TAURON Polska Energia S.A.

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

(in PLN million)

STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2024	Year ended 31 December 2023
Sales revenue	**12**	22 849	34 314
Cost of sales	**13**	(21 865)	(33 924)
Profit on sale		**984**	**390**
Selling and distribution expenses	**13**	(26)	(33)
Administrative expenses	**13**	(145)	(116)
Other operating income and expenses		(2)	(11)
Operating profit		**811**	**230**
Dividend income	**15**	1 336	475
Interest income on loans	**15**	848	947
Interest expense on debt	**15**	(760)	(928)
Revaluation of shares	**15**	551	(271)
Revaluation of loans	**15**	(1 994)	(760)
Other finance income and costs	**15**	(175)	(330)
Profit (loss) before tax		**617**	**(637)**
Income tax expense	**16**	(107)	(1)
Net profit (loss)		**510**	**(638)**
Measurement of hedging instruments	**29.4**	(97)	(287)
Income tax expense	**16**	18	55
Other comprehensive income subject to reclassification to profit or loss		**(79)**	**(232)**
Other comprehensive income, net of tax		**(79)**	**(232)**
Total comprehensive income		**431**	**(870)**
Profit (loss) per share (in PLN):			
- basic, for net profit (loss)	**17**	0.29	(0.36)
- diluted, for net profit (loss)	**17**	0.29	(0.36)

Accounting principles (policy) and additional explanatory notes to the financial statements form an integral part thereof

(in PLN million)

STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2024	As at 31 December 2023 *(restated figures)*
ASSETS			
Non-current assets			
Investment property	**18**	18	18
Right-of-use assets	**19**	4	12
Shares	**20**	16 085	15 520
Loans granted	**21**	9 888	11 273
Derivative instruments	**22**	90	149
Other financial assets	**23**	33	33
Other non-financial assets	**24**	17	17
Deferred tax assets	**25**	3	86
		26 138	**27 108**
Current assets			
Inventories	**26**	34	12
Receivables from buyers	**27**	1 746	2 490
Income tax receivables		–	94
Loans granted	**21**	521	1 138
Derivative instruments	**22**	166	292
Other financial assets	**23**	123	433
Other non-financial assets	**24**	5	3
Cash and cash equivalents	**28**	172	484
		2 767	**4 946**
TOTAL ASSETS		**28 905**	**32 054**
EQUITY AND LIABILITIES			
Equity			
Issued capital	**29.1**	8 763	8 763
Reserve capital	**29.3**	2 438	3 076
Revaluation reserve from valuation of hedging instruments	**29.4**	139	218
Retained earnings/(Accumulated losses)	**29.5**	541	(607)
		11 881	**11 450**
Non-current liabilities			
Debt	**30**	10 661	13 884
Derivative instruments	**22**	64	169
Other financial liabilities	**31**	5	6
Other provisions, accruals, deferred income and government grants	**35**	9	8
		10 739	**14 067**
Current liabilities			
Debt	**30**	4 477	3 648
Liabilities to suppliers	**32**	1 020	979
Derivative instruments	**22**	375	644
Other financial liabilities	**31**	59	234
Income tax liabilities	**33**	16	–
Other non-financial liabilities	**34**	308	1 005
Other provisions, accruals, deferred income and government grants	**35**	30	27
		6 285	**6 537**
Total liabilities		**17 024**	**20 604**
TOTAL EQUITY AND LIABILITIES		**28 905**	**32 054**

Accounting principles (policy) and additional explanatory notes to the financial statements form an integral part thereof

(in PLN million)

STATEMENT OF CHANGES IN EQUITY

	Note	Issued capital	Reserve capital	Revaluation reserve from valuation of hedging instruments	Retained earnings/ (Accumulated losses)	Total
As at 1 January 2023		**8 763**	**3 009**	**450**	**98**	**12 320**
Prior year profits' distribution		–	67	–	(67)	**–**
Transactions with shareholders		**–**	**67**	**–**	**(67)**	**–**
Net loss		–	–	–	(638)	**(638)**
Other comprehensive income		–	–	(232)	–	**(232)**
Total comprehensive income		**–**	**–**	**(232)**	**(638)**	**(870)**
As at 31 December 2023		**8 763**	**3 076**	**218**	**(607)**	**11 450**
Prior year loss covered	**29.3**	–	(638)	–	638	**–**
Transactions with shareholders		**–**	**(638)**	**–**	**638**	**–**
Net profit		–	–	–	510	**510**
Other comprehensive income		–	–	(79)	–	**(79)**
Total comprehensive income		**–**	**–**	**(79)**	**510**	**431**
As at 31 December 2024		**8 763**	**2 438**	**139**	**541**	**11 881**

Accounting principles (policy) and additional explanatory notes to the financial statements form an integral part thereof

(in PLN million)

STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2024	Year ended 31 December 2023
Cash flows from operating activities			
Profit (loss) before tax		**617**	**(637)**
Depreciation and amortization		11	12
Interest and dividends		(1 409)	(474)
Revaluation of shares		(551)	271
Revaluation of loans		1 994	760
Valuation of derivatives		(304)	587
Exchange differences		(65)	(324)
Other adjustments of profit before tax		(7)	(25)
Change in working capital	**36.1**	416	(636)
Income tax paid		(17)	46
Net cash from operating activities		**685**	**(420)**
Cash flows from investing activities			
Loans granted	**36.2**	(1 184)	(1 245)
Purchase of shares in the subsidiary		(9)	(59)
Purchase of other shares		(4)	(16)
Other		(3)	(2)
Total payments		**(1 200)**	**(1 322)**
Dividends received		1 336	442
Interest received from loans granted		916	808
Repayment of loans granted		327	305
Decrease in receivables due to cash pool agreement		798	–
Total proceeds		**3 377**	**1 555**
Net cash used in investing activities		**2 177**	**233**
Cash flows from financing activities			
Repayment of loans and borrowings	**36.3**	(9 061)	(6 751)
Interest paid	**36.3**	(783)	(747)
Redemption of debt securities	**36.3**	(982)	(170)
Commission paid		(20)	(7)
Repayment of lease liabilities		(10)	(10)
Total payments		**(10 856)**	**(7 685)**
Proceeds from contracted loans and borrowings	**36.3**	6 870	7 900
Increase in liabilities due to cash pool agreement		793	–
Other		1	6
Total proceeds		**7 664**	**7 906**
Net cash from financing activities		**(3 192)**	**221**
Net increase/(decrease) in cash and cash equivalents		**(330)**	**34**
Net foreign exchange difference		–	27
Cash at the beginning of the period	**28**	**(287)**	**(321)**
change of judgment regarding cash pool transaction	**6**	**750**	**–**
Cash at the beginning of the period (after change od judgment)		**463**	**(321)**
Cash at the end of the period, of which:	**28**	**133**	**(287)**
restricted cash	**28**	81	181

Accounting principles (policy) and additional explanatory notes to the financial statements form an integral part thereof

INFORMATION ON TAURON POLSKA ENERGIA S.A. AND BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

1. General Information about TAURON Polska Energia S.A.

These financial statements have been prepared by TAURON Polska Energia Spółka Akcyjna (the "Company") with its registered office in Katowice, ul. Piotra Ściegiennego 3, whose shares are publicly traded.

The company was established by a Notarial Deed on 6 December 2006 under the name Energetyka Południe S.A. On 8 January 2007, the District Court for Katowice-Wschód, 8th Commercial Department of the National Court Register, registered the Company under the KRS number 0000271562. The change of its name to TAURON Polska Energia S.A. was registered by the District Court on 16 November 2007.

The entity was assigned the statistical number, REGON 240524697 and the tax identification number, NIP 9542583988.

TAURON Polska Energia S.A. was established for an unlimited period.

The core business of TAURON Polska Energia S.A. focuses on:

- Activities of head offices and holding operations, except for financial holdings → PKD 70.10 Z,
- Sales of electricity → PKD 35.14 Z,
- Sales of coal → PKD 46.71.Z,
- Sales of gaseous fuels in a network system → PKD 35.23.Z.

TAURON Polska Energia S.A. is the parent company of the TAURON Polska Energia S.A. Capital Group. ("The Group, the TAURON Group").

The Company has prepared the financial statements covering the year ended 31 December 2024 and including comparative figures for the year ended 31 December 2023. These financial statements were approved for publication by the Management Board on 14 April 2025.

The Company has also prepared consolidated financial statements for the year ended 31 December 2024, which 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.

(in PLN million)

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

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

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

2. Shares in related parties

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.

(in PLN million)

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] On 3 January 2024, the incorporation of Energetyka Cieszyńska Sp. z o.o. by TAURON Ciepło Sp. z o.o. was registered. Until the date of the merger (incorporation), TAURON Ciepło Sp. z o.o. held 100% of the shares in the capital and the decision-making body of Energetyka Cieszyńska Sp. z o.o.
[2] The activities of TAURON Inwestycje Sp. z o.o. are classified into two segments: in the Heat segment (activities related to the implementation of investment projects in conventional sources) and the Renewable Energy Sources segment (activities related to the generation of energy from renewable sources) and as part of other activities (activities related to the implementation 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 the organized part of the enterprise related to the activities in conventional sources to TAURON Ciepło Sp. z o.o.

Acquisition of the Group's subsidiaries in the year ended 31 December 2024

	Description of changes
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.

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 Generation 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.*

3. Statement of compliance

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

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

4. Going concern

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

The Company identifies and actively manages liquidity risk, understood as the possibility of losing or limiting the capacity to settle current expenses. The Company has full capacity to settle its liabilities as they become due and payable. As at the balance sheet date, the Company has available funding under financing agreements, as described in Note 38.2 to these 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 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

Polish zloty is the functional currency of the Company and the presentation currency of these financial statements. These financial statements are presented in the Polish zloty ("PLN") while all figures are provided in PLN million, unless indicated otherwise.

6. Accounting principles (policy) and material values based on professional judgement and estimates

The significant accounting principles are presented in the notes to these financial statements.

When applying the accounting policy, the professional judgement of the management, along with accounting estimates, have been of key importance, affecting the figures disclosed in these financial statements and in the additional explanatory notes. The assumptions underlying the estimates are based on the Management Board's best knowledge and awareness of current and future actions and events in individual areas. In the period covered by these 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 financial statements.

Climate issues are an integral component of the models used in the estimation process, in particular with regard to the impairment tests carried out on shares in subsidiaries and the valuation of loans to subsidiaries and joint ventures. The impact of climate issues on these financial statements is presented in note 9.

Uncertainty in estimates carries the risk of significant adjustment to the carrying amounts of assets and liabilities. Items of the 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 financial statements. The most significant estimates relate to the measurement of financial instruments, mainly the write-downs on shares in subsidiaries and intragroup loans and the fair value measurements of loans and derivatives, as discussed further in Notes 11, 21 and 22 of these financial statements.

Additionally, the Company applies significant estimates as regards the contingent liabilities recognised, in particular as regards litigation the Company is a party to (Note 40).

Change in judgment regarding the presentation of cash pool transactions in the statement of cash flows

In the current period, the Company changed its judgment regarding the presentation of cash pool transactions in the statement of cash flows, as described in more detail in Note 21 of these financial statements. Before the change in judgment, in the comparable period, the balance of cash pool settlements with subsidiaries adjusted the cash balance in the statement of cash flows, and the changes in the balances did not constitute cash flows from investing and financing activities. As a result of the change in judgment, the change in the balance of receivables from loans granted to subsidiaries within the cash pool is presented in cash flows from investing activities, while the change in the balance of liabilities from loans received from subsidiaries within the cash pool is presented in cash flows from financing activities. Consequently, interest received on loans granted within the cash pool constitutes an inflow from investing activities, while interest paid on loans taken within the cash pool constitutes payments from financing activities. The cash balance shown in the cash flow statement at the beginning of the period was appropriately adjusted for the Company's cash pool balance for loans granted and received as part of the cash pool as at 31 December 2023.

(in PLN million)

Due to the continued lack of volatility in the cash pool balance and the excess of liabilities over receivables on this account, the Company has stopped including the cash pool balance in the cash and cash equivalents item in the cash flow statement.

7. 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 Company 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 financial statements for publication, based on the analyses performed, the Company has not identified the impact of introducing the amendments to standard presented below on the accounting policy applied by the Company.

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

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

Standard	Date of entry into force by standard, not approved by the EU *(annual periods starting on or after that date)*
IFRS 14 *Regulatory Deferral Accounts*	1 January 2016*
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures:* Transactions of *sale or contribution of assets between an investor and its associate or joint venture* and further 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.

As at the date of approval of these financial statements for publication, the Company has not yet completed its work on assessing the impact of the aforementioned introduction of amendments to IFRS 14 and the amendments to IFRS 10, IAS 28, IAS 21, IFRS 9 and IFRS 7 on the accounting policy used by the Company. 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 financial statements of the Company, which, because of its public company status, will not apply this standard. As at the date of approval of these 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 adopted by the Company.

- **Significant amendments to legal regulations**

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 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 Organization 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 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.

The TAURON Group, with the Company acting as the parent company, 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, the Company 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 from 2025 onwards, 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, the Company 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.

With regard to the subsidiary TAURON Czech Energy s.r.o, operating in the Czech tax jurisdiction, where the provisions of the Directive were implemented in December 2023, it benefited from the safe harbour provided by the Czech tax legislation, taking into account that the expected level of the company's simplified effective tax rate is not lower than 20% and the company does not expect its decrease below this level in 2025 and 2026, assuming that there are currently no major changes planned in the activities of TAURON Czech Energy s.r.o. or in the structure of the TAURON Group in the Czech Republic.

(in PLN million)

As at the date of approval of these financial statements for publication, considering the intention to take advantage of the application of safe harbours, the Company does not identify any material impact of the Pillar 2 Act on the Company's financial performance 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 Company 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 TAURON Group Company in the following financial years.

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

The accounting principles (policy) adopted for the preparation of these financial statements are consistent with those used for the preparation of the annual financial statements of TAURON Polska Energia S.A. for the year ended 31 December 2023, except for the application of the amendments to amendments to the standards referred to in note 8.1. The Company restated the comparative data, as described in note 8.2.

8.1. Application of new standards and amendments to standards

Standard	Description of the changes and their impact on the Company's accounting policy and financial statements	Date of entry into force in the EU *(annual periods starting on or after that date)*
Amendments to IAS 1 *Presentation of Financial Statements - Classification of liabilities as current and non-current and Classification of liabilities as current and non-current - deferral of effective date and Non-current liabilities linked to conditions.*	In accordance with the amendments to IAS 1, liabilities are classified as non-current if the entity has a right to defer the settlement of the liability for at least 12 months after the end of the reporting period. The expectations of the entity do not affect the classification. The impact of the amendment to IAS 1 on the financial statements of the Company is described in note 8.2.	1 January 2024
Amendments to IFRS 16 *Leases: 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 Company 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: Financing arrangements for liabilities to suppliers*	In accordance with the amendments to IAS 7 and IFRS 7, an entity discloses information about its supplier financing arrangements that enables users of the financial statements to assess the impact of those arrangements on the entity's liabilities and cash flows and on its exposure to liquidity risk. As at the balance sheet date, the Company does not identify any impact of the amendments to IAS 7 and IFRS 7 on its accounting policy adopted to date.	1 January 2024

8.2. Restatement of comparable data

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.

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

(in PLN million)

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

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

Progressing climate change and the resulting changes in the business environment have an impact on the operations of TAURON Polska Energia S.A. and TAURON Group. In particular, it should be noted that activities aimed at combating climate change translate into a changing legal environment, including EU and national legislation gradually increasing environmental protection requirements imposed on enterprises. The above changes translate into an increase in operating costs, particularly in the area of electricity generation from conventional sources, affected in particular by rising prices of CO_2 emission allowances. This, on the other hand, may affect the balance sheet measurement possessed by the Company shares and loans to subsidiaries.

TAURON Polska Energia S.A., as the parent company of TAURON Group, holding shares in subsidiaries in the electricity sector, including companies engaged in the generation of electricity from conventional sources, and providing financing to these companies, is exposed to risks and is a beneficiary of emerging opportunities related to changes in the Company's environment as a consequence of climate change and the measures taken to counteract it, particularly through its impact on the measurement of the Company's exposure to subsidiaries.

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 Company and the Group, in particular by offering products from renewable or zero-carbon generation sources.

The impact of climate change on the Group's operations also includes the occurrence of extreme atmospheric phenomena such as hydrological droughts, heat waves, floods and hurricanes and their impact on the ability of subsidiaries, in particular from segment Renewable Energy Sources and Distribution to generate revenues and gain economic benefits. In third quarter of 2024, flood occurred in south-western Poland as a result of which power infrastructure belonging to TAURON Group subsidiaries, TAURON Dystrybucja S.A. and TAURON Ekoenergia Sp. z o.o., was damaged, as described in more detail in note 60 to the consolidated financial statements for the year ended 31 December 2024.

On 17 December 2024, the *Strategy of TAURON Group for 2025-2025* 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.

(in PLN million)

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

The climate issues affect the estimates and assumptions adopted in the Company's estimation process and the professional judgement of the management, as an effect of translating into the figures reported in these 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 Company believes that climate issues had the most significant impact on the financial statements for the year ended 31 December 2024 in the following scope.

