

TAURON Polska Energia S.A.

**Quarterly financial information
for the 9-month period ended 30 September 2024**

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TAURON Polska Energia S.A.
Quarterly financial information for the 9-month period ended 30 September 2024
(in PLN million)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Note	3-month period ended 30 September 2024 <i>(unaudited)</i>	9-month period ended 30 September 2024 <i>(unaudited)</i>	3-month period ended 30 September 2023 <i>(unaudited)</i>	9-month period ended 30 September 2023 <i>(unaudited restated figures)</i>
Sales revenue	3	7 143	17 032	6 450	25 152
Cost of sales	4	(6 617)	(16 364)	(6 346)	(25 017)
Profit on sale		526	668	104	135
Selling and distribution expenses	4	(5)	(18)	(7)	(23)
Administrative expenses	4	(33)	(105)	22	(75)
Other operating income and expenses		(1)	(2)	(2)	(9)
Operating profit		487	543	117	28
Dividend income	5	–	1 336	–	443
Interest income on loans	5	124	542	215	726
Interest expense on debt	5	(184)	(571)	(228)	(725)
Revaluation of loans	5	(49)	(1 979)	(525)	(538)
Other finance income and costs	5	(69)	(181)	(22)	(198)
Profit (loss) before tax		309	(310)	(443)	(264)
Income tax expense		(117)	(132)	11	(64)
Net profit (loss)		192	(442)	(432)	(328)
Measurement of hedging instruments		(58)	(91)	(88)	(262)
Income tax		11	17	17	50
Other comprehensive income subject to reclassification to profit or loss		(47)	(74)	(71)	(212)
Total comprehensive income		145	(516)	(503)	(540)
Profit (loss) per share (in PLN):					
- basic and diluted, for net profit (loss)		0.11	(0.25)	(0.25)	(0.19)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2024 (unaudited)	As at 31 December 2023 (restated figures)
ASSETS			
Non-current assets			
Investment property		18	18
Right-of-use assets		6	12
Shares	6	15 510	15 520
Loans granted	7	9 957	11 273
Derivative instruments		170	149
Other financial assets		30	33
Other non-financial assets		17	17
Deferred tax assets		–	86
		25 708	27 108
Current assets			
Inventories		31	12
Receivables from buyers		1 158	2 490
Income tax receivables	8	68	94
Loans granted	7	1 759	1 138
Derivative instruments		371	292
Other financial assets		54	433
Other non-financial assets		7	3
Cash and cash equivalents	9	183	484
		3 631	4 946
TOTAL ASSETS		29 339	32 054
EQUITY AND LIABILITIES			
Equity			
Issued capital		8 763	8 763
Reserve capital		2 438	3 076
Revaluation reserve from valuation of hedging instruments		144	218
Retained earnings/(Accumulated losses)		(411)	(607)
		10 934	11 450
Non-current liabilities			
Debt	10	12 316	13 884
Derivative instruments		128	169
Other financial liabilities		4	6
Deferred tax liabilities		28	–
Other provisions, accruals, deferred income and government		9	8
		12 485	14 067
Current liabilities			
Debt	10	4 367	3 648
Liabilities to suppliers		608	979
Derivative instruments		555	644
Other financial liabilities		108	234
Other non-financial liabilities	11	245	1 005
Other provisions, accruals, deferred income and government		37	27
		5 920	6 537
Total liabilities		18 405	20 604
TOTAL EQUITY AND LIABILITIES		29 339	32 054

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

9-MONTH PERIOD ENDED 30 SEPTEMBER 2024 (unaudited)

	Issued capital	Reserve capital	Revaluation reserve on valuation of hedging instruments	Retained earnings/ (Accumulated losses)	Total
As at 1 January 2024	8 763	3 076	218	(607)	11 450
Prior year loss distribution	-	(638)	-	638	-
Transactions with shareholders	-	(638)	-	638	-
Net loss	-	-	-	(442)	(442)
Other comprehensive income	-	-	(74)	-	(74)
Total comprehensive income	-	-	(74)	(442)	(516)
As at 30 September 2024 (unaudited)	8 763	2 438	144	(411)	10 934

