



## ADDITIONAL INFORMATION

**to TAURON Polska Energia S.A.  
Capital Group's extended  
consolidated Q3 2024 report**

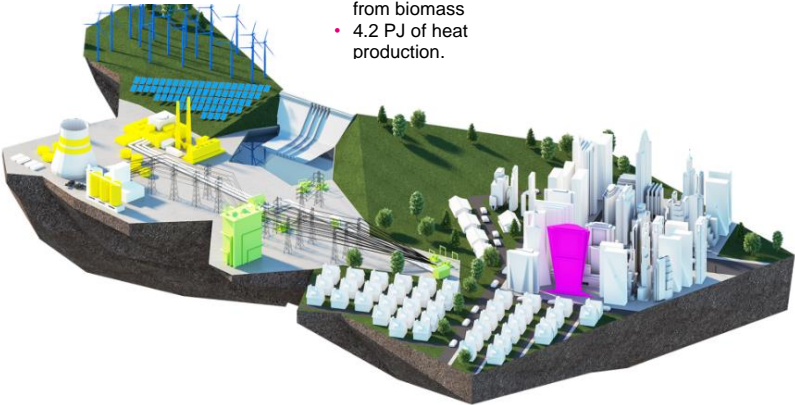
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# TAURON Group in numbers

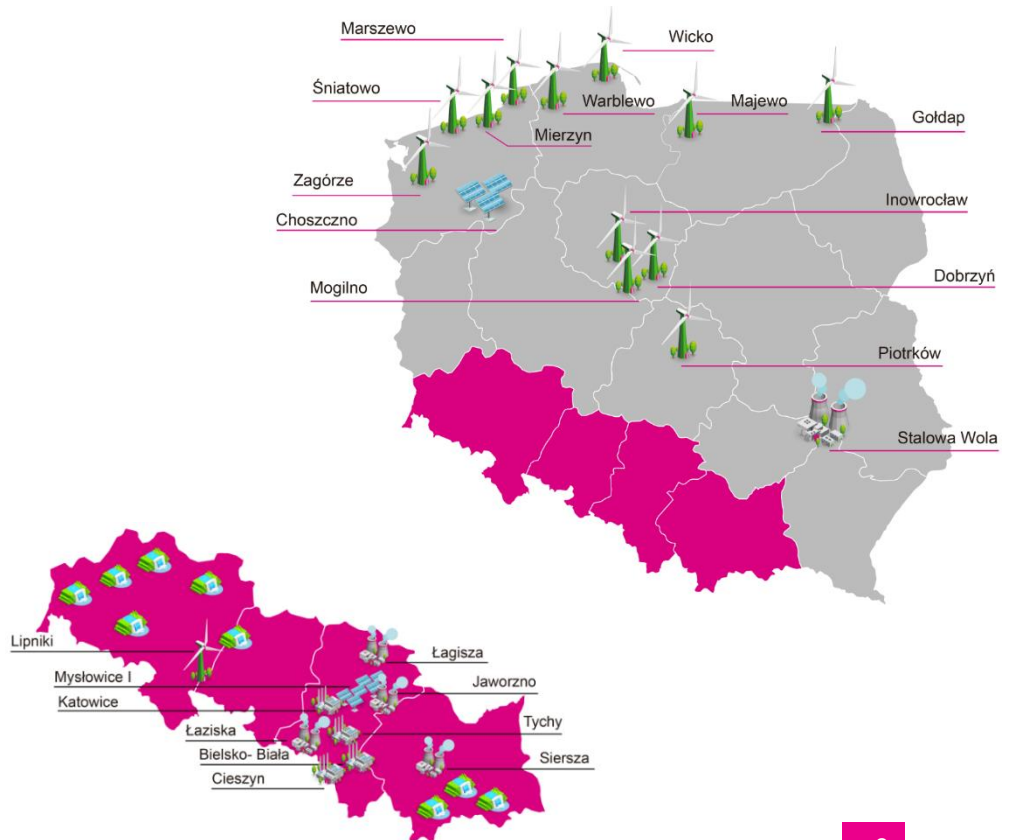
<b>Revenue</b> <b>23 030</b> PLN m -28% vs Q1-Q3 2023	<b>EBITDA</b> <b>4 606</b> PLN m -16% vs Q1-Q3 2023	<b>CAPEX</b> (expenditures) <b>3 649</b> PLN m +17% vs Q1-Q3 2023	<b>NET DEBT/EBITDA</b> <b>2.4x</b> -0.3x vs 31.12.2023	<b>Balance sheet total</b> <b>45 797</b> PLN m -8% vs 31.12.2023
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<b>RES</b> <ul style="list-style-type: none"> <li>• 12 wind farms with a total capacity of <b>475.8 MWe</b>,</li> <li>• 34 hydro power plants with a total capacity of <b>133 MWe</b>,</li> <li>• 3 photovoltaic farms with a total capacity of <b>56 MWe</b>,</li> <li>• <b>1.12 TWh</b> of gross electricity production.</li> </ul>	<b>GENERATION</b> <ul style="list-style-type: none"> <li>• 5 power plants with a total electric capacity of 4.2 GWe and a total thermal capacity of 0.9 GWt</li> <li>• 6.4 TWh of gross electric production, including 0.01 TWh from biomass,</li> <li>• 2.0 PJ of heat production.</li> </ul>	<b>HEAT</b> <ul style="list-style-type: none"> <li>• 5 combined heat and power plants, and 31 heat generation plants with a total electric capacity of 0.4 Gwe and a total thermal capacity of 1.2 GWt,</li> <li>• 0.5 TWh of gross electric production, including 0.07 TWh from biomass</li> <li>• 4.2 PJ of heat production.</li> </ul>	<b>DISTRIBUTION</b> <ul style="list-style-type: none"> <li>• <b>5.97 million</b> customers,</li> <li>• Distribution covering the area of 57 900 km<sup>2</sup>, i.e. 18.5% of Poland's territory,</li> <li>• 38.51 TWh of distributed electricity.</li> </ul>	<b>SUPPLY</b> <ul style="list-style-type: none"> <li>• <b>5.80 million</b> customers,</li> <li>• 19.73 TWh of retail electricity supply,</li> <li>• gas engines with a total electric capacity of 5.4 MWe</li> <li>• 31 GWh of gross electricity production.</li> </ul>
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## Key assets of TAURON Group

-  Wind farms
-  Hydro power plants
-  Photovoltaic farms
-  Hard coal / gas fired power plants
-  Hard coal fired combined heat and power plants
-  TAURON Group's distribution area



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

## 1.1. Description of the business operations

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

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

The Company is performing the central function and is focusing on hedging the sell and buy positions of TAURON Capital Group's entities with respect to electricity, gas, the CO<sub>2</sub> emission allowances, fuels and guarantees of origin of electricity (energy certificates), respectively. In addition, the Company is managing the portfolio of electricity, the CO<sub>2</sub> emission allowances and the property rights. The trading in electricity and gas, which is, in addition to the functions related to the management of TAURON Capital Group's subsidiaries, one of the Company's core business operations, is carried out on the basis of the licenses for trading in electricity and gas fuels issued by the President of the Energy Regulatory Office. As part of its functions related to the management of TAURON Group's subsidiaries as the parent company, the Company, in particular, is performing a management and consolidation role, i.e. it defines the internal and intra-corporate regulations in the Group, ensuring the consistency and completeness of the tools used for effective corporate management of TAURON Group, including through the implemented process based management, it focuses on overseeing the purchasing activities as well as the financial and asset management, it is performing the corporate risk management function, as well as the IT, OT operating model and business continuity areas management. In addition, the Company is coordinating the works related to the research and development activities, and is performing the function of coordinating the activities with respect to the accounting and tax advisory services, the legal services as well as auditing.

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

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

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

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



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



**Heat Segment** that comprises the generation of heat at the Tauron Ciepło sp. z o.o. (Ltd.) subsidiary's combined heat and power plants and heat generation plants, as well as its transmission and supply. The Segment also includes the generation and supply of electricity.



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





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



**Supply Segment** that comprises electricity and natural gas supply to the final consumers as well as the electricity, natural gas and derivative products wholesale trading. In addition, the Segment comprises trading and management of the CO<sub>2</sub> emission allowances and the property right as well as the sales of the hard coal fuel for the needs of TAURON Ciepło. In addition, the Segment's subsidiaries are offering the services related to, among other things, the management and maintenance of the street lighting, the smart city products, the e-mobility products, as well as the services focused on improving energy efficiency. The Segment also includes the business operations involving the production of electricity by the gas engines fuelled by methane.



Apart from the main Segments of its operations, TAURON Capital Group is also conducting the operations presented as part of the **Other Operations** that comprise, among other things, the customer service for TAURON Capital Group's customers, the provision of the support services for TAURON Capital Group's subsidiaries with respect to accounting, human resources (HR) management, information and communications technology (ICT), as well as the operations related to the extraction of the stone (rocks) and the production of the sorbing agents. The Other Operations also include the activities related to conducting the hydrogen research and development projects, as well as the financial and brokerage operations

## 1.2. Structure of TAURON Capital Group

As of September 30, 2024, and as of the date of drawing up this information, TAURON Capital Group's key subsidiaries, apart from TAURON parent company, had included 30 subsidiaries subject to consolidation that are listed below. In addition, the Company had held, directly or indirectly, shares in the other 41 companies.

### Entities subject to consolidation

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



<sup>1</sup> TAURON is included in the Supply Segment.

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

<sup>3</sup> As of September 20, 2024 the name of the company changed from En-Energia I sp. z o.o. to TAURON Elektrownia Szczytowo-Pompowa sp. z o.o.

<sup>4</sup> On July 1, 2024 the merger of TAURON Zielona Energia sp. z o.o. (acquiring company) with 10 limited partnerships (acquired companies) was registered in the Register Court. The Company, acquiring company and shareholders of acquired companies took legal actions aimed at repealing the legal effects of the Registry Court's decision regarding the registration of the above mentioned merger, made on the basis of a legal transaction which, in the opinion of Company and entities which took part in merger, was an error.

## Changes to the organization

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

Event	Description of the event
1. Merger of TAURON Ciepło sp. z o.o. (Ltd.) and Energetyka Cieszyńska sp. z o.o. (Ltd.)	<p>On January 3, 2024, the District Court of Katowice - Wschód in Katowice, the 8th Commercial Division of the National Court Register had registered the incorporation by TAURON Ciepło sp. z o.o. (Ltd.) (the Acquiring Company) of Energetyka Cieszyńska sp. z o.o. (Ltd.) (the Acquired Company).</p> <p>Due to the capital (equity) structure of the companies involved in the above mentioned merger (100% of the shares in the share capital of the Acquired Company had been held by the Acquiring Company), the merger had taken place based on the regulations allowing for the so-called simplified merger procedure (Article 516, § 6 of the Code of Commercial Companies), in accordance with Article 492, § 1, item 1 of the Code of Commercial Companies, i.e. by transferring all of the assets of the Acquired Company to the Acquiring Company.</p> <p>The above mentioned company mergers had been aimed at optimizing and simplifying the ownership structure and management of the companies' assets, first and foremost in order to reduce the cost of operating the incorporated companies.</p>
2. Merger of TAURON Zielona Energia sp. z o.o. (Ltd.) and 10 limited partnerships	<p>On July 1, 2024, the District Court of Katowice - Wschód in Katowice, the 8th Commercial Division of the National Court Register had registered the merger of TAURON Zielona Energia sp. z o.o. (Ltd.) (the Acquiring Company) with the companies: TEC1 sp. z o.o. EW Dobrzyń sp.k., TEC1 sp. z o.o. EW Goldap sp.k., TEC1 sp. z o.o. EW Śniatowo sp.k., TEC1 sp. z o.o. Ino 1 sp. k., TEC1 sp. z o.o. Mogilno I sp. k., TEC1 sp. z o.o. Mogilno II sp. k., TEC1 sp. z o.o. Mogilno III sp. k., TEC1 sp. z o.o. Mogilno IV sp. k., TEC1 sp. z o.o. Mogilno V sp. k., TEC1 sp. z o.o. Mogilno VI sp. k. (the Acquired Companies).</p> <p>The merger of the Acquiring Company and the Acquired Companies had taken place in accordance with Article 492, § 1, item 1 of the Code of Commercial Companies, i.e. by transferring all of the assets of the Acquired Companies to the Acquiring Company.</p> <p>The Company and the Acquiring Company, as well as partners of the Acquired Companies took legal actions aimed at repealing the legal effects of the Registry Court's decision of the Registry Court regarding the registration of the above mentioned merger, made on the basis of a legal transaction which, in the opinion of Company and entities which took part in merger, was an error.</p>
3. Establishment of 9 limited liability companies	<p>On July 23, 2024, the following companies had been established: TAURON BME1 sp. z o.o., TAURON BME2 sp. z o.o., TAURON BME3 sp. z o.o., TAURON BME4 sp. z o.o., TAURON BME5 sp. z o.o., TAURON BME6 sp. z o.o., TAURON BME7 sp. z o.o., TAURON BME8 sp. z o.o. and TAURON BME9 sp. z o.o., with all of them having their registered offices in Katowice.</p> <p>The share capital of each of the above companies amounts to PLN 5 000 and is divided into 100 shares with a nominal value of PLN 50 each, which had been fully subscribed by TAURON.</p> <p>On August 1, 2024, the District Court of Katowice - Wschód in Katowice, the 8th Commercial Division of the National Court Register had registered the companies: TAURON BME7 sp. z o.o., TAURON BME8 sp. z o.o. and TAURON BME9 sp. z o.o. Subsequently, on August 2, 2024, the court had registered the companies: TAURON BME1 sp. z o.o., TAURON BME2 sp. z o.o., TAURON BME3 sp. z o.o., TAURON BME4 sp. z o.o., TAURON BME5 sp. z o.o. and TAURON BME6 sp. z o.o.</p> <p>The established companies will be used to implement investment projects in the form of the construction of the battery energy storage facilities. The above activities are in line with the assumptions of TAURON Group's strategy.</p>
4. Acquisition of the shares in the company Finadvice Polska 1 sp. z o.o. (Ltd.) by TAURON Zielona Energia.	<p>On September 19, 2024, TAURON Zielona Energia had acquired 100% of the shares in the share capital of Finadvice Polska 1 sp. z o.o. (Ltd.), which holds the rights to develop the Miejska Górka wind farm project located in the Wielkopolska Province, Rawicz District, Miejska Górka Commune, with a grid connection capacity of 190.8 MW.</p> <p>According to the adopted assumptions, Finadvice Poland 1 sp. z o.o. (Ltd.) will complete the project in the second half of 2027.</p>

## Organizational or equity ties with other entities

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

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

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

<sup>1</sup> On August 9, 2024, the company TAMEH Czech s.r.o. had been placed into a liquidation bankruptcy, which, in the Group's opinion, translates into the loss of the joint control over the above mentioned company as of that date within the meaning of the accounting regulations.

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

#### Management Board of TAURON Polska Energia S.A.

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

#### The composition of the Company's Management Board as of September 30, 2024, and as of the date of drawing up this information

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

#### The changes to the composition of the Company's Management Board in the first three quarters of 2024 and by the date of drawing up this information

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

Table no. 3. Changes to the composition of the Company's Management Board in the first three quarters of 2024 and by the date of drawing up this information <sup>1</sup>

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

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

#### Supervisory Board of TAURON Polska Energia S.A.

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

#### The composition of the Company's Supervisory Board as of September 30, 2024, and as of the date of drawing up this information

1. Sławomir Smyczek – Chair of the Supervisory Board,
2. Natalia Klima-Piotrowska – Vice Chair of the Supervisory Board,
3. Piotr Kołodziej – Secretary of the Supervisory Board,
4. Mariusz Bąbol – Member of the Supervisory Board,
5. Michał Hulbój – Member of the Supervisory Board,
6. Beata Kisiełowska – Member of the Supervisory Board,
7. Leszek Koziński – Member of the Supervisory Board.

#### The changes to the composition of the Company's Supervisory Board in the first three quarters of 2024, as well as by the date of drawing up this information

As of January 1, 2024, the Company's Supervisory Board had been composed of the following members: Piotr Tutak (Chair of the Supervisory Board), Teresa Famulska (Vice Chair of the Supervisory Board), Marcin Wawrzyniak (Secretary of the Supervisory Board), Dariusz Hryniów (Member of the Supervisory Board)), Leszek

Koziorowski (Member of the Supervisory Board), Ryszard Madziar (Member of the Supervisory Board) and Grzegorz Peczkis (Member of the Supervisory Board).

Table no. 4. Changes to the composition of the Company's Supervisory Board in the first three quarters of 2024 and by the date of drawing up this information <sup>1</sup>

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

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

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

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

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

## 1.4. Implementation of the strategic investment (CAPEX) projects

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

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

### Key investment projects in the RES line of business

#### Photovoltaic (PV) farms

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

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



Investment project	Capacity (MW <sub>e</sub> )	Total capital expenditures incurred (PLN m)	Work progress	Planned completion date
Construction of the photovoltaic farm in Proszówek	55 MW (stage I 45.6 MW; stage II 9.4 MW)	195.5	98%	Q4 2024
Construction of the photovoltaic farm in Postomino	90 MW (stage I 80 MW; stage II 10 MW)	147.3	26%	Q4 2025
Construction of the photovoltaic farm in Bałków	54 MW	49.3	9%	Q4 2025

### Onshore wind farms

TAURON Capital Group is looking for the opportunities to acquire advanced wind farm development projects ready for the construction and the operating onshore wind farm assets on the market. As part of such efforts, the internal analyses and the due diligence studies of the potential wind farm acquisition projects had been carried out in cooperation with the developers in the first three quarters of 2024. On September 19, 2024, TAURON Group had acquired the shares in Finadvice Polska 1 sp. z o.o. (Ltd.), which is implementing the Miejska Górka wind farm project with the capacity of 190.8 MW.

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

Investment project	Capacity (MW <sub>e</sub> )	Total capital expenditures incurred (PLN m)	Work progress	Planned completion date
Construction of the wind farm in Mierzyn	58.5	467.1	100%	Commissioning – August 2024
Construction of the wind farm in Miejska Górka	190.8	262.0	2%	H2 2027
Construction of the wind farm in Nowa Brzeźnica	19,6	67.6	50%	Q2 2025
Construction of the wind farm in Gamów	33	118.7	92%	Q4 2024
Construction of the wind farm in Warblewo	30	311.3	100%	Commissioning – October 2024
Construction of the wind farm in Sieradz	23.8	57.3	20%	Q4 2025

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

On January 9, 2023, the Minister of Infrastructure had disclosed the information that the company Elektrownia Wiatrowa Baltica-7 sp. z o.o. (Ltd.) in which TAURON holds 44.96% of the shares (the remaining shares are held by Polska Grupa Energetyczna S.A. – PGE), had been awarded the highest number of points in the adjudication proceeding for the issuance of a permit for the construction and use of the artificial islands, structures and devices in the area located on Słupsk Shoal (Ławica Słupska), designated as 43.E.1, for the purpose of the construction of an offshore wind farm. Subsequently, on August 9, 2023, TAURON had received a decision of the Minister of Infrastructure of August 8, 2023, on the granting to Elektrownia Wiatrowa Baltica-7 sp. z o.o. (Ltd.) of a permit of the scope indicated above. That decision had become final as of August 21, 2023. The capacity of the planned offshore wind farm, which would be built under the obtained permit, will be approximately 1 GW. On August 16, 2024, PSE had published a list of the preliminary conditions for the connection of offshore wind farms to the transmission grid, including for the Baltica-7 Wind Power Plant sp. z o.o. (Ltd.). The preliminary connection conditions are issued in accordance with the provisions of the Act of December 17, 2020, on the Promotion of the Electricity Generation in the Offshore Wind Farms. They enable investors in the offshore wind farms to apply for the right to cover the negative balance through by way of an auction in accordance with section 4 of the said Act.

### Key investment projects in the Heat line of business

Table no. 7. Key strategic investment projects in the Heat line of business carried out in the first three quarters of 2024

Investment project	Scope of the investment project	Total capital expenditures incurred (PLN m)	Work progress	Planned completion date
Construction of the 140 MWt gas fired boiler at ZW Katowice for the district heating market needs	The scope of the project includes the construction of a 140 MWt gas fired water boiler on the existing foundations, along with the supporting infrastructure and a steel stack, with the environmental emission parameters: BAT with a 15% reserve versus the limit values.	98.4	95%	Q1 2025

Investment project	Scope of the investment project	Total capital expenditures incurred (PLN m)	Work progress	Planned completion date
Construction of the peaking and backup boiler house at ZW Bielsko Biala EC 2 (Bielsko Biala Generation Plant Combined Heat and Power Plant 2)	The scope of the project includes the construction of a 76 MWt (2 x 38 MWt) natural gas and light fuel oil fired peaking and backup boiler house. The project stems from the need to replace the old boiler house, which will not meet the requirements of the BAT Conclusions after 2024 due to its poor technical condition and failure rate, thereby affecting the lack of the backup for the 50 MW unit at Bielsko Biala EC 2 (Bielsko Biala Generation Plant Combined Heat and Power Plant 2)	50.2	98%	Q4 2024
Construction of the gas engines at ZW Bielsko Biala EC 2 (Bielsko Biala Generation Plant Combined Heat and Power Plant 2)	The scope of the project includes an installation of three identical, complete cogeneration units based on the reciprocating (piston) engines, powered by natural gas, with a capacity of approximately 10 MWt / 10 MWe each (the capacity of the entire system stands at approximately 30 MWt / 30 Mwe), the construction of the electrical and thermal power evacuation lines along with a pumping station and a water treatment station, the construction of a heat accumulator, the construction of the associated infrastructure.	0.6	21%	Q4 2027

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

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

Investment project	Scope of the investment project	Total capital expenditures incurred (PLN m)	Work progress	Planned completion date
Production 2.0	The scope of the project includes the reconfiguration of the Limestone Mine's (Kopalnia Wapienia Czatkowice sp. z o.o. (Ltd.)) technological system in order to increase the production of grits and aggregates using its in-house assets, including the restoration of the grit production line, the construction and the modernization of the rock (stone) crushing and transportation nodes. The project involves the use of the technology that would allow for maximizing the use of the raw material obtained from the mine.	0.4	5%	Q4 2027

### Capital expenditures (CAPEX)

TAURON Capital Group's capital expenditures had come in at PLN 3 649 million in the first three quarters of 2024 and they had been higher than the investment outlays incurred in the same period of 2023, when they had clocked in at PLN 2 887 million.

