



TAURON Polska Energia S.A.

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

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**SEPARATE STATEMENT OF COMPREHENSIVE INCOME**

	Note	Year ended 31 December 2025	Year ended 31 December 2024 <i>(restated figures)</i>
Sales revenue	12	18 795	22 849
Cost of sales	13	(18 144)	(21 865)
<b>Profit on sale</b>		<b>651</b>	<b>984</b>
Selling and distribution expenses	13	(33)	(26)
Administrative expenses	13	(152)	(145)
Other operating income and expenses		(1)	(2)
<b>Operating profit</b>		<b>465</b>	<b>811</b>
Dividend income	15	2 547	1 336
Interest income on loans	15	501	848
Interest expense on debt	15	(715)	(760)
Gain/(loss) on derivative instruments	15	(228)	(302)
Revaluation of shares	15	182	551
Revaluation of loans	15	524	(1 994)
Other finance income and costs	15	75	127
<b>Profit before tax</b>		<b>3 351</b>	<b>617</b>
Income tax expense	16	(44)	(107)
<b>Net profit</b>		<b>3 307</b>	<b>510</b>
Measurement of hedging instruments	29.4	(226)	(97)
Income tax expense	16	40	18
<b>Other comprehensive income that may be reclassified into profit or loss</b>		<b>(186)</b>	<b>(79)</b>
<b>Other comprehensive income, net of tax</b>		<b>(186)</b>	<b>(79)</b>
<b>Total comprehensive income</b>		<b>3 121</b>	<b>431</b>
<b>Profit per share (in PLN):</b>			
- basic, for net profit	17	1.89	0.29
- diluted, for net profit	17	1.89	0.29

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**SEPARATE STATEMENT OF FINANCIAL POSITION**

	Note	As at 31 December 2025	As at 31 December 2024
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	18	–	18
Right-of-use assets	19	5	4
Shares	20	17 060	16 085
Loans granted	21	9 307	9 888
Derivative instruments	22	45	90
Other financial assets	23	–	33
Other non-financial assets	24	16	17
Deferred tax assets	25	–	3
		<b>26 433</b>	<b>26 138</b>
<b>Current assets</b>			
Inventories	26	44	34
Receivables from buyers	27	1 480	1 746
Loans granted	21	1 889	521
Derivative instruments	22	66	166
Other financial assets	23	646	123
Other non-financial assets	24	7	5
Cash and cash equivalents	28	181	172
Assets classified as held for sale	18	18	–
		<b>4 331</b>	<b>2 767</b>
<b>TOTAL ASSETS</b>		<b>30 764</b>	<b>28 905</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital	29.1	8 763	8 763
Reserve capital	29.3	2 948	2 438
Revaluation reserve from valuation of hedging instruments	29.4	(46)	139
Retained earnings/(Accumulated losses)	29.5	3 338	541
		<b>15 003</b>	<b>11 881</b>
<b>Non-current liabilities</b>			
Debt	30	9 488	10 661
Derivative instruments	22	91	64
Other financial liabilities	31	4	5
Deferred tax liabilities	25	1	–
Other provisions, accruals, deferred income and government grants	35	15	9
		<b>9 599</b>	<b>10 739</b>
<b>Current liabilities</b>			
Debt	30	4 229	4 477
Liabilities to suppliers	32	791	1 020
Derivative instruments	22	261	375
Other financial liabilities	31	154	59
Income tax liabilities	33	471	16
Other non-financial liabilities	34	223	308
Other provisions, accruals, deferred income and government grants	35	33	30
		<b>6 162</b>	<b>6 285</b>
<b>Total liabilities</b>		<b>15 761</b>	<b>17 024</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>30 764</b>	<b>28 905</b>

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

**TAURON Polska Energia S.A.**

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**SEPARATE STATEMENT OF CHANGES IN EQUITY**

	Note	Issued capital	Reserve capital	Revaluation reserve on valuation of hedging instruments	Retained earnings/ (Accumulated losses)	Total
<b>As at 1 January 2024</b>		<b>8 763</b>	<b>3 076</b>	<b>218</b>	<b>(607)</b>	<b>11 450</b>
Coverage of losses from previous years		-	(638)	-	638	-
<b>Transactions with shareholders</b>		<b>-</b>	<b>(638)</b>	<b>-</b>	<b>638</b>	<b>-</b>
Net loss		-	-	-	510	<b>510</b>
Other comprehensive income		-	-	(79)	-	<b>(79)</b>
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>(79)</b>	<b>510</b>	<b>431</b>
<b>As at 31 December 2024</b>		<b>8 763</b>	<b>2 438</b>	<b>139</b>	<b>541</b>	<b>11 881</b>
Prior year profit distribution	29.3	-	510	-	(510)	-
<b>Transactions with shareholders</b>		<b>-</b>	<b>510</b>	<b>-</b>	<b>(510)</b>	<b>-</b>
Net profit		-	-	-	3 307	<b>3 307</b>
Other comprehensive income		-	-	(186)	-	<b>(186)</b>
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>(186)</b>	<b>3 307</b>	<b>3 121</b>
Settlement of the effective part of the security for assets		-	-	1	-	<b>1</b>
<b>As at 31 December 2025</b>		<b>8 763</b>	<b>2 948</b>	<b>(46)</b>	<b>3 338</b>	<b>15 003</b>

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

**SEPARATE STATEMENT OF CASH FLOWS**

	Note	Year ended 31 December 2025	Year ended 31 December 2024
<b>Cash flows from operating activities</b>			
<b>Profit (loss) before tax</b>		<b>3 351</b>	<b>617</b>
Depreciation and amortization		11	11
Interest and dividends		(2 326)	(1 409)
Revaluation of shares		(182)	(551)
Valuation of loans		(524)	1 994
Valuation of derivatives		(178)	(304)
Exchange differences		(30)	(65)
Other adjustments of profit before tax		3	(7)
Change in working capital	<b>36.1</b>	(17)	416
Income tax paid		(41)	(17)
<b>Net cash from operating activities</b>		<b>67</b>	<b>685</b>
<b>Cash flows from investing activities</b>			
Acquisition of shares in a subsidiary		(754)	(9)
Buyout of non-controlling shareholders of a subsidiary		(37)	-
Loans granted	<b>36.2</b>	(5 492)	(1 184)
Increase in receivables under the cash pool agreement		(40)	-
Purchase of other shares		(3)	(4)
Other		(2)	(3)
<b>Total payments</b>		<b>(6 328)</b>	<b>(1 200)</b>
Dividends received	<b>36.2</b>	2 579	1 336
Interest received from loans granted		457	916
Repayment of loans granted	<b>36.2</b>	4 282	327
Decrease receivables due to cash pool agreement		-	798
Sale of financial assets		8	-
<b>Total proceeds</b>		<b>7 326</b>	<b>3 377</b>
<b>Net cash used in investing activities</b>		<b>998</b>	<b>2 177</b>
<b>Cash flows from financing activities</b>			
Repayment of loans and borrowings	<b>36.3</b>	(3 330)	(9 061)
Interest paid	<b>36.3</b>	(725)	(783)
Redemption of debt securities	<b>36.3</b>	(1 750)	(982)
Commission paid		(18)	(20)
Repayment of lease liabilities		(9)	(10)
<b>Total payments</b>		<b>(5 832)</b>	<b>(10 856)</b>
Proceeds from contracted loans and borrowings	<b>36.3</b>	3 859	6 870
Increase liabilities due to cash pool agreement		726	793
Proceeds from the refund of interest on bonds		65	-
Other		-	1
<b>Total proceeds</b>		<b>4 650</b>	<b>7 664</b>
<b>Net cash from financing activities</b>		<b>(1 182)</b>	<b>(3 192)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(117)</b>	<b>(330)</b>
Net foreign exchange difference		-	-
<b>Cash at the beginning of the period</b>	<b>28</b>	<b>133</b>	<b>(287)</b>
change of judgment regarding cash pool transaction		-	750
<b>Cash at the beginning of the period (after change of judgment)</b>		<b>133</b>	<b>463</b>
<b>Cash at the end of the period, of which:</b>	<b>28</b>	<b>16</b>	<b>133</b>
restricted cash	<b>28</b>	102	81

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

### 1. General Information on TAURON Polska Energia S.A.

These financial Separate statements have been prepared by TAURON Polska Energia Spółka Akcyjna (the “Company”) with shares publicly traded. The Company was established by a Notarial Deed on 6 December 2006 under the name Energetyka Południe S.A. The change of its name to TAURON Polska Energia S.A. was registered by the District Court on 16 November 2007.

#### Basic information about the Company

<b>Name</b>	TAURON Polska Energia S.A.
<b>Headquarters</b>	Poland, Katowice, ul. Piotra Ściegiennego 3. After the balance sheet date, as of 16 March 2026, the Company's headquarters changed to: 40-202 Katowice, Aleja Walentego Różdzieńskiego 1B
<b>Registration</b>	District Court for Katowice-Wschód, 8th Commercial Department of the National Court Register
<b>National Court Register</b>	271562
<b>Statistical number, Regon</b>	240524697
<b>Tax identification number, NIP</b>	9542583988
<b>Core business activity</b>	<ul style="list-style-type: none"><li>• Activities of head offices and holding operations, except for financial holdings PKD 70.10.Z</li><li>• Sales of electricity PKD 35.14.Z</li><li>• Sales of gaseous fuels in a network system PKD 35.23.Z</li></ul>

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

The Company has prepared the separate financial statements covering the year ended 31 December 2025 and including comparative figures for the year ended 31 December 2024. These separate financial statements were approved for publication by the Management Board on 30 March 2026.

The Company has also prepared consolidated financial statements for the year ended 31 December 2025, 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 Company's Supervisory Board appointed, as of 25 March 2026, Mr. Krzysztof Zawadzki to the Company's Management Board and entrusted him with the function of Vice President of the Management Board for Trade.

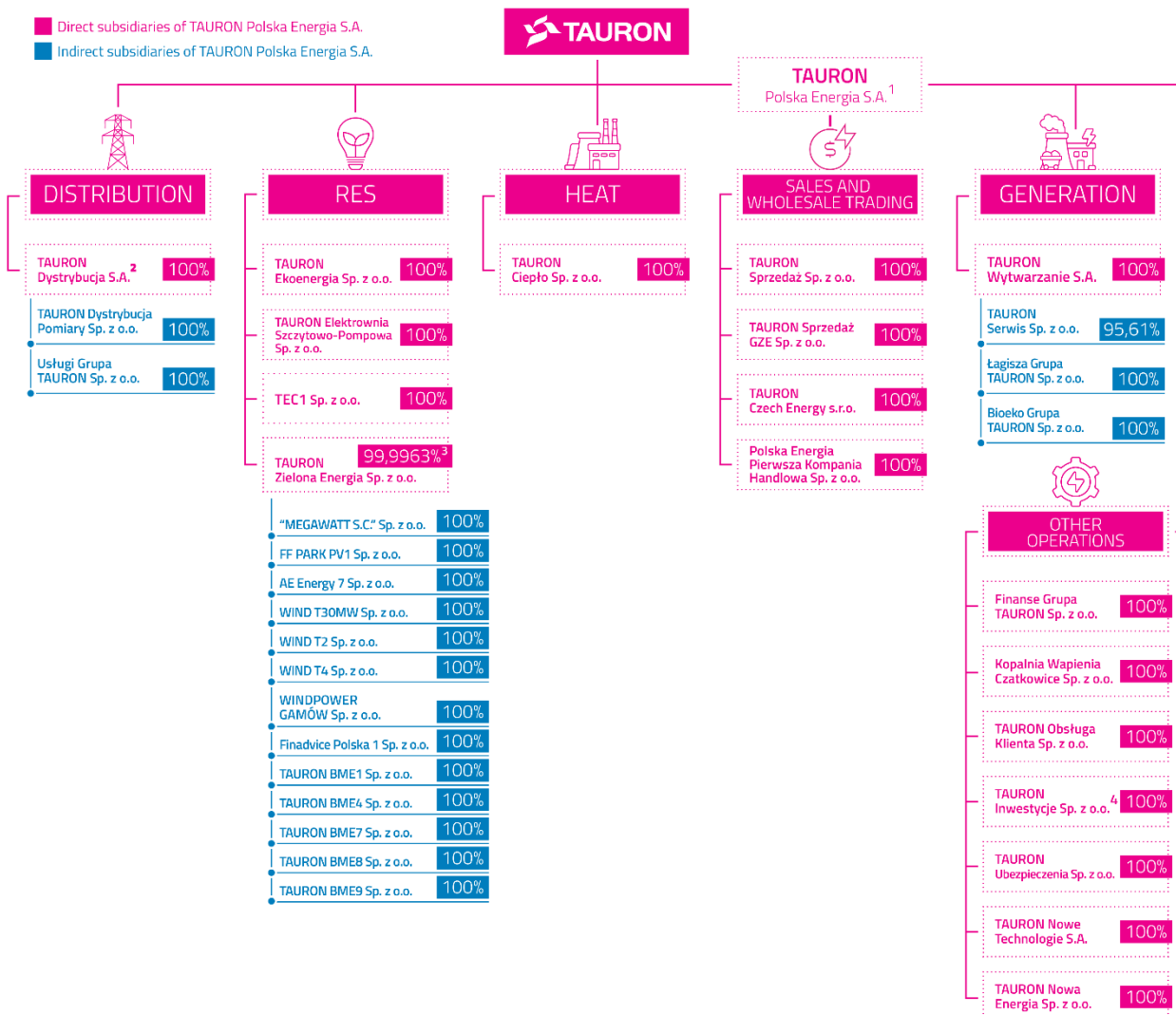
As at the date of approval of these separate financial statements for publication, the Management Board consisted of:

- 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. Shares in related parties and joint ventures

### 2.1. TAURON Group

As at 31 December 2025, TAURON Polska Energia S.A. held, directly and indirectly, shares in the following key subsidiaries, assigned for the purposes of the consolidated financial statements to the competent operating segments:



<sup>1</sup> TAURON Polska Energia S.A. is included in the Sales and Wholesale segment.

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

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

<sup>4</sup> As of 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.

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### 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.

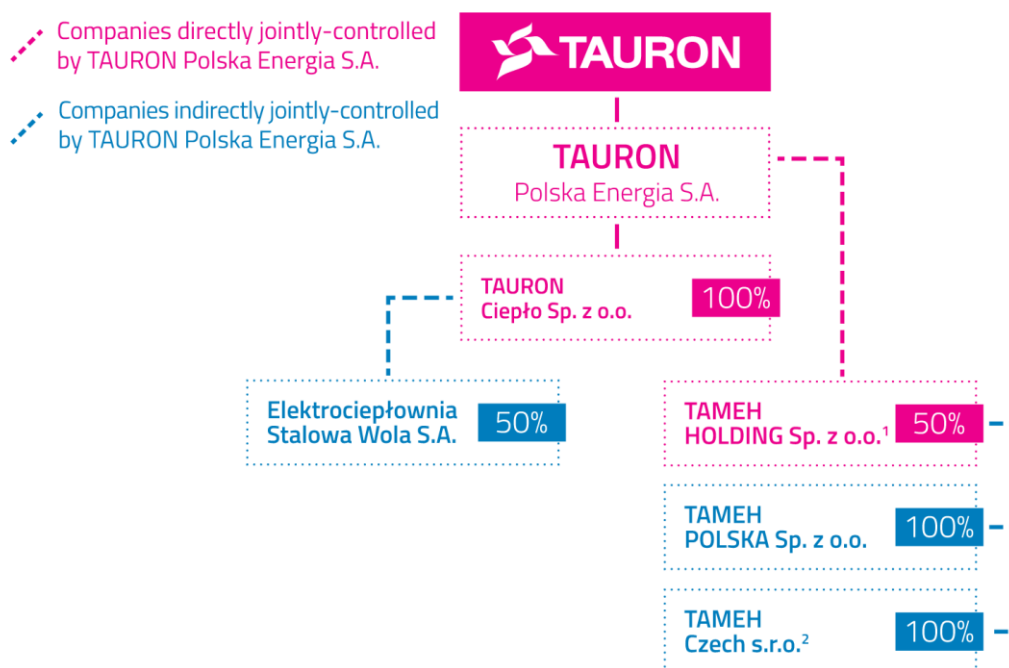
The above judgment was the basis for the deletion by the District Court Katowice Wschód, 8th Commercial Division of the National Court Register, on 21 March 2025, of the entry of 1 July 2024 in the National Court Register concerning the merger of TAURON Zielona Energia Sp. z o.o. with the acquired companies 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:



<sup>1</sup> Ownership of the shares is subject to the arbitration proceedings referred to in Note 40 of these separate financial statements.

<sup>2</sup> 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 separate financial statements have been prepared in compliance with the requirements of the International Financial Reporting Standards (“IFRS”) approved by the European Union (“EU”).

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

### 4. Going concern

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

The Company identifies and actively manages liquidity risk, understood as the possibility of losing or limiting the capacity to settle current expenses. Despite the existence of an excess of current liabilities over current assets (the so-called negative working capital), the Company 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, which are described in more detail in Note 38.2 of these separate financial statements. The Company manages its liquidity in a conscious manner and uses available funding when specific liquidity needs arise, thereby optimising the cost of fund raising.

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

### 5. Functional currency and presentation currency

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

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





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

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

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

The uncertainty in estimates carries the risk of significant adjustment to the carrying amounts of assets and liabilities. Items of the financial statements that involve a significant risk of material adjustment to the carrying amounts of assets and liabilities, information on the estimates and judgements made by management, including the key assumptions made and sensitivity analyses for changes in these assumptions are described in the individual notes to these separate 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 separate financial statements in the year ended 31 December 2025
 <b>Shares</b> Note 11, 20	<ul style="list-style-type: none"> <li>Assessment of impairment premises</li> <li>Assumptions of impairment tests</li> <li>Measurement to fair value</li> </ul>	<ul style="list-style-type: none"> <li>As a result of the impairment tests carried out as at the balance sheet date of shares, a partial reversal of impairment losses on shares in TAURON Ciepło Sp. z o.o. was carried out, which increased the Company's financial income by the amount of PLN 189 million.</li> </ul>
 <b>Originated loans</b> Note 21	<ul style="list-style-type: none"> <li>Classification of loans in categories under IFRS 9 <i>Financial Instruments</i></li> <li>Estimate of expected credit losses of loans measured at amortised cost</li> <li>Measured to fair value of loans classified as measured at a fair value</li> <li>Assessment of the preferential nature of the loans granted</li> <li>Classification of loans as long-term or short-term</li> </ul>	<ul style="list-style-type: none"> <li>Change in the measurement of loans granted increased the Company's financial income in 2025 in the amount of PLN 524 million.</li> <li>Loans granted to the subsidiary TAURON Dystrybucja S.A. from the National Recovery and Resilience Plan (NRRP) funds in the amount of PLN 1 659 million were assessed as preferential.</li> </ul>
 <b>Financial derivatives</b> Note 22	<ul style="list-style-type: none"> <li>Measurement to fair value</li> <li>Judgement on the applicability of the exemption from the requirements of IFRS 9 <i>Financial Instruments</i> for instruments entered into to hedge own needs</li> </ul>	<ul style="list-style-type: none"> <li>Change in the measurement and execution of derivative financial instruments in 2025 affected the charge to the Company's finance costs in the amount of PLN 228 million.</li> </ul>
 <b>Debt liabilities</b> Note 30	<ul style="list-style-type: none"> <li>Assessment of the preferential nature of the loan</li> <li>Measurement of the carrying amount of preferential borrowings and loans</li> <li>Classification of the liability as long-term or short-term</li> </ul>	<ul style="list-style-type: none"> <li>The NRP funding received in the amount of PLN 1 659 million was assessed as preferential funding.</li> <li>At the date of receipt, the preferential funding was measured at a fair value of PLN 628 million.</li> </ul>

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

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

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

- Standards and 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 – Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to various standards, Annual Improvements 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 Disclosure in Financial Statements**

IFRS 18 *Presentation and Disclosure 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 Company continues its work and analysis to assess the impact of IFRS 18 on its separate financial statements and the accounting policies applied by the Company. 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 Company'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 Company with a view to identifying and defining MPM targets. Bearing in mind that the Company is the parent company of the TAURON Group, with significant capital exposure in the form of shares, stocks and loans granted to subsidiaries, the ongoing work includes analyses with a view to identifying, within the Company's operations, the so-called special core activity as defined in IFRS 18 in the form of investment in assets. For entities with the specific principal activity of investing in assets, IFRS 18 requires certain income (in particular dividends) and expenses to be classified in the operating category, which in entities without such activities would be recognised in the investing or financing category.