9-MONTH PERIOD ENDED 30 SEPTEMBER 2023 (unaudited)

	Issued capital	Reserve capital	Revaluation reserve on valuation of hedging instruments	Retained earnings/ (Accumulated losses)	Total
As at 1 January 2023	8 763	3 009	450	98	12 320
Prior year profits' distribution	-	67	-	(67)	-
Transactions with shareholders	-	67	-	(67)	-
Net loss	-	-	-	(328)	(328)
Other comprehensive income	-	-	(212)	-	(212)
Total comprehensive income	-	-	(212)	(328)	(540)
As at 30 September 2023 (unaudited)	8 763	3 076	238	(297)	11 780

INTERIM CONDENSED STATEMENT OF CASH FLOWS

	Note	9-month period ended 30 September 2024 <i>(unaudited)</i>	9-month period ended 30 September 2023 <i>(unaudited)</i>
Cash flows from operating activities			
Loss before tax		(310)	(264)
Depreciation and amortization		8	12
Interest and dividends		(1 333)	(406)
Valuation of loans		1 979	538
Valuation of derivatives		(305)	210
Exchange differences		(59)	(76)
Other adjustments of profit before tax		15	74
Change in working capital		519	(594)
Income tax paid		(15)	50
Net cash from (used in) operating activities		499	(456)
Cash flows from investing activities			
Acquisition of subsidiary		(9)	(59)
Loans granted		(1 012)	(898)
Acquisition of other shares		(4)	(14)
Other		(2)	-
Total payments		(1 027)	(971)
Dividends received		1 326	424
Interest received from loans granted		478	477
Repayment of loans granted		262	30
Total proceeds		2 066	931
Net cash used in investing activities		1 039	(40)
Cash flows from financing activities			
Repayment of loans		(5 351)	(5 431)
Interest paid		(415)	(475)
Commission paid		(14)	(6)
Repayment of lease liabilities		(7)	(7)
Total payments		(5 787)	(5 919)
Contracted loans		4 360	4 790
Other		1	3
Total proceeds		4 361	4 793
Net cash from (used in) financing activities		(1 426)	(1 126)
Net increase/(decrease) in cash and cash equivalents		112	(1 622)
Net foreign exchange difference		-	29
Cash and cash equivalents at the beginning of the period	9	(287)	(321)
Cash and cash equivalents at the end of the period, of which:	9	(175)	(1 943)
restricted cash	9	78	4

SELECTED EXPLANATORY INFORMATION

1. Principles adopted in the preparation of quarterly financial information as well as changes in applied accounting policies and changes in presentation

The quarterly financial information was prepared in accordance with the International Financial Reporting Standards approved by the European Union in the scope resulting from the Regulation of the Minister of Finance of 29 March 2018 on the current and periodic information published by issuers of securities and the conditions for considering as equivalent the information required by law of a non-member state (Journal of Laws of 2018 item 757).

Changes in the accounting principles applied

The quarterly financial information was prepared using the same accounting principles as those applied in the preparation of the annual financial statements of TAURON Polska Energia S.A. for the year ended 31 December 2023, except for the application of amendments to the standards, which came into force on 1 January 2024 (described in Note 8 to the interim condensed consolidated financial statements for the 9-month period ended 30 September 2024) and the change in presentation, as described below. Comparable figures have been restated accordingly.

Impact of a changes in IAS 1 *Presentation of Financial Statements* on the Company's financial statements have been described below. In the opinion of the Management Board, the introduction of the other changes did not have a significant impact on the accounting principles previously applied by the Company.

