

ZMIENIAMY SIĘ
DLA WAS



ZEPAK
Energia dla Ciebie

ZE PAK SA

**INTERIM CONDENSED INDIVIDUAL STATEMENT FOR THE 6-MONTH
PERIOD ENDED ON 30 JUNE 2022**



29 SEPTEMBER 2022

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BALANCE SHEET

Assets

	<i>30 June 2022 (not audited)</i>	<i>31 December 2021</i>	<i>30 June 2021 (not audited)</i>
A. Fixed assets	1 414 937	842 868	1 539 709
I. Intangible and legal assets	1 572	1 917	2 079
1. Costs of completed development work	-	-	-
2. Goodwill	-	-	-
3. Other intangible and legal assets	1 572	1 917	2 079
4. Advance payment on intangible and legal assets	-	-	-
II. Tangible fixed assets	697 558	660 059	1 361 600
1. Fixed assets	662 924	450 232	1 186 086
a) lands (including the perpetual usufruct of land)	1 682	1 685	1 690
b) buildings, premises, as well as civil and water engineering facilities	125 319	107 942	347 307
c) technical devices and machinery	534 749	339 815	835 233
d) means of transport	144	147	931
e) other fixed assets	1 030	643	925
2. Fixed assets under construction	10 529	187 291	148 704
3. Advance payments for fixed assets under construction	24 105	22 536	26 810
III. Long-term receivables	-	-	-
1. From affiliated entities	-	-	-
2. From other entities, where the unit has equity interests	-	-	-
3. From other entities	-	-	-
IV. Long-term investments	711 808	176 354	170 953
1. Property	-	-	-
2. Intangible and legal assets	-	-	-
3. Long-term financial assets	711 808	176 354	170 953
a) in affiliated entities	697 876	170 527	170 801
– shares or stocks	685 287	161 850	161 805
– other securities	-	-	-
– loans granted	10 059	6 147	6 466
– other long-term financial assets	2 530	2 530	2 530
b) in other entities where the unit has equity interest	-	-	-
– shares or stocks	-	-	-
– other securities	-	-	-
– loans granted	-	-	-
– other long-term financial assets	-	-	-
c) in other entities	13 932	5 827	152
– shares or stocks	152	152	152
– other securities	-	-	-
– loans granted	-	-	-
– other long-term financial assets	13 780	5 675	-
4. Other long-term investments	-	-	-
V. Long-term prepayments	3 999	4 538	5 077
1. Deferred income tax assets	-	-	-
2. Other prepayments and accruals	3 999	4 538	5 077

BALANCE SHEET (cont.)

	1 418 872	1 858 904	759 695
B. Current assets			
I. Inventories	54 888	57 225	119 442
1. Materials	31 231	23 852	50 191
2. Semi-finished products and products in progress	-	-	-
3. Finished products	-	-	-
4. Goods	23 657	33 373	16 549
5. Advance payments for supplies	-	-	52 702
II. Short-term receivables	713 096	1 356 364	578 765
1. Receivables from affiliated units	47 516	28 226	83 326
a) trade-related, with a payment period of:	47 516	28 171	82 933
– up to 12 months	47 516	28 171	82 933
– above 12 months	-	-	-
b) other	-	55	393
2. Receivables from other entities where the unit has equity interests	-	-	-
a) trade-related, with a payment period of:	-	-	-
– up to 12 months	-	-	-
– above 12 months	-	-	-
b) other	-	-	-
3. Receivables from other parties	665 580	1 328 138	495 439
a) trade-related, with a payment period of:	39 505	171 531	73 620
– up to 12 months	39 505	171 531	73 620
– above 12 months	-	-	-
b) on account of taxes, subsidies, customs duties, social and health insurance, and other benefits	54 003	11 585	32 581
c) other	572 072	1 145 022	389 238
d) pursued in court	-	-	-
III. Short-term investments	649 564	445 020	60 292
1. Short-term financial assets	649 564	445 020	60 292
a) in affiliated entities	33 064	33 075	37 718
– shares or stocks	-	-	-
– other securities	-	-	-
– loans granted	33 064	33 075	34 392
– other short-term financial assets	-	-	3 326
b) in other entities	397	-	-
– shares or stocks	-	-	-
– other securities	-	-	-
– loans granted	-	-	-
– other short-term financial assets	397	-	-
c) cash and cash equivalents	616 103	411 945	22 574
– cash in hand and at bank	616 103	411 945	22 574
– other cash	-	-	-
– other monetary assets	-	-	-
2. Other short-term investments	-	-	-
IV. Short-term prepayments	1 324	295	1 196
C. Called-up share capital (fund) contributions	-	-	-
D. Equity shares	-	-	-
TOTAL ASSETS	2 833 809	2 701 772	2 299 404

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BALANCE SHEET (cont.)

