

ZE PAK SA

**INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS
FOR A PERIOD OF 6 MONTHS ENDED JUNE 30, 2024**

*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

BALANCE SHEET	58
PROFIT NAD LOSS ACCOUNT (CALCULATION TYPE)	62
CASH FLOW STATEMENT (INDIRECT METHOD).....	63
STATEMENT OF CHANGES IN EQUITY.....	65
ADDITIONAL INFORMATION.....	67
1. GENERAL INFORMATION	67
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.....	67
3. GOING CONCERN ASSUMPTIONS	69
4. MERGER OF COMMERCIAL COMPANIES.....	69
5. ADOPTED ACCOUNTING PRINCIPLES (POLICY)	69
6. COMPARABILITY OF FINANCIAL DATA FOR THE PRECEDING PERIOD WITH THE STATEMENT FOR THE CURRENT PERIOD	69
7. ERROR ADJUSTMENTS OF PREVIOUS PERIODS	70
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	70
9. INFORMATION ON IMPAIRMENT WRITE-DOWNS AGAINST PROVISIONS VALUE, TO THE ACHIEVABLE NET VALUE AND ON THE REVERSAL OF SUCH WRITE-DOWNS	70
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	70
11. INFORMATION ON THE CREATION, INCREASE, USE OR REDEMPTION OF THE PROVISIONS	70
12. INFORMATION ON THE PROVISIONS AND ASSETS RELATED TO DEFERRED INCOME TAX.....	71
13. INFORMATION ON SIGNIFICANT ACQUISITION AND SALES TRANSACTIONS OF TANGIBLE FIXED ASSETS AND ANY SIGNIFICANT LIABILITY DUE TO PURCHASING TANGIBLE FIXED ASSETS.....	71
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	71
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	71
16. INFORMATION ON THE CHANGE IN THE MANNER (METHOD) OF MEASURING FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE.....	71
17. INFORMATION ON THE CHANGES IN THE CLASSIFICATION OF FINANCIAL ASSETS.....	72
18. INFORMATION ON THE ISSUE, REDEMPTION AND REPAYMENT OF NON-EQUITY AND CAPITAL SECURITIES	72
19. EVENTS OF THE ACCOUNTING YEAR NOT SPECIFIED IN THE BALANCE SHEET AND THE PROFIT AND LOSS STATEMENT	72
20. EVENTS OF PREVIOUS YEARS RECOGNISED IN THE FINANCIAL STATEMENT	72
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).....	72
22. OTHER INFORMATION.....	73

BALANCE SHEET

Assets

	30 June 2024 (unaudited)	31 December 2023	30 June 2023 (transformed unaudited)
A. Fixed assets	1 716 181	1 883 371	922 578
I. Intangible and legal assets	2 237	583 441	64 454
1. Costs of completed development work	-	-	-
2. Goodwill	-	-	-
3. Other intangible and legal assets	2 237	583 441	64 454
4. Advance payment on intangible and legal assets	-	-	-
II. Tangible fixed assets	21 159	23 189	38 469
1. Capital work	5 630	5 973	5 805
a) lands (including the perpetual usufruct of land)	1 642	1 645	1 654
b) buildings, premises, as well as civil and water engineering facilities	1 135	1 155	1 176
c) technical equipment and machinery	1 930	2 184	2 164
d) means of transport	51	55	60
e) other fixed assets	872	934	751
2. Capital work in progress	10 454	7 460	20 469
3. Advance payments for capital work in progress	5 075	9 756	12 195
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	1 690 941	1 270 397	811 044
1. Properties	-	-	-
2. Intangible and legal assets	-	-	-
3. Long-term financial assets	1 690 941	1 270 397	811 044
a) in affiliated entities	1 132 996	712 865	810 892
– shares or stocks	905 708	543 701	795 414
– other securities	-	-	-
– loans granted	227 288	169 164	12 948
– other long-term financial assets	-	-	2 530
b) in other entities where the unit has equity interest	557 793	557 380	152
– shares or stocks	543 503	543 502	152
– other securities	-	-	-
– loans granted	11 760	11 348	-
– other long-term financial assets	2 530	2 530	-
c) in other entities	152	152	-
– shares or stocks	152	152	-
– other securities	-	-	-
– loans granted	-	-	-
– other long-term financial assets	-	-	-
4. Other long-term investments	-	-	-
V. Long-term prepayments	1 844	6 344	8 611
1. Deferred income tax assets	-	3 961	5 689
2. Other prepayments and accruals	1 844	2 383	2 922

BALANCE SHEET (cont.)