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

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

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

For the purposes of providing the Group's sales companies with electricity from a specific source of origin with reduced CO₂ emission (from co-generation), the Company purchases energy from this source from an entity outside the Group. At the same time, the Company sells and invoices electricity to this entity without source attribution. Assessing the overall transactions carried out by the Company to acquire electricity for the needs of the Group's sales companies and to sell energy to these companies, as well as the achieved volumes of energy received and delivered, the Company has changed the presentation of the above transaction for the acquisition of energy from co-generation with the simultaneous sale of energy without an attributed source of origin, by presenting its effects on a net basis instead of the previous presentation separately. In the Company's opinion, the revised presentation allows for a more correct reflection of the electricity sales revenues achieved by the Company and the electricity purchase costs incurred, in relation to the volume of electricity supplied and purchased by the Company in the chain of these transactions during the reporting period. The revised presentation does not affect the Company's financial result.

The above change results in the need to restate the presentation of comparatives in the statement of comprehensive income for the 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 <i>(unaudited approved figures)</i>	Change of the presentation of settlement of electricity sales	9-month period ended 30 September 2023 <i>(unaudited restated figures)</i>
Sales revenue	25 811	(659)	25 152
Cost of sales	(25 676)	659	(25 017)
Profit on sale	135	-	135
Operating profit	28	-	28
Loss before tax	(264)	-	(264)
Net loss	(328)	-	(328)
Total comprehensive income	(540)	-	(540)

2. Material changes in values based on professional judgement and estimates

In the process of applying the accounting policy, professional judgement of the management, along with accounting estimates, were of key importance affecting the figures disclosed in the 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 current period, no significant changes occurred in the estimates or estimation methods applied, which could affect the current or future periods, other than those described hereinafter in this quarterly financial information.

3. Sales revenue

	9-month period ended 30 September 2024 <i>(unaudited)</i>	9-month period ended 30 September 2023 <i>(unaudited restated figures)</i>
Revenue from sales of goods for resale	16 757	24 922
Electricity	12 281	20 982
CO ₂ emission allowances	3 646	2 962
Gas	828	953
Other	2	25
Rendering of services	275	230
Capacity Market	149	110
Trade services	89	85
Other	37	35
Total sales revenue	17 032	25 152

In the 9-month period ended 30 September 2024, sales revenues decreased in relation to the comparable period and the main changes were related to sales revenues of the following goods:

- Electricity - a decline in revenue by PLN 8 701 million is mainly associated with electricity sales at a lower price. Lower sales prices result from market conditions and the visible decline in energy prices in 2023 for contracts concluded for delivery in 2024. In addition, TAURON Polska Energia S.A. sold a lower volume which results from a lower demand from the Group's sales companies;
- CO₂ emission allowances – an increase revenue by PLN 684 million is mainly due to the sale of a lower volume of CO₂ emission allowances with a simultaneous accomplishment of sales at a higher price. Revenues in the scope of CO₂ emission allowances in the current and comparable period were mainly related to sales to Group generation companies for the purpose of covering redemption needs resulting from electricity production. The lower sales volume of allowances results from reduced production at generation companies and lower emission;
- Gas - an decline in revenue by PLN 125 million is mainly associated with a decrease in prices with a simultaneous achievement of a higher volume of sales. The higher sales volume results from an increased demand for gas from external contractors and in the subsidiary, TAURON Sprzedaż Sp. z o.o.

4. Costs by type

	9-month period ended 30 September 2024 <i>(unaudited)</i>	9-month period ended 30 September 2023 <i>(unaudited restated figures)</i>
Capacity Market	(149)	(110)
Employee benefits expense	(96)	(92)
Other external services	(33)	(35)
Advertising expenses	(15)	(18)
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	(8)	(12)
Allowance for expected credit losses on receivables from buyers	5	26
Write-down for the Price Difference Payment Fund	(1)	(335)
Other costs by type	(10)	(8)
Total costs by type	(307)	(584)
Selling and distribution expenses	18	23
Administrative expenses	105	75
Value of energy sold	(12 273)	(20 629)
Value of other goods sold	(3 907)	(3 902)
Cost of sales	(16 364)	(25 017)

