

ZE PAK SA

**QUARTERLY FINANCIAL INFORMATION
FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2024**

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

28 MAY 2024

TABLE OF CONTENTS

BALANCE SHEET	68
PROFIT AND LOSS ACCOUNT (CALCULATION TYPE).....	72
CASH FLOW STATEMENT (INDIRECT METHOD).....	73
STATEMENT OF CHANGES IN EQUITY	75
ADDITIONAL INFORMATION TO CONDENSED FINANCIAL STATEMENT FOR THE PERIOD OF 3 MONTHS	77
1. GENERAL INFORMATION.....	77
2. DESCRIPTION AND CLARIFICATION OF DIFFERENCES IN THE DISCLOSED DATA AND SIGNIFICANT DIFFERENCES REGARDING THE ADOPTED ACCOUNTING PRINCIPLES (POLICY) BETWEEN THE STATEMENT AND COMPARABLE DATA, AS WELL AS THE STATEMENT AND THE COMPARABLE DATA DEVELOPED ACC. TO THE IFRS.....	77
3. GOING CONCERN ASSUMPTIONS.....	79
4. MERGER OF COMMERCIAL COMPANIES	79
5. ADOPTED ACCOUNTING PRINCIPLES (POLICY)	79
6. COMPARABILITY OF FINANCIAL DATA FOR THE PRECEDING PERIOD WITH THE STATEMENT FOR THE CURRENT PERIOD	79
BALANCE SHEET	80
PROFIT AND LOSS (CALCULATION TYPE)	84
7. ERROR ADJUSTMENT	85
8. THE AMOUNT AND NATURE OF ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET RESULT OR CASH FLOWS THAT ARE ABNORMAL DUE TO THEIR NATURE, VALUE OR FREQUENCY	85
9. INFORMATION ON IMPAIRMENT WRITE-DOWNS AGAINST PROVISIONS VALUE, TO THE ACHIEVABLE NET VALUE AND ON THE REVERSAL OF SUCH WRITE-DOWNS	85
10. INFORMATION ON WRITE-DOWNS AGAINST THE IMPAIRMENT OF FINANCIAL ASSETS, TANGIBLE FIXED ASSETS, INTANGIBLE AND LEGAL OR OTHER ASSETS, AND THE REVERSAL OF SUCH WRITE-DOWNS	85
11. INFORMATION ON THE CREATION, INCREASE, USE OR REDEMPTION OF THE PROVISIONS.....	85
12. INFORMATION ON THE PROVISIONS AND ASSETS RELATED TO DEFERRED INCOME TAX.....	86
13. INFORMATION ON SIGNIFICANT ACQUISITION AND SALES TRANSACTIONS OF TANGIBLE FIXED ASSETS AND ANY SIGNIFICANT LIABILITY DUE TO PURCHASING TANGIBLE FIXED ASSETS	86
14. INFORMATION ON THE FAILURE TO REPAY A BANK CREDIT OR LOAN, OR THE BREACH OF SIGNIFICANT BANK CREDIT OR LOAN AGREEMENT PROVISIONS, IN RELATION TO WHICH NO REMEDIAL ACTIONS HAVE BEEN UNDERTAKEN UNTIL THE END OF THE REPORTING PERIOD	86
15. INFORMATION ON THE ISSUER OR ITS SUBSIDIARY CONCLUDING ONE OR MULTIPLE TRANSACTIONS WITH ASSOCIATED ENTITIES, PROVIDED THEY HAVE BEEN CONCLUDED ON OTHER THAN MARKET TERMS.....	86
16. INFORMATION ON THE CHANGE IN THE MANNER (METHOD) OF MEASURING FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE	86
17. INFORMATION ON THE CHANGES IN THE CLASSIFICATION OF FINANCIAL ASSETS	86
18. INFORMATION ON THE ISSUE, REDEMPTION AND REPAYMENT OF NON-EQUITY AND CAPITAL SECURITIES	86
19. EVENTS OF THE ACCOUNTING YEAR NOT SPECIFIED IN THE BALANCE SHEET AND THE PROFIT AND LOSS STATEMENT	86
20. EVENTS OF PREVIOUS YEARS RECOGNISED IN THE FINANCIAL STATEMENT.....	87
21. INFORMATION ON THE CHANGES IN THE BUSINESS OR ECONOMIC CIRCUMSTANCES THAT SIGNIFICANTLY AFFECT THE FAIR VALUE OF THE ENTITY'S FINANCIAL ASSETS AND LIABILITIES, REGARDLESS OF THE FACT, WHETHER THOSE ASSETS AND LIABILITIES ARE RECOGNISED IN THE FAIR VALUE OR THE ADJUSTED PURCHASE COST (AMORTISED COST).....	87
22. OTHER INFORMATION	87

