

TAURON Polska Energia S.A.

Quarterly financial information

for the 3-month period ended 31 March 2025

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME	3
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION	4
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY	5
INTERIM CONDENSED STATEMENT OF CASH FLOWS	6

SELECTED EXPLANATORY NOTES..... 7

1. Principles adopted in the preparation of quarterly financial information as well as changes in applied accounting policies and changes in presentation.....	7
2. Material changes in values based on professional judgement and estimates	8
3. Sales revenue	8
4. Costs by type.....	8
5. Financial income and costs	9
6. Shares	10
7. Loans granted	11
7.1. Loans granted to subsidiaries	11
7.2. Loans granted to joint ventures	12
7.3. Loans granted under the cash pool service.....	12
8. Cash and cash equivalents	12
9. Income tax settlements.....	12
10. Debt liabilities	13
10.1. Bank loans	13
10.2. Bonds issued.....	15
10.3. Debt agreement covenants	15
10.4. Loans received under the cash pool service	16
10.5. Loan from subsidiary	16
11. Other current non-financial liabilities.....	16
12. Events after the balance sheet day	16

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Note	3-month period ended 31 March 2025 (unaudited)	3-month period ended 31 March 2024 (unaudited)
Sales revenue	3	4 835	5 952
Cost of sales	4	(4 727)	(5 771)
Profit on sale		108	181
Selling and distribution expenses	4	(8)	(5)
Administrative expenses	4	(33)	(38)
Operating profit		67	138
Interest income on loans	5	112	171
Interest expense on debt	5	(186)	(201)
Revaluation of loans	5	48	(10)
Other finance income and costs	5	(128)	(76)
Profit (loss) before tax		(87)	22
Income tax expense		5	(22)
Net profit (loss)		(82)	-
Measurement of hedging instruments		(32)	(7)
Income tax		6	1
Other comprehensive income subject to reclassification to profit or loss		(26)	(6)
Total comprehensive income		(108)	(6)
Profit (loss) per share (in PLN):			
- basic and diluted, for net profit (loss)		(0.05)	-

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March 2025 (unaudited)	As at 31 December 2024
ASSETS			
Non-current assets			
Investment property		18	18
Right-of-use assets		7	4
Shares	6	16 085	16 085
Loans granted	7	8 437	9 888
Derivative instruments		93	90
Other financial assets		33	33
Other non-financial assets		18	17
Deferred tax assets		50	3
		24 741	26 138
Current assets			
Inventories		816	34
Receivables from buyers		1 188	1 746
Income tax receivables	9	19	–
Loans granted	7	2 824	521
Derivative instruments		191	166
Other financial assets		415	123
Other non-financial assets		10	5
Cash and cash equivalents	8	1 333	172
		6 796	2 767
TOTAL ASSETS		31 537	28 905
EQUITY AND LIABILITIES			
Equity			
Issued capital		8 763	8 763
Reserve capital		2 438	2 438
Revaluation reserve from valuation of hedging instruments		113	139
Retained earnings/(Accumulated losses)		459	541
		11 773	11 881
Non-current liabilities			
Debt	10	11 489	10 661
Derivative instruments		151	64
Other financial liabilities		2	5
Other provisions, accruals, deferred income and government grants		9	9
		11 651	10 739
Current liabilities			
Debt	10	3 971	4 477
Liabilities to suppliers		1 533	1 020
Derivative instruments		368	375
Other financial liabilities		41	59
Income tax liabilities	9	423	16
Other non-financial liabilities	11	1 743	308
Other provisions, accruals, deferred income and government grants		34	30
		8 113	6 285
Total liabilities		19 764	17 024
TOTAL EQUITY AND LIABILITIES		31 537	28 905

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE 3-MONTH PERIOD ENDED 31 MARCH 2025 (unaudited)

