HALF-YEARLY FINANCIAL REPORT

of PGE Polska Grupa Energetyczna S.A.
for the period of 6 months

ended June 30, 2025
in accordance with EU IFRS (in PLN million)

Polska Grupa Energetyczna

Table of contents

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

I. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE PGE CG FOR THE 6-MONTH PERIOD ENDED JUNE 30, 2025 PREPARED IN ACCORDANCE WITH EU IFRS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	3 months ended June 30, 2025 *(not audited)*	6 months ended June 30, 2025 *(not audited)*	3 months ended June 30, 2024 *(not audited) restated data**	6 months ended June 30, 2024 *(not audited) restated data**
SALES REVENUE	7.1	**13,804**	**30,971**	**14,453**	**31,294**
Cost of goods sold	7.2	(19,763)	(33,100)	(12,920)	(27,973)
GROSS PROFIT/(LOSS) FROM SALES		**(5,959)**	**(2,129)**	**1,533**	**3,321**
Distribution and selling expenses	7.2	(228)	(422)	(171)	(462)
General and administrative expenses	7.2	(586)	(1,045)	(457)	(905)
Other operating income	7.4	346	498	777	1,242
Other operating expenses	7.4	(355)	(424)	(231)	(337)
OPERATING PROFIT/(LOSS)		**(6,782)**	**(3,522)**	**1,451**	**2,859**
Finance income, including:	7.5	251	481	247	408
Interest income calculated using the effective interest rate method		*153*	*198*	*116*	*172*
Finance costs	7.5	(203)	(689)	(341)	(730)
Share in profit (loss) of entities accounted for using the equity method	7.6	(2)	6	(5)	(20)
PROFIT/(LOSS) BEFORE TAX		**(6,736)**	**(3,724)**	**1,352**	**2,517**
Income tax	9	(2,859)	(3,399)	(214)	(428)
NET PROFIT/(LOSS) FOR THE REPORTING PERIOD		**(9,595)**	**(7,123)**	**1,138**	**2,089**
OTHER COMPREHENSIVE INCOME					
Items that may be reclassified to profit or loss in the future:		**(37)**	**(211)**	**(219)**	**269**
Measurement of debt of financial instruments	20.2	(10)	(1)	(6)	13
Measurement of hedging instruments	20.2	(36)	(259)	(241)	343
Foreign exchange differences on translation of foreign operations		1	-	-	-
Deferred tax	9	8	49	28	(87)
Items that may not be reclassified to profit or loss in the future:		**(182)**	**(182)**	**113**	**115**
Actuarial gains and losses from valuation of provisions for employee benefits		(97)	(97)	139	139
Deferred tax	9	(85)	(85)	(26)	(26)
Share in other comprehensive income of entities accounted for using the equity method		-	-	-	2
NET OTHER INCOME		**(219)**	**(393)**	**(106)**	**384**
TOTAL COMPREHENSIVE INCOME		**(9,814)**	**(7,516)**	**1,032**	**2,473**
NET PROFIT/(LOSS) ATTRIBUTABLE TO:					
shareholders of the parent company		(9,606)	(7,190)	1,125	2,018
non-controlling interests		11	67	13	71
COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
shareholders of the parent company		(9,825)	(7,583)	1,019	2,402
non-controlling interests		11	67	13	71
NET PROFIT/(LOSS) AND DILUTED NET PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY (IN PLN)		**(4.28)**	**(3.20)**	**0.42**	**0.90**

**The restatement of comparative data is described in Note 4 to these consolidated financial statements.*

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at June 30, 2025 *(not audited)*	As at December 31, 2024 *(audited)*
Property, plant and equipment		61,018	66,941
Intangible assets		1,970	1,938
Rights to use assets		1,946	1,893
Financial receivables	*17.1*	307	289
Derivatives and other assets measured at fair value through profit or loss	*19*	1,599	310
Shares, interests and other capital instruments		98	94
Shares accounted for using the equity method	*12*	380	371
Other non-current assets	*18.1*	1,249	1,244
CO_2 emission allowances for own use	*16*	80	69
Deferred income tax assets	*14.1*	646	3,153
NON-CURRENT ASSETS		**69,293**	**76,302**
Inventories	*15*	2,165	2,889
CO_2 emission allowances for own use	*16*	6,049	10,844
Income tax receivables		165	291
Derivatives and other assets measured at fair value through profit or loss	*19*	187	169
Trade receivables and other financial receivables	*17.1*	6,335	7,931
Other current assets	*18.2*	1,280	1,205
Cash and cash equivalents	*17.2*	14,130	4,363
CURRENT ASSETS		**30,311**	**27,692**
TOTAL ASSETS		**99,604**	**103,994**
Share capital	*20.1*	19,184	19,184
Supplementary capital		27,088	22,252
Hedging reserve	*20.2*	(751)	(540)
Foreign exchange differences		(2)	(2)
Retained earnings		(8,039)	3,577
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		**37,480**	**44,471**
Equity attributable to non-controlling interests		1,129	1,058
TOTAL EQUITY		**38,609**	**45,529**
Non-current provisions	*21*	9,742	9,109
Credits, loans, bonds and leases	*22.1*	11,290	10,461
Derivative instruments	*19*	430	782
Deferred income tax liabilities	*14.2*	1,493	1,470
Deferred income and government grants		5,229	1,539
Other financial liabilities	*22.2*	212	205
Other non-financial liabilities	*23.1*	189	183
NON-CURRENT LIABILITIES		**28,585**	**23,749**
Current provisions	*21*	18,989	18,475
Credits, loans, bonds and leases	*22.1*	1,371	2,731
Derivative instruments	*19*	900	509
Trade and other payables	*22.2*	7,115	8,172
Income tax liabilities		419	802
Deferred income and government grants		250	181
Other non-financial liabilities	*23.2*	3,366	3,846
CURRENT LIABILITIES		**32,410**	**34,716**
TOTAL LIABILITIES		**60,995**	**58,465**
TOTAL EQUITY AND LIABILITIES		**99,604**	**103,994**

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Supplementary capital	Hedging reserve	Foreign exchange differences	Retained earnings	Total	Non-controlling interests	Total equity
Note	*20.1*		*20.2*					
JANUARY 1, 2025	**19,184**	**22,252**	**(540)**	**(2)**	**3,577**	**44,471**	**1,058**	**45,529**
Net profit/(loss) for the reporting period	-	-	-	-	(7,190)	(7,190)	67	(7,123)
Other comprehensive income	-	-	(211)	-	(182)	(393)	-	(393)
COMPREHENSIVE INCOME	**-**	**-**	**(211)**	**-**	**(7,372)**	**(7,583)**	**67**	**(7,516)**
Retained earnings settlement	-	4,836	-	-	(4,836)	-	-	-
Dividend	-	-	-	-	-	-	(1)	(1)
Share in changes in the capital c jointly controlled entities	-	-	-	-	590	590	-	590
Capital increase by shareholders	-	-	-	-	-	-	4	4
Other changes	-	-	-	-	2	2	1	3
JUNE 30, 2025	**19,184**	**27,088**	**(751)**	**(2)**	**(8,039)**	**37,480**	**1,129**	**38,609**

	Share capital	Supplementary capital	Hedging reserve	Foreign exchange differences	Retained earnings	Total	Non-controlling interests	Total equity
Note	*20.1*		*20.2*					
JANUARY 1, 2024	**19,184**	**28,146**	**(1,095)**	**(1)**	**640**	**46,874**	**981**	**47,855**
Net profit for the reporting period	-	-	-	-	2,018	2,018	71	2,089
Other comprehensive income	-	-	269	-	115	384	-	384
COMPREHENSIVE INCOME	**-**	**-**	**269**	**-**	**2,133**	**2,402**	**71**	**2,473**
Retained earnings settlement	-	(5,894)	-	-	5,894	-	-	-
Share in changes in the capital c jointly controlled entities	-	-	-	-	37	37	-	37
Settlement of the purchase of additional shares in subsidiaries	-	-	-	-	(4)	(4)	4	-
Other changes	-	-	-	-	(2)	(2)	1	(1)
JUNE 30, 2024	**19,184**	**22,252**	**(826)**	**(1)**	**8,698**	**49,307**	**1,057**	**50,364**

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Period ended June 30, 2025 *(not audited)*	Period ended June 30, 2024 *(not audited)*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**(3,724)**	**2,517**
Income tax paid		(1,162)	(383)
Adjustments for:			
Share of loss of equity-accounted investees		6	20
Depreciation, liquidation, and write-downs		11,168	2,281
Interest and dividend, net		194	233
(Profit) / loss on investing activities		(237)	(219)
Change in receivables		1,596	1,853
Change in inventories		709	779
Change in CO_2 emission allowances for own use		4,783	(10,294)
Change in liabilities, excluding loans and credits		(1,906)	(2,024)
Change in other non-financial assets, prepayments and accruals		(70)	2,050
Change in provisions		852	9,226
Other		(64)	66
NET CASH FROM OPERATING ACTIVITIES		**12,133**	**6,105**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		(4,251)	(4,692)
Sale of property, plant and equipment and intangible assets		9	11
Placement of deposits with maturities over 3 months		(373)	(361)
Withdrawal of deposits with maturities over 3 months		352	303
Acquisition of financial assets		(4)	(19)
Loans granted		(20)	-
Repayment of loans granted		20	-
Interest received		62	62
Other		5	(6)
NET CASH FROM INVESTING ACTIVITIES		**(4,200)**	**(4,702)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares in jointly controlled entities		592	37
Proceeds from acquired loans, credits		3,654	4,715
Repayment of loans, credits and leases		(2,197)	(8,193)
Interest paid		(393)	(379)
Subsidies received for non-current assets		192	36
Other		(14)	(2)
NET CASH FROM FINANCING ACTIVITIES		**1,834**	**(3,786)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**9,767**	**(2,383)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	*17.2*	**4,363**	**6,033**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	*17.2*	**14,130**	**3,650**

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

GENERAL INFORMATION, BASIS FOR PREPARATION OF FINANCIAL STATEMENTS AND OTHER EXPLANATORY INFORMATION

1. General information

1.1 Information on the parent company

PGE Polska Grupa Energetyczna S.A. was established on the basis of the Notary Deed of 2 August 1990 and registered in the District Court in Warsaw, the 16th Commercial Division, on 8 September 1990. The Company is entered in the National Court Register maintained by the District Court Lublin-Wschód in Lublin with its registered office in Świdnik, the 6th Commercial Division of the National Court Register under number 0000059307. The Company's registered office is located in Lublin, at Aleja Kraśnicka 27.

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

- Dariusz Marzec – President of the Management Board,
- Maciej Górski – Vice-President of the Management Board,
- Przemysław Jastrzębski – Vice-President of the Management Board,
- Robert Kowalski – Vice-President of the Management Board,
- Marcin Laskowski – Vice President of the Management Board.

During the period ending June 30, 2025, and as at the date of approval of these financial statements for publication, the composition of the Management Board remained unchanged.

Ownership structure

The shareholding structure of the parent company was as follows:

	As at June 30, 2025	As at December 31, 2024
State Treasury	60.86%	60.86%
Other shareholders	39.14%	39.14%
Total	**100.00%**	**100.00%**

The ownership structure as at the particular reporting dates is presented on the basis of the information available in the Company.

According to information available to the Company, as at the date of publication of these financial statements, the State Treasury is the only shareholder holding at least 5% of the total number of votes at the General Meeting of Shareholders of PGE S.A.

1.2 Information on the PGE Capital Group

The PGE Polska Grupa Energetyczna S.A. Group comprises the parent company, PGE S.A., and 71 subsidiaries included in the consolidation. The consolidation also includes two jointly controlled entities constituting a joint operation, five associates and one jointly controlled entity constituting a joint venture. Additional information on the entities included in the consolidated financial statements can be found in Note 1.3.

These condensed interim consolidated financial statements of the PGE Capital Group cover the period from January 1, 2025 to June 30, 2025 and include comparative data for the period from January 1, 2024 to June 30, 2024 and as at December 31, 2024. The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2024, approved for publication on April 14, 2025.

The financial statements of all subsidiaries have been prepared for the same reporting period as the financial statements of the parent company and in accordance with consistent accounting principles.

The core business activities of the PGE Capital Group companies include:

- electricity generation,
- distribution of electricity, including traction networks,
- wholesale and retail trading in electricity, energy origin rights, CO_2 emission allowances, and natural gas,
- generation and distribution of heat,
- provision of other services related to the activities mentioned above.

The Group's activities are conducted on the basis of the relevant licences granted to each of the Group entities. The PGE Group primarily operates within the territory of Poland.

Going concern

These financial statements have been prepared on the assumption that the Capital Group and its significant companies will continue as a going concern for at least 12 months from the reporting date.

As at June 30, 2025, the companies PGE Obrót S.A., PGE Górnictwo i Energetyka Konwencjonalna S.A., and ENESTA sp. z o.o. w restrukturyzacji reported negative equity and meet the conditions under Article 397 of the Polish Commercial Companies Code and, correspondingly – Article 233 of the Polish Commercial Companies Code indicating a threat to the continued existence of the company.

The negative equity of PGE Obrót S.A. is primarily the result of a net loss of PLN (2,458) million incurred in 2023, which was mainly caused by regulatory changes affecting the retail electricity trading market and the approval by the President of the Energy Regulatory Office of a household tariff that did not fully cover the cost of electricity procurement. PGE Obrót S.A. has access to financing provided by PGE S.A. On February 17, 2025, PGE Obrót S.A. and PGE S.A. signed a new loan agreement for a period of three years with a limit of PLN 1,500 million. For a period of at least 12 months from the reporting date, PGE S.A. does not intend to sell or liquidate PGE Obrót S.A. and is also able to provide the company with adequate support. Consequently, the assumption of the Company’s going concern is justified. The impact of regulatory changes on the PGE Group’s operations is described in Note 27.2 to these financial statements.

The negative equity of PGE GiEK S.A. results primarily from the recognition of impairment losses on property, plant and equipment in previous years and in the first half of 2025. On April 29, 2025, the General Meeting of PGE GiEK S.A. adopted a resolution regarding the continued existence of the company. The company is undertaking measures aimed at improving efficiency, including:

- taking steps to discontinue operations in selected locations,
- reducing the costs of refurbishing assets that are to be decommissioned in the foreseeable future,
- reducing personnel costs.

PGE GiEK S.A. has access to financing provided by PGE S.A., which is capable of ensuring adequate support for the continuation of PGE GiEK S.A.’s operations for a period of at least 12 months from the reporting date. Consequently, the assumption of the Company’s going concern is justified.

The situation of ENESTA sp. z o.o. is the result of unfavourable contracts for the supply of electricity and natural gas concluded in 2021, which were subsequently terminated, also in 2021. On June 21, 2022, restructuring (remedial) proceedings were initiated. In September 2023, the share capital of ENESTA was increased by PLN 32 million and in December 2023 by a further PLN 34 million. The shares in the increased capital were fully subscribed and paid for by PGE Obrót S.A. To support ENESTA's liquidity, PGE S.A. and PGE Obrót S.A. have extended the payment deadlines in their settlements with ENESTA and approved instalment repayments of outstanding liabilities. On 31 July 2025, the arrangement procedure was approved and an announcement was made. In the absence of any appeal against this decision, the remedial proceedings were concluded on August 14, 2025. In view of the support described above and the conclusion of the restructuring proceedings, it is reasonable to assume that the company will continue its operations.

Apart from the matters described above, as at the date of approval of these financial statements for publication, there are no circumstances indicating a threat to the going concern of any significant Group entities within 12 months from the reporting date. These circumstances do not affect the going concern assumption for the Group as a whole.

Changes in accounting policy

These financial statements have been prepared using the same accounting principles (policies) and calculation methods as in the last annual financial statements, except for changes in the presentation of other operating income and expenses and financial income and expenses, which are described in more detail in Note 4 to these financial statements. These financial statements should be read in conjunction with the audited consolidated financial statements of the PGE Capital Group for the year ended December 31, 2024, approved for publication on April 14, 2025.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

1.3 Companies consolidated in the PGE Capital Group

1.3.1 Direct and indirect subsidiaries consolidated using the full method

	Name of entity	Entity holding shares	Shareholdings of PGE CG companies as at June 30, 2025	Shareholdings of PGE CG companies as at December 31, 2024
	SEGMENT: SUPPLY			
1.	PGE Polska Grupa Energetyczna S.A. Lublin	Parent company		
2.	PGE Dom Maklerski S.A. Warsaw	PGE S.A.	100.00%	100.00%
3.	PGE Obrót S.A. Rzeszów	PGE S.A.	100.00%	100.00%
4.	ENESTA sp. z o.o. w restrukturyzacji (currently ENESTA sp. z o. o.) Stalowa Wola	PGE Obrót S.A.	94.51%	94.51%
5.	PGE Paliwa sp. z o.o. Kraków	PGE EC S.A.	100.00%	100.00%
6.	Energoserwis – Kleszczów sp. z o.o. Rogowiec	PGE S.A.	51.00%	51.00%
	SEGMENT: COAL ENERGY			
7.	PGE Górnictwo i Energetyka Konwencjonalna S.A. Bełchatów	PGE S.A.	100.00%	100.00%
8.	MegaSerwis sp. z o.o. Bogatynia	PGE GiEK S.A.	100.00%	100.00%
9.	ELMEN sp. z o.o. Wola Grzymalina	PGE GiEK S.A.	100.00%	100.00%
10.	ELTUR-SERWIS sp. z o.o. Bogatynia	PGE GiEK S.A.	100.00%	100.00%
11.	„Betrans” sp. z o.o. Kalisko	PGE GiEK S.A.	100.00%	100.00%
12.	BESTGUM POLSKA sp. z o.o. Rogowiec	PGE GiEK S.A.	100.00%	100.00%
13.	RAMB sp. z o.o. Piaski	PGE GiEK S.A.	100.00%	100.00%
	SEGMENT: DISTRICT HEATING			
14.	PGE Energia Ciepła S.A. Warsaw	PGE S.A.	100.00%	100.00%
15.	PGE Toruń S.A. Toruń	PGE EC S.A.	95.34%	95.34%
16.	Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. Wrocław	PGE EC S.A.	58.07%	58.07%
17.	Elektrociepłownia Zielona Góra S.A. Zielona Góra	KOGENERACJA S.A.	100.00%	100.00%
18.	„MEGAZEC” sp. z o.o. Bydgoszcz	PGE S.A.	100.00%	100.00%
	SEGMENT: GAS-FIRED GENERATION			
19.	PGE Gryfino Dolna Odra sp. z o. o. (formerly PGE Gryfino 2050 sp. z o.o.) Warsaw	PGE S.A.	100.00%	100.00%
20.	PGE Nowy Rybnik sp. z o.o. (formerly Rybnik 2050 sp. z o.o.) Rybnik	PGE S.A.	100.00%	100.00%
	SEGMENT: RENEWABLES			
21.	PGE Energia Odnawialna S.A. Warsaw	PGE S.A.	100.00%	100.00%
22.	Elektrownia Wiatrowa Baltica-1 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
23.	Elektrownia Wiatrowa Baltica-4 sp. z o.o. Warsaw	PGE S.A.	66.19%	66.19%
24.	Elektrownia Wiatrowa Baltica-5 sp. z o.o. Warsaw	PGE S.A.	66.19%	66.19%
25.	Elektrownia Wiatrowa Baltica-6 sp. z o.o. Warsaw	PGE S.A.	66.24%	66.24%
26.	Elektrownia Wiatrowa Baltica-7 sp. z o.o. Warsaw	PGE S.A.	55.04%	55.04%
27.	Elektrownia Wiatrowa Baltica-8 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
28.	Elektrownia Wiatrowa Baltica 9 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
29.	Elektrownia Wiatrowa Baltica 12 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

	Name of entity	Entity holding shares	Shareholdings of PGE CG companies as at June 30, 2025	Shareholdings of PGE CG companies as at December 31, 2024
30.	PGE Baltica 2 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
31.	PGE Baltica 3 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
32.	PGE Baltica 5 sp. z o.o. Warsaw	PGE Baltica 3 sp. z o.o.	100.00%	100.00%
33.	PGE Baltica 6 sp. z o.o. Warsaw	PGE Baltica 2 sp. z o.o.	100.00%	100.00%
34.	PGE Baltica sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
35.	PGE Soleo 2 sp. z o.o. Warsaw	PGE EO S.A.	100.00%	100.00%
	Mithra D sp. z o.o. Poznań	PGE EO S.A.	-	100.00%
	Mithra F sp. z o.o. Poznań	PGE EO S.A.	-	100.00%
	Mithra G sp. z o.o. Poznań	PGE EO S.A.	-	100.00%
	Mithra H sp. z o.o. Poznań	PGE EO S.A.	-	100.00%
	Mithra I sp. z o.o. Warsaw	PGE EO S.A.	-	100.00%
	Mithra K sp. z o.o. Poznań	PGE EO S.A.	-	100.00%
	Mithra M sp. z o.o. Poznań	PGE EO S.A.	-	100.00%
	Mithra N sp. z o.o. Poznań	PGE EO S.A.	-	100.00%
	Mithra O sp. z o.o. Poznań	PGE EO S.A.	-	100.00%
	Mithra P sp. z o.o. Poznań	PGE EO S.A.	-	100.00%
36.	LongWing Polska sp. z o.o. Warsaw	PGE EO S.A.	100.00%	100.00%
37.	PGE Inwest 14 sp. z o.o. Warsaw	PGE EO S.A.	100.00%	100.00%
38.	PGE Inwest 21 sp. z o.o. Warsaw	PGE EO S.A.	100.00%	100.00%
39.	PGE Inwest 22 sp. z o.o. Warsaw	PGE EO S.A.	100.00%	100.00%
40.	PGE Inwest 24 sp. z o.o. Warsaw	PGE EO S.A.	100.00%	100.00%
	SEGMENT: DISTRIBUTION			
41.	PGE Dystrybucja S.A. Lublin	PGE S.A.	100.00%	100.00%
	SEGMENT: RAILWAY ENERGY SERVICES			
42.	PGE Energetyka Kolejowa Holding sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
43.	PGE Energetyka Kolejowa S.A. Warsaw	PGE EKH sp. z o.o.	100.00%	100.00%
44.	PGE Energetyka Kolejowa Obsługa sp. z o.o. Warsaw	PGE EKH sp. z o.o.	100.00%	100.00%
45.	PGE Energetyka Kolejowa CUW sp. z o.o. Łódź	PGE EKH sp. z o.o.	100.00%	100.00%
46.	Energetyka Kolejowa Budownictwo sp. z o.o. Warsaw	PGE EKH sp. z o.o.	100.00%	100.00%
47.	Energetyka Kolejowa sp. z o.o. Warsaw	PGE EKH sp. z o.o.	100.00%	100.00%
	Energetyka Kolejowa Obrót sp. z o.o. w likwidacji Warsaw	PGE EKH sp. z o.o.	-	100.00%
48.	Cedton Investments sp. z o. o. Warsaw	PGE EKH sp. z o.o.	100.00%	100.00%
	Remton Investments sp. z o. o. w likwidacji Warsaw	PGE EKH sp. z o.o.	-	100.00%
	SEGMENT: OTHER ACTIVITIES			
49.	PGE Systemy S.A. Warsaw	PGE S.A.	100.00%	100.00%
50.	PGE Sweden AB (publ) Stockholm	PGE S.A.	100.00%	100.00%
51.	PGE Synergia sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
52.	ELBIS sp. z o.o. Rogowiec	PGE S.A.	100.00%	100.00%
53.	PGE Inwest 2 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
54.	PGE Ventures sp. z o. o.	PGE S.A.	100.00%	100.00%

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

	Name of entity	Entity holding shares	Shareholdings of PGE CG companies as at June 30, 2025	Shareholdings of PGE CG companies as at December 31, 2024
	Warsaw			
55.	PGE Inwest 9 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
56.	PGE Inwest 10 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
57.	PGE Inwest 11 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
58.	PGE Inwest 12 sp. z o.o. Warsaw	PGE S.A.	51.00%	51.00%
59.	PGE Asekuracja S.A. Warsaw	PGE S.A.	100.00%	100.00%
60.	PGE Inwest 20 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
61.	PGE Inwest 23 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
62.	PGE Inwest 25 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
63.	PGE Inwest 26 sp. z o.o. (formerly Elektrownia Wiatrowa Baltica 10 sp. z o.o.) Warsaw	PGE S.A.	100.00%	100.00%
64.	PGE Inwest 27 sp. z o.o. (formerly Elektrownia Wiatrowa Baltica 11 sp. z o.o.) Warsaw	PGE S.A.	100.00%	100.00%
65.	PGE Inwest 28 sp. z o.o. Warsaw	PGE S.A.	100.00%	-
66.	PGE Inwest 29 sp. z o.o. Warsaw	PGE S.A.	100.00%	-
67.	PGE Inwest 30 sp. z o.o. Warsaw	PGE S.A.	100.00%	-
68.	PGE Inwest 31 sp. z o.o. Warsaw	PGE S.A.	100.00%	-
69.	PGE Ekoserwis S.A. Wrocław	PGE S.A.	100.00%	100.00%
70.	ZOWER sp. z o.o. Rybnik	PGE Ekoserwis S.A.	100.00%	100.00%
71.	Energetyczne Systemy Pomiarowe sp. z o.o. Białystok	PGE Dystrybucja S.A.	100.00%	100.00%
72.	Elbest Security sp. z o. o. Bełchatów	PGE S.A.	100.00%	100.00%

The following changes in the structure of PGE Capital Group companies consolidated using the full consolidation method, which occurred up to December 30, 2025, have been included in the above table:

- On May 5, 2025, the merger of PGE EO S.A. (the acquiring company) with Mithra D sp. z o.o., Mithra F sp. z o.o., Mithra G sp. z o.o., Mithra H sp. z o.o., Mithra I sp. z o.o., Mithra K sp. z o.o., Mithra M sp. z o.o., Mithra N sp. z o.o., Mithra O sp. z o.o., and Mithra P sp. z o.o. (the acquired companies) was registered in the National Court Register. The merger did not affect these consolidated financial statements.
- On May 26 and 27, 2025, PGE S.A. incorporated four companies: PGE Inwest 28 sp. z o.o., PGE Inwest 29 sp. z o.o., PGE Inwest 30 sp. z o.o. and PGE Inwest 31 sp. z o.o. In all these companies, PGE S.A. is the sole shareholder.
- On June 2, 2025, Energetyka Kolejowa Obrót sp. z o.o. and Remton Investments sp. z o.o. were placed in liquidation. Due to the loss of control associated with being placed in liquidation, from June 1, 2025, the said companies are not subject to consolidation. Since the companies did not conduct operating activities and their shares had been subject to impairment write-downs in earlier periods, the discontinuation of their consolidation did not have a material impact on these consolidated financial statements.

1.3.2 Joint operations consolidated based on the share of assets, liabilities, revenue and expenses attributable to the PGE CG

	Name of entity	Entity holding shares	Shareholdings of PGE CG companies as at June 30, 2025	Shareholdings of PGE CG companies as at December 31, 2024
	SEGMENT: RENEWABLES			
1.	Elektrownia Wiatrowa Baltica-2 sp. z o.o. Warsaw	PGE Baltica 6 sp. z o.o.	50.00%	50.00%
2.	Elektrownia Wiatrowa Baltica-3 sp. z o.o. Warsaw	PGE Baltica 5 sp. z o.o.	50.00%	50.00%

1.3.3 Associates and jointly-controlled companies consolidated under the equity method

	Name of entity	Entity holding shares	Shareholdings of PGE CG companies as at June 30, 2025	Shareholdings of PGE CG companies as at December 31, 2024
1.	Polimex Mostostal S.A. Warsaw	of PGE S.A.	16.23%	16.33%
2.	Przedsiębiorstwo Energetyki Cieplnej S.A. Bogatynia	PGE EC S.A.	34.93%	34.93%
3.	ZPBE Energopomiar sp. z o.o. Gliwice	PGE GiEK S.A.	49.79%	49.79%
4.	PGE SOLEO KLESZCZÓW sp. z o.o. Kleszczów	PGE EO S.A.	50.00%	50.00%
5.	PGE PAK Energia Jądrowa S.A. Konin	PGE S.A.	50.00%	50.00%
6.	ELESTER sp. z o. o. Łódź	PGE Energetyka Kolejowa Holding sp. z o.o.	39.96%	39.96%
		PGE Energetyka Kolejowa S.A.	50.00%	50.00%

2. Basis for preparation of the financial statements

2.1 Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and with the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information provided by issuers of securities and the conditions for recognising as equivalent information required by the law of a non-member state (Dz.U. [*Journal of Laws*] 2018, item 757). These financial statements do not include all the information required in the annual consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2024.

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

2.2 Functional currency and presentation currency

The functional currency of the parent company and its subsidiaries, with the exception of PGE Sweden AB (publ), covered by these condensed interim consolidated financial statements, as well as the presentation currency of these consolidated financial statements, is the Polish zloty. For PGE Sweden AB (publ), the functional currency is the euro ('EUR'). The items included in the financial statements of PGE Sweden AB (publ) are translated into the presentation currency of the PGE Group using the applicable exchange rates. All numerical values in these condensed interim consolidated financial statements are presented in millions of zlotys, unless stated otherwise.

At the reporting date, for the purpose of translation of items denominated in currencies other than PLN, the following exchange rates were applied:

	June 30, 2025	December 31, 2024	June 30, 2024
USD	3.6164	4.1012	4.0320
EUR	4.2419	4.2730	4.3130

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

2.3 New standards and interpretations published, not yet effective

The following standards, changes in the already effective standards and interpretations are not endorsed by the European Union or are not effective on 1 January 2025.

Standard	Description of changes	Effective date
Changes to IFRS 10 and IAS 28	The guidelines concerning sales transactions or an investor's contribution of assets to an associate or a joint venture.	Work on the approval of the changes has been suspended indefinitely
Annual standard changes, release 11	The changes relate to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7.	January 1, 2026
Changes to IFRS 9 and IFRS 7	The changes relate to disclosures in the classification and measurement of financial instruments.	January 1, 2026
Changes to IFRS 9 and IFRS 7	Amendments covering renewable energy contracts	January 1, 2026
IFRS 18	Presentation and disclosures in the financial statements	January 1, 2027
IFRS 19	Disclosure of information	January 1, 2027

The preliminary analysis indicates that only IFRS 18 will have a material impact on the presentation of future financial statements. In the Group's opinion, the other new standards and amendments to standards should not have a significant impact on future financial statements.

The Capital Group intends to adopt the above-mentioned new standards as well as amendments to standards and IFRS EU interpretations published by the International Accounting Standards Board, but not yet effective as at the reporting date, in accordance with their effective date.

2.4 The Management Board's professional judgement and estimates

In the process of applying the accounting policy to the foregoing issues, the most important element, besides accounting estimates, was the management's professional opinion, which influences the values disclosed in the consolidated financial statements, including the additional explanatory notes. The assumptions of these estimates are based on the Management Board's best knowledge of current and future activities and events in the respective areas.

Detailed information on the adopted assumptions is presented below or in the relevant notes.

- During the reporting period, the Group carried out an analysis of the circumstances and subsequent impairment testing for property, plant and equipment. The results of the tests are described in Note 3 to these financial statements. The estimation of the recoverable amount of property, plant and equipment is based on a number of significant assumptions, the realisation of which is uncertain and, to a large extent, beyond the control of the PGE Capital Group. The Group has adopted the values and figures it considers most appropriate; however, it cannot be ruled out that the actual outcome of individual assumptions will differ from those adopted by the Group.
- Provisions are liabilities whose amount or timing of payment is uncertain. During the reporting period, the Group revised its estimates regarding the justification or amount of certain provisions. In particular, during the reporting period, the provision for rehabilitation costs and the provision for employee benefits were updated due to a decrease in the discount rate. Details are set out in Note 21 to these financial statements.
- At the end of the current reporting period, the Group estimated the imbalance of electricity fed into the grid by prosumers. Electricity generated and fed into the grid by prosumers supplies the grid during periods of overproduction, thereby reducing the Group's need to purchase energy from the market. However, during the autumn and winter months, when prosumers consume electricity but are unable to cover their own demand through production, the Group must purchase the shortfall on the market. In this respect, the Group recognised an estimated liability of PLN 323 million (PLN 248 million in the comparative period). In the Group's opinion, the estimate of this liability most accurately reflects the Group's interim results, which stabilise at the end of the year during the winter period and decrease to insignificant amounts.
- Uncertainties related to tax settlements are described in Note 25 to these consolidated financial statements.
- The Group makes significant estimates in respect of recognised contingent liabilities. Relevant details are set out in Note 24 to these financial statements.
- Measurement of financial instruments results from a number of assumptions and estimates based on data available at the time the financial statements were being prepared. Changes in these assumptions and estimates may affect the future financial statements of the PGE CG.

- Due to the electricity market crisis in 2022, a number of legal regulations came into force, which required the PGE Capital Group to estimate revenues and costs related to compensation for coal purchases, compensations and price adjustments for households under the Household Consumers Act, and contributions to the Price Difference Payment Fund under the Extraordinary Measures Act 2023. A detailed description of these estimates is provided in Note 27.2.
- Certain revenue from sales, as described in Note 6.1 of these consolidated financial statements, is invoiced based on periodic readings from metering and settlement systems. This results in the need to estimate revenue for deliveries for which PGE Group does not have metering data as at the reporting date. Revenue from the balancing electricity market is subject to adjustment after the reporting period. The final amount of sales or the cost of purchasing electricity is determined up to 14 months after the end of the respective delivery period.

3. Impairment tests for property, plant and equipment, intangible assets, rights to use assets and goodwill

Property, plant and equipment represent the most significant asset category within the PGE Capital Group. Due to a dynamic macroeconomic and regulatory environment, the Group periodically assesses whether there are any indications of impairment in the recoverable amount of its assets. In evaluating market conditions, the PGE Capital Group relies both on its own analytical tools and on support from independent analytical institutions. In previous reporting periods, the PGE Capital Group recognised significant impairment losses on fixed assets in the Coal Energy segment, the District Heating segment and the Renewables segment, excluding offshore wind farm projects. The impairment loss previously recognised in the Renewables segment was fully reversed in 2021.

In the current reporting period, the Group carried out an analysis of premises and identified factors that could have materially contributed to a change in the value of fixed assets held in the segments indicated above, as well as in the Railway Energy Services segment and in the companies: PGE Gryfino Dolna Odra sp. z o.o., PGE Nowy Rybnik sp. z o.o., EW Baltica 2 sp. z o.o. and EW Baltica 3 sp. z o.o.

External circumstances

- The market capitalisation of PGE S.A. remains below the book value of the net assets of the PGE Capital Group.
- The average electricity price for forward contracts for the following year in the period from January to May 2025 amounted to approx. PLN 427/MWh and was 3% lower compared to the price for the second half of 2024 (PLN 441/MWh).
- In the period from January to May 2025, the weighted average price of the EUA DEC 25 instrument amounted to 72 EUR/tonne and was 4% higher than the average price of the EUA DEC 25 instrument observed for the second half of 2024 (69 EUR/tonne).
- The average price of hard coal in the ARA ports in monthly continuous contracts in the period from January to May 2025 was USD 100/t and was 14% lower compared to the second half of 2024 (USD 116/t).
- The average gas price in the period from January to May 2025 was EUR 42/MWh and increased by 8% compared to the second half of 2024 (EUR 39/MWh).
- The average price of domestic coal according to PSCMI1 in the period from January to May 2025 was PLN 17/GJ and decreased by 23% compared to the second half of 2024 (PLN 22/GJ).

As a result of the analysis of the above-mentioned circumstances, the Group performed impairment tests as at May 31, 2025 for the following segments: Coal Energy, Railway Energy Services (to which goodwill and customer relationship assets are allocated), Renewables, District Heating (to which goodwill is allocated), as well as for PGE Gryfino Dolna Odra sp. z o.o. and PGE Nowy Rybnik sp. z o.o. Based on the tests performed, it was concluded that an impairment write-down of fixed assets was required in the Coal Energy and Renewables segments.

The analysis of circumstances showed no basis for conducting tests for EW Baltica 2 sp. z o.o. and EW Baltica 3 sp. z o.o.

Both the results of the tests and the analysis of circumstances are valid as at June 30, 2025.

3.1 Assumptions for impairment tests

Macroeconomic assumptions

The main price assumptions, i.e. those concerning the prices of electricity, CO_2 emission allowances, coal, natural gas and the assumptions relating to the majority of the Group's generating facilities are derived from a study prepared in June 2025 (the 'Study') by an external, independent entity that is a recognised centre of expertise in the energy market (the 'Advisor'). The first year of the projection takes into account the approved Financial Plan for 2025. The year 2026 is estimated based on the current market situation consistent with the adopted strategy of the PGE Capital Group published on 12 June 2025. The subsequent years of the forecast are based entirely on the Study. The Advisor used current scenarios for the economic and demographic development of the country and estimates of changes in key market parameters. The Advisor's forecasts take into account the legal conditions arising from the current energy policy, at both the EU and national levels.

The environment in which the PGE Capital Group operates is characterised by high volatility of macroeconomic, market and regulatory conditions. Changes in these conditions may have a significant impact on the financial position of the PGE Capital Group, therefore the assumptions used to estimate the value in use of assets are subject to periodic review with the knowledge of the independent Advisor.

Forecasts of electricity prices assume a slight change in 2026, followed by an average annual increase of around 4.0% in the years 2027–2040.

Forecasts of CO_2 emission allowance prices assume a 5.5% increase in 2026 compared to 2025 and then dynamic growth until 2030 at an average annual rate of 13%. This reflects the current parametrisation of the Market Stability Reserve (MSR) mechanism and of the EU ETS system itself, introduced following the adoption of the Fit for 55 package and the inclusion of the effects of the REPowerEU plan. These changes result in a marked reduction in the supply of allowances in the second half of the current decade. In the following decade, CO_2 prices continue to rise, but at a slightly slower pace, reaching approx. 7% on average annually, as a result of the continuation of policies aimed at achieving climate neutrality in 2050.

Forecasts of hard coal prices, after several years of dynamic increases and decreases, assume price stabilisation in 2026, then in 2027 an increase of approx. 10%, which reflects global coal price forecasts, and later a gradual decline of approx. 3% on average annually until the mid-2030s. This results from the gradual decrease in global demand for coal in connection with the implementation of climate policy elements, in particular the development of RES. After 2035, a slight increase of around 1% annually is assumed due to rising extraction costs.

Forecasts of natural gas prices assume an 11% decrease in 2026 compared to 2025 prices and price stability in 2027. Thereafter, until 2040, prices are projected to grow at an average annual rate of 2.4%. Forecast gas prices in Europe are most affected by LNG import costs and the related level of investment in liquefaction and regasification facilities worldwide, as well as dynamically growing demand for LNG, especially in Asian countries, and increasing gas demand in the USA. In the long term, the natural gas price forecast assumes growth, mainly due to rising extraction costs of this raw material.

