

ZE PAK SA CAPITAL GROUP

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE 6-MONTH PERIOD CONCLUDED ON 30 JUNE 2023

*(This is a translation of the document issued originally in Polish language.
The Polish original should be referred to in matters of interpretation.)*

Table of contents

CONSOLIDATED PROFIT AND LOSS ACCOUNT	5
CONSOLIDATED FINANCIAL STATEMENT OF COMPREHENSIVE INCOME	6
CONSOLIDATED STATEMENT OF FINANCIAL SITUATION	7
CONSOLIDATED CASH FLOW STATEMENT	9
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	11
ADDITIONAL EXPLANATORY NOTES	13
1. General.....	13
2. Composition of the Group.....	14
3. Parent company's Management Board composition.....	16
4. Basis for development of the interim condensed consolidated financial statement	16
4.1. Going concern assumptions	16
5. New standards and interpretations, which have been issued, but are not yet effective	16
6. Essential accounting principles (policy)	17
7. Essential values based on professional judgement and estimates	17
7.1. War in Ukraine	17
7.2. Other essential values based on professional judgement and estimates.....	18
8. Changes in estimates.....	18
9. Seasonality of activities	18
10. Operating segments.....	19
11. Revenues and costs	23
11.1. Sale revenues	23
11.2. Other operating revenues	23
11.3. Other operating costs	24
11.4. Financial revenues	24
11.5. Financial costs	24
11.6. Costs by type	25
11.7. Construction service contracts	25
12. Income tax.....	26
12.1. Tax burden.....	26
12.2. Deferred income tax	26
13. Profit per one share	27
14. Discontinued operations.....	28
15. Tangible fixed assets.....	30
15.1. Value impairment test involving the assets of ZE PAK SA Capital Group.....	32
16. Right-of-use assets and lease liabilities.....	33
17. Intangible assets.....	35
18. Other assets	37
18.1. Other financial assets and goodwill	37
18.2. Other non-financial assets.....	38
19. Inventories	38
20. Trade and other receivables	39
21. Cash and cash equivalents.....	39
22. Assets classified as held for sale	41
23. Dividends paid and proposed for payment.....	42
24. Interest-bearing bank loans and borrowings	42
25. Provisions and accruals.....	44
25.1. Accruals	44
25.2. Changes in provisions.....	46
25.3. Description of significant provisions	47

ZE PAK SA CAPITAL GROUP

Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023

(in PLN thousand)

25.3.1. Provision for liabilities due to greenhouse gas emissions (EUA)	47
25.3.2. Provision for reclamation of ash storage yards and costs of fixed asset liquidation	48
25.3.3. Reclamation provisions and other related to mining activity	48
25.3.4. Provision for the redemption of energy certificates of origin	48
25.3.5. Other provisions	48
26. Trade liabilities, other liabilities and accruals	49
26.1. Trade liabilities and other financial liabilities (long-term)	49
26.2. Trade liabilities and other financial liabilities (short-term)	49
26.3. Other non-financial liabilities	49
26.4. Derivative financial instruments	50
26.5. Subsidies and deferred income (long-term)	50
27. Liabilities classified as held for sale	50
28. Contingent liabilities and the description of essential court proceedings	51
28.1. Legal proceedings	51
28.2. Contingent liabilities associated with power plant decommissioning	52
29. Liability payment securities	52
30. Received guarantees and sureties	57
31. Information on affiliates	57
31.1. Loan granted to a Management Board member	58
31.2. Other transactions with the participation of Management Board's members	58
31.3. Remuneration of the Group's senior management	58
31.3.1. Remuneration paid or payable to the members of the Group's Management Board and Supervisory Board	58
31.3.2. Remuneration paid or payable to other top management members	59
32. Goals and rules of financial risk management	59
32.1. Interest rate risk	59
32.2. Currency risk	62
32.3. Credit risk	64
32.4. Liquidity risk	65
33. Financial instruments	67
33.1. Balance sheet of individual financial instrument classes	67
33.2. Financial instrument interest rate risk	68
33.2.1. Hedging	68
34. Capital management	69
35. Significant events after the balance sheet date	70

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the 6-month period concluded on 30 June 2023

	Note	6-month period concluded on 30 June 2023 (unaudited)	3-month period concluded on 30 June 2023 (unaudited)	6-month period concluded on 30 June 2022 (unaudited)	3-month period concluded on 30 June 2022 (unaudited)
Continuing operation					
Revenues, including:					
Revenues from contracts with clients	11.1	1 457 212	305 607	1 956 363	960 077
Other revenues		85 826	30 596	83 027	44 776
Selling prime costs	11.6	(991 065)	199 598	(1 745 874)	(887 276)
Gross profit/(loss) on sales		466 147	505 205	210 489	72 801
Other operating revenues	11.2	13 182	8 026	40 717	18 474
Selling costs	11.6	(709)	3 056	(6 192)	(2 778)
Overheads	11.6	(56 594)	(2 929)	(61 537)	(31 705)
Other operating costs	11.3	(565 189)	(265 199)	(7 391)	1 064
Profit/(loss) on operating activities		(143 163)	248 159	176 086	57 856
Financial revenues	11.4	11 969	113	30 387	13 654
Financial costs	11.5	(20 250)	13 929	(25 291)	(16 963)
Gross profit/(loss)		(151 444)	262 201	181 182	54 547
Income tax (tax burden)	12.1	31 529	(7 946)	(28 603)	(5 450)
Net profit/(loss) on continuing operations		(119 915)	254 255	152 579	49 097
Net profit/(loss) from discontinued operations	14	(55 557)	(55 557)	-	-
Net profit/(loss) for the period		(175 472)	198 698	152 579	49 097
Net profit/(loss) for the period:					
From continuing operations attributable to parent company shareholders		(119 915)	254 255	-	-
From continuing operations attributable to non-controlling interests		-	-	-	-
For the period attributable to parent company shareholders		(153 021)	221 149	152 579	49 097
For the period attributable to non-controlling interests		(22 451)	(22 451)	-	-
Basic/diluted profit/(loss) per share (in PLN):					
From continuing operations attributable to parent company shareholders	13	(2,36)	5,00	3,00	0,97
for the financial year					
from continuing operations attributable to parent company shareholders	13	(3,01)	4,35	3,00	0,97

Accounting rules (policies) and additional explanatory notes to the consolidated financial statement constitute its integral part.

CONSOLIDATED FINANCIAL STATEMENT OF COMPREHENSIVE INCOME

For the 6-month period concluded on 30 June 2023

	<i>6-month period concluded on 30 June 2023 (unaudited)</i>	<i>3-month period concluded on 30 June 2023 (unaudited)</i>	<i>6-month period concluded on 30 June 2022 (unaudited)</i>	<i>3-month period concluded on 30 June 2022 (unaudited)</i>
<i>Note</i>				
Net profit for the period	(175 472)	198 698	152 579	49 097
Other comprehensive income				
<i>Items subject to reclassification to profit(loss) in subsequent reporting periods:</i>				
Cash flow hedges				
Exchange rate differences related to foreign unit conversion	(50)	(49)	2	(23)
Income tax on other comprehensive income	-	-	-	-
Net other comprehensive income subject to reclassification to profit/(loss) in subsequent reporting periods	(50)	(49)	2	(23)
<i>Items not subject to reclassification to profit(loss) in subsequent reporting periods:</i>				
Actuarial profits/(losses) on post-employment employee benefits	930	311	(60)	155
Income tax on other comprehensive income	12.1 (177)	(59)	11	(30)
Net other comprehensive income not subject to reclassification to profit/(loss) in subsequent reporting periods	753	252	(49)	125
Net other comprehensive income	703	203	(47)	102
Comprehensive income for the period	(174 769)	198 901	152 532	49 199
Comprehensive income allocated to parent company shareholders	(152 318)	221 352	152 532	49 011
Comprehensive income allocated to non-controlling interests	(22 451)	(22 451)	-	188

Accounting rules (policies) and additional explanatory notes to the consolidated financial statement constitute its integral part.

CONSOLIDATED STATEMENT OF FINANCIAL SITUATION

As at 30 June 2023

	<i>Note</i>	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
ASSETS			
Fixed assets			
Tangible fixed assets	<i>15</i>	276 866	1 726 864
Right-of-use assets	<i>16</i>	41 879	61 425
Goodwill	<i>18.1</i>	-	150 342
Investment property		1 767	1 782
Intangible assets	<i>17</i>	2 530	9 034
Other long-term financial assets	<i>18.1</i>	4 966	10 103
Other long-term non-financial assets	<i>18.2</i>	113	503
Long-term derivative financial instruments (assets)		-	-
Deferred tax assets	<i>12.2</i>	59 244	18 462
Total fixed assets		387 365	1 978 515
Current assets			
Emission allowances	<i>17</i>	62 375	-
Inventories	<i>19</i>	19 744	120 972
Trade and other receivables	<i>20</i>	343 739	815 406
Income tax receivables		8 634	7 793
Short-term derivative financial instruments (assets)		-	19 824
Other short-term financial assets	<i>18.1</i>	8 934	-
Other short-term non-financial assets	<i>18.2</i>	90 946	130 112
Assets from contracts with customers		5 172	4 084
Cash and cash equivalents	<i>21</i>	676 517	1 462 749
Total current assets		1 216 061	2 560 940
Assets classified as held for sale	<i>22</i>	2 927 188	-
TOTAL ASSETS		4 530 614	4 539 455

Accounting rules (policies) and additional explanatory notes to the consolidated financial statement constitute its integral part.

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

	<i>Note</i>	<i>30 June 2023</i> <i>(unaudited)</i>	<i>31 December 2022</i>
LIABILITIES AND EQUITY			
Equity			
Basic capital		101 647	101 647
Supplementary capital		1 232 981	1 232 981
Other reserve capitals		3 472	3 472
Retained profits / losses carried forward		(620 773)	(817 713)
Net profit (loss)		(153 021)	203 307
Exchange rate differences related to foreign unit conversion		(48)	2
Equity allocated to parent company shareholders		564 258	723 696
Non-controlling interest equity		468 352	490 803
Total equity		1 032 610	1 214 499
Long-term liabilities			
Interest-bearing loans and borrowings	<i>24</i>	-	619 551
Long-term employee benefits		22 848	23 949
Trade liabilities and other financial liabilities (long-term)		424	258
Long-term lease liabilities	<i>16</i>	42 154	57 172
Long-term derivative financial instruments		-	-
Subsidies and long-term deferred income	<i>26.5</i>	5 072	28 926
Other long-term provision accruals	<i>25</i>	763 422	440 356
Deferred income tax provisions	<i>12.2</i>	24 570	28 929
Total long-term liabilities		858 490	1 199 141
Short-term liabilities			
Trade liabilities and other financial liabilities (short-term)	<i>26.2</i>	93 168	273 436
Short-term lease liabilities	<i>16</i>	-	6 465
Current portion of interest-bearing loans and borrowings	<i>24</i>	-	488 176
Short-term financial derivatives (liabilities)		-	-
Other non-financial liabilities	<i>26.3</i>	42 443	99 094
Income tax liabilities		178	3 077
Short-term employee benefits		3 449	4 388
Subsidies and short-term deferred income		46	46
Long-term contract amounts payable to ordering party		4 120	4 226
Other short-term provisions and accruals	<i>25</i>	604 904	1 246 907
Total short-term liabilities		748 308	2 125 815
Liabilities classified as held for sale		1 891 206	
Total liabilities		3 498 004	3 324 956
Total liabilities and equity		4 530 614	4 539 455

Accounting rules (policies) and additional explanatory notes to the consolidated financial statement constitute its integral part.

CONSOLIDATED CASH FLOW STATEMENT

For the 6-month period concluded on 30 June 2023

	<i>Note</i>	<i>Period concluded on 30 June 2023 (unaudited)</i>	<i>Period concluded on 30 June 2022 (unaudited)</i>
Cash flows from operating activities			
Gross profit/(loss) from continuing operations		(151 444)	181 182
Gross profit/(loss) from discontinued operations		(64 775)	-
Adjustments for:			
Depreciation and amortization	21	29 196	22 639
Interest and shares in profits		7 108	9 727
(Profit)/loss due to exchange rate differences		(15 750)	(12)
(Profit)/loss on investment activities		20 345	(13 850)
(Increase)/decrease in receivables	21	128 467	424 964
(Increase)/decrease in inventories	21	(18 754)	(13 485)
Increase/(decrease) in liabilities, except for loans and borrowings	21	(16 318)	(270 127)
Change in provisions, prepayments/accruals and employee benefits	21	884 166	532 993
Income tax paid		(28 573)	(4 190)
Expenses on CO ₂ emission allowances		(1 179 709)	(1 295 924)
Other		377	(8 806)
Net cash from operating activities, incl.:		(405 664)	(434 889)
continuing operations		(1 711 386)	(434 889)
discontinued operations		1 305 722	-
Cash flows from investment activities			
Sales of tangible fixed assets and intangible assets		858	18 595
Acquisition of tangible fixed assets and intangible assets		(396 387)	(135 060)
Expenses and proceeds related to other financial assets		(86 344)	(8 151)
Acquisition of subsidiaries		-	(65 949)
Other		(33)	(54)
Net cash flow from investment activities, incl.:		(481 906)	(190 619)
continuing operations		(36 571)	(190 619)
discontinued operations		(445 335)	-
Cash flows from financial activities			
Proceeds from increasing the value of shares		-	478 730
Repayment of lease liabilities		(3 028)	-
Proceeds from loans, borrowings and debt securities		548 549	591 237
Repayment of loans, borrowings and debt securities		(153 393)	(18 803)
Interest paid		(17 280)	(5 064)
Other		1 492	
Net cash from financial activities		376 340	1 046 100
continuing operations		(3 586)	1 046 100

Accounting rules (policies) and additional explanatory notes to the consolidated financial statement constitute its integral part.

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

discontinued operations	379 926	-
Net increase/(decrease) in cash and cash equivalents	(511 230)	420 592
Cash at the beginning of the period	1 462 749	506 669
Cash classified as held for sale	275 002	-
Cash at the end of the period	676 517	927 261

Accounting rules (policies) and additional explanatory notes to the consolidated financial statement constitute its integral part.

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6-month period concluded on 30 June 2023 (unaudited)

	<i>Basic capital</i>	<i>Supplementary capital</i>	<i>Other reserve capitals</i>	<i>Retained profits/Accumulated losses</i>	<i>Exchange rate differences related to foreign unit conversion</i>	<i>Total</i>	<i>Non-controlling interest equity</i>	<i>Total equity</i>
As at 1 January 2023	101 647	1 232 981	3 472	(614 406)	2	723 696	490 803	1 214 499
Net profit for the period	-	-	-	(153 021)	-	(153 021)	(22 451)	(175 472)
Total other comprehensive income	-	-	-	753	(50)	703	-	703
Comprehensive income for the period	-	-	-	(152 268)	(50)	(152 318)	(22 451)	(174 769)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-
Liquidation of fixed assets	-	-	-	-	-	-	-	-
Transfer of profits of non-controlling shareholders to retained earnings	-	-	-	-	-	-	-	-
Other changes	-	-	-	(7 120)	-	(7 120)	-	(7 120)
As at 30 June 2023	101 647	1 232 981	3 472	(773 794)	(48)	564 258	468 352	1 032 610

Accounting rules (policies) and additional explanatory notes to the consolidated financial statement constitute its integral part.

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6-month period concluded on 30 June 2022 (unaudited)

	<i>Basic capital</i>	<i>Supplementary capital</i>	<i>Other reserve capitals</i>	<i>Retained profits/Accumulated losses</i>	<i>Exchange rate differences related to foreign unit conversion</i>	<i>Total</i>	<i>Non-controlling interest equity</i>	<i>Total equity</i>
As at 1 January 2022	101 647	1 131 326	3 472	(711 828)	10	524 627	(395)	524 232
Net profit for the period	-	-	-	152 579	-	152 579	-	152 579
Total other comprehensive income	-	-	-	(49)	2	(47)	-	(47)
Comprehensive income for the period	-	-	-	152 530	2	152 532	-	152 532
Acquisition of subsidiaries	-	-	-	(31 843)	-	(31 843)	-	(31 843)
Liquidation of fixed assets	-	1 853	-	(1 853)	-	-	-	-
Transfer of profits of non-controlling shareholders to retained earnings	-	-	-	(395)	-	(395)	395	-
Other changes	-	-	-	(37)	1	(36)	478 730*	478 694
As at 30 June 2022	101 647	1 133 179	3 472	(593 426)	13	644 885	478 730	1 123 615

**advance payment for the purchase of shares in PAK – PCE Biopaliwa i Wodór sp. z o.o. paid in by Cyfrowy Polsat SA.*

Accounting rules (policies) and additional explanatory notes to the consolidated financial statement constitute its integral part.

ADDITIONAL EXPLANATORY NOTES

1. General

ZE PAK SA Capital Group (“Group”, “Capital Group”, “ZE PAK SA Group”) consists of ZE PAK SA (“parent company”, “Company”, “ZE PAK SA”) and its subsidiaries (see Note 2).

The interim condensed consolidated financial statements of the Group cover the 6-month period ended June 30, 2023 and contain comparative data for the 6-month period ended June 30, 2022 and data as at December 31, 2022. The interim condensed consolidated statement of comprehensive income, consolidated profit and loss account and additional explanatory notes additionally present financial information for the period of 3 months ended June 30, 2023 and comparative data for the period of 3 months ended June 30, 2022.

The parent company is entered into the Register of Entrepreneurs of the National Court Register kept by the District Court Poznań – Nowe Miasto and Wilda in Poznań, 9th Commercial Division of the National Court Register, under the KRS number 0000021374.

The parent company was assigned the statistical number (REGON) 310186795.

The duration of the parent and member companies of the Capital Group is unlimited.

The main activities of the Group are:

- 1) generation and sale of electricity,
- 2) production and distribution of heat (steam and hot water),
- 3) lignite extraction,

Mr Zygmunt Solorz indirectly holds Company shares representing a total of 65.96% of the Company’s share capital.

