QUARTERLY FINANCIAL STATEMENTS

of PGE Polska Grupa Energetyczna S.A.
for the period of 3 months

ended on 31 March 2025
in accordance with EU IFRS (in PLN million)

Polska Grupa Energetyczna

TABLE OF CONTENTS

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

I. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE PGE CAPITAL GROUP FOR THE 3-MONTH PERIOD ENDED 31 MARCH 2025 PREPARED IN ACCORDANCE WITH EU IFRS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Period ended 31 March 2025 *(not audited)*	Period ended 31 March 2024 *(not audited)* *restarted **
SALES REVENUE	*6.1*	**17,167**	**16,841**
Cost of goods sold	*6.2*	(13,337)	(15,053)
GROSS PROFIT ON SALES		**3,830**	**1,788**
Distribution and selling expenses	*6.2*	(194)	(291)
General and administrative expenses	*6.2*	(459)	(448)
Other net operating income/(expenses)	*6.4*	83	359
OPERATING PROFIT		**3,260**	**1,408**
Net finance income/(expenses), of which:	*6.5*	(256)	(228)
Interest income calculated using the effective interest rate method		*73*	*74*
Share in the profit/(loss) of entities accounted for using the equity method	*6.6*	8	(15)
GROSS PROFIT		**3,012**	**1,165**
Income tax	*8*	(540)	(214)
NET PROFIT FOR REPORTING PERIOD		**2,472**	**951**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss in the future:		**(174)**	**488**
Measurement of debt of financial instruments	*19.2*	9	19
Measurement of hedging instruments	*19.2*	(223)	584
Foreign exchange differences on translation of foreign operations		(1)	-
Deferred tax	*8*	41	(115)
Items that may not be reclassified to profit or loss in the future:		**-**	**2**
Actuarial gains and losses from valuation of provisions for employee benefits		-	-
Deferred tax		-	-
Share in other comprehensive income of entities accounted for using the equity method		-	2
NET OTHER INCOME		**(174)**	**490**
TOTAL COMPREHENSIVE INCOME		**2,298**	**1,441**
NET PROFIT ATTRIBUTABLE TO:			
shareholders of the parent company		2,416	893
non-controlling interests		56	58
COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
shareholders of the parent company		2,242	1,383
non-controlling interests		56	58
NET PROFIT AND DILUTED NET PROFIT PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY (IN PLN)		**1.08**	**0.40**

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March 2025 *(not audited)*	As at 31 December 2024 *(audited)*
Property, plant and equipment		67,687	66,941
Intangible assets		1,934	1,938
Rights to use assets		1,937	1,893
Financial receivables	*16.1*	302	289
Derivatives and other assets measured at fair value through profit or loss	*18*	231	310
Shares, interests and other capital instruments		105	94
Shares accounted for using the equity method	*11*	380	371
Other non-current assets	*17.1*	1,418	1,244
CO_2 emission allowances for own use	*15*	69	69
Deferred income tax assets	*13.2*	3,170	3,153
NON-CURRENT ASSETS		**77,233**	**76,302**
Inventories	*14*	2,686	2,889
CO_2 emission allowances for own use	*15*	10,245	10,844
Income tax receivables		330	291
Derivatives and other assets measured at fair value through profit or loss	*18*	106	169
Trade receivables and other financial receivables	*16.1*	7,210	7,931
Other current assets	*17.2*	1,285	1,205
Cash and cash equivalents	*16.2*	5,615	4,363
CURRENT ASSETS		**27,477**	**27,692**
TOTAL ASSETS		**104,710**	**103,994**
Share capital	*19.1*	19,184	19,184
Supplementary capital		22,252	22,252
Hedging reserve	*19.2*	(713)	(540)
Foreign exchange differences		(3)	(2)
Retained earnings		6,480	3,577
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		**47,200**	**44,471**
Equity attributable to non-controlling interests		1,114	1,058
TOTAL EQUITY		**48,314**	**45,529**
Non-current provisions	*20*	9,239	9,109
Credits, loans, bonds and leases	*21.1*	10,559	10,461
Derivative instruments	*18*	414	782
Deferred income tax liabilities	*13.2*	1,437	1,470
Deferred income and government grants		1,568	1,539
Other financial liabilities	*21.2*	203	205
Other non-financial liabilities	*22.1*	187	183
NON-CURRENT LIABILITIES		**23,607**	**23,749**
Current provisions	*20*	20,325	18,475
Credits, loans, bonds and leases	*21.1*	994	2,731
Derivative instruments	*18*	874	509
Trade and other payables	*21.2*	6,582	8,172
Income tax liabilities		280	802
Deferred income and government grants		177	181
Other non-financial liabilities	*22.2*	3,557	3,846
CURRENT LIABILITIES		**32,789**	**34,716**
TOTAL LIABILITIES		**56,396**	**58,465**
TOTAL EQUITY AND LIABILITIES		**104,710**	**103,994**

for the period of 3 months ended 31 March 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	*19.1*		*19.2*					
1 JANUARY 2025	**19,184**	**22,252**	**(540)**	**(2)**	**3,577**	**44,471**	**1,058**	**45,529**
Net profit for the reporting period	-	-	-	-	2,416	2,416	56	2,472
Other comprehensive income	-	-	(173)	(1)	-	(174)	-	(174)
COMPREHENSIVE INCOME	**-**	**-**	**(173)**	**(1)**	**2,416**	**2,242**	**56**	**2,298**
Share of change in capital of jointly controlled entities	-	-	-	-	486	486	-	486
Other changes	-	-	-	-	1	1	-	1
31 MARCH 2025	**19,184**	**22,252**	**(713)**	**(3)**	**6,480**	**47,200**	**1,114**	**48,314**

	Share capital	Supplementary capital	Hedging reserve	Foreign exchange differences	Retained earnings	Total	Non-controlling interests	Total equity
Note	*19.1*		*19.2*					
1 JANUARY 2024	**19,184**	**28,146**	**(1,095)**	**(1)**	**640**	**46,874**	**981**	**47,855**
Net profit for the reporting period	-	-	-	-	893	893	58	951
Other comprehensive income	-	-	488	-	2	490	-	490
COMPREHENSIVE INCOME	**-**	**-**	**488**	**-**	**895**	**1,383**	**58**	**1,441**
Share of change in capital of jointly controlled entities	-	-	-	-	37	37	-	37
Settlement of the purchase of additional shares in subsidiaries	-	-	-	-	(4)	(4)	4	-
Other changes	-	-	-	-	(1)	(1)	1	-
31 MARCH 2024	**19,184**	**28,146**	**(607)**	**(1)**	**1,567**	**48,289**	**1,044**	**49,333**

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Period ended 31 March 2025 *(not audited)*	Period ended 31 March 2024 *(not audited)*
CASH FLOWS FROM OPERATING ACTIVITIES			
Gross profit		**3,012**	**1,165**
Income tax paid/refunded		(1,112)	(346)
Adjustments for:			
Share of loss of equity-accounted investees		(8)	15
Depreciation, liquidation, and write-downs		1,050	1,128
Interest and dividend, net		139	108
(Profit) / loss on investing activities		(40)	(13)
Change in receivables		725	891
Change in inventories		194	605
Change in CO_2 emission allowances for own use		599	(10,337)
Change in liabilities, excluding loans and credits		(1,586)	(2,518)
Change in other non-financial assets, prepayments and accruals		(129)	1,362
Change in provisions		1,966	5,582
Other		(72)	19
NET CASH FROM OPERATING ACTIVITIES		**4,738**	**(2,339)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		(1,893)	(2,070)
Sale of property, plant and equipment and intangible assets		3	8
Placement of deposits with maturities over 3 months		(230)	(330)
Withdrawal of deposits with maturities over 3 months		211	274
Acquisition of financial assets		(2)	(18)
Loans granted		(20)	-
Loan repayment		20	-
Other		1	(4)
NET CASH FROM INVESTING ACTIVITIES		**(1,910)**	**(2,140)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue to non-controlling shareholders		483	37
Proceeds from acquired loans, credits		29	4,665
Repayment of loans, credits and leases		(1,879)	(1,752)
Interest paid		(226)	(193)
Other		17	12
NET CASH FROM FINANCING ACTIVITIES		**(1,576)**	**2,769**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**1,252**	**(1,710)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	*16.2*	**4,363**	**6,033**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	*16.2*	**5,615**	**4,323**

for the period of 3 months ended 31 March 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 1 January 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.

As at 31 March 2025 and as at the date of the 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 31 March 2025	As at 31 December 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 PGE Capital Group information

The PGE Polska Grupa Energetyczna S.A. Group comprises the parent company, PGE S.A., and 79 subsidiaries included in the consolidation. The consolidation also includes two jointly controlled entities classified as joint operations, five associates, and one jointly controlled entity. Additional information on the entities included in the consolidated financial statements can be found in Note 1.3.

These consolidated financial statements of the PGE Group cover the period from 1 January 2025 to 31 March 2025 and include comparative data for the period from 1 January 2024 to 31 March 2024, as well as at 31 December 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 consolidated financial statements of the Group for the year ended 31 December 2024, approved for publication on 14 April 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 Group companies include:

- electricity generation,
- distribution of electricity, including traction networks,
- wholesale and retail trading in electricity, property 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 Group's significant companies will continue as a going concern for a period of at least 12 months from the reporting date.

As at 31 March 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 17 February 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. PGE S.A. does not intend to sell or liquidate PGE Obrót S.A. within at least 12 months from the reporting date and is able to provide the company with appropriate 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 26.2 to these financial statements.

The negative equity of PGE GiEK S.A. is primarily the result of impairment losses on property, plant and equipment recognised in previous years as well as in 2024. On 29 April 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 maintenance costs for 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. w restrukturyzacji results from unfavourable electricity and natural gas supply contracts signed in 2021, which were also terminated in the same year. On 21 June 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. Given the above support and ENESTA's ongoing implementation of the restructuration plan, the financial statements of this company have been prepared on a going concern assumption.

