

ZMIENIAMY SIĘ
DLA WAS



ZEPAK
Energia dla Ciebie

ZE PAK SA CAPITAL GROUP

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 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.)*



24 SEPTEMBER 2024

ZE PAK SA CAPITAL GROUP

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 6 MONTHS ENDED JUNE 30, 2024**

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period of 6 months ended June 30, 2024

	Note	6-month period ended 30 June 2024 (unaudited)	3-month period ended 30 June 2024 (unaudited)	6-month period ended 30 June 2023 (unaudited)	3-month period ended 30 June 2023 (unaudited)
<i>Continuing operation</i>					
Sale revenues, including:	<i>Bląd! Nie można odnaleźć źródła odwołania.</i>				
		1 041 597	522 010	1 457 212	305 607
Revenues from contracts with clients		1 004 743	504 093	1 371 386	275 011
Other revenues		36 854	17 917	85 826	30 596
Selling prime costs	<i>Bląd! Nie można odnaleźć źródła odwołania.</i>	(902 006)	(437 622)	(991 065)	199 598
Gross Profit/(Loss) on sales		139 591	84 388	466 147	505 205
Other operating revenues	<i>Bląd! Nie można odnaleźć źródła odwołania.</i>	37 901	20 229	13 182	8 026
Selling costs	<i>Bląd! Nie można odnaleźć źródła odwołania.</i>	(745)	(289)	(709)	3 056
Overheads	<i>Bląd! Nie można odnaleźć źródła odwołania.</i>	(70 326)	(40 718)	(56 594)	(2 929)
Other operating costs	<i>Bląd! Nie można odnaleźć źródła odwołania.</i>	(26 743)	(5 228)	(565 189)	(265 199)
Share in profit/loss of associates		32 906	31 010	-	-
Profit/ (Loss) from operational activity		112 584	89 392	(143 163)	248 159
Financial revenues	<i>Bląd! Nie można odnaleźć źródła odwołania.</i>	14 403	8 664	11 969	113
Financial costs	<i>Bląd! Nie można odnaleźć źródła odwołania.</i>	(28 024)	(7 509)	(20 250)	13 929
Gross profit /(loss)		98 963	90 547	(151 444)	262 201
Income tax (tax burden)	<i>Bląd! Nie można odnaleźć</i>	6 784	19 840	31 529	(7 946)

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

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*Interim condensed consolidated financial statements for the period of 6 months ended June 30, 2024
(in PLN thousand)*

	<i>źródła odwołania.</i>				
Net profit/(loss) on continuing operations		105 747	110 387	(119 915)	254 255
<i>Discontinued operation</i>					
Net profit/(loss) on discontinued operations		-	-	(55 557)	(55 557)
Net profit/(loss) for the period		105 747	110 387	(175 472)	198 698
Net Profit/(Loss) from continuing operations allocated to parent company shareholders		105 747	110 387	(119 915)	254 255
Net profit/(loss) from continuing operations attributable to non-controlling shareholders		-	-	-	-
Net Profit/(Loss) allocated to parent company shareholders		105 747	110 387	(153 021)	221 149
Net profit/(loss) attributable to non-controlling shareholders		-	-	(22 451)	(22 451)
	<i>Note</i>	<i>6-month period ended 30 June 2024 (unaudited)</i>	<i>3-month period ended 30 June 2024 (unaudited)</i>	<i>6-month period ended 30 June 2023 (unaudited)</i>	<i>3-month period ended 30 June 2023 (unaudited)</i>
(Loss)/Profit per share (in PLN):					
Basic/diluted for the financial year on continued activities allocated to parent company shareholders	<i>Błąd! Nie można odnaleźć źródła odwołania.</i>	2,08	2,17	(2,36)	5,00
Basic/diluted for the financial period allocated to parent company shareholders	<i>Błąd! Nie można odnaleźć źródła odwołania.</i>	2,08	2,17	(3,01)	4,35

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 statements for the period of 6 months ended June 30, 2024
(in PLN thousand)

CONSOLIDATED FINANCIAL STATEMENT OF COMPREHENSIVE INCOME

For the period of 6 months ended June 30, 2024

	Note	6-month period ended 30 June 2024 (unaudited)	3-month period ended 30 June 2024 (unaudited)	6-month period ended 30 June 2023 (unaudited)	3-month period ended 30 June 2023 (unaudited)
Net (loss)/profit for the period		105 747	110 387	(175 472)	198 698
<i>Other comprehensive income</i>					
<i>Items subject to reclassification to profit(loss) in subsequent reporting periods:</i>					
Exchange rate differences related to foreign unit conversion		86	(3)	(50)	(49)
Income tax on other comprehensive income		-	-	-	-
Net other comprehensive income subject to reclassification to profit/(loss) in subsequent reporting periods		86	(3)	(50)	(49)
<i>Item not subject to reclassification to profit/(loss) in subsequent reporting periods:</i>					
Actuarial profits/(losses) on post-employment employee benefits		1 168	272	930	311
Income tax on other comprehensive income	<i>Błąd! Nie można odnaleźć źródła odwołania.</i>	(222)	(51)	(177)	(59)
Net other comprehensive income not subject to reclassification to profit/(loss) in subsequent reporting periods		946	221	753	252
Net other comprehensive income		1 032	218	703	203
Comprehensive income for the period		106 779	110 605	(174 769)	198 901
Comprehensive income allocated to parent company shareholders		106 779	110 605	(152 318)	221 352
Comprehensive income allocated to non-controlling interests		-	-	(22 451)	(22 451)

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

CONSOLIDATED STATEMENT OF FINANCIAL STATNDING

As at June 30, 2024

	Note	30 June 2024 (unaudited)	31 December 2023
<i>ASSETS</i>			
<i>Fixed assets</i>			
	<i>Błąd! Nie można odnale źć źródła odwoła nia.</i>		
Tangible fixed assets		523 753	330 311
	<i>Błąd! Nie można odnale źć źródła odwoła nia.</i>		
Advance payment for fixed assets		438 593	471 270
	<i>Błąd! Nie można odnale źć źródła odwoła nia.</i>		
Right-of-use assets		35 207	37 541
	<i>Błąd! Nie można odnale źć źródła odwoła nia.</i>		
Investment property		1 739	1 753
	<i>Błąd! Nie można odnale źć źródła odwoła nia.</i>		
Intangible assets		355 977	2 770
	<i>Błąd! Nie można odnale źć źródła odwoła nia.</i>		
Other long-term financial assets		43 196	18 404
	<i>Błąd! Nie można odnale źć źródła odwoła nia.</i>		
Shares in associates and joint ventures valued using the equity method		753 708	720 802
	<i>Błąd! Nie można odnale źć</i>		
Other long-term non-financial assets		169	47

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 statements for the period of 6 months ended June 30, 2024
(in PLN thousand)*

	<i>źródła odwoł ania. Błąd! Nie można odnale źć źródła odwoł ania.</i>	5 903	9 261
Deferred tax assets			
Total fixed assets		2 158 245	1 592 159
<i>Current assets</i>			
	<i>Błąd! Nie można odnale źć źródła odwoł ania. Błąd! Nie można odnale źć źródła odwoł ania.</i>		
Emission allowances		231	581 068
	<i>Błąd! Nie można odnale źć źródła odwoł ania.</i>		
Inventories		10 092	14 848
	<i>Błąd! Nie można odnale źć źródła odwoł ania.</i>		
Trade and other receivables		663 021	563 430
	<i>Błąd! Nie można odnale źć źródła odwoł ania.</i>		
Income tax receivables		-	473
	<i>Błąd! Nie można odnale źć źródła odwoł ania.</i>		
Other short-term financial assets		-	11 348
	<i>Błąd! Nie można odnale źć źródła odwoł ania.</i>		
Other short-term non-financial assets		82 591	290 853
	<i>Błąd! Nie można odnale źć źródła odwoł ania.</i>		
Assets under contracts with clients		10 306	1 520
	<i>Błąd! Nie można odnale źć źródła odwoł ania.</i>		
Cash and cash equivalents		496 830	534 009

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 statements for the period of 6 months ended June 30, 2024
(in PLN thousand)

Total current assets	1 263 071	1 997 549
TOTAL ASSETS	3 421 316	3 589 708

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*Interim condensed consolidated financial statements for the period of 6 months ended June 30, 2024
(in PLN thousand)*

	<i>Note</i>	<i>30 June 2024 (unaudited)</i>	<i>31 December 2023</i>
LIABILITIES AND EQUITY			
<i>Equity</i>			
Share capital		101 647	101 647
Supplementary capital		1 347 425	1 235 173
Other reserve capitals		3 472	3 472
Retained profits / Accumulated losses		565 723	571 308
Exchange rate differences related to foreign unit conversion		(1)	(87)
Equity allocated to parent company shareholders		2 018 266	1 911 513
Non-controlling interest equity		2 206	-
Total equity		2 020 472	1 911 513
Long-term liabilities			
	<i>Błąd! Nie można odnale źć źródła odwoł ania.</i>		
Interest-bearing loans and borrowings		-	-
Long-term employee benefits		24 105	24 103
	<i>Błąd! Nie można odnale źć źródła odwoł ania.</i>		
Trade liabilities and other short-term financial liabilities		130 421	445
	<i>Błąd! Nie można odnale źć źródła odwoł ania.</i>		
Long-term lease liabilities		27 990	35 879
	<i>Błąd! Nie można odnale źć źródła odwoł ania.</i>		
Long-term subsidies and income prepayments and accruals		4 980	5 026
	<i>Błąd! Nie można odnale źć źródła odwoł ania.</i>		
Other long-term provisions, and prepayments and accruals		482 385	488 888
	<i>Błąd! Nie można odnale źć źródła</i>		
Deferred income tax provisions		2 534	25 055

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

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(in PLN thousand)

	<i>odwołania.</i>		
Total long-term liabilities		672 415	579 396
Short-term liabilities			
	<i>Bląd! Nie można odnale źć źródła odwołania.</i>		
Trade liabilities and other short-term financial liabilities		199 600	173 124
	<i>Bląd! Nie można odnale źć źródła odwołania.</i>		
Short-term lease liabilities		4 699	3 976
	<i>Bląd! Nie można odnale źć źródła odwołania.</i>		
Current portion of interest-bearing loans and borrowings		-	-
	<i>Bląd! Nie można odnale źć źródła odwołania.</i>		
Other non-financial liabilities		28 992	36 142
Income tax liabilities		102	15 326
Short-term employee benefits		3 632	4 921
Short-term subsidies and income prepayments and accruals		46	46
Amounts due to ordering parties under long-term contracts		6 710	8 042
	<i>Bląd! Nie można odnale źć źródła odwołania.</i>		
Other short-term provisions and accruals		484 648	857 222
Total short-term liabilities		728 429	1 098 799
Total liabilities		1 400 844	1 678 195
TOTAL LIABILITIES AND EQUITY		3 421 316	3 589 708

