



#### TRANSLATORS' EXPLANATORY NOTE

The English content of this report is a free translation of the registered auditor's report of the below-mentioned Polish Company. In Poland statutory accounts as well as the auditor's report should be prepared and presented in Polish and in accordance with Polish legislation and the accounting principles and practices generally adopted in Poland.

The accompanying translation has not been reclassified or adjusted in any way to conform to the accounting principles generally accepted in countries other than Poland, but certain terminology current in Anglo-Saxon countries has been adopted to the extent practicable. In the event of any discrepancies in interpreting the terminology, the Polish language version is binding.

## Independent Registered Auditor's Report

To the Shareholders' Meeting and the Supervisory Board of ZE PAK S.A.

### Report on the audit of consolidated financial statements

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#### Our opinion

In our opinion, section of our report, the accompanying annual consolidated financial statements:

- give a true and fair view of the consolidated financial position of the group ZE PAK S.A. (the "Group"), in which ZE PAK S.A. is the parent entity (the "Parent Company") as at 31 December 2023 and the Group's consolidated financial performance and the consolidated cash flows for the year then ended in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the adopted accounting policies;
- comply in terms of form and content with the laws applicable to the Group and the Parent Company's Articles of Association.

Our opinion is consistent with our additional report to the Audit Committee issued on the date of this report.

#### What we have audited

We have audited the annual consolidated financial statements of the Group ZE PAK S.A. which comprise:

- the consolidated statement of financial position as at 31 December 2023;

and the following prepared for the financial year from 1 January to 31 December 2023:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows, and
- the notes comprising a description of the significant adopted accounting policies and other explanations notes.

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#### Basis for opinion

We conducted our audit in accordance with the National Standards on Auditing in the wording of the International Standards on Auditing as adopted by the resolution of the National Council of Statutory Auditors ("NSA") and pursuant to the Law of 11 May 2017 on Registered Auditors, Registered Audit Companies and Public Oversight (the "Law on Registered Auditors") and the Regulation (EU) No. 537/2014 of 16 April 2014 on specific requirements regarding the statutory audit of public-interest entities (the "EU Regulation"). Our responsibilities under NSA are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

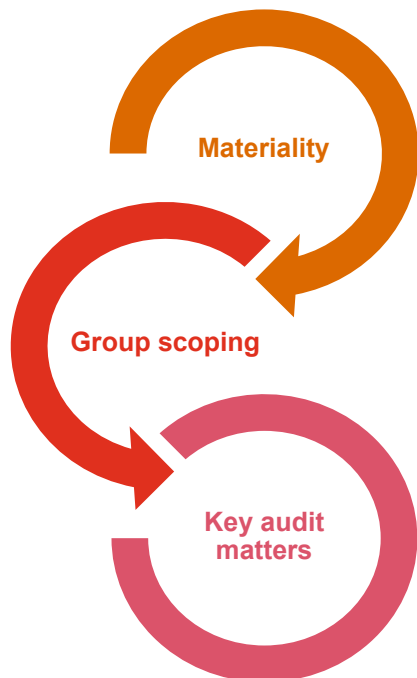
### Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by resolution of the National Council of Statutory Auditors and other ethical requirements that are relevant to our audit of the consolidated financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. During the audit, the key registered auditor and the registered audit firm remained independent of the Group in accordance with the independence requirements set out in the Law on Registered Auditors and in the EU Regulation.

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## Our audit approach

### Overview



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- The overall materiality threshold adopted for the purposes of our audit was set at PLN 34.8 million, which represents 0.9% of the consolidated revenues including revenues from discontinued operations.
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- We have audited the Parent Company and one subsidiary and selected balances of selected subsidiaries.
  - The scope of our audit covered 92% of the Group's revenue and 95% of the sum of total assets of all the consolidated Group companies before consolidation eliminations.
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- Provision for recultivation cost
  - Loss of control over the subsidiary PAK-Polska Czysta Energia
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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Parent Company's Management Board made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

### **Materiality**

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

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<b>Overall Group materiality</b>	PLN 34.8 million
<b>How we determined it</b>	0.9% of consolidated revenue including revenues from discontinued operations
<b>Rationale for the materiality benchmark applied</b>	We chose consolidated revenue as the benchmark because, in our view this measure best reflects Group's operations, and is free from fluctuations in market prices of cost components, which have had a significant impact on the Group's profitability in recent years. We have adopted materiality at 0.9% because, based on our professional judgment, it falls within the acceptable quantitative materiality thresholds.