In the 9-month period ended 30 September 2024, a decrease was recorded in the costs of the Company's operations compared to the corresponding period, with the main changes relating to:

- a decrease in the value (cost) of electricity sold, which results mainly from purchases of electricity at lower average prices. Lower purchase prices result from market conditions and price decrease in 2023, which translated into prices in concluded contracts with a delivery date of 2024. At the same time, TAURON Polska Energia S.A. purchased a lower volume of electricity for the purposes of implementing concluded contracts as a consequence of lower demand from customers;
- no obligation for the Company to incur the cost of write-downs to the Price Difference Payment Fund in the current period. The obligation to apply write-offs in 2023 resulted from the provisions of the Act of 27 October 2022 *on emergency measures to limit the level of electricity prices and support for certain consumers in 2023*, which imposed, among others, an obligation on electricity trading companies to transfer remittance to the Price Difference Payment Fund, for the purpose of paying the recompensation established by the aforementioned Act in the period from November 2022 to the end of December 2023;
- a decline in the amount of the reversal of allowances for expected credit losses relating to receivables from buyers, which is the main reason for the increase in administrative expenses.

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(in PLN million)

5. Financial income and costs

	9-month period ended 30 September 2024 (unaudited)	9-month period ended 30 September 2023 (unaudited)
Dividend income	1 336	443
Interest income on loans	542	726
Interest expense	(571)	(725)
Revaluation of loans	(1 979)	(538)
Other finance income and costs, of which:	(181)	(198)
Gain/(loss) on derivative instruments	(269)	(293)
Revaluation of shares	(24)	(59)
Other interest income	25	45
Commissions due to external financing	(17)	(13)
Exchange differences	78	64
Other finance income	31	70
Other finance costs	(5)	(12)
Total, of which:	(853)	(292)
Income and costs from financial instruments	(864)	(321)
Other finance income and costs	11	29

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

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

The increase in the cost of revaluation of loans in the current period is mainly related to the reduction, as a result of analyses based on future cash flows as at 30 June 2024, of the carrying amount of the loan granted to TAURON Wytwarzanie S.A. by PLN 1 932 million.

The loss on derivatives in the 9-month period ended 30 September 2024 is mainly related to the strengthening of the zloty and relates to currency derivatives, mainly hedges currency risk related with purchased of CO₂ 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.

6. Shares

No.	Company	As at 30 September 2024 (unaudited)			As at 31 December 2023		
		Gross value	Impairment losses	Net value	Gross value	Impairment losses	Net value
Consolidated subsidiaries							
1	TAURON Wytwarzanie S.A.	8 482	(8 482)	–	8 482	(8 482)	–
2	TAURON Ciepło Sp. z o.o.	1 928	(1 224)	704	1 928	(1 224)	704
3	TAURON Ekoenergia Sp. z o.o.	1 940	–	1 940	1 940	–	1 940
4	TAURON Zielona Energia Sp. z o.o.	600	–	600	600	–	600
5	TAURON Dystrybucja S.A.	10 512	–	10 512	10 512	–	10 512
6	TAURON Nowe Technologie S.A.	650	–	650	650	–	650
7	TAURON Sprzedaż Sp. z o.o.	614	–	614	614	–	614
8	TAURON Sprzedaż GZE Sp. z o.o.	130	–	130	130	–	130
9	Kopalnia Wapienia Czatkowice Sp. z o.o.	41	–	41	41	–	41
10	Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o.	90	(90)	–	90	(90)	–
11	TAURON Obsługa Klienta Sp. z o.o.	40	–	40	40	–	40
12	Finanse Grupa TAURON Sp. z o.o.	28	(24)	4	28	(24)	4
13	TAURON Inwestycje Sp. z o.o.	95	(95)	–	95	(95)	–
14	Other	14	–	14	5	–	5
Joint ventures							
15	TAMEH HOLDING Sp. z o.o.	416	(221)	195	416	(212)	204
Entities measured at fair value							
16	EEC Magenta Sp. z o.o. ASI spółka komandytowo-akcyjna	5	n.a.	5	5	n.a.	5
17	EEC Magenta Sp. z o.o. 2 ASI spółka komandytowo-akcyjna	44	n.a.	44	54	n.a.	54
18	ElectroMobility Poland S.A.	10	n.a.	10	10	n.a.	10
19	Other	7	n.a.	7	7	n.a.	7
Total		25 646	(10 136)	15 510	25 647	(10 127)	15 520

