

SEPARATE FINANCIAL STATEMENTS

of PGE Polska Grupa Energetyczna S.A.

for the year ended December 31, 2025
in accordance with EU IFRS (in PLN million)



Polska Grupa Energetyczna

PGE S.A. FINANCIAL HIGHLIGHTS

	Year ended December 31		Year ended December 31	
	2025	2024 <i>restated data*</i>	2025	2024 <i>restated data*</i>
	PLN million		EUR million	
Sales revenue	42,942	50,916	10,135	11,829
Operating profits (loss)	1,069	1,462	252	340
Profit/(loss) before tax	(6,400)	5,406	(1,510)	1,256
Net profit/(loss) for the reporting period	(6,950)	4,836	(1,640)	1,124
Comprehensive income	(7,080)	4,835	(1,671)	1,123
Net cash from operating activities	(11,048)	(9,471)	(2,607)	(2,200)
Net cash from investing activities	15,200	11,438	3,587	2,657
Net cash from financing activities	1,890	(1,823)	446	(424)
Net change in cash and cash equivalents	6,042	144	1,426	33
Net profit/(loss) per share (in PLN/EUR per share)	(3.10)	2.16	(0.73)	0.50
Diluted profit/(loss) per share (in PLN/EUR per share)	(3.10)	2.16	(0.73)	0.50
Weighted average number of issued ordinary shares used to calculate loss per share	2,243,712,994	2,243,712,994	2,243,712,994	2,243,712,994

*The restatement of comparative data is described in Note 3 to these financial statements.

	As at		As at	
	December 31, 2025	December 31, 2024 <i>restated data*</i>	December 31, 2025	December 31, 2024 <i>restated data*</i>
	PLN million		EUR million	
Non-current assets	38,948	39,288	9,215	9,193
Current assets	20,883	25,817	4,941	6,043
Total assets	59,831	65,105	14,156	15,236
Equity	39,316	46,396	9,302	10,858
Share capital	19,184	19,184	4,539	4,490
Non-current liabilities	9,494	8,738	2,247	2,045
Current liabilities	11,021	9,971	2,607	2,333

*The restatement of comparative data is described in Note 3 to these financial statements.

The above financial data have been converted into EUR in accordance with the following rules:

- the particular items of assets equity and liabilities – at the average exchange rate specified by the National Bank of Poland as at December 31, 2025 – EUR/PLN 4.2267 and as at December 31, 2024 – EUR/PLN 4.273.
- the particular items in the statement of comprehensive income and the statement of cash flows – at an exchange rate constituting the arithmetic mean of the average exchange rates specified by the National Bank of Poland for the last day of each month in the financial year from January 1, 2025 to December 31, 2025 – EUR/PLN 4.2372; for the period from January 1, 2024 to December 31, 2024 – EUR/PLN 4.3042.

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STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended December 31, 2025	Year ended December 31, 2024 <i>restated data*</i>
SALES REVENUE	4.1	42,942	50,916
Cost of goods sold	4.2	(41,435)	(49,063)
GROSS PROFIT ON SALES		1,507	1,853
Distribution and selling expenses	4.2	(17)	(14)
General and administrative expenses	4.2	(442)	(378)
Other operating income	4.4	35	16
Other operating expenses	4.4	(14)	(15)
OPERATING PROFIT		1,069	1,462
Finance income, including:	4.5	5,817	4,927
<i>Interest income calculated using the effective interest rate method</i>		2,362	2,411
Finance expenses, including:	4.5	(13,286)	(983)
<i>Impairment of financial instruments</i>	4.5	(12,230)	(79)
PROFIT/(LOSS) BEFORE TAX		(6,400)	5,406
Income tax	5.1	(550)	(570)
NET PROFIT/(LOSS) FOR THE REPORTING PERIOD		(6,950)	4,836
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss in the future:			
Valuations of hedging instruments	12.3	(157)	(2)
Deferred tax	5.1	30	-
Items that may not be reclassified to profit or loss in the future:			
Actuarial gains and losses from valuation of provisions for employee benefits		(4)	1
Deferred tax		1	-
NET OTHER INCOME		(130)	(1)
TOTAL COMPREHENSIVE INCOME		(7,080)	4,835
NET PROFIT/(LOSS) AND DILUTED NET PROFIT/(LOSS) PER SHARE (in PLN)	12.5	(3.10)	2.16

*The restatement of comparative data is described in Note 3 to these financial statements.

STATEMENT OF FINANCIAL POSITION

	Note	As at December 31, 2025	As at December 31, 2024 <i>restated data*</i>	As at January 1, 2024 <i>restated data*</i>
NON-CURRENT ASSETS				
Property, plant and equipment	6.	128	139	147
Intangible assets		2	2	2
Right to use assets	7.	21	22	22
Financial receivables	16.1.1	13,141	14,906	10,939
Derivatives and other assets measured at fair value through profit or loss	16.1.2	372	732	442
Shares and interests in subsidiaries	8.	25,181	23,370	21,711
Shares and interests in associates, as well as jointly controlled and other entities	8.12	97	116	99
Other non-current assets		6	1	4
		38,948	39,288	33,366
CURRENT ASSETS				
Inventories	9.	617	-	1
Trade and other receivables	16.1.1	8,840	22,177	22,899
Derivative instruments	16.1.2	3,452	1,615	4,530
Other current assets	10.	46	139	155
Cash and cash equivalents	11.	7,928	1,886	1,742
		20,883	25,817	29,327
TOTAL ASSETS		59,831	65,105	62,693
EQUITY				
Share capital	12.1	19,184	19,184	19,184
Supplementary capital	12.2	27,088	22,252	28,146
Hedging reserve	12.3	36	163	165
Retained earnings/(Accumulated losses)	12.4	(6,992)	4,797	(5,934)
		39,316	46,396	41,561
NON-CURRENT LIABILITIES				
Non-current provisions	13, 14	326	69	62
Credits, loans, bonds and leases	16.1.3	8,824	8,223	8,168
Derivative instruments		295	412	180
Deferred income tax liability	5.3.2	49	31	59
Other liabilities	16.1.4	-	3	7
		9,494	8,738	8,476
CURRENT LIABILITIES				
Current provisions	13, 14	44	43	43
Credits, loans, bonds, cash pooling and leases	16.1.3	3,416	4,318	5,513
Derivative instruments	16.1.2	3,228	1,444	4,175
Trade and other payables	16.1.4	2,635	2,180	1,793
Income tax liabilities		110	360	92
Other non-financial liabilities	15.	1,588	1,626	1,040
		11,021	9,971	12,656
TOTAL LIABILITIES		20,515	18,709	21,132
TOTAL EQUITY AND LIABILITIES		59,831	65,105	62,693

*The restatement of comparative data is described in Note 3 to these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Share capital	Supplementary capital	Hedging reserve	Retained earnings/ (Accumulated losses)	Total equity
Note	<i>12.1</i>	<i>12.2</i>	<i>12.3</i>	<i>12.4</i>	
AS AT JANUARY 1, 2024	19,184	28,146	165	(5,934)	41,561
Net profit for the reporting period	-	-	-	4,836	4,836
Other comprehensive income	-	-	(2)	1	(1)
COMPREHENSIVE INCOME FOR THE PERIOD	-	-	(2)	4,837	4,835
Retained earnings settlement	-	(5,894)	-	5,894	-
AS AT DECEMBER 31, 2024	19,184	22,252	163	4,797	46,396
Net (loss) for the reporting period	-	-	-	(6,950)	(6,950)
Other comprehensive income	-	-	(127)	(3)	(130)
COMPREHENSIVE INCOME FOR THE PERIOD	-	-	(127)	(6,953)	(7,080)
Retained earnings distribution	-	4,836	-	(4,836)	-
AS AT DECEMBER 31, 2025	19,184	27,088	36	(6,992)	39,316

STATEMENT OF CASH FLOWS

	Note	Year ended December 31, 2025	Year ended December 31, 2024 <i>restated data*</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		(6,400)	5,406
Income tax paid		(751)	(329)
Adjustments for items and changes in balance:			
Depreciation and impairment write-downs		15	14
Interest and dividend, net	18.1	(4,595)	(3,782)
Profit / loss on investing activities	18.1	12,271	137
Change in receivables	18.1	(11,752)	(11,872)
Change in inventories		(617)	-
Change in liabilities, excluding loans and credits	18.1	434	931
Change in other non-financial assets	18.1	93	15
Change in provisions		254	9
Other		-	-
NET CASH FROM OPERATING ACTIVITIES		(11,048)	(9,471)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		(3)	(12)
(Purchase)/redemption of bonds issued by PGE Group companies	18.2	-	2,180
Disposal of other financial assets	18.2	-	55
Acquisition of subsidiaries and other financial assets	18.2	(762)	(1,706)
Dividends received	18.2	3,294	2,374
Cash provided under cash pooling service	18.2	225	122
Loans granted	18.2	(13,279)	(15,810)
Interest received	18.2	1,932	1,995
Repayment of loans granted	18.2	23,793	22,229
Other		-	11
NET CASH FROM INVESTING ACTIVITIES		15,200	11,438
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from acquired loans, credits	16.1.3	4,503	6,800
Cash received under cash pooling service	16.1.3	290	598
Repayment of credits, loans and leases	16.1.3	(2,239)	(8,538)
Interest paid		(664)	(683)
NET CASH FROM FINANCING ACTIVITIES		1,890	(1,823)
NET CHANGE IN CASH AND CASH EQUIVALENTS		6,042	144
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	11	1,886	1,742
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11	7,928	1,886

*The restatement of comparative data is described in Note 3 to these financial statements.

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

1. General information

1.1 Company's business activities

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 September 8, 1990. The Company is entered in the National Court Register maintained by the District Court Lublin-Wschód in Lublin with its registered office in Świdnik, the 6th Commercial Division of the National Court Register under number 0000059307. The Company's registered office is located in Lublin, at Aleja Kraśnicka 27.

Since 2009, PGE S.A. shares have been listed on the main market of the Warsaw Stock Exchange.

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

The State Treasury is the Company's principal shareholder.

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

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

PGE S.A.'s business activities are conducted under appropriate concessions, including a concession for electricity trading granted by the Energy Regulatory Office. The concession is valid until December 31, 2025. No material assets or liabilities are attributed to the concession. In connection with the concession, annual fees depending on the level of turnover are incurred. The Company's concession costs each amounted to PLN 3 million for the years 2024 to 2025.

Revenue from the sale of electricity and other energy market products and services is the only significant items in operating revenue. This revenue is generated on the domestic market. The Company's Management Board does not analyse the Company's operations by segments and therefore the Company does not distinguish operating or geographical segments in its operations.

Going concern

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

These financial statements cover the period from January 1, 2025 to December 31, 2025 and contain comparative data for the period from January 1, 2024 to December 31, 2024.

1.2 The Company's ownership structure

	As at December 31, 2025	As at JANUARY 1, 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 PGE S.A.

1.3 Composition of the Company's Management Board

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

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

In the current period, up to the date of approval of these separate financial statements for publication, the following changes occurred in the composition of the Management Board:

	Term of office	
	from	to
Dariusz Marzec	March 18, 2024	December 8, 2025
Maciej Górski	June 24, 2024	December 8, 2025
Dariusz Lubera*	December 8, 2025	today
Katarzyna Rozenfeld	January 19, 2026	today

* Member of the Supervisory Board delegated to temporarily act as President of the Management Board from December 8, 2025 to January 14, 2026 on January 14, 2026, he was appointed to the Board.

As at the date of approval of these financial statements for publication, the composition of the Management Board was as follows:

- Dariusz Lubera – President of the Management Board,
- Katarzyna Rozenfeld – 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.

2. Basis for preparation of the financial statements

2.1 Statement of compliance

These financial statements are prepared in accordance with the EU IFRS. The EU IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretation Committee ("IFRIC").

These financial statements in note no. 23 include financial information referred to in Article 44(2) of the Energy Law Act of 10 April 1997 (Dz. U. [*Journal of Laws*] of 2012, item 1059, as amended).

The financial statements have been drawn up in accordance with the historical cost convention, which has been modified with respect to the following:

- Property, plant and equipment and intangible assets – property, plant and equipment and intangible assets that were owned by the Company at the date of transition to IFRS were measured at deemed cost as at that date.
- Financial instruments – selected categories of financial instruments are measured and presented in the statement of financial position at fair value. Details on the measurement of particular categories of financial instruments are presented in the description of the accounting policies applied.

Significant accounting principles used in drawing up these financial statements are described in the particular notes. They were used by the Company on a continuous basis for all presented periods, unless it is indicated otherwise.

2.2 Presentation and functional currency

The Company's functional currency and the presentation currency of these 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:

	December 31, 2025	December 31, 2024
USD	3.6016	4.1012
EUR	4.2267	4.2730

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 January 1, 2025.

Standard	Description of changes	Effective date
Changes to IFRS 10 and IAS 28	The guidelines concerning sales transactions or an investor's contribution of assets to an associate or a joint venture.	Work on the approval of the changes has been suspended indefinitely
Annual standard changes, release 11	The changes relate to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7.	January 1, 2026
Changes to IFRS 9 and IFRS 7	The changes relate to disclosures in the classification and measurement of financial instruments.	January 1, 2026
Changes to IFRS 9 and IFRS 7	Amendments covering renewable energy contracts	January 1, 2026
IFRS 18	Presentation and disclosures in the financial statements	January 1, 2027
IFRS 19	Subsidiaries without public liability – disclosure	January 1, 2027
Changes to IFRS 19	The changes pertain to the scope of disclosure	January 1, 2027
Changes to IAS 21	The changes relate to the conversion to hyperinflationary presentation currency	January 1, 2027

IFRS 18 introduces significant changes to the presentation of financial statements. The standard provides for the standardisation of the statement of profit or loss by separating three new categories: operating, investing and financing. In addition, the rules for disclosing information on so-called management-defined performance measures have been clarified, with the aim of increasing the transparency and comparability of data presented in the statements.

The Company is currently undertaking preliminary work related to preparing for the implementation of the standard. As of the date of preparation of these financial statements, the analysis of the standard's impact has not been completed.

The Company believes that the other new standards and changes to standards will not have a significant impact on its future financial statements.

The Company intends to accept the aforementioned standards and changes to standards and interpretations as published by the International Accounting Standards Board, but not effective as at the reporting date, after they have entered into force.

2.4 The Management Board's professional judgement and estimates

Professional judgement

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 these financial statements, including the additional explanatory notes.

- The Company recognises a deferred tax asset based on the assumption that taxable income will be generated in the future enabling its utilisation. Details are set out in Note 5 to these financial statements.
- In recognising lease liabilities and rights-of-use assets, the Company exercises judgement, inter alia, in determining the interest rate, lease term, and assessing the probability of exercising purchase options for leased assets. Details are set out in Note 7 to these financial statements.
- The Company exercises judgement in the classification of financial instruments and the application of hedge accounting. Financial instruments are classified into respective categories based on the assessment of the applied business model.

Uncertainty of estimates and assumptions

The Company adopted estimates and assumptions about the future based on the knowledge available at the time of preparing these financial statements. The assumptions underlying these estimates are based on the Company's best knowledge of current and future activities and events in the respective areas. In some cases, the Company uses information received from external experts. Detailed information on the adopted assumptions is presented below or in the relevant explanatory notes.

- The useful lives of property, plant and equipment, intangible assets and rights-of-use assets are subject to periodic review. A detailed description is included in Notes 6 and 7 to these financial statements.

- During the reporting period, the Company carried out an analysis of the indicators and subsequent impairment testing of financial non-current assets. The results of the tests are described in Note 8.1 to these financial statements.
- The Company makes significant estimates with regard to recognised provisions and contingent liabilities. In particular, assumptions regarding the probability of occurrence of a given event, assumptions adopted to calculate the amount of provisions and contingent liabilities, as well as the timing of occurrence of a given event, are subject to assessment. Detailed information on individual items is presented in Notes 13 and 19 to these financial statements.
- As described in Note 4.1, 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.
- As described in Note 24.1, due to the current and projected financial position of PGE GiEK S.A. causing significant doubts about the recoverable amount of loans granted, an impairment loss was recognised in financial expenses in the current period.
- The measurement of financial instruments at fair value is performed based on a number of assumptions and estimates using data available at the time of preparing the financial statements. Changes in these assumptions and estimates may affect the future financial statements of the Company. Note 16.1.2 provides information on the impact of the valuation of financial instruments on profit or loss and other comprehensive income.

3. Change in accounting principles and presentation of data, and error corrections

New standards and interpretations effective as of January 1, 2025

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

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

The Company 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.

Changes in accounting principles and data presentation

STATEMENT OF COMPREHENSIVE INCOME

In these annual separate financial statements, the comparative figures in the statement of comprehensive income and the notes to the financial statements for 2024 have been amended from those published for that period. The change resulted from the adjustment of other operating income and expenses as well as financial income and expenses, which in the previously published financial statements had been offset and presented on a net basis instead of a gross basis. The restatement of comparative data had no impact on earnings/(loss) per share.

The effect of the restatement is presented in the table below.

	Year ended December 31, 2024 <i>published data</i>	Change in presentation – gross basis	Year ended December 31, 2024 <i>restated data</i>
GROSS PROFIT ON SALES	1,853	-	1,853
Distribution and selling expenses	(14)	-	(14)
General and administrative expenses	(378)	-	(378)
Other net operating income/(expenses)	1	(1)	no presentation
Other operating income	no presentation	16	16
Other operating expenses	no presentation	(15)	(15)
OPERATING PROFIT/(LOSS)	1,462	-	1,462
Net finance income/(expenses), of which:	3,944	(3,944)	no presentation
<i>Interest income calculated using the effective interest rate method*</i>	2,368	43	2,411
Finance income	no presentation	4,927	4,927
Finance expenses, including:	no presentation	(983)	(983)
<i>Impairment of financial instruments</i>	<i>no presentation</i>	(79)	(79)
PROFIT/(LOSS) BEFORE TAX	5,406	-	5,406

STATEMENT OF FINANCIAL POSITION

In addition, in these separate financial statements, the comparative figures in the statement of financial position and the notes have been adjusted from those published as at December 31, 2024 as a result of:

- the presentation of assets and liabilities arising from the measurement of derivative instruments, which were offset and presented on a net basis instead of gross, as well as an adjustment to their allocation between current and non-current portions in order to properly reflect the maturities of these instruments,
- the recognition of the measurement of forward contracts for gas fuel, which had been treated as contracts meeting the criteria for the 'own use exemption' in accordance with IFRS 9 *Financial Instruments*. Consequently, these contracts were not recognised as financial instruments nor measured at fair value, which constituted a departure from the provisions of IFRS 9,
- a change in the presentation of receivables arising from intra-group loans, split into current and non-current portions. The presentation after the change reflects the repayment timing expected by the Company, taking into account extension rights arising from the agreements.

The impact of the restated statement of financial position resulting from the above adjustment is presented in the table below.

	As at December 31, 2024 <i>published data</i>	Change in presentation of derivative instruments	Valuation of gas futures contracts	Change in the presentation of loan receivables	As at December 31, 2024 <i>restated data</i>
NON-CURRENT ASSETS	24,647	424	61	14,156	39,288
Financial receivables	750	-	-	14,156	14,906
Derivatives and other assets measured at fair value through profit or loss	247	424	61	-	732
CURRENT ASSETS	39,018	794	161	(14,156)	25,817
Trade and other receivables	36,333	-	-	(14,156)	22,177
Derivative instruments	660	794	161	-	1,615
TOTAL ASSETS	63,665	1,218	222	-	65,105
NON-CURRENT LIABILITIES	8,326	351	61	-	8,738
Derivative instruments	-	351	61	-	412
CURRENT LIABILITIES	8,943	867	161	-	9,971
Derivative instruments	416	867	161	-	1,444
TOTAL LIABILITIES	17,269	1,218	222	-	18,709
TOTAL EQUITY AND LIABILITIES	63,665	1,218	222	-	65,105

In these separate financial statements, in the statement of financial position, adjusted data as at January 1, 2024 have been presented compared to the data published as at December 31, 2023 as a result of:

- the presentation of assets and liabilities arising from the measurement of derivative instruments, which were offset and presented on a net basis instead of gross, as well as an adjustment to their allocation between current and non-current portions in order to properly reflect the maturities of these instruments,
- a change in the presentation of receivables arising from intra-group loans, split into current and non-current portions. The revised presentation more faithfully reflects the Company's expectations regarding the repayment of individual tranches and the total indebtedness arising from the loans granted.

The impact of the restatement of the statement of financial position as at January 1, 2024 resulting from the above adjustments is presented in the table below.

	As at JANUARY 1, 2024 <i>published data</i>	Change in presentation of derivative instruments	Change in the presentation of loan receivables	As at JANUARY 1, 2024 <i>restated data</i>
NON-CURRENT ASSETS	25,783	206	7,377	33,366
Financial receivables	3,562	-	7,377	10,939
Derivatives and other assets measured at fair value through profit or loss	236	206	-	442
CURRENT ASSETS	34,294	2,410	(7,377)	29,327
Trade and other receivables	30,276		(7,377)	22,899
Derivative instruments	2,120	2,410	-	4,530
TOTAL ASSETS	60,077	2,616	-	62,693
NON-CURRENT LIABILITIES	8,296	180	-	8,476
Derivative instruments	-	180	-	180
CURRENT LIABILITIES	10,220	2,436	-	12,656
Derivative instruments	1,739	2,436	-	4,175
TOTAL LIABILITIES	18,516	2,616	-	21,132
TOTAL EQUITY AND LIABILITIES	60,077	2,616	-	62,693

STATEMENT OF CASH FLOWS

The change in the presentation of cash flows results from a correction in the classification of flows related to the real cash pooling service within the PGE Group (the operating principles are described in Note 16.1.1). These flows were allocated to the appropriate categories of activities (financing or investing) depending on their economic nature, instead of their previous presentation on an aggregated basis.

	Year ended December 31, 2024 <i>published data</i>	Change in presentation	Year ended December 31, 2024 <i>restated data</i>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received/(provided) under cash pooling service	720	(720)	-
Cash provided under cash pooling service	-	122	122
NET CASH FROM INVESTING ACTIVITIES	12,036	(598)	11,438
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received under cash pooling service	-	598	598
NET CASH FROM FINANCING ACTIVITIES	(2,421)	598	(1,823)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

4. Revenue and expenses

4.1 Sales revenue

SIGNIFICANT ACCOUNTING PRINCIPLES

Revenue from contracts with customers

Revenue is recognised in the manner reflecting the transfer of promised goods or services to a customer in the amount reflecting consideration to which the Company expects to be entitled in exchange for the specified good or service transferred.

The Company recognises revenue at the time of satisfying a performance obligation by transferring a promised good or service to a customer. A good is transferred at the time when the customer obtains control of that good.

The entity recognises revenue from a contract with a customer only when all of the following criteria are met:

- the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are obliged to perform their respective obligations;
- the entity can identify each party's rights regarding the goods or services to be transferred;
- the entity can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance;
- it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

At contract inception, the entity assesses the goods or services promised in the contract with the customer and identifies as a performance obligation each promise to transfer to the customer either:

- a good or service (or a bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The Company recognises revenue when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to the customer. An asset is transferred when the customer obtains control of that asset. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs,
- the Company's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For each performance obligation satisfied over time, the Company recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. The objective when measuring progress is to depict the Group's performance in transferring control of goods or services promised to a customer (i.e. the satisfaction of the Group's performance obligation).

When (or as) a performance obligation is satisfied, the entity recognises as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price includes some or all of an amount of variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The entity considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Lease income

The Company, as a lessor, classified the lease contracts concluded as operating leases. Operating lease income is recognised in profit of the current period under the straight-line method. The subject matter of the contracts is mainly office and utility space.

Revenue from wholesale of electricity

Contracts for the sale of electricity concluded on the wholesale market are reported to the Transmission System Operator as a notification of the volume of electricity declared in each Balancing Market Settlement Period which the Company is obliged to provide as a supplier or ensure its provision and the client is obliged to accept. Both the settlement price and volume of electricity per each hour are set out in OTC contracts signed or – in the case of sales on the Polish Power Exchange – determined on the basis of transactions recorded electronically.

The settlement of deviations of the actually delivered electricity volumes from the previously notified supply schedules (ESC: Energy Sale Contracts) takes place on the Balancing Market operated by the Transmission System Operator at imbalance energy prices determined in accordance with its operating rules. Settlements of the Balancing Market are executed with the Transmission System Operator every decade, whereas settlements of the wholesale sale on the Polish Power Exchange are carried out with the Warsaw Commodity Clearing House that is the guarantor of settlements of transactions entered into on the Polish Power Exchange; they are executed on a daily basis in accordance with the Warsaw Commodity Clearing House's clearing regulations. For OTC Contracts, settlements are performed in accordance with the provisions of such Contracts, i.e. on a week, decade, or monthly basis. Revenue from the sale of electricity is recognised in the period in which the electricity was delivered.

Revenue from the sale of CO₂ emission allowances

PGE S.A., based on agreements concluded with generators within the PGE Group, is the entity responsible for the purchase of CO₂ emission allowances in order to fulfil their surrender obligation. The allowances are acquired by PGE S.A. in bilateral contracts or on exchange markets and sold to generators in accordance with agreements and transaction arrangements. The volume of allowances delivered is directly linked to the volume of electricity generated and sold. Revenue from the sale of CO₂ emission allowances is recognised at the moment when control over these allowances is transferred.

Revenue from gas sales

PGE S.A. is the entity responsible for coordinating gas supplies within the PGE Group. The Company exercises full control over the trading process, bearing the associated risk and responsibility for the fulfilment of contractual obligations. Gas is purchased on the Polish Power Exchange or under bilateral contracts, and then the commodity is sold to entities within the PGE Group. Revenue from the sale of gas is recognised at the moment the fuel is delivered to the customer.

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

Type of good or service	Year ended December 31, 2025	Year ended December 31, 2024 <i>restated data*</i>
REVENUE FROM CONTRACTS WITH CUSTOMERS	42,936	50,910
Revenue from sales of goods, including:	42,165	49,705
<i>Sales of electricity</i>	24,409	24,317
<i>Sales of gas</i>	2,335	193
<i>Sales of CO₂ emission allowances</i>	15,378	25,162
<i>Revenue from the capacity market</i>	43	33
Revenue from sales of services	771	1,205
LEASE INCOME	6	6
TOTAL SALE REVENUE	42,942	50,916

* In the comparative period, an adjustment was made to the allocation of the transaction price arising from the ZHZW and ZDEE agreements between revenue from the sale of services and revenue from the sale of goods in the amount of PLN 568 million.

In 2025, the Company recognised revenue from the performance of obligations in the previous periods resulting from adjustments of the value of electricity sold in the balancing market in the previous years. The total amount of these adjustments was approximately PLN 31 million in 2025 and approximately PLN 31 million in 2024.

The table below presents the breakdown of revenue from contracts with customers based on the timing of the transfer of goods or services.

Date of transfer of goods or services	Year ended December 31, 2025	Year ended December 31, 2024
Revenue from sales of goods and services transferred to the customer over time:	27,558	25,748
Revenue from sales of goods and services transferred to the customer at a particular point in time	15,378	25,162
TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS	42,936	50,910

The Company's operations are predominantly conducted in Poland. Sales to foreign customers in 2025 as well as 2024 occurred in negligible value (approx. PLN 45 million in 2025, less than PLN 0.1 million in the comparative period).

The increase in revenue from natural gas sales in 2025 compared to the previous year is due to the higher volume of natural gas sold by 11.5 TWh, with a lower average gas sales price of PLN 23/MWh. The increase in the volume of gas sold is due to the commissioning of the gas-fired power plant by PGE Gryfino Dolna Odra Sp. z o.o. in the second half of 2024.

The decrease in revenue from the sale of CO₂ emission allowances in 2025 is the result of a lower average sale price of CO₂ emission allowances by PLN 104/tonne and a lower volume of CO₂ emission allowances sold by 11.2 million tonnes.

Revenue from the sale of services mainly relates to services provided to the subsidiaries in the PGE Capital Group, such as electricity trade and supply, supply of fuels, licences and so-called support services. The decrease in revenue is primarily due to lower revenue from electricity trading services provided on behalf of PGE Group companies (a decrease of PLN 434 million), which is mainly the result of a decrease in the average electricity price by PLN 102/MWh.

Information on the key customers

The Company's main customers are its subsidiaries within the PGE Capital Group. In 2025, sales to PGE Obrót S.A. accounted for 35% of sales revenue and sales to PGE GiEK S.A. accounted for 34% of sales revenue. In 2024, sales to these companies accounted for 39% and 44% of sales revenue, respectively.

4.2 Expenses by kind and function

SIGNIFICANT ACCOUNTING PRINCIPLES

Cost of goods sold

Cost of goods sold includes the value of electricity, CO₂ emission allowances, gas and other goods and materials at acquisition prices.