On the basis of the work carried out to date, the Company identifies that some of the income and expenses classified prior to the effective date 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.

**Amendments to other standards**

Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures concerning Contracts Referencing Nature-dependent Electricity* clarify and simplify the use of the exemption from the fair value measurement for power purchase agreements dependent on natural factors ("PPA"). In particular, it was clarified, that an 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, the above-mentioned amendments extended the disclosure obligations to renewable energy agreements. Based on the analyses conducted to date, the Company, as a party to PPAs, assesses that the foregoing changes will not have a significant impact on the accounting principles applied to date with regard to the recognition of the effects of the concluded agreements and, at the same time, may translate into the need to make additional disclosures in the separate financial statements with regard to the aforementioned agreements.

Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures - Amendments to the 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), and expand 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 Annual Improvements 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: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> as amended	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 the standard aimed to determine a model for the accounting treatment of assets and liabilities associated with regulated activities. The new standard, if issued, will replace IFRS 14 *Regulatory Deferral Accounts*. According to the draft standard, the standard is intended to apply to entities that are party to a contract specifying regulated rates that the entity charges to its customers for goods and services provided, and when part of the total consideration for goods and services provided in a given period is charged to customers through regulated rates in another period (so-called time differences arise). As at the date of approval of these separate 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 *Regulatory Deferral Accounts* in the second quarter of 2026. The Company assesses that the entry into force of the regulated activities standard, as the Company has no such activities, will have no impact on the Company's separate financial statements.

### **Other standards and amendments to standards**

IFRS 19 *Subsidiaries without Public Accountability: 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 *Subsidiaries without Public Accountability: Disclosures* provides such entities with the opportunity to reduce the disclosure requirements of IFRS. Based on the analyses of IFRS 19 *Subsidiaries without Public Accountability: Disclosures* has no impact on the separate financial statements of the Company which, due to its status as a public company, will not apply this standard.

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 Company's separate financial statements.

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

## 8. Changes in accounting policies applied and presentation as well as restatement of comparable data

### **Changes in the applied accounting principles and presentation**

The accounting principles (policy) adopted for the preparation of these separate financial statements are consistent with those used for the preparation of the annual separate 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 Company's accounting policy. In addition, the Company changed the method of presenting the result on derivative instruments in the separate statement of comprehensive income, 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 policy 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 EUR purchases of CO<sub>2</sub> emission allowances, the Company 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 method of presenting the result on derivative instruments in the separate statement of comprehensive income**

Starting from the interim condensed separate financial statements for the six-month period ended 30 June 2025, the Company decided to change the presentation of the result on derivative instruments in the separate statement of comprehensive income. Before the change, the Company presented the result on derivative instruments under the item Other financial income and costs. After the change, the Company presents the result on derivative instruments in the separate statement of comprehensive income as a separate item. In the Company's opinion, the changed presentation allows for a more clear presentation of the level and characteristics of the financial revenues and costs generated by the Company in the separate statement of comprehensive income.

	Year ended 31 December 2024 <i>(approved figures)</i>	Change of presentation of gain/(loss) on derivative instruments	Year ended 31 December 2024 <i>(restated figures)</i>
<b>Profit on sale</b>	<b>984</b>	–	<b>984</b>
<b>Operating profit</b>	<b>811</b>	–	<b>811</b>
Gain/(loss) on derivative instruments	–	(302)	(302)
Other finance income and costs	(175)	302	127
<b>Profit before tax</b>	<b>617</b>	–	<b>617</b>
<b>Net profit</b>	<b>510</b>	–	<b>510</b>

## 9. 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 and regulatory environment have a significant impact on the operations of TAURON Polska Energia S.A. and 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 Company 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 Company and the Group, in particular by offering products from renewable or zero-carbon generation sources.

The occurrence of extreme weather events such as hydrological droughts, heat waves, floods and hurricanes has a 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 electricity sector as a whole.

The issues identified above may affect the balance sheet valuation of the Company's shareholdings and loans to subsidiaries. TAURON Polska Energia S.A., as the parent company of TAURON Group, holding shares in subsidiaries in the electricity sector, including companies engaged in the generation of electricity from conventional sources, and providing financing to these companies, is exposed to risks and is a beneficiary of emerging opportunities related to changes in the Company's environment as a consequence of climate change and the efforts made to counteract these changes.


#### ***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 capacity and energy storage 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 the financial statements of TAURON Polska Energia S.A., including values based on professional judgement and estimates recognised in the financial statements***

The climate issues affect the estimates and assumptions adopted in the Company's estimation process and the professional judgement of the management, consequently translating into the figures reported in these separate 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 Company's exposure to subsidiaries, through the estimates and judgements adopted as part of the impairment tests carried out on financial assets.

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

Issue	Description of impact
	<p><b>Assumptions adopted in the tests, including the impact of regulatory issues</b></p> <p>The Company took into account, as part of the assumptions underlying the estimation of future cash flows in the impairment tests performed, current as well as planned regulatory changes aimed at achieving the climate targets set by the European Union, including in particular the updated draft of the National Energy and Climate Plan (NECP) published in 2025 until 2030 with a perspective until 2040, assuming the base scenario adopted for the calculation of price paths (WEM "with existing measures" - with current activities) reduction of greenhouse gas emissions from the energy sector at the level of approximately 43% in 2030 and 61% in 2040 compared to 1990.</p> <p>In addition, the assumptions take into account the long-term directions of climate policy, including the EU 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, assuming 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, obliging Member States to achieve certain levels of savings in energy consumption by 2030.</p> <p>The effect, among others, the regulatory changes described are the ongoing transformation of the energy mix in Poland. It includes, in particular, a dynamic increase in the share of renewable energy sources and - playing an important balancing role - natural gas-fired generating units. Further increase in gas capacity, secured, among others, the results of last year's capacity market auctions, combined with the simultaneous withdrawal and decline in production from conventional coal sources, is a key factor shaping market energy prices. The changes in regulations aimed at climate protection and the resulting changes in the structure of electricity generation, included in the test assumptions, translated in particular into the levels of electricity prices, CO<sub>2</sub> emission allowances and fuels estimated by the Company, as well as on the assumptions made regarding the volumes and structure of energy production by the Group's generating units in the long term, affecting the level of the recoverable value of its exposure to TAURON Wytwarzanie S.A., TAURON Ciepło Sp. z o.o. TAURON Ekoenergia Sp. z o.o. and TAURON Zielona Energia Sp. z o.o.</p>
 <p>Impact of climate protection and climate change issues on the impairment tests performed on shares and the measurement of loans granted</p>	<p><b>Verification of periods of economic usefulness taking into account the TAURON Group Strategy</b></p> <p>The assumptions regarding the economic useful lives of assets adopted as of 31 December 2025 are in line with the assumptions included in the TAURON Group Strategy regarding the departure from energy generation from conventional sources and the Group's achievement of full climate neutrality by 2040. It was assumed that the coal-fired generating units would operate no longer than until 2030, with the exception of the 910 MW unit in Jaworzno, which was assumed to operate until 2040.</p> <p>The planned economic useful lives of generating units in the Generation segment have been updated in relation to the assumptions adopted in the impairment tests prepared as at 31 December 2024. At the Jaworzno II Power Plant, the operation of unit 1 (Biomass) was shortened by three years until 2025, and the operation of unit 2 and 3 was extended by one and three years, respectively, until June 2028. In the case of 200MW class units, the analysis was carried out taking into account the operating horizon of the Derogation Capacity Market (until 2028), assuming support at a level guaranteeing further, economically justified operation. In the remaining power plants, the operating periods have not changed.</p>
<p><b>Note 11</b></p>	<p>For all generating plants in the Heat segment, the operating period is assumed to be until 2054, with the assumption that the operation of units using coal fuel will end by 2029.</p> <p>In the RES segment, as at 31 December 2025, the operating period for generating units was assumed to be:</p> <ul style="list-style-type: none"> <li>CGU Hydroelectric power plants - the useful life has been extended until 2080 compared to tests as at 31 December 2024;</li> <li>CGU Wind and photovoltaic power plants until 2057.</li> </ul> <p>In the RES segment, existing support systems were taken into account (the certificate of origin system, the auction system, the FIT/FIP feed-in tariff system, the guarantee of origin system), of which the certificate of origin system is the most important.</p> <p>The economic useful lives of the Group's assets, as one of the assumptions adopted in impairment tests, affect the level of the recoverable amount of exposure to subsidiaries.</p> <p><b>Decarbonisation of the heat industry</b></p> <p>Moreover, there was a significant impact on the impairment tests carried out as at the balance sheet date regarding the Company's exposure in TAURON Ciepło Sp. z o. o. the process of decarbonization and transformation of the heating sector in the Group had started in accordance with the strategy. Assumptions regarding decarbonisation influenced the inclusion in the forecasts of a gradual change in the fuel used by operating generating units from coal to gas or biomass and the adoption of the assumption of complete replacement of coal assets with low-emission 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 subsidy to the electricity produced, fed into the network and sold from high-efficiency cogeneration for producers planning to operate new or significantly modernized installations.</p>

Impairment tests for shares in subsidiaries conducted as at 31 December 2025 indicated the reversal of the write-down of shares in TAURON Ciepło Sp. z o.o. in the amount of PLN 189 million. The reversal of write-offs results primarily from a significant reduction in the discount rate, a higher heat transfer tariff, and the inclusion in the forecasts of flows from the operation of cogeneration engines and the gas boiler room at the heating plant in Zawiercie as part of the initiated energy transformation process.

The assumptions in the scope of impairment testing, including those relating to climate issues and the results of the tests performed, are described in detail in Note 11 of these separate financial statements.

### Wind and photovoltaic farms

The TAURON Group's subsidiaries implement investment projects aimed at increasing the capacity generated from 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 MW (as part of Finadvice Polska 1 Sp. z o.o.).

By the date of approval for publication of these separate financial statements, the Nowa Brzeźnica and Sieradz wind farms had been put into operation. The planned commissioning of the Miejska Górka wind farm is scheduled for 2027. After the balance sheet date, a decision was made to implement the Ogródzieniec Hybrid Installation with a capacity of 85 MW (including the construction of the Ogródzieniec photovoltaic farm with a capacity of 85 MW and the construction of an energy storage facility with a capacity of 55 MW) and the Mysłowice photovoltaic farm with a capacity of 55 MW.

Additionally, TAURON Group companies are also developing a portfolio of their own projects.

### Energy storage

TAURON Group companies are also developing energy storage projects. In the year ended 31 December 2025, TAURON BME4 Sp. z o.o., TAURON BME9 Sp. z o.o. and FF Park PV1 Sp. z o.o. implemented projects related to the construction of energy storage facilities with a total capacity of 24.4 MW. Projects implemented by TAURON BME4 Sp. z o.o. by the date of approval for publication of these separate financial statements have been put into operation, the remaining ones are also scheduled for commissioning in 2026.

By the date of approval for publication of these separate financial statements, further BME projects of the Group companies with a total capacity of approx. 542 MW had reached the implementation stage. Additionally, a portfolio of own projects is also being developed

### Rożnów II Pumped Storage Power Plant

As part of the company TAURON Elektrownia Szczytowo-Pompowa Sp. z o.o. the planning stage for the construction of a pumped-storage power plant, which is to serve as a large-scale energy storage facility in the vicinity of the Rożnów Hydroelectric Power Plant, is continued. The power plant is to achieve a power of approximately 700 MW and an energy capacity of 3 GWh.

### Company's share as a parent company in financing investments

The investment projects described above are, in principle, carried out by subsidiaries of TAURON Polska Energia S.A., which provides them with financing in the form of loans for the implementation of these investments as the parent company. In the year ended 31 December 2025, the Company granted loans with a total nominal value of PLN 1 093 million to companies in the Renewable Energy Sources segment for investment projects involving the construction of wind and photovoltaic farms. At the same time, companies of the Group also benefit from available sources of national and EU funding.

Investment projects to mitigate the negative impact of the Group's activities on climate are, in principle, implemented in the subsidiaries, but due to the centralised financial management policy, the Company is the main entity raising external funds for the Group, including for the purposes of achieving sustainability goals, excluding dedicated instruments such as project financing or environmental funds, which are raised directly by TAURON Group companies. The funds acquired by the Company are subsequently transferred to the companies essentially through intra-group loans.

### National Recovery and Resilience Plan

In 2024 and 2025, the Company concluded the following loan agreements with Bank Gospodarstwa Krajowego with funds from the National Recovery and Resilience Plan, which are then transferred through intra-group loans to subsidiaries implementing investment projects:

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	advanced digital transformation	TAURON Dystrybucja S.A.	310	231
2025		TAURON Dystrybucja S.A.	110	-
2025	construction of two photovoltaic farms	TAURON Zielona Energia Sp. z o.o.	269	-



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

Notes 2 and 21.1



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

Note 30

**Sustainability indicators in financing agreements**

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

In the opinion of the Company, the Company's sustainability-linked financing, 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.



The Group's "green" product offering

TAURON Group offers electricity to individual and business customers, consistently implementing a strategy focused on green transformation. The key product in the sale of electricity is the New Energy offer, which offers the sale of energy from 100% renewable sources. The Group's customers can use ecological energy under long-term contracts (5 years for business customers as well as 6 and 9 years for individual customers). The Group is also developing PPAs (Power Purchase Agreements) - long-term supply contracts for business customers based on renewable energy sources, which help stabilize costs and achieve the sustainable development goals of recipients. Other green products are also offered, such as Eco, allowing the purchase of electricity from renewable energy sources, which is confirmed by certificates issued by independent entities. The Group also offers modern tariff solutions, including dynamic tariffs and products related to energy exchange quotations, which support customers in optimizing energy consumption and costs.

Sales to end customers within the above products are performed by the subsidiaries, TAURON Sprzedaż Sp. z o.o. and TAURON Sprzedaż GZE Sp. z o.o. TAURON Polska Energia S.A. buys and sells electricity to secure the sales needs of these entities.

**Linking remuneration to sustainable development goals**

The remuneration system for Members of the Company's Management Board is related to sustainable development issues. The current Remuneration Policy for Members of the Management Board and the Supervisory Board includes, among others, the primary objectives: linking remuneration principles with monitoring the implementation of adopted strategic plans and business goals, in particular related to the implementation of sustainable development goals, and contributing to the implementation of sustainable development goals, including limiting the negative impact on the natural environment and ensuring the stable development of the Company. Results related to sustainable development are included in the remuneration system for Members of the Company's Management Board in the variable part. Variable Remuneration depends on the achievement of conditional goals, financial goals and on the implementation of non-financial goals that are directly related to ESG goals.



Remuneration of key management personnel

**Note 43.2**

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 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 of TAURON Group, (GOV-3) Inclusion of ESG-related results in the incentive scheme.

## 10. Information on operating segments

### 10.1. Operating segments

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

As part of the adopted classification of the Group's operations into operating segments, the activities of the Company are classified in the *Sales and Wholesale* segment, excluding the overhead costs of the Company Management Board incurred for the Group as a whole, which cannot be directly assigned to a single operating segment and are classified as part of unallocated expenses.

## 10.2. Geographical areas of operations

The activity of the Company is mostly carried out on the territory of Poland. Revenues on sales from foreign entities in the years ended 31 December 2025 and 31 December 2024 are presented in the table below.

	Year ended 31 December 2025	Year ended 31 December 2024
Poland	18 626	22 816
Czech Republic	169	33
<b>Total</b>	<b>18 795</b>	<b>22 849</b>

## IMPAIRMENT IN VALUE OF FINANCIAL ASSETS

### 11. Impairment in value of financial assets

#### SELECTED ACCOUNTING PRINCIPLES

##### Shares

With regard to the Company's shares in subsidiaries and joint ventures, in accordance with IAS 36 *Impairment of Assets*, on each balance sheet date the Company assesses whether there is objective evidence of impairment of a financial asset or a group of financial assets.

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

##### Originated loans

The Company recognises an allowance for expected credit losses on its loans measured at amortised cost in accordance with the approach described in Notes 21 and 38.1.1 of these separate financial statements. The credit risk analyses carried out as at the balance sheet day include, among others, an estimate of future cash flows that may indicate impairment due to credit risk (measurement step 3).

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

#### PROFESSIONAL JUDGEMENT AND ESTIMATES

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

As at 31 December 2025, an analysis of the premises which might indicate the impairment of shares in subsidiaries and joint ventures was carried out, as well as an analysis of the valuation of intra-group loans. As a result of the analysis, the following market events were identified that may affect the changes in the assumptions made in the impairment tests performed as at 31 December 2024, and thus may affect the impairment assessment:

- publication by the Ministry of Climate and Environment in December 2025 of a new draft of the National Energy and Climate Plan (NECP) until 2030 with a perspective until 2040, assuming 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 year;
  - 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%);

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- 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 (Y+1) forward contract from PLN 180.44/MWh in 2024 to PLN 165.03/MWh in 2025 (-8.5%), caused mainly by the predicted increase in 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 CO<sub>2</sub> prices in the period 2026-2045 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 the period 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.

The prerequisites of impairment identified above demonstrated the need to carry out impairment tests for shares in the following companies: TAURON Ciepło Sp. z o.o., TAURON Ekoenergia Sp. z o.o. and TAURON Zielona Energia Sp. z o.o.

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

The shares in TAURON Wytwarzanie S.A. were written down to zero in previous reporting years and no indication of a reversal of the write-down is identified.

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 matter, which is described in more detail in Note 40 of these separate financial statements, it was decided to verify the recoverable amount of the investment in shares 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 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. due to the declaration of bankruptcy of the company by the Ostrava District Court. The following scenarios take into account the capacity of TAMEH HOLDING Sp. z o.o. to pay dividends. 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 separate financial statements for publication, have the same probability of materialisation and thus the weighting assigned to them is equal to each other.

The recoverable amount of shares in subsidiaries and joint ventures is the value in use. The tests were carried out based on the current value of the estimated cash flows of the generating companies' operations on the basis of detailed projections covering the entire life of the companies. The use of forecasts longer than 5 years results from the fact that, over a longer period of detailed forecast, the Company is able to reflect as accurately as possible the life cycle of assets, particularly manufacturing assets, and take into account long-term cash flow estimates. The macroeconomic and sector-

oriented assumptions underlying the projections are updated as frequently as any indications for their modification are observed on the market. The projections also take into account changes in the regulatory environment known as at the date of the test.

