



ZEPAK
Energia dla Ciebie

6M 2024 Results

24 September 2024

Key operational and financial data	6M 2024		Zmiana y/y
Sale of electricity:	1.00	TWh	-42.86%
• Electricity from own production:	0.58	TWh	-43.14%
• Electricity from resale:	0.42	TWh	-42.47%
Achieved average electricity sale price ⁽¹⁾	713.57	PLN/MWh	-35.28%
Average purchase price of EUA	401.79	PLN/MWh	+6.43%
Sale revenues:	1 042	m PLN	-52.98%
EBITDA:	120	m PLN	+197.56%
Net result:	106	m PLN	+160.57%
CAPEX:	211	m PLN	-45.90%
Cash ⁽²⁾ :	497	m PLN	-26.59%

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

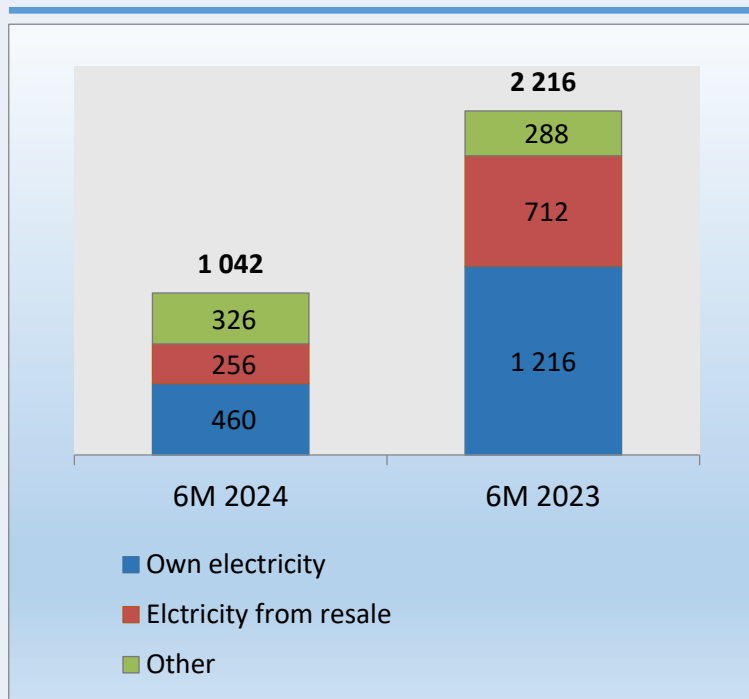
⁽²⁾ Cash and cash equivalents and other current financial assets.

Key operational and financial data	2Q 2024		Zmiana y/y
Sale of electricity:	0.51	TWh	-42.70%
• Electricity from own production:	0.32	TWh	-40.74%
• Electricity from resale:	0.19	TWh	-45.71%
Achieved average electricity sale price ⁽¹⁾	731.10	PLN/MWh	-31.82%
Average purchase price of EUA	398.06	PLN/MWh	+7.86%
Sale revenues:	522	m PLN	-50.99%
EBITDA:	93	m PLN	-63.53%
Net result:	111	m PLN	-44.22%
CAPEX:	201	m PLN	+14.20%

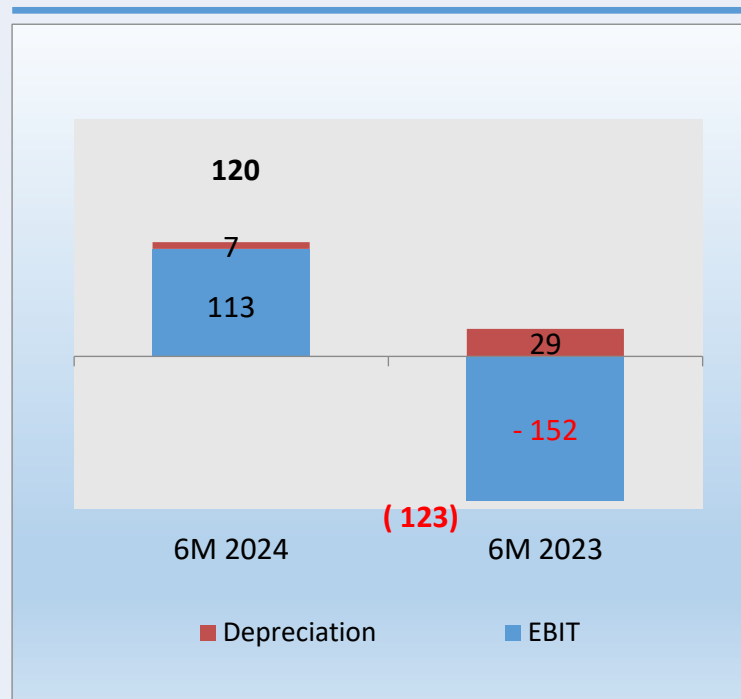
⁽¹⁾ Average price calculated as revenues from the sale of energy (including ancillary services) divided by the sales volume.

6M 2024 Summary [m PLN]

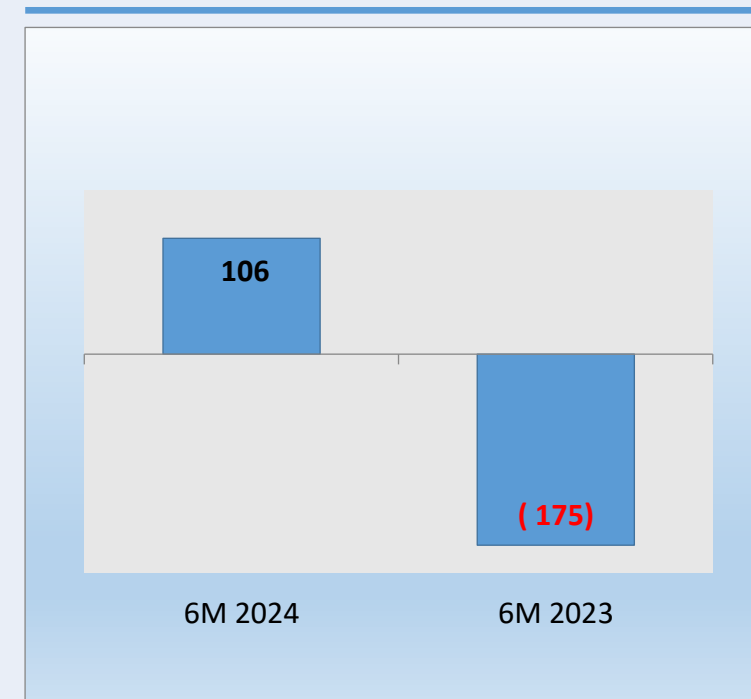
REVENUES



EBITDA



NET RESULT



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

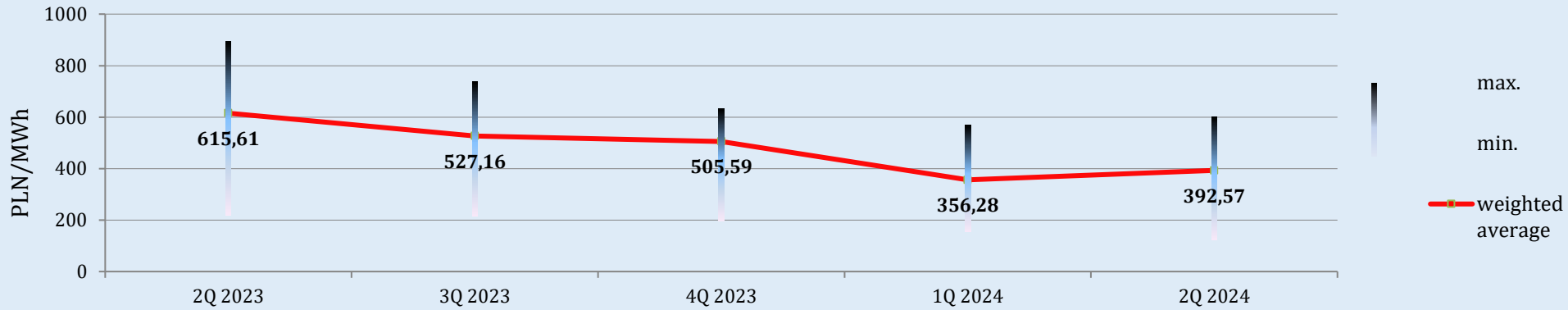
- as a result of the sale transaction of 50.5% of shares in PAK-PCE sp. z o.o., ZE PAK Group no longer consolidates PAK - PCE and its subsidiaries, which means a significant decrease in the scale of operations (mainly related to the lack of renewable energy production and a decrease in the volume of energy from trading),
- in 2024, the ratio of the average energy sales price obtained to the average incurred purchase price of CO2 emission allowances deteriorated,
- the loss on the revenue side is difficult to compensate on the cost side due to the high share of fixed costs (especially in the mining segment).

