

ZMIENIAMY SIĘ
DLA WAS

2023 Results



ZEPAK
Energia dla Ciebie

April 30th, 2024



RAZEM TWORZYMY LEPSZĄ PRZYSZŁOŚĆ

Jesteśmy członkiem:

 **PROGRAM / CZYSTA / POLSKA**

Key operational and financial data	2023	Change y/y
Sale of electricity:	2.65 TWh	-56.05%
• Electricity from own production:	1.52 TWh	-56.45%
• Electricity from resale:	1.13 TWh	-55.51%
Achieved average electricity sale price ⁽¹⁾	1 201.47 PLN/MWh	+99.82%
Average purchase price of EUA	373.19 PLN/MWh	+18.99%
Sale revenues:	3 865 m PLN	-7.98%
EBITDA:	728 m PLN	+86.19%
Net result:	723 m PLN	+236.28%
Indebtedness:	2 m PLN	-99.82%
Cash ⁽²⁾	534 m PLN	-63.50%
Net debt / EBITDA:	(0.73) x	-19.05%

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

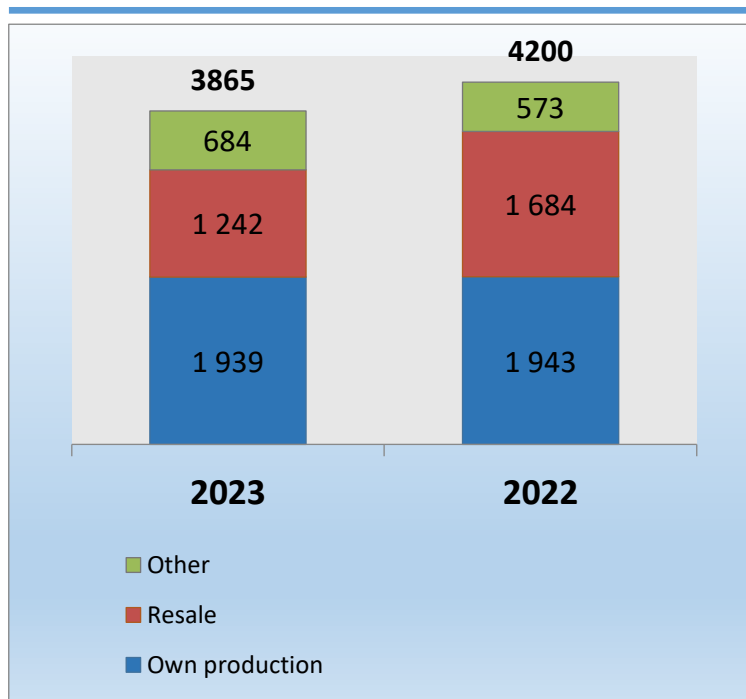
(2) Cash and cash equivalents and other Short-term financial assets.

Key operational and financial data	4Q 2023	Change y/y
Sale of electricity:	0.45 TWh	-69.18%
• Electricity from own production	0.20 TWh	-76.74%
• Electricity from resale:	0.25 TWh	-58.33%
Achieved average electricity sale price ⁽¹⁾	1 388.01 PLN/MWh	+120.73%
Average purchase price of EUA	297.34 PLN/MWh	-24.09%
Sale revenues:	829 m PLN	-25.11%
EBITDA:	426 m PLN	+1352.94%
Net result:	523 m PLN	+816.44%

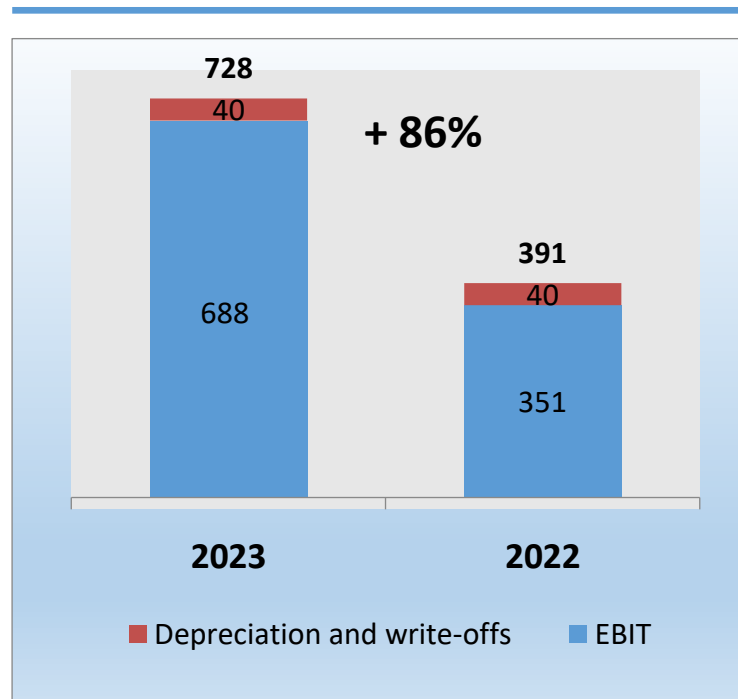
ZE PAK Group – 2023 summary [m PLN]



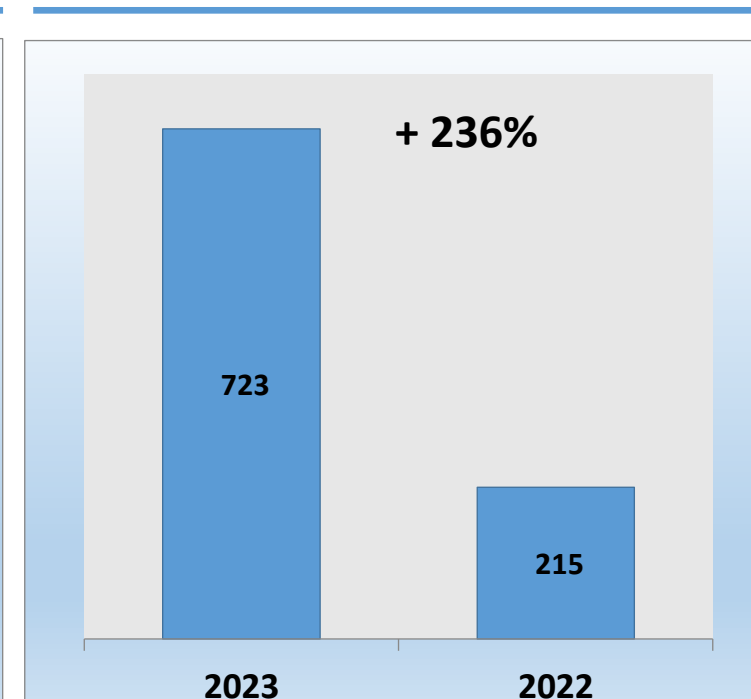
REVENUES



EBITDA



NET RESULT



The Company's operating activities and financial results in 2023 were determined by several factors with a very significant impact. Among the most important are:

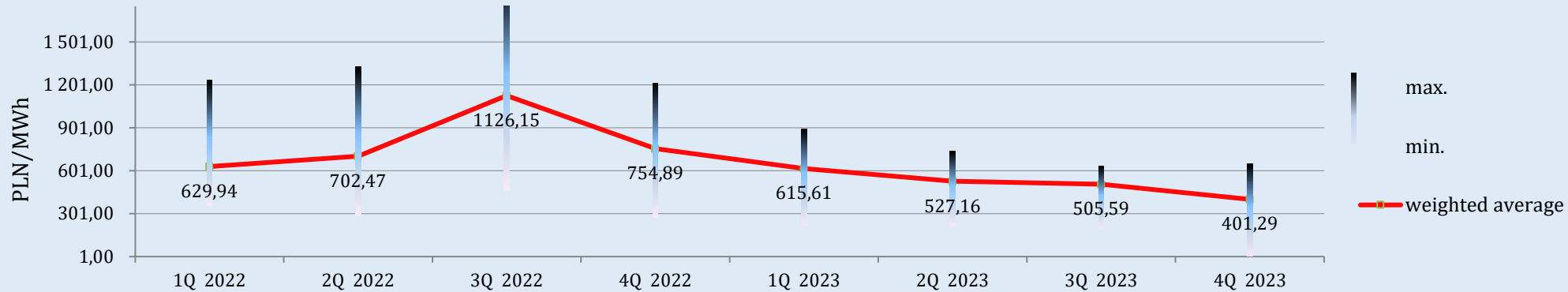
- a) regulatory environment determining the possibility of obtaining a margin,
- b) finalization of the sale of a majority share in the structure of PAK PCE,
- c) the approaching end of coal mining activities and the production of electricity from coal,

Each of these factors was so important for the financial results that it significantly influenced their comparability compared to previous periods.

