

ZMIENIAMY SIĘ
DLA WAS

1Q 2024 Results



ZEPAK
Energia dla Ciebie

May 31st, 2024



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Jesteśmy członkiem:

 **PROGRAM / CZYSTA / POLSKA**

1Q 2024 Summary

Key operational and financial data	1Q 2024	Change y/y
Sale of electricity:	0.50 TWh	-41.86%
• Electricity from own production:	0.27 TWh	-43.75%
• Electricity from resale:	0.23 TWh	-39.47%
Achieved average electricity sale price ⁽¹⁾	695.81 PLN/MWh	-38.64%
Average purchase price of EUA	405.66 PLN/MWh	+4.77%
Sale revenues:	520 m PLN	-54.86%
EBITDA:	27 m PLN	+107.14%
Net result:	(5) m PLN	+98.66%
CAPEX with the acquisition of companies:	10 m PLN	-95.35%
Indebtedness:	0 m PLN	-
Cash ⁽²⁾	675 m PLN	-19.26%

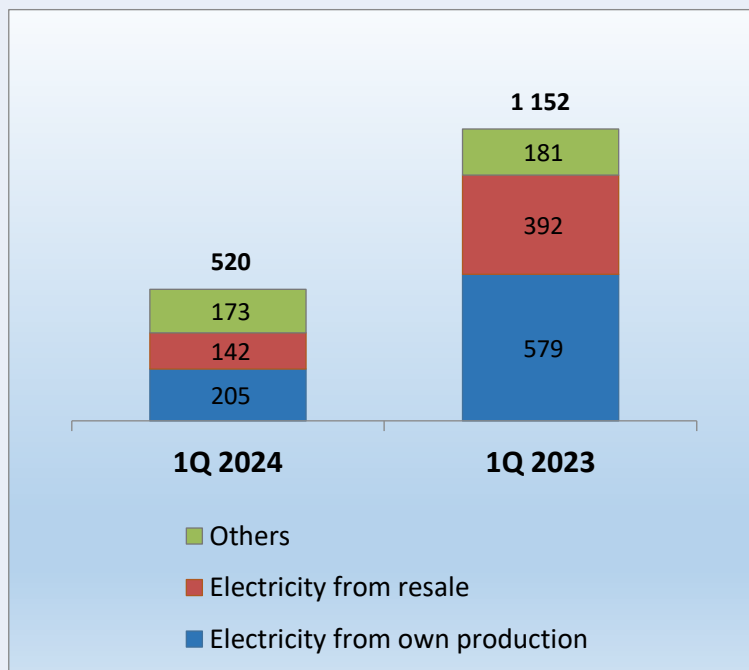
⁽¹⁾ Average price calculated as revenues from the sale of energy (including ancillary services) divided by the sales volume.

⁽²⁾ Cash and cash equivalents and other current financial assets.

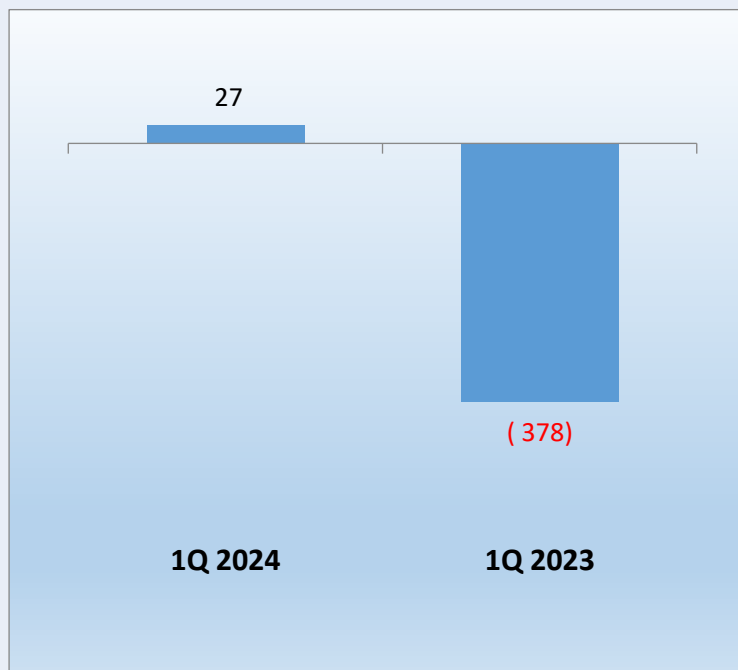
1Q 2024 Summary [m PLN]