Forecasts of prices of energy origin rights from renewable energy sources assume a 52% decline in 2026 compared to 2025 prices and a 165% increase in 2027 compared to 2026, which is the result of changes in demand and supply for energy origin rights. Subsequently, an average annual decrease in 2028–2031 of about 17% is assumed, related to the oversupply of allowances resulting from the low redemption obligation in 2025 and 2026, followed later by a price rebound reflecting the assumed increase in the redemption obligation.

The forecast of capacity market revenues for the years 2025–2029 is based on the results of main, additional and supplementary auctions, taking into account joint balancing mechanisms within the PGE Capital Group companies. The forecast from 2030 was prepared by a team of PGE S.A. experts on the basis of assumptions regarding estimated future cash flows for generation units, based, inter alia, on the results of already settled auctions and the forecasts of an external Advisor. For one-year contracts with delivery from July 1, 2025, and multi-year contracts concluded under the main and additional auctions for 2025 and subsequent years, the emission criterion of 550g CO2/kWh (the so-called EPS 550) applies, which in practice excluded all coal-fired units from participation in the Capacity Market.

On February 14, 2025, the Act of January 24, 2025 amending the Capacity Market Act (Dz.U. [*Journal of Laws*] 2025, item 159) entered into force, introducing supplementary auctions. Units not meeting the 550g CO_2/kWh emission criterion were admitted to the supplementary auctions. The auction for the delivery period from July 1 to December 31, 2025 was conducted in May 2025 and its results were included in the capacity market revenue forecast. The revenue forecast also includes expected revenues from supplementary auctions for the delivery period from 2026 to 2028, as well as expected revenues from the top-up auction for 2029. The revenue forecast from supplementary auctions was prepared by a team of PGE S.A. experts on the basis of the best knowledge concerning the expected parametrisation of these auctions. The availability of units was estimated on the basis of maintenance plans, taking into account statistical failure rates.

Weighted average cost of capital

In the second half of 2024, a series of interest rate cuts was initiated by the European Central Bank, the Bank of England and the United States Federal Reserve. In the first half of 2025, cuts continued in the Eurozone and the United Kingdom, while in the United States interest rates remained unchanged. In May 2025, the National Bank of Poland announced its first interest rate cut in one and a half years. At the beginning of July 2025 (after the balance sheet date of this report), a further cut took place. The median of economists' forecasts indicates that further interest rate cuts by the NBP may be possible later this year.

The weighted average cost of capital estimated in the PGE Group takes into account ongoing disinflationary processes. The PGE Group applies a weighted average cost of capital path that reflects current market parameters and characteristics (including the elevated level of market interest rates), and in subsequent periods gradually converges towards levels representing the long-term average, based on the full business cycle and fundamental economic relationships. In the opinion of the PGE Group, this approach makes it possible to avoid excessive influence of short-term volatility on the valuation of long-term assets.

Climate issues

In July 2021, the European Commission published the Fit for 55 legislative package, aimed inter alia at achieving a reduction of greenhouse gas emissions in the EU by 55% (previously 40%) by 2030 compared to 1990. As expected by market participants, the reform of the EU ETS system included in the package should result in a significant increase in the level of CO_2 emission allowance prices, which in practice already occurred in 2021. Since then, the prices of CO_2 emission allowances have remained high, and further increases are expected in the second half of the current decade. The changes being introduced may negatively affect the margins achieved by high-emission generation units, in particular to the extent that the increase in CO_2 emission allowance prices is not reflected in the price at which these units sell the electricity or heat they produce. In December 2022, the EU Council and Parliament reached important agreements on the proposals of the 'Fit for 55' package, i.e. the EU plan to increase the greenhouse gas emission reduction target to below 55% by 2030 compared with 1990 levels. Another important element of the package was to increase the target for the share of RES in the European Union's energy mix to 42.5% in 2030 (previously 32%). The establishment of this target in agreement with the Council was voted through in the European Parliament in September 2023. Of importance to the Heat Generation segment are the regulatory changes resulting from the Energy Efficiency Directive (EED). The changes to the definition of an energy-efficient district heating system and the definition of high-efficiency cogeneration additionally compel action towards asset transformation and the replacement of ageing coal-fired units. Meanwhile, under the amendments proposed to the Energy Performance of Buildings Directive (EPBD), forecasts indicate a decline in demand for heat in municipal district heating systems.

In June 2025, the PGE Group announced its strategy to 2035, one of the assumptions of which is the comprehensive modernisation of existing heating assets based on low- and zero-emission technologies. The strategy maintains the target of achieving climate neutrality of the PGE Capital Group by 2050. The mission of the PGE Capital Group is based on ensuring security of energy supply through flexible sources, smart grid infrastructure and energy storage. The transformation of generation capacities through the use of new low- or zero-carbon power generation units is planned for the period until 2030 and the achievement of climate neutrality by 2050.

Accordingly, the District Heating segment is gradually replacing coal-fired sources with new renewable and low-carbon sources. It is planned that by 2030, most of the locations where PGE Capital Group's coal-fired district heating assets are present will have commissioned new installations, which will result in a complete or significant shift away from the coal fuel. For heat production in new and modernised heating units, the following will be used: natural gas (cogeneration units and water boilers), geothermal energy, biomass, power-to-heat technologies (electrode boilers and large-scale heat pumps utilising waste heat and ambient energy). The assumptions of the Decarbonisation Plan were taken into account when estimating the value in use of assets in the District Heating segment.

According to the Group's current Strategy, coal-fired heating sources will be replaced with low- and zero-emission technology. In total, the PGE Group plans to allocate approx. PLN 18 billion to investments in this segment by 2035, of which PLN 15 billion for investments in new production installations and asset maintenance, and the remaining PLN 3 billion for potential acquisitions of district heating networks and their subsequent modernisation, in particular in cooperation with local governments.

New investments and the replacement of coal with gas cogeneration, RES and power-to-heat, together with improving the energy efficiency of networks, will make it possible to reduce CO_2 emissions in this segment by 60% compared with 2021 and to reduce network losses by 3 percentage points.

In July 2025, the European Commission proposed a new target of a 90% net reduction in greenhouse gas emissions by 2040 compared with 1990 levels, at the same time initiating the legislative process to update the European Climate Law and public consultations in this respect. As a result, a further reduction in the role of coal-fired sources in the energy market is expected in the next decade.

Significant changes in the regulatory environment, both in terms of national and foreign regulations, which affect or will affect the activities of the PGE Capital Group, have been described in Note 4.4 Regulatory environment in the Management Board's Report on the activities of the PGE Capital Group for the first half of 2025 ended June 30, 2025.

Climate-related issues are taken into account in the assumptions adopted for impairment tests, in accordance with the Group's best knowledge, with the support of an external independent Advisor. The PGE Capital Group adopts assumptions developed by an independent analytical centre, which take into account the current regulatory and market situation. Future developments in the electricity market may differ from the currently adopted assumptions, which may lead to significant changes in the financial position and results of the PGE Group. Such changes will be recognised in future financial statements.

3.2 Description of assumptions for the Coal Energy segment

Property, plant and equipment represent one of the most significant asset items in the Coal Energy segment. Due to the changing macroeconomic and regulatory environment, the PGE Capital Group periodically verifies circumstances that may indicate impairment of the recoverable amount of its assets. In assessing the market situation, the Group uses both its own analytical tools and the support of independent analytical centres. In previous reporting periods, the Group recognised significant impairment losses on property, plant and equipment of the Coal Energy segment.

Analysis of the circumstances

In the current reporting period, the Group carried out an analysis of circumstances and identified factors that could have materially contributed to changes in the value of assets held, including:

- updating of market assumptions used in the process of impairment testing of assets,
- the decline observed in 2025 in market margins on the sale of electricity on the forward market from conventional generation assets,
- updating of the PGE Capital Group's WACC assumed for the purposes of impairment testing of property, plant and equipment,
- changes in the estimated revenues from supplementary capacity market auctions (auctions conducted in connection with the amendment to the Capacity Market Act adopted by the Sejm on January 9, 2025).

As a result of the analysis of the above-mentioned premises, the Group performed impairment tests of property, plant and equipment as at May 31, 2025 with respect to cash-generating units ('CGUs') by determining their recoverable amount. Determining fair value for very large groups of assets for which there is no active market and few comparable transactions is, in practice, very difficult. In the case of entire power plants and mines, for which a value must be determined on the local market, observable fair values do not exist. Accordingly, the recoverable amount of the assets analysed was determined on the basis of an estimate of their value in use using the discounted net cash flow method based on financial projections prepared for the period from June 2025 until the end of their useful lives. In the Group's view, adopting a forecast horizon of more than five years is necessary for a reliable estimate of recoverable amount, due to the significant and long-term impact of projected changes in the regulatory environment.

Climate issues

The future of the Polish energy market is determined by the European Union's climate policy, and developments in the electricity market in the run up to 2050 will be influenced by the European Green Deal, which aims to achieve EU climate neutrality by 2050. The reform of the EU ETS system resulted in a significant increase in the level of CO_2 emission allowance prices already in 2021. Since then, the prices of CO_2 emission allowances have remained high, and further increases are expected in the second half of the current decade. The changes introduced may negatively affect the margins earned by carbon-intensive power generation units, particularly to the extent that the increase in the price of CO_2 allowances is not passed on in the price at which these units sell the electricity or heat they produce. In December 2022, the Council and the EU Parliament reached important agreements on the 'Fit for 55' package proposal. In addition to the emission reduction target, another important element of the package was to increase the target for the share of RES in the European Union's energy mix to 42.5% in 2030 (previously 32%). The establishment of this target in agreement with the Council was voted through in the European Parliament in September 2023. In July 2025, the European Commission proposed a new target of a 90% net reduction in greenhouse gas emissions by 2040 compared with 1990 levels, at the same time initiating the legislative process to update the European Climate Law and public consultations in this respect. As a result, a further reduction in the role of coal-fired sources in the energy market is expected in the next decade.

The changes described above mean that a reduction in the volume of production from conventional sources is anticipated, with a consequent reduction in capital expenditure (CAPEX) and operating expenditure (OPEX) on maintenance tasks of coal assets, which further affects the anticipated decline in profitability through the gradual deterioration of the availability of these units. At the same time, the aforementioned legislative and market changes favour the development of zero- and low-carbon sources. It should also be borne in mind that fossil fuel-based generation facilities, in the face of the uncertainty of RES generation (driven by environmental factors: water, wind, solar), are still needed in the electricity system to balance it.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

Specific assumptions relating to the segment

The key assumptions determining the assessed value in use of the tested CGUs include the following:

- recognising the following as individual CGUs, due to technology linkages:
  - the Bełchatów Lignite Mine Branch and the Bełchatów Power Plant Branch ('Bełchatów Complex'),
  - the Turów Lignite Mine Branch and the Turów Power Plant Branch ('Turów Complex').
- recognising the Opole Power Plant, the Rybnik Power Plant and the Dolna Odra Power Plant as three separate CGUs.
- adoption of the going concern assumption based on the anticipated technical condition of individual generation units,
- taking into account labour cost optimisation resulting, among other things, from the currently implemented employment initiatives,
- maintaining the generation capacities thanks to asset replacement projects,
- adopting a weighted average after-tax cost of capital differentiated for individual CGUs, according to the individually assessed level of risk and varying over time:
  - for 2025–2026 at an average annual level for each CGU of between 8.48% and 10.19%,
  - for 2027–2039 at an average annual level for each CGU of between 6.16% and 9.04%,
  - for 2040 and subsequent years at an average annual level for each CGU of 7.54%.

  In the impairment tests of assets at the end of 2024, the post-tax weighted average cost of capital was as follows:
  - for 2025–2026 at an average annual level for each CGU of between 7.60% and 9.48%,
  - for 2027–2039 at an average annual level for each CGU of between 6.37% and 7.94%,
  - for 2040 and subsequent years at an average annual level for each CGU of 7.42%.

As at May 31, 2025, the tested carrying amount of property, plant and equipment of the Coal Energy segment amounted to PLN 12,525 million. This amount does not include CGUs for which the value in use of the tested assets is negative.

As a result of the impairment test performed, the Group concluded that as at May 31, 2025 impairment write-downs of these assets should be recognised in the total amount of PLN 8,477 million.

In addition, in June 2025 the value of property, plant and equipment in the Bełchatów Complex and Turów Complex increased, mainly due to the update of macroeconomic assumptions used to estimate the amount of provisions for mine site rehabilitation. Since the increase in property, plant and equipment was not included in the impairment test results as at May 31, 2025, and given that in the case of the Bełchatów and Turów Complexes, according to the current projection, the assets will be written down in full, the Group also wrote down the value of property, plant and equipment recognised in June 2025 in both Complexes. Ultimately, the total amount of write-downs was PLN 8,650 million and is presented in the table below:

	Tested value*	Identified impairment	Value after write-down
Bełchatów Complex	1,878	(1,878)	-
Turów Complex	1,822	(1,822)	-
Opole Power Plant	8,998	(4,950)	4,048
Dolna Odra Power Plant	-	-	-
Rybnik Power Plant	-	-	-
TOTAL	**12,698**	**(8,650)**	**4,048**

* including the value of property, plant and equipment recognised in June 2025 (mainly as a result of changes in estimates of mine rehabilitation provisions)

For CGUs that were fully impaired in previous reporting periods (Dolna Odra Power Plant, Rybnik Power Plant), the impairment tests confirmed the validity of the full write-down of property, plant and equipment. In these branches, the Group recognised impairment write-downs in the first half of 2025 in connection with capital expenditures incurred, amounting to PLN 26 million.

Sensitivity analysis

In accordance with IAS 36 *Impairment of Assets*, the Group carried out a sensitivity analysis for individual generation units.

The impact of changes in key assumptions applying the ceteris paribus principle on the value in use of assets as at May 31, 2025 is presented below. The analysis excluded the impact on the value in use of assets fully written down in previous reporting periods.

Parameter	Change in assumptions	Impact on value in use in PLN million	
		Increase	Decrease
Change in electricity price over the forecast period	+1%	911	-
	-1%	-	858
Change in WACC	+0.5 p.p.	1,266	-
	- 0.5 p.p.	-	1,345
Change in the price of CO_2 emission allowances	+1%	-	567
	-1%	625	-
Change in the price of hard coal	+1%	-	70
	-1%	70	-

Summarising the impact of the changes in assumptions presented in the above table on the value in use of the assets:

- a 1% decrease in the electricity price would reduce the value in use of assets by approx. PLN 0.9 billion and increase the impairment by approx. PLN 0.3 billion,
- a 0.5 percentage point decrease in WACC would reduce the value in use of assets by approx. PLN 1.3 billion and increase the impairment by approx. PLN 0.1 billion,
- a 1% increase in CO_2 emission allowance prices would reduce the value in use of assets by approx. PLN 0.6 billion and increase the impairment by approx. PLN 0.2 billion,
- a 1% increase in the hard coal price would reduce the value in use of assets by approx. PLN 0.1 billion and increase the impairment by approx. PLN 0.1 billion.

The environment in which the PGE Capital Group operates is characterised by high volatility and depends on macroeconomic, market and regulatory conditions, and any changes in this respect may have a material impact on the financial position and financial results of the PGE Group. Therefore, the above and other assumptions adopted for estimating the value in use of assets are subject to periodic analysis and verification. Any changes will be reflected in future financial statements.

3.3 Description of assumptions for the Renewables segment

Impairment tests were carried out as at May 31, 2025 with respect to cash-generating units (CGUs) by determining their recoverable amount. The recoverable amount of the assets analysed was determined on the basis of an estimate of their value in use using the discounted net cash flow method, based on financial projections prepared for the expected useful life of a given CGU in the case of wind farms and photovoltaic farms, or for the period 2025–2035 in the case of other CGUs. For those CGUs whose expected economic useful life extends beyond 2035, a residual value was determined after the detailed forecast period. In the Group’s opinion, adopting financial projections longer than five years is justified due to the fact that the property, plant and equipment used by the Group have a materially longer economic useful life and due to the significant and long-term impact of estimated regulatory changes reflected in the detailed forecast.

Specific assumptions

The key assumptions determining the assessed value in use of the tested CGUs include the following:

- recognition as separate CGUs of:
    - pumped-storage power plants (one CGU for all power plants due to their common economic characteristics),
    - run-of-river hydroelectric power plants (one CGU for all power plants due to their common economic characteristics),
    - individual wind farms (separate CGUs for each farm due to differing periods of operation),
    - individual photovoltaic power plants (separate CGUs for each plant due to differing periods of operation),
- electricity and energy origin rights generation assumed on the basis of historical data, taking into account the availability of individual units,
- availability of units estimated on the basis of maintenance plans, taking into account failure rates,
- for pumped-storage power plants, from mid-2025 the launch of the market mechanism for contracting ancillary services was taken into account, with revenues in the first five years estimated on the basis of PGE CG’s internal analyses, and in the long term on the basis of the report of an external expert,
- maintenance of production capacity through reinvestment projects of a replacement nature,
- adoption of a post-tax adjusted weighted average cost of capital (WACC) differentiated over time:

- for 2025–2035 at an average annual level of 7.29%,
- for 2036–2039 at an average annual level of 6.25%,
- from 2040 onwards at 6.54%.

In the impairment tests for the first half of 2024, the post-tax weighted average cost of capital was as follows:

- for 2024–2029 at an average annual level of 7.28%,
- from 2030 onwards at 6.28%,

- additionally, the WACC for wind farms includes an individually estimated level of risk associated with participation in different support schemes during their validity (green certificates, auctions),
- for wind farms acquired in 2022, the WACC further takes into account discounts for:
  - volume guarantees,
  - green certificate premiums,
  - price guarantees, and
  - discounts for the particular strategic importance of individual wind farms, in accordance with the PGE CG Investment Policy.

The total tested carrying amount of property, plant and equipment of the Renewables segment amounted to PLN 5,034 million, of which the tested carrying amount of property, plant and equipment as at May 31, 2025 was PLN 4,735 million and the tested carrying amount of property, plant and equipment under construction as at June 30, 2025 was PLN 299 million. As a result of the impairment test, the Group concluded that impairment write-downs of these assets should be recognised in the total amount of PLN 402 million, as presented in the table below.

(PLN million)	Tested value[1]	Recognised impairment	Value after write-down
Wind farms	620	(65)	555
Photovoltaic power plants	1.078	(337)	741
of which property, plant and equipment under construction[2]	254	(64)	190
TOTAL	**1,698**	**(402)**	**1,296**

[1] relates to power plants and investments in which impairment occurred
[2] excluding stage 3 of the construction of the Jeziórko power plant, which was tested on May 31, 2025, including property, plant, and equipment

Sensitivity analysis

The sensitivity analysis showed that factors such as WACC and electricity prices have a material impact on the estimated value in use. The results of the sensitivity analysis apply to all CGUs belonging to PGE EO S.A. and do not include property, plant and equipment under construction, except for the Jeziórko 3 power plant.

The table below presents the impact of changes in factors, applying the ceteris paribus principle, that have a material effect throughout the projection period on projected cash flows and, consequently, on the estimated value in use.

Parameter	Change in assumptions	Impact on value in use in PLN million	
		Increase	Decrease
Change in electricity price over the forecast period	1%	82	-
	-1%	-	83
Change in WACC	+ 0.5 p.p.	-	2,590
	-0.5 p.p.	3,371	-

Summarising the impact of the changes in assumptions presented in the above table on the value in use of the assets:

- a 1% decrease in the electricity price over the entire forecast period would reduce the value in use of assets by approx. PLN 0.1 billion and increase the impairment by PLN 0.01 billion,
- a 0.5 percentage point increase in WACC over the entire forecast period would reduce the value in use of assets by approx. PLN 2.6 billion and increase the impairment by PLN 0.05 billion.

The environment in which the PGE Capital Group operates is characterised by high volatility and depends on macroeconomic, market and regulatory conditions, and any changes in this respect may have a material impact on the financial position and financial results of the PGE Group. Therefore, the above and other assumptions adopted for estimating the value in use of assets are subject to periodic analysis and verification. Any changes will be reflected in future financial statements.

3.4 Description of assumptions for the District Heating segment

Impairment tests of property, plant and equipment were carried out as at May 31, 2025 with respect to cash-generating units (CGUs) by determining their recoverable amount. Determining fair value for very large groups of assets for which there is no active market and few comparable transactions is, in practice, very difficult. In the case of entire power plants and combined heat and power plants, for which a value must be determined on the local market, observable fair values do not exist. Accordingly, the recoverable amount of the assets analysed was determined on the basis of an estimate of their value in use using the discounted net cash flow method, based on financial projections prepared for the period from June 2025 to the end of 2030. In the Group's view, adopting financial projections longer than five years is justified due to the significant and long-term impact of projected changes in the regulatory environment. By adopting longer projections, the recoverable amount can be estimated more reliably. For generation units whose expected economic useful life extends beyond 2030, a residual value was determined for the remaining operating period.

The energy market, and in particular the heating market, is a regulated market in Poland and as such is subject to numerous regulations and cannot be shaped freely solely on the basis of business decisions. The Energy Law aims, inter alia, to take effective regulatory measures to ensure energy security. This means that the regulatory environment is directed towards the stable operation of heat suppliers in a given area in order to meet consumers' needs in the long term. Under the provisions of the Energy Law, the President of the Energy Regulatory Office (URE) may, even in extreme cases, order an energy company to carry out licensed activities (for a period not exceeding two years) if required by the public interest. If such activities generate a loss, the energy company is entitled to compensation of the losses from the State Treasury.

Accordingly, the Group does not assume a finite useful life of CGUs due to the regulatory environment, which limits the possibility of discontinuing operations. Therefore, in impairment tests it was assumed that activities would continue (in the form of residual value), while maintaining expenditures at replacement level, in the long term, inter alia in view of the public interest in ensuring heat supply. In respect of generation assets covered by the Decarbonisation Plan, reinvestment projects relate to the transformation of generating capacity (to gas-fuelled assets) through the use of new low- or zero-emission generation units, which means that cash flows generated by these assets are included in the impairment tests.

Climate issues

On March 2, 2021, the Minister of Climate and Environment announced the state energy policy until 2040 ('PEP2040'). PEP2040 sets the framework for the energy transition in Poland. It defines strategic directions regarding the selection of technologies for the construction of a low-emission energy system. The policy takes into account the scale of challenges related to adapting the national economy to EU regulatory requirements connected with the 2030 climate and energy targets, the European Green Deal, the post-COVID economic recovery plan, and the pursuit of climate neutrality in line with national capabilities. One of the specific objectives of PEP2040 is the development of district heating and cogeneration, which is intended to contribute to reducing the emission intensity of the energy system as a whole. Achieving this strategic goal is expected to rely heavily on the development of cogeneration, i.e. the simultaneous production of electricity and heat, which is the most efficient way of using the chemical energy of the primary fuel. District heating should be generated primarily in CHP plants, based on low-emission sources, including those fired with natural gas. As the largest energy group in Poland, the PGE Capital Group is obliged to implement the objectives of PEP2040, including in the District Heating segment.

On December 15, 2022, the PGE Capital Group's District Heating segment adopted the Decarbonisation Plan to 2050. The aim of the Decarbonisation Plan is to meet the regulatory requirements imposed on the energy sector and to maintain, in the long term, the current generation capacity in order to satisfy consumer needs.

Confirmation of the ongoing decarbonisation process is also provided by the current PGE CG strategy:

- On June 12, 2025, PGE Polska Grupa Energetyczna published its strategy until 2035. It provides for investments in smart energy grids, new large-scale and flexible gas-fired power plants, renewable energy sources, storage facilities, and integrated district heating systems.
- District heating systems play an important role in the decarbonisation process, particularly in cities and regions with high demand for thermal energy. The PGE Group plans a comprehensive modernisation of its existing units and networks based on low- and zero-emission technologies. By 2030, coal-fired district heating units will be decommissioned. They will be replaced by modern sources that will ensure security of supply, energy efficiency, and emission reduction.

For investments in this segment up to 2035, the PGE Group plans to allocate approx. PLN 18 billion, of which:

- PLN 15 billion will be allocated to new generation units, such as gas engines, electrode boilers, heat pumps, gas-fired water boilers, biomass-fired boilers, and heat storage units,
- PLN 3 billion will be allocated to potential acquisitions of district heating networks and their subsequent modernisation, particularly in cooperation with local governments.

- On October 5, 2023, the PGE EC Investment Committee approved an update of the Decarbonisation Plan for generation assets, aimed at full decarbonisation by 2030, and obliged the project team to update the Plan regularly due to regulatory changes, the availability of new technologies, and changes in the geopolitical and economic situation. Work is currently underway on the next update of the Decarbonisation Plan, taking into account the PGE CG Strategy.

Specific assumptions relating to the segment

The key assumptions determining the assessed value in use of the tested CGUs include the following:

- recognition as separate CGUs of individual branches of PGE EC S.A., i.e.: Branch No 1 in Kraków (Kraków CHP), Wybrzeże Branch (Gdańsk CHP, Gdynia CHP), Rzeszów Branch (Rzeszów CHP), Lublin Branch (Lublin Wrotków CHP), Bydgoszcz Branch (Bydgoszcz I CHP, Bydgoszcz II CHP), Gorzów Wielkopolski Branch (Gorzów Wielkopolski CHP), Zgierz Branch (Zgierz CHP), Kielce Branch (Kielce CHP), Szczecin Branch (Szczecin CHP, Pomorzany CHP, district heating network in Gryfino),
- recognition as one CGU of three production plants forming part of KOGENERACJA, i.e. Wrocław CHP, Czechnica CHP, and Zawidawie CHP,
- assumption that PGE CG generators will not receive free allocations of CO_2 allowances for electricity production in the forecast period,
- inclusion of free allocation of CO_2 emission allowances in the period 2025–2030 for district heating and high-efficiency cogeneration. Member States may apply for free allocation of emission allowances for heat at the level of 30% for the period from 2021 to 2030, with the 30% value referring to the gas benchmark and heat supplied for municipal needs,
- assumption for CHP plants that in the residual period there is support from the capacity market or its equivalent,
- inclusion of the support system for high-efficiency cogeneration in the forecast horizon and residual period: for existing units, support was assumed in the form of guaranteed premium and, if the financial gap condition is met, an individual guaranteed premium; for new gas units, it was assumed that a cogeneration premium would be granted,
- maintenance of production capacity through reinvestment projects of a replacement nature. For generation assets for which measures have been taken towards implementing the Decarbonisation Plan, reinvestment projects mean the transformation of production assets into gas-fuelled assets. The Decarbonisation Plan covers the following locations: Kraków, Gdańsk, Gdynia, Wrocław, Bydgoszcz, Kielce,
- inclusion of development projects with a high level of advancement that have been included in the company's approved investment plan,
- adoption of a post-tax adjusted weighted average cost of capital (WACC) differentiated over time:
  - for 2025–2026 at an average annual level of 8.84%,
  - for 2027–2030 at an average annual level of 7.55%.

  In the impairment tests for the first half of 2024, the post-tax weighted average cost of capital was as follows:
  - for 2024–2025 at an average annual level of 8.50%,
  - for 2026–2030 at an average annual level of 6.59%.

As at May 31, 2025, the tested carrying amount of property, plant and equipment of the District Heating segment amounted to PLN 6,763 million, and goodwill amounted to PLN 192 million. As a result of the impairment test, the Group concluded that there was no need to recognise or reverse impairment write-downs on these assets and goodwill.

Sensitivity analysis

In accordance with IAS 36 Impairment of Assets, the Group carried out a sensitivity analysis for the generation units of the District Heating segment.

The impact of changes in key assumptions, applying the ceteris paribus principle, on the value in use of assets as at May 31, 2025 for the District Heating segment is presented below.

Parameter	Change in assumptions	Impact on value in use in PLN million	
		Increase	Decrease
Change in electricity price over the forecast period	1%	653	-
	-1%	-	653
Change in WACC	+ 0.5 p.p.	-	3,126
	-0.5 p.p.	3,915	-
Change in the price of CO_2 emission allowances	1%	-	233
	- 1%	233	-
Change in the price of hard coal	1%	-	33
	- 1%	33	-
Change in gas price	1%	-	330
	-1%	330	-

Summarising the impact of the changes in assumptions presented in the above table on the value in use of the assets:

- a 1% decrease in the electricity price would reduce the value in use of assets by approx. PLN 0.7 billion and would not affect the creation of a write-down,
- a 0.5 percentage point increase in WACC would reduce the value in use of assets by approx. PLN 3.1 billion would not affect the creation of a write-down,
- a 1% increase in CO_2 emission allowance prices would reduce the value in use of assets by approx. PLN 0.2 billion would not affect the creation of a write-down,
- a 1% increase in the hard coal price would reduce the value in use of assets by approx. PLN 0.03 billion would not affect the creation of a write-down,
- a 1% increase in the gas price would reduce the value in use of assets by approx. PLN 0.3 billion would not affect the creation of a write-down.

The environment in which the PGE Capital Group operates is characterised by high volatility and depends on macroeconomic, market and regulatory conditions, and any changes in this respect may have a material impact on the financial position and financial results of the PGE Group. Therefore, the above and other assumptions adopted for estimating the value in use of assets are subject to periodic analysis and verification. Any changes will be reflected in future financial statements.

3.5 Description of assumptions for the Railway Energy Services segment

Impairment tests were carried out as at May 31, 2025 with respect to cash-generating units (CGUs) by determining their recoverable amount. The recoverable amount of the assets analysed was determined on the basis of an estimate of their value in use using the discounted net cash flow method, based on financial projections prepared for the period from June 2025 to 2031. In the Group's opinion, adopting financial projections longer than five years is justified due to the long-term useful life of the assets and significant forecast market changes in the future. By adopting longer projections, the recoverable amount can be estimated more reliably.

Specific assumptions

The key assumptions determining the assessed value in use of the tested assets include the following:

- due to the number of interdependencies connected with the ability to generate cash flows, the Railway Energy Services segment was recognised as a single CGU. The single CGU combines trading and distribution activities. On May 13, 2025, the Division Plan of Energetyka Kolejowa S.A. was filed with the commercial court in order to separate trading from distribution activities (so-called 'unbundling'). From the segment's perspective, the division of the company does not affect the identification of the CGU or the results of the impairment test of property, plant and equipment, and therefore the financial forecasts do not include changes related to this,
- adoption of forecasts of volumes, margins and costs based on the current Financial Plan of the Railway Energy Services segment, actual performance, and other long-term forecasts, assuming in particular:
  - maintaining a stable level in the distribution of traction energy volumes,
  - maintaining profitability in the trading of traction energy,
  - development of the Fuels Branch, in line with the Fuels Division strategy,
  - long-term maintenance of profitability of contracts concluded by the Services Division,

- adoption of a post-tax adjusted weighted average cost of capital (WACC) differentiated over time:
  - for the Distribution Division – 7.14% for the entire period,
  - for other segments – for the period from June 2025 to 2031 at an average annual level of 7.81%, and after 2031 at 6.45%.

  In the impairment tests of assets at the end of 2024, the post-tax weighted average cost of capital was as follows:
  - for the Distribution Division – 6.05% for the entire forecast period,
  - for other segments – 7.06% (average annual rate for 2025–2030), and 6.42% after 2030.

As at May 31, 2025, the tested carrying amount of property, plant and equipment of the Railway Energy Services segment amounted to PLN 6,958 million, customer relationship assets amounted to PLN 471 million, and goodwill amounted to PLN 345 million. As a result of the impairment test, the Group concluded that there was no need to recognise impairment write-downs.

Sensitivity analysis

In accordance with IAS 36 *Impairment of Assets*, the Group carried out a sensitivity analysis for the Railway Energy Services segment.

The impact of changes in key assumptions, applying the ceteris paribus principle, on the value in use of assets as at May 31, 2025 for the assets belonging to the Railway Energy Services segment is presented below.

Parameter	Change in assumptions	Impact on value in use in PLN million	
		Increase	Decrease
Change in electricity purchase price over the forecast period	+1%	39	-
	-1%	-	39
Change in margin on electricity sales over the forecast period	+1%	28	-
	-1%	-	28
Change in WACC (for Branches outside Distribution)	+0.5 p.p.	-	330
	-0.5 p.p.	418	-
Change in WACC (for distribution activities)	+0.5 p.p.	-	269
	-0.5 p.p.	318	-

Summarising the impact of the changes in assumptions presented in the above table on the value in use of the assets:

- a 1% decrease in the electricity purchase price would reduce the value in use of assets by approx. PLN 0.04 billion and would not affect the creation of a write-down,
- a 1% decrease in electricity sales margins would reduce the value in use of assets by approx. PLN 0.03 billion and would not affect the creation of a write-down,
- a 0.5 percentage point increase in WACC for non-regulated businesses (other than Distribution) would reduce the value in use of assets by approx. PLN 0.3 billion and would not affect the creation of a write-down,
- a 0.5 percentage point increase in WACC for distribution activities would reduce the value in use of assets by approx. PLN 0.3 billion and would not affect the creation of a write-down.

The environment in which the PGE Capital Group operates is characterised by high volatility and depends on macroeconomic, market and regulatory conditions, and any changes in this respect may have a material impact on the financial position and financial results of the PGE Group. Therefore, the above and other assumptions adopted for estimating the value in use of assets are subject to periodic analysis and verification. Any changes will be reflected in future financial statements.

3.6 Description of assumptions for PGE Gryfino Dolna Odra sp. z o.o.

Impairment tests were carried out as at May 31, 2025 with respect to cash-generating units (CGUs) by determining their recoverable amount. Determining fair value for very large groups of assets for which there is no active market and few comparable transactions is, in practice, very difficult. In the case of entire power plants, for which a value must be determined on the local market, observable fair values do not exist. Accordingly, the recoverable amount of the assets analysed was determined on the basis of an estimate of their value in use using the discounted net cash flow method, based on financial projections prepared for the expected operating period. In the Group's opinion, adopting financial projections longer than five years is justified due to the long-term useful life of the assets and significant forecast market changes in the future. By adopting longer projections, the recoverable amount can be estimated more reliably.

The key assumptions determining the assessed value in use of the tested assets include the following:

- rated capacity and average efficiency of the units adopted in line with the guaranteed parameters in the contract with the contractor and the assumed load profile,
- operating period: 25 years (benchmark technical lifetime of CCGT units),
- capital expenditures: the investment project was completed in 2024. It was assumed that capital expenditures for adaptation to hydrogen/green gas co-firing in the amount of PLN 200 million'22 per unit will be incurred in 2034 (expert estimate),
- adoption of a post-tax weighted average cost of capital differentiated for the CGU, in line with the individually estimated level of risk and differentiated over time, at an average annual level of 7.50% for the entire operating horizon of the unit, i.e. until 2048.

In the impairment tests for the first half of 2024, the post-tax weighted average cost of capital differentiated for the CGU amounted to 6.84% for the entire operating horizon of the unit, i.e. until 2048.

As at May 31, 2025, the tested carrying amount of property, plant and equipment of PGE Gryfino Dolna Odra sp. z o.o. amounted to PLN 4,387 million. As a result of the impairment test, the Group concluded that there was no need to recognise impairment write-downs of these assets.

Sensitivity analysis

In accordance with IAS 36 *Impairment of Assets*, the Group carried out a sensitivity analysis for PGE Gryfino Dolna Odra sp. z o.o.

The impact of changes in key assumptions, applying the ceteris paribus principle, on the value in use of assets as at May 31, 2025 for the assets belonging to PGE Gryfino Dolna Odra sp. z o.o. is presented below:

Parameter	Change in assumptions	Impact on value in use in PLN million	
		Increase	Decrease
Change in electricity price over the forecast period	1%	271	-
	-1%	-	274
Change in WACC	+ 0.5 p.p.	-	119
	-0.5 p.p.	125	-
Change in production volume	1%	63	-
	-1%	-	63

Summarising the impact of the changes in assumptions presented in the above table on the value in use of the assets:

- a 1% decrease in the electricity price would reduce the estimated value in use of assets by approx. PLN 0.27 billion and would not affect the creation of a write-down,
- a 0.5 percentage point increase in WACC would reduce the estimated value in use of assets by approx. PLN 0.12 billion and would not affect the creation of a write-down,
- a 1% decrease in production volume would reduce the estimated value in use of assets by approx. PLN 0.06 billion and would not affect the creation of a write-down.

The environment in which the PGE Capital Group operates is characterised by high volatility and depends on macroeconomic, market and regulatory conditions, and any changes in this respect may have a material impact on the financial position and financial results of the PGE Group. Therefore, the above and other assumptions adopted for estimating the value in use of assets are subject to periodic analysis and verification. Any changes will be reflected in future financial statements.

3.7 Description of assumptions for PGE Nowy Rybnik sp. z o.o.

Impairment tests were carried out as at May 31, 2025 with respect to cash-generating units (CGUs) by determining their recoverable amount. Determining fair value for very large groups of assets for which there is no active market and few comparable transactions is, in practice, very difficult. In the case of entire power plants, for which a value must be determined on the local market, observable fair values do not exist. Accordingly, the recoverable amount of the assets analysed was determined on the basis of an estimate of their value in use using the discounted net cash flow method, based on financial projections prepared for the expected operating period. In the Group's opinion, adopting financial projections longer than five years is justified due to the long-term useful life of the assets and significant forecast market changes in the future. By adopting longer projections, the recoverable amount can be estimated more reliably.

The key assumptions determining the assessed value in use of the tested assets include the following:

- rated capacity and average efficiency of the units adopted in line with the guaranteed parameters in the contract with the contractor and the forecast load profile of the units resulting from production volume projections,
- operating period: 24 years (projection until 2050, while the benchmark lifetime of a gas unit is 25 years),

- capital expenditures: for 2025 and onwards adopted in line with the PGE Capital Group's Investment Plan and contracts signed for the construction of units,
- adoption of a post-tax weighted average cost of capital differentiated for the CGU, in line with the individually estimated level of risk and differentiated over time, at an average annual level of 7.31% for the entire operating horizon of the unit, i.e. until 2050.

As at May 31, 2025, the tested carrying amount of property, plant and equipment of PGE Nowy Rybnik sp. z o.o. amounted to PLN 2,519 million. Following the impairment test, the Group concluded that there was no need to recognise any impairment losses on these assets.

Sensitivity analysis

In accordance with IAS 36 *Impairment of Assets*, the Group carried out a sensitivity analysis for PGE Nowy Rybnik sp. z o.o.

The table below presents the impact of changes to key assumptions, applying the ceteris paribus principle, on the value in use of the assets as at May 31, 2025 for the assets of PGE Nowy Rybnik sp. z o.o.

Parameter	Change in assumptions	Impact on value in use in PLN million	
		Increase	Decrease
Change in electricity price over the forecast period	1%	208	-
	-1%	-	208
Change in WACC	+ 0.5 p.p.	-	159
	-0.5 p.p.	170	-
Change in production volume	1%	50	-
	-1%	-	50

Summarising the impact of the changes in assumptions presented in the above table on the value in use of the assets:

- a 1% decrease in the electricity price would reduce the value in use of the assets by approximately PLN 0.2 billion and would not affect the creation of a write-down,
- an increase in WACC by 0.5 percentage points would reduce the value in use of the assets by approximately PLN 0.16 billion and would not affect the creation of a write-down,
- a 1% decrease in production volume would reduce the value in use of the assets by approximately PLN 0.05 billion and would not affect the creation of a write-down.