Issue	Note	Description of impact
Impact of climate protection and climate change issues on the impairment tests performed on shares and the measurement of loans granted	11	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 changes in regulations aimed at climate protection and the resulting changes in the structure of electricity generation, taken into account as part of the test assumptions, translated in particular into the estimated levels of electricity prices, CO_2 emission allowances and coal, as well as the assumptions made regarding the volumes and structure of energy production by the Group's generating units, affecting the level of recoverable value of the exposure in TAURON Wytwarzanie S.A., TAURON Ekoenergia Sp. z o.o. and TAURON Zielona Energia Sp. z o.o. Moreover, the impairment tests carried out as at the balance sheet date with regard to the exposure held in TAURON Ciepło Sp. z o.o. were significantly affected by the decarbonisation and transformation process of the Group's district heating business, which was initiated in accordance with the strategy. 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. 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 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 as well as damages to access roads to some facilities. The Company took into account the impact of the flood in the scope of its impairment test of its shareholding in TAURON Ekoenergia Sp. z o.o., in terms of the investment costs and expenses expected to be incurred, the compensations to be paid and the assumed levels of electricity production at the hydroelectric plants affected by the flood. Regarding TAURON Dystrybucja S.A., 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 assumptions adopted in the scope of impairment testing, including those relating to climate issues and the results of the tests performed, are described in detail in Note 11 to these financial statements.
Implementation of investment in the RES Area and change in the mix of generation sources	2 21.1	The TAURON Group's subsidiaries implement 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 (within the 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 following 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

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(in PLN million)

		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 investment projects described above are, in principle, carried out by subsidiaries of TAURON Polska Energia S.A., which provides them with financing in the form of loans for the implementation of these investments as the parent company. In the year ended 31 December 2024, the Company granted loans with a total nominal value of PLN 684 million to companies in the Renewable Energy Sources segment for investment projects involving the construction of wind and photovoltaic farms.
Funding for the purpose of investment aimed at mitigating the negative impact of the Group's activities on climate	30	The Company raises finance with the aim of investing funds to mitigate the negative impact of the TAURON Group's activities on 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 Company carries out its activities in accordance with environmental, climate and social policies. In the Company's opinion, the Company'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. The Company uses available sources of financing for the implementation of investment projects, including domestic and European founds. In December 2024, the Company and Bank Gospodarstwa Krajowego concluded a loan agreements form the found of 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. Although investment projects aimed at minimizing the negative impact of the Group's activities on the climate are implemented in subsidiaries, due to centralised financial management policy, the Company is the main provider of external funding for the Group, including for the purpose of implementation of the sustainable development objectives. The funds are then transferred to the companies essentially through intra-group loans.
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 business customers, based on RES 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. Sales to end customers within the above products are performed by the subsidiaries, TAURON Sprzedaż Sp. z o.o. and TAURON Sprzedaż GZE Sp. z o.o. TAURON Polska Energia S.A. buys and sells electricity to secure the sales needs of these entities.

10. Information on operating segments

10.1. Operating segments

In accordance with IFRS 8 *Operating Segments*, the Company presents information on operating segments in relation to the Group's operations in the consolidated financial statements.

As part of the adopted classification of the Group's operations into operating segments, the activities of the Company are classified in the Sales segment, excluding the administrative expenses of the Company Management incurred for the Group as a whole, which cannot be directly attributed to a single operating segment and are classified under unallocated expenses, as further described in note 12 to the consolidated financial statements of the Group for the year ended 31 December 2024.

(in PLN million)

10.2. Geographical areas of operations

The activity of the Company is mostly carried out on the territory of Poland. Revenues on sales from foreign entities in the years ended 31 December 2024 and 31 December 2023 are presented in the table below.

	Year ended 31 December 2024	Year ended 31 December 2023
Poland	22 816	33 905
Czech Republic	33	409
Total	**22 849**	**34 314**

IMPAIRMENT IN VALUE OF FINANCIAL ASSETS

11. Impairment in value of financial assets

SELECTED ACCOUNTING PRINCIPLES

Shares

Under IAS 36 *Impairment of Assets*, as at each reporting period end, the Company assesses shares held in subsidiaries and joint ventures for objective impairment indication regarding financial assets or asset groups.

If there is any objective indication that the assets may be impaired, the assets are tested for impairment. Shares in subsidiaries and joint ventures, which constitute the main financial asset of the Company, are tested. The amount of the impairment loss is the difference between the carrying amount of a financial asset or group of financial assets and the recoverable amount, which is the fair value less costs of disposal or the value in use, whichever is higher. The value in use is calculated as the present value of estimated future cash flows from the operations of subsidiaries and the estimated residual value discounted using the weighted average cost of capital.

Loans granted

The Company recognises an allowance for expected credit losses on loans granted measured at amortised cost in accordance with the approach described in notes 21 and 38.1.2 to these financial statements The credit risk analyses carried out as at the balance sheet day include, among others, an estimate of future cash flows that may indicate impairment due to credit risk (measurement step 3).

As at the balance sheet date, the Company also revises the fair value of its loans classified as at fair value, with the fair value measurement methodology described in note 37.1 of these financial statements. The fair value measurement takes into account, among other things, the Company's expectation of the impact of projected future cash flows generated by borrowers on loan repayments.

PROFESSIONAL JUDGEMENT AND ESTIMATES

The assumptions adopted as part of the impairment testing of the Company's shares are described below. The assumptions adopted in the cash flow analyses of loans granted in terms of realisable operating cash flows are consistent with the assumptions adopted in the impairment testing of shares.

As at 31 December 2024, the analysis of indications of potential impairment of interests and shares in subsidiaries and joint ventures, as well as analyses in respect of the measurement of intra-group loans, were 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:
  - a further 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, a change in the average electricity price on the SPOT market (average fixing, continuous quotations, RDS) decrease 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 view of the aforementioned changes and decreasing of the price levels forecasts used as assumptions in the impairment tests carried out as of 31 December 2023 have been updated as follows:

- 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;
- a growth 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 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 the Strategy for 2025-2035, which includes an irreversible process of decarbonisation of assets.

In accordance with the licence granted and the indefinite contracts concluded, TAURON Ciepło Sp. z o.o. 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. Taking into account the foregoing, the Company 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 prerequisites of impairment identified above demonstrated the need to carry out impairment tests in the following companies: TAURON Ciepło Sp. z o.o., TAURON Ekoenergia Sp. z o.o., TAURON Zielona Energia Sp. z o.o.

The identified impairment indicators do not apply to the shares of TAURON Dystrybucja S.A. due to the tariff model in place and the simultaneous lack of changes in the regulations of the Energy Regulatory Office (‘ERO’). The approved tariff for 2025 has already been taken into account in the tests carried out as of 31 December 2024.

The impairment indicators identified do not apply to the remaining shares in subsidiaries and joint ventures.

The shares in TAURON Wytwarzanie S.A. and the shares in TAURON Inwestycje Sp. z o.o. were written down to zero in previous financial years and there are no indications for a reversal of the write-down.

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.

(in PLN million)

into liquidation bankruptcy, which has already been taken into account in the tests carried out as of 31 December 2023. The object of activity of TAMEH Czech s.r.o. was 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 was 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 joint venture of 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:

- 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 the TAMEH POLSKA Sp. z o.o. operations leading to the liquidation of assets in 2030;
- shareholders' approved dividend plan in the scope of TAMEH Polska Sp. z o.o. activity in 2024-2029 and the continuation of the company’s activities thereafter.

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

The recoverable amount of shares in subsidiaries and joint ventures is the value in use. The calculation method has been presented below. The tests were carried out based on the current value of the estimated cash flows of the companies' operations on the basis of detailed projections covering the entire life of the companies. The reliance on projections covering a period longer than 5 years results mainly from, The Company is able to reflect the life cycle of assets as accurately as possible, especially production assets, and long-lasting investment processes in the power industry. The macroeconomic and sector-oriented assumptions underlying the projections are updated as frequently as any indications for their modification are observed on the market. The projections also take into account changes in the regulatory environment known as at the date of the test.

Shares and intra-group loans account for about 91% of the balance sheet total as at the balance sheet day.

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.

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 for open position forecast assumes a decrease of 6.4% for 2025 compared to the average 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.

(in PLN million)

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 forecast of dynamic increase RES power a decrease in CO_2 demand, the forecast has been adjusted to current market levels. For 2025, the forecast assume increase of the CO_2 emission allowance price by 4.7%, compare to average price of referecial contract 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 via 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	With regard to the impairment tests o prepared as at 31 December 2023, the working life of unit 10 at the Łagisza Power Plant was reduced by five years in in Jaworzno II Power Plant the operating periods was shortened by one year for unit 3 and for unit 1 and 2 operating period was extended by one and two years, 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. The list below shows the assumptions adopted for the impairment testing of generating plants: – 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, for generating entities from RES segment, the following operating period has been assumed: – Hydroelectric power plants, due to ongoing modernisation work of individual power plants, the useful life has been extended to 2079 relative to the tests at 31 December 2023; – 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 the generating 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.

(in PLN million)

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 and subsequent years and constants level from 2033 till end of 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.
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 price of green certificates by 37.6% compare to 2024. In the period of 2026-2030, the price forecast for green certificates is upward (year-averaged by 19.09%) due to a 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 by 0.2% in 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 increase by 3.6% in 2025 compared to the volume-weighted average price created in 2024. Over the period 2026-2030, the price of green certificates is forecast to grow at an average annual rate of 1.2%.
OZE 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 new 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 the ZW Bielsko-Biała EC2 site, 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 combined heat and power-generating sites, it was assumed that the support would be obtained in future periods, on the level not exceeding current prices on won auctions.
Remuneration	An increase in wages was assumed, based on an increase in the minimum wage with effect for the following years of the financial forecast.
WACC	A weighted average cost of capital (WACC) at a level of 7.74%-9.38% in nominal after-tax terms over the projection period for individual companies was assumed, 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.

Results of impairment tests

The result of the impairment tests on shares in subsidiaries and joint ventures carried out as at 31 December 2024, in accordance with IAS 36 *Impairment of Assets*, indicated a reversal of the impairment loss on the shares in TAURON Ciepło Sp. z o.o.

Company	WACC* assumed in tests as at		Recoverable amount of shares	Amount of recognized reversal of the impairment loss on shares
	31 December 2024	31 December 2023	As at 31 December 2024	Year ended 31 December 2024
TAURON Ciepło Sp. z o.o.	8.83%	9.68%	1 289	585
Total				**585**

** The level of the weighted average cost of capital (WACC) in nominal terms after tax.*

(in PLN million)

The reversal of the impairment loss on the shares held in TAURON Ciepło Sp. z o.o. results, among other, from the receipt of additional government support in the form of a co-generation bonus for ZW Bielsko-Biała EC2, which will significantly improve the margins of the investment in relation to the tests as at 31 December 2023. The foregoing is associated with the process of recognising the impact of the decarbonisation process of TAURON Ciepło Sp. z o.o., which has already commenced. The future cash flows generated from the activities of TAURON Ciepło Sp. z o.o. ensure the possibility to repay the loans granted by the Company.

The impairment tests carried out as at 31 December 2024 on the shares in TAURON Ekoenergia Sp. z o.o. and TAURON Zielona Energia Sp. z o.o. did not reveal any impairment of carrying amount of the shares in the subsidiaries.

The impairment tests carried out on the shares of TAMEH HOLDING Sp. z o.o. as at 30 September 2024 showed that the reduction in the carrying amount of the shares by PLN 9 million was justified. The analyses carried out as at 31 December 2024 did not indicate a need to update the value of the write-down.

Sensitivity analysis

The tables below present the estimated impact of a change in key factors on the recoverable amount of the tested shares and interests in subsidiaries. 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 gas-fired generation assets, 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-fired and gas 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 the recoverable value of shares in TAURON Ciepło Sp. z o.o.
Change in CDS/CSS over the forecast period	+1%	16
	-1%	-16
Change in heat prices in the forecast period	+1%	91
	-1%	-91
Change in amount of cogeneration bonus	+1%	7
	-1%	-7
Change of WACC (net)	+0.1 p.p.	-32
	-0.1 p.p.	33

For shares in entities in the RES segment for which no impairment has been identified, the sensitivity analysis is presented in the table below.

Parameter	Change of assumption aligning the recoverable amount with the carrying amount of shares in:	
	TAURON Ekoenergia Sp. z o.o.	TAURON Zielona Energia Sp. z o.o.
Change in electricity prices over the forecast period	-7.1%	-30.5%
Change of WACC (net)	1.91 p.p.	5.71 p.p.

Results of the analyses in the scope of measurement of the loans granted

The total reduction in the value of shares recognised throughout 2024 on the basis of analyses covering future cash flows amounts to PLN 1 932 million and concern to loan granted to TAURON Wytwarzanie S.A.

(in PLN million)

EXPLANATORY NOTE TO THE STATEMENT OF COMPREHENSIVE INCOME

12. 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 when energy is sold to another energy company and the sold volume is simultaneously repurchased from that company in the same accounting period (exchange). The result of such a transaction is recognised in the statement of comprehensive income on a net basis.

Revenue should be measured in the amount the Company expects to receive for the goods and services sold, following the reduction by value added tax (VAT), excise duty and other sales taxes. The revenue comprises only the inflows of economic benefits received or receivable to the entity's own account. 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. The Company acts as an agent for the purchase, supply and transport of coal and recognises income from the intermediary service - arranging deliveries - in its trading revenue.

In case of goods, revenues are recognised when the Company 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 sales of goods includes the total positive result on transactions related to CO_2 emission allowances, concluded within the trading portfolio, i.e. intended for sale and to generate short-term profit arising from market price fluctuations, including trading in emission allowances, fair value measurement of inventories as well as measurement and settlement of derivative commodity instruments related to CO_2 emission allowances, covered by IFRS 9 *Financial Instruments*.

Revenue from sales of goods includes gains on change in measurement and on exercising derivative commodity instruments falling within the scope of IFRS 9 *Financial Instruments* and related to the purchase and sales of other commodities.

In revenue from sales of services, the Company also presents revenue from the fulfilment of the capacity market obligation, which involves remaining of a capacity market unit in the state of readiness to supply electricity to the system and committing to supply a certain amount of capacity to the system in the period of emergency. The Company, as the capacity supplier, is obliged to fulfil the capacity obligation in favour of PSE S.A., therefore it recognises revenues received from PSE S.A. on account of the fulfilment of the capacity obligation by means of Capacity Market units owned by the TAURON Group companies. The Company assesses that as the capacity supplier it exercises control over the service provided and therefore recognises revenues from the Capacity Market as a principal within the meaning of IFRS 15 *Revenue from contracts with customers.* At the same time, the Company recognises costs for the performance of the capacity obligation by generating units owned by subsidiaries for the needs of the Capacity Market (note 13).

	Year ended 31 December 2024	Year ended 31 December 2023
Revenue from sales of goods and materials	**22 503**	**33 970**
Electricity	17 490	28 938
CO_2 emission allowances	3 809	3 581
Gas	1 203	1 424
Other	1	27
Rendering of services	**346**	**344**
Capacity Market	192	161
Trade services	108	135
Other	46	48
Total sales revenue	**22 849**	**34 314**

In the year ended 31 December 2024, sales revenues decreased in relation to the comparable period and the main changes referred to sales revenues of the following goods:

- Electricity - a decline in revenue by PLN 11 448 million is mainly associated with electricity sales at a lower price. Lower sales prices result from market conditions and the visible decline in energy prices in 2023 for contracts concluded for delivery in 2024. In addition, TAURON Polska Energia S.A. sold a lower volume which results from a lower demand from the Group's sales companies.
- CO_2 emission allowances - an increase in revenue by PLN 228 million is mainly due to the sale of a lower volume of CO_2 emission allowances with a simultaneous accomplishment of sales at a higher price. Revenues in the scope of CO_2 emission allowances in the current and comparable period were mainly related to sales to Group generation companies for the purpose of covering redemption needs resulting from electricity production. The lower sales volume of allowances results from reduced production in generation companies and lower emission.
- Gas - an decline in revenue by PLN 221 million is mainly associated with a decrease in prices and the simultaneous achievement of a higher volume of sales. The higher sales volume results from an increased demand for gas from external contractors and in the subsidiary, TAURON Sprzedaż Sp. z o.o.

(in PLN million)

13. Costs by type

SELECTED ACCOUNTING PRINCIPLES

The Company presents costs by function.

Costs by function include:

- cost of goods, materials and services sold incurred during a given reporting period, including any impairment losses on property, plant and equipment, intangible assets, rights to use assets, receivables and inventories,
- total costs of sales and administrative expenses incurred in the reporting period (recognised separately in the statement of comprehensive income).

Costs of goods sold include the total negative result on transactions related to CO_2 emission allowances, concluded within the trading portfolio, i.e. intended for sale and to generate short-term profit arising from market price volatility, including trading in CO_2 emission allowances, fair value measurement of inventories as well as measurement and settlement of derivative commodity instruments related to CO_2 emission allowances. Costs of goods sold include losses on change in measurement and on exercising derivative commodity instruments falling within the scope of IFRS 9 *Financial Instruments* and related to purchases and sales of other commodities.

