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 3-month period ended 31 March 2025

(in PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	3-month period ended 31 March 2025 *(unaudited)*	3-month period ended 31 March 2024 *(unaudited restated figures)*
Sales revenue	**12**	9 297	8 484
Recompensation	**13**	335	1 178
Cost of sales	**14**	(7 531)	(7 971)
Profit on sale		**2 101**	**1 691**
Selling and distribution expenses	**14**	(198)	(183)
Administrative expenses	**14**	(182)	(197)
Other operating income and expenses		30	5
Share in profit/(loss) of joint ventures	**22**	7	14
Operating profit		**1 758**	**1 330**
Interest expense on debt	**15**	(165)	(186)
Finance income and other finance costs	**15**	(144)	(70)
Profit before tax		**1 449**	**1 074**
Income tax expense	**16**	(318)	(266)
Net profit		**1 131**	**808**
Measurement of hedging instruments	**32.4**	(32)	(7)
Foreign exchange differences from translation of foreign entity		–	6
Income tax	**16**	6	1
Other comprehensive income to be reclassified in the financial result		**(26)**	**–**
Actuarial gains	**35**	4	4
Income tax	**16**	(1)	(1)
Other comprehensive income not to be reclassified in the financial result		**3**	**3**
Other comprehensive income, net of tax		**(23)**	**3**
Total comprehensive income		**1 108**	**811**
Net profit:			
Attributable to equity holders of the Parent		1 130	808
Attributable to non-controlling interests		1	–
Total comprehensive income:			
Attributable to equity holders of the Parent		1 107	811
Attributable to non-controlling interests		1	–
Profit per share basic and diluted (in PLN)		0.64	0.46

(in PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
ASSETS			
Non-current assets			
Property, plant and equipment	**17**	33 764	33 247
Right-of-use assets	**18**	2 499	2 495
Goodwill	**19**	26	26
Energy certificates and CO_2 emission allowances for surrender	**20.1**	5	38
Other intangible assets	**21**	745	768
Investments in joint ventures	**22**	197	190
Loans granted to joint ventures	**23**	491	479
Derivative instruments	**24**	93	90
Other financial assets	**25**	258	259
Other non-financial assets	**26.1**	632	333
Deferred tax assets	**27**	156	144
		38 866	**38 069**
Current assets			
Energy certificates and CO_2 emission allowances for surrender	**20.2**	1 352	360
Inventories	**28**	823	937
Receivables from buyers	**29**	4 297	4 089
Income tax receivables	**42**	149	130
Receivables arising from other taxes and charges	**30**	665	459
Derivative instruments	**24**	177	159
Other financial assets	**25**	360	743
Other non-financial assets	**26.2**	248	167
Cash and cash equivalents	**31**	1 730	596
Assets classified as held for sale		5	5
		9 806	**7 645**
TOTAL ASSETS		**48 672**	**45 714**

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

(in PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

	Note	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
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	2 438
Revaluation reserve from valuation of hedging instruments	**32.4**	113	139
Foreign exchange differences from translation of foreign entities		(3)	(3)
Retained earnings/(Accumulated losses)	**32.5**	7 509	6 376
		18 820	**17 713**
Non-controlling interests	32.6	**42**	**41**
Total equity		**18 862**	**17 754**
Non-current liabilities			
Debt	**34**	13 265	12 475
Provisions for employee benefits	**35**	716	701
Provisions for disassembly of fixed assets, land restoration	**36**	217	216
Accruals, deferred income and government grants	**39**	767	612
Deferred tax liabilities	**27**	1 374	1 592
Derivative instruments	**24**	151	64
Capital commitments	**41**	94	106
Other financial liabilities	**44**	36	40
Other non-financial liabilities	**45**	1	1
		16 621	**15 807**
Current liabilities			
Debt	**34**	2 039	2 140
Liabilities to suppliers	**40**	2 261	1 955
Capital commitments	**41**	515	592
Provisions for employee benefits	**35**	88	110
Provisions for liabilities due to energy certificates and CO_2 emission allowances	**37**	4 312	3 386
Other provisions	**38**	227	236
Accruals, deferred income and government grants	**39**	285	398
Income tax liabilities	**42**	473	23
Liabilities arising from other taxes and charges	**43**	1 005	977
Derivative instruments	**24**	368	375
Other financial liabilities	**44**	290	740
Other non-financial liabilities	**45**	1 326	1 221
		13 189	**12 153**
Total liabilities		**29 810**	**27 960**
TOTAL EQUITY AND LIABILITIES		**48 672**	**45 714**

(in PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

3-MONTH PERIOD ENDED 31 MARCH 2025 *(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 2025	**8 763**	**2 438**	**139**	**(3)**	**6 376**	**17 713**	**41**	**17 754**
Net profit	–	–	–	–	1 130	**1 130**	1	**1 131**
Other comprehensive income	–	–	(26)	–	3	**(23)**	–	**(23)**
Total comprehensive income	**–**	**–**	**(26)**	**–**	**1 133**	**1 107**	**1**	**1 108**
As at 31 March 2025 *(unaudited)*	**8 763**	**2 438**	**113**	**(3)**	**7 509**	**18 820**	**42**	**18 862**

3-MONTH PERIOD ENDED 31 MARCH 2024 *(restated figures 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**	**5 201**	**17 320**	**38**	**17 358**
Net profit	–	–	–	–	808	**808**	–	**808**
Other comprehensive income	–	–	(6)	6	3	**3**	–	**3**
Total comprehensive income	**–**	**–**	**(6)**	**6**	**811**	**811**	**–**	**811**
As at 31 March 2024 *(restated figures unaudited)*	**8 763**	**3 076**	**212**	**68**	**6 012**	**18 131**	**38**	**18 169**

(in PLN million)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	3-month period ended 31 March 2025 *(unaudited)*	3-month period ended 31 March 2024 *(restated figures unaudited)*
Cash flows from operating activities			
Profit before tax		**1 449**	**1 074**
Share in (profit)/loss of joint ventures		(7)	(14)
Depreciation and amortization		614	596
Impairment losses on non-financial non-current assets		–	3
Remeasurement of loans granted		(12)	(11)
Exchange differences		(60)	(42)
Interest and commissions		169	188
Valuation of derivatives		53	43
Other adjustments of profit before tax		4	4
Change in working capital	**46.1**	(287)	356
Income tax paid	**46.1**	(112)	(53)
Net cash from operating activities		**1 811**	**2 144**
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and right-of-use assets	**46.2**	(1 424)	(1 031)
Total payments		**(1 424)**	**(1 031)**
Proceeds from sale of property, plant and equipment and intangible assets		3	6
Total proceeds		**3**	**6**
Net cash used in investing activities		**(1 421)**	**(1 025)**
Cash flows from financing activities			
Repayment of loans and borrowings	**46.3**	(795)	(1 086)
Interest paid	**46.3**	(90)	(106)
Repayment of lease liabilities		(84)	(72)
Other payments		(8)	(1)
Total payments		**(977)**	**(1 265)**
Proceeds from contracted loans and borrowings	**46.3**	1 551	172
Proceeds due to interest refund		65	–
Subsidies received		6	5
Total proceeds		**1 622**	**177**
Net cash from financing activities		**645**	**(1 088)**
Net increase/(decrease) in cash and cash equivalents		**1 035**	**31**
Cash and cash equivalents at the beginning of the period	**31**	**557**	**1 048**
Cash and cash equivalents at the end of the period, of which:	**31**	**1 592**	**1 079**
restricted cash	**31**	504	246

(in PLN million)

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 Wholesale 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 a 3-month period ended 31 March 2025 and contain comparative figures for the 3-month period ended 31 March 2024 and as at 31 December 2024. The data included in these interim condensed consolidated financial statements for the period of 3 months ended 31 March 2025 and the comparative data for the period of 3 months ended 31 March 2024 have not been audited or reviewed by the statutory auditor. The comparative figures as at 31 December 2024 were subject to the audit by the statutory auditor.

These interim condensed consolidated financial statements were approved for publication by the Management Board on 20 May 2025.

Composition of the Management Board

As at 1 January 2025 and as at the date of approval of these interim condensed consolidated financial statements for publication, the Management Board consisted of:

- 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.

2. Composition of TAURON Group and joint ventures

As at 31 March 2025, 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's capital	Company holding direct shareholding in equity General Partner
GENERATION				
1	TAURON Wytwarzanie S.A.	Jaworzno	100.00%	TAURON Polska Energia S.A.
2	Bioeko Grupa TAURON Sp. z o.o.	Jaworzno	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.	Jaworzno	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.

(in PLN million)

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.	Katowice	100.00%	TAURON Polska Energia S.A.
10	TEC1 spółka z ograniczoną odpowiedzialnością Mogilno I sp.k.	Katowice	100.00%	TEC1 Sp. z o.o.
11	TEC1 spółka z ograniczoną odpowiedzialnością Mogilno II sp.k.	Katowice	100.00%	TEC1 Sp. z o.o.
12	TEC1 spółka z ograniczoną odpowiedzialnością Mogilno III sp.k.	Katowice	100.00%	TEC1 Sp. z o.o.
13	TEC1 spółka z ograniczoną odpowiedzialnością Mogilno IV sp.k.	Katowice	100.00%	TEC1 Sp. z o.o.
14	TEC1 spółka z ograniczoną odpowiedzialnością Mogilno V sp.k.	Katowice	100.00%	TEC1 Sp. z o.o.
15	TEC1 spółka z ograniczoną odpowiedzialnością Mogilno VI sp.k.	Katowice	100.00%	TEC1 Sp. z o.o.
16	TEC1 spółka z ograniczoną odpowiedzialnością EW Śniatowo sp.k.	Katowice	100.00%	TEC1 Sp. z o.o.
17	TEC1 spółka z ograniczoną odpowiedzialnością EW Dobrzyń sp.k.	Katowice	100.00%	TEC1 Sp. z o.o.
18	TEC1 spółka z ograniczoną odpowiedzialnością EW Gołdap sp.k.	Katowice	100.00%	TEC1 Sp. z o.o.
19	TEC1 spółka z ograniczoną odpowiedzialnością Ino 1 sp.k.	Katowice	100.00%	TEC1 Sp. z o.o.
20	WIND T2 Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
21	“MEGAWATT S.C.” Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
22	TAURON Inwestycje Sp. z o.o.[1]	Będzin	100.00%	TAURON Polska Energia S.A.
23	WIND T4 Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
24	WIND T30MW Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
25	FF Park PV 1 Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
26	Windpower Gamów Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
27	AE ENERGY 7 Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
28	TAURON Elektrownia Szczytowo - Pompowa Sp. z o.o.	Katowice	100.00%	TAURON Polska Energia S.A.
29	Finadvice Polska 1 Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
30	TAURON BME1 Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
31	TAURON BME4 Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
32	TAURON BME7 Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
33	TAURON BME8 Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
34	TAURON BME9 Sp. z o.o.	Katowice	100.00%	TAURON Zielona Energia Sp. z o.o.
DISTRIBUTION				
35	TAURON Dystrybucja S.A.	Kraków	99.77%	TAURON Polska Energia S.A.
36	TAURON Dystrybucja Pomiary Sp. z o.o.	Tarnów	99.77%	TAURON Dystrybucja S.A.
37	Usługi Grupa TAURON Sp. z o.o.	Tarnów	99.77%	TAURON Dystrybucja S.A.
SALES AND WHOLESALE				
38	TAURON Sprzedaż Sp. z o.o.	Kraków	100.00%	TAURON Polska Energia S.A.
39	TAURON Sprzedaż GZE Sp. z o.o.	Gliwice	100.00%	TAURON Polska Energia S.A.
40	TAURON Czech Energy s.r.o.	Ostrava, Czech Republic	100.00%	TAURON Polska Energia S.A.
41	Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o.	Warsaw	100.00%	TAURON Polska Energia S.A.
OTHER				
42	TAURON Obsługa Klienta Sp. z o.o.	Wrocław	100.00%	TAURON Polska Energia S.A.
43	Kopalnia Wapienia Czatkowice Sp. z o.o.	Krzeszowice	100.00%	TAURON Polska Energia S.A.
44	Finanse Grupa TAURON Sp. z o.o.	Katowice	100.00%	TAURON Polska Energia S.A.
45	TAURON Inwestycje Sp. z o.o.[1]	Będzin	100.00%	TAURON Polska Energia S.A.
46	TAURON Ubezpieczenia Sp. z o.o.	Katowice	100.00%	TAURON Polska Energia S.A.
47	TAURON Nowe Technologie S.A.	Wrocław	100.00%	TAURON Polska Energia S.A.

[1]The activities of TAURON Inwestycje Sp. z o.o. are classified 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). After the balance sheet date, on 1 April 2025, the spin-off of TAURON Inwestycje Sp. z o.o. was registered, through the separation of the organized part of the enterprise related to activities in conventional sources to TAURON Ciepło Sp. z o.o.

Cancellation of the merger of TAURON Zielona Energia Sp. z o.o. with limited partnerships

On 1 July 2024, the merger of TAURON Zielona Energia Sp. z o.o. (the acquiring company) with 10 limited partnerships (the acquired companies) was registered in the National Court Register. On 4 February 2025, the Regional Court in Katowice, in a verdict issued, declared invalidity of the resolution of the Extraordinary Meeting of Shareholders of TAURON Zielona Energia Sp. z o.o. on the merger of the acquiring company, TAURON Zielona Energia Sp. z o.o. with the acquired companies, registered on 1 July 2024 in the National Court Register, and burdened, in the opinion of the Company and the entities participating in the merger, with an error in the share exchange ratio.

The above judgment was the basis for the deletion by the District Court Katowice Wschód, 8th Commercial Division of the National Court Register, on 21 March 2025, of the entry of 1 July 2024 in the National Court Register concerning the merger of TAURON Zielona Energia Sp. z o.o. with the acquired companies with retroactive effect (ex tunc), as performed on the basis of an invalid legal action.

As at 31 March 2025, 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 2024.

As at 31 March 2025, 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. [1]	Ostrava, Czech Republic	50.00%	TAMEH HOLDING Sp. z o.o.

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

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 2024.

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 day. 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 day.

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 statements 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.

