TAURON Polska Energia S.A.

Interim condensed financial statements
compliant with the International Financial Reporting Standards
approved by the European Union
for the 6-month period ended 30 June 2024

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(in PLN million)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Note	3-month period ended 30 June 2024 *(unaudited)*	6-month period ended 30 June 2024 *(unaudited)*	3-month period ended 30 June 2023 *(unaudited restated figures)*	6-month period ended 30 June 2023 *(unaudited restated figures)*
Sales revenue	**11**	3 937	9 889	8 067	18 702
Cost of sales	**12**	(3 976)	(9 747)	(8 084)	(18 671)
Profit on sale (loss)		**(39)**	**142**	**(17)**	**31**
Selling and distribution expenses	**12**	(8)	(13)	(8)	(16)
Administrative expenses	**12**	(34)	(72)	(79)	(97)
Other operating income and expenses		(1)	(1)	(4)	(7)
Operating profit (loss)		**(82)**	**56**	**(108)**	**(89)**
Dividend income	**13**	1 336	1 336	443	443
Interest income on loans	**13**	247	418	292	511
Interest expense on debt	**13**	(186)	(387)	(255)	(497)
Revaluation of loans	**13**	(1 920)	(1 930)	50	(13)
Other finance income and costs	**13**	(36)	(112)	(101)	(176)
Profit (loss) before tax		**(641)**	**(619)**	**321**	**179**
Income tax expense	**14**	7	(15)	(58)	(75)
Net profit (loss)		**(634)**	**(634)**	**263**	**104**
Measurement of hedging instruments		(26)	(33)	(84)	(174)
Income tax expense	**14**	5	6	16	33
Other comprehensive income subject to reclassification to profit or loss		**(21)**	**(27)**	**(68)**	**(141)**
Other comprehensive income, net of tax		**(21)**	**(27)**	**(68)**	**(141)**
Total comprehensive income		**(655)**	**(661)**	**195**	**(37)**
Profit (loss) per share (in PLN):					
- basic and diluted, for net profit (loss)		(0.36)	(0.36)	0.15	0.06

(in PLN million)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2024 *(unaudited)*	As at 31 December 2023 *(restated figures)*
ASSETS			
Non-current assets			
Investment property	**15**	18	18
Right-of-use assets	**16**	8	12
Shares	**17**	15 510	15 520
Loans granted	**18**	9 791	11 273
Derivative instruments	**19**	180	149
Other financial assets	**20**	33	33
Other non-financial assets	**21**	18	17
Deferred tax assets	**22**	78	86
		25 636	**27 108**
Current assets			
Inventories	**23**	57	12
Receivables from buyers	**24**	1 130	2 490
Dividend receivables from subsidiaries	**25**	1 150	–
Income tax receivables		–	94
Loans granted	**18**	430	1 138
Derivative instruments	**19**	370	292
Other financial assets	**20**	30	433
Other non-financial assets	**21**	8	3
Cash and cash equivalents	**26**	124	484
		3 299	**4 946**
TOTAL ASSETS		**28 935**	**32 054**
EQUITY AND LIABILITIES			
Equity			
Issued capital	**27.1**	8 763	8 763
Reserve capital	**27.3**	2 438	3 076
Revaluation reserve from valuation of hedging instruments	**27.4**	191	218
Retained earnings/(Accumulated losses)	**27.5**	(603)	(607)
		10 789	**11 450**
Non-current liabilities			
Debt	**28**	10 732	13 884
Derivative instruments	**19**	177	169
Other financial liabilities	**29**	4	6
Other provisions, accruals, deferred income and government grants	**32**	8	8
		10 921	**14 067**
Current liabilities			
Debt	**28**	5 477	3 648
Liabilities to suppliers	**30**	595	979
Derivative instruments	**19**	862	644
Other financial liabilities	**29**	40	234
Other non-financial liabilities	**31**	213	1 005
Other provisions, accruals, deferred income and government grants	**32**	38	27
		7 225	**6 537**
Total liabilities		**18 146**	**20 604**
TOTAL EQUITY AND LIABILITIES		**28 935**	**32 054**

(in PLN million)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2024 *(unaudited)*

	Note	Issued capital	Reserve capital	Revaluation reserve on valuation of hedging instruments	Retained earnings/ (Accumulated losses)	Total
As at 1 January 2024		**8 763**	**3 076**	**218**	**(607)**	**11 450**
Prior year loss distribution	**27.3**	–	(638)	–	638	**–**
Transactions with shareholders		**–**	**(638)**	**–**	**638**	**–**
Net loss		–	–	–	(634)	**(634)**
Other comprehensive income		–	–	(27)	–	**(27)**
Total comprehensive income		**–**	**–**	**(27)**	**(634)**	**(661)**
As at 30 June 2024 (unaudited)		**8 763**	**2 438**	**191**	**(603)**	**10 789**

FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2023 *(unaudited)*

	Issued capital	Reserve capital	Revaluation reserve on valuation of hedging instruments	Retained earnings/ (Accumulated losses)	Total
As at 1 January 2023	**8 763**	**3 009**	**450**	**98**	**12 320**
Prior year profit distribution	–	67	–	(67)	**–**
Transactions with shareholders	**–**	**67**	**–**	**(67)**	**–**
Net profit	–	–	–	104	**104**
Other comprehensive income	–	–	(141)	–	**(141)**
Total comprehensive income	**–**	**–**	**(141)**	**104**	**(37)**
As at 30 June 2023 (unaudited)	**8 763**	**3 076**	**309**	**135**	**12 283**

(in PLN million)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

	Note	6-month period ended 30 June 2024 *(unaudited)*	6-month period ended 30 June 2023 *(unaudited)*
Cash flows from operating activities			
Profit before tax (loss)		**(619)**	**179**
Depreciation and amortization		5	9
Interest and dividends		(1 390)	(403)
Impairment losses on loans		1 930	13
Valuation of derivatives		80	393
Exchange differences		(30)	(235)
Other adjustments of profit before tax		2	(6)
Change in working capital	**33.1**	491	(745)
Income tax paid		(15)	50
Net cash from operating activities		**454**	**(745)**
Cash flows from investing activities			
Loans granted	**33.2**	(621)	(456)
Other		(4)	(6)
Total payments		**(625)**	**(462)**
Dividends received		186	184
Interest received from loans granted		368	360
Repayment of loans granted		184	3
Total proceeds		**738**	**547**
Net cash used in investing activities		**113**	**85**
Cash flows from financing activities			
Repayment of loans	**33.3**	(3 766)	(4 196)
Interest paid	**33.3**	(266)	(325)
Commission paid		(7)	(3)
Repayment of lease liabilities		(5)	(5)
Total payments		**(4 044)**	**(4 529)**
Contracted loans	**33.3**	400	4 390
Total proceeds		**400**	**4 390**
Net cash from financing activities		**(3 644)**	**(139)**
Net increase/(decrease) in cash and cash equivalents		**(3 077)**	**(799)**
Net foreign exchange difference		–	27
Cash and cash equivalents at the beginning of the period	**26**	**(287)**	**(321)**
Cash and cash equivalents at the end of the period, of which:	**26**	**(3 364)**	**(1 120)**
restricted cash	**26**	76	14

Additional explanatory notes to the interim condensed financial statements form an integral part thereof

INFORMATION ON TAURON POLSKA ENERGIA S.A. AND BASIS OF PREPARATION OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

1. General Information about TAURON Polska Energia S.A.

These interim condensed financial statements have been prepared by TAURON Polska Energia Spółka Akcyjna (the "Company") with its registered office in Katowice, ul. ks. Piotra Ściegiennego 3, whose shares are publicly traded.

The Company was established by a Notarial Deed on 6 December 2006 under the name Energetyka Południe S.A. On 8 January 2007, the District Court for Katowice-Wschód, Commercial Department of the National Court Register, registered the Company under the KRS number 0000271562. The change of its name to TAURON Polska Energia S.A. was registered by the District Court on 16 November 2007.

The entity was assigned the statistical number, REGON 240524697 and the tax identification number, NIP 9542583988.

TAURON Polska Energia S.A. was established for an unlimited period.

The core business of TAURON Polska Energia S.A. focuses on:

- Activities of head offices and holding operations, except for financial holdings → PKD 70.10 Z,
- Sales of electricity → PKD 35.14 Z,
- Sales of coal → PKD 46.71.Z,
- Sales of gaseous fuels in a network system → PKD 35.23.Z.

TAURON Polska Energia S.A. is the parent company of the TAURON Polska Energia S.A. Capital Group. ("The Group, the TAURON Group").

The Company has prepared interim condensed financial statements covering the 6-month period ended 30 June 2024 and containing comparative figures for the 6-month period ended 30 June 2023 and as at 31 December 2023. The data included in these interim condensed financial statements for the 6-month period ended 30 June 2024 and the comparative figures for the 6-month period ended 30 June 2023 have not been audited or reviewed by the statutory auditor. The comparative figures as at 31 December 2023 were subject to the audit by the statutory auditor. The data included in these interim condensed financial statements for the 3-month period ended 30 June 2024 and the comparative figures for the 3-month period ended 30 June 2023 have not been audited or reviewed by the statutory auditor.

These interim condensed financial statements were approved for publication by the Management Board on 10 September 2024.

The Company has also prepared the interim condensed consolidated financial statements for the 6-month period ended 30 June 2024 which were approved for publication by the Management Board on 10 September 2024.

Composition of the Management Board

As at 1 January 2024, the composition of the Management Board was as follows:

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

With effect from 13 February 2024, the Supervisory Board dismissed:

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

From 14 February 2024 until 6 March 2024, the Supervisory Board delegated a member of the Supervisory Board, Ms Karolina Mucha-Kuś, to temporarily perform the duties of the President of the Management Board of the Company.

(in PLN million)

As of 6 March 2024, the Supervisory Board dismissed from the Management Board of TAURON Polska Energia S.A. Krzysztof Surma - Vice-President of the Management Board for Finance, in connection with the termination of the 6th joint term of office of the Company Management Board on 31 December 2023.

As of 7 March 2024, the Supervisory Board of the Company appointed the following members of the Management Board for the 7th joint term of office:

- Grzegorz Lot for the position of the President of the Management Board,
- Piotr Gołębiowski for the position of the Vice-President of the Management Board for Trade,
- Michał Orłowski for the position of the Vice-President of the Management Board for Asset Management and Development,
- Krzysztof Surma for the position of Vice-President of the Management Board for Finance.

Until the date of approval of these interim condensed financial statements for publication, the composition of the Management Board of the Company listed above has not changed.

2. Shares in related parties

As at 30 June 2024, TAURON Polska Energia S.A. held, directly and indirectly, shares in the following key subsidiaries:

No.	Company name	Registered office	Share of TAURON Polska Energia S.A. in the company share capital	Company holding direct shareholding in the share capital/ General partner
GENERATION				
1	TAURON Wytwarzanie S.A.	Jaworzno	100.00%	TAURON Polska Energia S.A.
2	Bioeko Grupa TAURON Sp. z o.o.	Stalowa Wola	100.00%	TAURON Wytwarzanie S.A.
3	TAURON Serwis Sp. z o.o.	Jaworzno	95.61%	TAURON Wytwarzanie S.A.
4	Łagisza Grupa TAURON Sp. z o.o.	Katowice	100.00%	TAURON Wytwarzanie S.A.
HEAT				
5	TAURON Ciepło Sp. z o.o.	Katowice	100.00%	TAURON Polska Energia S.A.
6	TAURON Inwestycje Sp. z o.o.[1]	Będzin	100.00%	TAURON Polska Energia S.A.
RENEWABLE ENERGY SOURCES				
7	TAURON Ekoenergia Sp. z o.o.	Jelenia Góra	100.00%	TAURON Polska Energia S.A.
8	TEC1 Sp. z o.o.	Katowice	100.00%	TAURON Polska Energia S.A.
9	TAURON Zielona Energia Sp. z o.o.[2]	Katowice	100.00%	TAURON Polska Energia S.A.
10	TEC1 spółka z ograniczoną odpowiedzialnością Mogilno I sp.k.[2]	Katowice	100.00%	TEC1 Sp. z o.o.
11	TEC1 spółka z ograniczoną odpowiedzialnością Mogilno II sp.k.[2]	Katowice	100.00%	TEC1 Sp. z o.o.
12	TEC1 spółka z ograniczoną odpowiedzialnością Mogilno III sp.k.[2]	Katowice	100.00%	TEC1 Sp. z o.o.
13	TEC1 spółka z ograniczoną odpowiedzialnością Mogilno IV sp.k.[2]	Katowice	100.00%	TEC1 Sp. z o.o.
14	TEC1 spółka z ograniczoną odpowiedzialnością Mogilno V sp.k.[2]	Katowice	100.00%	TEC1 Sp. z o.o.
15	TEC1 spółka z ograniczoną odpowiedzialnością Mogilno VI sp.k.[2]	Katowice	100.00%	TEC1 Sp. z o.o.
16	TEC1 spółka z ograniczoną odpowiedzialnością EW Śniatowo sp.k.[2]	Katowice	100.00%	TEC1 Sp. z o.o.
17	TEC1 spółka z ograniczoną odpowiedzialnością EW Dobrzyń sp.k.[2]	Katowice	100.00%	TEC1 Sp. z o.o.
18	TEC1 spółka z ograniczoną odpowiedzialnością EW Gołdap sp.k.[2]	Katowice	100.00%	TEC1 Sp. z o.o.
19	TEC1 spółka z ograniczoną odpowiedzialnością Ino 1 sp.k.[2]	Katowice	100.00%	TEC1 Sp. z o.o.
20	WIND T2 Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
21	"MEGAWATT S.C." Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
22	TAURON Inwestycje Sp. z o.o.[1]	Będzin	100.00%	TAURON Polska Energia S.A.
23	WIND T4 Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
24	WIND T30MW Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
25	FF Park PV 1 Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
26	Windpower Gamów Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
27	AE ENERGY 7 Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
DISTRIBUTION				
28	TAURON Dystrybucja S.A.	Kraków	99.77%	TAURON Polska Energia S.A.
29	TAURON Dystrybucja Pomiary Sp. z o.o.	Tarnów	99.77%	TAURON Dystrybucja S.A.
30	Usługi Grupa TAURON Sp. z o.o.	Tarnów	99.77%	TAURON Dystrybucja S.A.

