

ZMIENIAMY SIĘ
DLA WAS

1Q 2023 Results



ZEPAK
Energia dla Ciebie

May 30, 2023



RAZEM TWORZYMY LEPSZĄ PRZYSZŁOŚĆ

Jesteśmy członkiem:

 **PROGRAM / CZYSTA / POLSKA**

1Q 2023 Summary

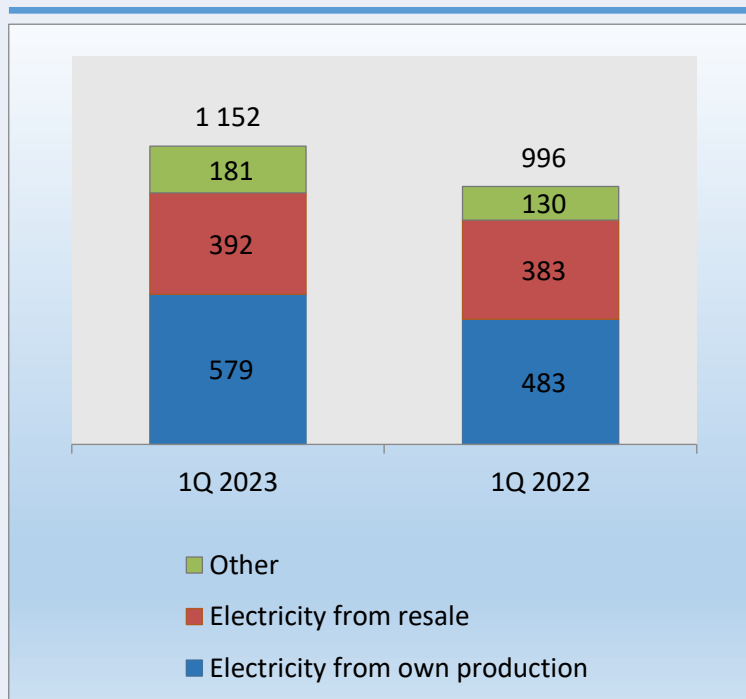
Key operational and financial data	1Q 2023		Change y/y
Sale of electricity:	0.86	TWh	-45.57%
• Electricity from own production:	0.48	TWh	-46.67%
• Electricity from resale:	0.38	TWh	-44.12%
Achieved average electricity sale price ⁽¹⁾	1 134.00	PLN/MWh	+107.50%
Average purchase price of EUA	387.19	PLN/MWh	+49.41%
Sale revenues:	1 152	m PLN	+15.66%
EBITDA:	(378)	m PLN	-
Net result:	(374)	m PLN	-
CAPEX:	215	m PLN	+290.91%
Indebtedness:	1 216	m PLN	+101.66%
Cash ⁽²⁾	836	m PLN	+159.63%
Net debt / EBITDA:	(3.28)	x	-

⁽¹⁾ Average price, calculated as electricity sales revenues (own production, from resale and system service) divided by sales volume.

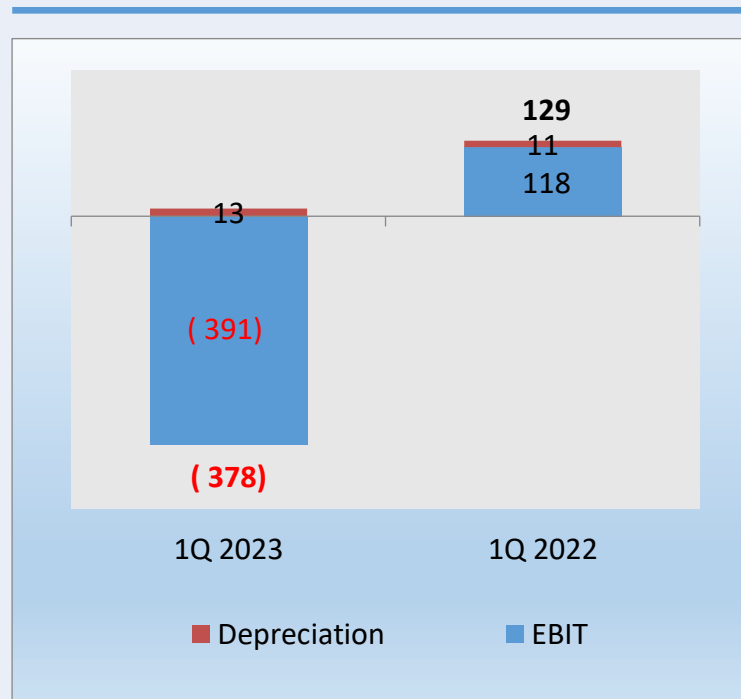
⁽²⁾ Cash and cash equivalents and other financial short-term assets.

1Q 2023 Summary [m PLN]

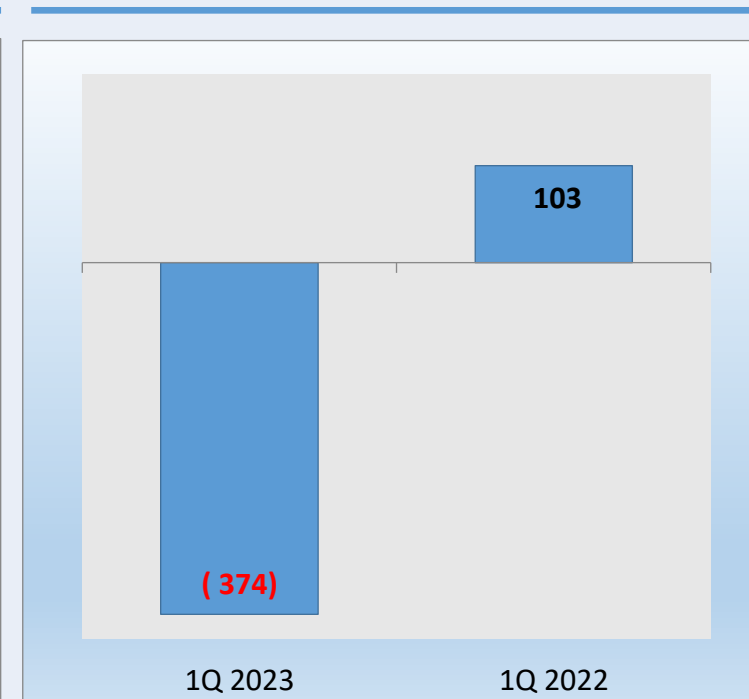
REVENUES



EBITDA



NET RESULT



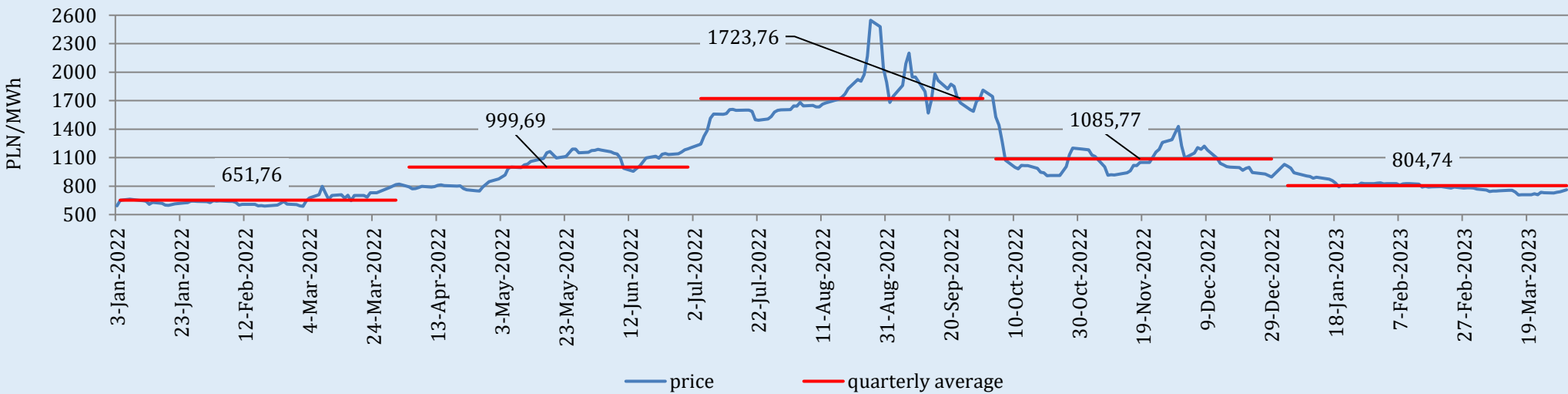
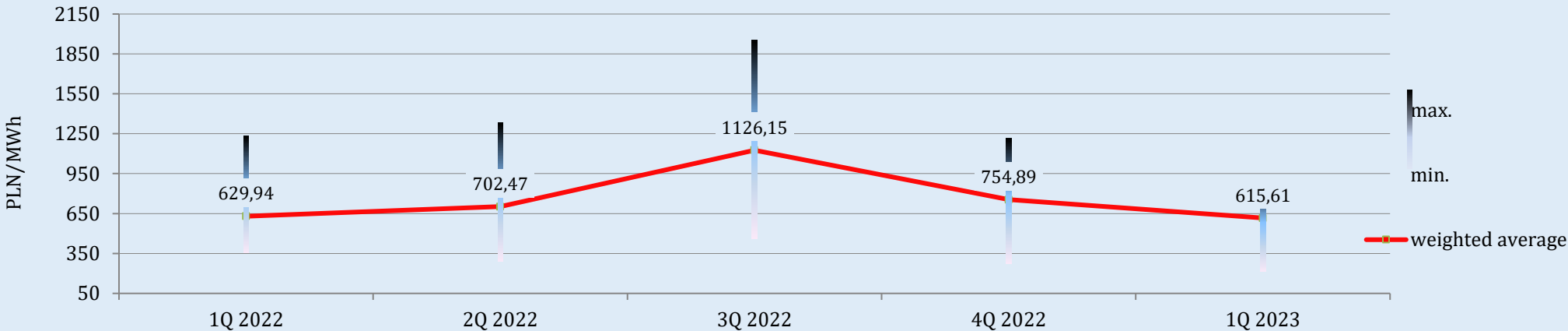
The increase in total sales revenues in Q1 2023 was mainly influenced by the increase in revenues from the sale of electricity due to a 107.50% higher price.