	Issued capital	Reserve capital	Revaluation reserve on valuation of hedging instruments	Retained earnings/ (Accumulated losses)	Total
As at 1 January 2025	8 763	2 438	139	541	11 881
Net loss	–	–	–	(82)	(82)
Other comprehensive income	–	–	(26)	–	(26)
Total comprehensive income	–	–	(26)	(82)	(108)
As at 31 March 2025 (unaudited)	8 763	2 438	113	459	11 773

FOR THE 3-MONTH PERIOD ENDED 31 MARCH 2024 (unaudited)

	Issued capital	Reserve capital	Revaluation reserve on valuation of hedging instruments	Retained earnings/ (Accumulated losses)	Total
As at 1 January 2024	8 763	3 076	218	(607)	11 450
Other comprehensive income	–	–	(6)	–	(6)
Total comprehensive income	–	–	(6)	–	(6)
As at 31 March 2024 (unaudited)	8 763	3 076	212	(607)	11 444

INTERIM CONDENSED 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 (loss) before tax		(87)	22
Depreciation and amortization		3	3
Interest		79	32
Valuation of loans		(48)	10
Valuation of derivatives		46	49
Exchange differences		(60)	(41)
Other adjustments of profit before tax		(6)	(9)
Change in working capital		1 705	646
Income tax paid		(9)	–
Net cash from (used in) operating activities		1 623	712
Cash flows from investing activities			
Loans granted		(727)	(149)
Increase in receivables under the cash pool agreement		(553)	–
Other		(1)	(1)
Total payments		(1 281)	(150)
Repayment of loans granted		387	66
Decrease in receivables under the cash pool agreement		–	468
Interest received from loans granted		41	53
Sales of financial assets		8	–
Total proceeds		436	587
Net cash used in investing activities		(845)	437
Cash flows from financing activities			
Repayment of loans		(791)	(1 085)
Decrease in liabilities under the cash pool agreement		(398)	–
Interest paid		(120)	(135)
Commission paid		(8)	(5)
Repayment of lease liabilities		(2)	(3)
Total payments		(1 319)	(1 228)
Contracted loans		1 538	150
Increase in liabilities under the cash pool agreement		–	152
Bond's interest returned		65	–
Total proceeds		1 603	302
Net cash from (used in) financing activities		284	(926)
Net increase/(decrease) in cash and cash equivalents		1 062	223
Cash and cash equivalents at the beginning of the period	8	133	463
Cash and cash equivalents at the end of the period, of which:	8	1 195	686
restricted cash	8	339	90

SELECTED EXPLANATORY NOTES

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

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

Changes in the accounting principles applied

The quarterly financial information was prepared using the same accounting principles as those applied in the preparation of the annual financial statements of TAURON Polska Energia S.A. for the year ended 31 December 2024, except for the application of amendments to the standards, which came into force on 1 January 2025 (described in Note 8 to the interim condensed consolidated financial statements for the 3-month period ended 31 March 2025).

Change in presentation

In the financial statements for year ended 31 December 2024, the Company changed its judgements regarding the presentation of the cash pool transactions executed in the statement of cash flows, as further described in more in note 6 of the aforementioned financial statements. Due to the persistent lack of volatility in the cash pool balance and the resulting surplus of liabilities over receivables, the Company has ceased to include the cash pool balance in cash and cash equivalents in the statement of cash flows. As a result of the change in judgment, the change in the balance of receivables from loans granted within the cash pool is reported in cash flows from investing activities, while the change in the balance of liabilities from loans received within the cash pool is reported in cash flows from financing activities. Consequently, interest received and paid on loans granted within the cash pool constitute inflows from investing activities and payments from financing activities, respectively. The balance of cash reported in the statement of cash as at 1 January 2024 has been adjusted accordingly by the balance of the Company's settlement on account of loans granted and received under cash pool as at 31 December 2023.

Taking into account the change in judgement applied, the Company has restated the interim condensed statement of cash flows for the 3-month period ended 31 March 2024 with regard to the presentation of cash pool transactions.

