TAURON Polska Energia S.A. Capital Group

Interim condensed consolidated financial statements
compliant with the International Financial Reporting Standards
approved by the European Union
for the 9-month period ended 30 September 2024

(in PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	3-month period ended 30 September 2024 *(unaudited)*	9-month period ended 30 September 2024 *(unaudited)*	3-month period ended 30 September 2023 *(unaudited)*	9-month period ended 30 September 2023 *(unaudited restated figures)*
Sales revenue	**12**	7 746	23 030	9 160	31 783
Recompensation	**13**	380	2 496	1 903	6 182
Cost of sales	**14**	(6 913)	(23 272)	(10 101)	(33 418)
Profit on sale		**1 213**	**2 254**	**962**	**4 547**
Selling and distribution expenses	**14**	(170)	(542)	(202)	(561)
Administrative expenses	**14**	(169)	(538)	(167)	(503)
Other operating income and expenses		2	46	15	247
Share in profit/(loss) of joint ventures	**22**	70	85	32	95
Operating profit		**946**	**1 305**	**640**	**3 825**
Interest expense on debt	**15**	(155)	(497)	(181)	(619)
Finance income and other finance costs	**15**	(41)	(77)	30	(191)
Profit before tax		**750**	**731**	**489**	**3 015**
Income tax expense	**16**	(114)	(938)	(102)	(752)
Net profit (loss)		**636**	**(207)**	**387**	**2 263**
Measurement of hedging instruments	**32.4**	(58)	(91)	(88)	(262)
Foreign exchange differences from translation of foreign entity		(68)	(65)	3	(8)
Income tax	**16**	11	17	17	50
Other comprehensive income to be reclassified in the financial result		**(115)**	**(139)**	**(68)**	**(220)**
Actuarial gains (loss)	**35**	(20)	17	3	(13)
Income tax	**16**	4	(3)	(1)	2
Other comprehensive income not to be reclassified in the financial result		**(16)**	**14**	**2**	**(11)**
Other comprehensive income, net of tax		**(131)**	**(125)**	**(66)**	**(231)**
Total comprehensive income		**505**	**(332)**	**321**	**2 032**
Net profit (loss):					
Attributable to equity holders of the Parent		635	(210)	385	2 258
Attributable to non-controlling interests		1	3	2	5
Total comprehensive income:					
Attributable to equity holders of the Parent		504	(335)	319	2 027
Attributable to non-controlling interests		1	3	2	5
Profit (loss) per share basic and diluted (in PLN)		0.36	(0.12)	0.22	1.29

(in PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
ASSETS			
Non-current assets			
Property, plant and equipment	**17**	32 224	31 872
Right-of-use assets	**18**	2 506	2 164
Goodwill	**19**	26	26
Energy certificates and CO_2 emission allowances for surrender	**20.1**	31	24
Other intangible assets	**21**	773	848
Investments in joint ventures	**22**	192	169
Loans granted to joint ventures	**23**	459	357
Derivative instruments	**24**	170	149
Other financial assets	**25**	271	278
Other non-financial assets	**26.1**	465	707
Deferred tax assets	**27**	341	759
		37 458	**37 353**
Current assets			
Energy certificates and CO_2 emission allowances for surrender	**20.2**	219	702
Inventories	**28**	1 084	1 483
Receivables from buyers	**29**	3 871	5 341
Income tax receivables	**42**	192	105
Receivables arising from other taxes and charges	**30**	878	794
Derivative instruments	**24**	370	275
Other financial assets	**25**	890	2 449
Other non-financial assets	**26.2**	266	207
Cash and cash equivalents	**31**	565	1 084
Assets classified as held for sale		4	5
		8 339	**12 445**
TOTAL ASSETS		**45 797**	**49 798**

(in PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

	Note	As at 30 September 2024 *(unaudited)*	As at 31 December 2023 *(restated figures)*
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Parent			
Issued capital	**32.1**	8 763	8 763
Reserve capital	**32.3**	2 438	3 076
Revaluation reserve from valuation of hedging instruments	**32.4**	144	218
Foreign exchange differences from translation of foreign entities		(3)	62
Retained earnings/(Accumulated losses)	**32.5**	6 238	5 796
		17 580	**17 915**
Non-controlling interests	**32.6**	**39**	**38**
Total equity		**17 619**	**17 953**
Non-current liabilities			
Debt	**34**	14 043	15 317
Provisions for employee benefits	**35**	663	650
Provisions for disassembly of fixed assets, land restoration	**36**	240	209
Accruals, deferred income and government grants	**39**	602	607
Deferred tax liabilities	**27**	1 691	1 212
Derivative instruments	**24**	128	169
Capital commitments	**41**	141	152
Other financial liabilities	**44**	40	32
Other non-financial liabilities		1	1
		17 549	**18 349**
Current liabilities			
Debt	**34**	2 694	2 098
Liabilities to suppliers	**40**	1 481	2 088
Capital commitments	**41**	450	555
Provisions for employee benefits	**35**	75	104
Provisions for liabilities due to energy certificates and CO_2 emission allowances	**37**	2 337	3 744
Other provisions	**38**	263	843
Accruals, deferred income and government grants	**39**	606	351
Income tax liabilities	**42**	11	19
Liabilities arising from other taxes and charges	**43**	581	1 030
Derivative instruments	**24**	555	644
Other financial liabilities	**44**	360	640
Other non-financial liabilities	**45**	1 216	1 379
Liabilities directly related to assets classified as held for sale		–	1
		10 629	**13 496**
Total liabilities		**28 178**	**31 845**
TOTAL EQUITY AND LIABILITIES		**45 797**	**49 798**

(in PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

9-MONTH PERIOD ENDED 30 SEPTEMBER 2024 *(unaudited)*

		Equity attributable to the equity holders of the Parent						Non-controlling interests	Total equity
		Issued capital	Reserve capital	Revaluation reserve on valuation of hedging instruments	Foreign exchange differences from translation of foreign entities	Retained earnings/ (Accumulated losses)	Total		
As at 1 January 2024		**8 763**	**3 076**	**218**	**62**	**5 796**	**17 915**	**38**	**17 953**
Distribution of prior years profits	**32.3**	–	(638)	–	–	638	**–**	–	**–**
Dividends and others		–	–	–	–	–	**–**	(2)	**(2)**
Transactions with shareholders		**–**	**(638)**	**–**	**–**	**638**	**–**	**(2)**	**(2)**
Net profit (loss)		–	–	–	–	(210)	**(210)**	3	**(207)**
Other comprehensive income		–	–	(74)	(65)	14	**(125)**	–	**(125)**
Total comprehensive income		**–**	**–**	**(74)**	**(65)**	**(196)**	**(335)**	**3**	**(332)**
As at 30 September 2024 (unaudited)		**8 763**	**2 438**	**144**	**(3)**	**6 238**	**17 580**	**39**	**17 619**

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

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

(in PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	9-month period ended 30 September 2024 *(unaudited)*	9-month period ended 30 September 2023 *(unaudited)*
Cash flows from operating activities			
Profit before tax		**731**	**3 015**
Share in (profit)/loss of joint ventures		(85)	(95)
Depreciation and amortization		1 782	1 642
Impairment losses on non-financial non-current assets		1 640	–
Impairment losses on loans granted		(102)	(16)
Exchange differences		(61)	(77)
Interest and commissions		503	623
Valuation of derivatives		(320)	210
Other adjustments of profit before tax		11	27
Change in working capital	**46.1**	406	(9)
Income tax paid	**46.1**	(121)	(80)
Net cash from operating activities		**4 384**	**5 240**
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and right-of-use assets	**46.2**	(3 490)	(3 310)
Purchase of financial assets		(5)	(15)
Loans granted		–	(1)
Total payments		**(3 495)**	**(3 326)**
Proceeds from sale of property, plant and equipment and intangible		21	19
Dividends received		2	1
Other proceeds		1	1
Total proceeds		**24**	**21**
Net cash used in investing activities		**(3 471)**	**(3 305)**
Cash flows from financing activities			
Repayment of loans and borrowings	**46.3**	(5 359)	(5 436)
Interest paid	**46.3**	(367)	(452)
Repayment of lease liabilities		(110)	(92)
Other payments		(17)	(4)
Total payments		**(5 853)**	**(5 984)**
Proceeds from contracted loans and borrowings	**46.3**	4 382	4 843
Subsidies received		58	20
Other proceeds		2	3
Total proceeds		**4 442**	**4 866**
Net cash from financing activities		**(1 411)**	**(1 118)**
Net increase/(decrease) in cash and cash equivalents		**(498)**	**817**
Net foreign exchange difference		–	27
Cash and cash equivalents at the beginning of the period	**31**	**1 048**	**940**
Cash and cash equivalents at the end of the period, of which:	**31**	**550**	**1 757**
restricted cash	**31**	217	183

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

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

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

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

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

The TAURON Group's core business is reflected in the breakdown into segments: Generation, Heat, Renewable Energy Sources, Distribution, Sales and other operations, including customer service, as discussed in more detail in Note 11 to these interim condensed consolidated financial statements.

The interim condensed consolidated financial statements of the Group cover the 9-month period ended 30 September 2024 and contain comparative figures for the 9-month period ended 30 September 2023 and as at 31 December 2023. The data included in these interim condensed consolidated financial statements for the 9-month period ended 30 September 2024 and the comparative data for the 9-month period ended 30 September 2023 have not been audited or reviewed by the statutory auditor. The comparative figures as at 31 December 2023 were subject to the audit by the statutory auditor. The interim condensed consolidated statement of comprehensive income comprising the data for the 3-month period ended 30 September 2024 and the comparative figures for the 3-month period ended 30 September 2023 have not been audited or reviewed by the statutory auditor.

These interim condensed consolidated financial statements were approved for publication by the Management Board on 28 November 2024.

Composition of the Management Board

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

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

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

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

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

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

(in PLN million)

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

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

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

2. Composition of TAURON Group and joint ventures

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

No.	Company name	Registered office	Share of TAURON Group companies in the company share capital	Company holding direct shareholding in the share capital
GENERATION				
1	TAURON Wytwarzanie S.A.	Jaworzno	100.00%	TAURON Polska Energia S.A.
2	Bioeko Grupa TAURON Sp. z o.o.	Stalowa Wola	100.00%	TAURON Wytwarzanie S.A.
3	TAURON Serwis Sp. z o.o.	Jaworzno	95.61%	TAURON Wytwarzanie S.A.
4	Łagisza Grupa TAURON Sp. z o.o.	Katowice	100.00%	TAURON Wytwarzanie S.A.
HEAT				
5	TAURON Ciepło Sp. z o.o.	Katowice	100.00%	TAURON Polska Energia S.A.
6	TAURON Inwestycje Sp. z o.o.[1]	Będzin	100.00%	TAURON Polska Energia S.A.
RENEWABLE ENERGY SOURCES				
7	TAURON Ekoenergia Sp. z o.o.	Jelenia Góra	100.00%	TAURON Polska Energia S.A.
8	TEC1 Sp. z o.o.	Katowice	100.00%	TAURON Polska Energia S.A.
9	TAURON Zielona Energia Sp. z o.o.[2]	Katowice	100.00%	TAURON Polska Energia S.A.
10	WIND T2 Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
11	“MEGAWATT S.C.” Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
12	TAURON Inwestycje Sp. z o.o.[1]	Będzin	100.00%	TAURON Polska Energia S.A.
13	WIND T4 Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
14	WIND T30MW Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
15	FF Park PV 1 Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
16	Windpower Gamów Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
17	AE ENERGY 7 Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
18	TAURON Elektrownia Szczytowo - Pompowa Sp. z o.o.	Katowice	100.00%	TAURON Polska Energia S.A.
19	Finadvice Polska 1 Sp. z o.o.	Wrocław	100.00%	TAURON Zielona Energia Sp. z o.o.
DISTRIBUTION				
20	TAURON Dystrybucja S.A.	Kraków	99.77%	TAURON Polska Energia S.A.
21	TAURON Dystrybucja Pomiary Sp. z o.o.	Tarnów	99.77%	TAURON Dystrybucja S.A.
22	Usługi Grupa TAURON Sp. z o.o.	Tarnów	99.77%	TAURON Dystrybucja S.A.
SALES				
23	TAURON Sprzedaż Sp. z o.o.	Kraków	100.00%	TAURON Polska Energia S.A.
24	TAURON Sprzedaż GZE Sp. z o.o.	Gliwice	100.00%	TAURON Polska Energia S.A.
25	TAURON Czech Energy s.r.o.	Ostrava, Czech Republic	100.00%	TAURON Polska Energia S.A.
26	TAURON Nowe Technologie S.A.	Wrocław	100.00%	TAURON Polska Energia S.A.
27	Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o.	Warsaw	100.00%	TAURON Polska Energia S.A.
OTHER				
28	TAURON Obsługa Klienta Sp. z o.o.	Wrocław	100.00%	TAURON Polska Energia S.A.
29	Kopalnia Wapienia Czatkowice Sp. z o.o.	Krzeszowice	100.00%	TAURON Polska Energia S.A.
30	Finanse Grupa TAURON Sp. z o.o.	Katowice	100.00%	TAURON Polska Energia S.A.
31	TAURON Inwestycje Sp. z o.o.[1]	Będzin	100.00%	TAURON Polska Energia S.A.
32	TAURON Ubezpieczenia Sp. z o.o.	Katowice	100.00%	TAURON Polska Energia S.A.

[1]The activities of TAURON Inwestycje Sp. z o.o. are classified in two segments: in the Heat segment (activities related to the execution of investment projects in conventional sources) and in the Renewables segment (activities related to the generation of energy from renewable sources), and within Other activities (activities related to the execution of research and development projects in the field of hydrogen).
[2]On 1 July 2024, the merger of the company 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 a 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 place in merger, was an error.

(in PLN million)

Changes in the composition of the Group in the 9-month period ended 30 September 2024

	Description of changes	Impact on TAURON Group
Purchase of shares in Finadvice Polska 1 Sp. z o.o.	On 19 September 2024, the subsidiary, TAURON Zielona Energia Sp. z o.o. acquired 100% of the shares in Finadvice Polska 1 Sp. z o.o. The acquisition of the company is aimed at implementation of the investment project by TAURON Zielona Energia Sp. z o.o. involving the construction of a wind farm with the capacity of 190 MW, localized in Miejska Górka municipality. The wind farm project is scheduled to be completed in the second half of 2027, according to the assumptions adopted. The company estimates that the total capital expenditure related to the acquisition of Finadvice Polska 1 Sp. z o.o. and the construction of the wind farm may reach approximately PLN 1.9 billion.	Recognition of the transaction as the acquisition of assets

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

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

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

On 9 August 2024, TAMEH Czech s.r.o. was declared bankrupt by liquidation, which, in the Group's opinion, translates into the loss of joint control over the above company on that date.

3. Statement of compliance

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

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

4. Going concern

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

The Group identifies and actively manages liquidity risk, understood as the possibility of losing or limiting the capacity to settle current expenses. The Group has the full capacity to settle its liabilities as they become due and payable. As at the balance sheet date, the Group has available funding under the concluded financing agreements, which is described in notes 34.1 and 34.2 to these interim condensed consolidated financial statements.

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

5. Functional currency and presentation currency

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

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

6. Material values based on professional judgement and estimates

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

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

Item	Explanatory note	Estimates and assumptions
Revenues	Note 12	TAURON Group makes revenue estimates, in particular with regard to revenue from the sale of electricity, gas fuel, heat energy and distribution services. The Group companies operating in the Sales segment generate revenue from sales of electricity, gaseous fuel and distribution services to retail and wholesale customers. As at each balance sheet date, subject to the compliance with the prudence principle, an estimate is made of the amount of revenue from the sale of electricity, gaseous fuel and distribution services relating to the reporting period which, due to the settlement cycle established in agreements with customers and the fact that invoicing is performed for a significant number of customers in periods other than the reporting periods, will be invoiced in the consecutive reporting period. As at the balance sheet date, the Distribution segment estimates the amount of revenue from the sale of distribution services relating to a particular reporting period, which will be invoiced in the consecutive reporting period due to the settlement cycle longer than one month established in contracts with customers. Sales of heat are carried out on the basis of readings of metering and billing systems taken on the indicated working days of each calendar month, therefore, for reporting purposes, an estimation of sales from the date of the reading to the end of the month is made.
Property, plant and equipment	Note 17	As at each balance sheet date the Group assesses whether objective indication of impairment occurred in relation to tangible fixed assets. Where relevant indications exist, the Group is required to perform impairment tests of Property, plant and equipment. Within the impairment tests the Group estimates the recoverable amount of an asset or the cash-generating unit (“CGU”) to which the specific asset belongs. The recoverable value of an asset or CGU corresponds to the higher of the fair value less costs of sales or the value in use. Estimation of the value in use of cash generating units is based on their future cash flows discounted to the current value with a discount rate. At the balance sheet date, an analysis was performed of the indications that non-financial non-current assets may be impaired. As a result of the analysis, events were identified that, in the Group's opinion, give rise to indications justifying impairment testing as at 30 September 2024 in relation to the generating assets of the CGU Hydroelectric power plants. The test carried out as at 30 September 2024 showed no need to recognise impairment losses on non-financial assets due to the identified higher value in use of the CGU Hydroelectric power plants compared to their carrying amount. With regard to the identification of other cash-generating units, the Group has not identified indications justifying the impairment tests performed as at 30 September 2024. The Group reviews, at least at the end of each financial year, the useful lives of property, plant and equipment.