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

Impairment tests

As at 30 September 2024 date, an analysis was performed of the changes in the prices of electricity, raw materials and CO₂ emission allowances, that took place in the third quarter of 2024. 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 performed has not indicated any significant changes in the market for electricity and related products in the 3-month period ended 30 September 2024 compared to the first half of 2024. The analysis of the futures market and the SPOT market was performed.

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 part of the analysis of asset impairment premises, the possibility of impairment of the shares in TAMEH HOLDING Sp. z o.o., which, in accordance with the shareholders' agreement, is a joint venture between TAURON Group and ArcelorMittal Group and holds 100% of the shares in the subsidiaries TAMEH POLSKA Sp. z o.o. and TAMEH Czech s.r.o. In the Company's judgement, the factor that may did indicate an impairment of shares in TAMEH HOLDING Sp. z o.o. is fact that on 9 August 2024, the Ostrava Regional Court issued the application of approval to transform the reorganisation of TAMEH Czech s.r.o. into liquidation bankruptcy. The liquidation bankruptcy of TAMEH Czech s.r.o. is related to the failure of settlement of liabilities to Liberty Ostrava a.s., which is related to the lack of possibility to continue operations by TAMEH Czech s.r.o.

The Shareholders' Agreement provides for the operation of the special purpose vehicle TAMEH HOLDING Sp. z o.o. until 2029 with a possibility of extending the operation for further 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.

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 the 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 the scope of TAMEH POLSKA Sp. z o.o. activity for 2024-2029 and divestment of assets in 2030;
- adjusted dividend plan resulting from the gradual reduction of expenditure and the 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 for 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 approving these quarterly financial information 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 result of the analyses of premises and impairment tests carried out as at 30 September 2024, in accordance with IAS 36 *Impairment of Assets*, did indicate an impairment of the carrying amount of shares in TAMEH HOLDING sp. z o.o.

Company	Discount rate (after tax) assumed in tests as at:		Tested carrying amount	Recoverable amount	Amount of shares's impairment loss
	30 September 2024	30 June 2024			
	(unaudited)	(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%	236	227	(9)
Total					(9)

The carrying amount to be tested as at the balance sheet date of 30 September 2024 includes shares in TAMEH HOLDING Sp. z o.o. in the amount of PLN 204 million and dividend receivables from TAMEH HOLDING Sp. z o.o. in the amount of PLN 32 million. The need to increase the impairment loss on the shares held in TAMEH HOLDING Sp. z o.o. by PLN 9 million results in particular from the estimated postponement of the possibility of the Company receiving dividends from TAMEH HOLDING Sp. z o.o.

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With regard to the remaining shares in subsidiaries and joint ventures, the results of impairment test carried out as at 30 June 2024 were considered up to date. The impairment tests carried out as at 30 June 2024 on the shares in the companies: TAURON Ciepło Sp. z o.o., TAURON Ekoenergia Sp. z o.o., TAURON Zielona Energia Sp. z o.o. and TEC1 Sp. z o.o. did not indicate an impairment in the carrying amount of shares in subsidiaries. As at 30 June 2024, analyses were also carried out in the scope of valuation of intra-group loans. The analyses conducted in the scope of financing granted to the subsidiaries, based on the subsidiaries' future cash flows, demonstrated the rationality of reducing as at the balance sheet day of the carrying amount of a loan granted by the Company to TAURON Wytwarzanie S.A., constituting an instrument acquired with impairment due to credit risk in the amount of PLN 1 932 million.