The comparison of the EBITDA result and net result for 6M 2024 to 6M 2023 is distorted due to the negative impact of the increase in the reclamation reserve in 2023. Adjusting the results for one-off events causes the financial results for 6M 2024 to deteriorate compared to the same period of the previous year.

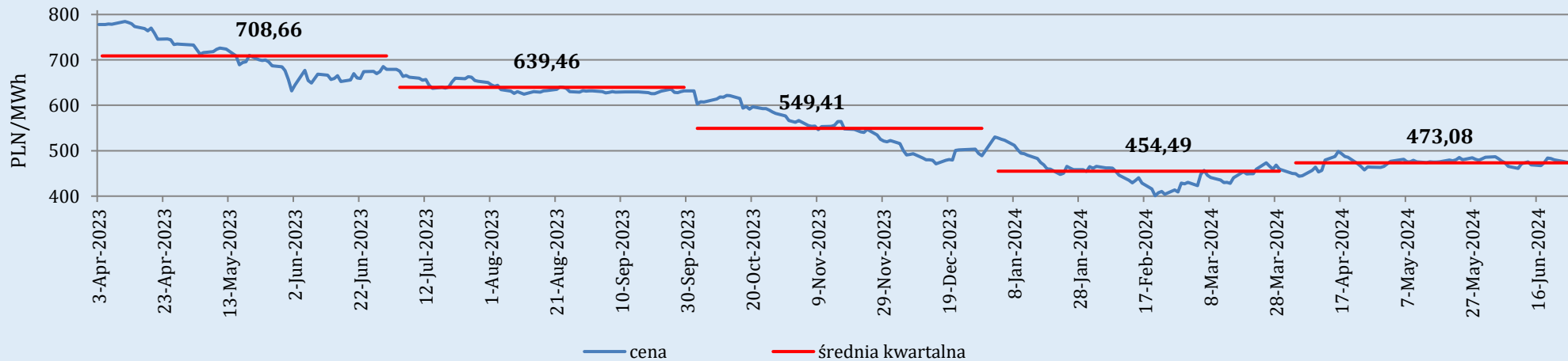
SELECTED ELECTRICITY MARKET DATA



Electricity prices (TGeBase)



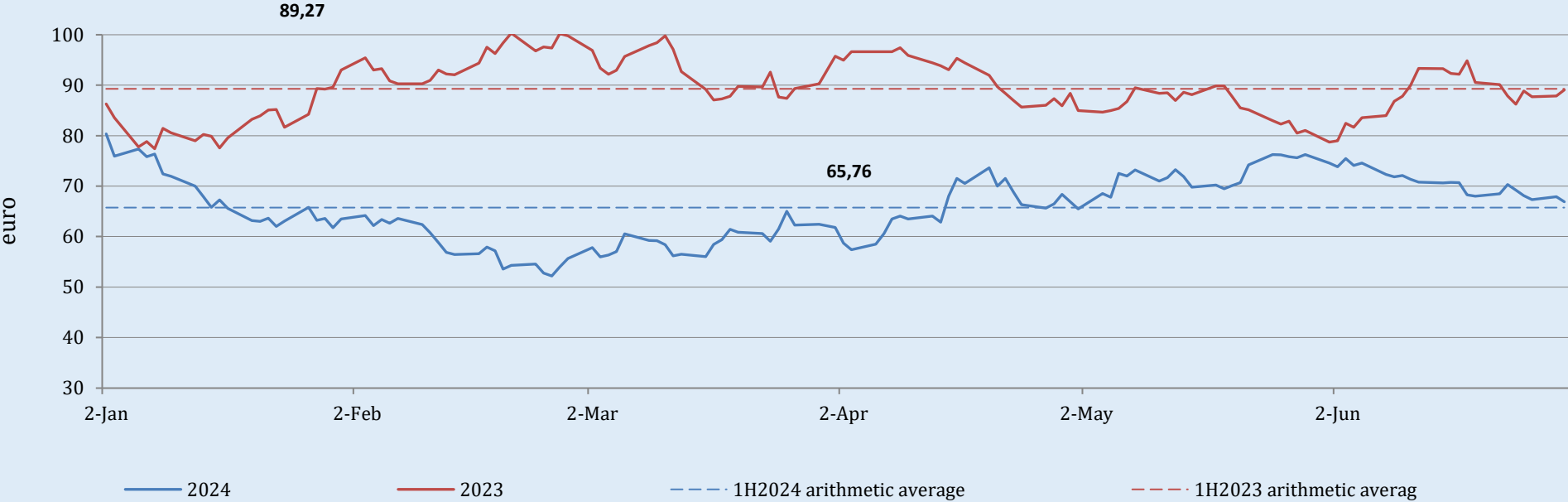
Prices of a futures contract for the supply of electricity (band with annual delivery)



Price of the futures contract for the supply of EUA



Prices of a futures contract for the delivery of EUAs



OPERATIONAL DATA

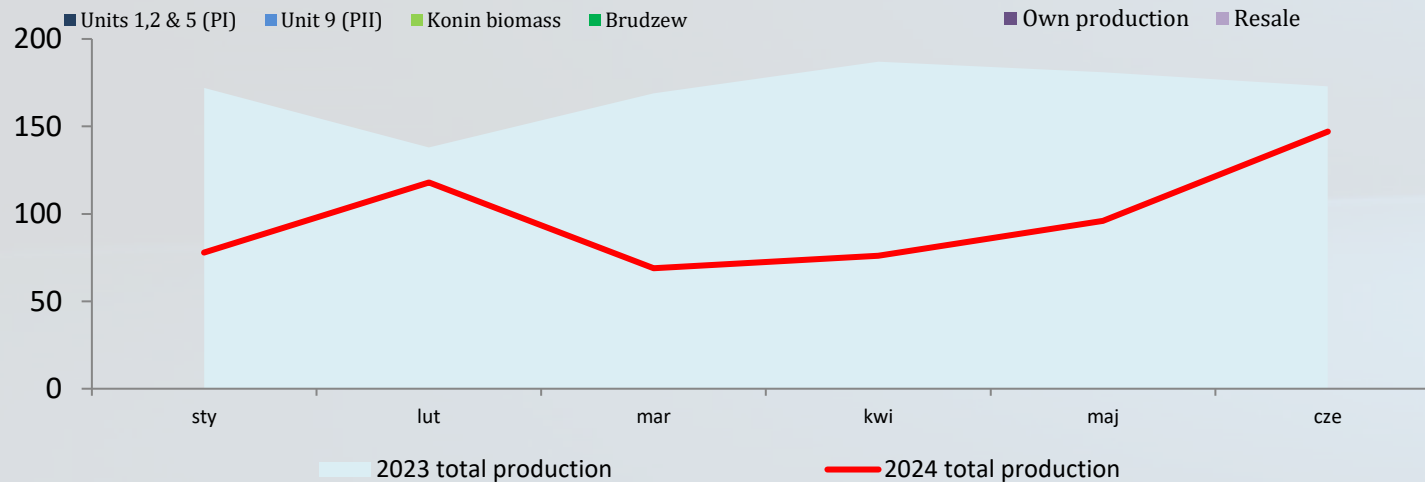
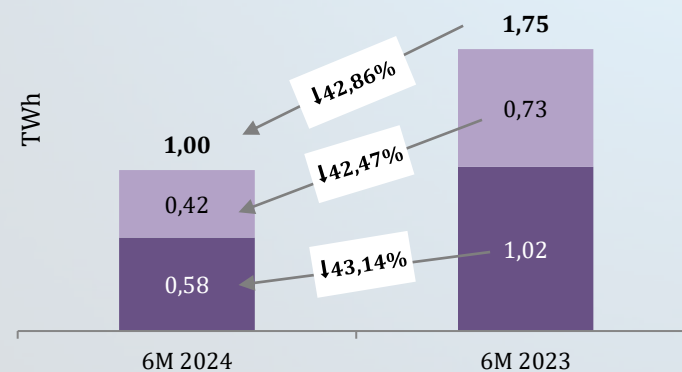
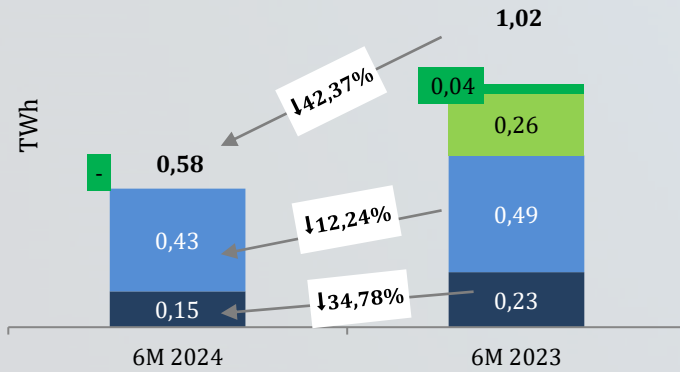