Interim condensed consolidated financial statements for the 3-month period ended 31 March 2025 compliant with the IFRS approved by the EU (in PLN million)

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
Sales revenues	Note 12	TAURON Group makes revenue estimates, in particular with regard to revenue from the sale of electricity, gaseous fuel, thermal energy and distribution services. The Group companies operating in the *Sales and Wholesale* 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 Property, plant and equipment. Where relevant indications exist, the Group is required to perform impairment tests of tangible fixed assets. 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. As at the balance sheet date, an analysis was carried out of the changes that occurred in Q1 2025 relative to Q4 2024 in the scope of prices of electricity, raw materials and CO_2 emission allowances, as well as the current market situation and their impact on the assumptions and long-term forecasts included in the impairment tests as at 31 December 2024. After performing the analyses to take into account the above market and regulatory developments, it was concluded that they were consistent with the pricing assumptions calculated in Q4 2024 and therefore do not affect the need to change the long-term projections relative to the information available at 31 December 2024. Therefore, it has been recognised that the results of the most recent impairment tests on non-financial non-current assets carried out as at 31 December 2024 are valid. The Group reviews, at least at the end of each financial year, the useful lives of property, plant and equipment.
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 to use the assets are subject to impairment test estimates on a similar basis to property, plant and equipment.

(in PLN million)

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 491 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.
Financial derivatives	Note 24	The Group measures financial derivatives 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 27	The Group assesses the enforceability of deferred tax assets at each balance sheet date. As at 31 March 2025, the Group has not recognised a deferred tax asset of PLN 1 220 million as a result of conducted feasibility assessment.
Inventories	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 18 million.
Receivables from buyers	Note 29	As at each balance sheet day, the Group estimates impairment losses on receivables from customers 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 a factor reflecting the current macroeconomic situation) 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 31 March 2025, the Group estimated expected credit losses on receivables from buyers in the amount of PLN 258 million.
Debt liabilities	Note 34 Note 39	When measuring liabilities at amortised 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 31 March 2025, the Company holds a liability due to hybrid bonds subscribed by the European Investment Bank with a nominal value of PLN 750 million and by Bank Gospodarstwa Krajowego with a nominal value of PLN 400 million, classified as non-current, in respect of which the scheduled redemption date falls within 12 months of the balance sheet date, i.e. December 2025 and March 2026. 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. The Company is a party to the loan agreement from the funds of the National Recovery and Resilience Plan in the amount of PLN 11 000 million concluded with Bank Gospodarstwa Krajowego. The funds from the loan agreement will be used exclusively to finance eligible expenditure incurred by the subsidiary, TAURON Dystrybucja S.A. for the development and adaptation of the electricity grid to the needs of energy transition and climate change. The funds made available under the agreement bear interest at a fixed rate of 0.5% per annum and the loan is scheduled to be repaid in semi-annual instalments in the years 2034-2049. In the 3-month period ended 31 March 2025, the Company drew down the first tranche of the loan in the total amount of PLN 238 million. In the Company's opinion, a loan with the interest rate below market rates is preferential. Accordingly, the Company estimated the fair value of the tranche of the loan received in the amount of PLN 79 million at the initial moment and, in accordance with IAS 20 *Government Grants and Disclosure of Government Assistance* recognised the estimated benefit of the interest rate below market rates in the amount of PLN 159 million, representing the difference between the cash received and the initial carrying amount of the loan, as a subsidy to assets, which is presented in deferred income. The valuation of the loan at inception was performed as the present value of future cash flows taking into account the contractual terms discounted using the interest rate that the Company believes reflects market conditions as at the date of raising the financing.

(in PLN million)

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 7 million. The discount rate applied to the valuation of long-term provisions, estimated as at the balance sheet date, was 5.8% and was compliant with the rate adopted for measurements as at 31 December 2024.

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 2024, as further described in note 10 to the consolidated financial statements for the year ended 31 December 2024.

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 31 March 2025.

- **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 IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments - Disclosures - changes to the classification and measurement of financial instruments*	1 January 2026
Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments - Disclosures - changes related to agreements for energy from renewable sources*	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 IFRS 14 Regulatory Deferral Accounts.*

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

(in PLN million)

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 approval 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.

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. IFRS 19 *Subsidiaries without Public Accountability: Disclosures* has no impact on the Group's interim condensed consolidated financial statements. As at the date of approval of these interim condensed consolidated financial statements for publication, the Company is continuing its work on assessing the impact of IFRS 18 *Presentation and Disclosure in Financial Statements* on the Group's accounting policy.

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 2024, except for the application of the amendments to the standard, as described below.

Standard	Description of the amendments to the standards and their impact on the Group's accounting policy	Date of entry into force in the EU *(annual periods starting on or after that date)*
Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates: No possibility of Currency Exchange*	The amendments to IAS 21 specify when a currency is convertible into another currency and, if a currency is not convertible, how the entity determines the exchange rate to be used and the information to be disclosed by the entity when a currency is not convertible. As at the balance sheet date, the Company does not identify any impact of the amendments to IAS 21 on the Group’s accounting policy applied.	1 January 2025

Restatement of comparative data due to change the method of performing settlements due to the sale/purchase of electricity to cover the balance difference

In December 2024, as a result of conducted analyses, the Group changed and adjusted the settlement method of the sale and purchase of electricity to cover the balance difference (i.e. the difference between the electricity injected into the grid and released from the grid by Group companies).

The change and the adjustment related to the settlements made between Group companies of the *Sales and Wholesale* and *Distribution* segments, as well as to the re-estimation of revenues from electricity sales to entities outside TAURON Group reported in the *Sales and Wholesale* segment, consequently affecting the Group's financial results and the results of the *Sales and Wholesale* and *Distribution* segments. The previous re-estimates were replaced by invoices issued between the companies in the *Sales and Wholesale* and *Distribution* segments taking into account the volume of electricity that was taken by TAURON Group’s customers and not invoiced to them.

In the Group's opinion, the revised approach allows for more accurate reflecting of the Group's revenue and profit levels (particularly in the *Distribution* segment) in individual reporting periods, eliminating significant fluctuations between periods resulting mainly from changes in electricity market prices. The change has no impact on the TAURON Group's cash flows related to the purchase and sales of electricity.

(in PLN million)

In order to present the effects of the implemented change fully and completely, the Group applied a retrospective approach to the presentation of the effects of the revised approach, using the assumption as if the revised approach had been applied in previous years. Accordingly, the Group has restated the comparative data for the 3-month period ended 31 March 2024.

	3-month period ended 31 March 2024 *(unaudited approved figures)*	Change of energy settlement method to cover the balance difference	3-month period ended 31 March 2024 *(unaudited restated figures)*
Sales revenue	8 142	342	8 484
Profit on sale	**1 349**	**342**	**1 691**
Operating profit	**988**	**342**	**1 330**
Profit before tax	**732**	**342**	**1 074**
Income tax	(201)	(65)	(266)
Net profit	**531**	**277**	**808**

9. Impact of significant amendments to legal regulations

In 2022-2024, regulations came into force to cap electricity prices and protect electricity consumers against price increases, which significantly affected the TAURON Group's operations also in the 3-month period ended 31 March 2025.

Act of law	Key assumptions of the acts of law applicable in 2024	Key assumptions of the acts of law in force in Q1 2025
***Act of 7 October 2022 on special solutions for the protection of electricity consumers in 2023 and 2024 in connection with the electricity market situation* (the "Act on Consumer Protection")**	• The solutions of *the Act on Consumer Protection* in the scope of the electricity price freeze for households at a level of 2022 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 arrangements for the system of recompensations for energy companies for the application of frozen electricity prices (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 ERO President and the frozen electricity prices) have been extended until 30 June 2024. Recompensations for energy companies due to 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. • Introduction of an obligation to change the tariff approved by the ERO from the second half of 2024, until the end of 2025 (reduction of the rates to an average level of PLN 623/MWh).	• Lack of regulations related to the use of a frozen price and obtaining compensation for its use • Introduction of an obligation, from the second half of 2025, to change the tariff approved by the ERO. After the balance sheet date, on 30 April 2025, an amendment to the *Act on Consumer Protection* came into force, according to which the obligation to change the tariff was postponed to 1 October 2025.
***The Act of 27 October 2022 on extraordinary measures to limit the level of electricity prices and support certain consumers in the years 2023-2025* (the "Act on Extraordinary Measures")**	• The solutions of the *Act on Extraordinary Measures* regarding the application of a fixed price of PLN 693/MWh have been extended until 31 December 2024 for small and medium-sized enterprises, local government units and special entities. • The solutions of the *Act on Extraordinary Measures* regarding the application of a fixed price of PLN 693/MWh have been extended until 30 June 2024 and PLN 500/MWh until 31 December 2024 for individual customers. • Cancellation of consumption limits for individual customers in the second half of 2024. • The 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 31 December 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.	• The solutions of *the Act on Extraordinary Measures* regarding the application of a fixed price of PLN 693/MWh have been extended until 31 March 2025 only for local government units and special entities. • The solutions of the *Act on Extraordinary Measures* regarding the application of a fixed price of PLN 500/MWh have been extended until 30 September 2025 for individual customers. • Maintaining the cancellation of consumption limits for individual customers. • The extension of a system of recompensations (calculated depending on the type of customer) paid on a monthly basis, the payment of which is the responsibility of the Settlement Administrator [Zarządca Rozliczeń S.A.] until 31 March 2025 (for local government units and special entities) and until 30 September 2025 (for individual customers).

(in PLN million)

Impact of selected acts of law on the interim condensed consolidated financial statements for the 3-month period ended 31 March 2025 *(unaudited)*	Note
Revenue from contracts with customers In accordance with the regulations of the *Act on Extraordinary Measures*, in the 3-month period ended 31 March 2025 the companies of the *Sales and Wholesale* segment applied prices for the sale of electricity that do not exceed the maximum prices set out in the aforementioned Act to the groups of customers indicated in the aforementioned Act.	12
Revenue due to recompensations The companies of the *Sales and Wholesale* segment recognised recompensations related to electricity supply in the amount of PLN 307 million in the 3-month period ended 31 March 2025. As part of the above compensations, the companies received the amount of PLN 112 million by the balance sheet date.	13
Recompensation receivables As at 31 March 2025, the Group had recompensation receivables due to the *Act on Consumer Protection* and the *Act on Extraordinary Measures* concerning the sale of electricity in 2024 and in Q1 2025 in the total amount of PLN 255 million, presented in the statement of financial position under *Other financial assets*.	25
Advance payments for recompensations In the 3-month period ended 31 March 2025, the companies in the *Sales* and *Wholesale* segment settled recompensation advances in the amount of PLN 215 million received in the previous years and partially refunded recompensation advances received in the amount of PLN 311 million to the Settlement Administrator [Zarządca Rozliczeń S.A.].	39.1 44
Costs of contributions to the Price Difference Payment Fund In the 3-month period ended 31 March 2025 and in comparative period, the Group companies were not required to apply write-downs for the Price Difference Payment Fund. As a result of the adjustments made, the Group has receivables for write-offs to the Price Difference Payment Fund in the amount of PLN 35 million, recognised in other short-term non-financial assets.	45 26.2

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 customers 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, amortisation 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. TAURON Inwestycje Sp. z o.o.[1] TAMEH HOLDING Sp. z o.o.[2] TAMEH POLSKA Sp. z o.o.[2] TAMEH Czech s.r.o.[2] Elektrociepłownia Stalowa Wola S.A.[2]
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.[3] TEC1 spółka z ograniczoną odpowiedzialnością Mogilno I sp.k.[3] TEC1 spółka z ograniczoną odpowiedzialnością Mogilno II sp.k.[3] TEC1 spółka z ograniczoną odpowiedzialnością Mogilno III sp.k.[3] TEC1 spółka z ograniczoną odpowiedzialnością Mogilno IV sp.k.[3] TEC1 spółka z ograniczoną odpowiedzialnością Mogilno V sp.k.[3] TEC1 spółka z ograniczoną odpowiedzialnością Mogilno VI sp.k.[3] TEC1 spółka z ograniczoną odpowiedzialnością EW Śniatowo sp.k.[3] TEC1 spółka z ograniczoną odpowiedzialnością EW Dobrzyń sp.k.[3] TEC1 spółka z ograniczoną odpowiedzialnością EW Gołdap sp.k.[3] TEC1 spółka z ograniczoną odpowiedzialnością Ino 1 sp.k.[3] 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. [1] TAURON BME1 Sp. z o.o. TAURON BME4 Sp. z o.o. TAURON BME7 Sp. z o.o. TAURON BME8 Sp. z o.o. TAURON BME9 Sp. z o.o.

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

(in PLN million)

Distribution 	*Electricity distribution*	TAURON Dystrybucja S.A. TAURON Dystrybucja Pomiary Sp. z o.o. Usługi Grupa TAURON Sp. z o.o.
Sales and Wholesale 	*Wholesale of electricity as well as trading in emission allowances and CO_2 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. Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o.

[1] 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.
[2] Companies accounted for using the equity method.
[3] On 1 July 2024, the merger of TAURON Zielona Energia sp. z o.o. (the acquiring company) with 10 limited partnerships (the acquired companies) was registered in the National Court Register. On 4 February 2025, the Regional Court in Katowice, in a verdict issued, declared the resolution of the Extraordinary Meeting of Shareholders of TAURON Zielona Energia Sp. z o.o. on the merger of the acquiring company with the acquired companies null and void. On 21 March 2025, the District Court for Katowice Wschód, 8th Commercial Division of the National Court Register, deleted the entry of 1 July 2024 concerning the merger of TAURON Zielona Energia Sp. z o.o. with the acquired companies with ex tunc retroactively from the National Court Register.

In addition to 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 desulphurization installations and fluidized 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., TAURON Nowe Technologie S.A. 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's activities.