(in PLN million)

SALES				
31	TAURON Sprzedaż Sp. z o.o.	Kraków	100.00%	TAURON Polska Energia S.A.
32	TAURON Sprzedaż GZE Sp. z o.o.	Gliwice	100.00%	TAURON Polska Energia S.A.
33	TAURON Czech Energy s.r.o.	Ostrava, Czech Republic	100.00%	TAURON Polska Energia S.A.
34	TAURON Nowe Technologie S.A.	Wrocław	100.00%	TAURON Polska Energia S.A.
35	Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o.	Warsaw	100.00%	TAURON Polska Energia S.A.
OTHER				
36	TAURON Obsługa Klienta Sp. z o.o.	Wrocław	100.00%	TAURON Polska Energia S.A.
37	Kopalnia Wapienia Czatkowice Sp. z o.o.	Krzeszowice	100.00%	TAURON Polska Energia S.A.
38	Finanse Grupa TAURON Sp. z o.o.	Katowice	100.00%	TAURON Polska Energia S.A.
39	TAURON Inwestycje Sp. z o.o.[1]	Będzin	100.00%	TAURON Polska Energia S.A.
40	TAURON Ubezpieczenia Sp. z o.o.	Katowice	100.00%	TAURON Polska Energia S.A.

[1]The activities of TAURON Inwestycje Sp. z o.o. are classified in two segments: in the Heat segment (activities related to the execution of investment projects in conventional sources) and in the Renewables segment (activities related to the generation of energy from renewable sources), and within Other activities (activities related to the execution of research and development projects in the field of hydrogen).
[2] After the balance sheet date, on 1 July 2024, the merger of the limited partnerships of which TEC1 Sp. z o.o. was the general partner by TAURON Zielona Energia Sp. z o.o. took place.

The incorporation of Energetyka Cieszyńska Sp. z o.o. by TAURON Ciepło Sp. z o.o.

The incorporation of Energetyka Cieszyńska Sp. z o.o. by TAURON Ciepło Sp. z o.o. was registered on 3 January 2024. Until the merger date (incorporation), TAURON Ciepło Sp. z o.o. held 100% of the shares in the capital and in the governing body of Energetyka Cieszyńska Sp. z o.o.

As at 30 June 2024, the share of TAURON Polska Energia S.A. in the capital and in the governing body of the remaining key subsidiaries and jointly-controlled companies has not changed since 31 December 2023.

As at 30 June 2024, TAURON Polska Energia S.A. held direct and indirect interest in the following key jointly-controlled companies in the Heat segment:

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

3. Statement of compliance

These interim condensed financial statements were compiled in accordance with the International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") according to the template approved by the European Union (the "EU").

The interim condensed financial statements do not comprise all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company prepared in accordance with the IFRS for the year ended 31 December 2023.

4. Going concern

These interim condensed financial statements have been prepared with the assumption of continuation of activities by the Company as a going concern in the foreseeable future, i.e. in the period not shorter than one year following the balance sheet day. As at the date of approval of these interim condensed financial statements for publication, no circumstances had been identified which would indicate a risk to the ability of the Company to continue as a going concern.

The Company identifies and actively manages liquidity risk, understood as the possibility of losing or limiting the capacity to settle current expenses. The Company has full capacity to settle its liabilities as they become due and payable. As at the balance sheet date, the Company has available funding under the concluded financing agreements, which is described in notes 28.1 and 28.2 to these consolidated financial statements.

In the area of liquidity, financing and securing the continuity of operating activities, the Management Board, having analysed the financial position of the Company does not identify any risk to the continuity of operations as a going concern in the foreseeable future, i.e. within a period not shorter than 1 year from the balance sheet day.

5. Functional currency and presentation currency

Polish zloty is the functional currency of the Company and the presentation currency of these interim condensed financial statements. These financial statements are presented in the Polish zloty ("PLN") while all figures are provided in PLN million ("PLN million"), unless indicated otherwise.

6. Material values based on professional judgement and estimates

When applying the accounting policy, the professional judgement of the management, along with accounting estimates, have been of key importance, affecting the figures disclosed in these financial statements and in the additional explanatory notes. The assumptions underlying the estimates are based on the Management Board's best knowledge and awareness of current and future actions and events in individual areas. In the period covered by these interim condensed financial statements, no significant changes occurred in the estimates or estimation methods applied, which could affect the current or future periods, other than those described below and hereinafter in these interim condensed financial statements.

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

Item	Explanatory note	Estimates and assumptions
Shares	Note 17	As at each balance sheet date, the Company examines the existence of prerequisites for the impairment of shares and interests. The analysis of the existence of impairment indications, the assumptions made by the Company as part of its impairment tests and the results of the tests are described in more detail in note 17.2 of these interim condensed financial statements. As at 30 June 2024, tests for impairment of shares and interests in subsidiaries: : TAURON Ciepło Sp. z o.o., TAURON Ekoenergia Sp. z o.o., TAURON Zielona Energia Sp. z o.o. oraz TEC1 Sp. z o.o. were conducted. The result of the impairment tests carried out as at 30 June 2024 in accordance with IAS 36 *Impairment of Assets* did not indicate an impairment of the carrying amount of shares in subsidiaries.
Loans granted	Note 18	The Company makes appropriate classification and valuation of the loans granted. Loans granted with a maturity period of less than one year, for which an extension of the repayment period is planned, are classified as long-term instruments. In accordance with the requirements of IFRS 9 *Financial Instruments* for loans measured at an amortised cost, the Company estimates the amount of the allowance for expected credit losses. Within loans measured at amortised cost, the Company also has loans recognised as financial assets impaired due to credit risk, where the amount of credit loss has been estimated based on the Company's assumed loan repayment scenarios, taking into account the results of the asset impairment test. Based on the analysis carried out as at the balance sheet date, it indicated that it was reasonable to reduce the carrying amount of the loan granted by the Company to its subsidiary, TAURON Wytwarzanie S.A. by PLN 1 932 million. As at the balance sheet date, the Company also holds loans classified as financial assets measured at a fair value through profit or loss. The loans granted to the joint venture Elektrowania Stalowa Wola S.A. and loans granted mainly to subsidiaries developing RES projects within special purpose vehicles, where the loans represent the only source of financing for the purchase of a non-financial asset are classified in this category. The Company assesses that the characteristics of the resulting cash flows under such agreements do not correspond only to the repayment of the principal and interest on the outstanding principal and measures such loans at a fair value through profit or loss. The Company has estimated the fair value accordingly.
Financial derivatives	Note 19	The Company measures financial derivatives at a fair value as at each balance sheet date. The methodology for determining fair value is presented in note 19 to these interim condensed financial statements. The derivatives, related to non-financial assets, acquired and held to hedge own needs are not subject to measurement as at the balance sheet date.
Deferred tax assets	Note 22	The Company assesses the enforceability and verify non recognized deferred tax assets at each balance sheet date. As at the balance sheet day, the Company had not recognised deferred tax assets in the amount of PLN 52 million due to the projected inability of complete execution of the asset. The Company assesses that with regard to the negative temporary differences associated with the recognition of impairment losses on shares in subsidiaries in the amount of PLN 9 915 million, the conditions for the recognition of a deferred tax asset are not met.
Debt liabilities	Note 28	When measuring liabilities at amortized cost using the effective interest rate method, the Company estimates future cash flows considering all contractual terms of a given financial instrument, including the early repayment option. At the same time, the classification of the liability is made on the basis of the existence of a right to defer settlement of the liability. If the Company has the right to defer settlement of a liability for at least 12 months after the balance sheet date, the liability is classified as non-current, even if the Company has the intention of repaying it within one year of the balance sheet date. As at 30 June 2024, the Company has a liability in respect of hybrid bonds subscribed by the European Investment Bank with a nominal value of EUR 190 million, classified as non-current, which are scheduled to mature in December 2024. The lease liability is measured at the present value of the outstanding lease payments, discounted using either the contractual interest rate (if determinable) or the incremental borrowing rate.

(in PLN million)

In addition to the foregoing, the Company makes significant estimates as regards the contingent liabilities recognised, in particular in the scope of litigation the Company is a party to. Contingent liabilities are presented in detail in Note 37 to these interim condensed financial statements.

As at the balance sheet date, in the scope of impact of climate change on the interim condensed financial statements, the Company does not identify any significant changes in relation to areas and impacts of climate change identified as at 31 December 2023, as further described in note 9 to the financial statements for the year ended 31 December 2023. As part of the impairment tests of shares and the analysis of the recoverability of loans granted as at 30 June 2024, the Company reviewed and updated the assumptions and economic lives of the generating units in subsidiaries, taking into account the impact of climate issues. The assumptions adopted in the scope of impairment testing, including those taking into account climate issues, are described in detail in Note 17.2 of these interim condensed financial statements.

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

The Company did not choose earlier application of any standards or amendments to standards which were published but have not entered into force by 30 June 2024.

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

Standard	Date of entry into force by standard, not approved by the EU *(annual periods starting on or after that date)*
IFRS 14 *Regulatory Deferral Accounts*	1 January 2016*
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures: Transactions of sale or contribution of assets between an investor and its associate or joint venture* as further amendments	the date of entry into force of the amendments has been postponed
Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates: No possibility of Currency Exchange*	1 January 2025
Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments - Disclosures - changes to the classification and measurement of financial instruments*	1 January 2026
Amendments to various standards Improvements to IFRS (*IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IAS 7 Statement of Cash Flows)*	1 January 2026
IFRS 18 *Presentation and disclosure in financial statements*	1 January 2027
IFRS 19 *Subsidiaries without Public Accountability: Disclosures*	1 January 2027

** The European Commission decided to refrain from launching the process of endorsement of this interim standard for use in the territory of the EU until the publication of the final version of IFRS 14 Regulatory Deferral Accounts.*

The dates of entry into force are the dates resulting from the content of the standards promulgated by the International Accounting Standards Board. The application dates of the standards in the European Union may differ from the application dates implied by the content of the standards and are announced at the time of the approval for application by the European Union.

As at the date of approval of these interim condensed financial statements for publication, the Company has not yet completed its work on assessing the impact of the introduction of amendments to the aforementioned: IFRS 14 and the amendments to IFRS 10, IAS 28, IAS 21, IFRS 9 and IFRS 7 on the accounting policy adopted by the Company. The analyses conducted to date indicate that the aforementioned amendments to the standards will not materially affect the accounting policy applied so far. Amendments to various standards The amendments to IFRS are clarifying and explanatory in nature and, in the Company's opinion, will not have a material impact on the accounting policies applied so far. As at the date of approval of these interim condensed financial statements for publication, the Company has commenced work on assessing the impact of IFRS 18 *Presentation and disclosure in financial statements* and IFRS 19 *Subsidiaries without Public Accountability: Disclosures* on the accounting policy adopted by the Company.

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

The accounting principles (policy) adopted for the preparation of these interim condensed financial statements are consistent with those used for the preparation of the annual financial statements of TAURON Polska Energia S.A. for the year ended 31 December 2023, except for the application of the amendments to the standards and the change in presentation, as described below. Comparable figures have been restated accordingly.

(in PLN million)

According to the Management Board, the following standards and amendments to standards have the following impact on the accounting policy applied so far:

Standard	Amendments	Date of entry into force in the EU *(annual periods starting on or after that date)*
Amendments to IAS 1 *Presentation of Financial Statements - Classification of liabilities as current and non-current and Classification of liabilities as current and non-current - deferral of effective date and Non-current liabilities linked to conditions.*	In accordance with the amendments to IAS 1, liabilities are classified as non-current if the entity has a right to defer the settlement of the liability for at least 12 months after the end of the reporting period. The expectations of the entity do not affect the classification. The impact of the amendment to IAS 1 on the financial statements of the Company is described below.	1 January 2024
Amendments to IFRS 16 *Leases: Liability in a Sale and Leaseback*	The amendments to IFRS 16 relate to the measurement method applied to the liability due to sale and leaseback transactions. The amendments implemented require the seller-lessee to measure the lease liability arising from a sale-leaseback so that the seller-lessee does not recognise any amount of gain or loss related to the right of use retained by the seller-lessee. In particular, this means recognising that, in the case of a sale-leaseback, the obligation to contribute variable lease payments meets the definition of a lease liability. As at the balance sheet date, the Company is not a party to any sale-leaseback agreements and does not identify any material impact of the amendments to IFRS 16 on the accounting policy applied to date.	1 January 2024
Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures: Financial agreements with suppliers*	In accordance with the amendments to IAS 7 and IFRS 7, an entity discloses information about its supplier financing arrangements that enables users of the financial statements to assess the impact of those arrangements on the entity's liabilities and cash flows and on its exposure to liquidity risk. As at the balance sheet date, the Company does not identify any significant impact of the amendments to IAS 7 and IFRS 7 on its accounting policy adopted to date.	1 January 2024

Amendments to IAS 1 Presentation of Financial Statements regarding the classification of liabilities

In accordance with the amendments to IAS 1, liabilities are classified as non-current if the entity has a right to defer the settlement of the liability for at least 12 months after the end of the reporting period. The expectations of the entity do not affect the classification.

The Company holds liabilities on account of hybrid bonds subscribed by the European Investment Bank covering two financing periods. As at 31 December 2023, the liabilities due to aforementioned hybrid bonds in the amount of PLN 775 (including PLN 2 million on account of accrued interest) were classified as short-term due to the redemption intention after the first financing period, i.e. in December 2024. The amendments to IAS 1 changed the classification of the above liabilities. Given the maturity of the bonds in accordance with the terms of issue, irrespective of their scheduled redemption in December 2024, the Company has classified the said bonds as non-current since 1 January 2024 and has restated the comparatives. The Company's intention to redeem the said bonds in December 2024 remained unchanged.

The impact on the statement of financial position as of 31 December 2023 is presented in the table below. The application of the amendments to IAS 1 as at 1 January 2023 has no impact on the statement of financial position (as at 31 December 2022, the hybrid bonds were classified as non-current).