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

CONSOLIDATED STATEMENT OF CASH FLOW

For the period of 6 months ended June 30, 2024

	Note	6-month period ended 30 June 2024 (unaudited)	6-month period ended 30 June 2023 (unaudited)
Cash flow from operating activities			
Gross Profit/(Loss), including:			
Continuing operations		98 963	(151 444)
Discontinued operations		-	(64 775)
<i>Adjustments for:</i>			
Depreciation and amortization	<i>Bląd! Nie można odnaleźć źródła odwołania.</i>	7 191	29 196
Interest and shares in profits		(33 295)	7 108
(Profit)/loss due to exchange rate differences		(121)	(15 750)
(Profit)/loss on investment activities		11 501	20 345
(Increase)/decrease in receivables	<i>Bląd! Nie można odnaleźć źródła odwołania.</i>	102 959	128 467
(Increase)/decrease in inventories	<i>Bląd! Nie można odnaleźć źródła odwołania.</i>	4 757	(18 754)
Increase/(decrease) in liabilities, except for loans and borrowings	<i>Bląd! Nie można odnaleźć źródła odwołania.</i>	7 285	(16 318)
Change in provisions, prepayments/accruals and employee benefits	<i>Bląd! Nie można odnaleźć źródła odwołania.</i>	227 461	884 166
Income tax paid		(27 353)	(28 573)
Expenses related to purchase CO ₂ emission allowances		(43 236)	(1 179 709)
Other		115	377
Net cash from operating activities, including:		356 227	(405 664)
Continuing operations		356 227	(1 711 386)
Discontinued operations		-	1 305 722
<i>Cash flows from investment activities</i>			
Sale of tangible and intangible fixed assets		18 655	858
Acquisition of tangible and intangible fixed assets		(368 511)	(396 387)
Expenses and proceeds related to other financial assets		(14 124)	(86 344)
Other		-	(33)
Net cash from investment activities, including:		(363 980)	(481 906)
Continuing operations		(363 980)	(36 571)
Discontinued operations		-	(445 335)
<i>Cash flows from financial activities</i>			
Repayment of financial lease liabilities		-	(3 028)
Proceeds from loans, borrowings and debt securities		-	548 549

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

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Repayment of loans, borrowings and debt securities	(29 426)	(153 393)
Interest paid	-	(17 280)
Other	-	1 492
Net cash from financial activities, including:	(29 426)	376 340
Continuing operations	(29 426)	(3 586)
Discontinued operations	-	379 926
Net increase/(decrease) in cash and cash equivalents	(37 179)	(511 230)
Cash at the beginning of the period	534 009	1 462 749
Cash from discontinued operations	-	275 002
Cash at the end of the period	496 830	676 517

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period of 6 months ended June 30, 2024

	Note	Share capital	Supplementary capital	Other reserve capitals	Retained profits/Accumulated losses	Exchange rate differences related to foreign unit conversion	Total	Non-controlling interest equity	Total equity
As at January 1, 2024		101 647	1 235 173	3 472	571 308	(87)	1 911 513	-	1 911 513
Net profit for the period		-	-	-	105 747	-	105 747	-	105 747
Total other comprehensive income		-	-	-	946	86	1 032	-	1 032
Comprehensive income for the period		-	-	-	106 693	86	106 779	-	106 779
Acquisition of assets		-	-	-	-	-	-	2 206	2 206
Transfer of profits by non-controlling interests to retained profits		-	-	-	-	-	-	-	-
Distribution of profits from previous years		-	112 252	-	(112 252)	-	-	-	-
Other changes		-	-	-	(26)	-	(26)	-	(26)
As at June 30, 2024		101 647	1 347 425	3 472	565 723	(1)	2 018 266	2 206	2 020 472

For the period of 6 months ended June 30, 2023

	Nota	Share capital	Supplementary capital	Other reserve capitals	Retained profits/Accumulated losses	Exchange rate differences related to foreign unit conversion	Total	Non-controlling interest equity	Total equity
As at January 1, 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)

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

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(in PLN thousand)

Transfer of profits by non-controlling interests to retained profits	-	-	-	-	-	-	-	-
Other changes	-	-	-	(7 120)	-	(7 120)	-	(7 120)
As at June 30, 2023	101 647	1 232 981	3 472	(773 794)	(48)	564 258	468 352	1 032 610

ADDITIONAL EXPLANATORY NOTES

1. General information

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 Group’s interim condensed consolidated financial statements cover the period of 6 months ended June 30, 2024 and include comparative data for the period of 6 months ended June 2023 as well as the data as at December 31, 2023.

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 core business of the Group includes:

- 1) generation and sales of electricity,
- 2) generation and sales 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. Group composition

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

Subsidiaries

Entity	Registered office	Scope of operations	% Group’s share in the capital	
			As at 30 June 2024	As at 31 December 2023
„PAK Kopalnia Węgla Brunatnego Konin” SA	62-540 Kleczew ul. 600-lecia 9	Lignite mining	100.00%	100.00%
„PAK Górnictwo” sp. z o.o.	62-510 Konin ul. Przemysłowa 158	Repair and maintenance of machines	100.00%	100.00%
Przedsiębiorstwo Remontowe „PAK SERWIS” sp. z o.o.	62-510 Konin ul. Przemysłowa 158	Construction and repair service	100.00%	100.00%
„PCE–OZE 5” sp. z o.o.*	62-510 Konin ul. Kazimierska 45	Generation of electricity	100.00%	100.00%
„PAK CCGT” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Generation of electricity	100.00%	100.00%
„PAK Pątnów” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Generation of electricity	100.00%	100.00%
„Ørsted Polska OF SPV 1” sp. z o.o.**	00-801 Warszawa ul. Chmielna 73	Generation of electricity – offshore wind engineering	60.00%	60.00%
„Ørsted Polska OF SPV 6” sp. z o.o.**	00-801 Warszawa ul. Chmielna 73	Generation of electricity – offshore wind engineering	60.00%	60.00%
„PAK ATOM” SA	62-510 Konin ul. Kazimierska 45	Generation of electricity	-	100.00%
Energia Przykona sp. z o.o.	02-797 Warszawa ul. Klimczaka 1	Generation of electricity	99.00%	-
Neo Energia Przykona X sp. z o.o.	02-797 Warszawa ul. Klimczaka 1	Generation of electricity	99.00%	-

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(in PLN thousand)

„Horset” sp. z o.o.**	03057 Kijów/Ukraina ul. Smoleńska 31/33	100.00%	100.00%
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* *Entities in which ZE PAK SA is partially or fully indirectly held by other companies from ZE PAK SA Group.*

** *Not important as part of ZE PAK SA Group and are not included in consolidation.*

Companies in which ZE PAK SA holds shares and consolidates using equity method

Entity	Registered office	Scope of operations	% Group's share in the capital	
			As at	As at
			30 June 2024	30 June 2024
„PAK – Polska Czysta Energia” sp. z o.o.	62-510 Konin ul. Kazimierska 45	Activities of central companies, excluding financial holding companies	49.50%	49.50%

Jointly controlled companies (not included in consolidation)

Entity	Registered office	Scope of operations	% Group's share in the capital	
			As at	As at
			30 June 2024	30 June 2024
PGE PAK Energia Jądrowa SA	62-510 Konin ul. Kazimierska 45	Generation of electricity	50.00%	50.00%
„Ørsted Polska OF SPV 8” sp. z o.o.	00-801 Warszawa ul. Chmielna 73	Generation of electricity – offshore wind engineering	50.00%	50.00%
„Ørsted Polska OF SPV 9” sp. z o.o. (formerly „Mawzorino Investments” sp. z o.o.)	00-801 Warszawa ul. Chmielna 73	Generation of electricity – offshore wind engineering	50.00%	50.00%
„Ørsted Polska OF SPV 10” sp. z o.o.	00-801 Warszawa ul. Chmielna 73	Generation of electricity – offshore wind engineering	50.00%	50.00%

3. Composition of the Management Board of the parent company

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

- 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.

4. Basis for the preparation of the interim condensed consolidated financial statements

These interim consolidated condensed financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as endorsed by the EU (IAS 34).

The interim consolidated condensed financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2023, approved for publication on April 30, 2024.

These interim condensed consolidated financial statements have been prepared on a historical cost basis, except for derivatives and other financial instruments.

These interim condensed consolidated financial statements are presented in PLN ("PLN") and all figures, unless otherwise indicated, are in thousands of PLN.

4.1. Going concern assumptions

These interim condensed consolidated financial statements have been prepared on a going concern basis for the foreseeable future, i.e. at least for the next 12 months from the date of the end of the reporting period.

ZE PAK SA Group achieved a net profit of PLN 105,747 thousand for the first 6 months of 2024. As of June 30, 2024, the Group's current assets exceed current liabilities by PLN 535,365 thousand.

However, the Management Board of the Company points out that in the period of 6 months of 2024, the parent company in the Group, i.e. ZE PAK SA, recorded a standalone 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 connection with the implementation of the scenario assuming the end of coal mining and electricity production by the end of 2025. At the same time, based on the analysis of cash flows, the Management Board does not see a threat to the implementation of the Group's business.

As a result, in the opinion of the Management Board, as at the date of signing these financial statements, there are no facts or circumstances other than those described above that could affect the ability of the Group and its subsidiaries to continue as going concerns.

5. New standards and interpretations

5.1. Standards and interpretations applied for the first time in 2024

The following changes to existing standards came into force in 2024.:

- **Amendments to IAS 1** „Presentation of financial statements” - Long-term liabilities with covenants (effective for annual periods beginning on or after January 1, 2024),
- **Amendments to IFRS 16** „Leasing” – Leasing liabilities in sale and leaseback transactions. The changes concern the method of valuation of liabilities arising from sale and leaseback transactions. (effective for annual periods beginning on or after January 1, 2024).

New or amended standards and interpretations that apply for the first time in 2024 do not have a significant impact on the Group's consolidated financial statements.

5.2. Standards and interpretations that have been published but have not yet entered into force

In the consolidated financial statements, the Group did not decide to apply the following published standards, interpretations or amendments to the existing standards before their effective date:

- **IFRS 14** „Regulatory accruals” – the European Commission decided not to initiate the approval process of this interim standard and wait for the final version of the standard,
- **Amendments to IFRS 10 and IAS 28** It provides guidelines for the sale or contribution of assets by an investor to an associated company or joint venture. Work on the approval has been postponed indefinitely,
- **Amendments to IAS 7** Statement of cash flows and IFRS 7: Financial instruments: disclosures: financial agreements with suppliers (published on May 25, 2023) - the entry into force of the changes has been postponed,
- **Amendments to IAS 21** Statement of cash flows and IFRS 7: Financial instruments: disclosures: financial agreements with suppliers (published on May 25, 2023) - the entry into force of the changes has been postponed,
- **Amendments to IFRS 18** „Presentation and disclosure of information in financial statements” (published on April 9, 2024, effective from January 1, 2027),

As at the date of approval of these consolidated financial statements for publication, the Management Board has not yet completed work on the assessment of the impact of the introduction of the above standards and interpretations on the accounting principles (policy) applied by the Group with respect to the Group's operations or its financial results.