Semi-annual net production and sale of electricity

[TWh]

NET PRODUCTION

SALE



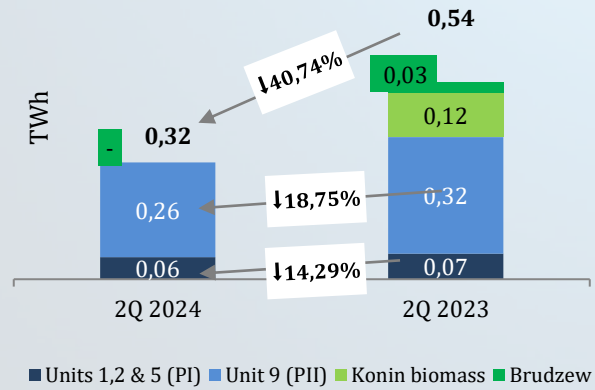
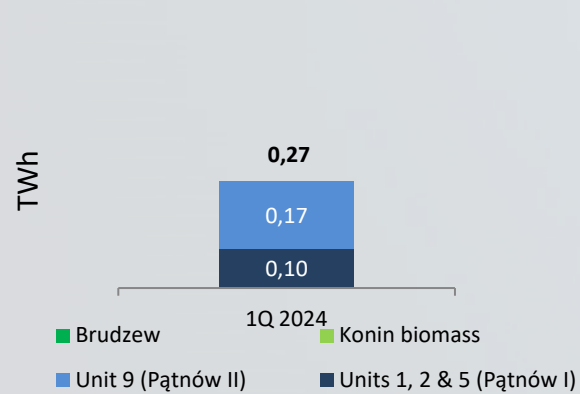
In H1 2024, the total sales volume decreased by 42.86% compared to H1 2023. The decrease concerned both the sales of own and purchased energy.

The decrease in production was primarily due to less favorable conditions on the energy market for the Group. On the other hand, the decrease in the volume of purchased electricity resulted in the lack of electricity volume realized in 2023 in PAK – Volt SA in the part of discontinued operations.

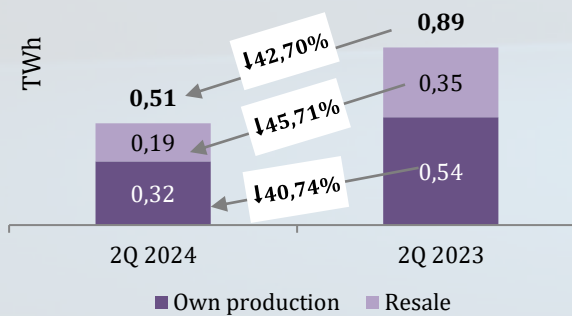
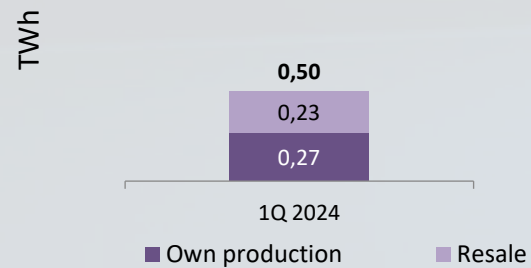
Quarterly net production and sale of electricity

[TWh]

NET PRODUCTION



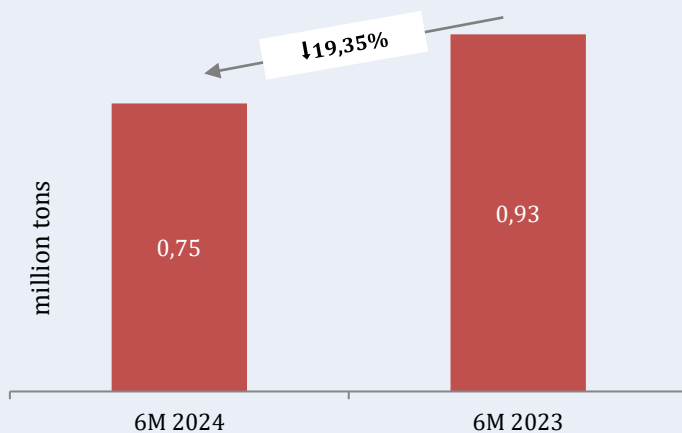
SALE



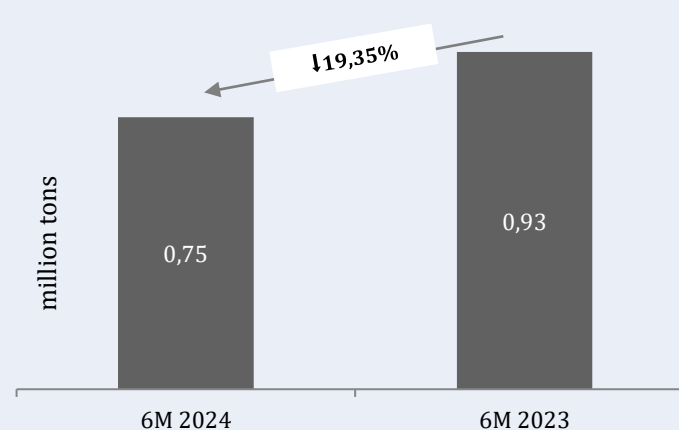
Semi-annual lignite consumption and CO₂ emission

[m tons]

LIGNITE CONSUMPTION



CO₂ EMISSION



Data on coal consumption and CO₂ emissions for the first six months of 2024 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 related to more efficient use of generation assets.