BALANCE SHEET

Assets

	31 March 2024 <i>(unaudited)</i>	31 December 2023	31 March 2023 <i>(transformed, unaudited)</i>
A. Fixed assets	1 919 750	1 883 371	1 618 228
I. Intangible and legal assets	609 078	583 441	862 998
1. Costs of completed development work	-	-	-
2. Goodwill	-	-	-
3. Other intangible and legal assets	609 078	583 441	862 998
4. Advance payment on intangible and legal assets	-	-	-
II. Tangible fixed assets	19 866	23 189	52 144
1. Capital work	5 678	5 973	5 873
a) lands (including the perpetual usufruct of land)	1 644	1 645	1 646
b) buildings, premises, as well as civil and water engineering facilities	1 145	1 155	1 108
c) technical equipment and machinery	1 950	2 184	2 296
d) means of transport	53	55	62
e) other fixed assets	886	934	761
2. Capital work in progress	9 310	7 460	18 846
3. Advance payments for capital work in progress	4 878	9 756	27 425
III. Long-term receivables	-	-	-
1. From affiliates	-	-	-
2. From other entities, where the entity has equity interests	-	-	-
3. From other entities	-	-	-
IV. Long-term investments	1 288 693	1 270 397	699 895
1. Properties	-	-	-
2. Intangible and legal assets	-	-	-
3. Long-term financial assets	1 288 693	1 270 397	699 895
a) in affiliated entities	730 954	712 865	699 743
– shares or stocks	557 825	543 701	685 437
– other securities	-	-	-
– loans granted	173 129	169 164	11 776
– other long-term financial assets	-	-	2 530
b) in other entities where the unit has equity interest	557 587	557 380	-
– shares or stocks	543 503	543 502	-
– other securities	-	-	-
– loans granted	11 554	11 348	-
– other long-term financial assets	2 530	2 530	-
c) in other entities	152	152	152
– shares or stocks	152	152	152
– other securities	-	-	-
– loans granted	-	-	-
– other long-term financial assets	-	-	-
4. Other long-term investments	-	-	-
V. Long-term prepayments	2 113	6 344	3 191
1. Deferred income tax assets	-	3 961	-
2. Other prepayments and accruals	2 113	2 383	3 191
B. Current assets	967 155	959 250	1 463 902
I. Inventories	16 802	17 008	21 355
1. Materials	16 612	17 007	21 257
2. Semi-finished products and products in progress	-	-	-
3. Finished products	-	-	-
4. Goods	190	-	98
5. Advance payments for supplies	-	1	-

ZE PAK SA
Quarterly financial information for the period of 3 months ended 31 March 2024
(in thousand PLN)