Change in the allocation of companies to operating segments

Beginning with the interim condensed consolidated financial statements for the 3-month period ended 31 March 2025, the allocation of the activities of TAURON Nowe Technologie S.A. in terms of operating segments has changed. Prior to the change, the company's activities were presented within the *Sales* operating segment. Following the change, the company's activities are reported under other activities. The above change is related to the modifications which took place in the Group to way of review and evaluate the Group's performance for management purposes. In addition, in order to emphasise that the *Sales* segment also presents wholesale electricity trading activities, the name of the segment has been changed to: *Sales and Wholesale.*

The comparative data for the 3-month period ended 31 March 2024 and as at 31 December 2024, were restated accordingly. The restatement of the figures for the 3-month period ended 31 March 2024 also includes changes to the Group's operating segments implemented in 2024, as further described in note 12 to the consolidated financial statements TAURON Polska Energia S.A. Capital Group for the period of the year ended 31 December 2024.

(in PLN million)

3-month period ended 31 March 2025 or as at 31 March 2025 *(unaudited)*

	Operating segments					Other	Unallocated items / Eliminations	Total
	Generation	Heat	Renewable Energy Sources	Distribution	Sales and Wholesale			
Revenue								
Sales to external customers	1 000	619	8	1 722	5 839	109	–	**9 297**
Inter-segment sales	1 220	194	287	1 491	802	260	(4 254)	**–**
Total segment revenue	**2 220**	**813**	**295**	**3 213**	**6 641**	**369**	**(4 254)**	**9 297**
Recompensation	**–**	**28**	**–**	**–**	**307**	**–**	**–**	**335**
EBIT, of which:	**242**	**90**	**122**	**859**	**447**	**38**	**(40)**	**1 758**
Share in profit/(loss) of joint ventures	–	*7*	–	–	–	–	**–**	**7**
Depreciation/amortization	**(101)**	**(33)**	**(58)**	**(367)**	**(1)**	**(64)**	**3**	**(621)**
Impairment	**48**	**–**	**–**	**–**	**–**	**–**	**–**	**48**
EBITDA	**295**	**123**	**180**	**1 226**	**448**	**102**	**(43)**	**2 331**
EBIT								**1 758**
Finance income (costs)							(309)	**(309)**
Profit/(loss) before income tax								**1 449**
Income tax expense							(318)	**(318)**
Net profit/(loss) for the period								**1 131**
Assets and liabilities								
Segment assets, of which:	4 553	2 703	5 692	26 513	6 138	1 889	–	**47 488**
Investments in joint ventures	–	*197*	–	–	–	–	–	***197***
Unallocated assets							1 184	**1 184**
Total assets								**48 672**
Segment liabilities	4 202	938	338	3 101	2 805	723	–	**12 107**
Unallocated liabilities							17 703	**17 703**
Total liabilities								**29 810**
Other segment information								
Capital expenditure *	23	23	191	768	1	66	–	**1 072**

** 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 31 March 2024 *(restated unaudited data)* or as at 31 December 2024 *(restated data)*

	Operating segments					Other	Unallocated items / Eliminations	Total
	Generation	Heat	Renewable Energy Sources	Distribution	Sales and Wholesale			
Revenue								
Sales to external customers	665	558	13	1 570	5 576	102	–	**8 484**
Inter-segment sales	1 503	252	279	1 268	1 226	270	(4 798)	**–**
Total segment revenue	**2 168**	**810**	**292**	**2 838**	**6 802**	**372**	**(4 798)**	**8 484**
Recompensation	**–**	**47**	**–**	**274**	**857**	**–**	**–**	**1 178**
EBIT, of which:	**102**	**103**	**182**	**674**	**272**	**43**	**(46)**	**1 330**
Share in profit/(loss) of joint ventures	–	*14*	–	–	–	–	**–**	***14***
Depreciation/amortization	**(112)**	**(29)**	**(47)**	**(341)**	**(1)**	**(70)**	**1**	**(599)**
Impairment	**49**	**(3)**	**–**	**–**	**–**	**–**	**–**	**46**
EBITDA	**165**	**135**	**229**	**1 015**	**273**	**113**	**(47)**	**1 883**
EBIT								**1 330**
Finance income (costs)							(256)	**(256)**
Profit/(loss) before income tax								**1 074**
Income tax expense							(266)	**(266)**
Net profit/(loss) for the period								**808**
Assets and liabilities								
Segment assets, of which:	4 305	2 768	5 192	25 961	4 445	1 897	–	**44 568**
Investments in joint ventures	–	*190*	–	–	–	–	–	***190***
Unallocated assets							1 146	**1 146**
Total assets								**45 714**
Segment liabilities	4 066	806	359	2 948	1 977	752	–	**10 908**
Unallocated liabilities							17 052	**17 052**
Total liabilities								**27 960**
Other segment information								
Capital expenditure *	25	20	99	657	1	45	–	**847**

** 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)

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

12. Sales revenue

	3-month period ended 31 March 2025 *(unaudited)*	3-month period ended 31 March 2024 *(unaudited restated figures)*
Sale of goods for resale, finished goods and materials before elimination of excise, of which:	**5 823**	**5 488**
Excise	(26)	(29)
Sale of goods for resale, finished goods and materials	**5 797**	**5 459**
Electricity	4 876	4 480
Heat energy	517	465
Gas	308	374
CO_2 emission allowances	–	48
Energy certificates and similar	10	21
Other goods for resale, finished goods and materials	86	71
Rendering of services	**3 479**	**3 005**
Distribution and trade services	3 111	2 653
Capacity Market	225	210
Maintenance of road lighting	43	40
Connection fees	28	37
Other services	72	65
Other revenue	**21**	**20**
Total revenue	**9 297**	**8 484**

In the 3-month period ended 31 March 2025, sales revenues increased in relation to the analogical period of previous year and the main changes were related to sales revenues from electricity generation and distribution and trade services. Increase of sales from electricity generation was mainly due to higher sales volumes on balancing market made by the company from Generation segment. In addition, in Q1 2025, the TAURON Group generated revenues from balancing capacity in the amount higher than the revenues from regulatory system services gained in Q1 2024. The increase in revenue from electricity sales was partially limited by a decline in retail revenue. In turn, the increase in revenues from the sale of distribution and trade services is mainly due to the increase in the distribution and transmission service rate.

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

3-month period ended 31 March 2025 *(unaudited)*

	Generation	Heat	Renewable Energy Sources	Distribution	Sales and Wholesale	Other	Total
Sale of goods for resale, finished goods and materials	**823**	**474**	**5**	**1**	**4 456**	**38**	**5 797**
Electricity	765	–	–	–	4 111	–	**4 876**
Heat energy	43	473	–	–	–	1	**517**
Gas	–	–	–	–	308	–	**308**
Energy certificates and similar	–	1	5	–	4	–	**10**
Other goods for resale, finished goods and materials	15	–	–	1	33	37	**86**
Rendering of services	**175**	**142**	**2**	**1 711**	**1 383**	**66**	**3 479**
Distribution and trade services	–	130	–	1 656	1 325	–	**3 111**
Capacity Market	156	11	2	–	56	–	**225**
Maintenance of road lighting	–	–	–	–	–	43	**43**
Connection fees	–	–	–	28	–	–	**28**
Other services	19	1	–	27	2	23	**72**
Other revenue	**2**	**3**	**1**	**10**	**–**	**5**	**21**
Total sales revenue	**1 000**	**619**	**8**	**1 722**	**5 839**	**109**	**9 297**

(in PLN million)

3-month period ended 31 March 2024 *(restated unaudited data)*

	Generation	Heat	Renewable Energy Sources	Distribution	Sales and Wholesale	Other	Total
Sale of goods for resale, finished goods and materials	**500**	**425**	**13**	**1**	**4 486**	**34**	**5 459**
Electricity	448	–	–	–	4 032	–	**4 480**
Heat energy	43	422	–	–	–	–	**465**
Gas	–	–	–	–	374	–	**374**
CO_2 emission allowances	–	–	–	–	48	–	**48**
Energy certificates and similar	–	3	13	–	5	–	**21**
Other goods for resale, finished goods and materials	9	–	–	1	27	34	**71**
Rendering of services	**162**	**131**	**–**	**1 559**	**1 090**	**63**	**3 005**
Distribution and trade services	–	119	–	1 498	1 036	–	**2 653**
Capacity Market	150	10	–	–	50	–	**210**
Maintenance of road lighting	–	–	–	–	–	40	**40**
Connection fees	–	–	–	37	–	–	**37**
Other services	12	2	–	24	4	23	**65**
Other revenue	**3**	**2**	**–**	**10**	**–**	**5**	**20**
Total sales revenue	**665**	**558**	**13**	**1 570**	**5 576**	**102**	**8 484**

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

	3-month period ended 31 March 2025 *(unaudited)*	3-month period ended 31 March 2024 *(unaudited restated figures)*
Revenue from sales of electricity	**4 876**	**4 480**
Retail sale	**3 504**	**3 617**
Business clients	1 723	1 775
Mass clients - Group G	1 370	1 418
Mass clients - SME	408	420
Other	28	32
Excise duty	(25)	(28)
Wholesale	**1 155**	**717**
Other	**217**	**146**

13. Recompensations

	3-month period ended 31 March 2025 *(unaudited)*	3-month period ended 31 March 2024 *(unaudited)*
Recompensation electricity	307	844
Recompensation distribution services of electricity	–	274
Recompensation gas	–	13
Recompensation heat energy and distribution services of heat energy	28	47
Total	**335**	**1 178**

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

The main reason for the reduction in recompensations in the 3-month period ended 31 March 2025 in relation to the comparative period was a change in the rules for billing customers and obtaining recompensation. In 2025 all customers are billed at a maximum price of PLN 500/MWh. The lower price level in the tariffs approved by the ERO President for 2025, compared to those in force in Q1 2024, has translated into a decrease in the difference between the energy price resulting from the tariff and the frozen and maximum electricity prices included in the calculation of household recompensation.

In addition, in Q1 2025, except individual customers, the entities authorised to the maximum price include only local authorities and special entities. In 2024, small and medium-sized enterprises were additionally eligible for maximum price billing. The restriction of the scope of eligible recipients resulted in a significant decrease in recompensation regarding these customers.

(in PLN million)

14. Costs by type

	3-month period ended 31 March 2025 *(unaudited)*	3-month period ended 31 March 2024 *(unaudited)*
Depreciation and amortization	(621)	(599)
Write-downs on non-financial fixed assets	–	(3)
Materials and energy	(829)	(1 078)
Maintenance and repair services	(57)	(50)
Distribution services	(882)	(841)
Other external services	(249)	(233)
Cost of obligation to remit the CO_2 emission allowances	(872)	(835)
Other taxes and charges	(229)	(212)
Employee benefits expense	(879)	(846)
Allowance for trade receivables	(18)	(12)
Allowance for inventories	48	49
Other	(34)	(32)
Total costs by type	**(4 622)**	**(4 692)**
Change in inventories, prepayments, accruals and deferred income	–	(1)
Cost of goods produced for internal purposes	197	179
Selling expenses	198	183
Administrative expenses	182	197
Cost of goods for resale and materials sold	(3 486)	(3 837)
Cost of sales	**(7 531)**	**(7 971)**

In the 3-month period ended 31 March 2025, there was a decrease in the cost of goods, products, materials and services sold compared to the corresponding period, which was mainly due to lower electricity purchase costs incurred as a consequence of a decrease in prices and lower gas purchase costs as a result of lower prices and lower volumes. Moreover, a decrease was recorded in the cost of coal fuel used in the production process, which was mainly due to a reduction in the unit cost of its consumption as a consequence of the y/y decrease in market prices of energy commodities.

At the same time, in the 3-month period ended 31 March 2025, the following costs increased compared to the corresponding period:

- amortisation and depreciation, mainly as a result of the increase in the value of the TAURON Group's assets;
- employee benefits, which is the result of recognising the effects of signed wage agreements and the increase in the minimum wage in 2025;
- the cost of the obligation to redeem CO_2 emission allowances due to the higher volume of electricity and heat production.

15. Financial revenues and costs

	3-month period ended 31 March 2025 *(unaudited)*	3-month period ended 31 March 2024 *(unaudited)*
Income and costs from financial instruments	**(296)**	**(246)**
Interest costs	(165)	(186)
Gain/loss on derivative instruments	(215)	(137)
Exchange differences	60	44
Commission relating to borrowings and debt securities	(6)	(5)
Remeasurement of loans granted	12	11
Interest income	18	28
Other	–	(1)
Other finance income and costs	**(13)**	**(10)**
Interest on employee benefits	(10)	(9)
Interest on discount of other provisions	(3)	(3)
Other finance income	5	7
Other finance costs	(5)	(5)
Total, including recognized in the statement of comprehensive income:	**(309)**	**(256)**
Interest expense on debt	(165)	(186)
Finance income and other finance costs	(144)	(70)

(in PLN million)

The loss on derivatives in the 3-month period ended 31 March 2025 is mainly related to the appreciation of the Polish zloty against euro and relates to currency derivatives, mainly hedging the exchange rate risk associated with the purchase 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

	3-month period ended 31 March 2025 *(unaudited)*	3-month period ended 31 March 2024 *(unaudited restated figures)*
Current income tax	**(543)**	**(98)**
Current income tax expense	(543)	(115)
Adjustments to current income tax from previous years	–	17
Deferred income tax	**225**	**(168)**
Income tax expense in profit/(loss)	**(318)**	**(266)**
Income tax expense relating to other comprehensive income, including:	**5**	**–**
reclassified to profit or loss	6	1
not reclassified to profit or loss	(1)	(1)

The increase in the current income tax expense is mainly related to the achievement of a higher tax result in the *Sales and Wholesale* segment companies in the three-month period ended 31 March 2025 compared to the comparable period.

In the 3-month period ended 31 March 2025 and in the comparable period the Company and selected subsidiaries accounted for income tax within the Tax Capital Group ("TCG") registered on 28 December 2022 for 2023-2025 by the Head of the First Tax Office for the Mazowieckie Province in Warsaw. Main companies forming the TCG as of 1 January 2023 include: TAURON Polska Energia S.A., TAURON Dystrybucja S.A., TAURON Sprzedaż Sp. z o.o., TAURON Sprzedaż GZE Sp. z o.o., TAURON Obsługa Klienta Sp. z o.o., TAURON Ekoenergia Sp. z o.o., TAURON Ciepło Sp. z o.o., TAURON Zielona Energia Sp. z o.o., TAURON Nowe Technologie S.A. and Kopalnia Wapienia Czatkowice Sp. z o.o. TAURON Wytwarzanie S.A. is not part of the TCG.

