REPORT OF THE MANAGEMENT BOARD

on the operations of TAURON Polska Energia S.A. Capital Group in the first half of 2024

TAURON.PL

TABLE OF CONTENTS

TAURON Group in numbers

Revenue	EBITDA	CAPEX (expenditures)	NET DEBT/EBITDA	Balance sheet total
15 284 PLN m	**3 129** PLN m	**1 859** PLN m	**2.1x**	**45 006** PLN m
-34% vs H1 2023	**-27% vs H1 2023**	**+0.3% vs H1 2023**	**unchanged vs 2023**	**-10% vs 2023**

RES

- **11** wind farms with a total capacity of **417** MWe,
- **34** hydro power plants with a total capacity of **133** MWe,
- **3** photovoltaic farms with a total capacity of **56** MWe,
- **0.80** TWh of gross electricity production.

GENERATION

- 5 power plants with a total electric capacity of 4.2 GWe and a total thermal capacity of 0.9 GWt
- 4.1 TWh of gross electric production, including 0.07 TWh from biomass,
- 1.7 PJ of heat production.

HEAT

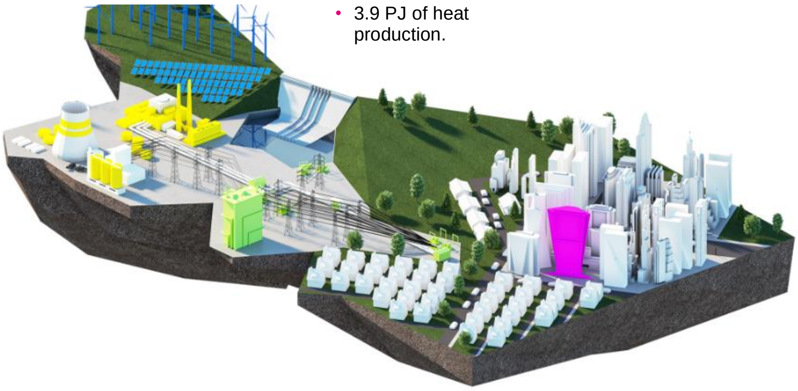
- 5 combined heat and power plants, and 31 heat generation plants with a total electric capacity of 0.4 Gwe and a total thermal capacity of 1.2 GWt,
- 0.5 TWh of gross electric production, including 0.07 TWh from biomass
- 3.9 PJ of heat production.

DISTRIBUTION

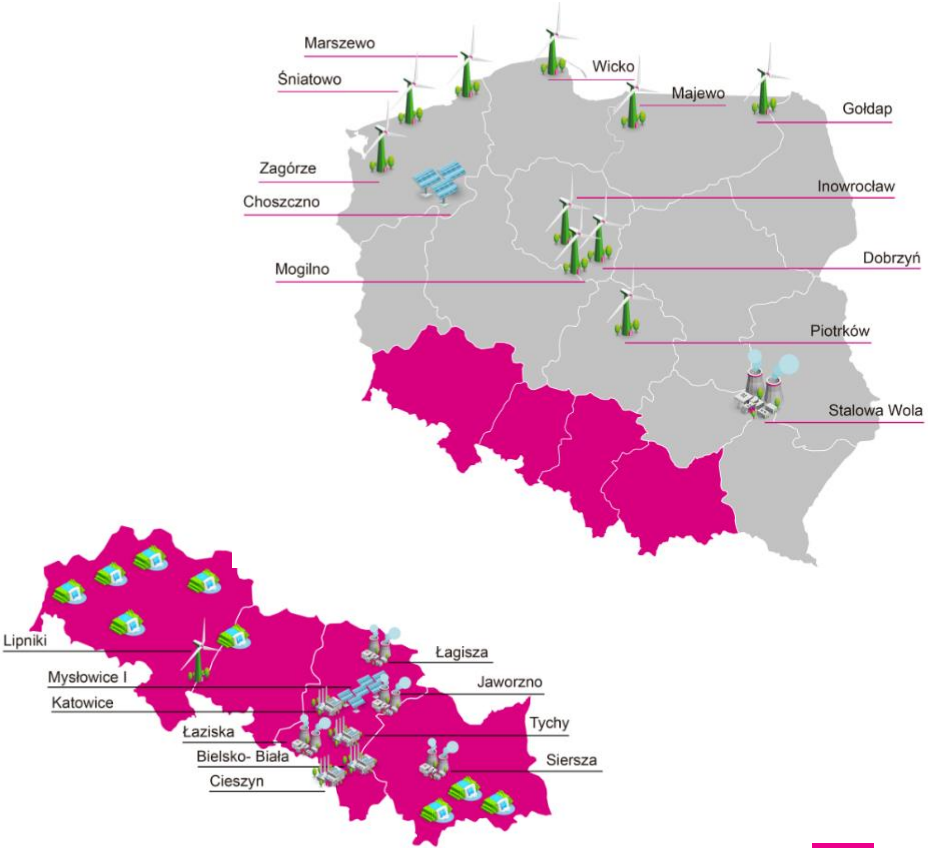
- **5.95** million customers,
- Distribution covering the area of 57 900 km2, i.e. 18.5% of Poland's territory,
- 26.03 TWh of distributed electricity.

SUPPLY

- **5.79** million customers,
- 13.53 TWh of retail electricity supply,
- gas engines with a total electric capacity of 10.8 MWe
- 24 GWh of gross electricity production.



Key assets
of TAURON Group



1. TAURON POLSKA ENERGIA S.A. AND TAURON CAPITAL GROUP

1.1. Description of the business operations

TAURON Capital Group's parent (holding) company is TAURON Polska Energia S.A. (hereinafter called the Company or TAURON), that had been established on December 6, 2006, as part of the *Program for the Power Sector*. The Company was registered in the National Court Register on January 8, 2007, under the name: Energetyka Południe S.A. The change of the Company's name to its current name, i.e. TAURON Polska Energia S.A., was registered on November 16, 2007. The Company does not have any branches (divisions).

TAURON Polska Energia S.A. Capital Group (hereinafter referred to as TAURON Capital Group or TAURON Group) is a vertically integrated energy group located in the south of Poland.

The Company is performing the central function and is focusing on hedging the sell and buy positions of TAURON Capital Group's entities with respect to electricity, gas, the CO_2 emission allowances, fuels and guarantees of origin of electricity (energy certificates), respectively. In addition, the Company is performing the role of managing the portfolio of electricity, the CO_2 emission allowances and the property rights. The trading in electricity and gas, which is, in addition to the functions related to the management of TAURON Capital Group's subsidiaries, one of the Company's core activities, is carried out on the basis of the licenses for trading in electricity and gas fuels issued by the President of the Energy Regulatory Office. As part of its functions related to the management of TAURON Group's subsidiaries as the parent company, the Company, in particular, is performing a management and consolidation role, i.e. it defines the internal and intra-corporate regulations in the Group, ensuring the consistency and completeness of the tools used for effective corporate management of TAURON Group, including the focus on overseeing the purchasing activities as well as the financial and asset management, it is performing the corporate risk management function, as well as the IT, OT operating model and business continuity areas management. In addition, the Company is coordinating the works related to the research and development activities, and is performing the function of coordinating the activities with respect to the accounting and tax advisory services, the legal services as well as auditing.

TAURON Capital Group is conducting its operations and generating its revenue, first and foremost, from the supply of the electricity and heat, coming both from its generation, as well as from the trading, and also from the electricity distribution service, as well as the heat transmission service.

The core products offered by TAURON Capital Group entities in the first half of 2024 had included electricity and heat, as well as the limestone mining products for the needs of the power generation, construction and the road building industries. In addition, TAURON Capital Group has also been dealing with the trading in the commodities: electricity and energy market products, as well as gas, and it had also been providing the electricity distribution and supply services, including to the final consumers, the heat distribution and transmission services, as well as other services related to the operations conducted thereby.

In accordance with *TAURON Group's Business and Operational Model* (Business Model), TAURON Capital Group's business operations had been conducted, in the first half of 2024, by the units defined as: the Corporate Center, the Lines of Business (Segments) (Trading, Generation, Renewable Energy Sources (RES), Heat, Distribution and Supply) as well as the Shared Services Centers.

Starting from the Interim Condensed Consolidated Financial Statements of TAURON Capital Group for the six month period ended on June 30, 2024, changes had been made in the division of the Group's operations into the operating segments. The most significant change is the stripping out of a new operating segment – the Heat. In addition, the assignment of some companies to the individual Segments had been altered. *The detailed changes are described in the Consolidated Financial Statements of TAURON Group in section 11.* In accordance with the changes in question, for the purpose of reporting TAURON Group's results in the first half of 2024, the business operations of TAURON Capital Group had been divided into the following 6 main Segments (Operating Segments), hereinafter also referred to as the Lines of Business:

Generation Segment that comprises mainly electricity generation and supply using conventional sources, including co-generation, as well as electricity generation from biomass burning. This Segment also includes the generation and supply of the heat produced by the Tauron Wytwarzanie subsidiary's power plants as well as the generation equipment's overhaul operations, the trading of the biomass, the utilization (management) of the hard coal combustion and extraction processes' by-products.

Heat Segment that comprises the generation of heat at the Tauron Ciepło subsidiary's combined heat and power plants and heat generation plants, as well as its transmission and supply. The segment also includes the generation and supply of electricity.

Renewable Energy Sources (RES) Segment that comprises electricity generation from the renewable energy sources, i.e. hydroelectric, wind and photovoltaic power plants.

Distribution Segment that comprises distribution of electricity using the distribution grids located on the territory of the following provinces: Małopolska, Lower Silesia, Opole, Silesia, partly: Świętokrzyskie, Podkarpackie, Łódź, Wielkopolska and Lubuskie. The Segment also includes the operations that cover the technical support services related to the electricity metering systems, the metering data acquisition, the real estate administration, as well as the technical support services for the vehicles.

Supply Segment that comprises electricity and natural gas supply to the final consumers as well as the electricity, natural gas and derivative products wholesale trading. In addition, the Segment comprises trading and management of the CO_2 emission allowances and the property right as well as the sales of the hard coal fuel for the needs of the Group's generation units. In addition, the Segment's subsidiaries are offering the services related to, among other things, the management and maintenance of the street lighting, the smart city products, the e-mobility products, as well as the services focused on improving energy efficiency. The Segment also includes the business operations involving the production of electricity by the gas engines.

Apart from the main Segments of the operations, TAURON Capital Group is also conducting the operations presented as part of the **Other Operations** that comprise, among other things, the customer service for TAURON Capital Group's customers, the provision of the support services for TAURON Capital Group's subsidiaries with respect to accounting, human resources (HR) management, information and communications technology (ICT), as well as the operations related to the extraction of the stone (rocks) and the production of the sorbing agents. The Other Operations also include the financial operations, brokering activities, utilization (management) of the hard coal combustion and extraction processes' by-products, biomass processing, real estate administration, as well as the technical support services for the vehicles.

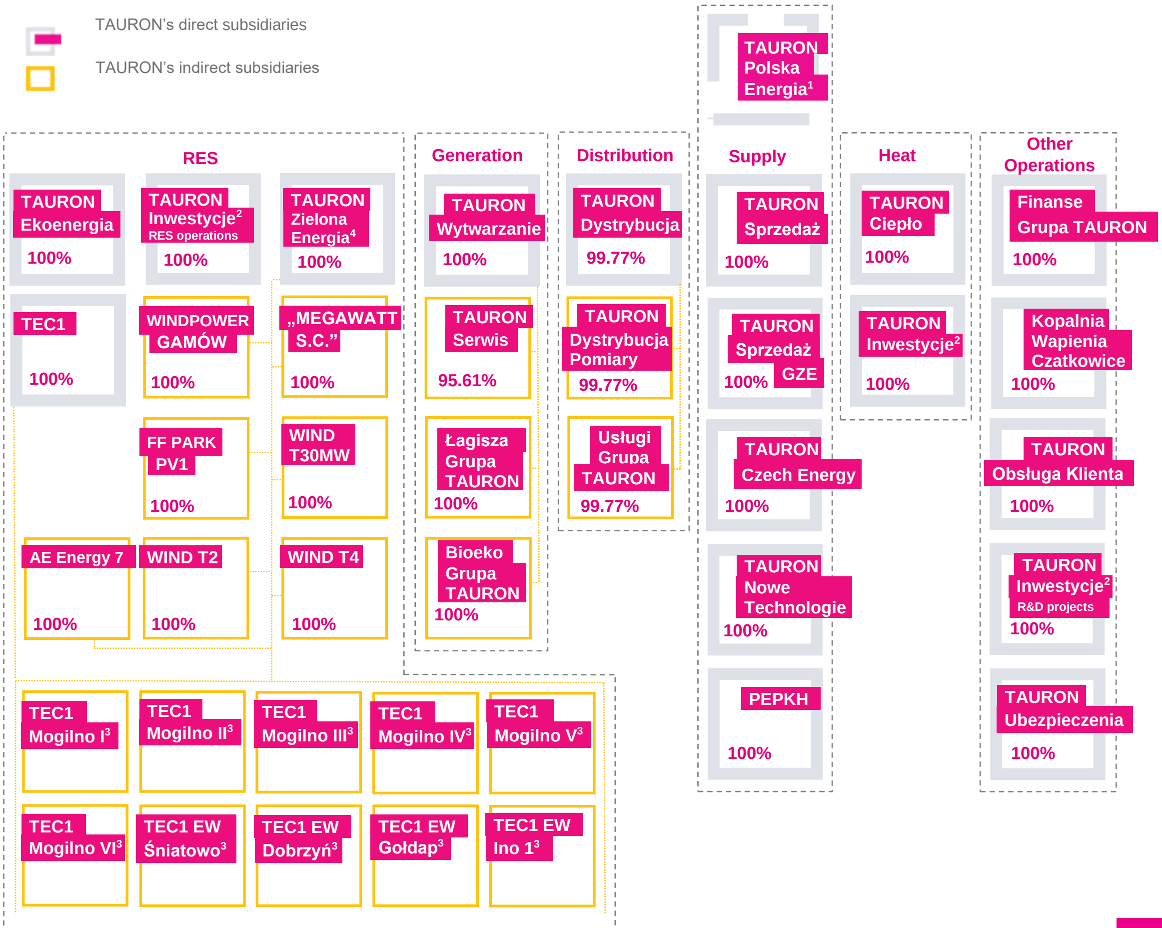
1.2. Structure of TAURON Capital Group

As of June 30, 2024, TAURON Capital Group's key subsidiaries, apart from TAURON parent company, included 38 subsidiaries subject to consolidation that are listed below. In addition, the Company held, directly or indirectly, shares in the other 33 companies.

As of the date of drawing up this report, TAURON Capital Group's key subsidiaries, apart from TAURON parent company, included 28 subsidiaries subject to consolidation. In addition, the Company held, directly or indirectly, shares in the other 42 companies.

Entities subject to consolidation

Figure no. 1. TAURON Capital Group's structure, including the subsidiaries subject to consolidation, as of June 30, 2024



[1] TAURON is included in the Supply Segment.
[2] the company's operations related to the generation of electricity from the renewable sources are included in the Renewable Energy Sources (RES) Segment. The company's operations related to the conducting of the investment projects as well as the generation of electricity from the sources other than the non-renewable sources are included in the Heat Segment, The company's operations related to the conducting of the research and development activities with respect to hydrogen are included as part of the Other Operations.

[3] TEC1 sp. z o.o. (Ltd.) (TEC1) is the General Partner, TAURON Zielona Energia sp. z o.o. (Ltd.) (TAURON Zielona Energia) is the Limited Partner As of July 1, 2024, the subsidiaries had been incorporated into TAURON Zielona Energia.
[4] As of July 1, 2024, TAURON's share has stood at – 62.50%, while the other 37.50% is owned by TEC1.

Changes to the organization

Table no. 1. Changes to the organization of TAURON Capital Group in the first half of 2024 and by the date of drawing up this report

Event	Description of the event
1. Merger of TAURON Ciepło sp. z o.o. (Ltd.) and Energetyka Cieszyńska sp. z o.o. (Ltd.)	On January 3, 2024, the District Court of Katowice - Wschód in Katowice, the 8th Commercial Division of the National Court Register had registered the incorporation by TAURON Ciepło sp. z o.o. (Ltd.) (the Acquiring Company) of Energetyka Cieszyńska sp. z o.o. (Ltd.) (the Acquired Company). Due to the capital (equity) structure of the companies involved in the above mentioned merger (100% of the shares in the share capital of the Acquired Company had been held by the Acquiring Company), the merger had taken place based on the regulations allowing for the so-called simplified merger procedure (Article 516, § 6 of the Code of Commercial Companies), in accordance with Article 492, § 1, item 1 of the Code of Commercial Companies, i.e. by transferring all of the assets of the Acquired Company to the Acquiring Company.
2. Merger of TAURON Zielona Energia sp. z o.o. (Ltd.) and 10 limited partnerships	On July 1, 2024 (an event that took place after the balance sheet date), the District Court of Katowice - Wschód in Katowice, the 8th Commercial Division of the National Court Register had registered the merger of TAURON Zielona Energia sp. z o.o. (Ltd.) (the Acquiring Company) with the companies: TEC1 sp. z o.o. EW Dobrzyń sp.k., TEC1 sp. z o.o. EW Gołdap sp.k., TEC1 sp. z o.o. EW Śniatowo sp.k., TEC1 sp. z o.o. Ino 1 sp. k., TEC1 sp. z o.o. Mogilno I sp. k., TEC1 sp. z o.o. Mogilno II sp. k., TEC1 sp. z o.o. Mogilno III sp. k., TEC1 sp. z o.o. Mogilno IV sp. k., TEC1 sp. z o.o. Mogilno V sp. k., TEC1 sp. z o.o. Mogilno VI sp. k. (the Acquired Companies). The above mentioned merger had occurred along with an increase in the share capital of the Acquiring Company by the amount of PLN 3 615 050.00 through the issue of 72 301 new shares with a nominal value of PLN 50.00 each, which had been subscribed by the sole general partner of the Acquired Companies, i.e. TEC1 sp. z o.o. (Ltd.). As a consequence of the above, TAURON's percentage share in the share capital of TAURON Zielona Energia sp. z o.o. (Ltd.) had changed from 100% to 62.50%, TEC1 sp. z o.o.'s share stands at 37.50%. The merger of the Acquiring Company and the Acquired Companies had taken place in accordance with Article 492, § 1, item 1 of the Code of Commercial Companies, i.e. by transferring all of the assets of the Acquired Companies to the Acquiring Company.
	The above mentioned company mergers had been aimed at optimizing and simplifying the ownership structure and management of the companies' assets, first and foremost in order to reduce the cost of operating the incorporated companies.
3. Establishment of 9 limited liability companies	On July 23, 2024 (an event that took place after the balance sheet date), the following companies had been established: TAURON BME1 sp. z o.o., TAURON BME2 sp. z o.o., TAURON BME3 sp. z o.o., TAURON BME4 sp. z o.o., TAURON BME5 sp. z o.o., TAURON BME6 sp. z o.o., TAURON BME7 sp. z o.o., TAURON BME8 sp. z o.o. and TAURON BME9 sp. z o.o., with all of them having their registered offices in Katowice. The share capital of each of the above companies amounts to PLN 5 000 and is divided into 100 shares with a nominal value of PLN 50 each, which had been fully subscribed by TAURON. On August 1, 2024 (an event that took place after the balance sheet date), the District Court of Katowice - Wschód in Katowice, the 8th Commercial Division of the National Court Register had registered the companies: TAURON BME7 sp. z o.o., TAURON BME8 sp. z o.o. and TAURON BME9 sp. z o.o. Subsequently, on August 2, 2024, the court had registered the companies: TAURON BME1 sp. z o.o., TAURON BME2 sp. z o.o., TAURON BME3 sp. z o.o., TAURON BME4 sp. z o.o., TAURON BME5 sp. z o.o. and TAURON BME6 sp. z o.o. The established companies will be used to implement investment projects in the form of the construction of the battery energy storage facilities. The above activities are in line with TAURON Group's strategic challenges.

Organizational or equity ties with other entities

Apart from the equity ties with the companies presented in *Figure no. 1 in this report*, the organizational or equity ties are applicable to the material joint subsidiaries (co-subsidiaries) in which the Company held, directly or indirectly, shares, and which, as of June 30, 2024, and as of the date of drawing up this report, include the companies listed in the below table.

Table no. 2. List of material joint subsidiaries (co-subsidiaries) as of June 30, 2024, and as of the date of drawing up this report

Company name	Registered office	TAURON's share in the company's capital and in the parent company	Subsidiary holding directly shares in the company
1. EC Stalowa Wola S.A. (EC Stalowa Wola)	Stalowa Wola	50.00%	TAURON Inwestycje sp. z o.o. (Ltd.) (TAURON Inwestycje)
2. TAMEH HOLDING sp. z o.o. (TAMEH HOLDING)	Dąbrowa Górnicza	50.00%	TAURON
3. TAMEH POLSKA sp. z o.o. (TAMEH POLSKA)	Dąbrowa Górnicza	50.00%	TAMEH HOLDING
4. TAMEH Czech s.r.o.	Ostrava, Czech Republic	50.00%	TAMEH HOLDING

1.3. Management Board and Supervisory Board of TAURON Polska Energia S.A.

Management Board of TAURON Polska Energia S.A.

The current 7th term of office of the Management Board of the Company had begun its run on March 7, 2024. In accordance with the Company's Articles of Association, a common term of office shall last 3 full financial years.

The composition of the Company's Management Board as of June 30, 2024, and as of the date of drawing up this report

1. Grzegorz Lot – President of the Management Board (CEO),
2. Piotr Gołębiowski – Vice President of the Management Board for Trading,
3. Michał Orłowski – Vice President of the Management Board for Asset Management and Development,
4. Krzysztof Surma – Vice President of the Management Board for Finance (CFO).

The changes to the composition of the Company's Management Board in the first half of 2024 and by the date of drawing up this report

As of January 1, 2024, the Management Board of the Company had been composed of the following persons: Paweł Szczeszek (President of the Management Board), Patryk Demski (Vice President of the Management Board for Strategy and Development), Bogusław Rybacki (Vice President of the Management Board for Asset Management), Krzysztof Surma (Vice President of the Management Board for Finance), Tomasz Szczegielniak (Vice President of the Management Board for Trading), Artur Warzocha (Vice President of the Management Board for Corporate Affairs).

Table no. 3. Changes to the composition of the Company's Management Board in the first half of 2024 and by the date of drawing up this report[1]

Date	
February 13, 2024	The Supervisory Board of the Company dismissed Paweł Szczeszek, Patryk Demski, Bogusław Rybacki, Tomasz Szczegielniak and Artur Warzocha from the Company's Management Board, effective as of the same date. The Supervisory Board of the Company took the decision to delegate, as of February 14, 2024, a Member of the Company's Supervisory Board, Karolina Mucha-Kuś, to temporarily perform the duties of the President of the Management Board of the Company during the period until the date of the appointment of the new President of the Management Board, however not longer than three months running from the date of the delegation.
February 29, 2024	The Supervisory Board of the Company appointed, effective as of March 7, 2024, the following Members of the Company's Management Board of the 7th term of office, Grzegorz Lot to hold the position of the President of the Management Board, Piotr Gołębiowski to hold the position of the Vice President for Trading, Michał Orłowski to hold the position of the Vice President for Asset Management and Development and Krzysztof Surma to hold the position of the Vice President for Finance. In connection with the expiration of the 6th common term of the Company's Management Board as of December 31, 2023, the Supervisory Board of the Company, before appointing the above mentioned persons to be the Members of the Management Board of the Company of the 7th common term, had adopted a resolution to dismiss Krzysztof Surma from the Management Board of the Company, effective as of March 6, 2024. In addition, in connection with the appointment of the above mentioned persons to be the Members of the Management Board of the Company, the Supervisory Board of the Company had adopted a resolution to terminate, effective as of March 6, 2024, the temporary performance of the duties of the President of the Management Board of the Company by the delegated Member of the Supervisory Board, Karolina Mucha-Kuś.

[1]The Company had disclosed the information on the changes to the composition of the Management Board of TAURON Polska Energia S.A. in current reports no. 11/2024 of February 13, 2024, and no. 12/2024 of February 29, 2024.

Supervisory Board of TAURON Polska Energia S.A.

The current 7th term of office of the Supervisory Board of the Company had begun it run on April 3, 2024. In accordance with the Company's Articles of Association, a term of office of the Supervisory Board shall be common and it shall last 3 full financial years.

The composition of the Company's Supervisory Board as of June 30

1. Sławomir Smyczek – Chair of the Supervisory Board,
2. Natalia Klima-Piotrowska – Vice Chair of the Supervisory Board,
3. Piotr Kołodziej – Secretary of the Supervisory Board,
4. Michał Hulbój – Member of the Supervisory Board,
5. Beata Kisielewska – Member of the Supervisory Board,
6. Leszek Koziorowski – Member of the Supervisory Board,
7. Krzysztof Tkaczuk – Member of the Supervisory Board.

The composition of the Company's Supervisory Board as of the date of drawing up this report

1. Sławomir Smyczek – Chair of the Supervisory Board,
2. Natalia Klima-Piotrowska – Vice Chair of the Supervisory Board,
3. Piotr Kołodziej – Secretary of the Supervisory Board,
4. Mariusz Bąbol – Member of the Supervisory Board,

5. Michał Hulbój – Member of the Supervisory Board,
6. Beata Kisielewska – Member of the Supervisory Board,
7. Leszek Koziorowski – Member of the Supervisory Board.

The changes to the composition of the Company's Supervisory Board in the first half of 2024, as well as by the date of drawing up this report

As of January 1, 2024, the Company's Supervisory Board was composed of the following members: Piotr Tutak (Chair of the Supervisory Board), Teresa Famulska (Vice Chair of the Supervisory Board), Marcin Wawrzyniak (Secretary of the Supervisory Board), Dariusz Hryniów (Member of the Supervisory Board)), Leszek Koziorowski (Member of the Supervisory Board), Ryszard Madziar (Member of the Supervisory Board) and Grzegorz Peczkis (Member of the Supervisory Board).

Table no. 4. Changes to the composition of the Company's Supervisory Board in the first half of 2024 and by the date of drawing up this report[1]

Date	
January 25, 2024	The Minister of the State Assets, acting pursuant to § 23, section 1, clause 3) of the Company's Articles of Association, dismissed Dariusz Hryniów, Ryszard Madziar, Piotr Tutak and Marcina Wawrzyniak from the Company's Supervisory Board, and appointed Natalia Klima-Piotrowska, Katarzyna Masłowska, Karolina Mucha-Kuś and Sławomir Smyczek to be the Members of the Company's Supervisory Board.
February 1, 2024	The Supervisory Board of the Company elected Sławomir Smyczek to be the Chair of the Supervisory Board of the Company and elected Natalia Klima-Piotrowska to be the Secretary of the Supervisory Board of the Company.
February 5, 2024	The Minister of the State Assets, acting pursuant to § 23, section 1, clause 3) of the Company's Articles of Association, dismissed Teresa Famulska from the Company's Supervisory Board, and appointed Piotr Kołodziej to be a Member of the Company's Supervisory Board.
February 13, 2024	The Supervisory Board of the Company elected Natalia Klima-Piotrowska to be the Vice Chair of the Supervisory Board of the Company and elected Piotr Kołodziej to be the Secretary of the Supervisory Board of the Company. The Supervisory Board of the Company adopted the resolution to delegate, as of February 14, 2024, a Member of the Company's Supervisory Board, Karolina Mucha-Kuś, to temporarily perform the duties of the President of the Management Board of the Company during the period until the date of the appointment of the new President of the Management Board, however not longer than three months running from the date of the delegation.
February 29, 2024	In connection with the appointment, on February 29, 2024, of the new Members of the Management Board of the Company, effective as of March 7, 2024, the Supervisory Board of the Company adopted, on February 29, 2024, a resolution to terminate, effective as of March 6, 2024, the temporary performance of the duties of the President of the Management Board of the Company by the delegated Member of the Supervisory Board, Karolina Mucha-Kuś.
March 25, 2024	A Member of the Company's Supervisory Board, Leszek Koziorowski, submitted a statement on his resignation, effective as of April 2, 2024, from the function of a Member of the Company's Supervisory Board. The rationale for the resignation was to enable the full Supervisory Board to be appointed for a new term of office at the Extraordinary General Meeting of the Company convened for April 3, 2024, in connection with the expiration of the term of office of the existing Supervisory Board as of December 31, 2023.
April 3, 2024	The Extraordinary General Meeting of the Company adopted the resolution on the dismissing of Grzegorz Peczkis from the Company's Supervisory Board, and the appointing of Michał Hulbój, Beata Kisielewska, Leszek Koziorowski and Krzysztof Tkaczuk to be the Members of the Company's Supervisory Board.
April 30, 2024	A Member of the Company's Supervisory Board, Karolina Mucha-Kuś, submitted a statement on her resignation, effective as of the same date, from the function of a Member of the Company's Supervisory Board.
June 5, 2024	A Member of the Company's Supervisory Board, Katarzyna Masłowska, submitted a statement on her resignation, effective as of June 7, 2004, from the function of a Member of the Company's Supervisory Board.
September 3, 2024	The Extraordinary General Meeting of the Company adopted the resolutions on dismissing Mr. Krzysztof Tkaczuk from the Supervisory Board and appointing Mr. Mariusz Bąbol to the Supervisory Board.

[1]The Company had disclosed the information on the changes to the composition of the Supervisory Board in current reports: no. 7/2024 of January 25, 2024. no. 8/2024 of January 26, 2024, no. 10/2024 of February 5, 2024, no. 11/2024 of February 13, 2024, no. 12/2024 of February 29, 2024, no. 18/2024 of March 25, 2024, no. 23/2024 of April 3, 2024, no. 27/2024 of April 30, 2024, no. 35/2024 of June 5, 2024, and no. 48/2024 of September 3, 2024.

Information on the independence of the Members of the Company's Supervisory Board

As of the date of drawing up this information all of the Members of the Company's Supervisory Board meet the criteria of independence listed in the *Act of May 11, 2017 on certified auditors, audit firms and public oversight*.