	As at 31 December 2023 *(approved figures)*	Change of the classification of financial liabilities	Aas at 31 December 2023 *(restated figures)*
EQUITY AND LIABILITIES			
Equity	**11 450**	**–**	**11 450**
Debt	13 111	773	13 884
Non-current liabilities	**13 294**	**773**	**14 067**
Debt	4 421	(773)	3 648
Current liabilities	**7 310**	**(773)**	**6 537**
Total liabilities	**20 604**	**–**	**20 604**
TOTAL EQUITY AND LIABILITIES	**32 054**	**–**	**32 054**

(in PLN million)

Change in the presentation of source-specific electricity purchase and sale transactions for the needs of Group companies

For the purposes of providing the Group's sales companies with electricity from a specific source of origin with reduced CO_2 emission (from co-generation), the Company purchases energy from this source from an entity outside the Group. At the same time, the Company sells and invoices electricity to this entity without source attribution. Assessing the overall transactions carried out by the Company to acquire electricity for the needs of the Group's sales companies and to sell energy to these companies, as well as the achieved volumes of energy received and delivered, the Company has changed the presentation of the above transaction for the acquisition of energy from co-generation with the simultaneous sale of energy without an attributed source of origin, by presenting its effects on a net basis instead of the previous presentation separately for assets and liabilities. In the Company's opinion, the revised presentation allows for a more correct reflection of the electricity sales revenues achieved by the Company and the electricity purchase costs incurred, in relation to the volume of electricity supplied and purchased by the Company in the chain of these transactions during the reporting period. The revised presentation does not affect the Company's financial result.

The above change results in the need to restate the presentation of comparatives in the statement of comprehensive income for the 6-month period ended 30 June 2023, consisting in offsetting revenues and expenses of PLN 659 million, relating to the settlement of the volume of sales of electricity without an attributed source to an entity outside the Group and the purchase of electricity from co-generation from that entity, in the 6-month period ended 30 June 2023.

	6-month period ended 30 June 2023 *(unaudited approved figures)*	Change of the presentation of settlement of electricity sales	6-month period ended 30 June 2023 *(unaudited restated figures)*
Sales revenue	19 361	(659)	18 702
Cost of sales	(19 330)	659	(18 671)
Profit on sale	**31**	**–**	**31**
Operating loss	**(89)**	**–**	**(89)**
Profit before tax	**179**	**–**	**179**
Net profit	**104**	**–**	**104**
Total comprehensive income	**(37)**	**–**	**(37)**

9. Seasonality of operations

The activities of the Company associated with electricity trading are not of seasonal nature, therefore in this respect, the reported results of the Company do not experience significant fluctuations over the year. Due to its holding activities, the Company may recognise significant financial income from dividends recognised on the dates on which resolutions on payment of dividends are adopted. In the 6-month period ended 30 June 2024, the Company recognised the dividend income of PLN 1 336 million (in the comparable period - PLN 443 million).

10. Information on operating segments

In accordance with IFRS 8 *Operating Segment*, taking into account the fact that the Company also prepares interim condensed consolidated financial statements for the 6-month period ended 30 June 2024, the Company presents information on operating segments in relation to the Group's operations in the interim condensed consolidated financial statements.

As part of the adopted classification of the Group's operations into operating segments, the activities of the Company are classified in the Sales segment, excluding the general and administrative expenses of the Management Board of the Company incurred for the whole Group as a whole, which cannot be directly attributed to a single operating segment and are classified within unallocated expenses, as further described in note 11 of the interim condensed consolidated financial statements of the Group for the 6-month period ended 30 June 2024.

(in PLN million)

EXPLANATORY NOTES TO THE INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

11. Sales revenue

	6-month period ended 30 June 2024 *(unaudited)*	6-month period ended 30 June 2023 *(unaudited restated figures)*
Revenue from sales of goods for resale and materials	**9 711**	**18 541**
Electricity	8 464	14 845
CO_2 emission allowances	624	2 961
Gas	623	711
Other	–	24
Rendering of services	**178**	**161**
Capacity Market	102	68
Trade services	53	69
Other	23	24
Total sales revenue	**9 889**	**18 702**

In the 6-month period ended 30 June 2024, sales revenues decreased in relation to the comparable period and the main changes were related to sales revenues of the following goods:

- Electricity – a decline in revenue by PLN 6 381 million is mainly associated with electricity sales at a lower price. Moreover, TAURON Polska Energia S.A. sold a lower volume, which results from lower demand from the Group's sales companies. Lower sales prices result from market conditions and the visible decline in energy prices in 2023 for contracts concluded for delivery in 2024. The decline in volume is a consequence of lower electricity sales volume, mainly to Group sales companies due to their lower demand in 2024;
- CO_2 emission allowances – a decrease in revenue by PLN 2 337 million is mainly due to the sale of a lower volume of CO_2 allowances with a simultaneous accomplishment of sales at a higher price in the current period. Revenues in the scope of CO_2 emission allowances in the current and comparable period were mainly related to sales to Group generation companies for the purpose of covering redemption needs resulting from electricity production. Due to a change in the law, the obligation to surrender emission allowances for the year has been extended from 30 April to 30 September of the following year, resulting in a lower volume of allowance sales in the first half of 2024, while a part of the volume of allowance sales will be achieved in subsequent periods. The higher prices result from market conditions and the persistent high prices of CO_2 emission allowances;
- Gas – an decline in revenue by PLN 88 million is mainly associated with a decrease in prices and the simultaneous achievement of a higher volume of sales. The higher sales volume results from an increased demand for gas from contractors, in particular the subsidiary, TAURON Sprzedaż Sp. z o.o..

12. Costs by type

	6-month period ended 30 June 2024 *(unaudited)*	6-month period ended 30 June 2023 *(unaudited restated figures)*
Capacity Market	(101)	(68)
Employee benefits expense	(68)	(63)
Other external services	(23)	(24)
Advertising expenses	(13)	(12)
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	(5)	(9)
Write-down for the Price Difference Payment Fund	(1)	(288)
Allowance for expected credit losses on receivables from buyers	4	(28)
Other costs by type	(7)	(3)
Total costs by type	**(214)**	**(495)**
Selling and distribution expenses	13	16
Administrative expenses	72	97
Value of energy sold	(8 463)	(14 608)
Value of other goods sold	(1 155)	(3 681)
Cost of sales	**(9 747)**	**(18 671)**

(in PLN million)

In the 6-month period ended 30 June 2024, a decrease was recorded in the costs of the Company's operations compared to the comparative period, with the main changes relating to:

- the decrease in the value (cost) of electricity sold, which results mainly from purchases of electricity at lower average electricity prices as a result of a decline in market energy prices. Simultaneously, TAURON Polska Energia S.A. purchased a lower volume of electricity as a consequence of lower demand from consumers. Lower purchase prices result from market conditions and price decrease in 2023, which translated into prices in concluded contracts with a delivery date of 2024. The decline in the volume of electricity purchased is due to the purchase of a lower volume of electricity from the market for the performance of concluded contracts;
- a decrease in the value (cost) of other goods sold, including:
  - CO_2 emission allowances sold, which is the result of a lower volume of allowance purchases due to the postponement to the third quarter of 2024 of some deliveries as a consequence of the postponement of the deadline for redemption of allowances, and higher prices, which is a direct result of market conditions;
  - gas, which is primarily due to a decrease in gas purchase prices, while higher purchase volumes are realised;
- no need for the Company to incur the cost of write-downs to the Price Difference Payment Fund in the current period. The obligation to apply write-offs in the first half of 2023 resulted from the provisions of the Act of 27 October 2022 *on emergency measures to limit the level of electricity prices and support for certain consumers in 2023*, which imposed, in period from November 2022 till December 2023, among others, an obligation on electricity trading companies to transfer write-offs to the Price Difference Payment Fund, for the purpose of paying the compensation established by the aforementioned Act.

13. Financial income and costs

	6-month period ended 30 June 2024 *(unaudited)*	6-month period ended 30 June 2023 *(unaudited)*
Dividend income	1 336	443
Interest income on loans	418	511
Interest expense	(387)	(497)
Revaluation of loans	(1 930)	(13)
Other finance income and costs, of which:	**(112)**	**(176)**
Gain/(loss) on derivative instruments	(162)	(469)
Commissions due to external financing	(10)	(8)
Exchange differences	30	225
Other finance income	48	86
Other finance costs	(18)	(10)
Total, of which:	**(675)**	**268**
Income and costs from financial instruments	(683)	238
Other finance income and costs	8	30

The increase in dividend income results mainly from the recognition of a dividend from the subsidiary TAURON Dystrybucja S.A. In the amount of PLN 937 million in the current period. The Company did not receive dividends from TAURON Dystrybucja S.A. in the comparable period. The subsidiary's profit for 2022 was fully allocated to supply the reserve capital of the company.

The decline in interest expenses results from a lower level of use of external funding and a lower level of base rates in the 6-month period ended 30 June 2024 in relation to the comparable period.

Increase of revaluation of loans in the 6-month period ended 30 June 2024 is mainly related to the depreciation of carrying amount of the loan granted to TAURON Wytwarzanie S.A. by the amount of PLN 1 932 million.

The loss on derivatives in the 6-month period ended 30 June 2024 is mainly associated with the appreciation of the Polish zloty exchange rate, which translated into a decrease in the valuation and the result on current settlement of FX derivatives. The appreciation of the zloty exchange rate has also affected the occurrence of exchange rate gains in the current period, which are mainly related to the valuation of external funding in EUR.

(in PLN million)

14. Tax expense in the statement of comprehensive income

	6-month period ended 30 June 2024 *(unaudited)*	6-month period ended 30 June 2023 *(unaudited)*
Current income tax	(1)	–
Deferred tax	(14)	(75)
Income tax expense in profit/(loss)	**(15)**	**(75)**
Income tax expense relating to other comprehensive income, including:	**6**	**33**

The Company settles its current income tax within the Tax Capital Group, registered on 28 December 2022 for the years 2023-2025 by the Head of the First Tax Office for the Mazowieckie Province in Warsaw, which includes the Company and selected subsidiaries.

Main companies forming the Tax Capital Group since 1 January 2023 include: TAURON Polska Energia S.A., TAURON Dystrybucja S.A., TAURON Sprzedaż Sp. z o.o., TAURON Sprzedaż GZE Sp. z o.o., TAURON Obsługa Klienta Sp. z o.o., TAURON Ekoenergia Sp. z o.o., TAURON Ciepło Sp. z o.o., TAURON Zielona Energia Sp. z o.o., TAURON Nowe Technologie S.A. and Kopalnia Wapienia Czatkowice Sp. z o.o.

EXPLANATORY NOTES TO THE INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

15. Investment property

	6-month period ended 30 June 2024 *(unaudited)*	6-month period ended 30 June 2023 *(unaudited)*
COST		
Opening balance	**54**	**54**
Closing balance	**54**	**54**
ACCUMULATED DEPRECIATION		
Opening balance	**(36)**	**(35)**
Depreciation for the period	–	(3)
Closing balance	**(36)**	**(38)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**18**	**19**
NET CARRYING AMOUNT AT THE END OF THE PERIOD, of which:	**18**	**16**
Buildings and other tangible assets	11	9
Perpetual usufruct of land	7	7

The investment property is composed of the perpetual usufruct right to land and buildings located in Katowice Szopienice, at ul. Lwowska 23. The rental revenue in the 6-month period ended 30 June 2024 amounted to PLN 4 million.

16. Right-of-use assets

	6-month period ended 30 June 2024 *(unaudited)*			6-month period ended 30 June 2023 *(unaudited)*		
	Buildings and premises	Motor vehicles	Total	Buildings and premises	Motor vehicles	Total
COST						
Opening balance	**52**	**2**	**54**	**44**	**1**	**45**
Increase/(decrease) due to lease changes	–	–	**–**	2	–	**2**
Closing balance	**52**	**2**	**54**	**46**	**1**	**47**
ACCUMULATED DEPRECIATION						
Opening balance	**(41)**	**(1)**	**(42)**	**(31)**	**(1)**	**(32)**
Depreciation for the period	(4)	–	**(4)**	(6)	–	**(6)**
Closing balance	**(45)**	**(1)**	**(46)**	**(37)**	**(1)**	**(38)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**11**	**1**	**12**	**13**	**–**	**13**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**7**	**1**	**8**	**9**	**–**	**9**

(in PLN million)

17. Shares

17.1. Change in the status of shares

No.	Company	As at 30 June 2024 *(unaudited)*			As at 31 December 2023		
		Gross value	Impairment losses	Net value	Gross value	Impairment losses	Net value
	Consolidated subsidiaries						
1	TAURON Wytwarzanie S.A.	8 482	(8 482)	**–**	8 482	(8 482)	**–**
2	TAURON Ciepło Sp. z o.o.	1 928	(1 224)	**704**	1 928	(1 224)	**704**
3	TAURON Ekoenergia Sp. z o.o.	1 940	–	**1 940**	1 940	–	**1 940**
4	TAURON Zielona Energia Sp. z o.o.	600	–	**600**	600	–	**600**
5	TAURON Dystrybucja S.A.	10 512	–	**10 512**	10 512	–	**10 512**
6	TAURON Nowe Technologie S.A.	650	–	**650**	650	–	**650**
7	TAURON Sprzedaż Sp. z o.o.	614	–	**614**	614	–	**614**
8	TAURON Sprzedaż GZE Sp. z o.o.	130	–	**130**	130	–	**130**
9	Kopalnia Wapienia Czatkowice Sp. z o.o.	41	–	**41**	41	–	**41**
10	Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o.	90	(90)	**–**	90	(90)	**–**
11	TAURON Obsługa Klienta Sp. z o.o.	40	–	**40**	40	–	**40**
12	Finanse Grupa TAURON Sp. z o.o.	28	(24)	**4**	28	(24)	**4**
13	TAURON Inwestycje Sp. z o.o.	95	(95)	**–**	95	(95)	**–**
14	Other	5	–	**5**	5	–	**5**
	Joint ventures						
15	TAMEH HOLDING Sp. z o.o.	416	(212)	**204**	416	(212)	**204**
	Entities measured at fair value						
16	EEC Magenta Sp. z o.o. ASI spółka komandytowo–akcyjna	5	n.a.	**5**	5	n.a.	**5**
17	EEC Magenta Sp. z o.o. 2 ASI spółka komandytowo–akcyjna	44	n.a.	**44**	54	n.a.	**54**
18	ElectroMobility Poland S.A.	10	n.a.	**10**	10	n.a.	**10**
19	Other	7	n.a.	**7**	7	n.a.	**7**
	Total	**25 637**	**(10 127)**	**15 510**	**25 647**	**(10 127)**	**15 520**

17.2. Impairment tests

As at 30 June 2024, the analysis of indications of potential impairment of interests and shares in subsidiaries and joint ventures, as well as analyses in respect of the measurement of intra-group loans, were carried out. The analysis identified the following market events that may change the assumptions used in the impairment tests compared to the assumptions used in the impairment tests performed as at 31 December 2023, which may therefore affect the impairment assessment:

- the publication of amendment draft to the National Energy and Climate Plan (KPEiK), the key document for energy sector in Poland;
- progressive changes to the energy mix in Poland, primarily due to the dynamic increase in the share of RES in the generation subsector translating into:
  - an increase of electricity generation by wind power plants by 23.2% in the first half of 2024 compared to the first half of 2023;
  - an increase of electricity generation by other renewable energy sources (hydroelectric public power plants, other hydroelectric and other renewable including photovoltaic) by as much as 26.7% in the first half of 2024 compared to the first half of 2023;
  - an observable decline in electricity generation from conventional coal-fired sources, which amounted to 7.1% in the first half of 2024 compared to the first half of 2023;
  - significant changes in the electricity market affecting the structure and levels of electricity prices in the medium and long term and a noticeable increase in the frequency of negative prices;
- changes to the balancing market in force from 14 June 2024, where settlement in 15-minute periods has been introduced, a market-based process for the procurement of balancing services has been launched and mechanisms for the valuation of the operating reserve have been introduced;
- an increase in the share of electricity generation by renewable energy sources resulting in a change in the market price structure in the segment of current transactions;
- a decrease in the average electricity price on the SPOT market (average fixing, continuous quotes, RDS) from PLN 510.94/MWh in 2023 to PLN 373.88/MWh in the first half of 2024 (-27%);
- a decrease in the weighted average by volume of electricity price for the BASE (Y+1, according to Daily Settlement Rate - DKR) futures contract from PLN 641.95/MWh in 2023 to the level of PLN 461.94/MWh in the first half of 2024 (-28%);

- a decrease in the average price of coal in ARA ports in 2023 from the average of USD 126.54/Mg to the level of USD 109.17/Mg in the first half of 2024 (-13.7%);
- a decrease in the weighted average by volume of gas price for the BASE (Y+1, DKR) futures contract from PLN 267.72/MWh in 2023 to PLN 168.85/MWh in the first half of 2024 (-36.9%), leading to an increase in the competitiveness of electricity generation from this fuel and further elimination of coal-fired sources.