Liabilities

	30 June 2022 <i>(not audited)</i>	31 December 2021	30 June 2021 <i>(not audited)</i>
A. Equity	972 774	864 837	1 325 545
I. Share capital (fund)	101 647	101 647	101 647
II. Supplementary capital (fund), including:	1 667 193	1 665 340	1 658 391
– sale value (issue value) surplus over the nominal share value (stocks)	380 030	380 030	380 030
III. Revaluation capital (fund), including:	108 268	110 122	227 466
– on account of fair value revaluation	-	-	-
IV. Other reserve capitals (funds), including:	3 472	3 472	3 472
– created in accordance with the company's articles of association	-	-	-
– for equity shares (stocks)	-	-	-
V. Profit (loss) from previous years	(1 015 744)	(713 809)	(713 809)
VI. Net profit (loss)	107 938	(301 935)	48 378
VII. Write-offs from net profit during the financial year (negative value)	-	-	-
B. Liabilities and provisions for liabilities	1 861 035	1 836 935	973 859
I. Provisions for liabilities	660 619	1 371 098	560 393
1. Deferred income tax provisions	36 431	10 618	221 458
2. Provision for retirement and similar benefits	15 868	23 138	16 737
– long-term	9 800	9 715	10 938
– short-term	6 068	13 423	5 799
3. Other provisions	608 320	1 337 342	322 198
– long-term	95 650	95 520	85 916
– short-term	512 670	1 241 822	236 282
II. Long-term liabilities	124 198	107 378	82 423
1. To related parties	-	-	-
2. To other entities in which the entity has equity interests	-	-	-
3. To other entities	124 198	107 378	82 423
a) credits and loans	123 850	107 030	82 099
b) on account of debt securities issue	-	-	-
c) other financial liabilities	-	-	324
d) bills of exchange	-	-	-
e) other	348	348	-
III. Short-term liabilities	1 072 376	356 335	324 535
1. Liabilities to related entities	33 706	19 099	37 908
a) trade-related, with a maturity date of:	33 706	15 826	28 910
– up to 12 months	33 706	15 826	28 910
– above 12 months	-	-	-
b) other	-	3 273	8 998

BALANCE SHEET (cont.)

2. Liabilities to other entities, in which the entity has equity interests	-	-	-
a) trade-related, with a maturity date of:	-	-	-
– up to 12 months	-	-	-
– above 12 months	-	-	-
b) other	-	-	-
3. Liabilities to other entities	1 032 797	332 480	280 361
a) credits and loans	30 324	13 249	56 083
b) on account of debt securities issue	-	-	-
c) other financial liabilities	325	4 057	248
d) trade-related, with a payment period of:	48 036	58 662	32 388
– up to 12 months	48 036	58 662	32 388
– above 12 months	-	-	-
e) advance payments received for supplies	843	-	-
f) bills of exchange	-	-	-
g) on account of taxes, customs duties, social and health insurance, and other public-law issues	9 163	163 040	38 018
h) remuneration-related	4 668	4 468	4 386
i) other	939 438	89 004	149 238
4. Special funds	5 873	4 756	6 266
IV. Prepayments and accruals	3 842	2 124	6 508
1. Negative goodwill	-	-	-
2. Other prepayments and accruals	3 842	2 124	6 508
– long-term	248	271	294
– short-term	3 594	1 853	6 214
Total liabilities	2 833 809	2 701 772	2 299 404

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INCOME STATEMENT (calculation variant)