	850 617	959 250	1 343 802
B. Current assets			
I. Inventories	12 395	17 008	15 938
1. Materials	12 395	17 007	15 938
2. Semi-finished products and products in progress	-	-	-
3. Finished products	-	-	-
4. Goods	-	-	-
5. Advance payments for supplies	-	1	-
II. Short-term receivables	648 845	715 483	498 874
1. Receivables from affiliates	20 619	71 677	91 893
a) trade-related, with a payment period of:	12 228	71 677	91 891
– up to 12 months	12 228	71 677	91 891
– above 12 months	-	-	-
b) other	8 391	-	2
2. Receivables from other entities where the entity has equity interests	48 016	85 053	-
a) trade-related, with a payment period of:	48 016	85 053	-
– up to 12 months	48 016	85 053	-
– above 12 months	-	-	-
b) other	-	-	-
3. Receivables from other parties	580 210	558 753	406 981
a) trade-related, with a payment period of:	80 106	29 958	32 108
– up to 12 months	80 106	29 958	32 108
– above 12 months	-	-	-
b) on account of taxes, subsidies, customs duties, social and health insurance, and other benefits	28 632	150 349	50 106
c) other	471 472	378 446	324 767
d) pursued in court	-	-	-
III. Short-term investments	187 664	223 360	827 798
1. Short-term financial assets	187 664	223 360	827 798
a) in affiliated entities	-	1 070	242 181
– shares or stocks	-	-	-
– other securities	-	-	-
– loans granted	-	1 070	242 181
– other short-term financial assets	-	-	-
b) in other entities	-	-	-
– shares or stocks	-	-	-
– other securities	-	-	-
– loans granted	-	-	-
– other short-term financial assets	-	-	-
c) cash and cash equivalents	187 664	222 290	585 617
– cash in hand and at bank	187 664	222 290	585 617
– other cash	-	-	-
– other monetary assets	-	-	-
2. Other short-term investments	-	-	-
IV. Short-term prepayments	1 713	3 399	1 192
C. Basic capital (fund) contributions due	-	-	-
D. Equity shares (stocks)	-	-	-
Total assets	2 566 798	2 842 621	2 266 380

Konin, 24 September 2024

BALANCE SHEET (cont.)

Liabilities

	30 June 2024 (unaudited)	31 December 2023	30 June 2023 (transformed unaudited)
A. Equity	1 895 959	1 992 833	1 634 279
I. Basic capital (fund)	101 647	101 647	101 647
II. Supplementary capital (fund), including:	1 881 440	1 769 188	1 766 996
– sales value (issue value) surplus over the nominal share value (stocks)	380 030	380 030	380 030
III. Revaluation capital (fund), including:	6 274	6 274	8 466
– on account of fair value revaluation	-	-	-
IV. Other reserve capitals (funds), including:	3 472	3 472	3 472
– created in accordance with the company's articles of association	-	-	-
– for equity shares (stocks)	-	-	-
V. Profit (loss) from previous years	-	(472 160)	(472 168)
VI. Net profit (loss)	(96 874)	584 412	225 866
VII. Write-offs from net profit during the financial year (negative value)	-	-	-
B. Liabilities and provisions for liabilities	670 839	849 788	632 101
I. Provisions for liabilities	391 299	705 190	460 578
1. Deferred income tax provisions	2 928	-	-
2. Provision for retirement and similar benefits	19 415	27 455	13 430
– long-term	9 090	9 241	7 744
– short-term	10 325	18 214	5 686
3. Other provisions	368 956	677 735	447 148
– long-term	63 098	69 441	93 026
– short-term	305 858	608 294	354 122
II. Long-term liabilities	129 656	129	129
1. To related entities	-	-	-
2. To other entities in which the entity has equity interests	-	-	-
3. To other entities	129 656	129	129
a) loans and borrowings	-	-	-
b) on account of debt securities issue	-	-	-
c) other financial liabilities	129 527	-	-
d) bills of exchange	-	-	-
e) other	129	129	129
III. Short-term liabilities	146 961	142 809	168 886
1. Liabilities to related entities	79 259	7 960	76 516
a) trade-related, with a maturity date of:	79 259	7 912	76 516
– up to 12 months	79 259	7 912	76 516
– above 12 months	-	-	-
b) other	-	48	-

BALANCE SHEET (cont.)