The costs which can be allocated directly to the Company's revenue influence its financial result for the reporting period in which such revenue occurs.

The costs which can be allocated only indirectly to revenue or other benefits achieved by the Company influence its financial result in the part in which they concern a given reporting period, ensuring compliance with the principle of accrual accounting as well as taking into consideration the principles of measurement of fixed assets and inventories.

	Year ended December 31, 2025	Year ended December 31, 2024
EXPENSES BY KIND		
Depreciation	15	14
Third-party services	118	103
Employee benefits expenses	443	405
Other expenses by kind	163	130
TOTAL EXPENSES BY KIND	739	652
Distribution and selling expenses	(17)	(14)
General and administrative expenses	(442)	(378)
Value of goods and materials sold	41,155	48,803
COST OF GOODS SOLD	41,435	49,063

The increase in general and administrative expenses in 2025 compared to 2024 is mainly due to higher costs incurred for marketing activities and higher employee benefit costs, mainly due to salary increases and an increase in headcount in 2025.

The decrease in the value of goods and materials sold compared to 2024 results mainly from a decline in revenue from the sale of CO₂ emission allowances, accompanied by an increase in revenue from the sale of natural gas, which was influenced by the factors described in the Note 4.1.

4.3 Depreciation and write-downs

	Depreciation					
	Year ended December 31, 2025			Year ended December 31, 2024		
	Property, plant and equipment	RTUA	TOTAL	Property, plant and equipment	RTUA	TOTAL
Cost of goods sold	5	1	6	5	1	6
General and administrative expenses	8	1	9	7	1	8
TOTAL	13	2	15	12	2	14

4.3.1 Third-party services

	Year ended December 31, 2025	Year ended December 31, 2024
Trade commissions	27	27
IT services	48	44
Consulting services	19	7
Overhaul and operational services	8	10
Third party services - lease	4	5
Other	12	10
TOTAL COSTS OF THIRD PARTY SERVICES	118	103

4.3.2 Costs of employee benefits and structure of employment

	Year ended December 31, 2025	Year ended December 31, 2024
Payroll	322	291
Cost of social insurance	54	47
Other employee benefits expenses	67	67
TOTAL EMPLOYEE BENEFITS EXPENSES, INCLUDING:	443	405
Items recognised in cost of goods sold	206	187
Items recognised in distribution and selling expenses	7	4
Items recognised in general and administrative expenses	230	214

On December 31, 2025, the Company had 1,211 employees (full-time positions) compared to 1,144 employees on December 31, 2024.

The increase in employee benefit costs in 2025 compared to 2024 is mainly due to salary increases following pay agreements concluded in the second half of 2024 and an increase in employment in 2025.

4.3.3 Other expenses by kind

	Year ended December 31, 2025	Year ended December 31, 2024
Sponsorship and advertising	119	82
Fees for membership in sectoral organisations	5	3
Management Board remuneration	8	10
Taxes and charges	12	10
Other	19	25
TOTAL	163	130

4.4 Other operating income and expenses

	Year ended December 31, 2025	Year ended December 31, 2024 <i>restated data*</i>
OTHER OPERATING INCOME		
Reversal of impairment write-downs on receivables	34	12
Penalties, fines and compensation received and charged	-	1
Other	1	3
TOTAL	35	16

*The restatement of comparative data is described in Note 3 to these financial statements.

	Year ended December 31, 2025	Year ended December 31, 2024 <i>restated data*</i>
OTHER OPERATING EXPENSES		
Donations	14	14
Other	-	1
TOTAL	14	15

*The restatement of comparative data is described in Note 3 to these financial statements.

Other operating income mainly consists of reversed write-downs on receivables from the subsidiary ENESTA sp. z o.o. w restrukturyzacji in the amount of PLN 34 million. In turn, other operating costs are affected by donations of PLN 14 million.

4.5 Finance income and expenses

SIGNIFICANT ACCOUNTING PRINCIPLES

Finance income and expenses

Interest income and costs are recognised successively, on an accrual basis, taking into consideration the effective interest rate method with respect to the net book value of a given financial instrument as at the reporting date. Dividends are recognised at the time when shareholders' rights to receive them are established.

	Year ended December 31, 2025	Year ended December 31, 2024 <i>restated data*</i>
FINANCE INCOME FROM FINANCIAL INSTRUMENTS		
Dividends	3,294	2,374
Interest, including:	2,362	2,411
<i>interest income calculated using the effective interest rate method</i>	2,362	2,411
Revaluation of financial instruments	13	42
Reversal of impairment write-downs	83	37
Foreign exchange differences	33	32
Gain on disposal of investment	3	-
Other	29	31
TOTAL FINANCE INCOME FROM FINANCIAL INSTRUMENTS	5,817	4,927
OTHER FINANCE INCOME		
Other	-	-
TOTAL OTHER FINANCE INCOME	-	-
TOTAL FINANCE INCOME	5,817	4,927

*The restatement of comparative data is described in Note 3 to these financial statements.

In 2025, the Company reported dividend income mainly from PGE Dystrybucja S.A. in the amount of PLN 2,198 million, PGE EO S.A. in the amount of PLN 859 million, and in the comparative period mainly from PGE Dystrybucja S.A. in the amount of PLN 1,792 million, PGE EO S.A. in the amount of PLN 505 million.

The Company reports interest income mainly from financing provided to its subsidiaries in the amount of PLN 1,816 million, benefits resulting from cash pooling settlement in the amount of PLN 39 million, from cash held in bank accounts and deposits in the amount of PLN 351 million, and from bonds issued by Autostrada Wielkopolska S.A. in the amount of PLN 145 million.

Under the line "Revaluation of financial instruments", the Company presents fair value measurements of financial instruments, including the valuation of a call option on Polimex Mostostal S.A. amounting to PLN 8 million.

Under the line "Reversal of impairment write-downs", the Company presents, in the current reporting period, the reversal of an impairment loss on shares in PGE Systemy S.A. amounting to PLN 83 million (PLN 37 million in the comparative period).

Under "Other", the Company primarily recognises finance income from guarantees and sureties granted to subsidiaries in the amount of PLN 29 million (PLN 33 million in the comparative period).

	Year ended December 31, 2025	Year ended December 31, 2024 <i>restated data*</i>
FINANCE EXPENSES FROM FINANCIAL INSTRUMENTS		
Interest	618	781
Impairment of financial instruments	12,230	79
Establishment of impairment write-downs	345	5
Foreign exchange differences	38	75
Other	51	39
TOTAL FINANCE EXPENSES FROM FINANCIAL INSTRUMENTS	13,282	979
OTHER FINANCE EXPENSES		
Other	4	4
TOTAL OTHER FINANCE EXPENSES	4	4
TOTAL FINANCE EXPENSES	13,286	983

*The restatement of comparative data is described in Note 3 to these financial statements.

Interest expenses mainly relate to incurred credits and loans (PLN 452 million), cash pooling liabilities (PLN 123 million) and issued bonds (PLN 92 million). Also included in this item is interest of PLN 57 million relating to the realisation and valuation of hedging instruments, which is presented in finance costs as a reduction in interest expense, as described in Note 16.1.3 of these financial statements.

Under the line "Impairment of financial instruments", the Company presents write-downs mainly in respect of the following:

- expected credit losses on loans granted to PGE GiEK S.A. of PLN 12,050 million and the reversal of a write-down from the previous period of PLN 40 million,
- expected credit losses on guarantees granted to PGE GiEK S.A. amounting to PLN 235 million, and at the same time the reversal of a write-down from the previous period amounting to PLN 20 million.

Under the line „ Establishment of impairment write-downs", the Company presents, in the current reporting period, the recognition of impairment losses in respect of:

- impairment of PPGE Obrót S.A. shares, of PLN 335 million,
- impairment of Megazec sp. z o.o. shares in the amount of PLN 10 million.

In the item "Other", the Company mainly recognises the costs relating mainly to commissions and fees on loans and credits received in the amount of PLN 34 million and costs relating to fees for providing collateral for electricity trading on the Polish Power Exchange (TGE) in the amounting to PLN 12 million.

5. Income tax

SIGNIFICANT ACCOUNTING PRINCIPLES

Taxes

Income tax recognised in profit or loss comprises current and deferred income tax. The Company recognises the actual tax expense for the given reporting period, as determined by the Company in accordance with the provisions of the Corporate Income Tax Act, as well as movements in the balance of the deferred tax asset and deferred tax liability that is not settled against equity.

In connection with temporary differences between the value of assets and liabilities disclosed in the account books and their tax value and tax loss recoverable in the future, the Company establishes the amounts of deferred income tax liabilities and assets.

The carrying amount of deferred income tax assets and liabilities in the statement of financial position is reviewed at the end of each reporting period. Deferred income tax assets and liabilities are regarded as non-current items. The Company compensates deferred income tax assets with deferred income tax liabilities.

The Company recognises the carrying amount of deferred income tax assets to the extent that it is not probable that it will achieve taxable income sufficient for a partial or complete realisation of deferred income tax assets.

5.1 Tax in the statement of comprehensive income

The major items of the income tax expense for the periods ended December 31, 2025 and December 31, 2024 are as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Current income tax of PGE S.A.	504	599
Adjustments related to settlement of current income tax for previous years	(2)	(1)
Accruals of deferred income tax from previous years	1	-
Deferred income tax	47	(28)
INCOME TAX EXPENSE RECOGNISED IN THE FINANCIAL RESULT	550	570
INCOME TAX EXPENSE RECOGNISED IN OTHER COMPREHENSIVE INCOME		
On valuation of hedging instruments	30	-
On actuarial gains (losses) on valuation of employee benefit provisions	1	-
INCOME TAX EXPENSE RECOGNISED IN OTHER COMPREHENSIVE INCOME (EQUITY)	31	-

5.2 Effective tax rate

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

	Year ended December 31, 2025	Year ended December 31, 2024
TAX PROFIT/(LOSS)	(6,400)	5,406
Tax at statutory rate effective in Poland – 19%	(1,216)	1,027
ITEMS ADJUSTING INCOME TAX		
Adjustments related to settlement of current income tax for previous years	(2)	(1)
Accruals of deferred income tax from previous years	1	-
Income not subject to tax	(649)	(464)
Non-deductible expenses	2,416	8
INCOME TAX AT EFFECTIVE TAX RATE (Income tax (charge) in the financial statements)	550	570

Non-taxable income refers mainly to dividend income which is not included in the calculation of the current income tax base (tax value: PLN 626 million in 2025 and PLN 451 million in 2024).

In the current and comparative reporting periods, the Company's non-deductible expenses mainly included write-downs of loans and shares in subsidiaries, as described in note 4.5 to these financial statements.

5.3 Deferred tax in the statement of financial position

5.3.1 Deferred income tax assets

	As at December 31, 2025	As at December 31, 2024
Difference between tax and current book values of financial liabilities	546	32
Difference between tax and current book values of financial assets	27	137
Difference between tax and current book values of property, plant and equipment	3	4
Provision for employee benefits	38	31
Costs in period outside of taxation impact	9	13
Other	6	6
DEFERRED INCOME TAX ASSETS	629	223

Change in deferred income tax – assets

	Year ended December 31, 2025	Year ended December 31, 2024
AS AT JANUARY 1	223	422
Changes in correspondence with profit or loss	399	(199)
Changes in correspondence with other comprehensive income	7	-
AS AT DECEMBER 31	629	223

5.3.2 Deferred tax liabilities

	As at December 31, 2025	As at December 31, 2024*
Difference between tax and current book values of property, plant and equipment	11	12
Difference between tax and current book values of financial assets	667	242
DEFERRED TAX LIABILITIES	678	254

*reclassification between items of PLN 56 million

Change in deferred income tax – liabilities

	Year ended December 31, 2025	Year ended December 31, 2024
AS AT JANUARY 1	254	481
Changes in correspondence with profit or loss	448	(227)
Changes in correspondence with other comprehensive income	(24)	-
AS AT DECEMBER 31	678	254

In the current and comparative reporting period, changes in relation to other comprehensive income concern changes in deferred tax on the measurement of hedging instruments and on actuarial gains and losses on the measurement of provisions for employee benefits. The other changes in each item were recognised in profit or loss.

The table below presents deferred tax assets offset against deferred tax liabilities.

	Year ended December 31, 2025	Year ended December 31, 2024
Deferred income tax assets according to the statement of financial position	-	-
Deferred income tax liabilities according to the statement of financial position	49	31

The Company does not recognise a deferred tax liability on positive temporary differences related to investments in subsidiaries for the following reasons:

- As the Parent Company, it is able to control the timing of the reversal of temporary differences and
- it is probable that the temporary differences will not reverse in the foreseeable future.

EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

6. Property, plant and equipment

SIGNIFICANT ACCOUNTING PRINCIPLES

Property, plant and equipment

Property, plant and equipment comprise the following assets:

- maintained for the purpose of their utilisation in production processes or in the delivery of goods or the provision of services, for the purpose of making them available for use to other entities under rental agreements, or for administrative purposes, and
- expected to be used for periods longer than one year.

Property, plant and equipment are valued at the net value, i.e. the initial value (or at the cost assumed for non-current assets used before the date of transition to IFRSs) less depreciation and impairment write-downs. The initial value of property, plant and equipment includes their purchase price plus all costs related directly to their purchase and adjustment to the condition making them available for use. Such costs include also the expected costs of the decommissioning of tangible fixed assets, their disposal, and the restoration of a particular location of a given asset to its original condition. The obligation to incur such costs occurs at the time of the installation of an asset or its usage for purposes other than the manufacture of inventories.

The basis for calculating depreciation charges is a purchase price/manufacturing cost of a component of tangible fixed assets less its residual value. Depreciation starts when an asset is available for use. Depreciation of tangible fixed assets takes place on the basis of a depreciation plan specifying the expected economic lifetime of a component of tangible fixed assets. The applied depreciation method reflects the process of the entity's consuming the economic benefits related to a given asset.

For the particular groups of tangible fixed assets, the following ranges of economic lifetimes are used:

Asset group	Average remaining depreciation period in years	Total depreciation and amortisation periods applied, in years
Buildings, premises and civil engineering structures	12	2-31
Machinery and technical equipment	5	1-39
Means of transport	2	1-10
Other property, plant and equipment	3	1-15

	As at December 31, 2025	As at December 31, 2024
Buildings	115	121
Other non-current assets	13	18
NET VALUE OF PROPERTY, PLANT AND EQUIPMENT	128	139

In the current reporting period, the Company did not execute any material transactions related to the purchase or disposal of items of property, plant and equipment.

Part of the area of the building owned by the Company was leased out under an operating lease. The net value of property, plant and equipment under operating lease amounted to PLN 11.7 million on December 31, 2025 (PLN 12.4 million in the comparative period). Depreciation of these assets recognised in the costs of the current period amounted to PLN 1 million (PLN 1.3 million in the comparable period).

7. Right to use assets

SIGNIFICANT ACCOUNTING PRINCIPLES

Right to use assets

Under IFRS 16, an agreement is a lease agreement or contains a lease component if it transfers the right to control the use of an identified asset for a given period in return for consideration.

The Company, as a lessee, applies an exemption in respect of the recognition, measurement and presentation of the following:

- short-term leases, i.e. leases whose term is not longer than 12 months and which do not include a purchase option,
- leases for which the underlying asset is of low value and is not sub-leased. The Company recognises that the base asset has a low value (the value of a new asset regardless of the age of the leased asset) if it does not exceed the amount of PLN 20,000. The exemption applies to small office equipment (printers, photocopiers, computers, etc.).

The Company's right to use assets mainly includes the right to perpetual usufruct of land, which was measured at the effective date of IFRS 16, i.e. January 1, 2019, at the value of future discounted payments.

On December 31, 2025, the right to use assets amounted to PLN 21 million.

The depreciation periods for the right to use assets are as follows:

Asset group	Remaining depreciation period in years	Total depreciation period in years
RPUL	64	99
Means of transport	1	1.5-4

On December 31, 2025 and on December 31, 2024, no risk of impairment of these assets was identified.

8. Shares and interests in subsidiaries

SIGNIFICANT ACCOUNTING PRINCIPLES

Shares and interests in subsidiaries, associates and jointly controlled entities

Entities whose financial and operating policies the Company can control with the purpose of benefiting from their business are considered subsidiaries. This is connected with possessing the majority of the total number of votes in such entities' governing bodies. Deciding whether the Company controls a particular entity, it is necessary to take into consideration the existence and impact of potential voting rights which at a given time can be exercised or exchanged.

A jointly controlled entity is an entity in which the division of control over its business activities as specified in an agreement requires the unanimity of the parties exercising control over strategic financial and operational decisions.

An associated entity is an business entity, including such entities as private partnerships of natural persons, on which the investor exerts considerable impact and which is not a subsidiary or a jointly controlled entity. IAS defines "significant impact" as the right to participate in decision making processes related to operational and financial policies of a unit in which another entity has invested, not consisting, however, in exercising control or joint control over such an entity.

Impairment tests

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

If there is objective evidence that an impairment may have occurred, an impairment test is carried out. The tests cover shares in subsidiaries, which constitute the main item of the Company's financial asset. The amount of the impairment loss is calculated as the difference between the carrying amount of the financial asset or group of financial assets and their estimated recoverable amount.

Charge of impairment effects

The impairment loss on shares is charged to financial costs. Should the reason for the impairment no longer exist, the full or relevant part of the previously recognised impairment loss increases the value of the shares and is recognised as financial income.

Interests and shares in subsidiaries are recognised at purchase price less impairment write-downs. The table below presents the net carrying amount of held shares and interests.

	Registered office	Shareholding as at December 31, 2025	As at December 31, 2025	Shareholding as at December 31, 2024	As at December 31, 2024
PGE Dystrybucja S.A.	Lublin	100.00%	10,595	100.00%	10,595
PGE Energia Ciepła S.A.	Warsaw	100.00%	4,341	100.00%	4,341
PGE Energetyka Kolejowa Holding sp. z o.o.	Warsaw	100.00%	4,750	100.00%	3,450
PGE Baltica 2 sp. z o.o.	Warsaw	100.00%	1,973	100.00%	1,758
PGE Energia Odnawialna S.A.	Warsaw	100.00%	1,349	100.00%	1,349
Elektrownia Wiatrowa Baltica 9 sp. z o.o.	Warsaw	100.00%	464	100.00%	14
Elektrownia Wiatrowa Baltica-1 sp. z o.o.	Warsaw	100.00%	415	100.00%	382
PGE Obrót S.A.	Rzeszów	100.00%	287	100.00%	622
PGE Gryfino Dolna Odra sp. z o.o.	Warsaw	100.00%	230	100.00%	230
PGE Baltica 3 sp. z o.o.	Warsaw	100.00%	151	100.00%	151
PGE Systemy S.A.	Warsaw	100.00%	130	100.00%	48
PGE Dom Maklerski S.A.	Warsaw	100.00%	97	100.00%	97
PGE Ekoserwis sp. z o.o.	Wrocław	100.00%	70	100.00%	70
PGE Ventures sp. z o.o.	Warsaw	100.00%	68	100.00%	68
PGE Nowy Rybnik sp. z o.o.	Rybnik	100.00%	63	100.00%	63
PGE Sweden AB (publ)	Stockholm	100.00%	47	100.00%	47
PGE Paliwa sp. z o.o.	Kraków	100.00%	25	-	-
PGE PAK Energia Jądrowa S.A. (currently PGE Energia Jądrowa S.A.)	Konin (now Warsaw)	100.00%	23	-	-
PGE Inwest 12 sp. z o.o.	Warsaw	51.00%	21	51.00%	21
Elektrownia Wiatrowa Baltica-7 sp. z o.o.	Warsaw	55.04%	10	55.04%	10
PGE Baltica sp. z o.o.	Warsaw	100.00%	9	100.00%	9
Elektrownia Wiatrowa Baltica-5 sp. z o.o.	Warsaw	66.19%	9	66.19%	<1
ELBIS sp. z o.o.	Rogowiec	100.00%	8	100.00%	8
PGE Synergia sp. z o.o.	Warsaw	100.00%	6	100.00%	6
PGE Inwest 35 sp. z o.o.	Warsaw	100.00%	5	-	-
PGE Inwest 36 sp. z o.o.	Warsaw	100.00%	5	-	-
PGE Inwest 37 sp. z o.o.	Warsaw	100.00%	5	-	-
PGE Inwest 38 sp. z o.o.	Warsaw	100.00%	5	-	-
PGE Inwest 23 sp. z o.o.	Warsaw	100.00%	4	100.00%	4
ELBEST Security sp. z o.o.	Bełchatów	100.00%	4	100.00%	4
PGE Inwest 25 sp. z o.o.	Warsaw	100.00%	3	100.00%	3
Elektrownia Wiatrowa Baltica-4 sp. z o.o.	Warsaw	100.00%	2	66.19%	<1
3 limited liability companies (sp. z o.o.): PGE Inwest 26; 27; 32 (formerly Elektrownia Wiatrowa Baltica 10; 11; 12)	Warsaw	100.00%	2	100.00%	1
6 limited liability companies (sp. z o.o.): PGE Inwest 28-31; 33-34	Warsaw	100.00%	1	-	-
Elektrownia Wiatrowa Baltica-8 sp. z o.o.	Warsaw	100.00%	1	100.00%	1
5 limited liability companies (sp. z o.o.): PGE Inwest 2; 9-11; 20	Warsaw	100.00%	1	100.00%	1
Elektrownia Wiatrowa Baltica-6 sp. z o.o.	Warsaw	100.00%	1	66.24%	1
PGE Asekuracja S.A.	Warsaw	100.00%	1	100.00%	1
MEGAZEC sp. z o.o.	Bydgoszcz	100.00%	-	100.00%	10
PGE Górnictwo i Energetyka Konwencjonalna S.A.	Bełchatów	100.00%	-	100.00%	-
PGE Trading GmbH (company in liquidation)	Berlin	100.00%	-	100.00%	-
Energoserwis Kleszczów sp. z o.o.	Rogowiec	-	-	51.00%	5
TOTAL			25,181		23,370

In 2025, the following significant changes in the structure of subsidiaries took place:

- Increases in the share capital of the following companies:

Name of the subsidiary	Amount	Date of resolution	Date of registration in the National Court Register
Elektrownia Wiatrowa Baltica-1 sp. z o.o.	32.9	2025-01-21	2025-02-07
PGE Baltica 2 sp. z o.o.	214.7	2025-01-21	2025-04-02
Elektrownia Wiatrowa Baltica 9 sp. z o.o.	39.0	2025-03-11	2025-04-30
Elektrownia Wiatrowa Baltica-5 sp. z o.o.	8.7	2025-04-28	2025-05-16
PGE Energetyka Kolejowa Holding sp. z o.o.	1,300	2025-07-23	2025-08-18
PGE Inwest 32 sp. z o.o. (formerly Elektrownia Wiatrowa Baltica 12 sp. z o.o.)	0.6	2025-09-08	2025-09-25
PGE Inwest 20 sp. z o.o.	0.3	2025-10-14	2025-11-25
PGE Inwest 11 sp. z o.o.	0.3	2025-10-14	2025-11-26
Elektrownia Wiatrowa Baltica-4 sp. z o.o.	1.5	2025-11-04	2025-12-12
Elektrownia Wiatrowa Baltica 9 sp. z o.o.	411.1	2025-11-25	2025-12-19

- Incorporation of new subsidiaries:

Name of the subsidiary	Share capital	Date of incorporation	Date of registration in the National Court Register
PGE Inwest 29 sp. z o.o.	0.3	2025-05-26	2025-05-28
PGE Inwest 30 sp. z o.o.	0.3	2025-05-26	2025-05-28
PGE Inwest 28 sp. z o.o.	0.3	2025-05-27	2025-05-29
PGE Inwest 31 sp. z o.o.	0.3	2025-05-27	2025-05-29
PGE Inwest 33 sp. z o.o.	0.1	2025-08-20	2025-09-17
PGE Inwest 34 sp. z o.o.	0.1	2025-08-20	2025-09-24
PGE Inwest 35 sp. z o.o.	5	2025-10-02	2025-11-07
PGE Inwest 36 sp. z o.o.	5	2025-10-02	2025-11-27
PGE Inwest 37 sp. z o.o.	5	2025-10-02	2025-11-20
PGE Inwest 38 sp. z o.o.	5	2025-10-02	2025-11-14

- On October 17, 2025 a share purchase agreement was signed under which ZE PAK sold 50% of the shares in PGE PAK Energia Jądrowa S.A. to PGE. On October 20, 2025 PGE was entered in the Shareholders Register as the sole owner of the shares in PGE PAK EJ S.A. As a result, the company became a subsidiary. February 12, 2026, the change of the company's name to PGE Energia Jądrowa S.A. and the change of its registered office to Warsaw were registered in the National Court Register.
- On October 22, 2025, the Extraordinary General Meeting of Shareholders of Energoserwis Kleszczów sp. z o.o. i ELMEN sp. z o.o. adopted resolutions on the division of Energoserwis Kleszczów sp. z o.o. (the company being divided) by separation under Article 529 § 1 point 4 of the Commercial Companies Code (division by separation) by transferring to ELMEN sp. z o.o. (the acquiring company) the part of the assets of the divided company constituting an organised part of the enterprise within which construction and assembly activities are conducted. The transfer of the OPE to the acquiring company took place through an appropriate reduction of the share capital of the divided company by cancelling all shares in the divided company held by PGE S.A., and an appropriate increase in the share capital of the acquiring company through the creation of new shares in the acquiring company. In exchange for the cancelled shares in the divided company, PGE S.A. took up all new shares in the increased share capital of the acquiring company. On October 28, 2025, the reduction of the share capital of Energoserwis Kleszczów sp. z o.o. was registered in the National Court Register and on that date PGE S.A. ceased to be a shareholder of that company. On January 2, 2026, an increase in the share capital of ELMEN sp. z o.o. was registered in the National Court Register, as a result of which PGE S.A. became a shareholder of ELMEN sp. z o.o. holding 15.96% of shares in its share capital.
- On October 23, 2025, a share sale agreement for 33.76% of the shares in Elektrownia Wiatrowa Baltica-6 sp. z o.o. was concluded between PGE S.A. as the buyer and ENEA S.A. as the seller, as a result of which PGE S.A. became the sole owner of this company.
- On December 1, 2025, an agreement for the sale of shares in PGE Paliwa sp. z o.o., representing 100% of the company's share capital, was concluded between PGE S.A. as buyer and PGE Energia Ciepła S.A. as seller.
- On December 19, 2025, a share sale agreement for 33.92% of the shares in Elektrownia Wiatrowa Baltica-4 sp. z o.o. was concluded between PGE S.A. as the buyer and ENEA S.A. as the seller, as a result of which PGE S.A. became the sole owner of this company.

Impairment losses on shares

Name of the subsidiary	As at December 31, 2025	As at December 31, 2024
PGE Górnictwo i Energetyka Konwencjonalna S.A.	13,943	13,943
PGE Obrót S.A.	6,414	6,079
PGE Sweden AB (publ)	65	65
PGE Trading GmbH (spółka w likwidacji)	43	43
MEGAZEC sp. z o.o.	10	-
PGE Ventures sp. z o.o.	9	9
ElectroMobility Poland S.A.	4	4
PGE Systemy S.A.	-	83
TOTAL IMPAIRMENT LOSSES ON SHARES AND INTERESTS	20,488	20,226

8.1 Analysis of the value of non-current financial assets

The tables below summarise the analyses of indicators and the impairment tests carried out for shares and equity interests in the years ended December 31, 2025 and December 31, 2024. Impairment tests for shares and equity interests are performed based on tests of property, plant and equipment.