(in PLN million)

Right-of-use assets	Note 18	At the date of commencement of the lease, the Group measures an rights-of-use assets including in the current value of the lease payments remaining to be paid on that date. Lease payments are discounted by the Group using the interest rate of the lease if that rate can be easily determined. Otherwise, the Group applies the marginal interest rate. The lease incremental borrowing rate is estimated as a weighted average cost of TAURON Group's debt adjusted for the individual rating of the companies, taking into account a breakdown by lease term. The Group applies the portfolio approach to similar leases regarding unified assets with similar use. When accounting for leases under the portfolio approach, the Group applies estimates and assumptions corresponding to the size and composition of the portfolio, including estimates of the weighted average lease term. In order to determine the lease period, e.g. for contracts for an indefinite period, the Group makes an estimate. The rights of use assets are subject to impairment test estimates on a similar basis to property, plant and equipment.
Loans granted to joint ventures	Note 23	The Group classifies and measures loans granted to joint ventures accordingly. As at the balance sheet date, loans granted to the joint venture, Elektrociepłownia Stalowa Wola S.A., with a total carrying amount of PLN 459 million, were classified as financial assets measured at a fair value through profit or loss. Accordingly, the Group estimated the fair value taking into account the estimated future cash flows to be generated by Elektrociepłownia Stalowa Wola S.A. in the future, discounted at a rate based on the cost of equity expected for the business profile of the company.
Derivative instruments	Note 24	The Group measures derivative instruments at a fair value as at each balance sheet date. The derivatives related to non-financial assets and held to hedge own needs are not subject to measurement as at the balance sheet date.
Deferred tax assets	Note 16 Note 27	The Group assesses the enforceability of deferred tax assets at each balance sheet date. As at 30 September 2024, the Group has not recognised a deferred tax asset of PLN 1 076 million as a result of conducted feasibility assessment. In the 9-month period ended 30 September 2024, an increase in the level of unrecognised deferred tax assets by PLN 762 million was recorded, including the most significant in the company of the Generation segment by PLN 761 million.
Inventory	Note 28	The Group's inventories mainly comprise coal stocks for production purposes. Inventory is measured at a lower of two values: purchase price and attainable net sales price. Inventory allocated for use in the production process, including in particular coal stocks, are not written down to the amount lower than the purchase price or manufacturing cost if the finished goods for the production of which they will be used are expected to be sold at or above the purchase price or manufacturing cost. If a decrease in the price of materials indicates that the purchase price or the cost of finished goods will be higher than the net achievable value, the value of materials is written down to the net realisable value, which is estimated at their replacement cost. As at the balance sheet day, the Group estimated write-down on the value of coal fuel stocks level of PLN 46 million Valuation of the inventory of CO_2 emission allowances described above at a fair value is based on prices quoted in an active market.
Receivables from buyers	Note 29	As at each balance sheet day, the Group estimates impairment losses on receivables from buyers attributable to expected credit losses. An impairment loss is recognised on both overdue and non-overdue receivables based on the probability-weighted expected credit loss that will be incurred in particular if any of the following events occur: payment is overdue by more than 90 days, the debtor goes into liquidation or bankruptcy or is restructured, or the receivables are subject to administrative enforcement, litigation or court enforcement. For the portfolio of strategic counterparties, the risk of insolvency of strategic counterparties is assessed based on ratings assigned to the counterparties using an internal scoring model and appropriately restated to account for the probability of default. The expected credit loss is calculated based on the estimated potential recoveries from security interests. For receivables from other counterparties, historical repayment figures are expected to reflect the credit risk (including forward-looking adjustments) that will be incurred in future periods. The expected credit losses for this group of counterparties were estimated using the receivables ageing matrix and the percentage ratios assigned to the various ranges and groups (including receivables claimed at court, receivables from counterparties in bankruptcy) allowing to estimate the value of receivables from customers expected to be outstanding. As at 30 September 2024, the Group estimated expected credit losses on receivables from buyers in the amount of PLN 252 million.

(in PLN million)

Debt liabilities	Note 34	When measuring liabilities at amortized cost using the effective interest rate method, the Group estimates future cash flows considering all contractual terms of a given financial instrument, including the early repayment option. At the same time, the classification of the liability is made on the basis of the existence of a right to defer settlement of the liability. If the Group has the right to defer settlement of a liability for at least 12 months after the balance sheet date, the liability is classified as non-current, even if the Group has the intention of repaying it within one year of the balance sheet date. As at 30 September 2024, the Company has a liability in respect of hybrid bonds subscribed by the European Investment Bank with a nominal value of EUR 190 million, classified as non-current, which are scheduled to mature in December 2024. The lease liability is measured at the present value of the outstanding lease payments, discounted using either the contractual interest rate (if determinable) or the incremental borrowing rate.
Provisions (including provisions for onerous contracts)	Note 35 Note 36 Note 37 Note 38	The Group estimates the amount of provisions created based on the assumptions, methodology and calculations appropriate for a given type of provisions, evaluating the probability of spending funds that incorporate economic benefits and determining the reliable level of funds necessary to perform the obligation. Provisions are created by the Group if the probability of spending funds that incorporate economic benefits is higher than 50%. As at each balance sheet date, the Group assesses whether it is a party to onerous contracts, i.e. contracts under which the unavoidable costs of fulfilling the obligation outweigh the benefits expected to be received under the contract and, if it is determined that it is a party to such contracts, the present obligation under such contracts is recognised and measured as a provision. The unavoidable costs arising from the contract comprise, at least, net costs of contract termination, corresponding to the costs of fulfilment of the lower of contract fulfilment costs and costs of any compensations or penalties arising for the failure to fulfil the contract. Within contract fulfilment costs, the Group estimates costs directly related to the contract including incremental contract fulfilment costs as well as the allocation of other costs that relate directly to contract fulfilment. As at the balance sheet date, the Group recognised provisions for onerous contracts related to concluded energy sales contracts in the amount of PLN 8 million. The discount rate applied to the valuation of long-term provisions, estimated as at the balance sheet date, was 5.2% and was compliant with the rate adopted for measurements as at 31 December 2023.

Besides the foregoing, the Group makes significant estimates as regards the contingent liabilities recognised, in particular in the scope of legal proceedings where the Group companies are parties (Note 50).

As at the balance sheet date, in the scope of impact of climate change on the interim condensed financial statements, the Group does not identify any significant changes in relation to areas and impacts of climate change identified as at 31 December 2023, as further described in note 10 to the consolidated financial statements for the year ended 31 December 2023. As part of impairment tests of non-financial non-current assets conducted as at 30 June 2024, the Group reviewed the assumptions and economic useful lives of the generating units. The revision takes into account, among other things, the impact of climate issues, particularly in the Generation and Heat segments, which are exposed to the risks of increased regulatory obligations, curtailment of conventional generation assets and the risk of higher operating costs and Renewable Energy Sources which are affected by the support mechanisms in place and the technologies used. In terms of achieving the Group's objectives in pursuit of climate neutrality by 2050, the Group, in line with the strategy for 2022-2030 with an outlook up till 2050, implemented an investment plan to increase its installed capacity in Renewable Energy Sources during the 9-month period ended 30 September 2024. In particular, the Group on 19 September, acquired 100% of the shares in the share capital of the special purpose vehicle Finadvice Polska 1 sp. z o.o., which holds the rights to a wind farm project with a capacity of approximately 190 MW located in the municipality of Miejska Górka. The wind farm project is scheduled to be completed in the second half of 2027, according to the assumptions adopted. The company estimates that the total capital expenditure related to the acquisition of Finadvice Polska 1 sp. z o.o. holding the rights to a wind farm project with a capacity of approximately 190 MW.

(in PLN million)

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

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

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

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

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

IFRS 14 Regulatory Deferral Accounts

The International Accounting Standards Board is working on a standard on regulated activities. The standard is aimed to determine a model for the accounting treatment of assets and liabilities associated with regulated activities. The new standard, if issued, will replace IFRS 14 *Regulatory Accruals*. According to the draft standard, the standard is intended to apply to entities that are party to a contract specifying regulated rates that the entity charges to its customers for goods and services provided, and when part of the total consideration for goods and services provided in a given period is charged to customers through regulated rates in another period (so-called time differences arise). The Group monitors the work carried out by the International Accounting Standards Board regarding the final version of the standard on regulatory assets and liabilities in terms of determining the impact on TAURON Group, particularly in the Distribution segment. As at the date of authorization of these interim condensed consolidated financial statements for publication, the final version of the standard has not been issued. The Group will assess the impact of the standard on the Group's financial results and financial position once the International Accounting Standards Board has issued the final version of the standard, which is expected in the second half of 2025. In accordance with the draft standard, it will apply to annual periods beginning on or after 1 January 2029, with earlier application permitted.

Other standards and amendments to standards

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

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

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

(in PLN million)

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

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

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

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

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

	As at 31 December 2023 *(approved figures)*	Change of the classification of financial liabilities	As at 31 December 2023 *(restated figures)*
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Parent	**17 915**	**–**	**17 915**
Non-controlling interests	**38**	**–**	**38**
Total equity	**17 953**	**–**	**17 953**
Debt	14 544	773	15 317
Non-current liabilities	**17 576**	**773**	**18 349**
Debt	2 871	(773)	2 098
Current liabilities	**14 269**	**(773)**	**13 496**
Total liabilities	**31 845**	**–**	**31 845**
TOTAL EQUITY AND LIABILITIES	**49 798**	**–**	**49 798**

(in PLN million)

Change in the presentation of source-specific electricity purchase and sale transactions (from co-generation) for the needs of implementation of the Group's sales contracts

For the purposes of the Group's sales contracts involving the sale of electricity from the specific source of origin with reduced CO_2 emission, the Company purchases energy from co-generation from an entity outside the Group and at the same time sells and invoices electricity to this entity without attributing the source of origin. Assessing the overall transactions carried out by the Group comprising the acquisition or generation of electricity and energy sales to end consumers, as well as the volumes of energy produced, received and delivered, achieved by Group, the Group has changed the presentation of the above transaction for the acquisition of energy from co-generation with the simultaneous sales of energy without an attributed source of origin, by presenting its effects on a net basis instead of the previous presentation separately. According to the assessment of the Group, the revised presentation allows for a more accurate reflection of the electricity sales revenues achieved by Group and the electricity purchase costs incurred, in relation to the volume of electricity supplied, purchased and produced by the Group in the chain of these transactions during the particular reporting period. The revised presentation does not affect the Group's financial result.

The above change results in the need to restate the presentation of comparatives in the statement of comprehensive income for the 9-month period ended 30 September 2023, consisting in offsetting revenues and expenses of PLN 659 million, relating to the settlement of the volume of electricity sales without an attributed source to an entity outside the Group and the purchase of electricity from co-generation from that entity, in the 9-month period ended 30 September 2023.

	9-month period ended 30 September 2023 *(unaudited approved figures)*	Change of the presentation of settlement of electricity sales	9-month period ended 30 September 2023 *(unaudited restated figures)*
Sales revenue	32 442	(659)	31 783
Recompensation	6 182	–	6 182
Cost of sales	(34 077)	659	(33 418)
Profit on sale	**4 547**	**–**	**4 547**
Operating profit	**3 825**	**–**	**3 825**
Profit before tax	**3 015**	**–**	**3 015**
Net profit	**2 263**	**–**	**2 263**
Total comprehensive income	**2 032**	**–**	**2 032**

9. Significant amendments to legal regulations

In 2022 - 2023, regulations came into force to cap electricity prices and protect electricity consumers against price increases, which significantly affected the TAURON Group's operations in the 9-month period ended 30 September 2024.

Specifically, on 31 December 2023, the Act of 7 December 2023 *amending the Act to protect consumers of electricity, gas fuel and heat* entered into force. In accordance with the provisions of the aforementioned Act, the solutions for eligible customers, maximum prices and recompensation under the Act of 7 October 2022 *on special solutions for the protection of electricity consumers in 2023* and the Act of 27 October 2022 *on emergency measures to limit the level of electricity prices and support certain consumers in 2023* were extended until the end of June 2024 in an unchanged form. At the same time, new consumption limits have been introduced for the first half of 2024, for household customers. The obligations for electricity generators and trading companies to make deductions to the Price Difference Payment Fund have not been extended by successive periods after 2023.

(in PLN million)

Act of law	Key assumptions of the acts of law applicable in 2023	Key assumptions of legislation in force in the 9-month period ended 30 September 2024
Act of 7 October 2022 on special solutions for the protection of electricity consumers in 2023 (the "Act on Consumer Protection")	• Freezing of electricity price in 2023 at a 2022 level for households up to the electricity consumption level defined in the Act on Consumer Protection at a level of 3000 kWh. • Establishment of recompensation for electricity undertakings due to the application of frozen electricity prices in 2023 in the amount of the product of the electricity covered by the frozen prices and the difference between the energy price resulting from the electricity tariff approved by the President of the ERO for 2023 and the frozen electricity prices.	• The solutions of the Consumer Protection Act in the scope of the electricity price freeze for households have been extended until 30 June 2024. At the same time, new consumption limits have been introduced for the first half of 2024, for household customers with the consumption of 1500 KWh. • The recompensation scheme arrangements have been extended until 30 June 2024. Recompensations for energy companies for frozen prices in the first half of 2024 for households are calculated taking into account the current electricity tariff approved by the President of the ERO for 2024.
The Act of 27 October 2022 on extraordinary measures to limit the level of electricity prices and support certain consumers in 2023 (the "Act on Extraordinary Measures")	• Introduction of a fixed price for electricity trading applicable until 31 December 2023, the so-called maximum price, at a defined level of PLN 785/MWh (PLN 693 PLN/MWh in the fourth quarter of 2023) for local government units, small and medium-sized enterprises and public utilities and PLN 693/MWh in the case of household customers. • Establishment of a system of recompensations (calculated depending on the type of customer and the time of conclusion of the agreement) payable on a monthly basis, the payment of which is the responsibility of the Settlement Administrator (Zarządca Rozliczeń S.A.). • The imposition of an obligation on electricity generators (both in the area of conventional generation and renewable energy sources) and trading companies to transfer contributions to the Price Difference Payment Fund (the "Fund"), for the purpose of paying the recompensation established by the Act on Extraordinary Measures, where the above-mentioned entities obtain from the sale of electricity prices exceeding the price limits calculated in accordance with the provisions of the regulation to the aforementioned Act. • Setting the maximum overall limit on expenditure from the Fund and a limit in individual years covered by the Act.	• The solutions of the Act on Extraordinary Measures to apply a fixed price of 693 PLN/MWh have been extended until 30 June 2024 • Extension of a system of recompensations (calculated depending on the type of customer and the time of conclusion of the agreement) paid on a monthly basis, the payment of which is the responsibility of the Settlement Administrator (Zarządca Rozliczeń S.A.) until 30 June 2024. • The obligations for electricity generators and trading companies to make deductions to the Price Difference Payment Fund have not been extended by successive periods after 2023.
Regulation of the Minister of Climate and Environment of 9 September 2023 amending the Regulation on the method of shaping and calculation tariffs and the settlement method in electricity trade (the "Regulation")	• Introducing a mechanism to reduce the amount of households' liabilities to energy enterprises conducting the economic activity in the scope of electricity trading in the 2023 settlements. Pursuant to the Regulation, the amount of annual payments of a customer from the G tariff group who meets one of the conditions set out in the Regulation will be reduced by PLN 125.34.	• In the 9-month period ended 30 September 2024, the implementation of the reduction mechanism for eligible customers took place.

Moreover, on 13 June 2024, the Act of 23 May 2024 *on the Energy Voucher and amending certain acts of law to cap the prices of electricity, natural gas and system heat* (the "Act on Energy Voucher") entered into force, which extends the arrangements concerning the support for electricity consumers beyond 30 June 2024. In particular, the Act on Energy Voucher:

- introduced, among others, a one-off energy voucher for households payable by municipalities from 1 July 2024 to 31 December 2024 in the amount from PLN 300 to PLN 1 200, depending on the type and heating mode,
- extended the maximum price mechanism for the second half of 2024, up to PLN 500/MWh (new price) for households and PLN 693/MWh (unchanged price) for traders operating as micro, small or medium-sized enterprises while maintaining the use of recompensation and advances (subject to VAT starting from 30 June 2024);
- introduced an obligation for electricity traders for the needs of eligible customers to submit, for approval by the ERO President, a change in tariff or a tariff with a validity period not shorter than 31 December 2025.

On 28 June 2024, the ERO President approved electricity tariffs for G tariff group customers at an average level of PLN 623 per MWh. The tariffs will be effective from 1 July 2024 to 31 December 2025. Customers in tariff group G are primarily households. The prices for the sale of electricity approved by the ERO President are significantly lower compared to the tariffs approved on 15 December 2023, which were to be in force throughout 2024. The need to change the tariffs in force to date is due to the provisions of the Act on Energy Voucher.

(in PLN million)

Impact of selected acts of law on the interim condensed consolidated financial statements for the 9-month period ended 30 September 2024 *(unaudited)*	Note
Revenue from contracts with customers In accordance with the regulations of the Act of 7 December 2023 *amending the Act to protect consumers of electricity, gas fuel and heat* and the *Act on Energy Voucher*, in the 9-month period ended 30 September 2024 the companies of the Sales segment and the company of the Distribution segment applied prices for the sale of electricity and distribution services that do not exceed the maximum prices set out in the aforementioned Acts to the groups of customers indicated in the aforementioned Acts. In accordance with the Regulation, the companies of the Sales segment implemented the mechanism for reducing the amount of liabilities to eligible customers in the 9-month period ended 30 September 2024, using a provision of PLN 449 million created in 2023 to reduce the amount of revenue from contracts with customers.	12
Revenue due to recompensations In the 9-month period ended 30 September 2024, the companies of the Sales segment recognised recompensation relating to the supply of electricity in the amount of PLN 1 919 million pursuant to the *Act of 7 December 2023 amending the Act to protect consumers of electricity, gas fuel and heat* and the *Act on Energy Voucher*. As part of the above recompensation, by the balance sheet date the companies had received an amount of PLN 1 425 million and had reimbursed compensation of PLN 46 million. In the 9-month period ended 30 September 2024, the company of the Distribution segment recognised recompensations relating to the sale of distribution services in the amount of PLN 479 million pursuant to the *Act of 7 December 2023 amending the Act to protect consumers of electricity, gas fuel and heat*. As part of the above recompensations, the companies received the amount of PLN 478 million by the balance sheet date.	13
Receivables due to recompensations As at 30 September 2024, the Group had recompensation receivables under the *Act of 7 December 2023 amending the Act to protect consumers of electricity, gas fuel and heat* and the *Act on Energy Voucher* relating to the sale of electricity and the distribution service in the amount of PLN 787 million, which are presented in the statement of financial position under *Other financial assets*, including: • the amount of PLN 723 million refers to the companies of the Sales segment; • the amount of PLN 64 million relates to the company of the Distribution segment.	25
Advance payments for recompensations In the 9-month period ended 30 September 2024, the companies in the Sales segment settled recompensation advances in the amount of PLN 141 million received in previous years. At the same time, on the basis of the provisions of *the Act on the Energy Voucher*, the companies of the Sales segment applied for advances for compensation in the field of electricity trading for the total gross amount of PLN 647 million, of which, as at 30 September 2024, Zarządca Rozliczeń S.A. transferred the gross amount of PLN 315 million (PLN 256 million net) to the companies. The remaining part, i.e. the amount of PLN 332 million were reimbursed to the Company after the balance sheet date, on 21 October 2024. Advances received will be offset against recompensation claims for the months of November and December 2024. Advance payments for recompensations received in 2024 are presented in the item *Accruals and government grants* in the statement of financial position.	39.1
Costs of contributions to the Price Difference Payment Fund In the 9-month period ended 30 September 2024, the Group companies were not required to apply write-downs for the Price Difference Payment Fund and fully regulated liabilities due to write-downs for the Price Difference Payment Fund for 2023. As a result of the adjustments made, the Group has receivables for write-downs to the Price Difference Payment Fund in the amount of PLN 35 million, included within other short-term non-financial assets.	14, 45, 26.2
Provisions for onerous contracts On the basis of its analyses, the Group did not find it necessary to recognise a provision for onerous contracts due to the regulations of *the Act on Energy Voucher* and the electricity tariffs approved by the President of the ERO for customers in tariff group G for the period from 1 July 2024 to 31 December 2025. For the purposes of the above analyses, the Group recognises the effective period of the tariffs as the contractual period, assessing their effects collectively over the period until 31 December 2025. The analyses performed showed that the approved tariffs will generate a loss on electricity sales to G tariff group customers estimated at approximately PLN 205 million in the fourth quarter of 2024, which will be recognised in the fourth quarter of 2024 in the financial results of the companies in the Sales segment. At the same time, assuming no legislative changes in this respect, the Group estimates that the aforementioned loss on electricity sales to G tariff group customers will be fully compensated in the revenues generated in 2025 on this group of customers.	38

10. Seasonality of activities

The Group's business is characterised by seasonality.