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We agreed with the Audit Committee of the Parent Company that we would report to them misstatements of the consolidated financial statements identified during our audit above PLN 3.48 million except for misstatements related to classification (presentation) and disclosures for which the level of PLN 34.8 million was adopted, as well as misstatements below this amount, if in our opinion it would be justified due to qualitative factors.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. They include the most significant identified risks of material misstatements, including the identified risks of material misstatement resulting from fraud. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Provision for reclamation costs</b></p> <p>Due to the type of business conducted, the Group is obliged to create provisions for the costs of reclamation of land used in connection with its business, including ash dumps and mining areas. As at 31 December 2023 the provision balance amounted to PLN 689 million.</p> <p>The matter of estimating the provision for reclamation costs and other costs related to the conducted activity is a key audit matter due to the value of the provisions, which is material from the point of view of the consolidated financial statements. Additionally, estimates of future costs require professional judgment and the adoption of significant assumptions regarding carrying out decommissioning works, the time of their implementation, the amount of expected costs and discount rates. When determining the amount of the provisions, the services of external independent experts were used.</p> <p>Accounting policy, details of the assumptions made and calculations of a significant estimate and other significant information regarding provisions for liabilities are included in Notes 5.3, 12.20, 32.2 and 32.3 to the consolidated financial statements.</p>	<p>In order to address the identified risk, we obtained detailed knowledge of the processes related to estimating provisions for liabilities, the adopted assumptions and the accounting policies applied in this area.</p> <p>Our procedures also included:</p> <ul style="list-style-type: none"> <li>evaluating assumptions adopted by the Group for the calculation of the provision, correctness of input data used in the calculation (including the completeness of the components of fixed assets that will be liquidated or reclaimed) and the applied discount rate (with the use of internal PwC specialists);</li> <li>verification of the mathematical correctness of the provisions calculation, as well as the correctness of the depreciation of assets related to future liquidation costs and the discount settlement;</li> <li>assessment of the independence and competence of an external expert, in particular considering whether he has the appropriate knowledge, experience and database to reliably estimate the amount of future costs of decommissioning a mining plant and land reclamation;</li> </ul>

- assessment of the correctness and completeness of disclosures in the consolidated financial statements.

### Loss of control over the subsidiary PAK-Polska Czysta Energia

As a result of the sale of a controlling stake in PAK-Polska Czysta Energia Sp. z o. o. ("PAK-PCE"), the Group lost control over the PAK-PCE group and settled the effects of the loss of control in accordance with the requirements of IFRS 10 Consolidated Financial Statements.

PAK-PCE is the parent company in a group of companies involved in electricity trading, production and sale of electricity from renewable energy sources and activities related to the production of hydrogen-powered vehicles.

As at the date of disposal of the controlling stake in PAK-PCE, the carrying value of the assets of the PAK-PCE group was PLN 2,927 million, the value of liabilities was PLN 1,891 million, and the value of non-controlling shares was PLN 468 million. The fair value of the investment retained in the associated entity PAK-PCE as at the date of loss of control was estimated at PLN 692 million, and the profit from the valuation of the retained share to fair value amounted to PLN 179 million and was recognized in the line item Net profit from discontinued operations in the consolidated income statement. The total gain from loss of control disclosed in the line item Net profit from discontinued operations in the consolidated profit and loss account amounted to PLN 219 million. The divested operations were classified as discontinued operations.

The matter of loss of control over a subsidiary and related settlements (including the estimate of the fair value of retained shares) as well as

Our procedures included in particular:

- understanding and assessing the compliance of the Group's accounting policy adopted to settle transactions with the requirements of relevant financial reporting standards;
- analysis of the correctness of the assignment of appropriate assets, liabilities and non-controlling interests to the PAK-PCE group;
- checking the correctness of the application of the adopted accounting principles to recognize transactions in the consolidated financial statements and verifying the correctness and completeness of the amounts included in the consolidated financial statements (including the correctness of determining the profit on loss of control) and the correctness of the allocation of revenues and costs to discontinued operations;
- verification of the method used by the Management Board of the Parent Company to value the fair value of the retained shares and the assumptions made in the valuation model;
- reconciliation of transactions to contracts and bank statements;

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the presentation of discontinued operations were considered a key audit matter due to the fact that balances associated with the transaction are material from the point of view of the consolidated financial statements.

- assessment of the correctness and completeness of disclosures and correctness of presentation in the consolidated financial statements.

The accounting policy related to this transaction and the disclosures relating to this transaction are presented in notes 2, 11 and 19 of the consolidated financial statements.

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### Responsibility of the Management and Supervisory Board for the consolidated financial statements

The Management Board of the Parent Company is responsible for the preparation, of the annual consolidated financial statements that give a true and fair view of the Group's financial position and results of operations, in accordance with International Financial Reporting Standards as adopted by the European Union, the adopted accounting policies, the applicable laws and the Parent Company's Articles of Association, and for such internal control as the Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent Company's Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Parent Company's Management Board and members of the Supervisory Board are obliged to ensure that the consolidated financial statements comply with the requirements specified in the Accounting Act of 29 September 1994 ("the Accounting Law"). Members of the Supervisory Board are responsible for overseeing the financial reporting process.