Company	1 st half of 2025	2 nd half of 2025	(Write-down)/reversal amount in the financial statements for 2025
PGE GIEK S.A.	Test	No test	-
PGE Energetyka Kolejowa Holding sp. z o.o.	Test	No test	-
PGE Energia Odnawialna S.A.	Test	Test	-
PGE Energia Ciepła S.A.	Test	Test	-
PGE Gryfino Dolna Odra sp. z o.o.	Test	No test	-
PGE Nowy Rybnik sp. z o.o.	Test	No test	-
PGE Obrót S.A.	No test	Test	(335)
PGE Systemy S.A.	No test	Test	83
MEGAZEC sp. z o.o.	No test	Test	(10)
TOTAL			(262)

Company	1 st half of 2024	2 nd half of 2024	(Write-down)/reversal amount in the financial statements for 2024
PGE GIEK S.A.	Test	Test	-
PGE Energetyka Kolejowa Holding sp. z o.o.	Test	No test	-
PGE Energia Odnawialna S.A.	Test	No test	-
PGE Energia Ciepła S.A.	Test	No test	-
PGE Gryfino Dolna Odra sp. z o.o.	Test	No test	-
PGE Baltica 2 sp. z o.o.	Test	No test	-
PGE Baltica 3 sp. z o.o.	Test	No test	-
PGE Obrót S.A.	Test	No test	-
TOTAL			-

External indicators of material importance for the analysis carried out in the first half of 2025:

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

External indicators of material importance for the analysis carried out in the second half of 2025:

- The market capitalisation of PGE S.A. remains below the book value of the net assets of the PGE Capital Group.
- The average electricity price for futures contracts for the following year in the period from July to December 2025 was approx. 432 PLN/MWh and was 2% lower compared to the price for the first half of 2025 (425 PLN/MWh).
- In the period from July to December 2025, the weighted average price of the EUA DEC 25 instrument amounted to EUR 76.3 per tonne and was 5% higher than the average price of the EUA DEC 25 instrument observed for the first half of 2025 (EUR 72.5 per tonne).
- The average price of hard coal in ARA ports in monthly continuation contracts from July to December 2025 was USD 98/t, a decrease of 3% (USD 101/t) compared to the first half of 2025.
- The average gas price between July and December 2025 was 31.5 EUR/MWh, which is 24% lower than in the first half of 2025 (41.3 EUR/MWh).
- The average price of domestic coal according to PSCMI1 in the period from July to December 2025 was PLN 15.2/GJ, a decreased by 8% compared to the second half of 2025 (PLN 16.4/GJ).

The Company also analysed internal indicators specific to individual companies. These are described in Notes 8.3–8.9 to these financial statements.

8.2 Assumptions for impairment tests

Macroeconomic assumptions

The main price assumptions, i.e. those concerning the prices of electricity, CO₂ emission allowances, coal, natural gas and the assumptions relating to the majority of the Group's generating facilities are derived from a study prepared in June 2025 (the 'Study') by an external entity that is a recognised centre of expertise in the energy market (the 'Advisor'). The first year of the forecast is based on the approved Financial Plan for 2026. The subsequent years of the forecast are based mainly on the Study. The Advisor used current scenarios for the economic and demographic development of the country and estimates of changes in key market parameters. The Advisor's forecasts take into account the legal conditions arising from the current energy policy, at both the EU and national levels.

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

According to the electricity price forecasts, the prices will drop by 2% in 2026 and then go up by approximately 12% in 2027, as compared to the previous year, followed by an average annual increase of around 4% between 2028 and 2040. For comparison, in impairment tests of shares and equity interests for the year ended December 31, 2024, electricity price forecasts assumed increases in 2026–2027 of approximately 11% compared to the previous year, followed by an increase in 2028 compared to 2027 of 16%, and then an average annual increase of approximately 4% in the years 2029–2040.

According to CO₂ emission allowance price forecasts, the prices will raise by 4% in 2026 and by 3% in 2027 compared to the previous year, followed by a dynamic growth until 2031 at an average annual rate of 12%. This reflects the current parametrisation of the Market Stability Reserve (MSR) mechanism and of the EU ETS system itself, introduced following the adoption of the Fit for 55 package and the inclusion of the effects of the REPowerEU plan. These changes result in a marked reduction in the supply of allowances in the second half of this decade. In the following years, CO₂ prices continue to rise, but at a slightly slower pace, reaching approx. 5% on average annually, as a result of the continuation of policies aimed at achieving climate neutrality in 2050. For comparison, in impairment tests of shares and equity interests for the year ended December 31, 2024, CO₂ emission allowance price forecasts assumed a 13% increase in 2026 compared to 2025, an increase of 2% in 2027 compared to 2026, followed by an average annual increase of approximately 8% in the years 2028–2030.

After several years of dynamic ups and downs, coal price forecasts assume stabilisation in the coming years. In 2026, an increase of approximately 5% is assumed, and in 2027 an increase of approximately 6% compared to the previous year. Between 2028 and 2032, there is a decrease of around 4% on average per year, reflecting the world coal price forecasts. This results from a gradual decline in global coal demand is expected due to the implementation of climate policy elements, including in particular the development of RES. After 2033, a slight increase of 2% on average per year is expected due to growing mining costs.

For comparison, in impairment tests of shares and equity interests for the year ended December 31, 2024, hard coal price forecasts assumed stabilisation from 2026 based on the then current and projected level of prices on the European market, resulting in prices remaining at a comparable nominal level in the years 2026–2035. After 2035, an average annual increase of 2.5% was assumed.

Natural gas prices are forecast to decrease by 9% in 2026 and increase by 7% in 2027 relative to the previous year, while an average annual increase of around 2% is expected between 2028 and 2030. Thereafter, until 2040, prices will rise at an average annual rate of 3%. Forecast gas prices in Europe are most affected by LNG import costs and the related level of investment in liquefaction and regasification facilities worldwide, as well as dynamically growing demand for LNG, especially in Asian countries, and increasing gas demand in the USA. In the long term, the natural gas price forecast assumes growth, mainly due to rising extraction costs of this raw material. For comparison, in impairment tests of shares and equity interests for the year ended December 31, 2024, natural gas price forecasts assumed a 5% decrease in 2026 compared to 2025 prices and an increase of 7% in 2027 compared to 2026. Subsequently, until 2030, prices increased by approximately 1% on average annually. In the period after 2030, the natural gas price forecast assumed an average annual increase of approximately 3%, mainly due to rising extraction costs.

The price forecasts for renewable energy property rights of origin assume a similar price level in 2026 compared to the previous year. This is followed by an assumed decrease in 2027 for 2026 prices of 2% and prices remaining at a similar level in 2028 for 2027 prices. Between 2029 and 2031, an average annual price decrease of around 12% is assumed, which is related to the balance-sheet surplus of allowances resulting from the low surrender obligation in 2025 and 2026, which is expected to persist until the end of the scheme. For comparison, in the assumptions for impairment tests of shares and equity interests for the year ended December 31, 2024, forecasts of prices of property rights arising from renewable energy origin assumed an average annual increase of 70% in 2026 compared to 2025 prices, followed by an average annual decrease of approximately 18% in the years 2027–2031.

The forecast of capacity market revenues for the years 2026–2030 is based on the results of main, additional, supplementary, and catch-up auctions, taking into account joint balancing mechanisms within the PGE Capital Group companies. The forecast from 2031 was prepared by a team of PGE S.A. experts on the basis of assumptions regarding estimated future cash flows for generation units, based, inter alia, on the results of already settled auctions and the forecasts of an external Advisor. For one-year contracts with delivery from July 1, 2025 and multi-year contracts concluded in the major and additional auctions for 2025 onwards, an emission criterion of 550g CO₂/kWh (so-called EPS 550) applies, which in practice excluded the participation of all coal-fired units in the Capacity Market.

On February 14, 2025, the Act of January 24, 2025 amending the Capacity Market Act (Dz.U. [*Journal of Laws*] 2025, item 159) entered into force, introducing supplementary auctions. Under European Commission's derogation decision, the units not meeting the 550g CO₂/kWh emission criterion were admitted to the supplementary auctions. The supplementary auctions for the delivery period from July 1 to December 31, 2025 and for the delivery year 2026, the catch-up auction for the delivery year 2029 and the main auction for the delivery year 2030 were conducted in 2025 and their results were included in the forecast of power market revenues. The revenue forecast also includes expected revenues from supplementary auctions for the delivery period from 2027 to 2028. The forecast of revenue from supplementary auctions was compiled by a team of experts from PGE S.A. based on the best knowledge of the expected parameterisation of these auctions. The availability of power generation units was estimated on the basis of overhaul plans and failure frequency statistics.

Weighted average cost of capital

In 2025, monetary policy was eased, a move made possible by falling inflation. The European Central Bank has cut rates four times, the US Federal Reserve three times, and the National Bank of Poland six times. As a result, interest rates were cut by a total of 0.75 percentage points in the US, 1 percentage point in the Eurozone, and 1.75 percentage points in Poland.

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

Details concerning the weighted average cost of capital are presented separately for individual companies further in these statements.

Climate issues

In July 2021, the European Commission published the Fit for 55 legislative package, aiming, among other things, to achieve a 55% (previously 40%) reduction in EU greenhouse gas emissions by 2030 compared to 1990. As expected by market participants, the reform of the EU ETS system included in the package should result in a significant increase in the level of CO₂ emission allowance prices, which in practice already occurred in 2021. Since then, the prices of CO₂ emission allowances have remained high, and further increases are expected in the second half of the current decade. The changes introduced may negatively affect the margins earned by carbon-intensive power generation units, particularly to the extent that the increase in the price of CO₂ allowances is not passed on in the price at which these units sell the electricity or heat they produce. In December 2022, the Council and the EU Parliament reached important agreements on the 'Fit for 55' package proposal, the EU's plan to increase the target of reducing greenhouse gas emissions below 55% by 2030 compared to 1990 levels. Another important element of the package was to increase the target for the share of RES in the European Union's energy mix to 42.5% in 2030 (previously 32%). The establishment of this target in agreement with the Council was voted through in the European Parliament in September 2023. From the perspective of the companies operating within the District Heating segment, regulatory changes resulting from the EED directive are of significance. Changes to the definition of an energy-efficient district heating system and changes to the definition of high-efficiency cogeneration are further forcing action to be taken towards the transformation of assets and the replacement of outdated coal-fired units. Meanwhile, under the amendments proposed to the Energy Performance of Buildings Directive (EPBD), forecasts indicate a decline in demand for heat in municipal district heating systems.

In the years that followed, the European Union continued to tighten its climate policy, as evidenced by its work to set an intermediate emissions reduction target for 2040. In November 2025, Member States reached agreement on an amendment to the European Climate Law, setting a binding target to reduce greenhouse gas emissions by 90% by 2040 relative to 1990. Another important step was the adoption by the European Parliament in February 2026 of the final wording of the amendments to the European Climate Law, which sealed the establishment of the 2040 reduction target as a binding element of the EU's post-2030 climate policy framework.

On June 12, 2025, by decision of the Management Board of PGE Polska Grupa Energetyczna, the PGE Group Strategy to 2035 was adopted, with the motto "Energy for a Secure Future. Flexibility". The strategy reaffirms the PGE Group's goal of becoming climate-neutral by 2050 and places additional emphasis on flexibility as a key feature of the energy system, essential for the further development of zero-emission technologies. The mission of the PGE Capital Group is based on ensuring security of energy supply through flexible sources, smart grid infrastructure and energy storage. The vision of the PGE Group is to be the leader in modern energy, flexibility, distribution and district heating. This means not only the development of new technologies but also the ability to integrate them in a way that benefits customers and the entire power system.

One of the objectives is to comprehensively modernise existing district heating assets based on low- and zero-carbon technologies and to support the flexibility of the electricity system to enable the potential of renewable sources to be exploited. The transformation of generation capacities through the use of new low- or zero-carbon power generation units is planned for the period until 2030 and the achievement of climate neutrality by 2050.

Accordingly, the companies operating within the District Heating segment are gradually replacing coal-fired sources with new renewable and low-carbon sources. It is planned that by 2030, most of the locations where PGE Capital Group's coal-fired district heating assets are present will have commissioned new installations, which will result in a complete or significant shift away from the coal fuel. To generate heat in new and upgraded heating facilities, the following will be used: natural gas (cogeneration units and water boilers), geothermal energy, biomass, and power-to-heat technologies (electrode boilers and large-scale heat pumps utilising waste heat and ambient energy). The assumptions of the Decarbonisation Plan were taken into account in estimating the value in use applied to the valuation of shares and interests in companies belonging to the District Heating segment. In total, the PGE Group plans to allocate approx. PLN 18 billion to investments in this segment by 2035, of which PLN 15 billion for investments in new production installations and asset maintenance, and the remaining PLN 3 billion for potential acquisitions of district heating networks and their subsequent modernisation, in particular in cooperation with local governments.

New investments and the replacement of coal with gas cogeneration, RES and power-to-heat, together with improving the energy efficiency of networks, will make it possible to reduce CO₂ emissions in this segment by 60% compared with 2021 and to reduce network losses by 3 percentage points.

Significant changes in the regulatory environment, both domestic and foreign, that affect or will affect PGE Capital Group's operations are described in Note 4.5. Regulatory environment in the Management Board's Report on the activities of the PGE Capital Group for the year ended December 31, 2025.

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

Given these factors, climate-related issues have a direct and greatest impact on the Coal Energy and District Heating segments. In turn, as they affect the overall shape of the energy market, these issues also have an impact on the PGE Group's other generation assets.

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

8.3 Analysis of the circumstances for PGE GiEK S.A.

Share impairment tests for PGE Górnictwo i Energetyka Konwencjonalna S.A. in the first half of 2025

As part of reporting activities at the end of the first half of 2025, the Company analysed indicators and identified factors that could have materially contributed to a change in the value of shares in PGE GiEK S.A. held by PGE S.A., including:

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

PGE GiEK S.A. shares were tested for impairment as at May 31, 2025 by determining their recoverable amount. The recoverable amount of the assets analysed was determined on the basis of an estimate of their value in use using the discounted net cash flow method based on financial projections prepared for the period from June 2025 until the end of their useful lives.

The valuation of the equity of PGE GiEK S.A. was carried out based on the value in use of individual CGUs, as estimated in impairment tests of property, plant and equipment, and relevant adjustments, including the adjustment for net debt as at May 31, 2025. In the Company's view, adopting a forecast horizon of more than five years is reasonable for a reliable estimate of recoverable amount, due to the significant and long-term impact of projected changes in the regulatory environment. The electricity market is undergoing, and will continue to undergo in the coming years, very significant transformations, in particular in terms of the generation structure. The Company estimates that the share of generation from renewable and low-emission sources will increase, while the share of coal-based generation will decrease. In addition to affecting the volumes of electricity generated by individual generation sources, these changes will also have a direct impact on electricity prices and variable generation costs (including commodity prices and EUA) in the future. Assets in the Coal Generation segment also have a finite useful life. Consequently, in the Company's opinion, adopting projections of five years or less would not faithfully reflect the cash flows generated by the analysed generation assets.

Specific assumptions relating to the segment

The key assumptions affecting the estimation of the value in use of the tested CGUs, which form the basis for the impairment test of shares in PGE GiEK S.A., are presented below:

- treating as a single CGU, due to jointly generated cash flows:
 - the Bełchatów Lignite Mine Branch and the Bełchatów Power Plant Branch ('Bełchatów Complex'),
 - the Turów Lignite Mine Branch and the Turów Power Plant Branch ('Turów Complex').
- recognising the Opole Power Plant, the Rybnik Power Plant and the Dolna Odra Power Plant as three separate CGUs.

- taking into account labour cost optimisation resulting, among other things, from the currently implemented employment initiatives,
- maintenance of production capacity through reinvestment projects of a replacement nature,
- adopting a weighted average after-tax cost of capital differentiated for individual CGUs, according to the individually assessed level of risk and varying over time:
 - for 2025–2026 at an average annual level for each CGU of between 8.48% and 10.19%,
 - for 2027–2039 at an average annual level for each CGU of between 6.16% and 9.04%,
 - for 2040 and subsequent years at an average annual level for each CGU of 7.54%.

In the impairment tests of assets at the end of 2024, the post-tax weighted average cost of capital was as follows:

- for 2025–2026 at an average annual level for each CGU of between 7.60% and 9.48%,
- for 2027–2039 at an average annual level for each CGU of between 6.37% and 7.94%,
- for 2040 and subsequent years at an average annual level for each CGU of 7.42%.

The tests confirmed the validity of the full impairment loss recognised on the shares in previous periods.

Analysis of indicators in the second half of 2025

The performed analysis of indicators confirmed the continued validity of the long-term market assumptions adopted in the testing process as at May 31, 2025 with respect to electricity generation volumes of individual generating assets, electricity prices, prices of CO₂ emission allowances, prices of hard coal and WACC. The identified adjustments do not have a material impact on the value of the analysed assets.

Accordingly, in the opinion of PGE S.A., as at December 31, 2025 there are no indicators requiring impairment testing of shares in PGE GiEK S.A. held by PGE S.A.

8.4 Analysis of the circumstances for PGE Energetyka Kolejowa Holding sp. z o.o.

Share impairment tests for PGE Energetyka Kolejowa Holding sp. z o.o. in the first half of 2025

As part of reporting activities at the end of the first half of 2025, the Company analysed indicators and identified factors that could have materially contributed to a change in the value of shares in PGE Energetyka Kolejowa Holding sp. z o.o. held by PGE S.A. The Company carried out impairment tests of the shares due to the update of macroeconomic and market assumptions.

The performed tests did not indicate the need to recognise an impairment write-downs on the shares in PGE Energetyka Kolejowa Holding sp. z o.o. held by PGE S.A.

Analysis of indicators in the second half of 2025

The performed analysis of indicators demonstrated that the financial plan, in particular in terms of EBITDA, margins and revenue, is being executed above assumptions. Electricity sales volumes as well as unit and total margins exceed plan assumptions, and the level of portfolio contracting for 2026 confirms the stability of the forecast cash flows. The volume and revenue from electricity distribution for the 12 months of 2025 are in line with the plan. Electricity price forecasts do not adversely affect the assumed margins on electricity sales. In addition, in December 2025 a distribution tariff for 2026 was approved, ensuring cost coverage and a return on capital consistent with the WACC methodology. The PGE Energetyka Kolejowa Capital Group generates stable cash flows.

Accordingly, in the opinion of PGE S.A., as at December 31, 2025 there are no indicators requiring impairment testing of shares in PGE Energetyka Kolejowa Holding sp. z o.o.

8.5 Share impairment tests for PGE Energia Odnawialna S.A.

Share impairment tests for PGE EO S.A. in the first half of 2025

As part of reporting activities at the end of the first half of 2025, the Company analysed indicators and identified factors that could have materially contributed to a change in the value of shares in PGE Energia Odnawialna S.A. held by PGE S.A. The Company carried out impairment tests of the shares due to the update of macroeconomic and market assumptions.

The tests performed did not indicate a need to write down the value of PGE Energia Odnawialna S.A. shares held by PGE S.A.

Analysis of indicators and share impairment tests in the second half of 2025

The Group carried out an analysis of circumstances and identified factors that could have materially contributed to changes in the value of the shares held:

- change in price profiles for wind farms and photovoltaic installations,
- lower forecast prices of property rights,
- lower forecast volume of electricity generation and sales for wind farms,
- change in the level of modernisation and replacement capital expenditure for wind farms.

As a result of the above indicators, the Company performed impairment tests of shares in PGE EO S.A. as at December 31, 2025 with respect to cash-generating units by determining their recoverable amount and applying appropriate adjustments, including adjustments for financial liabilities and working capital as at December 31, 2025.

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

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

Share impairment tests in the first half of 2025

Impairment tests of shares were carried out in the first half of 2025 due to external indicators presented in Note 8.1 to these financial statements, as well as due to the update of market assumptions in the first half of 2025. As a result of the impairment tests performed, the Company concluded that there was no need to recognise impairment losses on these shares.

Share impairment tests in the second half of 2025

Impairment tests of shares were carried out as at December 31, 2025 due to external indicators presented in Note 8.1 to these financial statements, as well as due to the update of the Decarbonisation Plan.

The tests performed did not indicate a need to write down the value of PGE EC S.A. shares held by PGE S.A. The recoverable amount of the shares held exceeds their book value as disclosed in these separate financial statements.

8.7 Analysis of the circumstances for PGE Gryfino Dolna Odra sp. z o.o. and PGE Nowy Rybnik sp. z o.o.

Share impairment tests in the first half of 2025

Due to the existence of indicators resulting from the update of market assumptions in the first half of 2025, impairment tests of shares were carried out, based on which no need to recognise impairment losses was identified.

Analysis of indicators for impairment of shares in the second half of 2025

The analysis of the circumstances of PGE Gryfino Dolna Odra sp. z o.o. and PGE Nowy Rybnik sp. z o.o. indicated that the electricity, gas and CO₂ emission allowance price forecasts available to the PGE Capital Group provide for favourable margins of gas-fired units in the National Power System. Maintaining long-term forecasts of gas-fired units' margins at a satisfactory level and a stable level of revenue from the capacity market generates a high value in use of the individual assets undergoing tests.

Therefore, the Company concludes that there is no indication for share impairment testing as at December 31, 2025.

8.8 Analysis of the circumstances for PGE Baltica 2 sp. z o.o. and PGE Baltica 3 sp. z o.o.

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

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

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

As described in Note 32.4 of the Consolidated Financial Statements of the PGE Polska Grupa Energetyczna S.A. Group for 2025, on January 29, 2025 the Final Investment Decision for the EWB2 project was made, resulting in the start of the construction phase of the offshore wind farm. In turn, the development phase of the EWB3 project is being carried out, in line with the updated project schedule that takes into account the postponement of the deadline for the generation and first grid connection of electricity, pursuant to the positive decision of the President of the Energy Regulatory Office.

In view of the above, in the opinion of PGE S.A., as at December 31, 2025 there are no indications to carry out impairment tests on the shares of these companies held by PGE S.A.

8.9 Share impairment tests for PGE Obrót S.A.

In previous reporting periods, PGE S.A. recognised impairment losses on shares in PGE Obrót S.A. As at May 31, 2025, an analysis of indicators was performed, which showed no need to carry out an impairment test. As at December 31, 2025, the Company performed an analysis of indicators and identified factors that could affect the value of the shares in PGE Obrót S.A. held. Such indicators include, among others:

- the decision by the President of the Energy Regulatory Office approving the electricity sales tariff for 2026,
- the initiation on 24 November 2025 by the President of the Energy Regulatory Office of an inspection regarding the compliance of information and statements submitted in reports confirming contributions to the PDPF with the actual state. On February 5, 2026, the Company received the inspection report, in which the difference between the total contributions paid by PGE Obrót S.A. and the amount calculated by the President of the Energy Regulatory Office amounts to PLN 605 million,
- the impact of prosumer billing on the company's financial performance.

In view of the above, the Company carried out an impairment test of the shares in PGE Obrót S.A. The recoverable amount of the analysed assets was determined based on an estimate of their value in use using the discounted net cash flow method, based on financial projections prepared for the period from January 2026 to the end of 2030, followed by a 10-year extrapolation period. This extrapolation was intended to normalise cash flows in order to reach a so-called steady state. The extrapolation was necessary due to the impact of prosumer settlements, the horizon of which extends to 2040. In the Company's view, adopting financial projections longer than five years is justified due to regulatory factors related to the prosumer billing system.

The key assumptions used in the valuation were as follows:

- the assumptions for electricity prices were derived from an external expert's study, taking into account the Company's own estimates, based on the current market situation,
- correlation of electricity prices in the period 2026–2040 when selling energy to retail customers with electricity prices on the wholesale market and the impact on their change level in the obligation to redeem property rights as well as changes in the price of property rights,
- economic effects related to the dynamic development of prosumer micro-installations in the forecast horizon on the basis of the market trends,
- adoption of a weighted average cost of capital after tax at an annual average level in the range of 7.16% - 9.48%,
- inclusion in the calculation the payment of a surcharge to the Price Difference Payment Fund in favour of the Settlement Administrator S.A.,
- the decision by the President of the Energy Regulatory Office approving the electricity sales price for customers in tariff group G for 2026 for PGE Obrót S.A. at a level that does not fully cover costs, and the risk of balancing and load-shaving costs being higher than those recognised by the Energy Regulatory Office.

PGE Obrót S.A. share impairment test and sensitivity analysis

The carrying amount of the shares in PGE Obrót S.A. recorded in the Company's accounts prior to the recognition of the impairment loss was PLN 622 million. As a result of the impairment test, the recoverable amount of PGE Obrót S.A. shares was estimated at PLN 287 million. Consequently, a write-down of PLN 335 million was recorded in PGE S.A.'s accounts to reduce the value of its shares in PGE Obrót S.A.

The results of the sensitivity analysis showed that the most significant impact on the recoverable value of the shares was mainly due to changes in assumptions regarding the weighted average cost of capital and unit margins. The estimated impact of changes in the key assumptions on changes in the write-down of PGE Obrót S.A. shares on December 31, 2025 is presented below.

Parameter	Change	Impact on write-down	
		Increase in write-down	Decrease in write-down
Change in unit margin	1%	-	170
	-1%	170	-
Change in WACC	+0.25 p.p.	220	-
	-0.25 p.p.	-	248

Summarising the impact of the changes in assumptions presented in the above table on the write-down value:

- a 1% decrease in the unit margin would result in a PLN 170 million increase in the write-down.
- an increase in the WACC by 0.25 p.p. would increase the write-down by PLN 220 million.

8.10 Impairment tests for other shares

At the end of 2025, PGE S.A. recognised a write-down of PLN 10 million on its shares in MEGAZEC sp. z o.o. At the same time, the remaining impairment loss on the shares of PGE Systemy S.A. was fully reversed, amounting to PLN 83 million.

Future cash flows of the companies analysed in Notes 8.3–8.10 are subject to uncertainty and depend on assumptions that are to a large extent beyond the control of the PGE Group.

8.11 Shares and interests in associates and other entities

	As at December 31, 2025	As at December 31, 2024
Polimex Mostostal S.A.	84	84
TOTAL ASSOCIATES	84	84
ElectroMobility Poland S.A.	13	13
PGE PAK Energia Jądrowa S.A.	-	19
TOTAL OTHER ENTITIES	13	32
TOTAL	97	116

In 2025, three tranches of call options were exercised, with PGE S.A. acquiring a total of 1,125,000 shares in Polimex Mostostal S.A. In 2025, a total of 1,125,000 shares were also sold. The increased total number of shares issued by Polimex Mostostal S.A., resulting in the shareholding of PGE S.A. in the company's capital going down from 16.33% to 16.13%.

On October 17, 2025 a share purchase agreement was signed under which ZE PAK sold 50% of the shares in PGE PAK Energia Jądrowa S.A. to PGE. On October 20, 2025 PGE was entered in the Shareholders Register as the sole owner of the shares in PGE PAK EJ S.A. As a result, PGE PAK EJ S.A became a subsidiary.

9. Inventories

SIGNIFICANT ACCOUNTING PRINCIPLES

Inventories

Greenhouse gas emission allowances acquired for onward resale to generation units within the PGE Group are recognised at acquisition cost, and issues are measured using the specific identification method. As at the reporting date, acquisition cost may not exceed the net realisable value of these items.

In the current reporting period, under "Inventories" the Company presents CO₂ emission allowances with a value of PLN 617 million as at December 31, 2025, intended for resale to subsidiaries. As at December 31, 2024, no inventories were recognised.

10. Other current assets

SIGNIFICANT ACCOUNTING PRINCIPLES

Other assets (including prepaid expenses)

The Company recognises assets as prepayments if the following conditions are met:

- they result from past events– expenses incurred for operational purposes of the entity,
- their value can be assessed reliably,
- they relate to future reporting periods.

Prepayments are measured at the amount of incurred and reliably determined expenses related to future periods and future economic benefits.

Other assets include in particular receivables under public law regulations, prepayments for goods and services, as well as receivables under dividends.

	As at December 31, 2025	As at December 31, 2024
Advance payments	-	23
Receivables related to VAT	30	107
Other	16	9
TOTAL	46	139

The Other item mainly includes costs deferred over time.

11. Cash and cash equivalents

SIGNIFICANT ACCOUNTING PRINCIPLES

Cash and cash equivalents

Cash comprises cash in hand and deposits payable on demand.

Cash equivalents comprise short-time investments with large liquidity, easily exchangeable into particular amounts of cash and exposed to a minimum risk of impairment.

Short-term deposits are placed for various maturities, ranging from one day to three months, depending on the Company's current cash requirement, and bear interest at agreed interest rates.

Cash at banks earns interest at variable rates linked to overnight deposit rates.

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

	As at December 31, 2025	As at December 31, 2024
Cash	888	735
Cash at bank	719	58
Funds held in VAT accounts	169	677
Cash equivalents	7,040	1,151
Short-term deposits	7,040	1,151
TOTAL	7,928	1,886
Undrawn credit facilities as at December, 31	28,027	11,648
<i>including credit limits on current accounts</i>	<i>3,050</i>	<i>2,998</i>
<i>including limits under the National Recovery and Resilience Plan</i>	<i>13,027</i>	<i>-</i>

A detailed description of credit agreements is presented in note 16.1.3 to these financial statements.

A detailed description of the raising of funds under the National Recovery and Resilience Plan and their allocation is included in Note 24.2 of these financial statements.

12. Equity

SIGNIFICANT ACCOUNTING PRINCIPLES

Equity

Equity is recognised at par value, divided into its types and in accordance with the legal regulations and the provisions of the Company Statutes.

In the financial statements, share capital is recognised at the amount specified in the Company Statutes and entered in the court register.

Declared but unpaid capital contributions are recognised as due capital contributions with a negative value.