II. Short-term receivables	678 754	715 483	611 199
1. Receivables from affiliates	11 879	71 677	52 394
a) trade-related, with a payment period of:	11 879	71 677	52 392
– up to 12 months	11 879	71 677	52 392
– above 12 months	-	-	-
b) other	-	-	2
2. Receivables from other entities where the entity has equity interests	66 160	85 053	-
a) trade-related, with a payment period of:	66 160	85 053	-
– up to 12 months	66 160	85 053	-
– above 12 months	-	-	-
b) other	-	-	-
3. Receivables from other parties	600 715	558 753	558 005
a) trade-related, with a payment period of:	39 717	29 958	26 901
– up to 12 months	39 717	29 958	26 901
– above 12 months	-	-	-
b) on account of taxes, subsidies, customs duties, social and health insurance, and other benefits	31 372	150 349	175 571
c) other	529 626	378 446	356 333
d) pursued in court	-	-	-
III. Short-term investments	267 670	223 360	828 020
1. Short-term financial assets	267 670	223 360	828 020
a) in affiliated entities	1 094	1 070	236 455
– shares or stocks	-	-	-
– other securities	-	-	-
– loans granted	1 094	1 070	236 455
– other short-term financial assets	-	-	-
b) in other entities	-	-	-
– shares or stocks	-	-	-
– other securities	-	-	-
– loans granted	-	-	-
– other short-term financial assets	-	-	-
c) cash and cash equivalents	266 576	222 290	591 565
– cash in hand and at bank	266 576	222 290	591 565
– other cash	-	-	-
– other monetary assets	-	-	-
2. Other short-term investments	-	-	-
IV. Short-term prepayments	3 929	3 399	3 328
C. Basic capital (fund) contributions due	-	-	-
D. Equity shares (stocks)	-	-	-
Total assets	2 886 905	2 842 621	3 082 130

Konin, 28 May 2024

Liabilities

	31 March 2024 <i>(unaudited)</i>	31 December 2023	31 March 2023 <i>(transformed, unaudited)</i>
A. Equity	1 892 532	1 992 833	1 496 444
I. Basic capital (fund)	101 647	101 647	101 647
II. Supplementary capital (fund), including:	1 769 188	1 769 188	1 766 996
– sales value (issue value) surplus over the nominal share value (stocks)	380 030	380 030	380 030
III. Revaluation capital (fund), including:	6 274	6 274	8 466
– on account of fair value revaluation	-	-	-
IV. Other reserve capitals (funds), including:	3 472	3 472	3 472
– created in accordance with the company's articles of association	-	-	-
– for equity shares (stocks)	-	-	-
V. Profit (loss) from previous years	112 252	(472 160)	(472 168)
VI. Net profit (loss)	(100 301)	584 412	88 031
VII. Write-offs from net profit during the financial year (negative value)	-	-	-
B. Liabilities and provisions for liabilities	994 373	849 788	1 585 686
I. Provisions for liabilities	844 298	705 190	1 440 158
1. Deferred income tax provisions	1 645	-	4 013
2. Provision for retirement and similar benefits	23 617	27 455	20 095
– long-term	9 196	9 241	7 774
– short-term	14 421	18 214	12 321
3. Other provisions	819 036	677 735	1 416 050
– long-term	69 441	69 441	93 099
– short-term	749 595	608 294	1 322 951
II. Long-term liabilities	129	129	129
1. To related entities	-	-	-
2. To other entities in which the entity has equity interests	-	-	-
3. To other entities	129	129	129
a) loans and borrowings	-	-	-
b) on account of debt securities issue	-	-	-
c) other financial liabilities	-	-	-
d) bills of exchange	-	-	-
e) other	129	129	129
III. Short-term liabilities	147 047	142 809	143 147
1. Liabilities to related entities	58 485	7 960	33 589
a) trade-related, with a maturity date of:	58 485	7 912	33 586
– up to 12 months	58 485	7 912	33 586
– above 12 months	-	-	-
b) other	-	48	3
2. Liabilities against other entities, in which the entity has equity interests	1 631	381	-
a) trade-related, with a maturity date of:	1 631	381	-
– up to 12 months	1 631	381	-
– above 12 months	-	-	-
b) other	-	-	-
3. Liabilities to other entities	81 176	130 898	103 814
a) loans and borrowings	-	-	-
b) on account of debt securities issue	-	-	-
c) other financial liabilities	-	-	-
d) trade-related, with a maturity date of:	61 385	97 707	82 928
– up to 12 months	61 385	97 707	82 928
– above 12 months	-	-	-
e) received advanced payments for supplies	-	-	-