Costs that can be assigned directly to revenue generated by the Company affect profit or loss for the period which the revenue pertains to.

Costs that can only be indirectly assigned to revenue or other benefits obtained by the Company affect the profit or loss in the portion pertaining to the given reporting period, and match the revenue or other economic benefits.

	Year ended 31 December 2024	Year ended 31 December 2023
Capacity Market	(192)	(160)
Employee benefits expense	(129)	(128)
Other external services	(46)	(51)
Advertising expenses	(24)	(30)
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	(11)	(12)
Write-down for the Price Difference Payment Fund	(1)	(753)
Allowance for expected credit losses on receivables from buyers	4	25
Other costs by type	(15)	(10)
Total costs by type	**(414)**	**(1 119)**
Selling and distribution expenses	26	33
Administrative expenses	145	116
Value of energy sold	(17 221)	(28 047)
Value of other goods sold	(4 401)	(4 907)
Cost of sales	**(21 865)**	**(33 924)**

In the year ended 31 December 2024, a decrease was recorded in the costs of the Company's operations compared to the corresponding period, with the main changes relating to:

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

(in PLN million)

14. Employee benefit expenses

	Year ended 31 December 2024	Year ended 31 December 2023
Wages and salaries	(104)	(103)
Social security costs	(16)	(16)
Costs of employee retirement plans and post-employment benefits expenses	(6)	(5)
Other employee benefits expenses	(3)	(4)
Total	**(129)**	**(128)**
Items included in cost of sales	(19)	(19)
Items included in selling and distribution expenses	(11)	(9)
Items included in administrative expenses	(99)	(100)

15. Financial revenues and costs

SELECTED ACCOUNTING PRINCIPLES

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

- dividend income;
- interest,
- revaluation of financial instruments, except financial assets measured at fair value where the effects are recognized in other comprehensive income and charged 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 within operating activities where gains/losses on the related trading in goods are also recognized;
- disposal/liquidation of financial assets;
- changes in the balance of a provision resulting from the nearing deadline to incur the expense (discount unwinding effect);
- foreign exchange differences resulting from transactions performed during the reporting period and balance sheet measurement of assets and liabilities at the end of the reporting period, except for differences recognized in the initial value of a fixed asset.

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 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),
- non-monetary items measured at historical cost in foreign currency are converted applying the exchange rate as at the day of original transaction, and
- non-monetary items measured at the fair value in foreign currency are converted applying the exchange rate as at the day of determining the fair value.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and balance sheet valuation of financial assets and liabilities denominated in foreign currencies are recognised in the financial result (in the financial revenues(costs). Currency translation differences representing a part of borrowing costs eligible for capitalisation, are recognised in the value of the relevant assets.

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

	Year ended 31 December 2024	Year ended 31 December 2023
Dividend income	1 336	475
Interest income on loans	848	947
Interest expense	(760)	(928)
Revaluation of shares	551	(271)
Revaluation of loans	(1 994)	(760)
Other finance income and costs, of which:	**(175)**	**(330)**
Loss on derivative instruments	(302)	(747)
Exchange differences	82	314
Other interest income	31	55
Commissions due to external financing	(22)	(19)
Other finance income	43	79
Other finance costs	(7)	(12)
Total, of which:	**(194)**	**(867)**
Income and costs from financial instruments	(214)	(899)
Other finance income and costs	20	32

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

(in PLN million)

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

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

The revaluation of shares in 2024 mainly takes into account the reversal of an impairment loss on the shares in TAURON Ciepło Sp. z o.o. as a result of impairment tests carried out as at 31 December 2024 in the amount of PLN 585 million, as further discussed in note 11 of these financial statements.

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

The loss on derivatives in the 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 to euro exchange rate has also affected the occurrence of exchange rate gains in the current period, which are mainly related to the valuation of external funding in EUR.

16. Income tax

SELECTED ACCOUNTING PRINCIPLES

Current Tax

Income tax recognised in the result of the period comprises real tax burden for a given reporting period determined by the Company in accordance with the binding provisions of the Act on corporate income tax and potential adjustments of tax settlements for previous years.

Deferred Tax

The accounting policy related to deferred tax is described in note 25 to these financial statements.

16.1. Tax expense in the statement of comprehensive income

	Year ended 31 December 2024	Year ended 31 December 2023
Current income tax	**(6)**	**(46)**
Current income tax burden	(5)	(42)
Current income tax adjustments from previous years	(1)	(4)
Deferred tax	**(101)**	**45**
Income tax expense in profit/(loss)	**(107)**	**(1)**
Income tax expense relating to other comprehensive income	**18**	**55**

The increase in deferred tax expense is mainly related to a decrease in deferred tax assets as a result of a decrease in liabilities from the valuation of foreign currency derivative financial instruments and a decrease in liabilities from write-offs to the Price Difference Payment Fund due to their execution.

16.2. Reconciliation of the effective tax rate

	Year ended 31 December 2024	Year ended 31 December 2023
Profit (loss) before tax	**617**	**(637)**
Tax at Poland's statutory tax rate of 19%	**(117)**	**121**
Revaluation of the value of shares and loans granted	(278)	(185)
Dividends received	254	90
Settlement of Tax Capital Group	18	(6)
Changes in the estimate for deferred income tax assets	16	(10)
Other	–	(11)
Tax at the effective tax rate of 17.3% (2023: -0.2%)	**(107)**	**(1)**
Income tax (expense) in profit/(loss)	(107)	(1)

(in PLN million)

17. 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 for a given reporting period by the weighted average number of ordinary shares in the specific 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
Basic and diluted net profit (loss) per share (in PLN)	0.29	(0.36)

The figures for calculating the profit (loss) per share presented in the statement of comprehensive income are presented below.

	Year ended 31 December 2024	Year ended 31 December 2023
Net profit (loss) attributable to ordinary shareholders	510	(638)
Number of ordinary shares	1 752 549 394	1 752 549 394

EXPLANATORY NOTE TO THE STATEMENT OF FINANCIAL POSITION

18. Investment property

SELECTED ACCOUNTING PRINCIPLES

The Company holds an investment property generating revenue from rental fees. The property is rented to a subsidiary. At initial recognition, the investment property is measured at acquisition costs or cost including transaction costs. Following the initial recognition, the Company measures all investment real estate held in accordance with the model based on the purchase price or manufacturing cost described in IAS 16 *Property, Plant and Equipment*. This means that the Company gradually depreciates the property throughout the period of its useful life.

PROFESSIONAL JUDGEMENT AND ESTIMATES

The Company assesses that as at the balance sheet day, the fair value of the property amounts as at 31 December 2024 to approximately PLN 38 million.

	Year ended 31 December 2024	Year ended 31 December 2023
COST		
Opening balance	**54**	**54**
Closing balance	**54**	**54**
ACCUMULATED DEPRECIATION		
Opening balance	**(36)**	**(35)**
Depreciation for the period	–	(1)
Closing balance	**(36)**	**(36)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**18**	**19**
NET CARRYING AMOUNT AT THE END OF THE PERIOD, of which:	**18**	**18**
Buildings and other tangible assets	11	11
Perpetual usufruct right to land	7	7

The investment property is composed of the perpetual usufruct right to land and buildings located in Katowice Szopienice, at ul. Lwowska 23. The lease revenue in the year ended 31 December 2024 amounted to PLN 9 million.

19. Right-of-use assets

SELECTED ACCOUNTING PRINCIPLES

The rights to use the Company assets mainly arise from concluded lease agreements for office space and warehouse premises, car rental and the perpetual usufruct of land.

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.

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

(in PLN million)

The Company's right-of-use assets were measured upon the commencement of the lease at the cost including the amount of the initial measurement of the lease liability.

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 amortization principles applied to assets used under leases are consistent with those applied to depreciation and/or amortization of assets owned by the Company.

PROFESSIONAL JUDGEMENT AND ESTIMATES

At the date of commencement of the lease, the Company 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.

If there is no reasonable certainty that the Company 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.

	Year ended 31 December 2024			Year ended 31 December 2023		
	Buildings and premises	Motor vehicles	Total	Buildings and premises	Motor vehicles	Total
COST						
Opening balance	**52**	**2**	**54**	**44**	**1**	**45**
Increase/(decrease) due to lease changes	–	–	**–**	9	1	**10**
Other	–	–	**–**	(1)	–	**(1)**
Closing balance	**52**	**2**	**54**	**52**	**2**	**54**
ACCUMULATED DEPRECIATION						
Opening balance	**(41)**	**(1)**	**(42)**	**(31)**	**(1)**	**(32)**
Depreciation for the period	(8)	–	**(8)**	(10)	–	**(10)**
Closing balance	**(49)**	**(1)**	**(50)**	**(41)**	**(1)**	**(42)**
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	**11**	**1**	**12**	**13**	**–**	**13**
NET CARRYING AMOUNT AT THE END OF THE PERIOD	**3**	**1**	**4**	**11**	**1**	**12**

20. Shares

SELECTED ACCOUNTING PRINCIPLES

Shares in subsidiaries and jointly controlled entities

Shares in subsidiaries and interests in a joint venture are shown at purchase price, less impairment allowances, if any. Impairment allowances are recognized in line with IAS 36 *Impairment of Assets*, where the carrying amount is compared to the higher of the fair value less costs to sell and the value in use.

Shares in other entities

Shares in entities other than subsidiaries and jointly controlled entities held at the balance sheet date are measured by the Company at a fair value through profit or loss.

PROFESSIONAL JUDGEMENT AND ESTIMATES

As at every balance sheet date the Company assesses if there is any objective indication that the shares may be impaired. If material impairment indications occur, the Company is obliged to carry out impairment tests of shares and recognize an impairment loss or reverse an existing one.

Pursuant to IFRS 9 *Financial Instruments*, the Company classifies and measures at fair value shares in entities other than subsidiaries and jointly-controlled entities. The methodology for calculating fair value is presented in Note 37.1 of these financial statements.

(in PLN million)

Change in shareholding for the year ended 31 December 2024

No.	Company	Gross value			Impairment losses			Net value	
		Opening balance	(Decreases) Increases	Closing balance	Opening balance	Decreases (Increases)	Closing balance	Opening balance	Closing balance
	Consolidated subsidiaries								
1	TAURON Wytwarzanie S.A.	8 482	–	8 482	(8 482)	–	(8 482)	–	**–**
2	TAURON Ciepło Sp. z o.o.	1 928	–	1 928	(1 224)	585	(639)	704	**1 289**
3	TAURON Ekoenergia Sp. z o.o.	1 940	–	1 940	–	–	–	1 940	**1 940**
4	TAURON Zielona Energia Sp. z o.o.	600	–	600	–	–	–	600	**600**
5	TAURON Dystrybucja S.A.	10 512	–	10 512	–	–	–	10 512	**10 512**
6	TAURON Nowe Technologie S.A.	650	–	650	–	–	–	650	**650**
7	TAURON Sprzedaż Sp. z o.o.	614	–	614	–	–	–	614	**614**
8	TAURON Sprzedaż GZE Sp. z o.o.	130	–	130	–	–	–	130	**130**
9	Kopalnia Wapienia Czatkowice Sp. z o.o.	41	–	41	–	–	–	41	**41**
10	Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o.	90	–	90	(90)	–	(90)	–	**–**
11	TAURON Obsługa Klienta Sp. z o.o.	40	–	40	–	–	–	40	**40**
12	Finanse Grupa TAURON Sp. z o.o.	28	–	28	(24)	–	(24)	4	**4**
13	TAURON Inwestycje Sp. z o.o.	95	–	95	(95)	–	(95)	–	**–**
14	Other	5	9	14	–	–	–	5	**14**
	Joint ventures								
15	TAMEH HOLDING Sp. z o.o.	416	–	416	(212)	(9)	(221)	204	**195**
	Entities measured at fair value								
16	EEC Magenta Sp. z o.o. ASI spółka komandytowo–akcyjna	5	(1)	4	–	–	–	5	**4**
17	EEC Magenta Sp. z o.o. 2 ASI spółka komandytowo–akcyjna	54	(15)	39	–	–	–	54	**39**
18	ElectroMobility Poland S.A.	10	(5)	5	–	–	–	10	**5**
19	Other	7	1	8	–	–	–	7	**8**
	Total	**25 647**	**(11)**	**25 636**	**(10 127)**	**576**	**(9 551)**	**15 520**	**16 085**

The most significant changes in shareholding in the year ended 31 December 2024 resulted from the following transactions:

- the reversal of the impairment loss of PLN 585 million on shares in the subsidiary TAURON Ciepło Sp. z o.o. and the recognition of an impairment loss of PLN 9 million on shares in the joint venture, TAMEH HOLDING Sp. z o.o. as a result of impairment tests conducted, as further described in note 11 to these financial statements;
- increase of the share capital in EEC Magenta Sp. z o.o. 2 ASI spółka komandytowo-akcyjna where TAURON Polska Energia S.A. took up a total of 41 301 shares for the total amount of PLN 4 million. At the same time, the Company updated the value of the shares, reducing their value by PLN 19 million.

Change in shareholding for the year ended 31 December 2023

No.	Company	Gross value			Impairment losses			Net value	
		Opening balance	(Decreases) Increases	Closing balance	Opening balance	Decreases (Increases)	Closing balance	Opening balance	Closing balance
	Consolidated subsidiaries								
1	TAURON Wytwarzanie S.A.	7 830	652	8 482	(7 830)	(652)	(8 482)	–	**–**
2	TAURON Ciepło Sp. z o.o.	1 928	–	1 928	(1 224)	–	(1 224)	704	**704**
3	TAURON Ekoenergia Sp. z o.o.	1 940	–	1 940	–	–	–	1 940	**1 940**
4	TAURON Zielona Energia Sp. z o.o.	600	–	600	–	–	–	600	**600**
5	TAURON Dystrybucja S.A.	10 512	–	10 512	–	–	–	10 512	**10 512**
6	TAURON Nowe Technologie S.A.	650	–	650	–	–	–	650	**650**
7	TAURON Sprzedaż Sp. z o.o.	614	–	614	–	–	–	614	**614**
8	TAURON Sprzedaż GZE Sp. z o.o.	130	–	130	–	–	–	130	**130**
9	Kopalnia Wapienia Czatkowice Sp. z o.o.	41	–	41	–	–	–	41	**41**
10	Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o.	90	–	90	(90)	–	(90)	–	**–**
11	TAURON Obsługa Klienta Sp. z o.o.	40	–	40	–	–	–	40	**40**
12	Finanse Grupa TAURON Sp. z o.o.	28	–	28	(24)	–	(24)	4	**4**
13	TAURON Inwestycje Sp. z o.o.	36	59	95	(36)	(59)	(95)	–	**–**
14	Other	5	–	5	–	–	–	5	**5**
	Joint ventures								
15	TAMEH HOLDING Sp. z o.o.	416	–	416	–	(212)	(212)	416	**204**
	Entities measured at fair value								
16	EEC Magenta Sp. z o.o. ASI spółka komandytowo–akcyjna	4	1	5	–	–	–	4	**5**
17	EEC Magenta Sp. z o.o. 2 ASI spółka komandytowo–akcyjna	46	8	54	–	–	–	46	**54**
18	ElectroMobility Poland S.A.	10	–	10	–	–	–	10	**10**
19	Other	–	7	7	–	–	–	–	**7**
	Total	**24 920**	**727**	**25 647**	**(9 204)**	**(923)**	**(10 127)**	**15 716**	**15 520**

(in PLN million)

21. Loans granted

SELECTED ACCOUNTING PRINCIPLES

Loans granted by the Company include term loans granted to subsidiaries, cash pool loans and loans granted to the joint venture. Loans are classified as financial assets measured at amortized cost or at fair value through profit or loss. Loans with a maturity date exceeding 12 months from the balance sheet date are classified as fixed assets and loans with a maturity date not exceeding 12 months from the balance sheet date as current assets, taking into account the expectations as regards the loan repayment as at balance sheet day (intentions regarding the maturity period extension or its refinancing).

PROFESSIONAL JUDGEMENT AND ESTIMATES

The Company makes appropriate classification and valuation of the loans granted. Loans granted and previously intragroup bonds with a maturity period of less than one year, for which an extension of the repayment period or roll-over is planned, or for which the analysis of the company's estimated cash flows showed the justification for postponing the loan repayment date, are classified as long-term instruments. As at 31 December 2024, the nominal value of the aforementioned loans amounted to PLN 4 142 million.

In accordance with the requirements of *IFRS 9 Financial Instruments*, in case of loans measured at amortised cost, the Company estimates the amount of impairment losses on loans, as described in detail below and in Note 38.1.2 of these financial statements. The Company estimates the fair value of loans classified as measured at a fair value. The measurement methodology is described in Note 37.1 to these financial statements.

Loans measured at a fair value are mainly classified as loans to companies in the Renewable Energy segment. In the case of loans granted to the acquired subsidiaries of the Renewable Energy Sources segment in TAURON Group under which investment projects in the form of the construction of wind and photovoltaic farms are carried out, representing the only source of financing for the purchase of a non-financial fixed asset (the borrower's equity is intangible at the time the loan is granted) by these entities, the Company assesses, taking into account above, that the characteristics of the contractual cash flows do not correspond only to the repayment of the principal amount and interest on the outstanding principal amount and also includes an element related to the Company's bearing of the risk connected with the operating activities of the companies from the Renewable Energy Sources segment, therefore such loans are valued at fair value through profit or loss.