In addition, pursuant to the Best Practices of WSE Listed Companies 2021, all of the Members of the Company's Supervisory Board have declared that they have no actual and material ties to a shareholder holding at least 5% of the total number of the votes at the General Meeting of the Company

1.4. Implementation of the strategic investment (CAPEX) projects

In a response to the challenges arising from the situation prevailing on the market and in the power sector, on June 22, 2022, TAURON had adopted *TAURON Group's Strategy for the years 2022 - 2030 with an outlook until 2050*, which had represented a deepening of the Green Turn of TAURON implemented to date. The strategy presents an optimal path of sustainable development that will ensure TAURON Capital Group's financial stability and growth prospects, while, at the same time, incorporating the commitment to ESG (Environmental, Social and Governance) and ensuring the management of its operations in line with the ESG aspects, as well as providing the support for the stability of the power system in Poland.

TAURON Group is currently conducting works and analyses related to the reviewing (overhaul) of the Group's Strategy with a view to updating its assumptions and the strategic directions.

Key investment projects in the RES line of business

Photovoltaic (PV) farms

The works on the development of the photovoltaic farm projects on TAURON Capital Group's sites had been continued in the first half of 2024. The works include obtaining of the required administrative permits and decisions. The final decisions on the implementation of the individual projects will be made following the evaluation of their business case.

TAURON Capital Group is also looking for the opportunities to acquire on the market projects that are advanced in development and are prepared for the construction of the photovoltaic farms. As part of this work, the internal analyses and due diligence of the photovoltaic farm acquisition projects had been conducted in cooperation with the developers in the first half of 2024.

Table no. 5. Key strategic investment projects with respect to the photovoltaic farms carried out in the first half of 2024

Investment project	Capacity (MW_e)	Total capital expenditures incurred (PLN m)	Work progress	Planned completion date
Construction of the photovoltaic farm in Proszówek	55 MW (stage I 45.6 MW; stage II 9.4 MW)	187.4	95%	Q3 2024
Construction of the photovoltaic farm in Postomino	90 MW (stage I 80 MW; stage II 10 MW)	75.2	5%	Q4 2025
Construction of the photovoltaic farm in Bałków	54 MW	27.0	9%	Q4 2025

Onshore wind farms

TAURON Capital Group is looking for the opportunities to acquire advanced wind farm development projects ready for the construction and the operating onshore wind farm assets on the market. As part of such efforts, the internal analyses and the due diligence studies of the potential wind farm acquisition projects had been carried out in cooperation with the developers in the first half of 2024.

Table no. 6. Key strategic investment projects with respect to the wind farms carried out in the first half of 2024

Investment project	Capacity (MW_e)	Total capital expenditures incurred (PLN m)	Work progress	Planned completion date
Construction of the wind farm in Mierzyn	58.5	157.7	99%	Q4 2024
Construction of the wind farm in Nowa Brzeźnica	19.6	59.6	40%	Q2 2025
Construction of the wind farm in Gamów	33	94.7	84%	Q4 2024
Construction of the wind farm in Warblewo	30	121.7	95%	Q4 2024
Construction of the wind farm in Sieradz	23.8	39.9	10%	Q4 2025

Offshore wind farms (in the Polish Exclusive Economic Zone of the Baltic Sea)

On January 9, 2023, the Minister of Infrastructure had disclosed the information that the company Elektrownia Wiatrowa Baltica-7 sp. z o.o. (Ltd.) in which TAURON holds 44.96% of the shares (the remaining shares are held by Polska Grupa Energetyczna S.A. – PGE), had been awarded the highest number of points in the adjudication proceeding for the issuance of a permit for the construction and use of the artificial islands, structures and devices in the area located on Słupsk Shoal (Ławica Słupska), designated as 43.E.1, for the purpose of the construction of an offshore wind farm. Subsequently, on August 9, 2023, TAURON had received a decision of the Minister of Infrastructure of August 8, 2023, on the granting to Elektrownia Wiatrowa Baltica-7 sp. z o.o. (Ltd.) of a permit of the scope indicated above. That decision had become final as of August 21, 2023. The capacity of the planned offshore wind farm, which would be built under the obtained permit, will be approximately 1 GW.

Key investment projects in the Heat line of business

Table no. 7. Key strategic investment projects in the Heat line of business carried out in the first half of 2024 [1]

Investment project	Scope of the investment project	Total capital expenditures incurred (PLN m)	Work progress	Planned completion date
Construction of the 140 MWt gas fired boiler at ZW Katowice (Katowice Generation Plant) for the district heating market needs	*The scope of the project includes the construction of a 140 MWt gas fired water boiler on the existing foundations, along with the supporting infrastructure and a steel stack, with the environmental emission parameters: BAT with a 15% reserve versus the limit values.*	91.7	95%	Q4 2024

Investment project	Scope of the investment project	Total capital expenditures incurred (PLN m)	Work progress	Planned completion date
Construction of the peaking and backup boiler house at ZW Bielsko Biała EC 2 (Bielsko Biała Generation Plant Combined Heat and Power Plant 2)	*The scope of the project includes the construction of a 76 MWt (2 x 38 MWt) natural gas and light fuel oil fired peaking and backup boiler house. The project stems from the need to replace the old boiler house, which will not meet the requirements of the BAT Conclusions after 2024 due to its poor technical condition and failure rate, thereby affecting the lack of the backup for the 50 MW unit at Bielsko Biała EC 2 (Bielsko Biała Generation Plant Combined Heat and Power Plant 2)*	46.0	99%	Q4 2024
Construction of the gas engines at ZW Bielsko Biała EC 2 (Bielsko Biała Generation Plant Combined Heat and Power Plant 2)	*The scope of the project includes an installation of three identical, complete cogeneration units based on the reciprocating (piston) engines, powered by natural gas, with a capacity of approximately 10 MWt / 10 MWe each (the capacity of the entire system stands at approximately 30 MWt / 30 Mwe), the construction of the electrical and thermal power evacuation lines along with a pumping station and a water treatment station, the construction of a heat accumulator, the construction of the associated infrastructure.*	0.6	20%	Q4 2027

[1] a change in the presentation of the investment projects presented in the previous interim report as the investment projects in the Generation line of business and the presentation thereof as the investment projects in the Heat line of business due to the stripping out of a new Operating Segment - Heat

Key investment projects in the Supply and Other Operations lines of business

Table no. 8. Key strategic investment projects in the Supply and Other Operations lines of business carried out in the first half of 2024

Investment project	Scope of the investment project	Total capital expenditures incurred (PLN m)	Work progress	Planned completion date
Production 2.0	*The scope of the project includes the reconfiguration of the Limestone Mine's (Kopalnia Wapienia Czatkowice sp. z o.o. (Ltd.)) technological system in order to increase the production of grits and aggregates using its in-house assets, including the restoration of the grit production line, the construction and the modernization of the rock (stone) crushing and transportation nodes. The project involves the use of the technology that would allow for maximizing the use of the raw material obtained from the mine.*	0.1	2%	Q4 2027

Capital expenditures (CAPEX)

TAURON Capital Group's capital expenditures had come in at PLN 1 859 million in the first half of 2024 and they had been at a similar level as the investment outlays incurred in the same period of 2023, when they had clocked in at PLN 1 865 million.

Table no. 9. The highest by value, capital expenditures incurred by TAURON Capital Group's Lines of Business in the first half of 2024

Item	Capital expenditures (PLN m)
Distribution	
1. Installation of the new grid connections	758
2. Existing grid assets' upgrades (refurbishments) and replacements	493
3. Comprehensive replacement of the meters with a remote readout feature (AMIPlus)	94
4. Dispatch Communications System	29
Generation	
5. CAPEX on the replacements and upgrades (refurbishments), as well as components, and also on the 910 MW unit at TAURON Wytwarzanie	31
Heat	
6. Connecting of the new facilities to the grid at TAURON Ciepło	11
7. Maintenance of the district heating networks	10
8. Katowice Generation Plant (Zakład Wytwórczy Katowice) – Construction of the gas fired boiler with the capacity of 140MWt at TAURON Ciepło	8
9. The Ligota project related to the construction and modernization of the network infrastructure as part of the district heating system at TAURON Ciepło	1
RES	
10. Construction of the Postomino photovoltaic farm with the capacity of 90 MW	64

Item	Capital expenditures (PLN m)
11. Construction of the Gamów wind farm with the capacity of 33 MW	27
12. Construction of the Bałków photovoltaic farm with the capacity of 54 MW	26
13. Construction of the Proszówek photovoltaic farm stage I and II with the total capacity of 55 MW	25
14. Construction of the Sieradz wind farm with the capacity of 23.8 MW	22
15. Construction of the Nowa Brzeźnica wind farm with the capacity of 19.6 MW	14
16. Modernization (refurbishment) of the hydroelectric power plants	13
17. Construction of the Warblewo wind farm with the capacity of 30 MW	10
18. Construction of the Mierzyn wind farm with the capacity of 58.5 MW	7
Supply and Other Operations	
19. IT related investment projects at Tauron Obsługa Klienta (Tauron Customer Service)	81
20. Maintenance and development of the street lighting	29
21. Centrum Usług Biznesowych TAURON Obsługa Klienta (Tauron Customer Service Business Service Center)	7
22. Program Klient 360 TAURON Obsługa Klienta (Tauron Customer Service 360 Client Program)	3

1.5. Material accomplishments and failures as well as the most important events related to TAURON Capital Group in the first half of 2024 and after the balance sheet date

Table no. 10. The major events that had occurred in the first half of 2024, as well as the ones that had taken place by the date of drawing up this report are listed below

Specification and description of the event
Business events
Court proceedings related to the state of insolvency of the company TAMEH Czech s.r.o.
On December 14, 2023, the company TAMEH Czech s.r.o. (TAMEH Czech) had filed an insolvency petition with the District Court in Ostrava, which – having reviewed the petition – on December 19, 2023, had issued the decision declaring TAMEH Czech s.r.o insolvent. Subsequently, on April 18, 2024, TAURON received a decision of the District Court in Ostrava dated April 15, 2024, approving the reorganization of TAMEH Czech. The decision was issued after a vote of TAMEH Czech's creditors had been completed and had been in line with the petition submitted by TAMEH Czech's management board. On August 9, 2024, the management board of TAMEH Czech had filed a petition with the Ostrava Regional Court for an approval to convert the reorganization of TAMEH Czech into a liquidation bankruptcy. On August 12, 2024, TAURON had received a letter from TAMEH HOLDING informing it that the Ostrava Regional Court had issued the decision on August 9, 2024 to convert the TAMEH Czech reorganization into a liquidation bankruptcy. The subject of the operations of TAMEH Czech s.r.o. is the production of the energy utilities (carriers) for the Liberty Ostrava a.s. steel plant, which is the company's only customer. The filing of an insolvency petition by TAMEH Czech s.r.o. had been due to the failure of Liberty Ostrava a.s. to meet its obligations towards the company, which had led to the inability to continue its operations. The owner of 100 percent of the shares in TAMEH Czech s.r.o. is TAMEH HOLDING, a joint subsidiary of TAURON, in which TAURON holds a 50 percent stake. The remaining 50 percent stake is held by the companies that are part of the ArcelorMittal Capital Group. As a result of the declaration of insolvency of TAMEH Czech on December 19, 2023, TAURON had carried out analyses that had demonstrated a negative impact of the above mentioned situation on the financial results of TAURON and those of TAURON Group. With regard to TAURON's consolidated financial statements, the analyses had demonstrated the justification for a reduction (write down) in the valuation of the investment in TAMEH HOLDING in 2023, which had an impact on the reduction of TAURON Group's operating result in 2023 by PLN 487 million (in the fourth quarter of 2023 by PLN 582 million) and the reduction of TAURON Group's EBITDA result in 2023 by PLN 179 million (in the fourth quarter of 2023 by PLN 274 million). With respect to TAURON's standalone financial statements, the analyses had demonstrated a reduction (write down) in the valuation of the shares in TAMEH HOLDING by PLN 212 million, which had an impact on the reduction of TAURON's pre-tax result in 2023 and in the fourth quarter of 2023 by PLN 212 million (no impact on EBITDA and EBIT). TAURON had disclosed the information on the above events in current reports no. 48/2023 of December 14, 2023, no. 49/2023 of December 22, 2023, no. 48/2023/K of February 8, 2024, no. 49/2023/K of February 8, 2024, no. 15/2024 of March 15, 2024, no. 26/2024 of April 18, 2024, no. 42/2024 of August 9, 2024, and no. 44/2024 of August 12, 2024.
Events related to TAURON's acceptance of an offer by the ArcelorMittal Group's lead partner to purchase the shares in TAMEH HOLDING sp. z o.o. (Ltd.)
TAMEH HOLDING is a joint venture in which currently TAURON and two of ArcelorMittal Group companies (the Group's lead partner, i.e. AM Global Holding S.a r.l., with its registered office in the Grand Duchy of Luxembourg (AM Global Holding) and ArcelorMittal Poland S.A.) each hold 50% of the shares. The core business of TAMEH HOLDING is the production of the blast furnace blowing, compressed air, process steam,

production and sales of the electricity and the heat for the district heating purpose. TAMEH HOLDING is a holder of 100% of the shares in two operating companies: TAMEH POLSKA and TAMEH Czech.

In the Shareholders' Agreement entered into on August 11, 2014, between TAURON Group's subsidiaries and ArcelorMittal Group companies (collectively referred to as the Parties), defining the terms and conditions of the Parties' cooperation within TAMEH HOLDING (the Shareholders' Agreement), the Parties had made irrevocable offers to each other to buy and sell the shares in TAMEH HOLDING. Each of the Parties had the right to accept the irrevocable purchase offer made by the other Party, among other things, in the event that one of the prerequisites set forth in the Shareholders' Agreement would materialize as of the elapse of December 31, 2023.

As a result of the materialization, as of the elapse of December 31, 2023, of one of the prerequisites set forth in the Shareholders' Agreement, on January 2, 2024, a TAURON's representative, in the presence of the bailiff recording the act of the serving of the statement, had left at AM Global Holding's registered office a statement on TAURON's acceptance of AM Global Holding's offer to purchase all of 3 293 403 shares held by TAURON in TAMEH HOLDING for the amount of PLN 598 098 090.30 (Sale Price). In accordance with the Shareholders' Agreement, the transfer of the ownership of the shares shall take place upon the crediting of the bank account with an amount equal to the Sale Price, which should take place no later than on the 30th business day from TAURON's acceptance of the offer, i.e. from the date of serving the statement to AM Global Holding.

On January 4, 2024, TAURON had received a message sent on behalf of AM Global Holding containing the information that AM Global Holding had been disputing the effectiveness of the serving of the above mentioned statement.

On January 9, 2024, TAURON received a letter from AM Global Holding, which, according to AM Global Holding, constituted a statement of acceptance of TAURON's offer to purchase all of the shares in TAMEH HOLDING owned by the ArcelorMittal Group companies for PLN 598 098 090.30. In the light of TAURON's earlier actions and the actions taken by AM Global Holding, a risk of the arising of a dispute between the Parties with respect to the effectiveness of the serving of the above mentioned statements has been identified.

In reference to the above mentioned events, on January 12, 2024, TAURON sent a letter to AM Global Holding in which it expressed its consent to enter into the negotiations in accordance with the procedure set forth in the Shareholders' Agreement.

TAURON had disclosed the information on the above events in current reports no. 1/2024 of January 2, 2024, no. 2/2024 of January 2, 2024, no. 3/2024 of January 4, 2024, no. 4/2024 of January 9, 2024 and no. 6/2024 of January 12, 2024.

In connection with the expiration of the above mentioned deadline of 30 working days and a failure to receive the payment of the Sale Price for the shares in TAMEH HOLDING by such a deadline, the Parties have submitted to each other the summons to pay, while at the same time upholding their readiness to negotiate and amicably resolve the dispute arisen. As of the date of drawing up this information, the negotiations had not been completed.

Signing of the loan agreement with Bank Gospodarstwa Krajowego

On January 10, 2024, TAURON entered into a PLN 750 million loan agreement with BGK, with the funds from the loan to be used to cover the Group's expenses related to the financing or the refinancing of the expenditures in the renewable energy sources line of business and the outlays related to the development of the distribution grids. Under the loan agreement, TAURON will be able to make the drawdowns over a 2 year financing availability period. The loan agreement will be repaid in the years 2027 - 2032.

The interest rate on the funds made available under the loan agreement will be calculated based on a floating interest rate adequate for the given interest period, increased by a margin dependent on the performance related to the sustainable development rate, i.e. the rate of increasing the share of the renewable energy sources in TAURON Group's generation mix. The correctness of the sustainable development rate calculation will be confirmed by an independent auditor.

As of the date of drawing up this information, the loan had not been drawn down.

TAURON had disclosed the information on the above event in current report no. 5/2024 of January 10, 2024.

Corporate events

Extraordinary General Meeting of the Company

The Extraordinary General Meeting (EGM) of the Company was held on April 3, 2024, and it adopted the resolutions related to, among other things: the determining of the number of the Members of the Supervisory Board of the Company, the dismissal of a Member of the Supervisory Board of the Company and the appointment of the Members of the Supervisory Board of the Company.

TAURON had disclosed the information on the convening of the Extraordinary General Meeting (EGM) of the Company and on the content of the draft resolutions in current reports no. 13/2024 and no. 14/2024 of March 6, 2024, as well as in no. 19/2024 of March 28, 2024.

TAURON had disclosed the information on the content of the resolutions subjected to the vote at the Extraordinary General Meeting (EGM) in current report: no. 22/2024 of April 3, 2024.

Decision with respect to the covering of the net loss for 2023 from the spare capital

On April 16, 2024, the Management Board of the Company had taken the decision to recommend to the Ordinary General Meeting (OGM) of the Company to cover net loss for the financial year 2023 recorded by the Company in the amount of PLN 637 505 198.92 from the Company's spare capital. On April 17, 2024, the Supervisory Board of the Company had issued a positive assessment of the Management Board's proposal to the General Meeting with respect to the above issue.

On June 3, 2024, the Ordinary General Meeting (OGM) of the Company had, in line with the recommendation of the Management Board, adopted a resolution on the covering of the net loss for the financial year 2023 from the Company's spare capital.

TAURON had disclosed the information on the above mentioned events in current reports no. 25/2024 of April 16, 2024, as well as in no. 33/2024 of June 3, 2024.

Ordinary General Meeting of the Company

The Ordinary General Meeting of the Company had been held on June 3, 2024, and following the resumption of the meeting, on July 2, 2024 (an event that took place after the balance sheet date), which had adopted the resolutions related to, among other things, the approval of the *Report of the Supervisory Board of TAURON Polska Energia S.A. for the financial year 2023*, *the Financial Statements of TAURON Polska Energia S.A. for the year ended on December 31, 2023, drawn up in compliance with the International Financial Reporting Standards (IFSR) approved by the European Union, the Consolidated Financial Statements of TAURON Polska Energia S.A. Capital Group for the year ended on December 31, 2023, drawn up in compliance with the International Financial Reporting Standards (IFRS) approved by the European Union, the Report of the Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2023,* the covering of the net loss for the financial year 2023, the providing of the opinion on the *Report on the compensation of the Members of the Management Board*

Specification and description of the event
and of the Supervisory Board of TAURON Polska Energia S.A. for the year 2023, the acknowledgement of the fulfillment of duties by the Members of the Company's Management Board and the Members of the Company's Supervisory Board who had held their positions in the financial year 2023 and the acknowledgement of the fulfillment of duties by the selected Members of the Company's Management Board and the Members of the Company's Supervisory Board who had held their positions in the financial year 2015. TAURON had disclosed the information on the convening of the Extraordinary General Meeting (EGM) of the Company, on the content of the draft resolutions and on the ordering of a pause in the Extraordinary General Meeting (EGM) of the Company in current reports no. 28/2024 and no. 29/2024 of May 7, 2024, as well as in no. 32/2024 of June 3, 2024. TAURON had disclosed the information on the content of the resolutions subjected to the vote at the Extraordinary General Meeting (EGM) of the Company in current reports: no. 33/2024 of June 3, 2024, as well as in no. 37/2024 of July 2, 2024.
Extraordinary General Meeting of the Company
The Extraordinary General Meeting (EGM) of the Company was held on September 3, 2024, (an event that took place after the balance sheet date), and it adopted the resolutions related to, among other things, adoption of the amended "Remuneration Policy for Members of the Management Board and Supervisory Board of TAURON Polska Energia S.A.", establishing the number of members of the Company's Supervisory Board, dismissing a member of the Company's Supervisory Board, and appointing a member of the Company's Supervisory Board. TAURON had disclosed the information on the convening of the Extraordinary General Meeting (EGM) of the Company and on the content of the draft resolutions in current reports no. 40/2024 and no. 41/2024 of August 6, 2024, as well as in no. 45/2024 of August 28, 2024. TAURON had disclosed the information on the content of the resolutions adopted by the Extraordinary General Meeting (EGM) in current report: no. 47/2024 of September 3, 2024.
Other material events
Information on the effects of the tariffs for the G tariff group customers approved by the President of the Energy Regulatory Office
On June 28, 2024, the TAURON Sprzedaż sp. z o.o. (Ltd.) and TAURON Sprzedaż GZE sp. z o.o. (Ltd.) subsidiaries (Trading Subsidiaries) had conducted an assessment of the impact of the tariffs for the electricity supplied to the consumers from the G tariff groups (Tariffs) approved by the President of the Energy Regulatory Office (ERO) on the financial results of the Trading (Supply) Subsidiaries in the year 2024. The President of the ERO had approved the sales prices for the electricity supplied to the consumers from the G tariff groups by the Trading (Supply) Subsidiaries at the average level of 623 PLN/MWh. The Tariffs will be in force from July 1, 2024, to December 31, 2025. The G tariff groups' consumer include first and foremost households. The sales prices for the electricity approved by the President of the ERO are materially lower as compared to the tariffs approved on December 15, 2023, which had been supposed to be applicable throughout the entire year 2024. The need to adjust the tariffs applicable to date stems from the provisions of the Act of May 23, 2024, on the energy voucher and the amending of the selected other acts in order to cap the prices of the electricity, the natural gas, and the district heating. The solutions provided for in the above mentioned act allow for the spreading of an increase of the electricity sales prices over time and the approved tariffs enable the distributing of the costs and the revenues of the Trading (Supply) Subsidiaries over the 18 month time frame (July 2024 - December 2025). The analyses conducted by the Trading (Supply) Subsidiaries have demonstrated that the approved tariffs will generate, in the second half of 2024, a loss on the electricity supply to the G tariff group customers amounting to approximately PLN 216 million, which will be recognized in the in the financial results of the Trading (Supply) Subsidiaries at the EBITDA level in the second half of 2024. Nevertheless, assuming no further legislative changes in this respect are introduced, the Trading (Supply) Subsidiaries estimate that the above mentioned loss on the supply of the electricity to the G tariff group customers will be fully offset by the revenues obtained from this group of customers in 2025. TAURON had disclosed the information on the above mentioned event in current report no. 26/2024 of June 28, 2024.
Asset impairment tests
On July 16, 2024 (an event that took place after the balance sheet date), the premises for the asset impairment tests to be conducted in accordance with the International Financial Reporting Standard 36 "Impairments of assets" (IFRS 36), due to an update of the pricing assumptions (the so-called price paths) with respect to the prices of the electricity, hard coal, natural gas and the CO_2 emission allowances forecast for the coming years, had been identified. The update of the assumptions stems from an increase of the share of the renewable energy sources (RES) in the energy mix and a simultaneous decrease of the share of the hard coal and lignite fired conventional energy sources. In addition, a rapid development of the RES and energy storage technologies leads to a significant drop of the electricity SPOT prices which, in turn, has direct impact on the lower valuation of the futures contracts. The above mentioned developments are both in Poland as well as in Europe and they represent the effect of the implementation of the long term climate and energy policy of the European Union. On August 9 2024 (an event that took place after the balance sheet date), the analyses carried out as part of the impairment tests related to the assets belonging to TAURON Group as of June 30, 2024. With respect to the consolidated financial statements the analyses have demonstrated that it is justified to book a write down for the impairment loss on the carrying value of the property, plant and equipment as well as the intangible assets in the Generation Segment in the amount of PLN 1 473 million and in the Heat Segment in the amount of PLN 138 million. Tauron has estimated that the above mentioned write downs will translate into a decrease of the consolidated operating profit (EBIT) of TAURON Group for the period of 6 months of 2024 by PLN 1 611 million. With respect to the standalone financial statements the analyses have demonstrated that it is justified to write down the carrying amount of the loan granted to the TAURON Wytwarzanie subsidiary by PLN 1 932 million, which will which will translate into a decrease of TAURON's gross financial result for the period of 6 months of 2024 by PLN 1 932 million. The Company has estimated that booking of the above mentioned write downs will have no impact on the EBITDA of TAURON and TAURON Group for the period of 6 months ended on June 30, 2024 (under the term of EBITDA the Company understands the EBIT increased by the amortization, depreciation and the write downs related to the non-financial assets). The final results of the asset impairment tests are presented in note 17 to the *Interim Abbreviated Consolidated Financial Statements of TAURON Polska Energia S.A. Capital Group, drawn up in compliance with the International Financial Reporting Standards (IFSR) approved by the European Union, for the period of 6 months ended on June 30, 2024.* TAURON had disclosed the information on the above mentioned events in current reports no. 39/2024 of July 16, 2024, as well as in no. 43/2024 of August 9, 2024.

2. TAURON GROUP'S BUSINESS AND REGULATORY ENVIRONMENT

2.1. Factors and non-typical (one-off) events that have a significant impact on the abbreviated consolidated financial statements of TAURON Capital Group

Internal factors

Table no. 11. Internal factors impacting the operations and the earnings of the Company and TAURON Capital Group in the first half of 2024

#	Description of the factor
1.	actions with respect to optimizing of the processes implemented by TAURON Capital Group's subsidiaries,
2.	decisions with respect to the implementation of the key investment projects and the activities with respect to searching for the new energy generation sources projects,
3.	loyalty building measures aimed at the retaining of the existing customers and the marketing activities with respect to the acquiring of the new customers,
4.	TAURON Capital Group's centralized financial management area, supported by the use of such tools as: the corporate model of financing, the financial liquidity (cash flow) management policy using the *cash pool* mechanism, the risk management policy in the financial area, the insurance policy,
5.	TAURON's purchasing processes management, in particular the management of the purchases of the fuels for the needs of the generation entities that are a part of TAURON Capital Group,
6.	activities of the Tax Capital Group aimed, first and foremost, at the optimizing of the implementation of the corporate income tax settlement obligations by the key subsidiaries of TAURON Capital Group,
7.	expectations with regard to an increase of the compensation (wages) at TAURON Capital Group,
8.	failures of TAURON Capital Group's equipment, installations and grids (networks),
9.	implementation of the wind farm and photovoltaic construction projects with a total capacity of 364 MW,
10.	implementation of TAURON Group's Strategy for the years 2022 - 2030 with an outlook until 2050, adopted in 2022,

The detailed information related to the impact of the above mentioned factors on the financial result achieved in the first half of 2024 is provided in section 4 of this report. The effects of such an impact are visible both in the short term, as well as in the long term outlook.

External factors

The operations and earnings of TAURON and TAURON Capital Group had been impacted in the first half of 2024 by the following external factors:

1. macroeconomic environment, 2. market environment, 3. regulatory environment, 4. competitive environment.

Macroeconomic environment

TAURON Capital Group's core business operations are conducted on the Polish market and the changes taking place in this market have an impact on the functioning of the Group. The macroeconomic situation is a material factor impacting the earnings generated by TAURON Capital Group.

According to the data published by Statistics Poland (GUS), Poland's Gross Domestic Product (GDP) had gone up by 3.2% in the second quarter of 2024, as compared to the previous year. The consumer goods and services price index (inflation rate) had clocked in at 4.2% in July (year on year change).

According to the latest projections of the National Bank of Poland (NBP) as of July 2024, Poland's GDP growth rate will come in at 3.0% in 2024. In the subsequent years, the GDP growth rate will clock in at 3.8% in 2025 and at 3.1% in 2026 (year on year comparison). The rebound in the economic activity is impacted by the receding effects of the supply shocks on the global energy commodity markets, the high wage growth rate as well as the fiscal measures that increase the household incomes.

The CPI consumer price index (inflation rate), in accordance with the NBP projection, will come in at: 3.7% in 2024 and at 5.2% in 2025, and subsequently the inflation rate is expected to fall to 2.7% in 2026 (year on year change).

The situation on the labor market continues to remain stable. According to the data published by Statistics Poland (GUS), the registered unemployment rate had, as of the end of July 2024, stood at approximately 5.0%.

Market environment

Electricity

Table no. 12. Volumes of the electricity consumption, production and imports in Poland, as well as the average electricity prices on the SPOT market, both in Poland, as well as in the neighboring countries in the first half of 2024 and in the first half of 2023

Volume	unit	H1 2024	H1 2023	Increase / Decrease
1. Electricity consumption	GWh	85 300	83 118	2 182 (+ 2.6%)

Volume		unit	H1 2024	H1 2023	Increase / Decrease
2.	Electricity production by the domestic power plants	GWh	83 205	80 771	2 434 (+ 3.0%)
3.	Electricity production by the power plants fired with:				
	1) hard coal [1]	GWh	34 909	37 571	- 2 662 (- 7.1%)
	2) lignite	GWh	17 345	17 369	- 24 (- 0.1%)
	3) gas fuel	GWh	7 363	6 932	431 (+ 6.2%)
4.	Electricity production by the wind farms	GWh	12 808	10 395	2 413 (+ 23.2%)
5.	Cross-border (inter-system) exchange balance [2]	GWh	2 095	2 346	- 251 (- 10.7%)
6.	Average electricity price on the SPOT market in:				
	1) Poland	PLN / MWh	373.88	570.41	-196.53 (- 34.5%)
		EUR / MWh [3]	86.58	123.08	-36.50 (- 29.7%)
	2) the neighboring countries (on the example of Germany)	EUR / MWh [3]	69.71	103.99	-34.28 (- 33.0%)

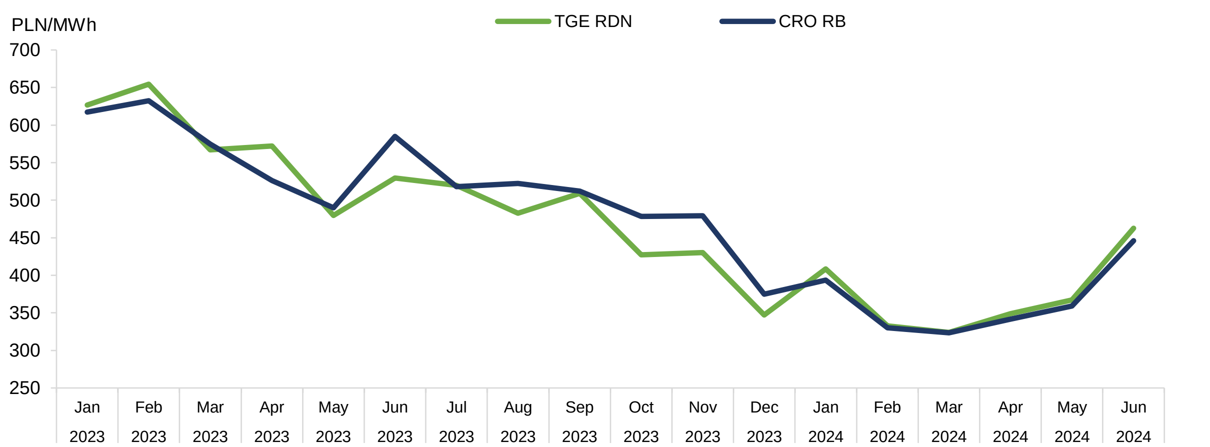
[1] *Including the industrial power plants.*
[2] *A positive value of the balance denotes imports, while a negative value of the balance denotes exports.*
[3] *The prices in EUR / MWh are converted according to the NBP's average exchange rate as of the first half of 2024 and as of the first half of 2023, respectively*

The wholesale electricity price on the Day Ahead Market (RDN) of the Polish Power Exchange (TGE) had clocked in at 373.88 PLN/MWh in the first half of 2024 and it had been lower by 196.53 PLN/MWh (-34.5%) as compared to the same period of 2023.

