



***Report of the Supervisory Board on the evaluation of
the Financial statements of TAURON Polska Energia S.A.,
Consolidated financial statements of TAURON Capital
Group, Report of the Management Board on operations of
TAURON Polska Energia S.A.
and TAURON Capital Group
for the financial year ended 31 December 2021
including the motion of the Management Board
concerning the distribution of net profit
for the financial year 2021.***

30 March 2022

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1. Introduction

Acting pursuant to Article 382 § 1 of Commercial Companies Code and § 20(1)(3) of the Articles of Association of TAURON Polska Energia S.A. (hereafter referred to as: The Company, TAURON), the Supervisory Board of TAURON Polska Energia S.A. (hereafter referred to as: the Supervisory Board) hereby presents to the Ordinary General Meeting of TAURON Polska Energia S.A. *Report of the Supervisory Board on the evaluation of the Financial statements of TAURON Polska Energia S.A., Consolidated financial statements of TAURON Capital Group, Report of the Management Board on operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year ended 31 December 2021 including the motion of the Management Board concerning the coverage of the net loss for the financial year 2021*, containing the results of evaluation of the following documents:

- 1) *Financial statements of TAURON Polska Energia S.A. for the year ended 31 December 2021 compliant with the International Financial Reporting Standards approved by the European Union,*
- 2) *Consolidated financial statements of TAURON Polska Energia S.A. Capital Group for the year ended 31 December 2021 compliant with International Financial Reporting Standards approved by the European Union,*
- 3) *Report of the Management Board on operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2021,*
- 4) *the motion of the Management Board concerning the method of distributing net profit for the financial year 2021.*

At the same time, pursuant to § 20(1)(6) of the Company Articles of Association, this report contains the opinion of the Supervisory Board on the economic appropriateness of the Company capital involvement in other commercial law entities in the financial year 2021.

The audit of the aforementioned reports of TAURON Polska Energia S.A. was carried out by Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw (hereinafter referred to as the "statutory auditor", the "auditor"), selected by the Supervisory Board for the purpose of performing the audit of the standalone and consolidated financial statements of TAURON Polska Energia S.A. and the TAURON Capital Group for the financial year 2021.

The assignment of the statutory auditor was to examine the compliance of the financial statements and the Management Board report on the operations of TAURON and TAURON Capital Group for the financial year 2021 with the accounting principles (policy) adopted by TAURON and TAURON Capital Group as well as to state whether the financial statements present the financial standing and the economic situation as well as the financial result of TAURON Polska Energia S.A. and TAURON Capital Group in a reliable and clear manner in all material aspects.

2. Evaluation of the Financial statements of TAURON Polska Energia S.A. for the year ended 31 December 2021 compliant with the International Financial Reporting Standards approved by the European Union

The Supervisory Board has read and analysed the *Financial statements of TAURON Polska Energia S.A. for the year ended 31 December 2021 prepared in accordance with International Financial Reporting Standards approved by the European Union*, comprising:

- 1) Statement of comprehensive income for the year ended 31 December 2021 showing positive comprehensive income in the total amount of PLN 640 million and net profit for the financial year 2021 in the amount of PLN 260 million,
- 2) Statement of financial position as at 31 December 2021, which indicates the total balance of assets and liabilities in the amount of PLN 31.480 million,

- 3) Statement of changes in equity for the year ended 31 December 2020 showing equity decrease of PLN 640 million,
- 4) Statement of cash flows for the year ended 31 December 2021 showing net cash flow change of PLN (1.420) million,
- 5) Accounting principles (policy) and additional explanatory notes.

Statement of comprehensive income for the year ended 31 December 2021

The table below presents the statement of comprehensive income.

Table no. 1 Statement of comprehensive income (data in PLN million)

Statement of comprehensive income	As at 31 December 2020	As at 31 December 2021
Revenue on sales	11 340	18 216
Gross profit (loss) on sales	(761)	174
Operating profit (loss)	(910)	45
Profit (loss) before tax	(3 190)	236
Net profit (loss)	(3 252)	260

Charges to the financial result have been determined correctly.

Statement of financial position as at 31 December 2021

The table below presents the statement of financial position.

Table no. 2. Statement of financial position (data in PLN million)

Statement of financial position	As at 31 December 2020	As at 31 December 2021
ASSETS		
Fixed assets	25 202	27 087
Current assets	3 844	4 393
TOTAL ASSETS	29 046	31 480
LIABILITIES		
Total equity	11 461	12 101
Long-term liabilities	13 075	10 245
Short-term liabilities	4 510	9 134
TOTAL LIABILITIES	29 046	31 480

The level of liabilities and their settlement cycle do not raise any concerns.

