



Ladies and Gentlemen,

we invite you to read the financial statements of ZE PAK for 2021, which was the first full calendar year of the implementation of the Company's strategy announced at the end of 2020.

Certainly, 2021 was a breakthrough year not only for ZE PAK, but also for the European and Polish energy market. The unprecedented increase in the prices of CO₂ emission allowances, the destabilization of the European Union's energy markets due to the increase in gas demand and the attitude of Gazprom - which, as I know today, was the prologue to the Russian invasion on Ukraine, as well as the surge in electricity prices in Poland - all these events created an exceptionally unstable environment for the activities of electricity producers.

Despite this lack of market stability, ZE PAK consistently implemented its strategy which, on the one hand, envisages the complete end of electricity generation from coal by 2030, and on the other, aims at building a portfolio of zero- and low-emission sources of electricity generation. At the same time, we managed to optimize the way of conducting the current activity of ZE PAK related to the production of electricity from lignite and to achieve a satisfactory financial result at the EBITDA level.

In a record time, we managed to build and commission the largest solar power plant in Poland with a capacity of 70 MW. The installation is located on reclaimed post-mining land in Brudzew. For constructing this power plant, there were also involved the employees of our Capital Group who had been working in the extraction of lignite in these areas a few months earlier. At the end of December 2021, we also completed work related to the construction of a new biomass unit at Konin Power Plant with a capacity of 50MW and started activities related to the trial run and putting this investment into operation. We also consistently worked on the development of a portfolio of new investments in renewable energy. Some of them will be located on real estate belonging to the ZE PAK Capital Group. We also acquire renewable energy projects with construction permits issued before the entry into force of the 10H Act in 2016, which successfully blocked the development of onshore wind energy in Poland.

The year 2021 allowed us to open a number of new directions of ZE PAK activity. It is worth mentioning the won main auction of the Capacity Market for the delivery year 2026, in which the subsidiary of ZE PAK - PAK CCGT - concluded a capacity agreement for 17 years, contracting 493 MW of capacity obligation for a new capacity market unit. Last year, we also managed to establish strategic cooperation with Ørsted A / S - one of the leaders of the global RES market, with whom we will jointly apply for the possibility of building offshore wind farms in the Baltic Sea. We also began to carefully analyse the possibility of building generation sources based on the SMR (Small Modular Reactor) technology in Pątnów Power Plant, where ZE PAK currently operates in the field of electricity generation from lignite.

At the end of last year, we concluded a preliminary agreement that regulates the process of acquiring by Cyfrowy Polsat a target of 67% of shares in PAK Polska Czysta Energia, which will concentrate all zero-emission business activities of ZE PAK CG, as well as assets related to the production, transport and distribution of green hydrogen.

This undertaking will allow to finance activities related to the construction of a portfolio of zero-emission generation sources announced in the directions of ZE PAK strategy of 2020.

This year, we will continue all the activities described above, related to the implementation of new directions of ZE PAK strategy. We hope that the energy transformation of ZE PAK will finally be supported by EU funds, made available to Poland and Eastern Wielkopolska under the National Reconstruction Plan, the European Union's budget perspective for 2021-2027 and under the Just Transition Fund. We will continue to actively engage in the attempt to obtain funds from the Just Transition Fund, so that it provides real support for our employees and contributes to the creation of new jobs in Eastern Wielkopolska, which will replace jobs liquidated in the mining and energy sectors.

Yours faithfully,

Piotr Woźny

President of ZE PAK SA Management Board