On 27 December 2024, the Company, as the parent company of the TCG, received a decision of the Head of the First Masovian Tax Office in Warsaw stating that the decision to register the agreement on the establishment of the TCG had expired as of 1 July 2024 due to recognition by the tax authority that there was a breach of the condition that the Company should hold at least 75% of the shares in the share capital of TAURON Zielona Energia Sp. z o.o. On 11 February 2025, as a result of effective appeal, the Company received a decision from the Director of the Regional Revenue Administration in Warsaw to revoke in its entirety the decision of the Head of the First Tax Office for the Mazowieckie Province concerning the expiry of the decision on the registration of the agreement on the establishment of the TCG on 1 July 2024 and referring the case for reconsideration by this authority. On 24 March 2025, the Head of the First Tax Office for the Mazowieckie Province in Warsaw issued the decision to discontinue the tax proceedings regarding the expiry of the decision to register the agreement on the establishment of the TAURON Tax Capital Group. The receipt of the decision confirmed the maintenance of TCG status.

In the 3-month period ended 31 March 2025, the Company and the other TCG companies made tax settlements consistently calculating advance payments in a manner appropriate for the TCG. The final decisions of the tax authorities confirmed the legitimacy of this way of settlements and did not give rise to tax arrears.

(in PLN million)

EXPLANATORY NOTE TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

17. Property, plant and equipment

3-month period ended 31 March 2025 *(unaudited)*

	Land	Buildings, premises and civil engineering structures	Plant and machinery	Other	Assets under construction	Property, plant and equipment, total
COST						
Opening balance	**160**	**36 120**	**27 800**	**1 025**	**2 517**	**67 622**
Direct purchase	–	–	–	1	1 005	**1 006**
Borrowing costs	–	–	–	–	15	**15**
Transfer of assets under construction	1	500	323	15	(839)	**–**
Sale	–	–	(67)	(4)	–	**(71)**
Liquidation	–	(10)	(74)	(2)	–	**(86)**
Received free of charge	–	15	–	–	–	**15**
Overhaul expenses	–	–	–	–	14	**14**
Items generated internally	–	–	–	–	7	**7**
Other movements	–	–	4	(2)	(15)	**(13)**
Closing balance	**161**	**36 625**	**27 986**	**1 033**	**2 704**	**68 509**
ACCUMULATED DEPRECIATION						
Opening balance	**–**	**(16 200)**	**(17 369)**	**(756)**	**(50)**	**(34 375)**
Depreciation for the period	–	(265)	(261)	(14)	–	**(540)**
Sale	–	–	66	3	–	**69**
Liquidation	–	9	74	2	–	**85**
Other movements	–	–	1	–	15	**16**
Closing balance	**–**	**(16 456)**	**(17 489)**	**(765)**	**(35)**	**(34 745)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**160**	**19 920**	**10 431**	**269**	**2 467**	**33 247**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**161**	**20 169**	**10 497**	**268**	**2 669**	**33 764**
of which operating segments:						
Generation	**38**	**929**	**1 834**	**19**	**24**	**2 844**
Heat	**6**	**884**	**635**	**19**	**234**	**1 778**
Renewable Energy Sources	**10**	**1 426**	**1 874**	**3**	**777**	**4 090**
Distribution	**92**	**16 025**	**5 944**	**191**	**1 581**	**23 833**
Other segments	**15**	**905**	**210**	**36**	**53**	**1 219**

3-month period ended 31 March 2024 *(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	**153**	**33 430**	**26 007**	**971**	**2 466**	**63 027**
Direct purchase	-	-	-	1	791	**792**
Borrowing costs	-	-	-	-	20	**20**
Transfer of assets under construction	-	424	300	11	(735)	**-**
Sale	-	-	(18)	(3)	(1)	**(22)**
Liquidation	-	(11)	(21)	(3)	-	**(35)**
Received free of charge	-	11	-	-	-	**11**
Overhaul expenses	-	-	-	-	5	**5**
Items generated internally	-	-	-	-	11	**11**
Other movements	-	1	3	-	-	**4**
Closing balance	**153**	**33 855**	**26 271**	**977**	**2 557**	**63 813**
ACCUMULATED DEPRECIATION						
Opening balance	**-**	**(14 717)**	**(15 665)**	**(724)**	**(49)**	**(31 155)**
Depreciation for the period	-	(256)	(247)	(13)	-	**(516)**
Impairment	-	-	-	-	(3)	**(3)**
Sale	-	-	18	3	-	**21**
Liquidation	-	10	20	3	-	**33**
Closing balance	**-**	**(14 963)**	**(15 874)**	**(731)**	**(52)**	**(31 620)**
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	**153**	**18 892**	**10 397**	**246**	**2 505**	**32 193**
of which operating segments:						
Generation	**38**	**1 505**	**2 848**	**20**	**109**	**4 520**
Heat	**6**	**844**	**641**	**16**	**267**	**1 774**
Renewable Energy Sources	**1**	**891**	**1 232**	**2**	**649**	**2 775**
Distribution	**90**	**14 770**	**5 442**	**171**	**1 454**	**21 927**
Other segments	**18**	**882**	**234**	**37**	**26**	**1 197**

(in PLN million)

In the 3-month period ended 31 March 2025, the Group purchased property, plant and equipment (including capitalised borrowing costs) in the amount of PLN 1 021 million. The major purchases were performed in connection with investment in the following operating segments:

Operating segment	3-month period ended 31 March 2025 *(unaudited)*	3-month period ended 31 March 2024 *(unaudited restated data)*
Distribution	758	652
Renewable Energy Sources	187	96
Heat	18	15
Generation	11	17

Impairment tests

As at the balance sheet date, an analysis was carried out of the changes that occurred in Q1 2025 relative to Q4 2024 in the scope of prices of electricity, raw materials and CO_2 emission allowances, as well as the current market situation and their impact on the assumptions and long-term forecasts included in the impairment tests as at 31 December 2024.

The analysis conducted indicated that market risk remained high and electricity prices fluctuated slightly against the backdrop of changes in raw material prices in the 3-month period ended 31 March 2025 compared to the average prices of the above-mentioned products in Q4 2024, in particular:

- the volume-weighted average price of the reference annual gas contract GAS_BASE_Y-26 listed on TGE S.A. was slightly higher (up 1.5%). The main factors that had a significant impact on the European gas market included the planned suspension of Russian gas supplies via Ukraine from the beginning of 2025 and reports of considered changes in the regulation on minimum storage levels in the EU, reducing the required storage level from 90% to approx. 80% as of 1 November each year;
- the average price of coal in ARA ports for the annual rollover contract was lower (down 10.8%). The main reasons included a marked decline in the amount of coal consumed in Germany in March, the absence of significant escalations in armed conflicts and an oversupply of raw material in key Asian markets. In addition, the stable level of coal stocks at ARA ports, above 3.5 million tones, had a downward effect on prices;
- the price of CO_2 emission allowances was higher (up 13.3%), which resulted in part from short-term weather conditions that were conducive to the increased use of conventional sources, mainly in January and February, and continued high activity of hedge funds;
- the average electricity price on the forward market in Poland for the BASE_Y-26 product was lower (down 1.0%). This change was in line with the decline in the price of steam coal in Poland, despite the increase in the price of CO_2 emission allowances as the main component of variable costs in coal-fired power plants.

After conducting the analyses to take into account the above market and regulatory developments, it was concluded that they were consistent with the pricing assumptions calculated in Q4 2024 and therefore do not affect the need to change the long-term projections relative to the information available as at 31 December 2024.

Therefore, it has been recognised that the results of the most recent impairment tests on non-financial fixed assets carried out as at 31 December 2024 are valid.

(in PLN million)

18. Right-of-use assets

3-month period ended 31 March 2025 *(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	**1 433**	**1 142**	**316**	**22**	**13**	**227**	**8**	**3 161**
Increase due to a new lease contract	23	–	1	–	–	–	–	**24**
Increase/(decrease) due to lease changes	(3)	3	8	–	1	–	–	**9**
Other movements	(2)	–	–	–	–	7	–	**5**
Closing balance	**1 451**	**1 145**	**325**	**22**	**14**	**234**	**8**	**3 199**
ACCUMULATED DEPRECIATION								
Opening balance	**(195)**	**(281)**	**(113)**	**(8)**	**(6)**	**(63)**	**–**	**(666)**
Depreciation for the period	(15)	(8)	(6)	(1)	(1)	(3)	–	**(34)**
Closing balance	**(210)**	**(289)**	**(119)**	**(9)**	**(7)**	**(66)**	**–**	**(700)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**1 238**	**861**	**203**	**14**	**7**	**164**	**8**	**2 495**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**1 241**	**856**	**206**	**13**	**7**	**168**	**8**	**2 499**

3-month period ended 31 March 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**
Increase due to a new lease contract	149	–	4	–	–	–	–	**153**
Increase/(decrease) due to lease changes	44	5	19	–	–	–	–	**68**
Other movements	(3)	1	–	–	–	4	1	**3**
Closing balance	**1 183**	**1 135**	**302**	**19**	**14**	**224**	**9**	**2 886**
ACCUMULATED DEPRECIATION								
Opening balance	**(143)**	**(202)**	**(91)**	**(6)**	**(4)**	**(52)**	**–**	**(498)**
Depreciation for the period	(13)	(8)	(6)	(1)	(1)	(2)	–	**(31)**
Closing balance	**(156)**	**(210)**	**(97)**	**(7)**	**(5)**	**(54)**	**–**	**(529)**
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	**1 027**	**925**	**205**	**12**	**9**	**170**	**9**	**2 357**

19. Goodwill

Operating segment	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
Distribution	26	26
Total	**26**	**26**

20. Energy certificates of origin and CO_2 emission allowances

20.1. Long-term energy origin certificates and CO_2 emission allowances

	3-month period ended 31 March 2025 *(unaudited)*		3-month period ended 31 March 2024 *(unaudited)*		
	Energy certificates	Total	Energy certificates	CO_2 emission allowances	Total
Opening balance	**38**	**38**	**16**	**8**	**24**
Direct purchase	5	**5**	8	–	**8**
Reclassification	(38)	**(38)**	(12)	(8)	**(20)**
Closing balance	**5**	**5**	**12**	**–**	**12**

(in PLN million)

20.2. Short-term energy origin certificates and CO_2 emission allowances

	3-month period ended 31 March 2025 *(unaudited)*			3-month period ended 31 March 2024 *(unaudited)*		
	Energy certificates	CO_2 emission allowances	Total	Energy certificates	CO_2 emission allowances	Total
Opening balance	**35**	**325**	**360**	**107**	**595**	**702**
Direct purchase	32	917	**949**	40	482	**522**
Generated internally	6	–	**6**	16	–	**16**
Surrendered	(1)	–	**(1)**	–	(119)	**(119)**
Reclassification	38	–	**38**	12	8	**20**
Closing balance	**110**	**1 242**	**1 352**	**175**	**966**	**1 141**

21. Other intangible assets

3-month period ended 31 March 2025 *(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**	**1 484**	**289**	**94**	**1 885**
Direct purchase	–	–	–	24	**24**
Transfer of intangible assets not made available for use	–	11	–	(11)	**–**
Sale/Liquidation	(2)	(16)	(1)	–	**(19)**
Closing balance	**16**	**1 479**	**288**	**107**	**1 890**
ACCUMULATED AMORTIZATION					
Opening balance	**(13)**	**(932)**	**(171)**	**(1)**	**(1 117)**
Amortization for the period	(1)	(43)	(3)	–	**(47)**
Sale/Liquidation	2	16	1	–	**19**
Closing balance	**(12)**	**(959)**	**(173)**	**(1)**	**(1 145)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**5**	**552**	**118**	**93**	**768**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**4**	**520**	**115**	**106**	**745**

3-month period ended 31 March 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	–	–	–	17	**17**
Transfer of intangible assets not made available for use	–	16	2	(18)	**–**
Sale/Liquidation	–	(72)	–	–	**(72)**
Closing balance	**18**	**1 443**	**285**	**74**	**1 820**
ACCUMULATED AMORTIZATION					
Opening balance	**(11)**	**(873)**	**(143)**	**–**	**(1 027)**
Amortization for the period	(1)	(47)	(4)	–	**(52)**
Sale/Liquidation	–	72	–	–	**72**
Closing balance	**(12)**	**(848)**	**(147)**	**–**	**(1 007)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**7**	**626**	**140**	**75**	**848**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**6**	**595**	**138**	**74**	**813**

(in PLN million)

22. Shares in joint ventures

	As at 31 March 2025 or for the 3-month period ended 31 March 2025 *(unaudited)*			As at 31 December 2024 or for the 3-month period ended 31 March 2024 *(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	1 740	1 126	**2 866**	1 627	1 139	**2 766**
Current assets, including:	176	599	**775**	276	587	**863**
cash and cash equivalents	*1*	*104*	***105***	*7*	*112*	***119***
Non-current liabilities (-), including:	(1 954)	(61)	**(2 015)**	(1 933)	(79)	**(2 012)**
debt	*(1 947)*	*(25)*	***(1 972)***	*(1 926)*	*(29)*	***(1 955)***
Current liabilities (-), including:	(652)	(799)	**(1 451)**	(645)	(796)	**(1 441)**
debt	*(118)*	*(103)*	***(221)***	*(108)*	*(134)*	***(242)***
Total net assets	**(690)**	**866**	**176**	**(675)**	**851**	**176**
Share in net assets (50%)	(345)	433	**88**	(338)	426	**88**
Investment in joint ventures	**–**	**197**	**197**	**–**	**190**	**190**
Sales revenue	357	587	**944**	406	611	**1 017**
Net profit (loss), including:	(14)	14	**–**	(37)	28	**(9)**
Depreciation	*(15)*	*(33)*	***(48)***	*(15)*	*(28)*	***(43)***
Write-offs for receivables	–	–	**–**	–	*(32)*	***(32)***
Interest income	–	*1*	***1***	*1*	*1*	***2***
Interest expenses	*(33)*	*(3)*	***(36)***	*(40)*	*(9)*	***(49)***
Income tax	–	*(5)*	***(5)***	–	*(9)*	***(9)***
Share of profit (loss) of joint ventures	–	7	**7**	–	14	**14**

** 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 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 345 million.