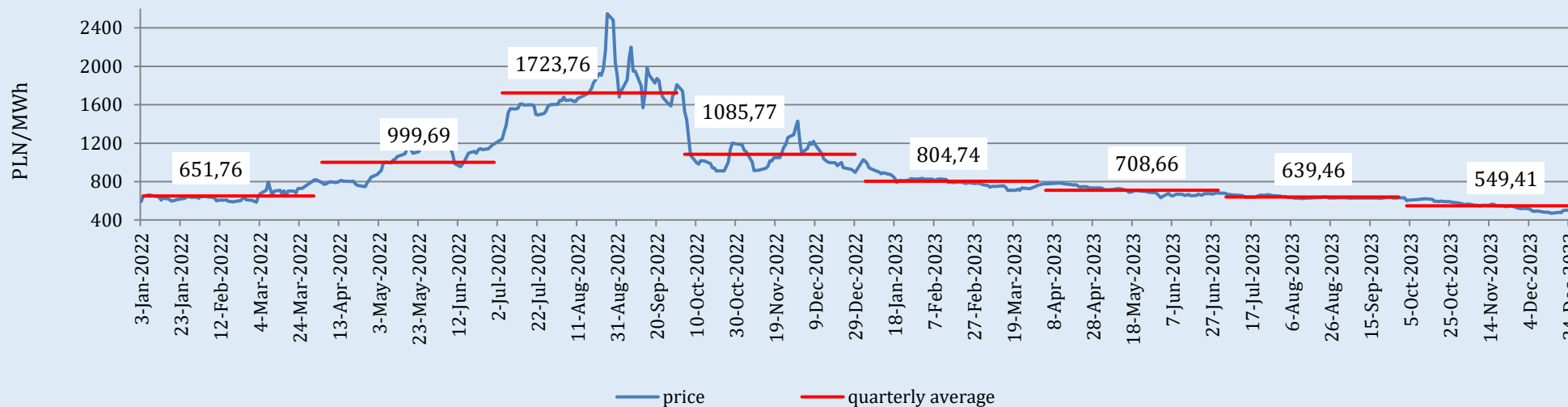
SELECTED ELECTRICITY MARKET DATA



Electricity prices (TGeBase)

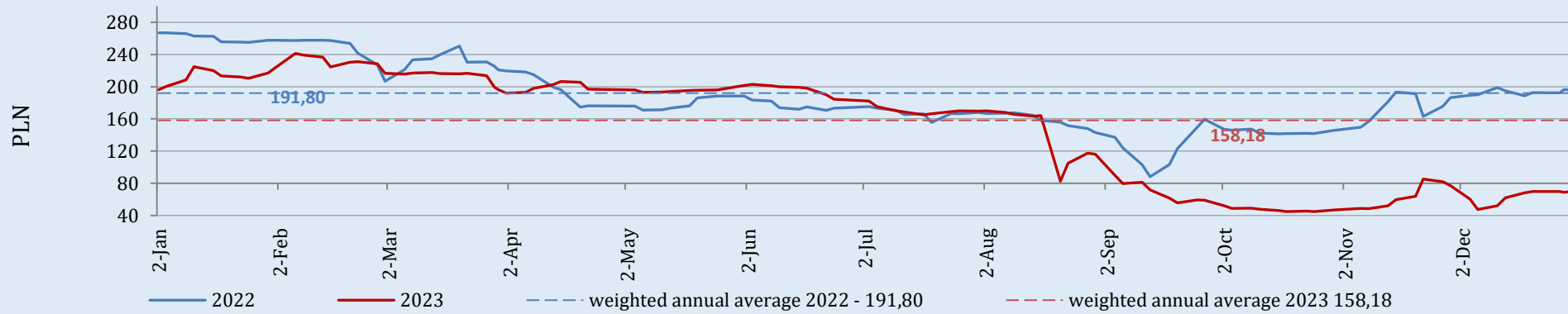


Prices of a futures contract for the supply of electricity (band with annual delivery)

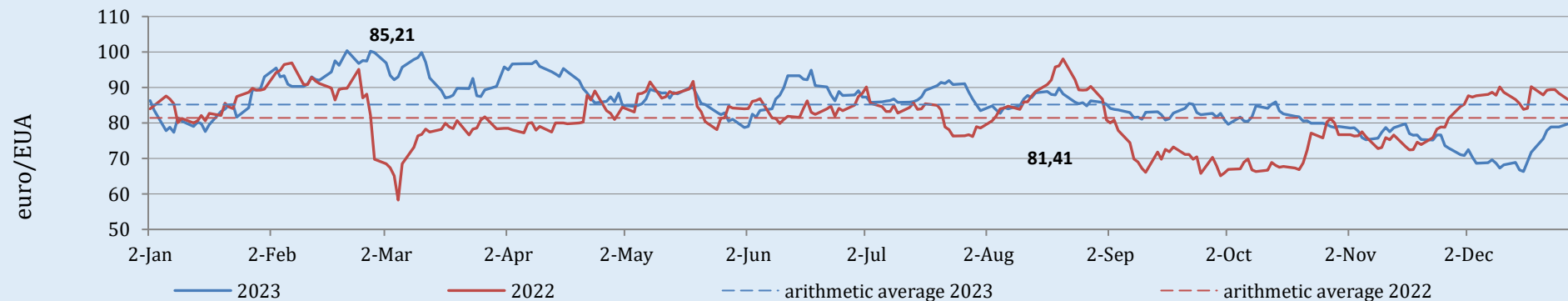


Price of the futures contract for the supply of EUA

Average price of a certificate of origin for Energy produced from renewable Energy sources



Prices of a futures contract for the delivery of EUAs



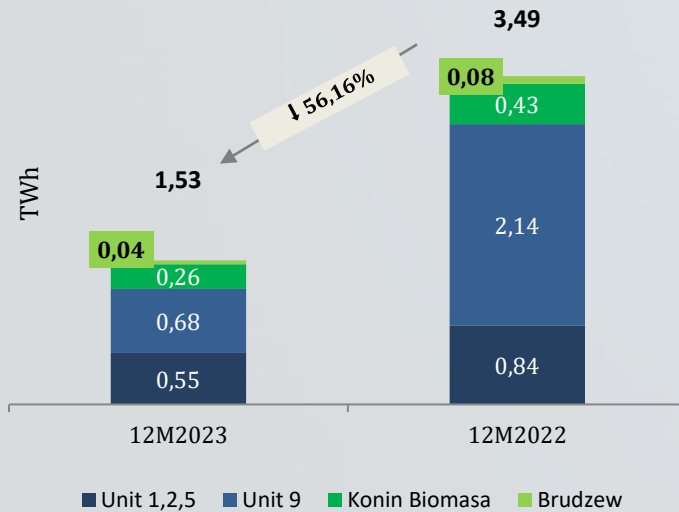
OPERATIONAL DATA



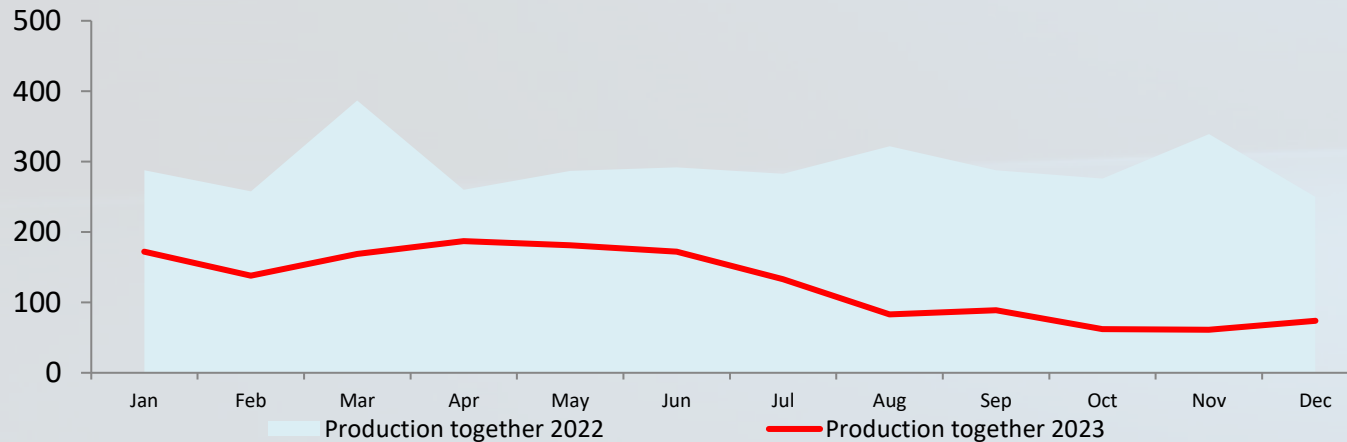
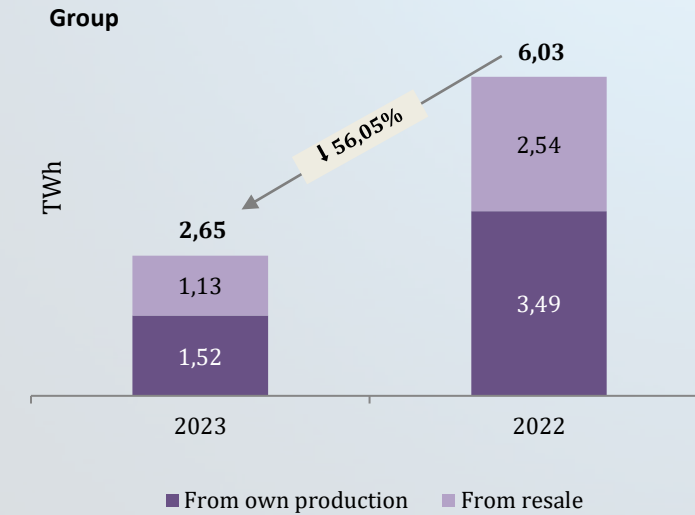
Net production and sale of electricity – 12M 2023