The Company has personal ties with other entities through Mr Zygmunt Solorz.

2. Composition of the Group

The Group consists of ZE PAK SA and the following subsidiaries:

Entity	Registered office	Scope of activity	Group's share in capital, %	
			As at 30 June 2023	As at 31 December 2022
Subsidiaries				
„PAK – Polska Czysta Energia” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Activities of central companies, excluding financial holdings	59,59%	59,59%
„PAK Kopalnia Węgla Brunatnego Konin” SA	62-540 Kleczew ul. 600-lecia 9	Lignite extraction	100,00%	100,00%
„PAK Górnictwo” sp. z o.o.	62-510 Konin ul. Przemysłowa 158	Repair and maintenance of machinery	100,00%	100,00%
Przedsiębiorstwo Remontowe „PAK SERWIS” sp. z o.o.	62-510 Konin ul. Przemysłowa 158	Renovation and construction services	59,59%*	59,59%*
„PAK – Volt” SA	04-028 Warszawa Al. Stanów Zjednoczonych 61	Electricity sales	59,59%*	59,59%*
„PAK – PCE Polski Autobus Wodorowy” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Bus manufacturing	59,59%*	59,59%*
„PAK – PCE Fotowoltaika” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electricity generation	59,59%*	59,59%*
„PAK – PCE Stacje H2” sp. z o.o. (former „PAK – PCE Biogaz” sp. z o.o.)	62-510 Konin ul. Kazimierska 45	Electricity generation	59,59%*	59,59%*
„PAK – PCE Biopaliwa i Wodór” sp. z o.o.	62-510 Konin ul. Przemysłowa 158	Electricity generation	59,59%*	59,59%*
„PAK – PCE Wiatr” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electricity generation	59,59%*	59,59%*
„PG Hydrogen” sp. z o.o.	02-673 Warszawa ul. Konstruktorska 4	Manufacturing of engines and turbines, excluding aviation and automotive engines	52,00%*	52,00%*
„Exion Hydrogen Polskie Elektrolizery” sp. z o.o.	80-701 Gdańsk ul. Ku Ujściu 19	Design and manufacturing of electrolysers	47,67%*	47,67%*
„Exion Hydrogen Belgium” BV	Slachthuisstraat 120 Bus 12 2300 Turnhout	Design and manufacturing of electrolysers	47,67%*	47,67%*
„Farma Wiatrowa Kazimierz Biskupi” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Design and construction of wind farms	59,59%*	59,59%*
„PCE – OZE 1” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electricity generation	59,59%*	59,59%*
„PCE – OZE 2” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electricity generation	59,59%*	59,59%*
„PCE – OZE 3” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electricity generation	59,59%*	59,59%*
„PCE – OZE 4” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electricity generation	59,59%*	59,59%*
„PCE – OZE 5” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electricity generation	59,59%*	59,59%*
„PCE – OZE 6” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electricity generation	59,59%*	59,59%*
„PAK CCGT” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electricity generation	100,00%	100,00%
„MESE” sp. z o.o.	04-028 Warszawa	Electricity generation	53,63%*	53,63%*

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

	Al. Stanów Zjednoczonych 61A			
„Park Wiatrowy Pałczyn 1” sp. z o.o.	70-479 Szczecin Al. Wojska Polskiego 68	Electricity generation – wind energy	59,59%*	59,59%*
„PAK Pątnów” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electricity generation	100,00%	100,00%
„Ørsted Polska OF SPV 1” sp. z o.o.	00-801 Warszawa ul. Chmielna 73	Electricity generation - offshore wind energy	60,00%	60,00%
„Ørsted Polska OF SPV 6” sp. z o.o.	00-801 Warszawa ul. Chmielna 73	Electricity generation - offshore wind energy	60,00%	60,00%
„PAK ATOM” SA	62-510 Konin ul. Kazimierska 45	Electricity generation	100,00%	100,00%
„PAK – PCE FW Okonek” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electricity generation – wind energy	59,59%*	59,59%*
„PAK – PCE FW Jastrowie” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electricity generation – wind energy	59,59%*	59,59%*
„Farma Wiatrowa Przyrów” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electricity generation – wind energy	59,59%*	59,59%*
„Great Wind” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electricity generation – wind energy	59,59%*	59,59%*
„Eviva Lębork” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electricity generation – wind energy	59,59%*	59,59%*
„Elektrownie Wiatrowe Dobra” sp. z o.o.	91-862 Łódź ul. Warszawska 70A	Electricity generation – wind energy	59,59%*	59,59%*
„Horset” sp. z o.o.	03057 Kijów/Ukraina ul. Smoleńska 31/33		100%	-
Eviva Drzeżewo” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electricity generation – wind energy	59,59%*	-

Jointly controlled companies

„Ørsted Polska OF SPV 2” sp. z o.o.	00-801 Warszawa ul. Chmielna 73	Electricity generation - offshore wind energy	1,00%	1,00%
„Ørsted Polska OF SPV 3” sp. z o.o.	00-801 Warszawa ul. Chmielna 73	Electricity generation - offshore wind energy	1,00%	1,00%
„Ørsted Polska OF SPV 4” sp. z o.o.	00-801 Warszawa ul. Chmielna 73	Electricity generation - offshore wind energy	1,00%	1,00%
„Ørsted Polska OF SPV 5” sp. z o.o.	00-801 Warszawa ul. Chmielna 73	Electricity generation - offshore wind energy	1,00%	1,00%
„Ørsted Polska OF SPV 7” sp. z o.o.	00-801 Warszawa ul. Chmielna 73	Electricity generation - offshore wind energy	1,00%	1,00%
„Ørsted Polska OF SPV 8” sp. z o.o.	00-801 Warszawa ul. Chmielna 73	Electricity generation - offshore wind energy	50,00%	50,00%
„Ørsted Polska OF SPV 9” sp. z o.o. (former „Mawzorino Investments” sp. z o.o.)	00-801 Warszawa ul. Chmielna 73	Electricity generation - offshore wind energy	50,00%	50,00%
„Ørsted Polska OF SPV 10” sp. z o.o.	00-801 Warszawa ul. Chmielna 73	Electricity generation - offshore wind energy	50,00%	50,00%
PGE PAK Energia Jądrowa SA	62-510 Konin ul. Kazimierska 45	Electricity generation	50,00%	-

* Entities where ZE PAK SA has a full or partial indirect share in the capital.

As of 30 June 2023, share in the general number of votes held by the Group in subsidiaries is equal to the Group's share in capitals of these subsidiaries.

Description of changes in the Group's structure

In the first half of 2023, the Group's structure had undergone the following changes:

- On 25 January 2023, the Company acquired 100% of share in Horset sp. z o.o., a Ukrainian-law company with its seat in Kiev – the change has not yet been registered by the National Court Register.
- On 28 February 2023, PAK KWB Konin SA (acquiring company) and PAK KWB Adamów SA (acquired company) were merged,
- on 13 April 2023, PGE and ZE PAK signed the articles of association of PGE PAK Energia Jądrowa SA. The company's objective and task will be to participate in the construction of a nuclear plant in Konin/Pątnów in Wielkopolska.
- On 14 April 2023, PAK – PCE Czysta Energia sp. z o.o. acquired 100% of the shares in the share capital of Eviva Drżezewo sp. z o.o., the task of which involves the construction and operation of a wind farm.

After the end of the reporting period, on July 3, 2023, the Company sold shares representing approximately 10.1% of the share capital of PAK - PCE and approximately 10.1% of votes at the shareholders' meeting of PAK - PCE to Cyfrowy Polsat (CP). Before closing the transaction, the shares of Przedsiębiorstwo Remontowe PAK Serwis sp. z o.o. and PCE – OZE 5 sp. z o.o. were transferred to the Company and therefore were not the subject of the transaction. As a result of the transaction, as of the date of publication of this report, the Company holds approximately 49.5% of the shares in PAK – PCE, while CP owns approximately 50.5% of the shares in PAK – PCE (more information on the share sale transaction is included in section describing events after the balance sheet date).

3. Parent company's Management Board composition

As at the date of publication of the report, the Management Board of ZE PAK SA consists of:

- Piotr Woźny – President of the Management Board,
- Zygmunt Artwik – Vice President of the Management Board,
- Maciej Nietopiel – Vice President of the Management Board,
- Andrzej Janiszowski – Vice President of the Management Board,
- Katarzyna Sobierajska – Vice President of the Management Board.

4. Basis for development of the interim condensed consolidated financial statement

This interim condensed consolidated financial statement was developed in accordance with the International Accounting Standard No. 34 "Interim Financial Reporting" approved by the EU ("IAS 34").

The interim condensed consolidated financial statement does not include all information and disclosures required in the annual financial statement and shall be read together with the consolidated financial statement of the Group for the year concluded on 31 December 2022, authorised for issue on 27 April 2023.

This interim condensed consolidated financial statement was developed pursuant to the historical cost principle, except for the derivatives and other financial instruments.

The carrying amount of recognized hedged assets and liabilities is adjusted for changes in fair value that are attributable to the risk against which these assets and liabilities are hedged.

This interim condensed consolidated financial statement is presented in Polish zloty ("PLN"), and all the values, unless indicated otherwise, are expressed in thousands of PLN.

4.1. Going concern assumptions

This interim condensed consolidated financial statement was developed with assumed of the Group's activities in the foreseeable future, i.e., at least for the next 12 months after the date of this financial statement.

5. New standards and interpretations, which have been issued, but are not yet effective

In relation to the consolidated financial statement, the Group did not decide to apply the following, published standards, interpretations or improvements to applicable standards, prior to their effective date:

- **IFRS 14 “Regulatory deferral accounts”**

Accounting and disclosure principles for regulatory deferred items. Pursuant to a decision of the European Union, the process of approving a preliminary standard version will not be initiated prior to the publishing of the final standard version.

- **Improvements in IFRS 10 and IAS 28**

Contains guidelines on sales or contribution of assets by an investor to an affiliated company or a joint venture. Work on approval have been postponed indefinitely.

- **Improvements to IFRS 16 “Leases”**

Improvements apply to the method of measuring a sales transaction or leaseback liability. The improvement shall come into force on 1 January 2024.

At the date of approval of this consolidated financial statement for publication, the Management Board has not yet completed its work on evaluating the impact of introducing the aforementioned standards and interpretations on the Group's accounting principles (policy) in relation to the Group's operations or financial result.

The effective dates are dates arising from the wording of the standards announced by the International Financial Reporting Council. The dates of standard application within the European Union may differ from the dates of application arising from the wording of the standards and shall be announced upon approval for application by the European Union. The Group has not decided on an earlier application of any standard, interpretation or improvement, which has been published but has not yet come into force pursuant to the EU legislation.

6. Essential accounting principles (policy)

Accounting principles (policy) applied for the development of the interim condensed consolidated financial statement are in line with the ones applied for the development of the Group's annual consolidated financial statement for the year commenced on 1 January 2022.

7. Essential values based on professional judgement and estimates

The scope of essential values based on professional judgement and estimates has been presented in the consolidated financial statement for 31 December 2022 and has not changed during the current period.

7.1. War in Ukraine

On 24 February 2022, Russian troops entered Ukraine, thus triggering an armed conflict between these countries. The 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 to the energy raw material and agricultural sectors. The inability to forecast all consequences of the armed conflict in eastern Europe also make 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, it may lead to problems with 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.

In the current situation, it is impossible to precisely predict the scale of the ongoing armed conflict or its duration, and it is also impossible to predict all the consequences of this conflict that may directly or indirectly affect the Company's operations. The Company monitors the development of the situation on an ongoing basis and actions are taken to mitigate the unfavourable consequences of the unstable situation. The company increased, among others: availability of various forms of securing its positions on the forward energy and CO₂ emission allowances market, talks are also held with biomass suppliers in order to develop mutually satisfactory solutions in the field of biomass supplies. In the current situation, the Company assesses the degree of impact of the consequences of the armed conflict on its operations as moderate. This report does not disclose additional adjustments and provisions for the situation in Ukraine.

7.2. Other essential values based on professional judgement and estimates

Valuation of energy certificates

The Group recognises energy certificates of origin (green certificates) on account of generating energy from renewable and gas sources, and peak-load co-generation sources according to the fair value at the end of the month, during which they were produced. At the balance sheet date, the Group evaluates certificates of origin to the achievable net value – for green certificates on 30 June 2023 at PLN 175.17 per MWh. Price data is derived from the listings on the Towarowa Gielda Energii SA. A certificate impairment write-down is created if the sale price possible to achieve, minus the disposition costs, is lower than the historical production cost. The impairment write-down value reduces the value of inventories on account of certificates of origin and increases sales prime costs. Legal regulations concerning the market of energy renewable sources are a source of uncertainty.

Provisions for liabilities on account of greenhouse gas emissions (EUA)

The Group recognizes provisions for liabilities on account of greenhouse gas emissions. A new settlement period for emission allowances started on 1 January 2021. It will end on 31 December 2030. The assumption of this period is free allocation of emission allowances (EUA) resulting from thermal energy production only pursuant to Art. 10c of Directive 2009/29/EC. Significant fluctuations of CO₂ emission allowance prices and legal regulations associated with EU's climate policy are a source of uncertainty.

Emissions in ZE PAK SA Group in the period of 6 months ended 30 June 2023 amounted to 932 684 tons of CO₂.

Emissions in ZE PAK SA Group in 2022 amounted to 3 427 588 tons of CO₂.

3 427 588 EUAs for the year 2022 will be redeemed in 2022.

8. Changes in estimates

In the period of 6 months ended June 30, 2023, in connection with the liquidation of mine open pits, the provision for the recultivation of mining areas was revalued in the amount of PLN 607,650 thousand. The change in the estimates of the provision amount results from the change in estimates found in the first half of 2023. The costs of the reserve also included the costs of excluding land from agricultural and forestry activities and the costs of electricity, and all costs of taxes and other recultivation costs were verified. Expenditures planned until 2024 were included in cost of sales. The remaining amount was included in other operating expenses.

9. Seasonality of activities

The demand for electricity and heat, among consumers in particular, is subject to seasonal fluctuations. The practice so far has shown that electricity consumption was higher in the winter (mainly due to low temperatures and shorter days) and lower in the summer (due to the holiday period, higher ambient temperatures, and a longer day). A systematic increase in the demand for electricity in the summer has been recorded over the last few years, which is mainly caused by the rising number of operated air conditioners and cooling devices.

Regardless of the aforementioned factors, the meteorological conditions are becoming increasingly important for the Group's production volume. Previously, the Group's activity was not significantly based on demand seasonality, and was continuous (basically) all-year-round, owing to low unit operating costs. Currently, given the increasing share of RES the energy production segment, including, primarily, wind sources and photovoltaics, when estimating the Group's production volume, weather conditions, with particular emphasis on wind in Q1 and Q4, and sun in Q2 and Q3 are gaining

importance. However, the risk associated with seasonality and meteorological conditions is not crucial for the Group's activities.

10. Operating segments

For management purposes, the Group was divided into parts based on products manufactured and services provided.

Thus, the following operating segments were distinguished:

- The Generation Segment covering generation of electricity from both conventional sources (including co-generation) and through biomass combustion and co-combustion. Basic fuels used by the Generation Segment are lignite and biomass. The Generation Segment includes the following entities:
 - ZE PAK SA
 - PAK – Polska Czysta Energia sp. z o.o.
 - PAK – PCE Fotowoltaika sp. z o.o.
 - PAK – PCE Stacje H2 sp. z o.o.
 - PAK – PCE Biopaliwa i Wodór sp. z o.o.
 - PAK – PCE Wiatr sp. z o.o.
 - PCE – OZE 1 sp. z o.o.
 - PCE – OZE 2 sp. z o.o.
 - PCE – OZE 3 sp. z o.o.
 - PCE – OZE 4 sp. z o.o.
 - PCE – OZE 5 sp. z o.o.
 - PCE – OZE 6 sp. z o.o.
 - PAK CCGT sp. z o.o.
 - Park Wiatrowy Pałczyn 1 sp. z o.o.
 - Farma Wiatrowa Kazimierz Biskupi sp. z o.o.
 - Elektrownia Wiatrowa Dobra sp. z o.o.
 - Eviva Lębork sp. z o.o.
 - Farma Wiatrowa Przyrów sp. z o.o.
 - Great Wind sp. z o.o.
 - Farma Wiatrowa Jastrowie sp. z o.o.
 - Farma Wiatrowa Okonek sp. z o.o.
 - Eviva Drzeżewo sp. z o.o.
- The Extraction Segment, which covers lignite mining. The following entities operate under the Extraction Segment within the ZE PAK SA Capital Group:
 - „PAK Kopalnia Węgla Brunatnego Konin” SA
- The Renovation Segment, which provides construction and repair services. This Segment covers activities of the Przedsiębiorstwo Remontowe “PAK SERWIS” Sp. z o.o.
- The Sales Segment provides electricity sales services. The “PAK-Volt SA” company belongs to the Sales Segment.

The ZE PAK SA Group also conducts other types of activities, which have been included in the “Other” column. It contains the activities of other companies throughout H1 2023.

Transaction prices used in transactions between operating segments are determined on an arm's length basis, similarly to transactions with non-related parties. None of the Group's operating segments has been merged with another segment in order to create the aforementioned operating segments for reporting purposes.

Revenues from transactions between segments are eliminated in the consolidation process.

The body making key decisions within the Group is the Management Board of ZE PAK SA. The Management Board separately monitors the segments' operating activity results in order to decide on allocation of resources, evaluation of allocation's outcomes, and activity results. The basis to assess operating results is the profit or loss from operating

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

activities and EBITDA. EBITDA shall be viewed as a supplement and not replacement for the operating results reported pursuant to IFRS. EBITDA is a useful indicator of the ability to incur and service debt. The EBITDA level is not defined by the IFRS and can be calculated differently by other entities. The reconciliation and definitions applied by the ZE PAK SA Group for determining these measures are presented below.

The Group defines EBITDA as net profit excluding financial costs and revenues, income tax, depreciation and impairment write-downs on fixed assets and mining assets.