The environment in which the PGE Capital Group operates is characterised by high volatility and is influenced by macroeconomic, market and regulatory conditions. Any changes in these areas may have a material impact on the financial position and financial performance of the PGE Group. Therefore, the above assumptions, as well as other assumptions adopted for the estimation of the recoverable amount of assets, are subject to periodic analysis and review. Any changes will be reflected in future financial statements.

3.8 Analysis of the circumstances for the Offshore Wind Energy project

In 2021, Ørsted group entities acquired shares in the increased capital of Elektrownia Wiatrowa Baltica 2 and Elektrownia Wiatrowa Baltica 3. As a result of the transaction, the Ørsted group became a 50% shareholder in EWB2 and EWB3. Consequently, the PGE CG lost control over these two companies. Based on the agreements between the PGE CG and the Ørsted companies, EWB2 and EWB3 constitute a joint operation within the meaning of IFRS 11 *Joint Arrangements*. The control loss settlement resulted in the recognition of goodwill of PLN 81 million at the consolidated financial statement level.

As at May 31, 2025, the PGE Capital Group analysed the existing circumstances to verify whether the goodwill might have been impaired. Based on this analysis, the PGE Group concluded that there were no indications for performing an impairment test of goodwill arising from the EWB2 and EWB3 projects, with the conclusions remaining valid as at June 30, 2025.

The key analysed factors included the following:

- the revenue side secured by the Contract for Difference,
- the impact of an increase in inflation and the weighted average cost of capital,
- the projects implementation schedule,
- milestones achieved by the projects,
- the budgets for the development (DEVEX) and implementation (CAPEX) phases of the project.

The EWB2 and EWB3 projects are entitled to obtain public support and consequently secure a revenue side that is indexed for inflation, thus partially mitigating the negative aspects of the macroeconomic environment.

The development phase of the EWB3 project is being carried out within the approved budget, in line with the updated project schedule that takes into account the postponement of the deadline for the generation and first grid connection of electricity, pursuant to the positive decision of the President of the Energy Regulatory Office (PURE). In January 2025, the Final Investment Decision (FID) was adopted for the EWB2 project, as a result of which the development phase was completed and the construction phase commenced, in line with the planned schedule.

Therefore, in the opinion of the PGE Group, as of May 31, 2025 there are no circumstances indicating the need to carry out a test for the goodwill arising from the EWB2 and EWB3 projects. These conclusions remain valid as at June 30, 2025.

3.9 Property, plant and equipment of the Distribution segment

As at the reporting date, the book value of property, plant and equipment related to the distribution business amounts to approximately PLN 28 billion, accounting for approximately 43% of the total consolidated property, plant and equipment of the PGE Capital Group. Their recoverable value depends mainly on the tariff approved by the President of the Energy Regulatory Office (PURE). The regulated (tariff-based) revenue, which is determined on an annual basis, ensures that justified costs are covered: operating costs, depreciation and amortisation, taxes, energy purchase to cover the balance difference, transferred costs, and the achievement of a reasonable return on the capital involved in distribution activities. The level of return on capital and depreciation/amortisation depend on the Regulatory Asset Base.

As at the date of these consolidated financial statements, the PGE Capital Group did not identify any evidence of impairment of property, plant and equipment allocated to distribution activities.

4. Changes in accounting principles and data presentation

New standards and interpretations effective as of January 1, 2025

The accounting principles used in drawing up these financial statements are consistent with those followed in the preparation of the separate financial statements for the year 2024, with the exceptions presented below. The changes to the IFRSs referred to below were applied in these financial statements as of their respective effective dates. The changes presented below did not have any material impact on the presented and disclosed financial information or did not apply to transactions entered into by the Group, or their application is required only in the annual financial statements:

- Amendments to IAS 21 – the changes relate to the effects of changes in foreign currency exchange rates – lack of convertibility

The Group has not elected to early adopt any of the standards, interpretations or changes that have been published but are not yet effective in accordance with the European Union regulations.

Change in the presentation of comparative data

Starting from the period ended 30 June 2025, in its condensed interim consolidated financial statements, the Group presented consolidated statements of comprehensive income for the three- and six-month periods ended on that date and, respectively, comparable data for the three- and six-month periods ended 30 June 2024. In the interim financial statements for the period ended 30 June 2024, the Group presented only cumulative data for the six-month period ended 30 June 2024.

In these interim consolidated financial statements, the comparative figures in the statement of comprehensive income and in the notes for the six-month and three-month periods ended June 30, 2024 have been restated compared to the figures published for those periods. The change resulted from the presentation adjustment of other operating income and expenses as well as financial income and expenses, which in the previously published financial statements had been offset and presented on a net basis instead of a gross basis. The effect of the restatement is presented in the table below.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

STATEMENT OF COMPREHENSIVE INCOME

	6 months ended June 30,2024 published data	Change of presentation – gross basis	6 months ended June 30,2024 restarted data	3 months ended June 30, 2024	Change of presentation – gross basis	3 months ended June 30, 2024 restarted data
GROSS PROFIT ON SALES	**3,321**	**-**	**3,321**	**1,533**	**-**	**1,533**
Distribution and selling expenses	(462)	-	(462)	(171)	-	(171)
General and administrative expenses	(905)	-	(905)	(457)	-	(457)
Other net operating income/(expenses)	905	(905)	-	546	(546)	-
Other operating income	-	1,242	1,242	-	777	777
Other operating expenses	-	(337)	(337)	-	(231)	(231)
OPERATING PROFIT/(LOSS)	**2,859**	**-**	**2,859**	**1,451**	**-**	**1,451**
Net finance income/(expenses), of which:	(322)	322	-	(94)	94	-
Interest income calculated using the effective interest rate method	*158*	*14*	*172*	*84*	*32*	*116*
Finance income	-	408	408	-	247	247
Finance expenses	-	(730)	(730)	-	(341)	(341)
Share in (loss) of entities accounted for using the equity method	(20)	-	(20)	(5)	-	(5)
PROFIT/(LOSS) BEFORE TAX	**2,517**	**-**	**2,517**	**1,352**	**-**	**1,352**

**the restatement takes into account the netting of interest accrued on the Autostrada Wielkopolska S.A. bonds and the related impairment write-down*

In order to increase the transparency of the financial information published by the Group, the table below presents the impact of the above-described change in presentation on the comparative data published for the three-month period ended 31 March 2025.

	6 months ended June 30, 2025	3 months ended March 31, 2025 published data	Change of presentation – gross basis	3 months ended March 31, 2025 restarted data	3 months ended June 30, 2025
GROSS PROFIT ON SALES	**(2,129)**	**3,830**	**-**	**3,830**	**(5,959)**
Distribution and selling expenses	(422)	(194)	-	(194)	(228)
General and administrative expenses	(1,045)	(459)	-	(459)	(586)
Other net operating income/(expenses)	-	83	(83)	-	-
Other operating income	498	-	152	152	346
Other operating expenses	(424)	-	(69)	(69)	(355)
OPERATING PROFIT/(LOSS)	**(3,522)**	**3,260**	**-**	**3,260**	**(6,782)**
Net finance income/(expenses), of which:	-	(256)	256	-	-
Interest income calculated using the effective interest rate method	*198*	*73*	*(28)*	*45*	*153*
Finance income	481	-	230	230	251
Finance expenses	(689)	-	(486)	(486)	(203)
Share in (loss) of entities accounted for using the equity method	6	8	-	8	(2)
PROFIT/(LOSS) BEFORE TAX	**(3,724)**	**3,012**	**-**	**3,012**	**(6,736)**

**the restatement takes into account the netting of interest accrued on the Autostrada Wielkopolska S.A. bonds and the related impairment write-down*

In addition, the PGE CG included the Circular Economy segment, whose assets and results in previous periods were recognised and analysed as part of a separately reported segment, in the Other Activities segment. Comparative data in Notes 6.1 and 7.1 has been restated accordingly.

5. Fair value hierarchy

Derivative instruments

The Group measures derivatives at fair value using valuation models for financial instruments based on publicly available exchange rates, interest rates, discount curves in particular currencies (applicable also for commodities whose prices are denominated in these currencies) obtained from information platforms and active markets. The fair value of derivative instruments is determined based on discounted future cash flows related from concluded transactions, calculated on the basis of the difference between the forward price and the transaction price. The valuation of IRS transactions is the difference in the discounted interest flows of a fixed rate stream and a floating rate stream. The valuation of CCIRS transactions is the difference in the discounted flows paid and received in two different currencies. Forward exchange rates are not modelled as a separate risk factor, but are derived from the spot rate and the corresponding forward interest rate for the foreign currency in relation to PLN.

Deal Contingent Swap (DCS) transactions entered into by the Group in 2024 were conditional interest rate hedging instruments, whose activation was contingent upon the fulfilment of certain suspensive conditions required to initiate the financing of future investment projects. These instruments were measured in a manner similar to standard IRS transactions, with adjustments reflecting their conditional nature. The valuation of DCS instruments included an adjustment based on the probability of the occurrence of suspensive events that conditioned the activation of the instrument. In addition, cash flows resulting from the DCS instrument – such as the level of margin, which depends on the timing of the suspensive event – were modelled using a scenario-based analysis. In January 2025, upon taking the FID, the condition precedent for the Deal Contingent Swap transaction was fulfilled. From that moment, the new transaction is measured as a standard IRS, with no further adjustments for the risk of non-occurrence of the conditional event.

Commodity and inflation risk hedging transactions (commodity and inflation swaps) are based on indices specified in the underlying agreements. These indices are either quoted on commodity exchanges or their prices are determined in the over-the-counter (OTC) market.

Future developments in interest rates, exchange rates or EUA price levels other than those projected by the Group will have an impact on future financial statements.

In the category of financial assets and liabilities measured at fair value through profit or loss, the Group recognises financial instruments related to CO_2 emissions trading – including currency and commodity forwards, as well as contracts for the purchase and sale of coal and gas, and commodity swaps (Level 2).

Additionally, the Group presents the CCIRS derivative hedging instrument for foreign exchange (EUR/PLN) and interest rate and the IRS transactions hedging replacing a floating rate in PLN with a fixed rate in PLN (Level 2).

The Group has power purchase agreements (PPAs) in place for the sale of electricity. Four of these contracts contain embedded derivatives that are measured at the end of each reporting period. The effects of changes in the fair value of these instruments are recognised in profit or loss under finance income/costs. The sale of electricity with physical delivery is carried out on a two-component basis, consisting of a fixed element (scheduled for a given year) and a variable component linked to actual electricity production and market prices in monthly settlement periods. The contracts were concluded for a period of up to 10 years, with rights and obligations defined until December 31, 2025 and December 31, 2030, respectively.

Derivative instruments were measured using the discounted cash flow (DCF) method. Net cash flows were calculated as the product of the volume committed for delivery under the agreement and the difference between the fixed contract price for the specified volume and the forecasted electricity price for the relevant period.

For the purpose of valuing the described financial instrument, an electricity price forecast was prepared for a period corresponding to the electricity sale period under the PPA agreements.

Cash flows were discounted using the 1M WIBOR rate to obtain the Mark-to-Market valuation. In accordance with IFRS 13, which defines fair value, and IFRS 9, which requires the consideration of credit risk in determining fair value, an adjustment was additionally applied to the discount rate to reflect the credit quality and credit risk of the entity or counterparty—depending on whether the derivative is classified as in-the-money or out-of-the-money.

Embedded derivatives in the Contract for Difference (CfD)

The fair value of embedded derivatives was determined in accordance with IFRS 13 using valuation techniques based on unobservable data, resulting in classification within Level 3 of the fair value hierarchy. The valuation of the inflation-linked derivative was based on the expected inflation rate in Poland and in the Eurozone, estimated on the basis of available projections published by the National Bank of Poland and the European Central Bank, respectively. These assumptions reflect the Group's expectations regarding the level of inflation during the term of the contract for difference (CfD).

The currency instrument was valued using the projected EUR/PLN exchange rate, which, due to the long-term nature of the instrument, was determined on the basis of the interest rate differential. The exchange rate volatility parameter was estimated on the basis of market data obtained from Refinitiv Workspace. All of the above assumptions are unobservable data and were included in the option pricing model used to determine the fair value of the instrument.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

	Assets as at June 30, 2025			Liabilities as at June 30, 2025		
FAIR VALUE HIERARCHY	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Hard coal in trading activity	196	-	-	-	-	-
INVENTORIES	**196**	-	-	-	-	-
Currency forwards	-	7	-	-	15	-
Commodity swaps	-	28	-	-	-	-
Coal purchase/sale contracts	-	33	-	-	2	-
Embedded derivatives in commercial contracts	-	-	-	-	-	140
Embedded derivatives in the Contract for Difference (CfD)	-	-	1,425			
Options	-	7	-	-	-	-
DERIVATIVES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	-	**75**	**1,425**	**-**	**17**	**140**
CCIRS hedging transactions	-	12	-	-	-	-
IRS hedging transactions	-	108	-	-	201	-
Currency forwards – EUR	-	7	-	-	755	-
Commodity forwards – all-in-one-hedge	-	124	-	-	171	-
Commodity swaps	-	-	-	-	21	-
Inflation swaps	-	-	-	-	25	-
HEDGING DERIVATIVES	-	**251**	-	-	**1,173**	-
Investment fund participation units	-	35	-	-	-	-
OTHER ASSETS / LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	-	**35**	-	-	-	-

	Assets as at December 31, 2024			Liabilities as at December 31, 2024		
FAIR VALUE HIERARCHY	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Hard coal in trading activity	309	-	-	-	-	-
INVENTORIES	**309**	-	-	-	-	-
Currency forwards	-	-	-	-	9	-
Commodity swaps	-	12	-	-	11	-
Coal purchase/sale contracts	-	31	-	-	1	-
Embedded derivatives in commercial contracts	-	-	-	-	-	212
Options	-	2	-	-	-	-
DERIVATIVES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	-	**45**	-	-	**21**	**212**
CCIRS hedging transactions	-	36	-	-	-	-
IRS hedging transactions	-	176	-	-	-	-
Currency forwards – EUR	-	2	-	-	383	-
Commodity forwards – all-in-one-hedge	-	186	-	-	46	-
Deal Contingent Swaps (DCS)	-	-	-	-	599	-
Commodity swaps	-	-	-	-	15	-
Inflation swaps	-	-	-	-	15	-
HEDGING DERIVATIVES	-	**400**	-	-	**1,058**	-
Investment fund participation units	-	34	-	-	-	-
OTHER ASSETS / LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	-	**34**	-	-	-	-

Derivatives are presented in Note 19 to these financial statements. During the reporting period, there were no transfers of financial instruments between the levels of the fair value hierarchy.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

EXPLANATORY NOTES TO THE BUSINESS SEGMENTS

6. Information on the business segments

The companies of the PGE Capital Group operate based on various concessions, primarily for electricity generation, trading and distribution, heat generation, transmission and distribution, and lignite mining. These concessions are granted by the President of the Energy Regulatory Office or, in the case of mining, by the Minister of the Environment. Concession durations typically range from 10 to 50 years,

The concessions for coal mining, electricity and heat generation, and electricity and heat distribution are assigned the corresponding assets, which are presented in the detailed information on the Business segments. In connection with the electricity and heat concessions, annual fees depending on the level of turnover are incurred. For concessionary lignite mining, mining fees are incurred depending on the applicable rate and the mining volume, as well as usufruct fees.

The PGE CG reports segment information for both the current and comparative periods in accordance with IFRS 8 *Operating Segments*. The Group's reporting is divided into the following segments:

- Renewables – generation of electricity in pumped-storage power plants and from renewable sources. In addition, the segment includes companies engaged in the construction of electricity storage facilities.
- Gas-fired Generation – electricity generation from gas-fired units.
- Coal Energy (formerly Conventional Generation) – includes lignite mining and electricity generation from conventional sources, plus auxiliary operations.
- District Heating – combined heat and power (CHP) generation and heat transmission and distribution.
- Distribution – the management of local distribution networks and the transmission of electricity over them.
- Railway Energy Services mainly include the distribution and sales of electricity to railway companies and railway-related customers, sales of fuels, maintenance and upgrading of overhead lines, and other electricity-related services.
- Supply – electricity and gas trading on wholesale markets, CO_2 emission rights trading, trading in energy origin rights arising from certificates of origin, and the purchase and supply of fuels as well as the sales of electricity and services to end-users.
- Other Activities – services provided to the Group by its subsidiaries, e.g. arrangement of financing, provision of IT and transport services, and investments in start-ups. The companies operating in this segment also provide comprehensive management services for combustion by-products, auxiliary services for electricity and heat producers, and supply materials.

The Group’s organisational structure and management are based on this segment division, taking into account the type of products and services offered by them. Each segment represents strategic business unit with distinct offerings targeted to other markets. The different units are allocated to the business segments as described in Note 1.3 of these consolidated financial statements. Inter-segment transactions are accounted for by the PGE CG as if they were with unrelated parties (at arm’s length). In reviewing segment performance, the Group’s management primarily focuses on EBITDA.

In the current period, the PGE CG included the Circular Economy segment, whose assets and results in previous periods were recognised and analysed as part of a separately reported segment, in the Other Activities segment. Comparative data has been restated accordingly.

Seasonality of business segments

Electricity and heat demand is affected mainly by:

- Weather – temperature, wind, rainfall,
- Socioeconomic factors – energy consumer base, prices of energy carriers, economic growth, GDP, and
- Technology – advancements and production methods.

Each of these factors influences technical and economic conditions of energy production and energy carrier distribution, thereby affecting the PGE Capital Group’s financial results.

The level of electricity sales throughout the year varies and depends mainly on environmental factors such as air temperature and the length of the day. The increase in electricity demand is particularly noticeable during winter, while lower demand is observed in summer. Seasonal variation is also pronounced differently in the case of certain end-user groups – More among households than in the industrial sector.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

In the Renewables segment, electricity generation depends on natural resources like water, wind, and solar radiation. Weather conditions are a significant factor influencing electricity production in this segment.

Heat sales are closely tied to ambient temperatures – it is higher in winter and lower in summer.

6.1 Information on the Business segments

Information on Business segments for the six-month period ended June 30, 2025 or as at June 30, 2025

	Renewables Renewable	Gas-fired Generation	Coal Energy	District Heating	Distribution	Railway Energy Services	Supply	Other activities	Adjustments	Total
PROFIT AND LOSS ACCOUNT										
Sales to external customers	1,119	227	6,773	3,383	5,441	2,582	11,283	159	4	30,971
Inter-segment sales	306	2,199	6,622	2,040	224	24	5,651	356	(17,422)	-
TOTAL SEGMENT SALES	**1,425**	**2,426**	**13,395**	**5,423**	**5,665**	**2,606**	**16,934**	**515**	**(17,418)**	**30,971**
Cost of goods sold	(858)	(2,261)	(21,328)	(4,285)	(3,657)	(1,944)	(15,084)	(380)	16,697	(33,100)
EBIT	**362**	**102**	**(8,643)**	**864**	**1,864**	**446**	**1,242**	**73**	**168**	**(3,522)**
Depreciation, liquidation, and write-downs recognised in the financial result	606	121	9,026	402	760	229	20	32	(28)	11,168
EBITDA	**968**	**223**	**383**	**1,266**	**2,624**	**675**	**1,262**	**105**	**140**	**7,646**
LOSS BEFORE TAX	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,724)**
Income tax	-	-	-	-	-	-	-	-	-	(3,399)
NET LOSS FOR THE REPORTING PERIOD	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(7,123)**
ASSETS AND LIABILITIES										
Segment assets without PPE, IA, RTUA and trade receivables	1,073	267	7,761	673	127	209	4,059	119	(3,465)	10,823
PPE, IA, RTUA	8,887	7,226	4,534	9,030	27,526	7,532	338	482	(621)	64,934
Trade receivables	307	371	1,468	385	1,420	661	4,638	144	(3,898)	5,496
Shares accounted for using the equity method	-	-	-	-	-	-	-	-	-	380
Unallocated assets	-	-	-	-	-	-	-	-	-	17,971
TOTAL ASSETS										**99,604**
Segment payables excluding trade payables	3,776	719	25,873	3,047	8,387	785	2,505	245	(4,420)	40,917
Trade payables	94	326	792	245	460	2,321	3,808	79	(3,950)	4,175
Unallocated liabilities										15,903
TOTAL LIABILITIES										**60,995**
OTHER INFORMATION ON THE SEGMENT										
Capital expenditure / RTUA increases	**1,391**	**1,255**	**280**	**505**	**1,404**	**141**	**4**	**75**	**(141)**	**4,914**
Impairment write-downs of financial and non-financial assets	409	-	8,798	31	16	(1)	4	3	5	9,265
Other non-cash expenses*	35	248	7,080	1,298	176	71	163	19	(96)	8,994

**Non-cash changes relate to provisions for e.g. rehabilitation, CO_2 emission allowances, jubilee rewards, employee tariff, and non-financial employee benefit obligations recognised in profit or loss and other comprehensive income.*

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

Information on Business segments for the six-month period ended June 30, 2024 or as at December 31, 2024

restated data	Renewables	Gas-fired Generation	Coal Energy	District Heating	Distribution	Railway Energy Services	Supply	Other activities	Adjustments	Total
PROFIT AND LOSS ACCOUNT										
Sales to external customers	685	181	7,820	3,101	5,289	2,528	11,558	130	2	31,294
Inter-segment sales	570	8	6,930	2,511	319	24	12,883	313	(23,558)	-
TOTAL SEGMENT SALES	**1,255**	**189**	**14,750**	**5,612**	**5,608**	**2,552**	**24,441**	**443**	**(23,556)**	**31,294**
Cost of goods sold	(706)	(211)	(15,396)	(5,023)	(3,909)	(2,015)	(22,973)	(313)	22,573	(27,973)
EBIT	**451**	**(40)**	**(992)**	**357**	**1,543**	**228**	**1,286**	**69**	**(43)**	**2,859**
Depreciation, liquidation, and write-downs recognised in the financial result	196	1	720	416	689	219	18	31	(9)	2,281
EBITDA	**647**	**(39)**	**(272)**	**773**	**2,232**	**447**	**1,304**	**100**	**(52)**	**5,140**
PROFIT BEFORE TAX	**-**	**-**	**-**	**-**	**-**		**-**	**-**	**-**	**2,517**
Income tax	-	-	-	-	-		-	-	-	(428)
NET PROFIT FOR REPORTING PERIOD	**-**	**-**	**-**	**-**	**-**		**-**	**-**	**-**	**2,089**
ASSETS AND LIABILITIES										
Segment assets without PPE, IA, RTUA and trade receivables	972	266	12,478	2,289	51	208	1,330	109	(1,452)	16,251
PPE, IA, RTUA	7,901	6,103	13,092	8,872	26,836	7,621	354	446	(453)	70,772
Trade receivables	224	121	1,809	1,541	1,747	690	9,216	158	(9,033)	6,473
Shares accounted for using the equity method	-	-	-	-	-		-	-	-	371
Unallocated assets	-	-	-	-	-		-	-	-	10,127
TOTAL ASSETS	**-**	**-**	**-**	**-**	**-**		**-**	**-**	**-**	**103,994**
Segment payables excluding trade payables	960	502	25,073	2,852	3,585	864	4,775	244	(2,346)	36,509
Trade payables	120	237	1,133	4,126	597	2,563	5,451	101	(9,127)	5,201
Unallocated liabilities	-	-	-	-	-		-	-	-	16,755
TOTAL LIABILITIES	**-**	**-**	**-**	**-**	**-**		**-**	**-**	**-**	**58,465**
OTHER INFORMATION ON THE SEGMENT										
Capital expenditure / RTUA increases	**615**	**1,054**	**400**	**613**	**1,909**	**199**	**15**	**34**	**(194)**	**4,645**
Impairment write-downs of financial and non-financial assets	-	-	52	64	8	142	(14)	-	37	289
Other non-cash expenses *)	25	1	9,080	1,612	33	75	(264)	22	(79)	10,505

**Non-cash changes relate to provisions for e.g. rehabilitation, CO_2 emission allowances, jubilee rewards, employee tariff, and non-financial employee benefit obligations recognised in profit or loss and other comprehensive income.*

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

Information on Business segments for the three-month period ended June 30, 2025

	Renewables	Gas-fired Generation	Coal Energy	District Heating	Distribution	Railway Energy Services	Supply	Other activities	Adjustments	Total
PROFIT AND LOSS ACCOUNT										
Sales to external customers	602	134	3,001	1,104	2,546	1,238	5,088	88	3	13,804
Inter-segment sales	134	1,117	2,860	630	109	13	1,558	176	(6,597)	-
TOTAL SEGMENT SALES	**736**	**1,251**	**5,861**	**1,734**	**2,655**	**1,251**	**6,646**	**264**	**(6,594)**	**13,804**
Cost of goods sold	(576)	(1,147)	(14,246)	(1,439)	(1,663)	(935)	(5,848)	(211)	6,302	(19,763)
EBIT	**14**	**72**	**(8,746)**	**163**	**919**	**209**	**508**	**24**	**55**	**(6,782)**
Depreciation, liquidation, and write-downs recognised in the financial result	508	61	8,843	200	386	115	10	16	(21)	10,118
EBITDA	**522**	**133**	**97**	**363**	**1,305**	**324**	**518**	**40**	**34**	**3,336**
LOSS BEFORE TAX	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(6,736)**
Income tax	-	-	-	-	-	-	-	-	-	(2,859)
NET LOSS FOR THE REPORTING PERIOD	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(9,595)**
Capital expenditure / RTUA increases	**881**	**993**	**143**	**350**	**766**	**80**	**2**	**55**	**(72)**	**3,198**

Information on Business segments for the three-month period ended June 30, 2024

restated data	Renewables	Gas-fired Generation	Coal Energy	District Heating	Distribution	Railway Energy Services	Supply	Other activities	Adjustments	Total
PROFIT AND LOSS ACCOUNT										
Sales to external customers	309	170	4,029	946	2,443	1,190	5,286	78	2	14,453
Inter-segment sales	248	8	3,256	775	121	11	1,154	157	(5,730)	-
TOTAL SEGMENT SALES	**557**	**178**	**7,285**	**1,721**	**2,564**	**1,201**	**6,440**	**235**	**(5,728)**	**14,453**
Cost of goods sold	(341)	(188)	(7,452)	(1,594)	(1,598)	(935)	(6,026)	(166)	5,380	(12,920)
EBIT	**167**	**(17)**	**(133)**	**47**	**890**	**58**	**392**	**40**	**7**	**1,451**
Depreciation, liquidation, and write-downs recognised in the financial result	101	-	359	212	350	110	9	17	(5)	1,153
EBITDA	**268**	**(17)**	**226**	**259**	**1,240**	**168**	**401**	**57**	**2**	**2,604**
PROFIT BEFORE TAX	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,352**
Income tax	-	-	-	-	-	-	-	-	-	(214)
NET PROFIT FOR REPORTING PERIOD	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,138**
Capital expenditure / RTUA increases	**357**	**613**	**221**	**330**	**996**	**122**	**13**	**22**	**(95)**	**2,579**

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

7. Revenue and expenses

7.1 Sales revenue

Sales revenue for the period ended June 30, 2025 by category

The table below shows reconciliation between the disclosure of revenue by category and the information about revenue disclosed by the Group for each reporting segment.

	Renewables	Gas-fired Generation	Coal Energy	District Heating	Distribution	Railway Energy Services	Supply	Other activities	Adjustments	Total
Revenue from contracts with customers	1,434	2,426	13,386	5,254	5,617	2,586	16,319	515	(17,409)	**30,128**
Compensation – energy, gas, heat, distribution service	-	-	-	96	8	20	612	-	-	**736**
RES auction support system	(11)	-	-	-	-	-	-	-	-	**(11)**
High-efficiency cogeneration support	-	-	-	33	-	-	-	-	-	**33**
Compensations – Long-term Contracts	-	-	-	25	-	-	-	-	-	**25**
Leasing	2	-	9	15	40	-	3	-	(9)	**60**
TOTAL SALES REVENUE	**1,425**	**2,426**	**13,395**	**5,423**	**5,665**	**2,606**	**16,934**	**515**	**(17,418)**	**30,971**

The table below presents revenue from contracts with customers divided into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

Type of good or service	Renewables	Gas-fired Generation	Coal Energy	District Heating	Distribution	Railway Energy Services	Supply	Other activities	Adjustments	Total
Revenue from sales of goods and products including taxes and charges	1,408	2,426	13,367	5,224	6,198	2,444	15,961	137	(16,622)	**30,543**
Taxes and charges collected on behalf of third parties	-	-	*(6)*	*(2)*	*(617)*	*(140)*	*(71)*	-	**-**	*(836)*
Revenue from sales of goods and products, including:	**1,408**	**2,426**	**13,361**	**5,222**	**5,581**	**2,304**	**15,890**	**137**	**(16,622)**	**29,707**
Electricity	783	1,774	11,522	2,198	6	1,004	12,064	-	(12,655)	16,696
Capacity market	174	169	1,172	203	-	-	21	-	-	1,739
Distribution services	-	-	2	12	5,368	1,157	55	-	(233)	6,361
Heat	-	-	112	2,797	-	-	11	-	(18)	2,902
Energy origin rights	60	-	-	3	-	-	1	-	(35)	29
Regulatory system services	10	5	2	1	-	-	-	-	-	18
Balancing services (balancing capacity/operational reserve)	373	69	476	-	-	-	-	-	-	918
Natural gas	-	409	-	-	-	-	967	-	(970)	406
Other fuels	-	-	-	-	-	97	213	-	(97)	213
CO_2 emission allowances	-	-	-	-	-	-	2,552	-	(2,550)	2
Other	8	-	75	8	207	46	6	137	(64)	423
Revenue from sales of services	**26**	**-**	**25**	**32**	**36**	**282**	**429**	**378**	**(787)**	**421**
REVENUE FROM CONTRACTS WITH CUSTOMERS	**1,434**	**2,426**	**13,386**	**5,254**	**5,617**	**2,586**	**16,319**	**515**	**(17,409)**	**30,128**

Sales revenue for the period ended June 30, 2024 by category

The table below shows reconciliation between the disclosure of revenue by category and the information about revenue disclosed by the Group for each reporting segment.

restated data	Renewables	Gas-fired Generation	Coal Energy	District Heating	Distribution	Railway Energy Services	Supply	Other activities	Adjustments	Total
Revenue from contracts with customers	1,256	189	14,743	5,453	4,920	2,540	22,967	442	(23,544)	**28,966**
Compensation – energy, gas, heat, distribution service	-	-	-	110	651	12	1,433	-	-	**2,206**
Compensations – coal	-	-	-	-	-	-	38	-	-	**38**
RES auction support system	(4)	-	-	-	-	-	-	-	-	**(4)**
High-efficiency cogeneration support	-	-	-	43	-	-	-	-	-	**43**
Compensations – Long-term Contracts	-	-	-	(7)	-	-	-	-	-	**(7)**
Leasing	3	-	7	13	37	-	3	1	(12)	**52**
TOTAL SALES REVENUE	**1,255**	**189**	**14,750**	**5,612**	**5,608**	**2,552**	**24,441**	**443**	**(23,556)**	**31,294**

The table below presents revenue from contracts with customers divided into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

Type of good or service *restated data*	Renewables	Gas-fired Generation	Coal Energy	District Heating	Distribution	Railway Energy Services	Supply*	Other activities	Adjustments	Total
Revenue from sales of goods and products including taxes and charges	1,233	189	14,729	5,433	5,776	2,421	22,479	109	(22,679)	**29,690**
Taxes and charges collected on behalf of third parties	-	-	*(6)*	*(2)*	*(885)*	*(134)*	*(76)*	-	-	*(1,103)*
Revenue from sales of goods and products, including:	**1,233**	**189**	**14,723**	**5,431**	**4,891**	**2,287**	**22,403**	**109**	**(22,679)**	**28,587**
Electricity	907	181	13,119	2,743	11	1,090	10,800	-	(10,986)	17,865
Capacity market	133	8	1,053	147	-	-	16	-	-	1,357
Distribution services	-	-	3	13	4,589	1,082	56	-	(234)	5,509
Heat	-	-	84	2,507	-	-	9	-	(15)	2,585
Energy origin rights	134	-	-	8	-	-	2	-	(94)	50
Regulatory system services	38	-	375	2	-	-	-	-	-	415
Natural gas	-	-	-	-	-	-	82	-	(65)	17
Other fuels	-	-	-	-	-	109	479	-	(177)	411
CO_2 emission allowances	-	-	-	6	-	-	10,945	-	(10,933)	18
Other	21	-	89	5	291	6	14	109	(175)	360
Revenue from sales of services	**23**	**-**	**20**	**22**	**29**	**253**	**564**	**333**	**(865)**	**379**
REVENUE FROM CONTRACTS WITH CUSTOMERS	**1,256**	**189**	**14,743**	**5,453**	**4,920**	**2,540**	**22,967**	**442**	**(23,544)**	**28,966**

** In the comparative period, an adjustment was made to the allocation of the transaction price arising from the ZHZW and ZDEE agreements between revenue from the sale of services and revenue from the sale of goods in the amount of PLN 176 million.*

7.2 Expenses by kind and function

	Period ended June 30, 2025	Period ended June 30, 2024
EXPENSES BY KIND		
Depreciation and impairment write-downs	11,182	2,293
Material and energy consumption	4,585	5,231
Third party services	2,551	2,530
Taxes and charges	9,075	11,523
Employee benefits expenses	4,211	3,909
Other expenses by kind	237	212
TOTAL EXPENSES BY KIND	**31,841**	**25,698**
Change in stock of goods	4	(30)
Cost of producing services for the entity’s own use	(604)	(648)
Distribution and selling expenses	(422)	(462)
General and administrative expenses	(1,045)	(905)
Value of goods and materials sold	3,326	4,320
COST OF GOODS SOLD	**33,100**	**27,973**

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

7.3 Costs Depreciation, disposal, and impairment write-downs

The table below presents depreciation and disposal as well as impairment write-downs on property, plant and equipment, intangible assets, rights to use assets, and investment property in the consolidated statement of comprehensive income.

Period ended June 30, 2025	Depreciation and disposal					Impairment write-downs			
	PPE	IA	RTUA	IP	TOTAL	PPE	IA	RTUA	TOTAL
Cost of goods sold	1,900	62	64	1	**2,027**	8,922	20	65	**9,007**
Distribution and selling expenses	6	1	2	-	**9**	-	-	-	**-**
General and administrative expenses	22	7	6	-	**35**	90	-	-	**90**
CHARGED TO FINANCIAL RESULT	**1,928**	**70**	**72**	**1**	**2,071**	**9,012**	**20**	**65**	**9,097**
Change in stock of goods	(4)	-	-	-	**(4)**	-	-	-	**-**
Cost of producing services for the entity's own use	13	2	3	-	**18**	-	-	-	**-**
TOTAL	**1,937**	**72**	**75**	**1**	**2,085**	**9,012**	**20**	**65**	**9,097**

Period ended June 30, 2024	Depreciation and disposal					Impairment write-downs			
	PPE	IA	RTUA	IP	TOTAL	PPE	IA	RTUA	TOTAL
Cost of goods sold	1,984	47	50	1	**2,082**	100	-	-	**100**
Distribution and selling expenses	4	1	1	-	**6**	-	-	-	**-**
General and administrative expenses	63	15	13	-	**91**	1	-	1	**2**
CHARGED TO FINANCIAL RESULT	**2,051**	**63**	**64**	**1**	**2,179**	**101**	**-**	**1**	**102**
Change in stock of goods	(3)	-	-	-	**(3)**	-	-	-	**-**
Cost of producing services for the entity's own use	10	2	3	-	**15**	-	-	-	**-**
TOTAL	**2,058**	**65**	**67**	**1**	**2,191**	**101**	**-**	**1**	**102**

In the current period, the Group carried out impairment tests of non-current assets, which resulted in impairment write-downs in the Coal Energy and Renewables segments with a total amount of PLN 9,052 million. A detailed description can be found in Notes 3.2 and 3.3 to these financial statements.

Other impairment write-downs recognised during the reporting period relate to capital expenditures incurred in entities where full impairment was identified in prior periods.

Under Depreciation and disposal, the Group recognised an amount of PLN 19 million in the current period in respect of the net value of the disposal of PPE and IA (PLN 18 million in the comparative period).

7.4 Other operating income and expenses

	Period ended June 30, 2025	Period ended June 30, 2024 *restated data**
OTHER OPERATING INCOME		
Reversal of provision for employee benefits	187	-
Reversal of other provisions	79	503
Penalties, fines and compensation received and charged	65	56
Reversal of impairment write-downs on receivables	43	45
Measurement and settlement of derivative instruments – coal	42	162
Grants	40	16
PPE / IA and other infrastructure received free of charge	20	17
Gain on disposal of PPE/IA	4	8
Capitalisation of changes in the rehabilitation provision	-	392
Other	18	43
TOTAL OTHER OPERATING INCOME	**498**	**1,242**

**The restatement of comparative data is described in Note 4 to these consolidated financial statements.*

The reversal of the provision for employee benefits relates to the obligation arising from the so-called consolidation award, recognised in the financial statements of PGE GiEK S.A. as at December 31, 2022. This item was recognised following the decision to abandon the project of spinning off coal assets, as described in detail in Note 27.1.

The reversal of other provisions concerns, among others, provisions for onerous contracts with tariff G customers of PGE Obrót S.A., as described in Note 21.5 to these financial statements.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

	Period ended June 30, 2025	Period ended June 30, 2024 *restated data**
OTHER OPERATING EXPENSES		
Recognition of impairment write-downs on other assets	113	1
Capitalisation of changes in the rehabilitation provision	79	-
Recognition of other provisions	76	80
Recognition of impairment write-downs on receivables	76	172
Donations	23	15
Damage and failure remediation	17	5
Compensation, penalties and fines	4	2
Other	36	62
TOTAL OTHER OPERATING EXPENSES	**424**	**337**

**The restatement of comparative data is described in Note 4 to these consolidated financial statements.*

Under the line item *Reversal of impairment write-downs on other assets*, an impairment write-down on strategic inventories in the Coal Energy segment in the amount of PLN 112 million was recognised.

The issue of the rehabilitation provision measurement is discussed in Note 21.2 of these financial statements.

7.5 Finance income and expenses

	Period ended June 30, 2025	Period ended June 30, 2024 *restated data**
FINANCE INCOME FROM FINANCIAL INSTRUMENTS		
Dividends	1	-
Interest	199	185
Revaluation	227	206
Reversal of impairment write-downs	3	2
Gain on disposal of investment	1	-
Foreign exchange differences	45	14
TOTAL FINANCE INCOME FROM FINANCIAL INSTRUMENTS	**476**	**407**
OTHER FINANCE INCOME		
Interest on tax receivables	5	1
TOTAL OTHER FINANCE INCOME	**5**	**1**
TOTAL FINANCE INCOME	**481**	**408**

**The restatement of comparative data is described in Note 4 to these consolidated financial statements.*

The Group recognises interest income primarily from cash held in bank accounts and deposits, and interest on bonds.