[TWh]

NET PRODUCTION



SALE



In 2023, there was a total decrease in the volume of electricity sales by 56.05%, both own and purchased energy. The following factors contributed to the reduction in the sale of own Energy:

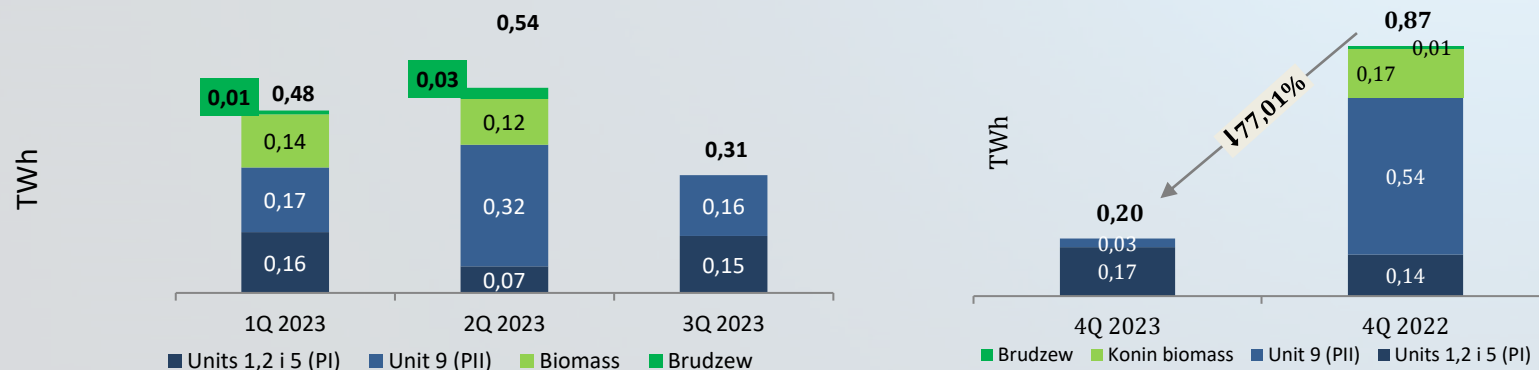
- a) smaller amount of coal available for extraction in the mines supplying the Company,
- b) „network” conditions related to periodic high supply of renewable energy,
- c) no inclusion of production from biomass blocks in the second half of the year (sale of a majority share in the structure of PAK PCE)

The large drop in sales of purchased energy was caused by the failure to include sales previously made by PAK – Volt SA.

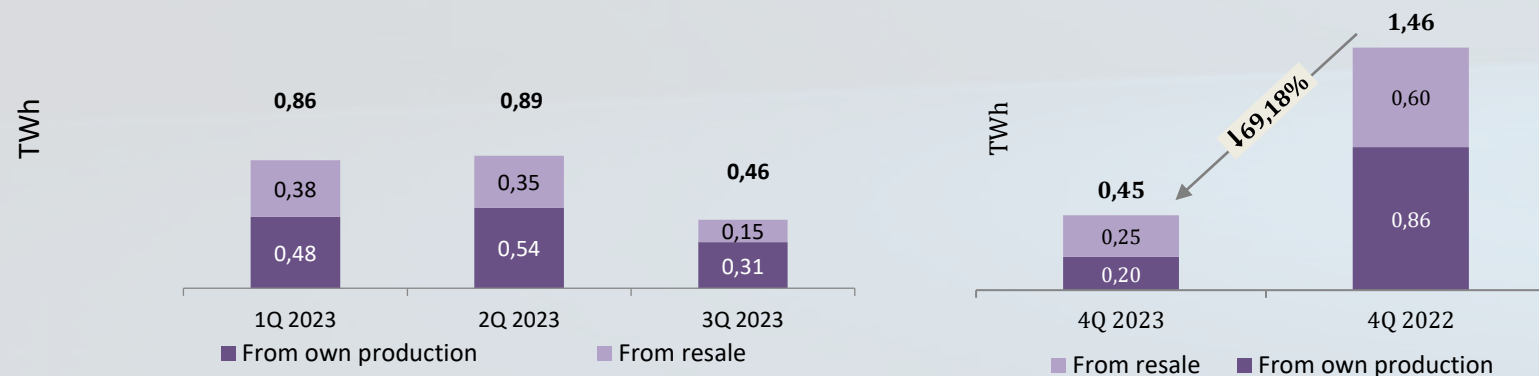
Quarterly net production and sale of electricity

[TWh]

NET PRODUCTION



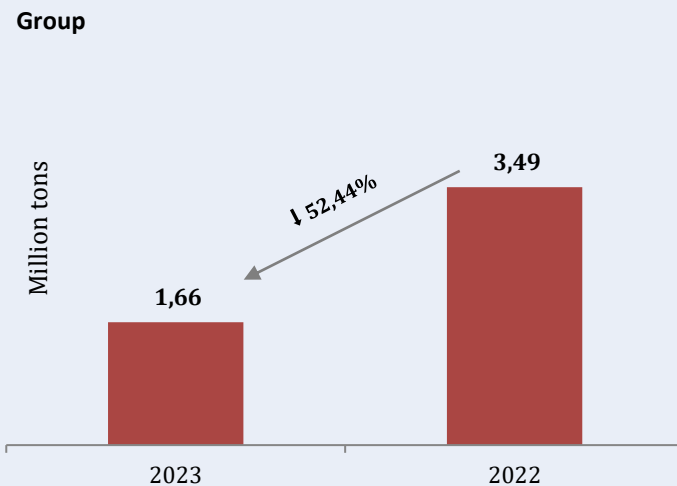
SALE



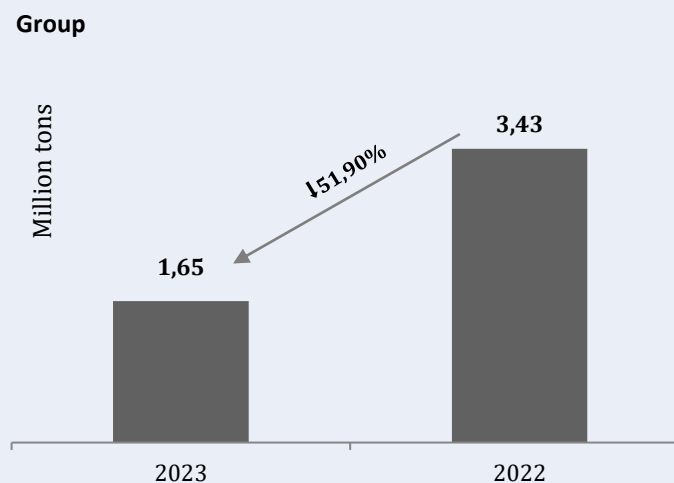
Lignite consumption and CO₂ emission – 12M 2023

[m tons]