The lower SPOT prices had been due to: the lower levels of the gas prices, the thermal coal prices and the CO_2 emission allowances prices in Europe. An increase of the generation output from the RES sources had also been a significant factor affecting the SPOT prices. The total generation output from the photovoltaic sources in the first half of 2024 had gone up from 6 515 GWh to 8 790 GWh, i.e. up by 34.9%, while that from the wind power plants had gone up from 10 395 GWh to 12 808 GWh, i.e. up 23.2% as compared to the same period of last year. The positive balance of the electricity imports in the cross border exchange had also been maintained in the first half of 2024 and it had been lower by only 251 GWh than in the first half of the previous year There had also been a noticeable increase in the overall electricity imports in the quarter under review. Due to the predominance of the electricity imports over its exports, the higher share of the RES in Poland's electricity production, as well as the higher share of the gas fired power plants, the electricity production from the lignite (-0.1%) and hard coal (-7.1%) fired power plants had been lower in the first half of 2024.

As of June 14, 2024, there have been new rules in place on the electricity balancing market in Poland that introduce the second stage of the balancing market reform. The changes include the strengthening of the market mechanisms, the reduction of the settlement periods to 15 minutes, as well as the inclusion of the operating reserve costs and the stable energy sources. In addition, the structure of the market participants has been modified, with the introduction of the new categories of the balancing facilities and services, which allows for the greater competitiveness and participation by the smaller players. The new services include, among other things, the Frequency Maintenance Reserve, the Frequency Restoration Reserve and the Replacement Reserve. The Polish power companies will have an opportunity to participate in the European balancing energy exchange platform and in the imbalance compensation process.

Figure no. 2. Average monthly electricity prices on the SPOT and RB markets in 2023 and in the first half of 2024

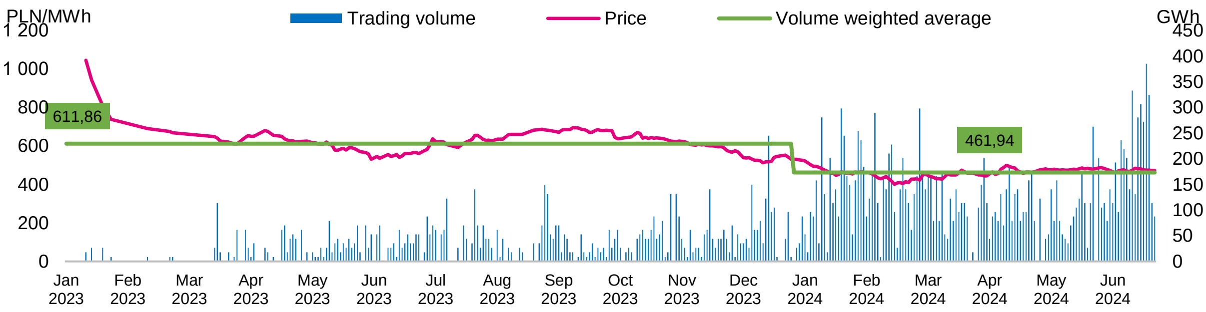


The price of the benchmark base load contract with the delivery in 2025 (BASE_Y-25) had been in a downward trend on the Polish electricity market in the first half of 2024, fluctuating within the range between 400 PLN/MWh and 530 PLN/MWh. The decline of the price levels had been in line with the trends in the price changes on the related markets, in particular those of the CO_2 emission allowance prices, as well as the prices of gas in Europe.

The trading volume for the one year contract with the delivery in 2025 had been higher on the Polish Power Exchange (TGE) in the first half of 2024 than the trading volume in the first half of 2023 for the one year contract with the delivery in 2024 (an increase by 45.6%). The main reason for the increased transaction volume had been the lower price level, both of the one year contract itself as well as on the related markets. In addition, the low share of the hard coal and lignite in the energy mix is causing the electricity generators to want to ensure their ability to generate power in 2025 based on the forward contract.

The volume weighted average price of the BASE_Y-25 contract recorded during the trading sessions taking place in the first half of 2024 had come in at 461.94 PLN/MWh, and it had been lower by 149.92 PLN/MWh (a decrease by 24.5%) as compared to the average price of such a contract logged in 2023. The volume weighted average price of the PEAK5_Y-25 contract had clocked in at PLN 502.00 PLN/MWh in the first half of 2024. No transactions had been concluded for this contract in 2023.

Figure no. 3. BASE_Y-25 contract trading volume in 2023 and in the first half of 2024



Hard coal

The average price of the continued one year hard coal contract at the ARA ports had come in at 4.37 USD/GJ in the first half of 2024 and it had been lower by 0.98 USD/GJ as compared to the average price of such a contract in the first half of 2023 (a decrease by 18.3%). On the other hand, the average value of the PSCMI1 index had clocked in at 22.78 PLN/GJ in the first half of 2024, and it had been lower than the value of this index in the first half of 2023 by 10.24 PLN/GJ (a decline by 31.0%).

The demand and supply balance on the international hard coal market had been stable in the first half of 2024 as compared to the period of the price fluctuations in the 2022 – 2023 time frame which had been a consequence of the Russian Federation's invasion of the Ukrainian territory.

In the first quarter of 2024, the hard coal prices at the ARA ports had fallen down below 4 USD/GJ due to the low demand in Europe, the large generation output by the RES sources and the higher outdoor temperatures. The price increase had taken place in the second half of the first quarter, mainly due to the US sanctions on the Russian companies and the Baltimore bridge disaster. In the second quarter, after an initial increase, the prices had stabilized in spite of the higher demand in Asia. In the EU, the demand for the hard coal did not increase, leading to a drop in the prices in May, followed by a rebound precipitated by the concerns about the gas supplies from Norway

Natural gas

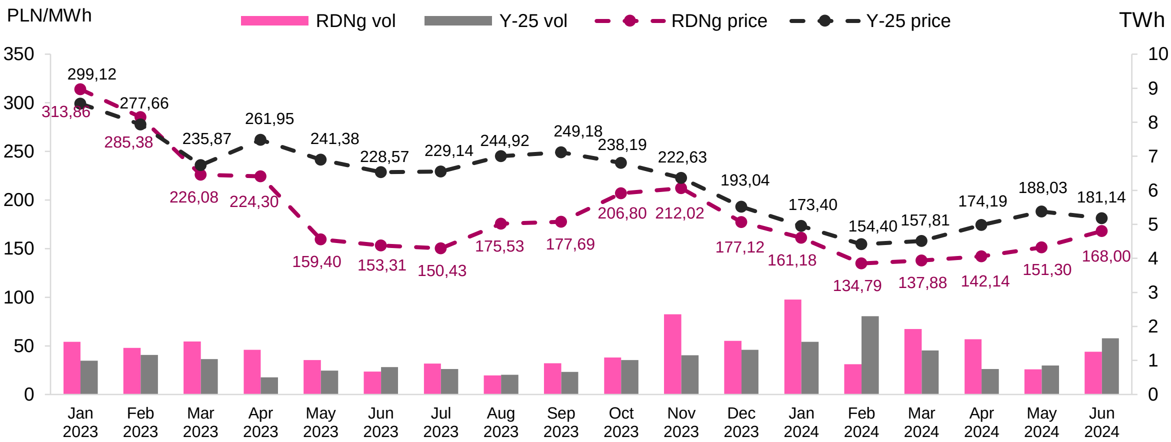
The volume weighted average price of gas on the Day Ahead Market (RDN) on the Polish Power Exchange (TGE) had stood at 150.56 PLN/MWh in the first half of 2024 and it had been lower by 88.84 PLN/MWh than in the first half of 2023. The lowest price of the contract on the Day Ahead Market (RDN) market had been recorded in February 2024, while the highest price had been logged in June 2024, with the volume weighted average monthly prices coming in at 134.79 PLN/MWh and at 168.00 PLN/MWh, respectively.

The volume weighted average gas price of the benchmark GAS_BASE_Y-25 one year contract had clocked in at 168.85 PLN/MWh in the first half of 2024. The lowest price of this contract had been reported in February 2024, while the highest price had been logged in May 2024, coming in at 145.48 PLN/MWh and at 198.00 PLN/MWh, respectively.

The aggregate trading volume on the Polish Power Exchange (TGE) had clocked in at approx. 65.0 TWh in the first half of 2024, as compared to approx. 65.4 TWh in the first half of 2023 (a decrease by 0.6%). The futures market had the largest share in the overall gas trading in the first half of 2024, with a volume generated at the level of approx. 53.8 TWh. On the SPOT market, the total trading volume of the contracts on the Day Ahead Market (RDN) market had come in at approx. 9.2 TWh.

After a period of the high price volatility in the 2022 – 2023 time frame, the European gas market stabilized in the first half of 2024, with the prices falling significantly as compared to the 2023 levels, but higher than before the conflict in Ukraine. The high outdoor temperatures, the large wind power generation output and the stable gas flows from the Norwegian Continental Shelf had contributed to the record fill up levels at the EU gas storage facilities as of the end of the first quarter, however the declines in the US supplies and the attacks on Ukraine's gas infrastructure had pushed the prices up sharply. The prices had continued to rise in the second quarter due to the outages and the maintenance work on the Norwegian Continental Shelf and the reduced supply of the liquefied gas resulting from the unplanned terminal outages in Australia and in the US, as well as the increased demand in Asia stemming from the high outdoor temperatures

Figure no. 4. Average monthly SPOT market and BASE _Y-25 contract gas prices on TGE (PPX) in 2023 and in the first half of 2024

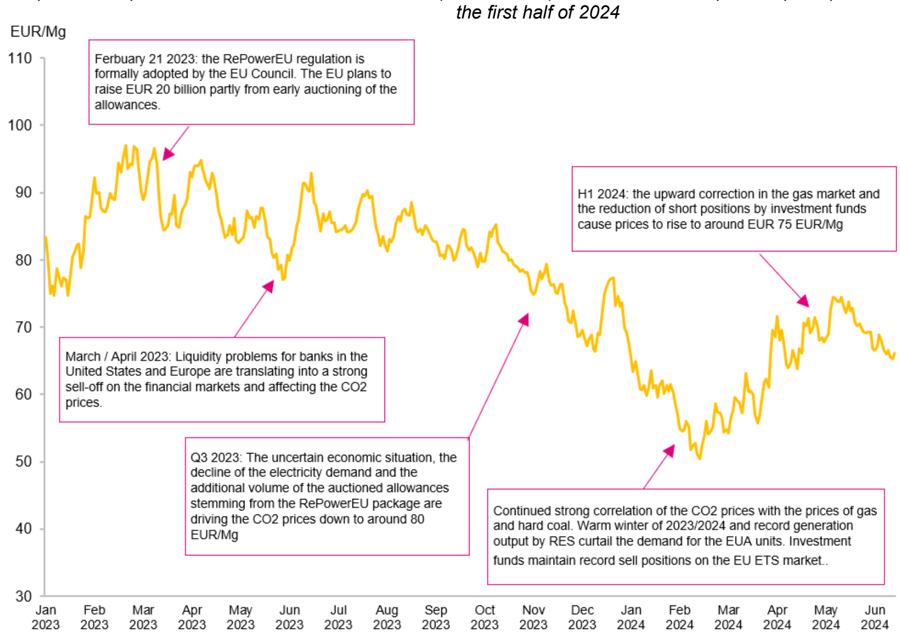


CO_2 emission allowances

The settlement (clearing) prices for the CO_2 emission allowances under the benchmark contract with the delivery in December 2024 (EUA DEC-24) on the ICE Endex exchange had been fluctuating within the range between 52.22 EUR/Mg and 77.35 EUR/Mg in the first half of 2024. The average clearing price in the first half of 2024 had come in at 65.59 EUR/Mg and it had been lower by 23.50 EUR/Mg, as compared to the average price of the similar contract logged in the first half of 2023 (-35.8%).

In the first half of 2024, the level of the prices of the CO_2 emission allowances had been characterized by the high volatility. The initial price declines had been a consequence of the elevated supply pressure and the sales of the allowances as part of the RePowerEU package. The low CO_2 prices had led the companies to increase their purchases and realize profits on their short positions, which had reversed the downward trend. From March to May, the CO_2 prices had risen sharply from around 50 EUR/Mg to nearly 80 EUR/Mg. This increase had curbed the purchasing activity, and in the last month of the first half of 2024 there had been a slight price correction to below 70 EUR/Mg. Throughout the first half of 2024, the CO_2 prices had been closely linked to the gas prices on the TTF market.

Figure no. 5. Impact of the political actions and the environment (stakeholders) on the EUA SPOT product price performance in 2023 and in the first half of 2024



Property rights

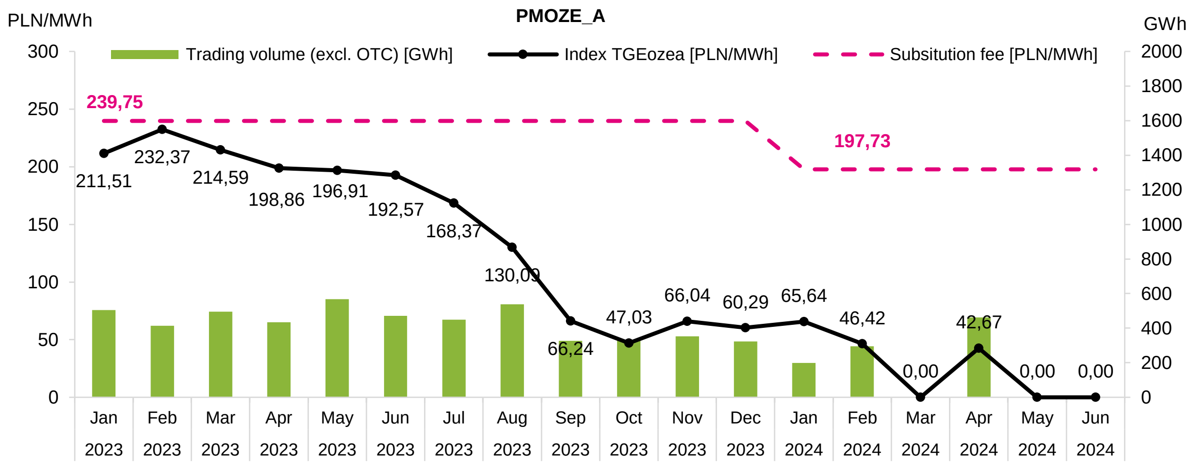
The prices on the green certificates market had continued to move in a downward trend in the first half of 2024. The TGEozea index had reached its maximum price, which had come in at 71.35 PLN/MWh, at the beginning of January 2024, while the minimum price for the above mentioned index had been recorded at the beginning of June 2025, at the level of 35.37 PLN/MWh. The weighted average price of PMOZE_A in the first half of 2024 had come in at 45.70 PLN/MWh and it had been lower by 77.9%, than the weighted average price in the same period of 2023 (a decrease by 161.47 PLN/MWh).

The balance of the PMOZE_A register, as of the end of June 2024, had reached a surplus of 12.0 TWh. Taking into account the certificates that are blocked for the redemption, this balance had dropped to the level of 11.9 TWh (an increase by 1.1%, year on year). The substitution fee set for 2024 had come in at the level of 197.73 PLN/MWh, while the obligation to present the green certificates for the redemption in 2024 had dropped by 7 pp as compared to 2023 and, in accordance with the *Regulation of the Minister of Climate and Environment of August 28, 2023, on changing the quantitative share of the total of electricity resulting from the redeemed guarantees of origin of energy (energy certificates) confirming the production of electricity from the renewable energy sources in 2024,* it stands at 5%.

The prices of the certificates confirming the generation of electricity from the agricultural biogas PMOZE-BIO (blue certificates), for which the level of the obligation in 2024 stands at 0.5%, had invariably been stable. The TGEozebio index had traded close to the substitution fee, which in 2024 had invariably stood at 300.03 PLN/MWh. The weighted average price of the TGEozebio index had come in at 304.53 PLN/MWh for the first half of 2024. The balance of the PMOZE-BIO register, as of the end of June 2024, had stood at 208.5 GWh. Taking into account the certificates blocked for the redemption, this balance had dropped to the level of 206.4 GWh (an increase by 5.3% year on year).

The prices of the PMEF_F white certificates had been fluctuating in 2024 between the minimum level of 2 112.61 PLN/toe, reached at the beginning of January 2024, and the maximum price, obtained in the middle of June 2024, standing at the level of 4 633.87 PLN/toe. The weighted average price had come in at 2 697.10 PLN/toe in the first half of 2024, and it had been higher by 25.3%, as compared to the same period of 2023. On average, the prices had been clocking in at 27.8% above the substitution fee set at the level of 2 110.65 PLN/toe for 2024. The trading volume had been higher by 9.0% as compared to that in the first half of 2023, and it had come in at 66 501 toe this year.

Figure no. 6. Property rights indices in 2023 and in the first half of 2024



Regulatory environment

TAURON Capital Group is monitoring the changes and taking actions in the regulatory area, both on the national, as well as on the European Union (EU) level, which may have a direct or indirect impact on TAURON Capital Group.

Table no. 13. Most important changes and initiatives in the regulatory environment of TAURON Capital Group with respect to the EU legislation in the first half of 2024

Name and description of the regulation	Status as of June 30, 2024	Impact on TAURON Capital Group
2040 climate target		
On February 6, 2024, the European Commission (EC) published the communication containing a proposal for an EU - wide climate target for 2040, set at the level of a 90% reduction in the greenhouse gas emissions as compared to 1990. The communication does not establish a new target, and is not a legislative initiative. The legal basis for the initiative is Article 4, clause 3 of the European Climate Law. The 2040 target will be an intermediate target for achieving the EU's climate neutrality in 2050.	Adoption of the EC Communication. The 2040 target will continue to be further discussed after the appointment of the new EC members (H2 2024 / 2025)	The adoption of the communication launches the debate on the 2040 climate goals at the EU level. An intermediate target for 2040 should be expected to be set, which may entail a tightening of the EU climate and energy regulations - the revisions to the ETS, RED, EED, EPBD directives are possible. Among other

Name and description of the regulation	Status as of June 30, 2024	Impact on TAURON Capital Group
In the EC's proposed scenario, the energy sector emissions approach zero in 2040. The use of the zero- and low - carbon sources is envisioned, including the RES, nuclear power, energy efficiency, energy storage, the CCS and CCU technologies. The RES sources, together with the nuclear power, are expected to supply more than 90% of the EU's energy consumption in 2040. The remaining 10% is to be offset by the negative emissions or the low - carbon solutions using CCS.		things, the phasing out of the fossil fuels is expected, as well as a possible greater support and facilitation for the RES investment projects, a greater use of RES, nuclear power as well as the expansion of the energy storage facilities and the power grids is also anticipated
European action plan for wind power – European Wind Package		
The "European action plan for wind power – European Wind Package" published by the EC in October 2023 aims to increase the competitiveness of the EU companies in the wind energy sector. The plan is not a legislative proposal, it lays out the actions aimed at maintaining the wind industry's key role in the EU's environmental transition. It focuses on the six pillars: an acceleration of the deployment, an improved auction model, the access to the financing, creating of a competitive international environment, the skills as well the engagement of the industry and the member states. In terms of the improved auction model, the plan is linked to the Net Zero Industry Act containing the provisions on the non-price criteria to be used in the RES auctions.	Adoption of the EC Communication The implementation of the measures based on the existing regulations (for example, the funding from the Innovation Fund), as well as the new regulations and the non-legislative documents (for example, the non-price criteria for the RES auctions under the Net Zero Industry Act (NZIA) and the May 2024 Commission Recommendation on the RES auction model, described below)	It is expected that the implementation of the investment projects in the wind power sector will be made easier, the access to the EU funding will possibly also be made easier.
Fit for 55		
The *Fit for 55* regulatory package published by the European Commission (EC) in July of 2021 is aimed at achieving the target of reducing the greenhouse gas emissions by at least 55% by 2030. It includes, among other things, a revision of the directive on the promotion of the energy coming from the renewable sources (REDIII), the directive on the energy efficiency (EED), the directive on the European Union's Emissions Trading System (EU ETS) or the introduction of a price adjustment mechanism at the borders taking into account the CO_2 emissions (Carbon Border Adjustment Mechanism - CBAM). The indicated regulations include, among other things, the proposals for the tightening of the EU ETS system, changing of the definition of the efficient district heating and cooling systems, increasing of the RES target and improving of the energy efficiency by 2030. In December 2021, the EC had published the further elements of the *Fit for 55* package, including a draft revision of the Energy Performance of Buildings Directive (EPBD). The works on the package are being finalized, the majority of the regulations had already been published in the Official Journal of the EU (CBAM, ETS, REDIII, EED).	The process had been completed – the legal acts published in the Official Journal of the EU (CBAM, ETS, REDIII, EED) On May 8, 2024, the EPBD directive had been published in the Official Journal of the EU and it came into force on May 28, 2024.	The *Fit for 55* package will contribute to the development of the low emission (low carbon) technologies, first and foremost the renewable energy sources. The regulations that are a part of the package will introduce a number of the new material requirements and changes in the market and in the regulatory environment for TAURON Capital Group's subsidiaries, including, among other things, the raising of the target for the share of the energy coming from the renewable sources under the REDIII Directive, the raising of the emissions reduction target in the ETS Directive, the increasing of the energy efficiency in the EED directive, or the significant curtailing of the levels of the emissions (decarbonizing) generated by the buildings in the EPBD directive.
Reform of the electricity market		
On March 14, 2023, the EC had published the draft proposals that make up the energy market reform. The primary goal of the reform of the electricity market is to limit the increases of the electricity prices while improving the conditions for the investments in the renewable energy sources in the EU. The main elements of the reform are included in the amendment of the so-called market regulation, including the shoring up of the importance of the role of the Power Purchase Agreements (PPAs) and the Contracts for Difference (CfDs).	The directive and the regulation had been published in the Official Journal of the EU on June 26, 2024 (entry into force on July 16, 2024 - an event that took place after the balance sheet date)	The reform of the electricity market will contribute to the promotion of the electricity generation from the renewable energy sources and to the changes to the rules within the framework of the support systems. The possibility of temporarily extending the participation of the hard coal fired units in the capacity market mechanisms provided that the specific criteria had been met has been introduced. The way in which the above mentioned derogations are implemented in the national legislation may have a significant impact on TAURON Group. The market reform provides an opportunity to develop the lexibility supporting systems.
Regulation on the establishment of a framework of measures to shore up the European ecosystem for the production of the carbon neutral technology products (Net - Zero Industry Act)		
In March 2023 the EC had published a proposal for a Net - Zero Industry Act (NZIA) regulation that had focused on the establishing of the conditions to increase the production capacity of the carbon neutral technologies in the EU in order to contribute to the achieving of the EU's climate goals and the climate neutrality target. The agreed upon content of the regulation introduces, among other things, a list of the carbon neutral technologies and the shorter time limits for the issuing of the permits for the construction or the	The stage of the inter - institutional negotiations had been completed; the political agreement between the EP and the Council had been reached.	The EC initiative may introduce a number of significant changes in the market and the regulatory environment of TAURON Group aimed at increasing the production capabilities with respect to the green technology on the territory of the EU. In addition, the regulation and the planned executive act will have a significant impact

Name and description of the regulation	Status as of June 30, 2024	Impact on TAURON Capital Group
expansion of the production projects (including for the grid connection). The regulation is also very important for the shape of the future RES auction model: including the use of the non-price criteria in the auctions in order to develop the value chains in the EU.	On April 25, 2024, the NZIA had been approved by the EP and on May 27, 2024, by the Council. The regulation, published in the Official Journal of the EU on June 28, 2024, had entered into force on June 29, 2024.	on the shape of the RES auctions (in particular, in terms of the additional, non-price criteria).
Directive on the industrial emissions (integrated pollution prevention and control)		
On April 5, 2022, the European Commission (EC) had submitted a proposal to revise the IED directive, which is the EU's main instrument regulating the pollutants emitted by the industrial installations, in order to make it more effective in preventing or minimizing the emissions of the pollutants and stimulating the transition towards the zero pollutant emissions level, contributing to the accomplishment of the targets set out in the European Green Deal. The text, agreed upon as a result of the negotiations, obliges the member states, among other things: to apply the most stringent admissible emission limit values achievable in the BAT compliant installations, to introduce the derogations from the BAT compliant admissible emission limit standards in case of the emergency situations leading to the major supply disruptions and to take into account the operators' indicative 2030 - 2050 transition plans in the environmental management system.	The stage of the inter - institutional negotiations had been completed; the political agreement between the EP and the Council had been reached. On March 12, 2024, the directive had been approved by the EP and on April 12, 2024, by the Council.	The regulations may result in the need to incur additional expenditures to bring the operating generating units and the contemplated generating units into the compliance with the stringent standards. However, the final conditions for the existing and the planned investment projects will be known after the BAT conclusions have been adopted.
Executive Decision of the Council amending the Executive Decision of June 17, 2022, on the approval of Poland's National Recovery and Res Improvement Plan		
In accordance with Article 21c of Regulation (EU) 2021/241, Poland had submitted a revised National Recovery Plan (NRP), including the RePowerEU related section, to the EC in August 2023. The NRP revisions are related to 59 activities. The NRP budget following the revision stands at PLN 263.23 billion (PLN 111.27 billion in the grant (subsidy) part, PLN 151.96 billion in the loan part). In line with the EU targets, a significant portion of the budget is to be allocated to the climate targets (46.6%) and to the digital transformation (21.36%). The EC had approved the updated National Recovery Plan (NRP) including RePowerEU on November 21, 2023. The Ministry of the Regional Funds and Policy (MFiPR) had held the public consultations on the NIP revision in March and April 2024. 11 of 55 reforms and 22 of 56 investments had been included in the revision.	Amendments to the National Recovery Plan (NRP) have been approved by the EC and adopted by the Council. The solutions with respect to the National Recovery Plan (NRP) are at the implementation stage.	The changes made to the National Recovery Plan (NRP), i.e. the establishment of the Energy Support Fund and of the Offshore Wind Energy Fund, the setting up of a new investment in the construction or the modernization of the distribution grids in the rural areas, as well as the new reforms, i.e. the elimination of the barriers to the RES development and the acceleration of the RES integration into the distribution grid, may contribute to the optimizing of the financing structure of the investment projects implemented and planned to be implemented by TAURON Group. The detailed solutions with respect to the National Recovery Plan (NRP) are at the implementation stage.
Commission's recommendation of May 2024 on the renewable energy sources auction model		
The recommendation is related to the designing of the renewable energy sources auctions, and is aimed at harmonizing and increasing of the efficiency of the auction procedures. The recommendation is intended to support the member states in the designing of the auctions in order to promote the quality, resilience as well as the environmental and social sustainability. The use of the non-price criteria will make it possible to reward the projects with the higher added value, which will translate into the development of the European production chain of the carbon neutral technologies. The indexation and the penalties for the delays are to ensure the timely implementation of the projects. The recommendation is non-binding (a soft law), and will eventually be replaced by an executive regulation of the Commission issued on the basis of the NZIA.	The recommendation has been published	The recommendations introduced are intended to ensure a greater uniformity of the auction conditions in the EU. A positive element is the recommendation on the indexation.

Table no. 14. Most important changes in the national regulatory environment of TAURON Capital Group in the first half of 2024 with respect to the adopted and published legislative acts as well as the ones on which the legislative works are in progress

Name and description of the regulation	Status as of June 30, 2024	Impact on TAURON Capital Group	Impact on the Segm ent
The act of May 23, 2024, on the Energy Voucher and the Amendments to Certain Other Acts in order to cap the price of electricity, natural gas and the district heating			
The draft introduces, among other things, a one time energy voucher for the households in the period from July 1 to December 31, 2024, in the amount of PLN 300 to 1 200, depending on the type of the households and the heating method used, an extension of the maximum price mechanism's effective term to cover the second half of 2024, in the amount of up to 500 PLN/MWh for the households and 693 PLN/MWh for the micro enterprises as well as for the small and medium size enterprises, while maintaining the use of the compensations and the advance payments.	The act had been published in the Official Journal. The act has entered into force (an event that took place after the balance sheet date)	The act will have an impact on the settlements with the electricity and heat consumers; an obligation to apply the maximum prices and to obtain an approval of a new tariff by the President of the ERO (an impact on TAURON Sprzedaż GZE, among other things).	