The effective dates are the dates resulting from the content of the standards promulgated by the International Financial Reporting Council. The dates of application of the standards in the European Union may differ from the dates of application resulting from the content of the standards and are announced at the time of approval for use by the European Union. The Group has not decided to apply any standard, interpretation or amendment that has been published but has not yet entered into force in the light of European Union regulations.

6. Material accounting policies

The accounting policies used to prepare the interim condensed consolidated financial statements are consistent with those used to prepare the Group's annual consolidated financial statements for the year that began on January 1, 2023.

6.1. Variable or contingent remuneration for the acquisition of assets

The Group may acquire an asset in exchange for an upfront payment plus agreed additional payments contingent on future events or performance, or the eventual sale of the acquired asset above a threshold price. The Group will be contractually or legally obligated to make an additional payment if a future event or condition occurs. The Group analyses whether the future payment is related to the acquisition price or cost of producing the assets.

The asset is initially recognised at the acquisition date, together with an estimate of the expected future variable costs. A liability is recognised at the same time. The liability is then measured at amortised cost. Subsequent changes in the liability will be recognised in relation to the cost of the asset. This approach will be used when the change in the variable payment is a consequence of the useful life of the asset. If the change is due to another factor unrelated to the asset, the change in cost will be substantially consistent with the applicable IFRS guidance.

7. Meaningful values based on professional judgment and estimation

The range of material values based on professional judgment and estimates was presented in the consolidated financial statements prepared as at 31 December 2023 and has not changed in the current period, except for those described above.

7.1. War in Ukraine

On February 24, 2022, Russian troops entered Ukraine, and thus an armed conflict broke out between the two countries. The armed conflict in the immediate vicinity of the Polish borders has a very large impact on the social, economic and political situation both in Poland and in the entire region. The impact of this conflict is also important from the point of view of the geopolitical balance of power in the world.

Despite the fact that the Company focuses its operations on the domestic market and there are no direct links with Russia and Ukraine, the impact of the armed conflict on the Company's operations is felt through indirect channels. Given that both countries play an important role as producers and exporters of a range of commodities, one of the first consequences of the conflict was significantly increased volatility in commodity and financial markets. This is especially true for the energy and agricultural sectors. The inability to predict all the consequences of the armed conflict in Eastern Europe also makes investors less willing to take risks.

High volatility on the commodity markets (especially on the energy market and the CO₂ emission allowances market) means that the Company may have to replenish margins to secure open positions on the forward market.

In extreme situations, this can lead to problems with ensuring adequate liquidity. On the other hand, a lower risk appetite on financial markets may lead to a worse valuation of assets and currencies in the markets of countries such as Poland, which are in the immediate vicinity of war areas, which may mean a worse valuation of the Company's assets and increased operating costs.

7.2. Other material values based on professional judgment and estimation

Provision for greenhouse gas emission liabilities (EUAs)

The Group recognises a provision for liabilities due to greenhouse gas emissions. From 1 January 2021, the next trading period for emission allowances is in force, which will end on 31 December 2030. The assumption of this period is the free allocation of emission allowances (EUAs) resulting from the production of heat energy only on the basis of Article 10c of Directive 2009/29/EC. The source of uncertainty is significant fluctuations in the prices of CO₂ emission allowances and legal regulations related to the climate policy of the European Union.

Emission in ZE PAK SA Group in 2023 amounted to 1 628 292 tons of CO₂.

Emission in ZE PAK SA Group as at June 30, 2024 amounted to 745 228 tons of CO₂.

In 2024 the amount of 1 652 335 EUAs was redeemed by ZE PAK SA Group for 2023.

8. Change in estimates

In the period of 6 months ended June 30, 2024, except for those described in the financial statements, there were no significant changes in estimates or methodology of making estimates that would affect the current or future periods.

9. Seasonality of operations

The demand for electricity and heat, especially among consumers, is subject to seasonal fluctuations. So far, practice has shown that electricity consumption increased in winter (mainly due to low temperatures and shorter days) and decreased in summer (due to the holiday season, higher ambient temperatures and longer days). In recent years, there has been a systematic increase in the demand for electricity in summer, mainly due to the growing number of refrigeration and air conditioning equipment used.

Regardless of the factors described above, meteorological conditions are becoming increasingly important for the Group's production level. At one time, the Group's operations were not subject to the seasonality of demand to a significant extent, due to low costs, the units were operated continuously (on a basis) almost throughout the year. Currently, taking into account the growing share of RES in the segment of energy producers, including primarily wind sources and photovoltaics, weather conditions are becoming increasingly important when estimating the Group's production volume, with particular emphasis on wind conditions in the first and fourth quarters and sunny conditions in the second and third quarters. However, the risk related to seasonality and meteorological conditions is not key to the Group's operations.

10. Asset acquisition transaction

On June 27, 2024, ZE PAK S.A. acquired 99% of the shares in Energia Przykona sp. z o.o. and Neo Energia Przykona X sp. z o.o., while PAK-Polska Czysta Energia sp. z o.o., a company belonging to Cyfrowy Polsat Group, acquired the remaining 1% of the shares in these companies, these changes were registered in the National Court Register for Energia Przykona sp. z o.o. on August 30, 2024 and for Neo Energia Przykona X sp. z o.o. on July 12, 2024.

	<i>Energia Przykona sp. z o.o.</i>	<i>Neo Energia Przykona X sp. z o.o.</i>	<i>Total</i>
	99%	99%	
Net cash acquired	127	287	414
Cash paid	133 536	84 819	218 355
Net cash outflow	133 409	84 532	217 941

Since the acquisition date, Energia Przykona sp. z o.o. has generated a loss of PLN 14 thousand, Neo Energia Przykona X sp. z o.o. has generated a loss of PLN 10 thousand. The acquired companies did not generate any revenue for the period from the acquisition date to the end of the reporting period.

The Group identified and valued assets related to wind farms (including the value of obtained permits "Permits"). The fair value of assets in the amount of PLN 224,105 thousand (recognised under Other intangible assets) corresponds to the difference between the fair value of the farm and the value of the adjusted assets of the farm as at the valuation date.

The Group acquired the assets in exchange for an upfront payment plus agreed additional payments contingent on future events. The Group considered that the future payment was related to the purchase price of the assets.

The assets of "Permits" were recorded as of the acquisition date, together with the estimated future expected variable costs of PLN 129,527 thousand within Other intangible assets. At the same time, a liability was recorded in the same amount. Subsequent changes in the liability will be recorded in relation to the acquisition price of the asset.

The intangible fixed asset is completed, but its implementation has not yet started, therefore its depreciation has not started. The Management Board has decided that there is a foreseeable period in which the "Permits" will bring benefits to the Group and therefore a specific period of use has been adopted. The "Permits" are subject to depreciation for a period equal to the depreciation period of the farms, i.e. for a period of 30 years from the date of putting the farms into use.

11. Operating segments

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

Therefore, the following operating segments have been distinguished:

- 1) The Generation Segment includes electricity generation from conventional sources and investments in progress from conventional and renewable sources. Currently, the main fuel used by the Generation Segment is lignite. The Generation segment includes the following units:
 - ZE PAK SA
 - PCE – OZE 5 sp. z o.o.

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- PAK CCGT sp. z o.o.
 - Energia Przykona sp. z o.o.
 - Neo Energia Przykona X sp. z o.o.
- 2) The Mining segment, which includes lignite mining. The Mining Segment of the ZE PAK SA Capital Group operates:
- „PAK Kopalnia Węgla Brunatnego Konin” SA
- 3) The renovation segment providing services in the area of construction and renovation services. The segment includes the activities of Przedsiębiorstwo Remontowe „PAK SERWIS” sp. z o.o.

ZE PAK SA Group also conducts other types of activities, which are included in the "Other" column. In the period of 6 months of 2024, the activities of other companies are included there.

Transaction prices applied in transactions between operating segments are determined on an arm's length basis, similarly to transactions with unrelated parties. None of the Group's operating segments was merged with another segment to create the above reportable operating segments.

Revenue from transactions between segments is eliminated in the consolidation process.

The body making key decisions in the Group is the Management Board of ZE PAK SA. The Management Board monitors the operating results of the segments separately in order to make decisions regarding the allocation of resources, the assessment of the impact of this allocation and the results of operations. The basis for assessing the results of operations is the profit or loss on operating activities and EBITDA. EBITDA should be viewed as an addition to, and not a substitute for, the results of operations presented in accordance with IFRS. EBITDA is a useful indicator of debt borrowing and servicing capacity. EBITDA is not defined by IFRS and may be calculated differently by other entities. The following is the arrangement and definitions used by the ZE PAK SA Group to determine these measures.

The Group defines EBITDA as net profit excluding finance income and costs, income tax, depreciation and amortization and impairment losses on fixed assets and mining assets.

Total EBITDA for entire Capital Group of ZE PAK SA

	<i>6-month period ended 30 June 2024 (unaudited)</i>	<i>6-month period ended 30 June 2023 (unaudited)</i>
Net profit/(loss) on continuing operation	105 747	(119 915)
Financial revenues	(14 403)	(11 969)
Financial costs	28 024	20 250
Income tax	(6 784)	(31 529)
Depreciation and impairment write-downs	7 191	29 196
EBITDA on continuing operation	119 775	(113 967)
EBITDA on discontinued operation	-	(8 818)
EBITDA	119 775	(122 785)

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	<i>Generation</i>	<i>Mining</i>	<i>Renovation</i>	<i>Other</i>	<i>Consolidation adjustments</i>	<i>Total</i>
Revenues from sales to external clients	981 781	243	54 717	4 856	-	1 041 597
Revenues from inter-segment sales	20 371	388 415	23 922	54 132	(486 840)	-
Sales revenues	1 002 152	388 658	78 639	58 988	(486 840)	1 041 597
Selling prime costs	(1 070 374)	(186 897)	(76 128)	(55 915)	487 308	(902 006)
Gross profit/(loss) on sales	(68 222)	201 761	2 511	3 073	468	139 591
Other operating revenues	10 764	26 643	419	236	(161)	37 901
Selling costs	(745)	-	-	-	-	(745)
Overheads	(30 381)	(29 028)	(7 787)	(3 130)	-	(70 326)
Other operating costs	(19 020)	(5 922)	(367)	(1 459)	25	(26 743)
Share in profit/loss of associated entities	-	-	-	-	32 906	32 906
Financial revenues	7 418	6 137	484	364	-	14 403
Financial costs	(15 884)	(11 831)	(248)	(61)	-	(28 024)
Gross profit/(loss)	(116 070)	187 760	(4 988)	(977)	33 238	98 963
Income tax (tax burden)	(5 756)	(12 824)	901	(301)	24 764	6 784
Net profit/(loss) on continuing operations	(121 826)	174 936	(4 087)	(1 278)	58 002	105 747
Profit/(loss) on operating activities, excl. financial operations and income tax	(107 604)	193 454	(5 224)	(1 280)	33 238	112 584
Depreciation	1 850	3 189	1 101	1 051	-	7 191
Impairment write-down	-	-	-	-	-	-
EBITDA	(105 754)	196 643	(4 123)	(229)	33 238	119 775