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

Item	Capital expenditures (PLN m)
<b>Distribution</b>	
1. Installation of the new grid connections	1 182
2. Existing grid assets' upgrades (refurbishments) and replacements	748
3. Comprehensive replacement of the meters with a remote readout feature (AMIPlus)	151
4. Dispatch Communications System	40
<b>Generation</b>	
5. CAPEX on the replacements and upgrades (refurbishments), as well as components, and also on the 910 MW unit at TAURON Wytwarzanie	59
<b>Heat</b>	
6. Replacement and upgrades (refurbishments) expenditures as well as components	29
7. Maintenance of the district heating networks	17
8. Connecting of the new facilities to the grid at TAURON Ciepło	14
9. Katowice Generation Plant (Zakład Wytwórczy Katowice) – Construction of the gas fired boiler with the capacity of 140MWt at TAURON Ciepło	8
10. The Ligota project related to the construction and modernization of the network infrastructure as part of the district heating system at TAURON Ciepło	4
<b>RES</b>	
11. Construction of the Mierzyn wind farm with the capacity of 58.5 MW	316

Item	Capital expenditures (PLN m)
12. Construction of the Miejska Górka wind farm with the capacity of 190.8 MW	262
13. Construction of the Warblewo wind farm with the capacity of 30 MW	199
14. Construction of the Postomino photovoltaic farm with the capacity of 90 MW	134
15. Construction of the Bałków photovoltaic farm with the capacity of 54 MW	42
16. Construction of the Sieradz wind farm with the capacity of 23.8 MW	41
17. Construction of the Gamów wind farm with the capacity of 33 MW	30
18. Modernization (refurbishment) of the hydroelectric power plants	25
19. Construction of the Proszówek photovoltaic farm stage I and II with the total capacity of 55 MW	24
20. Construction of the Nowa Brzeźnica wind farm with the capacity of 19.6 MW	20
<b>Supply and Other Operations</b>	
21. IT related investment projects at Tauron Obsługa Klienta (Tauron Customer Service)	102
22. Maintenance and development of the street lighting	41
23. Centrum Usług Biznesowych TAURON Obsługa Klienta (Tauron Customer Service Business Service Center)	10
24. Program Klient 360 TAURON Obsługa Klienta (Tauron Customer Service 360 Client Program)	3

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

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

Specification and description of the event
<p><b>Business events</b></p> <p><b>Court proceedings related to the state of insolvency of the company TAMEH Czech s.r.o.</b></p> <p>On December 14, 2023, the company TAMEH Czech s.r.o. (TAMEH Czech) had filed an insolvency petition with the District Court in Ostrava, which – having reviewed the petition – on December 19, 2023, had issued the decision declaring TAMEH Czech s.r.o. insolvent.</p> <p>Subsequently, on April 18, 2024, TAURON received a decision of the District Court in Ostrava dated April 15, 2024, approving the reorganization of TAMEH Czech. The decision was issued after a vote of TAMEH Czech's creditors had been completed and had been in line with the petition submitted by TAMEH Czech's management board.</p> <p>On August 9, 2024, the management board of TAMEH Czech had filed a petition with the Ostrava Regional Court for an approval to convert the reorganization of TAMEH Czech into a liquidation bankruptcy.</p> <p>On August 12, 2024, TAURON had received a letter from TAMEH HOLDING informing it that the Ostrava Regional Court had issued the decision on August 9, 2024 to convert the TAMEH Czech reorganization into a liquidation bankruptcy.</p> <p>The subject of the operations of TAMEH Czech s.r.o. is the production of the energy utilities (carriers) for the Liberty Ostrava a.s. steel plant, which is the company's only customer. The filing of an insolvency petition by TAMEH Czech s.r.o. had been due to the failure of Liberty Ostrava a.s. to meet its obligations towards the company, which had led to the inability to continue its operations. The owner of 100 percent of the shares in TAMEH Czech s.r.o. is TAMEH HOLDING, a joint subsidiary of TAURON, in which TAURON holds a 50 percent stake. The remaining 50 percent stake is held by the companies that are part of the ArcelorMittal Capital Group.</p> <p>TAURON had disclosed the information on the above events in current reports no. 48/2023 of December 14, 2023, no. 49/2023 of December 22, 2023, no. 48/2023/K of February 8, 2024, no. 49/2023/K of February 8, 2024, no. 15/2024 of March 15, 2024, no. 26/2024 of April 18, 2024, no. 42/2024 of August 9, 2024, and no. 44/2024 of August 12, 2024.</p> <p><b>Events related to TAURON's acceptance of an offer by the ArcelorMittal Group's lead partner to purchase the shares in TAMEH HOLDING sp. z o.o. (Ltd.)</b></p> <p>TAMEH HOLDING is a joint venture in which currently TAURON and two of ArcelorMittal Group companies (the Group's lead partner (shareholder), i.e. AM Global Holding S.a r.l., with its registered office in the Grand Duchy of Luxembourg (AM Global Holding) and ArcelorMittal Poland S.A.) each hold 50% of the shares. The core business of TAMEH HOLDING is the production of the blast furnace blowing, compressed air, process steam, production and sales of the electricity and the heat for the district heating purpose. TAMEH HOLDING is a holder of 100% of the shares in two operating companies: TAMEH POLSKA and TAMEH Czech.</p> <p>In the Shareholders' Agreement entered into on August 11, 2014, between TAURON Group's subsidiaries and ArcelorMittal Group companies (collectively referred to as the Parties), defining the terms and conditions of the Parties' cooperation within TAMEH HOLDING (the Shareholders' Agreement), the Parties had made irrevocable offers to each other to buy and sell the shares in TAMEH HOLDING. Each of the Parties had the right to accept the irrevocable purchase offer made by the other Party, among other things, in the event that one of the prerequisites set forth in the Shareholders' Agreement would materialize as of the elapse of December 31, 2023.</p> <p>As a result of the materialization, as of the elapse of December 31, 2023, of one of the prerequisites set forth in the Shareholders' Agreement, on January 2, 2024, a TAURON's representative, in the presence of the bailiff recording the act of the serving of the statement, had left at AM Global</p>

## Specification and description of the event

Holding's registered office a statement on TAURON's acceptance of AM Global Holding's offer to purchase all of 3 293 403 shares held by TAURON in TAMEH HOLDING for the amount of PLN 598 098 090.30 (Sale Price). In accordance with the Shareholders' Agreement, the transfer of the ownership of the shares shall take place upon the crediting of the bank account with an amount equal to the Sale Price, which should take place no later than on the 30th business day from TAURON's acceptance of the offer, i.e. from the date of serving the statement to AM Global Holding.

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

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

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

In connection with the expiration of the above mentioned deadline of 30 working days and a failure to receive the payment of the Sale Price for the shares in TAMEH HOLDING by such a deadline, the Parties have submitted to each other the summons to pay, while at the same time upholding their readiness to negotiate and amicably resolve the dispute arisen.

On October 1, 2024 (an event that took place after the balance sheet date), due to the lack of an agreement on the effectiveness of the serving of the statements regarding the acceptance of the offers to purchase the shares in TAMEH HOLDING, the Management Board of TAURON had taken the decision to summon and had summoned AM Global Holding (Lead Partner), AMP and ArcelorMittal Long Products Europe Holding S. à r.l., with its registered office in the Grand Duchy of Luxembourg (AMLPL), to an ad hoc arbitration to resolve the dispute regarding the Lead Partner's failure to pay the sale price for the shares held by TAURON in the company TAMEH HOLDING (Summons). The value of the subject of the dispute stands at PLN 598 098 090.30, with AMP and AMLPL being jointly and severally liable along with the Lead Partner (Shareholder) for the payment of this amount.

The arbitration will be conducted in accordance with the rules set forth in the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules 2021 by an ad hoc arbitral tribunal.

On October 30, 2024 (an event that took place after the balance sheet date), TAURON received a response to the summons to the arbitration from the Lead Partner (Shareholder), AMP and AMLPL regarding the resolution of the dispute mentioned above. In response to the summons, the Lead Partner (Shareholder) submitted a counterclaim, in which it demanded the payment by TAURON of PLN 598 098 090.30 plus the statutory interest for a late payment calculated as of February 14, 2024 until the date of the payment of the price for the shares held by the Lead Partner (Shareholder) and AMP in TAMEH. In TAURON's opinion, the claims of the Lead Partner (Shareholder) are without merit.

TAURON had disclosed the information on the above events in current reports no. 1/2024 of January 2, 2024, no. 2/2024 of January 2, 2024, no. 3/2024 of January 4, 2024, no. 4/2024 of January 9, 2024, no. 6/2024 of January 12, 2024, no. 54/2024 of October 1, 2024 and no. 58/2024 of October 30, 2024.

### **Signing of the loan agreement with Bank Gospodarstwa Krajowego**

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

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

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

The loan was drawn down in the amount of PLN 750 million after the balance sheet date.

### **Acquisition of a special purpose vehicle with the rights to a wind farm construction project**

On September 18, 2024, the Company's Supervisory Board, at the request of the Management Board, had adopted a resolution enabling TAURON Group to go ahead with the transaction related to the acquisition from VSB Green Yield One GmbH of 100 percent of the shares in the share capital of the special purpose vehicle Finadvice Polska 1 sp. z o.o. (Special Purpose Vehicle - SPV), a company holding the rights to a wind farm project with a capacity of approximately 190 MW located in the municipality of Miejska Górka in the Wielkopolska Province (Wind Farm). The shares in the Special Purpose Vehicle were to be acquired by TAURON Zielona Energia.

In accordance with the adopted assumptions, the Special Purpose Vehicle will complete the Wind Farm construction project in the second half of 2027.

The total capital expenditures related to the acquisition of the Special Purpose Vehicle and the construction of the Wind Farm may reach approximately PLN 1.9 billion.

The signing of the final documentation for the acquisition of the shares by TAURON Zielona Energia in the Special Purpose Vehicle had taken place on September 19, 2024. The project will lead to the erection of one of the largest onshore wind farms in Poland.

The purchase of the Special Purpose Vehicle, which holds the rights to the Wind Farm project, is an important step in the implementation of TAURON Group's Strategy for the years 2022 - 2030 with an outlook until 2050, in the area of renewable energy sources development.

TAURON had disclosed the information on the above events in current reports no. 51/2024 and no. 52/2024 of September 19, 2024.

### **Setting up of a bond issuance program**



## Specification and description of the event

On September 19, 2024, TAURON had entered into a Program Agreement (Program Agreement) with Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Santander Bank Polska S.A., pursuant to which a bond issuance program (Program) had been set up.

As part of the Program, TAURON has an option to issue bonds linked to the sustainable development indicators, or the so-called green bonds, up to a maximum amount of PLN 3 billion, with the value of the issue and the type of the bonds issued to be determined each time the decision to go ahead with the issue is made.

Any bonds issued as part of the Program will be issued pursuant to the Act on Bonds of January 15, 2015. The procedures applied when offering the bonds as part of the Program will not involve an obligation to draft a prospectus. The bonds will be offered in the form of the dematerialized, unsecured bearer securities, denominated in PLN, with a maturity date of not less than 5 years. TAURON's intention is to introduce the bonds to the trading and listing in the Catalyst alternative trading system operated by the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.).

The funds raised through the bond issue will support the implementation of TAURON Capital Group's energy transition and will be used to finance and refinance its expenditures in line with the European taxonomy.

The detailed terms and conditions of the bond issue, including the type of the bonds to be issued, the maturity date, as well as the interest rate and the interest payment method, will be determined for each series of the bonds to be issued.

TAURON's intention is to carry out the first bond issue as part of the Program linked to the sustainability indicators within three months from the date of entering into the Program Agreement. The terms and conditions of the bond issue will be based on the installed RES capacity level indicator and the taxonomy investment indicator. The rate of achieving the certain threshold values of these indicators will have an impact on the interest margin of the bonds.

The final decisions on the individual bond issues as part of the Program will be approved based on the relevant corporate approvals of TAURON and will depend on market conditions.

TAURON had disclosed the information on the above event in current report no. 53/2024 of September 19, 2024.

### **Signing of the loan agreement with Bank Gospodarstwa Krajowego**

On October 29, 2024 (an event that took place after the balance sheet date), a PLN 2 billion loan agreement had been signed between TAURON as the borrower and BGK as the lender.

The funds drawn down under the loan agreement may be used to finance or refinance TAURON Group's expenditures related to the investment projects in the RES line of business, the development of the distribution grids, the construction of the energy storage facilities and the investment projects related to the heat line of business (in terms of replacing the hard coal based heat sources with the zero emission (carbon) and the low emission (carbon) sources). In accordance with the loan agreement, as of the date of the conclusion thereof, TAURON will be able to draw down the funds in the amount of PLN 1 billion (Tranche A) after the standard precedent conditions for this type of financing have been met. The remaining funds, in the amount of PLN 1 billion (Tranche B), will be available at TAURON's request within 12 months from the date of concluding the loan agreement.

The interest rate on the funds made available under the loan agreement will be calculated on the basis of a variable interest rate appropriate for the interest period in question, plus a margin that will depend on the fulfillment of the sustainable development indicator, i.e. the indicator reflecting an increase of the share of the RES in TAURON Group's power generation structure. The correctness of the calculation of the sustainability indicator will be confirmed by an independent auditor. As part of Tranche A and Tranche B, TAURON will be able to draw down the funds within the two year funds availability period. The loan will be repaid in installments, over a period of 8 years from the date of the availability of a given tranche of the loan.

TAURON had disclosed the information on the above event in current report no. 56/2024 of October 29, 2024.

As of the date of the publishing of this information, the loan has not been launched.

### **Signing of the syndicated loan agreement**

On October 29, 2024 (an event that took place after the balance sheet date), a syndicated loan agreement for the amount of PLN 900 million had been signed between TAURON as the borrower and Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. Oddział w Polsce (Branch in Poland) as the lenders.

The funds drawn down under the loan agreement will be used to finance or refinance TAURON Group's expenditures related to the investment projects in the RES line of business (also including the expenditures related to the acquisition of the companies implementing projects in the area of RES), in compliance with the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments (EU Taxonomy). In accordance with the loan agreement, TAURON will be able to draw down the funds after the standard conditions precedent for this type of financing have been met. The loan will be repaid within 5 years from the date of the conclusion of the loan agreement, although the repayment term may be extended to a maximum of 7 years. The interest rate on the funds made available under the loan agreement will be calculated on the basis of a variable interest rate appropriate for the interest period in question, plus a margin that will depend on the fulfillment of the sustainable development indicators, i.e. the emission reduction rate and the rate of increasing the share of RES in TAURON Group's power generation structure. An independent auditor will confirm the accuracy of the sustainable development indicators' calculations. The correctness of the calculation of the sustainability indicators will be confirmed by an independent auditor.

TAURON had disclosed the information on the above event in current report no. 57/2024 of October 29, 2024.

As of the date of the publishing of this information, the loan has not been launched.

## **Corporate events**

### **Extraordinary General Meeting of the Company**

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

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

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

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

On April 16, 2024, the Management Board of the Company had taken the decision to recommend to the Ordinary General Meeting (OGM) of the Company to cover net loss for the financial year 2023 recorded by the Company in the amount of PLN 637 505 198.92 from the Company's spare

#### Specification and description of the event

capital. On April 17, 2024, the Supervisory Board of the Company had issued a positive assessment of the Management Board's proposal to the General Meeting with respect to the above issue.

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

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

#### Ordinary General Meeting of the Company

The Ordinary General Meeting of the Company had been held on June 3, 2024, and following the resumption of the meeting, on July 2, 2024 (an event that took place after the balance sheet date), which had adopted the resolutions related to, among other things, the approval of the *Report of the Supervisory Board of TAURON Polska Energia S.A. for the financial year 2023, the Financial Statements of TAURON Polska Energia S.A. for the year ended on December 31, 2023, drawn up in compliance with the International Financial Reporting Standards (IFRS) approved by the European Union, the Consolidated Financial Statements of TAURON Polska Energia S.A. Capital Group for the year ended on December 31, 2023, drawn up in compliance with the International Financial Reporting Standards (IFRS) approved by the European Union, the Report of the Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2023, the covering of the net loss for the financial year 2023, the providing of the opinion on the Report on the compensation of the Members of the Management Board and of the Supervisory Board of TAURON Polska Energia S.A. for the year 2023, the acknowledgement of the fulfillment of duties by the Members of the Company's Management Board and the Members of the Company's Supervisory Board who had held their positions in the financial year 2023 and the acknowledgement of the fulfillment of duties by the selected Members of the Company's Management Board and the Members of the Company's Supervisory Board who had held their positions in the financial year 2015.*

TAURON had disclosed the information on the convening of the Extraordinary General Meeting (EGM) of the Company, on the content of the draft resolutions and on the ordering of a pause in the Extraordinary General Meeting (EGM) of the Company in current reports no. 28/2024 and no. 29/2024 of May 7, 2024, as well as in no. 32/2024 of June 3, 2024.

TAURON had disclosed the information on the content of the resolutions subjected to the vote at the Extraordinary General Meeting (EGM) of the Company in current reports: no. 33/2024 of June 3, 2024, as well as in no. 37/2024 of July 2, 2024.

#### Extraordinary General Meeting of the Company

The Extraordinary General Meeting (EGM) of the Company was held on September 3, 2024, (an event that took place after the balance sheet date), and it adopted the resolutions related to, among other things:

TAURON had disclosed the information on the convening of the Extraordinary General Meeting (EGM) of the Company and on the content of the draft resolutions in current reports no. 40/2024 and no. 41/2024 of August 6, 2024, as well as in no. 45/2024 of August 28, 2024.

TAURON had disclosed the information on the content of the resolutions adopted by the Extraordinary General Meeting (EGM) in current report: no. 47/2024 of September 3, 2024.

#### Other material events

##### Information on the effects of the tariffs for the G tariff group customers approved by the President of the Energy Regulatory Office

On June 28, 2024, the TAURON Sprzedaż sp. z o.o. (Ltd.) (TAURON Sprzedaż) and TAURON Sprzedaż GZE sp. z o.o. (Ltd.) subsidiaries (Trading Subsidiaries) had conducted an assessment of the impact of the tariffs for the electricity supplied to the consumers from the G tariff groups (Tariffs) approved by the President of the Energy Regulatory Office (ERO) on the financial results of the Trading (Supply) Subsidiaries in the year 2024.

The President of the ERO had approved the sales prices for the electricity supplied to the consumers from the G tariff groups by the Trading (Supply) Subsidiaries at the average level of 623 PLN/MWh. The Tariffs will be in force from July 1, 2024, to December 31, 2025. The G tariff groups' consumer include first and foremost households. The sales prices for the electricity approved by the President of the ERO are materially lower as compared to the tariffs approved on December 15, 2023, which had been supposed to be applicable throughout the entire year 2024. The need to adjust the tariffs applicable to date stems from the provisions of the Act of May 23, 2024, on the energy voucher and the amending of the selected other acts in order to cap the prices of the electricity, the natural gas, and the district heating. The solutions provided for in the above mentioned act allow for the spreading of an increase of the electricity sales prices over time and the approved tariffs enable the distributing of the costs and the revenues of the Trading (Supply) Subsidiaries over the 18 month time frame (July 2024 - December 2025).

The analyses conducted by the Trading (Supply) Subsidiaries have demonstrated that the approved tariffs will generate, in the second half of 2024, a loss on the electricity supply to the G tariff group customers amounting to approximately PLN 216 million, which will be recognized in the financial results of the Trading (Supply) Subsidiaries at the EBITDA level in the second half of 2024. Nevertheless, assuming no further legislative changes in this respect are introduced, the Trading (Supply) Subsidiaries estimate that the above mentioned loss on the supply of the electricity to the G tariff group customers will be fully offset by the revenues obtained from this group of customers in 2025.

TAURON had disclosed the information on the above mentioned event in current report: no. 26/2024 of June 28, 2024.

#### Asset impairment tests

On July 16, 2024 (an event that took place after the balance sheet date), the premises for the asset impairment tests to be conducted in accordance with the International Financial Reporting Standard 36 "Impairments of assets" (IFRS 36), due to an update of the pricing assumptions (the so-called price paths) with respect to the prices of the electricity, hard coal, natural gas and the CO<sub>2</sub> emission allowances forecast for the coming years, had been identified. The update of the assumptions stems from an increase of the share of the renewable energy sources (RES) in the energy mix and a simultaneous decrease of the share of the hard coal and lignite fired conventional energy sources. In addition, a rapid development of the RES and energy storage technologies leads to a significant drop of the electricity SPOT prices which, in turn, has direct impact on the lower valuation of the futures contracts. The above mentioned developments are both in Poland as well as in Europe and they represent the effect of the implementation of the long term climate and energy policy of the European Union.

On August 9 2024 (an event that took place after the balance sheet date), the analyses carried out as part of the impairment tests related to the assets belonging to TAURON Group as of June 30, 2024. With respect to the consolidated financial statements the analyses have demonstrated that it is justified to book a write down for the impairment loss on the carrying value of the property, plant and equipment as well as the intangible assets in the Generation Segment in the amount of PLN 1 473 million and in the Heat Segment in the amount of PLN 138 million. Tauron has estimated that the above mentioned write downs will translate into a decrease of the consolidated operating profit (EBIT) of TAURON Group for the period of 6 months of 2024 by PLN 1 611 million. With respect to the standalone financial statements the analyses have demonstrated that it is justified to write down the carrying amount of the loan granted to the TAURON Wytwarzanie subsidiary by PLN 1 932 million, which will translate into a decrease of TAURON's gross financial result for the period of 6 months of 2024 by PLN 1 932 million. The Company has estimated that booking of the above mentioned write downs will have no impact on the EBITDA of TAURON and TAURON Group for the period

#### Specification and description of the event

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of 6 months ended on June 30, 2024 (under the term of EBITDA the Company understands the EBIT increased by the amortization, depreciation and the write downs related to the non-financial assets).

The final results of the asset impairment tests are presented in note 17 to the *Interim Condensed Consolidated Financial Statements of TAURON Polska Energia S.A. Capital Group, drawn up in compliance with the International Financial Reporting Standards (IFRS) approved by the European Union, for the period of 6 months ended on June 30, 2024.*

TAURON had disclosed the information on the above mentioned events in current reports no. 39/2024 of July 16, 2024, as well as in no. 43/2024 of August 9, 2024.

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## 2. TAURON GROUP'S BUSINESS AND REGULATORY ENVIRONMENT

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

#### Internal factors

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

#	Description of the factor
1.	actions with respect to optimizing of the processes implemented by TAURON Capital Group's subsidiaries,
2.	decisions with respect to the implementation of the key investment projects and the activities with respect to searching for the new energy generation sources projects,
3.	loyalty building measures aimed at the retaining of the existing customers and the marketing activities with respect to the acquiring of the new customers,
4.	TAURON Capital Group's centralized financial management area, supported by the use of such tools as: the corporate model of financing, the financial liquidity (cash flow) management policy using the <i>cash pool</i> mechanism, the risk management policy in the financial area, the insurance policy,
5.	activities of the Tax Capital Group aimed, first and foremost, at the optimizing of the implementation of the corporate income tax settlement obligations by the key subsidiaries of TAURON Capital Group,
6.	failures of TAURON Capital Group's equipment, installations and grids (networks),
7.	expectations with regard to an increase of the compensation (wages) at TAURON Capital Group,
8.	implementation of the wind farm and photovoltaic farm construction projects with a total capacity of 554.7 MW,
9.	implementation of TAURON Group's Strategy for the years 2022 - 2030 with an outlook until 2050, adopted in 2022,

The detailed information related to the impact of the above mentioned factors on the financial result achieved in the first three quarters of 2024 is provided in section 3 of this information. The effects of such an impact are visible both in the short term, as well as in the long term outlook.

