrowings as at the balance sheet date: currency	Value of loans and borrowings as at the balance sheet date: PLN	of which maturing within (after the balance sheet date): less than 3 months	3-12 months	1-2 years	2-3 years	3-5 years	over 5 years
PLN	floating	6 738	6 738	38	2	854	177	4 102	1 565
	fixed	1 180	1 180	35	78	94	556	95	322
Total PLN		**7 918**	**7 918**	**73**	**80**	**948**	**733**	**4 197**	**1 887**
Total			**7 918**	**73**	**80**	**948**	**733**	**4 197**	**1 887**
Interest increasing carrying amount			92						
Total			**8 010**						

(in PLN million)

Specification of loans and borrowings drawn as at 30 September 2023 (unaudited) and as at 31 December 2022

Borrowing institution	Interest rate	Currency	Maturity date	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Consortiums of banks	floating	PLN	2023 *	771	3 271
Bank Gospodarstwa Krajowego	floating	PLN	2023	750	–
			2033	1 021	1 001
European Investment Bank	fixed	PLN	2024	82	141
			2027	102	133
			2040	410	405
	floating		2040	1 215	1 222
			2041	1 204	–
Intesa Sanpaolo S.p.A.	floating	PLN	2024	757	775
SMBC BANK EU AG	fixed	PLN	2025	500	499
Erste Group Bank AG	floating	PLN	2026	513	507
Regional Fund for Environmental Protection and Water Management	floating	PLN	2025	6	8
	fixed		2027	5	6
National Fund for Environmental Protection and Water Management	fixed	PLN	2029	46	–
Other loans and borrowings				14	42
Total				**7 396**	**8 010**

** Tranches classified as non-current liability.*
As at the balance sheet day, the Company has loan agreements concluded in 2020 and 2022 with bank consortia, which the drawdown period of the individual loan tranches may be lower than 12 months, however the financing is revolving and the term of availability exceeds 12 months from the balance sheet day. Due to the intention and ability to maintain financing under the aforementioned agreements over a period exceeding 12 months from the balance sheet date, the drawdowns are classified as non-current liabilities.

The Company has an available revolving funding limit under its agreements with the consortia of banks:

- PLN 4 000 million by 2027 - financing used as at the balance sheet date: PLN 750 million;
- PLN 500 million by 2026 - the Company had no drawdowns of financing under the aforementioned agreement as at the balance sheet date.

In the 9-month period ended 30 September 2023, the Group performed the following transactions relating to loans and borrowings (at a nominal value), excluding overdraft facilities:

Lender	Description	9-month period ended 30 September 2023 *(unaudited)*	
		Drawdown	Repayment
Consortiums of banks	Drawdown of new tranches and repayment of tranches according to agreement deadline	4 850	(7 350)
Bank Gospodarstwa Krajowego	Drawdown under the loan agreement	750	–
European Investment Bank	Drawdowns under the loan agreement	1 200	–
	Repayment of capital instalments according to schedule	–	(91)
Other borrowings		53	(5)
Total, including:		**6 853**	**(7 446)**
Cash flows		4 843	(5 436)
Net settlement (without cash flow)		2 010	(2 010)

Signing the working capital loan agreement

On 16 February 2023, the Company concluded the working capital loan agreement with Bank Gospodarstwa Krajowego for the amount of PLN 750 million. On 24 February 2023, the Company drew down all available funding. After the balance sheet date, on 2 October 2023, the Company repaid the total debt and the agreement expired.

After the balance sheet date, on 3 October 2023, a new revolving credit facility agreement was concluded with Bank Gospodarstwa Krajowego for the amount of PLN 750 million with a repayment date of 3 October 2024, as further described in note 56 of these interim condensed consolidated financial statements. On 25 October 2023, the Company drew down all available funding.

(in PLN million)

Overdrafts

In the 9-month period ended 30 September 2023, under annexes to the overdraft agreement, the amount of the limit was increased from PLN 250 million to PLN 500 million and the repayment term was extended to 2 October 2024. The Company also has available financing limit under the concluded overdraft agreements up to the amount of EUR 4 million, with the maturity date by 31 December 2023. As at the balance sheet date, the Company had debt of PLN 4 million under overdraft agreements.

36.3. Debt agreement covenants

The agreements signed with banks impose the legal and financial covenants on the Company, standard for this type of transactions. The key covenant is the net debt/EBITDA ratio (for domestic long-term loans agreements and domestic bond issue schemes) which determines the debt less cash in relation to generated EBITDA. The net debt/EBITDA covenant for banks is examined on the basis of consolidated data as at 30 June and 31 December while its permissible limit value, depending on the provisions of financing agreements, is 3.5 or 4.0.

As at 30 June 2023 (i.e. the last reporting period for which the Company was required to calculate the covenant), the *net debt/EBITDA ratio* amounted to 2.04, accordingly, the covenant was not fulfilled.

36.4. Lease liability

The lease liability of the Group primarily relates to the perpetual usufruct of land, contracts for occupation of the road lane, land lease and rental agreements, transmission easements and the lease of office and warehouse premises.

Ageing of the lease liability

	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Within 1 year	115	106
Within 1 to 5 years	396	363
Within 5 to 10 years	428	401
Within 10 to 20 years	734	711
More than 20 years	780	775
Gross lease liabilities	**2 453**	**2 356**
Discount	(1 146)	(1 101)
Present value of lease payments	**1 307**	**1 255**
Lease agreements that do not meet the conditions for recognition as a finance lease as defined in the financing agreements	1 307	1 255

37. Provisions for employee benefits

	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Provision for post-employment benefits and jubilee bonuses	594	572
Provision for employment termination benefits and other provisions for employee benefits	19	14
Total	**613**	**586**
Non-current	543	494
Current	70	92

(in PLN million)

Provisions for post-employment benefits and jubilee bonuses

	9-month period ended 30 September 2023 *(unaudited)*				9-month period ended 30 September 2022 *(unaudited)*			
	Provision for retirement, disability and similar benefits	Social Fund	Jubilee bonuses	Provisions total	Provision for retirement, disability and similar benefits	Social Fund	Jubilee bonuses	Provisions total
Opening balance	**252**	**88**	**232**	**572**	**352**	**118**	**404**	**874**
Current service costs	9	2	10	**21**	17	2	22	**41**
Actuarial gains and losses	1	12	14	**27**	(58)	(36)	(39)	**(133)**
Benefits paid	(19)	(4)	(29)	**(52)**	(20)	(4)	(36)	**(60)**
Interest expense	11	4	11	**26**	10	4	12	**26**
Closing balance	**254**	**102**	**238**	**594**	**301**	**84**	**363**	**748**
Non-current	230	97	207	**534**	250	76	314	**640**
Current	24	5	31	**60**	51	8	49	**108**

Revaluation of provision for employees' benefits

Provisions for post-employment benefits and for jubilee awards have been estimated using actuarial methods.

The valuation of provisions for employee benefits as at 30 September 2023 was prepared based on actuarial projections. The assumptions used by the actuary to prepare the 2023 forecast were the same as those used to measure the provisions as at 31 December 2022, with the exception of the discount rate, which was reduced by 1 p.p., from 6.73% to 5.73%.

The main assumptions adopted by the actuary as at 31 December 2022 for calculation of the liability amount are as follows:

	31 December 2022
Projected long-term inflation rate (%)	2.50%
Employee turnover ratio (%)	0.5% - 11.0%
Expected rate of remuneration growth (%)	12.5% in 2023, 4.2% in 2024, 2.5% in subsequent years
Expected rate of increase in the value of the allowance for the Company Social Benefits Fund (ZFŚS) (%)	4.80%
Remaining average period of employment	7.71 - 20.21

38. Provisions for the costs of dismantling fixed assets and reclaiming land

	9-month period ended 30 September 2023 *(unaudited)*			9-month period ended 30 September 2022 *(unaudited)*		
	Provision for mine decommissioning costs	Provision for land restoration and dismantling and removal of fixed assets	Provisions total	Provision for mine decommissioning costs	Provision for land restoration and dismantling and removal of fixed assets	Provisions total
Opening balance	**4**	**139**	**143**	**257**	**145**	**402**
Unwinding of the discount	–	6	**6**	8	5	**13**
Discount rate adjustment	1	17	**18**	(114)	(34)	**(148)**
Recognition/(reversal), net	–	–	**–**	–	8	**8**
Utilisation	–	(7)	**(7)**	–	(2)	**(2)**
Other changes	–	(11)	**(11)**	–	–	**–**
Closing balance	**5**	**144**	**149**	**151**	**122**	**273**
Non-current	5	133	**138**	151	99	**250**
Current	–	11	**11**	–	23	**23**

Within the provision for reclamation and dismantling costs and decommissioning of fixed assets, the Group recognises the following provisions created by companies in the Generation and Renewable energy sources segments the balance of which as at 30 September 2023 amounted to:

- the provision for costs related to the dismantling of wind farms and photovoltaic farms - PLN 112 million;
- the provision for costs of liquidation of fixed assets - PLN 11 million;
- the provision for costs related to reclamation of ash dumps - PLN 21 million.

(in PLN million)

In the consolidated statement of financial position as *Provisions for disassembly of fixed assets, land restoration*, the Group reports the long-term portion of provisions for the costs of dismantling fixed assets and reclaiming land, including the long-term portion of other provisions.