In Q1 2023, the financial results achieved were adversely affected by the increase in provisions for the reclamation of open pits, including the operating result - PLN 553 million and the net result - PLN 508 million.

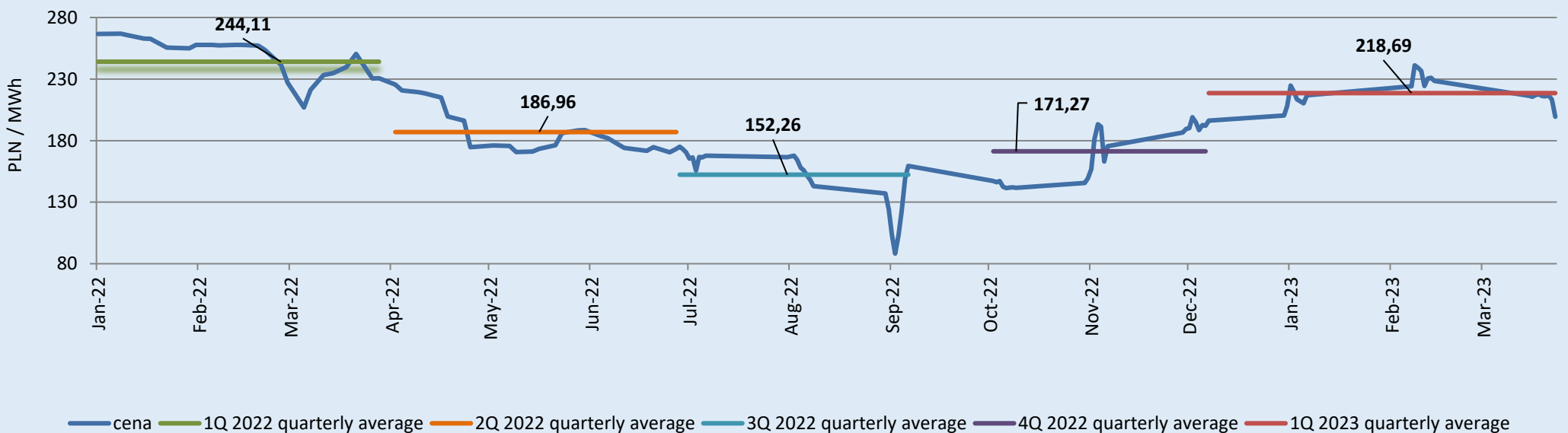
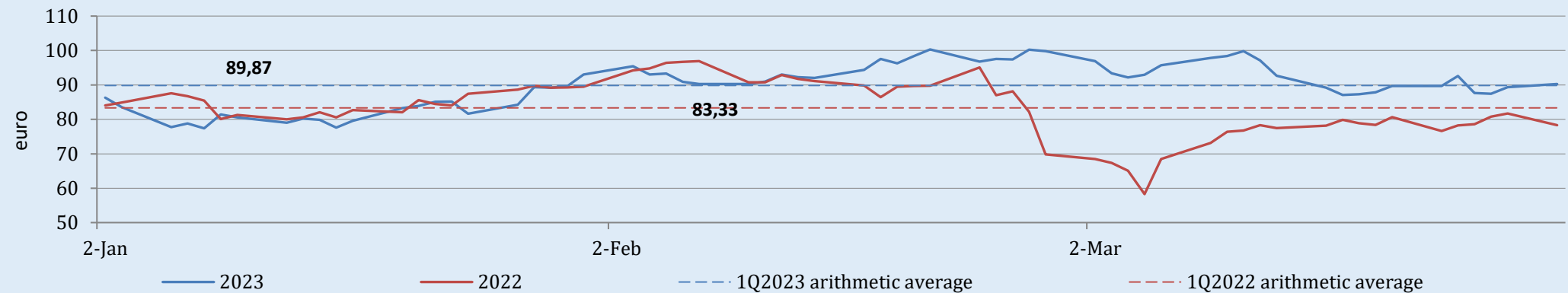
SELECTED ELECTRICITY MARKET DATA



Electricity prices



EUA and green certificates



OPERATIONAL DATA

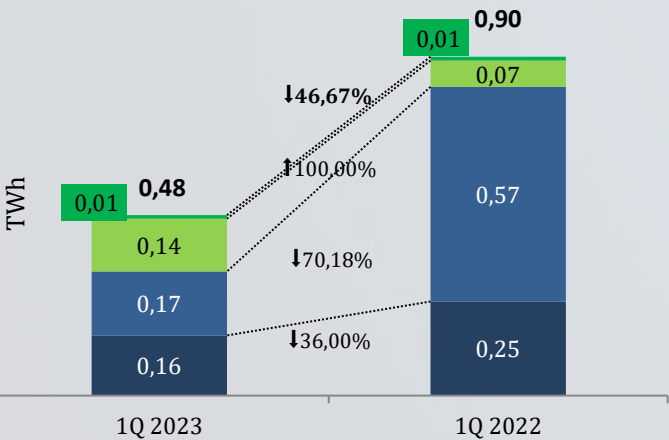


Net production and sale of electricity

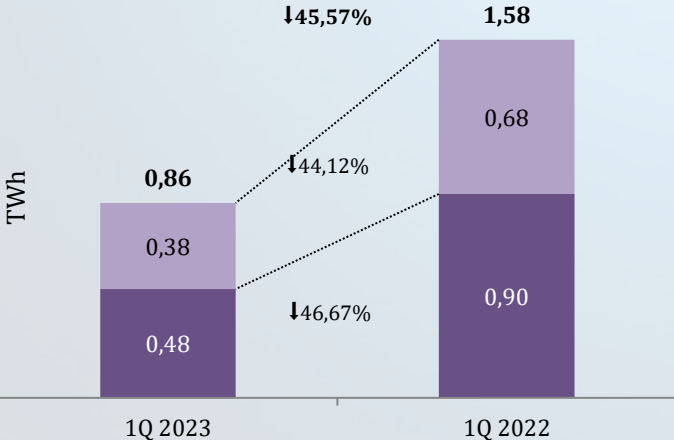
[TWh]