LIGNITE CONSUMPTION



CO₂ EMISSION

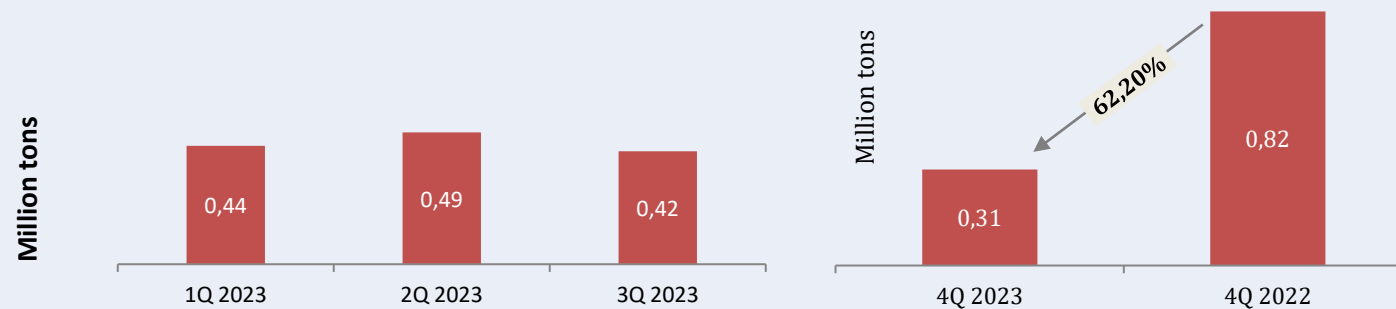


Data on coal consumption and CO₂ emissions both in the period of 12 months of 2023 and in Q4 2023 show a decrease in coal consumption and lower emissions, which results from lower volumes of electricity produced compared to the same periods of the previous year. A decrease in coal consumption and lower emissions are also associated with a more efficient use of production assets.

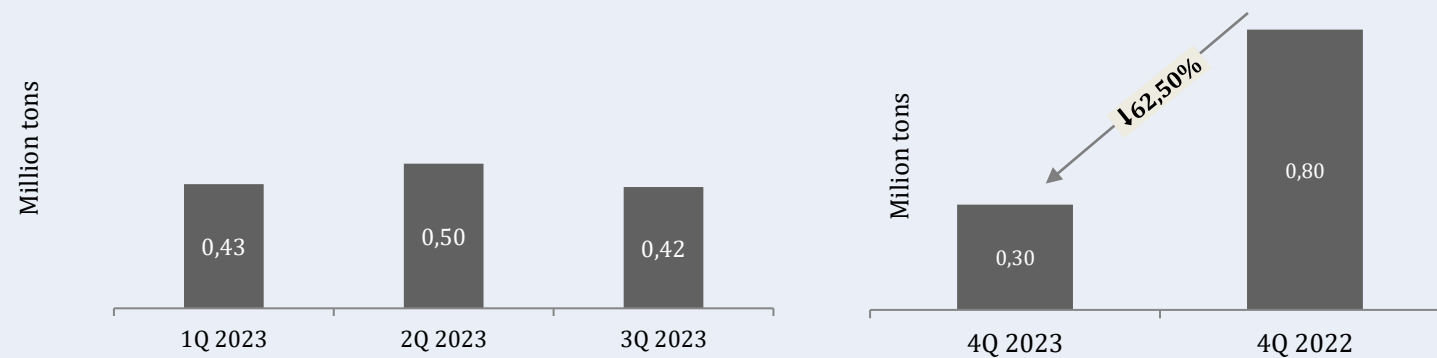
Quarterly lignite consumption and CO₂ emission

[m tons]

LIGNITE CONSUMPTION

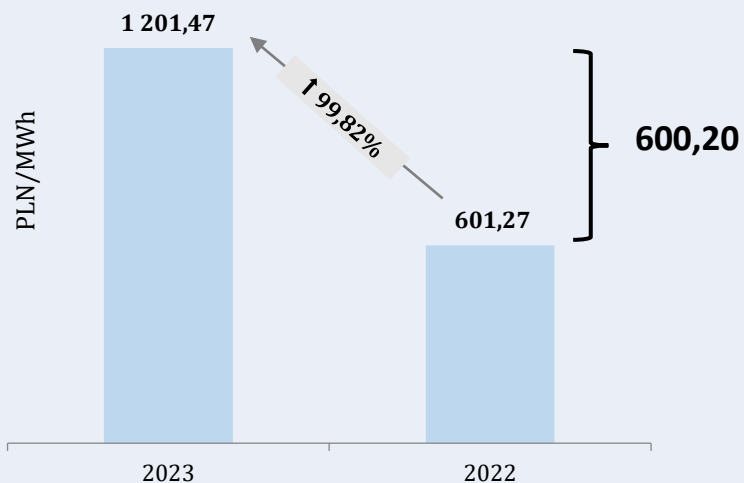


CO₂ EMISSIONS

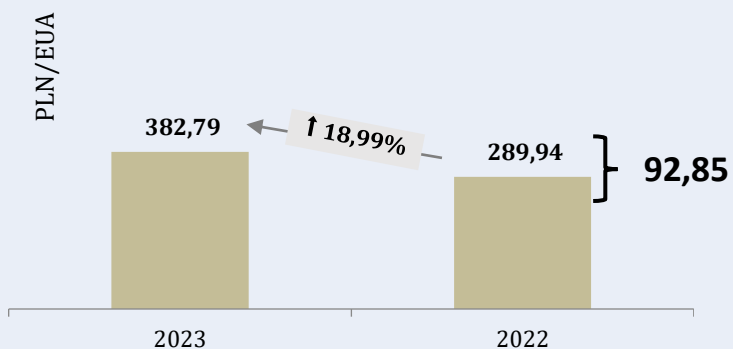


Average prices of electricity sales and CO₂ – 12M 2023

Electricity prices ¹⁾



Prices of CO₂ emission allowances purchase (EUA) ²⁾

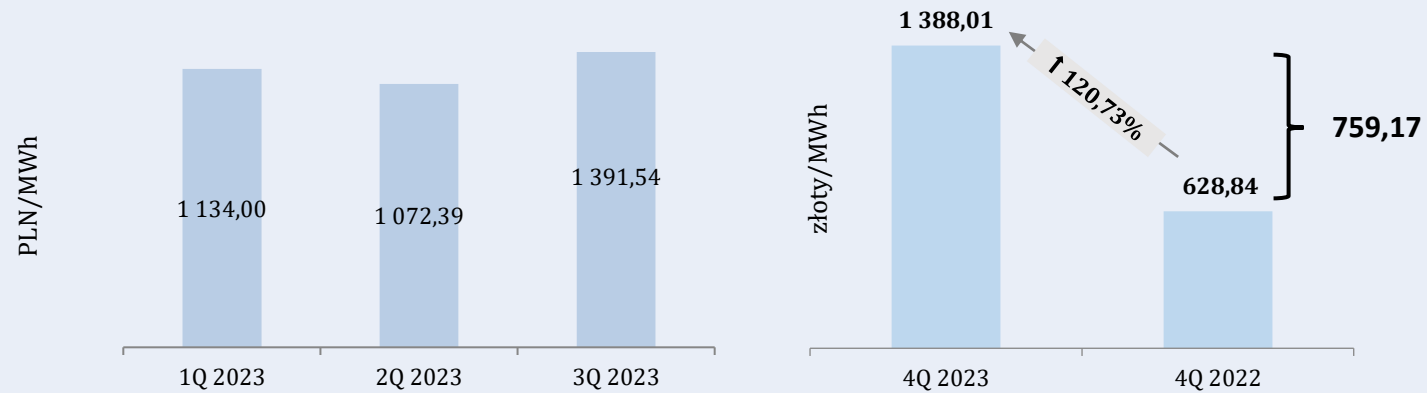


1) Average price calculated as Revenue from Energy sales (own, from trading and system services) divided by sales volume.

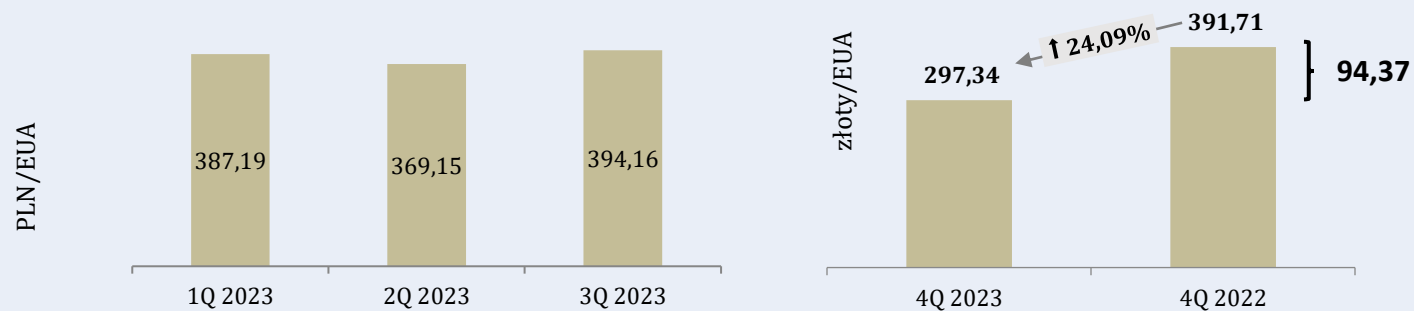
2) Average price calculated as the costs of purchasing emission permits incurred to cover emissions for a given period divided by the volume of issued allowances.