	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Provisions for disassembly of fixed assets, land restoration	138	127
Other provisions	21	30
Total in statement of financial position	**159**	**157**

39. Provisions for liabilities due to energy certificates of origin and CO_2 emission allowances

	9-month period ended 30 September 2023 *(unaudited)*			9-month period ended 30 September 2022 *(unaudited)*		
	Provisions for liabilities due to CO_2 emission allowances	Provision for obligation to submit energy certificates	Provisions total	Provisions for liabilities due to CO_2 emission allowances	Provision for obligation to submit energy certificates	Provisions total
Opening balance	**3 128**	**564**	**3 692**	**1 493**	**397**	**1 890**
Recognition	2 457	460	**2 917**	2 064	690	**2 754**
Reversal	–	(7)	**(7)**	(8)	(9)	**(17)**
Utilisation	(3 150)	(834)	**(3 984)**	(1 494)	(734)	**(2 228)**
Closing balance	**2 435**	**183**	**2 618**	**2 055**	**344**	**2 399**

The increase in the cost of creating the provision for CO_2 emission liabilities in the 9-month period ended 30 September 2023 in relation to the comparable period results mainly from the growth in prices of CO2 emission allowances with a simultaneous decrease in CO_2 emission of the Group's generation units, as a consequence of lower electricity production and an increase in the share of production by the most cost-effective production units.

40. Other provisions

	9-month period ended 30 September 2023 *(unaudited)*					9-month period ended 30 September 2022 *(unaudited)*			
	Provision for use of real estate without contract	Provision for onerous contracts	Provision for payment reducing for customers	Provision for counterparty claims, court dispute and other provisions	Provisions total	Provision for use of real estate without contract	Provision for onerous contracts	Provision for counterparty claims, court dispute and other provisions	Provisions total
Opening balance	**75**	**200**	**–**	**126**	**401**	**74**	**416**	**163**	**653**
Recognition/(reversal), net	4	(29)	536	32	**543**	1	967	11	**979**
Utilisation	(1)	(129)	–	(10)	**(140)**	(1)	(767)	(24)	**(792)**
Other changes	–	–	–	(5)	**(5)**	–	–	–	**–**
Closing balance	**78**	**42**	**536**	**143**	**799**	**74**	**616**	**150**	**840**
Non-current	–	–	–	21	**21**	–	5	38	**43**
Current	78	42	536	122	**778**	74	611	112	**797**

In the consolidated statement of financial position, under *Other provisions*, the Group reports the short-term portion of other provisions, including the short-term portion of provisions for the costs of dismantling fixed assets and land reclamation.

	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Other provisions	778	371
Provisions for disassembly of fixed assets, land restoration	11	16
Total in statement in financial position	**789**	**387**

Interim condensed consolidated financial statements for the 9-month period ended 30 September 2023 compliant with the IFRS approved by the EU (in PLN million)

40.1. The provision for non-contractual use of real estate

The Group companies create provisions for all claims filed by owners of properties on which distribution networks and heat installations are located. As at 30 September 2023, the provision on this account amounted to PLN 78 million and was related to the segments:

- Generation - PLN 39 million;
- Distribution - PLN 35 million;
- Renewable energy sources - PLN 4 million.

In 2012, the third party applied to TAURON Ciepło S.A. (currently TAURON Ciepło Sp. z o.o.) demanding the settlement of the legal status of the transmission equipment located on its property. The company has questioned both the legitimacy of the claims and of the grounds for offsetting their amounts against the current liabilities to the company arising from heat supplies. Consequently, the company took legal action to enforce its current claims against the debtor. The amount of the potential claims of the aforementioned entity in respect of clarification of the legal status of the company transmission equipment will be reviewed in the course of the proceedings. With regard to the pending dispute, in light of the adopted accounting policy, a provision has been recognised for the estimated cost of the above claim. Bearing in mind the pending litigation, having regard to the provisions of IAS 37.92, the Group does not disclose all information regarding the above issue as required by IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

40.2. Provisions for onerous contracts

	9-month period ended 30 September 2023 (unaudited)			9-month period ended 30 September 2022 (unaudited)			
	Generation Segment	Sales Segment		Generation Segment		Sales Segment	
	Provision for contracts for the sale of electricity on the forward market	Provision for contracts for the sale of electricity to selected group of clients	Provisions for onerous contracts, total	Provision for contracts for the sale of electricity in connection with the shutdown of the 910 MW unit	Provision for energy sales contracts on the forward market	Provision for contracts for the sale of electricity to selected group of clients	Provisions for onerous contracts, total
Opening balance	**91**	**109**	**200**	**289**	**–**	**127**	**416**
Recognition	–	–	–	–	1 005	5	**1 010**
Reversal	(29)	–	**(29)**	(43)	–	–	**(43)**
Utilisation	(55)	(74)	**(129)**	(246)	(432)	(89)	**(767)**
Closing balance	**7**	**35**	**42**	**–**	**573**	**43**	**616**
Non-current	–	–	**–**	–	–	5	**5**
Current	7	35	**42**	–	573	38	**611**

As at the balance sheet date of 30 September 2023, the Group recognises the provision for onerous contracts in the amount of PLN 42 million in the Generation and Sales segment. The provisions were created for electricity sales contracts, where the sales revenues generated do not fully cover the costs incurred for either producing or purchasing the electricity required to fulfil these contracts.

- Within the Generation segment, the Group recognised the provision for onerous contracts in the amount of PLN 7 million as at the balance sheet date. This provision was set up as at 31 December 2022 in the amount of PLN 91 million in relation to contracts for the sale of electricity on the forward market. The calculation of the provision was based on the price difference between the contracted sales price under the concluded forward market transactions and the unavoidable cost of generating energy from the Group's generation sources. Energy generation costs comprised the unit cost of fuel used to produce electricity, CO_2 emission allowances in accordance with the contracts concluded for their purchase and other costs incurred in connection with the production of electricity by the Group's generating units used to perform the contracts, including depreciation of property, plant and equipment. The calculation takes into account revenues from the capacity market attributable to the generating units executing the contracts in question in relation to the total volume of energy contracted for sale. The original provision created relates to the sale by the company in the Generation segment of a volume of 1.1 TWh of electricity on the forward market in 2023. The reversal of the provision results from a lower cost of energy generation than the estimates included in the report as at 31 December 2022. In 2023, the Group has not entered into any onerous contracts for the sale of electricity on the forward market.
- Within the Sales segment, the Group recognised the provision for onerous contracts in the amount of PLN 35 million as at the balance sheet date. This provision was created as at 31 December 2022 in the amount of PLN 109 million for electricity and gas sales contracts, where the sales revenues generated do not fully cover the costs incurred for either the necessity to produce or purchase the electricity required to fulfil these contracts. In the 9-month period ended 30 September 2023, the Group used the provision in the amount of PLN 74 million in connection with the fulfilment of contracts. The provision created relates only to customers with GD (Households) price lists while the need for its

(in PLN million)

creation resulted mainly from an increase in the cost of purchasing electricity to secure sales volumes for customers with fixed price lists. As at the balance sheet date, the Group has not recognised provisions for onerous contracts in respect of contracts other than the GD-priced customer contracts described above. In particular, taking into account the receipt of the recompensation due by the Group, the Group did not recognise provisions for the effects of the *Act of 7 October 2022 on Special Measures to Protect Electricity Consumers in 2023* and the Act of 27 October 2022 *on Extraordinary Measures to Reduce Electricity Prices and Support Certain Consumers in 2023*, as further described in note 9 of these interim condensed consolidated financial statements.

40.3. Provision for reducing payments to customers

As at 30 September 2023, in the Sales segment, the Group recognised a provision in the total amount of PLN 536 million for the effects of a reduction in customers' liabilities to energy companies, due to the entry into force of the *Regulation of the Minister of Climate and Environment of 9 September 2023 amending the Regulation on the method of shaping and calculating tariffs and the method of settlements in electricity trading* (the “Regulation”). The Regulation introduces a mechanism to reduce the amount of households' liabilities to energy enterprises conducting the economic activity in the scope of electricity trading in the 2023 settlements. Pursuant to the Regulation, the amount of annual payments of the households, who meets one of the conditions set out in the Regulation will be reduced by PLN 125.34 on account of the purchase of electricity in 2023.

40.4. Provisions for counterparty claims, court disputes and other provisions

Material provisions recognised within other provisions are described below:

Operating segment	Description	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Provision for real estate tax			
Generation	Provision for the economic risk in the scope of real estate tax relating to assets constituting the railway infrastructure.	13	12
Distribution	Provision for the economic risk in the scope of real estate tax relating to power grid assets.	31	31
Provision for the increase in remuneration for transmission easements			
Distribution	The provision relates to the risk of increased periodic charges for transmission easements for energy infrastructure located in the territory of forest districts in connection with a change in the character of land from forest land to land associated with business activities. In the 9-month period ended 30 September 2023, the company from the Distribution segment used the provision in the amount of PLN 5 million.	16	21
Provision for reimbursement of undue benefit			
Distribution	The provision relates to the risk arising from the judgement of the Regional Court in Wrocław of 19 June 2023 in a case for the reimbursement by a company in the Distribution segment of an undue benefit resulting from distribution service fees incurred by the counterparty.	20	-

(in PLN million)

41. Accruals and governmental subsidies

41.1. Deferred income and government grants

	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Deferred income	**2 276**	**390**
Received advance payments for recompensations	2 185	337
Donations, subsidies received for the purchase or fixed assets received free-of-charge	81	47
Other	10	6
Government grants	**555**	**556**
Subsidies obtained from EU funds	488	493
Measurement payoff of preferential loans	33	27
Forgiven loans from environmental funds	22	24
Other	12	12
Total	**2 831**	**946**
Non-current	585	571
Current	2 246	375

Received advance payments for recompensations of PLN 2 185 million result from legislation that established a recompensation scheme covering electricity trading and distribution companies and relate to:

- companies of the Sales segment, which, on the basis of applications for advances for recompensation in the field of electricity trading, received advances for recompensation in the total amount of PLN 1 984 million, of which PLN 51 million had been settled by the balance sheet date;
- company of the Distribution segment which, on the basis of applications for recompensation advances relating to electricity distribution received advance payments in the total amount of PLN 252 million in the 9-month period ended 30 September 2023.