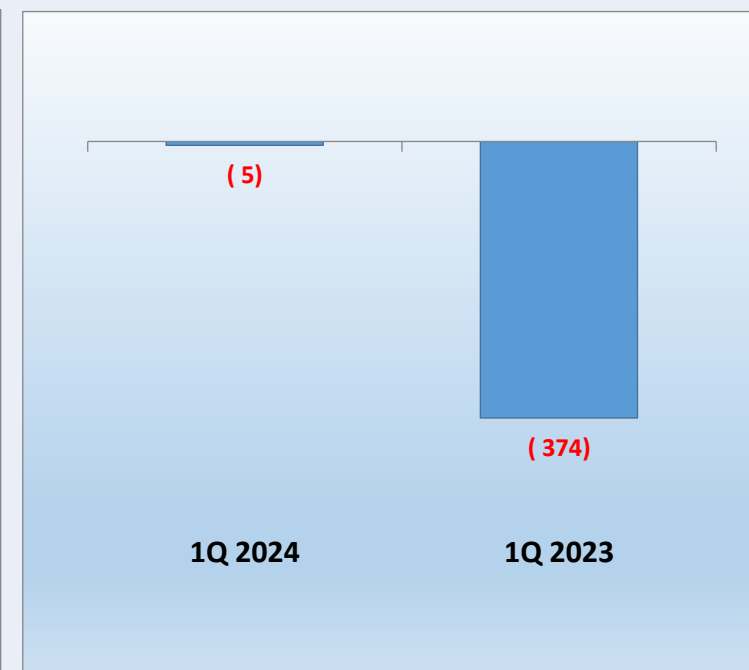
REVENUES



EBITDA



NET RESULT



The conditions for conducting ZE PAK business in the 1Q of 2024 have changed significantly compared to 2023:

- as a result of the sale of 50.5% of shares in PAK-PCE sp. z o.o. ZE PAK Group is no longer consolidating PAK – PCE and its subsidiaries (incl. PAK – PCE Biopaliwa i Wodór sp. z o.o. producing energy from biomass in Konin power plant and PAK – Volt SA - energy trading company), this means a significant decrease in the scale of operations (mainly related to the lack of renewable energy production and a decrease in the volume of energy from trading),
- In the 1Q of 2024, the ratio of the average electricity sales price obtained to the average purchase price of CO₂ emission allowances deteriorated,
- The loss on the revenue side is difficult to compensate on the cost side due to the large share of fixed costs (especially in the mining segment)

The comparison of EBITDA and net result for the 1Q of 2024 to the 1Q of 2023 is distorted due to the negative impact of the increase in the recultivation reserve in the 1Q of 2023.

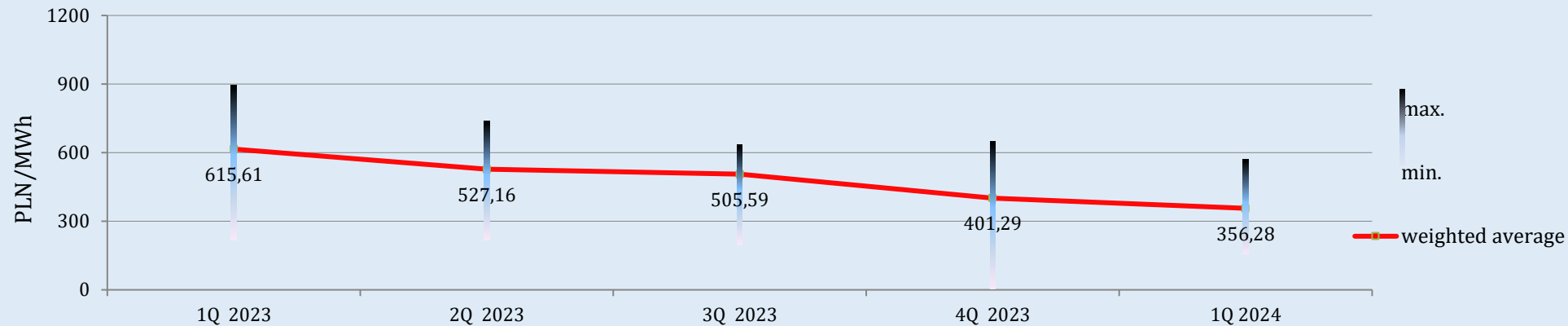
Adjusting the results for the a one-off event causes the financial results for the 1Q of 2024 to deteriorate compared to the same period of the previous year.

SELECTED ELECTRICITY MARKET DATA

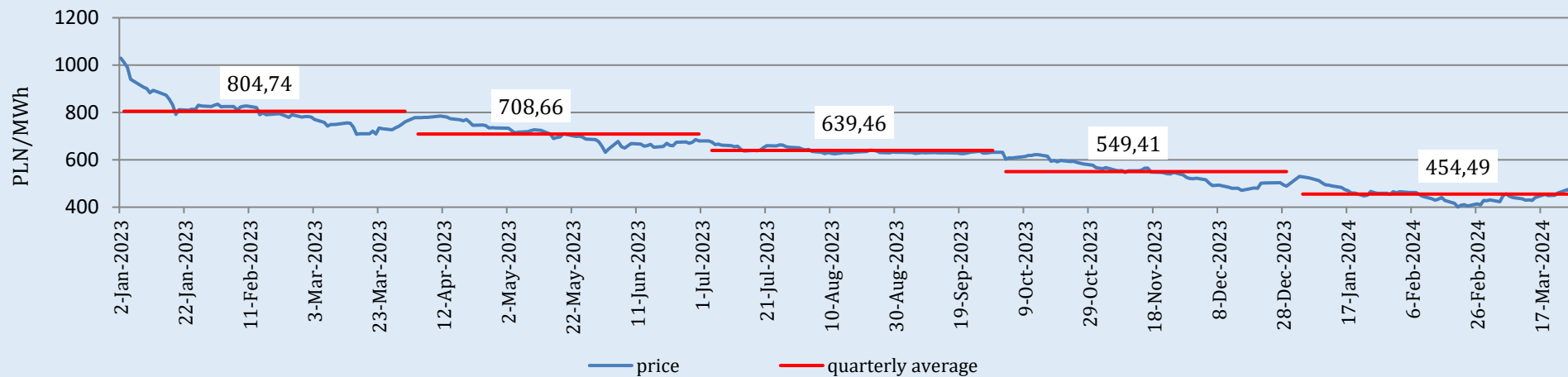


Electricity prices

Electricity prices (TGeBase)