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	<i>Generation</i>	<i>Mining</i>	<i>Renovation</i>	<i>Other</i>	<i>Consolidation adjustments</i>	<i>Total</i>
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 on continuing operation	265 467	(385 331)	9 241	(1 982)	(1 362)	(113 967)
EBITDA on discontinued operation						(8 818)
EBITDA						(122 785)

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12. Revenues and costs

12.1. Sale revenues

	<i>6-month period ended 30 June 2024 (unaudited)</i>	<i>3-month period ended 30 June 2024 (unaudited)</i>	<i>6-month period ended 30 June 2023 (unaudited)</i>	<i>3-month period ended 30 June 2023 (unaudited)</i>
<i>Material structure</i>				
<i>Revenues from the sale of goods and services, including:</i>				
Revenues from the sale of own-production electricity	460 356	255 096	1 216 094	636 816
Revenues from sales of electric energy from trade	256 477	114 724	711 826	319 516
Revenues from sales of thermal energy	10 240	5 390	45 929	9 090
Capacity market revenues	80 898	41 637	82 396	47 746
Revenues from the sale of biomass	121 620	41 542	-	-
Revenues from construction service revenues	37 738	24 513	34 581	15 167
Other sale revenues	37 427	21 195	37 410	3 511
Total revenues from sales of goods and services	1 004 756	504 097	2 128 236	1 031 846
Excise tax	(13)	(4)	(28)	(13)
Total revenues from sales of goods and services including excise duty	1 004 743	504 093	2 128 208	1 031 833
Property rights from energy certificates of origin	-	-	39 010	15 529
Compensation for termination of LTC	36 854	17 917	49 202	17 453
Total other revenues	36 854	17 917	88 212	32 982
Total sale revenues, including:	1 041 597	522 010	2 216 420	1 064 815
Sale revenues from continuing operation	1 041 597	522 010	1 457 212	305 607
Sale revenues from discontinued operation	-	-	759 208	759 208

12.2. Other operating revenues

	<i>6-month period ended 30 June 2024 (unaudited)</i>	<i>3-month period ended 30 June 2024 (unaudited)</i>	<i>6-month period ended 30 June 2023 (unaudited)</i>	<i>3-month period ended 30 June 2023 (unaudited)</i>
Compensation revenues	62	6	86	85
Redemption of a receivable impairment write-down	6 952	2	56	(24)
Settlement of subsidies	46	-	-	-
Profit from sales of non-financial fixed assets	5 514	3 227	771	87
Release of the provision for costs and losses and write-off of liabilities	11 030	11 030	(1)	(1)
Revenues from demolition and sale of scrap	1 548	789	1 463	129
Sale of other material	5 820	2 352	7 846	5 541
Other	6 929	2 823	3 093	2 341
Total other operating revenues, including:	37 901	20 229	13 314	8 158
Other operating revenues from continuing operations	37 901	20 229	13 182	8 026
Other operating revenues from discontinued operations	-	-	132	132

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12.3. Other operating costs

	<i>6-month period ended 30 June 2024 (unaudited)</i>	<i>3-month period ended 30 June 2024 (unaudited)</i>	<i>6-month period ended 30 June 2023 (unaudited)</i>	<i>3-month period ended 30 June 2023 (unaudited)</i>
Loss on sale of tangible fixed assets and CO ₂ allowances	17 489	40	787	787
Creation of provisions	-	-	561 202	271 815
Impairment write-downs on receivables	37	18	22	22
Penalties and compensations	21	9	16	16
Donations given	6 594	4 010	9 545	88
Costs of shortages and damage	-	-	9	9
Fixed asset liquidation costs	-	-	200	200
Other	2 602	1 151	3 224	2 078
Total other operating costs, including:	26 743	5 228	575 005	275 015
Other operating costs from continuing operations	26 743	5 228	565 189	265 199
Other operating costs from discontinued operations	-	-	9 816	9 816

12.4. Financial revenues

	<i>6-month period ended 30 June 2024 (unaudited)</i>	<i>3-month period ended 30 June 2024 (unaudited)</i>	<i>6-month period ended 30 June 2023 (unaudited)</i>	<i>3-month period ended 30 June 2023 (unaudited)</i>
Revenues from interest	13 780	8 362	19 586	9 044
Foreign exchange gains	-	-	5 376	4 881
Other	623	302	401	(418)
Total financial revenues, including:	14 403	8 664	25 363	13 507
Financial revenues from continuing operations	14 403	8 664	11 969	113
Financial revenues from discontinued operations	-	-	13 394	13 394

12.5. Financial costs

	<i>6-month period ended 30 June 2024 (unaudited)</i>	<i>3-month period ended 30 June 2024 (unaudited)</i>	<i>6-month period ended 30 June 2023 (unaudited)</i>	<i>3-month period ended 30 June 2023 (unaudited)</i>
Interest	1 888	1 269	37 995	17 589
Valuation and execution of derivative financial instruments.	-	-	29 697	27 825
Foreign exchange losses	4 028	(1 401)	15 813	10 655
Discount on the reserve for the liquidation of power units	-	-	2 470	2 470
Provision discount for reclamation	11 065	5 568	-	(4 938)
Other	11 043	2 073	3 626	1 821
Total financial costs, including:	28 024	7 509	89 601	55 422
Financial costs from continuing operations	28 024	7 509	20 250	(13 929)
Financial costs from discontinued operations	-	-	69 351	69 351

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12.6. Costs by type

	<i>6-month period ended 30 June 2024 (unaudited)</i>	<i>3-month period ended 30 June 2024 (unaudited)</i>	<i>6-month period ended 30 June 2023 (unaudited)</i>	<i>3-month period ended 30 June 2023 (unaudited)</i>
Depreciation and amortisation	7 191	3 646	29 196	15 865
Impairment write-downs on inventories	-	-	4 124	2 732
Material consumption	140 278	76 368	311 910	121 184
Outsourcing	77 090	41 873	47 523	14 811
Taxes and fees excluding excise tax	65 183	31 843	167 589	52 603
CO ₂ emission costs	299 424	158 123	352 300	184 594
Employee benefits	187 477	94 071	208 915	106 399
Other costs by type	8 246	4 248	17 975	(249 758)
Value of goods and materials sold and of sold energy purchased in trade	265 225	104 345	735 508	368 037
Total costs by type, including:	1 050 114	514 517	1 875 040	616 467
Costs by type from continuing operations	1 050 114	514 517	1 116 698	(141 875)
Costs by type from discontinued operations	-	-	758 342	758 342
Items recognized in prime cost of sales	902 006	437 622	991 065	(199 598)
Items recognized in selling costs	745	289	709	(3 056)
Items recognized in overheads	70 326	40 718	56 594	2 929
Change in product stock	76 304	35 259	67 220	57 097
Costs of generating house-load services	733	629	1 110	753

12.7. Construction service contracts

The Group executes contracts that it settles during the performance of works – issuing partial invoices adequate to the progress of works and a final invoice after the completion of works.

The services provided under these contracts are services provided over time. The period of implementation of contracts varies from 2 months to 6 years, although these are often 1-2 year contracts. During the term of contracts, partial invoices are issued, the payment term of which is usually 30 days. In the case of the implementation of certain high-value contracts, the Group has the option of obtaining an interim payment. Advance payments are settled with partial invoices and a final invoice.

The revenues of the first half of 2024 did not include the part of revenues for which the obligations to perform the performance 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 both to changes related to signed annexes to contracts with the contractor and changes to the degree of advancement of work on the contract.

Remaining performance obligations

The total amount of the transaction price allocated to performance obligations that remain unsatisfied (or partially unsatisfied) at the end of the reporting period to be fulfilled:

	<i>30 June 2024 (unaudited)</i>	<i>31 December 2023</i>
- up to 1 year	31 271	32 519
Total	31 271	32 519

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	6-month period ended 30 June 2024 (unaudited)	6-month period ended 30 June 2023 (unaudited)
The gross amount due from the ordering party for work under the contract:	10 306	5 172
The gross amount due to the ordering party for work under the contract:	6 710	4 120

13. Income tax

13.1. Tax burden

The main components of the tax burden for the period of 6 months ended June 30, 2024 and June 30, 2023 are as follows:

	6-month period ended 30 June 2024 (unaudited)	3-month period ended 30 June 2024 (unaudited)	6-month period ended 30 June 2023 (unaudited)	3-month period ended 30 June 2023 (unaudited)
<i>Recognized in profit or share</i>				
<i>Current income tax</i>				
Current income tax liabilities	13 095	4 905	18 551	13 687
<i>Deferred income tax</i>				
Associated with the creation and reversal of temporary differences	(19 879)	(24 745)	(53 475)	(20 827)
Other changes	-	-	3 395	5 514
Tax burden in consolidated profit or loss, incl.:	(6 784)	(19 840)	(31 529)	(1 626)
Continuing operations	(6 784)	(19 840)	(40 747)	(10 844)
Discontinued operations	-	-	9 218	9 218
<i>Included in the consolidated statement of comprehensive income</i>				
Tax on actuarial profit/loss	(222)	(51)	(177)	(59)
Tax benefit/(tax burden) recognized in other comprehensive income	(222)	(51)	(177)	(59)

13.2. Deferred income tax

Deferred income tax results from the following positions:

	30 June 2024 (unaudited)	31 December 2023
<i>Deferred tax assets</i>		
Balance sheet provisions	6 018	9 538
Interest and foreign exchange differences	736	3 025
Valuation of uncompleted construction service contracts	1 426	1 726
Tax loss from previous years	-	-
Inventories impairment write-down	163	179
Liability impairment write-down	775	1 854
Difference between the balance sheet and tax value of fixed assets	-	-
Settlements with employees	666	112
Other	3 172	(1 643)
Total deferred tax assets	12 956	14 791

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<i>Deferred tax provision</i>		
Difference between the balance sheet and tax value of fixed assets	461	8 693
Receivable on account of LTC	8 443	6 293
Energy certificates	-	-
Interest and foreign exchange differences	2	1
Valuation of uncompleted construction service contracts	672	425
Other	9	(49)
Total deferred tax provision	9 587	15 363

After offsetting the balances at the level of companies from the Capital Group, deferred tax is presented as:

Asset	5 903	9 261
Provision	2 534	25 055

14. Profit per one share

Basic profit per a single share is calculated by dividing the net profit for the period attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares issued during the period.

