

ZE PAK SPÓŁKA AKCYJNA

QUARTERLY FINANCIAL INFORMATION FOR THE PERIOD OF 3 MONTHS ENDED 30 SEPTEMBER 2023

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

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BALANCE SHEET

Assets

	30 September 2023 <i>(unaudited)</i>	30 June 2023 <i>(unaudited)</i>	31 December 2022	30 September 2022 <i>(unaudited)</i>	30 June 2022 <i>(unaudited)</i>
A. Fixed assets	792 941	924 096	779 112	744 396	1 414 937
I. Intangible and legal assets	64 421	64 454	2 420	2 698	1 572
1. Costs of completed development work	-	-	-	-	-
2. Goodwill	-	-	-	-	-
3. Other intangible and legal assets	64 421	64 454	2 420	2 698	1 572
4. Advance payment on intangible and legal assets	-	-	-	-	-
II. Tangible fixed assets	23 200	34 987	37 490	36 570	697 558
1. Capital work	5 725	5 805	5 952	5 722	662 924
a) lands (including the perpetual usufruct of land)	1 647	1 654	1 647	1 649	1 682
b) buildings, premises, as well as civil and water engineering facilities	1 166	1 176	1 119	1 129	125 319
c) technical equipment and machinery	2 109	2 164	2 391	2 160	534 749
d) means of transport	58	60	64	-	144
e) other fixed assets	745	751	731	784	1 030
2. Capital work in progress	7 719	16 987	13 870	9 257	10 529
3. Advance payments for capital work in progress	9 756	-	17 668	21 591	24 105
III. Long-term receivables	-	-	-	-	-
1. From affiliates	-	-	-	-	-
2. From other entities, where the entity has equity interests	-	-	-	-	-
3. From other entities	-	-	-	-	-
IV. Long-term investments	702 668	816 044	732 081	701 128	711 808
1. Properties	-	-	-	-	-
2. Intangible assets	-	-	-	-	-
3. Long-term financial assets	702 668	816 044	732 081	701 128	711 808
a) in affiliates	145 411	815 892	731 929	700 976	697 876
– shares or stocks	140 248	800 414	687 842	687 790	685 287
– other securities	-	-	-	-	-
– loans granted	5 163	12 948	41 557	10 656	10 059
– other long-term financial assets	-	2 530	2 530	2 530	2 530
b) in other entities where the entity has equity interest	557 257	152	-	-	-
– shares or stocks	543 654	152	-	-	-
– other securities	11 073	-	-	-	-
– loans granted	2 530	-	-	-	-
– other long-term financial assets	-	-	-	-	-
c) in other entities	-	-	152	152	13 932
– shares or stocks	-	-	152	152	152
– other securities	-	-	-	-	-
– loans granted	-	-	-	-	-
– other long-term financial assets	-	-	-	-	13 780
4. Other long-term investments	-	-	-	-	-
V. Long-term prepayments	2 652	8 611	7 121	4 000	3 999
1. Deferred income tax assets	-	5 689	3 660	-	-
2. Other prepayments and accruals	2 652	2 922	3 461	4 000	3 999

BALANCE SHEET (cont.)

