

Dear Sir/Madam,

We would like to present to you the Management Board Report for 2019, which demonstrates that despite the special challenges affecting our market environment, Energa Group has successfully been able to keep implementing its strategy. We achieved a higher EBITDA than a year before (PLN 2,039 million in 2019 vs. 1,877 million in 2018), despite the impact of EU regulations reflecting a change in Europe's approach to the energy sector, which translates into new burdens being imposed on us. By effectively tapping into our market advantages, we managed to significantly increase our revenue, which totaled PLN 12,172 million in 2019, representing an 18% increase on 2018 figures. Energa Group's correctly defined development goals enable us to systematically expand our generation potential in the renewable energy sector. We are a leader among Polish energy companies thanks to the assets we currently hold, including wind farms, the photovoltaic farm in Czernikowo or EW Włocławek, the largest hydropower plant in Poland, as well as our investment pipeline, including the construction of the Przykona wind farm, now in its final stages, a project focusing on innovative solutions to enhance distribution network flexibility or the development of a network of e-vehicle charging stations.

The year 2019 proved that the European energy sector must be flexible in how it reacts to changes in the regulatory environment. Today, key factors which have a significant impact on our development directions include changes to EU policies, notably the introduction of the European Green Deal and the new credit policy of the financial sector with respect to the European energy industry. The ongoing development initiatives and our continuous search for new avenues of activity in the field of RES were welcomed by the financial sector, which approved of our strategy focusing on environmental stewardship and partnership-based relations with stakeholders. This approval is clearly reflected by the fact that Energa Group acquired a sound financial buffer in the form of a revolving ESG-linked loan of PLN 2 billion, whose repayment terms are influenced by social and environmental factors.

The year 2020 will be special, both for the energy industry and for the whole Polish business sector, as well as for Energa Group itself. In a broader sense, it will be a test of companies' ability to effectively manage and take the right business decisions in an economic and social reality shaped, among other things, by the consequences of the COVID-19 pandemic. For Energa, 2020 will be a year of sweeping changes. In December 2019, PKN Orlen SA announced a tender offer for all shares of Energa SA, which terminated on 30 April 2020 with PKN Orlen SA acquiring an 80.01% stake in Energa SA. Energa Group will now be integrated with PKN Orlen Group as a first step towards the creation of a large multi-energy corporation, able to successfully compete against other large players in the domestic and global market.

Jacek Goliński

President of the Management Board, Energa SA