Loans granted to the joint venture are classified as financial assets measured at fair value through profit or loss. The estimate of fair value is made in accordance with the measurement methodology described in note 37.1 of these financial statements.

Balances of loans granted by the Company as at 31 December 2024 and 31 December 2023 are presented in the table below.

	As at 31 December 2024			As at 31 December 2023		
	Gross value	Impairment loss	Carrying amount	Gross value	Impairment loss	Carrying amount
Loans measured at amortized cost	**8 484**	**(63)**	**8 421**	**10 887**	**(52)**	**10 835**
Loans granted to subsidiaries	8 401	(27)	**8 374**	10 001	(35)	**9 966**
Loans granted under cash pool agreement	83	(36)	**47**	886	(17)	**869**
Loans measured at fair value	**1 988**	**n.a.**	**1 988**	**1 576**	**n.a.**	**1 576**
Loans granted to subsidiaries	1 509	n.a.	**1 509**	1 219	n.a.	**1 219**
Loans granted to EC Stalowa Wola S.A.	479	n.a.	**479**	357	n.a.	**357**
Total	**10 472**	**(63)**	**10 409**	**12 463**	**(52)**	**12 411**
Non-current	9 914	(26)	**9 888**	11 307	(34)	**11 273**
Current	558	(37)	**521**	1 156	(18)	**1 138**

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

21.1. Loans granted to subsidiaries

Company	Maturity date according to agreement	As at 31 December 2024				As at 31 December 2023			
		Outstanding principal and contractual interest accrued	Gross value	Impairment loss	Carrying amount	Outstanding principal and contractual interest accrued	Gross value	Impairment loss	Carrying amount
Loans measured at amortized cost		**12 269**	**8 401**	**(27)**	**8 374**	**11 957**	**10 001**	**(35)**	**9 966**
TAURON Dystrybucja S.A.	2025-2029	5 963	5 923	(19)	**5 904**	5 452	5 395	(21)	**5 374**
TAURON Wytwarzanie S.A.	2025-2030	4 881	1 128	–	**1 128**	4 881	3 068	–	**3 068**
TAURON Ciepło Sp. z o.o.	2025-2030	949	949	(7)	**942**	981	980	(11)	**969**
TAURON Ekoenergia Sp. z o.o.	2025	160	160	–	**160**	160	158	(1)	**157**
TAURON Obsługa Klienta Sp. z o.o.	2025	131	131	(1)	**130**	226	226	(2)	**224**
TAURON Inwestycje Sp. z o.o.	2025-2033	75	–	–	**–**	83	–	–	**–**
TAURON Nowe Technologie S.A.	2025-2028	33	33	–	**33**	43	43	–	**43**
AE ENERGY 7 Sp. z o.o.	2025-2026	27	27	–	**27**	–	–	–	**–**
Finadvice Polska 1 Sp. z o.o.	2028	22	22	–	**22**	–	–	–	**–**
"MEGAWATT S.C." Sp. z o.o.		–	–	–	**–**	43	43	–	**43**
WIND T30MW Sp. o.o.		–	–	–	**–**	35	35	–	**35**
Windpower Gamów Sp. z o.o.		–	–	–	**–**	34	34	–	**34**
Other	2025-2026	28	28	–	**28**	19	19	–	**19**
Loans measured at fair value		**1 689**	**1 509**	**n.a.**	**1 509**	**1 136**	**1 219**	**n.a.**	**1 219**
"MEGAWATT S.C." Sp. z o.o.	2026-2038	366	387	n.a.	**387**	372	449	**n.a.**	**449**
WIND T30MW Sp. z o.o.	2025-2038	266	219	n.a.	**219**	213	216	**n.a.**	**216**
Windpower Gamów Sp. z o.o.	2025-2038	263	214	n.a.	**214**	211	214	**n.a.**	**214**
WIND T4 Sp. z o.o.	2025-2038	183	152	n.a.	**152**	76	78	**n.a.**	**78**
AE ENERGY 7 Sp. z o.o.	2027-2032	178	144	n.a.	**144**	–	–	**-**	**–**
FF Park PV1 Sp. z o.o.	2025-2034	160	144	n.a.	**144**	146	146	**n.a.**	**146**
WIND T2 Sp. z o.o.	2026-2034	103	87	n.a.	**87**	37	37	**n.a.**	**37**
Finadvice Polska 1 Sp. z o.o.	2028-2038	97	91	n.a.	**91**	–	–	–	**–**
TAURON Ekoenergia Sp. z o.o.	2025-2032	42	40	n.a.	**40**	48	44	**n.a.**	**44**
TAURON Ciepło Sp. z o.o.	2025-2034	31	31	n.a.	**31**	–	–	-	**–**
Energetyka Cieszyńska Sp. z o.o.*		n.a.	n.a.	n.a.	n.a.	33	35	n.a.	**35**
Total		**13 958**	**9 910**	**(27)**	**9 883**	**13 093**	**11 220**	**(35)**	**11 185**
Non-current			9 425	(26)	**9 399**		10 950	(34)	**10 916**
Current			485	(1)	**484**		270	(1)	**269**

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

Loans granted to subsidiaries bear a fixed interest rate.

The decrease in the carrying amount of the loan granted to the subsidiary, TAURON Wytwarzanie S.A. is the result of recognizing the effects of updating the assumptions adopted in the repayment scenarios of the financing granted to TAURON Wytwarzanie S.A., taking into account the forecast of the company's future cash flows. The update of the assumptions regarding the operating cash flows that can be realized by TAURON Wytwarzanie S.A. is consistent with the assumptions adopted in the impairment tests and was disclosed in Note 11 to these financial statements. In the year ended December 31, 2024, as a result of the analyses performed, the Company reduced the carrying amount of the loan by PLN 1 932 million.

Change in loans measured at amortised cost and impairment losses

	Year ended 31 December 2024				
	Level 1: allowance equal to expected credit losses in a 12 month period (no impairment)	Level 2: allowance for expected credit losses over the life period (no impairment)	Level 3: allowance for expected credit losses over the life period - with impairment	Instruments purchased with an impairment	Total
Gross value					
Opening balance	**6 933**	**–**	**–**	**3 068**	**10 001**
Loan repayment	(310)	–	–	(8)	**(318)**
Loan granting	622	–	–	–	**622**
Loss of value	–	–	–	(1 932)	**(1 932)**
Interest accrued	323	–	–	464	**787**
Interest received	(295)	–	–	(464)	**(759)**
Closing balance	**7 273**	**–**	**–**	**1 128**	**8 401**
Impairment loss					
Opening balance	**(35)**	**–**	**–**	**–**	**(35)**
Reversal	8	–	–	–	**8**
Closing balance	**(27)**	**–**	**–**	**–**	**(27)**
Net carrying amount at the beginning of the period	**6 898**	**–**	**–**	**3 068**	**9 966**
Net carrying amount at the end of the period	**7 246**	**–**	**–**	**1 128**	**8 374**

(in PLN million)

	Year ended 31 December 2023				
	Level 1: allowance equal to expected credit losses in a 12 month period (no impairment)	Level 2: allowance for expected credit losses over the life period (no impairment)	Level 3: allowance for expected credit losses over the life period - with impairment	Instruments purchased with an impairment	Total
Gross value					
Opening balance	**6 770**	**681**	**7**	**3 635**	**11 093**
Loan repayment	(72)	(26)	(7)	–	**(105)**
Debt-to-equity conversion	–	(652)	–	–	**(652)**
Loan granting	283	–	–	–	**283**
Modification of loans	(67)	–	–	–	**(67)**
Loss of value	–	–	–	(567)	**(567)**
Interest accrued	308	22	–	453	**783**
Interest received	(289)	(25)	–	(453)	**(767)**
Closing balance	**6 933**	**–**	**–**	**3 068**	**10 001**
Impairment loss					
Opening balance	**(49)**	**(95)**	**(7)**	**–**	**(151)**
Recognition	(2)	–	–	–	**(2)**
Reversal	16	95	7	–	**118**
Closing balance	**(35)**	**–**	**–**	**–**	**(35)**
Net carrying amount at the beginning of the period	**6 721**	**586**	**–**	**3 635**	**10 942**
Net carrying amount at the end of the period	**6 898**	**–**	**–**	**3 068**	**9 966**

21.2. Loans granted to joint ventures

	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		

21.3. Loans granted under the cash pool service

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

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

	As at 31 December 2024			As at 31 December 2023		
	Gross value	Impairment loss	Carrying amount	Gross value	Impairment loss	Carrying amount
Receivables from cash pool transactions	83	(36)	**47**	881	(17)	**864**
Interest receivable from cash pool transactions	–	–	**–**	5	–	**5**
Total	**83**	**(36)**	**47**	**886**	**(17)**	**869**
Non-current	10	–	**10**	–	–	**–**
Current	73	(36)	**37**	886	(17)	**869**

Information concerning cash pool liabilities is presented in Note 30.4 to these financial statements.

22. Derivatives and hedge accounting

SELECTED ACCOUNTING PRINCIPLES

Derivative instruments

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 day.

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.

(in PLN million)

Hedge accounting

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

In order to hedge the interest rate risk, the Company uses IRS (Interest Rate Swap) contracts. These instruments hedge cash flows related to the Company indebtedness. Such transactions are subject to hedge accounting.

At the inception of the hedge the Company 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 in 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 purchasing the asset (capitalization of external financing costs). For IRS, interest costs arising from debt are adjusted accordingly.

PROFESSIONAL JUDGEMENT AND ESTIMATES

The Company estimates fair value at each balance sheet day using the methodology described in the table below. The Group tests the effectiveness of the hedge at each balance sheet date. For the year ended 31 December 2024 and the comparative period, the hedge was fully effective.

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 consecutively until 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.

(in PLN million)

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	**7**	**(365)**	(358)	–	**17**	**(679)**	(662)	–
Total	**256**	**(439)**			**441**	**(813)**		
Non-current	90	(64)			149	(169)		
Current	166	(375)			292	(644)		

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

23. Other financial assets

SELECTED ACCOUNTING PRINCIPLES

Other financial assets include, inter alia, bid bonds, deposits, collateral transferred including deposits from settlements on foreign exchanges and funds contributed under the Guarantee Fund to Izba Rozliczeniowa Giełd Towarowych S.A. in connection with the Company's transactions on the Polish Power Exchange and receivables from income tax settlements from companies in the Tax Capital Group.

PROFESSIONAL JUDGEMENT AND ESTIMATES

As required by IFRS 9 *Financial Instruments*, the Company estimates the amount of the allowance for expected credit losses for other financial assets measured at amortised cost.

	As at 31 December 2024	As at 31 December 2023
Bid bonds, deposits, collateral transferred	37	355
Receivables arising from income tax settlements of the TCG companies	22	78
Dividend receivables from TAMEH HOLDING Sp. z o.o.	32	32
Other	65	1
Total	**156**	**466**
Non-current	33	33
Current	123	433

The decrease in the amount of deposits, security deposits and collateral provided is mainly related to the full repayment of the cash deposit, the carrying amount of which as at 31 December 2023 was PLN 332 million, 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.), in connection with the recognition by BGK of a bank guarantee issued at the Company's request up to the amount of PLN 300 million (note 40) and a partial repayment of the loan by Elektrociepłownia Stalowa Wola S.A.

Receivables due to income tax settlements of the Tax Capital Group are described in more detail in note 33 to these financial statements.

On the basis of the analyses carried out as part of the impairment tests related to the insolvency of TAMEH Czech s.r.o., the Company assessed that, as at the balance sheet date, the dividend receivables from TAMEH HOLDING Sp. z o.o. in the amount of PLN 32 million are non-current.

(in PLN million)

24. Other non-financial assets

SELECTED ACCOUNTING PRINCIPLES

The Company recognises mainly advance payments for deliveries, accruals and settlements of taxes and fees as other non-financial assets, with the exception of income tax, which is presented as a separate item in the statement of financial position.

Prepayments are determined at a level of expenditure incurred, determined reasonably, referring to future periods, which will result in future inflows of economic benefits to the entity. Write-downs on prepayments of costs may be applied adequately to the lapse of time or the level of benefits.

	As at 31 December 2024	As at 31 December 2023
Prepaid fee on debt	10	10
Other	12	10
Total	**22**	**20**
Non-current	17	17
Current	5	3

25. Deferred income tax

SELECTED ACCOUNTING PRINCIPLES

Deferred Tax

In connection with temporary differences between the value of assets and liabilities recognised in the accounts and their tax value as well as tax loss deductible in the future, the Company recognises the liability and determines assets due to deferred income tax.

The carrying amount of a component of assets due to deferred income tax is verified as at each balance sheet date. The Company decreases the carrying amount of a component of assets due to deferred income tax to the extent it is improbable to achieve taxable income sufficient for the partial or full realisation of the component of assets due to deferred income tax. Unrecognised assets due to deferred income tax are subject to verification as at each balance sheet date and recognised to the extent it becomes probable that the future taxable income will enable their realisation. The Company recognises deferred tax assets for deductible temporary differences associated with investments in subsidiaries only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the deductible temporary differences can be utilised.

Assets due to deferred income tax and the liability due to deferred income tax are measured by applying tax rates which, according to the expectations will be applied if the component of assets is realised or if the provision is reversed, adopting as a base tax rates (and tax regulations) which were legally applicable or in relation to which the legislative process has been, in principle, completed as at the balance sheet date.

Income tax relating to items recognised outside the profit or loss, i.e. items recognised in other comprehensive income or directly in equity, is recognised in other comprehensive income or equity, respectively.

The Company sets off deferred tax assets against deferred tax liabilities when it has a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax asset and liability relate to the same tax authority.

PROFESSIONAL JUDGEMENT AND ESTIMATES

The Company assesses the realisability and verifies unrecognised deferred tax assets at each balance sheet date. As at the balance sheet day, the Company recognised deferred tax assets in the amount of PLN 75 million due to the projected inability of complete execution of the asset.

The Company assesses that with regard to the negative temporary differences associated with the recognition of impairment losses on shares and interests in subsidiaries in the amount of PLN 9 330 million, the conditions for the recognition of a deferred tax asset are not met.

The Company recognise a tax loss asset for 2022 from the capital gains in amount of PLN 32 million. No deferred tax asset was recognised for the remaining part of the loss due to the lack of forecasted tax revenues that would allow for its realisation.

(in PLN million)

	As at 31 December 2024	As at 31 December 2023
Deferred tax liabilities		
measurement of derivative instruments	13	24
valuation of hedging instruments	35	57
accrued interest and the valuation of loans granted	69	70
other	18	18
Total	**135**	**169**
Deferred tax assets		
measurement of derivative instruments	83	151
accrued interest and the valuation of debt	32	45
provisions, accruals and deferred income	6	5
different timing of recognition of revenue and cost of sales for tax purposes	4	61
tax losses	32	–
other	56	52
Total	**213**	**314**
Unrecognized deferred tax assets	(75)	(59)
Recognized deferred tax assets/(liabilities), net	**3**	**86**

26. Inventories

SELECTED ACCOUNTING PRINCIPLES

As part of inventories, the Company primarily recognises acquired CO_2 emission allowances that are held for trading purposes, including sale to Group companies for redemption purposes.

Inventories of CO_2 emission allowances acquired for the purpose of selling and achieving a profit resulting from market price volatility in the short term are measured at initial recognition and at fair value at each balance sheet date.

Inventories of CO_2 emission allowances purchased for redemption purposes are initially recognised at a purchase price and measured as at the balance sheet day at a lower of the purchase price or the net achievable sales price. If the purchase price is higher than the net achievable sales prices, the Company recognises the relevant allowance, which is charged to operating expenses.

Disposal of purchased CO_2 emission rights is measured using the FIFO method.

	As at 31 December 2024		As at 31 December 2023	
	Gross Value	Carrying amount	Gross Value	Carrying amount
CO_2 emission allowances	34	34	12	12

27. Receivables from buyers

SELECTED ACCOUNTING PRINCIPLES

Receivables from buyers are recognised and presented at the amounts originally invoiced, except where the effect of the time value of money is material, taking into account impairment due to expected future credit losses.

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

- a material delay in payment,
- a debtor is put in liquidation, declared bankrupt or undergoes restructuring procedures,
- the receivables are claimed at administrative or common court, or undergo enforcement.

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

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.

PROFESSIONAL JUDGEMENT AND ESTIMATES

For the portfolio of strategic counterparties, it is expected that the historical performance does not provide full information on the expected credit losses that the Company may be exposed to. The risk of insolvency on the part 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.

It is expected that the historical performance information concerning receivables from other counterparties may reflect the credit risk that will be faced in future periods. The expected credit losses for this group of counterparties were estimated using the receivables ageing matrix and the percentage ratios assigned to the various ranges and groups (including receivables claimed at court, receivables from counterparties in bankruptcy) allowing to estimate the value of receivables from customers expected to be outstanding.

(in PLN million)

In order to consider future factors, the Company adjusts the historical probability of default using the probability level implied by quotes of annual Credit Default Swap (CDS) instruments for each rating.