Statement of changes in equity for the year ended 31 December 2021

The table below presents the statement of changes in equity.

Table no. 3 Statement of changes in equity (data in PLN million)

Statement of changes in equity	Year ended 31 December 2020	Year ended 31 December 2021
Opening balance of equity	14 808	11 461
Closing balance of equity	11 461	12 101

The data presented in the statement of changes in equity for the year ended 31 December 2021 are complete and reflect the actual state of affairs.

Statement of cash flows for the year ended 31 December 2021

The table below presents the statement of cash flows.

Table no 4. Statement of cash flows (data in PLN million)

Statement of Cash Flows	Year ended 31 December 2020	Year ended 31 December 2021
Net cash from operating activities	906	(250)
Net cash from investment activities	(1 088)	839
Net cash from financial activities	(512)	(2 009)
Increase/(decrease) in net cash and cash equivalents	(694)	(1 420)
Cash opening balance	(49)	(743)
Cash closing balance	(743)	(2,163)

The Supervisory Board has no objections or reservations to the presented statement of cash flows.

Following the review of the *Financial statements of TAURON Polska Energia S.A. for the year ended 31 December 2021 compliant with the International Financial Reporting Standards approved by the European Union*, as well as having reviewed the opinion of the independent statutory auditor and the report on audit of the aforementioned financial statements, the Supervisory Board positively evaluates the said financial statements in terms of their compliance with the ledgers, documents and the actual state of affairs.

In view of the foregoing, the Supervisory Board recommends that the Ordinary General Meeting approves the *Financial Statements of TAURON Polska Energia S.A. for the year ended 31 December 2021 compliant with the International Financial Reporting Standards approved by the European Union.*

3. Evaluation of the Consolidated Financial Statements of TAURON Polska Energia S.A. Capital Group for the year ended 31 December 2021 compliant with International Financial Reporting Standards approved by the European Union

The Supervisory Board has read and analysed the *Consolidated Financial Statements of TAURON Polska Energia S.A. Capital Group for the year ended 31 December 2021 compliant with International Financial Reporting Standards approved by the European Union* comprising:

- 1) Consolidated statement of comprehensive income for the year ended 31 December 2021 showing the total income in the amount of PLN 865 million and net profit for the financial year 2021 in the amount of PLN 385 million,

- 2) Consolidated statement of financial standing as at 31 December 2021, which indicates the total balance of assets and liabilities in the amount of PLN 40.075 million,
- 3) Consolidated statement of changes in equity for the year ended 31 December 2021 showing equity decrease by the amount of PLN (203) million,
- 4) Consolidated statement of cash flows for the year ended 31 December 2021 showing cash flow decrease by the amount of PLN (104) million,
- 5) Accounting principles (policy) and additional explanatory notes.

Consolidated statement of comprehensive income for the year ended 31 December 2021

The table below presents the consolidated statement of comprehensive income.

Table no. 5 Consolidated statement of comprehensive income (data in PLN million)

Consolidated statement of comprehensive income	As at 31 December 2020	As at 31 December 2021
Revenue on sales	20 850	25 614
Operating profit (loss)	(1 537)	916
Profit (loss) before tax	(2 179)	675
Net profit (loss)	(2 173)	385

Charges to the financial result have been determined correctly.

Consolidated statement of financial position as at 31 December 2021

The table below presents the consolidated statement of financial position.

Table no. 6 Consolidated statement of financial position (data in PLN million)

Consolidated statement of financial position	As at 31 December 2020	As at 31 December 2021
ASSETS		
Fixed assets	33 585	33 855
Current assets	6 111	6 220
TOTAL ASSETS	39 696	40 075
LIABILITIES		
Total equity	16 727	16 524
Long-term liabilities	15 867	13 634
Short-term liabilities	7 102	9 917
TOTAL LIABILITIES	39 696	40 075

The level of liabilities and their settlement cycle do not raise any concerns.

Consolidated statement of changes in equity for the year ended 31 December 2021

The table below presents the consolidated statement of changes in equity.