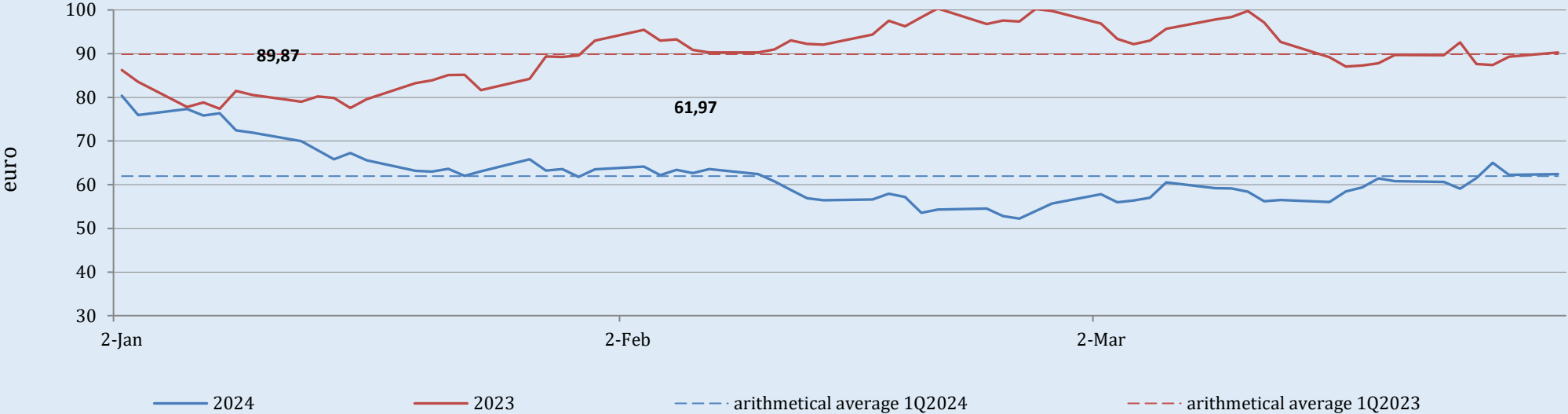
Prices of a futures contract for the supply of electricity (band with annual delivery)



Price of the futures contract for the supply of EUA



Prices of a futures contract for the delivery of EUAs



OPERATIONAL DATA

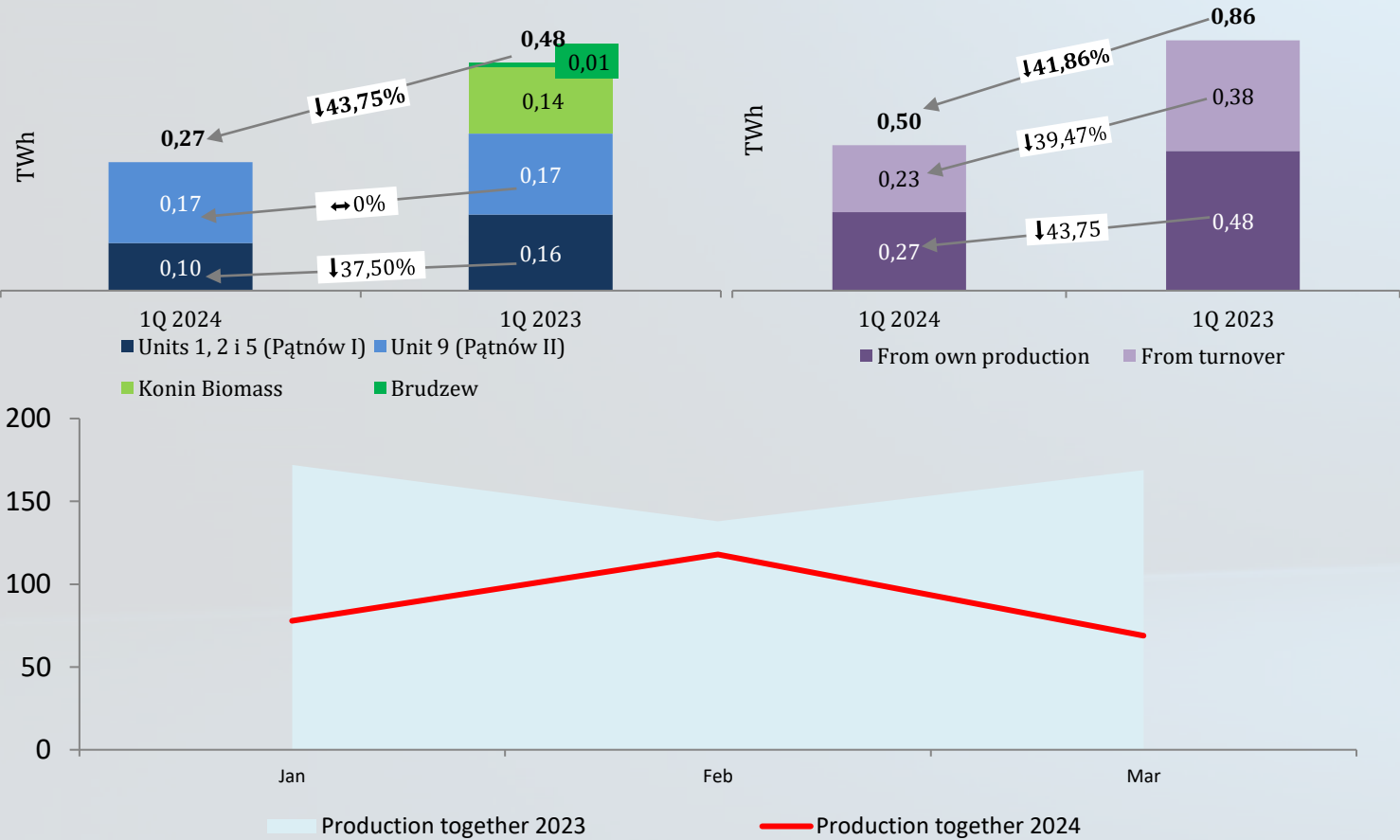


Net production and sale of electricity

[TWh]