B. Current assets	1 872 462	1 342 299	2 005 531	1 686 014	1 418 872
I. Inventories	19 801	15 938	14 220	21 682	54 888
1. Materials	19 801	15 938	11 841	16 202	31 231
2. Semi-finished products and products in progress	-	-	-	-	-
3. Finished products	-	-	-	-	-
4. Goods	-	-	2 378	5 480	23 657
5. Advance payments for supplies	-	-	1	-	-
II. Short-term receivables	503 799	498 070	487 932	825 611	713 096
1. Receivables from affiliates	7 369	91 894	23 126	16 474	47 516
a) trade-related, with a payment period of:	7 369	91 892	20 499	13 449	47 516
– up to 12 months	7 369	91 892	20 499	13 449	47 516
– above 12 months	-	-	-	-	-
b) other	2	2	2 627	3 025	-
2. Receivables from other entities where the entity has equity interests	-	-	-	-	-
a) trade-related, with a payment period of:	-	-	-	-	-
– up to 12 months	-	-	-	-	-
– above 12 months	-	-	-	-	-
b) other	-	-	-	-	-
3. Receivables from other parties	496 430	406 176	464 806	809 137	665 580
a) trade-related, with a payment period of:	116 865	32 108	46 514	46 607	39 505
– up to 12 months	116 865	32 108	46 514	46 607	39 505
– above 12 months	-	-	-	-	-
b) on account of taxes, subsidies, customs duties, social and health insurance, and other benefits	48 869	49 301	7 410	50 149	54 003
c) other	330 696	324 767	410 882	712 381	572 072
d) pursued in court	-	-	-	-	-
III. Short-term investments	1 346 758	827 099	1 499 496	836 433	649 564
1. Short-term financial assets	1 346 758	827 099	1 499 496	836 433	649 564
a) in affiliates	-	242 181	281 499	33 066	33 064
– shares or stocks	-	-	-	-	-
– other securities	-	-	-	-	-
– loans granted	-	242 181	281 499	33 066	33 064
– other short-term financial assets	-	-	-	-	-
b) in other entities	247 798	-	-	1 125	397
– shares or stocks	-	-	-	-	-
– other securities	-	-	-	-	-
– loans granted	247 798	-	-	-	-
– other short-term financial assets	-	-	-	1 125	397
c) cash and cash equivalents	1 098 960	584 918	1 217 997	802 242	616 103
– cash in hand and at bank	1 098 960	584 918	1 217 997	802 242	616 103
– other cash	-	-	-	-	-
– other monetary assets	-	-	-	-	-
2. Other short-term investments	-	-	-	-	-
IV. Short-term prepayments	2 104	1 192	3 883	2 288	1 324
C. Basic capital (fund) contributions due	-	-	-	-	-
D. Equity shares (stocks)	-	-	-	-	-
Total assets	2 665 403	2 266 395	2 784 643	2 430 410	2 833 809

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BALANCE SHEET (cont.)

Liabilities

	30 September 2023 <i>(unaudited)</i>	30 June 2023 <i>(unaudited)</i>	31 December 2022	30 September 2022 <i>(unaudited)</i>	30 June 2022 <i>(unaudited)</i>
A. Equity	1 809 991	1 634 296	1 408 421	1 433 257	972 774
I. Basic capital (fund)	101 647	101 647	101 647	101 647	101 647
II. Supplementary capital (fund), including:	1 766 996	1 766 996	1 766 996	1 667 193	1 667 193
– sale value (issue value) surplus over the nominal share (stock) value	380 030	380 030	380 030	380 030	380 030
III. Revaluation capital (fund), including:	8 466	8 466	8 466	108 268	108 268
– on account of fair value revaluation	-	-	-	-	-
IV. Other reserve capitals (funds), including:	3 472	3 472	3 472	3 472	3 472
– created in accordance with the company's articles of association	-	-	-	-	-
– for equity shares (stocks)	-	-	-	-	-
V. Profit (loss) from previous years	(472 160)	(472 160)	(1 015 744)	(1 015 744)	(1 015 744)
VI. Net profit (loss)	401 570	225 875	543 584	568 421	107 938
VII. Write-offs from net profit during the financial year (negative value)	-	-	-	-	-
B. Liabilities and provisions for liabilities	855 412	632 099	1 376 222	997 153	1 861 035
I. Provisions for liabilities	631 956	460 578	1 268 605	852 650	660 619
1. Deferred income tax provisions	5 923	-	-	2 673	36 431
2. Provision for retirement and similar benefits	12 041	13 430	20 095	12 873	15 868
– long-term	7 518	7 744	7 769	8 938	9 800
– short-term	4 523	5 686	12 326	3 935	6 068
3. Other provisions	613 992	447 148	1 248 510	837 104	608 320
– long-term	93 551	93 026	93 099	95 715	95 650
– short-term	520 441	354 122	1 155 411	741 389	512 670
II. Long-term liabilities	129	129	129	348	124 198
1. To related entities	-	-	-	-	-
2. To other entities in which the entity has equity interests	-	-	-	-	-
3. To other entities	129	129	129	348	124 198
a) loans and borrowings	-	-	-	-	123 850
b) on account of debt securities issue	-	-	-	-	-
c) other financial liabilities	-	-	-	-	-
d) bills of exchange	-	-	-	-	-
e) other	129	129	129	348	348
III. Short-term liabilities	219 957	168 884	106 282	139 418	1 072 376
1. Liabilities to related entities	111 037	76 516	18 141	66 915	33 706
a) trade-related, with a maturity date of:	110 784	76 516	15 066	66 885	33 706
– up to 12 months	110 784	76 516	15 066	66 885	33 706
– above 12 months	-	-	-	-	-
b) other	253	-	3 075	30	-