NET PRODUCTION

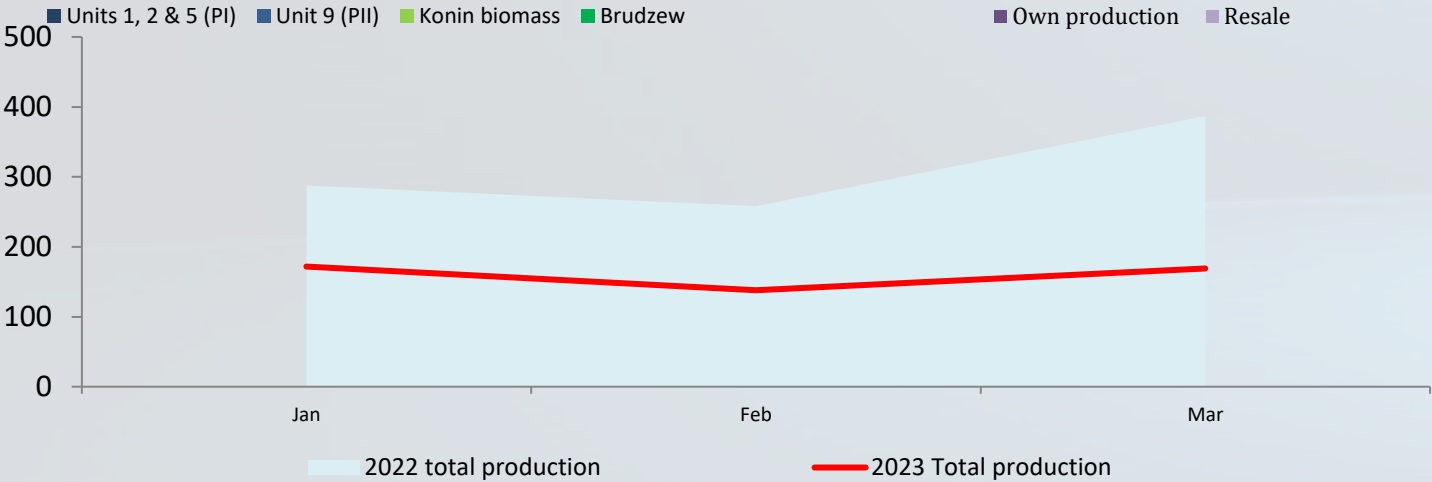


SALE



In Q1 2023, the total sales volume decreased by 45.57% compared to Q1 2022, both from the sale of own and purchased energy.

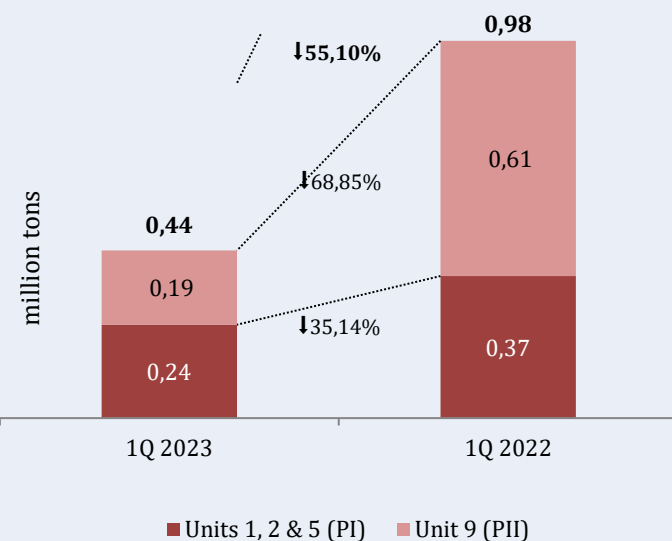
The lower amount of coal available for extraction in the mines supplying the Company contributed to the decrease in production. It should be noted that while net production based on coal decreased by 59.76%, net production of RES energy increased by 87.50%, mainly due to the operation of two biomass units at Konin power plant.



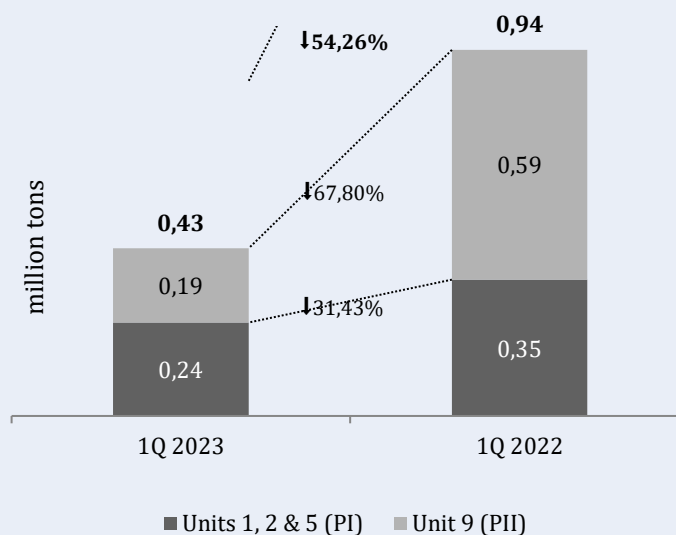
Lignite consumption and CO₂ emission

[m tons]

LIGNITE CONSUMPTION



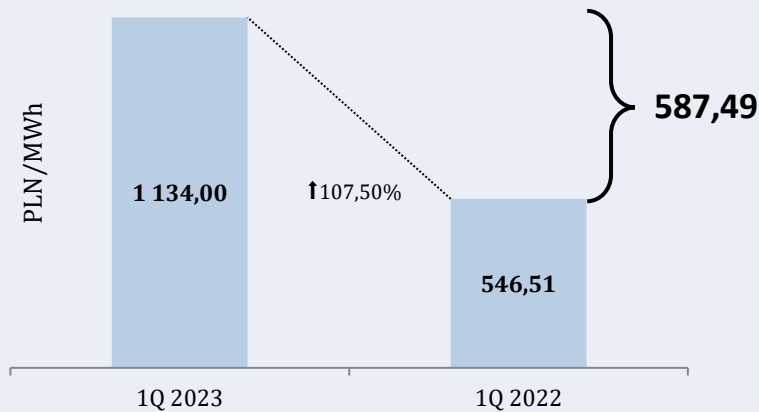
CO₂EMISSION



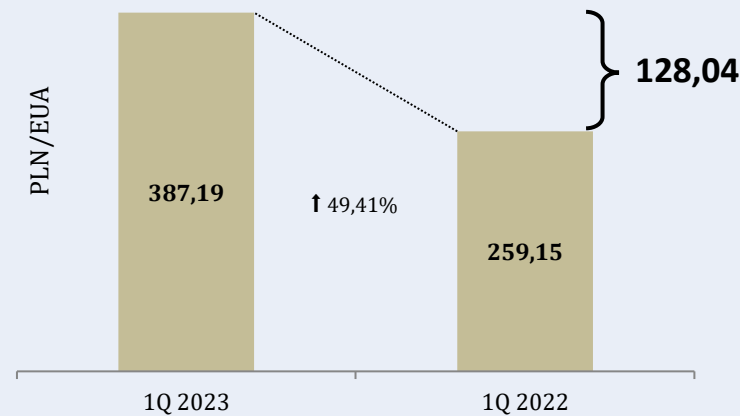
Data on coal consumption and CO₂ emissions in the three months of 2023 show a decrease in coal consumption and lower emissions, which results from lower volumes of energy produced compared to the same periods of the previous year. The decrease in coal consumption and lower emissions are also associated with more efficient use of RES generation assets, mainly two biomass units at Konin power plant.

