



TAURON Polska Energia S.A. Capital Group

Consolidated financial statements
compliant with
International Financial Reporting Standards
approved by the European Union
for the year ended 31 December 2025

Stable financial position

Consistent implementation of operational and investment activities and active management of the financing structure build the Group's strong and stable position on the market.



PLN 7.5 billion

EBITDA

1.4

covenant level

Net financial debt / EBITDA

PLN 1.7 billion

Proceeds of preferential
loans under NRRP

The value for investors

The results achieved and the Group's stable financial situation strengthen investor confidence and contribute to the increase in shareholder value.



PLN 15.1 billion

Market value
as at the balance sheet date

PLN 8.64

Share price
as at the balance sheet date

PLN 1.89

Earnings per share

The development for customers

Employee engagement creates and develops products that respond to changing customer needs and supports the achievement of climate neutrality.



19 thousand
employees

PLN 3.8 billion

capital expenditure in the
Distribution segment

1.72 TWh

production of electricity
from RES

6 million
customers

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2025	Year ended 31 December 2024 <i>(restated figures)</i>
Sales revenue	14	33 277	32 535
Recompensations	15	1 081	2 864
Cost of sales	16	(27 761)	(31 431)
Profit on sale		6 597	3 968
Selling and distribution expenses	16	(809)	(738)
Administrative expenses	16	(788)	(753)
Other operating income	17	183	187
Other operating expenses	17	(148)	(97)
Share in profit/(loss) of joint ventures	27	57	84
Operating profit		5 092	2 651
Interest expense on debt	18	(634)	(672)
Gain/(loss) on derivative instruments	18	(242)	(314)
Finance income and other finance costs	18	37	221
Profit before tax		4 253	1 886
Income tax expense	20	(938)	(1 296)
Net profit		3 315	590
Measurement of hedging instruments	37.4	(226)	(97)
Foreign exchange differences from translation of foreign entity		1	(65)
Income tax	20	44	18
Other comprehensive income to be reclassified in the financial result		(181)	(144)
Actuarial losses	40	(82)	(60)
Income tax	20	16	12
Other comprehensive income not to be reclassified in the financial result		(66)	(48)
Other comprehensive income, net of tax		(247)	(192)
Total comprehensive income		3 068	398
Net profit:			
Attributable to equity holders of the Parent Company		3 313	585
Attributable to non-controlling interests		2	5
Total comprehensive income:			
Attributable to equity holders of the Parent Company		3 066	393
Attributable to non-controlling interests		2	5
Profit (loss) per share (in PLN) from:			
net profit for the period attributable to shareholders of the Parent Company	21	1.89	0.33
Diluted profit (loss) per share (in PLN) from:			
net profit for the period attributable to shareholders of the Parent Company	21	1.89	0.33

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2025	As at 31 December 2024
ASSETS			
Non-current assets			
Property, plant and equipment	22	36 566	33 247
Right-of-use assets	23	2 591	2 495
Goodwill	24	26	26
Energy certificates and CO ₂ emission allowances for surrender	25.1	47	38
Other intangible assets	26	846	768
Investments in joint ventures	27	239	190
Loans granted to joint ventures	28	494	479
Derivative instruments	29	45	90
Other financial assets	30	233	259
Other non-financial assets	31.1	980	333
Deferred tax assets	32	46	144
		42 113	38 069
Current assets			
Energy certificates and CO ₂ emission allowances for surrender	25.2	227	360
Inventories	33	807	937
Receivables from buyers	34	4 056	4 089
Income tax receivables	47	63	130
Receivables arising from other taxes and charges	35	441	459
Derivative instruments	29	63	159
Other financial assets	30	320	743
Other non-financial assets	31.2	133	167
Cash and cash equivalents	36	489	596
Assets classified as held for sale		5	5
		6 604	7 645
TOTAL ASSETS		48 717	45 714

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

	Note	As at 31 December 2025	As at 31 December 2024
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Parent Company			
Issued capital	37.1	8 763	8 763
Reserve capital	37.3	2 948	2 438
Revaluation reserve from measurement of hedging instruments	37.4	(42)	139
Foreign exchange differences from translation of foreign entities		(2)	(3)
Retained earnings/(Accumulated losses)	37.5	9 116	6 376
		20 783	17 713
Non-controlling interests	37.6	3	41
Total equity		20 786	17 754
Non-current liabilities			
Debt	39	11 911	12 475
Provisions for employee benefits	40	820	701
Provisions for the costs of dismantling fixed assets and reclaiming land	41	293	216
Accruals, deferred income and government grants	44	1 670	612
Deferred tax liabilities	32	1 529	1 592
Derivative instruments	29	91	64
Capital commitments	46	38	106
Other financial liabilities	49	40	40
Liabilities arising from contracts with customers and advance payments received	50	1	1
		16 393	15 807
Current liabilities			
Debt	39	1 207	2 140
Liabilities to suppliers	45	1 852	1 955
Capital commitments	46	916	592
Provisions for employee benefits	40	171	110
Provisions for liabilities due to energy certificates and CO ₂ emission allowances	42	3 327	3 386
Other provisions	43	637	236
Accruals, deferred income and government grants	44	241	398
Income tax liabilities	47	475	23
Liabilities arising from other taxes and charges	48	843	977
Derivative instruments	29	259	375
Other financial liabilities	49	471	740
Liabilities arising from contracts with customers and advance payments received	50	1 139	1 221
		11 538	12 153
Total liabilities		27 931	27 960
TOTAL EQUITY AND LIABILITIES		48 717	45 714

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

TAURON Polska Energia S.A. Capital Group

Consolidated financial statements for the year ended 31 December 2025
compliant with the IFRS approved by the UE (in PLN million)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Equity attributable to the equity holders of the Parent Company					Total	Non-controlling interests	Total equity
	Issued capital	Reserve capital	Revaluation reserve on valuation of hedging instruments	Foreign exchange differences from translation of foreign entities	Retained earnings/ (Accumulated losses)			
As at 1 January 2024	8 763	3 076	218	62	5 201	17 320	38	17 358
Coverage of losses from previous years	-	(638)	-	-	638	-	-	-
Dividends	-	-	-	-	-	-	(2)	(2)
Transactions with shareholders	-	(638)	-	-	638	-	(2)	(2)
Net profit	-	-	-	-	585	585	5	590
Other comprehensive income	-	-	(79)	(65)	(48)	(192)	-	(192)
Total comprehensive income	-	-	(79)	(65)	537	393	5	398
As at 31 December 2024	8 763	2 438	139	(3)	6 376	17 713	41	17 754
Distribution of prior years profits	37.3	-	510	-	(510)	-	-	-
Redemption of non-controlling shares	-	-	-	-	3	3	(40)	(37)
Transactions with shareholders	-	510	-	-	(507)	3	(40)	(37)
Net profit	-	-	-	-	3 313	3 313	2	3 315
Other comprehensive income	-	-	(182)	1	(66)	(247)	-	(247)
Total comprehensive income	-	-	(182)	1	3 247	3 066	2	3 068
Settlement of the effective part of the hedge on assets	-	-	1	-	-	1	-	1
As at 31 December 2025	8 763	2 948	(42)	(2)	9 116	20 783	3	20 786

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2025	Year ended 31 December 2024 <i>(restated figures)</i>
Cash flows from operating activities			
Profit before tax		4 253	1 886
Share in (profit)/loss of joint ventures		(57)	(84)
Depreciation and amortization		2 487	2 349
Impairment losses on non-financial non-current assets		(39)	1 549
Revaluation of loans granted		(15)	(122)
Exchange differences		(29)	(67)
Interest and commissions		631	673
Valuation of derivatives		(183)	(313)
Other adjustments of profit before tax		(1)	35
Change in working capital	51.1	258	2 216
Income tax paid	51.1	(324)	(150)
Net cash from operating activities		6 981	7 972
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and right-of-use assets	51.2	(6 037)	(4 741)
Purchase of financial assets		(3)	(5)
Other payments		(3)	-
Total payments		(6 043)	(4 746)
Subsidies received		144	79
Proceeds from sale of property, plant and equipment and intangible assets		27	25
Dividends received		42	2
Other proceeds		-	1
Total proceeds		213	107
Net cash used in investing activities		(5 830)	(4 639)
Cash flows from financing activities			
Redemption of debt securities	51.3	(1 750)	(982)
Repayment of loans and borrowings	51.3	(3 347)	(9 074)
Interest paid	51.3	(541)	(587)
Repayment of lease liabilities		(133)	(122)
Acquisition of non-controlling shares		(37)	-
Other payments		(22)	(21)
Total payments		(5 830)	(10 786)
Proceeds from contracted loans and borrowings	51.3	4 377	6 962
Proceeds from the refund of interest on bonds		65	-
Total proceeds		4 442	6 962
Net cash from financing activities		(1 388)	(3 824)
Net increase/(decrease) in cash and cash equivalents		(237)	(491)
Net foreign exchange difference		(1)	-
Cash at the beginning of the period	36	557	1 048
Cash at the end of the period, of which:	36	320	557
restricted cash	36	232	268

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

INFORMATION ON THE CAPITAL GROUP AND THE BASIS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information about the TAURON Polska Energia S.A. Capital Group and its parent company

TAURON Polska Energia S.A. Group (the "Group", "TAURON Group") consists of TAURON Polska Energia S.A. (the "parent entity", the "Company", the "Parent Company") and its subsidiaries. TAURON Polska Energia S.A. operates as a joint-stock company, incorporated by a notarial deed on 6 December 2006. Until 16 November 2007, the Company operated under the name Energetyka Południe S.A.

Basic information on the Company

Name	TAURON Polska Energia S.A.
Registered office of the parent entity	Poland, 40-114 Katowice, ul. Ściegiennego 3. After the balance sheet date, from 16 March 2026, the registered office of the Company changed to: 40-202 Katowice, Aleja Walentego Różdzieńskiego 1B
Registration	District Court Katowice-Wschód, 8th Commercial Department of the National Court Register
KRS	271562
REGON	240524697
NIP	9542583988
Core area of business	<ul style="list-style-type: none">• Activities of head offices and holdings, excluding financial holdings - PKD 70.10 Z• Electricity trading - PKD 35.14 Z• Gas fuel trading in the network system - PKD 35.23 Z

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

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

These consolidated financial statements of the Group cover the year ended 31 December 2025 and contain comparative figures for the year ended 31 December 2024.

These financial statements were approved for publication by the Management Board on 30 March 2026.

Composition of the Management Board

As at 1 January 2025, the composition of the Management Board was as follows:

- 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.

On 17 December 2025, the Supervisory Board of the Company adopted a resolution dismissing Mr Piotr Gołębiowski from the Management Board of the Company and from his position as Vice President of the Management Board, with effect from 17 December 2025. On the same day, the Supervisory Board adopted a resolution on delegating a Member of the Supervisory Board, Mr Krzysztof Zawadzki, to temporarily perform the duties of a Member of the Management Board of the Company, assigning him the duties of Vice President of the Management Board for Trade from 1 January 2026 for a period not exceeding three months from the date of the assignment.

After the balance sheet date, on 24 March 2026, the Supervisory Board of the Company appointed Mr Krzysztof Zawadzki to the Management Board of the Company, effective 25 March 2026, and entrusted him with the position of Vice-President of the Management Board for Trade.

TAURON Polska Energia S.A. Capital Group

Consolidated financial statements for the year ended 31 December 2025
compliant with the IFRS approved by the UE (in PLN million)

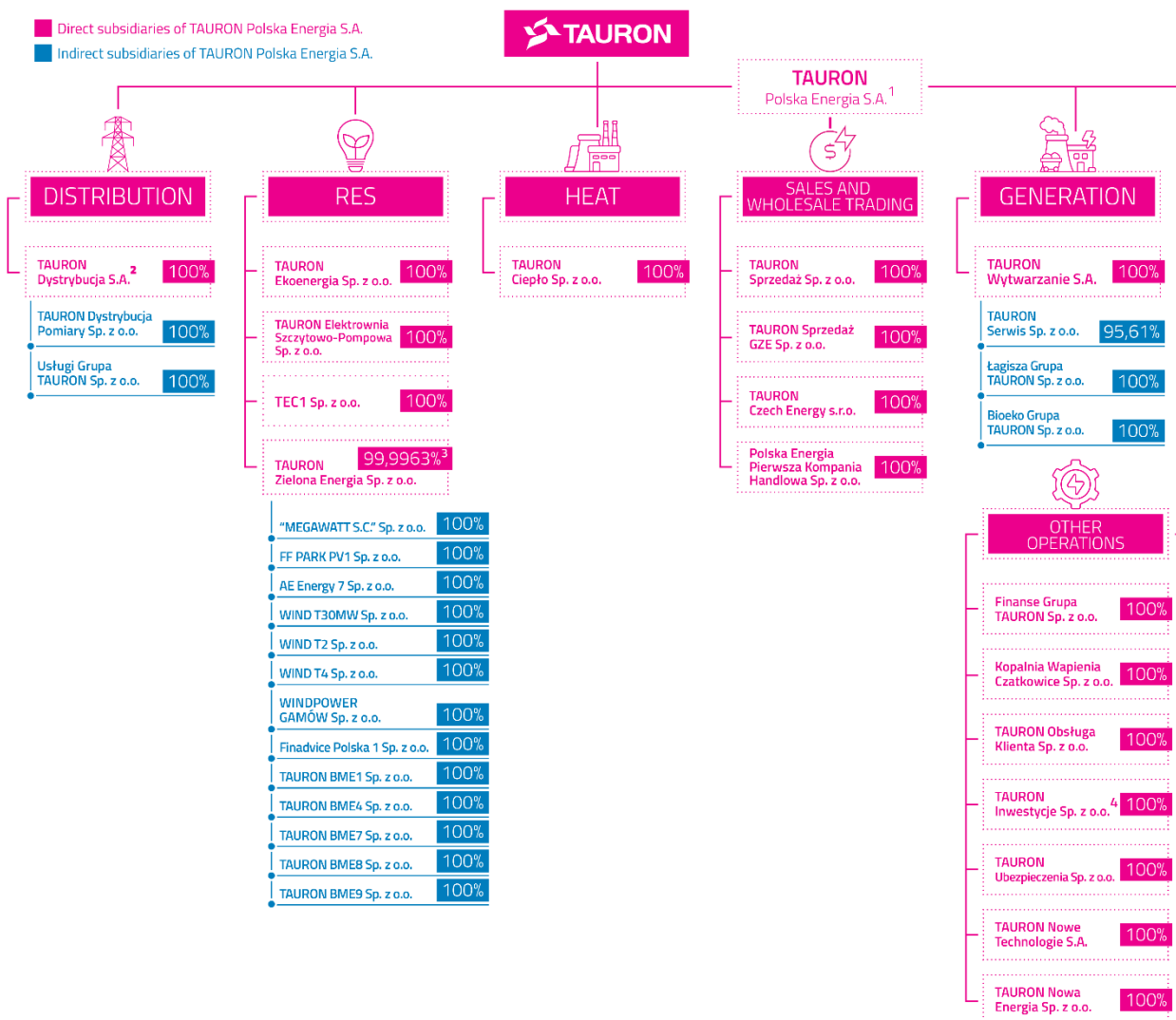
As at the date of approval of these financial statements for publication, the Management Board consisted of:

- Grzegorz Lot - President of the Management Board,
- Michał Orłowski - Vice President of the Management Board,
- Krzysztof Surma - Vice President of the Management Board,
- Krzysztof Zawadzki – Vice-President of the Management Board.

2. Composition of TAURON Group and joint ventures

2.1. TAURON Group

As at 31 December 2025, TAURON Polska Energia S.A. held, directly and indirectly, shares and interests in the following key subsidiaries assigned to operating segments:



¹ TAURON Polska Energia S.A. is included in the Sales and Wholesale Trading segment

² From 15 May 2025, the Company exercises 100% of the rights attached to the shares of TAURON Dystrybucja S.A. at the General Meeting.

³ TEC1 Sp. z o.o. holds 0.0037% of shares in the share capital of TAURON Zielona Energia Sp. z o.o.

⁴ From 5 February 2026, TAURON Inwestycje Sp. z o.o. changed its name to TAURON H2 Sp. z o.o.

Demerger of TAURON Inwestycje Sp. z o.o. (currently: TAURON H2 Sp. z o.o.)

On 1 April 2025, the demerger of TAURON Inwestycje Sp. z o.o. was registered, through the separation of an organised part of the enterprise related to activities in conventional sources to TAURON Ciepło Sp. z o.o. On 1 July 2025, the demerger of TAURON Inwestycje Sp. z o.o. was registered, through the separation of an organised part of the enterprise related to energy generation in renewable sources to TAURON Zielona Energia Sp. z o.o. Following the demerger, TAURON Inwestycje Sp. z o.o. is engaged in activities related to the production of green hydrogen.

Repurchase of shares in TAURON Dystrybucja S.A.

On 16 April 2025 the Extraordinary General Meeting of TAURON Dystrybucja S.A. adopted the resolution concerning the mandatory repurchase of shares of TAURON Dystrybucja S.A. held by shareholders representing no more than 5% of the share capital by the majority shareholder, i.e. TAURON Polska Energia S.A. On 15 May 2025, TAURON Polska Energia S.A. made a payment to the account of TAURON Dystrybucja S.A. of the entire amount for the repurchase of TAURON Dystrybucja S.A. shares from minority shareholders in the amount of PLN 37 million, accordingly, as of 15 May 2025 the Company exercises 100% of the rights from TAURON Dystrybucja S.A. shares.

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

On 1 July 2024, the merger of TAURON Zielona Energia sp. z o.o. (the acquiring company) with 10 limited partnerships (the acquired companies) for which TAURON Zielona Energia Sp. z o.o. was the limited partner and TEC1 Sp. z o.o. was the general partner was registered in the National Court Register. On 4 February 2025, the Regional Court in Katowice, in a verdict issued, declared invalidity of the resolution of the Extraordinary Meeting of Shareholders of TAURON Zielona Energia Sp. z o.o. on the merger of the acquiring company, TAURON Zielona Energia Sp. z o.o. with the acquired companies, registered on 1 July 2024 in the National Court Register, and burdened, in the opinion of the Company and the entities participating in the merger, with an error in the share exchange ratio.

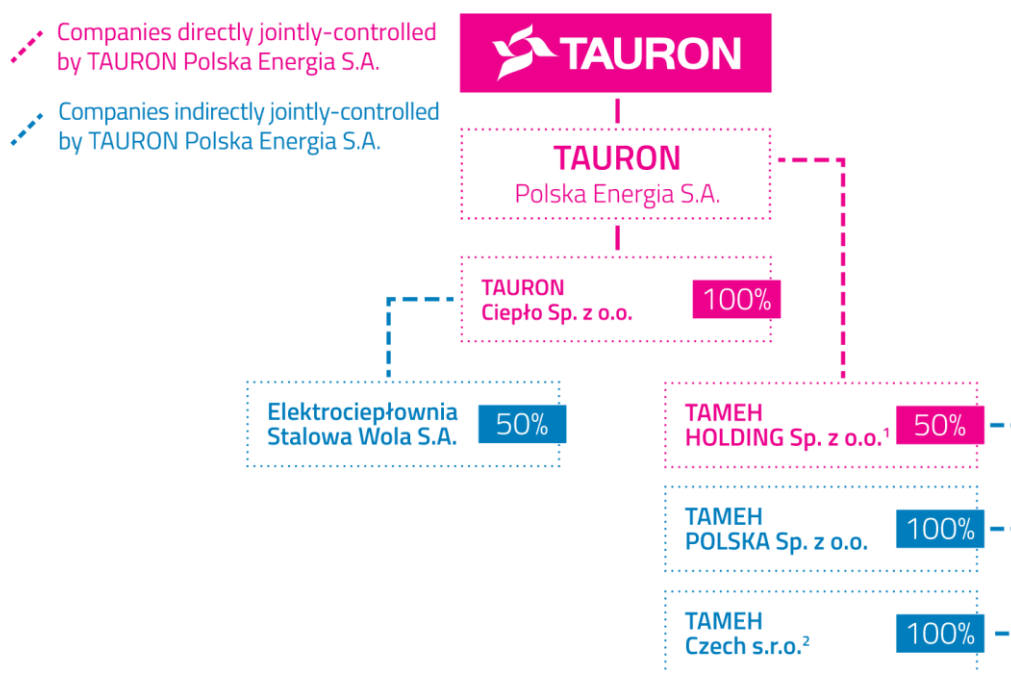
The above judgment was the basis for the deletion by the District Court Katowice Wschód, 8th Commercial Division of the National Court Register, on 21 March 2025, of the entry of 1 July 2024 in the National Court Register concerning the merger of TAURON Zielona Energia Sp. z o.o. with the acquired companies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

On 12 November 2025, the Extraordinary Meeting of Shareholders of the company TAURON Zielona Energia Sp. z o.o. adopted the resolution concerning the merger of TAURON Zielona Energia Sp. z o.o. (the acquiring company) with 10 limited partnerships (the acquired companies). On 1 December 2025, the Regional Court in Katowice registered the above-mentioned merger. Following the acquisition, the Company holds 99.9963% of the share capital of TAURON Zielona Energia Sp. z o.o., with the remainder (0.0037%) held by TEC1 Sp. z o.o.

As at 31 December 2025, the share of TAURON Polska Energia S.A. in the capital and in the governing body of the remaining key subsidiaries has not changed since 31 December 2024.

2.2. Joint ventures

As at 31 December 2025, TAURON Polska Energia S.A. held direct and indirect interest in the following key jointly-controlled companies in the Heat segment:



¹ Ownership of the shares is subject to the arbitration proceedings referred to in note 55 to these consolidated financial statements.

² On 9 August 2024, TAMEH Czech s.r.o. was declared bankrupt by liquidation which translated into the loss of joint control over the above company on that date within the meaning of IFRS.

3. Statement of compliance

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

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

Group companies and the parent entity keep their accounts and prepare their financial statements in accordance with International Financial Reporting Standards approved by the EU, with the exception of the companies listed below.

Keeping the books and preparation of financial statements	Company
In accordance with the accounting principles applicable in the Czech Republic	TAURON Czech Energy s.r.o.
In accordance with the Accounting Act	Łagisza Grupa TAURON Sp. z o.o., TEC1 Sp. z o.o., TAURON Elektrownia Szczytowo-Pompowa Sp. z o.o., "MEGAWATT S.C." Sp. z o.o., FF PARK PV1 Sp. z o.o., AE Energy 7 Sp. z o.o., WIND T2 Sp. z o.o., WIND T4 Sp. z o.o., Windpower Gamów Sp. z o.o., Finadvice Polska 1 Sp. z o.o., TAURON BME1 Sp. z o.o., TAURON BME4 Sp. z o.o., TAURON BME7 Sp. z o.o., TAURON BME8 Sp. z o.o., TAURON BME9 Sp. z o.o., TAURON Ubezpieczenia Sp. z o.o.

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

4. Going concern

These consolidated financial statements have been prepared with the assumption of continuation of activities by the Group as a going concern in the foreseeable future, i.e. in the period not shorter than one year following the balance sheet day. As at the date of approving these consolidated financial statements no circumstances have been detected that could put the going concern operation of the Group's companies at risk.

The Group identifies and actively manages liquidity risk, understood as the possibility of losing or limiting the capacity to settle current expenses. Despite the existence of an excess of current liabilities over current assets (the so-called negative working capital), the Group has full capacity to settle its liabilities when they fall due. As at the balance sheet day the Company has available guaranteed lending facilities of PLN 6 190 million, as described in note 53.2 to these consolidated financial statements. The Group manages its liquidity in a conscious manner and uses available funding when specific liquidity needs arise, thereby optimising the cost of fund raising. As part of its capital and finance management, the Group monitors in particular the Group's debt ratio, as described in more detail in note 58 to these consolidated financial statements.

In the area of liquidity, financing and securing the continuity of operating activities, the Management Board, having analysed the financial position of the Company and the Group, does not identify any risk to the continuity of operations as a going concern in the foreseeable future, i.e. within a period not shorter than 1 year from the balance sheet day.

5. Functional currency and presentation currency

The functional currency of the parent entity and its subsidiaries, except for TAURON Czech Energy s.r.o., covered by these consolidated financial statements and the presentation currency of these consolidated financial statements is Polish zloty. The functional currency of TAURON Czech Energy s.r.o. is the Czech koruna (“CZK”). Items in the financial statements of TAURON Czech Energy s.r.o. are translated into the TAURON Group's presentation currency using the relevant exchange rates.

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

6. Accounting principles (policy)

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

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

Consolidation

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

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

Business acquisitions

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

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

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

Acquisition of businesses under common control

Combinations of businesses under common control of the Company (i.e. those which have remained under the control of the Company before and after the transaction) are accounted for using the pooling of interest method.

The consolidated financial statements of the TAURON Polska Energia S.A. Capital Group, which includes subsidiaries under common control of the Company, prepared as at the end of the reporting period during which the merger took place, contain comparative data for the previous reporting period, determined as if the merger had taken place at the beginning of the earliest period presented.





7. Material values based on professional judgement and estimates

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

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

The uncertainty in estimates carries the risk of major adjustment to the carrying amounts of assets and liabilities. Items of the consolidated financial statements that involve a significant risk of material adjustment to the carrying amounts of assets and liabilities, information on the estimates and judgements made by management, including the key assumptions made and sensitivity analyses for changes in these assumptions are described in the individual notes to these consolidated financial statements.

The most significant estimates are presented in the table below.

Item	Main elements subject to estimates and judgement	Impact of key estimates on the consolidated financial statements in the year ended 31 December 2025
 Sales revenue Note 14	<ul style="list-style-type: none"> Amount of revenue from the sale of energy, heat and gas and distribution services for which the billing cycle and invoicing take place in periods other than the reporting periods 	<ul style="list-style-type: none"> The value of estimated revenues from the sale of energy and distribution services in the <i>Sales and Wholesale Trading</i> segment as at the balance sheet date amounted to PLN 1 001 million. The impact on operating profit (taking into account the reversal of previous year's estimates) amounted to PLN (186) million.
 Impairment of non-financial assets Note 13 Property, plant and equipment Note 22	<ul style="list-style-type: none"> Assessment of impairment premises Assumptions of impairment tests Verification of economic useful lives 	<ul style="list-style-type: none"> Impairment tests of non-financial assets carried out as at the balance sheet date indicated the need to reverse the existing write-down relating to cash-generating units in the Heat segment in the amount of PLN 47 million, including PLN 46 million for tangible fixed assets
 Right-of-use assets Note 23	<ul style="list-style-type: none"> Initial measurement Lease interest rates Assessment of impairment premises Assumptions of impairment tests 	<ul style="list-style-type: none"> Impairment tests of non-financial assets carried out as at the balance sheet date indicated the need to reverse the existing write-down relating to cash-generating units in the Heat segment in the amount of PLN 47 million, including PLN 1 million for right-of-use assets.
 Investment in joint ventures Note 27 Loans granted to joint ventures Note 28	<ul style="list-style-type: none"> Classification of exposure as a joint venture Assessment of impairment premises Classification and measurement of loans granted to a joint venture 	<ul style="list-style-type: none"> Measurement of loans granted to the joint venture increased the financial income by PLN 15 million. The impairment tests carried out as at the balance sheet date did not indicate the need to recognize or reverse impairment losses on shares in joint ventures.



**Receivables from buyers
Note 34**

- Recognition of estimated receivables from the sale of energy, heat and gas and distribution services for which the billing cycle and invoicing take place in periods other than the reporting periods
- Estimation of expected credit losses on receivables

- Gross receivables due to reassessed revenues from the sale of energy and distribution services as at the balance sheet date amounted to PLN 1 128 million.
- The recognition of expected credit losses was charged to the Group's operating expenses in the amount of PLN 88 million.



**Deferred income tax assets
Note 32**

- Realizability of deferred income tax assets

- The value of the unrecognised deferred tax asset as at the balance sheet date amounted to PLN 1 257 million.



**Debt liabilities
Note 39**

- Assessment of the preferential nature of the loan
- Measurement of the carrying amount of preferential credits and loans
- Classification of the liability as long-term or short-term

- The funding received in the amount of PLN 1 659 million was assessed as preferential funding.
- As at the date of receipt, the preferential funding was measured at a fair value of PLN 628 million.



**Provisions
Note 40, 41, 42,43**

- Assessment of the likelihood of cash outflows
- Level of discount rate
- Classification of the provision as long-term or short-term

- The change in the estimate of provisions recognized and released resulted in a charge to the Group's gross financial result of PLN 3 983 million, of which:
 - PLN 3 118 million relates to the provision for CO₂ emission liabilities;
 - PLN 277 million relates to the provision for the effects of the proceedings of the President of the Energy Regulatory Office regarding the calculation of write-downs to the Price Difference Payment Fund;
 - PLN 146 million relates to provisions for onerous contracts related to the sale of electricity to customers in tariff groups G at approved tariff prices.

Besides the foregoing, the Group makes significant estimates as regards the contingent liabilities recognised, in particular in the scope of legal proceedings where the Group companies are parties (Note 55).

8. Standards published and amendments to accounting standards which have not entered into force yet

The Group did not choose earlier application of any standards or amendments to standards which were published but have not entered into force by 31 December 2025.

- **Amendments to standards issued by the International Accounting Standards Board which have been endorsed by the European Union but have not yet entered into force**

Standard	Date of entry into force in the EU (annual periods starting on or after that date)
Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments - Disclosures - changes related to agreements for energy from renewable sources</i>	1 January 2026
Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures - changes to the classification and measurement of financial instruments</i>	1 January 2026
Amendments to various standards, Amendments to IFRS (IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> ; IFRS 7 <i>Financial Instruments: Disclosures</i> ; IFRS 9 <i>Financial Instruments</i> ; IFRS 10 <i>Consolidated Financial Statements</i> ; IAS 7 <i>Statement of Cash Flows</i>)	1 January 2026
IFRS 18 <i>Presentation and disclosure in financial statements</i>	1 January 2027

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 *Presentation and Disclosures in Financial Statements* ("IFRS 18") will replace the current IAS 1 *Presentation of Financial Statements*. The main requirements introduced by IFRS 18 relate to:

- change in the structure of the statement of comprehensive income. IFRS 18 requires the classification of items of income and expenses within the statement of comprehensive income into five categories, in particular the newly introduced operating, investing and financing categories. At the same time, IFRS 18 requires the mandatory presentation of new subtotals in the statement of comprehensive income, allowing the presentation of the result by category of activity, i.e. operating result, including income and expenses classified in operating activities, and result before financing and taxation, including operating result and income and expenses classified in investing activities,
- making disclosures of management-defined performance measures (MPMs), defining an MPM as a sub-item constituting the difference between revenue and expenses that an entity uses in communications published outside the financial statements and used to communicate to users of the financial statements management's view of certain aspects of the entity's operations as a whole; and
- principles of aggregation and disaggregation of information in the financial statements, in particular specifying that the aggregation of assets, liabilities, income, expenses and cash flows to items should be based on common characteristics and disaggregation based on characteristics that are not common.

The Group continues its work and analysis to assess the impact of IFRS 18 on its consolidated financial statements and the accounting policies applied by the Group. In particular, the work comprises the assignment of individual revenue and expense headings to categories of activity under IFRS 18, the development of a new format for the statement of comprehensive income and statement of cash flows tailored to the Group's specific circumstances, the development of a new format for the notes tailored to the requirements of IFRS 18, and the analysis of the information presented publicly by the Group with a view to identifying and defining MPM targets.

In particular, the Group identifies a significant impact of entry into force of IFRS 18 on the subtotal presented by the Group to date within the consolidated statement of comprehensive income in the form of operating profit, which is the basis for the calculation of the EBITDA performance measure included in the calculation of the *net debt/EBITDA* covenant. In accordance with IFRS 18, the operating result will be a mandatory subtotal in the statement of comprehensive income, including income and expenses classified as operating under IFRS 18. On the basis of the work carried out to date, the Group identifies that some of the income and expenses classified prior to the date of enter into force of IFRS 18 as income and expenses from financing activities may ultimately be classified as operating activities, in particular items related to interest and exchange rate differences arising from activities related to the sale of products and services. At the same time, the Group identifies that the share of the result of joint ventures, currently classified as operating activities, will be part of investing activities and will not affect the Group's operating result.

Amendments to other standards

Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures concerning agreements for energy from renewable sources* clarify and simplify the use of the exemption from the fair value measurement for power purchase agreements ("PPA") dependent on natural factors. In particular, it was clarified that the entity is entitled to use the exemption from fair value measurement relating to contracts entered into for own use if the entity has been and expects to be a net purchaser of electricity over the term of the contract, i.e. if it buys enough electricity to offset any sales of unused energy. At the same time, these amendments extended the disclosure obligations for renewable energy agreements. In the context of the PPAs concluded by the Group companies, the Company, on the basis of the analyses carried out to

date, assesses that the above changes will not have a significant impact on the accounting principles applied so far regarding the recognition of the effects of the agreements concluded and, at the same time, may translate into the need to make additional disclosures in the consolidated financial statements regarding the above agreements.

Amendments to IFRS 9 Financial Instruments and IFRS 7 *Financial Instruments: Disclosures - Amendments to Classification and Measurement of Financial Instruments*, in particular, clarify the recognition and derecognition dates for certain financial assets and liabilities, add guidance for assessing whether a financial asset meets the criteria for the SPPI test (Solely Payments of Principal and Interest i.e. only repayments of capital and interest), and extend and update disclosure obligations for instruments whose contractual terms may change cash flows and equity instruments measured at fair value through other comprehensive income. On the basis of the analyses carried out to date, the Company assesses that the above changes will not have a material impact on the accounting policies applied to date.