NET PRODUCTION

SALE



In Q1 2024, a 41.86% decrease in total sales volume compared to Q1 2023 was recorded, both from the sale of own and purchased energy.

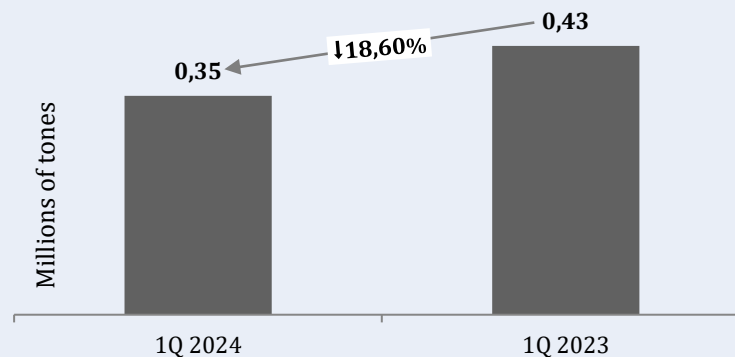
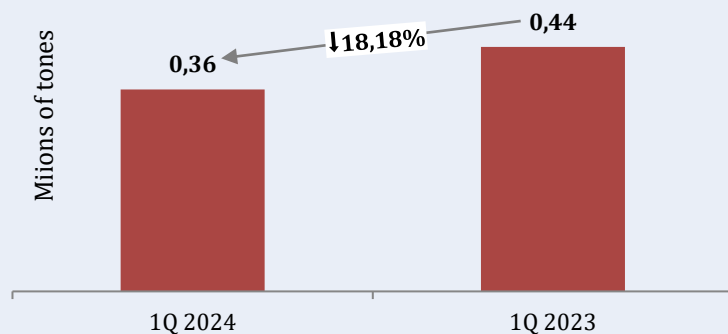
The reduction in production was mainly due to less favourable conditions on the energy market for the group. While the decrease in the volume of purchased electricity resulted in a lack of electricity volume realized in 2023 in PAK – Volt SA in the part of discontinued operations.

Lignite consumption and CO₂ emission

[m tons]

LIGNITE CONSUMPTION

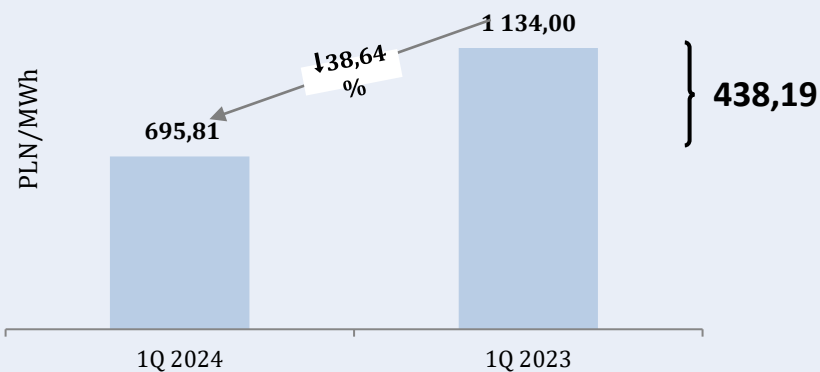
CO₂ EMISSION



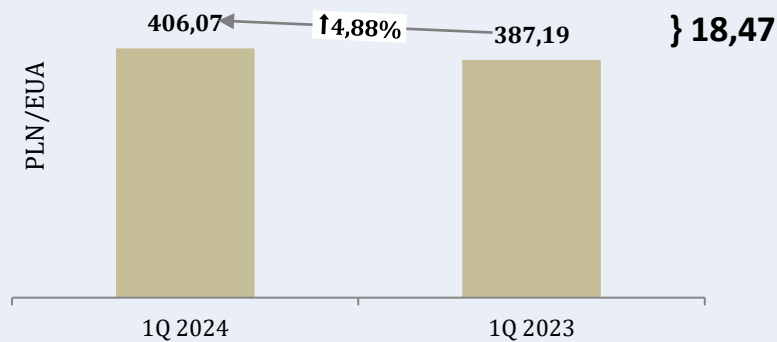
Data on coal consumption and CO emissions in the three months period of 2024 show a decrease in coal consumption and lower emissions, which results from lower volumes of electricity produced compared to the same periods of the previous year. A decrease in coal consumption and lower emissions are also associated with a more efficient use of production assets.

Average prices for electricity sales and purchase of EUAs

Electricity sale price ⁽¹⁾



Purchase price of CO₂ emission permits (EUA)⁽²⁾



(1) Average price calculated as revenue from Energy sales (own, from turnover 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.