2. Liabilities against other entities, in which the entity has equity interests	1 385	381	-
a) trade-related, with a maturity date of:	1 385	381	-
– up to 12 months	1 385	381	-
– above 12 months	-	-	-
b) other	-	-	-
3. Liabilities to other entities	61 238	130 898	87 457
a) loans and borrowings	-	-	-
b) on account of debt securities issue	-	-	-
c) other financial liabilities	-	-	-
d) trade-related, with a maturity date of:	44 888	97 707	68 334
– up to 12 months	44 888	97 707	68 334
– above 12 months	-	-	-
e) received advanced payments for supplies	-	-	-
f) bills of exchange	-	-	-
g) on account of taxes, customs duties, social and health insurance, and other public-law titles	6 570	24 776	6 550
h) remuneration-related	4 092	4 206	4 103
i) other	5 688	4 209	8 470
4. Special funds	5 079	3 570	4 913
IV. Prepayments and accruals	2 923	1 660	2 508
1. Negative goodwill	-	-	-
2. Other prepayments and accruals	2 923	1 660	2 508
– long-term	132	178	225
– short-term	2 791	1 482	2 283
Total liabilities	2 566 798	2 842 621	2 266 380

Konin, 24 September 2024

PROFIT NAD LOSS ACCOUNT (calculation type)

	<i>6-month period ended 30 June 2024 (unaudited)</i>	<i>6-month period ended 30 June 2023 (transformed unaudited)</i>
A. Net revenues from the sale of products, goods and materials, including:	1 002 630	1 569 672
– from affiliates	20 841	150 950
I. Net revenues from the sales of products	616 754	1 133 838
II. Net revenues from goods and material sales	385 876	435 834
B. Costs of products, goods and materials sold, including:	1 071 848	1 317 864
– to affiliates	21 113	131 072
I. Manufacturing costs of sold products	807 862	1 032 182
II. Manufacturing costs of goods and materials sold	263 986	285 682
C. Gross profit (loss) from sales (A–B)	(69 218)	251 808
D. Selling costs	753	727
E. Overheads	29 055	28 151
F. Profit (loss) from sales (C–D–E)	(99 026)	222 930
G. Other operating revenues	18 990	3 493
I. Profit from the disposal of non-financial fixed assets	-	22
II. Grants	46	-
III. Revaluation of non-financial assets	-	-
IV. Other operating revenues	18 944	3 471
H. Other operating costs	19 023	6 503
I. Loss from disposal of non-financial fixed assets	17 489	-
II. Revaluation of non-financial assets	-	-
III. Other operating costs	1 534	6 503
I. Profit(loss) on operating activity (F+G–H)	(99 059)	219 920
J. Financial revenues	23 498	22 663
I. Dividends and profit distribution, including:	8 391	(644)
a) from affiliates, including:	8 391	(644)
– in which the entity has equity interests	-	-
b) from other entities, including:	-	-
– in which the entity has equity interests	-	-
II. Interest, including:	14 485	22 509
– from affiliates	8 639	13 111
III. Profit on the disposal of financial assets, including:	-	-
– in affiliates	-	-
IV. Revaluation of financial assets	-	37
V. Other	622	761
H. Financial costs	14 960	18 746
I. Interest, including:	193	287
– to affiliates	-	-
II. Loss on disposal of financial assets, including:	-	-
– in affiliates	-	-
III. Revaluation of financial assets	12	-
IV. Other	14 755	18 459
L. Gross profit (loss) (I+J–K)	(90 521)	223 837
M. Income tax, including:	6 353	(2 029)
– current part	-	-
K. Other mandatory decrease of profit (increase of loss)	-	-
O. Net profit (loss) (L–M–N)	(96 874)	225 866

Konin, 24 September 2024

CASH FLOW STATEMENT (indirect method)