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

**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, CO<sub>2</sub> 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 decline in coal prices by 2.0% 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 an increase 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.
CO <sub>2</sub>	The growth path for prices of CO <sub>2</sub> 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 CO <sub>2</sub> price forecasts. The forecast for 2026 assumes a 7% increase in the price of CO <sub>2</sub> emission allowances compared to the average reference contract prices obtained in 2025. In the period of 2026-2045, CO <sub>2</sub> 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. CO <sub>2</sub> emission limits for heat generation have been adopted in line with the regulation of the Council of Ministers and adjusted by the level of free allowances.
Natural gas	Due to the observed increase in 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 gas through the Baltic Pipe and two LNG terminals (the FSRU terminal in Gdańsk is scheduled for commissioning in the 2027/2028 timeframe), resulting in a high correlation of gas prices in Poland with the European indices.
Capacity market	It is assumed that payments for capacity will be maintained until 2028 for existing coal-fired units which do not meet the EPS 550 criterion (for which the unit emission performance exceeds 550 kg/MWh). For units which concluded long-term contracts by 31 December 2019 and do not meet the EPS 550 criterion, maintaining of payments until the end of the contract effectiveness period has been assumed. In line with the agreement reached by the European Council of 17 October 2023 regarding the reform of the energy market model, it was assumed that a derogation would be introduced regarding the validity of CO <sub>2</sub> 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 MW 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. 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).

<b>Economic lifetime of generating units</b>	<p>The projected economic lives of the generation units in the Generation segment have been updated from the assumptions used in the impairment tests prepared as at 31 December 2024. 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 lives adopted for tests for the following generation units is presented below:</p> <ul style="list-style-type: none"> <li>– Nowe Jaworzno Power Plant - unit 7 by 2040;</li> <li>– Łaziska Power Plant - unit 10 by 2030;</li> <li>– Jaworzno II Power Plant - unit 1 (Biomass) by 2025, unit 2 and 3 by June 2028;</li> <li>– 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.</li> </ul> <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"> <li>– Hydroelectric power plants: due to the postponement of the commencement of 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;</li> <li>– Wind and photovoltaic power plants 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).</li> </ul> <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"> <li>– in ZW Katowice, ZW Tychy, ZW Bielsko-Biała EC1, ECI Generation and ZW Local Heat Plant Area until 2029;</li> <li>– in ZW Bielsko-Biała EC2 until 2026.</li> </ul>
<b>Regulatory system services</b>	<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"> <li>1. Basic (non-mandatory) mode - auction for balancing capacity on a daily basis in advance, participation by bidding for balancing capacity in aggregate form;</li> <li>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.</li> </ol> <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>
<b>Certificates of energy origin</b>	<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 an 8.3% increase 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 increase 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 white certificates is forecast to grow at an average annual rate of 2.4%.</p>
<b>RES support</b>	<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 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>
<b>Support for cogeneration</b>	<p>The projections assume a cogeneration bonus (in accordance with the Act of 14 December 2018 <i>on the promotion of electricity from high-efficiency cogeneration</i>), 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>For ZW Bielsko-Biała EC2, support was assumed in accordance with the decision of the President of the Energy Regulatory Office of 3 January 2024, on winning the auction for the co-generation bonus.</p> <p>For the remaining generation units 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.</p>

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<b>Wages</b>	An increase in wages was assumed, based on an increase in the minimum wage and the assumed inflation rate with effect for the following years of the financial forecast.
<b>WACC</b>	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.

**Results of impairment tests**

The result of the impairment tests on shares in subsidiaries and joint ventures carried out as at 31 December 2025, in accordance with IAS 36 *Impairment of Assets*, indicated a reversal of the impairment loss on the shares in TAURON Ciepło Sp. z o.o.

Company	The recoverable amount of the exposure (shares and loans)	The amount of the recognized reversal of the write-down on shares
	As at 31 December 2025	Year ended 31 December 2025
TAURON Ciepło Sp. z o.o.	2 420	189
<b>Total</b>		<b>189</b>

The level of WACC (weighted average cost of capital in nominal after-tax terms) adopted in the impairment tests of the shares as at 31 December 2025 in TAURON Ciepło Sp. z o.o. for the heat generation area was 8.68% and for the heat transmission area 6.75%.

The reversal of impairment losses on the shares held in TAURON Ciepło Sp. z o.o. is mainly due to a significant reduction in the level of the discount rate, a higher heat transmission tariff obtained (and thus higher projected rates), the inclusion in the projections of flows from the operation of cogeneration engines and the gas-fired boiler plant at the Zawiercie heat plant as part of the energy transformation process that has been initiated.

The impairment tests carried out as at 31 December 2025 on the shares in TAURON Ekoenergia Sp. z o.o., TAURON Zielona Energia Sp. z o.o. and TAMEH HOLDING Sp. z o.o. did not reveal any impairment of the shares in the entities.

**Sensitivity analysis**

The tables below present the estimated impact of a change in key factors on the recoverable amount of the tested shares in subsidiaries. For assets generating electricity from conventional sources, the key factor analysed is the Clean Dark Spread ("CDS") due to the fact that a change in electricity prices generally results from the changes in the price of coal and CO<sub>2</sub> emission allowances. Analogically, for gas-fired generation assets, the key factor analysed is the Clean Spark Spread ("CSS").

The CDS/CSS is the amount of the first-step margin achieved by the coal/gas-fired power plants or CHP plants, calculated as a difference between the price of electricity and the model variable costs (fuel cost, CO<sub>2</sub> 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.

Parameter	Change	Impact on the recoverable value of shares in TAURON Ciepło Sp. z o.o.
Change in CDS/CSS over the forecast period	+1%	15
	-1%	-15
Change in heat prices in the forecast period	+1%	159
	-1%	-159
Change in amount of cogeneration bonus	+1%	7
	-1%	-7
Change of WACC (net)	+0.1 p.p.	-36
	-0.1 p.p.	37

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

Parameter	Change of assumption aligning the recoverable amount with the carrying amount of shares in:	
	TAURON	TAURON
	Ekoenergia Sp. z o.o.	Zielona Energia Sp. z o.o.
Change in electricity prices over the forecast period	-3.5%	-44.4%
Change of WACC (net)	1 p.p.	12.05 p.p.

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

The analyses carried out regarding the financing granted to subsidiaries, based on the future cash flows of the subsidiaries, also showed the justification for increasing the valuation of the loan granted by the Company to TAURON Wytwarzanie S.A. by the amount of PLN 203 million, as described in more detail in Note 21.1 of these separate financial statements.

## EXPLANATORY NOTES TO THE SEPARATE STATEMENT OF COMPREHENSIVE INCOME

### 12. Sales revenue

#### SELECTED ACCOUNTING PRINCIPLES

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

At the same time, revenue from contracts with customers is not recognised when energy is sold to another energy company and the sold volume is simultaneously repurchased from that company in the same accounting period (exchange). The result of such a transaction is recognised in the statement of comprehensive income on a net basis.

Revenue should be measured in the amount the Company expects to receive for the goods and services sold, following the reduction by value added tax (VAT), excise duty and other sales taxes. The revenue comprises only the inflows of economic benefits received or receivable to the entity's own account. Where the Company acts as an agent, the amount recognised as revenue is the commission payable to it and does not include amounts received on behalf of the principal. In the comparable period and for part of the current reporting period the Company acted as an agent for the purchase, supply and transport of coal and recognised income from the intermediary service - arranging deliveries - in its trading revenue.

In case of goods, revenues are recognised when the Company ceases to be permanently involved in the management of the goods sold to the extent such function is usually implemented in relation to goods, to which it has ownership rights, nor does it exercise effective control over them.

Revenue from sales of goods includes the total positive result on transactions related to CO<sub>2</sub> emission allowances, concluded within the trading portfolio, i.e. intended for sale and to generate short-term profit arising from market price fluctuations, including trading in emission allowances, fair value measurement of inventories as well as measurement and settlement of derivative commodity instruments related to CO<sub>2</sub> emission allowances, covered by IFRS 9 *Financial Instruments*.

In revenue from sales of services, the Company also presents revenue from the fulfilment of the capacity market obligation, which involves remaining of a Capacity Market unit in the state of readiness to supply electricity to the system and committing to supply a certain amount of capacity to the system in the period of emergency. The Company, as the capacity supplier, is obliged to fulfil the capacity obligation in favour of PSE S.A., therefore it recognises revenues received from PSE S.A. on account of the fulfilment of the capacity obligation by means of Capacity Market units owned by the TAURON Group companies. The Company assesses that as the capacity supplier it exercises control over the service provided and therefore recognises revenues from the Capacity Market as a

principal within the meaning of IFRS 15 *Revenue from contracts with customers*. At the same time, the Company recognises costs for the execution of the capacity obligation by generating units owned by subsidiaries for the needs of the Capacity Market (Note 13).

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

	Year ended 31 December 2025	Year ended 31 December 2024
<b>Revenue from sales of goods and materials</b>	<b>18 416</b>	<b>22 503</b>
Electricity	14 102	17 490
CO <sub>2</sub> emission allowances	3 522	3 809
Gas	791	1 203
Other	1	1
<b>Rendering of services</b>	<b>379</b>	<b>346</b>
Capacity Market	222	192
Trade services	103	108
Other	54	46
<b>Total sales revenue, including:</b>	<b>18 795</b>	<b>22 849</b>
<i>Revenues provided on a continuous basis</i>	<i>15 271</i>	<i>19 039</i>
<i>Revenue provided at a specific point in time</i>	<i>3 524</i>	<i>3 810</i>

In the year ended 31 December 2025, sales revenues decreased in relation to the comparable period and the main changes referred to sales revenues of the following goods:

- Electricity - a decline in revenue of PLN 3 388 million mainly due to the accomplishment of sales at lower prices as a consequence of market conditions and the decrease in energy prices observed in 2024 when contracting supplies for 2025;
- CO<sub>2</sub> emission allowances - a decline in revenue by PLN 287 million was a consequence of a lower demand for allowances in the current period compared to the corresponding period, with slightly higher sales prices at the same time. The sales in both periods related primarily to transactions carried out on behalf of the Group's generation companies in order to cover the obligation to redeem allowances arising from electricity production, the deadline for which for a given year is 30 September of the following year;
- Gas - a decline in revenue of PLN 412 million as a result of a simultaneous decrease in average selling prices as a result of market trends already evident in 2024 contracting for 2025 and lower sales volumes resulting from reduced demand for gas from external contractors.

## 13. Costs by type

### **SELECTED ACCOUNTING PRINCIPLES**

The Company presents costs by function.

Costs by function include:

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

Costs of goods sold include the total negative result on transactions related to CO<sub>2</sub> emission allowances, concluded within the trading portfolio, i.e. intended for sale and to generate short-term profit arising from market price volatility, including trading in CO<sub>2</sub> emission allowances, fair value measurement of inventories as well as measurement and settlement of derivative commodity instruments related to CO<sub>2</sub> emission allowances.

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

Costs that can only be indirectly attributed to revenues or other benefits obtained by the Company affect the profit or loss in the part in which they relate to a given reporting period, ensuring their proportionality to the revenues or other economic benefits.

	Year ended 31 December 2025	Year ended 31 December 2024
Capacity Market	(221)	(192)
Employee benefits expense	(130)	(129)
Other external services	(53)	(46)
Advertising expenses	(33)	(24)
Depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets	(11)	(11)
Allowance for expected credit losses on receivables from buyers	–	4
Other costs by type	(17)	(16)
<b>Total costs by type</b>	<b>(465)</b>	<b>(414)</b>
Selling and distribution expenses	33	26
Administrative expenses	152	145
Value of energy sold	(13 965)	(17 221)
Value of other goods sold	(3 899)	(4 401)
<b>Cost of sales</b>	<b>(18 144)</b>	<b>(21 865)</b>

In the year ended 31 December 2025, a decrease was recorded in the costs of the Company's operations compared to the corresponding period, with the main changes relating to:

- a decrease in the value (cost) of electricity sold, which results mainly from purchases of electricity at lower average prices. Lower purchase prices result from market conditions and price decrease in 2024, which translated into prices in concluded contracts with a delivery date of 2025. At the same time, TAURON Polska Energia S.A. acquired electricity volumes at a level slightly lower than in the comparable period;
- a decline in the cost of gas sold presented as part of the value of other goods sold, which is primarily related to a decline in gas purchase prices, with lower purchase volumes, particularly for the needs of securing external contractors.

## 14. Employee benefit expenses

	Year ended 31 December 2025	Year ended 31 December 2024
Wages and salaries	(101)	(104)
Social security costs	(17)	(16)
Costs of employee retirement plans and post-employment benefits expenses	(4)	(5)
Other employee benefits expenses	(8)	(4)
<b>Total</b>	<b>(130)</b>	<b>(129)</b>
Items included in cost of sales	(18)	(19)
Items included in selling and distribution expenses	(12)	(11)
Items included in administrative expenses	(100)	(99)

## 15. Financial revenues and costs

### SELECTED ACCOUNTING PRINCIPLES

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

- dividend income;
- interest,
- revaluation of financial instruments, excluding the effective portion of the change in the valuation of derivative financial instruments hedging cash flows and subject to hedge accounting, the effects of which are recognised in other comprehensive income and transferred to the revaluation reserve for hedging instruments and commodity derivatives covered by IFRS 9 *Financial Instruments*, whose gains/losses on revaluation and realisation are presented in operating activities, where the results on related commodity trading are recognised;
- disposal/liquidation of financial assets;
- changes in the balance of a provision resulting from the nearing deadline to incur the expense (discount unwinding effect);
- foreign exchange differences resulting from transactions performed during the reporting period and balance sheet measurement of assets and liabilities at the end of the reporting period, except for exchange differences recognized in the initial value of a fixed asset.

Transactions expressed in currencies other than Polish zloty are converted into Polish zlotys 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 day:

- monetary items are converted applying the closing exchange rate (the average exchange rate determined for a given currency by the National Bank of Poland on that day is deemed the closing exchange rate),
- non-monetary items measured at historical cost in foreign currency are converted applying the exchange rate as at the day of original transaction, and
- non-monetary items measured at the fair value in foreign currency are converted applying the exchange rate as at the day of determining the fair value.

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

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

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

	Year ended 31 December 2025	Year ended 31 December 2024 (restated figures)
Dividend income	2 547	1 336
Interest income on loans	501	848
Interest expense	(715)	(760)
Result on derivative instruments	(228)	(302)
Revaluation of shares	182	551
Revaluation of loans	524	(1 994)
<b>Other finance income and costs, of which:</b>	<b>75</b>	<b>127</b>
Exchange differences	33	82
Other interest income	24	31
Commissions due to external financing	(23)	(22)
Other finance income	53	43
Other finance costs	(12)	(7)
<b>Total, of which:</b>	<b>2 886</b>	<b>(194)</b>
Income and costs from financial instruments	2 854	(214)
Other finance income and costs	32	20

The increase in dividend income results mainly from the recognition of a dividend from the subsidiary TAURON Dystrybcja S.A. in the amount of PLN 2 160 million in the current period. In the comparable period, the Company received a dividend from TAURON Dystrybcja S.A. in the amount of PLN 937 million.

The decline in interest income on loans results mainly from lower interest income on the loan granted to the subsidiary, TAURON Wytwarzanie S.A. in relation to the comparable period, which is associated with the reduction in the carrying amount of the loan underlying interest accrued as a result of cash flow analyses carried out as at 30 June 2024.

The result on derivatives relates to currency derivatives, mainly hedging the foreign exchange risk associated with the purchase of CO<sub>2</sub> emission allowances. On 1 October 2025, the Company included FX Forward derivatives hedging the acquisition of CO<sub>2</sub> emission allowances for sale to companies for the purpose of meeting their CO<sub>2</sub> emission redemption obligations in hedge accounting. 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 as a result of derivative instruments. The result on derivative instruments also includes changes in the valuation of other derivatives not included in hedge accounting. Derivatives and the hedge accounting used by the Company are described in Notes 22 and 37.3 of these separate financial statements.

The revaluation of shares results mainly from the partial reversal, as a result of impairment tests, of the impairment loss on shares in TAURON Ciepło Sp. z o.o. in the amount of PLN 189 million, which is described in more detail in Note 11 of these separate financial statements.

The revaluation of loans relates to the revaluation of the following categories of loans.

	Year ended 31 December 2025	Year ended 31 December 2024
<b>Change in the valuation of loans measured at fair value, including:</b>	<b>202</b>	<b>(60)</b>
loans granted to the joint venture of Elektrociepłownia Stalowa Wola S.A.	15	122
loans granted to subsidiaries	187	(182)
<b>Change in the value of loans measured at amortized cost, including loans granted:</b>	<b>322</b>	<b>(1 934)</b>
TAURON Wytwarzanie S.A. company	203	(1 932)
other subsidiaries	84	17
from transactions within the cash pool service	35	(19)
<b>Total</b>	<b>524</b>	<b>(1 994)</b>

## 16. Income tax

### SELECTED ACCOUNTING PRINCIPLES

#### Current Tax

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

#### Deferred Tax

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

### 16.1. Tax expense in the statement of comprehensive income

	Year ended 31 December 2025	Year ended 31 December 2024
<b>Current income tax</b>	–	<b>(6)</b>
Current income tax burden	–	(5)
Current income tax adjustments from previous years	–	(1)
<b>Deferred tax</b>	<b>(44)</b>	<b>(101)</b>
<b>Income tax expense in profit/(loss)</b>	<b>(44)</b>	<b>(107)</b>
<b>Income tax expense relating to other comprehensive income</b>	<b>40</b>	<b>18</b>

### 16.2. Reconciliation of the effective tax rate

	Year ended 31 December 2025	Year ended 31 December 2024
<b>Profit (loss) before tax</b>	<b>3 351</b>	<b>617</b>
<b>Tax at Poland's statutory tax rate of 19%</b>	<b>(637)</b>	<b>(117)</b>
Dividends received	484	254
Settlement of Tax Capital Group	(26)	18
Changes in the estimate for deferred income tax assets	97	16
Use of tax losses from previous years	12	–
Revaluation of the value of assets	36	(278)
Other	(10)	–
<b>Income tax at the effective tax rate of 1.3% (2024: 17.3%)</b>	<b>(44)</b>	<b>(107)</b>

## 17. Earnings/(loss) per share

### **SELECTED ACCOUNTING PRINCIPLES**

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

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

	Year ended 31 December 2025	Year ended 31 December 2024
Basic and diluted net profit per share (in PLN)	1.89	0.29

The figures for calculating the earnings per share presented in the statement of comprehensive income are presented below.

	Year ended 31 December 2025	Year ended 31 December 2024
Net profit attributable to ordinary shareholders	3 307	510
Number of ordinary shares	1 752 549 394	1 752 549 394

## EXPLANATORY NOTES TO THE SEPARATE STATEMENT OF FINANCIAL POSITION

## 18. Investment real estate

### **SELECTED ACCOUNTING PRINCIPLES**

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

As of 31 December 2025 the Company did not recognise investment real estate. At the end of the comparative period, the investment real estate is composed of the perpetual usufruct right to land and buildings located in Katowice, at Lwowska street, with a carrying value of PLN 18 million, leased to a subsidiary. Due to the ongoing process of selling the above assets to the subsidiary, as at the balance sheet date of 31 December 2025, the Company assessed that the property met the conditions for classification as an asset held for sale and consequently reclassified it in the statement of financial position.

After the balance sheet date, on 2 February 2026, an agreement was concluded for the sale of the above property by the Company to the subsidiary for a total amount of PLN 33 million.

## 19. Right-of-use assets

### **SELECTED ACCOUNTING PRINCIPLES**

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

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

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

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

After the initial recognition, a right-of-use asset is measured at cost less accumulated depreciation and/or amortization and impairment write-down and adjusted for the revaluation of the lease liability. Depreciation and/or amortization principles applied to assets used under leases are consistent with those applied to depreciation and/or amortization of assets owned by the Company.