Total EBITDA for the entire ZE PAK SA Capital Group

	<i>6-month period ended 30 June 2023 (unaudited)</i>	<i>6-month period ended 30 June 2022 (unaudited)</i>
Net profit/(loss) from continuing operations	(119 915)	152 579
Financial revenue	-11 969	- 30 387
Financial costs	+20 250	+ 25 291
Income tax	-31 529	+ 28 603
Depreciation and impairment write-downs	+29 196	+ 22 639
EBITDA from continuing operations	<u>(113 967)</u>	<u>198 725</u>
EBITDA from discontinued operations	<u>(8 818)</u>	<u>-</u>
EBITDA	<u><u>(122 785)</u></u>	<u><u>198 725</u></u>

The following tables present the results of segments for 6-month periods ended 30 June 2023 and 30 June 2022.

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

6-month period ended 30 June 2023 (unaudited)

	Generation	Mining	Renovation	Sale	Other	Consolidation adjustments	Total
Revenues from sales to external clients	1 411 214	1 342	41 872	-	2 784	-	1 457 212
Revenues from inter-segment sales	281 552	473 195	93 900	-	62 115	(910 762)	-
Sales revenues	1 692 766	474 537	135 772	-	64 899	(910 762)	1 457 212
Selling prime costs	(1 434 325)	(288 669)	(120 892)	-	(57 353)	910 174	(991 065)
Gross profit/(loss) on sales	258 441	185 868	14 880	-	7 546	(588)	466 147
Other operating revenues	2 240	10 163	341	-	499	(61)	13 182
Selling costs	-	-	-	-	(709)	-	(709)
Overheads	(20 425)	(17 966)	(7 214)	-	(10 989)	-	(56 594)
Other operating costs	1 213	(566 402)	-	-	-	-	(565 189)
Financial revenues	45 905	1 411	99	-	4 974	(40 420)	11 969
Financial costs	(50 915)	(3 857)	(829)	-	(5 069)	40 420	(20 250)
Gross profit/(loss)	236 459	(390 783)	7 277	-	(3 748)	(649)	(151 444)
Income tax (tax burden)	(126)	32 639	(1 747)	-	(34)	797	31 529
Net profit/(loss) on continuing operations	236 333	(358 144)	5 530	-	(3 782)	148	(119 915)
Profit/(loss) on operating activities, excl. financial operations and income tax	241 469	(388 337)	8 007	-	(3 653)	(649)	(143 163)
Depreciation	23 998	3 006	1 234	-	1 671	(713)	29 196
Impairment write-down	-	-	-	-	-	-	-
EBITDA from continuing operations	265 467	(385 331)	9 241	-	(1 982)	(1 362)	(113 967)
EBITDA from discontinued operations							(8 818)
EBITDA							(122 785)

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

6-month period ended 30 June 2022 (unaudited)

	Generation	Mining	Renovation	Sale	Other	Consolidation adjustments	Total
Revenues from sales to external clients	1 341 961	1 277	23 500	584 788	4 837	-	1 956 363
Revenues from inter-segment sales	79 687	268 864	60 022	288	66 266	(475 127)	-
Sales revenues	1 421 648	270 141	83 522	585 076	71 103	(475 127)	1 956 363
Selling prime costs	(1 286 767)	(226 978)	(73 474)	(568 395)	(63 205)	472 945	(1 745 874)
Gross profit/(loss) on sales	134 881	43 163	10 048	16 681	7 898	(2 182)	210 489
Other operating revenues	18 249	20 521	64	197	4 238	(2 552)	40 717
Selling costs	(908)	-	-	(3 634)	(1 650)	-	(6 192)
Overheads	(29 416)	(18 985)	(5 247)	(1 889)	(6 000)	-	(61 537)
Other operating costs	(5 379)	(876)	(132)	(181)	(738)	(85)	(7 391)
Financial revenues	33 892	2 298	340	191	155	(6 489)	30 387
Financial costs	(19 381)	(8 738)	(212)	(2 402)	(1 047)	6 489	(25 291)
Gross profit/(loss)	131 938	37 383	4 861	8 963	2 856	(4 819)	181 182
Income tax (tax burden)	(26 858)	(5)	(1 277)	(293)	(1 070)	900	(28 603)
Net profit/(loss) on continuing operations	105 080	37 378	3 584	8 670	1 786	(3 919)	152 579
Profit/(loss) on operating activities, excl. financial operations and income tax	117 427	43 823	4 733	11 174	3 748	(4 819)	176 086
Depreciation	16 960	2 416	1 279	6	2 091	(113)	22 639
Impairment write-down	-	-	-	-	-	-	-
EBITDA	134 387	46 239	6 012	11 180	5 839	(4 932)	198 725

11. Revenues and costs

11.1. Sale revenues

	<i>6-month period concluded on 30 June 2023 (unaudited)</i>	<i>3-month period concluded on 30 June 2023 (unaudited)</i>	<i>6-month period concluded on 30 June 2022 (unaudited)</i>	<i>3-month period concluded on 30 June 2022 (unaudited)</i>
Material structure				
Revenues from the sale of goods and services, including:				
Revenues from the sale of own-production electricity	1 216 094	636 816	899 538	416 672
Revenues from sales of electric energy from trade	711 826	319 516	795 309	412 846
Revenues from sales of thermal energy	45 929	9 090	29 926	11 463
Capacity market revenues	82 396	47 746	84 071	40 479
Other sales revenues	37 410	3 511	50 246	22 978
Revenues from construction service contracts	34 581	15 167	16 419	11 922
Revenues from sales of goods and services	2 128 236	1 031 846	1 875 509	916 360
Excise tax	(28)	(13)	(2 173)	(1059)
Revenues from sales of goods and services including excise duty	2 128 208	1 031 833	1 873 336	915 301
Property rights from energy certificates of origin, including	39 010	15 529	30 140	9 704
Compensation for termination of LTC	49 202	17 453	52 887	35 072
Revenues from discontinued operations	(759 208)	(759 208)	-	-
Sale revenues from continuing operations	<u>1 457 212</u>	<u>305 607</u>	<u>1 956 363</u>	<u>960 077</u>

11.2. Other operating revenues

	<i>6-month period concluded on 30 June 2023 (unaudited)</i>	<i>3-month period concluded on 30 June 2023 (unaudited)</i>	<i>6-month period concluded on 30 June 2022 (unaudited)</i>	<i>3-month period concluded on 30 June 2022 (unaudited)</i>
Compensation revenues	86	85	116	98
Redemption of a receivable impairment write-down	56	(24)	484	458
Settlement of subsidies	-	-	23	11
Profit from sales of non-financial fixed assets	771	87	17 114	10 021
Release of the provision for costs and losses and write-off of liabilities	(1)	(1)	255	(2)
Revenues from demolition and sale of scrap	1 463	129	18 230	6 290
Sale of other materials	7 846	5 541	4 306	1 598
Other	3 093	2 341	189	-
Other operating revenues from discontinued operations	(132)	(132)	-	-
Other operating revenues from continuing operations	<u>13 182</u>	<u>8 026</u>	<u>40 717</u>	<u>18 474</u>

11.3. Other operating costs

	<i>6-month period concluded on 30 June 2023 (unaudited)</i>	<i>3-month period concluded on 30 June 2023 (unaudited)</i>	<i>6-month period concluded on 30 June 2022 (unaudited)</i>	<i>3-month period concluded on 30 June 2022 (unaudited)</i>
Loss on the sale of tangible fixed assets	787	787	500	494
Provision creation	561 202	271 815	275	137
Impairment write-down on receivables	22	22	497	486
Penalties and compensations	16	16	50	50
Donations given	9 545	88	1 100	57
Costs of shortages and damage	9	9	804	182
Costs of fixed asset liquidation	200	200	-	(3 678)
Other	3 224	2 078	4 165	1 208
Other operating costs from discontinued operations	(9 816)	(9 816)	-	-
Other operating costs from continuing operations	565 189	265 199	7 391	(1 064)

11.4. Financial revenues

	<i>6-month period concluded on 30 June 2023 (unaudited)</i>	<i>3-month period concluded on 30 June 2023 (unaudited)</i>	<i>6-month period concluded on 30 June 2022 (unaudited)</i>	<i>3-month period concluded on 30 June 2022 (unaudited)</i>
Revenues from interest	19 586	9 044	4 794	1 314
Foreign exchange gains	5 376	4 881	2 161	1 255
Valuation of instruments hedging the exchange rate (forward) and interest rate (IRS)	-	-	20 314	9 269
Other	401	(418)	3 118	1 816
Financial revenues from discontinued operations	(13 394)	(13 394)	-	-
Financial revenues from continuing operations	11 969	113	30 387	13 654

11.5. Financial costs

	<i>6-month period concluded on 30 June 2023 (unaudited)</i>	<i>3-month period concluded on 30 June 2023 (unaudited)</i>	<i>6-month period concluded on 30 June 2022 (unaudited)</i>	<i>3-month period concluded on 30 June 2022 (unaudited)</i>
Interest	37 995	17 589	18 093	12 770
Valuation and execution of derivative financial instruments	29 697	27 825	120	(81)
Foreign exchange losses	15 813	10 655	35	(34)
Provision discount for liquidation of power units	2 470	2 470	130	65
Provision discount for reclamation	-	(4 938)	4 730	2 365
Other	3 626	1 821	2 183	1 878
Financial costs from discontinued operations	(69 351)	(69 351)	-	-
Financial costs from continuing operations	20 250	(13 929)	25 291	16 963

11.6. Costs by type

	<i>6-month period concluded on 30 June 2023 (unaudited)</i>	<i>3-month period concluded on 30 June 2023 (unaudited)</i>	<i>6-month period concluded on 30 June 2022 (unaudited)</i>	<i>3-month period concluded on 30 June 2022 (unaudited)</i>
Depreciation and amortisation	29 196	15 865	22 639	11 870
Impairment write-downs on inventories	4 124	2 732	5 554	2 352
Material consumption	311 910	121 184	199 575	106 103
Outsourcing	47 523	14 811	52 834	31 747
Taxes and fees excluding excise tax	167 589	52 603	65 157	32 509
CO ₂ emission costs	352 300	184 594	495 243	251 850
Employee benefits	208 915	106 399	195 931	102 755
Other costs by type	17 975	(249 758)	45 047	35 272
Value of goods and materials sold and of sold energy purchased in trade	735 508	368 037	762 518	370 861
Costs by type from discontinued operations	(758 342)	(758 342)	-	-
Costs by type from continuing operations	<u>1 116 698</u>	<u>(141 875)</u>	<u>1 844 498</u>	<u>945 319</u>
Items recognized in prime cost of sales	991 065	(199 598)	1 745 874	887 276
Items recognized in selling costs	709	(3 056)	6 192	2 778
Items recognized in overheads	56 594	2 929	61 537	31 705
Change in product stock	67 220	57 097	30 816	23 427
Costs of generating house-load services	1 110	753	79	133

11.7. Construction service contracts

The Group performs contracts, which are settled in the course of the work – by way of issuing partial invoices in accordance with work progress and a final invoice after work completion.

The services provided under these contracts are services provided over time. Contract performance periods range from 2 months to 6 years, although these are often 1–2-year contracts. Partial invoices with a payment deadline of usually 30 days are issued in the course of the contracts. In the case of certain high-value contracts, the Group has the option to receive an advance payment. Advance payments are settled through partial invoices and a final invoice.

The revenues for Q2 2023 did not include the part of the revenues, for which the obligations to provide a service had already been recognized in previous reporting periods.

Assets and liabilities related to concluded contracts for construction and installation services

The change in contract valuation applies to both changes associated with concluded contract change orders and the level of contractual work progress.

Outstanding service obligations

The total realizable price of the transaction allocated to obligations of providing services, which were not fulfilled (or partially fulfilled) at the end of the reporting period:

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
- up to 1 year	10 320	130 801

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

Total	10 320	130 801
	<i>6-month period ended</i>	<i>6-month period ended</i>
	<i>30 June 2023 (unaudited)</i>	<i>30 June 2022 (unaudited)</i>
Gross amount due from ordering parties on account of contractual work:	5 172	1 610
Gross amount payable to ordering parties on account of contractual work:	4 120	2 518

12. Income tax

12.1. Tax burden

Tax burden main components for the 6-month periods concluded on 30 June 2023 and 30 June 2022 are as follows:

	<i>6-month period concluded on 30 June 2023 (unaudited)</i>	<i>3-month period concluded on 30 June 2023 (unaudited)</i>	<i>6-month period concluded on 30 June 2022 (unaudited)</i>	<i>3-month period concluded on 30 June 2022 (unaudited)</i>
<i>Recognized in profit or loss</i>				
<i>Current income tax</i>	-	-	-	-
Current income tax liabilities	18 551	13 687	1 498	(489)
<i>Deferred income tax</i>				
Associated with the creation and reversal of temporary differences	(53 475)	(20 827)	27 098	5 939
Other changes	3 395	5 514	7	-
Tax burden in consolidated profit or loss:	(31 529)	(1 626)	28 603	5 450
from continuing operations	(40 747)	(10 844)	28 603	5 450
from discontinued operations	9 218	9 218	-	-
<i>Included in the consolidated statement of comprehensive income</i>				
Tax on net profit/(loss) from revaluation of cash flow hedges	-	-	-	-
Tax on actuarial profit/loss	(177)	(118)	11	(30)
Tax benefit/(tax burden) recognized in other comprehensive income	(177)	(118)	11	(30)

12.2. Deferred income tax

Deferred income tax results from the following positions:

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Deferred tax assets		
Balance sheet provisions	75 263	8 476

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

Interest and foreign exchange differences	2 055	1 709
Valuation of uncompleted construction service contracts	2 587	3 318
Tax loss from previous years	20 111	-
Inventories impairment write-down	227	234
Liability impairment write-down	2 173	2 464
Fixed asset impairment write-down	0	3 027
Difference between the balance sheet and tax value of fixed assets	8 991	1 805
Settlements with employees	24	670
Other	5 927	7 036
Total	117 358	28 739
Deferred tax provisions		
Difference between the balance sheet and tax value of fixed assets	11 322	19 572
Receivable on account of LTC	11 855	7 067
Energy certificates	5 464	5 469
Interest and foreign exchange differences	549	2
Valuation of uncompleted construction service contracts	980	3 081
Recognition of receivables due to contractual penalties	1 461	-
Valuation of PPA contracts	21 177	-
Other	9 613	4 015
Total	62 421	39 206
After offsetting the balances at the level of companies from the Capital Group, deferred tax is presented as:		
Assets	103 280	18 462
Assets classified as held for sale	(44 036)	-
Total assets	59 244	39 206
Provision	48 342	28 929
Liabilities classified as held for sale	(23 772)	-
Total provision	24 570	39 206

At the end of the period ended June 30, 2023, tax revenue forecasts until the end of 2023 were verified and the possibility of recovering tax losses was found, which resulted in the recognition of the asset.

In connection with the update of tax projections in the current period, a tax asset in the amount of PLN 53,044 thousand was created in ZE PAK and KWBK, which will be realized in 2023.

13. Profit per one share

Basic profit per a single share is calculated through dividing the net profit for the period per ordinary shareholders of the parent company by the weighted average number of issued ordinary shares occurring throughout the entire period,

Diluted earnings per share is calculated through dividing the net earnings per period allocated to ordinary shareholders by the weighted average number of ordinary shares issued within the period, adjusted by the weighted average of ordinary shares that would be issued when converting all dilutive potential equity instruments into ordinary shares.

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

The data regarding earnings and shares used to calculate the basic and diluted earnings per share is shown below:

	<i>6-month period concluded on 30 June 2023 (unaudited)</i>	<i>3-month period concluded on 30 June 2023 (unaudited)</i>	<i>6-month period concluded on 30 June 2022 (unaudited)</i>	<i>3-month period concluded on 30 June 2022 (unaudited)</i>
Net profit (loss) from continuing operations attributable to parent company shareholders.	(119 915)	254 255	152 579	49 097
Net profit from discontinued operations attributable to parent company shareholders.	(55 557)	(55 557)	-	-
Net profit (loss) attributable to ordinary shareholders, applied to calculate diluted earnings per share	(153 021)	221 149	152 579	49 097
Weighted average number of ordinary shares, applied to calculate the basic and diluted earnings per share	50 823 547	50 823 547	50 823 547	50 823 547

The table below shows earnings per share in PLN, for the 6-month period concluded on 30 June 2023 and 30 June 2022, presented in the profit and loss statement.

	<i>6-month period concluded on 30 June 2023 (unaudited)</i>	<i>3-month period concluded on 30 June 2023 (unaudited)</i>	<i>6-month period concluded on 30 June 2022 (unaudited)</i>	<i>3-month period concluded on 30 June 2022 (unaudited)</i>
Basic/diluted from profit/(loss) from continuing operations allocated for parent company shareholders	(2,36)	5,00	3,00	0,97
Basic/diluted from profit/(loss) for the period allocated for parent company shareholders	(3,01)	4,35	3,00	0,97

In the period between the balance sheet date and the date of preparation of these financial statements, there were no changes in the number of ordinary shares or potential ordinary shares.

14. Discontinued operations

In connection with the transaction of the sale of PAK – Polska Czysta Energia sp. z o.o. shares made on July 3, 2023, the shares held in the companies listed below were sold:

- PAK – Polska Czysta Energia sp. z o.o.
- PAK – PCE Fotowoltaika sp. z o.o.
- PAK – PCE Stacje H2 sp. z o.o.
- PAK – PCE Biopaliwa i Wodór sp. z o.o.
- PAK – PCE Wiatr sp. z o.o.
- PCE – OZE 1 sp. z o.o.
- PCE – OZE 2 sp. z o.o.
- PCE – OZE 3 sp. z o.o.
- PCE – OZE 4 sp. z o.o.
- PCE – OZE 6 sp. z o.o.