Quarterly lignite consumption and CO₂ emission

[m tons]

LIGNITE CONSUMPTIONS

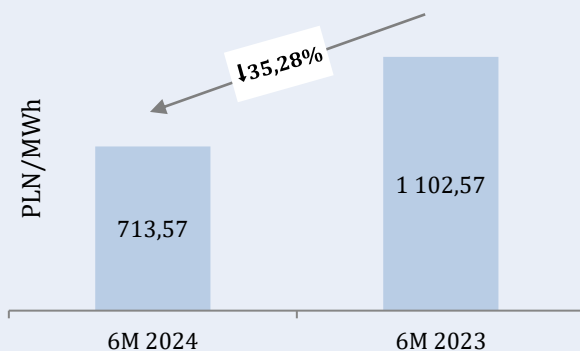


CO₂ EMISSION

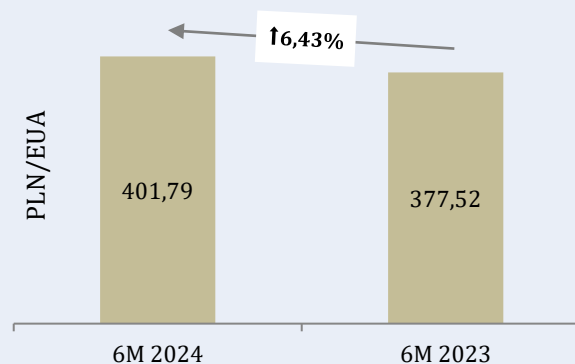


Average prices for electricity sales and purchase of EUAs

Electricity sale price⁽¹⁾



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

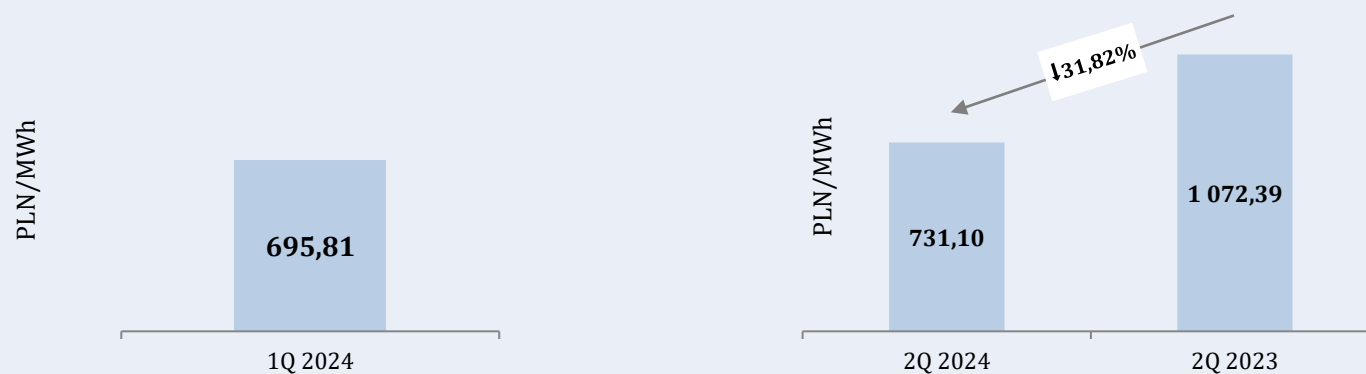


(1) Average price calculated as revenue from Energy sales (own, from turnover and system services) divided by sales volume.

(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.

Quarterly average prices for electricity sales and purchase of EUAs

Electricity sale price



Purchase price of CO₂ emission allowances (EUA)





EMPLOYMENT



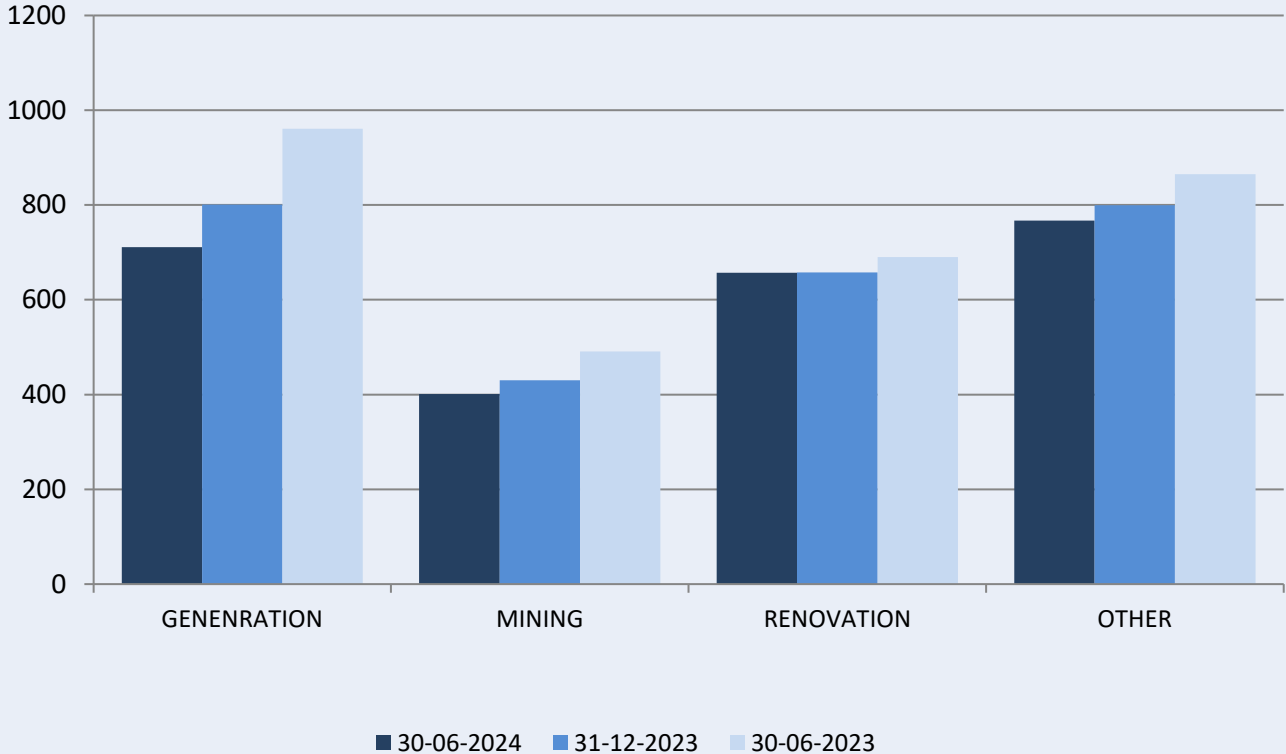
ZEPAK
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Employment

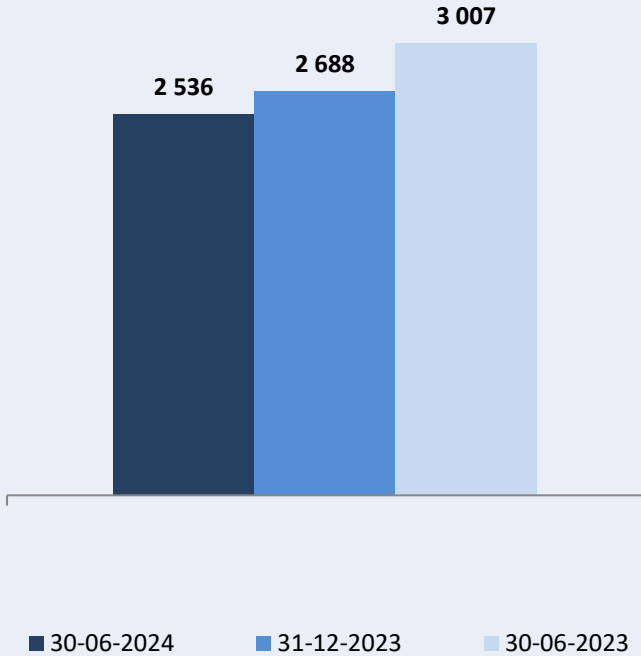
[full time]



