TAURON Polska Energia S.A. Capital Group

Consolidated financial statements
compliant with the International Financial Reporting Standards
approved by the European Union
for the year ended 31 December 2024

(in PLN million)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2024	Year ended 31 December 2023 *(restated figures)*
Sales revenue	**14**	32 535	41 977
Recompensation revenue	**15**	2 864	8 058
Cost of sales	**16**	(31 431)	(45 627)
Profit on sale		**3 968**	**4 408**
Selling and distribution expenses	**16**	(738)	(766)
Administrative expenses	**16**	(753)	(701)
Other operating income and expenses	**17**	90	260
Share in profit/(loss) of joint ventures	**27**	84	(487)
Operating profit		**2 651**	**2 714**
Interest expense on debt	**18**	(672)	(797)
Finance income and other finance costs	**18**	(93)	(295)
Profit before tax		**1 886**	**1 622**
Income tax expense	**20**	(1 296)	(494)
Net profit		**590**	**1 128**
Measurement of hedging instruments	**37.4**	(97)	(287)
Foreign exchange differences from translation of foreign entity		(65)	2
Income tax	**20**	18	55
Other comprehensive income to be reclassified in the financial result		**(144)**	**(230)**
Actuarial losses	**40**	(60)	(133)
Income tax	**20**	12	25
Share in other comprehensive income of joint ventures		–	(1)
Other comprehensive income not to be reclassified in the financial result		**(48)**	**(109)**
Other comprehensive income, net of tax		**(192)**	**(339)**
Total comprehensive income		**398**	**789**
Net profit:			
Attributable to equity holders of the Parent Company		585	1 123
Attributable to non-controlling interests		5	5
Total comprehensive income:			
Attributable to equity holders of the Parent Company		393	784
Attributable to non-controlling interests		5	5
Profit (loss) per share (in PLN) from:			
net profit for the period attributable to shareholders of the Parent Company	**21**	0.33	0.64
Diluted profit (loss) per share (in PLN) from:			
net profit for the period attributable to shareholders of the Parent Company	**21**	0.33	0.64

(in PLN million)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2024	As at 31 December 2023 *(restated figures)*	As at 1 January 2023 *(restated figures)*
ASSETS				
Non-current assets				
Property, plant and equipment	**22**	33 247	31 872	29 731
Right-of-use assets	**23**	2 495	2 164	1 996
Goodwill	**24**	26	26	26
Energy certificates and CO_2 emission allowances for surrender	**25.1**	38	24	55
Other intangible assets	**26**	768	848	726
Investments in joint ventures	**27**	190	169	682
Loans granted to joint ventures	**28**	479	357	206
Derivative instruments	**29**	90	149	390
Other financial assets	**30**	259	278	301
Other non-financial assets	**31.1**	333	707	268
Deferred tax assets	**32**	144	759	672
		38 069	**37 353**	**35 053**
Current assets				
Energy certificates and CO_2 emission allowances for surrender	**25.2**	360	702	597
Inventories	**33**	937	1 483	1 118
Receivables from buyers	**34**	4 089	4 681	3 775
Income tax receivables	**47**	130	105	518
Receivables arising from other taxes and charges	**35**	459	794	803
Derivative instruments	**29**	159	275	459
Other financial assets	**30**	743	2 449	478
Other non-financial assets	**31.2**	167	207	790
Cash and cash equivalents	**36**	596	1 084	1 678
Assets classified as held for sale		5	5	7
		7 645	**11 785**	**10 223**
TOTAL ASSETS		**45 714**	**49 138**	**45 276**

(in PLN million)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

	Note	As at 31 December 2024	As at 31 December 2023 *(restated figures)*	As at 1 January 2023 *(restated figures)*
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Parent Company				
Issued capital	**37.1**	8 763	8 763	8 763
Supplementary capital	**37.3**	2 438	3 076	3 009
Revaluation reserve from valuation of hedging instruments	**37.4**	139	218	450
Foreign exchange differences from translation of foreign entities		(3)	62	60
Retained earnings/(Accumulated losses)	**37.5**	6 376	5 201	4 254
		17 713	**17 320**	**16 536**
Non-controlling interests	**37.6**	**41**	**38**	**33**
Total equity		**17 754**	**17 358**	**16 569**
Non-current liabilities				
Debt	**39**	12 475	15 317	15 959
Provisions for employee benefits	**40**	701	650	494
Provisions for disassembly of fixed assets and land restoration	**41**	216	209	157
Accruals, deferred income and government grants	**44**	612	607	571
Deferred tax liabilities	**32**	1 592	1 072	1 190
Derivative instruments	**29**	64	169	10
Capital commitments	**46**	106	152	60
Other financial liabilities	**49**	40	32	59
Other non-financial liabilities		1	1	1
		15 807	**18 209**	**18 501**
Current liabilities				
Debt	**39**	2 140	2 098	528
Liabilities to suppliers	**45**	1 955	2 163	2 257
Capital commitments	**46**	592	555	707
Provisions for employee benefits	**40**	110	104	92
Provisions for liabilities due to energy certificates and CO_2 emission allowances	**42**	3 386	3 744	3 692
Other provisions	**43**	236	843	387
Accruals, deferred income and government grants	**44**	398	351	513
Income tax liabilities	**47**	23	19	17
Liabilities arising from other taxes and charges	**48**	977	1 030	324
Derivative instruments	**29**	375	644	331
Other financial liabilities	**49**	740	640	514
Other non-financial liabilities	**50**	1 221	1 379	843
Liabilities directly related to assets classified as held for sale		–	1	1
		12 153	**13 571**	**10 206**
Total liabilities		**27 960**	**31 780**	**28 707**
TOTAL EQUITY AND LIABILITIES		**45 714**	**49 138**	**45 276**

(in PLN million)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Equity attributable to the equity holders of the Parent Company						Non-controlling interests	Total equity
		Issued capital	Reserve capital	Revaluation reserve from valuation of hedging instruments	Foreign exchange differences from translation of foreign entities	Retained earnings/ (Accumulated losses)	Total		
As at 1 January 2023		**8 763**	**3 009**	**450**	**60**	**4 299**	**16 581**	**33**	**16 614**
Changing the method of energy settlement to cover the balance difference		–	–	–	–	(45)	**(45)**	**–**	**(45)**
As at 1 January 2023 *(restated figures)*		**8 763**	**3 009**	**450**	**60**	**4 254**	**16 536**	**33**	**16 569**
Distribution of prior years' profits		–	67	–	–	(67)	**–**	–	**–**
Transactions with shareholders		**–**	**67**	**–**	**–**	**(67)**	**–**	**–**	**–**
Net profit		–	–	–	–	1 123	**1 123**	5	**1 128**
Other comprehensive income		–	–	(232)	2	(109)	**(339)**	–	**(339)**
Total comprehensive income		**–**	**–**	**(232)**	**2**	**1 014**	**784**	**5**	**789**
As at 31 December 2023 *(restated figures)*		**8 763**	**3 076**	**218**	**62**	**5 201**	**17 320**	**38**	**17 358**
Covering of prior years' losses	**37.3**	–	(638)	–	–	638	**–**	–	**–**
Dividend and other		–	–	–	–	–	**–**	(2)	**(2)**
Transactions with shareholders		**–**	**(638)**	**–**	**–**	**638**	**–**	**(2)**	**(2)**
Net profit		–	–	–	–	585	**585**	5	**590**
Other comprehensive income		–	–	(79)	(65)	(48)	**(192)**	–	**(192)**
Total comprehensive income		**–**	**–**	**(79)**	**(65)**	**537**	**393**	**5**	**398**
As at 31 December 2024		**8 763**	**2 438**	**139**	**(3)**	**6 376**	**17 713**	**41**	**17 754**

(in PLN million)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2024	Year ended 31 December 2023 *(restated figures)*
Cash flows from operating activities			
Profit before tax		**1 886**	**1 622**
Share in (profit)/loss of joint ventures		(84)	487
Depreciation and amortization		2 349	2 226
Impairment losses on non-financial non-current assets		1 549	26
Revaluation of loans granted		(122)	(151)
Exchange differences		(67)	(330)
Interest and commissions		673	800
Valuation of derivatives		(313)	604
Other adjustments of profit before tax		35	38
Change in working capital	**51.1**	2 216	(500)
Income tax paid	**51.1**	(150)	(206)
Net cash from operating activities		**7 972**	**4 616**
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and right-of-use assets	**51.2**	(4 741)	(4 841)
Purchase of financial assets		(5)	(16)
Total payments		**(4 746)**	**(4 857)**
Proceeds from sale of property, plant and equipment and intangible assets		25	63
Other proceeds		3	–
Total proceeds		**28**	**63**
Net cash used in investing activities		**(4 718)**	**(4 794)**
Cash flows from financing activities			
Redemption of debt securities	**51.3**	(982)	(170)
Repayment of loans and borrowings	**51.3**	(9 074)	(6 758)
Interest paid	**51.3**	(587)	(697)
Repayment of lease liabilities		(122)	(105)
Other payments		(21)	(8)
Total payments		**(10 786)**	**(7 738)**
Proceeds from contracted loans and borrowings	**51.3**	6 962	7 982
Subsidies received		79	36
Other		–	6
Total proceeds		**7 041**	**8 024**
Net cash from financing activities		**(3 745)**	**286**
Net increase/(decrease) in cash and cash equivalents		**(491)**	**108**
Net foreign exchange difference		–	25
Cash at the beginning of the period	**36**	**1 048**	**940**
Cash at the end of the period, of which:	**36**	**557**	**1 048**
restricted cash	**36**	268	372

INFORMATION ON THE CAPITAL GROUP AND THE BASIS FOR THE PREPARATION OF THE 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 Company did not change its name or other identifying information in the year ended 31 December 2024.

The Parent Company is entered in the register of entrepreneurs of the National Court Register maintained by the District Court for Katowice-Wschód, 8th Commercial Department of the National Court Register under KRS number: 0000271562.

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

The TAURON Group's core business is reflected in the breakdown into segments: Generation, Heat, Renewable Energy Sources, Distribution, Sales and other operations, including customer service, as discussed in more detail in Note 12 to these consolidated financial statements.

These consolidated financial statements of the Group cover the year ended 31 December 2024 and contain comparative information for the year ended 31 December 2023 and as at 1 January 2023.

These consolidated financial statements were approved for publication by the Management Board on 14 April 2025.

Composition of the Management Board

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

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

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

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

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

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

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

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

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

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

2. Composition of TAURON Group and joint ventures

As at 31 December 2024, TAURON Polska Energia S.A. held, directly and indirectly, shares in the following key subsidiaries:

No.	Company name	Registered office	Share of TAURON Group companies in the company'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.	Stalowa Wola	100.00%	TAURON Wytwarzanie S.A.
3	TAURON Serwis Sp. z o.o.	Jaworzno	95.61%	TAURON Wytwarzanie S.A.
4	Łagisza Grupa TAURON Sp. z o.o.	Jaworzno	100.00%	TAURON Wytwarzanie S.A.
HEAT				
5	TAURON Ciepło Sp. z o.o.[1]	Katowice	100.00%	TAURON Polska Energia S.A.
6	TAURON Inwestycje Sp. z o.o.[2]	Będzin	100.00%	TAURON Polska Energia S.A.
RENEWABLE ENERGY SOURCES				
7	TAURON Ekoenergia sp. z o.o.	Jelenia Góra	100.00%	TAURON Polska Energia S.A.
8	TEC1 Sp. z o.o.	Katowice	100.00%	TAURON Polska Energia S.A.
9	TAURON Zielona Energia Sp. z o.o.	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.[2]	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.
DISTRIBUTION				
30	TAURON Dystrybucja S.A.	Kraków	99.77%	TAURON Polska Energia S.A.
31	TAURON Dystrybucja Pomiary Sp. z o.o.	Tarnów	99.77%	TAURON Dystrybucja S.A.
32	Usługi Grupa TAURON Sp. z o.o.	Tarnów	99.77%	TAURON Dystrybucja S.A.
SALES				
33	TAURON Sprzedaż Sp. z o.o.	Kraków	100.00%	TAURON Polska Energia S.A.
34	TAURON Sprzedaż GZE Sp. z o.o.	Gliwice	100.00%	TAURON Polska Energia S.A.
35	TAURON Czech Energy s.r.o.	Ostrava, Czech Republic	100.00%	TAURON Polska Energia S.A.
36	TAURON Nowe Technologie S.A.	Wrocław	100.00%	TAURON Polska Energia S.A.
37	Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o.	Warsaw	100.00%	TAURON Polska Energia S.A.
OTHER				
38	TAURON Obsługa Klienta Sp. z o.o.	Wrocław	100.00%	TAURON Polska Energia S.A.
39	Kopalnia Wapienia Czatkowice Sp. z o.o.	Krzeszowice	100.00%	TAURON Polska Energia S.A.
40	Finanse Grupa TAURON Sp. z o.o.	Katowice	100.00%	TAURON Polska Energia S.A.
41	TAURON Inwestycje Sp. z o.o.[2]	Będzin	100.00%	TAURON Polska Energia S.A.
42	TAURON Ubezpieczenia Sp. z o.o.	Katowice	100.00%	TAURON Polska Energia S.A.

[1]The incorporation of Energetyka Cieszyńska Sp. z o.o. by TAURON Ciepło Sp. z o.o. was registered on 3 January 2024. Until the merger date (incorporation), TAURON Ciepło Sp. z o.o. held 100% of the shares in the capital and in the governing body of Energetyka Cieszyńska Sp. z o.o.
[2]The activities of TAURON Inwestycje Sp. z o.o. are classified in two segments: in the Heat segment (activities related to the execution of investment projects in conventional sources) and in the Renewable Energy Sources 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 division of TAURON Inwestycje Sp. z o.o. was registered, by separating an organized part of the enterprise related to operations in conventional sources to TAURON Ciepło Sp. z o.o.

(in PLN million)

Changes in the composition of the Group in the year ended 31 December 2024

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

Reversal 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. was registered in the National Court Register (acquiring company) with 10 limited partnerships (acquired companies). After the balance sheet date on 4 February 2025, the District Court in Katowice issued a judgment invalidating the resolution of the Extraordinary Meeting of Shareholders of TAURON Zielona Energia Sp. z o.o. regarding 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 which, in the opinion of the Company and the entities participating in the merger, was burdened with an error in terms of the share exchange parity.

The above judgment was the basis for the District Court Katowice Wschód, 8th Commercial Division of the National Court Register, on 21 March 2025, to delete from the National Court Register the entry of 1 July 2024 regarding the merger of TAURON Zielona Energia Sp. z o.o. with the acquired companies with retroactive effect (ex tunc), as having been made on the basis of an invalid legal act.

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

As at 31 December 2024, TAURON Polska Energia S.A. held direct and indirect interest in the following key jointly-controlled companies in the Heat segment:

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

**On 9 August 2024, TAMEH Czech s.r.o. was declared bankrupt by liquidation, which, in the Group's opinion, translates into the loss of joint control over the above company on that date within the meaning of IFRS, which is described in more detail in Note 27 of these consolidated financial statements.*

3. Statement of compliance

These consolidated financial statements have been prepared in compliance with the requirements of the International Financial Reporting Standards ("IFRS") approved by the European Union (the "EU").

The IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") as well as the International Financial Reporting Interpretation Committee.

The Group companies and the Parent Company keep their accounting records and prepare financial statements in compliance with the International Financial Reporting Standards approved by the EU, except for TAURON Czech Energy s.r.o., which keeps its accounting records and prepares its financial statements in accordance with accounting policies applicable in the Czech Republic and the companies: Łagisza Grupa TAURON Sp. z o.o., TEC1 Sp. z o.o., FF PARK PV1 Sp. z o.o., "MEGAWATT S.C." Sp. z o.o., WIND T4 Sp. z o.o., Windpower Gamów Sp. z o.o., Wind T30MW Sp. z o.o., WIND T2 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. i TAURON Ubezpieczenia Sp. z o.o., which keep their accounting books and prepare financial statements in accordance with the Accounting Act.

The consolidated financial statements contain adjustments which have not been recognised in the accounting records of entities of the Group, introduced in order to achieve compliance of these consolidated financial statements with IFRS approved by the EU.

4. Going concern

These 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 these consolidated financial statements for publication no circumstances have been detected that could put the going concern operation of the Group's companies at risk.

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 financing under financing agreements concluded, which is described in Note 53.2 to these consolidated financial statements. As part of its capital and finance management, the Group monitors in particular the Group's debt ratio, as described in more detail in note 58 of these 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 company and subsidiaries, except for TAURON Czech Energy s.r.o. covered by these consolidated financial statements and the presentation currency of these consolidated financial statements is Polish zloty. The functional currency of TAURON Czech Energy s.r.o. is the Czech koruna (“CZK”). Items of the financial statements of TAURON Czech Energy s.r.o. are converted using appropriate exchange rates into the presentation currency of the TAURON Group.

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

6. Accounting principles (policy)

Significant accounting principles are presented in individual notes to these consolidated financial statements, except consolidation principles and the methods of accounting for business acquisitions (including jointly-controlled entities), which are presented below.

Consolidation principles and the methods of accounting for business acquisitions (including jointly-controlled entities)

Consolidation

Entities over which the parent company, directly or indirectly through its subsidiaries, exercises control are regarded as subsidiaries.

Subsidiaries are consolidated using the full method from the date of assuming to the date of losing control. The financial statements of subsidiaries are prepared for the same reporting period as the financial statements of the parent company, based on the consolidated accounting policy, with the exception of Finadvice Polska 1 Sp. z o.o., where the financial statements cover the period from 1 October 2024 to 31 December 2025. Balances and transactions between the Group entities, including unrealised gains and losses (if not indicating impairment) which result from transactions within the Group, are eliminated.

Business acquisitions

Business acquisitions are accounted for using the acquisition method. As at the acquisition date, the acquiring entity recognises identifiable assets acquired and liabilities assumed and measures them at their fair values.

Goodwill is measured as the excess of the aggregate of the consideration transferred for the acquisition, the amount of any non-controlling interest in the acquired entity and the acquisition date fair value of the acquirer's previously held equity interest in the acquired entity over the net amount determined for the acquisition date of fair values of the identifiable assets acquired, the liabilities and contingent liabilities assumed. If the aforementioned difference is negative, the Group reassesses the identification and valuation of identifiable assets, liabilities and contingent liabilities of the acquired entity and the fair value of the payment and immediately recognises in the statement of comprehensive income any surplus remaining after the reassessment (profit from a bargain purchase).

Where the assets acquired do not constitute a business as defined in IFRS 3 *Business Combinations*, the Group accounts for the transaction as the acquisition of assets.

Acquisition of businesses under common control of the State Treasury

Combinations of businesses under common control of the State Treasury (i.e. those which have remained under the control of the State Treasury before and after the transaction) are accounted for using the pooling of interest method in accordance with the principles described below.

Following the business combination, the continuity of common control is presented in the financial statements, while the fair value remeasurement of the net assets (or recognition of new assets) or measurement of goodwill are not presented therein, as none of the entities combined is actually acquired. The financial statements are prepared as if the combined entities had been combined as of the date when common control began to be exercised.

The difference between the book value of the net assets recognized as a result of a business combination and the value of shares recognised in the accounting records of the acquirer thus far or consideration paid is recognised in the equity of the acquirer.

7. Material values based on professional judgement and estimates

In the process of applying the accounting policy, professional judgement of the management, along with accounting estimates, has been of key importance which has an impact on the figures disclosed in these consolidated 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 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 hereinafter in these consolidated financial statements.

Climate issues represent an integral component of the models used in the estimation process, in particular in the scope of impairment tests of non-financial assets, the economic useful lives of non-financial assets and the estimation of provisions for liabilities arising from the obligations imposed on the Group, related to environmental protection and counteracting climate change. The impact of climate issues on these consolidated financial statements is presented in Note 10.

Uncertainty in estimates carries the risk of significant adjustment to the carrying amounts of assets and liabilities. Items of the consolidated financial statements that involve a significant risk of material adjustment to the carrying amounts of assets and liabilities, information on the estimates and judgements made by management, including the key assumptions made and sensitivity analyses for changes in these assumptions are described in the individual notes to these consolidated financial statements. Material estimates relate to write-offs on non-financial assets recognised as a result of impairment testing (Note 13), valuation of shares in joint ventures and loans granted to the joint venture (Notes 13, 27 and 28), unrecognized deferred tax assets (Notes 20.1 and 32), write-offs for inventories (Note 33) and the provisions created (Notes 40-43).

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 55).

8. Standards published and amendments to standards as well as amendment to the legal regulations 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 December 2024.

- **Amendments to standards issued by the International Accounting Standards Board which have been endorsed by the European Union and have not entered into force until the balance sheet date**

The Company has identified and analysed EU-approved amendments to the standards that have not entered into force by the balance sheet date. As at the date of approval of these consolidated financial statements for publication, based on the analyses performed, the Company has not identified the impact of introducing the amendments to standards presented below on the accounting policy applied by the Group.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

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: Lack of Exchangeability*	The amendments to IAS 21 specify when a currency is convertible into another currency and, if a currency is not convertible, how a company determines the exchange rate to be used and the information to be disclosed by a company 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

- **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*	01 January 2016*
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures: 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.

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 Deferral Accounts*. 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 authorisation of these 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 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, IFRS 9 and IFRS 7 standards indicated above 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 consolidated financial statements of the Group. As at the date of approval of these 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 accounting policy applied by the Group.

- **Entry into force of the Act of 6 November 2024 on equalisation taxation of component units of international and domestic groups**

After the balance sheet date, on 1 January 2025, the Act of 6 November 2024 *on the equalisation taxation of component units of international and domestic groups* ("Pillar 2 Act") entered into force. Within the scope of its regulations, the Pillar 2 Act implements Council Directive (EU) 2022/2523 of 14 December 2022 *on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the European Union* (the Directive) by implementing into the Polish legal system the provisions arising from the Pillar II tax reform, an initiative resulting from the BEPS 2.0 project carried out by the Organisation for Economic Co-operation and Development (OECD).

The aim of the aforementioned tax reform is to reduce competition in corporate tax rates, eliminate the advantage of shifting profits to jurisdictions where they are not taxed or are taxed at a very low level, with the consequent effect of levelling the playing field for companies and enabling better protection of the tax bases by various countries covered by the reform. Entities with consolidated global revenues exceeding EUR 750 million per annum in at least two of the last four tax years immediately preceding the tax year under review are subject to the new regulations. The main tool to achieve the above objectives is to set a global minimum income tax level of 15% and to impose the so-called “top-up tax” when the effective tax rate of a group in a given jurisdiction for the tax year under review is below 15%.

The Pillar 2 Act introduces a minimum tax rate of 15% for large capital groups, comprising both domestic and international groups, and the global tax in the form of the global and domestic top-up tax and a top-up tax on undertaxed profits. At the same time, the provisions of the act provide for a possibility to benefit from so-called safe harbours, i.e. the exemption from the calculation and payment of global tax in the first years of effectiveness of the new legislation, once the conditions set out in the Pillar 2 Act are met.

TAURON Group, as an entity operating in Polish and Czech tax jurisdictions generating consolidated global revenues exceeding of EUR 750 million is subject to the provisions of the Pillar 2 Act. At the same time, the analysis performed so far with regard to the provisions of the Pillar 2 Act indicates that the TAURON Group will be able to benefit from the safe harbour mechanism in terms of exemption from the calculation of global and national top-up tax and top-up tax on undertaxed profits. In particular, in the initial period of the group’s activity, the Group intends to take advantage of the safe harbour for the Polish jurisdiction under which component units of the international group located in the Republic of Poland do not calculate the domestic top-up tax and the tax on undertaxed profits for the first five tax years of the initial period of this group’s activity, during which the conditions are continuously met relating to the location of the Group's component units in no more than six tax jurisdictions and the failure of the Group's component units (with the exception of the component units located in a Polish tax jurisdiction) to exceed the aggregate threshold relating to the book value of tangible net assets set out in the Pillar 2 Act.

Moreover, TAURON Group intends to take advantage of the safe harbour under which no global top-up tax, national top-up tax or top-up tax on undertaxed profits is calculated for a jurisdiction if the simplified effective tax rate for that jurisdiction equals or exceeds the simplified minimum tax rate, which amounts to 15%, 16% and 17% for 2024, 2025 and 2026, respectively.

In the Czech Republic, where the activities of the subsidiary, TAURON Czech s.r.o. are carried out, the Directive was implemented by Act No. 416/2023 of the Official Journal of the Czech Republic on top-up taxes for large multinational groups and large national groups, which entered into force and became effective in December 2023. The Czech Act introduced two forms of top-up tax, i.e. an imputed top-up tax and a national top-up tax. As TAURON Czech Energy s.r.o. is neither a parent company nor is its established in the country of the parent company, the imputed top-up tax does not apply to this company.

Taking into account the expected level of the simplified effective tax rate, TAURON Czech Energy s.r.o. applied the exemption in the form of the transitional safe harbour principle. The simplified effective rate for the Czech Republic in 2024 is not lower than 20% and the company does not expect it to fall below this level in 2025 and 2026, given the assumption that there are currently no major changes planned in the operations of TAURON Czech Energy s.r.o. or in the structure of TAURON Group in the Czech Republic. In accordance with the analysis carried out to date, TAURON Czech Energy s.r.o. will not be obliged to calculate the global tax, while the entry into force of the Pillar 2 Act will not have a significant impact on TAURON Czech Energy s.r.o.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

As at the date of approval of these consolidated financial statements for publication, considering the intention to take advantage of the application of safe harbours, the Group does not identify any material impact of the Pillar 2 Act on the Groupy's financial results in the coming reporting periods. At the same time, taking into account the comprehensive nature of the implemented solutions and the emerging market practice regarding the application of the Pillar 2 Act, the Group continues to work on the full implementation of the requirements and the assessment of the effects of the Pillar 2 Act on the operations of the Group in the following financial years.

9. Changes in the accounting principles applied, error corrections and presentation changes

The accounting principles (policy) adopted for the preparation of these consolidated financial statements are consistent with those used for the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2023, except for the application of the amendments to the standards specified below and the change in the method of settling settlements for the sale/purchase of electricity to cover the balance difference, described below.

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

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

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

In accordance with the amendments to IAS 1, liabilities are classified as non-current if the entity has a right to defer the settlement of the liability for at least 12 months after the end of the reporting period. The expectations of the entity do not affect the classification.

As of 31 December 2023, the Company held liabilities on account of hybrid bonds taken up by the European Investment Bank covering two financing periods and amounting to PLN 775 million (including PLN 2 million on account of accrued interest), which were classified as short-term due to the intention to redeem them after the first financing period, i.e. in December 2024. The amendments to IAS 1 changed the classification of the above liabilities. Given the maturity of the bonds in accordance with the terms of issue, irrespective of their scheduled redemption in December 2024, the Company has classified the said bonds as non-current since 1 January 2024 and has restated the comparatives. The Company's intention to redeem the aforementioned bonds has not changed and they were redeemed by the Company in December 2024.

(in PLN million)

Change in 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 Distribution segments, as well as to the re-estimation of revenues from electricity sales to entities outside TAURON Group reported in the Sales segment, consequently affecting the Group's financial results and the results of the Sales and Distribution segments. The previous re-estimates were replaced by invoices issued between the companies in the Sales and Distribution segments taking into account the volume of electricity that was accepted 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 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. As a consequence, the Group has restated the comparatives for the year ended 31 December 2023 and as at the balance sheet dates of 31 December 2023 and 1 January 2023 accordingly.

The approach adopted by the Group is directionally consistent with the intention indicated in the Group's new strategy to fully use remote energy reading meters in the future in the Distribution area, allowing for the inclusion in the Group's financial statements of the value of actual electricity consumption as at the balance sheet date and eliminating the need to use additional estimation models in this respect.

The impact is presented in the tables below:

- amendments to IAS 1 for the consolidated statement of financial position as at 31 December 2023. The application of amendments to IAS 1 as at 1 January 2023 does not affect the consolidated statement of financial position (as at 31 December 2022, hybrid bonds were classified as long-term);
- changing the method of settling the sale/purchase of electricity to cover the balance sheet difference to the consolidated statement of financial position as at the balance sheet date of 31 December 2023 and 1 January 2023 and to the consolidated statement of comprehensive income for the year ended 31 December 2023.

Consolidated statement of financial standing as of 1 January 2023

	As at 1 January 2023 *(approved figures)*	Change of energy settlement method to cover the balance difference	As at 1 January 2023 *(restated figures)*
ASSETS			
Receivables from buyers	3 819	(44)	3 775
Current assets	**10 267**	**(44)**	**10 223**
TOTAL ASSETS	**45 320**	**(44)**	**45 276**

	As at 1 January 2023 *(approved figures)*	Change of energy settlement method to cover the balance difference	As at 1 January 2023 *(restated figures)*
EQUITY AND LIABILITIES			
Retained earnings/(Accumulated losses)	4 299	(45)	4 254
Equity	**16 614**	**(45)**	**16 569**
Deferred tax liabilities	1 200	(10)	1 190
Non-current liabilities	**18 511**	**(10)**	**18 501**
Liabilities to suppliers	2 246	11	2 257
Current liabilities	**10 195**	**11**	**10 206**
Total liabilities	**28 706**	**1**	**28 707**
TOTAL EQUITY AND LIABILITIES	**45 320**	**(44)**	**45 276**

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

Consolidated statement of financial standing as of 31 December 2023

	As at 31 December 2023 *(approved figures)*	Change of energy settlement method to cover the balance difference	As at 31 December 2023 *(restated figures)*
ASSETS			
Receivables from buyers	5 341	(660)	4 681
Current assets	**12 445**	**(660)**	**11 785**
TOTAL ASSETS	**49 798**	**(660)**	**49 138**

	As at 31 December 2023 *(approved figures)*	Change of classification of financial liabilities	Change of energy settlement method to cover the balance difference	As at 31 December 2023 *(restated figures)*
EQUITY AND LIABILITIES				
Retained earnings/(Accumulated losses)	5 796	–	(595)	5 201
Total equity	**17 953**	**–**	**(595)**	**17 358**
Debt	14 544	773	–	15 317
Deferred tax liabilities	1 212	–	(140)	1 072
Non-current liabilities	**17 576**	**773**	**(140)**	**18 209**
Debt	2 871	(773)	–	2 098
Liabilities to suppliers	2 088	–	75	2 163
Current liabilities	**14 269**	**(773)**	**75**	**13 571**
Total liabilities	**31 845**	**–**	**(65)**	**31 780**
TOTAL EQUITY AND LIABILITIES	**49 798**	**–**	**(660)**	**49 138**

Consolidated statement of comprehensive income for the year ended 31 December 2023

	Year ended 31 December 2023 *(approved figures)*	Change of energy settlement method to cover the balance difference	Year ended 31 December 2023 *(restated figures)*
Sales revenue	42 657	(680)	41 977
Profit on sale	**5 088**	**(680)**	**4 408**
Operating profit	**3 394**	**(680)**	**2 714**
Profit before tax	**2 302**	**(680)**	**1 622**
Income tax expense	(624)	130	(494)
Net profit	**1 678**	**(550)**	**1 128**

10. Climate change and its impact on the accounting principles applied

Continuing climate change and the resulting changes in the business environment have an increasing impact on the operations of TAURON Group. In particular, activities aimed at combating climate change translate into a changing legal environment of the Group, including EU and national legislation gradually increasing environmental protection requirements imposed on enterprises and introducing limitations for fossil fuels. The above changes translate into an increase in operating costs, in particular in the area of generating electricity and heat from conventional sources, which is influenced in particular by the rising prices of CO_2 emission allowances.

Climate change issues also have an increasing impact on the ability of entities to raise funding for their activities and the types of funding offered by financial institutions as well as their terms and conditions linked to energy transition goals, or the availability of support, among others, in the form of grants or preferential loans. Climate issues also affect the ability to attract new customers and investors. Customer attitudes and expectations are changing, which is reflected in the products and services offered by the Group, in particular by offering products originating from renewable or zero-carbon generation sources to customers.

The impact of climate change on the Group's operations also includes the occurrence of extreme weather events such as hydrological droughts, heat waves, floods and hurricanes and their impact on the ability to generate revenue and the ability to generate economic benefits from the Group's assets, particularly in the Distribution and Renewable Energy Sources segment. In the third quarter of 2024, flood occurred in south-western Poland as a result of which power infrastructure belonging to TAURON Group's subsidiaries (TAURON Dystrybucja S.A. and TAURON Ekoenergia Sp. z o.o.), was damaged, as described in more detail in Note 60 of these consolidated financial statements.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

On 17 December 2024, the *Strategy of TAURON Group for 2025-2035* was adopted by the Company Management Board. The strategy responds to the challenges resulting from the current and projected situation in the market and the electricity sector, in particular related to the transformation of the power industry and new solutions supporting this transformation. The Group's business priorities identified in the Strategy mainly address the challenges of the Group's transformation aimed to address climate change and include, in particular: profitable capacity growth in RES and energy storage, decarbonisation and increasing heat efficiency as well as a fair transition of conventional power generation. As part of the above priorities, the Group plans to increase its installed RES capacity to 2.7 GW in 2030 and 4.7 GW in 2035, mainly in wind power, and to increase green energy production to approximately 6 TWh in 2030 and approximately 9 TWh in 2035. At the same time, the Group plans to move away from the use of coal for heat generation and to decommission coal-fired units by 2030 (with the exception of the 910 MW unit in Jaworzno) in order to achieve climate neutrality in 2040.

Impact of climate issues on values based on professional judgement and estimates

The climate issues affect the estimates and assumptions adopted in the Group's estimation process and the professional judgement of the management, translating into the figures reported in these consolidated financial statements. The climate issues represent an integral component of the models used in the estimation process and the assumptions made about the future.

The Group believes that climate issues had the most significant impact on the consolidated financial statements for the year ended 31 December 2024 in the following scope.