	3-month period ended 31 March 2024 (approved figures unaudited)	Change of judgement regarding cash pool settlements	3-month period ended 31 March 2024 (restated figures unaudited)
Cash flows from operating activities			
Interest	35	(3)	32
Net cash from (used in) operating activities	715	(3)	712
Cash flows from investing activities			
Decrease in receivables under the cash pool agreement	–	468	468
Interest received from loans granted	32	21	53
Total proceeds	98	489	587
Net cash used in investing activities	(52)	489	437
Cash flows from financing activities			
Interest paid	(114)	(21)	(135)
Total payments	(1 207)	(21)	(1 228)
Increase in liabilities under the cash pool agreement	–	152	152
Total proceeds	150	152	302
Net cash from (used in) financing activities	(1 057)	131	(926)
Net increase/(decrease) in cash and cash equivalents	(394)	617	223
Cash and cash equivalents at the beginning of the period	(287)	750	463
Cash and cash equivalents at the end of the period	(681)	1 367	686

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

In the process of applying the accounting policy, professional judgement of the management, along with accounting estimates, were of key importance affecting the figures disclosed in the financial statements. The assumptions underlying these estimates are based on the best knowledge of the Management Board related to the current and future actions and events in individual areas. In the current period, no significant changes occurred in the estimates or estimation methods applied, which could affect the current or future periods, other than those described hereinafter in this quarterly financial information.

3. Sales revenue

	3-month period ended 31 March 2025 (unaudited)	3-month period ended 31 March 2024 (unaudited)
Revenue from sales of goods for resale	4 743	5 864
Electricity	4 198	4 900
CO ₂ emission allowances	231	555
Gas	314	406
Other	–	3
Rendering of services	92	88
Capacity Market	56	50
Trade services	22	25
Other	14	13
Total sales revenue	4 835	5 952

In the 3-month period ended 31 March 2025, sales revenues decreased in relation to the comparable period and the main changes were related to sales revenues of the following goods:

- Electricity - a decline in revenue by PLN 702 million is mainly associated with electricity sales at a lower price. Lower sales prices result from market conditions and the visible decline in energy prices in 2024 for contracts concluded for delivery in 2025. Electricity sales volumes stood at a level comparable to the previous year;
- CO₂ emission allowances - a decline in revenue by PLN 324 million is mainly due to the sale of a lower volume of CO₂ emission allowances with sales simultaneously recorded at a higher price. Revenues in the scope of CO₂ emission allowances in the current and comparable period were mainly related to sales to Group generation companies for the purpose of covering redemption needs resulting from electricity production;
- Gas - an decline in revenue by PLN 92 million is mainly related to a decrease in prices with the volume of sales simultaneously recorded at a lower level. The lower sales volume results from a lower demand of external contractors for gas.

4. Costs by type

	3-month period ended 31 March 2025 (unaudited)	3-month period ended 31 March 2024 (unaudited)
Capacity Market	(57)	(50)
Employee benefits expense	(30)	(37)
Other external services	(13)	(12)
Advertising expenses	(5)	(6)
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	(3)	(3)
Allowance for expected credit losses on receivables from buyers	1	3
Other costs by type	(2)	(3)
Total costs by type	(109)	(108)
Selling and distribution expenses	8	5
Administrative expenses	33	38
Value of energy sold	(4 145)	(4 813)
Value of other goods sold	(514)	(893)
Cost of sales	(4 727)	(5 771)

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In the 3 month period ended 31 March 2025, a decrease was recorded in the costs of the Company's operations compared to the comparative period, with the main changes relating to:

- a decrease in the value (cost) of electricity sold, which results mainly from purchases of electricity at lower average prices. Lower purchase prices result from market conditions and price decrease in 2024, which translated into prices in concluded contracts with a delivery date of 2025. At the same time, TAURON Polska Energia S.A. acquired electricity volumes at a level comparable to the previous year;
- a decline in the value (cost) of other goods sold, including:
 - CO₂ emission allowances, which is the result of a lower purchase volume of allowances in the current period as well as lower prices, which directly stems from market conditions;
 - gas, which is primarily due to a decline in gas purchase prices, with a simultaneously recorded lower purchase volume.