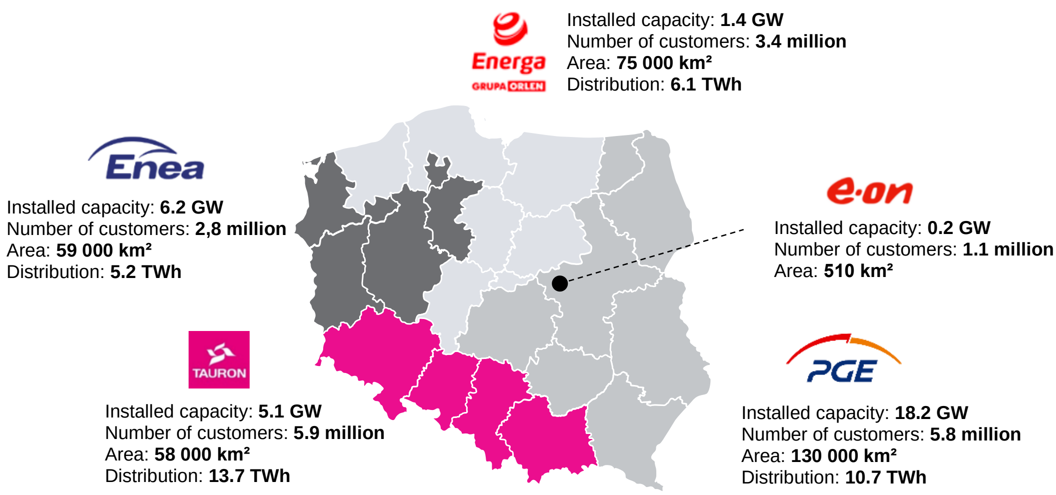
Name and description of the regulation	Status as of June 30, 2024	Impact on TAURON Capital Group	Impact on the Segment
The act also introduces an obligation for the electricity trading companies, with respect to the needs of the eligible consumers, to submit, for an approval by the President of the ERO, a tariff amendment or a tariff with a validity period of no less than December 31, 2025. The law also provides for an extension until June 30, 2025 of the existing support mechanisms for the heat consumers.		*The Company had disclosed the effects of the electricity tariffs for the G tariff group consumers, approved by the President of the ERO, in current report No. 36/2024 of June 28, 2024, as further described in Section 1.5 of this report.*	
Amendments to the Act on the Renewable Energy Sources of February 20, 2015 (Journal of Laws 2023, item 1436, as subsequently amended).			
The regulations that will be included in the amendment are related to the following areas: 1. An alignment of the exemptions (relief solutions) for the energy - intensive consumers with the CEEAG, an alignment of the national legislation with the GBER regulation and the EU Regulation 2019/943. 2. Acceleration of the issuing of the licenses in the RES line of business (an alignment with the Council Regulation (EU) 2024/223). 3. The aligning changes in connection with the entry into force of the Central Energy Market Information System (Centralny System Informacji Rynku Energii - CSIRE). 4. The changes to the net - billing system	The draft act had been published on June 4, 2024. The approval process, public consultations, collecting of the opinions (feedback) are under way	The changes related to the acceleration of the permitting procedures for the RES investment projects may have an impact on both the RES segment as well as on the Distribution segment. In addition, the changes to the net - billing system will have an impact on the Supply segment.	
An amendment to the Act of April 10, 1997. - Energy Law (Journal of Laws of 2024, item 266)			
The purpose of the changes is to simplify the existing regulations and to reduce the procedural obligations. The changes included in the draft assume, among other things: the introduction of a set of concepts in the Energy Law necessary for the development and operation of the hydrogen market in Poland, as well as taking into account the cross-sectoral possibilities of using hydrogen or designing the principles of operation of a system dedicated to hydrogen – the hydrogen networks.	May 27 - the draft act of May 8, 2024, had been published. The draft act has been directed to the approval process, public consultations, collecting of the opinions (feedback).	The establishment of a legal framework for the hydrogen economy will provide the regulatory stability, which is important for TAURON Group's entities considering the project initiatives in the hydrogen area.	
National Energy and Climate Plan until 2030 (update of the 2019 NECP).			
According to the assumptions of the National Energy and Climate Plan (NECP) update, Poland is able to achieve a 35 percent reduction in the greenhouse gas emissions by 2030 in relation to the 1990 level, as compared to the 30 percent assumed in the National Energy and Climate Plan (NECP) currently in effect, and the 55 percent that stems from the *Fit for 55* package. Poland declares that by 2030 it will achieve a 29.8 percent share of the RES in the gross final energy consumption, i.e. higher by 7 - 9 percentage points than its share assumed in the National Energy and Climate Plan (NECP) currently in effect.	March 5, 2024. – the submission of a preliminary version with the WEM baseline scenario to the European Commission (EC); the works on the final version are under way.	The draft envisages a large increase in the installed RES capacity and the additional capacity in the nuclear and gas fired power, along with a planned decrease in the installed coal fired capacity.	
Amendment of the Act of May 20, 2016, on the investments in the wind power plants			
The main proposed amendments to the act on the investments in the wind power plants: – the abolition of the general 10H rule, – a new mutual and minimum distance between the LEW installations and the residential developments set at 500 m, – a regulation of the possibility of locating a wind power plant on the basis of a special type of the Local Zoning Plan, which is the Integrated Investment Plan The amendments under consideration also include, among other things, the changes that would clarify the RES support mechanisms and the support for biomethane in the installations above 1 MW.	Project had been included in legislative work list (UD 89) in July this year (an event that took place after the balance sheet date)	The proposed changes may allow for an increase in the RES capacity in TAURON Group's energy mix and for a successive decarbonization of the generation capacity. In addition, they may allow indirectly for the optimizing of the use of the existing RES capacity sources by expanding the power generation capabilities with the cable pooling.	
Act on the Amendments to Certain Acts in order to Deregulate the Business (Economic) and Administrative Law as well as to Improve the Principles used to Develop the Business (Economic) Law			
The proposed amendments include, among other things, the changes to the definitions of a small installation and a micro installation by allowing the installations not connected to the grid (the so-called island installations) to be called by such names. In addition, the act makes it easier to erect the small wind power plant installations up to 12 meters high by allowing them to be built based on a notification.	Public consultation on the draft; On April 5, 2024, the draft act has been directed to the approval process, public consultations, collecting of the opinions (feedback).	The act has an impact on the competitive environment of TAURON Group by making it easier to carry out investments in the RES installations.	

TAURON Group Supply Segment RES Segment Distribution Segment

Competitive environment

Apart from TAURON Capital Group, three large, vertically integrated energy groups are currently operating on the Polish energy market: PGE Polska Grupa Energetyczna S.A. (PGE), Enea S.A. (Enea) oraz Energa S.A. (Energa). In addition, the company E.ON Polska S.A. is conducting its operations in the Warsaw metropolitan area, managing Warsaw's power grid.

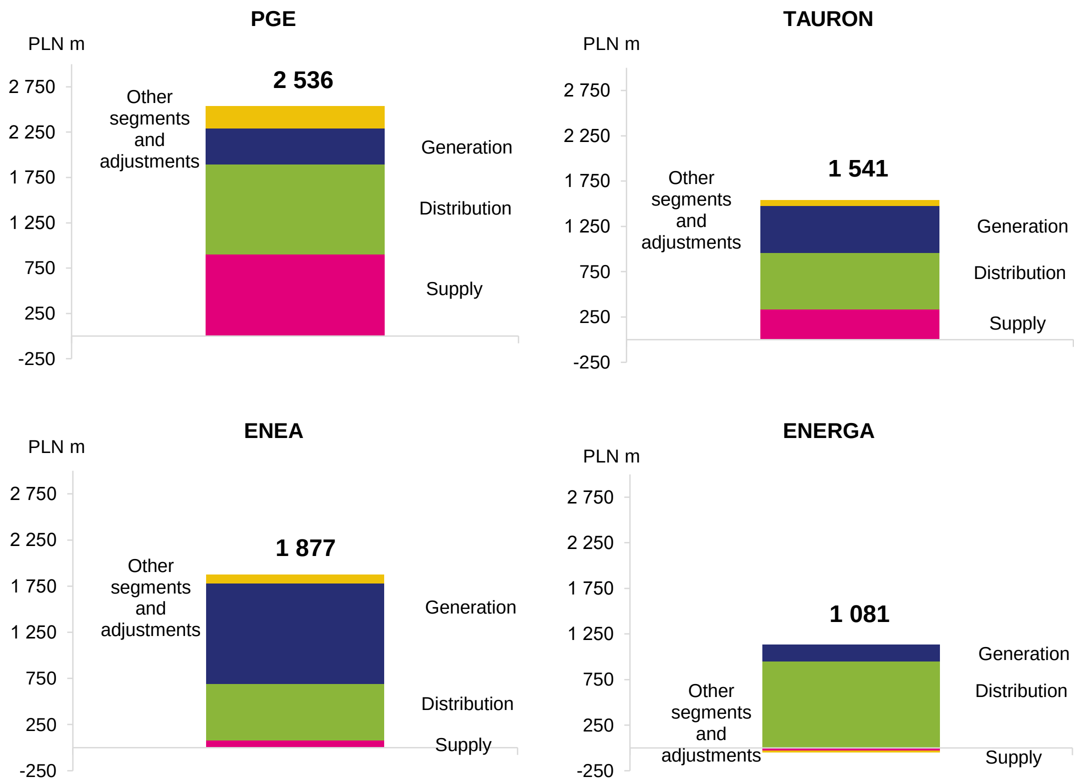
Figure no. 7. TAURON Capital Group's competitive environment based on the available data for the first quarter of 2024



According to the data for the first quarter of 2024, the consolidated energy groups (PGE, TAURON, Enea, Energa) had held an approximately 58% market share in the electricity generation sub-sector.

TAURON Capital Group is a fully vertically integrated electric utility that takes advantage of the synergies stemming from the size and scope of the operations conducted thereby. TAURON Capital Group has been conducting its operations in all of the key segments of the energy market (excluding the transmission of electricity), i.e. the generation, distribution as well as the supply and trading of the electricity and heat.

Figure no. 8. EBITDA – estimated structure based on the main operating segments in the first quarter of 2024 [1]



[1] In order to make the segments presented comparable the Generation Segment includes also Mining, RES and Heat.
Source: Companies' interim reports

Generation

TAURON Capital Group is a key producer of electricity in Poland

TAURON Capital Group's share in the domestic electricity generation market, measured based on the gross electricity production output, had stood at approx. 7% in the first quarter of 2024. TAURON Capital Group is the third largest electricity producer on the Polish market. TAURON Capital Group's conventional generation assets are concentrated in the south of Poland. The renewable energy sources: the wind and photovoltaic power plants are located throughout the country, while the hydro electric power plants are located in the southern and southwestern parts of the country.

86% of TAURON Capital Group's generation assets had been, as of the end of the second quarter of 2024, the hard coal fired units. TAURON Capital Group's total installed capacity had stood at 5.1 GW as of June 30, 2024, with the renewable energy sources accounting for close to 0.7 GW of that figure. The wind farms' installed capacity represents 8%, while the hydro electric power plants' installed capacity accounts for 3% and the biomass fired generating units' installed capacity accounts for 2% of TAURON Capital Group's total installed capacity.

TAURON Capital Group produced 5.41 TWh of electricity in the first half of 2024, with 0.88 TWh coming from RES.

Nationwide, as of the end of the first quarter of 2024, TAURON Capital Group's hard coal fired units' installed capacity had accounted for approx. 14% of the total installed capacity of all of the hard coal and lignite fired generating units in Poland. With respect to the installed capacity of the wind farms, biomass and biogas fired power plants, as well as the hydro electric power plants, the share of TAURON Capital Group had come in at: approx. 4%, 7% and 14%, respectively.

According to the data for the first quarter of 2024, PGE is the largest electricity generator in Poland, with its share in the domestic electricity production market standing at approx. 36%, and the installed capacity of 18.2 GW. Enea is the second largest electricity producer in Poland, with a market share coming in at approx. 13% and the installed capacity of 6.2 GW. Energa, on the other hand, has the largest share of the electricity produced from the renewable energy sources (RES) on the Polish market and Energa's total installed capacity stands at approx. 1.4 GW. Energa produced 0.9 TWh of electricity in the first quarter of 2024, with approx. 0.6 TWh (i.e. 66%) coming from the RES.

Figure no. 9. Gross electricity production - estimated market shares in the first quarter of 2024

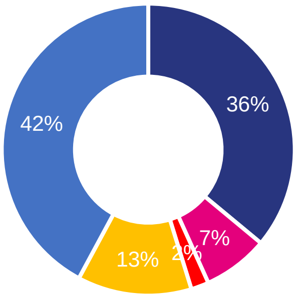
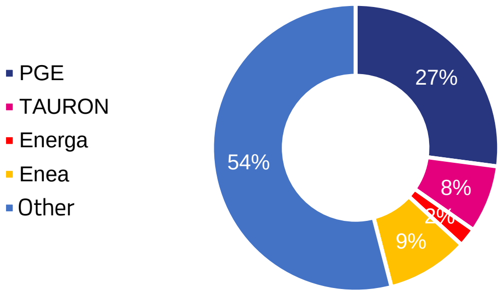


Figure no. 10. Installed capacity - estimated market shares in the first quarter of 2024



Source: Agencja Rynku Energii S.A. (ARE), the companies' information posted on the web sites

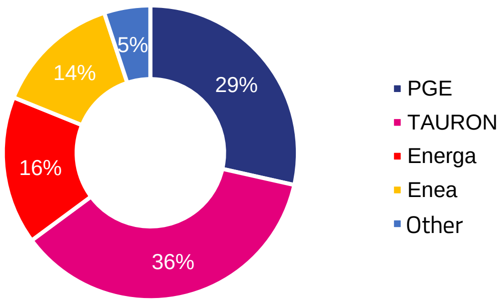
Distribution

TAURON Capital Group is the Polish market leader in terms of the number of the distribution customers and the volume of electricity distributed

TAURON Capital Group is the largest electricity distributor in Poland. TAURON Dystrybucja's share in the electricity distribution to the final consumers had come in at approx. 36% in the first quarter of 2024. TAURON Capital Group's distribution grids cover more than 18% of Poland's territory. The volume of the electricity delivered to the final consumers had clocked in at approx. 26.03 TWh in the first half of 2024.

TAURON Capital Group's distribution operations, due to the natural monopoly in the designated area, are a source of a stable and predictable revenue, accounting for a material part of the consolidated revenue of the entire TAURON Capital Group. The electricity distribution's geographical area on which the Distribution Segment's and the Supply Segment's subsidiaries are historically operating is a heavily industrialized and densely populated area and therefore the distribution grid is very well utilized. The number of the Distribution Segment's customers had come in at approx. 5.95 million as of the end of the first half of 2024.

Figure no. 11. Electricity distribution - estimated market shares of the individual energy groups in the first quarter of 2024



Source: Agencja Rynku Energii S.A. (ARE), the companies' information posted on the web sites

Supply

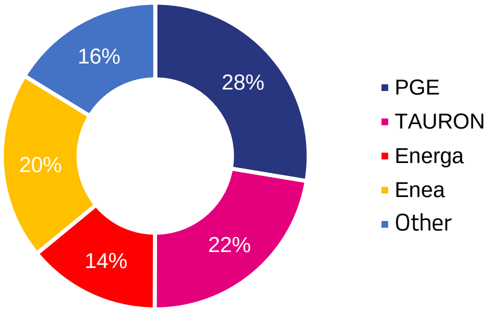
TAURON Capital Group is the second largest electricity supplier in Poland

TAURON Capital Group holds a 22% share in the market of the electricity supply to the final consumers in Poland. The volume of the retail electricity supply of TAURON Capital Group had come in at 13.53 TWh in the first half of 2024. The number of the customers served by TAURON Capital Group's Supply Segment stands at 5.79 million.

PGE is the largest retail electricity supplier with a 28% market share. The other two groups, Enea and Energa, hold a 20% and a 14% market share, respectively.

In the segment that includes the electricity supply to the households the individual energy groups are geographically linked, first of all, with the areas in which they are acting as an ex officio electricity supplier. The need to submit household tariffs for an approval to the President of the Energy Regulatory Office (ERO) leads to the limited options for the positioning of the prices in the product offerings, and what follows, it impacts the attractiveness thereof for the customers. Such restrictions do not apply to the business and institutional customers. A broader and more open competition exists in those sectors.

Figure no. 12. Electricity supply to the final consumers - estimated market shares of the individual energy groups in the first quarter of 2024



Source: Agencja Rynku Energii S.A. (ARE), the companies' information posted on the web sites

Table no. 15. Installed capacity, volume of generation, distribution and supply of electricity by the main energy groups on the domestic market in the first quarter of 2024

Group		Installed capacity		Generation [1]		Distribution		Supply	
		GW	%	TWh	%	TWh	%	TWh	%
1.	PGE	18.2	27%	16.0	36%	10.7	29%	9.1	28%
2.	TAURON	5.1	8%	3.2	7%	13.7	36%	7.4	22%
3.	Energa	1.4	2%	0.9	2%	6.1	16%	4.6	14%
4.	Enea	6.2	9%	5.6	13%	5.2	14%	6.5	20%
5.	Other	36.2	54%	18.7	42%	1.9	5%	5.4	16%
	Total	**67.1**	**100%**	**44.4**	**100%**	**37.5**	**100%**	**33.0**	**100%**

[1] Volume of the gross electricity generated in the first quarter of 2024
Source: ARE, information from the companies posted on their web sites, the in-house estimates in case of the companies publishing the net production output.

2.2. Factors that will have an impact on the results achieved over at least the next quarter

The factors presented in the below table will have the most material impact upon the results of TAURON Capital Group's operations over at least the next quarter.

Table no. 16. Factors that will have the most material impact upon the results of TAURON Capital Group's operations over at least the next quarter

#	Description of the factor
1.	aggression of the Russian Federation against Ukraine and its impact on the Polish economy and the European Union policy, as well as the impact of the sanctions imposed against Russia and those imposed by Russia, including in particular the availability of the raw materials (the geopolitical risk),
2.	macroeconomic situation in Poland, including the inflation rate, the GDP growth rate, the changes of the interest rates, the FX rates, etc., having an impact on the valuation of the assets and the liabilities listed by the Company in the statement of financial condition,
3.	market situation in Poland and in the EU, as well as in the global economy, including the changes of the electricity prices, the prices of the CO_2 emission allowances, the prices of the raw materials (in particular the hard coal and gas), etc., having an impact on the revenues and the level of the costs generated (including the maintaining of the IRGiT margins),

4. operation of the balancing market according to the new rules that had come into force as of the end of the first half of 2024, including in terms of the settlement prices and products offered, as well as a reduction in the liquidity and transparency of the energy market (abolition of the power exchange trading obligation),
5. adjustment of the G tariff for the July 2024. - December 2025 time frame resulting in the loss of a portion of the sales revenue including a lack of the ability to pass through the full cost of the purchased electricity for the G tariff for the year 2024,
6. changes to the regulations related to the power sector, as well as the changes in the legal environment, including: the tax law, the law on the natural environment protection and spatial development (zoning), as well as well as the positions and the decisions of the government administration institutions and authorities, for example, the Office for Competition and Consumer Protection (UOKiK), ERO (URE), EC,
7. deterioration of the financial position of the Group's customers and counterparties, and as a consequence, an increase in the amount of the overdue accounts receivables,
8. volatility of the demand for the electricity in the National Power System and a large share of the RES units in the system and, as a consequence, the lower level of the production by the generating units, which has an impact on the level of the hard coal inventory at TAURON Group's storage sites, volatility of the revenue in the Supply and Distribution segments, taking into account the changes due to the seasonality, the macroeconomic situation, the weather conditions and the availability of the fuels,
9. level of the electricity imports / exports and of the available capacity reserve in the power system in Poland and in Europe,
10. changes to the energy mix that have a material impact on the changes in the electricity price profiles, and increase the uncertainty with respect to the cost of the profiling and balancing of the demand of the end customers,
11. availability of the Group's generating units,
12. changes with respect to the policies in place at the financial institutions, the restrictions with respect to the availability of the debt financing, the possibility of taking advantage of the external aid funds, including the European Union funds, aimed at providing the support for the transition of the energy sector and mitigating the effects of the social changes,
13. further functioning of the generation capabilities compensation mechanism (capacity market), as part of which the deliveries of the electric capacity will be carried out by TAURON Capital Group subsidiaries' generating units and the demand side reduction units at the transmission system operator's request,
14. further tightening of the EU climate policy, in particular, resulting in the energy transition focused on the development of the RES, as well as in an increase of the volatility of the prices of the CO_2 emission allowances,
15. outcome of the court proceedings (court litigations) that TAURON Group's subsidiaries are taking part in,
16. environment protection requirements as a consequence of the changes to the *Act of April 27, 2001, the Environment Protection Law*, the so-called anti-smog resolutions and the consequences of the adopted *Act of March 30, 2021, on amending the act on disclosing the information on the environment and the protection thereof, the participation of the public in the protection of the environment and on the environmental impact assessments, and certain other acts* (a potential impact on the investment projects currently under way, as well as on the future investment projects),
17. shaping of the human resources policy and a potential increase of the wages,
18. changes to the schedules, budgets and the scopes of the investment projects carried out by TAURON Capital Group,
19. impact of the weather conditions, including those of the extreme nature, resulting in the impact on the failure rate of the assets of TAURON Capital Group and the seasonality of the revenue generated and the costs incurred,
20. continued remaining of the hard coal assets within TAURON Group.

The detailed information related to the impact of the material factors on the financial result achieved in the first half of 2024 is provided in section 4 of this report. The effects of such impact are visible both in the short term, as well as in the long term outlook.

TAURON Capital Group's operations are characterized by the seasonality that is applicable, in particular, to the heat production, distribution and supply, the electricity distribution and supply to the consumers. The heat supply depends on the weather conditions, in particular on the outdoor temperature, and it is higher in the autumn and winter season. The volume of the electricity supply to the individual consumers depends on the length of the daytime which usually makes electricity supply to this group of the consumers lower in the spring and summer season and higher in the autumn and winter season. The seasonality of TAURON Capital Group's other lines of business is low.

In addition, the operations of the Group's lines of business may be affected by the current situation related to the war on the Ukrainian territory. However, given its impact on the market and the regulatory environment, which is highly volatile, the forecasting of its future effects is difficult due to a number of factors. Such aspects as the scale and duration of the conflict, any further developments, including a possible escalation of the hostilities, and their impact on the condition of the Polish and global economies will, in particular, have a material impact. In addition, any further regulatory actions taken at the European Union level and at the national level, in particular in the context of implementing any intervention measures and the shaping of the future energy market, may have an impact on the level of the financial performance in the coming quarters.

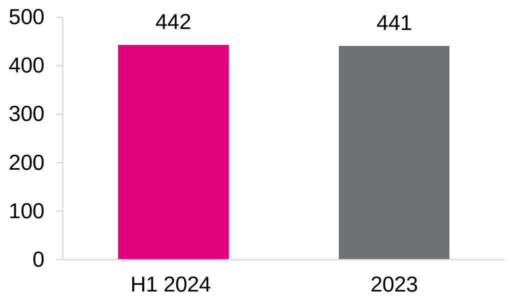
In addition, the ever increasingly important climate regulations at the European Union level and at the national level constitute a significant premise for analyzing the current and the future situation of TAURON Capital Group in the coming quarters.

2.3. Information on the employment level

Key headcount data

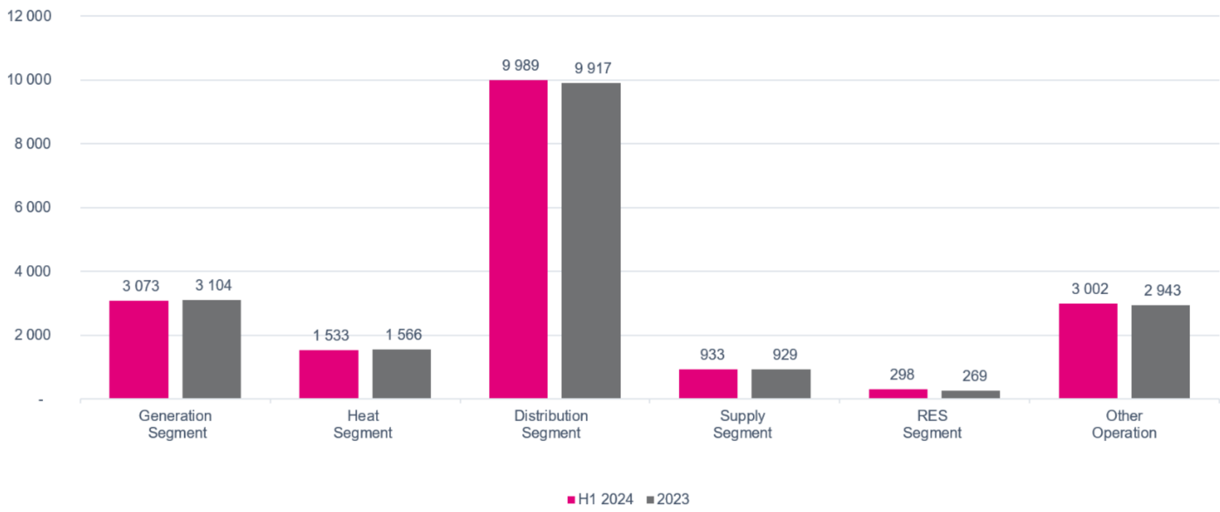
TAURON's average headcount stood at 442 FTEs in the first half of 2024 which meant it was almost flat as compared to the employment level in 2023, when the average headcount had come in at 441 FTEs.

Figure no. 13. TAURON's average headcount in FTEs (rounded up to the full FTE) in the first half of 2024 and in 2023



TAURON Capital Group's average headcount had come in at 18 828 FTEs in the first half of 2024, which meant an increase by 0.5% (100 FTEs) as compared to the employment level in 2023, when the average headcount had come in at 18 728 FTEs.

Figure no. 14. TAURON Capital Group's average headcounts in FTEs (rounded up to the full FTE) per Segment of operations in the first half of 2024 and in 2023 [1]



[1] Since 2024 TAURON Inwestycje's headcount is split into the Heat Segment (23), RES Segment (16) and Other Operations (8).

Table no. 17. Key data on the employment level (headcount) at TAURON and TAURON Capital Group as of June 30, 2024, and as of December 31, 2023

		TAURON		TAURON Capital Group	
Key employment data	unit	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Headcount by segment, including:	persons	427	449	18 774 [1]	18 946
Generation Segment	*persons*	-	-	*3 037*	*3 118*
Heat Segment	*persons*	-	-	*1 528*	*1 565*
Distribution Segment	*persons*	-	-	*9 982*	*10 043*
Supply Segment	*persons*	*427*	*449*	*925 [2]*	*951*
RES Segment	*persons*	-	-	*295*	*293*
Other Operations	*persons*	-	-	*3 007*	*2 976*
Headcount by education, including:					
College graduates	*%*	*97%*	*97%*	*44%*	*44%*
High school graduates	*%*	*3%*	*3%*	*39%*	*39%*
Vocational school graduates	*%*	*0%*	*0%*	*16%*	*16%*
Elementary school graduates	*%*	*0%*	*0%*	*1%*	*1%*
Headcount by age, including:					
Up to 30 years	*%*	*9%*	*10%*	*11%*	*10%*
30 - 40 years	*%*	*27%*	*30%*	*16%*	*16%*
40 - 50 years	*%*	*41%*	*39%*	*28%*	*27%*
50 - 60 years	*%*	*20%*	*17%*	*37%*	*38%*

Above 60 years	%	*3%*	*3%*	*8%*	*9%*
Headcount by gender, including:					
Women	%	*48%*	*48%*	*27%*	*27%*
Men	%	*52%*	*52%*	*73%*	*73%*

[1] including 102 persons employed under a fixed term labor contract to replace an absent employee.
[2] figure includes TAURON's headcount.

3. TAURON CAPITAL GROUP'S OPERATIONS' RISK

3.1. Risk management strategy

At TAURON Group risk is understood as an uncertain occurrence or a group of occurrences that, in case of materializing, will have an impact on achieving by TAURON Group of its defined strategic goals, both in a negative manner (a threat), as well as in a positive way (an opportunity). In line with its Strategy in place the Company is implementing the process of managing the risk related to the operations of TAURON Group. The primary goals of risk management include ensuring the broadly understood security and safety of TAURON Group's operations. In particular, TAURON Group's risk management is to ensure an increased predictability of achieving its strategic goals, sustainable (stable) generation of its financial results, the protection of TAURON Group's current economic value, as well as provide support for the decision making processes.

TAURON Group's risk management:

1. is based on the risk management process that provides the comprehensive and consistent rules – it is a continuous process that includes the risk identification, risk assessment, the implementation of the adopted response to risk as well as the communications among the participants of the process,
2. covers all of the elements of the value chain,
3. provides the centralized risk measurement, monitoring and control function, as well as the ability to evaluate the full risk profile in the organization and the consistent risk management principles,
4. ensures the independence of the risk taking function from its control and monitoring,
5. ensures a clear split of the competences and the responsibilities, in particular by introducing the risk ownership function,
6. is overseen by the Risk Committee which, as an expert team, initiates, analyzes, monitors, controls and supports the functioning of the risk management system at TAURON Group on a permanent and continuous basis,
7. is a pro-active process, focused on an adequately early identification of the threats (risks), allowing for taking of the preventive measures,
8. is a systematic and continuously improved process which allows for aligning it on an ongoing basis to TAURON Group's specifics and its organizational structure, as well as to the changing environment,
9. places an emphasis on developing awareness, training and encouraging personnel to use the knowledge of the risks in the daily activities,
10. co-forms TAURON Capital Group's internal audit (control) system, constituting, along with the compliance and the security management functions, an element of the Three Line Defense Model,
11. uses the tools that allow for an effective implementation of the process, i.e. risk card, risk register, risk response plan, volatility models, scoring models and the risk limits,
12. is based on a risk model that defines a consistent classification of risk, enabling its uniform and comprehensive recognition at TAURON Group's level.

The Enterprise Risk Management System (ERM System) is governed by *TAURON Group's Enterprise Risk Management Strategy* that defines the organization's corporate risk management framework and rules, and its goal is to ensure the consistency of managing the individual risk categories that are detailed in the separate regulations, aligned to the specifics of the individual threat (risk) groups. As part of the ERM Strategy, the Enterprise Risk Management Process (ERM Process) plays a central role, ensuring a comprehensive and coherent risk management principles, interconnected methodologically and informationally. The ERM process includes the continuous activities with respect to the risk identification, risk assessment, risk control and monitoring, planning as well as the implementation of the risk responses, also including the communication between the participants of the risk management process. As part of the ERM System, the following Specific Risks are identified within TAURON Capital Group, for which the separate Policies tailored to the nature and the specifics of the given group of threats (risks) are defined.