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 drawn up using the same accounting principles (policies) and calculation methods as in the last annual financial statements. These statements should be read in conjunction with the audited consolidated financial statements of the PGE CG prepared for the year ended 31 December 2024, approved for publication on 14 April 2025.

for the period of 3 months ended 31 March 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 Group companies as at 31 March 2025	Shareholdings of PGE Group companies as at 31 December 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 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: CONVENTIONAL GENERATION			
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%
2.	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 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

	Name of entity	Entity holding shares	Shareholdings of PGE Group companies as at 31 March 2025	Shareholdings of PGE Group companies as at 31 December 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%
36.	Mithra D sp. z o.o. Poznań	PGE EO S.A.	100.00%	100.00%
37.	Mithra F sp. z o.o. Poznań	PGE EO S.A.	100.00%	100.00%
38.	Mithra G sp. z o.o. Poznań	PGE EO S.A.	100.00%	100.00%
39.	Mithra H sp. z o.o. Poznań	PGE EO S.A.	100.00%	100.00%
40.	Mithra I sp. z o.o. Warsaw	PGE EO S.A.	100.00%	100.00%
41.	Mithra K sp. z o.o. Poznań	PGE EO S.A.	100.00%	100.00%
42.	Mithra M sp. z o.o. Poznań	PGE EO S.A.	100.00%	100.00%
43.	Mithra N sp. z o.o. Poznań	PGE EO S.A.	100.00%	100.00%
44.	Mithra O sp. z o.o. Poznań	PGE EO S.A.	100.00%	100.00%
45.	Mithra P sp. z o.o. Poznań	PGE EO S.A.	100.00%	100.00%
46.	LongWing Polska sp. z o.o. Warsaw	PGE EO S.A.	100.00%	100.00%
47.	PGE Inwest 14 sp. z o.o. Warsaw	PGE EO S.A.	100.00%	100.00%
48.	PGE Inwest 21 sp. z o.o. Warsaw	PGE EO S.A.	100.00%	100.00%
49.	PGE Inwest 22 sp. z o.o. Warsaw	PGE EO S.A.	100.00%	100.00%
50.	PGE Inwest 24 sp. z o.o. Warsaw	PGE EO S.A.	100.00%	100.00%
	SEGMENT: DISTRIBUTION			
51.	PGE Dystrybucja S.A. Lublin	PGE S.A.	100.00%	100.00%
	SEGMENT: RAILWAY ENERGY SERVICES			
52.	PGE Energetyka Kolejowa Holding sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
53.	PGE Energetyka Kolejowa S.A. Warsaw	PGE EKH sp. z o.o.	100.00%	100.00%
54.	PGE Energetyka Kolejowa Obsługa sp. z o.o. Warsaw	PGE EKH sp. z o.o.	100.00%	100.00%
55.	PGE Energetyka Kolejowa CUW sp. z o.o. Łódź	PGE EKH sp. z o.o.	100.00%	100.00%
56.	Energetyka Kolejowa Budownictwo sp. z o.o. Warsaw	PGE EKH sp. z o.o.	100.00%	100.00%
57.	Energetyka Kolejowa sp. z o.o. Warsaw	PGE EKH sp. z o.o.	100.00%	100.00%
58.	Energetyka Kolejowa Obrót sp. z o.o. Warsaw	PGE EKH sp. z o.o.	100.00%	100.00%
59.	Cedton Investments sp. z o.o. Warsaw	PGE EKH sp. z o.o.	100.00%	100.00%
60.	Remton Investments sp. z o.o. Warsaw	PGE EKH sp. z o.o.	100.00%	100.00%
	SEGMENT: OTHER ACTIVITIES			
61.	PGE Systemy S.A. Warsaw	PGE S.A.	100.00%	100.00%
62.	PGE Sweden AB (publ) Stockholm	PGE S.A.	100.00%	100.00%
63.	PGE Synergia sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
64.	ELBIS sp. z o.o. Rogowiec	PGE S.A.	100.00%	100.00%
65.	PGE Inwest 2 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

	Name of entity	Entity holding shares	Shareholdings of PGE Group companies as at 31 March 2025	Shareholdings of PGE Group companies as at 31 December 2024
66.	PGE Ventures sp. z o.o Warsaw	PGE S.A.	100.00%	100.00%
67.	PGE Inwest 9 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
68.	PGE Inwest 10 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
69.	PGE Inwest 11 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
70.	PGE Inwest 12 sp. z o.o. Warsaw	PGE S.A.	51.00%	51.00%
71.	PGE Asekuracja S.A. Warsaw	PGE S.A.	100.00%	100.00%
72.	PGE Inwest 20 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
73.	PGE Inwest 23 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
74.	PGE Inwest 25 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
75.	Elektrownia Wiatrowa Baltica 10 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
76.	Elektrownia Wiatrowa Baltica 11 sp. z o.o. Warsaw	PGE S.A.	100.00%	100.00%
77.	PGE Ekoserwis S.A. Wrocław	PGE S.A.	100.00%	100.00%
78.	ZOWER sp. z o.o. Rybnik	PGE Ekoserwis S.A.	100.00%	100.00%
79.	Energetyczne Systemy Pomiarowe sp. z o.o. Białystok	PGE Dystrybucja S.A.	100.00%	100.00%
80.	Elbest Security sp. z o. o. Bełchatów	PGE S.A.	100.00%	100.00%

In the first quarter of the current year, there were no changes in the structure of the PGE Capital Group companies subject to full consolidation.

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 Group companies as at 31 March 2025	Shareholdings of PGE Group companies as at 31 December 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 Group companies as at 31 March 2025	Shareholdings of PGE Group companies as at 31 December 2024
1.	Polimex Mostostal S.A. Warsaw	PGE S.A.	16.33%	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 consolidated 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 29 March 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 757).

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

2.2 Presentation and functional currency

The parent company's functional currency and the presentation currency of these consolidated financial statements is the Polish zloty. All amounts are in PLN million, unless indicated otherwise.

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

	31 March 2025	31 December 2024	31 March 2024
USD	3.8643	4.1012	3.9886
EUR	4.1839	4.2730	4.3009

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
IFRS 14 Regulatory Deferral Accounts	The principles of accounting and disclosure for regulatory deferral accounts.	In accordance with the decision of the European Commission, the approval process of the standard in its preliminary version will not be initiated before the standard in its final version is published.
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.	1 January 2026
Changes to IFRS 9 and IFRS 7	The changes relate to disclosures in the classification and measurement of financial instruments.	1 January 2026
Changes to IFRS 9 and IFRS 7	Amendments covering renewable energy contracts	1 January 2026
IFRS 18	Presentation and disclosures in the financial statements	1 January 2027
IFRS 19	Disclosure of information	1 January 2027

The PGE Capital Group intends to accept the aforementioned new standards and changes to standards and IFRS interpretations as published by the International Accounting Standards Board, but not effective as at the reporting date, after they have entered into force. The above regulations will not have a material impact on the PGE Capital Group's future financial statements.

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.

- In previous reporting periods, the Group recognised impairment write-downs on assets, including in particular property, plant and equipment. In the current reporting period, the Group has not identified any indications for impairment testing or reversal of write-downs recognised in previous periods. 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.
- 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. As a result, the Group recognised a provision of PLN 138 million. 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. In the previous period, the Group was not able to reliably estimate this obligation, as it lacked sufficient data and tools to perform the estimate. Based on current knowledge, the provision as at 31 March 2024 would have amounted to approximately PLN 28 million. The comparative data have not been restated.
- Uncertainties related to tax settlements are described in Note 24 to these consolidated financial statements.
- The Group makes significant estimates in respect of recognised contingent liabilities. Relevant details are set out in Note 23 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 relevant act, and contributions to the Price Difference Payment Fund under the Act on extraordinary measures in 2023. A detailed description of these estimates is provided in Note 26.2 of there financial statements.
- 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. Changes in accounting principles and data presentation

New standards and interpretations effective as of 1 January 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 2023, 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 MSR 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 of data presentation

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 in Note 5.1 has been restated accordingly.

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

The Company has restated the comparative figures presented in the consolidated statement of comprehensive income. The restatement, which relates to a change in the presentation of coal valuations, is shown in the table below.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Period ended 31 March 2024 *published data*	Change of presentation of coal valuation	Period ended 31 March 2024 *restarted*
SALES REVENUE	**16,841**	**-**	**16,841**
Cost of goods sold	(15,195)	142	(15,053)
GROSS PROFIT ON SALES	**1,646**	**142**	**1,788**
Distribution and selling expenses	(291)	-	(291)
General and administrative expenses	(448)	-	(448)
Other net operating income/(expenses)	501	(142)	359
OPERATING LOSS	**1,408**	**-**	**1,408**

4. 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, at the time of 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.

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 commodity SWAPs (Level 2).

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 (Level 2).

Additionally, the Group presents the CCIRS derivative hedging instrument for foreign exchange (EUR/PLN), 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 31 December 2025 and 31 December 2030, respectively (Level 3).

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

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.

	Assets as at 31 March 2025			Liabilities as at 31 March 2025		
FAIR VALUE HIERARCHY	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Hard coal in trading activity	273	-	-	-	-	-
INVENTORIES	**273**	-	-	-	-	-
Currency forwards	-	5	-	-	12	-
Commodity swaps	-	31	-	-	2	-
Coal purchase/sale contracts	-	32	-	-	3	-
Embedded derivatives in commercial contracts	-	-	-	-	-	180
Options	-	3	-	-	-	-
DERIVATIVES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	-	**71**	**-**	**-**	**17**	**180**
CCIRS hedging transactions	-	8	-	-	-	-
IRS hedging transactions	-	166	-	-	258	-
Currency forwards – EUR	-	4	-	-	802	-
Commodity forwards – all-in-one-hedge	-	50	-	-	18	-
Commodity swaps	-	-	-	-	12	-
Inflation swaps	-	4	-	-	1	-
HEDGING DERIVATIVES	-	**232**	-	-	**1,091**	-
Investment fund participation units	-	34	-	-	-	-
OTHER ASSETS / LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	-	**34**	-	-	-	-

	Assets as at 31 December 2024			Liabilities as at 31 December 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 18 to these financial statements. There were no transfers of financial instruments between the first and second levels of the fair value hierarchy in the reporting and comparative period.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

EXPLANATORY NOTES TO THE BUSINESS SEGMENTS

5. 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 from renewable sources and pumped-storage power plants. In addition, the segment includes companies engaged in the construction of electricity storage facilities.
- Gas-fired Generation – electricity generation from gas-fired units.
- 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 property 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, among other things the 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.

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

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.

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.

5.1 Information on the business segments

Information on operating segments for the period ended 31 March 2025

	Gas-fired Renewable	Gas-fired Generation	Conventional Generation	District Heating	Distribution	Railway Energy Services	Supply	Other Activities	Adjustments	Total
PROFIR AND LOSS ACCOUNT										
Sales to external customers	517	93	3,772	2,279	2,895	1,344	6,195	71	1	17,167
Inter-segment sales	172	1,082	3,762	1,410	115	11	4,093	180	(10,825)	-
TOTAL SEGMENT SALES	**689**	**1,175**	**7,534**	**3,689**	**3,010**	**1,355**	**10,288**	**251**	**(10,824)**	**17,167**
Cost of goods sold	(282)	(1,114)	(7,082)	(2,846)	(1,994)	(1,009)	(9,237)	(169)	10,395	(13,337)
EBIT	**348**	**30**	**103**	**701**	**945**	**237**	**734**	**49**	**113**	**3,260**
Depreciation, liquidation, and write-downs recognised in the financial result	98	60	183	202	374	114	10	16	(7)	1,050
EBITDA	**446**	**90**	**286**	**903**	**1,319**	**351**	**744**	**65**	**106**	**4,310**
GROSS PROFIT	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,012**
Income tax	-	-	-	-	-	-	-	-	-	(540)
NET PROFIT FOR REPORTING PERIOD	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,472**
ASSETS AND LIABILITIES										
Segment assets without PPE, IA, RTUA and trade receivables	1,151	304	11,061	1,616	94	270	1,278	109	(180)	15,703
PPE, IA, RTUA	8,369	6,293	13,064	8,868	27,134	7,566	348	445	(529)	71,558
Trade receivables	283	422	1,592	1,133	1,592	611	5,472	142	(4,950)	6,297
Shares accounted for using the equity method	-	-	-	-	-	-	-	-	-	380
Unallocated assets	-	-	-	-	-	-	-	-	-	10,772
TOTAL ASSETS										**104,710**
Segment payables excluding trade payables	1,103	518	25,840	3,581	3,575	779	3,005	205	(1,119)	37,487
Trade payables	102	351	786	534	554	2,450	4,483	102	(5,011)	4,351
Unallocated liabilities	-	-	-	-	-	-	-	-	-	14,558
TOTAL LIABILITIES	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**56,396**
OTHER INFORMATION ON THE SEGMENT										
Capital expenditure / RTUA increases	**510**	**262**	**137**	**155**	**638**	**61**	**2**	**20**	**(69)**	**1,716**
Impairment write-downs of financial and non-financial assets	-	-	16	18	7.	1	36	4	(3)	79
Other non-cash expenses*	13	116	4,114	898	77	33	93	12	(216)	5,140