Quarterly average prices of electricity and CO₂ emission allowances purchase

Electricity prices



Prices of CO₂ emission allowances purchase (EUA)



EMPLOYMENT



ZEPAK
Energia dla Ciebie

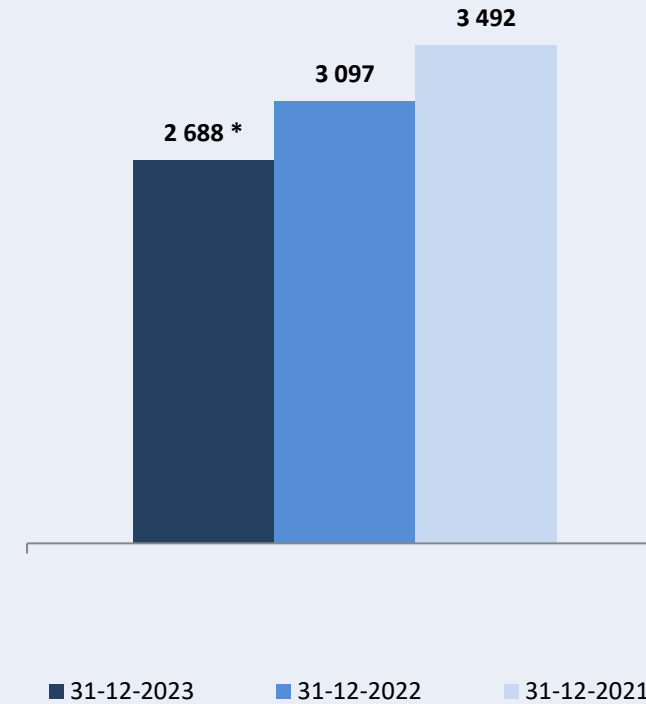
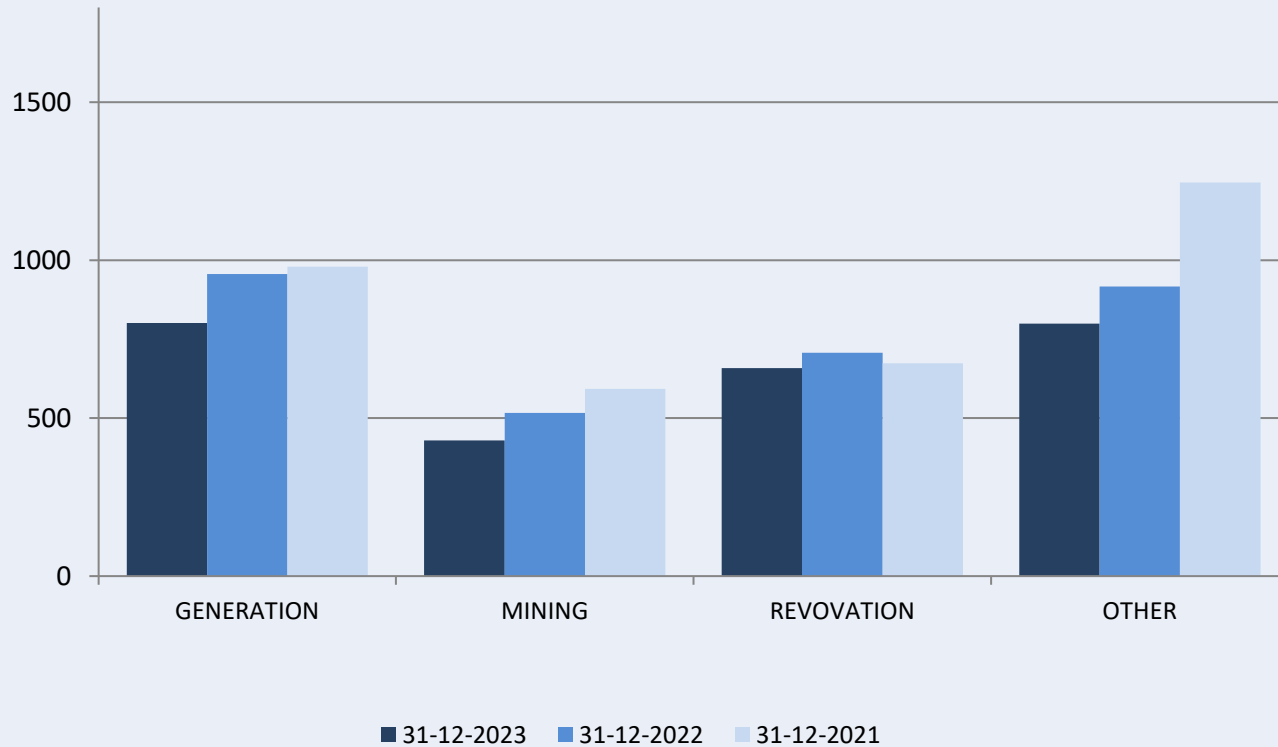
Employment

[full time]



BY SEGMENTS

TOTAL



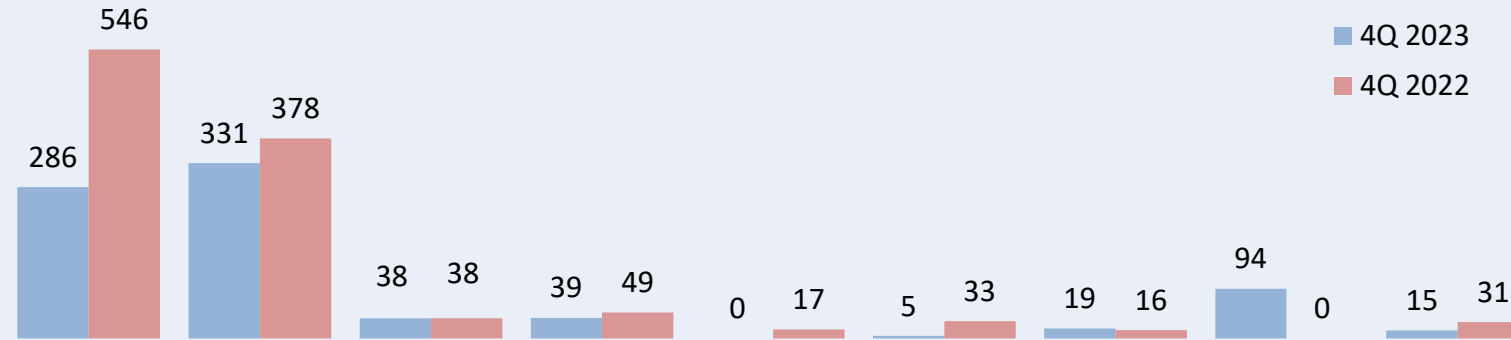
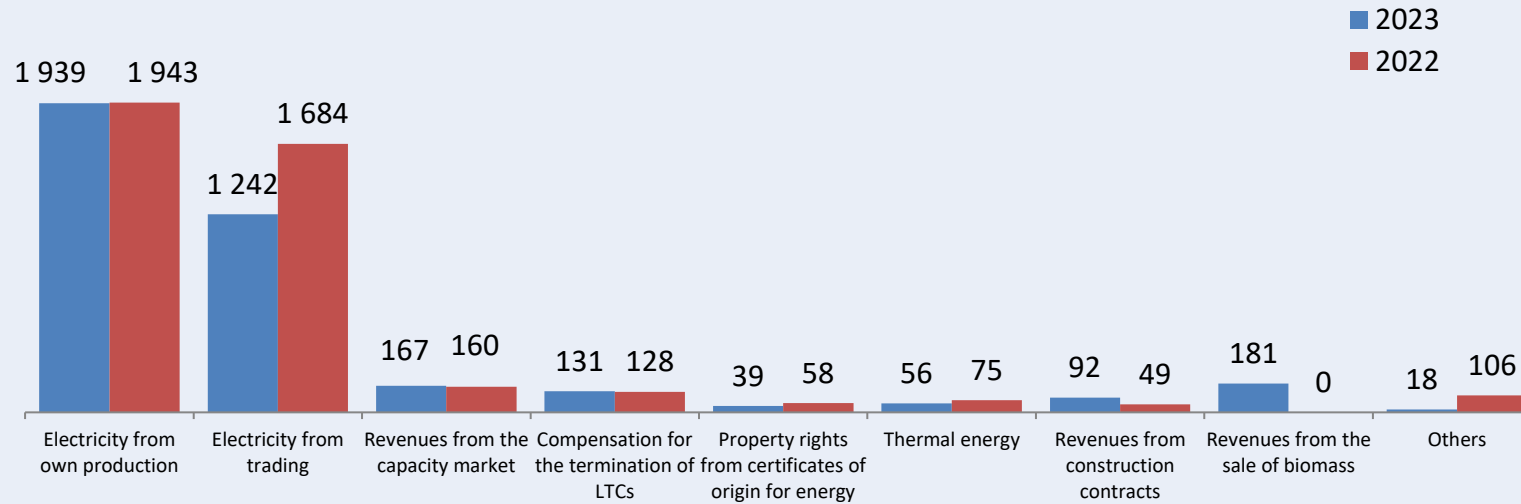
* The impact of the takeover of the majority stake in PAK – PCE sp. z. o.o by Cyfrowy Polsat, as at December 31, 2023, employment in companies belonging to the PAK – PCE group was not recognized, which is approximetaly 220 full-time positions.