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### Auditor's responsibility for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the NSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these consolidated financial statements.



The scope of the audit does not include an assurance on the Group's future profitability nor the efficiency and effectiveness of the Parent Company's Management Board conducting its affairs, now or in future.

As part of an audit in accordance with NSA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent Company's Management Board;
- conclude on the appropriateness of the Parent Company's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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## Other information, including the report on the operations

### Other information

Other information comprises:

- a Report on the Parent Company and Group operations for the financial year ended 31 December 2023 (“the Report on the operations”) and the corporate governance statement and the statement on non-financial information referred to in Article 55(2b) of the Accounting Act which separate parts of the Report on the operations,
- a consolidated report on payments to the public administration,
- other documents comprising the Annual Report for the financial year ended 31 December 2023 (“the Annual Report”),

(together “Other Information”).

Other information does not include the consolidated financial statements and our auditor’s report thereon.

### Responsibility of the Management and Supervisory Board

The Management Board of the Parent Company is responsible for the preparation of the Other Information in accordance with the law.

The Parent Company’s Management Board and the members of the Supervisory Board are obliged to ensure that the Report on the operations including its separate parts and a consolidated report on payments to the public administration complies with the requirements of the Accounting Law.

### Registered auditor’s responsibility

Our opinion on the consolidated financial statements does not cover the Other Information.

In connection with our audit of the consolidated financial statements, our responsibility under NSA is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the information in the consolidated financial statements, our knowledge obtained in our audit, or otherwise appears to be materially misstated. If, based on the work performed, we identified a material misstatement in the Other Information, we are obliged to inform about it in our audit report. In accordance with the requirements of the Law on the Registered Auditors, we are also obliged to issue an opinion on whether the Report on the operations has been prepared in accordance with the law and is consistent with information included in annual consolidated financial statements.

Moreover, we are obliged to issue an opinion on whether the Group provided the required information in its corporate governance statement and to inform whether the Group prepared a statement on non-financial information.



### **Statement on the Other information**

We declare, based on the knowledge of the Parent Company, Group and its environment obtained during our audit, that we have not identified any material misstatements in the Report on the operations of the Parent Company and Group.

### **Opinion on the Report on the operations**

Based on the work we carried out during our audit, in our opinion, the Report on the operations of the Parent Company and Group:

- has been prepared in accordance with the requirements of Article 49 of the Accounting Act and para. 70 and para. 71 of the Regulation of the Minister of Finance dated 29 March 2018 on current and periodical information submitted by issuers of securities and conditions for considering as equivalent the information required under the legislation of a non-Member State (“Regulation on current information”);
- is consistent with the information in the separate annual financial statement of Parent Company and consolidated financial statements.

### **Opinion on the corporate governance statement**

In our opinion, in its corporate governance statement, the Parent Company and Group included information set out in para. 70.6 (5) of the Regulation on current information. In addition, in our opinion, information specified in paragraph 70.6 (5)(c)–(f), (h) and (i) of the said Regulation included in the corporate governance statement are consistent with the applicable provisions of the law and with information included in the separate annual financial statement of Parent Company and consolidated financial statements.

### **Information on non-financial information**

In accordance with the requirements of the Act on the Registered Auditors, we confirm that the Parent Company and Group has prepared a statement on non-financial information referred to in [Article 49b(1) and Article 55(2b)] of the Accounting Act as a separate section of the Report on the operations. We have not performed any assurance work relating to the statement on non-financial information and we do not provide any assurance with regard to it.

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## **Report on other legal and regulatory requirements**

### **Report on the compliance of the marking up of consolidated financial statements with the requirements of the European Single Electronic Format (“ESEF”)**

In connection with the audit of consolidated financial statements we have been engaged by the Parent Company’s Management Board as part of our audit engagement letter to conduct a reasonable assurance engagement to express an opinion whether the consolidated financial statements of the Group as at and for the year ended 31 December 2023 prepared in the single electronic format contained in the file named zep-2023-12-31-pl.zip (the “consolidated financial statements in the ESEF format”) was marked up in accordance with the requirements in the article 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the “ESEF Regulation”).

### **Description of a subject matter and applicable criteria**

The consolidated financial statements in the ESEF format were prepared by the Parent Company’s Management Board to comply with the technical requirements regarding the specification of a single electronic reporting format and marking up, which are set out in the ESEF Regulation.



The subject matter of our assurance engagement is the compliance of the consolidated financial statements in the ESEF format with the requirements of the ESEF Regulation and the requirements of this regulation, in our view, constitute appropriate criteria to form a reasonable assurance conclusion.