EMPLOYMENT



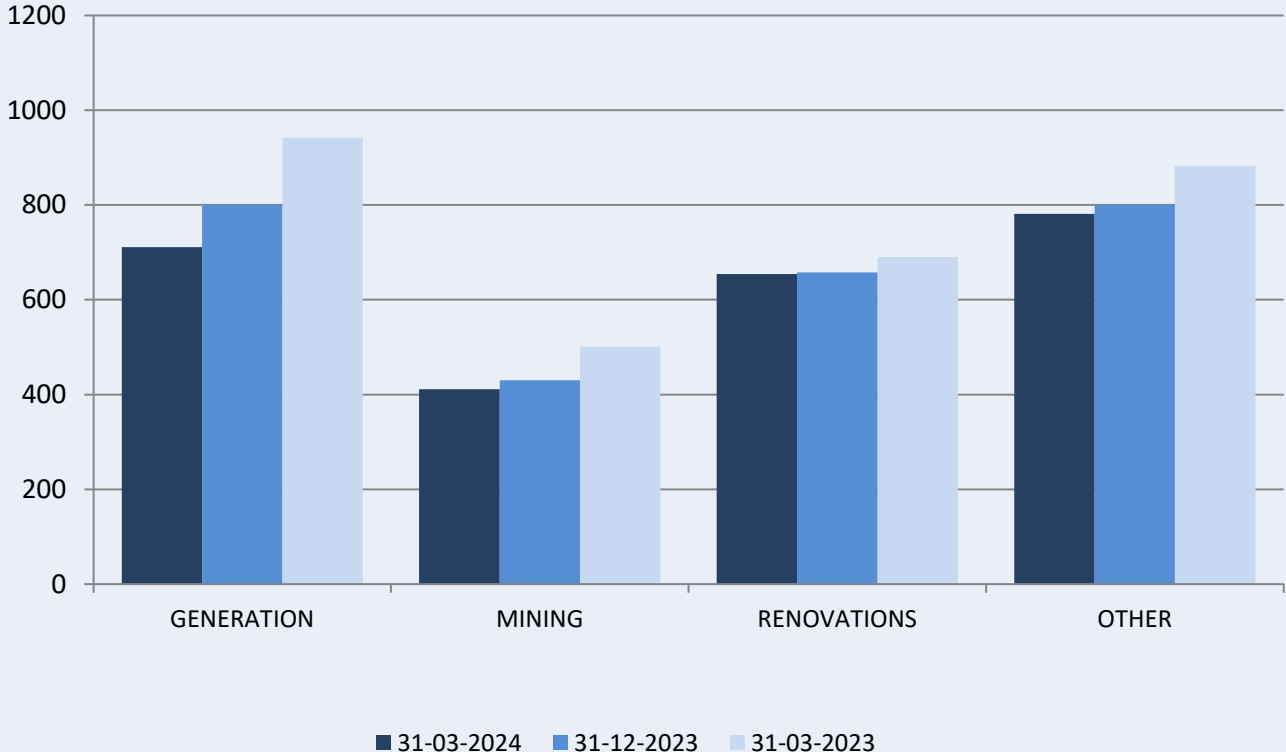
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Employment

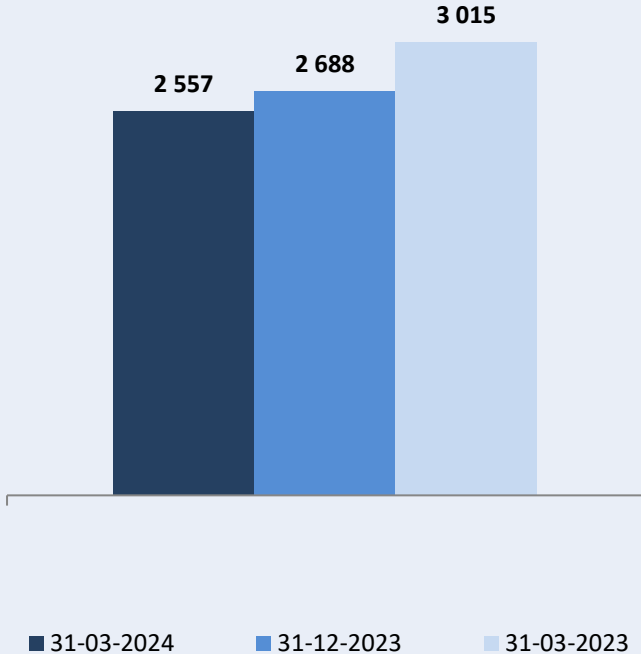
[full time]