	<i>6-month period ended on 30 June 2022 (not audited)</i>	<i>6-month period ended on 30 June 2021 (not audited)</i>
A. Net revenues from the sale of products, goods and materials, including:	1 410 437	898 509
– from affiliates	62 633	61 316
I. Net revenues from product sales	1 102 210	770 775
II. Net revenues from goods and material sales	308 227	127 734
B. Costs of sold products, goods and materials, including:	1 279 172	840 700
– to affiliates	67 785	61 117
I. Manufacturing costs of products sold	1 034 501	701 180
II. Manufacturing costs of sold goods and materials	244 671	139 520
C. Gross profit (loss) from sales (A–B)	131 265	57 809
D. Selling costs	919	1 050
E. Overheads	22 674	21 343
F. Profit (loss) from sales (C–D–E)	107 672	35 416
G. Other operating revenues	18 252	16 338
I. Profit from the disposal of non-financial fixed assets	-	6 162
II. Grants	23	23
III. Revaluation of non-financial assets	-	-
IV. Other operating revenues	18 229	10 153
H. Other operating costs	10 933	11 499
I. Loss on disposal of non-financial fixed assets	791	-
II. Revaluation of non-financial assets	5 555	1 755
III. Other operating costs	4 587	9 744
I. Profit(loss) on operating activity (F+G–H)	114 991	40 255
J. Financial revenues	22 302	1 570
I. Dividends and profit distribution, incl.:	-	-
a) from affiliated entities, including:	-	-
– in which the entity has equity interests	-	-
b) from other entities, including:	-	-
– in which the entity has equity interests	-	-
II. Interest, including:	5 097	474
– from affiliates	1 183	453
III. Profit from the disposal of financial assets, including:	-	-
– in affiliated entities	-	-
IV. Revaluation of financial assets	12 820	-
V. Other	4 385	1 096
K. Financial costs	3 542	7 924
I. Interest, incl.:	3 240	516
– to affiliated entities	-	-
II. Loss on disposal of financial assets, including:	-	-
– in affiliated entities	-	-
III. Revaluation of financial assets	-	7 187
IV. Other	302	221
L. Gross profit (loss) (I+J–K)	133 751	33 901
M. Income tax, incl.:	25 813	(14 477)
– current part	-	-
K. Other mandatory decrease of profit (increase of loss)	-	-
O. Net profit (loss) (L–M–N)	107 938	48 378

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CASH FLOW STATEMENT (indirect method)

	<i>6-month period ended on 30 June 2022 (not audited)</i>	<i>6-month period ended on 30 June 2021 (not audited)</i>
A. Cash flows from operating activities		
I. Net profit (loss)	107 938	48 378
II. Total adjustments	86 013	(500 547)
1. Depreciation and amortization	10 205	55 232
2. Profits (losses) on foreign exchange differences	(657)	(437)
3. Interest and shares in profits (dividends)	3 217	(165)
4. Profit (loss) on investment activities	800	910
5. Change in provisions	545 664	208 267
6. Change in inventories	2 338	(47 577)
7. Change in receivables	611 721	(200 061)
8. Change in short-term liabilities, excluding loans and credits	218 412	118 574
9. Change in prepayments and accruals	2 345	6 214
10. Other adjustments, incl.:	(1 308 032)	(641 504)
– acquisition of CO ₂ emission allowances	(1 295 924)	(648 054)
III. Net cash flows from operating activities (I±II)	193 951	(452 169)
B. Cash flows from investment activities		
I. Proceeds	71 468	21 581
1. Disposal of intangible and legal assets, as well as tangible assets	70 536	15 194
2. Disposal of property, as well as intangible and legal assets	-	-
3. From financial assets, including:	932	6 387
a) in affiliated entities	932	6 387
b) in other entities	-	-
– disposal of financial assets	-	-
– dividends and shares in profits	-	-
– repayment of granted long-term loans	-	-
– interest	-	-
– other proceeds related to financial assets	-	-
4. Other investment proceeds	-	-
II. Expenses	91 286	143 705
1. Acquisition of intangible and legal assets, as well as tangible assets	52 261	126 067
2. Investments in real estate, as well as intangible and legal assets	-	-
3. Financial assets, including:	39 025	17 638
a) in affiliated entities	39 025	17 638
b) in other entities	-	-
– acquisition of financial assets	-	-
– long-term loans granted	-	-
4. Other investment expenses	-	-
III. Net cash flows from investment activities (I-II)	(19 818)	(122 124)
C. Cash flows from financial activities		
I. Proceeds	38 467	153 182
1. Net proceeds from the issue of shares (stock emission) and other capital instruments, as well as capital contributions	-	-
2. Credits and loans	38 467	153 182
3. Emission of debt securities	-	-
4. Other financial proceeds	-	-

CASH FLOW STATEMENT (indirect method)(cont.)

II. Expenses	7 923	6 420
1. Acquisition of own shares	-	-
2. Dividends and other payments to owners	-	-
3. Expenses related to profit distribution, other than payments to owners	-	-
4. Repayment of credits and loans	4 571	6 000
5. Redemption of debt securities	-	-
6. On account of other financial liabilities	-	-
7. Financial lease liability payments	135	141
8. Interest	3 217	279
9. Other financial expenses	-	-
III. Net cash flows on financial activities (I-II)	30 544	146 762
D. Total net cash flows (A.III±B.III±C.III)	204 677	(427 531)
E. Cash flow change in the balance sheet, including:	204 157	(427 094)
– cash flow change related to foreign exchange differences	518	437
F. Cash at beginning of period	411 905	450 137
G. Cash at end of period (F±D), including	616 582	22 606
– restricted cash	8 142	5 007