The aforementioned advances are described in more detail in Note 9 of these interim condensed consolidated financial statements.

The Group assesses that it meets the conditions set out in the grant agreements and does not identify any risk of reimbursement.

41.2. Accrued expenses

	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Accrued expenses due to bonuses	173	66
Unused holidays	42	32
Environmental protection charges	10	17
Other	34	23
Total, of which:	**259**	**138**
Current	259	138

42. Liabilities to suppliers

Operating segment	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Generation	707	728
Renewable Energy Sources	16	26
Distribution, including:	564	419
liability to Polskie Sieci Elektroenergetyczne S.A.	*467*	*343*
Sales	629	983
Other	83	90
Total	**1 999**	**2 246**

Interim condensed consolidated financial statements for the 9-month period ended 30 September 2023 compliant with the IFRS approved by the EU (in PLN million)

43. Investment liabilities

Operating segment	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Generation	103	107
Renewable Energy Sources	46	31
Distribution	279	389
Sales	9	3
Other	54	177
Total, of which:	**491**	**707**
Current	491	707

Long-term investment liabilities are presented in the consolidated statements of financial position under other financial liabilities (Note 46).

Commitments to incur capital expenditure

As at 30 September 2023 and as at 31 December 2022, the Group committed to incur expenditure of PLN 3 907 million and PLN 4 551 million, respectively, on property, plant and equipment and intangible assets, the key items of which are shown in the table below.

Operating segment	Agreement/investment project	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Distribution	Construction of new electrical connections	1 985	2 039
	Modernization and reconstruction of existing networks	658	610
Renewable Energy Sources	Construction of wind farms	549	947
	Construction of the photovoltaic farms	46	233
Generation	Expansion of heat sources in new capacities	79	88
	Construction of 910 MW Power Unit in Jaworzno and additional work	–	44

44. Settlements due to income tax

As at 30 September 2023, Group companies had income tax receivables totaling PLN 150 million, in which PLN 148 million relates to TAURON Wytwarzanie S.A. and results from an overpayment of income tax for the current year.

As at 30 September 2023, income tax liabilities amounted to PLN 97 million, of which PLN 78 million relates to the Tax Capital Group and represents the excess of the liability for the 9-month period ended 30 September 2023 over the advance payments made.

In the 9-month period ended 30 September 2023, TAURON Polska Energia S.A. and selected subsidiaries accounted for income tax within the Tax Capital Group. In the year ended 31 December 2022, TAURON Group companies accounted for income tax individually.

45. Liabilities arising from other taxes and charges

	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
VAT	546	105
Social security	194	164
Personal Income Tax	53	41
Other	14	14
Total	**807**	**324**

The increase in VAT liabilities is related to:

- the reinstatement as of 1 January 2023 of the 23% VAT rate on electricity, heat and gas (until 31 December 2022 the reduced rate was 5%),

(in PLN million)

- the entry into force on 1 April 2023 of legislation introducing the reverse charge of VAT on transactions in the scope of, among others, trading in electricity and CO_2 emission allowances, comprising, in particular, transactions of electricity purchase by the Group's companies on the exchange.

46. Other financial liabilities

	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Wages, salaries	137	183
Liability due to return of recompensation by trading companies	116	116
Investment liabilities	74	60
Bid bonds, deposits and collateral received	87	81
Exchange settlements variation margins	2	41
Other	124	152
Total	**540**	**633**
Non-current	106	119
Current	434	514

47. Other current non-financial liabilities

	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Payments from customers relating to future periods	**1 098**	**821**
Amounts overpaid by customers	668	484
Prepayments for connection fees	326	226
Other	104	111
Other current non-financial liabilities	**62**	**22**
Allowance for Price Difference Payment Fund	62	21
Surplus of ZFŚS liabilities over assets	–	1
Total	**1 160**	**843**

The liabilities due to the allowance for the Price Difference Payment Fund (the "Fund") relate to the recognition by Group companies, pursuant to the provisions of the Act of 27 October 2022 *on extraordinary measures to limit the level of electricity prices and support certain consumers in 2023*, of the costs of transferring funds to the Fund, as further described in note 9 of these interim condensed consolidated financial statements.

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

48. Significant items of the interim condensed consolidated statement of cash flows

48.1. Cash flows from operating activities

Profit before tax

	9-month period ended 30 September 2023 *(unaudited)*	9-month period ended 30 September 2022 *(restated figures unaudited)*
Profit before tax on continuing operations	3 015	592
Profit before tax on discontinued operations	–	56
Total	**3 015**	**648**

Depreciation and amortisation

	9-month period ended 30 September 2023 *(unaudited)*	9-month period ended 30 September 2022 *(restated figures unaudited)*
Amortisation and depreciation regarding continuing operations	1 642	1 505
Amortisation and depreciation regarding discontinued operations	–	130
Total	**1 642**	**1 635**

Interim condensed consolidated financial statements for the 9-month period ended 30 September 2023 compliant with the IFRS approved by the EU (in PLN million)

Change in working capital

	9-month period ended 30 September 2023 *(unaudited)*	9-month period ended 30 September 2022 *(restated figures unaudited)*
Change in receivables	**(2 737)**	**(309)**
Change in receivables from buyers in statement of financial position	(988)	(191)
Change in receivables due to recompensation	(1 540)	–
Change in other financial receivables	(209)	(121)
Other adjustments	–	3
Change in inventories	**(533)**	**(162)**
Change in inventories in statement of financial position	(513)	(152)
Adjustment related to transfer of inventories to/from property, plant and equipment	(20)	(10)
Change in payables excluding loans and borrowings	**368**	**525**
Change in liabilities to suppliers in statement of financial position	(247)	498
Change in payroll, social security and other financial liabilities	(107)	139
Change in non-financial liabilities in statement of financial position	317	214
Change in liabilities arising from taxes excluding income tax	483	(284)
Adjustment of VAT change related to capital commitments	(70)	(30)
Adjustment of other financial liabilities for guarantee valuation	(7)	(21)
Other adjustments	(1)	9
Change in other non-current and current assets	**1 142**	**(751)**
Change in other current and non-current non-financial assets in statement of financial position	131	(686)
Change in receivables arising from taxes excluding income tax	259	(342)
Change in non-current and current CO2 emission allowances	244	193
Change in non-current and current energy certificates	218	126
Change in advance payments for property, plant and equipment and intangible assets	287	(35)
Other adjustments	3	(7)
Change in deferred income, government grants and accruals	**1 908**	**203**
Change in deferred income, government grants and accruals in statement of financial position	2 006	250
Adjustment related to property, plant and equipment, intangible assets and right-of-use assets received free of charge	(72)	(19)
Adjustment related to subsidies received and refunded	(26)	(27)
Other adjustments	–	(1)
Change in provisions	**(661)**	**670**
Change of short term and long term provisions in statement of financial position	(643)	443
Adjustment related to actuarial gains/losses from provisions for post-employment benefits charged to other comprehensive income	(13)	94
Adjustment for change in provisions recognised with non-financial fixed assets	(5)	135
Other adjustments	–	(2)
Change of collaterals transferred to IRGiT	**504**	**(11)**
Total	**(9)**	**165**

Income tax paid

In the 9-month period ended 30 September 2023, income tax paid presented in the interim condensed consolidated statement of cash flows amounted to PLN 80 million. Group companies paid PLN 584 million on account of income tax settlements for the 9-month period ended 30 September 2023, of which the most significant amount of PLN 336 million was paid by the Tax Capital Group. At the same time, the Group companies received a tax refund of PLN 574 million and made a tax surcharge for the 2022 income tax settlement in the amount of PLN 70 million.

In the 9-month period ended 30 September 2022, income tax paid amounted to PLN 389 million. Group companies paid PLN 763 million due to income tax settlements for the 9-month period ended 30 September 2022. At the same time, the Group received a tax refund from the Tax Capital Group settlement for 2021 in the amount of PLN 374 million.

In the 9-month period ended 30 September 2023, TAURON Polska Energia S.A. and selected subsidiaries accounted for income tax within the Tax Capital Group. In the year ended 31 December 2022, the companies calculated and settled income tax individually.