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

- PAK – VOLT S.A.
- Park Wiatrowy Pałczyn 1 sp. z o.o.
- Farma Wiatrowa Kazimierz Biskupi sp. z o.o.
- Elektrownia Wiatrowa Dobra sp. z o.o.
- Eviva Lębork sp. z o.o.
- Farma Wiatrowa Przyrów sp. z o.o.
- Great Wind sp. z o.o.
- Farma Wiatrowa Jastrowie sp. z o.o.
- Farma Wiatrowa Okonek sp. z o.o.
- Eviva Drzeżewo sp. z o.o.

The revenues and costs listed below concern the subsidiaries of PAK – Polska Czysta Energia sp. z o.o.

	<i>6-month period ended</i>
	<i>30 June 2023 (unaudited)</i>
Revenues	759 208
Selling prime cost	(718 366)
Gross profit/(loss) on sales	40 842
Other operating revenues	132
Selling costs	(6 638)
Overheads	(33 338)
Other operating costs	(9 816)
Profit/(loss) on continuing operations	(8 818)
Financial revenues	13 394
Financial costs	(69 351)
Gross profit/(loss)	(64 775)
Income tax (tax burden)	9 218
Net profit/(loss) on discontinued operations	(55 557)

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

15. Tangible fixed assets

6-month period ended 30 June 2023 (unaudited)

	<i>Lands, including perpetual usufruct rights*</i>	<i>Buildings and structures</i>	<i>Technical equipment</i>	<i>Means of transport</i>	<i>Other fixed assets</i>	<i>Capital work in progress</i>	<i>Total</i>
Gross value as at 1 January 2023	258 640	1 980 028	4 908 714	41 366	36 883	613 040	7 838 671
Direct purchase	837	275	1 282	744	127	372 866	376 131
Renovations	-	-	-	-	-	-	-
Transfer from capital work in progress	4 346	1 913	2 847	-	16	(9 122)	-
Sales and liquidation	(466)	(3 175)	(23 993)	(1 203)	(456)	(15 229)	(44 522)
Reclassification	-	-	96	6 153	(110)	-	6 139
Other changes	-	620	-	-	-	-	620
Gross value as at 30 June 2023	263 357	1 979 661	4 888 946	47 060	36 460	961 555	8 177 039
Redemption and impairment write-downs as at 1 January 2023	56 786	1 768 407	4 169 137	39 842	25 038	52 597	6 111 807
Impairment write-down for the period	2 457	5 856	15 320	485	872	(122)	24 868
Impairment write-down (status change)	-	889	719	-	-	(1 608)	-
Sales and liquidation	(128)	(2 987)	(20 416)	(1 203)	(447)	-	(25 181)
Reclassification	-	-	96	-	(110)	-	(14)
Other changes	-	620	-	-	-	453	1 073
Redemption and impairment write-downs as at 30 June 2023	59 115	1 772 785	4 164 856	39 124	25 353	51 320	6 112 553
Net value as at 1 January 2023	201 854	211 621	739 577	1 524	11 845	560 443	1 726 864
Net value as at 30 June 2023	204 242	206 876	724 090	7 936	11 107	910 235	2 064 486
Tangible fixed assets classified as held for sale	(36 129)	(186 055)	(681 531)	(7 614)	(4 978)	(871 313)	(1 787 620)
Net value as at 30 June 2023	168 113	20 821	42 559	322	6 129	38 922	276 866

* this item also includes land exploited for extraction of minerals with the opencast method

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

6-month period ended 30 June 2022 (unaudited)

	<i>Lands, including perpetual usufruct rights*</i>	<i>Buildings and structures</i>	<i>Technical equipment</i>	<i>Means of transport</i>	<i>Other fixed assets</i>	<i>Capital work in progress</i>	<i>Total</i>
Gross value as at 1 January 2022	247 822	2 079 896	5 027 263	54855	34 901	314 069	7 758 806
Direct purchase	560	164	1 248	688	651	141794	145 105
Renovations	-	-	(144)	-	-	-	(144)
Transfer from capital work in progress	5 548	22 162	200 400	-	1 055	(229 165)	-
Sales and liquidation	(1 046)	(33 352)	(181 906)	(11 956)	(1 150)	-	(229 410)
Reclassification	8	(8)	-	-	-	1 637	1 637
Other changes	-	-	-	-	-	(21 470)	(21 470)
Gross value as at 30 June 2022	<u>252 892</u>	<u>2 068 862</u>	<u>5 046 861</u>	<u>43587</u>	<u>35 457</u>	<u>206865</u>	<u>7 654 524</u>
Redemption and impairment write-downs as at 1 January 2022	53 041	1 882 107	4 474 644	51 483	24 933	90 340	6 576 548
Impairment write-down for the period	2 271	4 075	13 102	714	707	(122)	20 747
Impairment write-down (status change)	-	4 179	1 354	-	-	(5 533)	-
Sales and liquidation	(900)	(33 352)	(179 013)	(9 496)	(1 145)	-	(223 906)
Other changes	-	-	-	-	-	(21 470)	(21 470)
Redemption and impairment write-downs as at 30 June 2022	<u>54 412</u>	<u>1 857 009</u>	<u>4 310 087</u>	<u>42 701</u>	<u>24 495</u>	<u>63 215</u>	<u>6 351 919</u>
Net value as at 1 January 2022	<u>194 781</u>	<u>197 789</u>	<u>552 619</u>	<u>3 372</u>	<u>9 968</u>	<u>223 729</u>	<u>1 182 258</u>
Net value as at 30 June 2022	<u>198 480</u>	<u>211 853</u>	<u>736 774</u>	<u>886</u>	<u>10 962</u>	<u>143650</u>	<u>1 302 605</u>

* *this item also includes land exploited for extraction of minerals with the opencast method*

15.1. Value impairment test involving the assets of ZE PAK SA Capital Group

Identification of cash-generating units (CGUs)

According to IAS 36: “A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If there is any indication that an asset may be impaired, recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, an entity shall determine the recoverable amount of the cash-generating unit to which the asset belongs (the asset’s cash-generating unit).

When distinguishing CGUs within the Group’s company’s, the independent generation of cash flows in terms of the functioning of individual companies was analysed and additional premises, used to updated financial projections were taken into account.

The following cash-generating centres were separated within ZE PAK SA Capital Group:

- fixed assets (generating) of ZE PAK SA – Pątnów Power Plant (“CGU Pątnów Power Plant” – black energy) – units No. 1, 2, 5 (so-called Pątnów I Power Plant) and unit No. 9 (formerly the so-called Pątnów II Power Plant) recognized as a single CGU due to process and commercial links;
- fixed assets (generating) PAK – PCE Biopaliwa i Wodór Sp. z o.o. – Konin Power Plant (“CGU Elektrownia Konin” – green biomass energy);
- fixed assets (generating) of PAK PCE Fotowoltaika – photovoltaic farm (“CGU Fotowoltaika Brudzew”)
- fixed assets (extraction) and mining assets of PAK KWB Konin SA related to Józwin, Tomisławice and Drzewce open pits (“CGU PAK KWB Konin”).

Moreover, the remaining CGUs were separated within the following segments: Renovations, Sales, and Others.

Analysis of premises to conduct value impairment tests as at 30 June 2023

Pursuant to IAS 36, at the end of every reporting period the Management Board evaluates whether there are any premises indicating that fixed assets may have been impaired. In case of identifying such premises, the Group estimates a recoverable value of such assets. Therefore, in each case the Group analyses the premises that might affect an asset value impairment, and determines cash-generating units within the Group’s companies.

The Management Board took into account the following premises:

- periodic maintenance of Parent Company's stock market capitalization in 2021, 2022 and H1 2023 below the net asset carrying amount;
- Regulation of the Council of Ministers of 8 November 2022 on the method for price limit calculation.

Individual CGUs were analysed:

- CGUs associated with generating the so-called black electricity, i.e., “CGU Pątnów Power Plant) – baseline operation scenario assumes operation of all Pątnów Power Plant units until the end of 2024. The previous scenario assumed the operation of coal-fired units No. 1, 2 and 5 at the Pątnów Power Plant until 2024, and the 474 MW unit (formerly Pątnów II Power Plant) was supposed to operate longer than until 2030. The Group has adopted a baseline operating scenario for its coal-fired units until 2024, which is the deadline until which these assets are eligible for support in the form of the capacity market mechanism. The Company perceives the current market situation in terms of the relationship between the prices of energy and CO₂ emission allowances as highly volatile and risky. The coal extraction and generation activity after 2024 will have to entail undertaking a number of investments, including ones enabling further operation of the Tomisławice open pit and adapting the 474 MW unit to environmental requirements. The Company sees opportunities in incurring such investment outlays and extending the operation of such coal-related assets after 2024, however, closely associates taking such actions on introducing a support mechanism after 2024 that would mitigate the risk of operating the Group’s generation assets planned for decommissioning. Due to the fact that the Group's coal-fired units cannot currently participate under such a mechanism after 2024, the Company, guided by the principle of reasonable expectations, shortened the operating period of coal related extraction and generation assets. Simultaneously, the Company does not rule out changing the expected operating period of coal assets if a satisfactory support mechanism is established after 2024. Based on the conducted tests as at 31 December 2021 and taking into account the aforementioned factors, it was concluded that there was a need for a write-off in the “CGU Pątnów Power Plant” segment in the amount

of PLN 654 661.9, i.e., up to the land value. In connection with the Regulation of the Council of Ministers of 8 November 2022 on the method for price limit calculation published on 9 November, the Company analysed the provisions set out in the Regulation and its outcomes, in particular, in relation to the costs incurred by the Company and the impact of maximum energy sales price limits set in the Regulation on the profitability of the Company's production activities in 2023. Due to the fact that a significant part of the assets under "CGU Pątnów Power Plant" has already been written-off, the Group withdrew for testing these assets on 30 June 2023.

- CGUs associated with coal extraction – mining assets have been already written-off up to the land fair value, therefore, the Group does not recognize a need to test these assets;
- CGUs associated with green electricity generation, i.e. "CGU Konin Power Plant" – renewable biomass energy. Generating energy from a renewable source is in line with EU's climate policy that is aimed at a radical reconstruction of the economy towards a growing utilization of renewable energy sources. Furthermore, there is an evident growing demand for generation from biomass units for qualification reasons – as a RES that stabilizes the production of non-controllable wind and PV farm modules. The Company has also analysed the stipulations in the Regulation of the Council of Ministers dated 8 November 2022 on the method for price limit calculation. It should be stressed that the sale value of the Konin Power Plant in the form of OPE to PAK – PCE Biopaliwa i Wodór Sp. z o.o. significantly exceeds the asset book value. Therefore, the Group decided to waive testing these assets.
- CGU Fotowoltaika Brudzew - it should be stressed that energy sales were previously secured pursuant to a sales contract concluded on 12 March 2021 between PAK – PCE Fotowoltaika sp. z o.o and Polkomtel sp. z o.o. In turn, on 30 March 2023, an Agreement was signed that terminated an electricity sales agreement of 12 March 2021 between PAK – PCE Fotowoltaika sp. z o.o. and Polkomtel sp. z o.o. The termination of the agreement became effective on 31 March 2023 and resulted from a change in the electricity generation and trading management model within the Polsat Plus Group, leading to a designation of another entity from the capital group responsible for the purchase of electricity generated in a renewable energy source operated by generators from the Polsat Plus Group or associated with the Polsat Plus Group. On the same day, 30 March 2023, the Agreement for the sale of electricity generated in a renewable energy source was concluded between PAK – PCE Fotowoltaika sp. z o.o. and PAK VOLT SA. The Agreement is intended to stabilise the relations between the Parties through its duration and the permanence of the sales legal relationship, which is to ensure a specific supply volume at an agreed price, thus providing, among other things, funds for the repayment of the Seller's liabilities to Banks, and guaranteeing the recipient electricity from a renewable energy source, which will allow it to achieve its energy transition objectives;

Due to the sale transaction of PAK - PCE and its subsidiaries on July 3, 2023, impairment tests for PAK – PCE Biopaliwa i Wodór, PAK – PCE Fotowoltaika and PAK – Volt were waived.

Due to the guarantee of energy collection at a price ensuring profitability for the repayment of loan obligations, as well as the valuation of the company by an independent entity as part of the transaction of selling shares in PAK - Polska Czysta Energia sp. z o.o. testing of these assets was waived.

16. Right-of-use assets and lease liabilities

As of 1 January 2019, the Group has been applying IFRS 16 "Leases" for the first time. According to this standard, the groups balance sheet recognizes right-of-use assets and lease liabilities.

The Group as a leaseholder

The Group is a party to lease agreements in terms of underlying assets, such as:

- land, including perpetual usufruct rights,
- motor vehicles,
- machines.

Lease agreements are concluded for a period of 4 to 14 years and indefinitely, and the perpetual usufruct rights have been granted for a period of 40 to 100 years. Lease fees are indexed pursuant to the act on land management.

The lease period for motor vehicles is 2 to 5 years.

The lease period for machines is 2 to 5 years. The agreement is based on the underlying asset after the lease period ends.

All lease agreements are concluded in PLN.

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

Lease liability maturity analysis:

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Up to 1 year	13 206	7 366
1 - 3 years	21 018	15 716
3 - 5 years	30 778	13 930
Over 5 years	235 477	139 658
Total, acc. to non-discounted payments	<u>300 479</u>	<u>176 670</u>
Book value	<u>115 638</u>	<u>63 637</u>
Right-of-use assets classified as held for sale	<u>(73 759)</u>	<u>-</u>
Book value	<u>41 879</u>	<u>63 637</u>

Amounts recognized in the cash flow statement

	<i>6-month period ended 30 June 2023 (unaudited)</i>	<i>Year ended 31 December 2022</i>
Total cash outflow	<u>12 467</u>	<u>6 314</u>

Right-of-use

Right-of-use assets include assets utilized pursuant to land lease agreements, perpetual usufruct right to land and financial lease at PAK KWB Konin SA, PAK KWB Adamów SA under liquidation and ZE PAK SA.

	<i>6-month period ended 30 June 2023 (unaudited)</i>	<i>Year ended 31 December 2022</i>
Gross value as at 1 January	86 726	67 296
Redemption as at 1 January	(25 301)	(21 440)
Net value as at 1 January	61 425	45 856
Increases	58 121	19 430
Depreciation for the period	(3 908)	(3 861)
Right-of-use assets classified as held for sale	<u>(73 759)</u>	<u>-</u>
As at the end of the period	<u>41 879</u>	<u>61 425</u>

Additional qualitative and quantitative information on lease-related activities

In connection with concluded lease agreements, the Group is potentially exposed to future cash outflows that have not been included in the measurement of lease-related liabilities. This includes risk resulting from:

- floating lease fees,
- lease extension and lease termination option,
- guaranteed residual value, and
- non-commenced leases, to which the leaseholder is obliged.

Floating lease fees

Current lease agreements do not contain floating lease fees

Extension option

Until the date of publishing this statement, the Group did not conclude any lease agreements that contain extension options.

17. Intangible assets

Long-term intangible assets – 6-month period ended 30 June 2023 (unaudited)

	<i>Patents and licenses</i>	<i>Computer software</i>	<i>Other intangibles</i>	<i>Total</i>
Gross value as at 1 January 2023	21 344	7 588	627	29 559
Decreases	-	(887)	-	(887)
Increases	-	409	13 891	14 300
Gross value as at 30 June 2023	<u>21 344</u>	<u>7 110</u>	<u>14 518</u>	<u>42 972</u>
Redemption and impairment write-downs as at 1 January 2023	18 775	1 238	512	20 525
Impairment write-down for the period	357	63	-	420
Impairment write-down	-	(882)	-	(882)
Decreases	-	403	-	403
Redemption and impairment write-downs as at 30 June 2023	<u>19 132</u>	<u>822</u>	<u>512</u>	<u>20 466</u>
Net value as at 1 January 2023	<u>2 569</u>	<u>6 350</u>	<u>115</u>	<u>9 034</u>
Net value as at 30 June 2023	<u>2 212</u>	<u>6 288</u>	<u>14 006</u>	<u>22 506</u>
Long-term intangible assets classified as held for sale	<u>(80)</u>	<u>(5 929)</u>	<u>(13 967)</u>	<u>(19 976)</u>
Net value as at 30 June 2023	<u>2 132</u>	<u>359</u>	<u>39</u>	<u>2 530</u>

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

Long-term intangible assets – 6-month period ended 30 June 2022 (unaudited)

	<i>Patents and licenses</i>	<i>Computer software</i>	<i>Other intangibles</i>	<i>Total</i>
Gross value as at 1 January 2022	22 294	2 134	599	25 027
Decreases	-	(13)	-	(13)
Increases	179	-	3 256	3 435
Gross value as at 30 June 2022	<u>22 473</u>	<u>2 121</u>	<u>3 855</u>	<u>28 449</u>
Redemption and impairment write-downs as at 1 January 2022	20 144	2 134	366	22 644
Impairment write-down for the period	569	-	-	569
Impairment write-down	-	-	-	-
Decreases	-	(13)	-	(13)
Redemption and impairment write-downs as at 30 June 2022	<u>20 713</u>	<u>2 121</u>	<u>366</u>	<u>23 200</u>
Net value as at 1 January 2022	<u>2 150</u>	<u>-</u>	<u>243</u>	<u>2 382</u>
Net value as at 30 June 2022	<u>1 760</u>	<u>-</u>	<u>3 489</u>	<u>5 249</u>

Emission allowances

	30 June 2023 (unaudited)	30 June 2022 (unaudited)
	Certified emission reduction units (EUA)	Certified emission reduction units (EUA)
Gross value as at 1 January 2023	-	-
Purchase	1 215 889	1 340 053
Sale	-	-
Transfer to IRGIT security	-	-
EUA redemption	(1 153 514)	(1 256 143)
Gross value as at 30 June 2023	<u>62 375</u>	<u>-</u>
Net value as at 1 January	-	-
Net value as at 30 June	<u><u>62 375</u></u>	<u><u>-</u></u>

18. Other assets

18.1. Other financial assets and goodwill

	30 June 2023 (unaudited)	31 December 2022
Deposits	5 110	1 007
Loans granted	-	318
Investments and deposits	-	-
MPDF* investments and deposits	3 990	4 646
Shares	4 206	4 112
Goodwill	13 778	13 778
Net amount resulting from initial acquisition settlement, incl.:	260 242	136 564
<i>Farma Wiatrowa Przyrów sp. z o.o.</i>	19 362	16 200
<i>Great Wind sp. z o.o.</i>	96 561	76 127
<i>Elektrownie Wiatrowe Dobra sp. z o.o.</i>	4 758	4 713
<i>Eviva Lębork sp. z o.o.</i>	56 089	39 524
<i>Eviva Drzeżewo</i>	67 802	-
Other	405	20
Other financial assets and goodwill classified as held for sale	(273 831)	-
Other total financial assets	<u><u>13 900</u></u>	<u><u>160 445</u></u>
Short-term	8 934	-
Long-term	4 966	160 445

*MPDF – mining plant decommissioning fund

Establishing a mining plant decommissioning fund arises from the Geological and Mining Law act.