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STATEMENT OF EQUITY CHANGES

	<i>6-month period ended on 30 June 2022 (not audited)</i>	<i>12-month period ended on 31 December 2021</i>	<i>6-month period ended on 30 June 2021 (not audited)</i>
I. Equity at beginning of period (BO)	864 836	1 277 167	1 459 581
– changes of adopted accounting principles (policy)	-	-	-
– mistake adjustments	-	-	-
I.a. Equity at beginning of period (BO), after adjustments	864 836	1 277 167	1 459 581
1. Basic capital at beginning of period	101 647	101 647	101 647
1.1. Basic capital changes	-	-	-
a) increase	-	-	-
– share issue	-	-	-
b) decrease	-	-	-
– share redemption	-	-	-
1.2. Basic capital at end of period	101 647	101 647	101 647
2. Supplementary capital at beginning of period	1 665 340	1 658 391	1 658 391
2.1. Supplementary capital changes	-	6 949	-
a) increase	-	6 949	-
– issue of shares above the nominal value	-	-	-
– profit distribution	-	-	-
– fixed asset liquidation	1 853	6 949	-
b) decrease	-	-	-
– loss coverage	-	-	-
– share redemption	-	-	-
2.2. Supplementary capital at end of period	1 667 193	1 658 340	1 658 391
3. Revaluation capital at beginning of period – amendments in adopted accounting principles (policy)	110 122	227 466	227 466
3.1. Revaluation capital changes	-	-	-
a) increase	-	-	-
b) decrease	-	117 344	-
– fixed asset liquidation	1 854	6 949	-
– fixed asset impairment write-down	-	110 395	-
3.2. Revaluation capital at end of period	108 268	110 122	227 466
4. Other reserve capitals at beginning of period	3 472	3 472	3 472
4.1. Changes in other reserve capitals	-	-	-
a) increase	-	-	-
b) decrease	-	-	-
– loss coverage	-	-	-
4.2. Other reserve capitals at end of period	3 472	3 472	3 472
5. Profit (loss) from previous years at beginning of period	(713 809)	(531 395)	(531 395)
5.1. Profit from previous years at beginning of period	-	-	-
– changes of adopted accounting principles (policy)	-	-	-
– mistake adjustments	-	-	-

STATEMENT OF EQUITY CHANGES (cont.)

5.2. Profit from previous years at beginning of period, after adjustments	-	-	-
a) increase	-	-	-
– distribution of profit from previous years	-	-	-
b) decrease	-	-	-
– distribution of profit to supplementary capital	-	-	-
– dividend payments	-	-	-
5.3. Profit from previous years at end of period	-	-	-
5.4. Loss from previous years at beginning of period	(713 809)	(531 395)	(531 395)
– changes of adopted accounting principles (policy)	-	-	-
– mistake adjustments	-	-	-
5.5. Loss from previous years at beginning of period, after adjustments	(713 809)	(531 395)	(531 395)
a) increase	(301 935)	(182 414)	(182 414)
– loss from previous years carried forward to be covered	(301 935)	(182 414)	(182 414)
b) decrease	-	-	-
5.6. Loss from previous years at end of period	(1 015 744)	(713 809)	(713 809)
5.7. Profit (loss) from previous years at end of period	(1 015 744)	(713 809)	(713 809)
6. Net result	107 938	(301 935)	48 378
a) net profit	107 938	-	48 378
b) net loss	-	(301 935)	-
c) profit write-offs	-	-	-
II. Equity at end of period (BZ)	972 774	864 837	1 325 545
III. Equity after recognizing proposed profit distribution (loss coverage)	972 774	864 837	1 325 545

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ADDITIONAL INFORMATION TO THE INTERIM CONDENSED INDIVIDUAL 6-MONTH FINANCIAL STATEMENT

1. General information about the Company

ZE PAK Spółka Akcyjna (“ZE PAK SA”, “Company”) was established by way of a Notarial Deed on 29 December 1994. The company registered office is located in Konin, at ul. Kazimierska 45.

The company is entered into the National Court Register, under a KRS number 0000021374, assigned on 21 June 2001.

The Company operates under the NIP (Tax ID Number) 665-00-01-645 assigned on 17 September 1993 and the REGON (Business Registry Number) number 310186795.

The existence of the Company shall be unlimited

The Company is the parent company of the ZE PAK SA Capital Group (“Group”, “Capital Group”, “ZE PAK SA Group”).