5. Financial income and costs

	3-month period ended 31 March 2025 (unaudited)	3-month period ended 31 March 2024 (unaudited)
Interest income on loans	112	171
Interest expense	(186)	(201)
Revaluation of loans	48	(10)
Other finance income and costs, of which:	(128)	(76)
Gain/(loss) on derivative instruments	(202)	(133)
Other interest income	4	9
Commissions due to external financing	(6)	(5)
Exchange differences	56	41
Other finance income	22	15
Other finance costs	(2)	(3)
Total, of which:	(154)	(116)
Income and costs from financial instruments	(163)	(121)
Other finance income and costs	9	5

The decline in interest income on loans results mainly from lower interest income on the loan granted to the subsidiary TAURON Wytwarzanie S.A. compared to the corresponding period, which resulted from a reduction in the carrying amount of the loan used as the basis for calculating interest, following cash flow analyses performed as at 30 June 2024, and a decrease in the average balance of loans granted under the cash pool mechanism in the 3-month period ended 31 March 2025, compared to the corresponding period of loans granted level as a cash pool mechanism and accordingly a decrease in interest income on this account.

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 CO₂ emission allowances. The appreciation of the zloty exchange rate has also affected the occurrence of exchange rate gains in the current period, which are mainly related to the valuation of external funding in EUR.

TAURON Polska Energia S.A.
Quarterly financial information for the 3-month period ended 31 March 2025
(in PLN million)

6. Shares

No.	Company	As at 31 March 2025			As at 31 December 2024		
		Gross value	(unaudited) Impairment losses	Net value	Gross value	Impairment losses	Net value
Consolidated subsidiaries							
1	TAURON Wytwarzanie S.A.	8 482	(8 482)	–	8 482	(8 482)	–
2	TAURON Ciepło Sp. z o.o.	1 928	(639)	1 289	1 928	(639)	1 289
3	TAURON Ekoenergia Sp. z o.o.	1 940	–	1 940	1 940	–	1 940
4	TAURON Zielona Energia Sp. z o.o.	600	–	600	600	–	600
5	TAURON Dystrybucja S.A.	10 512	–	10 512	10 512	–	10 512
6	TAURON Nowe Technologie S.A.	650	–	650	650	–	650
7	TAURON Sprzedaż Sp. z o.o.	614	–	614	614	–	614
8	TAURON Sprzedaż GZE Sp. z o.o.	130	–	130	130	–	130
9	Kopalnia Wapienia Czatkowice Sp. z o.o.	41	–	41	41	–	41
10	Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o.	90	(90)	–	90	(90)	–
11	TAURON Obsługa Klienta Sp. z o.o.	40	–	40	40	–	40
12	Finanse Grupa TAURON Sp. z o.o.	28	(24)	4	28	(24)	4
13	TAURON Inwestycje Sp. z o.o.	95	(95)	–	95	(95)	–
14	Other	14	–	14	14	–	14
Joint ventures							
15	TAMEH HOLDING Sp. z o.o.	416	(221)	195	416	(221)	195
Entities measured at fair value							
16	EEC Magenta Sp. z o.o. ASI spółka komandytowo–akcyjna	4	n.a.	4	4	n.a.	4
17	EEC Magenta Sp. z o.o. 2 ASI spółka komandytowo–akcyjna	39	n.a.	39	39	n.a.	39
18	ElectroMobility Poland S.A.	5	n.a.	5	5	n.a.	5
19	Other	8	n.a.	8	8	n.a.	8
Total		25 636	(9 551)	16 085	25 636	(9 551)	16 085

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 CO₂ 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 tonnes, had a downward effect on prices;
- the price of CO₂ 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 CO₂ 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 was recognised that the results of the most recent impairment tests of shares in subsidiaries and joint ventures as well as the analyses in the scope of valuation of loans granted as at 31 December 2024 were valid. The impairment tests carried out as at 31 December 2024, including the key assumptions adopted in the scope of tests are described in Note 11 to the financial statements of TAURON Polska Energia S.A. for the year ended 31 December 2024.