In addition, the Company has receivables on account of loans granted to Elektrociepłownia Stalowa Wola S.A. in the carrying amount of PLN 491 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. Both 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.

On 9 August 2024, at the request of the management board of TAMEH Czech s.r.o., the Ostrava District Court issued an order earlier 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.

The carrying amount of the shares in TAMEH HOLDING Sp. z o.o. as at the balance sheet date is PLN 197 million. As at the balance sheet date, the Group measured its shares in TAMEH HOLDING Sp. z o.o. using the equity method, at a level of PLN 392 million and deducted it by the amount of impairment recognized as a result of the impairment tests carried out in the previous reporting periods, in the amount of PLN 195 million. In the Group's opinion, as at the balance sheet date, there were no indications of the need to conduct the impairment tests on the shares in TAMEH HOLDING Sp. z o.o.

(in PLN million)

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., which was described in more detail in Note 27 to consolidated financial statements of TAURON Polska Energia S.A. Capital Group for year ended 31 December 2024, the Management Board of the Company decided to call and summoned AM Global Holding S.à r.l. based in the Grand Duchy of Luxembourg, 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 AM Global Holding S.à r.l to pay the sale price for the shares held by the Company in TAMEH HOLDING Sp. z o.o. in amount of PLN 598 million. The arbitration has to be conducted in accordance with the rules set out in the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules 2021 by an ad hoc arbitration tribunal. On 30 October 2024, the Company received a response to the notice of arbitration from AM Global Holding S.à r.l., ArcelorMittal Poland S.A. and ArcelorMittal Long Products Europe Holding S.à r.l. In response to the notice, AM Global Holding S.à r.l. 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 AM Global Holding S.à r.l. and ArcelorMittal Poland S.A. in TAMEH HOLDING Sp. z o.o. In the opinion of the Company, the claims of AM Global Holding S.à r.l. are illegitimate.

As at the balance sheet date, 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 31 March 2025 *(unaudited)*		As at 31 December 2024		Maturity date according to agreement	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.	778	491	768	479	30.06.2033	fixed
Total, of which:	**778**	**491**	**768**	**479**		
Non-current		491		479		

24. Derivatives and hedge accounting

Instrument	Methodology for determining the fair value	As at 31 March 2025 *(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 part of the interest rate risk in relation to the cash flows associated with the 6M WIBOR exposure designated under the dynamic risk management strategy, i.e. interest on bonds and a loan with a total nominal value of PLN 2 250 million, for periods expiring consecutively in the years 2025-2029. 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 31 March 2025 *(unaudited)*				As at 31 December 2024			
	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	**179**	**–**	37	142	**185**	**–**	10	175
Derivatives measured at fair value through profit or loss								
CCIRS	**–**	**(15)**	(15)	–	**–**	**(10)**	(10)	–
Commodity forwards/futures	**91**	**(91)**	–	–	**64**	**(64)**	–	–
Currency forwards	**–**	**(413)**	(413)	–	**–**	**(365)**	(365)	–
Total	**270**	**(519)**			**249**	**(439)**		
Non-current	93	(151)			90	(64)		
Current	177	(368)			159	(375)		

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 31 March 2025 *(unaudited)*	As at 31 December 2024
Receivables due to recompensation	275	598
Shares	205	205
Deposits and term deposits for Mining Decommissioning Fund	4	4
Other financial receivables, including:	134	195
Bid bonds, deposits and collateral transferred	*73*	*77*
Dividends due	*32*	*32*
Other	*29*	*86*
Total	**618**	**1 002**
Non-current	258	259
Current	360	743

Receivables due to recompensation relate to:

- recompensations of the companies of the *Sales and Wholesale* segment with regard to the supply of electricity for 2024 and for Q1 2025 in the total gross amount of PLN 255 million,
- recompensations of the companies of the *Heat* segment in the scope of the sale of heat for Q1 2025 in the amount of PLN 20 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.

(in PLN million)

26. Other non-financial assets

26.1. Other non-current non-financial assets

	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
Prepayments for assets under construction and intangible assets, including:	581	280
related to the construction of wind farms and photovoltaics	*549*	*267*
Contract acquisition costs and costs of discounts	18	20
Prepayments for debt charges	9	7
Property and tort insurance	2	2
Other	22	24
Total	**632**	**333**

26.2. Other current non-financial assets

	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
Costs settled over time	**117**	**119**
Property and tort insurance	55	62
Contract acquisition costs and costs of discounts	38	39
IT and telecom services	11	13
Prepayments for debt charges	3	3
Other	10	2
Other current non-financial assets	**131**	**48**
Transfers made to the Social Benefit Fund	79	–
Receivable due to the Write-off for the Price Difference Payment Fund	35	35
Advances for deliveries	12	9
Other	5	4
Total	**248**	**167**

27. Deferred income tax

	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
Deferred tax liabilities		
difference between tax base and carrying amount of property, plant and equipment, intangible assets and right-of-use assets	2 198	2 176
different timing of recognition of sales revenue and cost of sale for tax purposes	829	560
difference between tax base and carrying amount of financial assets	164	131
difference between tax base and carrying amount of energy certificates	3	4
other	11	20
Total	**3 205**	**2 891**
Deferred tax assets		
provisions and accruals	1 093	904
difference between tax base and carrying amount of financial assets and financial liabilities	630	601
different timing of recognition of sales revenue and cost of sales for tax purposes	705	229
difference between tax base and carrying amount of property, plant and equipment, intangible assets and right-of-use assets	645	671
tax losses	96	209
power infrastructure received free of charge and received connection fees	5	5
other	33	42
Total	**3 207**	**2 661**
Deferred tax assets not recognized	(1 220)	(1 218)
Recognized deferred tax assets	**1 987**	**1 443**
After setting off balances at the level of individual Group companies, deferred tax for the Group is presented as:		
Deferred tax asset	**156**	**144**
Deferred tax liability	**(1 374)**	**(1 592)**

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 1 220 million were not recognised, mainly with regard to the company in the Generation segment.

(in PLN million)

28. Inventories

	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
Gross value		
Coal	465	699
CO_2 emission allowances	106	32
Other inventories	298	300
Total	**869**	**1 031**
Write down		
Coal	(18)	(67)
Other inventories	(28)	(27)
Total	**(46)**	**(94)**
Net realisable value		
Coal	447	632
CO_2 emission allowances	106	32
Other inventories	270	273
Inventories measured at net realisable value	**823**	**937**

As at the 31 March 2025, the revaluation write-down of coal fuel stocks in TAURON Wytwarzanie S.A. (Generation Segment) amounts to PLN 18 million. In the 3-month period ended 31 March 2025, the Group partially utilised an impairment write-down of PLN 49 million recognised as at 31 December 2024 in connection with the consumption of coal stocks for production.

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 necessity to recognise the write-down is a consequence of market situation, i.e. a significant fall of market prices of coal fuel in late 2023 and in 2024, as well their continued decline in Q1 2025. 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. In the scope of the aforementioned units, the write-down on coal fuel stocks was calculated up to the level of their replacement cost based on the market prices valid as at the balance sheet date, at which TAURON Wytwarzanie S.A. had contracted coal fuel for 2025, including transport costs.

With regard to generating units in respect of which the Group assumes the production of electricity to meet the transmission system operator's network requirements and in the event of selling energy during periods of favourable market prices, achieving a positive margin, bearing in mind such production covers the cost of coal fuel, the Group does not write down coal.

29. Receivables from buyers

	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
Gross value		
Receivables from buyers, of which:	4 236	4 039
Additional assessment of revenue from sales of electricity and distribution services	*1 417*	*1 369*
Receivables claimed at court	325	310
Total	**4 561**	**4 349**
Allowance/write-down		
Receivables from buyers	(56)	(60)
Receivables claimed at court	(202)	(194)
Total	**(258)**	**(254)**
Net value		
Receivables from buyers	4 180	3 979
Receivables claimed at court	123	116
Total	**4 303**	**4 095**
Non-current	6	6
Current	4 297	4 089

(in PLN million)

30. Receivables arising from other taxes and charges

	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
VAT receivables	664	458
Other	1	1
Total	**665**	**459**

31. Cash and cash equivalents

	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
Cash and cash equivalents presented in the statement of financial position, of which:	**1 730**	**596**
restricted cash, including:	509	271
cash on VAT bank accounts (split payment)	*363*	*121*
collateral of settlements with Izba Rozliczeniowa Giełd Towarowych S.A.	*124*	*125*
bank accounts related to subsidies received	*21*	*24*
Overdraft facility	(132)	(35)
Collateral of settlements with Izba Rozliczeniowa Giełd Towarowych S.A.	(5)	(3)
Foreign exchange	(1)	(1)
Cash and cash equivalents presented in the statement of cash flows	**1 592**	**557**

32. Equity

32.1. Issued capital

Issued capital as at 31 March 2025 *(unaudited)*

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

Shareholding structure as at 31 March 2025 *(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[1]	98 630 000	493	5.63%	5.63%
Helikon Long Short Equity Fund Master ICAV[2]	74 127 629	371	4.23%	12.15%
The Goldman Sachs Group, Inc.[3]	40 438 874	202	2.31%	5.51%
Other shareholders	830 393 941	4 152	47.38%	36.26%
Total	**1 752 549 394**	**8 763**	**100%**	**100%**

[1] *According to the list of shareholders holding at least 5% of the voting rights at the Company's EGM on 3 September 2024.*
[2] *According to the notification from Helikon Long Short Equity Fund Master ICAV received on 9 December 2024. Of the 12.15% share in the number of votes held, 4.23% concerns the Company's shares and 7.92% concerns financial instruments other than shares.*
[3] *According to the notification from The Goldman Sachs Group, Inc. received on 22 January 2025, corrected on 11 February 2025. Of the 5.51% share in the number of votes held, 2.31% concerns the Company's shares and 3.20% concerns financial instruments other than shares.*

As at 31 March 2025, to the best of the Company's knowledge, the value of the share capital, the number of shares and the par value of shares remained unchanged compared to the state as at 31 December 2024.

After the balance sheet date, on 5 May 2025, the Company received a notification from The Goldman Sachs Group, Inc. about a reduction in the share in the total number of votes in the Company to below 5%, which took place on 30 April 2025, and next on 6 May 2025, the Company received a notification from The Goldman Sachs Group, Inc. regarding exceeding the threshold of 5% of the total number of votes in the Company, which took place on 1 May 2025. As of 1 May 2025, The Goldman Sachs Group, Inc. held financial instruments in total entitling to 5.98% of the total number of votes in the

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Company, of which 4.4% of the total number of votes in the Company (77 096 892 votes) concerned financial instruments other than shares, and 1.58% of the total number of votes (27 670 985 votes) concerned the Company's shares.

The financial instruments listed above, other than shares, held by Helikon Long Short Equity Fund Master ICAV and The Goldman Sachs Group, Inc. 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 State Treasury and the subsidiaries of the State Treasury in the period when the State Treasury including the State Treasury subsidiaries hold the number of shares in the Company authorising to at least 25% of the total votes in the Company.

32.3. Reserve capital

	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
Amounts from distribution of prior years profits	2 438	2 438
Total reserve capital	**2 438**	**2 438**

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 reserve 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 the measurement of hedging instruments

	3-month period ended 31 March 2025 *(unaudited)*	3-month period ended 31 March 2024 *(unaudited)*
Opening balance	**139**	**218**
Remeasurement of hedging instruments	(32)	(7)
Deferred income tax	6	1
Closing balance	**113**	**212**

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

As at 31 March 2025, the Group recognised the amount of PLN 113 million of the revaluation reserve from the measurement of hedging instruments. This amount represents an asset on account of the measurement of IRS instruments as at the balance sheet day in the amount of PLN 179 million, adjusted by the portion of the measurement relating to debt interest accrued at the balance sheet day, including the deferred tax.

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 31 March 2025 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.

After the balance sheet date, on 14 April 2025, the Management Board of the Company decided that it would recommend to the Annual General Meeting to distribute the net profit earned by the Company for the financial year 2024 in the amount of PLN 510 million by allocating it in its entirety to the Company's reserve capital.

(in PLN million)

32.6. Non-controlling interests

The non-controlling interests amounting to PLN 42 million and relate mainly to TAURON Dystrybucja S.A.

33. Dividends paid and proposed for disbursement

In the period of three months ended 31 March 2025 and in the comparative period, the Company did not propose payment or paid any dividends to the shareholders of the Company.