**PROFESSIONAL JUDGEMENT AND ESTIMATES**

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

If there is no reasonable certainty that the Company will obtain ownership by the end of the lease term the asset item is fully depreciated over the shorter of the lease term and its useful life.

	Year ended 31 December 2025			Year ended 31 December 2024		
	Buildings and premises	Motor vehicles	Total	Buildings and premises	Motor vehicles	Total
<b>COST</b>						
<b>Opening balance</b>	52	2	54	52	2	54
Increase/(decrease) due to lease changes	9	1	10	-	-	-
Other	-	(1)	(1)	-	-	-
<b>Closing balance</b>	61	2	63	52	2	54
<b>ACCUMULATED DEPRECIATION</b>						
<b>Opening balance</b>	(49)	(1)	(50)	(41)	(1)	(42)
Depreciation for the period	(8)	(1)	(9)	(8)	-	(8)
Other	-	1	1	-	-	-
<b>Closing balance</b>	(57)	(1)	(58)	(49)	(1)	(50)
<b>NET CARRYING AMOUNT AT THE BEGINNING OF THE PERIOD</b>	3	1	4	11	1	12
<b>NET CARRYING AMOUNT AT THE END OF THE PERIOD</b>	4	1	5	3	1	4

## 20. Shares

**SELECTED ACCOUNTING PRINCIPLES**

**Shares in subsidiaries and jointly controlled entities**

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

**Shares in other entities**

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

**PROFESSIONAL JUDGEMENT AND ESTIMATES**

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

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

**Change in shareholding for the year ended 31 December 2025**

No.	Company	Gross value			Impairment losses			Net value	
		Opening balance	(Decreases) Increases	Closing balance	Opening balance	Decreases (Increases)	Closing balance	Opening balance	Closing balance
<b>Consolidated subsidiaries</b>									
1	TAURON Wytwarzanie S.A.	8 482	-	8 482	(8 482)	-	(8 482)	-	-
2	TAURON Ciepło Sp. z o.o.	1 928	-	1 928	(639)	189	(450)	1 289	1 478
3	TAURON Ekoenergia Sp. z o.o.	1 940	-	1 940	-	-	-	1 940	1 940
4	TAURON Zielona Energia Sp. z o.o.	600	730	1 330	-	-	-	600	1 330
5	TAURON Dystrybucja S.A.	10 512	37	10 549	-	-	-	10 512	10 549
6	TAURON Nowe Technologie S.A.	650	-	650	-	-	-	650	650
7	TAURON Sprzedaż Sp. z o.o.	614	-	614	-	-	-	614	614
8	TAURON Sprzedaż GZE Sp. z o.o.	130	-	130	-	-	-	130	130
9	Kopalnia Wapienia Czatkowice Sp. z o.o.	41	-	41	-	-	-	41	41
10	Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o.	90	-	90	(90)	-	(90)	-	-
11	TAURON Obsługa Klienta Sp. z o.o.	40	-	40	-	-	-	40	40
12	Finanse Grupa TAURON Sp. z o.o.	28	-	28	(24)	-	(24)	4	4
13	TAURON Inwestycje Sp. z o.o.	95	16	111	(95)	-	(95)	-	16
14	Other	14	5	19	-	-	-	14	19
<b>Joint ventures</b>									
15	TAMEH HOLDING Sp. z o.o.	416	-	416	(221)	-	(221)	195	195
<b>Entities measured at fair value</b>									
16	EEC Magenta Sp. z o.o. ASI spółka komandytowo-akcyjna	4	-	4	-	-	-	4	4
17	EEC Magenta Sp. z o.o. 2 ASI spółka komandytowo-akcyjna	39	(6)	33	-	-	-	39	33
18	ElectroMobility Poland S.A.	5	-	5	-	-	-	5	5
19	Other	8	4	12	-	-	-	8	12
<b>Total</b>		<b>25 636</b>	<b>786</b>	<b>26 422</b>	<b>(9 551)</b>	<b>189</b>	<b>(9 362)</b>	<b>16 085</b>	<b>17 060</b>

The most significant changes in shareholding in the year ended 31 December 2025 referred to the following subsidiaries:

- TAURON Zielona Energia Sp. z o.o. - as a result of the share capital increase, TAURON Polska Energia S.A. acquired 145 190 shares for PLN 726 million. Moreover, due to the separation of the organised part of the enterprise from TAURON Inwestycje Sp. z o.o. to TAURON Zielona Energia Sp. z o.o., the Company reclassified the value of the shares, increasing the value of shares in TAURON Zielona Energia Sp. z o.o. by PLN 4 million.
- TAURON Ciepło Sp. z o.o. - as a result of impairment tests carried out as at the balance sheet date, a partial reversal of the impairment loss of PLN 189 million was recognised for the shares held;
- TAURON Dystrybucja S.A. - shares were redeemed from minority shareholders for an amount of PLN 37 million, as a result of which, as of 15 May 2025, the Company exercises 100% of the rights from TAURON Dystrybucja S.A. shares;
- TAURON Inwestycje Sp. z o.o. (currently: TAURON H2 Sp. z o.o.) - as a result of the share capital increase, TAURON Polska Energia S.A. acquired 2 000 shares for PLN 20 million. Moreover, due to the separation of the organised part of the enterprise from TAURON Inwestycje Sp. z o.o. to TAURON Zielona Energia Sp. z o.o., The Company reclassified the value of shares in the amount of PLN 4 million, reducing the value of shares in TAURON Inwestycje Sp. z o.o. by this amount.

**Change in shareholding for the year ended 31 December 2024**

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

## 21. Loans granted

### SELECTED ACCOUNTING PRINCIPLES

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

### PROFESSIONAL JUDGEMENT AND ESTIMATES

The Company makes appropriate classification and valuation of the loans granted. Loans granted with a maturity of less than one year, in respect of which an extension of the repayment period or refinancing is planned, or in respect of which an analysis of the company's estimated cash flows has shown that it is reasonable to postpone repayment of the loan, are classified as long-term instruments. As at 31 December 2025, the nominal value of the aforementioned loans amounted to PLN 828 million.

Loan granted to the subsidiary TAURON Wytwarzanie S.A. with a nominal value of PLN 4 863 million (with contractually accrued interest of PLN 5 352 million) was valued as at the balance sheet date, taking into account the partial repayment of the loan planned in the first quarter of 2026. The remaining nominal value of the loan and contractually accrued interest will be converted into shares of the company (by increasing the share capital of TAURON Wytwarzanie S.A. and concluding an agreement to set off the Company's receivables towards TAURON Wytwarzanie S.A. from the intra-group loan agreement with the receivable of TAURON Wytwarzanie S.A. towards the Company for making a contribution to cover the increased share capital). The valuation of the loan as at the balance sheet date, taking into account partial repayment, amounted to PLN 1 439 million and was presented in short-term loans granted.

In accordance with the requirements of IFRS 9 *Financial Instruments*, in case of loans measured at amortised cost, the Company estimates the amount of impairment losses on loans, as described in detail below and in Note 38.1.1 of these separate financial statements. The Company estimates the fair value of loans classified as measured at a fair value. The measurement methodology is described in Note 37.1 to these separate financial statements.

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

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

Balances of loans granted by the Company as at 31 December 2025 and 31 December 2024 are presented in the table below.

	As at 31 December 2025			As at 31 December 2024		
	Gross value	Impairment loss	Carrying amount	Gross value	Impairment loss	Carrying amount
<b>Loans measured at amortized cost</b>	<b>8 661</b>	<b>(17)</b>	<b>8 644</b>	<b>8 484</b>	<b>(63)</b>	<b>8 421</b>
Loans granted to subsidiaries	8 537	(16)	8 521	8 401	(27)	8 374
Loans granted under cash pool agreement	124	(1)	123	83	(36)	47
<b>Loans measured at fair value</b>	<b>2 552</b>	<b>n.a.</b>	<b>2 552</b>	<b>1 988</b>	<b>n.a.</b>	<b>1 988</b>
Loans granted to subsidiaries	2 058	n.a.	2 058	1 509	n.a.	1 509
Loans granted to EC Stalowa Wola S.A.	494	n.a.	494	479	n.a.	479
<b>Total</b>	<b>11 213</b>	<b>(17)</b>	<b>11 196</b>	<b>10 472</b>	<b>(63)</b>	<b>10 409</b>
Non-current	9 323	(16)	9 307	9 914	(26)	9 888
Current	1 890	(1)	1 889	558	(37)	521

## 21.1. Loans granted to subsidiaries

Company	Maturity date according to agreement	As at 31 December 2025			As at 31 December 2024				
		Outstanding principal and contractual interest accrued	Gross value	Impairment loss	Carrying amount	Outstanding principal and contractual interest accrued	Gross value	Impairment loss	Carrying amount
<b>Loans measured at amortized cost</b>		<b>13 492</b>	<b>8 537</b>	<b>(16)</b>	<b>8 521</b>	<b>12 269</b>	<b>8 401</b>	<b>(27)</b>	<b>8 374</b>
TAURON Dystrybucja S.A.	2026-2049	7 083	6 041	(15)	6 026	5 963	5 923	(19)	5 904
TAURON Wytwarzanie S.A.	2026-2030	5 352	1 439	-	1 439	4 881	1 128	-	1 128
TAURON Ciepło Sp. z o.o.	2026-2033	914	914	(1)	913	949	949	(7)	942
TAURON Nowe Technologie S.A.	2026-2028	68	68	-	68	33	33	-	33
TAURON Zielona Energia Sp. z o.o.	2026-2033	62	62	-	62	-	-	-	-
Finadvice Polska 1 Sp. z o.o.	2028	11	11	-	11	22	22	-	22
TAURON Ekoenergia Sp. z o.o.		-	-	-	-	160	160	-	160
TAURON Obsługa Klienta Sp. z o.o.		-	-	-	-	131	131	(1)	130
TAURON Inwestycje Sp. z o.o.		-	-	-	-	75	-	-	-
AE ENERGY 7 Sp. z o.o.		-	-	-	-	27	27	-	27
Other	2026	2	2	-	2	28	28	-	28
<b>Loans measured at fair value</b>		<b>2 185</b>	<b>2 058</b>	<b>n.a.</b>	<b>2 058</b>	<b>1 689</b>	<b>1 509</b>	<b>n.a.</b>	<b>1 509</b>
Finadvice Polska 1 Sp. z o.o.	2028-2038	932	891	n.d.	891	97	91	n.a.	91
"MEGAWATT S.C." Sp. z o.o.	2026-2038	366	379	n.a.	379	366	387	n.a.	387
WIND T2 Sp. z o.o.	2026-2034	213	191	n.a.	191	103	87	n.a.	87
AE ENERGY 7 Sp. z o.o.	2027-2032	195	171	n.a.	171	178	144	n.a.	144
WIND T4 Sp. z o.o.	2026-2038	183	161	n.a.	161	183	152	n.a.	152
FF Park PV1 Sp. z o.o.	2026-2034	146	141	n.a.	141	160	144	n.a.	144
Windpower Gamów Sp. z o.o.	2040	56	39	n.a.	39	263	214	n.a.	214
TAURON Ekoenergia Sp. z o.o.	2026-2032	36	35	n.a.	35	42	40	n.a.	40
WIND T30MW Sp. z o.o.	2040	30	21	n.a.	21	266	219	n.a.	219
TAURON Ciepło Sp. z o.o.	2026-2034	28	29	n.a.	29	31	31	-	31
<b>Total</b>		<b>15 677</b>	<b>10 595</b>	<b>(16)</b>	<b>10 579</b>	<b>13 958</b>	<b>9 910</b>	<b>(27)</b>	<b>9 883</b>
Non-current			8 829	(16)	8 813		9 425	(26)	9 399
Current			1 766	-	1 766		485	(1)	484

Loans granted to subsidiaries bear a fixed interest rate.

In the year ended 31 December 2025, the Company granted loan tranches to its subsidiary, TAURON Dystrybucja S.A. under the intra-group loan agreements, in the total nominal value of PLN 1 659 million, from the funds of the National Recovery and Resilience Plan received by the Company under the loan agreements concluded with Bank Gospodarstwa Krajowego. The carrying amount of the loans granted as at 31 December 2025 in the amount of PLN 639 million takes into account the preferential nature of the funding, as discussed in more detail in Note 30.1 of these separate financial statements.

The increase in the value of the loan granted to TAURON Wytwarzanie S.A. was mainly related to the planned partial repayment of the loan and its partial conversion into shares of TAURON Wytwarzanie S.A. (by increasing the share capital of TAURON Wytwarzanie S.A. and concluding an agreement to set off the Company's receivables towards TAURON Wytwarzanie S.A. from the intra-group loan agreement with the receivable of TAURON Wytwarzanie S.A. towards the Company for making a contribution to cover the increased share capital), as a result of which the valuation of the loan as at the balance sheet date, taking into account the above activities and the resulting estimated future cash flows, increased by PLN 203 million as at the balance sheet date.

**Change in loans measured at amortised cost and impairment losses**

	Year ended 31 December 2025		
	Level 1: allowance equal to expected credit losses in a 12 month period (no impairment)	Loans recognized as impaired at the time of granting	Total
<b>Gross value</b>			
<b>Opening balance</b>	<b>7 273</b>	<b>1 128</b>	<b>8 401</b>
Loan repayment	(3 795)	-	(3 795)
Loan granting	4 528	-	4 528
Increase of value	75	203	278
Initial valuation of a preferential loan	(1 030)	-	(1 030)
Interest accrued	356	108	464
Interest received	(309)	-	(309)
<b>Closing balance</b>	<b>7 098</b>	<b>1 439</b>	<b>8 537</b>
<b>Impairment loss</b>			
<b>Opening balance</b>	<b>(27)</b>	<b>-</b>	<b>(27)</b>
Reversal	11	-	11
<b>Closing balance</b>	<b>(16)</b>	<b>-</b>	<b>(16)</b>
<b>Net carrying amount at the beginning of the period</b>	<b>7 246</b>	<b>1 128</b>	<b>8 374</b>
<b>Net carrying amount at the end of the period</b>	<b>7 082</b>	<b>1 439</b>	<b>8 521</b>
<b>Year ended 31 December 2024</b>			
	Level 1: allowance equal to expected credit losses in a 12 month period (no impairment)	Loans recognized as impaired at the time of granting	Total
<b>Gross value</b>			
<b>Opening balance</b>	<b>6 933</b>	<b>3 068</b>	<b>10 001</b>
Loan repayment	(310)	(8)	(318)
Loan granting	622	-	622
Loss of value	-	(1 932)	(1 932)
Interest accrued	323	464	787
Interest received	(295)	(464)	(759)
<b>Closing balance</b>	<b>7 273</b>	<b>1 128</b>	<b>8 401</b>
<b>Impairment loss</b>			
<b>Opening balance</b>	<b>(35)</b>	<b>-</b>	<b>(35)</b>
Reversal	8	-	8
<b>Closing balance</b>	<b>(27)</b>	<b>-</b>	<b>(27)</b>
<b>Net carrying amount at the beginning of the period</b>	<b>6 898</b>	<b>3 068</b>	<b>9 966</b>
<b>Net carrying amount at the end of the period</b>	<b>7 246</b>	<b>1 128</b>	<b>8 374</b>

In the year ended 31 December 2025 and in the comparable period, the Company did not have any loans granted to subsidiaries measured at amortized cost for which the allowance for expected credit losses was calculated at stage 2 (allowance for expected credit losses over the entire life - without impairment) and 3 (allowance for expected credit losses over the entire life - with impairment).

## 21.2. Loans to joint ventures

	As at 31 December 2025		As at 31 December 2024		Contractual date repayment	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
<b>Total, of which:</b>	<b>810</b>	<b>494</b>	<b>768</b>	<b>479</b>		
Non-current		494		479		

## 21.3. Loans granted under the cash pool service

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

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

	As at 31 December 2025			As at 31 December 2024		
	Gross value	Impairment loss	Carrying amount	Gross value	Impairment loss	Carrying amount
Receivables from cash pool transactions	123	(1)	122	83	(36)	47
Interest receivable from cash pool transactions	1	-	1	-	-	-
<b>Total</b>	<b>124</b>	<b>(1)</b>	<b>123</b>	<b>83</b>	<b>(36)</b>	<b>47</b>
Non-current	-	-	-	10	-	10
Current	124	(1)	123	73	(36)	37

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

## 22. 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 Company 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 37.3 to these separate financial statements.

### PROFESSIONAL JUDGEMENT AND ESTIMATES

The Company 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 <sub>2</sub> emission allowances.  FX forward derivatives comprise forward transactions to hedge currency flows generated from operations, in the scope of the Company's other transactions unrelated to the purchase of CO <sub>2</sub> 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 are designed to hedge foreign exchange flows generated by interest payments on issued Eurobonds. CCIRS derivatives involve the exchange of interest payments in a total nominal value 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 <sub>2</sub> emission allowances.	Measured at a fair value through the profit and loss other than subject to hedge accounting
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The measurement of derivatives as at the respective balance sheet dates is presented in the table below:

	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		
<b>Derivatives subject to hedge accounting</b>								
IRS	60	-	1	59	185	-	10	175
Currency forwards*	-	(290)	(180)	(110)	n.a.	n.a.	n.a.	n.a.
<b>Derivative instruments measured at fair value through profit or loss and not covered by hedge accounting</b>								
CCIRS	-	(11)	(11)	n.a.	-	(10)	(10)	n.a.
Commodity forwards/futures	46	(46)	-	n.a.	64	(64)	-	n.a.
Currency forwards	5	(5)	-	n.a.	7	(365)	(358)	n.a.
<b>Total</b>	<b>111</b>	<b>(352)</b>			<b>256</b>	<b>(439)</b>		
Non-current	45	(91)			90	(64)		
Current	66	(261)			166	(375)		

\*The valuation of forward currency contracts at the balance sheet date includes the change in valuation for the period before the hedging relationship was established, which is recognised in the financial result, 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*.

On 1 October 1 2025, the Company established hedging relationships and included in hedge accounting derivatives such as forward currency instruments hedging the currency risk for purchases of CO<sub>2</sub> 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.

## 23. Other financial assets

### SELECTED ACCOUNTING PRINCIPLES

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

### PROFESSIONAL JUDGEMENT AND ESTIMATES

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

	As at 31 December 2025	As at 31 December 2024
Receivables arising from income tax settlements of the TCG companies	599	22
Bid bonds, deposits, collateral transferred	13	37
Dividend receivables from TAMEH HOLDING Sp. z o.o.	-	32
Other	34	65
<b>Total</b>	<b>646</b>	<b>156</b>
Non-current	-	33
Current	646	123

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

The decline in the amount of deposits, security deposits and collaterals transferred is related mainly to the decrease in the balance of funds transferred within the Guarantee Fund to Izba Rozliczeniowa Gield Towarowych S.A. (the Commodity Clearing House) by PLN 23 million.

## 24. Other non-financial assets

### **SELECTED ACCOUNTING PRINCIPLES**

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

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

	As at 31 December 2025	As at 31 December 2024
Prepaid fee on debt	12	10
Other	11	12
<b>Total</b>	<b>23</b>	<b>22</b>
Non-current	16	17
Current	7	5

## 25. Deferred income tax

### **SELECTED ACCOUNTING PRINCIPLES**

#### **Deferred Tax**

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

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

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

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

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

The Company does not recognize deferred tax assets and liabilities related to the minimum top-up tax, nor does it disclose information about these assets and liabilities.

