



*Ladies and Gentlemen,*

*Since the announcement of the directions of the new strategy in 2020, we have managed to get you used to the dynamic changes that are taking place in ZE PAK Group. Today's image of the Group is radically different from how ZE PAK Group was perceived a few years ago. The image of a company focused on mining lignite and generating electricity from it in nearby power plants has been replaced with the image of a company that consistently implements its transformation plans by gradually phasing out the extraction and use of high-emission coal fuel, while simultaneously developing a number of projects in the field of renewable energy sources and the production and use of hydrogen.*

*Last year, we completed the exploitation of Drzewce open pit, one of the three open pits that had been exploited until recently. The last ton of coal from Drzewce opencast was extracted on August 8, 2022. In 2023, we will end the exploitation of Józwin opencast, thus the only opencast that will remain in operation will be Tomislawice opencast. Last year, we also informed you about the shortening of the planned period of coal mining and generation of electricity from lignite. Currently, the baseline scenario assumes that we will stop mining and generating electricity from coal at the end of the period in which we are entitled to support in the form of the Power Market mechanism, i.e. at the end of 2024. Thus, the expected period of cessation of coal operations was shortened by as much as 6 years.*

*A very important aspect of the activity of ZE PAK Group in the past year was the activity in the field of building a portfolio of zero- and low-emission sources of electricity generation. The second biomass unit with a capacity of 50 MW was put into operation at Konin Power Plant. Thus, this former coal-fired power plant today produces electricity and heat exclusively from biomass, with two units with a total capacity of 105 MW. Thanks to our activity in the field of wind energy, we currently have a set of wind projects with a total capacity of nearly 300 MW. Wind projects are at various stages of implementation, but we expect that the first two with a total capacity of approximately 27 MW will be put into operation in the third quarter of 2023. In the case of photovoltaic projects, last year we were positively surprised by the productivity of our first large photovoltaic farm with a capacity of 70 MW in Brudzew. We are currently implementing a project involving the construction of another 16.4 MW near the location of Brudzew farm. In the field of hydrogen projects, we are constantly working on starting the production of green hydrogen at Konin power plant. Last year, we managed to complete the hydrogen bus prototype project and obtain approval for it. The hydrogen bus project has already entered the commercialization phase because in the first quarter of this year a company dedicated to the development of this project won the tender and signed a contract for the supply of the first 20 buses.*

*Our activity in the past year also focused on the continuation of the development of the CCGT unit construction project in the former location of Adamów Power Plant, in this case we are currently working intensively on selecting the general contractor and organizing financing for this investment.*

*We are still very interested in generating sources based on nuclear technologies. Pątnów power plant located in Konin is a perfect place for this type of investment, it is also a location indicated in official documents regarding the development of nuclear energy in Poland. Being aware of the potential of this place, last year we analysed the available possibilities regarding the use of individual technologies. We decided to end cooperation in the area of project development based on SMR (Small Modular Reactor) technology and, together with the largest Polish energy company - PGE Polska Grupa Energetyczna SA, sign a letter of intent with Korea Hydro & Nuclear Power Co, Ltd., a state-owned Korean company, one of the world leaders in the construction and operation of nuclear power plants. Only five months*

*after signing the letter of intent, in April this year, together with PGE SA, we established PGE PAK Energia Jądrowa SA, which will be a partner for the Korean side in the further development of the nuclear project.*

*The abundance of investment projects that we are currently developing would allow me to write about them for a very long time. However, my goal is to encourage you to read the published financial statements for 2022. In addition to the rich and diverse investment program, I would also like to draw your attention to the improving financial results. It is worth noting that they are achieved with a simultaneous decrease in the scale of operations related to coal mining and the volume of electricity production, which is associated with many internal restructuring and optimization processes in the scope of our operating activities.*

*The improvement of financial results and the rich investment program underway do not mean that ZE PAK Group faces no challenges. They are related, among others, to the regulatory environment. Since the beginning of December last year, we have been operating in the regime of regulations that regulate the possibilities of generating margins on the sale and trading of electricity. The current situation makes restructuring and optimization activities even more important. A year in which margin generation opportunities are limited will certainly be very demanding for us.*

*However, I would like to assure you that the consistent implementation of the adopted directions of the strategy is still a priority for ZE PAK Group. We believe in the effectiveness of investment projects implemented jointly with Polsat Plus Group, as well as those implemented independently by ZE PAK Group. We also continue to hope that the ZE PAK Group and the entire Eastern Wielkopolska region undergoing energy transformation will be able to use the funds made available under the National Reconstruction Plan, the European Union's budget perspective for 2021-2027 and under the Just Transition Fund. This is particularly important in the process of ending coal operations by ZE PAK Group in order to provide real support to people currently employed in the coal mining and lignite-based energy generation sectors, so as to replace the liquidated jobs with offers from prospective industries that will be able to develop thanks to announced support.*

*Piotr Woźny*

*President of the Management Board of ZE PAK SA*