Table no. 7 Consolidated statement of changes in equity (in PLN million)

Consolidated statement of changes in equity	Year ended 31 December 2020	Year ended 31 December 2021
Opening balance of equity	19 094	16 727
Closing balance of equity	16 727	16 524

The data included in the consolidated statement of changes in equity for the year ended 31 December 2021 are complete and consistent with the actual state of affairs.

Consolidated statement of cash flows for the year ended 31 December 2021

The table below presents the consolidated statement of cash flows.

Table no. 8 Consolidated statement of cash flows (data in PLN million)

Consolidated statement of cash flows	Year ended 31 December 2020	Year ended 31 December 2021
Net cash from operating activities	4 042	5 002
Net cash from investment activities	(3 977)	(3 103)
Net cash from financial activities	(374)	(2 003)
Increase/(decrease) in net cash and cash equivalents	(309)	(104)
Cash opening balance	1 204	895
Cash closing balance	895	791

The Supervisory Board does not raise any objections or reservations to the presented consolidated statement of cash flows.

The Supervisory Board, having reviewed the *Consolidated Financial Statements of TAURON Polska Energia S.A. Capital Group for the year ended 31 December 2021 compliant with the International Financial Reporting Standards approved by the European Union*, as well as having read the Audit Report of the Independent Statutory Auditor, positively assesses the financial statements in question in terms of their compliance with the ledgers and documents and the actual state of affairs.

In connection with the foregoing, the Supervisory Board recommends that the Ordinary General Meeting approves the *Consolidated Financial Statements of TAURON Polska Energia S.A. Capital Group for the year ended 31 December 2021 compliant with the International Financial Reporting Standards approved by the European Union*.

4. Evaluation of the Report of the Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2021

The Supervisory Board, having considered the Report of the *Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2021*, positively assesses the report in terms of its compliance with the books and documents, as well as with the actual state of affairs. The report presents the economic, financial and development situation of TAURON

Polska Energia S.A. and TAURON Capital Group in a reliable and clear manner, and its completeness and compliance with the information disclosed in the report has been confirmed by the statutory auditor.

Therefore, the Supervisory Board recommends that the Ordinary General Meeting approves the *Report of the Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2021.*

Pursuant to Article 49b(9) and Article 55(2c) of the *Accounting Act of 29 September 1994*, TAURON Polska Energia S.A. prepared the *Report on non-financial information of TAURON Capital Group for 2021* in the form of a separate document published on the Company website.

The above Report has been prepared in accordance with Article 49b(1) and Article 55(2)(b)-(e) of the *Accounting Act of 29 September 1994*, as amended, which implements the guidelines of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 on the disclosure of non-financial information, together with additional, later guidelines, including the Communication of the European Commission 2019/C 209/01 of 20 June 2019 with guidelines for reporting non-financial information: Supplement on reporting climate-related information and Global Reporting Index guidelines - GRI Standards (core level).

5. Justification for the evaluation of the reports

The Supervisory Board of TAURON Polska Energia S.A. positively assessed the following documents presented by the Management Board of the Company and concluded that they are consistent with the books, documents and facts:

- 1) *Financial statements of TAURON Polska Energia S.A. for the year ended 31 December 2021 compliant with the International Financial Reporting Standards approved by the European Union,*
- 2) *Consolidated financial statements of TAURON Polska Energia S.A. Capital Group for the year ended 31 December 2021 compliant with International Financial Reporting Standards approved by the European Union,*
- 3) *Report of the Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2021,*

The above reports were also subject to verification, analysis and evaluation by the Audit Committee of the Supervisory Board of the Company, which recommended that the Supervisory Board issue a positive evaluation.

In fulfilling its statutory obligations under *the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight*, the Audit Committee supervised the financial reporting process, the effectiveness of internal control systems and risk management systems, as well as internal audit, including tasks aimed at ensuring the reliability of the financial reporting process.

As part of the process related to the audit of financial statements, the Audit Committee regularly met with representatives of the auditing company auditing financial statements of the Company and the TAURON Capital Group, monitoring and discussing the course of audit processes. Furthermore, the Audit Committee reviewed the audit reports presented by the audit firm and the additional report for the financial year 2021, prepared for the Audit Committee and the Company management, in accordance with the provisions of Article 11 of *Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements related to statutory audits of public interest entities* and Article 67(4)(9) of *the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision*.

