

**RESOLUTION NO. 103/VI/2023**  
**of the Management Board of TAURON Polska Energia S.A.**  
**of 28 March 2023**

***concerning: the motion to the General Meeting of TAURON Polska Energia S.A.  
regarding distribution of profit for the financial year 2022.***

Acting pursuant to § 14(2)(15) in connection with § 20(1)(2) and § 40 of the Articles of Association of TAURON Polska Energia S.A. and Article 382 § 3(2) and Article 395 § 2(2) of the Commercial Companies Code, the Management Board of the Company resolves as follows:

**§ 1**

1. The Ordinary General Meeting of TAURON Polska Energia S.A. is hereby requested to decide on distribution of net profit of the Company for the financial year 2022 covering the period from 1 January 2022 to 31 December 2022 in the amount of PLN 67,102,592.85 by allocating it in full to the supplementary capital of the Company.
2. The substantiation of the motion referred to in section 1 is attached hereto.

**§ 2**

The Supervisory Board of TAURON Polska Energia S.A. is hereby requested to evaluate the motion concerning the method of distribution of net profit of the Company for the financial year 2022, referred to in § 1 hereof.

**§ 3**

The execution of this resolution is entrusted, respectively to the scope of responsibilities, to:

- 1) Executive Director for Controlling,
- 2) Executive Director for Accounting and Taxes,
- 3) Executive Director for Finance Management.

**§ 4**

Vice President of the Management Board, Krzysztof Surma will supervise the execution of this resolution.

**§ 5**

The Resolution shall enter into force as of the day of its adoption.

***The resolution was adopted in an open ballot by 6 votes for.***

**Signatures of Management Board Members present at the meeting:**

President of the Management Board – Paweł Szczeszek

Vice President of the Management Board – Patryk Demski

Vice President of the Management Board – Bogusław Rybacki

Vice President of the Management Board – Krzysztof Surma

Vice President of the Management Board – Tomasz Szczegielniak

Vice President of the Management Board – Artur Warzocha

## SUBSTANTIATION

### **of the motion of the Management Board to the Ordinary General Meeting of TAURON Polska Energia S.A. concerning distribution of net profit for the financial year 2022 by allocating it in full to the Company's supplementary capital**

Pursuant to TAURON Group's Strategy adopted in 2022 as well as the adopted (in relation thereto) and announced dividend policy, the goal of TAURON Polska Energia S.A. ("TAURON", "Company") is to pay, in long term perspective, a dividend to shareholders at the level of 40% of consolidated net profit. It is TAURON's intention to offer dividend rate at a level that would be competitive to long term debt instruments issued on the Polish market by companies that have been assigned an investment rating.

However, when recommending to the General Meeting the method of distribution of the generated profit, the Management Board also takes into account:

- the Group's liquidity position,
- market situation,
- implementation of investment policy,
- cost and availability of financing,
- legal requirements and provisions of financing agreements, in particular those concerning the maximum allowed debt level ratio,
- requirement to maintain investment grade rating.

In the perspective of the strategy, i.e. until 2030 due to a high level of expenses related to execution of strategic investment projects, the Management Board will not recommend payment of dividend to the General Meeting, as long as in the opinion of the Management Board keeping the funds within TAURON Group contributes to increase in the value of its assets.

The standalone financial statements of TAURON Group prepared for the year ended on 31 December 2022 presented net result in the amount of PLN 67,102,592.85. However, taking the abovementioned factors into account, in particular the TAURON Group's development plan covering implementation of the adopted investment program that requires significant financial expenditure, the Management Board recommends to the General Meeting to distribute TAURON's net profit by its allocation in full to the Company's supplementary capital.

Every year TAURON Group executes investment program in the Distribution Segment with high expenditures. It includes both connecting new users and upgrade of the existing infrastructure. Additionally, from 2019 TAURON has been implementing the so-called TAURON's Green Turn, i.e.

investment program whose purpose is to increase the share of low- and zero-emission sources in the generation portfolio of TAURON Group to 1.6 GW of capacity installed in renewable sources in 2025 and 3.7 GW in 2030. Implementation of transformation towards renewable energy sources requires significant expenditures, and the return on those expenditures will be realized in a long term perspective. The time gap resulting from various dates of expenditures and returns is financed in part from funds generated from operating activities which are not paid in the form of dividend, and in part it is supplemented by long term external financing. Acquisition and handling of financing requires that the covenants imposed by financial institutions be met, in particular related to maintaining a specified net debt/ EBITDA ratio and maintaining the investment grade rating by TAURON. To meet the abovementioned covenants while simultaneously executing intensive investment program it is necessary to retain the generated results in the Company.

Allocation of net profit for 2022 to supplementary capital is additionally motivated by TAURON's pursuit to maintain investment grade rating – potential payment of dividend, including for 2022, has been indicated by Fitch rating agency as a factor that could have impact on downgrade of TAURON's rating.

The funds retained within the Company not only would be used directly to execute investment, but also would reduce the need for further financing and at the same time reduce the increase of the debt ratio. Thus they would help meet the financial covenant in the coming years that was imposed by financial institutions while implementing the planned investments at the same time.

**Taking the above into account, it is justified to distribute net profit for the financial year 2022 in the amount of PLN 67,102,592.85 (in words: sixty seven million one hundred two thousand five hundred ninety two zlotys and 85/100) and allocate it in full to supplementary capital of the Company amounting to PLN 3,008,982,817.93 as of 31 December 2022.**

**Signatures of Management Board Members:**

President of the Management Board – Paweł Szczeszek

Vice President of the Management Board – Patryk Demski

Vice President of the Management Board – Bogusław Rybacki

Vice President of the Management Board – Krzysztof Surma

Vice President of the Management Board – Tomasz Szczegielniak

Vice President of the Management Board – Artur Warzocha