The objective of equity management is to ensure a secure and effective financing structure that takes into account operational risk, investment expenditures, as well as the interests of shareholders and debt investors. Equity is managed at the Group level.

In accordance with common practice, the Company monitors the net debt to EBITDA ratios at the PGE Group level. Net debt is understood as short- and long-term financial debt (interest-bearing credits and loans excluding debt from Project Finance contracts, bonds and other debt instruments as well as lease, as well as reverse and recourse factoring liabilities), less cash and cash equivalents and short-term deposits. Restricted cash is not included in the calculation of net debt. Information on the net debt to EBITDA ratio at the PGE Group level is presented in note 19 to the consolidated financial statements.

The Company's aim is to maintain its investment grade credit ratings. Given the on-going investment programme, financial leverage is expected to increase in the coming years. The net consolidated debt to consolidated EBITDA ratio is a central element of the Company's financial forecasts and plans.

12.1 Share capital

	As at December 31, 2025	As at December 31, 2024
1,470,576,500 A series 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 March 18, 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 2025, item 470). The Act specifies special rights held by the minister competent for state assets 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 real threat to the functioning, continuity of operation and integrity of critical infrastructure. An objection could also be filed against the Company governing body’s 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 by the minister in charge of state assets is expressed in the form of an administrative decision, after consultation with the minister in charge of energy or the minister in charge of the management of energy resources, respectively.

12.2 Supplementary capital

Supplementary capital comprises mainly statutory contributions from profits generated in the previous financial years as well as from surpluses from the distribution of profits over the statutorily required contributions and from mergers of PGE S.A. with its subsidiaries.

According to the requirements of the Commercial Companies Code, entities with the status of joint-stock companies are obliged to establish supplementary capital to finance losses. Each year this supplementary capital is increased with at least 8% of the Company’s profit for a given financial year as shown in its separate financial statements until this capital has reached the amount of at least one third of the Company’s share capital. Supplementary capital equal to one third of the share capital may be used only to finance losses disclosed in an entity’s standalone financial statements and may not be distributed for other purposes. The use of supplementary capital and reserve capital is determined by the General Meeting.

On December 31, 2025, supplementary capital subject to distribution among shareholders amounted to PLN 20,693 million and PLN 15,857 million on December 31, 2024.

12.3 Hedging reserve

Change in hedging reserve due to applied cash flow hedge accounting:

	Year ended December 31, 2025	Year ended December 31, 2024
AS AT JANUARY 1	163	165
Change in hedging reserve, including:	(157)	(2)
Recognition of the effective portion of change in fair value of hedging financial instruments in the part considered as effective hedge	(170)	(16)
Accrued interest on derivatives transferred from revaluation reserve and recognised as adjustment of interest expense	4	1
Currency revaluation of CCIRS transaction transferred from hedging reserve and recognised in foreign exchange gains/losses	11	11
Ineffective portion of the change in the fair value of hedging transactions presented in the income statement	(2)	2
Deferred tax	30	-
HEDGING RESERVE AFTER DEFERRED TAX	36	163

Information on hedging financial instruments and their impact on equity is disclosed in Note 16.1.2 to these financial statements.

12.4 Undistributed financial result and dividend payment restrictions

Non-distributable retained profits are amounts which may not be paid out in the form of dividend.

	As at December 31, 2025	As at December 31, 2024
Retained earnings not distributable - amount of gains/(losses) recognised through an item in other comprehensive income	(42)	(39)
Distributable retained earnings	-	-
Net profit/(loss)	(6,950)	4,836
TOTAL RETAINED EARNINGS/(LOSSES) RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION	(6,992)	4,797

The Company plans to cover the net loss of 6,950 for the year ended December 31, 2025 from the supplementary capital.

Dividend payment restrictions are described in note 12.2 to these financial statements. On December 31, 2025 there were no other limitations concerning the payment of dividend.

12.5 Earnings per share

SIGNIFICANT ACCOUNTING PRINCIPLES

Net earnings/(loss) per share

For each period, net earnings/(loss) per share are calculated by dividing the net profit or loss attributable to equity holders of the parent company for the period in question by the weighted average number of shares outstanding in that period.

Diluted earnings/(loss) per share are calculated by dividing the net profit or loss for a given period attributable to holders of ordinary shares (net of interest on redeemable preference shares convertible into ordinary shares) by the weighted average number of outstanding ordinary shares in that period (adjusted for the effect of dilutive options and dilutive redeemable preference shares convertible into ordinary shares).

During the current and comparative reporting periods there was no dilutive effect on net earnings /(loss) per share.

	Year ended December 31, 2025	Year ended December 31, 2024
NET PROFIT/(LOSS)	(6,950)	4,836
NET PROFIT/(LOSS) ATTRIBUTABLE TO HOLDERS OF ORDINARY SHARES, APPLIED TO CALCULATE EARNINGS PER SHARE	(6,950)	4,836
Number of ordinary shares at the beginning of the reporting period	2,243,712,994	2,243,712,994
Number of ordinary shares at the end of the reporting period	2,243,712,994	2,243,712,994
WEIGHTED AVERAGE NUMBER OF OUTSTANDING ORDINARY SHARES USED TO CALCULATE EARNINGS/(LOSS) PER SHARE	2,243,712,994	2,243,712,994
NET PROFIT/(LOSS) AND DILUTED NET PROFIT/(LOSS) PER SHARE (IN PLN)	(3.10)	2.16

12.6 Dividends paid and proposed

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

13. Provisions

SIGNIFICANT ACCOUNTING PRINCIPLES

Provisions

The Company establishes provisions when the Company has a (legal or customarily expected) liability resulting from past events and when it is probable that meeting this liability will result in the necessary outflow of economic benefits and it is possible to assess reliably the amount of such a liability. If the consequence of changes in time value of money is significant, the amount of a provision corresponds to the current value of expenditures expected to be necessary to meet such a liability. The discount rate is determined before taxation, i.e. the discount rate reflect the current market assessment of the time value of money and the risk related specifically to a given liability. The discount rate is not effected by the risk used to adjust the estimates of future cash flows.

The Company recognises provisions for expected credit losses arising from guarantees granted to secure the financial assets of its subsidiaries where it is probable that meeting this obligation will result in an outflow of economic benefits and a reliable estimate of the amount of the liability can be made.

Provisions for benefits to be paid after employment period

The Company's employees are entitled to receive the following post-employment benefits:

- a retirement severance benefit payable on a one-off basis at the time of an employee's retirement,
- a death benefit,
- a cash equivalent resulting from the tariff for power industry employees,
- benefits from the Company Social Benefits Fund,
- health care.

The Company creates the provision for post-employment benefits in order to allocate related costs to particular periods. The provision is charged to operating costs in amounts corresponding to the value of future rights acquired gradually by the present employees. The current value of such liabilities is calculated by an external actuary.

Actuarial gains and losses resulting from changes in actuarial assumptions (including changes in the discount rate) and ex post actuarial adjustments are recognised in other comprehensive income.

The most significant values relate to the provision for financial guarantees granted. The provisions for employee benefits were assessed by means of the actuarial methods.

The current carrying amount of provisions is as follows:

	As at December 31, 2025		As at December 31, 2024	
	Long-term	Short-term	Long-term	Short-term
Post-employment benefits	78	5	61	3
Provision for incentive bonuses	13	-	8	1
Provisions - financial guarantees granted	235	-	-	-
Other	-	39	-	39
TOTAL PROVISIONS	326	44	69	43

Changes in provisions

Year ended December 31, 2025	Employee benefits	Provisions - financial guarantees granted	Other
AS AT JANUARY 1, 2025	73	-	39
Current employment costs	10	-	-
Past employment costs	5	-	-
Adjustment to discount rate and other assumptions	8	-	-
Interest costs	4	-	-
Creation of write-down	-	235	-
Use	(4)	-	-
AS AT DECEMBER 31, 2025	96	235	39

Year ended December 31, 2024	Employee benefits	Other
AS AT JANUARY 1, 2024	66	39
Current employment costs	7	-
Interest costs	3	-
Use	(3)	-
AS AT 31 DECEMBER 2024	73	39

Provisions - financial guarantees granted

As described in Note 24.1, due to the current and forecast financial situation of PGE GiEK S.A., the Company recognised a provision in the amount of PLN 235 million for expected credit losses on guarantees granted to PGE GiEK S.A. as collateral for loans received from the National Fund for Environmental Protection and Water Management.

Other provisions

In 2021, the Company recognised a provision in the amount 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 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 it loses. 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.

On December 31, 2025, the Company did not identify any circumstances that would necessitate a change in the amount of the provision.

14. Post-employment benefits

The value of the provisions for post-employment benefits as reported in the financial statements comes from the valuation prepared by an external actuary.

As at the reporting date, the actuary adopted the following assumptions to calculate the amounts of the provisions:

	As at December 31, 2025	As at December 31, 2024
Forecast inflation rate (%)	2.85 in 2026, 2.6 in 2027-2029. 2.5 in 2030 and the subsequent years	4.6 in 2025, 2.5 in 2026 and subsequent years.
Discount rate (%)	5.2	5.8
Assumed average annual growth of bases (%)	2.5-2.85	2.5-3.7
Employee turnover rate (%)	3.2-7.5	4.2-10.1
Forecast increase rate for the value of medical services (%)	2.5	2.5
Forecast increase rate for the value of allowance for the CSBF (%)	9.78 in 2026, 6.37 in 2027; 6.2 in the subsequent years	9.64 in 2025, 10.85 in 2026; 6.8 in the subsequent years

- The employee attrition probability is based on the historical data on employee turnover in the Company.
- Mortality and the likelihood of living up to a certain age are adopted in accordance with the Life Expectancy Table published by the Chief Statistical Office, assuming that the population of the Company employees corresponds to the average for Poland with respect to mortality.
- The statutory procedure for employees' retirement has been adopted in accordance with the detailed rules set out in the Act amending the Act on Pensions and Disability Pensions from the Social Insurance Fund and certain other acts of 16 November 2016.

- Future payments of benefits were discounted at the rate of 5.2% (on December 31, 2024: 5.8%) i.e. close to profitability level of securities issued by the State Treasury and listed in the Polish capital market.

Current book value of provisions for employment benefits:

	As at December 31, 2025		As at December 31, 2024	
	Long-term	Short-term	Long-term	Short-term
Retirement severance and death benefits	11	2	8	1
Energy tariff	20	1	19	1
Company Social Benefits Fund	30	1	23	1
Health care	17	1	11	-
TOTAL EMPLOYEE BENEFITS	78	5	61	3

Based on the data received from the actuary, the Company estimates that the impact of the change in the assumptions on the provisions for post-employment benefits would be as follows:

- adoption of a discount rate higher by 1 p.p. would decrease the amount of provisions by PLN 12.2 million, and adoption of a rate lower by 1 p.p. would increase the amount of provisions by PLN 15.6 million.
- adoption of a planned bases increase rate higher by 1 p.p. would increase the amount of provisions by PLN 15.8 million, and adoption of a rate lower by 1 p.p. would decrease the amount of provisions by PLN 12.7 million.

15. Other non-financial liabilities

The main components of other current non-financial liabilities as at the respective reporting dates are as follows:

	As at December 31, 2025	As at December 31, 2024
Liabilities related to output VAT	1,469	1,523
Bonuses for employees (annual bonus, quarterly bonus) and the Management Board	80	68
Accrued annual leave entitlements	15	12
Estimates of other employee benefit liabilities	8	10
Other	16	13
TOTAL OTHER LIABILITIES	1,588	1,626

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

16. Financial instruments

SIGNIFICANT ACCOUNTING PRINCIPLES

Financial instruments

Classification and valuation

Financial assets are allocated to the following categories of financial instruments:

- measured at amortised cost;
- measured at fair value through other comprehensive income (FVOCI);
- measured at fair value through profit or loss (FVPL).

The classification of financial assets is based on a business model and characteristic features of cash flows.

A financial asset is measured at amortised cost if both of the following conditions are met:

- the adopted business model provides for the maintenance of a given asset for the purpose of collecting cash flows resulting from an agreement;
- cash flows resulting from an agreement and related to a given instrument comprise exclusively the repayment of the principal amount and interest on the unpaid part of the principal amount (the SPPI test).

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- the adopted business model provides for the maintenance of a given asset for the purpose of collecting cash flows resulting from an agreement and the sale of such an asset;
- cash flows resulting from an agreement and related to a given instrument comprise exclusively the repayment of the principal amount and interest on the unpaid part of the principal amount (the SPPI test).

Debt instruments that do not fulfil the aforementioned conditions are measured at fair value through profit or loss.

Investments in equity instruments are always measured at fair value. The Company may make an irrevocable decision to recognise changes in fair value in other comprehensive income unless the instrument is held for trading. In the case of equity instruments held for trading, changes in fair value are recognised in profit or loss.

All standard transactions of purchase and sale of financial assets are recognised at the transaction date, i.e. the date when the Entity commits itself to purchase a given asset. Standard transactions of purchase or sale of financial assets are transactions of purchase or sale in which the date of delivery of assets to the other party is generally determined by the laws or customs of a given market.

The impairment model is based on expected credit losses and covers the following:

- financial assets measured at amortised cost;
- financial assets measured at FVOCI;
- commitments to grant a credit if there is currently an obligation to provide it;
- granted financial guarantees that fall within the scope of IFRS 9;
- receivables under lease agreements falling within the scope of IFRS 16;
- contractual assets that are within the scope of IFRS 15.

The Company allocates financial liabilities to one of the following categories:

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

16.1 Description of significant items within the particular categories of financial instruments

16.1.1 Trade receivables and other financial receivables

SIGNIFICANT ACCOUNTING PRINCIPLES

Financial receivables

Financial receivables, including trade receivables, are measured as at the date they arise at fair value. Trade receivables without a significant financing component are initially measured at the transaction price.

Then, financial receivables are measured at amortised cost using the effective interest rate, including write-downs for expected credit loss.

The Company uses simplified methods for the valuation of receivables measured at amortised cost where this does not distort the information in the statement of financial position, in particular where the period until repayment of the receivables is not long.

In the case of trade receivables, the Company assesses the amount of a write-down related to expected credit losses in the amount equal to expected credit losses during the whole lifetime of an instrument.

The Company classifies financial receivables as financial assets measured at amortised cost, in accordance with the adopted business model. This model assumes that a financial asset is held to produce contractual cash flows consisting solely of payments of principal and interest on the principal amount outstanding.

	As at December 31, 2025		As at December 31, 2024 <i>restated data*</i>	
	Long-term	Short-term	Long-term	Short-term
Trade receivables	-	3,650	-	5,613
Cash pooling receivables	-	356	-	581
Loans granted	13,106	4,102	14,906	15,367
Other financial receivables	35	732	-	616
TOTAL FINANCIAL RECEIVABLES	13,141	8,840	14,906	22,177

*The restatement of comparative data is described in Note 3 to these financial statements.

Trade receivables

Trade receivables in the amount of PLN 3.650 million relate mainly to the sales of electricity, CO₂ emission allowances, and services to the subsidiaries in the PGE Capital Group. As at December 31, 2025, the balances of the three largest customers, i.e. PGE Obrót S.A., PGE EC S.A., and PGE GiEK S.A., accounted for 70% of the trade receivables balance.

Additional information on trade receivables is presented in Note 17.3.1 to these financial statements.

Cash pooling receivables

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

Loans granted

	As at December 31, 2025		As at December 31, 2024 <i>restated data</i>	
	Long-term	Short-term	Long-term	Short-term
LOANS GRANTED – BORROWER				
PGE Gryfino Dolna Odra sp. z o.o.	3,882	31	4,312	42
PGE Nowy Rybnik sp. z o.o.	2,829	317	991	627
PGE Dystrybucja S.A.	1,963	1,547	2,785	2,050
PGE Energia Odnawialna S.A.	1,785	6	1,785	7
PGE Obrót S.A.	1,350	83	800	959
PGE Energia Ciepła S.A.	850	31	1,100	107
PGE Inwest 14 sp. z o.o.	244	8	-	-
PGE Systemy S.A.	110	248	285	4
PGE Inwest 23 sp. z o.o.	36	1	-	-
PGE Inwest 27 sp. z o.o.	32	1	-	-
PGE Baltica sp. z o.o.	25	1	9	-
PGE Energetyka Kolejowa S.A.	-	1,795	1,539	5
PGE GiEK S.A.	-	12,069	-	11,585
PGE Inwest 26 sp. z o.o.	-	8	-	-
PGE Inwest 25 sp. z o.o.	-	5	-	-
PGE Energia Jądrowa S.A.	-	2	-	-
PGE Energetyka Kolejowa Holding Sp. z o.o.	-	-	1,300	7
EW Baltica 5 sp. z o.o.	-	-	-	12
EW Baltica 4 sp. z o.o.	-	-	-	2
EW Baltica 6 sp. z o.o.	-	-	-	1
Gross loans granted	13,106	16,153	14,906	15,408
Impairment write-down	-	(12,051)	-	(41)
Net loans granted	13,106	4,102	14,906	15,367

Certain companies have the option to extend individual loan tranches under existing loan agreements. The repayment deadlines for the majority of loans were set for the years 2026–2029. An exception is an intra-group loan funded from RRP resources, intended to finance expenditure related to the PGE Dystrybucja S.A. project, as described in Note 24.2, the repayment of which has been scheduled until 2049.

Due to the current and anticipated financial position of PGE GiEK S.A., giving rise to significant doubts as to the recoverable value of the loans granted, in the current reporting period an impairment loss was recognised in finance costs in the amount of PLN 12,050 million, equal to the nominal value of tranches disbursed under the above-mentioned loans as at December 31, 2025. Additionally, as at the reporting date the Company recognises an allowance for expected credit losses on loans granted to PGE Obrót S.A. in the amount of PLN 1 million; in the comparative period, the allowance amounted to PLN 1 million.

The Company subscribed for an increase in the share capital of PGE Energetyka Kolejowa Holding sp. z o.o. in the amount of PLN 1,300 million and, pursuant to an agreement concluded in July 2025 on the set-off of receivables, offset the payment for the subscribed shares against a receivable arising from a loan granted (with the principal amount of disbursed tranches totalling PLN 1,300 million). As a result of this transaction, as at July 31, 2025 the receivables of both parties were extinguished.

Other financial receivables

Under “Other financial receivables”, the Company mainly reports settlements with exchanges, primarily related to the purchase of CO₂ emission allowances and made through PGE Dom Maklerski S.A.

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

ACCOUNTING PRINCIPLES

Derivative financial instruments and hedges

Derivative instruments used by the Company to hedge against interest rate and currency exchange rate risks include in particular forwards, futures and interest rate swap contracts, as well as CCIRS transactions to hedge the exchange rate and interest rate. Financial derivative instruments are measured at fair value. Derivative instruments are recognised as assets if their value is positive or as liabilities if their value is negative.

Gains and losses from changes in the fair value of derivative instruments that do not meet the conditions of hedge accounting and the ineffective part of hedging relationships in cash flow hedges are charged directly to profit or loss for the financial year.

The fair value of currency forward contracts is determined by reference to the current forward rates calculated on the basis of market data. The fair value of interest rate swap contracts is calculated on the basis of yield curves.

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

	Year ended December 31, 2025		As at December 31, 2025	
	Recognised in the financial result	Recognised in other comprehensive income	Assets	Liabilities
DERIVATIVES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS				
Commodity forwards	171	-	3,686	2,865
Futures	43	-	17	-
Currency forwards	(245)	-	11	637
Options	8	-	10	-
HEDGING DERIVATIVES				
CCIRS hedging transactions	(21)	(35)	-	8
IRS hedging transactions	68	(122)	64	13
OTHER ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS				
Investment fund participation units	3	-	36	-
TOTAL	27	(157)	3,824	3,523
long-term part	-	-	372	295
short-term part	-	-	3,452	3,228

	Year ended December 31, 2024		As at December 31, 2024 <i>restated data*</i>	
	Recognised in the financial result	Recognised in other comprehensive income	Assets	Liabilities
DERIVATIVES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS				
Commodity forwards	(1,443)	-	2,084	1,435
Futures	134	-	5	30
Currency forwards	1,177	-	10	391
Options	(11)	-	2	-
HEDGING DERIVATIVES				
CCIRS hedging transactions	8	13	36	-
IRS hedging transactions	89	(15)	176	-
OTHER ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS				
Investment fund participation units	2	-	34	-
TOTAL	(44)	(2)	2,347	1,856
long-term part	-	-	732	412
short-term part	-	-	1,615	1,444

*The restatement of comparative information is described in Note 3 to these financial statements.

Commodity and currency forwards

Commodity and currency forward transactions mainly relate to trade in CO₂ emission allowances.

Commodity forwards for the purchase of CO₂, gas and electricity as part of the optimisation portfolio

As part of its optimisation portfolio, the Company enters into commodity forwards for the purchase of CO₂, gas, and electricity 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 derivatives at the time of conclusion.

IRS transactions

The Company has active IRS transactions to hedge the interest rate risk on its credits and issued bonds. Their total original nominal value amounted to PLN 3,400 million (PLN 2,000 million for credits and PLN 1,400 million for bonds). In March 2025, the Group entered into a new IRS instrument hedging the interest rate risk for 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 nominal amount of IRS transactions hedging the credits as at the balance sheet date is PLN 1,125 million. To recognise these IRS transactions, the Company uses hedge accounting. The impact of hedge accounting on equity is presented in note 12.3 to these financial statements.

CCIRS hedging transactions

In connection with entering into loan agreements with the subsidiary PGE Sweden AB (publ) described in note 16.1.3 to these financial statements, in 2014 PGE S.A. entered into a CCIRS transaction to hedge the foreign currency exchange rate. Under this transaction, 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. The notional amount, payment of interest and repayment of the notional amount in the CCIRS transactions are correlated with the relevant conditions arising from the loan agreements.

To recognise these CCIRS transactions, the Company uses hedge accounting. The impact of hedge accounting on equity is presented in Note 12.3 to these financial statements.

Options

PGE S.A. acquired from Towarzystwo Finansowe Silesia Sp. z o.o. call options to purchase shares in Polimex-Mostostal S.A. The options were measured using the Black-Scholes method.

Investment fund participation units

As at the reporting date, the Company held participation units in three sub-funds of Towarzystwo Funduszy Inwestycyjnych Energia S.A., whose value as at the reporting date was PLN 36 million.

The terms and conditions of the particular derivatives and other assets measured at fair value through profit or loss are set out below.

	As at December 31, 2025		As at December 31, 2024 <i>restated data</i>		Maturity as at December 31, 2025
	Value in financial statement in PLN	Par value in original currency	Value in financial statement in PLN	Par value in original currency	
Currency forward, sale – EUR		21		43	May 2028
Currency forward, purchase – EUR	11	88	10	171	May 2028
Currency forward, sale – USD		4		8	July 2026
Futures, purchase EUA – EUR	17	10	5	11	December 2026
IRS – interest rate PLN	64	187	176	375	June 2028
		250		250	December 2027
		188		250	December 2028
		400		400	May 2029
		1,000	1,000	May 2026	
Commodity forward, sale EUA – PLN		356		7,988	December 2026
Commodity forward, purchase EUA – EUR		3,752		3,082	December 2028
Commodity forward, sale EUA – EUR		-		-	-
Commodity forward, purchase EUA – PLN		151		140	December 2026
Commodity forwards, gas purchase – PLN	3,686	217	2,084	1,847	December 2028
Commodity forwards, gas sale – PLN		3,418		24	December 2028
Commodity forwards, electricity purchase – PLN		3,293		-	December 2027
Commodity forwards, electricity sale – PLN		2,285		-	December 2028
CCIRS – EUR to PLN	-	-	36	144	-
Options	10	10	2	2	November 2026
Fund participation units	36	23	34	23	n/d
FINANCIAL ASSETS	3,824		2,347		
Commodity forward, sale EUA – PLN		16,412		12,479	December 2028
Commodity forward, purchase EUA – EUR		30		1,306	December 2028
Commodity forward, sale EUA – EUR		4		14	April 2026
Commodity forward, purchase EUA – PLN	2,865	11	1,435	-	December 2026
Commodity forwards, gas purchase – PLN		3,418		24	December 2027
Commodity forwards, gas sale – PLN		217		1,847	December 2028
Commodity forwards, electricity purchase – PLN		2,285		-	December 2028
Commodity forwards, electricity sale – PLN		3,293		-	December 2027
Currency forward, purchase – EUR		3,953		4,328	December 2028
Currency forward, sale – EUR	637	-	391	6	-
Currency forward, purchase – USD		4		8	July 2026
Futures, purchase EUA – EUR		-	30	77	-
Futures, sale EUA – EUR		-		-	-
IRS – interest rate PLN	13	500	-	-	December 2027
CCIRS – EUR to PLN	8	144	-	-	July 2029
FINANCIAL LIABILITIES	3,523		1,856		

16.1.3 Credits, loans, bonds, cash pooling and leases

	As at December 31, 2025		As at December 31, 2024	
	Long-term	Short-term	Long-term	Short-term
Credit liabilities	7,196	732	6,188	2,322
Loans received	607	8	613	8
Bonds issued	1,000	408	1,400	10
Cash pooling liabilities	-	2,267	-	1,977
Lease liabilities	21	1	22	1
TOTAL CREDITS, LOANS, BONDS AND CASH POOLING	8,824	3,416	8,223	4,318

Credits

Creditor	Hedging instrument	Date of conclusion	Date of maturity	Limit in currency	Currency	Interest rate	Liability at 31-12-2025	Liability at 31-12-2024
EIB	-	2022-12-09	2041-03-15	2,000	PLN	Fixed	2,041	2,041
EIB	-	2015-10-27	2034-08-25	1,500	PLN	Fixed	1,066	1,192
EIB	-	2023-02-03	2041-03-15	850	PLN	Variable	865	868
EIB	-	2023-02-03	2041-03-15	550	PLN	Fixed	562	562
Industrial and Commercial Bank of China (Europe) S.A. Oddział w Polsce	IRS	2024-11-20	2027-12-31	500	PLN	Variable	501	501
EIB	-	2015-10-27	2034-08-25	490	PLN	Fixed	349	390
EIB	-	2019-12-16	2038-10-16	273	PLN	Fixed	254	274
BGK	IRS	2014-12-17	2027-12-31	1,000	PLN	Variable	250	376
European Bank for Reconstruction and Development	IRS	2017-06-07	2028-06-07	500	PLN	Variable	189	252
BGK	IRS	2015-12-04	2028-12-31	500	PLN	Variable	188	250
BGK	-	2024-02-21	2027-02-19	1,500	PLN	Variable	-	900
Bank Pekao S.A.	-	2024-09-19	2027-12-31	750	PLN	Variable	-	752
PKO BP S.A.	-	2018-04-30	2025-12-31	300	PLN	Variable	-	84
Bank Pekao S.A.	-	2018-07-05	2027-12-31	750	PLN	Variable	-	64
BGK	-	2018-06-01	2026-09-29	2,000	PLN	Variable	-	4
BGK	-	2023-11-28	2036-12-20	3,300	PLN	Variable	-	-
Bank consortium	-	2023-03-01	2027-03-01	3,150	PLN	Variable	-	-
EIB	-	2025-04-25	2045-04-25	2,250	PLN	Fixed	-	-
EIB	-	2024-07-29	2044-07-29	1,000	PLN	Constant/variable	-	-
<i>Financial liabilities as part of the National Recovery Plan:</i>								
BGK	-	2025-03-31	2049-12-20	10,405	PLN	Fixed	1,663	-
BGK	-	2025-01-29	2036-12-20	3,900	PLN	Variable	-	-
BGK	-	2025-03-31	2050-12-20	2,804	PLN	Fixed	-	-
BGK	-	2025-12-22	2045-10-25	420	PLN	Fixed	-	-
TOTAL BANK CREDITS							7,928	8,510

As at December 31, 2025, the value of credit facilities available to the Company amounted to PLN 28,027 million, including PLN 3,050 million under overdraft facilities; in the comparative period, PLN 11,648 million and PLN 2,998 million, respectively, as presented in Note 11 to these financial statements. The difference between the credit facility available to the Company under the RRP presented in Note 11 and the amount shown in the above table results from differences between the disbursed tranches and the amount measured at amortised cost. Details regarding the loan received under the RRP are described in Note 24.2 to these financial statements.

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

Loans received

Creditor	Hedging instrument	Date of conclusion	Date of maturity	Limit in currency	Currency	Interest rate	Liability at 31-12-2025	Liability at 31-12-2024
PGE Sweden AB	CCIRS	2014-08-27	2029-07-31	143.5	EUR	Fixed	615	621
TOTAL LOANS RECEIVED							615	621

In 2014, PGE S.A. and PGE Sweden AB (publ) established the Medium Term Eurobonds Issue Programme under which PGE Sweden AB (publ) may issue Eurobonds up to the amount of EUR 2 billion with a minimum maturity of 1 year. In 2014, PGE Sweden AB (publ) issued Eurobonds in the total amount of EUR 138 million. The subsidiary used the proceeds from the Eurobond issue for loans granted to the parent company.