(in PLN million)

48.2. Cash flows from investing activities

Purchase of tangible fixed assets and intangible assets

	9-month period ended 30 September 2023 *(unaudited)*	9-month period ended 30 September 2022 *(unaudited)*
Purchase of property, plant and equipment	(2 508)	(1 957)
Purchase of intangible assets	(89)	(189)
Change in the balance of capital commitments	(156)	(76)
Change in the balance of advance payments	(264)	35
Costs of overhaul and internal manufacturing	(270)	(400)
Other	(23)	(29)
Total	**(3 310)**	**(2 616)**

48.3. Cash flows from financing activities

Repayment of loans and borrowings

	9-month period ended 30 September 2023 *(unaudited)*	9-month period ended 30 September 2022 *(unaudited)*
Repayment by the Company of tranches of loans to the Consortiums of banks	(5 340)	(3 700)
The repayment of the loan installments by the Company to the European Investment Bank	(91)	(91)
Other	(5)	(4)
Total	**(5 436)**	**(3 795)**

Interest paid

	9-month period ended 30 September 2023 *(unaudited)*	9-month period ended 30 September 2022 *(unaudited)*
Interest paid in relation to debt securities	(66)	(95)
Interest paid in relation to loans	(410)	(158)
Interest paid in relation to the lease	(5)	(8)
Total	**(481)**	**(261)**
constituting investing expense	(29)	(11)
constituting financing expense	(452)	(250)

The Group presents costs of external financing incurred activated in the current period on assets as expenditures for acquisition of property, plant and equipment and intangible assets in cash flows from investment activities. In the 9-month period ended 30 September 2023, paid interest representing external financing costs subject to capitalisation in the value of tangible fixed assets and intangible assets amounted to PLN 29 million, whereas in the comparable period, to PLN 11 million.

Proceeds from contracted loans and borrowings

	9-month period ended 30 September 2023 *(unaudited)*	9-month period ended 30 September 2022 *(unaudited)*
The launch of financing by the Company under loan agreements:		
Banks Consortiums	2 840	4 250
European Investment Bank	1 200	1 200
Bank Gospodarstwa Krajowego	750	–
Erste Group Bank AG	–	96
Other	53	–
Total	**4 843**	**5 546**

(in PLN million)

48.4. Cash flows from discontinued operations

In the consolidated statement of cash flows, in the comparable period, the Group presents cash flows jointly from the continuing and the discontinued operations. Net cash flows attributable to operating, investment and financial activities of discontinued operations in the 9-month period ended 30 September 2022 are shown in the table below.

	9-month period ended 30 September 2023 *(unaudited)*	9-month period ended 30 September 2022 *(restated figures unaudited)*
Net cash flow from operating activities	–	(202)
Net cash flow from investing activities	–	(324)
Net cash flow from financing activities	–	(33)
Net increase/(decrease) in cash and cash equivalents from discontinued operations	**–**	**(559)**

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

49. Financial instruments

Categories and classes of financial assets	As at 30 September 2023 *(unaudited)*		As at 31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
1 Financial assets measured at amortized cost	**7 103**		**4 352**	
Receivables from buyers	4 807	4 807	3 819	3 819
Deposits	3	3	3	3
Receivables due to recompensation	2 005	2 005	465	465
Other financial receivables	288	288	65	65
2 Financial assets measured at fair value through profit or loss (FVTPL)	**2 752**		**2 387**	
Derivative instruments	291	291	257	257
Shares	224	224	211	211
Loans granted	222	222	206	206
Other financial receivables	21	21	35	35
Cash and cash equivalents	1 994	1 994	1 678	1 678
3 Derivative hedging instruments	**361**	**361**	**592**	**592**
4 Financial assets excluded from the scope of IFRS 9 Financial Instruments	**771**		**682**	
Investments in joint ventures	771		682	
Total financial assets, of which in the statement of financial position:	**10 987**		**8 013**	
Non-current assets	**1 486**		**1 579**	
Investments in joint ventures	771		682	
Loans granted to joint ventures	222		206	
Derivative instruments	251		390	
Other financial assets	242		301	
Current assets	**9 501**		**6 434**	
Receivables from buyers	4 807		3 819	
Derivative instruments	401		459	
Other financial assets	2 299		478	
Cash and cash equivalents	1 994		1 678	

(in PLN million)

Categories and classes of financial liabilities	As at 30 September 2023 (unaudited)		As at 31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
1 Financial liabilities measured at amortized cost	**17 754**		**18 818**	
Preferential loans and borrowings	52	52	8	8
Arm's length loans and borrowings	7 340	7 341	8 001	7 928
Bank overdrafts	4	4	1	1
Bonds issued	7 328	6 966	7 222	6 828
Liabilities to suppliers	1 999	1 999	2 246	2 246
Other financial liabilities	294	294	348	348
Capital commitments	565	565	767	767
Salaries and wages	137	137	183	183
Insurance contracts	35	35	42	42
2 Financial liabilities measured at fair value through profit or loss (FVTPL)	**584**		**341**	
Derivative instruments	584	584	341	341
3 Financial liabilities excluded from the scope of IFRS 9 Financial Instruments	**1 308**		**1 256**	
Liabilities under leases	1 308		1 256	
Total financial liabilities, of which in the statement of financial position:	**19 646**		**20 415**	
Non-current liabilities	**14 794**		**16 088**	
Debt	14 623		15 959	
Derivative instruments	65		10	
Other financial liabilities	106		119	
Current liabilities	**4 852**		**4 327**	
Debt	1 408		528	
Liabilities to suppliers	1 999		2 246	
Capital commitments	491		707	
Derivative instruments	519		331	
Other financial liabilities	434		514	
Liabilities associated with assets classified as held for sale	1		1	

The fair value measurement methodology applied to financial instruments and fair value hierarchy levels assigned to these instruments are presented in the following tables.

Classes of financial assets/liabilities	Level of the fair value hierarchy	Methodology for determining the fair value
Financial assets/liabilities measured at a fair value		
Derivatives, including:		Financial derivatives are measured according to methodology described in Note 26 to these interim condensed consolidated financial statements.
IRS and CCIRS	2	
Forward FX contracts	2	
Commodity contracts (forward, futures)	1	
Shares	3	The Group has estimated the fair value of its holdings in unlisted companies using the adjusted net asset method, taking into account its share of net assets, adjusting the value for significant valuation factors such as the discount for lack of control and the discount for limited liquidity of the above instruments, and using a mixed approach. In the case of other instruments, due to the fact that the key factors affecting the value of the shares taken up have not changed at the balance sheet date compared with initial recognition, the Group adopts historical cost as an acceptable approximation of fair value.
Loans granted	2	The measurement of the fair value was performed as the present value of future cash flows discounted by the currently applicable interest rate.
	3	The measurement of the fair value of the loans was performed as the present value of future cash flows taking into account the credit risk of the borrower.
Financial liabilities for which the fair value is disclosed		
Loans, borrowings and bonds issued	2	Fixed interest rate debt liabilities were measured at a fair value. The fair value measurement was made as the present value of future cash flows discounted by the currently applicable interest rate for the bonds or loans concerned, i.e. using market interest rates.

The fair value of other financial instruments as at 30 September 2023 and 31 December 2022 (except from those excluded from the scope of IFRS 9 *Financial Instruments*) did not differ considerably from the amounts presented in the financial statements for the following reasons:

- the potential discounting effect relating to short-term instruments is not significant;
- the instruments are related to arm's length transactions.

Shares in jointly controlled entities excluded from the scope of IFRS 9 *Financial Instruments* are measured using the equity method.

50. Objectives and principles of financial risk management

The objectives and principles of financial risk management have not changed compared to 31 December 2022.

As at 30 September 2023, the parent company had hedging transactions covered by the financial risk management policy concluded with the purpose of hedging the interest flows associated with debt. For the transactions concluded, the parent company applies hedge accounting. The accounting recognition of the hedging transactions described above is further described in Note 26 to these interim condensed consolidated financial statements.

51. Finance and capital management

In the period covered by these interim condensed consolidated financial statements, no significant changes in the objectives, principles and procedures of capital and finance management occurred.

OTHER INFORMATION

52. Contingent liabilities

Claims related to termination of long-term contracts

Claims relating to termination of long-term contracts against subsidiary Polska Energia - Pierwsza Kompania Handlowa Sp. z o.o.

In 2015, companies belonging to the Polenergia and Wind Invest groups filed a case against Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. to declare notices of termination of agreements submitted by Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. with regard to electricity purchase and property rights concluded with these companies ineffective. In the course of court proceedings, plaintiffs extend their scope raising claims for damages and contractual penalty claims related to contract termination.

As at the date of approval of these interim condensed consolidated financial statements for publication, the amount of damages claimed in the lawsuits amounts to: Polenergia Group companies - PLN 136 million (including Amon Sp. z o.o. - PLN 90 million, Talia Sp. z o.o.- PLN 46 million); Wind Invest group companies - PLN 493 million.

In the case filed by Amon Sp. z o.o. and Talia Sp. z o.o., partial and preliminary judgements were issued (judgement of 25 July 2019 in the Amon Sp. z o.o. lawsuit and judgement of 6 March 2020, supplemented by the court on 8 September 2020 in the Talia Sp. o.o. lawsuit), in which the courts determined that the statements of Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. on termination of long-term agreements concluded between Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. and Amon Sp. z o.o. and those concluded between Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. and Talia Sp. z o.o. for the purchase of electricity and property rights resulting from certificates of origin are ineffective and do not produce legal effect in the form of termination of both agreements, as a result of which the agreements after the notice period, i.e. after 30 April 2015, remain in force in respect of all provisions and are binding on the parties. Moreover, the courts also recognised the claims of Amon Sp. z o.o. and Talia Sp. z o.o. for payment of damages justified as to the merits, without, however, prejudging the amount of potential damages. Polska Energia Pierwsza Kompania Handlowa sp. z o.o. filed a complaint against the judgments. In both the Amon Sp. z o.o. and Talia Sp. z o.o. actions, the Courts of Appeals dismissed the appeals of the company Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. The judgements of the Courts of Appeals, and consequently the judgements issued by the courts of first instance, are final. These judgements do not award any damages from Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. to the claimants. Disagreeing with the judgements of the Courts of Appeals, Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. filed cassation complaints in both cases. In the case brought by Talia Sp. z o.o., the Supreme Court accepted the cassation appeal for hearing on 28 February 2023. On 29 September 2023, a three-judge Supreme Court hearing was held, but no ruling was issued and the proceedings were adjourned without indicating a date. In the case brought by Amon Sp. z o.o., The Supreme Court accepted the case for hearing on 26 September 2023.