BY SEGMENTS



TOTAL

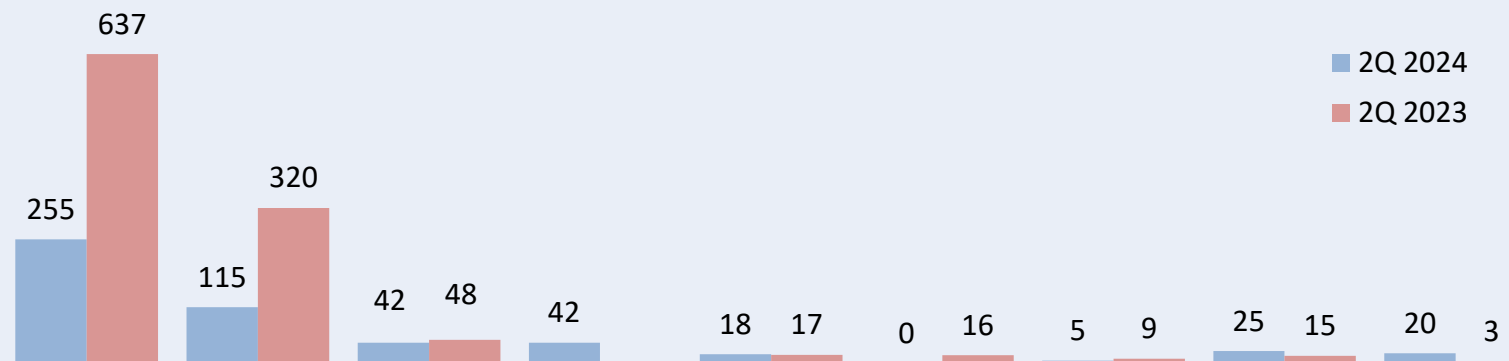
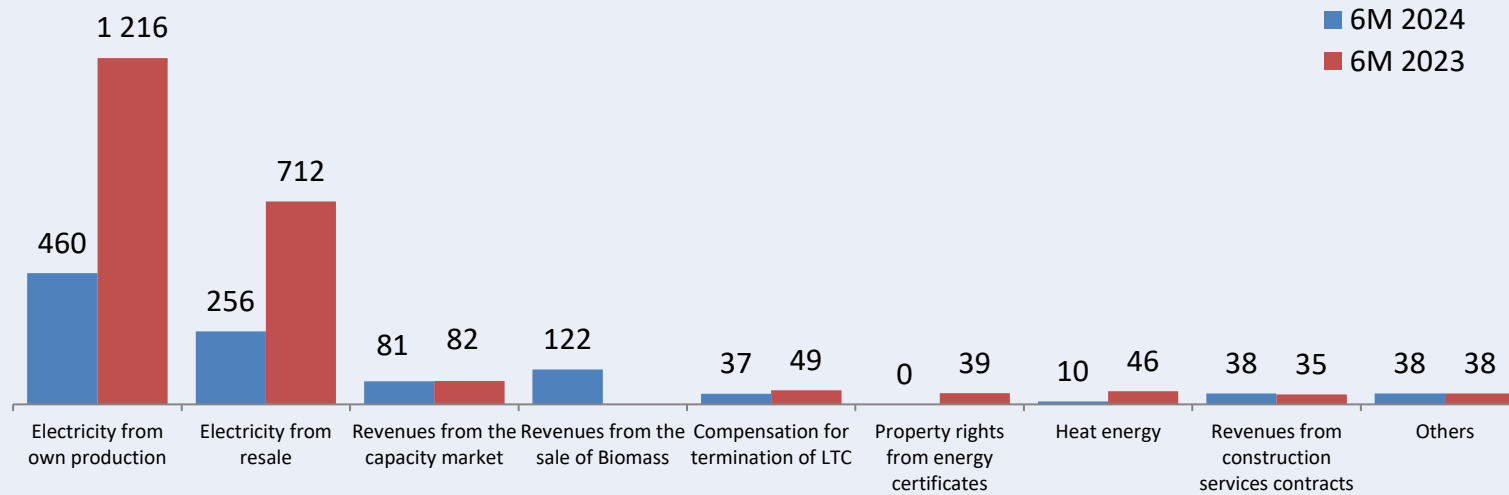


FINANCIAL DATA



Revenues⁽¹⁾

[m PLN]



The PLN 755.7 million decrease in revenues from sales of produced electricity was due to lower prices by 35.28% and a 42.47% decrease in volume, as a result of less favourable energy market conditions for the Group.

The decrease in revenues from purchased electricity by PLN 455.3 million, in addition to the lower price of electricity, was influenced by the lack of sales volume realized by PAK – Volt in the same period of the previous year.

The PLN 1.5 million lower revenues from the capacity market are due to lower revenues realized on the secondary market, despite the higher contracted price in the auction for 2024.

Revenues from biomass sales amounted to PLN 121.6 million. The realized revenues for 6M 2023 were excluded as part of consolidation (they were realized at that time to the company whose results were fully consolidated).

The PLN 12.4 million lower PPA compensation is the result of the exhaustion of the pool of funds under the granted aid in 2024.

No revenue from property rights due to not having units from which green certificates are produced.

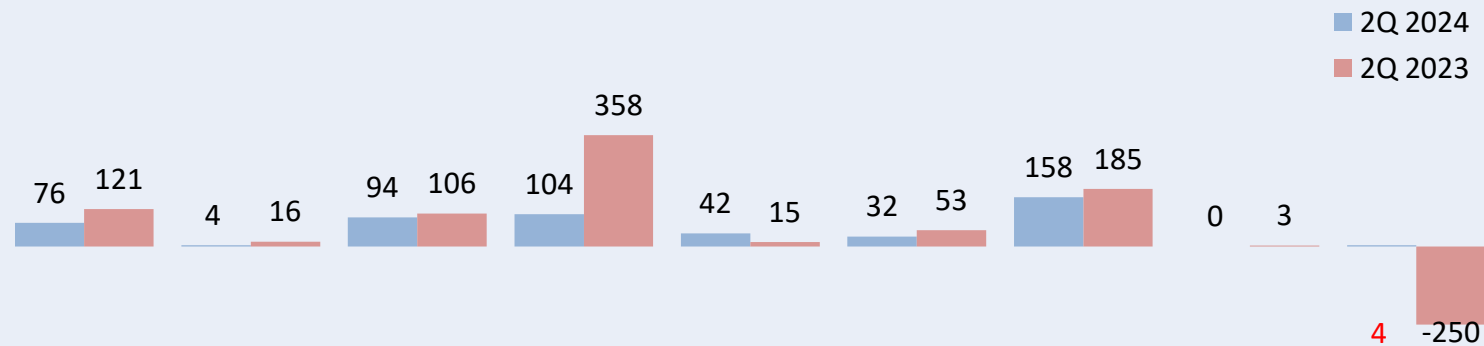
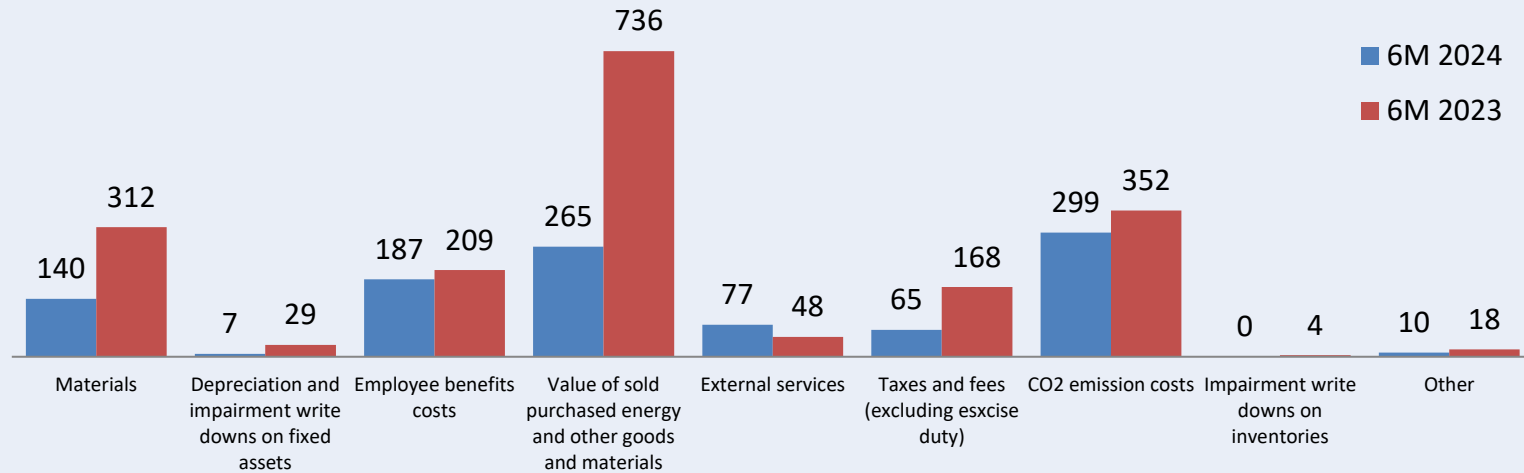
The PLN 35.7 million decrease in revenue from the sale of heat was the result of a decrease in sales volume due to the discontinuation of the consolidation of heat sales to the city of Konin currently carried out by Polsat Plus Group.