Domestic market bond issues

Date of granting	Tranche issue date	Tranche maturity date	Hedging instrument	Limit in currency	Currency	Interest rate	Liability at 31-12-2025	Liability at 31-12-2024
2013-06-27	2019-05-21	2029-05-21	IRS	5,000	PLN	Variable	1,006	1,007
	2019-05-21	2026-05-21					402	403
							1,408	1,410

Cash pooling liabilities

The launch of the real cash pooling service is described in note 16.1.1 to these financial statements.

Currency position and interest rates

As at December 31, 2025

Currency	Reference rate	Value in currency	Value in PLN	Repayment deadline
PLN	Fixed	5,936	5,936	credits - Apr. 2034 - Dec. 2049
	Fixed	22	22	lease - until Dec. 2089
	Variable	2,267	2,267	cash pooling - Dec. 2026 - Dec. 2027
	Variable	1,992	1,992	credits - Dec. 2027 - Mar. 2041
	Variable	1,408	1,408	bonds - May 2026 - May 2029
TOTAL PLN		11,625	11,625	
EUR	Fixed	145	615	loans - Jul. 2029
TOTAL EUR		145	615	
TOTAL CREDITS, LOANS, BONDS AND CASH POOLING			12,240	

As at December 31, 2024

Currency	Reference rate	Value in currency	Value in PLN	Repayment deadline
PLN	Fixed	4,459	4,459	credits - Apr. 2034 - Jul. 2044
	Fixed	23	23	lease - until Dec. 2089
	Variable	1,977	1,977	cash pooling - Dec. 2025 - Dec. 2027
	Variable	4,051	4,051	credits - Dec. 2025 - Mar. 2041
	Variable	1,410	1,410	bonds - May 2026 - May 2029
TOTAL PLN		11,920	11,920	
EUR	Fixed	145	621	loans - Jul. 2029
TOTAL EUR		145	621	
TOTAL CREDITS, LOANS, BONDS AND CASH POOLING			12,541	

The Company is keeping abreast of work related to the IBOR reform, which may affect financial instruments based on a variable interest rate.

On December 31, 2025, the value of credits, borrowings, cash pooling and bonds exposed to interest rate risk amounted to PLN 5,667 million (these credits are based on the WIBOR rate). In order to mitigate the interest rate risk related to financial liabilities, PGE S.A. uses IRS hedging instruments in accordance with its hedging procedures and strategy.

The table below presents changes in interest-bearing debt in the years ended on December 31, 2025 and December 31, 2024, respectively:

	Year ended December 31, 2025	Year ended December 31, 2024
AS AT JANUARY 1	12,541	13,681
CHANGE IN CASH POOLING LIABILITIES	290	606
CHANGE IN LEASE LIABILITIES	(1)	-
CHANGE IN OTHER CREDITS, LOANS AND BONDS, including:	(590)	(1,746)
Obtained credits, loans / issued bonds/	4,503	6,800
Accrued interest	546	600
Repayment of credits, loans / redemption of bonds/	(2,239)	(8,538)
Repayment of interest	(512)	(597)
Foreign exchange differences	(7)	(11)
Difference between the value of cash received under the RRP loan and its fair value measurement*	(2,881)	-
Other	-	-
AS AT DECEMBER 31	12,240	12,541

*Details regarding the loan received under the RRP are described in Note 24.2 to these financial statements.

16.1.4 Other financial liabilities measured at amortised cost

ACCOUNTING PRINCIPLES

Liabilities

Liabilities constitute the Company's present obligation resulting from past events whose fulfilment, according to expectations, will cause an outflow of resources containing economic benefits.

The Company divides its financial liabilities into the following categories:

- financial liabilities measured at fair value through profit or loss,
- other financial liabilities measured as at subsequent reporting dates at amortised cost.

If the consequences of changes in the time value of money are significant, liabilities are presented at discounted value.

	As at December 31, 2025		As at December 31, 2024	
	Long-term	Short-term	Long-term	Short-term
Trade payables	-	2,567	-	2,090
Other	-	68	3	90
TOTAL OTHER FINANCIAL LIABILITIES	-	2,635	3	2,180

Trade payables

Trade payables relate mainly to electricity purchase transactions.

Other financial liabilities

Under "Other", the Company presents a liability arising from expected credit losses on guarantees issued to a subsidiary, as measured in accordance with IFRS 9 (PLN 31 million), settlements with stock exchanges, primarily related to the purchase of CO₂ emission allowances (PLN 17 million), and future payments to the Polish National Foundation (PLN 12 million).

16.2 Fair value of financial instruments

The carrying amount of financial assets and liabilities measured at amortised cost constitutes a reasonable approximation of their fair value, except for loans received from PGE Sweden AB (publ), bonds issued by PGE S.A., loan agreements with the EIB contracted at a fixed interest rate, and loan agreements under the RRP.

The fair value of loans received from PGE Sweden AB (publ) is estimated by PGE S.A. at PLN 590 million (against PLN 615 million of the book value).

Bonds issued by PGE S.A. are based on a floating interest rate. Their amortised cost presented in the statement as at December 31, 2025 amounts to PLN 1,408 million, and their fair value amounts to PLN 1,442 million.

In the case of loan agreements concluded with the EIB, based on a fixed interest rate, their amortised cost presented in the financial statements as at the reporting date amounts to PLN 4,272 million, and their fair value amounts to PLN 4,397 million.

The valuation of RRP loans in these financial statements is based on a fixed interest rate, the market level of which was determined at the date of disbursement of each tranche. Their amortised cost presented in the financial statements as at the reporting date amounts to PLN 1,663 million, and their fair value amounts to PLN 1,665 million.

16.3 Fair value hierarchy

Derivative instruments

The Company measures derivatives at fair value using valuation models for financial instruments based on publicly available exchange rates, interest rates, discount curves in particular currencies (applicable also for commodities whose prices are denominated in these currencies) obtained 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 CIRS 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.

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 Company recognises financial instruments related to trade in CO₂ emission allowances – currency and commodity forwards (Level 2).

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

FAIR VALUE HIERARCHY	Assets as at December 31, 2025		Liabilities as at December 31, 2025	
	Level 1	Level 2	Level 1	Level 2
Commodity forwards	-	3,686	-	2,865
Futures	17	-	-	-
Currency forwards	-	11	-	637
Options	-	10	-	-
DERIVATIVES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	17	3,707	-	3,502
CCIRS hedging transactions	-	-	-	8
IRS hedging transactions	-	64	-	13
HEDGING DERIVATIVES	-	64	-	21
Investment fund participation units	-	36	-	-
OTHER ASSETS / LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	-	36	-	-

FAIR VALUE HIERARCHY	Assets as at December 31, 2024 <i>restated data</i>		Liabilities as at December 31, 2024 <i>restated data</i>	
	Level 1	Level 2	Level 1	Level 2
Commodity forwards	-	2,084	-	1,435
Futures	5	-	30	-
Currency forwards	-	10	-	391
Options	-	2	-	-
DERIVATIVES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	5	2,096	30	1,826
CCIRS hedging transactions	-	36	-	-
IRS hedging transactions	-	176	-	-
HEDGING DERIVATIVES	-	212	-	-
Investment fund participation units	-	34	-	-
OTHER ASSETS / LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	-	34	-	-

Instruments not listed on active markets, whose fair value cannot be reliably determined

PGE S.A. holds considerable shareholdings in companies that are not listed on active markets. These are shares in subsidiaries and associates that are excluded from the scope of IFRS 9 and, as described in note 8, are measured at cost less impairment write-downs.

16.4 Security for payment of receivables and payables

As a rule, receivables from entities related to PGE S.A. are not secured due to the fact of Company's control or significant influence over these entities. If necessary, the Company uses various types of collateral and combinations thereof as security for loan repayments. The most common ones include declarations of submission to enforcement proceedings and authorisations for bank accounts.

On December 31, 2025 and December 31m 2024, the Company's assets did not constitute any security for the payment of liabilities or contingent liabilities.

16.5 Influence of the particular categories of financial instruments on finance income and costs.

The table below presents the combined influence of the particular categories of financial instruments on finance income and costs.

YEAR ENDED DECEMBER 31, 2025	Hedging derivatives	Derivatives measured at fair value through profit or loss	Cash	Shares and other capital instruments in CG	Other financial assets	Financial liabilities measured at amortised cost	Liabilities from leasing	Provisions financial guarantees granted	TOTAL
Dividends	-	-	-	3,294	-	-	-	-	3,294
Interest income	-	-	351	-	2,010	1	-	-	2,362
Foreign exchange differences	-	-	-	-	-	33	-	-	33
Revaluation of financial instruments	-	13	-	-	-	-	-	-	13
Reversal of write-downs	-	-	-	83	-	-	-	-	83
Gain on disposal of investment	-	-	-	3	-	-	-	-	3
Other	-	-	-	-	3	26	-	-	29
FINANCE INCOME	-	13	351	3,380	2,013	60	-	-	5,817
Interest costs	(57)	-	1	-	5	668	1	-	618
Foreign exchange differences	7	-	4	-	27	-	-	-	38
Impairment of financial instruments	2	3	-	-	12,010	-	-	215	12,230
Creation of write-downs	-	-	-	345	-	-	-	-	345
Loss on disposal of investments	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	51	-	-	51
FINANCE EXPENSES	(48)	3	5	345	12,042	719	1	215	13,282
TOTAL PROFIT / (LOSS)	48	10	346	3,035	(10,029)	(659)	(1)	(215)	(7,465)

YEAR ENDED DECEMBER 31, 2024 <i>restated data*</i>	Hedging derivatives	Derivatives measured at fair value through profit or loss	Cash and cash equivalents	Shares and other capital instruments in CG	Other financial assets	Financial liabilities measured at amortised cost	Liabilities from leasing	TOTAL
Dividends	-	-	-	2,374	-	-	-	2,374
Interest income	109	-	173	-	2,126	3	-	2,411
Foreign exchange differences	-	-	-	-	-	32	-	32
Revaluation of financial instruments	30	2	-	-	-	-	-	32
Reversal of write-downs	-	-	-	37	10	-	-	47
Other	-	-	-	-	-	31	-	31
FINANCE INCOME	139	2	173	2,411	2,136	66	-	4,927
Interest costs	31	-	13	-	-	736	1	781
Foreign exchange differences	-	11	8	-	56	-	-	75
Impairment of financial instruments	-	11	-	-	22	46	-	79
Creation of write-downs	-	-	-	5	-	-	-	5
Other	-	-	-	-	-	39	-	39
FINANCE EXPENSES	31	22	21	5	78	821	1	979
TOTAL PROFIT / (LOSS)	108	(20)	152	2,406	2,058	(755)	(1)	3,948

*The restatement of comparative information is described in Note 3 to these financial statements.

The creation of impairment write-downs of shares in the current and comparative reporting periods is described in item 8 of these financial statements.

17. Objectives and principles of financial risk management

The primary objective of financial risk management in the Company is to support the process of creating the Group's value for shareholders and the implementation of the Group's business strategy by reducing and maintaining financial risk at the level acceptable to the Company's management. Responsibility for managing financial risk lies with the Management Board of PGE S.A. The Management Board specifies appetite for risk, which is understood as an acceptable level of deterioration of the PGE Group's financial results, taking into consideration its current and planned economic and financial position. The Management Board also decides on the allocation of risk appetite to specific business areas.

The organisation of the financial risk management function is based on the principle of organisational independence of an entity responsible for risk measurement and control (the Risk and Insurance Department) of business units being risk owners. Risk reports are submitted directly to the Risk Committee, the Audit Committee of the Supervisory Board, and the Management Board of PGE S.A.

The Company has a Risk Committee that exercises supervision of the financial and corporate risk management process in the PGE Group. The Risk Committee monitors exposure levels, sets limits for significant financial risks, accepts methodologies in financial risk resulting from commercial and financial activities, permits expansions of activities into new business areas and makes key decisions regarding risk management.

Financial risk is managed from the perspective of the PGE Capital Groups as a whole, with the leading role of the Company, which functions as a centre of competencies in this area and manages the process in an integrated manner. Exposures to risk faced by the particular business areas are examined on a comprehensive basis, taking into account interdependencies among exposures, the possibility of using natural hedging effects and their overall impact on the PGE Capital Group's risk profile and financial position.

The financial risk management model includes the following elements:

- collecting and analysing market and risk exposure data broken down by individual financial risk categories;
- measuring financial risk, for example by means of Value-at-Risk and Profit-at-Risk, for individual risk factors and jointly for material risk factors;
- managing the consolidated exposure of the PGE Capital Group in relation to the capital at risk and the risk limits established on its basis (among others, by defining and implementing hedging strategies).

In the key areas where financial risks occur, the Company implemented internal regulations setting out the principles for the management of such risks.

The Company is exposed to various types of financial risks, for example:

- market risk (commodity risk, interest rate risk, foreign exchange risk);
- liquidity risk;
- credit risk.

The Company's exposure to individual financial risks depends on the extent of its activities in the commodity and financial markets.

17.1 Market risk

The market risk comprises the commodity risk, the interest rate risk, and the currency risk.

The main objective of market risk management is to protect financial results, maintain the risk resulting from the conducted commercial and financial activities at the acceptable level and support the implementation of the business strategy as well as maximise the Group's value for shareholders.

The procedures implemented in the Company for the purpose of managing individual categories of market risk relating to commercial and financial activities trading and financial activities specify, among other things:

- the purpose, scope and principles of risk management;
- responsibility for risk management;
- management and operational processes within the framework of risk management for commercial activities in the electricity and related products markets and for financial activities,
- the ways of identifying sources of risk exposure;
- acceptable instruments for hedging risk exposure;
- methods for measuring and monitoring risk exposure.

The market risk management principles implemented in the Company further define how the appetite for market risk is determined, how market risk exposures are limited and the mechanisms for hedging risk when limits are exceeded.

17.1.1 Commodity risk

Commodity risk is related to the possibility of deterioration in the financial result due to changes in commodity prices.

The Company's exposure to the commodity price risk concerns first of all the following commodities:

- electricity;
- CO₂ emission allowances;
- natural gas.

The Company pursues a strategy of hedging key exposures in the area of trade in electricity and related commodities in a time horizon of up to 5 years. The level of hedging for an open position is set taking into account risk appetite, results of monitoring the risk related to prices of electricity and related products, liquidity of specific markets, the financial position of the Company and the Group, as well as the Group's strategic objectives.

17.1.2 Interest rate risk

Interest rate risk is related to the possibility of deterioration in the financial result due to changes in interest rates.

The Company's exposure to interest rate risk arises mainly from the fact that the Company finances its operating and investing activities by obtaining funds partly based on a variable interest rate, primarily in the form of credits, loans and bonds issued in domestic and foreign currencies, as well as from investments in financial assets bearing variable interest rates.

The Company controls interest rate risk through a system of limits relating to the maximum potential loss from changes in interest rates. A measure of interest rate risk is based on the size-at-risk methodology, understood as the product of the net interest rate position and the value of a potential change in market interest rates.

Moreover, the PGE Group establishes hedging strategies with respect to its exposure to interest rate in the form of hedging ratios subject to approval of the Risk Committee and the PGE Management Board. The implementation of hedging strategies and the level of interest rate risk are subject to monitoring and are reported regularly to the Risk Committee.

The Company enters into IRS and CIRS transactions solely for the purpose of hedging an identified risk exposure. The regulations in force in the PGE Capital Group do not allow, with regard to interest rate derivative transactions, entering into speculative transactions, i.e. transactions which would be aimed at generating additional profits resulting from changes in the level of interest foreign currency exchange rates, while exposing the Company to the risk of incurring a potential loss on this account.

Market bonds issued in the amount of PLN 1.4 billion under the PLN 5 billion bonds issue programme bear interest at a variable rate in PLN. Interest payments relating to these bonds are hedged by IRS instruments, as described in note 16.1.2.

Loans received from the subsidiary PGE Sweden AB (publ) are fixed interest rate loans denominated in EUR. Payments relating these loans are hedged by CCIRS instruments, as described in note 16.1.2.

The Company also has financing in the form of long-term loans, with an outstanding principal amount of PLN 437.5 million under loan agreements concluded on December 17, 2014 and December 4, 2015 with Bank Gospodarstwa Krajowego, a loan agreement with the European Bank for Reconstruction and Development concluded on June 7, 2017 with an outstanding principal amount of PLN 187.5 million, and a Credit Agreement with Industrial and Commercial Bank of China (Europe) S.A., Poland branch, dated November 20, 2024 with an outstanding principal amount of PLN 500 million. The above loans bear interest at variable rates in PLN. Payments relating to these credits and loans are hedged by IRS instruments, as described in note 16.1.2. The Company also has four tranches of a term loan under a credit agreement concluded with the European Investment Bank, with a total outstanding principal amount of PLN 850 million, which are based on a variable interest rate and remain unhedged against interest rate risk.

The Company's exposure to interest rate risk and the concentration of this risk by currency:

		Type of interest rate	As at December 31, 2025	As at December 31, 2024 <i>restated data*</i>
Derivatives – assets exposed to interest rate risk	PLN	Fixed	-	-
		Variable	785	400
	EUR	Fixed	-	-
		Variable	3,003	1,913
Loans granted*, bonds acquired and cash exposed to interest rate risk	PLN	Fixed	37,144	31,484
		Variable	356	581
	EUR	Fixed	43	716
		Variable	-	-
Derivatives – liabilities exposed to interest rate risk	PLN	Fixed	-	-
		Variable	(724)	(222)
	EUR	Fixed	-	-
		Variable	(2,799)	(1,634)
Loans received and bonds issued exposed to interest rate risk	PLN	Fixed	(5,958)	(4,482)
		Variable	(5,667)	(7,438)
	EUR	Fixed	(615)	(621)
		Variable	-	-
Net exposure	PLN	Fixed	31,186	27,002
		Variable	(5,250)	(6,679)
	EUR	Fixed	(572)	95
		Variable	204	279

*loans granted are presented gross.

Variable interest rates of financial instruments are reviewed in periods shorter than one year.

Information on the sensitivity of the Company's financial results to interest rate risk is disclosed in Note 17.5 to these financial statements.

17.1.3 Currency risk

Currency risk is related to the possibility of deterioration in the financial result due to changes in currency exchange rates.

The main sources of the Company's exposure to currency risk are set out below:

- debt denominated in foreign currencies;
- purchase or sale transactions relating to CO₂ emission allowances and denominated in foreign currencies;
- investment financial assets denominated in foreign currencies;
- foreign subsidiaries;
- other operating cash flows denominated in or indexed to foreign currencies.

The Company controls currency risk through a system of limits relating to the maximum potential loss from changes in currency exchange rates. The currency risk measure is based on the value-at-risk methodology understood as a product of the amount of the absolute currency position and the value of a potential change in exchange rates.

Moreover, the Company establishes hedging strategies using hedging ratios subject to approval of the Risk Committee and the Management Board. The implementation of hedging strategies and the level of currency risk are subject to monitoring and are reported regularly to the Risk Committee.

The Company enters into currency exchange rate derivative transactions only for the purpose of hedging identified risk exposures. The regulations in force in the PGE Capital Group do not allow, with regard to currency exchange rate derivative transactions, entering into speculative transactions, i.e. transactions which would be aimed at generating additional profits resulting from changes in the level of foreign currency exchange rates, while exposing the Company to the risk of incurring a potential loss on this account.

Information on the evaluation of hedge effectiveness in accordance with IFRS 9 requirements is disclosed in Note 17.6 to these financial statements.

In view of the adopted currency risk management strategy based on minimising and hedging currency risk exposures, the cost of servicing liabilities in foreign currencies, in the medium and long term, under conditions of escalating risks related to Russia's aggression in Ukraine, did not change significantly, as a result of hedging activities implemented in accordance with the previously adopted hedging strategies.

Currency risk by class of financial instruments:

	Total amount in statements, in PLN	CURRENCY POSITION AS AT DECEMBER 31, 2025			
		EUR	PLN	USD	PLN
FINANCIAL ASSETS					
Trade and other receivables, including:	21,981	4	17	-	-
<i>Other financial receivables</i>	767	4	17	-	-
Cash and cash equivalents	7,928	10	42	-	1
Derivatives and other assets measured at fair value through profit or loss, including:	3,824	3,829	16,184	(4)	(14)
<i>Measured at fair value through profit or loss</i>	3,714	3,829	16,184	(4)	(14)
<i>Hedging instruments</i>	64	-	-	-	-
FINANCIAL LIABILITIES					
Credits, loans, bonds, including:	12,240	146	615	-	-
<i>Loans received</i>	615	146	615	-	-
Trade and other payables, including:	2,635	4	17	-	-
<i>Other financial liabilities</i>	68	4	17	-	-
Derivative instruments	3,523	3,830	16,187	4	14
<i>Measured at fair value through profit or loss</i>		3,979	16,818		
<i>Hedging instruments</i>	8	(149)	(631)	-	-

The book value of derivative instruments is the result of valuation to fair value. The value of exposure to currency risk for forwards represents their nominal amount in a given currency. The value of exposure to currency risk for CCIRs represents the value of discounted cash flows of the currency leg in a given currency.

The sensitivity analysis of the Company's gross profit or loss and equity to foreign exchange risk is discussed in more detail in Note 17.5 to these financial statements.

	Total amount in statements, in PLN	CURRENCY POSITION AS AT DECEMBER 31, 2024 <i>restated data</i>			
		EUR	PLN	USD	PLN
FINANCIAL ASSETS					
Trade and other receivables, including:	37,083	106	454	-	-
<i>Other financial receivables</i>	616	106	454	-	-
Cash and cash equivalents	1,886	167	715	-	-
Derivatives and other assets measured at fair value through profit or loss, including:	2,347	3,372	14,409	8	33
<i>Measured at fair value through profit or loss</i>	2,101	3,221	13,764	8	33
<i>Hedging instruments</i>	36	151	645	-	-
FINANCIAL LIABILITIES					
Credits, loans, bonds, including:	12,541	145	621	-	-
<i>Loans received</i>	621	145	621	-	-
Trade and other payables, including:	2,183	6	24	-	-
<i>Other financial liabilities</i>	93	6	24	-	-
Derivative instruments	1,856	5,690	24,313	8	33

The book value of derivative instruments is the result of valuation to fair value. The value of exposure to currency risk for forwards represents their nominal amount in a given currency. The value of exposure to currency risk for CCIRs represents the value of discounted cash flows of the currency leg in a given currency.

17.2 Liquidity risk

liquidity risk concerns a financial situation in which the Company is not able to fulfil its (current or non-current) payment obligations at their maturity dates.

The main objective of liquidity risk management in the PGE Capital Group is to ensure and maintain its companies' ability to meet its current and future financial liabilities, taking into consideration the costs of acquiring liquidity. In the PGE Capital Group, managing liquidity risk consists, among other things, in planning and monitoring cash flows in both the short- and long-term perspectives with respect to the conducted operating, investing, and financing activities and undertaking actions aimed at ensuring resources for the activities of PGE S.A. and its subsidiaries and, simultaneously, minimising the costs of such activities.

Periodic planning and monitoring of liquidity makes it possible to secure funds for any liquidity gaps by allocating funds among the PGE Group companies (the cash pooling mechanism) as well as using external financing, including overdraft facilities.

Long-term liquidity risk management allows the PGE Capital Group to determine its borrowing capacity and supports decisions regarding the financing of long-term investments.

The PGE Capital Group uses a central financing model according to which, as a matter of principle, external financing agreements are entered into by PGE S.A. Its subsidiaries within the PGE Capital Group take advantage of various intra-group financing sources such as loans, bonds, bank account consolidation agreements or real cash pooling agreements.

The Company follows an active policy of free cash investments, monitors its financial surpluses and forecasts future cash flows and, on this basis, implements an investment strategy for its free cash.

As part of the assessment of its liquidity, the Company monitors the level of the net debt/ EBITDA ratio so as to ensure that the ratings are maintained at the investment grade and, consequently, that the Group's ambitious investment programme can be financed. The ratio is calculated on the basis of the consolidated statements of the PGE Capital Group.

	Year ended December 31, 2025	Year ended December 31, 2024 <i>restated data</i>
Net debt / EBITDA	0.37x	0.75x

Detailed information regarding the indicators at the PGE Group level is presented in Note 5.3.2 of the Management Board's Report on the Activities of PGE Polska Grupa Energetyczna S.A. and the PGE Group for 2025.

In case of cash shortages, the Company uses the following financing sources:

- overdraft facilities and working capital term credits granted by banks;
- real cash pooling agreements;
- term credits.

The table below presents the maturity of the Company's financial instruments in the chronological order on the basis of contractual undiscounted payments:

AS AT DECEMBER 31, 2025	Value in statement	Total payments	Up to 3 months	From 3 to 12 months	From 1 year to 5 years	Over 5 years
Credits	7,928	13,190	223	776	3,504	8,687
Bonds	1,408	1,607	411	56	1,140	-
Loans received	615	682	10	9	663	-
Cash pooling liabilities	2,267	2,267	2,267	-	-	-
Lease liability	22	64	-	2	5	57
Trade and other payables measured at amortised cost	2,618	2,618	2,618	-	-	-
Settlements with exchanges, mainly related to purchase of CO ₂ emission allowances(*)	17	17	17	-	-	-
Derivative instruments related to purchase of CO ₂	(212)	17,238	10,940	5,624	674	-
<i>Commodity forwards – purchase (assets)</i>		16,010	5,449	9,950	611	-
<i>Commodity forwards – sale (assets)</i>	(2,975)	(356)	(47)	(297)	(12)	-
<i>Commodity forwards – purchase (Liabilities)</i>		146	24	83	39	-
<i>Commodity forwards – sale (Liabilities)</i>	2,154	(16,427)	(1,239)	(14,529)	(659)	-
<i>Futures – purchase (assets)</i>	(17)	44	2	40	2	-
<i>Currency forward, purchase (Assets)</i>	(11)	373	264	76	33	-
<i>Currency forward, sale (Assets)</i>		(115)	(26)	(75)	(14)	-
<i>Currency forward, purchase (Liabilities)</i>	637	17,563	6,513	10,376	674	-
Derivative instruments related to purchase of gas	-	-	-	-	-	-
<i>Commodity forwards – purchase (assets)</i>		212	48	77	87	-
<i>Commodity forwards – sale (assets)</i>	(494)	(3,418)	(105)	(2,043)	(1,270)	-
<i>Commodity forwards – purchase (Liabilities)</i>		3,418	105	2,043	1,270	-
<i>Commodity forwards – sale (Liabilities)</i>	494	(212)	(48)	(77)	(87)	-
Derivative instruments related to purchase of electricity	-	-	-	-	-	-
<i>Commodity forwards – purchase (assets)</i>		3,293	237	2,141	915	-
<i>Commodity forwards – sale (assets)</i>	(217)	(2,285)	(14)	(1,054)	(1,217)	-
<i>Commodity forwards – purchase (Liabilities)</i>		2,285	14	1,054	1,217	-
<i>Commodity forwards – sale (Liabilities)</i>	217	(3,293)	(237)	(2,141)	(915)	-
Hedging derivatives	21	55	6	11	38	-
<i>CCIRS hedging transactions</i>	8	41	6	5	30	-
<i>IRS hedging transactions</i>	13	14	-	6	8	-
TOTAL	14,684	37,738	16,492	6,478	6,024	8,744

(*) Settlements are related to variation margins whose value depends on the current price of CO₂ emission allowances.

AS AT DECEMBER 31, 2024 <i>restated data**</i>	Value in statement	Total payments	Up to 3 months	From 3 to 12 months	From 1 year to 5 years	Over 5 years
Credits	8,510	11,659	1,922	727	4,439	4,571
Bonds	1,410	1,766	-	100	558	1,108
Loans received	621	708	10	9	689	-
Cash pooling liabilities	1,977	1,977	1,977	-	-	-
Lease liability	23	65	-	2	5	58
Trade and other payables measured at amortised cost	2,159	2,159	2,156	-	3	-
Settlements with exchanges, mainly related to purchase of CO ₂ emission allowances(*)	24	24	24	-	-	-
Derivative instruments related to purchase of CO ₂	(243)	18,739	2,403	11,637	4,699	-
<i>Commodity forwards – purchase (assets)</i>		13,307	1,137	6,990	5,180	-
<i>Commodity forwards – sale (assets)</i>	(1,862)	(7,989)	(1,565)	(5,049)	(1,375)	-
<i>Commodity forwards – purchase (Liabilities)</i>		5,577	1,189	3,668	720	-
<i>Commodity forwards – sale (Liabilities)</i>	1,213	(12,540)	(862)	(5,735)	(5,943)	-
<i>Futures – purchase (assets)</i>	(5)	45	31	13	1	-
<i>Futures – purchase (Liabilities)</i>	30	333	-	333	-	-
<i>Currency forward, purchase</i>		20,072	2,473	11,466	6,133	-
<i>Currency forward, sale</i>	381	(66)	-	(49)	(17)	-
Derivative instruments related to purchase of gas	-	-	-	-	-	-
<i>Commodity forwards – purchase (assets)</i>		1,846	43	1,141	662	-
<i>Commodity forwards – sale (assets)</i>	(222)	(24)	(5)	(19)	-	-
<i>Commodity forwards – purchase (Liabilities)</i>		24	5	19	-	-
<i>Commodity forwards – sale (Liabilities)</i>	222	(1,846)	(43)	(1,141)	(662)	-
TOTAL	14,481	37,097	8,492	12,475	10,393	5,737

(*) Settlements are related to variation margins whose value depends on the current price of CO₂ emission allowances.