Average prices of electricity and CO₂ emission allowances purchase

Electricity prices ⁽¹⁾



Prices of CO₂ emission allowances purchase (EUA) ⁽²⁾



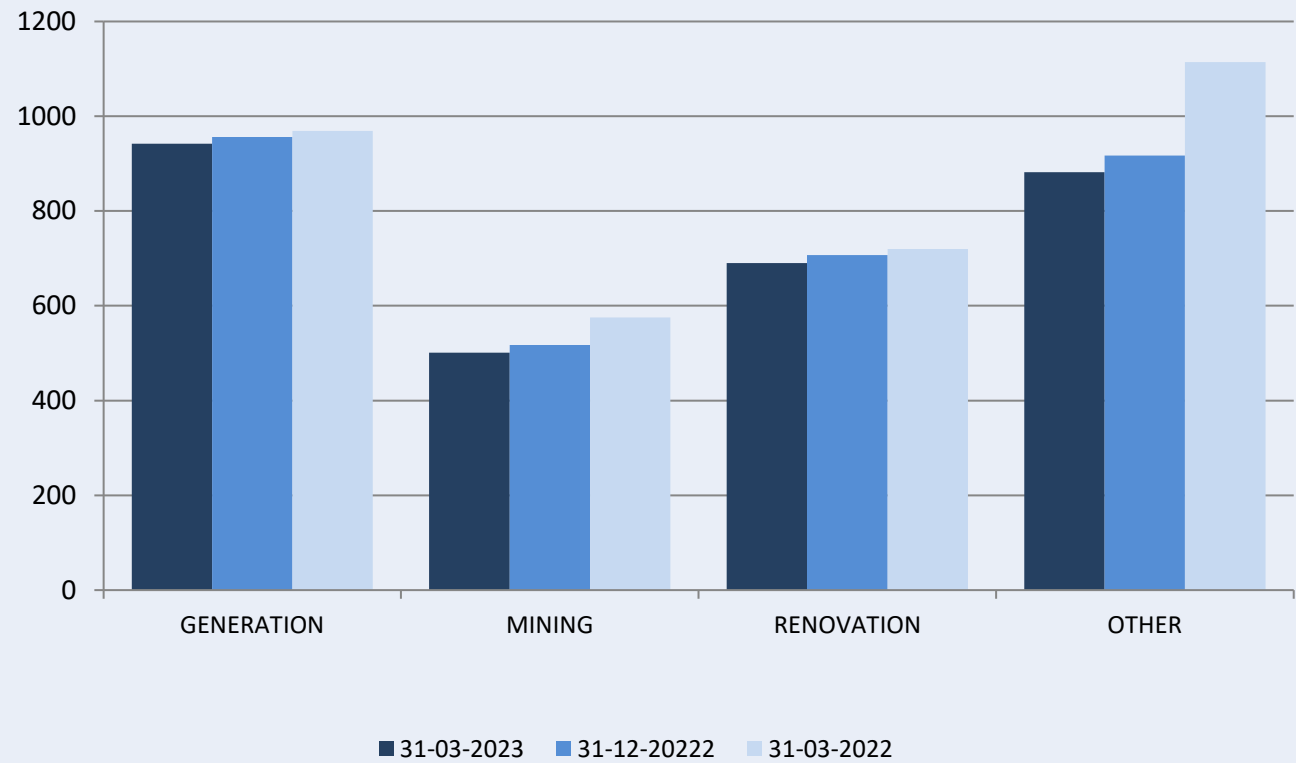
¹⁾ Average price calculated as revenues from sales of energy (own, from trading and system services) divided by the sales volume.

²⁾ Average price is calculated as the purchase cost of emission allowances incurred to cover emission for the period divided by the volume of CO₂ emission.

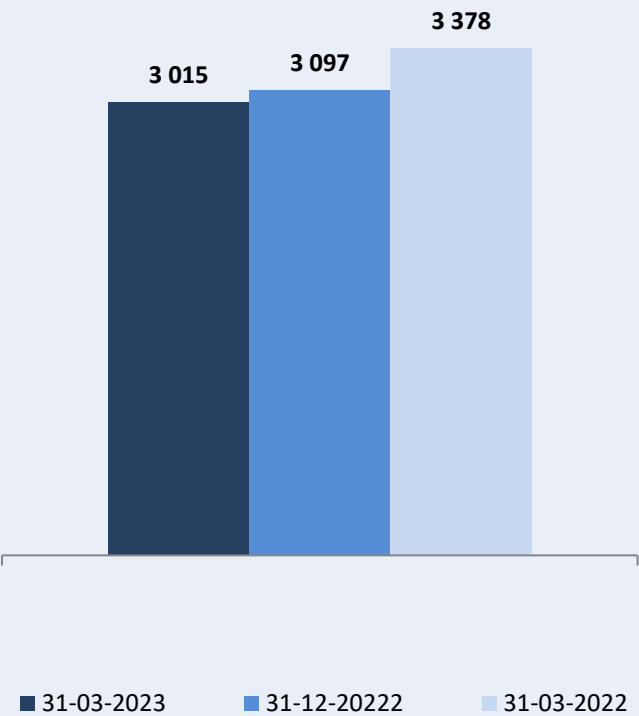
EMPLOYMENT



BY SEGMENTS



TOTAL

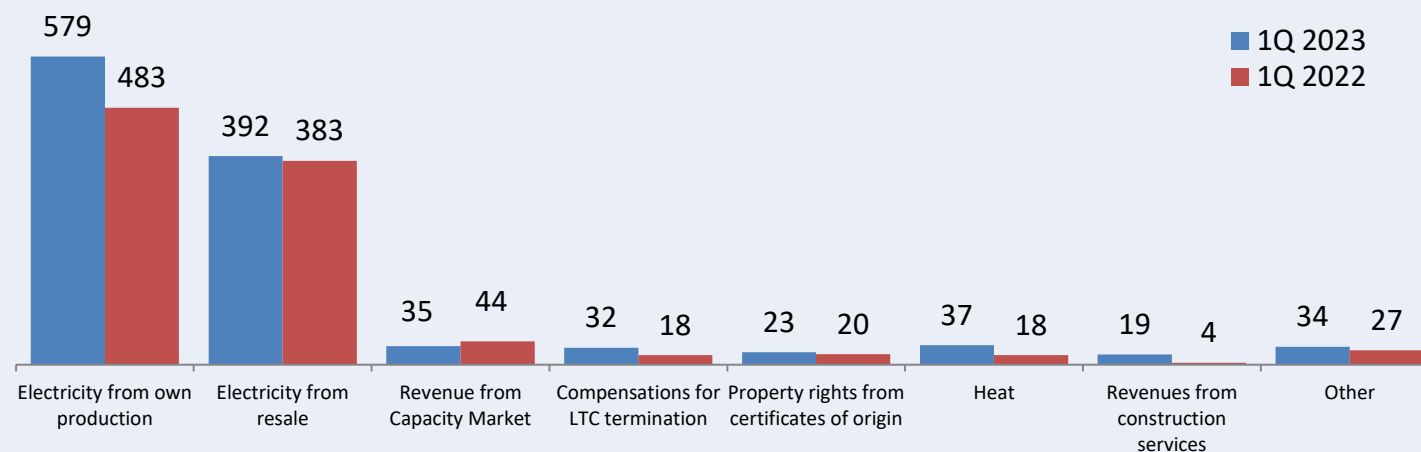


FINANCIAL DATA



Revenues and costs by type

[m PLN]



The increase in revenues from the sale of energy was mainly influenced by the increase in revenues from the sale of electricity due to a higher price by 107.50%.

Lower revenues from the capacity market are due to lower revenues realized within the secondary market.

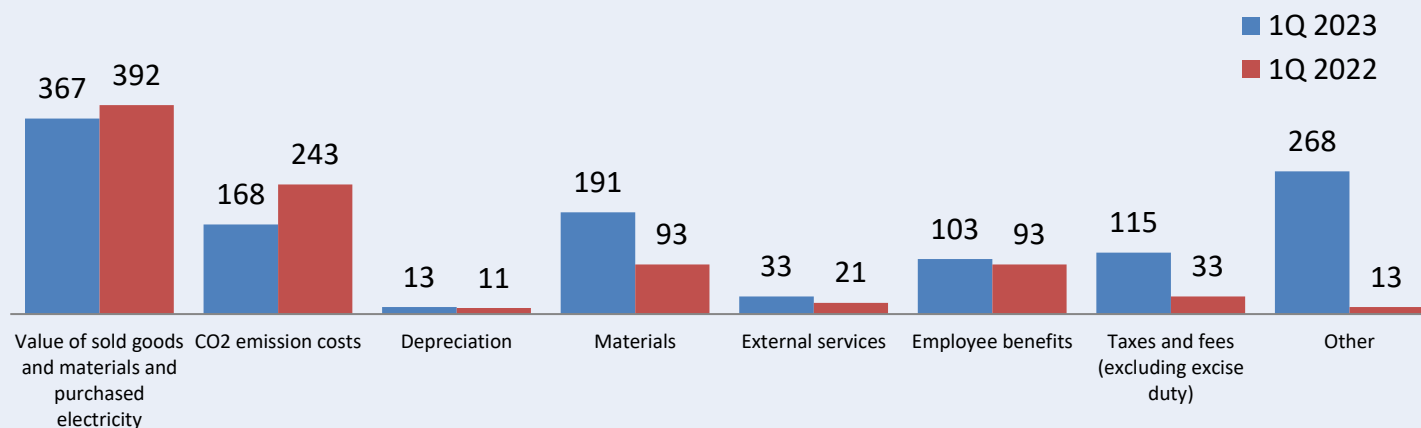
Higher LTC compensations as a result of the lower margin realized on the sale of energy from Unit 9 (Pątnów II).

The higher volume of their production is responsible for the increase in revenues from property rights.

