

*Dear Ladies and Gentlemen,*

*I invite you to read the financial statements of ZE PAK SA Capital Group describing the Group's activities in 2024. These reports illustrate the process of the first energy transformation of a traditional coal and energy company in Poland, which has been consistently implemented for several years, taking place in one of the six Polish mining regions – Eastern Wielkopolska. This transformation is being implemented against the backdrop of the gigantic changes taking place in the energy sector in Poland in 2020-2024. The energy sector in Poland, apart from the challenges resulting from the high political and economic dynamics of the processes taking place in the European Union, the USA, Ukraine and Russia, also faces an obstacle specific to our country, which is the transition from a practical monoculture of generating electricity from coal to an energy mix, in which in the spring and summer months during the day RES sources begin to occupy a practically equivalent position in electricity generation. In Polish this leap from an outdated, carbonized power system to a system in which, thanks to renewable energy sources, negative or very low electricity prices are becoming the new normal, it is becoming a particular challenge to ensure flexible power sources that allow the transmission system operator to efficiently balance the system for the needs of its stable, uninterrupted operation.*

*This is the picture of the activity of ZEPAK SA Capital Group carried out over the last few years, and in particular during the 12 months of 2024. The end of 2024 is the moment when three lignite-fired power units at Pątnów Power Plant with a total capacity of 644 MW were shut down, leaving at the disposal of ZE PAK SA the last most efficient unit with a capacity of 474 MW, which over the course of 2024 was modernized in a way that ensures its operation in accordance with BAT conclusions with respect to large combustion plants. The last lignite open pit in Eastern Wielkopolska operated by the ZE PAK SA Group was Tomislawice open pit. The operational conditions of the ZE PAK SA Capital Group's operations in 2024 resulted in a slight adjustment of the base scenario for the termination of coal operations – this scenario currently provides for the cessation of mining activities and coal-fired electricity generation at the turn of the first and second quarter of 2026.*

*2024 is not only a time of preparations for the end of coal operations, but also, and perhaps above all, work on the prospects for the further operation of the ZE PAK SA Group. Over the course of 2024, we devoted a lot of attention to the largest investment project developed within the ZE PAK SA Capital Group, consisting in the construction of a 600 MW gas-fired unit (CCGT). The project is being implemented on the site of the former Adamów lignite power plant located in Turek district. We focused particularly on obtaining external financing for this investment, conducting a dialogue with leading Polish credit institutions (including those controlled by the State Treasury) aimed at indicating the significance of this investment for Polish's energy security, as well as the economics of such a project, allowing the investor to provide such necessary and needed functionalities for the Polish energy system today, such as flexibility and power independent of weather conditions. The investment process related to the construction of Adamów gas-fired power plant is proceeding in a way that does not pose a threat to the project's ability to benefit from support in the form of a capacity contract, resulting from the auction won in December 2021 on the capacity market.*

*In 2024, ZE PAK SA also acquired shares in an investment project involving renewable energy installations in the form of wind farms in Opolskie Voivodeship with a total expected connection capacity of approximately 500 MW, as well as obtained from Polskie Sieci Elektroenergetyczne the*

*conditions for connecting an electricity storage facility with a capacity of 200 MW in Konin. Together with the applications submitted in 2024 for the connection of two CCGT units with a capacity of 900 MW each in Pątnów location to the power grid, as well as the application for connection to the gas network for the purposes of gas transmission for such installations (on the basis of which ZE PAK SA has already obtained from the Gas Transmission Operator Gaz-System SA the conditions for connection to the gas network), the above planned projects form a composition of projects consistently supporting the energy transition of ZE PAK SA and its operation after the end of electricity generation from lignite.*

*In 2024, ZE PAK SA, as part of PGE PAK Energia Jądrowa SA, also carried out further activities aimed at documenting the location for the construction of a nuclear power plant in Eastern Wielkopolska, which is indicated in the work on updating official government documents on the development of nuclear energy in Poland. Planning and design work carried out at the level of the special purpose vehicle established jointly with PGE SA focused on conducting research, monitoring and obtaining data that will be necessary in the process of obtaining a set of administrative decisions, licenses or permits enabling the implementation of such an investment.*

*The upcoming end of activities related to lignite mining and coal-based electricity production also means intensification of work on the reclamation of post-mining areas and removal of environmental damage immanently related to intensive mining and production activities. In 2024, the companies of the ZE PAK SA Capital Group carried out the reclamation of hundreds of hectares of land in the agricultural and forestry direction, as well as carried out intensive activities related to the flooding of post-mining open-pit mines in accordance with the obligations resulting from reclamation decisions. Together with local government officials from Eastern Wielkopolska, we are involved in the project of restoring water resources of Eastern Wielkopolska, which is necessary to save the natural resources of Powidz Landscape Park and adjacent areas. Together with local governments, we have been working intensively to obtain funds for this purpose from the Just Transition Fund.*

*In 2024, we were also the first entrepreneur in the energy sector in Poland to start practical implementation of the provisions of the Act of 17 August 2023 on social protection for employees of the power sector and the lignite mining industry. At the end of 2024, one of the companies from the ZE PAK SA Group signed the first agreement with the Minister of State Assets triggering the granting of subsidies for the payment of such shielding benefits, as a result of which a group of employees of the ZE PAK SA Group received in 2024 the benefits granted to them under this act, aimed at securing the financial situation of employees losing their jobs as a result of the intensive energy transition in Poland. In 2024, we also participated in the implementation of the project "Road to employment after coal" initiated by the trade unions of the ZE PAK SA Capital Group worth PLN 257 million, which is the most intensive professional activation program in the history of the coal industry in Poland, aimed at creating new jobs for those affected by the energy transition, which received support from the Just Transition Fund and the state budget.*

*Once again, I invite you to read the published financial statements and the information contained in the non-financial statement, in the hope that this introduction will give you a better understanding of the social and economic context of these materials.*

*Piotr Woźny*

*President of the Management Board of ZE PAK SA*