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

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

BUSINESS SEGMENTS

11. Information on operating segments

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

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

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

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

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

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

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

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

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

Operating segments	Core business	Subsidiaries/ Companies accounted for using the equity method
Generation 	*Electricity generation in conventional sources, including cogeneration.*	TAURON Wytwarzanie S.A. TAURON Serwis Sp. z o.o. Łagisza Grupa TAURON Sp. z o.o. Bioeko Grupa TAURON Sp. z o.o.
Heat 	*Production, distribution and sales of heat*	TAURON Ciepło Sp. z o.o. [1] TAURON Inwestycje Sp. z o.o.[2] TAMEH HOLDING Sp. z o.o.[3] TAMEH POLSKA Sp. z o.o.[3] TAMEH Czech s.r.o.[3] Elektrociepłownia Stalowa Wola S.A.[3]
Renewable Energy Sources 	*Generation of electricity in renewable sources*	TAURON Ekoenergia Sp. z o.o. TEC1 Sp. z o.o. TAURON Zielona Energia Sp. z o.o.[4] WIND T2 Sp. z o.o. "MEGAWATT S.C." Sp. z o.o. WIND T4 Sp. z o.o. WIND T30MW Sp. z o.o. FF Park PV 1 Sp. z o.o. Windpower Gamów Sp. z o.o. AE Energy 7 Sp. z o.o. Finadvice Polska 1 Sp. z o.o. TAURON Elektrownia Szczytowo- Pompowa Sp. z o.o. TAURON Inwestycje Sp. z o.o. [2]
Distribution 	*Electricity distribution*	TAURON Dystrybucja S.A. TAURON Dystrybucja Pomiary Sp. z o.o. Usługi Grupa TAURON Sp. z o.o.
Sales 	*Wholesale of electricity as well as trading in emission allowances CO_2 and certificates of origin and sales of electricity to domestic end consumers or entities re-selling electricity*	TAURON Polska Energia S.A. TAURON Sprzedaż Sp. z o.o. TAURON Sprzedaż GZE Sp. z o.o. TAURON Czech Energy s.r.o. TAURON Nowe Technologie S.A. Polska Energia-Pierwsza Kompania Handlowa sp. z o.o.

[1] The incorporation of Energetyka Cieszyńska Sp. z o.o. by TAURON Ciepło Sp. z o.o. was registered on 3 January 2024.
[2] TAURON Inwestycje Sp. z o.o. classifies activities related to photovoltaic power generation in the Renewable Energy Sources segment, while activities related to investment projects in conventional sources are classified in the Heat segment.
[3] Companies accounted for using the equity method.
[4] On 1 July 2024, the merger of the company 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 a 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 place in merger, was an error.

Except the key operating segments listed above, TAURON Group also conducts operations in the scope of quarrying limestone for the power industry, metallurgy, construction and road building as well as in the area of production of sorbents for use in wet desulphurisation installations and fluidised bed boilers (Kopalnia Wapienia Czatkowice Sp. z o.o.). The activities of TAURON Obsługa Klienta Sp. z o.o., Finanse Grupa TAURON Sp. z o.o., TAURON Ubezpieczenia Sp. z o.o. and TAURON Inwestycje Sp. z o.o. with regard to activities related to the conduct of hydrogen research and development projects are also treated as other Group activities.

(in PLN million)

Change in the breakdown of the Group's activity into operating segments

Starting with the interim condensed consolidated financial statements for the 6-month period ended 30 June 2024, the breakdown of the Group's operations into operating segments has changed. The most significant change is the separation of the *Heat* operating segment. To date, data on the activities related to the production, distribution and sale of heat have been presented within the *Generation* operating segment, together with data on the generation of electricity from conventional sources. In addition, the allocation of some companies to pre-existing operating segments has changed. The above changes are related to the modifications implemented in the Group with regard to the presentation and evaluation of the Group's performance, which now reflects the allocation of companies to the Group's business units. In the context of the provisions of IFRS 8 *Operating Segments*, which condition the identification of an operating segment on, among others, the issue of regular review of business performance by the entity's chief operating decision-maker in order to make resource allocation decisions, the Group assessed that the changes made to the allocation of companies to the Group's business units translate into a rationale for making changes to the division of its operations into operating segments.

The comparable data for the 3-month and 9-month period ended 30 September 2023 and as at 31 December 2023, were restated accordingly.

9-month period ended 30 September 2024 or as at 30 September 2024 *(unaudited)*

	Operating segments					Other	Unallocated items / Eliminations	Total
	Generation	Heat	Renewable Energy	Distribution	Sales			
Revenue								
Sales to external customers	2 479	1 040	29	4 562	14 737	183	–	**23 030**
Inter-segment sales	3 174	354	659	3 565	5 387	754	(13 893)	**–**
Total segment revenue	**5 653**	**1 394**	**688**	**8 127**	**20 124**	**937**	**(13 893)**	**23 030**
Recompensation	**–**	**74**	**–**	**479**	**1 943**	**–**	**–**	**2 496**
EBIT, of which:	**(1 374)**	**(4)**	**351**	**1 591**	**721**	**146**	**(126)**	**1 305**
Share in profit/(loss) of joint ventures	*–*	*85*	*–*	*–*	*–*	*–*	*–*	***85***
Depreciation/amortization	**(308)**	**(87)**	**(143)**	**(1 048)**	**(40)**	**(169)**	**5**	**(1 790)**
Impairment	**(1 375)**	**(140)**	**–**	**1**	**(1)**	**1**	**3**	**(1 511)**
EBITDA	**309**	**223**	**494**	**2 638**	**762**	**314**	**(134)**	**4 606**
EBIT								**1 305**
Finance income (costs)							(574)	**(574)**
Profit/(loss) before income tax								**731**
Income tax expense							(938)	**(938)**
Net profit/(loss) for the period								**(207)**
Assets and liabilities								
Segment assets, of which:	4 907	2 586	5 079	25 309	5 215	1 265	–	**44 361**
Investments in joint ventures	*–*	*192*	*–*	*–*	*–*	*–*	*–*	***192***
Unallocated assets							1 436	**1 436**
Total assets								**45 797**
Segment liabilities	2 796	462	326	2 666	2 268	679	–	**9 197**
Unallocated liabilities							18 981	**18 981**
Total liabilities								**28 178**
Other segment information								
Capital expenditure *	70	92	1 141	2 164	47	135	–	**3 649**

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

(in PLN million)

9-month period ended 30 September 2023 *(restated unaudited data)* or as at 31 December 2023 *(restated data)*

	Operating segments					Other	Unallocated items / Eliminations	Total
	Generation	Heat	Renewable Energy Sources	Distribution	Sales			
Revenue								
Sales to external customers	5 857	1 092	107	4 233	20 338	156	–	**31 783**
Inter-segment sales	2 332	572	454	4 728	6 324	628	(15 038)	**–**
Total segment revenue	**8 189**	**1 664**	**561**	**8 961**	**26 662**	**784**	**(15 038)**	**31 783**
Recompensation	**–**	**43**	**–**	**901**	**5 238**	**–**	**–**	**6 182**
EBIT, of which:	**605**	**140**	**179**	**2 442**	**410**	**32**	**17**	**3 825**
Share in profit/(loss) of joint ventures	–	*95*	–	–	–	–	–	***95***
Depreciation/amortization	**(273)**	**(81)**	**(142)**	**(983)**	**(41)**	**(128)**	**2**	**(1 646)**
Impairment	**2**	**–**	**–**	**(1)**	**(1)**	**–**	**–**	**–**
EBITDA	**876**	**221**	**321**	**3 426**	**452**	**160**	**15**	**5 471**
EBIT								**3 825**
Finance income (costs)							(810)	**(810)**
Profit/(loss) before income tax								**3 015**
Income tax expense							(752)	**(752)**
Net profit/(loss) for the period								**2 263**
Assets and liabilities								
Segment assets, of which:	7 018	2 995	3 971	24 194	8 581	1 291	–	**48 050**
Investments in joint ventures	–	*169*	–	–	–	–	–	***169***
Unallocated assets							1 748	**1 748**
Total assets								**49 798**
Segment liabilities	4 269	781	272	2 550	3 478	736	–	**12 086**
Unallocated liabilities							19 759	**19 759**
Total liabilities								**31 845**
Other segment information								
Capital expenditure *	217	166	396	1 896	70	142	–	**2 887**

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

3-month period ended 30 September 2024 *(unaudited)*

	Operating segments					Other	Unallocated items / Eliminations	Total
	Generation	Heat	Renewable Energy Sources	Distribution	Sales			
Revenue								
Sales to external customers	1 030	210	8	1 507	4 928	63	–	**7 746**
Inter-segment sales	840	37	168	1 369	3 493	246	(6 153)	**–**
Total segment revenue	**1 870**	**247**	**176**	**2 876**	**8 421**	**309**	**(6 153)**	**7 746**
Recompensation	**–**	**6**	**–**	**(1)**	**375**	**–**	**–**	**380**
EBIT, of which:	**120**	**31**	**77**	**665**	**48**	**43**	**(38)**	**946**
Share in profit/(loss) of joint ventures	–	*70*	–	–	–	–	–	***70***
Depreciation/amortization	**(80)**	**(27)**	**(48)**	**(357)**	**(14)**	**(57)**	**2**	**(581)**
Impairment	**47**	**1**	**–**	**–**	**(1)**	**–**	**3**	**50**
EBITDA	**153**	**57**	**125**	**1 022**	**63**	**100**	**(43)**	**1 477**
EBIT								**946**
Finance income (costs)							(196)	**(196)**
Profit/(loss) before income tax								**750**
Income tax expense							(114)	**(114)**
Net profit/(loss) for the period								**636**
Other segment information								
Capital expenditure *	30	39	909	764	16	32	–	**1 790**

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

(in PLN million)

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

	Operating segments					Other	Unallocated items / Eliminations	Total
	Generation	Heat	Renewable Energy Sources	Distribution	Sales			
Revenue								
Sales to external customers	1 880	204	16	1 396	5 610	54	–	**9 160**
Inter-segment sales	575	74	105	1 449	749	213	(3 165)	**–**
Total segment revenue	**2 455**	**278**	**121**	**2 845**	**6 359**	**267**	**(3 165)**	**9 160**
Recompensation	**–**	**17**	**–**	**247**	**1 639**	**–**	**–**	**1 903**
EBIT, of which:	**25**	**(11)**	**(1)**	**763**	**(105)**	**1**	**(32)**	**640**
Share in profit/(loss) of joint ventures	–	*32*	–	–	–	–	**–**	***32***
Depreciation/amortization	**(94)**	**(27)**	**(46)**	**(334)**	**(13)**	**(45)**	**2**	**(557)**
Impairment	**1**	**–**	**–**	**(1)**	**–**	**–**	**–**	**–**
EBITDA	**118**	**16**	**45**	**1 098**	**(92)**	**46**	**(34)**	**1 197**
EBIT								**640**
Finance income (costs)							(151)	**(151)**
Profit/(loss) before income tax								**489**
Income tax expense							(102)	**(102)**
Net profit/(loss) for the period								**387**
Other segment information								
Capital expenditure *	99	89	86	676	24	48	–	**1 022**

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

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

12. Sales revenue

	9-month period ended 30 September 2024 *(unaudited)*	9-month period ended 30 September 2023 *(unaudited restated figures)*
Sale of goods for resale, finished goods and materials before elimination of excise, of which:	**14 337**	**23 725**
Excise	(76)	(75)
Sale of goods for resale, finished goods and materials	**14 261**	**23 650**
Electricity	12 242	21 534
Heat energy	848	878
Gas	781	864
CO_2 emission allowances	117	29
Energy certificates and similar	39	167
Other goods for resale, finished goods and materials	234	178
Rendering of services	**8 709**	**8 074**
Distribution and trade services	7 642	7 206
Capacity Market	624	517
Maintenance of road lighting	126	110
Connection fees	99	78
Other services	218	163
Other revenue	**60**	**59**
Total revenue	**23 030**	**31 783**

In the 9-month period ended 30 September 2024, sales revenues decrease in relation to the comparable period was recorded and the main changes were related to sales revenue of the following products, goods and services:

- Electricity - a decline in revenue on electricity sales was recorded in both the retail and wholesale areas, which mainly results from the lower prices obtained and lower averaged volume of sales. The decline in prices to customers in every segment is directly associated with the change in market electricity prices. Lower volume of electricity is due to lower demand from business customers and, in the case of wholesale trading, different operating characteristics of the units compared to the comparable period as a result of the different demand reported by the PSE operator;

Interim condensed consolidated financial statements for the 9-month period ended 30 September 2024 compliant with the IFRS approved by the EU (in PLN million)

- Heat - lower revenue from the sales of heat are the result of lower sales volumes as a result of higher average temperatures than in the comparable period and higher prices resulting from tariff-based price increases;
- Gas - a decrease mainly due to a lower prices obtained in relation to the comparable period, as a result of an increase in prices contracted during 2023 on account of deliveries in 2024;
- Distribution and trading services - increase as a consequence of a rise in the rate of the distribution and transmission service.

Sales revenue by operating segment is shown in the tables below.

9-month period ended 30 September 2024 *(unaudited)*

	Generation	Heat	Renewable Energy Sources	Distribution	Sales	Other	Total
Sale of goods for resale, finished goods and materials	**1 965**	**772**	**25**	**3**	**11 383**	**113**	**14 261**
Electricity	1 836	1	–	–	10 405	–	**12 242**
Heat energy	78	770	–	–	–	–	**848**
Gas	–	–	–	–	781	–	**781**
CO_2 emission allowances	–	–	–	–	117	–	117
Energy certificates and similar	–	1	25	–	13	–	**39**
Other goods for resale, finished goods and materials	51	–	–	3	67	113	**234**
Rendering of services	**506**	**261**	**3**	**4 532**	**3 347**	**60**	**8 709**
Distribution and trade services	–	243	–	4 343	3 056	–	**7 642**
Capacity Market	458	15	2	–	149	–	**624**
Maintenance of road lighting	–	–	–	–	126	–	**126**
Connection fees	–	–	–	99	–	–	**99**
Other services	48	3	1	90	16	60	**218**
Other revenue	**8**	**7**	**1**	**27**	**7**	**10**	**60**
Total sales revenue	**2 479**	**1 040**	**29**	**4 562**	**14 737**	**183**	**23 030**

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

	Generation	Heat	Renewable Energy Sources	Distribution	Sales	Other	Total
Sale of goods for resale, finished goods and materials	**5 438**	**829**	**101**	**2**	**17 187**	**93**	**23 650**
Electricity	5 330	4	–	–	16 200	–	**21 534**
Heat energy	81	797	–	–	–	–	**878**
Gas	–	–	–	–	864	–	**864**
CO_2 emission allowances	–	–	–	–	29	–	**29**
Energy certificates and similar	1	28	101	–	37	–	**167**
Other goods for resale, finished goods and materials	26	–	–	2	57	93	**178**
Rendering of services	**411**	**256**	**6**	**4 202**	**3 146**	**53**	**8 074**
Distribution and trade services	–	233	–	4 072	2 901	–	**7 206**
Capacity Market	381	21	5	–	110	–	**517**
Maintenance of road lighting	–	–	–	–	110	–	**110**
Connection fees	–	–	–	78	–	–	**78**
Other services	30	2	1	52	25	53	**163**
Other revenue	**8**	**7**	**–**	**29**	**5**	**10**	**59**
Total sales revenue	**5 857**	**1 092**	**107**	**4 233**	**20 338**	**156**	**31 783**

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

	9-month period ended 30 September 2024 *(unaudited)*	9-month period ended 30 September 2023 *(unaudited restated figures)*
Revenue from sales of electricity	**12 242**	**21 534**
Retail sale	**9 065**	**13 565**
Strategic clients	1 226	3 337
Business clients	3 816	6 028
Mass clients - Group G	3 211	2 859
Mass clients - SME	801	1 295
Other	85	121
Excise duty	(74)	(75)
Wholesale	**2 620**	**7 252**
Other	**557**	**717**

(in PLN million)

13. Recompensations

	9-month period ended 30 September 2024 *(unaudited)*	9-month period ended 30 September 2023 *(unaudited)*
Recompensation electricity	1 879	5 221
Recompensation distribution services of electricity	519	901
Recompensation gas	24	17
Recompensation heat energy and distribution services of heat energy	74	43
Total	**2 496**	**6 182**

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

The main reason for the decrease in recompensation in the 9-month period ended 30 September 2024 in relation to the comparable period was the lower price level in the tariff approved by the President of the ERO for the 9-month period ended 30 September 2024 compared to 2023, which translated into a decrease in the difference between the energy price resulting from the tariff and the frozen and maximum electricity prices taken into account in the calculation of household recompensation.

14. Costs by type

	9-month period ended 30 September 2024 *(unaudited)*	9-month period ended 30 September 2023 *(unaudited restated figures)*
Depreciation and amortization	(1 790)	(1 646)
Write-downs on non-financial fixed assets	(1 640)	–
Materials and energy	(2 535)	(3 637)
Maintenance and repair services	(210)	(196)
Distribution services	(2 415)	(2 168)
Other external services	(704)	(673)
Cost of obligation to remit the CO_2 emission allowances	(2 178)	(2 457)
Allowance for Price Difference Payment Fund	(11)	(415)
Other taxes and charges	(634)	(591)
Employee benefits expense	(2 432)	(2 331)
Allowance for trade receivables	(27)	(76)
Allowance for inventories	129	–
Costs of provision for onerous contracts	–	84
Other	(103)	(110)
Total costs by type	**(14 550)**	**(14 216)**
Change in inventories, prepayments, accruals and deferred income	(2)	–
Cost of goods produced for internal purposes	592	620
Selling expenses	542	561
Administrative expenses	538	503
Cost of goods for resale and materials sold	(10 392)	(20 886)
Cost of sales	**(23 272)**	**(33 418)**

In the 9-month period ended 30 September 2024, in relation to the comparable period, the main changes in the cost of goods, products, materials and services sold referred to:

- recognition of impairment losses on non-financial assets mainly as a result of impairment tests carried out as at 30 June 2024 which showed the adequacy of recognising impairment losses in the amount of PLN 1 611 million. In addition, companies of the Group recognised the impairment losses in the amount of PLN 29 million in the 9-month period ended 30 September 2024.
- a decline in the costs of material and energy consumption, mainly to lower costs of coal fuel consumed for the production of electricity and heat, which is primarily a consequence of lower consumption as a result of lower production. Moreover, the lower cost of coal fuel was affected by the lower purchase price of the fuel as a consequence of the decline in market prices for this raw material;
- an increase in the cost of distribution services, as a result of a rise in the tariff for the PSE distribution services;

(in PLN million)

- a decline in the cost of the obligation to redeem CO_2 allowances, mainly as a result of lower production and correspondingly lower CO_2 emissions;
- no need for the TAURON Group to incur the cost of write-downs to the Price Difference Payment Fund in the current period. The obligation to apply write-downs in 2023 resulted from the provisions of the acts of law requiring both generators and sellers of electricity and gas to pay profits to the Settlement Administrator in excess of the statutory margin percentage;
- a decline in the value of goods and materials sold mainly due to lower electricity purchase costs incurred, as a result of the decline prices and a lower volume as a result of a lower demand from TAURON Group customers.