FINANCIAL DATA



Revenues⁽¹⁾

[m PLN]



A slight decrease of PLN 4.8 million in revenues from the sale of electricity produced is due to an increase in the price by 99.82% with a decrease of 56.45% in the volume of electricity sales.

The decrease in revenues from purchased electricity by PLN 441.8 million was influenced by a decrease in the sales volume, mainly as a result of the sale of companies belonging to PAK – PCE Group, including PAK – Volt.

The higher revenues from the capacity market by PLN 7.4 million are due to the higher contracted price in the auction for 2023 and the higher revenue generated on the secondary market.

Revenues from property rights, lower by PLN 19.5 million, are mainly the result of the lack of rights sales in the second half of 2023.

The decrease of PLN 19.0 million in revenues from heat sales was due to a decrease in the sales volume as a result of the discontinuation of consolidation of heat sales to the city of Konin in the second half of the year, which is currently carried out by Polsat Plus Group.

The increase of PLN 42.7 million in revenues from construction service contracts was related to the implementation of wind and photovoltaic farm construction projects by a company from the renovation segment, PAK Serwis .

Revenues from the sale of biomass for the second half of 2023 amounted to PLN 181 million, i.e. the sale of biomass to PAK – PCE Biopaliwa i Wodór (outside the ZE PAK Group), which was shut down as part of the consolidation until June 2023 (until Polsat Plus Group took control).

⁽¹⁾ Total revenues from continuing and discontinued operations.

Costs by type⁽¹⁾

[m PLN]

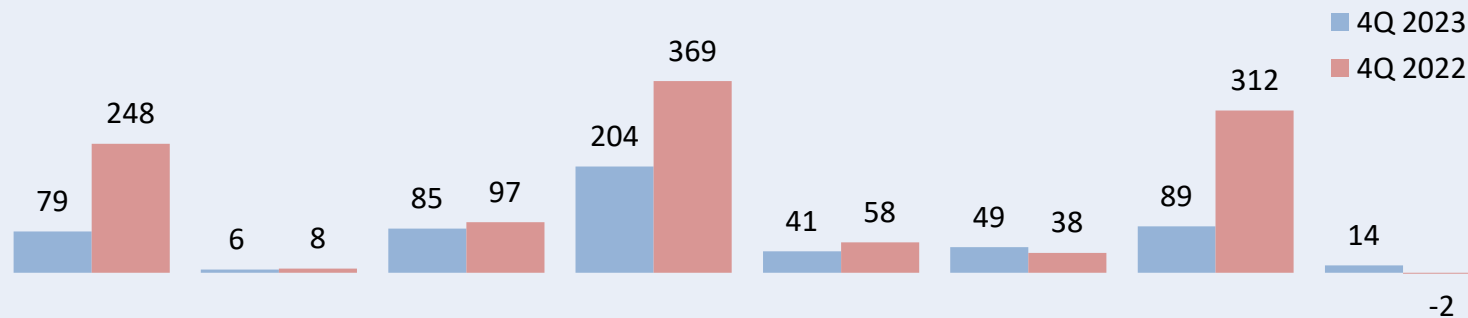


The costs of material consumption lower by PLN 93.1 million are mainly due to significantly lower costs of biomass, despite the increase in the costs of substitute coal and the costs of energy used in mines.

Lower costs of employee benefits by PLN 17.8 million as a result of a decrease in employment related to the transfer of control over companies from the area of renewable energy sources.

The value of goods and materials sold, lower by PLN 437.2 million, is related to the lower volume of purchased electricity intended for trading, mainly as a result of the end of recognition of energy purchased by PAK-Volt from the second half of 2023.

The costs of external services lower by PLN 50.1 million are also the result of not recognising previously disclosed purchases of services in the RES area.



The increase in taxes by PLN 124.3 million is due to the introduced fee for the price difference payment fund.

The lower issue costs by PLN 467.2 million are the result of a decrease in the volume of issues despite an increase in the unit price of purchased emission allowances.

The increase of PLN 25 million in other costs is due to the increased costs of repairing mining damage in mines in 2023.

⁽¹⁾ Total costs by type on continuing and discontinued operations

EBITDA 2023⁽¹⁾

[m PLN]



	2023	2022
Sales revenues	3 865	4 200
Change %	(7,98)%	71,36%
Costs of goods sold	(2 606)	(3 713)
Gross profit	1 259	487
Margin %	32,57%	11,60%
Other operating revenues	72	42
Selling costs	(8)	(14)
General and administrative expenses	(162)	(152)
Other operating expenses	(501)	(11)
Share in profit (loss) of associates accounted for using the equity method	29	-
EBIT	688	351
Margin %	17,80%	8,36%
Depreciation and impairment write-downs	40	40
EBITDA⁽²⁾	728	391
Margin %	18,84%	9,32%

(1) Total EBITDA from continuing and discontinued operations.

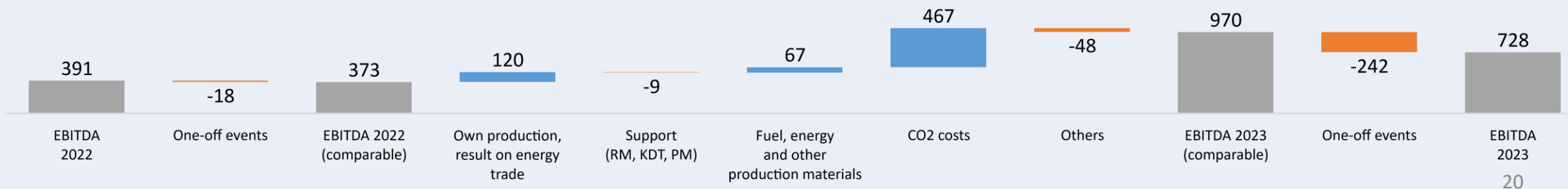
(2) EBITDA higher by PLN 337 million (+86.16%) –> after comparability higher by PLN 597 million (+160.05%)

comparable EBITDA for 2023 amounted to PLN 970 million -> the value of PLN 728 million is the result of an increase in the balance of the provision for future reclamation of operated open-pit coal mines (-263), release of the provision for decommissioning of fixed assets in power plants (+21)

comparable EBITDA for 2022 amounted to PLN 373 million -> value of PLN 391 million is the result of recognition of impairment losses on inventories and realization of additional revenues from the demolition of the Adamów power plant