Amendments to various standards. The amendments to IFRS are clarifying and explanatory in nature and will not have a material impact on the accounting policies applied so far.

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

Standard	Date of entry into force by standard, not approved by the EU (annual periods starting on or after that date)
IFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016*
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures: Transactions of sale or contribution of assets between an investor and its associate or joint venture as amended</i>	the date of entry into force of the amendments has been postponed
IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i> and amendments to IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency</i>	1 January 2027

* The European Commission decided to refrain from launching the process of endorsement of this interim standard for use in the territory of the EU until the publication of the final version of IFRS 14 *Regulatory Deferral Accounts*.

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

IFRS 14 *Regulatory Deferral Accounts*

The International Accounting Standards Board is working on a standard on regulated activities. The standard is aimed to determine a model for the accounting treatment of assets and liabilities associated with regulated activities. The new standard, if issued, will replace IFRS 14 *Regulatory Accruals*. According to the draft standard, the standard is intended to apply to entities that are party to a contract specifying regulated rates that the entity charges to its customers for goods and services provided, and when part of the total consideration for goods and services provided in a given period is charged to customers through regulated rates in another period (so-called time differences arise). The Group monitors the work carried out by the International Accounting Standards Board regarding the final version of the standard on regulatory assets and liabilities in terms of determining the impact on TAURON Group, particularly in the Distribution segment. As at the date of authorisation of these consolidated financial statements for publication, the final version of the standard has not been issued. The International Accounting Standards Board plans to publish the new IFRS 14 standard *Regulatory Accruals* in the second quarter of 2026. The Group will assess the impact of the standard on the Group's financial results and financial position once the International Accounting Standards Board has issued the final version of the standard.

Other standards and amendments to standards

IFRS 19 *Non-publicly accountable subsidiaries: disclosures* applies to group subsidiaries that do not have public accountability and have a parent company that prepares consolidated financial statements available for public use that comply with IFRS. IFRS 19 *Non-publicly accountable subsidiaries: disclosure of information* provides such entities with the opportunity to reduce the disclosure requirements of IFRS. Based on the analysis performed to date, the Company assesses that IFRS 19 *Subsidiaries without Public Accountability: Disclosures* will have no impact on the Group's consolidated financial statements.

The amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency* clarify the criteria for assessing when a currency is no longer considered to be convertible due to the level of inflation and specify the presentation and disclosures in the event of non-convertibility. Based on the analyses performed to date, the Company assesses that the amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency* will have no impact on the Group's consolidated financial statements.

Due to the deferral of the date of entry into force of the amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, the Group will assess the impact of the final amendments to the above standards on the Group's accounting policies once the effective date of the amendments has been determined.

9. Changes in accounting policies applied and presentation and restatement of comparable data

Changes in the accounting principles applied and presentation

The accounting principles (policy) adopted for the preparation of these consolidated financial statements are consistent with those used for the preparation of the annual consolidated financial statements of TAURON Polska Energia S.A. for the year ended 31 December 2024, except for the amendments to the accounting policy described below regarding hedging instruments subject to hedge accounting. Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability*, which entered into force on 1 January 2025, did not affect the Group's accounting policy. In addition, the Group made changes to the presentation of grants received in the consolidated statement of cash flows as well as other operating income and other operating expenses and the gain/(loss) on derivative instruments in the consolidated statement of comprehensive income, as described below.

Change in the accounting policy in the scope of hedging instruments subject to hedge accounting

On 1 October 2025, the Company changed its accounting principles regarding the recognition of hedging instruments covered by hedge accounting. Until the amendment date, i.e. in the comparable period and in the 9-month period ended 30 September 2025, the Company continued to apply the accounting for hedging instruments covered by hedge accounting in accordance with IAS 39 *Financial Instruments: recognition and measurement*. From 1 October 2025, upon the commencement of hedge accounting for FX forward transactions hedging currency risk for purchases of CO₂ emission allowances in EUR, the Group applies the accounting rules for hedging instruments subject to hedge accounting in accordance with IFRS 9 *Financial Instruments*. The change in the accounting policy to the above extent is a prospective change and does not require a restatement of comparable data.

Change in the presentation of received grants in the consolidated statement of cash flows

Beginning from the interim condensed consolidated financial statements for the 6-month period ended 30 June 2025 the Group has decided to change the presentation in the consolidated statement of cash flows of subsidies received in connection with Group companies' investment projects and related expenditures on non-financial fixed assets. Prior to the change, such grants were presented as part of cash flows from financing activities, given that they constitute a component of financing investment projects. Following the change, grants of this nature are presented as part of investing activities. In the Group's opinion, the changed approach better reflects the nature of the funds received in this way, given that they are directly related to the Group's investment expenditures, and furthermore, they are not debt-related and do not result in a liability for Group companies. Comparative data have been restated accordingly.

TAURON Polska Energia S.A. Capital Group

 Consolidated financial statements for the year ended 31 December 2025
 compliant with the IFRS approved by the UE (in PLN million)

	Year ended 31 December 2024 <i>(approved figures)</i>	Change in presentation of subsidies received	Year ended 31 December 2024 <i>(restated figures)</i>
Cash flows from operating activities			
Net cash from operating activities	7 972		7 972
Cash flows from investing activities			
Subsidies received	–	79	79
Total proceeds	28	79	107
Net cash from investing activities	(4 718)	79	(4 639)
Cash flows from financing activities			
Subsidies received	79	(79)	–
Total proceeds	7 041	(79)	6 962
Net cash from financing activities	(3 745)	(79)	(3 824)
Increase/(decrease) in net cash and equivalents	(491)	–	(491)
Cash opening balance	1 048	–	1 048
Cash closing balance, including:	557	–	557
of limited disposal	268	–	268

Change in the presentation of other operating income and other operating expenses and the gain/(loss) on derivative instruments in the consolidated statement of comprehensive income

Beginning from the consolidated financial statements for the year ended 31 December 2025, the Group decided to change the presentation of other operating income and other operating expenses in the consolidated statement of comprehensive income. Prior to the change, the Group presented other operating income and other operating expenses together, as a single line item in the consolidated statement of comprehensive income. Following the change, the Group presents other operating income and other operating expenses separately in the consolidated statement of comprehensive income. In the Group's opinion, the changed presentation allows for a clearer presentation of the Group's revenues and expenses related to other operating activities in the consolidated statement of comprehensive income and reflects their scale in relation to the Group's other revenues and expenses.

Beginning with the interim condensed consolidated financial statements for the 6-month period ended 30 June 2025, the Group decided to change the presentation of the gain/(loss) on derivative instruments in the consolidated statement of comprehensive income. Prior to the change, the Group presented the gain/(loss) on derivative instruments within the line item *Financial income and other financial expenses*. Following the change, the Group presents the gain/(loss) on derivative instruments as a separate line item in the consolidated statement of comprehensive income. In the Group's opinion, the changed presentation allows for a more transparent presentation of the level and characteristics of the Group's financial income and expenses in the consolidated statement of comprehensive income.

	Year ended 31 December 2024 <i>(approved figures)</i>	Change of presentation of other operating profits and other operating costs	Change in the presentation of the gain/(loss) on derivative instruments	Year ended 31 December 2024 <i>(restated figures)</i>
Profit on sale	3 968	–	–	3 968
Other operating income and expenses	90	(90)	–	–
Other operating income	–	187	–	187
Other operating expenses	–	(97)	–	(97)
Operating profit	2 651	–	–	2 651
Gain/(loss) on derivative instruments	–	–	(314)	(314)
Finance income and other finance costs	(93)	–	314	221
Profit before tax	1 886	–	–	1 886
Net profit	590	–	–	590

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

Risks and opportunities associated with climate change and the energy transition process

Progressing climate changes, the continuing energy transition process and the resulting changes in the business environment have a significant impact on the operations of TAURON Group. TAURON Group is one of the largest energy companies in Poland. Recognising the bidirectional impact, i.e. the impact of the Group's activities on the environment, climate change and the surrounding area, and the impact of climate change and the surrounding area on the Group's activities, managing the risks and opportunities associated with this impact is an important element of strategic management, with sustainable development goals forming an integral part of the Group's strategy.

The Group identifies the following risks related to climate change:

- physical risks resulting from the physical effects of climate change, in particular in the form of extreme weather events;
- risks related to the energy transition, including in particular regulatory and legal, technological, market, image, social and financing risks.

TAURON Group operates in a sector significantly affected by the regulatory environment. In particular, activities aimed at combating climate change translate into a changing legal environment of the Group, including EU and national legislation gradually increasing environmental protection requirements imposed on enterprises and introducing limitations for fossil fuels. The above changes translate into an increase in operating costs, particularly in the area of electricity and heat generation from conventional sources.

The transition to a low-carbon and climate-resilient economy requires significant investment. The transition to new technologies and the replacement of existing products and services with lower-emission alternatives will require significant investment.

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

The occurrence of extreme weather events such as hydrological droughts, heat waves, floods and hurricanes, has negative impact on the ability to generate revenue and economic benefits from the Group's assets, particularly in the Distribution and Renewable Energy Sources segment.

However, the ongoing energy transition process also provides new opportunities, including the development of new products oriented to changing customer demand, new technologies contribute to cost efficiency, investment in Group assets increases resilience to weather events, preventing potential losses in the event of their occurrence. The above changes should consequently have a positive impact on the image of the Group and the entire power sector.


Implementation of the TAURON Group's Strategy in the context of climate issues

In 2024, the *Strategy of TAURON Group for 2025-2035* was adopted by the Company Management Board. The strategy responds to the challenges resulting from the current and projected situation in the market and the electricity sector, in particular related to the transformation of the power industry and new solutions supporting this transformation. The Group's strategy aims to counteract the risks, but also to take advantage of the opportunities associated with climate change. 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 and energy storages capacity to 3.4 GW in 2030 and 6.1 GW in 2035. At the same time, the Group plans to move away from the use of coal for heat generation and to decommission coal-fired units by 2030 (with the exception of the 910 MW unit in Jaworzno) in order to achieve climate neutrality in 2040.

Impact of climate issues on consolidated financial statements of TAURON Group, including values based on professional judgement and estimates recognised in the consolidated financial statements

The climate issues affect the estimates and assumptions adopted in the Group's estimation process and the professional judgement of the management, consequently translating into the figures reported in these consolidated financial statements. The climate issues represent an integral component of the models used in the estimation process and the assumptions made about the future. Most significantly, climate issues translate into the area of valuation of the non-financial fixed assets of the Group, through the estimates and judgements adopted as part of the impairment tests and estimates related to the periods of economic useful life of non-financial fixed assets. Climate issues also have a significant impact on the estimates in the scope of creating the provisions.

The Group believes that climate issues had the most significant impact on the consolidated financial statements for the year ended 31 December 2025 in the following scope.

Issue	Description of impact
 <p>Impact of climate protection issues on the impairment tests performed on non-financial non-current assets</p> <p>Note 13</p>	<p>Assumptions adopted in tests, including the impact of regulatory issues</p> <p>As part of the assumptions underlying the estimation of future cash flows in the impairment tests, the Company took into account current and planned regulatory changes aimed at achieving the climate targets assumed by the European Union, including, in particular, the updated draft National Energy and Climate Plan (KPEiK) until 2030 with an outlook to 2040, published in 2025, which assumes, in the baseline scenario adopted for the calculation of price paths (WEM "with existing measures") a reduction in greenhouse gas emissions from the energy sector of approximately 43% in 2030 and 61% in 2040 compared to 1990.</p> <p>Furthermore, the assumptions take into account long-term climate policy directions, including the European Union's target of reducing net greenhouse gas emissions by 90% by 2040, 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.</p> <p>The effect of the regulatory changes described above shall be, among others, the progressive transformation of the energy mix in Poland. It includes, in particular, a dynamic increase in the share of renewable energy sources and natural gas-fired generating units playing a significant balancing role. Continued growth in gas-fired capacity, secured, among others, by the results of last year's capacity market auctions, combined with the simultaneous phase-out and decline in conventional coal-fired generation, is a key driver of market energy prices. The regulatory changes aimed at climate protection and the resulting changes in the structure of electricity generation, which were taken into account in the framework for the impairment tests, had an impact in particular on the electricity price levels estimated by the Company, levels of CO₂ emission allowances and fuel, as well as on the assumptions made regarding the volumes and structure of energy production by the Group's generating units in a long term horizon.</p> <p>Decarbonisation of the heat industry</p> <p>Moreover, the decarbonisation and transformation of the Group's heating sector, which was initiated in line with the strategy, had a significant impact on the impairment tests carried out on the balance sheet date for assets related to heat generation. The decarbonisation assumptions have influenced the projections to include a gradual change in the fuel used by operating generating units from coal to gas or biomass and to assume the complete replacement of coal assets with low-carbon assets by 2030 at the latest. At the same time, the projections assume a cogeneration bonus (in accordance with the Act of 14 December 2018 on the promotion of electricity from high-efficiency cogeneration), which is a surcharge on the electricity generated, fed into the grid and sold from high-efficiency cogeneration, for generators planning to operate new or significantly modernised installations.</p> <p>The assumptions adopted in the scope of impairment testing, including those relating to climate issues, are described in detail in Note 13 to these consolidated financial statements.</p>

The economic life and residual value of tangible and intangible assets are reviewed at least at the end of each financial year. The revision takes into account, among other things, the impact of climate issues, particularly in the Generation and Heat segments, which are exposed to the risks of increased regulatory obligations, curtailment of assets generating electricity and heat in conventional sources and the risk of higher operating costs, as well as Renewables affected by the support mechanisms in place and the technologies used.

Verification of economic useful lives taking into account the TAURON Group's Strategy

CGU Generation-Coal and CGU Generation-Biomass:

- In the Jaworzno II Power Plant, the operation of unit 1 (Biomass) was reduced by three years until 2025 and the operation of units 2 and 3 was extended by one and three years, respectively, to June 2028.
- In the case of 200MW class units, the analysis was carried out taking into account the horizon of operation of the Derogation Capacity Market (until 2028), with the assumption of obtaining support at a level ensuring further economically justified operation.
- In the remaining power plants, the operating periods have not changed compared to the assumptions adopted in the tests as at 31 December 2024.



Impact of climate issues on the economic lives of non-financial assets

Notes 13, 22, 26

The assumptions adopted regarding the economic useful lives of assets are compliant with the assumptions included in the TAURON Group Strategy regarding abandoning energy generation in conventional sources and the achievement of full climate neutrality by the Group by 2040. Operation of coal-fired generating units no longer than until 2030 was assumed, with the exception of the 910 MW unit at Jaworzno, which was assumed to operate until 2040.

In accordance with the strategy, the process of decarbonisation and transformation of the Group's district heating sector has been initiated, which involves a gradual change in the fuel used by operating generation units from coal to gas or biomass, and the full 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.

For all generating plants in the Heat segment, a period of operation until 2054 has been assumed, with operation of the units on coal fuel to end by 2029.

As at 31 December 2025, in the RES segment, the following operating period has been assumed for the generating units:

- CGU Hydroelectric power plants - the useful life has been extended to 2080 compared to the tests at 31 December 2024;
- CGU Photovoltaic power plants - until 2057.

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.

The assumptions regarding the adopted economic lives of the generating units are described in detail in note 13 to these consolidated financial statements.

Wind and photovoltaic farms

The Group implements investment projects aimed at increasing the capacity generated in renewable energy sources. In the year ended 31 December 2025, the following photovoltaic farms were commissioned by the Group companies:

- 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.).

Moreover, in the year ended 31 December 2025, 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.),
- Miejska Górka with a capacity of 190.8 MW (as part of Finadvice Polska 1 Sp. z o.o.).

As of the date of approval for publication of these consolidated financial statements, the Nowa Brzeźnica and Sieradz wind farms have been commissioned. The Miejska Górka wind farm is scheduled for commissioning in 2027. After the balance sheet date, the decision was made to implement the 85 MW Ogrodzieniec Hybrid Plant (including the construction of the 85 MW Ogrodzieniec photovoltaic farm and the construction of a 55 MW energy storage facility) and the 55 MW Mysłowice photovoltaic farm.

Additionally, the TAURON Group is simultaneously developing its portfolio of proprietary projects.

Energy storage

TAURON Group is also developing energy storage projects. In the year ended 31 December 2025, TAURON BME4 Sp. z o.o., TAURON BME 9 Sp. z o.o. and FF Park PV1 Sp. z o.o. implemented projects related to the construction of energy storage facilities with the total capacity of 24.4 MW. The projects implemented by TAURON BME4 Sp. z o.o. have been commissioned up to the date of approval for publication of these consolidated financial statements, while the remaining projects are also scheduled for commissioning in 2026.

Group companies are also planning and preparing for the construction of further energy storage facilities with a total capacity of approximately 542 MW. Additionally, the TAURON Group is simultaneously developing its portfolio of proprietary projects.

Rożnów II Pumped Storage Power Plant

TAURON Group is continuing the planning stage for the construction of a pumped storage power plant to serve as a large-scale energy storage facility in the vicinity of the Rożnów Hydroelectric Power Plant (within the TAURON Elektrownia Szczytowo-Pompowa sp. z o.o. company). The power plant is expected to reach the capacity of approximately 700 MW and the energy capacity of 3 GWh.



Implementation of investment in the RES Area and change in the mix of generation sources

Notes 2, 22



The Group's adaptation to climate change, the impact of climate change and weather events on the Group's revenues and capital expenditure

Notes 12.1, 46

The TAURON Group's Climate Policy defines basic priorities in the scope of adaptation to climate change. The gradual adaptation of the production assets to the consequences of extreme weather events and the changeability of weather conditions, particularly for business areas sensitive to the fluctuations of temperature, precipitation and wind force, is carried out as part of the systemic approach to asset management. Climate change risks are also taken into account when deciding on new activities or investments.

Impact on segments

The consequences of extreme weather events are experienced most strongly in companies of the *Renewable Energy Sources ("RES")* and *Distribution* segments.

RES

The level of production and sales of electricity generated in renewable energy sources is affected by seasons of the years and meteorological conditions. Hydrological drought and prolonged periods without rain periodically materialise as a lack of electricity generation in hydroelectric power plants, however, due to the fact that the Group has reservoir power plants and not just run-of-river plants, the Group assesses that it is not critically exposed to water risks and they do not have a material impact on the impairment test results for the RES CGU *Hydroelectric power plants*.

Distribution

In the Distribution segment, an increase in the frequency and intensity of hurricanes and strong winds accompanied incidentally by tornadoes and lightning can result, in extreme cases, in mass failures and consequent downed power lines, as well as intermittent and spot flooding. The overhead infrastructure is also adversely affected by more frequent occurrence of temperatures oscillating around zero degrees Celsius, which raises the risk of an increase in the frequency of failures due to the deposition of wet snow or ice and the weakening of tree stands. This is mitigated by measures being taken, among others, in order to increase the share of cable lines to overhead lines. Given the role of infrastructure, the Group aims to increase the flexibility and resilience of its network infrastructure, including through investment in digitalisation and in improving the quality and efficiency of the services provided, which has also been factored into future cash flows for impairment testing purposes. Capital expenditure in the Distribution segment represents the most significant percentage of the Group's capital expenditure, whereas expenditure of PLN 3 831 million in 2025 accounted for 68% of the Group's capital expenditure. Similarly, Distribution generates the most significant capital expenditure commitments for the construction of new connections as well as the modernisation and restoration of the network (PLN 5 187 million and PLN 3 623 million as at 31 December 2025 and 31 December 2024, respectively). TAURON Group plans significant capital expenditure on investment in the development and adaptation of the electricity grid to the energy transition and climate change needs. To this end, it has obtained funding in the form of a loan from the National Recovery and Resilience Plan, as discussed in more detail in note 39.1 to these consolidated financial statements.

Heat

The consequences of global warming are most strongly experienced by companies producing and selling heat (Heat segment), translating into reduction in demand for heat supplies for heating purposes, which affects the long-term heat sales plan taken into account in the impairment tests, including, among others, capacity reductions due to global warming.

Sustainability indicators in financing agreements

The Group raises finance with the aim of investing funds to mitigate the negative impact of the TAURON Group's activities on the climate. In accordance with the terms of some of the agreements, the Company allocates the funds raised for the implementation of investments in the area of distribution and renewable energy sources, and reports to the banks on the level of certain sustainability indicators, i.e. the rate of increase in the capacity of renewable sources or the rate of decarbonisation. The accuracy of the calculation of the sustainability indicators is confirmed by the relevant reports of an independent auditor and reported to the financial institutions. In addition, some of the financing agreements contain restrictions on the use of funds from these agreements to finance coal-fired generation activities. The Group carries out its activities in accordance with environmental, climate and social policies.

In the opinion of the Company, the Group's sustainability-linked funding, in respect of which failure to meet the level of sustainability indicators (emission reduction rate, RES capacity increase rate) may affect the margin level in financing agreements, does not contain embedded derivatives.

National Recovery and Resilience Plan

The Group uses available sources of funding for investment projects, including national and EU funds. In 2024 and 2025, the following loan agreements were concluded with Bank Gospodarstwa Krajowego from the funds of the National Recovery and Resilience Plan:



Funding for the purpose of investment aimed at mitigating the negative impact of the Group's activities on climate

Debt liabilities - Note 39

Government grants - Note 44.1

Year of concluding the agreement	Objective	Group Company	Contractual amount	Amount of funding disbursed as at 31 December 2025
2024	Development and adaptation of the electricity grid to the needs of energy transition and climate change	TAURON Dystrybucja S.A.	15 867	1 428
2025			310	231
2025	Advanced digital transformation	TAURON Dystrybucja S.A.	110	-
2025	Construction of two photovoltaic farms	TAURON Zielona Energia Sp. z o.o.	269	-

Financing from environmental funds

TAURON Group also uses other available sources of funding, including grants and loans from environmental funds for the implementation of investment projects. In 2024, a loan agreement was concluded with the National Fund for Environmental Protection and Water Management up to the amount of PLN 141 million to subsidise the implementation of the Bałków photovoltaic farm project commissioned in 2025.

On 30 December 2025, TAURON Group companies concluded agreements with the National Fund for Environmental Protection and Water Management for co-financing from the Modernisation Fund under the priority programme "Electricity storage facilities and related infrastructure for the improvement of the stability of the Polish power grid", with the total value of PLN 538 million, of which:

- TAURON Zielona Energia Sp. z o.o. concluded five agreements for the co-financing of energy storage construction projects with the total grant value of PLN 377 million,
- TAURON Group's special-purpose companies established to implement battery energy storage construction projects (i.e. TAURON BME 4 Sp. z o.o., TAURON BME 8 Sp. z o.o., TAURON BME 9 Sp. z o.o.) concluded the total of six agreements for co-financing of energy storage construction projects with the total grant value of PLN 161 million.

The construction of battery energy storage facilities implements the assumptions of the TAURON Group's Strategy for 2025-2035, which defines the strategic target in the scope of installed capacity in battery energy storage facilities of 700 MW by 2030 and 1 400 MW by 2035.

Project funding

In 2025, TAURON Group companies also concluded project finance loan agreements:

- the subsidiary, WIND T30MW Sp. z o.o. for the amount of PLN 238 million,
- the subsidiary, Windpower Gamów Sp. z o.o. for the amount of PLN 210 million,

with the repayment term in 2026-2040.



The Group's "green" product offering

TAURON Group offers electricity to individual and business customers consistently implementing the strategy focused on green transformation. The key product in the scope of sale of electricity is the New Energy offer for sale of energy originating 100% from renewable sources. The Group's customers can benefit from green energy in long-term contracts (5-year' contracts for companies and also 6 and 9-year' contracts for individual customers). The Group is also developing PPAs (Power Purchase Agreements) - long-term supply contracts for business customers, based on RES which allow for stabilization of costs and meeting of customers' sustainability goals. Other green products are also offered, such as Eko, which enable the purchase of electricity from renewable energy sources, as confirmed by certificates issued by independent entities. The Group also offers state-of-the-art tariff solutions, including dynamic tariffs and products linked to energy exchange quotations, which support customers in optimising their energy consumption and costs.



Recognition of the provisions for the effects of legal requirements related to the need to redeem CO₂ emission allowances and energy certificates of origin

On the basis of the applicable legal regulations, the Group has recognised the provisions for requirements relating to the redemption of CO₂ emission allowances and energy certificates of origin in the consolidated financial statements.

Provision for CO₂ emission liabilities

With regard to provisions related to the obligation to redeem CO₂ emission allowances in connection with CO₂ emissions, the Group incurred costs for the obligation to redeem CO₂ emission allowances. As at 31 December 2025, the provision for meeting the obligation for 2025 amounted to PLN 3 157 million. The slight decrease in the cost of creating the provision for liability due to CO₂ emission compared to the previous year resulted from the lower purchase cost of allowances for the current redemption year, while CO₂ emissions increased.

Provision for the obligation to present energy certificates of origin

With regard to provisions related to the need to redeem energy certificates of origin, the Group's costs decreased by PLN 63 million in relation to the comparable period, which mainly results from a decline in market prices for certificates of origin for energy from renewable sources in 2025 in relation to the comparable period.

Note 42



Recognition of the provisions in relation to the obligation to restore, dismantle and decommission fixed assets

In view of the legal requirements and contractual obligations incumbent on Group companies, the Group recognises a provision for the estimated costs of dismantling, including in relation to wind farms and photovoltaic farms, as well as for the decommissioning of fixed assets and the costs of restoring the site on which the fixed assets were located, where a liability arising from the acquisition or use of tangible fixed assets exists.

As at 31 December 2025, the Group recognised a provision for the dismantling of wind and photovoltaic farms and for the costs of reclamation and decommissioning of fixed assets in the total amount of PLN 306 million. In the year ended 31 December 2025 the Group:

- In the RES segment recognised a provision in connection with the obligation to dismantle the Miejska Górka wind farm under construction and updated the provisions for the dismantling of wind and photovoltaic farms in the total amount of PLN 31 million;
- In the Generation segment recognised a provision in connection with the recognition of costs related to the decommissioning of additional facilities in Stalowa Wola, Jaworzno, Siersza and Łagisza in connection with the liquidation of assets withdrawn from operation (including, among others, 120 MW units) in the amount of PLN 44 million, and made a change in its estimate, partially releasing the provision for the reclamation of waste disposal sites in the amount of PLN 3 million.

Note 41



Other provisions and contingent liabilities

In the year ended 31 December 2025, a provision in the amount of PLN 27 million relating to the risk arising from the failure of Energetyka Cieszyńska Sp. z o.o., which the Group took control of in October 2022, to settle emissions for 2021 within the timeframe set out in the Act, was fully utilised in connection with the payment of a fine to the Silesian Regional Inspector of Environmental Protection.

As at 31 December 2025, the Group has not identified any significant remaining climate change-related provisions or contingent liabilities.

Notes 43, 56

Linking remuneration to sustainable development goals

The remuneration system for Members of the Company's Management Board is linked to sustainability issues. The current Remuneration Policy for Members of the Management Board and the Supervisory Board identifies among its overarching objectives the linking of remuneration principles to the achievement of sustainable development objectives, in particular the reduction of negative environmental impact and ensuring the stable development of the Company. Sustainability-related performance is included in the variable part of the remuneration system for Members of the Management Board of the Company. Variable remuneration depends on the achievement of conditional targets, financial targets and non-financial targets that are directly associated with ESG goals.

The non-financial targets set for the Management Board of the Company to be achieved in 2025 related to or supporting sustainability issues accounted for a total of 50% of the variable part and included specific non-financial targets:

- maintaining the Company's investment-grade rating, at least BBB minus;
- development and optimal modernisation of the distribution network;
- TAURON Group's digital transformation;
- implementation of commenced investment in the construction of wind farms and photovoltaic farms;
- decarbonisation of District Heating - replacing coal-fired sources with modern low-carbon units;
- aiming for 100% zero-carbon energy in the volume of sales to end customers and implementing a new model for the allocation of RES energy to meet the Sales Area demand.

The remuneration of members of the Company's Supervisory Board is fixed and it is not dependent on sustainability issues.

The remuneration of the Management Boards of the subsidiaries is also linked to the sustainability objectives through a variable part. The payment of the variable part depends on the fulfilment of certain management KPI targets, which are linked to the implementation of the development directions set out in the TAURON Group Strategy for 2025-2035, thus the sustainable development of the TAURON Group, understood as management by values, care for the environment, social commitment and compliance with the highest corporate governance standards.

The rules concerning remuneration of key managers and other employees of the Company are defined in the Regulations on Remuneration of Employees of TAURON Polska Energia S.A., adopted for application by the Management Board of the Company. The bonus system ensures that the activities of key managers are integrated around the achievement of goals aimed at achieving the Strategy that incorporates sustainable development goals as its integral part.

Detailed information in this regard is provided in the Management Board's Report on Activities of TAURON Polska Energia S.A. and TAURON Group for 2025 in Chapter 13 of the Sustainability Report, (GOV-3) Inclusion of ESG-related results in the incentive scheme.



Remuneration of key management personnel

Note 57

11. Significant impact of legal regulations

TAURON Group's operations in the year ended 31 December 2025 were affected by regulations introduced between 2022 and 2024 aimed at limiting electricity prices and protecting customers from price increases, which specifies the obligation to apply maximum prices to certain groups of consumers and the rules for the functioning of the compensation system.

Act of law	Key assumptions of the act of law in force in 2025
<p>Act of 27 October 2022 on extraordinary measures aimed at limiting electricity prices and supporting certain consumers in 2023 amended by the Act of 12 September 2025 on the heating voucher and amendments to certain acts to limit electricity prices</p>	<ul style="list-style-type: none"> • The obligation to apply the maximum price of PLN 500/MWh has been extended until 31 December 2025 for individual customers. • The obligation to apply the maximum price of PLN 693/MWh has been extended until 31 March 2025 for local government units and special entities. • Lack of obligation to apply the maximum price for small and medium-sized enterprises • Functioning of the system of compensations (calculated depending on the type of customer) settled on a monthly basis, the payment of which is the responsibility of Zarządca Rozliczeń S.A.: <ul style="list-style-type: none"> - by 31 March 2025 (for local government authorities and special entities), - by 31 December 2025 (for individual customers)

The regulations concerning the obligation to apply fixed maximum prices for selected customer groups and the compensation scheme have not been extended beyond 31 December 2025.

Impact of selected legal acts on the consolidated financial statements for the year ended 31 December 2025	Note
Revenue from contracts with customers	
In accordance with the regulations of the <i>Act on Extraordinary Measures</i> , in the year ended 31 December 2025 the companies of the <i>Sales and Wholesale Trading</i> segment applied prices for the sale of electricity and distribution services that do not exceed the maximum prices set out in the aforementioned Act to the groups of customers indicated in the aforementioned Act.	14
Revenue due to recompensations	
The companies of the <i>Sales and Wholesale Trading</i> segment recognised recompensations related to electricity supply in the amount of PLN 1 041 million in year ended 31 December 2025 on the basis of the <i>Act on Extraordinary Measures</i> . As part of the above recompensations, the companies received the amount of PLN 874 million by the balance sheet date.	15
Recompensation receivables	
As at 31 December 2025, companies in the <i>Sales and Wholesale Trading</i> segment reported receivables from compensation under the Act on Extraordinary Measures relating to the sale of electricity in the total amount of PLN 204 million, which, given that they compensate for the reduction in revenues under contracts with customers, were presented in the statement of financial position under <i>Other financial assets</i> .	30
Advance payments for recompensations	
In the year ended 31 December 2025, the companies of the <i>Sales and Wholesale Trading</i> segment settled recompensation advances in the amount of PLN 215 million received in the previous years and partially refunded recompensation advances received in the amount of PLN 311 million to Zarządca Rozliczeń S.A.	44.1 49
Costs of contributions to the Price Difference Payment Fund	
In the year ended 31 December 2025 and in the comparable period, the Group companies were not subject to the obligation to apply write-downs for the Price Difference Payment Fund (the "Fund").	16.1
In the year ended 31 December 2025, the Group received the amount of PLN 35 million due to the adjustment of the Allowance for the Fund.	43.3
As at 31 December 2025, the Group recognised a provision of PLN 277 million for the effects of the proceedings conducted by the President of the Energy Regulatory Office concerning the method of applying the write down for the Fund in the period from December 2022 to December 2023 by TAURON Sprzedaż Sp. z o.o. and TAURON Sprzedaż GZE Sp. z o.o.	

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

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 Organisation for Economic Co-operation and Development (OECD).

The aim of the aforementioned tax reform is to reduce competition in corporate tax rates, eliminate the advantage of shifting profits to jurisdictions where they are not taxed or are taxed at a very low level, with the consequent effect of levelling the playing field for companies and enabling better protection of the tax bases by various countries covered by the reform. Entities with consolidated global revenues exceeding EUR 750 million per year in at least two of the last four tax years immediately preceding the tax year under review are subject to the 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 under-taxed 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, 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. Based on an analysis of the provisions of the Pillar 2 Act, the TAURON Group applied the safe harbour mechanism in relation to the exemption from calculating the domestic compensatory tax and the compensatory tax on under-taxed profits. In particular, for the Polish jurisdiction, the Group benefits from a safe harbour in the initial period of the group's activity, according to which, if certain conditions are met, the constituent entities of the international group located in the territory of the Republic of Poland do not calculate the domestic compensatory tax for the period from 2024 to 2028 and the tax on under-taxed profits for the period from 2025

to 2029, i.e. for the first five tax years of the initial period of the group's activity. At the same time, as the constituent companies of the TAURON Group with Polish tax residency are taxpayers of the domestic compensatory tax, it is not necessary to calculate the global compensatory tax for the constituent units with Polish tax residency. In terms of Czech tax jurisdiction, as a result of the safe harbour election under Article 125 of the Pillar 2 Act, for which TAURON Czech Energy s.r.o. fulfils all the required conditions, it is not necessary to calculate the global compensatory tax for this company.