According to the Articles of Association, the Company’s business activity is:

- 1) generation and distribution of electricity,
- 2) generation and sale of thermal power (steam and hot water),

The interim condensed financial statement by ZE PAK SA was developed based on the provisions of the regulation of the Minister of Finances of 29 March 2018 on current and periodic information published by issuers of securities and the conditions for regarding information required by the law of a non-member state as equivalent (Dz.U. 2018 item 757). The format, basis and scope of the developed statement is in accordance with the requirements of that regulation.

2. Description and clarification of differences in the disclosed data and significant differences regarding the adopted accounting principles (policy) between the statement and comparable data, as well as the statement and the comparable data developed acc. to the IFRS.

The Company is the parent company of the Capital Group, which is obliged to develop a consolidated financial statement in accordance with the International Financial Reporting Standards approved by the EU (“IFRS”). The Company did not prepare and does not prepare an individual financial statement in accordance with IFRS.

Below you will find the main potential differences between IFRS and the Act on Accounting (Dz.U. 2021, item 217, as amended) (AoA), under the assumption of adopting IFRS on the basis of IFRS 1 guidelines and adopting financial data resulting from the consolidated financial statement of the ZE PAK SA Group. The date of transition of the ZE PAK SA Group to the IFRS is 1 January 2009.

Should the financial statement be developed in accordance with the IFRS, the main differences between the accounting principles adopted for the enclosed statement and the IFRS, under the assumption that the date of transition to the IFRS is 1 January 2009, would particularly regard the following aspects:

1. Tangible fixed assets

a) Measurement of tangible fixed assets

According to the IFRS 1, as at the date of the first-time adoption of the IFRS, an entity can conduct a fair value measurement of the fixed assets and recognize their fair value as an assumed cost on this date. The Company established the assumed cost of selected tangible fixed assets through assignment of the fair value of these assets as at 1 January 2009, i.e., the assumed date of transition to the application of the IFRS.

Due to the differences in the measurement of tangible fixed assets according to the Act on Accounting (AoA) and according to the IFRS, the amount of impairment write-downs against tangible fixed asset values is also different.

b) Allotment of renovation components

The International Financial Reporting Standards project the allotment within the scope of fixed assets of components, provided their operation period differs from the operation period of a given fixed asset. The components are amortized during their usability period. According to the IFRS, a specific component consists of renovations and periodic inspections. In relation to the above, the Company has allotted components of values planned to be transferred to the renovation costs, as well as amortized the components in the period remaining until the projected commencement of the next renovation. The recognition of this adjustment also resulted in the need to charge deferred tax.

c) Appraisal of land and perpetual usufruct

According to the AoA, perpetual usufruct of land is subject to amortization, and the depreciation write-downs are recognised in the income statement as a prime cost item.

Pursuant to IFRS 16, the perpetual usufruct right to land is classified by the Company as a right-of-use asset, and as a lease liability, which reflects its obligation to make lease payments. A right-of-use asset is subject to amortization.

d) Capitalisation external funding costs

According to the AoA, the Company recognised in the capital work in progress all costs of servicing liabilities incurred in order to finance them together with generated exchange rate differences.

For the purpose of the IFRS, the Company would make an adjustment of the capitalised exchange rate differences on the liabilities incurred in foreign currencies, involving the adaptation of these exchange rate difference value to the value, to which they comprise the adjustment of the interest costs.

Furthermore, the Company would also capitalise external funding costs on the liabilities of general nature, used for the financing capital work in progress.

In the light of the above, in the financial statement developed according to the IFRS, the Company would capitalise the external funding costs to a value not higher than the financing costs, which would occur if the liabilities were incurred in the functional currency, i.e., PLN.

The described areas of differences between the AoA and the IFRS were identified in the process of developing the Group's consolidated financial statement according to the IFRS and do not include the potential IFRS adjustments in relation to transactions with affiliated entities, which were eliminated in within the Group's financial statement.

The International Accounting Standards Board (IASB) introduced numerous amendments to the applicable accounting principles and has issued new standards. New standards and amendments to the applicable standards are still in the works. Furthermore, these standards are subject to EU approval process. In relation to the above, it is possible that the standards, according to which the Company develops its first financial statement compliant with the IFRS that may include data for the past years, will differ from the standards applied for the development of the below explanatory note describing the differences between the IFRS and the Polish accounting standards.

Moreover, only a complete financial statement covering the statement of the financial position, total income statement, statement of changes in equity, as well as the cash flow statement and the comparative data and explanatory notes, can present a comprehensive and reliable view of the Company's financial position, the results of its activities and cash flows in accordance with the IFRS.