	As at 31 December 2024	As at 31 December 2023
Gross Value		
Receivables from buyers	1 748	2 497
Total	**1 748**	**2 497**
Allowance/write-down		
Receivables from buyers	(2)	(7)
Total	**(2)**	**(7)**
Net Value		
Receivables from buyers	1 746	2 490
Total	**1 746**	**2 490**

As at 31 December 2024 and 31 December 2023, receivables from the subsidiary, TAURON Sprzedaż Sp. z o.o. constituted the highest balance of receivables from customers amounting to PLN 1 359 million and PLN 1 986 million, respectively.

The ageing of receivables from customers is presented below.

	As at 31 December 2024			As at 31 December 2023		
	Not past due	*Past due to 30 days*	Total	*Not past due*	*Past due 30-90 days*	Total
Value of item before allowance/write-down	1 747	1	**1 748**	2 495	2	**2 497**
Allowance/write-down	(2)	–	**(2)**	(7)	–	**(7)**
Net Value	**1 745**	**1**	**1 746**	**2 488**	**2**	**2 490**

Transactions with related parties and balances of settlements with these entities are presented in note 43.1 of these financial statements.

28. 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 Power Exchange.

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 Company's opinion do not constitute cash and cash equivalents in the cash flow statement.

With effect from the financial statements for the year ended 31 December 2024, as a result of the change in judgment, as further described in note 6 to these financial statements, the Company's settlement balance with its subsidiaries under the cash pool agreement is not an adjustment to cash and cash equivalents in the statement of cash flows.

	As at 31 December 2024	As at 31 December 2023
Cash and cash equivalents presented in the statement of financial position, of which:	**172**	**484**
restricted cash, including:	84	201
collateral of settlements with Izba Rozliczeniowa Giełd Towarowych S.A.	*81*	*182*
cash on VAT bank accounts (split payment)	*2*	*19*
Cash pool	–	(750)
Overdraft facility	(35)	–
Collateral of settlements with Izba Rozliczeniowa Giełd Towarowych S.A.	(3)	(20)
Foreign exchange	(1)	(1)
Cash and cash equivalents presented in the statement of cash flows	**133**	**(287)**

(in PLN million)

29. Equity

SELECTED ACCOUNTING PRINCIPLES

Issued capital

In the financial statements, issued capital is presented at the amount specified in the articles of association and entered in the Company's court register.

Reserve 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 joint stock company, until its amount equals at least one-third of the issued capital.

Hedging instruments revaluation reserve

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.

29.1. 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**	

29.2. Major Shareholders

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 issued capital	Percentage of total vote[1]
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[2]	98 630 000	493	5.63%	5.06%
Other shareholders	944 960 444	4 725	53.92%	54.49%
Total	**1 752 549 394**	**8 763**	**100%**	**100%**

[1] *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 entitled to exercise the right to more than 10% of votes at the General Shareholders' Meeting of the Company. The limitation does not apply to the State Treasury and State Treasury owned companies in the period when the State Treasury and State Treasury owned companies hold shares in the Company authorising to at least 25% of the total votes in the Company.*
[2] *According to the list of shareholders holding at least 5% of the voting rights at the Company's OGM on 10 May 2023 and subsequently at the Company's Extraordinary General Meeting on 3 September 2024.*

As at 31 December 2024, to the best of the Company knowledge, the value of issued capital, the number of shares, the nominal value of shares and the shareholding structure, 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:

- 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.

(in PLN million)

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.

29.3. Supplementary capital

	As at 31 December 2024	As at 31 December 2023
Amounts from distribution of prior years' profits	2 438	3 076
Total reserve 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 thousand 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.

29.4. 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**

Revaluation reserve arising from measurement of hedging instruments is related to the measurement of Interest Rate Swaps (IRS) hedging interest rate risk due to indebtedness, as described in more detail in Note 22 to these financial statements. For the transactions concluded, the Company applies hedge accounting.

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

29.5. Retained profits / (uncovered losses)

	As at 31 December 2024	As at 31 December 2023
Financial result for the year ended 31 December 2024	510	–
Financial result for the year ended 31 December 2023	–	(638)
Restated result for the year ended 31 December 2020	338	338
Effects of implementing IFRS 9 Financial Instruments	(388)	(388)
Settlement of mergers with subsidiaries	81	81
Total retained profits/ (accumulated losses)	**541**	**(607)**

29.6. Dividends paid and proposed for disbursement

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.

30. Debt liabilities

SELECTED ACCOUNTING PRINCIPLES

Within debt obligations in the statement of financial position, the Company presents:

• Loans, borrowings, bonds issued

At initial recognition, all credits, loans and bonds issued are measured at fair value less the cost incurred to obtain a borrowings or loan as well as discounts or bonuses obtained due to the liability. After the initial recognition, interest-bearing facilities, loans and debt securities are subsequently 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 of the Company as at the balance sheet include:

(in PLN million)

- 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.

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 Company 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 reporting period extending period of availability for 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 Company individual rating, taking into account a breakdown by lease term. Selected lease agreements contain a provision on a right of redemption (purchase option), but as at the balance sheet date the lease payments included in the measurement of the lease liabilities do not include the exercise price of the purchase option, due to the fact that the Company does not intend to exercise the option.

A description of the other estimates and judgements in identifying leases is provided in note 19 of these financial statements, concerning the rights to use assets.

	As at 31 December 2024			As at 31 December 2023 *(restated figures)*		
	Long-term	Short-term	Total	Long-term	Short-term	Total
Bank loans	6 105	830	**6 935**	7 326	1 785	**9 111**
Unsubordinated bonds	2 711	1 209	**3 920**	3 915	210	**4 125**
Subordinated bonds	1 132	3	**1 135**	1 913	5	**1 918**
Cash pool loans received	–	2 429	**2 429**	–	1 636	**1 636**
Loan from the subsidiary	711	2	**713**	724	2	**726**
Lease	2	4	**6**	6	10	**16**
Total	**10 661**	**4 477**	**15 138**	**13 884**	**3 648**	**17 532**

The Company is the main provider of external financing to the Group for general corporate purposes and to finance the TAURON Group's capital expenditure, including activities supporting the minimisation of the climate impact of the Group's operations and pro-environmental measures.

30.1. Bank loans

Borrowing institution	Interest rate	Currency	Maturity date/ validity date	As at 31 December 2024	As at 31 December 2023
Consortiums of banks - revolving credits	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
Bank Gospodarstwa Krajowego - overdraft facility	floating	PLN	2027	35	–
Total				**6 935**	**9 111**

(in PLN million)

In the year ending on 31 December 2024, the Company 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)
Total, including:	**7 920**	**(10 111)**
Cash flows	6 870	(9 061)
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 Company 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 29 October 2024, the Company concluded:
  1. 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 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 syndicated loan agreement for the amount of PLN 900 million with Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. Branch in Poland, 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 seven years. All of the funds made available under the syndicated loan agreement will be used to cover TAURON Group's expenses related to the financing or refinancing of expenses in the area of renewable energy sources (including expenses related to the acquisition of companies implementing projects in the area of renewable energy sources).

  As at the 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.

(in PLN million)

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 a loan 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 syndicated loan agreement 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 (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.

30.2. Bonds issued

Investor	Interest rate	Currency	Nominal value of bonds issued in currency	Maturity date	Carrying amount	
					As at 31 December 2024	As at 31 December 2023
Bank Gospodarstwa Krajowego	floating, based on WIBOR 6M	PLN	400	2025-2028	401	501
			350	2025-2029	351	421
A series bonds (TPE1025)	floating, based on WIBOR 6M	PLN	1 000	2025	1 011	1 011
Eurobonds	fixed	EUR	500	2027	2 157	2 192
Unsubordinated bonds					**3 920**	**4 125**
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					**5 055**	**6 043**

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

Non-subordinated bonds

The Eurobonds with the nominal value of PLN 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.

(in PLN million)

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.

Additionally, the Company, at the balance sheet date, the programme for the issue of subordinated bonds, concluded in 2021 with Bank Gospodarstwa Krajowego up to PLN 450 million, which was not used by the Company has expired after balance sheet date.

30.3. 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 maintained. At the end of the comparative period, the covenant was also met.

30.4. Loans received under the cash pool service

As at 31 December 2024 and as at 31 December 2023, the Company had current liabilities on account of cash pool transactions amounting to PLN 2 429 million and PLN 1 636 million, respectively. The liability arises from the Group's cash pool service mechanism, which is described in more detail, including the presentation of receivables arising from cash pool transactions, in note 21.3 of these financial statements.

30.5. Loan from subsidiary

The liability of the Company amounting to PLN 713 million (EUR 167 million) as at 31 December 2024 relates to the long-term loan received from the subsidiary, Finanse Grupa TAURON Sp. z o.o. under the agreement concluded between TAURON Polska Energia S.A. and the subsidiary, Finanse Grupa TAURON Sp. z o.o. (formerly TAURON Sweden Energy AB (publ)). The loan agreement in the amount of EUR 167 million was concluded in 2014 and bears interest at a fixed rate while the interest is paid annually until the full repayment of the loan. The repayment deadline of the loan falls on 29 November 2029.

30.6. Lease liabilities

Lease liability relates mainly to the lease of office premises and warehouses, rental of cars and the perpetual usufruct of land.

Ageing of the lease liability

	As at 31 December 2024	As at 31 December 2023
Within 1 year	4	10
Within 1 to 5 years	1	4
More than 5 years	5	7
Gross lease liabilities	**10**	**21**
Discount	(4)	(5)
Present value of lease payments	**6**	**16**

(in PLN million)

31. Other financial liabilities

SELECTED ACCOUNTING PRINCIPLES

The Company's other financial liabilities include, among others, liabilities for guarantees and financial sureties issued, which are measured in accordance with IFRS 9 *Financial Instruments* at the amount of expected credit losses, and: liabilities to subsidiaries for Tax Capital Group settlements, payroll liabilities, bid bonds, deposits, collateral received, which are measured at the amount due, due to the immaterial impact of discounting.

	As at 31 December 2024	As at 31 December 2023
Valuation of guarantees and financial sureties	23	26
Wages and salaries as well as other employee related liabilities	13	9
Liabilities arising from income tax settlements of the TCG companies	8	185
Bid bonds, deposits and collateral received	3	6
Other	17	14
Total	**64**	**240**
Non-current	5	6
Current	59	234

32. Liabilities to suppliers

SELECTED ACCOUNTING PRINCIPLES

Current liabilities to suppliers are recognised at the amount due.

	As at 31 December 2024	As at 31 December 2023
Liabilities to subsidiaries, including:	780	672
TAURON Wytwarzanie S.A.	*525*	*427*
TAURON Ekoenergia Sp. z o.o.	*116*	*73*
TAURON Ciepło Sp. z o.o.	*85*	*127*
TAURON Sprzedaż Sp. z o.o.	*22*	*21*
TAURON Sprzedaż GZE Sp. z o.o.	*23*	*3*
Other subsidiaries	*9*	*21*
Liabilities to other suppliers	240	307
Total	**1 020**	**979**

33. Income tax liabilities and Tax Capital Group

As of 31 December 2024, the Tax Capital Group had an income tax liability of PLN 16 million, which represents a surplus of the 2024 tax burden of PLN 106 million over the 2024 advance payments of PLN 90 million made by the Tax Capital Group. At the same time, due to the Company's settlements as the Representative Company with subsidiaries belonging to the Tax Capital Group, the Company had a liability to these subsidiaries for overpaid tax in the amount of PLN 8 million recognised as other financial liabilities and receivables from subsidiaries forming the Tax Capital Group for tax settlements in the amount of PLN 22 million recognised in other financial assets.

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.

Main companies forming the TCG as of 1 January 2023 include: TAURON Polska Energia S.A., TAURON Dystrybucja S.A., TAURON Sprzedaż Sp. z o.o., TAURON Sprzedaż GZE Sp. z o.o., TAURON Obsługa Klienta Sp. z o.o., TAURON Ekoenergia Sp. z o.o., TAURON Ciepło Sp. z o.o., TAURON Zielona Energia Sp. z o.o., TAURON Nowe Technologie S.A. and Kopalnia Wapienia Czatkowice Sp. z o.o. TAURON Wytwarzanie S.A. is not part of the Tax Capital Group.

In 2024, events took place that affected the assessment of maintenance of the TCG's operating conditions with regard to the Company's required maintenance of 75% of the shares in the share capital of TCG's subsidiaries.

As a result of the 2024 merger process, on 1 July 2024, the merger of TAURON Zielona Energia Sp. z o.o. was registered with the National Court Register owned by TCG (the acquiring company) with 10 limited partnerships (the acquired companies) for which, until the merger, TAURON Zielona Energia Sp. z o.o. was the sole limited partner holding almost 100% of all their rights and obligations. As part of the legal action involving the merger and capital increase of TAURON

(in PLN million)

Zielona Energia Sp. z o.o., the Company identified the occurrence of a situation fulfilling the prerequisites of a material error, as referred to in Article 84 of the Act of 23 April 1964 on the Civil Code, with regard to the share exchange parity, as a result of which the registration of the increase translated into a reduction in the Company's share in the share capital of TAURON Zielona Energia Sp. z o.o. from 100% to 62.5%.

After the balance sheet date, on 4 February 2025, the Regional Court in Katowice, in a judgement issued, declared the invalidity of the resolution of the Extraordinary Meeting of Shareholders of TAURON Zielona Energia Sp. z o.o. on the merger of the acquiring company with the acquired companies, and on 21 March 2025, the District Court for Katowice Wschód, 8th Economic Division of the National Court Register retroactively deleted from the National Court Register the entry of 1 July 2024 on the merger of TAURON Zielona Energia Sp. z o.o. with 10 limited partnerships.

While awaiting the legal ruling, on 27 December 2024, the Company, as the parent company of the TCG, received a decision stating that the decision to register the agreement on the establishment of the TCG had expired as of 1 July 2024 due to a breach of the condition that the Company should hold at least 75% of the shares in the share capital of TAURON Zielona Energia Sp. z o.o. Subsequently, on 11 February 2025, as a result of effective appeal, the Company received a decision from the Director of the Tax Administration Chamber in Warsaw to revoke in its entirety the decision of the Head of the First Tax Office for the Mazowieckie Province in Warsaw concerning the expiry of the decision on the registration of the agreement on the establishment of the TCG on 1 July 2024 and referring the case for reconsideration by this authority. In the opinion of the Director of the Tax Administration Chamber in Warsaw, the first instance authority disregarded the evidence and circumstances presented by the Company prior to issuing the decision, in particular the fact that TAURON Zielona Energia Sp. z o.o. filed a lawsuit on 5 December 2024 to declare invalid the resolution of the shareholders' meeting adopted in connection with the merger of the companies and the increase in the capital 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 had resolved the issue of the effectiveness of the merger.

Having considered the legal settlement, on 24 March 2025, the Head of the First Tax Office for the Mazowieckie Province in Warsaw issued the decision to discontinue the tax proceedings regarding the expiry of the decision to register the agreement on the establishment of the TAURON Tax Capital Group. The receipt of the decision confirmed the maintenance of TCG status.

Throughout 2024, the Company made tax settlements consistently calculating advances in a manner appropriate for the TCG. The final decisions of the tax authorities confirmed the legitimacy of these settlements and did not give rise to tax arrears, including those that may result in the need to pay interest.

34. Other current non-financial liabilities

SELECTED ACCOUNTING PRINCIPLES

Other non-financial liabilities include, in particular, liabilities on account of advances received which are settled by the delivery of goods as well as tax and fee settlements which include:

- VAT settlements;
- personal income tax and social security settlements;
- tax settlements related to civil law transactions;
- other public law settlements.

	As at 31 December 2024	As at 31 December 2023
VAT	298	680
Social security	7	7
Liabilities due to write-down for the Price Difference Payment Fund	–	317
Other	3	1
Total	**308**	**1 005**

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

(in PLN million)

35. Other provisions, accruals and governmental subsidies

SELECTED ACCOUNTING PRINCIPLES

Accruals and governmental subsidies

The Company recognises accruals mainly for bonuses and unused holiday leave.

Provisions for employee benefits

In accordance with the remuneration system adopted, employees of the Company are entitled to post-employment benefits: retirement and disability severance pay and benefits from the Company Social Benefits Fund. The provision for death compensation to which the family of the deceased employee is entitled is created in accordance with the terms and in the amount included in the Labour Code.

The current value of such liabilities as at the balance sheet day is calculated by an independent underwriter. The accrued liabilities are equal to discounted future payments, including employee turnover, and pertain to the time remaining until the balance sheet day. Demographic information and employee turnover data are based on historical data. Actuarial gains and losses on post-employment benefits are fully charged to other comprehensive income.

Other provisions

Provisions are recognised if the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated.

	As at 31 December 2024	As at 31 December 2023
Accruals and governmental subsidies, including:	25	24
Accruals due to bonuses	*12*	*14*
Provision for post-employment employee benefits	7	7
Other provisions	7	4
Total	**39**	**35**
Non-current	9	8
Current	30	27

EXPLANATORY NOTE TO THE STATEMENT OF CASH FLOWS

SELECTED ACCOUNTING PRINCIPLES

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

The overdrafts, constituting the integral part of cash management in the Company, are recognised in the item "Cash and equivalents" for the purpose of drawing up the statement of cash flows.