Goodwill arose from the acquisition of wind farms and constitutes the surplus of the price paid over the value of the purchased assets.

18.2. Other non-financial assets

	30 June 2023 (unaudited)	31 December 2022
VAT receivables	70 128	96 491
Insurance	306	3 582
Other budget receivables	162	336
Other non-financial assets	416	-
Other accruals	21 539	4 723
Research and development work	-	10 916
Advance payments for deliveries	13 995	13 386
Advance payments for fixed assets under construction	697	-
Other	68 314	1 181
Other non-financial assets classified as held for sale	(84 498)	-
Other total non-financial assets	<u>91 059</u>	<u>130 615</u>
Short-term	90 946	130 112
Long-term	<u>113</u>	<u>503</u>

The largest component of the item "Other accruals" in the first half of 2023 are settled over time fees for exclusion of land from agricultural and forestry production in the amount of PLN 18,858 thousand, as well as settlements regarding announcements and tenders in the amount of PLN 1,098 thousand. In the "Other" item, the largest item are settlements related to the Social Fund in the amount of PLN 1,126 thousand.

19. Inventories

	30 June 2023 (unaudited)	31 December 2022
Production fuel	21 808	10 997
Spare parts and other materials	75 430	55 990
Energy certificates of origin	41 083	27 577
Goods	1 405	26 408
Inventories classified as held for sale	<u>(119 982)</u>	<u>-</u>
Total inventories according to the lower of two values: purchase price (production cost) and net realizable value	<u>19 744</u>	<u>120 972</u>

Energy certificates of origin for electricity production from renewable sources are recognized at fair value at the end of the month in which energy was produced from renewable sources.

In the second quarter of 2023, ZE PAK SA sold 12,857,887, Biopaliwa i Wodór sp. z o.o. sold 174,061,697 green certificates.

Spare parts constitute a reserve for the needs of current renovations and servicing.

20. Trade and other receivables

	30 June 2023 (unaudited)	31 December 2022
Trade receivables	149 239	345 762
Compensation receivables in connection with LTC termination	62 395	37 292
Receivables related to hedging energy purchases on the balancing market	-	5 785
Investment receivables	180	-
Other receivables	371 229	426 567
Receivables classified as held for sale	(239 304)	-
Net receivables	343 739	815 406
Impairment write-down on receivables	26 078	26 113
Gross receivables	369 817	841 519

The Group analyses and mitigates the credit risk associated with cash through ongoing monitoring of financial institution ratings and mitigates the risk of concentrated surplus cash in a single financial institution, through its internal risk management rules. The entire receivable impairment write-down concerns individual receivables.

The Group has an appropriate policy in terms of selling only to verified clients. The top management believes that this removes additional credit risk above the risk determined by the bad debt impairment write-down, relevant to the Group's trade receivables.

21. Cash and cash equivalents

Cash and short-term deposits shown in the balance sheet include cash at bank and in hand as well as short-term deposits with an original maturity period not exceeding three months.

Cash at bank bears interest at floating rates, which depend on the interest rate on one-day bank deposits. Short-term deposits are submitted for various periods; from one day to three months, depending on the current Group's demand for cash and bear fixed interest rates. The fair value of cash and cash equivalents as at 30 June 2023 amounts to PLN 951 519 thousand (as at 30 June 2022: PLN 927 261 thousand).

The balance of cash and cash equivalents reported in the consolidated cash flow statement consisted of the following items:

Cash structure

	6-month period ended 30 June 2023 (unaudited)	6-month period ended 30 June 2022 (unaudited)
Cash at bank and in hand, incl.:	951 519	927 391
Short-term deposits	-	-
The balance of cash and cash equivalents shown on the balance sheet	676 517	927 391
Cash classified as held for sale	275 002	-
Exchange differences	-	(130)
Total balance of cash and cash equivalents reported in the statement of cash flows	676 517	927 261
Cash classified as held for sale	275 002	-

Depreciation:

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

Depreciation shown in the profit and loss account	29 196	22 639
Donation settlement	-	-
Depreciation shown in the cash flow statement	29 196	22 639
	<i>6-month period ended 30 June 2023 (unaudited)</i>	<i>6-month period ended 30 June 2022 (unaudited)</i>
<u>Receivables:</u>		
Balance sheet change in trade and other receivables	185 348	485190
Balance sheet change in other long- and short-term non-financial assets	(44 941)	(66736)
Balance sheet change in amounts due from customers under long-term contracts	(1 089)	(138)
Change in the balance of advance payments for fixed assets under construction	2	6 658
Other changes	129	(10)
Change in receivables disclosed in the cash flow statement	139 449	424964
	<i>6-month period ended 30 June 2023 (unaudited)</i>	<i>6-month period ended 30 June 2022 (unaudited)</i>
<u>Liabilities:</u>		
Balance sheet change in trade liabilities and other long- and short-term financial liabilities	93 099	(93 310)
Balance sheet change in other non-financial liabilities	(54 942)	(150 686)
Balance sheet change in amounts due to customers under long-term contracts	(105)	(1 162)
Change in liabilities due to investment settlements	(24 441)	(14 461)
Redemption of debt securities	-	-
New leasing agreements and repayment of leasing liabilities	(24 399)	-
Other changes	(5 530)	(10 508)
Change in liabilities disclosed in the cash flow statement	(16 318)	(270 127)
	<i>6-month period ended 30 June 2023 (unaudited)</i>	<i>6-month period ended 30 June 2022 (unaudited)</i>
<u>Changes in reserves, accruals and employee benefits:</u>		
Change in reserves and accruals	(273 997)	(722785)

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

Change in long- and short-term employee benefits	(995)	(305)
Change in the provision for the redemption of CER units	1 153 514	1 256 143
Changes in provisions and other items recognized in other comprehensive income	784	(60)
Other changes	4 860	-
Changes in reserves, accruals and employee benefits	884 166	532 993
	<i>6-month period ended 30 June 2023 (unaudited)</i>	<i>6-month period ended 30 June 2022 (unaudited)</i>
<u>Inventories</u>		
Balance sheet change in inventories	(18 754)	(13 485)
Change in inventory disclosed in the cash flow statement	(18 754)	(13 485)

22. Assets classified as held for sale

In connection with the transaction of the sale of PAK – Polska Czysta Energia sp. z o.o. shares made on July 3, 2023, the shares held in the companies listed below were sold:

- PAK – Polska Czysta Energia sp. z o.o.
- PAK – PCE Fotowoltaika sp. z o.o.
- PAK – PCE Stacje H2 sp. z o.o.
- PAK – PCE Biopaliwa i Wodór sp. z o.o.
- PAK – PCE Wiatr sp. z o.o.
- PCE – OZE 1 sp. z o.o.
- PCE – OZE 2 sp. z o.o.
- PCE – OZE 3 sp. z o.o.
- PCE – OZE 4 sp. z o.o.
- PCE – OZE 6 sp. z o.o.
- PAK – VOLT S.A.
- Park Wiatrowy Pałczyn 1 sp. z o.o.
- Farma Wiatrowa Kazimierz Biskupi sp. z o.o.
- Elektrownia Wiatrowa Dobra sp. z o.o.
- Eviva Lębork sp. z o.o.
- Farma Wiatrowa Przyrów sp. z o.o.
- Great Wind sp. z o.o.
- Farma Wiatrowa Jastrowie sp. z o.o.
- Farma Wiatrowa Okonek sp. z o.o.
- Eviva Drzeżewo sp. z o.o.

Exclusions of particular asset items as at June 30, 2023 are presented below.

30 June 2023

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

(unaudited)

Fixed assets	
Tangible fixed assets	1 787 620
Right-of-use assets	73 759
Intangible assets	19 976
Other long-term financial assets	273 831
Other long-term non-financial assets	451
Deferred tax assets	44 035
Total fixed assets	2 199 672
Current assets	
Inventories	119 982
Trade and other receivables	239 304
Short-term derivative financial instruments (assets)	9 182
Other short-term non-financial assets	84 046
Cash and cash equivalents	275 002
Total current assets	727 516
Total assets classified as held for sale	2 927 188

23. Dividends paid and proposed for payment

ZE PAK SA did neither pay nor declare the payment of dividends in the period of 6 months of 2023.

24. Interest-bearing bank loans and borrowings

Long-term	<i>Due date</i>	<i>30 June 2023</i>	<i>31 December 2022</i>
Investment loan at Pekao SA in the amount of PLN 160 000 thousand, interest rate at WIBOR 3M + bank margin (PAK PCE SA Biopaliwa i Wodór)	31.12.2030	107 243	115 682
Term investment loan from the consortium of PKO BP, Pekao SA and mBank SA banks in the amount of PLN 138 000 thousand, interest rate at WIBOR 1 M + bank margin (PAK – PCE Fotowoltaika sp. z o.o.)	31.12.2035	160 028	112 060
Investment loan at Bank Gospodarstwa Krajowego in the amount of PLN 165 000 thousand, interest rate at WIBOR 3M + bank margin (Farma Wiatrowa Kazimierz Biskupi)	20.12.2038	104 708	77 525
Investment loan at Pekao SA in the amount of PLN 100 500 thousand, interest rate at WIBOR 3M + bank margin (Park Wiatrowy Pałczyn 1)	20.12.2038	68 949	-
Loan from Cyfrowy Polsat SA up to PLN 60 000 thousand or its equivalent in EUR, interest rate at WIBOR 3M or EURIBOR 3M + margin (PAK – Polska Czysta Energia sp. z o.o.)	31.12.2025	47 290	52 356
Loan from Cyfrowy Polsat SA up to EUR 15 000 thousand or its equivalent in PLN, interest rate at	31.12.2026	33 691	30 890

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

WIBOR 1Y or EURIBOR 1Y+ margin (Exion Hydrogen Polskie Elektrolizery sp. z o.o.)			
Loan from Cyfrowy Polsat SA up to PLN 69 600 thousand or its equivalent in EUR, interest rate at WIBOR 3M + margin or EURIBOR 3M + margin (PAK – Polska Czysta Energia sp. z o.o.)	31.12.2025	-	10 963
Loan from Cyfrowy Polsat SA up to PLN 34 000 thousand or its equivalent in EUR, interest rate at WIBOR 3M + margin or EURIBOR 3M + margin (PAK – Polska Czysta Energia sp. z o.o.)	31.12.2025	35 761	18 785
Loan from Cyfrowy Polsat SA up to PLN 11 500 thousand or its equivalent in EUR, interest rate at WIBOR 3M + margin or EURIBOR 3M + margin (PAK – Polska Czysta Energia sp. z o.o.)	31.12.2025	12 989	12 393
Loan from Cyfrowy Polsat SA up to PLN 6 750 thousand or its equivalent in EUR, interest rate at WIBOR 3M + margin or EURIBOR 3M + margin (PAK – Polska Czysta Energia sp. z o.o.)	31.12.2025	7 581	7 231
Loan from Cyfrowy Polsat SA up to PLN 236 400 thousand or its equivalent in EUR, interest rate at WIBOR 3M + margin or EURIBOR 3M + margin (PAK – Polska Czysta Energia sp. z o.o.)	31.12.2025	213 038	91 405
Loan from Cyfrowy Polsat SA up to PLN 160 000 thousand or its equivalent in EUR, interest rate at WIBOR 3M + margin or EURIBOR 3M + margin (PAK – Polska Czysta Energia sp. z o.o.)	31.12.2025	33 199	28 427
Loan from Cyfrowy Polsat SA up to EUR 10 300 thousand or its equivalent in PLN, interest rate at EURIBOR 3M + margin or WIBOR 3M + margin (PAK – Polska Czysta Energia sp. z o.o.)	31.12.2025	8 341	8 670
Loan from Cyfrowy Polsat SA up to PLN 77 900 thousand or its equivalent in EUR, interest rate at WIBOR 3M + margin or EURIBOR 3M + margin (PAK – Polska Czysta Energia sp. z o.o.)	31.12.2025	61 666	53 164
Loan from Cyfrowy Polsat SA up to PLN 83 000 thousand or its equivalent in EUR, interest rate at WIBOR 3M + margin or EURIBOR 3M + margin (PAK – Polska Czysta Energia sp. z o.o.)	31.12.2025	13 278	-
Loan from Cyfrowy Polsat SA up to PLN 82 000 thousand or its equivalent in EUR, interest rate at WIBOR 3M + margin or EURIBOR 3M + margin (PAK – Polska Czysta Energia sp. z o.o.)	31.12.2025	16 112	-
Loan from Cyfrowy Polsat SA up to PLN 60 000 thousand or its equivalent in EUR, interest rate at WIBOR 3M + margin or EURIBOR 3M + margin (PAK – Polska Czysta Energia sp. z o.o.)	31.12.2025	4 934	-
Loan from Cyfrowy Polsat SA up to PLN 63 200 thousand or its equivalent in EUR, interest rate at WIBOR 3M + margin or EURIBOR 3M + margin (PAK – Polska Czysta Energia sp. z o.o.)	31.12.2025	69 900	-
Loan from Cyfrowy Polsat SA up to PLN 50 000 thousand or its equivalent in EUR, interest rate at WIBOR 3M + margin or EURIBOR 3M + margin (PAK – Polska Czysta Energia sp. z o.o.)	31.12.2025	1 618	-
Loan from Cyfrowy Polsat SA up to PLN 99 000 thousand or its equivalent in EUR, interest rate at	31.12.2025	92 420	-

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

WIBOR 3M + margin or EURIBOR 3M + margin (PAK – Polska Czysta Energia sp. z o.o.)		
Loan from National Fund of Environmental Protection in the amount of PLN 25 000 thousand PLN interest rate at WIBOR 3M, not less than 1% (Polski Autobus Wodorowy sp. z o.o.)	25 236	-
TOTAL	1 117 982	619 551

Short-term	<i>Due date</i>	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Loan from Cyfrowy Polsat SA in the amount of PLN 86 000 thousand, interest rate at WIBOR 3M + bank margin (PAK – Volt S.A.)	30.06.2026	-	63 961
Loan from Cyfrowy Polsat SA up to PLN 63 200 thousand or its equivalent in EUR, interest rate at WIBOR 3M + margin or EURIBOR 3M + margin (PAK – Polska Czysta Energia sp. z o.o.)	31.12.2025	-	66 623
Investment loan at Pekao SA in the amount of PLN 160 000 thousand, interest rate at WIBOR 3M + bank margin (PAK PCE SA Biopaliwa i Wodór)	31.12.2030	28 899	29 482
Term investment loan from the consortium of PKO BP, Pekao SA and mBank SA banks in the amount of PLN 138 000 thousand, interest rate at WIBOR 1 M + bank margin (PAK – PCE Fotowoltaika sp. z o.o.)	31.12.2035	5 000	18 737
Bank loan at EFG Bank AG Zurich in the amount of PLN 360 000 thousand, interest rate at WIBOR + bank margin (PAK – Polska Czysta Energia sp. z o.o.)	On demand	315 352	309 311
Loan in the amount of PLN 58 thousand from Galeon sp. z o.o., interest rate at WIBOR 6M (PG Hydrogen sp. z o.o.)	06.09.2023	62	62
TOTAL		349 313	488 176

All interest-bearing bank loans and borrowings concern liabilities classified as held for sale.

25. Provisions and accruals

25.1. Accruals

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Provision for bonuses and holiday leaves	18 713	22 482
Insurance company compensation	941	886
Financial statement audit	25	420
Other	12 546	1 430
Total	32 225	25 218
Short-term	32 225	25 218
Long-term	-	-

Provisions for retirement benefits and other post-employment benefits are presented in the statement of financial position as "employee benefits" divided into long-term and short-term.

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

25.2. Changes in provisions

	<i>EUA redemption provision</i>	<i>Provision for the return of CO₂ emission allowances</i>	<i>Provision for fixed asset liquidation costs</i>	<i>Provision for liquidation of ash landfills</i>	<i>Provision for the redemption of energy certificates of origin</i>	<i>Provision for reclaiming mining areas</i>	<i>Other</i>	<i>Total</i>
As at 1 January 2023	1 154 221	-	20 875	72 225	25 868	358 691	30 165	1 662 045
Increases			-	-	428	607 650	32 580	640 658
Decreases, incl.:	(801 289)	-	-	(73)	(15 289)	(77 349)	(27 661)	(921 661)
<i>use</i>	(801 289)	-	-	(73)	-	(77 349)	(77)	(878 788)
<i>release</i>	-	-	-	-	(15 289)	-	(27 584)	(42 873)
Provisions classified as assets held for sale					(10 867)		(34 072)	(44 939)
As at 30 June 2023	<u>352 932</u>	<u>-</u>	<u>20 875</u>	<u>72 152</u>	<u>140</u>	<u>888 992</u>	<u>1 012</u>	<u>1 336 103</u>
Long-term	-	-	20 875	72 152	-	670 068	327	763 452
Short-term	352 932	-	-	-	140	218 924	655	572 651
As at 1 January 2022	1 233 534	7 097	20 614	74 906	13 053	362 050	19 757	1 731 011
Increases	1 154 221	275	261	-	29 671	26 251	42 541	1 253 219
Decreases, incl.:	(1 233 534)	(7 372)	-	(2 681)	(16 856)	(29 610)	(32 133)	(1 322 185)
<i>use</i>	(1 233 534)	(7 372)		(2 681)	(996)	(2 305)	-	(1 246 888)
<i>release</i>	-	-	-	-	(15 859)	(27 305)	(31 133)	(75 297)
As at 31 December 2022	<u>1 154 221</u>	<u>-</u>	<u>20 875</u>	<u>72 225</u>	<u>25 868</u>	<u>358 691</u>	<u>30 165</u>	<u>1 662 045</u>
Long-term	-	-	20 875	72 225	-	336 506	10 750	440 356
Short-term	1 154 221	-	-	-	25 868	22 185	19 415	1 221 689

25.3. Description of significant provisions

25.3.1. Provision for liabilities due to greenhouse gas emissions (EUA)

The Group recognizes the provision for redeeming GHG emission allowances. As at 30 June 2023 the created provision amounted to PLN 352 932 thousand.