### **Responsibility of the Management Board of the Parent Company and the Supervisory Board**

The Parent Company's Management Board is responsible for the preparation of the consolidated financial statements in the ESEF format in accordance with the technical requirements regarding the specification of a single electronic reporting format which are set out in the ESEF Regulation. This responsibility includes the selection and application of appropriate markups in iXBRL using taxonomy specified in the ESEF Regulation. The responsibility of the Management Board also includes designing, implementing and maintaining internal controls relevant for the preparation of the consolidated financial statements in the ESEF format which are free from material non-compliance with the requirements of the ESEF Regulation and their marking-up in compliance with these requirements.

Members of the Parent Company's Supervisory Board are responsible for overseeing the financial reporting process, which also includes the preparation of the consolidated financial statements in accordance with the format that is compliant with legal requirements.

### **Our responsibility**

Our objective was to express a conclusion, based on the conducted reasonable assurance engagement, whether the consolidated financial statements prepared in the ESEF format were marked up, in all material respects, with the requirements of the ESEF Regulation.

We conducted our engagement in accordance with the National Standard on Assurance Engagements other than Audit and Review 3001pl - audit of financial statements prepared in the single electronic reporting format ("KSUA 3001pl") and where relevant with the National Standard on Assurance Engagements 3000 (R) in the wording of the International Standard on Assurance Services 3000 (Revised) - 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' as issued by the National Council of Statutory Auditors ("KSUA 3000(R)"). These standards require that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the consolidated financial statements in the ESEF format were marked up, in all material respects, in compliance with the specified criteria.

Reasonable assurance is a high level of assurance, but it does not guarantee that the engagement performed in accordance with KSUA 3001pl and KSUA 3000 (R) will always detect the material misstatement (significant non-compliance with the requirements).

The selection of the procedures depends on the auditor's judgement, including the auditor's assessment of the risk of material misstatements, whether due to fraud or error. In performing the assessments of this risk, the auditor shall consider the internal control related to the preparation of the consolidated financial statements in the ESEF format and its marking-up in order to plan appropriate procedures to provide the auditor with sufficient evidence appropriate to the circumstances. The assessment of the functioning of the internal control system was not carried out in order to express an opinion on the effectiveness of its operation.

### **Quality control and ethical requirements**

We apply the provisions of the regulation of the National Council of Statutory Auditors with regard to internal quality control in the wording of International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants as adopted by resolution of the National Council of Statutory Auditors, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

### **Summary of the work performed**

Our planned and performed procedures were aimed at obtaining reasonable assurance whether the consolidated financial statements in the ESEF format were marked-up, in all material respects, in compliance with the applicable requirements. Our procedures included in particular:

- obtaining an understanding of the process of preparation of the consolidated financial statements in the ESEF format, including the process of selection and application by the Group of the XBRL tags and ensuring the compliance with the ESEF Regulation, including understanding the mechanism of the internal control system related to this process;
- reconciliation, on a selected sample, of the marked-up information contained in the consolidated financial statements in the ESEF format to the audited consolidated financial statements;
- evaluating of compliance with the technical standards regarding the specification of a single electronic reporting format, including the use of XHTML;
- evaluating the completeness of marking up the consolidated financial statements in the ESEF format using the iXBRL tags;
- evaluating the appropriateness of the use of XBRL tags selected from the taxonomy defined in the ESEF Regulation and whether the extension markups were used appropriately where no suitable element in taxonomy defined in the ESEF Regulation has been identified;
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy from the ESEF regulation;

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### **Conclusion**

In our opinion, based on the procedures performed, the consolidated financial statements in the ESEF format were marked-up, in all material respects, in compliance with the requirements of the ESEF.

### **Statement on the provision of non-audit services**

To the best of our knowledge and belief, we declare that the non-audit services we have provided to the Parent Company and its subsidiaries are in accordance with the applicable laws and regulations in Poland and that we have not provided any non-audit services prohibited under Article 5(1) of the EU regulation and Article 136 of the Law on Registered Auditors.

The non-audit services which we have provided to the Parent Company and its subsidiaries during the audited period are disclosed in the Report on the operations.

### **Appointment**

We were first appointed to audit the annual consolidated financial statements of the Group by resolution of the Supervisory Board of the Parent Company dated 9 May 2018 and re-appointed by resolution dated 27 September 2023. We have been auditing the Group's consolidated financial statements without interruption since the financial year ended 31 December 2018, i.e. for six consecutive years.

The Key Registered Auditor responsible for the audit on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., a company entered on the list of Registered Audit Companies with the number 144., is Karolina Pawlicka.

Karolina Pawlicka  
Key Registered Auditor  
No. 13397

Warsaw, 30 April 2024