Issue	Note	Description of impact
Impact of climate protection issues on the impairment tests performed on non-financial non-current assets	13	The Company took into account, as part of the assumptions underlying the estimation of future cash flows in the impairment tests performed, current as well as planned regulatory changes aimed at achieving the climate targets set by the European Union, including in particular the "REPowerEU" package, the reform of the EU ETS allowance trading market and the reform of the market stability reserve included in the "FIT for 55" package, Directive (EU) 2023/2413 of the European Parliament and of the Council on the promotion of energy from renewable sources, aiming for a gradual increase in the share of renewable energy in the European Union in the heating and cooling sector by 2030, and Directive (EU) 2023/1791 of the European Parliament and of the Council on energy efficiency, committing Member States to achieving certain levels of energy savings by 2030. The effect of regulatory changes to achieve climate targets is a progressive change in Poland's energy mix, including in particular an increase in the share of electricity generation from renewable energy sources and a decrease in electricity generation from conventional sources. The regulatory changes aimed at climate protection and the resulting changes in the structure of electricity generation, which were taken into account in the framework for the impairment tests, had an impact in particular on the estimated price levels for electricity, CO_2 emission allowances and coal, as well as on the assumptions made regarding the volumes and structure of energy production by the Group's generating units. Moreover, the decarbonisation and transformation of the Group's heating sector, which was initiated in line with the strategy, had a significant impact on the impairment tests carried out on the balance sheet date for assets related to heat generation. The decarbonisation assumptions have influenced the projections to include a gradual change in the fuel used by operating generating units from coal to gas or biomass and to assume the complete replacement of coal assets with low-carbon assets by 2030 at the latest. At the same time, the projections assume a cogeneration bonus (in accordance with the Act of 14 December 2018 on the promotion of electricity from high-efficiency cogeneration), which is a surcharge on the electricity generated, fed into the grid and sold from high-efficiency cogeneration, for generators planning to operate new or significantly modernised installations. The assumptions adopted in the scope of impairment testing, including those relating to climate issues, are described in detail in Note 13 of these consolidated financial statements.
Impact of climate issues on the economic lives of non-financial assets	13 22 26	The economic life and residual value of tangible and intangible assets are reviewed at least at the end of each financial year. The revision takes into account, among other things, the impact of climate issues, particularly in the Generation and Heat segments, which are exposed to the risks of increased regulatory obligations, limiting the activities of assets generating electricity and heat from conventional sources and the risk of higher operating costs, and Renewable Energy Sources, which are influenced by the existing support mechanisms and the technologies used. As at 31 December 2024, in line with the assumptions included in the TAURON Group Strategy concerning the withdrawal from energy generation in conventional sources and for the Group to achieve full climate neutrality by 2040, it was assumed that coal-fired generating units would not operate beyond 2030, with the exception of the 910 MW unit in Jaworzno, which was assumed to operate until 2040. The assumptions regarding the adopted economic useful lives of generating units are described in detail in Note 13 of these consolidated financial statements.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

Implementation of investment in the RES Area and change in the mix of generation sources	2 22	The Group implements investment projects aimed at increasing the capacity generated from Renewable Energy Sources. In the year ended 31 December 2024, the following wind farms were commissioned by the Group companies: – Mierzyn with a capacity of 58.5 MW (as part of “MEGAWATT” S.C. Sp. z o.o.), – Warblewo with a capacity of 30 MW (as part of WIND T30MW Sp. z o.o.), – Gamów with a capacity of 33 MW (as part of Windpower Gamów Sp. z o.o.), and the Proszówek photovoltaic farm with a capacity of 55 MW (as part of FF PARK PV 1 Sp. z o.o.). Moreover, in the year ended 31 December 2024, companies of the Group implemented the construction of the following wind farms: – Nowa Brzeźnica with a capacity of 19.6 MW (as part of Wind T4 sp. z o.o.), – Sieradz with a capacity of 23,8 MW (as part of Wind T2 Sp. z o.o.), and the photovoltaic farms: – Bałków with a capacity of 54 MW (as part of TAURON Zielona Energia Sp. z o.o.), – Postomino with a capacity of 90 MW (as part of AE Energy 7 Sp. z o.o.). The second stage of construction of the 65 MW Mysłowice-Dziećkowice photovoltaic farm was also continued. On 19 September 2024, the subsidiary TAURON Zielona Energia Sp. z o.o. acquired 100% of shares in Finadvice Polska 1 Sp. z o.o., which will implement an investment involving the construction of the 190 MW wind farm located in the municipality of Miejska Górka. The wind farm project is scheduled to be completed in the second half of 2027, according to the assumptions adopted.
The Group's adaptation to climate change, the impact of climate change and weather events on the Group's revenues and capital expenditure	12.1 46	The TAURON Group's Climate Policy defines basic priorities in the scope of adaptation to climate change. The gradual adaptation of the production assets to the consequences of extreme weather events and the changeability of weather conditions, particularly for business areas sensitive to the fluctuations of temperature, precipitation and wind force, is carried out as part of the systemic approach to asset management. Climate change risks are also taken into account when deciding on new activities or investments. The consequences of extreme weather events are experienced most strongly in companies of the *Renewable Energy Sources (“RES”)* and *Distribution* segments. The level of production and sales of electricity generated in renewable energy sources is affected by seasons of the years and meteorological conditions. Hydrological drought and prolonged periods without rain periodically materialise as a lack of electricity generation in hydroelectric power plants, however, due to the fact that the Group has reservoir power plants and not just run-of-river plants, the Group assesses that it is not critically exposed to water risks and they do not have a material impact on the impairment test results within RES Segment of CGU *Hydro Power Plants*. In the Distribution segment, an increase in the frequency and intensity of hurricanes and strong winds accompanied incidentally by tornadoes and lightning can result, in extreme cases, in mass failures and consequent downed power lines, as well as intermittent and spot flooding. The overhead infrastructure is also adversely affected by more frequent occurrence of temperatures oscillating around zero degrees Celsius, which raises the risk of an increase in the frequency of failures due to the deposition of wet snow or ice and the weakening of tree stands. This is mitigated by measures being taken, among others, in order to increase the share of cable lines to overhead lines. Given the role of infrastructure, the Group aims to increase the flexibility and resilience of its network infrastructure, including through investment in digitalisation and in improving the quality and efficiency of the services provided, which has also been factored into future cash flows for impairment testing purposes. Capital expenditure in the Distribution segment represents the most significant percentage of the Group's capital expenditure, whereas expenditure of PLN 3 103 million in 2024 accounts for 60% of the Group's capital expenditure. Similarly, Distribution generates the most significant capital expenditure commitments for the construction of new connections as well as the modernisation and restoration of the network (PLN 3 623 million and PLN 2 609 million as at 31 December 2024 and 31 December 2023, respectively). The TAURON Group is planning significant capital expenditure for investments related to the development and adaptation of the power grid to the needs of energy transformation and climate change. For this purpose, it obtained financing in the form of a loan from the National Recovery and Resilience Plan, which is discussed in more detail in Note 39.1 of these consolidated financial statements. In the third quarter of 2024, a flood wave passed through the south-western part of the country. As a consequence, power infrastructure belonging to TAURON Group companies was damaged, mostly affecting the assets of companies TAURON Dystrybucja S.A. and TAURON Ekoenergia Sp. z o.o. The losses suffered in the scope of TAURON Dystrybucja S.A. include primarily damage to and destruction of low-, medium- and high-voltage power lines and substations, as well as flooded administrative buildings. In the scope of TAURON Ekoenergia Sp. z o.o., the consequences of the flood mainly comprised floods and flooding of buildings and technical equipment at the hydroelectric power plants owned by the company as well as damages to access roads to some facilities. The Group took into account the impact of the flood in the scope of the impairment test of assets in CGU *Hydro Power Plants*, in terms of the investment costs and expenses expected to be incurred, the anticipated compensations and the adopted levels of electricity production at the hydroelectric plants affected by the flood. In CGU *Distribution*, phenomena resulting from climate change (including floods) indirectly affect the outcome of the impairment tests, in particular by including historical failure costs within the estimate of future cash flows. The consequences of climate warming are experienced most strongly by companies that produce and sell heat (Heat segment), which translates into a reduction in the demand for heat supply for heating purposes, which affects the long-term heat sales plan included in the impairment tests, including, among others, power reduction due to global warming.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

Funding for the purpose of investment aimed at mitigating the negative impact of the Group's activities on climate	39	The Group raises finance with the aim of investing funds to mitigate the negative impact of the TAURON Group's activities on the climate. In accordance with the terms of some of the agreements, the Company allocates the funds raised for the implementation of investments in the area of distribution and renewable energy sources (including the construction of new sources), and reports to the banks on the level of certain sustainability indicators, i.e. the rate of increase in the capacity of renewable sources or the rate of decarbonisation. The accuracy of the calculation of the sustainability indicators is confirmed by the relevant reports of an independent auditor and reported to the financial institutions. In addition, some of the financing agreements contain restrictions on the use of funds from these agreements to finance coal-fired generation activities. The Group carries out its activities in accordance with environmental, climate and social policies. In the Group's opinion, the Group's financing related to sustainable development goals, in the scope of which failure to meet the level of sustainable development indicators (emission reduction index, renewable energy resources capacity increase index) may affect the level of margin in financing agreements, does not contain embedded derivatives. TAURON Group uses available sources of financing, including grants and loans for the implementation of investment projects. In 2024, the following agreements were concluded: loan agreement with the National Fund for Environmental Protection and Water Management up to PLN 141 million to co-finance the implementation of the Bałków photovoltaic farm construction project and with Bank Gospodarstwa Krajowego loan agreement with the National Recovery and Resilience Plan in the amount of PLN 11 000 million to finance eligible expenses incurred by the subsidiary TAURON Dystrybucja S.A. for the development and adaptation of the power grid to the needs of energy transformation and climate change.
The Group's "green" product offer		The TAURON Group offers electricity to individual and business customers and its strategy focuses significantly on the green transformation. The key product in the sale of electricity is the New Energy offer, which offers the sale of energy from 100% renewable sources. The Group's customers can use ecological energy under long-term contracts (5 years for companies and 9 years for individual customers). The Group also develops PPAs (Power Purchase Agreements) - long-term contracts for delivery for business customers, based on renewable energy sources, that help stabilize costs and achieve sustainable development goals. Other green products are also offered, such as Eco, allowing the purchase of electricity from renewable energy sources, which is confirmed by external entity certificates. The group offers modern solutions, such as dynamic tariffs (e.g. G14 dynamic tariff), which help optimize the consumption and costs of electricity.
Recognition of the provisions for the effects of legal requirements related to the need to redeem CO_2 emission allowances and energy certificates of origin	42	On the basis of the applicable legal regulations, the Group has recognised the provisions for requirements relating to the redemption of CO_2 emission allowances and energy certificates of origin in the consolidated financial statements. In terms of provisions related to the obligation to redeem CO_2 emission allowances, the Group incurred lower provision costs by PLN 273 million compared to the comparable period, which resulted from lower CO_2 emissions compared to the previous year by 984 659 Mg CO_2, mainly due to lower production. With regard to provisions related to the need to redeem energy certificates of origin, the Group's costs decreased by PLN 322 million in relation to the comparable period, which is mainly due to legal changes resulting in the reduction of the obligation to redeem certificates of origin of energy from renewable sources in 2024.
Recognition of the provisions in relation to the obligation to restore, dismantle and decommission fixed assets	41	In view of the legal requirements and contractual obligations incumbent on Group companies, the Group creates a provision for the estimated costs of dismantling, including in relation to wind farms and photovoltaic farms, as well as for the decommissioning of fixed assets and the costs of restoring the site on which the fixed assets were located, where a liability arising from the acquisition or use of tangible fixed assets exists. As at 31 December 2024, the Group recognised a provision for the dismantling of wind and photovoltaic farms and for the costs of reclamation and decommissioning of fixed assets in the total amount of PLN 216 million. In the year ended 31 December 2024, the Group recognised the provision in connection with the obligation to dismantle the Gamów, Warblewo and Nowa Brzeźnica wind farms under construction and the Postomino photovoltaic farm in the total amount of PLN 16 million and partially reversed the provision for decommissioning costs in the Generation segment in the amount of PLN 3 million.

11. Significant impact of legal provisions

In the year ended 31 December 2024, the TAURON Groups' operations were significantly affected by regulations implemented in the years 2022-2024 aimed at capping electricity prices and protecting electricity consumers from price increases.

In particular, on 31 December 2023, the Act of 7 December 2023 *amending the Act to support consumers of electricity, gaseous fuels and heat* entered into force and on 13 June 2024, the Act of 23 May 2024 *on the energy voucher and amending certain acts to reduce the price of electricity, natural gas and system heat* entered into force. In accordance with the provisions of the aforementioned Acts, the provisions of the Act of 7 October 2022 *on special solutions for the protection of electricity consumers in 2023 and 2024* and 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 were amended. The key assumptions of the amended acts of law in terms of their impact on the TAURON Group's financial results are presented in the table below.

(in PLN million)

Act of law	Key assumptions of the acts of law applicable in 2023	Key assumptions of the acts of law in force in 2024
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")	• Freezing of electricity price in 2023 at a 2022 level for households up to the electricity consumption level defined in the Act on Consumer Protection at a level of 3000 kWh. • Establishment of compensation for electricity undertakings due to the application of frozen electricity prices in 2023 in the amount of the product of the electricity covered by the frozen prices and the difference between the energy price resulting from the electricity tariff approved by the President of the ERO for 2023 and the frozen electricity prices.	• The solutions of the Act on Consumer Protection in the scope of the electricity price freeze for households have been extended until 30 June 2024. At the same time, new consumption limits have been introduced for the first half of 2024, for household customers with the consumption of 1500 KWh. • The compensation scheme arrangements have been extended until 30 June 2024. Compensations 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 rates to an average level of PLN 623/MWh).
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")	• Introduction of a fixed price for electricity trading applicable until 31 December 2023, the so-called maximum price, at a defined level of PLN 785/MWh (PLN 693 PLN/MWh in the fourth quarter of 2023) for local government units, small and medium-sized enterprises and public utilities and PLN 693/MWh in the case of household customers. • Establishment of a system of compensations (calculated depending on the type of customer and the time of conclusion of the agreement) payable on a monthly basis, the payment of which is the responsibility of the Settlement Administrator [Zarządca Rozliczeń S.A.]. • The imposition of an obligation on electricity generators (both in the area of conventional generation and renewable energy sources) and trading companies to transfer contributions to the Price Difference Payment Fund (the "Fund"), for the purpose of paying the compensation established by the Act on Extraordinary Measures, where the above-mentioned entities obtain from the sale of electricity prices exceeding the price limits calculated in accordance with the provisions of the regulation to the aforementioned Act. • Setting the maximum overall limit on expenditure from the Fund and a limit in individual years covered by the Act.	• The solutions of the Act on Extraordinary Measures 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 until 31 December 2024 of a system of compensations (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.]. • The obligations for electricity generators and trading companies to make deductions to the Price Difference Payment Fund have not been extended by successive periods after 2023.
Regulation of the Minister of Climate and Environment of 9 September 2023 amending the Regulation on the method of shaping and calculation tariffs and the settlement method in electricity trade (the "Regulation")	• Introducing a mechanism to reduce the amount of households' liabilities to energy enterprises conducting the economic activity in the scope of electricity trading in the 2023 settlements. Pursuant to the Regulation, the amount of annual payments of a customer from the G tariff group who meets one of the conditions set out in the Regulation will be reduced by PLN 125,34.	• In the period ended 31 December 2024, the implementation of the reduction mechanism for eligible customers took place.

(in PLN million)

Impact of selected legal acts on the consolidated financial statements for the year ended 31 December 2024	Note
Revenue from contracts with customers In accordance with the regulations of the Act on Customer Protection and the Act on Extraordinary Measures, in the year ended 31 December 2024 the companies of the Sales segment and the company of the Distribution segment applied prices for the sale of electricity and distribution services that do not exceed the maximum prices set out in the aforementioned Acts to the groups of customers indicated in the aforementioned Acts. In accordance with the Regulation, the companies of the Sales segment implemented the mechanism for reducing the amount of liabilities to eligible customers in the year ended 31 December 2024, using a provision of PLN 469 million created in 2023 to reduce the amount of revenue from contracts with customers.	14 43.3
Revenue due to compensations The companies of the Sales segment recognised compensations related to electricity supply in the amount of PLN 2 255 million in the year ended 31 December 2024, pursuant to the Act on Customer Protection and the Act on Extraordinary Measures. As part of the above compensation, by the balance sheet date the companies had received an amount of PLN 1 924 million and had reimbursed compensation of PLN 46 million. In the year ended 31 December 2024, the company form the Distribution segment recognised, based on the Act of 7 December 2023 amending the Act to support consumers of electricity, gaseous fuels and heat, compensation income related to the sale of distribution services in the amount of PLN 472 million, under which the company received compensation in the amount of PLN 478 million until the balance sheet date, and reduced the estimate of receivables from the settlement of compensation in the amount of PLN 6 million.	15
Compensation receivables As at 31 December 2024, the Group had compensation receivables arising from the Act on Consumer Protection and the Act on Extraordinary Measures regarding the sale of electricity and distribution services in the amount of PLN 559 million, presented in the statement of financial position under *Other financial assets*, including: • the amount of PLN 504 million relates to compensation of Sales segment companies for 2024. After the balance sheet date, the companies received the above amount, • the amount of PLN 55 million relates to the settlement of compensation for the Distribution segment company for 2023. After the balance sheet date, the above amount was received by the company.	30
Advance payments for compensations In the year ended 31 December 2024, the companies in the Sales segment settled compensation advances in the amount of PLN 141 million received in the previous years. At the same time, the companies in the Sales segment received advances for electricity trading compensation in the year ended 31 December 2024 for the total gross amount of PLN 647 million (PLN 526 million net), with • the balance of compensation advances in the net amount of PLN 215 million, which was settled after the balance sheet date with the compensation applications submitted by the companies of the Sales segment, is presented in the consolidated statement of financial position under *Accruals and government subsidies*, • the remaining part of the advances received in the net amount of PLN 311 million, which was returned to the Settlement Administrator after the balance sheet date, is presented in the consolidated statement of financial position under *Other short-term financial liabilities*.	44.1 49
Costs of contributions to the Price Difference Payment Fund In the year ended 31 December 2024, the Group companies were not obliged to apply write-offs to the Price Difference Payment Fund and had fully settled the liabilities due to write-offs to the Price Difference Payment Fund for 2023. 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.	16.1 50 55
Provisions for onerous contracts On the basis of conducted analyses, the Group did not find it necessary to recognise a provision for onerous contracts in connection with the regulations of the Act on Consumer Protection and the Act on Extraordinary Measures and the electricity tariffs approved by the President of the ERO for customers in tariff group G for the period from 1 July 2024 to 31 December 2025. For the purposes of the above analyses, the Group recognises the effective period of the tariffs as the contractual period, assessing their effects collectively over the period until 31 December 2025.	43.2

BUSINESS SEGMENTS

12. 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 receivables or financial assets, except for receivables from buyers and other financial receivables, assets relating to gain on measurement of commodity financial derivative instruments as well as cash and cash equivalents, which represent segment assets.

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

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 operating 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) before tax, financial income and costs, i.e. operating profit/(loss).

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

[1] The incorporation of Energetyka Cieszyńska Sp. z o.o. by TAURON Ciepło Sp. z o.o. was registered on 3 January 2024.
[2] TAURON Inwestycje Sp. z o.o. classifies activities related to photovoltaic power generation in the Renewable Energy Sources segment, while activities related to investment projects in conventional sources are classified in the Heat segment.
[3] Companies accounted for using the equity method.
[4] On 1 July 2024, the merger of TAURON Zielona Energia sp. z o.o. (the acquiring company) with 10 limited partnerships (the acquired companies) was registered in National Court Register. After the balance sheet date on 4 February 2025, the District Court in Katowice issued a judgment invalidating the resolution of the Extraordinary Meeting of Shareholders of TAURON Zielona Energia Sp. z o.o. regarding the merger of the acquiring company with the acquired companies. On 21 March 2025, the District Court Katowice Wschód, 8th Commercial Division of the National Court Register, deleted from the National Court Register the entry of 1 July 2024 regarding the merger of TAURON Zielona Energia Sp. o. o. with companies acquired with ex tunc legal force.

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 desulphurisation installations and fluidised bed boilers (Kopalnia Wapienia Czatkowice Sp. z o.o.). The activities of TAURON Obsługa Klienta Sp. z o.o., Finanse Grupa TAURON Sp. z o.o., TAURON Ubezpieczenia Sp. z o.o. and TAURON Inwestycje Sp. z o.o. with regard to activities related to the conduct of hydrogen research and development projects are also treated as other Group activities.

(in PLN million)

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

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

The comparable data for the year ended 31 December 2023 and as at 31 December 2023, were restated accordingly.

12.1. Operating segments

Year ended 31 December 2024

	Operating segments					Other	Unallocated items / Eliminations	Total
	Generation	Heat	Renewable Energy Sources	Distribution	Sales			
Revenue								
Sales to external customers	3 467	1 588	38	6 123	21 071	248	–	**32 535**
Inter-segment sales	4 748	605	949	5 311	6 159	967	(18 739)	**–**
Total segment revenue	**8 215**	**2 193**	**987**	**11 434**	**27 230**	**1 215**	**(18 739)**	**32 535**
Recompensation revenue	**–**	**109**	**–**	**472**	**2 283**	**–**	**–**	**2 864**
EBIT, of which:	**(1 046)**	**161**	**497**	**2 547**	**547**	**118**	**(173)**	**2 651**
Share in profit/(loss) of joint ventures	–	*84*	–	–	–	–	–	***84***
Depreciation/amortization	**(394)**	**(115)**	**(187)**	**(1 415)**	**(49)**	**(225)**	**7**	**(2 378)**
Impairments	**(1 398)**	**(26)**	**–**	**(1)**	**(2)**	**(16)**	**2**	**(1 441)**
EBITDA	**746**	**302**	**684**	**3 963**	**598**	**359**	**(182)**	**6 470**
EBIT								**2 651**
Finance income (costs)							(765)	**(765)**
Profit/(loss) before income tax								**1 886**
Income tax expense							(1 296)	**(1 296)**
Net profit/(loss) for the period								**590**
Assets and liabilities								
Segment assets, of which:	4 305	2 768	5 192	25 961	5 132	1 210	–	**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	2 046	683	–	**10 908**
Unallocated liabilities							17 052	**17 052**
Total liabilities								**27 960**
Other segment information								
Capital expenditures[1]	114	135	1 514	3 103	75	186	–	**5 127**

[1] 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)

Year ended 31 December 2023 *(restated data)*

	Operating segments					Other	Unallocated items / Eliminations	Total
	Generation	Heat	Renewable Energy Sources	Distribution	Sales			
Revenue								
Sales to external customers	7 692	1 586	126	5 732	26 630	211	–	**41 977**
Inter-segment sales	3 531	975	624	5 423	8 558	907	(20 018)	**–**
Total segment revenue	**11 223**	**2 561**	**750**	**11 155**	**35 188**	**1 118**	**(20 018)**	**41 977**
Recompensation revenue	**–**	**83**	**–**	**1 038**	**6 937**	**–**	**–**	**8 058**
		–						
EBIT, of which:	**662**	**(301)**	**261**	**1 630**	**409**	**82**	**(29)**	**2 714**
Share in profit/(loss) of joint ventures	–	*(487)*	–	–	–	–	–	***(487)***
Depreciation/amortization	**(403)**	**(109)**	**(170)**	**(1 327)**	**(50)**	**(176)**	**3**	**(2 232)**
Impairments[1]	**(205)**	**(315)**	**–**	**(5)**	**5**	**1**	**–**	**(519)**
EBITDA	**1 270**	**123**	**431**	**2 962**	**454**	**257**	**(32)**	**5 465**
EBIT								**2 714**
Finance income (costs)							(1 092)	**(1 092)**
Profit/(loss) before income tax								**1 622**
Income tax expense							(494)	**(494)**
Net profit/(loss) for the period								**1 128**
Assets and liabilities								
Segment assets, of which:	7 018	2 995	3 971	24 194	7 921	1 291	–	**47 390**
Investments in joint ventures	–	*169*	–	–	–	–	–	**169**
Unallocated assets							1 748	**1 748**
Total assets								**49 138**
Segment liabilities	4 269	781	272	2 550	3 553	736	–	**12 161**
Unallocated liabilities							19 619	**19 619**
Total liabilities								**31 780**
Other segment information								
Capital expenditures[2]	301	273	593	2 763	109	325	–	**4 364**

[1] Impairment losses include the Group's share of impairment losses on non-financial assets of joint ventures in the amount of PLN 308 million.
[2] 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 the year ended 31 December 2023, revenues from sales earned on Polish Power Exchange Exchange (Towarowa Giełda Energii) in the Sales and Generation segment generated by Izba Rozliczeniowa Giełd Towarowych S.A., accounted for 20% of the Group's total revenues and amounted to PLN 8 523 million. In the year ended 31 December 2024, revenues from sales on the Polish Power Exchange (Towarowa Giełda Energii) generated by Izba Rozliczeniowa Giełd Towarowych S.A. did not exceed the threshold of 10% of the Group's total revenues.

12.2. Geographical areas of operations

	Year ended 31 December 2024	Year ended 31 December 2023 *(restated figures)*
Poland	32 241	41 224
Czech Republic	294	748
Great Britain	–	5
Total	**32 535**	**41 977**

The activity of the Group is mostly carried out on the territory of Poland. In the year ended 31 December 2024, revenues generated in the country accounted for 99%, while in the comparative period, domestically generated revenue reached 98%.

Revenues on sales from foreign entities in the year ended 31 December 2024 and in the year ended 31 December 2023 mainly related to the sales of electricity and accounted for 99% of revenue to foreign entities in both years. Revenues from the sale of electricity from foreign entities are mainly generated by the subsidiary, TAURON Czech Energy s.r.o., which trades electricity on the Czech market.

IMPAIRMENT OF NON-FINANCIAL ASSETS

13. Impairment in value of non-financial assets

SELECTED ACCOUNTING PRINCIPLES

Goodwill is tested for impairment every year and each time when indications of impairment have been identified. Other non-financial non-current assets are tested for impairment if indications exist that they may have been impaired.

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. In order to conduct an impairment test, goodwill acquired under a business combination or acquisition of entities is assigned to individual cash-generating units or groups of cash-generating units upon recognition. Information concerning identification of the CGU to which goodwill is allocated is presented in Note 24.

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. If the carrying amount of an asset/CGU is higher than its recoverable amount, impairment occurs and the value of the asset is reduced to the recoverable amount determined.

Impairment losses are allocated to goodwill in the first place and the remaining amount is allocated to individual assets forming the CGU based on the share of the carrying amount of each asset in the carrying amount of the CGU, whereas as a result of such allocation the carrying amount of the asset may not be lower than the highest of three amounts: the fair value less disposal costs, the value in use and zero.

If the indications of impairment driving the recognition of an impairment loss in a preceding period are no longer present, the impairment loss is reversed or reduced. Impairment losses on goodwill are not subject to reversal.

PROFESSIONAL JUDGEMENT AND ESTIMATES

As at every balance sheet date the Group assesses whether objective indication of impairment occurs in relation to non-financial non-current assets. The analysis of indications covers both internal and external factors.

While performing an impairment test, the Group estimates the recoverable amount.

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. The value in use calculation is based on a series of assumptions as discussed below in more detail.

As at 31 December 2024, an analysis of the premises which might indicate the impairment of non-financial assets was carried out. The analysis identified the following market events that may change the assumptions used in the impairment tests compared to the assumptions used in the impairment tests performed as at 31 December 2023, which may therefore affect the impairment assessment:

- publication of a draft update of the National Energy and Climate Plan ("KPEiK"), a key document for the power sector in Poland;
- progressive changes in the energy mix in Poland, primarily due to further increase in the share of RES in the generation subsector translating into:
  - an increase in electricity generation by wind farms by 13.1% in 2024 compared to 2023;
  - an increase in electricity generation by other renewable energy sources (professional hydroelectric power plants, other hydroelectric power plants and other renewable energy sources including photovoltaic) by 21.4% in 2024 compared to 2023;
  - a further decline in electricity generation in conventional coal-fired sources, which amounted to 9.8% in 2024 compared to 2023;
  - an increase in electricity generation by gas-fired power plants by 22.8% in 2024 compared to 2023;
  - a change in the price structure on the energy market in the segment of spot transactions resulting from the increased share of renewable energy sources, the average price of electricity on the SPOT market (average fixing, continuous trading, RDS) decreased from PLN 510.94/MWh in 2023 to PLN 415.45/MWh in 2024 (-18.7%);
  - the structure and levels of electricity prices in the medium- to long-term horizon, with an increase in the frequency of prices below the generation costs of conventional sources and a decrease in the volume-weighted average electricity price for the BASE (Y+1) futures contract from PLN 642.19/MWh in 2023 to PLN 449.80/MWh in 2024 (-30.0%);
- changes to the balancing market in force from 14 June 2024, where the settlement in 15-minute periods has been introduced, a market-based process for the procurement of balancing services has been launched and mechanisms for the valuation of the operating reserve have been introduced;
- a decrease in the average coal price in the ARA ports from USD 126.54/Mg in 2023 to USD 114.57/Mg in 2024 (-9.5%);

- a decrease in the volume-weighted average gas price for the BASE futures contract (Y+1) from PLN 267.65/MWh in 2023 to PLN 180.44/MWh in 2024 (-32.6%), which will result in the further displacement of coal-fired power plants in favour of gas-fired power plants.

In connection with the above changes and the price decline levels, an adjustment in the forecasts occurred in relation to the assumptions made in the impairment tests carried out as at 31 December 2023 in the following scope:

- a decline in forecast average BASE electricity prices in the period 2025-2040 by an average of 13.9% relative to the assumptions adopted in the impairment tests at 31 December 2023;
- an increase in projected CO_2 prices for 2025-2040 by an average of 10.7% for EU ETS market contracts compared to the assumptions adopted in the impairment tests at 31 December 2023;
- a decline in forecast average BASE coal prices for delivery in 2025-2040 by an average of 27.5% relative to the assumptions adopted in the impairment tests at 31 December 2023;
- a decline in projected average BASE gas prices in 2025-2040 by an average of 24.7% relative to the assumptions adopted in the impairment tests at 31 December 2023.

The adjustment of the above projections translated into a decrease in the forecast modelled margins for 2025-2040 of 55.6% on average for the 1000 MW class unit compared to the assumptions used in the impairment tests as at 31 December 2023, and indicates a projection of negative margins for the 200 MW class units from 2025 year by the end of the period under review.

Furthermore, in order to comply with the European “Fit for 55” regulations, including the Energy Efficiency Directive (EED), the Renewable Energy Directive III (RED III), the Directive on the Energy Performance of Buildings (EPBD) and the revised Directive on the emissions trading scheme (ETS), the Group launched the decarbonisation and transformation of the heating sector. In December 2024, the Company published Strategy for 2025-2035, which includes an irreversible process of decarbonisation of assets.

In accordance with the licence granted and the indefinite contracts concluded, the Group is obliged to supply heat to customers, and therefore it is necessary to incur capital expenditure to comply with the legal requirements. The gradual change of the fuel used by the operating generation units from coal to gas, biomass or electrode boilers will enable a complete transition from the production of heat and electricity and cogenerated heat from coal assets by 2030 at the latest. In the Group's opinion, future investment expenditure related to the decarbonization of generating plants (ZW) is necessary to maintain the originally estimated benefits obtained from these plants in their current state. Taking into account the foregoing, the Group recognised that it was justified to include the support programmes for the heating sector in the form of a cogeneration bonus in the impairment tests, and the necessary expenditures for the transformation of the heat and electricity generation activities as replacement expenditures. In the tests as at 31 December 2023, the aforementioned expenditures and support was not included due to the lack of clarified transformation plans.

The indications of impairment identified above relate mainly to the Group's generation assets in segment:

- Generation: CGU Generation-Coal, CGU Generation-Biomass,
- Heat: CGU ZW Katowice, CGU ZW Tychy, CGU ZW Bielsko-Biała EC1, CGU ZW Bielsko-Biała EC2, CGU ZW Local Heating Plant Areas, CGU ECI Generation;
- RES: CGU Hydroelectric power plants and CGU Wind and photovoltaic power plants.

The identified impairment indicators do not apply to the Group’s assets from the Distribution segment due to the tariff model in place and the simultaneous lack of changes in the regulations of the Energy Regulatory Office (ERO). The impairment indicators identified and described above do not apply to other segments.

The Group's impairment tests of non-financial assets as at 31 December 2024 included a change in cash-generating units ("CGUs") compared to the tests performed as at 31 December 2023. Within the RES segment, the Group has identified the following cash-generating units: CGU Hydroelectric power plants and CGU Wind and photovoltaic power plants. The Group has launched a new product entitled. "TAURON Nowa Energia" with a price guarantee and a certificate confirming the generation of energy from renewable sources. The demand profile of households and business customers targeted by the new offer correlates with the generation capacity of WF and PV sources. Combining technologies in an optimal structure allows risks to be mitigated and greater economic benefits to be obtained. The electricity generated by the wind farms and photovoltaic power plants offered by the new product generates aggregate flows and, in accordance with IAS 36 para. 68, the Group identifies the combined assets of WF and PV as the smallest set of assets generating independent cash inflows.

In addition, as part of the analysis of asset impairment premises, the possibility of impairment of the shares in TAMEH HOLDING Sp. z o.o. was identified due to the fact that on 9 August 2024, the Management Board of TAMEH Czech s.r.o. filed an application with the Ostrava Regional Court for approval to transform the reorganisation of TAMEH Czech s.r.o. into liquidation bankruptcy. The object of activity of TAMEH Czech s.r.o. is the production of energy media for the Liberty Ostrava a.s. smelter, which was the company's only customer. The submission of the application for the approval of liquidation bankruptcy is related to the failure of settlement of liabilities to Liberty Ostrava a.s., which is related to the lack of possibility to continue operations by TAMEH Czech s.r.o. The owner of 100% of the shares in TAMEH Czech s.r.o. is TAMEH HOLDING Sp. z o.o. - a jointly owned company by the Company in which the Company holds a 50% interest.

The Shareholders' Agreement provides for the operation of the special purpose vehicle TAMEH HOLDING Sp. z o.o. until 2029 with a possibility of extending the operation for further years. In accordance with the provisions of the agreement, TAMEH HOLDING Sp. z o.o. pays dividends to the Shareholders on the basis of a dividend plan approved by the parties to the agreement.

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

- a shareholders' approved dividend plan in the scope of activity of TAMEH POLSKA Sp. z o.o. for 2024-2029 and divestment of assets in 2030,
- adjusted dividend plan resulting from the gradual reduction of expenditure and operations of TAMEH POLSKA Sp. z o.o. leading to the liquidation of assets in 2030;
- a shareholders' approved dividend plan in the scope of activity of TAMEH POLSKA Sp. z o.o. for 2024-2029 and the continuation of the company’s activity after this period.

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

The tests conducted as at 31 December 2024 required estimating the value in use of cash generating units, based on their future cash flows discounted subsequently to the present value using a discount rate.

Impairment tests for the identified CGUs from the Generation, Heat and RES segment were carried out on the basis of estimated future cash flows covering the entire period of their operation.

The use of forecasts longer than 5 years results from the fact that, over a longer period of detailed forecast, the Company is able to reflect as accurately as possible the life cycle of assets, particularly manufacturing assets, and take into account long-term cash flow estimates. The macroeconomic and sector-oriented assumptions underlying the projections are updated as frequently as any indications for their modification are observed on the market. The projections also take into account changes in the regulatory environment known as at the date of the test.

Key assumptions adopted in tests performed as at 31 December 2024

The assumptions of prices, power balance and the level of electricity demand have been developed taking into account current market conditions updated in the full scope of years 2025-2045. Long-term market assumptions are consistent in terms of directions with existing government policy documents and the guidelines for their update: the National Energy and Climate Plan (KPEiK) and the Energy Policy of Poland up till 2040 (“PEP2040”). The projected electricity prices result from long-term modelling using a 24-hour electricity market model. External sources and benchmarks were taken into account when updating the forecasts, mainly in terms of fuel and CO_2 prices.