7. Loans granted

	As at 30 September 2024 (unaudited)			As at 31 December 2023		
	Gross value	Impairment loss	Carrying amount	Gross value	Impairment loss	Carrying amount
Loans measured at amortized cost	9 845	(66)	9 779	10 887	(52)	10 835
Loans granted to subsidiaries	8 429	(26)	8 403	10 001	(35)	9 966
Loans granted under cash pool agreement	1 416	(40)	1 376	886	(17)	869
Loans measured at fair value	1 937	n.a.	1 937	1 576	n.a.	1 576
Loans granted to subsidiaries	1 478	n.a.	1 478	1 219	n.a.	1 219
Loans granted to EC Stalowa Wola S.A.	459	n.a.	459	357	n.a.	357
Total	11 782	(66)	11 716	12 463	(52)	12 411
Non-current	9 982	(25)	9 957	11 307	(34)	11 273
Current	1 800	(41)	1 759	1 156	(18)	1 138

7.1. Loans granted to subsidiaries

Company	Maturity date	Outstanding principal and contractual interest accrued	As at 30 September 2024 (unaudited)			As at 31 December 2023			
			Gross value	Impairment loss	Carrying amount	Outstanding principal and contractual interest accrued	Gross value	Impairment loss	Carrying amount
Loans measured at amortized cost		12 397	8 429	(26)	8 403	11 957	10 001	(35)	9 966
TAURON Dystrybucja S.A.	2025-2029	5 944	5 900	(18)	5 882	5 452	5 395	(21)	5 374
TAURON Wytwarzanie S.A.	2025-2030	4 996	1 154	–	1 154	4 881	3 068	–	3 068
TAURON Ciepło Sp. z o.o.	2025-2030	949	949	(7)	942	981	980	(11)	969
TAURON Ekoenergia Sp. z o.o.	2025	160	159	–	159	160	158	(1)	157
TAURON Obsługa Klienta Sp. z o.o.	2025	131	131	(1)	130	226	226	(2)	224
TAURON Inwestycje Sp. z o.o.	2024-2033	81	–	–	–	83	–	–	–
TAURON Nowe Technologie S.A.	2024-2028	35	35	–	35	43	43	–	43
AE ENERGY 7 Sp. z o.o.	2026	25	25	–	25	–	–	–	–
WIND T30MW Sp. o.o.	2024	24	24	–	24	35	35	–	35
WIND T2 Sp. z o.o.	2026	17	17	–	17	9	9	–	9
WIND T4 Sp. z o.o.	2025	14	14	–	14	5	5	–	5
Finadvice Polska 1 Sp. z o.o.	2029	14	14	–	14	–	–	–	–
Windpower Gamów Sp. z o.o.	2024	7	7	–	7	34	34	–	34
"MEGAWATT S.C." Sp. z o.o.	–	–	–	–	–	43	43	–	43
FF Park PV1 Sp. z o.o.	2024-2026	–	–	–	–	5	5	–	5
Loans measured at fair value		1 589	1 478	n.a.	1 478	1 136	1 219	n.a.	1 219
"MEGAWATT S.C." Sp. z o.o.	2026-2038	392	432	n.a.	432	372	449	n.a.	449
WIND T30MW Sp. z o.o.	2025-2038	276	240	n.a.	240	213	216	n.a.	216
Windpower Gamów Sp. z o.o.	2025-2038	273	235	n.a.	235	211	214	n.a.	214
FF Park PV1 Sp. z o.o.	2025-2034	160	142	n.a.	142	146	146	n.a.	146
WIND T4 Sp. z o.o.	2025-2038	150	127	n.a.	127	76	78	n.a.	78
AE ENERGY 7 Sp. z o.o.	2027-2032	120	93	n.a.	93	–	–	n.a.	–
WIND T2 Sp. z o.o.	2026-2034	80	69	n.a.	69	37	37	n.a.	37
Finadvice Polska 1 Sp. z o.o.	2028-2038	59	60	n.a.	60	–	–	n.a.	–
TAURON Ekoenergia Sp. z o.o.	2024-2032	49	48	n.a.	48	48	44	n.a.	44
TAURON Ciepło Sp. z o.o.	2025-2034	30	32	n.a.	32	–	–	–	–
Energetyka Cieszyńska Sp. z o.o.*	–	n.a.	n.a.	n.a.	n.a.	33	35	n.a.	35
Total		13 986	9 907	(26)	9 881	13 093	11 220	(35)	11 185
Non-current			9 509	(25)	9 484		10 950	(34)	10 916
Current			398	(1)	397		270	(1)	269