ZE PAK SA
 Quarterly financial information for the period of 3 months ended 31 March 2024
 (in thousand PLN)

f) bills of exchange	-	-	-
g) on account of taxes, customs duties, social and health insurance, and other public-law titles	10 291	24 776	8 524
h) remuneration-related	4 070	4 206	4 082
i) other	5 430	4 209	8 280
4. Special funds	5 755	3 570	5 744
IV. Prepayments and accruals	2 899	1 660	2 252
1. Negative goodwill	-	-	-
2. Other prepayments and accruals	2 899	1 660	2 252
– long-term	132	178	225
– short-term	2 767	1 482	2 027
Total liabilities	2 886 905	2 842 621	3 082 130

Konin, 28 May 2024

PROFIT AND LOSS ACCOUNT (calculation type)

	3-month period ended 31 March 2024 (unaudited)	3-month period ended 31 March 2023 (transformed, unaudited)
A. Net revenues from the sale of products, goods and materials, including:	510 069	739 180
– from affiliates	10 211	18 249
I. Net revenues from the sales of products	284 115	522 164
II. Net revenues from goods and material sales	225 954	217 016
B. Costs of products, goods and materials sold, including:	579 850	628 956
– to affiliates	6 986	14 804
I. Manufacturing costs of sold products	419 529	495 700
II. Manufacturing costs of goods and materials sold	160 321	133 256
C. Gross profit (loss) from sales (A–B)	(69 781)	110 224
D. Selling costs	462	449
E. Overheads	12 186	17 055
F. Profit (loss) from sales (C–D–E)	(86 429)	92 720
G. Other operating revenues	14 281	1 148
I. Profit from the disposal of non-financial fixed assets	-	-
II. Grants	46	-
III. Revaluation of non-financial assets	-	-
IV. Other operating revenues	14 235	1 148
H. Other operating costs	18 364	5 919
I. Loss from disposal of non-financial fixed assets	17 489	-
II. Revaluation of non-financial assets	-	-
III. Other operating costs	865	5 919
I. Profit(loss) on operating activity (F+G–H)	(86 502)	87 949
J. Financial revenues	5 996	13 139
I. Dividends and profit distribution, including:	-	-
a) from affiliates, including:	-	-
– in which the entity has equity interests	-	-
b) from other entities, including:	-	-
– in which the entity has equity interests	-	-
II. Interest, including:	5 675	12 666
– from affiliates	3 988	7 114
III. Profit on the disposal of financial assets, including:	-	-
– in affiliates	-	-
IV. Revaluation of financial assets	-	37
V. Other	321	436
H. Financial costs	14 189	5 384
I. Interest, including:	169	212
– to affiliates	-	-
II. Loss on disposal of financial assets, including:	-	-
– in affiliates	-	-
III. Revaluation of financial assets	-	-
IV. Other	14 020	5 172
L. Gross profit (loss) (I+J–K)	(94 695)	95 704
M. Income tax	5 606	7 673
K. Other mandatory decrease of profit (increase of loss)	-	-
O. Net profit (loss) (L–M–N)	(100 301)	88 031

Konin, 28 May 2024

CASH FLOW STATEMENT (indirect method)