(in PLN million)

Category	Description
Coal	For 2025, the forecast assumes a 19% decline in coal prices compared to the average PSCMI1 index price calculated for 2024. It results from the stabilising demand-supply situation in global coal markets, particularly at ARA ports supported by falling natural gas and LNG prices. An average decline in coal prices by 3.5% was assumed in the years 2026-2040. For this period, an assumption was made about declining demand, due to decreasing electricity generation from conventional sources and the need to take into account global trends in domestic coal price paths (coal mine closures were included, in line with the social contract setting deadlines for mine closures).
Electricity	The BASE electricity price forecast for open position assumes a decline of 6.4% for 2025 compared to the average volume-weighted price of the reference BASE contract (Y+1) achieved in 2024. In the period 2026-2040, the average price of BASE will increase at an average annual rate of 1.2%. In the forward market, projected BASE price levels take into account the costs of generation from high-efficiency conventional sources.
CO_2	In terms of pricing assumptions for the market of CO_2 emission allowances,, the EU ETS balance was again reviewed and updated. External analyst surveys were also taken into account so that the assumed price levels best reflect the market consensus. The growth path for prices of CO_2 emission allowances has been adopted in the entire forecast horizon. In the first three years, due to the projected dynamic growth of RES capacity and a decline in CO_2 demand, the forecast was adjusted to current market levels. The forecast for 2025 assumes a 4.7% increase in the price of CO_2 emission allowances compared to the average reference contract prices obtained in 2024. In the period of 2028-2040, CO_2 prices will increase by an average of 2.5% due to the maintenance of plans to meet ambitious climate goals and the extended operation of the Market Stability Reserve mechanism until 2030. CO_2 emission limits for heat generation have been adopted in line with the regulation of the Council of Ministers and adjusted by the level of free allowances.
Natural gas	Due to the observed increase in demand for natural gas, the forecast assumes a 12.7% increase in the price in 2025 compared to the volume-weighted average of the BASE (Y+1) reference contract price obtained in 2024. On the other hand, an average annual decrease in gas prices of 3% is assumed for the period from 2026 to 2040. For the period concerned, assumptions were made about the long-term filling of the demand gap for the raw material in question in Europe through stable gas flows from the Norwegian Continental Shelf and LNG supplies. Poland will import gas through the Baltic Pipe and two LNG terminals (the FSRU terminal in Gdańsk is scheduled for commissioning in the 2027/2028 timeframe), resulting in a high correlation of gas prices in Poland with the European indices.
Capacity market	It is assumed that payments for capacity will be maintained until 2028 for existing coal-fired units which do not meet the EPS 550 criterion (for which the unit emission performance exceeds 550 kg/MWh). For units which concluded long-term contracts by 31 December 2019 and do not meet the EPS 550 criterion, maintaining of payments until the end of the contract effectiveness period has been assumed. In line with the agreement reached by the European Council of 17 October 2023 regarding the reform of the energy market model, it was assumed that a derogation would be introduced regarding the validity of CO_2 emission limits for units seeking support from the Capacity Market and consequently that the period of possible support for such units would be extended from June 2025 to the end of 2028. The projections assume revenues from the Capacity Market after 2025 as a consequence of extension of the support until the end of 2028. The revenue on this account relates to four 200 MW class units at the Jaworzno III Branches and Łaziska and a unit at the Łagisza Branche in the years 2026-2028. In addition, revenues from the Capacity Market have been assumed for unit 2 at Jaworzno II Branch in 2026-2027 and for unit 1 at Jaworzno II Branch in 2028. Moreover, four 200 class units, for which no capacity contract was assumed, were assigned to the role of reserve units, which entails these units receiving revenue for reserving, the amount of which depends on the availability of the company's other units. The assumed average price over the extended period is PLN 228.01/kW, with an assumed price decrease of 23% y/y on average in subsequent years from 2027 onwards. For the extended operating period, it was assumed that the operation of the units would be determined by demand in the KSE (National Power System).

Economic lifetime of generating units

In the CGU Generation-Coal and in the CGU Generation-Biomass, the planned operating periods of the generating units have changed.

With regard to the CGU tests prepared as at 31 December 2023, the operation of unit 10 at the Łagisza Power Plant was shortened by five years, the operation of unit 3 at the Jaworzno II Power Plant was shortened by one year and the operation of units 1 and 2 was extended by two and one year, respectively. In the case of 200 MW class units (Jaworzno Power Plant, Łaziska Power Plant, Siersza Power Plant), the analysis was carried out within the operating horizon of the Derogation Capacity Market (until 2028), assuming support at a level guaranteeing further, economically justified operation. In the remaining power plants, the operating periods have not changed.

A list of assumptions regarding the economic useful lives of generating units adopted for testing is presented below:

- Nowe Jaworzno Power Plant - unit 7 by 2040;
- Łagisza Power Plant - unit 10 by 2030;
- Jaworzno II Power Plant - unit 1 (Biomass) by 2028, unit 2 by 2027, unit 3 by 2025;
- Jaworzno III Power Plant (units 1, 2, 3, 4, 5 and 6); Łaziska Power Plant (units 9, 10, 11 and 12); Siersza Power Plant (units 1 and 2) in the perspective until 2028, assuming support from the Derogation Capacity Market at a level guaranteeing further, economically justified operation.

The reduced lifetime of unit 10 at the Łagisza Power Plant results from the following factors:

- a significant reduction in the unit margin on electricity sales as a result of the update of price paths, resulting in the inability to generate positive financial results at the operating level;
- termination in 2028 of support from the Capacity Market;
- termination of the contract for heat supply to TAURON Ciepło Sp. z o.o. at the end of 2030 (investment plans of the TAURON Group envisage the construction of a new source which will take over the heating duties of the Łagisza power plant).

The change in the operating hours of the Jaworzno II Branch was driven by the need to ensure heat supply to SCE Jaworzno III until the end of 2028 and the need to supply process steam for the 910 MW unit in Jaworzno. According to the current schedule for the implementation of the investment involving the construction of a new dedicated technological steam source for the indicated unit, it is assumed that the source will commence operation at the beginning of 2028.

As at 31 December 2024, the operating period has been assumed for the generating units in the RES segment:

- CGU Hydroelectric power plants, due to ongoing modernisation work of individual power plants, the useful life has been extended to 2079 compared to the tests at 31 December 2023;
- CGU Wind farms and photovoltaic power plants up to 2056 (a change compared to the tests as at 31 December 2023 results from the commissioning of new power plants).

For all generating plants in the Heat segment, a period of operation until 2049 has been assumed, with operation of the units on coal fuel ending:

- in CGU ZW Katowice, CGU ZW Tychy, CGU ZW Bielsko-Biała EC1, CGU ECI Generation and CGU ZW Local Heat Plant Area until 2029,
- in CGU ZW Bielsko-Biała EC2 until 2026.

The revision of the economic useful lives of generation units from the Heat segment in accordance with the assumptions of the Group Strategy adopted in December 2024 will be included with effect from 1 January 2025.

Regulatory system services

The projections assume a reform of the balancing market introduced by Polskie Sieci Elektroenergetyczne S.A. on 14 June 2024.

Polskie Sieci Elektroenergetyczne S.A. purchase balancing capacity separately to increase and decrease the capacity in the system. There are two modes of acquiring balancing capacity:

1. Basic (non-mandatory) mode - auction for balancing capacity on a daily basis in advance, participation by bidding for balancing capacity in aggregate form;
2. Supplementary mode (mandatory) - bidding for balancing capacity for each generating unit on day d-1; purchase of balancing capacity by PSE on day d as a supplement to the basic mode.

The Balancing Capacity volume was calculated based on the regulatory capacity of the generating units, assigned by the Transmission System Operator, taking into account their planned operating time (Balancing Capacity can only be provided by units in operation), with the assumed bidding efficiency of 67%.

The price adopted for the calculation in real terms is assumed at the level observed in 2024, with a downward trend in the following years and the constant level from 2033 to the end of the forecast. The assumed downward trend results from the projected commissioning of new generating units and the qualification to provide services to units not previously able to do so, making the number of potential service providers increase significantly.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

Certificates of energy origin	The price path for certificates of energy origin and the obligatory redemption in the subsequent years have been adopted based on the provisions of the RES Act and the system balance forecast. In view of the percentage obligations contained in the RES regulations and the need to balance the system, an increase in the prices of green certificates by 37.6% was assumed in 2025, compared to 2024. In the period of 2026-2030, the forecast of green certificate prices is upward (by 19.0% per year, on average) due to the reduction in supply and the assumption of an increase in the obligation to consume systemic surplus of property rights. For blue certificates, a slight price decrease of 0.2% was assumed for 2025 relative to the TGEozebio average volume-weighted index price created in 2024. Over the period 2026-2030, the price of blue certificates is forecast to decline by an average of 2.5% per year. The price of white certificates assumes a slight decrease by 3.6% in 2025 compared to the volume-weighted average price created in 2024. In the period 2026-2030, the price of white certificates is forecast to grow at an average annual rate of 1.2%.
RES support	With regard to the RES Area, existing support systems (certificate of origin scheme, auction scheme, FIT/FIP feed-in tariff system, guarantee of origin scheme) are taken into account, of which the certificate of origin scheme is the most significant. Within this scheme, limited support periods for green energy have been taken into account in accordance with the assumptions of the Act on RES defining mechanisms of granting the support for electricity generated in sources of this type. The support period has been limited to 15 years from the date of the first injection of electricity eligible to receive the energy origin certificate to the grid.
Support for cogeneration	The projections assume a cogeneration bonus (in accordance with the Act of 14 December 2018 on the *promotion of electricity from high-efficiency cogeneration*), which is a surcharge on the electricity generated, fed into the grid and sold from high-efficiency cogeneration, for generators planning to operate new or significantly modernised installations. For CGU ZW Bielsko-Biała EC2, support was assumed in accordance with the decision of the President of the Energy Regulatory Office of 3 January 2024, on winning the auction for the co-generation bonus. For the remaining CGUs producing heat and electricity in co-generation, it was assumed that support would be obtained in future periods at a level not exceeding the prices currently obtained in the auctions won.
Remuneration	An increase in wages was assumed, based on an increase in the minimum wage and the assumed inflation rate with effect for the following years of the financial forecast.
WACC	The weighted average cost of capital (WACC) during the projection period for individual generation CGUs has been adopted in the range of 7.74%-9.38% in nominal terms after tax, taking into account the risk-free rate corresponding to the yield on 10-year Treasury bonds (at a level of 5.50%) and the risk premium for operations relevant for the power industry (5.50%). The growth rate used for extrapolation of projected cash flows going beyond the detailed planning period has been adopted at a level of 2.5% and corresponds to the estimated long-term inflation rate. The WACC level as at 31 December 2024 compared to the level as at 31 December 2023 decreased in individual segments, mainly due to the decline in the risk-free rate. The methodology for calculating the discount rate remained unchanged compared to the impairment test carried out at 31 December 2023.
Regulatory WACC	WACC adopted to calculate regulated income in 2025 amounts to 10.835% (gross) in 2025 and 8.878% (gross) in the residual period.

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

Results of impairment tests

As at 31 December 2024, the Group has recognised impairment losses on non-financial non-current assets resulting from asset impairment tests carried out as at 31 December 2024.

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

The impairment loss and the reversal of the existing write-down recognised as a result of the tests performed in the year ended 31 December 2024 refers to the following cash generating units:

CGU	Company	Discount rate (after tax) assumed in tests as at:		Recoverable amount	Amount of (impairment)/ reversal of impairment
		31 December 2024	31 December 2023	As at 31 December 2024	Year ended 31 December 2024
CGU Generation-Coal	TAURON Wytwarzanie S.A.	9.38%	11.47%	653	(1 473)
CGU ZW Bielsko-Biała EC1	TAURON Ciepło Sp. z o.o.			106	(44)
CGU ZW Bielsko-Biała EC2				252	103
CGU ZW Tychy				235	(79)
Total					**(1 493)**

The need to recognise impairment losses on non-financial assets in the CGU Generation-Coal is due to a decline in the planned margin on electricity sales.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

As a result of recognising the impact of the decarbonisation process, which has already begun, there have been changes in the recoverable amount of non-current assets in the Heat segment. In CGU ZW Bielsko-Biała EC2, the analyzes showed the justification for reversing the impairment loss on tangible and intangible fixed assets and rights to use assets due to obtaining additional government support in the form of a cogeneration bonus, which will significantly improve the margin of the CGU compared to the tests as at 31 December 2023. In CGU ZW Bielsko-Biała EC1 and CGU ZW Tychy, adaptation to legal requirements and the related change in the fuel used will limit the possibility of producing and selling electricity from cogeneration, which led to the recognition of an impairment loss relating to tangible and intangible assets and rights to use assets in CGU ZW Bielsko-Biała EC1 and CGU ZW Tychy.

The tests carried out as at 31 December 2024 did not show the need to recognise impairment losses on non-financial assets due to the identified higher value in use of the CGUs compared to their carrying amount, except for the CGU Generation-Coal, CGU ZW Bielsko-Biała EC1 and CGU ZW Tychy described above.

Impairment tests carried out on investments valued using the equity method in TAMEH HOLDING Sp. z o.o. as at 30 September 2024, demonstrated the justification for reducing the carrying amount of this investment by PLN 195 million. The recoverable value of the investment corresponds to its value in use, and the discount rate used to estimate the value in use was 10.25%. The analyzes performed as at 31 December 2024 did not indicate the need to update the value of the write-off.

Sensitivity analysis

The tables below present the estimated impact of the change in key factors on the recoverable amount of the CGUs tested. For assets generating electricity from conventional sources, the key factor analysed is the Clean Dark Spread ("CDS") due to the fact that a change in electricity prices generally results from the changes in the price of coal and CO_2 emission allowances. Analogically, for assets generating electricity using gas-fired technology, the key factor analysed is the Clean Spark Spread ("CSS").

The CDS/CSS is the amount of the first-step margin achieved by the coal/gas-fired power plants or CHP plants, calculated as a difference between the price of electricity and the model variable costs (fuel cost, CO_2 cost) associated with coal and gas-fired electricity generation.

The sensitivity analysis takes into account the change in the CDS/CSS structure due to the planned gradual decommissioning of 200 MW class units by 2028 and the replacement of coal-fired units with gas-fired units in the Heat segment in accordance with the assumptions adopted for the tests.

Parameter	Change	Impact on recoverable value			
		CGU Generation Coal	CGU ZW Tychy	CGU ZW Bielsko-Biała EC1	CGU ZW Bielsko-Biała EC2
Change in CDS/CSS over the forecast period	+1% -1%	7 -7	2 -2	1 -1	3 -3
Change of revenue due to energy balancing services	+1% -1%	9 -9	n.a.	n.a.	n.a.
Change of heat prices in the forecast period	+1% -1%	n.a.*	15 -15	16 -16	11 -11
Change of cogeneration bonus	+1% -1%	n.a.	2 -2	n.a.	2 -2
Change of WACC (net)	+0.1 p.p. -0.1 p.p.	-2 2	-4 4	-1 1	-5 5

** In the scope of CGU Generation-Coal, the change in the heat price has a marginal impact on the recoverable value.*

For the remaining CGUs in the Heat segment for which no impairment or the need to reverse the existing impairment loss was identified, the sensitivity analysis is presented in the table below.

Parameter	A change in the assumption equalizing the recoverable amount with the carrying amount		
	CGU ZW Katowice	CGU OCL	CGU ECI Generation
Change in CDS/CSS over the forecast period	-41.6%	n.a.	n.a.
Change of heat prices in the forecast period	-10.1%	-0.2%	-0.3%
Change of cogeneration bonus	-86,6%	-3.0%	-2.8%
Change of WACC (net)	4.7 p.p.	0.26 p.p.	0.22 p.p.

For assets generating electricity from renewable energy sources, the key factor analysed is the price of electricity due to its direct impact on the cash flow of the CGU concerned.

Parameter	A change in the assumption equalizing the recoverable amount with the carrying amount		
	CGU Generation-Biomass*	CGU Hydroelectric power plants	CGU Wind and photovoltaic power plants
Change of electricity prices in the forecast period	34.5%	-3.8%	-13.7%
Change of WACC (net)	n.a.	1.25 p.p.	2.29 p.p.

** For the CGU Generation-Biomass, impairment tests show a negative recoverable amount.*

EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

14. Sales revenue

SELECTED ACCOUNTING PRINCIPLES

Revenue from contracts with customers is recognised when (or as) the performance obligation is fulfilled in the form of transferring the promised goods (i.e. an asset) or providing a service to a customer. The transfer of the asset takes place when the customer acquires the control of the asset, while in the case of the sale of electricity and gaseous fuel, revenue is recognised when the electricity is sold with physical delivery on the wholesale market or when the energy is consumed by the end user (customer) at the point of consumption.

At the same time, revenue from contracts with customers is not recognised in the case of energy sales to another energy company and the simultaneous repurchase of the sold energy volume from this company in the same settlement period (exchange), and the result of such a transaction is recognised in the statement of comprehensive income in the net amount.

Revenue is recognised in the amount expected by the Group, less the value added tax (VAT), excise duty and other sales taxes, charges and discounts.

The revenue comprises only the inflows of economic benefits received or receivable to the entity's own account. Amounts obtained on behalf of third parties, with the Group acting as an agent, such as taxes on sales or value added tax do not constitute economic benefits for the entity and do not result in equity increases. Therefore, these amounts are not recognised in revenue. Where the Company acts as an agent, the amount recognised as revenue is the commission payable to it and does not include amounts received on behalf of the principal. Examples of this type of revenue include:

- the transitional fees, the RES fee, the capacity charge and the cogeneration fee collected from the end user of electricity and transferred to the Transmission System Operator;
- revenue from maintenance services under contracts for the sales of products and services combined with additional services.

In case of goods, revenues are recognised when the Group ceases to be permanently involved in the management and effective control of goods sold to the extent such function is usually implemented in relation to goods, to which the proprietary right applies.

Revenue from the sale of products manufactured in the course of adapting an asset to the location and conditions necessary for it to commence operation as intended by the management (e.g. trial production manufactured during testing) is recognised in revenue from the sale of goods, products and materials.

Revenue of the financial year includes also accrued revenue which has not been measured and invoiced due to the settlement system used by customers.

The Group generates its most significant revenues from the sale of electricity, gaseous fuel and distribution services in the Sales segment, distribution services in the Distribution segment and electricity and heat in the Generation and Heat segment.

Revenue from the sale of electricity, gas fuel and distribution services in the Sales segment

The Group companies operating in the Sales segment generate revenue from sales of electricity, gaseous fuel and distribution services to retail and wholesale customers. This segment also generates revenues from road lighting maintenance services.

As at each balance sheet date, subject to observance of 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 financial year 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 subsequent year.

The types of estimates for revenues from the sale of electricity, gaseous fuel and distribution services performed in the companies of the Group belonging to the Sales segment are presented below.

Type of revaluation	Description
Revenues on sales of electricity	
Revaluation for customers not invoiced at a given balance sheet date	Metering and billing system readings of the volume of retail electricity sold and its invoicing are largely carried out in periods other than the reporting periods. Accordingly, appropriate estimates of electricity sales and distribution services are determined as at the balance sheet date. The revaluation is calculated in the billing systems based on the average 24-hour electricity consumption between the last actual reading and the balance sheet date.
Estimation for customers billed using forecast payments	As at each balance sheet date, a revaluation of sales of electricity and distribution services is performed, comprising customers with 6-month or 12-month billing periods, using forecast payments in the periods between readings of the metering and billing systems. The estimate is determined in the billing system on the basis of the average 24-hour electricity consumption in the period from the date of the last reading to the balance sheet date and, at the same time, a re-estimation is made of the forecasts issued, ensuring that they are distributed proportionately to the balance period concerned.
Revenue revaluation for customers for whom sales are performed at the prices of the Power Exchange or/and the balancing market prices	The revaluation covers customers for whom, in accordance with the concluded contracts, electricity is sold at the prices of the Power Exchange or/and the balancing market. As at each balance sheet date, for those customers for whom the revaluation of non-invoiced sales of electricity has been calculated in the billing system, the revaluation is determined, which is the difference between the prices accepted for calculating the revaluation and the prices that will be accepted for invoicing the sales.
The revaluation resulting from the reconciliation of the energy balance	As at each balance sheet date, the Group companies in the Sales segment reconcile the electricity balance, determining the estimated imbalance volume on the purchase or sales side. As part of such revaluation, an amount is recognised that increases or decreases revenues from the sale of electricity, determined as a product of the estimated imbalance volume and the weighted average purchase price of electricity on the balancing market.

Revenues from the sale of gas fuel	
Revaluation for customers not invoiced at a given balance sheet date	Metering and billing system readings related to the volume of retail gas fuel sold and its invoicing are largely performed in periods other than the reporting periods. Accordingly, appropriate estimates of gaseous fuel sales and distribution services are determined as at the balance sheet date. The revaluation of gaseous fuel sales is calculated in the billing systems based on the average 24-hour electricity consumption between the last actual reading and the balance sheet date. The sales revaluation for distribution services is determined as a difference between the cost of purchasing gas distribution services and the invoiced revenue from the sale of distribution services.
Revenue revaluation for customers for whom sales are performed at the prices of the Power Exchange or/and the balancing market prices	The revaluation covers customers for whom, in accordance with the concluded contracts, gaseous fuel is sold at the prices of the Power Exchange or/and the balancing market. As at each balance sheet date, for those customers for whom the revaluation of non-invoiced sales of gaseous fuel has been calculated in the billing system, the revaluation is determined, which is the difference between the prices accepted for calculating the revaluation and the prices that will be accepted for invoicing the sales.
The revaluation resulting from the reconciliation of gas balance	As at each balance sheet date, the Group companies in the Sales segment reconcile the gas fuel balance, determining the estimated imbalance volume on the purchase or sales side. As part of this revaluation, an amount is recognised which increases or decreases revenues from the sale of gas fuel, determined as a product of the estimated imbalance volume and the average monthly balancing settlement price for high-methane gas published by the Gas Transmission Operator, GAZ-SYSTEM S.A.

Revenue on sales of electricity distribution services in the Distribution Segment

The Group presents mainly revenue related to distribution operations in the revenue on sales of services. The moment of delivery of the electricity distribution service to the recipient is deemed the moment of sale. On each balance sheet date, an estimate is provided of the amount of revenue from the sale of distribution services for the financial year concerned which, due to the settlement cycle of more than one month established in contracts with customers, will be invoiced in the following year.

Revenue from wholesale of electricity in the Generation segment

Wholesale sale of electricity to contractors is carried out through the following directions:

- Polish Power Exchange (TGE) in the mode of the Forward Market (RTT), the Day-Ahead Market (RDN) and the Intraday Market (RDB),
- Balancing Market (BM).

The contracts concluded within the RTT and RDN are reported to the Transmission System Operator (TSO) one day before the delivery day as the aggregate volume of electricity that the generation units are obliged to deliver to the market. The contracts concluded on the Intraday Market are reported to the TSO on the delivery date. The Transmission System Operator ultimately decides on the actual volume of electricity produced, taking into account the current demand of the National Power System (KSE). If the KSE's demand for electricity exceeds the electricity contracting volume reported by generators, the TSO increases the generation of centrally dispatched units (JWCDs) (increments - additional energy sales to the TSO within the RB). In the event that the KSE demand for electricity is lower than the contracting volume of energy reported by the generators, the TSO reduces the generation of JWCDs (reductions - additional purchase of energy from the TSO within the RB). Settlements resulting from the Operator's decision are performed as a part of clearing on the Balancing Market.

The wholesale of electricity from non-centrally dispatched generating units (nJWCDs - generating units below 100 MW settled on the local market) takes place under similar rules. For non-centrally dispatched units, the entity responsible for trade balancing and settlements on the RB from 15 December 2022, according to the agreement for the provision of electricity distribution services, is TAURON Wytwarzanie S.A..

Invoices for the sale and purchase of electricity from the Balancing Market are issued based on reports from the centralised sales balancing system in the National Power System. These settlements are performed every decade. Invoices for the sale of electricity on TGE for and on behalf of TAURON Wytwarzanie S.A. are issued by IRGIT within the framework of self-billing. Billing reports generated by IRGIT provide the basis for invoicing.

From 14 June 2024, with the entry into force of Phase II of the balancing market reform, new balancing services have been introduced enabling the Operator to procure balancing capacity (MB) in addition to the balancing energy on a market basis. The catalogue of balancing capacity services includes: the Frequency Maintenance Reserve (FCR), the Frequency Restoration Reserve (FRR) and the Replacement Reserve (RR). The Balancing Capacity Market is a mechanism to ensure the required volumes of balancing capacity.

Revenue from sale of heat in the Heat segment

Revenues are measured on the basis of the current heat tariffs, the invoiced volumes of ordered heat capacity, heat, heat carrier at the rates and prices contained in the applicable tariffs, and receivables for the seller's costs of providing access to premises charged at the prices indicated in the rental contracts.

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. The revaluation for each reading point is calculated based on the algorithm:

- the re-estimation for central heating consumption depends directly on the heat consumption in the reference period, the outside temperature and the number of re-estimation days until the end of the month;
- the re-estimation for domestic hot water consumption depends directly on the heat consumption in the reference period and the number of re-estimation days until the end of the month;
- the re-estimation for the heat carrier depends directly on the heat consumption in the reference period and the number of re-estimation days until the end of the month.

(in PLN million)

PROFESSIONAL JUDGEMENT AND ESTIMATES

The TAURON Group estimates revenue as described above whereas the most important estimate regards the additional assessment of revenue from sales of electricity, gaseous fuel and distribution services in the Sales segment.

As at 31 December 2024, the re-estimation of revenues from the sale of electricity and distribution services in the Sales segment amounted to PLN 1 187 million, the impact on the financial result in 2024, taking into account the reversal of the previous year's estimates, amounted to PLN (82) million, taking into account the impact of the change in the method of accounting for the sale and purchase of electricity to cover the balance difference, described in more detail in Note 9 of these consolidated financial statements. As at 31 December 2024, the additional assessment of revenue from sales of gaseous fuel and distribution services in the Sales segment amounted to PLN 64 million and, when reversed estimations from the previous year have been accounted for, the impact on the profit or loss for 2024 amounted to PLN 2 million.

	Year ended 31 December 2024	Year ended 31 December 2023 *(restated figures)*
Sale of goods for resale, finished goods and materials without elimination of excise	**20 574**	**31 056**
Excise	(103)	(102)
Sale of goods for resale, finished goods and materials	**20 471**	**30 954**
Electricity	17 549	27 916
Heat energy	1 298	1 298
Gas	1 145	1 286
CO_2 emission allowances	117	64
Energy certificates and similar	50	149
Other goods for resale, finished goods and materials	312	241
Rendering of services	**11 983**	**10 945**
Distribution and trade services	10 568	9 736
Capacity Market	826	692
Maintenance of road lighting	169	159
Connection fees	127	105
Other services	293	253
Other revenue	**81**	**78**
Total sales revenue	**32 535**	**41 977**

In the year ended 31 December 2024, sales revenues decreased in relation to the comparable period and the main changes referred to revenues from sales of electricity. A decrease in revenue on electricity sales was recorded in both the retail and wholesale areas, which mainly results from the lower prices obtained with at the same time the lower average sales volume achieved. The decrease in prices to customers in each segment is directly linked to the change in the developments of market electricity prices. The lower volume of electricity results from a lower demand from business customers and, in the case of wholesale trading, different operating characteristics of the units compared to the comparable period as a result of the different demand reported by the PSE operator.

At the same time, the Group recorded an increase in revenues from distribution and trading services, mainly as a result of an increase in the rate of distribution and transmission services.

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

Year ended 31 December 2024

	Generation	Heat	Renewable Energy Sources	Distribution	Sales	Other	Total
Sale of goods for resale, finished goods and materials	**2 788**	**1 184**	**32**	**4**	**16 309**	**154**	**20 471**
Electricity	2 604	1	–	–	14 944	–	**17 549**
Heat energy	117	1 180	–	–	1	–	**1 298**
Gas	–	–	–	–	1 145	–	**1 145**
CO_2 emission allowances	–	–	–	–	117	–	**117**
Energy certificates and similar	–	3	32	–	15	–	**50**
Other goods for resale, finished goods and materials	67	–	–	4	87	154	**312**
Rendering of services	**669**	**396**	**6**	**6 080**	**4 751**	**81**	**11 983**
Distribution and trade services	–	362	–	5 844	4 362	–	**10 568**
Capacity Market	605	26	4	–	191	–	**826**
Maintenance of road lighting	–	–	–	–	169	–	**169**
Connection fees	–	1	–	126	–	–	**127**
Other services	64	7	2	110	29	81	**293**
Other revenue	**10**	**8**	**–**	**39**	**11**	**13**	**81**
Total sales revenue	**3 467**	**1 588**	**38**	**6 123**	**21 071**	**248**	**32 535**

(in PLN million)

Year ended 31 December 2023 *(restated data)*

	Generation	Heat	Renewable Energy Sources	Distribution	Sales	Other	Total
Sale of goods for resale, finished goods and materials	**7 147**	**1 205**	**117**	**2**	**22 357**	**126**	**30 954**
Electricity	6 992	4	–	–	20 920	–	**27 916**
Heat energy	119	1 179	–	–	–	–	**1 298**
Gas	–	–	–	–	1 286	–	**1 286**
CO_2 emission allowances	–	1	–	–	63	–	**64**
Energy certificates and similar	1	21	117	–	10	–	**149**
Other goods for resale, finished goods and materials	35	–	–	2	78	126	**241**
Rendering of services	**535**	**374**	**8**	**5 689**	**4 265**	**74**	**10 945**
Distribution and trade services	–	339	–	5 484	3 913	–	**9 736**
Capacity Market	492	32	7	–	161	–	**692**
Maintenance of road lighting	–	–	–	–	159	–	**159**
Connection fees	–	1	–	104	–	–	**105**
Other services	43	2	1	101	32	74	**253**
Other revenue	**10**	**7**	**1**	**41**	**8**	**11**	**78**
Total sales revenue	**7 692**	**1 586**	**126**	**5 732**	**26 630**	**211**	**41 977**

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

	Year ended 31 December 2024	Year ended 31 December 2023 *(unaudited figures)*
Revenue from sales of electricity	**17 549**	**27 916**
Retail sale	**13 128**	**17 533**
Strategic clients	1 762	4 477
Business clients	5 456	7 924
Mass clients - Group G	4 743	3 560
Mass clients - SME	1 150	1 514
Other	117	156
Excise duty	(100)	(98)
Wholesale	**3 630**	**9 522**
Other	**791**	**861**

15. Recompensations

	Year ended 31 December 2024	Year ended 31 December 2023
Recompensation electricity	2 255	6 910
Recompensation distribution electricity services	472	1 038
Recompensation gas	28	27
Recompensation heat energy and distribution heat services	109	83
Total	**2 864**	**8 058**

The recompensations are described in detail in Note 11 to these consolidated financial statements.

The main reason for the decrease in recompensation in the year ended 31 December 2024 in relation to the comparable period was the lower price level in the tariff approved by the President of the ERO for the year ended 31 December 2024 compared to 2023, which translated into a decrease in the difference between the energy price resulting from the tariff and the frozen and maximum electricity prices taken into account in the calculation of household recompensation.

(in PLN million)

16. Cost of goods, materials and services sold

SELECTED ACCOUNTING PRINCIPLES

The Group presents costs by function.

Costs by function include:

- cost of goods, products, materials and services sold (cost of sales), incurred during a given reporting period, including any impairment losses on property, plant and equipment, intangible assets, right-of-use assets, receivables and inventories, adjusted by cost of manufacturing products for own purposes;
- total costs of sales and administrative expenses incurred in the reporting period (recognised separately in the statement of comprehensive income).

Costs that can be directly attributed to revenues gained by the Group affect the financial result of the Group for such reporting period in which those revenues occurred.

Costs that can only be indirectly assigned to revenues or other benefits obtained by the Group affect the profit or loss of the Group in the portion pertaining to a given reporting period, ensuring that they are commensurate with revenue or other economic benefits.

16.1. Costs by type

	Year ended 31 December 2024	Year ended 31 December 2023
Depreciation and amortization	(2 378)	(2 232)
Impairment of non-financial assets	(1 549)	(26)
Materials and energy	(3 469)	(5 119)
Distribution services	(3 231)	(2 917)
Maintenance and repair services	(335)	(316)
Other external services	(992)	(942)
Cost of obligation to remit the CO_2 emission allowances	(3 188)	(3 461)
Write-down for the Price Difference Payment Fund	(9)	(832)
Other taxes and charges	(858)	(798)
Employee benefits expense	(3 303)	(3 194)
Allowance for inventories	108	(185)
Allowance for trade receivables expected credit losses	(43)	(79)
Costs of provision for onerous contracts	–	91
Other	(150)	(162)
Total costs by type	**(19 397)**	**(20 172)**
Change in inventories, prepayments, accruals and deferred income	(2)	–
Cost of goods produced for internal purposes	823	841
Selling expenses	738	766
Administrative expenses	753	701
Cost of goods for resale and materials sold	(14 346)	(27 763)
Cost of sales	**(31 431)**	**(45 627)**

In the year ended 31 December 2024 compared to the comparative period, the main changes in the cost of goods, products, materials and services sold involved:

- the recognition in 2024 of an excess of the creation over the reversal of impairment losses in the total amount of PLN 1 531 million, mainly as a result of the impairment tests of non-financial fixed assets carried out as at 30 June 2024 and 31 December 2024, which showed the legitimacy of the recognition of impairment losses or the reversal of previously created impairment losses in the total amount of PLN 1 493 million (see note 16.3 of these consolidated financial statements for further details);
- a decrease in material and energy consumption costs, mainly due to lower costs of coal fuel consumed for the production of electricity and heat, which is primarily a consequence of lower consumption due to lower production. Moreover, the lower cost of coal fuel was affected by the lower purchase price of the fuel as a consequence of the decline in market prices for this raw material;
- an increase in the cost of distribution services, as a result of a rise in the tariff for the PSE transmission services;
- a decline in the cost of the obligation to redeem CO_2 allowances, mainly as a result of lower production and correspondingly lower CO_2 emissions;
- no need for the TAURON Group to incur the cost of write-downs to the Price Difference Payment Fund in the current period. The obligation to apply write-downs in 2023 resulted from the provisions of the acts of law requiring both generators and sellers of electricity and gas to pay profits to the Settlement Administrator in excess of the statutory margin percentage;

(in PLN million)

- a decline in the value of goods and materials sold, which is mainly due to due to the lower electricity purchase costs incurred as a result of falling prices and lower volumes as a result of a decreased demand from TAURON Group customers.

16.2. Employee benefit expenses

	Year ended 31 December 2024	Year ended 31 December 2023
Wages and salaries	(2 480)	(2 385)
Social security costs	(485)	(466)
Post-employment benefit expenses, of which:	(119)	(107)
Provision for retirement, disability and similar benefits	*(15)*	*(11)*
Company Social Benefits Fund	*(6)*	*(2)*
Contributions to employee retirement plans	*(98)*	*(94)*
Contributions to the Company Social Benefits Fund	(85)	(65)
Jubilee bonuses	(15)	(59)
Other employee benefit expenses	(119)	(112)
Total	**(3 303)**	**(3 194)**
Items included in cost of sales	(2 026)	(1 959)
Items included in selling expenses	(376)	(383)
Items included in administrative expenses	(475)	(466)
Items included in cost of goods produced for internal purposes	(426)	(386)

16.3. Depreciation and amortisation charges and impairment losses

	Year ended 31 December 2024	Year ended 31 December 2023
Depreciation and amortisation, included in item:	**(2 378)**	**(2 232)**
Cost of sales	(2 162)	(2 055)
Selling expenses	(118)	(97)
Administrative expenses	(68)	(53)
Cost of goods produced for internal purposes	(30)	(27)
Impairment allowance, included in item:	**(1 549)**	**(26)**
Cost of sales	(1 523)	(31)
Selling expenses	(1)	7
Administrative expenses	(24)	(2)
Cost of goods produced for internal purposes	(1)	–
Total	**(3 927)**	**(2 258)**

17. Other operating income and costs

	Year ended 31 December 2024	Year ended 31 December 2023
Other subsidies/ Income from settlement of subsidies and gratuitous receipt of fixed assets parallel to depreciation	84	65
Penalties, fines, compensations received or receivable	45	286
Revenues from written-off debt	25	3
Surplus (creation)/reversal of impairment losses on other assets	8	16
Surplus of other provisions (recognized)/derecognized	3	(57)
Result on the disposal of non-financial fixed assets and costs of damages to non-current assets and costs of decommissioning assets	(38)	(10)
Costs of court proceedings, fines and damages	(9)	(10)
Write-off for abandoned investments and production	(2)	(4)
Other operating income	22	25
Other operating expenses	(48)	(54)
Total	**90**	**260**

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

18. Financial revenues and costs

SELECTED ACCOUNTING PRINCIPLES

Financial revenues and costs comprise, in particular, revenues and costs related to:

- interest and settlement of discount and revenues due to the share in profits of other entities,
- revaluation of financial instruments, excluding:

- the revaluation of financial instruments recognised in other comprehensive income and credited to revaluation reserve, and

- derivative commodity instruments falling within the scope of IFRS 9 *Financial Instruments* in the case of which gains/losses on change in measurement and on exercising are presented in operating activities where gains/losses on the related trading in goods are also recognised;

- foreign exchange differences, except for differences recognized in the initial value of a fixed asset, to the extent they are classified as adjustment to interest expenses;
- other items related to financing activities.