TAURON Polska Energia S.A.
Quarterly financial information for the 3-month period ended 31 March 2025
(in PLN million)

7. Loans granted

	As at 31 March 2025 (unaudited)			As at 31 December 2024		
	Gross value	Impairment loss	Carrying amount	Gross value	Impairment loss	Carrying amount
Loans measured at amortized cost	8 900	(73)	8 827	8 484	(63)	8 421
Loans granted to subsidiaries	8 262	(21)	8 241	8 401	(27)	8 374
Loans granted under cash pool agreement	638	(52)	586	83	(36)	47
Loans measured at fair value	2 434	n.a.	2 434	1 988	n.a.	1 988
Loans granted to subsidiaries	1 943	n.a.	1 943	1 509	n.a.	1 509
Loans granted to EC Stalowa Wola S.A.	491	n.a.	491	479	n.a.	479
Total	11 334	(73)	11 261	10 472	(63)	10 409
Non-current	8 451	(14)	8 437	9 914	(26)	9 888
Current	2 883	(59)	2 824	558	(37)	521

7.1. Loans granted to subsidiaries

Company	Maturity date according to agreement	As at 31 March 2025 (unaudited)				As at 31 December 2024			
		Outstanding principal and contractual interest accrued	Gross value	Impairment loss	Carrying amount	Outstanding principal and contractual interest accrued	Gross value	Impairment loss	Carrying amount
Loans measured at amortized cost		12 373	8 262	(21)	8 241	12 269	8 401	(27)	8 374
TAURON Dystrybucja S.A.	2025-2049	5 898	5 704	(12)	5 692	5 963	5 923	(19)	5 904
TAURON Wytwarzanie S.A.	2025-2030	4 995	1 154	–	1 154	4 881	1 128	–	1 128
TAURON Ciepło Sp. z o.o.	2025-2030	950	950	(7)	943	949	949	(7)	942
TAURON Ekoenergia Sp. z o.o.	2025	160	160	–	160	160	160	–	160
TAURON Obsługa Klienta Sp. z o.o.	2025	131	131	(1)	130	131	131	(1)	130
Finadvice Polska 1 Sp. z o.o.	2028	96	96	(1)	95	22	22	–	22
TAURON Inwestycje Sp. z o.o.	2025-2033	76	–	–	–	75	–	–	–
TAURON Nowe Technologie S.A.	2025-2028	30	30	–	30	33	33	–	33
AE ENERGY 7 Sp. z o.o.	2026	19	19	–	19	27	27	–	27
Other	2025-2026	18	18	–	18	28	28	–	28
Loans measured at fair value		2 104	1 943	n.a.	1 943	1 689	1 509	n.a.	1 509
Finadvice Polska 1 Sp. z o.o.	2028-2038	447	435	n.a.	435	97	91	n.a.	91
"MEGAWATT S.C." Sp. z o.o.	2026-2038	373	399	n.a.	399	366	387	n.a.	387
WIND T30MW Sp. z o.o.	2025-2038	270	227	n.a.	227	266	219	n.a.	219
Windpower Gamów Sp. z o.o.	2025-2038	266	223	n.a.	223	263	214	n.a.	214
AE ENERGY 7 Sp. z o.o.	2027-2032	193	163	n.a.	163	178	144	n.a.	144
WIND T4 Sp. z o.o.	2025-2038	185	158	n.a.	158	183	152	n.a.	152
FF Park PV1 Sp. z o.o.	2025-2034	162	148	n.a.	148	160	144	n.a.	144
WIND T2 Sp. z o.o.	2026-2034	140	122	n.a.	122	103	87	n.a.	87
TAURON Ekoenergia Sp. z o.o.	2025-2032	42	41	n.a.	41	42	40	n.a.	40
TAURON Ciepło Sp. z o.o.	2026-2034	26	27	n.a.	27	31	31	n.a.	31
Total		14 477	10 205	(21)	10 184	13 958	9 910	(27)	9 883
Non-current			7 933	(14)	7 919		9 425	(26)	9 399
Current			2 272	(7)	2 265		485	(1)	484

Loans granted to subsidiaries bear a fixed interest rate.