**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 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

Information on operating segments for the period ended 31 March 2024

restarted	**Gas-fired Renewable**	**Gas-fired Generation**	**Conventional Generation**	**District Heating**	**Distribution**	**Railway Energy Services**	**Supply**	**Other Activities**	**Adjustments**	**Total**
STATEMENT OF COMPREHENSIVE INCOME										
Sales to external customers	376	11	3,791	2,155	2,846	1,338	6,272	52	-	16,841
Inter-segment sales	322	-	3,674	1,736	198	13	11,729	156	(17,828)	-
TOTAL SEGMENT SALES	**698**	**11**	**7,465**	**3,891**	**3,044**	**1,351**	**18,001**	**208**	**(17,828)**	**16,841**
Cost of goods sold	(365)	(23)	(7,944)	(3,429)	(2,311)	(1,080)	(16,947)	(147)	17,193	(15,053)
EBIT	**284**	**(23)**	**(859)**	**310**	**653**	**170**	**894**	**29**	**(50)**	**1,408**
Depreciation, liquidation, and write-downs recognised in the financial result	95	1	361	204	339	109	9	14	(4)	1,128
EBITDA	**379**	**(22)**	**(498)**	**514**	**992**	**279**	**903**	**43**	**(54)**	**2,536**
GROSS PROFIT	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,165**
Income tax	-	-	-	-	-	-	-	-	-	(214)
NET PROFIT FOR REPORTING PERIOD	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**951**
ASSETS AND LIABILITIES										
Segment assets without PPE, IA, RTUA and trade receivables	599	382	24,697	1,397	96	190	1,020	114	(1,556)	26,939
PPE, IA, RTUA	6,790	4,158	20,937	8,424	24,949	7,539	328	345	(135)	73,335
Trade receivables	291	14	1,643	1,185	1,827	653	11,181	149	(10,481)	6,462
Shares accounted for using the equity method	-	-	-	-	-	-	-	-	-	435
Unallocated assets	-	-	-	-	-	-	-	-	-	13,298
TOTAL ASSETS										**120,469**
Segment payables excluding trade payables	1,395	231	34,967	3,218	3,372	826	5,219	201	(3,669)	45,760
Trade payables	113	26	5,688	1,009	640	2,365	5,028	84	(10,466)	4,487
Unallocated liabilities	-	-	-	-	-	-	-	-	-	20,889
TOTAL LIABILITIES	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**71,136**
OTHER INFORMATION ON THE SEGMENT										
TOTAL CAPITAL EXPENDITURE	**258**	**441**	**179**	**283**	**913**	**77**	**2**	**12**	**(99)**	**2,066**
Impairment write-downs of financial and non-financial assets	-	-	(2)	17	3	(2)	(28)	-	(9)	(21)
Other non-cash expenses*	13	-	4,927	1,154	58	21	(44)	47	(68)	6,108

**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 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

6. Revenue and expenses

6.1 Sales revenue

Sales revenue for the period ended 31 March 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.

	Renewable	Gas-fired Generation	Conventional Generation	District Heating	Distribution	Railway Energy Services	Supply	Other Activities	Adjustments	Total
Revenue from contracts with customers	695	1,175	7,529	3,590	2,989	1,354	9,984	251	(10,817)	**16,750**
Compensation – energy, gas, heat	-	-	-	69	-	1	302	-	-	**372**
RES auction support system	(7)	-	-	-	-	-	-	-	-	**(7)**
High-efficiency cogeneration support	-	-	-	18	-	-	-	-	-	**18**
Compensations – Long-term Contracts	-	-	-	4	-	-	-	-	-	**4**
Leasing	1	-	5	8	21	-	2	-	(7)	**30**
TOTAL SALES REVENUE	**689**	**1,175**	**7,534**	**3,689**	**3,010**	**1,355**	**10,288**	**251**	**(10,824)**	**17,167**

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 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

Type of good or service	Renewable	Gas-fired Generation	Conventional Generation	District Heating	Distribution	Railway Energy Services	Supply	Other Activities	Adjustments	Total
Revenue from sales of goods and products including taxes and charges	683	1,175	7,519	3,572	3,309	1,294	9,627	56	(10,242)	**16,993**
Taxes and charges collected on behalf of third parties	-	-	*(4)*	*(1)*	*(339)*	*(78)*	*(34)*	-	-	***(456)***
Revenue from sales of goods and products, of which:	**683**	**1,175**	**7,515**	**3,571**	**2,970**	**1,216**	**9,593**	**56**	**(10,242)**	**16,537**
Electricity	399	880	6,554	1,498	5	532	6,539	-	(7,127)	**9,280**
Capacity market	97	92	647	125	-	-	(1)	-	-	**960**
Distribution services	-	-	2	6	2,884	591	28	-	(119)	**3,392**
Heat	-	-	71	1,939	-	-	9	-	(13)	**2,006**
Energy origin rights	40	-	-	1	-	-	-	-	(27)	**14**
Regulatory system services	5	1	1	1	-	-	-	-	-	**8**
Balancing services (balancing capacity/operational reserve)	137	7.	212	-	-	-	-	-	-	**356**
Natural gas	-	195	-	-	-	-	462	-	(456)	**201**
Other fuels	-	-	-	-	-	51	124	-	(58)	**117**
CO_2 emission allowances	-	-	-	-	-	-	2,429	-	(2,426)	**3**
Other	5	-	28	1	81	42	3	56	(16)	**200**
Revenue from sales of services	**12**	**-**	**14**	**19**	**19**	**138**	**391**	**195**	**(575)**	**213**
REVENUE FROM CONTRACTS WITH CUSTOMERS	**695**	**1,175**	**7,529**	**3,590**	**2,989**	**1,354**	**9,984**	**251**	**(10,817)**	**16,750**

Sales revenue for the period ended 31 March 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.

restarted	Renewable	Gas-fired Generation	Conventional Generation	District Heating	Distribution	Railway Energy Services	Supply	Other Activities	Adjustments	Total
Revenue from contracts with customers	698	11	7,461	3,778	2,636	1,346	17,161	208	(17,822)	**15,477**
Compensation – energy, gas, heat, distribution service	-	-	-	79	388	5	817	-	-	**1,289**
Compensations – coal	-	-	-	-	-	-	22	-	-	**22**
RES auction support system	(1)	-	-	-	-	-	-	-	-	**(1)**
High-efficiency cogeneration support	-	-	-	23	-	-	-	-	-	**23**
Compensations – Long-term Contracts	-	-	-	4	-	-	-	-	-	**4**
Leasing	1	-	4	7.	20	-	1	-	(6)	**27**
TOTAL SALES REVENUE	**698**	**11**	**7,465**	**3,891**	**3,044**	**1,351**	**18,001**	**208**	**(17,828)**	**16,841**

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 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

Type of good or service *restarted*	Renewable	Gas-fired Generation	Conventional Generation	District Heating	Distribution	Railway Energy Services	Supply	Other Activities	Adjustments	Total
Revenue from sales of goods and products including taxes and charges	686	11	7,454	3,765	3,079	1,295	16,807	47	**(17,274)**	15,870
Taxes and charges collected on behalf of third parties	-	-	*(3)*	*(1)*	*(457)*	*(71)*	*(42)*	-	**-**	*(574)*
Revenue from sales of goods and products, including:	**686**	**11**	**7,451**	**3,764**	**2,622**	**1,224**	**16,765**	**47**	**(17,274)**	**15,296**
Electricity	514	11	6,686	1,897	4	603	5,854	-	(6.295)	9,274
Capacity market	79	-	524	86	-	-	9	-	(2)	696
Distribution services	-		2	7.	2,432	561	28	-	(118)	2,912
Heat	-	-	54	1,760	-	-	7.	-	(10)	1,811
Energy origin rights	69	-	-	4	-	-	-	-	(45)	28
Regulatory system services	5	-	135	-	-	-	-	-	-	140
Natural gas	-	-	-	-	-	-	48	-	(36)	12
Other fuels	-	-	-	-	-	60	305	-	(133)	232
CO_2 emission allowances	-	-	-	6	-	-	10,505	-	(10,493)	18
Other	19	-	50	4	186	-	9	47	(142)	173
Revenue from sales of services	**12**	**-**	**10**	**14**	**14**	**122**	**396**	**161**	**(548)**	**181**
REVENUE FROM CONTRACTS WITH CUSTOMERS	**698**	**11**	**7,461**	**3,778**	**2,636**	**1,346**	**17,161**	**208**	**(17,822)**	**15,477**

6.2 Expenses by kind and function

	Period ended 31 March 2025	**Period ended 31 March 2024** *restarted*
EXPENSES BY KIND		
Depreciation and impairment write-downs	1,055	1,132
Material and energy consumption	2,883	3,222
Third party services	1,307	1,315
Taxes and charges	5,308	6,292
Employee benefits expenses	2,102	1,995
Other expenses by kind	108	102
TOTAL EXPENSES BY KIND	**12,763**	**14,058**
Change in stock of goods	1	(4)
Cost of producing services for the entity's own use	(300)	(369)
Distribution and selling expenses	(194)	(291)
General and administrative expenses	(459)	(448)
Value of goods and materials sold	1,526	2,107
COST OF GOODS SOLD	**13,337**	**15,053**

6.3 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.

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

Period ended 31 March 2025	Depreciation and disposal					Impairment write-downs			
	PPE	IA	RTUA	IP	TOTAL	PPE	IA	RTUA	TOTAL
Cost of goods sold	921	25	27	1	**974**	21	-	-	**21**
Distribution and selling expenses	3	1	1	-	**5**	-	-	-	**-**
General and administrative expenses	35	8	7.	-	**50**	-	-	-	**-**
CHARGED TO FINANCIAL RESULT	**959**	**34**	**35**	**1**	**1,029**	**21**	**-**	**-**	**21**
Change in stock of goods	(4)	-	-	-	**(4)**	-	-	-	**-**
Cost of producing services for the entity’s own use	6	1	2	-	**9**	-	-	-	**-**
TOTAL	**961**	**35**	**37**	**1**	**1,034**	**21**	**-**	**-**	**21**

Period ended 31 March 2024	Depreciation and disposal					Impairment write-downs			
	PPE	IA	RTUA	IP	TOTAL	PPE	IA	RTUA	TOTAL
Cost of goods sold	986	23	26	1	**1,036**	45	-	-	**45**
Distribution and selling expenses	2	1	-	-	**3**	-	-	1	**1**
General and administrative expenses	30	7.	6	-	**43**	-	-	-	**-**
CHARGED TO FINANCIAL RESULT	**1,018**	**31**	**32**	**1**	**1,082**	**45**	**-**	**1**	**46**
Change in stock of goods	(4)	-	-	-	**(4)**	-	-	-	**-**
Cost of producing services for the entity’s own use	6	1	1	-	**8**	-	-	-	**-**
TOTAL	**1,020**	**32**	**33**	**1**	**1,086**	**45**	**-**	**1**	**46**

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

Under Depreciation and disposal, the Group recognised an amount of PLN 12 million in the current period in respect of the net value of the disposal of PPE and IA (PLN 9 million in the comparative period).