BALANCE SHEET (cont.)

2. Liabilities to other entities, in which the entity has equity interests	-	-	-	-	-
a) trade-related, with a maturity date of:	-	-	-	-	-
- up to 12 months	-	-	-	-	-
- above 12 months	-	-	-	-	-
b) other	-	-	-	-	-
3. Liabilities to other entities	104 441	87 455	84 199	67 622	1 032 797
a) loans and borrowings	-	-	-	-	30 324
b) on account of debt securities issue	-	-	-	-	-
c) other financial liabilities	-	-	-	-	325
d) trade-related, with a maturity date of:	82 429	68 332	41 808	29 804	48 036
- up to 12 months	82 429	68 332	41 808	29 804	48 036
- above 12 months	-	-	-	-	-
e) received advance payments for supplies	-	-	7	-	843
f) bills of exchange	-	-	-	-	-
g) on account of taxes, customs duties, social and health insurance, and other public-law titles	13 966	6 550	28 183	21 209	9 163
h) remuneration-related	3 906	4 103	4 666	6 227	4 668
i) other	4 140	8 470	9 535	10 382	939 438
4. Special funds	4 479	4 913	3 942	4 881	5 873
IV. Prepayments and accruals	3 370	2 508	1 206	4 737	3 842
1. Negative goodwill	-	-	-	-	-
2. Other prepayments and accruals	3 370	2 508	1 206	4 737	3 842
- long-term	225	225	225	236	248
- short-term	3 145	2 283	981	4 501	3 594
Total liabilities	2 665 403	2 266 395	2 784 643	2 430 410	2 833 809

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PROFIT NAD LOSS ACCOUNT (calculation type)