36. Significant items of the statement of cash flows

36.1. Cash flows from operating activities

Change in working capital

	Year ended 31 December 2024	Year ended 31 December 2023
Change in receivables	1 063	(570)
Change in inventories	(22)	60
Change in payables excluding loans	(645)	(1 098)
Change in other non-current and current non-financial assets	(2)	600
Change in deferred income, government grants and accruals	2	3
Change in provisions	3	(282)
Change in collaterals transferred to IRGiT	17	651
Change in working capital	**416**	**(636)**

(in PLN million)

36.2. Cash flows from investing activities

Loans granted

	Year ended 31 December 2024	Year ended 31 December 2023
Loans granted to companies:		
TAURON Dystrybucja S.A.	(500)	–
AE ENERGY 7 Sp. z o.o.	(214)	–
WIND T4 Sp. z o.o.	(127)	(43)
Finadvice Polska 1 Sp. z o.o.	(116)	–
Wind T2 Sp. z o.o.	(78)	(46)
WIND T30MW Sp. z o.o.	(68)	(247)
Windpower Gamów Sp. z o.o.	(65)	(244)
FF Park PV 1 Sp. z o.o.	(16)	(153)
"MEGAWATT S.C." Sp. z o.o.	–	(289)
TAURON Obsługa Klienta Sp. z o.o.	–	(130)
TAURON Inwestycje Sp. z o.o.	–	(83)
Other companies	–	(10)
Total	**(1 184)**	**(1 245)**

36.3. Cash flows from financing activities

Repayment of loans and borrowings

	Year ended 31 December 2024	Year ended 31 December 2023
Repayment tranches of loans to:		
Consortiums of banks	(5 620)	(5 890)
Bank Gospodarstwa Krajowego	(2 600)	(750)
Intensa Sanpaolo S.p.A	(750)	–
European Investment Bank	(91)	(111)
Total	**(9 061)**	**(6 751)**

Redemption of debt securities

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

Interest paid

	Year ended 31 December 2024	Year ended 31 December 2023
Interest paid in relation to loans and borrowings	(553)	(539)
Interest paid in relation to debt securities	(230)	(208)
Total	**(783)**	**(747)**

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
Total	**6 870**	**7 900**

(in PLN million)

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

37. Financial instruments

SELECTED ACCOUNTING PRINCIPLES

Financial assets held by the Company under 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 Company 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 above equity instruments are measured at fair value through profit or loss in line with IFRS 9 *Financial Instruments*.

The Company divides the 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 Company makes judgements regarding classification of financial instruments.

As at each reporting period end, the Company measures the fair value of assets and liabilities classified as measured at fair value and discloses the fair value of other financial instruments. The methodology fair value measurement is presented below.

The Company recognises an impairment loss upon initial recognition of a financial asset and then remeasures the loss amount as at each reporting day. The Company recognises the allowance for expected credit losses on financial assets measured at an amortized cost, including mostly for loans granted and receivables from buyers. The measurement methodology is described in Notes 27 and 38.1.2 to these financial statements.

37.1. 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	
	Carrying amount	Fair value	Carrying amount	Fair value
1 Financial assets measured at amortized cost	**10 286**	**10 264**	**13 767**	**13 761**
Receivables from buyers	1 746	1 746	2 490	2 490
Loans granted to subsidiaries	8 374	8 352	9 966	9 960
Loans granted under cash pool agreement	47	47	869	869
Other financial assets	119	119	442	442
2 Financial assets measured at fair value through profit or loss (FVTPL)	**2 324**	**2 324**	**2 302**	**2 302**
Derivative instruments	71	71	142	142
Long-term shares	56	56	76	76
Loans granted to subsidiaries and jointly-controlled entities	1 988	1 988	1 576	1 576
Other financial assets	37	37	24	24
Cash and cash equivalents	172	172	484	484
3 Derivative hedging instruments	**185**	**185**	**299**	**299**
4 Financial assets excluded from the scope of IFRS 9 *Financial Instruments*	**16 029**		**15 444**	
Shares in subsidiaries	15 834		15 240	
Shares in jointly-controlled entities	195		204	
Total financial assets, of which in the statement of financial position:	**28 824**		**31 812**	
Non-current assets	**26 096**		**26 975**	
Shares	16 085		15 520	
Loans granted	9 888		11 273	
Derivative instruments	90		149	
Other financial assets	33		33	
Current assets	**2 728**		**4 837**	
Receivables from buyers	1 746		2 490	
Loans granted	521		1 138	
Derivative instruments	166		292	
Other financial assets	123		433	
Cash and cash equivalents	172		484	

(in PLN million)

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	**16 216**	**16 134**	**18 735**	**18 563**
Arm's length loans, of which:	10 042	10 030	11 473	11 446
Bank loans	6 900	6 915	9 111	9 123
Liability under the cash pool loan	2 429	2 429	1 636	1 636
Loans from the subsidiary	713	686	726	687
Bank overdrafts	35	35	–	–
Bonds issued	5 055	4 985	6 043	5 898
Liabilities to suppliers	1 020	1 020	979	979
Other financial liabilities	64	64	240	240
2 Financial liabilities measured at fair value through profit or loss (FVTPL)	**439**	**439**	**813**	**813**
Derivative instruments	439	439	813	813
3 Financial liabilities excluded from the scope of IFRS *9 Financial Instruments*	**6**		**16**	
Liabilities under leases	6		16	
Total financial liabilities, of which in the statement of financial position:	**16 661**		**19 564**	
Non-current liabilities	**10 730**		**14 059**	
Debt	10 661		13 884	
Derivative instruments	64		169	
Other financial liabilities	5		6	
Current liabilities	**5 931**		**5 505**	
Debt	4 477		3 648	
Liabilities to suppliers	1 020		979	
Derivative instruments	375		644	
Other financial liabilities	59		234	

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

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 derivative instruments were measured in accordance with the methodology described in Note 22 of these financial statements.
IRS and CCIRS	2	
Forward FX contracts	2	
Commodity contracts (forward, futures)	1	
Shares	3	As a rule, the Company estimates the fair value of shares held in companies other than subsidiaries, joint ventures and associates not listed on active markets, using the adjusted net asset method, taking into account the share held in net assets and adjusting the value for significant factors affecting the valuation, such as discount for lack of control and discount for limited liquidity of the above instruments. In justified cases, the Company may accept the historical cost as an acceptable approximation of the fair value of shares, if, in the Company's opinion, the key factors affecting the value of the shares have not changed at the balance sheet date in relation to the moment of initial recognition.
Loans granted to subsidiaries	2	The fair value measurement of loans granted to subsidiaries classified as assets measured at fair value was made as the present value of future cash flows, taking into account estimation of cash flows, which will be generated by borrower in the future, discounted at the interest rate currently applicable to the borrower.
Loans granted to a jointly-controlled entity	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 assets/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 performed as the present value of future cash flows discounted by the currently applicable interest rate for the specific bonds, loan or credit facility, i.e. applying market interest rates.

(in PLN million)

Loans granted to subsidiaries	2	The fair value measurement of loans granted to subsidiaries classified as measured at amortised cost has, as a rule, been made as the present value of future cash flows generated in accordance with the repayment schedule for a given loan, discounted at the interest rate currently applicable to the borrower.
	3	In justified cases, the Company recognises the fair value to approximate the carrying amount, as the carrying amount takes into account the estimation of future cash flows, discounted at the balance sheet date (loans granted to the subsidiaries TAURON Wytwarzanie S.A. and TAURON Inwestycje Sp. z o.o.).

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 figures 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 subsidiaries and jointly-controlled entities excluded from the scope of IFRS 9 *Financial Instruments* are measured at cost less any impairment allowances.

In the year ended 31 December 2024 no changes occurred in the measurement methodology applied to the above financial instruments.

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	**76**	**357**	**60**	**206**
Revaluation	(25)	122	–	151
Purchased	5	–	16	–
Closing balance	**56**	**479**	**76**	**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.

37.2. 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 measured at fair value through profit or loss	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Hedging instruments	Financial assets / liabilities excluded from the scope of IFRS 9	Total
Dividends	–	–	–	–	1 336	**1 336**
Interest income/(expense)	30	849	(922)	163	(1)	**119**
Commissions	–	–	(22)	–	–	**(22)**
Exchange differences	(3)	(1)	86	–	–	**82**
Impairment / revaluation[1]	217	(1 933)	16	–	576	**(1 124)**
Gain/(loss) on realized derivative instruments[2]	(605)	–	–	–	–	**(605)**
Net financial income/(costs)	**(361)**	**(1 085)**	**(842)**	**163**	**1 911**	**(214)**
Revaluation	1	4	–	–	–	**5**
Gain/(loss) on realized derivative instruments[2]	4	–	–	–	–	**4**
Net operating income/(costs)	**5**	**4**	**–**	**–**	**–**	**9**
Remeasurement of IRS	–	–	–	(97)	–	**(97)**
Other comprehensive income	**–**	**–**	**–**	**(97)**	**–**	**(97)**

[1] *Included within financial liabilities measured at amortised cost are liabilities for the recognition of expected credit losses on issued guarantees and warranties.*
[2]*The Company recognises revenues and expense from commodity derivatives in operating activities. Revenue and expenses regarding other derivatives are recognized under financial revenue/expenses.*

(in PLN million)

Year ended 31 December 2023

	Assets / liabilities measured at fair value through profit or loss	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Hedging instruments	Financial assets / liabilities excluded from the scope of IFRS 9	Total
Dividends	–	–	–	–	475	**475**
Interest income/(expense)	49	954	(1 155)	227	(1)	**74**
Commissions	–	–	(19)	–	–	**(19)**
Exchange differences	24	(1)	291	–	–	**314**
Impairment / revaluation[1]	(290)	(1 067)	49	–	(271)	**(1 579)**
Gain/(loss) on realized derivative instruments[2]	(164)	–	–	–	–	**(164)**
Net financial income/(costs)	**(381)**	**(114)**	**(834)**	**227**	**203**	**(899)**
Revaluation	(5)	25	–	–	–	**20**
Gain/(loss) on realized derivative instruments[2]	(7)	–	–	–	–	**(7)**
Net operating income/(costs)	**(12)**	**25**	**–**	**–**	**–**	**13**
Remeasurement of IRS	–	–	–	(287)	–	**(287)**
Other comprehensive income	**–**	**–**	**–**	**(287)**	**–**	**(287)**

[1] Included within financial liabilities measured at amortised cost are liabilities for the recognition of expected credit losses on issued guarantees and warranties.
[2]The Company recognises revenues and expense from commodity derivatives in operating activities. Revenue and expenses regarding other derivatives are recognized under financial revenue/expenses.

38. Objectives and principles of financial risk management

The financial risk is managed on the TAURON Polska Energia S.A. Capital Group level, which means that within the framework of financial risk management, the Company performs the functions assigned to it as a member of the TAURON Group and the management, control and monitoring functions assigned to it as the central unit.

Types of risk arising from financial instruments to which the Company is exposed in the course of its business:

- credit risk;
- liquidity risk;
- market risk, including:
  - interest rate risk,
  - exchange rate risk;
  - raw material and commodity price risk related to commodity derivative instruments.

Risks related to financial instruments which the Company and TAURON Group are 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 the 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 the Company and TAURON Group is monitored on an on-going basis in terms of potential deviations against the assumed plans while 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-pooling) as well as using external financing, including overdraft facilities. 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. In the scope of mitigation of the financing risk, the Company's policy assumes obtaining funding for the TAURON Group in advance of the planned time of its use. 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 of TAURON Group
	Market risk - interest rate and currency risks	
The possibility of negative 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 management of such risks is to minimise the cash flow sensitivity of the Company and TAURON Group to financial risk factors and to minimise financial cost and costs of hedging under transactions 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

(in PLN million)

38.1. Credit risk

Classes of financial instruments that give rise to credit risk exposure with different characteristics are presented in the table below.

Financial asset classes	As at 31 December 2024	As at 31 December 2023
Loans granted	10 409	12 411
Receivables from buyers	1 746	2 490
Cash and cash equivalents	172	484
Derivative instruments	256	441
Other financial assets	156	466

The credit risk related to financial assets of the Company results from the inability to make payment by the other party to the agreement and the maximum exposure is equal to the carrying amount of these instruments.

In addition, the Company bears credit risk from guarantees and sureties granted, which are described in Note 40 of these financial statements.

38.1.1 Credit risk related to receivables from customers

The Company monitors credit risk related to its operations on an ongoing basis, in line with the *Credit Risk Management Policy adopted by the 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.

In accordance with IFRS 9 *Financial Instruments*, the Company estimates and recognizes in the profit or loss allowances on expected credit losses. For strategic counterparties, the risk is estimated based on ratings assigned to counterparties using an internal scoring model, appropriately converted to probability of default. The Company expects that the historical performance information concerning other counterparties may reflect the credit risk that will be faced in future periods. The expected credit loss on receivables from buyers is calculated upon recognition of such receivables in the statement of financial position and updated as at each subsequent reporting period end taking into account the forward looking aspect.

The exposure of the Company to credit risk related to receivables from buyers, including the ageing of receivables from buyers and information regarding impairment and risk concentration are presented in Note 27 to these financial statements.

38.1.2 Credit risk related to loans granted

Loans measured at amortised cost

As far as granted loans measured at amortized cost are concerned, the Company assesses the risk of insolvency on the part of the borrowers based on the ratings assigned to the counterparties using an internal scoring model, appropriately restated to account for the probability of default. The expected credit loss is calculated based on the time value of money.

For the purposes of determining the calculation horizon for expected credit losses, the potential material credit risk increases related to a certain financial asset are verified from the moment of initial recognition of such a financial asset.

Determinants for the occurrence of a significant increase in credit risk associated with an asset:

- the counterparty's internal or external rating as at the reporting period end having deteriorated by more than two rating levels compared to its rating upon initial recognition;
- the counterparty's probability of insolvency projected within one-year horizon as at the reporting period end being at least twice higher than as at the initial recognition date;
- receivables related to a given asset being overdue by more than 30 days.

If a given counterparty's receivables are overdue by more than 90 days, they are classified as bad debt, i.e. the 100% probability of insolvency is assigned to that counterparty. The loans granted by the Company as at 31 December 2024 and 31 December 2023 were not overdue.

(in PLN million)

Loans measured at a fair value

Loans classified as measured at fair value are measured using the discounted cash flow method, taking into account credit risk. Loans granted to subsidiaries are generally unsecured. 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.

The Company's exposure to credit risk related to loans granted, including information on impairment losses as well as the classification to individual stages of creating the allowances for expected credit losses in line with the rating used in the Company, is presented below and in Note 21 to these financial statements.

Loans measured at amortised cost by ratings used in the Company

Year ended 31 December 2024

	Level 1: allowance equal to 12 monthly expected credit losses - no impairment	Level 2: allowance for expected credit losses over the life period - no impairment	Level 3: allowance for expected credit losses over the life period - with impairment	Instruments purchased with an impairment	Total
A- do BBB-	6 130	–	–	–	**6 130**
BB+ do BB	1 190	–	–	–	**1 190**
BB- do B	–	–	–	1 128	**1 128**
B- do D	–	36	–	–	**36**
Gross value	**7 320**	**36**	**–**	**1 128**	**8 484**
impairment loss	(27)	(36)	–	–	**(63)**
Net value	**7 293**	**–**	**–**	**1 128**	**8 421**

Year ended 31 December 2023

	Level 1: allowance equal to 12 monthly expected credit losses - no impairment	Level 2: allowance for expected credit losses over the life period - no impairment	Level 3: allowance for expected credit losses over the life period - with impairment	Instruments purchased with an impairment	Total
A- do BBB-	5 861	–	–	–	**5 861**
BB+ do BB	1 283	–	–	–	**1 283**
BB- do B	675	–	–	3 068	**3 743**
Gross value	**7 819**	**–**	**–**	**3 068**	**10 887**
impairment loss	(52)	–	–	–	**(52)**
Net value	**7 767**	**–**	**–**	**3 068**	**10 835**

38.1.3 Credit risk related to other financial assets

Derivative instruments

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 does not occur in relation to futures transactions.

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*.

Cash and cash equivalents

The Company 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.

(in PLN million)

38.2. Liquidity risk

The Company maintains a balance between continuity, flexibility and cost of financing by using various sources of funding, which enable management of liquidity risk and mitigate adverse effects of its materialisation effectively. 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.

The Company carries out a centralised finance management policy, allowing effective management of an area within the entire Group. Among others, the Group has adopted *Liquidity management policy for TAURON Group*, which facilitates optimization of liquidity management of the Group, consequently reducing the risk of liquidity loss, as well as financial expenses in the Group and in each of the companies included in 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 Company's opinion, the occurrence of negative net working capital as at the balance sheet date does not generate a liquidity risk, considering that the Company has available financing under the concluded agreements. Agreements with financing available at the balance sheet date that can be used for investment and corporate-wide purposes, including to secure the Group's current liquidity position, together with the use of funds are shown 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 Company 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, from which the funds could be also used for investing expenditures, the Company has also entered into credit and loan agreements, which remain available at the balance sheet date.