34. Debt liabilities

	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
Loans and borrowings	7 806	7 092
Unsubordinated bonds	4 627	4 637
Subordinated bonds	1 156	1 135
Lease liabilities	1 715	1 751
Total	**15 304**	**14 615**
Non-current	13 265	12 475
Current	2 039	2 140

34.1. Loans and borrowings

Loans and borrowings drawn as at 31 March 2025 *(unaudited)*

Currency	Interest rate	Value of loans and borrowings as at the balance sheet date	of which maturing within (after the balance sheet date):					
			less than 3 months	3-12 months	1-2 years	2-3 years	3-5 years	over 5 years
PLN	floating	7 114	150	365	765	418	3 032	2 384
	fixed	598	15	50	69	40	75	349
Total PLN		**7 712**	**165**	**415**	**834**	**458**	**3 107**	**2 733**
Total		**7 712**	**165**	**415**	**834**	**458**	**3 107**	**2 733**
Interest increasing carrying amount		94						
Total		**7 806**						

Loans and borrowings as at 31 December 2024

Currency	Interest rate	Value of loans and borrowings as at the balance sheet date	of which maturing within (after the balance sheet date):					
			less than 3 months	3-12 months	1-2 years	2-3 years	3-5 years	over 5 years
PLN	floating	5 980	79	141	922	593	1 732	2 513
	fixed	1 036	517	48	69	54	77	271
Total PLN		**7 016**	**596**	**189**	**991**	**647**	**1 809**	**2 784**
Total		**7 016**	**596**	**189**	**991**	**647**	**1 809**	**2 784**
Interest increasing carrying amount		76						
Total		**7 092**						

Interim condensed consolidated financial statements for the 3-month period ended 31 March 2025 compliant with the IFRS approved by the EU (in PLN million)

Specification of loans and borrowings drawn as at 31 March 2025 (unaudited) and as at 31 December 2024

Borrowing institution	Interest rate	Currency	Maturity date/ validity date	As at 31 March 2025 (unaudited)	As at 31 December 2024
Consortiums of banks - revolving loans	floating	PLN	2026-2028	1 464	411
Consortium of banks	floating	PLN	2029	915	899
Bank Gospodarstwa Krajowego	floating	PLN	2027-2032	760	759
			2025-2033	916	901
European Investment Bank	fixed	PLN	2025-2027	59	74
			2025-2040	410	404
	floating		2025-2040	1 189	1 221
			2026-2041	1 203	1 225
SMBC BANK EU AG	fixed	PLN		–	500
Erste Group Bank AG	floating	PLN	2026	511	506
Bank Gospodarstwa Krajowego - loan from the funds of the National Recovery and Resilience Plan	fixed	PLN	2034-2049	79	–
Regional Fund for Environmental Protection and Water Management	floating	PLN	2025-2027	5	6
National Fund for Environmental Protection and Water Management	fixed	PLN	2025-2030	60	63
	floating	PLN	2025-2038	85	72
Overdraft facility	floating	PLN	2027	132	35
Other loans and borrowings				18	16
Total				**7 806**	**7 092**

The Company has funds available under loan agreements concluded in 2020 and 2022 with consortium 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 Company classifies the tranches in accordance with the possibility of deferring the settlement of the liability, i.e. according to the financing availability date which falls in 2026-2028.

Loan from the National Recovery and Resilience Plan

On 17 December 2024, a loan agreement was concluded between the Company and Bank Gospodarstwa Krajowego from funds of the National Recovery and Resilience Plan (under Investment G3.1.4 Energy Support Fund) with the value of PLN 11 000 million. In accordance with the agreement, the amount of funding may be subject to an increase. The funds from the loan agreement will be used exclusively to finance eligible expenditure incurred by the subsidiary, TAURON Dystrybucja S.A. for the development and adaptation of the electricity grid to the needs of energy transition and climate change. The funds will be disbursed successively, based on submitted disbursement requests as the project is implemented, but no later than 20 December 2036 and up to the amount of funds transferred to BGK for this purpose by the minister responsible for climate and environment, acting in the case of Investment G3.1.4 as the Responsible Authority for the implementation of the Investment within the meaning of Article 14la(1) of the Act of 6 December 2006 on the principles of development policy.

Funds made available under the agreement bear interest at a fixed rate of 0.5% per annum. The loan was scheduled to be repaid in semi-annual instalments between 2034 and 2049.

In the 3-month period ended 31 March 2025, the Company drew down the first tranche of the loan in the total amount of PLN 238 million. In the Company's opinion, the loan is of preferential nature with an interest rate below market rates. Therefore, the loan was initially recognised at a fair value of PLN 79 million, while the benefit resulting from the application of the interest rate lower than market rates, amounting to PLN 159 million, representing the difference between the cash received and the initial carrying amount of the loan, was recognised in accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* as a subsidy to assets and is presented in deferred income (note 39).

The valuation of the loan at inception was performed as the present value of future cash flows taking into account the contractual terms discounted using the interest rate that the Company believes reflects market conditions as at the date of raising the financing.

(in PLN million)

Other financing available under concluded financing agreements by the Company

The Company has an available funding limit under other agreements:

- Agreements with the consortiums of banks, up to the revolving limits of:
  - PLN 4 000 million by 2028 - financing used as at the balance sheet date: PLN 1 300 million;
  - PLN 500 million by 2026 - financing used as at the balance sheet date: PLN 160 million.
- The PLN 2 450 million loan agreement with Bank Gospodarstwa Krajowego (“BGK”), to be repaid in instalments over a period of eight years from the date on which the relevant tranche of the loan is made available.

  Under the loan agreement, the Company has financing available in the amount of PLN 1 000 million (tranche A). The remaining amount of PLN 1 450 million (tranche B) will be available at the Company's request within 12 months from the date of concluding the loan agreement, i.e. from 29 October 2024, and after the Company's application has been signed by BGK. The Company will be able to draw down the loan in the two-year availability period of a given tranche. 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 the aforementioned loan agreement.
- Overdraft agreements:
  - up to the amount of PLN 500 million with a maturity date of date 1 October 2027, and
  - up to the amount of PLN 350 million with a maturity date of date 6 December 2027.

As at the balance sheet day, the Company recognised debt due to overdrafts in the amount of PLN 132 million.

In the period of three months ended 31 March 2025, the Group performed the following transactions relating to loans and borrowings (at a nominal value), excluding overdraft facilities:

Lender	3-month period ended 31 March 2025 *(unaudited)*	
	Drawdown	Repayment
Consortiums of banks	1 300	(250)
Bank Gospodarstwa Krajowego - loan from the funds of the National Recovery and Resilience Plan	238	–
SMBC BANK EU AG	–	(500)
European Investment Bank	–	(41)
Other agreements	13	(4)
Total, including:	**1 551**	**(795)**
Cash flows	1 551	(795)

(in PLN million)

34.2. Bonds issued

Issuer	Investor	Interest rate	Currency	Nominal value of bonds issued in currency	Redemption date	Carrying amount	
						As at 31 March 2025 *(unaudited)*	As at 31 December 2024
TAURON Polska Energia S.A.	Bank Gospodarstwa Krajowego	floating, based on WIBOR 6M	PLN	400	2025-2028	408	401
				350	2025-2029	357	351
	A series bonds (TPE 1025)	floating, based on WIBOR 6M	PLN	1 000	2025	1 029	1 011
	Eurobonds	fixed	EUR	500	2027	2 125	2 157
Finanse Grupa TAURON Sp. z o.o.	International investors	fixed	EUR	168	2029	708	717
Unsubordinated bonds						**4 627**	**4 637**
TAURON Polska Energia S.A.	Bank Gospodarstwa Krajowego	floating, based on WIBOR 6M	PLN	400	2031[2]	411	401
	European Investment Bank	fixed[1]	PLN	400	2030[2]	398	392
			PLN	350	2030[2]	347	342
Subordinated bonds						**1 156**	**1 135**
Total bonds						**5 783**	**5 772**

[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 (WIBOR) plus a fixed margin.
[2] In the case of subordinated bonds, the maturity date includes two financing periods. The redemption dates presented in the table above are the final redemption dates resulting from the agreement, after two financing periods, which form the basis for classifying the bonds as long-term liabilities (availability of financing after two financing periods). The measurement of bonds as at the balance sheet date takes into account early redemption in connection with the intention to redeem the bonds after the end of the first financing period, which occurs within 12 months of the balance sheet date, i.e. in December 2025 and March 2026.

On 19 September 2024, the Company established the bond issue programme on the basis of a programme agreement with Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Santander Bank Polska S.A. (the “Programme”). As part of the Programme, the Company has the option to issue bonds linked to sustainability indicators or so-called green bonds, up to a maximum of PLN 3 000 million, with the value of the issue and the type of bonds to be determined on a case-by-case basis at the time of the decision to issue. The funds raised through the bond issue will support the implementation of the TAURON Group's energy transition and will be allocated to financing and refinancing of expenditure in line with the European taxonomy.

The subordinated bond issue Programme concluded in 2021 with Bank Gospodarstwa Krajowego up to the amount of PLN 450 million which was not used by the Company, expired in the 3-month period ended 31 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 31 December 2024 (i.e. the last reporting period for which the Company was required to calculate the covenant), the *net debt/EBITDA ratio* amounted to 1.72, accordingly, the covenant was met.

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.

(in PLN million)

Ageing of the lease liability

	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
Within 1 year	136	128
Within 1 to 5 years	519	506
Within 5 to 10 years	605	595
Within 10 to 20 years	1 064	1 080
More than 20 years	1 003	1 046
Gross lease liabilities	**3 327**	**3 355**
Discount	(1 612)	(1 604)
Present value of lease payments	**1 715**	**1 751**
Lease agreements that do not meet the conditions for recognition as a finance lease as defined in the financing agreements	1 715	1 751

35. Provisions for employee benefits

	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
Provision for post-employment benefits and jubilee bonuses	795	801
Provision for employment termination benefits and other provisions for employee benefits	9	10
Total	**804**	**811**
Non-current	716	701
Current	88	110

Provisions for post-employment benefits and jubilee bonuses

	3-month period ended 31 March 2025 *(unaudited)*				3-month period ended 31 March 2024 *(unaudited)*			
	Provision for retirement, disability and similar benefits	Social Fund	Jubilee bonuses	Provisions total	Provision for retirement, disability and similar benefits	Socia l Fund	Jubilee bonuses	Provisions total
Opening balance	**325**	**223**	**253**	**801**	**313**	**166**	**264**	**743**
Current service costs	4	2	3	**9**	4	1	4	**9**
Actuarial gains and losses	(4)	–	(4)	**(8)**	(4)	–	(4)	**(8)**
Benefits paid	(11)	(2)	(4)	**(17)**	(10)	(1)	(6)	**(17)**
Interest expense	4	3	3	**10**	3	2	4	**9**
Closing balance	**318**	**226**	**251**	**795**	**306**	**168**	**262**	**736**
Non-current	281	218	217	**716**	273	162	229	**664**
Current	37	8	34	**79**	33	6	33	**72**

Measurement of provisions for employee 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 31 March 2025 was based on the underwriting projections indicated in the underwriting reports prepared as at 31 December 2024. The assumptions used by the actuary to prepare the 2025 forecast were the same as those used to measure the provisions as at 31 December 2024. In particular, the Group has included a discount rate level of 5.8% consistent with the assumptions adopted by the actuary as at 31 December 2024 in the valuation of the provisions for employee benefits as at 31 March 2025.

The other main assumptions adopted by the actuary as at 31 December 2024 for calculation of the liability amount are as follows:

	31 December 2024
Employee turnover ratio (%)	0.5% - 10.30%
Expected rate of remuneration growth (%)	8.9% in 2025, 2.5% in subsequent years
Expected rate of increase in the value of the allowance for the Company Social Benefits Fund (ZFŚS) (%)	7%
Remaining average period of employment	8.01 – 13.31

(in PLN million)

36. Provisions for the costs of dismantling fixed assets and reclaiming land

	3-month period ended 31 March 2025 (unaudited)			3-month period ended 31 March 2024 (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	**145**	**71**	**216**	**142**	**77**	**219**
Unwinding of the discount	2	1	**3**	2	1	**3**
Utilisation	–	(2)	**(2)**	–	–	**–**
Closing balance	**147**	**70**	**217**	**144**	**78**	**222**
Non-current	147	52	**199**	141	55	**196**
Current	–	18	**18**	3	23	**26**

As at 31 March 2025, within the provision for the costs of dismantling fixed assets and reclaiming land, the Group recognised the following provisions created by companies in the Generation, Renewable Energy Sources and Other segment:

- the provision for costs of liquidation of fixed assets in the amount of PLN 38 million;
- the provision for costs related to the reclamation of waste landfill sites in the amount of PLN 24 million;
- the provision for costs of liquidation of mining plants in the amount of PLN 8 million.

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

	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
Provisions for disassembly of fixed assets and land restoration	199	197
Other provisions	18	19
Total in statement in financial position	**217**	**216**

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

	3-month period ended 31 March 2025 (unaudited)			3-month period ended 31 March 2024 (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	**3 204**	**182**	**3 386**	**3 439**	**305**	**3 744**
Recognition	933	74	**1 007**	860	81	**941**
Reversal	(61)	(19)	**(80)**	(25)	(5)	**(30)**
Utilisation	–	(1)	**(1)**	(119)	–	**(119)**
Closing balance	**4 076**	**236**	**4 312**	**4 155**	**381**	**4 536**

38. Other provisions

	3-month period ended 31 March 2025 (unaudited)				3-month period ended 31 March 2024 (unaudited)				
	Provision for use of real estate without contract	Provision for onerous contracts	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	**73**	**9**	**154**	**236**	**75**	**35**	**574**	**149**	**833**
Recognition/(reversal), net	(2)	–	(1)	**(3)**	–	–	(103)	1	**(102)**
Utilisation	–	(2)	(4)	**(6)**	–	(9)	(343)	(4)	**(356)**
Other changes	–	–	–	**–**	–	–	–	1	**1**
Closing balance	**71**	**7**	**149**	**227**	**75**	**26**	**128**	**147**	**376**
Non-current	–	–	18	**18**	–	–	–	12	**12**
Current	71	7	131	**209**	75	26	128	135	**364**

(in PLN million)

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 disassembly of fixed assets and land restoration.

	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
Other provisions	209	217
Provisions for disassembly of fixed assets and land restoration	18	19
Total in statement in financial position	**227**	**236**

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 31 March 2025, the provision on this account amounted to PLN 71 million and was related to the segments:

- Generation - PLN 4 million;
- Heat - PLN 31 million;
- Distribution - PLN 36 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.*

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

Material provisions recognised within other provisions are described below:

Title	Operating segment	Description	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
Provision for a fine in favour of the Silesian Voivodship Inspector of Environmental Protection	Heat	The provision relates to the risk of a breach of the Act of 12 June 2015 *on the greenhouse gas emission allowance trading scheme*, in connection with the failure to settle the emissions volume for 2021 within the deadline specified in the Act by the installation operator, i.e. Energetyka Cieszyńska Sp. z o.o., over which the Group assumed control in October 2022.	27	27
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.	22	22
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	15
	Heat	Provision for business risk in the area of real estate tax in connection with the pending appeal proceedings concerning the taxation of heating installations and devices.	3	5

(in PLN million)

39. Accruals, deferred income and government subsidies

39.1. Deferred income and government grants

	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
Deferred income	**52**	**268**
Donations, subsidies received for the purchase or fixed assets received free-of-charge	38	39
Received advance payments for recompensations	–	215
Other	14	14
Government grants	**762**	**606**
Subsidies obtained from EU funds	536	538
Settlement of the valuation of preferential credits and loans	197	39
Forgiven loans from environmental funds	18	19
Other	11	10
Total	**814**	**874**
Non-current	766	611
Current	48	263

In the 3-month period ended 31 March 2025, the companies of the *Sales and Wholesale* segment fully settled the recompensation advances received in previous years relating to electricity trading in the amount of PLN 215 million.