Transactions expressed in a foreign currency are converted to functional currency at initial recognition according to the average exchange rate determined for a given currency by the National Bank of Poland as at the day preceding such a day. As at the balance sheet date, monetary items expressed in foreign currency are converted applying the closing exchange rate (the average exchange rate determined for a given currency by the National Bank of Poland on that day is deemed the closing exchange rate),

For the purpose of balance sheet valuation, the following exchange rates were applied:

Currency	As at 31 December 2024	As at 31 December 2023
EUR	4.2730	4.3480
USD	4.1012	3.9350
CZK	0.1699	0.1759

Exchange differences arising on settlement and translation as at the balance sheet date are recognised, respectively, in the income statement under financial revenues (costs), except when capitalised in the value of assets.

	Year ended 31 December 2024	Year ended 31 December 2023
Income and costs from financial instruments	**(727)**	**(1 034)**
Interest costs	(672)	(797)
Loss on derivative instruments	(314)	(800)
Exchange differences	86	299
Commission relating to borrowings and debt securities	(23)	(18)
Remeasurement of loans granted	122	151
Interest income	90	111
Dividend income	2	1
Other	(18)	19
Other finance income and costs	**(38)**	**(58)**
Interest on employee benefits	(35)	(36)
Interest on discount of other provisions	(12)	(9)
Other finance income	28	12
Other finance costs	(19)	(25)
Total, including recognized in the statement of comprehensive income:	**(765)**	**(1 092)**
Interest expense on debt	(672)	(797)
Finance income and other finance costs	(93)	(295)

The decline in interest expenses results from a lower level of use of external funding and a lower level of base rates in the year ended 31 December 2024 in relation to the comparable period.

The loss on derivatives in the year ended 31 December 2024 is mainly related to the strengthening of the Polish zloty to 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 to euro 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.

The revaluation of loans granted relates to loans granted to the joint venture, Elektrociepłownia Stalowa Wola S.A. As a result of the analyses performed taking into account the joint venture's future cash flow projections, the Group estimated that the fair value of these loans had increased. The increase in measurement in the year ended 31 December 2024 amounted to PLN 122 million.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

19. Costs arising from leases

The table below presents the total charge to profit or loss due to lease agreements where Group companies are the lessee.

	Year ended 31 December 2024	Year ended 31 December 2023
Cost arising from leases recognized in accordance with MSSF 16 *Leases*, including:	(208)	(177)
Depreciation of right-of-use assets	(123)	(111)
Cost of interest on lease liabilities	(85)	(66)
Cost arising from leases for which practical exclusion from MSSF 16 *Leases* has been applied, including:	(13)	(10)
Cost of short-term leases	(4)	(4)
Variable lease charges not included in the measurement of lease liabilities	(9)	(6)
Total	**(221)**	**(187)**

20. Income Tax

SELECTED ACCOUNTING PRINCIPLES

Current Tax

Income tax recognised in the financial result of the period comprises real tax burden for a given reporting period of individual companies determined in accordance with the applicable provisions of the Act on corporate income tax and any potential adjustments of tax settlements for previous years.

Deferred Tax

The Group recognises a deferred tax assets arising from temporary differences between the book value of assets and liabilities and their tax value, as well as a tax loss deductible in the future.

The deferred tax asset is recognised only if its realization is probable, i.e. if it is expected that a taxable profit sufficient to use the asset will be generated in the future.

Income tax relating to items recognised in other comprehensive income or directly in equity, is recognised in other comprehensive income or equity, respectively.

The deferred tax assets and deferred tax liabilities of the companies forming the Tax Capital Group in a given financial year are set off due to the fact that these companies file a joint tax return.

The Group does not recognise or disclose deferred tax assets and liabilities related to minimum compensation tax nor does it disclose information on these assets and liabilities.

PROFESSIONAL JUDGEMENT AND ESTIMATES

The Group assesses the realisability and verifies unrecognised deferred tax assets at each balance sheet date.

The Group does not recognise the full amount of the deferred tax asset, mainly of the companies in the Generation segment, due to the lack of projections justifying its feasibility.

20.1. Tax expense in the statement of comprehensive income

	Year ended 31 December 2024	Year ended 31 December 2023 *(restated figures)*
Current income tax	**(132)**	**(621)**
Current income tax expense	(149)	(611)
Adjustments to current income tax from previous years	17	(10)
Deferred tax	**(1 164)**	**127**
Income tax expense in profit/(loss)	**(1 296)**	**(494)**
Income tax expense relating to other comprehensive income, including:	**30**	**80**
reclassified to profit or loss	18	55
not reclassified to profit or loss	12	25

The current income tax burden of the Group in the amount of PLN 149 million concerns mainly the Tax Capital Group in the amount of PLN 106 million.

The increase in the deferred income tax burden is mainly related to the change in the estimate regarding the recognition of deferred income tax assets in the amount of PLN 872 million, including:

- a decrease in the level of recognized deferred tax asset in the Generation segment company in the amount of PLN 902 million, due to deteriorated prospects for its recovery. In particular, the above asset was not recognized in the scope of recognized write-offs on non-financial fixed assets and in the scope of tax losses incurred by this company;

- other changes in the estimate increasing the level of recognized deferred tax assets in the total amount of PLN 30 million.

In the year ended 31 December 2024 and in the comparable period, TAURON Polska Energia S.A. and selected subsidiaries settled income tax as part of the Tax Capital Group ("PGK") registered on 28 December 2022 by the Head of the First Tax Office for the Mazowieckie Province in Warsaw for 2023-2025.

Main companies forming the PGK 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 PGK.

As a result of the company merger process carried out in 2024, on 1 July 2024, the merger of TAURON Zielona Energia Sp. z o.o. was registered in the National Court Register belonging to PGK (acquiring company) with 10 limited partnerships (acquired companies), in relation to which, until the merger, TAURON Zielona Energia Sp. z o.o. was the only limited partner having almost 100% of all their rights and obligations. As part of the legal activities including the merger and increase of the capital of TAURON Zielona Energia Sp. z o.o., the Company has identified a situation that meets the conditions for a material error referred to in Art. 84 of the Act of 23 April 1964, Civil Code, in relation to the share exchange ratio, as a result of which the registration of the increase translated into a decrease in the Company's share in the share capital of TAURON Zielona Energia Sp. z o. o. from 100% to 62.5%.

As a consequence, the Company and the acquiring company, as well as the shareholders of the acquired companies, took legal steps, in particular in the form of submitting appropriate declarations of will and appropriate applications to the Registry Court, aimed at repealing the legal effects of the Registry Court's decision regarding the registration of the merger and increase of the capital of TAURON Zielona Energia Sp. z o.o., made on the basis of legal transactions that were, in the opinion of the Company and the entities participating in the merger, error.

On 27 December 2024, the Company, as the parent company of PGK, received a decision stating that the decision to register the agreement to establish PGK expired as of 1 July 2024 as a result of violating the condition of holding by the Company at least 75% of shares in the share capital of TAURON Zielona Energia Sp. z o.o.

After the balance sheet date, on 10 January 2025, the Company filed an appeal against the decision of the Head of the First Masovian Tax Office in Warsaw, due to the belief that the merger process of TAURON Zielona Energia Sp. z o.o. was ineffective with the acquired companies and thus reducing the Company's share in the share capital of TAURON Zielona Energia Sp. z o.o.

On 11 February 2025, as a result of an effective appeal, the Company received the decision of the Director of the Tax Administration Chamber in Warsaw to repeal in its entirety the decision of the Head of the First Masovian Tax Office in Warsaw regarding the expiry on 1 July 2024 of the decision to register the agreement to establish a PGK and to refer the case for reconsideration by this authority. In the opinion of the Director of the Tax Administration Chamber in Warsaw, the first instance authority omitted the evidence and circumstances presented to the authority by the Company before issuing the decision, in particular the fact that TAURON Zielona Energia Sp. z o.o. on 5 December 2024, a lawsuit seeking the invalidation of the resolution of the shareholders' meeting adopted in connection with the merger of the companies and the capital increase of TAURON Zielona Energia Sp. z o.o. and did not consider the Company's request to suspend the tax proceedings until the common court resolves the issue of the effectiveness of the merger.

After the balance sheet date, on 4 February 2025, the District Court in Katowice issued a judgment invalidating the resolution of the Extraordinary Meeting of Shareholders of TAURON Zielona Energia Sp. z o.o. regarding the merger of the acquiring company with the acquired companies.

On 21 March 2025, TAURON Zielona Energia Sp. z o.o. received information that, at its request, the District Court Katowice Wschód, 8th Commercial Division of the National Court Register deleted from the National Court Register the entry of 1 July 2024 regarding the merger of TAURON Zielona Energia Sp. z o.o. with 10 limited partnerships.

On 24 March 2025, the Company received the decision of the Head of the First Masovian Tax Office in Warsaw to discontinue the tax proceedings regarding the expiry of the decision to register the agreement on the establishment of the TAURON Tax Capital Group. Receipt of the decision is the result of reconsideration of the case by this authority and means maintaining the PGK status. As a result, the tax proceedings conducted in this case became groundless.

(in PLN million)

The Group consistently made tax settlements, assuming the maintenance of PGK. The final decisions of the tax authorities confirmed the validity of these settlements and did not result in tax arrears, including those that may result in the need to pay interest.

The Group analyzed the legal consequences of deleting the entry of 1 July 2024 regarding the merger of TAURON Zielona Energia Sp. z o. o. with the acquired companies without identifying them as having any consequences affecting the results and financial situation of the Group disclosed in the consolidated financial statements for 2024.

20.2. Reconciliation of the effective tax rate

	Year ended 31 December 2024	Year ended 31 December 2023
Profit before tax	**1 886**	**1 622**
Tax at Poland's statutory tax rate of 19%	**(358)**	**(307)**
Permanently non-taxable income and expenses	(125)	(92)
Adjustments to income tax from previous years	17	(10)
Share in the result of joint ventures	16	(93)
Different tax rate in TAURON Czech Energy s.r.o.	(2)	(48)
Change in the estimate regarding the recognition of deferred tax assets	(872)	63
Other	28	(7)
Tax at the effective rate of 68.7% (2023: 30.5%)	**(1 296)**	**(494)**

The main reason for the increase in the level of the effective tax rate in the year ended 31 December 2024 compared with the comparable period is the change in the estimate for the recognition of deferred tax assets in the amount of PLN 872 million, as described in Note 20.1 of these consolidated financial statements.

21. Earnings/(loss) per share

SELECTED ACCOUNTING PRINCIPLES

Net profit (loss) per share for each period is calculated by dividing the net profit (loss) attributable to ordinary shareholders of the parent company for a given reporting period by the weighted average number of ordinary shares existing in a given reporting period.

The calculation of diluted earnings per share is consistent with the calculation of earnings per share, however, the calculation must also take into account the existence of dilutive potential ordinary shares.

	Year ended 31 December 2024	Year ended 31 December 2023 *(restated figures)*
Net profit for the year attributable to equity holders of the Parent	585	1 123
Number of ordinary shares	1 752 549 394	1 752 549 394
Profit per share - basic and diluted attributable to shareholders of the parent company (in PLN)	**0.33**	**0.64**

EXPLANATORY NOTE TO THE STATEMENT OF FINANCIAL POSITION

22. Tangible fixed assets

SELECTED ACCOUNTING PRINCIPLES

The Group's key fixed assets by segment include:

- in the Generation Segment:

- boilers with accessories, turbines with generators, transformers and thermal stations as well as equipment used for purposes of fuel unloading, storage and transportation, process water preparation installations, desulphurisation installations and water treatment stations, steam generators, switchboards, landfills, warehouses and buildings.

- in the area of Renewable Energy Sources:

- wind turbines, photovoltaic farms, hydroelectric power stations, hydroelectric power station buildings and weirs, dams and hydroelectric equipment.

- in the Distribution Segment:

- power lines with a total length of approximately 257 thousand km;

- electrical substations (approximately 64 thousand units);

- transformers (approximately 60 thousand units).

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost includes:

- acquisition price or manufacturing cost;
- costs directly attributable to the purchase and adapting the asset to a usable condition;
- the expected cost of disassembly and removal of items of property, plant and equipment and restoration of their current location to its original condition (the accounting policy in the scope of creating provisions for these costs are presented in Note 41 to these consolidated financial statements),
- external financing costs.

All material elements included in an asset but having various useful lives (components) are identified and separated as at the date of acquisition of an item of property, plant and equipment. Components also include costs of overhauls, periodic inspections and costs of replacing the main components. The Group recognises specialised spare parts and servicing equipment as separate items of property, plant and equipment, if their useful life period exceeds one year.

Depreciation is calculated by reference to the acquisition price or manufacturing cost of the fixed asset less its residual value. Depreciation of property, plant and equipment takes place based on the depreciation plan determining the estimated useful life of each fixed asset. Items of property, plant and equipment (including components) are depreciated on a straight-line basis over the period of their expected useful lives, except for land which is not subject to depreciation. Specialised spare parts and service equipment are depreciated over the useful life of the fixed asset to which they relate.

Borrowing costs activated within assets

Borrowing costs are capitalised as part of the manufacturing cost or acquisition price of the qualifying non-current assets. Borrowing costs consist primarily of interest on specific and general financing calculated using the effective interest rate method and foreign exchange differences arising on foreign currency financing to the extent that they are recognised as an adjustment to interest costs. The effective portion of the hedge for contracts that satisfy the hedge accounting criteria and are concluded in connection with financing the development of non-current assets is also capitalised.

The amount of general borrowing costs subject to activation is defined through the application of the capitalisation rate to the expenditure incurred for the adjustment of the component of assets. The rate of capitalisation is the average weighted rate of all borrowing costs related to external financing constituting liabilities in a given period, other than specific financing.

Fixed assets received free of charge and subsidies to assets

Fixed assets received free of charge are initially recognised at acquisition cost corresponding to the estimated fair value or value of cash received as a subsidy to assets. Revenues from fixed assets received free of charge, funded with subsidies, are recognised as other operating revenues in the manner proportionate to the corresponding depreciation costs of received or purchased components of property, plant and equipment.

PROFESSIONAL JUDGEMENT AND ESTIMATES

Impairment

As at each balance sheet date the Group assesses whether objective indication of impairment occurred in relation to tangible fixed assets. Impairment tests for property, plant and equipment are carried out in line with the accounting policy presented in Note 13 hereto.

Average remaining useful lives of individual groups of fixed assets

Generic group	Average remaining depreciation and amortisation period in years
Buildings, premises, civil and water engineering structures	20 years
Technical equipment and machines	11 years
Other tangible fixed assets	4 years

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

The depreciation method, the period of use and the residual value of fixed assets are reviewed at least at each financial year-end and any adjustments to depreciation charges are applied with effect from the beginning of the reporting period in which the review is completed. The aforementioned review takes into account the impact of climate issues, including risks related to regulatory changes or restrictions on the useful life of assets.

The review of the economic useful lives of property, plant and equipment and intangible assets carried out in 2024 resulted in a decrease in depreciation and amortisation costs by PLN 27 million in the Distribution segment, a decrease of PLN 9 million in the RES segment and an increase in Generation segment by PLN 6 million.

Year ended 31 December 2024

	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	6	–	–	3	4 631	**4 640**
Borrowing costs	–	–	–	–	81	**81**
Transfer of assets under construction	1	2 760	1 958	81	(4 800)	**–**
Sale	–	(2)	(104)	(17)	(1)	**(124)**
Liquidation	–	(50)	(141)	(12)	–	**(203)**
Received free of charge	–	55	1	–	–	**56**
Overhaul expenses	–	–	–	–	91	**91**
Items generated internally	–	–	–	–	38	**38**
Cost of disassembly of wind and photovoltaic farms	–	(8)	(6)	–	9	**(5)**
Other movements	–	(65)	85	(1)	2	**21**
Closing balance	**160**	**36 120**	**27 800**	**1 025**	**2 517**	**67 622**
ACCUMULATED DEPRECIATION						
Opening balance	**–**	**(14 717)**	**(15 665)**	**(724)**	**(49)**	**(31 155)**
Depreciation for the period	–	(1 033)	(967)	(59)	–	**(2 059)**
Impairment	–	(493)	(976)	(2)	(7)	**(1 478)**
Sale	–	1	102	17	–	**120**
Liquidation	–	45	137	11	–	**193**
Other movements	–	(3)	–	1	6	**4**
Closing balance	**–**	**(16 200)**	**(17 369)**	**(756)**	**(50)**	**(34 375)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**153**	**18 713**	**10 342**	**247**	**2 417**	**31 872**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**160**	**19 920**	**10 431**	**269**	**2 467**	**33 247**
of which operating segments:						
Generation	**38**	**949**	**1 820**	**20**	**87**	**2 914**
Heat	**6**	**888**	**645**	**20**	**230**	**1 789**
Renewable Energy Sources	**10**	**1 443**	**1 898**	**3**	**595**	**3 949**
Distribution	**91**	**15 746**	**5 860**	**184**	**1 514**	**23 395**
Other segments and other operations	**15**	**894**	**208**	**42**	**41**	**1 200**

Year ended 31 December 2023 *(restated data)*

	Land	Buildings, premises and civil engineering structures	Plant and machinery	Other	Assets under construction	Property, plant and equipment, total
COST						
Opening balance	**146**	**31 457**	**24 968**	**930**	**1 820**	**59 321**
Direct purchase	–	–	–	3	3 622	**3 625**
Borrowing costs	–	–	–	–	54	**54**
Transfer of assets under construction	3	1 986	1 337	63	(3 389)	**–**
Sale	–	(6)	(100)	(11)	(8)	**(125)**
Liquidation	–	(65)	(231)	(14)	–	**(310)**
Received free of charge	4	48	44	–	–	**96**
Overhaul expenses	–	–	–	–	313	**313**
Items generated internally	–	–	–	–	46	**46**
Cost of disassembly of wind and photovoltaic farms	–	11	12	–	21	**44**
Other movements	–	(1)	(23)	–	(13)	**(37)**
Closing balance	**153**	**33 430**	**26 007**	**971**	**2 466**	**63 027**
ACCUMULATED DEPRECIATION						
Opening balance	**–**	**(13 790)**	**(15 020)**	**(692)**	**(88)**	**(29 590)**
Depreciation for the period	–	(977)	(927)	(58)	–	**(1 962)**
Impairment	–	(8)	(17)	–	(7)	**(32)**
Sale	–	2	89	11	–	**102**
Liquidation	–	58	228	14	–	**300**
Other movements	–	(2)	(18)	1	46	**27**
Closing balance	**–**	**(14 717)**	**(15 665)**	**(724)**	**(49)**	**(31 155)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**146**	**17 667**	**9 948**	**238**	**1 732**	**29 731**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**153**	**18 713**	**10 342**	**247**	**2 417**	**31 872**
of which operating segments:						
Generation	**38**	**1 535**	**2 878**	**21**	**130**	**4 602**
Heat	**6**	**838**	**649**	**16**	**278**	**1 787**
Renewable Energy Sources	**3**	**904**	**1 261**	**2**	**549**	**2 719**
Distribution	**90**	**14 569**	**5 329**	**167**	**1 422**	**21 577**
Other segments and other operations	**16**	**867**	**225**	**41**	**38**	**1 187**

(in PLN million)

In the year ended 31 December 2024, the Group purchased property, plant and equipment (including capitalised borrowing costs) in the amount of PLN 4 721 million. The major purchases were performed in connection with investment in the following operating segments:

Operating segment	Year ended 31 December 2024	Year ended 31 December 2023 *(restated figures)*
Distribution	3 054	2 696
Renewable Energy Sources	1 362	544
Heat	81	195
Generation	61	21
Sales	69	95

The average capitalisation rate of borrowing costs was 4.6% for the year ended 31 December 2024 and 5.1% for the year ended 31 December 2023.

The increase in property, plant and equipment in the Renewable Energy Sources segment is related to the increase in RES capacity as part of the implementation of the strategy adopted by the Group. The increase in property, plant and equipment in the Distribution segment is mainly related to the construction of new connections and the modernisation of existing networks. The main investment tasks implemented by the Group in the financial year 2024 are described in section 1.6. of the *Management Board report on the activities of TAURON Polska Energia S.A. and TAURON Group for the financial year 2024*.

The impairment losses on property, plant and equipment had an impact on the results of the following operating segments:

Year ended 31 December 2024

	Generation	Heat	Distribution	Total
Net increase of impairment	(1 449)	(27)	(2)	**(1 478)**
Total impact on the profit (loss) for the period	**(1 449)**	**(27)**	**(2)**	**(1 478)**

Year ended 31 December 2023

	Generation	Distribution	Total
Net increase of impairment	(28)	(4)	(32)
Total impact on the profit (loss) for the period	**(28)**	**(4)**	**(32)**

23. Right-of-use assets

SELECTED ACCOUNTING PRINCIPLES

An agreement for rental, lease or a part thereof, or other agreement or a part of an agreement of a similar nature under which the right to control the use of an asset for a given period is transferred in exchange for remuneration is classified as a lease. Lease classification is performed at the date of commencement of the lease, based on the economic content of the agreement, not on its legal form.

The Company classifies as leases rights of perpetual usufruct of land and easements for the use of energy and heat transmission facilities (transmission easement).

At the date of commencement of the lease, a right-of-use assets is recognised for use and a liability for the lease.

A right-of-use asset is measured at cost including:

- the amount of the initial measurement of the lease liability,
- all lease payments made at or before the inception of the lease, less any amounts received in respect of the lease or costs paid by the lessor (lease incentives),
- any initial direct costs incurred by the lessee,
- an estimate of the costs of dismantling and removing the underlying asset, restoring the site on which it was located, or restoring it to the condition required by the lease terms.

After the initial recognition, a right-of-use asset is measured at cost less accumulated depreciation and/or amortization and impairment write-down and adjusted for the revaluation of the lease liability. Depreciation and/or amortisation principles applied to assets used under leases are consistent with those applied to depreciation and/or amortisation of assets owned by the Group. If there is no reasonable certainty that the Group will obtain ownership by the end of the lease term the asset item is fully depreciated over the shorter of the lease term and its useful life.

The Company does not apply the requirements of IFRS 16 *Leases* to the asset class to short-term leases that have a lease term of 12 months or less at inception. The Group applies the exemption from the application of IFRS 16 *Leases* in relation to leases where the underlying asset has a value not exceeding PLN 20 thousand. The Group may choose the exemption for leases where the underlying asset has a low value in relation to individual leases.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

PROFESSIONAL JUDGEMENT AND ESTIMATES

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 using the interest rate of the lease if that rate can be easily determined. Otherwise, the Company applies the marginal interest rate, in accordance with the methodology adopted for application.

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. The Group applies the portfolio approach in particular to leases, tenancies and other contracts that meet the criteria for recognition as leases relating to premises and land for the purpose of installation of thermal and electrical infrastructure.

In order to determine the lease period, e.g. for contracts for an indefinite period, the Group makes an estimate.

Year ended 31 December 2024

	Land	Perpetual usufruct right	Buildings, premises and civil engineering structures	Plant and machinery	Motor vehicles	Transmission easements	Right-of-use assets in progress	Right-of-use assets total
COST								
Opening balance	**993**	**1 129**	**279**	**19**	**14**	**220**	**8**	**2 662**
Direct purchase	169	–	–	–	–	2	14	**185**
Transfer of right-of-use assets in progress	–	–	–	–	–	14	(14)	**–**
Increase due to a new lease contract	283	–	11	1	1	–	–	**296**
Increase(decrease) due to lease changes	31	14	29	2	1	(15)	–	**62**
Liquidation	(43)	(1)	(3)	–	(3)	–	–	**(50)**
Other movements	–	–	–	–	–	6	–	**6**
Closing balance	**1 433**	**1 142**	**316**	**22**	**13**	**227**	**8**	**3 161**
ACCUMULATED DEPRECIATION								
Opening balance	**(143)**	**(202)**	**(91)**	**(6)**	**(4)**	**(52)**	**–**	**(498)**
Depreciation for the period	(53)	(30)	(23)	(2)	(5)	(10)	–	**(123)**
Impairment	(3)	(50)	–	–	–	(1)	–	**(54)**
Liquidation	4	–	1	–	3	–	–	**8**
Other movements	–	1	–	–	–	–	–	**1**
Closing balance	**(195)**	**(281)**	**(113)**	**(8)**	**(6)**	**(63)**	**–**	**(666)**
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	**1 238**	**861**	**203**	**14**	**7**	**164**	**8**	**2 495**

Year ended 31 December 2023

	Land	Perpetual usufruct right	Buildings, premises and civil engineering structures	Plant and machinery	Motor vehicles	Transmission easements	Right-of-use assets in progress	Right-of-use assets total
COST								
Opening balance	**796**	**1 136**	**249**	**16**	**12**	**175**	**5**	**2 389**
Direct purchase	72	–	–	–	–	27	13	**112**
Transfer of right-of-use assets in progress	–	–	–	–	–	11	(11)	**–**
Increase due to a new lease contract	116	–	9	–	8	–	–	**133**
Increase(decrease) due to lease changes	12	(7)	26	3	–	–	–	**34**
Liquidation	(9)	–	(5)	–	(6)	–	–	**(20)**
Other movements	6	–	–	–	–	7	1	**14**
Closing balance	**993**	**1 129**	**279**	**19**	**14**	**220**	**8**	**2 662**
ACCUMULATED DEPRECIATION								
Opening balance	**(102)**	**(167)**	**(71)**	**(4)**	**(5)**	**(44)**	**–**	**(393)**
Depreciation for the period	(41)	(34)	(22)	(2)	(4)	(8)	–	**(111)**
Impairment	–	(1)	–	–	–	–	–	**(1)**
Liquidation	2	–	2	–	5	–	–	**9**
Other movements	(2)	–	–	–	–	–	–	**(2)**
Closing balance	**(143)**	**(202)**	**(91)**	**(6)**	**(4)**	**(52)**	**–**	**(498)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**694**	**969**	**178**	**12**	**7**	**131**	**5**	**1 996**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**850**	**927**	**188**	**13**	**10**	**168**	**8**	**2 164**

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

24. Goodwill

SELECTED ACCOUNTING PRINCIPLES

Goodwill is measured at initial value (determined in accordance with the accounting policy presented in Note 6) less accumulated impairment losses. Goodwill is not amortised but is tested for impairment.

As at the acquisition date, the acquired goodwill is allocated to each of the cash-generating units that may benefit from the synergies of the merger. Each centre, or set of centres, to which goodwill has been allocated corresponds to the lowest level in TAURON Group at which goodwill is monitored for internal management purposes and is no higher than one operating segment of TAURON Group.

PROFESSIONAL JUDGEMENT AND ESTIMATES

Goodwill is tested for impairment annually and as at each balance sheet date for which relevant indications occur. The impairment test in respect of goodwill is carried out in accordance with the accounting policies presented in Note 13.

Operating segment	As at 31 December 2024	As at 31 December 2023
Distribution	26	26
Total	**26**	**26**

Impairment of the carrying amount of goodwill

The test was performed for the net assets increased by goodwill. The recoverable amount of the Distribution segment was determined based on the value in use.

As part of the test performed as at 31 December 2024, no risk of impairment of goodwill attributable to the Distribution CGU was identified due to flows based on the regulatory WACC, which covers costs in accordance with the regulations. In the scope of sensitivity analysis, no realistically possible change in the assumptions adopted to perform the test affects the impairment of goodwill.

25. Energy certificates and CO_2 emission allowances

SELECTED ACCOUNTING PRINCIPLES

Energy certificates of origin and gas emission allowances classified as intangible assets include:

- certificates of origin for energy produced from renewable energy sources (RES) as well as property rights arising from energy efficiency certificates, received or acquired with a view to their redemption in connection with the sale of electricity to final customers;
- CO_2 emission allowances received or acquired for the purpose of meeting an obligation resulting from CO_2 emission.

The Group classifies energy certificates of origin and CO_2 emission allowances on the basis of the intention as to their intended use specified on the date of purchase (with a possibility of subsequent reclassification) as:

- current intangible assets - energy certificates of origin and gas emission rights designated for own use, where the Group intends to redeem them in order to meet its obligation for the current year;
- non-current intangible assets - energy certificates of origin and gas emission rights designated for own use, the purpose of which is to fulfil the obligation to present them for redemption in subsequent years.

The measurement principles for these assets at initial recognition are as follows:

	Purchased	Allocated/received free of charge	Disposal
Certificates of origin	Purchase price	The fair value on the last day of the month in which the eligible energy was produced or on the last day of the month in which the energy efficiency certificates were granted and, in the case of concluded contracts or sales agreements, the fair value resulting from these documents	FIFO “first in, first out”
CO_2 emission allowances	Purchase price	Nominal value (i.e. zero)	First received free of charge and then acquired (according to FIFO "first in, first out”)

The energy certificates and the CO_2 emission allowances are surrendered (in correspondence with settlement of the provision amount) at the date of their redemption. The principles applicable to the recognition of provisions relating to the energy certificate surrendering obligation and for liabilities arising from CO_2 emissions are presented in Note 42.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

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

	Year ended 31 December 2024			Year ended 31 December 2023		
	Energy certificates	CO_2 emission allowances	Total	Energy certificates	CO_2 emission allowances	Total
Opening balance	**16**	**8**	**24**	**42**	**13**	**55**
Direct purchase	34	–	**34**	4	8	**12**
Reclassification	(12)	(8)	**(20)**	(30)	(13)	**(43)**
Closing balance	**38**	**–**	**38**	**16**	**8**	**24**

25.2. Short-term energy origin certificates and CO_2 emission allowance

	Year ended 31 December 2024			Year ended 31 December 2023		
	Energy certificates	CO_2 emission allowances	Total	Energy certificates	CO_2 emission allowances	Total
Opening balance	**107**	**595**	**702**	**245**	**352**	**597**
Direct purchase	147	3 145	**3 292**	423	3 380	**3 803**
Generated internally	37	–	**37**	143	–	**143**
Surrendered	(268)	(3 423)	**(3 691)**	(734)	(3 150)	**(3 884)**
Reclassification	12	8	**20**	30	13	**43**
Closing balance	**35**	**325**	**360**	**107**	**595**	**702**

25.3. Balance of CO_2 emission allowances in the European Union Registry

Balance of emission allowances	Year ended 31 December 2024	Year ended 31 December 2023
	Mg EUA	Mg EUA
Allowances in the register at the beginning of the financial year	**1 834 489**	**2 392 840**
Allowances surrendered:		
previous year's emissions	(9 890 856)	(12 968 941)
current year's emissions	–	(167 653)
Allocation of free-of-charge allowances	123 112	137 243
Allowances purchased on the secondary market	10 291 000	14 100 000
Allowances sold on the secondary market	(986 000)	(1 659 000)
Allowances in the register at the end of the financial year	**1 371 745**	**1 834 489**

The volume of CO_2 emission allowances purchased presented in the table above relates to CO_2 emission allowances purchased for the TAURON Group's redemption needs and within the trading portfolio. In principle, the sale relates to the trading portfolio and the potential sale of CO_2 emission allowances originally acquired for the TAURON Group's redemption needs and sold in connection with restructuring measures.

26. Other intangible assets

SELECTED ACCOUNTING PRINCIPLES

Key items of other intangible assets include software, concessions, patents, licenses and similar items.

Other intangible assets are measured at purchase price or manufacturing cost less accumulated amortisation and impairment losses.

Other intangible assets, except those which have not been made available for use, are amortised over their estimated useful lives. Depreciation and amortisation is calculated by reference to the initial value less the residual value. Residual value is included in determining the basis for calculation of depreciation charges, if for a given asset, an active market exists or a third party has committed to buy the asset upon completion of its useful life.

PROFESSIONAL JUDGEMENT AND ESTIMATES

Impairment

As at each balance sheet date the Group assesses whether objective indication of impairment occurs in relation to intangible assets. Impairment tests for intangible assets are carried out in line with the accounting policy presented in Note 13.

The period and method of depreciation and the residual value are subject to verification, at least at the end of each financial year. Any changes arising from the conducted verification are captured as the change in estimates, while the potential adjustment of depreciation charges is performed with the effectiveness as of the beginning of the reporting period in which the verification was completed.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

Useful life periods

The following average residual useful life periods were adopted for individual groups of other intangible assets:

Generic group	Average remaining depreciation and amortisation period in years
Software, concessions, patents, licences and similar values	3 years
Other	8 years

Year ended 31 December 2024

	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	–	–	–	137	**137**
Transfer of intangible assets not made available for use	–	107	10	(117)	**–**
Sale/Liquidation	–	(122)	(3)	–	**(125)**
Other changes	–	–	(1)	(1)	**(2)**
Closing balance	**18**	**1 484**	**289**	**94**	**1 885**
ACCUMULATED AMORTIZATION					
Opening balance	**(11)**	**(873)**	**(143)**	**–**	**(1 027)**
Amortization for the period	(2)	(180)	(14)	–	**(196)**
Impairment	–	(1)	(15)	(1)	**(17)**
Sale/Liquidation	–	122	1	–	**123**
Closing balance	**(13)**	**(932)**	**(171)**	**(1)**	**(1 117)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**7**	**626**	**140**	**75**	**848**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**5**	**552**	**118**	**93**	**768**

Year ended 31 December 2023

	Development expenses	Software, concessions, patents, licenses and similar items	Other intangible assets	Intangible assets not made available for use	Intangible assets total
COST					
Opening balance	**18**	**1 207**	**259**	**167**	**1 651**
Direct purchase	–	–	–	283	**283**
Transfer of intangible assets not made available for use	1	348	24	(373)	**–**
Sale/Liquidation	(1)	(56)	(1)	–	**(58)**
Other changes	–	–	1	(2)	**(1)**
Closing balance	**18**	**1 499**	**283**	**75**	**1 875**
ACCUMULATED AMORTIZATION					
Opening balance	**(8)**	**(785)**	**(132)**	**–**	**(925)**
Amortization for the period	(3)	(144)	(12)	–	**(159)**
Sale/Liquidation	–	56	1	–	**57**
Closing balance	**(11)**	**(873)**	**(143)**	**–**	**(1 027)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**10**	**422**	**127**	**167**	**726**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**7**	**626**	**140**	**75**	**848**

27. Shares and stocks in joint ventures

SELECTED ACCOUNTING PRINCIPLES

The Group's joint contractual arrangements classified as joint ventures are accounted for using the equity method.

Using the equity method the initial value of the investment carried at cost is increased or reduced by a share in profits/losses and in other comprehensive income of the joint venture as from the acquisition date (recognised in profit or loss or in other comprehensive income of the Group, as appropriate). Payments due to sharing of profit generated by the joint venture reduce the carrying amount of the investment. When the Group's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Group ceases to recognise its share in further losses.

If the Group contributes or sells assets to the joint venture which retains such assets, the Group recognises only such part of the profit or loss which is attributable to shares of other investors in the joint venture, unless the contribution or sales of assets indicates a decline in the achievable net value of current assets or occurrence of the impairment of non-current assets. If the Group acquires assets from the joint venture, it does not recognise the part of profits attributable to it due to this transaction, until such assets are resold to an independent third party.