The presentation of certain items in the financial statement acc. to AoA and IFRS may differ. The differences in the presentation will not affect the equity and the Company's net result.

The components of particular financial statement items, as well as the scope of additional information to the financial statement in accordance with AoA and IFRS can differ substantially.

The table below shows the differences as at 30 June 2022 (data not audited):

	<i>Balance sheet value acc. to AoA</i>	<i>Balance sheet value acc. to IFRS</i>	<i>Value adjustment</i>
Tangible Fixed Assets	697 558	676 791	(20 767)
Equity	972 774	946 755	(26 019)
Deferred tax provisions	36 431	36 422	(9)

Summary of the consequences of disclosed differences in net profit and equity:

	<u>30 June 2022</u> (not audited)
AoA Net profit	107 938
Tangible fixed asset adjustment	423
IFRS16 Adjustment	(791)
IFRS net profit	107 570

	<u>30 June 2022</u> (not audited)
AoA capital	972 774
Tangible fixed asset adjustment	11 310
IFRS16 Adjustment	(37 329)
IFRS equity	946 755

3. Going concern assumption

This financial statement was developed under the assumption of the Group's companies continuing their business activity in the foreseeable future, i.e., not shorter than for 12 months as of the statement date. In particular, given the more stringent reporting standards for public interest entities and stakeholder protection.

As at 30 June 2022, current assets are lower by PLN 175 836 thousand than the value of short-term liabilities and provisions, as well as short-term accruals, including bank loans and provisions associated with CO₂ emission allowances. The occurrence of a negative difference is the outcome of an obligation to contribute an Organized Part of the Enterprise in exchange for taking up shares in the PAK–PCE Biopaliwa i Wodór company in the amount of PLN 493 170 thousand.

The Management Board has thoroughly analysed cash flow forecasts and confirms that the cash flow analysis indicates a potential generation of sufficient, positive cash flows, for at least 12 successive months after the date of this financial statement.

4. Merger of commercial companies

In the reporting period for which the financial statement was developed, the Company did neither merge with any other business entity, nor did it purchase an organised part of an enterprise.

5. Adopted accounting principles (policy)

The accounting principles adopted by the Company, including the asset and liability measurement method and the financial result measurement method are in accordance with the provisions of the act of 29 September 1994 on accounting (Dz.U. 2021, item 217) and were described in the ZE PAK SA's financial statement for the financial year ended on 31 December 2021 and published on 28 April 2022.

6. Comparability of financial data for the preceding period with the statement for the current period

In the current period, the Company introduced no amendments to the accounting principles, hence, it was not obliged to present numerical information ensuring comparability of the financial statement data for the preceding year with the statement for the current accounting year.

7. Adjusted errors from previous periods

The current period featured no adjustments of mistakes, which would affect the comparability of the financial data for the preceding period with the financial statement data for the current period.

8. The amount and nature of items affecting assets, liabilities, equity, net result or cash flows that are abnormal due to their nature, value or frequency

In the current reporting period, there have been not events impacting the assets, liabilities, equities, net result or cash flows, which would be abnormal due to their nature, value or frequency.

9. Information on impairment write-downs against provisions value, to the achievable net value and on the reversal of such write-downs

The gross financial result for the current period includes the effects of creating and reversing the inventories impairment write-down:

Impairment write-downs	31 December 2021	change			30 June 2022 (not audited)
		creation	utilization	redemption	
Inventory	78 170	7 255	-	7 882	77 543

Energy certificates of origin related to energy production from renewable energy sources and peak load co-generation are presented according to fair value at the end of the month, in which the renewable sources energy was generated.

As at 30 June 2022, the Company holds 53 686 976 of green certificates associated with generated green energy verified by ERO. From 1 January 2022 until 30 June 2022, the Company received 182 869.054 MWh of generation certificates for October, November and December 2021, and January, February and March 2022. During this period, an application for issuing 22 343.604 MWh for the generation in April 2022 was submitted. Certificates of origin were obtained on an ongoing basis. 146 052.826 MWh were sold in H1 2022 at the TGE SA, resulting in a revenue of PLN 33 411 578.16.