The increase in revenues was driven by a higher price for heat with a slightly lower sales volume.

The increase in revenues from contracts for construction services was related to the implementation of projects with a higher scope, both material and financial.

The increase in other revenues is mainly related to the increase in revenues from gas trading.



The lower trading volume is responsible for the decrease in the value of energy purchased for resale.

Lower emission costs are the result of a decrease in the volume of emissions despite an increase in the unit price of the purchased emission allowances.

The increase in the consumption of materials is mainly due to the increase in the cost of purchased biomass and the increase in the price of purchased electricity.

Higher external services are the result of increased costs of services on the market.

The fee for the price difference payment fund is responsible for the increase in taxes.

The increase in other costs by type in the amount of PLN 267 million is attributable to the increase in the provision for the recultivation of open pits (an additional increase in the provision in the amount of PLN 286 million increased the value of other operating costs).

EBITDA 1Q 2023

[m PLN]



	1Q 2023	1Q 2022
Sale revenues	1 152	996
Change %	15.66%	
Costs of goods sold	(1 191)	(859)
Gross profit	(39)	138
Margin %	(3.39)%	13.86%
Other operating revenues	5	22
Selling and distribution expenses	(4)	(3)
Administrative expenses	(54)	(30)
Other operating expenses	(300)	(8)
EBIT	(391)	118
Margin %	(33.94)%	11.85%
Depreciation	13	11
EBITDA⁽¹⁾	(378)	129
Margin %	(32.81)%	12.95%

⁽¹⁾ **EBITDA** lower by PLN 507 million -> after bringing to comparability **higher by PLN 46 million (+35.66%)**

comparable EBITDA for 1Q 2023 amounted to PLN 175 million -> the value of PLN (378) million is the effect of increasing the provision for future reclamation of exploited coal pits

(+101) higher revenues from own energy, higher result on the sale of purchased energy, higher revenues from heat, lower result on gas sales, lower revenues from system services, fee for the price difference payment fund,

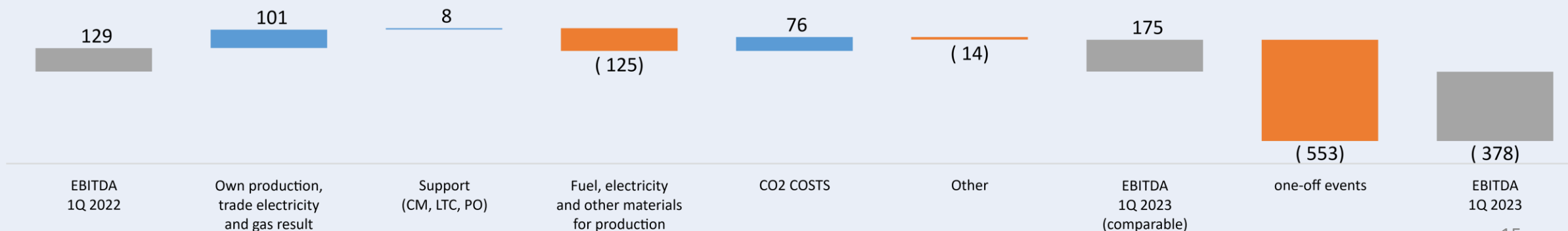
(+8) higher revenues from LTC, higher revenues from property rights, lower revenues from the Power Market,

(-125) higher costs of biomass, higher energy costs (in mines), higher costs of purchased coal, lower costs of other fuels and materials (mazout, heating oil, sorbent, other chemical materials for production),

(+76) lower costs of CO₂ emission,

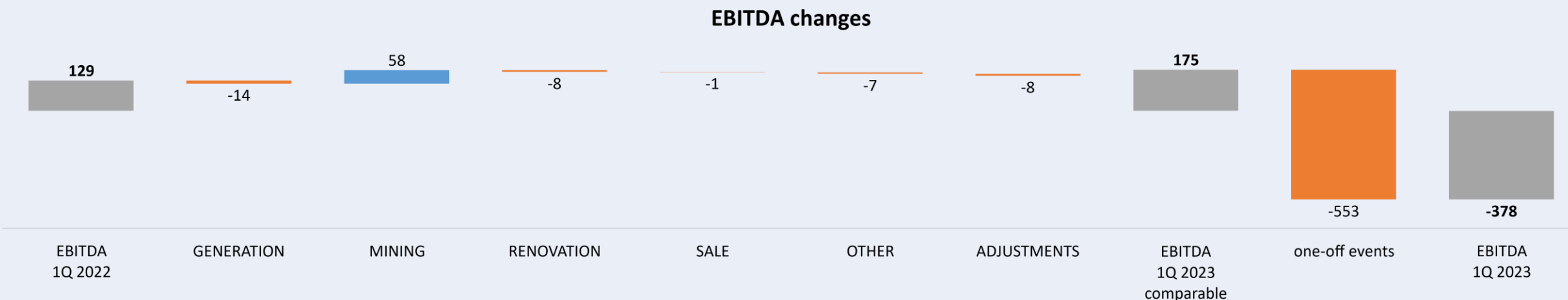
(-14) higher other revenues, lower costs of consumption of other materials, lower other taxes and fees, higher payroll costs, higher external services, lower other costs, lower result on other operating activities

EBITDA changes



EBITDA 1Q 2023 by segments

[m PLN]



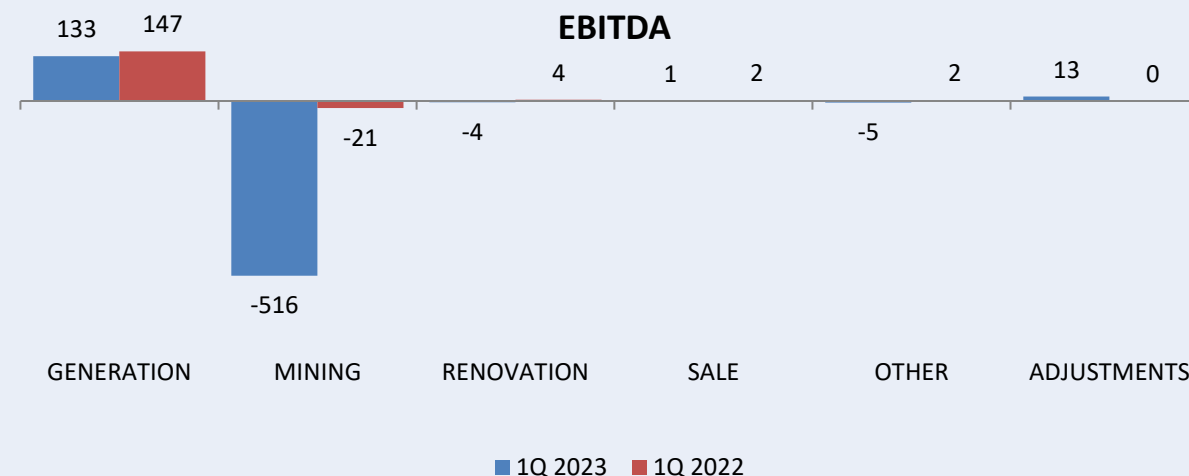
Main reasons of EBITDA changes in segments:

Generation:

- higher revenues from own energy, higher result on the sale of purchased energy, higher revenues from heat, lower revenues from system services and the cost of the fee for the price difference payment fund,
- higher revenues from LTC and property rights, but lower revenues from the Capacity Market,
- lower costs of other fuels and materials (mazout, heating oil, sorbent, other chemical materials for production), but higher costs of coal and biomass,
- lower costs of carbon dioxide emission allowances,
- higher other revenues, lower costs of consumption of other materials, similar other taxes and fees, higher payroll costs, higher external services, lower other costs, lower result on other operating activities

Mining:

- higher revenues from the sale of coal, lower costs of external services, similar costs of salaries, but higher costs of electricity, higher costs of substitute coal, higher costs of taxes and fees