Income from revaluation in the current reporting period primarily results from the measurement of derivative instruments and embedded derivatives included in electricity sales contracts in the Renewables segment.

	Period ended June 30, 2025	Period ended June 30, 2024 *restated data**
FINANCE EXPENSES FROM FINANCIAL INSTRUMENTS		
Interest	345	368
Revaluation	6	38
Impairment write-down	8	4
Loss on disposal of investments	3	9
Foreign exchange differences	43	43
TOTAL FINANCE EXPENSES FROM FINANCIAL INSTRUMENTS	**405**	**462**
OTHER FINANCE EXPENSES		
Interest costs on non-financial items	264	256
Interest on tax payables	3	2
Recognition of provisions	6	-
Other	11	10
TOTAL OTHER FINANCE EXPENSES	**284**	**268**
TOTAL FINANCE EXPENSES	**689**	**730**

**The restatement of comparative data is described in Note 4 to these consolidated financial statements.*

Interest expenses mainly relate to loans and advances as well as issued bonds. Interest expense on lease liabilities amounted to PLN 39 million in the current reporting period (PLN 37 million in the comparative period). Interest expense on non-financial items concerns rehabilitation provisions and provisions for employee benefits.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

7.6 Share in the result of entities accounted for using the equity method

Period ended June 30, 2025	Polimex Mostostal*	PEC Bogatynia	Energopo-miar	PGE Soleo Kleszczów	PGE PAK Energia Jądrowa	Elester
VOTING RIGHTS	**16.23%**	**34.93%**	**49.79%**	**50.00%**	**50.00%**	**89.96%**
Revenue	1,760	24	40	-	-	19
Profit from continuing operations	(35)	1	3	(1)	(8)	(7)
Share in the result of entities accounted for using the equity method	**(6)**	**-**	**1**	**-**	**(4)**	**(6)**
Elimination of unrealised profits and losses	(3)	-	-	-	-	-
Impairment loss	24	-	-	-	-	-
SHARE IN THE RESULT OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**15**	**-**	**1**	**-**	**(4)**	**(6)**
Other comprehensive income	(3)	-	-	-	-	-
SHARE IN OTHER COMPREHENSIVE INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**-**	**-**	**-**	**-**	**-**	**-**

** The share in the result of Polimex Mostostal was recognized based on data for the period from December 1, 2024 to May 31, 2025*

Period ended June 30, 2024	Polimex Mostostal*	PEC Bogatynia	Energopo-miar	PGE Soleo Kleszczów	PGE PAK Energia Jądrowa	Elester
VOTING RIGHTS	**16.27%**	**34.93%**	**49.79%**	**50.00%**	**50.00%**	**89.96%**
Revenue	1,090	18	36	-	-	21
Profit from continuing operations	(199)	1	3	-	(8)	(3)
Share in the result of entities accounted for using the equity method	**(32)**	**-**	**1**	**-**	**(4)**	**(3)**
Elimination of unrealised profits and losses	18	-	-	-	-	-
SHARE IN THE RESULT OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**(14)**	**-**	**1**	**-**	**(4)**	**(3)**
Other comprehensive income	10	-	-	-	-	-
SHARE IN OTHER COMPREHENSIVE INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**2**	**-**	**-**	**-**	**-**	-

** The share in the result of Polimex Mostostal was recognized based on data for the period from December 1, 2023 to May 31, 2024*

The Group makes a consolidation adjustment relating to margin on contracts performed by Polimex - Mostostal for the benefit of the Group.

8. Write-downs of receivables

As described in Note 3, in the current reporting period the Group recognised impairment write-downs of property, plant and equipment amounting to PLN 8,650 million in the Coal Energy segment and PLN 402 million in the Renewables segment.

In addition, in the current reporting period the Group recognised an impairment write-down on strategic inventories in the Coal Energy segment in the amount of PLN 112 million.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

9. Income tax

9.1 Tax in the statement of comprehensive income

The main items of the income tax expense for the period ended June 30, 2025 and June 30, 2024 are as follows:

	Period ended June 30, 2025	Period ended June 30, 2024
Current income tax	909	758
Adjustments related to current income tax for previous years	(3)	(44)
Deferred income tax	2,492	(324)
Deferred income tax adjustments	1	38
INCOME TAX EXPENSE RECOGNISED IN THE FINANCIAL RESULT	**3,399**	**428**
INCOME TAX EXPENSE RECOGNISED IN OTHER COMPREHENSIVE INCOME		
On actuarial gains and losses on valuation of employee benefit provisions	85	26
On valuation of hedging instruments	(49)	87
(Tax advantage) / tax burden recognised in other comprehensive income (equity)	**36**	**113**

9.2 Effective tax rate

The reconciliation of income tax on the gross financial result before tax at the statutory interest rate with income tax calculated according to the effective tax rate is as follows:

	Year ended June 30, 2025	Year ended June 30, 2024
PROFIT/(LOSS) BEFORE TAX	**(3,724)**	**2,517**
Tax at statutory rate effective in Poland – 19%	(708)	478
ITEMS ADJUSTING INCOME TAX		
Adjustments related to current income tax for previous years	(3)	(44)
Deferred income tax adjustments	1	38
Reversal of deferred income tax assets	4,009	-
Non-deductible expenses	105	52
Creation/reversal of non-tax-deductible provisions and impairment write-downs	24	(31)
Income not subject to tax	14	(61)
Other adjustments	(43)	(4)
INCOME TAX AT EFFECTIVE TAX RATE **Income tax (burden) in the consolidated financial statements**	**3,399**	**428**
EFFECTIVE TAX RATE	**(91)%**	**17%**

The main factor affecting the effective tax rate was the outcome of the review of the recoverable amount of deferred income tax assets and unrecognised deferred income tax assets in the Coal Energy segment.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

10. Significant transactions involving the acquisition and disposal of property, plant and equipment, intangible assets and rights to use assets

In the current reporting period, the Group purchased PPE, IA and RTUA amounting to PLN 4,914 million.

The largest expenditures were incurred by the Distribution segment – PLN 1,404 million, and the Renewables segment – PLN 1,391 million.

The remaining expenditures incurred in individual segments were as follows: Gas-fired Generation – PLN 1,255 million, District Heating – PLN 505 million, Coal Energy – PLN 280 million, Railway Energy Services – PLN 141 million and Other – PLN 75 million.

The main capital expenditures in the Distribution segment included: the connection of new customers to the distribution grid – PLN 566 million, the Remote Reading Meters Programme – PLN 313 million, and the Cable Programme – PLN 79 million.

In the Renewables segment, significant expenditures were incurred on the preparation and implementation of offshore wind farms: EWB 1 – PLN 22 million, EWB 3 – PLN 14 million and EWB 2 – PLN 1,002 million, as well as on the modernisation and maintenance of production assets (PLN 73 million), the implementation of the PV Programme (PLN 72 million) and the Comprehensive Modernisation Programme for ESP Porąbka Żar (PLN 163 million).

As part of the expenditures incurred in the Gas-fired Generation segment, spending was concentrated on the construction of the CCGT unit in PGE Nowy Rybnik – PLN 1,184 million.

In the District Heating segment, the largest expenditures were incurred for: the construction of the new Czechnica CHP plant – PLN 196 million, the investment programme in the Gdynia CHP plant – PLN 76 million, the investment programme in the Bydgoszcz CHP plant – PLN 47 million and the second line of the Thermal Waste Treatment Plant (ITPOE) in Rzeszów – PLN 26 million.

In the Coal Energy segment, the main expenditures were incurred in the area of modernisation and maintenance investments – PLN 271 million, including the largest expenditures by the Bełchatów Lignite Mine Branch – PLN 89 million, the Bełchatów Power Plant – PLN 44 million and the Opole Power Plant – PLN 51 million.

In the Railway Energy Services segment, the largest expenditures were incurred for: the restoration, expansion and modernisation of the non-traction distribution network – PLN 47 million, the connection of new electricity customers – PLN 19 million and the restoration, expansion and modernisation of the traction distribution network – PLN 18 million.

In the current reporting period, the Group incurred borrowing costs of PLN 135 million, which were capitalised in the value of property, plant and equipment.

11. Future capital commitments

As at June 30, 2025, the Group had committed to incur expenditures on property, plant and equipment in the amount of approximately PLN 16,731 million. These amounts will primarily be allocated to the construction of offshore wind farms, the design and construction of a battery energy storage facility, the construction of new gas-fired units, the modernisation of Group assets, and the purchase of machinery and equipment.

	As at June 30, 2025	As at December 31, 2024
Renewables*	11,214	9,781
Gas-fired Generation	1,386	2,383
Distribution	2,295	1,542
District Heating	945	1,083
Coal Energy	227	259
Railway Energy Services**	651	586
Supply	0	0
Other activities	13	21
TOTAL FUTURE CAPITAL COMMITMENTS	**16,731**	**15,655**

** The presented amounts include the 50% share attributable to the PGE CG in the joint operation within the meaning of IFRS 11 Joint Arrangements.*
*** In the comparative period, the future capital commitments of the Railway Energy Services segment were adjusted by PLN 518 million*

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

The most significant future capital commitments relate to:

- Renewables – construction of the Baltica 2 offshore wind farm in the Baltic Sea – approximately PLN 8,798 million; design and construction of the Żarnowiec battery energy storage facility – approximately PLN 1,261 million; modernisation of the upper reservoir of the Porąbka-Żar pumped-storage power plant – approximately PLN 744 million.
- Gas-fired Generation – construction of a combined cycle gas turbine (CCGT) unit (PGE Nowy Rybnik sp. z o.o.) – approx. PLN 591 million; public service contract for two gas turbines (PGE Gryfino Dolna Odra sp. z o.o.) – approx. PLN 761 million.
- Distribution – investment commitments primarily related to grid assets – approx. PLN 2,295 million.
- District Heating – construction for PGE EC S.A. Wybrzeże Branch – EC Gdynia of a cogeneration source based on a system of gas engine units with a capacity of up to 50 MWe – approximately PLN 209 million, and construction of a biomass-fired water boiler with a capacity of up to 30 MWt – approximately PLN 120 million; construction of the second technological line of the Thermal Waste Treatment Plant with Energy Recovery (ITPOE) in Rzeszów – approximately PLN 71 million.

12. Shares accounted for using the equity method

	As at June 30, 2025	As at December 31, 2024
Polimex - Mostostal S.A., Warsaw*	104	86
Energopomiar sp. z o.o., Gliwice	12	11
PGE Soleo Kleszczów sp. z o.o., Kleszczów	27	28
PGE PAK Energia Jądrowa S.A., Konin	6	10
PEC Bogatynia, Bogatynia	1	-
Elester sp. z o.o., Łódź	230	236
SHARES ACCOUNTED FOR USING THE EQUITY METHOD	**380**	**371**

** disclosures for Polimex Mostostal are presented as at the end of May 2025, in the comparative period as at the end of November 2024*

	Polimex Mostostal*	PEC Bogatynia	Energopomiar	PGE Soleo Kleszczów	PGE PAK Energia Jądrowa	Elester
VOTING RIGHTS	**16.23%**	**34.93%**	**49.79%**	**50.00%**	**50.00%**	**89.96%**
AS AT JUNE 30, 2025						
Current assets	2,149	11	26	12	2	89
Non-current assets	829	20	23	84	17	12
Current liabilities	2,249	3	20	2	7	14
Non-current liabilities	186	5	5	40	-	14
NET ASSETS	**543**	**23**	**24**	**54**	**12**	**73**
Share of net assets	**88**	**8**	**12**	**27**	**6**	**66**
Fair value adjustment at the time of acquisition	16		-	-	-	164
Impairment loss	-	(7)	-	-	-	-
SHARES ACCOUNTED FOR USING THE EQUITY METHOD	**104**	**1**	**12**	**27**	**6**	**230**

** disclosures for Polimex Mostostal are presented as at the end of May 2025*

	Polimex Mostostal*	PEC Bogatynia	Energopomiar	PGE Soleo Kleszczów	PGE PAK Energia Jądrowa	Elester
VOTING RIGHTS	**16.33%**	**34.93%**	**49.79%**	**50.00%**	**50.00%**	**89.96%**
AS AT DECEMBER 31, 2024						
Current assets	2,169	11	27	13	7	105
Non-current assets	889	21	23	75	15	11
Current liabilities	2,288	7	24	13	2	22
Non-current liabilities	192	5	5	20	-	14
NET ASSETS	**578**	**20**	**21**	**55**	**20**	**80**
Share of net assets	**94**	**7**	**11**	**28**	**10**	**72**
Fair value adjustment at the time of acquisition	16	-	-	-	-	164
Impairment loss	(24)	(7)	-	-	-	-
SHARES ACCOUNTED FOR USING THE EQUITY METHOD	**86**	**-**	**11**	**28**	**10**	**236**

** disclosures for Polimex Mostostal were presented as at the end of November 2024*

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

13. Joint operations

Based on the analysis of the agreements between the PGE CG and the Ørsted companies, holding 50% of the shares, the PGE CG has concluded that EWB2 and EWB3 constitute a joint operation within the meaning of IFRS 11 *Joint Arrangements*.

14. Deferred tax in the statement of financial position

14.1 Deferred income tax assets

	As at June 30, 2025	As at December 31, 2024
Difference between tax and book values of property, plant and equipment	456	473
Provision for rehabilitation expenses	92	85
Provision for employee benefits	512	548
Provision for the purchase of CO_2 emission allowances	314	2,519
Difference between tax and book values of liabilities	599	596
Difference between tax and book values of rights of use	266	285
Tax losses	12	548
Other provisions	213	242
Difference between tax and book values of financial assets	65	268
Compensation for termination of Long-Term Contracts	90	92
Difference between tax and book values of inventories	41	49
Infrastructure and connection fees received free of charge	130	125
Other	18	19
DEFERRED INCOME TAX ASSETS	**2,808**	**5,849**

In the current reporting period, in the Coal Energy segment it was identified that the deferred tax asset should be reduced by PLN 2,487 million and that a deferred tax asset of PLN 1,644 million should not be recognised in connection with the impairment write-down of property, plant and equipment, as it is not probable that taxable profit will be available against which the deferred income tax asset can be partially or fully utilised.

14.2 Deferred tax liabilities

	As at June 30, 2025	As at December 31, 2024
Difference between tax and book values of property, plant and equipment	2,387	2,772
Difference between tax and book values of financial assets	625	743
Difference between tax and book values of lease liabilities	308	258
Receivables from recognised compensation – Electricity Prices Act	111	199
Difference between tax and book values of financial liabilities	42	51
Other	182	143
DEFERRED TAX LIABILITIES	**3,655**	**4,166**

Deferred tax of the Group after offsetting assets and liabilities in the individual companies

	As at June 30, 2025	As at December 31, 2024
Deferred income tax assets	646	3,153
Deferred income tax liabilities	(1,493)	(1,470)

15. Inventories

	As at June 30, 2025	As at December 31, 2024
Hard coal	852	1,271
Maintenance and operating materials	639	714
Heavy fuel oil (mazut)	36	48
Other materials	143	174
TOTAL MATERIALS	**1,670**	**2,207**
Green energy origin energy origin rights	167	222
Other energy origin rights	5	14
TOTAL ENERGY ORIGIN CERTIFICATES	**172**	**236**
Hard coal intended for sale	196	309
Other goods	27	28
TOTAL GOODS	**223**	**337**
OTHER INVENTORIES	**100**	**109**
TOTAL INVENTORIES	**2,165**	**2,889**

16. CO_2 emission allowances for own use

EUA	As at June 30, 2025		As at December 31, 2024	
	Long-term	Short-term	Long-term	Short-term
Amount (million Mg)	**0.8**	**16.8**	**0.2**	**26.6**
Value (PLN million)	**80**	**6,049**	**69**	**10,844**

EUA	Amount (million Mg)	Value (PLN million)
AS AT JANUARY 1, 2024	**25.6**	**10,537**
Purchase/Sale	59.5	24,830
Allocated free of charge*	0.6	-
Surrendered	(58.9)	(24,454)
AS AT DECEMBER 31, 2024	**26.8**	**10,913**
Purchase/Sale	8.0	2,516
Allocated free of charge	0.6	-
Surrendered	(17.8)	(7,300)
AS AT JUNE 30, 2025	**17.6**	**6,129**

**EU allowances for CO_2 emissions allocated free of charge are linked to the heat energy produced.*

17. Selected financial assets

The value of financial receivables measured at amortised cost is a reasonable approximation of their fair values.

17.1 Trade receivables and other financial receivables

	As at June 30, 2025		As at December 31, 2024	
	Long-term	Short-term	Long-term	Short-term
Trade receivables	-	5,496	-	6,473
Receivables from recognised compensation due	-	490	-	1,022
Deposits, bid bonds and security instruments	7	211	6	328
High-efficiency cogeneration support scheme	-	12	-	22
Exchange transaction settlements	-	40	-	24
Term deposits, cash deposits and loans	279	-	262	-
Loans granted	20	-	20	-
Compensation and penalties	-	26	-	11
Other financial receivables	1	60	1	51
FINANCIAL RECEIVABLES	**307**	**6,335**	**289**	**7,931**

Deposits, bid bonds and security instruments mainly relate to collateral and transactional deposits on the electricity and CO_2 markets.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

17.2 Cash and cash equivalents

Short-term deposits are made for various periods, typically ranging from one day to one month, depending on the Group's current cash requirements.

The balance of cash and cash equivalents consists of the following items:

	As at June 30, 2025	As at December 31, 2024
Cash at bank and in hand	8,642	1,873
Overnight deposits	123	60
Short-term deposits	5,188	1,158
Funds held in VAT accounts	177	1,272
TOTAL	**14,130**	**4,363**
Available credit limits	39,460	11,679
including credit limits on current accounts	*2,791*	*3,254*

A detailed description of the loan agreements concluded in the current reporting period is presented in Note 22.1 to these financial statements.

Cash and cash equivalents include restricted funds in the amount of PLN 218 million (PLN 207 million in the comparative period) held in client accounts of PGE Dom Maklerski S.A. as collateral for settlements with IRGiT.

18. Other current and non-current assets

18.1 Other non-current assets

	As at June 30, 2025	As at December 31, 2024
Prepayments for property, plant and equipment under construction	826	954
Customer acquisition costs	80	88
Other non-current assets	343	202
TOTAL OTHER ASSETS	**1,249**	**1,244**

Advances on property, plant and equipment under construction relate mainly to the construction of the Baltica 1 (PLN 21 million) and Baltica 2 (PLN 385 million) offshore wind farms in the Baltic Sea, and the construction of a combined cycle gas turbine unit by PGE Nowy Rybnik sp. z o.o. (PLN 69 million), modernisation of the Porąbka-Żar ESP by PGE EO S.A. (PLN 152 million).

Customer acquisition costs relate to the co-financing by PGE Energia Ciepła S.A. of investments in the development of district heating networks, as well as agency commissions in PGE Obrót S.A.

Other non-current assets include, among others, capitalised property insurance costs and the costs of obtaining financing for investments carried out in the Renewables segment.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

18.2 Other current assets

	As at June 30, 2025	As at December 31, 2024
COSTS DEFERRED OVER TIME		
CSBF	110	11
Property and liability insurance	80	27
Customer acquisition costs	71	82
IT services	43	26
Fees for excluding land from agricultural and forestry production	27	-
Fees for installation of equipment and occupation of the road lane	26	-
Property tax	24	-
Usufruct fees	15	-
Logistics costs related to coal procurement	11	14
Other costs deferred over time	192	71
OTHER CURRENT ASSETS		
Receivables from accrued VAT	462	737
Receivables from the settlement of contributions to the PDPF	180	199
Prepayments for supplies	10	8
Excise duty receivables	6	7
Other current assets	23	23
TOTAL OTHER ASSETS	**1,280**	**1,205**

Other costs deferred over time include, among others, the costs of obtaining financing for investments carried out in the Renewables segment.

19. Derivatives and other assets measured at fair value through profit or loss

	As at June 30, 2025		As at December 31, 2024	
	Assets	Liabilities	Assets	Liabilities
DERIVATIVES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS				
Currency forwards	7	15	-	9
Commodity swaps	28	-	12	11
Coal purchase/sale contracts	33	2	31	1
Embedded derivatives in commercial contracts	-	140	-	212
Embedded derivatives in the Contract for Difference (CfD)	1,425	-	-	-
Options	7	-	2	-
HEDGING DERIVATIVES				
CCIRS hedging transactions	12	-	36	-
IRS hedging transactions	108	201	176	-
Currency forwards	7	755	2	383
Commodity forwards – all-in-one-hedge	124	171	186	46
Deal Contingent Swaps (DCS)	-	-	-	599
Commodity swaps	-	21	-	15
Inflation swaps	-	25	-	15
OTHER ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS				
Investment fund participation units	35	-	34	-
TOTAL	**1,786**	**1,330**	**479**	**1,291**
short-term	187	900	169	509
long-term	1,599	430	310	782

Currency forwards

Forward foreign exchange transactions mainly relate to trade in CO_2 emission allowances. The Group uses hedge accounting to recognise forward FX transactions related to the purchase of CO_2 allowances.

Commodity forwards for CO_2 and gas purchases under all-in-one hedge accounting

As part of its optimisation portfolio, the Group holds commodity forwards for the purchase of CO_2 and gas, settled by the physical delivery of the non-financial contract item. The contracts concluded as part of this portfolio do not meet the conditions of the 'own use' exemption and are recognised as financial instruments at the time of conclusion. At the same time, such contracts are designated as hedging instruments in hedging relationships that are part of an 'all-in-one hedge' strategy.

Options

On January 20, 2017, PGE S.A. acquired from Towarzystwo Finansowe Silesia sp. z o.o. a call option to purchase shares in Polimex-Mostostal S.A. The option was measured using the Black-Scholes method.

Coal swaps

PGE Paliwa sp. z o.o., in order to hedge its commodity price risk related to imported coal, entered into a series of hedge transactions using commodity swaps on coal. The volume and value of these transactions are correlated with the quantity and value of imported coal. Changes in fair value are recognised in the profit and loss account.

Coal purchase and sale contracts with physical delivery

PGE Paliwa sp. z o.o. measures all coal purchase and sale contracts with physical delivery using the trader-broker model at fair value.

Embedded derivatives in commercial contracts

The Group holds long-term Power Purchase Agreements (PPAs) in its portfolio. Four of these contracts contain embedded derivatives that are measured at the end of each reporting period. The effects of changes in the fair value of these instruments are recognised in profit or loss under finance income/costs.

IRS transactions

The Group has active IRS transactions to hedge the interest rate on its credits and issued bonds. Their total original nominal value amounted to PLN 3,900 million (PLN 2,500 million for credits and PLN 1,400 million for bonds). In March 2025, the Group entered into a new IRS instrument securing a loan with a nominal value of PLN 500 million. In connection with the commencement of the repayment of the principal amount of certain credits, the current nominal amount of IRS transactions hedging the credits is PLN 1,250 million. To recognise these IRS transactions, the Group uses hedge accounting. The impact of hedge accounting on the revaluation reserve is presented in Note 20.2 to these consolidated financial statements.

In June and July 2024, the Group entered into Deal Contingent Swap (DCS) transactions – conditional interest rate hedging instruments, whose activation was contingent upon the fulfilment of certain suspensive conditions required to initiate the financing of a future investment project, i.e. Baltica 2.

In January 2025, upon taking the FID, the condition precedent for the Deal Contingent Swap transaction was fulfilled. Accordingly, in February 2025, novation transactions of IRS derivative instruments hedging the interest rate risk of the loan agreement concluded under the Project Finance formula were executed.

To recognise these transactions, the Group uses hedge accounting. The purpose of the hedging relationship is to mitigate the volatility of cash flows affecting the Group's financial result, arising from external financing transactions related to the offshore wind farm construction project.

Inflation and commodity swaps

In October 2024, the Group entered into conditional hedging transactions (inflation swaps and commodity swaps) to hedge against inflation risk and commodity price risk (index-linked components) under contracts for the supply of key components, in order to meet the financing requirements of the Baltica 2 project granted under a Project Finance structure.

Following the Final Investment Decision (FID) and fulfilment of the conditional trigger, in February 2025 the Group signed novation agreements for the transactions hedging the risk of inflation and the prices of commodities being indexation factors (inflation swaps and commodity swaps). The novated contracts were concluded under the same terms.

CCIRS hedging transactions

In connection with loans received from PGE Sweden AB (publ), PGE S.A. concluded CCIRS transactions hedging the exchange rate related to the repayment of principal and interest. In these transactions, banks-counterparties pay PGE S.A. interest based on a fixed rate in EUR and PGE S.A. pays interest based on a fixed rate in PLN. Since these loans create an exposure to foreign exchange differences that are not fully eliminated in the consolidation process, the CCIRS transactions serve as hedging instruments for the aforementioned intra-group transactions at the consolidated level, in accordance with paragraph 6.3.6 of IFRS 9.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

To recognise these CCIRS transactions, PGE CG uses hedge accounting. The impact of hedge accounting is presented in Note 20.2 to these financial statements.

Embedded derivatives in the Contract for Difference (CfD)

EWB2 is a party to a Contract for Difference, which ensures a stable level of revenue from electricity generation from an offshore wind farm. When the market price of electricity during the production period is lower than the price in the CfD, EWB2 will receive the price difference. Conversely, when the market price is higher than the contract price, EWB2 will pay back the difference. According to the financial projections of the PGE Capital Group, positive cash flows from the CfD will be significantly higher than negative cash flows from the perspective of EWB2. The electricity producer has the option to determine all or part of the contract price in euro. The contract price is indexed to the Polish inflation index.

In the opinion of the PGE Group, the CfD mechanism as a whole meets the criteria for a government grant within the meaning of IAS 20, and the Group intends to recognise the cash flows from the contract in accordance with IAS 20. Nevertheless, within the CfD the PGE Group identifies two embedded derivative instruments that require separation and measurement in accordance with IFRS 9: an inflation-linked derivative and a currency option. The date of initial recognition of these instruments is close to the date on which the construction of the wind farm became sufficiently probable through the receipt of all relevant corporate approvals and the conclusion of key project financing agreements.

As at the date of initial recognition, the value of the currency option was determined at PLN 2,563 million. The inflation derivative was separated from the CfD instrument with an initial value of EUR 0. As at June 30, 2025, the value of these instruments was determined at PLN 2,605 million and EUR 58 million, respectively. In these consolidated financial statements, the PGE Capital Group recognizes 50% of the value of these financial instruments under long-term financial assets, i.e. PLN 1,303 million for the currency option and EUR 29 million for the inflation derivative, respectively. The initial value of the currency instrument was recognized in derivatives and, on the other hand, in deferred income. The change in the value of financial instruments was recognized in financial income for the current period.

Investment fund participation units

As at the reporting date, the Group held participation units in three sub-funds of Towarzystwo Funduszy Inwestycyjnych PZU S.A.

20. Equity

The basic assumption of the Group's capital management policy is to maintain an optimal capital structure in the long term, ensure good financial standing and safe capital structure ratios that would support the operating activities of the PGE Capital Group. Maintaining a strong capital base is also of key importance, as it is the foundation for building trust among future investors, lenders, and the market, and ensures the future development of the Capital Group.

20.1 Share capital

	As at June 30, 2025	As at December 31, 2024
1,470,576,500 Series A ordinary shares with a par value of PLN 8.55 each	12,574	12,574
259,513,500 Series B ordinary shares with a par value of PLN 8.55 each	2,219	2,219
73,228,888 Series C ordinary shares with a par value of PLN 8.55 each	626	626
66,441,941 Series D ordinary shares with a par value of PLN 8.55 each	568	568
373,952,165 Series E ordinary shares with a par value of PLN 8.55 each	3,197	3,197
TOTAL SHARE CAPITAL	**19,184**	**19,184**

All of the Company’s shares are paid up.

After the reporting date and before the date on which these financial statements were prepared, there had been no changes in the value of the Company’s share capital.

Shareholder rights – the State Treasury’s rights related to the Company’s operations

The Company is a member of the PGE Capital Group, with respect to which the State Treasury holds special rights as long as it remains its shareholder.

The State Treasury’s special rights which may be exercised with respect to the companies belonging to the PGE Capital Group are specified in the Act of 18 March 2010 on special rights of a minister competent for energy affairs and their exercise with respect to certain capital companies or capital groups conducting business activities in the electricity, petrol, and gaseous fuels sectors (consolidated text: Dz.U. [*Journal of Laws*] of 2020, item 2173). The Act specifies special rights held by the minister competent for energy with respect to capital companies or capital groups conducting business activities in the electricity, petrol, and gaseous fuels sectors whose assets are disclosed in the standardised specification of facilities, installations, equipment and services included in the composition of the critical infrastructure.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

On the basis of the provisions in question, the minister responsible for state assets may object to a resolution adopted by the Management Board or any other legal action carried out by the Management Board, the object of which is the disposal of an asset posing a threat to the functioning, continuity of operation and integrity of critical infrastructure. An objection could also be filed against the Company governing bodies' resolutions concerning the following issues:

- the dissolution of the Company,
- changes in the use of, or refusal to use, an asset constituting a component of the critical infrastructure,
- changes in the objects of the Company,
- the disposal or lease of an enterprise or its organised part, or the establishment of a limited property right thereon,
- the adoption of a material and financial plan, a capital expenditures plan, or a long-term strategic plan,
- the transfer of the Company's registered office abroad,

if the implementation of such a resolution could constitute a real threat to the functioning, operational continuity, and integrity of the critical infrastructure.

An objection is expressed in the form of an administrative decision.

20.2 Hedging reserve

	Period ended June 30, 2025	Year ended December 31, 2024
AS AT 1 JANUARY	**(540)**	**(1,095)**
Change in hedging reserve:	**(260)**	**685**
Measurement of hedging instruments, including:	**(259)**	**689**
Recognition of the effective portion of change in fair value of hedging financial instruments in the part considered as effective hedge	*(262)*	*673*
Accrued interest on the derivative transferred from the hedging reserve and recognised in interest expenses	*2*	*1*
Currency revaluation of CCIRS transaction transferred from hedging reserve and recognised in foreign exchange gains/losses	*4*	*11*
Ineffective portion of the change in the fair value of hedging transactions presented in the result	*(3)*	*4*
Measurement of other financial instruments	**(1)**	**(4)**
Deferred tax	**49**	**(130)**
HEDGING RESERVE AFTER DEFERRED TAX	**(751)**	**(540)**

Hedging reserve primarily comprises the measurement resulting from the implementation of cash flow hedge accounting.

20.3 Dividends paid and proposed

In the reporting and comparative periods, the Company did not distribute dividends.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

21. Provisions

The carrying amount of provisions is as follows:

	As at June 30, 2025		As at December 31, 2024	
	Long-term	Short-term	Long-term	Short-term
Employee benefits	3,179	394	3,046	387
Provision for rehabilitation expenses	6,494	8	6,007	8
Provision for shortage of CO_2 emission allowances	-	17,932	-	17,098
Provision for the value of energy origin rights intended for redemption	-	162	-	454
Onerous contracts	-	135	-	161
Other provisions	69	358	56	367
TOTAL PROVISIONS	**9,742**	**18,989**	**9,109**	**18,475**

The discount rate for the provision for mine pit rehabilitation costs as at June 30, 2025 and in the comparative period is as follows:

- for expenditure expected to be incurred within 15 years of the balance-sheet date – 5.4% (5.8% in the comparative period),
- for expenditure expected to be incurred in the period from 16 to 25 years after the balance-sheet date – 5.78%, extrapolated by PGE according to the adopted methodology (6.0% in the comparative period),
- for expenditure expected to be incurred in the period above 25 years after the balance-sheet date – 6.0%, extrapolated by PGE according to the adopted methodology (6.14% in the comparative period).

The discount rate for the provision for employee benefits and other provisions for rehabilitation costs as at June 30, 2025 amounts to 5.4% (compared with 5.8% in the comparative period).

The change in the discount rate and other assumptions resulted in:

- an increase in the provision for rehabilitation costs, recognised correspondingly in other operating expenses, of PLN 79 million;
- an increase in the provision for rehabilitation costs, recognised correspondingly as an increase in property, plant and equipment, of PLN 172 million;
- an increase in provisions for post-employment benefits, recognised correspondingly as a decrease in other comprehensive income, of PLN 97 million;
- a decrease in provisions for jubilee rewards, recognised correspondingly as an increase in operating expenses, of PLN 21 million.

Changes in provisions

	Employee benefits	Provision for rehabilitation expenses	Provision for CO_2 emission costs	Provision for energy origin rights intended for redemption	Onerous contracts	Other	Total
JANUARY 1, 2025	**3,433**	**6,015**	**17,098**	**454**	**161**	**423**	**27,584**
Current employment costs	61	-	-	-	-	-	61
Past employment costs	8	-	-	-	-	-	8
Interest costs	96	168	-	-	-	-	264
Adjustment to discount rate and other assumptions	118	251	-	-	-	-	369
Benefits paid / Provisions used	(143)	-	(7,298)	(435)	(13)	(4)	(7,893)
Reserves reversed	-	-	-	(15)	(60)	(19)	(94)
Provisions established – costs	-	35	8,132	158	47	27	8,399
Provisions established – expenditure	-	25	-	-	-	-	25
Other changes	-	8	-	-	-	-	8
JUNE 30, 2025	**3,573**	**6,502**	**17,932**	**162**	**135**	**427**	**28,731**

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

	Employee benefits	Provision for rehabilitation expenses	Provision for CO_2 emission costs	Provision for energy origin rights intended for redemption	Onerous contracts	Other	Total
JANUARY 1, 2024	**3,701**	**6,370**	**21,211**	**526**	**835**	**366**	**33,009**
Actuarial gains and losses	(39)	-	-	-	-	-	(39)
Current employment costs	122	-	-	-	-	-	122
Past employment costs	(15)	-	-	-	-	-	(15)
Interest costs	188	336	-	-	-	-	524
Adjustment to discount rate and other assumptions	(192)	(813)	-	-	-	-	(1,005)
Benefits paid / Provisions used	(333)	-	(24,454)	(450)	(13)	(92)	(25,342)
Reserves reversed	-	-	(3)	(74)	(835)	(55)	(967)
Provisions established – costs	-	55	20,344	452	131	244	21,226
Provisions established – expenditure	-	22	-	-	-	-	22
Other changes	1	45	-	-	43	(40)	49
DECEMBER 31, 2024	**3,433**	**6,015**	**17,098**	**454**	**161**	**423**	**27,584**

21.1 Provision for employee benefits

Provisions for employee benefits mainly include:

- post-employment benefits – PLN 2,596 million as at June 30, 2025, PLN 2,490 million in the comparative period,
- jubilee rewards – PLN 977 million as at June 30, 2025 and PLN 943 million in the comparative period.

21.2 Provision for rehabilitation expenses

Provision for rehabilitation of mine pits

The PGE Capital Group creates provisions for the rehabilitation of final excavation sites. The amount of the provision reported in the financial statements also includes the value of the Mine Decommissioning Fund, created in accordance with the Geological and Mining Law. As at June 30, 2025, the value of the provision amounts to PLN 5,808 million, and as at December 31, 2024, it amounts to PLN 5,379 million.

Provision for rehabilitation of ash landfills

The Group's generating units recognise provisions for the rehabilitation of ash landfill sites. As at June 30, 2025, the value of the provision amounts to PLN 292 million (compared to PLN 259 million at the end of the comparative period).

Provision for the decommissioning of property, plant and equipment

As at the reporting date, the provision amounts to PLN 394 million (PLN 370 million at the end of the comparative period) and relates to certain assets within the Coal Energy and Renewables segments.

Other rehabilitation provisions

Group companies recognise a provision for other rehabilitation-related costs in the amount of PLN 8 million (PLN 7 million as at December 31, 2024).

21.3 Provision for CO_2 emission costs

This provision is recognised based on the value of both paid and free allowances. Since 2020, the Group has only been entitled to free allowances for heat production. In 2024, regulations changed with respect to the deadline for fulfilling the obligation to surrender CO_2 emission allowances, postponing the surrender date for a given year to September of the following year. Despite this change, the Group presents the provision in the current portion, as the obligation is settled within the normal operating cycle of the Group. As at June 30, 2025, the value of the provision amounts to PLN 17,932 million (compared to PLN 17,098 million at the end of the comparative period).

21.4 Provision for energy origin rights intended for redemption

Companies within the PGE Capital Group recognise provisions for the value of energy origin certificates related to sales made during the reporting period or previous periods, to the extent not cancelled by the reporting date. As at June 30, 2025, the provision amounts to PLN 162 million (PLN 454 million in the comparative period), and is primarily recognised by PGE Obrót S.A. and PGE Energetyka Kolejowa S.A.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

21.5 Provision for onerous contracts

The provision for onerous contracts is recognised mainly in PGE Obrót and PGE GiEK.

In accordance with the Act of February 20, 2015 on Renewable Energy Sources, a prosumer settled under the 'net metering' model receives a rebate on active energy and variable distribution charges amounting to 80% or 70% of the volume of energy fed into the grid. Energy suppliers settle the full amount of distribution charges with distribution companies, based on the energy drawn from the grid by the prosumer (without considering the rebate). The prosumer does not bear the cost of variable distribution charges for the portion of energy drawn from the grid that is offset by energy fed into the grid, meaning that the full cost is borne by the energy suppliers. The revenues obtained by the supplier for acquiring 20% or 30% of the energy fed into the grid by prosumers do not fully cover these costs. Taking into account the purchase prices of electricity in relation to the 20% or 30% share of energy taken over from the prosumer, and the trading result on electricity under these contracts, the forecast result for 2025 from prosumer settlements in tariff groups Gx is expected to remain negative. The value of the provision for onerous contracts in PGE Obrót created in connection with the above as at June 30, 2025 amounts to PLN 60 million (PLN 120 million in the comparative period).

The provision for onerous contracts in PGE GiEK was recognised for selected sales contracts concluded before June 30, 2025. The provision relates to sales contracts of the Dolna Odra Power Plant entered into due to technical limitations of the plant. In these contracts, the planned revenues will not cover the planned costs directly related to the performance of the contracts. Consequently, as at June 30, 2025, a provision in the amount of PLN 47 million was recognised in PGE GiEK.

21.6 Other provisions

Provision for potential claims from contractors

As at June 30, 2025, provisions for potential claims from contractors consisted mainly of provisions recognised by ENESTA sp. z o.o. w restrukturyzacji – PLN 56 million (PLN 62 million in the comparative period), PGE GiEK S.A. Turów Power Plant – PLN 135 million in the current and comparative periods, and PGE Energia Ciepła – PLN 34 million in the current and comparative periods.

Additionally, in 2021, the Group recognised a provision of PLN 39 million in connection with the sale of shares in PGE EJ1 sp. z o.o. to the State Treasury. Pursuant to the Agreement regulating the liability of former Shareholders for costs related to the dispute with Worley Parsons, PGE S.A. may be required to cover litigation costs up to a maximum of PLN 98 million in the event of an unfavourable outcome. An amount of PLN 59 million is recognised as a contingent liability, as disclosed in Note 24.1.