	<i>3-month period ended 31 March 2024 (unaudited)</i>	<i>3-month period ended 31 March 2023 (transformed, unaudited)</i>
A. Cash flows from operating activities		
I. Net profit (loss)	(100 301)	88 031
II. Total adjustments	109 348	(765 144)
1. Depreciation and amortization	509	506
2. Profits (losses) on foreign exchange differences	2 201	1 572
3. Interest and shares in profits (dividends)	(4 028)	5 938
4. Profit (loss) on investment activities	17 480	-
5. Change in provisions	139 108	171 553
6. Change in inventories	206	(7 134)
7. Change in receivables	36 728	(159 447)
8. Change in short-term liabilities, excluding loans and borrowings	285	39 104
9. Change in prepayments and accruals	7 124	7 333
10. Other adjustments	(90 265)	(824 569)
III. Net cash flows from operating activities (I±II)	9 047	(677 113)
B. Cash flows from investment activities		
I. Proceeds	47 029	121 418
1. Disposal of intangible and legal assets, as well as tangible fixed assets	47 029	-
2. Disposal of property, as well as intangible and legal assets	-	-
3. From financial assets, including:	-	121 418
a) in affiliates	-	121 418
b) in other entities	-	-
– disposal of financial assets	-	-
– dividends and shares in profits	-	-
– repayment of granted long-term loans	-	-
– interest	-	-
– other proceeds related to financial assets	-	-
4. Other investment proceeds	-	-
II. Expenses	9 424	70 060
1. Acquisition of intangible and legal assets, as well as tangible assets	(4 700)	17 644
2. Investments in real estate, as well as intangible and legal assets	-	-
3. Financial assets, including:	14 124	52 416
a) in affiliated entities	14 124	52 416
b) in other entities	-	-
– acquisition of financial assets	-	-
– long-term loans granted	-	-
4. Other investment expenses	-	-
III. Net cash flows from investment activities (I-II)	37 605	51 358
C. Cash flows from financial activities		
I. Proceeds	-	-
1. Net proceeds from the issue of shares (stock emission) and other capital instruments, as well as capital contributions	-	-
2. Loans and borrowings	-	-
3. Issuance of debt securities	-	-
4. Other financial proceeds	-	-
II. Expenses	165	211
1. Acquisition of own shares	-	-
2. Dividends and other payments to owners	-	-
3. Expenses related to profit distribution, other than payments to owners	-	-
4. Repayment of loans and borrowings	-	-
5. Buy-out of debt securities	-	-
6. On account of other financial liabilities	-	-

ZE PAK SA
Quarterly financial information for the period of 3 months ended 31 March 2024
(in thousand PLN)

7. Financial lease liability payments	-	-
8. Interest	165	211
9. Other financial expenses	-	-
III. Net cash flows on financial activities (I-II)	(165)	(211)
D. Total net cash flows (A.III±B.III±C.III)	46 487	(625 966)
E. Cash flow change in the balance sheet, including:	44 286	(627 538)
– cash flow change related to foreign exchange differences	(2 201)	1 572
F. Cash at beginning of period	219 581	1 222 280
G. Cash at end of period (F±D), including	266 068	596 314
– restricted cash	9 836	5 573