Consolidated profit and loss account for 1Q 2023 by segments

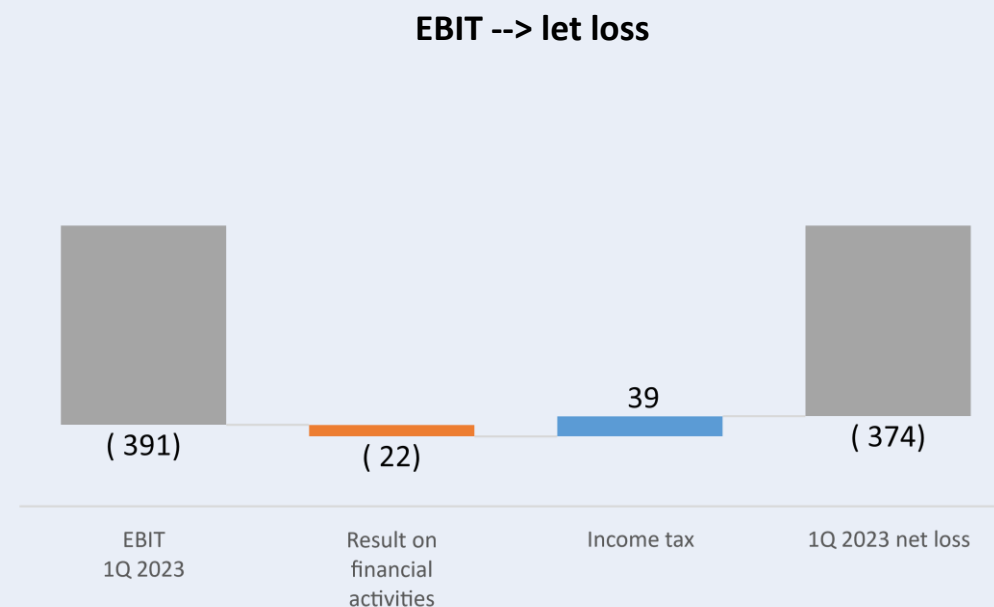
m PLN	Generation	Mining	Renovation	Sale	Other	Consolidation adjustments	Total
Sale revenues from external customers	751	0	22	376	3	-	1 152
<i>External sale revenues %</i>	83.26%	0.00%	40.74%	100.00%	9.68%	0.00%	100.00%
Sale revenues between segments	151	196	33	-	28	(408)	-
Sale revenue	902	197	54	376	31	(408)	1 152
Cost of goods sold	(742)	(414)	(55)	(372)	(30)	422	1 191
Gross profit (loss)	161	(218)	(1)	4	1	14	(39)
<i>Margin %</i>	17.85%	(110.66%)	(1.85%)	1.06%	3.23%	(3.43%)	(3.39%)
EBITDA	133	(516)	(4)	1	(5)	13	(378)
<i>Margin %</i>	14.75%	(261.93%)	(7.41%)	0.27%	(16.13%)	(3.19%)	(32.81%)
EBIT	123	(518)	(5)	1	(6)	14	(391)
<i>Margin %</i>	13.64%	(262.94%)	(9.26%)	0.27%	(19.35%)	(3.43%)	(33.94%)
Net profit (loss)	98	(475)	(4)	2	(7)	12	(374)
<i>Margin %</i>	10.86%	(241.12%)	(7.41%)	0.53%	(22.58%)	(2.94%)	(32.47%)

Financial activities, taxation and net result

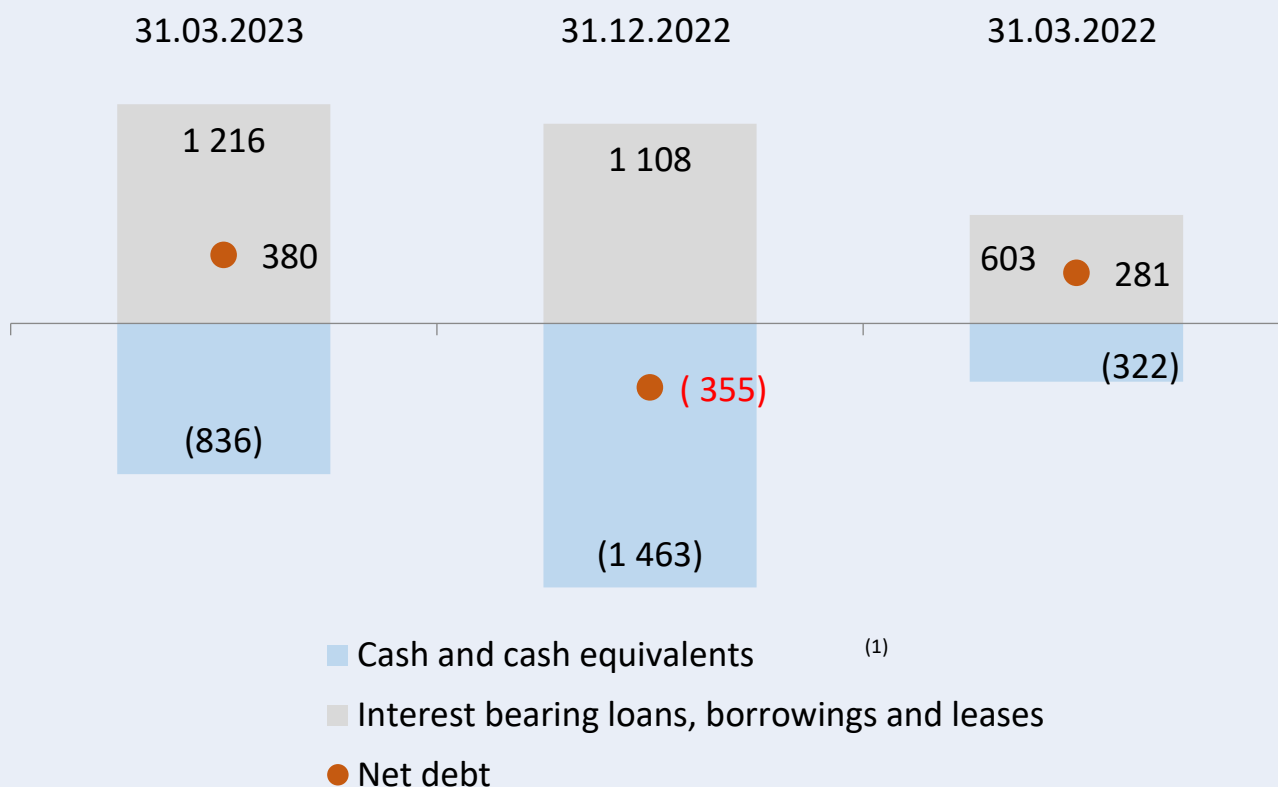
[m PLN]

	1Q 2023	1Q 2022
EBIT	(391)	118
Financial income ⁽¹⁾	12	17
Financial costs ⁽²⁾	(34)	(8)
Gross profit / (loss)	(414)	127
Income tax (tax overload) ⁽³⁾	39	(23)
<i>Effective tax rate</i>	<i>9.42%</i>	<i>18.11%</i>
Net profit / (loss) for the period	(374)	103
<i>Margin %</i>	<i>(32.47)%</i>	<i>10.34%</i>

- (1) The amount of financial income is due to interest income of over PLN 10 million (higher by over PLN 6 million than in Q1 2022). In the first quarter of last year, the amount of revenues in the amount of PLN 11 million was additionally affected by the positive valuation of instruments hedging interest rate risk.
- (2) The increase in financial costs is primarily attributable to higher debt servicing costs related to the increase in debt and the increase in interest rates, as well as realized foreign exchange losses and a higher discount of the reclamation provision.
- (3) The negative value of taxes of PLN 39 million consists of current tax of PLN 5 million and negative deferred tax of PLN 44 million related mainly to the reversal of temporary differences.



Net debt [m PLN]



Net debt / EBITDA

31.03.2023	(3.28) ⁽²⁾
31.12.2022	(0.91) ⁽³⁾
31.03.2022	0.81

- (1) Cash and cash equivalents from the consolidated statement of financial position and other short-term financial assets.
- (2) The negative value is the result of recording a negative total of EBITDA for the period from April 1, 2022 to March 31, 2023.
- (3) Negative value is due to the fact that cash at the end of 2022 exceeds debt.