6.4 Other operating income and expenses

	Period ended 31 March 2025	Period ended 31 March 2024 *restarted*
OTHER NET OPERATING INCOME/(EXPENSES)		
Penalties, fines and compensation	53	88
(Creation)/Reversal of other provisions	27	208
(Creation)/Reversal of impairment write-downs on receivables	(27)	(66)
Measurement and settlement of derivative instruments – coal	22	145
Grants	12	7.
PPE / IA and other infrastructure received free of charge	9	10
Damage and failure remediation	(5)	(3)
Profit/(Loss) on disposal of PPE/IA	3	7.
Surpluses, asset disclosures / (Settlement of inventory shortages)	2	(6)
Other	(13)	(31)
TOTAL OTHER NET OPERATING INCOME/(EXPENSES)	**83**	**359**

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

6.5 Finance income and expenses

	Period ended 31 March 2025	Period ended 31 March 2024
NET FINANCE INCOME/(EXPENSES) FROM FINANCIAL INSTRUMENTS		
Interest, including	(105)	(79)
Interest income calculated using the effective interest rate method	*73*	*74*
Revaluation	40	34
Creation of write-downs	(29)	(19)
Foreign exchange differences	(22)	(30)
Gain on disposal of investment	(3)	(3)
TOTAL NET FINANCE INCOME/(EXPENSES) FROM FINANCIAL INSTRUMENTS	**(119)**	**(97)**
OTHER NET FINANCE INCOME/(EXPENSES)		
Interest costs on non-financial items	(130)	(124)
Interest on tax payables	2	(1)
Establishment of provisions	(4)	-
Other	(5)	(6)
TOTAL OTHER NET FINANCE INCOME/(EXPENSES)	**(137)**	**(131)**
TOTAL NET FINANCE INCOME/(EXPENSES)	**(256)**	**(228)**

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

Interest expenses mainly relate to loans and advances as well as issued bonds. Interest expense on lease liabilities amounted to PLN 19 million in the current reporting period (PLN 20 million in 2024). Interest expense on non-financial items concerns rehabilitation provisions and provisions for employee benefits.

Under the item ‘Creation of write-downs’, the Group mainly presents the write-down on accrued interest on bonds issued by Autostrada Wielkopolska S.A.

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.

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

Period ended 31 March 2025	Polimex Mostostal	PEC Bogatynia	Energopo-miar	PGE Soleo Kleszczów	PGE PAK Energia Jądrowa	Elester
VOTING RIGHTS	**16.33%**	**34.93%**	**49.79%**	**50.00%**	**50.00%**	**89.96%**
Revenue	749	17	18	-	-	8
Profit from continuing operations	(75)	2	-	-	(4)	(2)
Share in the result of entities accounted for using the equity method	**(12)**	**1**	**-**	**-**	**(2)**	**(2)**
Elimination of unrealised profits and losses	(1)	-	-	-	-	-
Impairment loss	24	-	-	-	-	-
SHARE IN THE RESULT OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**11**	**1**	**-**	**-**	**(2)**	**(2)**
Other comprehensive income	(3)	-	-	-	-	-
SHARE IN OTHER COMPREHENSIVE INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**-**	**-**	**-**	**-**	**-**	-

Period ended 31 March 2024	Polimex Mostostal	PEC Bogatynia	Energopo-miar	PGE Soleo Kleszczów	PGE PAK Energia Jądrowa	Elester
VOTING RIGHTS	**16.24%**	**34.93%**	**49.79%**	**50.00%**	**50.00%**	**89.96%**
Revenue	366	13	15	-	-	8
Profit from continuing operations	(191)	1	1	-	(4)	(2)
Share in the result of entities accounted for using the equity method	**(31)**	**-**	**1**	**-**	**(2)**	**(2)**
Elimination of unrealised profits and losses	19	-	-	-	-	-
SHARE IN THE RESULT OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**(12)**	**-**	**1**	**-**	**(2)**	**(2)**
Other comprehensive income	11	-	-	-	-	-
SHARE IN OTHER COMPREHENSIVE INCOME OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	**2**	**-**	**-**	**-**	**-**	-

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

7. Write-downs of assets

In the current and comparative reporting periods, the PGE Capital Group did not recognise or reverse any significant impairment write-downs on assets.

8. Income tax

8.1 Tax in the statement of comprehensive income

The main items of the income tax expense for the period ended 31 March 2025 and 31 March 2024 are as follows:

	Period ended 31 March 2025	Period ended 31 March 2024
Current income tax	552	368
Adjustments related to current income tax for previous years	(2)	(43)
Deferred income tax	(15)	(150)
Deferred income tax adjustments	5	39
INCOME TAX EXPENSE RECOGNISED IN THE FINANCIAL RESULT	**540**	**214**
INCOME TAX EXPENSE RECOGNISED IN OTHER COMPREHENSIVE INCOME		
On valuation of hedging instruments	(41)	115
(Tax advantage) / tax burden recognised in other comprehensive income (equity)	**(41)**	**115**

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

9. 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 property, plant and equipment, intangible assets, and rights to use assets amounting to PLN 1,716 million.

The highest capital expenditures were incurred in the following segments:

- Distribution: PLN 638 million,
- Renewables: PLN 510 million,
- Gas-fired Generation: PLN 262 million,
- District Heating: PLN 155 million,
- Conventional Generation: PLN 137 million.

The main capital expenditures in the Distribution segment included: the connection of new customers to the distribution grid – PLN 255 million, the Remote Reading Meters Programme – PLN 145 million, and the cable programme – PLN 100 million.

In the Renewables segment, significant capital expenditure was incurred on the modernisation and maintenance of production assets (PLN 20 million), the implementation of the PV Programme (PLN 18 million) and the Comprehensive Modernisation Programme for ESP Porąbka Żar (PLN 3 million), as well as the preparation and implementation of offshore wind farms, namely EWB 2 (PLN 371 million), EWB 1 (PLN 15 million) and EWB 3 (PLN 14 million).

In the Gas-fired Generation segment, expenditure focused on the construction of the CCGT unit in PGE Nowy Rybnik – PLN 239 million.

In the District Heating segment, the largest expenditure was incurred on: the investment programme at the Gdynia CHP plant (PLN 12 million), the construction of a new CHP plant in Czechnica (PLN 10 million), and the investment programme at the Bydgoszcz CHP plant (PLN 4 million).

In the Conventional Generation segment, the main expenditure was incurred in the area of modernisation and maintenance investments, amounting to PLN 101 million, including the largest in the KWB Bełchatów for the major overhaul and reconstruction of an excavator (PLN 11 million), the delivery of off-road trucks (PLN 6 million), and the extension of the overburden and coal conveyor (PLN 5 million). At KWB Turów, PLN 7 million for the continuation of the construction of a conveyor for the C-9 SN line and PLN 4 million for the overhaul of an excavator. At the Opole Power Plant, PLN 7 million for major repairs of main water pumps and PLN 2 million for a shortened overhaul of boiler unit no. 4, and at the Turów Power Plant, PLN 3 million for investor deliveries under a contract for the construction of unit no. 7.

10. Future investment commitments

As at 31 March 2025, the Group had committed to incur expenditures on property, plant and equipment in the amount of approximately PLN 15,423 million. These amounts will primarily be allocated to the construction of offshore wind farms, the construction of new gas-fired units, the modernisation of Group assets, and the purchase of machinery and equipment.

	As at 31 March 2025	As at 31 December 2024
Renewables *	10,277	9,781
Gas-fired Generation	1,914	2,383
Distribution	1,874	1,542
District Heating	1,090	1,083
Conventional Generation	248	259
Railway Energy Services	7	68
Supply	0	0
Other activities	13	21
TOTAL FUTURE CAPITAL COMMITMENTS	**15,423**	**15,137**

* *The presented amounts include the 50% share attributable to the PGE CG in the joint operation within the meaning of IFRS 11 Joint Arrangements.*

for the period of 3 months ended 31 March 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 (including contracts for the supply and installation of offshore wind turbines, service and warranty agreements, the design, manufacture and commissioning of offshore substations, and the supply of foundations and inter-array cables) – approx. PLN 9,203 million; modernisation of the upper reservoir at the Porąbka-Żar pumped-storage power plant – approx. PLN 702 million; design and construction of new photovoltaic installations at over 40 different locations – approx. PLN 88 million.
- Gas-fired Generation – construction of a combined cycle gas turbine (CCGT) unit (PGE Nowy Rybnik sp. z o.o.) – approx. PLN 1,108 million; public service contract for two gas turbines (PGE Gryfino Dolna Odra sp. z o.o.) – approx. PLN 768 million.
- Distribution – investment commitments primarily related to grid assets – approx. PLN 1,874 million.
- District Heating – construction of a cogeneration source based on a gas engine system with a capacity of up to 50 MWe for PGE EC S.A. – Wybrzeże Branch, Gdynia CHP plant – approx. PLN 248 million; construction of the Czechnica-2 gas-fired CHP – approx. PLN 173 million; construction of a gas-fired cogeneration unit with gas engines and a backup/peak load heating source in Bydgoszcz – approx. PLN 47 million; construction of a second line of the Waste-to-Energy Plant in Rzeszów – approx. PLN 71 million.

11. Shares accounted for using the equity method

	As at 31 March 2025	As at 31 December 2024
Polimex - Mostostal S.A., Warsaw	97	86
Energopomiar sp. z o.o., Gliwice	11	11
PGE Soleo Kleszczów sp. z o.o., Kleszczów	28	28
PGE PAK Energia Jądrowa S.A., Konin	8	10
PEC Bogatynia, Bogatynia	1	-
Elester sp. z o.o., Łódź	235	236
SHARES ACCOUNTED FOR USING THE EQUITY METHOD	**380**	**371**

	Polimex Mostostal	PEC Bogatynia	Energopo-miar	PGE Soleo Kleszczów	PGE PAK Energia Jądrowa	Elester
VOTING RIGHTS	**16.33%**	**34.93%**	**49.79%**	**50.00%**	**50.00%**	**89.96%**
AS AT 31 MARCH 2025						
Current assets	1,930	14	25	13	2	95
Non-current assets	847	20	23	83	16	12
Current liabilities	2,084	8	21	2	3	15
Non-current liabilities	192	3	4	39	-	13
NET ASSETS	**501**	**23**	**23**	**55**	**15**	**79**
Share of net assets	**81**	**8**	**11**	**28**	**8**	**71**
Fair value adjustment at the time of acquisition	16	-	-	-	-	164
Impairment loss	-	(7)	-	-	-	-
SHARES ACCOUNTED FOR USING THE EQUITY METHOD	**97**	**1**	**11**	**28**	**8**	**235**

	Polimex Mostostal	PEC Bogatynia	Energopo-miar	PGE Soleo Kleszczów	PGE PAK Energia Jądrowa	Elester
VOTING RIGHTS	**16.33%**	**34.93%**	**49.79%**	**50.00%**	**50.00%**	**89.96%**
AS AT 31 DECEMBER 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**

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

12. 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*.