#### External factors

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

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

#### Macroeconomic environment

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

According to the data published by Statistics Poland (GUS), Poland's Gross Domestic Product (GDP) had gone up by 3.2% in the third quarter of 2024, as compared to the previous year. The consumer goods and services price index (inflation rate) had clocked in at 4.9% in September (year on year change).

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

#### Market environment

##### Electricity

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

Volume	unit	Q3 2024	Q3 2023	Increase / Decrease
1. Electricity consumption	GWh	39 938	39 891	47 (+ 0.1%)
2. Electricity production by the domestic power plants	GWh	39 778	38 140	1 638 (+ 4.3%)
3. Electricity production by the power plants fired with:				
1) hard coal <sup>1</sup>	GWh	14 561	17 620	- 3 059 (- 17.4%)
2) lignite	GWh	9 213	8 296	917 (+ 11.1%)
3) gas fuel	GWh	4 156	2 551	1 605 (+ 62.9%)
4. Electricity production by the wind farms	GWh	4 745	3 676	1 069 (+ 29.1%)



5.	Electricity generated by photovoltaic farms and other renewable sources	GWh	6 575	5 264	1 311 (+24.9%)
6.	Cross-border (inter-system) exchange balance <sup>2</sup>	GWh	160	1 751	- 1 591 (- 90.9%)
7.	Average electricity price on the SPOT market in:				
1)	Poland	PLN/MWh	435.74	503.70	- 67.96 (- 13.5%)
		EUR/MWh <sup>3</sup>	101.75	111.96	- 10.21 (- 9.1%)
2)	the neighboring countries (on the example of Germany)	EUR/MWh <sup>3</sup>	75.99	90.78	- 14.79 (- 16.3%)

<sup>1</sup> Including the industrial power plants.

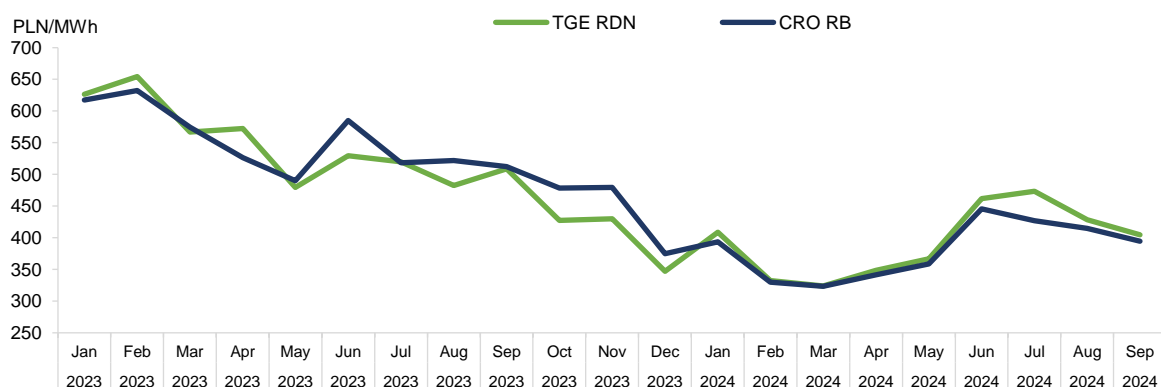
<sup>2</sup> A positive value of the balance denotes the net imports, while a negative value of the balance denotes the net exports.

<sup>3</sup> The prices in EUR / MWh are converted according to the NBP's average exchange rate as of the third quarter of 2024 and as of the third quarter of 2023, respectively

The wholesale electricity price on the Day Ahead Market (RDN) of the Polish Power Exchange (TGE) had clocked in at 435.74 PLN/MWh in the third quarter of 2024 and it had been lower by 67.96 PLN/MWh (a drop by 13.5%) as compared to the same period of 2023.

The decline of the SPOT prices had been due to: the lower levels of the thermal coal prices and the CO<sub>2</sub> emission allowances prices in Europe. A further rapid increase of the generation output from the RES sources had also been a significant factor affecting the SPOT prices. The total generation output from the photovoltaic sources in the third quarter of 2024 had gone up from 5 264 GWh to 6 575 GWh, i.e. up by 24.9%, while that from the wind power plants had gone up from 3 676 GWh to 4 745 GWh, i.e. up by 29.1%, as compared to the same period of last year. Due to the temporary outage of the cross border connection with Sweden the positive balance of the electricity imports in the cross border exchange had declined to the level of 160 GWh in the third quarter of 2024 and it had been lower by 1 591 GWh than in the third quarter of 2023. Due to the progressive changes in the energy mix and the relatively high fuel prices, there had been a reduction in the electricity production output at the hard coal fired power plants by 17.4%.

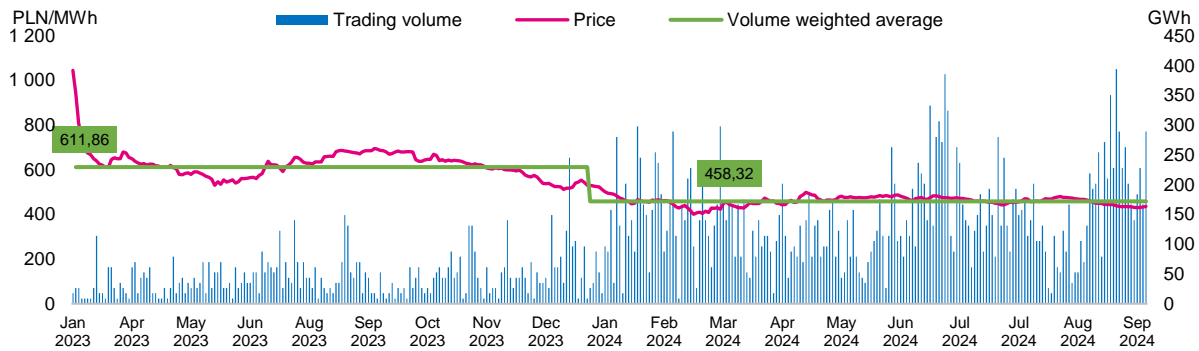
Figure no. 2. Average monthly electricity prices on the SPOT and RB markets in 2023 and in the first three quarters of 2024



The price of the benchmark base load contract with the delivery in 2025 (BASE\_Y-25) had been in a sideways trend on the Polish electricity market in the third quarter of 2024, fluctuating within the range between approximately 430 PLN/MWh and approximately 480 PLN/MWh. The changes in the price levels had been in line with the trends in the price changes on the related markets, in particular those of the CO<sub>2</sub> emission allowance prices, as well as the prices of gas in Europe. The trading volume for the one year contract with the delivery in 2025 had been lower on the Polish Power Exchange (TGE) in the third quarter of 2024 than the trading volume in the third quarter of 2023 for the one year contract with the delivery in 2024 (a decrease by 1.6%).

The volume weighted average price for the Daily Settlement Prices (Dzienny Kurs Rozliczeniowy - DKR) of the BASE\_Y-25 contract recorded during the trading sessions taking place in the third quarter of 2024 had come in at 452.50 PLN/MWh, and it had been lower by 202.49 PLN/MWh (a decrease by 30.9%) as compared to the average price of such a contract logged in the third quarter of 2023. The volume weighted average price for the DKR prices of the PEAK5\_Y-25 contract had clocked in at PLN 483.67 PLN/MWh in the third quarter of 2024. No transactions had been concluded for this contract in 2023.

Figure no. 3. BASE\_Y-25 contract trading volume in 2023 and in the first three quarters of 2024



### Hard coal

The average price of the continued one year hard coal contract at the ARA ports had come in at 4.78 USD/GJ in the third quarter of 2024 and it had been lower by 0.14 USD/GJ as compared to the average price of such a contract in the third quarter of 2023 (a decrease by 2.9%). On the other hand, the average value of the PSCMI1 index had clocked in at 22.02 PLN/GJ in the third quarter of 2024, and it had been lower than the value of this index in the third quarter of 2023 by 11.54 PLN/GJ (a decline by 34.4%).

Due to the numerous supply side disruptions, the hard coal prices at the ARA ports had topped 5.20 USD/GJ in the first half of the third quarter of 2024. In addition, the factors supporting the market increases had included the situation resulting from the escalation of the conflict in the Middle East and the uncertainty with respect to the continuation of the Russian gas transit to the EU via Ukraine. The decline of the prices had taken place in the second half of the third quarter of 2024. As a result of the lower than expected purchasing activity of the German power sector, the increase in the renewable energy production in Germany and the falling gas prices in Europe, the hard coal prices at the ARA ports had dropped to 4.45 USD/GJ. However, the last two weeks of the quarter had seen a robust rise, with the closing price during the session of September 30, 2024 coming in at 4.91 USD/GJ. This had been due to a rebound of the demand related to the replenishment of the stockpiles of the commodity in question ahead of the upcoming heating season, and a sharp rebound in the gas prices.

### Natural gas

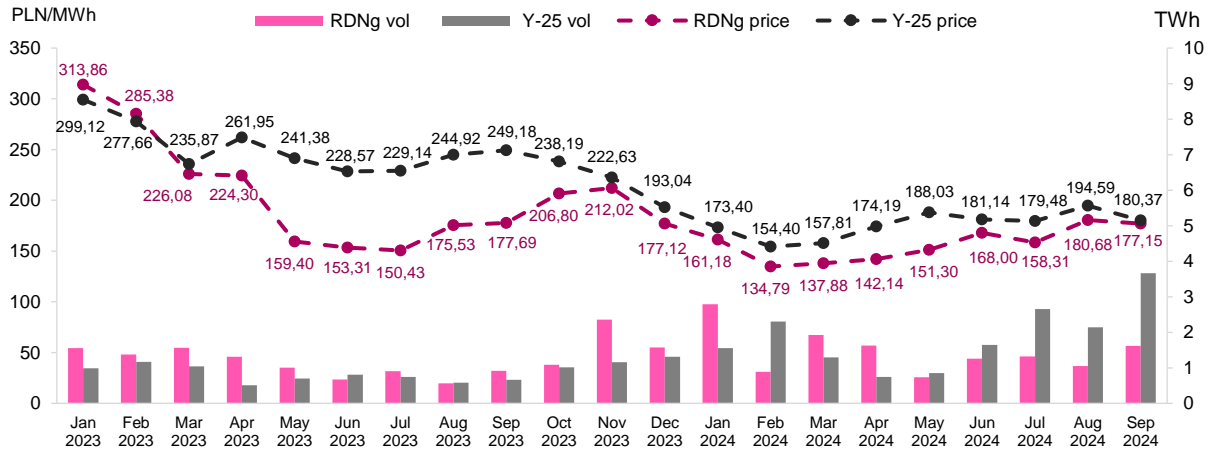
The volume weighted average price of gas on the Day Ahead Market (RDN) on the Polish Power Exchange (TGE) had stood at 171.86 PLN/MWh in the third quarter of 2024 and it had been higher by 5.03 PLN/MWh than in the third quarter of 2023. The lowest price of the contract on the Day Ahead Market (RDN) market had been recorded in July 2024, while the highest price had been logged in August 2024, with the volume weighted average monthly prices coming in at 158.31 PLN/MWh and at 180.68 PLN/MWh, respectively.

The volume weighted average gas price of the benchmark GAS\_BASE\_Y-25 one year contract had clocked in at 183.69 PLN/MWh in the third quarter of 2024. The lowest price of this contract had been reported in September 2024, while the highest price had been logged in August 2024, coming in at 174.35 PLN/MWh and at 208.04 PLN/MWh, respectively.

The aggregate trading volume on the Polish Power Exchange (TGE) had clocked in at approx. 34.0 TWh in the third quarter of 2024, as compared to approx. 26.6 TWh in the third quarter of 2023 (an increase by 27.8%). The futures market had the largest share in the overall gas trading in the third quarter of 2024, with a volume generated at the level of approx. 29.5 TWh. On the SPOT market, the total trading volume of the contracts on the Day Ahead Market (RDN) market had come in at approx. 4.0 TWh.

In the third quarter of 2024, the gas prices on the European market had continued to move in the upward trend initiated in February 2024. In the first half of the period in question, there had been strong increases, which had been brought about by the escalation of the conflict in the Middle East and the clashes between the Ukrainian and the Russian forces in the Kursk region, where the only operational gas transit point between Russia and Ukraine is located. In the second half of the period, however, there had been a downward correction featuring a high price volatility. After the situation in Ukraine had stabilized, market participants were discounting the information related to the stable gas flows from the Norwegian Continental Shelf and the increased LNG imports to Europe. In addition, on September 19, 2024, the news had emerged with respect to the transmission of gas from Azerbaijan through Ukraine, which would take place after the expiration of the transit agreement between Russia and Ukraine as of the end of 2024. This had brought about a strong downward reaction in the market. However, the information had turned out to be false and the prices resumed their upward trend.

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

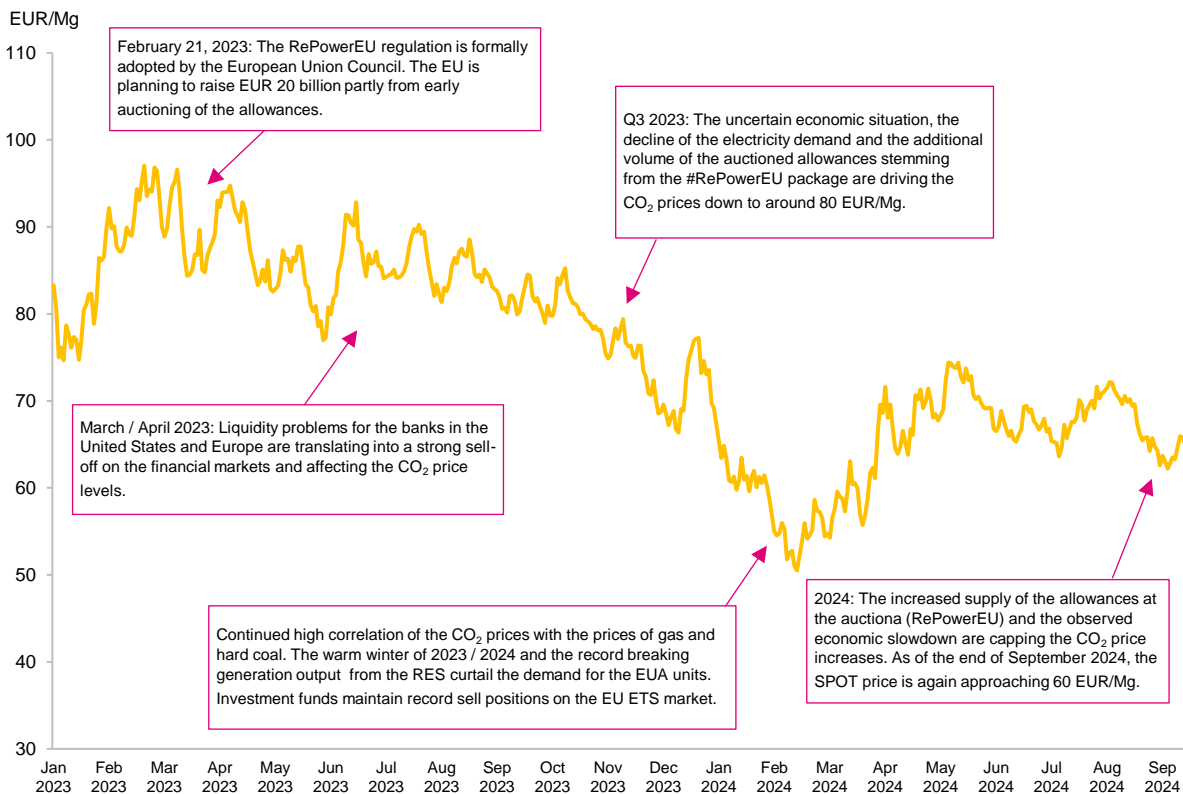


**CO<sub>2</sub> emission allowances**

The settlement (clearing) prices for the CO<sub>2</sub> emission allowances under the benchmark contract with the delivery in December 2024 (EUA DEC-24) on the ICE Endex exchange had been fluctuating within the range between 62.39 EUR/Mg and 74.75 EUR/Mg in the third quarter of 2024. The average clearing price in the third quarter of 2024 had come in at 68.36 EUR/Mg and it had been lower by 17.33 EUR/Mg, as compared to the average price of the similar contract (EUA DEC-23) logged in the third quarter of 2023 (a drop by 20.2%).

The CO<sub>2</sub> emission allowances price volatility in the third quarter of 2024, in contrast to the first half of 2024, should be viewed as relatively low. In July 2024, the prices had fallen slightly from the level of approx. 70 EUR/Mg to the level of approx. 65 EUR/Mg, while August 2024 had brought a rather strong rebound due to the tensions in the gas market. In spite of the increased auction volumes, it had been August that had seen the highest price levels of the entire third quarter of 2024, while September saw the lowest price levels of the entire third quarter of 2024, in spite of the postponement of the date of the settlement for the previous year from April 30, 2024, to September 30, 2024. The reasons for the declines had included the relatively high generation from the RES across Europe, the absence of a severe heat wave that would lead to an increase of the demand for the EUA units, the very good operation of the emission free nuclear units in France, and the continued low demand from the manufacturing industry sector due to the prolonged economic slowdown.

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



## Property rights

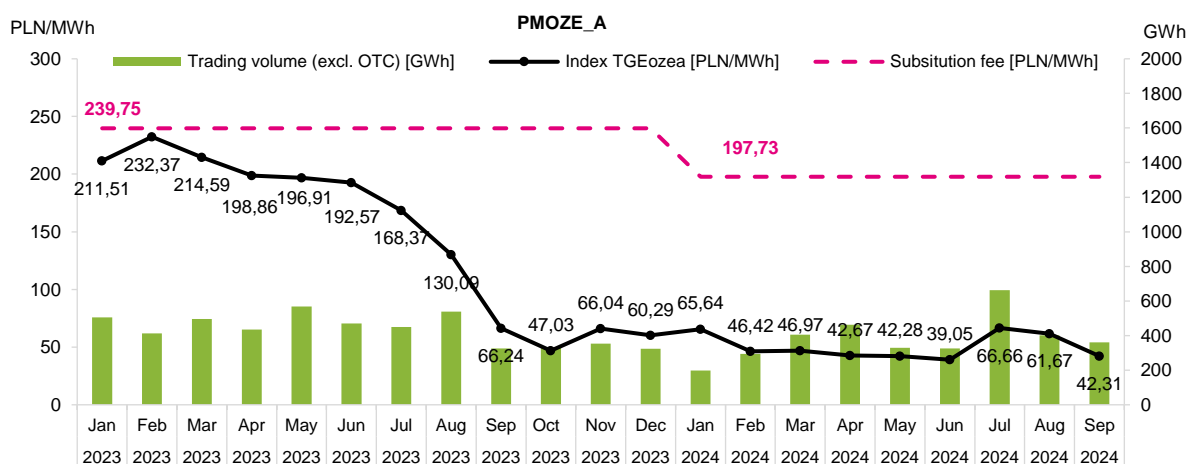
The prices on the green certificates market had seen a rise in the third quarter of 2024, as compared to the previous quarter. The TGEozea index had reached its maximum price in the third quarter of 2024, which had come in at 82.87 PLN/MWh, in July, while the minimum price for the above mentioned index had been recorded in September 2024, at the level of 39.50 PLN/MWh. The weighted average price of PMOZE\_A in the third quarter of 2024 had come in at 59.09 PLN/MWh and it had been lower by 53.6%, than the weighted average price in the same period of 2023 (a decrease by 68.27 PLN/MWh).

The balance of the PMOZE\_A register, as of the end of September 2024, had reached a surplus of 15.7 TWh. Taking into account the certificates that are blocked for the redemption, this balance had come in at 14.6 TWh (an increase by 38.3%, year on year). The substitution fee set for 2024 had clocked in at the level of 197.73 PLN/MWh, while the obligation to present the green certificates for the redemption in 2024 had dropped by 7 pp as compared to 2023 and, in accordance with the *Regulation of the Minister of Climate and Environment of August 28, 2023, on changing the quantitative share of the total of electricity resulting from the redeemed guarantees of origin of energy (energy certificates) confirming the production of electricity from the renewable energy sources in 2024*, it stands at 5%.

The prices of the certificates confirming the generation of electricity from the agricultural biogas PMOZE-BIO (blue certificates), for which the level of the obligation in 2024 stands at 0.5%, had invariably been stable. The TGEozebio index had traded close to the substitution fee, which in 2024 had stood at 300.03 PLN/MWh. The weighted average price of the TGEozebio index had come in at 300.69 PLN/MWh for the third quarter of 2024, with the balance of the PMOZE-BIO register, as of the end of September 2024, standing at the level of 293.8 GWh. Taking into account the certificates blocked for the redemption, this balance had dropped to the level of 246.6 GWh (a decrease by 1.5% year on year).

The prices of the PMEF\_F white certificates had been fluctuating in 2024 between the minimum level of 2 205.07 PLN/toe, reached in September 2024, and the maximum price, obtained in July 2024, standing at the level of 2 599.53 PLN/toe. The weighted average price had come in at 2 390.90 PLN/toe in the third quarter of 2024, and it had been higher by 15.3%, as compared to the same period of 2023. On average, the prices had been clocking in at 11.7% above the substitution fee set at the level of 2 110.65 PLN/toe for 2024. The trading volume had been higher by 22.6% as compared to that in the third quarter of 2023, and it had come in at 13 614 toe in the third quarter of 2024.