The above-mentioned final, partial and preliminary judgements in the Talia Sp. z o.o. and Amon Sp. z o.o. lawsuits do not change the Group's assessment that the chances of ultimately losing the case for damages in favour of Talia Sp. z o.o. and Amon Sp. z o.o. are not higher than the chances of winning it, and therefore no provision is created for the related costs.

On 31 March 2023, Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. filed a lawsuit for payment against Amon Sp. z o.o. with the Regional Court in Gdańsk. The subject matter of the claim is the payment by Amon Sp. z o.o. to Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. the total amount of PLN 62 million, including statutory interest for delay and legal costs, consisting of a demand for payment of contractual penalties in the amount of PLN 56 million, calculated on the basis of an agreement for the sale of property rights resulting from certificates of origin which confirm the generation of electricity in a renewable energy source - Wind Farm in Łukaszów, and a demand for payment of compensation in the amount of PLN 6 million for failure to perform the agreement for the sale of electricity generated in a renewable energy source - Wind Farm in

Łukaszów, concluded between Amon Sp. z o.o. and Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. on 23 December 2009. The filing of the lawsuit by Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. Results from the fact that after the date of the judgement of the Court of Appeals in Gdańsk, i.e. after 17 November 2022 dismissing the appeal of Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o, Amon Sp. z o.o., despite being summoned by Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o., has not fulfilled the obligation resulting from the final judgement by entering into the above-mentioned contracts with Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. Pursuant to the decision of 2 May 2023, the Regional Court in Gdańsk decided to leave the claim of Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. without further proceedings. Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. has taken and plans to take further legal action against this court decision, which the company believes was issued without legal basis. None of the rules of civil procedure provides for leaving a properly filed and paid claim, from which a demand for the resolution of a dispute of a civil nature is expressly made, without any further action being taken. Proceeding is pending.

In the case filed by Pękanino Wind Invest Sp. z o.o. for the provision of security for claims for determining that the terminations of long-term contracts submitted by Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. are ineffective, the Court of Appeals in Warsaw on 6 November 2019 partially granted the application for security by ordering Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. to perform the provisions of the contracts in their entirety on the existing terms and conditions, in accordance with their content, until the proceedings from the suit of Pękanino Wind Invest Sp. z o.o. are legally concluded against Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o., pending before the Regional Court in Warsaw. The decision regarding the security is final. This decision does not prejudge the merits of the action, which can only take place in a binding judgement, but only temporarily regulates the parties' relations for the duration of the proceedings.

Other cases are held at first instance courts (including one remanded for re-examination to the first- instance court by a second-instance court).

Taking into account the current status of the lawsuits and the circumstances surrounding them, the Group believes that the chances of losing the remaining lawsuits related to both declarations of ineffectiveness of termination of agreements and claims for damages are not higher than the chances of winning the lawsuits in question, and therefore it does not recognise a provision for related costs.

Claims relating to termination of long-term contracts against TAURON Polska Energia S.A.

In 2017 and 2018, companies belonging to the Polenergia and Wind Invest groups filed actions against TAURON Polska Energia S.A. regarding payment of damages and determining liability for potential future losses resulting from tort, including unfair competition. According to the plaintiffs notices of termination submitted by Polska - Energia Pierwsza Kompania Handlowa Sp. z o.o. regarding long-term contracts for the purchase of electricity and property rights related to energy certificates allegedly directed by TAURON Polska Energia S.A., provided the factual basis for these claims.

As at the date of approval of these interim condensed consolidated financial statements for publication, the damages claimed in the lawsuits amount to: Polenergia Group companies - PLN 131 million, Wind Invest group companies - PLN 272 million.

Moreover, in their claims, the plaintiff companies indicate the following values of estimated damages that may arise in the future: Polenergia Group companies - PLN 265 million, Wind Invest Group companies - PLN 1 119 million.

The District Court in Katowice has jurisdiction to hear the lawsuits. All cases are held before the first instance courts. The proceedings filed by Wind Invest group companies are held in camera. As at the date of approval of these interim condensed consolidated financial statements for publication, the chances of the Group of obtaining a favourable resolution of the disputes should be assessed positively, i.e. the chances of losing are not higher than the chances of winning.

Claim towards Polskie Elektrownie Jądrowe Sp. z o.o. (formerly: PGE EJ 1 Sp. z o.o.)

TAURON Polska Energia S.A. as a former shareholder holding 10% of shares in the share capital of Polskie Elektrownie Jądrowe Sp. z o.o. until the date of sale, i.e. 26 March 2021, jointly with the other former shareholders of the company (PGE Polska Grupa Energetyczna S.A, KGHM Polska Miedź S.A. and ENEA S.A.), is a party to the agreement with Polskie Elektrownie Jądrowe Sp. z o.o. regulating the issues of potential liabilities and benefits of the parties resulting from the settlement of the dispute between Polskie Elektrownie Jądrowe Sp. z o.o. and the consortium composed of WorleyParsons Nuclear Services JSC, WorleyParsons International Inc, WorleyParsons Group Inc (hereinafter: "WorleyParsons consortium").

In 2015, the WorleyParsons consortium, which is the research contractor for the investment process related to the construction of a nuclear power plant by Polskie Elektrownie Jądrowe Sp. z o.o., submitted claims against Polskie Elektrownie Jądrowe Sp. z o.o. for the total amount of PLN 92 million in a call for payment and then filed a lawsuit for approximately PLN 59 million, extended in 2017 and 2019 to the amount of approximately PLN 128 million.

In accordance with the agreement, the shareholders in proportion to their previously held number of shares in Polskie Elektrownie Jądrowe Sp. z o.o. are responsible for liabilities or proportionally entitled to benefits potentially arising as a result of the settlement of the dispute with the WorleyParsons consortium up to the maximum level of claims including interest set as at 26 March 2021, amounting respectively to PLN 140 million for claims asserted by the WorleyParsons consortium against Polskie Elektrownie Jądrowe Sp. z o.o. and PLN 71 million for claims asserted by Polskie Elektrownie Jądrowe Sp. z o.o. against the WorleyParsons consortium.

To the best of the Group's knowledge, Polskie Elektrownie Jądrowe Sp. z o.o. has not acknowledged the claims filed against it and considers potential adjudication by the court to be unlikely. The Group does not create a provision in relation to the above-mentioned events.

Claims filed by Huta Łaziska S.A.

In connection with the merger of the Company with Górnośląski Zakład Elektroenergetyczny S.A. (“GZE”), TAURON company became the party to the court dispute with Huta Łaziska S.A. (“Huta”) against GZE and the State Treasury represented by the President of the ERO.

By the statement of claim of 12 March 2007 Huta demands from GZE and the State Treasury - the President of the Energy Regulatory Office (in solidum) to adjudicate the amount of PLN 182 million including interest accrued from the date of filing the statement of claim to the date of payment as compensation for the alleged damage caused by the failure of GZE to implement the decision of the ERO President of 12 October 2001 concerning the resumption of deliveries of electricity to Huta.

In this case, the courts of the first and second instance passed judgements favourable for GZE; however, in its judgement of 29 November 2011 the Supreme Court overruled the judgement of the Court of Appeals and remanded the case for re-examination by that Court. On 5 June 2012, the Court of Appeals overruled the decision of the Regional Court and remanded the case for re-examination by the latter. By judgement of 28 May 2019, the Regional Court in Warsaw dismissed Huta's claim in its entirety and ruled that Huta reimbursed each of the defendant for the costs of the proceedings. Huta appealed (dated 25 July 2019), challenging the above judgement in its entirety and requesting that it be amended by upholding the claim in its entirety and ordering the defendants to pay the costs of the proceedings in favour of Huta, or, in the alternative, that the contested judgement be set aside in its entirety and the case be referred back to the court of first instance. In response to the appeal of 9 August 2019, the Company requested that the appeal be dismissed in its entirety as manifestly unfounded and that the costs of the appeal proceedings be awarded against Huta in favour of the Company. By the judgement of 9 February 2022, the appeal lodged by Huta was dismissed and the Company was awarded, among others, the costs of the appeal proceedings. The judgement is legally binding. On 13 October 2022, Huta filed a cassation appeal with the Supreme Court. Both the Company and the State Treasury lodged replies to this action emphasising, in the first instance, the lack of grounds for its acceptance for examination by the Supreme Court. Until the date of approval of these interim condensed consolidated financial statements, the Company has not been served with an order of the Supreme Court accepting or refusing to accept the cassation appeal of Huta for examination.

Based on the conducted legal analysis of the claims as well as taking into account the aforementioned judgement, the Group believes that they are unjustified and the risk that they must be satisfied is remote. Consequently, the Company did not create a provision for costs associated with those claims.

Case filed by ENEA S.A.

Case filed by ENEA S.A. (“ENEA”) against TAURON Polska Energia S.A., which has been heard by the Regional Court in Katowice since 2016, refers to the payment of the amount of PLN 17 million including the statutory interest accrued from 30 June 2015 until the payment date. The actual basis of ENEA's claim are allegations concerning unjust enrichment of the Company in connection with possible errors in the determination of the aggregated measurement and settlement data by ENEA Operator Sp. z o.o. constituting the basis for settlements between ENEA and the Company and Polskie Sieci Elektroenergetyczne S.A. on account of imbalance on the Balancing Market in the period from January to December 2012. In the course of the proceedings at the request of ENEA additional sellers were summoned, for whom TAURON Polska Energia S.A. acted as an entity responsible for trade balancing, including the Company's subsidiaries, i.e. TAURON Sprzedaż Sp. z o.o. and TAURON Sprzedaż GZE Sp. z o.o. The claim for payment by the above subsidiaries amounting in total to PLN 8 million, including the statutory interest, was lodged by the claimant in the event the action against TAURON Polska Energia S.A. is dismissed.