13. Deferred tax in the statement of financial position

13.1 Deferred income tax assets

	As at 31 March 2025	As at 31 December 2024
Difference between tax and current book values of property, plant and equipment	437	473
Provision for rehabilitation expenses	85	85
Provision for employee benefits	558	548
Provision for the purchase of CO_2 emission allowances	2,782	2,519
Difference between tax and current book values of liabilities	784	596
Difference between tax and current book value of rights of use	289	285
Tax losses	384	548
Other provisions	242	242
Difference between tax and current book values of financial assets	72	268
Compensation for termination of Long-Term Contracts	92	92
Difference between tax and current book values of inventories	53	49
Infrastructure and connection fees received free of charge	129	125
Other	36	19
DEFERRED INCOME TAX ASSETS	**5,943**	**5,849**

13.2 Deferred tax liabilities

	As at 31 March 2025	As at 31 December 2024
Difference between tax and current book values of property, plant and equipment	2,803	2,772
Difference between tax and current book values of financial assets	781	743
Difference between tax and current book values of lease liabilities	299	258
Receivables from recognised compensation – Electricity Prices Act	111	199
Difference between tax and current book values of financial liabilities	41	51
Other	175	143
DEFERRED TAX LIABILITIES	**4,210**	**4,166**

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

	As at 31 March 2025	As at 31 December 2024
Deferred income tax assets	3,170	3,153
Deferred income tax liabilities	(1,437)	(1,470)

14. Inventories

	As at 31 March 2025	As at 31 December 2024
Hard coal	919	1,271
Maintenance and operating materials	735	714
Heavy fuel oil (mazut)	46	48
Other materials	166	174
TOTAL MATERIALS	**1,866**	**2,207**
Green energy origin rights	396	222
Other property rights	23	14
TOTAL ENERGY ORIGIN CERTIFICATES	**419**	**236**
Hard coal intended for sale	273	309
Other goods	28	28
TOTAL GOODS	**301**	**337**
OTHER INVENTORIES	**100**	**109**
TOTAL INVENTORIES	**2,686**	**2,889**

15. CO_2 emission allowances for own use

EUA	As at 31 March 2025		As at 31 December 2024	
	Long-term	Short-term	Long-term	Short-term
Amount (million Mg)	**0.2**	**27.0**	**0.2**	**26.6**
Value (PLN million)	**69**	**10,245**	**69**	**10,844**

EUA	Amount (million Mg)	Value (PLN million)
AS AT 1 JANUARY 2024	**25.6**	**10,537**
Purchase/Sale	59.5	24,830
Allocated free of charge	0.6	-
Redemption	(58.9)	(24,454)
AS AT 31 DECEMBER 2024	**26.8**	**10,913**
Purchase/Sale	7,8	2,441
Allocated free of charge	0.0	-
Redemption	(7,4)	(3,040)
AS AT 31 MARCH 2025	**27.2**	**10,314**

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

Additional information related to the change in the date of redemption of CO_2 emission allowances is described in Note 20.3 of these financial statements.

16. Selected financial assets

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

16.1 Trade receivables and other financial receivables

	As at 31 March 2025		As at 31 December 2024	
	Long-term	Short-term	Long-term	Short-term
Trade receivables	-	6,297	-	6,473
Receivables from recognised compensation due	-	539	-	1,022
Deposits, bid bonds and security instruments	5	242	6	328
High-efficiency cogeneration support scheme	-	13	-	22
Exchange transaction settlements	-	48	-	24
Term deposits, cash deposits and loans	275	-	262	-
Loans granted	20	-	20	-
Compensation and penalties	-	27	-	11
Other financial receivables	2	44	1	51
FINANCIAL RECEIVABLES	**302**	**7,210**	**289**	**7,931**

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

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

16.2 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 31 March 2025	As at 31 December 2024
Cash at bank and in hand	3,353	1,830
Overnight deposits	135	60
Short-term deposits	1,504	693
Proceeds from share issue	438	508
Funds held in VAT accounts	185	1,272
TOTAL	**5,615**	**4,363**
Undrawn credit facilities	41,549	11,679
including credit limits on current accounts	*3,405*	*3,254*

A detailed description of the concluded loan agreements and the outstanding overdraft facilities, including credit limits on current accounts is provided in Note 21.1 to these financial statements.

Cash and cash equivalents include restricted funds in the amount of PLN 234 million (PLN 207 million in the comparative period) held in client accounts of PGE Dom Maklerski S.A. as collateral for settlements with IRGiT.

17. Other current and non-current assets

17.1 Other non-current assets

	As at 31 March 2025	As at 31 December 2024
Prepayments for property, plant and equipment under construction	922	954
Customer acquisition costs	81	88
Other non-current assets	415	202
TOTAL OTHER ASSETS	**1,418**	**1,244**

Advances on property, plant and equipment under construction relate mainly to the construction of the Baltica 2 (PLN 379 million) and Baltica 1 (PLN 21 million) offshore wind farms, and the construction of a combined cycle gas turbine unit by PGE Nowy Rybnik sp. z o.o. (PLN 142 million), modernisation of the Porąbka-Żar ESP by PGE EO S.A. (PLN 183 million).

In the current reporting period, other non-current assets include, among others, insurance settlements over time and financing acquisition costs, incurred mainly in the Renewables segment.

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

17.2 Other current assets

	As at 31 March 2025	As at 31 December 2024
COSTS DEFERRED OVER TIME		
Customer acquisition costs	78	82
Long-term contracts	62	48
Fees for installation of equipment and occupation of the road lane	39	-
Property tax	36	-
Property and liability insurance	31	27
Usufruct fees	21	-
IT services	19	26
Logistics costs related to coal procurement	12	14
CSBF	3	11
Other costs deferred over time	47	23
OTHER CURRENT ASSETS		
Receivables from accrued VAT	718	737
Receivables from the settlement of contributions to the PDPF	175	199
Prepayments for supplies	8	8
Excise duty receivables	16	7.
Other current assets	20	23
TOTAL OTHER ASSETS	**1,285**	**1,205**

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

	As at 31 March 2025		As at 31 December 2024	
	Assets	Liabilities	Assets	Liabilities
DERIVATIVES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS				
Currency forward	5	12	-	9
Commodity swaps	31	2	12	11
Coal purchase/sale contracts	32	3	31	1
Embedded derivatives in commercial contracts	-	180	-	212
Options	3	-	2	-
HEDGING DERIVATIVES				
CCIRS hedging transactions	8	-	36	-
IRS hedging transactions	166	258	176	-
Currency forward	4	802	2	383
Commodity forwards – all-in-one-hedge	50	18	186	46
Deal Contingent Swaps (DCS)	-	-	-	599
Commodity swaps	-	12	-	15
Inflation swaps	4	1	-	15
OTHER ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS				
Investment fund participation units	34	-	34	-
TOTAL	**337**	**1,288**	**479**	**1,291**
short-term part	106	874	169	509
long-term part	231	414	310	782

Commodity and currency forwards

Commodity and currency forward transactions mainly relate to trade in CO_2 emission allowances and the sale of coal. 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 20 January 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

As part of the purchased wind farms, the PGE CG also acquired embedded derivatives to trade agreements. The design of the instruments requires the contracted power to be supplied every day for the duration of the agreements.

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 2024, 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 1,375 million. To recognise these IRS transactions, the Group uses hedge accounting. The impact of hedge accounting on the revaluation reserve is presented in Note 19.2 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, the Group entered into novation transactions for IRS derivatives hedging the interest rate risk of a loan obtained under a Project Finance structure.

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.

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.

To recognise these CCIRS transactions, PGE CG uses hedge accounting. The impact of hedge accounting is presented in Note 19.2 to these financial statements.

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.

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.

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

19. 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.

19.1 Share capital

	As at 31 March 2025	As at 31 December 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.

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.

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

19.2 Hedging reserve

	Period ended 31 March 2025	Year ended 31 December 2024
AS AT 1 JANUARY	**(540)**	**(1,095)**
Change in hedging reserve:	**(214)**	**685**
Measurement of hedging instruments, including:	**(223)**	**689**
Recognition of the effective portion of change in fair value of hedging financial instruments in the part considered as effective hedge	*(205)*	*673*
Accrued interest on the derivative transferred from the hedging reserve and recognised in interest expenses	*(23)*	*1*
Currency revaluation of CCIRS transaction transferred from hedging reserve and recognised in foreign exchange gains/losses	*13*	*11*
Ineffective portion of the change in the fair value of hedging transactions presented in the result	*(8)*	*4*
Measurement of other financial instruments	**9**	**(4)**
Deferred tax	**41**	**(130)**
HEDGING RESERVE AFTER DEFERRED TAX	**(713)**	**(540)**

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

19.3 Dividends paid and proposed

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

20. Provisions

The carrying amount of provisions is as follows:

	As at 31 March 2025		As at 31 December 2024	
	Long-term	Short-term	Long-term	Short-term
Employee benefits	3,051	386	3,046	387
Provision for rehabilitation expenses	6,121	8	6,007	8
Provision for shortage of CO_2 emission allowances	-	18,891	-	17,098
Provision for the value of property rights intended for redemption	-	558	-	454
Onerous contracts	-	125	-	161
Other provisions	67	357	56	367
TOTAL PROVISIONS	**9,239**	**20,325**	**9,109**	**18,475**

The discount rate for the provision for mine pit rehabilitation costs as at 31 March 2025 and in the comparative period is as follows:

- for expenditure expected to be incurred within 15 years of the balance-sheet date – 5.80%,
- for expenditure expected to be incurred in the period from 16 to 25 years after the balance-sheet date – 6.0%, extrapolated by PGE according to the adopted methodology
- for expenditure expected to be incurred in the period above 25 years after the balance-sheet date – 6.14%, extrapolated by PGE according to the adopted methodology.

The discount rate for the provision for employee benefits and other provisions for rehabilitation costs as at 31 March 2025 and in the comparative period amounts to 5.8%.

Changes in provisions

	Employee benefits	Provision for rehabilitation expenses	Provision for CO_2 emission costs	Provision for property rights intended for redemption	Onerous contracts	Other	Total
1 JANUARY 2025	**3,433**	**6,015**	**17,098**	**454**	**161**	**423**	**27,584**
Current employment costs	30	-	-	-	-	-	30
Interest costs	47	83	-	-	-	-	130
Benefits paid / Provisions used	(72)	-	(3,040)	-	(6)	(9)	(3,127)
Reserves reversed	-	-	-	-	(30)	(7)	(37)
Provisions recognised - costs	-	13	4,833	104	-	17	4,967
Provisions recognised – expenditure	-	14	-	-	-	-	14
Other changes	(1)	4	-	-	-	-	3
31 MARCH 2025	**3,437**	**6,129**	**18,891**	**558**	**125**	**424**	**29,564**

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

	Employee benefits	Provision for rehabilitation expenses	Provision for CO_2 emission costs	Provision for property rights intended for redemption	Onerous contracts	Other	Total
1 JANUARY 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 recognised – costs	-	55	20,344	452	131	244	21,226
Provisions recognised – expenditure	-	22	-	-	-	-	22
Change in the composition of the CG	-	-	-	-	-	-	-
Other changes	1	45	-	-	43	(40)	49
31 DECEMBER 2024	**3,433**	**6,015**	**17,098**	**454**	**161**	**423**	**27,584**

20.1 Provision for employee benefits

Provisions for employee benefits mainly include:

- post-employment benefits – PLN 2,494 million as at 31 March 2025, PLN 2,490 million in the comparative period,
- jubilee awards and incentive bonuses – PLN 943 million as at 31 March 2025 and in the comparative period.

