



*Dear Sirs, Shareholders and Stakeholders,*

*As the President of the Management Board For the second time I have the honor to write to you a letter summarizing the next year of operations of the ZE PAK SA Capital Group. It's just that today I have a more difficult task than last year. At present, probably not many doubt that today's situation related to the spread of SARS-CoV-2 coronavirus will have significant economic and social consequences. So, on the one hand, I would like to summarize what we have managed to do in the past year, and on the other, tell you about the challenges that await us because I am fully aware that this year will not be similar to last year.*

*For a proper assessment of the past year, it is worth clearing the result of the Group and the Company for a one-off event. We all know about the processes that occur in the electricity generators industry. High-carbon technologies are accompanied and will be accompanied by higher business risks. We decided to reflect this phenomenon in the process of examining the value of our assets, hence the higher discount ratio for future planned cash flows and the reduction in the expected lifetime of Pątnów II power plant. We also decided to create an allowance for the value of investment outlays on the gas and steam project at Konin power plant. The combined impact of both these one-off phenomena resulted in the need to reduce the net profit of the Group by PLN 540 million and the Company by PLN 125 million. We are not the only company in the industry affected by this situation. However, if the net result of the Group were adjusted by the events described above, the Group would have a net profit of PLN 94 million and the Company a net profit of PLN 79 million. The EBITDA result for the Group was PLN 393 million, and for the Company PLN 122 million. These are the values that, in my opinion, allow the past year to be considered very successful in the context of previous years, but also in a demanding environment.*

*However, this year is a completely different reality. The challenges that accompany our industry in connection with the energy transformation are joined by new ones related to the deterioration of the economic situation as a consequence of the spreading pandemic. Today, we are not able to precisely determine the effects of the current situation and its impact on the industry and companies from ZE PAK SA Group. The current activities of the Management Board focus on ensuring the maximum safety of our crew, ensuring the continuity of operations and securing financial liquidity. Nevertheless, I would like to assure you that even in the current situation we do not lose sight of our strategic goals. A few days ago we informed you in our current report about the signing of the contract for the modernization of the coal boiler at Konin power plant and its adaptation to biomass burning. The energy transformation towards low-carbon sources of electricity generation is a continuous and long-term process, in my opinion it cannot be carried out in a sudden, disorderly and without respect for social and economic consequences. In the near future, ZE PAK SA Group will inform about the progress in the implementation of subsequent plans, related to e.g. projects in the field of photovoltaics or the production of so-called "Green" hydrogen, as part of the implementation of the Clean Poland Program.*



*Already today, with the probability bordering, it can certainly be said that the current year will not be as good as the previous one in financial or operational terms, but it should not be deleted. This is the time that should be used to adapt to the challenges of the changing environment ahead of us. I am convinced that regardless of when the current problems related to the spreading pandemic and its economic consequences have passed, no one will be waiting for those who "missed the opportunity by the forelock". Despite the many unknowns that await us, we intend to consistently implement our sustainable strategy of responsible energy transformation and inform you about progress.*

*For the past year, I would like to thank our employees, local authorities with whom we cooperate and our shareholders. Our crew's daily work, cooperation with the environment and shareholder confidence are the Company's most valuable assets.*

*President of the Management Board*

*Henryk Sobierajski*