On 22 March 2021, the Regional Court in Katowice dismissed the claim of ENEA in its entirety and ruled on ENEA's obligation to reimburse the costs of the proceedings to the Company. The judgement is not legally binding. ENEA has filed an appeal against the above ruling. Until the date these interim condensed consolidated financial statements were authorised for publication, the Company had not been served with a notice setting a date for an appeal hearing.

The Company did not recognise any provision as, in the opinion of the Company, the risk of losing the case is below 50%.

Proceedings initiated by the President of the Office of Competition and Consumer Protection and the President of the Energy Regulatory Office

Administrative proceedings are pending against companies in the Sales segment. The companies provide clarifications in the respective cases on an ongoing basis and undertakes remedying actions.

With regard to proceedings initiated for the imposition of fines against a company in the Sales segment concerning the fulfilment of obligations to redeem certificates of origin of energy from RES and cogeneration for 2014, for which the ERO President issued decisions imposing fines, the company created the provisions for pending proceedings in the total amount of PLN 3 million.

With regard to the proceedings initiated by the President of the Office of Competition and Consumer Protection (UOKiK) against the companies in the Sales segment for declaring the provisions of the standard agreement as prohibited in connection with the mechanism used by the companies for automatically extending the period of settlement of charges for the sale of electricity according to the price list, the companies created the provisions for the potential refund of one-off fees charged to customers for early termination of price lists and for potential costs of servicing the implementation of the provisions within the framework of binding decisions. As at 30 September 2023, the balance of the provisions amounted to PLN 6 million.

Apart from the above-mentioned proceedings, the companies do not create any provisions for potential penalties related to initiated proceedings, since in the opinion of the Management Boards of the companies the risk of unfavourable resolution of cases and imposition of a penalty is low.

Non-contractual use of real estate

The companies belonging to Group do not hold legal titles to all plots of land on which the distribution grids and the related equipment and installations are situated. In the future, the Group may be required to incur costs for the use of real estate without the underlying contracts; however, it must be emphasised that the risk of loss of assets is minor. The Group creates the provision for all court disputes filed in this respect. The provision is not established for unreported potential claims by owners of land of unregulated status due to the lack of detailed record of unregulated land and the resulting inability to reliably estimate the amount of potential claims. However, considering the record of the reported claims and the costs incurred in this respect in previous years, the risk of the necessity to incur significant costs due to such claims can be considered as remote.

(in PLN million)

As at the balance sheet date, provisions in the amount of PLN 78 million were created for reported court disputes, which are recognised in the statement of financial position under other provisions (Note 40.1).

53. Collaterals for repayment of liabilities

As part of its operations, the Group uses various of instruments to hedge its own liabilities under the concluded agreements and transactions. The main types of collateral, in addition to the collateral for the Group's transactions concluded on the Towarowa Giełda Energii S.A. (Polish Power Exchange), described due to their materiality later in this note, are presented below.

Collateral	Collateral amount as at	
	30 September 2023 *(unaudited)*	31 December 2022
Declarations of submission to enforcement*	18 507	16 095
Bank account mandates	1 990	600
Corporate and bank guarantees	1 876	2 117
Blank promissory notes	604	597
Pledges on shares	416	416
Surety agreements	246	618
Other	34	35

**As at 30 September 2023, the item comprises collaterals relating to agreements for which, as at the balance sheet day, the liabilities were repaid in the total amount of PLN 336 million.*

As at 30 September 2023, main hedging items are:

- the declaration of submission to enforcement up to the maximum amount of PLN 4 800 million with the effective date to 30 November 2030, signed by the Company in connection with the conclusion of the syndicated loan agreement in the amount of PLN 4 000 million on 15 July 2022;
- corporate guarantees and sureties granted to secure the liabilities arising from contracts concluded in connection with the implementation of RES projects. As at the balance sheet date, the total value of collaterals amounts to EUR 104 million (PLN 483 million) and PLN 193 million;
- the corporate guarantee granted by the Company in 2014 to secure the bonds of Finanse Grupa TAURON Sp. z o.o. (the so-called NSV). The guarantee shall be effective until 3 December 2029, i.e. the redemption date of the bonds and amounts to EUR 168 million (PLN 779 million), while the beneficiaries of the guarantee are the private placement investors who purchased the bonds issued;
- a bank guarantee of up to PLN 457 million issued following the request of the Company to secure the receivables of Bank Gospodarstwa Krajowego ("BGK") under the loan agreement concluded on 8 March 2018 between the borrower, Elektrociepłownia Stalowa Wola S.A. and BGK and PGNiG S.A. The bank guarantee shall be effective until 11 March 2024 while the collateral of the guarantor's receivables against the Company is the declaration on submission to enforcement up to the amount of PLN 548 million.

Collateral for transactions concluded on the Towarowa Giełda Energii S.A. (Polish Power Exchange) in TAURON Group

Type of collateral	Description
Declarations of submission to enforcement	On 15 June 2023, a declaration of submission to enforcement was signed to secure the obligations of the Company to Izba Rozliczeniowa Giełd Towarowych S.A. ("IRGiT") up to the amount of PLN 6 000 million, with the effective term until 30 June 2027. The liabilities of the subsidiary, TAURON Wytwarzanie S.A. to the IRGiT were secured by a declaration of submission to enforcement signed by the company up to the amount of PLN 2 000 million, with the effective term by 30 June 2024.
Bank guarantees	As at 30 September 2023 and 31 December 2022, bank guarantees totaling PLN 267 million and PLN 176 million, respectively, were in force. After the balance sheet date, annexes to bank guarantees and new bank guarantees were issued in favour of the IRGiT as the security for the Company liabilities. As at the date of approval of these interim condensed consolidated financial statements for publication, bank guarantees in the total amount of PLN 242 million are in force, with the validity dates falling maximum until 26 December 2023.

(in PLN million)

Agreement for setting off the margins	Pursuant to the Agreement defining the principles for the establishment of financial collateral for the energy Group concluded with the IRGiT, TAURON Group applies a mechanism for setting off the margins. In terms of the transactions performed, the margins required by the IRGiT are calculated against the positions offset within the Group, which translates into the reduction in the funds involved on a Group-wide basis in maintaining the collateral required by the IRGiT.
Transfer of CO_2 emission allowances	The transfer of CO_2 emission allowances to the IRGiT is established in order to cover the Company's obligations on account of the security deposit payments due. As at 30 September 2023, the Company deposited the CO_2 emission allowances it holds in the total amount of 230 000 tons in the IRGiT account.

Carrying amount of assets pledged as a collateral for the repayment of the Group's liabilities

The carrying amounts of assets pledged as a collateral for the repayment of the Group's liabilities as at 30 September 2023 was amounted to PLN 4 million and as at 31 December 2022 PLN 345 million, in which main item comprises other non-financial assets - funds paid in advance for coal deliveries in the amount of PLN 342 million.

Provision of funds to cover future decommissioning costs

As at the balance sheet date, the Mine Liquidation Fund created to secure funds to cover future decommissioning costs relates to the subsidiary, Kopalnia Wapienia Czatkowice Sp. z o.o.

54. Related party disclosures

54.1. Transactions with joint ventures

The Group has interest in the following joint ventures: Elektrociepłownia Stalowa Wola S.A. and the TAMEH HOLDING Sp. z o.o. capital group, which are further described in Note 24 to these interim condensed consolidated financial statements.

The total value of transactions with jointly-controlled entities is presented in the table below.

	9-month period ended 30 September 2023 *(unaudited)*	9-month period ended 30 September 2022 *(unaudited)*
Revenue	181	723
Costs	(456)	(328)

The main item of settlements with jointly-controlled companies are the loans granted to Elektrociepłownia Stalowa Wola S.A. (Note 25).

The Company also provided collaterals to joint ventures in the form of pledges on shares in TAMEH HOLDING Sp. z o.o. and a bank guarantee commissioned by the Company to secure loan liabilities of Elektrociepłownia Stalowa Wola S.A. On account of a loan (Note 53).

54.2. Transactions with the participation of State Treasury companies

The main shareholder of the Group is the State Treasury of the Republic of Poland, therefore the State Treasury companies are treated as related parties.

The total value of transactions with State Treasury companies are presented in the table below.

Revenues and costs

	9-month period ended 30 September 2023 *(unaudited)*	9-month period ended 30 September 2022 *(unaudited)*
Revenue	3 934	2 750
Costs	(6 385)	(3 954)

Receivables and liabilities

	As at 30 September 2023 *(unaudited)*	As at 31 December 2022
Receivables*	700	519
Liabilities	979	982

**As at 30 September 2023, the receivables item in the table above includes advance payments for the purchase of tangible fixed assets in the amount of PLN 5 million.*

(in PLN million)

Among the State Treasury companies, the largest customers of the TAURON Polska Energia S.A. Capital Group in the 9-month period ended 30 September 2023 included ENERGA-OPERATOR S.A., PSE S.A., Polska Grupa Górnicza S.A., TAURON Wydobycie S.A. oraz KGHM Polska Miedź S.A. The largest purchase transactions were performed by the Group with PSE S.A., TAURON Wydobycie S.A. and Polska Grupa Górnicza S.A. In the 9-month period ended 30 September 2022, the Group's largest customers included: KGHM Polska Miedź S.A., PSE S.A. and Polska Grupa Górnicza S.A. The largest purchase transaction was performed by the Group with PSE S.A., Polska Grupa Górnicza S.A. and Węglokoks S.A. In the 9-month period ended 30 September 2022, transactions of purchase from TAURON Wydobycie S.A. constituted intra-group transactions.