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



## Regulatory environment

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

Table no. 13. The most important changes and initiatives in the regulatory environment of TAURON Capital Group with respect to the EU legislation in the first three quarters of 2024



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



Name and description of the regulation	Status as of September 30, 2024	Impact on TAURON Capital Group
<p>In the EC's proposed scenario, the energy sector emissions approach zero in 2040. The use of the zero- and low - carbon sources is envisioned, including the RES, nuclear power, energy efficiency, energy storage, the CCS and CCU technologies. The RES sources, together with the nuclear power, are expected to supply more than 90% of the EU's energy consumption in 2040. The remaining 10% is to be offset by the negative emissions or the low - carbon solutions using CCS.</p>		<p>support and facilitation for the RES investment projects, a greater use of RES, nuclear power as well as the expansion of the energy storage facilities and the power grids is also anticipated</p>
<i>European action plan for wind power – European Wind Package</i>		
<p>The "European action plan for wind power – European Wind Package" published by the EC in October 2023 aims to increase the competitiveness of the EU companies in the wind energy sector. The plan is not a legislative proposal, it lays out the actions aimed at maintaining the wind industry's key role in the EU's environmental transition. It focuses on the six pillars: an acceleration of the deployment, an improved auction model, the access to the financing, creating of a competitive international environment, the skills as well the engagement of the industry and the member states.</p> <p>In terms of the improved auction model, the plan is linked to the Net Zero Industry Act containing the provisions on the non-price criteria to be used in the RES auctions.</p>	<p>Adoption of the EC Communication</p> <p>The implementation of the measures based on the existing regulations (for example, the funding from the Innovation Fund), as well as the new regulations and the non-legislative documents (for example, the non-price criteria for the RES auctions under the Net Zero Industry Act (NZIA) and the May 2024 Commission Recommendation on the RES auction model)</p>	<p>It is expected that the implementation of the investment projects in the wind power sector will be made easier, the access to the EU funding will possibly also be made easier.</p>
<i>Fit for 55</i>		
<p>The <i>Fit for 55</i> regulatory package published by the European Commission (EC) in July of 2021 is aimed at achieving the target of reducing the greenhouse gas emissions by at least 55% by 2030. It includes, among other things, a revision of the directive on the promotion of the energy coming from the renewable sources (REDIII), the directive on the energy efficiency (EED), the directive on the European Union's Emissions Trading System (EU ETS) or the introduction of a price adjustment mechanism at the borders taking into account the CO<sub>2</sub> emissions (Carbon Border Adjustment Mechanism - CBAM). The indicated regulations include, among other things, the proposals for the tightening of the EU ETS system, changing of the definition of the efficient district heating and cooling systems, increasing of the RES target and improving of the energy efficiency by 2030.</p> <p>In December 2021, the EC had published the further elements of the <i>Fit for 55</i> package, including a draft revision of the Energy Performance of Buildings Directive (EPBD).</p> <p>The works on the package are being finalized.</p>	<p>The legal acts published in the Official Journal of the EU (CBAM, ETS, REDIII, EED, EPBD). The ETD directive is an exception, as the works on it are still under way.</p>	<p>The <i>Fit for 55</i> package will contribute to the development of the low emission (low carbon) technologies, first and foremost the renewable energy sources.</p> <p>The regulations that are a part of the package will introduce a number of the new material requirements and changes in the market and in the regulatory environment for TAURON Capital Group's subsidiaries, including, among other things, the raising of the target for the share of the energy coming from the renewable sources under the REDIII Directive, the raising of the emissions reduction target in the ETS Directive, the increasing of the energy efficiency in the EED directive, or the significant curtailing of the levels of the emissions (decarbonizing) generated by the buildings in the EPBD directive.</p>
<i>Reform of the electricity market</i>		
<p>On March 14, 2023, the EC had published the draft proposals that make up the energy market reform. The primary goal of the reform of the electricity market is to limit the increases of the electricity prices while improving the conditions for the investments in the renewable energy sources in the EU.</p> <p>The main elements of the reform are included in the amendment of the so-called market regulation, including the shoring up of the importance of the role of the Power Purchase Agreements (PPAs) and the Contracts for Difference (CfDs).</p>	<p>The directive and the regulation had been published in the Official Journal of the EU on June 26, 2024.</p> <p>The directive and the regulation have entered into force.</p>	<p>The reform of the electricity market will contribute to the promotion of the electricity generation from the renewable energy sources and to the changes to the rules within the framework of the support systems. The possibility of temporarily extending the participation of the hard coal fired units in the capacity market mechanisms provided that the specific criteria had been met has been introduced. The way in which the above mentioned derogations are implemented in the national legislation may have a significant impact on TAURON Group. The market reform provides an opportunity to develop the flexibility supporting systems.</p>
<i>Regulation on the establishment of a framework of measures to shore up the European ecosystem for the production of the carbon neutral technology products (Net - Zero Industry Act)</i>		
<p>In March 2023 the EC had published a proposal for a Net - Zero Industry Act (NZIA) regulation that had focused on the establishing of the conditions to increase the production capacity of the carbon neutral technologies in the EU in order to contribute to the achieving of the EU's climate goals and the climate neutrality target.</p> <p>The agreed upon content of the regulation introduces, among other things, a list of the carbon neutral technologies and the shorter time limits for the issuing of the permits for the construction or the expansion of the production projects (including for the grid connection). The regulation is also very important for the shape of the future RES auction model: including the use of the non-price criteria in the auctions in order to develop the value chains in the EU.</p>	<p>The regulation had been published in the Official Journal of the EU on June 28, 2024, and it had entered into force on June 29, 2024.</p>	<p>The EC initiative may introduce a number of significant changes in the market and the regulatory environment of TAURON Group aimed at increasing the production capabilities with respect to the green technology on the territory of the EU.</p> <p>In addition, the regulation and the planned executive act will have a significant impact on the shape of the RES auctions (in particular, in terms of the additional, non-price criteria).</p>
<i>Directive on the industrial emissions (integrated pollution prevention and control)</i>		

Name and description of the regulation	Status as of September 30, 2024	Impact on TAURON Capital Group
<p>On April 5, 2022, the European Commission (EC) had submitted a proposal to revise the IED directive, which is the EU's main instrument regulating the pollutants emitted by the industrial installations, in order to make it more effective in preventing or minimizing the emissions of the pollutants and stimulating the transition towards the zero pollutant emissions level, contributing to the accomplishment of the targets set out in the European Green Deal.</p> <p>The text, agreed upon as a result of the negotiations, obliges the member states, among other things: to apply the most stringent admissible emission limit values achievable in the BAT compliant installations, to introduce the derogations from the BAT compliant admissible emission limit standards in case of the emergency situations leading to the major supply disruptions and to take into account the operators' indicative 2030 - 2050 transition plans in the environmental management system.</p>	<p>The regulation had been published in the Official Journal of the EU on July 15, 2024, and it had entered into force on August 4, 2024, completed.</p>	<p>The regulations may result in the need to incur the additional expenditures to bring the operating generating units and the contemplated to be erected generating units into the compliance with the stringent standards. However, the final conditions for the existing and the planned investment projects will be known after the BAT conclusions have been adopted.</p>
<p><i>Executive Decision of the Council amending the Executive Decision of June 17, 2022, on the approval of Poland's National Recovery and Resilience Improvement Plan</i></p>		
<p>In accordance with Article 21c of Regulation (EU) 2021/241, Poland had submitted a revised National Recovery Plan (NRP), including the RePowerEU related section, to the EC in August 2023. The NRP revisions are related to 59 activities. The NRP budget following the revision stands at PLN 263.23 billion (PLN 111.27 billion in the grant (subsidy) part, PLN 151.96 billion in the loan part). In line with the EU targets, a significant portion of the budget is to be allocated to the climate targets (46.6%) and to the digital transformation (21.36%).</p> <p>The EC had approved the updated National Recovery Plan (NRP) including RePowerEU on November 21, 2023. The Ministry of the Regional Funds and Policy (MFIPR) had held the public consultations on the NRP revision in March and April 2024. 11 of 55 reforms and 22 of 56 investment projects had been included in the revision. On July 1, 2024, the Council had approved the further amendments to the NRP, including with respect to the G15L milestone related to the Energy Support Fund, in the case of which the amount to be transferred to the BGK bank had been reduced from EUR 17.1 billion to EUR 16.3 billion.</p>	<p>Amendments to the National Recovery Plan (NRP) have been approved by the EC and adopted by the Council.</p> <p>The solutions with respect to the National Recovery Plan (NRP) are at the implementation stage.</p>	<p>The changes made to the National Recovery Plan (NRP), i.e. the establishment of the Energy Support Fund and of the Offshore Wind Energy Fund, the setting up of a new investment in the construction or the modernization of the distribution grids in the rural areas, as well as the new reforms, i.e. the elimination of the barriers to the RES development and the acceleration of the RES integration into the distribution grid, may contribute to the optimizing of the financing structure of the investment projects implemented and planned to be implemented by TAURON Group. The detailed solutions with respect to the National Recovery Plan (NRP) are at the implementation stage.</p>
<p><i>Commission's recommendation of May 2024 on the renewable energy sources auction model</i></p>		
<p>The recommendation is related to the designing of the renewable energy sources auctions, and is aimed at harmonizing and increasing of the efficiency of the auction procedures. The recommendation is intended to support the member states in the designing of the auctions in order to promote the quality, resilience as well as the environmental and social sustainability. The use of the non-price criteria will make it possible to reward the projects with the higher added value, which will translate into the development of the European production chain of the carbon neutral technologies. The indexation and the penalties for the delays are to ensure the timely implementation of the projects.</p> <p>The recommendation is non-binding (a soft law), and will eventually be replaced by an executive regulation of the Commission issued on the basis of the NZIA.</p>	<p>The recommendation has been published</p>	<p>The recommendations introduced are intended to ensure a greater uniformity of the auction conditions in the EU. A positive element is the recommendation on the indexation.</p>

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

Name and description of the regulation	Status as of September 30, 2024	Impact on TAURON Capital Group	Impact on the Segment
<p><i>The act of May 23, 2024, on the Energy Voucher and the Amendments to Certain Other Acts in order to cap the price of electricity, natural gas and the district heating</i></p>			
<p>The draft introduces, among other things, a one time energy voucher for the households in the period from July 1 to December 31, 2024, in the amount of PLN 300 to PLN 1 200, depending on the type of the households and the heating method used, an extension of the maximum price mechanism's effective term to cover the second half of 2024, in the amount of up to 500 PLN/MWh for the households and 693 PLN/MWh for the micro enterprises as well as for the small and medium size enterprises, while maintaining the use of the compensation payments and the advance payments.</p> <p>The act also introduces an obligation for the electricity trading companies, with respect to the needs of the eligible consumers, to submit, for an approval by the President of the ERO, a tariff amendment or a tariff with a validity period of no less than December 31, 2025. The act also provides for an extension until June 30, 2025 of the existing support mechanisms for the heat consumers.</p>	<p>The act had been published in the Official Journal on June 12, 2024.</p> <p>The act has entered into force.</p>	<p>The act will have an impact on the settlements with the electricity and heat consumers; an obligation to apply the maximum prices and to obtain an approval of a new tariff by the President of the ERO (an impact on the TAURON Sprzedaż GZE subsidiary, among other things). The Company had disclosed the effects of the electricity tariffs for the G tariff group consumers, approved by the President of the ERO, in current report No. 36/2024 of June 28, 2024.</p>	
<p><i>Draft Act on the Amendments to the Act on Investments in the Wind Power Plants and Certain Other Acts (UD89)</i></p>			
<p>The main proposed amendments to the act on the investments in the wind power plants: the abolition of the general 10H rule, a new mutual and minimum distance between the LEW installations and the residential developments set at 500 m, a regulation of the possibility of locating a wind power plant on the basis of a special</p>	<p>The draft act had been sent for the public consultation on September 25, 2024.</p>	<p>The proposed changes may increase opportunities for investment in new RES capacity, which will contribute to</p>	

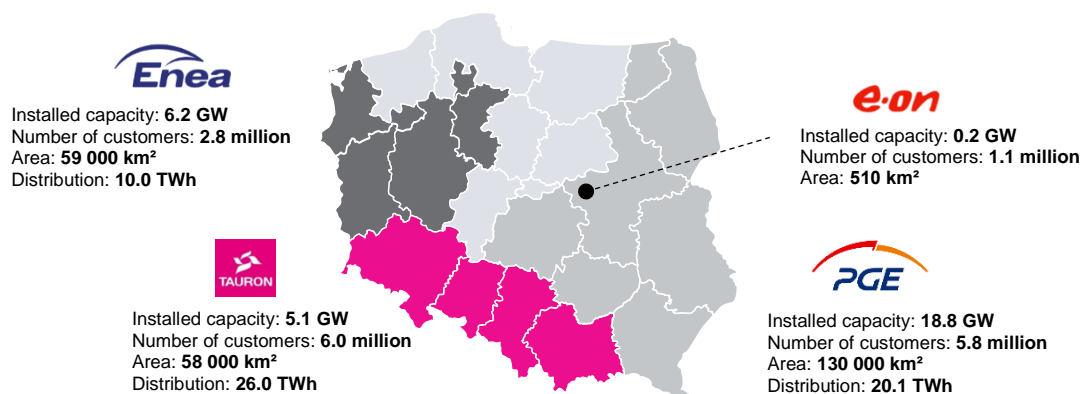
Name and description of the regulation	Status as of September 30, 2024	Impact on TAURON Capital Group	Impact on the Segment
type of the Local Zoning Plan, which is the Integrated Investment Plan. The amendments under consideration also include, among other things, the changes that would clarify the RES support mechanisms and the support for the biomethane in the installations above 1 MW.		the decarbonization of TAURON Group's generation capacity.	
<b>National Energy and Climate Plan until 2030 (update of the 2019 NECP).</b>			
In September 2024, the Ministry of Climate and Environment had published a presentation related to the Draft National Energy and Climate Plan to 2030 (NERP), outlining the main assumptions of the document.  According to the assumptions of the NERP update, Poland can achieve a 50.4% reduction in the greenhouse gas emissions in 2030 as compared to 1990, compared to a 30% reduction assumed in the NERP currently in place and a 55% reduction implied by the <i>Fit for 55</i> package. According to the transition scenarios presented, Poland may achieve a 32.6% RES share in the final gross energy consumption by 2030 in accordance with the WAM scenario (the ambitious transition scenario) and a 29.8% RES share in the final gross energy consumption, in accordance with the WEM scenario (the market and technical conditions driven transition scenario).	Continuation of the works; the publication of draft update to the NERP and the submission for the public consultation (an event that took place after balance sheet date)	Among other things, the draft provides for a large increase in the RES installed capacity and the additional capacity in the nuclear power generation and the gas fired power generation. The detailed assumptions will be subject to the public consultation.	
<b>Draft Act on the Amendments to the Act on the Renewable Energy Sources and Certain Other Acts (UD41)</b>			
The regulations that will be included in the amendment are related to the following areas: <ul style="list-style-type: none"> <li>- An alignment of the exemptions (relief solutions) for the energy - intensive consumers with the CEEAG, an alignment of the national legislation with the GBER regulation and the EU Regulation 2019 / 943.</li> <li>- An acceleration of the issuing of the licenses in the RES line of business (an alignment with the Council Regulation (EU) 2024 / 223).</li> <li>- The aligning changes in connection with the entry into force of the Central Energy Market Information System (Centralny System Informacji Rynku Energii - CSIRE).</li> <li>- The changes to the net - billing system.</li> </ul>	September 2024 - the draft act had been referred to the Standing Committee of the Council of the Ministers for the consideration.  The draft act had been adopted by the Council of the Ministers in October 2024, and it had been referred to the Lower House of the Parliament (Sejm) (the events that took place after the balance sheet date)	The changes related to the acceleration of the permit issuing (permitting) procedures for the RES investment projects may have an impact on both the RES segment as well as on the Distribution segment. In addition, the changes to the net - billing system will have an impact on the Supply segment.	  
<b>Draft Act on the Amendments to the Act - Energy Law and Certain Other Acts (UD36)</b>			
The purpose of the changes is to simplify the existing regulations and to reduce the procedural obligations. The changes included in the draft assume, among other things: the introduction of a set of concepts in the Energy Law necessary for the development and operation of the hydrogen market in Poland, as well as taking into account the cross sectoral possibilities of the use of the hydrogen or the designing of the principles of operation of a system dedicated to the hydrogen – the hydrogen networks.	the draft act had been referred to the Standing Committee of the Council of the Ministers for the consideration.  The draft act had been adopted by the Council of the Ministers in October 2024, and it had been referred to the Lower House of the Parliament (Sejm) (the events that took place after the balance sheet date)	The establishment of a legal framework for the hydrogen economy will provide the regulatory stability, which is important for TAURON Group's entities considering the project initiatives in the hydrogen area.	
<b>Draft Act on the Amendments to the Act on the Capacity Market (UC70)</b>			
The proposed changes include the introduction and the subsequent holding of the supplementary auctions for the second half of 2025 and for the delivery years 2026, 2027 and 2028 (the annual auctions). The draft act is related to the so-called electricity market reform (the regulations are described in the section related to the EU).	September 2024 – the draft act had been placed on the list of the legislative works of the Council of the Ministers. The draft act has been sent for the public consultation (an event that took place after the balance sheet date)	The proposed changes may enable (under the certain conditions), among other things, a participation of the eligible units in the supplementary auctions, which may also include the units that are a part of TAURON Group.	



## Competitive environment

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

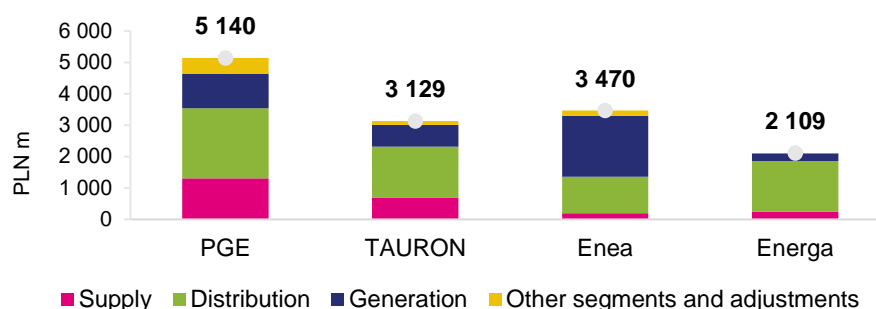
Figure no. 77. TAURON Capital Group's competitive environment based on the available data for the first half of 2024



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

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

Figure no. 88. EBITDA – estimated structure based on the main operating segments in the first half of 2024<sup>1</sup>



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

## Generation



### TAURON Capital Group is a key producer of electricity in Poland

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

86% of TAURON Capital Group's generation assets had been, as of the end of the third quarter of 2024, the hard coal fired units. TAURON Capital Group's total installed capacity had stood at 5.2 GW as of September 30, 2024, with the renewable energy sources accounting for close to 0.8 GW of that figure. The wind farms' installed capacity represents 9%, while the hydro electric power plants' installed capacity accounts for 3% and the biomass fired generating units' installed capacity accounts for 2% of TAURON Capital Group's total installed capacity.

TAURON Capital Group produced 8.00 TWh of electricity in the first three quarters of 2024, with 1.20 TWh coming from the RES.

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

According to the data for the first half of 2024, PGE is the largest electricity generator in Poland, with its share in the domestic electricity production market standing at approx. 36%, and with the installed capacity of 18.8 GW.

Enea is the second largest electricity producer in Poland, with a market share coming in at approx. 13% and with the installed capacity of 6.2 GW. Energa, on the other hand, has the largest share of the electricity produced from the renewable energy sources (RES) on the Polish market and Energa's total installed capacity stands at approx. 1.4 GW. Energa produced 1.5 TWh of electricity in the first half of 2024, with close to 0.9 TWh (i.e. 64%) coming from the RES.

Figure no. 99. Gross electricity production - estimated market shares in the first half of 2024

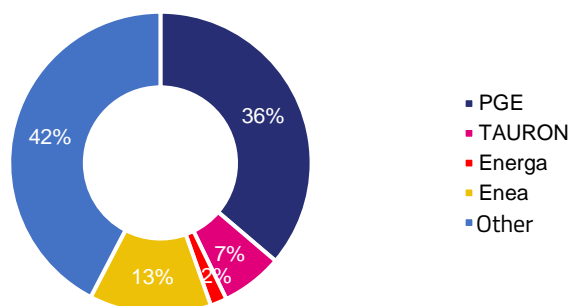
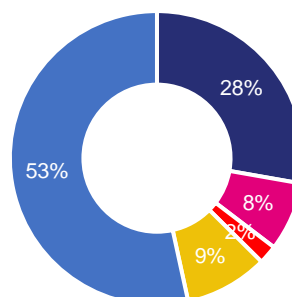


Figure no. 1010. Installed capacity - estimated market shares in the first half of 2024



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

## Distribution

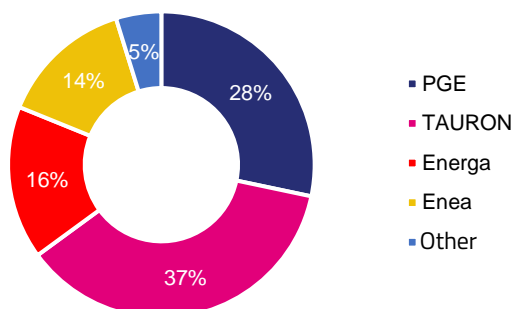


**TAURON Capital Group is the Polish market leader in terms of the number of the distribution customers and the volume of electricity distributed**

TAURON Capital Group is the largest electricity distributor in Poland. TAURON Dystrybucja's share in the electricity distribution to the final consumers had come in at approx. 37% in the first half of 2024. TAURON Capital Group's distribution grids cover more than 18% of Poland's territory. The volume of the electricity distributed to the final consumers had clocked in at approx. 38.51 TWh in the first three quarters of 2024.

TAURON Capital Group's distribution operations, due to the natural monopoly in the designated area, are a source of a stable and predictable revenue, accounting for a material part of the consolidated revenue of the entire TAURON Capital Group. The electricity distribution's geographical area on which the Distribution Segment's and the Supply Segment's subsidiaries are historically operating is a heavily industrialized and densely populated area and therefore the distribution grid is very well utilized. The number of the Distribution Segment's customers had come in at approx. 5.97 million as of the end of the third quarter of 2024.

Figure no. 1111. Electricity distribution - estimated market shares of the individual energy groups in the first half of 2024.



## Supply



**TAURON Capital Group is the second largest electricity supplier in Poland**

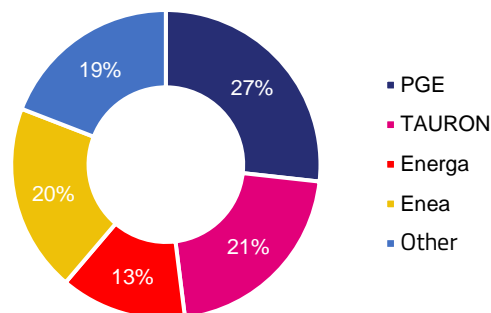
TAURON Capital Group holds a 21% share in the market of the electricity supply to the final consumers in Poland. The volume of the retail electricity supply of TAURON Capital Group had come in at 19.67 TWh in the first three quarters of 2024. The number of the customers served by TAURON Capital Group's Supply Segment stands at 5.80 million.

PGE is the largest retail electricity supplier with a 27% market share. The other two groups, Enea and Energa, hold a 20% and a 13% market share, respectively.

In the segment that includes the electricity supply to the households the individual energy groups are geographically linked, first of all, with the areas in which they are acting as an ex officio electricity supplier.