Consolidated cash flow statement

[m PLN]



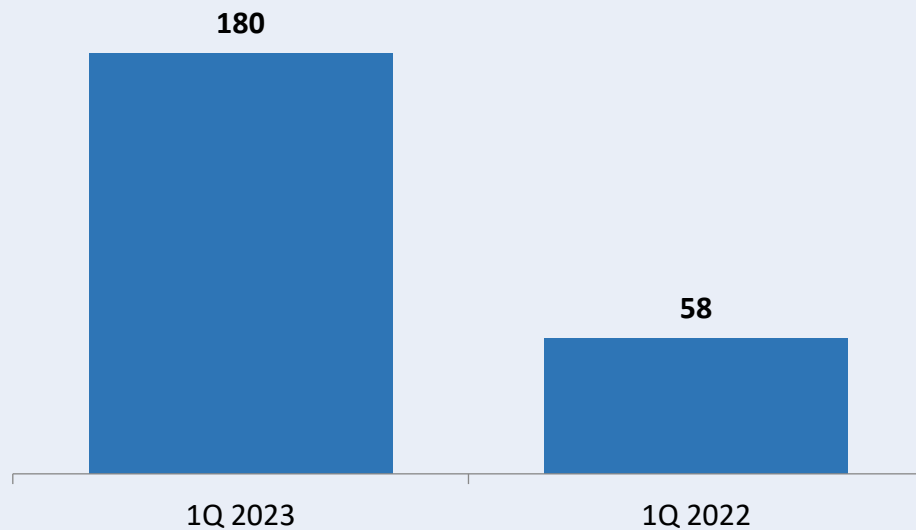
	1Q 2023	1Q 2022
Gross profit / (loss)	(414)	127
Depreciation and amortisation	13	11
Profit / (loss) on investing and financial activities	35	(1)
Changes in working capital	721	753
Income tax	(10)	(2)
Acquisition of CO ₂ emission allowances ⁽¹⁾	(861)	(1.161)
Other	(0)	(5)
Net cash flow from operational activities	(515)	(279)
(inflows/outflows) of investments in property, plant and equipment and intangible assets ⁽²⁾	(184)	(44)
Other inflows and outflows	(0)	(11)
Net cash flow from investing activities	(184)	(55)
Inflows of credits, loans and securities ⁽³⁾	226	155
Payment of credits, loans, leases and securities ⁽⁴⁾	(136)	(3)
Interest paid	(18)	(2)
Net cash flow from financial activities	72	150
Change in cash and cash equivalents	(627)	(185)
Cash and cash equivalents at the beginning of the period	1 463	507
Cash and cash equivalents at the end of the period	836	322

- (1) Lower expenses for the purchase of emission allowances are the result of the lower cost of their purchase in 2022 as a result of the lower volume of electricity production.
- (2) Capital expenditure consists mainly of expenditure on RES and hydrogen projects.
- (3) Proceeds from loans and borrowings are primarily loans received from Cyfrowy Polsat and bank loans for the development of RES projects.
- (4) Repayments of loans and borrowings include mainly repaid loans from Cyfrowy Polsat and bank loans for the development of renewable energy projects and financing the current operations of PAK-Volt.

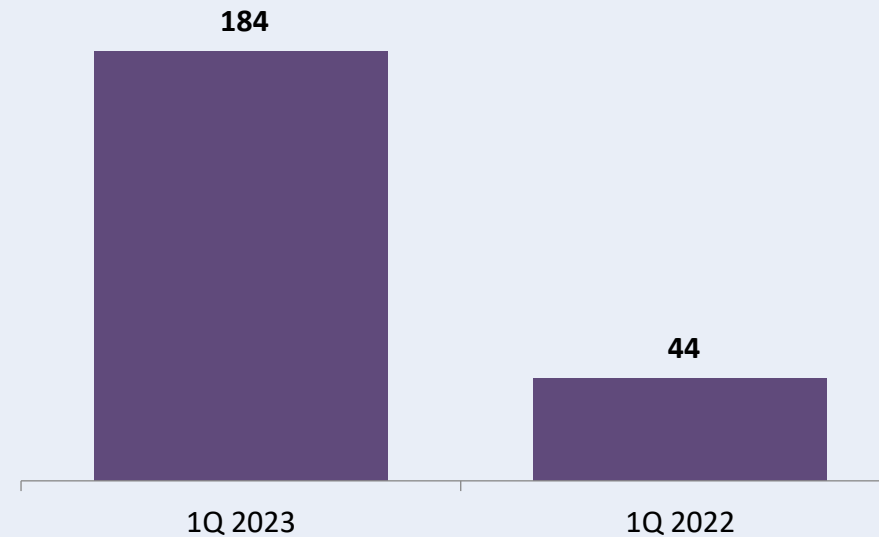
INVESTMENTS



CAPEX



EXPENDITURES



In Q1 2023, the ZE PAK SA Group continued the construction of wind farms in Kazimierz Biskupi, Człuchów, Miłosław and Przylów and started the expansion of the photovoltaic farm in Brudzew (expenditure: PLN 109 million). In addition, it implemented projects related to the production and distribution of hydrogen at Exion, BiW and H2 Stations, and the construction of a hydrogen bus production plant (capex: PLN 52 million).





STRATEGIC PROJECTS IN RENEWABLE ENERGY SOURCES



As at May 2023



Green hydrogen – H₂ project portfolio

PROJECT'S NAME	PROJECT'S PHASE	STATUS OF WORK
Hydrogen Plant in Elektrownia Konin 	Implementation	<ul style="list-style-type: none">Works related to the foundation of the process and supply containers as well as the compressor room with the filler have been completed.The assembly of power supplies and piping between the containers was completed, the assembly of the cooling systems in the compressor room and the electrolytic plant was completed, as well as the installation of the so-called low and high hydrogen.The assembly of the prefabricated electrical building with equipment has been completed.Trailer refueling stations were made.The so-called cold start-up of the electrolyser has been carried out.
Hydrogen refuelling station in Warsaw – Tango str. 	Implementation	<ul style="list-style-type: none">An agreement was concluded with NEL Hydrogen Denmark for the delivery of technological equipment for two hydrogen refueling stations.A building permit was obtained.Construction and assembly works are nearing completion. In the second quarter of this year it is planned to carry out all acceptances of UDT, TDT, PSP, PINB.The construction of the second station is scheduled for 2024

Green hydrogen – H₂ project portfolio

PROJECT'S NAME	PROJECT'S PHASE	STATUS OF WORK
Hydrogen refuelling stations co-financed by NFOŚ: Gdańsk, Gdynia, Wrocław, Rybnik, Lublin 	Design / Implementation	<ul style="list-style-type: none">■ Designs for four out of five planned stations have been completed.■ Building permits have been obtained for the first three stations.■ The construction of a hydrogen refueling station in Rybnik is in progress.■ Deliveries and assembly of the contracted technology for the station in Rybnik have started. The process for the remaining stations is scheduled for Q3 and Q4 2023.
Mobile hydrogen refuelling stations 	Delivery	<ul style="list-style-type: none">■ A total of 4 contracts were concluded for the supply of mobile hydrogen refueling stations.■ The first of the stations was delivered and launched in January 2023.■ The delivery of the second station is scheduled for July 2023, and the third and fourth for September and October 2023.

Polish Hydrogen Bus – Neso Bus and a plant of hydrogen buses

PROJECT'S NAME

Polish Hydrogen Bus

STATUS OF WORK

- Work on the prototype has been completed.
- EU approval obtained – city bus.
- On May 30, 2022, the official premiere and presentation of the bus took place, and the website was launched www.nesobus.pl.
- On August 23, 2022, the Company obtained a legally binding permit to build a plant in Świdnik - the planned construction of a hydrogen bus factory is June 2023.

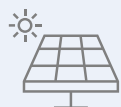
Hydrogen buses plant

- Usable area: 11 800 m²
 - Production hall – 10 434 m²
 - Office building – 1 366 m²
- Capacity – 100 buses per year

*Visualisation of hydrogen buses plant
23 Nadleśna str., 21-040 Świdnik*



Photovoltaic Farm - Cambria



PROJECT'S NAME

PV Cambria

LOCATION

Wielkopolskie voivodship
Turek powiat
Commune: Brudzew

CAPACITY

12.4 MWp

PROJECT'S PHASE

Design

PRODUCTION

3Q 2023

STATUS OF WORK

- The project acquisition process has been completed - the newly built photovoltaic farm will be adjacent to the operated Brudzew 70 MWp photovoltaic farm.
- In December 2022, an annex to the Connection Agreement was signed with ENERGA Operator.
- All building permits became final in January.
- Construction works have started - works are carried out by Esoleo and PAK SERWIS.
- Bank financing for the project was secured in the first quarter.



Kazimierz Biskupi Wind Farm



PROJECT'S NAME	LOCATION	CAPACITY	TURBINES	PROJECT'S PHASE	PRODUCTION
FW Kazimierz Biskupi	Wielkopolskie voivodship Konin powiat Kazimierz Biskupi commune	17.5 MW	7	Implementation	3Q 2023

STATUS OF WORK

- Installation of all wind turbines has been completed.
- Installation works at the GPO station were completed, and the use permit for the GPO station and MV cable lines was obtained.
- The EON permit was obtained and the wind park was energized, then work will be carried out on the initial commissioning and testing of the wind farm.
- In the third quarter of 2022, a loan agreement was signed to finance the project.