10. Information on write-downs against the impairment of financial assets, tangible fixed assets, intangible and legal or other assets, and the reversal of such write-downs

The gross financial result for the current year includes the effects of creating and reversing impairment write-downs, in particular:

Impairment write-downs	31 December 2021	change			30 June 2022 (not audited)
		creation	utilization	redemption	
Intangible and legal assets	1 279	-	-	-	1 279
Tangible fixed assets	3 169 824	2 061	-	6 008	3 165 877
Financial assets	341 168	-	-	-	341 168
Receivables	19 611	-	-	482	19 129

11. Information on the creation, increase, use or redemption of the provisions

The gross financial result for the current year includes the effects of creating the estimates of future obligations, in particular:

Provisions and accruals	31 December 2021	change			30 June 2022 (not audited)
		creation	utilization	redemption	
Provisions for retirement and similar benefits, including:	23 138	3 675	9 206	1 739	15 868
– provisions for retirement and post-mortem benefits	10 792	1 672	-	1 739	10 725
– annual bonus provision	8 437	203	8 640	-	-
– unused holidays provision	3 909	1 800	566	-	5 143
Provision for CO ₂ emission allowances	1 233 461	488 514	1 249 413	-	472 562
Provision for the return of CO ₂ emission allowances	7 097	274	-	-	7 371

ZE PAK SA
Interim condensed individual financial statement for the 6-month period ended on 30 June 2022
(in thousand PLN)

Provisions for reclamation	74 906	-	-	-	74 906
Provisions for liquidation	20 614	130	-	-	20 744
Provisions for onerous contracts	-	31 473	-	-	31 473
Provision for payments	1 264	-	-	-	1 264
Cost prepayments for:	994	3 457	286	1 429	2 736
– fees for the commercial utilization of the environment	-	3 351	-	271	3 080
– duty to redeem property rights	708	106	-	1 158	-344
– provision for current year costs	286	-	286	-	-
Prepayment income settlement	1 130	-	24	-	1 106
In total	1 362 604	527 523	1 258 928	3 168	628 030

12. Information on the provisions and assets related to deferred income tax

In the 6-month period ended on 30 June 2022, there had been a change in the provisions and assets related to deferred income tax, i.e.,

- a change in assets, increasing the tax load by PLN 18 632 thousand,
- a change in provisions, increasing the tax load by PLN 7 181 thousand,

13. Information on significant acquisition and sales transactions of tangible fixed assets and any significant liability due to purchasing tangible fixed assets

Within the 6-month period ended on 30 June 2022, the Company purchased or accepted from investments, tangible fixed assets in the amount of PLN 224 497 thousand,

As at 30 June 2022, the liabilities of the Company on account of the purchase of tangible fixed assets amount to PLN 4 512 thousand.

On 16 May 2022, a contract between the Company and PAK-PCE Biopaliwa i Wodór Sp. z o.o. was concluding, according to which the Konin Power Plant OPE will be sold. The value of the Konin Power Plant OPE was determined based on the measurement developed by Deloitte Advisory sp. z o.o. and the working capital. As at 30 June 2022, the Company recognizes an advance payment in the amount of PLN 929 616 thousand received against the transaction in the Other short-term liabilities item. The transaction amount was settled as follows:

- PLN 436 446 thousand paid in cash on 30 May 2022,
- PLN 493 170 thousand covered through the acquisition of additional shares in the PAK-PCE Biopaliwa i Wodór Sp. z o.o. company pursuant to AN Rep. A No. 1719/2022 dated 13 May 2022.

The transaction was described in the information on significant events after the balance sheet date (CCFS item 33)

14. Information on the failure to repay a bank credit or loan, or the breach of significant bank credit or loan agreement provisions, in relation to which no remedial actions have been undertaken until the end of the reporting period

During the current reporting period, the Company regularly repaid all its financial liabilities related to loans or credits. There were no breaches of material provisions of credit or loan agreements, in relation to which none remedial actions were taken.

15. Information on the issuer or its subsidiary concluding one or multiple transactions with associated entities, provided they have been concluded on other than market terms

In the 6 months of 2022, ZE PAK SA and subsidiaries, consolidated under the Group, did not conclude transactions with affiliates on other than market terms.

16. Information on the change in the manner (method) of measuring financial instruments measured at fair value

There have been no changes to the manner (method) of measuring financial instruments at fair value in the Company's financial statement presented for the current reporting period.

17. Information on the changes in the classification of financial assets

In the current reporting period, there have been no changes to the classification of financial assets.

18. Information on the issue, redemption and repayment of non-equity and capital securities

In the current reporting period, the Company did not issue, redeem or repay any non-equity and equity securities.

19. Events of the accounting year not specified in the balance sheet and the income statement

During the reporting period until the development date of this financial statement, i.e., 29 September 2022, there had been no events, which had not been, and should have had been recognised in the accounting books and the financial statement, for the period commenced on 30 June 2022.

20. Events of previous years recognised in the financial statement

Until the date of the financial statement for the period ended on 30 June 2022, i.e., until 29 September 2022, there were no other significant events regarding the previous years, which had not, and should have had been recognised in the financial statement for the six-month period ended on 30 June 2022.