	9-month period ended 30 September 2023 <i>(unaudited)</i>	3-month period ended 30 September 2023 <i>(unaudited)</i>	9-month period ended 30 September 2022 <i>(unaudited)</i>	3-month period ended 30 September 2022 <i>(unaudited)</i>
A. Net revenues from the sales of products, goods and materials, including:	2 403 237	833 560	2 150 925	740 488
– from affiliates	36 608	(114 347)	81 035	18 402
I. Net revenues from the sales of products	1 677 185	543 342	1 589 881	487 671
II. Net revenues from goods and material sold	726 052	290 218	561 044	252 817
B. Costs of products, goods and materials sold, including:	1 991 784	673 920	1 864 891	585 719
– to affiliates	34 055	(97 022)	84 442	16 657
I. Manufacturing costs of sold products	1 545 343	513 161	1 481 514	447 013
II. Manufacturing costs of goods and materials sold	446 441	160 759	383 377	138 706
C. Gross profit (loss) from sales (A–B)	411 453	159 640	286 034	154 769
D. Selling costs	888	161	1 282	363
E. Overheads	38 759	10 618	34 520	11 846
F. Profit (loss) from sales (C–D–E)	371 806	148 861	250 232	142 560
G. Other operating revenues	38 409	34 916	408 772	390 520
I. Profit from the disposal of non-financial fixed assets	27 821	27 799	363 511	363 511
II. Grants	-	-	35	12
III. Revaluation of non-financial assets	-	-	-	-
IV. Other operating revenues	10 588	7 117	45 226	26 997
H. Other operating costs	9 890	3 387	21 145	10 212
I. Profit/loss on disposal of non-financial fixed assets	-	-	-	(791)
II. Revaluation of non-financial assets	-	-	6 803	1 248
III. Other operating costs	9 890	3 387	14 342	9 755
I. Profit(loss) on operating activity (F+G–H)	400 325	180 390	637 859	522 868
J. Financial revenues	49 809	27 152	37 625	15 323
I. Dividends and profit distribution, including:	(626)	18	3 221	3 221
a) from affiliates, including:	(644)	-	-	-
– in which the entity has equity interests	-	-	-	-
b) from other entities, including:	18	18	3 221	3 221
– in which the entity has equity interests	-	-	-	-
II. Interest, including:	37 304	14 801	9 055	3 958
– from affiliates	15 220	2 109	2 186	1 003
III. Profit on the disposal of financial assets, including:	362	362	-	-
– in affiliates	-	-	-	-
IV. Revaluation of financial assets	37	-	-	(12 820)
V. Other	12 732	11 971	25 349	20 964
H. Financial costs	4 605	(14 141)	4 643	1 101
I. Interest, including:	472	185	3 304	64
– to affiliates	-	-	-	-
II. Loss on disposal of financial assets, including:	-	-	-	-
– in affiliates	-	-	-	-
III. Revaluation of financial assets	-	-	945	945
IV. Other	4 133	(14 326)	394	92
L. Gross profit (loss) (I+J–K)	445 529	221 683	670 841	537 090

PROFIT AND LOSS ACCOUNT (calculation type) (cont.)

M. Income tax, incl.:	<u>43 959</u>	<u>45 988</u>	<u>102 420</u>	<u>76 607</u>
– current part	<u>34 376</u>	<u>34 376</u>	<u>110 365</u>	<u>110 365</u>
N. Other mandatory decrease of profit (increase of loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
O. Net profit (loss) (L–M–N)	<u>401 570</u>	<u>175 695</u>	<u>568 421</u>	<u>460 483</u>

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CASH FLOW STATEMENT (indirect method)