In the Czech Republic, where the activities of the subsidiary, TAURON Czech Energy s.r.o. are carried out, the Directive was implemented by Act No. 416/2023 of the Official Journal of the Czech Republic on compensatory taxes for large multinational groups and large national groups, which entered into force and became effective in December 2023. The Czech law introduced three forms of compensatory tax, i.e. the global compensatory tax and the domestic compensatory tax, which came into force on 31 December 2023, and the compensatory tax on under-taxed profits (UTPR), which came into force on 31 December 2024.

As TAURON Czech Energy s.r.o. is neither a parent company nor is it established in the country of the parent company, the global compensatory tax within the meaning of the Czech Act of law does not apply to this company. Taking into account the expected level of the simplified effective tax rate, TAURON Czech Energy s.r.o. applied the exemption from the domestic compensatory tax (within the meaning of the Czech Act of law) in the form of the transitional safe harbour principle. The simplified effective rate for the Czech Republic in 2025 is not lower than the minimum rate specified in the regulations, and the company does not expect it to fall below the minimum rate in 2026, given the assumption that there are currently no major changes planned in the operations of TAURON Czech Energy s.r.o. or in the structure of TAURON Group in the Czech Republic. Due to the fact that Poland has implemented the provisions of the Directive into its legal system as of 1 January 2025, including the global and domestic equalisation tax, the equalisation tax on under-taxed profits (UTPR) mechanism does not apply to TAURON Czech Energy s.r.o.

As at the date of approval of these consolidated financial statements for publication, given the intention to benefit from the application of the safe harbours, the Company does not identify a tax charge and an impact on the financial result of TAURON Group for the year ended 31 December 2025 resulting from the provisions of the Pillar 2 Act. The Company also does not identify any significant impact of the Pillar 2 Act on the TAURON Group's financial results in the next financial year.

BUSINESS SEGMENTS

12. Information on operating segments

The Group presents information concerning segments for the current and comparative reporting periods in accordance with IFRS 8 *Operating Segments*.

The organisation and management of the Group is carried out on a segment basis, taking into account the type of products and services offered. Each segment constitutes a strategic business entity offering different products and operating on different markets.

The Group applies the same accounting principles (policy) to all operating segments. The Group accounts for transactions between segments as if they referred to unrelated parties, i.e. using current market prices. Revenue from transactions between segments is eliminated in the consolidation process.

After the elimination of costs arising from intercompany transactions, general and administrative expenses of the Parent Company are presented under unallocated expenses. General and administrative expenses of the Parent Company are incurred for the benefit of the entire Group and cannot be directly attributed to the specific operating segment.







Segment assets do not include deferred tax, income tax receivables or financial assets, except for receivables from buyers and other financial receivables, assets relating to gain on measurement of commodity financial derivative instruments as well as cash and cash equivalents, which represent segment assets.

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

The Group's financing (including financial revenue and costs) and income tax are monitored at the Group level and they are not allocated to segments.

None of the Group’s operating segments has been combined with another segment to create reporting operating segments.

The Management Board separately monitors operating results of the segments in order to take decisions concerning allocation of the resources, to assess the effects of the allocation and to evaluate performance. The evaluation of performance is based on EBITDA and operating profit or loss. The Group defines EBITDA as EBIT increased by depreciation, amortisation and write-offs for non-financial assets. TAURON Group recognises write-downs on non-financial assets of entities consolidated using the full method and share in write-downs on non-financial assets of entities measured using the equity method as write-downs on non-financial assets. EBIT is defined by the Group as the profit/(loss) on continuing operations before tax, financial income and costs, i.e. operating profit/(loss).

Operating segments	Core business	Key operational and financial data in 2025
 <p>DISTRIBUTION</p>	<p><i>Distribution of electricity through a network located in southern Poland, in the following voivodships: Małopolskie, Dolnośląskie, Opolskie and Śląskie, and partly in Świętokrzyskie, Podkarpackie, Łódzkie, Wielkopolskie and Lubuskie.</i></p>	<ul style="list-style-type: none"> 6.05 million clients 57.9 thousand km² area of operation, i.e. 18.5% of the total area of Poland 52.05 TWh of electricity distributed segment revenue PLN 12 360 million segment EBITDA PLN 4 788 million capital expenditure PLN 3 831 million
 <p>RES</p>	<p><i>Generation of electricity from renewable sources (hydroelectric power plants, wind farms and photovoltaic farms) located in Poland.</i></p> <p><i>Construction and operation of electricity storage facilities.</i></p>	<ul style="list-style-type: none"> 14 wind farms, 34 hydroelectric power plants, 4 photovoltaic farms gross electricity production 1.54 TWh segment revenue PLN 939 million segment EBITDA PLN 572 million capital expenditure PLN 881 million
 <p>HEAT</p>	<p><i>Generation, distribution and sale of district heating from coal, gas and biomass fired sources located in southern Poland, mainly in the Śląskie Voivodship.</i></p>	<ul style="list-style-type: none"> 5 co-generation plants and 26 heating plants with the electrical capacity of 0.4 GWe and the heating capacity of 1.4 GWt heat production 7.97 PJ segment revenue PLN 2 287 million segment EBITDA PLN 296 million capital expenditure PLN 132 million
 <p>SALES AND WHOLESALE TRADING</p>	<p><i>Sales of electricity and other products/services offered by TAURON Group to end customers are carried out nationwide and, on a smaller scale, on the Czech market.</i></p> <p><i>Conducting commercial activity and optimising commercial margins along the entire value creation chain from electricity and heat production up to sales to end users.</i></p>	<ul style="list-style-type: none"> 5.83 million clients 25.25 TWh of electricity retail sales segment revenue PLN 25 153 million segment EBITDA PLN 662 million
 <p>GENERATION</p>	<p><i>Electricity and heat production in coal-fired power plants and with the use of biomass.</i></p> <p><i>Provision of technical maintenance services.</i></p> <p><i>Power supply services from units providing reserve capacity in the capacity market.</i></p>	<ul style="list-style-type: none"> 5 power plants with the electrical capacity of 4.2 GWe and the heating capacity of 0.9 GWt gross electricity production 8.86 TWh segment revenue PLN 8 070 million segment EBITDA PLN 948 million capital expenditure PLN 380 million
 <p>OTHER OPERATIONS</p>	<p><i>In particular, the following activities are classified as other activities of the Group:</i></p> <p><i>Activities in the area of limestone quarrying for the energy, metallurgical, construction and road construction industries and in the area of the production of sorbents intended for flue gas desulphurisation plants.</i></p> <p><i>Maintenance of street lighting.</i></p> <p><i>Activities related to green hydrogen production.</i></p> <p><i>External and internal customer service.</i></p> <p><i>Insurance services.</i></p>	<ul style="list-style-type: none"> revenue from other activities PLN 1 496 million EBITDA as part of other activity PLN 406 million

The allocation of TAURON Group companies and joint ventures to operating segments and other activities can be found in Note 2 to these consolidated financial statements.

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

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

The comparable data for the year ended 31 December 2024 and 31 December 2024, were restated accordingly.

12.1. Operating segments

Year ended 31 December 2025

	Operating segments					Other	Unallocated items / Eliminations	Total
	Distribution	Renewable Energy Sources	Heat	Sales and Wholesale Trading	Generation			
Revenue								
Sales to external customers	6 751	29	1 784	20 137	4 131	445	–	33 277
Inter-segment sales	5 609	910	503	5 016	3 939	1 051	(17 028)	–
Total segment revenue	12 360	939	2 287	25 153	8 070	1 496	(17 028)	33 277
Recompensation revenue	–	–	41	1 040	–	–	–	1 081
Cost of sales	(8 541)	(498)	(2 150)	(24 590)	(7 258)	(648)	15 924	(27 761)
Other revenues and costs of segment	(545)	(73)	(27)	(952)	(151)	(708)	951	(1 505)
EBIT, of which:	3 274	368	151	651	661	140	(153)	5 092
Share in profit/(loss) of joint ventures	–	–	57	–	–	–	–	57
Depreciation/amortization	(1 514)	(203)	(192)	(3)	(351)	(265)	8	(2 520)
Impairments	–	(1)	47	(8)	64	(1)	–	101
EBITDA	4 788	572	296	662	948	406	(161)	7 511
EBIT								5 092
Finance income (costs)							(839)	(839)
Profit/(loss) before income tax								4 253
Income tax expense							(938)	(938)
Net profit/(loss) for the period								3 315
Assets and liabilities								
Segment assets, of which:	28 512	6 566	2 915	3 804	4 072	1 929	–	47 798
Investments in joint ventures	–	–	239	–	–	–	–	239
Unallocated assets							919	919
Total assets								48 717
Segment liabilities	4 386	426	916	2 021	3 852	719	–	12 320
Unallocated liabilities							15 611	15 611
Total liabilities								27 931
Other segment information								
Capital expenditures ¹	3 831	881	132	3	380	414	–	5 641

¹ Capital expenditure includes expenditure on property, plant and equipment, intangible assets and rights to use assets excluding the acquisition of CO₂ emission allowances and property rights of energy origin.

Year ended 31 December 2024 (restated data)

	Operating segments					Other	Unallocated items / Eliminations	Total
	Distribution	Renewable Energy Sources	Heat	Sales and Wholesale Trading	Generation			
Revenue								
Sales to external customers	6 123	38	1 588	20 872	3 467	447	–	32 535
Inter-segment sales	5 311	949	605	6 156	4 748	1 003	(18 772)	–
Total segment revenue	11 434	987	2 193	27 028	8 215	1 450	(18 772)	32 535
Recompensation revenue	472	–	109	2 283	–	–	–	2 864
Cost of sales	(8 860)	(395)	(2 120)	(27 758)	(9 175)	(656)	17 533	(31 431)
Other revenues and costs of segment	(499)	(95)	(21)	(1 016)	(86)	(666)	1 066	(1 317)
EBIT, of which:	2 547	497	161	537	(1 046)	128	(173)	2 651
Share in profit/(loss) of joint ventures	–	–	84	–	–	–	–	84
Depreciation/amortization	(1 415)	(187)	(115)	(6)	(394)	(268)	7	(2 378)
Impairments	(1)	–	(26)	(2)	(1 398)	(16)	2	(1 441)
EBITDA	3 963	684	302	545	746	412	(182)	6 470
EBIT								2 651
Finance income (costs)							(765)	(765)
Profit/(loss) before income tax								1 886
Income tax expense							(1 296)	(1 296)
Net profit/(loss) for the period								590
Assets and liabilities								
Segment assets, of which:	25 961	5 192	2 768	4 457	4 305	1 885	–	44 568
Investments in joint ventures	–	–	190	–	–	–	–	190
Unallocated assets							1 146	1 146
Total assets								45 714
Segment liabilities	2 948	359	806	1 997	4 066	732	–	10 908
Unallocated liabilities							17 052	17 052
Total liabilities								27 960
Other segment information								
Capital expenditures ¹	3 103	1 514	135	5	114	256	–	5 127

¹ Capital expenditure includes expenditure on property, plant and equipment, intangible assets and rights to use assets excluding the acquisition of CO₂ emission allowances and property rights of energy origin.

In the year ended 31 December 2025 and in the year ended 31 December 2024, revenues from sales on the Polish Power Exchange generated by Izba Rozliczeniowa Gield Towarowych S.A. did not exceed the threshold of 10% of the Group's total revenues.

12.2. Geographical areas of operations

	Year ended 31 December 2025	Year ended 31 December 2024
Poland	32 886	32 241
Czech Republic	391	294
Total	33 277	32 535

The activity of the Group is mostly carried out on the territory of Poland. In the year ended on 31 December 2025 and in the financial year ended on 31 December 2024, the revenues generated domestically accounted for 99%.

Revenues on sales from foreign entities in the year ended 31 December 2025 and in the year ended 31 December 2024 mainly related to the sales of electricity and accounted for 99% of revenue to foreign entities in both years. Revenues from the sale of electricity from foreign entities are mainly generated by the subsidiary, TAURON Czech Energy s.r.o., which trades electricity on the Czech market.

IMPAIRMENT OF NON-FINANCIAL ASSETS

13. Impairment in value of non-financial assets

SELECTED ACCOUNTING PRINCIPLES

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

Within the impairment tests the Group estimates the recoverable amount of an asset or the cash-generating unit ("CGU") to which the specific asset belongs. In order to conduct an impairment test, goodwill acquired under a business combination or acquisition of entities is assigned to individual cash-generating unit groups upon recognition. Information concerning identification of the CGU to which goodwill is allocated is presented in Note 24.

The recoverable value of an asset or CGU corresponds to the higher of the fair value less costs of sales or the value in use. If the carrying amount of an asset/CGU is higher than its recoverable amount, impairment occurs and the value of the asset is reduced to the recoverable amount determined.

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

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

PROFESSIONAL JUDGEMENT AND ESTIMATES

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

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

Estimation of the value in use of cash generating units is based on their future cash flows discounted to the current value with a discount rate. The value in use calculation is based on a series of assumptions as discussed below in more detail.

As at 31 December 2025, an analysis of the premises which might indicate the impairment of non-financial assets was carried out. The analysis identified the following market events that may change the assumptions adopted in the impairment tests compared to the assumptions adopted in the impairment tests performed as at 31 December 2024, which may therefore affect the impairment assessment:

- the publication by the Ministry of Climate and Environment in December 2025 of a new draft National Energy and Climate Plan (KPEiK) up to 2030 with an outlook to 2040, with the assumption of deep electrification of the economy;
- progressing changes in the energy mix in Poland, primarily due to further increase in the share of RES in the generation subsector and an increase in installed capacity in natural gas-fired power plants translating into:
 - 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 6.6% in 2025 compared to 2024;
 - an increase in the number of negative hours in the day-ahead market;
 - further increase in electricity production in gas-fired power plants by 13.9% in 2025 compared to 2024 resulting in the displacement of conventional coal-fired sources;
 - the average electricity price on the SPOT market (average of fixing I, fixing II and continuous quotations) increased from PLN 415.46/MWh in 2024 to PLN 441.94/MWh in 2025 (+6.4%);
 - a decrease in the volume-weighted average electricity price for the BASE futures contract (Y+1) from PLN 449.80/MWh in 2024 to PLN 430.51/MWh in 2025 (-4.3%);
- effective changes in the balancing market, where PSE S.A. joined the PICASSO platform as of 11 July 2025, which increased price volatility in the balancing market and the SPOT market;
- a decrease in the average coal price in the ARA ports from USD 114.65/Mg in 2024 to USD 105.40/Mg in 2025 (-8.1%);
- a decrease in the volume-weighted average gas price for the BASE futures contract (Y+1) from PLN 180.44/MWh in 2024 to PLN 165.03/MWh in 2025 (-8.5%), which will result in the projected growth of LNG imports to Europe.
- regulatory changes in the scope of the green certificate redemption obligation set at a level of 9% for 2026-2028.

As a result of the above changes, an adjustment in the forecasts occurred in relation to the assumptions in the impairment tests, carried out as at 31 December 2024:

- a decline in forecast average BASE electricity prices in the period 2026-2045 relative to the assumptions adopted in the impairment tests at 31 December 2024;
- an increase in the projected CO₂ prices in the analysed period for contracts on the EU ETS market compared to the assumptions adopted in the impairment tests as at 31 December 2024;
- maintaining the assumptions for average hard coal prices in deliveries in 2026-2045 at the same levels as in the impairment tests as at 31 December 2024;
- a decline in forecast average BASE gas prices in the period 2026-2045 relative to the assumptions adopted in the impairment tests at 31 December 2024;

The revision of the above forecasts and the update of forecast energy price levels has translated into a decrease in the forecast modelled BASE margins for 2026-2045 for the 1000 MW class unit and the 200 MW class units.

As a result of a review of the technical condition of key generating units, doubts have been raised about the operational stability of the RES unit no. 1 at Jaworzno II. The economic useful lives of the units were verified. A directional decision has been taken to close the operation of the unit at this location. Apart from the RES unit, no grounds for their shortening have been identified. The assumptions made do not constitute a formal decision to permanently decommission the unit, nor do they exclude a possibility of future use of the assets.

The indications of impairment identified relate mainly to the Group's generating assets in the segments:

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

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

Moreover, 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. and the ongoing arbitration proceedings in this area, as further described in Note 55 to these consolidated financial statements, it was decided to verify the recoverable amount of the investment measured using the equity method in TAMEH HOLDING Sp. z o.o. as at 31 December 2025.

The shareholders' agreement provides for the implementation of the business plan of the special purpose vehicle TAMEH HOLDING Sp. z o.o. for a period of 15 years, i.e. until 2029. 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. In connection with 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. The analysis assumed the following scenarios built on the Company's best knowledge:

- a shareholders' approved dividend plan in the scope of activity of TAMEH POLSKA Sp. z o.o. for 2024-2029 and divestment of assets in 2030;
- adjusted dividend plan resulting from the gradual reduction of expenditure and operations of TAMEH POLSKA Sp. z o.o. leading to the liquidation of assets in 2030;
- 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 consolidated statements for publication, have the same probability of materialisation and thus the weighting assigned to them is equal to each other.

The tests conducted as at 31 December 2025 required estimating the value in use of cash generating units, based on their future cash flows discounted subsequently to the present value using a discount rate.

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

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

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(in PLN million)*

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

Key assumptions adopted in tests performed as at 31 December 2025

The assumptions for the capacity balance and the level of electricity demand and the price assumptions in terms of projected prices for electricity, CO₂ emission allowances, coal, natural gas have been made on the basis of the best market knowledge and take into account current market conditions.

Category	Description
Coal	For 2026, the forecast assumes maintaining coal prices at a level of the average PSCMI1 index price calculated for 2025. It results from the stable demand-supply situation in global coal markets, particularly at ARA ports. An average annual decline in coal prices by 2% was assumed in the years 2026-2045. 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.
Electricity	The BASE electricity price forecast assumes a decline of 1.7% for 2026 compared to the average volume-weighted price of the reference BASE contract (Y+1) achieved in 2025. In the period 2026-2045, the average price of BASE will decrease at an average annual rate of 0.7%. The projected BASE price levels take into account the costs of generation from high-efficiency conventional sources, while the price decline is mainly affected by the change in the generation mix and the systematic increase in the share of RES sources in the energy mix.
CO₂	<p>The growth path for prices of CO₂ emission allowances has been adopted in the entire forecast horizon. In the first three years, the forecast takes into account current market levels and price growth expectations in line with cyclical surveys of leading think tanks in the scope of their CO₂ price forecasts. The forecast for 2026 assumes a 7% increase in the price of CO₂ emission allowances compared to the average reference contract prices obtained in 2025.</p> <p>In the period of 2026-2045, CO₂ prices will increase by an average of 3.7% per year due to the maintenance of plans to meet ambitious climate goals of the European Union. CO₂ 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.</p>
Natural gas	Due to the observed increase in LNG supply, the forecast assumes a 4.9% decline in prices in 2026 compared to the volume-weighted average price of the BASE (Y+1) reference contract obtained in 2025. An average annual decrease in gas prices of 1.0% has also been assumed for 2026-2045. Predicted gas prices in Europe will be mostly affected by filling the demand gap 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	<p>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.</p> <p>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 CO₂ 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. Revenues from this source relate to four 200 MW class units at the Łaziska Branch and two units at the Siersza Branch, as well as a unit at the Łagisza Branch in 2026-2028. In addition, revenues from the Capacity Market for units 2 and 3 at the Jaworzno II Branch are estimated for 2026-2028. Moreover, four 200 class units in the Jaworzno III Branch, for which no capacity contract was assumed, were assigned to the role of reserve units, which involves generating revenue for these blocks for reservations, the amount of which depends on the availability of the company's other units. The assumed average price over the extended period of 2027-2028 amounts to PLN 340.83/kW/year. For 2026, the capacity contracts were concluded in December 2025 at a price of PLN 346.37/kW/year and are included in line with reality in the assumptions made for that year.</p> <p>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).</p>

Economic lifetime of generating units	<p>The planned periods of economic useful life of the generation units in the CGU Generation-Coal and CGU Generation-Biomass have been updated compared to the assumptions used in the impairment tests prepared as at 31 December 2024.</p> <p>In the Jaworzno II Power Plant, the operation of unit 1 (Biomass) was reduced by three years and the operation of units 2 and 3 was extended by one and three years, respectively. The update results from the current assessment of market, regulatory and technical conditions, as well as the planning assumptions made regarding the potential use of the assets. The assumptions made do not constitute a formal decision to permanently decommission the unit, nor do they exclude a possibility of future use of the assets. At the same time, in the case of units of the 200MW class (Jaworzno Power Plant, Łaziska Power Plant, Siersza Power Plant), the analysis was carried out taking into account the horizon of operation of the Derogation Capacity Market (until 2028), with the assumption of obtaining support at a level ensuring further economically justified operation. In the remaining power plants, the operating periods have not changed.</p> <p>A list of the assumptions in the scope of the economic useful lives adopted for impairment tests for the following generation units is presented below:</p> <ul style="list-style-type: none"> - Nowe Jaworzno Power Plant - unit 7 by 2040; - Łagisza Power Plant - unit 10 by 2030; - Jaworzno II Power Plant - unit 1 (Biomass) by 2025, unit 2 and 3 by June 2028; - 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) with an outlook until 2028, assuming that support from the Derogation Capacity Market is obtained at a level guaranteeing continued economically justified operation. <p>The revision of the assumptions regarding the period of operation of the units at Jaworzno II Power Plant is due in particular to the anticipated role of these assets in ensuring the supply of heat to SCE Jaworzno III Sp. z o.o. and process steam for the 910 MW unit at Jaworzno. In line with current planning assumptions, it was assumed that two units would continue to operate until a new dedicated source is in place. At the date of preparation of the financial statements, it is assumed that this source will be launched after the heating season in 2028.</p> <p>As at 31 December 2025, the operating period has been assumed for the generating units in the RES segment:</p> <ul style="list-style-type: none"> - Hydroelectric power plants CGU: due to the postponement of the commencing the operation of the Small Hydroelectric Power Plant in Rożnów, the useful life has been extended to 2080 in relation to the tests as at 31 December 2024; - Wind and photovoltaic power plants CGU until 2057 (the change compared to the tests as at 31 December 2024 results from the postponement of commissioning the entire FW Miejska Górka investment). <p>For all generating plants in the Heat segment, a period of operation until 2054 has been assumed, with operation of the units on coal fuel ending:</p> <ul style="list-style-type: none"> - 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.
Regulatory system services	<p>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:</p> <ol style="list-style-type: none"> 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. <p>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).</p> <p>The price adopted for the calculation is derived from the price paths adopted in the Group.</p>
Certificates of energy origin (MWh)	<p>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. Taking into account the percentage obligations contained in the RES regulations and the current quotation of certificates of origin, the forecast assumes a 8.3% decrease in the price of green certificates in 2026 compared to 2025. In the period of 2026-2030, the forecast of green certificate prices is upward (by 11.4% per year, on average) due to the reduction in supply and the assumption of an increase in the obligation to consume systemic surplus of property rights. For blue certificates, a slight price decrease of 0.2% was assumed for 2026 relative to the TGEozebio average volume-weighted index price created in 2025. 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 price increase by 2.4% in 2026 compared to the volume-weighted average price achieved in 2025. Over the period 2026-2030, the price of green certificates is forecast to grow at an average annual rate of 2.4%.</p>
OZE support	<p>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.</p>

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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 ZW Bielsko-Biala EC2 CGU, support was assumed in accordance with the decision of the President of the Energy Regulatory Office of 3 January 2024, on winning the auction for the co-generation bonus.

For the remaining CGUs producing heat and electricity in co-generation, it was assumed that support would be obtained in future periods at a level not exceeding the prices currently obtained in the auctions won.

Wages

An increase in wages was assumed, based on an increase in the minimum wage and the adopted inflation rate with effect for the following years of the financial forecast.

WACC

The weighted average cost of capital (WACC) during the projection period for individual CGUs has been adopted in the range of 6.55%-8.68% in nominal terms after tax, taking into account the risk-free rate corresponding to the six-month yield on IRS 10Y (at a level of 4.48%) and the risk premium for operations relevant for the power industry (5%). 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.

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

Results of impairment tests

The result of impairment tests for non-financial assets conducted as at 31 December 2025 indicated the need to update the amount of the current write-down relating to the following cash-generating units:

CGU	Company	The recoverable value	The amount of recognized write-down reversal
		As at 31 December 2025	Year ended 31 December 2025
CGU ZW Tychy		272	25
CGU ZW Local Heating Plant Area	TAURON Ciepło Sp. z o.o.	110	22
Total			47

The WACC (weighted average cost of capital, nominally after tax) used in the impairment tests for non-financial assets as of 31 December 2025, for CGU ZW Tychy and CGU ZW Local Heating Plant Area was 8.68%.

The reversal of impairment losses on non-financial assets is primarily due to a significant reduction in the discount rate. The CGU ZW Local Heating Plant Area forecasts included cash flows from the operation of cogeneration engines and the gas boiler room at the Zawiercie heating plant. The reversal of impairment losses on CGU ZW Tychy also resulted from a reduction in the carrying amount of fixed assets due to accelerated depreciation, a consequence of the commenced energy transformation process in the heating sector.

The tests conducted as of 31 December 2025, did not indicate the need to update the impairment losses on non-financial assets due to the identified higher value in use of the CGUs compared to their carrying amounts, with the exception of CGU ZW Tychy and CGU ZW Local Heating Plant Area, as described above.

As part of the test conducted for CGU Generation-Coal, the tested carrying amount was close to the recoverable amount, and as a result, no need to update the value of impairment losses was identified.

Sensitivity analysis

The tables below present the estimated impact of the change in key factors on the recoverable amount of the CGUs tested. For assets generating electricity from conventional sources, the key factor analysed is the Clean Dark Spread ("CDS") due to the fact that a change in electricity prices generally results from the changes in the price of coal and CO₂ 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, CO₂ cost) associated with coal-fired electricity generation.

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

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Parameter	Variation	Impact on recoverable amount	
		CGU ZW Tychy	CGU Local Heating Plant Area
Change in CDS over the forecast period	+1%	3	n.a.
	-1%	-3	
Change of heat prices in the forecast period	+1%	19	12
	-1%	-19	-12
Change of cogeneration bonus	+1%	-	1
	-1%	-	-1
Change of WACC (net)	+0.1 p.p.	-5	-2
	-0.1 p.p.	5	2

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

Parameter	Change in assumption to equalize recoverable amount with carrying amount				
	CGU Generation-Coal	CGU ZW Katowice	CGU ZW Bielsko-Biala EC1	CGU ZW Bielsko-Biala EC2	CGU ECI Generation
Change in CDS/CSS over the forecast period	0.3%	-30.9%	-22.3%	-64.2%	n.a.
Change of revenue due to energy balancing services	1%	n.a.	n.a.	n.a.	n.a.
Change of heat prices in the forecast period	n.a.*	-3.4%	-0.3%	-12.5%	-0.8%
Change of cogeneration bonus	n.a.	-42.4%	n.a.	-79.3%	-8.3%
Change of WACC (net)	1.5 p.p.	1.27 p.p.	0.37 p.p.	4.36 p.p.	0.56 p.p.

*The change in heat prices has a marginal impact on the recoverable value of the Generation-Coal CGU.

Revenue assumptions from the capacity market were not included in the sensitivity analysis, as most of the supported period is covered by contracts already in place. For the years 2027-2028, assumptions have been made for future supplementary auctions in the Generation-Coal CGU, which are based on available regulatory information and the transmission system operator's capacity demand publications. The price levels adopted for these years are conservative and have not been identified as a key source of uncertainty requiring a separate sensitivity analysis.

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

Parameter	A change in the assumption equalizing the recoverable amount with the carrying amount	
	CGU Hydroelectric power plants	CGU Wind and photovoltaic power plants
Change of electricity prices in the forecast period	-3%	-11.2%
Change of WACC (net)	16.57 p.p.	29.31 p.p.

In respect of sensitivity analysis for the Biomass CGU, the change in the above parameters does not affect the test result due to the decision to terminate the operation of unit No. 1 of the RES in Jaworzno II and the fact that in previous years an impairment loss was recognised on all tangible fixed assets assigned to the Biomass CGU.

EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

14. Sales revenue

SELECTED ACCOUNTING PRINCIPLES

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

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

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

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

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

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

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

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

The Group classifies sales revenue as revenue provided on a continuous basis, where the performance obligation is fulfilled over time (where the Group specifically includes revenue from the sale of electricity, heat, gas, commercial services related to the above-mentioned commodities and services related to the capacity obligation in the Capacity Market) and as revenue provided at a specific point in time.

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

Revenue from the sale of electricity, gaseous fuel and distribution services in the Sales and Wholesale Trading segment

The Group companies operating in the *Sales and Wholesale Trading* segment generate revenue from sales of electricity, gaseous fuel and distribution services to retail and wholesale customers.

As at each balance sheet date, subject to observance of the prudence principle, an estimate is made of the amount of revenue from the sale of electricity, gaseous fuel and distribution services relating to the financial year which, due to the settlement cycle established in agreements with customers and the fact that invoicing is performed for a significant number of customers in periods other than the reporting periods, will be invoiced in the subsequent year.

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

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

The revaluation resulting from the reconciliation of gas balance	As at each balance sheet date, the Group companies in the <i>Sales and Wholesale Trading</i> segment reconcile the gas fuel balance, determining the estimated imbalance volume on the purchase or sales side. As part of this revaluation, an amount is recognised which increases or decreases revenues from the sale of gas fuel, determined as a product of the estimated imbalance volume and the average monthly balancing settlement price for high-methane gas published by the Gas Transmission Operator, GAZ-SYSTEM S.A.
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Revenue on sales of electricity distribution services in the Distribution Segment

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

Revenue from wholesale of electricity in the Generation segment

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

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

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

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

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

Since 2024, new balancing services have been introduced enabling the Operator to procure balancing capacity in addition to balancing energy on a market basis. The catalogue of balancing capacity services includes: the Frequency Maintenance Reserve, the Frequency Restoration Reserve and the Replacement Reserve. The Balancing Capacity Market is a mechanism designed to ensure the security of the National Power System in cases of imbalance between the supply and demand of electricity.

Revenue from sale of heat in the Heat segment

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

Sales of heat are carried out on the basis of readings of metering and billing systems taken on the indicated working days of each calendar month, therefore, for reporting purposes, an estimation of sales from the date of the reading to the end of the month is made. The revaluation for each reading point is calculated based on the algorithm:

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

PROFESSIONAL JUDGEMENT AND ESTIMATES

TAURON Group estimates its revenues as described above, with the most significant estimate relating to the re-estimation of revenues from the sale of electricity, gas fuel and distribution services in the *Sales and Wholesale Trading* segment, and revenues from the sale of heat and distribution and transmission services in the *Heat* segment.

As at 31 December 2025, the re-estimation of revenues from electricity sales and distribution services in the *Sales and Wholesale Trading* segment amounted to PLN 1 001 million, the impact on the 2025 financial result, taking into account the reversal of the previous year's estimates, amounted to PLN (186) million. As at 31 December 2025, the additional assessment of revenue from sales of gas fuel and distribution services in the *Sales and Wholesale Trading* segment amounted to PLN 52 million and, whereas when reversed estimations from the previous year have been accounted for, the impact on the profit or loss for 2025 amounted to PLN (11) million.

As at 31 December 2025, the revaluation of revenues from the sale of heat energy and distribution and transmission services in the *Heat* segment amounted to PLN 72 million, and the impact on the 2025 financial result, taking into account the reversal of the previous year's estimates, amounted to PLN 10 million.

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	Year ended 31 December 2025	Year ended 31 December 2024
Sale of goods for resale, finished goods and materials without elimination of excise	19 929	20 574
Excise	(94)	(103)
Sale of goods for resale, finished goods and materials	19 835	20 471
Electricity	17 142	17 549
Heat energy	1 440	1 298
Gas	756	1 145
CO ₂ emission allowances	151	117
Energy certificates and similar	35	50
Other goods for resale, finished goods and materials	311	312
Rendering of services	13 357	11 983
Distribution and trade services	11 791	10 568
Capacity Market	939	826
Maintenance of road lighting	175	169
Connection fees	123	127
Other services	329	293
Other revenue	85	81
Total sales revenue	33 277	32 535
<i>Revenues provided on a continuous basis</i>	<i>32 563</i>	<i>31 857</i>
<i>Revenues recognised at a point in time</i>	<i>714</i>	<i>678</i>

In the year ended 31 December 2025, an increase in the TAURON Group's sales revenue was recorded compared to the previous year. The increase was primarily the result of higher revenues from distribution and trading services, as a consequence of increased rates for distribution and transmission services. In addition, the increase in revenue was driven by higher revenues from the sale of heat energy, related to higher sales volumes during the heating season.

At the same time, a reduction was recorded in revenues from electricity and gas sales, which partially limited the growth dynamics of the Group's total revenues. For electricity, the decrease resulted mainly from a lower average selling price, even though the total volume sold was slightly higher than a year earlier. The decrease in gas sales revenue was the result of both a decrease in selling prices and lower sales volumes.