PROFESSIONAL JUDGEMENT AND ESTIMATES

The Group defines the type of the joint arrangement it is a party to, depending on the rights and obligations of parties to such arrangement. Following an analysis of such rights and obligations, the Group assesses its joint control over joint arrangements and rights to their net assets. Consequently, shares in the TAMEH HOLDING Sp. z o.o. Group and in Elektrociepłownia Stalowa Wola S.A. are classified as joint ventures.

In the Group's opinion, as a result of the decision of the Regional Court in Ostrava, under which the reorganization of TAMEH Czech s.r.o., which is part of the TAMEH HOLDING Sp. z o.o. Capital Group, was transformed into liquidation bankruptcy, on August 9, 2024, the Group lost joint control over TAMEH Czech s.r.o.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

Impairment

After applying the equity method, including the recognition of losses of the joint venture, the interest in joint ventures is tested for impairment if indications arise that the previously recognised impairment loss may be lost or reversed. As at 30 September 2024 and as at the balance sheet date, the Company assessed that there were indications that impairment tests of the shares in TAMEH HOLDING Sp. z o.o. were necessary. Impairment tests for shares in joint ventures are carried out in line with the accounting policy defined in Note 13.

	As at 31 December 2024 or for the year ended 31 December 2024			As at 31 December 2023 or for the year ended 31 December 2023		
	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	1 627	1 139	**2 766**	1 657	1 209	**2 866**
Current assets, including:	276	587	**863**	287	874	**1 161**
cash and cash equivalents	*7*	*112*	***119***	*88*	*182*	***270***
Non-current liabilities (-), including:	(1 933)	(79)	**(2 012)**	(1 972)	(271)	**(2 243)**
debt	*(1 926)*	*(29)*	***(1 955)***	*(1 966)*	*(32)*	***(1 998)***
Current liabilities (-), including:	(645)	(796)	**(1 441)**	(565)	(1 392)	**(1 957)**
debt	*(108)*	*(134)*	***(242)***	*(108)*	*(368)*	***(476)***
Total net assets	**(675)**	**851**	**176**	**(593)**	**420**	**(173)**
Share in net assets (50%)	**(338)**	**426**	**88**	(297)	210	**(87)**
Investment in joint ventures	**–**	**190**	**190**	**–**	**169**	**169**
Sales revenue	1 635	2 436	**4 071**	1 409	3 970	**5 379**
Net profit (loss), including:	(76)	558	**482**	(50)	(975)	**(1 025)**
Depreciation	*(63)*	*(119)*	***(182)***	*(62)*	*(157)*	***(219)***
Write-downs on non-financial fixed assets	–	–	**–**	–	*(616)*	***(616)***
Allowance/write-down receivables	–	*(37)*	***(37)***	–	*(447)*	***(447)***
Interest income	*1*	*5*	***6***	*3*	*8*	***11***
Interest expenses	*(143)*	*(20)*	***(163)***	*(161)*	*(48)*	***(209)***
Income tax	–	*(24)*	***(24)***	–	*(28)*	***(28)***
Share of profit (loss) of joint ventures attributable to the Group	–	*279*	***279***	–	(487)	**(487)**
Write-down of shares	–	*(195)*	***(195)***	–	–	**–**
Share in profit/(loss) of joint ventures	–	84	**84**	–	(487)	**(487)**

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

Elektrociepłownia Stalowa Wola S.A.

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

TAURON Polska Energia S.A. has an indirect shareholding of 50% in the capital of the company and in the governing body, exercised through TAURON Inwestycje Sp. z o.o. Due to the fact that in 2015 the accumulated share of losses of the joint venture and the adjustment to “top-down” transactions between the Group companies and the joint venture exceeded the value of the interest in the joint venture, the Company discontinued to recognise its share of any further losses of the joint venture. The unrecognised share of losses up to the balance sheet date amounted to PLN 338 million.

In addition, the Company has receivables on account of loans granted to Elektrociepłownia Stalowa Wola S.A. in the carrying amount of PLN 479 million, as further discussed in Note 28 to these consolidated financial statements.

TAMEH HOLDING Sp. z o.o. and subsidiaries

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

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

On 14 December 2023, an insolvency petition was filed by TAMEH Czech s.r.o. with the competent Court in Ostrava. On 22 December 2023, the Company became aware that the Ostrava District Court had issued a decision on 19 December

2023 declaring TAMEH Czech s.r.o. insolvent. The filing of the insolvency petition by TAMEH Czech s.r.o. is due to the failure of Liberty Ostrava a.s., which is the sole customer of TAMEH Czech s.r.o., to pay its debts to the company. On 18 April 2024, the Company received from TAMEH HOLDING Sp. z o.o. an order of 15 April 2024 of the Ostrava District Court approving the reorganisation of TAMEH Czech s.r.o. On 9 August 2024, at the request of the management board of TAMEH Czech s.r.o., the Ostrava District Court issued an order transforming the reorganisation of TAMEH Czech s.r.o. into liquidation bankruptcy. In the Group's opinion, as a result of the above decision on 9 August 2024, which involves the establishment of TAMEH Czech s.r.o. bankruptcy administrator, TAMEH Holding Sp. z o.o. lost control over TAMEH Czech s.r.o., which resulted in the Group losing joint control over TAMEH Czech s.r.o.

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

On 1 October 2024, due to the lack of agreement on the effectiveness of the submission of declarations concerning the acceptance of offers to purchase shares in TAMEH HOLDING Sp. z o.o., the Management Board of the Company decided to call and summoned the Lead Partner, ArcelorMittal Poland S.A. and ArcelorMittal Long Products Europe Holding S.à r.l. to ad hoc arbitration to resolve the dispute concerning the failure of the Lead Partner to pay the Sale Price for the shares held by the Company in TAMEH HOLDING Sp. z o.o. The arbitration was 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 the Lead Partner, ArcelorMittal Poland S.A. and ArcelorMittal Long Products Europe Holding S.à r.l. In response to the notice, the Lead Partner filed a counterclaim requiring the Company to pay PLN 598 million and the statutory interest for delay accrued from 14 February 2024 to the date of payment as the price for the shares held by the Lead Partner and ArcelorMittal Poland S.A. in TAMEH HOLDING sp. z o.o. In the opinion of the Company, the claims of the Lead Partner are illegitimate.

The carrying amount of the shares in TAMEH HOLDING Sp. z o.o. as at the balance sheet date is PLN 190 million. The Group measured its interest in TAMEH HOLDING Sp. z o.o. using the equity method at a level of PLN 385 million, including the result on the loss of joint control of TAMEH Czech s.r.o. at a level of the result of the TAMEH HOLDING sp. z o.o. Group. Considering that, in the Group's opinion, there were indications of impairment, the Group carried out impairment tests as at 30 September 2024 and as at the balance sheet date on its exposure to TAMEH HOLDING Sp. z o.o. As a result of the impairment tests carried out as at 30 September 2024, the Group identified the need to recognise an impairment loss on the value of its shares in TAMEH HOLDING Sp. z o.o. in the amount of PLN 195 million. Impairment tests carried out at the balance sheet date did not indicate the need to apply further impairment losses.

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.

(in PLN million)

28. Loans to joint ventures

SELECTED ACCOUNTING PRINCIPLES

Loans granted to a joint venture do not satisfy the criteria to be recognised as a net investment in a joint venture. Loans are classified as financial assets measured at fair value through profit or loss.

PROFESSIONAL JUDGEMENT AND ESTIMATES

The Group estimates the fair value of loans classified as measured at a fair value. The measurement methodology is described in Note 52.1 to these consolidated financial statements.

	As at 31 December 2024		As at 31 December 2023		Maturity date	Interest rate
	Repayable principal amount and interest contractually accrued	Carrying amount	Repayable principal amount and interest contractually accrued	Carrying amount		
Loans granted to EC Stalowa Wola S.A.	768	479	726	357	30/06/2033	fixed
Total, of which:	**768**	**479**	**726**	**357**		
Non-current		479		357		

29. Derivatives and hedge accounting

SELECTED ACCOUNTING PRINCIPLES

Derivatives

Derivative financial instruments within the scope of IFRS 9 *Financial Instruments* are classified as financial assets/liabilities measured at a fair value through profit or loss, except for derivatives designated as hedging instruments and covered by hedge accounting. Agreements for the purchase or sale of non-financial items that can be settled on a net basis, concluded and held for the purpose of receiving or delivering non-financial items in accordance with the entity's expected needs as excluded from the scope of IFRS 9 *Financial Instruments*, are not subject to measurement as at the balance sheet date.

Derivatives classified as “financial assets/financial liabilities measured at fair value through profit or loss” are measured at a fair value, taking into account their market value as at the balance sheet date. Changes in the fair value of these instruments are recognised in the result of the period (commodity derivatives in operating income/expenses, other derivatives in financial income/expenses). Derivatives are disclosed as assets if their value is positive or as liabilities if their value if negative.

Hedge accounting

The Company applies the accounting principles in relation to hedging instruments subject to hedge accounting in accordance with IAS 39 *Financial Instruments: recognition and measurement*.

In order to hedge against the risk related to changes in interest rates, the Group uses IRS (Interest Rate Swap) contracts. These instruments hedge cash flows related to the Group’s indebtedness. Such transactions are subject to hedge accounting.

At the inception of the hedge the Group formally designates and documents the hedging relationship as well as the risk management objective and the strategy underlying establishing of the hedge.

Cash flow hedges are accounted for as follows:

- the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income; and
- the ineffective portion of the gain or loss on the hedging instrument shall be recognised in profit or loss for the period.

The gains/losses on the revaluation of a hedging instrument recognised in other comprehensive income are recognised directly as the profit or loss of the current period when the hedged item affects profit or loss of the current period or is included in the initial cost of acquisition of the assets (capitalisation of external financing costs). In the case of IRS, interest costs arising from debt are adjusted accordingly.

PROFESSIONAL JUDGEMENT AND ESTIMATES

The Group measures fair value at each balance sheet date. The methodology is presented in the table below. The Group tests the effectiveness of the hedge at each balance sheet date. In the year ended 31 December 2024 and in the comparable period, the hedge was fully effective.

(in PLN million)

Instrument	Methodology for determining the fair value	As at 31 December 2024
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 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 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.
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 December 2024				As at 31 December 2023			
	Total		Charged to profit or loss	Charged to revaluation reserve from valuation of hedging instruments	Total		Charged to profit or loss	Charged to revaluation reserve from valuation of hedging instruments
	Assets	Liabilities			Assets	Liabilities		
Derivatives subject to hedge accounting								
IRS	**185**	**–**	10	175	**299**	**–**	28	271
Derivatives measured at fair value through profit or loss								
CCIRS	**–**	**(10)**	(10)	–	**–**	**(9)**	(9)	–
Commodity forwards/futures	**64**	**(64)**	–	–	**125**	**(125)**	–	–
Currency forwards	**–**	**(365)**	(365)	–	**–**	**(679)**	(679)	–
Total	**249**	**(439)**			**424**	**(813)**		
Non-current	90	(64)			149	(169)		
Current	159	(375)			275	(644)		

The derivatives shown in the table above include 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.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

30. Other financial assets

SELECTED ACCOUNTING PRINCIPLES

The Group recognises other financial assets as compensation receivables, shares, deposits, bid bonds, security deposits and collateral, including clearing deposits on foreign exchanges and funds contributed to the Guarantee Fund of Izba Rozliczeniowa Giełd Towarowych S.A. in connection with transactions concluded by the Company on the Polish Power Exchange.

Upon initial recognition, financial assets are classified to the appropriate category of financial assets and measured accordingly. The principles of classification and measurement of financial assets in accordance with IFRS 9 *Financial Instruments* are described in note 52 to these consolidated financial statements.

PROFESSIONAL JUDGEMENT AND ESTIMATES

The measurement of financial assets at a fair value requires the Group to estimate the fair value at each balance sheet date. The methodology for calculating fair value is presented in Note 52 to these consolidated financial statements.

The measurement of financial assets measured at amortised cost requires the Group to estimate expected credit losses at each balance sheet date.

	As at 31 December 2024	As at 31 December 2023
Receivables due to recompensations	598	1 919
Shares	205	225
Deposits and term deposits for Mining Decommissioning Fund	4	3
Other financial receivables, including:	195	580
Bid bonds, deposits and collateral transferred	*77*	*531*
Dividends due	*32*	*32*
Other	*86*	*17*
Total	**1 002**	**2 727**
Non-current	259	278
Current	743	2 449

Recompensation receivables mainly relate to:

- recompensations of companies in the Sales segment for the supply of electricity in the total gross amount of PLN 504 million,
- recompensations of the company of the Distribution segment with regard to the sale of the distribution service in the amount of PLN 55 million,

vested in the above companies under the regulations that established the recompensation scheme, as further described in Note 11 of these interim condensed consolidated financial statements.

The decrease in the amount of deposits, bonds, securities transferred is mainly related to the total return of the cash deposit, the carrying amount of which as at 31 December 2023 was PLN 332 million. The security deposit was transferred by the Company to Bank Gospodarstwa Krajowego (‘BGK’) to secure BGK's claims 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.), and its repayment results from BGK's recognition of the bank guarantee issued at the Company's request up to the amount of PLN 300 million (Note 56) and partial repayment of the loan by Elektrociepłownia Stalowa Wola S.A.

31. Other non-financial assets

SELECTED ACCOUNTING PRINCIPLES

The group recognises accruals, payments on account of: fixed assets under construction, intangible assets and inventories, which are not subject to discounting as non-monetary assets, as well as acquisition costs and rebate costs as other non-financial assets. Contract acquisition costs are capitalised if the Group expects to recover them. On the other hand, costs of contract acquisition can be immediately charged to expenses if the period of depreciation of the related asset is up to one year. The asset is depreciated over the period of the transfer of goods or provision of services. If the costs are related to more than one contract, depreciation should include both current and projected contracts.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

31.1. Other non-current non-financial assets

	As at 31 December 2024	As at 31 December 2023
Prepayments for assets under construction and intangible assets, including:	280	615
related to the construction of wind and photovoltaic farms	*267*	*587*
Contract acquisition costs and costs of discounts	20	32
Prepayments for debt charges	7	8
Property and tort insurance	2	2
Receivable due to the Write-off for the Price Difference Payment Fund	–	35
Other	24	15
Total	**333**	**707**

31.2. Other current non-financial assets

	As at 31 December 2024	As at 31 December 2023
Costs settled over time, including:	119	67
Property and tort insurance	*62*	*18*
Contract acquisition costs and costs of discounts	*39*	*31*
IT and telecom services	*13*	*12*
Receivable due to the Write-off for the Price Difference Payment Fund	35	–
Advances for deliveries, including:	9	127
related to coal supplies	–	*123*
Other	4	13
Total	**167**	**207**

32. Deferred income tax

	As at 31 December 2024	As at 31 December 2023 *(restated figures)*
Deferred tax liabilities		
difference between tax base and carrying amount of property, plant and equipment, intangible assets and right-of-use assets	2 176	2 019
different timing of recognition of sales revenue and cost of sales for tax purposes	560	966
difference between tax base and carrying amount of financial assets	131	139
difference between tax base and carrying amount of energy origin certificates	4	7
other	20	37
Total	**2 891**	**3 168**
Deferred tax assets		
provisions and accruals	904	945
difference between tax base and carrying amount of property, plant and equipment, intangible assets and right-of-use assets	671	493
difference between tax base and carrying amount of financial assets and financial liabilities	601	608
different timing of recognition of sales revenue and cost of sales for tax purposes	229	1 005
tax losses	209	54
power infrastructure received free of charge and received connection fees	5	6
other	42	58
Total	**2 661**	**3 169**
Deferred tax assets not recognized	(1 218)	(314)
Recognized deferred tax assets	**1 443**	**2 855**
After setting off balances at the level of individual Group companies, deferred tax for the Group is presented as:		
Deferred tax asset	**144**	**759**
Deferred tax liability	**(1 592)**	**(1 072)**

The Group assesses the enforceability of deferred tax assets at each balance sheet date. The increase in the level of unrecognized deferred tax assets concerns mainly the Generation segment company in the amount of PLN 902 million, which is described in more detail in Note 20.1 of these consolidated financial statements.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

Change in deferred tax liability and assets

	Year ended 31 December 2024		Year ended 31 December 2023 *(restated figures)*	
	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets
Opening balance *(approved figures)*			**2 951**	**2 423**
Change of energy settlement method to cover the balance difference			4	14
Opening balance *(restated figures)*	**3 168**	**2 855**	**2 955**	**2 437**
Change in the balance:				
corresponding to profit/(loss)	(258)	(1 423)	259	386
corresponding to other comprehensive income	(19)	11	(54)	26
acquisition/(disposal) of subsidiaries and other changes	–	–	8	6
Closing balance	**2 891**	**1 443**	**3 168**	**2 855**

33. Inventories

SELECTED ACCOUNTING PRINCIPLES

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. Greenhouse gas emission allowances which are purchased for sale and generation of profit in the short term due to volatility of market prices are measured at a fair value as at each balance sheet date.

Inventory releases are measured using the weighted average method, except for energy certificates of origin and CO_2 emission allowances whose releases are measured using the “first in first out” (FIFO) method.

PROFESSIONAL JUDGEMENT AND ESTIMATES

Measurement of inventories requires an estimate of net attainable value. It is the estimated price of sales performed in the course of ordinary business, less costs of production finishing and estimated costs required to make the sales effective.

Materials and other raw materials for use in the production process, including in particular coal stocks, are not written down to less than cost if the finished goods in the production of which they will be used are expected to be sold at or above purchased price or production costs. If a decrease in the price of materials indicates that the cost of finished goods will be higher than the net realisable value, the value of materials is written down to the net realisable value, which is estimated at their replacement cost.

Valuation of the inventory of CO_2 emission allowances described above at a fair value is based on prices quoted in an active market.

	As at 31 December 2024	As at 31 December 2023
Gross value		
Coal	699	1 375
CO_2 emission allowances	32	11
Other inventories	300	298
Total	**1 031**	**1 684**
Measurement to net realisable value		
Coal	(67)	(176)
Other inventories	(27)	(25)
Total	**(94)**	**(201)**
Net value		
Coal	632	1 199
CO_2 emission allowances	32	11
Other inventories	273	273
Inventories measured at net realisable value	**937**	**1 483**

As at the balance sheet day, the revaluation write-down on the value of coal fuel stocks in TAURON Wytwarzanie S.A. (Generation Segment) amounts to PLN 67 million. In the year ended 31 December 2024 the Group:

- fully utilized an impairment write-down of PLN 176 million recognised as at 31 December 2023 in connection with the consumption of coal stocks for production,
- recognised an impairment write-down of PLN 67 million as at the balance sheet date of 31 December 2024.

(in PLN million)

The write-down 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 their continued decline in 2024. In the context of the above-mentioned price drop, the Group assessed that, in the case of some of TAURON Wytwarzanie S.A. generating units, the value of coal fuel stocks exceeded the sale prices attainable for electricity generated from these stocks, which translated into the need to apply the revaluation write-down as at 31 December 2023 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 inventories 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 already contracted or had been offered to purchase 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 (TSO'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.

34. Receivables from buyers

SELECTED ACCOUNTING PRINCIPLES

Receivables from buyers include amounts invoiced and receivables classified as revenue, including revenues subject to revaluation, which have not been measured and invoiced due to the customer settlement system used. The accounting policy in the scope of accrued revenue is described in Note 14.

Receivables from buyers are measured at the amounts originally invoiced or estimated (taking into account the effect of discounting, if material), taking into account the impairment allowance.

Impairment allowances are recognised for both overdue and current receivables based on probability-weighted credit loss to be incurred in particular should any of the following events occur:

- there will be a delay in payment of more than 90 days,
- a debtor is put in liquidation, declared bankrupt or undergoes restructuring procedures,
- the receivables are claimed at administrative or common court, or undergo enforcement.

The process of estimating the allowance for receivables is divided into the following stages:

- verification of counterparty balances,
- updating ratings for strategic counterparties,
- updating the parameters of the write-down calculation model,
- including the impact of collaterals on the level of the allowance,
- verification of the parameters of the write-down calculation model,
- final calculation of the write-down.

For receivables from buyers, the Group separated a portfolio of strategic counterparties (a counterparty with receivables exceeding or equal to PLN 2 million) and a portfolio of the remaining counterparties.

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, in line with *IFRS 9 Financial Instruments*, is calculated based on the estimated potential recoveries from security interests.

For receivables from other counterparties, historical repayment figures are expected to reflect the credit risk (including forward-looking adjustments) that will be incurred in future periods. The expected credit losses for this group of counterparties were estimated using the receivables ageing matrix and the percentage ratios assigned to the various ranges and groups (including receivables claimed at court, receivables from counterparties in bankruptcy) allowing to estimate the value of receivables from buyers expected to be outstanding.

The recovery rate adopted for trade receivables from other customers as at 31 December 2024 is shown in the table below.

Not overdue	Overdue				
	<30 days	30-90 days	90-180 days	180-360 days	>360 days
99.9%	98.6%	92.2%	30.1%	14.2%	4.2%

In order to take into account the impact of future factors (in relation to strategic and other counterparties), the Group adjusts the parameters related to the probability of default using the quotations of Credit Default Swap instruments for individual ratings. The Probability of Default is implied from the quotations of Credit Default Swap instruments over a two-year horizon and a six-month horizon, averaged for counterparties rated within a particular rating.

Revaluation allowances of receivables are recognised in such cost categories which correspond to the function of the assets component, i.e. in costs of operating activity or financial costs - depending on the type of receivables the allowance refers to.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

PROFESSIONAL JUDGEMENT AND ESTIMATES

In accordance with the requirements of IFRS 9 *Financial Instruments*, the Group estimates impairment losses on receivables from buyers attributable to expected credit losses. The allowance calculation methodology is described above.

	As at 31 December 2024	As at 31 December 2023 *(restated figures)*
Value of items before allowance/write-down		
Receivables from buyers, of which:	4 039	4 664
Additional assessment of revenue from sales of electricity and distribution services	*1 369*	*1 460*
Receivables claimed at court	310	265
Total	**4 349**	**4 929**
Allowance/write-down		
Receivables from buyers	(60)	(82)
Receivables claimed at court	(194)	(166)
Total	**(254)**	**(248)**
Value of item net of allowance (carrying amount)		
Receivables from buyers	3 979	4 582
Receivables claimed at court	116	99
Total	**4 095**	**4 681**
Non-current	6	–
Current	4 089	4 681

Ageing of receivables from buyers as at 31 December 2024

	Not past due	Past due					Total
		< 30 days	30-90 days	90-180 days	180-360 days	> 360 days	
Value of item before allowance/write-down	**3 655**	**266**	**70**	**40**	**60**	**258**	**4 349**
Strategical clients	1 109	40	9	6	10	92	**1 266**
Mass clients	2 546	226	61	34	50	166	**3 083**
Allowance/write-down	**(8)**	**(5)**	**(9)**	**(28)**	**(38)**	**(166)**	**(254)**
Strategical clients	(5)	(1)	(2)	(5)	(6)	(48)	**(67)**
Mass clients	(3)	(4)	(7)	(23)	(32)	(118)	**(187)**
Net Value	**3 647**	**261**	**61**	**12**	**22**	**92**	**4 095**
Strategical clients	1 104	39	7	1	4	44	**1 199**
Mass clients	2 543	222	54	11	18	48	**2 896**

Ageing of receivables from customers as at 31 December 2023 *(restated data)*

	Not past due	Past due					Total
		< 30 days	30-90 days	90-180 days	180-360 days	> 360 days	
Value of item before allowance/write-down	**4 181**	**326**	**96**	**42**	**84**	**200**	**4 929**
Strategical clients	1 338	48	7	3	28	66	**1 490**
Mass clients	2 843	278	89	39	56	134	**3 439**
Allowance/write-down	**(17)**	**(6)**	**(9)**	**(28)**	**(58)**	**(130)**	**(248)**
Strategical clients	(14)	(1)	–	(3)	(18)	(32)	**(68)**
Mass clients	(3)	(5)	(9)	(25)	(40)	(98)	**(180)**
Net Value	**4 164**	**320**	**87**	**14**	**26**	**70**	**4 681**
Strategical clients	1 324	47	7	–	10	34	**1 422**
Mass clients	2 840	273	80	14	16	36	**3 259**

Change in allowances on receivables from buyers

	Year ended 31 December 2024	Year ended 31 December 2023
Opening balance	**(248)**	**(208)**
Recognised	(12)	(56)
Utilized	2	12
Reversed	4	4
Closing balance	**(254)**	**(248)**

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

Breakdown of impairment losses by counterparty portfolio

	As at 31 December 2024			As at 31 December 2023		
	Receiveables from buyers	Receiveables claimed at court	Total	Receiveables from buyers	Receiveables claimed at court	Total
Strategical clients	(12)	(55)	**(67)**	(20)	(48)	**(68)**
Mass clients	(48)	(139)	**(187)**	(62)	(118)	**(180)**
Total counterparties	**(60)**	**(194)**	**(254)**	**(82)**	**(166)**	**(248)**

35. Receivables arising from other taxes and charges

SELECTED ACCOUNTING PRINCIPLES

Settlements due to other taxes and charges presented in the statement of financial position include:

- Settlements due to VAT and excise duty;
- Personal income tax and social security settlements;
- Environmental fees and other public law settlements.
-

	As at 31 December 2024	As at 31 December 2023
VAT receivables	458	793
Other	1	1
Total	**459**	**794**

36. Cash and cash equivalents

SELECTED ACCOUNTING PRINCIPLES

The cash and cash equivalents shown in the statement of financial position as at the balance sheet date include, in particular, cash at bank and in hand, as well as deposits transferred to Izba Rozliczeniowa Giełd Towarowych S.A. in connection with transactions entered into by the Company on the Polish Power Exchange.

Cash is recognised at a nominal value. In case of funds deposited in bank accounts, the nominal value as at the balance sheet date comprises interest calculated by the bank or accrued by the company on its own.

The balance of cash and cash equivalents presented in the cash flow statement consists of the aforementioned cash and cash equivalents adjusted for the balance of overdrafts, the valuation of cash in foreign currencies as at the balance sheet date and the portion of deposits transferred to Izba Rozliczeniowa Giełd Towarowych S.A., which in the Group's opinion do not constitute cash and cash equivalents in the cash flow statement.

	As at 31 December 2024	As at 31 December 2023
Cash and cash equivalents presented in the statement of financial position, of which:	**596**	**1 084**
restricted cash, including:	271	392
collateral of settlements with Izba Rozliczeniowa Giełd Towarowych S.A.	*125*	*217*
cash on VAT bank accounts (split payment)	*121*	*172*
bank accounts related to subsidies received	*24*	*2*
Overdraft facility	(35)	–
Collateral of settlements with Izba Rozliczeniowa Giełd Towarowych S.A.	(3)	(20)
Foreign exchange	(1)	(16)
Cash and cash equivalents presented in the statement of cash flows	**557**	**1 048**

37. Equity

SELECTED ACCOUNTING PRINCIPLES

Issued capital

Equity is recognised at a level specified in the articles of association of the parent entity and entered in the Court Register.

Supplementary capital

Reserve capital is created, to which at least 8% of profit for each financial year is appropriated in order to offset the loss of the Company, until its amount equals at least one-third of the issued capital.

Revaluation reserve from the valuation of hedging instruments

Revaluation reserve arising from hedging instruments is related to the measurement of Interest Rate Swaps hedging interest rate risk of issued bonds. Its amount is determined as the fair value of the effective portion of cash flow hedging instruments, including deferred tax.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

Foreign Exchange differences due to translation of foreign entities

Items in the financial statements of foreign entities (TAURON Czech Energy s.r.o.) are translated into the presentation currency as follows:

- assets and liabilities have been translated to the presentation currency at the average exchange rate published by the National Bank of Poland as at the end of the balance sheet date;
- revenue and expenses have been translated at the average exchange rate of the National Bank of Poland published at the transaction date or the average exchange rate for a given period, if no significant exchange rate fluctuations occurred in the period.

The resulting translation differences were recognised in other comprehensive income.

Retained earnings/(Accumulated losses)

Retained earnings/(Accumulated losses) comprise:

- previous years' retained earnings/uncovered losses,
- reserve and supplementary capital of subsidiaries that occurred after the control acquisition date,
- settlement of acquisition/business combination of entities under common control, using the pooling of interests method,
- actuarial gains and losses regarding provisions for post-employment benefits recognised through other comprehensive income,
- impact of adjustments related to the application of IFRS, such as, among others, differences from revaluation of fixed assets to fair value as the assumed cost as at the date of adoption of IFRS or application of exemptions from IFRS 1 *First-time Adoption of International Reporting Standards*.

Non-controlling interests

Non-controlling interests represent a separate equity item. Its initial value is determined as the corresponding fair value of net assets or as fair value of non-controlling interests as at the control commencement date and increased/decreased by respective changes in net assets of the subsidiaries. Decisions regarding initial measurement of non-controlling interests are made on a case-by-case basis.

37.1. Issued capital

Issued capital as at 31 December 2024

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

Shareholder	Number of shares	Nominal value of shares	Percentage of share capital	Percentage of total vote
State Treasury	526 848 384	2 634	30.06%	30.06%
KGHM Polska Miedź S.A.	182 110 566	911	10.39%	10.39%
Nationale - Nederlanden Otwarty Fundusz Emerytalny[1]	98 630 000	493	5.63%	5.06%
Other shareholders	944 960 444	4 725	53.92%	53.92%
Total	**1 752 549 394**	**8 763**	**100%**	**100%**

[1]In accordance with the list of shareholders holding at least 5% of the number of votes at the Ordinary General Meeting of the Company on May 10, 2023 and then at the Extraordinary General Meeting of the Company on September 3, 2024.

As at 31 December 2024, to the best of the Company knowledge, the value of share capital, the number of shares, the nominal value of shares and the shareholding structure, have not changed as compared to the status as at 31 December 2023.

On 9 December 2024, the Company received a notification from Helikon Investments Limited, based in London, according to which the financial instruments held by Helikon Long Short Equity Fund Master ICAV ("Helikon") as of 4 December 2024, in total, authorise 12.146% of the total number of votes in the Company, of which:

- 7.9163% of the total number of votes in the Company (138 737 427 votes) related to financial instruments other than shares (cash settled equity contracts for difference),
- 4.2297% of the total number of votes (74 127 629 votes) related to the Company's shares.

After to the balance sheet date, on 22 January 2025, the Company received a notification from The Goldman Sachs Group, Inc. prepared pursuant to Articles 69(1) and 69b(1) *of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies* regarding exceeding the threshold of 5% of the total number of votes in the Company. The financial instruments held by The Goldman Sachs Group, Inc. according to the notification together authorise to 5.51% of the total number of votes in the Company, of which:

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

- 3.20% of the total number of votes in the Company (56 165 891 votes) related to financial instruments other than shares,
- 2.31% of the total number of votes (40 438 874 votes) related to the Company's shares.

The financial instruments listed above, other than shares, held by Helikon 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.

37.2. 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.

For further details on restrictions on the exercise of voting rights, see Section 9.6. of the *Report of the Management Board on operations of TAURON Polska Energia S.A. and TAURON Group for the financial year 2024*.

37.3. Supplementary capital

	As at 31 December 2024	As at 31 December 2023
Amounts from distribution of prior years profits	2 438	3 076
Total supplementary capital	**2 438**	**3 076**

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

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

37.4. Revaluation reserve from the measurement of hedging instruments

	Year ended 31 December 2024	Year ended 31 December 2023
Opening balance	**218**	**450**
Remeasurement of hedging instruments	(97)	(287)
Deferred income tax	18	55
Closing balance	**139**	**218**

The revaluation reserve from valuation of hedging instruments results from valuation of Interest Rate Swaps (IRS) hedging the interest rate risk arising from bonds issued, which has been discussed in more detail in Note 29 to these consolidated financial statements. For the transactions concluded, the Group applies hedge accounting.

As at 31 December 2024, the Group recognised the amount of PLN 139 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 date in the amount of PLN 185 million, adjusted by the portion of the measurement relating to debt interest accrued at the balance sheet date, including the deferred tax.

37.5. 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 December 2024 and as at the date these consolidated financial statements were authorised for issue, there are no other restrictions on the payment of dividends.

(in PLN million)

37.6. Non-controlling interests

	Year ended 31 December 2024	Year ended 31 December 2023
Opening balance	**38**	**33**
Share in subsidiaries' net profit or loss	5	5
Dividends for non-controlling interests	(2)	–
Closing balance	**41**	**38**

The non-controlling interests as at the balance sheet day refer mainly to the TAURON Dystrybucja S.A. company.

38. Dividends paid and declared

	Year ended 31 December 2024	Year ended 31 December 2023
Dividends paid to non-controllling shareholders by subsidiaries	(2)	–

In the year ended 31 December 2024 and the comparative period, the Company did not propose to pay or paid any dividends to the shareholders of the Company.

39. Debt

SELECTED ACCOUNTING PRINCIPLES

Debt liabilities include: loans, borrowings, bonds issued and lease liabilities.

- Loans, borrowings, bonds issued

Upon initial recognition, loans, borrowings and bonds issued are measured at a fair value less transaction costs and discounts or premiums. After initial recognition, these liabilities are measured at amortised cost, using the effective interest rate method.

- Lease

An agreement or part of a rental, lease or other agreement or part of an agreement of a similar nature under which the right to control the use of an asset (underlying asset) for a given period is transferred in exchange for remuneration is classified as a lease. 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. Lease payments included in the measurement of the lease liability include:

- fixed lease payments less any lease incentives payable,
- variable lease payments that depend on an index or a rate, measured initially using that index or rate according to their value at the starting date,
- amounts expected to be paid by the lessee under the residual value guarantee of the underlying asset,
- the strike price of the call option if it can be assumed that the lessee will exercise it,
- financial penalties for lease termination.

PROFESSIONAL JUDGEMENT AND ESTIMATES

When measuring liabilities at amortized cost using the effective interest rate method, the Company estimates future cash flows considering all contractual terms of a given financial instrument, including the early repayment option. As at the reporting period end, early buy-back of bonds was included in the measurement of liabilities arising from issue of hybrid bonds under agreements concluded with the European Investment Bank and Bank Gospodarstwa Krajowego, in relation to the intention to buy back the bonds after the end of the first financing period. In the case of the hybrid bonds with the nominal value of PLN 750 million as at the balance sheet date, the Group intends to redeem the bonds after the first financing period, which is up to 12 months after the balance sheet date, i.e. in December 2025, but classifies the bonds as a non-current liability in accordance with the timing of the availability of financing after two financing periods.

In the case of a loan agreement under which the drawdown period may be less than 12 months, when the financing available under the agreement is of a revolving nature and the availability period is longer than one year, the Company classifies the drawdowns according to the possibility of deferring settlement of the liability, i.e. according to the availability period of the financing. As at the balance sheet date, the Company had available loan agreements of the nature described above with consortiums of banks in 2020 and 2022 with availability dates between 2026 and 2027 (after the balance sheet date, prolongation of the period of availability was made, by 1 year, i.e. till 2028), and therefore drawdowns under these agreements were classified as non-current liabilities.

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.

(in PLN million)

	As at 31 December 2024	As at 31 December 2023 *(restated figures)*
Loans and borrowings	7 092	9 203
Unsubordinated bonds	4 637	4 854
Subordinated bonds	1 135	1 918
Lease liabilities	1 751	1 440
Total	**14 615**	**17 415**
Non-current	12 475	15 317
Current	2 140	2 098

The Company is the main entity raising external financing for the Group, excluding dedicated instruments such as project financing or environmental funds, which are acquired directly by TAURON Group companies. External financing is obtained by the Company for general corporate purposes and to finance the investment expenditure of the TAURON Group, including activities supporting the minimization of the Group's impact on the climate and pro-environmental activities.