15. Financial income and costs

	9-month period ended 30 September 2024 *(unaudited)*	9-month period ended 30 September 2023 *(unaudited)*
Income and costs from financial instruments	**(540)**	**(766)**
Interest costs	(497)	(619)
Gain/loss on derivative instruments	(275)	(293)
Exchange differences	84	44
Commission relating to borrowings and debt securities	(17)	(13)
Remeasurement of loans granted	102	16
Interest income	69	86
Other	(6)	13
Other finance income and costs	**(34)**	**(44)**
Interest on employee benefits	(27)	(26)
Interest on discount of other provisions	(9)	(7)
Other finance income	18	8
Other finance costs	(16)	(19)
Total, including recognized in the statement of comprehensive income:	**(574)**	**(810)**
Interest expense on debt	(497)	(619)
Finance income and other finance costs	(77)	(191)

The decline in interest expenses results from a lower level of use of external funding and a lower level of base rates in the 9-month period ended 30 September 2024 in relation to the comparable period.

The loss on derivatives in the 9-month period ended 30 September 2024 is mainly related to the appreciation of the zloty and relates to currency derivatives, mainly hedges currency risk related with purchased of CO_2 emission allowances. The appreciation of the zloty exchange rate has also affected the occurrence of exchange rate gains in the current period, which are mainly related to the valuation of external funding in EUR.

16. Tax burden in the statement of comprehensive income

	9-month period ended 30 September 2024 *(unaudited)*	9-month period ended 30 September 2023 *(unaudited)*
Current income tax	**(27)**	**(528)**
Current income tax expense	(44)	(528)
Adjustments to current income tax from previous years	17	–
Deferred income tax	**(911)**	**(224)**
Income tax expense in profit/(loss)	**(938)**	**(752)**
Income tax expense relating to other comprehensive income, including:	**14**	**52**
reclassified to profit or loss	17	50
not reclassified to profit or loss	(3)	2

The increase in deferred tax expenses is mainly related to an increase in the level of unrecognised deferred tax assets by PLN 762 million in the 9-month period ended 30 September 2024, due to the anticipated lack of feasibility, mainly in the company of the Generation segment. In particular, the aforementioned asset was not recognised with regard to the impairment losses recognised, as a result of impairment tests on the non-financial fixed assets of the company in the Generation segment carried out as at 30 June 2024 and related to tax losses incurred by this company.

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EXPLANATORY NOTE TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

17. Property, plant and equipment

9-month period ended 30 September 2024 *(unaudited)*

	Land	Buildings, premises and civil engineering structures	Plant and machinery	Other	Assets under construction	Property, plant and equipment, total
COST						
Opening balance	**153**	**33 430**	**26 007**	**971**	**2 466**	**63 027**
Direct purchase	–	–	–	2	3 143	**3 145**
Borrowing costs	–	–	–	–	62	**62**
Transfer of assets under construction	1	1 712	1 119	39	(2 871)	**–**
Sale	–	(2)	(80)	(13)	(1)	**(96)**
Liquidation	–	(33)	(74)	(9)	–	**(116)**
Received free of charge	–	41	1	–	–	**42**
Overhaul expenses	–	–	–	–	51	**51**
Items generated internally	–	–	–	–	32	**32**
Cost of disassembly of wind and photovoltaic farms	–	(1)	(2)	–	14	**11**
Acquisition of subsidiary	6	–	–	–	127	**133**
Other movements	–	2	17	(1)	4	**22**
Closing balance	**160**	**35 149**	**26 988**	**989**	**3 027**	**66 313**
ACCUMULATED DEPRECIATION						
Opening balance	**–**	**(14 717)**	**(15 665)**	**(724)**	**(49)**	**(31 155)**
Depreciation for the period	–	(773)	(735)	(42)	–	**(1 550)**
Impairment	–	(522)	(1 061)	(2)	(4)	**(1 589)**
Sale	–	1	79	12	–	**92**
Liquidation	–	30	72	7	–	**109**
Other movements	–	(4)	–	2	6	**4**
Closing balance	**–**	**(15 985)**	**(17 310)**	**(747)**	**(47)**	**(34 089)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**153**	**18 713**	**10 342**	**247**	**2 417**	**31 872**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**160**	**19 164**	**9 678**	**242**	**2 980**	**32 224**
of which operating segments:						
Generation	**38**	**966**	**1 845**	**18**	**80**	**2 947**
Heat	**6**	**831**	**528**	**19**	**274**	**1 658**
Renewable Energy Sources	**9**	**1 126**	**1 411**	**2**	**1 086**	**3 634**
Distribution	**91**	**15 366**	**5 660**	**162**	**1 510**	**22 789**
Other segments and other operations	**16**	**875**	**234**	**41**	**30**	**1 196**

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

	Land	Buildings, premises and civil engineering structures	Plant and machinery	Other	Assets under construction	Property, plant and equipment, total
COST						
Opening balance	**146**	**31 457**	**24 968**	**930**	**1 820**	**59 321**
Direct purchase	–	–	–	2	2 480	**2 482**
Borrowing costs	–	–	–	–	36	**36**
Transfer of assets under construction	1	1 372	782	34	(2 189)	**–**
Sale	–	(2)	(68)	(7)	(3)	**(80)**
Liquidation	–	(39)	(123)	(11)	–	**(173)**
Received free of charge	4	19	43	–	–	**66**
Overhaul expenses	–	–	–	–	242	**242**
Items generated internally	–	–	–	–	28	**28**
Cost of disassembly of wind and photovoltaic farms	–	4	5	–	–	**9**
Other movements	–	2	(13)	–	8	**(3)**
Closing balance	**151**	**32 813**	**25 594**	**948**	**2 422**	**61 928**
ACCUMULATED DEPRECIATION						
Opening balance	**–**	**(13 790)**	**(15 020)**	**(692)**	**(88)**	**(29 590)**
Depreciation for the period	–	(717)	(688)	(42)	–	**(1 447)**
Impairment	–	–	1	–	(1)	**–**
Sale	–	1	67	6	–	**74**
Liquidation	–	35	120	11	–	**166**
Other movements	–	(3)	(15)	–	25	**7**
Closing balance	**–**	**(14 474)**	**(15 535)**	**(717)**	**(64)**	**(30 790)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**146**	**17 667**	**9 948**	**238**	**1 732**	**29 731**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**151**	**18 339**	**10 059**	**231**	**2 358**	**31 138**
of which operating segments:						
Generation	**38**	**1 578**	**2 889**	**17**	**147**	**4 669**
Heat	**6**	**821**	**590**	**13**	**283**	**1 713**
Renewable Energy Sources	**1**	**872**	**1 127**	**2**	**539**	**2 541**
Distribution	**88**	**14 228**	**5 225**	**163**	**1 345**	**21 049**
Other segments and other operations	**18**	**840**	**228**	**36**	**44**	**1 166**

Interim condensed consolidated financial statements for the 9-month period ended 30 September 2024 compliant with the IFRS approved by the EU (in PLN million)

In the 9-month period ended 30 September 2024, the Group purchased property, plant and equipment (including capitalised borrowing costs) in the amount of PLN 3 207 million. The major purchases were performed in connection with investment in the following operating segments:

Operating segment	9-month period ended 30 September 2024 *(unaudited)*	9-month period ended 30 September 2023 *(unaudited restated data)*
Distribution	2 139	1 868
Renewable Energy Sources	863	382
Heat	56	86
Generation	41	27
Sales	42	62

Impairment tests

As at 30 September 2024 date, an analysis of the changes in the prices of electricity, raw materials and CO_2 emission allowances that took place in the third quarter of 2024 was performed. An assessment was also performed of the current market situation and its impact on the assumptions and long-term projections included in the impairment tests carried out as at 30 June 2024.

The analysis of termination and SPOT market performed has not indicated any significant changes in the market for electricity and related products in the third quarter of 2024 compared to the first half of 2024.

Having analysed the observed market and regulatory developments as at 30 September 2024, it was concluded that they fit with the assumptions and long-term projections available as at 30 June 2024.

As a result of the natural disasters and the passage of the flood wave through Poland in the third quarter of 2024, assets belonging to the Group's assets were physically damaged, which provides the premises for impairment testing of non-financial assets as at 30 September 2024.

The premises of impairment identified above relate mainly to the Group's generation assets in the Generation from RES segment - CGU Hydroelectric power plants.

With regard to the Group's assets from the Distribution segment - CGU Distribution and the Group's assets in the Sales segment - CGU Lighting that were impaired, the Group did not perform the test due to the lack of a material impact on future cash flows.

The tests conducted as at 30 September 2024 required estimating the value in use of cash generating units, based on their future cash flows discounted subsequently to the present value using a discount rate.

Impairment tests for the identified CGU Hydroelectric power plants were carried out on the basis of estimated future cash flows covering the entire period of their operation.

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

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

The assumptions of prices, power balance and the level of electricity demand have been developed taking into account current market conditions updated in the full scope of years 2024-2045. Long-term market assumptions are consistent in terms of directions with existing government policy documents and the guidelines for their update: the National Energy and Climate Plan (KPEiK) and the Energy Policy of Poland up till 2040 (PEP2040). The projected electricity prices result from long-term modelling using a 24-hour electricity market model.

(in PLN million)

Category	Description
Electricity	The BASE electricity price forecast assumes a decrease of 33.6% for 2024 compared to the average price of the reference BASE contract (Y+1, Daily rate of settlement "DKR") achieved in 2023. In the period of 2025-2040, the average BASE price is also 20.8% lower than the average volume-weighted reference price achieved in 2023 (Y+1, DKR). The observed change in the structure of electricity generation and the increase in the share of RES affects reducing SPOT electricity prices and changing its profile on the wholesale market more than assumed in earlier long-term assumptions. In the forward market, projected BASE price levels take into account the costs of generation from high-efficiency conventional sources.
Economic lifetime of generating units	As at 30 September 2024, for the CGU Hydroelectric power plants, there are no changes in the operating period compared to the tests carried out at 30 June 2024, i.e. until 2072.
RES	With regard to the RES segment, the existing support schemes were taken into account, i.e.: the Capacity market, the FIP feed-in tariff scheme – surcharge to market price, the system of guarantees of origin.
Compensation	The receipt from the Insurer for compensation due to flood damage at a value of the damaged property was assumed.
Remuneration	An increase in wages was assumed, based on an increase in the minimum wage with effect for the following years of the financial forecast.
WACC	A weighted average cost of capital (WACC) at a level of 7.94% in nominal after-tax terms over the projection period for the CGU Hydroelectric power plants was assumed. The methodology for calculating the discount rate remained unchanged compared to the impairment test carried out as at 30 June 2024.

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

In addition, as part of the analysis of the prerequisites for the impairment of assets, the possibility of impairment of the interest in the joint venture of TAMEH HOLDING Sp. z o.o. was identified due to the fact that on 9 August 2024 a court order was issued by which the reorganisation of TAMEH Czech s.r.o. (a subsidiary of TAMEH HOLDING Sp. z o.o.) was converted into liquidation bankruptcy, as further described in note 22 of these interim condensed consolidated financial statements.

The TAMEH HOLDING Sp. z o.o. Shareholders' Agreement provides for the operation of the special purpose vehicle, TAMEH HOLDING Sp. z o.o. until 2029 with a possibility of extending its operation for the following years. In accordance with the provisions of the agreement, TAMEH HOLDING Sp. z o.o. pays dividends to the shareholders on the basis of a dividend plan approved by the parties to the agreement. TAMEH HOLDING Sp. z o.o. owns 100% of the shares in its subsidiaries, TAMEH POLSKA Sp. z o.o. and TAMEH Czech s.r.o.

With regard to the impairment test of the shares in TAMEH HOLDING Sp. z o.o., a scenario analysis was carried out based on expected future dividend flows, which did not include the flows from TAMEH Czech s.r.o. due to the declaration of bankruptcy of this company. The following scenarios take into account the capacity of TAMEH HOLDING Sp. z o.o. to pay dividends in accordance with the Commercial Companies Code. The following scenarios were adopted in the analysis:

- Shareholders' approved dividend plan in scope of TAMEH POLSKA Sp. z o.o. for 2024-2029 and divestment of assets in 2030;
- adjusted dividend plan resulting from the gradual reduction of expenditure and the company's operations of TAMEH POLSKA Sp. z o.o. leading to the liquidation of assets in 2030;
- Shareholders' approved dividend plan in the scope of TAMEH POLSKA Sp. z o.o. activity in 2024-2029 and the continuation of the company's activities thereafter.

All of the above mentioned three scenarios, in the Company's judgement as at the day of approval of these interim condensed consolidated financial statements for publication, have the same probability of materialisation and thus the weighting assigned to them is equal to each other.

Results of impairment tests

The tests carried out as at 30 September 2024 showed no need to recognise impairment losses on non-financial assets due to the identified higher value in use of the CGU Hydroelectric power plants compared to their carrying amount. At the same time, tests as at 30 September 2024 indicated the adequacy of recognising an impairment loss on the shares in the joint venture of TAMEH HOLDING Sp. z o.o.

Company	Discount rate (after tax) assumed in tests as at:		Tested carrying amount	Recoverable amount	Impairment loss recognized
	30 September 2024 *(unaudited)*	30 June 2024 *(unaudited)*	As at 30 September 2024 *(unaudited)*		9-month period ended 30 September 2024 *(unaudited)*
TAMEH HOLDING Sp. z o.o.	9.77%	9.77%	419	224	(195)
Total					**(195)**

(in PLN million)

The carrying amount to be tested as at the balance sheet date of 30 September 2024 comprises shares in TAMEH HOLDING Sp. z o.o. taking into account the measurement using the equity method in the amount of PLN 387 million and dividend receivables from TAMEH HOLDING Sp. z o.o. in the amount of PLN 32 million. As a result of the impairment tests performed as at 30 September 2024, the Group recognised impairment losses of PLN 195 million on the shares in TAMEH HOLDING Sp. z o.o. The need to recognise impairment losses on the shares in TAMEH HOLDING Sp. z o.o. was significantly affected by the increase in the carrying amount of these shares measured using the equity method, mainly due to the recognition of a positive result on the loss of control by TAMEH HOLDING Sp. z o.o. of TAMEH Czech s.r.o.

Moreover, in the 9-month period ended 30 September 2024, the Group recognised impairment losses related to non-financial fixed assets as a result of impairment tests of assets performed as at 30 June 2024.

The recoverable value of this group of assets corresponds to their useful value. The impairment losses charged mainly own cost of sales.

The impairment loss recognised in 9-moths period ended 30 September 2024, in the result of the tests performed as at 30 June 2024 refers to the following cash generating units:

CGU	Company	Discount rate (after tax) assumed in tests as at:		Recoverable amount	Impairment loss recognized
		30 June 2024 *(unaudited)*	31 December 2023	As at 30 June 2024 *(unaudited)*	9-month period ended 30 September 2024 *(unaudited)*
CGU Generation-Coal	TAURON Wytwarzanie S.A.	9.77%	11.47%	19	(1 473)
CGU Generation-Biomass	TAURON Wytwarzanie S.A.	9.77%	11.47%	(8)	–
CGU ZW Katowice	TAURON Ciepło Sp. z o.o.	9.77%	11.47%	372	(94)
CGU ZW Tychy	TAURON Ciepło Sp. z o.o.	9.77%	11.47%	287	(44)
Total					**(1 611)**

The need to recognise impairment losses on non-financial assets in the CGU Generation-Coal, CGU Generation-Biomass, CGU ZW Katowice and CGU ZW Tychy results from a decrease in the planned margin on electricity sales.

The tests carried out as at 30 June 2024 did not show the need to recognise impairment losses on non-financial assets due to the identified higher value in use of the CGUs compared to their carrying amount, except for the CGU Generation-Coal, CGU Generation-Biomass, CGU ZW Katowice and CGU ZW Tychy described above.

18. Right-of-use assets

9-month period ended 30 September 2024 *(unaudited)*

	Land	Perpetual usufruct right	Buildings, premises and civil engineering structures	Plant and machinery	Motor vehicles	Transmission easements	Right-of-use assets in progress	Right-of-use assets total
COST								
Opening balance	**993**	**1 129**	**279**	**19**	**14**	**220**	**8**	**2 662**
Direct purchase	–	–	–	–	–	–	10	**10**
Transfer of right-of-use assets in progress	–	–	–	–	–	9	(9)	**–**
Increase due to a new lease contract	231	–	8	1	1	–	–	**241**
Increase/(decrease) due to lease changes	44	5	28	1	–	–	–	**78**
Liquidation	(36)	(1)	(2)	–	(2)	–	–	**(41)**
Acquisition of subsidiary	169	–	–	–	–	2	–	**171**
Other movements	–	1	–	–	–	5	(1)	**5**
Closing balance	**1 401**	**1 134**	**313**	**21**	**13**	**236**	**8**	**3 126**
ACCUMULATED DEPRECIATION								
Opening balance	**(143)**	**(202)**	**(91)**	**(6)**	**(4)**	**(52)**	**–**	**(498)**
Depreciation for the period	(39)	(23)	(17)	(2)	(4)	(8)	–	**(93)**
Impairment	(3)	(31)	–	–	–	(1)	–	**(35)**
Liquidation	2	–	1	–	2	–	–	**5**
Other movements	–	1	–	–	–	–	–	**1**
Closing balance	**(183)**	**(255)**	**(107)**	**(8)**	**(6)**	**(61)**	**–**	**(620)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**850**	**927**	**188**	**13**	**10**	**168**	**8**	**2 164**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**1 218**	**879**	**206**	**13**	**7**	**175**	**8**	**2 506**

(in PLN million)

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

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

19. Goodwill

Operating segment	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
Distribution	26	26
Total	**26**	**26**

20. Energy certificates and CO_2 emission allowances

20.1. Long-term energy certificates and CO_2 emission allowances

	9-month period ended 30 September 2024 *(unaudited)*			9-month period ended 30 September 2023 *(unaudited)*		
	Energy certificates	CO_2 emission allowances	Total	Energy certificates	CO_2 emission allowances	Total
Opening balance	**16**	**8**	**24**	**42**	**13**	**55**
Direct purchase	28	–	**28**	**–**	**–**	**–**
Reclassification	(13)	(8)	**(21)**	(42)	(13)	**(55)**
Closing balance	**31**	**–**	**31**	**–**	**–**	**–**

20.2. Short-term energy certificates and CO_2 emission allowances

	9-month period ended 30 September 2024 *(unaudited)*			9-month period ended 30 September 2023 *(unaudited)*		
	Energy certificates	CO_2 emission allowances	Total	Energy certificates	CO_2 emission allowances	Total
Opening balance	**107**	**595**	**702**	**245**	**352**	**597**
Direct purchase	133	2 998	**3 131**	392	2 906	**3 298**
Generated internally	29	–	**29**	124	–	**124**
Surrendered	(241)	(3 423)	**(3 664)**	(734)	(3 150)	**(3 884)**
Reclassification	13	8	**21**	42	13	**55**
Closing balance	**41**	**178**	**219**	**69**	**121**	**190**

(in PLN million)