The PLN 3.2 million increase in revenue from construction services contracts is the result of a larger scope of implementation in PAK Serwis company in the renovation segment.

⁽¹⁾ Total revenues on continuing and discontinued operations.

Costs by type⁽¹⁾

[m PLN]



The PLN 171.6 million decrease in material consumption is primarily due to the lack of costs for purchased biomass and the decrease in the price of purchased electricity.

The PLN 22.0 million decrease in depreciation is due to the lack of depreciation, which was attributed to the sold part of the renewable energy business.

The PLN 21.4 million decrease in employee benefits costs is due to a decrease in employment by 471 full-time positions.

The PLN 470.3 million decrease in the value of purchased energy for resale and other materials is primarily due to the lower volume of energy trade and lower purchase price, as well as the lack of volume realized in the same period last year by PAK – Volt.

The PLN 29.6 million higher external services are the result of the greater use of external services.

The PLN 102.4 million decrease in taxes is due to the lack of a fee for the price difference payment fund.

The PLN 52.9 million lower emission costs are the result of the decrease in the volume of emissions despite the increase in the unit price of purchased emission allowances.

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

EBITDA 6M 2024⁽¹⁾

[m PLN]



	6M 2024	6M 2023
Sales revenues	1 042	2 216
<i>Change %</i>	(52.98)%	13.29%
Costs of goods sold	(902)	(1 709)
Gross profit	140	507
<i>Margin %</i>	13.44%	22.88%
Other operating revenues	38	13
Selling costs	(1)	(7)
General and administrative expenses	(70)	(90)
Other operating expenses	(27)	(575)
Share of profits of associates	33	-
EBIT	113	(152)
<i>Margin %</i>	10.84%	(6.86)%
Depreciation	7	29
EBITDA⁽¹⁾	120	(123)
<i>Margin %</i>	11.52%	(5.55)%

(1) Total EBITDA on continuing and discontinued operations.

(2) **EBITDA higher by PLN 243 m -> after bringing to comparability lower by PLN 422 m (-95.05%)**

comparable EBITDA for 6M 2024 amounted to PLN 22 m -> the value of PLN 120 m includes the share in the profit of associates valued using the equity method (+33) and the effect of reducing the balance of the provision for the future reclamation of exploited coal opencasts (+65)

comparable EBITDA for 6M 2023 amounted PLN 444 m -> the value of PLN (123) m This value is the effect of an increase in the balance of the provision for the future reclamation of exploited coal opencast mines (-511) and one-off adjustments in relation to settlements for the sale of electricity and heat, as well as the recognition of valuations of PPA financial contracts for the sale of energy concluded between subsidiaries of PAK-PCE and Cyfrowy Polsat SA (-56)

(-688) no fee for the price difference payment fund, higher revenues from system services, lower result achieved on the sale of purchased energy, lower revenues from heat, lower revenues from own energy

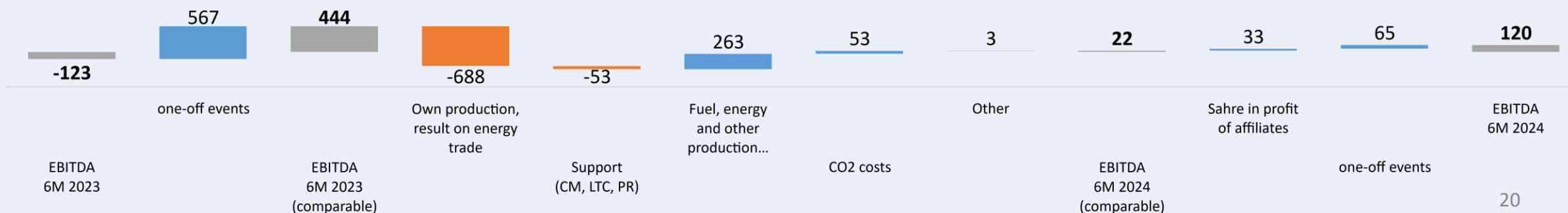
(-53) lower revenues from the Capacity Market, lower revenues from PPAs, no revenues from property rights

(+263) no biomass costs, lower energy costs (in mines), lower costs of other fuels and materials (fuel oil, heating oil, sorbent, other chemical materials for production), higher costs of purchased coal

(+53) lower costs of carbon dioxide emission allowances

(+3) revenues from biomass sales, lower payroll costs, higher result on other operating activities, lower other costs, higher other revenues, higher other taxes and fees, higher external services, higher costs of consumption of other materials

EBITDA changes

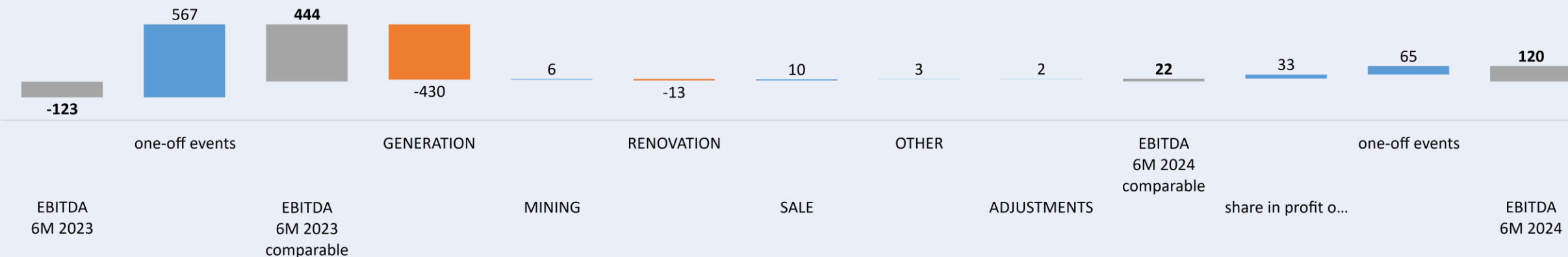


EBITDA 6M 2024 by segments⁽¹⁾

[m PLN]



EBITDA changes



Main reasons for EBITDA changes in basic segments:

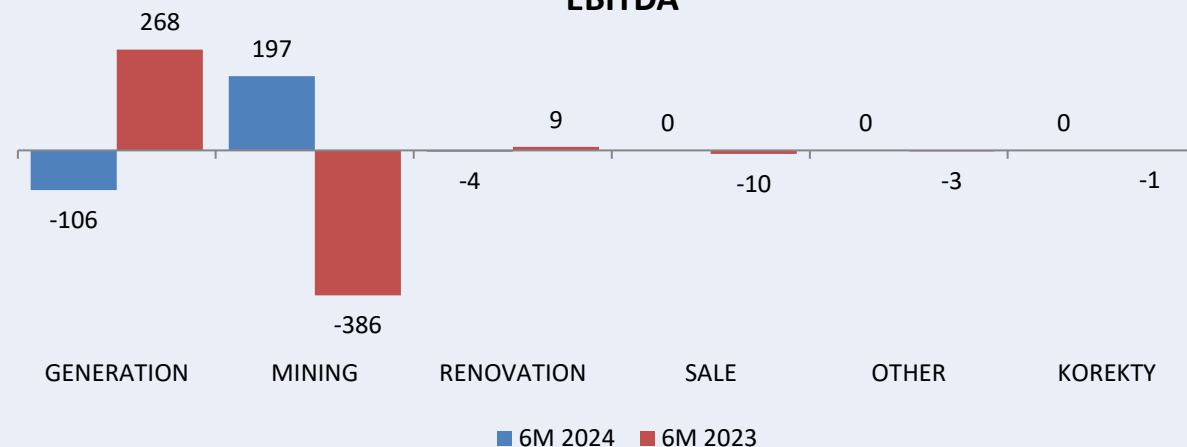
Generation:

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

Mining:

- lower revenues from coal sales, lower electricity costs, lower costs of external services, lower wage costs, lower costs of taxes and fees, but higher costs of substitute coal

EBITDA



⁽¹⁾ Total EBITDA on continuing and discontinued operations.