39.1. Loans and borrowings

Specification of loans and borrowings drawn as at 31 December 2024 and 31 December 2023

Borrowing institution/lender	Interest rate	Currency	Maturity date/ validity date	As at 31 December 2024	As at 31 December 2023
Consortiums of banks - revolving loans	floating	PLN	2026-2027	411	2 567
Consortium of banks	floating	PLN	2029	899	–
Bank Gospodarstwa Krajowego	floating	PLN		–	749
			2027-2032	759	–
			2025-2033	901	1 001
European Investment Bank	fixed	PLN		–	61
			2025-2027	74	103
			2025-2040	404	404
	floating		2025-2040	1 221	1 222
			2026-2041	1 225	1 226
Intesa Sanpaolo S.p.A.	floating	PLN		–	772
SMBC BANK EU AG	fixed	PLN	2025	500	500
Erste Group Bank AG	floating	PLN	2026	506	506
Regional Fund for Environmental Protection and Water Management	floating	PLN	2025-2027	6	10
National Fund for Environmental Protection and Water Management	fixed	PLN	2025-2030	63	67
	floating	PLN	2025-2038	72	–
Bank Gospodarstwa Krajowego - overdraft facility	floating	PLN	2027	35	–
Other loans and borrowings				16	15
Total				**7 092**	**9 203**

In the year ended 31 December 2024, the Group carried out the following drawdowns and repayments of bank loans (at their nominal value), excluding overdrafts:

Lender	Year ended 31 December 2024	
	Drawdown	Repayment
Consortiums of banks	5 420	(6 670)
Bank Gospodarstwa Krajowego	2 500	(2 600)
Intesa Sanpaolo S.p.A.	–	(750)
European Investment Bank	–	(91)
Other borrowings	92	(13)
Total, including:	**8 012**	**(10 124)**
Cash flows	6 962	(9 074)
Net settlement (without cash flow)	1 050	(1 050)

After the balance-sheet date the Company performed drawdowns under available loans in the total amount of PLN 2 270 million and repaid loans in the total amount of PLN 791 million.

Signing of loan agreements

In the year ended 31 December 2024, the Group concluded the following loan and borrowing agreements:

- On 10 January 2024, the Company concluded a loan agreement with Bank Gospodarstwa Krajowego for the amount of PLN 750 million, with the repayment term in the years 2027-2032. The funds are intended to cover the Group's expenses related to the financing or refinancing of expenses in the area of renewable energy sources and the development of distribution networks. As at the balance sheet date, the Company drew down all available financing, i.e. PLN 750 million;

- On 27 May 2024, TAURON Zielona Energia Sp. z o.o. concluded a loan agreement of up to PLN 141 million with the National Fund for Environmental Protection and Water Management to subsidise the implementation of the project involving the construction of investment in the Renewable Energy Sources segment. As at the balance sheet date, the company drew down tranches in the total amount of PLN 50 million. After the balance sheet date, up to the date of approval of these consolidated financial statements for publication, the tranches in the amount of PLN 14 million have been drawn.

- On 29 October 2024, the Company concluded:

  i. The PLN 2 000 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 1 000 million (tranche B) will be available at the Company's request within 12 months from the date of concluding the loan agreement. The Company will be able to draw down the loan in the two-year availability period 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 consolidated financial statements for publication, the Company has not drawn down available financing under the aforementioned loan agreement. After the balance sheet date, the Company entered into an annex to this loan agreement increasing tranche B by PLN 450 million, i.e. to PLN 1 450 million. The total amount of the loan is PLN 2 450 million.

  ii. a consortium loan agreement for the amount of PLN 900 million with Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. Branch in Poland, to be repaid within 5 years from the date of conclusion of the consortium loan agreement, with the repayment term extendable to a maximum of 7 years. All of the funds made available under the consortium loan agreement will be used to cover TAURON Group's expenses related to the financing or refinancing of expenses in the area of renewable energy sources (including expenses related to the acquisition of companies implementing projects in the area of renewable energy sources).

  As at the balance sheet date, the Company drew down all available financing, i.e. PLN 900 million;

- On 17 December 2024, a loan agreement was signed between the Company and Bank Gospodarstwa Krajowego with funds from 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 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 "Project"). 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 will 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.

  After the balance sheet date, the Company drew down tranches of loan in total amount of PLN 370 million.

After the balance sheet date, the Company received information from the credit agent on the extension of the availability date for financing under the PLN 4 000 million consortium loan agreement concluded between the Company as a borrower and Powszechna Kasa Oszczędności Bank Polski S.A., Bank Polska Kasa Opieki S.A., CaixaBank S.A. (Spółka Akcyjna) Branch in Poland, Bank Handlowy w Warszawie S.A., Erste Group Bank AG, Industrial and Commercial Bank of China

(in PLN million)

(Europe) S.A. Branch in Poland, Santander Bank Polska S.A. and China Construction Bank (Europe) S.A. Branch in Poland as lenders. Thus, the possibility of extending the financing period provided for in the agreement was used and the final date of availability of the financing was extended by 1 year, i.e. until 22 November 2028.

Overdraft facilities

The Company has available funding limits under overdraft agreements:

- up to PLN 500 million with a maturity date of 1 October 2027 (the maturity date was extended by 36 months on the basis of an annex concluded in September 2024), and
- up to the amount of PLN 350 million with a maturity date of 6 December 2027.

As at the balance sheet day, the Company recognised debt due to overdrafts in the amount of PLN 35 million.

39.2. Bonds issued

Issuer	Investor	Interest rate	Currency	Nominal value of bonds issued in currency	Redemption date	Carrying amount	
						As at 31 December 2024	As at 31 December 2023
TAURON Polska Energia S.A.	Bank Gospodarstwa Krajowego	floating, based on WIBOR 6M	PLN	400	2025-2028	401	501
				350	2025-2029	351	421
	A series bonds (TPE 1025)	floating, based on WIBOR 6M	PLN	1 000	2025	1 011	1 011
	Eurobonds	fixed	EUR	500	2027	2 157	2 192
Finanse Grupa TAURON Sp. z o.o.	International investors	fixed	EUR	168	2029	717	729
Unsubordinated bonds						**4 637**	**4 854**
TAURON Polska Energia S.A.	Bank Gospodarstwa Krajowego	floating, based on WIBOR 6M	PLN	400	2031[2]	401	401
	European Investment Bank	fixed[1]				–	775
			PLN	400	2030[2]	392	396
			PLN	350	2030[2]	342	346
Subordinated bonds						**1 135**	**1 918**
Total bonds issued						**5 772**	**6 772**

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

Non-subordinated bonds

The Eurobonds with the nominal value of EUR 500 million have been admitted to trading on the regulated market of the London Stock Exchange, while the TPE1025 bonds with the nominal value of PLN 1 000 million are listed in the Catalyst alternative trading system operated by the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.).

Subordinated hybrid bonds

In December 2024, following the end of the first financing period, the Company redeemed hybrid bonds subscribed by the European Investment Bank ("EIB") with a nominal value of EUR 190 million.

As at 31 December 2024, the remaining hybrid subordinated bonds related to 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. As a result of subordinated nature of the bonds, in case of issuer's bankruptcy or liquidation, any liabilities arising from the bonds will have a priority order for the payment only before the Company shareholders' claims. This, in turn positively affects the level of the net debt/EBITDA ratio since the bonds are excluded from the calculation of this ratio which is a covenant in some financing agreements concluded by the Company. Additionally, 50% of the subordinated bond amount has been classified by the rating agency as equity in the rating model, which has had a beneficial effect on the rating of the TAURON Group.

Bond issuance programmes unused at balance sheet date

The Company established on 19 September 2024 the bond issuance 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 transformation and will be used to finance and refinance expenditure in line with the european taxonomy.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

Additional, the Company as at the balance sheet date the Company had a programme of subordinated bonds concluded in 2021 with Bank Gospodarstwa Krajowego up to amount of PLN 450 million, which has not been used by the Company and has expired after balance sheet date.

39.3. 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, the *net debt/EBITDA* ratio amounted to 1.72, therefore the covenant was meet. At the end of the comparative period, the covenant was also met.

39.4. 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.

Ageing of the lease liability

	As at 31 December 2024	As at 31 December 2023
Within 1 year	128	122
Within 1 to 5 years	506	434
Within 5 to 10 years	595	472
Within 10 to 20 years	1 080	813
More than 20 years	1 046	831
Gross lease liabilities	**3 355**	**2 672**
Discount	(1 604)	(1 232)
Present value of lease payments	**1 751**	**1 440**
Lease agreements that do not meet the conditions for recognition as a finance lease as defined in the financing agreements	1 751	1 440

40. Provisions for employee benefits

SELECTED ACCOUNTING PRINCIPLES

In accordance with the company compensation policies, employees of the Group companies are entitled to the following post-employment benefits:

- retirement and disability benefits - paid on a one-off basis, when an employee retires or is vested with the right to receive disability benefits;
- death benefits;
- benefits from the Company Social Benefit Fund.
- The above provisions are included in the post-employment defined benefit plans.

Jubilee bonuses are paid to employees of Group companies after a specified number of years of service.

The current value of provisions for post-employment benefits and provisions for jubilee bonuses as at the end of each financial year is calculated by an independent actuary using actuarial methods. Provisions are calculated using the individual method for each employee separately. The accrued liabilities are equal to discounted future payments, including employee turnover, and pertain to the time remaining until the end of the reporting period. Demographic information and employee turnover data are based on historical data.

Actuarial gains and losses on measurement of liabilities arising from post-employment benefits are fully recognised in other comprehensive income (with the accumulated amount recognised in retained earnings), while actuarial gains and losses on jubilee bonuses are recognised in profit or loss.

Other increases and decreases in provisions are charged to operating expenses in the case of employees, to other operating expenses/ revenue in the case of pensioners and individuals entitled to disability allowances and to finance costs in the portion pertaining to interest that constitutes the unwinding of discount.

In accordance with IAS 19 *Employee Benefits*, the Group also recognises provisions for termination benefits under the voluntary redundancy schemes. The benefits are measured based on the expected number of employees willing to accept the employment termination offer and the estimated benefit amount.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

PROFESSIONAL JUDGEMENT AND ESTIMATES

Provisions for post-employment benefits and for long service awards have been estimated using actuarial methods. Key actuarial assumptions made as at the end of the reporting period for provision calculation purposes:

	As at 31 December 2024	As at 31 December 2023
Discount rate (%)	5.8%	5.2%
Employee turnover ratio (%)	0.5% - 10.30%	0.5% - 9.2%
Expected rate of remuneration growth (%)	8.9% in 2025, 2.5% in subsequent years	6.5% in 2024, 4.0% in 2025, 2.5% in subsequent years
Expected rate of increase in the value of the allowance for the Company Social Benefits Fund (ZFŚS) (%)	7%	6.3%
Remaining average period of employment	8.01 – 13.31	8.05 – 14.58

	As at 31 December 2024	As at 31 December 2023
Provision for post-employment benefits and jubilee bonuses	801	743
Provision for employment termination benefits and other provisions for employee benefits	10	11
Total	**811**	**754**
Non-current	701	650
Current	110	104

Provisions for post-employment benefits and jubilee bonuses

	Year ended 31 December 2024				Year ended 31 December 2023			
	Retirement, disability and similar benefits	Social Benefit Fund	Jubilee bonuses	Provisions total	Retirement, disability and similar benefits	Social Benefit Fund	Jubilee bonuses	Provisions total
Opening balance	**313**	**166**	**264**	**743**	**252**	**88**	**232**	**572**
Current service costs	15	6	15	**36**	11	2	13	**26**
Actuarial gains and losses, including:	10	50	–	**60**	59	74	46	**179**
arising from changes in financial assumptions	(5)	3	(3)	**(5)**	29	57	22	**108**
arising from changes in demographic assumptions	–	11	1	**12**	–	7	1	**8**
arising from other changes	15	36	2	**53**	30	10	23	**63**
Benefits paid	(27)	(7)	(39)	**(73)**	(24)	(4)	(42)	**(70)**
Interest expense	14	8	13	**35**	15	6	15	**36**
Closing balance	**325**	**223**	**253**	**801**	**313**	**166**	**264**	**743**
Non-current	268	216	217	**701**	261	160	228	**649**
Current	57	7	36	**100**	52	6	36	**94**

Sensitivity analysis

As at 31 December 2024, a sensitivity analysis of the measurement results to a change in the financial discount rate and to changes in planned base amount increases in the range -1.0 p.p./+1.0 p.p. was carried out. The table below shows the balances of individual reserve titles and the deviation from the carrying value under the revised assumptions.

Provision title	Carrying amount as at 31 December 2024	Financial discount rate				Planned base increases			
		-1.0 p.p.		+1.0 p.p.		-1.0 p.p.		+1.0 p.p.	
		balance	deviation	balance	deviation	balance	deviation	balance	deviation
Retirement, disability and similar benefits	325	345	20	305	(20)	303	(22)	347	22
Social Benefits Fund	223	259	36	195	(28)	190	(33)	264	41
Jubilee bonuses	253	268	15	240	(13)	241	(12)	267	14
Total	**801**	**872**	**71**	**740**	**(61)**	**734**	**(67)**	**878**	**77**
effect on profit/loss			(15)		13		12		(14)
effect on other comprehensive income			(56)		48		55		(63)

The Group classifies provisions as current and non-current based on estimates regarding the distribution of payments over time, prepared with the use of actuarial methods.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

Provisions for employee benefits by maturity

Year	Retirement, disability and similar benefits	Social Benefit Fund	Jubilee bonuses	Provisions, total
2025	57	7	36	**100**
2026	26	8	30	**64**
2027	26	8	28	**62**
2028	24	8	24	**56**
2029	23	8	20	**51**
Other years	169	184	115	**468**
Total	**325**	**223**	**253**	**801**

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

SELECTED ACCOUNTING PRINCIPLES

Provision for dismantling costs of wind farms and photovoltaic farms

The Group creates a provision for the estimated costs of dismantling wind farms and photovoltaic farms based on estimates of future decommissioning costs prepared by independent experts and internal calculations based on studies prepared by independent experts, taking into account discounting.

The provision is recognised on the liabilities side in accordance with IAS 16 *Property, Plant and Equipment* as an item of property, plant and equipment, and changes in estimates are recognised in accordance with IFRIC 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, i.e. as adjustments to the balance of the provision and capitalised future decommissioning costs. The adjusted value of a depreciable asset is depreciated over its useful life. However, if changes in the value of the liability occur after the end of the useful life of the asset to which they relate, all subsequent changes in the value of the provision are recognised in profit or loss as they arise.

Provision for costs of reclamation and decommissioning of fixed assets, including decommissioning of mining plants

The Group creates a provision for landfill sites restoration costs when: the Group has an obligation under the provisions of the integrated permits; future closures of landfills are planned and it is possible to reliably estimate these provisions. These provisions are recognised on a pro rata basis to the extent to which the landfill is full and discounted according to the expected life of the landfill sites. The costs of the provision for reclamation in the scope of the core business are charged to operating expenses.

The provision for decommissioning costs of decommissioned fixed assets is recognised when the Group has a present obligation (legal or constructive) arising from past events. The Group recognises the cost of the provision for decommissioning of fixed assets in other operating expenses.

The provision for mine decommissioning costs relates to mines for which there is an obligation to decommission and restore the site to the status compliant with the reclamation decision after the end of operations. As at 31 December 2024, the Group creates the provision in respect of the open-pit mining facility at Kopalnia Wapienia Czatkowice Sp. z o.o. The provision is determined based on the estimates of future costs of decommissioning and restoring the mining site to the status compliant with the reclamation decision after the end of exploitation, developed by independent experts, taking into account the discount and the balance created in accordance with separate regulations of the Mine Decommissioning Fund. The provision is estimated based on an analysis prepared using deposit exploitation projections (for mines) and a technical and business analysis.

PROFESSIONAL JUDGEMENT AND ESTIMATES

The Group estimates the amount of provisions recognised 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 recognised by the Group if the probability of spending funds that incorporate economic benefits is higher than 50%.

When estimating the level of provisions as at 31 December 2024, the Group assumed a discount rate of 5.8% and the expected inflation rate of 5% in 2025; 2.5% in 2026 and in the following years at the expected long-term inflation rate of 2.5%.

(in PLN million)

	Year ended 31 December 2024			Year ended 31 December 2023		
	Provision for dismantling costs of wind farms and photovoltaic farms	Provision for costs of reclamation and decommissioning of fixed assets, including decommissioning of mining plants	Provisions total	Provision for dismantling costs of wind farms and photovoltaic farms	Provision for costs of reclamation and decommissioning of fixed assets, including decommissioning of mining plants	Provisions total
Opening balance	**142**	**77**	**219**	**103**	**40**	**143**
Unwinding of the discount	8	4	**12**	6	2	**8**
Discount and inflation rate adjustment	(21)	(3)	**(24)**	23	7	**30**
Recognition/(reversal), net	16	(3)	**13**	21	35	**56**
Utilisation	–	(4)	**(4)**	–	(7)	**(7)**
Other	–	–	**–**	(11)	–	**(11)**
Closing balance	**145**	**71**	**216**	**142**	**77**	**219**
Non-current	145	52	**197**	139	55	**194**
Current	–	19	**19**	3	22	**25**

As at 31 December 2024, within the provision for the costs of reclamation and decommissioning of fixed assets, the Group recognised the following provisions created by companies in the Generation, Heat, Renewables Energy Sources and Other segment;

- the provision for costs of liquidation of fixed assets in the amount of PLN 40 million;
- the provision for costs related to the reclamation of waste landfill sites in the amount of PLN 23 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 non-current portion of provisions for the costs of dismantling fixed assets and reclaiming land, together with the non-current portion of other provisions, under provisions for the costs of dismantling and reclamation of the site.

	As at 31 December 2024	As at 31 December 2023
Provisions for the costs of dismantling fixed assets and reclaiming land	197	194
Other provisions	19	15
Total in statement in financial position	**216**	**209**

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

SELECTED ACCOUNTING PRINCIPLES

Provision for CO_2 emission liabilities

The Group recognises a provision for the cost of redemption of CO_2 emission allowances. The provision for liabilities arising from emission of gases covered by the emission allowance scheme is recognised when the actual emission level for a given financial year indicates the expected deficit of emission allowances awarded free of charge, including allocation of free emission allowances to facilities belonging to individual companies. The Group is required to redeem an allowance for each tonne of carbon dioxide emitted in a given year by 30 September of the following year.

The provision is charged to operating expenses (taxes and fees) in the following amount:

- in the portion covered by allowances held at the end of the balance sheet date:

- at a zero value, in the case of allowances received free of charge,

- at the purchase price, in the case of purchased allowances;

- in the portion not covered by allowances held as at the balance sheet date:

- in the first instance, in values resulting from forward and futures transactions concluded for the purchase of allowances intended to meet the obligation for the current year,

- subsequently, in the market value of the allowances failing to meet the obligation as at the balance sheet date, or in the value of potential penalty - in accordance with the intention regarding the manner of meeting the obligation,

taking into account the Group's intention to allocate allowances for redemption purposes for the financial year at the time of purchase.

At the date of redemption of the allowances, the emission allowances classified as current intangible assets are derecognised in correspondence with the provision for gas emission liabilities.

Provision for the obligation to present energy certificates of origin

Energy enterprises trading in electricity and reselling it to the final consumer shall be obliged to purchase and present for redemption certificates of origin for electricity and energy efficiency certificates or to pay a substitution fee. In order to meet the obligation to present the rights for redemption or to pay a substitution fee, the Group recognises a provision at the end of the reporting periods for the costs of meeting this obligation.

(in PLN million)

The provision due to the obligation to present certificates of origin of electricity generated in renewable sources for redemption and certificates of energy efficiency is recognised:

- in the part covered by certificates of origin and certificates of energy efficiency held as at the balance sheet day:

- in the value of the certificates held,

- in the part not covered by certificates of origin and certificates of energy efficiency held as at the balance sheet day:

- in the first instance, in values resulting from forward and futures transactions concluded for the purchase of allowances intended to meet the obligation for the current year,

- subsequently, in the market value of the allowances necessary to meet the obligation as at the balance sheet date, or in the value of the substitution fee - in accordance with the intention regarding the manner of meeting the obligation,

taking into account the Group's intention to allocate certificates of origin and energy efficiency certificates for redemption purposes for the financial year in question at the time they are produced or purchased.

The provision is charged to operating costs.

The settlement of the amount of the provision and the redemption of the property rights shall take place on the basis of the decision issued by the President of the Energy Regulatory Office on redemption of certificates of origin of electricity submitted by the company or in connection with the payment of the substitute fee.

	Year ended 31 December 2024			Year ended 31 December 2023		
	Provisions for liabilities due to CO_2 emission allowances	Provision for obligation to submit energy certificates	Provisions total	Provisions for liabilities due to CO_2 emission allowances	Provision for obligation to submit energy certificates	Provisions total
Opening balance	**3 439**	**305**	**3 744**	**3 128**	**564**	**3 692**
Recognition	3 204	285	**3 489**	3 461	588	**4 049**
Reversal	(16)	(31)	**(47)**	–	(12)	**(12)**
Utilisation	(3 423)	(377)	**(3 800)**	(3 150)	(835)	**(3 985)**
Closing balance	**3 204**	**182**	**3 386**	**3 439**	**305**	**3 744**

The costs relating to the recognition of the provision for liabilities due to CO_2 emission in connection with the obligation arising from the CO_2 emission for the financial year are shown in the table:

	Year ended 31 December 2024		Year ended 31 December 2023	
	volume	value	volume	value
Emission (Mg CO_2)	**9 068 128**		**10 052 787**	
CO_2 emission allowances:				
received free of charge	123 112	–	137 243	–
acquired, contracted and missing	8 945 016	3 204	9 915 544	3 456
The cost of recognition/(reversal) the provision for liabilities due to CO_2 emission for the current year	**9 068 128**	**3 204**	**10 052 787**	**3 456**

A decline in the cost of the obligation to redeem CO_2 emission allowances results mainly from lower production and correspondingly lower CO_2 emissions.

The emissions shown in the table above relate to emissions generating an obligation for the Group to redeem CO_2 emission allowances under the EU ETS, taken into account in the calculation of the CO_2 liability provision, and accordingly do not include CO_2 emissions that do not generate such an obligation. These emissions represented approximately 98% of the gross Scope 1 greenhouse gas emissions according to the European Sustainability Reporting Standard ESRS E1-6 presented in section 12.11. Climate Change (E1-6 Scope 1, 2 and 3 of gross greenhouse gas emissions and the total greenhouse gas emissions) as part of the *TAURON Group Sustainability Reporting* which is part of the *Report of the Management Board on operations of TAURON Polska Energia S.A. and TAURON Group for the 2024 financial year*.

The decrease in the cost of recognising the provision for obligation to submit energy certificates in the year ended 31 December 2024 in relation to the comparable period results mainly from the regulatory changes. In August 2023, the Regulation of the Minister of Climate and Environment of 28 August 2023 *on the change in the volume of the quantitative share of the sum of electricity resulting from redeemed certificates of origin confirming the generation of electricity from renewable energy sources in 2024* was published, according to which the volume share for green certificates for 2024, compared to 2023, was reduced from 12% to 5%.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

43. Other provisions

SELECTED ACCOUNTING PRINCIPLES

Other provisions comprise:

- Provision for non-contractual use of property
- The Group recognises provisions for all reported claims from owners of the property on which energy or technological facilities, distribution networks and heating installations are located, in the amount of the probable costs (including interest accrued, if it can be reliably estimated) of compensation due to property owners for this reason until the balance sheet date. The Group does not create provisions for potential claims of land owners with unregulated status which have not been lodged, including for transmission and land easement. Recognition and reversal of the provision is charged to other operating revenue or other operating expenses and interest accrued is charged to financial income or financial expenses.
- Provision for onerous contracts

  If the Group is a party to the contract pursuant to which unavoidable costs of fulfilling the contractual obligations exceed the benefits, the present contractual obligation arising from the contract is recognised and measured the Group 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 contract or costs of any damages or penalties arising for the failure to fulfil it, whichever is lower. The costs of fulfilling the agreement comprise both the incremental costs of fulfilling the agreement, e.g. labour and materials, as well as the allocation of other costs that relate directly to fulfilling the agreements (for example, the allocation of depreciation charges to an item of property, plant and equipment used, inter alia, to fulfil this agreement). In the case of energy sales contracts, the costs of fulfilling the contract include the costs of producing or purchasing the energy required to fulfil the contract. As part of the costs of producing energy, the Group takes into account in particular the costs of coal consumption and the redemption of CO_2 emission allowances required to produce energy.
- The provision for the reduction of payments to customers resulting from the entry into force of the *Regulation of the Minister of Climate and the Environment of 9 September 2023 amending the Regulation on the method of developing and calculating tariffs and the method of settlements in electricity trading*, which introduced a mechanism for reducing the obligations of households towards energy companies in settlements for 2023 by the amount of PLN 125.34, upon fulfilment of one of the conditions set out in the Regulation.
- Other provisions relate to court cases, counterparty claims or other claims, potential penalties resulting from administrative proceedings carried out by the Energy Regula tory Office and the Office of Competition and Consumer Protection and tax settlements.

PROFESSIONAL JUDGEMENT AND ESTIMATES

The Group estimates the amount of provisions recognised 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 recognised by the Group if the probability of spending funds that incorporate economic benefits is higher than 50%.

Year ended 31 December 2024

	As at 31 December 2024				
	Provision for non-contractual use of property	Provision for onerous contracts	Provision for the reduction of payments to customers	Provision for counterparty claims, court dispute and other provisions	Provisions total
Opening balance	**75**	**35**	**574**	**149**	**833**
Recognition/(reversal), net	(1)	9	(105)	7	**(90)**
Utilisation	(1)	(35)	(469)	(11)	**(516)**
Other	–	–	–	9	**9**
Closing balance	**73**	**9**	**–**	**154**	**236**
Non-current	–	–	–	19	**19**
Current	73	9	–	135	**217**

Year ended 31 December 2023

	Year ended 31 December 2023				
	Provision for non-contractual use of property	Provision for onerous contracts	Provision for the reduction of payments to customers	Provision for counterparty claims, court dispute and other provisions	Provisions total
Opening balance	**75**	**200**	**–**	**126**	**401**
Recognition/(reversal), net	1	3	574	44	**622**
Utilisation	(1)	(168)	–	(15)	**(184)**
Other	–	–	–	(6)	**(6)**
Closing balance	**75**	**35**	**574**	**149**	**833**
Non-current	–	–	–	15	**15**
Current	75	35	574	134	**818**

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (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 the costs of dismantling fixed assets and reclaiming land.

	As at 31 December 2024	As at 31 December 2023
Other provisions	217	818
Provisions for the costs of dismantling fixed assets and reclaiming land	19	25
Total in statement of financial position	**236**	**843**

43.1. The provision for non-contractual use of real estate

The Group companies recognize provisions for all claims filed by owners of properties on which distribution networks and heat installations are located. As at 31 December 2024, the provision on this account amounted to PLN 73 million and was related to the segments:

- Generation - PLN 6 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.*

43.2. Provisions for onerous contracts

As at 31 December 2024, the Group recognised the provisions for onerous contracts in the amount of PLN 9 million in the Sales segment, on the effects of the Group company's performance of the contract within the framework of the security issued by the court.

In the year ended 31 December 2024, in connection with the performance of contracts, the Group fully utilised the provision of PLN 35 million, recognised as at 31 December 2023 in the Sales segment for electricity sales contracts where the sales revenue does not fully cover the costs incurred in connection with the necessity to produce or purchase the electricity necessary for the performance of these contracts. The provision referred to prosumer customers under the net-metering system, i.e. billed according to a model that binds the so-called obliged seller to cover the costs of distribution charges for energy consumed by the prosumer from so-called virtual storage. The need to recognize a provision related to the aforementioned customers resulted from the failure of the companies in the Sales segment to cover the costs of the above distribution charges with the value of electricity received free of charge from prosumers in connection with the regulations introduced under this system. As at 31 December 2024, the Group does not identify any provisions for onerous contracts under contracts with prosumers.

43.3. Provision for the reduction of payments to customers

In the year ended 31 December 2024, the Group used and partially reversed the provision for the reduction of payments to customers, originally recognised in 2023 in the Sales segment in the amount of PLN 574 million for the effects of the reduction of customers' liabilities to energy companies, in connection with the entry into force of the Regulation of the Minister of Climate and Environment of 9 September 2023 amending the Regulation on the method of shaping and calculating tariffs and the method of settlements in electricity trading (the “Regulation”). The Regulation introduced a mechanism to reduce the amount of households' liabilities to energy enterprises conducting the economic activity in the scope of electricity trading in the 2023 settlements. Pursuant to the Regulation, the amount of annual payments of households that met one of the conditions set out in the Regulation has been reduced by PLN 125.34 on account of the purchase of electricity in 2023.

The Group used a provision of PLN 469 million in connection with the settlement of PLN 125.34 for eligible customers for whom the last settlement period for 2023 fell in 2024.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

Moreover, the Group partially reversed the provision of PLN 105 million in the year ended 31 December 2024. The reversal is associated with the effects of the individual interpretations of tax law regulations issued for TAURON Sprzedaż Sp. z o.o. and TAURON Sprzedaż GZE S. z o.o. on 27 February 2024, according to which the amount of PLN 125.34 is a gross amount and therefore includes the amount of VAT. Consequently, each settlement of the amount of PLN 125.34 results in the right to reduce the amount of VAT due on electricity sales transactions. The right to reduce VAT payable in accordance with the above interpretations translates into the reduction in the Group's costs resulting from the Regulation in 2024.

43.4. 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 December 2024	As at 31 December 2023
Provision for real estate tax	Generation	Provision for the economic risk in the scope of real estate tax relating to assets constituting the railway infrastructure.	15	14
	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.	5	-
	Distribution	Provision for the economic risk in the scope of real estate tax relating to power grid assets. In the year ended 31 December 2024, the company of the Distribution segment fully released the provision.	-	30
Provision for a fine in favor 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	-
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	21

44. Accruals, deferred income and government subsidies

SELECTED ACCOUNTING PRINCIPLES

Deferred income and government grants

As part of deferred income and government grants, the Group mainly recognises grants and subsidies received for the acquisition of property, plant and equipment and subsidies for development work.

Grants and subsidies received for the acquisition of property, plant and equipment are presented at the value of the cash received and recognised as other operating revenue commensurate with the corresponding depreciation expenses of the property, plant and equipment. This applies in particular to partially redeemed loans and borrowings and the settlement of the valuation of preferential loans.

Accruals of costs

Accruals are liabilities regarding goods / services received / performed but not paid for, billed and amounts payable to employees, in particular for bonuses and unused holidays. Although it is sometimes required to estimate the amount or the date of payment of accruals, the level of uncertainty is usually much lower than in case of provisions.

(in PLN million)

44.1. Deferred income and government grants

	As at 31 December 2024	As at 31 December 2023
Deferred income	**268**	**229**
Donations, subsidies received for the purchase or fixed assets received free-of-charge	39	78
Received advance payments for recompensations	215	141
Other	14	10
Government grants	**606**	**566**
Subsidies obtained from EU funds	538	492
Settlement of the valuation of preferential loans and borrowings	39	41
Forgiven loans from environmental funds	19	22
Other	10	11
Total	**874**	**795**
Non-current	611	606
Current	263	189

In the year ended 31 December 2024, the companies of the Sales segment fully settled the compensation advances received in previous years relating to electricity trading in the amount of PLN 141 million.

At the same time, based on the Act of 23 May 2024 *on the energy voucher and on the amendment of certain acts in order to limit the prices of electricity, natural gas and district heating*, the companies of the Sales segment, based on applications for advance payments for recompensation in the field of electricity trading, received recompensation advances in 2024 totalling a net amount of PLN 526 million, of which PLN 215 million classified as deferred income was settled after the balance sheet date with recompensation requests submitted by the companies of the Sales Segment.

The aforementioned advance payments are described more comprehensively in Note 11 of these consolidated financial statements.

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

44.2. Accrued expenses

	As at 31 December 2024	As at 31 December 2023
Bonuses	80	97
Unused holidays	47	43
Environmental protection charges	–	13
Other	9	10
Total	**136**	**163**
Non-current	1	1
Current	135	162

45. Liabilities to suppliers

SELECTED ACCOUNTING PRINCIPLES

The Group in relation to other financial liabilities which are usually measured at amortised cost, may use simplified methods of measurement, if it does not result in the deformation of information contained in the financial statements, in particular, in case if the period from the moment of settlement of the liability is not long. The liabilities in relation to which simplifications are applied, are measured upon initial recognition and later, including, at the end of the reporting period, in the amount requiring payment. Liabilities to suppliers and selected other financial liabilities (Note 49) are therefore measured at the amount payable, due to the immaterial impact of discounting.

Operating segment	As at 31 December 2024	As at 31 December 2023 *(restated figurres)*
Generation	649	671
Heat	142	152
Renewable Energy Sources	42	23
Distribution, including:	629	629
liability to Polskie Sieci Elektroenergetyczne S.A.	*501*	*491*
Sales	434	621
Other	59	67
Total	**1 955**	**2 163**

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

46. Investment liabilities

Operating segment	As at 31 December 2024	As at 31 December 2023 *(restated figurres)*
Generation	14	40
Heat	18	58
Renewable Energy Sources	88	46
Distribution	359	265
Sales	15	25
Other	204	273
Total	**698**	**707**
Non-current	106	152
Current	592	555

Commitments to incur capital expenditure

As at 31 December 2024 and as at 31 December 2023, the Group committed to incur expenditure of PLN 6 127 million and PLN 4 239 million, respectively, on tangible fixed assets and intangible assets, the key items of which are shown in the table below.

Operating segment	Subject of agreement/name of the investment project	As at 31 December 2024	As at 31 December 2023
Distribution	Construction of new electrical connections	3 086	1 867
	Modernization and reconstruction of existing networks	537	742
Renewable Energy Sources	Construction of wind farms	1 571	663
	Construction of the photovoltaic farms	137	241
Heat	Expansion of heat sources in new capacities	46	74

47. Settlements due to income tax

As at 31 December 2024, the companies of the Group had:

- income tax receivables totalling PLN 130 million, of which PLN 123 million relates to the TAURON Wytwarzanie S.A., not belonging to the Tax Capital Group and results from the settlement of income tax for the current year;
- income tax liabilities totalling PLN 23 million, of which PLN 16 million relates to the Tax Capital Group and represents the excess of the tax burden for 2024 in the amount of PLN 106 million over the advance payments paid for year 2024 in the amount of PLN 90 million.

48. Liabilities arising from other taxes and charges

	As at 31 December 2024	As at 31 December 2023
VAT	647	743
Social security	224	207
Personal Income Tax	67	58
Other	39	22
Total	**977**	**1 030**

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

49. Other financial liabilities

SELECTED ACCOUNTING PRINCIPLES

Other financial liabilities classified as liabilities measured at amortised cost are recognised initially at the fair value, adjusted by transaction costs. Following the initial recognition other financial liabilities are measured at a level of amortised cost, applying the effective interest rate. If the discount effect is insignificant, they are measured at the amount due.

	As at 31 December 2024	As at 31 December 2023
Recompensation liabilities	311	278
Wages, salaries	268	225
Liabilities due to insurance contracts	61	19
Bid bonds, deposits and collateral received	68	83
Other	72	67
Total	**780**	**672**
Non-current	40	32
Current	740	640

Recompensation liabilities of PLN 311 million relate to companies in the Sales segment and result from the need to partially reimburse recompensation advances received in 2024 on the basis of legislation, as further described in note 11 of these consolidated financial statements.