20.2 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 31 March 2025, the value of the provision amounted to PLN 5,483 million, and as at 31 December 2024, it amounted 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 31 March 2025, the value of the provision amounts to PLN 263 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 375 million (PLN 370 million at the end of the comparative period) and relates to certain assets within the Conventional Generation and Renewables segments.

Other rehabilitation provisions

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

20.3 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 31 March 2025, the value of the provision amounts to PLN 18,891 million (compared to PLN 17,098 million at the end of the comparative period).

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

20.4 Provision for property 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 31 March 2025, the provision amounts to PLN 558 million (PLN 454 million in the comparative period), and is primarily recognised by PGE Obrót S.A. and PGE Energetyka Kolejowa S.A.

20.5 Provision for onerous contracts

This provision is mainly recognised by PGE Obrót S.A. In accordance with the Act of 20 February 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 created in connection with the above as at 31 March 2025 amounts to PLN 90 million (PLN 120 million in the comparative period).

20.6 Other provisions

Provision for potential claims from contractors

The value of provisions for potential claims from contractors includes provisions recognised by ENESTA sp. z o.o. w restrukturyzacji amounting to PLN 56 million.

The matter of a provision of PLN 135 million established by PGE GiEK is described in Note 23.3 of this consolidated financial statement.

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 23.1.

21. 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 31 March 2025 amounts to EUR 141 million, while their fair value is EUR 134 million. The inputs used for the valuation are classified as Level 1 in the fair value hierarchy.

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 4,427 million and their fair value amounted to PLN 4,472 million. The indexes used in valuation belong to Level 2 of the fair value hierarchy.

21.1 Credits, loans, bonds and leases

	As at 31 March 2025		As at 31 December 2024	
	Long-term	Short-term	Long-term	Short-term
Credits and loans	7,135	826	7,057	2,581
Bonds issued	1,977	47	1,989	18
Leasing	1,447	121	1,415	132
TOTAL CREDITS, LOANS, BONDS AND LEASES	**10,559**	**994**	**10,461**	**2,731**

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

Credits and loans

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

Creditor	Hedging instrument	Date of maturity	Limit in currency	Currency	Interest rate	Liability at 31-03-2025	Liability at 31-12-2024
European Investment Bank	-	2042-12-09	2,000	PLN	Fixed	2,007	2,041
European Investment Bank	-	2034-08-25	1,500	PLN	Fixed	1,200	1,192
European Investment Bank	-	2043-02-03	850	PLN	Variable	852	868
European Investment Bank	-	2043-02-03	550	PLN	Fixed	552	562
Industrial and Commercial Bank of China (Europe) S.A. Oddział w Polsce	IRS	2027-12-31	500	PLN	Variable	510	501
European Investment Bank	-	2034-08-25	490	PLN	Fixed	393	390
Bank Gospodarstwa Krajowego	IRS	2027-12-31	1,000	PLN	Variable	382	376
European Investment Bank	-	2038-10-16	273	PLN	Fixed	275	274
European Bank for Reconstruction and Development	IRS	2028-06-07	500	PLN	Variable	256	252
Bank Gospodarstwa Krajowego	IRS	2028-12-31	500	PLN	Variable	255	250
Bank Pekao S.A.	-	2025-10-31	40	USD	Variable	121	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	1,000	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	3,900	PLN	Variable	-	-
Bank consortium	-	2027-03-01	3,150	PLN	Variable	-	-
European Investment Bank	-	2044-07-29	1,000	PLN	Fixed /Variable	-	-
Santander Bank Polska S.A.	-	2029-08-28	1,000	PLN	Variable	-	-
PKO BP S.A.	-	2025-09-30	165	PLN	Variable	-	-
ING Bank Śląski S.A.	-	2025-12-31	57	PLN	Variable	-	-
NFOŚiGW	-	Dec. 2028 – Jun. 2042	241	PLN	Fixed	67	88
NFOŚiGW	-	Mar. 2031 – Dec. 2044	1,034	PLN	Variable	806	807
WFOŚiGW	-	SEP. 2026	9	PLN	Fixed	2	3
WFOŚiGW	-	Mar. 2026 – Dec. 2029	213	PLN	Variable	91	100
Financial liabilities as part of the Baltica 2 Project (Project Finance):							
Bank consortium	IRS	2049-11-30	2,812*	EUR	Variable	192	-
Financial liabilities as part of the National Recovery Plan:							
Bank Gospodarstwa Krajowego	-	2049-12-20	9,521	PLN	Fixed	-	-
Bank Gospodarstwa Krajowego	-	2036-12-20	3,900	PLN	Variable	-	-
Bank Gospodarstwa Krajowego	-	2049-12-20	2,566	PLN	Fixed	-	-
TOTAL BANK CREDITS						**7,961**	**9,638**

*Maximum limit consisting of: Term loan, Standby Debt and DSRF (Debt Service Reserve Facility).

As at 31 March 2025, the outstanding overdraft facility limits of significant companies of the PGE Capital Group amounted to PLN 3,405 million. The maturity dates of overdraft facilities granted to the key companies of the Capital Group fall within the years 2025–2027.

At the end of the current reporting period, the balance was affected by, *inter alia*, loan agreements entered into on 29 January 2025 by PGE Baltica 6 sp. z o.o. 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 BGK, EIB, and EBRD. As at 31 March 2025, the value of this liability amounted to PLN 192 million.

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

A detailed description of the Baltica 2 Project and its financing is provided in Note 26.4 to these financial statements.

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.

As at 31 March 2025, PGE S.A. also had three loans concluded with the BGK under the National Recovery and Resilience Plan:

- PLN 3,900 million for financing or refinancing eligible costs of the Baltica 2 offshore wind farm project under Investment G3.1.5. 'Construction of Offshore Wind Farms (Offshore Wind Energy Fund)'.
- approximately PLN 9.521 million for financing projects implemented by PGE Dystrybucja S.A. under Investment G3.1.4 entitled 'Support for the national energy system (Energy Support Fund)' and
- approximately PLN 2.566 million for financing projects implemented by PGE Energetyka Kolejowa S.A. under Investment G3.1.4 entitled 'Support for the national energy system (Energy Support Fund)'.

A detailed description of these loans is provided in Note 26.5 of there financial statements.

In the period ended 31 March 2025 and after the reporting date there were no defaults or breaches of other terms and conditions of the credit agreements.

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 31-03-2025	Liability at 31-12-2024
PGE S.A.	IRS	indefinite	5,000	PLN	Variable	2019-05-21	2029-05-21	1,025	1,007
						2019-05-21	2026-05-21	410	403
PGE Sweden AB (publ)	CCIRS	indefinite	2,000	EUR	Fixed	2014-08-01	2029-08-01	589	597
TOTAL BONDS ISSUED								**2,024**	**2,007**

21.2 Trade and other payables

	As at 31 March 2025		As at 31 December 2024	
	Long-term	Short-term	Long-term	Short-term
Trade payables	-	4,351	-	5,201
Purchase of PPE and IA	37	1,319	38	1,609
Received deposits and bid bonds	34	175	42	166
Long-Term Contracts liabilities	-	348	-	348
Compensations	-	137	-	613
Insurance	-	3	-	3
Other	132	249	125	232
TRADE PAYABLES AND OTHER FINANCIAL LIABILITIES	**203**	**6,582**	**205**	**8,172**

As at 31 March 2025, the Group recognised PLN 1,967 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.

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

22. Other non-financial liabilities

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

22.1 Other non-current non-financial liabilities

Under other non-current non-financial liabilities, the Group primarily recognises contract liabilities amounting to PLN 187 million in the current reporting period and PLN 183 million in the comparative period.

22.2 Other current non-financial liabilities

	As at 31 March 2025	As at 31 December 2024
OTHER CURRENT LIABILITIES		
Contract liabilities	937	969
Liabilities related to output VAT	786	712
Excise duty liabilities	34	34
Liabilities relating to contributions to PDPF	10	6
Environmental charges	110	226
Liabilities for salaries	290	432
Employee bonuses	290	420
Accrued annual leave entitlements and other employee benefits	553	381
Management Board awards	26	23
Personal income tax	76	148
Social security liabilities	328	408
Other	117	87
OTHER CURRENT LIABILITIES, TOTAL	**3,557**	**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 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

OTHER EXPLANATORY NOTES

23. Contingent receivables and payables. Litigation

23.1 Contingent liabilities

	As at 31 March 2025	As at 31 December 2024
Security for the repayment of subsidies from environmental, and research and development funds*	1,819	935
Litigation liabilities	619	154
Liability under bank guarantees securing stock exchange transactions	335	278
Perpetual usufruct of land	70	70
Other contingent liabilities	59	57
TOTAL CONTINGENT LIABILITIES	**2,902**	**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 (the previous value of promissory notes issued was adjusted by the value of subsidy tranches received)*

Security for the repayment of subsidies from environmental, and 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 quarter of 2025, PGE Dystrybucja S.A. issued promissory notes securing agreements for co- financing from EU funds for a total amount of approximately PLN 865 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.

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 543 million. A detailed description of the disputes is provided in Note 23.3 of these financial statements.

Liabilities under bank guarantees

These liabilities represent bank guarantees issued by the companies to the Warsaw Commodity Clearing House as a deposit to secure exchange transactions carried out on the TGE.

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 potential liability of the PGE Group as at the date of these financial statements, taking into account the shareholdings referred to in Note 1.3, was estimated at PLN 13.6 million.

23.2 Other significant issues related to contingent liabilities

Non-contractual use of real estate

The 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).

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 5 April 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 26 April 2023 and on 24 April 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 31 March 2025, the balance of funds remaining to be spent from the share issue amounts to approximately PLN 438 million.

Contingent liabilities related to factoring

As at 31 March 2025, the Group held contingent liabilities in the form of Declarations of Voluntary 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 of PLN 3,450 million.

Collateral for IMF financing for Baltica 2

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 21.1, the following collateral for the project financing transaction was established, among other things:

- agreement on registered pledges on bank accounts of PGE Baltica 6 opened in connection with the financing of OWF Baltica 2,
- agreements on financial pledges on bank accounts of PGE Baltica 6,
- agreement on registered pledge on assets of PGE Baltica 6,
- agreement on registered and financial pledge on shares in EW Baltica 2 held by PGE Baltica 6,
- agreement on registered and financial pledge on shares in PGE Baltica 6 held by PGE Baltica 2,

Moreover, additional collateral has been established in the form of *declarations of submission to enforcement* or *collateral transfer agreements*. The highest amount of the collateral established for loan agreements is PLN 35.8 billion.