The Capital Group conducts material transactions on the energy markets through Izba Rozliczeniowa Giełd Towarowych S.A. Due to the fact that this entity only arranges stock exchange trading, the purchase and sale transactions performed through it are not treated as related party transactions.

Transactions with State Treasury companies are mainly related to the operating activities of the Group and are performed on an arm's length terms.

The above tables do not include transactions with banks under the control of the State Treasury, which, in accordance with IAS 24 *Related Party Disclosures*, as providers of finance, are not treated as related parties.

54.3. Remuneration of the executives

The level of remuneration and other benefits paid and/or due members of the Management Board, Supervisory Boards and other key management personnel of the parent company and the subsidiaries paid and due in the 9-month period ended 30 September 2023 and in the comparative period is presented in the table below.

	9-month period ended 30 September 2023 *(unaudited)*		9-month period ended 30 September 2022 *(unaudited)*	
	Parent	Subsidiaries	Parent	Subsidiaries
Management Board	**9**	**19**	**5**	**18**
Short-term benefits (with surcharges)	8	18	5	17
Employment termination benefits	1	1	–	1
Supervisory Board	**1**	**1**	**1**	**1**
Short-term employee benefits (salaries and surcharges)	1	1	1	1
Other key management personnel	**12**	**44**	**11**	**42**
Short-term employee benefits (salaries and surcharges)	11	43	10	40
Other	1	1	1	2
Total	**22**	**64**	**17**	**61**

In accordance with the accounting policy adopted, the Group creates provisions for benefits due to members of the Management Board on account of termination of their management contracts and to other key executives on account of termination of their employment, which may be paid or payable in subsequent reporting periods. The table above takes into account the amounts paid and due to be paid until 30 September 2023.

55. Other material information

Implementation of the Government Programme of the Transformation of the Polish Electricity Sector

In the 9-month period ended 30 September 2023, works continued in the Group with the aim to implement the government programme for the transformation of the Polish electricity sector (the "NABE Programme") launched in April 2021 by the Ministry of State Assets. The programme aims to separate coal assets from state-owned energy companies under the terms and conditions set out by the MAP in the document entitled "*The transformation of the electricity sector in Poland. Separation of coal generation assets from the companies with the State Treasury shareholding*".

The NABE programme stipulates the acquisition of all assets related to the generation of energy in coal and lignite-fired power plants, including service companies providing services to them by the State Treasury from PGE Polska Grupa Energetyczna S.A., ENEA S.A., TAURON Polska Energia S.A. and Energa S.A. The acquisition is preceded by an internal reorganisation of the energy companies aimed at integrating the assets to be separated within a single entity, which in the TAURON Group was carried out within TAURON Wytwarzanie S.A.

On 14 July 2023, as part of the implementation of the NABE Programme the Company received from the State Treasury, represented by the Minister of State Assets, a proposal for a non-binding document (the “Document”) summarising the terms of the transaction for the acquisition by the State Treasury of all the shares held by the Company in TAURON Wytwarzanie S.A.

In particular, the document includes a proposal for the purchase price of TAURON Wytwarzanie S.A. shares, the key economic and legal terms and conditions of conducting the transaction, including the key provisions of the preliminary sale agreement and the promised sale agreement, as well as the proposed mechanism for the settlement of TAURON Wytwarzanie S.A. debt to the Company. The value of the enterprise of TAURON Wytwarzanie S.A. (Enterprise Value) was determined according to a locked-box mechanism as at 30 September 2022. The value of the transaction consists of two elements: the price for TAURON Wytwarzanie S.A. shares (“Sale Price”) and the value of TAURON Wytwarzanie S.A. debt to the Company that will be subject to repayment.

The Document received does not constitute an offer or commitment to enter into any contract. The Document implies that the transaction will only be conducted if the negotiations of the State Treasury with all of the following companies are successfully concluded: TAURON Polska Energia S.A., PGE Polska Grupa Energetyczna S.A., ENEA S.A., Energa S.A.

The State Treasury proposed the acquisition of shares of TAURON Wytwarzanie S.A. for the Selling Price of PLN 1 together with the repayment to the Company of debts of TAURON Wytwarzanie S.A. existing as at the date of acquisition of the shares by the State Treasury (“Closing Date”). As at 30 September 2022, the debt amounted to PLN 6 326 million. In accordance with the Document, the debt by the Closing Date should be reduced by the amount of PLN 652 million as a result of the conversion of a part of the existing debt of TAURON Wytwarzanie S.A. to the Company, to the equity of TAURON Wytwarzanie S.A. Portion of TAURON Wytwarzanie S.A. debt to the Company in the amount of PLN 2 120 million will be repayable over a period of 8 years from the Closing Date, while the repayment will be covered by a guarantee from the State Treasury equivalent to 70% of the debt. The remaining part of TAURON Wytwarzanie S.A.'s debt to the Company existing as at the Closing Date is to be repaid by NABE within 90 days of the Closing Date. Other intra-group settlements, with particular reference to the settlements concerning CO_2 emission allowances, are carried out on an ongoing basis and will not affect the Selling Price.

On 10 August 2023, the required corporate approvals were obtained for the boundary conditions set out in the Document and for the increase in the equity of TAURON Wytwarzanie S.A. by PLN 652 million and for the subscription of the newly issued shares of TAURON Wytwarzanie S.A. by the Company. On 18 August 2023, an increase in the share capital of TAURON Wytwarzanie S.A. by PLN 7 million was registered, through the issue of 652 000 shares with a value of PLN 10 and an issue price of PLN 1 000 per share. Coverage of the increase in TAURON Wytwarzanie S.A. equity was performed by setting off (converting) a part of TAURON Wytwarzanie S.A. existing debt towards the Company.

On 10 August 2023, the Company and the State Treasury signed a document (the “Term Sheet”) summarising the key terms and conditions of the transaction of acquisition by the State Treasury of all the shares held by the Company in TAURON Wytwarzanie S.A. in order to establish the NABE.

The key boundary conditions contained in the signed Term Sheet coincide with the terms of the Document, as described above. The Term Sheet also sets out the conditions determining the conclusion of the preliminary agreement for the sale of TAURON Wytwarzanie S.A. shares to the State Treasury, including in particular:

- reaching an agreement on the content of the documentation related to the transaction, including covering the future financing of the NABE and obtaining preliminary bank lending decisions for the financing of the NABE,
- positive consideration of the application for the acquisition of shares by the State Treasury from the Reprivatisation Fund by the Prime Minister,
- obtaining all internal approvals and permits required to conclude or execute the transaction,
- conclusion of agreements (or relevant annexes) to ensure the operation of the companies forming the NABE after closing of the transaction,
- performing changes in the issued capital or shareholding structure of the companies forming the NABE in order to prepare them for transactions, including performing of the conversion of part of the existing indebtedness of TAURON Wytwarzanie S.A. towards the Company into TAURON Wytwarzanie S.A. equity.

As part of the next stage of the Transaction, it is envisaged that a preliminary agreement and then a final agreement for the sale of TAURON Wytwarzanie S.A. shares will be concluded.

As at 30 September 2023 and as at the date of approval of these interim condensed consolidated financial statements for publication, as a result of the analysis conducted, in the Group’s assessment the criteria of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* have not been met in the scope of classification of the Group's assets and liabilities of the manufacturing and service companies included in the NABE Programme as a disposable group classified as held for sale.

In particular, as at 30 September 2023 and as at the date of approval of this interim condensed consolidated financial statements for publication, *the Act on the Principles of Granting Guarantees for NABE Liabilities by the State Treasury*, which is of key importance in terms of ensuring the future financing of NABE and which is one of the conditions precedent for signing the promised agreement for the sale of TAURON Wytwarzanie S.A. shares, has not entered into force. The aforementioned law, passed by the Sejm on 17 August 2023, was rejected by the resolution of the Senate on 7 September 2023. The resolution of the Senate rejecting the Act was not considered by the Sejm before the end of the term of office of the Parliament.

The Group estimates that as at 30 September 2023, the assets of the companies covered under the NABE programme represent approximately 68% of the assets of the Generation segment and approximately 16% of the Group’s assets. In the 9-month period ended 30 September 2023, the sales revenue of the companies covered by the NABE programme represented approximately 81% of the Generation segment's revenue and approximately 18% of the Group's sales revenue.

The total EBITDA of the companies covered by the NABE programme represented approximately 16% of the TAURON Group's EBITDA for the 9-month period ended 30 September 2023. In the comparable period of the previous year, the total EBITDA of the NABE companies was negative.

Signing the agreement to the Letter of Intent concerning Elektrociepłownia Stalowa Wola S.A.

On 25 July 2023, an agreement (the “Memorandum of Understanding”) was signed to the Letter of Intent concluded in August 2021 regarding Elektrociepłownia Stalowa Wola S.A. The Memorandum of Understanding was concluded between the Company, the subsidiaries, TAURON Wytwarzanie S.A. and TAURON Inwestycje Sp. z o.o. (current owner of 50% of shares in Elektrociepłownia Stalowa Wola S.A.), Orlen S.A. (legal successor of the previous party to the Letter of Intent, i.e. Polskie Górnictwo Naftowe i Gazownictwo S.A.) and PGNiG TERMIKA S.A. (an entity now part of Orlen Group).