21. Other intangible assets

9-month period ended 30 September 2024 *(unaudited)*

	Development expenses	Software, concessions, patents, licenses and similar items	Other intangible assets	Intangible assets not made available for use	Intangible assets total
COST					
Opening balance	**18**	**1 499**	**283**	**75**	**1 875**
Direct purchase	–	–	–	91	**91**
Transfer of intangible assets not made available for use	–	69	9	(78)	**–**
Sale/Liquidation	–	(97)	(3)	–	**(100)**
Closing balance	**18**	**1 471**	**289**	**88**	**1 866**
ACCUMULATED AMORTIZATION					
Opening balance	**(11)**	**(873)**	**(143)**	**–**	**(1 027)**
Amortization for the period	(2)	(135)	(10)	–	**(147)**
Impairment	–	(1)	(15)	–	**(16)**
Sale/Liquidation	–	97	–	–	**97**
Closing balance	**(13)**	**(912)**	**(168)**	**–**	**(1 093)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**7**	**626**	**140**	**75**	**848**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**5**	**559**	**121**	**88**	**773**

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

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

22. Investments in joint ventures

	As at 30 September 2024 or for the 9-month period ended 30 September 2024 *(unaudited)*			As at 31 December 2023 or for the 9-month period ended 30 September 2023 *(unaudited)*		
	Elektrociepłownia Stalowa Wola S.A.	TAMEH HOLDING Sp. z o.o. *	Total	Elektrociepłownia Stalowa Wola S.A.	TAMEH HOLDING Sp. z o.o. *	Total
Non-current assets	1 617	1 157	**2 774**	1 656	1 209	**2 865**
Current assets, including:	224	828	**1 052**	297	874	**1 171**
cash and cash equivalents	*4*	*128*	***132***	*88*	*182*	***270***
Non-current liabilities (-), including:	(1 985)	(136)	**(2 121)**	(1 998)	(271)	**(2 269)**
debt	*(1 977)*	*(29)*	***(2 006)***	*(1 967)*	*(32)*	***(1 999)***
Current liabilities (-), including:	(476)	(995)	**(1 471)**	(554)	(1 392)	**(1 946)**
debt	*(119)*	*(167)*	***(286)***	*(108)*	*(368)*	***(476)***
Total net assets	**(620)**	**854**	**234**	**(599)**	**420**	**(179)**
Share in net assets (50%)	(310)	427	**117**	(300)	210	**(90)**
Investment in joint ventures	**–**	**192**	**192**	**–**	**169**	**169**
Sales revenue	1 196	1 771	**2 967**	1 101	3 275	**4 376**
Net profit (loss), including:	(21)	560	**539**	(67)	190	**123**
Depreciation	*(46)*	*(86)*	***(132)***	*(46)*	*(121)*	***(167)***
Interest income	*1*	*4*	***5***	*2*	*6*	***8***
Interest expenses	*(106)*	*(21)*	***(127)***	*(124)*	*(39)*	***(163)***
Income tax	–	*(24)*	***(24)***	–	*(46)*	***(46)***
Share of profit/(loss) of joint ventures	–	280	**280**	–	95	**95**
Write-off of shares	–	(195)	**(195)**	–	–	**–**
Total share in profit/(loss) of joint ventures	–	85	**85**	–	95	**95**

** The information presented relates to the TAMEH HOLDING Sp. z o.o. Capital Group. The value of the interest held in TAMEH HOLDING Sp. z o.o. differs from the value of net assets attributable to the Group, due to the fact that the purchase price for the shares in TAMEH HOLDING Sp. z o.o. was calculated taking into account the fair value of the shareholding contributed to the joint venture by the ArcelorMittal Group companies and due to the recognition of an impairment loss on the shareholding in TAMEH HOLDING Sp. z o.o.*

Elektrociepłownia Stalowa Wola S.A.

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

TAURON Polska Energia S.A. has an indirect shareholding of 50% in the capital of the company and in the governing body, exercised through TAURON Inwestycje Sp. z o.o. Due to the fact that in 2015 the accumulated share of losses of the joint venture and the adjustment to “top-down” transactions between the Group companies and the joint venture exceeded the value of the interest in the joint venture, the Company discontinued to recognise its share of any further losses of the joint venture. The unrecognised share of losses up to the balance sheet date amounted to PLN 310 million.

In addition, the Company has receivables on account of loans granted to Elektrociepłownia Stalowa Wola S.A. in the carrying amount of PLN 459 million, as further discussed in Note 23 to these interim condensed consolidated financial statements.

TAMEH HOLDING Sp. z o.o. and subsidiaries

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

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

On 14 December 2023, an insolvency petition was filed by TAMEH Czech s.r.o. with the competent Court in Ostrava. On 22 December 2023, the Company became aware that the Ostrava District Court had issued a decision on 19 December 2023 declaring TAMEH Czech s.r.o. insolvent. The filing of the insolvency petition by TAMEH Czech s.r.o. is due to the failure of Liberty Ostrava a.s., which is the sole customer of TAMEH Czech s.r.o., to pay its debts to the company. On 18 April 2024, the Company received from TAMEH HOLDING Sp. z o.o. an order of 15 April 2024 of the Ostrava District Court approving the reorganisation of TAMEH Czech s.r.o. On 9 August 2024, at the request of the management board of TAMEH Czech s.r.o., the Ostrava District Court issued an order transforming the reorganisation of TAMEH Czech s.r.o. into liquidation bankruptcy. According to the Group, as a result of the aforementioned provision, on 9 August 2024 the Group lost joint control over TAMEH Czech s.r.o.

On 2 January 2024, the Company's Representative, in the presence of the bailiff recording the act of service, left at the registered office of the ArcelorMittal Group's lead shareholder, i.e. AM Global Holding S.à r.l. with its registered office in the Grand Duchy of Luxembourg (the "Lead Shareholder") a declaration that the Company had accepted the Lead Shareholder's offer to purchase 3 293 403 shares in TAMEH Holding Sp. z o.o, which is a joint venture between the Company and the ArcelorMittal Group, for the amount of PLN 598 million (the "Sale Price"), pursuant to the shareholders' agreement between TAURON Group companies and ArcelorMittal Group companies concluded on 11 August 2014 (the "Shareholders' Agreement"). In the Shareholders' Agreement, the parties submitted irrevocable offers to each other to buy and sell shares in TAMEH HOLDING Sp. z o.o. and each party had the right to accept the irrevocable purchase offer made by the other party in the situations and under the conditions set out in the Shareholders' Agreement. The declaration was submitted in connection with the materialization on 31 December 2023 of one of the prerequisites indicated in the Shareholders' Agreement, which authorizes the Company to take advantage of the purchase offer made to it in the Shareholders' Agreement. On 4 January 2024, the Company received a message sent on behalf of the Lead Partner indicating that the Lead Partner challenges the effectiveness of the delivery of the Company's statement accepting the Lead Partner's offer to purchase the shares in TAMEH HOLDING sp. z o.o. On 9 January 2024, the Company received a letter from the Lead Partner, which the Lead Partner believes is intended to be a statement of acceptance of the Company's offer to purchase all of the shares in TAMEH HOLDING Sp. z o.o. owned by the ArcelorMittal group companies for the amount of PLN 598 million.

After the balance sheet date, on 1 October 2024, due to the lack of agreement on the effectiveness of the submission of declarations concerning the acceptance of offers to purchase shares in TAMEH HOLDING Sp. z o.o., the Management Board of the Company decided to call and summoned the Lead Partner, ArcelorMittal Poland S.A. and ArcelorMittal Long Products Europe Holding S.à r.l. to ad hoc arbitration to resolve the dispute concerning the failure of the Lead Partner to pay the Sale Price for the shares held by the Company in TAMEH HOLDING Sp. z o.o. The arbitration will be conducted in accordance with the rules set out in the United Nations Commission on International Trade Law (UNCITRAL) Arbitration ad hoc. On 30 October 2024, the Company received a response to the notice of arbitration from the Lead Partner, ArcelorMittal Poland S.A. and ArcelorMittal Long Products Europe Holding S.à r.l. In response to the notice, the Lead Partner has filed a counterclaim requiring the Company to pay PLN 598 million and the statutory interest for delay accrued from 14 February 2024 to the date of payment as the price for the shares held by the Lead Partner and ArcelorMittal Poland S.A. in TAMEH HOLDING Sp. z o.o. In the opinion of the Company, the claims of the Lead Partner are illegitimate.

(in PLN million)

The carrying amount of the shares in TAMEH HOLDING Sp. z o.o. as at the balance sheet date is PLN 192 million. As at the balance sheet date, the Group measured its interest in TAMEH HOLDING Sp. z o.o. using the equity method at a level of PLN 387 million, including the result on the loss of joint control of TAMEH Czech s.r.o. at a level of capital group TAMEH HOLDING Sp. z o.o. result. Considering the fact that, in the Group's opinion, there were indications of impairment, the Group carried out impairment tests as at the balance sheet date on its involvement in TAMEH HOLDING Sp. z o.o., comprising shares with the value of PLN 387 million and long-term receivables from TAMEH HOLDING Sp. z o.o. in the amount of PLN 32 million due to dividends declared for payment in 2023. As a result of the tests performed, the Group identified the need for a write-down on the shares held in TAMEH HOLDING Sp. z o.o. in the amount of PLN 195 million, as further described in note 17 of these interim condensed consolidated financial statements.

The Group assesses that the criteria of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* have not been met for the classification of the Group's interest in TAMEH HOLDING Sp. z o.o. as assets held for sale classified as held for sale.

23. Loans granted to joint ventures

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

	As at 30 September 2024 *(unaudited)*		As at 31 December 2023		Maturity date	Interest rate
	Repayable principal amount and interest contractually accrued	Carrying amount	Repayable principal amount and interest contractually accrued	Carrying amount		
Loans granted to EC Stalowa Wola S.A.	758	459	726	357	30/06/2033	fixed
Total, of which:	**758**	**459**	**726**	**357**		
Non-current		459		357		

24. Derivatives and hedge accounting

Instrument	Methodology for determining the fair value	As at 30 September 2024 (*unaudited*)
Derivatives subject to hedge accounting		
IRS	The difference in discounted interest cash flows based on a floating interest rate and a fixed interest rate. The data input is the interest rate curve from the Refinitiv service.	IRS (Interest Rate Swap) instruments are used to hedge a portion of the interest rate risk on the cash flows associated with the exposure to WIBOR 6M designated under the dynamic risk management strategy, i.e: • interest on a loan with a nominal value of PLN 750 million, for periods commencing, respectively. from July 2020 and expiring in December 2024; • interest on bonds and a loan with a total nominal value of PLN 2 420 million, for periods beginning in December 2019 expiring successively until 2029. In accordance with the terms of the transaction, the Company pays interest accrued based on a fixed interest rate in PLN, while receiving payments at a floating interest rate in PLN.
Derivatives measured at a fair value through the profit and loss other than subject to hedge accounting		
CCIRS	The difference in the discounted interest cash flows of the stream paid and the stream received, in two different currencies, expressed in the valuation currency. The input data are interest rate curves, basis spreads and the NBP fixing for the relevant currencies from the Refinitiv service.	CCIRS (Coupon Only Cross Currency Swap fixed-fixed) derivatives involve an exchange of interest payments on the total notional amount of EUR 500 million. The transaction matures in July 2027. In accordance with the terms of the transaction, the Company pays interest accrued based on a fixed interest rate in PLN, while receiving payments at a fixed interest rate in EUR. CCIRS derivatives aimed at securing the currency flows generated by interest payments on Eurobonds issued.

(in PLN million)

Commodity forward/futures	The fair value of forward transactions for the purchase and sale of CO_2 emission allowances, electricity and other commodities is determined based on prices quoted in an active market or based on cash flows representing the difference between the price reference index (forward curve) and the contract price.	Commodity derivatives (futures, forward) comprise forward transactions for the purchase and sale of CO_2 emission allowances and other commodities.
Currency forward	The difference in discounted future cash flows between the forward price as at the valuation date and the transaction price, multiplied by the nominal value of the contract in foreign currency. The input date comprise the NBP fixing and the interest rate curve implied from the FX swap transaction for the relevant currency from the Refinitiv service.	FX forward derivatives comprise forward transactions aimed to hedge currency flows generated from operations.

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

	As at 30 September 2024 *(unaudited)*				As at 31 December 2023			
	Total		Charged to profit or loss	Charged to revaluation reserve from valuation of hedging instruments	Total		Charged to profit or loss	Charged to revaluation reserve from valuation of hedging instruments
	Assets	Liabilities			Assets	Liabilities		
Derivatives subject to hedge accounting								
IRS	**225**	**–**	45	180	**299**	**–**	28	271
Derivatives measured at fair value through profit or loss								
CCIRS	**–**	**(9)**	(9)	–	**–**	**(9)**	(9)	–
Commodity forwards/futures	**315**	**(317)**	(2)	–	**125**	**(125)**	–	–
Currency forwards	**–**	**(357)**	(357)	–	**–**	**(679)**	(679)	–
Total	**540**	**(683)**			**424**	**(813)**		
Non-current	170	(128)			149	(169)		
Current	370	(555)			275	(644)		

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

25. Other financial assets

	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
Receivables due to recompensation	792	1 919
Shares	215	225
Deposits and term deposits for Mining Decommissioning Fund	4	3
Other financial receivables, including:	150	580
Bid bonds, deposits and collateral transferred	92	531
Dividends due	32	32
Non-current receivables from buyers	8	–
Other	18	17
Total	**1 161**	**2 727**
Non-current	271	278
Current	890	2 449

Recompensation receivables mainly relate to:

- recompensations of the companies of the Sales segment with regard to the supply of electricity for 2023 and the 9-month period ended 30 September 2024 in the total amount of PLN 723 million,
- recompensations of the company of the Distribution segment with regard to the sale of the distribution service mainly for 2023 in the amount of PLN 64 million,

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

As at 30 September 2024, the decline in the amount of deposits, security deposits, collaterals transferred is mainly related to the total return of the cash deposit transferred by the Company to Bank Gospodarstwa Krajowego ("BGK") to secure BGK's receivables under the loan agreement concluded on 8 March 2018 between the borrower, Elektrociepłownia Stalowa Wola S.A. and BGK and ORLEN S.A. (formerly: PGNiG S.A.), in connection with the recognition by BGK of a bank guarantee issued at the Company's request up to the amount of PLN 300 million (note 51) and a partial repayment of the loan by Elektrociepłownia Stalowa Wola S.A.

(in PLN million)

26. Other non-financial assets

26.1. Other non-current non-financial assets

	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
Prepayments for assets under construction and intangible assets, including:	415	615
related to the construction of wind farms and photovoltaics	*308*	*587*
Receivable due to the Write-off for the Price Difference Payment Fund	–	35
Contract acquisition costs and costs of discounts	25	32
Prepayments for debt charges	7	8
Property and tort insurance	2	2
Other	16	15
Total	**465**	**707**

26.2. Other current non-financial assets

	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
Advances for deliveries, including:	52	127
related to coal supplies	*45*	*123*
Costs settled over time, including:	144	67
Property and tort insurance	*85*	*18*
Contract acquisition costs and costs of discounts	*36*	*31*
IT and telecom services	*9*	*12*
Other, including:	70	13
Transfers made to the Social Benefit Fund	*24*	–
Receivable due to the Write-off for the Price Difference Payment Fund	*35*	–
Total	**266**	**207**

27. Deferred income tax

	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
Deferred tax liabilities		
difference between tax base and carrying amount of property, plant and equipment, intangible assets and right-of-use assets	2 157	2 019
different timing of recognition of sales revenue and cost of sale for tax purposes	874	964
difference between tax base and carrying amount of financial assets	204	139
difference between tax base and carrying amount of energy certificates	4	7
other	23	37
Total	**3 262**	**3 166**
Deferred tax assets		
provisions and accruals	722	945
difference between tax base and carrying amount of financial assets and financial liabilities	656	608
different timing of recognition of sales revenue and cost of sales for tax purposes	478	863
difference between tax base and carrying amount of property, plant and equipment, intangible assets and right-of-use assets	721	493
tax losses	370	54
power infrastructure received free of charge and received connection fees	5	6
other	36	58
Total	**2 988**	**3 027**
Deferred tax assets not recognized	(1 076)	(314)
Recognized deferred tax assets	**1 912**	**2 713**
After setting off balances at the level of individual Group companies, deferred tax for the Group is presented as:		
Deferred tax asset	**341**	**759**
Deferred tax liability	**(1 691)**	**(1 212)**

The Group assesses the enforceability of deferred tax assets at each balance sheet date. As a result of the assessment performed as at the balance sheet date, deferred tax assets in the amount of PLN 1 076 million were not recognised, mainly with regard to the company in the Generation segment.

(in PLN million)

28. Inventories

	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
Gross value		
Coal	821	1 375
CO_2 emission allowances	12	11
Other inventories	305	298
Total	**1 138**	**1 684**
Write down		
Coal	(46)	(176)
Other inventories	(27)	(25)
Total	**(73)**	**(201)**
Net realisable value		
Coal	775	1 199
CO_2 emission allowances	12	11
Other inventories	278	273
Inventories measured at net realisable value	**1 065**	**1 483**
Inventories measured at fair value - CO_2 emission allowances	19	–
Inventories total	**1 084**	**1 483**

As at the balance sheet day, the revaluation write-down on the value of coal fuel stocks in TAURON Wytwarzanie S.A. (Generation Segment) amounts to PLN 46 million. In the 9-month period ended 30 September 2024 the Group:

- utilized an impairment write-down of PLN 176 million created as at 31 December 2023 in connection with the consumption of coal stocks for production,
- recognised an impairment write-down of PLN 46 million as at the balance sheet date of 30 September 2024, which increased the Group's operating expenses.

The allowance was calculated taking into account the allocation of coal stocks to the individual locations of TAURON Wytwarzanie S.A.'s generating units. The recognition of the write-down is a consequence of market situation, i.e. a significant decline in market prices of coal fuel in late 2023 and early 2024. In the context of the above-mentioned price drop, the Group assessed that, in the case of some of TAURON Wytwarzanie S.A. generating units, the value of coal fuel stocks exceeded the sale prices attainable for electricity generated from these stocks, which translated into the need to apply the revaluation write-down on the value of coal stocks purchased by the Group as part of the contracting process carried out in 2022-2023. With regard to the above-mentioned units, the write-down of coal fuel stocks has been calculated to the level of their replacement cost based on current market prices for coal at the balance sheet date, taking into consideration the transport costs.

With regard to the generating units, in relation to which the Group assumes the production of electricity only under the operator's extortion, bearing in mind that, in accordance with the regulations in force, such production assumes that the cost of coal fuel is covered, the Group does not apply a write-down on coal fuel.