22. Financial liabilities

The carrying amounts of financial liabilities measured at amortised cost represent a reasonable approximation of their fair values, except for bonds issued by PGE Sweden AB (publ) and a loan contracted with the EIB.

The bonds issued by PGE Sweden AB (publ) bear a fixed interest rate. Their amortised cost presented in these consolidated financial statements as at June 30, 2025 amounts to EUR 142 million, while their fair value is EUR 137 million.

In case of the fixed rate credit obtained from the EIB, the amortised cost disclosed in the financial statements as at the reporting date amounted to PLN 4,366 million and their fair value amounted to PLN 4,438 million.

22.1 Credits, loans, bonds and leases

	As at June 30, 2025		As at December 31, 2024	
	Long-term	Short-term	Long-term	Short-term
Credits and loans	8,196	834	7,057	2,581
Bonds issued	1,585	425	1,989	18
Leasing	1,509	112	1,415	132
TOTAL CREDITS, LOANS, BONDS AND LEASES	**11,290**	**1,371**	**10,461**	**2,731**

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

Credits and loans

As part of the loans and advances presented above, as at June 30, 2025 and December 31, 2024, the PGE Capital Group recognises:

Creditor	Hedging instrument	Date of maturity	Limit in currency	Currency	Interest rate	Liability at 30-06-2025	Liability at 31-12-2024
European Investment Bank	-	2041-03-15	2,000	PLN	Fixed	2,041	2,041
European Investment Bank	-	2034-08-25	1,500	PLN	Fixed	1,129	1,192
European Investment Bank	-	2041-03-15	850	PLN	Variable	867	868
European Investment Bank	-	2041-03-15	550	PLN	Fixed	562	562
Industrial and Commercial Bank of China (Europe) S.A. Oddział w Polsce	IRS	2027-12-31	500	PLN	Variable	501	501
European Investment Bank	-	2034-08-25	490	PLN	Fixed	370	390
Bank Gospodarstwa Krajowego	IRS	2027-12-31	1,000	PLN	Variable	313	376
European Investment Bank	-	2038-10-16	273	PLN	Fixed	264	274
European Bank for Reconstruction and Development	IRS	2028-06-07	500	PLN	Variable	220	252
Bank Gospodarstwa Krajowego	IRS	2028-12-31	500	PLN	Variable	219	250
Bank Pekao S.A.	-	2025-10-31	40	USD	Variable	111	130
Bank Gospodarstwa Krajowego	-	2027-02-19	1,500	PLN	Variable	-	900
Bank Pekao S.A.	-	2027-12-31	750	PLN	Variable	-	752
PKO BP S.A.	-	2025-12-31	300	PLN	Variable	-	84
Bank Pekao S.A.	-	2027-12-31	750	PLN	Variable	-	64
Bank Gospodarstwa Krajowego	-	2026-09-29	1,400	PLN	Variable	-	4
Bank Gospodarstwa Krajowego	-	2036-12-20	3,300	PLN	Variable	-	-
Bank consortium	-	2027-03-01	3,150	PLN	Variable	-	-
European Investment Bank	-	2045-04-25	2,250	PLN	Fixed	-	-
European Investment Bank	-	2044-07-29	1,000	PLN	Fixed /Variable	-	-
PKO BP S.A.	-	2025-09-30	165	PLN	Variable	-	-
ING Bank Śląski S.A.	-	2025-12-31	137	PLN	Variable	-	-
PKO BP S.A.	-	2025-08-30	5	PLN	Variable	-	-
NFOŚiGW	-	Dec. 2028 – Jun. 2043	241	PLN	Fixed	63	88
NFOŚiGW	-	Mar. 2031 – Dec. 2044	1,131	PLN	Variable	790	807
WFOŚiGW	-	SEP. 2026	9	PLN	Fixed	2	3
WFOŚiGW	-	Mar. 2026 – Dec. 2029	213	PLN	Variable	83	100
Financial liabilities as part of the Baltica 2 Project (Project Finance):							
Bank consortium	IRS	2049-11-30	2,812*	EUR	Variable	212	-
Bank Gospodarstwa Krajowego and Bank Pekao S.A.	-	2028-12-31	436**	PLN	Variable	-	-
Financial liabilities as part of the National Recovery Plan:							
Bank Gospodarstwa Krajowego	-	2049-12-20	9,521	PLN	Fixed	1,283	-
Bank Gospodarstwa Krajowego	-	2036-12-20	3,900	PLN	Variable	-	-
Bank Gospodarstwa Krajowego	-	2049-12-20	2,566	PLN	Fixed	-	-
TOTAL BANK CREDITS						**9,030**	**9,638**

**Maximum limit consisting of: Term loan, Standby Debt and DSRF (Debt Service Reserve Facility)*
***Maximum limit under the VAT Facility line*

As at June 30, 2025, the outstanding overdraft facility limits of significant companies of the PGE Capital Group amounted to PLN 2,791 million. The maturity dates of overdraft facilities granted to the key companies of the Capital Group fall within the years 2025–2027.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

In the period ended June 30, 2025 and after the reporting date there were no defaults or breaches of other terms and conditions of the credit agreements.

On April 25, 2025, PGE S.A. concluded a term loan agreement with the EIB. The value of the loan agreement amounts to PLN 2,250 million and the loan will be allocated to financing capital expenditures incurred by PGE EO S.A. for the modernisation of the Porąbka-Żar pumped-storage power plant and the expansion of the photovoltaic power plant portfolio.

On June 27, 2025, the Group received the first tranche of the loan from the funds of the National Recovery and Resilience Plan under the Distribution Project in the amount of PLN 3,598 million. In the Group's assessment, the loan is of a preferential nature, with a contractual interest rate below market interest rates. In accordance with IFRS 9, the loan was recognised at initial recognition at fair value in the amount of PLN 1,283 million, while the difference between the amount received and the fair value of the loan resulting from the application of an interest rate lower than market rates, in the amount of PLN 2,315 million, was recognised in accordance with IAS 20 as an asset grant and is presented under deferred income. Detailed information on the loan is presented in Note 27.5 to the condensed interim consolidated financial statements.

Bonds issued

Issuer	Hedging instrument	Date of maturity of the programme	Limit in the programme currency	Currency	Interest rate	Tranche issue date	Tranche maturity date	Liability at 30-06-2025	Liability at 31-12-2024
PGE S.A.	IRS	indefinite	5,000	PLN	Variable	2019-05-21	2029-05-21	1,006	1,007
						2019-05-21	2026-05-21	403	403
PGE Sweden AB (publ)	CCIRS	indefinite	2,000	EUR	Fixed	2014-08-01	2029-08-01	601	597
TOTAL BONDS ISSUED								**2,010**	**2,007**

22.2 Trade and other payables

	As at June 30, 2025		As at December 31, 2024	
	Long-term	Short-term	Long-term	Short-term
Trade payables	-	4,175	-	5,201
Purchase of PPE and IA	37	1,993	38	1,609
Received deposits and bid bonds	35	175	42	166
Long-Term Contracts liabilities	-	335	-	348
Compensations	-	135	-	613
Insurance	-	56	-	3
Other	140	246	125	232
TRADE PAYABLES AND OTHER FINANCIAL LIABILITIES	**212**	**7,115**	**205**	**8,172**

As at June 30, 2025, the Group recognised PLN 1,860 million under Trade payables in respect of factoring liabilities (PLN 2,009 million in the comparative period).

The item 'Other' includes, among other things, liabilities of PGE Dom Maklerski S.A. towards clients in respect of cash received.

23. Other non-financial liabilities

Main components of other non-financial liabilities as at the respective reporting dates.

23.1 Other non-current non-financial liabilities

Under other non-current non-financial liabilities, the Group primarily recognises contract liabilities amounting to PLN 189 million in the current reporting period and PLN 183 million in the comparative period.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

23.2 Other current non-financial liabilities

	As at June 30, 2025	As at December 31, 2024
OTHER CURRENT LIABILITIES		
Contract liabilities	917	969
Liabilities related to output VAT	683	712
Excise duty liabilities	28	34
Liabilities relating to contributions to PDPF	2	6
Environmental charges	157	226
Liabilities for salaries	311	432
Employee bonuses	358	420
Accrued annual leave entitlements and other employee benefits	363	381
Management Board awards	31	23
Personal income tax	92	148
Social security liabilities	328	408
Other	96	87
OTHER CURRENT LIABILITIES, TOTAL	**3,366**	**3,846**

The item ‘Other’ mainly includes liabilities relating to contributions to the Employee Pension Scheme, deductions from employee salaries, and contributions to the State Fund for Rehabilitation of Disabled People.

Contract liabilities

Contract liabilities primarily include advances for deliveries and prepayments made by customers for connections to the distribution network, as well as electricity consumption forecasts relating to future periods.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

OTHER EXPLANATORY NOTES

24. Contingent receivables and payables. Litigation

24.1 Contingent liabilities

	As at June 30, 2025	As at December 31, 2024
Security for the repayment of subsidies from environmental, research and development funds*	1,869	935
Litigation liabilities	642	154
Liability under bank guarantees securing stock exchange transactions	568	278
Perpetual usufruct of land	70	70
Other contingent liabilities	119	57
TOTAL CONTINGENT LIABILITIES	**3,268**	**1,494**

**change in presentation in the comparative period of the value of blank promissory notes securing subsidies from environmental funds received by companies from the District Heating segment, increase by PLN 87 million (the previous value of promissory notes issued was adjusted by the value of subsidy tranches received)*

Security for the repayment of subsidies from environmental, research, and development funds

The liabilities represent the value of possible future repayments received by the PGE Capital Group companies from environmental and development funds towards selected investments. A refund will be required if the subsidised investments do not have the desired impact.

In the first half of 2025, PGE Dystrybucja S.A. issued promissory notes securing agreements for co-financing from EU funds for a total amount of approximately PLN 926 million. The newly acquired grant funds will be allocated to investment projects mainly related to:

- Construction and modernisation of the smart energy grid,
- Development of the smart energy grid,
- Construction of special LTE450 communication networks,
- Central Power Dispatch dedicated to managing 110 kV lines.

As at December 31, 2024, PGE Dystrybucja S.A. held promissory note liabilities of approximately PLN 784 million securing co-financing agreements from EU and national funds. The funds obtained from grants are used for the implementation of investment projects concerning, among others:

- The development of a smart electricity grid in selected branches of the company,
- The Remote Meter Reading Programme in PGE Dystrybucja S.A.,
- Power supply for the Euro-Park Stalowa Wola area for the development of electromobility.

Litigation liabilities

In connection with the sale of shares in PGE EJ1 sp. z o.o. to the State Treasury effected in 2021, and in accordance with the concluded Agreement regulating the liability of the existing Shareholders for the costs of the dispute with Worley Parsons, PGE S.A. may be obliged to cover the costs of the dispute in the maximum amount of PLN 98 million if the dispute is lost. Therefore, for the purpose of determining the fair value of the payment received, the probability of losing the dispute was estimated. As a result, an amount of PLN 59 million was recognised in contingent liabilities and an amount of PLN 39 million in short-term provisions.

The liabilities also include the value of court litigations arising from the implementation of the investment in PGE GiEK S.A. Elektrownia Turów, in the total amount of PLN 565 million. A detailed description of the disputes is provided in Note 24.3 of these financial statements.

Liabilities under bank guarantees

The liabilities include bank guarantees issued by the companies, deposited as security for exchange transactions arising from membership in IRGiT.

Perpetual usufruct of land

Contingent liabilities arising from the perpetual usufruct of land are related to the receipt of updated annual fees for the perpetual usufruct. Branches of PGE GiEK S.A. have appealed against the related decisions to the Local Government Board of Appeals. The contingent liability was measured as the difference between the discounted sum of the updated perpetual usufruct fees for the entire period for which the perpetual usufruct was established and the liability for the perpetual usufruct of land, recognised in the books based on previous fees.

Other contingent liabilities

In August 2022, a ‘Reimbursement Agreement’ was concluded between companies EWB1, EWB2, and EWB3 and the company responsible for the construction of the installation port. The agreement provides for the reimbursement of costs incurred by the contractor in connection with the construction of the installation port, in the event that the aforementioned companies do not proceed with the investment. The value of the contingent liability is estimated at EUR 6.5 million and PLN 10 million, and the payment for the reimbursement of costs will be divided between the companies on a 33.33% basis for each company. Therefore, the potential liability of the PGE CG, taking into account the shareholdings referred to in Note 1.3.2, was estimated at PLN 13.6 million.

24.2 Other significant issues related to contingent liabilities

Non-contractual use of real estate

The PGE Capital Group recognises a provision for disputes concerning non-contractual use of real estate serving distribution activities that have been submitted to court proceedings. Furthermore, disputes at earlier stages of proceedings exist within the PGE Capital Group, and an increase in the number and value of similar claims in the future cannot be ruled out.

Contractual fuel purchase obligations

In accordance with agreements in place for the purchase of natural gas, the Group is obliged to offtake a specified minimum quantity of fuel, as well as not to exceed a specified maximum volume of natural gas consumption during the different periods. Failure to offtake the minimum volumes of fuel or exceeding the maximum volumes specified in the agreements may result in the obligation to pay additional charges (in the case of certain gas purchase agreements, volumes not offtaken but paid for may be offtaken in subsequent delivery periods). As at June 30, 2025, the Group does not recognise provisions for this.

Obligations related to maintaining fuel stocks

In accordance with applicable legal regulations, an energy enterprise engaged in generation of electricity or heat is required to maintain fuel stocks in quantities ensuring the continuity of electricity or heat supply to consumers.

In previous reporting periods, there were several breaches of the minimum coal stock requirements in the generating units of PGE GiEK S.A. operating on hard coal (Opole Power Plant, Dolna Odra Power Plant, Rybnik Power Plant). A number of factors beyond the Group's control contributed to the failure to maintain minimum hard coal stock levels and to the difficulties in rebuilding those stocks at the power plants. The most recent periods in which a breach of minimum coal stock requirements was recorded were January and February 2023.

Pursuant to Article 56(1)(2) of the Energy Law, a monetary fine shall be imposed on anyone who fails to comply with the obligation to maintain fuel stocks (...) or to replenish them on time, (...). It should be noted that the mere occurrence of a breach of a prohibition or obligation set out in the Energy Law results in the imposition of a fine by the President of the Energy Regulatory Office. According to Article 56(3) of the Energy Law, the amount of the fine may not be less than PLN 10,000 and not more than 15% of the revenue of the penalised enterprise achieved in the previous tax year. If the monetary fine is related to an activity conducted under a concession, the amount of the fine may not be less than PLN 10,000 and not more than 15% of the revenue from the concession activity in the previous tax year.

As at the date of these financial statements, no fine has been imposed on PGE GiEK S.A. for failure to maintain and restore coal stocks at the required level. As at the date of these statements, coal stock levels are maintained as required.

Given the above-mentioned circumstances – namely the external factors beyond the CG's control that caused the breach and failure to restore coal stocks on time, as well as the absence of any prior penalties imposed on PGE GiEK S.A. for this reason – such circumstances should serve as grounds for a proportional reduction in any potential fine. The Group estimates that the value of any potential fine imposed would not be material, and therefore no provision has been recognised in these financial statements on this account.

Funds from an increase in the Company's share capital

On April 5, 2022, an investment agreement was concluded between PGE S.A. and the State Treasury concerning the subscription by the State Treasury for shares issued as part of a share capital increase. In accordance with the provisions of the agreement, the funds raised from the share issue, amounting to PLN 3.2 billion, are to be used exclusively for investments in the areas of renewable energy, decarbonisation, and distribution. The use of proceeds from the issue is subject to detailed reporting and auditing. On April 26, 2023 and on April 24, 2025, the agreement was amended due to the need to adjust the expenditure schedule across individual investment projects. The use of funds in a manner inconsistent with the investment agreement may result in financial penalties, or in extreme cases, the requirement to return the funds. The PGE Group is using the funds in compliance with the investment agreement. As at June 30, 2025, the balance of funds remaining to be spent from the share issue amounts to approximately PLN 415 million, and as at December 31, 2024, it amounted to approximately PLN 508 million.

Contingent liabilities related to factoring

As at June 30, 2025, the Group held contingent liabilities in the form of Statements of Submission to Enforcement under Article 777 §1 of the Civil Procedure Code, serving as collateral for the Group's receivables under reverse factoring agreements with a total value as at the reporting date amounted to PLN 3,450 million.

Security arrangements for financing transactions of Baltica 2 OWF

In March 2025, in connection with the execution of loan agreements to finance the construction of the Baltica 2 offshore wind farm, referred to in Note 27.4, the following collateral for the project financing transaction was established:

- registered and financial pledge agreement over shares in PGE Baltica 6 entered into between PGE Baltica 2 and Deutsche Bank Luxembourg dated February 3, 2025 concerning 1,684,424 shares; the registered pledge over the shares was entered in the pledge register on July 31, 2025,
- registered and financial pledge agreement over new shares in PGE Baltica 6 entered into between PGE Baltica 2 and Deutsche Bank Luxembourg dated June 3, 2025 concerning 10 shares; the registered pledge over the shares was entered in the pledge register on July 30, 2025,
- registered and financial pledge agreement over shares in EW Baltica 2 entered into between PGE Baltica 6 and Deutsche Bank Luxembourg dated February 3, 2025 concerning 200,065 shares; the registered pledge over the shares was entered in the pledge register on March 12, 2025,
- registered and financial pledge agreement over new shares in EW Baltica 2 entered into between PGE Baltica 6 and Deutsche Bank Luxembourg dated March 18, 2025 concerning 10 shares; the registered pledge over the shares was entered in the pledge register on April 2, 2025,
- registered and financial pledge agreement over new shares in EW Baltica 2 entered into between PGE Baltica 6 and Deutsche Bank Luxembourg dated July 25, 2025 concerning 20 shares; the registered pledge over the shares was entered in the pledge register on August 7, 2025,
- financial pledge agreement over the bank accounts of PGE Baltica 6 dated February 3, 2025,
- registered pledge agreement over the assets of PGE Baltica 6 dated February 3, 2025,
- registered pledge agreement over the bank accounts of PGE Baltica 6 dated February 3, 2025,
- registered pledge agreement and civil-law pledges over the VAT bank account of EW Baltica 2 dated February 3, 2025,
- security assignment agreement between PGE Baltica 6 (assignor) and Deutsche Bank (assignee) dated February 4, 2025 (VAT account),
- security assignment agreement between PGE Baltica 2 and Deutsche Bank dated February 3, 2025,
- security assignment agreement between PGE Baltica 6 and Deutsche Bank dated February 3, 2025,
- security assignment agreement between PGE S.A. and Deutsche Bank dated February 3, 2025.

In addition, further security instruments have been established in the form of *Statements of Submission to Enforcement*. The maximum secured amount of the security arrangements relating to the loan agreements is PLN 35.8 billion.

Furthermore, security for the loan granted to EW Baltica 2 by the shareholders, i.e. PGE Baltica 6 and Ørsted Baltica 2 Holding sp. z o.o., was established in the form of a registered pledge agreement and civil-law pledges over the VAT bank account of EW Baltica 2, as well as in the form of *Statements of Submission to Enforcement*. The maximum secured amount under this pledge agreement is PLN 633 million in favour of each shareholder.

The implementation and financing of the Baltica 2 Project are described in Note 27.4 to these financial statements.

24.3 Other court cases and disputes

Matter of compensation for share conversion

On November 12, 2014, the company Socrates Investment S.A. (the assignee of claims from former shareholders of PGE Górnictwo i Energetyka S.A.) filed a lawsuit seeking damages in the total amount of over PLN 493 million (plus interest), alleging losses incurred as a result of the allegedly improper determination of the share exchange ratio in the merger process of PGE Górnictwo i Energetyka S.A. with PGE S.A. The Company submitted a statement of defence. On November 15, 2017, the Company received a pleading from the claimant amending the claim to increase the amount sought to PLN 636 million. The court proceedings in the first instance are currently ongoing. No date has been set for the hearing.

In addition, a similar claim was filed by Pozwy sp. z o.o., the assignee of claims from former shareholders of PGE Elektrownia Opole S.A. Pozwy sp. z o.o., by way of a statement of claim filed with the District Court in Warsaw against PGE GiEK S.A., PGE S.A., and PwC Polska sp. z o.o. (hereinafter referred to as the Defendants), requested the court to order the Defendants to pay, in solidum or, alternatively, jointly and severally, damages in the total amount of over PLN 260 million together with interest, on account of the allegedly improper determination of the share exchange ratio of PGE Elektrownia Opole S.A. shares for PGE GiEK S.A. shares during the merger of those companies. The statement of claim was served on PGE S.A. on March 9, 2017. PGE S.A. and PGE GiEK S.A. filed a joint statement of defence on July 8, 2017. On September 28, 2018, the District Court in Warsaw delivered its first-instance judgment – the claim filed by Pozwy sp. z o.o. was dismissed. On April 8, 2019, PGE S.A. received a copy of the appeal filed by the claimant on December 7, 2018. PGE S.A. and PGE GiEK S.A.'s response to the appeal was prepared on April 23, 2019. The hearing was held on December 21, 2020. The Court of Appeal issued a verdict in which it overturned the appealed verdict of the District Court in its entirety and returned the case for re-examination to the District Court. On January 22, 2021 PGE S.A. together with PGE GiEK S.A. filed a complaint against the verdict to the Supreme Court, requesting that the verdict of the Court of Appeal be reversed in its entirety and the case be returned to the Court of Appeal for re-examination. At a closed session on April 27, 2021, the Supreme Court overturned the appealed verdict. Thus, the case was returned for re-examination by the Court of Appeal. In a verdict of January 10, 2024, the Court of Appeal upheld the claimant's appeal and overturned the appealed verdict of the District Court and referred the case back to that court. During 2024 and 2025, the District Court in Warsaw fixed further dates for hearings at which witnesses (representatives of PGE, PwC, and PKF – the company auditing the merger plan) were questioned. The last hearing took place on September 1, 2025, and was concerned with granting Pozwy sp. z o.o. access to PGE's documentation, which the judge ultimately approved. The date of the next hearing was set for October 27, 2025.

The PGE Group companies do not recognise the claims of Socrates Investment S.A. and Pozwy sp. z o.o. According to PGE S.A., these claims are groundless and the entire consolidation process was conducted in a fair and correct manner. The value of shares in the companies subject to consolidation had been determined by an independent company, i.e. PwC Polska sp. z o.o. Furthermore, the consolidation plan, including the ratio of converting shares in the acquired company into shares in the acquiring company was audited with respect to its correctness and reliability by an expert appointed by the court of registration, and no irregularities were identified. The court subsequently registered the merger of the aforementioned companies.

The PGE Group did not establish any provision for the filed lawsuit.

Matters related to the request from the Polimex-Mostostal consortium for an increase in the contract price for the construction of the CHP plant in Siechnice

On June 23, 2021, a contract was signed for the construction of a gas and steam combined heat and power (CHP) plant for KOGENERACJA S.A. with a consortium consisting of Polimex Mostostal S.A. and Polimex Energetyka sp. z o.o. The contract value at the time of signing was set at PLN 1,159 million net.

Due to what the Consortium considers to be the impact of extraordinary changes in economic conditions—specifically, rising prices of goods and materials resulting from the combined effects of the COVID-19 pandemic and the new phase of armed aggression by the Russian Federation against Ukraine—KOGENERACJA S.A. received requests from the Consortium to increase the contract remuneration. KOGENERACJA S.A. commissioned external legal opinions and technical expert reports, which serve as the basis for mediation aimed at resolving the dispute over the existence of legal and factual grounds and the possible scope of any change to the contract remuneration (and, consequently, the potential signing of a contract valorisation annex), as well as the performance timeline.

On September 15, 2023, the parties entered into a mediation agreement before permanent mediators at the Arbitration Court of the General Counsel to the Republic of Poland. The Consortium estimated its valorisation claim at PLN 344 million net.

On September 20 and 26, 2023, at the request of the Consortium, the District Court in Wrocław issued a decision on securing the Consortium's claim to modify the legal relationship and amend the contract. The court set the value of the security at PLN 344 million net.

Pursuant to the court's decision on securing the claim, until the court proceedings are concluded with final effect, half of the net value of the secured amount—that is, PLN 172 million—shall increase the existing value of the investment-related payments indicated in the request and will be subject to invoicing progressively in line with the Consortium's execution of the works. The decision to grant the security is not final But was issued with an enforcement clause.

On November 2, 2023, the company initiated a formal appeal procedure against the non-final court decision granting the security. On November 9, 2023, the company submitted a request to suspend the enforcement of the aforementioned security decision.

On December 13, 2023, KOGENERACJA S.A. received a decision from the District Court in Wrocław, 10th Commercial Division, dated December 1, 2023, suspending the enforcement of the September 20, 2023 decision to secure the claim, until the complaint against that decision is resolved. Accordingly, KOGENERACJA S.A.'s request of November 9, 2023 was granted. The suspension order was issued with an enforcement clause. On December 18, 2023, KOGENERACJA S.A. submitted a complaint against the District Court's decision of September 20, 2023 concerning the security. At the joint request of both parties, the Court of Appeal in Wrocław suspended the proceedings by decision dated October 30, 2024.

On August 12, 2024, KOGENERACJA S.A. received from the District Court in Wrocław, 10th Commercial Division, a copy of the statement of claim dated October 30, 2023 filed by Polimex Mostostal S.A., requesting the modification of the legal relationship and the amendment of the contract for the construction of the gas-fired CHP plant for Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. in Siechnice. The requested amendment concerns an increase in the contract value by PLN 344 million net, from the original amount of PLN 1,159 million net to PLN 1,503 million net. Based on a joint motion of the Parties dated August 22, 2024, the District Court in Wrocław suspended the proceedings by decision dated October 16, 2024. By decision of April 30, 2025, the Court, at the request of the Consortium, resumed the suspended proceedings. Efforts are being made to suspend the proceedings again until the proceedings concerning the settlement referred to below have been concluded.

On November 8, 2024, following the mediation process, KOGENERACJA S.A. and the Consortium signed a minutes of understanding. According to the document, a partial settlement will be concluded to resolve the dispute related to the Consortium's financial claims for an increase in the contract price. As per the draft annex to the agreement, the contract price will be increased by PLN 157 million net (PLN 194 million gross) due to non-contractual valorisation (arising from changes in circumstances), contractual adjustments, and the performance of additional, substitute, and site risk-related works. The conclusion of the partial settlement and, consequently, the annex, is conditional on obtaining the required corporate approvals, in particular the approval of the General Meeting of the company.

On February 25, 2025, KOGENERACJA S.A. and the Consortium signed an annex to the mediation agreement extending the mediation process until May 31, 2025.

On March 13, 2025, the Extraordinary General Meeting of KOGENERACJA S.A. approved the conclusion of the settlement before the Permanent Mediators of the Arbitration Court at the General Counsel to the Republic of Poland and the signing of Annex No 1 to the agreement with the Consortium (Polimex Mostostal S.A. and Polimex Energetyka Sp. z o.o.) for the construction of the Czechnica 2 CHP plant, increasing the contract value by PLN 157 million. The settlement was signed on March 19, 2025. On July 31, 2025, KOGENERACJA S.A. received information on the decision of the District Court in Wrocław regarding the approval of a mediation settlement. Following the court-approved settlement, on August 19, 2025, Annex No 1 to the agreement was concluded with the Consortium. The remuneration determined in Annex No 1 will be reduced by payments of PLN 37 million previously made pursuant to the Court's decision of September 20, 2023 on granting security, issued prior to the conclusion of the settlement. As at June 30, 2025, the Group recognised in its accounting records an investment liability in the remaining amount of PLN 120 million. The settlement amicably ends the dispute between the parties concerning the adaptation of the contractual remuneration to the changed conditions of performance of the obligation.

The dispute concerning the performance deadline specified in the agreement as April 30, 2024 remains subject to the ongoing mediation agreement, which is to be concluded by way of a further annex to the contract. On August 29, 2025, KOGENERACJA S.A. and the Consortium signed a further annex to the mediation agreement extending the mediation process until October 31, 2025.

Penalties for the contractor of Unit 7 at the Turów Power Plant

In 2022, PGE GiEK S.A. imposed a contractual penalty of PLN 562 million on the contractor of Unit 7 at the Turów Power Plant—a consortium comprising Mitsubishi Power Europe GmbH, TECNICAS REUNIDAS S.A., and BUDIMEX S.A.—for failing to meet the availability index in the first year of the warranty period. In July 2022, the Company submitted a payment demand to the consortium, which was rejected. The contractual penalty was fully covered by an impairment allowance in 2022.

On June 15, 2023, PGE GiEK S.A. submitted a request to the General Counsel to the Republic of Poland for mediation with the involvement of a mediator from the Arbitration Court at the General Counsel's Office, in an attempt to amicably resolve disputes arising under the Contract. Mediation, which continued through 2023 and 2024, had not been concluded as of the date of these financial statements.

On October 23, 2023, PGE GiEK S.A. filed a lawsuit with the District Court in Łódź against the contractor, demanding the rectification of certain defects in Unit 7 at the Turów Power Plant. The value of the dispute amounts to PLN 200 million.

Additionally, PGE GiEK S.A. held performance bonds totalling PLN 135 million and advance payment guarantees totalling PLN 7 million. On June 21, 2024, PGE GiEK S.A. submitted payment requests to the bank under the existing guarantees and received a total of PLN 142 million in July 2024. The PLN 135 million related to the performance bonds was not recognised in profit or loss due to the ongoing mediation proceedings.

On October 30, 2024, PGE GiEK S.A. issued a debit note in the amount of PLN 357 million for failure to meet the availability index in the second year of the warranty period and for delays in remedying defects. Due to the significant risk of this note being challenged by the contractor, it was fully covered by an impairment allowance.

On December 13, 2024, PGE GiEK S.A. offset part of the receivable related to the contractual penalty for Unit 7's unavailability in the first year of the warranty period against the contractor's receivable for the return of the enforced performance bond, totalling nearly PLN 135 million. This resulted in the partial reversal of the impairment allowance related to the penalty, while simultaneously recognising a provision of the same amount due to the significant risk of the offset being contested by the contractor.

On December 24, 2024, PGE GiEK S.A. filed a lawsuit with the District Court in Łódź against the contractor, seeking a total of PLN 1,046 million. The total amount of claims pursued in court proceedings against the contractor of Unit 7 at the Turów Power Plant stands at PLN 1,246 million. In January and February 2025, PGE GiEK S.A. received two lawsuits from the contractor demanding payments totalling PLN 627 million and EUR 17 million, which PGE GiEK S.A. does not acknowledge. No provisions have been recognised by the Group in respect of the claims filed by the contractor.

The mutual claims between PGE GiEK S.A. and the contractor of Unit 7 at the Turów Power Plant, as described above, had no impact on the financial result in 2024 as well as in the first half of 2025.

On July 15, 2025, the Management Board of PGE GiEK S.A. adopted a resolution on the acceptance of the content of the application for conciliation proceedings before the Arbitration Court at the General Counsel to the Republic of Poland with the Contractor of Unit 7 at the Turów Power Plant Branch, together with a proposed settlement. The contractor accepted the draft conciliation proposal.

Environmental decision regarding the Turów Mine

On May 31, 2023, the Voivodeship Administrative Court (VAC) in Warsaw suspended—until the relevant complaint is reviewed—the enforceability of the environmental decision for coal extraction at the Turów Mine. The environmental decision sets out the conditions for the implementation of the project titled: 'Continued Exploitation of the Turów Lignite Deposit project carried out in Bogatynia municipality.' The complaint against the environmental decision was filed, among others, by the Frank Bold Foundation, Greenpeace, and the EKO-UNIA Ecological Association.

On 12 June 2023, PGE GiEK S.A. filed a complaint with the Supreme Administrative Court (NSA) in Warsaw against the VAC's ruling of 31 May 2023 regarding the Turów Mine. This was the company's response to the suspension of the enforceability of the environmental permit issued by the General Directorate for Environmental Protection (GDOŚ) in September 2022.

On July 18, 2023, the NSA overturned the VAC's decision of May 31, 2023 to suspend the enforceability of the environmental decision concerning the Turów Mine. The appeals of GDOŚ, PGE GiEK S.A., and the National Prosecutor's Office were upheld.

On August 31, 2023, the WSA suspended the proceedings regarding the environmental decision issued by GDOŚ for the Turów Mine until the formal conclusion of proceedings initiated by PGE GiEK S.A. requesting an amendment to the environmental decision. The amendment proceedings ended with a final and binding decision to discontinue the case.

On March 13, 2024, the VAC annulled the GDOŚ decision that had set the environmental conditions for the continued exploitation of the lignite deposit at Turów. The VAC emphasised that this ruling does not imply closure or suspension of operations at the Turów Mine. The ruling is not final.

On April 30, 2024, PGE GiEK S.A. received a copy of the judgment along with its justification. The ruling is not final. On May 29, 2024, PGE GiEK S.A. filed a cassation complaint with the Supreme Administrative Court.

The same judgment was also fully appealed on May 17, 2024 by the General Director for Environmental Protection. Following the delivery of the General Director for Environmental Protection's cassation complaint, PGE GiEK S.A. submitted a response on July 2, 2024, requesting that the complaint be upheld and that the judgment of the Voivodeship Administrative Court be overturned. The judgment was also appealed by environmental organisations, and PGE GiEK S.A. submitted responses to those cassation complaints as well.

In a ruling issued on March 18, 2025, the Supreme Administrative Court overturned the VAC's judgment of February 1, 2022 concerning the immediate enforceability clause attached to the environmental permit issued by the Regional Director for Environmental Protection in Wrocław for the continuation of lignite mining at the Turów Mine, and referred the case back to the VAC for reconsideration. As part of the re-examination of the case, the VAC in Warsaw, in its ruling of June 10, 2025, dismissed the complaints of environmental organisations against the GDOŚ's decision regarding the immediate enforceability of the environmental decision. Consequently, the environmental permit issued for the Turów Lignite Mine is currently enforceable.

Decisions of the President of the Energy Regulatory Office regarding annual adjustment of costs incurred in gas-fired units

On August 1, 2023, Elektrociepłownia Zielona Góra S.A. received an administrative decision from the President of the Energy Regulatory Office regarding the amount of the annual cost adjustment for gas-fired units, as referred to in Article 44(1) of the Act on Long-Term Power Purchase Agreements (the Long-Term PPA Act), relating to the year 2022. In the decision, the President of the Energy Regulatory Office set the annual adjustment at PLN 35 million. The company disagrees with the decision and, on August 16, 2023, filed an appeal with the District Court in Warsaw – the Court of Competition and Consumer Protection – along with a request to suspend enforcement of the decision. On September 28, 2023, the court issued a decision to suspend the execution of the President's decision until a final ruling is issued in the case initiated by the appeal. As of the date of publication of these financial statements, the date of the first hearing has not been set.

On July 31, 2024, Elektrociepłownia Zielona Góra S.A. received an administrative decision from the President of the Energy Regulatory Office regarding the annual adjustment for the year 2023. In the decision, the President set the adjustment at PLN 99 million. The company disagrees with this decision as well and, on August 20, 2024, filed an appeal with the District Court in Warsaw – Court of Competition and Consumer Protection – and on August 30, 2024, submitted a request to suspend the enforcement of the decision.

On September 16, 2024, the District Court in Warsaw, 17th Division – Court of Competition and Consumer Protection, issued a decision to suspend the execution of the President's decision regarding the settlement of the gas compensation for 2023 until a final ruling is issued in the case initiated by the appeal. As of the date of publication of these financial statements, the date of the first hearing has not been set.

On August 5, 2025, Elektrociepłownia Zielona Góra S.A. received an administrative decision from the President of the Energy Regulatory Office of July 30, 2025, regarding the amount of the annual cost adjustment for gas-fired units, as referred to in Article 44(1) of the Long-Term PPA Act, relating to the year 2024. In the decision, the President of the Energy Regulatory Office set the annual adjustment at PLN 0.8 million. EC Zielona Góra S.A. disagrees with the decision and, on August 19, 2025, filed an appeal with the Energy Regulatory Office.

The discrepancy between the company and Energy Regulatory Office in the above matters arises from differing interpretations of the Long-Term PPA Act, in particular Article 46(1)(5) and Article 34. The Group has recognised a liability of PLN 135 million in the accounting records.

Charge to the Price Difference Payment Fund

The issue of diverging interpretations of regulations concerning the calculation of the charge to the Price Difference Payment Fund (PDPF) is described in Note 27.2 of these financial statements.

25. Tax settlements

Tax-related obligations and rights are specified in the Constitution, tax acts, and ratified international agreements. According to the Tax Code, tax is defined as a public law, gratuitous, compulsory and non-refundable cash benefit for the State Treasury, province, district or commune as provided for in the Tax Act. Taking into consideration the subjective criterion, the taxes in force in Poland can be divided into the following five groups: taxes on income, taxes on turnover, taxes on property, taxes on actions, and other fees not elsewhere classified.

From the point of view of business entities, the most important aspect is taxation of income (corporate income tax), taxation of turnover (goods and services tax, excise tax) and taxation of property (property tax, tax on means of transport). One should not forget about other fees and charges which can be classified as quasi taxes. These include, among others, social insurance contributions.

The basic tax rates are as follows: the corporate income tax rate is 19%, with a reduced rate of 9% available for small enterprises; the standard VAT rate is 23%, with reduced rates of 8%, 5%, and 0%. In addition, certain goods and services are exempt from VAT.

The tax system in Poland is characterised by a high level of changeability and complexity of tax regulations, and high potential penalties for tax crimes or violations. Tax settlements and other activity areas subject to regulations (customs or currency inspections) can undergo inspections conducted by competent authorities entitled to issue fines and penalties together with penalty interest. A competent tax authorities may inspect tax settlements for five years from the end of the calendar year in which the deadline for the payment of tax expires.

Income tax

Minimum income tax

As of January 1, 2024, the previously suspended provisions regarding the minimum income tax have come into force. The minimum tax applies to taxpayers who report a tax loss from sources of income other than capital gains or whose profitability (understood as the ratio of income from sources other than capital gains to revenue from such sources) is lower than 2%. Profitability may be calculated at the level of a group of related companies, and the legislation provides for a number of subjective and objective exemptions. In 2025, the Group does not expect any significant charges in this respect.

In the comparative period ended December 31, 2024, there were no significant charges in this respect in the PGE Capital Group.

Global minimum top-up tax

On January 1, 2025, the provisions of the Act of November 6, 2024 on the top-up taxation of constituent entities of multinational and domestic groups entered into force. This act implements into national law the provisions of Council Directive (EU) 2022/2523 of December 14, 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the European Union (known as Pillar 2). In the event of an effective tax rate of less than 15% in a given jurisdiction, a global or national top-up tax will apply. The provisions are effective from 2025, with the option of applying them retrospectively for the 2024 tax year. Based on the simplifications and exemptions provided for in the above-mentioned Act, which may be applied in the initial years of the regulation's application, the PGE CG will be able to benefit from an exemption from the calculation and payment of the domestic top-up tax until and including 2028.