(**) The restatement of comparative information is described in Note 3 to these financial statements

PGE S.A. provides guarantees and sureties, which are described in Note 19.1 of these financial statements. In the Company's opinion, the probability of realisation of the liabilities on this account is negligible except for the guarantee granted to PGE GiEK S.A., as described in Notes 4.5 and 13 to these financial statements.

17.3 Credit risk

Credit risk is related to a potential credit event, which may take the form of a counterparty's insolvency, only partial repayment of receivables, a material delay in repayment of receivables in accordance with the contract and possible non-payment of damages and contractual penalties.

The Company is exposed to credit risk in the following areas:

- The core activities – the source of credit risk is, among others, transactions for the sale or purchase of electricity, gas and CO₂ emission allowances. This relates primarily to the possibility of a default by the other party to a transaction if fair value of a transaction is positive from the point of view of the Company;
- The investment of free cash – credit risk occurs in consequence of PGE's investing free cash in financial instruments bearing credit risk, i.e. financial instruments other than those issued by the State Treasury.
- Provision of intra-group loans, guarantees and sureties to secure the liabilities of subsidiaries. The risk arises when the financial position is uncertain and the company that is party to the transaction is unable to meet its obligations.

To monitor credit risk in its operations, the Company applies an internal ratings methodology.

The carrying amount of financial assets exposed to credit risk is as follows:

	As at December 31, 2025	As at December 31, 2024
Trade receivables	3,650	5,613
Other financial receivables	18,331	31,470
Cash and cash equivalents	7,928	1,886
Derivatives – assets	3,824	2,347
FINANCIAL ASSETS EXPOSED TO CREDIT RISK	33,733	41,316

In addition, PGE S.A. granted sureties and guarantees to subsidiaries as described in Note 17.3.4. For a detailed description of contingent liabilities, including sureties and guarantees, see Note 19.1 of these financial statements.

17.3.1 Trade and other financial receivables

SIGNIFICANT ACCOUNTING PRINCIPLES

Write-downs of receivables

Receivables from loans granted and bonds purchased from subsidiaries

The business model of the PGE Group assumes that, as a rule, financing is granted to subsidiaries only from the level of PGE S.A. The Company analyses financial results and plans of the subsidiaries and assigns internal ratings on this basis. In the event of significant deterioration of the financial position of the subsidiaries, analyses of recoverability of all assets employed in a given subsidiary are performed.

Trade receivables and other financial receivables

The Company does not monitor changes in the level of credit risk over the life of the instrument. The expected credit loss is estimated up to the maturity of the instrument.

The Company applies the following principles for estimating and recognising impairment write-downs of other financial receivables:

- for receivables from significant customers covered by the credit risk assessment procedure, the Company estimates expected credit losses on the basis of the model used to assess this risk based on ratings allocated to particular business partners; ratings are assigned the likelihood of bankruptcy adjusted by the impact of macroeconomic factors;
- for receivables from mass customers or customers not covered by the credit risk assessment procedure, the Company estimates expected credit losses on the basis of an analysis of the probability of incurring credit losses in the particular ageing ranges;
- in justified cases, the Company may assess the amount of a write-down on an individual basis.

The ratios adopted for estimating expected losses calculated according to the provision matrix:

	December 31, 2025			December 31, 2024 <i>restated data*</i>		
	Gross value	Write-down amount	Net value	Gross value	Write-down amount	Net value
Receivables not overdue	3,653	(3)	3,650	5,609	(3)	5,606
Overdue < 30 days	-	-	-	1	-	1
Overdue 30-90 days	-	-	-	-	-	-
Overdue 90-180 days	-	-	-	-	-	-
Overdue 180-360 days	-	-	-	-	-	-
Overdue > 360 days	1	(1)	-	90	(84)	6
TOTAL FINANCIAL RECEIVABLES	3,654	(4)	3,650	5,700	(87)	5,613

* in the current reporting period, the presentation of receivables related to cash pooling and other financial receivables was reclassified to the table below presenting losses calculated in accordance with the model for key customers.

The ratios adopted for estimating expected losses calculated according to the key customers model:

Rating level	December 31, 2025			December 31, 2024 <i>restated data*</i>		
	Gross value	Write-down amount	Gross value	Gross value	Write-down amount	Net value
Highest AAA to AA – according to S&P and Fitch and Aaa to Aa3 according to Moody's	-	-	-	-	-	-
Medium-high A+ to A- according to S&P and Fitch and A1 to A3 according to Moody's	-	-	-	-	-	-
Medium BBB+ to BBB- according to S&P and Fitch and Baa1 to Baa3 according to Moody's	18,327	(15)	18,312	31,525	(55)	31,470
TOTAL FINANCIAL RECEIVABLES	18,327	(15)	18,312	31,525	(55)	31,470

* in the current reporting period, this table includes receivables related to cash pooling and other financial receivables (previously presented in the table prepared based on the provision matrix).

Under IFRS 9, in the current reporting period, in the Stage 3 the Company recognised receivables from loans granted to PGE GiEK S.A. (gross value of PLN 12,069 million, impairment loss of PLN (12,050) million) and receivables from bonds from Autostrada Wielkopolska S.A. (gross value of PLN 800 million, impairment loss of PLN (800) million). In the comparative period, in the Stage 3, the Company recognised receivables on bonds from Autostrada Wielkopolska S.A. (gross value of PLN 818 million, value of impairment loss of PLN (818) million).

Trade receivables typically have payment terms of 2-4 weeks.

Trade receivables mainly relate to receivables from the sale of CO₂ emission allowances and electricity, and services to subsidiaries in the PGE Group. Thanks to ongoing supervision over the process of collecting trade receivables, according to the Company's management, there occurs no additional credit risk above the level determined by write-downs relating to expected credit losses.

The Company mitigates and controls the credit risk associated with commercial transactions. For commercial transactions that, due to their high value, could result in substantial losses in the event of counterparty default, a counterparty assessment is carried out prior to concluding the transaction. This assessment includes a financial analysis, a review of the counterparty's credit history, and other relevant factors. Based on the assessment, an internal rating is assigned or the Company uses a rating assigned by a reputable independent agency. Based on the rating, a limit is set for the counterparty. Entering into contracts that would increase exposures above set limits generally requires the establishment of security in accordance with accepted credit risk management principles. The level of used limits is monitored on a regular basis, and in the event of material overruns, the units responsible for counterparty risk management are required to take action to eliminate them. The company monitors the payment of receivables on an ongoing basis - it applies early collection and also uses the services of Business Information Offices.

The credit risk on trade receivables on a geographical basis is presented in the table below:

	December 31, 2025		December 31, 2024	
	Balance of receivables	Share %	Balance of receivables	Share %
Poland	3,650	100%	5,613	100%
TOTAL	3,650	100%	5,613	100%

The majority of sales transactions and trade receivables balances concern the related entities in the PGE Capital Group and large entities operating on the Polish electricity market. Information on transactions with the related entities is presented in note 21.1 to these financial statements.

Ageing of receivables and write-downs related to expected credit losses

On December 31, 2025, some financial assets were covered by write-downs related to future credit losses.

It was assumed that control over the assets of the subsidiaries exercised by PGE S.A. is a form of security that was taken into account when estimating the Recovery Rate parameter. Consequently, with respect to loans and bonds granted to most subsidiaries, this parameter was set at 0%.

As described in more detail in Note 24.1, due to changes in the plans of the Ministry of State Assets regarding coal assets and the abandonment of the NABE project, in the case of PGE GiEK S.A., in view of the current and forecast financial position of this company giving rise to significant doubts as to the recoverable value of the loans granted, an impairment loss of PLN 12,050 million was recognised in finance costs in the current reporting period. Amounts not covered by the impairment comprise only accrued interest on the loans, which is being repaid on a timely basis

All receivables arising from loans granted, with the exception of loans granted to PGE GiEK S.A. and PGE Obrót S.A., are classified in Stage 1 within the meaning of IFRS 9. The Company classifies in Stage 3 receivables arising from loans granted to PGE GiEK S.A. and receivables from bonds issued by Autostrada Wielkopolska S.A.

The table below presents changes in impairment write-downs for these classes of financial instruments:

2025	Trade receivables	Loans granted	Cash pooling receivables	Bonds acquired	Other financial receivables
Write-down related to expected credit losses as at January 1	(87)	(41)	-	(818)	(14)
Creation of write-downs	-	(12,050)	-	-	-
Reversal of write-downs	34	40	-	18	-
Use	49	-	-	-	-
Write-down related to expected credit losses as at December 31	(4)	(12,051)	-	(800)	(14)
Value of items before write-down	3,654	29,259	356	800	781
Net value of item (book value)	3,650	17,208	356	-	767

2024	Trade receivables	Loans granted	Cash pooling receivables	Bonds acquired	Other financial receivables
Write-down related to expected credit losses as at January 1	(99)	(19)	-	(870)	-
Creation of write-downs	-	(22)	-	-	(14)
Reversal of write-downs	12	-	-	52	-
Use	-	-	-	-	-
Write-down related to expected credit losses as at December 31	(87)	(41)	-	(818)	(14)
Value of items before write-down	5,700	30,314	581	818	630
Net value of item (book value)	5,613	30,273	581	-	616

As at January 1, 2025, the Company held a due receivable from its subsidiary ENESTA sp. z o.o. w restrukturyzacji in the amount of PLN 89 million, covered by an impairment allowance of PLN 83 million. On July 31, 2025, the restructuring court approved the arrangement adopted in the remedial proceedings of ENESTA. Under the arrangement, the Company wrote off 100% of interest amounting to PLN 1 million and part of the principal receivable in the amount of PLN 48 million. The amount of PLN 49 million was recognised as utilisation of the impairment allowance. The remaining part of the principal receivable, i.e. PLN 4 million, was spread over 20 quarterly instalments payable starting from the end of the second quarter of 2028.

As at December 31, 2025, the Company reversed an impairment allowance on receivables not covered by the arrangement proceedings in the amount of PLN 34 million, which are secured on the assets of ENESTA. Receivables not covered by the arrangement proceedings in the amount of PLN 36 million were scheduled for repayment in 180 monthly instalments, starting from June 30, 2028.

As at December 31, 2025, the balance of discounted receivables from ENASTA sp. z o.o. w restrukturyzacji amounted to PLN 35 million.

Additionally, in 2025 the Company recognised an allowance for expected credit losses on loans granted to its subsidiary PGE GiEK S.A. in the amount of PLN 12,050 million and reversed an allowance of PLN 40 million from the previous period.

Following receipt of interest payments, the Company partially reversed an impairment allowance on accrued interest on bonds issued by Autostrada Wielkopolska S.A. in the amount of PLN 18 million.

Trade receivables and other financial assets

	December 31, 2025			December 31, 2024		
	Gross value	Write-downs	Net book value	Gross value	Write-downs	Net book value
Receivables not overdue	34,835	(12,854)	21,981	37,938	(862)	37,076
Overdue < 30 days	-	-	-	1	-	1
Overdue 30-90 days	-	-	-	-	-	-
Overdue 90-180 days	-	-	-	-	-	-
Overdue 180-360 days	-	-	-	14	(14)	-
Overdue > 360 days	15	(15)	-	90	(84)	6
Total overdue receivables	15	(15)	-	105	(98)	7
TOTAL FINANCIAL ASSETS	34,850	(12,869)	21,981	38,043	(960)	37,083

17.3.2 Deposits, cash and cash equivalents

The Company manages the credit risk related to cash deposits by diversifying the group of banks where such deposits are held. All entities with which the Company enters into deposit transactions conduct business activities in the financial sector. They are exclusively banks registered in Poland or conducting business activities in Poland in the form of branches of foreign banks with at least investment grade ratings and adequate liquidity ratings, considerable equity capital as well as strong and stable market positions.

17.3.3 Derivative instruments

All entities with which the Company enters into derivative transactions conduct business activities in the financial sector. These are banks with investment grade ratings, adequate equity capital as well as strong and stable market positions. As at the reporting date, the Company was a party to derivative transactions described in detail in note 16.1.2 to these financial statements.

17.3.4 Guarantees and sureties

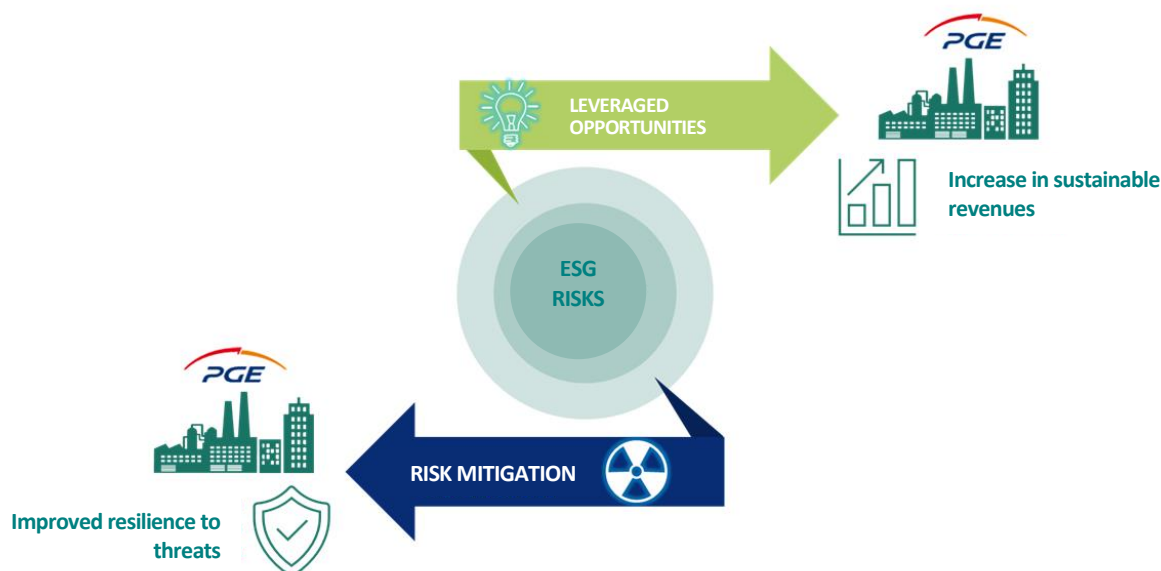
Guarantees and sureties provided by the Company are presented in Note 19.1 to these financial statements. The Company assesses the risk of performance of obligations arising from guarantees and sureties granted as low, except for guarantees granted to PGE GiEK S.A.

The Company, in the current reporting period, due to the current and anticipated financial position of PGE GiEK S.A., recognised a provision for liabilities arising from guarantees granted as security for loans received by PGE GiEK S.A. in 2020 from the National Fund for Environmental Protection and Water Management.

17.4 ESG risks, including climate-related risks

The PGE Capital Group is aware of the impact of its activities on the climate, as well as the risks of climate change to the Group's operations. This interdependence generates both risks and opportunities for growth, so Stakeholders' expectations regarding the reporting of the impact of operations on the climate, as well as dependence on it, are therefore understandable, with climate risk management being recognised as a key element of strategic management with a direct impact on financial aspects. The PGE Capital Group has taken a number of actions aimed at achieving climate neutrality by 2050. At the same time, the Group focuses on effectively leveraging opportunities that may arise in a changing environment, as well as on increasing its resilience to external factors posing a threat to it.

Graphic: Relationship between the activities of the PGE Group and ESG risks.

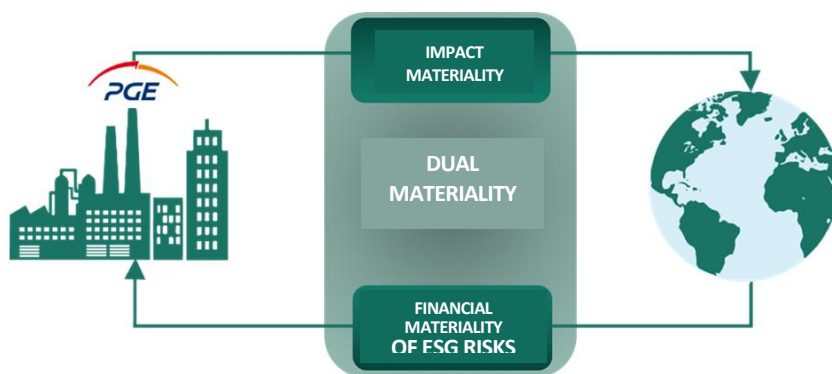


The PGE Capital Group also stepped up its efforts to meet regulatory requirements, both national and European. For 2025, a Sustainability Statement was prepared, the formal basis of which is the CSRD Directive, the European Sustainability Reporting Standards (ESRS), and the Accounting Act. The Sustainability Statement is included within the Management Board's Report on the activities of PGE Polska Grupa Energetyczna S.A. and the PGE Group for 2025.

FINANCIAL MATERIALITY

The CSRD Directive imposes on large entities such as PGE the obligation to conduct a double materiality assessment, the results of which determine the scope of sustainability reporting across the entire Capital Group.

Graphic: Double materiality assessment process



The process of ESG risk financial materiality assessment constitutes one of the two stages of the double materiality analysis. At PGE, it is carried out on an annual cycle, with the involvement of individuals responsible for coordinating activities within the respective segments of the PGE CG. The process methodology is based on the European Sustainability Reporting Standards (ESRS). The assessment covers all areas related to environmental protection, social responsibility and corporate governance, including transitional climate risks related to legislation, technology and reputation. In this process, ESG risks are understood as threats (events causing cost increases / revenue decreases) and opportunities (events causing cost reductions / revenue increases).

The ESG risk assessment process comprises the following stages:

Identification of ESG risks and assessment of their expected financial impact

Based primarily on the expert knowledge of PGE CG employees, as well as available data sources, including the results of the corporate risk management process, and taking into account regulatory requirements and applicable guidelines, threats and opportunities are identified within the organisation for individual sustainability topics.

The assessment covers the extent to which the assets and business operations of the PGE CG may be exposed and sensitive to identified ESG risks.

For the identified ESG risks in individual sustainability thematic areas, the following are assessed: probability of occurrence and potential financial impact. Probability is assessed on a 5-point scale (from negligible to very high), while the financial impact of risk materialisation is estimated with an accuracy of PLN 1 million in relation to impact on revenues / costs. The valuation is carried out for three time perspectives: short-term, medium-term and long-term.

Aggregation of ESG risks at the PGE CG level and materiality analysis

The results obtained from individual owners are verified and aggregated against established thresholds for the assessment of financial impact and additional qualitative assessment for items material from the Group's perspective.

Development and approval of results

Based on the financial materiality assessment, the results are developed, including: the list of material topics for the PGE CG and the list of financially material ESG risks. The results are subject to meetings of the Risk Committee and the Sustainability Committee, as well as approval by the Management Board of PGE S.A.

The process of managing material ESG risks and opportunities is currently being implemented in the PGE CG, using the experience of the overall risk management process.

The results of the ESG risk financial materiality assessment process are published in the Sustainability Statement, which forms part of the Management Board Report on the activities of the PGE CG.

CDP SURVEY

In 2025, the PGE Group once again participated in the international environmental impact survey (<https://www.cdp.net/en>) on the company's environmental impact. In response to enquiries from global investors, the impact of operations on climate, water and forest resources was analysed, in terms of both risks and related opportunities. Any business is affected by two types of climate risks:

- physical risks, associated with the physical effects of climate change, i.e. actual threats in the form of extreme weather events, droughts, and floods,
- transition risks, related to the shift towards a low-emission and climate-resilient economy, concerning compliance with legal requirements, the implementation of new technologies, or impacts on the Company's reputation.

From a business perspective, there is an interdependence between risks and opportunities associated with climate. Actions aimed at mitigating climate change and adapting to its impacts simultaneously provide new opportunities and prospects for business development.

Table: Climate-related opportunities in the PGE Group

Area	Example
New energy sources	Investment in offshore wind farms
New products	Expansion of the product portfolio to include PRO-ECO initiatives – products aligned with low-emission heating systems.

Table: Climate-related threats in the PGE Group

Area	Example
Operational activity	Extreme weather events or changes in climate conditions that may adversely affect the assets and operational activity of the PGE Capital Group.
CO ₂ emissions	Rising costs of CO ₂ emission allowances, which may adversely affect the profitability of generating units and, in extreme cases, lead to the suspension of production in such units for economic reasons.

All of the above issues are assessed in terms of probability and the estimated timeframe of materialisation.

ASSESSMENT OF THE IMPACT OF PHYSICAL CLIMATE RISKS ON OPERATIONS

Global warming, changing precipitation patterns, rising sea levels and extreme weather events are increasingly posing serious challenges to the resilience of electricity systems, thus increasing the likelihood of disruptions. Climate change directly affects every segment of the power system: the potential and efficiency of generation, demand for heating and cooling, the resilience of transmission and distribution networks, as well as demand patterns.

In 2025, the PGE Group once again carried out an assessment of key physical climate risks that could negatively affect operations. Awareness of how climate factors (primarily temperature, precipitation and wind) may impact the Group's core activities helps to support adaptation to climate change and increase resilience to climate hazards.

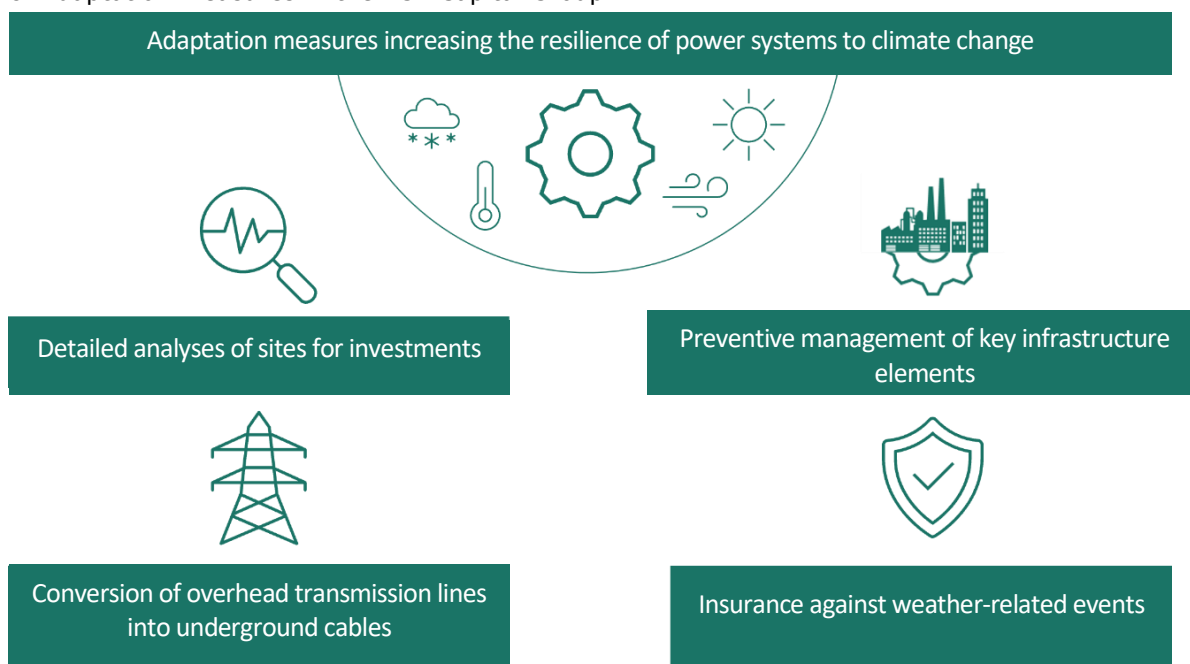
The assessment of risks related to physical climate threats in the PGE Capital Group is carried out from both a current and long-term perspective, using scientific models that describe possible climate scenarios.

Table: Climate scenario.

Scenario	Type of scenario	Assumptions	Increase in global temperature	Risk impact
RCP 4.5	optimistic	introduction of new technologies to achieve a higher reduction in greenhouse gas emissions than at present	2.5°C	low/medium
RCP 8.5	pessimistic	maintaining the current rate of greenhouse gas emissions growth, according to a 'business as usual' model	4.5°C	low/medium

The assessment showed a low or medium impact of risks related to physical climate threats on the Group's key activities in 2025. The implementation and continuous improvement of adaptation measures developed in the PGE CG significantly affect the process outcomes, demonstrating that the actions undertaken have increased the Group's resilience to physical climate risks.

Graphic: Adaptation measures in the PGE Capital Group



17.5 Market (financial) risk - sensitivity analysis

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

- the interest rate risk,
- the currency risk.

At present the Company is exposed mainly to the risk of changes in the EUR/PLN currency exchange rates. Furthermore, the Company is exposed to the risk of changes in PLN reference interest rates. For the purpose of an analysis of sensitivity to changes in the market risk factors, the Company uses the scenario analysis method. The Company uses expert scenarios reflecting the Company's subjective assessment of future changes in the market risk factors.

The scenario analyses presented in this item aim to analyse the impact of changes in the market risk factors on the Company's financial results. With respect to the interest rate risk and the currency risk, the analysis focuses exclusively on these items the fulfil the definition of financial instruments.

In an analysis of sensitivity to the interest rate risk, the Company uses the parallel shift of the interest rate curve by a reasonably possible change in the reference interest rates during the next year.

In the case of an analysis of sensitivity to changes in interest rates, the effect of changes in the risk factors would be charged in the statement of comprehensive income to the item of interest income/costs or the item of revaluation of financial instruments measured at fair value.

The table below presents a sensitivity analysis for every type of the market risk to which the Company was exposed as at the reporting date, showing how the gross financial result would be influenced potentially by changes in the particular risk factors according to the classes of financial assets and liabilities.

Currency exchange risk sensitivity analysis

The table below shows the sensitivity of the gross financial result and equity to reasonably possible changes in currency exchange rates based on the assumption that the other risk factors for these classes of financial instruments exposed to the currency exchange risk remain unchanged.

CLASSES OF FINANCIAL INSTRUMENTS	Value in statement in PLN	CURRENCY RISK SENSITIVITY ANALYSIS					
		AS AT DECEMBER 31, 2025					
		Value at risk in PLN	EUR/PLN		USD/PLN		
			Impact on the financial result/Capital		Impact on the financial result/Capital		
10%	-10%	10%	-10%				
Trade and other financial receivables	21,981	17	2	(2)	-	-	
Cash and cash equivalents	7,928	43	4	(4)	-	-	
Derivatives measured at fair value through profit or loss - assets	3,724	16,170	(1,562)	1,562	(1)	1	
Hedging derivatives - assets	64	-	-	-	-	-	
Credits, loans, bonds	12,240	615	(62)	62	-	-	
Trade and other payables	2,635	17	(2)	2	-	-	
Derivatives measured at fair value through profit or loss - liabilities	3,502	16,832	1,660	(1,660)	1	(1)	
Hedging instruments	21	631	61	(61)	-	-	
IMPACT ON FINANCIAL RESULT			101	(101)	-	-	
Hedging derivatives - liabilities	8	631	2	(2)	-	-	
IMPACT ON REVALUATION RESERVE			2	(2)	-	-	

CLASSES OF FINANCIAL INSTRUMENTS	Value in statement in PLN	CURRENCY RISK SENSITIVITY ANALYSIS					
		<i>restated data</i>					
		AS AT DECEMBER 31, 2024					
		Value at risk in PLN	EUR/PLN		USD/PLN		
Impact on the financial result/Capital			Impact on the financial result/Capital				
10%	-10%	10%	-10%				
Trade and other financial receivables	37,083	454	45	(45)	-	-	
Cash and cash equivalents	1,886	715	72	(72)	-	-	
Derivatives measured at fair value through profit or loss - assets	2,099	13,797	(1,267)	1,267	(3)	3	
Hedging derivatives - assets	212	645	61	(61)	-	-	
Credits, loans, bonds	12,541	621	(62)	62	-	-	
Trade and other payables	2,183	24	(2)	2	-	-	
Derivatives measured at fair value through profit or loss - liabilities	1,856	24,346	1,262	(1,262)	3	(3)	
IMPACT ON FINANCIAL RESULT			109	(109)	-	-	
Hedging derivatives - assets	36	645	3	(3)	-	-	
IMPACT ON REVALUATION RESERVE			3	(3)	-	-	

Interest rate risk sensitivity analysis

The table below shows the sensitivity of the gross financial result and equity to reasonably possible changes in interest rates based on the assumption that the other risk factors for these classes of financial instruments exposed to the interest rate risk remain unchanged:

FINANCIAL ASSETS AND LIABILITIES	Value in statement in PLN	Value at risk in PLN	INTEREST RATE RISK SENSITIVITY ANALYSIS			
			AS AT DECEMBER 31, 2025			
			WIBOR		EURIBOR	
			Impact on the financial result/Capital		Impact on the financial result/Capital	
+50bp	-50pb	+25bp	-25pb			
Trade and other receivables	21,981	356	2	(2)	-	-
Derivatives measured at fair value through profit or loss - assets	3,724	3,724	18	(18)	-	-
Credits, loans, bonds, cash pooling	(12,240)	(5,667)	(28)	28	-	-
Derivatives measured at fair value through profit or loss - liabilities	(3,502)	(3,502)	(17)	17	-	-
IMPACT ON FINANCIAL RESULT			(25)	25	-	-
Hedging derivatives	43	43	33	(34)	(6)	6
CCIRS hedging derivatives - liabilities	(8)	(8)	10	(10)	(6)	6
IRS hedging derivatives - assets	64	64	18	(19)	-	-
IRS hedging derivatives - liabilities	(13)	(13)	5	(5)	-	-
IMPACT ON REVALUATION RESERVE			33	(34)	(6)	6

For derivative instruments, the value exposed to the interest rate risk is the fair value (book value) of such instruments. A sensitivity analysis for CCIRS and IRS derivative instruments was carried out with the application of changes in valuations with the shifted interest rate curves in a given currency.