#### **PROFESSIONAL JUDGEMENT AND ESTIMATES**

The Company assesses the realisability and verifies unrecognised deferred tax assets at each balance sheet date. As at the balance sheet day, the Company did not recognise deferred tax assets in the amount of PLN 60 million due to the projected inability of complete execution of the asset.

The Company assesses that with regard to the negative temporary differences associated with the recognition of impairment losses on shares in subsidiaries in the amount of PLN 9 141 million, the conditions for the recognition of a deferred tax asset are not met.

The Company recognised an asset for the portion of the tax loss for 2022 from the source of capital gains in the amount of PLN 110 million. In addition, in the year ended 31 December 2025, the Company utilised a portion of the tax loss for 2022, reducing the tax charge in the scope of the source of capital gains source by PLN 12 million. No deferred tax asset has been recognised for the remaining part of the loss due to the lack of projected tax revenues to allow for its execution.

	As at 31 December 2025	As at 31 December 2024
<b>Deferred tax liabilities</b>		
measurement of derivative instruments	10	13
valuation of hedging instruments	11	35
accrued interest and the valuation of loans granted	176	69
other	11	18
<b>Total</b>	<b>208</b>	<b>135</b>
<b>Deferred tax assets</b>		
measurement of derivative instruments	12	83
the valuation of hedging instruments	55	–
accrued interest and the valuation of debt	24	32
provisions, accruals and deferred income	7	6
different timing of recognition of revenue and cost of sales for tax purposes	2	4
tax losses	110	32
other	57	56
<b>Total</b>	<b>267</b>	<b>213</b>
Unrecognized deferred tax assets, of which:		
<i>in profit or loss</i>	(60)	(75)
<i>in other comprehensive income</i>	(4)	–
<b>Recognized deferred tax assets</b>	<b>207</b>	<b>138</b>
<b>Recognized deferred tax assets/(liabilities), net</b>	<b>(1)</b>	<b>3</b>

### Change in deferred tax liabilities and assets

	Year ended 31 December 2025		Year ended 31 December 2024	
	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets
<b>Opening balance</b>	<b>135</b>	<b>138</b>	<b>169</b>	<b>255</b>
<i>Change in the balance:</i>				
corresponding to profit/(loss)	96	52	(15)	(116)
corresponding to other comprehensive income, of which:	(23)	17	(19)	(1)
<i>from the valuation of hedging instruments</i>	(23)	17	(19)	(1)
<b>Closing balance</b>	<b>208</b>	<b>207</b>	<b>135</b>	<b>138</b>

The change in correspondence with other comprehensive income concerns the change in deferred tax on the valuation of hedging instruments, which is the effective part of the hedge, recognized in the revaluation reserve of hedging instruments. Other changes in the item of temporary differences were recognized in the financial result.

## 26. Inventories

### SELECTED ACCOUNTING PRINCIPLES

As part of inventories, the Company primarily recognises acquired CO<sub>2</sub> emission allowances that are held for trading purposes, including sale to Group companies for redemption purposes.

Inventories of CO<sub>2</sub> emission allowances acquired for the purpose of selling and achieving a profit resulting from market price volatility in the short term are measured at initial recognition and at fair value at each balance sheet date.

Inventories of CO<sub>2</sub> emission allowances purchased for redemption purposes of the Group companies are initially recognised at a purchase price and measured as at the balance sheet day at a lower of the purchase price or the net achievable sales price. If the purchase price is higher than the net achievable sales prices, the Company recognises the relevant allowance, which is charged to operating expenses.

Disposal of purchased CO<sub>2</sub> emission rights is measured using the FIFO method.

	As at 31 December 2025		As at 31 December 2024	
	Gross Value	Carrying amount	Gross Value	Carrying amount
CO <sub>2</sub> emission allowances	44	44	34	34

## 27. Receivables from customers

### SELECTED ACCOUNTING PRINCIPLES

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

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

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

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

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

### PROFESSIONAL JUDGEMENT AND ESTIMATES

For the portfolio of strategic counterparties, it is expected that the historical performance does not provide full information on the expected credit losses that the Company may be exposed to. The risk of insolvency of strategic counterparties is assessed based on ratings assigned to the counterparties using an internal scoring model and appropriately restated to account for the probability of default. The expected credit loss, in line with *IFRS 9 Financial Instruments*, is calculated based on the estimated potential recoveries from security interests.

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

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

	As at 31 December 2025	As at 31 December 2024
<b>Gross Value</b>		
Receivables from buyers	1 482	1 748
<b>Total</b>	<b>1 482</b>	<b>1 748</b>
<b>Allowance/write-down</b>		
Receivables from buyers	(2)	(2)
<b>Total</b>	<b>(2)</b>	<b>(2)</b>
<b>Net Value</b>		
Receivables from buyers	1 480	1 746
<b>Total</b>	<b>1 480</b>	<b>1 746</b>

As at 31 December 2025 and 31 December 2024, receivables from the subsidiary, TAURON Sprzedaż Sp. z o.o. constituted the highest balance of receivables from customers amounting to PLN 1 032 million and PLN 1 359 million, respectively.

The ageing of receivables from customers is presented below.

	As at 31 December 2025		As at 31 December 2024		
	Not past due	Total	Not past due	Past due 30-90 days	Total
Value of item before allowance/write-down	1 482	1 482	1 747	1	1 748
Allowance/write-down	(2)	(2)	(2)	-	(2)
<b>Net Value</b>	<b>1 480</b>	<b>1 480</b>	<b>1 745</b>	<b>1</b>	<b>1 746</b>

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

## 28. Cash and cash equivalents

### SELECTED ACCOUNTING PRINCIPLES

Cash and cash equivalents recognised in the separate 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 Power Exchange.

The balance of cash and cash equivalents presented in the separate 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 Company's opinion do not constitute cash and cash equivalents in the separate cash flow statement.

### PROFESSIONAL JUDGEMENT AND ESTIMATES

The Company exercises judgement in the presentation of settlement balances to subsidiaries arising from the cash pool agreement, assessing whether these balances meet the definition of cash in the statement of cash flows. Due to the persistent lack of volatility in the cash pool balance and the resulting surplus of liabilities over receivables, the Company has ceased to include the cash pool balance in cash and cash equivalents in the statement of cash flows.

	As at 31 December 2025	As at 31 December 2024
<b>Cash and cash equivalents presented in the separate statement</b>	<b>181</b>	<b>172</b>
restricted cash, including:	106	84
<i>collateral of settlements with Izba Rozliczeniowa Gield Towarowych S.A.</i>	103	81
<i>cash on VAT bank accounts (split payment)</i>	3	2
Overdraft facility	(160)	(35)
Collateral of settlements with Izba Rozliczeniowa Gield Towarowych S.A.	(4)	(3)
Foreign exchange	(1)	(1)
<b>Cash and cash equivalents presented in the separate statement of cash flows</b>	<b>16</b>	<b>133</b>

## 29. Equity

### SELECTED ACCOUNTING PRINCIPLES

#### Issued capital

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

#### Reserve capital

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

#### Revaluation reserve from valuation of hedging instruments

Revaluation reserve from 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 CO<sub>2</sub> emission allowances.

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

### 29.1. Issued capital

#### Issued capital as at 31 December 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
<b>Total</b>		<b>1 752 549 394</b>		<b>8 763</b>	

## 29.2. Major Shareholders

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 Miedz S.A.	182 110 566	911	10.39%	182 110 566	911	10.39%
Nationale - Nederlanden Otwarty Fundusz Emerytalny <sup>1</sup>	98 630 000	493	5.63%	98 630 000	493	5.63%
Helikon Long Short Equity Fund Master ICAV <sup>2</sup>	74 127 629	371	4.23%	74 127 629	371	4.23%
The Goldman Sachs Group, Other shareholder	27 670 985 843 161 830	138 4 216	1.58% 48.11%	n.a. 870 832 815	n.a. 4 354	n.a. 49.69%
<b>Total</b>	<b>1 752 549 394</b>	<b>8 763</b>	<b>100%</b>	<b>1 752 549 394</b>	<b>8 763</b>	<b>100%</b>

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

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

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

As at 31 December 2025, the value of issued 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 from The Goldman Sachs Group, Inc. notice that as of 11 March 2026, entities from The Goldman Sachs Group, Inc. had a share in the share capital of the Company at the level of 1.23%.

## 29.3. Reserve capital

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

On 25 June 2025, the Ordinary 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 day exceeded one third of the Company issued capital, i.e. PLN 2 921 million, to the extent of which it can only be used to cover losses.

## 29.4. Revaluation reserve from valuation of hedging instruments

	As at 31 December 2025	As at 31 December 2024
Reserve for securing cash flows - interest rate risk	59	174
Cash flow hedging reserve - currency risk	(110)	-
<b>Capital from the revaluation of hedging instruments before deferred tax</b>	<b>(51)</b>	<b>174</b>
Deferred tax	5	(35)
<b>Revaluation reserve from valuation of hedging instruments</b>	<b>(46)</b>	<b>139</b>

The provision for cash flow hedging 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 related to the purchased CO<sub>2</sub> emission allowances, as described in more detail in Note 22 to these separate financial statements. For the transactions concluded, the Group applies hedge accounting.

As at 31 December 2025, the Company recognised the amount of PLN (46) million in the provision for cash flow hedging. 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.

## 29.5. Retained earnings / (Accumulated losses)

	As at 31 December 2025	As at 31 December 2024
Financial result for the year ended 31 December 2025	3 307	–
Financial result for the year ended 31 December 2024	–	510
Restated result for the year ended 31 December 2020	338	338
Effects of implementing IFRS 9 Financial Instruments	(388)	(388)
Settlement of mergers with subsidiaries	81	81
<b>Total retained earnings/ (accumulated losses)</b>	<b>3 338</b>	<b>541</b>

## 29.6. Dividends paid and proposed for disbursement

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 Company's Annual General Meeting 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.

## 30. Debt liabilities

### **SELECTED ACCOUNTING PRINCIPLES**

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

- Loans, borrowings, bonds issued

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

### **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 banking 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 company assessed that borrowings from the National Reconstruction and Resilience Plan are preferential in nature. Individual tranches of borrowings are recognized initially at fair value, which is the present value of future contractual cash flows discounted using the interest rate which, in the Company's opinion, reflects market conditions on the date of taking out individual tranches of financing.

The lease incremental borrowing rate is estimated as a weighted average cost of TAURON Group's debt adjusted for the Company individual rating, taking into account a breakdown by lease term. Selected lease agreements contain a provision on a right of redemption (purchase option), but as at the balance sheet date the lease payments included in the measurement of the lease liabilities do not include the exercise price of the purchase option, due to the fact that the Company does not intend to exercise the option.

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

	As at 31 December 2025			As at 31 December 2024		
	Long-term	Short-term	Total	Long-term	Short-term	Total
Borrowings and loans	5 527	1 043	<b>6 570</b>	6 105	830	<b>6 935</b>
Unsubordinated bonds	2 855	26	<b>2 881</b>	2 711	1 209	<b>3 920</b>
Subordinated bonds	400	1	<b>401</b>	1 132	3	<b>1 135</b>
Cash pool loans received	–	3 153	<b>3 153</b>	–	2 429	<b>2 429</b>
Loan from the subsidiary	704	2	<b>706</b>	711	2	<b>713</b>
Lease liability	2	4	<b>6</b>	2	4	<b>6</b>
<b>Total</b>	<b>9 488</b>	<b>4 229</b>	<b>13 717</b>	<b>10 661</b>	<b>4 477</b>	<b>15 138</b>

The Company is the main provider of external funding to the Group for general corporate purposes and to finance the TAURON Group's capital expenditure, including activities supporting the mitigation of the climate impact of the Group's operations and environmentally-friendly measures.

Change in debt liabilities:

Debt liabilities	Year ended 31 December 2025	Year ended 31 December 2024
<b>Opening balance</b>	<b>15 138</b>	<b>17 532</b>
<b>Liabilities due to loans and borrowings</b>	<b>352</b>	<b>(1 396)</b>
proceeds from contracted loans and borrowings	3 859	6 870
accrual of interest	537	532
interest paid	(541)	(553)
repayment of loans and borrowings	(3 330)	(9 061)
valuation of preferential borrowings received	(1 031)	–
increase in liabilities due to cash pool agreement	726	793
change in valuation	7	(12)
change in overdraft facility	125	35
<b>Debt securities liabilities</b>	<b>(1 773)</b>	<b>(988)</b>
accrual of interest	168	228
interest paid	(184)	(230)
redemption of debt securities	(1 750)	(982)
change in valuation	(7)	(4)
<b>Lease liabilities</b>	<b>–</b>	<b>(10)</b>
repayment of lease liabilities	(9)	(10)
recognition of new leasing agreements, amendment and termination of leasing agreements	9	–
<b>Closing balance</b>	<b>13 717</b>	<b>15 138</b>

## 30.1. Borrowings and loans

Borrowing institution/lender	Interest rate	Currency	Maturity date/ validity date	As at 31 December 2025	As at 31 December 2024
Consortiums of banks - revolving credits	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
			2026-2040	1 152	1 221
SMBC BANK EU AG	floating	PLN	2026-2041	1 221	1 225
			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	–
Overdraft facility	floating	PLN	2027	160	35
<b>Total</b>				<b>6 570</b>	<b>6 935</b>
Non-current				5 527	6 105
Current				1 043	830

**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 conclusion of the contract	Purpose - financing of eligible expenses	Subsidiary company implementing the project	Repayment period	Interest	Contract amount	As at 31 December 2025			
						Nominal value of financing launched	Initial valuation	Carrying amount	
2024	for the development and adaptation of the power grid to the needs of energy transformation and climate change	TAURON Dystrybucja S.A.	semi-annual installments in the years 2034-2049	fixed	0.50%	15 867	1 428	502	513
2025	for advanced digital transformation	TAURON Dystrybucja S.A.	quarterly installments in the years 2028-2045	fixed	0.50%	310	231	126	127
2025			quarterly installments in the years 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 installments in the years 2029-2044	variable	NBP reference rate reduced by 2 pp., not less than 1 pp.	269	-	-	-

In the Company's opinion, the NRRP loans are of preferential nature bearing an interest rate below market rates. Consequently, individual tranches of the loans were initially recognised at fair value. At the same time, the Company initially recognised the same amount of loan tranches granted to its subsidiary under intra-group loan agreements, through which funds from the NRRP were transferred to this company on the same terms, in accordance with the terms of the agreement with BGK. TAURON Polska Energia S.A. is not the ultimate beneficiary of the benefit in the form of a loan with interest rates below market rates, therefore it does not recognise the benefit in the Company's financial statements in the form of a government grant in accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* representing the difference between the cash received and the initial carrying amount of the NRRP loans.

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.

**Other funding available under the concluded financing agreements**

As at the balance sheet date, the Company 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 38.2 of these separate financial statements.

In the year ended 31 December 2025, the Company carried out the following drawdowns and repayments of loans and borrowings (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)
<b>Total, including:</b>	<b>3 959</b>	<b>(3 430)</b>
Cash flows	3 859	(3 330)
Net settlement (without cash flow)	100	(100)

## 30.2. Bonds issued

Investor	Interest rate	Currency	Nominal value of bonds issued in currency	Maturity date	Carrying amount	
					As at 31 December 2025	As at 31 December 2024
Bank Gospodarstwa Krajowego	floating, based on WIBOR 6M	PLN	750	2028-2029	746	752
A series bonds (TPE1025)	floating, based on WIBOR 6M	PLN	1 000		-	1 011
Eurobonds	fixed	EUR	500	2027	2 135	2 157
<b>Unsubordinated bonds</b>					<b>2 881</b>	<b>3 920</b>
Bank Gospodarstwa Krajowego	floating, based on WIBOR 6M	PLN	400	2031 <sup>1</sup>	401	401
European Investment Bank	fixed	PLN	400		-	392
		PLN	350		-	342
<b>Subordinated bonds</b>					<b>401</b>	<b>1 135</b>
<b>Total bonds</b>					<b>3 282</b>	<b>5 055</b>
Non-current					3 255	3 843
Current					27	1 212

<sup>1</sup> 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).

In the year ended 31 December 2025, the Company performed the following bond redemption transactions:

Investor	Year ended 31 December 2025
	Redemption
A series bonds (TPE 1025)	(1 000)
Hybrid bonds covered by the European Investment Bank	(750)
<b>Total</b>	<b>(1 750)</b>

### 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.

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

### Subordinated bonds (hybrid)

As at 31 December 2025, the subordinated bonds related to bonds subscribed by BGK 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 BGK 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.

### 30.3. Debt agreement covenants

The agreements signed with banks impose the legal and financial covenants on the Company, standard for this type of transactions. The key covenant is the net debt/EBITDA ratio (for 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 maintained. At the end of the comparative period, the covenant was also met.

### 30.4. Loans received under the cash pool service

As at 31 December 2025 and as at 31 December 2024, the Company had current liabilities on account of cash pool transactions amounting to PLN 3 153 million and PLN 2 429 million, respectively. The liability arises from the Group's cash pool service mechanism, which is described in more detail, including the presentation of receivables arising from cash pool transactions, in Note 21.3 of these separate financial statements.

As at the balance sheet date, the Company has the most significant balances of liabilities arising from cash pooling transactions with the following Group companies.

	As at 31 December 2025	As at 31 December 2024
TAURON Wytwarzanie S.A.	971	405
TAURON Sprzedaż Sp. z o.o.	917	769
TAURON Dystrybucja S.A.	226	152
TAURON Dystrybucja Pomiarów Sp. z o.o.	148	171
TAURON Ekoenergia Sp. z o.o.	125	359
TAURON Sprzedaż GZE Sp. z o.o.	120	225
Other subsidiaries	646	348
<b>Total</b>	<b>3 153</b>	<b>2 429</b>

### 30.5. Loan from the subsidiary

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

## 31. Other financial liabilities

#### SELECTED ACCOUNTING PRINCIPLES

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

	As at 31 December 2025	As at 31 December 2024
Liabilities arising from income tax settlements of the TCG companies	89	8
Valuation of guarantees and financial sureties	16	23
Wages and salaries as well as other employee related liabilities	13	13
Bid bonds, deposits and collateral received	5	3
Other	35	17
<b>Total</b>	<b>158</b>	<b>64</b>
Non-current	4	5
Current	154	59

Liabilities due to income tax settlements of the Tax Capital Group companies are described in more detail in Note 33 to these separate financial statements.

## 32. Liabilities to suppliers

### SELECTED ACCOUNTING PRINCIPLES

Current liabilities to suppliers are recognised at the amount due.

	As at 31 December 2025	As at 31 December 2024
<b>Liabilities to subsidiaries, including:</b>	<b>627</b>	<b>780</b>
<i>TAURON Wytwarzanie S.A.</i>	393	525
<i>TAURON Ekoenergia Sp. z o.o.</i>	94	116
<i>TAURON Ciepło Sp. z o.o.</i>	64	85
<i>TAURON Sprzedaż Sp. z o.o.</i>	22	22
<i>TAURON Sprzedaż GZE Sp. z o.o.</i>	12	23
<i>Other subsidiaries</i>	42	9
<b>Liabilities to other suppliers</b>	<b>164</b>	<b>240</b>
<b>Total</b>	<b>791</b>	<b>1 020</b>

## 33. Income tax liabilities and Tax Capital Group

In the year ended 31 December 2025 and in the comparable period the Company accounted for income tax within the Tax Capital Group ("PGK") registered on 28 December 2022 for 2023-2025 by the Head of the First Tax Office for the Mazowieckie Province in Warsaw. The main companies included in the PGK in the years 2023-2025: 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.