Figure no. 1212. Electricity supply to the final consumers - estimated market shares of the individual energy groups in the first half of 2024





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

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

Group	Installed capacity		Generation <sup>1</sup>		Distribution		Supply	
	GW	%	TWh	%	TWh	%	TWh	%
1. PGE	18.8	28%	30.2	36%	20.1	28%	17.0	27%
2. TAURON	5.1	8%	5.4	7%	26.0	37%	13.5	21%
3. Energa	1.4	2%	1.5	2%	11.5	16%	8.4	13%
4. Enea	6.2	9%	10.7	13%	10.0	14%	12.5	20%
5. Other	36.7	53%	34.7	42%	3.4	5%	12.6	19%
<b>Total</b>	<b>68.2</b>	<b>100%</b>	<b>82.5</b>	<b>100%</b>	<b>71.0</b>	<b>100%</b>	<b>64.0</b>	<b>100%</b>

<sup>1</sup> Volume of the gross electricity generated in the first half of 2024

Source: ARE, information from the companies posted on their web sites, the in-house estimates in case of the companies publishing the net production output.

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

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

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

Description of the factor
1. aggression of the Russian Federation against Ukraine and its impact on the Polish economy and the European Union policy, as well as the impact of the sanctions imposed against Russia and those imposed by Russia, including in particular the availability of the raw materials (the geopolitical risk),
2. an increase of the geopolitical risk - the emergence of the new sources of conflict, the possible escalation of the conflict in the Middle East, and the consequent disruptions of the financial and the commodity markets
3. macroeconomic situation in Poland, including the inflation rate, the GDP growth rate, the changes of the interest rates, the FX rates, etc., having an impact on the valuation of the assets and the liabilities listed by the Company in the statement of financial condition,
4. market situation in Poland and in the EU, as well as in the global economy, including the changes of the electricity prices, the prices of the CO <sub>2</sub> emission allowances, the prices and the availability of the raw materials (in particular the hard coal and gas), etc., having an impact on the revenues and the level of the costs generated (including the maintaining of the IRGiT margins),
5. operation of the balancing market according to the new rules that had come into force as of June 2024, among other things in terms of the settlement prices and the products offered, as well as a reduction in the liquidity and transparency of the energy market (abolition of the power exchange trading obligation),
6. adjustment of the G tariff for the July 2024. - December 2025, and in the longer term, a further potential regulatory intervention in the energy market (the support mechanisms, including the prices regulation, the compensation payments system),
7. changes to the regulations related to the power sector, as well as the changes in the legal environment, including: the tax law, the law on the natural environment protection and the spatial development (the zoning law), as well as the positions and the decisions of the government administration institutions and the authorities, for example, the Office for Competition and Consumer Protection (UOKiK), ERO (URE), EC,
8. deterioration of the financial position of the Group's customers and counterparties, and as a consequence, an increase in the amount of the overdue accounts receivables,
9. volatility of the demand for the electricity in the National Power System and a large share of the RES units in the system and, as a consequence, the lower level of the production by the generating units, which has an impact on the level of the hard coal inventory at TAURON Group's storage sites, the volatility of the revenue in the Supply and the Distribution segments, taking into account the changes due to the seasonality, the macroeconomic situation, the weather conditions and the availability of the fuels,
10. level of the electricity imports / exports and of the available capacity reserve in the power system in Poland and in Europe,
11. changes to the energy mix that have a material impact on the changes in the electricity price profiles, and increase the uncertainty with respect to the cost of the profiling and balancing of the demand of the end customers,
12. availability of the Group's generating units,
13. changes with respect to the policies in place at the financial institutions, the restrictions with respect to the availability of the debt financing, the possibility of taking advantage of the external aid funds, including the European Union funds, aimed at providing the support for the transition of the energy sector and mitigating the effects of the social changes,
14. further functioning of the generation capabilities compensation mechanism (capacity market), as part of which the deliveries of the electric capacity will be carried out by TAURON Capital Group subsidiaries' generating units and the demand side reduction units at the transmission system operator's request,

15. further tightening of the EU climate policy, in particular, resulting in the energy transition focused on the development of the RES, as well as in an increase of the volatility of the prices of the CO<sub>2</sub> emission allowances,
16. outcome of the pending court proceedings (court litigations) that TAURON Group's subsidiaries are taking part in,
17. environment protection requirements as a consequence of the changes to the *Act of April 27, 2001, the Environment Protection Law*, the so-called anti-smog resolutions and the consequences of the adopted *Act of March 30, 2021, on amending the act on disclosing the information on the environment and the protection thereof, the participation of the public in the protection of the environment and on the environmental impact assessments, and certain other acts* (a potential impact on the investment projects currently under way, as well as on the future investment projects),
18. shaping of the human resources policy and the expectations with respect to the wage increases at TAURON Capital Group,
19. changes to the schedules, budgets and the scopes of the investment projects carried out by TAURON Capital Group,
20. impact of the weather conditions, including those of the extreme nature, resulting in the impact on the failure rate of the assets of TAURON Capital Group and the seasonality of the revenue generated as well as the costs incurred,
21. continued remaining of the hard coal assets within TAURON Group,
22. the results of the legal steps taken with the purpose of cancelling the legal effects of the decision of the Court Register concerning registration of the merger of TAURON Zielona Energia and 10 other companies carried out based on legal actions that in the opinion of the Company and the entities participating in the merger were erroneous, which determines the possibility of functioning of TAURON Tax Capital Group.

*The detailed information related to the impact of the material factors on the financial result achieved in the first three quarters of 2024 is provided in section 3 of this information. The effects of such impact are visible both in the short term, as well as in the long term outlook.*

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

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

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

## 3. ANALYSIS OF THE FINANCIAL POSITION AND ASSETS OF TAURON CAPITAL GROUP

### 3.1. Key operating data of TAURON Capital Group

Table no. 17. Key operating data posted by TAURON Capital Group in the first three quarters of 2024 and in the first three quarters of 2023

Item	Unit	Q1-Q3 2024	Q1-Q3 2023	Change in % 2024 / 2023
Electricity generation (gross production)	TWh	8.00	8.99	89%
including generation of electricity from renewable sources	TWh	1.20	1.17	103%
<i>Production from biomass</i>	TWh	0.08	0.15	56%
<i>Production by hydroelectric power plants and wind farms</i>	TWh	1.12	1.02	110%
Heat generation	PJ	6.18	6.73	92%
Electricity distribution	TWh	38.51	38.27	101%
Electricity supply	TWh	25.92	31.39	83%
<i>Retail supply</i>	TWh	19.67	22.47	88%
<i>Wholesale</i>	TWh	6.25	8.93	70%
Number of customers - Distribution	'000	5 967	5 912	101%

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

Table no. 18. TAURON Capital Group's sales volumes and structure broken into the individual Segments of operations (lines of business) in the first three quarters of 2024 and in the first three quarters of 2023

Item	Unit	Q1-Q3 2024	Q1-Q3 2023	Change in % 2024 / 2023
Generation Segment's electricity and heat sales	TWh	7.00	8.30	84%
	PJ	1.61	1.69	95%
Heat Segment's electricity and heat sales	TWh	0.53	0.75	70%
	PJ	6.71	7.54	89%
RES Segment's electricity sales	TWh	1.13	0.99	114%
Distribution Segment's distribution services sales	TWh	38.51	38.27	101%
Supply Segment's retail electricity sales	TWh	19.73	22.44	88%

#### Generation Segment

The total achievable capacity of the Generation Segment's generating units had come in at 4.2 GW of electric capacity and 0.9 GW of thermal capacity as of the end of September 2024. The Generation Segment had produced 6.36 TWh of electricity in total in the first three quarters of 2024, i.e. less by 11% as compared to the same period of the previous year. The sales of the electricity from the in-house production, along with the electricity purchased for trading, had clocked in at 7.00 TWh in the first three quarters of 2024, which meant a decline by 16% as compared to the same period of 2023. The heat sales had come in at 1.61 PJ in the first three quarters of 2024, i.e. less by 5% as compared to the same period of 2023, which had been a consequence of the lower consumer demand in connection with the higher outdoor temperature year on year.

#### Heat Segment

The total achievable capacity of the Heat Segment's generating units had come in at 0.4 GW of electric capacity and 1.2 GW of thermal capacity as of the end of September 2024. The Heat Segment had produced 0.49 TWh of electricity in total in the first three quarters of 2024, i.e. less by 37% as compared to the same period of the previous year. The sales of the electricity from the in-house production, along with the electricity purchased for trading, had clocked in at 0.53 TWh in the first three quarters of 2024, which meant a decline by 30% as compared to the same period of 2023. The heat sales had come in at 6.71 PJ in the first three quarters of 2024, i.e. less by 11% as compared to the same period of 2023, which had been a consequence of the lower consumer demand in connection with the higher outdoor temperature year on year.

## RES Segment

The total achievable capacity of the RES Segment's generating units had stood at 665 MW of electric capacity as of September 30, 2024, and it had been higher than reported as of September 30, 2023, by 96 MW as a result of the commissioning of the Mierzyn wind farm with the capacity of 59 MW and the Myslowice photovoltaic farm with the capacity of 37 MW. The RES Segment had produced 1.12 TWh of electricity in the first three quarters of 2024, i.e. more by 10% as compared to the previous year (1.02 TWh).

## Distribution Segment

The Distribution Segment had delivered, in total, 38.51 TWh of electricity, including 37.49 TWh to the final consumers, in the first three quarters of 2024. During that period the Distribution Segment had been providing the distribution services for 5.97 million consumers. In the same period of 2023, the Distribution Segment had delivered, in total, 38.27 TWh of electricity to 5.91 million consumers, including 37.31 TWh to the final consumers.

## Supply Segment

The Supply Segment subsidiaries had supplied, in total, 19.73 TWh of electricity on the retail market in the first three quarters of 2024, i.e. less by 12% than in the same period of 2023, to 5.80 million customers, both to the households, as well as to the businesses. The Supply Segment had produced 0.03 TWh of electricity from the gas engines, i.e. less by 49% as compared to the previous year (0.06 TWh).

## Other operations

The sales revenue of the Other Operations Segment subsidiaries had come in at PLN 937 million in the first three quarters of 2024, and it had been higher by 20% than the revenue posted in the same period of 2023, with the main reason behind it being the higher sales of the customer service and support services provided by the Shared Service Centers (CUW) to TAURON Capital Group's subsidiaries.

## 3.3. TAURON Capital Group's financial position after the first three quarters of 2024

This section presents the selected items from the *Interim Condensed Consolidated Financial Statements of TAURON Polska Energia S.A. Capital Group, drawn up in compliance with the International Financial Reporting Standards, approved by the European Union, for the period of 9 months ended on September 30, 2024*, and the selected financial ratios which constitute the Alternative Performance Metrics, as defined by the ESMA Guidelines related to the Alternative Performance Metrics. These metrics present the additional information with respect to the financial performance (results) of TAURON Capital Group's business operations and, in the opinion of the Management Board, they may constitute an additional important source of the information for the investors with respect to the financial and operational situation of TAURON Capital Group. The ratios constitute the standard metrics commonly used in the financial analysis, the usefulness of which has been analyzed in terms of the information provided to the investors on the financial efficiency (performance), cash flows and the debt of TAURON Capital Group. The definitions of the metrics are provided directly next to each indicator. The values of the individual metrics provided for the reporting period and for the comparable period, due to the lack of the changes in the methodology used to determine the metrics, are comparable.

### Analysis of the financial position

#### Consolidated statement of comprehensive income

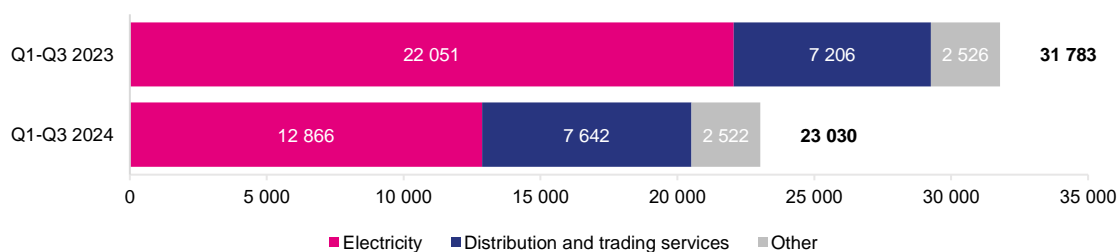
Table no. 19. TAURON Capital Group's interim condensed consolidated statement of comprehensive income for the first three quarters of 2024 and for the first three quarters of 2023 <sup>1</sup>

Item (PLN m)	Q1-Q3 2024 (unaudited data)	Q1-Q3 2023 (unaudited data)	Change in % 2024 / 2023
Sales revenue	23 030	31 783	72%
Compensation payments	2 496	6 182	40%
Cost of goods sold	-24 352	-34 482	71%
Other operating revenue and costs	46	247	19%
Share in joint ventures' profits	85	95	89%
<b>Operating profit</b>	<b>1 305</b>	<b>3 825</b>	<b>34%</b>
<i>Operating profit margin (%)</i>	5.7%	12.0%	47%
Cost of interest on debt	-497	-619	80%
Other financial revenue and costs	-77	-191	40%
<b>Pre-tax profit</b>	<b>731</b>	<b>3 015</b>	<b>24%</b>

Item (PLN m)	Q1-Q3 2024 (unaudited data)	Q1-Q3 2023 (unaudited data)	Change in % 2024 / 2023
Pre-tax profit margin (%)	3.2%	9.5%	33%
Income tax	-938	-752	125%
<b>Net financial result (profit) for the period</b>	<b>-207</b>	<b>2 263</b>	<b>-9%</b>
Net financial result (profit) margin (%)	-0.9%	7.1%	-13%
<b>Total comprehensive income for the period</b>	<b>-332</b>	<b>2 032</b>	<b>-16%</b>
<b>Net profit (loss) attributable to:</b>			
Shareholders of the parent entity	-210	2 258	-9%
Non-controlling shares	3	5	60%
<b>EBIT and EBITDA</b>			
<b>EBIT</b>	<b>1 305</b>	<b>3 825</b>	<b>34%</b>
<b>EBITDA</b>	<b>4 606</b>	<b>5 471</b>	<b>84%</b>

<sup>1</sup> the selected items from the consolidated statement of comprehensive income of TAURON Capital Group for the period of 9 months ended on September 30, 2024 and the comparable data for the period of 9 months ended on September 30, 2023. These items are quoted in accordance with the Interim Condensed Consolidated Financial Statements of TAURON Polska Energia S.A. Capital Group drawn up in compliance with the International Financial Reporting Standards approved by the European Union for the period of 9 months ended on September 30, 2024

Figure no. 13. Structure of TAURON Capital Group's revenue for the first three quarters of 2024 and for the first three quarters of 2023



TAURON Capital Group had generated revenue in the first three quarters of 2024 that had been lower by 28% than the revenue reported in the same period of 2023, mainly as a result of the lower revenue from the electricity sales. The declines in the electricity sales revenue had been recorded both in the retail electricity trading area as well as in the wholesale electricity trading area, which is primarily due to the lower prices obtained and the lower average sales volume. The decrease in the prices offered for the customers in each segment is directly related to the changes observed in the market electricity prices. In addition, the decrease in the revenues had also been impacted by the change in the volume which has been due to the lower demand from the business customers and, in the case of the wholesale trading, the lower level of the electricity volume contracting. In addition, the decrease in the revenues had also been impacted by the lower amount of the trading (commercial) fees received and a decrease in the amount of the revaluation (adjustment) of the sales of the electricity purchased for the needs of the balancing difference mainly due to a change in the prices. In addition to the above mentioned reasons, the change in the sales revenues year on year had also been impacted by the following factors:

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

The costs of TAURON Capital Group's operations (operating expenses) incurred in the first three quarters of 2024 had been lower by 29% than the costs borne in the same period of 2023, which is mainly a consequence of incurring the lower costs of the purchases of the electricity as a result of the decline of the prices and the lower volumes as a result of the lower demand from TAURON Group's customers. In addition, other factors that had contributed to the above mentioned decline had included the lower costs of the hard coal fuel and the CO<sub>2</sub> emission allowances consumed for the purpose of the production of the electricity and the heat, mainly as a result of the lower consumption, as a consequence of the lower production. In addition, the lower cost of the hard coal fuel is impacted by the lower purchase price of the fuel as a consequence of the year on year decline in the market prices for this raw material. Another factor contributing to the change in the cost of the operations (operating expenses) is the significantly lower value of the allowance (charge) for the Price Difference Payout Fund, the obligation to set up

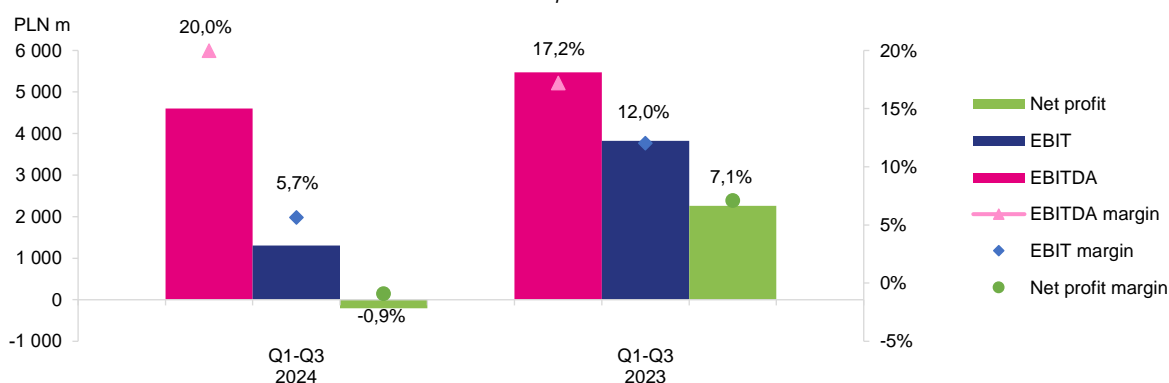


which in 2023 had stemmed from the provisions of the legal acts obliging both the generators as well as the suppliers of the electricity and gas to pay the profits, in excess of the statutorily assumed margin percentage, to the Settlement Manager (Zarządca Rozliczeń). The above decreases in the cost items had partially been mitigated by the increases of the costs of:

1. the depreciation, mainly as a result of an increase in the value of the assets of TAURON Capital Group,
2. the impairment charges related to the non-financial fixed assets following the completed impairment tests of the carrying value of the fixed assets, which demonstrated that the booking of such write downs had been justified,
3. the employee benefits, which is the result of the following factors:
  - 1) the booking in the costs in the first three quarters of 2024 of the effects of the agreements signed with the social partners (workforce) over the course of 2023,
  - 2) an increase of the minimum wage in 2024,
4. the distribution and transmission services purchased, which is a consequence of an increase of the tariff for the PSE transmission service,
5. the higher costs of the taxes and fees, mainly due to the higher costs of the grid assets as a consequence of an increase in the value of the assets as a result of the investment projects under way and an increase of the tax rates.

The EBITDA margin posted in the first three quarters of 2024 had come in at 20.0%, and it had been higher by 2.8 p.p. than the margin posted in the same period of 2023, which had mainly been the result of a decrease of the revenue generated by 28%, along with the decline of the EBITDA result by 16%. The reasons for this trajectory of the above profit and loss statement items are indicated above. On the other hand, the EBIT margin and the net profit margin had clocked in at 5.7% and -0.9%, respectively, and they had been lower by 6.3 p.p. and 8.0 p.p., respectively, than those earned in the same period of 2023. The main reason for the bigger decline of the above mentioned margins in relation to the EBITDA margin is the booking of the impairment charges related to the non-financial fixed assets following the completed impairment tests of the carrying value of the fixed assets.

Figure no. 14. TAURON Capital Group's financial results and the level of the margins earned in the first three quarters of 2024 and in the first three quarters of 2023 r.



The comprehensive income attributable to the shareholders of the parent company is negative and it had clocked in at PLN -335 million in the first three quarters of 2024, as compared to PLN 2 027 million posted a year ago, while the net profit attributable to the shareholders of the parent company had come in at PLN -210 million in the first three quarters of 2024, as compared to PLN 2 258 million posted in the same period of 2023.

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

Table no. 20. TAURON Capital Group's EBITDA by the individual Segments of operations (lines of business) in the first three quarters of 2024 and in the first three quarters of 2023

EBITDA (PLN m)	Q1-Q3 2024 (unaudited data)		Q1-Q3 2023 (unaudited data)		Change in % 2024 / 2023
	PLN m	Structure in %	PLN m	Structure in %	
Generation	309	7%	876	16%	35%
Heat	223	5%	221	4%	101%
RES	494	11%	321	6%	154%
Distribution	2 638	57%	3 426	63%	77%
Supply	762	17%	452	8%	169%
Other operations	314	7%	160	3%	196%
Unassigned items and exclusions	-134	-3%	15	0.3%	-
<b>Total EBITDA</b>	<b>4 606</b>	<b>100%</b>	<b>5 471</b>	<b>100%</b>	<b>84%</b>

## Generation Segment

Table no. 21. Generation Segment's results for the first three quarters of 2024 and for the first three quarters of 2023

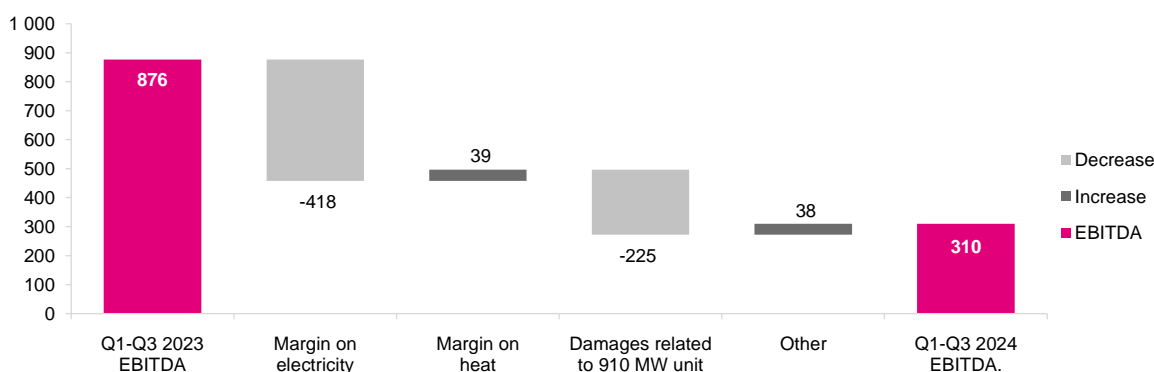
Item (PLN m)	Q1-Q3 2024 (unaudited data)	Q1-Q3 2023 (unaudited data)	Change in % 2024 / 2023
<b>Sales revenue</b>	<b>5 653</b>	<b>8 189</b>	<b>69%</b>
Electricity	4 703	6 967	68%
Heat	190	184	103%
property rights related to guarantees of origin of electricity (energy certificates)	0	16	2%
services – capacity market	593	484	123%
greenhouse gas emission allowances	-	265	0%
Biomass	41	114	36%
combustion process by-products (UPS) / mining process by-products (UPW)	92	43	213%
Other	33	117	28%
<b>EBIT</b>	<b>-1 374</b>	<b>605</b>	<b>-</b>
Depreciation and impairment charges	1 683	271	621%
<b>EBITDA</b>	<b>309</b>	<b>876</b>	<b>35%</b>

The Generation Segment's sales revenue in the first three quarters of 2024 had been lower by 32% as compared to the same period of 2023, mainly due to the lower revenue from the sales of the electricity brought about by the lower sales prices and the lower sales volume.