The basis for the Supervisory Board's positive assessment of the financial statements of TAURON Polska Energia S.A. and the Consolidated financial statements of the TAURON Polska Energia S.A. Capital Group for the financial year 2021 were the reports of the independent statutory auditor on the audit of the above mentioned statements in accordance with which :

- 1) the financial statements give a true and fair view of the financial position of TAURON Polska Energia S.A. and TAURON Polska Energia S.A. Capital Group as at 31 December 2021 and its financial result for the financial year from 1 January 2021 to 31 December 2021 in accordance with International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of regulations of the European Commission and adopted accounting principles (policy),
- 2) the financial statements of TAURON Polska Energia S.A. for the year ended 31 December 2021 have been prepared on the basis of properly maintained accounting ledgers
- 3) the financial statements are consistent in form and content with the laws applicable to TAURON Polska Energia S.A. and the TAURON Polska Energia S.A. Capital Group and the *Articles of Association of TAURON Polska Energia S.A.*

In addition, in the auditor's opinion, the *Report of the Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2021*, was prepared in accordance with applicable laws and is consistent with the financial statements of TAURON Polska Energia S.A. for the year ended 31 December 2021 and with the consolidated financial statements of TAURON Polska Energia S.A. Capital Group for the year ended 31 December 2021.

The aforementioned financial statements were prepared within the time limit defined in relevant regulations and in compliance with the International Financial Reporting Standards which were approved by the European Union. The accuracy of drawing up the said financial statements in terms of their compliance with the ledgers, documents and the actual state of affairs does not raise any objections

and is confirmed by information contained in the auditor's report on the audit of the aforementioned report.

The Report of the Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2021 was prepared in accordance with the applicable provisions of the *Accounting Act of 29 September 1994* and the *Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognised as equivalent*.

6. Evaluation of the motion of the Management Board to the General Meeting concerning the method of distributing net profit for the financial year 2021.

The Supervisory Board has reviewed the motion of the Management Board to the General Meeting concerning the distribution of net profit of TAURON Polska Energia S.A. for the financial year 2021 covering the period from 1 January 2021 to 31 December 2021 in the amount of PLN 259.887.168,39 (in words: two hundred and fifty-nine million eight hundred and eighty-seven thousand one hundred and sixty-eight zloty 39/100) by its full allocation to supply the Company supplementary capital.

Considering the justification of the Company Management Board concerning the method of distributing net profit for the financial year 2021, the Supervisory Board positively evaluates and does not raise any reservations to the aforementioned motion.

7. The opinion of the Supervisory Board on the economic appropriateness of the Company capital involvement in other commercial law entities in the financial year 2021

Acting pursuant to § 20(1)(6) of the Company Articles of Association, the Supervisory Board positively evaluates the capital involvement of TAURON Polska Energia S.A. in other commercial law entities in the financial year 2021 as presented in the table below.

Table no 9. Capital exposure in the financial year 2021.

Sale of shares in PGE EJ1 sp. z o.o. to the State Treasury

On 26 March 2021, TAURON Polska Energia S.A. signed the agreement with the State Treasury concerning the sale of the shares in PGE EJ 1 Sp. z o.o. (the Agreement) responsible for the preparation and execution of the investment project consisting in the construction and operation of the first Polish nuclear power plant.

Pursuant to the provisions of the Agreement, TAURON Polska Energia S.A. sold all 532 523 shares held in PGE EJ 1 constituting 10% of the share capital and representing 10% of votes at the Meeting of Shareholders to the State Treasury.

The sale price of the above shares amounted to PLN 53.136.200,00. The agreement for the sale of 100% of shares in PGE EJ 1 sp. z o.o. to the State Treasury was signed by all entities holding shares in PGE EJ 1 sp. z o.o., i.e. TAURON Polska Energia S.A., PGE Polska Grupa Energetyczna S.A., Enea S.A. and KGHM Polska Miedź S.A. The sale price for 100% of the shares amounted to PLN 531.362.000,00.

The sale of shares in PGE EJ 1 sp. z o.o. represented the implementation of one of the strategic directions of TAURON Polska Energia S.A.

Corporate venture capital (CVC) funds

In 2021, TAURON Polska Energia S.A. continued to invest in corporate venture capital (CVC) funds. The Funds were established in 2018 under agreements concluded, among others, by TAURON Polska Energia S.A., Polski Fundusz Rozwoju and EEC Magenta spółka z ograniczoną odpowiedzialnością (Managing Entity). The main objective of their activity is to support innovation in the energy sector. The above is implemented through the participation of the Company in two funds established under the PFR Starter FIZ and BRIDGE VC / PFR NCBR CVC programmes. Their objective is to provide support to innovative businesses, including by enabling them to participate in acceleration programmes, investing in start-ups under the PFR Starter FIZ programme, and ensuring further financing rounds under the PFR NCBR CVC programme.