In addition, collateral for the loan granted to EW Baltica 2 by the shareholders, i.e. PGE Baltica 6 and Orsted Baltica 2 Holding sp. z o.o., was established in the form of a registered pledge agreement and civil pledges on the VAT bank account of EW Baltica 2 and in the form of *declarations of submission to enforcement*. The highest amount of security under this pledge agreement is PLN 633 million for the benefit of each partner.

The implementation and financing of the Baltica 2 Project are described in Note 26.4 to these financial statements.

23.3 Other court cases and disputes

Matter of compensation for share conversion

On 12 November 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 15 November 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. The date of the next hearing has been set for 11 June 2025.

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 Regional 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 9 March 2017. Companies: PGE S.A. and PGE GiEK S.A. filed a joint statement of defence on 8 July 2017. On 28 September 2018, the District Court in Warsaw delivered its first-instance judgment – the claim filed by Pozwy sp. z o.o. was dismissed. On 8 April 2019, PGE S.A. received a copy of the appeal filed by the claimant on 7 December 2018. PGE S.A. and PGE GiEK S.A.'s response to the appeal was prepared on 23 April 2019. The hearing was held on 21 December 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 22 January 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 27 April 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 10 January 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. The case is pending – witness hearings are ongoing. The date of the next hearing has been set for 1 September 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 entity, 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.

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 15 June 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 23 October 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 21 June 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 30 October 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 13 December 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 24 December 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 quarter of 2025. PGE GiEK S.A. does not rule out the possibility of an out-of-court settlement of the dispute.

Environmental decision regarding the Turów Mine

On 31 May 2023, the Voivodeship Administrative Court (WSA) 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 WSA’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 18 July 2023, the NSA overturned the WSA’s decision of 31 May 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 31 August 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 13 March 2024, the WSA annulled the GDOŚ decision that had set the environmental conditions for the continued exploitation of the lignite deposit at Turów. The WSA emphasised that this ruling does not imply closure or suspension of operations at the Turów Mine. The ruling is not final.

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

The same judgment was also fully appealed on 17 May 2024 by the General Directorate for Environmental Protection (GDOŚ). Following the delivery of GDOŚ's cassation complaint, PGE GiEK S.A. submitted a response on 2 July 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 18 March 2025, the Supreme Administrative Court overturned the WSA's judgment of 1 February 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 WSA for reconsideration. Consequently, the environmental permit issued for the Turów Lignite Mine is currently enforceable.

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 23 June 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 15 September 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 20 and 26 September 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 2 November 2023, the company initiated a formal appeal procedure against the non-final court decision granting the security. On 9 November 2023, the company submitted a request to suspend the enforcement of the aforementioned security decision.

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

On 12 August 2024, KOGENERACJA S.A. received from the District Court in Wrocław, 10th Commercial Division, a copy of the statement of claim dated 30 October 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 22 August 2024, the District Court in Wrocław suspended the proceedings by decision dated 16 October 2024. By decision of 30 April 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 8 November 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 25 February 2025, KOGENERACJA S.A. and the Consortium signed an annex to the mediation agreement extending the mediation process until 31 May 2025.

On 13 March 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 19 March 2025. Annex No 1 to the agreement, attached to the settlement, will be concluded after the settlement is approved by a general court. At present, proceedings are pending before a common court for approval of the above settlement. The dispute concerning the performance deadline specified in the agreement as 30 April 2024 remains subject to the ongoing mediation agreement, which is to be concluded by way of a further annex to the contract.

The Group made payments totalling PLN 37 million under the District Court's ruling on securing the claim, recognised PLN 65 million as estimated investment liabilities, and PLN 55 million as future liabilities under investment contracts.

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

On 1 August 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 16 August 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 28 September 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 31 July 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 20 August 2024, filed an appeal with the District Court in Warsaw – Court of Competition and Consumer Protection – and, on 30 August 2024, submitted a request to suspend the enforcement of the decision.

On 16 September 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.

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 137 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 26.2 of these financial statements.

24. 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, voivodeship, poviat or municipality, 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 1 January 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 2024, no charge arose in this respect.

Global minimum top-up tax

On 1 January 2025, the provisions of the Act of 6 November 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 14 December 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 31 March 2025, the balance of funds held in VAT accounts amounted to PLN 185 million.

Reporting of tax schemes (MDR)

New legal regulations have been in force since 2019, introducing mandatory reporting of tax schemes (MDR, i.e. 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 22 June 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 10 January 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 3 February 2020, the company filed an appeal against the first-instance judgment with the Court of Appeal in Warsaw. The hearing took place on 2 December 2020, after which, on 17 December 2020, the Court of Appeal in Warsaw dismissed the appeal filed by PGE GiEK S.A. On 23 April 2021, PGE GiEK S.A. submitted a cassation complaint to the Supreme Court. On 20 May 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 12 January 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.

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.

Information on the implemented tax strategy

Pursuant to the provisions of the Income Tax Act, the largest companies of the PGE Capital Group publish annually, on their websites, information on their implemented tax strategy for the previous year. This information includes, among others, data on the procedures applied by the taxpayer with regard to the proper fulfilment of tax obligations, the number of reported tax schemes and requests for interpretation, transactions with related parties and restructuring activities.

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. The GAAR 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.

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

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.

25. 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.

25.1 Associates and jointly controlled entities

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

	Period ended 31 March 2025	Period ended 31 March 2024
Sale to associates and jointly controlled entities	14	24
Purchase from associates and jointly controlled entities	91	161

	As at 31 March 2025	As at 31 December 2024
Trade receivables from associates and jointly controlled entities	55	27
Trade liabilities to associates and jointly controlled entities	157	74

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

25.2 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. 50 largest companies controlled by the State Treasury.

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

	Period ended 31 March 2025	Period ended 31 March 2024
Sales to related entities	3,206	1,989
Purchases from related entities	4,191	4,814

	As at 31 March 2025	As at 31 December 2024
Trade receivables from related entities	1,287	1,176
Trade liabilities to related entities	1,351	1,694

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

The most significant transactions involving State Treasury companies relate to PSE S.A., Orlen S.A., PGG S.A., PKP PLK S.A., PKP Cargo S.A., PKO Bank Polski S.A., Tauron Dystrybucja S.A., Energa-Operator S.A., Enea Operator Sp. z o.o., Jastrzębska Spółka Węglowa 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 27 October 2022. These matters are described in Note 26.2.

25.3 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 31 March 2025	Period ended 31 March 2024
Short-term employee benefits (remuneration and surcharges)	13,714	11,110
Post-employment benefits	272	3,868
TOTAL KEY MANAGEMENT REMUNERATION	**13,986**	**14,978**
Management remuneration in other operations	3,980	4,801
TOTAL MANAGEMENT REMUNERATION	**17,966**	**19,779**

thousand PLN	Period ended 31 March 2025	Period ended 31 March 2024
Management Board of the parent company	2,239	2,574
including post-employment benefits	-	*1,004*
Supervisory Board of the parent company	190	255
Management Boards – subsidiaries	10,444	10,599
including post-employment benefits	*272*	*2,864*
Supervisory Boards – subsidiaries	1,113	1,550
TOTAL	**13,986**	**14,978**
Management remuneration in other operations	3,980	4,801
TOTAL MANAGEMENT REMUNERATION	**17,966**	**19,779**

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. The increase in remuneration of the Management Boards of subsidiaries results from the recognition of post-employment benefits in the current period.

In Note 6.2 Expenses by nature and by function, these remunerations are presented under other expenses by nature.

26. Significant events of the reporting period and events after the reporting period

26.1 The coal asset spin-off project

Benefits of spinning off coal assets

The discontinuation of operations in the area of conventional energy generation based on coal combustion results from the strategy of the PGE Capital Group, which aims to achieve climate neutrality by 2050. The spin-off of coal assets will bring tangible benefits to the Group, including in the following areas:

- greater and more favourable access to debt and equity financing sources, lower financing costs;
- greater and more favourable access to the insurance market;
- reduced cash requirements for securing the costs of CO_2 emissions and inventories of production raw materials,
- release of credit limits at financing institutions as a result of reduced demand for CO_2 emission allowances,

- increased ability to allocate financial resources to investments in distribution networks and green technologies, which are characterised by a higher rate of return,
- reduced risk of changes in prices of CO_2 emission allowances.

All of the above measures will, in the opinion of the Management Board, make the Company more attractive to shareholders.

Activities related to a spin-off of coal and lignite power generation assets

On 9 May 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 include:

- 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.

The team commenced its work in the second quarter of 2024.

In February 2025, the Ministry of State Assets (MSA) selected KPMG Advisory sp. z o.o. sp.k. as the adviser supporting the team's work. According to the current timeline declared by MAP, further information on the matter is expected to be presented by the end of the second quarter of 2025. According to the information presented by MAP, analyses are still underway regarding the spin-off of coal assets and mechanisms supporting coal-fired power generation, which may increase their profitability.

PGE S.A.'s adviser, PwC Advisory sp. z o.o. sp.k., completed the first stage of work on the coal asset spin-off concept, taking into account current economic and market conditions. The work included the development of a multi-scenario financial model of the coal assets to be spun off, as well as possible options for their separation from the PGE Capital Group. The next stage of work will depend on MSA's decisions regarding the form and timing of the spin-off from the PGE Capital Group.

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

In the opinion of PGE CG, as at the reporting date, the conditions set out in IFRS 5 regarding a disposal group held for sale are not met in relation to the assets, liabilities, income and expenses of the coal-fired units described.

Consequently, as at 31 March 2025, the assets related to PGE GiEK S.A. have not been reclassified as discontinued operations. PGE S.A. has also not made any adjustments to bring the value of assets related to PGE GiEK S.A. in line with the measurement requirements of IFRS 5. The values of assets, liabilities, revenue, expenses and financial results of the Conventional Generation segment, which reflect the data of PGE GiEK S.A. and its subsidiaries, are presented in Note 5.1 to these financial statements.

The book value of the consolidated net assets of PGE GiEK S.A. and its subsidiaries as at 31 March 2025 is PLN (7,599) million. The book value of the shares in PGE GiEK S.A. in the separate financial statements as at 31 March 2025 is PLN 0.

26.2 Regulatory changes in the electricity market

Support mechanisms for electricity consumers

Due to the crisis situation in the electricity market in 2022 and the following years, the legislator decided to pass further legal regulations that introduced solutions for electricity prices and electricity tariffs in 2023, 2024 and 2025.