BY SEGMENTS



TOTAL

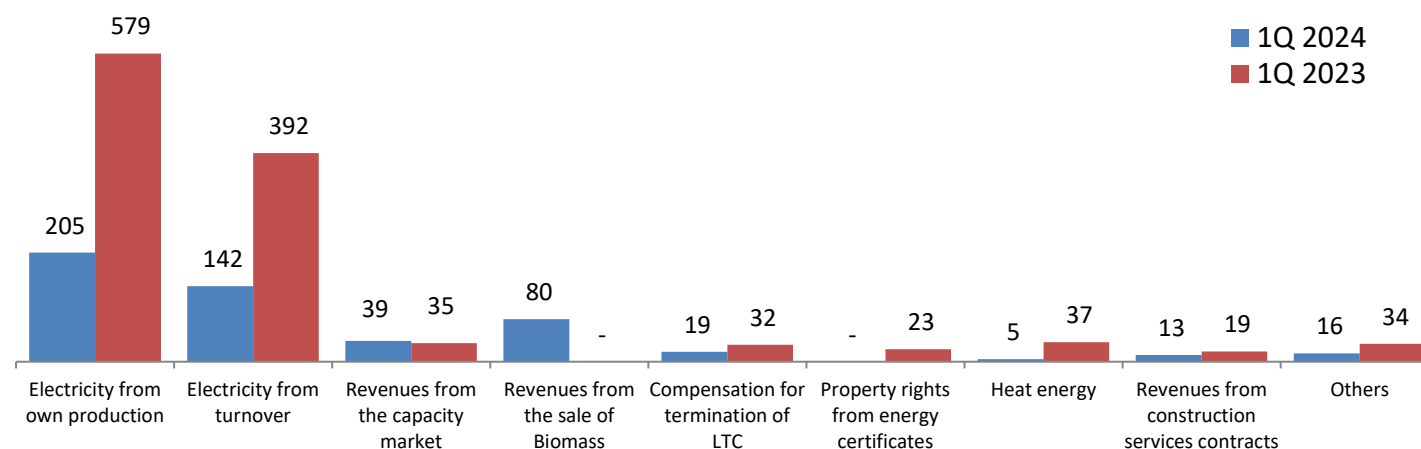


FINANCIAL DATA



Revenues and operating costs

[m PLN]



The decrease in revenues from the sale of electricity produced by PLN 374.0 million was attributable to lower prices by 38.64% and a decrease in volume by 42.75%, as a result of less favourable conditions on the energy market for the Group.

The decrease in revenues from purchased electricity by PLN 250.6 million, in addition to the lower price of electricity, was influenced by the lack of sales volume realized in the corresponding period of the previous year by PAK – Volt.

The higher contracted price in the auction for 2024 is responsible for the higher revenues from the capacity market by PLN 4.6 million.

Revenues from the sale of biomass amounted to PLN 80.1 million. Revenues generated in Q1 2023 were excluded as part of consolidation (they were then transferred to a company whose results were fully consolidated).

The LTC compensation, which was lower by PLN 12.8 million, is the result of exhaustion of the pool of funds under the aid granted.

No income from property rights due to the lack of units from which green certificates are produced.

The decrease of PLN 32.0 million in revenues from heat sales was due to a decrease in the sales volume due to the discontinuation of consolidation of heat sales to the city of Konin, which is currently carried out by Polsat Plus Group.

The decrease of PLN 6.2 million in revenues from construction service contracts is the result of a smaller scope of implementation in PAK Serwis - in the renovation segment.

The decrease of PLN 206.6 million in the value of purchased energy for resale and other materials is mainly due to the lower volume of energy trading and the lower purchase price.

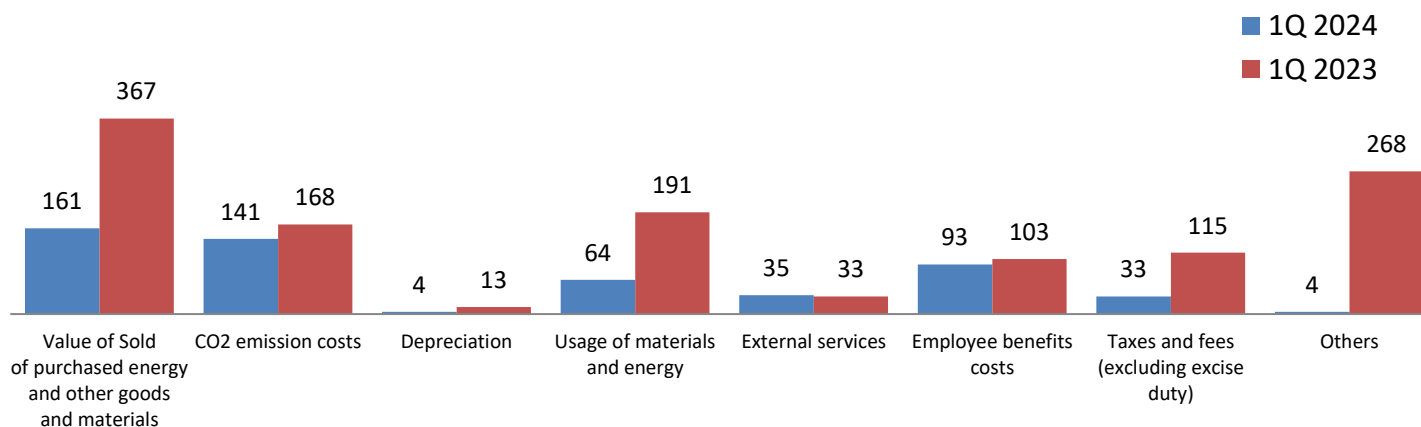
The lower emission costs by PLN 26.4 million are the result of a decrease in the volume of issues despite an increase in the unit price of purchased emission allowances.

The decrease in material consumption by PLN 126.8 million is mainly due to the lack of costs of purchased biomass and the decrease in the price of purchased electricity.

The decrease in the cost of employee benefits by PLN 9.1 million is due to a decrease in employment by 458 FTEs.

The decrease in taxes by PLN 81.6 million is due to the lack of payment of the price difference to the fund.

The decrease of PLN 263.5 million in other costs by type is due to the lack of a provision for the reclamation of open-pit mines (in Q1 2023, PLN 268.5 million was recorded on this account).