Figure no. 15. Basic classification of the enterprise risk

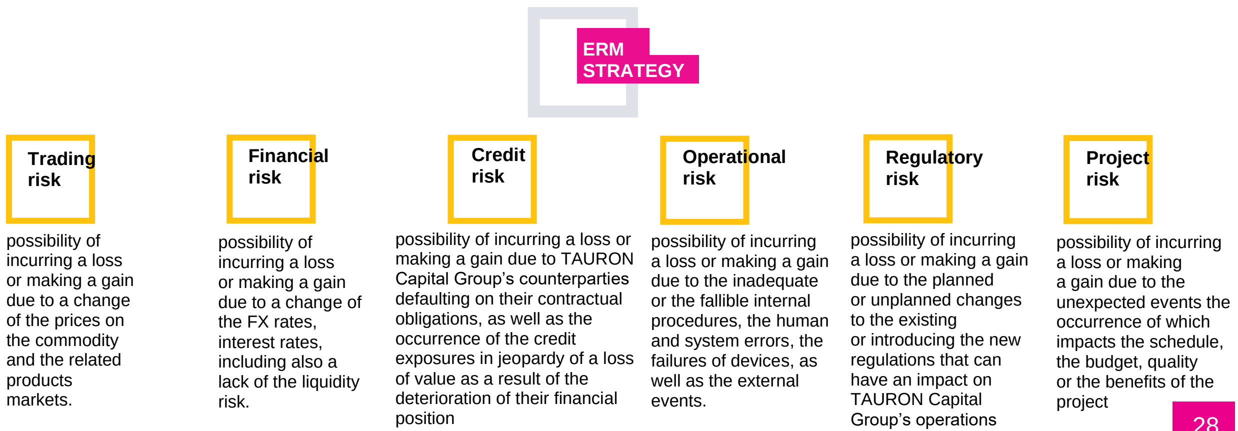
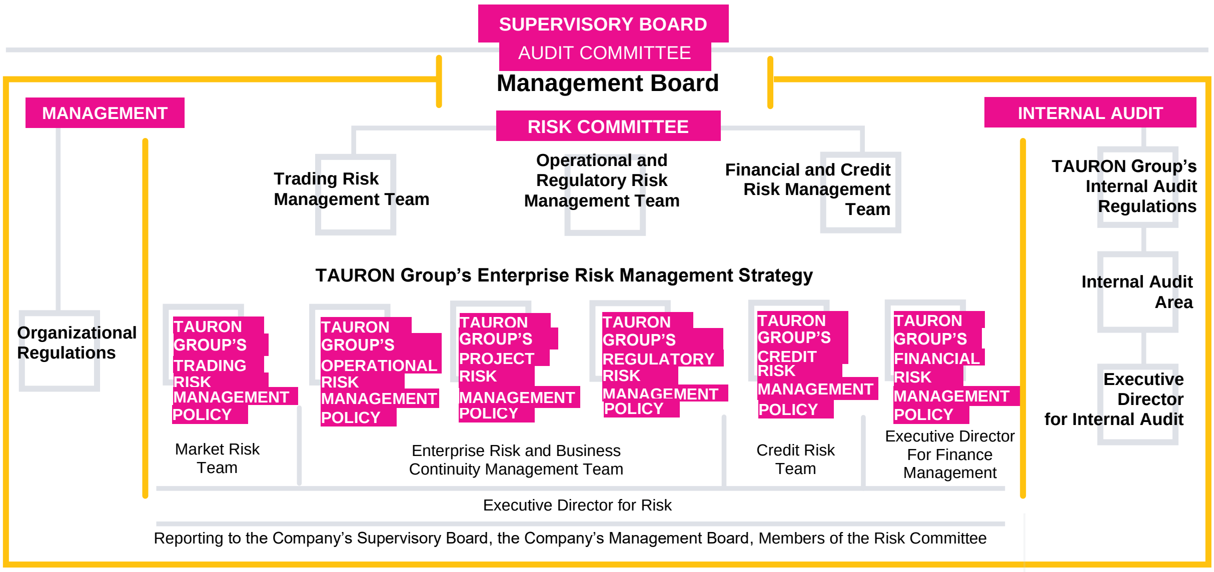


Figure no. 16. The links between the various roles in the context of the ERM Strategy and the documents regulating the ERM System



3.2. Risks in the individual Segments of operations

Table no. 18. Risks in the individual Segments of operations

Segment	Description of the risk
	Generation – The Generation Segment is exposed to the market risk, the regulatory risk as well as the technical and the organizational risks that will have a significant impact on the Segment's results in the coming years. One of the key risks for the Generation Segment is the market risk associated with the volatility of the prices of the electricity and the related products, which translates into the amount of the margins earned from the operations conducted. The first half of 2024 had brought a stabilization of the market conditions and an improvement in the balance between the demand and supply on the hydrocarbons market, leading to a downward trend of the electricity prices and the decline of their volatility. Nevertheless, in the perspective of the second half of 2024, taking into account the effect of the implementation of the new balancing market rules that will be increasing the price volatility on the SPOT market and on the balancing market, an elevated level of the market risk is identified. The material aspects affecting the observed reduction in the generation output of the conventional units include also the imports of the electricity and an increase in the volume of the energy production using the RES technologies, while the demand for the electricity among the final consumers is getting lower. This situation, in addition to having a negative impact on the segment's profitability (also taking into account the hard coal inventories purchased mainly in 2022 and partly in 2023 at a relatively high price), may result in the reduced demand for the fuel and lead to the curtailments in its purchases by TAURON Group's contractors (counterparties). The rapid development of the RES technologies and the ever growing share of the renewable energy in meeting of the demand for the electricity, apart from the declines in the electricity demand and the positive import balance of the cross border electricity exchange, also leads to the pushing of TAURON Group's conventional generating units out of the market and the need to adapt the operation of such conventional generation sources to the unstable (intermittent) production of the renewable anergy sources. Such a situation forces the need to balance the units on the short term markets (buybacks / forced actions), which may generate both the opportunities, as well as threats (risks). Nevertheless, the high price of the fuel has led to the maintaining of the high cost of the production in these generating units and the lack of the ability to compete with the other cheaper sources of the electricity. With respect to the operational factors, the most material threat is the risk of not achieving the planned availability rate (dispatchability) of the generating units, which is closely related to the individual units' failure rate, the high variability of the units' loads, the quality of the fuel and the market situation as indicated above. The direct effects of an increased failure rate of the generating units include the higher costs of the fixing of the failures as well as the commercial consequences stemming from a failure to earn the margin on the electricity sales or the need to balance the sell position. A failure to meet the planned availability rate (dispatchability) of the generating units may also result in the inability to meet the capacity obligation, which, if it is not possible to reserve the capacity using the internal sources or on the secondary market, may result in the assessing of the penalties on the Generation Segment's subsidiaries for this reason. In the longer term, it is important to keep in mind the directions set by the EU Climate Policy and the gradual phasing out of the fossil fuel based generating units. This is of particular relevance in view of the announcement of the acceleration of the pace of the reductions in the greenhouse gas emissions by 2040. This will result in a gradual further deterioration of the profitability rate for such generating units, the pushing out of the production from these sources by the low- and zero carbon units, and the phasing out of the support systems currently in place.
	Heat – Heat segment, in addition to the factors similar to those applicable in the Generation segment. i.e. the market risk, the regulatory risk as well as the technical and the organizational risks availability rate (dispatchability), is exposed to the risks in the operations related to the risk of the reduced demand for the heat and a reduction in the contracted heat capacity due to the large scale thermal modernization works on the buildings and a rise in the average winter outdoor temperatures due to the climate change taking place. The heat sales are also subject to the tariff risk, where the ability to pass on the cost of the operations to the final consumer may be restricted by the regulations. The meeting of the regulatory requirements, in turn, will be particularly important during the implementation of the replacement investment projects in the heat segment, carrying the risks arising from the selection of the generation technologies and the new units' compliance with the stricter environmental requirements.
	RES – The RES segment is exposed to the market risks, the risks related to the weather factors having an impact on the volume of the electricity production, in particular the hydro, the wind and the solar based power generation, the technical and the organizational risks, as well as the regulatory risks, the impact of which may have a significant impact on the earnings of the RES Segment and, what follows, also on the expansion (growth) opportunities thereof. One of the key risks of the RES Segment is the market risk associated with the volatility of the prices of the electricity and the related products, which translates into the amount of the margins earned from the operations conducted. The rapid growth of the installed capacity in the photovoltaic and the wind based power generation sources and an increase in the share of the electricity demand covered by such generation sources have an impact on the changes in the price level and profile on the wholesale electricity markets. In particular, the price declines are observed during

Segment	Description of the risk

the periods of the high production of the renewable energy sources. The continuation of such a trend, along with the lower demand for the electricity, leads to the negative prices on the short term markets. As a consequence, this has had, and it will continue to have, an impact on the profitability rate of the existing and the planned RES generating units.

The weather conditions represent a significant threat to the segment, affecting the volume of the production by the RES units. In particular, the volume of the electricity produced by the hydro power plants is dependent on the hydrological conditions, including the quantity and the frequency of the rainfall both in the winter, as well as during the summer period. In the case of the wind and the photovoltaic power generation, the lower volatility of the volume produced, and thus the greater stability of achieving the planned production volumes is observed.

The results of the RES Segment are also impacted by the availability (dispatchability) rates of the assets and the risk of a failure related thereto (including, among other things, in the event of an occurrence of the extreme weather events), and, as a consequence, the possible temporary outages of some of the assets from use and the potential additional costs of the repair thereof.

With respect to the RES Segment's expansion (growth) it should be pointed out that the existing RES Segment's growth opportunities and strategies are facing the regulatory headwinds related, in particular, to the construction of the new RES sources. In particular, in spite of the partial liberalization of the so-called distance law, there are still barriers in place that curtail the development of the onshore wind energy.

Distribution – The Distribution Segment is exposed to the macro economic risk, the regulatory risk as well as the technical and the organizational risks that will have a significant impact on the Segment's results in the coming years.

One of the most important threats to the Distribution Segment is the distribution services sales risk related to the electricity delivery volume, and, as a consequence, the fluctuations of the revenue from the provision of the distribution services to the individual groups of consumers. The material reasons behind this risk include both the macro economic factors, i.e. a decline of the demand for the electricity due to the economic slowdown or the weather conditions, as well as the factors stemming from the climate issues, i.e. an increase in the consumer awareness with respect to reducing the energy consumption intensity and the rapid growth of the prosumer energy observed over the recent years. However, this risk is a medium term risk by the nature thereof due to the regulatory account mechanism in place, aimed at the balancing, in the medium term, of the impact of the fluctuations in the level of the demand for the electricity to cover the operating expenses of the DSOs.

An equally material risk is associated with the occurrence of an unfavorable deviation of the operating expenses related to the inability to cover the costs of the operations during the period covered by the tariff, and in particular the operating expenses and the costs of purchasing the electricity to cover the balancing difference.

With respect to the operational factors, a material risk for the Distribution Segment is the risk of an asset failure, i.e. the risk related to maintaining the availability of the transmission networks (systems) and the costs related to the fixing of the failures resulting from, among other things, the climate changes leading to an increase in the frequency and the intensity of the extreme weather occurrences, such as the hurricanes, hoar frost, strong winds incidentally accompanied by the tornadoes and the thunder lightnings causing the failures of the distribution grids. One should also take into account a rapid increase in the number of the renewable energy sources, which has an impact on the stability of the operation of the distribution grid.

In the medium term and in the long term, the material risks for the Distribution Segment include the regulatory risks, including the ones related to a change in the structure and the parameters determining the tariff amount (the factors behind this risk include, among other things, the WACC rate, the amount of the capital expenditures, the balancing difference indicators and the level of the transmission fee rates), the issues related to the compliance with the electricity distribution quality indicators that have an impact on the regulated revenue and a change to the distribution tariff model.

A threat to the Distribution Segment is also the credit risk, understood as a failure (default) of the contractors (counterparties) to meet their obligations arising from the distribution services sales. The uncertainty and the fluctuations on the market may lead to an increase in the insolvency rate of TAURON Group's customers.

Supply – The Supply Segment is exposed to the market risk, the regulatory risk as well as the risks stemming from the competitive and macro economic environment that will have a significant impact on the Segment's results in the coming years. A material threat to the accomplishment of the Supply Segment's goals is the risk related to the non-achievement of the assumed electricity supply volume. The reasons behind this risk stem from, both, the competitive environment factors, as well as the macro economic factors, i.e. a drop of the demand for the electricity caused by the economic slowdown and the volatility of the electricity prices. In addition, this risk is impacted by the following factors: an increase of the customer awareness and a change in the customer behaviors and needs, the trend to shore up the consumer rights protection, as well as the regulatory pressure to curb the increases of the prices and the level of the consumption of the electricity and gas by the final consumers.

In parallel, the market risk due to the volatility of the prices of the electricity, gas and the related products poses a threat to the Supply Segment. As a consequence of the high volatility of the prices of the electricity and gas, as well as a significant drop in the liquidity on the electricity market futures exchange (as a result of the abolition of the so-called power exchange trading obligation in 2022), an elevated risk of hedging the sell position to the final consumer is being observed. In addition, due to the changes in the generation mix structure stemming mainly from the rapid growth of the renewable energy sources reported in the recent years, the material changes in the electricity price profiles are observed. In addition, in June, following the implementation of the new balancing market operational rules, an elevated price volatility is observed on the day ahead market as well as on the balancing market.

A material threat (risk) to the Supply Line of Business (Segment) is also posed by the credit risk understood as a failure of the customers to meet their obligations arising from the electricity and gas sales (customer defaults). The uncertainty and the fluctuations on the market may lead to an increase in the insolvency rate of the counterparties (contractors) of TAURON Group.

One of the most important regulatory risks in the Supply Segment is the regulated tariff risk, related to the level of the costs allowed and approved by the President of the ERO to be passed on in the sales price for the given year for the households (G Tariff), including also a possible tariff adjustment during the year. The result of the materialization of such a risk in connection with the update of the tariff for the second half of 2024 is not a full passing through of the costs of purchasing of the electricity and gas for the individual customers and, as a consequence, a decline of the profitability rate and the curtailment of the funds for the development of the Company's potential. The changes to the rules of the operation, in the second half of 2024, of the regulations aimed at capping the price increases for the households and the eligible customers, as well as the potential extension thereof (in whole or in part) for the subsequent years, are also the material regulatory risks. A risk is related to the potential initiation of an audit by the President of the ERO to verify the amount of the allowance (charge) contributed to the price difference fund is also identified.

In the long run, the climate factors, and in particular the potential further expansion of the prosumer and industrial energy, as well as the steps taken by the consumers with respect to the improving of the energy efficiency, also pose a threat for the Supply Segment, resulting in a loss of the supply volume and the margin on the electricity and gas sales.

Other Operations and Risks – The other organizational units that are a part of TAURON Group are first and foremost providing the support services for the above mentioned Segments. The main risks that are present in the Other Operations Segment are related to ensuring the availability and the security of the IT services, the broadly understood compliance management, the personal data protection, as well as the security and protection of the property. In connection with the conflict in Ukraine, the security and the cyber security risks are particularly relevant, including the possible restrictions with respect to the access to the IT/OT infrastructure, the Internet and the GSM networks, as well as the physical security of the critical infrastructure elements, the breach of which may cause the disruptions in the functioning of the operational processes and the business continuity.

Segment	Description of the risk
	At TAURON Group's level, one of the material threats related to the entire value chain of TAURON Capital Group is the risk of financing resulting from the gradual withdrawal of the financial institutions from financing of the activities based on the fossil fuels. It should be pointed out that the risk in question is primarily dependent on the potential continuation of the government plans to spin off the hard coal fired generation assets into a separate entity. The material threats for TAURON Group also include the regulatory and political issues related to the environment protection and the climate protection issues, the risks related to the financial condition of TAURON Group's key counterparties, the sustainability risks, the risks associated with the human resources management and the workforce (social partner) expectations with respect to the growth of the wages, as well as the pending court litigations. With respect to the regulatory risk, the continued trend towards the tightening of the EU Climate Policy is observed, related to a greater curtailment of the CO_2 emissions and the support for the RES investment projects, which leads to an increase in the volatility in terms of the national sector related regulations, and this, in turn, translates into an increase in the number of the regulatory risks of the strategic importance for TAURON Group.

3.3. Description of the most material risk categories and their mitigation examples

Table no. 19. Most material risk categories identified for TAURON Group

Name and description of the risk	Risk trend and materiality	Main responses to the risk
Trading risk		
Market risk		
The threats (risks) or the opportunities related to a change in the prices on the wholesale electricity market and the energy related product markets, including the hard coal, gas, crude oil, the CO_2 emission allowances, the property rights, which have a negative impact on the financial results, as well as stemming from a lack of the supply of the above mentioned products on the market and the liquidity in the commodity markets.	→	1. Monitoring of the trading positions and of the use (consumption) of the risk limits. 2. Daily control (checking) of the compliance with the limits - Value at Risk. 3. Applying of the Stop Loss limits allowing for protecting (locking in) the generated result. 4. The use of the futures (forward) products allowing for the hedging of the future exposure to the trading risk. 5. Taking advantage of the effects of the diversification between the products and the trading portfolios as well as the use of the internal netting.
Financial and credit risk		
Interest rate risk, FX rate risk		
The threats (risks) or the opportunities related to an impact of the interest rates and / or the FX rates on TAURON Group's financial results.	→	1. Ongoing monitoring of the risk exposure in order to minimize the negative impacts of the changes to the interest rates. 2. Use of the risk limits for TAURON Group's operational FX position (Value at Risk). 3. Transfer of the risk through the use of the hedging transactions.
Financial liquidity risk and financing risk		
The threats (risks) related to the lack of TAURON Capital Group's ability to meet its obligations on an ongoing basis and the difficulties in accessing the capital, a change in the conditions for obtaining and servicing the financing already taken on and the planned one (including due to the tightening of the EU climate policy).	→	1. Diversification of the sources of financing including the arranging of the guaranteed financing programs as well as the securing of the alternative sources of financing. 2. Analyzing of the market and the availability of the sources of financing. 3. Ongoing communications with the financial institutions. 4. Arranging of the financing agreements ahead of the time the funding is needed.
Credit risk		
The threats related to a deterioration of the financial condition of TAURON Group's customers and counterparties, and as a consequence, the possibility of an occurrence of the overdue accounts receivable and the pursuit of the accounts receivable by way of a court litigation and improper performance of the obligations under the concluded contracts.	→	Applying of the assessment of the counterparties' credit rating (assigning of the ratings and the credit limits) at TAURON Group's individual subsidiaries. The use of the credit collaterals for the customers with an unacceptable risk exposure. Monitoring of the status (level, balance) of the Company's overdue accounts receivable. The use of the continuous monitoring of the financial standing of the counterparties (business partners, contractors). Conducting of the debt collection processes.
Risks related to the environment (stakeholders)		
Macro economic risk		
The threats (risks) or the opportunities related to a change in the economic situation of the country, the instability of the financial markets, which may lead, in particular, to a change in the demand for the electricity, an increase / decrease in the cost of the operations of the enterprise (including the costs of the wages) and a change in the financial condition of the customers and the counterparties of TAURON Group.	→	1. Diversification of the revenue sources. 2. Market analysis and the application of the pre-emptive actions with respect to the anticipated crisis (downturn) or a slowdown of the GDP growth rate. 3. Actions taken as part of the response plans with respect to the individual risks at TAURON Group
Climate change risk		
The threats (risks) or the opportunities related to the tightening of the EU climate policy, as well as the environmental requirements resulting from the climate	↑	1. Application of *TAURON Group's Climate Policy*.

Name and description of the risk	Risk trend and materiality	Main responses to the risk
change, the activities supporting the energy efficiency (the expansion of the prosumer energy development, the support for the thermal insulation projects, the construction of the in-house energy and heat sources, the departure from the hard coal as fuel), a change in the conditions of TAURON Group's operations (the need to adapt the company to the challenges of the changes stemming from the climate change). The implications of the risk include: the headwinds / tailwinds or the volatility of the costs of raising the capital to finance the operations based on the fossil fuels, the need to incur the additional capital expenditures for adapting of the assets to the environmental requirements, an increase of the price of the CO_2 emission allowances, the decline of the demand for the products offered by TAURON Group's subsidiaries.		2. Gradual adaptation of the production assets and the energy mix of TAURON Capital Group to the production of the renewable energy as well as the zero and low emission electricity generation technologies. 3. Update of TAURON Group's Strategic Research Agenda. 4. Adaptation of TAURON Group's Investment Strategy to the guidelines stemming from *TAURON Group's Climate Policy.* 5. Active participation in the works of the teams issuing the opinions (providing feedback) on the projects and proposing the optimal solutions. 6. Active searching for the technical and organizational solutions that would minimize the impact of TAURON Capital Group's operations on the climate change. 7. Promoting of the eco-mobility or the climate-neutral mobility. 8. Cooperation with the business partners and the social partners (workforce) with respect to the adaptation to the climate change.
Risks related to the technology, infrastructure and security (safety)		
Environmental risk		
The threats (risks) related to the negative impact of the business operations conducted on the natural environment and the use of its resources, including, in particular, the loss of the control over the process that would enable the prevention of the overly excessive (above the applicable standards) pollution, damage, disruption or failures of the installations or equipment that would have a negative impact on the environment. The materialization of the risk results in the degradation of the natural environment and the penalties for a failure to meet the environmental requirements, the need to remove them, a curtailment of the production, the delays in the implementation of the investment projects, a contamination of the water sources in a way that makes their use impossible, a destruction of a habitat, facility or an area that is of value for nature – a nature restoration project related compensation, the restrictions on the further expansion of the business operations, a loss of TAURON Group's image, a limitation of the possibility of using the financial aid programs. The risk also includes an increase in the environmental requirements stemming from the tightening of the EU's climate policy.	→	*1.* Application of *TAURON Group's Environmental Policy.* *2.* Conducting of the business operations that have an impact on the environment in accordance with the principles of the sustainable development. 3. Conducting and intensifying of the efforts aimed at increasing the use of the combustion process by-products (UPS waste) / the mining process by-products (UPW waste), 4. Seeking to maximize the utilization of the generated post production waste at all of TAURON Group plants. 5. Striving for the optimal management of the water resources 6. Ongoing supervision over the compliance with the conditions of the environmental decisions. 7. Maintaining of the required efficiency of the devices reducing the emissions of the pollutants. 8. Frequent evaluation of the compliance of the activities with the legal requirements with respect to the environment protection. 9. Implementing of the investment projects in the environment protection area in order to minimize the adverse impact of the conducted mining and processing operations on the environment and the climate. 10. Active searching for the technical and organizational solutions that would minimize the impact of TAURON Group's business operations on the climate change.
Weather risk		
The threats (risks) or the opportunities related to the volatile weather conditions, including the more frequent occurrence of the weather anomalies, leading, among other things, to a volatility of the volume of the electricity and the heat supply and distribution, a volatility of the production volume.	→	1. Gradual adaptation of the production assets to the consequences of the extreme weather phenomena and the volatility of the weather conditions, in particular in the Lines of Business sensitive (vulnerable) to these factors. 2. Monitoring and analysis of the new technological solutions curtailing the impact of the adverse weather conditions on the volume of the electricity produced. 3. Continuous monitoring of the wind conditions and the icing on the wind farms' blades.
Company assets (property) risk		
The threats (risks) related to the failures of the machinery and equipment, the distribution (of electricity, heat) grid failures caused, among other things, by the operation thereof, but also by the random (fortuitous) events, including those related to the extreme weather conditions (storms, floods, hurricane winds, heat waves, fires) as a consequence of, among other things, the climate change. The materialization of the risk has an impact on the availability (dispatchability) rates of the assets and results in the downtime related to the asset failures, the increased costs of the rectification thereof, the deterioration of the quality indicators and the impact on the regulated revenue. In addition, it may also lead to a failure to meet the capacity obligation, as a consequence resulting in the need to conclude the transactions on the secondary market or the payment of the financial penalties to the TSO (PSE). One of the effects is also the need to balance the trading position.	→	1. Optimizing of the capital expenditures on the asset replacements, the ongoing monitoring of the condition of the machines, devices and the installations. 2. Recommending of the tasks, to be included in the Investment Plan, with respect to the replacement investment projects to reduce the causes of the risk for the equipment with a nominal life cycle overrun. 3. Raising of the professional qualifications and the work culture of the personnel by organizing of the courses and the training. 4. Responding to the emergency situation by the technical personnel and the automatic process safety interlocks (safeguards). 5. Introducing of the IT tools with respect to improving of the monitoring and managing the failure indicators (rates, ratios). 6. Continuous monitoring of the availability (dispatchability) rate of the generating units and the demand side reduction facilities, as well as the shifting of the capacity obligations that require reserving to the dedicated intra-group reserve units or to the external entities. 7. Gradual adaptation of the production assets to the consequences of the extreme weather phenomena and the volatility of the weather conditions, in particular in the Distribution Line of Business.
IT / OT risk		
The threats (risks) related to the IT / OT infrastructure security and safety, as well as the failures of the IT / OT infrastructure.	→	1. Developing and maintaining of the plans aimed at ensuring the continuity of the IT / OT infrastructure's operation. 2. Periodic identifying and categorizing of the IT / OT resources based on the service restoration targets.

Name and description of the risk	Risk trend and materiality	Main responses to the risk
		3. Use of the IT / OT solutions with the adequate technical parameters, ensuring an acceptable level of the reliability and performance of the operation (including also the UPS devices, the GSM modem, the mobile phones). 4. Planning and conducting of the training courses with respect to the IT / OT infrastructure's continuity of the operation and security.
Risk related to the purchasing of the energy related fuels		
The threats (risks) or the opportunities related to the possible necessity to purchase the hard coal at a higher / lower price than assumed in the budget plan (which may be due to a change in the production of the electricity and thermal energy by TAURON Group's generating units, as well as due to a failure to fulfill the concluded hard coal contracts in the minimum quantities). An additional risk factor is the supply of the hard coal on the market, in particular the hard coal with the right quality parameters, which, as a consequence, may lead to a failure to meet the level of the strategic reserves or, in an extreme scenario, the need to reduce the production output.		1. Maintaining of the required levels of the hard coal inventory in the stockpiles, 2. Securing of the additional hard coal volume under the SPOT contracts and, as a volume option, purchasing of the imported hard coal. 3. Use of the DAP / CPT formulas, allowing for the flexible response to the changing market conditions (increasing of the hard coal deliveries using the supplier's transportation). 4. Monitoring of the performance of the volumes specified in the contracts. 5. Long term hedging of TAURON Group's fuel position taking into account the current economic conditions. 6. Negotiations with the hard coal suppliers. 7. Searching for the new directions of the supplies.
Risks related to the workforce and the organizational culture		
Risk of the social disputes		
Risk related to the collective disputes, strikes, social conflicts (conflicts with the workforce) being a consequence of a lack of the personnel's satisfaction with the economic and social situation.		1. Conducting of the public consultations regarding the planned changes. 2. Conducting of a policy of the dialogue with the social partners (workforce). 3. Preparing and implementing of the motivational solutions. 4. Active internal communications on the personnel matters
Risks related to the lack of compliance		
Legal risk (including the risk of non-compliance)		
The threats (risks) related to the changes to the legal provisions and the compliance therewith, the interpretation of the new laws and regulations, the requirements imposed by the regulator and the oversight authorities, as well as the legal disputes with the customers and the counterparties The negative consequences of the materialization of the risk may include the financial penalties, the criminal and the civil law liability, a loss of the image of the Group.		1. Continuous monitoring of the regulatory environment and the changes to the legal regulations, including in the area of the social issues, the respect for the human rights, counteracting the corruption, the environment protection and the employee related issues. 2. Implementation of the required changes to the internal regulations and the intra-corporate regulations. 3. Setting up of the working groups tasked with the preparation and the implementation of the required changes stemming from the legal environment. 4. Continuous cooperation with the authorities (regulators) overseeing the energy market and the capital market.
Risks related to the customers and the counterparties (business partners, contractors)		
Customer service risk		
The threats related to the non-compliance with the customer service standards leading to the customer dissatisfaction with the service, the customer complaints, a loss of customers.		1. Monitoring and analyzing of the external customer satisfaction indicators (metrics) and the indicators (metrics) related to the complaints. 2. Undertaking of the additional measures, for example, with respect to the internal regulations, defining the standards of conduct as a result of the analysis of the indicators (metrics). 3. Developing of the key account managers' competences and skills.
Volume and margin risk		
The threats (risks) or the opportunities related to a change in the volume of the sales of the products offered by TAURON Group's subsidiaries, in particular as a result of the macro economic situation, the development of the energy efficiency solutions, the thermal insulation of the buildings, the growth of the prosumer energy, the impact of the climate factors causing a significant deviation of the temperature deviation versus the planned values. The implications of the materializing of the risk include the volatility of the revenue at the individual operating segments of TAURON Group due to the changes in the level of the demand.		1. Ongoing updating of the offering, launching of the sales of the multi package type products. 2. Conducting of the marketing campaigns, acquiring of the new customers. 3. Activities focused on the retaining of the existing customers and acquiring of the new customers (expansion oriented activities).
Purchasing process risk		
The threats (risks) or the opportunities related to the purchasing proceedings conducted, their erroneous implementation, an unplanned change of the purchase costs, taking into account the methods used to prevent the violations of the human rights by the business partners, counteracting corruption and fraud (abuse) in the purchasing process and the compliance with the ethical and moral standards during the implementation thereof.		1. Application of the provisions of the *Code of Conduct for Contractors (Counterparties) of TAURON Group's subsidiaries*. 2. Application of the provisions of *TAURON Group's Anti-Corruption Policy*. 3. Inclusion of the anti-corruption clauses in the contracts with the contractors (counterparties). 4. Application of *TAURON Group's Respect for Human Rights Policy* 5. Standardization of the rules of conducting the proceedings in the purchasing process and the transparency thereof. 6. Building of the long lasting relationships with the contractors (counterparties) based on the trust and the mutual respect.