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

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

PLN m Figure no. 15. Generation Segment's EBITDA, including the material factors impacting the change year on year



## Heat Segment

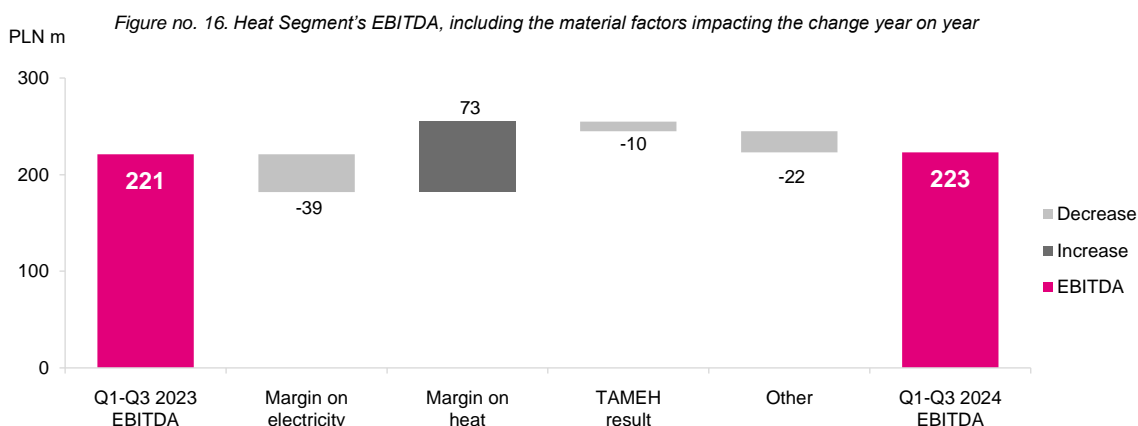
Table no. 22. Heat Segment's results for the first three quarters of 2024 and for the first three quarters of 2023

Item (PLN m)	Q1-Q3 2024 (unaudited data)	Q1-Q3 2023 (unaudited data)	Change in % 2024 / 2023
<b>Sales revenue and the compensation payments</b>	<b>1 468</b>	<b>1 707</b>	<b>86%</b>
<i>Electricity</i>	<i>340</i>	<i>542</i>	<i>63%</i>
<i>Heat</i>	<i>1 014</i>	<i>1 035</i>	<i>98%</i>
<i>property rights related to guarantees of origin of electricity (energy certificates)</i>	<i>21</i>	<i>58</i>	<i>37%</i>
<i>services – capacity market</i>	<i>14</i>	<i>21</i>	<i>68%</i>
<i>Compensation payments</i>	<i>74</i>	<i>43</i>	<i>172%</i>
<i>Other</i>	<i>4</i>	<i>9</i>	<i>42%</i>
<b>EBIT</b>	<b>-4</b>	<b>140</b>	<b>-</b>
Depreciation and impairment charges	227	81	280%
<b>EBITDA</b>	<b>223</b>	<b>221</b>	<b>101%</b>

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

The Heat segment's EBITDA for the first three quarters of 2024 was comparable to the same period of 2023. On the other hand, EBIT was lower than in the comparable period of the previous year, which was a result of higher amount of write downs related to cash generating units (CGU). The level of the results posted had been affected by the following factors:

1. the lower margin on the sales of the electricity as a result of the lower electricity sales prices, offset by a decline in the prices of the hard coal prices and the CO<sub>2</sub> emission allowances. In addition, the decrease in the margin had been affected by the lower electricity sales volume resulting from the lower contracting on the forward (futures) market.
2. the higher margin on the heat sales mainly as a consequence of an increase of the heat sales prices based on the tariffs year on year and the lower costs of the fuels,
3. the lower result of the TAMEH subsidiary as a consequence of the TAMEH Czech subsidiary having been placed into the liquidation bankruptcy proceedings.
4. other factors, including mainly higher costs of operating activity.



## RES Segment

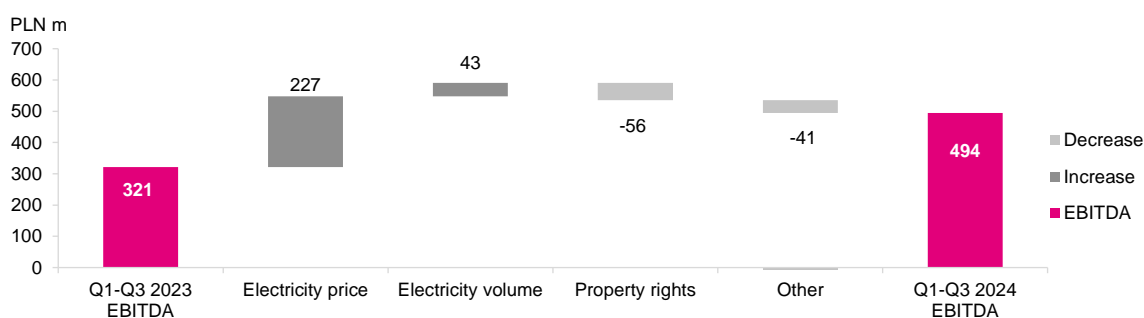
Table no. 23. RES Segment's results for the first three quarters of 2024 and for the first three quarters of 2023

Item (PLN m)	Q1-Q3 2024 (unaudited data)	Q1-Q3 2023 (unaudited data)	Change in % 2024 / 2023
<b>Sales revenue</b>	<b>688</b>	<b>561</b>	<b>123%</b>
Electricity	607	325	187%
Guarantees of origin of electricity (energy certificates)	73	220	33%
Other	8	16	50%
<b>EBIT</b>	<b>351</b>	<b>179</b>	<b>196%</b>
Depreciation and impairment charges	143	142	101%
<b>EBITDA</b>	<b>494</b>	<b>321</b>	<b>154%</b>

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

1. an increase of the electricity sales price related to the cancelling of the price limits in force in 2023,
2. the higher electricity production volume,
3. the lower revenue from the guarantees of origin of electricity (energy certificates), which had been a consequence of the lower prices of the property rights and the volume of the property rights acquired by the eligible wind farms having been lower by 9%,
4. the other factors, including mainly the higher costs of the business operations conducted and the booking of the impairment charge related to the accounts receivable.

Figure no. 17. RES Segment's EBITDA, including the material factors impacting the change year on year



## Distribution Segment

Table no. 24. Distribution Segment's results for the first three quarters of 2024 and for the first three quarters of 2023

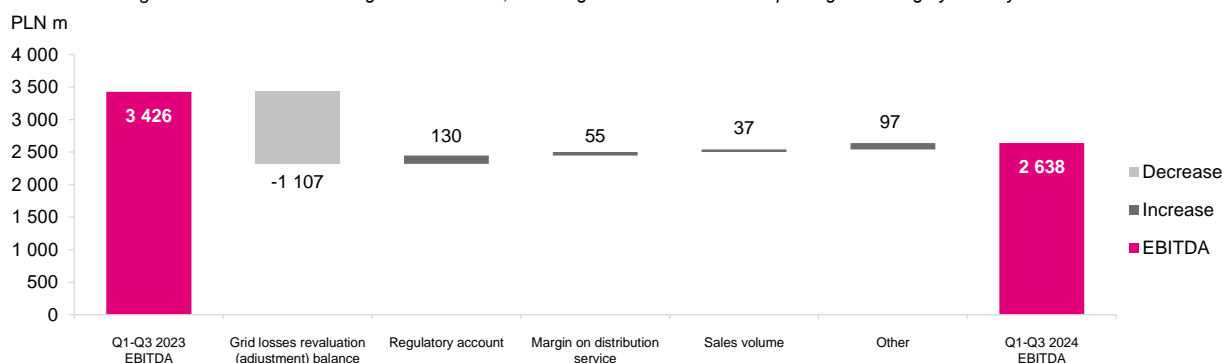
Item (PLN m)	Q1-Q3 2024 (unaudited data)	Q1-Q3 2023 (unaudited data)	Change in % 2024 / 2023
<b>Sales revenue and the compensation payments</b>	<b>8 606</b>	<b>9 862</b>	<b>87%</b>

Item (PLN m)	Q1-Q3 2024 (unaudited data)	Q1-Q3 2023 (unaudited data)	Change in % 2024 / 2023
Distribution services	8 133	8 044	101%
Revaluation adjustment of the reduction in the value of electricity for the balancing difference	-531	575	-
Electricity from the settlement of the balancing difference	658	970	48%
New grid connections	101	79	128%
Other revenue	219	194	112%
<b>EBIT</b>	<b>1 591</b>	<b>2 442</b>	<b>65%</b>
Depreciation and impairment charges	1 047	984	106%
<b>EBITDA</b>	<b>2 638</b>	<b>3 426</b>	<b>77%</b>

The Distribution Segment had reported a decrease of the sales revenue by 13% in the first three quarters of 2024, as compared to the same period of 2023, as well as the declines of EBIT and EBITDA by, respectively, 35% and 23%. The results posted had been affected by the following factors:

1. a change in the price of the revaluation (adjustment) of the electricity for the purpose of the covering of the grid losses,
2. the impact of the settlements as part of the regulatory account in the tariff for 2024,
3. the higher margin on the distribution service achieved as a result of the higher Weighted Average Cost of Capital (WACC) year on year and the higher value of the Regulatory Asset Base (RAB) adopted in the calculation of the tariff for the year 2024 as well as the lower volume of the electricity purchased for the purpose of the covering of the grid losses costs,
4. the higher volume of the total electricity distributed in total by 242 GWh, mainly in the tariff group B as a consequence of an improvement of the economic conditions (sentiment), and in the group G as a consequence of, among other things, an increase in the number of the consumers,
5. an increase of the other revenue related to the distribution operations, including mainly due to the exceeding of the grid connection contractual passive (reactive) power consumption, the power grid collisions and the grid connection fees.

Figure no. 18. Distribution Segment's EBITDA, including the material factors impacting the change year on year



## Supply Segment

Table no. 25. Supply Segment's results for the first three quarters of 2024 and for the first three quarters of 2023

Item (PLN m)	Q1-Q3 2024 (unaudited data)	Q1-Q3 2023 (unaudited data)	Change in % 2024 / 2023
<b>Supply</b>			
<b>Sales revenue and the compensation payments</b>	<b>22 067</b>	<b>31 900</b>	<b>69%</b>
Electricity <sup>1</sup> , including:	12 039	18 442	65%
retail electricity supply revenue	11 082	16 232	68%
greenhouse gas emission allowances	3 696	2 985	124%
Fuels	938	1 678	56%
distribution service (passed through)	3 129	2 966	105%



Item (PLN m)	Q1-Q3 2024 (unaudited data)	Q1-Q3 2023 (unaudited data)	Change in % 2024 / 2023
Compensation payments	1 943	5 238	37%
other services, incl. trading services	322	591	54%
<b>EBIT</b>	<b>721</b>	<b>410</b>	<b>176%</b>
Depreciation and impairment charges	41	42	98%
<b>EBITDA</b>	<b>762</b>	<b>452</b>	<b>169%</b>

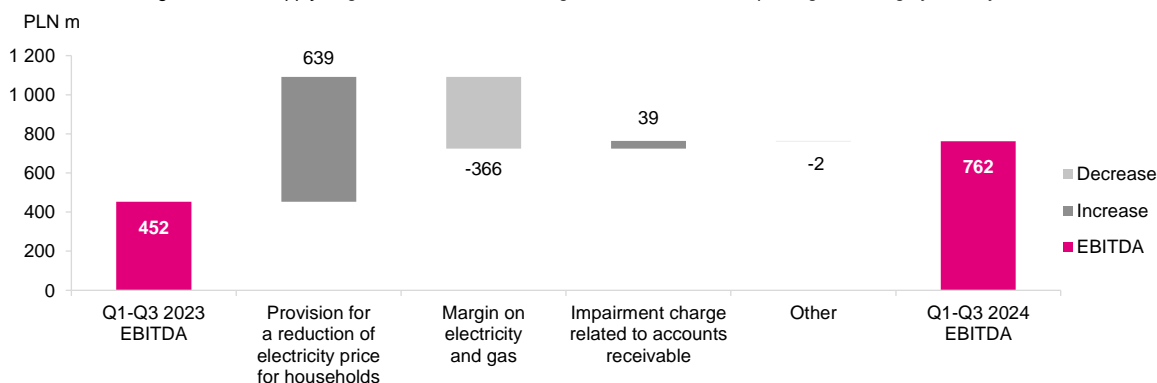
<sup>1</sup> Including the revaluation of the sales of the electricity purchased for the purpose of the covering of the balancing difference.

The Supply Segment's sales revenue in the first three quarters of 2024 had been lower by 31% as compared to the same period of 2023, the main reason for which had been the lower revenue from the electricity sales. The above mentioned decline is due to the lower prices obtained for the electricity sold and the lower volume in almost each customer segment. The decrease in the prices is a consequence of the lower market electricity prices year on year, and the updating, as of July 1, 2024, of the G tariff by the President of the ERO. The decline in the volume is due to the lower demand from the customers. The other factors affecting the decline of the above mentioned revenue include the lower trading (commercial) fees received and the reduction in the amount of the revaluation of the sale of the electricity purchased for the purpose of the covering of the balancing difference, mainly as a result of the change of the prices. Another area where the lower revenues had been reported had been the fuel sales, mainly due to the lack of the sales of the hard coal fuel to the TAURON Wytwarzanie subsidiary in connection with the transfer of the fuel supply management function to the Company that had taken place as of the end of 2022. The above mentioned declines had been slightly dampened by an increase in the revenue from the sales of the CO<sub>2</sub> emission allowances to the generation subsidiaries.

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

- the higher margin earned on the sales of the electricity and gas, which is the result of:
  - setting up, as of September 30, 2023, of a provision for the reduction of the customers' accounts payable towards the energy companies as a consequence of the entry into force of the *Regulation of the Minister of Climate and Environment of September 9, 2023, amending the regulation on the method of shaping and calculating the tariffs and the method to be used to perform the settlements in electricity trading*, and the partial release thereof in 2024 in connection with the received interpretation of the tax authorities with respect to the VAT settlements,
  - the lower earned margin on the sales of the electricity to the households in the third quarter of 2024 as compared to 2023 due to the updating of the G tariff that had taken effect as of July 1, 2024,
  - the lower volume of the electricity sold to the business customers,
  - the higher margin earned on the wholesale electricity trading which is mainly related to not having to pay the allowance (charge) to the Price Difference Payout Fund which had taken place in the first three quarters of 2023.,
  - the higher margin earned on the sales of the gas fuel, which is related to the stabilizing of the price of this raw material, which had allowed for the reducing of the loss on the sales thereof,
- the lower impairment charge related to the carrying amount of the accounts receivable due to the improved customer ratings and a decrease in the level of the accounts receivable, mainly as a consequence of to a decline in the prices of the electricity and gas year on year.

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



## Other Operations

Table no. 26. Other Operations Segment's results for the first three quarters of 2024 and for the first three quarters of 2023

Item (PLN m)	Q1-Q3 2024 (unaudited data)	Q1-Q3 2023 (unaudited data)	Change in % 2024 / 2023
<b>Sales revenue</b>	<b>937</b>	<b>784</b>	<b>120%</b>
customer service	329	259	127%
support services	460	394	117%
aggregates	136	115	118%
other revenue	12	16	75%
<b>EBIT</b>	<b>146</b>	<b>32</b>	<b>456%</b>
Depreciation and impairment charges	168	128	131%
<b>EBITDA</b>	<b>314</b>	<b>160</b>	<b>196%</b>

Other Operations Segment's sales revenue posted in the first three quarters of 2024 had come in at a level higher by 20% as compared to the revenue posted in the same period of 2023, which had been primarily due to the higher sales of the customer service and the support services provided by the Shared Services Centers (CUW) for the benefit of TAURON Capital Group's subsidiaries.

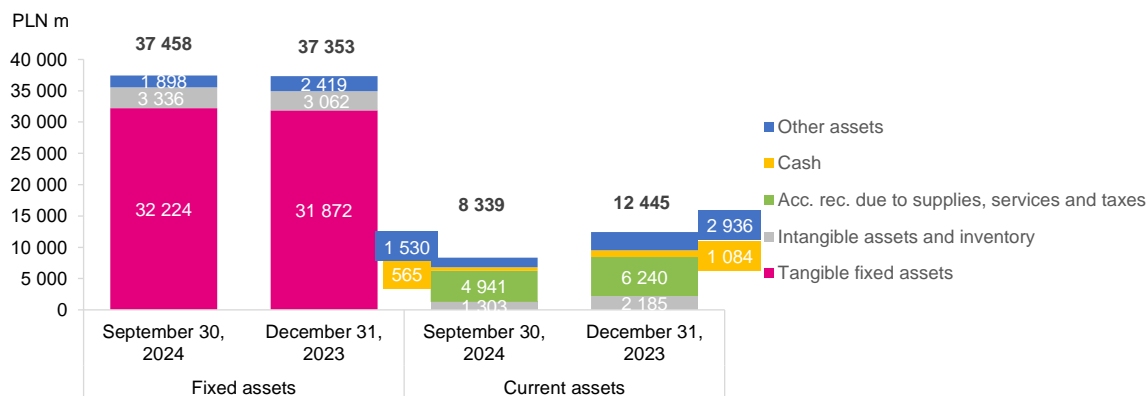
## Assets

Table no. 27. Interim condensed consolidated statement of financial position – the assets (material items) as of September 30, 2024 and as of December 31, 2023

	As of September 30, 2024 (unaudited data)		As of December 31, 2023		Change in % (2024 / 2023)
	PLN m	Structure in %	PLN m	Structure in %	
<b>ASSETS</b>					
<b>Fixed assets</b>	<b>37 458</b>	<b>81.8%</b>	<b>37 353</b>	<b>75.0%</b>	<b>100%</b>
Tangible fixed assets	32 224	70.4%	31 872	64.0%	101%
<b>Current assets</b>	<b>8 339</b>	<b>18.2%</b>	<b>12 445</b>	<b>25.0%</b>	<b>67%</b>
Cash and equivalents	565	1.2%	1 084	2.2%	52%
Fixed assets and the group's assets for disposal, classified as held for trade	4	0.0%	5	0.0%	80%
<b>TOTAL ASSETS</b>	<b>45 797</b>	<b>100.0%</b>	<b>49 798</b>	<b>100.0%</b>	<b>92%</b>

As of September 30, 2024, TAURON Capital Group's statement of financial position shows the balance sheet total that is lower by 8% as compared to the balance sheet total as of December 31, 2023.

Figure no. 20. Change in the structure and level of the assets as of September 30, 2024, and as of December 31, 2023



The fixed assets represent the biggest item of the assets, with the share thereof accounting for 81.8% of the total assets, with the increase in their value by 0.3%, i.e. by PLN 105 million, which is the result of an increase in the value of tangible fixed assets (property, plant, and equipment) and the right to use assets by 1.1%, i.e. by PLN 352 million and by 15.8%, i.e. by PLN 32 million respectively, the decrease in the value of assets related to deferred tax assets by 55.1%, i.e. by PLN 418 million, and of the other non-financial assets by 34.2%, i.e. by PLN 242 million.

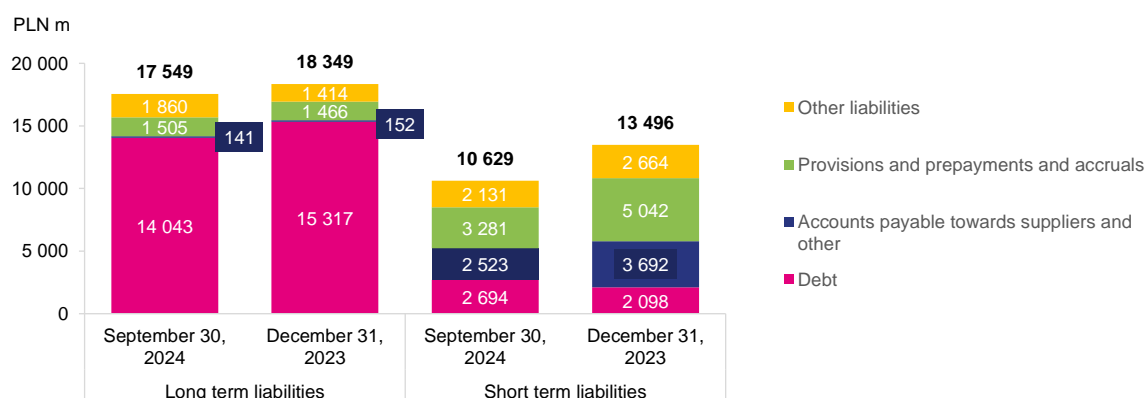
The decline in the value of the current assets by 33%, i.e. by PLN 4 106 million, is mainly the result of the drop of the value of:

1. the other financial assets by 64%, i.e. by PLN 1 559 million, mainly as a consequence of the settlement (clearing) of the accounts receivable related to the compensation payments due to:
  - 1) the electricity trading companies pursuant to the regulations of the *Act of October 7, 2022, on the special solutions aimed at protecting the electricity consumers in 2023* and the *Act of October 27, 2022, on the emergency measures to cap the electricity prices and provide the support for certain consumers in 2023*,
  - 2) the Distribution Segment's subsidiary pursuant to the *Act of October 7, 2022, on the special solutions aimed at protecting the electricity consumers in 2023*,
2. the accounts receivable due from the consumers by 28%, i.e. by PLN 1 470 million, mainly a consequence of the lower electricity and gas prices, which has a direct impact on the change in the turnover and the balances as of the end of the reporting periods,
3. the inventory, mainly the hard coal, by 27%, i.e. by PLN 399 million
4. the guarantees of origin of electricity and the CO<sub>2</sub> emission allowances to be redeemed by 69%, i.e. by PLN 483 million. It is the result of using the certificates to fulfill the requirement to redeem them for the year 2023,
5. the cash balance by 48%, i.e. by PLN 519 million, the reasons for which are indicated further on in this chapter, in the section related to the statement of cash flows.