In the 3-month period ended 31 March 2025, the Company granted a loan to its subsidiary TAURON Dystrybucja S.A. under the intra-group loan agreement, in the total nominal value of PLN 238 million, from the funds of the National Recovery and Resilience Plan received by the Company under the loan agreement concluded with Bank Gospodarstwa Krajowego. The carrying amount of the loan granted as at 31 March 2025 of PLN 79 million takes into account the preferential nature of the financing, as discussed in more detail in note 10.1 of this quarterly financial information.

7.2. Loans granted to joint ventures

	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		

7.3. Loans granted under the cash pool service

In order to optimise cash and liquidity management, TAURON Group applies the cash pool service mechanism. Cash pooling is implemented under the agreement of 28 November 2024 concluded with the bank for the operation of a cash management system for a group of accounts, with the effective term until 6 December 2027. As a result of the cash pool mechanism, cash is transferred between the accounts of the service participants and the pool leader's account whose function is performed by TAURON Polska Energia S.A.

The balance of receivables generated as a result of cash pool transactions as at 31 March 2025 and 31 December 2024 is presented in the table below.

	As at 31 March 2025 (unaudited)			As at 31 December 2024		
	Gross value	Impairment loss	Carrying amount	Gross value	Impairment loss	Carrying amount
Receivables from cash pool transactions	635	(52)	583	83	(36)	47
Interest receivable from cash pool transactions	3	–	3	–	–	–
Total	638	(52)	586	83	(36)	47
Non-current	27	–	27	10	–	10
Current	611	(52)	559	73	(36)	37

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

8. 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:	1 333	172
restricted cash, including:	344	84
cash on VAT bank accounts (split payment)	265	2
collateral of settlements with Izba Rozliczeniowa Gield Towarowych S.A.	79	81
Overdraft facility	(132)	(35)
Collateral of settlements with Izba Rozliczeniowa Gield Towarowych S.A.	(5)	(3)
Foreign exchange	(1)	(1)
Cash and cash equivalents presented in the statement of cash flows	1 195	133

9. Income tax settlements

For the 3-month period ended 31 March 2025 and in the comparable period, the Company settled income tax as the Tax Capital Group ("TCG"), which was registered on 28 December 2022 for the years 2023-2025 by the Head of the First Tax Office for the Mazowieckie Province in Warsaw. Main companies forming the Tax Capital Group 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. was not a part of TGC.

On 27 December 2024, the Company, as the parent company of the TCG, received a decision of the Head of the First Tax Office for the Mazowieckie Province 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 *This is a translation of the document originally issued and signed in Polish*

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 Tax Administration Chamber 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 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.

The income tax receivable as at 31 March 2025 in the amount of PLN 19 million relates to the TCG and represents the surplus of advance payments paid over the tax charge for 2024.

The income tax liability as at 31 March 2025 in the amount of PLN 423 million relates to the TCG and represents the excess of the tax charge for the 3-month period ended 31 March 2025 over the advances paid for that period.

In 2025, the TCG settles advances for income tax in a simplified manner, consisting of monthly advance payments in a fixed amount.

At the same time, due to the settlements of the Company as a Representing Company with the subsidiaries belonging to the TCG, the Company had receivables from the subsidiaries forming the TCG on account of settlement of tax in the amount of PLN 376 million, recognised in other financial assets.