Name and description of the risk	Risk trend and materiality	Main responses to the risk
Risks related to the regulations		
Regulatory risk		
The threats (risks) or the opportunities related to the change of the existing regulations or the introduction of the new regulations that have an impact on the operations of TAURON Group and the need to adapt to the regulatory changes, in particular those resulting from a significant increase (tightening) in the requirements of a specific regulation, including the environmental requirements stemming from the climate change, the support for the pro-climate activities (the expansion of the prosumer energy, the thermal insulation of the buildings, the development of the in-house generation sources). The implications of the materializing of the risk include, first and foremost: the volatility of the revenues in the individual operating segments of the Group, the volatility of the operating expenses as a result of the need to adapt to the legislative changes.	➡ ■	1. Continuous monitoring of the regulatory environment and the changes to the legal regulations. 2. Active participation in the consultations with respect to the planned regulations (the industry organizations, the government agencies).\ 3. Active measures aimed at creating a regulatory environment in a manner favorable to TAURON Group. 4. Continuous cooperation with the authorities (regulators) overseeing the energy market and the capital market. 5. Consultations with the organizational (business) units with respect to the proposed regulations. 6. Internal consultations.

■ Moderate materiality ■ Medium materiality ■ High materiality

3.4. The impact of the Russian Federation's aggression against Ukraine on the current and future operations of TAURON Capital Group

The information related to the impact of the Russian Federation's aggression against Ukraine on the current and future operations of TAURON Capital Group the transactions with the related entities is provided in note 53 to the Interim Abbreviated Consolidated Financial Statements of TAURON Polska Energia S.A Capital Group, drawn up in compliance with the International Financial Reporting Standards, approved by the European Union, for the period of 6 months ended on June 30, 2024.

4. ANALYSIS OF THE FINANCIAL POSITION AND ASSETS OF TAURON CAPITAL GROUP

4.1. Key operating data of TAURON Capital Group

Table no. 20. Key operating data posted by TAURON Capital Group in the first half of 2024 and in the first half of 2023

Item	Unit	H1 2024	H1 2023	Change in % 2024 / 2023
Electricity generation (gross production)	TWh	5.41	6.30	86%
including generation of electricity from renewable sources	TWh	0.88	0.87	101%
Production from biomass	*TWh*	*0.08*	*0.10*	*80%*
Production by hydroelectric power plants and wind farms	*TWh*	*0.80*	0.78	*103%*
Heat generation	PJ	5.62	6.21	90%
Electricity distribution	TWh	26.03	25.98	100%
Electricity supply	TWh	17.72	21.81	81%
Retail supply	*TWh*	*13.53*	*15.40*	*88%*
Wholesale	*TWh*	*4.19*	*6.41*	*65%*
Number of customers - Distribution	‘000	5 951	5 893	101%

4.2. Sales structure by the Segments of Operations (Lines of Business)

Table no. 21. TAURON Capital Group’s sales volumes and structure broken down into the individual Segments of operations (lines of business) in the first half of 2024 and in the first half of 2023

Item	Unit	H1 2024	H1 2023	Change in % 2024 / 2023
Generation Segment’s electricity and heat sales	TWh	4.73	5.61	84%
	PJ	1.40	1.50	94%
Heat Segment’s electricity and heat sales	TWh	0.47	0.66	72%
	PJ	6.17	7.05	87%
RES Segment’s electricity sales	TWh	0.79	0.76	103%
Distribution Segment’s distribution services sales	TWh	26.03	25.98	100%
Supply Segment’s retail electricity supply	TWh	13.58	15.39	88%

Generation Segment

The total achievable capacity of the Generation Segment’s generating units had come in at 4.2 GW of electric capacity and 0.9 GW of thermal capacity as of the end of June 2024. The Generation Segment had produced 4.11 TWh of electricity in total in the first half of 2024, i.e. less by 14% as compared to the same period of last year. The sales of the electricity from the in-house production, along with the electricity purchased for trading, had clocked in at 4.73 TWh in the first half of 2024, which meant a decline by 16% as compared to the same period of 2023. The heat supply had come in at 1.40 PJ in the first half of 2024, i.e. less by 6% as compared to the same period of 2023, which had been a consequence of the lower consumer demand in connection with the higher outdoor temperature year on year.

Heat Segment

The total achievable capacity of the Heat Segment’s generating units had come in at 0.4 GW of electric capacity and 1.2 GW of thermal capacity as of the end of June 2024. The Heat Segment had produced 0.47 TWh of electricity in total in the first half of 2024, i.e. less by 33% as compared to the same period of last year. The sales of the electricity from the in-house production, along with the electricity purchased for trading, had clocked in at 0.47 TWh in the first half of 2024, which meant a decline by 28% as compared to the same period of 2023. The heat supply had come in at 6.17 PJ in the first half of 2024, i.e. less by 13% as compared to the same period of 2023, which had been a consequence of the lower consumer demand in connection with the higher outdoor temperature year on year.

RES Segment

The total achievable capacity of the RES Segment's generating units had stood at 606 MW of electric capacity as of June 30, 2024, and it had been higher than reported as of June 30, 2023, by 37 MW as a result of the commissioning of the Mysłowice photovoltaic farm with the capacity of 37 MW. The RES Segment had produced 0.80 TWh of electricity in the first half of 2024, i.e. more by 3% as compared to last year (0.78 TWh).

Distribution Segment

The Distribution Segment had delivered, in total, 26.03 TWh of electricity, including 25.33 TWh to the final consumers, in the first half of 2024. During that period the Distribution Segment had been providing the distribution services for 5.95 million consumers. In the same period of 2023, the Distribution Segment had delivered, in total, 25.98 TWh of electricity to 5.89 million consumers, including 25.32 TWh to the final consumers.

Supply Segment

The Supply Segment subsidiaries had supplied, in total, 13.53 TWh of electricity on the retail market in the first half of 2024, i.e. less by 12% than in the same period of 2023, to 5.79 million customers, both to the households, as well as to the businesses.

Other operations

The sales revenue of the Other Operations Segment subsidiaries had come in at PLN 628 million in the first half of 2024, and it had been higher by 21% than the revenue posted in the same period of 2023, with the main reason behind it being the higher sales of the customer service and support services provided by the Shared Service Centers (CUW) to TAURON Capital Group's subsidiaries.

4.3. TAURON Capital Group's financial position after the first half of 2024

This section presents the selected items from the Interim Abbreviated Consolidated Financial Statements of TAURON Polska Energia S.A Capital Group, drawn up in compliance with the International Financial Reporting Standards, approved by the European Union, for the period of 6 months ended on June 30, 2024, and the selected financial ratios which constitute the Alternative Performance Metrics, as defined by the ESMA Guidelines related to the Alternative Performance Metrics. These metrics present the additional information with respect to the financial performance (results) of TAURON Capital Group's business operations and, in the opinion of the Management Board, they may constitute an additional important source of the information for the investors with respect to the financial and operational situation of TAURON Capital Group. The ratios constitute the standard metrics commonly used in the financial analysis, the usefulness of which has been analyzed in terms of the information provided to the investors on the financial efficiency (performance), cash flows and the debt of TAURON Capital Group. The definitions of the metrics are provided directly next to each indicator. The values of the individual metrics provided for the reporting period and for the comparable period, due to the lack of the changes in the methodology used to determine the metrics, are comparable.

Analysis of the financial position

Consolidated statement of comprehensive income

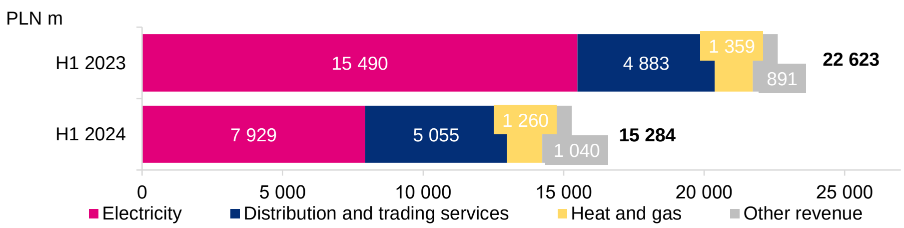
Table no. 22. TAURON Capital Group's interim abbreviated consolidated statement of comprehensive income for the first half of 2024 and for the first half of 2023 [1]

Item (PLN m)	H1 2024 (unaudited data)	H1 2023 (unaudited data)	Change in % 2024 / 2023
Sales revenue	15 284	22 623	68%
Compensation payments	2 116	4 279	49%
Cost of goods sold	(17 100)	(24 012)	71%
Other operating revenue and costs	44	232	19%
Share in joint ventures' profits	15	63	24%
Operating profit	**359**	**3 185**	**11%**
Operating profit margin (%)	*2.3%*	*14.1%*	*17%*
Cost of interest on debt	(342)	(438)	78%
Other financial revenue and costs	(36)	(221)	16%
Pre-tax profit	**(19)**	**2 526**	**-**
Pre-tax profit margin (%)	*-0.1%*	*11.2%*	-
Income tax	(824)	(650)	127%
Net financial result (profit) for the period	**(843)**	**1 876**	-

Item (PLN m)	H1 2024 (unaudited data)	H1 2023 (unaudited data)	Change in % 2024 / 2023
Net financial result (profit) margin (%)	*- 5.5%*	*8.3%*	-
Total comprehensive income for the period	**(837)**	**1 711**	**-**
Profit attributable to:			
Shareholders of the parent entity	(845)	1 873	-
Non-controlling shares	2	3	67%
EBIT and EBITDA			
EBIT	**359**	**3 185**	**11%**
EBITDA	**3 129**	**4 274**	**73%**

[1] the selected items from the consolidated statement of comprehensive income of TAURON Capital Group for the period of 6 months ended on June 30, 2024 and the comparable data for the period of 6 months ended on June 30, 2023. These items are quoted in accordance with the Interim Condensed Consolidated Financial Statements of TAURON Polska Energia S.A. Capital Group drawn up in compliance with the International Financial Reporting Standards approved by the European Union for the period of 6 months ended on June 30, 2024

Figure no. 17. Structure of TAURON Capital Group's revenue for the first half of 2024 and for the first half of 2023



TAURON Capital Group had generated revenue in the first half of 2024 that had been lower by 32% than the revenue reported in the same period of 2023, mainly as a result of the lower revenue from the electricity sales. The declines in the electricity sales revenue had been recorded both in the retail electricity trading area as well as in the wholesale electricity trading area, which is primarily due to the lower prices obtained and the lower average sales volume. The decrease in the prices for the customers in almost each segment (except for the households) is directly related to the change in the market electricity prices, and the change in the volume is due to the lower demand from the business customers and, in the case of the wholesale trading, the different operating characteristics of the generating units, as compared to the first half of 2023, as a result of the different demand submitted by the PSE (TSO) operator. In addition, the decrease in the revenues had also been impacted by the lower amount of the trading (commercial) fees received and a decrease in the amount of the revaluation (adjustment) of the sales of the electricity purchased for the needs of the balancing difference mainly due to a change in the prices. In addition to the above mentioned reasons, the change in the sales revenues year on year had also been impacted by the following factors:

1. the decline of the revenue from the sales of the thermal energy (heat supply), as a result of the higher that last year average outdoor temperature and the higher prices due to an increase of the prices covered by the tariffs,
2. the decline of the revenue from the sales of gas, mainly due to the lower prices obtained as compared to the comparable period, as a result of the change of the prices contracted over the course of 2023 on the account of the supplies to be carried out in 2024,
3. the higher revenue from the sales of the distribution and trading services as a consequence of an increase of the distribution and transmission service rate.

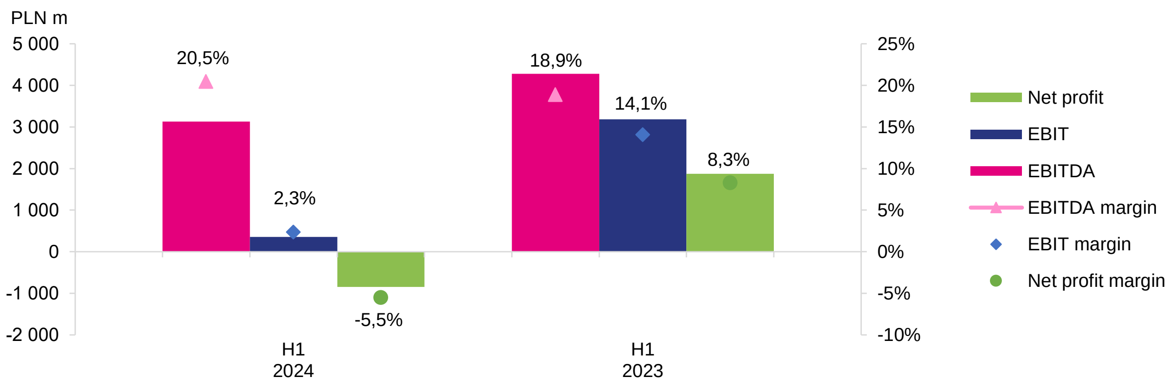
The costs of TAURON Capital Group's operations (operating expenses) incurred in the first half of 2024 had been lower by 29% than the costs borne in the same period of 2023, which is mainly a consequence of incurring the lower costs of the purchases of the electricity as a result of the decline of the prices and the lower volumes as a result of the lower demand from TAURON Group's customers. In addition, other factors that had contributed to the above mentioned decline had included the lower costs of the hard coal fuel and the CO_2 emission allowances consumed for the purpose of the production of electricity and heat, mainly as a result of the lower consumption, as a consequence of the lower production. In addition, the lower cost of the hard coal fuel is impacted by the lower purchase price of the fuel as a consequence of the year on year decline in the market prices for this raw material. Another factor contributing to the change in the cost of the operations (operating expenses) is the significantly lower value of the allowance (charge) for the Price Difference Payout Fund, the obligation to set up which in 2023 had stemmed from the provisions of the legal acts obliging both the generators as well as the suppliers of electricity and gas to pay the profits, in excess of the statutorily assumed margin percentage, to the Settlement Manager (Zarządca Rozliczeń). The above decreases in the cost items had partially been mitigated by the increases of the costs of:

1. the depreciation, mainly as a result of an increase in the value of the assets of TAURON Capital Group,
2. the impairment charges related to the non-financial fixed assets following the completed impairment tests of the carrying value of the fixed assets, which demonstrated that the booking of such write downs was justified,

3. the employee benefits, which is the result of the following factors:
    1) the booking in the costs in the first half of 2024 of the effects of the agreements signed with the social partners (workforce) over the course of 2023,
    2) an increase of the minimum wage in 2024,
4. the distribution services purchased which is a consequence of an increase of the tariff for the PSE distribution services,
5. the higher costs of the taxes and fees, mainly due to the higher costs on the grid assets payment as a consequence of an increase in the value of the assets as a result of the investment projects under way and an increase of the tax rates.

The EBITDA margin posted in the first half of 2024 had come in at 20.5%, and it had been higher by 1.6 pp than the margin posted in the same period of 2023, which is mainly the result of a decrease of the revenue generated by 32%, along with the decline of the EBITDA result by 27%. The reasons for this trajectory of the above profit and loss statement items are indicated above. On the other hand, the EBIT margin and the net profit margin had clocked in at 2.3% and -5.5%, respectively, and they had been lower by 11.7 p.p. and 13.8 p.p, respectively, than those earned in the same period of 2023. The main reason for the bigger decline of the above mentioned margins in relation to the EBITDA margin is the booking of the impairment charges related to the non-financial fixed assets following the completed impairment tests of the carrying value of the fixed assets.

Figure no. 18. TAURON Capital Group's financial results and the level of the margins earned in the first half of 2024 and in the first half of 2023



The comprehensive income attributable to the shareholders of the parent company is negative and it had clocked in at PLN 845 million in the first half of 2024, as compared to PLN 1 873 million posted a year ago, while the net profit attributable to the shareholders of the parent company had come in at PLN -893 million in the first half of 2024, as compared to PLN 1 708 million posted in the same period of 2023.

Financial results by the Segments of operations (lines of business)

Table no. 23. TAURON Capital Group's EBITDA by the individual Segments of operations (lines of business) in the first half of 2024 and in the first half of 2023

EBITDA (PLN m)	H1 2024 (unaudited data)		H1 2023 (unaudited data)		Change in % 2024 / 2023
	PLN m	Structure in %	PLN m	Structure in %	
Generation	156	5%	758	18%	21%
Heat	166	5%	205	5%	81%
RES	369	12%	276	6%	134%
Distribution	1 616	52%	2 328	54%	69%
Supply	699	22%	544	13%	128%
Other operations	214	7%	114	3%	188%
Unassigned items and exclusions	(91)	-3%	49	1%	-
Total EBITDA	**3 129**	**100%**	**4 274**	**100%**	**73%**

Generation Segment

Table no. 24. Generation Segment's results for the first half of 2024 and for the first half of 2023

Item (PLN m)	H1 2024 (unaudited data)	H1 2023 (unaudited data)	Change in % 2024 / 2023
Sales revenue	**3 783**	**5 734**	**66%**

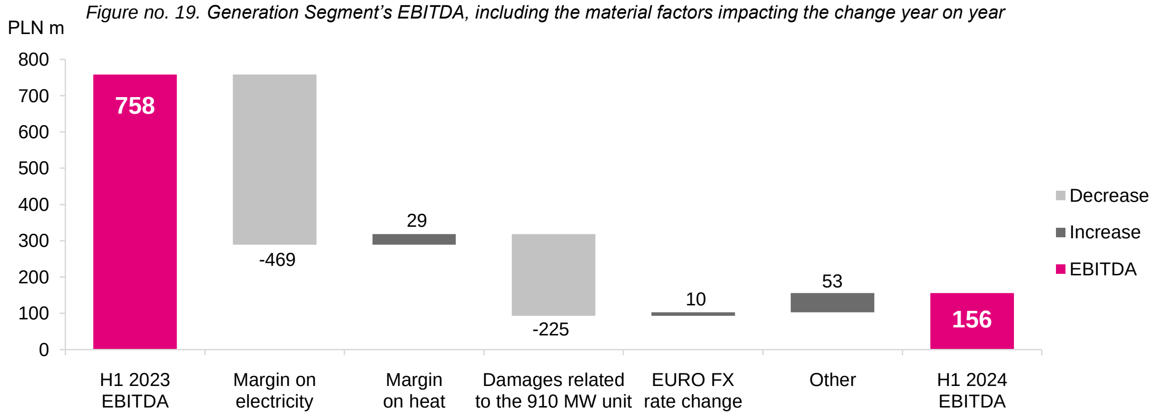
Item (PLN m)	H1 2024 (unaudited data)	H1 2023 (unaudited data)	Change in % 2024 / 2023
electricity	3 136	*4 791*	65%
heat	154	*147*	105%
property rights related to guarantees of origin of electricity (energy certificates)	0	*16*	2%
services – capacity market	389	*305*	128%
greenhouse gas emission allowances	0	*265*	0%
Biomass	39	*82*	48%
combustion process by-products (UPS) / mining process by-products (UPW)	55	*27*	206%
Other	*10*	*101*	10%
EBIT	**-1 494**	**580**	**-**
Depreciation and impairment charges	-1 650	-178	927%
EBITDA	**156**	**758**	**21%**

The Generation Segment's sales revenue in the first half of 2024 had been lower by 34% as compared to the same period of 2023, mainly due to the lower revenue from the sales of the electricity brought about by the lower sales prices and the lower volume.

The Generation segment's EBITDA and EBIT had been lower in the first half of 2024 than in the same period of 2023. The level of the results posted had been affected by the following factors:

1. the lower margin on the sales of the electricity as a result of the lower electricity sales prices, partially offset by a decline in the prices of the hard coal prices and the CO_2 emission allowances. In addition, the decrease in the margin had been affected by the lower electricity sales volumes resulting from the lower contracting on the forward (futures) market. In addition, the margins had been impacted by the events of 2023 - the allowance (chargé) for the Price Difference Payout Fund and the use (consumption) of the onerous provision set up in 2022 and related to the performance of the onerous contracts in 2023,
2. the higher margin on the heat sales as a consequence of an increase of the heat sales prices based on the tariffs and the lower costs of the fuels,
3. the balance of guarantees received on the account of the improper performance of the contract for the construction of a 910 MW unit in Jaworzno as a result of signing a settlement agreement in front of the General Counsel of the Republic of Poland in Warsaw and the benefits (entitlements) paid out to the subcontractors in 2023,
4. the higher FX exchange rate difference between the hedged FX exchange rate and the executed FX exchange rate than in the same period of 2023,
5. the other factors, including mainly the higher balance of the other operations and the higher margin on the sales of the combustion process by-products (UPS) and the mining process by-products (UPW).

Figure no. 19. Generation Segment's EBITDA, including the material factors impacting the change year on year



Heat Segment

Table no. 25. Heat Segment's results for the first half of 2024 and for the first half of 2023

Item (PLN m)	H1 2024 (unaudited data)	H1 2023 (unaudited data)	Change in % 2024 / 2023
Sales revenue	**1 215**	**1 412**	**86%**

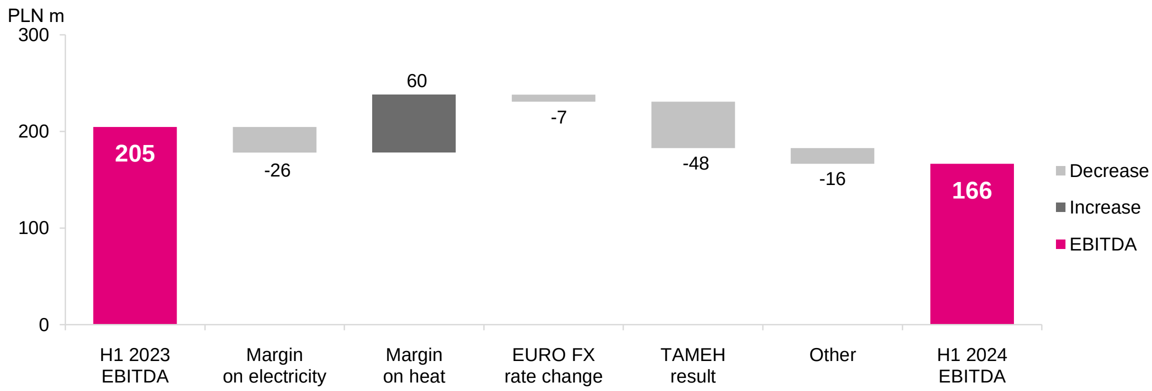
Item (PLN m)	H1 2024 (unaudited data)	H1 2023 (unaudited data)	Change in % 2024 / 2023
Electricity	304	*465*	65%
heat	874	*870*	100%
property rights related to guarantees of origin of electricity (energy certificates)	15	*52*	29%
services – capacity market	14	*20*	70%
other	9	*5*	155%
EBIT	**-35**	**151**	**-**
Depreciation and impairment charges	-201	-54	372%
EBITDA	**166**	**205**	**81%**

The Heat Segment's sales revenue in the first half of 2024 had been lower by 14% as compared to the same period of 2023, mainly due to the lower revenue from the sales of the electricity brought about by the lower sales prices and the lower volume.

The Heat segment's EBITDA and EBIT had been lower in the first half of 2024 than in the same period of 2023. The level of the results posted had been affected by the following factors:

1. the lower margin on the sales of the electricity as a result of the lower electricity sales prices, partially offset by a decline in the prices of the hard coal prices and the CO_2 emission allowances. In addition, the decrease in the margin had been affected by the lower electricity sales volumes resulting from the lower contracting on the forward (futures) market.
2. the higher margin on the heat sales as a consequence of an increase of the heat sales prices based on the tariffs and the lower costs of the fuels,
3. the lower FX exchange rate difference between the hedged FX exchange rate and the executed FX exchange rate than in the same period of 2023
4. the lower result of the TAMEH subsidiary as a consequence of the bankruptcy of the TAMEH Czech subsidiary.
5. the other factors.

Figure no. 20. Heat Segment's EBITDA, including the material factors impacting the change year on year



RES Segment

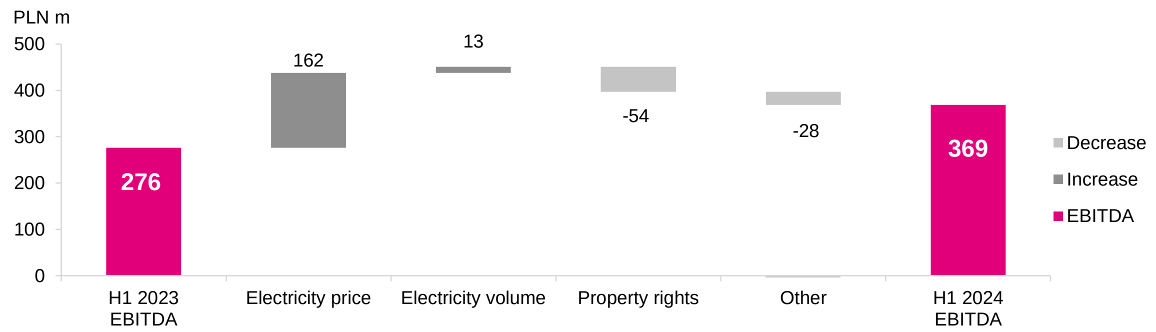
Table no. 26. RES Segment's results for the first half of 2024 and for the first half of 2023

Item (PLN m)	H1 2024 (unaudited data)	H1 2023 (unaudited data)	Change in % 2024 / 2023
Sales revenue	**512**	**440**	**116%**
Electricity	*429*	*248*	173%
Guarantees of origin of electricity (energy certificates)	*60*	*179*	34%
Other	*23*	*13*	177%
EBIT	**274**	**180**	**152%**
Depreciation and impairment charges	95	96	99%
EBITDA	**369**	**276**	**134%**

The RES segment's EBITDA had gone up in the first half of 2024 as compared to the same period of 2023. The results posted had mainly been affected by the following factors

1. an increase of the margin on the electricity related to the cancelling of the price limits in force in 2023,
2. the higher electricity production volume
3. the lower revenue from the guarantees of origin of electricity (energy certificates), which had been a consequence of the lower prices of the property rights and the volume of the property rights acquired by the eligible wind farms having been lower by 10%,
4. the other factors, including mainly the higher costs of the business operations conducted and the booking of the impairment charge related to the accounts receivable.

Figure no. 21. RES Segment's EBITDA, including the material factors impacting the change year on year



Distribution Segment

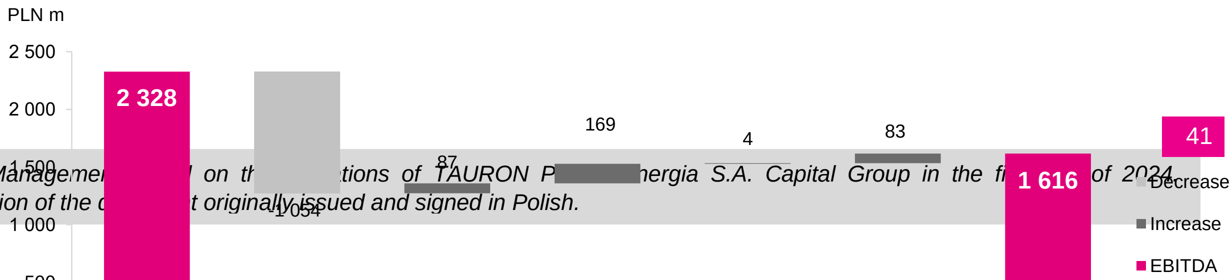
Table no. 27. Distribution Segment's results for the first half of 2024 and for the first half of 2023

Item (PLN m)	H1 2024 (unaudited data)	H1 2023 (unaudited data)	Change in % 2024 / 2023
Sales revenue	**5 731**	**6 770**	**85%**
Distribution services	*5 487*	*5 463*	*100%*
Revaluation adjustment of the reduction in the value of electricity for the balancing difference	*(380)*	*528*	*-*
Electricity from the settlement of the balancing difference	*403*	*601*	*67%*
New grid connections	*65*	*51*	*126%*
Other revenue	*157*	*128*	*123%*
EBIT	**926**	**1 679**	**55%**
Depreciation and impairment charges	690	649	106%
EBITDA	**1 616**	**2 328**	**69%**

The Distribution Segment had reported a decrease of the sales revenue by 15% in the first half of 2024, as compared to the same period of 2023, as well as the declines of EBIT and EBITDA by, respectively, 45% and 31% The results posted had been affected by the following factors:

1. a change in the price of the revaluation (adjustment) of the electricity for the purpose of the grid losses,
2. the impact of the settlements as part of the regulatory account on the tariff for 2024,
3. the higher margin on the distribution service as a result of the lower costs of grid losses as a consequence of the decline of the electricity purchase price and higher costs of the transmission service as well as the increase of the fixed costs,
4. the higher volume of the total electricity distributed in total by 44 GWh: in the tariff group B as a consequence of an improvement of the economic conditions (sentiment), and in the group G as a consequence of, among other things, an increase in the number of the consumers,
5. an increase of the other revenue related to the distribution operations, including mainly due to the exceeding of the grid connection contractual passive power consumption, the power grid collisions and the gid connection fees,

Figure no. 22. Distribution Segment's EBITDA, including the material factors impacting the change year on year



Supply Segment

Table no. 28. Supply Segment's results for the first half of 2024 and for the first half of 2023

Item (PLN m)	H1 2024 (unaudited data)	H1 2023 (unaudited data)	Change in % 2024 / 2023
Supply			
Sales revenue and compensation payments	**13 271**	**23 902**	**56%**
Electricity [1], including:	*8 122*	*14 647*	*55%*
retail electricity supply revenue	*7 540*	*11 259*	*67%*
greenhouse gas emission allowances	*664*	*2 969*	*22%*
Fuels	*741*	*1 427*	*52%*
distribution service (passed through)	*2 019*	*2 006*	*101%*
Compensation payments	*1 568*	*3 599*	*44%*
other services, incl. trading services	*157*	*255*	*62%*
EBIT	**673**	**515**	**131%**
Depreciation and impairment charges	26	29	*90%*
EBITDA	**699**	**544**	**128%**

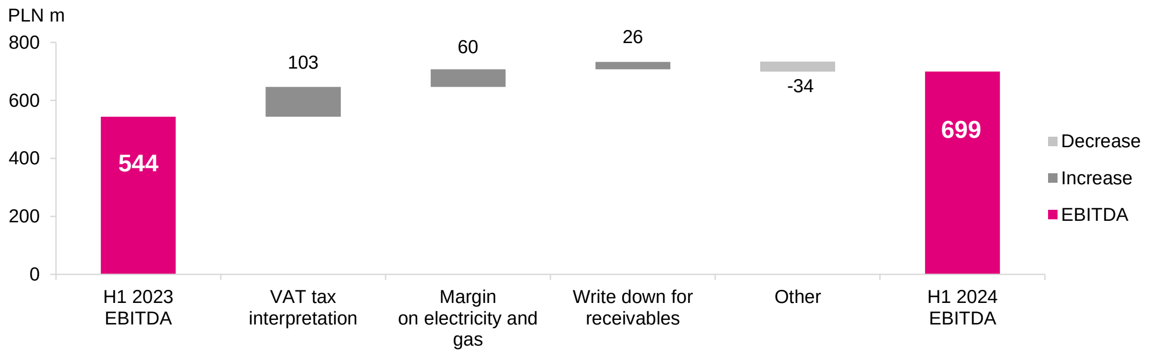
[1] *including the revaluation of the sales of the electricity purchased for the purpose of the balancing difference.*

The Supply Segment's sales revenue in the first half of 2024 had been lower by 44% as compared to the same period of 2023, the main reason for which is lower revenue from the electricity sales. The above mentioned decline is due to the lower prices obtained for the electricity sold and the lower volume in almost each customer segment. The decrease in the prices is a consequence of the lower market electricity prices year on year, and the decline in the volume is due to the lower demand from the customers. The other factors affecting the decline of the above mentioned revenue include the lower trading (commercial) fees received and the reduction in the amount of the revaluation of the sale of the electricity purchased for the purpose of the balancing difference, mainly as a result of the change of the prices. Another area where a decrease in the revenue had been recorded had been the sale of the CO_2 emission allowances, which had mainly been due to the postponement until August 2024 of the sale of the emission allowances to the generation subsidiaries. On the other hand, the lower revenues from the fuel sales are mainly related to the sales of the hard coal fuels due to the lack of the sale thereof to TAURON Wytwarzanie in connection with the transfer of the fuel supply management function to the Company that had taken place at the end of 2022.