Type of financing	Purpose of financing	Funds availability termination year	Currency	As at 31 December 2024	
				Currency limit available	Limit drawn upon
bond issuance scheme	expenditures in line with Europen 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	–
not revolving loans	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	–

(in PLN million)

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

Financial liabilities as at 31 December 2024

	Carrying amount	Contractual undiscounted payments	Including contractual undiscounted payments maturing during the period (from the reporting date)					
			less than 3 months	3 -12 months	1 - 2 years	2 - 3 years	3 - 5 years	over 5 years
Financial liabilities other than derivative instruments								
Interest-bearing loans, borrowings and bonds issued	**15 132**	**(17 898)**	(3 248)	(1 926)	(1 505)	(3 356)	(3 316)	(4 547)
Liabilities to suppliers	**1 020**	**(1 020)**	(1 020)	–	–	–	–	–
Other financial liabilities	**64**	**(64)**	(60)	–	(3)	–	–	(1)
Lease liabilities	**6**	**(10)**	(3)	(1)	(1)	–	–	(5)
Derivative financial liabilities								
Derivative instruments-commodity*	**64**	**–**	–	–	–	–	–	–
Derivative instruments-currency	**365**	**(365)**	(123)	(187)	(57)	2	–	–
Derivative instruments-CCIRS	**10**	**(18)**	–	(6)	(6)	(6)	–	–
Total	**16 661**	**(19 375)**	**(4 454)**	**(2 120)**	**(1 572)**	**(3 360)**	**(3 316)**	**(4 553)**

** 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	Contractual undiscounted payments	Including contractual undiscounted payments maturing during the period (from the reporting date)					
			less than 3 months	3 -12 months	1 - 2 years	2 - 3 years	3 - 5 years	over 5 years
Financial liabilities other than derivative instruments								
Interest-bearing loans, borrowings and bonds issued	**17 516**	**(21 231)**	(1 805)	(2 530)	(2 490)	(1 626)	(6 198)	(6 582)
Liabilities to suppliers	**979**	**(979)**	(979)	–	–	–	–	–
Other financial liabilities	**240**	**(240)**	(233)	–	(3)	(3)	–	(1)
Lease liabilities	**16**	**(21)**	(3)	(8)	(4)	–	–	(6)
Derivative financial liabilities								
Derivative instruments-commodity*	**125**	**–**	–	–	–	–	–	–
Derivative instruments-currency	**679**	**(679)**	(368)	(162)	(135)	(14)	–	–
Derivative instruments-CCIRS	**9**	**(20)**	–	(5)	(5)	(5)	(5)	–
Total	**19 564**	**(23 170)**	**(3 388)**	**(2 705)**	**(2 637)**	**(1 648)**	**(6 203)**	**(6 589)**

** 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 Company had guarantees, sureties and collaterals granted to related companies for the total amount of PLN 2 564 million and PLN 1 061 million, respectively (excluding registered and financial pledges on shares). The most important items are described in Note 40 and 41 to these financial statements. Guarantees and collaterals granted by the Company are contingent liabilities and do not significantly affect the Company's liquidity risk.

38.3. Market risk

Market risk is associated with the possibility of a negative impact on the Company's results through fluctuations in the fair value of financial instruments or future cash flows associated with them due to changes in market prices.

The Company 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.

38.3.1 Interest rate risk

Items bearing interest at floating rates expose the Company to changes in cash flows, including changes in the Company's cost of servicing its financing, as a result of changes in interest rates. Items bearing fixed interest rate expose the Company to changes in the fair value of items measured at fair value. The risk of fair value changes resulting from interest rate changes relates to IRS and CCIRS derivative instruments as well as to selected loans. The Company is also exposed to the materialisation of the risk of lost benefits due to a fall in interest rates in case of debt bearing fixed interest rate or an increase in interest rates on fixed-rate assets held, but these changes are not recognised in the financial statements.

(in PLN million)

The Company controls interest rate risk through a system of limits relating to the maximum potential loss due to a change in interest rates on the Company's total interest rate exposure.

The purpose of interest rate risk management is to limit negative effects of market interest rate fluctuations on the Company's cash flows to an acceptable level and to minimize finance costs. Due to the Company'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 22 to these financial statements. IRS transactions concluded in order to hedge interest rate risk are subject to hedge accounting.

The Company only enters into interest rate derivative transactions to hedge its real risk exposure. The regulations binding in the Company do not allow it to enter into speculative transactions with regard to interest rate risk, i.e. transactions that would possibly generate additional profit resulting from a change in interest rates, while exposing the Company to the risk of incurring a loss on this account.

Financial instruments by interest rate type

Financial instruments	Year ended 31 December 2024			Year ended 31 December 2023		
	Fixed interest rate	Floating interest rate	Total	Fixed interest rate	Floating interest rate	Total
Financial assets						
Loans granted measured at amortized cost	8 374	47	**8 421**	9 966	869	**10 835**
Loans granted measured at fair value	1 988	–	**1 988**	1 576	–	**1 576**
Derivative instruments-IRS	–	185	**185**	–	299	**299**
Cash and cash equivalents	–	172	**172**	–	484	**484**
Total	**10 362**	**404**	**10 766**	**11 542**	**1 652**	**13 194**
Financial liabilities						
Arm's length loans	1 691	8 351	**10 042**	1 795	9 678	**11 473**
Bank overdrafts	–	35	**35**	–	–	**–**
Bonds issued	2 891	2 164	**5 055**	3 709	2 334	**6 043**
Derivative instruments-CCIRS	–	10	**10**	–	9	**9**
Leases liabilities	6	–	**6**	16	–	**16**
Total	**4 588**	**10 560**	**15 148**	**5 520**	**12 021**	**17 541**

Variable-rate financial liabilities include variable-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 Company, which are not included in the table above, are not interest bearing and therefore they are not subject to interest rate risk.

Analysis of sensitivity to interest rate risk

The analysis of sensitivity to changes in market risk factors is conducted by means of a scenario analysis. The Company 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.

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 Company 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 tables below present 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.

(in PLN million)

Classes of 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 pb	WIBOR -651 pb
Financial assets								
Loans granted measured at amortized cost	8 421	47	3	(3)	10 835	869	57	(57)
Loans granted measured at fair value	1 988	1 988	(645)	1 121	1 576	1 576	(518)	954
Derivative instruments	256	185	–	–	441	299	1	(1)
Cash and cash equivalents	172	138	8	(8)	484	449	29	(29)
Financial liabilities								
Arm's length loans and borrowings	10 042	8 351	(488)	488	11 473	9 678	(630)	630
Bonds issued	5 055	2 164	(127)	127	6 043	2 334	(152)	152
Bank overdrafts	35	35	(2)	2	–	–	–	–
Derivative instruments	439	10	–	–	813	9	–	–
Total			**(1 251)**	**1 727**			**(1 213)**	**1 649**

** The sensitivity of other comprehensive income refers to Interest Rate Swap financial derivatives covered by hedge accounting, as further discussed in Note 22 to these financial statements.*

The risk exposure as at 31 December 2024 and as at 31 December 2023 is representative of the Company'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 Directive Committee 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 Company 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 Company 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 Company 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 30.1 and 30.2 of these 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 PLN million)

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

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 instrument	Investor / lender	Benchmark	Currency	Date of agreement	Repayment/ maturity date after the transition date	Nominal value of liabilities/ Measurement of IRS As at 31 December 2024
bonds	Bank Gospodarstwa Krajowego	WIBOR 6M	PLN	2013	2028-2029	240
loans	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 instrument	Investor / lender	Benchmark	Currency	Date of agreement	Redemption date, full repayment in accordance with the agreement	Available limit as at 31 December 2024
subordinated bond	Bank Gospodarstwa Krajowego	WIBOR 6M	PLN	2021	2036	450
loan	Bank Gospodarstwa Krajowego	WIBOR 6M	PLN	2024	2033	2 000

The Company 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 Company as low. The Company monitors the extent of the potential changes, but due to the timing of the mandatory transition will estimate the total impact on the financial statements of the Company at a later stage of progress.

38.3.2 Currency risk

The tables below present the Company's exposure to currency risk by particular classes of financial instruments as at 31 December 2024 and 31 December 2023. The Company's significant exposure relates to changes in the EUR/PLN exchange rate, mainly due to external financing incurred in EUR. The Company’s exposure to other currencies is immaterial.

(in PLN million)

	As at 31 December 2024			As at 31 December 2023		
	Carrying amount	EUR		Carrying amount	EUR	
		in currency	in PLN		in currency	in PLN
Financial assets						
Receivables from buyers	1 746	–	–	2 490	–	–
Derivatives	256	15	64	441	29	125
Other financial assets	156	15	65	466	–	1
Cash and cash equivalents	172	6	27	484	6	28
Total	**2 330**	**36**	**156**	**3 881**	**35**	**154**
Financial liabilities						
Arm's length loans	10 042	167	713	11 473	167	726
Bonds issued	5 055	505	2 157	6 043	683	2 967
Liabilities to suppliers	1 020	–	1	979	5	23
Derivatives	439	15	64	813	29	125
Other financial liabilities	64	–	1	240	–	1
Total	**16 620**	**687**	**2 936**	**19 548**	**884**	**3 842**
Net currency position		**(651)**	**(2 780)**		**(849)**	**(3 688)**

Currency risk is related to the possibility of changes in the Company's cash flows, including changes in the cost of servicing debt in foreign currency and the cost of contracting CO_2 emission allowances, as well as changes in the valuation in PLN of debt raised in foreign currency.

The Company controls currency risk through a system of limits relating to the maximum potential loss due to a change in currency exchange rates on the Company's total currency risk exposure.

As part of its currency risk management, the Company uses forward contracts. The purpose of the transactions concluded was to hedge the Company against currency 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.

The Company only enters into derivative transactions hedging currency risk to secure its real risk exposure. The regulations binding in the Company do not allow it to enter into speculative transactions with regard to currency risk, i.e. transactions that would possibly generate additional profit resulting from a change in interest rates, while exposing the Company to the risk of incurring a loss on this account.

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.

Currency risk sensitivity analysis

The analysis of sensitivity to changes in market risk factors is conducted by means of a scenario analysis. The Company 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 Company identifies its exposure to foreign currency risk related to EUR/PLN, USD/PLN, GBP/PLN, CZK/PLN. Significant risk exposure occurs for EUR; other currencies do not generate material risk for the Company.

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

(in PLN million)

Classes of finacial instruments	As at 31 December 2024		Sensitivity analysis for currency risk as at 31 December 2024		As at 31 December 2023		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								
Derivatives	256	71	(29)	29	441	142	(2)	2
Other financial assets	156	65	4	(4)	466	1	–	–
Cash and cash equivalents	172	27	2	(2)	484	28	2	(2)
Financial liabilities								
Arm's length loans	10 042	713	(42)	42	11 473	726	(53)	53
Bonds issued	5 055	2 157	(126)	126	6 043	2 967	(218)	218
Liabilities to suppliers	1 020	1	–	–	979	23	(2)	2
Derivatives	439	439	378	(378)	813	813	495	(495)
Other financial liabilities	64	1	–	–	240	1	–	–
Total			**187**	**(187)**			**222**	**(222)**

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

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

The Company concludes derivative contracts, with underlying instruments being commodities and raw materials. The exposure of the Company to price risk inherent in commodity derivative instruments in scope of IFRS 9 *Financial instruments* is related to a risk of volatility in the fair value of the said instruments, driven by fluctuations of prices of the underlying raw materials/commodities. The Company limits price risk related to commodity derivatives by 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.

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.

39. Operational risk

The Company is exposed to adverse effects of risks related to changes in cash flows and financial performance in the domestic currency due to changes in prices of goods in the open market position.

Commercial operational risk is managed at the level of TAURON Group, which is discussed in more detail in Note 54 to the consolidated financial statements of TAURON Polska Energia S.A. Capital Group for the year ended 31 December 2024. The Company manages its commercial risk following the *Commercial risk management policy developed and adopted in the TAURON Group*.

The Company's exposure to the risk of prices of goods reflects the volume of electricity and gas acquired. The volume and cost of electricity and gas acquired have been presented in the table below.

Fuel type	Unit	2024		2023	
		Volume	Purchase cost	Volume	Purchase cost
Electricity	MWh	34 044 744	18 995	36 015 893	29 345
Gas	MWh	4 940 856	1 159	4 478 401	1 439
Total			**20 154**		**30 784**

In terms of coal trading, the Company is not exposed to the price risk, as it acts as an agent generating revenue from agency services only.

(in PLN million)

OTHER INFORMATION

40. Contingent liabilities

As at 31 December 2024 and as at 31 December 2023, the contingent liabilities of the Company mainly resulted from the collaterals and guarantees granted to related parties and included:

Type of contingent liability	Company in respect of which contingent liability has been granted	Beneficiary	Validity	As at 31 December 2024	As at 31 December 2023
Corporate guarantees	Finadvice Polska 1 Sp. z o.o.	Nordex Polska Sp. z o.o.	19.05.2027	1 153	–
	Finanse Grupa TAURON Sp. z o.o.	Private placement investors	3.12.2029	718	730
	TAURON Czech Energy s.r.o.	ČEZ a.s.	31.01.2025	13	13
Liabilities arising from bank guarantees	Elektrociepłownia Stalowa Wola S.A.	Bank Gospodarstwa Krajowego	11.03.2025	300	50
	various subsidiaries	various entities	30.01.2025-28.07.2029	10	143
Sureties granted	Elektrociepłownia Stalowa Wola S.A.	Bank Gospodarstwa Krajowego	11.03.2025	20	7
	various subsidiaries	various entities	30.04.2025-31.03.2039	263	46
Registered pledges and financial pledge of shares in TAMEH HOLDING Sp. z o.o.	TAMEH Czech s.r.o. TAMEH POLSKA Sp. z o.o.	RAIFFEISEN BANK INTERNATIONAL AG	31.12.2028	195	204
Blank promissory note with a promissory note declaration*	TAURON Wytwarzanie S.A.	Regional Fund for Environmental Protection and Water Management in Katowice	15.03.2026	40	40
Comfort letter	TAURON Czech Energy s.r.o.	PKO BP S.A., Czech Branch	31.03.2028	20	32

** In 2010, the Company issued a blank promissory note with a promissory note declaration to secure a loan agreement received by the subsidiary from the Regional Environmental Protection and Water Management Fund in Katowice. As at 31 December 2024, the remaining outstanding portion of the loan, amounting to PLN 2 million, is subject to a conditional redemption procedure. The security established will expire upon settlement of the conditional loan remission.*

The most significant items of contingent liabilities include:

- A corporate guarantee in the amount of EUR 270 million (PLN 1 153 million) granted on 19 September 2024 for the obligations of the subsidiary Finadvice Polska 1 Sp. z o.o. under a commercial contract related to the ongoing RES project, with a term until 19 May 2027. In connection with the guarantee issued, the Company recognised a liability in the amount of expected credit losses, which amounted to PLN 9 million as at 31 December 2024 (Note 31).
- The corporate guarantee granted in 2014 to secure the bonds of Finanse Grupa TAURON Sp. z o.o. (the so-called NSV). 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 private placement investors who purchased the bonds issued. In connection with the guarantee issued, the Company recognised a liability in the amount of expected credit losses, which amounted to PLN 8 million and PLN 17 million, respectively, as at 31 December 2024 and 31 December 2023 (Note 31).
- A liability resulting from the issuance of a bank guarantee on behalf of the Company up to PLN 300 million and a surety granted up to a maximum amount of PLN 20 million to secure BGK's receivables under the loan agreement concluded on 8 March 2018 between the borrower, Elektrociepłownia Stalowa Wola S.A., and BGK and ORLEN S.A. (formerly: PGNiG S.A.), with the effectiveness of the collaterals until 11 March 2025. In connection with the guarantee issued, the Company recognised a liability in the amount of expected credit losses, which amounted to PLN 5 million as at 31 December 2024 (Note 31). In the comparable period, BGK's receivables were secured by a bank guarantee of up to PLN 50 million and the recognised liability in the amount of expected credit losses totalled PLN 2 million.
- A surety up to the amount of PLN 212 million for the liabilities of the subsidiary TAURON Zielona Energia Sp. z o.o. in connection with the subsidiary's conclusion of a loan agreement with the National Fund for Environmental Protection and Water Management, with the term of the surety running from 1 August 2024 to 31 March 2039. In connection with the guarantee granted, the Company recognised a liability in the amount of expected credit losses, which as at 31 December 2024 amounted to PLN 1 million (note 31).

- The registered pledge and the financial pledge established under the agreement concluded in 2015 on the shares held, representing 50% of the shares in the share capital of TAMEH HOLDING Sp. z o.o., in favour of RAIFFEISEN BANK INTERNATIONAL AG. The registered pledges are pledges with the highest priority of satisfaction on shares up to the highest amount of security in the amount of CZK 3 950 million and PLN 1 370 million, respectively. The agreement for the establishment of registered pledges and financial pledges was concluded in order to secure the transaction involving the agreement for term and working capital loans, which was concluded between TAMEH Czech s.r.o. and TAMEH POLSKA Sp. z o.o. as the original borrowers, TAMEH HOLDING Sp. z o.o. as the parent company and guarantor and RAIFFEISEN BANK INTERNATIONAL AG as the agent and collateral agent. The registered pledges are valid in the collateral period, i.e. until the total repayment or until release of the pledge by the pledgee. The financial pledge is valid throughout the period of the collateral period or until release by the pledgee, however, not later than on 31 December 2028.