In connection with the above changes and the price decline levels, an adjustment in the forecasts occurred in relation to the assumptions made in the impairment tests carried out as at 31 December 2023 in the following scope:

- a decline in forecast average BASE electricity prices in the period 2024-2040 by an average of 13% relative to the assumptions adopted in the impairment tests at 31 December 2023;
- an increase in projected CO_2 prices for 2024-2040 by an average of 10.1% for EU ETS market contracts compared to the assumptions adopted in the impairment tests at 31 December 2023.
- a decline in forecast average coal prices for delivery in 2024-2040 by an average of 26% relative to the assumptions adopted in the impairment tests at 31 December 2023;
- a decline in projected average BASE gas prices in 2024-2040 by an average of 24.6% relative to the assumptions adopted in the impairment tests at 31 December 2023.

The revision of the above projections translated into a decrease in the forecast modelled margins for 2024-2040 of 52.3% on average for the 1 000 MW class unit compared to the assumptions used in the impairment tests as at 31 December 2023, and indicates a projection of negative margins for the 200 MW class from 2025 units by the end of the period under review.

The indications of impairment identified above demonstrated the need to carry out impairment tests on shares in the following companies:

- TAURON Ciepło Sp. z o.o.,
- TAURON Ekoenergia Sp. z o.o.,
- TAURON Zielona Energia Sp. z o.o.,
- TEC1 Sp. z o.o.

The shares in TAURON Wytwarzanie S.A. and TAURON Inwestycje Sp. z o.o. were written down to zero in previous reporting years and no indication of a reversal of the write-down is identified.

The identified impairment indicators do not apply to TAURON Dystrybucja S.A. shares due to the tariff model in place and the simultaneous lack of changes in the regulations of the Energy Regulatory Office (ERO), the approved tariff for 2024 has already been included in the tests carried out as of 31 December 2023. The impairment indicators identified and described above do not apply to the remaining shares in subsidiaries and joint ventures. With regard to the shares in the jointly controlled entity, TAMEH HOLDING Ltd. the Company has not identified any indications that would affect the assumptions used in the scenario analyses described in the financial statements for the year ended 31 December 2023.

Shares and intra-group loans account for approx. 87% of the balance sheet total as at the balance sheet day.

The recoverable amount of shares in subsidiaries and joint ventures is the value in use. The calculation method has been presented below.

Tests were conducted based on the current value of estimated cash flows from operations of the key entities, based on detailed projections up till 2033 and the estimated residual value, excluding power generating units for which detailed projections cover the entire period of their operation.

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

Key assumptions in the scope of tests performed as at 30 June 2024

The assumptions of prices, power balance and the level of electricity demand have been developed taking into account current market conditions updated in the full scope of years 2024-2045. Long-term market assumptions are consistent in terms of directions with existing government policy documents and the guidelines for their update: the National Energy and Climate Plan (KPEiK) and the Energy Policy of Poland until 2040 (PEP2024). The projected electricity prices result from long-term modelling using a 24-hour electricity market model. External sources and benchmarks were taken into account when updating the forecasts, mainly in terms of fuel and CO_2 prices.

(in PLN million)

Category	Description
Coal	For 2024, the forecast assumes a 37.3% decline in coal prices compared to the average PSCMI1 index price calculated for 2023. It results from the stabilising demand-supply situation in global coal markets, particularly at ARA ports supported by falling natural gas and LNG prices. An average decline in coal prices by 4.1% was assumed in the years 2025-2040. For this period, an assumption was made about declining demand, due to decreasing electricity generation from conventional sources and the need to take into account global trends in domestic coal price paths (coal mine closures were included, in line with the social contract setting deadlines for mine closures).
Electricity	The BASE electricity price forecast assumes a decrease of 33.6% for 2024 compared to the weighted average by volume price of the reference BASE contract (Y+1, DKR) achieved in 2023. In the period 2025-2040, the average BASE price is also 20.8% lower than the weighted average by volume of reference price achieved in 2023 (Y+1, DKR). The observed change in the structure of electricity generation and the increase in the share of RES affects reducing SPOT electricity prices and changing its profile on the wholesale market more than assumed in earlier long-term assumptions. In the forward market, projected BASE price levels take into account the costs of generation from high-efficiency conventional sources.
CO_2	In terms of pricing assumptions for the market of CO_2 emission allowances,, the EU ETS balance was reviewed and updated and the latest regulatory and legal changes were taken into account. External analyst surveys were taken into account so that the assumed price levels best reflect the market consensus. An upward trajectory for the prices of CO_2 allowances has been assumed in whole time frame of forecast. In the first three years, due to the observed economic downturn and short-term decline in CO_2 demand, the price was adjusted to current market level. In the period 2027-2040, CO_2 prices will increase by an average of 2.5% due to the maintenance of plans to meet ambitious climate goals and the extended operation of the Market Stability Reserve mechanism until 2030. CO_2 emission limits for heat generation have been adopted in line with the regulation of the Council of Ministers and adjusted by the level of free allowances.
Natural gas	In view of the observed stabilisation of the demand-supply situation on the global gas markets, a decrease of around 32.5% was assumed for the price in 2024 compared to the weighted average by volume of price of the reference BASE contract (Y+1, DKR) obtained in 2023. A further decline in gas prices by an average of 2.4% was assumed in the years 2025-2040. For the period concerned, assumptions were made about the long-term filling of the demand gap for the raw material in question in Europe through stable gas flows from the Norwegian Continental Shelf and LNG supplies. Poland will import via Gas through the Baltic Pipe and two LNG terminals (the FSRU terminal in Gdańsk is scheduled for commissioning in the 2027/2028 timeframe), resulting in a high correlation of gas prices in Poland with the European indices.
Capacity market	It is assumed that payments for capacity will be maintained until 2028 for existing coal-fired units which do not meet the EPS 550 criterion (for which the unit emission performance exceeds 550 kg/MWh). For units which concluded long-term contracts by 31 December 2019 and do not meet the EPS 550 criterion, maintaining of payments until the end of the contract effectiveness period has been assumed. In line with the agreement reached by the European Council of 17 October 2023 regarding the reform of the energy market model, it was assumed that a derogation would be introduced regarding the validity of CO_2 emission limits for units seeking support from the Capacity Market and consequently that the period of possible support for such units would be extended from June 2025 to the end of 2028. The projections assume revenues from the Capacity Market after 2025 as a consequence of extension of the support until the end of 2028. The revenue relates to five 200 MW class units at the Jaworzno III Branches, Łaziska and units at the Siersza and Łagisza Branches in the years 2025-2028. In addition, revenues from the Capacity Market have been assumed for unit 2 at Jaworzno II Branch in 2026-2027 and for unit 1 at Jaworzno II Branch in 2028. Moreover, three 200 class units, for which no capacity contract was assumed, were assigned to the role of reserve units, which entails these units receiving revenue for reserving, the amount of which depends on the availability of the Company's other units. The assumed average price over the extended period is PLN 322.65/kW, with an assumed price decrease of 22% y/y on average in subsequent years from 2027 onwards. For the extended operating period, it was assumed that the operation of the units would be determined by demand in the KSE (National Power System).
Economic lifetime of generating units	In TAURON Wytwarzanie S.A., the planned operating periods of the generating units have changed. With regard to the impairment tests of shares in subsidiaries and joint ventures and the analysis for the measurement of intragroup loans prepared as at 31 December 2023, the operation of unit 10 at Lagisza Power Plant was reduced and the operating periods of the non-centrally dispatched generating units at Jaworzno II Branch were changed. The list below shows the assumptions adopted for the impairment testing of shares in subsidiaries and joint ventures and the analysis in terms of the measurement of intra-group loans of the economic lives of the generating units: – Jaworzno II Power Plant - unit 1 (Biomass) by 2028, unit 2 by 2027, unit 3 by 2025; – Jaworzno III Power Plant - units 1, 2, 3, 4, 5 and 6 by the end of 2028; – Nowe Jaworzno Power Plant - unit 7 by 2040; – Łagisza Power Plant - unit 10 by 2029; – Łaziska Power Plant - units 9, 10, 11 and 12 by the end of 2028; – Siersza Power Plant - units 1 and 2 by the end of 2028. The reduced lifetime of unit 10 at the Łagisza Power Plant results from the following factors: – a significant reduction in the unit margin on electricity sales as a result of the update of price paths, resulting in the inability to generate positive financial results at the operating level; – termination in 2028 of support from the Capacity Market;

(in PLN million)

	– termination of the heat supply contract with TAURON Ciepło Sp. z o.o. at the end of 2029. (TAURON Group's investment plans assume the construction of a new source to take over the heating duties of the Łagisza power plant). The change in the operating hours of the Jaworzno II Branch was driven by the need to ensure heat supply to SCE Jaworzno III until the end of 2028 and the need to supply process steam for the 910 MW unit in Jaworzno. According to the current schedule for the implementation of the investment involving the construction of a new dedicated technological steam source for the indicated unit, it is assumed that the source will commence operation at the beginning of 2028. As at 30 June 2024, for the remaining generation companies, i.e. TAURON Ciepło Sp. z o.o., TAURON Ekoenergia Sp. z o.o., TAURON Zielona Energia Sp. z o.o., the following operating period has been assumed: – ZW Katowice, ZW Tychy, ZW Bielsko-Biała, ZW Local Heat Plants Area, ECI Generation: generation plants until 2049; – Hydroelectric power plants by 2072; Wind power plants and Photovoltaic power plants by 2055 (a change compared to the tests as at 31 December 2023 results from the commissioning of new power plants).
Regulatory system services	The projections assume a reform of the balancing market introduced by Polskie Sieci Elektroenergetyczne S.A. on 14 June 2024. Polskie Sieci Elektroenergetyczne S.A. acquires balancing capacity separately to increase and reduce power in the system. There are two modes of acquiring balancing capacity: 1. Basic (non-mandatory) mode - auction for balancing capacity on a daily basis in advance, participation by bidding for balancing capacity in aggregate form; 2. Supplementary mode (mandatory) - bidding for balancing capacity for each generating unit on preceding day (d-1); purchase of balancing capacity by PSE on day d as a supplement to the basic mode. The introduction of new services billed on market terms makes it possible to generate additional revenue at TAURON Wytwarzanie S.A. Their amount depends on the amount of demand from the Operator. The additional revenue from balancing capacity has been taken into account with the assumed utilisation of 30% of total upstream and downstream capacity, which translates, according to the planned lifetimes of the units, into average volumes of 1.7 TWh in the years 2025-2029 and 1.2 TWh in the years 2030-2040. During the derogation period in the scope of CO2 emission limits for units applying for support from the Capacity Market, an average price level of PLN 50/MWh was assumed for balancing capacity in the years 2026-2028, and subsequently an average price of PLN 75/MWh was assumed in the years 2029-2040.
Certificates of energy origin	The price path for certificates of energy origin and the obligatory redemption in the subsequent years have been adopted based on the provisions of the RES Act and the system balance forecast. The price forecast for green certificates assumes a decline of 51.2% for 2024 compared to the weighted average by volume price of the TGEozea index reached in 2023. Over the period 2025-2030, the price of green certificates is forecast to grow at an average annual rate of 13.5%. For blue certificates, a slight price increase of 0.3% was assumed for 2024 relative to weighted average of the TGEozebio index price created in 2023. Over the period 2025-2030, the price of blue certificates is forecast to decline by an average of 2.7% per year. The price of white certificates is forecast to increase by 13.6% in 2024 compared to annual average weighted average price formed in 2023. Over the period 2025-2030, the price of green certificates is forecast to grow at an average annual rate of 0.9%.
RES	With regard to the RES Area, existing support systems (certificate of origin scheme, auction scheme, FIT/FIP feed-in tariff system, guarantee of origin scheme) are taken into account, of which the certificate of origin scheme is the most significant. Within this system, for green energy, limited support periods were included, in line with the provisions of the RES Act defining mechanisms for granting the support for electricity generated from this type of sources. The support period was limited to 15 years counted from the moment of first injection to the grid of electricity eligible to receive the energy origin certificate.
Remuneration	An increase in wages was assumed, based on an increase in the minimum wage and adopted inflation rate with effect for the following years of the financial forecast.
WACC	A weighted average cost of capital (WACC) at a level of 7.94%-9.77% in nominal after-tax terms over the projection period for individual companies was assumed. The methodology for calculating the discount rate remained unchanged compared to the impairment test carried out as at 31 December 2023.