50. Other current non-financial liabilities

SELECTED ACCOUNTING PRINCIPLES

Other non-financial liabilities include, in particular, overpayments received from customers and liabilities in respect of advance payments received which will be settled by the delivery of goods, services or fixed assets. Other non-financial liabilities are recognised in the amount requiring payment.

	As at 31 December 2024	As at 31 December 2023
Payments from customers relating to future periods	**1 218**	**1 049**
Amounts overpaid by customers	694	603
Prepayments for connection fees	407	334
Other	117	112
Other current non-financial liabilities	**3**	**330**
Excess of liabilities over assets of the Social Benefits Fund	1	–
Allowance for Price Difference Payment Fund	2	330
Total	**1 221**	**1 379**

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

EXPLANATORY NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

51. Significant items of the consolidated statement of cash flows

SELECTED ACCOUNTING PRINCIPLES

The statement on cash flows is prepared according to the indirect method.

Overdrafts, which are an integral part of cash management for the purpose of preparing the cash flow statement, are included in the item "Cash and cash equivalents".

Cash flows related to CO_2 emission rights and energy origin rights are presented as part of the change in working capital in cash flows from operating activities.

Interest on external financing is generally recognized as expenses within financing activities, except for external financing costs capitalized in the current period for assets, which are presented as expenses for the acquisition of tangible fixed assets and intangible assets in cash flows from investing activities.

51.1. Cash flows from operating activities

Change in working capital

	Year ended 31 December 2024	Year ended 31 December 2023 *(restated figures)*
Change in receivables	**2 365**	**(2 806)**
Change in receivables from buyers in statement of financial position	592	(906)
Change in receivables due to recompensation	1 321	(1 454)
Change in other financial receivables	385	(448)
Adjustment of other financial receivables by receivables connected with financial activity	65	–
Other adjustments	2	2
Change in inventories	**516**	**(389)**
Change in inventories in statement of financial position	546	(365)
Adjustment related to transfer of inventories to/from property, plant and equipment	(30)	(24)
Change in payables excluding loans and borrowings	**(366)**	**1 250**
Change in liabilities to suppliers in statement of financial position	(210)	(90)
Change in payroll, social security and other financial liabilities	110	95
Change in non-financial liabilities in statement of financial position	(158)	536
Change in liabilities arising from taxes excluding income tax	(53)	706
Adjustment of VAT change related to capital commitments	(4)	(4)
Adjustment of other financial liabilities for guarantee valuation	11	24
Adjustment for change in liabilities related to payment for acquisition of subsidiaries	(51)	(4)
Other adjustments	(11)	(13)
Change in other non-current and current assets	**742**	**464**
Change in other current and non-current non-financial assets in statement of financial position	414	144
Change in receivables arising from taxes excluding income tax	335	9
Change in non-current and current CO_2 emission allowances	278	(238)
Change in non-current and current energy certificates	50	164
Change in advance payments for property, plant and equipment and intangible assets	(335)	386
Other adjustments	–	(1)
Change in deferred income, government grants and accruals	**(92)**	**(276)**
Change in deferred income, government grants and accruals in statement of financial position	52	(126)
Adjustment related to property, plant and equipment, intangible assets and right-of-use assets received free of charge	(64)	(102)
Adjustment related to subsidies received and refunded	(77)	(44)
Other adjustments	(3)	(4)
Change in provisions	**(966)**	**552**
Change of short term and long term provisions in statement of financial position	(901)	728
Adjustment related to actuarial gains/losses from provisions for post-employment benefits charged to other comprehensive income	(60)	(133)
Adjustment related to provisions recognized in correspondence with property, plant and equipment and other non-financial assets	5	(44)
Other adjustments	(10)	1
Change of collaterals transferred to IRGiT	**17**	**705**
Total	**2 216**	**(500)**

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

Income tax paid

In the year ended 31 December 2024 and in the comparable period TAURON Polska Energia S.A. and its selected subsidiaries paid income tax within the Tax Capital Group registered on 28 December 2022 for 2023-2025 by the Head of the First Tax Office for the Mazowieckie Province in Warsaw. TAURON Wytwarzanie S.A. is not part of the Tax Capital Group.

In the year ended 31 December 2024, income tax paid, recognised in the consolidated statement of cash flows amounted to PLN 150 million. Group companies paid PLN 254 million on account of income tax settlements for the year ended 31 December 2024, of which the amount of PLN 123 million was paid by TAURON Wytwarzanie S.A. and the amount of PLN 90 million was paid by the Tax Capital Group. In addition, Group companies paid tax for 2023 year in the amount of PLN 18 million and received tax refunds for previous years in the amount of PLN 122 million, of which the most significant refund amount of PLN 101 million was received by the Tax Capital Group for the settlement of income tax for 2023.

In the year ended 31 December 2023, income tax paid, recognised in the consolidated statement of cash flows amounted to PLN 206 million. Group companies paid PLN 694 million on account of income tax settlements for the year ended 31 December 2023, of which the most significant amount of PLN 432 million was paid by the Tax Capital Group. At the same time, the Group companies received a tax refund of PLN 573 million and made a tax surcharge for the 2022 income tax settlement in the amount of PLN 85 million.

51.2. Cash flows from investing activities

Acquisition of property, plant and equipment, intangible assets and rights to use assets

	Year ended 31 December 2024	Year ended 31 December 2023
Purchase of property, plant and equipment and right-off-used assets	(4 769)	(3 743)
Purchase of intangible assets	(172)	(283)
Change in the balance of capital commitments	(9)	(57)
Change in the balance of advance payments	340	(386)
Costs of overhaul and internal manufacturing	(104)	(363)
Other	(27)	(9)
Total	**(4 741)**	**(4 841)**

51.3. Cash flows from financing activities

Redemption of debt securities

	Year ended 31 December 2024	Year ended 31 December 2023
Redemption of debt securities acquired by:	–	–
European Investment Bank	(812)	–
Bank Gospodarstwa Krajowego	(170)	(170)
	(982)	**(170)**

Repayment of credits/loans

	Year ended 31 December 2024	Year ended 31 December 2023
Repayment of loans tranches:		
Consortiums of banks	(5 620)	(5 890)
Bank Gospodarstwa Krajowego	(2 600)	(750)
Intensa Sanpaolo S.p.A	(91)	(111)
European Investment Bank	(2 600)	(750)
Other	(13)	(7)
Total	**(9 074)**	**(6 758)**

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

Interest paid

	Year ended 31 December 2024	Year ended 31 December 2023
Interest paid in relation to loans	(413)	(513)
Interest paid in relation to debt securities	(253)	(231)
Interest paid in relation to the lease	(7)	(5)
Total	**(673)**	**(749)**
constituting investing expense	(86)	(52)
constituting financing expense	(587)	(697)

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 year ended 31 December 2024, paid interest representing external financing costs subject to capitalisation in the value of fixed assets and intangible assets amounted to PLN 86 million, whereas in the comparative period, it amounted to PLN 52 million.

Proceeds from contracted loans and borrowings

	Year ended 31 December 2024	Year ended 31 December 2023
The launch of financing under loan agreements:		
Consortiums of banks	4 370	5 200
Bank Gospodarstwa Krajowego	2 500	1 500
European Investment Bank	–	1 200
Other	92	82
Total	**6 962**	**7 982**

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

52. Financial instruments

SELECTED ACCOUNTING PRINCIPLES

Financial assets held by the Group in accordance with IFRS 9 *Financial Instruments* are classified into the following classes of financial instruments:

- financial assets measured at amortised cost
- financial assets measured at a fair value through profit or loss,

As at the balance sheet date, the Group had no financial assets measured at a fair value through other comprehensive income.

Financial assets in accordance with IFRS 9 *Financial Instruments* are classified upon initial recognition based on the cash flow characteristics (SPPI test) and the business model underlying the management of a given financial asset.

The Group measures equity instruments at a fair value through profit or loss in line with IFRS 9 *Financial Instruments*.

TAURON Group divides the financial liabilities into the following classes:

- financial liabilities measured at a fair value through profit or loss,
- other financial liabilities, measured at amortised cost at each subsequent balance sheet date at amortised cost.

PROFESSIONAL JUDGEMENT AND ESTIMATES

The Group makes judgements regarding classification of financial instruments.

As at each balance sheet date, the Group measures the fair value of assets and liabilities classified as measured at a fair value and discloses the fair value of other financial instruments. The methodology fair value measurement is presented below.

The Group recognises an impairment loss upon initial recognition of a financial asset and then remeasures the loss amount as at each reporting day. The Group recognises the allowance for expected credit losses on financial assets measured at amortised cost including mostly receivables from customers. The measurement methodology is described in Note 34 to these consolidated financial statements.

(in PLN million)

52.1. Carrying amount and fair value of financial instrument classes and categories

Categories and classes of financial assets	As at 31 December 2024		As at 31 December 2023 *(restated figures)*	
	Carrying amount	Fair value	Carrying amount	Fair value
1 Financial assets measured at amortized cost	**4 849**		**7 160**	
Receivables from buyers	4 095	4 095	4 681	4 681
Deposits	4	4	3	3
Receivables due to recompensation	598	598	1 919	1 919
Other financial receivables	152	152	557	557
2 Financial assets measured at fair value through profit or loss (FVTPL)	**1 381**		**1 814**	
Derivative instruments	64	64	125	125
Shares	205	205	225	225
Loans granted	479	479	357	357
Other financial receivables	37	37	23	23
Cash and cash equivalents	596	596	1 084	1 084
3 Derivative hedging instruments	**185**	**185**	**299**	**299**
4 Financial assets excluded from the scope of IFRS 9 *Financial Instruments*	**190**		**169**	
Investments in joint ventures	190		169	
Total financial assets, of which in the statement of financial position:	**6 605**		**9 442**	
Non-current assets	**1 018**		**953**	
Investments in joint ventures	190		169	
Loans granted to joint ventures	479		357	
Derivative instruments	90		149	
Other financial assets	259		278	
Current assets	**5 587**		**8 489**	
Receivables from buyers	4 089		4 681	
Derivative instruments	159		275	
Other financial assets	743		2 449	
Cash and cash equivalents	596		1 084	

Categories and classes of financial liabilities	As at 31 December 2024		As at 31 December 2023 *(restated figures)*	
	Carrying amount	Fair value	Carrying amount	Fair value
1 Financial liabilities measured at amortized cost	**16 297**		**19 517**	
Preferential loans and borrowings	65	65	73	73
Arm's length loans and borrowings	6 992	7 007	9 130	9 142
Bank overdrafts	35	35	–	–
Bonds issued	5 772	5 677	6 772	6 590
Liabilities to suppliers	1 957	1 957	2 167	2 167
Other financial liabilities	449	449	424	424
Capital commitments	698	698	707	707
Salaries and wages	268	268	225	225
Insurance contracts	61	61	19	19
2 Financial liabilities measured at fair value through profit or loss (FVTPL)	**439**		**813**	
Derivative instruments	439	439	813	813
3 Financial liabilities excluded from the scope of IFRS 9 *Finanical Instruments*	**1 751**		**1 441**	
Liabilities under leases	1 751		1 441	
Total financial liabilities, of which in the statement of financial position:	**18 487**		**21 771**	
Non-current liabilities	**12 685**		**15 670**	
Debt	12 475		15 317	
Derivative instruments	64		169	
Capital commitments	106		152	
Other financial liabilities	40		32	
Current liabilities	**5 802**		**6 101**	
Debt	2 140		2 098	
Liabilities to suppliers	1 955		2 163	
Capital commitments	592		555	
Derivative instruments	375		644	
Other financial liabilities	740		640	
Liabilities associated with assets classified as held for sale	–		1	

(in PLN million)

The description of the fair value measurement methodology applied to financial instruments and fair value hierarchy levels assigned to these instruments is 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 were measured in accordance with the methodology described in Note 29 to these consolidated financial statements.
IRS and CCIRS	2	
Forward FX contracts	2	
Commodity contracts (forward, futures)	1	
Stocks and 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 December 2024 and 31 December 2023 (except from those excluded from the scope of IFRS 9 *Financial Instruments*) did not differ considerably from the amounts presented in the financial statements for the following reasons:

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

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

Change in the balance of financial assets whose measurement is classified at the 3rd level of the fair value hierarchy

	Year ended 31 December 2024		Year ended 31 December 2023	
	Not quoted shares	Loans granted	Not quoted shares	Loans granted
Opening balance	**225**	**357**	**211**	**206**
Revaluation	(25)	122	–	151
Purchased	5	–	14	–
Closing balance	**205**	**479**	**225**	**357**

There were no transfers between levels of the fair value hierarchy in the year ended 31 December 2024 or the year ended 31 December 2023.

(in PLN million)

52.2. Revenue, expenses, gain and loss items included in the statement of comprehensive income by category of financial instruments

Year ended 31 December 2024

	Assets/ liabilities at fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Hedging instruments	Financial assets/liabilities excluded from the scope of IFRS 9	Total
Dividends	2	–	–	–	–	**2**
Interest income / (expense)	36	53	(749)	163	(85)	**(582)**
Currency translation differences	(3)	(1)	90	–	–	**86**
Impairment / revaluation [1]	410	(1)	11	–	–	**420**
Commission relating to loans and debt securities	–	–	(23)	–	–	**(23)**
Gain/(loss) on disposal of investments	–	(3)	–	–	–	**(3)**
Gain/(loss) on exercised derivative instruments [2]	(627)	–	–	–	–	**(627)**
Net financial income / (costs)	**(182)**	**48**	**(671)**	**163**	**(85)**	**(727)**
Revaluation	1	(43)	–	–	–	**(42)**
Gain/(loss) on exercised derivative instruments [2]	4	–	–	–	–	**4**
Net operating income / (costs)	**5**	**(43)**	**–**	**–**	**–**	**(38)**
Remeasurement of IRS	–	–	–	(97)	–	**(97)**
Other comprehensive income	**–**	**–**	**–**	**(97)**	**–**	**(97)**

[1] Liabilities recognised due to the inclusion of expected credit losses from issued guarantees and collateral are recognised under financial liabilities measured at amortised cost.
[2]The Group recognises income and expense from commodity derivatives in operating activities. Revenue and expenses regarding other derivatives are recognized under financial revenue/expenses.

Year ended 31 December 2023

	Assets/ liabilities at fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Hedging instruments	Financial assets/liabilities excluded from the scope of IFRS 9	Total
Dividends	1	–	–	–	–	**1**
Interest income / (expense)	57	54	(958)	227	(66)	**(686)**
Currency translation differences	24	(2)	277	–	–	**299**
Impairment / revaluation [1]	(448)	(16)	38	–	–	**(426)**
Commission relating to borrowings and debt securities	–	–	(18)	–	–	**(18)**
Gain/(loss) on disposal of investments	–	(3)	–	–	–	**(3)**
Gain/(loss) on exercised derivative instruments [2]	(201)	–	–	–	–	**(201)**
Net financial income (costs)	**(567)**	**33**	**(661)**	**227**	**(66)**	**(1 034)**
Revaluation	(5)	(79)	–	–	–	**(84)**
Gain/(loss) on exercised derivative instruments [2]	(7)	–	–	–	–	**(7)**
Net operating income/(costs)	**(12)**	**(79)**	**–**	**–**	**–**	**(91)**
Remeasurement of IRS	–	–	–	(287)	–	**(287)**
Other comprehensive income	**–**	**–**	**–**	**(287)**	**–**	**(287)**

[1] Liabilities recognised due to the inclusion of expected credit losses from issued guarantees and collateral are recognised under financial liabilities measured at amortised cost.
[2]The Group recognises income and expense from commodity derivatives in operating activities. Revenue and expenses regarding other derivatives are recognized under financial revenue/expenses.

53. Objectives and principles of financial risk management

Risks related to financial instruments which the TAURON Group is exposed to, including a description of the exposure and the risk management method are presented in the table below.

Risk exposure	Risk management	Regulation
	Credit risk	
Possible loss resulting from the counterparty default on contractual obligations. The credit exposure involves a default risk (the amount that may be lost if a counterparty defaults on its obligations) and a replacement risk (the amount that may be lost if a delivery is not made or a service is not provided).	Credit risk management is aimed at limiting losses resulting from the deterioration of the financial situation of the TAURON Group's counterparties and mitigating the risk of credit exposures at risk of impairment. Commercial transactions of significant value are preceded by an assessment of the counterparty's creditworthiness, including an economic and financial analysis of the entity. Based on the assessment, the counterparty is granted a credit limit, which is a limit on the maximum credit exposure understood as the amount that may be lost if the counterparty fails to meet its contractual obligations within a specified period of time (taking into account the value of the collateral provided). Credit exposure is calculated for the current day and divided into exposure due to payment and exposure of replacement. The TAURON Group has a decentralised credit risk management system, which means that each risk owner is actively responsible for managing the credit risks that arise within their business scope, but control, monitoring and reporting is performed at the Company-wide level. The TAURON Group's Credit Risk Management Policy sets out the credit risk management procedures for the entire Group with the view to reduce the impact of that risk on the Group's strategic objectives. Based on the value of exposure and assessment of financial standing of each client, the value of credit risk to which the TAURON Group is exposed is calculated using statistical methods to determine value at risk based on the total loss probability distribution.	Credit risk management policy in TAURON Group
	Liquidity risk	
Possible loss or limitation of the ability to make payments on a day-to-day basis due to an inappropriate volume or structure of liquid assets as compared to current liabilities or an insufficient level of the actual net proceeds from operating activities.	The liquidity situation of TAURON Capital Group is monitored on an on-going basis in terms of potential deviations against the assumed plans and the availability of external sources of financing whose amount significantly exceeds the expected demand in a short term mitigates the risk of losing liquidity. To this end, the Company applies the rules of determining the liquidity position both of individual companies and the entire TAURON Group which helps ensure funds that would cover any potential liquidity gaps by allocating funds between companies (cash pool mechanism) as well as using external financing. The Company also manages the financing risk, understood as no capability to obtain new funding, an increase in funding costs and the risk of terminating the existing funding agreements. To mitigate the financing risk, the Company's policy assumes obtaining funding for the TAURON Group in advance of the planned time of use, i.e. up to 12 months prior to the planned demand. The key objective of such policy is to ensure flexible selection of funding source, use favourable market conditions and reduce the risk related to the necessity to contract new liabilities on unfavourable financial terms.	Liquidity management policy for the TAURON Group
	Market risk - interest rate and currency risks	
The possibility of an adverse effect on the Group's performance through fluctuations in the fair value of financial instruments or the related future cash flows, driven by changes in interest rates or foreign exchange rates.	TAURON Group manages currency and interest rate risks on the basis of the TAURON Group Financial Risk Management Policy developed and adopted for use, as well as the Risk Tolerance, the Global Limit for Financial Risk and its decomposition into individual types of financial risk approved by the Management Board. The key objective of such risk management is to minimise the cash flow sensitivity of the TAURON Group to financial risks and to minimize financial cost and costs of hedging with the use of derivative instruments. For interest rate risk hedging transactions and where possible and economically justified, the Company uses derivatives whose characteristics allows the application of hedge accounting. The financial risk management policy of the TAURON Group has also introduced hedge accounting principles which set out the terms and conditions and types of hedge accounting, along with the accounting treatment of hedging instruments and hedged items, to be applied as part of hedge accounting under IFRS.	Financial risk management policy for the TAURON Group
	Market risk - price risk	
Unplanned volatility of the TAURON Group's operating result resulting from fluctuations in commodity market prices in individual areas of the TAURON Group's trading activities.	Effective management is ensured by a commercial risk management system linked in terms of organisation and information with the TAURON Group's strategy of hedging trading positions. The policy has introduced an early-warning system and risk-exposure limiting system in various trading areas. The basic operational measure of the market risk in the TAURON Group is the Value at Risk measure which determines the maximum allowed change in the value of the position over a given time period and with a given probability.	Commercial risk management policy for the TAURON Group

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

53.1. Credit risk

Key classes of financial instruments that give rise to credit risk exposure have been presented in the table below. The maximum credit risk exposure related to financial assets of the TAURON Group equals their carrying amounts.

Classes of financial instruments	As at 31 December 2024	As at 31 December 2023 *(restated figures)*
Receivables from buyers	4 095	4 681
Cash and cash equivalents	596	1 084
Derivative instruments	249	424
Loans granted	479	357
Deposits	4	3
Other financial receivables	189	580

Moreover, the Group bears credit risk from guarantees and sureties granted, which are described in Note 56 of these consolidated financial statements.

53.1.1 Credit risk related to receivables from customers

The Group has receivables from two groups of customers: institutional customers and individual customers. The table below shows the percentage share of each group in the total amount of receivables from customers.

	As at 31 December 2024	As at 31 December 2023 *(restated figures)*
Institutional clients	65.53%	59.37%
Individual clients	34.47%	40.63%
Total	**100%**	**100%**

The Group has no significant concentrations of credit risk related to its core business. Amounts due from PSE S.A. constitute the largest item of receivables from consumers with a share of 6.52% as at 31 December 2024 and 3.59% as at 31 December 2023, respectively.

The Group monitors credit risk related to its operations on an ongoing basis, in line with the *Credit Risk Management Policy in TAURON Group*. As a result of the analysis of credit standing of counterparties with significant credit exposure, the conclusion of trading transactions resulting in an increase in credit exposure above the allocated exposure limit generally requires the establishment of a collateral.

The ageing of receivables from customers and information on impairment losses on receivables from customers is presented in Note 34 to these consolidated financial statements.

53.1.2 Credit risk related to cash and cash equivalents and derivatives

Cash and cash equivalents

The Group manages its cash credit risk by diversifying the banks where surplus cash can be deposited while reducing the cost of holding cash in accounts. These banks receive investment rating. The share of the three banks where the Group holds its largest cash balances was 89% as at 31 December 2024.

Derivatives

The entities with which the Company enters into derivative transactions to hedge the risks associated with changes in interest rates and exchange rates operate in the financial sector. These banks receive investment rating. The Company diversifies banks with whom derivative transactions are concluded.

Derivatives, which basis are non-financial assets, included in IFRS 9 *Financial Instruments*, involve futures (exchange market) and forward transactions (OTC). Exchange markets apply appropriate mechanisms to protect, in the form of initial and variation margin deposits. Under variation margin deposits, the Company provides and receives cash arising from changes in the measurement of the underlying instruments on an ongoing basis, which means that as at the end of the reporting period, credit risk basically does not occur in relation to futures transactions.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

In the case of OTC instruments there is a credit risk related to the possibility of insolvency of the other party to the agreement. Therefore, commercial transactions of significant value are preceded by the assessment of the credit standing counterparty, including the economic and financial analysis of the entity. On the basis of the assessment, the counterparty is granted a credit limit, which is a limit of the maximum credit exposure. Execution of trade transactions resulting in an increase in credit exposure above the allocated exposure limit generally requires the establishment of collateral in accordance with the *Credit Risk Management Policy in the TAURON Group*.

53.1.3 Credit risk related to loans granted

Loans classified as measured at fair value are measured using the discounted cash flow method, taking into account credit risk. The loans granted by the Company to the joint venture Elektrociepłownia Stalowa Wola S.A. are secured by blank promissory notes including promissory note declarations.

53.1.4 Credit risk related to other financial receivables

The Group's other financial receivables at 31 December 2024 and as at 31 December 2023 mainly relate to institutional customers (share of 96.85% and 98.06%, respectively).

As at 31 December 2024, the major item of other financial receivables is a receivable of EUR 15 million (PLN 65 million) for the redemption after the first financing period (non-call) of subordinated bonds subscribed by the European Investment Bank, with a nominal value of EUR 190 million. The bonds were redeemed by the Company in December 2024 (note 39.2) and on 9 January 2025 the European Investment Bank settled the indicated receivables (the settlement was made in accordance with the provisions of the financing documentation).

With respect to other financial receivables measured at amortised cost as at the balance sheet date, the Group estimates the impairment loss.

Ageing of other financial receivables measured at amortised cost as at 31 December 2024

	Not past due	Past due					Total
		< 30 days	30-90 days	90-180 days	180-360 days	> 360 days	
Value of item before allowance/write-down	121	3	3	3	20	256	**406**
Allowance/write-down	(2)	(2)	(3)	(3)	(20)	(224)	**(254)**
Net Value	**119**	**1**	**–**	**–**	**–**	**32**	**152**

Receivables past due for more than 360 days constitute the Company's receivables in respect of dividends due from the joint venture TAMEH HOLDING Sp. z o.o.

Ageing of other financial receivables measured at amortised cost as at 31 December 2023

	Not past due	Past due					Total
		< 30 days	30-90 days	90-180 days	180-360 days	> 360 days	
Value of item before allowance/write-down	543	3	34	2	52	174	**808**
Allowance/write-down	(18)	(3)	(2)	(2)	(52)	(174)	**(251)**
Net Value	**525**	**–**	**32**	**–**	**–**	**–**	**557**

Change in allowances/write-downs on other financial receivables measured at amortised cost

	Year ended 31 December 2024	Year ended 31 December 2023
Opening balance	**(251)**	**(187)**
Recognised	(19)	(65)
Utilized	1	–
Reversed	15	1
Closing balance	**(254)**	**(251)**

53.2. Liquidity risk

The Group maintains a balance between continuity, flexibility and cost of financing by using various sources of funding, which enable management of liquidity risk and effective mitigation of risk consequences. The Company pursues a policy of diversification of financing instruments but first of all it seeks to secure and ensure financing to enable TAURON Group companies to meet current and future liabilities in the short and long term. Liquidity risk management is connected with planning and monitoring of cash flows in the short and long term and taking actions to ensure funds for the operation of the Group companies.

(in PLN million)

The TAURON Group carries out a centralized finance management policy, allowing effective management in this respect on the Group level. Among others, the Group has adopted the *Liquidity management policy for the TAURON Group*, which facilitates optimization of liquidity management at the TAURON Group, reduces the risk of liquidity loss, as well as financial expenses in the Group and in each company from the TAURON Group. Through implementation of appropriate projection standards, TAURON Group can precisely determine its liquidity position allowing to optimize the time of obtaining funding, maturity and types of deposit instruments, as well as an appropriate level of the liquidity provision.

Additionally, in order to mitigate a possibility of cash flow disruption and liquidity risk, the TAURON Group uses the cash pooling mechanism. The cash pooling structure enables the Group companies that experience short-term shortage of funds to use cash provided by companies with cash surplus, without the need to obtain borrowings from third parties.

In the Group's opinion, the occurrence of negative net working capital as at the balance sheet date does not generate a liquidity risk, considering that the Group has available financing under the concluded agreements. The contracts of the parent company with financing available as at the balance sheet date, which can be used for investment and general corporate purposes, including to secure the Group's current liquidity situation, together with the use of funds, are presented in the table below.

Type of financing	Purpose of financing	Funds availability termination year	Currency	As at 31 December 2024	
				Currency limit available	Limit drawn upon
subordinated bond issuance scheme	current and investment expenditures	2025	PLN	450	–
revolving loans	current and investment expenditures (excluding coal assets)	2027	PLN	4 000	250
		2026	PLN	500	160
overdraft facility	current expenditures	2027	PLN	850	35

The policy pursued with regard to the acquisition of financing sources enables, above all, an increase in the possibility of obtaining financing for general corporate purposes and capital expenditure, a reduction in the cost of external capital, a reduction in the amount and forms of collateral established on TAURON Group assets and covenants required by financial institutions and a reduction in administrative costs. The corporate finance model also makes it possible to acquire sources of financing that are not available to individual companies.

In 2024, the Group demonstrated full capacity to settle its liabilities on their maturity date.

In order to secure financing for the Group's ongoing investments, including in particular to ensure the implementation of the TAURON Group's energy transformation strategy, in addition to the agreements indicated above, the Company has also entered into credit and loan agreements, which remain available at the balance sheet date.

Type of financing	Purpose/designation	End year of availability	Currency	As at 31 December 2024	
				Available limit in currency	Limit used
bond issuance programme	expenditure in line with the European Taxonomy (within the meaning of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment)	2025	PLN	3 000	-
non-revolving credit	expenditure in the area of RES, development of distribution networks, construction of energy storage facilities and investments in the area of Heat (replacement of heat sources from coal fuel with zero- and low-emission sources)	2026	PLN	1 000	-
loan from the National Reconstruction and Resilience Plan	eligible expenditure incurred for the development and adaptation of TAURON Dystrybucja S.A.'s electricity grid to the needs of energy transition and climate change	funds paid out successively as the investment is implemented, but no later than 2036 and up to the amount of funds transferred to BGK for this purpose by the minister responsible for the climate and the environment	PLN	11 000	-

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

The tables below show the ageing of the Group's financial liabilities by non-discounted contractual payments. Ageing takes into account the repayment dates of the financing in accordance with a possibility of deferring the settlement of the liability, regardless of the Group's intention as to when it will be repaid.

Financial liabilities as at 31 December 2024

	Carrying amount	Non-discounted contractual payments	of which non-discounted contractual payments maturing within (after the balance sheet date)					
			less than 3 months	3 - 12 months	1 - 2 years	2 - 3 years	3 - 5 years	more than 5 years
Financial liabilities other than derivative instruments								
Interest-bearing loans and borrowings and issued bonds	**12 864**	**(15 646)**	(841)	(1 938)	(1 530)	(3 385)	(3 376)	(4 576)
Liabilities to suppliers	**1 957**	**(1 957)**	(1 953)	(2)	(2)	–	–	–
Capital commitments	**698**	**(709)**	(540)	(54)	(74)	(34)	(7)	–
Other financial liabilities	**778**	**(778)**	(685)	(55)	(14)	(17)	(2)	(5)
Obligations under leases	**1 751**	**(3 355)**	(98)	(30)	(125)	(127)	(254)	(2 721)
Derivative financial liabilities								
Derivate instruments - commodity *	**64**	**–**	–	–	–	–	–	–
Derivative instruments - currency	**365**	**(365)**	(123)	(187)	(57)	2	–	–
Derivative instruments - CCIRS	**10**	**(18)**	–	(6)	(6)	(6)	–	–
Total	**18 487**	**(22 828)**	**(4 240)**	**(2 272)**	**(1 808)**	**(3 567)**	**(3 639)**	**(7 302)**

** The measurement of commodity derivatives on foreign exchanges translates into the ongoing volume of top-up deposits, which limits the value of contractual future payments.*

Financial liabilities as at 31 December 2023 *(restated data)*

	Carrying amount	Non-discounted contractual payments	of which non-discounted contractual payments maturing within (after the balance sheet date)					
			less than 3 months	3 - 12 months	1 - 2 years	2 - 3 years	3 - 5 years	more than 5 years
Financial liabilities other than derivative instruments								
Interest-bearing loans and borrowings and issued bonds	**15 975**	**(19 700)**	(189)	(2 542)	(2 509)	(1 638)	(6 222)	(6 600)
Liabilities to suppliers	**2 167**	**(2 167)**	(2 162)	(2)	(2)	(1)	–	–
Capital commitments	**707**	**(725)**	(504)	(50)	(68)	(70)	(33)	–
Other financial liabilities	**668**	**(668)**	(617)	(22)	(16)	(7)	(2)	(4)
Obligations under leases	**1 441**	**(2 673)**	(87)	(35)	(114)	(110)	(210)	(2 117)
Derivative financial liabilities								
Derivate instruments - commodity *	**125**	**–**	–	–	–	–	–	–
Derivative instruments - currency	**679**	**(679)**	(368)	(162)	(135)	(14)	–	–
Derivative instruments - CCIRS	**9**	**(20)**	–	(5)	(5)	(5)	(5)	–
Total	**21 771**	**(26 632)**	**(3 927)**	**(2 818)**	**(2 849)**	**(1 845)**	**(6 472)**	**(8 721)**

** The measurement of commodity derivatives on foreign exchanges translates into the ongoing volume of top-up deposits, which limits the value of contractual future payments.*

As at 31 December 2024 and 31 December 2023, the Group has provided collateral in the form of guarantees and sureties to a jointly owned company for a total amount of PLN 320 million and PLN 50 million respectively, as described in note 56 of these consolidated financial statements. Guarantees and collaterals provided by the Group to entities outside the TAURON Group are contingent liabilities and do not significantly affect the Group's liquidity risk.

53.3. Market risk

The Group identifies the following types of market risk it is exposed to:

- interest rate risk;
- currency risk;
- raw material and commodity price risk related to commodity derivative instruments.

53.3.1 Interest rate risk

Due to floating-rate items the Group is exposed to cash flow changes resulting from interest rate fluctuations. As a result of fixed-rate items the Group is exposed to changes in the fair value of items measured at a fair value. The risk of fair value changes resulting from interest rate changes relates to IRS and CCIRS derivative instruments as well as the loan granted to Elektrociepłownia Stalowa Wola S.A. The Group is also exposed to the risk of lost benefits related to a decrease in interest rates in the case of fixed-rate debt or to an increase in interest rates in the case of fixed-rate assets, although the changes are not disclosed in the financial statements.

The purpose of interest rate risk management is to limit negative effects of market interest rate fluctuations on the Group's cash flows to an acceptable level and to minimize finance costs. Due to the Group's dynamic financial risk management strategy, in which the hedged item is the cash flow related to the exposure to the variable WIBOR 6M interest rate, the interest rate risk related to the variable rate debt for a portion of interest cash flows has been mitigated by IRS hedging transactions, as described in more detail in Note 29 to these consolidated financial statements. IRS transactions concluded in order to hedge interest rate risk are subject to hedge accounting.

(in PLN million)

Financial instruments by interest rate type

Financial instruments	As at 31 December 2024			As at 31 December 2023		
	Fixed interest rate	Floating interest rate	Total	Fixed interest rate	Floating interest rate	Total
Financial assets						
Deposits	–	4	**4**	–	3	**3**
Loans granted measured at fair value	479	–	**479**	357	–	**357**
Cash and cash equivalents	–	434	**434**	–	893	**893**
Derivative instruments-IRS	–	185	**185**	–	299	**299**
Total	**479**	**623**	**1 102**	**357**	**1 195**	**1 552**
Financial liabilities						
Bank overdrafts	–	35	**35**	–	–	**–**
Preferential loans and borrowings	63	2	**65**	68	5	**73**
Arm's length loans and borrowings	978	6 014	**6 992**	1 073	8 057	**9 130**
Bonds issued	3 608	2 164	**5 772**	4 438	2 334	**6 772**
Obligations under finance leases	1 751	–	**1 751**	1 441	–	**1 441**
Derivative instruments-CCIRS	–	10	**10**	–	9	**9**
Total	**6 400**	**8 225**	**14 625**	**7 020**	**10 405**	**17 425**

Floating-rate financial liabilities include floating-rate loans and bonds with a total nominal value of PLN 2 250 million, whose changes in cash flows from interest payments were hedged by entering into interest rate swaps. Correspondingly, hedging transactions were also presented as variable rate instruments.

Other financial instruments of the Group, which are not included in the table above, are not interest bearing and therefore they are not subject to interest rate risk.

Sensitivity analysis

For the needs of the analysis of sensitivity to changes in market risk factors the Group uses the scenario analysis method. The Group relies on expert scenarios reflecting its judgement concerning the behavior of individual market risk factors in the future. The scope of the analysis includes only those items which meet the IFRS definition of financial instruments.

In its sensitivity analysis of derivatives, the Company measures and monitors interest rate risk using the BPV (Basis Point Value) measure, which shows the change in fair value of derivatives due to a parallel shift of the yield curve by 0.01% (one basis point). In the sensitivity analysis for interest rate risk of other financial instruments, the Company applies a parallel shift of the interest rate curve by the potential possible change in reference interest rates over the horizon to the date of the next financial statements, i.e. by the average levels of reference interest rates in a given year.