(1) Total revenues from continuing and discontinued operations.

EBITDA 1Q 2024 ⁽¹⁾

[m PLN]



	1Q 2024	1Q 2023
Sales revenues	520	1 152
Change %	(54.88)%	15.66%
Costs of goods sold	(464)	(1 191)
Gross profit	55	(39)
Margin %	10.58%	(3.39)%
Other operating revenues	18	5
Selling costs	(0)	(4)
General and administrative expenses	(30)	(54)
Other operating expenses	(22)	(300)
EBIT	23	(391)
Margin %	4.42%	(33.94)%
Depreciation	4	13
EBITDA⁽¹⁾	27	(378)
Margin %	5.19%	(32.81)%

(1) Total EBITDA from continued and discontinued operations.

(2) EBITDA higher by PLN 405 million (+107.14%) – > after comparability lower by PLN 179 million (-102.29%)

comparable EBITDA for Q1 2024 amounted to minus PLN (4) million -> the value of PLN 27 million is the result of a decrease in the balance of the provision for future reclamation of the exploited open-pit coal mines

comparable EBITDA for Q1 2023 amounted to PLN 175 million -> the value of minus (PLN 378) million is the result of an increase in the balance of the provision for future reclamation of the exploited open-pit coal mines

(-323) no fee for the price difference payment fund, lower result achieved on the sale of purchased Energy, lower revenues from heat, lower revenues from own Energy

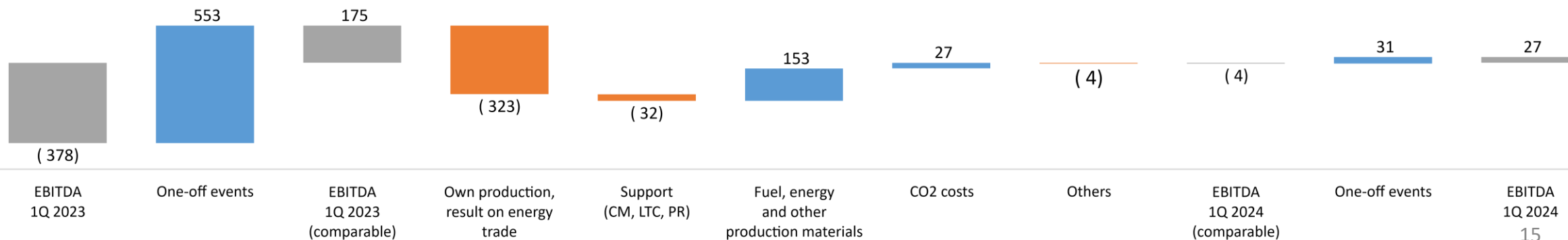
(-32) higher revenues from the capacity market, lower revenues from LTCs, no revenues from property rights

(+153) no biomass costs, lower 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)

(+27) lower CO₂ emission costs

(-4) higher other revenues, but lower construction revenues, lower wage costs, higher costs of consumption of other materials, higher other taxes and fees, higher external services

EBITDA changes

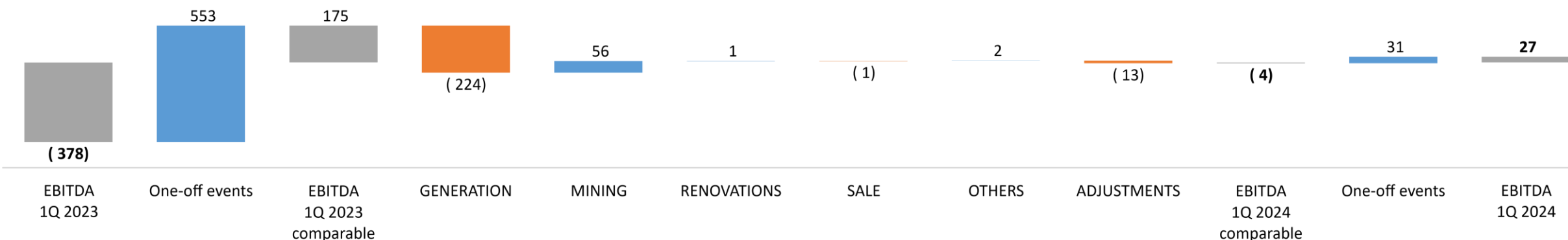


EBITDA 1Q 2024 by segments⁽¹⁾

[m PLN]



EBITDA changes



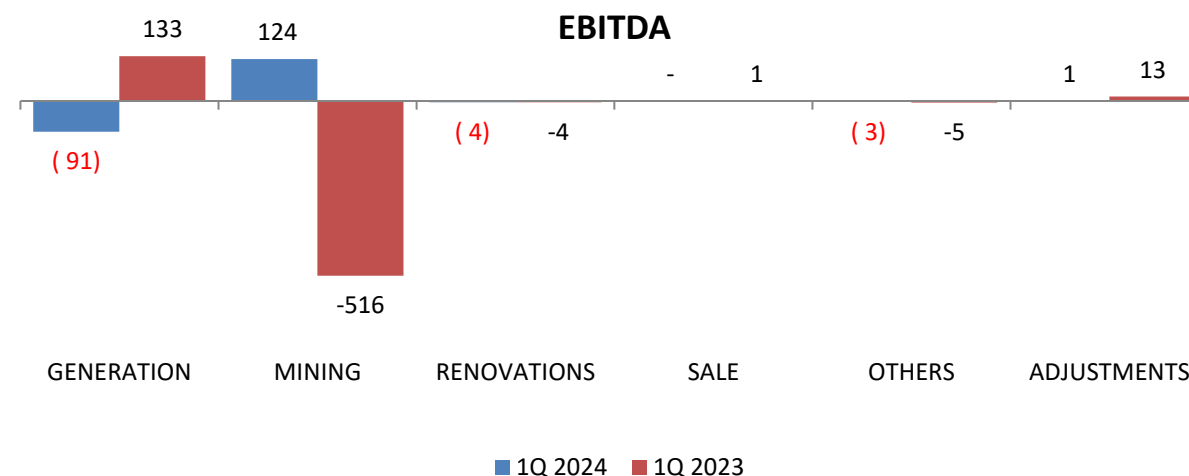
Main reasons for EBITDA changes in segments:

Generation:

- no fee for the price difference payment fund, lower result on the sale of purchased energy, lower revenues from heat, lower revenues from own energy,
- higher revenues from the Capacity Market, but lower revenues from LTCs and no revenues from property rights,
- no biomass costs, higher costs of purchased coal, lower costs of other fuels and production materials
- lower costs of carbon dioxide emission allowances
- higher other revenues, lower wage costs, higher costs of consumption of other materials, higher other taxes and fees, higher external services

Mining:

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



⁽¹⁾ Total revenues from continuing and discontinued operations.

Consolidated profit and loss account for 1Q 2024 by segments⁽¹⁾



m PLN	Generation	Mining	Renovations	Others	Consolidation adjustments	Total
Sale revenues from external customers	497	-	21	1	-	520
<i>External sale revenues %</i>	<i>98.03%</i>	<i>0.00%</i>	<i>61.76%</i>	<i>4.00%</i>	<i>0.00%</i>	<i>100.00%</i>
Sale revenues between segments	10	211	13	24	(258)	-
Sale revenues	507	211	34	25	(258)	520
Cost of goods sold	(577)	(83)	(34)	(27)	257	(464)
Gross profit (loss)	(70)	128	-	(1)	(1)	55
<i>Margin %</i>	<i>(13.81)%</i>	<i>60.66%</i>	<i>-</i>	<i>(4.00)%</i>	<i>0.39%</i>	<i>10.58%</i>
EBITDA	(91)	124	(4)	(3)	-	27
<i>Margin %</i>	<i>(17.95)%</i>	<i>58.77%</i>	<i>(11.76)%</i>	<i>(12.00)%</i>	<i>-</i>	<i>5.19%</i>
EBIT	(92)	123	(4)	(4)	-	23
<i>Margin %</i>	<i>(18.15)%</i>	<i>58.29%</i>	<i>(11.76)%</i>	<i>(16.00)%</i>	<i>-</i>	<i>4.42%</i>
Net profit (loss)	(109)	112	(4)	(4)	1	(5)
<i>Margin %</i>	<i>(21.50)%</i>	<i>53.08%</i>	<i>(11.76)%</i>	<i>(16.00)%</i>	<i>(0.39)%</i>	<i>(0.96)%</i>

⁽¹⁾ Total revenues from continuing and discontinued operations

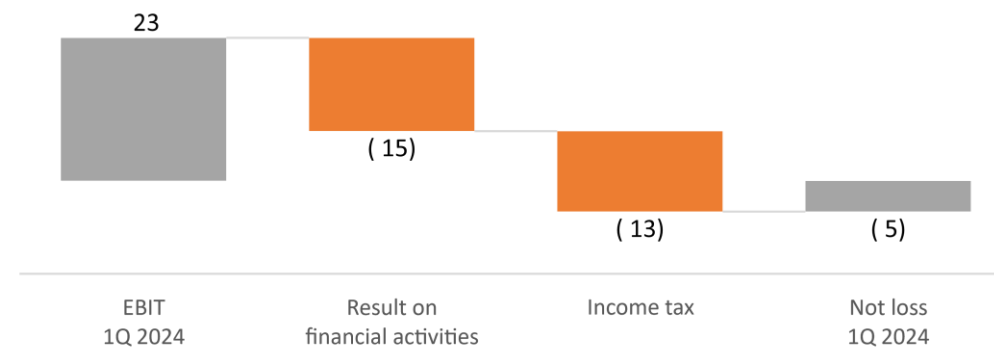
Financial activities, tax and net result⁽¹⁾

[m PLN]



	1Q 2024	1Q 2023
EBIT	23	(391)
Financial revenues ⁽¹⁾	6	12
Financial costs ⁽²⁾	(21)	(34)
Gross profit (loss)	8	(414)
Income tax (tax burden) ⁽³⁾	(13)	39
<i>Effective tax rate</i>	<i>(162.50)%</i>	<i>9.42%</i>
Net profit (loss)	(5)	(374)
<i>Margin %</i>	<i>(0.96)%</i>	<i>(32.47)%</i>

EBIT --> net loss



- (1) The amount of financial income is mainly due to interest income, which is lower by PLN 5.1 million than in Q1 2023.
- (2) The amount of financial costs is primarily due to the loss realized on the sale of receivables and realized negative exchange rate differences and the reverse discount value and the provision for recultivation. In the same period last year, interest expense was the highest value, which was PLN 21.7 million higher than in Q1 2024.
- (3) The tax value of PLN 13 milion consists of a current tax burden of PLN 8 milion and deffered tax of PLN 5 million.

⁽¹⁾ Total revenues from 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



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

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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