(in PLN million)

29. Receivables from buyers

	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
Gross value		
Receivables from buyers, of which:	3 831	5 324
Additional assessment of revenue from sales of electricity and distribution services	*1 246*	*2 120*
Receivables claimed at court	300	265
Total	**4 131**	**5 589**
Allowance/write-down		
Receivables from buyers	(62)	(82)
Receivables claimed at court	(190)	(166)
Total	**(252)**	**(248)**
Net value		
Receivables from buyers	3 769	5 242
Receivables claimed at court	110	99
Total, of which:	**3 879**	**5 341**
Non-current	8	–
Current	3 871	5 341

30. Receivables arising from other taxes and charges

	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
VAT receivables	878	793
Other	–	1
Total	**878**	**794**

31. Cash and cash equivalents

	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
Cash and cash equivalents presented in the statement of financial position, of which:	**565**	**1 084**
restricted cash, including:	222	392
collateral of settlements with Izba Rozliczeniowa Giełd Towarowych S.A.	*121*	*217*
cash on VAT bank accounts (split payment)	*68*	*172*
bank accounts related to subsidies received	*27*	*2*
Collateral of settlements with Izba Rozliczeniowa Giełd Towarowych S.A.	(5)	(20)
Cash pool	(9)	(15)
Foreign exchange and other	(1)	(1)
Cash and cash equivalents presented in the statement of cash flows	**550**	**1 048**

32. Equity

32.1. Issued capital

Issued capital as at 30 September 2024 *(unaudited)*

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

(in PLN million)

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

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

As at 30 September 2024, to the best of the Company knowledge, the value of issued capital, the number of shares, the nominal value of shares and the shareholding structure according to above mentioned shareholder's group, have not changed as compared to the status as at 31 December 2023.

On 13 September 2024, the Company received a notification from Helikon Investments Limited, London, according to which the financial instruments held by Helikon Long Short Equity Fund Master ICAV ("Helikon") reached a number corresponding to more than 5% of the voting rights in the Company. In accordance with the notification received, Helikon held financial instruments authorising it to 10.0697% of the total number of votes in the Company, of which:

- 7.3538% of the total number of votes in the Company (128 878 656 votes) related to financial instruments other than shares (cash settled equity contracts for difference),
- 2.7159% of the total number of votes (47 597 706 votes) related to the Company shares.

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

32.2. Shareholder rights

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

32.3. Reserved capital

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

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

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

32.4. Revaluation reserve from valuation of hedging instruments

	9-month period ended 30 September 2024 *(unaudited)*	9-month period ended 30 September 2023 *(unaudited)*
Opening balance	**218**	**450**
Remeasurement of hedging instruments	(91)	(262)
Deferred income tax	17	50
Closing balance	**144**	**238**

The revaluation reserve from valuation of hedging instruments results from the measurement of Interest Rate Swap (IRS) instruments hedging the interest rate risk due to debt, which is discussed in more detail in Note 24 to these interim condensed consolidated financial statements. For the transactions concluded, the Group applies hedge accounting.

As at 30 September 2024, the Group recognised the amount of PLN 144 million of the revaluation reserve from the valuation of hedging instruments. This amount represents an asset on account of the measurement of IRS instruments as at the balance sheet day in the amount of PLN 225 million, adjusted by the portion of the measurement relating to debt interest accrued at the balance sheet day, including the deferred tax.

Interim condensed consolidated financial statements for the 9-month period ended 30 September 2024 compliant with the IFRS approved by the EU (in PLN million)

32.5. Retained earnings and restrictions on dividends

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

As at 30 September 2024 and as at the date these interim condensed consolidated financial statements were authorised for publications, there are no other restrictions concerning the payment of dividends.

32.6. Non-controlling interests

The non-controlling interests amounting to PLN 39 million and relate mainly to TAURON Dystrybucja S.A.

33. Dividends paid and proposed for disbursement

In the 9-month period ended 30 September 2024 and in the comparable period, the Company did not propose payment or paid any dividends to the shareholders of the Company.

34. Debt

	As at 30 September 2024 *(unaudited)*	As at 31 December 2023 *(restated figures)*
Loans and borrowings	8 205	9 203
Unsubordinated bonds	4 852	4 854
Subordinated bonds	1 969	1 918
Lease liabilities	1 711	1 440
Total	**16 737**	**17 415**
Non-current	14 043	15 317
Current	2 694	2 098

34.1. Loans and borrowings

Loans and borrowings drawn as at 30 September 2024 *(unaudited)*

Currency	Interest rate	Value of loans and borrowings as at the balance sheet date		of which maturing within (after the balance sheet date):					
		currency	PLN	less than 3 months	3-12 months	1-2 years	2-3 years	3-5 years	over 5 years
PLN	floating	7 093	7 093	1 610	56	418	757	2 012	2 240
	fixed	1 038	1 038	2	550	69	54	79	284
Total PLN		**8 131**	**8 131**	**1 612**	**606**	**487**	**811**	**2 091**	**2 524**
Total			**8 131**	**1 612**	**606**	**487**	**811**	**2 091**	**2 524**
Interest increasing carrying amount			74						
Total			**8 205**						

Loans and borrowings as at 31 December 2023

Currency	Interest rate	Value of loans and borrowings as at the balance sheet date		of which maturing within (after the balance sheet date):					
		currency	PLN	less than 3 months	3-12 months	1-2 years	2-3 years	3-5 years	over 5 years
PLN	floating	7 972	7 972	15	1 600	167	914	2 908	2 368
	fixed	1 134	1 134	39	60	579	79	81	296
Total PLN		**9 106**	**9 106**	**54**	**1 660**	**746**	**993**	**2 989**	**2 664**
Total			**9 106**	**54**	**1 660**	**746**	**993**	**2 989**	**2 664**
Interest increasing carrying amount			97						
Total			**9 203**						

(in PLN million)

Specification of loans and borrowings drawn as at 30 September 2024 (unaudited) and as at 31 December 2023

Borrowing institution	Interest rate	Currency	Maturity date/ validity date	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
Consortiums of banks	floating	PLN	2026-2027	1 664	2 567
Bank Gospodarstwa Krajowego	floating	PLN	2024	750	749
			2024-2033	1 019	1 001
European Investment Bank	fixed	PLN	2024	–	61
			2024-2027	73	103
			2025-2040	410	404
	floating		2025-2040	1 215	1 222
			2026-2041	1 204	1 226
Intesa Sanpaolo S.p.A.	floating	PLN	2024	757	772
SMBC BANK EU AG	fixed	PLN	2025	500	500
Erste Group Bank AG	floating	PLN	2026	511	506
Regional Fund for Environmental Protection and Water Management	floating	PLN	2024-2027	7	10
National Fund for Environmental Protection and Water Management	fixed	PLN	2024-2030	65	67
	floating	PLN	2024-2037	21	–
Other loans and borrowings				9	15
Total				**8 205**	**9 203**

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

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

- PLN 4 000 million by 2027 - financing used as at the balance sheet date: PLN 1 500 million;
- PLN 500 million by 2026 - financing used as at the balance sheet date: PLN 160 million.

In the 9-month period ended 30 September 2024, the Group performed the following transactions relating to loans and borrowings (at a nominal value), excluding overdraft facilities:

Lender	9-month period ended 30 September 2024 *(unaudited)*	
	Drawdown	Repayment
Consortiums of banks	3 410	(4 310)
Bank Gospodarstwa Krajowego	1 750	(1 750)
European Investment Bank	–	(91)
Other borrowings	22	(8)
Total, including:	**5 182**	**(6 159)**
Cash flows	4 382	(5 359)
Net settlement (without cash flow)	800	(800)

After the balance sheet date, the Company made drawdowns under available loans in the total amount of PLN 1 450 million and repaid tranches in the total amount of PLN 3 110 million.

Signing of loans and borrowings agreements

On 10 January 2024, the Company concluded a loan agreement with Bank Gospodarstwa Krajowego for the amount of PLN 750 million, with the repayment term in the years 2027-2032. After the balance sheet date, on 21 October 2024, the Company drew down all available financing, i.e. PLN 750 million.

On 27 May 2024, TAURON Zielona Energia Sp. z o.o. concluded a loan agreement of up to PLN 141 million with the National Fund for Environmental Protection and Water Management to subsidise the implementation of the project involving the construction of investment in the Renewable Energy Sources segment. As at the balance sheet date, the loan had not been drawn. After the balance sheet date, up to the date of approval of these interim condensed consolidated financial statements for publication, the tranches in the amount of PLN 37 million had been drawn.

(in PLN million)

After the balance sheet date, on 29 October 2024, the Company concluded:

- a loan agreement in amount of PLN 2 000 million with Bank Gospodarstwa Krajowego,
- a consortium loan agreement in the amount of PLN 900 million with Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. Branch in Poland,

as further described in Note 54 of these interim condensed consolidated financial statements.

Overdraft facilities

The Company has available funding limits under overdraft agreements: thousand

- up to PLN 500 million with a maturity date of 1 October 2027 (the maturity date was extended by 36 months on the basis of an annex concluded in September 2024), and
- up to the amount of EUR 4 million with a maturity date of 31 December 2024.

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

34.2. Bonds issued

Issuer	Investor	Interest rate	Currency	Nominal value of bonds issued in currency	Redemption date	Carrying amount As at 30 September 2024 *(unaudited)*	Carrying amount As at 31 December 2023
TAURON Polska Energia S.A.	Bank Gospodarstwa Krajowego	floating, based on WIBOR 6M	PLN	500	2024-2028	510	501
				420	2024-2029	429	421
	A series bonds (TPE 1025)	floating, based on WIBOR 6M	PLN	1 000	2025	1 030	1 011
	Eurobonds	fixed	EUR	500	2027	2 146	2 192
Finanse Grupa TAURON Sp. z o.o.	International investors	fixed	EUR	168	2029	737	729
Unsubordinated bonds						**4 852**	**4 854**
TAURON Polska Energia S.A.	Bank Gospodarstwa Krajowego	floating, based on WIBOR 6M	PLN	400	2031[2]	411	401
	European Investment Bank	fixed[1]	EUR	190	2034[2]	781	775
			PLN	400	2030[2]	415	396
			PLN	350	2030[2]	362	346
Subordinated bonds						**1 969**	**1 918**
Total bonds						**6 821**	**6 772**

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

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

34.3. Debt agreement covenants

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

As at 30 June 2024 (i.e. the last reporting period for which the Company was required to calculate the covenant), the *net debt/EBITDA ratio* amounted to 2.06, accordingly, the covenant was fulfilled.

34.4. Lease liability

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

Interim condensed consolidated financial statements for the 9-month period ended 30 September 2024 compliant with the IFRS approved by the EU (in PLN million)

Ageing of the lease liability

	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
Within 1 year	129	122
Within 1 to 5 years	499	434
Within 5 to 10 years	582	472
Within 10 to 20 years	1 066	813
More than 20 years	1 030	831
Gross lease liabilities	**3 306**	**2 672**
Discount	(1 595)	(1 232)
Present value of lease payments	**1 711**	**1 440**
Lease agreements that do not meet the conditions for recognition as a finance lease as defined in the financing agreements	1 711	1 440

35. Provisions for employee benefits

	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
Provision for post-employment benefits and jubilee bonuses	723	743
Provision for employment termination benefits and other provisions for employee benefits	15	11
Total	**738**	**754**
Non-current	663	650
Current	75	104

Provisions for post-employment benefits and jubilee bonuses

	9-month period ended 30 September 2024 *(unaudited)*				9-month period ended 30 September 2023 *(unaudited)*			
	Provision for retirement, disability and similar benefits	Social Fund	Jubilee bonuses	Provisions total	Provision for retirement, disability and similar benefits	Social Fund	Jubilee bonuses	Provisions total
Opening balance	**313**	**166**	**264**	**743**	**252**	**88**	**232**	**572**
Current service costs	11	4	11	**26**	9	2	10	**21**
Actuarial gains and losses	(18)	1	–	**(17)**	1	12	14	**27**
Benefits paid	(23)	(5)	(28)	**(56)**	(19)	(4)	(29)	**(52)**
Interest expense	11	6	10	**27**	11	4	11	**26**
Closing balance	**294**	**172**	**257**	**723**	**254**	**102**	**238**	**594**
Non-current	266	166	224	**656**	230	97	207	**534**
Current	28	6	33	**67**	24	5	31	**60**

Revaluation of provision for employees' benefits

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

The valuation of provisions for employee benefits as at 30 September 2024 was based on the underwriting projections indicated in the underwriting reports prepared as at 31 December 2023. The assumptions used by the actuary to prepare the 2024 forecast were the same as those used to measure the provisions as at 31 December 2023. In particular, the Group has included a discount rate level of 5.2% consistent with the assumptions adopted by the actuary as at 31 December 2023 in the valuation of the provisions for employee benefits as at 30 September 2024.

(in PLN million)

Other main assumptions adopted by the actuary as at 31 December 2023 for calculation of the liability amount are as follows:

	31 December 2023
Projected long-term inflation rate (%)	3.50%
Employee turnover ratio (%)	0.5% - 9.2%
Expected rate of remuneration growth (%)	6.5% in 2024, 4.0% in 2025, 2.5% in subsequent years
Expected rate of increase in the value of the allowance for the Company Social Benefits Fund (ZFŚS) (%)	6.3%
Remaining average period of employment	8.05 – 14.58

36. Provisions for disassembly of fixed assets, land restoration

	9-month period ended 30 September 2024 *(unaudited)*			9-month period ended 30 September 2023 *(unaudited)*		
	Provisions for disassembly of wind and photovoltaic farm	Provisions for the costs of dismantling fixed assets and reclaiming land, including mining plant decommissioning	Provisions total	Provisions for disassembly of wind and photovoltaic farm	Provisions for the costs of dismantling fixed assets and reclaiming land, including mining plant decommissioning	Provisions total
Opening balance	**142**	**77**	**219**	**103**	**40**	**143**
Unwinding of the discount	6	3	**9**	5	1	**6**
Discount rate adjustment	(2)	–	**(2)**	15	3	**18**
Recognition/(reversal), net	14	(2)	**12**	–	–	**–**
Utilisation	–	(2)	**(2)**	–	(7)	**(7)**
Other changes	–	–	**–**	(11)	–	**(11)**
Closing balance	**160**	**76**	**236**	**112**	**37**	**149**
Non-current	160	57	**217**	109	29	**138**
Current	–	19	**19**	3	8	**11**

The assumptions for the valuation of the above provisions have not changed compared to 31 December 2023.

As at 30 September 2024, within the provision for the costs of reclamation and decommissioning of fixed assets, the Group recognised the following provisions created by companies in the Generation, Heat, Renewables and Other segment:

- the provision for costs of liquidation of fixed assets in the amount of PLN 44 million;
- the provision for costs related to the reclamation of waste landfill sites in the amount of PLN 23 million;
- the provision for mining plant decommissioning costs, established in relation to the open-pit mining plant at Kopalnia Wapienia Czatkowice Sp. z o.o. on the basis of an estimate of the expected costs of decommissioning the facilities and restoring the sites of the mining plant to the condition compliant with the reclamation decision after the completion of operations, in the amount of PLN 9 million.

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

	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
Provisions for disassembly of fixed assets, land restoration	217	194
Other provisions	23	15
Total in statement in financial position	**240**	**209**

(in PLN million)

37. Provisions for liabilities due to energy certificates and CO_2 emission allowances

	9-month period ended 30 September 2024 *(unaudited)*			9-month period ended 30 September 2023 *(unaudited)*		
	Provisions for liabilities due to CO_2 emission allowances	Provision for obligation to submit energy certificates	Provisions total	Provisions for liabilities due to CO_2 emission allowances	Provision for obligation to submit energy certificates	Provisions total
Opening balance	**3 439**	**305**	**3 744**	**3 128**	**564**	**3 692**
Recognition	2 194	214	**2 408**	2 457	460	**2 917**
Reversal	(16)	(26)	**(42)**	–	(7)	**(7)**
Utilisation	(3 423)	(350)	**(3 773)**	(3 150)	(834)	**(3 984)**
Closing balance	**2 194**	**143**	**2 337**	**2 435**	**183**	**2 618**

38. Other provisions

	9-month period ended 30 September 2024 *(unaudited)*					9-month period ended 30 September 2023 *(unaudited)*				
	Provision for use of real estate without contract	Provision for onerous contracts	Provision for payment reducing for customers	Provision for counterparty claims, court dispute and other provisions	Provisions total	Provision for use of real estate without contract	Provision for onerous contracts	Provision for payment reducing for customers	Provision for counterparty claims, court dispute and other provisions	Provisions total
Opening balance	**75**	**35**	**574**	**149**	**833**	**75**	**200**	**–**	**126**	**401**
Recognition/(reversal),	1	–	(103)	11	**(91)**	4	(29)	536	32	**543**
Utilisation	(1)	(27)	(449)	(7)	**(484)**	(1)	(129)	–	(10)	**(140)**
Other chnges	–	–	–	9	**9**	–	–	–	(5)	**(5)**
Closing balance	**75**	**8**	**22**	**162**	**267**	**78**	**42**	**536**	**143**	**799**
Non-current	–	–	–	23	**23**	–	–	–	21	**21**
Current	75	8	22	139	**244**	78	42	536	122	**778**

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

	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
Other provisions	244	818
Provisions for disassembly of fixed assets, land restoration	19	25
Total in statement in financial position	**263**	**843**

38.1. The provision for use of real estate without a contract

The Group companies create provisions for all claims filed by owners of properties on which distribution networks and heat installations are located. As at 30 September 2024, the provision on this account amounted to PLN 75 million and was related to the segments:

- Generation - PLN 8 million;
- Heat - PLN 30 million;
- Distribution - PLN 37 million.

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

Interim condensed consolidated financial statements for the 9-month period ended 30 September 2024 compliant with the IFRS approved by the EU (in PLN million)

38.2. Provisions for onerous contracts

	9-month period ended 30 September 2024 *(unaudited)*		9-month period ended 30 September 2023 *(unaudited)*		
	Sales Segment		Generation Segment	Sales Segment	
	Provision for contracts for the sale of electricity to selected group of clients	Provisions for onerous contracts, total	Provision for energy sales contracts on the forward market	Provision for contracts for the sale of electricity to selected group of clients	Provisions for onerous contracts, total
Opening balance	**35**	**35**	**91**	**109**	**200**
Reversal	–	**–**	(29)	–	**(29)**
Utilisation	(27)	**(27)**	(55)	(74)	**(129)**
Closing balance	**8**	**8**	**7**	**35**	**42**
Current	8	**8**	7	35	**42**

As at 30 September 2024, the Group recognised the provision for onerous contracts in the amount of PLN 8 million in the Sales segment. The provisions were created for electricity sales contracts, where the sales revenues generated do not fully cover the costs incurred for either producing or purchasing the electricity required to fulfil these contracts. The provision mostly refers to prosumer customers under the net-metering system, i.e. billed according to a model that binds the so-called obliged seller to cover the costs of distribution charges for energy consumed by the prosumer from the so-called virtual storage. The need to create a provision related to the aforementioned customers results from the failure of the companies in the Sales segment to cover the costs of the above distribution charges with the value of electricity received free of charge from prosumers in connection with the regulations introduced under this system. In the 9-month period ended 30 September 2024, the Group used the provision in the amount of PLN 27 million in connection with the fulfilment of contracts.

38.3. Provision for reducing payments to customers

As at 30 September 2024, the balance of the provision for payment reductions to customers amounted to PLN 22 million. This provision was originally recognised in 2023 in the Sales segment in the amount of PLN 574 million for the effects of reduction of customers' liabilities to energy companies, due to the entry into force of the Regulation of the Minister of Climate and Environment of 9 September 2023 amending the Regulation on the method of shaping and calculating tariffs and the method of settlements in electricity trading (the "Regulation"). The Regulation introduces a mechanism to reduce the amount of households' liabilities to energy enterprises conducting the economic activity in the scope of electricity trading in the 2023 settlements. Pursuant to the Regulation, the amount of annual payments of households that met one of the conditions set out in the Regulation will be reduced by PLN 125.34 on account of the purchase of electricity in 2023.