10. Debt liabilities

	As at 31 March 2025 (unaudited)			As at 31 December 2024		
	Long-term	Short-term	Total	Long-term	Short-term	Total
Bank loans	6 994	644	7 638	6 105	830	6 935
Unsubordinated bonds	2 667	1 252	3 919	2 711	1 209	3 920
Subordinated bonds	1 129	27	1 156	1 132	3	1 135
Cash pool loans received	–	2 033	2 033	–	2 429	2 429
Loan from the subsidiary	697	9	706	711	2	713
Lease	2	6	8	2	4	6
Total	11 489	3 971	15 460	10 661	4 477	15 138

10.1. Bank loans

Borrowing institution	Interest rate	Currency	Maturity date/ validity date	As at 31 March 2025 <i>(unaudited)</i>	As at 31 December 2024
Consortiums of banks - revolving credits	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	–
Overdraft facility	floating	PLN	2027	132	35
Total				7 638	6 935

The Company has funds available under loan agreements concluded in 2020 and 2022 with consortiums of banks, where the drawdown period of individual loan tranches may be lower than 12 months, however, the financing is revolving and the term of availability of individual contracts exceeds 12 months from the balance sheet date. The 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 141a(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 and represents a government loan with an interest rate below market rates. Therefore, the loan was initially recognised at a fair value of PLN 79 million. At the same time, the Company recognized in the same amount of a loan granted to the subsidiary TAURON Dystrybucja S.A., which was granted under the concluded intra-group loan agreement on the same terms and to which, in accordance with the terms of the agreement with Bank Gospodarstwa Krajowego, the loan funds were transferred. TAURON Polska Energia S.A. is not the ultimate beneficiary of the benefit in the form of a loan with an interest rate below market interest rates, therefore it does not recognize in the Company's financial statements the benefits from this in the form of a government subsidy in accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, being the difference between the cash received and the initial carrying amount of the loans.

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.

Other financing available under concluded financing agreements

The Company has other available funding limit under its 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, 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 grids, 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 quarterly financial information 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.

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

In the 3-month period ended 31 March 2025, the Company executed the following transactions relating to bank loans (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)
Total, including:	1 538	(791)
Cash flows	1 538	(791)

10.2. Bonds issued

Investor	Interest rate	Currency	Nominal value of bonds issued in currency	Maturity date	Carrying amount	
					As at 31 March 2025 (unaudited)	As at 31 December 2024
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
Unsubordinated bonds					3 919	3 920
Bank Gospodarstwa Krajowego	floating, based on WIBOR 6M	PLN	400	2031 ²	411	401
			400	2030 ²	398	392
European Investment Bank	fixed ¹	PLN	350	2030 ²	347	342
Subordinated bonds					1 156	1 135
Total bonds					5 075	5 055

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 in 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.

10.3. Debt agreement covenants

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

As at 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.

10.4. Loans received under the cash pool service

As at 31 March 2025 and as at 31 December 2024, the Company had current liabilities on account of cash pool transactions amounting to PLN 2 033 million and PLN 2 429 million, respectively. The liability arises from the Group's cash pool service mechanism, which is described in more detail, including the presentation of receivables arising from cash pool transactions, in note 7.3 of this quarterly financial information.

10.5. Loan from subsidiary

The liability of the Company amounting to PLN 706 million (EUR 169 million) as at 31 March 2025 relates to the long-term loan received from the subsidiary, Finanse Grupa TAURON Sp. z o.o. under the agreement concluded between TAURON Polska Energia S.A. and the subsidiary, Finanse Grupa TAURON Sp. z o.o. (formerly TAURON Sweden Energy AB (publ)). The loan agreement in the amount of EUR 167 million was concluded in 2014 and bears interest at a fixed rate while the interest is paid annually until the full repayment of the loan. The repayment deadline of the loan falls on 29 November 2029.

11. Other current non-financial liabilities

	As at 31 March 2025 (unaudited)	As at 31 December 2024
Advances received for deliveries	1 241	–
VAT	492	298
Social security	7	7
Other	3	3
Total	1 743	308

Advances received for deliveries were transferred by the subsidiary, TAURON Wytwarzanie S.A. for the delivery of CO₂ emission allowances.

12. Events after the balance sheet day

Recommendation of the Management Board of TAURON Polska Energia S.A. on the allocation of net profit for 2024 to the reserve capital

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.

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 subsidiary 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 interim condensed consolidated financial statements for the 3-month period ended 31 March 2025.

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;

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- 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.

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

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