	<i>9-month period ended 30 September 2023 (unaudited)</i>	<i>3-month period ended 30 September 2023 (unaudited)</i>	<i>9-month period ended 30 September 2022 (unaudited)</i>	<i>3-month period ended 30 September 2022 (unaudited)</i>
A. Cash flows from operating activities				
I. Net profit (loss)	401 570	175 695	568 421	460 483
II. Total adjustments	(628 661)	198 695	(602 810)	(688 823)
1. Depreciation and amortization	1 441	485	12 646	2 441
2. Profits (losses) on foreign exchange differences	(17 618)	(16 418)	9 543	10 200
3. Interest and shares in profits (dividends)	(19 086)	(6 088)	6 279	3 062
4. Profit (loss) on investment activities	(1 550)	(363)	(402 778)	(403 578)
5. Change in provisions	516 865	171 377	737 695	192 031
6. Change in inventories	(5 580)	(3 862)	35 544	33 206
7. Change in receivables	(52 047)	(5 729)	519 804	(91 917)
8. Change in short-term liabilities, excluding loans and borrowings	119 675	53 819	(204 248)	(422 660)
9. Change in prepayments and accruals	8 948	5 474	1 283	(1 062)
10. Other adjustments, incl.:	(1 179 709)	-	(1 318 578)	(10 546)
III. Net cash flows from operating activities (I±II)	(227 091)	374 390	(34 389)	(228 340)
B. Cash flows from investment activities				
I. Proceeds	280 289	129 339	500 950	429 482
1. Disposal of intangible and legal assets, as well as tangible assets	28 536	12 119	499 265	428 729
2. Disposal of property, as well as intangible and legal assets	-	-	-	-
3. From financial assets, including:	251 753	117 220	1 685	753
a) in affiliates	117 025	(17 508)	1 685	753
– disposal of financial assets	117 025	117 025	-	-
– dividends and shares in profits	-	-	-	-
– repayment of granted long-term loans	-	(133 147)	10	-
– interest	-	(1 386)	1 675	753
– other proceeds related to financial assets	-	-	-	-
b) in other entities	134 728	134 728	-	-
– disposal of financial assets	-	-	-	-
– dividends and shares in profits	18	18	-	-
– repayment of granted long-term loans	133 147	133 147	-	(10)
– interest	1 563	1 563	-	(922)
– other proceeds related to financial assets	-	-	-	-
4. Other investment proceeds	-	-	-	-
II. Expenses	189 600	6 094	94 684	3 398
1. Acquisition of intangible and legal assets, as well as tangible assets	21 306	3 094	57 906	5 645
2. Investments in real estate, as well as intangible and legal assets	-	-	-	-
3. Financial assets, including:	168 294	3 000	36 778	(2 247)
a) in affiliates	115 572	(49 722)	36 778	(2 247)
b) in other entities	52 722	52 722	-	-
– acquisition of financial assets	-	-	-	-
– long-term loans granted	52 722	52 722	-	-
4. Other investment expenses	-	-	-	-
III. Net cash flows from investment activities (I-II)	90 689	123 245	406 266	426 084

CASH FLOW STATEMENT (indirect method)(cont.)

C. Cash flows from financial activities

I. Proceeds	-	-	38 466	(1)
1. Net proceeds from the issue of shares (stock emission) and other capital instruments, as well as capital contributions	-	-	-	-
2. Loans and borrowings	-	-	38 466	(1)
3. Emission of debt securities	-	-	-	-
4. Other financial proceeds	-	-	-	-
II. Expenses	258	16	8 326	403
1. Acquisition of own shares	-	-	-	-
2. Dividends and other payments to owners	-	-	-	-
3. Expenses related to profit distribution, other than payments to owners	-	-	-	-
4. Repayment of loans and borrowings	-	-	4 571	-
5. Buy-out of debt securities	-	-	-	-
6. On account of other financial liabilities	-	-	-	-
7. Financial lease liability payments	-	-	475	340
8. Interest	258	16	3 280	63
9. Other financial expenses	-	-	-	-
III. Net cash flows on financial activities (I-II)	(258)	(16)	30 140	(404)
D. Total net cash flows (A.III±B.III±C.III)	(136 660)	497 619	402 017	197 340
E. Cash flow change in the balance sheet, including:	(119 037)	514 042	390 298	186 141
– cash flow change related to foreign exchange differences	(17 618)	(18 818)	11 719	11 201
F. Cash at beginning of period	1 221 174	586 895	411 905	616 582
G. Cash at end of period (F±D), including	1 084 514	1 084 514	813 922	813 922
– restricted cash	6 455	6 455	7 631	7 631

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STATEMENT OF CHANGES IN EQUITY