  As at 31 December 2024, the carrying amount of the shares in TAMEH HOLDING Sp. z o.o. is PLN 195 million.

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.
- 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.

Significant items of the Company's contingent liabilities due to court proceedings and concluded agreements:

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.

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 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 Appeasl 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 financial statements for publication, the amount of damages claimed in the lawsuits amounts 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 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 create a provision in relation to the above-mentioned events.

(in PLN million)

Claims filed by Huta Łaziska S.A.

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

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

In this case, the courts of the first and second instance passed judgements favourable for GZE; however, in its judgement of 29 November 2011 the Supreme Court overruled the judgement of the Court of Appeals and remanded the case for re-examination by that Court. On 5 June 2012, the Court of Appeals overruled the decision of the Regional Court and remanded the case for re-examination by the latter. By judgement of 28 May 2019, the Regional Court in Warsaw dismissed Huta's claim in its entirety and ruled that Huta reimbursed each of the defendant for the costs of the proceedings. Huta appealed (dated 25 July 2019), challenging the above judgement in its entirety and requesting that it be amended by upholding the claim in its entirety and ordering the defendants to pay the costs of the proceedings in favour of Huta, or, in the alternative, that the contested judgement be set aside in its entirety and the case be referred back to the court of first instance. In response to the appeal of 9 August 2019, the Company requested that the appeal be dismissed in its entirety as manifestly unfounded and that the costs of the appeal proceedings be awarded against Huta in favour of the Company. By the judgement of 9 February 2022, the appeal lodged by Huta was dismissed and the Company was awarded, among others, the costs of the appeal proceedings. The judgement is legally binding. On 13 October 2022, Huta filed a cassation appeal with the Supreme Court. Both the Company and the State Treasury lodged replies to this action 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 create a provision for costs associated with those claims.

Case filed by ENEA S.A.

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

On 22 March 2021, the Regional Court in Katowice dismissed the claim of ENEA in its entirety and ruled on ENEA's obligation to reimburse the costs of the proceedings to the Company. ENEA has filed an appeal against the above ruling. At a session on 19 November 2024, the court invited the claimant to complete the formal deficiencies of the appeal. On 12 March 2025, the Court of Appeals in Katowice dismissed ENEA S.A.'s claim in its entirety. The verdict is legally binding.

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

41. Collaterals for repayment of liabilities

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

Collateral	As at 31 December 2024	As at 31 December 2023
Declarations of submission to enforcement*	19 734	18 119
Bank account mandates	920	1 670
Bank guarantees	4	66
Blank promissory notes	3	4

**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.*

After the balance sheet date, 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 30.1), 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.

(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 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.
Agreement for setting off the margins	Pursuant to the Agreement defining the principles for the establishment of financial collateral concluded with the IRGiT, TAURON Group applies a mechanism for setting off the margins. In terms of the transactions performed, the margins required by the IRGiT are calculated against the positions offset within the Group, which translates into the reduction in the funds involved on a Group-wide basis in maintaining the collateral required by the IRGiT.
Transfer of CO_2 emission allowances	As at the balance sheet day, the Group had deposited CO_2 emission allowances in the total amount of 615 851 tonnes in the IRGiT account to secure the Company's obligations in respect of security deposit payments due, including CO_2 emission allowances owned by: – the Company in the amount of 87 000 tonnes (disclosed in statement of financial position as inventory); – the subsidiary, TAURON Wytwarzanie S.A. in the amount of 528 851 tonnes (disclosed in statement of financial position of TAURON Wytwarzanie S.A. as intangible assets) 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 financial statements for publication, the total amount of CO_2 emission allowances deposited by the Group in the IRGiT account is 886 851 tonnes.

42. Investment liabilities

As at 31 December 2024 and as at 31 December 2023 the Company did not have any material investment liabilities.

43. Related party disclosures

43.1. Transactions with related parties and State Treasury companies

The Company enters into transactions with related parties, as presented in Note 2 to these financial statements. In addition, due to the fact that the State Treasury of the Republic of Poland is the Company's majority shareholder, State Treasury companies are treated as related parties. Transactions with State Treasury companies are mainly related to the operating activities of the Company and are made on an arm's length terms.

The total value of transactions with the aforementioned entities and the balances of receivables and liabilities have been presented in the tables below.

(in PLN million)

Revenues and costs

	Year ended 31 December 2024	Year ended 31 December 2023
Revenue from subsidiaries	**23 207**	**33 638**
Revenue from operating activities	20 923	32 210
Dividend income	1 336	443
Other finance income	948	985
Revenue from jointly-controlled entities	**261**	**244**
Revenue from State Treasury companies	**629**	**591**
Costs incurred with relation to transactions with subsidiaries	**(6 690)**	**(5 430)**
Costs of operating activities	(6 537)	(5 249)
Finance costs	(153)	(181)
Costs incurred with relation to transactions with jointly-controlled entities	**(670)**	**(487)**
Costs incurred with relation to transactions with State Treasury companies	**(505)**	**(830)**

Receivables and liabilities

	As at 31 December 2024	As at 31 December 2023
Loans granted to subsidiaries and receivables from subsidiaries	**15 684**	**16 373**
Loans granted to subsidiaries	13 916	13 033
Loans granted under cash pool agreement	83	886
Receivables from buyers	1 656	2 359
Receivables arising from the TCG	22	78
Other financial assets	7	17
Loans granted to jointly-controlled entities and receivables from jointly-controlled entities	**801**	**760**
Receivables from State Treasury companies	**62**	**92**
Liabilities to subsidiaries	**3 913**	**3 208**
Loans received under cash pool services	2 412	1 621
Loans from the subsidiary	713	726
Liabilities to suppliers	780	672
Liabilities arising from the Tax Capital Group	8	185
Other financial liabilities	–	4
Liabilities to jointly-controlled entities	**70**	**38**
Liabilities to State Treasury companies	**98**	**47**

The loans and receivables presented in the table above represent values before write-offs for expected credit losses or the measurement to the fair value.

Revenues from subsidiaries presented in the table include revenues from the sale of coal to TAURON Ciepło Sp. z o.o., which are presented in the statement of comprehensive income, net of acquisition costs, at the surplus value representing intermediation fees.

In the period ended 31 December 2024, the revenues from State Treasury companies resulted mainly from transactions executed by the Company with the Polskie Sieci Elektroenergetyczne S.A. Company and KGHM Polska Miedź S.A. (99% of total revenue from state-owned companies).

In terms of costs incurred in connection with transactions with State-owned companies in the year ended 31 December 2024, the largest counterparties of TAURON Polska Energia S.A. included Polskie Sieci Elektroenergetyczne S.A., Polska Grupa Górnicza S.A. and Południowy Koncern Węglowy S.A. (93% of the total costs incurred in purchase transactions with the State Treasury companies).

The Company conducts material transactions on the energy market 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.

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.

(in PLN million)

43.2. Remuneration of the executives

The amounts of remuneration and other benefits paid or payable to the Management Board, Supervisory Board and other key executives of the Company in the year ended 31 December 2024 and in the comparative period have been presented in the table below.

	Year ended 31 December 2024	Year ended 31 December 2023
Management Board	**6**	**10**
Short-term benefits (with surcharges)	3	9
Temination benefits	3	1
Supervisory Board of the Company	**1**	**1**
Short-term employee benefits (salaries and surcharges)	1	1
Other key management personnel	**18**	**15**
Short-term employee benefits (salaries and surcharges)	14	14
Temination benefits	3	–
Other	1	1
Total	**25**	**26**

The table above takes into account the amounts paid and payable by 31 December 2024. Moreover, in accordance with the accounting policy adopted, the Company recognises the provisions for benefits on account of termination of management contracts due to members of the Management Board and other key management personnel that may be paid or due in subsequent reporting periods.

There are no transactions in the Company in respect of loans from the Company Social Benefits Fund (ZFŚS) granted to members of the Management Board, members of the Supervisory Board and other members of the key management staff.

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.

44. Finance and capital management

Finance and capital management is carried out at the level of TAURON Polska Energia S.A. Capital Group. During the period covered by these financial statements, there were no significant changes in the objectives, principles and procedures of capital and financial management. Capital and finance management at the Group level is discussed in more detail in note 58 of Additional Explanatory Notes to the Consolidated Financial Statements for the year ended 31 December 2024.

45. Employment structure

The following note presents the average headcount for the annual periods ended 31 December 2024 and 31 December 2023.

	Year ended 31 December 2024	Year ended 31 December 2023
Administraction	348	367
Sales and Wholesales trading	81	73
Total	**429**	**440**

The above table does not include persons covered by contracts for the provision of management services.

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

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

47. Structure of financial statements broken down by business activity type in line with Article 44 of the Energy Law

In accordance with Article 44.2 of the Act of 10 April 1997, *Energy Law* (the “Act”), TAURON Polska Energia S.A., as the energy company, is obliged to disclose specific items of the balance sheet and the statement of profit or loss broken down by individual types of business activity in notes to these financial statements.

(in PLN million)

In accordance with Article 44.2 of the Act, the Company has identified the two types of business activities, i.e.: trade in gaseous fuels and other activity.

The principles of preparing a statement of comprehensive income (statement of profit or loss) broken down by type of business activity

The Company keeps accounting records which enable separate calculation of expense and revenue and the profit/loss for individual types of activities.

The Company directly distinguished revenues from sales and own cost of goods and services sold related to particular types of business.

Costs of sales related to the entire sales process carried out by the Company have been divided on a pro rata basis against the revenue on sales generated by the Company.

Other operating and financing activities have been identified as those related to other business activities of the Company.

Administrative expenses of the Company are incurred for the benefit of the entire TAURON Group, hence they have been recognized in the statement of comprehensive income as unallocated items and are not directly attributable to a specific business activity, as such attribution would be unjustified. Also CIT charged to profit or loss has been presented under unallocated items.

Statement of comprehensive income by type of activity for the financial year 2024

	Gas	Other activity	Unallocated items	Total
Sales revenue	1 209	21 640	–	**22 849**
Cost of sales	(1 151)	(20 714)	–	**(21 865)**
Profit on sale	**58**	**926**	**–**	**984**
Selling and distribution expenses	(1)	(25)	–	**(26)**
Administrative expenses	–	–	(145)	**(145)**
Other operating income and expenses	–	(2)	–	**(2)**
Operating profit	**57**	**899**	**(145)**	**811**
Dividend income	–	1 336	–	**1 336**
Interest income on loans	–	848	–	**848**
Interest expense on debt	–	(760)	–	**(760)**
Revaluation of shares	–	551	–	**551**
Revaluation of loans	–	(1 994)	–	**(1 994)**
Other finance income and costs	–	(175)	–	**(175)**
Profit before tax	**57**	**705**	**(145)**	**617**
Income tax expense	–	–	(107)	**(107)**
Net profit	**57**	**705**	**(252)**	**510**

Statement of comprehensive income by type of activity for the financial year 2023

	Gas	Other activity	Unallocated items	Total
Sales revenue	1 431	32 883	–	**34 314**
Cost of sales	(1 439)	(32 485)	–	**(33 924)**
Profit on sale	**(8)**	**398**	**–**	**390**
Selling and distribution expenses	(1)	(32)	–	**(33)**
Administrative expenses	–	–	(116)	**(116)**
Other operating income and expenses	–	(11)	–	**(11)**
Operating profit (loss)	**(9)**	**355**	**(116)**	**230**
Dividend income	–	475	–	**475**
Interest income on loans	–	947	–	**947**
Interest expense on debt	–	(928)	–	**(928)**
Revaluation of shares	–	(271)	–	**(271)**
Revaluation of loans	–	(760)	–	**(760)**
Other finance income and costs	–	(330)	–	**(330)**
Loss before tax	**(9)**	**(512)**	**(116)**	**(637)**
Income tax expense	–	–	(1)	**(1)**
Net loss	**(9)**	**(512)**	**(117)**	**(638)**

(in PLN million)

The principles of preparing a statement of financial position (balance sheet) broken down by type of business activity

The Company directly separated receivables from buyers and liabilities to suppliers, other receivables and liabilities as well as derivatives related to individual types of business activities carried out by the Company.

Equity, provisions for employee benefits, cash, receivables and liabilities relating to taxes and deferred tax asset / liability have been presented as unallocated items in the statement of financial position.

The remaining assets and liabilities are related to other activities of the Company.

Statement of financial position as at 31 December 2024 by type of activity

	Gas	Other activity	Unallocated items	Total
ASSETS				
Non-current assets, of which:	**–**	**26 138**	**–**	**26 138**
Shares	–	16 085	–	**16 085**
Loans granted	–	9 888	–	**9 888**
Derivative instruments	–	90	–	**90**
Other financial assets	–	33	–	**33**
Deferred tax assets	–	–	3	**3**
Current assets, of which:	**98**	**2 497**	**172**	**2 767**
Receivables from buyers	97	1 649	–	**1 746**
Loans granted	–	521	–	**521**
Derivative instruments	–	166	–	**166**
Other financial assets	1	122	–	**123**
Other non-financial assets	–	5	–	**5**
Cash and cash equivalents	–	–	172	**172**
TOTAL ASSETS	**98**	**28 635**	**172**	**28 905**
EQUITY AND LIABILITIES				
Equity	**–**	**–**	**11 881**	**11 881**
Non-current liabilities, of which:	**–**	**10 732**	**7**	**10 739**
Debt	–	10 661	–	**10 661**
Derivative instruments	–	64	–	**64**
Other financial liabilities	–	5	–	**5**
Other provisions, accruals, deferred income and government grants	–	2	7	**9**
Current liabilities, of which:	**10**	**5 954**	**321**	**6 285**
Debt	–	4 477	–	**4 477**
Liabilities to suppliers	10	1 010	–	**1 020**
Derivative instruments	–	375	–	**375**
Other financial liabilities	–	59	–	**59**
Income tax liabilities	–	–	16	**16**
Other non-financial liabilities	–	3	305	**308**
Other provisions, accruals, deferred income and government grants	–	30	–	**30**
TOTAL EQUITY AND LIABILITIES	**10**	**16 686**	**12 209**	**28 905**

(in PLN million)

Statement of financial position as at 31 December 2023 by type of activity *(restated data)*

	Gas	Other activity	Unallocated items	Total
ASSETS				
Non-current assets, of which:	**1**	**27 021**	**86**	**27 108**
Shares	–	15 520	–	**15 520**
Loans granted	–	11 273	–	**11 273**
Derivative instruments	1	148	–	**149**
Other financial assets	–	33	–	**33**
Deferred tax assets	–	–	86	**86**
Current assets, of which:	**117**	**4 251**	**578**	**4 946**
Receivables from buyers	114	2 376	–	**2 490**
Income tax receivables	–	–	94	**94**
Loans granted	–	1 138	–	**1 138**
Derivative instruments	1	291	–	**292**
Other financial assets	2	431	–	**433**
Other non-financial assets	–	3	–	**3**
Cash and cash equivalents	–	–	484	**484**
TOTAL ASSETS	**118**	**31 272**	**664**	**32 054**
EQUITY AND LIABILITIES				
Equity	**–**	**–**	**11 450**	**11 450**
Non-current liabilities, of which:	**2**	**14 059**	**6**	**14 067**
Debt	–	13 884	–	**13 884**
Derivative instruments	2	167	–	**169**
Other financial liabilities	–	6	–	**6**
Other provisions, accruals, deferred income and government grants	–	2	6	**8**
Current liabilities, of which:	**22**	**5 825**	**690**	**6 537**
Debt	–	3 648	–	**3 648**
Liabilities to suppliers	21	958	–	**979**
Derivative instruments	1	643	–	**644**
Other financial liabilities	–	234	–	**234**
Other non-financial liabilities	–	315	690	**1 005**
Other provisions, accruals, deferred income and government grants	–	27	–	**27**
TOTAL EQUITY AND LIABILITIES	**24**	**19 884**	**12 146**	**32 054**

48. Other material information

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.

Information on the exposure in the joint venture, TAMEH HOLDING Sp. z o.o.

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

TAMEH HOLDING Sp. z o.o. is the owner of 100% of the shares in TAMEH POLSKA Sp. z o.o., formed by a contribution in kind by the TAURON Group: Zakład Wytwarzania Nowa and Elektrownia Blachownia as well as Combined Heat and Power Plant in Kraków contributed by the ArcelorMittal Group. Moreover, 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 Company's opinion, as a result of the aforementioned order involving the appointment of a bankruptcy administrator for TAMEH Czech s.r.o., on 9 August 2024, TAMEH HOLDING Sp. z o.o. lost control over TAMEH Czech s.r.o., which translated into the Company 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 195 million, including impairment losses totalling PLN 221 million. Given that, in the Company's opinion, there were indications of impairment, the Company carried out impairment tests of its involvement in TAMEH HOLDING Sp. z o.o. at 30 September 2024 and at the balance sheet date. As a result of the impairment tests performed, the Company identified the need for a write-down on the shares held in TAMEH HOLDING Sp. z o.o. in the amount of PLN 9 million, as further described in note 11 of these financial statements.

According to the assessment of the Company, 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 disposable assets classified as held for sale.

49. Events after 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 33 to these 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 40 to these 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 of the Company

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