

RESOLUTION NO. 126/VII/2024
of the management Board of TAURON Polska Energia S.A.
of 16 April 2024

concerning: motion to the General Meeting of TAURON Polska Energia S.A. regarding covering net loss generated by the company TAURON Polska Energia S.A. for the financial year 2023 and to the Supervisory Board for evaluation of the motion

Acting pursuant to § 14 section 2 item 15) in connection with § 20 section 1 item 2) of the Articles of Association of TAURON Polska Energia S.A. and § 9 section 1 item 11) of the By-Laws of the Management Board of TAURON Polska Energia S.A., and Article 382 § 3 item 2) and Article 395 and Article 396 of 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 covering net loss of the Company for the financial year 2023 covering the period from 1 January 2023 to 31 December 2023 in the amount of PLN 637 505 198.92 (say: six hundred thirty seven million five hundred five thousand one hundred ninety eight zlotys and 92/100) from the Company's spare capital.
2. The substantiation of the motion referred to in section 1 is attached herewith.

§ 2

The Supervisory Board of TAURON Polska Energia S.A. is hereby requested to evaluate the motion concerning the method of covering the net loss of the Company for the financial year 2023 referred to in § 1 hereof.

§ 3

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

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

§ 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 4 votes for.

Signatures of Management Board Members present at the meeting:

President of the Management Board – Grzegorz Lot

Vice President of the Management Board – Piotr Gołębiowski

Vice President of the Management Board – Michał Orłowski

Vice President of the Management Board – Krzysztof Surma

SUBSTANTIATION

of the motion of the Management Board to the Ordinary General Meeting of TAURON Polska Energia S.A. to cover the loss for the financial year 2023 from the Company's spare capital

The standalone financial statements of TAURON Polska Energia S.A. prepared for the financial year ended 31 December 2023 shows net loss in the amount of PLN 637 505 198.92. Even though the Company recorded positive EBIT result of PLN 230 million in the financial year 2023 the net result was negative due to the following factors, both negative and positive, of which the most important were:

1. revaluation of shares amounting to PLN (271) million resulting mainly from impairment charge related to shares in a joint enterprise TAMEH Holding Sp. z o.o. as of the balance sheet date, in the amount of PLN (212) million. The impairment charge related to shares in TAMEH Holding Sp. z o.o. is a consequence of asset impairment tests carried out as of the balance sheet date. The impairment of shares in TAMEH Holding Sp. z o.o. is connected with the decision of the District Court in Ostrava dated December 19, 2023 on insolvency of the company TAMEH Czech s.r.o. in which TAMEH Holding Sp. z o.o. holds 100 percent of shares. The insolvency announcement of TAMEH Czech s.r.o. is connected with the failure of the company Liberty Ostrava a.s. to pay its liabilities to TAMEH Czech s.r.o.,
2. revaluation of loans amounting to PLN (760) million resulting mainly from decrease in 2023 of the balance sheet value of loans granted to the subsidiary TAURON Wytwarzanie S.A. in the amount of PLN (977) million, primarily as a consequence of analyses carried out as of September 30, 2023 and December 31, 2023 that took into account future cash flows of the said subsidiary as well as increased fair value of loans granted to other subsidiaries and the joint enterprise by PLN 141 million and PLN 151 million respectively. In addition, the revaluation of loans includes the loss from modification of loans in terms of interest rate charges in the amount of PLN (67) million,
3. loss on derivative instruments in the year ended 31 December 2023 amounting to PLN (747) million which is associated mainly with appreciation of the PLN exchange rate, which translated into a decrease in the valuation and the result on current settlement of FX derivatives purchased primarily to hedge FX flows, including futures transactions related to CO₂ emission allowances.

Spare capital presented in the Company's financial statements for the financial year ended 31 December 2023, created mainly from profits for the previous years amounts currently PLN 3 076 085 410.78 and allows for covering the net loss presented in the Company's financial statements.

With account being taken of the above, a request is made for approval of the recommendation presented to the Supervisory Board concerning positive evaluation of the Management Board's motion to the General Meeting to cover the net loss for the financial year 2023 in the amount of PLN 637 505 198.92 (say six hundred thirty seven

million five hundred five thousand one hundred ninety eight zlotys and 91/100) from the Company's spare capital amounting to PLN 3 076 085 410.78 as of the end of 31 December 2023.

Signatures of Management Board Members:

President of the Management Board – Grzegorz Lot

Vice President of the Management Board – Piotr Gołębowski

Vice President of the Management Board – Michał Orłowski

Vice President of the Management Board – Krzysztof Surma