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

Year ended 31 December 2025

	Distribution	Renewable Energy Sources	Heat	Sales and Wholesale Trading	Generation	Other	Total
Sale of goods for resale, finished goods and	3	14	1 330	14 983	3 364	141	19 835
Electricity	-	-	1	13 966	3 175	-	17 142
Heat energy	-	-	1 320	-	120	-	1 440
Gas	-	-	-	756	-	-	756
CO ₂ emission allowances	-	-	-	151	-	-	151
Energy certificates and similar	-	14	9	12	-	-	35
Other goods for resale, finished goods and	3	-	-	98	69	141	311
Rendering of services	6 709	15	445	5 154	756	278	13 357
Distribution and trade services	6 452	-	414	4 925	-	-	11 791
Capacity Market	-	11	27	221	680	-	939
Maintenance of road lighting	-	-	-	-	-	174	174
Connection fees	122	-	1	-	-	-	123
Other services	135	4	3	8	76	104	330
Other revenue	39	-	9	-	11	26	85
Total sales revenue	6 751	29	1 784	20 137	4 131	445	33 277

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Year ended 31 December 2024 (restated figures)

	Distribution	Renewable Energy Sources	Heat	Sales and Wholesale Trading	Generation	Other	Total
Sale of goods for resale, finished goods and materials	4	32	1 184	16 307	2 788	156	20 471
Electricity	-	-	1	14 944	2 604	-	17 549
Heat energy	-	-	1 180	-	117	1	1 298
Gas	-	-	-	1 145	-	-	1 145
CO ₂ emission allowances	-	-	-	117	-	-	117
Energy certificates and similar	-	32	3	15	-	-	50
Other goods for resale, finished goods and materials	4	-	-	86	67	155	312
Rendering of services	6 080	6	396	4 562	669	270	11 983
Distribution and trade services	5 844	-	362	4 362	-	-	10 568
Capacity Market	-	4	26	191	605	-	826
Maintenance of road lighting	-	-	-	-	-	169	169
Connection fees	126	-	1	-	-	-	127
Other services	110	2	7	9	64	101	293
Other revenue	39	-	8	3	10	21	81
Total sales revenue	6 123	38	1 588	20 872	3 467	447	32 535

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

	Year ended 31 December 2025	Year ended 31 December 2024 (restated figures)
Revenue from sales of electricity	17 142	17 549
Retail sale	12 396	13 634
Business clients	5 774	7 222
Mass clients - Group G	5 278	5 181
Mass clients - SME	1 342	1 214
Other	92	117
Excise duty	(90)	(100)
Wholesale	4 420	3 630
Other	326	285

15. Recompensations

	Year ended 31 December 2025	Year ended 31 December 2024
Recompensation electricity	1 041	2 255
Recompensation distribution electricity services	-	472
Recompensation gas	(1)	28
Recompensation heat energy and distribution heat services	41	109
Total	1 081	2 864

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

Moreover, in addition to individual customers, the entities eligible for the maximum price in the first quarter of 2025 included only local government units and special entities. In 2024, small and medium-sized enterprises were additionally eligible for maximum price billing. The restriction of the scope of eligible customers resulted in a significant decline in recompensations related to these customers.

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

16. Cost of goods sold

SELECTED ACCOUNTING PRINCIPLES

The Group presents costs by function.

Costs by function include:

- cost of sales incurred in a given reporting period, including the creation of provisions for the impairment of property, plant and equipment, intangible assets, rights-of-use assets, receivables and inventories, adjusted for the cost of manufacturing products for own use,
- total costs of sales and administrative expenses incurred in the reporting period (recognised separately in the statement of comprehensive income).

Costs that can be directly attributed to revenues gained by the Group affect the financial result of the Group for such reporting period in which those revenues occurred. Costs that can only be indirectly assigned to revenues or other benefits obtained by the Group affect the profit or loss of the Group in the portion pertaining to a given reporting period, ensuring that they are commensurate with revenue or other economic benefits.

Within the value of costs of goods for resale and materials sold, the Group mainly recognises the value of purchased electricity intended for further resale.

16.1. Costs by type

	Year ended 31 December 2025	Year ended 31 December 2024
Depreciation and amortization	(2 520)	(2 378)
Impairment of non-financial assets	39	(1 549)
Materials and energy	(2 548)	(3 469)
Distribution services	(3 435)	(3 231)
Maintenance and repair services	(369)	(335)
Other external services	(1 032)	(992)
Cost of obligation to remit the CO ₂ emission allowances	(3 118)	(3 188)
Cost of provision write-down for the Price Difference Payment Fund	(277)	–
Other taxes and charges	(923)	(858)
Employee benefits expense	(3 716)	(3 303)
Allowance for inventories	62	108
Allowance for trade receivables	(88)	(43)
Other	(169)	(159)
Total costs by type	(18 094)	(19 397)
Change in inventories, prepayments, accruals and deferred income	3	(2)
Cost of goods produced for internal purposes	978	823
Selling expenses	809	738
Administrative expenses	788	753
Cost of goods for resale and materials sold	(12 245)	(14 346)
Cost of sales	(27 761)	(31 431)

In the year ended 31 December 2025, compared to the previous year, a decline in the cost of goods sold was recorded. This was primarily a consequence of:

- a decrease in the cost of carbon fuel used in the production process and the cost of the obligation to surrender CO₂ emission allowances, resulting from the lower unit cost of their consumption, as a result of the decrease in market prices for energy raw materials and CO₂ allowances year to year;
- the recognition in 2025 of reversals of impairment losses on non-financial non-current assets as a result of impairment tests performed as at 31 December 2025, which indicated the need to adjust the amount of the previously recognized impairment loss for the cash-generating units in the Heat segment in the amount of PLN 47 million (impairment tests performed for the year ended 31 December 2024 resulted in the recognition or reversal of previously recorded impairment losses charged to costs in the total amount of PLN 1 493 million);
- a decrease in the value of goods and materials sold, resulting mainly from lower electricity and gas prices and a decrease in the volume of gas and electricity purchased;

At the same time, in the year ended 31 December 2025, the following costs increased compared to the corresponding period:

- depreciation and amortisation costs, primarily following the increase in the value of the TAURON Group's assets;

- employee benefit costs, resulting from the recognition of the effects of concluded wage agreements, the increase in the minimum wage in 2025 and the creation of a provision for a scheme for employees acquiring pension rights;
- costs of distribution services, resulting mainly from mandatory rate increases.
- costs of the write-down to the Price Difference Payment Fund in connection with the recognition as at the balance sheet date of the provision in the amount of PLN 277 million for the effects of the proceedings conducted by the President of the Energy Regulatory Office concerning the manner in which TAURON Sprzedaż Sp. z o.o. and TAURON Sprzedaż GZE Sp. z o.o. to the Price Difference Payment Fund, as described in more detail in note 43.3. to these consolidated financial statements.

16.2. Employee benefit expenses

	Year ended 31 December 2025	Year ended 31 December 2024
Wages and salaries	(2 698)	(2 480)
Social security costs	(532)	(485)
Post-employment benefit expenses, of which:	(135)	(119)
<i>Provision for retirement, disability and similar benefits</i>	(15)	(15)
<i>Company Social Benefits Fund</i>	(8)	(6)
<i>Contributions to employee retirement plans</i>	(112)	(98)
Contributions to the Company Social Benefits Fund	(97)	(85)
Provisions costs for the programme for employees acquiring retirement entitlements	(91)	–
Jubilee bonuses	(21)	(15)
Other employee benefit expenses	(142)	(119)
Total	(3 716)	(3 303)
Items included in cost of sales	(2 296)	(2 026)
Items included in selling expenses	(417)	(376)
Items included in administrative expenses	(520)	(475)
Items included in cost of goods produced for internal purposes	(483)	(426)

16.3. Depreciation and amortisation charges and impairment losses

	Year ended 31 December 2025	Year ended 31 December 2024
Depreciation and amortisation, included in item:	(2 520)	(2 378)
Cost of sales	(2 301)	(2 162)
Selling expenses	(114)	(118)
Administrative expenses	(71)	(68)
Cost of goods produced for internal purposes	(34)	(30)
Impairment allowance, included in item:	39	(1 549)
Cost of sales	48	(1 523)
Selling expenses	(5)	(1)
Administrative expenses	(4)	(24)
Cost of goods produced for internal purposes	–	(1)
Total	(2 481)	(3 927)

17. Other operating income and expenses

Other operating income	Year ended 31 December 2025	Year ended 31 December 2024 (restated figures)
Other subsidies/ Income from settlement of subsidies and gratuitous receipt of fixed assets	80	84
Penalties, fines, compensations received or receivable	68	45
Revenues from written-off debt	6	25
Surplus (creation)/reversal of impairment losses on other assets	2	8
Surplus of other provisions (recognized)/derecognized	-	3
Other operating income	27	22
Total	183	187

Other operating expenses	Year ended 31 December 2025	Year ended 31 December 2024 (restated figures)
Result on the disposal of non-financial fixed assets and costs of damages to non-current assets and costs of decommissioning assets	(45)	(38)
Surplus of other provisions (recognized)/derecognized	(37)	-
Costs of court proceedings, fines and damages	(26)	(9)
Other operating expenses	(40)	(50)
Total	(148)	(97)

18. Financial revenues and costs

SELECTED ACCOUNTING PRINCIPLES

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

- interest and settlement of discount and revenues due to the share in profits of other entities, revaluation of financial instruments, excluding the effective portion of changes in the valuation of derivative financial instruments hedging cash flows and covered by hedge accounting, the effects of which are recognised in other comprehensive income and transferred to the hedge revaluation reserve;
- foreign exchange differences, except for differences recognized in the initial value of a fixed asset, to the extent they are classified as adjustment to interest expenses;
- other items related to financing activities.

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

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

Currency	As at 31 December 2025	As at 31 December 2024
EUR	4.2267	4.2730
USD	3.6016	4.1012
CZK	0.1746	0.1699

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

	Year ended 31 December 2025	Year ended 31 December 2024
Income and costs from financial instruments	(788)	(727)
Interest costs	(634)	(672)
Loss on derivative instruments	(242)	(314)
Exchange differences	33	86
Commission relating to borrowings and debt securities	(23)	(23)
Remeasurement of loans granted	15	122
Interest income	75	90
Dividend income	1	2
Other	(13)	(18)
Other finance income and costs	(51)	(38)
Interest on employee benefits	(43)	(35)
Interest on discount of other provisions	(13)	(12)
Other finance income	21	28
Other finance costs	(16)	(19)
Total, including recognized in the statement of comprehensive income:	(839)	(765)
Interest expense on debt	(634)	(672)
Gain/loss on derivative instruments	(242)	(314)
Finance income and other finance costs	37	221

The result on derivatives relates to FX derivatives, mainly hedging the foreign exchange risk associated with the purchase of CO₂ emission allowances. On 1 October 2025, the company applied hedge accounting to FX forward derivatives hedging the purchase of CO₂ emission allowances to meet its CO₂ emission redemption obligation. The change in the valuation of instruments until the date of their inclusion in hedge accounting and after the date of inclusion in the ineffective portion was recognised in gain/ loss on derivative instruments. The result on derivatives also includes changes in the valuation of other derivatives not included in hedge accounting. Derivatives and the hedge accounting used by the Group are described in Notes 29 and 52.3 to these consolidated financial statements.

The revaluation of loans granted relates to loans granted to the joint venture, Elektrociepłownia Stalowa Wola S.A. The increase in measurement in the year ended 31 December 2025 amounted to PLN 15 million and in the comparable period - PLN 122 million.

19. Costs arising from leases

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

	Year ended 31 December 2025	Year ended 31 December 2024
Cost arising from leases recognized in accordance with MSSF 16 Leases, including:	(229)	(208)
Depreciation of right-of-use assets	(134)	(123)
Cost of interest on lease liabilities	(95)	(85)
Cost arising from leases for which practical exclusion from MSSF 16 Leases has been applied	(7)	(13)

20. Income Tax

SELECTED ACCOUNTING PRINCIPLES

Current Tax

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

Deferred Tax

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

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

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

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

The Group does not recognise or disclose deferred tax assets and liabilities related to minimum compensation tax.

PROFESSIONAL JUDGEMENT AND ESTIMATES

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

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

20.1. Tax expense in the statement of comprehensive income

	Year ended 31 December 2025	Year ended 31 December 2024
Current income tax	(843)	(132)
Current income tax expense	(846)	(149)
Adjustments to current income tax from previous years	3	17
Deferred tax	(95)	(1 164)
Income tax expense in profit/(loss)	(938)	(1 296)
Income tax expense relating to other comprehensive income, including:	60	30
reclassified to profit or loss	44	18
not reclassified to profit or loss	16	12

The increase in current income tax charge is mainly related to the achievement of a higher tax result in the companies of the *Sales and Wholesale Trading* segment in the period of the year ended 31 December 2025 in relation to the comparable period.

The amount of deferred income tax expense in the comparable period was mainly related to a decrease in the level of recognised deferred income tax assets in the Generation segment by PLN 902 million, due to the anticipated inability to recover it, as the company's projected taxable income was insufficient to fully utilise the deferred income tax asset.

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

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

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

After the balance sheet date, on 21 January 2026, the customs - tax audit initiated on 12 April 2024 by the Silesian Customs and Revenue Office in Katowice against PGK regarding the settlement of corporate income tax for 2023 was completed. According to the results of the audit, the PGK filed a correction to the 2023 tax return taking into account the authority's findings and showed additional tax to be paid, including interest, in the total amount not exceeding PLN 2 million.

On 27 November 2025, the Head of the First Tax Office for the Mazowieckie Province in Warsaw issued a decision on the registration of the Tax Capital Group for the years 2026-2028. The main companies forming the Tax Capital Group in the years 2026-2028: TAURON Polska Energia S.A., TAURON Wytwarzanie 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. and TAURON Nowe Technologie S.A.

20.2. Reconciliation of the effective tax rate

	Year ended 31 December 2025	Year ended 31 December 2024
Profit before tax	4 253	1 886
Tax at Poland's statutory tax rate of 19%	(808)	(358)
Permanently non-taxable income and expenses	(203)	(125)
Adjustments to income tax from previous years	3	17
Share in the result of joint ventures	11	16
Using tax losses from previous years	13	5
Change in the estimate regarding the recognition of deferred tax assets	29	(872)
Other	17	21
Tax at the effective rate of 22.1% (2024: 68.7%)	(938)	(1 296)

The main reason for the decrease in the effective tax rate in the year ended 31 December 2025 compared to the comparative period is the change in the estimate in the comparative period for the recognition of a deferred tax asset of PLN 872 million, mainly in TAURON Wytwarzanie S.A.

21. Earnings/(loss) per share

SELECTED ACCOUNTING PRINCIPLES

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

The calculation of diluted earnings per share is consistent with the calculation of earnings per share, however, the calculation must also take into account the existence of dilutive potential ordinary shares. As at the balance sheet date, there are no dilutive potential ordinary shares.

	Year ended 31 December 2025	Year ended 31 December 2024
Net profit for the year attributable to equity holders of the Parent	3 313	585
Number of ordinary shares	1 752 549 394	1 752 549 394
Profit per share - basic and diluted attributable to shareholders of the parent company (in PLN)	1.89	0.33

EXPLANATORY NOTE TO THE STATEMENT OF FINANCIAL POSITION

22. Property, plant and equipment

SELECTED ACCOUNTING PRINCIPLES

The Group's key fixed assets by segment include:

- in the Distribution segment:
 - power lines with a total length of approximately 259 thousand km;
 - electrical substations (approximately 65 thousand units);
 - transformers (approximately 64 thousand units).
- in the Renewable Energy Sources segment:
 - wind turbines, photovoltaic farms, hydroelectric power stations, hydroelectric power station buildings and weirs, dams and hydroelectric equipment.
- in the Generation segment:
 - boilers with accessories, turbines with generators, transformers and thermal stations as well as equipment used for purposes of fuel unloading, storage and transportation, process water preparation installations, desulphurisation installations and water treatment stations, steam generators, switchboards, landfills, warehouses and buildings.

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

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

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

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

External financing costs activated within assets

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

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

Fixed assets received free of charge and subsidies to assets

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

PROFESSIONAL JUDGEMENT AND ESTIMATES

Impairment

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

Average remaining useful lives of individual groups of fixed assets

Asset group	Average remaining depreciation and amortisation period in years
Buildings, premises, civil and water engineering structures	20 years
Technical equipment and machinery	11 years
Other fixed assets	5 years

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

The verification of the economic useful lives of tangible and intangible assets carried out in 2025 resulted in an increase in depreciation costs of PLN 60 million in the Heat segment, a decrease of PLN 55 million in the Generation segment, and a decrease in depreciation costs of PLN 52 million in the Distribution segment.

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	Land	Buildings, premises and civil engineering structures	Plant and machinery	Other	Assets under construction	Property, plant and equipment, total
COST						
Opening balance	160	36 120	27 800	1 025	2 517	67 622
Direct purchase	-	-	-	2	4 956	4 958
Borrowing costs	-	-	-	-	84	84
Transfer of assets under construction	6	2 579	1 897	162	(4 644)	-
Sale	-	-	(217)	(24)	1	(240)
Liquidation	-	(100)	(407)	(10)	-	(517)
Received free of charge	-	57	-	-	-	57
Overhaul expenses	-	-	-	-	258	258
Items generated internally	-	-	-	-	50	50
Cost of disassembly of wind and photovoltaic farms	-	(1)	(3)	-	45	41
Other movements	-	5	31	(2)	(22)	12
Closing balance	166	38 660	29 101	1 153	3 245	72 325
ACCUMULATED DEPRECIATION						
Opening balance	-	(16 200)	(17 369)	(756)	(50)	(34 375)
Depreciation for the period	-	(1 085)	(1 037)	(67)	-	(2 189)
Impairment	-	16	32	-	(1)	47
Sale	-	1	215	24	(1)	239
Liquidation	-	87	403	10	-	500
Other movements	-	-	2	2	15	19
Closing balance	-	(17 181)	(17 754)	(787)	(37)	(35 759)
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	160	19 920	10 431	269	2 467	33 247
NET CARRYING AMOUNT AT THE END OF THE PERIOD	166	21 479	11 347	366	3 208	36 566
<i>of which operating segments:</i>						
Distribution	96	17 083	6 463	275	1 875	25 792
Renewable Energy Sources	10	1 601	2 073	5	1 016	4 705
Heat	6	976	688	24	87	1 781
Generation	37	894	1 912	20	127	2 990
Other segments and other operations	17	925	211	42	103	1 298

Year ended 31 December 2024

	Land	Buildings, premises and civil engineering structures	Plant and machinery	Other	Assets under construction	Property, plant and equipment, total
COST						
Opening balance	153	33 430	26 007	971	2 466	63 027
Direct purchase	6	-	-	3	4 631	4 640
Borrowing costs	-	-	-	-	81	81
Transfer of assets under construction	1	2 760	1 958	81	(4 800)	-
Sale	-	(2)	(104)	(17)	(1)	(124)
Liquidation	-	(50)	(141)	(12)	-	(203)
Received free of charge	-	55	1	-	-	56
Overhaul expenses	-	-	-	-	91	91
Items generated internally	-	-	-	-	38	38
Cost of disassembly of wind and photovoltaic farms	-	(8)	(6)	-	9	(5)
Other movements	-	(65)	85	(1)	2	21
Closing balance	160	36 120	27 800	1 025	2 517	67 622
ACCUMULATED DEPRECIATION						
Opening balance	-	(14 717)	(15 665)	(724)	(49)	(31 155)
Depreciation for the period	-	(1 033)	(967)	(59)	-	(2 059)
Impairment	-	(493)	(976)	(2)	(7)	(1 478)
Sale	-	1	102	17	-	120
Liquidation	-	45	137	11	-	193
Other movements	-	(3)	-	1	6	4
Closing balance	-	(16 200)	(17 369)	(756)	(50)	(34 375)
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	153	18 713	10 342	247	2 417	31 872
NET CARRYING AMOUNT AT THE END OF THE PERIOD	160	19 920	10 431	269	2 467	33 247
<i>of which operating segments:</i>						
Distribution	91	15 746	5 860	184	1 514	23 395
Renewable Energy Sources	10	1 443	1 898	3	595	3 949
Heat	6	888	645	20	230	1 789
Generation	38	949	1 820	20	87	2 914
Other segments and other operations	15	894	208	42	41	1 200

In the year ended 31 December 2025, the Group purchased property, plant and equipment (including external financing costs) in the amount of PLN 5 042 million. The major purchases were performed in connection with investment in the following operating segments:

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Operating segment	Year ended 31 December 2025	Year ended 31 December 2024
Distribution	3 727	3 054
Renewable Energy Sources	844	1 362
Heat	93	81
Sales and Wholesale Trading	2	69
Generation	145	61

The average capitalisation rate of borrowing costs was 4.8% for the year ended 31 December 2025 and 4.6% for the year ended 31 December 2024.

The increase in property, plant and equipment in the Renewable Energy Sources segment is related to the increase in RES capacity as part of the implementation of the Strategy adopted by the Group. The increase in property, plant and equipment in the Distribution segment is mainly related to the construction of new connections and the modernisation of existing networks. The main investment tasks implemented by the Group in the financial year 2025 are described in section 2.4. of the *Management Board report on the activities of TAURON Polska Energia S.A. and TAURON Group for the financial year 2025*.

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

Year ended 31 December 2025

	Heat	Generation	Total
Net decrease of impairment	46	1	47
Total impact on the profit (loss) for the period	46	1	47

Year ended 31 December 2024

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

23. Right-of-use assets

SELECTED ACCOUNTING PRINCIPLES

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

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

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

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

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

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

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

PROFESSIONAL JUDGEMENT AND ESTIMATES

At the date of commencement of the lease, the Group measures an rights-of-use assets including in the current value of the lease payments remaining to be paid on that date. Lease payments are discounted using the interest rate of the lease if that rate can be easily determined. Otherwise, the Group applies the marginal interest rate, in accordance with the methodology adopted for application.

The Group applies the portfolio approach to similar leases regarding unified assets with similar use. When accounting for leases under the portfolio approach, the Group applies estimates and assumptions corresponding to the size and composition of the portfolio, including estimates of the weighted average lease term. The Group applies the portfolio approach in particular to leases, tenancies and other

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contracts that meet the criteria for recognition as leases relating to premises and land for the purpose of installation of thermal and electrical infrastructure.

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

Year ended 31 December 2025

	Land	Perpetual usufruct right	Buildings, premises and civil engineering structures	Plant and machinery	Motor vehicles	Transmission easements	Right-of-use assets in progress	Right-of-use assets total
COST								
Opening balance	1 433	1 142	316	22	13	227	8	3 161
Direct purchase	-	-	-	-	-	-	17	17
Transfer of right-of-use assets in progress	-	2	-	-	-	15	(18)	-
Increase due to a new lease contract	143	-	10	26	2	-	-	181
Increase(decrease) due to lease changes	(13)	35	18	1	2	-	-	43
Liquidation	(21)	-	(8)	-	(2)	-	-	(31)
Other movements	-	-	-	-	-	7	1	8
Closing balance	1 542	1 179	336	50	15	249	8	3 379
ACCUMULATED DEPRECIATION								
Opening balance	(195)	(281)	(113)	(8)	(6)	(63)	-	(666)
Depreciation for the period	(62)	(28)	(24)	(5)	(5)	(10)	-	(134)
Impairment	-	-	1	-	-	-	-	1
Liquidation	4	-	5	-	2	-	-	11
Closing balance	(253)	(309)	(131)	(13)	(9)	(73)	-	(788)
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	1 238	861	203	14	7	164	8	2 495
NET CARRYING AMOUNT AT THE END OF THE PERIOD	1 289	870	205	37	6	176	8	2 591

Year ended 31 December 2024

	Land	Perpetual usufruct right	Buildings, premises and civil engineering structures	Plant and machinery	Motor vehicles	Transmission easements	Right-of-use assets in progress	Right-of-use assets total
COST								
Opening balance	993	1 129	279	19	14	220	8	2 662
Direct purchase	169	-	-	-	-	2	14	185
Transfer of right-of-use assets in progress	-	-	-	-	-	14	(14)	-
Increase due to a new lease contract	283	-	11	1	1	-	-	296
Increase(decrease) due to lease changes	31	14	29	2	1	(15)	-	62
Liquidation	(43)	(1)	(3)	-	(3)	-	-	(50)
Other movements	-	-	-	-	-	6	-	6
Closing balance	1 433	1 142	316	22	13	227	8	3 161
ACCUMULATED DEPRECIATION								
Opening balance	(143)	(202)	(91)	(6)	(4)	(52)	-	(498)
Depreciation for the period	(53)	(30)	(23)	(2)	(5)	(10)	-	(123)
Impairment	(3)	(50)	-	-	-	(1)	-	(54)
Liquidation	4	-	1	-	3	-	-	8
Other movements	-	1	-	-	-	-	-	1
Closing balance	(195)	(281)	(113)	(8)	(6)	(63)	-	(666)
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	850	927	188	13	10	168	8	2 164
NET CARRYING AMOUNT AT THE END OF THE PERIOD	1 238	861	203	14	7	164	8	2 495

24. Goodwill

SELECTED ACCOUNTING PRINCIPLES

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

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

PROFESSIONAL JUDGEMENT AND ESTIMATES

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

Operating segment	As at 31 December 2025	As at 31 December 2024
Distribution	26	26
Total	26	26

25. Energy certificates and CO₂ emission allowances

SELECTED ACCOUNTING PRINCIPLES

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

- certificates of origin for energy produced from renewable energy sources (RES) as well as property rights arising from energy efficiency certificates, received or acquired with a view to their redemption in connection with the sale of electricity to final customers;
- CO₂ emission allowances received or acquired for the purpose of meeting an obligation resulting from CO₂ emission.

The Group classifies energy certificates of origin and CO₂ emission allowances on the basis of the intention as to their intended use specified on the date of purchase (with a possibility of subsequent reclassification) as:

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

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

	Purchased	Allocated/received free of charge	Disposal
Certificates of origin	Purchase price	The fair value on the last day of the month in which the eligible energy was produced or on the last day of the month in which the energy efficiency certificates were granted and, in the case of concluded contracts or sales agreements, the fair value resulting from these documents	FIFO "first in, first out"
CO ₂ emission allowances	Purchase price, taking into account the value of the adjustment for the application of hedge accounting	Nominal value (i.e. zero)	First received free of charge and then acquired (according to FIFO "first in, first out")

The energy certificates and the CO₂ emission allowances are surrendered (in correspondence with settlement of the provision amount) at the date of their redemption. The principles applicable to the recognition of provisions relating to the energy certificate surrendering obligation and for liabilities arising from CO₂ emissions are presented in Note 42.

25.1. Non-current energy origin certificates and CO₂ emission allowances

	Year ended 31 December 2025		Year ended 31 December 2024		
	Energy certificates	Total	Energy certificates	CO ₂ emission allowances	Total
Opening balance	38	38	16	8	24
Direct purchase	42	42	34	-	34
Reclassification	(33)	(33)	(12)	(8)	(20)
Closing balance	47	47	38	-	38

25.2. Current energy origin certificates and CO₂ emission allowances

	Year ended 31 December 2025			Year ended 31 December 2024		
	Energy certificates	CO ₂ emission allowances	Total	Energy certificates	CO ₂ emission allowances	Total
Opening balance	35	325	360	107	595	702
Direct purchase	92	2 988	3 080	147	3 145	3 292
Generated internally	20	-	20	37	-	37
Surrendered	(101)	(3 165)	(3 266)	(268)	(3 423)	(3 691)
Reclassification	33	-	33	12	8	20
Closing balance	79	148	227	35	325	360

25.3. Balance of CO₂ emission allowances in the Union Registry

Balance of emission allowances	Year ended	Year ended
	31 December 2025	31 December 2024
	Mg EUA	Mg EUA
Allowances in the register at the beginning of the financial year	1 371 745	1 834 489
Allowances surrendered:		
previous year's emissions	(9 064 199)	(9 890 856)
Allocation of free-of-charge allowances	120 670	123 112
Allowances purchased on the secondary market	9 481 000	10 291 000
Allowances sold on the secondary market	(1 252 000)	(986 000)
Allowances in the register at the end of the financial year	657 216	1 371 745

The volume of CO₂ emission allowances purchased presented in the table above relates to CO₂ emission allowances purchased for the redemption needs and within the trading portfolio. In principle, the sale relates to the trading portfolio and the sale to joint ventures of CO₂ emission allowances acquired for the redemption needs of this subject.

26. Other intangible assets

SELECTED ACCOUNTING PRINCIPLES

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

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

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

PROFESSIONAL JUDGEMENT AND ESTIMATES**Impairment**

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

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

Useful life periods

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

Generic group	Average remaining depreciation and amortisation period in years
Software, concessions, patents, licences and similar values	3 years
Other	10 years

Year ended 31 December 2025

	Development expenses	Software, concessions, patents, licenses and similar items	Other intangible assets	Intangible assets not made available for use	Intangible assets total
COST					
Opening balance	18	1 484	289	94	1 885
Direct purchase	–	–	–	273	273
Transfer of intangible assets not made available for use	3	147	24	(174)	–
Sale/Liquidation	(2)	(43)	(2)	–	(47)
Other changes	–	(1)	1	6	6
Closing balance	19	1 587	312	199	2 117
ACCUMULATED AMORTIZATION					
Opening balance	(13)	(932)	(171)	(1)	(1 117)
Amortization for the period	(2)	(182)	(13)	–	(197)
Impairment	–	–	–	(4)	(4)
Sale/Liquidation	2	43	2	–	47
Closing balance	(13)	(1 071)	(182)	(5)	(1 271)
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	5	552	118	93	768
NET CARRYING AMOUNT AT THE END OF THE PERIOD	6	516	130	194	846

Year ended 31 December 2024

	Development expenses	Software, concessions, patents, licenses and similar items	Other intangible assets	Intangible assets not made available for use	Intangible assets total
COST					
Opening balance	18	1 499	283	75	1 875
Direct purchase	-	-	-	137	137
Transfer of intangible assets not made available for use	-	107	10	(117)	-
Sale/Liquidation	-	(122)	(3)	-	(125)
Other changes	-	-	(1)	(1)	(2)
Closing balance	18	1 484	289	94	1 885
ACCUMULATED AMORTIZATION					
Opening balance	(11)	(873)	(143)	-	(1 027)
Amortization for the period	(2)	(180)	(14)	-	(196)
Impairment	-	(1)	(15)	(1)	(17)
Sale/Liquidation	-	122	1	-	123
Closing balance	(13)	(932)	(171)	(1)	(1 117)
NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD	7	626	140	75	848
NET CARRYING AMOUNT AT THE END OF THE PERIOD	5	552	118	93	768

27. Investment in joint ventures

SELECTED ACCOUNTING PRINCIPLES

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

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

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

PROFESSIONAL JUDGEMENT AND ESTIMATES

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

Impairment

After applying the equity method, including the recognition of losses of the joint venture, the interest in joint ventures is tested for impairment if indications arise that the previously recognised impairment loss may be lost or reversed. As at 31 December 2025 and as at 31 December 2024, the Company assessed that there were indications that impairment tests of the shares in TAMEH HOLDING Sp. z o.o. were necessary. Impairment tests for shares in joint ventures are carried out in accordance with the accounting policy presented in Note 13 to these consolidated financial statements.

	As at 31 December 2025 or for the year ended 31 December 2025			As at 31 December 2024 or for the year ended 31 December 2024		
	Elektrociepłownia Stalowa Wola S.A.	TAMEH HOLDING Sp. z o.o. *	Total	Elektrociepłownia Stalowa Wola S.A.	TAMEH HOLDING Sp. z o.o. *	Total
Non-current assets	1 638	1 071	2 709	1 627	1 139	2 766
Current assets, including:	321	321	642	275	587	862
<i>cash and cash equivalents</i>	37	21	58	7	112	119
Non-current liabilities (-), including:	(1 879)	(78)	(1 957)	(1 945)	(79)	(2 024)
<i>debt</i>	(1 871)	(25)	(1 896)	(1 926)	(29)	(1 955)
Current liabilities (-), including:	(758)	(366)	(1 124)	(634)	(796)	(1 430)
<i>debt</i>	(107)	(2)	(109)	(108)	(134)	(242)
Total net assets	(678)	948	270	(677)	851	174
Share in net assets (50%)	(339)	474	135	(339)	426	87
Investment in joint ventures	-	239	239	-	190	190
Sales revenue	1 394	2 149	3 543	1 635	2 436	4 071
Net profit (loss), including:	-	114	114	(76)	558	482
<i>Depreciation</i>	(62)	(132)	(194)	(63)	(119)	(182)
<i>Allowance/write-down receivables</i>	-	-	-	-	(37)	(37)
<i>Interest income</i>	1	3	4	1	5	6
<i>Interest expenses</i>	(134)	(7)	(141)	(143)	(20)	(163)
<i>Income tax</i>	-	(15)	(15)	-	(24)	(24)
Share of profit (loss) of joint ventures attributable to the Group	-	57	57	-	279	279
Write-down of shares	-	-	-	-	(195)	(195)
Share in profit/(loss) of joint ventures	-	57	57	-	84	84

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

Elektrociepłownia Stalowa Wola S.A.

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

TAURON Polska Energia S.A. has an indirect shareholding of 50% in the capital of the company and in the governing body, exercised through TAURON Inwestycje Sp. z o.o. Due to the fact that in 2015 the accumulated share of losses of the joint venture and the adjustment to “top-down” transactions between the Group companies and the joint venture exceeded the value of the interest in the joint venture, the Company discontinued to recognise its share of any further losses of the joint venture. The unrecognised share of losses up to the balance sheet date amounted to PLN 339 million.

In addition, the Company has receivables on account of loans granted to Elektrociepłownia Stalowa Wola S.A. in the carrying amount of PLN 494 million, as further discussed in Note 28 to these consolidated financial statements.

TAMEH HOLDING Sp. z o.o. and subsidiaries

In 2014, the shareholders agreement was concluded between TAURON Group and ArcelorMittal Group regarding TAMEH HOLDING Sp. z o.o., which is responsible for investment and operational projects in the area of industrial energy. Both groups hold a 50% interest in TAMEH HOLDING Sp. z o.o. each.