Results of impairment tests

The impairment tests carried out as at 30 June 2024 on the shares in the companies: TAURON Ciepło Sp. z o.o., TAURON Ekoenergia Sp. z o.o., TAURON Zielona Energia Sp. z o.o. and TEC1 Sp. z o.o. did not indicate any impairment of the carrying amount of the shares in subsidiaries.

Results of the analyses in the scope of the measurement of loans granted

The analyses conducted in the scope of financing granted to the subsidiaries, based on the subsidiaries' future cash flows, also demonstrated the rationality of reducing as at the balance sheet day, the carrying amount of a loan granted by the Company to TAURON Wytwarzanie S.A., constituting an instrument acquired with impairment due to credit risk in the amount of PLN 1 932 million.

(in PLN million)

18. Loans granted

	As at 30 June 2024 *(unaudited)*			As at 31 December 2023		
	Gross value	Impairment loss	Carrying amount	Gross value	Impairment loss	Carrying amount
Loans measured at amortized cost	**8 455**	**(52)**	**8 403**	**10 887**	**(52)**	**10 835**
Loans granted to subsidiaries	8 279	(28)	**8 251**	10 001	(35)	**9 966**
Loans granted under cash pool agreement	176	(24)	**152**	886	(17)	**869**
Loans measured at fair value	**1 818**	**n.a.**	**1 818**	**1 576**	**n.a.**	**1 576**
Loans granted to subsidiaries	1 370	n.a.	**1 370**	1 219	n.a.	**1 219**
Loans granted to EC Stalowa Wola S.A.	448	n.a.	**448**	357	n.a.	**357**
Total	**10 273**	**(52)**	**10 221**	**12 463**	**(52)**	**12 411**
Non-current	9 818	(27)	**9 791**	11 307	(34)	**11 273**
Current	455	(25)	**430**	1 156	(18)	**1 138**

18.1. Loans granted to subsidiaries

Company	Maturity date	As at 30 June 2024 *(unaudited)*				As at 31 December 2023			
		Outstanding principal and contractual interest accrued	Gross value	Impairment loss	Carrying amount	Outstanding principal and contractual interest accrued	Gross value	Impairment loss	Carrying amount
Loans measured at amortized cost		**12 151**	**8 279**	**(28)**	**8 251**	**11 957**	**10 001**	**(35)**	**9 966**
TAURON Wytwarzanie S.A.	2024-2030	4 879	1 134	–	**1 134**	4 881	3 068	–	**3 068**
TAURON Dystrybucja S.A.	2025-2029	5 774	5 727	(18)	**5 709**	5 452	5 395	(21)	**5 374**
TAURON Ciepło Sp. z o.o.	2024-2030	950	950	(8)	**942**	981	980	(11)	**969**
TAURON Ekoenergia Sp. z o.o.	2025	160	159	(1)	**158**	160	158	(1)	**157**
TAURON Obsługa Klienta Sp. z o.o.	2024-2025	186	186	(1)	**185**	226	226	(2)	**224**
TAURON Inwestycje Sp. z o.o.	2024-2033	79	–	–	**–**	83	–	–	**–**
TAURON Nowe Technologie S.A.	2024-2028	38	38	–	**38**	43	43	–	**43**
WIND T30MW Sp. o.o.	2024	31	31	–	**31**	35	35	–	**35**
Windpower Gamów Sp. z o.o.	2024	18	18	–	**18**	34	34	–	**34**
"MEGAWATT S.C." Sp. z o.o.		–	–	–	**–**	43	43	–	**43**
Other	2025-2026	36	36	–	**36**	19	19	–	**19**
Loans measured at fair value		**1 418**	**1 370**	**n.a.**	**1 370**	**1 136**	**1 219**	**n.a.**	**1 219**
"MEGAWATT S.C." Sp. z o.o.	2026-2038	385	407	n.a.	**407**	372	449	n.a.	**449**
WIND T30MW Sp. o.o.	2025-2038	272	254	n.a.	**254**	213	216	n.a.	**216**
Windpower Gamów Sp. z o.o.	2025-2038	270	250	n.a.	**250**	211	214	n.a.	**214**
FF Park PV1 Sp. z o.o.	2025-2034	158	148	n.a.	**148**	146	146	n.a.	**146**
WIND T4 Sp. z o.o.	2025-2038	139	128	n.a.	**128**	76	78	n.a.	**78**
WIND T2 Sp. z o.o.	2026-2034	62	58	n.a.	**58**	37	37	n.a.	**37**
AE ENERGY 7 Sp. z o.o.	2027-2032	53	48	n.a.	**48**	–	–	n.a.	**–**
TAURON Ekoenergia Sp. z o.o.	2024-2032	49	47	n.a.	**47**	48	44	n.a.	**44**
TAURON Ciepło Sp. z o.o.	2025-2034	30	30	n.a.	**30**	–	–	-	**–**
Energetyka Cieszyńska Sp. z o.o.*		n.a.	n.a.	n.a.	**n.a.**	33	35	n.a.	**35**
Total		**13 569**	**9 649**	**(28)**	**9 621**	**13 093**	**11 220**	**(35)**	**11 185**
Non-current			9 359	(27)	**9 332**		10 950	(34)	**10 916**
Current			290	(1)	**289**		270	(1)	**269**

** On 3 January 2024, the incorporation of Energetyka Cieszyńska Sp. z o.o. by TAURON Ciepło Sp. z o.o. was registered, as further discussed in note 2 of these interim condensed financial statements.*

The decrease in the carrying amount of the loan granted to the subsidiary, TAURON Wytwarzanie S.A. is the result of recognising the effects of the analyses performed as part of the impairment tests, which is described in more detail in note 17 of these interim condensed financial statements. As at the balance sheet date, the value of the loan is estimated on the basis of the Company's assumed repayment scenarios for the financing granted to TAURON Wytwarzanie S.A., taking into account the Company's projected future cash flows. As a result of the analysis, a loan impairment loss of carrying amount of PLN 1 932 million was recognised.

18.2. Loans to joint ventures

	As at 30 June 2024 *(unaudited)*		As at 31 December 2023		Maturity date	Interest rate
	Repayable principal amount and interest contractually accrued	Carrying amount	Repayable principal amount and interest contractually accrued	Carrying amount		
Loans granted to EC Stalowa Wola S.A.	747	448	726	357	30/06/2033	fixed
Total, of which:	**747**	**448**	**726**	**357**		
Non-current		448		357		

(in PLN million)

18.3. Loans granted under the cash pool service

In order to optimise cash and liquidity management, TAURON Group applies the cash pool service mechanism. Cash pooling is implemented under the agreement concluded with the bank for the operation of a cash management system for a group of accounts, with the effective term until 6 December 2024. As a result of the cash pool mechanism, cash is transferred between the accounts of the service participants and the pool leader's account whose function is performed by TAURON Polska Energia S.A.

Status of receivables generated as a result of cash pool transactions as at 30 June 2024 and 31 December 2023 is presented in the table below.

	As at 30 June 2024 *(unaudited)*			As at 31 December 2023		
	Gross value	Impairment loss	Carrying amount	Gross value	Impairment loss	Carrying amount
Receivables from cash pool transactions	175	(24)	**151**	881	(17)	**864**
Interest receivable from cash pool transactions	1	–	**1**	5	–	**5**
Total	**176**	**(24)**	**152**	**886**	**(17)**	**869**
Non-current	11	–	**11**	–	–	**–**
Current	165	(24)	**141**	886	(17)	**869**

Information concerning liabilities due to the cash pool service is presented in Note 28.5 of these interim condensed financial statements.

19. Derivatives and hedge accounting

Instrument	Methodology for determining the fair value	Status as at 30 June 2024 (*unaudited*)
Derivatives subject to hedge accounting		
IRS	The difference in discounted interest cash flows based on a floating interest rate and a fixed interest rate. The data input is the interest rate curve from the Refinitiv service.	IRS (Interest Rate Swap) instruments are used to hedge a portion of the interest rate risk on the cash flows associated with the exposure to WIBOR 6M designated under the dynamic risk management strategy, i.e: • interest on a loan with a nominal value of PLN 750 million, for periods commencing, respectively. from July 2020 and expiring in December 2024; • interest on bonds and a loan with a total nominal value of PLN 2 420 million, for periods beginning in December 2019 expiring successively until 2029. In accordance with the terms of the transaction, the Company pays interest accrued based on a fixed interest rate in PLN, while receiving payments at a floating interest rate in PLN.
Derivatives measured at a fair value through the profit and loss other than subject to hedge accounting		
CCIRS	The difference in the discounted interest cash flows of the stream paid and the stream received, in two different currencies, expressed in the valuation currency. The input data are interest rate curves, basis spreads and the NBP fixing for the relevant currencies from the Refinitiv service.	CCIRS (Coupon Only Cross Currency Swap fixed-fixed) derivatives involve an exchange of interest payments on the total notional amount of EUR 500 million. The transaction matures in July 2027. In accordance with the terms of the transaction, the Company pays interest accrued based on a fixed interest rate in PLN, while receiving payments at a fixed interest rate in EUR. CCIRS derivatives aimed at securing the currency flows generated by interest payments on Eurobonds issued.
Commodity forward/futures	The fair value of forward transactions for the purchase and sale of CO_2 emission allowances, electricity and other commodities is determined based on prices quoted in an active market or based on cash flows representing the difference between the price reference index (forward curve) and the contract price.	Commodity derivatives (futures, forward) comprise forward transactions for the purchase and sale of CO_2 emission allowances and other commodities.
Currency forward	The difference in discounted future cash flows between the forward price as at the valuation date and the transaction price, multiplied by the nominal value of the contract in foreign currency. The input date comprise the NBP fixing and the interest rate curve implied from the FX swap transaction for the relevant currency from the Refinitiv service.	FX forward derivatives comprise forward transactions aimed to hedge currency flows generated from operations.

(in PLN million)

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

	As at 30 June 2024 *(unaudited)*				As at 31 December 2023			
	Total		Charged to profit or loss	Charged to revaluation reserve from valuation of hedging instruments	Total		Charged to profit or loss	Charged to revaluation reserve from valuation of hedging instruments
	Assets	Liabilities			Assets	Liabilities		
Derivatives subject to hedge accounting								
IRS	**263**	**–**	25	238	**299**	**–**	28	271
Derivatives measured at fair value through profit or loss								
CCIRS	**–**	**(13)**	(13)	–	**–**	**(9)**	(9)	–
Commodity forwards/futures	**286**	**(290)**	(4)	–	**125**	**(125)**	–	–
Currency forwards	**1**	**(736)**	(735)	–	**17**	**(679)**	(662)	–
Total	**550**	**(1 039)**			**441**	**(813)**		
Non-current	180	(177)			149	(169)		
Current	370	(862)			292	(644)		

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

20. Other financial assets

	As at 30 June 2024 *(unaudited)*	As at 31 December 2023
Dividend receivables from TAMEH HOLDING Sp. z o.o.	32	32
Receivables arising from income tax settlements of the TCG companies	–	78
Bid bonds, deposits, collateral transferred	26	355
Other	5	1
Total	**63**	**466**
Non-current	33	33
Current	30	433

The decline in the amount of deposits, security deposits, collaterals transferred is mainly related to the partial return of the cash deposit transferred by the Company to Bank Gospodarstwa Krajowego ("BGK") to secure BGK's receivables under the loan agreement concluded on 8 March 2018 between the borrower, Elektrociepłownia Stalowa Wola S.A. and BGK and ORLEN S.A. (formerly: PGNiG S.A.), in connection with the recognition by BGK of a bank guarantee issued at the Company's request up to the amount of PLN 300 million (note 37) and a partial repayment of the loan by Elektrociepłownia Stalowa Wola S.A. As at 30 June 2024 and 31 December 2023, the amount of the deposit paid as security for the aforementioned loan agreement amounted to PLN 11 million and PLN 346 million, respectively. After the balance sheet date, on 3 July 2024, the remaining deposit amount of PLN 11 million was returned to the Company's account.

21. Other non-financial assets

	As at 30 June 2024 *(unaudited)*	As at 31 December 2023
Prepaid fee on debt	11	10
Other	15	10
Total	**26**	**20**
Non-current	18	17
Current	8	3

(in PLN million)

22. Deferred income tax

	As at 30 June 2024 *(niebadane)*	As at 31 December 2023
Deferred tax liabilities		
measurement of derivative instruments	55	24
valuation of hedging instruments	50	57
accrued interest and the valuation of loans granted	72	70
due to a different tax moment for recognizing revenues and costs of selling goods and services	5	1
other	14	17
Total	**196**	**169**
Deferred tax assets		
measurement of derivative instruments	197	151
accrued interest and the valuation of debt	52	48
provisions, accruals and deferred income	5	5
different timing of recognition of revenue and cost of sales for tax purposes	19	61
other	53	49
Total	**326**	**314**
Unrecognized deferred tax assets	(52)	(59)
Recognized deferred tax assets/(liabilities), net	**78**	**86**

23. Inventory

	As at 30 June 2024 (unaudited)		As at 31 December 2023	
	Gross Value	Carrying amount	Gross Value	Carrying amount
CO_2 emission allowances	57	57	12	12

24. Receivables from customers

	As at 30 June 2024 *(unaudited)*	As at 31 December 2023
Gross Value		
Receivables from buyers	1 133	2 497
Total	**1 133**	**2 497**
Allowance/write-down		
Receivables from buyers	(3)	(7)
Total	**(3)**	**(7)**
Net Value		
Receivables from buyers	1 130	2 490
Total	**1 130**	**2 490**

25. Dividend receivables

Dividend receivables of PLN 1 150 million result from the recognition of dividend income due from Group companies for which the dividend payment date fell after the balance sheet date. By the date of approval of these interim condensed financial statements for publication, the companies had repaid timely the receivables in the amount of PLN 1 140 million.

(in PLN million)

26. Cash and cash equivalents

	As at 30 June 2024 *(unaudited)*	As at 31 December 2023
Cash and cash equivalents presented in the statement of financial position, of which:	**124**	**484**
restricted cash, including:	82	201
collateral of settlements with Izba Rozliczeniowa Giełd Towarowych S.A.	*78*	*182*
cash on VAT bank accounts (split payment)	*4*	*19*
Cash pool	(3 481)	(750)
Collateral of settlements with Izba Rozliczeniowa Giełd Towarowych S.A.	(6)	(20)
Foreign exchange	(1)	(1)
Cash and cash equivalents presented in the statement of cash flows	**(3 364)**	**(287)**

The balances of short-term loans granted and borrowings incurred under cash pool transactions do not represent cash flows from investment or financial activities but constitute cash adjustments, since they mainly serve to manage the Group's current liquidity.