The Supply Segment's EBITDA and EBIT had been higher in the period under review than in the same period of 2023. The results posted had been affected by the following factors:

1. the higher margin earned on the electricity sales, which is the result of:
   1) the higher margin earned on the retail electricity trading which is a result of the release of the provision in connection with the received interpretation of the tax authorities regarding the settlement of VAT with respect to the tariff regulation related to the refund of PLN 125 PLN per electricity supply point (meter point), and the lower volume of the electricity sold to the business customers,
   2) the higher margin earned on the wholesale electricity trading which is mainly related to not having to pay the allowance (charge) to the Price Difference Payout Fund which had taken place in the first half of 2023,
2. the higher margin on the sales of the gas fuel, which is related to the stabilizing of the price of this raw material, which allowed for the reducing of the loss on the sales thereof,
3. lower write-down for receivables due to improved ratings of clients and decrease in the level of receivables, mainly as a consequence of lower prices of electricity and gas year on year.

Figure no. 23. Supply Segment's EBITDA, including the material factors impacting the change year on year



Other Operations

Table no. 29. Other Operations Segment's results for the first half of 2024 and for the first half of 2023

Item (PLN m)	H1 2024 (unaudited data)	H1 2023 (unaudited data)	Change in % 2024 / 2023
Sales revenue	**628**	**517**	**121%**
customer service	226	164	*138%*
support services	305	265	*115%*
aggregates	88	79	*111%*
other revenue	9	9	*100%*
EBIT	**103**	**31**	**332%**
Depreciation and impairment charges	111	83	134%
EBITDA	**214**	**114**	**188%**

Other Operations Segment's sales revenue posted in the first half of 2024 had come in at a level higher by 21% as compared to the revenue posted in the same period of 2023, which had been primarily due to the higher sales of the customer service and the support services provided by the Shared Services Centers (CUW) for the benefit of TAURON Capital Group's subsidiaries.

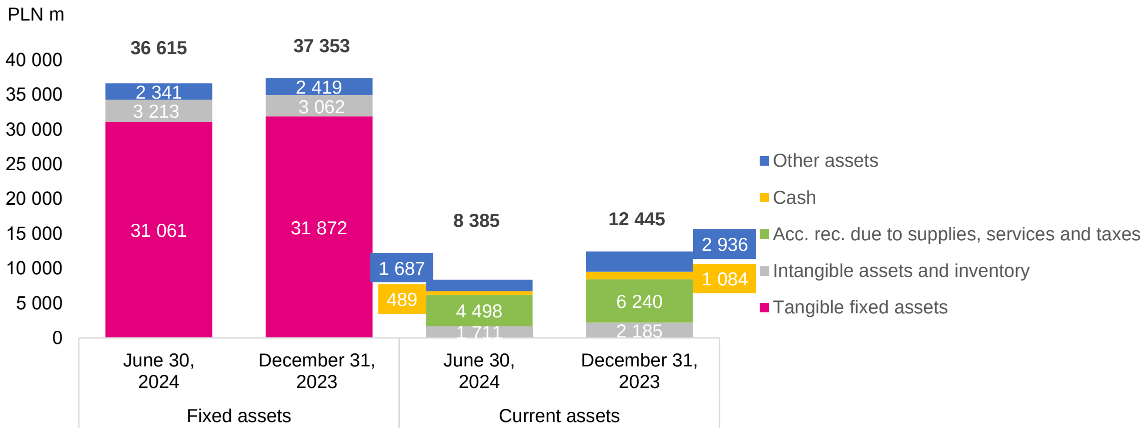
Assets

Table no. 30. Interim abbreviated consolidated statement of financial position – the assets (material items) as of June 30, 2024 and as of December 31, 2023

	As of June 30, 2024 (unaudited data)		As of December 31, 2023		Change in % (2024 / 2023)
	PLN m	Structure in %	PLN m	Structure in %	
ASSETS					
Fixed assets	**36 615**	**81.4%**	**37 353**	**75.0%**	**98%**
Tangible fixed assets	31 061	69.0%	31 872	64.0%	97%
Current assets	**8 385**	**18.6%**	**12 445**	**25.0%**	**67%**
Cash and equivalents	489	1.1%	1 084	2.2%	45%
Fixed assets and the group's assets for disposal, classified as held for trade	6	0.0%	5	0.0%	120%
TOTAL ASSETS	**45 000**	**100.0%**	**49 798**	**100.0%**	**90%**

As of June 30, 2024, TAURON Capital Group's statement of financial position shows the balance sheet total that is lower by 10% as compared to the balance sheet total as of December 31, 2023.

Figure no. 24. Change in the structure and level of the assets as of June 30, 2024, and as of December 31, 2023



The fixed assets represent the biggest item of the assets, with share thereof accounting for 81.4% of the total assets, with the decline in their value in the real terms by 2.0%, i.e. by PLN 738 million. This is a result of a decrease in the value of the tangible fixed assets (property, plant and equipment) by 2.5%, i.e. by PLN 811 million, which is mainly due to the booking of an impairment charge related to the carrying value of the fixed assets as a result of the impairment tests conducted as of June 30, 2024, which demonstrated that the write down had been justified.

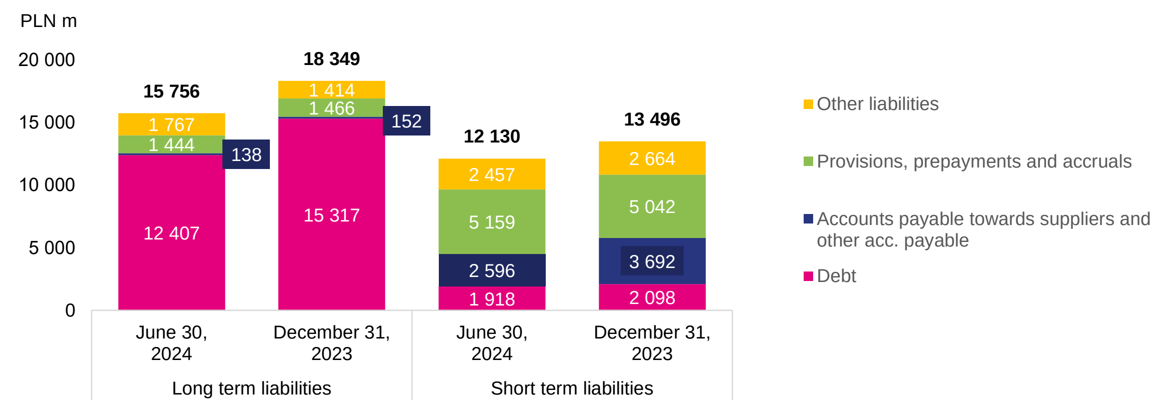
The decline in the value of the current assets by 33%, i.e. by PLN 4 060 million, is mainly the result of the drop of the value of:

1. the other financial assets by 62%, i.e. by PLN 1 528 million, mainly as a consequence of the settlement (clearing) of the accounts receivable related to the compensation payments due to:
    1) the electricity trading companies pursuant to the regulations of the *Act of October 7, 2022, on the special solutions aimed at protecting the electricity consumers in 2023* and the *Act of October 27, 2022, on the emergency measures to cap the electricity prices and provide the support for certain consumers in 2023*,
    2) the Distribution Segment's subsidiary pursuant to the *Act of October 7, 2022, on the special solutions aimed at protecting the electricity consumers in 2023,*
2. the accounts receivable due from the consumers by 24%, i.e. by PLN 1 300 million, mainly a consequence of the lower electricity and gas prices, which has a direct impact on the change in the turnover and the balances as of the end of the reporting periods,
3. the accounts receivable due to the other taxes and fees by 47%, i.e. by PLN 373 million, mainly due to a decrease of the accounts receivable due to VAT,
4. the cash balance by 55%, i.e. by PLN 595 million the reasons for which are indicated further on in this chapter, in the section related to the statement of cash flows.

Table no. 31. Interim abbreviated consolidated statement of financial position – equity and liabilities (material items) as of June 30, 2024 and as of December 31, 2023

Statement of financial position (PLN m)	As of June 30, 2024 (unaudited data)		As of December 31, 2023		Change in % (2024 / 2023)
	PLN m	Structure in %	PLN m	Structure in %	
EQUITY AND LIABILITIES					
Equity attributable to shareholders of the parent entity	17 076	**37.9%**	**17 915**	**36.0%**	**95%**
Non-controlling shares	38	0.1%	38	0.1%	100%
Total equity	**17 114**	**38.0%**	**17 953**	**36.1%**	**95%**
Long term liabilities	**15 756**	**35.0%**	**18 349**	**36.8%**	**86%**
Liabilities due to debt	12 407	27.6%	15 317	30.8%	81%
Short term liabilities	**12 130**	**27.0%**	**13 496**	**27.1%**	**90%**
Liabilities due to debt	1 918	4.3%	2 098	4.2%	91%
Total liabilities	**27 886**	**62.0%**	**31 845**	**63.9%**	**88%**
TOTAL EQUITY AND LIABILITIES	**45 000**	**100.0%**	**49 798**	**100.0%**	**90%**

Figure no. 25. Change in the structure and level of the equity and liabilities as of June 30, 2024, and as of December 31, 2023



The amount of TAURON Capital Group's long term liabilities in the first half of 2024 had decreased by 14%, i.e. by PLN 2 593 million, mainly as a result of a 19% change in the value of the debt liabilities, i.e. by PLN 2 910 million, as a consequence of the reclassifying of some of the loans as the short term liabilities in connection with the repayment due dates thereof. The above mentioned drop had been partially offset by the increase in the value of the liabilities due to the deferred tax by 27%, or by PLN 331 million.

The amount of TAURON Capital Group's long term liabilities had gone down by 10%, i.e. by PLN 1 366 million, mainly as a result of the drop in the value of the value of:

1. the accounts payable towards the suppliers by 31%, i.e. by PLN 642 million,
2. the other provisions by 64%, i.e. by PLN 543 million, which is mainly due to the partial use (consumption) of the provisions, set up as of December 31, 2023, related to the reduction of the payments to customers and the release thereof in connection with the receipt of the tax authority's interpretation with respect to the VAT settlement on this account,
3. the accounts payable due to the other taxes and fees by 41%, i.e. by PLN 420 million, mainly as a consequence of the lower accounts payable due to the VAT,
4. the other financial liabilities by 48%, i.e. by PLN 305 million, mainly as a consequence of a decrease in the accounts payable due to the compensation payments and the accounts payable due to the wages.

The above mentioned declines had been partially offset by an increase in the value of the provisions related to the obligations (liabilities) due to the guarantees of origin of electricity (energy certificates) and the CO_2 emission allowances by 18%, i.e. by PLN 688 million, which is the result of:

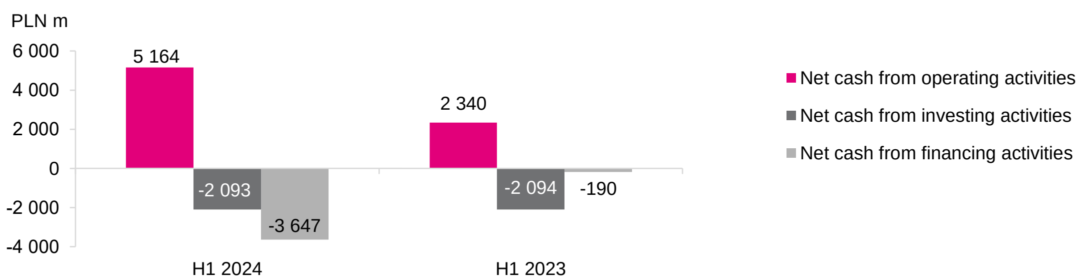
1. setting up of a provision for the obligations (liabilities) due to the CO_2 gas emissions and the guarantees of origin of electricity (energy certificates) for the first half of 2024,
2. using up (consuming), in the first half of 2024, of a portion of the provision in connection with the fulfillment of the obligation to redeem (retire) the CO_2 emission allowances for 2023,
3. releasing of a portion of the provisions set up as of December 31, 2023, due to the fall of the EUR exchange rate,

Cash flows

Consolidated cash flow statement

The total of all of the net cash flows from the operating, investing and financing activities in the first half of 2024 had been negative and had come in at PLN - 576 million.

Figure no. 26. Cash flows in the first half of 2024 and in the first half of 2023



The amount of the cash flows from the operating activities had been positive and come in at PLN 5 146 million in the first half of 2024, which had been the result of the following factors:

1. the generated EBITDA in the amount of PLN 3 129 million,

2. a positive change of the working capital in the amount of PLN 2 076 million, which is the result of:
   1) a positive change in the balance of the accounts receivable in the amount of PLN 2 832 million, due to a change of the balance of the accounts receivable from the consumers as a result of the changes in the prices of the energy products and a decrease in the balance of the accounts receivable due to the compensation payments as a result of the settlement thereof and a decrease in the balance of the other financial accounts receivable,
   2) a positive change of the inventory level in the amount of PLN 284 million,
   3) a negative change in the balance of the accounts payable in the amount of PLN - 1 479 million, mainly as a result of a decrease in the accounts payable towards the suppliers, the accounts payable due to the wages, insurance and the other financial liabilities, as well as a decrease in the balance of the tax liabilities except for the ones related to the income tax,
   4) a positive change of the other long and short term assets as well as the provisions in the total amount of PLN 517 million,
   5) a negative change in the prepayments and accruals as well as the government subsidies in the amount of PLN - 92 million, mainly due to the free of charge receipt of the tangible fixed assets (property, plant and equipment), intangible assets and the rights to use, as well as the subsidiaries (grants) including the returned ones,
   6) a positive change in the balance of the collateral transferred to IRGIT (Warsaw Commodity Exchange Clearing House) in the amount of PLN 14 million
3. an expenditure in the amount of PLN 42 million due to the income tax,
4. the other factors: PLN 1 million.

The expenditures for the purchase of the tangible fixed assets have the biggest impact on the cash flow from the investing activities, which had been flat in the first half of 2024 as compared to the outlays incurred in the same period of 2023. The largest expenditures, in the first half of 2024, had been incurred by the Distribution Segment and they had accounted for 66% of the total capital spending.

The negative value of the cash flow from the financing activities is primarily due to the surplus of the expenses due to the repayment of the financial obligations over the inflows from the financing obtained. The amount of the credits (borrowings) and loans repaid had come in at PLN 3 769 million, while the amount of the proceeds received due to the taking out of the loans had clocked in at PLN 422 million. In addition, in the first half of 2024, TAURON Capital Group had paid the amount of PLN 238 million due to interest, mainly on the financial obligations, had repaid the accounts payable due to the leases in the amount of PLN 96 million, and had received the subsidies in the amount of PLN 41 million.

Table no. 32. TAURON Capital Group's' financial debt and the net financial debt to EBITDA ratio as of June 30, 2024, and as of December 31, 2023

	As of June 30, 2024 (unaudited data)	As of December 31, 2023	Change in % (2024 / 2023)
Financial liabilities (PLN m)	10 765	14 057	77%
Net financial liabilities (PLN m)	10 276	12 973	79%
Net debt to EBITDA ratio	2.1x	2.1x	100%

As compared to the balance sheet date falling on December 31, 2023, the net debt to EBITDA ratio as of the end of the first half of 2024 had come in at a comparable level to the ratio reported as of the end of 2023. A decline of the financial liabilities by 21% had translated into an improvement of the ratio by 0.3x, while a decrease of the rolled over EBITDA for the period ended June 30, 2024, by PLN 1.1 billion, as compared to the result for the financial yead 2023 had translated into deterioration of the ratio by 0.3x. The reasons for the change in the operating EBITDA result are indicated in the description of the changes in the results of the operating segments and in the description of the changes in the consolidated statement of comprehensive income. On the other hand, the reasons for the change in the net debt are shown in the chart below.

Figure no. 27. Factors impacting the change in TAURON Group's net financial debt in the first half of 2024.

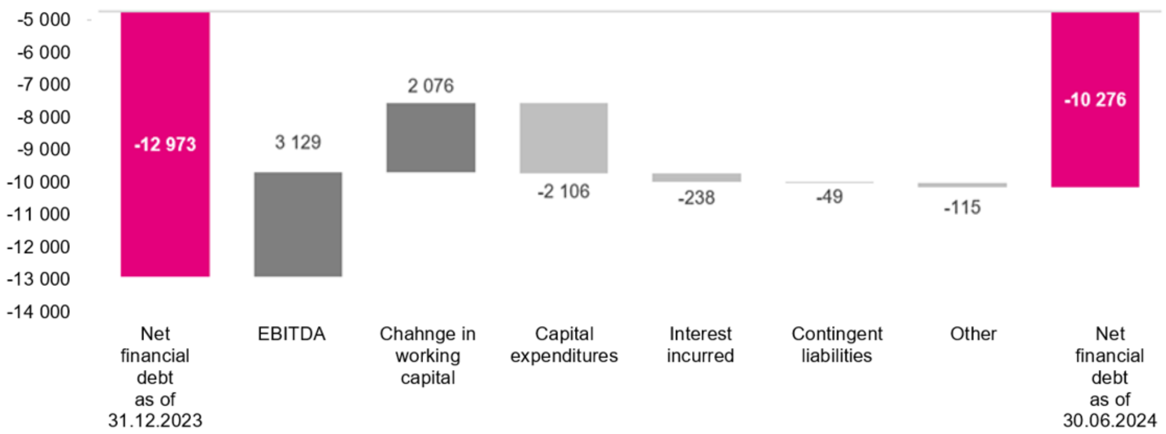
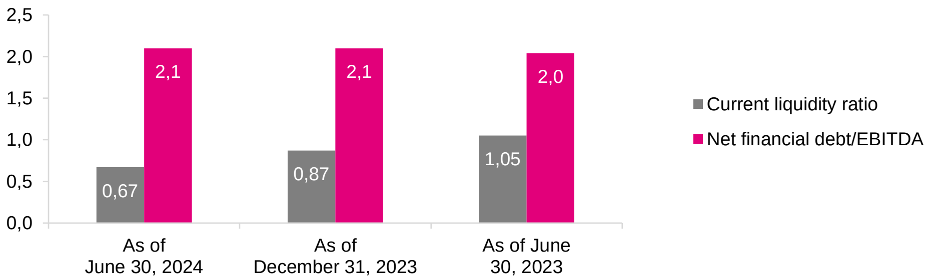


Figure no. 28. Current liquidity ratio and the net financial debt to EBITDA ratio as of June 30, 2024, as of December 31, 2023, and as of June 30, 2024



TAURON Capital Group is effectively managing its financial liquidity using the central financing model put in place and the central financial risk management policy. TAURON Capital Group is using the *cash pooling* mechanism in order to minimize the potential cash flow disruptions and the risk of the loss of liquidity. TAURON Capital Group is using various sources of funding, such as, for example, overdrafts, bank loans, the loans from the environmental funds, bond issues, including the subordinated bond issues. The boundary (threshold) covenant level (of the net debt to EBITDA ratio) specified in certain agreements concluded between the Company and the financial institutions is no more than 3.5x. The exceeding thereof could result in potentially requiring TAURON to repay its liabilities immediately.

4.4. Position of the Management Board of TAURON Polska Energia S.A. with respect to the ability to perform in line with the earlier published forecasts of the results for the given year

TAURON Capital Group did not publish any forecasts of the financial results for 2024. TAURON Capital Group's financial position is stable and no negative events which could pose any threat to the continuity of its business operations or cause a material deterioration of its financial position have occurred.

The detailed description of the financial position, understood as ensuring the provision of the funds for both the operating activities, as well as for the investing activities, is provided in section 4.3 of this report.

4.5. Principles of drawing up the interim abbreviated consolidated financial statements of TAURON Capital Group

The interim abbreviated consolidated financial statements of TAURON Polska Energia S.A. Capital Group for the period of 6 months ended on June 30, 2024, had been drawn up in compliance with the International Accounting Standard 34 *Interim Financial Reporting*, according to the template approved by the European Union (EU).

The interim abbreviated consolidated financial statements of TAURON Polska Energia S.A. Capital Group for the period of 6 months ended on June 30, 2024, had been drawn up under the assumption of business continuity (going concern) of TAURON Capital Group in the foreseeable future, i.e. over the time frame not shorter than 1 year from the balance sheet date. As of the date of approving the above mentioned financial statements for publication no circumstances are recognized that would indicate any risk to the business continuity (going concern) of TAURON Capital Group.

The accounting principles (policy) applied to draw up the interim Abbreviated Consolidated Financial Statements are presented in note 8 to these statements and they are in line with the ones applied to draw up the annual Consolidated Financial Statements of TAURON Polska Energia S.A. Capital Group for the year ended on December 31, 2023,, except for the application of the changes to the standards presented in the above mentioned note 9.

5. SHARES AND SHAREHOLDERS OF TAURON POLSKA ENERGIA S.A.

5.1. Shareholding structure

As of June 30, 2024, and as of the date of drawing up this report the Company's share capital, in accordance with an entry in the National Court Register, stood at PLN 8 762 746 970 and was split into 1 752 549 394 shares with a nominal value of PLN 5 per share, including 1 589 438 762 ordinary AA series bearer shares and 163 110 632 registered ordinary BB series shares.

Figure no. 29. Shareholding structure as of June 30, 2024, and as of the date of drawing up this report

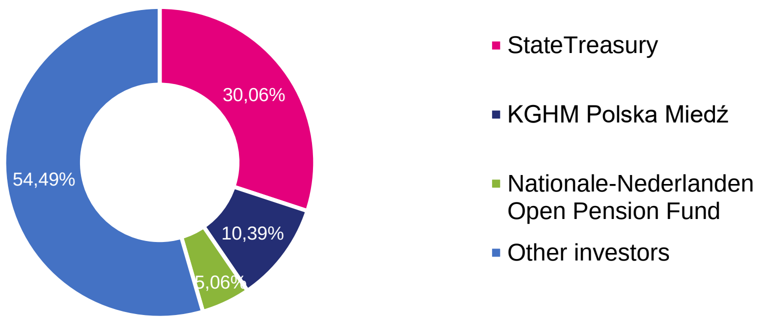


Table no. 33. Shareholders that hold, directly or indirectly through their subsidiaries, at least 5% of the total number of votes at the General Meeting of the Company, as of June 30, 2024, and as of the date of drawing up this report

	Shareholders	Number of shares held	Percentage share in the share capital	Number of votes held [1]	Percentage share in the total number of votes
1.	State Treasury	526 848 384	30.06%	526 848 384	30.06%
2.	KGHM Polska Miedź S.A.	182 110 566	10.39%	182 110 566	10.39%
3.	Nationale-Nederlanden Open Pension Fund	88 742 929	5.06%	88 742 929	5.06%

[1] Pursuant to the provisions of the Company's Articles of Association the voting right of the shareholders holding over 10% of total votes in the Company shall be limited so that none of them can exercise more than 10% of the total votes in the Company at the General Meeting of the Shareholders. The cumulative votes belonging to shareholders between whom there is a relationship of dominance or dependence within the meaning of the provisions of the Company's Articles of Association shall be subject to an appropriate reduction. The above mentioned restriction on exercising the voting right shall not apply to the State Treasury and the entities controlled by the State Treasury at the time when the State Treasury, together with the entities controlled by the State Treasury, hold a number of the company's shares that entitle them to exercise at least 25% of the total votes in the Company.

In addition, according to a notice received from Helikon Investments Limited with its registered office in London on May 10, 2024, Helikon Long Short Equity Fund Master ICAV is holding the financial instruments giving it the rights to a total of 7.2876% of the total number of the votes in the Company, of which: 5.0012% of the total number of the votes in the Company (87 648 415 votes) are related to the financial instruments other than the shares (cash settled equity swaps), and 2.2864% of the total number of the votes (40 071 012 votes) are related to the Company's shares.

From the date of disclosing the previous interim report, i.e. the report for the first quarter of 2024, published on May 22, 2024, until the date of drawing up this report the Company had not received any notices from its shareholders with respect to any changes in the ownership structure of the substantial blocks of TAURON shares.

5.2. Holdings of TAURON Polska Energia S.A. shares or the rights thereto by the Members of the Management Board and the Supervisory Board of TAURON Polska Energia S.A.

The persons holding the positions of the Members of the Management Board of the Company and the positions of the Members of the Supervisory Board of the Company, as of June 30, 2024, did not hold any shares of TAURON, nor did they hold any rights thereto.

The persons holding the positions of the Members of the Management Board of the Company and the positions of the Members of the Supervisory Board of the Company as of the date of drawing up this information, did not hold any shares of TAURON, nor did they hold any rights thereto.

From the date of disclosing the previous interim report, i.e. the report for the first quarter of 2024, published on May 22, 2024, until the date of drawing up this report, there had been no changes in the ownership of TAURON shares or the rights thereto by the Members of the Management Board of the Company and the Members of the Supervisory Board of the Company.

6. OTHER MATERIAL INFORMATION AND EVENTS

6.1. Material proceedings pending in front of the court, competent arbitration authority or public administration authority

Table no. 34. Summary of the material proceedings pending in front of the court, competent arbitration authority or public administration authority in the first half of 2024

Parties to the proceedings	Description of the proceedings including the value of the object of litigation and the Company's position
Proceedings involving TAURON	
1. **Plaintiff:** Huta Łaziska (Łaziska Steel Works) **Defendants:** TAURON (as a legal successor to GZE) and the State Treasury represented by the President of the Energy Regulatory Office (ERO)	**Object of litigation**: a lawsuit for the payment of the compensation for the alleged damage caused by a non-performance by Górnośląski Zakład Elektroenergetyczny S.A. (GZE) of the decision of the President of the Energy Regulatory Office (ERO) of October 12, 2001, related to the resumption of the electricity supply to the plaintiff. **Value of the object of litigation**: PLN 182 060 000.00 **Initiation of the proceeding**: the lawsuit of March 12, 2007 **Company's position**: the Company considers the claims covered by the lawsuit as being without merit. On May 28, 2019, the Regional Court in Warsaw issued a ruling on the dismissal of Huta Łaziska's lawsuit in whole. Huta Łaziska had filed an appeal complaint on July 25, 2019, appealing against the above mentioned ruling in whole. Based on the ruling of the Court of Appeal in Warsaw of February 9, 2022, the appeal of Huta Łaziska had been dismissed. The ruling is final (legally binding). On October 13, 2022, Huta Łaziska brought a cassation appeal against the judgment to the Supreme Court. Both the Company and the State Treasury have filed responses to this complaint. The cassation complaint of Huta Łaziska was accepted for hearing.
2. **Authority conducting the audit:** Head of the Mazovian Customs and Tax Office, and after an appeal has been filed – the Director of the Tax Administration Chamber in Katowice and the Director of the Tax Administration Chamber in Warsaw **Party:** TAURON	**Object of litigation**: examining of the accuracy of the tax base amounts declared by TAURON and the correctness of the calculations and payments of the VAT tax for the period from October 2013 until September 2014. The main subject of the two investigations (audits) are TAURON's deductions of the VAT assessed due to the purchase of electricity by TAURON on the German and Austrian electricity market from Castor Energy sp. z o.o. (Ltd.) **Value of the object of litigation (the deducted VAT amount):** with respect to the transaction with Castor Energy sp. z o.o.(Ltd.) – PLN 52 494 672. **Date of initiating the proceeding**: October 2014, August 2016 **Company's position:** in the Company's opinion during the verification of the counterparty (business partner, contractor), the due diligence was actually adhered to, and the Company acted in good faith, so there are no grounds for refusing the Company the right to deduct the tax assessed on the invoices documenting the electricity purchase from Castor Energy sp. z o.o. (Ltd.). On October 7, 2020, the Company had received the decision of the Head of the Mazovian Customs and Tax Office, ending one of the audit proceedings, specifying the amount of its VAT tax liability for the following months: October, November, December 2013 and the first quarter of 2014, which had resulted in the obligation for the Company to pay additional VAT due to the transaction with Castor Energy sp. z o.o, in the total amount of PLN 51 818 857, along with the interest on the tax arrears. The Company has filed an appeal against the decision. On January 15, 2021, as part of the second audit proceedings, a decision had been issued by the Head of the Mazovian Customs and Tax Office in which the Authority stated that the Company had not been eligible to deduct the VAT assessed from the invoice issued by Castor Energia Sp. z o.o. (Ltd.) in April 2014, and thus the Company had overstated the amount of the VAT assessed recognized in the tax statement filing for the second quarter of 2014 by the amount of PLN 677 815.39. The Company had filed an appeal against the decision on February 12, 2021. On February 23, 2023, the Provincial Administrative Court (Wojewódzki Sąd Administracyjny - WSA) in Gliwice overturned the decision of the second instance authority that the Company had filed an appeal against, with respect to the VAT tax liability for the periods from October to December 2013 and for the first quarter of 2014. The Director of the Tax Administration Chamber in Katowice filed a cassation appeal with the Supreme Administrative Court (NSA) on April 22, 2022, representing a complaint against the February 23, 2023, ruling of the Provincial Administrative Court (WSA) in Gliwice, which had been in TAURON's favor.
3. **Plaintiff:** Enea **Defendant:** TAURON	**Object of litigation**: a lawsuit for the payment due to the Company's alleged unjust enrichment (benefit) in connection with the settlements related to the imbalance of the Balancing Market with PSE between January and December 2012 **Value of the object of litigation**: PLN 17 085 846.49 **Initiation of the proceeding:** the lawsuit of December 10, 2015 **Company's position:** the Company considers the claims covered by the lawsuit as being without merit. On March 22, 2021, the Regional Court in Katowice had dismissed Enea's lawsuit in its entirety. Enea had filed an appeal in June 2021. The Company has filed a response to the appeal. As of now, no appeal hearing date has been set.
Lawsuits pertaining to the termination, by the PEPKH subsidiary, of the agreements related to the sales of electricity and property rights arising from the guarantees of origin (energy certificates)	
4. **Plaintiff:** Dobiesław Wind Invest sp. z o.o.(Dobiesław Wind Invest) **Defendant:** TAURON	**Object of litigation**: a lawsuit for the payment of the damages and the determination of the liability for the future. **Value of the object of litigation**: PLN 94 769 522.68 **Initiation of the proceeding**: the lawsuit of June 30, 2017 During the course of the court proceedings under way, the plaintiff had expanded its claim two times to include the new claims.