VAT split payment mechanism, obligation to make payments to accounts notified to tax offices

The Group uses funds received from counterparties in VAT accounts to pay its liabilities that contain VAT. The amount of funds held in these VAT accounts at a given date depends mainly on the number of the PGE CG's counterparties that decide to use this mechanism and on the relation between the payment dates of receivables and payables. As at June 30, 2025, the balance of funds held in VAT accounts amounted to PLN 177 million.

Reporting of tax schemes (MDR)

New legal regulations have been in force since 2019, introducing mandatory reporting of tax schemes (MDR – Mandatory Disclosure Rules). As a general rule, a tax scheme should be understood as an arrangement where obtaining a tax advantage is the main or one of the main benefits. In addition, arrangements with so-called special or other special identifying characteristics defined in the rules are designated as a tax scheme. The reporting obligation is extended to three types of entities: promoters, facilitators and beneficiaries. MDR regulations are complex and imprecise in many areas, which causes doubts with respect to their interpretation and practical application.

Excise duty

Due to the incorrect transposition of EU regulations into the Polish legal system, proceedings were initiated at PGE GiEK S.A. in 2009 to recover unduly paid excise duty for the period from January 2006 to February 2009. The irregularity concerned the taxation of electricity at the first stage of its sale—i.e. by producers—whereas the tax should have been levied on sales to so-called final consumers.

In reviewing the company's complaints regarding restitution claims against tax authority decisions refusing to recognise the overpayment of excise duty, administrative courts ruled that the company had not borne the economic burden of the unduly paid excise tax (which, under the resolution of the Supreme Administrative Court (NSA) of June 22, 2011, ref. I GPS 1/11, precludes the possibility of obtaining a tax refund). According to the NSA, the claims demonstrated by the company—particularly through economic analyses—are of a compensatory nature and, as such, may only be pursued before civil courts. As a result, PGE GiEK S.A. decided to withdraw from restitution-related administrative proceedings. The matter is currently being pursued through civil litigation. On January 10, 2020, the District Court in Warsaw issued a ruling in the case brought by PGE GiEK S.A. against the State Treasury – Minister of Finance. The court dismissed the claim. On February 3, 2020, the company filed an appeal against the first-instance judgment with the Court of Appeal in Warsaw. The hearing took place on December 2, 2020, after which, on December 17, 2020, the Court of Appeal in Warsaw dismissed the appeal filed by PGE GiEK S.A. On April 23, 2021, PGE GiEK S.A. submitted a cassation complaint to the Supreme Court. On May 20, 2021, PGE GiEK S.A. received the response from the General Counsel to the Republic of Poland regarding the cassation complaint filed by the company.

Due to significant uncertainty regarding the final resolution of the matter, the Group has not recognised any effects related to potential compensation in the civil proceedings concerning the unduly paid excise tax in its financial statements.

Property tax

Property tax constitutes a significant burden for certain companies within the PGE Capital Group. The regulations governing property tax are unclear in some areas and give rise to numerous interpretative doubts. The tax authorities—namely, the commune head (*wójt*), mayor, or city president—frequently issue inconsistent tax interpretations in substantively similar matters. As a result, Group companies have been and may continue to be parties to proceedings concerning property tax. If the Group considers a settlement adjustment to be probable as a result of such proceedings, an appropriate provision is recognised. Following the Constitutional Tribunal's challenge to the constitutionality of the definition of a 'structure' (*budowla*), an amendment was made to the Act of January 12, 1991 on Local Taxes and Fees, introducing a revised definition of the taxable object. The aim of the legislator—i.e. the Minister of Finance—is to maintain the status quo in terms of the scope of taxation. The legislative amendment did not have a material impact on the property tax burden of the PGE CG companies.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

Uncertainty related to tax settlements

Regulations on value added tax, corporate income tax and social security charges are subject to frequent changes. These frequent changes result in a lack of appropriate points of reference, inconsistent interpretations and few established precedents that could be applied. The legislation in force also contains ambiguities that give rise to differences of opinion as to the legal interpretation of tax provisions, between state authorities as well as between state authorities and business enterprises.

Tax settlements and other areas of activity (e.g. customs or foreign exchange issues) may be the subject of inspections by the authorities, which are entitled to impose high penalties and fines, and any additional tax liabilities resulting from an inspection must be paid together with high interest. Consequently, tax risk in Poland is higher than in countries with more stable tax systems.

Amounts presented and disclosed in financial statements may change in the future as a result of a final decision of a tax audit authority.

Other aspects

The Tax Code includes the provisions of the General Anti-Abuse Rule (GAAR). The GAAR is designed to prevent the use of artificial legal structures created for the purpose of avoiding the payment of tax in Poland. It defines tax avoidance as an act done primarily for the purpose of obtaining a tax advantage which, under given circumstances, is contrary to the object and purpose of the provisions of the Tax Act. Under the GAAR, such an act does not result in achieving a tax benefit if the manner of acting was artificial. Any occurrence of unjustified splitting of operations, involvement of intermediary entities despite the lack of economic or business justification, elements that cancel or compensate each other and other actions with effects similar to those previously mentioned, can be treated as an indication of the existence of artificial acts subject to the GAARs. The new regulations will require much more judgement in assessing tax consequences of individual transactions.

The GAAR clause should be applied to transactions carried out after its entry into force and to transactions which were carried out before the effective date of the GAAR clause, but for which benefits were or continue to be obtained after this effective date. The implementation of the aforementioned rules will enable the Polish tax audit authorities to challenge legal arrangements and agreements entered into by taxpayers, such as group restructuring and reorganisation.

The Group recognises and measures current and deferred tax assets or liabilities using the requirements of IAS 12 *Income Taxes* based on tax profit (loss), tax base, unused tax losses, unused tax credits and tax rates, taking into account an assessment of uncertainties related to tax settlements. When there is uncertainty about whether and to what extent the a authority will accept particular tax settlements of a transaction, the Group recognises these settlements, taking into account an assessment of uncertainty.

26. Information on related entities

Transactions between the PGE Capital Group and its related entities are based on market prices of delivered goods, products or services or on their production costs.

26.1 Associates and jointly controlled entities

The table below presents the total value of transactions, balances with associates and jointly controlled entities.

	Period ended June 30, 2025	Period ended June 30, 2024
Sale to associates and jointly controlled entities	21	25
Purchase from associates and jointly controlled entities	749	338

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

	As at June 30, 2025	As at December 31, 2024
Trade receivables from associates and jointly controlled entities	16	27
Trade liabilities to associates and jointly controlled entities	345	74

The value of turnover and balances primarily results from transactions with PEC Bogatynia and Polimex-Mostostal S.A.

26.2 State-controlled entities

The State Treasury is the dominant shareholder of PGE. Therefore, in line with IAS 24 *Related Party Disclosures*, companies owned by the State Treasury are regarded as related entities. The PGE Group companies identify in detail transactions with approx. 60 largest companies controlled by the State Treasury.

The table below presents the total value of transactions, balances with the above entities.

	Period ended June 30, 2025	Period ended June 30, 2024
Sales to related entities	5,242	4,098
Purchases from related entities	7,194	8,043

	As at June 30, 2025	As at December 31, 2024
Trade receivables from related entities	1,407	1,176
Trade liabilities to related entities	1,097	1,694

The largest transactions involving State Treasury companies relate to PSE S.A., Orlen S.A., PGG S.A., PKP Intercity S.A., PKP PLK S.A., PKP Cargo S.A., Tauron Dystrybucja S.A., Energa-Operator S.A., Enea Operator Sp. z o.o., Jastrzębska Spółka Węglowa S.A., PKO Bank Polski S.A.

In addition, the PGE Capital Group conducts significant transactions on the energy market via Towarowa Giełda Energii S.A. (Polish Power Exchange). As this entity solely organises exchange-based trading, purchases and sales conducted through it are not considered related party transactions.

The values presented above do not include significant transactions with Zarządca Rozliczeń S.A. related to contributions to the Price Difference Payment Fund and to compensation payments to eligible entities resulting from the introduction of the electricity price cap, as defined in the Act on extraordinary measures to reduce electricity prices and support certain consumers in 2023 of October 27, 2022. These matters are described in Note 27.2.

26.3 Management remuneration

Key management personnel includes the Management Board and Supervisory Board of the parent company as well as those of significant subsidiaries.

thousand PLN	Period ended June 30, 2025	Period ended June 30, 2024
Short-term employee benefits (remuneration and surcharges)	26,293	20,733
Post-employment benefits	332	5,535
TOTAL KEY MANAGEMENT REMUNERATION	**26,625**	**26,268**
Management remuneration of the other companies	7,924	7,891
TOTAL MANAGEMENT REMUNERATION	**34,549**	**34,159**

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

thousand PLN	Period ended June 30, 2025	Period ended June 30, 2024
Management Board of the parent company	4,291	5,469
including post-employment benefits	-	*2,814*
Supervisory Board of the parent company	381	469
Management Boards – subsidiaries	19,702	17,524
including post-employment benefits	*332*	*2,721*
Supervisory Boards – subsidiaries	2,251	2,806
TOTAL	**26,625**	**26,268**
Management remuneration of the other companies	7,924	7,891
TOTAL MANAGEMENT REMUNERATION	**34,549**	**34,159**

Within companies of the PGE CG (both directly and indirectly owned), it is standard practice that Management Board members are engaged under management service contracts.

In Note 7.2 Expenses by nature and by function, these remunerations are presented under other expenses by nature.

27. Significant events and events after the reporting period

27.1 The coal asset project

On May 9, 2024, by order of the Minister of State Assets, a dedicated team was appointed to oversee the spin-off of coal assets from State Treasury-owned companies in the energy sector. The team's responsibilities included:

- analysing the conditions for the spin-off of coal assets from State Treasury-owned energy companies,
- cooperating with State Treasury-owned energy companies in developing assumptions, directions, and methods for implementing the spin-off,
- identifying the entities responsible for carrying out the spin-off and allocating tasks among them.

On July 9, 2025, the Ministry of State Assets announced the completion of the team's work and the decision to abandon the implementation of the National Energy Security Agency (NABE) project. The absence of planned actions aimed at consolidating coal assets within NABE results in coal-based generation units remaining within the structures of capital groups, including the PGE Group.

Inclusion of coal assets in the PGE Group Strategy until 2035

The PGE Group Strategy, published on June 12, 2025, was developed taking into account market conditions and under the assumption that coal assets will remain within the Company's structure. PGE focuses on the energy transition, the assumption of which is to achieve the objectives defined in the Company's Strategy.

The PGE Group Strategy assumes that in the coming decade, selected coal assets will be technically indispensable for the stability of the National Electricity System, but their role, for market and technical reasons, will gradually be reduced to that of reserve capacity. High-emission installations will be activated mainly during peak demand periods, which means a significant change in the way these units are managed and maintained, in order to adapt their economics to the new market conditions. In the Group's assessment, an important issue will be the implementation of mechanisms for financing coal assets, enabling the operational gap problem to be addressed, which will support their continued functioning.

Recognition of assets related to PGE GiEK S.A. in the financial statements

The values of assets, liabilities, revenues, costs and results of the Coal Energy segment, presenting data of PGE GiEK S.A. and its subsidiaries, have been presented in Note 6.1 to these financial statements.

The carrying amount of consolidated net assets of PGE GiEK S.A. and its subsidiaries as at June 30, 2025 amounts to PLN (19,001) million. The carrying amount of shares in PGE GiEK S.A. in the separate financial statements as at June 30, 2025 amounts to PLN 0.

27.2 Regulatory changes

Support mechanisms for electricity consumers

Due to the crisis situation on the electricity market in 2022 and in the subsequent years, the legislator decided to adopt further legal regulations introducing solutions concerning electricity prices and electricity tariffing in 2023, 2024 and 2025.

With regard to regulations affecting price levels in 2024 and 2025, account should be taken of the Act of May 23, 2024 on the energy voucher and on the amendment of certain acts to limit the prices of electricity, natural gas and district heating, which regulates the rules for applying electricity prices from July 1, 2024 to December 31, 2024. The Act imposed an obligation on electricity trading companies to submit an application for an amendment of the applicable tariff for 2024 within 7 days from the date of entry into force of the Act or upon request of the President of the Energy Regulatory Office. The amended tariff is effective from July 1, 2024 to December 31, 2025. By decision of June 28, 2024, the President of the Energy Regulatory Office approved an amendment to the electricity tariff of PGE Obrót S.A. for the period from July 1, 2024 to December 31, 2025. The approved electricity price for consumers in tariff group G, specifically tariff subgroup G11, is PLN 628/MWh. The Act also extended the application of the maximum electricity price mechanism. This price applied in the second half of 2024 and was set at PLN 500/MWh for household customers, and at PLN 693/MWh for local government units and public utility entities (including schools, hospitals, social welfare institutions), as well as for micro, small and medium-sized enterprises.

If the tariff approved by the President of the Energy Regulatory Office is higher than the capped price for household consumers, such consumers are billed at the maximum price of PLN 500/MWh. For applying the maximum price in settlements with consumers, trading companies are entitled to compensation equal to the difference between the tariff price or contract price effective from July 1, 2024, and the maximum price, in accordance with the principles set out in the Act.

Electricity consumers who have entered into dynamic pricing contracts are excluded from the application of the capped price mechanism.

In 2024, revenue from compensation amounted to PLN 3,792 million, and in the first half of 2025, PLN 736 million. The funds received by the sales companies were intended to compensate for the losses incurred due to the electricity price freeze.

The above amounts relating to compensation due are estimates determined based on the best information available to the PGE Capital Group as at the date of preparation of these financial statements.

On December 12, 2024, an act entered into force amending the Act on extraordinary measures aimed at limiting electricity prices and supporting certain consumers in 2023 and 2024, as well as certain other acts. The new legislation maintains the application of the electricity price cap at PLN 500/MWh for household consumers until September 30, 2025, and at PLN 693/MWh for local government units and public utility entities (including schools, hospitals, and social welfare institutions). At the same time, as of January 1, 2025, the price cap is no longer applicable to micro, small and medium-sized enterprises. In addition, the act introduced an obligation for electricity trading companies to submit, by April 30, 2025, an application to amend the electricity tariff applicable until December 31, 2025. This could result in a reduction in the electricity tariff price during certain months of 2025.

The provisions of the Act of April 23, 2025 amending the Act on special solutions for the protection of electricity consumers in 2023 and 2024 in connection with the situation on the electricity market, which entered into force on April 30, 2025, the deadline for submitting applications for tariff changes was postponed to July 31, 2025, and the tariff is to apply from October 1, 2025 to December 31, 2025.

In June 2025, the Council of Ministers decided to extend the application of the maximum price at the level of PLN 500/MWh for household customers until December 31, 2025. Amendments to the Act of October 27, 2022 on extraordinary measures aimed at limiting the level of electricity prices and supporting certain consumers in the years 2023–2025 were introduced into the draft Act amending the Act on investments in wind power plants and certain other acts, in the form of amendments during the legislative process in the Sejm. On August 21, 2025, the President of the Republic of Poland vetoed the Act; consequently, the extension of the application of the maximum price from October 1, 2025 to December 31, 2025 did not enter into force. At the same time, the

President submitted to the Sejm his own draft Act on the extension of the application of the maximum price for the last quarter of 2025, which includes provisions identical to those proposed by the Council of Ministers. On August 29, 2025, a draft Act on the heating voucher and on the amendment of certain other acts was published on the website of the Government Legislation Centre, containing a provision imposing the obligation to apply the maximum price at the level of PLN 500/MWh to electricity household customers until December 31, 2025.

Price Difference Payment Fund

As of December 1, 2022, the financial position of PGE CG was also affected by the provisions of the Extraordinary Measures Act 2023, which introduced the obligation for electricity generators and electricity trading companies to make monthly contributions to the account of the Price Difference Payment Fund (PDPF). The Fund contributions applied to electricity produced and sold between December 1, 2022 and December 31, 2023.

In connection with discrepancies concerning the interpretation of the provisions and the qualification of revenue from additional cash settlements, which should be taken into account in the calculation of contributions to the Fund, PGE S.A. applied to the President of the Energy Regulatory Office for an individual interpretation confirming the applied interpretation of the Act, as a result of which revenue from selected agreements should not be taken into account in the calculation of contributions to the Fund. The President of the Energy Regulatory Office did not share the Company's position. Disagreeing with the unfavourable decision of the President of the Energy Regulatory Office, PGE S.A. filed an appeal with the District Court in Warsaw. At the same time, the Company paid the contribution to the Fund in accordance with the decision of the President of the Energy Regulatory Office, while reserving the right to claim a refund of the amounts paid.

With regard to retail sales companies, there is also a difference in interpretation of the provisions of the Act between the companies of PGE Capital Group and the President of the Energy Regulatory Office. The divergence concerns the determination of the volume-weighted average market price of electricity sold, which was used to calculate the required contributions to the Fund. According to the President of the Energy Regulatory Office, the price should be determined on the basis of the value arising from the sales contract or the approved tariff in respect of prices and charges applicable to 2023. It should be emphasised that this was not the maximum price applied in settlements with eligible consumers. Applying the calculation method for Fund contributions as proposed by the President of the Energy Regulatory Office would result in the obligation to contribute based on hypothetical amounts which do not and will not constitute revenue for electricity companies, as those values exceed the maximum prices applied in settlements with consumers. These are amounts that trading companies will never receive from customers. Members of the Association of Energy Trading (including PGE Obrót S.A.) sent a letter to the President of the Energy Regulatory Office, in which, in addition to providing substantive arguments, they pointed out that a situation in which the interpretation of the Act is changed by way of explanatory guidance is non-transparent and discriminatory.

Companies were required to complete the final settlement of their PDPF contributions by April 30, 2025. According to statements made by the President of the Energy Regulatory Office, once the settlement reports have been approved, audits of the submitted reports and the amounts contributed are to be carried out in energy companies. The companies of the PGE Capital Group calculated the contributions due to the Fund in accordance with their own interpretation of the legislation, also relying on external legal opinions as well as the interpretation of the provisions provided by the Ministry of Climate and Environment and Zarządca Rozliczeń S.A.

The PGE Capital Group is confident in the correctness of its interpretation of the legislation and, in view of the potential dispute, has not recognised any provisions in these financial statements.

27.3 Concluding an agreement and establishing a special purpose vehicle for the nuclear power plant project

On October 31, 2022 PGE Polska Grupa Energetyczna S.A. and Korea Hydro & Nuclear Power Co. Ltd. and ZE PAK S.A. letter of intent to start cooperation within the framework of the strategic Polish-Korean project to build a nuclear power plant at the Pątnów-Konin site. The planned capacity of the plant is 2,800 MW, based on the use of two PWR (Pressurised Water Reactor) nuclear reactors with the Korean APR 1400 technology. The cooperation also includes field and environmental studies, the implementation of a feasibility study and the obtainment of all necessary administrative decisions.

In the Polish Nuclear Power Programme, the Pątnów-Konin area is recommended as one of the possible locations for the construction of a nuclear power plant in Poland. The investment project is also in line with the principles of the development of nuclear technologies contained in Poland's Energy Policy until 2040.

In 2023, PGE Polska Grupa Energetyczna S.A. and ZE PAK S.A. established the company PGE PAK Energia Jądrowa S.A., in which each holds a 50% share.

On August 16, 2023, PGE PAK Energia Jądrowa S.A. filed an application with the Ministry of the Economy for the issuance of a fundamental decision for the construction of a nuclear power plant in the Konin region.

On November 24, 2023, the Ministry of Climate and Environment issued the Basic Decision for the construction of a nuclear power plant in the Konin region.

On January 23, 2025, the Company signed a Term Sheet with ZE PAK S.A. regarding a potential transaction involving the acquisition by PGE S.A. of:

- 100% of the shares in PAK CCGT sp. z o.o. ('Shares'), and

- 50% of the shares in PGE PAK Energia Jądrowa S.A. ('Equity Interest').

The Term Sheet sets out the basic terms of the potential acquisition of the Shares and Equity Interest and grants PGE S.A. exclusive negotiation rights in this regard until June 30, 2025 (the planned transaction closing date). The document does not, however, oblige the parties to complete the transaction. On June 30, 2025, ZE PAK S.A. announced its withdrawal from the intention to sell 100% of shares in PAK CCGT sp. z o.o., thereby ending the negotiations. At the same time, PGE S.A. and ZE PAK declare their intention to hold discussions regarding the operation of PGE PAK Energia Jądrowa S.A.

27.4 Implementation and financing of the Baltica 2 Project

On January 28, 2025, the Supervisory Board of PGE adopted a resolution approving the construction of an offshore wind farm with a planned maximum capacity of 1,498 MW (the Baltica 2 Project), to be implemented by Elektrownia Wiatrowa Baltica – 2 sp. z o.o., and approving the conclusion and execution by PGE of the agreements related to the implementation of the Baltica 2 Project.

On January 29, 2025, EWB2 and relevant entities from the PGE and Ørsted Capital Groups concluded a number of agreements related to the construction of the offshore wind farm. The conclusion of these agreements is connected with preparations for the adoption by the shareholders of EWB2 of a resolution on the Final Investment Decision (FID) initiating the construction phase of the Baltica 2 Project. The agreements concluded include, among others:

- an amended shareholders' agreement, regulating in particular: corporate governance rules of the company during the construction phase, the rules for the functioning of the integrated project team during the construction phase, the parties' obligations in terms of financing and other types of support for the company in connection with the construction, restrictions on the transferability of shares, and consequences of material breach of obligations or a change of control over the shareholders;
- agreements regulating the provision of construction management services by the relevant PGE Group entity (onshore) and by the relevant Ørsted Group entity (offshore);
- agreements regulating the provision of operation and maintenance services for the wind farm under the Baltica 2 Project after commissioning, by the relevant PGE and Ørsted Group entities;
- shareholder loan agreements, under which the shareholders will provide the company with debt financing (in addition to equity financing);
- agreements regarding the sale of electricity generated by the offshore wind farm under the Baltica 2 Project to the shareholders of the company.

Simultaneously with the conclusion of the above agreements, PGE Baltica 6 sp. z o.o. entered into loan agreements along with corresponding security agreements to finance the construction of the Baltica 2 Project. The loan agreements were concluded with a consortium of 25 Polish and international financial institutions, including Bank Gospodarstwa Kraju (BGK), the EIB, and the EBRD.

Based on the loan agreements, the Group will obtain project finance (non-recourse model) of approximately PLN 11.1 billion for the construction period and a further 22 years, and will also have the option to use additional and reserve credit lines amounting to approximately PLN 1.5 billion.

The repayment of obligations incurred under the loan agreements will be based on the future cash flows generated by EWB2.

On January 29, 2025, the shareholders of EWB2 adopted a resolution on FID, commencing the construction phase of the Baltica 2 offshore wind farm. The first energy generation under the project is scheduled for the first half of 2027, with the commissioning of the entire project planned for the second half of 2027. The total project budget, including capital expenditures during both the development and construction phases, as well as operational costs during the construction phase, is estimated at approximately PLN 30 billion, with the shareholders responsible for providing financing in equal shares.

27.5 Signing of loan agreements with BGK under the National Recovery and Resilience Plan

On January 29, 2025, PGE S.A. signed a loan agreement with BGK for funds from the National Recovery and Resilience Plan as part of Investment G3.1.5. 'Construction of offshore wind farms' up to a limit of PLN 3,900 million. The loan funds will be used to finance or refinance eligible costs of the Baltica 2 offshore wind farm project by making an own contribution to the project.

The loan was made available for use from the date of fulfilment of the standard conditions precedent for bank financing specified in the Agreement. The loan is not secured on any assets of PGE or the PGE Capital Group.

The loan interest rate is calculated on the basis of a variable interest rate based on the relevant WIBOR 6M (reference rate) plus a margin, and its final repayment date has been set for December 20, 2036. The loan was granted on market terms and will not constitute public aid.

On March 31, 2025, PGE S.A. signed two loan agreements with BGK from the funds of the National Recovery and Resilience Plan (RRP) for a total amount of approx. PLN 12.1 billion, including:

- approx. PLN 9,521 million for financing projects implemented by PGE Dystrybucja S.A., and
- approx. PLN 2,566 million for financing projects implemented by PGE Energetyka Kolejowa S.A.

The loans are granted from RRP funds under Investment G3.1.4, entitled 'Support for the national electricity system (Energy Support Fund)', in accordance with the 'Call for Applications Guidelines for loans for power grid infrastructure granted by BGK'.

The loan funds will be used exclusively to finance eligible expenditure related to the implementation of the following projects:

- PGE Dystrybucja S.A.: increasing capacity to integrate renewable energy sources and improving energy supply security through the construction and modernisation of the power grid ('Distribution Project'),
- PGE Energetyka Kolejowa S.A.: strengthening security, improving energy quality, and increasing the ability to connect more RES sources to the distribution grid supplying the Polish railway system and its accompanying ecosystem ('Railway Energy Project').

In accordance with the loan agreements, PGE S.A. fulfilled the conditions precedent standard for bank financings and concluded the required documentation with PGE Dystrybucja S.A. and PGE Energetyka Kolejowa S.A., including intragroup loan agreements. The loans from BGK are secured by declarations of voluntary submission to enforcement by the borrower in favour of the lender.

The funds under the loan agreements will be disbursed gradually, based on submitted drawdown requests, as the Distribution Project and the Railway Energy Project are implemented, but no later than December 20, 2036, and up to the amount of funds transferred to BGK for this purpose by the minister for climate and environment.

The loans bear interest at a fixed rate of 0.5% per annum, and repayment is scheduled in semi-annual instalments between 2034 and 2049 (with final repayment due on December 20, 2049).

On June 27, 2025, the Group received the first tranche of the loan under the Distribution Project in the amount of PLN 3,598 million.

In the Group's assessment, the loan is of a preferential nature, with a contractual interest rate below market interest rates. In accordance with IFRS 9, the loan was recognised at initial recognition at fair value in the amount of PLN 1,283 million, while the difference between the amount received and the fair value of the loan resulting from the application of an interest rate lower than market rates, in the amount of PLN 2,315 million, was recognised in accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* as an asset grant and is presented under deferred income. In the cash flow statement, the loan proceeds were presented in cash flows from financing activities, as borrowings and loans, in the amount of PLN 3,598 million.

Under the terms of the loan agreements, the financing amount may be increased, which will require the conclusion of relevant annexes to the Loan Agreements.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

II. CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS OF THE PGE POLSKA GRUPA ENERGETYCZNA S.A FOR THE 6-MONTH PERIOD ENDED JUNE 30, 2025, PREPARED IN ACCORDANCE WITH EU IFRS

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Note	3 months ended June 30, 2025 *(not audited)*	6 months ended June 30, 2025 *(not audited)*	3 months ended June 30, 2024 *(not audited) restated data**	6 months ended June 30, 2024 *(not audited) restated data**
PROFIR AND LOSS ACCOUNT					
SALES REVENUE	6	**5,822**	**15,461**	**5,979**	**23,493**
Cost of goods sold	7	(5,481)	(14,690)	(5,596)	(22,625)
GROSS PROFIT ON SALES		**341**	**771**	**383**	**868**
Distribution and selling expenses	7	(5)	(8)	(4)	(7)
General and administrative expenses	7	(94)	(171)	(79)	(157)
Other operating income		1	1	9	42
Other operating expenses		(14)	(15)	-	(1)
OPERATING PROFIT		**229**	**578**	**309**	**745**
Finance income, including:	8	3,926	4,556	682	1,221
Interest income calculated using the effective interest rate method		*633*	*1,227*	*568*	*1,094*
Finance costs		(122)	(336)	(229)	(442)
PROFIT BEFORE TAX		**4,033**	**4,798**	**762**	**1,524**
Income tax		(144)	(288)	(138)	(281)
NET PROFIT FOR REPORTING PERIOD		**3,889**	**4,510**	**624**	**1,243**
OTHER COMPREHENSIVE INCOME					
Items that may be reclassified to profit or loss in the future:					
Valuations of hedging instruments		(37)	(97)	(16)	10
Deferred tax		7	18	3	(2)
Items that may not be reclassified to profit or loss in the future:					
Actuarial gains and losses from valuation of provisions for employee benefits		(4)	(4)	5	5
Deferred tax		1	1	(1)	(1)
OTHER COMPREHENSIVE INCOME FOR THE REPORTING PERIOD, NET		**(33)**	**(82)**	**(9)**	**12**
TOTAL COMPREHENSIVE INCOME		**3,856**	**4,428**	**615**	**1,255**
NET PROFIT AND DILUTED NET PROFIT PER SHARE (PLN)		**1,73**	**2,01**	**0,27**	**0,55**

**The restatement of comparative data is described in Note 4 to these financial statements.*

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	As at June 30, 2025 *(not audited)*	As at December 31, 2024 *(audited) restated data**
NON-CURRENT ASSETS			
Property, plant and equipment		132	139
Intangible assets		2	2
Right to use assets		22	22
Financial receivables	*10.1*	1,728	750
Derivatives and other assets measured at fair value through profit or loss	*11*	616	667
Shares and interests in subsidiaries	*9*	23,664	23,370
Shares and interests in associates, as well as jointly controlled and other entities		116	116
Other non-current assets		6	1
		26,286	**25,067**
CURRENT ASSETS			
Trade and other financial receivables	*10.1*	23,676	36,333
Derivative instruments	*11*	1,768	1,458
Other current assets	*12*	3,313	139
Cash and cash equivalents	*10.2*	11,905	1,886
		40,662	**39,816**
TOTAL ASSETS		**66,948**	**64,883**
EQUITY			
Share capital		19,184	19,184
Supplementary capital		27,088	22,252
Hedging reserve		84	163
Retained earnings		4,468	4,797
		50,824	**46,396**
NON-CURRENT LIABILITIES			
Non-current provisions		77	69
Credits, loans, bonds and leases	*13*	8,801	8,223
Derivative instruments		398	310
Deferred income tax liability		41	31
Other liabilities		-	3
		9,317	**8,636**
CURRENT LIABILITIES			
Current provisions		43	43
Credits, loans, bonds, cash pooling and leases	*13*	3,420	4,318
Derivative instruments	*11*	1,530	1,324
Trade and other payables		1,596	2,180
Income tax liabilities		78	360
Other non-financial liabilities		140	1,626
		6,807	**9,851**
TOTAL LIABILITIES		**16,124**	**18,487**
TOTAL EQUITY AND LIABILITIES		**66,948**	**64,883**

**The restatement of comparative data is described in Note 4 to these financial statements.*

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Supplementary capital	Hedging reserve	Retained earnings	Total equity
AS AT JANUARY 1, 2025	**19,184**	**22,252**	**163**	**4,797**	**46,396**
Net profit for the reporting period	-	-	-	4,510	**4,510**
Other comprehensive income	-	-	(79)	(3)	**(82)**
COMPREHENSIVE INCOME FOR THE PERIOD	**-**	**-**	**(79)**	**4,507**	**4,428**
Retained earnings settlement	**-**	**4,836**	**-**	**(4,836)**	**-**
AS AT JUNE 30, 2025	**19,184**	**27,088**	**84**	**4,468**	**50,824**

	Share capital	Supplementary capital	Hedging reserve	Retained earnings	Total equity
AS AT JANUARY 1, 2024	**19,184**	**28,146**	**165**	**(5,934)**	**41,561**
Net profit for the reporting period	-	-	-	1,243	**1,243**
Other comprehensive income	-	-	8	4	**12**
COMPREHENSIVE INCOME FOR THE PERIOD	**-**	**-**	**8**	**1,247**	**1,255**
Retained earnings settlement	**-**	**(5,894)**	**-**	**5,894**	**-**
AS AT JUNE 30, 2024	**19,184**	**22,252**	**173**	**1,207**	**42,816**

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

SEPARATE STATEMENT OF CASH FLOWS

	Period ended June 30, 2025 *(not audited)*	Period ended June 30, 2024 *(not audited, restated data)*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**4,798**	**1,524**
Income tax paid	(541)	(201)
Adjustments for:		
Depreciation and impairment write-downs	7	6
Interest and dividend, net	(4,120)	(694)
(Profit) / loss on investing activities	(66)	(14)
Change in receivables	783	(2,253)
Change in provisions	4	3
Change in liabilities, excluding loans and credits	(2,085)	(749)
Change in other non-financial assets	109	138
NET CASH FROM OPERATING ACTIVITIES	**(1,111)**	**(2,240)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(1)	(10)
Redemption of bonds issued by PGE Group companies	-	1,980
Disposal of other financial assets	-	-
Acquisition of shares in subsidiaries	(297)	(619)
(Grant)/Repayment of loans as part of cash pooling services	130	(453)
Loans granted	(7,213)	(6,217)
Interest received	1,126	850
Repayment of loans granted	15,689	10,331
Other	2	11
NET CASH FROM INVESTING ACTIVITIES	**9,436**	**5,873**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from acquired loans, credits	3,598	4,650
Subsidies received for assets	-	-
Loan proceeds as part of cash pooling services	429	434
Repayment of credits, loans and leases	(2,020)	(8,018)
Interest paid	(313)	(372)
NET CASH FROM FINANCING ACTIVITIES	**1,694**	**(3,306)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**10,019**	**327**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,886**	**1,742**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**11,905**	**2,069**

1. General information

PGE Polska Grupa Energetyczna S.A. was established on the basis of the Notary Deed of August 2, 1990 and registered in the District Court in Warsaw, the 16th Commercial Division, on September 8, 1990. The Company is entered in the National Court Register maintained by the District Court Lublin-Wschód in Lublin with its registered office in Świdnik, the 6th Commercial Division of the National Court Register under number 0000059307. The Company's registered office is located in Lublin, at Aleja Kraśnicka 27.

PGE S.A. is the Parent Company of the PGE Capital Group and prepares its separate and consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union.

The State Treasury is the Company's principal shareholder.

The Company's major object is conducting business activities in the following areas:

- trade in electricity and other energy market products;
- oversight of head offices and holding companies;
- provision of financial services to the PGE Capital Group companies;
- provision of other services related to the activities mentioned above.

PGE S.A.'s business activities are conducted under appropriate concessions, including a concession for electricity trading granted by the Energy Regulatory Office. The concession is valid until 2035. No material assets or liabilities are attributed to the concession. In connection with the concession, annual fees depending on the level of turnover are incurred.

Revenue from the sale of electricity and other energy market products is the only significant items in operating revenue. This revenue is generated on the domestic market. Therefore, the Company does not distinguish operating or geographical segments in its operations.

Statement of compliance

These condensed interim separate financial statements have been drawn up in accordance with International Accounting Standard 34 Interim Financial Reporting and in accordance with the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information to be disclosed by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state (Dz.U. [*Journal of Laws*], 2018, items 512 and 685). The condensed interim separate financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the separate financial statements for the year ended December 31, 2024.

The International Financial Reporting Standards comprise standards and interpretations approved by the International Accounting Standards Board ('IASB') and the International Financial Reporting Interpretations Committee.

Going concern

These condensed interim separate financial statements have been prepared on the assumption that the Company will continue as a going concern for a period of at least 12 months from the reporting date. As at the date of authorisation of these separate financial statements, no circumstances were identified which would indicate any threat to the Company continuing as a going concern.

These condensed interim separate financial statements cover the period from January 1, 2025 to June 30, 2025 ('separate financial statements'), and include comparative data for the period from January 1, 2024 to June 30, 2024, and as at December 31, 2024.

These separate financial statements have been prepared using the same accounting principles (policies) and calculation methods as in the last annual financial statements, except for changes described in more detail in Note 4 to these financial statements, and they should be read together with the audited separate financial statements of PGE S.A. prepared in accordance with EU IFRS for the year ended December 31, 2024.

Seasonality of business

The main factors affecting the demand for electricity and heat are: atmospheric factors – air temperature, wind strength, precipitation; socio-economic factors – number of energy customers, energy carrier prices, GDP growth; and technological factors – technological progress and production technologies. Each of these factors influences technical and economic conditions of energy production and energy carrier distribution, thereby affecting the Company's financial results.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

The level of electricity sales throughout the year varies and depends mainly on environmental factors such as air temperature and the length of the day. The increase in electricity demand is particularly noticeable during winter, while lower demand is observed in summer. Seasonal variation is also pronounced differently in the case of certain end-user groups – More among households than in the industrial sector.

The seasonality of sales of PGE S.A. results from the fact that the Company supplied 68% of the volume of electricity sales to PGE Obrót S.A. and PGE Dystrybucja S.A., whose demand for electricity is subject to seasonality.

2. Management professional judgement and estimates

In the period ended June 30, 2025, there were no significant changes in estimates affecting the values presented in the separate financial statements. In the current reporting period, impairment tests of shares and equity interests held were carried out. As described in Note 9 to these financial statements, the tests performed did not indicate grounds for recognising or reversing impairment losses.

3. Impact of new regulations on the Company's future financial statements

New standards and interpretations that have been published but are not yet effective are described in Note 2.3 to the consolidated financial statements.

The new standards and interpretations that came into effect as at January 1, 2025 are described in Note 4 to the consolidated financial statements and did not have an impact on the Company's separate financial statements.

4. Changes in accounting principles and data presentation

Starting from the period ended June 30, 2025, in its condensed interim separate financial statements, the Company presented separate statements of comprehensive income for the three- and six-month periods ended on that date and, respectively, comparable data for the three- and six-month periods ended June 30, 2024. In the interim financial statements for the period ended June 30, 2024, the Company presented only cumulative data for the six-month period ended June 30, 2024.

In these interim separate financial statements, the comparative figures in the statement of comprehensive income and in the notes for the six-month and three-month periods ended June 30, 2024 have been restated compared to the figures published for those periods. The change resulted from the presentation adjustment of other operating income and expenses as well as financial income and expenses, which in the previously published financial statements had been offset and presented on a net basis instead of a gross basis. The effect of the restatement is presented in the table below.

STATEMENT OF COMPREHENSIVE INCOME

	6 months ended June 30,2024 *published data*	Change of presentation – gross basis	6 months ended June 30,2024 *restarted data*	3 months ended June 30, 2024	Change of presentation – gross basis	3 months ended June 30, 2024 *restarted data*
GROSS PROFIT ON SALES	**868**	**-**	**868**	**383**	**-**	**383**
Distribution and selling expenses	(7)	-	(7)	(4)	-	(4)
General and administrative expenses	(157)	-	(157)	(79)	-	(79)
Other net operating income/(expenses)	41	(41)	-	9	(9)	-
Other operating income	-	42	42	-	9	9
Other operating expenses	-	(1)	(1)	-	-	-
OPERATING PROFIT/(LOSS)	**745**	**-**	**745**	**309**	**-**	**309**
Net finance income/(expenses), of which:	779	(779)	-	453	(453)	-
*Interest income calculated using the effective interest rate method**	*1,130*	*(36)*	*1,094*	*586*	*(18)*	*568*
Finance income	-	1.221	1,221	-	682	682
Finance costs	-	(442)	(442)	-	(229)	(229)
PROFIT/(LOSS) BEFORE TAX	**1,524**	**-**	**1,524**	**762**	**-**	**762**

**The restatement concerns the netting interest accrued on Autostrada Wielkopolska S.A. bonds with the corresponding revaluation write-downs, whose value amounted to PLN 36 million and PLN 18 million, respectively, as presented in the note above.*

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

In order to increase the transparency of the financial information published by the Company, the table below presents the impact of the above-described change in presentation on the published separate comparative data for the three-month period ended 31 March 2025.