During the 9-month period ended 30 September 2024, the Group partially used a provision of PLN 449 million, in connection with settlement amount of 125.34 PLN for authorized customers, to which the last billing period for 2023 falls till the 30 September 2024.

In addition, the Group partially reversed the provision of PLN 103 million in the 9-month period ended 30 September 2024. The reversal is associated with the effects of the individual interpretations of tax law regulations issued for TAURON Sprzedaż Sp. z o.o. and TAURON Sprzedaż GZE Sp. z o.o. on 27 February 2024, according to which the amount of PLN 125.34 is a gross amount and therefore includes the amount of VAT. Consequently, each settlement of the amount of PLN 125.34 results in principle of reduction in the amount of VAT due on the electricity sales transactions carried out. The right to reduce output VAT in accordance with the above interpretations translates into the reduction in the Group's costs resulting from the Regulation in 2024.

Interim condensed consolidated financial statements for the 9-month period ended 30 September 2024 compliant with the IFRS approved by the EU (in PLN million)

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

Material provisions recognised within other provisions are described below:

Operating segment	Description	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
Provision for real estate tax			
Generation	Provision for the economic risk in the scope of real estate tax relating to assets constituting the railway infrastructure.	15	14
Distribution	Provision for the economic risk in the scope of real estate tax relating to power grid assets.	30	30
Provision for the increase in remuneration for transmission easements			
Distribution	The provision relates to the risk of increased periodic charges for transmission easements for energy infrastructure located in the territory of forest districts in connection with a change in the character of land from forest land to land associated with business activities. In the 9-month period ended 30 September 2024, the company from the Distribution segment used the provision in the amount of PLN 4 million.	6	10
Provision for reimbursement of undue benefit			
Distribution	The provision relates to the risk arising from the judgement of the Regional Court in Wrocław of 19 June 2023 in a case for the reimbursement by a company in the Distribution segment of an undue benefit resulting from distribution service fees incurred by the counterparty.	21	21

39. Accruals, deferred income and government grants

39.1. Deferred income and government grants

	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
Deferred income	**314**	**229**
Donations, subsidies received for the purchase or fixed assets received free-of-charge	40	78
Received advance payments for recompensations	256	141
Other	18	10
Government grants	**596**	**566**
Subsidies obtained from EU funds	525	492
Measurement payoff of preferential loans	40	41
Forgiven loans from environmental funds	19	22
Other	12	11
Total	**910**	**795**
Non-current	601	606
Current	309	189

In the 9-month period ended 30 September 2024, the companies of the Sales segment fully settled the recompensation advances received in previous years relating to electricity trading in the amount of PLN 141 million.

At the same time, on the basis of the Act of 23 May 2024 *on the Energy Voucher and amending certain acts of law to cap the prices of electricity, natural gas and system heat*, the companies of the Sales segment, on the basis of applications for recompensation advances for electricity trading, received recompensation advances in the total net amount of PLN 256 million in September 2024.

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

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

(in PLN million)

39.2. Accrued expenses

	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
Accrued expenses due to bonuses	201	81
Unused holidays	47	43
Environmental protection charges	10	13
Other	40	26
Total	**298**	**163**
Non-current	1	1
Current	297	162

40. Liabilities to suppliers

Operating segment	As at 30 September 2024 *(unaudited)*	As at 31 December 2023 *(restated figures)*
Generation	309	671
Heat	52	152
Renewable Energy Sources	30	23
Distribution, including:	603	629
liability to Polskie Sieci Elektroenergetyczne S.A.	*495*	*491*
Sales	430	546
Other	57	67
Total	**1 481**	**2 088**

41. Capital commitments

Operating segment	As at 30 September 2024 *(unaudited)*	As at 31 December 2023 *(restated figures)*
Generation	9	40
Heat	15	58
Renewable Energy Sources	59	46
Distribution	283	265
Sales	4	25
Other	221	273
Total	**591**	**707**
Non-current	141	152
Current	450	555

Commitments to incur capital expenditure

As at 30 September 2024 and as at 31 December 2023, the Group committed to incur expenditure of PLN 6 200 million and PLN 4 239 million, respectively, on tangible fixed assets and intangible assets, the key items of which are shown in the table below.

Operating segment	Agreement/investment project	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
Distribution	Construction of new electrical connections	3 053	1 867
	Modernization and reconstruction of existing networks	527	742
Renewable Energy Sources	Construction of wind farms	1 683	663
	Construction of the photovoltaic farms	222	241
Heat	Expansion of heat sources in new capacities	48	74

(in PLN million)

42. Settlements due to income tax

As at 30 September 2024, Group companies had income tax receivables totaling PLN 192 million, of which the amount of PLN 123 million relates to TAURON Wytwarzanie S.A. and results from the settlement of income tax for the current year, while the amount of PLN 68 million relates to the Tax Capital Group and represents the surplus of prepayments paid in the 9-month period ended 30 September 2024 in the amount of PLN 89 million over the tax liability of the Tax Capital Group for this period in the amount of PLN 21 million.

As at 30 September 2024, the liabilities due to income tax amounted to PLN 11 million, of which PLN 8 million relates to the TAURON Dystrybucja Pomiary sp. z o.o. and results from the settlement of income tax for the current year.

43. Liabilities arising from other taxes and charges

	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
VAT	376	743
Social security	142	207
Personal Income Tax	42	58
Other	21	22
Total	**581**	**1 030**

44. Other financial liabilities

	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
Wages, salaries	140	225
Liabilities due to insurance contracts	81	19
Bid bonds, deposits and collateral received	55	83
Compensation liabilities	–	278
Other	124	67
Total	**400**	**672**
Non-current	40	32
Current	360	640

45. Other current non-financial liabilities

	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
Payments from customers relating to future periods	**1 216**	**1 049**
Amounts overpaid by customers	705	603
Prepayments for connection fees	393	334
Other	118	112
Other current non-financial liabilities	**–**	**330**
Allowance for Price Difference Payment Fund	–	330
Total	**1 216**	**1 379**

(in PLN million)

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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

46.1. Cash flows from operating activities

Change in working capital

	9-month period ended 30 September 2024 *(unaudited)*	9-month period ended 30 September 2023 *(unaudited)*
Change in receivables	**3 025**	**(2 737)**
Change in receivables from buyers in statement of financial position	1 470	(988)
Change in receivables due to recompensation	1 127	(1 540)
Change in other financial receivables	430	(209)
Other adjustments	(2)	–
Change in inventories	**374**	**(533)**
Change in inventories in statement of financial position	399	(513)
Adjustment related to transfer of inventories to/from property, plant and equipment	(25)	(20)
Change in payables excluding loans and borrowings	**(1 544)**	**368**
Change in liabilities to suppliers in statement of financial position	(607)	(247)
Change in payroll, social security and other financial liabilities	(272)	(107)
Change in non-financial liabilities in statement of financial position	(163)	317
Change in liabilities arising from taxes excluding income tax	(449)	483
Adjustment of VAT change related to capital commitments	(5)	(70)
Adjustment of other financial liabilities for guarantee valuation	10	(7)
Adjustment by liabilities due to subsidiary's acquisition transaction	(68)	–
Other adjustments	10	(1)
Change in other non-current and current assets	**372**	**1 142**
Change in other current and non-current non-financial assets in statement of financial position	183	131
Change in receivables arising from taxes excluding income tax	(84)	259
Change in non-current and current CO_2 emission allowances	425	244
Change in non-current and current energy certificates	51	218
Change in advance payments for property, plant and equipment and intangible assets	(203)	287
Other adjustments	–	3
Change in deferred income, government grants and accruals	**142**	**1 908**
Change in deferred income, government grants and accruals in statement of financial position	250	2 006
Adjustment related to property, plant and equipment, intangible assets and right-of-use assets received free of charge	(50)	(72)
Adjustment related to subsidies received and refunded	(58)	(26)
Change in provisions	**(1 978)**	**(661)**
Change of short term and long term provisions in statement of financial position	(1 972)	(643)
Adjustment related to actuarial gains/losses from provisions for post-employment benefits charged to other comprehensive income	17	(13)
Adjustment for change in provisions recognised with non-financial fixed assets	(11)	(5)
Other adjustments	(12)	–
Change of collaterals transferred to IRGiT	**15**	**504**
Total	**406**	**(9)**

Income tax paid

In the 9-month period ended 30 September 2024 and in the comparable period TAURON Polska Energia S.A. and its selected subsidiaries paid income tax within the Tax Capital Group registered on 28 December 2022 for 2023-2025 by the Head of the First Tax Office for the Mazowieckie Province in Warsaw. TAURON Wytwarzanie S.A. is not part of the Tax Capital Group.

In the 9-month period ended 30 September 2024, income tax paid, recognised in the interim condensed consolidated statement of cash flows amounted to PLN 121 million. Group companies paid PLN 224 million on account of income tax settlements for the 9-month period ended 30 September 2024, of which the most significant amount of PLN 123 million was paid by TAURON Wytwarzanie S.A. on account of advance payments for income tax for the months of January - August 2024. In addition, Group companies paid tax for previous years in the amount of PLN 19 million and received tax refunds for previous years in the amount of PLN 122 million, of which the most significant refund amount of PLN 101 million was received by the Tax Capital Group for the settlement of income tax for 2023.

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

(in PLN million)

46.2. Cash flows from investing activities

Purchase of tangible fixed assets, intangible assets and right-off-use assets

	9-month period ended 30 September 2024 *(unaudited)*	9-month period ended 30 September 2023 *(unaudited)*
Purchase of property, plant and equipment and right-off-use assets	(3 419)	(2 517)
Purchase of intangible assets	(119)	(89)
Change in the balance of capital commitments	(95)	(156)
Change in the balance of advance payments	222	(264)
Costs of overhaul and internal manufacturing	(83)	(270)
Other	4	(14)
Total	**(3 490)**	**(3 310)**

46.3. Cash flows from financing activities

Repayment of loans and borrowings

	9-month period ended 30 September 2024 *(unaudited)*	9-month period ended 30 September 2023 *(unaudited)*
Repayment of tranches of loans:		
Consortiums of banks	(3 510)	(5 340)
Bank Gospodarstwa Krajowego	(1 750)	–
European Investment Bank	(91)	(91)
Other	(8)	(5)
Total	**(5 359)**	**(5 436)**

Interest paid

	9-month period ended 30 September 2024 *(unaudited)*	9-month period ended 30 September 2023 *(unaudited)*
Interest paid in relation to loans and borrowings	(323)	(410)
Interest paid in relation to debt securities	(93)	(66)
Interest paid in relation to the lease	(5)	(5)
Total	**(421)**	**(481)**
constituting investing expense	(54)	(29)
constituting financing expense	(367)	(452)

The Group presents costs of external financing incurred activated in the current period on assets as expenditures for acquisition of property, plant and equipment and intangible assets in cash flows from investment activities. In the 9-month period ended 30 September 2024, paid interest representing external financing costs subject to capitalisation in the value of tangible fixed assets and intangible assets amounted to PLN 54 million, whereas in the comparable period, to PLN 29 million.

Proceeds from contracted loans and borrowings

	9-month period ended 30 September 2024 *(unaudited)*	9-month period ended 30 September 2023 *(unaudited)*
The launch of financing under loan agreements:		
Bank Gospodarstwa Krajowego	1 750	750
Consortiums of banks	2 610	2 840
European Investment Bank	–	1 200
Other	22	53
Total	**4 382**	**4 843**

Interim condensed consolidated financial statements for the 9-month period ended 30 September 2024 compliant with the IFRS approved by the EU (in PLN million)

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

47. Financial instruments

Categories and classes of financial assets	As at 30 September 2024 *(unaudited)*		As at 31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
1 Financial assets measured at amortized cost	**4 772**		**7 820**	
Receivables from buyers	3 879	3 879	5 341	5 341
Deposits	4	4	3	3
Receivables due to recompensation	792	792	1 919	1 919
Other financial receivables	97	97	557	557
2 Financial assets measured at fair value through profit or loss (FVTPL)	**1 599**		**1 814**	
Derivative instruments	315	315	125	125
Shares	215	215	225	225
Loans granted	459	459	357	357
Other financial receivables	45	45	23	23
Cash and cash equivalents	565	565	1 084	1 084
3 Derivative hedging instruments	**225**	**225**	**299**	**299**
4 Financial assets excluded from the scope of IFRS 9 Financial Instruments	**192**		**169**	
Investments in joint ventures	192		169	
Total financial assets, of which in the statement of financial position:	**6 788**		**10 102**	
Non-current assets	**1 092**		**953**	
Investments in joint ventures	192		169	
Loans granted to joint ventures	459		357	
Derivative instruments	170		149	
Other financial assets	271		278	
Current assets	**5 696**		**9 149**	
Receivables from buyers	3 871		5 341	
Derivative instruments	370		275	
Other financial assets	890		2 449	
Cash and cash equivalents	565		1 084	

Categories and classes of financial liabilities	As at 30 September 2024 *(unaudited)*		As at 31 December 2023 *(restated figures)*	
	Carrying amount	Fair value	Carrying amount	Fair value
1 Financial liabilities measured at amortized cost	**17 498**		**19 442**	
Preferential loans and borrowings	68	68	73	73
Arm's length loans and borrowings	8 137	8 164	9 130	9 142
Bonds issued	6 821	6 712	6 772	6 590
Liabilities to suppliers	1 485	1 485	2 092	2 092
Other financial liabilities	175	175	424	424
Capital commitments	591	591	707	707
Salaries and wages	140	140	225	225
Insurance contracts	81	81	19	19
2 Financial liabilities measured at fair value through profit or loss (FVTPL)	**683**		**813**	
Derivative instruments	683	683	813	813
3 Financial liabilities excluded from the scope of IFRS 9 *Financial Instruments*	**1 711**		**1 441**	
Liabilities under leases	1 711		1 441	
Total financial liabilities, of which in the statement of financial position:	**19 892**		**21 696**	
Non-current liabilities	**14 352**		**15 670**	
Debt	14 043		15 317	
Derivative instruments	128		169	
Capital commitments	141		152	
Other financial liabilities	40		32	
Current liabilities	**5 540**		**6 026**	
Debt	2 694		2 098	
Liabilities to suppliers	1 481		2 088	
Capital commitments	450		555	
Derivative instruments	555		644	
Other financial liabilities	360		640	
Liabilities associated with assets classified as held for sale	–		1	

(in PLN million)

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

Classes of financial assets/liabilities	Level of the fair value hierarchy	Methodology for determining the fair value
Financial assets/liabilities measured at a fair value		
Derivatives, including:		Financial derivatives have been measured in line with methodology described in more detail in Note 24 to these interim condensed consolidated financial statements.
IRS and CCIRS	2	
Forward FX contracts	2	
Commodity contracts (forward, futures)	1	
Shares	3	As a general rule, the Group estimates the fair value of its shareholdings in companies not quoted in active markets using the adjusted net asset method, taking into account its share of net assets and adjusting the value for material valuation factors such as discounts for lack of control and discounts for limited liquidity of the above instruments. The Group may reasonably accept historical cost as an acceptable approximation of the fair value of shares where, in the Group's opinion, the key factors affecting the value of the shares have not changed at the balance sheet date from the time of initial recognition.
Loans granted	3	The measurement of the fair value of the loans granted to the joint venture was performed as the present value of future cash flows, which take into account an estimate of the cash flows that will be generated by the borrower in the future. The discount rate is based on the cost of equity expected for the lender's business profile.
Financial liabilities for which the fair value is disclosed		
Credits, loans and bonds issued	2	Fixed interest rate debt liabilities were measured at a fair value. The fair value measurement was made as the present value of future cash flows discounted by the currently applicable interest rate for the bonds or loans concerned, i.e. using market interest rates.

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

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

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

48. Objectives and principles of financial risk management

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

As at 30 September 2024, the parent company had hedging transactions covered by the financial risk management policy concluded with the purpose of hedging the interest flows associated with debt. For the transactions concluded, the parent company applies hedge accounting. The accounting recognition of the hedging transactions described above is further described in Note 24 to these interim condensed consolidated financial statements.

49. Finance and capital management

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

In the Group's opinion, the occurrence of negative net working capital as at the balance sheet date does not generate a liquidity risk, given that the Group has funding available under the concluded contracts, as further described in note 34 of these interim condensed consolidated financial statements.

OTHER INFORMATION

50. Contingent liabilities

Claims related to termination of long-term contracts

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

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

As at the date of approval of these interim condensed consolidated financial statements for publication, the amount of damages claimed in the lawsuits amounts to: Polenergia Group companies - PLN 136 million (including Amon Sp. z o.o. - PLN 90 million, Talia Sp. z o.o.- PLN 46 million); Wind Invest group companies - PLN 574 million.

In the case filed by Amon Sp. z o.o. and Talia Sp. z o.o., partial and preliminary judgements were issued (judgement of 25 July 2019 in the Amon Sp. z o.o. lawsuit and judgement of 6 March 2020, supplemented by the court on 8 September 2020 in the Talia Sp. o.o. lawsuit), in which the courts determined that the statements of Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. on termination of long-term agreements concluded between Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. and Amon Sp. z o.o. and those concluded between Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. and Talia Sp. z o.o. for the purchase of electricity and property rights resulting from certificates of origin are ineffective and do not produce legal effect in the form of termination of both agreements, as a result of which the agreements after the notice period, i.e. after 30 April 2015, remain in force in respect of all provisions and are binding on the parties. Moreover, the courts also recognised the claims of Amon Sp. z o.o. and Talia Sp. z o.o. for payment of damages justified as to the merits, without, however, prejudging the amount of potential damages. Polska Energia Pierwsza Kompania Handlowa sp. z o.o. filed a complaint against the judgments. In both the Amon Sp. z o.o. and Talia Sp. z o.o. actions, the Courts of Appeals dismissed the appeals of the company Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. The judgements of the Courts of Appeals, and consequently the judgements issued by the courts of first instance, are final. These judgements do not award any damages from Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. to the claimants. Disagreeing with the judgements of the Courts of Appeals, Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. filed cassation complaints in both cases. In the case brought by Talia Sp. z o.o., the Supreme Court accepted the cassation appeal for hearing on 28 February 2023. On 29 September 2023, a three-judge Supreme Court hearing was held, but no ruling was issued and the proceedings were adjourned without indicating a date. In the case brought by Amon Sp. z o.o., The Supreme Court accepted the case for hearing on 26 September 2023. The proceedings in the Amon Sp. z o.o. claim were suspended at the concerted request of the parties by order of 15 May 2024.

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

On 31 March 2023, Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. filed a lawsuit for payment against Amon Sp. z o.o. in the total amount of PLN 62 million, consisting of a demand for payment of contractual penalties in the amount of PLN 56 million, accrued under a contract for the sale of property rights, and a demand for payment of compensation in the amount of PLN 6 million for non-performance of the power sales agreement concluded by the parties on 23 December 2009. The filing of the lawsuit by Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. Results from the fact that after the date of the judgement of the Court of Appeals in Gdańsk, i.e. after 17 November 2022 dismissing the appeal of Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o, Amon Sp. z o.o., despite being summoned by Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o., has not fulfilled the obligation resulting from the final judgement by entering into the above-mentioned contracts with Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. Pending proceedings.