Konin, 28 May 2024

STATEMENT OF CHANGES IN EQUITY

	<i>3-month period ended 31 March 2024 (unaudited)</i>	<i>12-month period ended 31 December 2023</i>	<i>3-month period ended 31 March 2023 (transformed, unaudited)</i>
I. Equity at the beginning of the period (BO)	1 992 833	1 408 414	1 408 421
– amendments in accounting principles	-	-	-
– error adjustments	-	7	-
I.a. Equity at beginning of period (BO), after adjustments	1 408 421	1 408 421	1 408 421
1. Basic capital at beginning of period	101 647	101 647	101 647
1.1. Basic capital changes	-	-	-
a) increase	-	-	-
b) decrease	-	-	-
1.2. Basic capital at end of period	101 647	101 647	101 647
2. Supplementary capital at beginning of period	1 769 188	1 766 996	1 766 996
2.1. Supplementary capital changes	-	2 192	-
a) increase	-	2 192	-
– of share issue	-	-	-
– from profit distribution	-	-	-
– liquidation of fixed assets	-	2 192	-
b) decrease	-	-	-
– redemption of shares	-	-	-
– loss coverage	-	-	-
2.2. Supplementary capital at end of period	1 769 188	1 769 188	1 766 996
3. Revaluation capital at beginning of period – amendments in adopted accounting principles (policy)	6 274	8 466	8 466
3.1. Revaluation capital changes	-	(2 192)	-
a) increase	-	-	-
b) decrease	-	(2 192)	-
– liquidation of fixed assets	-	(2 192)	-
3.2. Revaluation capital at end of period	6 274	6 274	8 466
4. Other reserve capitals at beginning of period	3 472	3 472	3 472
4.1. Changes in other reserve capitals	-	-	-
a) increase	-	-	-
b) decrease	-	-	-
– loss coverage	-	-	-
4.2. Other reserve capitals at end of period	3 472	3 472	3 472
5. Profit (loss) from previous years at beginning of period	112 252	(472 160)	(472 160)
5.1. Profit from previous years at beginning of period	584 412	543 584	543 584
– amendments in accounting principles	-	-	-
– error adjustments	-	-	-
5.2. Profit from previous years at beginning of period, after adjustments	-	-	-
a) increase	-	-	-
– distribution of profit from previous years	-	-	-
b) decrease	-	(543 584)	-
– distribution of profit to supplementary capital	-	-	-
– dividend payment	-	-	-
– cover of loss from previous years	-	(543 584)	-
5.3. Profit from previous years at end of period	-	-	-
5.4. Loss from previous years at beginning of period	(472 160)	(1 015 744)	(1 015 752)
– amendments in accounting principles	-	-	-
– error adjustments	-	-	-
5.5. Loss from previous years at beginning of period, after adjustments	(472 160)	(1 015 744)	(1 015 752)
a) increase	-	-	-

ZE PAK SA
Quarterly financial information for the period of 3 months ended 31 March 2024
(in thousand PLN)

– loss from previous years carried forward to be covered	-	-	-
b) decrease	-	543 584	-
– share of from previous years	-	543 584	-
5.6. Loss from previous years at end of period	(472 160)	(472 160)	(472 168)
5.7. Profit (loss) from previous years at end of period	112 252	(472 160)	(472 168)
6. Net result	(100 301)	584 412	88 031
a) net profit	-	584 412	88 031
b) net loss	(100 301)	-	-
c) profit write-offs	-	-	-
II. Equity at end of period (BZ)	1 892 532	1 992 833	1 496 444
III. Equity after recognizing proposed profit distribution (loss coverage)	1 892 532	1 992 833	1 496 444

Konin, 28 May 2024

ADDITIONAL INFORMATION TO CONDENSED FINANCIAL STATEMENT FOR THE PERIOD OF 3 MONTHS

1. General information

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

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

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

The existence of the Company shall be unlimited.

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

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

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

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

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

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

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

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

Intangible assets

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

Tangible fixed assets

a) Measurement of tangible fixed assets

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

b) Allotment of renovation components

The International Financial Reporting Standards project the allotment within the scope of fixed assets of components, provided their operation period differs from the operation period of a given fixed asset. The components are amortized during their usability period. According to the IFRS, a specific component consists of renovations and periodic

inspections. In relation to the above, the Company has allotted the values of renovation cost components planned to be incurred, as well as amortized the components in the period remaining until the projected commencement of the next renovation. The recognition of this adjustment also resulted in the need to charge deferred tax.

c) Appraisal of land and perpetual usufruct

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

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

d) Capitalisation external funding costs

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

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

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

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

e) Spare parts:

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

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

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

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

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

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

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

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

The table below shows the difference as at March 31, 2024 (unaudited):

	<i>Balance sheet value Acc. to AoA</i>	<i>Balance sheet value Acc. to IFRS</i>	<i>Value adjustment</i>
Tangible fixed assets	19 866	2 354	(17 512)
Equity	1 892 532	1 871 653	(20 879)