As at 31 December 2025, the Tax Capital Group had an income tax liability of PLN 469 million, which represents a surplus of the 2025 tax burden of PLN 828 million over the 2025 advance payments of PLN 359 million made by the Tax Capital Group. In 2025, the PGK settles monthly advances for income tax in a simplified manner, in the fixed amount.

At the same time, due to the settlement of the Company as a representative company with subsidiaries belonging to the Tax Capital Group, the Company had a liability to these subsidiaries due to overpayment of tax in the amount of PLN 89 million, which was recognised as other financial liabilities and receivables from the subsidiaries on account of tax settlement in the amount of PLN 599 million, recognised in other financial assets.

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.

## 34. Other current non-financial liabilities

**SELECTED ACCOUNTING PRINCIPLES**

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

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

	As at 31 December 2025	As at 31 December 2024
VAT	213	298
Social security	8	7
Other	2	3
<b>Total</b>	<b>223</b>	<b>308</b>

## 35. Other provisions, accruals and governmental subsidies

**SELECTED ACCOUNTING PRINCIPLES****Accruals and governmental subsidies**

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

**Provisions for employee benefits**

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

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

**Other provisions**

Provisions are recognised if the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated. If the Company is a party to the agreement under which the unavoidable costs of fulfilling the obligation exceed the benefits to be obtained thereunder, the Company recognises and measures its current obligation under the agreement as a provision.

	As at 31 December 2025	As at 31 December 2024
Accruals and governmental subsidies, including:	27	25
<i>Accruals due to bonuses and salary changes</i>	12	12
Provision for post-employment employee benefits	8	7
Other provisions	13	7
<b>Total</b>	<b>48</b>	<b>39</b>
Non-current	15	9
Current	33	30

## EXPLANATORY NOTE TO THE SEPARATE STATEMENT OF CASH FLOWS

**SELECTED ACCOUNTING PRINCIPLES**

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

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

Due to the persistent lack of volatility in the cash pool balance and the resulting surplus of liabilities over receivables, the Company has ceased to include the cash pool balance in cash and cash equivalents in the statement of cash flows. The change in the balance of receivables from loans granted under the cash pool is recognised in cash flows from investing activities, while the change in the balance of liabilities from loans received under the cash pool is recognised in cash flows from financing activities. Consequently, the interest received and paid on cash pool loans is represented, respectively, by inflows from investing activities and payments from financing activities.

## 36. Significant items of the statement of cash flows

## 36.1. Cash flows from operating activities

**Change in working capital**

	Year ended 31 December 2025	Year ended 31 December 2024
Change in receivables	280	1 063
Change in inventories	(10)	(22)
Change in payables excluding loans	(292)	(645)
Change in other non-current and current assets	(3)	(2)
Change in deferred income, government grants and accruals	3	2
Change in provisions	6	3
Change in collaterals transferred to IRGiT	(1)	17
<b>Change in working capital</b>	<b>(17)</b>	<b>416</b>

## 36.2. Cash flows from investing activities

**Loans granted**

	Year ended 31 December 2025	Year ended 31 December 2024
Loans granted to companies:		
TAURON Dystrybucja S.A.	(4 349)	(500)
Finadvice Polska 1 Sp. z o.o.	(935)	(116)
Wind T2 Sp. z o.o.	(138)	(78)
TAURON Nowe Technologie S.A.	(50)	-
AE ENERGY 7 Sp. z o.o.	(20)	(214)
WIND T4 Sp. z o.o.	-	(127)
WIND T30MW Sp. z o.o.	-	(68)
Windpower Gamów Sp. z o.o.	-	(65)
FF Park PV 1 Sp. z o.o.	-	(16)
<b>Total</b>	<b>(5 492)</b>	<b>(1 184)</b>

**Dividends received**

	Year ended 31 December 2025	Year ended 31 December 2024
Dividends received from:		
TAURON Dystrybucja S.A.	2 160	937
TAURON Ekoenergia Sp. z o.o.	290	147
Kopalnia Wapienia Czatkowice Sp. z o.o.	42	13
TAMEH HOLDING Sp. z o.o.	40	-
TAURON Sprzedaż GZE Sp. z o.o.	30	186
TAURON Ubezpieczenia Sp. z o.o.	13	11
TAURON Czech Energy s.r.o	4	18
TAURON Obsługa Klienta Sp. z o.o.	-	24
<b>Total</b>	<b>2 579</b>	<b>1 336</b>

**Repayment of loans granted**

	Year ended 31 December 2025	Year ended 31 December 2024
Repayment of loans granted:		
TAURON Dystrybucja S.A.	3 250	–
WIND T30MW Sp. z o.o.	238	49
Windpower Gamów Sp. z o.o.	210	46
TAURON Ekoenergia Sp. z o.o.	166	3
TAURON Obsługa Klienta Sp. z o.o.	130	95
Finadvice Polska 1 Sp. z o.o.	124	–
Other companies	164	134
<b>Total</b>	<b>4 282</b>	<b>327</b>

### 36.3. Cash flows from financing activities

**Repayment of loans and borrowings**

	Year ended 31 December 2025	Year ended 31 December 2024
Repayment tranches of loans to:		
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)
<b>Total</b>	<b>(3 330)</b>	<b>(9 061)</b>

**Redemption of debt securities**

	Year ended 31 December 2025	Year ended 31 December 2024
Redemption of debt securities purchased by:		
Series A bonds (TPE1025)	(1 000)	–
European Investment Bank	(750)	(812)
Bank Gospodarstwa Krajowego	–	(170)
<b>Total</b>	<b>(1 750)</b>	<b>(982)</b>

**Interest paid**

	Year ended 31 December 2025	Year ended 31 December 2024
Interest paid in relation to loans and borrowings	(541)	(553)
Interest paid in relation to debt securities	(184)	(230)
<b>Total</b>	<b>(725)</b>	<b>(783)</b>

**Proceeds from contracted loans and borrowings**

	Year ended 31 December 2025	Year ended 31 December 2024
Disbursement of a loan from Bank Gospodarstwa Krajowego as part of the National Reconstruction and Resilience Plan	1 659	–
The launch of financing under loan agreements:		
Consortiums of banks	2 200	4 370
Bank Gospodarstwa Krajowego	–	2 500
<b>Total</b>	<b>3 859</b>	<b>6 870</b>

## FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

### 37. Financial instruments

#### SELECTED ACCOUNTING PRINCIPLES

Financial assets held by the Company under IFRS 9 *Financial Instruments* are classified into the following classes of financial instruments:

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

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

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

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

The Company 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 Company makes judgements regarding classification of financial instruments.

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

The Company recognises an impairment loss upon initial recognition of a financial asset and then remeasures the loss amount as at each reporting day. The Company recognises the allowance for expected credit losses on financial assets measured at an amortized cost, including mostly for loans granted and receivables from customers. The measurement methodology is described in Notes 27, 38.1.1 and 38.1.2 to these separate financial statements.

### 37.1. Carrying amount and fair value of financial instrument classes and categories

Categories and classes of financial assets	As at 31 December 2025		As at 31 December 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>1 Financial assets measured at amortized cost</b>	<b>10 757</b>	<b>10 839</b>	<b>10 286</b>	<b>10 264</b>
Receivables from buyers	1 480	1 480	1 746	1 746
Loans granted to subsidiaries	8 521	8 603	8 374	8 352
Loans granted under cash pool agreement	123	123	47	47
Other financial assets	633	633	119	119
<b>2 Financial assets measured at fair value through profit or loss (FVTPL)</b>	<b>2 851</b>	<b>2 851</b>	<b>2 324</b>	<b>2 324</b>
Derivative instruments	51	51	71	71
Long-term shares	54	54	56	56
Loans granted to subsidiaries and jointly-controlled entities	2 552	2 552	1 988	1 988
Other financial assets	13	13	37	37
Cash and cash equivalents	181	181	172	172
<b>3 Derivative hedging instruments</b>	<b>60</b>	<b>60</b>	<b>185</b>	<b>185</b>
<b>4 Financial assets excluded from the scope of IFRS 9 <i>Financial Instruments</i></b>	<b>17 006</b>		<b>16 029</b>	
Shares in subsidiaries	16 811		15 834	
Shares in jointly-controlled entities	195		195	
<b>Total financial assets, of which in the statement of financial position:</b>	<b>30 674</b>		<b>28 824</b>	
<b>Non-current assets</b>	<b>26 412</b>		<b>26 096</b>	
Shares	17 060		16 085	
Loans granted	9 307		9 888	
Derivative instruments	45		90	
Other financial assets	–		33	
<b>Current assets</b>	<b>4 262</b>		<b>2 728</b>	
Receivables from buyers	1 480		1 746	
Loans granted	1 889		521	
Derivative instruments	66		166	
Other financial assets	646		123	
Cash and cash equivalents	181		172	

Categories and classes of financial liabilities	As at 31 December 2025		As at 31 December 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>1 Financial liabilities measured at amortized cost</b>	<b>14 660</b>	<b>14 682</b>	<b>16 216</b>	<b>16 134</b>
Preferential loans and borrowings	640	681	–	–
Arm's length loans and borrowings, of which:	9 629	9 644	10 042	10 030
Bank loans	5 770	5 808	6 900	6 915
Liability under the cash pool loan	3 153	3 153	2 429	2 429
Loans from the subsidiary	706	683	713	686
Bank overdrafts	160	160	35	35
Bonds issued	3 282	3 248	5 055	4 985
Liabilities to suppliers	791	791	1 020	1 020
Other financial liabilities	158	158	64	64
<b>2 Financial liabilities measured at fair value through profit or loss (FVTPL)</b>	<b>62</b>	<b>62</b>	<b>439</b>	<b>439</b>
Derivative instruments	62	62	439	439
<b>3 Derivative hedging instruments</b>	<b>290</b>	<b>290</b>	<b>–</b>	<b>–</b>
<b>4 Financial liabilities excluded from the scope of IFRS 9 <i>Financial Instruments</i></b>	<b>6</b>		<b>6</b>	
Liabilities under leases	6		6	
<b>Total financial liabilities, of which in the statement of financial position:</b>	<b>15 018</b>		<b>16 661</b>	
<b>Non-current liabilities</b>	<b>9 583</b>		<b>10 730</b>	
Debt	9 488		10 661	
Derivative instruments	91		64	
Other financial liabilities	4		5	
<b>Current liabilities</b>	<b>5 435</b>		<b>5 931</b>	
Debt	4 229		4 477	
Liabilities to suppliers	791		1 020	
Derivative instruments	261		375	
Other financial liabilities	154		59	

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

Classes of financial assets/liabilities	Level of the fair value hierarchy	Methodology for determining the fair value
<b>Financial assets/liabilities measured at a fair value</b>		
Derivatives, including:		
IRS and CCIRS	2	Financial derivatives were measured in accordance with the methodology described in Note 22 of these separate financial statements.
Forward FX contracts	2	
Commodity contracts (forward, futures)	1	
Shares	3	Shares in subsidiaries, jointly-controlled and associated entities excluded from the scope of IFRS 9 <i>Financial Instruments</i> are measured at cost less any impairment allowances. Shares in entities other than subsidiaries, jointly controlled entities and associates are measured by the Company 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. In justified cases, the Company may accept the historical cost as an acceptable approximation of the fair value of shares, if, in the Company's opinion, the key factors affecting the value of the shares have not changed at the balance sheet date in relation to the moment of initial recognition.
Loans granted to subsidiaries	2	The fair value measurement of loans granted to subsidiaries classified as assets measured at fair value was made as the present value of future cash flows, discounted at the interest rate currently applicable to the borrower.
Loans granted to a jointly-controlled entity	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.
<b>Financial assets/liabilities for which the fair value is disclosed</b>		
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, borrowing or loan facility, i.e. applying market interest rates.

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

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 figures presented in the financial statements for individual 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
<b>Opening balance</b>	<b>56</b>	<b>479</b>	<b>76</b>	<b>357</b>
Revaluation	(7)	15	(25)	122
Purchased	5	-	5	-
<b>Closing balance</b>	<b>54</b>	<b>494</b>	<b>56</b>	<b>479</b>

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.

## 37.2. 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 measured at fair value through profit or loss	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Hedging instruments	Financial assets / liabilities excluded from the scope of IFRS 9	Total
Dividends	-	-	-	-	2 547	<b>2 547</b>
Interest income/(expense)	15	510	(804)	89	-	<b>(190)</b>
Commissions	-	-	(23)	-	-	<b>(23)</b>
Exchange differences	9	-	24	-	-	<b>33</b>
Impairment / revaluation <sup>1</sup>	372	316	8	-	189	<b>885</b>
Gain/loss on disposal of investments	-	-	-	-	8	<b>8</b>
Gain/(loss) on realized derivative instruments <sup>2</sup>	(406)	-	-	-	-	<b>(406)</b>
<b>Net financial income/(costs)</b>	<b>(10)</b>	<b>826</b>	<b>(795)</b>	<b>89</b>	<b>2 744</b>	<b>2 854</b>
Revaluation	-	-	-	-	-	-
Gain/(loss) on realized derivative instruments <sup>2</sup>	(1)	-	-	-	-	<b>(1)</b>
<b>Net operating income/(costs)</b>	<b>(1)</b>	-	-	-	-	<b>(1)</b>
Remeasurement of IRS	-	-	-	(115)	-	<b>(115)</b>
Change in valuation - currency forward instruments	-	-	-	(111)	-	<b>(111)</b>
<b>Other comprehensive income</b>	-	-	-	<b>(226)</b>	-	<b>(226)</b>

<sup>1</sup> Included within financial liabilities measured at amortised cost are liabilities for the recognition of expected credit losses on issued guarantees and warranties.

<sup>2</sup> The Company recognises revenues and expense from commodity derivatives in operating activities. Revenue and expenses regarding other derivatives, not covered or before being covered by hedge accounting, are recognized under financial revenue/expenses.

## Year ended 31 December 2024

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

<sup>1</sup> Included within financial liabilities measured at amortised cost are liabilities for the recognition of expected credit losses on issued guarantees and warranties.

<sup>2</sup> The Company recognises revenues and expense from commodity derivatives in operating activities. Revenue and expenses regarding other derivatives, not covered or before being covered by hedge accounting, are recognized under financial revenue/expenses.

### 37.3. Hedge accounting

#### SELECTED ACCOUNTING PRINCIPLES

The Company 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 Company 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 Company 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 CO<sub>2</sub> emission allowances in EUR, the Company changed its accounting policy with regard to the accounting standard according to which hedge accounting is applied. Since 1 October 2025 the Company 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 Company actually hedges and the size of the hedging instrument that the Company actually uses to hedge that size of the hedged item.

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

The Company 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 Company 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 Company 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 CO<sub>2</sub> emission allowances in the case of hedging currency risk by FX forward contracts the Company removes this amount from the cash flow hedge provision and includes it directly in the initial cost of the CO<sub>2</sub> 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. in 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 CO<sub>2</sub> emission allowances are recognised);
  - however, if the amount represents a loss and the Company expects that all or part of that loss will not be recovered in at least one of the future periods, the Company 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 Company estimates fair value at each balance sheet day using the methodology described in Note 22 of these separate financial statements.

	Interest rate risk	Foreign exchange risk
<b>Risk description</b>	<p>The Company incurred financing in PLN with a variable interest rate based on the WIBOR reference rate for a six-month period. Accordingly, the Company is exposed to the volatility of expected future cash flows from payments arising from the variable WIBOR 6M interest rate. The Company 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 the <i>TAURON Group's Financial Risk Management Policy</i>.</p> <p>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.</p>	<p>In the course of its business, the Company purchases CO<sub>2</sub> emission allowances, which it then sells to Group companies in order for the installations of these companies to meet their CO<sub>2</sub> emission cancellation obligations. The Company hedges the currency risk arising from purchases of CO<sub>2</sub> emission allowances in EUR by entering into FX forward contracts. The hedging is compliant with the risk management strategy resulting from the <i>TAURON Group's Financial Risk Management Policy</i>.</p> <p>The purpose of the transactions concluded is to hedge the Company against the foreign currency risk arising from the purchase of CO<sub>2</sub> emission allowances in EUR.</p>
<b>Hedge accounting for cash flows</b>	<p>The Company applies cash flow hedge accounting to cash flows arising from borrowing based on WIBOR 6M.</p>	<p>The Company applies cash flow hedge accounting for cash flows relating to the purchase of CO<sub>2</sub> emission allowances denominated in EUR arising from firm future commitments. Hedge accounting for these relationships is applied from 1 October 2025 onwards.</p>
<b>Hedging instruments</b>	<p>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).</p>	<p>The hedging instruments include FX forwards for the purchase of EUR instead of PLN.</p>
<b>Economic link</b>	<p>The Company 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).</p> <p>When the conditions are not identical, the Company carries out an additional quantitative test based on the direct offset test.</p>	<p>The Company 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).</p> <p>If the key terms of the hedged item and the hedging instrument are not very similar, the Company performs an additional quantitative test by analysing the sensitivity to changes in the risk factors hedged.</p>
<b>Hedge ratio</b>	<p>The Company 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.</p>	<p>The Company 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<sub>2</sub> emission allowances and the price of the contracts designated as the hedged item.</p>
<b>Sources of security inefficiency</b>	<p>The main source of inefficiency identified by the Company is the impact of credit risk on the fair value of the IRS contract.</p> <p>The Company does not identify any sources of ineffectiveness in the interest rate hedging relationships used other than those indicated above.</p>	<p>The main sources of inefficiency identified by the Company include:</p> <ul style="list-style-type: none"> <li>• designation of hedging instruments for hedge accounting after their inception date, resulting in a non-zero initial measurement;</li> <li>• 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 CO<sub>2</sub> emission allowances;</li> <li>• credit risk of hedging instruments.</li> </ul> <p>The Company does not identify any sources of inefficiency in the use of currency risk hedging instruments other than those indicated above.</p>

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	
<b>INTEREST RATE RISK</b>							
<b>IRS derivatives</b>							
Nominal value	PLN	–	170	170	170	570	<b>1 080</b>
Average fixed interest rate (%)		–	1.14	1.21	1.27	1.62	<b>1.43</b>
<b>CURRENCY RISK</b>							
<b>Currency derivatives</b>							
Nominal value	EUR	56	645	485	47	–	<b>1 233</b>
Average EUR/PLN transaction rate		4.8629	4.5569	4.5040	4.5247	–	<b>4.5489</b>

**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	
<b>INTEREST RATE RISK</b>							
<b>IRS derivatives</b>							
Nominal value	PLN	–	1 170	170	170	740	<b>2 250</b>
Average fixed interest rate (%)		–	0.72	1.14	1.21	1.54	<b>1.06</b>

**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		The name of the item in the statement of financial position that contains the hedging instrument		
		Nominal value in the contract currency	Carrying value		Nominal value in the contract currency		Carrying value	
			Assets	Liabilities			Assets	Liabilities
<b>INTEREST RATE RISK</b>								
<b>IRS derivatives</b>	PLN	1 080	60	–	2 250	185	–	Derivatives
<b>CURRENCY RISK</b>								
<b>Currency derivatives</b>	EUR	1 233	–	(290)	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
<b>INTEREST RATE RISK</b>						
IRS derivatives	(26)	(26)	-	Result on derivatives	89	Interest costs of debt
<b>CURRENCY RISK</b>						
Currency 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
<b>INTEREST RATE RISK</b>						
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
<b>INTEREST RATE RISK</b>				
Borrowed funding	26	(66)	59	174
<b>CURRENCY RISK</b>				
Purchase of CO <sub>2</sub> 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
<b>INTEREST RATE RISK</b>		
<b>Opening balance</b>	<b>174</b>	<b>271</b>
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
<b>Closing balance</b>	<b>59</b>	<b>174</b>
<b>CURRENCY RISK</b>		
<b>Opening balance</b>	<b>-</b>	<b>n.a.</b>
Hedging gains or losses recognised in other comprehensive income during the reporting period	(111)	n.a.
Amount reclassified from cash flow hedge reserve and captured 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.
<b>Closing balance</b>	<b>(110)</b>	<b>n.a.</b>

## 38. Objectives and principles of financial risk management

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

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

- credit risk;
- liquidity risk;
- market risk, including:
  - risk of changes in interest rates,
  - risk of changes in exchange rates;
  - risk of changes in raw material and commodity prices related to commodity derivative instruments.