Ultimately, the capitalisation of the fund established under the PFR Starter FIZ programme will amount to PLN 50 million, and for the fund created under the PFR NCBR CVC programme - PLN 160 million. The share of TAURON Polska Energia S.A. in the funds shall not exceed 25% (the Company involvement not higher than PLN 12.45 million) and 49% (the Company involvement not higher than PLN 78.37 million) respectively.

The investments of TAURON Polska Energia S.A. Are implemented through the acquisition of newly issued shares of EEC Magenta spółka z ograniczoną odpowiedzialnością 2 ASI spółka komandytowo - akcyjna (hereinafter referred to as EEC Magenta CVC) and EEC Magenta spółka z ograniczoną odpowiedzialnością ASI spółka komandytowo - akcyjna (hereinafter referred to as EEC Magenta Starter).

TAURON Polska Energia S.A. contributed to the aforementioned entities:

- **to EEC Magenta CVC:** in 2021, the amount of PLN 17.828.800,00, i.e. a **total of PLN 36.945.315,00 from the establishment;**
- **to EEC Magenta Starter:** in 2021, the amount of PLN 2.025.800,00, i.e. a **total of PLN 4.031.250,00 from the establishment;**

as shown below:

EEC Magenta CVC

Increase in the company capital by the amount of PLN 9.800070,00 (7 April 2021), of which:

TAURON Polska Energia S.A.	for PLN 4.800.100,00, took up 48 001 shares
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EEC Ventures sp. z o.o. 2 sp. k.	for PLN 99.970,00, took up 2 950 shares
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PFR NCBR CVC Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych [Closed-End Private Assets Investment Fund]	for PLN 4.900.000,00, took up 49 000 shares
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Increase in the company capital by the amount of PLN 26.600.020,00 (13 October 2021), of which:

TAURON Polska Energia S.A.	for PLN 13.028.700,00, took up 130 287 shares
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EEC Ventures sp. z o.o. 2 sp. k.	for PLN 271.320,00, took up 7 980 shares
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PFR NCBR CVC Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych [Closed-End Private Assets Investment Fund]	for PLN 1.330.000,00, took up 133 000 shares
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Share capital structure after the above-mentioned transactions:
TAURON Polska Energia S.A.: 48.03%, EEC Ventures2: 2.94%, PFR NCBR CVC: 49.03%.

EEC Magenta Starter

Increase in the company capital by the amount of PLN 4.600.000,00 (17 June 2021), of which:

TAURON Polska Energia S.A.	for PLN 1.145.400,00, took up 11 454 shares;
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EEC Ventures sp. z o.o. sp. k.	for PLN 138.000,00, took up 1 380 shares
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PFR Starter Fundusz Inwestycyjny Zamknięty [Closed-End Investment Fund]	for PLN 3.316.600,00, took up 33 116 shares
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Increase in the company capital by the amount of PLN 2.528.900,00 (13 October 2021), of which:

TAURON Polska Energia S.A.	for PLN 880.400,00, took up 8 804 shares
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EEC Ventures sp. z o.o. sp. k.	for PLN 106.000,00, took up 1 060 shares
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PFR Starter Fundusz Inwestycyjny Zamknięty [Closed-End Investment Fund]	for PLN 2.549.200,00, took up 25 492 shares
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Share capital structure after the above-mentioned transactions:
TAURON Polska Energia S.A.: 24.90%, EEC Ventures2: 3.00%, PFR Starter: 72.10%.

Acquisition of shares in Nowe Brzeszcze Grupa TAURON sp. z o.o.

On 22 December 2021 TAURON Polska Energia S.A. concluded the agreement with Fundusz Inwestycji Strukturalnych - Kapitałowy Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych pursuant to which TAURON Polska Energia S.A. acquired 176 000 shares in the company Nowe Jaworzno Grupa TAURON sp. z o.o. (hereafter referred to as: NJGT) representing 13.71% of the

number of votes at the NJGT Shareholders' Meeting. The purchase price of the shares amounted to PLN 1.061.385.146,18.

