

Dear Sir/Madam,

Another year has ended with the Energa Group operating as an integral part of the ORLEN Group. We can confidently state that it was a period of intense investment, hard work, and numerous successful ventures.

The deeper integration of Energa SA with its strategic shareholder ORLEN S.A. was recognized by Moody's Ratings, leading to an increase in Energa's rating score to Baa1. This serves as proof of how this integration has bolstered the Energa Group. Operating within the ORLEN Group supports various business aspects, such as execution of the strategy, financial position and risk management, thereby empowering the implementation of the Energa Group's extended investment program.

It is important to highlight that in 2023 we updated the Energa Group's Strategic Development Plan and Long-Term Strategic Investment Plan to cover the period until 2030. The updates to the plans were essential due to changes in the market and regulatory environments over the past several years, which have had an impact on the electricity market in Poland. To remain competitive while committing to protecting the environment and pursuing sustainable development, the Energa Group has to align its business profile and asset structure with the new challenges. In the upcoming years, our primary focus will be on the development of low- and zero-emission energy sources and the power grid we manage. One of the priorities will be to increase sales of green energy, as well as to develop and improve the offer of energy efficiency products.

The Energa Group is actively involved in the implementation RES projects. In 2023, the construction of the solar farm complex of capacity in the Warmińsko-Mazurskie Province with a total capacity of nearly 70 MW was completed, and the power capacity of the Gryf PV farm in the Wielkopolskie Province was increased to approximately 25 MW. Construction works also commenced on the Mitra solar farm with a total capacity of approximately 65 MW.

We are also active in the acquisition of renewable sources. In June 2023, Energa Wytwarzanie signed a preliminary agreement for the purchase of a wind farm and four photovoltaic farms with a total capacity of approximately 59 MW. In October 2023, this company concluded a preliminary agreement to acquire a special purpose vehicle implementing the project of building new hybrid renewable sources "Kleczew Solar & Wind" - the investment is being built in the Kleczew commune in the Greater Poland Voivodeship, and its total capacity will be up to 334 MW. In April 2024, Energa Wytwarzanie acquired a special purpose vehicle with the rights to the photovoltaic installation project with a total capacity of approximately 130 MW.

In terms of investments in conventional generation sources, 2023 also proved to be a fruitful year. Progress on our key gas-fired power plant projects in Grudziądz and Ostrołęka is on track, with both projects surpassing the halfway mark. The CCGT Ostrołęka project has a secured financing in the project finance form in the amount of PLN 2.64 billion - in June 2023, a loan agreement was signed with a consortium of five Polish and foreign banks.

This is immensely important for us, as the expansion of low- and zero-emission energy sources is one of the key objectives of our strategy. We aim to decrease CO2 emissions by at least 40% by 2030 compared to 2019 levels.

Last year also saw significant progress in the development of offshore wind farms, which has profound implications for both the energy industry and the broader economy. The subsidiaries of Energa Wytwarzanie

SA have been granted two licenses to operate offshore wind farms in the Baltic Sea. Also, Poland's first service and maintenance company for offshore farms has commenced its operations, leveraging the expertise of Energa's subsidiary, Energa Wytwarzanie. The subsidiary boasts a portfolio of six onshore wind farms and over a decade of experience in managing such projects.

The Energa Group's operational activities and growth are reflected in its business performance. The past year consolidated EBITDA amounted to nearly PLN 2.9 billion, what was the best result in the Group's history. Traditionally, the largest share in the Group's EBITDA was held by the Distribution Business Line, which also significantly increased its capital expenditure in 2023, allocating a record amount of almost PLN 2.3 billion for this purpose. Increased outlays on the electrical grid, especially the high-voltage grid, is geared towards ensuring energy security and consumer comfort, but also contributing to the development and smooth operation of renewable energy sources. The SAIDI and SAIFI indices have shown significant improvement, reflecting the electricity grid's reliability and resilience to harsh weather conditions. The Energa Group can also boast of an increase in revenues to over PLN 26 billion.

Last year, 46 percent of the electricity we produced came from renewable energy sources. We remain committed to developing this area of our activity. We plan to expand the grid to ensure the safe connection of new RES, and to harness the potential of electric vehicle charging stations. We aim to further decrease the share of coal assets in the structure of installed capacity and increase CO2 reductions.

We are actively replacing energy meters with devices equipped with remote meter reading capabilities, and we hold the position of national leader among energy groups in this area – as at the end of 2023 more than 74% of Energa Operator's customers had remote reading meters. We upgrade lighting systems to help our customers – whether companies or local and regional authorities – lower their electricity costs. We prioritize the further development of lighting services, particularly through asset additions and upgrades. We also contribute to the operation of the National Electricity System through various means, including the Demand Side Response (DSR) service, which is being increasingly adopted by various entities.

We have entered the year 2024 with momentum. We are implementing projects in the pipeline and planning additional activities that will solidify the Energa Group's position as one of the leading energy groups in Poland.

Michał Perlik

Acting President of the Management Board of Energa SA