FINANCIAL ASSETS AND LIABILITIES	INTEREST RATE RISK SENSITIVITY ANALYSIS AS AT DECEMBER 31, 2024					
	Value in statement in PLN	Value at risk in PLN	WIBOR		EURIBOR	
			Impact on the financial result/Capital		Impact on the financial result/Capital	
			+50bp	-50pb	+25bp	-25pb
Trade and other receivables	37,083	581	3	(3)	-	-
Derivatives measured at fair value through profit or loss - assets	2,101	2,101	10	(10)	-	-
Credits, loans, bonds, cash pooling	(12,541)	(7,438)	(37)	37	-	-
Derivatives measured at fair value through profit or loss - liabilities	(1,856)	(1,856)	(9)	9	-	-
IMPACT ON FINANCIAL RESULT			(33)	33	-	-
CCIRS hedging derivatives	36	36	12	(12)	(7)	7
IRS hedging derivatives	176	176	26	(27)	-	-
IMPACT ON REVALUATION RESERVE			38	(39)	(7)	7

17.6 Hedge accounting

SIGNIFICANT ACCOUNTING PRINCIPLES

Hedge accounting

In accordance with the transitional provisions of IFRS 9, on the date of first-time application of IFRS 9 (with respect to areas other than hedge accounting – i.e. Classification and Measurement, and Impairment), the Company had the option, as part of its accounting policy, to continue applying the hedge accounting requirements in accordance with IAS 39 instead of the requirements set out in IFRS 9.

The Company applied the hedge accounting requirements in accordance with IAS 39 until September 30, 2024. As of 1 October 2024, the Company applies hedge accounting principles in line with IFRS 9.

Changes in the fair value measurement of derivative financial instruments designated as CCIRS and IRS cash flow hedges are recognised in the revaluation reserve for the portion that constitutes an effective hedge, while the ineffective portion of the hedge is recognised in profit or loss.

The amounts of the cumulative change in the measurement of the fair value of a hedging instrument previously recognised in the revaluation reserve are transferred to profit or loss in the period or periods during which the hedged item affects profit or loss. Alternatively, where a hedge of a forecast transaction results in the recognition of a non-financial asset or non-financial liability, the Company excludes such an amount from equity and includes it in the initial cost or another book value of a non-financial asset or non-financial liability.

The Company establishes a hedging relationship formally only when all of the following criteria are met:

- the hedging relationship consists solely of eligible hedging instruments and eligible hedged items,
- at the time of establishing the hedging relationship, the relationship has been formally designated and documented, including the entity's risk management objective and the strategy for undertaking the hedge. This documentation specifies the hedging instrument, the hedged item, the nature of the risk being hedged, and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the entity's analysis of sources of hedge ineffectiveness and a description of how the hedge ratio is determined),
- the hedging relationship meets all of the following hedge effectiveness requirements:
 - there is an economic relationship between the hedged item and the hedging instrument;
 - credit risk does not dominate the value changes that result from that economic relationship; and
 - the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item the Company actually hedges and the quantity of the hedging instrument the Company actually uses to hedge that quantity of the hedged item. However, this designation must not reflect an imbalance between the weightings of the hedged item and the hedging instrument that would create hedge ineffectiveness (whether recognised or not) which could produce an accounting outcome that would be inconsistent with the purpose of hedge accounting.

The Company assesses hedge effectiveness in accordance with the requirements of IFRS 9. The assessment of effectiveness is based on the following criteria:

- the existence of an economic relationship between the hedged item and the hedging instrument – the requirement for an economic relationship means that the values of the hedging instrument and the hedged item generally move in opposite directions due to the same risk that is being hedged;
- credit risk does not have a predominant effect on the value changes resulting from that economic relationship;
- the hedge ratio of the hedging relationship is the same as the ratio resulting from the quantity of the hedged item the Company actually hedges and the quantity of the hedging instrument the Company actually uses to hedge that quantity of the hedged item.

In connection with loans received from PGE Sweden AB, PGE S.A. concluded CCIRS transactions hedging the exchange rate. 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. The notional amount, payment of interest and repayment of the notional amount in the CCIRS transactions are correlated with the relevant conditions arising from the loan agreements. The Company applies hedge accounting to these transactions.

PGE S.A. also applies hedge accounting to IRS transactions hedging the interest rate in connection with its financial commitments under agreements such as the Credit Agreement with Bank Gospodarstwa Krajowego concluded on December 17, 2014 and December 4, 2015, the Credit Agreement with the European Bank for Reconstruction and Development concluded on June 7, 2017 and under the market bonds issued on May 21, 2019. In addition, the Company has since March 2025 secured a loan agreement with Industrial and Commercial Bank of China (Europe) S.A. entered into on November 20, 2024. Under these IRS transactions, banks-counterparties pay PGE S.A. interest based on a variable rate in PLN and PGE S.A. pays interest based on a fixed rate in PLN.

Due to the close alignment of key transaction parameters (nominal amount, settlement date of cash flows, underlying asset), the Company conducts a qualitative assessment of the existence of an economic relationship in the case of hedging relationships using IRS instruments. Based on the selected method, the Company assumes that changes in the value of the hedging instrument and the hedged item will exhibit a degree of offsetting close to 100%.

In the case of hedging relationships involving CCIRS instruments, the Company applies a prospective effectiveness assessment based on a quantitative method, using a hypothetical derivative that reflects changes in the value of the hedged item.

The principal source of ineffectiveness in the Group's hedging relationships is counterparty and own credit risk, which is not reflected in the valuation of the hedged item. Hedging transactions are entered into with high-rated financial institutions.

An additional source of ineffectiveness in CCIRS transactions is the designation of the instrument together with the basis spread component, which is not reflected in the valuation of the hedged item.

The hedge ratio for the Company's hedging relationships is 1:1, due to the alignment of the nominal values between the hedging instruments and the designated risk exposure.

The following tables provide information on the impact of hedge accounting on the statement of financial position.

Hedging instrument	Notional amount in currency as at December 31, 2025	Notional amount in currency as at December 31, 2024	Value as at the reporting date of December 31, 2025	Value as at the reporting date of December 31, 2024	Change in value during the period for ineffectiveness calculation	Balance sheet item
Currency risk	EUR 144	EUR 144	(8)	36	(44)	
CCIRS	-	EUR 144 million	-	36	(36)	Derivatives and other assets measured at fair value through profit or loss
CCIRS	EUR 144 million	-	(8)	-	(8)	Derivative instruments
Interest rate risk	PLN 2,525	PLN 2,275	51	176	(125)	Derivatives measured at fair value through profit or loss
IRS PLN	PLN 2,025 million	PLN 2,275 million	64	176	(112)	Derivatives and other assets measured at fair value through profit or loss
IRS PLN	PLN 500 million	-	(13)	-	(13)	

Derivative type	Hedged item	Value as at the reporting date of December 31, 2025	Value as at the reporting date of December 31, 2024	Change in value during the period for ineffectiveness calculation
Currency risk		(13)	27	(40)
CCIRS	Loan	(13)	27	(40)
Interest rate risk		50	176	(126)
IRS	Credits/bonds	50	176	(126)

Hedged item	Ineffectiveness as at December 31, 2025	Ineffectiveness as at December 31, 2024	Line item in the Statement of comprehensive income
Currency risk	-	9	Finance income/expenses
CCIRS	-	9	(9)
Interest rate risk	-	-	-
IRS	-	-	-

Information on the hedging instruments – the maturity structure as at December 31, 2025.

Derivative	Currency	Up to 1 year	From 1 year to 5 years	Over 5 years
CCIRS	EUR	-	144	-
IRS	PLN	400	2,125	-

The Company assesses that the ineffective part of the hedge resulting from the EUR exchange rate and the change in WIBOR and recognised in profit or loss will not have a material impact on future financial statements.

The IBOR reform may also have an impact on variable rate derivatives. The implementation date of the reform has been postponed until the end of 2027. On December 31, 2025, the nominal value of IRS derivatives exposed to the interest rate risk amounted to PLN 2,525 million (these instruments are based on WIBOR). Until the reform enters into force, hedging instruments securing the credit agreement with Bank Gospodarstwa Krajowego will be executed, with a nominal value of PLN 250 million as at December 31, 2025 and a maturity date of December 2027, a hedging instrument securing the credit agreement with Industrial and Commercial Bank of China (Europe) S.A., with a nominal value of PLN 500 million and a maturity date of December 2027, and a hedging instrument securing bonds, with a nominal value of PLN 400 million as at the reporting date and a maturity date of May 2026.

As at the reporting date, the Company assesses that the IBOR reform will not have a significant impact on the risk management process.

The impact of hedge accounting on the revaluation reserve is presented in Note 12.3 to these financial statements.

EXPLANATORY NOTES TO THE STATEMENT OF CASH FLOWS

18. Statement of cash flows

SIGNIFICANT ACCOUNTING PRINCIPLES

Statement of cash flows

The statement of cash flows is drawn up on the basis of the indirect method.

An analysis of the most important items in the statement of cash flows is presented below.

18.1 Cash flows from operating activities

Interest and dividend

	Year ended December 31, 2025	Year ended December 31, 2024
Dividends receivable	(3,294)	(2,374)
Interest on bonds purchased	(145)	(176)
Interest on bonds issued	92	101
Interest on loans granted	(1,816)	(1,870)
Interest on loans received	155	112
Interest and commissions on credits	421	501
Interest on derivatives	(8)	(78)
Other	-	2
TOTAL INTEREST AND DIVIDENDS	(4,595)	(3,782)

(Profit) / loss on investing activities

	Year ended December 31, 2025	Year ended December 31, 2024
Accrual valuation of derivative instruments	25	114
Creation and reversal of write-downs of financial assets	12,272	(52)
Disposal of financial fixed assets	(3)	-
Accrual valuation of securities	(3)	(2)
Other	(20)	77
TOTAL (PROFIT)/LOSS ON INVESTING ACTIVITIES	12,271	137

Change in receivables

	Year ended December 31, 2025	Year ended December 31, 2024
Change in trade and other receivables	15,102	(3,246)
Adjustment for change in loans granted (including cash pooling)	(13,290)	7,508
Adjustment for change in bonds purchased	-	(2,174)
Set off of receivables and loans granted to subsidiaries	(13,570)	(13,960)
Other	6	-
TOTAL CHANGE IN RECEIVABLES	(11,752)	(11,872)

Change in liabilities, excluding credits and loans

	Year ended December 31, 2025	Year ended December 31, 2024
Change in trade payables	477	488
Change in other non-financial liabilities	(38)	586
Change in other financial liabilities	(2)	(148)
Adjustment for change in investment liabilities	-	8
Other	(3)	(3)
TOTAL CHANGE IN LIABILITIES, EXCLUSIVE OF CREDITS AND LOANS	434	931

Change in other non-financial assets

	Year ended December 31, 2025	Year ended December 31, 2024
Change in other assets	88	18
Other	5	(3)
TOTAL CHANGE IN OTHER NON-FINANCIAL ASSETS	93	15

18.2 Cash flows from investing activities

Granting and repayment of loans

The Company grants loans to PGE Group companies mainly to finance investments, refinance financial liabilities and finance current operating activities. A detailed description is included in Note 16.1.1.

Acquisition of subsidiaries

Amounts related to the acquisition of shares in subsidiaries are included under expenditure on the acquisition of subsidiaries, as described in Note 8 of these financial statements.

Material transactions in 2025 included the subscription by PGE S.A. for shares in connection with share capital increases of EW Baltica 9 sp. z o.o. and PGE Baltica 2 sp. z o.o. in exchange for cash contributions of PLN 411 million and PLN 215 million, respectively.

Dividends received

The total amount of dividends received mainly comprises dividends from PGE Dystrybucja S.A. in the amount of PLN 2,198 million, PGE EO S.A. in the amount of PLN 859 million, PGE Energia Ciepła S.A. in the amount of PLN 91 million, and PGE Energetyka Kolejowa Holding sp. z o.o. in the amount of PLN 58 million. In the comparative period, the main sources were dividends from PGE Dystrybucja S.A. of PLN 1,792 million, PGE EO S.A. of PLN 505 million.

Cash flows under the cash pooling service

As it is described in note 16.1.1., PGE S.A. acts as a coordinator of the cash pooling service in the PGE Capital Group. This means, among other things, that individual subsidiaries settle their accounts with the Company, and the Company settles its accounts with the banks. Therefore, the Company discloses loans granted and inflows from cash pooling from entities participating in cash pooling.

Interest received

The total amount of interest received mainly consists of the following:

- interest on loans granted to subsidiaries in the amount of PLN 1,816 million,
- interest on cash pooling in the PGE Capital Group in the amount of PLN 39 million,
- interest received on Autostrada Wielkopolska S.A. bonds in the amount of PLN 145 million,

18.3 Cash flows from financing activities

Proceeds from obtained loans and credits

In the current reporting period, the Company obtained credits and loans for the amount of PLN 4,503 million. Details of loans received and their purpose are described in Note 24.2 of these financial statements.

Repayment of loans, credits and finance leases

In the current reporting period, the Company repaid credits for the total amount of PLN 2.239 million.

OTHER EXPLANATORY NOTES

19. Contingent receivables and payables. Litigation

SIGNIFICANT ACCOUNTING PRINCIPLES

Contingent liabilities

With respect to the recognition and valuation of provisions and contingent liabilities, the Company assesses the likelihood of the occurrence of contingent liabilities. If the occurrence of a negative event is probable, the Company recognised a provision in a relevant amount. If, according to the Company, the occurrence of a negative event is possible, but not probable, it is recognised as a contingent liability.

19.1 Contingent liabilities and collateral for agreements

	As at December 31, 2025	As at December 31, 2024
Liabilities under guarantees and sureties	16,722	23,703
Sureties and guarantees securing exchange transactions	13,837	13,287
Other contingent liabilities	145	147
TOTAL CONTINGENT LIABILITIES	30,704	37,137

Guarantees and sureties

In connection with the establishment of the Eurobond programme in 2014, an agreement was concluded under which PGE S.A. provided a guarantee for the liabilities of PGE Sweden AB (publ). The guarantee was granted for the amount of up to EUR 2,500 million (PLN 10,870 million) and is valid until December 31, 2041. As at December 31, 2025, the liabilities of PGE Sweden AB (publ) arising from issued bonds amounted to EUR 140 million (PLN 590 million), compared to EUR 140 million (PLN 597 million) as at December 31, 2024.

PGE S.A. provided sureties for the obligations of PGE Energia Ciepła S.A., ZEW Kogeneracja S.A., Elektrociepłowni Zielona Góra S.A., PGE Toruń S.A., and PGE Gryfino Dolna Odra sp. z o.o. to ORLEN S.A., as security for gaseous fuel supplies. As at December 31, 2025, the total value of the guarantees issued under this agreement amounted to PLN 1,485 million, of which guarantees totalling PLN 1,334 million are valid until March 31, 2026, and the remaining guarantees amounting to PLN 111 million and PLN 40 million are valid until October 31, 2036 and March 31, 2037, respectively.

On April 20, 2023, PGE S.A. provided a guarantee to PGE Nowy Rybnik sp. z o.o. as security for payment obligations under the contract for the construction of a combined-cycle gas unit in Rybnik. As at December 31, 2025, the value of the surety granted amounted to PLN 511 million. The surety was granted until April 30, 2027.

In 2023–2025, sureties were issued in connection with contracts concluded by the project company EWB2 for the implementation of the Baltica 2 OWF. As at December 31, 2025, the value of the sureties provided amounted to PLN 2,565 million, while in the comparable period it amounted to PLN 4,705 million.

In November 2025, PGE S.A. provided a surety for the liabilities of Elektrownia Wiatrowa Baltica 9 sp. z o.o. arising from the acquisition by that company of 100% of the shares in RWE Renewables International Participations B.V., up to an amount of EUR 85 million (PLN 359 million).

The Company recognised in its books an allowance for expected credit losses on guarantees granted to PGE GiEK S.A. and presents a provision and a liability in this respect in the total amount of PLN 265 million. Consequently, the value of contingent liabilities decreased by the indicated amount. The guarantees constitute security for loans received by PGE GiEK S.A. in 2020 from the National Fund for Environmental Protection and Water Management.

Sureties securing exchange transactions

On December 19, 2024, PGE S.A. granted a guarantee for the obligations of PGE Dom Maklerski S.A. in favour of Macquarie Bank Europe Designated Activity Company in order to secure the settlement of exchange-traded transactions in CO₂ emission allowances; the guarantee was granted up to an amount of EUR 130 million, equivalent to approximately PLN 549 million, and is valid until December 31, 2026.

On September 30, 2019, PGE S.A. concluded a surety agreement with IRGiT S.A., subsequently amended in later periods. The total maximum limit under the agreement amounts to PLN 2 billion. Within this limit, PGE Dom Maklerski S.A. enters into exchange transactions on TGE S.A. for and on behalf of PGE S.A. The available limit under this agreement as at December 31, 2025 amounts to PLN 1.4 billion. The guarantee was granted until March 31, 2027.

When providing sureties and instructing the issuance of bank guarantees for the benefit of IRGiT, the Company uses guarantee facilities granted by banks, the total limit of which as at December 31, 2025 amounts to PLN 1,450 million, as described in more detail in Note 5.4.3.5 of the Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. and the PGE Group for 2025.

On October 17, 2023, PGE S.A. entered into a surety agreement with IRGiT S.A. up to the amount of PLN 11 billion, under which PGE S.A. guaranteed all liabilities of PGE EC S.A., EC Zielona Góra S.A. and PGE Dom Maklerski S.A. arising from electricity trading transactions entered into by PGE Dom Maklerski on the Power Exchange on behalf and for the benefit of these companies. The surety was granted until December 31, 2026.

Liabilities also include collateral for the settlement of transactions and agreements related to the offsetting of margin deposits executed by PGE Dom Maklerski S.A. on Towarowa Giełda Energii S.A., in the form of bank guarantees issued in favour of IRGiT for the obligations of PGE S.A. or companies from the PGE Group. As at December 31, 2025, the total amount of guarantees issued by banks in favour of companies from the PGE Group amounted to PLN 793 million, including PLN 600 million in favour of PGE S.A.; as at December 31, 2024, PLN 278 million and PLN 145 million, respectively.

Other contingent liabilities

On February 21, 2023, PGE S.A. issued Loan Note and Unconditional Shareholders' Contribution documents in favour of its subsidiary PGE Sweden AB (publ) in the amount of EUR 20 million (approx. PLN 85 million) in order to restore the company's equity to the level required under Swedish law, i.e. 50% of the registered share capital. PGE S.A. obliged itself to contribute up to EUR 20 million to PGE Sweden in case PGE Sweden has to pay tax liabilities. At the reporting date, PGE S.A. assesses the fulfilment of the obligation as unlikely, but possible.

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

19.2 Other significant issues related to contingent liabilities and collateral for agreements

Commitment to provide financing for new investments in PGE Capital Group companies

In connection with the PGE Capital Group's strategic investments, the Company granted issued a letter of commitment for its subsidiary PGE GiEK o/ELT, in which it undertook to provide financing for the planned investments. The letter of commitment relates to strictly defined investment procedures and may be used for such purposes only. As at the reporting date, the approximate value of future investment commitments related to such projects amounts to approximately PLN 221 million.

Issuance of letters of support for subsidiaries

As at December 31, 2025, PGE Obrót S.A. and PGE Górnictwo i Energetyka Konwencjonalna S.A. reported negative equity and meet the conditions under 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. results from losses incurred in previous years, mainly as a consequence of regulatory changes affecting the retail electricity market, as well as the approval by the President of the Energy Regulatory Office of tariffs for households that do not fully cover the cost of purchasing electricity. The negative equity of PGE GiEK S.A. results primarily from the recognition of impairment losses on property, plant and equipment in previous years and in the first half of 2025. The impairment of assets is a consequence of weaker business prospects for conventional generation assets. PGE Obrót S.A. and PGE GiEK S.A. have access to financing provided by PGE S.A. The liquidity position of these companies is monitored on an ongoing basis by the PGE Group.

PGE S.A. has issued so-called letters of support to PGE Obrót S.A. and PGE GiEK S.A., in which it confirms its ability to support their liquidity should the need arise.

Sureties related to the investment undertaken by Elektrownia Wiatrowa Baltica-2 sp. z o.o.

On January 29, 2025, Elektrownia Wiatrowa Baltica-2 sp. z o.o. and the relevant entities from the PGE and Ørsted capital groups concluded a series of agreements related to the implementation of an investment project involving the construction of an offshore wind farm with a planned maximum capacity of 1,498 MW. The agreements include, among others, guarantees issued by PGE S.A. in favour of PGE Baltica 6 sp. z o.o. (100% owned by the PGE Capital Group), Elektrownia Wiatrowa Baltica-2 sp. z o.o. (50% owned by the PGE Capital Group), and Ørsted Baltica 2 Holding sp. z o.o. (a non-affiliated entity).

PGE S.A. has undertaken an irrevocable and unconditional obligation towards the beneficiaries, as joint and several creditors, to perform the guaranteed obligations related to the investment project if PGE Baltica 6 sp. z o.o. fails to meet its obligations in the manner and within the timeframe specified in the executed shareholders' agreement.

19.3 Other court cases and disputes

Matter of compensation for share conversion

On November 12, 2014, the company Socrates Investment S.A. (the assignee of claims from former shareholders of PGE Górnictwo i Energetyka S.A.) filed a lawsuit seeking damages in the total amount of over PLN 493 million (plus interest), alleging losses incurred as a result of the allegedly improper determination of the share exchange ratio in the merger process of PGE Górnictwo i Energetyka S.A. with PGE S.A. The Company submitted a statement of defence. On November 15, 2017, the Company received a pleading from the claimant amending the claim to increase the amount sought to PLN 636 million. The court proceedings in the first instance are currently ongoing.

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 March 9, 2017. PGE S.A. and PGE GiEK S.A. filed a joint statement of defence on July 8, 2017. On September 28, 2018, the Regional Court in Warsaw delivered its first-instance judgment – the claim filed by Pozwy sp. z o.o. was dismissed. On April 8, 2019, PGE S.A. received a copy of the appeal filed by the claimant on December 7, 2018. PGE S.A. and PGE GiEK S.A.'s response to the appeal was prepared on April 23, 2019. The hearing was held on December 21, 2020. The Court of Appeal issued a verdict in which it overturned the appealed verdict of the District Court in its entirety and returned the case for re-examination to the District Court. On January 22, 2021 PGE S.A. together with PGE GiEK S.A. filed a complaint against the verdict to the Supreme Court, requesting that the verdict of the Court of Appeal be reversed in its entirety and the case be returned to the Court of Appeal for re-examination. At a closed session on April 27, 2021, the Supreme Court overturned the appealed verdict. Thus, the case was returned for re-examination by the Court of Appeal. In a verdict of January 10, 2024, the Court of Appeal upheld the claimant's appeal and overturned the appealed verdict of the District Court and referred the case back to that court. The case is pending – witness hearings are ongoing. No date has been set for another hearing.

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

The Company did not establish any provision for the filed lawsuit.

Price Difference Payment Fund

In 2022 and 2023, the Company was subject to regulations requiring electricity producers and energy undertakings engaged in electricity trading to make monthly contributions to the Price Difference Payment Fund ("the Fund"). In connection with doubts 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, the Company applied to the President of the Energy Regulatory Office (ERO) 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. PGE S.A., disagreeing with the unfavourable decision issued by the President of the ERO, appealed the decision to the Regional Court in Warsaw. At the same time, PGE S.A. paid the contribution to the Fund in accordance with the ERO President's decision, while reserving the right to claim a refund of the amounts paid.

The President of the Energy Regulatory Office filed a motion with the Regional Court in Warsaw to dismiss the appeal of PGE S.A. On November 25, 2025, the Regional Court in Warsaw, the Competition and Consumer Protection Court, dismissed the appeal of PGE S.A. On December 23, 2025, PGE S.A. filed an appeal against the judgment with the Court of Appeal in Warsaw. The amount in dispute is PLN 91 million.

20. Tax settlements

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

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

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

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

Income tax

Minimum income tax

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

In the comparative period ended December 31, 2024, no charges occurred in this respect.

Global minimum top-up tax

On January 1, 2025, the provisions of the Act of November 6, 2024 on the top-up taxation of constituent entities of multinational and domestic groups entered into force. This act implements into national law the provisions of Council Directive (EU) 2022/2523 of 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. The PGE Group has opted to apply the provisions of the Act for the year 2024. This does not increase the tax burden.

Establishment of PGK PGE 2026

On October 30, 2025, an agreement establishing a tax capital group for the years 2026–2028 under the name 'PGK PGE 2026' was concluded, for which PGE S.A. acts as the representative company. The companies forming the tax capital group are required to meet a number of conditions, including, inter alia: maintaining an appropriate level of equity, ensuring that the parent company holds at least a 75% share in the equity of the companies forming the PGK, the absence of capital links between subsidiaries, and the absence of tax arrears. A breach of the above conditions will result in the dissolution of the tax capital group and the loss of its status as a taxpayer. From the moment of dissolution, each company forming part of the tax capital group becomes a separate taxpayer for CIT purposes. The 'PGK PGE 2026' tax capital group comprises the following companies: PGE S.A., PGE Dystrybucja S.A., PGE GiEK S.A., PGE Obrót S.A., PGE Systemy S.A., PGE Dom Maklerski S.A., PGE Ekoserwis S.A., PGE Synergia sp. z o.o., 'Elbis' sp. z o.o., PGE Asekuracja S.A., PGE Inwest 2 sp. z o.o., PGE Inwest 9 sp. z o.o., PGE Inwest 33 sp. z o.o. and PGE Inwest 34 sp. z o.o. The members of the tax capital group jointly determine the taxable result, which allows for the offsetting of profits and losses of the companies within the group. The financial benefit from the tax capital group, consisting in a reduction of tax, is returned to companies that incurred a loss in the settlement period.

The parent company represents the tax capital group and pays advance corporate income tax instalments.

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

The Company 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 Company's counterparties that decide to use this mechanism and on the relation between the payment dates of receivables and payables. As at December 31, 2025, the balance of funds held in VAT accounts amounted to PLN 169 million (PLN 677 million in the comparative period).

Reporting of tax schemes (MDR)

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

Uncertainty related to tax settlements

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

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

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

Other aspects

The Tax Code includes the provisions of the General Anti-Abuse Rule (GAAR). The GAAR is designed to prevent the use of artificial legal structures created for the purpose of avoiding the payment of tax in Poland. 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 above regulations require much more judgement in assessing tax consequences of individual transactions.

The Company 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 Company recognises these settlements, taking into account an assessment of uncertainty.

21. Information on related entities

The State Treasury is the dominant shareholder of the PGE Capital Group. Therefore, companies owned by the State Treasury are regarded as related entities. The Company identifies in detail transactions with the largest companies controlled by the State Treasury. The combined value of transactions with such companies is presented in the tables below under "other related entities".