In the scope of the settlement of the valuation of preferential credits and loans in the 3-month period ended 31 March 2025 the amount of PLN 159 million has been recognized, representing the assumption of advantages resulting from interest rate of the received tranche of the preferential loan in the amount of PLN 238 million from funds of the National Recovery and Resilience Plan, being lower than arm's length interest rates as further described in Note 34 of these interim condensed consolidated financial statements. In accordance with the Accounting Policy of the TAURON Group, the above benefits will be recognised in other operating income in proportion to the depreciation of the assets related to the eligible expenses incurred by TAURON Dystrybucja S.A. for the development and adaptation of the power grid to the needs of energy transition and climate change, determining for the receipt of a preferential loan.

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

39.2. Accrued expenses

	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
Accrued expenses due to bonuses	126	80
Unused holidays	80	47
Environmental protection charges	5	–
Other	27	9
Total	**238**	**136**
Non-current	1	1
Current	237	135

40. Liabilities to suppliers

Operating segment	As at 31 March 2025 *(unaudited)*	As at 31 December 2024 *(restated figures)*
Generation	237	649
Heat	141	142
Renewable Energy Sources	33	42
Distribution, including:	629	629
liability to Polskie Sieci Elektroenergetyczne S.A.	*529*	*501*
Sales and Wholesale	1 161	432
Other	60	61
Total	**2 261**	**1 955**

(in PLN million)

41. Investment liabilities

Operating segment	As at 31 March 2025 *(unaudited)*	As at 31 December 2024 *(restated figures)*
Generation	13	14
Heat	11	18
Renewable Energy Sources	69	88
Distribution	313	359
Sales and Wholesale	1	1
Other	202	218
Total	**609**	**698**
Non-current	94	106
Current	515	592

Commitments to incur capital expenditure

As at 31 March 2025 and as at 31 December 2024, the Group committed to incur expenditure of PLN 5 947 and PLN 6 127 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 31 March 2025 *(unaudited)*	As at 31 December 2024
Heat	Expansion of heat sources in new capacities	36	46
Renewable Energy Sources	Construction of wind farms	1 156	1 571
	Construction of the photovoltaic farms	87	137
Distribution	Construction of new electrical connections	2 983	3 086
	Modernization and reconstruction of existing networks	649	537
Other	Construction of a fiber optic network (KPO)	105	97

42. Settlements due to income tax

As at 31 March 2025, Group companies had income tax receivables totaling PLN 149 million, of which PLN 123 million results from the overpayment of income tax for 2024 by the company TAURON Wytwarzanie S.A. and the amount of PLN 19 million is results from the overpayment of income tax for 2024 by Tax Capital Group.

As at 31 March 2025, income tax liabilities amounted to PLN 473 million, of which PLN 423 million represents the liability of the Tax Capital Group and includes the excess of the tax burden for the 3-month period ended 31 March 2025 over the advances paid for that period. In 2025 the Tax Capital Group has been settled an advanced paid in simplified way, consisting of paying monthly advances of a fixed amount.

43. Liabilities arising from other taxes and charges

	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
VAT	703	647
Social security	229	224
Personal Income Tax	50	67
Other	23	39
Total	**1 005**	**977**

(in PLN million)

44. Other financial liabilities

	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
Wages, salaries	157	268
Bid bonds, deposits and collateral received	63	68
Liabilities due to insurance contracts	44	61
Recompensation liabilities	−	311
Other	62	72
Total	**326**	**780**
Non-current	36	40
Current	290	740

In the 3-month period ended 31 March 2025, the companies in the *Sales and Wholesale* segment returned the recompensation advances received in 2024 amounting to PLN 311 million to the Settlement Administrator.

45. Other non-financial liabilities

	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
Payments from customers relating to future periods	**1 221**	**1 218**
Amounts overpaid by customers	714	694
Prepayments for connection fees	384	407
Other	123	117
Other current non-financial liabilities	**106**	**4**
Surplus of Social Found liabilities over assets	105	1
Allowance for Price Difference Payment Fund	−	2
Other	1	1
Total	**1 327**	**1 222**
Non-current	1	1
Current	1 326	1 221

(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

	3-month period ended 31 March 2025 *(unaudited)*	3-month period ended 31 March 2024 *(restated data unaudited)*
Change in receivables	**111**	**1 552**
Change in receivables from buyers in statement of financial position	(208)	570
Change in receivables due to recompensation	323	574
Change in other financial receivables	61	408
Adjustment of other financial receivables for receivables related to financing activities	(65)	–
Change in inventories	**106**	**71**
Change in inventories in statement of financial position	114	79
Adjustment related to transfer of inventories to/from property, plant and equipment	(8)	(8)
Change in payables excluding loans and borrowings	**(38)**	**(1 247)**
Change in liabilities to suppliers in statement of financial position	306	(559)
Change in payroll, social security and other financial liabilities	(453)	(386)
Change in non-financial liabilities in statement of financial position	105	32
Change in liabilities arising from taxes excluding income tax	28	(304)
Adjustment of VAT change related to capital commitments	(17)	(33)
Adjustment of other financial liabilities for guarantee valuation	–	2
Other adjustments	(7)	1
Change in other non-current and current assets	**(1 239)**	**(291)**
Change in other current and non-current non-financial assets in statement of financial position	(380)	(265)
Change in receivables arising from taxes excluding income tax	(206)	326
Change in non-current and current CO_2 emission allowances	(917)	(363)
Change in non-current and current energy certificates	(42)	(64)
Change in advance payments for property, plant and equipment and intangible assets	302	75
Other adjustments	4	–
Change in deferred income, government grants and accruals	**(139)**	**(78)**
Change in deferred income, government grants and accruals in statement of financial position	42	(53)
Adjustment related to property, plant and equipment, intangible assets and right-of-use assets received free of charge	(17)	(14)
Adjustment related to subsidies received and refunded	(6)	(10)
Adjustment for measurement of preferential loan	(159)	–
Other adjustments	1	(1)
Change in provisions	**914**	**340**
Change of short term and long term provisions in statement of financial position	911	338
Adjustment related to actuarial gains/losses from provisions for post-employment benefits charged to other comprehensive income	4	4
Other adjustments	(1)	(2)
Change of collaterals transferred to IRGiT	**(2)**	**9**
Total	**(287)**	**356**

Income tax paid

In the 3-month period ended 31 March 2025 and in the comparable period TAURON Polska Energia S.A. and selected subsidiaries accounted for 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 PLN million)

	3-month period ended 31 March 2025 *(unaudited)*	3-month period ended 31 March 2024 *(unaudited)*
Tax paid for the first quarter of the financial year, including by:	(70)	(62)
Tax Capital Group	*(55)*	–
TAURON Wytwarzanie S.A.	*(9)*	*(50)*
Tax paid for the previous financial year, including by:	(42)	(3)
Tax Capital Group	*(35)*	–
Tax refund received for previous years	–	12
Total	**(112)**	**(53)**

46.2. Cash flows from investing activities

Purchase of property, plant and equipment, intangible assets and right-of-use assets

	3-month period ended 31 March 2025 *(unaudited)*	3-month period ended 31 March 2024 *(unaudited)*
Purchase of property, plant and equipment and right-of-use assets	(1 015)	(805)
Purchase of intangible assets	(25)	(17)
Change in the balance of capital commitments	(73)	(116)
Change in the balance of advance payments	(297)	(72)
Costs of major repairs and internal manufacturing	(20)	(16)
Other	6	(5)
Total	**(1 424)**	**(1 031)**

46.3. Cash flows from financing activities

Repayment of loans and borrowings

	3-month period ended 31 March 2025 *(unaudited)*	3-month period ended 31 March 2024 *(unaudited)*
Repayment of loans/ borrowings tranches:		
SMBC BANK EU AG	(500)	–
Consortiums of banks	(250)	(1 050)
European Investment Bank	(41)	(35)
Other	(4)	(1)
Total	**(795)**	**(1 086)**

Interest paid

	3-month period ended 31 March 2025 *(unaudited)*	3-month period ended 31 March 2024 *(unaudited)*
Interest paid in relation to loans and borrowings	(92)	(115)
Interest paid in relation to the lease	(5)	(4)
Total	**(97)**	**(119)**
constituting investing expense	(7)	(13)
constituting financing expense	(90)	(106)

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 3-month period ended 31 March 2025, paid interest representing external financing costs subject to capitalisation in the value of fixed assets and intangible assets amounted to PLN 7 million, whereas in the comparative period, it amounted to PLN 13 million.

(in PLN million)

Proceeds from contracted loans and borrowings

	3-month period ended 31 March 2025 *(unaudited)*	3-month period ended 31 March 2024 *(unaudited)*
The launch of financing from Bank Gospodarstwa Krajowego - loan from the funds of the National Recovery and Resilience Plan	238	–
The launch of financing in accordance of loans/ borrowings agreement:		
Consortiums of banks	1 300	150
Other	13	22
Total	**1 551**	**172**

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

47. Financial instruments

Categories and classes of financial assets	As at 31 March 2025 *(unaudited)*		As at 31 December 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
1 Financial assets measured at amortized cost	**4 671**		**4 849**	
Receivables from buyers	4 303	4 303	4 095	4 095
Deposits	4	4	4	4
Receivables due to recompensation	275	275	598	598
Other financial receivables	89	89	152	152
2 Financial assets measured at fair value through profit or loss (FVTPL)	**2 556**		**1 381**	
Derivative instruments	91	91	64	64
Shares	205	205	205	205
Loans granted	491	491	479	479
Other financial receivables	39	39	37	37
Cash and cash equivalents	1 730	1 730	596	596
3 Derivative hedging instruments	**179**	**179**	**185**	**185**
4 Financial assets excluded from the scope of IFRS 9 Financial Instruments	**197**		**190**	
Investments in joint ventures	197		190	
Total financial assets, of which in the statement of financial position:	**7 603**		**6 605**	
Non-current assets	**1 039**		**1 018**	
Investments in joint ventures	197		190	
Loans granted to joint ventures	491		479	
Derivative instruments	93		90	
Other financial assets	258		259	
Current assets	**6 564**		**5 587**	
Receivables from buyers	4 297		4 089	
Derivative instruments	177		159	
Other financial assets	360		743	
Cash and cash equivalents	1 730		596	

(in PLN million)

Categories and classes of financial liabilities	As at 31 March 2025 *(unaudited)*		As at 31 December 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
1 Financial liabilities measured at amortized cost	**16 785**		**16 297**	
Preferential loans and borrowings	141	141	65	65
Arm's length loans and borrowings	7 533	7 561	6 992	7 007
Bank overdrafts	132	132	35	35
Bonds issued	5 783	5 696	5 772	5 677
Liabilities to suppliers	2 263	2 263	1 957	1 957
Other financial liabilities	123	123	449	449
Capital commitments	609	609	698	698
Salaries and wages	157	157	268	268
Insurance contracts	44	44	61	61
2 Financial liabilities measured at fair value through profit or loss (FVTPL)	**519**		**439**	
Derivative instruments	519	519	439	439
3 Financial liabilities excluded from the scope of IFRS 9 Financial Instruments	**1 715**		**1 751**	
Liabilities under leases	1 715		1 751	
Total financial liabilities, of which in the statement of financial position:	**19 019**		**18 487**	
Non-current liabilities	**13 546**		**12 685**	
Debt	13 265		12 475	
Derivative instruments	151		64	
Capital commitments	94		106	
Other financial liabilities	36		40	
Current liabilities	**5 473**		**5 802**	
Debt	2 039		2 140	
Liabilities to suppliers	2 261		1 955	
Capital commitments	515		592	
Derivative instruments	368		375	
Other financial liabilities	290		740	

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 are 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 31 March 2025 and 31 December 2024 (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 2024.

As at 31 March 2025, 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 against subsidiary Polska Energia - Pierwsza Kompania Handlowa Sp. z o.o. relating to termination of long-term contracts

In 2015, companies belonging to Wind Invest group brought an action against Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. ("PE-PKH") to declare ineffective the statements made by PE-PKH on the termination of the agreements concluded with the above-mentioned companies for the purchase of electricity and property rights. 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 by Wind Invest Group companies amounted to PLN 640 million.

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 PE-PKH are ineffective, on 6 November 2019, the Court of Appeals in Warsaw partially granted the application for security by ordering PE-PKH 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 lawsuit of Pękanino Wind Invest Sp. z o.o. against PE-PKH, pending before the Regional Court in Warsaw are finally concluded. 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.

All cases are held before the first instance courts.

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

In 2017 and 2018, companies belonging to the 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. The factual basis for the claims of the lawsuits, as alleged by the plaintiffs, is the termination by the subsidiary company, PE-PKH of long-term agreements for the purchase of electricity and property rights resulting from certificates of origin and TAURON Polska Energia S.A.'s alleged management of the process.

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

Moreover, in their claims, the plaintiff companies indicate the following values of estimated damages as PLN 1 119 million.

The District Court in Katowice has jurisdiction to hear the lawsuits.

On 5 December 2024, the Regional Court in Katowice announced a judgement in which it dismissed the claims of Gorzyca Wind Invest Sp. z.o.o., based in Warsaw, in their entirety, together with all extensions to this lawsuit. Gorzyca Wind Invest Sp. z.o.o. demanded payment of damages (originally in the amount of PLN 40 million and subsequently extended) and determination of liability for damages that may arise in the future from tortious acts, including acts of unfair competition, with a value estimated in 2017 by the plaintiff company at PLN 466 million. The factual basis for the claim, according to Gorzyca Wind Invest Sp. z.o.o.'s allegations, was the Company's alleged prohibited acts related to the termination by PE-PKH of long-term contracts for the purchase of electricity and property rights resulting from certificates of origin. In the justification of the judgement, the court shared the Company's position as to the absence of both the principle of the Company's liability and its specific grounds, cited by Gorzyca Wind Invest Sp. z.o.o. The judgement is not final and may be subject to appeal.