	30 September 2023 <i>(unaudited)</i>	30 June 2023 <i>(unaudited)</i>	31 December 2022	30 September 2022 <i>(unaudited)</i>	30 June 2022 <i>(unaudited)</i>
I. Equity at the beginning of the period (BO)	1 408 421	1 408 421	864 836	864 836	864 836
– amendments in accounting principles	-	-	-	-	-
– error adjustments	-	-	-	-	-
I.a. Equity at beginning of period (BO), after adjustments	1 408 421	1 408 421	864 836	864 836	864 836
1. Basic capital at beginning of period	101 647	101 647	101 647	101 647	101 647
1.1. Basic capital changes	-	-	-	-	-
a) increase	-	-	-	-	-
b) decrease	-	-	-	-	-
1.2. Basic capital at end of period	101 647	101 647	101 647	101 647	101 647
2. Supplementary capital at beginning of period	1 766 996	1 766 996	1 665 340	1 665 340	1 665 340
2.1. Supplementary capital changes	-	-	101 656	1 853	1 853
a) increase	-	-	101 656	1 853	1 853
– share issue over the nominal value	-	-	-	-	-
– profit distribution	-	-	-	-	-
– liquidation of fixed assets	-	-	101 656	1 853	1 853
b) decrease	-	-	-	-	-
– redemption of shares	-	-	-	-	-
– loss coverage	-	-	-	-	-
2.2. Supplementary capital at end of period	1 766 996	1 766 996	1 766 996	1 667 193	1 667 193
3. Revaluation capital at beginning of period – amendments in adopted accounting principles (policy)	8 466	8 466	110 122	110 122	110 122
3.1. Revaluation capital changes	-	-	(101 656)	(1 854)	(1 854)
a) increase	-	-	-	-	-
b) decrease	-	-	(101 656)	(1 854)	(1 854)
– fixed assets liquidation	-	-	(101 656)	(1 854)	(1 854)
– impairment write-down on fixed assets	-	-	-	-	-
3.2. Revaluation capital at end of period	8 466	8 466	8 466	108 268	108 268
4. Other reserve capitals at beginning of period	3 472	3 472	3 472	3 472	3 472
4.1. Changes in other reserve capitals	-	-	-	-	-
a) increase	-	-	-	-	-
b) decrease	-	-	-	-	-
– loss coverage	-	-	-	-	-
4.2. Other reserve capitals at end of period	3 472	3 472	3 472	3 472	3 472
5. Profit (loss) from previous years at beginning of period	(472 160)	(472 160)	(713 809)	(713 809)	(713 809)
5.1. Profit from previous years at beginning of period	543 584	543 584	-	-	-
– amendments in accounting principles	-	-	-	-	-
– error adjustments	-	-	-	-	-
5.2. Profit from previous years at beginning of period, after adjustments	-	-	-	-	-
a) increase	-	-	-	-	-
– distribution of profit from previous years	-	-	-	-	-
b) decrease	(543 584)	(543 584)	-	-	-
– distribution of profit to supplementary capital	-	-	-	-	-
– cover of loss from previous years	(543 584)	(543 584)	-	-	-
5.3. Profit from previous years at end of period	-	-	-	-	-

STATEMENT OF CHANGES IN EQUITY (cont.)

5.4. Loss from previous years at beginning of period	(1 015 744)	(1 015 744)	(713 809)	(713 809)	(713 809)
– amendments in adopted accounting principles (policies)	-	-	-	-	-
– error adjustments	-	-	-	-	-
5.5. Loss from previous years at beginning of period, after adjustments	(1 015 744)	(1 015 744)	(713 809)	(713 809)	(713 809)
a) increase	-	-	(301 935)	(301 935)	(301 935)
– loss from previous years carried forward to be covered	-	-	(301 935)	(301 935)	(301 935)
b) decrease	543 584	543 584	-	-	-
– covering losses with supplementary and reserve capital	543 584	543 584	-	-	-
5.6. Loss from previous years at end of period	(472 160)	(472 160)	(1 015 744)	(1 015 744)	(1 015 744)
5.7. Profit (loss) from previous years at end of period	(472 160)	(472 160)	(1 015 744)	(1 015 744)	(1 015 744)
6. Net result	401 570	225 875	543 584	568 421	107 938
a) net profit	401 570	225 875	543 584	568 421	107 938
b) net loss	-	-	-	-	-
c) profit write-offs	-	-	-	-	-
II. Equity at end of period (BZ)	1 809 991	1 634 296	1 408 421	1 433 257	972 774
III. Equity after recognizing proposed profit distribution (loss coverage)	1 809 991	1 634 296	1 408 421	1 433 257	972 774

Konin, 29 November 2023

ADDITIONAL INFORMATION TO THE CONDENSED FINANCIAL STATEMENT FOR THE PERIOD OF 9 MONTHS

1. General information about the Company

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

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

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

The existence of the Company shall be unlimited.