	6 months ended June 30, 2025	3 months ended March 31, 2025 *published data*	Change of presentation – gross basis	3 months ended March 31, 2025 *restarted data*	3 months ended June 30, 2025
GROSS PROFIT ON SALES	**771**	**430**	**-**	**430**	**341**
Distribution and selling expenses	(8)	(3)	-	(3)	(5)
General and administrative expenses	(171)	(77)	-	(77)	(94)
Other net operating income/(expenses)	-	(1)	1	-	-
Other operating income	1	-	-	-	1
Other operating expenses	(15)	-	(1)	(1)	(14)
OPERATING PROFIT/(LOSS)	**578**	**349**	**-**	**349**	**229**
Net finance income/(expenses), of which:	-	416	(416)	-	-
*Interest income calculated using the effective interest rate method**	*1,227*	*622*	*(28)*	*594*	*633*
Finance income	4,556	-	630	630	3,926
Finance costs	(336)	-	(214)	(214)	(122)
PROFIT/(LOSS) BEFORE TAX	**4,798**	**765**	**-**	**765**	**4.033**

**The restatement concerns the netting of interest accrued on the Autostrada Wielkopolska S.A. bonds and the related impairment allowances of PLN 28 million.*

Derivative instruments

Furthermore, in the presented condensed interim separate financial statements, the comparative data in the separate statement of financial position and in the notes have been changed in relation to the data published as at 31 December 2024. The change results from an adjustment to the presentation of assets and liabilities arising from the valuation of derivative instruments, which have been offset and presented on a net basis instead of in an open format, and an adjustment to their division into short-term and long-term components in order to properly reflect the maturity dates of these instruments. The impact of the restatement due to the above adjustment is presented in the table below.

STATEMENT OF FINANCIAL POSITION

	As at December 31, 2024 *(published data)*	Change of presentation of derivative instruments	As at December 31, 2024 *recast*
NON-CURRENT ASSETS	**24,647**	**420**	**25,067**
Derivatives and other assets measured at fair value through profit or loss	247	420	667
CURRENT ASSETS	**39,018**	**798**	**39,816**
Derivative instruments	660	798	1,458
TOTAL ASSETS	**63,665**	**1,218**	**64,883**
NON-CURRENT LIABILITIES	**8,326**	**310**	**8,636**
Derivative instruments	-	310	310
CURRENT LIABILITIES	**8,943**	**908**	**9,851**
Derivative instruments	416	908	1,324
TOTAL LIABILITIES	**17,269**	**1,218**	**18,487**
TOTAL EQUITY AND LIABILITIES	**63,665**	**1,218**	**64,883**

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

The change in the presentation of cash flows results from adjustments to cash flows related to funds received or transferred as part of actual cash pooling services in the PGE Capital Group, the operating principles of which are described in note 10.1 to the interim condensed separate financial statements. The change consists in presenting in an open format the funds received and transferred as part of cash pooling settlements in the PGE Capital Group, which were previously recognised on a net basis.

STATEMENT OF FINANCIAL POSITION

	As at June 30, 2024 *published data*	Change of presentation	As at June 30, 2024 *recast*
CASH FLOWS FROM INVESTING ACTIVITIES			
Granting/(repayment) of loans as part of cash pooling services	(19)	19	-
Granting of loans as part of cash pooling services	-	(453)	(453)
NET CASH FROM INVESTING ACTIVITIES	**6,307**	**(434)**	**5,873**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loans as part of cash pooling services	-	434	434
NET CASH FROM FINANCING ACTIVITIES	**(3,740)**	**434**	**(3,306)**

5. Fair value hierarchy

The principles of valuation of equity interests and shares, as well as instruments not quoted on active markets for which a reliable determination of fair value is not possible, are the same as in the financial statements for the year ended December 31, 2024.

The Company measures derivatives at fair value using valuation models for financial instruments based on publicly available exchange rates, interest rates, discount curves in particular currencies (applicable also for commodities whose prices are denominated in these currencies) obtained active markets. The fair value of derivative instruments is determined based on discounted future cash flows related from concluded transactions, calculated on the basis of the difference between the forward price and the transaction price. Forward exchange rates are not modelled as a separate risk factor, but are derived from the spot rate and the corresponding forward interest rate for the foreign currency in relation to PLN.

There were no transfers of financial instruments between the first and second levels of the fair value hierarchy in the reporting and comparative period.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

6. Sales revenue

Revenue from contracts with customers divided into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors is presented in the table below.

Type of good or service	Period ended June 30, 2025	Period ended June 30, 2024 *restated data**
REVENUE FROM CONTRACTS WITH CUSTOMERS	**15,458**	**23,490**
Revenue from sales of goods, including:	**15,017**	**22,910**
*Sales of electricity**	*11,486*	*11,874*
*Sales of gas**	*958*	*75*
Sales of CO_2 emission allowances	*2,552*	*10,945*
Revenue from the capacity market	*21*	*16*
Revenue from sales of services*	**441**	**580**
LEASE INCOME	**3**	**3**
TOTAL SALE REVENUE	**15,461**	**23,493**

** In the comparative period, an adjustment was made to the allocation of the transaction price arising from the ZHZW and ZDEE agreements between revenue from the sale of services and revenue from the sale of goods in the amount of PLN 277 million.*

The Company's operations are predominantly conducted in Poland.

The decrease in revenue from the sale of electricity in the first half of 2025 compared to the corresponding period of the previous year is due to a decrease in the average electricity sale price by PLN 125/MWh, which was partially offset by an increase in the volume of electricity sold by 4.2 TWh.

The increase in revenue from the sale of natural gas in the first half of 2025 is mainly the result of an increase in the volume of natural gas sold by 4.4 TWh, which was caused by the commissioning in the second half of 2024 of the PGE Gryfino Dolna Odra sp. z o.o. power plant.

The decrease in revenue from the sale of COCO_2 emission allowances in the current reporting period is the effect of a decrease in the volume of emission allowances sold by 17.7 million tonnes and a decrease in the average sale price of CO_2 emission allowances by PLN 108/tonne.

Revenue from the sale of services mainly concerns services provided to subsidiaries of the PGE Capital Group and includes, among others, trading services, fuel supply, licences and so-called support services. The decrease in revenue is primarily due to lower revenue from electricity trading services provided on behalf of PGE Group companies (a decrease of PLN 77 million), which is the result of a decrease in the average electricity price by PLN 114/MWh, partially offset by an increase in electricity volume and an increase in the weighted average margin for the services provided.

Information on the key customers

The Company's main customers are its subsidiaries within the PGE Capital Group. In the first half of 2025, sales to PGE Obrót S.A. accounted for 48% of sales revenue, while sales to PGE GiEK S.A. accounted for 20% of sales revenue. In the first half of 2024, sales to these companies amounted to 43% and 46% of sales revenue, respectively.

7. Expenses by kind and function

	Period ended June 30, 2025	Period ended June 30, 2024
EXPENSES BY KIND		
Depreciation	7	7
Third party services	46	51
Employee benefits expenses	215	184
Other expenses by kind	55	44
TOTAL EXPENSES BY KIND	**323**	**286**
Distribution and selling expenses	(8)	(7)
General and administrative expenses	(171)	(157)
Value of goods and materials sold	14,546	22,503
COST OF GOODS SOLD	**14,690**	**22,625**

The decrease in the value of goods and materials sold in the first half of 2025 compared to the first half of 2024 results from a decline in revenue from the sale of electricity and CO_2 emission allowances, accompanied by an increase in revenue from the sale of natural gas, which was influenced by the factors described in the Note on revenue.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

The increase in costs by type in the first half of 2025 compared to the first half of 2024 was due to the following factors:

- an increase in employee benefits costs, mainly as a result of wage increases following pay agreements concluded in the second half of 2024 and an increase in employment in 2025,
- an increase in other costs by type, mainly costs incurred for marketing activities.

8. Finance income and expenses

	Period ended June 30, 2025	Period ended June 30, 2024 *restated data**
FINANCE INCOME FROM FINANCIAL INSTRUMENTS		
Dividends	3,287	6
Interest	1,227	1,145
Revaluation of financial instruments	8	3
Reversal of impairment write-downs	20	51
Foreign exchange differences	1	1
Gain on disposal of investment	1	-
Other	12	15
TOTAL FINANCE INCOME FROM FINANCIAL INSTRUMENTS	**4,556**	**1,221**
OTHER FINANCE INCOME	-	-
TOTAL FINANCE INCOME	**4,556**	**1,221**

** The restatement of comparative data is described in Note 4 to these financial statements.*

For the period ended June 30, 2025, the Company reports dividend income of PLN 3,287 million, as detailed in Note 12 to the condensed interim separate financial statements.

The Company recognises interest income mainly from financing provided to subsidiaries. In addition, in the current reporting period, the Company recognised proceeds from interest received on Autostrada Wielkopolska S.A. bonds in the amount of PLN 62 million. In the comparative period, the Company received PLN 61.8 million on the same account.

Under the remeasurement of financial instruments item, the Company mainly presents the valuation of hedging transactions for the portion considered to be an ineffective hedge for instruments designated as hedging instruments in cash flow hedge accounting and in full in relation to other instruments, as well as the valuation of the call option for the purchase of Polimex-Mostostal S.A. shares.

In the current reporting period, under the reversal of impairment write-down item, the Company recognises provisions for expected credit losses on loans granted to PGE GiEK S.A. in the amount of PLN 20 million.

In the comparative period, the Company recognises the reversal of impairment write-downs for:

- impairment of shares in PGE Systemy S.A. in the amount of PLN 37 million (partial reversal of impairment),
- expected credit losses on PGE GiEK S.A. bonds in the amount of PLN 9 million,
- expected credit losses on loans granted to PGE GiEK S.A. in the amount of PLN 5 million.

Under *Other*, the Company recognises commissions on guarantees granted to subsidiaries.

	Period ended June 30, 2025	Period ended June 30, 2024 *restated data**
FINANCE EXPENSES FROM FINANCIAL INSTRUMENTS		
Interest	(289)	(389)
Revaluation of financial instruments	(14)	(5)
Establishment of impairment write-downs	(1)	(6)
Foreign exchange differences	(6)	(24)
Other	(24)	(16)
TOTAL FINANCE EXPENSES FROM FINANCIAL INSTRUMENTS	**(334)**	**(440)**
OTHER FINANCE EXPENSES	(2)	(2)
TOTAL FINANCE EXPENSES	**(336)**	**(442)**

** The restatement of comparative data is described in Note 4 to these financial statements.*

Interest costs mainly relate to loans and borrowings incurred, as described in Note 13 to these condensed interim separate financial statements, as well as to bonds issued.

Under the remeasurement of financial instruments item, the Company presents the valuation of expected credit losses on guarantees granted to the subsidiary PGE GiEK S.A.

Under the creation of impairment losses item, in the current reporting period, the Company recognises an impairment allowance for expected credit losses on loans granted to PGE Obrót S.A. in the amount of PLN 1 million. In the comparative period, the Company recognises the creation of impairment allowances for:

- impairment of shares in PGE Sweden AB (publ) in the amount of PLN 5 million,
- expected credit losses on loans granted to PGE Obrót S.A. in the amount of PLN 1 million.

Under Other, the Company presents commissions on loans and borrowings.

9. Shares and interests in subsidiaries

In the current reporting period, the Company analysed the circumstances and identified factors that could significantly contribute to a change in the value of its fixed assets and consequently affect the value of the shares held by PGE S.A. in PGE Obrót S.A., PGE GiEK S.A., PGE Energetyka Kolejowa Holding sp. z o.o., PGE EC S.A., PGE EO S.A., PGE Gryfino Dolna Odra sp. z o.o., PGE Nowy Rybnik sp. z o.o., PGE Baltica 2 sp. z o.o. and PGE Baltica 3 sp. z o.o.

External circumstances

- The market capitalisation of PGE S.A. continues to be below the net book value of assets.
- The average electricity price for forward contracts for the following year in the period from January to May 2025 amounted to approx. PLN 427/MWh and was 3% lower compared to the price for the second half of 2024 (PLN 441/MWh).
- In the period from January to May 2025, the weighted average price of the EUA DEC 25 instrument amounted to EUR 72/t and was 4% higher than the average price of the EUA DEC 25 instrument observed for the second half of 2024 (EUR 69/t).
- The average price of hard coal in the ARA ports in monthly continuous contracts in the period from January to May 2025 was USD 100/t and was 14% lower compared to the second half of 2024 (USD 116/t).
- The average gas price in the period from January to May 2025 was EUR 42/MWh and increased by 8% compared to the second half of 2024 (EUR 39/MWh).
- The average price of domestic coal according to PSCMI1 in the period from January to May 2025 was PLN 17/GJ and decreased by 23% compared to the second half of 2024 (PLN 22/GJ).

As a result of the analysis of impairment indicators, the Company carried out impairment tests on non-current financial assets as at May 31, 2025, in respect of shares and interests in the following companies: PGE GiEK S.A., PGE Energetyka Kolejowa Holding sp. z o.o., PGE EC S.A., PGE EO S.A., PGE Gryfino Dolna Odra sp. z o.o., and PGE Nowy Rybnik sp. z o.o.

The analysis showed that there were no grounds to test for impairment the shares in the following companies: PGE Baltica 2 sp. z o.o. i PGE Baltica 3 sp. z o.o. and PGE Obrót S.A.

Both the results of the tests and the analysis of circumstances are valid as at June 30, 2025.

Macroeconomic assumptions

The main price assumptions, i.e. those concerning the prices of electricity, CO_2 emission allowances, coal, natural gas and the assumptions relating to the majority of the Group's generating facilities are derived from a study prepared in June 2025 (the 'Study') by an external, independent entity that is a recognised centre of expertise in the energy market (the 'Advisor'). The first year of the projection takes into account the approved Financial Plan for 2025. The year 2026 is estimated based on the current market situation consistent with the adopted strategy of the PGE Capital Group of 12 June 2025. The subsequent years of the forecast are based entirely on the Study. The Advisor used current scenarios for the economic and demographic development of the country and estimates of changes in key market parameters. The Advisor's forecasts take into account the legal conditions arising from the current energy policy, at both the EU and national levels.

The environment in which the PGE Capital Group operates is characterised by high volatility of macroeconomic, market and regulatory conditions. Changes in these conditions may have a significant impact on the financial position of the PGE Capital Group, therefore the assumptions used to estimate the value in use of assets are subject to periodic review with the knowledge of the independent Advisor.

Forecasts of electricity prices assume a slight change in 2026, followed by an average annual increase of around 4.0% in the years 2027–2040.

Forecasts of CO_2 emission allowance prices assume a 5.5% increase in 2026 compared to 2025 and then dynamic growth until 2030 at an average annual rate of 13%. This reflects the current parametrisation of the Market Stability Reserve (MSR) mechanism and of the EU ETS system itself, introduced following the adoption of the Fit for 55 package and the inclusion of the effects of the REPowerEU plan. These changes result in a marked reduction in the supply of allowances in the second half of this decade. In the following decade, CO_2

prices continue to rise, but at a slightly slower pace, reaching approx. 7% on average annually, as a result of the continuation of policies aimed at achieving climate neutrality in 2050.

Forecasts of hard coal prices, after several years of dynamic increases and decreases, assume price stabilisation in 2026, then in 2027 an increase of approx. 10%, which reflects global coal price forecasts, and later a gradual decline of approx. 3% on average annually until the mid-2030s. This results from the gradual decrease in global demand for coal in connection with the implementation of climate policy elements, in particular the development of RES. After 2035, a slight increase of around 1% annually is assumed due to rising extraction costs.

Forecasts of natural gas prices assume an 11% decrease in 2026 compared to 2025 prices and price stability in 2027. Thereafter, until 2040, prices are projected to grow at an average annual rate of 2.4%. Forecast gas prices in Europe are most affected by LNG import costs and the related level of investment in liquefaction and regasification facilities worldwide, as well as dynamically growing demand for LNG, especially in Asian countries, and increasing gas demand in the USA. In the long term, the natural gas price forecast assumes growth, mainly due to rising extraction costs of this raw material.

Forecasts of prices of energy origin rights from renewable energy sources assume a 52% decline in 2026 compared to 2025 prices and a 165% increase in 2027 compared to 2026, which is the result of changes in demand and supply for energy origin rights. Subsequently, an average annual decrease in 2028–2031 of about 17% is assumed, related to the oversupply of allowances resulting from the low redemption obligation in 2025 and 2026, followed later by a price rebound reflecting the assumed increase in the redemption obligation.

The forecast of capacity market revenues for the years 2025–2029 is based on the results of main, additional and supplementary auctions, taking into account joint balancing mechanisms within the PGE Capital Group companies. The forecast from 2030 was prepared by a team of PGE S.A. experts on the basis of assumptions regarding estimated future cash flows for generation units, based, inter alia, on the results of already settled auctions and the forecasts of an external Advisor. For one-year contracts with delivery from July 1, 2025 and multi-year contracts concluded in the major and additional auctions for 2025 onwards, an emission criterion of 550g CO_2/kWh (so-called EPS 550) applies, which in practice excluded all coal-fired units from participation in the Capacity Market.

On February 14, 2025, the Act of January 24, 2025 amending the Capacity Market Act (Dz.U. [*Journal of Laws*] 2025, item 159) entered into force, introducing supplementary auctions. Units not meeting the 550g CO_2/kWh emission criterion were admitted to the supplementary auctions. The auction for the delivery period from July 1 to December 31, 2025 was conducted in May 2025 and its results were included in the capacity market revenue forecast. The revenue forecast also includes expected revenues from supplementary auctions for the delivery period from 2026 to 2028, as well as expected revenues from the top-up auction for 2029. The revenue forecast from supplementary auctions was prepared by a team of PGE S.A. experts on the basis of the best knowledge concerning the expected parametrisation of these auctions. The availability of power generation units was estimated on the basis of overhaul plans and failure frequency statistics.

Weighted average cost of capital

In the second half of 2024, a series of interest rate cuts was initiated by the European Central Bank, the Bank of England and the United States Federal Reserve. In the first half of 2025, cuts continued in the Eurozone and the United Kingdom, while in the United States interest rates remained unchanged. In May 2025, the National Bank of Poland announced its first interest rate cut in one and a half years. At the beginning of July of 2025 (after the reporting date of this report), a further cut took place. The median of economists' forecasts indicates that further interest rate cuts by the NBP may be possible later this year.

The weighted average cost of capital estimated in the PGE Group takes into account ongoing disinflationary processes. The PGE Group applies a weighted average cost of capital path that reflects current market parameters and characteristics (including the elevated level of market interest rates), and in subsequent periods gradually converges towards levels representing the long-term average, based on the full business cycle and fundamental economic relationships. In the opinion of the PGE Group, this approach makes it possible to avoid excessive influence of short-term volatility on the valuation of long-term assets.

Climate issues

In July 2021, the European Commission published the Fit for 55 legislative package, aimed inter alia at achieving a reduction of greenhouse gas emissions in the EU by 55% (previously 40%) by 2030 compared to 1990. As expected by market participants, the reform of the EU ETS system included in the package should result in a significant increase in the level of CO_2 emission allowance prices, which in practice already occurred in 2021. Since then, the prices of CO_2 emission allowances have remained high, and further increases are expected in the second half of the current decade. The changes introduced may negatively affect the margins earned by carbon-intensive power generation units, particularly to the extent that the increase in the price of CO_2 allowances is not passed on in the price at which these units sell the electricity or heat they produce. In December 2022, the Council and the EU Parliament reached important agreements on the 'Fit for 55' package proposal, the EU's plan to increase the target of reducing greenhouse gas emissions below 55% by 2030 compared to 1990 levels. Another important element of the package was to increase the target for the share of RES in the European Union's energy mix to 42.5% in 2030 (previously 32%). The establishment of this target in agreement with the Council was voted through in the European Parliament in September 2023. Of importance to the Heat Generation segment are the regulatory changes resulting from the Energy Efficiency Directive (EED). Changes to the definition of an energy-efficient district heating system and changes to the definition of high-efficiency cogeneration are further forcing action to be taken towards the transformation of assets and the replacement of outdated coal-fired units. Meanwhile, under the amendments proposed to the Energy Performance of Buildings Directive (EPBD), forecasts indicate a decline in demand for heat in municipal district heating systems.

In June 2025, the PGE Group announced its strategy to 2035, one of the assumptions of which is the comprehensive modernisation of existing heating assets based on low- and zero-emission technologies. The strategy maintains the target of achieving climate neutrality of the PGE Capital Group by 2050. The mission of the PGE Capital Group is based on ensuring security of energy supply through flexible sources, smart grid infrastructure and energy storage. The transformation of generation capacities through the use of new low- or zero-carbon power generation units is planned for the period until 2030 and the achievement of climate neutrality by 2050.

Accordingly, the District Heating segment is gradually replacing coal-fired sources with new renewable and low-carbon sources. It is planned that by 2030, most of the locations where PGE Capital Group's coal-fired district heating assets are present will have commissioned new installations, which will result in a complete or significant shift away from the coal fuel. To generate heat in new and upgraded heating facilities, the following will be used: natural gas (cogeneration units and water boilers), geothermal energy, biomass, and power-to-heat technologies (electrode boilers and large-scale heat pumps utilising waste heat and ambient energy). The assumptions of the Decarbonisation Plan were taken into account when estimating the value in use of assets in the District Heating segment.

According to the Group's current Strategy, coal-fired heating sources will be replaced with low- and zero-emission technology. In total, the PGE Group plans to allocate approx. PLN 18 billion to investments in this segment by 2035, of which PLN 15 billion for investments in new production installations and asset maintenance, and the remaining PLN 3 billion for potential acquisitions of district heating networks and their subsequent modernisation, in particular in cooperation with local governments.

New investments and the replacement of coal with gas cogeneration, RES and power-to-heat, together with improving the energy efficiency of networks, will make it possible to reduce CO_2 emissions in this segment by 60% compared with 2021 and to reduce network losses by 3 percentage points.

In July 2025, the European Commission proposed a new target of a 90% net reduction in greenhouse gas emissions by 2040 compared with 1990 levels, at the same time initiating the legislative process to update the European Climate Law and public consultations in this respect. As a result, a further reduction in the role of coal-fired sources in the energy market is expected in the next decade.

Significant changes in the regulatory environment, both in terms of national and foreign regulations, which affect or will affect the activities of the PGE Capital Group, have been described in Note 4.4 Regulatory environment in the Management Board's Report on the activities of the PGE Capital Group for the first half of 2025 ended June 30, 2025.

Climate issues are included in the assumptions used for impairment testing to the best of the Group's knowledge, with the support of an external independent Adviser. The PGE Capital Group adopts assumptions developed by an independent think tank that take into account the current regulatory and market situation. Future developments in the electricity market may differ from the currently adopted assumptions, which may lead to significant changes in the financial position and results of the PGE Group. Such changes will be recognised in future financial statements.

9.1 Share impairment tests for PGE GiEK S.A.

In previous reporting periods, PGE S.A. recognised an impairment loss on the total value of PGE GiEK S.A. shares. In the current reporting period, the Company conducted impairment tests on its shares to verify whether there had been an increase in the value of PGE GiEK S.A.

As a result of the analysis of the premises, the Company performed impairment tests of property, plant and equipment as at May 31, 2025 with respect to cash-generating units by determining their recoverable amount. Determining fair value for very large groups of assets for which there is no active market and few comparable transactions is, in practice, very difficult. With respect to whole power plants or mines whose value in a local market should be determined, there are no observable fair values. Accordingly, the recoverable amount of the assets analysed was determined on the basis of an estimate of their value in use using the discounted net cash flow method based on financial projections prepared for the period from June 2025 until the end of their useful lives.

Based on the value in use of individual CGUs determined in this manner and the application of relevant adjustments, including the adjustment for net debt as at May 31, 2025, PGE S.A. measures the equity value of PGE GiEK S.A. In the Company's view, the adoption of a forecast period longer than five years is necessary to reliably estimate the recoverable amount due to the significant and long-term impact of projected changes in the regulatory environment.

Climate issues

The future of the Polish energy market is determined by the European Union's climate policy, and the electricity market in the run up to 2050 will be influenced by the European Green Deal, which aims to achieve EU climate neutrality by 2050. The reform of the EU ETS system resulted in a significant increase in the level of CO_2 emission allowance prices already in 2021. Since then, the prices of CO_2 emission allowances have remained high, and further increases are expected in the second half of the current decade. The changes introduced may negatively affect the margins earned by carbon-intensive power generation units, particularly to the extent that the increase in the price of CO_2 allowances is not passed on in the price at which these units sell the electricity or heat they produce. In December 2022, the Council and the EU Parliament reached important agreements on the 'Fit for 55' package proposal. In addition to the emission reduction target, another important element of the package was to increase the target for the share of RES in the European Union's energy mix to 42.5% in 2030 (previously 32%). The establishment of this target in agreement with the Council was voted through in the European Parliament in September 2023. In July 2025, the European Commission proposed a new target of a 90% net reduction in greenhouse gas emissions by 2040 compared with 1990 levels, at the same time initiating the legislative process to update the European Climate Law and public consultations in this respect. As a result, a further reduction in the role of coal-fired sources in the energy market is expected in the next decade.

The changes described above mean that a reduction in the volume of production from conventional sources is anticipated, with a consequent reduction in capital expenditure (CAPEX) and operating expenditure (OPEX) on maintenance tasks of coal assets, which further affects the anticipated decline in profitability through the gradual deterioration of the availability of these units. At the same time, the aforementioned legislative and market changes favour the development of zero- and low-carbon sources. It should also be borne in mind that fossil fuel-based generation facilities, in the face of the uncertainty of RES generation (driven by environmental factors: water, wind, solar), are still needed in the electricity system to balance it.

Specific assumptions

The key assumptions determining the assessed value in use of the tested CGUs include the following:

- recognising the following as individual CGUs, due to technology linkages:
  - The Bełchatów Lignite Mine Branch and the Bełchatów Power Plant Branch,
  - The Turów Lignite Mine Branch and the Turów Power Plant Branch,
- recognising the Opole Power Plant, the Rybnik Power Plant and the Dolna Odra Power Plant as three separate CGUs.
- the adoption of the going concern assumption based on conditions related to the anticipated technical condition of individual generation units,
- taking into account labour cost optimisation resulting, among other things, from the currently implemented employment initiatives,
- maintenance of production capacity through reinvestment projects of a replacement nature,

- adopting a weighted average after-tax cost of capital differentiated for individual CGUs, according to the individually assessed level of risk and varying over time:
  - for 2025–2026 at an average annual level for each CGU of between 8.48% and 10.19%,
  - for 2027–2039 at an average annual level for each CGU of between 6.16% and 9.04%,
  - for 2040 and subsequent years at an average annual level for each CGU of 7.54%.
- At the end of 2024, the post-tax weighted average cost of capital was as follows:
  - for 2025–2026 at an average annual level for each CGU of between 7.60% and 9.48%,
  - for 2027–2039 at an average annual level for each CGU of between 6.37% and 7.94%,
  - for 2040 and subsequent years at an average annual level for each CGU of 7.42%.

The valuation of the equity of PGE GiEK S.A. was carried out taking into account the value in use of individual CGUs, as estimated in impairment tests of property, plant and equipment, and relevant adjustments, including the adjustment for net debt as at May 31, 2025.

In previous reporting periods, PGE S.A. recognised an impairment loss on the entire amount of shares of PGE GiEK S.A. At the same time, since the future financial flows of the company under analysis are subject to uncertainty and the materialisation of assumptions that are largely beyond the control of the PGE Capital Group, in the opinion of PGE S.A. there are no prerequisites for reversing the impairment losses on the shares of PGE GiEK S.A. recognised in previous reporting periods. The tests confirmed the validity of the full impairment loss recognised on the shares in previous periods.

9.2 Share impairment tests for PGE Energetyka Kolejowa Holding sp. z o.o.

Impairment tests were carried out as at May 31, 2025 with respect to cash-generating units (CGUs) by determining their recoverable amount. The recoverable amount of the assets analysed was determined on the basis of an estimate of their value in use using the discounted net cash flow method based on financial projections prepared for the period from June 2025 to 2031. The Company believes that adopting financial forecasts longer than five years is reasonable given the long-term life of the asset and the significant projected changes in market conditions in the future. By adopting longer projections, the recoverable amount can be estimated more reliably.

Specific assumptions

The key assumptions determining the assessed value in use of the tested assets include the following:

- due to the number of interdependencies connected with the ability to generate cash flows, the Railway Energy Services segment was recognised as a single CGU. The single CGU combines trading and distribution activities. On May 13, 2025, the Division Plan of Energetyka Kolejowa S.A. was filed with the commercial court in order to separate trading from distribution activities (so-called 'unbundling'). From the segment's perspective, the division of the company does not affect the identification of the CGU or the results of the impairment test of property, plant and equipment, and therefore the financial forecasts do not include changes related to this,
- adoption of forecasts of volumes, margins and costs based on the current Financial Plan of the Railway Energy Services segment, actual performance, and other long-term forecasts, assuming in particular:
  - maintaining a stable level in the distribution of traction energy volumes,
  - maintaining profitability in the trading of traction energy,
  - development of the Fuels Branch, in line with the Fuels Division strategy,
  - long-term maintenance of profitability of contracts concluded by the Services Division,
- adoption of a post-tax adjusted weighted average cost of capital (WACC) differentiated over time:
  - for the Distribution Division – 7.14% for the entire period,
  - for other segments – for the period from June 2025 to 2031 at an average annual level of 7.81%, and after 2031 at 6.45%.
- at the end of 2024, the post-tax weighted average cost of capital was as follows:
  - for the Distribution Division – 6.05% for the entire forecast period,
  - for other segments – 7.06% (average annual rate for 2025–2030), and 6.42% after 2030.

The valuation of the equity of PGE Energetyka Kolejowa Holding sp. z o.o. was carried out taking into account the value in use of individual CGUs, as estimated in impairment tests of property, plant and equipment, and relevant adjustments, including the adjustment for financial liabilities and current assets as at May 31, 2025.

The conducted tests did not show any necessity to make an impairment write-down on the shares of PGE Energetyka Kolejowa Holding sp. z o.o. held by PGE S.A. The recoverable amount of the shares held exceeds their book value as shown in these financial statements.

9.3 Share impairment tests for PGE Energia Odnawialna S.A

Impairment tests were carried out as at May 31, 2025 with respect to cash-generating units (CGUs) by determining their recoverable amount. The recoverable amount of the assets analysed was determined on the basis of an estimate of their value in use using the discounted net cash flow method, based on financial projections prepared for the expected useful life of a given CGU in the case of wind farms and photovoltaic farms, or for the period 2025–2035 in the case of other CGUs. For those CGUs whose expected economic useful life extends beyond 2035, a residual value was determined after the detailed forecast period. Based on the value in use of individual CGUs determined in this manner and the application of relevant adjustments, including the adjustment for financial liabilities and current assets as at May 31, 2025, PGE S.A. measures the equity value of PGE EO S.A. In the Company's opinion, the adoption of financial projections covering a period longer than five years is justified by the fact that the property, plant and equipment used by the Group have a significantly longer economic useful life, as well as the significant and long-term impact of estimated changes in the regulatory environment reflected in the detailed forecast.

Specific assumptions

The key assumptions determining the assessed value in use of the tested CGUs include the following:

- recognition as separate CGUs of:
  - pumped-storage power plants (one CGU for all power plants due to their common economic characteristics),
  - run-of-river hydroelectric power plants (one CGU for all power plants due to their common economic characteristics),
  - individual wind farms (separate CGUs for each farm due to differing periods of operation),
  - individual photovoltaic power plants (separate CGUs for each plant due to differing periods of operation),
- electricity and energy origin rights generation assumed on the basis of historical data, taking into account the availability of individual units,
- availability of units estimated on the basis of maintenance plans, taking into account failure rates,
- for pumped-storage power plants, from mid-2025 the launch of the market mechanism for contracting ancillary services was taken into account, with revenues in the first five years estimated on the basis of PGE CG's internal analyses, and in the long term on the basis of the report of an external expert,
- maintenance of production capacity through reinvestment projects of a replacement nature,
- adoption of a post-tax adjusted weighted average cost of capital (WACC) differentiated over time:
  - for 2025–2035 at an average annual level of 7.29%,
  - for 2036–2039 at an average annual level of 6.25%,
  - from 2040 onwards at 6.54%.
- at the end of the first half of 2024, the post-tax weighted average cost of capital was as follows:
  - for 2024–2029 at an average annual level of 7.28%,
  - from 2030 onwards at 6.28%,
- additionally, the WACC for wind farms includes an individually estimated level of risk associated with participation in different support schemes during their validity (green certificates, auctions),

- for wind farms acquired in 2022, the WACC further takes into account discounts for:
  - volume guarantees,
  - green certificate premiums,
  - price guarantees, and
  - discounts for the particular strategic importance of individual wind farms, in accordance with the PGE CG Investment Policy.

The valuation of the equity of PGE EO S.A. was carried out taking into account the value in use of individual CGUs, as estimated in impairment tests of property, plant and equipment and assets under construction, as well as relevant adjustments, including the adjustment for financial liabilities and current assets as at May 31, 2025.

The conducted tests did not show any necessity to make an impairment write-down on the shares of PGE EO S.A. held by PGE S.A. The recoverable amount of the shares held exceeds their book value as shown in these separate financial statements.

9.4 Share impairment tests for PGE Energia Ciepła S.A.

Impairment tests were carried out as at May 31, 2025 with respect to cash-generating units (CGUs) by determining their recoverable amount. Determining fair value for very large groups of assets for which there is no active market and few comparable transactions is, in practice, very difficult. In the case of entire power plants and combined heat and power plants, for which a value must be determined on the local market, observable fair values do not exist. Accordingly, the recoverable amount of the assets analysed was determined on the basis of an estimate of their value in use using the discounted net cash flow method, based on financial projections prepared for the period from June 2025 to the end of 2030. Based on the value in use of individual CGUs determined in this manner and the application of relevant adjustments, including the adjustment for financial liabilities and current assets as at May 31, 2025, PGE S.A. measures the equity value of PGE EC S.A. In the Company's opinion, the adoption of financial projections covering a period longer than five years is justified by the significant and long-term impact of estimated changes in the regulatory environment. By adopting longer projections, the recoverable amount can be estimated more reliably. For generation units whose expected economic useful life extends beyond 2030, a residual value was determined for the remaining operating period.

The energy market, and in particular the heating market, is a regulated market in Poland and as such is subject to numerous regulations and cannot be shaped freely solely on the basis of business decisions. The Energy Law aims, inter alia, to take effective regulatory measures to ensure energy security. This means that the regulatory environment is directed towards the stable operation of heat suppliers in a given area in order to meet consumers' needs in the long term. Under the provisions of the Energy Law, the President of the Energy Regulatory Office (URE) may, even in extreme cases, order an energy company to carry out licensed activities (for a period not exceeding two years) if required by the public interest. If such activities generate a loss, the energy company is entitled to compensation of the losses from the State Treasury.

Accordingly, the Company does not assume a finite useful life of CGUs due to the regulatory environment, which limits the possibility of discontinuing operations. Therefore, in impairment tests it was assumed that activities would continue (in the form of residual value), while maintaining expenditures at replacement level, in the long term, inter alia in view of the public interest in ensuring heat supply. In respect of generation assets covered by the Decarbonisation Plan, reinvestment projects relate to the transformation of generating capacity (to gas-fuelled assets) through the use of new low- or zero-emission generation units, which means that cash flows generated by these assets are included in the impairment tests.

Climate issues

On March 2, 2021, the Minister of Climate and Environment announced the state energy policy until 2040 ('PEP2040'). PEP2040 sets the framework for the energy transition in Poland. It defines strategic directions regarding the selection of technologies for the construction of a low-emission energy system. The policy takes into account the scale of challenges related to adapting the national economy to EU regulatory requirements connected with the 2030 climate and energy targets, the European Green Deal, the post-COVID economic recovery plan, and the pursuit of climate neutrality in line with national capabilities. One of the specific objectives of PEP2040 is the development of district heating and cogeneration, which is intended to contribute to reducing the emission intensity of the energy system as a whole. Achieving this strategic goal is expected to rely heavily on the development of cogeneration, i.e. the simultaneous production of electricity and heat, which is the most efficient way of using the chemical energy of the primary fuel. District heating should be generated primarily in CHP plants, based on low-emission sources, including those fired with natural gas. As the largest energy group in Poland, the PGE Capital Group is obliged to implement the objectives of PEP2040, including in the District Heating segment.

On December 15, 2022, the PGE Capital Group's District Heating segment adopted the Decarbonisation Plan to 2050. The objective of the Decarbonisation Plan is to meet the regulatory requirements for the power industry and to maintain the current generation potential in the long term in order to meet customer needs.

Confirmation of the ongoing decarbonisation process is also provided by the current PGE CG strategy:

- On June 12, 2025, PGE Polska Grupa Energetyczna published its strategy until 2035. It provides for investments in smart energy grids, new large-scale and flexible gas-fired power plants, renewable energy sources, storage facilities, and integrated district heating systems.
- District heating systems play an important role in the decarbonisation process, particularly in cities and regions with high demand for thermal energy. The PGE Group plans a comprehensive modernisation of its existing units and networks based on low- and zero-emission technologies. By 2030, coal-fired district heating units will be decommissioned. They will be replaced by modern sources that will ensure security of supply, energy efficiency, and emission reduction.
  For investments in this segment up to 2035, the PGE Group plans to allocate approx. PLN 18 billion, of which:
  - PLN 15 billion will be allocated to new generation units, such as gas engines, electrode boilers, heat pumps, gas-fired water boilers, biomass-fired boilers, and heat storage units,
  - PLN 3 billion will be allocated to potential acquisitions of district heating networks and their subsequent modernisation, particularly in cooperation with local governments.
- On October 5, 2023, the PGE EC Investment Committee approved an update of the Decarbonisation Plan for generation assets, aimed at full decarbonisation by 2030, and obliged the project team to update the Plan regularly due to regulatory changes, the availability of new technologies, and changes in the geopolitical and economic situation. Work is currently underway on the next update of the Decarbonisation Plan, taking into account the PGE CG Strategy.