CO₂ emission allowances

A new settlement period for emission allowances started on 1 January 2021. It will end on 31 December 2030. The assumption of this period is free allocation of emission allowances (EUA) resulting from thermal energy production only pursuant to Art. 10a of Directive 2009/29/EC. In 2022, the Group will receive a negligible amount of free CO₂ emission allowances, i.e., 13 476 EUAs, resulting from allocation to heat generation. Therefore, virtually the entire amount of emission allowances required by the ZE PAK SA Group must be purchased on the secondary market. As at 1 January 2023, the EUA balance at ZE PAK SA was 141 629 EUAs, of which 2 016 EUAs in KOBIZE and 139 613 EUAs in IRGIT. EUAs were held by IRGIT in KOBIZE as collateral for electricity trading. In Q1 2023, ZE PAK SA purchased concluded futures contracts for MAR23 in the amount of 2 502 000 EUAs. EUA balance as at 31 March 2023 was 2 643 629 EUAs, including 2 504 016 EUAs in the KOBIZE account and 139 613 in the IRGIT account. ZE PAK SA's account at KOBIZE received 992,000 EUA units for the settlement of futures contracts (of which 162,000 EUA from mBank and 830,000 EUA from AXPO Polska) in April 2023. On April 7, 2023, ZE PAK Group redeemed 2,241,205 EUA units for CO₂ emissions from 2022, while on April 12, the BIW account received 13,476 EUA for free EUA units for the production of electricity resulting from heat. On April 14, 2023, ZE PAK received a refund of 139,613 EUA from the IRGIT account and therefore ZE PAK SA no longer has any EUA on this account. As of June 30, 2023, the number of EUA units in ZE PAK Group is 221,517. The provision is established in correlation to the selling prime cost.

CO₂ emission allowances for the 6-month period ended 30 June 2023 (unaudited)

		ZE PAK SA
	CO ₂ emission (in tonnes)*	932 864
		<i>Volume (in tonnes)</i>
EUA	Balance at the start of the period	2 016
	Acquired	3 494 000
	Received free	13 476
	Sale and transfer for security	
	Refund from IRGIT security	139 613
	Redemption	(3 427 588)
	Balance at the end of the period	221 517
	Remain to acquire	-

CO₂ emission allowances for the 6-month period ended 30 June 2022 (unaudited)

		ZE PAK SA
	CO ₂ emission (in tonnes)*	1 741 466
		<i>Volume (in tonnes)</i>
EUA	Balance at the start of the period	-
	Acquired	4 520 000
	Received free	11 825
	Sale and transfer for security	(340 152)
	Refund from IRGIT security	340 152
	Redemption	(4 871 977)
	Balance at the end of the period	-
	Remain to acquire	1 741 466

* Physical redemption of the emission allowances for a given year is conducted in the first months of the next year.

25.3.2. Provision for reclamation of ash storage yards and costs of fixed asset liquidation

The Group is creating a provision for future costs of land reclamation, pursuant to the legal obligation arising from "Integrated permits". Data developed by a third-party expert constitute grounds for provision estimation. The provision amount is estimated and verified at each balance sheet date, pursuant to estimated costs to be incurred in the future and discounts. As at 30 June 2023, the created provision amounted to PLN 72 152 thousand.

Due to the legal obligation to liquidate fixed assets after their period of use, the Group is creating the provision for projected future costs, which will be necessary to pay for fulfilment of this obligation. As at 30 June 2023, the provision due to this amounted to PLN 20 875 thousand. The provision is established in correlation to the selling prime cost. A change in the strategy and the associated electricity generation shortening based on lignite combustion will lead to an earlier start of the ash dump reclamation process.

25.3.3. Reclamation provisions and other related to mining activity

PAK KWB Konin SA and PAK KWB Adamów SA under liquidation are obliged to reclaim areas of extraction works pursuant to the Geological and Mining Law act. Therefore, the Group is creating a provision both for area reclamation costs related to current coal extraction within a given open pit and for the reclamation of a final excavation pursuant to the coal extraction progress of individual open pits at the balance sheet date.

The provision is created based on future reclamation cost estimates on the basis of reports by independent experts estimating reclamation costs, as commissioned by the Management Board. Estimates concerning projected reclamation costs are analysed periodically; however, at every reporting date, the size of provision is verified in accordance with current assumptions on the discount and inflation rates, and the size of extraction.

As part of conducted activities, PAK KWB Konin SA and PAK KWB Adamów SA in liquidation are obliged to restore to the original condition, or to rebuild damages caused by the mine operations. Therefore, the Group establishes a provision for projected costs that it is obliged to incur under concluded agreements. Estimates concerning projected costs related to mining plant operations are updated at every reporting date.

The provision for the liquidation of facilities and reclamation of mining areas, and on account of the preparation of exploitation areas at PAK KWB Konin SA and PAK KWB Adamów SA in liquidation as at 30 June 2023 amounted to PLN 888 992 thousand and increased compared to the year concluded on 31 December 2022 by PLN 53 301 thousand.

The provision is created in correspondence with the cost of sales and, in the part relating to the period after 2024, in correspondence with the remaining operating costs.

25.3.4. Provision for the redemption of energy certificates of origin

In association to the sales of electricity to final consumers, the Group is obliged to redeem a specified number of certificates of origin concerning energy from renewable energy sources, gas, and peak load co-generation. As at 30 June 2023, the provision established for this purpose amounted to PLN 11 007 thousand. The provision is established in correlation to the selling prime cost.

25.3.5. Other provisions

The main items in *other provisions* as at 30 June 2023 at PAK KWB Konin SA are provisions for mining damage in the amount of PLN 329 thousand, provisions for pending court proceedings in the amount of PLN 2 047 thousand, provision for mining use remuneration in the amount of PLN 369 thousand, a provision for expropriation of acquired property in the amount of PLN 9 486 thousand, provisions for permanent exclusion of lands for the final reservoir after the Adamów open pit in the amount from forestry production of PLN 15 828 thousand. Mining damage provisions and the provision on permanent exclusion from production are established in correspondence with prime selling costs, and the provisions for pending court proceedings in correspondence with other operating costs.

26. Trade liabilities, other liabilities and accruals

26.1. Trade liabilities and other financial liabilities (long-term)

	30 June 2023 (unaudited)	31 December 2022
Other financial liabilities	10 127	-
Other	424	258
Other financial liabilities classified as held for sale	(10 127)	-
Total	424	258

26.2. Trade liabilities and other financial liabilities (short-term)

	30 June 2023 (unaudited)	31 December 2022
Trade liabilities:	254 281	222 025
Other liabilities, incl.:	62 783	51 411
<i>Investment liabilities</i>	29 986	26 511
<i>Employee remuneration liabilities</i>	15 673	15 779
<i>Deposit liabilities</i>	-	1 849
<i>Other liabilities</i>	17 124	9 121
Liabilities classified as held for sale	(223 896)	-
Total	93 168	273 436

Principles and payment terms regarding financial liabilities above:

Trade liabilities do not bear interest and are usually settled within either 14-day or 30-day periods.

26.3. Other non-financial liabilities

	30 June 2023 (unaudited)	31 December 2022
VAT liabilities	19 602	34 576
Environmental fee liabilities	295	6 013
Excise duty liabilities	51	1 053
Social insurance liabilities	18 131	21 493
Personal income tax	3 085	4 507
Other budget liabilities	362	2 185
Advance payments for supplies	159	25 607
Service fee	1 231	3 079
Other	1 236	581
Other non-financial liabilities classified as held for sale	(1 709)	-
Total	42 443	99 094

Liabilities related to environmental charges concern charges for air pollution, waste storage, intake of water and wastewater disposal. The settlement period is one year.

Liabilities due to mining fees concern charges for the extracted mineral resulting from the Geological and Mining Law. The half-year is a settlement period.

26.4. Derivative financial instruments

	30 June 2023 (unaudited)	31 December 2022
Interest rate hedging instruments (IRS SWAP) (assets)	-	19 824
Exchange rate hedging instruments (forwards) (liabilities)	1 045	-
Derivative financial instruments classified as held for sale	(1 045)	-
Total	-	19 824

26.5. Subsidies and deferred income (long-term)

	30 June 2023 (unaudited)	31 December 2022
Difference on receivable purchase	-	24 656
Long-term subsidies	224	224
Other	16 977	4 046
Long-term subsidies classified as held for sale	(12 129)	-
Total	5 072	28 926

27. Liabilities classified as held for sale

In connection with the sale transaction of PAK – Polska Czysta Energia sp. z o.o. shares, individual liability items were excluded as at June 30, 2023, as presented below.

	30 June 2023 (unaudited)
Long-term liabilities	
Interest-bearing loans and borrowings	1 117 982
Long-term employee benefits	1 045
Trade liabilities and other financial liabilities (long-term)	10 127
Long-term lease liabilities	71 352
Long-term derivative financial instruments (liabilities)	1 045
Grants and long-term deferred revenues	12 129
Other long-term provisions and accruals	30
Deferred income tax provisions	23 772
Total long-term liabilities	1 237 482
Short-term liabilities	
Trade liabilities and other financial liabilities (short-term)	223 896
Short-term lease liabilities	1 820
Current portion of interest-bearing loans and borrowings	349 314
Other non-financial liabilities	1 709
Grants and short-term deferred income	32 076

Other short-term provisions and accruals	44 909
Total short-term liabilities	653 724
Liabilities classified as held for sale	1 891 206

28. Contingent liabilities and the description of essential court proceedings

In addition to the liabilities described in notes 26.2, 27 and 28 as at 30 June 2023 the Group did not have other contingent liabilities, granted guarantees, and sureties.

28.1. Legal proceedings

Proceedings related to the environmental decision issued with respect to PAK KWB Konin SA concerning the Tomisławice lignite deposit

PAK KWB Konin SA is a party in the administrative proceedings related to the environmental decision regarding the lignite deposit in Tomisławice. On 7 August 2007, the Head of the Wierzbinek Commune issued an environmental decision regarding the lignite open pit. On 5 December 2008, this decision was contested by nine natural persons supported by the Greenpeace foundation due to alleged gross infringement of legal regulations. On 25 March 2009, the Self-government Appeal Court dismissed the application to reverse the environmental decision. The plaintiffs applied for a judicial review. On 4 May 2009, after the judicial review, the Self-government Appeal Court sustained its previous decision. The plaintiffs again appealed against the environmental decision. On 5 May 2010, the Provincial Administrative Court in Poznań decided that the environmental decision, pursuant to which the license for the extraction of lignite at the Tomisławice deposit was granted, was a gross breach of legal regulations. PAK KWB Konin SA and the Self-government Appeal Court submitted an appeal against this judgement. On 21 March 2012, the Supreme Administrative Court revoked the contested decision of the Provincial Administrative Court in Poznań and referred the case to judicial review. On 6 November 2012, the Provincial Administrative Court in Poznań announced the decision revoking the decision of the Self-government Appeal Court of 25 March 2009 on dismissing the statement of invalidity of the environmental decision issued on 7 August 2007 by the Head of the Wierzbinek Commune, related to the extraction of lignite from the Tomisławice open cast by PAK KWB Konin S.A. On 7 January 2013, PAK KWB Konin S.A. submitted a cassation appeal against the described judgement.

After examination during a hearing on 7 October 2014, the Supreme Administrative Court dismissed PAK KWB Konin SA's cassation appeal against the judgement of the Provincial Administrative Court in Poznań of 6 November 2012 revoking the decision of the Self-government Appeal Court in Konin of 25 March 2009 dismissing the statement of invalidity of the environmental decision issued on 7 August 2007 by the Head of the Wierzbinek Commune, related to the extraction of lignite from the Tomisławice open cast.

Dismissal of the cassation appeal by PAK KWB Konin SA means that the judgement of the Provincial Administrative Court in Poznań of 6 November 2012 became legally binding, and the case regarding the statement of invalidity of the environmental decision will be examined again by the Self-government Appeal Court. On 18 January 2019, the Self-government Appeal Court in Konin issued a decision refusing to deem the environmental decision issued on 7 August 2007 by the Head of the Wierzbinek Commune and associated with the operation of the lignite open pit in Tomisławice as invalid. Next, the Court upheld its decision against which an appeal at the Provincial Administrative Court in Poznań had been filed.

Therefore, the decision of the Self-government Appeal Court means that the environmental decision issued by the Head of the Wierzbinek Commune still remains in legal circulation. The decision is not binding and final. A petition for a judicial review by the Self-government Appeal Court in Konin was submitted.

On 19 June 2020, the Company was informed that a closed-door hearing at the Provincial Administrative Court in Poznań resulted in a judgement dismissing the appeal against the decision of the Self-government Appeal Court in Konin regarding the refusal to deem the environmental decision issued on 7 August 2007 by the Head of the Wierzbinek Commune and associated with the operation of the lignite open pit in Tomisławice as invalid.

Therefore, the judgement of the Provincial Administrative Court in Poznań, dated 18 June 2020 means that the environmental decision issued by the Head of the Wierzbinek Commune on 7 August 2007 still remains in legal circulation.

The Greenpeace Polska Foundation with its registered office in Warsaw and Józef Imbierski filed a cassation appeal against the judgement of the Provincial Administrative Court in Poznań of 18 June 2020 to the Supreme Administrative Court. On 26 October 2020, PAK KWB Konin submitted a response to the cassation appeal, filing for dismissal. A hearing date in this case is still to be set.

BAT conclusions entering into force

The Commission Implementing Decision (EU) 2017/1442 of 31 July 2017 establishing best available techniques (BAT) conclusions for establishing best available techniques (BAT) conclusions for large combustion plants, under Directive 2010/75/EU of the European Parliament and of the Council is in force as of 18 August 2021. Integrated permits for all energy combustion facilities currently operated at ZE PAK SA have been adapted to the requirements of BAT Conclusions, taking into account individual deviations from limit emission values. The Company conducts its generation activities in line with the permissible emission limits arising from the IED Directive and BAT Conclusions. Constant emission monitoring systems, expanded according to BAT 4 requirements, constitute grounds for the verification of ZE PAK SA's fulfilment of the requirements set out in the Commission Implementing Decision (EU) 2017/1442 on emissions of pollutants into the air.

Following the judgment of the Provincial Administrative Court in Warsaw (WSA) of May 22, 2023, repealing the decision of the Minister of Climate of November 21, 2022 (DIŚ-III.415.63.2021) challenged by the Greenpeace Polska Foundation - ref. no. IV SA/Wa 167/23 (Pątnów Power Plant and Konin Power Plant) and after the judgment of May 24, 2023 dismissing the complaint filed by the Greenpeace Polska Foundation against the decision of the Minister of Climate and Environment of November 21, 2022, reference number: DIŚ-III. 435.12.2020.AŻ.1. Sign. file: IV SA/Wa 166/23 (Pątnów II Power Plant), the Company may still benefit from the granted derogations from the emission limits and operate generation assets in all the above-mentioned power plants.

Against the judgment of the Provincial Administrative Court of May 22, 2023, the Company filed a cassation appeal on August 2, 2023 to the Supreme Administrative Court on August 2, 2023, and against the judgment of the Provincial Administrative Court of May 24, 2023, the Greenpeace Polska Foundation filed a cassation appeal to the Supreme Administrative Court on August 2, 2023.

28.2. Contingent liabilities associated with power plant decommissioning

The obligation to conduct decommissioning and land reclaiming arises from integrated permits for operating fuel combustion systems at Pątnów and Konin power plants belonging to ZE PAK SA. In the event of terminating their activities, the aforementioned entities shall be obliged to decommission all facilities and equipment of the system, in accordance with the requirements set out in the construction law. After decommissioning, the area of the plant shall be developed pursuant to arrangements with the local government authority. In particular, a facility and equipment decommissioning schedule shall be prepared and should take into account environmental protection requirements, primarily in relation to waste management.

Adamów Power Plant has already terminated its activities and is currently undergoing the decommissioning of the system located there. The end date for the operation of systems located in Pątnów can also be specified due to announced strategic directions. The end period for the operation of older units in Pątnów can be set at the end of 2024, and the newer 474 MW unit (former Pątnów II Power Plant), assuming an effective support system is in place, could be operated until 2030 at the latest. Based on experience associated with decommissioning the Adamów power plant, the interest and value of placed bids, it should be reasonably assumed that the value of dismantled equipment, scrap and aggregate from decommissioned plants is able to cover the unit decommissioning and reclaiming costs.

29. Liability payment securities

In order to secure the payment of liabilities, the Group employs numerous forms of securities. Mortgages and registered pledges are the most common ones.