Diluted earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period adjusted for the weighted average of the ordinary shares that would have been issued on the conversion of all dilutive potential equity instruments into ordinary shares.

The data regarding profit and shares used to calculate basic and diluted earnings per share are presented below:

	<i>6-month period ended 30 June 2024 (unaudited)</i>	<i>3-month period ended 30 June 2024 (unaudited)</i>	<i>6-month period ended 30 June 2023 (unaudited)</i>	<i>3-month period ended 30 June 2023 (unaudited)</i>
Net profit / (loss) from continuing operations attributable to parent company shareholders.	105 747	110 387	(119 915)	254 255
Net profit / (loss) from discontinued operations attributable to parent company shareholders.	-	-	(55 557)	(55 557)
Net profit (loss) attributable to shareholders of parent company, applied to calculate diluted earnings per share	105 747	110 387	(153 021)	221 149
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 the profit / (loss) per share in PLN for the period of 6 months ended June 30, 2024 and June 30, 2023 presented in the profit and loss account.

	<i>6-month period ended 30 June 2024 (unaudited)</i>	<i>3-month period ended 30 June 2024 (unaudited)</i>	<i>6-month period ended 30 June 2023 (unaudited)</i>	<i>3-month period ended 30 June 2023 (unaudited)</i>
Basic/diluted from profit / (share) for the period allocated for parent company shareholders	2,08	2,17	(2,36)	5,00
Basic/diluted from the profit / (share) for the period allocated for parent company shareholders	2,08	2,17	(3,01)	4,35

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

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15. Tangible fixed assets

6-month period ended June 30, 2024 (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 January 1, 2024	247 545	1 769 746	4 142 616	39 350	28 743	61 610	6 289 610
Direct purchase	29	-	1 967	113	665	185 817	188 591
Acquisition of company	-	-	-	-	-	22 559	22 559
Renovation	-	-	-	-	-	-	-
Transfer from capital work in progress	6 289	622	524	-	61	(7 496)	-
Sale and liquidation	(474)	(8 734)	(74 656)	(3 261)	(216)	-	(87 341)
Reclassification	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Gross value as at June 30, 2024	253 389	1 761 634	4 070 451	36 202	29 253	262 490	6 413 419
Redemption and impairment write-downs as at 1 January 2024	60 151	1 768 859	4 025 443	38 765	24 178	41 903	5 959 299
Impairment write-down for the period	1 073	922	2 504	664	549	-	5 712
Impairment write-down (status change)	-	226	39	-	-	(265)	-
Sales and liquidation	-	(8 735)	(62 545)	(3 260)	(212)	(593)	(75 345)
Reclassification	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
Redemption and impairment write-downs as at June 30, 2024	61 224	1 761 272	3 965 441	36 169	24 515	41 045	5 889 666
Net value as at January 1, 2024	187 394	887	117 173	585	4 565	19 707	330 311
Net value as at June 30, 2024	192 165	362	105 010	33	4 738	221 445	523 753

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

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6-month period ended June 30, 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 January 1, 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)	-
Sale 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 June 30, 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 June 30, 2023	59 115	1 772 785	4 164 856	39 124	25 353	51 320	6 112 553
Net value as at January 1, 2023	201 854	211 621	739 577	1 524	11 845	560 443	1 726 864
Net value as at June 30, 2023	204 242	206 876	724 090	7 936	11 107	910 235	2 064 486
Tangible fixed assets from discontinued operation	(36 129)	(186 055)	(681 531)	(7 614)	(4 978)	(871 313)	(1 787 620)
Net value as at June 30, 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.*

	30 June 2024 <i>(unaudited)</i>	31 December 2023
Advance payments for the fixed assets under construction	438 593	471 270
Total	438 593	471 270

The item "Advance payment for fixed assets under construction" includes advance payments for the construction of a gas and steam unit in Adamów.

Property, plant and equipment also include strategic spare parts that are depreciated.

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 separating CGUs within the Group's companies, an analysis was made of the independence of generating cash flows in terms of the operation of individual companies and the fact of selling shares by ZE PAK SA in PAK-Polska Czysta Energia sp. z o.o. to Cyfrowy Polsat SA was taken into account, as a result of which ZE PAK SA holds approximately 49.5% of shares in PAK-PCE, while CP holds approximately 50.5% of shares in PAK-PCE.

Taking into account the above, as at June 30, 2024, the following cash-generating centres were separated within the 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 (extraction) and mining assets of PAK KWB Konin SA („CGU PAK KWB Konin”),

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

Currently, the Group is conducting investment projects aimed at building new energy capacities, which are expected to become new cash-generating centres in the future. This concerns the project of building a new gas block and a photovoltaic farm, the construction of which is being carried out by PAK CCGT sp. z o.o., and the project of building wind farms, the construction of which is being carried out by Energia Przykona sp. z o.o. and Neo Energia Przykona X sp. z o.o.

Analysis of premises to conduct value impairment tests as at June 30, 2024

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 main reason was that the stock market capitalization of the Parent Entity was periodically below the carrying value of net assets.

Taking into account the fact that the base operation scenario envisaged the operation of the units of Pątnów Power Plant until the end of 2024 and a significant part of the assets under the "CGU Elektrownia Pątnów" had already been written down, i.e. up to the value of the land, the Group waived from testing these assets as at June 30, 2024.

It should be noted that the Company recognizes the indications for the possibility of regulatory changes leading to an extension of the period of support in the form of the Capacity Market for coal assets at Pątnów Power Plant and is also aware of the importance of the generation assets at Pątnów Power Plant from the point of view of the needs of the National Energy System.

As at June 30, 2024, the PAK KWB Konin SA lignite mine conducted business operations in Tomisławice open pit.

The mining assets of CGU related to coal mining have already been written down to the fair value of the land, hence the Group does not see the need to test these assets.

In the Company's opinion, at the end of the reporting period there were no grounds for conducting impairment tests of the investment projects implemented by PAK CCGT sp. z o.o., Energia Przykona sp. z o.o. and Neo Energia Przykona X sp. z o.o.

16. Right-of-use assets and lease liabilities

Since 1 January 2019, the Group has been applying IFRS 16 "Leases". 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 (vulcanizing presses) 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.

Lease liability maturity analysis:

	<i>30 June 2024 (unaudited)</i>	<i>31 December 2023</i>
Up to 1 year	4 699	3 976
1 – 3 years	7 007	11 671
3 – 5 years	11 671	7 007
Over 5 years	127 182	106 464
Total, acc. to non-discounted payments	150 559	129 118
Book value	32 689	37 541

Amounts recognized in the cash flow statement:

	<i>6-month period ended 30 June 2024 (unaudited)</i>	<i>12-month period ended 31 December 2023 (unaudited)</i>
Total cash outflow	4 657	5 099

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 and ZE PAK SA.

	<i>6-month period ended 30 June 2024 (unaudited)</i>	<i>12-month period ended 31 December 2023 (unaudited)</i>
Gross value as at 1 January	68 300	86 726
Redemption on 1 January	(30 759)	(25 301)
Net value as at 1 January	37 541	61 425
Increases	-	58 698
Depreciation for the period	(1 052)	(5 458)

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Decreases	(1 282)	(77 124)
As at the end of the period	35 207	37 541

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 June 30, 2024 (unaudited)

	<i>Patents and licenses</i>	<i>Computer software</i>	<i>Other intangibles</i>	<i>Total</i>
Gross value as at 1 January 2024	18 250	720	416	19 386
Decreases	(6)	(12)	-	(18)
Increases	-	-	353 633*	353 633
Gross value as at 30 June 2024	18 244	708	354 049	373 001
Redemption and impairment write-downs as at 1 January 2024	15 823	427	366	16 616
Impairment write-down for the period	377	49	-	426
Impairment write-down	-	-	-	-
Decreases	(5)	(13)	-	(18)
Redemption and impairment write-downs as at 30 June 2024	16 195	463	366	17 024
Net value as at 1 January 2024	2 427	293	50	2 770
Net value as at 30 June 2024	2 049	245	353 683	355 977

* The increase is due to the asset acquisition transaction. Described in note 10.

Long-term intangible assets – 6-month period ended June 30, 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	21 344	7 110	14 518	42 972
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)

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Decreases	-	403	-	403
Redemption and impairment write-downs as at 30 June 2023	19 132	822	512	20 466
Net value as at January 1, 2023	2 569	6 350	115	9 034
Net value as at June 30, 2023	2 212	6 288	14 006	22 506
Long-term intangible assets from discontinued operations	(80)	(5 929)	(13 967)	(19 976)
Net value as at June 30, 2023	2 132	359	39	2 530

Emission allowances

	<i>Certified emission reduction units (EUA) in 2024 (unaudited)</i>	<i>Certified emission reduction units (EUA) in 2023 (unaudited)</i>
Gross value as at January 1	581 068	-
Purchase	90 266	1 215 889
Sale	(64 445)	-
Transferred as collateral to IRGIT	-	-
EUA redemption	(606 658)	(1 153 514)
Gross value as at June 30	231	62 375
Net value as at January 1	581 068	-
Net value as at June 30	231	62 375

18. Other assets

18.1. Other financial assets

	<i>30 June 2024 (unaudited)</i>	<i>31 December 2023</i>
MPDF* deposits and investments	140	1 224
Shares	23 830	9 706
Loans granted	11 911	11 507
Other	7 315	7 315
Total other financial assets and value company, incl.:	43 196	29 752
Short-term	-	11 348
Long-term	43 196	18 404

* MPDF – mining plant decommissioning fund

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

18.2. Investment value valued using the equity method

	<i>30 June 2024 (unaudited)</i>	<i>31 December 2023</i>
Initial investment value valued using the equity method	691 563	691 563
Share in the profit of associated entities in 2023	29 239	29 239

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Share in the profit of associated entities in 2024	32 906	-
Total	753 708	720 802

ZE PAK Group lost control over PAK-PCE Group and since the loss of control, it has been consolidating the results of PAK-PCE Group using the equity method.

In accordance with IFRS 10, ZE PAK Group measured the retained minority stake at fair value at the moment of loss of control.

The share in the profit of associated entities was determined as a proportional share in the profit of PAK-PCE Group from the date of loss of control until December 31, 2023 and from January 1, 2024 until June 30, 2024.

18.3. Other non-financial assets

	<i>30 June 2024 (unaudited)</i>	<i>31 December 2023</i>
VAT receivables	58 762	283 365
Insurance	238	3 349
Other budget receivables	159	811
Other prepayments and accruals	21 646	2 361
Advance payments for supplies	1 171	714
Other	784	300
Total other non-financial assets, incl.:	82 760	290 900
Short-term	82 591	290 853
Long-term	169	47

The main component of the Other accruals item is the fee for excluding land from agricultural and forestry production in the amount of PLN 17,085 thousand and PLN 1,106 thousand in costs of announcements, valuations and tenders.

