

Ladies and Gentlemen,

I would like to invite you to read the Annual Report of the Energa Group for 2020. The past 12 months covered by the report were a true test of responsible management and important business decision making. The Energa Group maintained a stable position and achieved the optimum financial results despite difficult external conditions relating primarily to the COVID-19 pandemic. Given the situation, the good condition of our Group is demonstrated by, among other things, the fact that the EBITDA was maintained at a nearly the same level as in the previous year. The revenues (PLN 12.5 billion, +3% YOY) and the operating result (PLN 664 billion, +45% YOY), on the other hand, were higher than a year ago. The Distribution Business Line – being a business line of key importance for the activities of the entire Group – improved its EBITDA by 9% YOY. The Energa Group also increased investment expenditure by approximately 9% YOY, up to PLN 1.7 billion, of which PLN 1.35 billion were allocated precisely to the distribution area.

The year 2020 was exceptional for the Energa Group not only because of the external conditions, but also because of historical changes in the shareholding structure of Energa SA. The acquisition by PKN ORLEN SA, which has become the majority shareholder, initiated an advancing process of integration of both capital groups. The objective is to create a multi-energy group which is more resilient to changing economic or regulatory conditions and capable of competing in the market in Poland and Europe even more effectively. What the Energa Group contributes to the process of building the new entity is, among other things, its most valuable capital: experienced employees with enormous expertise and skills in developing innovative solutions. In the past year, we also focused on structuring the investment portfolio and on jointly exploring the synergy potential. I believe that this will make it possible to strengthen the multi-energy group. It also sets new directions for the development of low- and zero-emission energy generation based on the ORLEN 2030 strategy. We are an important pillar of a dynamic business structure with a wide asset portfolio.

Our plans and possibilities of development remain real, ambitious and oriented towards actions aimed at strengthening the Group itself and Poland's energy security. This is especially important in the face of the ongoing green transformation. Therefore, we will continue the comprehensive modernisation of the power grids of our Distribution System Operator in 2021, to meet the smart grid standard and to develop the RES segment. This will, on the one hand, enable faults and failures to be detected and eliminated more quickly and, on the other hand, will facilitate the more effective management of the entire grid in a situation where renewable energy sources – both major, commercial RES assets and private microinstallations – are developing in a dynamic way. We have entered the current year at a pace enabling the further development of our Group.

Jacek Goliński

President of the Management Board of Energa SA