* The incorporation of Energetyka Cieszyńska Sp. z o.o. by TAURON Ciepło Sp. z o.o. was registered on 3 January 2024.

Loans granted to subsidiaries bear a fixed interest rate.

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7.2. Loans granted to joint ventures

	As at 30 September 2024 <i>(unaudited)</i>		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		

7.3. Loans granted under the cash pool service

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

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

	As at 30 September 2024 <i>(unaudited)</i>			As at 31 December 2023		
	Gross value	Impairment loss	Carrying amount	Gross value	Impairment loss	Carrying amount
Receivables from cash pool transactions	1 402	(40)	1 362	881	(17)	864
Interest receivable from cash pool transactions	14	-	14	5	-	5
Total	1 416	(40)	1 376	886	(17)	869
Non-current	14	-	14	-	-	-
Current	1 402	(40)	1 362	886	(17)	869

Information concerning cash pool liabilities is presented in Note 10.4 of this quarterly financial information.

8. Receivables due to income tax

Income tax receivables in the amount of PLN 68 million represent the surplus of advance payments paid by the Tax Capital Group in the amount of PLN 89 million over the tax expenses of the Tax Capital Group for the 9-month period ended 30 September 2024 in the amount of PLN 21 million.

At the same time, due to the settlements of the Company as a Representing Company with the subsidiaries belonging to the Tax Capital Group, the Company had liabilities to the subsidiaries forming the Tax Capital Group on account of the settlement of tax in the amount of PLN 68 million, recognised in other financial liabilities.

9. Cash and cash equivalents

	As at 30 September 2024 <i>(unaudited)</i>	As at 31 December 2023
Cash and cash equivalents presented in the statement of financial position, of which:	183	484
restricted cash, including:	83	201
collateral of settlements with Izba Rozliczeniowa Gield Towarowych S.A.	78	182
cash on VAT bank accounts (split payment)	5	19
Cash pool	(352)	(750)
Collateral of settlements with Izba Rozliczeniowa Gield Towarowych S.A.	(5)	(20)
Foreign exchange	(1)	(1)
Cash and cash equivalents presented in the statement of cash flows	(175)	(287)

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

10. Debt

	As at 30 September 2024 <i>(unaudited)</i>			As at 31 December 2023 <i>(restated figures)</i>		
	Long-term	Short-term	Total	Long-term	Short-term	Total
Bank loans	5 835	2 268	8 103	7 326	1 785	9 111
Unsubordinated bonds	3 883	232	4 115	3 915	210	4 125
Subordinated bonds	1 884	85	1 969	1 913	5	1 918
Cash pool loans received	–	1 754	1 754	–	1 636	1 636
Loan from the subsidiary	712	22	734	724	2	726
Lease	2	6	8	6	10	16
Total	12 316	4 367	16 683	13 884	3 648	17 532

10.1. Bank loans

Borrowing institution	Interest rate	Currency	Maturity date/ validity date	As at	As at
				30 September 2024 <i>(unaudited)</i>	31 December 2023
Consortiums of banks	floating	PLN	2026-2027	1 664	2 567
			2024	750	749
Bank Gospodarstwa Krajowego	floating	PLN	2024-2033	1 019	1 001
			2024	–	61
European Investment Bank	fixed	PLN	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
Total				8 103	9 111