19. Inventories

	<i>30 June 2024 (unaudited)</i>	<i>31 December 2023</i>
Production fuel	6 519	10 004
Spare parts and other materials	3 573	4 844
Energy certificates of origin	-	-
Goods	-	-
Total inventories according to the lower of two values: purchase price (production cost) and net realizable value	10 092	14 848

Spare parts are a reserve for current repairs and service.

20. Trade and other receivables

	<i>30 June 2024 (unaudited)</i>	<i>31 December 2023</i>
Trade receivables	161 160	143 124
Compensation receivables in connection with LTC termination	44 438	33 121
Receivables related to hedging energy purchases on the balancing market	424 516	343 295
Other receivables	32 907	43 890
Net receivables	663 021	563 430
Receivables impairment write-down	12 721	19 637
Gross receivables	675 742	583 067

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 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 June 30, 2024 amounts to PLN 496 830 thousand (as at June 30, 2023: PLN 951 519 thousand, including cash equivalents from discontinued operation in the amount of PLN 275 002 thousand).

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

Cash structure

	30 June 2024 (unaudited)	30 June 2023 (unaudited)
Cash at bank and in hand	496 830	951 519
Short-term deposit	-	-
Cash and cash equivalents balance shown in the balance sheet:	496 830	676 517
Cash from discontinued operation	-	275 002
Exchange rate differences	-	-
Total balance of cash and cash equivalents recognized in balance sheet	496 830	676 517

Explanation of changes in balance sheet items and changes in items included in the cash flow statement

	6-month period ended 30 2024 (unaudited)	6-month period ended 30 June 2023 (unaudited)
<i>Depreciation and amortisation:</i>		
Depreciation and amortisation recognized in profit and loss account	7 191	29 196
Donation settlement	-	-
Depreciation and amortisation recognised in the cash flow statement	7 191	29 196

	6-month period ended 30 2024 (unaudited)	6-month period ended 30 June 2023 (unaudited)
<i>Receivables:</i>		
Balance sheet change in trade and other receivables	(99 592)	174 366
Balance sheet change in other long-term and short-term non-financial assets	208 203	(44 941)
Balance sheet change in amounts due from customers under long-term contracts	(8 785)	(1 089)
Change in advance payments for capital work in progress	-	2
Asset acquisition effect	2 918	-
Other changes	215	129
Change in the receivables recognized in the cash flow statement	102 959	128 467

	6-month period ended 30 2024 (unaudited)	6-month period ended 30 June 2023 (unaudited)
<i>Liabilities:</i>		
Balance sheet change in trade liabilities and other long- and short-term financial liabilities	156 453	93 099

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Balance sheet change in other non-financial liabilities	(7 150)	(54 942)
Balance sheet date in receivables due to ordering parties under long-term contracts	(1 331)	(105)
Change in liabilities due to investment account settlements	(5 266)	(24 441)
New lease contracts and repayment of lease liabilities	(5 885)	(24 399)
Assets acquisition effect	(8)	-
Other changes	(129 528)	(5 530)
Change in the liabilities recognized in the cash flow statement	7 285	(16 318)
	<i>6-month period ended 30 2024 (unaudited)</i>	<i>6-month period ended 30 June 2023 (unaudited)</i>
<i>Change in provisions, prepayments/accruals and employee benefits:</i>		
Change in provisions and prepayments/accruals	(379 078)	(273 997)
Change in long- and short-term employee benefits	(1 287)	(995)
Change in provision for EUA redemption	606 658	1 153 514
Change in provision and other items recognized as other comprehensive income	1 168	784
Other changes	-	4 860
Change in provisions, prepayments/accruals and employee benefits	227 461	884 166
	<i>6-month period ended 30 2024 (unaudited)</i>	<i>6-month period ended 30 June 2023 (unaudited)</i>
<i>Inventories:</i>		
Balance sheet change in inventory	4 757	(18 754)
Change in inventories recognized in the cash flow statement	4 757	(18 754)

22. Dividends paid and proposed for payment

The Company did not pay nor declared a payment of dividend in the first half of 2024.

23. Interest-bearing bank loans and borrowings

Both in the period of 6 months ended June 30, 2024 and at the end of 2023, the Group did not have any bank loans and credits.

24. Provisions and accruals

24.1. Accruals

	<i>30 June 2024 (unaudited)</i>	<i>31 December 2023</i>
Provision for bonuses and holiday leaves	22 339	29 206
Insurance company compensation	980	891
Financial statement audit	-	400
Other	1 762	78
Total	25 081	30 575
Short-term	25 081	30 575
Long-term	-	-

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24.2. Changes in provision

	<i>EUA redemption provision</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 January 1, 2024	608 294	-	67 354	200	621 370	18 317	1 315 535
Increases	301 060	-	-	4	11 165	503	312 732
Decreases, incl.:	(608 294)	-	(1 546)	(200)	(76 075)	(200)	(686 315)
– Use	(608 294)	-	-	(200)	(60 597)	-	(669 091)
– Release	-	-	(1 546)	-	(15 478)	(200)	(17 224)
As at June 30, 2024	301 060	-	65 808	4	556 460	18 620	941 952
Long-term	-	-	61 010	-	421 046	329	482 385
Short-term	301 060	-	4 798	4	135 414	18 291	459 567
As at January 1, 2023	1 154 221	20 875	72 225	25 868	358 691	30 165	1 662 045
Increase	608 294	-	-	686	580 654	16 252	1 205 886
Decrease, incl.:	(1 154 221)	(20 875)	(4 871)	(26 354)	(317 975)	(28 100)	(1 552 396)
– Use	(1 153 588)	(20 875)	(4 871)	(26 354)	(164 247)	(16 079)	(1 386 014)
– release	(633)	-	-	-	(153 728)	(12 021)	(166 382)
As at December 31, 2023	608 294	-	67 354	200	621 370	18 317	1 315 535
Long-term	-	-	67 354	-	421 205	329	488 888
Short-term	608 294	-	-	200	200 165	17 988	826 647

24.3. Description of significant reserve titles

24.3.1. Provision for greenhouse gas emission liabilities (EUAs)

The Group recognises a provision for the redemption of greenhouse gas emission allowances. As at June 30, 2024 the amount of the provision is PLN 301 060 thousand.

CO2 emission allowances

As of January 1, 2024, the number of EUA units in Ze PAK was 1,574,041 EUA. In the first quarter of 2024, ZE PAK SA redeemed the concluded futures contracts on MAR24* in the amount of 79,000 EUAs. The Company still has the received free EUA for 2023 in the amount of 13,476 EUAs. The balance of EUA units on the KOBIZE** as at March 31, 2024 was 1,653,041 EUA. On April 10, 2024, the ZE PAK Group redeemed EUA units for 2023 in the amount of 1,652,335 EUA. On June 28, 2024, 13,111 EUA were received - free EUA for 2024 under Art. 10a. After fulfilling the obligation to redeem CO2 emissions, the balance of EUA units on the KOBIZE account as at June 30, 2024 is 26,516 EUA.

*March 2024

** KOBIZE - National Centre for Emission Balancing and Management

The provision is created in correspondence with the cost of sales.

	<i>6-month period ended 30 June 2024 (unaudited)</i>	<i>6-month period ended 30 June 2023 (unaudited)</i>
	tons	tons
CO2 emission*	745 228	932 864
Balance at the start of the period	1 574 041	2 016
Acquired	79 000	3 494 000
Received free	-	13 476
Sold and transferred to security	-	-
Return on IRGIT collateral	-	139 613
Redemption	(1 652 335)	(3 427 588)
Balance at the end of the period	706	221 517

* The physical redemption of emission allowances for a given year takes place by 30 April of the following year.

24.3.2. 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 2024, the created provision amounted to PLN 65 808 thousand.

The current environmental permits (Integrated Permit for waste storage yards, Waste storage yard Operation Manual approved by the Marshal of the Wielkopolskie Province) have been issued for ZE PAK SA. ZE PAK SA is the administrator of the storage yard and is obliged to conduct environmental monitoring around the storage yard and its reclamation. The storage yard stores lignite and biomass combustion waste. Coal combustion waste volumes are larger than from biomass combustion. ZE PAK SA does not envisage changing the storage yard administrator at the moment. However, the process of shutting down a part of the Gosławice open pit combustion waste storage yard (approximately 100 ha) has begun. The reclamation process of this section should be completed around 2026. The remaining part of this storage yard is currently not planned for reclamation. Waste from PAK-PCE Biopaliwa i Wodór sp. z o.o. will be stored there. Waste is transferred to ZE PAK SA under a contract.

24.3.3. Reclamation provisions and other related to mining activity

PAK KWB Konin SA and PAK KWB Adamów SA in liquidation are obliged to reclaim areas of extraction works pursuant to the Geological and Mining Law act. Therefore, the Group is creating a provision for both the 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 their activities, PAK KWB Konin SA is obliged to restore to the original condition or to rebuild damages caused by 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 decommissioning of facilities and reclamation of mining areas and for the preparation of mining areas in PAK KWB Konin SA as at June 30, 2024 amounted to PLN 556,460 thousand and decreased compared to the year ended December 31, 2023 by PLN 64,910 thousand.

When calculating the provision, the Group adopted the following assumptions: discount rate of 5.22%, the inflation rate was adopted on the basis of the "Inflation Report - November 2023", containing an inflation projection prepared in the Department of Economic Analysis and Research of the National Bank of Poland. The provision is created in correspondence with the cost of sales. Provision for the redemption of energy certificates.

24.3.4. Provision for the redemption of energy certificates

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 2024, the provision established for this purpose amounted to PLN 4 thousand and as at December 31, 2023 amounted to PLN 200 thousand. The provision is established in correlation to the selling prime cost.

24.3.5. Other provisions

The main items in other provisions as at 30 June 2024 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 1 691 thousand; at PAK KWB Konin SA under liquidation these are provisions for permanent exclusion from forestry production of lands for the final reservoir after the Adamów open pit in the amount of PLN 15 828 thousand.

The provisions for mining damage and the provision for fixed production decommissioning are established in correlation with the selling prime cost, and the provisions for pending court proceedings in correlation with other operating costs.

25. Trade liabilities, other liabilities, prepayments and accruals

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

	30 June 2024 (unaudited)	31 December 2023
Long-term liabilities to other entities – over 12 months	-	-
Other	130 421	445
Total	130 421	445

The main component of the "Other" item is a contingent liability related to the purchase of assets of Energia Przykona and Neo Energia Przykona X.

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

	30 June 2024 (unaudited)	31 December 2023
Trade liabilities:	175 470	152 469
Other liabilities, incl.:		
– Investment liabilities	6 335	2 338

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– Employee remuneration liabilities	10 575	13 988
– Deposit liabilities	-	1 114
– Other liabilities	7 220	3 215
Total	199 600	173 124

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. Interest-related liabilities are usually settled within either monthly or quarterly periods during the entire financial year.