21. Information on the changes in the business or economic circumstances that significantly affect the fair value of the entity's financial assets and liabilities, regardless of the fact, whether those assets and liabilities are recognised in the fair value or the adjusted purchase cost (amortised cost)

Impact of the pandemic caused by the COVID-19 disease on the Group's activities

The situation associated with adverse outcomes of the COVID-19 pandemic has been gradually improving over subsequent months. Since 16 May 2022, the state of epidemic in Poland was liberated through transformation into a state of an epidemic threat. Given the previous experience, we do not expect the introduction of drastic restrictions and restraints hampering economic activity. The past two years have proven that the Company is adequately prepared for operation under pandemic conditions. The solutions developed in terms of employee protection, preventing production continuity disruptions and protecting the financial standing enable an assumption that in the event of an unfavourable scenario coming into life, the Company's operations are not burdened with an excessive risk.

War in Ukraine

On 24 February 2022, Russian troops entered Ukraine, thus triggering an armed conflict between these countries. An armed conflict in the immediate vicinity of Polish borders largely affects the social, economic and political situation, both in Poland and the entire region. Its impact is also significant from the perspective of the geopolitical balance of global forces.

Despite the fact that the Company concentrates its activities on the domestic market and there are no direct links with Russia and Ukraine, the impact of an armed conflict on the Company's operation is perceptible through indirect channels. Due to the fact that both countries play an important role as manufacturers and exporters of a wide range of goods, one of the first outcomes of the conflict was a significantly increased volatility on commodity and financial markets. This particularly applies the energy raw material and agricultural sectors. The inability to forecast all consequences of the armed conflict in eastern Europe also makes investors less eager to take risks,

High volatility of commodity markets (especially the energy and CO₂ allowances markets) means that the Company risks having to replenish open position margins on the futures markets. In extreme situations, this may lead to issues related to ensuring adequate liquidity. Whereas a lower propensity to take risk in financial markets may lead to a worse measurement of assets and foreign currencies in such markets as Poland, which are in the immediate vicinity of war zones. This, in turn, may mean worse measurement of the Company's assets and increased operating expenses.

The scope of sanctions imposed on such countries as Russia or Belarus is also important from the perspective of Company's activities. This is due to the impact such sanctions have on trade in relation to specific goods, energy raw materials in particular. Russia is one of the largest gas and oil suppliers for Europe. Reduced supply of these raw materials clearly translates to electricity price level in Europe and Poland, primarily due to the cross-border electricity exchange. On the other hand, Belarus is a large supplier of biomass for the energy sector in Poland, and despite the fact that the Company has never imported biomass for its systems from Belarus, the absence of imports from that direction will lead to increased biomass prices on the domestic market, which also affects the prices of biomass supplied for the Group's systems.

It is impossible in the current situation to predict neither the scale of the ongoing armed conflict nor its duration or all of its consequences that can directly or indirectly affect the Company's activities. The Company monitors the development of the situation on an ongoing basis. It also undertakes actions mitigating adverse consequences of the unstable situation. The Company has increased, among others, the availability of various forms of hedging its positions within the futures energy and CO₂ emission allowance markets. It also conducts talks with biomass suppliers in order to work out solutions related to biomass supplies that are satisfactory for both sides. In the current situation, the Company evaluates the impact that the armed conflict has on its activities as moderate. No additional adjustments and provisions on account of the situation in Ukraine were disclosed in this statement.

22. Other information

Additional information and disclosures required by the provisions of the regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by the issuers of securities and recognizing information required by provisions of the law in a non-Member state as equivalent, which could significantly impact the assessment of the issuer's economic and financial situation, and the financial result, which have been included in the explanatory notes to the interim condensed consolidated financial statement (CCFS) of the Group, including:

- explanations regarding the seasonality or cyclic nature of the issuer's activities within the presented period (CCFS item 9),
- information on significant settlements due to lawsuits (CCFS item 26.1),
- information on changes in contingent liabilities or contingent assets, which had occurred since the end of the last financial year (CCFS items 26.2, 27 and 28),
- information regarding paid (or declared) dividends (CCFS item 22),
- information on significant events after the balance sheet date (CCFS item 33)

Konin, 29 September 2022

SIGNATURES:

Piotr Woźny
President of the Management Board

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Zygmunt Artwik
Vice President of the Management Board

Andrzej Janiszowski
Vice President of the Management Board

Maciej Nietopiel
Vice President of the Management Board

Katarzyna Sobierajska
Vice President of the Management Board

Aneta Desecka
Chief Accountant