Table no. 28. *Interim condensed consolidated statement of financial position – equity and liabilities (material items) as of September 30, 2024 and as of December 31, 2023*

Statement of financial position (PLN m)	As of September 30, 2024 (unaudited data)		As of December 31, 2023		Change in % (2024 / 2023)
	PLN m	Structure in %	PLN m	Structure in %	
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to shareholders of the parent entity</b>	<b>17 580</b>	<b>38.4%</b>	<b>17 915</b>	<b>36.0%</b>	<b>98%</b>
Non-controlling shares	39	0.1%	38	0.1%	97%
<b>Total equity</b>	<b>17 619</b>	<b>38.5%</b>	<b>17 953</b>	<b>36.1%</b>	<b>98%</b>
<b>Long term liabilities</b>	<b>17 549</b>	<b>38.3%</b>	<b>18 349</b>	<b>36.8%</b>	<b>96%</b>
Liabilities due to debt	14 043	30.7%	15 317	30.8%	92%
<b>Short term liabilities</b>	<b>10 629</b>	<b>23.2%</b>	<b>13 496</b>	<b>27.1%</b>	<b>79%</b>
Liabilities due to debt	2 694	5.9%	2 098	4.2%	128%
<b>Total liabilities</b>	<b>28 178</b>	<b>61.5%</b>	<b>31 845</b>	<b>63.9%</b>	<b>88%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>45 797</b>	<b>100.0%</b>	<b>49 798</b>	<b>100.0%</b>	<b>92%</b>

Figure no. 21. *Change in the structure and level of the equity and liabilities as of September 30, 2024, and as of December 31, 2023*



The amount of TAURON Capital Group's long term liabilities in the first three quarters of 2024 had decreased by 4%, i.e. by PLN 800 million, mainly as a result of a change in the value of the liabilities due to debt by 8%, i.e. by PLN 1 274 million, as a consequence of the reclassifying of some of the loans as the short term liabilities in connection with the repayment due dates thereof and taking out the new financing. The above mentioned drop had been partially offset by the increase in the value of the liabilities due to the deferred tax by 40%, i.e. by PLN 479 million.

The amount of TAURON Capital Group's short term liabilities had gone down by 21%, i.e. by PLN 2 867 million, mainly as a result of the drop in the value of:

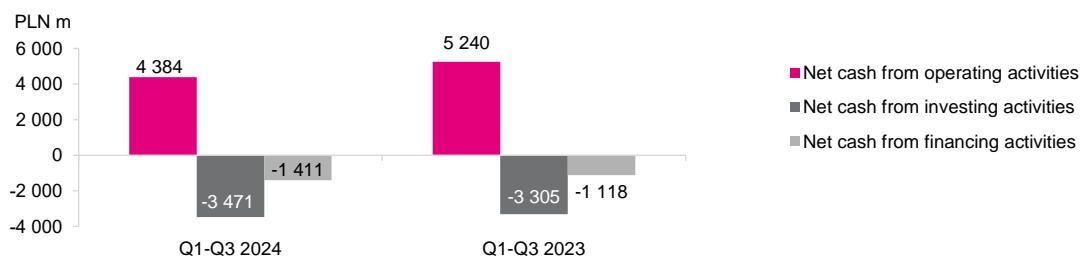
1. provisions for liabilities related to certificates of origin of electricity and CO<sub>2</sub> emissions by 38%, i.e. PLN 1 407 million, which is a consequence of:
  - setting up of a provision for liabilities related to CO<sub>2</sub> emission and certificates of origin of electricity for the first three quarters of 2024,
  - using up, in the first three quarters of 2024, of a portion of the provision in connection with the fulfillment of the obligation to redeem the CO<sub>2</sub> emission allowances for 2023,
  - releasing of a portion of the provisions set up as of December 31, 2023, due to the fall of the EUR exchange rate.
2. the accounts payable towards the suppliers, including the investment related commitments, by 27%, i.e. by PLN 712 million,
3. the other provisions by 69%, i.e. by PLN 580 million, which is mainly due to the partial use of the provisions, set up as of December 31, 2023, related to the reduction of the payments to the customers and the release thereof in connection with the receipt of the tax authority's interpretation with respect to the VAT settlement on this account,
4. the accounts payable due to the other taxes and fees by 44%, i.e. by PLN 449 million, mainly as a consequence of the lower accounts payable due to the VAT,
5. the other financial liabilities by 44%, i.e. by PLN 280 million, mainly as a consequence of a decrease in the accounts payable due to the compensation payments and the accounts payable due to the wages.
6. the other non-financial liabilities by 12%, i.e. by PLN 163 million, which is the result of the settlement of the account payable related to the contribution of an allowance (charge) to the Price Difference Payout Fund and an increase in the accounts payable to the customers for the overpayments received and the prepayments for the grid connection fees

## Cash flows

### Consolidated cash flow statement

The total of all of the net cash flows from the operating, investing and financing activities in the first three quarters of 2024 had been negative and had come in at PLN -498 million.

Figure no. 22. Cash flows in the first three quarters of 2024 and in the first three quarters of 2023.



The amount of the cash flows from the operating activities had been positive and come in at PLN 4 384 million in the first three quarters of 2024, which had been the result of the following factors:

1. the generated EBITDA in the amount of PLN 4 606 million,
2. the adjustment related to a share of the non-cash profits / losses of the joint ventures in the amount of PLN 85 million
3. a positive change of the working capital in the amount of PLN 406 million, which is the result of:
  - 1) a positive change in the balance of the accounts receivable in the amount of PLN 3 025 million, due to a change of the balance of the accounts receivable from the consumers as a result of the changes in the prices of the energy products and a decrease in the balance of the accounts receivable due to the compensation payments as a result of the settlement thereof and a decrease in the balance of the other financial accounts receivable,
  - 2) a positive change of the inventory level in the amount of PLN 374 million,
  - 3) a negative change in the balance of the accounts payable in the amount of PLN 1 544 million, mainly as a result of a decrease in the accounts payable towards the suppliers, the accounts payable due to the wages,

- the insurance premiums and the other financial liabilities, as well as a decrease in the balance of the tax liabilities except for the ones related to the income tax,
- 4) a negative change of the other long and short term assets as well as the provisions in the total amount of PLN 1 606 million,
  - 5) a positive change in the prepayments and accruals as well as the government subsidies in the amount of PLN 142 million, mainly due to the free of charge receipt of the tangible fixed assets (property, plant and equipment), intangible assets and the rights to use, as well as the subsidies (grants) including the returned ones,
  - 6) a positive change in the balance of the collateral transferred to IRGIT (Warsaw Commodity Exchange Clearing House) in the amount of PLN 15 million,
4. an expenditure in the amount of PLN 121 million due to the income tax,
  5. an expenditure in the amount of PLN 595 million related to the settlement of derivative instruments related to FX derivatives used to hedge the FX risk related mainly to the purchase of CO<sub>2</sub> emission allowances,
  6. the other factors: PLN +173 million, including mainly a non-cash profit adjustment related to the recognition and application of an impairment charge related to the carrying value of the inventory during the reporting period.

The expenditures for the purchase of the tangible fixed assets have the biggest impact on the cash flow from the investing activities, which had been higher in the first three quarters of 2024 as compared to the outlays incurred in the same period of 2023, and the largest expenditures, in the first three quarters of 2024, had been incurred by the Distribution Segment and they had accounted for 62% of the total capital spending.

The negative value of the cash flow from the financing activities is primarily due to the surplus of the expenses due to the repayment of the financial obligations over the inflows from the financing obtained. The amount of the credits (borrowings) and loans repaid had come in at PLN 5 359 million, while the amount of the proceeds received due to the taking out of the loans had clocked in at PLN 4 382 million. In addition, in the first three quarters of 2024, TAURON Capital Group had paid the amount of PLN 367 million due to interest, mainly on the financial obligations, had repaid the accounts payable due to the leases in the amount of PLN 110 million, and had received the subsidies in the amount of PLN 58 million.

Table no. 29. TAURON Capital Group's financial debt and the net financial debt to EBITDA ratio as of September 30, 2024, and as of December 31, 2023

	As of September 30, 2024 (unaudited data)	As of December 31, 2023	Change in % (2024 / 2023)
Financial liabilities (PLN m)	13 106	14 057	93%
Net financial liabilities (PLN m)	12 541	12 973	97%
Net debt to EBITDA ratio	2.4x	2.1x	113%

As compared to the balance sheet date falling on December 31, 2023, the net debt to EBITDA ratio as of the end of the third quarter of 2024 had come in at a higher level. A decline of the financial liabilities by 3% had translated into an improvement of the ratio by 0.1x, while a decrease of the rolled over EBITDA for the period ended on September 30, 2024, by PLN 0.9 billion, as compared to the result for the financial year 2023 had translated into deterioration of the ratio by 0.3x. The reasons for the change in the operating EBITDA result are indicated in the description of the changes in the results of the operating segments and in the description of the changes in the consolidated statement of comprehensive income. On the other hand, the reasons for the change in the net debt level are shown in the chart below.

Figure no. 23. Factors impacting the change in TAURON Group's net financial debt in the first three quarters of 2024

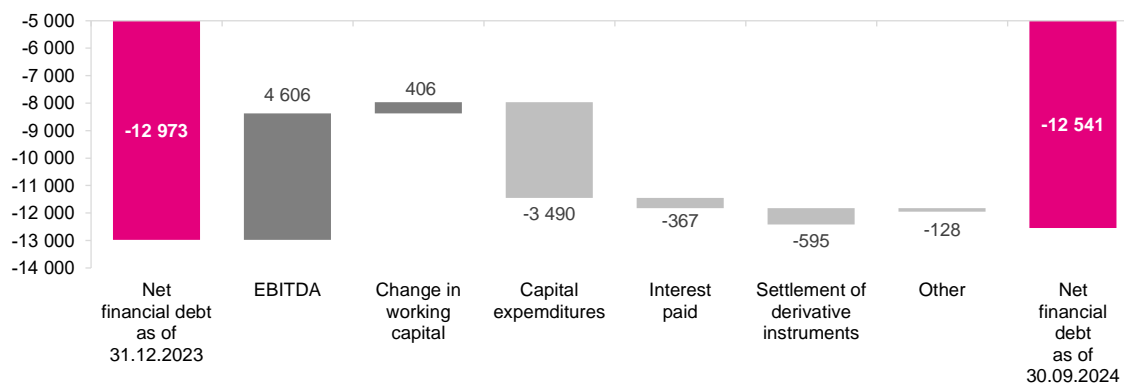
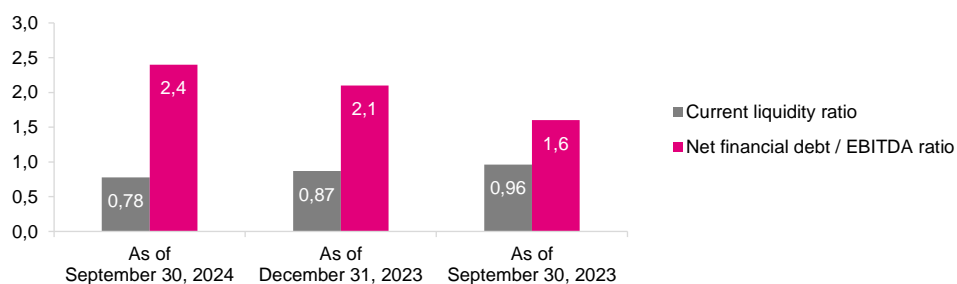


Figure no. 24. Current liquidity ratio and the net financial debt to EBITDA ratio as of September 30, 2024, as of December 31, 2023, and as of September 30, 2023





TAURON Capital Group is effectively managing its financial liquidity using the central financing model put in place and the central financial risk management policy. TAURON Capital Group is using the *cash pooling* mechanism in order to minimize the potential cash flow disruptions and the risk of the loss of liquidity. TAURON Capital Group is using various sources of funding, such as, for example, overdrafts, bank loans, the loans from the environmental funds, bond issues, including the subordinated bond issues. The boundary (threshold) covenant level (of the net debt to EBITDA ratio) specified in certain agreements concluded between the Company and the financial institutions is no more than 3.5x. The exceeding thereof could result in potentially requiring TAURON to repay its liabilities immediately. The amount of financing available to TAURON Group as of September 30, 2024 is PLN 4.5 billion.

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

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

*The detailed description of the financial position, understood as ensuring the provision of the funds for both the operating activities, as well as for the investing activities, is provided in section 3.3 of this information.*

## 4. SHARES AND SHAREHOLDERS OF TAURON POLSKA ENERGIA S.A.

### 4.1. Shareholding structure

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

Figure no. 25. Shareholding structure as of September 30, 2024, and as of the date of drawing up this information

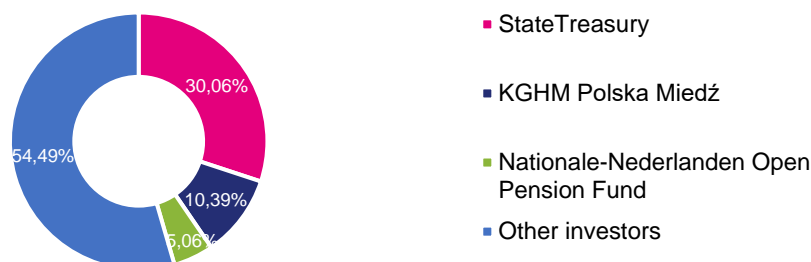


Table no. 30. Shareholders that hold, directly or indirectly through their subsidiaries, at least 5% of the total number of votes at the General Meeting of the Company, as of September 30, 2024, and as of the date of drawing up this information

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

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

From the date of disclosing the previous interim report, i.e. the report for the first half of 2024, published on September 11, 2024, until the date of drawing up this information the Company had not received any notices from its shareholders with respect to any changes in the ownership structure of the substantial blocks of TAURON shares, except for the notice of September 13, 2024 which is referred to below.

On September 13, 2024, the Company had received a notice from Helikon Investments Limited with its registered office in London according to which Helikon Long Short Equity Fund Master ICAV had been holding, as of September 11, 2024, the financial instruments giving it the rights to a total of 10.0697% of the total number of the votes in the Company (176 476 271 votes), out of which: 7.3538% of the total number of the votes in the Company (128 878 565 votes) had been related to the financial instruments other than the shares (cash settled equity swaps), and 2.7159% of the total number of the votes (47 597 706 votes) had been related to the Company's shares.

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

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

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

From the date of disclosing the previous interim report, i.e. the report for the first half of 2024, published on September 11, 2024, until the date of drawing up this information, there had been no changes in the ownership of TAURON shares or the rights thereto by the Members of the Management Board of the Company and the Members of the Supervisory Board of the Company.

## 5. OTHER MATERIAL INFORMATION AND EVENTS

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

Table no. 31. Summary of the material proceedings pending in front of the court, competent arbitration authority or public administration authority in the first three quarters of 2024

Parties to the proceedings	Description of the proceedings including the value of the object of litigation and the Company's position
<b>Proceedings involving TAURON</b>	
<p>1. <b>Plaintiff:</b> Huta Łaziska (Łaziska Steel Works)</p> <p><b>Defendants:</b> TAURON (as a legal successor to GZE) and the State Treasury represented by the President of the Energy Regulatory Office (ERO)</p> <p><b>Party:</b> TAURON</p>	<p><b>Object of litigation:</b> a lawsuit for the payment of the compensation for the alleged damage caused by a non-performance by Górnośląski Zakład Elektroenergetyczny S.A. (GZE) of the decision of the President of the Energy Regulatory Office (ERO) of October 12, 2001, related to the resumption of the electricity supply to the plaintiff.</p> <p><b>Value of the object of litigation:</b> PLN 182 060 000.00</p> <p><b>Initiation of the proceeding:</b> the lawsuit of March 12, 2007</p> <p><b>Company's position:</b> the Company considers the claims covered by the lawsuit as being without merit.</p> <p>On May 28, 2019, the Regional Court in Warsaw issued a ruling on the dismissal of Huta Łaziska's lawsuit in whole.</p> <p>Huta Łaziska had filed an appeal complaint on July 25, 2019, appealing against the above mentioned ruling in whole. Based on the ruling of the Court of Appeal in Warsaw of February 9, 2022, the appeal of Huta Łaziska had been dismissed. The ruling is final (legally binding). On October 13, 2022, Huta Łaziska brought a cassation appeal against the judgment to the Supreme Court. Both the Company and the State Treasury have filed responses to this complaint.</p> <p>The cassation complaint of Huta Łaziska was accepted for hearing.</p>
<p>2. <b>Authority conducting the audit:</b> Head of the Mazovian Customs and Tax Office, and after an appeal has been filed – the Director of the Tax Administration Chamber in Katowice and the Director of the Tax Administration Chamber in Warsaw</p> <p><b>Party:</b> TAURON</p>	<p><b>Object of litigation:</b> examining of the accuracy of the tax base amounts declared by TAURON and the correctness of the calculations and payments of the VAT tax for the period from October 2013 until September 2014. The main subject of the two investigations (audits) are TAURON's deductions of the VAT assessed due to the purchase of electricity by TAURON on the German and Austrian electricity market from Castor Energy sp. z o.o. (Ltd.)</p> <p><b>Value of the object of litigation (the deducted VAT amount):</b> with respect to the transaction with Castor Energy sp. z o.o.(Ltd.) – PLN 52 494 672.</p> <p><b>Date of initiating the proceeding:</b> October 2014, August 2016</p> <p><b>Company's position:</b> in the Company's opinion during the verification of the counterparty (business partner, contractor), the due diligence was actually adhered to, and the Company acted in good faith, so there are no grounds for refusing the Company the right to deduct the tax assessed on the invoices documenting the electricity purchase from Castor Energy sp. z o.o. (Ltd.).</p> <p>On October 7, 2020, the Company had received the decision of the Head of the Mazovian Customs and Tax Office, ending one of the audit proceedings, specifying the amount of its VAT tax liability for the following months: October, November, December 2013 and the first quarter of 2014, which had resulted in the obligation for the Company to pay additional VAT due to the transaction with Castor Energy sp. z o.o. in the total amount of PLN 51 818 857, along with the interest on the tax arrears. The Company has filed an appeal against the decision.</p> <p>On January 15, 2021, as part of the second audit proceedings, a decision had been issued by the Head of the Mazovian Customs and Tax Office in which the Authority stated that the Company had not been eligible to deduct the VAT assessed from the invoice issued by Castor Energia Sp. z o.o. (Ltd.) in April 2014, and thus the Company had overstated the amount of the VAT assessed recognized in the tax statement filing for the second quarter of 2014 by the amount of PLN 677 815.39. The Company had filed an appeal against the decision on February 12, 2021.</p> <p>On February 23, 2023, the Provincial Administrative Court (Wojewódzki Sąd Administracyjny - WSA) in Gliwice overturned the decision of the second instance authority that the Company had filed an appeal against, with respect to the VAT tax liability for the periods from October to December 2013 and for the first quarter of 2014. The Director of the Tax Administration Chamber in Katowice filed a cassation appeal with the Supreme Administrative Court (NSA) on April 22, 2022, representing a complaint against the February 23, 2023, ruling of the Provincial Administrative Court (WSA) in Gliwice, which had been in TAURON's favor.</p>
<p>3. <b>Plaintiff:</b> Enea</p> <p><b>Defendant:</b> TAURON</p>	<p><b>Object of litigation:</b> a lawsuit for the payment due to the Company's alleged unjust enrichment (benefit) in connection with the settlements related to the imbalance of the Balancing Market with PSE between January and December 2012</p> <p><b>Value of the object of litigation:</b> PLN 17 085 846.49</p> <p><b>Initiation of the proceeding:</b> the lawsuit of December 10, 2015</p> <p><b>Company's position:</b> the Company considers the claims covered by the lawsuit as being without merit.</p> <p>On March 22, 2021, the Regional Court in Katowice had dismissed Enea's lawsuit in its entirety. Enea had filed an appeal in June 2021. The Company has filed a response to the appeal. On November 19, 2024 the Court ordered that the plaintiff correct formal defects in the appeal and the hearing was postponed without setting a date.</p>
Lawsuits pertaining to the termination, by the PEPKH subsidiary, of the agreements related to the sales of electricity and property rights arising from the guarantees of origin (energy certificates)	
<p>4. <b>Plaintiff:</b> Dobiesław Wind Invest sp. z o.o.(Dobiesław Wind Invest)</p>	<p><b>Object of litigation:</b> a lawsuit for the payment of the damages and the determination of the liability for the future.</p> <p><b>Value of the object of litigation:</b> PLN 94 769 522.68</p> <p><b>Initiation of the proceeding:</b> the lawsuit of June 30, 2017</p>