As at 30 June 2023 and 31 December 2022, the Group had the following liabilities secured against its assets and other securities related to liability payments:

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

Liabilities secured by assets

<i>Agreement</i>	<i>Security type</i>	<i>30 June 2023 (unaudited) Security amount</i>	<i>Curren cy</i>	<i>31 December 2022 Security amount</i>	<i>Curr ency</i>
	First priority financial and registered pledge on PAK PCE Biopaliwa i Wodór bank accounts at Pekao SA	Up to 192 000	PLN	Up to 192 000	PLN
	First priority mortgage on Konin Power Plant real estate	Up to 192 000	PLN	Up to 192 000	PLN
Term investment loan agreement at Pekao SA for PLN 160 000 thousand for PAK PCE Biopaliwa i Wodór Sp. z o.o.	Power of attorney covering bank accounts at Pekao SA	Up to 160 000	PLN	Up to 160 000	PLN
	Transfer of future and current claims, rights and receivables of the Assignor on account of insurance and heat supply contracts	Up to 160 000	PLN	Up to 160 000	PLN
	Declaration on submission to the writ of execution pursuant to Art. 777(1) cl. 5 of the Code of Civil Procedure in the form of a notarial deed	Up to 192 000	PLN	Up to 192 000	PLN
Multi-purpose credit limit agreement at Pekao SA for PLN 25 000 thousand for PAK PCE Biopaliwa i Wodór Sp. z o.o.	Declaration on submission to the writ of execution pursuant to Art. 777(1) cl. 5 of the Code of Civil Procedure in the form of a notarial deed	Up to 37 500	PLN	Up to 37 500	PLN
	Power of attorney covering bank accounts at Pekao SA	Up to 25 000	PLN	Up to 25 000	PLN
Multi-purpose credit limit agreement at Pekao SA for PLN 50 000 thousand for ZE PAK SA	Declaration on submission to the writ of execution pursuant to Art. 777(1) cl. 5 of the Code of Civil Procedure in the form of a notarial deed	Up to 75 000	PLN	Up to 75 000	PLN
	Power of attorney covering bank accounts at Pekao SA	Up to 50 000	PLN	Up to 50 000	PLN
	Declaration on submission to the writ of execution pursuant to Art. 777(1) cl. 5 of the Code of Civil Procedure in the form of a notarial deed	Up to 120 000	PLN	Up to 120 000	PLN
Bank guarantee line agreement at Pekao SA for PLN 80 000 thousand for ZE PAK SA	Power of attorney covering bank accounts at Pekao SA	Up to 80 000	PLN	Up to 80 000	PLN
	Cash deposit at Pekao SA	Up to 4 000	PLN	Up to 4 000	PLN
Bank guarantee limit agreement at Santander Bank Polska SA for PLN 100 000 thousand for ZE PAK SA	Declaration on submission to the writ of execution pursuant to Art. 777(1) cl. 5 of the Code of Civil Procedure in the form of a notarial deed	Up to 120 000	PLN	Up to 120 000	PLN

ZE PAK SA CAPITAL GROUP

Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023

(in PLN thousand)

Bank guarantee agreement at mBank SA for PLN 1 650 thousand for Farma Wiatrowa Kazimierz Biskupi sp. z o.o.	Security deposit in cash	Up to 1 650	PLN	Up to 1 650	PLN
	financial and registered pledges for 100% of the shares in Farma Wiatrowa Kazimierz Biskupi	Up to 247 500	PLN	Up to 247 500	PLN
	registered pledge on assets and property rights of Farma Wiatrowa Kazimierz Biskupi	Up to 247 500	PLN	Up to 247 500	PLN
	financial and registered pledges on receivables under the Bank Account Agreement	Up to 247 500	PLN	Up to 247 500	PLN
	transfer to cash receivable collateral under specific Project Documents, Overrun Cost Payment Guarantee and insurance contracts	Up to 247 500	PLN	Up to 247 500	PLN
Investment loan agreement at Bank Gospodarstwa Krajowego in the amount of PLN 165 000 thousand for Farma Wiatrowa Kazimierz Biskupi Sp. z o.o.	power of attorney to bank accounts pursuant to the Power of Attorney to Bank Accounts	Up to 247 500	PLN	Up to 247 500	PLN
	Declaration on submission to the writ of execution pursuant to Art. 777(1) cl. 5 by Farma Wiatrowa Kazimierz Biskupi in the form of a notarial deed	Up to 247 500	PLN	Up to 247 500	PLN
	Declaration on submission to the writ of execution pursuant to Art. 777(1) cl. 5 of the Code of Civil Procedure by a Shareholder (PAK – PCE) in the form of a notarial deed	Up to 247 500	PLN	Up to 247 500	PLN
	a guarantee of payment of Overrun Costs pursuant to the Overrun Cost Payment Guarantee	Up to 13 500	PLN	Up to 13 500	PLN
	Power of attorney covering bank accounts at Pekao SA	Up to 20 000	PLN	Up to 20 000	PLN
Multi-purpose credit limit agreement at Pekao SA for PLN 20 000 thousand for PR PAK SERWIS sp. z o.o.	Declaration on submission to the writ of execution pursuant to Art. 777(1) cl. 5 of the Code of Civil Procedure in the form of a notarial deed	Up to 30 000	PLN	Up to 30 000	PLN
	Transfer of receivables from commercial contracts for a minimum of 50% of the limit amount	Up to 69 399	PLN	Up to 96 549	PLN
Framework agreement at mBank SA for PLN 3 300 thousand for PR PAK SERWIS Sp. z o.o.	Declaration on submission to the writ of execution pursuant to Art. 777(1) cl. 5 of the Code of Civil Procedure by PR PAK SERWIS Sp. z o.o.	Up to 15 000	PLN	Up to 15 000	PLN
	Declaration on submission to the writ of execution pursuant to Art. 777(1) cl. 5 of the Code	Up to 11 000	PLN	Up to 11 000	PLN

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

	of Civil Procedure by ZE PAK SA				
Term investment loan and VAT loan agreement at PKO BP SA, Pekao SA and mBank SA for PLN 175 000 thousand for PAK – PCE Fotowoltaika Sp. z o.o.	First priority financial and registered pledge on PAK – PCE Fotowoltaika's bank accounts at PKO BP, Pekao SA and mBank SA	Up to 313 600	PLN	Up to 262 500	PLN
	First priority contractual joint mortgage on PAK – PCE Fotowoltaika's properties	Up to 273 000	PLN	Up to 262 500	PLN
	Second priority mortgage on PAK – PCE Fotowoltaika's real estate to secure IRS hedging contract liabilities and associated transactions at PKO BP SA, Pekao SA and mBank SA	Up to 15 800 (PKO BP SA)	PLN	Up to 12 000 (PKO BP SA)	PLN
		Up to 15 800 (Pekao SA)	PLN	Up to 12 000 (Pekao SA)	PLN
		Up to 9 000 (mBank SA)	PLN	Up to 7 500 (mBank SA)	PLN
	First priority registered pledge on assets and rights of PAK – PCE Fotowoltaika at PKO BP SA	Up to 313 600	PLN	Up to 262 500	PLN
	First priority financial and registered pledge on all PAK – PCE Fotowoltaika's share capital shares at PKO BP, Pekao SA and mBank SA	Up to 313 600	PLN	Up to 262 500	PLN
	Declaration on submission to the writ of execution pursuant to Art. 777(1) cl. 5 of the Code of Civil Procedure by ZE PAK (as a guarantor) for securing liabilities under a syndicated loan agreement and IRS hedging contracts with associated transactions for PKO BP SA	Up to 10 000	PLN	Up to 10 000	PLN
	Declaration on submission to the writ of execution pursuant to Art. 777(1) cl. 5 of the Code of Civil Procedure to PAK – PCE Fotowoltaika, for securing liabilities under a syndicated loan agreement and IRS hedging contracts with associated transactions at PKO BP SA, Pekao SA and mBank SA	Up to 118 550 (PKO BP SA)	PLN	Up to 117 750 (PKO BP SA)	PLN
		Up to 118 550 (Pekao SA)	PLN	Up to 117 750 (Pekao SA)	PLN
		Up to 76 500 (mBank SA)	PLN	Up to 58 500 (mBank SA)	PLN
	Declaration on submission to the writ of execution pursuant to Art. 777(1) cl. 5 of the Code of Civil Procedure, by PAK-Polska Czysta Energia, using held shares in PAK-PCE Fotowoltaika, to secure liabilities under a syndicated loan agreement and IRS hedging contracts with associated transactions at PKO	Up to 118 550 (PKO BP SA)	PLN	Up to 117 750 (PKO BP SA)	PLN
	Up to 118 550 (Pekao SA)	PLN	Up to 117 750 (Pekao SA)	PLN	
	Up to 76 500 (mBank SA)	PLN	Up to 58 500 (mBank SA)	PLN	

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

BP SA, Pekao SA and mBank SA					
	Power of attorney to PAK – PCE Fotowoltaika's bank accounts at Pekao SA, PKO BP SA and mBank SA	Up to 219 000	PLN	Up to 175 000	PLN
	Assignment of receivables under each of the insurance policies in relation to the Project and assignment of receivables under Material Project Documents	Up to 219 000	PLN	Up to 175 000	PLN
	Surety by ZE PAK SA up to PLN 10.0 MM	Up to 10 000	PLN	Up to 10 000	PLN
Agreement for co-financing in the form of a preferential loan with the National Fund for Environmental Protection and Water Management in the amount of PLN 50 000 to PAK – PCE Polski Autobus Wodorowy Sp. z o.o.	deposit promissory note, ZE PAK SA's promissory note surety, contractual mortgage for properties up to 125% of the loan amount, registered pledge on movables, assignment of insurance contract rights.	Up to 62 500	PLN	Up to 50 000	PLN
Agreement for co-financing in the form of a subsidy with the National Fund for Environmental Protection and Water Management in the amount of PLN 20 000 to PAK – PCE Stacje H2 Sp. z o.o.	deposit promissory note, ZE PAK SA's promissory note surety	Up to 20 000	PLN	-	-

Other securities of liability payments

Granted guarantees

Guarantee type	30 June 2023 (unaudited)		31 December 2022	
	Security amount	Currency	Security amount	Currency
Performance bond	3 687	PLN	6 120	PLN
Bid bond payment guarantee	-	PLN	480	PLN
Defect and failure removal guarantee	4 965	PLN	4 429	PLN
	722	EUR	673	EUR
Advance payment return/payment guarantees (including TGE/IRGIT transaction securing guarantees)	24 349	PLN	174 349	PLN
	157 881	EUR	161 878	EUR

Moreover, the Group uses assignments from sales contracts and assignments from insurance policies as security for the repayment of liabilities.

Granted and received sureties

The table below shows granted sureties in total.

	30 June 2023 (unaudited)		31 December 2022	
	Security amount	Currency	Security amount	Currency
Intra-group sureties	-	PLN	-	PLN
Sureties granted to extra-Group entities	131 762	PLN	111 762	PLN
	3 796	EUR	4 809	PLN

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

Total granted sureties	131 762	PLN	111 762	PLN
	3 796	EUR	4 809	

The table below shows received sureties in total.

	30 June 2023 (unaudited)	Currency	31 December 2022	Currency
Intra-group sureties	-	PLN	-	PLN
Sureties received from extra-Group entities	14 978	PLN	14 978	PLN
Total received sureties	14 978	PLN	14 978	PLN

30. Received guarantees and sureties

Guarantee type	30 June 2023 (unaudited) Security amount	Currency	31 December 2022 Security amount	Currency
Performance bond	3 891	PLN	2 355	PLN
	75 405	EUR	85 817	EUR
Defect and failure removal guarantee	9 123	PLN	8 736	PLN
	-	EUR	-	EUR
Advance payment guarantees	-	PLN	-	PLN
	2 704	EUR	2 704	EUR
Payment guarantees	25 000	PLN	-	PLN
	-	EUR	-	EUR

31. Information on affiliates

The following table presents the total amounts of significant transactions concluded with related entities for the 6-month period ended June 30, 2023 and June 30, 2022, as well as receivables and liabilities as at June 30, 2023 and June 30, 2022. Transactions with related entities are carried out on market terms.

Affiliated entity		Sales to affiliated entities	Purchases from affiliated entities	Receivables from affiliated entities	Liabilities to affiliated entities
Megadex Development sp. z o.o.	I half 2023	68	-	6	
	I half 2022	44	-	-	2
Polkomtel sp. z o.o.	I half 2023	87 466	705	37 950	2 644
	I half 2022	118 495	11 216	15 997	2 899
Polkomtel Infrastruktura sp. z o.o.	I half 2023	107	-	42	-
	I half 2022	-	-	-	-
Laris Investments sp. z o.o.	I half 2023	346	-	108	-
	I half 2022	625	-	261	-
Laris Technologies sp. z o.o.	I half 2023		-		-

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

	I half 2022	3 717	-	1 300	-
CPE sp. z o.o.	I half 2023	-	316	-	80
	I half 2022	-	267	-	74
Plus Flota sp. z o.o.	I half 2023	16	1 861	-	528
	I half 2022	-	1 007	-	284
Cyfrowy Polsat	I half 2023	6 242	6 133	917	1 549
	I half 2022	5 084	311	1 756	155
Esoleo sp. z o.o.	I half 2023	472	69	66	1 343
	I half 2022	-	650	-	1 330
Netia S.A.	I half 2023				
	I half 2022	16 094	12	5 965	1
TK Telekom sp. z o.o.	I half 2023		-		-
	I half 2022	1 656	-	606	-
Petrotel sp. z o.o.	I half 2023		-		-
	I half 2022	172	-	69	-
Total	I half 2023	94 717	9 084	39 089	6 144
	I half 2022	145 887	13 463	25 954	4 745

31.1. Loan granted to a Management Board member

Both in the period of 6 months ended June 30, 2023 and in the period of 6 months ended June 30, 2022, the Parent Company did not grant any loans or benefits of a similar nature to members of the management and supervisory bodies.

31.2. Other transactions with the participation of Management Board's members

Both in the period of 6 months ended June 30, 2023 and in the period of 6 months ended June 30, 2022, there were no transactions involving members of the management and supervisory bodies.

31.3. Remuneration of the Group's senior management

31.3.1. Remuneration paid or payable to the members of the Group's Management Board and Supervisory Board

	6-month period ended 30 June 2023 (unaudited)	6-month period ended 30 June 2022 (unaudited)
Parent company Management Board		
Short-term employee benefits	5 772	1 586
Benefits on account of employment termination	-	-
Parent company Supervisory Board		
Short-term employee benefits	666	692
Management Boards of subsidiaries		
Short-term employee benefits	4 289	2 143
Supervisory Board of subsidiaries		
Short-term employee benefits	1 213	160
Total	<u>11 940</u>	<u>4 581</u>

31.3.2. Remuneration paid or payable to other top management members

	<i>6-month period ended</i>	<i>6-month period ended</i>
	<i>30 June 2023</i>	<i>30 June 2022</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Short-term employee benefits	6 212	5 953
Post-employment benefits	35	-
Termination benefits	99	45
Total amount of remuneration paid to the top management members (except for members of the Management Board and the Supervisory Board)	6 346	5 998

32. Goals and rules of financial risk management

Main financial instruments employed by the Group include bank loans, loans granted by affiliates and other institutions, cash and short-term deposits. The main goal of these financial instruments is to obtain funds for the Group's activities. The Group also has other financial instruments, such as trade receivables and liabilities created directly within its conducted activities.

The main kinds of risk resulting from the Group's financial instruments include the interest rate risk, liquidity risk, foreign currency risk and credit risk. The Management Board verifies and consults the rules of managing each of these kinds of risk – these rules are discussed briefly below. The Group also monitors the market price risk regarding all its held financial instruments.

Due to the sale of PAK - PCE Group on July 3, 2023, the sensitivity analysis contained in points 32-34 does not include financial instruments of PAK - PCE Group companies and was carried out on the basis of ZE PAK Group's balance sheet for continuing operations.

32.1. Interest rate risk

The Group's potential exposure to the risk caused by interest rate changes mainly concerns long-term financial liabilities.

Interest rate risk – sensitivity to changes

In the interest rate risk sensitivity analysis, the Group employs a parallel shift of the interest rate curve by a potential change of reference interest rates during the coming year. For the purposes of the interest rate risk sensitivity analysis, average reference interest rate levels in a given year were used. The scale of potential interest rate changes was estimated based on implied volatilities of ATMF (“At-the-Money-Forward”; forward option to determine the volatility of financial instruments) options for an interest rate quoted on the interbank currency market, for which the Group has the exposure to interest rate risk from the balance sheet date.

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

<i>Financial instruments classes</i>	<i>30 June 2023 (unaudited)</i>		<i>Analysis of the interest rate risk sensitivity as at 30 June 2023</i>							
	<i>carrying amount</i>	<i>value at risk</i>	<i>WIBOR</i>				<i>EURIBOR</i>			
			<i>WIBOR + 201bps</i>		<i>WIBOR – 201bps</i>		<i>EURIBOR + 81.56bps</i>		<i>EURIBOR – 81.56bps</i>	
		<i>Profit/loss</i>	<i>Other comprehensive income</i>	<i>Profit/loss</i>	<i>Other comprehensive income</i>	<i>Profit/loss</i>	<i>Other comprehensive income</i>	<i>Profit/loss</i>	<i>Other comprehensive income</i>	
Other financial assets	13 900	3 990	80	-	(80)	-	-	-	-	-
Trade and other receivables	343 739	-	-	-	-	-	-	-	-	-
Derivative financial instruments			-							
Cash and cash equivalents	676 517	676 517	10 326	-	(10 326)	-	1 327	-	(1 327)	
Interest-bearing loans and borrowings										-
Trade liabilities and other financial liabilities	(93 592)	-	-	-	-	-	-	-	-	-
Financial lease liabilities	(42 154)	(42 154)	(847)	-	847	-	-	-	-	-
Derivative financial instruments			-	-	-	-	-	-	-	-
Total	898 410	638 353	(9 559)	-	9 559	-	1 327	-	(1 327)	-

bps – base points

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

<i>Financial instruments classes</i>	<i>30 June 2022 (unaudited)</i>		<i>Analysis of the interest rate risk sensitivity as at 30 June 2022</i>							
	<i>carrying amount</i>	<i>value at risk</i>	<i>WIBOR</i>				<i>EURIBOR</i>			
			<i>WIBOR + 201bps</i>	<i>WIBOR - 201bps</i>	<i>EURIBOR + 81.56bps</i>	<i>EURIBOR - 81.56bps</i>	<i>WIBOR + 201bps</i>	<i>WIBOR - 201bps</i>	<i>EURIBOR + 81.56bps</i>	<i>EURIBOR - 81.56bps</i>
		<i>Profit/loss</i>	<i>Other comprehensive income</i>	<i>Profit/loss</i>	<i>Other comprehensive income</i>	<i>Profit/loss</i>	<i>Other comprehensive income</i>	<i>Profit/loss</i>	<i>Other comprehensive income</i>	
Other financial assets	93 887	4 510	14	-	(14)	-	-	-	-	-
Trade and other receivables	909 594	-	-	-	-	-	-	-	-	-
Derivative financial instruments	25 885	25 885	(80)	-	80	-	-	-	-	-
Cash and cash equivalents	927 391	927 391	2 493	-	(2 493)	-	1 005	-	(1005)	-
Interest-bearing loans and borrowings	(1 024 022)	(1 024 022)	(3 174)	-	3 174	-	-	-	-	-
Trade liabilities and other financial liabilities	(162 649)	-	-	-	-	-	-	-	-	-
Financial lease liabilities	(44 278)	(44 278)	(137)	-	137	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Total	725 808	(110 514)	(884)	-	884	-	1 005	-	(1 005)	-

bps – base points

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

32.2. Currency risk

The Group is exposed to the currency risk associated with concluded transactions. As at 30 June 2023, none of ZE PAK SA Group's companies had active instruments employed to mitigate the foreign exchange risk (e.g., forward EUR/PLN transactions).