On 28 December 2023, Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. filed a lawsuit for payment against Talia Sp. z o.o. in the total amount of PLN 75 million, consisting of a demand for payment of contractual penalties in the amount of PLN 42 million, accrued under a contract for the sale of property rights, and a demand for payment of compensation in the amount of PLN 33 million for non-performance of the electricity sales agreement concluded by the parties in 2009. The claims of Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. are related to the non-performance of contracts by Talia Sp. z o.o. despite the final judgement of the Court of Appeals of 20 December 2021.

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

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

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

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

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

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

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

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

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

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

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

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

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

Claims filed by Huta Łaziska S.A.

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

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

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

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

Case filed by ENEA S.A.

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

On 22 March 2021, the Regional Court in Katowice dismissed the claim of ENEA in its entirety and ruled on ENEA's obligation to reimburse the costs of the proceedings to the Company. The judgement is not legally binding. ENEA has filed an appeal against the above ruling. On the session on 19 November 2024, the Court called the plaintiff to remedy the formal shortages of the appeal and the hearing was postponed ex officio.

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

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

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

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

With regard to the proceedings initiated by the President of the Office of Competition and Consumer Protection (UOKiK) against the companies in the Sales segment for declaring the provisions of the standard agreement as prohibited in connection with the mechanism used by the companies for automatically extending the period of settlement of charges for the sale of electricity according to the price list, the companies created the provisions for the potential refund of one-off fees charged to customers for early termination of price lists and for potential costs of servicing the implementation of the provisions within the framework of binding decisions. As at 30 September 2024, the balance of the provisions amounts to PLN 1 million.

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

Non-contractual use of real estate

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

As at the balance sheet date, provisions in the amount of PLN 75 million were created for reported court disputes, which are recognised in the statement of financial position under other provisions (Note 38.1).

Communication of the President of the Energy Regulatory Office concerning the provisions of the Act on extraordinary measures to limit the level of electricity prices and support certain consumers in 2023

On 27 October 2023, the President of the Energy Regulatory Office (the "ERO President") published a communication with clarifications regarding the provisions of the Act of 27 October 2022 *on extraordinary measures to limit the level of electricity prices and support certain consumers in 2023 (the “Act on Extraordinary Measures”)* in connection with the planned commencement of the control of the write-down of the Price Difference Payment Fund (the "Write-down"). In the communication, the ERO President referred in particular to the manner of determining the weighted average market price of electricity sales in the calculation of the Write-down, indicating that it should be calculated on the basis of the price from the sales contract or from the approved tariff as regards prices and rates relating to 2023, despite the application of maximum prices under the Act on Extraordinary Measures in settlements with eligible customers.

At the same time, in a subsequent announcement published on 14 December 2023, the ERO President amended the content of the previous announcement with regard to information on planned inspections, informing that inspections concerning the verification of Write-down reports submitted by obliged entities will be preceded by explanatory proceedings pursuant to Article 28 of the *Energy Law*.

The above communications imply that, in the interpretation of the President of the ERO, the calculation of the allowance for the Fund should take into account the "hypothetical" revenues that the companies of the Sales segment would obtain as a result of applying the prices resulting from the applicable tariffs, price lists and contracts in their settlements with customers, despite the fact that, in accordance with the provisions of the Act on Extraordinary Measures for Eligible Customers, the companies applied maximum prices. This position, in the Group's view, is not correct, as indicated by the legal analyses in the Group's possession.

In view of the foregoing, the Group has not recognised a provision for a potential dispute with the President of the ERO, considering that the probability of a dispute in this respect with the President of the ERO and the probability of losing such a dispute is lower than the probability of its resolving for the benefit of the Group.

Risk of maintaining the formal conditions of the Tax Capital Group

As part of the next steps of implementation of the TAURON Group's business strategy, aimed at transformation of energy and reorganization of companies belonging to the RES segment, it was planned to implement the merger process of companies belonging to the TAURON Group, with the essence of the process being the merger of companies that were 100% owned directly and indirectly by the Company.

As a result of the merger of the companies process carried out in 2024, on 1 July 2024, the merger of TAURON Zielona Energia Sp. z o.o. was registered in the National Court Register. (acquiring company) with 10 limited partnerships (acquired companies), in relation to which, until the merger, TAURON Zielona Energia Sp. z o. o. was the only limited partner having almost 100% of all their rights and obligations. As part of the actions including the merger and increase of the capital of TAURON Zielona Energia Sp. z o. o., the Company has identified a situation that meets the conditions for a material error referred to in Art. 84 of the Act of 23 April 1964 *Civil Code*, in relation to the share exchange ratio.

As a result, the Company, acquiring company and shareholders of acquired companies took legal actions, in particular by submitting appropriate declaration of will and appropriate motions to the Registry Court, aimed at repealing the legal effects of the Registry Court's decision regarding the registration of the merger and increase of the capital of TAURON Zielona Energia Sp. z o. o., made on the basis of a legal transactions which, in opinion of the Company and entities which took place in merger, was an error.

The final decision on whether the merger and the issue were effective or not determines maintaining the status of the Tax Capital Group as of 30 June 2024, registered on 28 December 2022 for the years 2023-2025 by the Head of the First Masovian Tax Office in Warsaw, of which includes, among others, TAURON Polska Energia S.A. and TAURON Zielona Energia Sp. z o. o.

The loss of the status of the Tax Capital Group would result in the necessity of individual settlement of income tax by the companies forming the Tax Capital Group from 1 January 2023. Potential negative impact of which on the net financial result of the TAURON Group calculated as at 30 September 2024, taking into account deferred income tax is estimated at about PLN 163 million. Above amount do not take into account potential tax interest, which final amount depends on the moment of settlement of potential tax liabilities. Above mentioned effect would not have impact on EBITDA and operating profit.

The Company, on the basis on the obtained legal opinions, estimate probability of repeal of the legal effects of actions involving an error with retroactive effect for more than 50%.

(in PLN million)

51. Collaterals for repayment of liabilities

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

Collateral	As at 30 September 2024 *(unaudited)*	AS at 31 December 2023
Declarations of submission to enforcement	17 000	18 506
Corporate guarantees	2 648	1 169
Bank account mandates	1 990	1 990
Blank promissory notes	1 246	622
Sureties granted	535	270
Bank guarantees	333	293
Pledges on shares*	192	169
Other	20	32

** Pledges on shares relate to registered pledges and financial pledges established by the Company on shares in the joint venture TAMEH HOLDING Ltd.*

As at 30 September 2024, the major hedging items are:

- the declaration of submission to enforcement up to the maximum amount of PLN 4 800 million with the effective date to 30 November 2030, signed by the Company in connection with the conclusion of the syndicated loan agreement in the amount of PLN 4 000 million on 15 July 2022;
- a corporate guarantee granted by the Company up to a maximum amount of EUR 270 million (PLN 1 155 million) to secure the obligations of its subsidiary, Finadvice Polska 1 Sp. z o.o. under a commercial contract related to an ongoing RES project;
- the corporate guarantee granted by the Company in 2014 to secure the bonds issued by Finanse Grupa TAURON Sp. z o.o. The guarantee shall be effective until 3 December 2029, i.e. the redemption date of the bonds and amounts to EUR 168 million (PLN 719 million), while the beneficiaries of the guarantee are investors who purchased the bonds issued;
- corporate guarantees and sureties granted by the subsidiary, TAURON ZIelona Energia Sp. z o.o. to secure the liabilities arising from contracts concluded in connection with the implementation of RES projects. As at the balance sheet date, the value of collaterals under corporate guarantees amounts to the total of PLN 601 million and EUR 38 million (PLN 161 million), and under sureties granted - the total of PLN 223 million;
- a bank guarantee of up to PLN 300 million issued following the request of the Company up to the maximum amount of PLN 49 million to secure the receivables of BGK under the loan agreement concluded on 8 March 2018 between the borrower, Elektrociepłownia Stalowa Wola S.A. and BGK and ORLEN S.A. (formerly: PGNiG S.A.), with the effectiveness of the collaterals until 11 March 2025. The collateral provided is reduced with the repayment of the loan by Elektrociepłownia Stalowa Wola S.A. to BGK.

Collaterals for transactions concluded on the Polish Power Exchange [Towarowa Giełda Energii S.A.] in TAURON Group as at 30 September 2024

Type of collateral	Description
Declarations of submission to enforcement	At the balance sheet date, the following declarations of submission to enforcement were in force in the Group: – signed by the Company on 15 June 2023 to secure the Company's obligations to Izba Rozliczeniowa Giełd Towarowych S.A. ("IRGiT") up to the amount of PLN 6 000 million, with the effective term until 30 June 2027 and – signed by the subsidiary, TAURON Wytwarzanie S.A. on 11 October 2022 to secure the liabilities of the subsidiary, TAURON Wytwarzanie S.A. to the IRGiT up to the amount of PLN 2 000 million, with an effective term until 30 June 2025.
Bank guarantees	As at the balance sheet date, bank guarantees totalling PLN 111 million were in force in the Group, including those issued to secure the Company's liabilities in the amount of PLN 94 million and those of the subsidiary TAURON Wytwarzanie S.A. in the amount of PLN 17 million. After the balance sheet date, a bank guarantee and annexes to bank guarantees were issued to the IRGiT as security for the Company liabilities. As at the date of approval of these interim condensed consolidated financial statements for publication, bank guarantees in the total amount of PLN 131 million are in force, with the validity dates falling maximum until 14 December 2024.

Interim condensed consolidated financial statements for the 9-month period ended 30 September 2024 compliant with the IFRS approved by the EU (in PLN million)

Agreement for setting off the margins	Pursuant to the Agreement defining the principles for the establishment of financial collateral concluded with the IRGiT, TAURON Group applies a mechanism for setting off the margins. In terms of the transactions performed, the margins required by the IRGiT are calculated against the positions offset within the Group, which translates into the reduction in the funds involved on a Group-wide basis in maintaining the collateral required by the IRGiT.
Transfer of CO_2 emission allowances	As at the balance sheet day, the Group had deposited CO_2 emission allowances in the total amount of 556 851 tonnes in the IRGiT account to secure the Company's obligations in respect of security deposit payments due, including CO_2 emission allowances owned by: – the Company in the amount of 28 000 tonnes and – the subsidiary, TAURON Wytwarzanie S.A. in the amount of 528 851 tonnes transferred under the agreement described above, defining the principles of establishing financial security for the Group and the agreement concluded between the Company and the subsidiary, TAURON Wytwarzanie S.A.

52. Related party disclosures

52.1. Transactions with joint ventures

The group has interest in the following joint ventures: Elektrociepłownia Stalowa Wola S.A. and the TAMEH HOLDING Sp. z o.o. capital group, which are further described in Note 22 to these interim condensed consolidated financial statements.

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

	9-month period ended 30 September 2024 *(unaudited)*	9-month period ended 30 September 2023 *(unaudited)*
Revenue	234	181
Costs	(553)	(456)

The main item of settlements with jointly-controlled companies are the loans granted to Elektrociepłownia Stalowa Wola S.A. (Note 23).

The Company provided collaterals to joint ventures in the form of pledges on shares in TAMEH HOLDING Sp. z o.o. and a bank guarantee issued at the request of the Company and the surety to secure loan liabilities of Elektrociepłownia Stalowa Wola S.A. (Note 51).

52.2. Transactions with the participation of State Treasury companies

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

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

Revenues and costs

	9-month period ended 30 September 2024 *(unaudited)*	9-month period ended 30 September 2023 *(unaudited)*
Revenue	3 052	3 934
Costs	(5 989)	(6 385)

Receivables and liabilities

	As at 30 September 2024 *(unaudited)*	As at 31 December 2023
Receivables*	485	665
Payables	827	1 042

**As at 31 December 2023, the receivables item in the table above includes advance payments for the purchase of tangible fixed assets in the amount of PLN 5 million.*

Among the State Treasury companies, the largest customers of TAURON Polska Energia S.A. Capital Group in the 9-month period ended 30 September 2024 included PSE S.A., KGHM Polska Miedź S.A.; PGE Energetyka Kolejowa S.A., Południowy Koncern Węglowy S.A. oraz Polska Grupa Górnicza S.A. The largest purchase transactions were performed by the Group with PSE S.A., Południowy Koncern Węglowy S.A. and Polska Grupa Górnicza S.A. In the 9-month period ended 30 September 2023, the Group's largest customers included: ENERGA-OPERATOR S.A.,PSE S.A., Polska Grupa Górnicza S.A., TAURON Wydobycie S.A. (currently Południowy Koncern Węglowy S.A.) and KGHM Polska Miedź S.A. The largest purchase transaction was performed by the Group with PSE S.A., TAURON Wydobycie S.A. (currently Południowy Koncern Węglowy S.A.) and Polska Grupa Górnicza S.A.

(in PLN million)

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

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

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

52.3. Remuneration of the executives

The level of remuneration and other benefits paid and/or due members of the Management Board, Supervisory Boards and other key management personnel of the parent company and the subsidiaries paid and due in the 9-month period ended 30 September 2024 and in the comparative period is presented in the table below.

	9-month period ended 30 September 2024 *(unaudited)*		9-month period ended 30 September 2023 *(unaudited)*	
	Parent	Subsidiaries	Parent	Subsidiaries
Management Board	**6**	**19**	**9**	**19**
Short-term benefits (with surcharges)	3	14	8	18
Employment termination benefits	3	5	1	1
Supervisory Board	**–**	**1**	**1**	**1**
Short-term employee benefits (salaries and surcharges)	–	1	1	1
Other key management personnel	**14**	**47**	**12**	**44**
Short-term employee benefits (salaries and surcharges)	11	44	11	43
Termination benefits	2	1	–	–
Other	1	2	1	1
Total	**20**	**67**	**22**	**64**

In accordance with the accounting policy adopted, the Group creates provisions for benefits due to members of the Management Board on account of termination of their management contracts and to other key executives on account of termination of their employment, which may be paid or payable in subsequent reporting periods. The table above takes into account the amounts paid and due to be paid until 30 September 2024.

53. Other material information

Impact of floods in southern Poland on TAURON Group operations

In September 2024, floods occurred in south-western Poland. As a result of the natural disaster, power infrastructure belonging to TAURON Group companies, which the most significant affected assets of TAURON Dystrybucja S.A. and TAURON Ekoenergia Sp. z o.o., was damaged. The losses suffered by the company TAURON Dystrybucja S.A. include, primarily, damage to and destruction of low-, medium- and high-voltage power lines and substations, as well as flooded administrative buildings where the company's own service and administrative personnel are located. As far as TAURON Ekoenergia Sp. z o.o. is concerned, the consequences of the flood mainly include floods and flooding of buildings and technical equipment at the hydroelectric power plants owned by the company and damage to access roads to some facilities.

In order to rebuild the damaged network, TAURON Dystrybucja S.A. mobilized significant human, equipment and material resources and provided support of contractors. In the vast majority of cases, the flood-damaged power grid was rebuilt; however, in places where the communication infrastructure was destroyed, a temporary power supply was provided. Operating expenses related to flood recovery recognised in the 9-month period ended 30 September 2024 in the result of the Distribution segment amounted to PLN 13 million. After the reconstruction of the road infrastructure and other public places, incurring of capital expenditure for the reconstruction of the power lines to the target locations is planned, i.e. to the road lane area. Further expenditure will also be incurred in the consecutive years on the construction and reconstruction of grid assets, including rebuilding to improve the security of the distribution grid in the future.

Up to the balance sheet date, TAURON Ekoenergia Sp. z o.o. has not incurred any costs or capital expenditure as a result of flooding. At the same time, up to the date of approval of these interim condensed consolidated financial statements for publication, the company has performed works to assess the damage caused by the flood and started works which aimed to cancel its effects. The company estimates that after the balance sheet date, costs at a level of PLN 45 million will be incurred to eliminate the consequences of the flood (including mainly the costs of construction and repair services) and capital expenditure of PLN 4 million will be contributed.

The Group does not identify the need to create provisions for costs that Group companies would be required to incur as at the balance sheet date as a result of flooding. Nevertheless, it is expected, as described above, that expenditure will be incurred after the balance sheet date, in particular in the Distribution and Renewable Energy Sources segments, both for operating costs, including mainly the construction and renovation services and capital expenditure, related to flood recovery.

With regard to damage to insured assets, the Group companies have reported claims for damage to insurance companies. As at the date of approval of these interim condensed consolidated financial statements for publication, work related to the valuation of the damage by experts is in progress.

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

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

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

The situation associated with the war on the territory of Ukraine and its impact on the market and regulatory environment is highly volatile and its future consequences are difficult to estimate precisely. They will depend, in particular, on the scale and duration of the aggression, further developments including the potential escalation of hostilities as well as their impact on the condition of the economy in Poland and worldwide.

54. Events after the balance sheet date

Signing of the loan agreement

After the balance sheet date, on 29 October 2024, the Company concluded a loan agreement with Bank Gospodarstwa Krajowego for the amount of PLN 2 000 million, to be repaid in instalments in the period of 8 years following the date of making a tranche of the loan available.

As part of the loan agreement, the Company will be able to draw down funds in the amount of PLN 1 000 million once the standard conditions precedent for this type of financing have been met. The remaining amount of PLN 1 000 million will be available at the Company's request within 12 months from the date of concluding the loan agreement. The Company will be able to draw down the loan in the two-year availability period. The overall funds made available under the loan agreement will be used to cover TAURON Group's expenses related to the financing or refinancing expenses in the area of renewable energy sources, the development of distribution networks, the construction of energy storage facilities and investment in the area of heat (in terms of replacing heat sources from coal fuel to zero- and low-emission sources).

As at the date of approval of these interim condensed consolidated financial statements for publication, the Company has not drawn down available financing under above mentioned loan agreement.

On 21 November 2024, for the loan agreement, the Company signed declarations of submission to enforcement up to amount of PLN 1 200 million terminated on 20 October 2034.

Signing the syndicated loan agreement

After the balance sheet date, on 29 October 2024, the Company concluded a syndicated loan agreement with Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. Branch in Poland, for the amount of PLN 900 million, to be repaid within 5 years from the date of conclusion of the syndicated loan agreement, with the repayment term extendable to a maximum of 7 years.

As part of the loan agreement, the Company will be able to draw down funds once the standard conditions precedent for this type of financing have been met. All of the funds made available under the syndicated loan agreement will be used to cover TAURON Group's expenses related to the financing or refinancing of expenses in the area of renewable energy sources (including expenses related to the acquisition of companies implementing projects in the area of renewable energy sources).

As at the date of approval of these interim condensed consolidated financial statements for publication, the Company has not drawn down available financing under the syndicated loan agreement.

On 21 November 2024, for the syndicated loan agreement, the Company signed declarations of submission to enforcement up to amount of PLN 1 080 million terminated on 29 October 2033.

These interim condensed consolidated financial statements of TAURON Polska Energia S.A. Capital Group prepared for the 9-month period ended 30 September 2024 in compliance with the International Accounting Standard No 34 comprise 62 pages.

Katowice, 28 November 2024

Grzegorz Lot - President of the Management Board

Piotr Gołębiowski - Vice President of the Management Board

Michał Orłowski - Vice President of the Management Board

Krzysztof Surma - Vice President of the Management Board

Oliwia Tokarczyk - Executive Director for Accounting and Taxes

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