27. Equity

27.1. Share capital

Share capital as at 30 June 2024 *(unaudited)*

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

Shareholding structure as at 30 June 2024 and as at 31 December 2023 *(to the best of the Company knowledge)*

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

As at 30 June 2024, to the best of the Company knowledge, the value of share capital, the number of shares, the nominal value of shares and the shareholding structure, have not changed as compared to the status as at 31 December 2023.

On 10 May 2024, the Company received a notification from Helikon Investments Limited, London, according to which the financial instruments held by Helikon Long Short Equity Fund Master ICAV ("Helikon") on 9 May 2024 reached a number corresponding to more than 5% of the voting rights in the Company. In accordance with the notification received, as at 9 May 2024, Helikon held financial instruments authorising it to 7.2876% of the total number of votes in the Company, of which:

- 5.0012% of the total number of votes in the Company (87 648 415 votes) related to financial instruments other than shares (cash settled equity swaps),
- 2.2864% of the total number of votes (40 071 012 votes) related to the Company shares.

The derivative financial instruments listed above, other than shares, are not instruments issued by the Company. The Company does not identify any liabilities on its side related to these instruments.

(in PLN million)

27.2. Shareholder rights

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

27.3. Supplementary capital

	As at 30 June 2024 *(unaudited)*	As at 31 December 2023
Amounts from distribution of prior years profits	2 438	3 076
Total suplementary capital	**2 438**	**3 076**

On 3 June 2024, the Ordinary General Meeting of Shareholders of the Company adopted a resolution to cover the net loss of the Company for the financial year 2023 in the amount of PLN 638 million from the Company reserve capital.

As at the balance sheet day, the supplementary capital of the Company does not exceed the level of one-third of the Company share capital, i.e. PLN 2 921 million, therefore, it may be used to cover losses only.

27.4. Revaluation reserve from the measurement of hedging instruments

	6-month period ended 30 June 2024 *(unaudited)*	6-month period ended 30 June 2023 *(unaudited)*
Opening balance	**218**	**450**
Remeasurement of hedging instruments	(33)	(174)
Deferred income tax	6	33
Closing balance	**191**	**309**

The revaluation reserve from measurement of hedging instruments results from the measurement of Interest Rate Swap (IRS) instruments hedging the interest rate risk due to debt, which is discussed in more detail in Note 19 to these interim condensed financial statements. For the transactions concluded, the Company applies hedge accounting.

As at 30 June 2024, the Company recognised the amount of PLN 191 million of the revaluation reserve from the measurement of hedging instruments. This amount represents an asset on account of the measurement of IRS instruments as at the balance sheet day in the amount of PLN 263 million, adjusted by the portion of the measurement relating to debt interest accrued at the balance sheet day, including the deferred tax.

27.5. Retained earnings and restrictions on dividends

	As at 30 June 2024 *(unaudited)*	As at 31 December 2023
Financial result for the 6-month period ended 30 June 2024	(634)	–
Financial result for the year ended 31 December 2023	–	(638)
Restated result for the year ended 31 December 2020	338	338
Effects of implementing IFRS 9 Financial Instruments	(388)	(388)
Settlement of mergers with subsidiaries	81	81
Total retained earnings/ (accumulated losses)	**(603)**	**(607)**

27.6. Dividends paid and declared for payment

In the 6-month period ended 30 June 2024 and in the comparable period, the Company did not propose payment or paid any dividends to the shareholders of the Company.

(in PLN million)

28. Debt liabilities

	As at 30 June 2024 *(unaudited)*			As at 31 December 2023 *(restated figures)*		
	Long-term	Short-term	Total	Long-term	Short-term	Total
Bank loans	4 217	1 520	**5 737**	7 326	1 785	**9 111**
Unsubordinated bonds	3 900	234	**4 134**	3 915	210	**4 125**
Subordinated bonds	1 895	52	**1 947**	1 913	5	**1 918**
Cash pool loans received	–	3 646	**3 646**	–	1 636	**1 636**
Loan from the subsidiary	718	16	**734**	724	2	**726**
Lease	2	9	**11**	6	10	**16**
Total	**10 732**	**5 477**	**16 209**	**13 884**	**3 648**	**17 532**

28.1. Bank loans

Borrowing institution	Interest rate	Currency	Maturity date/ validity date	As at 30 June 2024 *(unaudited)*	As at 31 December 2023
Consortiums of banks	floating	PLN	2026-2027	–	2 567
Bank Gospodarstwa Krajowego	floating	PLN	2024	–	749
			2024-2033	1 003	1 001
European Investment Bank	fixed	PLN	2024	20	61
			2024-2027	89	103
			2025-2040	404	404
	floating		2025-2040	1 220	1 222
			2026-2041	1 225	1 226
Intesa Sanpaolo S.p.A.	floating	PLN	2024	770	772
SMBC BANK EU AG	fixed	PLN	2025	500	500
Erste Group Bank AG	floating	PLN	2026	506	506
Total				**5 737**	**9 111**

The Company has available loan agreements concluded in 2020 and 2022 with syndicates of banks, where the drawdown period of individual loan tranches may be lower than 12 months, however, the financing is revolving and the term of availability exceeds 12 months from the balance sheet date. The classification of the above financing is based on the timing of funding availability, i.e. the effective date of the contracts, which falls between 2026 and 2027.

The Company has an available revolving funding limit under its agreements with the syndicates of banks, up to the limits of:

- PLN 4 000 million by 2027;
- PLN 500 million by 2026.

As at the balance sheet date, the Company did not have a liability for borrowings under the above agreements.

In the 6-month period ended 30 June 2024, the Company performed the following transactions relating to bank loans (at a nominal value), excluding overdraft facilities:

Lender	6-month period ended 30 June 2024 *(unaudited)*	
	Drawdown	Repayment
Consortiums of banks	150	(2 710)
Bank Gospodarstwa Krajowego	250	(1 000)
European Investment Bank	–	(56)
Total, including:	**400**	**(3 766)**
Cash flows	400	(3 766)

After the balance-sheet date the Company performed drawdowns under available loans in the total amount of PLN 2 510 million and repaid tranches in the total amount of PLN 750 million.

Signing of the loan agreement

On 10 January 2024, the Company concluded a loan agreement with Bank Gospodarstwa Krajowego for the amount of PLN 750 million, to be repaid in the years 2027-2032. Under the agreement, the Company will be able to make drawdowns in a 2-year availability period and the loan can be disbursed in tranches in the availability period until 10 January 2026. Until the date of approval of these interim condensed financial statements for publication, the loan has not been disbursed.

(in PLN million)

Overdraft facilities

The Company has available funding limits under overdraft agreements:

- up to the amount of PLN 500 million with a maturity date of 2 October 2024, and
- up to the amount of EUR 4 million with a maturity date of 31 December 2024.

As at the balance sheet day, the Company did not have any debt due to overdraft facilities.

28.2. Bonds issued

Investor	Interest rate	Currency	Nominal value of bonds issued in currency	Maturity date	Carrying amount	
					As at 30 June 2024 *(unaudited)*	As at 31 December 2023
Bank Gospodarstwa Krajowego	floating, based on WIBOR 6M	PLN	500 420	2024-2028 2024-2029	501 421	501 421
A series bonds (TPE 1025)	floating, based on WIBOR 6M	PLN	1 000	2025	1 011	1 011
Eurobonds	fixed	EUR	500	2027	2 201	2 192
Unsubordinated bonds					**4 134**	**4 125**
Bank Gospodarstwa Krajowego	floating, based on WIBOR 6M	PLN	400	2031[2]	401	401
European Investment Bank	fixed1	EUR PLN PLN	190 400 350	2034[2] 2030[2] 2030[2]	781 408 357	775 396 346
Subordinated bonds					**1 947**	**1 918**
Total bonds					**6 081**	**6 043**

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

The Company additionally holds financing available under the subordinated bond issue scheme which was concluded in 2021 with Bank Gospodarstwa Krajowego up to the amount of PLN 450 million and was not used by the Company. On 6 September 2024, the Company concluded an annex to the aforementioned agreement extending the period allowing for the issue of subordinated bonds to 11 March 2025.

28.3. Debt agreement covenants

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

As at 30 June 2024, the *net debt/EBITDA* ratio amounted to 2.06, therefore the covenant was met.

28.4. Loan from subsidiary

The liability of the Company amounting to PLN 734 million (EUR 170 million) as at 30 June 2024 relates to the long-term loan received from the subsidiary, Finanse Grupa TAURON Sp. z o.o. under the agreement concluded between TAURON Polska Energia S.A. and the subsidiary, Finanse Grupa TAURON Sp. z o.o. (formerly TAURON Sweden Energy AB (publ)). The loan agreement in the amount of EUR 167 million was concluded in 2014 and bears interest at a fixed rate while the interest is paid annually until the full repayment of the loan. The repayment deadline of the loan falls on 29 November 2029.

28.5. Loans received under the cash pool service

As at 30 June 2024 and as at 31 December 2023, the Company had current liabilities on account of cash pool transactions amounting to PLN 3 646 million and PLN 1 636 million, respectively. The liability arises from the Group's cash pool service mechanism, which is described in more detail, including the presentation of receivables arising from cash pool transactions, in note 18.3 of these interim condensed financial statements.

(in PLN million)

28.6. Lease liabilities

The lease liability relates to the rental of office and warehouse premises, car rental and lease of parking spaces, as well as the right of perpetual usufruct of land.

Ageing of the lease liability

	As at 30 June 2024 *(unaudited)*	As at 31 December 2023
Within 1 year	9	10
Within 1 to 5 years	1	4
More than 5 years	5	7
Gross lease liabilities	**15**	**21**
Discount	(4)	(5)
Present value of lease payments	**11**	**16**

29. Other financial liabilities

	As at 30 June 2024 *(unaudited)*	As at 31 December 2023
Valuation of guarantees and financial sureties	20	26
Wages and salaries as well as other employee related liabilities	5	9
Bid bonds, deposits and collateral received	3	6
Liabilities arising from income tax settlements of the PGK companies	–	185
Other	16	14
Total	**44**	**240**
Non-current	4	6
Current	40	234

In accordance with IFRS 9 *Financial Instruments*, the Company measures guarantees and sureties issued in the amount of expected credit losses. Guarantees, sureties and other collaterals granted which constitute contingent liabilities of the Company are further described in note 37 of these interim condensed financial statements.

30. Liabilities to suppliers

	As at 30 June 2024 *(unaudited)*	As at 31 December 2023
Liabilities to subsidiaries, including:	373	672
TAURON Wytwarzanie S.A.	*241*	*427*
TAURON Ekoenergia Sp. z o.o.	*64*	*73*
TAURON Sprzedaż Sp. z o.o.	*25*	*21*
TAURON Sprzedaż GZE Sp. z o.o.	*14*	*3*
TAURON Ciepło Sp. z o.o.	*9*	*127*
Other subsidiaries	*20*	*21*
Liabilities to other suppliers	222	307
Total	**595**	**979**

31. Other current non-financial liabilities

	As at 30 June 2024 *(unaudited)*	As at 31 December 2023
VAT	206	680
Liabilities due to write-down for the Price Difference Payment Fund	–	317
Social security	4	7
Other	3	1
Total	**213**	**1 005**

(in PLN million)

32. Other provisions, accruals and governmental subsidies

	As at 30 June 2024 *(unaudited)*	As at 31 December 2023
Accruals and governmental subsidies, including:	34	24
Accruals due to bonuses and salary changes	*9*	*9*
Provision for post-employment employee benefits	7	7
Other provisions	5	4
Total	**46**	**35**
Non-current	8	8
Current	38	27

EXPLANATORY NOTES TO THE INTERIM CONDENSED STATEMENT OF CASH FLOWS

33. Significant items of the interim condensed statement of cash flows

33.1. Cash flows from operating activities

Change in working capital

	6-month period ended 30 June 2024 *(unaudited)*	6-month period ended 30 June 2023 *(unaudited)*
Change in receivables	1 686	532
Change in inventories	(45)	7
Change in payables excluding loans	(1 171)	(2 062)
Change in other non-current and current assets	(4)	583
Change in deferred income, government grants and accruals	10	7
Change in provisions	1	(279)
Change in collaterals transferred to IRGiT	14	467
Change in working capital	**491**	**(745)**

33.2. Cash flows from investment activities

Loan granting

	6-month period ended 30 June 2024 *(unaudited)*	6-month period ended 30 June 2023 *(unaudited)*
Loans granted to companies:		
TAURON Dystrybucja S.A.	(300)	–
WIND T4 Sp. z o.o.	(75)	(19)
WIND T30MW Sp. z o.o.	(68)	(124)
Windpower Gamów Sp z o.o.	(65)	(79)
AE ENERGY 7 Sp. z o.o.	(64)	–
Wind T2 Sp. z o.o.	(28)	–
FF Park PV 1 Sp. z o.o.	(10)	(90)
"MEGAWATT S.C." Sp. z o.o.	–	(94)
TAURON Obsługa Klienta Sp. z o.o.	–	(50)
Change in cash pool loans granted to subsidiaries	(11)	–
Total	**(621)**	**(456)**

(in PLN million)

33.3. Cash flows from financial activities

Loans and borrowings repaid

	6-month period ended 30 June 2024 *(unaudited)*	6-month period ended 30 June 2023 *(unaudited)*
Repayment tranches of loans:		
Consortiums of banks	(2 710)	(4 140)
Bank Gospodarstwa Krajowego	(1 000)	–
European Investment Bank	(56)	(56)
Total	**(3 766)**	**(4 196)**

Interest paid

	6-month period ended 30 June 2024 *(unaudited)*	6-month period ended 30 June 2023 *(unaudited)*
Interest paid in relation to loans and borrowings	(224)	(279)
Interest paid in relation to debt securities	(42)	(46)
Total	**(266)**	**(325)**

Borrowings

	6-month period ended 30 June 2024 *(unaudited)*	6-month period ended 30 June 2023 *(unaudited)*
The launch of financing under loan agreements:		
Bank Gospodarstwa Krajowego	250	750
Banks Consortium	150	2 440
European Investment Bank	–	1 200
Total	**400**	**4 390**

(in PLN million)