TAMEH HOLDING Sp. z o.o. is the owner of 100% of the shares in TAMEH POLSKA Sp. z o.o., formed by a contribution in kind by the TAURON Group: Zakład Wytwarzania Nowa and Elektrownia Blachownia as well as Elektrociepłownia in Kraków contributed by the ArcelorMittal Group. In addition, TAMEH HOLDING Sp. z o.o. holds 100% of TAMEH Czech s.r.o. shares, which consists of the Ostrava Combined Heat and Power Plant. 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. As a result of the aforementioned provision, on 9 August 2024 the Company lost joint control over TAMEH Czech s.r.o.

The carrying amount of the shares in TAMEH HOLDING Sp. z o.o. as at the balance sheet date is PLN 239 million. As at the balance sheet date, the Group performed the measurement of its shares in TAMEH HOLDING Sp. z o.o. using the equity method at a level of PLN 434 million and reduced it by the amount of the impairment loss recognised as a result of the impairment tests carried out as at 31 September 2024 in the amount of PLN 195 million. Impairment tests carried out as at 31 December 2025 did not indicate the need to apply further impairment losses.

Ownership of shares of TAMEH HOLDING Sp. z o.o. is the subject to the arbitration proceedings as further described in Note 55 to these consolidated financial statements.

As at the balance sheet date, the Group assesses that the criteria of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* have not been met for the classification of the Group's interest in TAMEH HOLDING Sp. z o.o. as assets held for sale classified as held for sale.

28. Loans granted to joint ventures

SELECTED ACCOUNTING PRINCIPLES

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

PROFESSIONAL JUDGEMENT AND ESTIMATES

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

	As at 31 December 2025		As at 31 December 2024		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.	810	494	768	479	30.06.2033	fixed
Total, of which:	810	494	768	479		
Non-current		494		479		

29. Derivatives

SELECTED ACCOUNTING PRINCIPLES

Derivatives

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

Hedge accounting

Since 1 October 2025 the Group has applied the accounting principles in relation to hedging instruments subject to hedge accounting in accordance with IFRS 9 *Financial Instruments*. The accounting policy related to hedge accounting and accounting recognition is described in note 52.3 to these consolidated financial statements.

PROFESSIONAL JUDGEMENT AND ESTIMATES

The Group estimates fair value at each balance sheet day using the methodology described in the table below.

Derivative	Methodology for determining the fair value	As at 31 December 2025	Application of 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 LSEG Workspace platform.	IRS (Interest Rate Swap) instruments are used to hedge a part of the interest rate risk in relation to the cash flows associated with the 6M WIBOR exposure designated under the dynamic risk management strategy, i.e. interest on bonds and a loan with a total nominal value of PLN 1 080 million, for periods expiring consecutively in the years 2026-2029. 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.	Covered by hedge accounting
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 data comprise the NBP fixing and the interest rate curve implied from the FX swap transaction for the relevant currency from the LSEG Workspace platform.	FX forward derivatives comprise forward transactions aimed to hedge currency flows generated due to the purchase of CO ₂ emission allowances. FX forward derivatives comprise forward transactions to hedge currency flows generated from operations, in connection with the Company's other transactions other than related to the purchase of CO ₂ emission allowances.	Covered by hedge accounting 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 LSEG Workspace platform.	CCIRS (Coupon Only Cross Currency Swap fixed-fixed) derivatives aimed at securing the currency flows generated by interest payments on Eurobonds issued. CCIRS 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.	Measured at a fair value through the profit and loss other than subject to hedge accounting
Commodity forward/futures	The fair value of forward transactions for the purchase and sale of 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 comprise forward transactions for the purchase and sale of CO ₂ emission allowances.	Measured at a fair value through the profit and loss other than subject to hedge accounting

The measurement of derivatives as at the respective balance sheet dates is presented in the table below:

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	As at 31 December 2025				As at 31 December 2024			
	Total		Charged to profit or loss	Charged to revaluation reserve from valuation of hedging instruments	Total		Charged to profit or loss	Charged to revaluation reserve from valuation of hedging instruments
	Assets	Liabilities			Assets	Liabilities		
Derivatives subject to hedge accounting								
IRS	60	–	1	59	185	–	10	
Currency forwards*	–	(290)	(180)	(110)	n.a.	n.a.	n.a.	
Derivatives measured at fair value through profit or loss not covered by hedge accounting								
CCIRS	–	(11)	(11)	n.a.	–	(10)	(10)	
Commodity forwards/futures	46	(46)	–	n.a.	64	(64)	–	
Currency forwards	2	(3)	(1)	n.a.	–	(365)	(365)	
Total	108	(350)			249	(439)		
Non-current	45	(91)			90	(64)		
Current	63	(259)			159	(375)		

*Total valuation as at the balance sheet date of FX forward contracts, presented together with the part of the valuation change for the period before the hedging relationship was established and the potential part of the over-hedging, i.e. outside hedge accounting.

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.

On 1 October 2025, the Company established hedging relationships and accounted for FX forward derivatives hedging currency risk for purchases of CO₂ emission allowances in EUR. The change in the valuation prior to the implementation of hedge accounting, i.e. in the period until 30 September 2025, was recognised in the statement of profit or loss. After that date, the change in the effective portion of the valuation is recognised in other comprehensive income.

30. Other financial assets

SELECTED ACCOUNTING PRINCIPLES

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

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

PROFESSIONAL JUDGEMENT AND ESTIMATES

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

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

	As at 31 December 2025	As at 31 December 2024
Receivables due to recompensations	204	598
Shares	205	205
Deposits and term deposits for Mining Decommissioning Fund	4	4
Other financial receivables, including:	140	195
<i>Bid bonds, deposits and collateral transferred</i>	87	77
<i>Dividends due from TAMEH HOLDING Sp. z o.o.</i>	–	32
<i>Other</i>	53	86
Total	553	1 002
Non-current	233	259
Current	320	743

Recompensation receivables in the amount of PLN 204 million relate to the companies in the *Sales and Wholesale Trading* segment in respect of the supply of electricity to which the above companies are entitled on the basis of the legislation that established the recompensation scheme, as described in more detail in Note 11 to these consolidated financial statements.

31. Other non-financial assets

SELECTED ACCOUNTING PRINCIPLES

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

31.1. Other non-current non-financial assets

	As at 31 December 2025	As at 31 December 2024
Prepayments for assets under construction and intangible assets, including:	923	280
<i>related to the construction of wind and photovoltaic farms</i>	862	267
Contract acquisition costs and costs of discounts	22	20
Prepayments for debt charges	9	7
Property and tort insurance	8	2
Other	18	24
Total	980	333

The increase in advances for fixed assets under construction and intangible assets is mainly related to the construction of the Miejska Górka wind farm project as part of the activities of the subsidiary Finadvice Polska 1 Sp. z o.o.

31.2. Other current non-financial assets

	As at 31 December 2025	As at 31 December 2024
Costs settled over time	122	119
Property and tort insurance	67	62
Contract acquisition costs and costs of discounts	32	39
IT and telecom services	17	13
Prepayments for debt charges	3	3
Other	3	2
Other current non-financial assets	11	48
Advances for deliveries	8	9
Receivable due to the write-down for the Price Difference Payment Fund	–	35
Other	3	4
Total	133	167

In the year ended 31 December 2025, the Group received the amount of PLN 35 million due for the adjustment of the Allowance for Price Difference Payment Fund from Zarządca Rozliczeń S.A.

32. Deferred income tax

	As at 31 December 2025	As at 31 December 2024
Deferred tax liabilities		
difference between tax base and carrying amount of property, plant and equipment, intangible assets and right-of-use assets	2 345	2 176
different timing of recognition of sales revenue and cost of sales for tax purposes	485	560
difference between tax base and carrying amount of financial assets	210	131
difference between tax base and carrying amount of energy origin certificates	2	4
other	22	20
Total	3 064	2 891
Deferred tax assets		
provisions and accruals	1 012	904
difference between tax base and carrying amount of property, plant and equipment, intangible assets and right-of-use assets	519	671
difference between tax base and carrying amount of financial assets and financial liabilities	605	601
different timing of recognition of sales revenue and cost of sales for tax purposes	330	229
tax losses	348	209
power infrastructure received free of charge and received connection fees	5	5
other	19	42
Total	2 838	2 661
Deferred tax assets not recognized	(1 257)	(1 218)
Recognized deferred tax assets	1 581	1 443
After setting off balances at the level of individual Group companies, deferred tax for the Group is presented as:		
Deferred tax asset	46	144
Deferred tax liability	(1 529)	(1 592)

As at 31 December 2025, the deferred tax assets and deferred tax liabilities of the companies that constitute the Tax Capital Group from 2026 onwards have been offset, due to the fact that these companies will file a joint tax return from 2026 onwards. As at 31 December 2024, deferred tax assets and deferred tax liabilities of companies forming the Tax Capital Group in 2023-2025 were offset.

The Group assesses the enforceability of deferred tax assets at each balance sheet date. As a result of the assessment performed as at the balance sheet date, deferred tax assets in the amount of PLN 1 257 million were not recognised, mainly with regard to the TAURON Wytwarzanie S.A., which identifies deferred tax assets mainly from balance sheet provisions and accruals, from the difference between the tax and carrying amounts of tangible fixed assets, intangible assets and rights-of-use assets, and from tax losses.

Change in deferred tax liability and assets

	Year ended 31 December 2025		Year ended 31 December 2024	
	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets
Opening balance	2 891	1 443	3 168	2 855
<i>Change in the balance:</i>				
corresponding to profit/(loss)	196	101	(258)	(1 423)
corresponding to other comprehensive income	(23)	37	(19)	11
<i>from the valuation of hedging instruments</i>	(23)	21	(19)	(1)
<i>from actuarial gains and losses on the measurement of employee benefit provisions</i>	-	16	-	12
Closing balance	3 064	1 581	2 891	1 443

The change in correspondence with other comprehensive income relates to the change in deferred tax on the valuation of hedging instruments constituting the effective portion of the hedge, recognised in the revaluation reserve for hedging instruments and actuarial gains and losses on the valuation of provisions for employee benefits. Other changes in temporary difference items were recognised in profit or loss.

33. Inventories

SELECTED ACCOUNTING PRINCIPLES

The Group's inventories mainly comprise coal stocks for production purposes.

Inventory is measured at a lower of two values: purchase price and attainable net sales price. Greenhouse gas emission allowances which are purchased for sale and generation of profit in the short term due to volatility of market prices are measured at a fair value as at each balance sheet date.

Inventory releases are measured using the weighted average method, except for energy certificates of origin and CO₂ emission allowances whose releases are measured using the "first in first out" (FIFO) method.

PROFESSIONAL JUDGEMENT AND ESTIMATES

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

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

	As at 31 December 2025	As at 31 December 2024
Gross value		
Coal	501	699
CO ₂ emission allowances	44	32
Other inventories	293	300
Total	838	1 031
Write-off		
Coal	–	(67)
Other inventories	(31)	(27)
Total	(31)	(94)
Net value		
Coal	501	632
CO ₂ emission allowances	44	32
Other inventories	262	273
Inventories measured at net realisable value	807	937

Due to the consumption of coal stocks for electricity generation, in the period of the year ended 31 December 2025 TAURON Wytwarzanie S.A. (Generation segment) utilised in full the PLN 67 million impairment loss on coal inventories created as at 31 December 2024.

34. Receivables from customers

SELECTED ACCOUNTING PRINCIPLES

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

Receivables from customers are measured at the amounts originally invoiced (taking into account the effect of discounting, if material), less allowances / write-downs.

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

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

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

For the portfolio of strategic counterparties, the risk of insolvency of strategic counterparties is assessed based on ratings assigned to the counterparties using an internal scoring model and appropriately restated to account for the probability of default. The expected credit loss, in line with *IFRS 9 Financial Instruments*, is calculated based on the estimated potential recoveries from security interests.

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For receivables from other counterparties, historical repayment figures are expected to reflect the credit risk (including forward-looking adjustments) that will be incurred in future periods. The expected credit losses for this group of counterparties were estimated using the receivables ageing matrix and the percentage ratios assigned to the various ranges and groups (including receivables claimed at court, receivables from counterparties in bankruptcy) allowing to estimate the value of receivables from customers expected to be outstanding. The recovery rate adopted for trade receivables from other customers as at 31 December 2025 is shown in the table below.

Not overdue	Overdue				
	<30 days	30-90 days	90-180 days	180-360 days	>360 days
99.9%	98.5%	89.5%	33.6%	18.6%	4.6%

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

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

PROFESSIONAL JUDGEMENT AND ESTIMATES

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

	As at 31 December 2025	As at 31 December 2024
Value of items before allowance/write-down		
Receivables from buyers, of which:	4 024	4 039
<i>Estimation of revenue from sales of electricity and distribution services</i>	1 128	1 369
Receivables claimed at court	325	310
Total	4 349	4 349
Allowance/write-down		
Receivables from buyers	(70)	(60)
Receivables claimed at court	(215)	(194)
Total	(285)	(254)
Value of item net of allowance (carrying amount)		
Receivables from buyers	3 954	3 979
Receivables claimed at court	110	116
Total	4 064	4 095
Non-current	8	6
Current	4 056	4 089

Breakdown of impairment losses by counterparty portfolio

	As at 31 December 2025			As at 31 December 2024		
	Receivables from buyers	Receivables claimed at court	Total	Receivables from buyers	Receivables claimed at court	Total
Strategical clients	(29)	(72)	(101)	(12)	(55)	(67)
Mass clients	(41)	(143)	(184)	(48)	(139)	(187)
Total counterparties	(70)	(215)	(285)	(60)	(194)	(254)

Change in allowances on receivables from customers

	Year ended 31 December 2025	Year ended 31 December 2024
Opening balance	(254)	(248)
Recognised	(38)	(12)
Utilized	7	2
Reversed	-	4
Closing balance	(285)	(254)

Ageing of receivables from customers as at 31 December 2025

	Not past due	Past due					Total
		< 30 days	30-90 days	90-180 days	180-360 days	> 360 days	
Value of item before allowance/write-down	3 628	316	50	34	60	261	4 349
Strategical clients	1 158	57	4	5	10	99	1 333
Mass clients	2 470	259	46	29	50	162	3 016
Allowance/write-down	(30)	(6)	(8)	(21)	(38)	(182)	(285)
Strategical clients	(26)	(1)	(1)	(3)	(6)	(64)	(101)
Mass clients	(4)	(5)	(7)	(18)	(32)	(118)	(184)
Net Value	3 598	310	42	13	22	79	4 064
Strategical clients	1 132	56	3	2	4	35	1 232
Mass clients	2 466	254	39	11	18	44	2 832

Ageing of receivables from customers as at 31 December 2024

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

35. Receivables arising from other taxes and charges

SELECTED ACCOUNTING PRINCIPLES

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

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

	As at 31 December 2025	As at 31 December 2024
VAT receivables	437	458
Other	4	1
Total	441	459

36. Cash and cash equivalents

SELECTED ACCOUNTING PRINCIPLES

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

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

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

	As at 31 December 2025	As at 31 December 2024
Cash and cash equivalents presented in the statement of financial position, of which:	489	596
restricted cash, including:		
<i>collateral of settlements with Izba Rozliczeniowa Gield Towarowych S.A.</i>	241	271
<i>cash on VAT bank accounts (split payment)</i>	150	125
<i>bank accounts related to subsidies received</i>	57	121
Overdraft facility	33	24
Collateral of settlements with Izba Rozliczeniowa Gield Towarowych S.A.	(160)	(35)
Foreign exchange	(9)	(3)
	-	(1)
Cash and cash equivalents presented in the statement of cash flows	320	557

37. Equity

SELECTED ACCOUNTING PRINCIPLES

Share capital

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

Revaluation reserve from valuation of hedging instruments

Revaluation reserve from the valuation of hedging instruments results from:

- measurement of Interest Rate Swaps hedging interest rate risk due to debt,
- valuation of FX forward instruments hedging foreign exchange risk due to the purchase of CO₂ emission allowances.

The principal amount is determined as the fair value of the effective portion of cash flow hedging instruments, including deferred tax.

Foreign Exchange differences due to translation of foreign entities

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

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

The resulting translation differences were recognised in other comprehensive income.

Retained profits / (accumulated losses)

Retained profits / (accumulated losses) comprise:

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

Non-controlling interests

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

37.1. Share capital

Issued capital as at 31 December 2025

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

Shareholding structure as at 31 December 2025 and as at 31 December 2024 (to the best of the Company knowledge)

Shareholder	As at 31 December 2025			As at 31 December 2024		
	Number of shares	Nominal value of shares	Percentage of share capital	Number of shares	Nominal value of shares	Percentage of share capital
State Treasury	526 848 384	2 634	30.06%	526 848 384	2 634	30.06%
KGHM Polska Miedź S.A.	182 110 566	911	10.39%	182 110 566	911	10.39%
Nationale - Nederlanden Otwarty Fundusz Emerytalny ¹	98 630 000	493	5.63%	98 630 000	493	5.63%
Helikon Long Short Equity Fund Master ICAV ²	74 127 629	371	4.23%	74 127 629	371	4.23%
The Goldman Sachs Group, Inc. ³	27 670 985	138	1.58%	n.a	n.a	n.a
Other shareholder	843 161 830	4 216	48.11%	870 832 815	4 354	49.69%
Total	1 752 549 394	8 763	100%	1 752 549 394	8 763	100%

¹ According to the list of shareholders holding at least 5% of the voting rights at the Company's AGM on 25 June 2025 and the Company's EGM on 3 September 2024.

² In accordance with the Helikon Long Short Equity Fund Master ICAV notice received on 9 December 2024.

³ In accordance with the Goldman Sachs Group, Inc. notice received on 6 May 2025.

As at 31 December 2025, the value of share capital, the number of shares and the nominal value of shares have not changed as compared to the status as at 31 December 2024.

After the balance sheet date, on 18 March 2026, the Company received a notification from The Goldman Sachs Group, Inc., according to which as of 11 March 2026, entities from The Goldman Sachs Group, Inc. held a 1.23% stake in the Company's share capital.

37.2. Shareholder rights

The State Treasury, together with its subsidiaries, during the period in which it holds a number of shares in the Company authorising it to exercise at least 25% of the total votes in the Company, is authorised to appoint and dismiss the majority of the members of the Supervisory Board of the Company. Given that the State Treasury, together with its subsidiaries, holds more than 25 per cent of the total votes in the Company and is therefore entitled to appoint and dismiss the majority of the members of the Company's Supervisory Board, the Company is an entity controlled by the State Treasury.

The voting rights of the shareholders holding more than 10% of the total votes in the Company have been limited in such a manner that none of them is authorised to exercise the right to more than 10% of votes in the Company at the General Meeting. The limitation does not apply to the State Treasury and the subsidiaries of the State Treasury in the period when the State Treasury including the State Treasury subsidiaries hold the number of shares in the Company authorising to at least 25% of the total votes in the Company.

For further details on restrictions on the exercise of voting rights, see Section 9.6. of the *Report of the Management Board on operations of TAURON Polska Energia S.A. and TAURON Group for the financial year 2025*.

37.3. Reserve capital

	As at 31 December 2025	As at 31 December 2024
Amounts from distribution of prior years profits	2 948	2 438
Total reserve capital	2 948	2 438

On 25 June 2025, the Annual General Meeting of Shareholders of the Company adopted a resolution on the distribution of net profit of the Company for the financial year 2024 in the amount of PLN 510 million to be allocated for the reserve capital of the Company.

The reserve capital of the Company as at the balance sheet exceeded the level of one-third of the Company share capital, i.e. PLN 2 921 million, to the extent that it can only be used to cover losses.

37.4. Revaluation reserve from the measurement of hedging instruments

	Year ended 31 December 2025	Year ended 31 December 2024
Cash flow hedge reserve – interest rate risk	59	174
Cash flow hedge reserve – foreign currency risk	(110)	–
Revaluation reserve of hedging instruments before deferred tax	(51)	174
Deferred tax	9	(35)
Hedging instruments revaluation reserve	(42)	139

Cash flow hedge reserve results from the measurement of interest rate swap instruments (IRS) hedging interest rate risk on debt and the measurement of FX Forward instruments hedging foreign currency risk on the purchase of CO₂ emission allowances, as described in more detail in note 29 to these consolidated financial statements. For the transactions concluded, the Group applies hedge accounting.

As at 31 December 2025, the Company recognised the amount of PLN (42) million in the cash flow hedge reserve. This amount represents:

- asset resulting from the measurement of IRS instruments as at the balance sheet date, adjusted by the portion of the measurement relating to interest accrued as at the balance sheet date on debt in the amount of PLN 59 million, and
- a portion of the liability from the measurement of FX forward instruments as at the balance sheet date representing the effective portion of the hedge from the date these instruments were subject to hedge accounting in the amount of PLN (110) million, including deferred tax.

37.5. Retained earnings and restrictions on dividends

The amounts of retained earnings arising from the settlement of mergers with subsidiaries as well as actuarial gains and losses on post-employment benefit provisions recognised through other comprehensive income are not distributed.

As at 31 December 2025 and as at the date these consolidated financial statements were authorised for issue, there are no other restrictions on the payment of dividends.

37.6. Non-controlling interests

	Year ended 31 December 2025	Year ended 31 December 2024
Opening balance	41	38
Repurchase of non-controlling interests	(40)	–
Share in subsidiaries' net profit or loss	2	5
Dividends for non-controlling interests	–	(2)
Closing balance	3	41

The decrease in the value of non-controlling interests in the amount of PLN 38 million is mainly related to the compulsory purchase of shares in TAURON Dystrybcja S.A. owned by shareholders representing no more than 5% of the share capital by the majority shareholder, i.e. TAURON Energy S.A., pursuant to a resolution of the Extraordinary General Meeting of TAURON Dystrybcja S.A. of 16 April 2025, which is described in more detail in Note 2 to these consolidated financial statements. The value of non-controlling interests remaining as at the balance sheet date relates to the subsidiary TAURON Serwis Sp. z o.o.

38. Dividends paid and declared

	Year ended 31 December 2025	Year ended 31 December 2024
Dividends paid to non-controlling shareholders by subsidiaries	–	(2)

In the year ended 31 December 2025 and the comparative period, the Company did not propose to pay or paid any dividends to the shareholders of the Company.

The Company's Management Board decided to recommend to the Annual General Meeting of the Company the payment of a dividend from the net profit for 2025 in the amount of PLN 0.20 per share of the Company, which gives a total dividend amount of PLN 351 million.

39. Debt liabilities

SELECTED ACCOUNTING PRINCIPLES

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

- Bank credits, loans, bonds issued

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

Credits, loans, issued bonds 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.

- Lease

An agreement or part of a rental, lease or other agreement or part of an agreement of a similar nature under which the right to control the use of an asset (underlying asset) for a given period is transferred in exchange for remuneration is classified as a lease. The lease liability is measured at the present value of the outstanding lease payments, discounted using either the contractual interest rate (if determinable) or the incremental borrowing rate. Lease payments included in the measurement of the lease liability include:

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

PROFESSIONAL JUDGEMENT AND ESTIMATES

As part of the measurement of liabilities at amortised cost applying the effective interest rate method, the Company estimates expected cash flows, taking into account all terms and conditions of a particular financial instrument, including any early repayment options. The Company intends to redeem the subordinated bonds with a nominal value of PLN 400 million after the first financing period, which takes place within 12 months of the balance sheet date, i.e. in March 2026. The intention to redeem the bonds after the end of the first financing period has been included in the measurement of liabilities as at the balance sheet date. At the same time, in line with the term of availability of the funding, the classification of the bonds as a long-term liabilities is maintained. The subordinated bonds with a nominal value of PLN 750 million, classified as a long-term liabilities as at 31 December 2024 due to their maturity, were redeemed in December 2025 in accordance with the Company's original intention.

As at the balance sheet date, the Company had available revolving credit agreements concluded in 2020 and 2022 with banks consortia, with availability dates falling in 2027 and 2029, therefore, drawings under these agreements, regardless of the length of the tranche utilisation period, are classified as long-term liabilities. As at 31 December 2025, the Company had no liabilities under these agreements.

The Group assesses whether the financing is preferential. The Group has assessed the loans from the National Recovery and Resilience Plan as preferential. Individual loan tranches are initially recognized at fair value, which is the present value of future contractual cash flows discounted using an interest rate that, in the Group's opinion, reflects market conditions at the date of each financing tranche.

The lease incremental borrowing rate is estimated as a weighted average cost of TAURON Group's debt adjusted for the individual rating of the companies, taking into account a breakdown by lease term.

	As at 31 December 2025	As at 31 December 2024
Loans and borrowings	7 230	7 092
Unsubordinated bonds	3 590	4 637
Subordinated bonds	401	1 135
Lease liabilities	1 897	1 751
Total	13 118	14 615
Non-current	11 911	12 475
Current	1 207	2 140

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

39.1. Borrowings and loans

Specification of loans and borrowings drawn as at 31 December 2025 and 31 December 2024

Borrowing institution/lender	Interest rate	Currency	Maturity date/ validity date	As at 31 December 2025	As at 31 December 2024
Consortiums of banks - revolving loans	floating	PLN	2027-2029	-	411
Consortium of banks	floating	PLN	2029	899	899
Bank Gospodarstwa Krajowego	floating	PLN	2027-2032	771	759
			2026-2033	800	901
European Investment Bank	fixed	PLN	2026-2027	44	74
			2026-2040	378	404
	floating		2026-2040	1 152	1 221
			2026-2041	1 221	1 225
SMBC BANK EU AG	fixed	PLN		-	500
Erste Group Bank AG	floating	PLN	2026	505	506
Bank Gospodarstwa Krajowego - loans from the funds of the National Recovery and Resilience Plan	fixed	PLN	2034-2049	513	-
			2028-2045	127	-
Powszechna Kasa Oszczędności Bank Polski S.A.	floating	PLN	2026-2040	447	-
Regional Fund for Environmental Protection and Water Management	floating	PLN	2026-2027	4	6
National Fund for Environmental Protection and Water Management	fixed	PLN	2026-2030	53	63
	floating	PLN	2026-2038	137	72
Bank Gospodarstwa Krajowego - overdraft facility	floating	PLN	2027	160	35
Other loans and borrowings				19	16
Total, of which:				7 230	7 092
Non-current				6 127	6 231
Current				1 103	861

Loans from the National Recovery and Resilience Plan ("NRRP")

In 2024 and 2025, loan agreements were concluded between the Company and Bank Gospodarstwa Krajowego ("BGK") from the funds of the National Recovery and Resilience Plan ("NRRP Loans"), which will support the implementation of the key business priorities defined in the TAURON Group Strategy, such as the dynamic development of the Distribution and RES segments. The funds are disbursed successively, based on payment requests submitted in accordance with the progress of project implementation in the subsidiaries. Project funds are transferred to the companies through intra-group loan agreements, the parameters of which reflect the terms of the agreement between the Company and BGK.

Year of concluding the agreement	Purpose - financing of eligible expenditure	Subsidiary implementing the project	Repayment term	Interest rate	Contractual amount	As at 31 December 2025		
						Denomination of funding disbursed	Initial measurement	Carrying amount
2024	for the development and adapting the electricity grid to the needs of energy transition and climate change	TAURON Dystrybucja S.A.	semi-annual instalments in 2034-2049	fixed 0.50%	15 867	1 428	502	513
2025	for advanced digital transformation	TAURON Dystrybucja S.A.	quarterly instalments in 2028-2045	fixed 0.50%	310	231	126	127
2025			quarterly instalments in 2031-2045	fixed 0.50%	110	-	-	-
2025	for the construction of two photovoltaic farms with accompanying infrastructure	TAURON Zielona Energia sp. z o.o.	semi-annual instalments in 2029-2044	floating NBP reference rate less 2 p.p., not less than 1 percentage p.p.	269	-	-	-

In the Company's opinion, the NRRP loans are preferential in nature, with interest rates below market rates. Therefore, the individual loan tranches were initially recognized at fair value, while the benefit resulting from applying an interest rate below market rates, amounting to PLN 1 031 million, representing the difference between the cash received and the initial carrying amount of the loans, was recognized in accordance with IAS 20 *Government Grants and Disclosure of Government Assistance* as a grant related to assets and is presented in deferred income (Note 44).

The initial measurement of the NRRP loans was performed as the present value of future cash flows taking into account the contractual terms discounted using the interest rate that the Company believes reflects market conditions as at the

date of fund raising. As at subsequent balance sheet dates, loans are measured at amortised cost, taking into account the interest rate estimated as part of the initial valuation.

Project finance

In 2025, TAURON Group companies also concluded project finance loan agreements:

- the subsidiary, WIND T30MW sp. z o.o. for the amount of PLN 238 million,
- the subsidiary, Windpower Gamów sp. z o.o. for the amount of PLN 210 million,

with the repayment term in 2026-2040

Other funding available under the concluded financing agreements

As at the balance sheet date, the Group has available financing under concluded financing agreements, i.e. agreements with bank consortia with revolving financing limits up to the total of PLN 4 500 million, a non-revolving loan agreement for PLN 2 450 million (as at 31 December 2025 available financing under tranche A of PLN 1 000 million) and overdraft agreements up to the total of PLN 850 million, as further described in Note 53.2 to these consolidated financial statements.

In the year ended 31 December 2025, the Group carried out the following drawdowns and repayments of bank loans (at their nominal value), excluding overdrafts:

	Lender	Year ended 31 December 2025	
		Drawdown	Repayment
	Consortiums of banks	2 300	(2 710)
	Bank Gospodarstwa Krajowego - loans from the funds of the National Recovery and Resilience Plan	1 659	-
	SMBC BANK EU AG	-	(500)
	Bank Gospodarstwa Krajowego	-	(100)
	European Investment Bank	-	(120)
	Powszechna Kasa Oszczędności Bank Polski S.A. in project finance formula	448	-
	Other borrowings	70	(17)
	Total, including:	4 477	(3 447)
	Cash flows	4 377	(3 347)
	Net settlement (without cash flow)	100	(100)

39.2. Bonds issued

Issuer	Investor	Interest rate	Currency	Nominal value of bonds issued in currency	Redemption date	Carrying amount	
						As at 31 December 2025	As at 31 December 2024
TAURON Polska Energia S.A.	Bank Gospodarstwa Krajowego	floating, based on WIBOR 6M	PLN	750	2028-2029	746	752
	A series bonds (TPE 1025)	floating, based on WIBOR 6M	PLN	1 000		-	1 011
	Eurobonds	fixed	EUR	500	2027	2 135	2 157
Finanse Grupa TAURON Sp. z o.o.	International investors	fixed	EUR	168	2029	709	717
Unsubordinated bonds						3 590	4 637
TAURON Polska Energia S.A.	Bank Gospodarstwa Krajowego	floating, based on WIBOR 6M	PLN	400	2031 ¹	401	401
	European Investment Bank	fixed	PLN	400		-	392
			PLN	350		-	342
Subordinated bonds						401	1 135
Total bonds, of which:						3 991	5 772
Non-current						3 963	4 558
Current						28	1 214

¹ 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 resulting from the 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 March 2026).

Non-subordinated bonds

On 15 December 2025, annexes were signed to the terms and conditions of the bonds issued under the long-term bond programme established on 31 July 2013 between the Company and BGK. Under the long-term bond programme, the Company issued bonds with the total nominal value of PLN 1 700 million in the years 2014-2016, with BGK as the sole bondholder. Pursuant to the annexes, the terms and conditions of issue of the unredeemed bonds were amended to reduce the margin of the bonds issued and unredeemed and to set their redemption dates to 2028-2029. Series of bonds issued and unredeemed with the total value of PLN 750 million, with the original maturity dates in the years 2025-2029, will be redeemed in the following aggregate amounts: PLN 380 million on 20 December 2028 and PLN 370 million on 20 December 2029.

The Series A bonds (TPE1025) with a nominal value of PLN 1 000 million were redeemed on 30 October 2025.

The Eurobonds with a nominal value of EUR 500 million have been listed on the regulated market of the London Stock Exchange since 2017.

Subordinated bonds (hybrid)

As at 31 December 2025, the subordinated bonds related to bonds subscribed by Bank Gospodarstwa Krajowego with the nominal value of PLN 400 million. The hybrid bonds subscribed by the European Investment Bank ("EIB") with the total nominal value of PLN 750 million were redeemed in December 2025 after the end of the first financing period.

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.

The subordinated bond issue Programme concluded in 2021 with Bank Gospodarstwa Krajowego up to the amount of PLN 450 million which was not used by the Company, expired in the year ended 31 December 2025.

Bond issuance programmes not used as at balance sheet date

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

39.3. Debt agreement covenants

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

As at 31 December 2025, the *net debt/EBITDA* ratio amounted to 1.4, therefore the covenant was not maintained. At the end of the comparative period, the covenant was also met.

39.4. Lease liability

The lease liability of the Group primarily relates to the perpetual usufruct of land, contracts for occupation of the road lane, land lease and rental agreements, transmission easements and the lease of office and warehouse premises as well as premises for energy or heat infrastructure.

Ageing of the lease liability

	As at 31 December 2025	As at 31 December 2024
Within 1 year	146	128
Within 1 to 5 years	573	506
Within 5 to 10 years	660	595
Within 10 to 20 years	1 159	1 080
More than 20 years	1 129	1 046
Gross lease liabilities	3 667	3 355
Discount	(1 770)	(1 604)
Present value of lease payments, of which:	1 897	1 751
Non-current	1 821	1 686
Current	76	65
Lease agreements that do not meet the conditions for recognition as a finance lease as defined in the financing agreements	1 897	1 751

40. Provisions for employee benefits

SELECTED ACCOUNTING PRINCIPLES

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

- retirement and disability benefits - paid on a one-off basis, when an employee retires or is vested with the right to receive disability benefits;
- death benefits;
- benefits from the Company Social Benefit Fund.