With regard to regulations affecting price levels in 2024 and 2025, the Act of 23 May 2024 on the energy voucher and amending certain acts to limit the prices of electricity, natural gas and system heat, which regulates the rules for applying electricity prices from 1 July 2024 to 31 December 2024, should be taken into account. The Act imposed an obligation on electricity trading companies to submit an application for an amendment to the applicable 2024 electricity tariff within seven days of the Act's entry into force or upon request of the President of the Energy Regulatory Office. The amended tariff is valid from 1 July 2024 to 31 December 2025. By decision of 28 June 2024, the President of the Energy Regulatory Office approved an amendment to the electricity tariff of PGE Obrót S.A. for the period from 1 July 2024 to 31 December 2025. The approved electricity price for consumers in tariff group G, specifically tariff subgroup G11, is PLN 628/MWh. The Act also extended the applicability of the electricity price cap mechanism. In the second half of 2024, the price cap was set at PLN 500/MWh for household consumers, and at PLN 693/MWh for local government units and public utility entities (including schools, hospitals and 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 1 July 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 quarter of 2025, PLN 372 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 19 November 2024, the Council of Ministers adopted a draft act 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. On the same day, the draft was submitted to the Sejm. The act entered into force on 12 December 2024. The new legislation maintains the application of the electricity price cap at PLN 500/MWh for household consumers until 30 September 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 1 January 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 30 April 2025, an application to amend the electricity tariff applicable until 31 December 2025. This could result in a reduction in the electricity tariff price during certain months of 2025.

The provisions of the Act of 23 April 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 30 April 2025, the deadline for submitting applications for tariff changes was postponed to 31 July 2025, and the tariff is to apply from 1 October 2025 to 31 December 2025.

Price Difference Payment Fund

As of 1 December 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 1 December 2022 and 31 December 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 Regional 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 TOE (including PGE Obrót) 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 30 April 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.

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

On 31 October 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 16 August 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 24 November 2023, the Ministry of Climate and Environment issued the Basic Decision for the construction of a nuclear power plant in the Konin region.

On 23 January 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 30 June 2025 (the planned transaction closing date). The document does not, however, oblige the parties to complete the transaction. The detailed terms of the transaction will be determined following a due diligence process conducted by PGE S.A. with the support of external legal, financial and tax, and technical and environmental advisers.

26.4 Implementation and financing of the Baltica 2 Project

On 28 January 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 29 January 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 BGK, EIB, and 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 29 January 2025, the shareholders of EWB2 adopted a resolution on FID, commencing the construction phase of the Baltica 2 offshore wind farm. The first energy under the project should be generated in 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.

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

On 29 January 2025, PGE S.A. signed a loan agreement with the Bank Gospodarstwa Kraju (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 will be 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 will be 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 20 December 2036. The loan will be granted on market terms and will not constitute public aid.

On 31 March 2025, PGE S.A. signed two loan agreements with Bank Gospodarstwa Krajowego (BGK) from the funds of the National Recovery and Resilience Plan (KPO) 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 KPO funds under Investment G3.1.4, entitled 'Support for the national energy 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. will be able to draw the funds after fulfilling standard bank financing conditions precedent and concluding the required documentation with PGE Dystrybucja S.A. and PGE Energetyka Kolejowa S.A., including intragroup loan agreements. The loans are secured by declarations of voluntary submission to enforcement by the borrower in favour of the lender.

The loan disbursements will be made progressively, based on submitted disbursement applications, as the Distribution Project and the Railway Energy Project are implemented, but no later than 20 December 2036, and up to the amount of funds transferred to BGK for this purpose by the minister competent for climate and environment.

The loans will 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 20 December 2049).

According to the terms of the loan agreements, the financing amount may be increased, which would require the conclusion of appropriate annexes to the Loan Agreements.

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

II. QUARTERLY FINANCIAL INFORMATION OF PGE POLSKA GRUPA ENERGETYCZNA S.A. FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2025 IN ACCORDANCE WITH EU IFRS

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Period ended 31 March 2025 *(not audited)*	Period ended 31 March 2024 *(not audited)*
SALES REVENUE	**9,639**	**17,514**
Cost of goods sold	(9,209)	(17,029)
GROSS PROFIT ON SALES	**430**	**485**
Distribution and selling expenses	(3)	(3)
General and administrative expenses	(77)	(78)
Other operating income/(expenses)	(1)	32
OPERATING PROFIT	**349**	**436**
Finance income/(costs), including:	416	326
Interest income calculated using the effective interest rate method	*622*	*544*
GROSS PROFIT	**765**	**762**
Income tax	(144)	(143)
NET PROFIT FOR REPORTING PERIOD	**621**	**619**
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified to profit or loss in the future:		
Valuations of hedging instruments	(60)	26
Deferred tax	11	(5)
Items that may not be reclassified to profit or loss in the future:		
Actuarial gains and losses from valuation of provisions for employee benefits	-	-
Deferred tax	-	-
OTHER NET INCOME FOR THE REPORTING PERIOD	**(49)**	**21**
TOTAL COMPREHENSIVE INCOME	**572**	**640**
NET PROFIT AND DILUTED NET PROFIT PER SHARE (PLN)	**0.28**	**0.28**

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

SEPARATE STATEMENT ON FINANCIAL POSITION

	As at 31 March 2025 *(not audited)*	As at 31 December 2024 *(audited)*
Property, plant and equipment	135	139
Intangible assets	2	2
Right to use assets	23	22
Financial receivables	555	750
Derivatives and other assets measured at fair value through profit or loss	210	247
Shares and interests in subsidiaries	23,617	23,370
Shares and interests in associates, as well as jointly controlled and other entities	116	116
Other non-current assets	4	1
NON-CURRENT ASSETS	**24,662**	**24,647**
Inventories	50	-
Trade and other receivables	31,782	36,333
Derivative instruments	1,121	660
Other current assets	23	139
Cash and cash equivalents	3,228	1,886
CURRENT ASSETS	**36,204**	**39,018**
TOTAL ASSETS	**60,866**	**63,665**
Share capital	19,184	19,184
Supplementary capital	22,252	22,252
Hedging reserve	114	163
Retained earnings	5,418	4,797
EQUITY	**46,968**	**46,396**
Non-current provisions	71	69
Credits, loans, bonds and leases	8,127	8,223
Derivative instruments	4	-
Deferred income tax liability	63	31
Other liabilities	-	3
NON-CURRENT LIABILITIES	**8,265**	**8,326**
Current provisions	43	43
Credits, loans, bonds, cash pooling and leases	2,368	4,318
Derivative instruments	864	416
Trade and other payables	2,078	2,180
Income tax liabilities	45	360
Other non-financial liabilities	235	1,626
CURRENT LIABILITIES	**5,633**	**8,943**
TOTAL LIABILITIES	**13,898**	**17,269**
TOTAL EQUITY AND LIABILITIES	**60,866**	**63,665**

for the period of 3 months ended 31 March 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 1 JANUARY 2025	**19,184**	**22,252**	**163**	**4,797**	**46,396**
Net profit for the reporting period	-	-	-	621	**621**
Other comprehensive income	-	-	(49)	-	**(49)**
COMPREHENSIVE INCOME FOR THE PERIOD	**-**	**-**	**(49)**	**621**	**572**
AS AT 31 MARCH 2025	**19,184**	**22,252**	**114**	**5,418**	**46,968**

	Share capital	Supplementary capital	Hedging reserve	Retained earnings	Total equity
AS AT 1 JANUARY 2024	**19,184**	**28,146**	**165**	**(5,934)**	**41,561**
Net profit for the reporting period	-	-	-	619	**619**
Other comprehensive income	-	-	21	-	**21**
COMPREHENSIVE INCOME FOR THE PERIOD	**-**	**-**	**21**	**619**	**640**
AS AT 31 MARCH 2024	**19,184**	**28,146**	**186**	**(5,315)**	**42,201**

for the period of 3 months ended 31 March 2025 in accordance with EU IFRS (in PLN million)

SEPARATE STATEMENT OF CASH FLOWS

	Period ended 31 March 2025 *(not audited)*	Period ended 31 March 2024 *(not audited)*
CASH FLOWS FROM OPERATING ACTIVITIES		
Gross profit	**765**	**762**
Income tax paid	(417)	(136)
Adjustments for:		
Depreciation and impairment write-downs	4	3
Interest and dividend, net	(412)	(341)
(Profit) / loss on investing activities	(9)	120
Change in receivables	337	(7,531)
Change in inventories	(50)	-
Change in provisions	2	2
Change in liabilities, excluding loans and credits	(1,518)	897
Change in other non-financial assets	114	131
NET CASH FROM OPERATING ACTIVITIES	**(1,184)**	**(6,093)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(1)	(10)
Acquisition of shares in subsidiaries	(248)	(411)
Granting/(repayment) of loans as part of cash pooling services	(843)	844
Loans granted	(2,136)	(2,064)
Interest received	384	156
Repayment of loans granted	7,361	5,157
Other	-	11
NET CASH FROM INVESTING ACTIVITIES	**4,517**	**3,683**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from acquired loans, credits	-	4,650
Repayment of credits, loans and leases	(1,802)	(1,662)
Interest paid	(189)	(201)
NET CASH FROM FINANCING ACTIVITIES	**(1,991)**	**2,787**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**1,342**	**377**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,886**	**1,742**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3,228**	**2,119**

1. Changes in accounting principles and data presentation

In the current period, the Company has not changed its accounting policies or presentation of data.

New standards and interpretations effective as of 1 January 2025 and did not affect the Company's separate financial statements are described in Note 3 to the consolidated financial statements.

III. APPROVAL OF THE QUARTERLY FINANCIAL STATEMENTS

These financial statements, comprising the interim consolidated financial statements of the PGE CG and the quarterly financial information of PGE S.A. for the period of 3 months ended 31 March 2025, were approved for publication by the Management Board of the parent company on 27 May 2025.

Warsaw, 27 May 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 31 March 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
BGK	Bank Gospodarstwa Krajowego
CCIRS	Cross Currency Interest Rate Swaps
DCS	Deal Contingent Swaps
EBI	European Investment Bank
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EBRD	European Bank for Reconstruction and Development
ENESTA	ENESTA sp. z o.o. w restrukturyzacji
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.
EWB3, EW Baltica 3 sp. z o.o.	Elektrownia Wiatrowa Baltica 3 sp. z o.o.
FID	Final Investment Decision
MDF	Mine Decommissioning Fund
PDPF	Price Difference Payment 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.
DCS	Deal Contingent Swaps
IRGiT	Izba Rozliczeniowa Giełd Towarowych S.A.
IRS	Interest Rate Swaps
LTC	Long-term contracts for the sale of capacity and electricity
KOGENERACJA S.A.	Zespół Elektrociepłowni Wrocławskich KOGENARACJA S.A.
NRRP	National Recovery and Resilience Plan
OWF Baltica 2	Offshore Wind Farm Baltica 2
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
PEC Bogatynia, PEC Bogatynia S.A.	Przedsiębiorstwo Energetyki Cieplnej S.A. in Bogatynia
PGE EC S.A.	PGE Energia Ciepła S.A.
PGE EKH S.A.	PGE Energetyka Kolejowa Holding sp. z o.o.
PGE Baltica 2	PGE Baltica 2 sp. z o.o.
PGE Baltica 6	PGE Baltica 6 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 sp. z o.o.
PGE S.A., PGE, Company, parent company	PGE Polska Grupa Energetyczna S.A.
PV programme	Photovoltaic programme
PPE	Property, plant and equipment
Financial statements, consolidated financial statements	Consolidated financial statements of the PGE Capital Group
ERO	Energy Regulatory Office
Household Consumers Act	Act of 7 October 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 27 October 2022 on extraordinary measures to reduce electricity prices and support certain customers in 2023 (Dz.U. [*Journal of Laws*] 2022.2243 of 3 November 2022)
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
CSBF	Company Social Benefits Fund