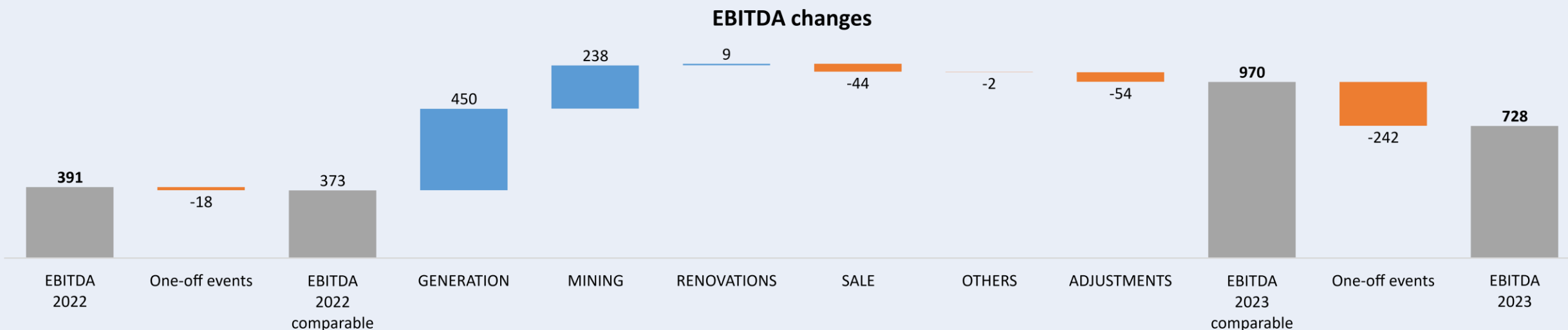
- (+120) Higher result achieved on purchased Energy, lower heat revenues, lower Energy revenues, price difference fund fee
- (-9) Higher revenues from the capacity market, higher revenues from LTCs, lower revenues from property rights
- (+67) Lower costs of Biomass, higher Energy costs (in mines), higher costs of purchased coal, lower costs of other fuels and materials (mazut, fuel oi, sorbent, other chemical materials for production)
- (+467) Lower CO₂ emission costs
- (-48) Higher other construction reveunes and revenues, lower costs of other materials, lower external services, lower other taxes and fees, lower salary costs, higher other costs, lower result on otheroperating activities.

EBITDA changes



EBITDA 9M 2023 by segments⁽¹⁾

[m PLN]



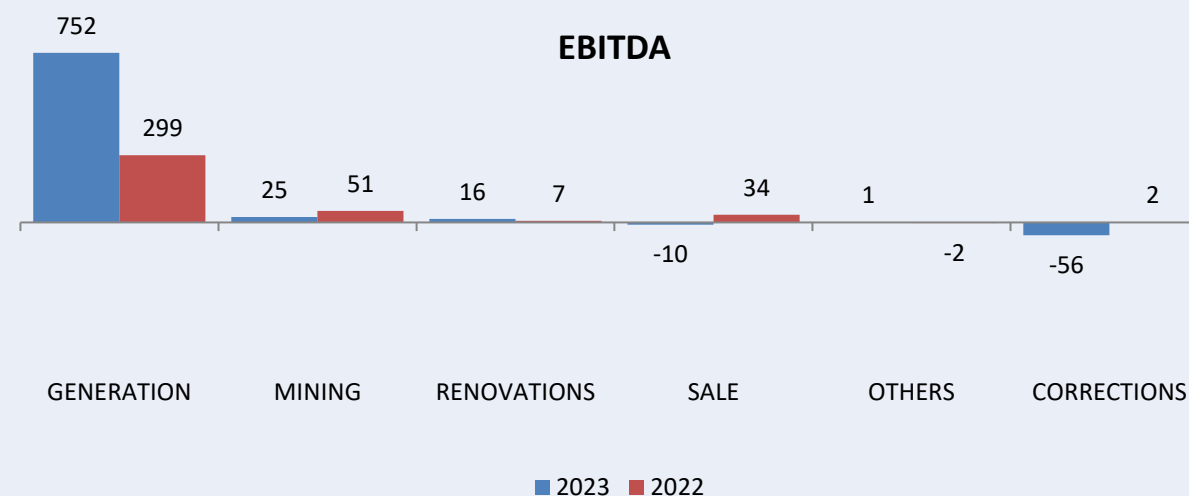
Main reasons for changes in EBITDA in core segments:

Generation:

- Higher result achieved on purchased electricity, result achieved on the sale of biomass; lower revenues from heat, lower revenues from energy, price difference fund fee
- Higher revenues from the capacity market, higher revenues from LTCs, lower revenues from property rights, lower costs of CO₂ emission allowances
- Lower costs of biomass, higher costs of coal, lower costs of other fuels and materials (mazut, fuel oil, sorbent, other chemical materials for production), higher other revenues, lower costs of other materials, lower costs of wages, lower external services, lower other taxes and fees, higher other costs

Mining:

- Higher revenues from coal sales, higher costs of external services, similar salary costs, but higher electricity costs, higher costs of substitute coal, higher costs of taxes and fees



⁽¹⁾ All values including continuing and discontinued operations.

Consolidated profit and loss account for 12M 2023 by segments⁽¹⁾



m PLN	Generation	Mining	Renovations	Sale	Others	Consolidation adjustments	Total
Sale revenues from external customers	3 047	1	121	682	13	-	3 865
<i>External sale revenues %</i>	<i>90.98%</i>	<i>0.11%</i>	<i>49.19%</i>	<i>100.00%</i>	<i>9.42%</i>	<i>0.00%</i>	<i>100.00%</i>
Sale revenues between segments	301	939	125	-	124	(1 490)	-
Sale revenue	3 349	940	246	682	138	(1 490)	3 865
Cost of goods sold	(2 637)	(427)	(217)	(687)	(125)	1 487	(2 606)
Gross profit (loss)	712	513	29	(4)	13	(3)	1 259
<i>Margin %</i>	<i>21.26%</i>	<i>54.57%</i>	<i>11.79%</i>	<i>(0.59)%</i>	<i>9.42%</i>	<i>0.20%</i>	<i>32.57%</i>
EBITDA	752	25	16	(10)	(1)	(54)	728
<i>Margin %</i>	<i>22.45%</i>	<i>2.66%</i>	<i>6.50%</i>	<i>(1.47)%</i>	<i>(0.72)%</i>	<i>3.62%</i>	<i>18.84%</i>
EBIT	726	18	13	(10)	(3)	(55)	688
<i>Margin %</i>	<i>21.68%</i>	<i>1.91%</i>	<i>5.28%</i>	<i>(1.47)%</i>	<i>(2.17)%</i>	<i>3.69%</i>	<i>17.80%</i>
Net profit (loss)	961	(17)	9	(200)	(7)	(25)	723
<i>Margin %</i>	<i>28.70%</i>	<i>(1.81)%</i>	<i>3.66%</i>	<i>(29.33)%</i>	<i>(5.07)%</i>	<i>1.68%</i>	<i>18.71%</i>

⁽¹⁾ All values including continuing and discontinued operations.

EBITDA 4Q 2023⁽¹⁾

[m PLN]



	4Q 2023	4Q 2022
Sales revenues	829	1 107
Change %	(25.13)%	30.70%
Costs of goods sold	(453)	(1 068)
Gross profit	376	39
Margin %	45.36%	3.50%
Other operating revenues	(29)	(28)
Selling costs	0	(4)
General and administrative expenses	(42)	(55)
Other operating expenses	86	6
Share in profit (loss) of associates accounted for using the equity method	29	-
EBIT	420	(42)
Margin %	50.54%	(3.76)%
Depreciation	6	7
EBITDA⁽²⁾	426	(34)
Margin %	51.39%	(3.09)%

(1) Total EBITDA from continuing and discontinued operations.

(2) EBITDA higher by PLN 460 million (+1346.34%) -> after comparability higher by PLN 271 million (+501.92%)

comparable EBITDA for Q4 2023 amounted to PLN 219 million -> value of PLN 426 million is the result of a decrease in the balance of the provision for future reclamation of operated open-pit coal mines (+186) and the release of the provision for the decommissioning of fixed assets in power plants (+21)

comparable EBITDA for Q4 2022 amounted to minus PLN (52) million -> the value of minus PLN (34) million is the result of impairment losses on inventories and realization of additional revenues from the demolition of the Adamów power plant and consumption of the provision on an unprofitable electricity sales contract in the second half of 2022 due to the increase in biomass costs

(-84) higher result realized on purchased energy, lower revenues from heat, lower revenues from energy, fee for the price difference fund

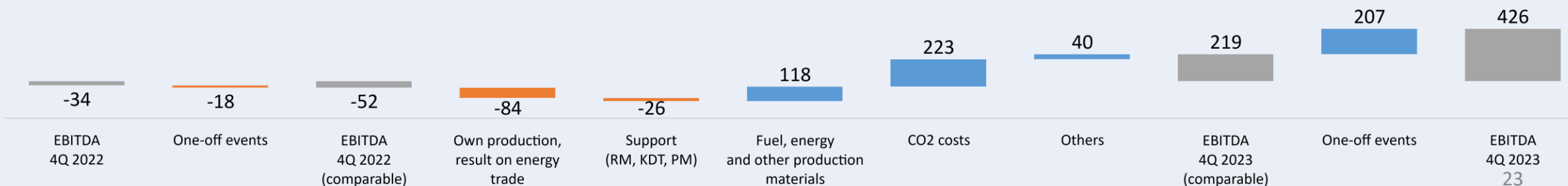
(-26) Lower revenues from the capacity market, lower revenues from the LTCs, no revenues from property rights