The Group identifies its exposure to the risk of changes in WIBOR, EURIBOR and ESTRON interest rate, whereas as at 31 December 2024 and 31 December 2023, its exposure to changes in EURIBOR and ESTRON rates was insignificant.

The table below presents sensitivity of the gross profit/loss as well as other comprehensive income (gross) to reasonably potential changes in interest rates within a horizon until the date of the next financial statements, assuming that all other risk factors remain unchanged.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

Financial instruments	As at 31 December 2024		Sensitivity analysis for interest rate risk as at 31 December 2024		As at 31 December 2023		Sensitivity analysis for interest rate risk as at 31 December 2023	
			*Profit/(Loss) /Other comprehensive income**				*Profit/(Loss) /Other comprehensive income**	
	Carrying amount	Value at risk	WIBOR +585 bp	WIBOR -585 bp	Carrying amount	Value at risk	WIBOR +651 bp	WIBOR -651 bp
Financial assets								
Loans granted measured at fair value	479	479	(186)	328	357	357	(149)	277
Cash and cash equivalents	596	374	22	(22)	1 084	830	54	(54)
Derivative instruments	249	185	–	–	424	299	1	(1)
Financial liabilities								
Preferential loans and borrowings	65	2	–	–	73	5	–	–
Arm's length loans and borrowings	6 992	6 014	(352)	352	9 130	8 057	(525)	525
Bank overdrafts	35	35	(2)	2	–	–	–	–
Bonds issued	5 772	2 164	(127)	127	6 772	2 334	(152)	152
Derivative instruments	439	10	–	–	813	9	–	–
Total			**(645)**	**787**			**(771)**	**899**

** The sensitivity of other comprehensive income refers to Interest Rate Swap financial derivatives covered by hedge accounting, as further discussed in Note 29 to these consolidated financial statements.*

The risk exposure as at 31 December 2024 and as at 31 December 2023 is representative of the Group's risk exposure during the annual periods preceding these dates.

Reform of benchmarks

Pursuant to Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices to be used as reference indices in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "BMR Regulation"), which imposes new legal requirements related to the development and use of reference indices, banks have been obliged to add a fallback clause to their contracts in the event of a temporary or permanent cessation of the determination of the base rate or a change in its calculation method. The provisions of the fallback clause set out an alternative base rate or method of setting it, while ensuring the continued enforceability of the contract based on the variable rate formula.

In connection with the reform of reference indices in Poland, including the introduction on the Polish market of an alternative reference interest rate index, whose input is information representing overnight transactions, the National Working Group for Reference Index Reform (NGR) was established. The NGR's work aims to ensure that the development and application of the new benchmark interest rate is credible, transparent and reliable in accordance with the BMR Regulation. In January 2025, the NGR Steering Committee decided on the POLSTR (Polish Short Term Rate) index. POLSTR will be named after the index currently called WIRF, which was selected by the NGR SC in December 2024 as the successor to WIBOR. This indicator is based on the deposits of unsecured credit institutions and financial institutions. The WIBOR benchmark currently used in the market, on which, for example, interest rates on loans or bonds depend, is expected to be replaced by a new index by the end of 2027. The change will involve the replacement of the current WIBOR index, which is based on transactions between banks for deposits with a future end date and projections, with an index that will be based on matured overnight deposits, whose interest rate will be specifically recalculated.

As at 31 December 2024, the Group has no concluded financial instruments based on POLSTR.

With regard to the interest rates affected by the reform of the interest rate benchmarks, the transition to the revised benchmarks will take place at the end of 2027 at the latest, the Group identifies as at 31 December 2024 an exposure to risks associated with the planned replacement of the WIBOR reference rate. As at 31 December 2024, the Group had debt agreements bearing floating interest rates using the relevant WIBOR reference rates, for which the financing period exceeds the cut-off date for WIBOR eligibility, i.e. the end of 2027, as presented in Notes 39.1 and 39.2 of these consolidated financial statements. With regard to the financing agreements that will be in force at the cut-off date for the possibility to use the WIBOR rate, these have appropriate provisions for the use of reference rates, or the Company is currently working on the appropriate implementation of such provisions in the relevant agreements.

In addition, as at the balance sheet date, the Group has entered into IRS derivatives covered by hedge accounting, as described in more detail in Note 22 of these consolidated financial statements, whose maturity partially exceeds the cut-off date for WIBOR eligibility, i.e. the end of 2027. In the Group's assessment of the above IRS derivatives, the reform of the benchmarks will not have a significant impact on the Group's costs and hedge effectiveness, given the symmetrical change in the benchmark in the hedging and hedged instruments.

(in PLN million)

Information on the Company's liabilities as at 31 December 2024 based on WIBOR 6M and interest rate hedging contracts in relation to WIBOR 6M, maturing after 2027, is presented in the table below.

Financial instruments	Investor / lender	Benchmark	Currency	Date of agreement	Repayment/ maturity date after the transition date	Nominal value of liability/IRS measurement As at 31 December 2024
bonds issued	Bank Gospodarstwa Krajowego	WIBOR 6M	PLN	2013	2028-2029	240
loans and borrowings	Bank Gospodarstwa Krajowego	WIBOR 6M	PLN	2018	2028-2033	600
				2024	2028-2032	675
	European Investment Bank	WIBOR 6M	PLN	2021	2028-2041	2 023
	Consortium of banks	WIBOR 6M	PLN	2024	2029	900
Total nominal value of loans, borrowings and bonds maturing after year 2027						**4 438**
Interest Rate Swaps (IRS)*	Financial institutions	WIBOR 6M	PLN		2028-2029	28

**IRS instruments that will be realised after 2027 and whose fair value measurement (in the part relating to the period after 2027) amounted to PLN 28 million as at 31 December 2024 relate to the exchange of interest payments on the total nominal value of the liability of PLN 740 million.*

The EIB and BGK subordinated bond liability is not included in the table due to the Company's intention to redeem the subordinated bonds after the first financing period falling before the end of 2027.

In addition, the Company has financing agreements in place that have not been utilised as at 31 December 2024, which will be based on variable interest rates and which, if taken out, will be repaid after the transition date:

Financial instruments	Investor / lender	Benchmark	Currency	Date of agreement	Redemption date, full repayment in accordance with the agreement	Available limit as of December 31, 2024
subordinated bonds	Bank Gospodarstwa Krajowego	WIBOR 6M	PLN	2021	2036	450
loan	Bank Gospodarstwa Krajowego	WIBOR 6M	PLN	2024	2033	2 000

The Group does not hold any significant financial assets bearing a floating interest rate based on the benchmark rate covered by the benchmark reform.

Given the timing of the transition to the new reference rate (end of 2027) and the ongoing work on the appropriate implementation of contingency clauses in the relevant contracts, the risk of not being able to continue the operation of the aforementioned contracts, or the risk of additional costs affecting, among other things, liquidity risk and the risk of significant adverse changes in cash flows as a result of changes in reference rates, is assessed by the Group as low. The Group monitors the extent of the potential changes, but due to the timing of the mandatory transition, will estimate the total impact on the TAURON Group's consolidated financial statements at a later stage of progress.

53.3.2 Currency risk

TAURON Group companies are exposed to transaction and translation currency risk. The Group companies are exposed to exchange rate fluctuations in connection with their operational and financial activities. The following tables show the Group's exposure to currency risk by class of financial instrument. Significant exposure relates to EUR/PLN and CZK/PLN exchange rate movements. The Group's exposure to other currencies is immaterial.

Classes of financial instruments	As at 31 December 2024					As at 31 December 2023 *(restated figures)*				
	Carrying amount	EUR		CZK		Carrying amount	EUR		CZK	
		in currency	in PLN	in currency	in PLN		in currency	in PLN	in currency	in PLN
Financial assets										
Receivables from buyers	4 095	6	26	32	5	4 681	4	15	46	8
Derivatives	249	15	64	–	–	424	29	125	–	–
Other financial receivables	189	15	65	51	9	580	–	1	51	9
Cash and cash equivalents	596	8	32	122	21	1 084	11	47	53	9
Total		**44**	**187**	**205**	**35**		**44**	**188**	**150**	**26**
Financial liabilities										
Issued bonds	5 772	673	2 874	–	–	6 772	850	3 696	–	–
Liabilities to suppliers	1 957	6	26	12	2	2 167	12	53	10	2
Capital commitments	698	19	83	–	–	707	27	119	–	–
Derivatives	439	15	64	–	–	813	29	125	–	–
Other financial liabilities	449	5	21	1	–	424	2	9	1	–
Total		**718**	**3 068**	**13**	**2**		**920**	**4 002**	**11**	**2**
Net currency position		**(674)**	**(2 881)**	**192**	**33**		**(876)**	**(3 814)**	**139**	**24**

(in PLN million)

As part of its currency risk management, the TAURON Group uses forward contracts. The purpose of the transactions concluded was to hedge the Group against foreign exchange risk arising in the course of its commercial activities, primarily from the purchase of CO_2 emission allowances, and in the course of investment activities related to the implementation of projects in the area of renewable energy sources, as well as to hedge the foreign exchange exposure generated by interest payments on acquired financing in EUR.

CO_2 emission allowances are purchased to fulfil the redemption obligation by the Group's installations. In connection with the CO_2 emissions for the reporting period, the Group creates a provision for liabilities due to the obligation to redeem CO_2 emission allowances in the amount of CO_2 emission allowances held and contracted to be purchased in EUR. Consequently, the value of the provision is exposed to the risk of volatility in the EUR/PLN exchange rate. FX contracts related to the purchase of CO_2 emission allowances hedge the Group's flows arising from the purchase of allowances.

The fair value measurement of currency forward contracts and CCIRS contracts is exposed to the risk of changes in the EUR/PLN exchange rate. Transactions entered into to hedge against currency risk are not subject to hedge accounting.

Sensitivity analysis

For the needs of the analysis of sensitivity to changes in market risk factors the Group uses the scenario analysis method. The Group relies on expert scenarios reflecting its judgement concerning the behaviour of individual market risk factors in the future. The scope of the analysis includes only those items which meet the IFRS definition of financial instruments.

The potential changes in foreign exchange rates have been determined within a horizon until the date of the next financial statements and calculated on the basis of annual implied volatility for FX options quoted on the interbank market for a given currency pair as at the end of the reporting period or, in the absence of quoted market prices, on the basis of historical volatility for a period of one year preceding the balance sheet date.

The Group identifies its exposure to foreign currency risk related to EUR/PLN, CZK/PLN, USD/PLN, GBP/PLN. Significant risk exposure regards EUR, mainly due to external financing contracted in EUR and concluded FX forward contracts. Other currencies do not generate material risk for the Group.

The table below presents sensitivity of the gross profit/loss as well as other comprehensive income (gross) of the Group to reasonably possible changes in foreign exchange rate EUR/PLN within a horizon until the date of the next financial statements, assuming that all other risk factors remain unchanged.

Classes of finacial instruments	As at 31 December 2024		Sensitivity analysis for currency risk as at 31 December 2024		As at 31 December 2023 *(restated figures)*		Sensitivity analysis for currency risk as at 31 December 2023	
	Carrying amount	Value at risk	exchange rate EUR/PLN +5.85%	exchange rate EUR/PLN -5.85%	Carrying amount	Value at risk	exchange rate EUR/PLN +7.35%	exchange rate EUR/PLN -7.35%
Financial assets								
Receivables from buyers	4 095	26	2	(2)	4 681	15	1	(1)
Derivatives	249	64	4	(4)	424	125	9	(9)
Other financial receivables	189	65	4	(4)	580	1	–	–
Cash and cash equivalents	596	32	2	(2)	1 084	47	3	(3)
Financial liabilities								
Bonds issued	5 772	2 874	(168)	168	6 772	3 696	(272)	272
Liabilities to suppliers	1 957	26	(2)	2	2 167	53	(4)	4
Capital commitments	698	83	(5)	5	707	119	(9)	9
Derivatives	439	439	378	(378)	813	813	495	(495)
Other financial liabilities	449	21	(1)	1	424	9	(1)	1
Total			**214**	**(214)**			**222**	**(222)**

The risk exposure as at 31 December 2024 and as at 31 December 2023 is representative of the Group's risk exposure during the annual periods preceding these dates.

53.3.3 Raw material and commodity price risk related to commodity derivative instruments

The Group concludes derivative contracts, with underlying instruments being commodities and raw materials. The Group's exposure to price risk inherent in commodity derivative instruments is related to a risk of changes in the fair value of these instruments, driven by fluctuations of prices of the underlying raw materials/commodities. The Group limits price risk related to commodity derivatives concluding offsetting transactions. The risk is limited to open long and short positions concerning a given commodity or raw material, i.e. concern unbalanced portfolio.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

At 31 December 2024, the portfolio of concluded contracts is fully balanced. This minimises market risk in the commodity derivatives portfolio. This is confirmed by results of the sensitivity analysis conducted, which indicated the lack of impact of potential changes in the prices of CO_2 emission allowances on the gross profit/loss of the Company.

54. Operational risk

The commercial operational risk is managed at the level of TAURON Group. The Group manages its commercial risk following the *Commercial risk management policy in the TAURON Group*, which has introduced an early warning system in addition to a system of limiting the exposure to risk in various commercial areas.

Companies of the Group are exposed to the operation and adverse effects of risks related to volatility of financial results and cash flows expressed in the domestic currency due to changes in prices of goods.

The table below presents a sensitivity analysis of the impact of a 10% change in the cost of purchasing the Group's basic raw materials and commodities, which include electricity, coal and CO_2 emission allowances, on the Group's EBITDA.

Towar	Impact on the level of EBITDA					
	Year ended 31 December 2024			Year ended 31 December 2023		
	Cost of purchase	+10%	-10%	Cost of purchase	+10%	-10%
Electricity	13 290	(1 329)	1 329	25 937	(2 594)	2 594
Coal	2 668	(267)	267	4 276	(428)	428
CO_2 emission allowances	3 178	(318)	318	3 461	(346)	346

OTHER INFORMATION

55. Contingent liabilities

Claims related to termination of long-term contracts

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

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

In addition, on 18 December 2024, PE-PKH received a copy of the lawsuit filed against the company by Gorzyca Wind Invest Sp. z o.o. The object of the claim is the payment by PE-PKH to Gorzyca Wind Invest Sp. z o.o. of the total amount of PLN 66 million, alternatively an amount of PLN 48 million as contractual penalties for non-performance by PE-PKH of the framework agreement for the sale of property rights arising from certificates of origin of 2 March 2010 in the period from September 2021 to July 2023, including statutory interest for delay. An initial assessment of the claim and its justification shows that they are unfounded.

As at the date of approval of these consolidated financial statements for publication, the amount of damages claimed in the lawsuits amounts to: Polenergia group companies - PLN 136 million (including Amon Sp. z o.o. - PLN 90 million, Talia Sp. z o.o.- PLN 46 million); Wind Invest group companies - PLN 640 million.

In the case filed by Amon Sp. z o.o. and Talia Sp. z o.o., partial and preliminary judgements were issued (judgement of 25 July 2019 in the Amon Sp. z o.o. lawsuit and judgement of 6 March 2020, supplemented by the court on 8 September 2020 in the Talia Sp. o.o. lawsuit), in which the courts determined that the statements of PE-PKH on termination of long-term agreements concluded between PE-PKH and Amon Sp. z o.o. and those concluded between PE-PKH and Talia Sp. z o.o. for the purchase of electricity and property rights resulting from certificates of origin are ineffective and do not produce legal effect in the form of termination of both agreements, as a result of which the agreements after the notice period, i.e. after 30 April 2015, remain in force in respect of all provisions and are binding on the parties. Moreover, the courts also recognised the claims of Amon Sp. z o.o. and Talia Sp. z o.o. for payment of damages justified as to the merits, without, however, prejudging the amount of potential damages. PE-PKH filed a complaint against the judgments. In both the Amon Sp. z o.o. and Talia Sp. z o.o. actions, the Courts of Appeals dismissed the appeals of the company PE-PKH. The judgements of the Courts of Appeals, and consequently the judgements issued by the courts of first instance, are final. These judgements do not award any damages from PE-PKH to the claimants. Disagreeing with the judgements of the Courts of Appeals, PE-PKH filed cassation complaints in both cases. In the case brought by Talia Sp. z o.o., the Supreme Court accepted the cassation appeal for hearing on 28 February 2023. On 29 September 2023, a three-judge Supreme Court hearing was held, but no ruling was issued and the proceedings were adjourned without indicating a date. In the case brought by Amon Sp. z o.o., The Supreme Court accepted the case for hearing on 26 September 2023. Both proceedings before the Supreme Court were suspended at the concurring request of the parties: in the Amon Sp. z o.o. case by order of 15 May 2024, and in the Talia Sp. z o.o. case by order of 18 December 2024.

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

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

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

In the case filed by Pękanino Wind Invest Sp. z o.o. for the provision of security for claims for determining that the terminations of long-term contracts submitted by PE-PKH are ineffective, the Court of Appeal in Warsaw on 6 November 2019 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 suit of Pękanino Wind Invest Sp. z o.o. are legally concluded against PE-PKH, pending before the Regional Court in Warsaw. The decision regarding the security is final. This decision does not prejudge the merits of the action, which can only take place in a binding judgement, but only temporarily regulates the parties' relations for the duration of the proceedings.

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

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

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

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

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

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 tortious 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 oral recitals 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. The proceedings filed by Wind Invest group companies are held in camera. As at the date of approval of these consolidated financial statements for publication, the Group's chances of obtaining a favourable resolution of the disputes should be assessed positively, i.e. the chances of losing are not higher than the chances of winning.

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

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

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

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

To the best of the Group's knowledge, Polskie Elektrownie Jądrowe Sp. z o.o. has not acknowledged the claims filed against it and considers potential adjudication by the court to be unlikely. The Group does not recognise 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 should 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. Until the date of approval of these financial statements for publication, the Company has not been served with an order of the Supreme Court accepting or refusing to accept the cassation appeal of Huta for examination.

Based on the conducted legal analysis of the claims as well as taking into account the aforementioned judgement, the Group believes that they are unjustified and the risk that they must be satisfied is remote. Consequently, the Company did not recognise 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 segment. The Companies provide clarifications in the respective cases on an ongoing basis and undertake 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 9 million.

Apart from the above-mentioned proceedings, the companies do not recognise 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 recognises the provision for all court disputes filed in this respect. The provision is not recognised 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 73 million were recognised for reported court disputes, which are recognised in the statement of financial position under other provisions (Note 43.1).

Risk related to the principles of determining the costs of the write-down to the Price Difference Payment Fund

On 27 October 2023, the President of the Energy Regulatory Office (the "ERO President") published a communication with clarifications regarding the provisions of the Act of 27 October 2022 *on extraordinary measures to limit the level of electricity prices and support certain consumers in 2023 (the "Act on Extraordinary Measures")* in connection with the planned commencement of the control of the write-down of the Price Difference Payment Fund (the "Write-down"), which was binding for 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 President of the ERO, the calculation of the Write-down should take into account the "hypothetical" revenues that the companies of the Sales segment would obtain as a result of applying the prices resulting from the applicable tariffs, price lists and contracts in their settlements with customers, despite the fact that, in accordance with the provisions of the Act on Extraordinary Measures for eligible customers, the companies applied maximum prices. This position, in the Group's view, is not correct, as indicated by the legal analyses in the Group's possession.

Taking into account the announcements published by the ERO President, in the Group's opinion, changes in legal regulations that clarify the issue of the method of calculating the Write-down cannot be ruled out, which could potentially translate into an increase in the Group companies' burden of the Write-down costs. In the case of entry into force of any changes in legal regulations, 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 had entered into force by the balance sheet date, the Group does not identify any grounds for recognising provisions for higher Write-down costs.

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

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

56. 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, apart from the collaterals for the Group's transactions concluded on the Polish Power Exchange, described due to their materiality later in this note, are presented below.

Collateral	As at 31 December 2024	As at 31 December 2023
Declarations of submission to enforcement[1]	20 120	18 506
Corporate guarantees	2 595	1 169
Bank account mandates	1 240	1 990
Blank promissory notes	1 514	622
Sureties granted	447	270
Bank guarantees	334	293
Pledges on shares[2]	190	169
Other	20	32

[1]As at 31 December 2024, 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 1 820 million and EUR 4 million.
[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 December 2024, the major hedging items are:

- the declaration of submission to enforcement up to the maximum amount of PLN 4 800 million with the effective date to 30 November 2030, signed by the Company in connection with the conclusion of the syndicated loan agreement in the amount of PLN 4 000 million on 15 July 2022;
- a corporate guarantee granted by the Company up to a maximum amount of EUR 270 million (PLN 1 153 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 date to 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 718 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 601 million and EUR 26 million (PLN 110 million), and under sureties granted - the total of PLN 164 million;
- a bank guarantee of up to PLN 300 million issued following the surety granted by the Company up to the maximum amount of PLN 20 million to secure the receivables of BGK under the loan agreement concluded on 8 March 2018 between the borrower, Elektrociepłownia Stalowa Wola S.A. and BGK and ORLEN S.A. (formerly: PGNiG S.A.), with the effectiveness of the collaterals until 11 March 2025. The collateral provided is reduced with the repayment of the loan by Elektrociepłownia Stalowa Wola S.A. to BGK.

After the balance sheet day, the following events took place:

- In January 2025, the collateral was updated for BGK's receivables under the loan agreement concluded on 8 March 2018 between the borrower Elektrociepłownia Stalowa Wola S.A. and BGK and ORLEN S.A. (formerly: PGNiG S.A.), i.e.: a new bank guarantee up to PLN 25 million was issued at the Company's request, an annex to the existing bank guarantee issued at the Company's request up to PLN 300 million was signed, reducing the amount of the guarantee from PLN 300 million to PLN 231 million, and an annex to the existing surety agreement issued by the Company was signed increasing the amount of the surety from PLN 20 million to a maximum of PLN 64 million, with the proviso that the changes to the above securities are effective from 12 March 2025 to 11 March 2026.
- In connection with a loan agreement from the funds of the National Reconstruction and Resilience Plan under Investment G3.1.4 Supporting the National Energy System up to PLN 11 000 million with the possibility of increasing (note 39.1), on 27 January 2025 the Company signed a declaration of submission to enforcement up to PLN 43 549 million with a term until 17 December 2051.
- On 29 January 2025, the Company issued an annex to the corporate guarantee issued to ČEZ a.s. as security for the liabilities of its subsidiary TAURON Czech Energy s.r.o., pursuant to which the term of the guarantee was extended to 31 January 2027 and the amount of the guarantee was reduced from EUR 3 million to EUR 2 million.

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

Collaterals for transactions concluded on the Polish Power Exchange [Towarowa Giełda Energii S.A.] in TAURON Group as at 31 December 2024

Type of collateral	Description
Declarations of submission to enforcement	At the balance sheet date, the following declarations of submission to enforcement were in force in the Group: – signed by the Company on 15 June 2023 to secure the Company's obligations to Izba Rozliczeniowa Giełd Towarowych S.A. ("IRGiT") up to the amount of PLN 6 000 million, with the effective term until 30 June 2027 and – signed by the subsidiary, TAURON Wytwarzanie S.A. on 11 October 2022 to secure the liabilities of the subsidiary, TAURON Wytwarzanie S.A. to the IRGiT up to the amount of PLN 2 000 million, with an effective term until 30 June 2025. After the balance sheet date, the statement was removed from the collateral register on 2 January 2025.
Bank guarantees	As at the balance sheet date, bank guarantees totalling PLN 176 million were in force in the Group, including those issued to secure the Company's liabilities in the amount of PLN 149 million and those of the subsidiary TAURON Wytwarzanie S.A. in the amount of PLN 27 million. After the balance sheet date, annexes to bank guarantees were issued to the IRGiT as security for the Group's liabilities. As at the date of approval of these consolidated financial statements for publication, bank guarantees in the total amount of PLN 157 million are in force, with the validity dates falling maximum until 13 May 2025.
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 date, the Group deposited the CO_2 emission allowances in the IRGiT account in the total amount of 615 851 tonnes (recognised in the consolidated statement of financial position mainly as intangible assets) to secure the Company's obligations in respect of margin payments due, including CO_2 allowances owned by: – the Company in the amount of 87 000 tonnes and – the subsidiary, TAURON Wytwarzanie S.A. in the amount of 528 851 tonnes transferred under the agreement described above, defining the principles of establishing financial security for the Group and the agreement concluded between the Company and the subsidiary, TAURON Wytwarzanie S.A. After the balance sheet date, on 3 April 2025, CO_2 emission allowances in the amount of 5 000 tonnes were returned to the Company's account, and on 11 April 2025, the Company deposited its allowances in the amount of 276 000 tonnes in the IRGiT account. As at the date of approval of these consolidated financial statements for publication, the total amount of CO_2 emission allowances deposited by the Group in the IRGiT account is 886 851 tonnes.

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.

57. Related party disclosures

57.1. 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 27 of these consolidated financial statements.

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

	Year ended 31 December 2024	Year ended 31 December 2023
Revenue	271	223
Costs	(750)	(563)

The main item of settlements with jointly-controlled companies are the loans granted to Elektrociepłownia Stalowa Wola S.A. (Note 28).

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 56).

(in PLN million)

57.2. 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

	Year ended 31 December 2024	Year ended 31 December 2023
Revenue	4 142	5 257
Costs	(8 036)	(8 897)

Receivables and liabilities

	As at 31 December 2024	As at 31 December 2023
Receivables*	450	665
Liabilities	1 182	1 042

**As at 31 December 2024 and as at 31 December 2023, the receivables item in the table above comprises advance payments for the purchase of fixed assets in the amount of PLN 12 million and PLN 5 million, respectively.*

Among the State Treasury companies, the largest customers of TAURON Polska Energia S.A. Group in the year ended 31 December 2024 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.

In the year ended 31 December 2023, the largest customers of TAURON Polska Energia S.A. Group included ENERGA-OPERATOR S.A., PSE S.A., Polska Grupa Górnicza S.A. and TAURON Wydobycie S.A. (currently Południowy Koncern Węglowy S.A.) The largest purchase transactions were performed by the Group with PSE S.A., TAURON Wydobycie S.A. (currently Południowy Koncern Węglowy S.A.) and Polska Grupa Górnicza S.A.

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

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

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

57.3. Remuneration of the executives

The amount of compensation and other benefits paid and due to the Management Board, Supervisory Boards and other key management personnel of the parent company and the subsidiaries in the year ended 31 December 2024 and in the comparative period has been presented in the table below.

	Year ended 31 December 2024		Year ended 31 December 2023	
	Parent	Subsidiaries	Parent	Subsidiaries
Management Board	**6**	**25**	**10**	**31**
Short-term benefits (with surcharges)	3	20	9	30
Employment termination benefits	3	5	1	1
Supervisory Board	**1**	**–**	**1**	**2**
Short-term employee benefits (salaries and surcharges)	1	–	1	2
Other key management personnel	**18**	**74**	**15**	**60**
Short-term employee benefits (salaries and surcharges)	14	70	14	57
Employment termination benefits	3	2	–	–
Other	1	2	1	3
Total	**25**	**99**	**26**	**93**

The table above takes into account the amounts paid and due to by 31 December 2024. In addition, in accordance with the accounting policy adopted, the Group recognises 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.

(in PLN million)

In the event of termination of the management contract, the members of the Management Board of the Company shall be entitled, under the terms and conditions set out therein, to a severance payment provided that they have held office for at least twelve months prior to the termination of the management contract. Furthermore, after the termination of their service on the Company Management Board, Members of the Management Board were entitled to receive a compensation for the compliance with the non-competition clause.

58. Finance and capital management

The Company carries out a centralised finance management policy, allowing effective management in this respect at a level of the entire TAURON Group. The main tools allowing for effective management include the appropriate internal corporate regulations, as well as the TAURON Group's cash pool service and intra-group loans. In addition, the finance management system is supported by the TAURON Group's central financial risk management policy and the TAURON Group's insurance policy. In these areas, the Company acts as a manager and decides on the direction of activities, enabling it to set appropriate risk exposure limits.

Detailed information concerning finance management is described in section 7.3. of the Report of the Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2024.

In 2024, the Company and TAURON Group demonstrated full capacity to settle their liabilities on their maturity date.

The main objective of the Group's capital management is to maintain a good credit rating and safe capital ratios that would support the Group's operations and increase value for its shareholders.

The Company primarily monitors the debt ratio of the Group, defined as the ratio of net financial debt to EBITDA. The net financial debt of the TAURON Group is defined in the individual financing agreements and generally means the obligation to pay or repay money for credits, loans and debt securities and finance leases (within the meaning of IAS 17 *Leases*), excluding subordinated bond liabilities and less cash and short-term investments with a maturity of up to one year. EBITDA means the TAURON Group's operating profit or loss plus depreciation and amortisation and write-downs on non-financial assets. The Company has the option, at its own discretion, to resign from including in the calculation the debt ratio the financing contracted by special purpose vehicles implementing RES projects under the project finance formula (as long as such debt has no recourse to the Company or other entity of TAURON Group), while excluding the EBITDA value of the relevant special purpose vehicle. In addition, for some financing agreements, sustainability indicators are reported in the form of a renewable energy capacity factor or a CO_2 emission reduction factor. The sustainability indicators affect the cost of financing for the company.

On the balance sheet date, the debt ratio was 1.72, which is in line with the financing agreements.

	Year ended 31 December 2024	Year ended 31 December 2023
Loans and borrowings	6 231	7 392
Unsubordinated bonds	3 428	4 645
Non-current debt liabilities	**9 659**	**12 037**
Loans and borrowings	861	1 811
Unsubordinated bonds	1 209	209
Short-term debt liabilities	**2 070**	**2 020**
Total debt	**11 729**	**14 057**
Contingent liabilities treated as equivalent to debt in the financing documentation	20	–
Cash and cash equivalents	596	1 084
Net debt	**11 153**	**12 973**
EBITDA	**6 470**	**6 145**
Operating profit (loss)	2 651	3 394
Depreciation/amortization	(2 378)	(2 232)
Impairment	(1 441)	(519)
Net debt / EBITDA	**1.72**	**2.11**

Consolidated financial statements for the year ended 31 December 2024 compliant with the IFRS, approved by the European Union (in PLN million)

The change in debt liabilities is shown in the table below.

Debt liabilities	Year ended 31 December 2024	Year ended 31 December 2023
Opening balance	**17 415**	**16 487**
subordinated bonds	(1 918)	(1 966)
lease liabilities (except for those meeting the conditions of IAS 17 *Leases*)	(1 440)	(1 255)
Opening balance - debt in the calculation of debt ratio	**14 057**	**13 266**
Loans and borrowings	**(2 109)**	**1 192**
proceeds from contracted loans and borrowings	6 962	7 982
interest accrued	392	518
interest paid	(413)	(513)
repayment of loans and borrowings	(9 074)	(6 758)
change in debt measurement	59	(59)
change of overdraft facilities and cash pool	(35)	22
Bonds	**(1 001)**	**(452)**
interest accrued	251	222
interest paid	(253)	(231)
redemption of debt securities	(982)	(170)
change in debt measurement	(17)	(273)
Lease liabilities	**310**	**188**
interest accrued	78	61
interest paid	(7)	(5)
lease instalments paid	(122)	(105)
recognition of new lease agreements, change of lease agreements, termination of lease agreements	313	170
acquisition of subsidiaries	47	69
other non-monetary changes	1	(2)
Closing balance	**14 615**	**17 415**
subordinated bonds	(1 135)	(1 918)
lease liabilities (except for debt meeting the conditions of IAS 17 *Leases*)	(1 751)	(1 440)
Closing balance - debt in the calculation of debt ratio	**11 729**	**14 057**

59. Fee of the certified auditor or the entity authorized to audit financial statements

Information on the auditor's remuneration is presented in section 6. of the Report of the Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2024.

60. Other material information

Impact of floods in southern Poland on TAURON Group operations

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

In order to rebuild the damaged network, TAURON Dystrybucja S.A. mobilised significant human, equipment and material resources and provided support of contractors. In the vast majority of cases, the flood-damaged power grid was rebuilt; however, in places where the communication infrastructure was destroyed, a temporary power supply was provided. Flood recovery operating expenses recognised in the year ended 31 December 2024 in the financial result of the Distribution segment amounted to PLN 18 million. After the reconstruction of the road infrastructure and other public places, incurring of capital expenditure for the reconstruction of the power lines to the target locations is planned, i.e. to the road lane area. Further expenditure will also be incurred in the consecutive years on the construction and reconstruction of grid assets, including rebuilding to improve the security of the distribution grid in the future.

TAURON Ekoenergia Sp. z o.o. estimates that after the balance sheet date, costs at a level of PLN 45 million will be incurred to eliminate the consequences of the flood (including mainly the costs of construction and repair services) and capital expenditure of PLN 4 million will be contributed. Due to the tender procedures carried out and the contracts signed and the resulting schedules, the majority of the above costs and capital expenditure will be incurred in 2025 (up to the balance sheet date, the company has incurred operating costs of PLN 1 million). At the same time, the company received compensation from the insurance company as an undisputed amount.

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

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

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

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

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

61. Events after the balance sheet date

Update on the construction project of a CCGT unit at the Łagisza Power Plant

After the balance sheet date, on 3 February 2025, the Company's Management Board approved the decision of the Company's Investment Committee concerning the closure of the project for the construction of the CCGT unit at the Łagisza Power Plant in Będzin due to the risk identified, after updating the financial and environmental assumptions, of not maintaining the profitability of the project over its full life horizon. The expenditures incurred on the project was fully written off in previous years.

Moreover, on 3 February 2025, the Company's Management Board approved the decision of the Company's Investment Committee to initiate the planning stage of the cogeneration project at the Łagisza Power Plant in Będzin, which will include analyses on the implementation of an alternative investment option at the same location.

The new project involves replacing the heat currently produced in a coal-fired unit with heat produced in a modern district heating system, comprising a gas-fired cogeneration unit adapted to the introduction of zero-emission fuel technology, a unit using Power to Heat technology and a heat accumulator. The planned expenditures for the project were not included in the impairment tests performed as at the balance sheet date.

Receipt of the decision of the Head of the First Mazovian Tax Office in Warsaw on discontinuing the tax proceedings

After the balance sheet date, on 24 March 2025, the Group received the decision of the Head of the First Mazovian Tax Office in Warsaw on discontinuing the tax proceedings regarding the expiry of the decision on registration of the agreement on the establishment of the TAURON Tax Capital Group, meaning that the status of the TAURON Tax Capital Group was maintained.

The legal events and decisions of the tax authorities that preceded the decision to discontinue the proceedings were described in detail in note 20.1 to these consolidated financial statements.

Signing by TAURON Polska Energia S.A. and Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. of the protocol on the arrangements regarding the possibility of amicable settlement of disputes with Amon Sp. z o.o. and Talia Sp. z o.o.

After the balance sheet date, on 2 April 2025, the Company and Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. and Amon Sp. z o.o. and Talia Sp. z o.o. signed a protocol of arrangements regarding the possibility of amicable settlement of all legal disputes pending between the parties, described in detail in Note 55 to these consolidated financial statements. In the content of the protocol, the parties specified the conditions regarding the possibility of ending the pending legal disputes. The signing of the protocol does not mean the conclusion of a settlement between the parties, but only confirms the intention of the parties to end the pending legal disputes amicably. In order to implement the provisions contained in the protocol of arrangements, corporate consents of all parties are necessary, as well as signing the relevant settlement documentation. The signing of the protocol makes it probable, in the Company's opinion, that the disputes between the parties will be settled amicably.

Management Board

Katowice, 14 April 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