Consolidated profit and loss account

For 6M 2024 by segments



m PLN	Generation	Mining	Renovation	Other	Consolidation adjustments	Total
Sale revenues from external customers	982	-	55	5	-	1 042
<i>External sale revenues %</i>	<i>98.00%</i>	<i>-</i>	<i>69.62%</i>	<i>8.47%</i>	<i>-</i>	<i>100.00%</i>
Sale revenues between segments	20	388	24	54	(487)	-
Sale revenues	1 002	389	79	59	(487)	1 042
Cost of goods sold	(1 070)	(187)	(76)	(56)	487	(902)
Gross profit (loss)	(68)	202	3	3	-	140
<i>Margin %</i>	<i>(6.79)%</i>	<i>51.93%</i>	<i>3.80%</i>	<i>5.08%</i>	<i>-</i>	<i>13.44%</i>
EBITDA	(106)	197	(4)	-	33	120
<i>Margin %</i>	<i>(10.58)%</i>	<i>50.64%</i>	<i>(5.06)%</i>	<i>-</i>	<i>(6.78)%</i>	<i>11.52%</i>
EBIT	(108)	193	(5)	(1)	33	113
<i>Margin %</i>	<i>(10.78)%</i>	<i>49.61%</i>	<i>(6.33)%</i>	<i>(1.69)%</i>	<i>(6.78)%</i>	<i>10.84%</i>
Net profit (loss)	(122)	175	(4)	(1)	58	106
<i>Margin %</i>	<i>(12.18)%</i>	<i>44.99%</i>	<i>(5.06)%</i>	<i>(1.69)%</i>	<i>(11.91)%</i>	<i>10.17%</i>

EBITDA 2Q 2024⁽¹⁾

[m PLN]



	2Q 2024	2Q 2023
Sales revenues	522	1 065
<i>Change %</i>	(50.99)%	9.90%
Costs of goods sold	(438)	(519)
Gross profit	84	546
<i>Margin %</i>	16.09%	51.75%
Other operating revenues	20	8
Selling costs	-	(4)
General and administrative expenses	(41)	(37)
Other operating expenses	(5)	(275)
Share of profits of associates	31	-
EBIT	89	239
<i>Margin %</i>	17.05%	22.65%
Depreciation	4	16
EBITDA⁽¹⁾	93	255
<i>Margin %</i>	17.82%	24.17%

(1) Total EBITDA on continuing and discontinued operations.

(2) **EBITDA lower by PLN 162 m -> after bringing to comparability lower by PLN 241 m (-89.59%)**

comparable EBITDA for 2Q 2024 amounted to PLN 28 m -> the amount of PLN 93 m amount includes the share in the profit of associates valued using the equity method (+31) and the effect of reducing the balance of the provision for the future reclamation of exploited coal opencasts (+34)

comparable EBITDA for 2Q 2023 amounted to PLN 269 m -> the amount of PLN 255 m is the effect of using the provision created for the future reclamation of exploited coal opencasts (+42) and one-off adjustments in relation to settlements for the sale of electricity and heat and the recognition of valuations of financial PPA contracts for the sale of energy concluded between subsidiaries of PAK-PCE and Cyfrowy Polsat SA (-56)

(-365) no fee for the price difference payment fund, higher revenues from system services, lower result achieved on the sale of purchased energy, lower revenues from heat, lower revenues from own energy

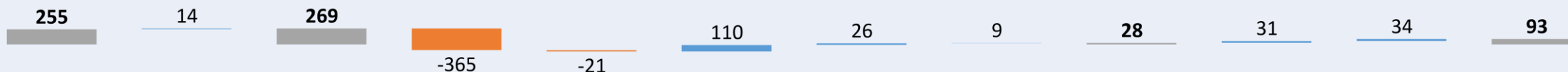
(-21) lower revenues from the Capacity Market, lower revenues from PPAs, no revenues from property rights

(+110) no biomass costs, lower energy costs (in mines), lower costs of other fuels and materials (fuel oil, heating oil, sorbent, other chemical materials for production), lower costs of purchased coal

(+26) lower costs of carbon dioxide emission allowances

(+9) revenues from biomass sales, lower payroll costs, higher result on other operating activities, lower other costs, higher other revenues, higher other taxes and fees, higher external services, higher costs of consumption of other materials

EBITDA changes



EBITDA
2Q 2023

one-off events

EBITDA
2Q 2023
(comparable)

own production,
result on energy
trade

Support
(CM, LTC, PR)

Fuel, energy
and other
production...

CO2 costs

Other

EBITDA
2Q 2024
(comparable)

Share in profit
of affiliates

one-off events

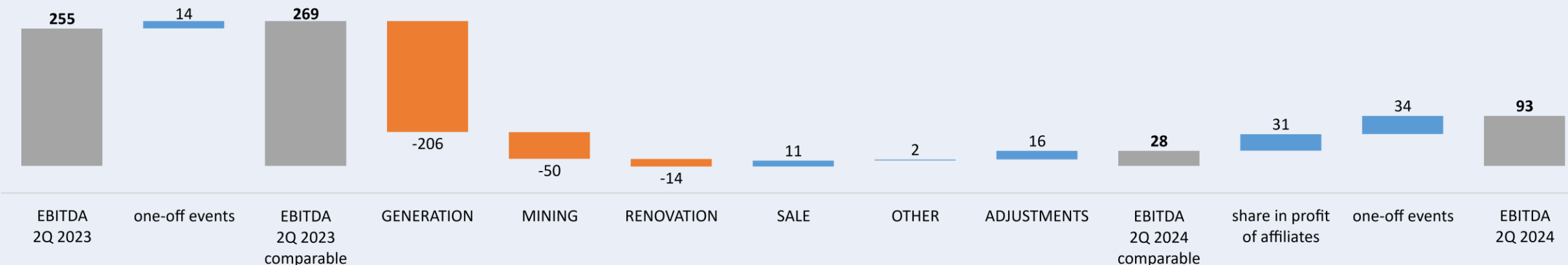
EBITDA
2Q 2024

EBITDA 2Q 2024 by segments⁽¹⁾

[m PLN]



EBITDA changes



Main reasons for EBITDA changes in basic segments:

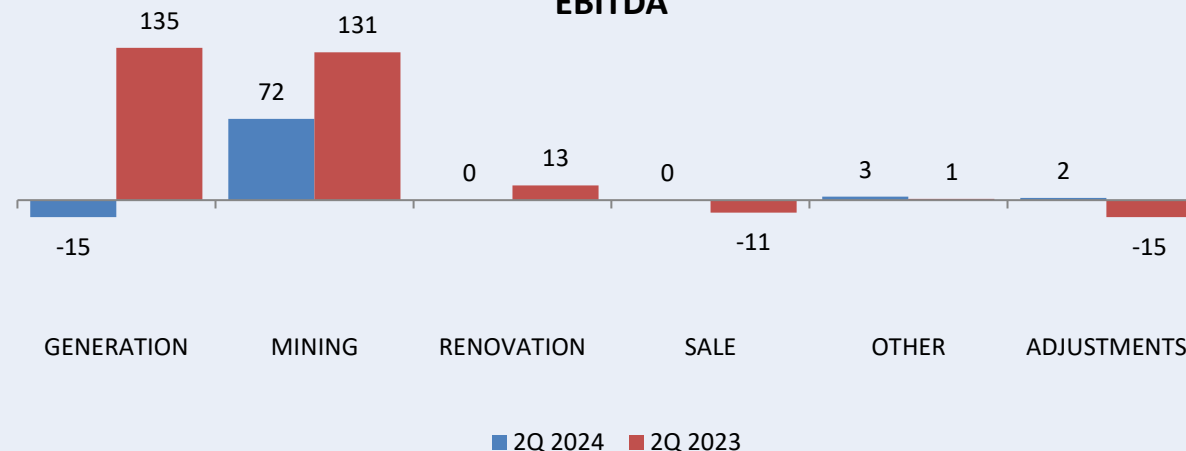
Generation:

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

Mining:

- lower revenues from coal sales, lower electricity costs, lower costs of external services, lower wage costs, lower costs of taxes and fees, but higher costs of substitute coal

EBITDA



⁽¹⁾ Total EBITDA on continuing and discontinued operations.