	<i>6-month period ended 30 June 2024 (unaudited)</i>	<i>6-month period ended 30 June 2023 (transformed unaudited)</i>
A. Cash flows from operating activities		
I. Net profit (loss)	(96 874)	225 866
II. Total adjustments	343 313	(828 562)
1. Depreciation and amortization	1 043	956
2. Profits (losses) on foreign exchange differences	2 145	(1 200)
3. Interest and shares in profits (dividends)	(17 324)	(12 998)
4. Profit (loss) on investment activities	17 480	(1 188)
5. Change in provisions	292 767	345 488
6. Change in inventories	4 613	(1 718)
7. Change in receivables	75 029	(47 122)
8. Change in short-term liabilities, excluding loans and borrowings	1 838	65 455
9. Change in prepayments and accruals	8 958	3 474
10. Other adjustments	(43 236)	(1 179 709)
– acquisition of CO ₂ emission allowances	(43 236)	(1 179 709)
III. Net cash flows from operating activities (I±II)	246 439	(602 696)
B. Cash flows from investment activities		
I. Proceeds	-	150 950
1. Disposal of intangible and legal assets, as well as tangible fixed assets	-	16 417
2. Disposal of property, as well as intangible and legal assets	-	-
3. From financial assets, including:	-	134 533
a) in affiliates	-	134 533
– disposal of financial assets	-	-
– dividends and shares in profits	-	-
– repayment of granted long-term loans	-	133 147
– interest	-	1 386
– other proceeds related to financial assets	-	-
b) in other entities	-	-
– disposal of financial assets	-	-
– dividends and shares in profits	-	-
– repayment of granted long-term loans	-	-
– interest	-	-
– other proceeds related to financial assets	-	-
4. Other investment proceeds	-	-
II. Expenses	278 730	182 698
1. Acquisition of intangible and legal assets, as well as tangible assets	(2 093)	19 904
2. Investments in real estate, as well as intangible and legal assets	-	-
3. Financial assets, including:	280 823	162 794
a) in affiliated entities	280 823	162 794
b) in other entities	-	-
– acquisition of financial assets	-	-
– long-term loans granted	-	-
4. Other investment expenses	-	-
III. Net cash flows from investment activities (I-II)	(278 730)	(31 748)

CASH FLOW STATEMENT (indirect method) (cont.)

C. Cash flows from financial activities		
I. Proceeds	-	-
1. Net proceeds from the issue of shares (stock emission) and other capital instruments, as well as capital contributions	-	-
2. Loans and borrowings	-	-
3. Issuance of debt securities	-	-
4. Other financial proceeds	-	-
II. Expenses	190	242
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	-	-
5. Buy-out of debt securities	-	-
6. On account of other financial liabilities	-	-
7. Financial lease liability payments	-	-
8. Interest	190	242
9. Other financial expenses	-	-
III. Net cash flows on financial activities (I-II)	(190)	(242)
D. Total net cash flows (A.III±B.III±C.III)	(32 481)	(634 686)
E. Cash flow change in the balance sheet, including:	(34 626)	(633 486)
– cash flow change related to foreign exchange differences	2 145	1 200
F. Cash at beginning of period	219 581	1 222 280
G. Cash at end of period (F±D), including	187 100	587 594
– restricted cash	9 086	5 404