Transactions with related entities are based on market prices of delivered goods, products or services or on their production costs.

21.1 The Company's transactions with related parties

Year ended December 31, 2025

STATEMENT OF COMPREHENSIVE INCOME	Company's subsidiaries	Other entities related within PGE CG	Other related entities	Not related entities	TOTAL
Sales revenue	36,385	-	1,963	4,594	42,942
Other operating income	33	-	-	2	35
Other operating expenses	-	-	-	(14)	(14)
Finance income	5,272	-	3	542	5,817
Finance expenses	(12,721)	-	-	(565)	(13,286)
Operating expenses	22,187	-	2,063	17,644	41,894

Year ended December 31, 2024

STATEMENT OF COMPREHENSIVE INCOME <i>restated data*</i>	Company's subsidiaries	Other entities related within PGE CG	Other related entities	Not related entities	TOTAL
Sales revenue	49,066	-	1,371	479	50,916
Other operating income	12	-	-	4	16
Other operating expenses	-	-	-	(15)	(15)
Finance income	4,425	-	-	502	4,927
Finance expenses	(195)	-	-	(788)	(983)
Operating expenses	19,878	-	2,297	27,280	49,455

*The restatement of comparative data is described in Note 3 to these financial statements.

The Company recognises revenue from sales to subsidiaries in the PGE Group mainly from the sale of electricity, CO₂ emission allowances, gas, licences, property rights and support services.

Financial income relates primarily to dividends and interest on loans and bonds.

Operating expenses relate to the value of goods and materials sold.

The Company carries out significant transactions on the Polish Power Exchange (Towarowa Gielda Energii S.A., TGE) through its subsidiary, PGE Dom Maklerski S.A. Given that TGE is solely responsible for organising exchange trading, purchases and sales conducted via TGE are not treated as transactions with a related party.

21.2 Company's accounts with related entities

As at December 31, 2025

ASSETS	Company's subsidiaries	Other entities related within PGE CG	Other related entities	Not related entities	TOTAL
Financial assets:	21,710	-	214	57	21,981
Trade receivables	3,418	-	214	18	3,650
Other loans and financial assets	18,292	-	-	39	18,331
Shares and interests in subsidiaries	25,181	-	-	-	25,181
Shares and interests in associates, as well as jointly controlled and other entities	-	84	-	13	97
Derivatives – assets	638	-	-	3,186	3,824
Other current assets	-	-	-	46	46

As at December 31, 2024

ASSETS <i>restated data*</i>	Company's subsidiaries	Other entities related within PGE CG	Other related entities	Not related entities	TOTAL
Financial assets:	36,896	-	148	39	37,083
Trade receivables	5,451	-	148	14	5,613
Other loans and financial assets	31,445	-	-	25	31,470
Shares and interests in subsidiaries	23,370	-	-	-	23,370
Shares and interests in associates, as well as jointly controlled and other entities	-	103	-	13	116
Derivatives – assets	686	-	-	1,661	2,347
Other current assets	23	-	-	116	139

*The restatement of comparative data is described in Note 3 to these financial statements.

As at December 31, 2025

LIABILITIES	Company's subsidiaries	Other related entities	Not related entities	TOTAL
Derivatives – liabilities	279	-	3,244	3,523
Financial liabilities measured at amortised cost:	5,355	62	9,458	14,875
Bonds issued	-	-	1,408	1,408
Interest-bearing credits and loans	615	-	7,928	8,543
Cash pooling liabilities	2,267	-	-	2,267
Trade payables	2,424	62	81	2,567
Lease liabilities IFRS 16	1	-	21	22
Other financial liabilities	48	-	20	68

As at December 31, 2024

LIABILITIES <i>restated data*</i>	Company's subsidiaries	Other related entities	Not related entities	TOTAL
Derivatives – liabilities	1,028	-	828	1,856
Financial liabilities measured at amortised cost:	4,621	93	10,010	14,724
Bonds issued	-	-	1,410	1,410
Interest-bearing credits and loans	621	-	8,510	9,131
Cash pooling liabilities	1,977	-	-	1,977
Trade payables	1,947	93	50	2,090
Lease liabilities IFRS 16	1	-	22	23
Other financial liabilities	75	-	18	93

*The restatement of comparative data is described in Note 3 to these financial statements.

The issues related to letters of commitment and sureties granted to the subsidiaries of PGE S.A. are described in note 19 to these financial statements.

21.3 Management remuneration

The management personnel comprises the Management Board and the Supervisory Board of the Company.

PLN thousand	Year ended December 31, 2025	Year ended December 31, 2024
Short-term employee benefits (remuneration and surcharges)	9,097	7,561
Post-employment and termination benefits	-	2,814
TOTAL MANAGEMENT REMUNERATION	9,097	10,375

PLN thousand	Year ended December 31, 2025	Year ended December 31, 2024
Management Board	8,027	9,510
Supervisory Board	1,070	865
TOTAL MANAGEMENT REMUNERATION	9,097	10,375

The members of the Company's Management Board are employed under civil law management contracts (so-called management contracts). In Note 4.2 Expenses by nature and by function, these remunerations are presented under other expenses by nature and, in addition to basic salaries, include the values of reversed provisions for bonuses for former Management Board Members and established provisions for bonuses for the present Management Board Members.

22. Remuneration of the audit firm

The entity authorised to audit the separate financial statements of PGE S.A. for 2025 and the consolidated financial statements of the PGE Group, as well as to perform the review of the interim separate and consolidated financial statements for 2025, is KPMG Audyt sp. z o.o. sp. k., pursuant to an agreement concluded on February 24, 2025. The agreement was concluded for a period of three years, i.e. for 2025–2027. The final period of services provided by KPMG will be the audit of the separate financial statements of PGE S.A. and the consolidated financial statements of the PGE Group for 2027.

For 2024, the audit of the separate financial statements of PGE S.A. and the consolidated financial statements of the PGE Group, as well as the review of the interim separate and consolidated financial statements, was performed by PKF Consult sp. z o.o. sp. k., pursuant to an agreement concluded on January 21, 2022.

The entity authorised to provide assurance services on sustainability reporting, including the EU environmental taxonomy, for 2025–2024 is PKF Consult sp. z o.o. sp. k., pursuant to annual agreements concluded on January 7, 2026 and May 14, 2024, respectively.

The body that selected the audit firm to audit the financial statements for 2025 and the audit firm to provide sustainability assurance services for 2025 was the Supervisory Board of PGE Polska Grupa Energetyczna S.A.

PLN thousand	Year ended December 31, 2025	Year ended December 31, 2024*
Audit of the annual separate financial statements and the annual consolidated financial statements of the PGE Group	550	599
Review of the interim separate and consolidated financial statements of the PGE Group	150	185
Other assurance services, including assurance on sustainability reporting	392	343
Tax advisory services	-	-
Other services	-	1
Total remuneration	1,092	1,128

* The amount of PLN 1,128 thousand includes additional remuneration for 2024, due and paid in 2025 to the previous auditor, i.e. PKF Consult sp. z o.o. sp. k., on the basis of the agreement concluded.

The amount of PLN 392 thousand includes remuneration arising from the agreement for the provision of assurance services on sustainability reporting, including the EU environmental taxonomy for 2025, concluded with PKF on January 7, 2026, in the amount of PLN 210 thousand. In the comparative period, the amount of PLN 343 thousand includes remuneration for the provision of assurance services on the Sustainability Report, including the EU environmental taxonomy, for PKF under the agreement concluded on May 14, 2024, in the amount of PLN 212 thousand.

23. Disclosures resulting from Article 44 of the Energy Law regarding specific types of activities

Article 44 of the Energy Law imposes an obligation on power companies to prepare regulatory financial statements with a balance sheet (a statement of financial position) and a statement of profit or loss (a statement of comprehensive income) for reporting periods, separately for each type of business activities conducted in the following areas:

- the transmission or distribution of electricity, the transmission, distribution or storage of gaseous fuels, the trade in gaseous fuels, the liquefaction of natural gas or re-gasification of liquefied natural gas, as well as for customer groups specified in the tariff,
- not related to the activities mentioned above.

23.1 Principles of allocation to particular types of activities

The Company's separate types of activities referred to in Article 44 of the Energy Law, as well as the principles for allocating revenue, costs, assets and liabilities to these types of activities, are presented below.

23.1.1 Description of separate types of activities

The Company has identified the following types of activities in accordance with Article 44(1) of the Energy Law:

- trade in gaseous fuels,
- other activities.

23.1.2 Principles of allocation of revenue, costs, assets and liabilities

The Company allocates selected items of the statement of comprehensive income and the statement of financial position to individual activities on the basis of the accounting records:

- sales revenue,
- cost of goods sold,
- selling costs,
- general and administrative expenses,
- finance income and expenses,
- trade receivables,
- trade payables,
- derivative instruments,
- inventories,
- provisions, except for provisions for employee benefits.

The Company allocates the selected items of the statement of financial position to the various activities, using division keys:

- property, plant and equipment and intangible assets – in proportion of depreciation/amortisation costs,
- provisions for employee benefits and liabilities for wages and salaries, personal income tax social insurance – in proportion to the cost of employee benefits,
- VAT liabilities – in proportion to sales revenue.

Selected items in the statement of comprehensive income and statement of financial position are not allocated to specific types of activities as they relate to the Company's overall operations. The main unallocated items include the following:

- deferred tax assets and liabilities,
- loans and receivables other than trade receivables,
- Interest-bearing bank credits, loans, bonds, leasing
- shares and interests in subsidiaries, associates, as well as jointly controlled and other entities
- income tax assets and liabilities,
- cash and cash equivalents,
- equity, excluding profit for the reporting period,
- income tax in the statement of comprehensive income.

The unallocated items are presented together with other activities.

23.2 Breakdown by type of business activity

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2025

	Trade in natural gas	Other activities and unallocated items	Total
SALES REVENUE	2,279	40,663	42,942
Cost of goods sold	(2,276)	(39,159)	(41,435)
GROSS PROFIT ON SALES	3	1,504	1,507
Distribution and selling expenses	(5)	(12)	(17)
General and administrative expenses	(1)	(441)	(442)
Other operating income	34	1	35
Other operating expenses	-	(14)	(14)
OPERATING PROFIT/(LOSS)	31	1,038	1,069
Finance income	-	5,817	5,817
Finance expenses	(5)	(13,281)	(13,286)
GROSS PROFIT	26	(6,426)	(6,400)
Income tax	-	(550)	(550)
NET PROFIT FOR REPORTING PERIOD	26	(6,976)	(6,950)

In Note 4.1, Revenue from sales of individual types of activities is presented under "Revenue from sales of goods" and "Revenue from sales of services".

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2025

	Trade in natural gas	Other activities and unallocated items	Total
NON-CURRENT ASSETS			
Property, plant and equipment	1	127	128
Intangible assets	-	2	2
Right to use assets	-	21	21
Financial receivables	-	13,141	13,141
Derivatives and other assets measured at fair value through profit or loss	144	228	372
Shares and interests in subsidiaries	-	25,181	25,181
Shares and interests in associates, as well as jointly controlled and other entities	-	97	97
Other non-current assets	-	6	6
	145	38,803	38,948
CURRENT ASSETS			
Inventories	-	617	617
Derivative instruments	350	3,102	3,452
Trade and other receivables	207	8,633	8,840
Other current assets	3	43	46
Cash and cash equivalents	-	7,928	7,928
	560	20,323	20,883
TOTAL ASSETS	705	59,126	59,831

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2025

	Trade in natural gas	Other activities and unallocated items	Total
Net profit/(loss) for the reporting period	26	(6,976)	(6,950)
Other capital	-	46,266	46,266
TOTAL EQUITY	26	39,290	39,316
NON-CURRENT LIABILITIES			
Non-current provisions	-	326	326
Deferred income tax liability	-	49	49
Credits, loans, bonds and leases	-	8,824	8,824
Derivative instruments	144	151	295
Other financial liabilities	-	-	-
	144	9,350	9,494
CURRENT LIABILITIES			
Current provisions	-	44	44
Credits, loans, bonds, cash pooling and leases	-	3,416	3,416
Trade and other payables	159	2,476	2,635
Derivative instruments	350	2,878	3,228
Deferred income tax liability	-	110	110
Other non-financial liabilities	79	1,509	1,588
	588	10,433	11,021
TOTAL LIABILITIES	732	19,783	20,515
TOTAL EQUITY AND LIABILITIES	758	59,073	59,831

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2024

	Trade in natural gas <i>restated data*</i>	Other activities and unallocated items <i>restated data*</i>	Total <i>restated data*</i>
SALES REVENUE	190	50,726	50,916
Cost of goods sold	(188)	(48,875)	(49,063)
GROSS PROFIT ON SALES	2	1,851	1,853
Distribution and selling expenses	(4)	(10)	(14)
General and administrative expenses	-	(378)	(378)
Other operating income	41	(25)	16
Other operating expenses	(29)	14	(15)
OPERATING PROFIT/(LOSS)	10	1,452	1,462
Finance income	-	4,927	4,927
Finance expenses	-	(983)	(983)
GROSS PROFIT	10	5,396	5,406
Income tax	-	(570)	(570)
NET PROFIT FOR REPORTING PERIOD	10	4,826	4,836

*The restatement of comparative information is described in Note 3 to these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2024

	Trade in natural gas <i>restated data*</i>	Other activities and unallocated items <i>restated data*</i>	Total <i>restated data*</i>
NON-CURRENT ASSETS			
Property, plant and equipment	1	138	139
Intangible assets	-	2	2
Right to use assets	-	22	22
Financial receivables	-	14,906	14,906
Derivatives and other assets measured at fair value through profit or loss	61	671	732
Shares and interests in subsidiaries	-	23,370	23,370
Shares and interests in associates, as well as jointly controlled and other entities	-	116	116
Other non-current assets	-	1	1
	62	39,226	39,288
CURRENT ASSETS			
Derivative instruments	161	1,454	1,615
Trade and other receivables	47	22,130	22,177
Other current assets	-	139	139
Cash and cash equivalents	-	1,886	1,886
	208	25,609	25,817
TOTAL ASSETS	270	64,835	65,105

*The restatement of comparative information is described in Note 3 to these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2024

	Trade in natural gas <i>restated data</i>	Other activities and unallocated items <i>restated data</i>	Total <i>restated data</i>
Net profit for the reporting period	10	4,826	4,836
Other capital	-	41,560	41,560
TOTAL EQUITY	10	46,386	46,396
NON-CURRENT LIABILITIES			
Non-current provisions	-	69	69
Deferred income tax liability	-	31	31
Credits, loans, bonds and leases	-	8,223	8,223
Derivative instruments	61	351	412
Other financial liabilities	-	3	3
	61	8,677	8,738
CURRENT LIABILITIES			
Current provisions	-	43	43
Credits, loans, bonds, cash pooling and leases	-	4,318	4,318
Trade and other payables	71	2,109	2,180
Derivative instruments	161	1,283	1,444
Income tax liabilities	-	360	360
Other non-financial liabilities	6	1,620	1,626
	238	9,733	9,971
TOTAL LIABILITIES	299	18,410	18,709
TOTAL EQUITY AND LIABILITIES	309	64,796	65,105

*The restatement of comparative information is described in Note 3 to these financial statements.

24. Significant events during and after the reporting period

24.1 The coal asset spin-off project

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

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

On July 9, 2025, the Ministry of State Assets announced the completion of the team's work and the decision to abandon the implementation of NABE project. The absence of planned actions aimed at consolidating coal assets within NABE results in coal-based generation units remaining within the structures of capital groups, including the PGE Group. This decision also takes into account the need to ensure the stability of the National Electricity System and socially acceptable energy supply costs.

The book value of the shares in PGE GiEK S.A. in the separate financial statements as at December 31, 2025 is PLN 0. Additionally, due to the current and projected financial position of PGE GiEK S.A. causing significant doubts about the recoverable amount of loans granted, an impairment loss of PLN 12,050 million was recognised in financial expenses in the current period. Also, a provision in the amount of PLN 235 million was recognised for expected credit losses on guarantees granted to PGE GiEK S.A. as collateral for loans received by PGE GiEK S.A. from the National Fund for Environmental Protection and Water Management.

24.2 Signing of loan agreements with BGK under RRP

Construction of offshore wind farms

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

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

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

Support for the National Electricity System

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

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

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

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

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

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

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

The loans bear interest at a fixed rate of 0.5% per annum, and repayment is scheduled in semi-annual instalments between 2034 and 2050 (the final repayment date for the loan relating to the Distribution Project is December 20, 2049 and the Railway Energy Project is December 20, 2050).

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

On November 7 and December 29, 2025, the Company received the second and third tranches of the Distribution Project loan in the amount of PLN 467 million and PLN 437 million, respectively.

In the Company's assessment, the loan is of a preferential nature, with a contractual interest rate below market interest rates. In accordance with IFRS 9, each tranche of the loan was recognised at initial recognition at fair value in the total amount of PLN 1,622 million, while the difference between the amount received and the fair value of the loan resulting from the application of an interest rate lower than market rates, in the amount of PLN 2,881 million, was recognised in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance as an asset grant.

As part of the Distribution Project, the Company granted an intra-group loan to its subsidiary PGE Dystrybucja S.A. on identical terms (with a contractual interest rate below market rates) as the loan described above and recognised a loan receivable in the statement of financial position in the amount of PLN 1,622 million (fair value at initial recognition). The difference between the fair value of the intra-group loan granted and the provided amount of PLN 2,881 million was recognised in prepaid expenses.

In the Company's opinion, there are grounds for net presentation of income and expenses as well as assets and liabilities arising from grants received and transferred, i.e. prepaid expenses and deferred income, and the effects of their settlement in the statement of comprehensive income. The rationale is the structure of the Project and the provisions of the loan agreement, which indicate that PGE S.A. acts as an agent, while the beneficiaries of the Project are the distribution companies. PGE S.A. does not conduct activities targeted by the programme, nor does it incur the costs of granting loans to distribution companies at below-market interest rates.

Accordingly, PGE S.A. presents separately the financial instruments arising from the intra-group loans contracted and granted, while items relating to prepaid expenses and deferred income on grants are presented on a net basis.

In the statement of cash flows, the inflow from the loan was presented under cash flows from financing activities as proceeds from borrowings, in the amount of PLN 4,503 million.

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

On October 2, 2025 annexes to both agreements concluded with BGK were signed, increasing the total amount of the loans by approximately PLN 1.1 billion to a total of approx. PLN 13.2 billion, including:

- approximately PLN 884 million for financing projects implemented by PGE Dystrybucja S.A., and
- approximately PLN 238 million for financing projects implemented by PGE Energetyka Kolejowa S.A.

On December 22, 2025, PGE S.A. signed another loan agreement with BGK for funds from the RRP as part of Investment C4.1.1, "Supporting Advanced Digital Transformation" for an amount of PLN 420 million. The funds obtained will be transferred, under a separate intra-group loan agreement, to PGE Dystrybucja S.A. for the implementation of the project entitled "Technical Management of Distribution Assets – TZMD Programme". The interest on the loan is calculated based on a fixed annual interest rate of 0.5%, and the final repayment date has been set for October 25, 2045.

24.3 Impact of the conflict in the Persian Gulf on the PGE Group's operations

The conflict in the Persian Gulf, and particularly its further escalation, may generate multidimensional threats of an economic, geopolitical and cyber nature, also affecting companies operating in Poland. Due to the strategic role of the PGE Group in ensuring the country's energy security, all Group entities continuously monitor the situation in the Persian Gulf and assess the possibility of potential threats. The Group's priority is to secure the business continuity of generation units and distribution infrastructure, so as to ensure uninterrupted supplies of electricity and heat to residents, institutions and enterprises.

IMPACT ON OPERATING ACTIVITIES

As at the date of preparation of these financial statements, the conflict in the Persian Gulf does not have a material impact on the operating activities, contracting processes or financial stability of the PGE Group. No risk to going concern has been identified and the continuity of the supply chain remains intact. The implemented strategy for contracting electricity and related products, consisting in hedging the cost of EUA, currency and fuels simultaneously with contracting electricity sales, effectively limits the impact of market changes.

The PGE Group maintains adequate liquidity and available sources of financing to enable the continuation of its operations without material disruption. The conflict also does not affect existing financing agreements or the margins under these agreements, nor does it limit sources of financing.

In the longer term, potential risks may arise. An escalation of the conflict in the Persian Gulf increases global risk aversion, leading to a weakening of the PLN and an increase in the prices of production inputs and investment materials, as well as reducing the stability of supply chains.

The conflict does not currently have a material impact on credit risk; however, this situation may change in the event of global supply chain disruptions, price increases and increased volatility in the electricity market, related products and commodities. Further escalation of the conflict may increase credit exposure and reduce the creditworthiness of counterparties, which may result in breaches of limits, the need to request additional collateral and an increase in the level of overdue receivables.

At the same time, the duration of the conflict to date is too short to enable a reliable estimation of its potential long-term effects.

IMPACT ON THE VALUE OF ASSETS AND LIABILITIES

As at the date of preparation of these financial statements, the PGE Group does not identify a material impact of the conflict on potential impairment of balance sheet items, as the Group's companies are not located in the conflict zone nor directly affected by it. Despite increased volatility in the foreign exchange market caused by the conflict, the impact of exchange rate movements on the financing of operations remains limited. This is due to the fact that the Group primarily uses PLN-denominated financing and significant foreign exchange exposures of PGE Group companies arising from operating or investing activities are hedged. The only material financing denominated in a currency other than PLN relates to loans for the construction of the Baltica 2 offshore wind farm. However, in accordance with the support scheme for offshore wind farms, revenue from the sale of electricity generated by these units will be indexed to EUR; therefore, the PGE Group does not identify significant foreign exchange risk in this area.

AREAS OF POTENTIAL OPERATIONAL RISKS

AVAILABILITY AND PRICES OF FUELS AND SUPPLY CHAIN, LOGISTICS

The current situation in the Strait of Hormuz, through which approximately 20% of the global oil and LNG market is transported, has led to a significant increase in the volatility of fuel prices and transportation costs. The PGE Group does not have direct purchase contracts with entities from the Persian Gulf region. From 2026, the majority of gas for PGE Group units is purchased via Polish Power Exchange (Towarowa Giełda Energii). This means that the security of supply for our units is aligned with the security of the national gas system. The transmission system operator Gaz-System S.A. does not indicate any threats to gas supplies to customers.

If shipping restrictions or changes in transport routes persist, in the long term—following increases in prices and transportation costs—disruptions in global logistics chains may arise, which could affect the PGE Group.

At the same time, the PGE Group has a diversified generation and procurement portfolio and conducts market monitoring and coordinated planning with PSE S.A. to secure electricity generation. Access to domestic and international coal enables the regulation of inventory build-up processes in generation units and diversification of suppliers. A diversified portfolio of assets based on coal, natural gas, renewable sources and energy storage significantly mitigates the impact of price risks. The PGE Group procures raw materials primarily from the domestic market.

The Group undertakes actions to minimise the potentially adverse impact of the conflict, thereby limiting exposure to short-term price spikes.

THE LEVEL OF PRODUCTION AND MARGIN GENERATED

Due to the high level of hedging and contracting, as at the date of preparation of these financial statements the PGE Group does not identify a material impact of the conflict in the Persian Gulf on production levels or margins. In the longer term, the effects of a prolonged conflict may lead to updates of fuel reference indicators published by the President of the Energy Regulatory Office, which may affect tariff levels for heat sales to end users.

INVESTMENT PROCESS

Within ongoing significant investments, no information has been received from contractors regarding delays resulting from force majeure related to military actions. The development of the conflict is being monitored. At the same time, contingency plans are being prepared in advance, particularly for projects where a potential risk of delays in the delivery of key components by sea is identified in the event of a prolonged or intensified conflict. For planned investments, schedules will be adjusted to identified potential delays.

In the context of investment profitability, it should be noted that the PGE Group's strategic investments are projects with values of several billion PLN, implemented to ensure the country's energy security. To secure financing for such large projects, their revenue side is largely protected by long-term contracts, such as: contracts for difference for offshore wind farms, multi-year Capacity Market contracts for gas-fired units and energy storage, and support for high-efficiency cogeneration for cogeneration units. These contracts are designed to minimise, to the greatest extent possible, the impact of global and local market changes on the profitability of a given investment.

SECURITY AND CYBERSECURITY

In connection with the conflict in the Persian Gulf, as well as the ongoing war in Ukraine, the PGE Group perceives the risk of a cyber incident affecting its ICT/OT infrastructure as high. The Middle East conflict may potentially increase the activity of international criminal groups in Polish cyberspace. The PGE Group has implemented dedicated procedures for monitoring ICT networks as well as procedures for threat analysis and the assessment of cyber incident risk. Measures to protect the supply chain against cyberattacks have also been strengthened.

COUNTERPARTIES AND SANCTIONS REGULATIONS

The PGE Group monitors legal regulations, in particular restrictive measures imposed on entities, persons and items from countries involved in the conflict that may be introduced by legislators, the European Union or the United Nations. The PGE Group includes clauses in its agreements that allow the limitation of potential future effects of counterparties being subject to restrictive measures.

As at the date of preparation of these financial statements, the conflict in the Persian Gulf does not have a material impact on the operating activities, contracting processes or financial stability of the PGE Group. Nevertheless, the risks described above may in the future have a material impact on individual areas of the PGE Group's operations and its future financial results. In particular, the recoverable amount of selected asset items, the level of expected credit losses and the valuation of financial instruments may change. Due to the short duration of the conflict up to the date of preparation of these financial statements, it is difficult to estimate its potential further macroeconomic and market consequences. The PGE Group will continue to monitor developments in the conflict and the situation on an ongoing basis, and any events that occur will be appropriately reflected in future financial statements.

25. Approval of the financial statements

These financial statements were approved for publication by the Management Board on April 14, 2026.

Warsaw, April 14, 2026

Signatures of the Members of the Management Board of PGE Polska Grupa Energetyczna S.A.

**President of the
Management Board**

Dariusz Lubera

**Vice-President of the
Management Board**

Katarzyna Rozenfeld

**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

26. Glossary of terms and abbreviations

The following is a list of the terms and abbreviations most frequently used in these financial statements

Abbreviation	Full name
BGK	Bank Gospodarstwa Krajowego
CCIRS	Cross Currency Interest Rate Swaps
CGU	Cash Generating Units
EIB	European Investment Bank
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
ENESTA	ENESTA sp. z o.o. w restrukturyzacji
EC Zielona Góra S.A.	Elektrociepłownia "Zielona Góra" S.A.
EPS 550	The criterion of carbon dioxide emission per unit of electricity produced introduced as part of the so-called Winter Package, conditioning the participation of generating units in the capacity market - the limit is 550 g CO ₂ /kWh.
EUA	European Union Allowances
EWB2	Elektrownia Wiatrowa Baltica-2 sp. z o.o.
PDPF	Price Difference Payment Fund
PGE Capital Group, PGE Group, Group, PGE CG	The Capital Group of PGE Polska Grupa Energetyczna S.A.
WCCH	Warsaw Commodity Clearing House
IRS	Interest Rate Swaps
RRP	National Recovery and Resilience Plan
KPMG	KPMG Audyt sp. z o.o. sp. k.
MSA	Ministry of State Assets
EU IFRS	International Financial Reporting Standards as adopted by the European Union
NABE	Narodowa Agencja Bezpieczeństwa Energetycznego
TSO	Transmission System Operator
OTC	(Over The Counter)
p.p.	Percentage point
RTUA	Rights to use assets
PGE S.A., Company, parent company	PGE Polska Grupa Energetyczna S.A.
PGE EC S.A.	PGE Energia Ciepła S.A.
PGE EKH sp. z o.o.	PGE Energetyka Kolejowa Holding sp. z o.o.
PGE EO S.A.	PGE Energia Odnawialna S.A.
PGE GIEK S.A.	PGE Górnictwo i Energetyka Konwencjonalna S.A.
PGE GIEK o/ELT	PGE Górnictwo i Energetyka Konwencjonalna S.A., Turów Power Plant Branch
PKF	PKF Consult sp. z o.o. sp. k.
RPUL	Right of perpetual usufruct of land
Financial statements	Separate financial statements of PGE S.A.
TGE, TGE S.A.	Towarowa Giełda Energii S.A.
ERO	Energy Regulatory Office
The Extraordinary Measures in 2023 Act	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)
EPA	Energy Purchase Agreements
WACC	Weighted Average Cost of Capital
Net debt / EBITDA	A measure of solvency, which determines a company's ability to repay its debts from operating profit. Net debt, is the sum of interest-bearing liabilities less cash and cash equivalents held. EBITDA as above.
OPE	Organised Part of Enterprise
ZEW Kogeneracja S.A.	Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A.
CSBF	Company Social Benefits Fund