(+118) no biomass costs, higher energy costs (in mines), higher costs of purchased coal, lower costs of other fuels and materials (mazut, fuel oil, sorbent, other chemical materials for production)

(+223) Lower CO₂ emission costs

(+40) higher result on other operating activities, higher other construction revenues and revenues, lower costs of other materials, lower payroll costs, lower external services, higher other costs

Zmiany EBITDA



EBITDA 4Q 2023 by segments⁽¹⁾

[m PLN]



EBITDA changes



Main reasons for changes in EBITDA in core segments:

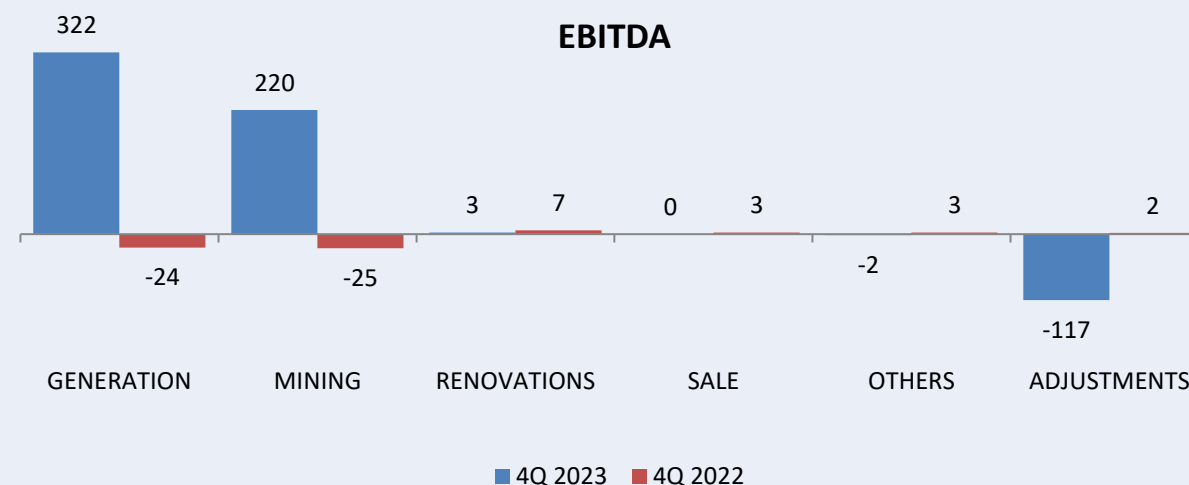
Generation:

- higher result realized on purchased energy, lower revenues from heat, lower revenues from energy, fee for the price difference fund
- Lower revenues from the Capacity Market, lower revenues from LTCs, no revenue from property rights
- higher coal costs, no biomass costs, lower costs of other fuels and materials (mazut, fuel oil, sorbent, other chemical materials for production)
- lower costs of carbon dioxide emission allowances

Mining:

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

EBITDA



⁽¹⁾ All values including continuing and discontinued operations.

Consolidated profit and loss account for 4Q 2023 by segments⁽¹⁾



m PLN	Generation	Mining	Renovations	Sale	Others	Consolidation adjustments	Total
Sale revenues from external customers	787	-	33	-	9	-	829
<i>External sale revenues %</i>	<i>98.87%</i>	<i>0.00%</i>	<i>70.21%</i>	-	<i>21.95%</i>	<i>0.00%</i>	<i>100.00%</i>
Sale revenues between segments	10	188	14	-	32	(244)	-
Sale revenue	796	188	47	-	41	(244)	829
Cost of goods sold	(545)	(72)	(40)	-	(41)	246	(453)
Gross profit (loss)	251	116	7	-	-	2	376
<i>Margin %</i>	<i>31.53%</i>	<i>61.70%</i>	<i>14.89%</i>	-	-	<i>(0.82)%</i>	<i>45.36%</i>
EBITDA	322	220	3	-	(1)	(118)	426
<i>Margin %</i>	<i>40.45%</i>	<i>117.02%</i>	<i>6.38%</i>	-	<i>(2.44)%</i>	<i>48.36%</i>	<i>51.39%</i>
EBIT	322	217	3	-	(2)	(120)	419
<i>Margin %</i>	<i>40.45%</i>	<i>115.43%</i>	<i>6.38%</i>	-	<i>(4.88)%</i>	<i>49.18%</i>	<i>50.54%</i>
Net profit (loss)	489	186	2	-	(2)	(85)	523
<i>Margin %</i>	<i>61.43%</i>	<i>98.94%</i>	<i>4.26%</i>	-	<i>(4.88)%</i>	<i>34.84%</i>	<i>63.09%</i>

⁽¹⁾ All values including continuing and discontinued operations.

Financial activities, tax and net result⁽¹⁾

[m PLN]



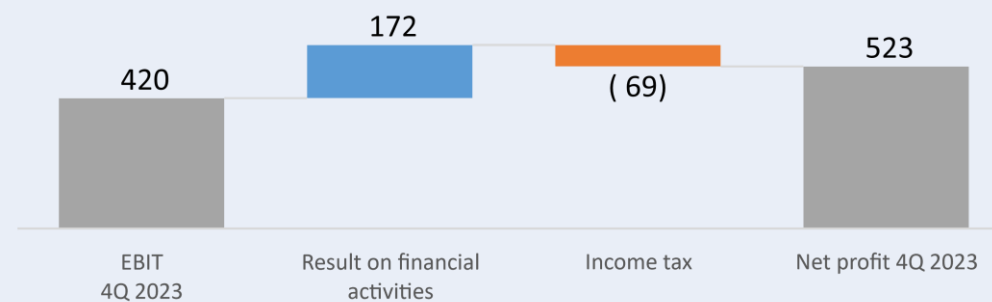
	2023	2022	4Q 2023	4Q 2022
EBIT	688	351	420	(42)
Financial revenues ⁽¹⁾	285	57	232	(8)
Financial costs ⁽²⁾	(135)	(90)	(59)	(29)
Gross profit (loss)	839	318	592	(78)
Income tax (tax burden) ⁽³⁾	(116)	(103)	(69)	6
<i>Effective tax rate</i>	<i>13.83%</i>	<i>32.39%</i>	<i>11.66%</i>	<i>7.69%</i>
Net profit (loss)	723	215	523	(73)
<i>Margin %</i>	<i>18.70%</i>	<i>5.12%</i>	<i>63.17%</i>	<i>(6.59)%</i>

⁽¹⁾ The increase in financial income is due to higher interest income and fair value valuation of shares in PAK PCE.

⁽²⁾ The increase in finance costs is mainly attributable to higher costs and negative exchange rate effects.

⁽³⁾ The value of taxes in the amount of PLN 116 million consists of current tax in the amount of PLN 124 million and negative deferred tax related to the reversal of temporary differences in the amount of PLN 8 million.

EBIT --> Net profit



⁽¹⁾ All values including continuing and discontinued operations.

INVESTMENTS



Project of the construction of CCGT - Combined Cycle Gas Turbine in Turek in the area of closed Adamów power plant

PROJECT'S NAME	LOCATION	INSTALLED CAPACITY	PROJECT'S PHASE	PRODUCTION
CCGT Adamów	Unit: Turek, wielkopolskie voivodeship Gas pipeline: Turek commune, Przykona commune	561 MW	Implementation	1Q 2027

KEY PARAMETERS

A single-shaft unit: with one SGT4 4000F gas turbine, SGEN5-3000W generator, recovery boiler (HRSG), SST5-5000 condensing steam turbine set and a wet fan cooling tower

- » Installed capacity: 561 MW
- » Won Capacity Market auction: 400 390 PLN/MW/year (for 17 years), 493 MW
- » Expected time of exploitation: 25 years



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STATUS OF WORK

- On September 1, 2023, a contract was signed with the general contractor - the consortium of Siemens/Mytilineos for construction in the EPC formula for the amount of PLN 2.3 billion.
- On October 24, 2023, a building permit was obtained for the block part of the CCGT unit, and on October 31, 2023, a decision on immediate enforceability was obtained for the Construction Permit decision.
- On November 20, 2023, the Supervisory Board of PAK CCGT sp. z o.o. agreed to carry out the procedure for launching the EPC Agreement ("Notice To Proceed") and to make an advance payment by PAK CCGT sp. z o.o. to the Consortium in the amount of 20% of the price of the EPC Agreement.
- In December 2023, construction works began.



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