25.3. Other non-financial liabilities

	<i>30 June 2024 (unaudited)</i>	<i>31 December 2023</i>
VAT liabilities	8 375	3 944
Environmental fee liabilities	250	2 539
Excise duty liabilities	19	56
Social insurance liabilities	15 047	18 527
Personal income tax	2 925	3 983
Other budget liabilities	146	5 562
Service fee	977	866
Other	1 253	665
Total	28 992	36 142

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 related to mining fees concern charges for an extracted mineral pursuant to the Geological and Mining Law. The settlement period is six months.

25.4. Subsidies and long-term deferred income (long-term)

	<i>30 June 2024 (unaudited)</i>	<i>31 December 2023</i>
Difference on receivable purchase	-	-
Long-term subsidies	132	178
Other	4 848	4 848
Total	4 980	5 026

The main component of the “Other” item comprises lands received from the District Starosty and Commune free-of-charge in the amount of PLN 3 895 thousand.

26. Contingent liabilities and the description of essential court proceedings

In addition to the liabilities described in notes **Błąd! Nie można odnaleźć źródła odwołania.** and **Błąd! Nie można odnaleźć źródła odwołania.**, as at June 30, 2024 the Group did not have any other contingent liabilities, granted guarantees or sureties.

26.1. Court proceedings

Proceedings in the case of an environmental decision issued with respect to PAK KWB Konin SA concerning Tomisławice lignite deposit

PAK KWB Konin SA was 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.

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 was set as at June 25, 2024.

Supreme Administrative Court, in its judgment of June 25, 2024, in the case File No.: III OSK 4010/21 , after a hearing, dismissed the cassation appeal of the Greenpeace Polska Foundation and one natural person against the judgment of the Provincial Administrative Court in Poznań of June 18, 2020, in the case File No.: II SA/Po1097/19, which dismissed the complaint against the decision of the Local Government Appeals Court in Konin of September 27, 2019, refusing to invalidate the final decision of the Mayor of Wierzbinek Commune of August 7, 2007, establishing the environmental conditions for consent to the implementation by PAK Kopalnia Węgla Brunatnego Konin SA of a project involving the extraction of lignite from Tomisławice deposit within the borders of Wierzbinek Commune.

In the oral reasons for the decision, the Supreme Administrative Court stated that the material collected in this case, conducted over several years, does not in any way indicate that a gross violation of the law occurred when issuing the above-mentioned environmental decision, therefore there were no grounds to declare the decision of the Mayor of Wierzbinek Commune of August 7, 2007 invalid.

The judgment of the Supreme Administrative Court, which is favourable to the Company, is final and binding upon its issuance.

Proceedings regarding formal decisions related to the construction of the CCGT unit at Adamów Power Plant

Decision on environmental conditions

By decision of August 7, 2023, the Mayor of Turek determined, at the request of PAK CCGT sp. z o.o. environmental conditions for the project called "Construction of a 600 MW class CCGT unit with accompanying infrastructure on the premises of the Adamów Power Plant" (DEC – Decision on environmental Conditions). By resolution of August 8, 2023, the Mayor granted DEC - pursuant to Art. 108 § 1 of the Act of June 14, 1960, Code of Administrative Procedure (Journal of Laws of 2023, item 775, as amended) - immediate enforceability, indicating that "The implementation of this investment is of particular importance for ensuring Poland's energy security, preventing losses for the national economy that could arise in situations of power shortages, as well as the important social interest of ensuring stable electricity supplies for households". On August 28, 2023, the Earth Society (ES) filed an appeal against the decision. On September 14, 2023, ES supplemented the complaint by indicating arguments which, in its opinion, prove the lack of legal grounds for issuing the decision.

On September 4, 2023, ES filed an appeal against DEC, attaching a study regarding the impact of the planned project on surface waters to it. During further appeal proceedings, ES submitted further letters attaching additional studies.

In a letter of October 9, 2023, the Local Government Appeals Board in Konin summoned PAK CCGT sp. z o.o. to provide explanations by responding to the allegations in the complaint, Es's appeal, as well as the submitted studies.

By letter of November 6, 2023, PAK CCGT sp. z o.o. requested to change the deadline for presenting a position on the matter to February 9, 2024, indicating that the company should commission an expert opinion relating to the allegations contained in both the letters and studies submitted by ES.

In a letter addressed to the Local Government Appeals Board in Konin of November 21, 2023, PAK CCGT sp. z o.o. presented its position on the complaint, in particular referring to the allegations raised by ES.

By the decision of December 4, 2023, the Local Government Appeals Board in Konin, after considering TnZ's complaint against the decision of the Mayor of Turku of August 8, 2023, granting immediate enforceability to the environmental decision of August 7, 2023, decided to uphold the contested decision of the first instance body in force.

In an announcement of February 9, 2024, the Local Government Appeals Court in Konin informed that due to the complicated nature of the case as well as the need to analyse extensive evidence, the case would not be resolved within the statutory deadline and set a new deadline for settling the case by April 19, 2024.

By announcement of February 21, 2024, the Local Government Appeals Court in Konin informed the parties to the proceedings about the right to express their opinion within 7 days from the date of receipt of the notification regarding the collected evidence and materials and the requests submitted to the case.

In a letter of March 6, 2024, the Local Government Appeals Board in Konin asked for confirmation of the actions taken so far by the Party.

In a letter addressed to the Local Government Appeals Board in Konin of March 18, 2024, PAK CCGT sp. z o.o. provided a response in which it confirmed the activities undertaken so far by the Party.

On May 9, 2024, PAK CCGT sp. z o.o. received a notification from the Local Government Appeals Board in Konin about the possibility of reviewing the evidence collected in the case in the appeal proceedings against the environmental decision of August 7, 2023 for the project involving the construction of the CCGT unit with accompanying infrastructure at Adamów Power Plant.

By its decision of 27 June 2024, the Local Government Appeal Board in Konin upheld the appealed environmental decision of the Mayor of Turek of 7 August 2023. The extensive justification of the decision shows that the report submitted by the Company, together with subsequent supplements, is complete and coherent, and the information contained therein allows for a full assessment of the project's impact on the environment.

26.2. 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.

The 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 strategic directions announced last year. 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.

27. 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 2023, the Group had the following liabilities secured against its assets and other securities related to liability payments:

Liabilities secured by assets

<i>Agreement</i>	<i>Security type</i>	<i>30 June 2024 Security amount</i>	<i>currenc y</i>	<i>31 December 2023 Security amount</i>	<i>currenc y</i>
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 25 000	PLN	Up to 25 000	PLN
Bank guarantee line agreement at Pekao SA for PLN 80 000 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
	Power of attorney covering bank accounts at Pekao SA	Up to 50 000	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

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	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 136 399	PLN	Up to 41 137	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 of Civil Procedure by ZE PAK SA	Up to 11 000	PLN	Up to 11 000	PLN
Membership agreement in the Stock Exchange Clearing House operated by IRGIT SA of May 28, 2010	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 3 000 000	PLN	Up to 3 000 000	PLN

Other securities of liability payments

Granted guarantees

<i>Guarantee type</i>	<i>30 June 2024 (unaudited)</i>		<i>31 December 2023</i>	
	<i>Security amount</i>	<i>currency</i>	<i>Security amount</i>	<i>currency</i>
Performance bond	2 109	PLN	3 017	PLN
Bid bond payment guarantee	250	PLN	-	PLN
Defect and failure removal guarantee	3 989	PLN	4 044	PLN
	604	EUR	604	EUR
Advance payment return/payment guarantees (including TGE/IRGIT transaction securing guarantees)	4 000	PLN	4 000	PLN
	-	EUR	-	EUR

In addition, the Group applies assignments under sales agreements and assignments under insurance policies as payment securities.

Granted sureties

<i>Type of surety</i>	<i>30 June 2024 (unaudited)</i>		<i>31 December 2023</i>	
	<i>Security amount</i>	<i>currency</i>	<i>Security amount</i>	<i>currency</i>
Intra-group sureties	-	PLN	-	PLN
	-	EUR	-	EUR
Sureties granted to extra-Group entities	575 789	PLN	542 377	PLN
	613 681	EUR	626 534	EUR
Total granted sureties	575 789	PLN	542 377	PLN
	613 681	EUR	626 534	EUR

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28. Received guarantees and sureties

Received guarantees

Security type	30 June 2024 (unaudited)		31 December 2023	
	Security amount	currency	Security amount	currency
Performance bond	36 986	PLN	32 181	PLN
	46 026	EUR	46 026	EUR
Defect and failure removal guarantee	1 844	PLN	5 631	PLN
	-	EUR	-	EUR
Advance payment guarantees	57 672	PLN	57 753	PLN
	91 804	EUR	92 053	EUR
Payment guarantee	2 970	PLN	3 470	PLN
	-	EUR	57	EUR

Received sureties

Type of surety	30 June 2024 (unaudited)		31 December 2023	
	Security amount	currency	Security amount	currency
Intra-group sureties	-	PLN	-	PLN
	-	EUR	-	EUR
Sureties received from extra-Group entities	-	PLN	-	PLN
	-	EUR	-	EUR
Total received sureties	-	PLN	-	PLN
	-	EUR	-	EUR

29. Information on affiliates

The following table presents the total amounts of transactions concluded with related entities for the 6-month period ended June 30, 2024 and June 30, 2023 as well as receivables and liabilities as at June 30, 2024 and June 30, 2023.

	Sale 6-month period ended		Purchase 6-month period ended	
	30 June 2024 (unaudited)	30 June 2023 (unaudited)	30 June 2024 (unaudited)	30 June 2023 (unaudited)
	Affiliates	149 964	-	6 857
Other related entities	97	94 717	6 290	9 084
Total	150 061	94 717	13 147	9 084

	Receivables		Liabilities	
	30 June 2024 (unaudited)	30 June 2023 (unaudited)	30 June 2024 (unaudited)	30 June 2023 (unaudited)
	Affiliates	59 501	-	1 690
Other related entities	33	39 089	2 115	6 144
Total	59 534	39 089	3 805	6 144

As at June 30, 2024 the Group had receivables from loans granted to associated entities in the amount of PLN 11 760 thousand.

29.1. Loan granted to a Management Board member

Both in the period of 6 months ended June 30, 2024 and in the period of 6 months ended June 30, 2023, the Parent Company did not grant any loans or benefits of a similar nature to members of the management and supervisory bodies.

29.2. Other transactions with Management Board members

Both in the period of 6 months ended June 30, 2024 and in the period of 6 months ended June 30, 2023, there were no transactions involving members of the management and supervisory bodies.