Consolidated profit and loss account for 2Q 2024 by segments



m PLN	Generation	Mining	Renovation	Other	Consolidation adjustments	Total
Sale revenues from external customers	485	-	34	4	-	522
<i>External sale revenues %</i>	<i>97.98%</i>	<i>-</i>	<i>75.56%</i>	<i>11.76%</i>	<i>-</i>	<i>100.00%</i>
Sale revenues between segments	10	177	11	30	(229)	
Sale revenues	495	178	45	34	(229)	522
Cost of goods sold	(493)	(104)	(42)	(29)	230	(438)
Gross profit (loss)	2	74	3	4	1	84
<i>Margin %</i>	<i>0.40%</i>	<i>41.57%</i>	<i>6.67%</i>	<i>11.76%</i>	<i>(0.44)%</i>	<i>16.09%</i>
EBITDA	(15)	73	-	3	33	93
<i>Margin %</i>	<i>(3.03)%</i>	<i>41.01%</i>	<i>-</i>	<i>8.82%</i>	<i>(14.41)%</i>	<i>17.82%</i>
EBIT	(16)	70	(1)	3	33	89
<i>Margin %</i>	<i>(3.23)%</i>	<i>39.33%</i>	<i>(2.22)%</i>	<i>8.82%</i>	<i>(14.41)%</i>	<i>17.05%</i>
Net profit (loss)	(13)	63	-	3	57	111
<i>Margin %</i>	<i>(2.63)%</i>	<i>35.39%</i>	<i>-</i>	<i>8.82%</i>	<i>(24.89)%</i>	<i>21.26%</i>

Financial activities, tax and net result⁽¹⁾

[m PLN]



	6M 2024	6M 2023	2Q 2024	2Q 2023
EBIT	113	(152)	89	239
Financial revenues ⁽²⁾	14	25	9	14
Financial costs ⁽³⁾	(28)	(90)	(8)	(55)
Gross profit (loss)	99	(216)	91	197
Income tax (tax burden) ⁽⁴⁾	7	41	20	1
<i>Effective tax rate</i>	<i>7.07%</i>	<i>18.98%</i>	<i>21.98%</i>	<i>(0.51)%</i>
Net profit (loss)	106	(175)	111	199
<i>Margin %</i>	<i>10.17%</i>	<i>(7.90)%</i>	<i>21.26%</i>	<i>18.69%</i>

⁽¹⁾ Total values on continuing and discontinued operations.

⁽²⁾ The amount of financial revenues is primarily due to interest income, which is PLN 5.8 million lower than the amount realized in 6M 2023, and the lack of income from exchange rate differences, which amounted to PLN 5 million in the same period.

⁽³⁾ 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 reversed discount value of the reclamation provision. In the same period last year, the largest value was interest costs, which were higher by PLN 36.1 million than those realized for 6M 2024, a negative valuation and implementation of transactions hedging the price of electricity and the level of interest rates in the amount of PLN 29.7 million and realized negative exchange rate differences in the amount of almost PLN 16 million.

⁽⁴⁾ The negative tax value of PLN 7 million consists of current tax of PLN 13 million and negative deferred tax of PLN 20 million related mainly to the reversal of temporary differences.



Consolidated cash flow statement⁽¹⁾

[m PLN]



	6M 2024	6M 2023	2Q 2024	2Q 2023
Gross profit / (loss)	99	(216)	91	197
Depreciation	7	29	4	16
Profit / (loss) on investing and financial activities	(22)	12	(36)	(24)
Changes in working capital ⁽²⁾	342	978	154	257
Income tax	(27)	(29)	(8)	(19)
Acquisition of CO ₂ emission allowances ⁽³⁾	(43)	(1 180)	47	(319)
Other	-	-	-	1
Net cash flow from operational activities	356	(406)	252	109
(inflows/outflows) of investments in property, plant and equipment and intangible assets ⁽⁴⁾	(369)	(396)	(365)	(212)
Other inflows and outflows	5	(86)	(36)	(85)
Net cash flow from investing activities	(364)	(482)	(401)	(298)
Inflows of credits, loans, leases and securities	-	549	-	322
Repayment of credits, loans, leases and securities	(29)	(156)	(29)	(21)
Interest paid	-	(17)	-	1
Other	-	1	-	1
Net cash flow from financial activities	(29)	376	(29)	304
Change in cash and cash equivalent	(37)	(511)	(178)	115
Cash and cash equivalents at the beginning of the period	534	1 463	675	836
Cash and cash equivalents at the end of the period	497	952	497	952

(1) All items of the consolidated statement of cash flows, total from continuing and discontinued operations.

(2) The smaller positive change in working capital is due to a smaller decrease in provisions for the redemption of CO₂ emission allowances than in the same period of the previous year.

(3) Lower expenditure on the purchase of emission allowances is the result of almost all allowances necessary to be redeemed in Q4 2023.

(4) The capital expenditure mainly consists of expenditure on the development of the gas-steam block construction project in Turek and the Opole wind farm construction project.

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	562 MW	Implementation	2Q 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

- In September 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.
- In October 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.
- In November 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.
- The power plant is expected to be put into operation at the beginning of the second quarter of 2027.

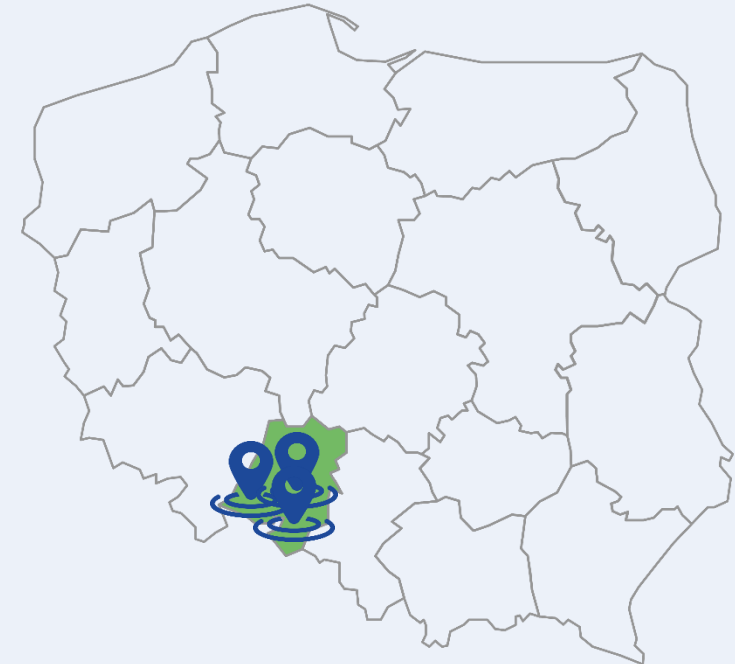




PROJECT'S NAME	LOCATION	CAPACITY	TURBINES	PROJECT'S PHASE	PRODUCTION
FW Opole	Voivodship: Opole District: Kędzierzyn-Koźle, Prudnik, Głubczyce	approx. 500 MW	approx. 130	Development	2030

STATUS OF WORK

- The project was acquired in June 2024 through the acquisition of shares in Energia Przykona sp. z o.o. and Neo Energia Przykona X sp. z o.o.
- The project involves the construction of wind farms with a total capacity of approximately 500 MW in the area of three counties of Opole voivodeship.
- The project has important connection conditions.
- Development work is currently underway to prepare the project for construction.



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