The above provisions are included in the post-employment defined benefit plans.

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

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

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

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

In accordance with IAS 19 *Employee Benefits*, the Group also recognizes provisions for termination benefits resulting from voluntary redundancy programs and other programs for employees becoming eligible for retirement. Benefit valuation is based on the expected number of employees who will participate in the program and the estimated value of the benefits they will receive as part of their participation in the program.

PROFESSIONAL JUDGEMENT AND ESTIMATES

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

	As at 31 December 2025	As at 31 December 2024
Discount rate (%)	5.1%	5.8%
Employee turnover ratio (%)	0.5% - 10.30%	0.5% - 10.30%
Expected rate of remuneration growth (%)	3.1% in 2026, 2.5% in subsequent years	8.9% in 2025, 2.5% in subsequent years
Expected rate of increase in the value of the allowance for the	7.4%	7%
Remaining average period of employment	5.73 – 13.13	8.01 - 13.31

	As at 31 December 2025	As at 31 December 2024
Provision for post-employment benefits and jubilee bonuses	898	801
Provision for employment termination benefits and other provisions for employee benefits	93	10
Total	991	811
Non-current	820	701
Current	171	110

Provisions for post-employment benefits and jubilee bonuses

	Year ended 31 December 2025				Year ended 31 December 2024			
	Retirement, disability and similar benefits	Social Benefit Fund	Jubilee bonuses	Provisions total	Retirement, disability and similar benefits	Social Benefit Fund	Jubilee bonuses	Provisions total
Opening balance	325	223	253	801	313	166	264	743
Current service costs	15	8	13	36	15	6	15	36
Actuarial gains and losses, including:	13	69	8	90	10	50	-	60
arising from changes in financial assumptions	7	50	6	63	(5)	3	(3)	(5)
arising from changes in demographic assumptions	-	3	-	3	-	11	1	12
arising from other changes	6	16	2	24	15	36	2	53
Benefits paid	(27)	(8)	(37)	(72)	(27)	(7)	(39)	(73)
Interest expense	16	13	14	43	14	8	13	35
Closing balance	342	305	251	898	325	223	253	801
Non-current	276	296	214	786	268	216	217	701
Current	66	9	37	112	57	7	36	100

Sensitivity analysis

As at 31 December 2025, a sensitivity analysis of the measurement results to a change in the financial discount rate and to changes in planned base amount increases in the range -1.0 p.p./+1.0 p.p. was carried out. The table below shows the balances of individual reserve titles and the deviation from the carrying value under the revised assumptions.

Provision title	Carrying amount as at 31 December 2025	Financial discount rate				Planned base increases			
		-1.0 p.p.		+1.0 p.p.		-1.0 p.p.		+1.0 p.p.	
		balance	deviation	balance	deviation	balance	deviation	balance	deviation
Retirement, disability and similar benefits	342	365	23	322	(20)	321	(21)	366	24
Social Benefits Fund	305	364	59	258	(47)	256	(49)	366	61
Jubilee bonuses	251	266	15	238	(13)	239	(12)	265	14
Total	898	995	97	818	(80)	816	(82)	997	99
effect on profit/loss			(15)		13		12		(14)
effect on other comprehensive income			(82)		67		70		(85)

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

Provisions for employee benefits by maturity

Year	Retirement, disability and similar benefits	Social Benefit Fund	Jubilee bonuses	Provisions, total
2026	66	9	37	112
2027	29	9	31	69
2028	28	9	27	64
2029	25	9	23	57
2030	24	9	19	52
Other years	170	260	114	544
Total	342	305	251	898

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

SELECTED ACCOUNTING PRINCIPLES

Provision for dismantling costs of wind farms and photovoltaic farms

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

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

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

The Group recognizes provisions for costs related to the reclamation of waste disposal sites when the Group has an obligation under the provisions of integrated permits, the closure of disposal sites is planned for the future, and it is possible to reliably estimate these provisions. These provisions are recognised on a pro rata basis to the extent to which the landfill is full and discounted according to the

expected life of the landfill sites. The costs of the provision for reclamation in the scope of the core business are charged to operating expenses.

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

The provision for mine decommissioning costs relates to mines for which there is an obligation to decommission and restore the site to the status compliant with the reclamation decision after the end of operations. As at 31 December 2025, the Group recognises the provision in respect of the open-pit mining facility at Kopalnia Wapienia Czatkowice Sp. z o.o. The provision is determined based on the estimates of future costs of decommissioning and restoring the mining site to the status compliant with the reclamation decision after the end of exploitation, developed by independent experts, taking into account the discount and the balance created in accordance with separate regulations of the Mine Decommissioning Fund. The provision is estimated based on an analysis prepared using deposit exploitation projections (for mines) and a technical and business analysis.

PROFESSIONAL JUDGEMENT AND ESTIMATES

The Group estimates the amount of provisions recognized based on the assumptions, methodology and calculations appropriate for a given type of provisions, evaluating the probability of spending funds that incorporate economic benefits and determining the reliable level of funds necessary to perform the obligation. Provisions are recognized by the Group if the probability of spending funds that incorporate economic benefits is higher than 50%.

When estimating the level of provisions as at 31 December 2025, the Group assumed a discount rate of 5.1% and the expected inflation rate of 2.9% in 2026; 2.5% in 2027 and in the following years at the expected long-term inflation rate of 2.5%.

	Year ended 31 December 2025			Year ended 31 December 2024		
	Provision for dismantling costs of wind farms and photovoltaic farms	Provision for costs of reclamation and decommissioning of fixed assets, including decommissioning of mining plants	Provisions total	Provision for dismantling costs of wind farms and photovoltaic farms	Provision for costs of reclamation and decommissioning of fixed assets, including decommissioning of mining plants	Provisions total
Opening balance	145	71	216	142	77	219
Unwinding of the discount	9	4	13	8	4	12
Discount and inflation rate adjustment	10	4	14	(21)	(3)	(24)
Recognition/(reversal), net	31	41	72	16	(3)	13
Utilisation	-	(9)	(9)	-	(4)	(4)
Closing balance	195	111	306	145	71	216
Non-current	195	84	279	145	52	197
Current	-	27	27	-	19	19

As at 31 December 2025, the Group recognised the following provisions within the provision for the costs of reclamation and decommissioning of fixed assets:

- the provision for costs of liquidation of fixed assets in the amount of PLN 78 million;
- the provision for costs related to the reclamation of waste landfill sites in the amount of PLN 23 million;
- the provision for costs of liquidation of mining plants in the amount of PLN 10 million.

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

	As at 31 December 2025	As at 31 December 2024
Provisions for the costs of dismantling fixed assets and reclaiming land	279	197
Other provisions	14	19
Total in statement in financial position in Provisions for the costs of dismantling fixed assets and reclaiming land	293	216

42. Provisions for liabilities due to energy certificates of origin and CO₂ emission allowances

SELECTED ACCOUNTING PRINCIPLES

Provision for liabilities due to CO₂ emission liabilities

The Group recognizes a provision for the cost of redemption of CO₂ emission allowances. The provision for liabilities arising from emission of gases covered by the emission allowance scheme is recognized only when the actual emission level for a given financial year indicates the expected deficit of emission allowances awarded free of charge, including allocation of free emission allowances to facilities belonging to individual companies. The Group is required to redeem an allowance for each tonne of carbon dioxide emitted in a given year by 30 April of the following year.

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

- in the portion covered by allowances held at the end of the balance sheet date:
 - at a zero value, in the case of allowances received free of charge,
 - at a purchase price with an adjustment for hedge accounting - in the case of purchased rights;
 - in the portion not covered by allowances held as at the balance sheet date:
 - in the first instance at the values resulting from the forward transactions concluded for the purchase of allowances for compliance with the obligation for the current year, taking into account the expected value of the future adjustment of the purchase price of the allowances due to the application of hedge accounting, applied to FX Forward instruments hedging the currency risk resulting from the purchase of allowances in euro,
 - subsequently, in the market value of the allowances failing to meet the obligation as at the balance sheet date, or in the value of potential penalty - in accordance with the intention regarding the manner of meeting the obligation,
 taking into account the Group's intention to allocate allowances for redemption purposes for the financial year at the time of purchase.
- At the date of redemption of the allowances, the emission allowances classified as current intangible assets are derecognised in correspondence with the provision for gas emission liabilities.

Provision for the obligation to submit energy certificates of origin

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

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

- in the part covered by certificates of origin and certificates of energy efficiency held as at the balance sheet day:
 - in the value of the certificates held,
- in the part not covered by certificates of origin and certificates of energy efficiency held as at the balance sheet day:
 - in the first instance, in values resulting from forward and futures transactions concluded for the purchase of allowances intended to meet the obligation for the current year,
 - subsequently, in the market value of the allowances necessary to meet the obligation as at the balance sheet date, or in the value of the substitution fee - in accordance with the intention regarding the manner of meeting the obligation,
 taking into account the Group's intention to allocate certificates of origin and energy efficiency certificates for redemption purposes for the financial year in question at the time they are produced or purchased.

The provision is charged to operating costs.

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

	Year ended 31 December 2025			Year ended 31 December 2024		
	Provisions for liabilities due to CO ₂ emission allowances	Provision for obligation to submit energy certificates	Provisions total	Provisions for liabilities due to CO ₂ emission allowances	Provision for obligation to submit energy certificates	Provisions total
Opening balance	3 204	182	3 386	3 439	305	3 744
Recognition	3 157	224	3 381	3 204	285	3 489
Reversal	(39)	(33)	(72)	(16)	(31)	(47)
Utilisation	(3 165)	(203)	(3 368)	(3 423)	(377)	(3 800)
Closing balance	3 157	170	3 327	3 204	182	3 386

The costs relating to the recognition of the provision for liabilities due to CO₂ emission allowances in connection with the obligation arising from the CO₂ emission for the financial year are shown in the table:

	Year ended 31 December 2025		Year ended 31 December 2024	
	volume	value	volume	value
Emission (Mg CO₂)	9 645 226		9 068 128	
CO₂ emission allowances				
received free of charge		120 670		123 112
acquired, contracted and missing		9 524 556		8 945 016
The cost of recognition of the provision for liabilities due to CO₂ emission for the current year		9 645 226		9 068 128

The emissions presented in the table above include emissions generating an obligation for the Group to redeem CO₂ emission allowances under the EU ETS, taken into account in the calculation of the CO₂ liability provision, and accordingly do not include CO₂ emissions that do not generate such an obligation. These emissions represented approximately 98% of the gross Scope 1 greenhouse gas emissions according to the European Sustainability Reporting Standard ESRS E1-6 presented in section 13.11. *Climate Change* as part of the TAURON Group Sustainability Reporting which is part of the

Management Board's Report on the Activities of TAURON Polska Energia S.A. and the TAURON Group for the 2025 financial year.

The slight decrease in the cost of creating the provision for liability due to CO₂ emission resulted from the lower purchase cost of allowances for the current redemption year, while CO₂ emissions increased.

43. Other provisions

SELECTED ACCOUNTING PRINCIPLES

Other provisions comprise provisions for the following titles:

- non-contractual use of property

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

- onerous contracts

If the Group is a party to the contract pursuant to which unavoidable costs of fulfilling the contractual obligations exceed the benefits, the present contractual obligation arising from the contract is recognised and measured the Group as a provision. The unavoidable costs arising from the contract comprise, at least, net costs of contract termination, corresponding to the costs of fulfilment of the contract or costs of any damages or penalties arising for the failure to fulfil it, whichever is lower. The costs of fulfilling the agreement comprise both the incremental costs of fulfilling the agreement, e.g. labour and materials, as well as the allocation of other costs that relate directly to fulfilling the agreements (for example, the allocation of depreciation charges to an item of property, plant and equipment used, inter alia, to fulfil this agreement). In the case of energy sales contracts, the costs of fulfilling the contract include the costs of producing or purchasing the energy required to fulfil the contract. As part of the costs of producing energy, the Group takes into account in particular the costs of coal consumption and the redemption of CO₂ emission allowances required to produce energy.

- the effects of proceedings by the President of the Energy Regulatory Office concerning the calculation by the companies in the *Sales and Wholesale Trading* segment of the write-downs the Price Difference Payment Fund in the period from December 2022 to December 2023.
- other titles which relate mainly to court cases, counterparty claims or other claims, potential penalties resulting from administrative proceedings carried out by the Energy Regulatory Office and the Office of Competition and Consumer Protection and tax settlements.

PROFESSIONAL JUDGEMENT AND ESTIMATES

The Group estimates the amount of provisions created based on the assumptions, methodology and calculations appropriate for a given type of provisions, evaluating the probability of spending funds that incorporate economic benefits and determining the reliable level of funds necessary to perform the obligation. Provisions are recognised by the Group if the probability of spending funds that incorporate economic benefits is higher than 50%.

Year ended 31 December 2025

	As at 31 December 2025				
	Provision for non-contractual use of property	Provision for onerous contracts	Provision for effects of proceedings by the President of the ERO concerning the calculation of write-downs for the Price Difference Payment Fund	Provision for counterparty claims, court dispute and other provisions	Provisions total
Opening balance	73	9	-	154	236
Recognition/(reversal), net	(1)	163	277	(2)	437
Utilisation	(1)	(9)	-	(40)	(50)
Other	-	-	-	1	1
Closing balance	71	163	277	113	624
Non-current	-	8	-	6	14
Current	71	155	277	107	610

Year ended 31 December 2024

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

In the consolidated statement of financial position, under *Other provisions*, the Group reports the short-term portion of other provisions, including the short-term portion of provisions for the costs of dismantling fixed assets and land reclamation.

	As at 31 December 2025	As at 31 December 2024
Other provisions	610	217
Provisions for the costs of dismantling fixed assets and reclaiming land	27	19
Total in statement in financial position in Other provisions	637	236

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

The Group companies recognize provisions for all claims filed by owners of properties on which distribution networks and heat installations are located. As at 31 December 2025, the provision on this account amounted to PLN 71 million and was related to the segments:

- Distribution - PLN 38 million,
- Heat - PLN 31 million,
- Generation - PLN 2 million.

43.2. Provisions for onerous contracts

As at 31 December 2025, the Group recognised provisions for onerous contracts in the amount of PLN 163 million within the *Sales and Wholesale Trading* segment, of which PLN 146 million relates to the sale of electricity to customers in G tariff groups at prices from the tariff approved by the President of the Energy Regulatory Office ("ERO").

On 17 December 2025, the President of the ERO approved tariffs for the sale of electricity to customers in G tariff groups, under which the selling price of electricity to customers in G tariff groups was approved for the subsidiary TAURON Sprzedaż sp. z o.o. at an average of PLN 495.16/MWh (net of excise duty). The G Tariff approved will be effective from 1 January 2026 to 31 December 2026. Customers in tariff group G are primarily households. The Group estimates that, in the case of contracts for the sale of energy in G tariff groups, revenues from the sale of electricity including the sales price approved under the tariff will not fully cover the costs incurred in connection with the need to produce or purchase electricity required to perform these contracts, as a result of which the Group recognised a provision for onerous contracts in the amount of PLN 146 million.

43.3. Provision for effects of proceedings by the President of the ERO concerning the calculation of allowances for the Price Difference Payment Fund

As at 31 December 2025, the Group recognised a provision of PLN 277 million for the effects of proceedings conducted by the President of the Energy Regulatory Office ("President of the ERO") concerning the manner in which TAURON Sprzedaż Sp. z o.o. and TAURON Sprzedaż GZE Sp. z o.o. applied the write-down to the Price Difference Payment Fund ("Write-down").

The TAURON Sprzedaż Sp. z o.o. and TAURON Sprzedaż GZE Sp. z o.o. Companies, pursuant to the provisions of the Act of 27 October 2022 *on extraordinary measures aimed at limiting electricity prices and supporting certain consumers in 2023* ("Act on Extraordinary Measures"), were obliged to transfer, in the period from December 2022 to December 2023,

the Write-down for the purpose of recompensation payments, in the situation where they obtained from the sale of electricity prices exceeding the price limits calculated in accordance with the provisions of the Regulation to the aforementioned Act.

In November 2025, the President of the ERO initiated audits against TAURON Sprzedaż Sp. z o.o. and TAURON Sprzedaż GZE Sp. z o.o. to verify the correctness of calculations of the Write-down concerning period from December 2022 to December 2023 as well as the values actually paid to the Zarządca Rozliczeń S.A. on this account.

After the balance sheet date of 27 January 2026, the President of the ERO, in the communication, clarified the rules for calculating the Write-down by indicating that the weighted average energy sales price should be determined as the quotient of the sum of the actual revenues from the sale of electricity and the volume of energy sold in a given period. At the same time, the sum of actual revenues from the sale of electricity should, in the opinion of the President of the ERO, be determined on the basis of all actual revenues resulting from settlements with electricity consumers, including taking into account the obligation to apply appropriate "frozen" prices in settlements with eligible consumers (including maximum prices) and recompensations obtained on this account, as well as taking into account other monetary settlements resulting from the provisions of concluded contracts for the sale of electricity or other contracts in which additional monetary settlements depend on the volume or value of electricity sold.

On 5 February 2026, TAURON Sprzedaż Sp. z o.o. and TAURON Sprzedaż GZE Sp. z o.o. received:

- notices on the initiation of ex officio proceedings by the President of the ERO to issue an administrative decision on the obligation of the aforementioned subsidiaries to transfer to the account of the Price Difference Payment Fund the amounts constituting the differences between the Write-down calculated by the President of the ERO and the Write-down paid by TAURON Sprzedaż Sp. z o.o. and TAURON Sprzedaż GZE Sp. z o.o.;
- audit reports initiated by the President of the ERO in November 2025.

On 12 February 2026, TAURON Sprzedaż Sp. z o.o. and TAURON Sprzedaż GZE Sp. z o.o. raised objections to the audit reports, indicating in particular that the recompensations cannot, in the opinion of the Group companies, be treated as "other revenues from additional cash settlements resulting from the concluded agreements", which the legislator provided for as an element of the calculation of the Write-down.

On 10 March 2026, TAURON Sprzedaż Sp. z o.o. and TAURON Sprzedaż GZE Sp. z o.o. received administrative decisions from the President of the Energy Regulatory Office requiring them to transfer a total of PLN 277 million to the account of the Price Difference Payment Fund, constituting the difference between the value of the write-down due, calculated by the President of the Energy Regulatory Office during the inspection, and the value of the write-down to the Price Difference Payment Fund indicated by the Companies, within 30 days from the date of receipt of the decision, plus statutory interest accrued from the date of receipt of the decision.

Considering the above events after the balance sheet date, which, in the Group's opinion, require inclusion in the consolidated financial statements for the year ended 31 December 2025, as of the balance sheet date, the Group recognized a provision in the amount of PLN 277 million.

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

Material provisions recognised within other provisions are described below:

Title	Operating segment	Description	Balance as at 31 December 2025	Balance as at 31 December 2024
Provision for reimbursement of undue benefit	Distribution	The provision relates to the risk arising from the judgement of the Regional Court in Wrocław of 19 June 2023 in a case for the reimbursement by the TAURON Dystrybucja S.A. company of an undue benefit resulting from distribution service fees incurred by the counterparty.	23	22
Provision for real estate tax	Generation	Provision for the economic risk in the scope of real estate tax relating to assets constituting the railway infrastructure.	16	15
Provision for a fine in favour of the Silesian Voivodship Inspector of Environmental Protection	Heat	The provision relates to the risk of receiving a fine for a violation of the <i>Act of 12 June 2015 on the greenhouse gas emission allowance trading scheme</i> , in connection with the failure of the installation operator, i.e. Energetyka Cieszyńska Sp. z o.o., over which the Group assumed control in 2022, to settle the emission volume for 2021 within the deadline specified in the Act. In the year ended 31 December 2025, the provision was used in full in connection with the payment of a fine to the Silesian Voivodship Inspector of Environmental Protection.	-	27

44. Accruals, deferred income and government subsidies

SELECTED ACCOUNTING PRINCIPLES

Deferred income and government grants

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

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

When preferential investment finance is received at an interest rate below market rates, the Group recognises the estimated benefit of the below-market rate as a government grant. The above-mentioned benefit is settled in other operating income commensurate with the corresponding depreciation and amortisation expense of non-financial fixed assets.

Accrued expenses

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

44.1. Deferred income and government grants

	As at 31 December 2025	As at 31 December 2024
Deferred income	51	268
Donations, subsidies received for the purchase or fixed assets received free-of-charge	39	39
Received advance payments for recompensations	-	215
Other	12	14
Government grants	1 707	606
Settlement of loan valuation from the National Recovery and Resilience Plan funds	1 001	-
Subsidies obtained from EU funds	648	538
Settlement of the valuation of preferential loans and borrowings	35	39
Forgiven loans from environmental funds	16	19
Other	7	10
Total	1 758	874
Non-current	1 669	611
Current	89	263

In the year ended 31 December 2025, the companies of the *Sales and Wholesale Trading* segment fully settled the recompensation advances received in previous years relating to electricity trading in the amount of PLN 215 million.

As part of the settlement of the evaluation of the loan from the National Recovery and Resilience Plan as at 31 December 2025, the amount of PLN 1 001 million was recognised, representing the estimate, unsettled as at the balance sheet date, of the benefit resulting from the interest rate on the received tranches of preferential loans in the amount of PLN 1 659 million at an interest rate lower than market interest rates, as described in more detail in Note 39.1 to these consolidated financial statements. In accordance with the Accounting Policy of the TAURON Group, the settlement of the above benefit will be recognised in other operating income in proportion to the depreciation of the assets related to the eligible expenses incurred by TAURON Dystrybucja S.A. for the development and adaptation of the power grid to the needs of energy transition and climate change, determining for the receipt of a preferential loan.

44.2. Accruals of costs

	As at 31 December 2025	As at 31 December 2024
Bonuses	81	80
Unused holidays	55	47
Other	17	9
Total	153	136
Non-current	1	1
Current	152	135

45. Liabilities to suppliers

SELECTED ACCOUNTING PRINCIPLES

The Group may apply simplified measurement methods to financial liabilities measured at amortised cost if this does not distort the information contained in the financial statements, in particular when the period until the liability is settled is not long. The liabilities in relation to which simplifications are applied, are measured upon initial recognition and later, including, at the end of the reporting period, in the amount requiring payment. Liabilities to suppliers and selected other financial liabilities (Note 49) are therefore measured at the amount payable, due to the immaterial impact of discounting.

Operating segment	As at 31 December 2025	As at 31 December 2024
Distribution, including:	720	629
<i>liability to Polskie Sieci Elektroenergetyczne S.A.</i>	594	501
Renewable Energy Sources	165	42
Heat	167	142
Sales and Wholesale Trading	369	434
Generation	429	649
Other	2	59
Total	1 852	1 955

46. Capital commitments

Operating segment	As at 31 December 2025	As at 31 December 2024 (restated figures)
Distribution	545	359
Renewable Energy Sources	102	88
Heat	28	18
Sales and Wholesale Trading	1	1
Generation	44	14
Other	234	218
Total	954	698
Non-current	38	106
Current	916	592

Commitments to incur capital expenditure

As at 31 December 2025 and as at 31 December 2024, the Group committed to incur expenditure of PLN 7 437 and PLN 6 127 million, respectively, on tangible fixed assets and intangible assets, the key items of which are shown in the table below.

Operating segment	Agreement / investment project	As at 31 December 2025	As at 31 December 2024
Distribution	Construction of new electrical connections	3 913	3 086
	Modernization and reconstruction of existing networks	1 274	537
Renewable Energy Sources	Construction of wind and photovoltaic farms	729	1 708
Heat	Expansion of heat sources in new capacities	325	46
Other	Construction of a fiber optic network (NRRP)	60	97

47. Settlements due to income tax

As at 31 December 2025, the companies of the Group had:

- income tax receivables totalling PLN 63 million, of which PLN 55 million relates to the TAURON Wytwarzanie S.A. Company, not belonging to the Tax Capital Group and results from the settlement of income tax for the current year;
- income tax liabilities totalling PLN 475 million, of which PLN 469 million relates to the Tax Capital Group for the current year and represents the excess of the tax burden for 2025 in the amount of PLN 828 million over the advance payments paid for this period in the amount of PLN 359 million.

48. Liabilities arising from other taxes and charges

	As at 31 December 2025	As at 31 December 2024
VAT	464	647
Social security	261	224
Personal Income Tax	83	67
Other	35	39
Total	843	977

49. Other financial liabilities

SELECTED ACCOUNTING PRINCIPLES

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

	As at 31 December 2025	As at 31 December 2024
Wages, salaries	289	268
Bid bonds, deposits and collateral received	76	68
Liabilities due to insurance contracts	73	61
Recompensation liabilities	–	311
Other	73	72
Total	511	780
Non-current	40	40
Current	471	740

In the year ended 31 December 2025, the companies in the *Sales and Wholesale Trading* segment returned the recompensation advances received in 2024 amounting to PLN 311 million to the Settlement Administrator.

50. Liabilities arising from contracts with customers and advance payments received

SELECTED ACCOUNTING PRINCIPLES

Liabilities arising from contracts with customers and advance payments received include, in particular, overpayments received from customers and liabilities in respect of advance payments received which will be settled by the delivery of goods, services or fixed assets. Liabilities arising from contracts with customers and advance payments received are recognised in an amount payable.

	As at 31 December 2025	As at 31 December 2024
Payments from customers relating to future periods	1 140	1 218
Amounts overpaid by customers	665	694
Prepayments for connection fees	312	407
Other	163	117
Other non-financial liabilities	-	4
Total	1 140	1 222

The change in amounts overpaid by customers during the year ended 31 December 2025 and the comparative year is shown in the table below.

	Year ended 31 December 2025	Year ended 31 December 2024
Opening balance	694	603
Reconciliation of overpayments to current period income	(378)	(273)
Payments by counterparties relating to future periods	537	643
Reduction due to amounts returned to customers	(182)	(256)
Other	(6)	(23)
Closing balance	665	694

EXPLANATORY NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

51. Significant items of the consolidated statement of cash flows

SELECTED ACCOUNTING PRINCIPLES

The statement of cash flows is prepared using the indirect method.

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

Cash flows related to CO₂ emission allowances and property rights of energy origin are presented within the change in working capital in the cash flow from operating activities.

Interest on borrowings is generally recognised as expenditure within financing activities, with the exception of borrowing costs capitalised in the current period on assets, which are presented as expenditure on the acquisition of property, plant and equipment and intangible assets in cash flows from investing activities.

51.1. Cash flows from operating activities

Change in working capital

	Year ended 31 December 2025	Year ended 31 December 2024
Change in receivables	414	2 365
Change in receivables from buyers in statement of financial position	33	592
Change in receivables due to recompensation	394	1 321
Change in other financial receivables	57	385
Adjustment of other financial receivables by receivables connected with financial activity	(70)	65
Other adjustments	-	2
Change in inventories	79	516
Change in inventories in statement of financial position	130	546
Adjustment related to transfer of inventories to/from property, plant and equipment	(51)	(30)
Change in payables excluding loans and borrowings	(552)	(366)
Change in liabilities to suppliers in statement of financial position	(105)	(210)
Change in payroll, social security and other financial liabilities	(267)	110
Change in liabilities arising from contracts with customers and advances received in statement of financial position	(82)	(158)
Change in liabilities arising from taxes excluding income tax	(134)	(53)
Adjustment of VAT change related to capital commitments	43	(4)
Adjustment of other financial liabilities for guarantee valuation	-	11
Adjustment for change in liabilities related to payment for acquisition of subsidiaries	-	(51)
Other adjustments	(7)	(11)
Change in other non-current and current assets	181	742
Change in other current and non-current non-financial assets in statement of financial position	(613)	414
Change in receivables arising from taxes excluding income tax	18	335
Change in non-current and current CO ₂ emission allowances	177	278
Change in non-current and current energy certificates	(53)	50
Change in advance payments for property, plant and equipment and intangible assets	648	(335)
Other adjustments	4	-
Change in deferred income, government grants and accruals	(335)	(92)
Change in deferred income, government grants and accruals in statement of financial position	901	52
Adjustment related to property, plant and equipment, intangible assets and right-of-use assets received free of charge	(65)	(64)
Adjustment related to subsidies received and refunded	(143)	(77)
Adjustment for the valuation of a preferential loan	(1 031)	-
Other adjustments	3	(3)
Change in provisions	477	(966)
Change of short term and long term provisions in statement of financial position	599	(901)
Adjustment related to actuarial gains/losses from provisions for post-employment benefits charged to other comprehensive income	(82)	(60)
Adjustment related to provisions recognized in correspondence with property, plant and equipment and other non-financial assets	(41)	5
Other adjustments	1	(10)
Change of collaterals transferred to IRGiT	(6)	17
Total	258	2 216

Income tax paid

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

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	Year ended 31 December 2025	Year ended 31 December 2024
Tax paid for a given financial year, including by:	(435)	(254)
Tax Capital Group	(359)	(90)
TAURON Wytwarzanie S.A.	(55)	(123)
Tax paid for the previous financial years, including by:	(42)	(18)
Tax Capital Group	(36)	-
Tax refunds received for previous years, including by:	153	122
Tax Capital Group	23	101
TAURON Wytwarzanie S.A.	123	8
Total	(324)	(150)

51.2. Cash flows from investing activities

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

	Year ended 31 December 2025	Year ended 31 December 2024
Purchase of property, plant and equipment and right-off-used assets	(5 034)	(4 769)
Purchase of intangible assets	(273)	(172)
Change in the balance of capital commitments	213	(9)
Change in the balance of advance payments	(648)	340
Costs of overhaul and internal manufacturing	(304)	(104)
Other	9	(27)
Total	(6 037)	(4 741)

51.3. Cash flows from financing activities

Redemption of debt securities

	Year ended 31 December 2025	Year ended 31 December 2024
Redemption of debt securities acquired by:		
Series A bonds (TPE1025)	(1 000)	-
European Investment Bank	(750)	(812)
Bank Gospodarstwa Krajowego	-	(170)
Total	(1 750)	(982)

Repayment of loans and borrowings

	Year ended 31 December 2025	Year ended 31 December 2024
Repayment of loans tranches:		
Consortiums of banks	(2 610)	(5 620)
SMBC BANK EU AG	(500)	-
European Investment Bank	(120)	(91)
Bank Gospodarstwa Krajowego	(100)	(2 600)
Intesa Sanpaolo S.p.A	-	(750)
Other	(17)	(13)
Total	(3 347)	(9 074)

Interest paid

	Year ended 31 December 2025	Year ended 31 December 2024
Interest paid in relation to loans	(406)	(413)
Interest paid in relation to debt securities	(207)	(253)
Interest paid in relation to the lease	(8)	(7)
Total	(621)	(673)
constituting investing expense	(80)	(86)
constituting financing expense	(541)	(587)

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

The Group presents costs of external financing incurred activated in the current period on assets as expenditures for acquisition of property, plant and equipment and intangible assets in cash flows from investment activities. In the year ended 31 December 2025, paid interest representing external financing costs subject to capitalisation in the value of fixed assets and intangible assets amounted to PLN 80 million, whereas in the comparative period, it amounted to PLN 86 million.

Proceeds from contracted loans and borrowings

	Year ended 31 December 2025	Year ended 31 December 2024
Launching a loan from Bank Gospodarstwa Krajowego as part of the National Plan for Recovery and Resilience.	1 659	-
The launch of financing under loan agreements:	-	-
Consortiums of banks	2 200	4 370
Bank Gospodarstwa Krajowego	-	2 500
Powszechna Kasa Oszczędności Bank Polski S.A. in project finance formula	448	-
Other	70	92
Total	4 377	6 962

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

52. Financial instruments

SELECTED ACCOUNTING PRINCIPLES

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

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

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

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

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

The Group divides the financial liabilities into the following classes:

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

PROFESSIONAL JUDGEMENT AND ESTIMATES

The Group makes judgements regarding classification of financial instruments.