Potential currency rate changes were calculated based on annual volatilities implied for currency options quoted on the interbank market for a given pair of currencies as at the balance sheet date.

The Group identifies the exposure to EUR/PLN exchange rate changes. The table below shows the gross financial result sensitivity to reasonable exchange rate changes, assuming non-variability of other risk factors for these financial instrument classes exposed to the exchange rate change risk.

<i>Financial instruments classes</i>	<i>30 June 2023 (unaudited)</i>		<i>Analysis of the currency risk sensitivity as at 30 June 2023</i>			
	<i>carrying amount</i>	<i>value at risk</i>	<i>EUR/PLN</i>			
			<i>EUR/PLN exchange rate + 7.28%</i>		<i>EUR/PLN exchange rate – 7.28%</i>	
			<i>4.7743</i>	<i>Other comprehensive income</i>	<i>4.1263</i>	<i>Other comprehensive income</i>
			<i>Profit/loss</i>		<i>Profit/loss</i>	
Other financial assets	13 900	-	-	-	-	-
Trade and other receivables	343 739	3 848	280	-	(280)	-
Derivative financial instruments (assets)		-	-	-	-	-
Cash and cash equivalents	676 517	162 762	11 849	-	(11 849)	-
Interest-bearing loans and borrowings		-	-	-	-	-
Trade liabilities and other financial liabilities	(93 592)	(5 038)	(367)	-	367	-
Lease liabilities	(42 154)	-	-	-	-	-
Derivative financial instruments		-	-	-	-	-
Total	898 410	161 571	11 762	-	(11 762)	-

	<i>30 June 2022 (unaudited)</i>		<i>Analysis of the currency risk sensitivity as at 30 June 2022</i>			
			<i>EUR/PLN</i>			

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

<i>Financial instruments classes</i>	EUR/PLN exchange rate + 8.87%				EUR/PLN exchange rate – 8.87%	
	<i>carrying amount</i>	<i>value at risk</i>	<i>Profit/loss</i>	<i>Other comprehensive income</i>	<i>Profit/loss</i>	<i>Other comprehensive income</i>
Other financial assets	93 887	-	-	-	-	-
Trade and other receivables	909 594	114	10	-	(10)	-
Derivative financial instruments (assets)	25 885	-	-	-	-	-
Cash and cash equivalents	927 391	123 062	10 916	-	(10 916)	-
Interest-bearing loans and borrowings	(1 024 022)	-	-	-	-	-
Trade liabilities and other financial liabilities	(162 649)	(7 444)	(660)	-	660	-
Lease liabilities	(44 278)	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Total	725 808	115 732	10 266	-	(10 266)	-

32.3. Credit risk

The credit risk is a potential credit event, which may be materialised in the form of such factors as a counterparty's insolvency, partial repayment of receivables, significant delay in the repayment of receivables or another unforeseen derogation from contractual terms.

The Group concludes transactions only with reputable companies of good credit rating. All clients who want to use trade credits are subject to initial verification procedures. Furthermore, owing to ongoing monitoring of receivables, the Group's exposure to the risk of unrecoverable receivables is insignificant.

The main consumer of the Group's electricity is the Towarowa Giełda Energii SA. Transactions concluded on the exchange market are settled on a day-to-day basis, which minimises the credit risk. For this reason, the Group does not employ additional securities arising from the receivable concentration phenomenon.

In relation to other financial assets of the Group, such as cash and its equivalents, financial assets available for sale, and certain derivatives, the Group's credit risk arises as a result of the inability of payment by the other party to the agreement, and the maximum exposure to this risk is equal to the carrying value of these derivatives.

The Group analyses and mitigates the credit risk associated with cash through ongoing monitoring of financial institution ratings and mitigates the risk of concentrated surplus cash in a single financial institution, through its internal risk management rules.

Long-term ratings granted to banks where the Group holds cash:

<i>Bank name</i>	<i>Rating awarded by a Rating Agency</i>		
	Fitch	S&P	Moody's
PEKAO SA	BBB+	BBB+	A2
PKO BP	-	-	A2
BGK	A-	-	A2
mBank	BBB-	BBB	-
Bank Millennium	-	-	Baa3
Santander Bank Polska	BBB+	-	A3
Alior Bank	BB	BB+	-
BNP Paribas Bank Polska		-	A+

Cash of ZE PAK Capital Group as at 30 June 2023 broken down into individual bank credit ratings:

<i>Rating level by individual rating agencies</i>			<i>Cash amount as at 30 June 2023 (excl. cash in hand) (unaudited)</i>
<i>Moody's</i>	<i>S&P</i>	<i>Fitch</i>	
Aaa	AAA	AAA	-
Aa1	AA+	AA+	-
Aa2	AA	AA	-
Aa3	AA-	AA-	-
A1	A+	A+	-
A2	A	A	98
A3	A-	A-	199 673
Baa1	BBB+	BBB+	320 115
Baa2	BBB	BBB	133 916

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

Baa3	BBB-	BBB-	22 518
Ba1	BB+	BB+	-
Ba2	BB	BB	3
Ba3	BB-	BB-	194
B1	B+	B+	-
B2	B	B	-
B3	B-	B-	-
Caa1	CCC+	CCC	-
Caa2	CCC		-
Caa3	CCC-		-
Ca	CC		-
	C		-
C	D	DDD	-
-		DD	-
-		D	-
TOTAL			676 517

32.4. Liquidity risk

The Group monitors the no-fund risk by means of a tool for periodic liquidity planning. This tool takes into account the maturity/due dates of both investments and financial assets (e.g., receivable accounts, other financial assets), as well as projected cash flows from operating activities.

The Group's objective is to maintain the balance between financing continuity and flexibility through employing various financing sources, such as overdraft facilities, bank credits, bonds, priority shares and financial lease agreements.

The table below shows financial liabilities of the Group as at 30 June 2023 and 30 June 2022, by maturity date and based on contractual non-discounted payments.

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

<i>30 June 2023 (unaudited)</i>	<i>Less than 3 months</i>	<i>3 - 12 months</i>	<i>1 - 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Interest-bearing loans and borrowings					
Trade liabilities and other financial liabilities	80 688	10 128	2 352	424	93 592
Lease liabilities	15	5 021	22 249	14 869	42 154
Derivative financial instruments	-	-	-	-	-
	80 703	15 149	24 601	15 293	135 746
<i>30 June 2022 (unaudited)</i>	<i>Less than 3 months</i>	<i>3 - 12 months</i>	<i>1 - 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Interest-bearing loans and borrowings	6 535	316 103	569 796	122 945	1 015 379
Trade liabilities and other financial liabilities	123 889	36 260	2 352	148	162649
Lease liabilities	300	6 015	21729	122381	150425
Derivative financial instruments	-	23 925	-	-	23 925
	130 724	382 303	593 877	245 474	1 352 378

The derivatives shown in the tables above were presented as gross values of non-discounted payments. However, these contracts can be settled either in gross values, or net amounts.

33. Financial instruments

33.1. Balance sheet of individual financial instrument classes

The table below shows a list of the Group's financial instruments, broken down into individual asset and liability classes and categories, pursuant to IFRS 9.

<i>Financial assets</i>	Category pursuant to IFRS 9	<i>30 June 2023</i> <i>(unaudited)</i>	<i>31 December 2022</i>
Other financial assets	FAaAC	13 900	160 445
Trade and other receivables	FAaAC	343 739	815 406
Derivative financial instruments	MaFVtFR		19 824
Cash and cash equivalents	FAaAC	<u>676 517</u>	<u>1 462 749</u>
<i>Financial liabilities</i>		135 746	1 381 421
Interest-bearing bank loans and borrowings, including:			1 107 727
Long-term	OFLaAC		619 551
Short-term	OFLaAC		488 176
Trade liabilities and other financial liabilities	OFLaAC	93 592	273 694
Lease liabilities	OFLaAC	42 154	63 637
Derivative financial instruments	MaFVtFR		<u>-</u>

Abbreviations used:

MaFVtFR – Financial assets/liabilities measured at fair value through financial result/capitals

OFLaAC – Other financial liabilities at amortised cost

FAaAC – Financial asset at amortised cost

As at 30 June 2023 and 31 December 2022, the Group held the following financial instruments measured at fair value:

	<i>30 June 2023</i> <i>(unaudited)</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Asset-hedging derivatives	-	-		-
Liability-hedging derivatives	-	-		-
	<i>31 December 2022</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Asset-hedging derivatives	-	-	19 824	-
Liability-hedging derivatives	-	-	-	-

As at 30 June 2023 and 31 December 2022, the fair value of financial instruments other than derivatives, did not significantly differ from balance sheet values, primarily due to the fact that in the case of short-term instruments, the discount effect was not significant and that related transactions are concluded under market terms; for this reason, the fair value of the said financial instruments has been presented as the balance sheet value.

The measurement of interest-bearing loans and borrowings after initial recognition is concluded pursuant to the amortized cost method, taking into account contractual costs associated with obtaining a given loan or borrowing, as well as the discount and obtained bonuses.

As at 30 June 2023, the derivatives, forward currency purchase transactions, were measured at fair value. The difference in discounted future cash flows between the forward price at the measurement date and the transaction price as per the quotations prepared by an appropriate bank, multiplied by foreign currency contract face value is calculated for the purposes of measuring currency contracts. The measurement of these instruments was classified as level 2 in the fair value measurement hierarchy.

In the 6-month period concluded on 30 June 2023 and concluded on 31 December 2022, there were no shifts between level 1 and level 2 of the fair value hierarchy, and none of the instruments was shifted to level 3 of the fair value hierarchy.

33.2. Financial instrument interest rate risk

The table below shows the interest rate gap, which constitutes the Group's exposure to the interest rate risk and the concentration of this risk broken down into currencies and interest type.

	Interest type	Carrying value on 30 June 2023 (unaudited)	Carrying amount on 31 December 2022
Financial assets exposed to the interest rate risk - PLN	Fixed	-	-
	Floating	517 746	541 688
Financial assets exposed to the interest rate risk - other currencies	Fixed	-	-
	Floating	162 762	925 709
Financial liabilities exposed to the interest rate risk - PLN	Fixed	-	-
	Floating	-	1 107 726
Financial liabilities exposed to the interest rate risk - other currencies	Fixed	-	-
	Floating	-	-
Net exposure - PLN	Fixed	-	-
	Floating	(517 746)	(566 038)
Net exposure - other currencies	Fixed	-	-
	Floating	162 762	925 709

The interest rate of floating-rate financial instruments is updated in periods shorter than one year. The interest on fixed-rate financial instruments is constant throughout the entire period up to the maturity/due date of these instruments. Other financial instruments of the Group, not included in the tables above, do not bear interest and, thus, are not subject to the interest rate risk.

33.2.1. Hedging

As at June 30, 2023, none of the Group companies had active instruments to limit the risk resulting from changes in exchange rates. (e.g. forward EUR/PLN transactions).

30 June 2023 (unaudited)

Type of concluded transactions	Number of purchased allowances	Total face value of transactions in thous. EUR	Transaction currency	Maturity date
--------------------------------	--------------------------------	--	----------------------	---------------

ZE PAK SA CAPITAL GROUP
Interim condensed consolidated financial statement for the 6-month period concluded on 30 June 2023
(in PLN thousand)

Forward transactions	-	-	-	-
----------------------	---	---	---	---

30 June 2022 (unaudited)

<i>Type of concluded transactions</i>	<i>Number of purchased allowances</i>	<i>Total face value of transactions in thous. EUR</i>	<i>Transaction currency</i>	<i>Maturity date</i>
Forward transactions	(EUR/PLN)	5 000	23 925	December 2022

The Group secures the risk of CO₂ emission allowance price changes using forward transactions to purchase the allowances for its own needs. The tables below show the summary of forward transactions active as at 31 March 2023 and 31 March 2022.

30 June 2023 (unaudited)

<i>Type of concluded transactions</i>	<i>Number of purchased allowances</i>	<i>Total face value of transactions in thous. EUR</i>	<i>Transaction currency</i>	<i>Maturity date</i>
Forward transactions	2 085 000	173 365	EUR	Up to 1 year
Forward transactions	524 000	49 293	EUR	Over 1 year

30 June 2022 (unaudited)

<i>Type of concluded transactions</i>	<i>Number of purchased allowances</i>	<i>Total face value of transactions in thous. EUR</i>	<i>Transaction currency</i>	<i>Maturity date</i>
Forward transactions	4 428 000	307 463	EUR	Up to 1 year

34. Capital management

The main goal of the Group's capital management is to maintain a good credit rating and safe equity ratios, which would support the Group's operating activities and increase the value for its shareholders.

The Group manages the capital structure, and amends it due to changes in the economic conditions. In the 6-month period concluded on 30 June 2023 and the year concluded on 31 December 2022, there were no introduced amendments to the goals, rules and processes applicable within this area.

The Group monitors the balance of its capitals using leverage ratio, which is calculated as a relation of net debt to the sum of capitals plus net debt. The Group's net debts include interest-bearing loans and borrowings, trade and other liabilities, minus cash and cash equivalents. Capital includes equity less the supplementary capitals on account of unrealised net profits.

	<i>30 June 2023 (unaudited)</i>	<i>31 December 2022</i>
Interest-bearing loans and borrowings	-	1 107 727
Financial derivatives (liabilities)	-	-
Trade liabilities and other financial liabilities	93 592	273 694
Minus cash and cash equivalents	676 517	1 462 749
Net debt	(582 925)	(81 328)
Equity	1 032 610	1 214 499

Capital from the revaluation of hedging instruments	-	-
Total capital	1 032 610	1 214 499
Net capital and debt	449 685	1 133 171
Leverage ratio	(129,63%)	(7,18%)

35. Significant events after the balance sheet date

Conclusion of Annex No. 5 to the preliminary share purchase agreement for the sale of shares in PAK-Polska Czysta Energia sp. z o.o. and the sale of shares in PAK-Polska Czysta Energia sp. z o.o.

On 3 January 2023, the Company and Cyfrowy Polsat SA (CP) concluded annex 5 to the preliminary share purchase agreement that concerned the sale to CP 2,390,600 shares in PAK – PCE, representing approx. 10.1% of PAK-PCE's share capital and approx. 10.1% of the votes at PAK-PCE's shareholders' meeting.

The conclusion of annex 5 was in particular related to new arrangements between ZE PAK and CP concerning, inter alia, the number of shares in PAK-PCE to be sold by the Company. Pursuant to annex 5, the parties agreed that the subject matter of the final agreement would be 2,390,600 shares in PAK-PCE, representing approx. 10.1% of the share capital of PAK-PCE and approx. 10.1% of the votes at the PAK-PCE's shareholders' meeting.

In addition, the Company and CP have agreed that prior to the closing of the transaction, the companies: (i) Przedsiębiorstwo Remontowe "PAK Serwis" sp. z o.o. and (ii) PCE-OZE 5 sp. z o.o. which are subsidiaries of PAK-PCE group, will be transferred to the Company and will therefore not be the subject of the transaction.

Due to the reduction in the number of PAK-PCE Shares disposed of by the Company, the base price for the PAK-PCE shares has also changed and will amount to PLN 115,149,802.00. The base price will be: (i) reduced by the amount of any non-permitted leakage specified in the agreement; (ii) increased by interest accrued for the period commencing on the Locked Box date and ending on the date of the cash contribution made by the CP on account of the share capital increase in PAK-PCE Biopaliwa i Wodór sp. z o.o., i.e. until 13 May 2022, at the average interest rate for deposits with banks keeping current bank accounts for the Company, for the period the best approximating the specified period; (iii) increased by the amount resulting from the parties' transactions concerning all power sector activities of Konin Power Plant, including, in particular, the biomass-generated electricity business, in the form of an organized part of the enterprise, and (iv) decreased by the amount resulting from the settlement related to the sale by PAK-PCE of 100% of shares in Przedsiębiorstwo Remontowe "PAK Serwis" sp. z o.o. to the Company.

In addition, on July 3, 2023 the parties entered into the final agreement, under which the Company sold the PAK-PCE shares to CP. The final price for the 2,390,600 shares in PAK-PCE, representing approx. 10.1% of PAK-PCE's share capital and approx. 10.1% of the votes at PAK-PCE's shareholders' meeting, after all adjustments referred to above amounted to PLN 117,025,256.00.

Following the transaction, the Company holds approx. 49.5% of the PAK-PCE shares, while CP holds approx. 50.5% of the PAK-PCE shares.

The Transaction is a significant transaction with a related entity within the meaning of Article 90h of the Act of July 29, 2005 on public offering and the conditions for introducing financial instruments to an organized trading system and on public companies (Dz. U. of 2022, item 2554 as amended).

As the transaction will be executed at market conditions, it will not prejudice the interests of the Company or the shareholders who are not related parties, including minority shareholders.

Konin, 28 September 2023