The intention of the parties to the Memorandum of Understanding is to confirm the intention to continue (after the recent ownership changes) the talks planned in the Letter of Intent concerning a potential transaction of the sale by TAURON Group to Orlen Group of its equity involvement in Elektrociepłownia Stalowa Wola S.A. and receivables on account of loans granted to Elektrociepłownia Stalowa Wola S.A. by the Company, including a potential development of a method of carrying out the potential transaction and its settlement acceptable to the parties. The Memorandum of Understanding excludes TAURON Wytwarzanie S.A. from the talks, includes TAURON Inwestycje Sp. z o.o. and adjusts the principles of cooperation to the new legal and actual situation. The Memorandum of Understanding further indicates that the method of settlement of the potential transaction to be worked out by the parties may take into account, for example, the potential sale of 100% of the shares in PGNiG TERMIKA Energetyka Przemysłowa S.A. with its registered office in Jastrzębie Zdrój belonging to PGNiG TERMIKA S.A. to the company or companies in the TAURON Group.

Impact of the COVID-19 pandemic on the operations of the Group

In the 9-month period ended 30 September 2023, no significant impact of the COVID-19 pandemic on TAURON Group was observed, including on the level of demand for electricity, the developments in prices on the markets of electricity and related products and trends in the level of overdue receivables of the Group's customers.

The situation related to the COVID-19 pandemic in the 9-month period ended 30 September 2023 did not affect the operations of individual Business Areas of TAURON Group.

The epidemiological emergency state caused by SARS-CoV-2 virus infections was lifted in Poland on 1 July 2023.

Impact of the war in the territory of Ukraine on the current and future activities of TAURON Group

Recognising the scale of the risks associated with the current situation, TAURON Group continuously monitored the impact of the war in Ukraine and undertook measures to mitigate the potential effects of risk materialisation as well as to maintain the continuity of critical infrastructure operations.

TAURON Group did not have assets located in Ukraine, Russia and Belarus, therefore, TAURON Group did not identify any direct effects of the war on its own business operations.

In the TAURON Group's assessment, the indirect consequences of the war that affected or could have affected TAURON Group in the 9-month period ended 30 September 2023 are as follows:

- implementation of national regulations in 2022 for 2023, with the aim of limiting electricity demand, introducing mechanisms to limit increases in electricity prices for end users, introducing margin restrictions for electricity generators and trading companies, including further regulatory interventions in the scope of support for electricity consumers proceeded in 2023. The impact of the most significant changes in legislation on the Group's financial position and results is described in more detail in note 9 of these interim condensed consolidated financial statements,

- a decrease in the volume of energy sales and distribution as a result of reduced economic activity of Polish entrepreneurs in its part resulting from the occurrence of the war on the Ukrainian territory,
- an increase in trade receivables resulting mainly from a nominal rise in electricity selling prices relative to the situation observed in 2022,
- a change in the costs incurred and revenues generated from the production and sale of electricity in TAURON Group, among others, as a result of the crisis observed in the energy fuel market in 2022 partly due to the occurrence of the war in the Ukrainian territory.

The above consequences and the follow-up market changes have been translated and included in the assumptions as part of the Company's most recent impairment tests as at 30 September 2023. The increase in receivable balances and risks in terms of customer solvency were taken into account in the measurement of receivables.

The situation associated with the war on the territory of Ukraine and its impact on the market and regulatory environment is highly volatile and its future consequences are difficult to estimate precisely. They will depend, in particular, on the scale and duration of the aggression, further developments including the potential escalation of hostilities as well as their impact on the condition of the economy in Poland and worldwide. Regarding to the war in Ukraine, the impact of the risks identified may also depend on further regulatory actions at the European Union level and at the national level in terms of implementing intervention measures as well as shaping the future energy market.

Entry into force of the settlement with the contractor of the 910 MW unit construction in Jaworzno

On 25 April 2023, the last condition precedent was fulfilled, therefore, the settlement agreement entered into force, as concluded on 31 March 2023 between TAURON Wytwarzanie S.A. (the “Contracting Entity”) and the consortium consisting of: RAFAKO S.A. and MOSTOSTAL Warszawa S.A. and E003B7 Sp. z o.o. (jointly referred to as: the “Contractor”, the Contracting Entity and the Contractor jointly referred to as the “Parties”) in mediation before the Court of Arbitration at the Polish Attorney General's Office (the “Settlement”), which establishes the procedure under which the contract for the construction of the 910 MW unit in Jaworzno will be completed and mutual settlements will be made in respect thereof, as well as an annex to the contract for the construction of unit 910 MW.

According to the key provisions of the Settlement:

- TAURON Wytwarzanie S.A. will limit its claims against RAFAKO S.A., Mostostal Warszawa S.A. and E003B7 sp. z o.o. to the amount of PLN 240 million; this amount was satisfied by drawing on the performance bond granted on request of E003B7 Sp. z o.o. and paid by the guarantors on 25 April 2023;
- The Parties, upon signing the Settlement Agreement, accepted and settled the works as indicated in the Annex to the Settlement Agreement. The Contracting Entity will pay the amount of PLN 18 million net to the Contractor as a remuneration for the aforementioned works, which was set at a total net amount of PLN 33 million and which, for the purposes of payment, was reduced by the settlement of advance payments and the amount of paid invoices in the total net amount of PLN 15 million net. The settlement of the amount indicated above, together with the Contractor's remuneration already paid from the contract to date - will mean the settlement of all work completed by the Contractor under the contract and the Contractor will not carry out any further work under the contract;
- The Contracting Entity and RAFAKO S.A. will endeavour to conclude, as soon as possible, an agreement with UNIQA Towarzystwo Ubezpieczeń S.A. and InterRisk Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group on the settlement of the damage resulting from the failure of the Unit on 9 February 2020 and as part of the liquidation proceedings conducted in this respect, following which UNIQA will pay the compensation to the Contracting Entity. On account of RAFAKO S.A.'s share in the damages, the Contracting Entity shall, within 7 days of receiving the compensation, pay to RAFAKO the amount of PLN 9 million, while the remaining amount of the awarded compensation shall constitute the Contracting Entity's receivable. For reasons beyond the control of the Contracting Entity, no agreement with the insurance companies had been concluded by the date of approval of these interim condensed consolidated financial statements;
- The Contracting Entity undertook to acquire the assets specified in the Settlement Agreement from the Contractor and to pay the Contractor the total net amount of PLN 12 million on account of the acquisition of the aforementioned assets;

- The Contracting Entity shall pay to E003B7 Sp. z o.o., after the entry into force of the Settlement, a lump sum remuneration of PLN 10 million net, which E003B7 Sp. z o.o. will use to lead to the termination of the subcontractors' claims;
- The Parties limited the subject matter of the contract to the work completed to date and agreed that, upon signing of the Settlement Agreement, the contract was terminated in its part which has not been completed. Upon entry into force of the Settlement Agree, all Contractor's liability pertaining to the contract, in particular the guarantee and warranty in relation to the subject matter of the contract, ceased and all Contractor's liability for all faults, damage and defects in the 910 MW unit ceased, including those occurring after the date of concluding the Settlement. Pursuant to the annex to the contract, the Parties agreed on the final price of the Contract in the amount of PLN 4 659 million net. The termination of the contract will result in cancellation of all obligations of the Parties under the contract.
- as soon as the Settlement Agreement enters into force, the settlements provided for in the Settlement Agreement shall satisfy all mutual claims of the Parties in connection with the performance of the Contract. The Parties mutually waived all claims arising in connection with the circumstances up to the date of concluding the Settlement Agreement, including mutual claims as well as claims of RAFAKO S.A. and E003B7 Sp. z o.o. towards TAURON Polska Energia S.A., issued in January 2023 and described in more detail in Note 64 of the consolidated financial statements for the year ended 31 December 2022. The Parties undertook that they would not assert waivable claims in the future irrespective of title or factual and legal basis.

On 19 June 2023, the Settlement Agreement was approved by the Regional Court in Katowice, 14th Commercial Division.

56. Events after the balance sheet date

Signing of the facility agreement with Bank Gospodarstwa Krajowego

On 3 October 2023, a revolving loan agreement for the amount of PLN 750 million was signed between the Company and Bank Gospodarstwa Krajowego, the funds of which will be used to finance the current operations of TAURON Group companies. In accordance with the agreement, each repayment of all loan drawn or a part thereof shall result in its renewal by the amount of the repayment and gives a possibility of multiple use during the crediting period up to the credit limit. The loan will be repaid in full by 3 October 2024. The interest rate will be determined on the basis of a floating interest rate increased by a margin. The loan was drawn down in full on 25 October 2023.

These interim condensed consolidated financial statements of TAURON Polska Energia S.A. Capital Group prepared for the 9-month period ended 30 September 2023 in compliance with the International Accounting Standard No 34 comprise 65 pages.

Katowice, 21 November 2023

Paweł Szczeszek - President of the Management Board

Patryk Demski - Vice President of the Management Board

Bogusław Rybacki - Vice President of the Management Board

Krzysztof Surma - Vice President of the Management Board,

Tomasz Szczegielniak - Vice President of the Management Board

Artur Warzocha - Vice President of the Management Board.

Oliwia Tokarczyk - Executive Director for Accounting and Taxes

This is a translation of the document originally issued and signed in Polish