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

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

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

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

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

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

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

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

Intangible assets

In accordance with the Accounting Act, the Company presents the purchased CO2 emission allowances as intangible assets. For IFRS purposes, it qualifies as an emission right.

Tangible fixed assets

a) Measurement of tangible fixed assets

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

b) Allotment of renovation components

The International Financial Reporting Standards project the allotment within the scope of fixed assets of components, provided their operation period differs from the operation period of a given fixed asset. The components are amortized during their usability period. According to the IFRS, a specific component consists of renovations and periodic inspections. In relation to the above, the Company has allotted the values of renovation cost components planned to be

incurred, as well as amortized the components in the period remaining until the projected commencement of the next renovation. The recognition of this adjustment also resulted in the need to charge deferred tax.

c) Appraisal of land and perpetual usufruct

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

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

d) Capitalisation external funding costs

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

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

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

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

e) Spare parts:

Inventories recognized as parts for strategic overhauls and failures of machinery and equipment are recognized under tangible fixed assets. The main criteria for recognizing materials in the tangible fixed assets item are:

- key element for maintaining production continuity, the purchase of which is hindered due to the prolonged waiting process associated with a complex manufacturing process,
- element being an assembly or sub-assembly of a machine or device that will be used within the production process for more than one year,
- spare parts can be used solely for the correct operation of individual tangible fixed asset items.

Strategic spare parts are depreciated until their expected useful life expiry.

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

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

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

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

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

The below table shows the differences as at September 30, 2023 (unaudited data):

<i>Balance sheet value Acc. to AoA</i>	<i>Balance sheet value Acc. to IFRS</i>	<i>Value adjustment</i>
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ZE PAK SA
 QUARTERLY FINANCIAL INFORMATION FOR THE PERIOD OF 3 MONTHS ENDED 30 SEPTEMBER 2023
 (in thousand PLN)

Tangible fixed assets	23 200	5 997	(17 203)
Equity	1 809 991	1 788 882	(21 109)
Deferred tax provision	5 923	5 913	(10)

Summary of the effects of disclosed differences in the area of net profit and equity:

	<i>30 September 2023</i>
	<i>(unaudited)</i>
AoA net profit	401 570
Tangible fixed assets adjustment	(10 729)
IFRS16 adjustment	(791)
IAS19 adjustment	(228)
IFRS net profit	389 822

	<i>30 September 2023</i>
	<i>(unaudited)</i>
AoA capital	1 809 991
Tangible fixed asset adjustment	16 261
IFRS 9 adjustment	(41)
IFRS16 adjustment	(37 329)
IFRS equity	1 788 882

3. Going concern assumptions

The Company's financial statements have been prepared on the assumption that the Company will continue its business operations in the foreseeable future, at least 12 months after the balance sheet date. As of the date of signing these financial statements, the Company's Management Board is not aware of any facts or circumstances that could affect the Company's ability to continue its operations.

4. Merger of commercial companies

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

5. Adopted accounting principles (policy)

The accounting principles adopted by the Company, including the asset and liability measurement method and the financial result measurement method are in accordance with the provisions of the act of 29 September 1994 on accounting (JoL 2023, item 120) and were described in the ZE PAK SA's financial statement for the financial year ended on 31 December 2022 and published on 27 April 2023.

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

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

7. Error adjustments

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

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

In the current reporting period, there have been no events impacting the assets, liabilities, equities, net result or cash flows, which would be abnormal due to their nature, value or frequency.