The Company has funds available under loan agreements concluded in 2020 and 2022 with syndicates of banks, where the drawdown period of individual loan tranches may be lower than 12 months, however, the financing is revolving and the term of availability 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 consortiums 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 Company performed the following transactions relating to bank loans (at a nominal value), excluding overdraft facilities:

Lender	9-month period ended 30 September 2024 <i>(unaudited)</i>	
	Drawdown	Repayment
Consortiums of banks	3 410	(4 310)
Bank Gospodarstwa Krajowego	1 750	(1 750)
European Investment Bank	–	(91)
Total, including:	5 160	(6 151)
Cash flows	4 360	(5 351)
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 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.

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

- Loan agreement for the amount of PLN 2 000 million with Bank Gospodarstwa Krajowego,
- Consortium loan agreement for 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,

Which was described in more detail in note 12 to this quarterly financial information.

Overdraft facilities

The Company has available funding limits under overdraft agreements:

- 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.

10.2. Bonds issued

Investor	Interest rate	Currency	Nominal value of bonds issued in currency	Maturity date	Carrying amount	
					As at 30 September 2024 <i>(unaudited)</i>	As at 31 December 2023
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
Unsubordinated bonds					4 115	4 125
Bank Gospodarstwa Krajowego	floating, based on WIBOR 6M	PLN	400	2031 ²	411	401
			190	2034 ²	781	775
European Investment Bank	fixed ¹	PLN	400	2030 ²	415	396
		PLN	350	2030 ²	362	346
Subordinated bonds					1 969	1 918
Total bonds					6 084	6 043

¹ In the case of hybrid (subordinated) bonds subscribed for by the European Investment Bank, two financing periods are distinguished. In the first period, the interest rate is fixed, while in the second period the interest rate is variable based on the base rate (EURIBOR/WIBOR) plus a fixed margin.

² In the case of subordinated bonds, the maturity date includes two financing periods. The maturity dates presented in the table above are the final terms of redemption according to agreement, after two period of financing. Measurement of bonds as at the balance sheet day includes earlier redemption, in connection with the intended redemption of bonds after the termination of first period of financing (in 2024, 2025 and 2026).

The Company additionally holds 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.

10.3. 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 to EBITDA ratio (for domestic long-term loans agreements and domestic bond issue schemes), which sets 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.

10.4. Loans received under the cash pool service

As at 30 September 2024 and as at 31 December 2023, the Company had current liabilities on account of cash pool transactions amounting to PLN 1 754 million and PLN 1 636 million, respectively. The liability arises from the Group's cash pool service mechanism, which is described in more detail, including the presentation of receivables arising from cash pool transactions, in note 7.3 of this quarterly financial information.

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10.5. Loan from subsidiary

The liability of the Company amounting to PLN 734 million (EUR 172 million) as at 30 September 2024 relates to the long-term loan received from the subsidiary, Finanse Grupa TAURON Sp. z o.o. under the agreement concluded between TAURON Polska Energia S.A. and the subsidiary, Finanse Grupa TAURON Sp. z o.o. (formerly TAURON Sweden Energy AB (publ)). The loan agreement in the amount of EUR 167 million was concluded in 2014 and bears interest at a fixed rate while the interest is paid annually until the full repayment of the loan. The repayment deadline of the loan falls on 29 November 2029.

11. Other current non-financial liabilities

	As at 30 September 2024 <i>(unaudited)</i>	As at 31 December 2023
VAT	239	680
Liabilities due to write-down for the Price Difference Payment Fund	-	317
Social security	4	7
Other	2	1
Total	245	1 005

12. Events after the balance sheet day

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 this quarterly financial information 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 for 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, 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 this quarterly financial information 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.

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