29.3. Remuneration of the Group's senior management

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

	<i>6-month period ended 30 June 2024 (unaudited)</i>	<i>6-month-period ended 30 June 2023 (unaudited)</i>
<i>Parent Company Management Board</i>		
Short-term employee benefits	4 287	5 772
<i>Parent Company Supervisory Board</i>		
Short-term employee benefits	644	666
<i>Management Boards of subsidiaries</i>		
Short-term employee benefits	2 523	4 289
<i>Supervisory Boards of subsidiaries</i>		
Short-term employee benefits	1 400	1 213
Total	8 854	11 940

29.3.2. Remuneration paid or payable to other top management members

	<i>6-month period ended 30 June 2024 (unaudited)</i>	<i>6-month-period ended 30 June 2023 (unaudited)</i>
Short-term employee benefits	7 214	6 212
Post-employment benefits	26	35
Employment termination benefits	-	99
Total amount of remuneration paid to top management members (except for members of the Management Board and the Supervisory Board)	7 240	6 346

30. 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.

30.1. Interest rate risk

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

Due to the pending process of implementing a new reference index on the Polish market and, ultimately, replacing the currently applied WIBOR interest rate reference index with it, the Group does not identify any risk in this respect. The Group's financial contracts contain provisions in terms of exercising "fall-back clauses", meaning that the contracts contain rules for their continuation if the reference index is not developed. A new interest rate will be determined based on these provisions.

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. For the calculation of the interest rate sensitivity analysis, the forecasted indicator of the 3-month change in the interest rate from the end of June 2024 (PLN1Y3WATM instrument) multiplied by the average WIBOR 3M indicator from the last twelve months was adopted.

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Financial instruments classes	30 June 2024 (unaudited)		Analysis of the interest rate risk sensitivity as at June 30, 2024							
			WIBOR				EURIBOR			
	Carrying amount Value at risk		WIBOR + 196pb		WIBOR - 196pb		EURIBOR + 69,2pb		EURIBOR - 69,2pb	
			Profit/loss	Other comprehensive income	Profit/loss	Other comprehensive income	Profit/loss	Other comprehensive income	Profit/loss	Other comprehensive income
Other financial assets	43 196	140	3	-	(3)	-	-	-	-	-
Trade and other receivables	663 021	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	496 830	496 830	8 423	-	(8 423)	-	464	-	(464)	-
Interest-bearing loans and borrowings	-	-	-	-	-	-	-	-	-	-
Trade liabilities and other financial liabilities	(330 021)	-	-	-	-	-	-	-	-	-
Lease liabilities	(32 689)	(32 689)	(641)	-	641	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Total	840 337	464 281	7 785	-	(7 785)	-	464	-	(464)	-

bp – base points

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Financial instruments classes	30 June 2023 (unaudited)		Analysis of the interest rate risk sensitivity as at June 30, 2023							
			WIBOR				EURIBOR			
	Carrying amount	Value at risk	WIBOR + 201pb		WIBOR - 201pb		EURIBOR + 81,56pb		EURIBOR - 81,56pb	
			Profit/loss	Other comprehensive income	Profit/loss	Other comprehensive income	Profit/loss	Other comprehensive income	Profit/loss	Other comprehensive income
Other financial assets	13 900	3 990	80	-	(80)	-	-	-	-	-
Trade and other receivables	343 739	-	-	-	-	-	-	-	-	-
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)	-	-	-	-	-	-	-	-	-
Lease liabilities	(42 154)	(42 154)	(847)	-	847	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Total	898 410	638 353	9 559	-	(9 559)	-	1 327	-	(1 327)	-

bp – base points

30.2. Currency risk

The Group is exposed to the currency risk associated with concluded transactions.

As at 30 June 2024, none of the 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. For the calculation of the sensitivity analysis of the EUR/PLN exchange rate, the forecasted rate of annual change in the exchange rate from the end of June 2024 (instrument EURPLN1YO=R) multiplied by the average EUR/PLN exchange rate from the last twelve months was adopted.

<i>Financial instruments classes</i>	<i>30 June 2024 (unaudited)</i>		<i>Analysis of the currency risk sensitivity as at 30 June 2024</i>			
			<i>EUR / PLN</i>			
			<i>EUR / PLN + 6,38%</i>		<i>EUR / PLN – 6,38%</i>	
			<i>4,5882</i>		<i>4,0378</i>	
	<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	43 196	-	-	-	-	-
Trade and other receivables	663 021	1 571	100	-	(100)	-
Cash and cash equivalents	496 830	67 063	4 279	-	(4 279)	-
Interest-bearing loans and borrowings	-	-	-	-	-	-
Trade liabilities and other financial liabilities	(330 021)	(73 232)	(4 672)	-	4 672	-
Lease liabilities	(32 689)	-	-	-	-	-
Total	840 337	(4 598)	(293)	-	293	-

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<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>EUR / PLN</i>			
			<i>EUR / PLN + 7,28%</i>		<i>EUR / PLN – 7,28%</i>	
			<i>4,7743</i>		<i>4,1263</i>	
	<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	13 900	-	-	-	-	-
Trade and other receivables	343 739	3 848	280	-	(280)	-
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)	-	-	-	-	-
Total	898 410	161 571	11 762	-	(11 762)	-

30.3. 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. As at June 30, 2024, there was one contractor with receivables exceeding 10% of the Group's total receivables balance (10.3%).

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:

Bank's name	Rating awarded by Rating Agency		
	Fitch	S&P	Moody's
PEKAO SA	BBB	BBB+	A2
PKO BP	-	-	A2
BGK	A-	-	-
mBank	BBB-	BBB	-
Bank Millennium	BBB+	-	Baa3
Santander Bank Polska	BBB+	-	A3
Alior Bank	BB	BB+	-
BNP Paribas Bank Polska	BBB+	-	A+
EFG Bank (Luxembourg) SA	A	-	A1

Cash of ZE PAK Group as at 30 June 2024, broken down into individual bank credit ratings:

Rating level by individual rating agencies			Cash amount as at June 30, 2024 without cash in hand (unaudited)
Moody's	S&P	Fitch	
Aaa	AAA	AAA	-
Aa1	AA+	AA+	-
Aa2	AA	AA	-
Aa3	AA-	AA-	-
A1	A+	A+	195 495
A2	A	A	52
A3	A-	A-	10
Baa1	BBB+	BBB+	280 181
Baa2	BBB	BBB	20 947
Baa3	BBB-	BBB-	136
Ba1	BB+	BB+	-
Ba2	BB	BB	9
Ba3	BB-	BB-	-
B1	B+	B+	-
B2	B	B	-
B3	B-	B-	-

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Caa1	CCC+	CCC	-
Caa2	CCC		-
Caa3	CCC-		-
Ca	CC		-
	C		-
C	D	DDD	-
-		DD	-
-		D	-
Total			496 830

30.4. 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 tables below show financial liabilities of the Group as at June 30, 2024 and June 30, 2023, by maturity date and based on contractual non-discounted payments.

<i>30 June 2024 (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	199 576	24	38 555	91 866	330 021
Lease liabilities	20	4 699	17 006	10 964	32 689
Total	199 596	4 723	55 561	102 830	362 710

<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
Total	80 703	15 149	24 601	15 293	135 746

31. Financial instruments

31.1. Carrying value of individual classes of financial instruments

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>Category pursuant to IFRS 9</i>	<i>30 June 2024 (unaudited)</i>	<i>31 December 2023</i>
<i>Financial assets</i>			
Other financial assets	FAaAC	43 196	750 554
Trade and other receivables	FAaAC	663 021	563 430

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Cash and cash equivalents	FAaAC	496 830	534 009
<i>Financial liabilities</i>			
Interest-bearing bank loans and borrowings, including:		-	-
– Long-term	OFLaAC	-	-
– Short-term	OFLaAC	-	-
Trade liabilities and other financial liabilities	OFLaAC	330 021	173 569
Lease liabilities		32 689	39 855
Abbreviations used:			
<i>OFLaAC</i>	– <i>Other financial liabilities at amortised cost</i>		
<i>FAaAC</i>	– <i>Financial asset at amortised cost</i>		

As at June 30, 2024 and 31 December 2023, the Group did not hold any derivative financial instruments measured at fair value.

As at June 30, 2024 and 31 December 2023, the fair value of financial instruments other than derivatives, did not significantly differ from carrying 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 carrying 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.

31.2. Financial instrument interest rate risk

The table below presents the interest rate gap, which is the Group's exposure to interest rate risk and the concentration of this risk broken down by currency and type of interest rate.

	<i>currency</i>	<i>Interest type</i>	<i>Carrying value as at 30 June 2024 (unaudited)</i>	<i>Carrying value as at 31 December 2023</i>
Financial assets exposed to the interest rate risk	PLN	Fixed	-	-
		Floating	429 907	506 466
	Other currencies	Fixed	-	-
		Floating	67 063	28 768
Financial liabilities exposed to the interest rate risk	PLN	Fixed	-	-
		Floating	-	-
	Other currencies	Fixed	-	-
		Floating	-	-
Net exposure	PLN	Fixed	-	-
		Floating	429 907	506 466
	Other currencies	Fixed	-	-
		Floating	67 063	28 768

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.

31.2.1. Hedging

As at June 30, 2024, similarly as at June 30, 2023, none of the Group's companies had active instruments to reduce the risk resulting from changes in exchange rates (e.g. forward transactions for EUR/PLN).

The Group hedges the risk of changes in the prices of CO2 emission allowances by using forward transactions to purchase allowances for its own needs. The tables below present a summary of active forward transactions as of June 30, 2024 and June 30, 2023.

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30 June 2024 (unaudited)

<i>Type of concluded transactions</i>	<i>Amount of purchased allowances</i>	<i>Total nominal value of the transaction (EUR thousand)</i>	<i>Transaction currency</i>	<i>Maturity</i>
Forward transactions	2 070 000	184 511	EUR	Up to 1 year
Forward transactions	1 262 000	101 240	EUR	Over 1 year

30 June 2023 (unaudited)

<i>Type of concluded transactions</i>	<i>Amount of purchased allowances</i>	<i>Total nominal value of the transaction (EUR thousand)</i>	<i>Transaction currency</i>	<i>Maturity</i>
Forward transactions	2 085 000	173 365	EUR	Up to 1 year
Forward transactions	524 000	49 293	EUR	Over 1 year

32. 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 period of 6 months ended 30 June 2024 and within the year ended 31 December 2023, there were no amendments to goals, rules and processes applicable in this field.

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 2024 (unaudited)</i>	<i>31 December 2023</i>
Interest-bearing loans and borrowings	-	-
Trade liabilities and other financial liabilities	330 021	173 569
Minus cash and cash equivalents	496 830	534 009
Net debt	(166 809)	(360 440)
Equity	2 020 472	1 911 513
Capital from the revaluation of hedging instruments	-	-
Total capital	2 020 472	1 911 513
Net capital and debt	1 853 663	1 551 073
Leverage ratio	(9,00)%	(23,24)%

33. Significant events after the balance sheet date

No significant events occurred from the balance sheet date ended June 30, 2024 to the date of publication.

Konin, September 24, 2024