Parties to the proceedings	Description of the proceedings including the value of the object of litigation and the Company's position
<b>Defendant:</b> TAURON	<p>During the course of the court proceedings under way, the plaintiff had expanded its claim two times to include the new claims.</p> <p>In the course of the court proceedings under way, the parties had exchanged the pleadings (submissions) and the hearings had been held at which witnesses had been heard. The evidentiary proceedings are still in progress. The further hearings were held in April, May and October 2023. The case is pending in the first instance.</p> <p><b>Company's position:</b> the Company considers the claims covered by the lawsuit as being without merit.</p> <p><b>Object of litigation:</b> a lawsuit for the payment of the damages and the determination of TAURON's liability for the losses that may arise in the future due to tort, including due to the acts of an unfair competition.</p> <p><b>Value of the object of litigation:</b> PLN 150 069 533.00</p>
<p>5. <b>Plaintiff:</b> Gorzyca Wind Invest sp. z o.o. (Ltd.)</p> <p><b>Defendant:</b> TAURON</p>	<p><b>Initiation of the proceeding:</b> the lawsuit of June 29, 2017</p> <p><b>Company's position:</b> the Company considers the claims covered by the lawsuit as being without merit.</p> <p>During the course of the court proceedings under way, the plaintiff had expanded its claim two times to include the new claims.</p> <p>The case had been heard jointly with the cases brought by Pękanino Wind Invest sp. z o.o. (Ltd.) and Nowy Jaroslaw Wind Invest Sp. z o.o. (Ltd.). The evidentiary proceedings are still in progress. The case is pending in the first instance.</p> <p><b>Object of litigation:</b> a lawsuit for the payment of the damages and the determination of TAURON's liability for the losses that may arise in the future due to tort, including due to the acts of an unfair competition.</p> <p><b>Value of the object of litigation:</b> PLN 44 817 060.00</p>
<p>6. <b>Plaintiff:</b> Pękanino Wind Invest sp. z o.o. (Ltd.)</p> <p><b>Defendant:</b> TAURON</p>	<p><b>Initiation of the proceeding:</b> the lawsuit of June 29, 2017</p> <p><b>Company's position:</b> the Company considers the claims covered by the lawsuit as being without merit.</p> <p>During the course of the court proceedings under way, the plaintiff had expanded its claim two times to include the new claims.</p> <p>The case had been heard jointly with the cases brought by Gorzyca Wind Invest sp. z o.o. (Ltd.) and Nowy Jaroslaw Wind Invest Sp. z o.o. (Ltd.). In the course of the court proceedings under way, the parties had exchanged the pleadings (submissions) and the hearings had been held at which the witnesses had been heard. The evidentiary proceedings are still in progress. The case is pending in the first instance.</p> <p><b>Object of litigation:</b> a lawsuit for the payment of the damages and the determination of TAURON's liability for the losses that may arise in the future due to tort, including due to the acts of an unfair competition.</p> <p><b>Value of the object of litigation:</b> PLN 83 600 774.00</p>
<p>7. <b>Plaintiff:</b> Nowy Jaroslaw Wind Invest sp. z o.o. (Ltd.)</p> <p><b>Defendant:</b> TAURON</p>	<p><b>Initiation of the proceeding:</b> the lawsuit of June 29, 2017</p> <p><b>Company's position:</b> the Company considers the claims covered by the lawsuit as being without merit.</p> <p>During the course of the court proceedings under way, the plaintiff had expanded its claim two times to include the new claims.</p> <p>The case had been heard jointly with the cases brought by Gorzyca Wind Invest sp. z o.o. (Ltd.) and Pękanino Wind Invest Sp. z o.o. (Ltd.). The case is pending in the first instance.</p> <p><b>Object of litigation:</b> a lawsuit for the payment of the damages and the determination of TAURON's liability for the losses that may arise in the future due to tort, including due to the acts of an unfair competition.</p> <p><b>Value of the object of litigation:</b> Amon – PLN 107 873 696.42; Talia – PLN 72 405 047.22</p>
<p>8. <b>Co-participation on the plaintiff's side:</b> Amon sp. z o.o. (Ltd.) (Amon) and Talia sp. z o.o. (Ltd.) (Talia)</p> <p><b>Defendant:</b> TAURON</p>	<p><b>Initiation of the proceeding:</b> the lawsuit of April 30, 2018</p> <p><b>Company's position:</b> the Company considers the claims covered by the lawsuit as being without merit.</p> <p>In the course of the court proceedings under way, the parties had exchanged the pleadings (submissions). The evidentiary proceedings are still in progress, a number of hearings had been held at which the witnesses had been heard. The case is pending in the first instance. During the course of the court proceedings under way, the plaintiff had expanded its claim to include the new claims in both proceedings.</p>
<p><b>Proceedings involving TAURON Capital Group's subsidiaries related to the termination, by a subsidiary, of the agreements related to the sale of electricity and property rights arising from the guarantees of origin of electricity (energy certificates)</b></p>	
<p>9. <b>Plaintiff:</b> Gorzyca Wind Invest sp. z o.o. (Ltd.), Pękanino Wind Invest sp. z o.o. (Ltd.), Dobieslaw Wind Invest sp. z o.o. (Ltd.)</p> <p><b>Defendant:</b> PEPKH</p>	<p><b>Object of litigation:</b> a plea to declare the termination, by PEPKH, of the agreements related to the purchase of electricity and the property rights arising from the guarantees of origin of electricity (energy certificates) null and void, and to award the damages.</p> <p><b>Value of the object of litigation:</b> Gorzyca Wind Invest sp. z o.o.(Ltd.) – PLN 112 353 945.05; Pękanino Wind Invest sp. z o.o. (Ltd.) - PLN 64 116 908.85</p> <p><b>Initiation of the proceeding:</b> Gorzyca Wind Invest sp. z o.o. (Ltd.) – May 18, 2015, Pękanino Wind Invest sp. z o.o. (Ltd.) – May 20, 2018, Dobieslaw Wind Invest sp. z o.o. (Ltd.) – May 18, 2015</p> <p><b>Company's position:</b> the Company considers the claims covered by the lawsuit as being without merit.</p> <p>On April 14, 2022, PEPKH's power of attorney representatives had received the further lawsuits including more claims:</p> <ol style="list-style-type: none"> <li>1) Gorzyca Wind Invest sp. z o.o. (Ltd.) – a claim for the award of the amount of PLN 80 810 380.04 or (an alternative claim) of PLN 43 350 973.37,</li> <li>2) Pękanino Wind Invest sp. z o.o. (Ltd.) – a claim for the award of the amount of PLN 11 070 380.21 or (an alternative claim) of PLN 11 454 266.58.</li> </ol>



Parties to the proceedings	Description of the proceedings including the value of the object of litigation and the Company's position
	<p>The cases had been combined for a joint hearing in 2018. In the course of the court proceedings under way, the plaintiffs had expanded their claims, as well as had filed the new claims (the current value of the object of the litigation is indicated above). The case is pending in the first instance.</p>
<p>10. <b>Plaintiff:</b> Dobiesław Wind Invest sp. z o.o. (Ltd.) <b>Defendant:</b> PEPKH</p>	<p><b>Object of litigation:</b> a plea to award damages and the liquidated damages.</p> <p><b>Value of the object of litigation:</b> PLN 159 427 682.00</p> <p><b>Initiation of the proceeding:</b> the lawsuit of June 14, 2017</p> <p><b>Company's position:</b> the Company considers the claims covered by the lawsuit as being without merit.</p> <p>In the course of the court proceedings under way, the plaintiff had expanded its claims. The case is pending in the first instance.</p>
<p>11. <b>Plaintiff:</b> Nowy Jarosław Wind Invest sp. z o.o.(Ltd.) <b>Defendant:</b> PEPKH</p>	<p><b>Object of litigation:</b> a plea to declare the termination, by PEPKH, of the agreements related to the sale of electricity and the property rights arising from the guarantees of origin of electricity (energy certificates) null and void, and to award the damages.</p> <p><b>Value of the object of litigation:</b> PLN 145 833 222,86</p> <p><b>Initiation of the proceeding:</b> the lawsuit of June 3, 2015</p> <p><b>Company's position:</b> the Company considers the claims covered by the lawsuit as being without merit.</p> <p>In the course of the court proceedings under way, the plaintiff had expanded its claims five times. The case is pending in the first instance.</p>
<p>12. <b>Plaintiff:</b> Amon <b>Defendant:</b> PEPKH</p>	<p><b>Object of litigation:</b> a plea to declare the termination, by PEPKH, of the agreements related to the purchase of electricity and the property rights arising from the guarantees of origin of electricity null and void, and to award the damages.</p> <p><b>Value of the object of litigation:</b> PLN 40 478 983.22</p> <p><b>Initiation of the proceeding:</b> the lawsuit of May 22, 2015</p> <p><b>Company's position:</b> the Company considers the claims covered by the lawsuit as being without merit.</p> <p>On July 25, 2019, the Regional Court in Gdańsk had issued a partial and preliminary ruling in the case in which the Court:</p> <ol style="list-style-type: none"> <li>had determined that PEPKH's statements on the termination of the long term agreements, concluded between PKH and Amon, for the purchase of electricity and the property rights arising from the guarantees of origin of electricity had been ineffective and had not produced any legal effects, such as the termination of both agreements, as a result of which these agreements, following the notice period, i.e. past April 30, 2015, shall continue to be in force with respect to all of their provisions and shall be binding for the parties,</li> <li>had determined that Amon's claim for the payment of the damages for a failure to perform the agreement had been justified in principle, however the Court did not determine the amount of the potential damages.</li> </ol> <p>PEPKH does not agree with the ruling and had filed an appeal complaint on October 25, 2019. On November 17, 2022, the Court of Appeals had dismissed PEPKH's appeal. The ruling of the Court of Appeals and, as a consequence, the above mentioned preliminary and partial rulings shall be legally binding, however, there is a possibility that a cassation appeal will be filed. These rulings do not award any damages to be paid by PEPKH to the plaintiff, i.e. Amon. PEPKH disagrees with the ruling of the Court of Appeals in its entirety, as well as it does not agree with the ruling of the Court of the First Instance. Having been served a written statement of reasons, PEPKH had filed a cassation appeal to the Supreme Court, which was received by the Supreme Court to be heard on September 26, 2023.</p> <p>The preliminary and partial ruling is final (legally binding). On January 20, 2023, PEPKH had sent a letter to Amon in which it stated that it intended to comply with the above mentioned ruling and remained ready to perform its obligations and indicated that it expected the same readiness from Amon. Up to now, Amon has not, in spite of the summons, complied with the Court of Appeals' ruling, and as a consequence PEPKH has filed a lawsuit against Amon, as described in section 15 below.</p>
<p>13. <b>Plaintiff:</b> Amon <b>Defendant:</b> PEPKH</p>	<p><b>Object of litigation:</b> a plea to determine awarding of the damages due to a failure to perform, by PEPKH, of the agreements related to the purchase of electricity and the property rights arising from the guarantees of origin of electricity (energy certificates).</p> <p><b>Value of the object of litigation:</b> PLN 49 096 783,00 29</p> <p><b>Initiation of the proceeding:</b> August 20, 2019</p> <p><b>Company's position:</b> the Company considers the claims covered by the lawsuit as being without merit.</p> <p>On March 1, 2023, PEPKH had been served with an amendment to the lawsuit, in which Amon had claimed the payment of the amount of PLN 20 087 593.10, in addition to the amount of PLN 29 009 190 claimed in the lawsuit.</p> <p>In January 2021, the Court had suspended the proceedings pending the final determination with respect to Amon's claim referred to in section 12 above, and, in view of the Court of Appeals' ruling, the Court had resumed the suspended proceedings on January 30, 2023. The case is pending in the first instance.</p>
<p>14. <b>Plaintiff:</b> Talia <b>Defendant:</b> PEPKH</p>	<p><b>Object of litigation:</b> a plea to declare the termination, by PEPKH, of the agreements related to the purchase of electricity and property rights arising from the guarantees of origin of electricity (energy certificates) null and void, and to award the damages.</p> <p><b>Value of the object of litigation:</b> PLN 46 078 047.43</p> <p><b>Initiation of the proceeding:</b> the lawsuit of May 21, 2015</p> <p><b>Company's position:</b> the Company considers the claims covered by the lawsuit as being without merit.</p> <p>On March 6, 2020. the Regional Court in Gdańsk had issued a partial and preliminary ruling, supplemented by the court on September 8, 2020, in which the Court:</p>

Parties to the proceedings	Description of the proceedings including the value of the object of litigation and the Company's position
<p>15. <b>Plaintiff:</b> PEPKH <b>Defendant:</b> Amon</p>	<p>1. had determined that PEPKH's statements on the termination of the long term agreements, concluded between PEPKH and Talia, for the purchase of electricity and the property rights arising from the guarantees of origin of electricity (energy certificates) had been ineffective and had not produced any legal effects, such as the termination of both agreements, as a result of which these agreements, following the notice period, i.e. past April 30, 2015, shall continue to be in force with respect to all of their provisions and shall be binding for the parties,</p> <p>2. had determined that Talia's demand for the payment of the damages for a failure to perform the agreement had been justified in principle, however the Court did not determine the amount of the potential damages.</p> <p>On August 3, 2020, and on March 8, 2021, PEPKH had filed an appeal against the ruling (the preliminary one and the supplementary one) with the court. On December 20, 2021, the Court of Appeal in Gdańsk, had announced the ruling in which it had dismissed the appeal of PEPKH. The ruling of the Court of Appeals, and as a consequence the above mentioned preliminary and partial ruling as well as the supplementary ruling shall be final (legally binding). The rulings do not order that PEPKH should pay any damages to the plaintiff, i.e. Talia. PEPKH does not agree with the ruling of the Court of Appeals in its entirety, as well as with the rulings of the Court of the first instance. PEPKH had been served the statement of reason for the court judgment and had filed a cassation appeal. On February 28, 2023, the Supreme Court had accepted the cassation appeal to be heard. On September 29, 2023, a three member Supreme Court had held a closed session, no ruling had been issued and the proceedings had been adjourned without indicating a date for the resumption thereof.</p> <p><b>Object of litigation:</b> a plea to determine awarding of the damages due to a failure to perform, by Amon, of the agreements related to the purchase of electricity and the payment of the liquidated damages under the agreement for the sale of the property rights arising from the guarantees of origin of electricity (energy certificates).</p> <p><b>Value of the object of litigation:</b> PLN 61 576 284.89</p> <p><b>Initiation of the proceeding:</b> the lawsuit had been filed on March 31, 2023</p> <p>The filing of the lawsuit by PEPKH was due to the fact that following the date of the issuance of the ruling by the Court of Appeals, i.e., after November 17, 2022, dismissing the appeal of PEPKH, as discussed in detail in section 12 above, Amon, in spite of PEPKH having issued the summons, has not fulfilled its obligation stemming from the final (legally binding) ruling by proceeding to perform the above mentioned agreements with PEPKH. The procedural issues are currently under way.</p>
<p>16. <b>Plaintiff:</b> PEPKH <b>Defendant:</b> Talia</p>	<p><b>Object of litigation:</b> a plea to determine awarding of the damages due to a failure to perform, by Talia, of the agreements related to the purchase of electricity and the payment of the liquidated damages under the agreement for the sale of the property rights arising from the guarantees of origin of electricity (energy certificates).</p> <p><b>Value of the object of litigation:</b> PLN 75 334 631.53</p> <p><b>Initiation of the proceeding:</b> the lawsuit had been filed on December 28, 2023</p> <p>The filing of the lawsuit by PEPKH had been due to the fact that following the date of the issuance of the ruling by the Court of Appeals, i.e., after December 20, 2022, dismissing the appeal of PEPKH, Talia, in spite of PEPKH having issued the summons, has not fulfilled its obligation stemming from the final (legally binding) ruling by proceeding to perform the above mentioned agreements with PEPKH. The procedural issues are currently under way.</p>

## Other proceedings

### Petitions of TAURON Sprzedaż for a change of the approved tariff

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

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

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

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

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

The Court of Competition and Consumer Protection Company, by way of its decision of July 28, 2022, had admitted the evidence in the form of the opinion of a court expert in the field of the energy market and accounting. The expert had prepared an opinion, which had been served on the Company's power of attorney representative on December

4, 2023. At a hearing on March 26, 2024, the court had dismissed the Company's claim against the President of the ERO. The Company had filed an appeal against the judgment

#### **Arbitration proceedings with ArcelorMittal group companies**

On October 1, 2024 (an event that took place after the balance sheet date), due to the lack of an agreement on the effectiveness of the serving of the statements regarding the acceptance of the offers to purchase the shares in TAMEH HOLDING, as described in more detail in section 1.5. of this information, TAURON had summoned AM Global Holding (Lead Partner), AMP and AMLP, to an arbitration to resolve the dispute regarding the Lead Partner's failure to pay the sale price for the shares held by TAURON in the company TAMEH HOLDING.

The value of the subject of the dispute stands at PLN 598 098 090.30, with AMP and AMLP being jointly and severally liable along with the Lead Partner (Shareholder) for the payment of this amount.

The arbitration will be conducted in accordance with the rules set forth in the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules 2021 by an ad hoc arbitral tribunal.

On October 30, 2024 (an event that took place after the balance sheet date), TAURON received a response to the summons to the arbitration from the Lead Partner (Shareholder), AMP and AMLP regarding the resolution of the dispute mentioned above. In response to the summons, the Lead Partner (Shareholder) submitted a counterclaim, in which it demanded the payment by TAURON of PLN 598 098 090.30 plus the statutory interest for a late payment calculated as of February 14, 2024 until the date of the payment of the price for the shares held by the Lead Partner (Shareholder) and AMP in TAMEH. In TAURON's opinion, the claims of the Lead Partner (Shareholder) are without merit. The proceedings are in their early stages

#### **Lawsuit for the payment of compensation for mobbing alleged by a former employee**

On August 8, 2024, a former TAURON employee had filed a lawsuit with the District Court in Katowice, in which she had demanded an award of PLN 1 500 000 000 with the statutory interest from August 8, 2024 to the date of the payment as compensation for mobbing during the employment relationship.

The Company had filed a response to the lawsuit, requesting that the claim be dismissed in its entirety as being without merit. In the Company's opinion, particularly on the basis of the legal opinion obtained, as well as taking into account the previous judgements (case law of the courts) issued in the similar cases, the probability of the amount of compensation requested by the plaintiff if the claim is upheld being awarded is negligible. The Company will not set up a provision for this event.

#### **Filing motions to the Registry Court to repeal the legal effects of the decision to register the merger of TAURON Group companies**

As a result of the process of merger of companies carried out in 2024, on July 1, 2024 merger of TAURON Zielona Energia (acquiring company) with 10 limited partnerships (acquired companies) was registered. Until the moment of the merger, TAURON Zielona Energia was the sole limited partner of the limited partnership companies, holding close to 100% of all their rights and obligations. As part of the legal actions covering the merger and capital increase of TAURON Zielona Energia, the Company identified occurrence of circumstances fulfilling the conditions of a material error, referred to in Article 84 of the act of April 23, 1964 The civil law code, in relation to share exchange ratio.

As a consequence the Company and the acquiring company as well as the acquired companies took legal steps, in particular in the form of filing relevant declarations of will and relevant motions to the Registry Court, with the purpose to cancel the legal effects of the decision of the Registry Court concerning registration of the merger and increase of capital of TAURON Zielona Energia that in the opinion of the Company and the entities participating in the merger were erroneous.

The final decision as to whether the merger and the issue were effective or not determines preserving the status of the Tax Capital Group (registered on December 28, 2022) as of June 30, 2024 for the years 2023-2025 by the Head of the First Masovian Tax Office in Warsaw. The members of the Tax Capital Group include, inter alia, TAURON and TAURON Zielona Energia.

*The detailed information is presented in note 50 to the Interim Condensed Consolidated Financial Statements of TAURON Polska Energia S.A. Capital Group drawn up in compliance with the International Financial Reporting Standards approved by the European Union for the period of 9 months ended on September 30, 2024.*

## **5.2. Transactions with related entities on terms other than at arm's length**

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

*The detailed information on the transactions with the related entities is provided in note 52 to the Interim Condensed Consolidated Financial Statements of TAURON Polska Energia S.A. Capital Group, drawn up in compliance with the International Financial Reporting Standards, approved by the European Union, for the period of 9 months ended on September 30, 2024.*

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

#### Credit or loan sureties (co-signings) granted

In the first three quarters of 2024, TAURON had granted a surety:

- 1) for EC Stalowa Wola's liabilities towards BGK stemming from the agreement for the loan extended in 2018. The maximum amount of TAURON's surety for EC Stalowa Wola's liabilities towards BGK stands at PLN 54 million. As of September 30, 2024, the value of the surety stands at PLN 49 million. TAURON's surety is in effect until March 11, 2025.
- 2) for TAURON Zielona Energia's liabilities towards the National Fund for Environmental Protection and Water Management (Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej) under the concluded loan agreement. The surety of up to the maximum amount of PLN 212 million is in effect until March 31, 2039.

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

#### Guarantees granted

In the first three quarters of 2024, the Company had provided a corporate guarantee for the liabilities of the Finadvice Polska 1 sp. z o.o. (Ltd.) company of up to the maximum amount of EUR 270 million with the effective term thereof until May 19, 2027.

As of September 30, 2024, the total amount of the sureties (co-signings) and the corporate guaranties (bonds) granted by the Company had stood at PLN 2 238 million.

In the first three quarters of 2024, TAURON Zielona Energia had provided a surety in the amount of PLN 256 million for the liabilities of the AE Energy company and had provided a corporate guarantee of up to the maximum amount of PLN 601 million for the liabilities of the Finadvice Polska 1 sp. z o.o. (Ltd.) company stemming from the commercial contracts signed. As of September 30, 2024, the amount of the above indicated collaterals had stood at PLN 121 million and PLN 601 million, respectively.

As of September 30, 2024, the amount of the sureties and guarantees issued by the subsidiaries had stood at PLN 985 million in total.

In the first three quarters of 2024, as part of the framework (master) agreements in force, the bank guarantees had been issued at the instruction of TAURON for the liabilities of TAURON Capital Group's subsidiaries and the joint subsidiary (co-subsidiary). As of September 30, 2024, the amount of the bank guarantees (bonds) in effect, issued at the instruction of TAURON, had stood at PLN 424 million.

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

The detailed information on the guarantees (bonds) granted is provided in note 51 to the *Interim Condensed Consolidated Financial Statements of TAURON Polska Energia S.A. Capital Group drawn up in compliance with the International Financial Reporting Standards approved by the European Union, for the period of 9 months ended on September 30, 2024.*

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

*The information related to the impact of the Russian Federation's aggression against Ukraine on the current and future operations of TAURON Capital Group the transactions with the related entities is provided in note 53 to the Interim Condensed Consolidated Financial Statements of TAURON Polska Energia S.A Capital Group, drawn up in compliance with the International Financial Reporting Standards, approved by the European Union, for the period of 9 months ended on September 30, 2024.*

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

In September 2024, floods had occurred in southwestern Poland as a result of the heavy rainfall, which, among other things, had damaged the assets of three of TAURON Group subsidiaries: TAURON Dystrybucja, TAURON Nowe Technologie and TAURON Ekoenergia sp. z o.o. (TAURON Ekoenergia).

The most affected by the intense rain and flooding had been TAURON Dystrybucja subsidiary's branches in Walbrzych, Opole, Jelenia Góra and Bielsko-Biała. The rains and the flood wave had also passed through the areas of the operations of the branches in Wrocław, Gliwice, Kraków and Legnica, bringing about damages to power infrastructure.

With respect to the flood damage to the assets of TAURON Ekoenergia, 12 out of 34 hydroelectric power plants owned by the company had been damaged. The electricity generation equipment, the protection, control and automation systems as well as other elements of the technological systems had been completely or partially flooded.

In terms of the flood damage to TAURON Nowe Technologie's assets, the street and the road lighting installations located on the territory of 35 municipalities (the Lower Silesia, Opole, Silesia and Małopolska provinces) as well as the electric vehicle charging infrastructure had been damaged.

The estimated total amount of damage to TAURON Group assets has clocked in at approximately PLN 104 million, including: TAURON Dystrybucja - PLN 60 million, TAURON Ekoenergia - PLN 40 million, TAURON Nowe Technologie – close to PLN 4 million. The efforts had been made to cover the cost of repairing failures of the assets under the insurance policies held, particularly at TAURON Ekoenergia. The impact of the flood on the financial results understood as the EBITDA results is not the same as the estimated total amount of damage. The estimated impact on the September EBITDA result comes in at approximately PLN (-13) million.

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

Katowice, November 28, 2024

Grzegorz Lot – President of the Management Board (CEO)

Piotr Gołębiowski – Vice President of the Management Board

Michał Orłowski – Vice President of the Management Board

Krzysztof Surma – Vice President of the Management Board



## Appendix A: GLOSSARY OF TERMS AND LIST OF ABBREVIATIONS

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

Table no. 32. Explanation of the abbreviations and acronyms as well as the trade terms

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

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

Abbreviation and trade term	Full name / explanation
55. ERO (URE)	Energy Regulatory Office (Urząd Regulacji Energetyki - URE)
56. Current liquidity ratio	A ratio (metric) used to determine the financial liquidity that allows for the checking of the ability to repay the liabilities by getting rid of the current assets, i.e. such assets that can be quickly converted to cash. The metric is calculated as the ratio of the current assets to the current liabilities
57. Financial liabilities	Defined in the individual financing agreements, the term generally denotes a liability (obligation) to pay or repay funds due to the credits, loans and debt securities as well as the financial leases (as defined in the provisions of the IAS 17 standard), with the exclusion of the liabilities due to the subordinated bonds
58. Net financial liability	The amount of the financial liability reduced by cash and the short term investments with a maturity of up to 1 year. This metric is also referred to as the net debt.

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