All other cases are held before the first instance courts 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.

Court disputes with Polenergia group companies

In 2015, companies belonging to the Polenergia group, i.e. Amon Sp. z o.o. and Talia Sp. z o.o., brought actions against PE-PKH to declare ineffective the statements issued by PE-PKH on the termination of agreements concluded with the above companies for the purchase of electricity and property rights.

In 2017 and 2018, companies belonging to the Polenergia group, i.e. Amon Sp. z o.o. and Talia Sp. z o.o. brought 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, the actual basis for the claims is the termination by the subsidiary, PE-PKH of long-term agreements for the purchase of electricity and property rights arising from certificates of origin, as well as the alleged management of this process by TAURON Polska Energia S.A. The value of the Polenergia Group companies' demands amounted to: against PE-PKH - PLN 136 million, and against TAURON Polska Energia S.A. - PLN 180 million.

After the balance sheet date, on 28 April 2025, PE-PKH and the Company concluded settlements with companies from the Polenergia group – Amon Sp. z o.o. and Talia Sp. z o.o., which is described in more detail in note 53 to these interim condensed consolidated financial statements. The primary purpose of the concluded settlements is to amicably resolve all legal disputes that are pending between PE-PKH and the Company and Amon Sp. z o.o. and Talia Sp. z o.o. As a result of the settlement concluded between the Company and Amon Sp. z o.o. and Talia Sp. z o.o., Amon Sp. z o.o. and Talia Sp. z o.o. withdrew the claims against the Company, with a waiver of claims. As a result of the settlement concluded between PE-PKH and Amon Sp. z o.o. and Talia Sp. all pending court disputes will be concluded, both in the actions of Amon Sp. z o.o. and Talia Sp. z o.o. against PE-PKH, and in the action of PE-PKH against Amon Sp. z o.o. and Talia Sp. z o.o., i.e. the actions and cassation appeals have been withdrawn and the parties have waived their claims.

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.

In the lawsuit of 12 March 2007, Huta claims from GZE and the State Treasury - President of the Energy Regulatory Office (in solidum) an amount of PLN 182 million including interest from the date of lodging the lawsuit to the date of payment, as compensation for the alleged damage caused by GZE's failure to comply with the decision of the President of the ERO of 12 October 2001 regarding GZE's resumption of electricity supply to Huta.

In this case, the courts of the first and second instance passed judgements favourable for GZE; however, in its judgement of 29 November 2011 the Supreme Court overruled the judgement of the Court of Appeals and remanded the case for re-examination by that Court. On 5 June 2012, the Court of Appeals overruled the decision of the Regional Court and remanded the case for re-examination by the latter. By judgement of 28 May 2019, the Regional Court in Warsaw dismissed Huta's claim in its entirety and ruled that Huta reimbursed each of the defendant for the costs of the proceedings. Huta appealed (dated 25 July 2019), challenging the above judgement in its entirety and requesting that it be amended by upholding the claim in its entirety and ordering the defendants to pay the costs of the proceedings in favour of Huta, or, in the alternative, that the contested judgement be set aside in its entirety and the case be referred back to the court of first instance. In response to the appeal of 9 August

2019, the Company requested that the appeal be dismissed in its entirety as manifestly unfounded and that the costs of the appeal proceedings be awarded against Huta in favour of the Company. By the judgement of 9 February 2022, the appeal lodged by Huta was dismissed and the Company was awarded, among others, the costs of the appeal proceedings. The judgement is legally binding. On 13 October 2022, Huta filed a cassation appeal with the Supreme Court. Both the Company and the State Treasury lodged replies to this action emphasising, in the first instance, the lack of grounds for its acceptance for examination by the Supreme Court. The Huta's cassation appeal was accepted for consideration.

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. ENEA has filed an appeal against the above ruling. At a session on 19 November 2024, the court invited the claimant to complete the formal deficiencies of the appeal. On 12 March 2025, the Court of Appeals in Katowice dismissed ENEA S.A.'s claim in its entirety. The verdict is legally binding.

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 *Heat, Distribution, Sales and Wholesale* segment. The Companies provide clarifications in the respective cases on an ongoing basis and undertakes remedying actions.

In the scope of proceedings concerning the imposition of fines for which the ERO President issued decisions imposing fines, the companies of the Group established provisions for pending proceedings in the total amount of PLN 6 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 and the related equipment and installations 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 71 million were created for reported court disputes, which are recognised in the statement of financial position under other provisions (Note 38.1).

Risks related to the rules for determining the cost of write-down for the Price Difference Payment Fund

On 27 October 2023, the President of the Energy Regulatory Office (the "ERO President") published a communication explaining the provisions of the Act of 27 October 2022 on Extraordinary Measures to Limit Electricity Prices and Support Certain Consumers in 2023 (the "Act on Extraordinary Measures") in connection with the planned commencement of inspections of the write-down to the Price Difference Payment Fund (the "Write-down") applicable to electricity producers and trading companies in 2023. 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 ERO President, the calculation of the allowance for the Fund should take into account the "hypothetical" revenues that the companies of the *Sales and Wholesale* 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 announcements published by the ERO President, the Group believes that changes in legal regulations clarifying the method of calculating the Write-down cannot be excluded, which could potentially increase the Group companies' costs related to the Write-down. If any changes in legal regulations come into force, the Group will assess their impact on the Group's financial results.

At the same time, due to the fact that no changes to the applicable legal regulations came into force as at the balance sheet date, the Group does not identify any grounds for creating provisions for higher costs of the Write-down.

In the Group's opinion, the method of calculating the Write-down adopted by the Group companies is compliant with the applicable legal regulations.

(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(Towarowa Giełda Energii S.A.), described due to their materiality later in this note, are presented below.

Collateral	As at 31 March 2025 *(unaudited)*	AS at 31 December 2024
Declarations of submission to enforcement[1]	63 669	20 120
Corporate guarantees	2 079	2 595
Blank promissory notes	1 491	1 514
Bank account mandates	670	1 240
Sureties granted	405	447
Bank guarantees	294	334
Pledges on shares[2]	197	190
Other	20	20

[1]As at 31 March 2025, the item comprises collaterals relating to agreements for which, as at the balance sheet day, the liabilities were repaid in the total amount of PLN 2 320 million (PLN 1 820 million and EUR 4 million as at 31 December 2024).
[2] 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 31 March 2025, the major hedging items are:

- a declaration of submission to enforcement up to the amount of PLN 43 549 million with an effective term until 17 December 2051, signed by the Company on 27 January 2025, in connection with a loan agreement from the funds of the National Recovery and Resilience Plan under Investment G3.1.4 National Power System Support Fund up to the amount of PLN 11 000 million with a possibility of its increasing (note 34.1);
- 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 in the amount of EUR 190 million (PLN 795 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, with the effective term by 19 May 2027;
- 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 703 million), while the beneficiaries of the guarantee are the 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 492 million and EUR 19 million (PLN 81 million), and under sureties granted - the total of PLN 79 million;
- bank guarantees of up to PLN 256 million issued following the request of the Company up to the maximum amount of PLN 64 million to secure the receivables of Bank Gospodarstwa Krajowego ("BGK") arising from 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 2026. The collateral provided is reduced with the repayment of the loan by Elektrociepłownia Stalowa Wola S.A. to BGK.

  After the balance sheet date, due to the partial repayment of the loan agreement on 16 April 2025 by the borrower, Elektrociepłownia Stalowa Wola S.A., the amount of the surety provided by the Company was reduced from PLN 64 million to PLN 48 million.

(in PLN million)

Collaterals for transactions concluded on the Polish Power Exchange [Towarowa Giełda Energii S.A.] in TAURON Group as at 31 March 2025

Type of collateral	Description
Declaration of submission to enforcement	On 15 June 2023, the Company signed the declaration of submission to enforcement to secure its own liabilities 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.
Bank guarantees	As at the balance sheet date, bank guarantees totaling PLN 161 million were in force in the Group, including those issued to secure the Company's liabilities in the amount of PLN 132 million and those of the subsidiary TAURON Wytwarzanie S.A. in the amount of PLN 29 million.
Compensation agreement for margin deposits	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 615 851 tones in the IRGiT account to secure the Company's obligations in respect of security deposit payments due (recognised in the consolidated statement of financial position mainly as intangible assets). As at the date of approval of these interim condensed consolidated financial statements for publication, the total amount of CO_2 emission allowances deposited by the Group in the IRGiT account is 886 851 tons.

Provision of funds to cover future decommissioning costs

As at the balance sheet date, the Mine Liquidation Fund created to secure funds to cover future decommissioning costs relates to the subsidiary, Kopalnia Wapienia Czatkowice Sp. z o.o.

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.

	3-month period ended 31 March 2025 *(unaudited)*	3-month period ended 31 March 2024 *(unaudited)*
Revenue	54	92
Costs	(152)	(199)

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

	3-month period ended 31 March 2025 *(unaudited)*	3-month period ended 31 March 2024 *(unaudited)*
Revenue	1 107	857
Costs	(2 101)	(2 134)

(in PLN million)

Receivables and liabilities

	As at 31 March 2025 *(unaudited)*	As at 31 December 2024
Receivables*	507	450
Liabilities	807	1 182

**As at 31 March 2025 and as at 31 December 2024, the receivables item in the table above comprises advance payments for the purchase of fixed assets in the amount of PLN 31 million and PLN 12 million, respectively.*

Among the State Treasury companies, the largest customers of TAURON Polska Energia S.A. Capital Group in the 3-month period ended 31 March 2025 included PSE S.A., KGHM Polska Miedź S.A., Południowy Koncern Węglowy S.A, PGE Energetyka Kolejowa S.A. and 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.

The 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 period of three months ended 31 March 2025 and in the comparative period is presented in the table below.

	3-month period ended 31 March 2025 *(unaudited)*		3-month period ended 31 March 2024 *(unaudited)*	
	Parent	Subsidiaries	Parent	Subsidiaries
Management Board	**1**	**4**	**2**	**8**
Short-term benefits (with surcharges)	1	4	1	6
Employment termination benefits	–	–	1	2
Supervisory Board	**–**	**–**	**–**	**1**
Short-term employee benefits (salaries and surcharges)	–	–	–	1
Other key management personnel	**3**	**14**	**4**	**15**
Short-term employee benefits (salaries and surcharges)	3	13	3	14
Other	–	1	1	1
Total	**4**	**18**	**6**	**24**

In addition, 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 31 March 2025.

53. Events after the balance sheet date

The conclusion of settlements by Polska Energia – Pierwsza Kompania Handlowa Sp. z o.o. and TAURON Polska Energia S.A. with Amon Sp. z o.o. and Talia Sp. z o.o.

After the balance sheet date, on 28 April 2025 the company Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. ("PE-PKH") and the Company entered into settlement agreements with Polenergia Group companies - Amon Sp. z o.o. ("Amon") and Talia Sp. z o.o. ("Talia"). The primary objective of the settlements concluded is to terminate amicably all lawsuits pending between PE-PKH and Amon and Talia and between the Company and Amon and Talia, which are described in detail in note 50 of these interim condensed consolidated financial statements.

As a result of the settlement reached by PE-PKH with Amon and Talia:

- the agreements for the sale of property rights arising from certificates of origin confirming the generation of energy from renewable energy sources by Amon and Talia, concluded on 23 December 2009 between PE-PKH and Amon and Talia, were terminated;

- PE-PKH and Amon and Talia amended the agreements for the sale of electricity generated at the Amon and Talia wind farms, respectively, concluded with PEPKH on 23 December 2009 so that their performance will be renewed for a period of 10 years from 1 June 2025 to 31 May 2035, and the new price at which electricity will be purchased, as agreed by PEPKH and Amon and Talia, will not be subject to change throughout the performance period of these agreements;
- PE-PKH paid one-off compensation in the total amount of PLN 15 million to Amon and Talia;
- all litigations currently pending before both in the actions of Amon and Talia against PE-PKH and in the action of PE-PKH against Amon and Talia will be concluded, i.e. Amon and Talia have withdrawn the actions against PE-PKH brought before the Regional Court in Gdańsk, including the waiver of claims, and PE-PKH has withdrawn the counterclaim against Amon brought before the Regional Court in Gdańsk and the action against Talia brought before the Regional Court in Warsaw, in both cases, with the waiver of claims in these cases. Moreover, PE-PKH has withdrawn cassation appeals in cases pending before the Supreme Court.

In addition, as part of the settlement documentation, an agreement was concluded between the Company, PEPKH and Amon and Talia concerning the Company's entry in place of PE-PKH as the buyer in the agreements for the sale of electricity generated from renewable energy sources - the wind farm in Łukaszów and the wind farm in Modlikowice of 23 December 2009, which also includes a settlement agreement between the Company and Amon and Talia.

As a result of the agreement and the settlement:

- The Company has replaced PE-PKH and assumed the rights and obligations of the buyer under the aforementioned electricity sale agreements, which the Company, Amon and Talia will perform for the period and under the conditions specified above;
- Amon and Talia have withdrawn their claims against the Company and waived their claims brought before the Regional Court in Katowice.

In addition, the parties have waived with respect to each other all claims and rights they have or could have in respect of the non-performance or improper performance of property rights sale agreements and electricity sale agreements by either party, as well as any claims in tort relating to such non-performance or undue performance of such contracts, and this waiver is intended by the parties to cover both the claims covered by the litigation to date and any potential further claims, not covered by such litigation, which would relate to the period of time closed by the conclusion of the settlements.

As a result of the conclusion of the settlements and the resumption of the execution of the electricity sales agreements, the parties anticipate the sale of a total volume of electricity from the Amon and Talia wind farms in the estimated amount of approximately 1.2 TWh over the 10 years of execution of the electricity sales agreements, while the value of the electricity sales agreements over the 10 years of their execution, determined as the product of the volume of electricity sold and the rate specified in these agreements, will amount to an estimated total of approximately PLN 500 million over the entire term of the agreements.

These interim condensed consolidated financial statements of TAURON Polska Energia S.A. Capital Group prepared for the period of three months ended 31 March 2025 in compliance with International Accounting Standard No. 34 comprise 57 pages.

Katowice, 20 May 2025

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