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



### 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 counterparty) 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

#### Regulation

Financial liquidity management policy of TAURON Group

#### Risk management

The liquidity situation of TAURON 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 mechanism) as well as using external financing.

The Company also manages the financing risk, understood as no capability to obtain new funding, an increase in funding costs and the risk of terminating the existing funding agreements. The company pursues a policy of obtaining financing for the TAURON Group in advance of the planned date of its use, i.e. up to 12 months before 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 of TAURON Group determines the types and principles of applying hedge accounting by the Company.



**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.

## 38.1. Credit risk

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

Financial asset classes	As at 31 December 2025	As at 31 December 2024
Loans granted	11 196	10 409
Receivables from buyers	1 480	1 746
Cash and cash equivalents	181	172
Derivative instruments	111	256
Other financial assets	646	156

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

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

### 38.1.1 Credit risk related to loans granted

**Loans measured at a fair value**

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

**Loans measured at amortised cost**

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

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

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

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

If a given counterparty's receivables are overdue by more than 90 days, they are classified as bad debt, i.e. the 100% probability of insolvency is assigned to that counterparty. The loans granted by the Company as at 31 December 2025 and 31 December 2024 were not overdue.

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

**Loans measured at amortised cost by ratings used in the Company**
**Year ended 31 December 2025**

	Level 1: allowance equal to 12 monthly expected credit losses - no impairment	Level 2: allowance for expected credit losses over the life period - no impairment	Loans recognized as impaired at the time of granting	Total
AAA do A	6 041	–	–	6 041
A- to BBB-	130	–	–	130
BB+ to BB	1 051	–	–	1 051
BB- to B	–	–	1 439	1 439
B- to D	–	–	–	–
<b>Gross value</b>	<b>7 222</b>	<b>–</b>	<b>1 439</b>	<b>8 661</b>
impairment loss	(17)	–	–	(17)
<b>Net value</b>	<b>7 205</b>	<b>–</b>	<b>1 439</b>	<b>8 644</b>

**Year ended 31 December 2024**

	Level 1: allowance equal to 12 monthly expected credit losses - no impairment	Level 2: allowance for expected credit losses over the life period - no impairment	Loans recognized as impaired at the time of granting	Total
AAA do A	–	–	–	–
A- to BBB-	6 130	–	–	6 130
BB+ to BB	1 190	–	–	1 190
BB- to B	–	–	1 128	1 128
B- to D	–	36	–	36
<b>Gross value</b>	<b>7 320</b>	<b>36</b>	<b>1 128</b>	<b>8 484</b>
impairment loss	(27)	(36)	–	(63)
<b>Net value</b>	<b>7 293</b>	<b>–</b>	<b>1 128</b>	<b>8 421</b>

In the year ended December 2025 and in the comparable period, the Company did not have any loans measured at amortized cost for which the allowance for expected credit losses was calculated at stage 3 (write-off for expected credit losses over the entire life - with impairment).

### 38.1.2 Credit risk related to receivables from customers

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

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

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

### 38.1.3 Credit risk related to other financial assets and to granted guarantees and sureties

#### **Derivatives**

The entities with which the Company enters into derivative transactions to hedge the risks associated with changes in interest rates and exchange rates operate in the financial sector. These banks receive investment ratings (not lower than BBB- according to Fitch and S&P and Baa3 according to Moody's). The Company diversifies banks with whom derivative transactions are concluded.

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

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

#### **Cash and cash equivalents**

The Company manages its cash credit risk by diversifying the banks where surplus cash can be deposited while reducing the cost of holding cash in accounts. These banks receive investment ratings (not lower than BBB- according to Fitch and S&P and Baa3 according to Moody's).

#### **Guarantees and sureties granted**

In accordance with IFRS 9 *Financial Instruments*, the Company estimates and recognizes in the financial result write-offs for expected credit losses on guarantees and sureties granted to other entities. The methodology for measuring expected credit losses is consistent with the model used for loans granted measured at amortized cost, described in Note 38.1.1 of these separate financial statements

## 38.2. 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 Company carries out a centralised finance management policy, allowing effective management of an area within the entire Group. The Group has implemented, among other things, the *Financial 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 of trading 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 Company 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 Company has full capacity to settle its liabilities when they fall due. The Company 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 Company has available guaranteed credit facilities of PLN 6 190 million. Agreements with financing available at the balance sheet date that can be used for investment and corporate-wide purposes, including to secure the Group's current liquidity position, together with the use of funds are shown in the table below.

Type of financing	Purpose of financing	Funds availability termination year	Currency	As at 31 December 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 Company 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 Company 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.

Type of financing	Purpose of financing	Funds availability termination year	Currency	As at 31 December 2025	
				Contract value	Limit drawn upon
bond issuance scheme	expenditures in line with European Taxonomy	2026	PLN	3 000	-
non-revolving loan (Tranche A) <sup>1</sup>	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	-
NRRP	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
NRRP	advanced digital transformation	funds paid successively as the investment is completed, but no later than by 2028	PLN	310	231
NRRP <sup>2</sup>	advanced digital transformation	funds paid successively as the investment is completed, but no later than by 2031	PLN	110	-
NRRP <sup>2</sup>	construction of two photovoltaic farms	funds paid successively as the investment is completed, but no later than by 2028	PLN	269	-

<sup>1</sup> 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.

<sup>2</sup> Funding available upon fulfilment of the standard conditions precedent for this type of funding.

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

**Financial liabilities as at 31 December 2025**

	Carrying amount	Contractual undiscounted payments	Including contractual undiscounted payments maturing during the period (from the reporting date)					
			less than 3 months	3 -12 months	1 - 2 years	2 - 3 years	3 - 5 years	over 5 years
<b>Financial liabilities other than derivative instruments</b>								
Loans and advances granted on market terms and overdrafts	9 789	(11 444)	(3 475)	(977)	(640)	(681)	(2 821)	(2 850)
Bonds issued	3 282	(3 656)	-	(119)	(2 231)	(448)	(450)	(408)
Loans and preferential borrowings	640	(1 811)	-	(8)	(8)	(11)	(40)	(1 744)
Liabilities to suppliers	791	(791)	(791)	-	-	-	-	-
Other financial liabilities	158	(158)	(154)	-	-	-	-	(4)
Lease liabilities	6	(10)	(2)	(1)	(1)	(1)	-	(5)
<b>Derivative financial liabilities</b>								
Derivative instruments-commodity*	46	-	-	-	-	-	-	-
Derivative instruments-currency	295	(295)	(40)	(178)	(72)	(5)	-	-
Derivative instruments-CCIRS	11	(13)	-	(6)	(7)	-	-	-
<b>Total</b>	<b>15 018</b>	<b>(18 178)</b>	<b>(4 462)</b>	<b>(1 289)</b>	<b>(2 959)</b>	<b>(1 146)</b>	<b>(3 311)</b>	<b>(5 011)</b>

\* 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	Contractual undiscounted payments	Including contractual undiscounted payments maturing during the period (from the reporting date)					
			less than 3 months	3 -12 months	1 - 2 years	2 - 3 years	3 - 5 years	over 5 years
<b>Financial liabilities other than derivative instruments</b>								
Loans and advances granted on market terms and overdrafts	10 077	(11 945)	(3 248)	(497)	(1 144)	(879)	(2 878)	(3 299)
Bonds issued	5 055	(5 953)	-	(1 429)	(361)	(2 477)	(438)	(1 248)
Liabilities to suppliers	1 020	(1 020)	(1 020)	-	-	-	-	-
Other financial liabilities	64	(64)	(60)	-	(3)	-	-	(1)
Lease liabilities	6	(10)	(3)	(1)	(1)	-	-	(5)
<b>Derivative financial liabilities</b>								
Derivative instruments-commodity*	64	-	-	-	-	-	-	-
Derivative instruments-currency	365	(365)	(123)	(187)	(57)	2	-	-
Derivative instruments-CCIRS	10	(18)	-	(6)	(6)	(6)	-	-
<b>Total</b>	<b>16 661</b>	<b>(19 375)</b>	<b>(4 454)</b>	<b>(2 120)</b>	<b>(1 572)</b>	<b>(3 360)</b>	<b>(3 316)</b>	<b>(4 553)</b>

\* 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 Company had guarantees, sureties and collaterals granted to related companies for the total amount of PLN 1 670 million and PLN 2 544 million, respectively (excluding registered and financial pledges on shares). The most important items are described in Notes 40 and 41 to these separate financial statements. Guarantees and collaterals granted by the Company are contingent liabilities and do not significantly affect the Company's liquidity risk.

### 38.3. Market risk

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

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

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

#### 38.3.1 Interest rate risk

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

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

The objective of interest rate risk management is to limit the adverse effects of changes in market interest rates on cash flows to a level acceptable to the Company and to minimize financing costs. Due to the Company's dynamic financial risk management strategy, in which the hedged item is the cash flow related to the exposure to the variable WIBOR 6M interest rate, the interest rate risk related to the variable rate debt for a portion of interest cash flows has been mitigated by IRS hedging transactions, as described in more detail in Note 22 to these separate financial statements. IRS transactions concluded in order to hedge interest rate risk are subject to hedge accounting.

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

#### Financial instruments by interest rate type

Financial instruments	Year ended 31 December 2025			Year ended 31 December 2024		
	Fixed interest rate	Floating interest rate	Total	Fixed interest rate	Floating interest rate	Total
<b>Financial assets</b>						
Loans granted measured at amortized cost	8 521	123	8 644	8 374	47	8 421
Loans granted measured at fair value	2 552	–	2 552	1 988	–	1 988
Derivative instruments-IRS	–	60	60	–	185	185
Cash and cash equivalents	–	177	177	–	172	172
<b>Total</b>	<b>11 073</b>	<b>360</b>	<b>11 433</b>	<b>10 362</b>	<b>404</b>	<b>10 766</b>
<b>Financial liabilities</b>						
Loans and preferential borrowings	640	–	640	–	–	–
Arm's length loans and borrowings	1 128	8 501	9 629	1 691	8 351	10 042
Bank overdrafts	–	160	160	–	35	35
Bonds issued	2 135	1 147	3 282	2 891	2 164	5 055
Derivative instruments-CCIRS	–	11	11	–	10	10
Leases liabilities	6	–	6	6	–	6
<b>Total</b>	<b>3 909</b>	<b>9 819</b>	<b>13 728</b>	<b>4 588</b>	<b>10 560</b>	<b>15 148</b>

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 Company, which are not included in the table above, are not interest bearing and therefore they are not subject to interest rate risk.

### **Analysis of sensitivity to interest rate risk**

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

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

The Company identifies its exposure to the risk of changes in WIBOR, EURIBOR and ESTRON interest 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 Company's profit before tax and other comprehensive income.

The table below presents the sensitivity of the gross financial result to reasonable potential changes in interest rates in the period until the date of the next financial statements, assuming that other risk factors remain unchanged, for other financial instruments.

Classes of financial instruments	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
<b>Financial assets</b>								
Loans granted measured at amortized cost	8 644	123	6	(6)	8 421	47	3	(3)
Loans granted measured at fair value	2 552	2 552	(640)	1 001	1 988	1 988	(645)	1 121
Cash and cash equivalents	181	127	6	(6)	172	138	8	(8)
<b>Financial liabilities</b>								
Loans and arm's length borrowings	9 629	8 501	(422)	422	10 042	8 351	(488)	488
Bonds issued	3 282	1 147	(57)	57	5 055	2 164	(127)	127
Bank overdrafts	160	160	(8)	8	35	35	(2)	2
<b>Total</b>			<b>(1 115)</b>	<b>1 476</b>			<b>(1 251)</b>	<b>1 727</b>

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

### **Benchmark reform**

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 Company has no concluded financial instruments based on POLSTR.

With regard to the interest rates affected by the reform of the interest rate benchmarks, the transition to the revised benchmarks will take place at the end of 2027 at the latest, the Company identifies as at 31 December 2025 an exposure to risks associated with the planned replacement of the WIBOR reference rate. As at 31 December 2025, the Company had debt agreements bearing floating interest rates using the relevant WIBOR reference rates, for which the financing period exceeds the cut-off date for WIBOR eligibility, i.e. the end of 2027, as presented in Notes 30.1 and 30.2 of these separate 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 Company has entered into IRS derivatives covered by hedge accounting, as described in more detail in Note 22 of these separate financial statements, whose maturity partially exceeds the cut-off date for WIBOR eligibility, i.e. the end of 2027. In the Company's assessment of the above IRS derivatives, the reform of the benchmarks will not have a significant impact on the Company's costs and hedge effectiveness, given the symmetrical change in the benchmark in the hedging and hedged instruments.

Information on the Company's 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 indicator	Currency	Year of conclusion of the contract	Maturity, repayment or exercise date after the transition date	Contract amount available for release	Nominal value of the triggered liability / IRS valuation
						As at 31 December 2025 <sup>1</sup>	
bonds	Bank Gospodarstwa Krajowego	WIBOR 6M	PLN	2013	2028-2029	-	750
					2018	2028-2033	-
	Bank Gospodarstwa Krajowego	WIBOR 6M	PLN	2024	2028-2032	-	675
				2024	2028-2032	1 000	-
loan	European Investment Bank	WIBOR 6M	PLN	2021	2028-2041	-	2 026
	Consortium of banks – revolving loan	WIBOR	PLN	2022	2029	4 000	-
	Consortium of banks	WIBOR 6M	PLN	2024	2029	-	900
<b>Total nominal value of loans and bonds maturing after 2027 year</b>							<b>4 951</b>
<b>Interest Rate Swaps (IRS)<sup>2</sup></b>	Financial institutions	WIBOR 6M	PLN		2028-2029		<b>20</b>

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

<sup>2</sup>IRS instruments that will be realized 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.

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

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

### 38.3.2 Foreign exchange risk

The tables below present the Company's exposure to currency risk by particular classes of financial instruments as at 31 December 2025 and 31 December 2024. The Company's significant exposure relates to changes in the EUR/PLN exchange rate, mainly due to external financing incurred in EUR. The Company's exposure to changes in the exchange rates of other currencies is immaterial.

	As at 31 December 2025			As at 31 December 2024		
	Carrying amount	EUR		Carrying amount	EUR	
		in currency	in PLN		in currency	in PLN
<b>Financial assets</b>						
Derivatives measured at fair value	51	11	46	71	15	64
Hedging derivatives	60	-	-	185	-	-
Other financial assets	646	-	1	156	15	65
Cash and cash equivalents	181	11	46	172	6	27
<b>Total</b>	<b>938</b>	<b>22</b>	<b>93</b>	<b>584</b>	<b>36</b>	<b>156</b>
<b>Financial liabilities</b>						
Loans and arm's length borrowings	9 629	167	706	10 042	167	713
Bonds issued	3 282	505	2 135	5 055	505	2 157
Liabilities to suppliers	791	-	-	1 020	-	1
Derivatives measured at fair value	62	11	46	439	15	64
Hedging derivatives	290	-	-	-	-	-
Other financial liabilities	158	-	1	64	-	1
<b>Total</b>	<b>14 212</b>	<b>683</b>	<b>2 888</b>	<b>16 620</b>	<b>687</b>	<b>2 936</b>
<b>Net currency position</b>		<b>(661)</b>	<b>(2 795)</b>		<b>(651)</b>	<b>(2 780)</b>

Currency risk is related to the possibility of changes in the Company's cash flows, including changes in the cost of servicing debt in foreign currency and the cost of contracting CO<sub>2</sub> emission allowances, as well as changes in the valuation in PLN of debt raised in foreign currency.

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

As part of its currency risk management, the Company uses forward contracts. The purpose of the transactions concluded was to hedge the Company against currency risk arising in the course of its commercial activities, primarily from the purchase of CO<sub>2</sub> emission allowances, and in the course of investment activities related to the implementation of projects in the area of renewable energy sources, as well as to hedge the foreign exchange exposure generated by interest payments on acquired financing in EUR.

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

The fair value measurement of currency forward contracts and CCIRS contracts is exposed to the risk of changes in the EUR/PLN exchange rate. Forward transactions for the purchase of EUR currency to hedge the Company against the currency risk arising from the purchase of CO<sub>2</sub> 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.

#### **Currency risk sensitivity analysis**

The analysis of sensitivity to changes in market risk factors is conducted by means of a scenario analysis. The Company relies on expert scenarios reflecting its judgement concerning the behaviour of individual market risk factors in the future. The scope of the analysis includes only those items which meet the IFRS definition of financial instruments.

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

The Company identifies its exposure to foreign currency risk related to EUR/PLN, USD/PLN, GBP/PLN, CZK/PLN. Significant risk exposure occurs for EUR; other currencies do not generate material risk for the Company.

The table below presents the sensitivity of the gross financial result 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%
<b>Financial assets</b>								
Hedging derivatives	60	-	2	(2)	185	-	-	-
Derivatives measured at fair value	51	51	(21)	21	71	71	(29)	29
Other financial assets	646	1	-	-	156	65	4	(4)
Cash and cash equivalents	181	46	2	(2)	172	27	2	(2)
<b>Financial liabilities</b>								
Loans and arm's length borrowings	9 629	706	(36)	36	10 042	713	(42)	42
Bonds issued	3 282	2 135	(110)	110	5 055	2 157	(126)	126
Liabilities to suppliers	791	-	-	-	1 020	1	-	-
Hedging derivatives	290	290	255	(255)	-	-	-	-
Derivatives measured at fair value	62	62	27	(27)	439	439	378	(378)
Other financial liabilities	158	1	-	-	64	1	-	-
<b>Total, including:</b>			<b>119</b>	<b>(119)</b>			<b>187</b>	<b>(187)</b>
<i>Impact on profit or loss before tax</i>			(136)	138			187	(187)
<i>Impact on capital from revaluation of hedging instruments*</i>			255	(257)			n.a.	

\*Applies to financial currency forward derivatives covered by hedge accounting, as described in more detail in Notes 22 and 37.3 to these separate financial statements.

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

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

The Company concludes derivative contracts, with underlying instruments being commodities and raw materials. The Company's exposure to price risk in relation to commodity derivatives covered by IFRS 9 *Financial Instruments* involves the risk of volatility in the fair value of these instruments as a result of changes in the prices of raw materials/commodities on which these instruments are based. The Company limits price risk related to commodity derivatives by concluding offsetting transactions. The risk is limited to open long and short positions concerning a given commodity or raw material, i.e. concern unbalanced portfolio.

At 31 December 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 CO<sub>2</sub> emission allowances on the gross profit/loss of the Company.

## 39. Operational risk

The commercial operational risk is managed at a level of TAURON Group, as described in Note 55 of the consolidated financial statements. The Company manages its commercial risk following the *Commercial risk management policy in TAURON Group*.