Konin, 24 September 2024

STATEMENT OF CHANGES IN EQUITY

	<i>6-month period ended 30 June 2024 (unaudited)</i>	<i>12-month period ended 31 December 2023</i>	<i>6-month period ended 30 June 2023 (transformed unaudited)</i>
I. Equity at the beginning of the period (BO)	1 992 833	1 408 414	1 408 421
– amendments in adopted accounting principles (policies)	-	-	-
– error adjustments	-	7	-
I.a. Equity at beginning of period (BO), after adjustments	1 992 833	1 408 421	1 408 421
1. Basic capital at beginning of period	101 647	101 647	101 647
1.1. Basic capital changes	-	-	-
a) increase	-	-	-
– share issue	-	-	-
b) decrease	-	-	-
– redemption of shares	-	-	-
1.2. Basic capital at end of period	101 647	101 647	101 647
2. Supplementary capital at beginning of period	1 769 188	1 766 996	1 766 996
2.1. Supplementary capital changes	112 252	2 192	-
a) increase	112 252	2 192	-
– share issue above nominal value	-	-	-
– profit distribution	112 252	-	-
– fixed assets valuation update	-	2 192	-
b) decrease	-	-	-
– cover of loss	-	-	-
– redemption of shares	-	-	-
2.2. Supplementary capital at end of period	1 881 440	1 769 188	1 766 996
3. Revaluation capital at beginning of period – amendments in adopted accounting principles (policy)	6 274	8 466	8 466
3.1. Revaluation capital changes	-	(2 192)	-
a) increase	-	-	-
b) decrease	-	(2 192)	-
– liquidation of fixed assets	-	(2 192)	-
– impairment write-down of fixed assets	-	-	-
3.2. Revaluation capital at end of period	6 274	6 274	8 466
4. Other reserve capitals at beginning of period	3 472	3 472	3 472
4.1. Changes in other reserve capitals	-	-	-
a) increase	-	-	-
b) decrease	-	-	-
– loss coverage	-	-	-
4.2. Other reserve capitals at end of period	3 472	3 472	3 472
5. Profit (loss) from previous years at beginning of period	112 252	(472 160)	(472 160)
5.1. Profit from previous years at beginning of period	584 412	543 584	543 584
– amendments in adopted accounting principles (policies)	-	-	-
– error adjustments	-	-	-

STATEMENT OF CHANGES IN EQUITY (cont.)

5.2. Profit from previous years at beginning of period, after adjustments	584 412	543 584	543 584
a) increase	-	-	-
– distribution of profit from previous years	-	-	-
b) decrease	(584 412)	(543 584)	(543 584)
– distribution of profit to supplementary capital	(112 252)	-	-
– cover of loss from previous years	(472 160)	(543 584)	(543 584)
5.3. Profit from previous years at end of period	-	-	-
5.4. Loss from previous years at beginning of period	(472 160)	(1 015 744)	(1 015 744)
– amendments in adopted accounting principles (policies)	-	-	-
– error adjustments	-	-	-
5.5. Loss from previous years at beginning of period, after adjustments	(472 160)	(1 015 744)	(1 015 744)
a) increase	-	-	(8)
– loss from previous years carried forward to be covered	-	-	(8)
b) decrease	472 160	543 584	543 584
– cover of loss from previous years	472 160	543 584	543 584
5.6. Loss from previous years at end of period	-	(472 160)	(472 168)
5.7. Profit (loss) from previous years at end of period	-	(472 160)	(472 168)
6. Net result	(96 874)	584 412	225 866
a) net profit	-	584 412	225 866
b) net loss	(96 874)	-	-
c) profit write-offs	-	-	-
II. Equity at end of period (BZ)	1 895 959	1 992 833	1 634 279
III. Equity after recognizing proposed profit distribution (loss coverage)	1 895 959	1 992 833	1 634 279

Konin, 24 September 2024

ADDITIONAL INFORMATION

1. General information

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 table below shows the difference as at June 30, 2024 (unaudited):

	Balance sheet value Acc. to AoA	Balance sheet value Acc. to IFRS	Value adjustment
Tangible fixed assets	21 159	3 358	(17 801)
Equity	1 895 959	1 875 060	(20 899)

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

	30 June 2024 (unaudited)
AoA net profit	(96 874)
Tangible fixed assets adjustment	13
IAS19 adjustment – actuarial profit (loss)	(562)
IFRS16 adjustment	(791)
IFRS net profit	(98 214)

	30 June 2024 (unaudited)
AoA capital	1 895 959
Tangible fixed assets adjustments	16 471
IFRS 9 adjustment	(41)
IFRS16 adjustment	(37 329)
IFRS capital	1 875 060

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.

The Management Board of the Company notes that in the period of 6 months of 2024, the Company recorded a loss of PLN 96,874 thousand, which was affected by the deterioration of the situation on the energy market and the continued limitation of activities in the field of electricity production. In the second half of the year, the Management Board expects the Company's individual result to improve. At the same time, as at June 30, the Company has a surplus of current assets and the value of acquired carbon dioxide emission allowances in relation to liabilities and short-term reserves in the amount of PLN 384,913 thousand. The Management Board has analysed cash flows and does not see a threat of a lack of sufficient funds to conduct the Company's operations.