Specific assumptions relating to the segment

The key assumptions determining the assessed value in use of the tested CGUs include the following:

- recognition as separate CGUs of individual branches of PGE EC S.A., i.e.: Branch No 1 in Kraków (Kraków CHP), Wybrzeże Branch (Gdańsk CHP, Gdynia CHP), Rzeszów Branch (Rzeszów CHP), Lublin Branch (Lublin Wrotków CHP), Bydgoszcz Branch (Bydgoszcz I CHP, Bydgoszcz II CHP), Gorzów Wielkopolski Branch (Gorzów Wielkopolski CHP), Zgierz Branch (Zgierz CHP), Kielce Branch (Kielce CHP), Szczecin Branch (Szczecin CHP, Pomorzany CHP, district heating network in Gryfino),
- recognition as one CGU of three production plants forming part of KOGENERACJA, i.e. Wrocław CHP, Czechnica CHP, and Zawidawie CHP,
- assumption that PGE CG generators will not receive free allocations of CO_2 allowances for electricity production in the forecast period,
- inclusion of free allocation of CO_2 emission allowances in the period 2025–2030 for district heating and high-efficiency cogeneration. Member States may apply for free allocation of emission allowances for heat at the level of 30% for the period from 2021 to 2030, with the 30% value referring to the gas benchmark and heat supplied for municipal needs,
- assumption for CHP plants that in the residual period there is support from the capacity market or its equivalent,
- inclusion of the support system for high-efficiency cogeneration in the forecast horizon and residual period: for existing units, support was assumed in the form of guaranteed premium and, if the financial gap condition is met, an individual guaranteed premium; for new gas units, it was assumed that a cogeneration premium would be granted,
- maintenance of production capacity through reinvestment projects of a replacement nature. For generation assets for which measures have been taken towards implementing the Decarbonisation Plan, reinvestment projects mean the transformation of production assets into gas-fuelled assets. The Decarbonisation Plan covers the following locations: Kraków, Gdańsk, Gdynia, Wrocław, Bydgoszcz, Kielce,
- inclusion of development projects with a high level of advancement that have been included in the company's approved investment plan,

- adoption of a post-tax adjusted weighted average cost of capital (WACC) differentiated over time:
  - for 2025–2026 at an average annual level of 8.84%,
  - for 2027–2030 at an average annual level of 7.55%.
- At the end of the first half of 2024, the post-tax weighted average cost of capital was as follows:
  - for 2024–2025 at an average annual level of 8.50%,
  - for 2026–2030 at an average annual level of 6.59%.

The valuation of the equity of PGE EC S.A was carried out taking into account the value in use of individual CGUs, as estimated in impairment tests of property, plant and equipment, and relevant adjustments, including the adjustment for financial liabilities and current assets as at May 31, 2025.

The conducted tests did not show any necessity to make an impairment write-down on the shares of PGE EC S.A. held by PGE S.A. The recoverable amount of the shares held exceeds their book value as shown in these separate financial statements.

9.5 Share impairment tests for PGE Gryfino Dolna Odra sp. z o.o.

Impairment tests were carried out as at May 31, 2025 with respect to cash-generating units (CGUs) by determining their recoverable amount. Determining fair value for very large groups of assets for which there is no active market and few comparable transactions is, in practice, very difficult. In the case of entire power plants, for which a value must be determined on the local market, observable fair values do not exist. Accordingly, the recoverable amount of the assets analysed was determined on the basis of an estimate of their value in use using the discounted net cash flow method, based on financial projections prepared for the expected operating period. Based on the value in use of individual CGUs determined in this manner and the application of relevant adjustments, including the adjustment for financial liabilities and cash flows as at May 31, 2025, PGE S.A. measures the equity value of PGE Gryfino Dolna Odra sp. z o. o. The Company believes that adopting financial forecasts longer than five years is reasonable given the long-term life of the asset and the significant projected changes in market conditions in the future. By adopting longer projections, the recoverable amount can be estimated more reliably.

The key assumptions determining the assessed value in use of the tested assets include the following:

- rated capacity and average efficiency of the units adopted in line with the guaranteed parameters in the contract with the contractor and the assumed load profile,
- operating period: 25 years (benchmark technical lifetime of CCGT units),
- capital expenditures: the investment project was completed in 2024. It was assumed that capital expenditures for adaptation to hydrogen/green gas co-firing in the amount of PLN 200 million'22 per unit will be incurred in 2034 (expert estimate),
- adoption of a post-tax weighted average cost of capital differentiated for the CGU, in line with the individually estimated level of risk and differentiated over time, at an average annual level of 7.50% for the entire operating horizon of the unit, i.e. until 2048.
- At the end of the first half of 2024, the post-tax weighted average cost of capital differentiated for the CGU amounted to 6.84% for the entire operating horizon of the unit, i.e. until 2048.

The valuation of the equity of PGE Gryfino Dolna Odra sp. z o. o. was carried out taking into account the value in use of CGUs, as estimated in impairment tests of property, plant and equipment, and relevant adjustments, including the adjustment for financial liabilities and cash flows as at May 31, 2025.

The conducted tests did not show any necessity to make an impairment write-down on the shares of PGE Gryfino Dolna Odra sp. z o.o. held by PGE S.A. The recoverable amount of the shares held exceeds their book value as shown in these separate financial statements.

9.6 Share impairment tests for PGE Nowy Rybnik sp. z o.o.

Impairment tests were carried out as at May 31, 2025 with respect to cash-generating units (CGUs) by determining their recoverable amount. Determining fair value for very large groups of assets for which there is no active market and few comparable transactions is, in practice, very difficult. In the case of entire power plants, for which a value must be determined on the local market, observable fair values do not exist. Accordingly, the recoverable amount of the assets analysed was determined on the basis of an estimate of their value in use using the discounted net cash flow method, based on financial projections prepared for the expected operating period. Based on the value in use of individual CGUs determined in this manner and the application of relevant adjustments, including the adjustment for financial liabilities and current assets as at May 31, 2025, PGE S.A. measures the equity value of PGE Nowy Rybnik sp. z o. o. The Company believes that adopting financial forecasts longer than five years is reasonable given the long-term life of the asset and the significant projected changes in market conditions in the future. By adopting longer projections, the recoverable amount can be estimated more reliably.

The key assumptions determining the assessed value in use of the tested assets include the following:

- rated capacity and average efficiency of the units adopted in line with the guaranteed parameters in the contract with the contractor and the forecast load profile of the units resulting from production volume projections,
- operating period: 24 years (projection until 2050, while the benchmark lifetime of a gas unit is 25 years),
- capital expenditures: for 2025 and onwards adopted in line with the PGE Capital Group's Investment Plan and contracts signed for the construction of units,
- adoption of a post-tax weighted average cost of capital, in line with the individually estimated level of risk and differentiated over time, at an average annual level of 7.31% for the entire operating horizon of the unit, i.e. until 2050.

The valuation of the equity of PGE Nowy Rybnik sp. z o. o. was carried out taking into account the value in use of CGUs, as estimated in impairment tests of property, plant and equipment, and relevant adjustments, including the adjustment for financial liabilities and current assets as at May 31, 2025.

The conducted tests did not show any necessity to make an impairment write-down on the shares of PGE Nowy Rybnik sp. z o.o. held by PGE S.A. The recoverable amount of the shares held exceeds their book value as shown in these separate financial statements.

9.7 Analysis of impairment indicators for shares in PGE Baltica 2 sp. z o.o. and PGE Baltica 3 sp. z o.o.

The main assets held by PGE Baltica 2 sp. z o.o. are 100% of the shares in PGE Baltica 6 sp. z o.o., which, in turn, holds 50% of the shares in EWB2. In turn, the main assets held by PGE Baltica 3 sp. z o.o. are 100% of the shares in PGE Baltica 5 sp. z o.o., which holds 50% of the shares in EWB3.

During the current reporting period, the Company analysed the existing circumstances to verify whether the value of the shares might have been impaired.

The key analysed factors included the following:

- the revenue side secured by the Contract for Difference,
- the impact of an increase in inflation and the weighted average cost of capital,
- the projects implementation schedule,
- milestones achieved by the projects,
- the budgets for the development (DEVEX) and implementation (CAPEX) phases of the project.

The EWB2 and EWB3 projects are entitled to obtain public support and consequently secure a revenue side that is indexed for inflation, thus partially mitigating the negative aspects of the macroeconomic environment.

The development phase of the EWB3 project is being carried out within the approved budget, in line with the updated project schedule that takes into account the postponement of the deadline for the generation and first grid connection of electricity, pursuant to the positive decision of the President of the Energy Regulatory Office (PURE). In January 2025, the Final Investment Decision (FID) was adopted for the EWB2 project, as a result of which the development phase was completed and the construction phase commenced, in line with the planned schedule.

In view of the above, in the opinion of PGE S.A., as at June 30, 2025 there are no indications to carry out impairment tests on the shares of these companies held by PGE S.A.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

9.8 Analysis of impairment indicators for shares in PGE Obrót S.A.

During the current reporting period, the Company analysed the existing circumstances to verify whether the value of the shares in PGE Obrót S.A. might have been impaired. The key analysed factors included the following:

- the review of the Financial Plan performance for the period January–May 2025,
- the extension of the application of maximum prices in the G tariff until the end of the third quarter of the current year,
- tariff proceedings for G tariff customers, including the tariff application for the fourth quarter of 2025,
- the analysis of sales volumes and margins on electricity sales for the years 2025–2029,
- the analysis of the dynamic development of photovoltaic micro-installations and prosumer settlements in the context of their impact on the Company's financial results.

As a result of the analysis, in the opinion of PGE S.A., the results generated by PGE Obrót S.A. during the forecast period will not change significantly. Consequently, as at the reporting date, there are no indications for conducting impairment tests of shares held by PGE S.A.

9.9 Impairment tests for other shares

At the end of June 2025, PGE S.A. did not make any changes in the creation or reversal of existing impairment losses for other companies.

10. Selected financial assets

The carrying amount of financial assets measured at amortised cost does not differ materially from their fair value.

10.1 Trade receivables and other financial receivables

	As at June 30, 2025		As at December 31, 2024	
	Long-term	Short-term	Long-term	Short-term
Trade receivables	-	1,529	-	5,613
Cash pooling receivables	-	447	-	581
Loans granted	1,728	21,151	750	29,523
Other financial receivables	-	549	-	616
TOTAL FINANCIAL RECEIVABLES	**1,728**	**23,676**	**750**	**36,333**

Trade receivables

Trade receivables in the amount of PLN 1,529 million relate mainly to the sales of electricity and services to the subsidiaries in the PGE Capital Group.

The decrease in trade receivables as at June 30, 2025, compared to December 31, 2024, is mainly due to lower electricity sales to PGE Obrót S.A. in the current period.

As at June 30, 2025, the balances of the three largest customers, i.e. PGE Obrót S.A., PGE Gryfino Dolna Odra sp. z o.o. and PGE GiEK S.A., accounted for 77% of the trade receivables balance.

Cash pooling receivables

In order to centralise liquidity management in the PGE Capital Group, agreements relating to the real cash pooling service were in force among selected companies of the PGE Capital Group and each bank separately, i.e. Powszechna Kasa Oszczędności Bank Polski S.A. and Bank Polska Kasa Opieki S.A. PGE S.A. acts as a coordinator of the cash pooling service in the PGE Capital Group. This means, among other things, that individual subsidiaries settle their accounts with the Company, and the Company settles its accounts with the banks. Therefore, financial receivables and financial liabilities of PGE S.A. include the balance of settlements between PGE S.A. and its subsidiaries participating in the cash pooling.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

Loans granted

	As at June 30, 2025		As at December 31, 2024	
	Long-term	Short-term	Long-term	Short-term
LOANS GRANTED – BORROWER				
PGE GiEK S.A.	-	6,221	-	11,545
PGE Gryfino Dolna Odra sp. z o.o.	445	3.669	750	3,604
PGE Nowy Rybnik sp. z o.o.	-	2,825	-	1,618
PGE Energia Odnawialna S.A.	-	1,860	-	1,792
PGE Dystrybucja S.A.	1,283	324	-	4,835
PGE Obrót S.A.	-	1,798	-	1,758
PGE Energetyka Kolejowa S.A.	-	1,552	-	1,544
PGE Energetyka Kolejowa Holding sp. z o.o.	-	1,300	-	1,307
PGE Energia Ciepła S.A.	-	1,246	-	1,207
PGE Systemy S.A.	-	331	-	289
PGE Baltica sp. z o.o.	-	9	-	9
PGE Inwest 26 sp. z o.o.	-	8	-	-
PGE Inwest 27 sp. z o.o.	-	4	-	-
PGE Inwest 25 sp. z o.o.	-	2	-	-
EW Baltica 4 sp z o.o.	-	2	-	2
EW Baltica 5 sp. z o.o.	-	-	-	12
EW Baltica 6 sp. z o.o.	-	-	-	1
TOTAL LOANS GRANTED	**1,728**	**21,151**	**750**	**29,523**

The selected companies have an option to extend the tranches of loans based on the agreement. The repayment deadlines for the loans were set for the years 2025–2031. An exception is the loan granted to PGE Dystrybucja S.A. under the Distribution Project from funds received under the National Recovery and Resilience Plan, which has a maturity date set for 2049.

Other financial receivables

Under *Other financial receivables*, the Company mainly reports settlements with exchanges, primarily related to the purchase of CO_2 emission allowances and made through PGE Dom Maklerski S.A.

10.2 Cash and cash equivalents

Short-term deposits are made for various periods, ranging from one day to one month, depending on the Company's current cash requirements, and are subject to individually negotiated interest rates.

Cash held at banks bears interest at variable rates, the level of which depends on the interest rate for overnight bank deposits.

The balance of cash and cash equivalents consists of the following items:

	As at June 30, 2025	As at December 31, 2024
Cash at bank	6,696	58
Short-term deposits	5,156	1,151
Funds held in VAT accounts	53	677
TOTAL	**11,905**	**1,886**
Available credit limits	26,789	11,648
including credit limits on current accounts	*2.450*	*2,998*

A detailed description of the loan agreements concluded in the current reporting period is presented in Note 13 to these financial statements.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

11. Derivatives and other receivables measured at fair value through profit or loss

The Company recognises all derivative financial instruments in its separate financial statements measured at fair value.

	As at June 30, 2025		As at December 31, 2024	
	Assets	Liabilities	Assets	Liabilities
DERIVATIVES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS				
Commodity forwards	2,197	1,107	1,863	1,213
Futures	6	46	4	30
Currency forwards	20	767	10	391
Options	7	-	2	-
HEDGING DERIVATIVES				
CCIRS hedging transactions	11	-	36	-
IRS hedging transactions	108	8	176	-
OTHER ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS				
Investment fund participation units	35	-	34	-
TOTAL	**2,384**	**1,928**	**2,125**	**1,634**
long-term part	616	398	667	310
short-term part	1,768	1,530	1,458	1,324

Commodity and currency forwards

Commodity and currency forward transactions mainly relate to trade in CO_2 emission allowances.

IRS transactions

The Company entered into IRS transactions to hedge the interest rate on its credits and issued bonds. Their original nominal value amounted to PLN 3,400 million (PLN 2,000 million for credits and PLN 1,400 million for bonds). On March 13, 2025, the Company concluded an IRS transaction with a nominal value of PLN 500 million to hedge the interest rate on a loan contracted with ICBC.

As at June 30, 2025, the nominal amount of IRS transactions hedging the interest rate on loans incurred and bonds issued amounts to PLN 3,900 million (PLN 2,500 million for loans and PLN 1,400 million for bonds). To recognise these IRS transactions, the Company uses hedge accounting.

CCIRS hedging transactions

In connection with loans granted to the subsidiary PGE Sweden AB (publ), as described in Note 13 to these condensed interim separate financial statements, in August 2014 PGE S.A. concluded CCIRS transactions hedging the exchange rate and interest rate risk. In these transactions, the counterparty banks pay PGE interest based on a fixed rate in EUR, while PGE S.A. pays interest based on a fixed rate in PLN. The nominal amount, interest payments and principal repayment under the CCIRS transaction are correlated with the respective terms of the loan agreements.

To recognise these CCIRS transactions, the Company uses hedge accounting.

Options

PGE S.A. acquired from Towarzystwo Finansowe Silesia sp. z o.o. a call option to purchase shares in Polimex-Mostostal S.A. The option was measured using the Black-Scholes method.

Investment fund participation units

As at the reporting date, the Company held participation units in three sub-funds of Towarzystwo Funduszy Inwestycyjnych PZU S.A., whose value as at the reporting date was PLN 35 million.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

12. Other current assets

	As at June 30, 2025	As at December 31, 2024
Dividend receivables	3,286	-
Receivables related to VAT	12	107
Advance payments	1	23
Other	14	9
TOTAL	**3,313**	**139**

Dividend receivables	As at June 30, 2025	As at December 31, 2024
PGE Dystrybucja S.A.	2,198	-
PGE Energia Odnawialna S.A.	859	-
PGE Energia Ciepła S.A.	91	-
PGE Energetyka Kolejowa Holding sp. z o.o.	58	-
PGE Ekoserwis S.A.	41	-
PGE Baltica sp. z o.o.	28	-
PGE Dom Maklerski S.A.	6	-
Elbest Security sp. z o.o.	4	-
PGE Synergia sp. z o.o.	1	-
TOTAL	**3,286**	-

The Other item mainly includes costs deferred over time.

13. Credits, loans, bonds, cash pooling and leases

	As at June 30, 2025		As at December 31, 2024	
	Long-term	Short-term	Long-term	Short-term
Credit liabilities	5,888	598	6,188	2,322
Loans received	1,891	8	613	8
Bonds issued	1,000	409	1,400	10
Cash pooling liabilities	-	2,403	-	1,977
Lease liabilities	22	2	22	1
TOTAL CREDITS, LOANS, BONDS AND CASH POOLING	**8,801**	**3,420**	**8,223**	**4,318**

The carrying amount of financial liabilities measured at amortised cost represents a reasonable approximation of their fair value, with the exception of the loan contracted with the EIB and the loan from PGE Sweden AB (publ).

In case of the fixed rate credit obtained from the EIB, the amortised cost disclosed in the financial statements as at the reporting date amounted to PLN 4,366 million and their fair value amounted to PLN 4,438 million.

The fair value of loans received from PGE Sweden AB (publ) is estimated by PGE S.A. at PLN 604 million (against PLN 616 million of the book value).

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

Credits

Creditor	Hedging instrument	Date of conclusion	Date of maturity	Limit in currency	Currency	Interest rate	Liability at 30-06-2025	Liability at 31-12-2024
European Investment Bank	-	2022-12-09	2041-03-15	2,000	PLN	Fixed	2,041	2,041
European Investment Bank	-	2015-10-27	2034-08-25	1,500	PLN	Fixed	1,129	1,192
European Investment Bank	-	2023-02-03	2041-03-15	850	PLN	Variable	867	868
European Investment Bank	-	2023-02-03	2041-03-15	550	PLN	Fixed	562	562
Industrial and Commercial Bank of China (Europe) S.A. Oddział w Polsce	IRS	2024-11-20	2027-12-31	500	PLN	Variable	501	501
European Investment Bank	-	2015-10-27	2034-08-25	490	PLN	Fixed	370	390
Bank Gospodarstwa Krajowego	IRS	2014-12-17	2027-12-31	1,000	PLN	Variable	313	376
European Investment Bank	-	2019-12-16	2038-10-16	273	PLN	Fixed	264	274
European Bank for Reconstruction and Development	IRS	2017-06-07	2028-06-07	500	PLN	Variable	220	252
Bank Gospodarstwa Krajowego	IRS	2015-12-04	2028-12-31	500	PLN	Variable	219	250
Bank Gospodarstwa Krajowego	-	2024-02-21	2027-02-19	1,500	PLN	Variable	-	900
Bank Pekao S.A.	-	2024-09-19	2027-12-31	750	PLN	Variable	-	752
PKO BP S.A.	-	2018-04-30	2025-12-31	300	PLN	Variable	-	84
Bank Pekao S.A.	-	2018-07-05	2027-12-31	750	PLN	Variable	-	64
Bank Gospodarstwa Krajowego	-	2018-06-01	2026-09-29	1,400	PLN	Variable	-	4
Bank Gospodarstwa Krajowego	-	2023-11-28	2036-12-20	3,300	PLN	Variable	-	-
Bank consortium	-	2023-03-01	2027-03-01	3,150	PLN	Variable	-	-
European Investment Bank	-	2025-04-25	2045-04-25	2,250	PLN	Fixed	-	-
European Investment Bank	-	2024-07-29	2044-07-29	1,000	PLN	Fixed/ Variable	-	-
TOTAL BANK CREDITS							**6,486**	**8,510**

In the period ended June 30, 2025 and after the reporting date there were no defaults or breaches of other terms and conditions of the credit agreements.

On April 25, 2025, PGE S.A. concluded a term loan agreement with the EIB. The value of the loan agreement amounts to PLN 2,250 million and the loan will be allocated to financing capital expenditures incurred by PGE EO for the modernisation of the Porąbka-Żar pumped-storage power plant and the expansion of the photovoltaic power plant portfolio.

Loans received

Creditor	Hedging instrument	Date of conclusion	Date of maturity	Limit in currency	Currency	Interest rate	Liability at 30-06-2025	Liability at 31-12-2024
Bank Gospodarstwa Krajowego	-	2025-03-31	2049-12-20	9,521	PLN	Fixed	1,283	-
PGE Sweden AB	CCIRS	2014-08-27	2029-07-31	143.5	EUR	Fixed	616	621
Bank Gospodarstwa Krajowego	-	2025-01-29	2036-12-20	3,900	PLN	Variable	-	-
Bank Gospodarstwa Krajowego	-	2025-03-31	2049-12-20	2,566	PLN	Fixed	-	-
TOTAL LOANS RECEIVED							**1,899**	**621**

In 2014, PGE S.A. and PGE Sweden AB (publ) established the Medium Term Eurobonds Issue Programme under which PGE Sweden AB (publ) may issue Eurobonds up to the amount of EUR 2 billion with a minimum maturity of 1 year. In 2014, PGE Sweden AB (publ) issued Eurobonds in the total amount of EUR 638 million.

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

As at June 30, 2025, the nominal value of bonds amounts to EUR 138 million. The subsidiary used the proceeds from the Eurobond issue for loans granted to the parent company.

On June 27, 2025, the Company received the first tranche of the loan from the funds of the National Recovery and Resilience Plan under the Distribution Project in the amount of PLN 3,598 million, as described in detail in Note 27.5 to the condensed interim consolidated financial statements.

In the Company's assessment, the loan is of a preferential nature, with a contractual interest rate below market interest rates. In accordance with IFRS 9, the loan was recognised at initial recognition at fair value in the amount of PLN 1,283 million, while the difference between the amount received and the fair value of the loan resulting from the application of an interest rate lower than market rates, in the amount of PLN 2,315 million, was recognised in accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* as an asset grant.

As part of the Distribution Project, the Company granted an intra-group loan to its subsidiary PGE Dystrybucja S.A. on identical terms (with a contractual interest rate below market rates) as the loan described above and recognised a loan receivable in the statement of financial position in the amount of PLN 1,283 million (fair value at initial recognition). The difference between the fair value of the intra-group loan granted and the amount of PLN 2,315 million was recognised in prepaid expenses.

In the Company's opinion, there are grounds for net presentation of income and expenses as well as assets and liabilities arising from grants received and transferred, i.e. prepaid expenses and deferred income, and the effects of their settlement in the statement of comprehensive income. The rationale is the structure of the Project and the provisions of the loan agreement, which indicate that PGE S.A. acts as an agent, while the beneficiaries of the Project are the distribution companies. PGE S.A. does not conduct activities targeted by the programme, nor does it incur the costs of granting loans to distribution companies at below-market interest rates.

Accordingly, PGE S.A. presents separately the financial instruments arising from the intra-group loans contracted and granted, while items relating to prepaid expenses and deferred income on grants are presented on a net basis.

Domestic market bond issues

Date of granting	Date of maturity	Tranche issue date	Tranche maturity date	Hedging instrument	Limit in currency	Currency	Interest rate	Liability at 30-06-2025	Liability at 31-12-2024
2013-06-27	indefinite	2019-05-21	2029-05-21	IRS	5,000	PLN	Variable	1,006	1,007
		2019-05-21	2026-05-21					403	403
TOTAL BONDS ISSUED								**1,409**	**1,410**

Cash pooling liabilities

The launch of the real cash pooling service is described in Note 10.1 to these separate financial statements.

14. Contingent liabilities

	As at June 30, 2025	As at December 31, 2024
Liabilities under guarantees and sureties	20,880	23,703
Sureties securing exchange transactions	13,636	13,287
Other contingent liabilities	146	147
TOTAL CONTINGENT LIABILITIES	**34,662**	**37,137**

Liabilities under guarantees and sureties

In connection with the establishment of the Eurobond programme in 2014, an agreement was concluded under which PGE S.A. provided a guarantee for the liabilities of PGE Sweden AB (publ). The guarantee was granted for the amount of up to EUR 2,500 million (PLN 10,605 million) and is valid until December 31, 2041. As at June 30, 2025, the liabilities of PGE Sweden AB (publ) arising from issued bonds amounted to EUR 142 million (PLN 601 million), compared to EUR 140 million (PLN 597 million) as at December 31, 2024.

In May 2024, by Annex No. 3 to the guarantee agreement dated October 14, 2022, PGE S.A. provided guarantees for the obligations of PGE Energia Ciepła S.A., ZEW Kogeneracja S.A, PGE Toruń S.A., and PGE Gryfino Dolna Odra sp. z o.o. to ORLEN S.A., as security for gaseous fuel supplies. Additionally, in July 2024, Annex No. 4 to the above-mentioned guarantee agreement was concluded, under which the Company provided a guarantee for the obligations of Elektrociepłownia Zielona Góra S.A. As at June 30, 2025, the total value of the guarantees issued under this agreement amounted to PLN 1,485 million, of which guarantees totalling PLN 1,334 million are valid until March 31, 2026, and the remaining guarantees amounting to PLN 111 million and PLN 40 million are valid until October 31, 2036 and March 31, 2037, respectively.

On April 20, 2023, PGE S.A. provided a guarantee to PGE Nowy Rybnik sp. z o.o. in the amount of PLN 3,752 million as security for payment obligations under the contract for the construction of a combined-cycle gas unit in Rybnik. The surety was granted until April 30, 2027.

In 2023–2025, sureties were issued in connection with contracts concluded by the project company EWB2 for the implementation of the Baltica 2 OWF. As at June 30, 2025, the value of the sureties provided amounted to PLN 2,912 million, and as at December 31, 2024, it amounted to PLN 4,705 million.

Sureties securing exchange transactions

On December 19, 2024, PGE S.A. provided a surety for the obligations of PGE Dom Maklerski S.A. to Macquarie Bank Europe Designated Activity Company, in order to secure the settlement of exchange transactions involving CO_2 emission allowances. The surety was granted up to the amount of EUR 130 million, which is equivalent to approx. PLN 551 million. The surety is valid until December 31, 2026.

On March 12, 2024, PGE S.A. concluded an annex to a guarantee agreement for up to PLN 2 billion, under which it guaranteed all obligations of PGE Dom Maklerski S.A. and PGE GiEK S.A. arising from exchange transactions executed by PGE Dom Maklerski on the Polish Power Exchange (TGE S.A.) on behalf of and for the account of PGE GiEK S.A. The guarantee was granted until March 31, 2027.

On October 17, 2023, PGE S.A. entered into a surety agreement with IRGiT S.A. up to the amount of PLN 11 billion, under which PGE S.A. guaranteed all liabilities of PGE EC S.A., EC Zielona Góra S.A. and PGE Dom Maklerski S.A. arising from electricity trading transactions entered into by PGE Dom Maklerski on the Power Exchange on behalf and for the benefit of these companies. The surety was granted until December 31, 2026.

These liabilities represent also sureties issued by PGE S.A. for bank guarantees provided as a deposit to secure exchange transactions resulting from the membership in the Warsaw Commodity Clearing House. As at June 30, 2025, the total amount of bank guarantees issued by banks was PLN 500 million, compared to PLN 278 million as at December 31, 2024.

Other contingent liabilities

On February 21, 2023, PGE S.A. issued Loan Note and Unconditional Shareholders' Contribution documents in favour of its subsidiary PGE Sweden AB in the amount of EUR 20 million (approx. PLN 85 million) in order to restore the company's equity to the level required under Swedish law, i.e. 50% of the registered share capital. PGE S.A. obliged itself to contribute up to EUR 20 million to PGE Sweden in case PGE Sweden has to pay tax liabilities. At the reporting date, PGE S.A. assesses the fulfilment of the obligation as unlikely.

In connection with the sale of shares in PGE EJ1 sp. z o.o. to the State Treasury and in accordance with the concluded Agreement regulating the liability of the existing Shareholders for the costs of the dispute with Worley Parsons, PGE S.A. may be obliged to cover the costs of the dispute in the maximum amount of PLN 98 million if the dispute is lost. Therefore, for the purpose of determining the fair value of the payment received, the probability of losing the dispute was estimated. As a result, an amount of PLN 59 million was recognised in contingent liabilities and an amount of PLN 39 million in short-term provisions.

Commitment to provide financing for new investments in PGE Capital Group companies

In connection with the PGE Capital Group's strategic investments, the Company granted issued a letter of commitment for its subsidiary PGE GiEK o/ELT, in which it undertook to provide financing for the planned investments. The letter of commitment relates to strictly defined investment procedures and may be used for such purposes only. As at the reporting date, the approximate value of future investment commitments related to such projects amounts to approximately PLN 221 million.

Funds from an increase in the Company's share capital

On April 5, 2022, an investment agreement was concluded between PGE S.A. and the State Treasury concerning the subscription by the State Treasury for shares issued as part of a share capital increase. In accordance with the provisions of the agreement, the funds raised from the share issue, amounting to PLN 3.2 billion, are to be used exclusively for investments in the areas of renewable energy, decarbonisation, and distribution. The use of proceeds from the issue is subject to detailed reporting and auditing. On April 26, 2023, the agreement was amended due to the need to adjust the expenditure schedule across individual investment projects. The use of funds in a manner inconsistent with the investment agreement may result in financial penalties, or in extreme cases, the requirement to return the funds. The PGE Group is using the funds in compliance with the investment agreement. As at June 30, 2025, the balance of funds remaining to be spent from the share issue amounts to approximately PLN 415 million, while as at December 31, 2024 it was PLN approx. 508 million.

Sureties related to the investment undertaken by Elektrownia Wiatrowa Baltica-2 sp. z o.o.

On January 29, 2025, Elektrownia Wiatrowa Baltica-2 sp. z o.o. and the relevant entities from the PGE and Ørsted capital groups concluded a series of agreements related to the implementation of an investment project involving the construction of an offshore wind farm with a planned maximum capacity of 1,498 MW. The agreements include, among others, guarantees issued by PGE S.A. in favour of PGE Baltica 6 sp. z o.o. (100% owned by the PGE Capital Group), Elektrownia Wiatrowa Baltica-2 sp. z o.o. (50% owned by the PGE Capital Group), and Ørsted Baltica 2 Holding sp. z o.o. (a non-affiliated entity).

for the period of 6 months ended June 30, 2025 in accordance with EU IFRS (in PLN million)

PGE S.A. has undertaken an irrevocable and unconditional obligation towards the beneficiaries, as joint and several creditors, to perform the guaranteed obligations related to the investment project if PGE Baltica 6 sp. z o.o. fails to meet its obligations in the manner and within the timeframe specified in the executed shareholders' agreement.

For more details on the security instruments for the financing of the Baltica 2 OWF, see Note 24.2 to these condensed interim consolidated financial statements.

Charge to the Price Difference Payment Fund

The issue of diverging interpretations of regulations concerning the calculation of the charge to the PDPF is described in Note 27.2 to these condensed interim consolidated financial statements.

15. Information on related entities

Transactions with related entities are based on market prices of delivered goods, products or services or on their production costs.

16. Related parties within the PGE Capital Group

	Period ended June 30, 2025	Period ended June 30, 2024 *restated data**
Sales to subsidiaries	12,916	22,721
Purchase from subsidiaries	10,605	9,754
Finance income	4,369	1,124
Finance costs	74	106

**the change consists in presenting financial income and expenses on a gross basis in the current reporting period.*

The Company recognises revenue from sales to subsidiaries within the PGE Capital Group mainly from the sale of electricity and CO_2 emission allowances.

	As at June 30, 2025	As at December 31, 2024
RECEIVABLES FROM SUBSIDIARIES		
Dividend receivables	3,286	-
Trade receivables	1,370	5,451
Loans granted	22,879	30.273
Cash pooling receivables	447	581
Other financial receivables	501	591
TOTAL RECEIVABLES FROM SUBSIDIARIES	**28,483**	**36,896**

	As at June 30, 2025	As at December 31, 2024
LIABILITIES TO SUBSIDIARIES		
Loans received	616	621
Trade liabilities	1,330	1,947
Cash pooling liabilities	2,403	1,977
Other financial liabilities	41	76
TOTAL LIABILITIES TO SUBSIDIARIES	**4,390**	**4,621**

The issues related to sureties granted to the subsidiaries of PGE S.A. are described in Note 14 to these separate financial statements.

Associates and jointly controlled entities

In the current reporting period, the Company recorded financial income of PLN 2 million and financial expenses of PLN 1 million related to the sale of shares in the associate Polimex Mostostal S.A.

In the comparative period, there were no sales to or purchases from associates and joint ventures.

As at the reporting date and as at December 31, 2024, there were no receivables from associates and joint ventures or liabilities to associates and joint ventures.

17. State-controlled entities

The State Treasury is the dominant shareholder of the PGE Capital Group. Therefore, companies owned by the State Treasury are regarded as related entities. The Company identifies in detail transactions with the largest companies controlled by the State Treasury. The combined value of transactions with such companies is presented in the tables below.

	Period ended June 30, 2025	Period ended June 30, 2024
Sales to related entities	890	650
Purchases from related entities	455	1,084

	As at June 30, 2025	As at December 31, 2024
Trade receivables from related entities	142	148
Trade liabilities to related entities	117	113

In addition, the Company conducts significant transactions on the energy market via Towarowa Giełda Energii S.A. (Polish Power Exchange). As this entity solely organises exchange-based trading, purchases and sales conducted through it are not considered related party transactions.

18. Management remuneration

PLN thousand	Period ended June 30, 2025	Period ended June 30, 2024
Short-term employee benefits (remuneration and surcharges)	4,672	3,124
Post-employment and termination benefits	-	2,814
TOTAL MANAGEMENT REMUNERATION	**4,672**	**5,938**

PLN thousand	Period ended June 30, 2025	Period ended June 30, 2024
Management Board	4,291	5,469
Supervisory Board	381	469
TOTAL MANAGEMENT REMUNERATION	**4,672**	**5,938**

The members of the Company's Management Board are employed under civil law management contracts (so-called management contracts). In Note 7. Expenses by nature and by function, these remunerations are presented under other expenses by nature.

19. Significant events of the reporting period and events after the reporting period

For significant events of the reporting period and events after the reporting period, see Note 27 to the condensed interim consolidated financial statements.

III. APPROVAL OF THE HALF-YEARLY FINANCIAL STATEMENTS

This half-year financial report was approved for publication by the Management Board of the parent company on September 9, 2025.

Warsaw, September 9, 2025

Signatures of the Members of the Management Board of PGE Polska Grupa Energetyczna S.A.

President of the Management Board	**Dariusz Marzec**	
Vice President of the Management Board	**Maciej Górski**	
Vice President of the Management Board	**Przemysław Jastrzębski**	
Vice President of the Management Board	**Robert Kowalski**	
Vice President of the Management Board	**Marcin Laskowski**	

Signature of the person responsible for the preparation of the financial statements	Michał Skiba Director of the Reporting and Taxation Department	

ended June 30, 2025 in accordance with EU IFRS (in PLN million)

GLOSSARY OF TERMS AND ABBREVIATIONS

Below is a list of the most common terms and abbreviations used in these consolidated financial statements.

Abbreviation	Full name
CCIRS	Cross Currency Interest Rate Swaps
CfD	Contracts for Difference
DCS	Deal Contingent Swaps
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
ENESTA	ENESTA sp. z o.o w restrukturyzacji
PSPP	Pumped-storage power plant(s)
EUA	European Union Allowances
EWB1, EW Baltica 1 sp. z o.o.	Elektrownia Wiatrowa Baltica 1 sp. z o.o.
EWB2, EW Baltica 2 sp. z o.o.	Elektrownia Wiatrowa Baltica – 2 sp. z o.o o
EWB3, EW Baltica 3 sp. z o.o.	Elektrownia Wiatrowa Baltica – 3 sp. z o.o o
PDPF	Price Difference Payment Fund
MDF	Mine Decommissioning Fund
GDOŚ	General Directorate for Environmental Protection
PGE Capital Group, PGE Group, Group, PGE CG	The Capital Group of PGE Polska Grupa Energetyczna S.A.
ICBC	Industrial and Commercial Bank of China (Europe) S.A. Oddział w Polsce
IRGiT	Izba Rozliczeniowa Giełd Towarowych S.A.
IRS	Interest Rate Swaps
LTC	Long-term contracts for the sale of capacity and electricity
RRP	National Recovery and Resilience Plan
Baltica 2 OWF	Offshore Wind Farm Baltica 2
Mg	Megagram – a derived unit of mass in the SI system equal to one million grams (1,000,000 g); tonne
IFRS	International Financial Reporting Standards
EU IFRS	International Financial Reporting Standards as adopted by the European Union
NFOŚiGW	National Fund for Environmental Protection and Water Management
IP	Investment property
SAC	Supreme Administrative Court
RTUA	Rights to use assets
PGE Baltica 2, PGEB2	PGE Baltica 2 sp. z o.o.
PGE Baltica 6, PGE B6	PGE Baltica 6 sp. z o.o.
PEC Bogatynia, PEC Bogatynia S.A.	Przedsiębiorstwo Energetyki Cieplnej S.A. w Bogatyni
PGE EC S.A.	PGE Energia Ciepła S.A.
PGE EKH sp. z o.o.	PGE Energetyka Kolejowa Holding sp. z o.o.
PGE EO S.A.	PGE Energia Odnawialna S.A.
PGE GiEK S.A.	PGE Górnictwo i Energetyka Konwencjonalna S.A.
PGE Paliwa	PGE Paliwa spółka z ograniczoną odpowiedzialnością
PGE S.A., PGE, Company, parent company	PGE Polska Grupa Energetyczna S.A.
PPE	Property, plant and equipment
Financial statements, consolidated financial statements	Consolidated financial statements of the PGE Capital Group
ZDEE Agreement	Service Provision Agreement for Ensuring Electricity Supply for Final Customers
ZHZW Agreement	Commercial Management of Generation Capacities Agreement
URE	Energy Regulatory Office
Household Consumers Act	Act of October 7, 2022 on special solutions for the protection of electricity customers in 2023 in connection with the situation on the electricity market (Dz.U. [*Journal of Laws*] 2023.269, consolidated text of 09.02.2023)
Extraordinary Measures Act 2023	Act of October 27, 2022 on extraordinary measures to reduce electricity prices and support certain customers in 2023 (Dz.U. [*Journal of Laws*] 2022.2243 of 2022.11.03)
Electricity Prices Act	Act on amendments to the Act on excise duty and certain other acts
WFOŚiGW	Voivodeship Fund for Environmental Protection and Water Management
IA	Intangible assets
VAC	Voivodeship Administrative Court
ZEW Kogeneracja S.A., KOGENERACJA S.A., KOGENERACJA	Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A.