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

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

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

Categories and classes of financial assets	As at 31 December 2025		As at 31 December 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
1 Financial assets measured at amortized cost	4 390		4 849	
Receivables from buyers	4 064	4 064	4 095	4 095
Deposits	4	4	4	4
Receivables due to recompensation	204	204	598	598
Other financial receivables	118	118	152	152
2 Financial assets measured at fair value through profit or loss (FVTPL)	1 250		1 381	
Derivative instruments	48	48	64	64
Shares	205	205	205	205
Loans granted	494	494	479	479
Other financial receivables	14	14	37	37
Cash and cash equivalents	489	489	596	596
3 Derivative hedging instruments	60	60	185	185
4 Financial assets excluded from the scope of IFRS 9 Financial Instruments	239		190	
Investments in joint ventures	239		190	
Total financial assets, of which in the statement of financial position:	5 939		6 605	
Non-current assets	1 011		1 018	
Investments in joint ventures	239		190	
Loans granted to joint ventures	494		479	
Derivative instruments	45		90	
Other financial assets	233		259	
Current assets	4 928		5 587	
Receivables from buyers	4 056		4 089	
Derivative instruments	63		159	
Other financial assets	320		743	
Cash and cash equivalents	489		596	

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Categories and classes of financial liabilities	As at 31 December 2025		As at 31 December 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
1 Financial liabilities measured at amortized cost	14 538		16 297	
Loans and preferential borrowings	693	734	65	65
Arm's length loans and borrowings	6 377	6 415	6 992	7 007
Bank overdrafts	160	160	35	35
Bonds issued	3 991	3 937	5 772	5 677
Liabilities to suppliers	1 852	1 852	1 957	1 957
Other financial liabilities	149	149	449	449
Capital commitments	954	954	698	698
Salaries and wages liabilities	289	289	268	268
Insurance contract liabilities	73	73	61	61
2 Financial liabilities measured at fair value through profit or loss (FVTPL)	60		439	
Derivative instruments	60	60	439	439
3 Derivative hedging instruments	290		-	
4 Financial liabilities excluded from the scope of IFRS 9 Financial Instruments	1 897		1 751	
Liabilities under leases	1 897		1 751	
Total financial liabilities, of which in the statement of financial position:	16 785		18 487	
Non-current liabilities	12 080		12 685	
Debt	11 911		12 475	
Derivative instruments	91		64	
Capital commitments	38		106	
Other financial liabilities	40		40	
Current liabilities	4 705		5 802	
Debt	1 207		2 140	
Liabilities to suppliers	1 852		1 955	
Capital commitments	916		592	
Derivative instruments	259		375	
Other financial liabilities	471		740	

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

Classes of financial assets/liabilities	Level of the fair value hierarchy	Methodology for determining the fair value
Financial assets/liabilities measured at a fair value		
Derivatives, including:		
IRS and CCIRS	2	Financial derivatives were measured in accordance with the methodology described in Note 29 to these consolidated financial statements.
Forward FX contracts	2	
Commodity contracts (forward, futures)	1	
Shares	3	Shares in jointly controlled entities excluded from the scope of IFRS 9 <i>Financial Instruments</i> are measured using the equity method. Shares in entities other than jointly controlled entities are measured by the Group at a fair value. The estimated fair value of shares in companies not listed on active markets is generally determined using the adjusted net asset method, taking into account the share in net assets and adjusting the value for significant factors affecting the valuation, such as the discount for lack of control and the discount for limited liquidity of the above instruments. The Group may reasonably accept historical cost as an acceptable approximation of the fair value of shares where, in the Group's opinion, the key factors affecting the value of the shares have not changed at the balance sheet date from the time of initial recognition.
Loans granted	3	The fair value measurement of loans granted to the joint venture was performed as the present value of future cash flows. The discount rate is based on the cost of equity expected for the borrower's business profile.
Financial liabilities for which the fair value is disclosed		
Loans, borrowings 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, borrowings or loans, i.e. applying market interest rates.

The fair value of other financial instruments as at 31 December 2025 and 31 December 2024 (except from those excluded from the scope of IFRS 9 *Financial Instruments*) did not differ considerably from the amounts presented in the financial statements for particular periods 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.

In the year ended 31 December 2025 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 2025		Year ended 31 December 2024	
	Not quoted shares	Loans granted	Not quoted shares	Loans granted
Opening balance	205	479	225	357
Revaluation	(3)	15	(25)	122
Purchased	3	-	5	-
Closing balance	205	494	205	479

There were no transfers between levels of the fair value hierarchy in the year ended 31 December 2025 or the year ended 31 December 2024.

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

Year ended 31 December 2025

	Assets/ liabilities at fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Hedging instruments	Financial assets/liabilities excluded from the scope of IFRS 9	Total
Dividends	1	-	-	-	-	1
Interest income / (expense)	20	54	(628)	89	(94)	(559)
Currency translation differences	10	-	23	-	-	33
Impairment / revaluation ¹	197	(7)	-	-	-	190
Commission relating to loans and debt securities	-	-	(23)	-	-	(23)
Gain/(loss) on disposal of investments	-	(5)	-	-	-	(5)
Gain/(loss) on exercised derivative instruments ²	(425)	-	-	-	-	(425)
Net financial income / (costs)	(197)	42	(628)	89	(94)	(788)
Revaluation	-	(88)	-	-	-	(88)
Gain/(loss) on exercised derivative instruments ²	(1)	-	-	-	-	(1)
Net operating income / (costs)	(1)	(88)	-	-	-	(89)
Remeasurement of IRS	-	-	-	(115)	-	(115)
Change in valuation - FX forward instruments	-	-	-	(111)	-	(111)
Other comprehensive income	-	-	-	(226)	-	(226)

¹ Liabilities recognised due to the inclusion of expected credit losses from issued guarantees and collateral are recognised under financial liabilities measured at amortised cost.

² The Group recognises income and expense from commodity derivatives in operating activities. Revenues and costs related to other derivative instruments not covered by hedge accounting or prior to hedge accounting are recognised in financial revenues/costs.

Year ended 31 December 2024

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

¹ Liabilities recognised due to the inclusion of expected credit losses from issued guarantees and collateral are recognised under financial liabilities measured at amortised cost.

² The Group recognises income and expense from commodity derivatives in operating activities. Revenues and costs related to other derivative instruments not covered by hedge accounting or prior to hedge accounting are recognised in financial revenues/costs.

52.3. Hedge accounting

SELECTED ACCOUNTING PRINCIPLES

The Group applies the accounting principles in relation to hedging instruments covered by hedge accounting in accordance with IFRS 9 *Financial Instruments*. In the comparable period and in the 9-month period ended 30 September 2025, the Group applied hedge accounting for IRS derivative transactions hedging interest rate risk in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. On the date of entry into force of IFRS 9 *Financial Instruments*, the Group decided to continue the application of hedge accounting under IAS 39 *Financial Instruments: recognition and measurement*. On 1 October 2025, upon the commencement of hedge accounting for FX forward transactions hedging foreign currency risk for purchases of CO₂ emission allowances in EUR, the Group changed its accounting policy with regard to the accounting standard according to which hedge accounting is applied. Since 1 October 2025 the Group has applied the accounting principles in relation to hedging instruments subject to hedge accounting in accordance with IFRS 9 *Financial Instruments*.

A hedging relationship qualifies for hedge accounting only if all of the following eligibility criteria are met:

- a hedging relationship comprises only eligible hedging instruments and eligible hedged items;
- at the inception of the hedge, the hedging relationship was formally designated and documented as well as the risk management objective and the strategy underlying establishing of the hedge;
- the hedging link meets all of the following collateral effectiveness requirements:
 - there is an economic relationship between the hedged item and the hedging instrument;
 - credit risk does not predominantly affect the changes in value resulting from this economic link; and
 - the hedge ratio of the hedging relationship is the same as the ratio resulting from the size of the hedged item that the Group actually hedges and the size of the hedging instrument that the Group actually uses to hedge that size of the hedged item.

When hedge accounting is applied, the Group recognises the hedge of the currency risk of a firm future commitment as a cash flow hedge.

The Group assesses on an ongoing basis whether the hedging relationship meets the hedge effectiveness requirements, and in particular makes at least an ongoing assessment at each balance sheet date or following a significant change in circumstances affecting the hedge effectiveness requirements, whichever occurs first. If a hedging relationship ceases to meet the hedge effectiveness requirement for the hedge ratio, but the risk management objective for that designated hedging relationship remains the same, the Group shall adjust the hedge ratio of the hedging relationship so that it meets the eligibility criteria again (the so-called "rebalancing mechanism"). When rebalancing a hedging relationship, the Group must update its analysis of the sources of hedge ineffectiveness and update the hedging relationship documentation accordingly.

As long as the cash flow hedge meets the eligibility criteria, the hedging relationship is recognised as follows:

- the provision for cash flow hedging constituting a separate component of equity (revaluation reserve from valuation of hedging instruments) related to the hedged item shall be adjusted by the lower of the following amounts (in absolute terms):
 - cumulative gains or losses on the hedging instrument since the hedge was established; and
 - the cumulative change in the fair value (present value) of the expected future cash flows arising from the hedged item since the hedge was established.
- a portion of the gain or loss on the hedging instrument that is effective is recognised in other comprehensive income;

- any remaining gain or loss on the hedging instrument (or any gains or losses required to offset the change in the cash flow hedge provision) constitute the ineffectiveness of the hedge, which is recognised as profit or loss for the current period;
- the cumulative amount of the cash flow hedge reserve is recognised as follows:
 - if the hedged forecast transaction subsequently results in the recognition of a non-financial asset, i.e. in the form of purchased CO₂ emission allowances in the case of hedging currency risk by FX forward contracts. The Group removes this amount from the cash flow hedge provision and includes it directly in the initial cost of the CO₂ emission allowances, which is not a reclassification adjustment (does not affect other comprehensive income);
 - for cash flow hedges other than those listed above, a reclassification of this amount from the cash flow hedge reserve to profit or loss is made as a reclassification adjustment in the same period or periods in which the hedged expected future cash flows affect profit or loss (i.e. periods in which interest expense is recognised for hedging interest rate risk through IRS contracts or foreign exchange differences related to the liability for the purchase of CO₂ emission allowances are recognised);
 - however, if the amount represents a loss and the Group expects that all or part of that loss will not be recovered in at least one of the future periods, the Group makes an immediate reclassification of the amount not expected to be recovered to profit or loss as a reclassification adjustment.

PROFESSIONAL JUDGEMENT AND ESTIMATES

The Group estimates fair value at each balance sheet day using the methodology described in Note 29 to these consolidated financial statements.

	Interest rate risk	Foreign exchange risk
Risk description	The Group incurred financing in PLN with a floating interest rate based on the WIBOR reference rate for a six-month period. Accordingly, the Group is exposed to the volatility of expected future cash flows from payments arising from the variable WIBOR 6M interest rate. The Group decided to hedge the resulting interest rate risk by entering into an IRS transaction. The hedging is compliant with the risk management strategy resulting from <i>the TAURON Group's Financial Risk Management Policy</i> . The purpose of the IRS transactions concluded is to limit the impact of interest rate volatility on the amount of interest payments on borrowed PLN financing based on WIBOR 6M to the nominal value of the IRS derivative instrument.	In the course of its business, the Group purchases CO ₂ emission allowances, in order for the installations of the Group to meet their CO ₂ emission redemption obligations. The Group hedges the currency risk arising from purchases of CO ₂ emission allowances in EUR by entering into FX forward contracts. The hedging is compliant with the risk management strategy resulting from <i>the TAURON Group's Financial Risk Management Policy</i> . The purpose of the transactions concluded is to hedge the Group against the foreign currency risk arising from the purchase of CO ₂ emission allowances in EUR.
Hedge accounting for cash flows	The Group applies cash flow hedge accounting to cash flows arising from borrowing based on WIBOR 6M.	The Group applies cash flow hedge accounting for cash flows relating to the purchase of CO ₂ emission allowances denominated in EUR arising from firm future commitments. Hedge accounting for these relationships is applied from 1 October 2025 onwards.
Hedging instruments	The hedging instruments include interest rate swaps (IRS), in which the leg paid is based on a fixed interest rate and the leg received is based on a floating interest rate (WIBOR 6M).	The hedging instruments include FX forwards for the purchase of EUR instead of PLN.
Economic link	The Group determines whether there is an economic relationship between the hedged item and the hedging instrument by qualitatively comparing the key terms of the hedged item and the hedging instrument (the so-called critical terms match test). When the conditions are not identical, the Group carries out an additional quantitative test based on the direct offset test.	The Group determines whether there is an economic relationship between the hedged item and the hedging instrument by qualitatively comparing the key terms of the hedged item and the hedging instrument (the so-called critical terms match test). If the key terms of the hedged item and the hedging instrument are not very similar, the Group performs the additional quantitative test by analysing the sensitivity to changes in the risk factors hedged.
Hedge ratio	The Group determines the hedge ratio as the ratio of the nominal amount of the hedging instrument to the nominal amount of the balance of the designated portion of the financing received.	The Group determines the hedge ratio as the ratio of the nominal amount of the hedging instrument to the amount represented by the sum of the products of the purchase volume of CO ₂ emission allowances and the price of the contracts designated as the hedged item.

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Sources of security inefficiency	The main source of inefficiency identified by the Group is the impact of credit risk on the fair value of the IRS contract.	<p>The main sources of inefficiency identified by the Group include:</p> <ul style="list-style-type: none"> • designation of hedging instruments for hedge accounting after their inception date, resulting in a non-zero initial measurement; • incomplete matching of the settlement dates of FX forward contracts for the purchase of EUR with the settlement dates of forward contracts for the purchase of CO₂ emission allowances; • credit risk of hedging instruments.
	The Group does not identify any sources of ineffectiveness in the interest rate hedging relationships used other than those indicated above.	

IRS derivatives were subject to hedge accounting for both the year ended 31 December 2025 and the comparable period. FX forward derivatives were designated for hedge accounting from 1 October 2025.

Nominal values of cash flow hedging derivatives

Status as at 31 December 2025

Risk type / instrument type	Currency	Time remaining to maturity					Total
		below 3 months	from 3 to 12 months	from 1 to 2 years	from 2 to 3 years	from 3 to 5 years	
INTEREST RATE RISK							
IRS derivatives							
Nominal value	PLN	-	170	170	170	570	1 080
Average fixed interest rate (%)		-	1.14	1.21	1.27	1.62	1.43
CURRENCY RISK							
FX derivatives							
Nominal value	EUR	56	645	485	47	-	1 233
Average EUR/PLN transaction rate		4.8629	4.5569	4.5040	4.5247	-	4.5489

Status as at 31 December 2024

Risk type / instrument type	Currency	Time remaining to maturity					Total
		below 3 months	from 3 to 12 months	from 1 to 2 years	from 2 to 3 years	from 3 to 5 years	
INTEREST RATE RISK							
IRS derivatives							
Nominal value	PLN	-	1 170	170	170	740	2 250
Average fixed interest rate (%)		-	0.72	1.14	1.21	1.54	1.06

Impact of cash flow hedges of hedging instruments on the statement of financial position

Hedging instrument	Currency	As at 31 December 2025			As at 31 December 2024			Name of the item in the statement of financial position that contains the hedging instrument
		Nominal value in the contract currency	Carrying amount		Nominal value in the contract currency	Carrying amount		
			Assets	Liabilities		Assets	Liabilities	
INTEREST RATE RISK								
IRS derivatives	PLN	1 080	60	-	2 250	185	-	Derivatives
CURRENCY RISK								
FX derivatives	EUR	1 233	-	(290)	n.a.	n.a.	n.a.	Derivatives

Impact of cash flow hedges of hedging instruments on the profit and loss

Year ended on 31 December 2025

Hedging instrument	Change in fair value of hedging instrument used as a basis for recognition of hedge ineffectiveness	Hedging gains or losses for the reporting period that have been recognised in other comprehensive income	Amount of hedge ineffectiveness recognised in profit or loss	The item in the statement of comprehensive income in which the amount of ineffectiveness is recognised	Amount reclassified from cash flow hedge reserve to profit or loss as a reclassification adjustment	The item in the statement of comprehensive income that includes a reclassification adjustment
INTEREST RATE RISK						
IRS derivatives	(26)	(26)	-	Result on derivatives	89	Interest costs of debt
CURRENCY RISK						
FX derivatives	(114)	(111)	(3)*	Result on derivatives	-	Other finance income and expenses

* Only ineffectiveness identified between the date of the relationship and the balance sheet date for designated hedging relationships has been taken into account.

Year ended on 31 December 2024

Hedging instrument	Change in fair value of hedging instrument used as a basis for recognition of hedge ineffectiveness	Hedging gains or losses for the reporting period that have been recognised in other comprehensive income	Amount of hedge ineffectiveness recognised in profit or loss	The item in the statement of comprehensive income in which the amount of ineffectiveness is recognised	Amount reclassified from cash flow hedge reserve to profit or loss as a reclassification adjustment	The item in the statement of comprehensive income that includes a reclassification adjustment
INTEREST RATE RISK						
IRS derivatives	66	66	-	Result on derivatives	163	Interest costs of debt

Effect of cash flow hedges on the statement of financial position and profit or loss in respect of the hedged item

Item hedged	Change in value of hedged item used as basis for recognition of hedge ineffectiveness during the period		Cash flow hedge reserve balance for continuing hedges	
	Year ended 31 December 2025	Year ended 31 December 2024	As at 31 December 2025	As at 31 December 2024
INTEREST RATE RISK				
Borrowed funding	26	(66)	59	174
CURRENCY RISK				
Purchase of CO2 emission allowances	111	n.a.	(110)	n.a.

Change in cash flow hedge provision (net of deferred tax)

	Year ended 31 December 2025	Year ended 31 December 2024
INTEREST RATE RISK		
Opening balance	174	271
Hedging gains or losses recognised in other comprehensive income during the reporting period	(26)	66
Amount reclassified from cash flow hedge reserve to interest expenses	89	163
Closing balance	59	174
CURRENCY RISK		
Opening balance	-	n.a.
Hedging gains or losses recognised in other comprehensive income during the reporting period	(111)	n.a.
An amount reclassified from the cash flow hedge reserve and recognized as an adjustment to the initial value of assets	(1)	n.a.
Amount reclassified from cash flow hedge reserve to foreign exchange differences	-	n.a.
Closing balance	(110)	n.a.

53. Objectives and principles of financial risk management

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



Credit risk

Risk exposure

Possible loss resulting from the counterparty default on contractual obligations. The credit exposure involves a payment exposure (the amount that may be lost as a result of non-payment for goods or services by the contractor) and a replacement risk (the amount that may be lost if a delivery is not made or a service is not provided).

Regulation

Credit risk management policy in TAURON Group

Risk management

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 existing TAURON Group's Credit Risk Management Policy sets out the management procedures 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.



Liquidity risk

Risk exposure

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.

Regulation

Liquidity management policy of TAURON Group

Risk management

The liquidity situation of TAURON Capital Group is monitored on an on-going basis in terms of potential deviations against the assumed plans and the availability of external sources of financing whose amount significantly exceeds the expected demand in a short term mitigates the risk of losing liquidity.

To this end, the Company applies the rules of determining the liquidity position both of individual companies and the entire TAURON Group which helps ensure funds that would cover any potential liquidity gaps by allocating funds between companies (cash-pooling) as well as using external financing.

The Company also manages the financing risk, understood as no capability to obtain new funding, an increase in funding costs and the risk of terminating the existing funding agreements. To mitigate the financing risk, the Company's policy assumes obtaining funding for the TAURON Group in advance of the planned time of use, i.e. up to 12 months prior to the planned demand. The key objective of such policy is to ensure flexible selection of funding source, use favourable market conditions and reduce the risk related to the necessity to contract new liabilities on unfavourable financial terms.



Market risk - interest rate and currency risks

Risk exposure

The possibility of an adverse effect on the Group's performance through fluctuations in the fair value of financial instruments or the related future cash flows, driven by changes in interest rates or foreign exchange rates.

Regulation

Financial risk management policy for the TAURON Group

Risk management

TAURON Group manages currency and interest rate risks on the basis of the TAURON Group Financial Risk Management Policy developed and adopted for use, as well as the Risk Tolerance, the Global Limit for Financial Risk and its decomposition into individual types of financial risk approved by the Management Board. The key objective of such risk management is to minimise the cash flow sensitivity of the TAURON Group to financial risks and to minimize financial cost and costs of hedging with the use of derivative instruments. For interest rate risk and foreign currency 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 in the TAURON Group determines the types and principles of applying hedge accounting by the Group.



**Market risk -
price risk**

Risk exposure

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.

Regulation

Commercial risk management policy for the TAURON Group

Risk management

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.

53.1. Credit risk

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

Classes of financial instruments	As at 31 December 2025	As at 31 December 2024
Receivables from buyers	4 064	4 095
Loans granted	494	479
Cash and cash equivalents	489	596
Derivative instruments	108	249
Deposits	4	4
Other financial receivables	132	189

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

53.1.1 Credit risk related to receivables from customers

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

	As at 31 December 2025	As at 31 December 2024
Institutional clients	69.31%	65.53%
Individual clients	30.69%	34.47%
Total	100%	100%

The Group has no significant concentrations of credit risk related to its core business. Amounts due from PSE S.A. constitute the largest item of receivables from consumers with a share of 4.9% as at 31 December 2025 and 6.52% as at 31 December 2024, respectively.

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

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

53.1.2 Credit risk related to cash and cash equivalents and derivatives

Cash and cash equivalents

The Group manages its cash credit risk by diversifying the banks where surplus cash can be deposited while reducing the cost of holding cash in accounts. These banks receive investment ratings (not lower than BBB- according to Fitch and S&P and Baa3 according to Moody's). The share of the three banks in which the Group has the largest cash balances as at 31 December 2025 was 80%.

Derivatives

The entities with which the Group 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 ratings (not lower than BBB- according to Fitch and S&P and Baa3 according to Moody's). The Group 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.

53.1.3 Credit risk related to loans granted

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

53.1.4 Credit risk related to other financial receivables

The Group's other financial receivables at 31 December 2025 and as at 31 December 2024 mainly relate to institutional customers (share of 93.52% and 96.85%, respectively).

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

Ageing of other financial receivables measured at amortised cost as at 31 December 2025

	Not past due	Past due					Total
		< 30 days	30-90 days	90-180 days	180-360 days	> 360 days	
Value of item before allowance/write-down	126	2	3	4	8	216	359
Allowance/write-down	(8)	(2)	(3)	(4)	(8)	(216)	(241)
Net Value	118	-	-	-	-	-	118

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

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

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

	Year ended 31 December 2025	Year ended 31 December 2024
Opening balance	(254)	(251)
Recognised	(12)	(19)
Utilized	–	1
Reversed	25	15
Closing balance	(241)	(254)

53.2. Liquidity risk

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 TAURON Group carries out a centralized finance management policy, allowing effective management in this respect on the Group level. The Group has implemented, among other things, the *Liquidity management policy for TAURON Group*, which facilitates optimization of liquidity management of the Group, consequently reducing the risk of liquidity loss by the companies of the Group. By implementing adequate forecasting standards, it is possible to determine the precise liquidity position of TAURON Group, allowing for optimisation of the timing of fund raising and the maturity date of current instruments, as well as the appropriate level of liquidity provision.

In addition, the TAURON Group operates a cash pool service. The cash pool 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.

The Group identifies and actively manages liquidity risk, understood as the possibility of losing or limiting the capacity to settle current expenses. Despite the existence of an excess of current liabilities over current assets (the so-called negative working capital), the Group has full capacity to settle its liabilities when they fall due. The Group manages its liquidity in a conscious manner and uses available funding when specific liquidity needs arise, thereby optimising the cost of fund raising. As at the balance sheet date, the Group has available guaranteed credit facilities of PLN 6 190 million. The contracts of the parent company with financing available as at the balance sheet date, which can be used for investment and general corporate purposes, including to secure the Group's current liquidity situation, together with the use of funds, are presented in the table below.

Type of financing	Purpose of financing	Funds availability termination year	Currency	As at 31 December 2025	
				Limit available	Limit drawn upon
revolving loans	current and investment expenditures (excluding coal assets)	2029	PLN	4 000	–
		2027	PLN	500	–
overdraft facility	current expenditures	2027	PLN	690	160

In addition to the above-mentioned revolving credit facilities, the Company has available non-revolving financing in the amount of PLN 1 000 million (Tranche A), which may be used solely to finance capital expenditures specified in the credit agreement – the agreement in question is included in the table below.

The corporate financing model and the policy pursued in the area of acquiring sources of funding primarily by the Company (and the distribution of funds to Group companies) enable, among other things, an increase in the fund raising opportunities, a reduction in the cost of external capital, a limitation on the amount and forms of collateral on the assets of the TAURON Group, covenants required by financial institutions, and reduce administrative costs. The corporate finance model also makes it possible to acquire sources of financing that are not available to individual companies.

In 2025, the Group demonstrated full capacity to settle its liabilities on their maturity date.

In order to secure funding for the Group's ongoing investments, including in particular to ensure the implementation of the TAURON Group's energy transition strategy, in addition to the agreements indicated above, the funds from which can also be used for investment expenses, the Group has also entered into loan and borrowing agreements and established the bond issue programme, which remain available at the balance sheet date and are presented in the table below.

TAURON Polska Energia S.A. Capital Group

Consolidated financial statements for the year ended 31 December 2022 compliant with the IFRS, approved by the European Union
(in PLN million)

Type of financing	Purpose of financing	Funds availability termination year	Currency	As at 31 December 2025	
				Currency limit available	Limit drawn upon
bond issuance scheme	expenditures in line with European Taxonomy	2026	PLN	3 000	-
non-revolving loan (Tranche A) ¹	expenditure in the area of RES, development of distribution networks, construction of energy storage facilities and investments in the area of Heat	2026	PLN	1 000	-
National Reconstruction Plan (KPO)	development and adaptation of the power grid to the needs of energy transformation and climate change	funds paid successively as the investment is completed, but no later than by 2036	PLN	15 867	1 428
National Reconstruction Plan (KPO)	advanced digital transformation	funds paid successively as the investment is completed, but no later than by 2028	PLN	310	231
National Reconstruction Plan (KPO) ²	advanced digital transformation	funds paid successively as the investment is completed, but no later than by 2031	PLN	110	-
National Reconstruction Plan (KPO) ²	construction of two photovoltaic farms	funds paid successively as the investment is completed, but no later than by 2028	PLN	269	-

¹ Loan agreement for PLN 2 450 million with BGK (including Tranche A of PLN 1 000 million and Tranche B of PLN 1 450 million). Under the loan agreement, the Company has financing available in the amount of PLN 1 000 million (tranche A), with the repayment within 8 years following the date of releasing the funds. Tranche B will be available upon application by the Company and acceptance of the application by BGK. The availability of Tranche B is 24 months from the date of the loan agreement, i.e. 29 October 2024. Tranche B will be repaid within 7 years from the date the funds are made available. The Company will be able to draw down the loan in the two-year availability period of a given tranche.

² Funding available upon fulfilment of the standard conditions precedent for this type of funding.

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

Financial liabilities as at 31 December 2025

	Carrying amount	Non-discounted contractual payments	of which non-discounted contractual payments maturing within (after the balance sheet date)					
			less than 3 months	3 - 12 months	1 - 2 years	2 - 3 years	3 - 5 years	more than 5 years
Financial liabilities other than derivative instruments								
Loans and borrowings granted on market terms and overdrafts	6 537	(8 321)	(344)	(1 006)	(679)	(723)	(2 224)	(3 345)
Bonds issued	3 991	(4 466)	-	(144)	(2 256)	(473)	(1 185)	(408)
Loans and preferential loans	693	(1 874)	(4)	(18)	(22)	(25)	(61)	(1 744)
Liabilities to suppliers	1 852	(1 852)	(1 850)	(2)	-	-	-	-
Capital commitments	954	(959)	(857)	(61)	(34)	(7)	-	-
Other financial liabilities	511	(511)	(426)	(45)	(26)	(1)	(4)	(9)
Liabilities under leases	1 897	(3 667)	(109)	(37)	(145)	(147)	(282)	(2 947)
Derivative financial liabilities								
Derivate instruments - commodity *	46	-	-	-	-	-	-	-
Derivative instruments - currency	293	(293)	(38)	(178)	(72)	(5)	-	-
Derivative instruments - CCIRS	11	(13)	-	(6)	(7)	-	-	-
Total	16 785	(21 956)	(3 628)	(1 497)	(3 241)	(1 381)	(3 756)	(8 453)

* 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 2024

	Carrying amount	Non-discounted contractual payments	of which non-discounted contractual payments maturing within (after the balance sheet date)					
			less than 3 months	3 - 12 months	1 - 2 years	2 - 3 years	3 - 5 years	more than 5 years
Financial liabilities other than derivative instruments								
Loans and borrowings granted on market terms and overdrafts	7 027	(8 785)	(839)	(477)	(1 128)	(869)	(2 144)	(3 328)
Bonds issued	5 772	(6 796)	-	(1 454)	(386)	(2 502)	(1 206)	(1 248)
Loans and preferential loans	65	(65)	(2)	(7)	(16)	(14)	(26)	-
Liabilities to suppliers	1 957	(1 957)	(1 953)	(2)	(2)	-	-	-
Capital commitments	698	(709)	(540)	(54)	(74)	(34)	(7)	-
Other financial liabilities	778	(778)	(685)	(55)	(14)	(17)	(2)	(5)
Liabilities under leases	1 751	(3 355)	(98)	(30)	(125)	(127)	(254)	(2 721)
Derivative financial liabilities								
Derivate instruments - commodity *	64	-	-	-	-	-	-	-
Derivative instruments - currency	365	(365)	(123)	(187)	(57)	2	-	-
Derivative instruments - CCIRS	10	(18)	-	(6)	(6)	(6)	-	-
Total	18 487	(22 828)	(4 240)	(2 272)	(1 808)	(3 567)	(3 639)	(7 302)

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

As at 31 December 2025 and 31 December 2024, the Group provided collateral to its joint subsidiary Elektrociepłownia Stalowa Wola S.A. in the form of bank guarantees and sureties for a total amount of PLN 270 million and PLN 320 million, respectively, mainly 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.). Guarantees and collaterals provided by the Group to entities outside the TAURON Group are contingent liabilities and do not significantly affect the Group's liquidity risk.

53.3. Market risk

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

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

53.3.1 Interest rate risk

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

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

Financial instruments by interest rate type

Financial instruments	As at 31 December 2025			As at 31 December 2024		
	Fixed interest rate	Floating interest rate	Total	Fixed interest rate	Floating interest rate	Total
Financial assets						
Deposits	–	4	4	–	4	4
Loans granted measured at fair value	494	–	494	479	–	479
Cash and cash equivalents	–	375	375	–	434	434
Derivative instruments-IRS	–	60	60	–	185	185
Total	494	439	933	479	623	1 102
Financial liabilities						
Bank overdrafts	–	160	160	–	35	35
Preferential loans and borrowings	693	–	693	63	2	65
Loans and arm's length borrowings	422	5 955	6 377	978	6 014	6 992
Bonds issued	2 844	1 147	3 991	3 608	2 164	5 772
Lease liabilities	1 897	–	1 897	1 751	–	1 751
Derivative instruments-CCIRS	–	11	11	–	10	10
Total	5 856	7 273	13 129	6 400	8 225	14 625

Floating-rate financial liabilities include loans and bonds bearing floating interest rate with a total nominal value of PLN 1 080 million, whose changes in cash flows from interest payments were hedged by entering into interest rate swaps. Correspondingly, hedging transactions were also presented as variable rate instruments.

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

Sensitivity analysis

For the needs of the analysis of sensitivity to changes in market risk factors the Group uses the scenario analysis method. The Group relies on expert scenarios reflecting its judgement concerning the 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 Group 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 Group applies a parallel shift of the interest rate curve by the potential possible change in reference interest rates over the horizon to the date of the next financial statements, i.e. by the average levels of reference interest rates in a given year.

The Group identifies its exposure to the risk of changes in WIBOR, EURIBOR and ESTRON interest rates. As at 31 December 2025 and 31 December 2024, its exposure to changes in EURIBOR and ESTRON rates was insignificant.

As at 31 December 2025 and 31 December 2024, the results of the derivative sensitivity analysis indicated an immaterial impact of a 0.01% (one basis point) change in interest rates on the Group's profit before tax and other comprehensive income.

The table below presents the sensitivity of the Group's gross financial result to reasonable possible changes in interest rates in the period until the date of the next financial statement, assuming that other risk factors remain unchanged.

Financial instrument classes	As at 31 December 2025		Sensitivity analysis for interest rate risk as at 31 December 2025		As at 31 December 2024		Sensitivity analysis for interest rate risk as at 31 December 2024	
	Carrying amount	Value at risk	WIBOR		Carrying amount	Value at risk	WIBOR	
			+496 bp	-496 bp			+585 bp	-585 bp
Financial assets								
Loans granted measured at fair value	494	494	(155)	244	479	479	(186)	328
Cash and cash equivalents	489	318	16	(16)	596	374	22	(22)
Financial liabilities								
Loans and arm's length borrowings	6 377	5 955	(295)	295	6 992	6 014	(352)	352
Bonds issued	3 991	1 147	(57)	57	5 772	2 164	(127)	127
Loans and preferential borrowings	693	-	-	-	65	2	-	-
Bank overdrafts	160	160	(8)	8	35	35	(2)	2
Total			(499)	588			(645)	787

The risk exposure as at 31 December 2025 and as at 31 December 2024 is representative of the Group's risk exposure during the annual periods preceding these dates.

Reform of benchmarks

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

In connection with the reform of reference indices in Poland, including the introduction on the Polish market of an alternative reference interest rate index, whose input is information representing overnight transactions, the National Working Group for Reference Index Reform (NGR) was established. The NGR's work aims to ensure that the development and application of the new benchmark interest rate is credible, transparent and reliable in accordance with the BMR Regulation. In January 2025, the NGR Steering Committee decided on the POLSTR (Polish Short Term Rate) index. POLSTR will be named after the index currently called WIRF, which was selected by the NGR Steering 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 2025, the Group has no concluded financial instruments based on POLSTR.

With regard to the interest rates affected by the reform of the interest rate benchmarks, the transition to the revised benchmarks will take place at the end of 2027 at the latest, the Group identifies as at 31 December 2025 an exposure to risks associated with the planned replacement of the WIBOR reference rate. As at 31 December 2025, the Group had debt agreements bearing floating interest rates using the relevant WIBOR reference rates, for which the financing period exceeds the cut-off date for WIBOR eligibility, i.e. the end of 2027, as presented in Notes 39.1 and 39.2 to these consolidated financial statements. With regard to financing agreements in force on the cut-off date for the use of WIBOR rates, they contain appropriate provisions concerning the application of reference rates, or the Company will implement appropriate provisions in the relevant agreements in advance.

In addition, as at the balance sheet date, the Group has entered into IRS derivatives covered by hedge accounting, as described in more detail in Note 29 to these consolidated financial statements, whose maturity partially exceeds the cut-off date for WIBOR eligibility, i.e. the end of 2027. In the Group's assessment of the above IRS derivatives, the reform of the benchmarks will not have a significant impact on the Group's costs and hedge effectiveness, given the symmetrical change in the benchmark in the hedging and hedged instruments.