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

34. Financial instruments

Categories and classes of financial assets	As at 30 June 2024 *(unaudited)*		As at 31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
1 Financial assets measured at amortized cost	**10 727**	**10 749**	**13 767**	**13 761**
Receivables from buyers	1 130	1 130	2 490	2 490
Loans granted to subsidiaries	8 251	8 273	9 966	9 960
Loans granted under cash pool agreement	152	152	869	869
Dividend receivables	1 182	1 182	32	32
Other financial assets	12	12	410	410
2 Financial assets measured at fair value through profit or loss (FVTPL)	**2 314**	**2 314**	**2 302**	**2 302**
Derivative instruments	287	287	142	142
Long-term shares	66	66	76	76
Loans granted to subsidiaries and jointly-controlled entities	1 818	1 818	1 576	1 576
Other financial assets	19	19	24	24
Cash and cash equivalents	124	124	484	484
3 Derivative hedging instruments	**263**	**263**	**299**	**299**
4 Financial assets excluded from the scope of IFRS 9 Financial Instruments	**15 444**		**15 444**	
Shares in subsidiaries	15 240		15 240	
Shares in jointly-controlled entities	204		204	
Total financial assets, of which in the statement of financial position:	**28 748**		**31 812**	
Non-current assets	**25 514**		**26 975**	
Shares	15 510		15 520	
Loans granted	9 791		11 273	
Derivative instruments	180		149	
Other financial assets	33		33	
Current assets	**3 234**		**4 837**	
Receivables from buyers	1 130		2 490	
Dividend receivables from subsidiaries	1 150		–	
Loans granted	430		1 138	
Derivative instruments	370		292	
Other financial assets	30		433	
Cash and cash equivalents	124		484	

Categories and classes of financial liabilities	As at 30 June 2024 *(unaudited)*		As at 31 December 2023 *(restated figures)*	
	Carrying amount	Fair value	Carrying amount	Fair value
1 Financial liabilities measured at amortized cost	**16 837**	**16 641**	**18 735**	**18 563**
Arm's length loans, of which:	10 117	10 071	11 473	11 446
Bank loans	5 737	5 741	9 111	9 123
Liability under the cash pool loan	3 646	3 646	1 636	1 636
Loans from the subsidiary	734	684	726	687
Bonds issued	6 081	5 931	6 043	5 898
Liabilities to suppliers	595	595	979	979
Other financial liabilities	44	44	240	240
2 Financial liabilities measured at fair value through profit or loss (FVTPL)	**1 039**	**1 039**	**813**	**813**
Derivative instruments	1 039	1 039	813	813
3 Financial liabilities excluded from the scope of IFRS 9 Financial Instruments	**11**		**16**	
Liabilities under leases	11		16	
Total financial liabilities, of which in the statement of financial position:	**17 887**		**19 564**	
Non-current liabilities	**10 913**		**14 059**	
Debt	10 732		13 884	
Derivative instruments	177		169	
Other financial liabilities	4		6	
Current liabilities	**6 974**		**5 505**	
Debt	5 477		3 648	
Liabilities to suppliers	595		979	
Derivative instruments	862		644	
Other financial liabilities	40		234	

(in PLN million)

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

Classes of financial assets/liabilities	Level of the fair value hierarchy	Methodology for determining the fair value
Financial assets/liabilities measured at a fair value		
Derivatives, including: IRS and CCIRS Forward FX contracts Commodity contracts (forward, futures)	 2 2 1	Financial derivative instruments were measured in accordance with the methodology described in Note 19 to this interim condensed financial statements.
Shares	3	As a rule, the Company estimates the fair value of its shares in companies other than subsidiaries, jointly controlled entities and associates, not listed on active markets using the adjusted net assets method, taking into account its share in net assets and adjusting the value for significant factors affecting the valuation, such as such as discount for lack of control and discount for limited liquidity of the above instruments. In justified cases, the Company may adopt the historical cost as an acceptable approximation of the fair value of shares, when, in the Company's opinion, the key factors affecting the value of the shares have not changed as of the balance sheet date compared to the moment of initial recognition.
Loans granted to subsidiaries	2	The fair value of loans granted to subsidiaries classified as assets measured at fair value was measured as the present value of future cash flows generated in accordance with the repayment schedule by a given loan, discounted at the currently applicable interest rate.
Loans granted to joint venture	3	The fair value of loans granted to the joint venture was measured as the present value of future cash flows, which include an estimate of the cash flows that will be generated by the borrower in the future. The discount rate is based on the cost of equity capital expected for the business profile of the borrower.
Assets/ financial liabilities for which the fair value is disclosed		
Credits, loans and bonds issued	2	Fixed interest rate debt liabilities were measured at a fair value. The fair value measurement was performed as the present value of future cash flows discounted by the currently applicable interest rate for the specific bonds, loan or credit facility, i.e. applying market interest rates.
Loans granted to subsidiaries	2	The fair value of loans granted to subsidiaries classified as measured at amortized cost was generally measured as the present value of future cash flows generated in accordance with the repayment schedule by a given loan, discounted using the interest rate currently applicable to a given borrower.
	3	In justified cases, the Company allow fair value as closed to carry value, due to the carry value take in to account discounted future cash flows as at the balce sheet day (loans granted to subsidiaries of TAURON Wytwarzanie S.A. and TAURON Inwestycje Sp. z o. o.)

The fair value of other financial instruments as at 30 June 2024 and 31 December 2023 (except from those excluded from the scope of IFRS 9 *Financial instruments*) did not differ considerably from the figures presented in the financial statements for the following reasons:

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

Shares in subsidiaries and jointly-controlled entities excluded from the scope of IFRS 9 *Financial Instruments* are measured at cost less any impairment allowances.

35. Objectives and principles of financial risk management

The objectives and principles of financial risk management have not changed compared to 31 December 2023.

As at 30 June 2024, the Company had hedging transactions covered by the financial risk management policy concluded with the purpose of hedging the interest flows associated with debt. For the transactions concluded, the parent company applies hedge accounting. The accounting recognition of the hedging transactions described above is further described in Note 19 to these interim condensed financial statements.

(in PLN million)

36. Finance and capital management

Finance and capital management is carried out at the level of TAURON Polska Energia S.A. Capital Group. In the period covered by these interim condensed financial statements, no significant changes in the objectives, principles and procedures of capital and finance management occurred.

In the Company's opinion, the occurrence of negative net working capital as at the balance sheet date does not generate a liquidity risk, given that the Company has funding available under the concluded contracts, as further described in note 28 of these interim condensed financial statements.

OTHER INFORMATION

37. Contingent liabilities

As at 30 June 2024 and as at 31 December 2023, the contingent liabilities of the Company mainly resulted from the collaterals and guarantees granted to related parties and included:

Type of contingent liability	Company in respect of which contingent liability has been granted	Beneficiary	Validity	As at 30 June 2024 *(unaudited)*	As at 31 December 2023
Corporate guarantees	Finanse Grupa TAURON Sp. z o.o.	Private placement investors	3.12.2029	725	730
	TAURON Czech Energy s.r.o.	ČEZ a.s.	31.01.2025	13	13
Liability arising from a bank guarantee issued to a jointly-controlled entitie	Elektrociepłownia Stalowa Wola S.A.	Bank Gospodarstwa Krajowego	11.03.2025	300	50
Registered pledges and financial pledge of shares in TAMEH HOLDING Sp. z o.o.	TAMEH Czech s.r.o. TAMEH POLSKA Sp. z o.o.	RAIFFEISEN BANK INTERNATIONAL AG	31.12.2028	204	204
Sureties granted	Elektrociepłownia Stalowa Wola S.A.	Bank Gospodarstwa Krajowego	11.03.2025	54	–
			30.12.2024	7	7
	various subsidiaries	various entities	30.04.2025-23.11.2025	44	46
Liabilities arising from bank guarantees issued to subsidiaries	various subsidiaries	various entities	30.06.2024-28.07.2029	48	143
Blank promissory note with a promissory note declaration*	TAURON Wytwarzanie S.A.	Regional Fund for Environmental Protection and Water Management in Katowice	28.02.2025	40	40
Comfort letter	TAURON Czech Energy s.r.o.	PKO BP S.A., Czech Branch	31.12.2024	21	32

* *In 2010, the company issued a blank promissory note with a promissory note declaration to secure a loan agreement received by the subsidiary from the Regional Environmental Protection and Water Management Fund in Katowice. As at 30 June 2024, the remaining outstanding portion of the loan, amounting to PLN 2 million, is subject to a conditional redemption procedure. The security established will expire upon settlement of the conditional loan remission.*

The most significant items of contingent liabilities include:

- The corporate guarantee granted in 2014 to secure the bonds of Finanse Grupa TAURON Sp. z o.o. (the so-called NSV). The guarantee shall be effective until 3 December 2029, i.e. the redemption date of the bonds and amounts to EUR 168 million (PLN 725 million), while the beneficiaries of the guarantee are the private placement investors who purchased the bonds issued. In connection with the guarantee issued, the Company recognised a liability in the amount of expected credit losses, which amounted to PLN 10 million and PLN 17 million, respectively, as at 30 June 2024 and 31 December 2023 (Note 29).

- The registered pledge and the financial pledge established under the agreement concluded in 2015 on the shares held, representing 50% of the shares in the share capital of TAMEH HOLDING Sp. z o.o., in favour of RAIFFEISEN BANK INTERNATIONAL AG. The registered pledges are pledges with the highest priority of satisfaction on shares up to the highest amount of security in the amount of CZK 3 950 million and PLN 1 370 million, respectively. The agreement for the establishment of registered pledges and financial pledges was concluded in order to secure the transaction involving the agreement for term and working capital loans, which was concluded between TAMEH Czech s.r.o. and TAMEH POLSKA Sp. z o.o. as the original borrowers, TAMEH HOLDING Sp. z o.o. as the parent company and guarantor and RAIFFEISEN BANK INTERNATIONAL AG as the agent and collateral agent. The registered pledges are valid in the collateral period, i.e. until the total repayment or until release of the pledge by the pledgee. The financial pledge is valid throughout the period of the collateral period or until release by the pledgee, however, not later than on 31 December 2028.

  As at 30 June 2024, the carrying amount of the shares in TAMEH HOLDING Sp. z o.o. is PLN 204 million.

- A liability resulting from the issuance of a bank guarantee on behalf of the Company up to PLN 300 million and a surety granted up to a maximum amount of PLN 54 million to secure BGK's receivables under the loan agreement concluded on 8 March 2018 between the borrower, Elektrociepłownia Stalowa Wola S.A., and BGK and ORLEN S.A. (formerly: PGNiG S.A.), with the effectiveness of the collaterals until 11 March 2025. In connection with the guarantee issued, the Company recognised a liability in the amount of expected credit losses, which amounted to PLN 8 million as at 30 June 2024 (Note 29). In the comparable period, BGK's receivables were secured by a bank guarantee of up to PLN 50 million and the recognised liability in the amount of expected credit losses totalled PLN 2 million.

After the balance sheet date, on 1 August 2024, the Company granted a surety of up to PLN 212 million for the liabilities of its subsidiary, TAURON Zielona Energia Sp. z o.o. in connection with the subsidiary's conclusion of a subsidy agreement in the form of a loan with the National Fund for Environmental Protection and Water Management, with the term of the surety from 1 August 2024 to 31 March 2039.

Significant items of the Company's contingent liabilities due to court proceedings and concluded agreements:

Claims related to termination of long-term contracts
Claims relating to termination of long-term contracts against subsidiary Polska Energia - Pierwsza Kompania Handlowa Sp. z o.o.
In 2015, companies belonging to the Polenergia and Wind Invest groups filed a case against Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. to declare notices of termination of agreements submitted by Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. with regard to electricity purchase and property rights concluded with these companies ineffective. In the course of court proceedings, plaintiffs extend their scope raising claims for damages and contractual penalty claims related to contract termination.
As at the date of approval of these interim condensed financial statements for publication, the amount of damages claimed in the lawsuits amounts to: Polenergia Group companies - PLN 136 million (including Amon Sp. z o.o. - PLN 90 million, Talia Sp. z o.o.- PLN 46 million); Wind Invest group companies - PLN 574 million.
In the case filed by Amon Sp. z o.o. and Talia Sp. z o.o., partial and preliminary judgements were issued (judgement of 25 July 2019 in the Amon Sp. z o.o. lawsuit and judgement of 6 March 2020, supplemented by the court on 8 September 2020 in the Talia Sp. o.o. lawsuit), in which the courts determined that the statements of Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. on termination of long-term agreements concluded between Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. and Amon Sp. z o.o. and those concluded between Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. and Talia Sp. z o.o. for the purchase of electricity and property rights resulting from certificates of origin are ineffective and do not produce legal effect in the form of termination of both agreements, as a result of which the agreements after the notice period, i.e. after 30 April 2015, remain in force in respect of all provisions and are binding on the parties. Moreover, the courts also recognised the claims of Amon Sp. z o.o. and Talia Sp. z o.o. for payment of damages justified as to the merits, without, however, prejudging the amount of potential damages. Polska Energia-Pierwsza Kompania Handlowa sp. z o.o. filed a complaint against the judgments. In both the Amon Sp. z o.o. and Talia Sp. z o.o. actions, the Courts of Appeals dismissed the appeals of the company Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. The judgements of the Courts of Appeals, and consequently the judgements issued by the courts of first instance, are final. These judgements do not award any damages from Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. to the claimants. Disagreeing with the judgements of the Courts of Appeals, Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. filed cassation complaints in both cases. In the case brought by Talia Sp. z o.o., the Supreme Court accepted the cassation appeal for hearing on 28 February 2023. On 29 September 2023, a three-judge Supreme Court hearing was held, but no ruling was issued and the proceedings were adjourned without indicating a date. In the case brought by Amon Sp. z o.o., The Supreme Court accepted the case for hearing on 26 September 2023. The proceedings in the Amon Sp. z o.o. claim were suspended at the concerted request of the parties by order of 15 May 2024.
The above-mentioned final, partial and preliminary judgements in the Talia Sp. z o.o. and Amon Sp. z o.o. lawsuits do not change the Group's assessment that the chances of ultimately losing the case for damages in favour of Talia Sp. z o.o. and Amon Sp. z o.o. are not higher than the chances of winning it, and therefore no provision is created for the related costs.
On 31 March 2023, Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. filed a lawsuit for payment against Amon Sp. z o.o. with the Regional Court in Gdańsk. The subject matter of the claim is the payment by Amon Sp. z o.o. to Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. the total amount of PLN 62 million, including statutory interest for delay and legal costs, consisting of a demand for payment of contractual penalties in the amount of PLN 56 million, calculated on the basis of an agreement for the sale of property rights resulting from certificates of origin which confirm the generation of electricity in a renewable energy source - Wind Farm in Łukaszów, and a demand for payment of compensation in the amount of PLN 6 million for failure to perform the agreement for the sale of electricity generated in a renewable energy source - Wind Farm in Łukaszów, concluded between Amon Sp. z o.o. and Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. on 23 December 2009. The filing of the lawsuit by Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. results from the fact that after the date of the judgement of the Court of Appeals in Gdańsk, i.e. after 17 November 2022 dismissing the appeal of Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o, Amon Sp. z o.o., despite being summoned by Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o., has not fulfilled the obligation resulting from the final judgement by entering into the above-mentioned contracts with Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. Pursuant to the decision of 2 May 2023, the Regional Court in Gdańsk decided to leave the claim of Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. without further proceedings. Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. has taken and plans to take further legal action against this court decision, which the company believes was issued without legal basis. None of the rules of civil procedure provides for leaving a properly filed and paid claim, from which a demand for the resolution of a dispute of a civil nature is expressly made, without any further action being taken. Pending proceedings. The Court of Appeals upheld the complaint of Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o., as a result of which the Court of First Instance will be obliged to justify its order holding the company's action without proceeding, while the company will then consider challenging this decision by way of a complaint.
On 28 December 2023, Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. filed a lawsuit against Talia Sp. z o.o. before the Regional Court in Warsaw for payment of a total amount of PLN 75 million with statutory interest for delay. This amount includes contractual penalties in relation to the contract for the sale of so-called green certificates, in the total amount of PLN 42 million for Talia Sp. z o.o.'s failure to transfer property rights obtained in connection with the production of electricity from June 2019 to April 2023. The amount claimed also includes contractual indemnity in respect of the electricity sales contract, in the total amount of PLN 33 million for the damage suffered due to the failure to sell electricity to Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. in the period from 21 December 2021 to 30 April 2023. The claims

of Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. are related to the non-performance of contracts by Talia Sp. z o.o. despite the final judgement of the Court of Appeals of 20 December 2021. A copy of the lawsuit has not yet been served on Talia Sp. z o.o.

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

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

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

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

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

As at the date of approval of these interim condensed financial statements for publication, the damages claimed in the lawsuits amount to: Polenergia Group companies - PLN 180 million, Wind Invest group companies - PLN 373 million.

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

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

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

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

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

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

To the best of the Group's knowledge, Polskie Elektrownie Jądrowe Sp. z o.o. has not acknowledged the claims filed against it and considers potential adjudication by the court to be unlikely. The Company has not recognised any provisions in relation to the above events.

Claims filed by Huta Łaziska S.A.

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

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

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

(in PLN million)

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

Case filed by ENEA S.A.

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

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

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

38. Collaterals for repayment of liabilities

As part of its operations, the Company uses a number of instruments to hedge its own liabilities under the concluded agreements and transactions. The main types of collateral, in addition to the collateral for the Group's transactions concluded on the Polish Power Exchange, described due to their materiality later in this note, are presented below.

	As at 30 June 2024 *(unaudited)*	As at 31 December 2023
Declarations of submission to enforcement	16 614	18 119
Bank account mandates	1 670	1 670
Bank guarantees	64	66
Blank promissory notes	4	4

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

Type of collateral	Description
Declaration of submission to enforcement	On 15 June 2023, a declaration of submission to enforcement was signed by the Company to secure the obligations of the Company to Izba Rozliczeniowa Giełd Towarowych S.A. ("IRGiT") up to the amount of PLN 6 000 million, with the effective term until 30 June 2027. The liabilities of the subsidiary, TAURON Wytwarzanie S.A. to the IRGiT were secured by a declaration of submission to enforcement signed by TAURON Wytwarzanie S.A. up to the amount of PLN 2 000 million, with the effective term by 30 June 2025.
Bank guarantees	As at 30 June 2024 and 31 December 2023, bank guarantees totalling PLN 101 million and PLN 280 million, respectively, were in force. After the balance sheet date, annexes to bank guarantees were issued to the IRGiT as security for the Company liabilities. As at the date of approval of these interim condensed financial statements for publication, bank guarantees in the total amount of PLN 94 million are in force, with the validity dates falling maximum until 9 October 2024.
Agreement for setting off the margins	Pursuant to the Agreement defining the principles for the establishment of financial collateral concluded with the IRGiT, TAURON Group applies a mechanism for setting off the margins. In terms of the transactions performed, the margins required by the IRGiT are calculated against the positions offset within the Group, which translates into the reduction in the funds involved on a Group-wide basis in maintaining the collateral required by the IRGiT.
Transfer of CO_2 emission allowances	As at 30 June 2024, the Group had deposited CO_2 emission allowances in the total amount of 1 473 000 tonnes in the IRGiT account to secure the Company's obligations in respect of security deposit payments due, including CO_2 emission allowances owned by: – the Company in the amount of 368 000 tonnes and – the subsidiary, TAURON Wytwarzanie S.A. in the amount of 1 105 000 tonnes transferred under the above-described agreement defining the principles of establishing financial security for the Group and the agreement concluded between the Company and the subsidiary, TAURON Wytwarzanie S.A. After the balance sheet date, on 3 September 2024, the CO2 emission allowances of 340,000 tonnes owned by the Company were returned to the Company's account and are no longer the subject of the assignment.

(in PLN million)

39. Investment liabilities

As at 30 June 2024 and as at 31 December 2023 the Company did not have any material investment liabilities.

40. Related party disclosures

40.1. Transactions with related parties and State Treasury companies

The Company enters into transactions with related parties, as presented in Note 2 to these interim condensed financial statements. In addition, due to the fact that the State Treasury of the Republic of Poland is the Company's majority shareholder, State Treasury companies are treated as related parties. Transactions with State Treasury companies are mainly related to the operating activities of the Company and are made on an arm's length terms.

The total value of transactions with the aforementioned entities and the balances of receivables and liabilities have been presented in the tables below.

Revenues and costs

	6-month period ended 30 June 2024 *(unaudited)*	6-month period ended 30 June 2023 *(unaudited)*
Revenue from subsidiaries	**10 673**	**18 838**
Revenue from operating activities	8 880	17 904
Dividend income	1 336	443
Other finance income	457	491
Revenue from jointly-controlled entities	**193**	**124**
Revenue from State Treasury companies	**328**	**324**
Costs from subsidiaries	**(3 327)**	**(2 707)**
Costs of operating activities	(3 243)	(2 624)
Finance costs	(84)	(83)
Costs incurred with relation to transactions with jointly-controlled entities	**(328)**	**(164)**
Costs from State Treasury companies	**(215)**	**(530)**

Receivables and liabilities

	As at 30 June 2024 *(unaudited)*	As at 31 December 2023
Loans granted to subsidiaries and receivables from subsidiaries	**15 863**	**16 373**
Loans granted to subsidiaries	13 520	13 033
Loans granted under cash pool agreement	176	886
Receivables from buyers	1 016	2 359
Dividend receivables	1 150	−
Receivables arising from the TCG	−	78
Other financial assets	1	17
Loans granted to jointly-controlled entities and receivables from jointly-controlled entities	**782**	**760**
Receivables from State Treasury companies	**68**	**92**
Liabilities to subsidiaries	**4 746**	**3 208**
Loans received under cash pool services	3 635	1 621
Loans from the subsidiary	734	726
Liabilities to suppliers	373	672
Liabilities arising from the Tax Capital Group	−	185
Other financial liabilities	−	4
Other non-financial liabilities	4	−
Liabilities to jointly-controlled entities	**69**	**38**
Liabilities to State Treasury companies	**54**	**47**

The loans and receivables presented in the table above represent values before write-offs for expected credit losses or the measurement to the fair value.

(in PLN million)

Revenues from subsidiaries presented in the table include revenues from the sale of coal to TAURON Ciepło Sp. z o.o., which are presented in the statement of comprehensive income, net of acquisition costs, at the surplus value representing intermediation fees.

In the 6-month period ended 30 June 2024, the revenues from State Treasury companies resulted mainly from transactions executed by the Company with the Polskie Sieci Elektroenergetyczne S.A. and KGHM Polska Miedź S.A. (79% of total revenue from state-owned companies).

In the scope of costs incurred in connection with transactions with the State Treasury companies in the 6-month period ended 30 June 2024, the largest counterparties of TAURON Polska Energia S.A. included Polska Grupa Górnicza S.A., Polskie Sieci Elektroenergetyczne S.A. and Południowy Koncern Węglowy S.A. (90% of the total costs incurred in purchase transactions with the State Treasury companies).

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

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

40.2. Remuneration of the executives

The amount of compensation and other benefits paid or payable to the Management Board, Supervisory Board and other key executives of the Company in the period of six months ended 30 June 2024 and in the comparative period is presented in the table below.

	6-month period ended 30 June 2024 *(unaudited)*	6-month period ended 30 June 2023 *(unaudited)*
Management Board	**4**	**8**
Short-term benefits (with surcharges)	2	7
Temination benefits	2	1
Other key management personnel	**10**	**7**
Short-term employee benefits (salaries and surcharges)	8	7
Temination benefits	1	–
Other	1	–
Total	**14**	**15**

The table above takes into account the amounts paid and payable by 30 June 2024. In accordance with the accounting policy adopted, the Company recognises the provisions for benefits on account of termination of management contracts due to members of the Management Board and other key management personnel that may be paid or due in subsequent reporting periods.

There are no transactions in the Company in respect of loans from the Company Social Benefits Fund (ZFŚS) granted to members of the Management Board, members of the Supervisory Board and other members of the key management staff.

41. Other material information

Impact of the aggression of the Russian Federation against Ukraine on the current and future activities of TAURON Group

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

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

In the TAURON Group's assessment, the indirect consequence of the war that affected or could have affected TAURON Group in the 6-month period ended 30 June 2024 is the extension to the first and second half of 2024 of national regulations aimed at limiting increases in end-user electricity prices.

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

Information on the exposure in the joint venture, TAMEH HOLDING Sp. z o.o.

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

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

On 14 December 2023, an insolvency petition was filed by TAMEH Czech s.r.o. with the competent Court in Ostrava. On 22 December 2023, the Company became aware that the Ostrava District Court had issued a decision on 19 December 2023 declaring TAMEH Czech s.r.o. insolvent. The filing of the insolvency petition by TAMEH Czech s.r.o. is due to the failure of Liberty Ostrava a.s., which is the sole customer of TAMEH Czech s.r.o., to pay its debts to the company.

On 2 January 2024, the Company's Representative, in the presence of the bailiff recording the act of service, left at the registered office of the ArcelorMittal Group's lead shareholder, i.e. AM Global Holding S.à r.l. with its registered office in the Grand Duchy of Luxembourg (the "Lead Shareholder") a declaration that the Company had accepted the Lead Shareholder's offer to purchase 3 293 403 shares in TAMEH Holding Sp. z o.o, which is a joint venture between the Company and the ArcelorMittal Group, for the amount of PLN 598 million (the "Sale Price"), pursuant to the shareholders' agreement between TAURON Group companies and ArcelorMittal Group companies concluded on 11 August 2014 (the "Shareholders' Agreement"). In the Shareholders' Agreement, the parties submitted irrevocable offers to each other to buy and sell shares in TAMEH HOLDING Sp. z o.o. and each party had the right to accept the irrevocable purchase offer made by the other party in the situations and under the conditions set out in the Shareholders' Agreement. The declaration was submitted in connection with the materialisation on 31 December 2023 of one of the prerequisites indicated in the Shareholders' Agreement, which authorises the Company to take advantage of the purchase offer made to it in the Shareholders' Agreement. Pursuant to the Shareholders' Agreement, the transfer of ownership of the shares shall take place when the bank account designated by the Company is credited with an amount equal to the Sale Price, which shall take place no later than the 30th business day following the acceptance of the offer by the Company, i.e. from the date of submission of the Declaration to the Lead Partner.

On 4 January 2024, the Company received a message sent on behalf of the Lead Partner indicating that the Lead Partner challenges the effectiveness of the delivery of the Company's statement accepting the Lead Partner's offer to purchase the shares in TAMEH HOLDING sp. z o.o.

On 9 January 2024, the Company received a letter from the Lead Partner, which the Lead Partner believes is intended to be a statement of acceptance of the Company's offer to purchase all of the shares in TAMEH HOLDING Sp. z o.o. owned by the ArcelorMittal group companies for the amount of PLN 598 million.

On 18 April 2024, the Company received from TAMEH HOLDING Sp. z o.o. an order of 15 April 2024 of the Ostrava District Court approving the reorganisation of TAMEH Czech s.r.o. The Court's order was issued following a vote of the creditors of TAMEH Czech s.r.o. and is compliant with the motion submitted by the management of TAMEH Czech s.r.o.

As at the balance sheet date, the Company measures its shareholding in TAMEH HOLDING Sp. z o.o. in the amount of PLN 204 million, taking into account impairment losses applied as at 31 December 2023 in the amount of PLN 212 million. The Company has assessed that the assumptions on impairment tests carried out as at 31 December 2023 remain valid and do not identified premises for carry on an impairment tests on 30 June 2024. The Company does not identify the need for any further impairment of its interest in TAMEH HOLDING Sp. z o.o.

According to the assessment of the Company, the criteria of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* have not been met for the classification of the Company's interest in TAMEH HOLDING Sp. z o.o. as disposable assets classified as held for sale.

As at the balance sheet date, the Company holds receivables from TAMEH HOLDING Sp. z o.o. in the amount of PLN 32 million on account of dividends declared for payment in 2023. Based on its analyses, the Company has assessed that these receivables are long-term as at the balance sheet date.

After the balance sheet date, on 9 August 2024, at the request of the management board of TAMEH Czech s.r.o., the Ostrava District Court issued an order transforming the reorganisation of TAMEH Czech s.r.o. into liquidation bankruptcy.

These interim condensed financial statements of TAURON Polska Energia S.A. prepared for the 6-month period ended 30 June 2024 in compliance with the International Accounting Standard No. 34 comprise 43 pages.

Katowice, 10 September 2024

Grzegorz Lot – President of the Management Board

Piotr Gołębiowski – Vice President of the Management Board

Michał Orłowski – Vice President of the Management Board

Krzysztof Surma – Vice President of the Management Board

Oliwia Tokarczyk – Executive Director for Accounting and Taxes

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