The sales agreement was concluded, among others, in connection with the governmental programme involving the separation of assets related to energy generation in conventional coal units from capital groups of energy companies with the State Treasury share and their ultimate integration within the National Energy Security Agency [Narodowa Agencja Bezpieczeństwa Energetycznego S.A.] (hereafter referred to as: NABE). The parties decided to shorten the period of the Fund's capital exposure in the NJGT company, which will enable a smooth spin-off of the assets operated by NJGT to NABE.

Capital structure after the transaction: TAURON Polska Energia S.A.: 100.00%

Conversion of receivables of TAURON Polska Energia S.A. for shares in Huta Łaziska S.A. in voluntary arrangement

On 14 September 2021, the decision of the District Court Katowice-Wschód in Katowice (issued on 12 April 2021) on the approval of the arrangement concluded on 30 June 2015 by the debtor, Huta Łaziska S.A. with its creditors became final. As a consequence of the foregoing, the receivable due to TAURON Polska Energia S.A. in the total amount of PLN 208.543.477,59 was converted into non-voting shares of Huta Łaziska S.A. These shares are privileged in terms of the dividend in such a way that TAURON Polska Energia S.A. is entitled to a dividend in the amount 60% higher than non-preferential shareholders.

At the same time, TAURON POLSKA ENERGIA S.A. obtained a personal entitlement which means that in the event of the distribution of assets of Huta Łaziska S.A. during its liquidation, TAURON POLSKA ENERGIA S.A. shall have priority in the payment of amounts coming from its liquidation.

TAURON Polska Energia S.A. owns approx. 30.717% in the share capital of Huta Łaziska S.A., of which approx. 0.06% in votes at the General Meeting.

Fulfilment of the concession condition of the President of the Energy Regulatory Office for the company Polska Energia - Pierwsza Kompania Handlowa sp. z o.o.

Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. (hereinafter referred to as PE PKH) conducts trading in electricity and property rights in the domestic market.

In accordance with the terms and conditions of the decision of the President of the Energy Regulatory Office of 16 March 2020 granting the licence for trading in electricity to PE-PKH, the company is obliged to hold sufficient financial resources to carry out the licensed activity properly, i.e. to have equity at the level of at least PLN 10.000.000,00, which corresponds to the provisions of the Act on Energy Law.

Consequently, TAURON Polska Energia S.A. recapitalised PE-PKH by making an additional contribution of 2.25 times the par value of one share, i.e. PLN 13.500,00 to each share held, i.e. a total of PLN 10.800.000,00.

8. Conclusion

As a result of the evaluation performed, the Supervisory Board concludes that the reports concerning TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2021 in all material aspects:

- 1) present reliably and clearly all information significant for the assessment of the economic and financial situation of TAURON Polska Energia S.A. and TAURON Capital Group, as well as its financial result for the financial year 2021,
- 2) comply with the form and content of the legal regulations governing the preparation of such reports,
- 3) were prepared on the basis of accurately maintained accounting ledgers in accordance with the applicable accounting principles.

Based on the results of the evaluation contained in this report and the information and positive opinion of the statutory auditor contained in the reports on the audit of the financial statements of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2021, the Supervisory Board recommends to the Ordinary General Meeting to approve:

- 1) *Financial statements of TAURON Polska Energia S.A. for the year ended 31 December 2021 compliant with the International Financial Reporting Standards approved by the European Union,*
- 2) *Consolidated financial statements of TAURON Polska Energia S.A. Capital Group for the year ended 31 December 2021 compliant with International Financial Reporting Standards approved by the European Union,*
- 3) *Report of the Management Board on the operations of TAURON Polska Energia S.A. and the TAURON Capital Group for the financial year 2021.*

At the same time, taking into account the positive opinion on the statements, the Supervisory Board recommends to the Ordinary General Meeting to distribute the profit for the financial year 2021 in the manner set forth in the motion of the Management Board of the Company, i.e. to allocate its full amount for supplying the supplementary capital of the Company.

30 March 2022

Signatures of Members of the Supervisory Board:

Chairman of the Supervisory Board - Piotr Tutak
Vice-Chairperson of the Supervisory Board - Teresa Famulska
Secretary of the Supervisory Board - Katarzyna Taczanowska
Member of the Supervisory Board - Stanisław Borkowski
Member of the Supervisory Board - Dariusz Hryniów
Member of the Supervisory Board - Leszek Koziorowski
Member of the Supervisory Board - Ryszard Madziar
Member of the Supervisory Board - Grzegorz Peczkis
Member of the Supervisory Board - Marcin Wawrzyniak