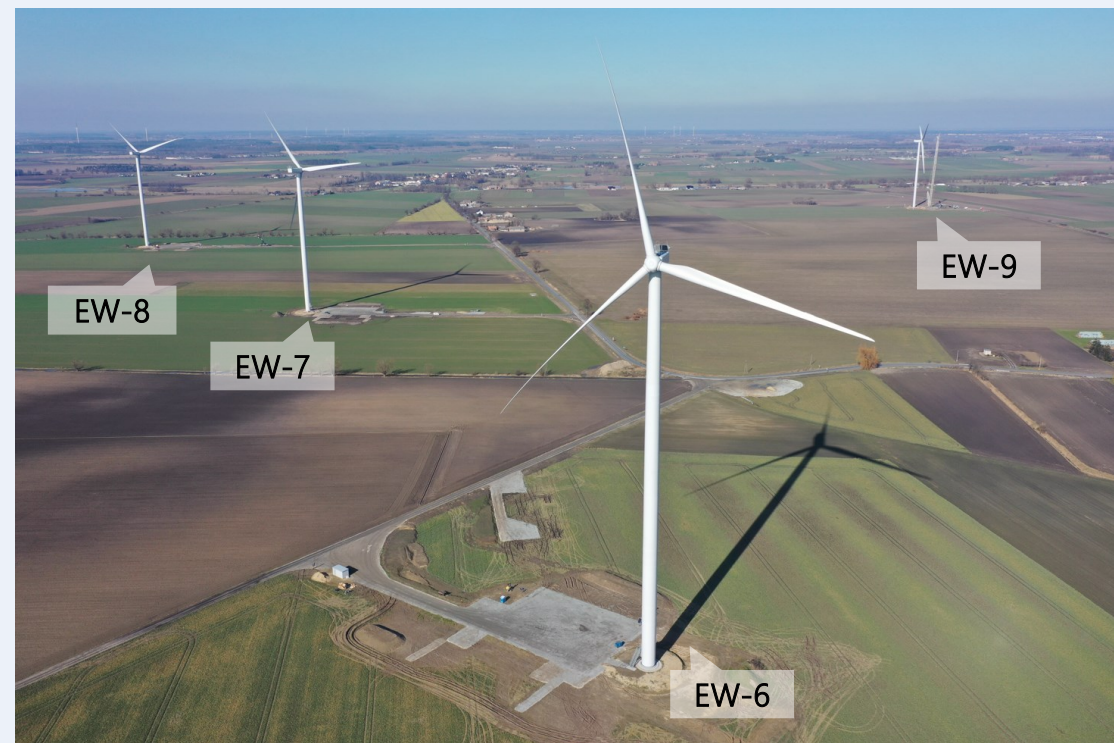
Miłosław Wind Farm



PROJECT'S NAME	LOCATION	CAPACITY	TURBINES	PROJECT'S PHASE	PRODUCTION
FW Miłosław	Wielkopolskie voivodship Września powiat Mirosław commune	9.6 MW	4	Implementation	3Q 2023

STATUS OF WORK

- Installation of all wind turbines has been completed.
- Work is underway at GPZ Miłosław in order to provide voltage for the wind farm.
- In April 2023, a loan agreement was signed to finance the project.





PROJECT'S NAME	LOCATION	CAPACITY	TURBINES	PROJECT'S PHASE	PRODUCTION
FW Człuchów	Pomorskie voivodship Człuchowski powiat Człuchów commune	72.6 MW	33	Implementation	2Q 2024

STATUS OF WORK

- Most of the construction work on foundations (all built) and access roads has been completed.
- Work is underway on the construction of yards for wind turbines, the GPO power station and cable lines.



Przyrów Wind Farm



PROJECT'S NAME	LOCATION	CAPACITY	TURBINES	PROJECT'S PHASE	PRODUCTION
FW Przyrów	Śląskie voivodship Częstochowa powiat Przyrów commune	50.4 MW	14	Implementation	3Q 2024

STATUS OF WORK

- Negotiations with the supplier of wind turbines (Nordex) completed, contract for the supply of 14 N117 turbines signed.
- Agreement for the General Contractor (BoP) with PAK-SERWIS has been signed.
- Construction works commenced in January 2023.
- Anchor baskets were delivered to the construction site.

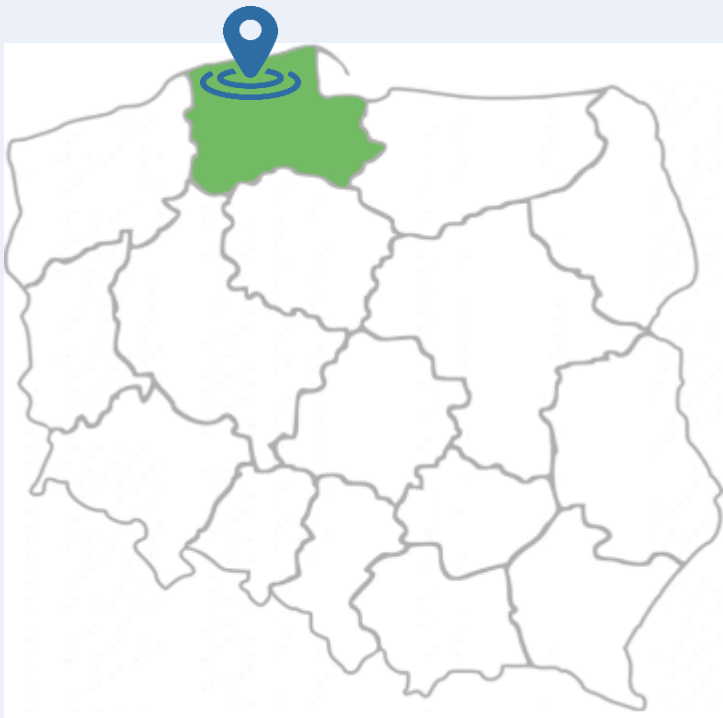




PROJECT'S NAME	LOCATION	CAPACITY	TURBINES	PROJET'S PHASE	PRODUCTION
FW Drzeżewo IV	Pomorskie voivodship Powiat: Słupsk Commune: Potęgowo	50,6 MW	23	Implementation	1Q 2025

STATUS OF WORK

- A contract for the execution of construction works (Onde) was signed.
- The company is negotiating a contract for the supply of turbines.



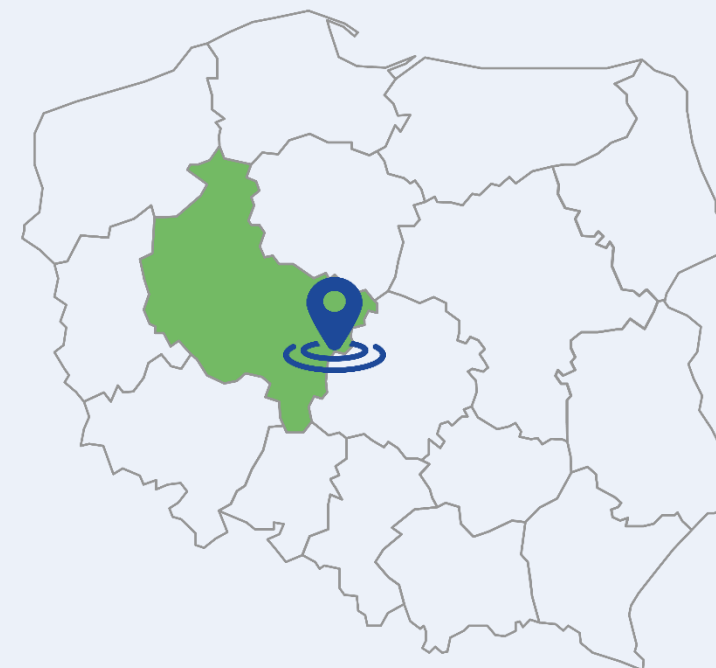
Dobra Wind Farm



PROJECT'S NAME	LOCATION	CAPACITY	TURBINES	PROJECT'S PHASE	PRODUCTION
FW Dobra	Wielkopolskie voivodship Turek powiat Commune: Dobra	7.8 MW	2	Implementation	1Q 2025

STATUS OF WORK

- Project purchased in December 2022.
- Preparations are underway to conclude a contract for the supply of turbines.



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