Parties to the proceedings	Description of the proceedings including the value of the object of litigation and the Company's position
	In the course of the court proceedings under way, the parties had exchanged the pleadings (submissions) and the hearings had been held at which witnesses had been heard. The evidentiary proceedings are still in progress. The further hearings were held in April, May and October 2023. The case is pending in the first instance. **Company's position:** the Company considers the claims covered by the lawsuit as being without merit.
5. **Plaintiff:** Gorzyca Wind Invest sp. z o.o. (Ltd.) **Defendant:** TAURON	**Object of litigation**: a lawsuit for the payment of the damages and the determination of TAURON's liability for the losses that may arise in the future due to tort, including due to the acts of an unfair competition. **Value of the object of litigation**: PLN 150 069 533.00 **Initiation of the proceeding**: the lawsuit of June 29, 2017 **Company's position:** the Company considers the claims covered by the lawsuit as being without merit. During the course of the court proceedings under way, the plaintiff had expanded its claim two times to include the new claims. The case had been heard jointly with the cases brought by Pękanino Wind Invest sp. z o. o. (Ltd.) and Nowy Jaroslaw Wind Invest Sp. z o. o. (Ltd). The evidentiary proceedings are still in progress. The case is pending in the first instance.
6. **Plaintiff:** Pękanino Wind Invest sp. z o.o. (Ltd.) **Defendant:** TAURON	**Object of litigation**: a lawsuit for the payment of the damages and the determination of TAURON's liability for the losses that may arise in the future due to tort, including due to the acts of an unfair competition. **Value of the object of litigation**: PLN 44 817 060.00 **Initiation of the proceeding**: the lawsuit of June 29, 2017 **Company's position:** the Company considers the claims covered by the lawsuit as being without merit. During the course of the court proceedings under way, the plaintiff had expanded its claim two times to include the new claims. The case had been heard jointly with the cases brought by Gorzyca Wind Invest sp. z o. o. (Ltd.) and Nowy Jaroslaw Wind Invest Sp. z o. o. (Ltd.). In the course of the court proceedings under way, the parties had exchanged the pleadings (submissions) and the hearings had been held at which the witnesses had been heard. The evidentiary proceedings are still in progress. The case is pending in the first instance.
7. **Plaintiff:** Nowy Jarosław Wind Invest sp. z o.o. (Ltd.) **Defendant:** TAURON	**Object of litigation**: a lawsuit for the payment of the damages and the determination of TAURON's liability for the losses that may arise in the future due to tort, including due to the acts of an unfair competition. **Value of the object of litigation**: PLN 83 600 774.00 **Initiation of the proceeding**: the lawsuit of June 29, 2017 **Company's position:** the Company considers the claims covered by the lawsuit as being without merit. During the course of the court proceedings under way, the plaintiff had expanded its claim two times to include the new claims. The case had been heard jointly with the cases brought by Gorzyca Wind Invest sp. z o. o. (Ltd.) and Pękanino Wind Invest Sp. z o.o. (Ltd.). The case is pending in the first instance.
8. **Co-participation on the plaintiff's side:** Amon sp. z o.o. (Ltd.) (Amon) and Talia sp. z o.o. (Ltd.) (Talia) **Defendant:** TAURON	**Object of litigation**: a lawsuit for the payment of the damages and the determination of TAURON's liability for the losses that may arise in the future due to tort, including due to the acts of an unfair competition. **Value of the object of litigation**: Amon – PLN 107 873 696.42; Talia – PLN 72 405 047.22 **Initiation of the proceeding**: the lawsuit of April 30, 2018 **Company's position**: the Company considers the claims covered by the lawsuit as being without merit. In the course of the court proceedings under way, the parties had exchanged the pleadings (submissions). The evidentiary proceedings are still in progress, a number of hearings had been held at which the witnesses had been heard. The case is pending in the first instance. During the course of the court proceedings under way, the plaintiff had expanded its claim to include the new claims in both proceedings.
Proceedings involving TAURON Capital Group's subsidiaries related to the termination, by a subsidiary, of the agreements related to the sale of electricity and property rights arising from the guarantees of origin of electricity (energy certificates)	
9. **Plaintiff:** Gorzyca Wind Invest sp. z o.o. (Ltd.), Pękanino Wind Invest sp. z o.o. (Ltd.), Dobiesław Wind Invest sp. z o.o. (Ltd.) **Defendant:** PEPKH	**Object of litigation**: a plea to declare the termination, by PEPKH, of the agreements related to the purchase of electricity and the property rights arising from the guarantees of origin of electricity (energy certificates) null and void, and to award the damages. **Value of the object of litigation**: Gorzyca Wind Invest sp. z o.o.(Ltd.) – PLN 112 353 945.05; Pękanino Wind Invest sp. z o.o. (Ltd.) - PLN 64 116 908.85 **Initiation of the proceeding:** Gorzyca Wind Invest sp. z o.o. (Ltd.) – May 18, 2015, Pękanino Wind Invest sp. z o.o. (Ltd.) – May 20, 2018, Dobiesław Wind Invest sp. z o.o. (Ltd.) – May 18, 2015 **Company's position:** the Company considers the claims covered by the lawsuit as being without merit. On April 14, 2022, PEPKH's power of attorney representatives had received the further lawsuits including more claims: 1) Gorzyca Wind Invest sp. z o.o. (Ltd.) – a claim for the award of the amount of PLN 80 810 380.04 or (an alternative claim) of PLN 43 350 973.37, 2) Pękanino Wind Invest sp. z o.o. (Ltd.) – a claim for the award of the amount of PLN 11 070 380.21 or (an alternative claim) of PLN 11 454 266.58. The cases had been combined for a joint hearing in 2018. In the course of the court proceedings under way, the plaintiffs had expanded their claims, as well as had filed the new claims (the current value of the object of the litigation is indicated above). The case is pending in the first instance.
10. **Plaintiff:** Dobiesław Wind Invest sp. z o.o. (Ltd.)	**Object of litigation**: a plea to award damages and the liquidated damages. **Value of the object of litigation**: PLN 159 427 682.00

Parties to the proceedings	Description of the proceedings including the value of the object of litigation and the Company's position
Defendant: PEPKH	**Initiation of the proceeding**: the lawsuit of June 14, 2017 **Company's position:** the Company considers the claims covered by the lawsuit as being without merit. In the course of the court proceedings under way, the plaintiff had expanded its claims. The case is pending in the first instance.
11. **Plaintiff:** Nowy Jarosław Wind Invest sp. z o.o.(Ltd.) **Defendant:** PEPKH	**Object of litigation**: a plea to declare the termination, by PEPKH, of the agreements related to the sale of electricity and the property rights arising from the guarantees of origin of electricity (energy certificates) null and void, and to award the damages. **Value of the object of litigation:** PLN 105 128 834.11 **Initiation of the proceeding**: the lawsuit of June 3, 2015 **Company's position:** the Company considers the claims covered by the lawsuit as being without merit. In the course of the court proceedings under way, the plaintiff had expanded its claims five times. The case is pending in the first instance.
12. **Plaintiff:** Amon **Defendant:** PEPKH	**Object of litigation**: a plea to declare the termination, by PEPKH, of the agreements related to the purchase of electricity and the property rights arising from the guarantees of origin of electricity null and void, and to award the damages. **Value of the object of litigation**: PLN 40 478 983.22 **Initiation of the proceeding**: the lawsuit of May 22, 2015 **Company's position:** the Company considers the claims covered by the lawsuit as being without merit. On July 25, 2019, the Regional Court in Gdańsk had issued a partial and preliminary ruling in the case in which the Court: 1. determined that PEPKH's statements on the termination of the long term agreements, concluded between PKH and Amon, for the purchase of electricity and the property rights arising from the guarantees of origin of electricity had been ineffective and had not produced any legal effects, such as the termination of both agreements, as a result of which these agreements, following the notice period, i.e. past April 30, 2015, shall continue to be in force with respect to all of their provisions and shall be binding for the parties, 2. determined that Amon's claim for the payment of the damages for a failure to perform the agreement had been justified in principle, however the Court did not determine the amount of the potential damages. PEPKH does not agree with the ruling and had filed an appeal complaint on October 25, 2019. On November 17, 2022, the Court of Appeals had dismissed PEPKH's appeal. The ruling of the Court of Appeals and, as a consequence, the above mentioned preliminary and partial rulings shall be legally binding, however, there is a possibility that a cassation appeal will be filed. These rulings do not award any damages to be paid by PEPKH to the plaintiff, i.e. Amon. PEPKH disagrees with the ruling of the Court of Appeals in its entirety, as well as it does not agree with the ruling of the Court of the First Instance. Having been served a written statement of reasons, PEPKH had filed a cassation appeal to the Supreme Court, which was received by the Supreme Court to be heard on September 26, 2023. The preliminary and partial ruling is final (legally binding). On January 20, 2023, PEPKH had sent a letter to Amon in which it stated that it intended to comply with the above mentioned ruling and remained ready to perform its obligations and indicated that it expected the same readiness from Amon. Up to now, Amon has not, in spite of the summons, complied with the Court of Appeals' ruling, and as a consequence PEPKH has filed a lawsuit against Amon, as described in section 15 below.
13. **Plaintiff:** Amon **Defendant:** PEPKH	**Object of litigation:** a plea to determine awarding of the damages due to a failure to perform, by PEPKH, of the agreements related to the purchase of electricity and the property rights arising from the guarantees of origin of electricity (energy certificates). **Value of the object of litigation**: PLN 49 096 783,00 29 **Initiation of the proceeding**: August 20, 2019 **Company's position:** the Company considers the claims covered by the lawsuit as being without merit. On March 1, 2023, PEPKH had been served with an amendment to the lawsuit, in which Amon had claimed the payment of the amount of PLN 20 087 593.10, in addition to the amount of PLN 29 009 190 claimed in the lawsuit. In January 2021, the Court had suspended the proceedings pending the final determination with respect to Amon's claim referred to in section 12 above, and, in view of the Court of Appeals' ruling, the Court had resumed the suspended proceedings on January 30, 2023. The case is pending in the first instance.
14. **Plaintiff:** Talia **Defendant:** PEPKH	**Object of litigation**: a plea to declare the termination, by PEPKH, of the agreements related to the purchase of electricity and property rights arising from the guarantees of origin of electricity (energy certificates) null and void, and to award the damages. **Value of the object of litigation**: PLN 46 078 047.43 **Initiation of the proceeding**: the lawsuit of May 21, 2015 **Company's position:** the Company considers the claims covered by the lawsuit as being without merit. On March 6, 2020. the Regional Court in Gdańsk had issued a partial and preliminary ruling, supplemented by the court on September 8, 2020, in which the Court: 1. determined that PEPKH's statements on the termination of the long term agreements, concluded between PEPKH and Talia, for the purchase of electricity and the property rights arising from the guarantees of origin of electricity (energy certificates) had been ineffective and had not produced any legal effects, such as the termination of both agreements, as a result of which these agreements, following the notice period, i.e. past April 30, 2015, shall continue to be in force with respect to all of their provisions and shall be binding for the parties, 2. determined that Talia's demand for the payment of the damages for a failure to perform the agreement had been justified in principle, however the Court did not determine the amount of the potential damages. On August 3, 2020, and on March 8, 2021, PEPKH had filed an appeal against the ruling (the preliminary one and the supplementary one) with the court. On December 20, 2021, the Court of Appeal in Gdańsk, had announced the

Parties to the proceedings	Description of the proceedings including the value of the object of litigation and the Company's position
	ruling in which it had dismissed the appeal of PEPKH. The ruling of the Court of Appeals, and as a consequence the above mentioned preliminary and partial ruling as well as the supplementary ruling shall be final (legally binding). The rulings do not order that PEPKH should pay any damages to the plaintiff, i.e. Talia. PEPKH does not agree with the ruling of the Court of Appeals in its entirety, as well as with the rulings of the Court of the first instance. PEPKH had been served the statement of reason for the court judgment and had filed a cassation appeal. On February 28, 2023, the Supreme Court had accepted the cassation appeal to be heard. On September 29, 2023, a three member Supreme Court had held a closed session, no ruling had been issued and the proceedings had been adjourned without indicating a date for the resumption thereof.
15. **Plaintiff:** PEPKH **Defendant:** Amon	**Object of litigation:** a plea to determine awarding of the damages due to a failure to perform, by Amon, of the agreements related to the purchase of electricity and the payment of the liquidated damages under the agreement for the sale of the property rights arising from the guarantees of origin of electricity (energy certificates). **Value of the object of litigation**: PLN 61 576 284.89 **Initiation of the proceeding**: the lawsuit had been filed on March 31, 2023 The filing of the lawsuit by PEPKH was due to the fact that following the date of the issuance of the ruling by the Court of Appeals, i.e., after November 17, 2022, dismissing the appeal of PEPKH, as discussed in detail in section 12 above, Amon, in spite of PEPKH having issued the summons, has not fulfilled its obligation stemming from the final (legally binding) ruling by proceeding to perform the above mentioned agreements with PEPKH. The procedural issues are currently under way.
16. **Plaintiff:** PEPKH **Defendant:** Talia	**Object of litigation:** a plea to determine awarding of the damages due to a failure to perform, by Talia, of the agreements related to the purchase of electricity and the payment of the liquidated damages under the agreement for the sale of the property rights arising from the guarantees of origin of electricity (energy certificates). **Value of the object of litigation**: PLN 75 334 631.53 **Initiation of the proceeding**: the lawsuit had been filed on December 28, 2023 The filing of the lawsuit by PEPKH had been due to the fact that following the date of the issuance of the ruling by the Court of Appeals, i.e., after December 20, 2022, dismissing the appeal of PEPKH, Talia, in spite of PEPKH having issued the summons, has not fulfilled its obligation stemming from the final (legally binding) ruling by proceeding to perform the above mentioned agreements with PEPKH. The procedural issues are currently under way.

Other proceedings

Petitions of TAURON Sprzedaż for a change of the approved tariff

As of January 1, 2020, pursuant to the decision of the President of the Energy Regulatory Office (ERO) of December 17, 2019, the electricity tariff for the G tariff groups consumers had entered into force, resulting in an increase in the payments for the household consumers by 19.9% as compared to the payments incurred in the 2018 / 2019 time frame.

Due to the fact that the said decision had prevented TAURON Sprzedaż from passing on the justified costs of the activities related to the electricity trading, on January 8, 2020, TAURON Sprzedaż had submitted to the President of the Energy Regulatory Office (ERO) a petition for a change of the tariff approved for 2020, which had led to the initiating the administrative proceedings.

Due to the particularly complex nature of the case and the COVID-19 pandemic, the deadline for resolving the case had been set as July 29, 2020. By way of the decision of July 8, 2020, the President of the Energy Regulatory Office (ERO) did not approve the above mentioned change of the tariff.

In the opinion of TAURON Sprzedaż, the change of the decision to approve the tariff had been justified by the legitimate interest of the party and the provisions of the applicable law, stipulating that the tariff should ensure that the justified costs of the activities conducted by the Company are covered, while the decision approving the tariff, in the opinion of the Company, did not ensure this.

On July 30, 2020, TAURON Sprzedaż had filed an appeal to the Court of Competition and Consumer Protection in Warsaw, against the decision of the President of the Energy Regulatory Office (ERO) of July 8, 2020, motioning for an amendment of the challenged decision in its entirety by approving the electricity tariff in accordance with the petition of TAURON Sprzedaż or revoking the decision in its entirety and ruling that the decision had been issued in the violation of the law. The case is pending under the reference file number XVII AmE 242/20.

The Court of Competition and Consumer Protection Company, by way of its decision of July 28, 2022, had admitted the evidence in the form of the opinion of a court expert in the field of the energy market and accounting. The expert had prepared an opinion, which had been served on the Company's power of attorney representative on December 4, 2023. At a hearing on March 26, 2024, the court had dismissed the Company's claim against the President of the ERO. The Company had filed an appeal against the judgment

6.2. Transactions with related entities on terms other than at arm’s length

All of the transactions with the related entities are concluded at arm’s length.

The detailed information on the transactions with the related entities is provided in note 52 to the Interim Abbreviated Consolidated Financial Statements of TAURON Polska Energia S.A Capital Group, drawn up in compliance with the International Financial Reporting Standards, approved by the European Union, for the period of 6 months ended on June 30, 2024.

6.3. Credit or loan sureties (co-signings) granted and guarantees granted

Credit or loan sureties (co-signings) granted

In the first half of 2024, TAURON had granted a surety for EC Stalowa Wola's liabilities towards BGK stemming from the agreement for the loan extended in 2018. The maximum amount of TAURON's surety for EC Stalowa Wola's liabilities towards BGK stands at PLN 54 million. TAURON's surety is valid until March 11, 2025.

The subsidiaries did not issue any loan or credit sureties in the first half of 2024.

Guarantees granted

The Company, as well as its subsidiaries, had not granted any new corporate guarantees in the first half of 2024.

As of June 30, 2024, the total amount of the sureties (co-signings) and corporate guaranties (bonds) granted by the Company had stood at PLN 879 million.

In the first half of 2024, TAURON Zielona Energia had provided a surety in the amount of PLN 256 million for the liabilities of the AE Energy subsidiary stemming from the commercial contract signed.

As of June 30, 2024, the amount of the sureties and guarantees issued by the subsidiaries had stood at EUR 42 million and PLN 336 million in total.

In the first half of 2024, as part of the framework (master) agreements in force, the bank guarantees were issued at the instruction of TAURON for the liabilities of TAURON Capital Group’s subsidiaries and the joint subsidiary (co-subsidiary). As of June 30, 2024, the amount of the bank guarantees (bonds) in effect, issued at the instruction of TAURON, had stood at PLN 513 million.

In addition, the bank guarantees issued at the instruction of TAURON Czech Energy had been in effect in the first half of 2024 and, as of June 30, 2024, they had clocked in at CZK 65 million and EUR 1.9 million in total.

The detailed information on the guarantees (bonds) granted is provided in note 51 to the *Interim Abbreviated Consolidated Financial Statements of TAURON Polska Energia S.A. Capital Group drawn up in compliance with the International Financial Reporting Standards approved by the European Union, for the period of 6 months ended on June 30, 2024.*

6.4. Other information that could be material for the evaluation of TAURON Capital Group's personnel, assets, financial position, financial result and the changes thereof, as well as the information that could be material for the evaluation of the ability of TAURON Capital Group to meet its obligations

Apart from the events indicated in this information, no other events had occurred in the first half of 2024 that were material for the evaluation of the personnel, assets, financial position and the financial result of TAURON Capital Group and the changes thereof, as well as for the evaluation of the ability of TAURON Capital Group to meet its obligations.

Katowice, September 10, 2024

Grzegorz Lot – President of the Management Board (CEO)

Piotr Gołębiowski – Vice President of the Management Board

Michał Orłowski – Vice President of the Management Board

Krzysztof Surma – Vice President of the Management Board

Appendix A: GLOSSARY OF TERMS AND LIST OF ABBREVIATIONS

The glossary of the trade terms and the list of the abbreviations and acronyms most commonly used in this report is presented below.

Table no. 35. Explanation of the abbreviations and acronyms as well as the trade terms

Abbreviation and trade term		Full name / explanation
1.	Amon	Amon sp. z o.o. (Ltd.) with its registered office in Łebcz.
2.	ARA	Dollar based carbon price index in the EU. Loco Amsterdam - Rotterdam - Antwerp ports
3.	ARE	Agencja Rynku Energii S.A. (Energy Market Agency Joint Stock Company) with its registered office in Warsaw.
4.	BASE (BASE contract)	A baseload contract for the supply of electricity at all hours of the period, for example the BASE contract for March 2022 is related to the supply of the same amount of electricity during all hours of the month of March 2022.
5.	Bioeko Grupa TAURON	Bioeko Grupa TAURON Sp. z o.o. (Ltd.) with its registered office in Stalowa Wola.
6.	Cash pool	True real time (online) *cash pool* structure, implemented under the cash management agreement, is based on the daily limits. As a result of the implementation of the *cash pool* mechanism, cash transfers are made between the accounts of the service participants and the Pool Leader's account.
7.	CCIRS	CCIRS - *cross-currency interest rate swap,* a derivative transaction involving an exchange between the counterparties of the interest payments accrued on the amounts denominated in different currencies and determined according to different interest rates.
8.	Color certificates	Property rights based on the guarantees of origin of electricity (energy certificates) generated in the way that is subject to support, the so-called color certificates: **green** - guarantees of origin of electricity (energy certificates) from RES, **blue** - guarantees of origin of electricity (energy certificates) generated from agricultural biogas. **white** - energy efficiency certificates (mechanism stimulating and forcing pro-savings behaviors) **yellow** - guarantees of origin of electricity (energy certificates) generated in co-generation from gas-fired sources or with the total installed capacity below 1 MW, **red** - guarantees of origin of electricity (energy certificates) from co-generation (CHP certificates - Combined Heat and Power), **violet** - guarantees of origin of electricity (energy certificates) generated in co-generation fired using methane released and captured during underground mining works in active, in liquidation or liquidated hard coal mines, or using gas obtained from biomass processing.
9.	CUW	Shared Services Center (Centrum Usług Wspólnych - CUW) - separate organizational units responsible for providing a specific range of support services (CUW R – accounting services, CUW HR – human resources services, CUW IT – IT services, CUW Insurance, CUW Protection).
10.	Net debt / EBITDA	Net financial debt to EBITDA ratio.
11.	EBIT	Earnings Before Interest and Taxes.
12.	EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization.
13.	Enea	Enea S.A. (Joint Stock Company) with its registered office in Poznań.
14.	Energa	Energa S.A. (Joint Stock Company) with its registered office in Gdańsk.
15.	EU ETS	European Union Emission Trading System – the European Union's System for the Trading of the CO_2 Emission Allowances.
16.	EUA	European Union Allowance - an allowance to introduce the carbon dioxide (CO2) equivalent to the air, within the meaning of Article 2 section 4 of the *act of July 17, 2009, on the management system of emissions of greenhouse gases and other substances*, which is used for settlements of emission level within the system and which can be managed under the rules provided in the *Act of April 28, 2011, on the system of greenhouse gases emission allowances trading.*
17.	Grupa Kapitałowa TAURON	TAURON Capital Group Polska Energia S.A. (Joint Stock Company)
18.	GZE	Górnośląski Zakład Elektroenergetyczny S.A. (Joint Stock Company) with its registered office in Gliwice.
19.	ICE (ICE exchange)	InterContinental Exchange – the commodity and financial exchange, where, among others, the contracts for oil, coal, natural gas and the CO_2 emission allowances are traded.
20.	IRS	Interest Rate Swap - interest payment swap contract, one of the main derivatives that is traded on the interbank market
21.	EC (KE)	European Commission (KE – Komisja Europejska) - the executive body of the European Union.
22.	EBIT margin	A measure used to evaluate the Group's profitability, based on the ratio of the EBIT to the sales revenues generated. The metric provides information on the amount of the EBIT generated on every PLN of the products, goods and materials sales.
23.	EBITDA margin	A measure used to evaluate the Group's profitability, based on the ratio of the EBITDA to the sales revenues generated. The metric provides information on the amount of the EBITDA generated on every PLN of the products, goods and materials sales.

Abbreviation and trade term		Full name / explanation
24.	Net profit margin	A measure used to evaluate the Group's profitability, based on the ratio of the net profit to the sales revenues generated. The metric provides information on the amount of the net profit generated on every PLN of the products, goods and materials sales.
25.	Line of Business (Segment)	Six areas (lines of business, segments) of TAURON Capital Group's core operations set up by the Company: Generation, RES, Heat, Distribution, Trading and Supply.
26.	RES (OZE)	Renewable Energy Sources (Odnawialne Źródła Energii - OZE)
27.	PEAK (PEAK contract)	Peak contract for the supply of electricity during business hours (8-22) on business days, for example the PEAK contract for November 2020 is related to the supply of the same amount of electricity on all business days in November 2020 between 8 and 22.
28.	PEPKH	Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. (Ltd.) with its registered office in Warsaw.
29.	PGE	PGE Polska Grupa Energetyczna S.A. (Joint Stock Company) with its registered office in Warsaw.
30.	GDP (PKB)	Gross Domestic Product (PKB - Produkt Krajowy Brutto).
31.	PMEF	Property rights related to the energy efficiency certificates
32.	PMOZE_A	Property rights related to the guarantees of origin of electricity (energy certificates) confirming generation of electricity in RES after March 1, 2009.
33.	PMOZE-BIO	Property rights related to the guarantees of origin of electricity (energy certificates) confirming generation of electricity from agricultural biogas from July 1, 2016
34.	PSE (TSO)	Polskie Sieci Elektroenergetyczne S.A. (Joint Stock Company) with its registered office in Konstancin-Jeziorna.
35.	Balancing Market (Rynek Bilansujący – RB)	Balancing Market (RB - Rynek Bilansujący) - technical market on which the demand for and supply of electricity in the National Power System (KSE) is balanced.
36.	RDN (Day Ahead Market)	Day Ahead Market - a market operating on the POLPX (TGE), where trading is carried out one and two days ahead of the delivery.
37.	Segment, Segments of Operations (Operating Segments	TAURON Capital Group's segments of operations used in the statutory reporting process. TAURON Capital Group's results from operations are allocated to the following 5 main Segments: Mining, Generation, RES, Distribution and Supply, as well as, additionally, Other Operations.
38.	SPOT (SPOT market)	With respect to electricity, it is the place where trade transactions for electricity are concluded with delivery not later than 3 days after the date of the transaction's conclusion (most often it is one day before the date of delivery). The operation of the SPOT market for electricity is strongly tied to the operation of the Balancing Market run by the Transmission System Operator (TSO).
39.	Company	TAURON Polska Energia S.A. (Joint Stock Company) with its registered office in Katowice.
40.	Company's Articles of Association	Document entitled *Articles of Association of TAURON Polska Energia S.A. (Joint Stock Company)*
41.	Strategy	Document entitled *TAURON Group's Strategy for the years 2022 - 2030 with an outlook until 2050* adopted by the Management Board of TAURON on June 22, 2022.
42.	Talia	Talia sp. z o.o. (Ltd.) with its registered office in Łebcz.
43.	TAURON	TAURON Polska Energia S.A. (Joint Stock Company) with its registered office in Katowice.
44.	TAURON Ciepło	TAURON Ciepło sp. z o.o. (Ltd.) with its registered office in Katowice.
45.	TAURON Czech Energy	TAURON Czech Energy s.r.o. with its registered office in Ostrava (Czech Republic).
46.	TAURON Dystrybucja	TAURON Dystrybucja S.A. with its registered office in Cracow.
47.	TAURON Ekoenergia	TAURON EKOENERGIA sp. z o.o. (Ltd.) with its registered office in Jelenia Góra.
48.	TAURON Sprzedaż	TAURON Sprzedaż sp. z o.o. (Ltd.) with its registered office in Cracow.
49.	TAURON Sprzedaż GZE	TAURON Sprzedaż GZE sp. z o.o. (Ltd.) with its registered office in Gliwice.
50.	TAURON Wytwarzanie	TAURON Wytwarzanie S.A. (Joint Stock Company) with its registered office in Jaworzno.
51.	TAURON Zielona Energia	TAURON Zielona Energia sp. z o.o. (Ltd.) with its registered office in Katowice.
52.	PPX (TGE)	Towarowa Giełda Energii S.A. (Joint Stock Company) (Polish Power Exchange – POLPX) with its registered office in Warsaw.
53.	TGEozebio	Property rights that confirm the production of electricity from renewable energy sources using agricultural biogas.
54.	UOKiK	Office of Competition and Consumer Protection (Urząd Ochrony Konkurencji i Konsumentów – UOKiK))
55.	ERO (URE)	Energy Regulatory Office (Urząd Regulacji Energetyki - URE)
56.	Current liquidity ratio	A ratio (metric) used to determine the financial liquidity that allows for the checking of the ability to repay the liabilities by getting rid of the current assets, i.e. such assets that can be quickly converted to cash. The metric is calculated as the ratio of the current assets to the current liabilities

Abbreviation and trade term		Full name / explanation
57.	Financial liabilities	Defined in the individual financing agreements, the term generally denotes a liability (obligation) to pay or repay funds due to the credits, loans and debt securities as well as the financial leases (as defined in the provisions of the IAS 17 standard), with the exclusion of the liabilities due to the subordinated bonds
58.	Net financial liability	The amount of the financial liability reduced by cash and the short term investments with a maturity of up to 1 year. This metric is also referred to as the net debt.

Appendix B: INDEX OF TABLES AND FIGURES

The list of tables and figures presented in this report is provided below.

Index of tables

Index of figures