The Company is exposed to price risk arising from changes in commodity prices, which can affect the financial result and cash flows. Risk exposure refers to the open market positions held. Exposure to price risk mainly relates to trading in electricity and CO<sub>2</sub> 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 electricity and CO<sub>2</sub> emission allowance prices.

In accordance with the requirements of IFRS 7 *Financial Instruments: Disclosures*, the Company carried out a sensitivity analysis that shows the impact of potentially feasible changes in commodity prices on profit before tax. Potentially feasible changes in commodity prices were determined based on the average price volatility of these commodities observed in the energy markets during the reporting year. The sensitivity analysis was based on the volumes of goods 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 Company 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 January 1 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%	(4)	+ 5%	18
CO2 emission allowances	+ 7%	2	+ 8%	-

The change in the level of sensitivity of the gross result compared to the previous year in the scope of electricity and CO<sub>2</sub> emission allowances resulted from the change in the volume of the open position and the price volatility observed during the reporting year.

The Company's exposure to price risk associated with trading in electricity and CO<sub>2</sub> emission allowances trading is not significant, which is mainly affected by the low level of the Company's open market positions in trading in the above-mentioned commodities.

## OTHER INFORMATION

### 40. Contingent liabilities

As at 31 December 2025 and as at 31 December 2024, the contingent liabilities of the Company mainly resulted from the collaterals and guarantees granted to associates. The following table shows the main items, apart from the hedges of transactions entered into by the Group on the Polish Power Exchange described due to their materiality in Note 41 of these separate financial statements.

Type of contingent liability	Company in respect of which contingent liability has been granted	Beneficiary	Validity	As at 31 December 2025	As at 31 December 2024
Corporate guarantees	Finanse Grupa TAURON Sp. z o.o.	Private placement investors	3.12.2029	710	718
	Finadvice Polska 1 Sp. z o.o.	Nordex Polska Sp. z o.o.	19.05.2027	341	1 153
	TAURON Czech Energy s.r.o.	ČEZ a.s.	31.01.2027	8	13
Liabilities arising from bank guarantees	Elektrociepłownia Stalowa Wola S.A.	Bank Gospodarstwa Krajowego	11.03.2026	256	300
	various subsidiaries	various entities	31.12.2025-28.07.2029	17	10
Sureties granted	TAURON Zielona Energia Sp. z o.o.	National Fund for Environmental Protection and Water Management in Warsaw	31.03.2039	212	212
	other subsidiaries	various entities	31.03.2026-31.12.2035	51	51
	Elektrociepłownia Stalowa Wola S.A.	Bank Gospodarstwa Krajowego	11.03.2026-30.12.2026	14	20
Registered pledges and financial pledge of shares in TAMEH HOLDING Sp. z o.o.	TAMEH Czech s.r.o. TAMEH POLSKA Sp. z o.o.	RAIFFEISEN BANK INTERNATIONAL AG	-	-	195
Blank promissory note with a promissory note declaration*	TAURON Wytwarzanie S.A.	Regional Fund for Environmental Protection and Water Management in Katowice	15.12.2026	40	40

\* In 2010, the Company issued a blank promissory note with a promissory note declaration to secure a loan agreement received by the subsidiary from the Regional Environmental Protection and Water Management Fund in Katowice. As at 31 December 2025, the remaining outstanding portion of the loan, amounting to PLN 2 million, is subject to a conditional redemption procedure. The security established will expire upon settlement of the conditional loan remission.

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

- On 4 February 2026 the Company signed a surety agreement with Polskie Sieci Elektroenergetyczne S.A. ("PSE") with the effective term until 31 December 2036, constituting financial security issued in favour of the subsidiary Łagisza Grupa TAURON Sp. z o.o. as required under the Act on the Capacity market. The Company's liabilities to PSE are limited to PLN 23 million. In connection with the surety agreement, on 9 February 2026, the Company signed a declaration of submission to enforcement up to the amount of PLN 23 million, valid until 31 December 2036.
- on 9 February 2026, the Company granted a promissory note surety to secure the liabilities of its subsidiary TAURON Wytwarzanie S.A. to the amount of PLN 15 million, with a term to 31 January 2027.
- On 12 March 2026, the validity period of the bank guarantee issued for the liabilities of the jointly-owned company Elektrociepłownia Stalowa Wola S.A. was extended. (to secure BGK's receivables arising from the loan agreement concluded on 8 March 2018 between the borrower Elektrociepłownia Stalowa Wola S.A. and BGK and ORLEN S.A.) until 11 March 2027, with a simultaneous reduction of the value of the guarantee amount to PLN 210 million. At the same time, the validity period of the guarantee granted by the Company in this respect was extended until 11 March 2027, and the maximum value of the guarantee was set at PLN 52 million.

**Significant items of the Company's contingent liabilities due to court proceedings and concluded agreements:****Claims related to termination of long-term contracts****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, Polska Energia-Pierwsza Kompania Handlowa Sp. z o.o. („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 separate 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 separate financial statements for publication, the Company'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.

**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 actions against 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 separate 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 Company 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.

**Litigation 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. As a result of the settlement, all court disputes between the parties ended (court proceedings relating to them were discontinued). As part of the settlement, the contracts for the sale of property rights arising from certificates of origin were terminated and the contracts for the sale of electricity generated in wind farms belonging to Amon Sp. z o.o. and Talia Sp. z o.o. were amended in such a way that their performance was resumed for a period of 10 years, counted from 1 June 2025 to 31 May 2035, at a new price agreed by the parties, which will not be subject to changes throughout the period of performance of these contracts. Furthermore, the Company has succeeded PE-PKH as the buyer under the aforementioned electricity sale agreements, assuming all related rights and obligations. Additionally, PE-PKH paid Amon Sp. z o.o. and Talia Sp. z o.o. one-off compensation in the total amount of PLN 15 million.

**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 Miedz S.A. and ENEA S.A.), is a party to the agreement with Polskie Elektrownie Jądrowe Sp. z o.o. regulating the issues of potential liabilities and benefits of the parties resulting from the settlement of the dispute between Polskie Elektrownie Jądrowe Sp. z o.o. and the consortium composed of WorleyParsons Nuclear Services JSC, WorleyParsons International Inc, WorleyParsons Group Inc (hereinafter: "WorleyParsons consortium").

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

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

To the best of the Company's knowledge, Polskie Elektrownie Jądrowe Sp. z o.o. has not recognised the claims reported against it, and therefore the Company has not created any provisions for the above events.

**Claims filed by Huta Łaziska S.A.**

In connection with the merger of the Company with Górnośląski Zakład Elektroenergetyczny S.A. ("GZE") - TAURON Polska Energia S.A. became 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 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 Company believes that they are unjustified and the risk that they must be satisfied is remote. Consequently, the Company did not create a provision for costs associated with those claims.

**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.

**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 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 United Nations Commission on International Trade Law Arbitration Rules (UNCITRAL) in 2021 by an ad hoc arbitration tribunal. On 30 October 2024, the Company received a response to the notice of arbitration from AM Global Holding S.à r.l., ArcelorMittal Poland S.A. and ArcelorMittal Long Products Europe Holding S.à r.l. In response to the 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.

## 4.1. Collaterals for repayment of liabilities

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

Collateral	As at 31 December 2025	As at 31 December 2024
Declarations of submission to enforcement*	59 904	19 734
Bank account mandates	670	920
Bank guarantees	11	4
Blank promissory notes	3	3

\*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 mobilisation of financing), in the total amount of PLN 3 779 million.

The most significant security is 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 the *Investment Support for the national energy system (Energy Support Fund)*.

After the balance sheet date, in connection with the loan agreements concluded from the NRRP funds under the *Investment Supporting Advanced Digital Transformation* up to PLN 110 million and *Supporting the National Energy System (Energy Support Fund)* up to PLN 269 million, the Company on 9 February 2026 signed declarations of submission to enforcement, respectively up to PLN 132 million with a term until 24 November 2047 and up to PLN 322 million with a term until 25 November 2046.

Loans from the NRRP funds are described in Note 30.1 of these separate 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
<b>Declaration of submission to enforcement</b>	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.
<b>Bank guarantees</b>	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.
<b>Compensation agreement for margin deposits</b>	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 margin deposits 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.
<b>Surety agreement</b>	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 margin 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.
<b>Transfer of CO<sub>2</sub> emission allowances</b>	As at the balance sheet day, the total amount of CO <sub>2</sub> emission allowances deposited by the Group in the IRGiT account was 538 216 tonnes, including: <ul style="list-style-type: none"> <li>• 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 CO<sub>2</sub> emission allowances by it in the total amount of 41 347 tonnes to the IRGiT to secure the Company's liabilities for the due margin deposit payments;</li> <li>• 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 CO<sub>2</sub> emission allowances in the amount of 496 869 tonnes.</li> </ul>

## 42. Investment liabilities

As at 31 December 2025 and as at 31 December 2024 the Company did not have any material investment liabilities.

## 43. Related party disclosures

### 43.1. Transactions with related parties and State Treasury companies

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

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

#### Revenues and expenses

	Year ended 31 December 2025	Year ended 31 December 2024
<b>Revenue from subsidiaries</b>	<b>20 502</b>	<b>23 207</b>
Revenue from operating activities	16 941	20 923
Dividend income	2 539	1 336
Other finance income	1 022	948
<b>Revenue from jointly-controlled entities</b>	<b>357</b>	<b>261</b>
<b>Revenue from State Treasury companies</b>	<b>489</b>	<b>629</b>
<b>Costs incurred with relation to transactions with subsidiaries</b>	<b>(5 746)</b>	<b>(6 690)</b>
Costs of operating activities	(5 627)	(6 537)
Finance costs	(119)	(153)
<b>Costs incurred with relation to transactions with jointly-controlled entities</b>	<b>(486)</b>	<b>(670)</b>
<b>Costs incurred with relation to transactions with State Treasury companies</b>	<b>(426)</b>	<b>(505)</b>

#### Receivables and liabilities

	As at 31 December 2025	As at 31 December 2024
<b>Loans granted to subsidiaries and receivables from subsidiaries</b>	<b>16 666</b>	<b>15 684</b>
Loans granted to subsidiaries	14 635	13 916
Loans granted under cash pool agreement	124	83
Receivables from buyers	1 301	1 656
Receivables arising from the TCG	599	22
Other financial assets	7	7
<b>Loans granted to jointly-controlled entities and receivables from jointly-controlled entities</b>	<b>932</b>	<b>801</b>
<b>Receivables from State Treasury companies</b>	<b>37</b>	<b>62</b>
<b>Liabilities to subsidiaries</b>	<b>4 564</b>	<b>3 913</b>
Loans received under cash pool services	3 126	2 412
Loans from the subsidiary	706	713
Liabilities to suppliers	627	780
Liabilities arising from the Tax Capital Group	89	8
Other financial liabilities	2	-
Other non-financial liabilities	14	-
<b>Liabilities to jointly-controlled entities</b>	<b>63</b>	<b>70</b>
<b>Liabilities to State Treasury companies</b>	<b>39</b>	<b>98</b>

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

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

In the period ended 31 December 2025, the revenues from State Treasury companies resulted mainly from transactions executed by the Company with the Polskie Sieci Elektroenergetyczne S.A. Company and KGHM Polska Miedź S.A. (99% of total revenue from State Treasury companies).

In the scope of costs incurred in connection with transactions with the State Treasury companies in the year ended 31 December 2025, the largest counterparties of TAURON Polska Energia S.A. included Polskie Sieci Elektroenergetyczne S.A. and Południowy Koncern Węglowy S.A. (85% of the total costs incurred in purchase transactions with the State Treasury companies).

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

The Company also concludes 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 separate financial statements.

## 43.2. Remuneration of the management staff

The amount of compensation and other benefits paid or payable to the Management Board, Supervisory Board and other key executives of the Company in the year ended 31 December 2025 and in the comparative period has been presented in the table below.

	Year ended 31 December 2025	Year ended 31 December 2024
<b>Management Board</b>	<b>9</b>	<b>6</b>
Short-term benefits (with surcharges)	9	3
Termination benefits	–	3
<b>Supervisory Board of the Company</b>	<b>1</b>	<b>1</b>
Short-term employee benefits (salaries and surcharges)	1	1
<b>Other key management personnel</b>	<b>15</b>	<b>18</b>
Short-term employee benefits (salaries and surcharges)	14	14
Termination benefits	–	3
Other	1	1
<b>Total</b>	<b>25</b>	<b>25</b>

The table above takes into account the amounts paid and due by 31 December 2025. In accordance with the accounting policy adopted, the Company recognises the provisions for benefits on account of termination of management contracts due to members of the Management Board and other key management personnel that may be paid or due in subsequent reporting periods.

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

## 44. Finance and capital management

Finance and capital management is carried out at the level of TAURON Polska Energia S.A. Capital Group. In the period covered by these separate financial statements, no significant changes occurred in the objectives, principles and procedures of capital and finance management. Capital and finance management at the Group level is discussed in more detail in note 58 of Additional Explanatory Notes to the Consolidated Financial Statements for the year ended 31 December 2025.

## 45. Employment structure

The following note presents the average headcount for the annual periods ended 31 December 2025 and 31 December 2024.

	Year ended 31 December 2025	Year ended 31 December 2024
Administration	332	348
Sales and Wholesale Trading	77	81
<b>Total</b>	<b>409</b>	<b>429</b>

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

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

Information on the auditor's remuneration is presented in section 7. Report of the Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2025.

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

In accordance with Article 44(2) of the Act of 10 April 1997, *Energy Law* (the "Act"), TAURON Polska Energia S.A., as the energy company, is obliged to disclose specific items of the balance sheet and the statement of profit or loss broken down by individual types of business activity in notes to these separate financial statements.

In accordance with Article 44(2) of the Act, the Company has identified the two types of business activities, i.e.: Trade in gaseous fuels and Other activity.

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

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

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

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

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

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

**Statement of comprehensive income by type of activity for the financial year 2025**

	Gas	Other activity	Unallocated items	Total
Sales revenue	797	17 998	-	18 795
Cost of sales	(774)	(17 370)	-	(18 144)
<b>Profit on sale</b>	<b>23</b>	<b>628</b>	<b>-</b>	<b>651</b>
Selling and distribution expenses	(1)	(32)	-	(33)
Administrative expenses	-	-	(152)	(152)
Other operating income and expenses	-	(1)	-	(1)
<b>Operating profit</b>	<b>22</b>	<b>595</b>	<b>(152)</b>	<b>465</b>
Dividend income	-	2 547	-	2 547
Interest income on loans	-	501	-	501
Interest expense on debt	-	(715)	-	(715)
Gain/(loss) on derivative instruments	-	(228)	-	(228)
Revaluation of shares	-	182	-	182
Revaluation of loans	-	524	-	524
Other finance income and costs	-	75	-	75
<b>Profit (loss) before tax</b>	<b>22</b>	<b>3 481</b>	<b>(152)</b>	<b>3 351</b>
Income tax expense	-	-	(44)	(44)
<b>Net profit (loss)</b>	<b>22</b>	<b>3 481</b>	<b>(196)</b>	<b>3 307</b>

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

	Gas	Other activity	Unallocated items	Total
Sales revenue	1 209	21 640	-	22 849
Cost of sales	(1 151)	(20 714)	-	(21 865)
<b>Profit on sale</b>	<b>58</b>	<b>926</b>	<b>-</b>	<b>984</b>
Selling and distribution expenses	(1)	(25)	-	(26)
Administrative expenses	-	-	(145)	(145)
Other operating income and expenses	-	(2)	-	(2)
<b>Operating profit (loss)</b>	<b>57</b>	<b>899</b>	<b>(145)</b>	<b>811</b>
Dividend income	-	1 336	-	1 336
Interest income on loans	-	848	-	848
Interest expense on debt	-	(760)	-	(760)
Gain/(loss) on derivative instruments	-	(302)	-	(302)
Revaluation of shares	-	551	-	551
Revaluation of loans	-	(1 994)	-	(1 994)
Other finance income and costs	-	127	-	127
<b>Gain (loss) before tax</b>	<b>57</b>	<b>705</b>	<b>(145)</b>	<b>617</b>
Income tax expense	-	-	(107)	(107)
<b>Net gain (loss)</b>	<b>57</b>	<b>705</b>	<b>(252)</b>	<b>510</b>

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

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

Equity, provisions for employee benefits, cash, tax settlements and deferred tax assets/liabilities are disclosed in the statement of financial position as unallocated items.

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

**Statement of financial position as at 31 December 2025 by type of activity**

	Gas	Other activity	Unallocated items	Total
<b>ASSETS</b>				
<b>Non-current assets, of which:</b>	-	26 433	-	26 433
Shares	-	17 060	-	17 060
Loans granted	-	9 307	-	9 307
Derivative instruments	-	45	-	45
Other non-financial assets	-	16	-	16
<b>Current assets, of which:</b>	65	4 085	181	4 331
Inventories	1	43	-	44
Receivables from buyers	65	1 415	-	1 480
Loans granted	-	1 889	-	1 889
Derivative instruments	-	66	-	66
Other financial assets	-	646	-	646
Other non-financial assets	-	7	-	7
Cash and cash equivalents	-	-	181	181
Assets classified as held for sale	-	18	-	18
<b>TOTAL ASSETS</b>	<b>65</b>	<b>30 518</b>	<b>181</b>	<b>30 764</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	-	-	15 003	15 003
<b>Non-current liabilities, of which:</b>	-	9 590	9	9 599
Debt	-	9 488	-	9 488
Derivative instruments	-	91	-	91
Other financial liabilities	-	4	-	4
Deferred tax liability	-	-	1	1
Other provisions, accruals, deferred income and government grants	-	7	8	15
<b>Current liabilities, of which:</b>	7	5 461	694	6 162
Debt	-	4 229	-	4 229
Liabilities to suppliers	7	784	-	791
Derivative instruments	-	261	-	261
Other financial liabilities	-	154	-	154
Income tax liabilities	-	-	471	471
Other non-financial liabilities	-	-	223	223
Other provisions, accruals, deferred income and government grants	-	33	-	33
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7</b>	<b>15 051</b>	<b>15 706</b>	<b>30 764</b>

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

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

## 48. 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, 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, revenues will amount to PLN 3 753 million over their lifetime,
- for annual contracts with the capacity obligation of 46.7 MW, revenues will amount to PLN 22 million.

## 49. Events after the balance sheet date

### ***Increase in the share capital of TAURON Wytwarzanie S.A. and conclusion by the Company and TAURON Wytwarzanie S.A. debt set-off agreements.***

After the balance sheet date, on 9 March 2026, the Extraordinary General Meeting of TAURON Wytwarzanie S.A. adopted a resolution on increasing the company's share capital. The share capital was increased by PLN 40 million through the issue of 3 985 630 shares with a nominal value of PLN 10.00 each, which were acquired by the Company and covered with a cash contribution at the issue price of PLN 1 000.00 for each share, i.e. for a total amount of PLN 3 986 million.

On 16 March 2026, an agreement between the Company and TAURON Wytwarzanie S.A. was concluded on the set-off of the Company's receivables towards TAURON Wytwarzanie S.A. from the intra-group loan agreement with the receivable of TAURON Wytwarzanie S.A. towards the Company for making a contribution to cover the increased share capital of TAURON Wytwarzanie S.A. in the amount of PLN 3 986 million.

Moreover, until 16 March 2026, TAURON Wytwarzanie S.A. repaid the remaining part of the intra-group loan in the total amount of PLN 1 457 million, therefore, by the date of approval of these separate financial statements for publication, the liability of TAURON Wytwarzanie S.A. to the Company under the intra-group loan have been settled in full.

**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