Consequently, as of the date of signing these financial statements, the Company assessed that there are not any other facts or circumstances apart from those described above, 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 connection with the merger on December 15, 2023 with PAK ATOM Sp. z o.o. (the acquired company) pursuant to Article 492 § 1 item 1 of the Commercial Companies Code, i.e. by transferring all assets to ZE PAK S.A. (the acquiring company), in order to ensure comparability of data in the financial statements for the preceding year with the statements for the current financial year, the data in this report as at June 30, 2023 have been restated and presented as if the merger had taken place at the beginning of the previous financial year.

Contingent liabilities

Contingent liabilities are obligations to perform services whose occurrence is dependent on the occurrence of specific events.

The Company values liabilities at the current value resulting from the Agreement or other documents, taking into account the loss of the value of money over time.

7. Error adjustments of previous periods

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 connection with the investment carried out by CCGT Sp. z o.o., the construction of a 600 MWe CCGT unit on the premises of Adamów Power Plant, the balance of loans granted to CCGT Sp. z o.o. by ZE PAK, for the implementation of this investment project, as at the balance sheet date of June 30, 2024 amounted to PLN 188,636 thousand. The loan bears interest at WIBOR 3M plus margin, the repayment date is December 31, 2041.

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-down</i>	<i>31 December 2023</i>	<i>changes</i>			<i>30 June 2024 (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-down</i>	<i>31 December 2023</i>	<i>changes</i>			<i>30 June 2024 (unaudited)</i>
		<i>creation</i>	<i>use</i>	<i>redemption</i>	
Intangible fixed assets	1 278	-	-	-	1 278
Tangible fixed assets	2 990 046	-	-	223	2 989 823
Financial assets	341 168	-	-	-	341 168
Receivables	17 057	-	2	6 950	10 105

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:

ZE PAK SA
Interim condensed standalone financial statements for the period of 6 months ended June 30, 2024
(thousand PLN)

Provisions and accruals	31 December 2023	changes			30 June 2024 (unaudited)
		creation	use	redemption	
Provisions for retirement and similar benefits, including:	27 455	5 886	12 411	1 516	19 414
– provisions for retirement and post-mortem benefits	10 951	928	-	1 516	10 363
– annual bonus provision	12 411	3 508	12 411	-	3 508
– unused holidays provision	4 093	1 450	-	-	5 543
CO ₂ emission allowances provision	608 294	301 060	608 294	-	301 060
Reclamation provision	69 441	-	-	1 545	67 896
Cost prepayments for:	536	1 317	480	92	1 281
– fees for the commercial utilization of the environment	-	1 313	-	92	1 221
– duty to redeem property rights	200	4	200	-	4
– provision for current year costs	336	-	280	-	56
Deferred income	1 124	800	-	282	1 642
Total	706 850	309 063	621 185	3 435	391 293

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

In the 6-month period concluded on 30 June 2024, there had been a change in the provisions and assets related to deferred income tax, i.e.:

- a change in assets, increasing the tax load by PLN 2 509 thousand,
- a change in provisions, increasing the tax load by PLN 4 380 thousand.

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

Within the 6-month period concluded on 30 June 2024, the Company:

- purchased or accepted from investments, tangible fixed assets in the amount of PLN 399 thousand,
- sold and liquidated tangible fixed assets with a net value of PLN 64 thousand.

As at 30 June 2024, the liabilities of the Company on account of the purchase of tangible fixed assets amount to PLN 1 510 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

In the current reporting period, the Company had no financial liabilities arising from credits or loans.

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

In the 6 months of 2024, ZE PAK SA and subsidiaries, consolidated under the Group, did not conclude transactions with affiliates on other than market terms.

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

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

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

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

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

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

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

During the reporting period until the development date of this financial statement, i.e., 24 September 2024, 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 June 2024.

20. Events of previous years recognised in the financial statement

Until the date of the financial statement for the period concluded on 30 June 2024, i.e. until 24 September 2024, there were no other significant events regarding the previous years, which had not, and should have had been recognised in the financial statement for the financial year.

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.

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.

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, 24 September 2024

ZE PAK SA
*Interim condensed consolidated and standalone financial statements
for the period of 6 months ended June 30, 2024
(thousand PLN)*

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 Koński
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