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

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

<i>Impairment write-downs</i>	<i>31 December 2022</i>	<i>changes</i>			<i>30 September 2023 (unaudited)</i>
		<i>creation</i>	<i>use</i>	<i>redemption</i>	
Inventories	73 307	-	-	-	73 307

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

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

<i>Impairment write-downs</i>	<i>31 December 2022</i>	<i>changes</i>			<i>30 September 2023 (unaudited)</i>
		<i>creation</i>	<i>use</i>	<i>redemption</i>	
Intangible fixed assets	1 279	-	-	-	1 279
Tangible fixed assets	2 991 668	-	-	610	2 991 058
Financial assets	341 168	-	-	-	341 168
Receivables	19 128	-	-	2 071	17 057

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

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

<i>Provisions and accruals</i>	<i>31 December 2022</i>	<i>changes</i>			<i>30 September 2023 (unaudited)</i>
		<i>creation</i>	<i>use</i>	<i>redemption</i>	
Provisions for retirement and similar benefits, including:	20 095	3 057	7 174	3 937	12 041
– provisions for retirement and post-mortem benefits	9 598	1 519	-	2 565	8 552
– annual bonus provision	6 681	493	7 174	-	0
– unused holidays provision	3 816	1 045	-	1 372	3 489
CO ₂ emission allowances provision	1 154 147	519 251	1 153 514	633	519 251
Reclamation provision	72 224	525	-	73	72 676
Liquidation provision	20 875	-	-	-	20 875
Provision for charges	1 264	-	-	74	1 190
Cost prepayments for:	41	2 731	572	-	2 200
– fees for the commercial utilization of the environment	-	2 190	133	-	2 057
– duty to redeem property rights	-288	629	198	-	143
– provision for current year costs	329	-88	241	-	0
Deferred income	1 165	5	-	-	1 170
Total	1 269 811	525 569	1 161 260	4 717	629 403

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

In the 9-month period ended September 30, 2023, there had been a change in the provision and assets related to deferred income tax, i.e.:

- A change in assets, increasing the tax load by PLN 5 111 thousand,
- A change in provisions, decreasing the tax load by PLN 4 472 thousand.

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

Within the 9-month period ended September 30, 2023 the Company:

- Purchased or acquired from investments tangible fixed assets in the amount of PLN 706 thousand,
- sold and liquidated tangible fixed assets with a net value of PLN 5 thousand.

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

During the current reporting period, the Company regularly repaid all its financial liabilities related to loans or credits. There were no breaches of material provisions of credit or loan agreements, in relation to which no remedial actions were taken.

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

In the 9 months of 2023, ZE PAK SA and subsidiaries, consolidated under the Group, did not conclude transactions with affiliates on other than market terms.

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

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

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

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

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

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

19. Events of the accounting period not specified in the balance sheet and the profit and loss statement

During the reporting period until the development date of this financial statement, i.e., 29 November 2023, there were no events, which had not been, and should have been recognised in the accounting books and the financial statement, for the period concluded on 30 September 2023.

20. Events of previous years recognised in the financial statement

In the reporting period up to the date of preparation of these financial statements, i.e. until November 29, 2023, there were no events that were not, but should have been, included in the accounting records and financial statements for the period ended September 30, 2023.

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

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.

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. 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.

22. Other information

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

- explanations regarding the seasonality or cyclic nature of the issuer's activities within the presented period (CCFS item 9),
- information on significant settlements due to lawsuits (CCFS item 25.1),
- information on changes in contingent liabilities or contingent assets, which had occurred since the end of the last financial year (CCFS items 25.2, 26 and 27),
- information regarding paid (or declared) dividends (CCFS item 21),

- information on significant events after the balance sheet date (CCFS item 32).

Konin, 29 November 2023

SIGNATURES:

Piotr Woźny
President of the Management Board

Zygmunt Artwik
Vice President of the Management Board

Andrzej Janiszowski
Vice President of the Management Board

Maciej Nietopiel
Vice President of the Management Board

Katarzyna Sobierajska
Vice President of the Management Board

Aneta Desecka
Chief Accountant