Information on the Company's financing agreements and liabilities based on the WIBOR index as at 31 December 2025, as well as interest rate hedging contracts in relation to the WIBOR rate, with a repayment date after 2027, is presented in the table below.

Financial instrument	Investor / lender	Reference ratio	Currency	Year of concluding the agreement	Date of redemption, repayment or implementation after the transition date	Contractual amount available to be activated	Nominal value of the triggered liability / IRS valuation
						As at 31 December 2025 ¹	
bonds	Bank Gospodarstwa Krajowego	WIBOR 6M	PLN	2013	2028-2029	-	750
	Bank Gospodarstwa Krajowego	WIBOR 6M	PLN	2018	2028-2033	-	600
				2024	2028-2032	-	675
loan	European Investment Bank	WIBOR 6M	PLN	2021	2028-2041	1 000	-
						2024	2028-2032
	Consortium of banks - revolving loan	WIBOR	PLN	2022	2029	4 000	-
	Consortium of banks	WIBOR 6M	PLN	2024	2029	-	900
Total nominal value of loans and bonds maturing after 2027							4 951
Interest Rate Swaps (IRS)²	Financial institutions	WIBOR 6M	PLN		2028-2029		20

¹Data presented in the table include values due for repayment after 2027, presented in amounts in force at 31 December 2025.

²IRS instruments that will be realised after 2027 and whose fair value measurement (in the part relating to the period after 2027) amounted to PLN 20 million as at 31 December 2025 relate to the exchange of interest payments on the total nominal value of the liability of PLN 740 million.

In addition, Group companies have obtained financing in the form of project finance loans with repayment dates beyond 2027.

Company	Lender	Reference ratio	Currency	Year of concluding the agreement	Repayment term after the transition date	Contractual amount available to be activated	Nominal value of the triggered liability
						As at 31 December 2025*	
Wind T30MW Sp. z o.o.	PKO BP	WIBOR 6M	PLN	2025	2028-2040	-	215
Windpower Gamów Sp. z o.o.	PKO BP	WIBOR 6M	PLN	2025	2028-2040	-	189
Total nominal value of loans taken maturing after 2027							404

*Data presented in the table include values due for repayment after 2027, presented in amounts in force as at 31 December 2025.

The 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.

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

Given the timing of the transition to the new reference rate (end of 2027) and the ongoing work on the appropriate implementation of contingency clauses in the relevant contracts, the risk of not being able to continue the operation of the aforementioned contracts, or the risk of additional costs affecting, among other things, liquidity risk and the risk of significant

adverse changes in cash flows as a result of changes in reference rates, is assessed by the Group as low. The Group monitors the extent of the potential changes, but due to the timing of the mandatory transition will estimate the total impact on the TAURON Group's consolidated financial statements at a later stage of progress.

53.3.2 Currency risk

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

Classes of financial instruments	As at 31 December 2025					As at 31 December 2024				
	Carrying amount	EUR		CZK		Carrying amount	EUR		CZK	
		in currency	in PLN	in currency	in PLN		in currency	in PLN	in currency	in PLN
Financial assets										
Receivables from buyers	4 064	5	22	44	8	4 095	6	26	32	5
Hedging derivatives	60	-	-	-	-	185	-	-	-	-
Derivatives measured at fair value	48	11	46	-	-	64	15	64	-	-
Other financial receivables	132	1	2	51	9	189	15	65	51	9
Cash and cash equivalents	489	11	46	33	6	596	8	32	122	21
Total		28	116	128	23		44	187	205	35
Financial liabilities										
Issued bonds	3 991	673	2 844	-	-	5 772	673	2 874	-	-
Liabilities to suppliers	1 852	7	28	23	4	1 957	6	26	12	2
Capital commitments	954	9	38	-	-	698	19	83	-	-
Hedging derivatives	290	-	-	-	-	-	-	-	-	-
Derivatives measured at fair value	60	11	46	-	-	439	15	64	-	-
Other financial liabilities	149	5	20	-	-	449	5	21	1	-
Total		705	2 976	23	4		718	3 068	13	2
Net currency position		(677)	(2 860)	105	19		(674)	(2 881)	192	33

As part of its currency risk management, the TAURON Group uses forward contracts. The purpose of the transactions concluded was to hedge the Group against foreign exchange risk arising in the course of its commercial activities, primarily from the purchase of CO₂ 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.

CO₂ emission allowances are purchased to fulfil the redemption obligation by the Group's installations. In connection with the CO₂ emissions for the reporting period, the Group creates a provision for liabilities due to the obligation to redeem CO₂ emission allowances in the amount of CO₂ emission allowances held and contracted to be purchased in EUR. Consequently, the value of the provision is exposed to the risk of volatility in the EUR/PLN exchange rate. FX contracts related to the purchase of CO₂ emission allowances hedge the Group's flows arising from the purchase of allowances.

The fair value measurement of currency forward contracts and CCIRS contracts is exposed to the risk of changes in the EUR/PLN exchange rate. Forward transactions for the purchase of EUR currency to hedge the Group against the currency risk arising from the purchase of CO₂ emission allowances from 1 October 2025 onwards are covered by hedge accounting. Other transactions entered into to hedge against currency risk are not subject to hedge accounting.

Sensitivity analysis

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

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

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

The table below presents the sensitivity of the gross financial result of the Group and revaluation reserve to reasonable possible changes in the EUR/PLN exchange rate in the period until the date of the next financial statements, assuming that other risk factors remain unchanged.

Classes of financial instruments	As at 31 December 2025		Sensitivity analysis for currency risk as at 31 December 2025		As at 31 December 2024		Sensitivity analysis for currency risk as at 31 December 2024		
	Carrying amount	Value at risk	exchange rate EUR/PLN		Carrying amount	Value at risk	exchange rate EUR/PLN		
			+5.13%	-5.13%			+5.85%	-5.85%	
Financial assets									
Receivables from buyers	4 064	22	1	(1)	4 095	26	2	(2)	
Hedging derivatives	60	-	2	(2)	185	-	-	-	
Derivatives measured at fair value	48	48	(4)	4	64	64	4	(4)	
Other financial receivables	132	2	-	-	189	65	4	(4)	
Cash and cash equivalents	489	46	2	(2)	596	32	2	(2)	
Financial liabilities									
Bonds issued	3 991	2 844	(146)	146	5 772	2 874	(168)	168	
Liabilities to suppliers	1 852	28	(1)	1	1 957	26	(2)	2	
Capital commitments	954	38	(2)	2	698	83	(5)	5	
Hedging derivatives	290	290	255	(255)	-	-	-	-	
Derivatives measured at fair value	60	60	22	(22)	439	439	378	(378)	
Other financial liabilities	149	20	(1)	1	449	21	(1)	1	
Total			128	(128)			214	(214)	
<i>Impact on gross financial result</i>			(127)	129				214	(214)
<i>Impact on revaluation reserve from valuation of hedging instruments*</i>			255	(257)				n.a.	

*Applies to currency forward derivatives covered by hedge accounting, as described in more detail in Notes 29 and 52.3 to these consolidated financial statements.

The risk exposure as at 31 December 2025 and as at 31 December 2024 is representative of the Group's risk exposure during the annual periods preceding these dates.

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

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

At 31 December 2025, 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 CO₂ emission allowances on the gross profit/loss of the Group.

54. Operational risk

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

The Group companies are exposed to price risk resulting from changes in the prices of goods and products, which may affect their financial results and cash flows in relation to their open market positions. Exposure to price risk mainly relates to trading in electricity and CO₂ emission allowances. The price risk associated with gas trading is negligible from the point of view of its impact on the gross result. In order to manage price risk, the Company uses derivative instruments, in particular futures contracts, which limit exposure to the volatility of prices of electricity and CO₂ emission allowances.

In accordance with the requirements of IFRS 7 *Financial Instruments: Disclosures*, the Company conducted a sensitivity analysis which presents the impact of potentially possible changes in electricity prices and CO₂ emission allowances on the gross financial result. Potentially possible price changes were determined based on the average volatility of electricity

prices and CO₂ emission allowances observed on energy markets in the reporting year. The sensitivity analysis was based on the volumes covered by purchase/sale transactions carried out during the financial year, which were not contracted as at 1 January of the financial year. The analysis carried out shows the risk of changes in the gross result that the Group was exposed to as a result of potential changes in market prices of goods observed in 2025, in connection with the volume of purchases and sales in the reporting year, which was not secured with contracts as of 1 January of the financial year, as a result of which the revenues and costs related to the purchase and sale of this volume in 2025 at market prices were exposed to the risk of changes in prices of goods. The analysis was carried out assuming that the remaining risk factors remained unchanged.

Fuel type	Year ended 31 December 2025		Year ended 31 December 2024	
	Potentially possible changes in commodity prices	Impact on gross result	Potentially possible changes in commodity prices	Impact on gross result
Electricity	+ 4%	39	+ 5%	67
CO ₂ emission allowances	+ 7%	(21)	+ 8%	(12)

OTHER INFORMATION

55. Contingent liabilities

Claims related to termination of long-term contracts

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

In 2015, companies belonging to the Wind Invest group brought an action against Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. ("PE-PKH") to declare ineffective the statements made by PE-PKH on the termination of the agreements concluded with the above-mentioned companies for the purchase of electricity and property rights. In the course of court proceedings, plaintiffs extend their scope raising claims for damages and contractual penalty claims related to contract termination or file separate claims for compensation.

As at the date of approval of these consolidated financial statements for publication, the damages claimed in the lawsuits by Wind Invest group companies amount to PLN 640 million.

To date, as part of the ongoing proceedings, on 6 November 2019, the Court of Appeal in Warsaw issued a final decision on security measures, ordering PE-PKH to perform the provisions of the agreements in full under the existing terms and conditions, in accordance with their content, until the final conclusion of the proceedings brought by Pękanino Wind Invest Sp. z o.o. against PE-PKH, pending before the Regional Court in Warsaw. This decision does not prejudice 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.

Actions against TAURON Polska Energia S.A. related to the termination of long-term contracts

In 2017 and 2018, companies belonging to the Wind Invest group 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, the actual basis for the claims is the termination by the subsidiary, PE-PKH of long-term agreements for the purchase of electricity and property rights arising from certificates of origin, as well as the alleged management of this process by TAURON Polska Energia S.A.

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

Moreover, the plaintiff companies indicate in their lawsuits a total of PLN 1 119 million as the amount of estimated damages.

To date, as part of the pending proceedings, a non-final judgment was issued by the Regional Court in Katowice on 5 December 2024, dismissing the claims of Gorzyca Wind Invest Sp.z.o.o. in their entirety, together with all extensions to this lawsuit. Gorzyca Wind Invest Sp.z.o.o. lodged an appeal against the judgement and the Company prepared its response to the appeal. All other cases are pending before the first instance courts in camera.

As at the date of approval of these consolidated financial statements for publication, the Group's chances of obtaining a favourable resolution of the disputes should be assessed positively, i.e. the chances of losing are not higher than the chances of winning.

Litigations with Polenergia group companies

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

In 2017 and 2018, Amon Sp. z o.o. and Talia Sp. z o.o. brought actions against TAURON Polska Energia S.A. for payment of damages and for determination of liability for damages that may arise in the future from unlawful acts, including acts of unfair competition. According to the plaintiffs, the actual basis for the claims is the termination by the subsidiary, PE-PKH of long-term agreements for the purchase of electricity and property rights arising from certificates of origin, as well as the alleged management of this process by TAURON Polska Energia S.A. The value of the Polenergia Group companies' demands amounted to: against PE-PKH - PLN 136 million, and against TAURON Polska Energia S.A. - PLN 180 million.

On 28 April 2025, PE-PKH and the Company concluded settlement agreements with Amon Sp. z o.o. and Talia Sp. z o.o. The primary objective of the concluded settlements is an amicable termination of all lawsuits pending between PE-PKH and the Company as well as Amon Sp. z o.o. and Talia Sp. z o.o. In particular, the settlement agreement resulted in the termination of all litigation between the parties (the court issued an order discontinuing the court proceedings). As part of the settlement, the agreements for the sale of property rights arising from certificates of origin were terminated and the agreements for the sale of electricity generated at wind farms owned by Amon Sp. z o.o. and Talia Sp. z o.o. respectively were

amended in such a way that their performance was resumed for a period of 10 years, calculated from 1 June 2025 to 31 May 2035, at a new price agreed by the parties, which will not be subject to change throughout the performance period of these agreements. In addition, the Company succeeded PE-PKH to the rights and obligations of the buyer under the aforementioned electricity sales contracts. In addition, PE-PKH paid one-off compensation in the total amount of PLN 15 million to Amon Sp. z o.o and Talia Sp. z o.o.

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 future potential 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 recognised the claims reported against it, and therefore the Group does not create any provisions for the above-mentioned events.

Claims filed by Huta Łaziska S.A.

In connection with the merger of the Company with Górniośląski Zakład Elektroenergetyczny S.A. ("GZE") - TAURON Polska Energia S.A. became a 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 by GZE to Huta.

As part of the pending proceedings, judgments of the courts of first and second instance favourable for GZE and the Company were issued twice, which were repealed as a result of cassation appeals lodged by Huta. At present, the case was referred back to the Court of Appeals by a judgment of 20 August 2025 of the Supreme Court.

Based on the conducted legal analysis of the claims, the Group believes that they are unjustified and the risk that they must be satisfied is remote. Consequently, the Group did not create a provision for costs associated with those claims.

The case filed by ENEA S.A.

The case filed by ENEA S.A. ("ENEA") against TAURON Polska Energia S.A., refers to the payment of PLN 17 million with statutory interest 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.

On 12 March 2025, the Court of Appeals in Katowice issued the final verdict dismissing ENEA's claim in its entirety. ENEA has not lodged a cassation appeal against this judgement.

The Company did not create a provision for the ENEA lawsuit.

Proceedings initiated by the President of the Office of Competition and Consumer Protection and the President of the Energy Regulatory Office

Administrative proceedings initiated by the President of the Office of Competition and Consumer Protection and the President of the Energy Regulatory Office are pending against companies of the Group. The Companies provide clarifications in the respective cases on an ongoing basis and undertakes remedying actions.

In the scope of proceedings concerning the imposition of fines for which the ERO President issued decisions imposing fines, the companies of the Group established provisions as at the balance sheet date for pending proceedings in the total amount of PLN 7 million.

In addition, in 2025, the President of the ERO commenced an audit with respect to TAURON Sprzedaż Sp. z o.o. and TAURON Sprzedaż GZE Sp. z o.o. concerning the manner in which these companies made a deduction to the Price Difference Payment Fund in the period from December 2022 to December 2023. The Group companies recognised a provision of PLN 277 million as at the balance sheet date, as further described in note 43.3 to these consolidated financial statements.

Apart from the above-mentioned proceedings, the companies do not create any provisions for potential penalties related to initiated proceedings, since in the opinion of the Management Boards of the companies the risk of unfavourable resolution of cases and imposition of a penalty is low.

Non-contractual use of real estate

The companies belonging to Group do not hold legal titles to all plots of land on which the distribution grids, heating installations and the related equipment are situated. In the future, the Group may be required to incur costs for the use of real estate without the underlying contracts; however, it must be emphasised that the risk of loss of assets is minor. The Group creates the provision for all court disputes filed in this respect. The provision is not established for unreported potential claims by owners of land of unregulated status due to the lack of detailed record of unregulated land and the resulting inability to reliably estimate the amount of potential claims. As at the balance sheet date, provisions in the amount of PLN 71 million were created for reported court disputes, which are recognised in the statement of financial position under other provisions (Note 43.1).

Arbitration proceedings concerning shares in TAMEH HOLDING Sp. z o.o.

In 2014, a shareholders' agreement was concluded between TAURON Group and ArcelorMittal Group regarding TAMEH HOLDING Sp. z o.o., which is responsible for investment and operational projects in the area of industrial energy. Both groups hold a 50% interest in TAMEH HOLDING Sp. z o.o. each.

In the shareholders' agreement, the parties made irrevocable offers to each other to buy and sell shares in TAMEH HOLDING Sp. z o.o. Each party had the right to accept an irrevocable purchase offer made by the other party if, inter alia, one of the conditions set out in the shareholders' agreement materialised. As a result of the materialisation on 31 December 2023 of one of the prerequisites set out in the shareholders' agreement, on 2 January 2024, a representative of TAURON, in the presence of the bailiff recording the act of service, left at the registered office of the leading shareholder of the ArcelorMittal Group, i.e. AM Global Holding S.à r.l. with its registered office in the Grand Duchy of Luxembourg, a statement of acceptance by the Company of the offer by AM Global Holding S.à r.l. to purchase all 3 293 403 shares held by the Company in TAMEH HOLDING Sp. z o.o. for PLN 598 million. On 4 January 2024, the Company was informed that AM Global Holding S.à r.l. disputes the effectiveness of the service of the above statement. On 9 January 2024, the Company received a letter from AM Global Holding S.à r.l., which, in the opinion of AM Global Holding, constitutes a statement of acceptance of the Company's offer to purchase all shares in TAMEH HOLDING Sp. z o.o. owned by companies belonging to the ArcelorMittal capital group 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 regarding the acceptance of offers to purchase shares in TAMEH HOLDING Sp. z o.o. The Management Board of the Company has decided to summon and called AM Global Holding S.à r.l., ArcelorMittal Poland S.A. and ArcelorMittal Long Products Europe Holding S.à r.l. to arbitration to resolve a dispute concerning the non-payment by AM Global Holding S.à r.l. of the sale price for the shares held by the Company in TAMEH HOLDING Sp. z o.o. in the amount of PLN 598 million. The arbitration will be conducted in accordance with the rules set out in the year 2021 in United Nations Commission on International Trade Law Arbitration Rules (UNCITRAL) by an ad hoc arbitration tribunal. On 30 October 2024, the Company received a response to the notice of arbitration from AM Global Holding S.à r.l., ArcelorMittal Poland S.A. and ArcelorMittal Long Products Europe Holding S.à r.l. In response to the summons, AM Global Holding S.à r.l. filed a counterclaim demanding payment by the Company of PLN 598 million plus statutory interest for delay calculated from 14 February 2024 until the date of payment as the price for the shares held by AM Global Holding S.à r.l. and ArcelorMittal Poland S.A. in TAMEH HOLDING Sp. z o.o. In the Company's opinion, the claims of AM Global Holding S.à r.l. are unfounded. The proceedings are pending.

56. Collaterals for repayment of liabilities

As part of its operations, the Group uses a number of instruments to hedge its own liabilities and liabilities of joint ventures under the concluded agreements and transactions. The main types of collateral, 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 2025	As at 31 December 2024
Declarations of submission to enforcement ¹	60 691	20 120
Blank promissory notes	1 937	1 514
Corporate guarantees	1 211	2 595
Collaterals type project finance ²	784	-
Bank account mandates	670	1 240
Bank guarantees	303	334
Sureties granted	285	447
Pledges on shares	-	190

¹ As at 31 December 2025, the item does not include statements issued on the basis of contracts for which there were no liabilities as at the balance sheet date due to the early repayment of non-revolving debt (debt repaid in full) and the expiry of the availability period (no launch of financing), in the total amount of PLN 4 163 million.

² A package of collaterals established in connection with project finance loans acquired by the subsidiaries, WIND T30MW Sp. z o.o. and Windpower Gamów Sp. z o.o.

As at 31 December 2025, the major hedging items include:

- a declaration of submission to enforcement up to the amount of PLN 43 549 million, valid until 17 December 2051, signed by the Company on 27 January 2025 in connection with the loan agreement concluded from the funds of the National Recovery and Resilience Plan ("NRRP") as part of Investment G3.1.4, *Support for the national power system (Energy Support Fund)*.
- the declaration of submission to enforcement up to the maximum amount of PLN 4 800 million with the effective date to 30 November 2030, signed by the Company in connection with the conclusion of the syndicated loan agreement in the amount of PLN 4 000 million on 15 July 2022;
- a package of collaterals standard for *project finance* in the form of registered pledges and financial pledges on all shares in the subsidiaries WIND T30MW Sp. z o.o. and Windpower Gamów Sp. z o.o. ("SPV"), on the SPV's collection of property and rights and on the SPV's bank accounts together with powers of attorney to those accounts, assignments of receivables from insurance policies, from lease agreements and from material contracts of the SPV to secure receivables from loan agreements in the amount of PLN 238 million and PLN 210 million (note 39.1) and security

agreements (hedging agreements) concluded by the SPV with PKO Bank Polski S.A. The collaterals are valid until the liabilities under the loan and security agreements have been paid in full;

- the corporate guarantee granted by the Company in 2014 to secure the bonds issued by Finanse Grupa TAURON Sp. z o.o. The guarantee shall be effective until 3 December 2029, i.e. the redemption date of the bonds and amounts to EUR 168 million (PLN 710 million), while the beneficiaries of the guarantee are the investors who purchased the bonds issued.

After the balance sheet date, in connection with the loan agreements concluded from the NRRP funds under Investment C4.1.1. *Support for advanced digital transformation* up to PLN 110 million and G3.1.4 *Support for the National Power System (Energy Support Fund)* up to PLN 269 million, on 9 February 2026, the Company signed declarations of submission to enforcement, respectively up to PLN 132 million with a validity term until 24 November 2047 and up to PLN 322 million with a validity term until 25 November 2046. Loans from the NRRP funds are described in Note 39.1 to these consolidated financial statements.

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

Type of collateral	Description
Declaration of submission to enforcement	On 15 June 2023, the Company signed the declaration of submission to enforcement to secure its own liabilities to Izba Rozliczeniowa Giełd Towarowych S.A. ("IRGiT") up to the amount of PLN 6 000 million, with the effective term until 30 June 2027.
Bank guarantees	As at the balance sheet date, bank guarantees totalling PLN 113 million were in force in the Group, including those issued to secure the Company's liabilities in the amount of PLN 92 million and those of the subsidiary TAURON Wytwarzanie S.A. in the amount of PLN 21 million.
Compensation agreement for margin deposits	Pursuant to the agreement defining the principles for the establishment of financial collateral concluded with the IRGiT, TAURON Group applies a mechanism for setting off the margins. In terms of the transactions performed, the margins required by the IRGiT are calculated against the positions offset within the Group, which translates into the reduction in the funds involved on a Group-wide basis in maintaining the collateral required by the IRGiT.
Surety agreement	On 20 November 2025, the Company signed a surety agreement with its subsidiary, TAURON Ciepło Sp. z o.o. and the IRGiT, up to the amount of PLN 161 million, with an effective term until 20 August 2026. The agreement secures the Company's liabilities arising from due contributions to the security deposit resulting from the settlement of transactions concluded with IRGiT, and the Company, as the beneficiary of the agreement, is entitled to use the established security.
Transfer of CO₂ emission allowances	As at the balance sheet day, the total amount of CO ₂ emission allowances deposited by the Group in the IRGiT account was 538 216 tonnes, including: <ul style="list-style-type: none"> pursuant to the above-described agreement defining the principles of establishing financial security and the agreement concluded between the Company and the subsidiary TAURON Wytwarzanie S.A., the subsidiary transferred the CO₂ emission allowances owned by it in the total amount of 41 347 tonnes to the IRGiT to secure the Company's liabilities for the due security deposit payments; for securing the liabilities of the subsidiary, TAURON Ciepło Sp. z o.o. under the above-described surety agreement, on 27 November 2025 the subsidiary concluded an agreement with the IRGiT for the transfer of CO₂ emission allowances in the amount of 496 869 tonnes.

Provision of funds to cover future decommissioning costs

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

57. Related party disclosures

57.1. Transactions with joint ventures

The group has interest in the following joint ventures: Elektrociepłownia Stalowa Wola S.A. and the TAMEH HOLDING Sp. z o.o. capital group, which are further described in Note 27 to these consolidated financial statements.

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

	Year ended 31 December 2025	Year ended 31 December 2024
Revenue	360	271
Costs	(564)	(750)

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

As at 31 December 2025 and 31 December 2024, the Group provided collateral to its joint subsidiary Elektrociepłownia Stalowa Wola S.A. in the form of bank guarantees and sureties for a total amount of PLN 270 million and PLN 320 million, respectively, mainly 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.).

57.2. Transactions with the participation of State Treasury companies

The main shareholder of the Group is the State Treasury of the Republic of Poland, therefore the State Treasury companies are treated as related parties.

The total value of transactions with State Treasury companies are presented in the table below.

Revenue and expenses

	Year ended 31 December 2025	Year ended 31 December 2024
Revenue	4 332	4 142
Costs	(7 865)	(8 036)

Receivables and liabilities

	As at 31 December 2025	As at 31 December 2024
Receivables*	475	450
Liabilities	1 031	1 182

*As at 31 December 2025 and as at 31 December 2024, the receivables item in the table above comprises advance payments for the purchase of fixed assets in the amount of PLN 29 million and PLN 12 million, respectively.

Among state-owned companies, the largest customers of TAURON Polska Energia S.A. Group in the year ended 31 December 2025 and in the year ended 31 December 2024 included PSE S.A., KGHM Polska Miedź S.A., Południowy Koncern Węglowy S.A., PGE Energetyka Kolejowa S.A. and Polska Grupa Górnicza S.A. The largest purchase transactions in the year ended 31 December 2025 and in the year ended 31 December 2024 were carried out by the Group from PSE S.A., Południowy Koncern Węglowy S.A. and Polska Grupa Górnicza S.A.

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

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

The Group also enters into transactions with banks controlled by the State Treasury, primarily with Bank Gospodarstwa Krajowego, PKO BP S.A. and Bank Pekao S.A. These transactions are intended to provide financing and provide financial services, such as concluding derivative instruments hedging interest rate and currency risk, and granting bank guarantee limits. Information on these transactions is included in the relevant explanatory notes to these consolidated financial statements.

57.3. Remuneration of the management staff

The amount of compensation and other benefits paid and/or due to the members of the Management Board, Supervisory Boards and other key management personnel of the parent company and the subsidiaries in the year ended 31 December 2025 and in the comparative period has been presented in the table below.

	Year ended 31 December 2025		Year ended 31 December 2024	
	Parent	Subsidiaries	Parent	Subsidiaries
Management Board	9	31	6	25
Short-term benefits (with surcharges)	9	30	3	20
Employment termination benefits	–	1	3	5
Supervisory Board	1	1	1	–
Short-term employee benefits (salaries and surcharges)	1	1	1	–
Other key management personnel	15	67	18	74
Short-term employee benefits (salaries and surcharges)	14	64	14	70
Employment termination benefits	–	1	3	2
Other	1	2	1	2
Total	25	99	25	99

The table above takes into account the amounts paid and payable by 31 December 2025. In addition, in accordance with the accounting policy adopted, the Group creates provisions for benefits due to members of the Management Board on account of termination of their management contracts and to other key executives on account of termination of their employment, which may be paid or payable in subsequent reporting periods.

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

58. Finance and capital management

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

Detailed information concerning finance management is described in section 8.3. of the Management Board report on the activities of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2025.

In 2025, the Company and TAURON Group demonstrated full capacity to settle their liabilities on their maturity date.

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

The Company primarily monitors the debt ratio of the Group, defined as the ratio of net financial debt to EBITDA. The net financial debt of the TAURON Group is defined in the individual financing agreements and generally means the obligation to pay or repay money for loans, borrowings and debt securities and finance leases (within the meaning of IAS 17 *Leases*), excluding subordinated bond liabilities and less cash and short-term investments with a maturity of up to one year. EBITDA means the TAURON Group's operating profit or loss plus depreciation and amortisation and write-downs on non-financial assets. The Company has the option, at its own discretion, to resign from including in the calculation the debt ratio the financing contracted by special purpose vehicles implementing RES projects under the project finance formula (as long as such debt has no recourse to the Company or other entity of TAURON Group), while excluding the EBITDA and cash value of the relevant special purpose vehicle. In addition, for some financing agreements, sustainability indicators are reported in the form of a renewable energy capacity factor or a CO₂ emission reduction factor. The sustainability indicators affect the cost of financing for the Company.

As at the balance sheet date, the debt ratio stood at 1.4, which falls within the terms of the funding agreements.

TAURON Polska Energia S.A. Capital Group

Consolidated financial statements for the year ended 31 December 2022 compliant with the IFRS, approved by the European Union
(in PLN million)

	Year ended 31 December 2025	Year ended 31 December 2024
Loans and borrowings	6 127	6 231
Unsubordinated bonds	3 563	3 428
Non-current debt liabilities	9 690	9 659
Loans and borrowings	1 103	861
Unsubordinated bonds	27	1 209
Short-current debt liabilities	1 130	2 070
Total debt	10 820	11 729
Contingent liabilities treated as equivalent to debt in the financing documentation	6	20
Cash and cash equivalents	489	596
Net debt	10 337	11 153
EBITDA	7 511	6 470
Operating profit (loss)	5 092	2 651
Depreciation/amortization	(2 520)	(2 378)
Impairment	101	(1 441)
Net debt / EBITDA	1.4	1.7

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

Debt liabilities	Year ended 31 December 2025	Year ended 31 December 2024
Opening balance	14 615	17 415
subordinated bonds	(1 135)	(1 918)
lease liabilities (except for those meeting the conditions of IAS 17 Leases)	(1 751)	(1 440)
Opening balance - debt in the calculation of debt ratio	11 729	14 057
Loans and borrowings	138	(2 109)
proceeds from contracted loans and borrowings	4 377	6 962
interest accrued	405	392
interest paid	(406)	(413)
repayment of loans and borrowings	(3 347)	(9 074)
benefit obtained from preferential loans received recognized as a government subsidy	(1 031)	-
change in debt measurement	15	(11)
change of overdraft facilities and cash pool	125	35
Liabilities from bonds	(1 781)	(1 001)
interest accrued	193	251
interest paid	(207)	(253)
redemption of debt securities	(1 750)	(982)
change in measurement	(17)	(17)
Lease liabilities	146	310
interest accrued	88	78
interest paid	(8)	(7)
lease instalments paid	(133)	(122)
recognition of new lease agreements, change of lease agreements, termination of lease agreements	203	313
acquisition of subsidiaries	-	47
other non-monetary changes	(4)	1
Closing balance	13 118	14 615
subordinated bonds	(401)	(1 135)
lease liabilities (except for debt meeting the conditions of IAS 17 Leases)	(1 897)	(1 751)
Closing balance - debt in the calculation of debt ratio	10 820	11 729

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

Information on the auditor's remuneration is presented in section 7 of the Management Board report on the activities of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2025.

60. Other material information

Results of the 2026 capacity market supplementary auction

On 11 September 2025, the TAURON Group's generating units concluded capacity agreements in the 2026 supplementary power market auction with the total capacity obligation of 1 567.434 MW. The supplementary auction ended with a closing price of PLN 346.37/kW/year, while TAURON Group's revenues from the capacity market calculated on the basis of the above price will amount to PLN 543 million.

In connection with the capacity agreements concluded and the support obtained, in 2026, the 200 class units belonging to TAURON Wytwarzanie S.A. will continue their operational activities, fulfilling the capacity obligation resulting from the contracts concluded.

Results of the main capacity market auction for the 2030 delivery year

On 11 December 2025, TAURON Group companies participated in the main auction of the capacity market for the 2030 delivery year. The closing price of the auction was PLN 465.02/kW/year. TAURON Group's revenues from the capacity market obtained in the above auction will be as follows:

- for 17-year contracts (i.e. for 2030-2046) with the capacity obligation of 7.364 MW, the revenues will amount to PLN 58 million over their lifetime,
- for 15-year contracts (i.e. for 2030-2044) with the capacity obligation of 537.973 MW, the revenues will amount to PLN 3 753 million over their lifetime,
- for annual contracts with the capacity obligation of 46.7 MW, the revenues will amount to PLN 22 million.

61. Events after the balance sheet date

Initiation of administrative proceedings by the President of the Energy Regulatory Office ("President of the ERO") against TAURON Sprzedaż Sp. z o.o. and TAURON Sprzedaż GZE Sp. z o.o.

After the balance sheet date, on 5 February 2026, the subsidiaries, TAURON Sprzedaż Sp. z o.o. and TAURON Sprzedaż GZE Sp. z o.o. ("TS" and "TS GZE") received:

- notices on the initiation of ex officio proceedings by the President of the ERO to issue an administrative decision on the obligation of the aforementioned subsidiaries to transfer to the account of the Price Difference Payment Fund (the "fund") constituting the differences between the write-downs calculated by the President of the ERO and the write-downs paid by TS and TS GZE;
- audit reports covering the verification of the accuracy of the value of the write-down to the Fund for the entire reporting period, i.e. from December 2022 to December 2023, with regard to the calculations of the indicated values in the relevant TS and TS GZE reports, as well as the values actually paid to Zarządca Rozliczeń S.A. by these companies.

On 12 February 2026, TS and TS GZE raised objections to the inspection report. On 10 March 2026, TS and TS GZE received administrative decisions from the President of the Energy Regulatory Office on the obligation to transfer to the Fund's account the amount constituting the difference between the value of the write-down due calculated by the President of the Energy Regulatory Office during the inspection and the value of the write-down to the Fund indicated by the companies, within 30 days from the date of delivery of the decision, together with statutory interest calculated from the date of receipt of the decision. On 26 March 2026, TS and TS GZE paid the amounts indicated in the decision of the President of the Energy Regulatory Office to the Fund's account along with statutory interest.

Management Board of the Company

Katowice, 30 March 2026

Grzegorz Lot – President of the Management Board

Michał Orłowski – Vice President of the Management Board

Krzysztof Surma – Vice President of the Management Board

Krzysztof Zawadzki – Vice President of the Management Board

Oliwia Tokarczyk – Executive Director for Accounting and Taxes