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

	<i>31 March 2024 (unaudited)</i>
AoA net profit/(loss)	(100 301)
Tangible fixed assets adjustment	33
IAS19 adjustment – actuarial profit (loss)	(377)
IFRS16 adjustment - Leasing	(791)
IFRS net profit	(101 436)

	<i>31 March 2024 (unaudited)</i>
AoA capital	1 892 532
Tangible fixed asset adjustment	16 491
IFRS9 adjustment – asset impairment	(41)
IFRS16 adjustment- Leasing	(37 329)
IFRS capital	1 871 653

3. Going concern assumptions

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

4. Merger of commercial companies

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

5. Adopted accounting principles (policy)

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

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

In the current period, the Company introduced no amendments to the accounting principles, hence, it was not obliged to present numerical information ensuring comparability of the financial statement data for the preceding year with the statement for the current financial year. The data presented as of December 31, 2023 is consistent with the annual end-of-year financial statements for the year ended December 31, 2023, while the data for the period ended March 31, 2023 is not consistent with the Company's condensed interim financial statements presented for the period ended March 31, 2023.

The table below presents changes in comparative data as of March 31, 2023 in connection with the merger with PAK ATOM Sp. z o.o.

BALANCE SHEET

Assets

	<i>Published data ZE PAK SA (unaudited)</i>	<i>Data of PAK ATOM SA (unaudited)</i>	<i>Transformed data (unaudited)</i>	<i>Exclusions connected to the merger (unaudited)</i>
	As at 31 March 2023			
A. Fixed assets	1 619 746	3 482	1 618 228	(5 000)
I. Intangible and legal assets	862 998	-	862 998	-
1. Costs of completed development work	-	-	-	-
2. Goodwill	-	-	-	-
3. Other intangible and legal assets	862 998	-	862 998	-
4. Advance payment on intangible and legal assets	-	-	-	-
II. Tangible fixed assets	48 662	3 482	52 144	-
1. Capital work	5 873	-	5 873	-
a) lands (including the perpetual usufruct of land)	1 646	-	1 646	-
b) buildings, premises, as well as civil and water engineering facilities	1 108	-	1 108	-
c) technical equipment and machinery	2 296	-	2 296	-
d) means of transport	62	-	62	-
e) other fixed assets	761	-	761	-
2. Capital work in progress	15 364	-	18 846	-
3. Advance payments for capital work in progress	27 425	-	27 425	-
III. Long-term receivables	-	-	-	-
1. From affiliates	-	-	-	-
2. From other entities, where the entity has equity interests	-	-	-	-
3. From other entities	-	-	-	-
IV. Long-term investments	704 895	-	699 895	(5 000)
1. Properties	-	-	-	-
2. Intangible assets	-	-	-	-
3. Long-term financial assets	704 895	-	699 895	(5 000)
a) in affiliates	704 743	-	699 743	(5 000)
– shares or stocks	690 437	-	685 437	(5 000)
– other securities	-	-	-	-
– loans granted	11 776	-	11 776	-
– other long-term financial assets	2 530	-	2 530	-
b) in other entities where the entity has equity interest	-	-	-	-
– shares or stocks	-	-	-	-
– other securities	-	-	-	-
– loans granted	-	-	-	-
– other long-term financial assets	-	-	-	-
c) in other entities	152	-	152	-
– shares or stocks	152	-	152	-
– other securities	-	-	-	-
– loans granted	-	-	-	-
– other long-term financial assets	-	-	-	-
4. Other long-term investments	-	-	-	-
V. Long-term prepayments	3 191	-	3 191	-
1. Deferred income tax assets	-	-	-	-
2. Other prepayments and accruals	3 191	-	3 191	-

BILANS (cd.)

B. Current assets	<u>1 462 392</u>	<u>1 511</u>	<u>1 463 902</u>	<u>(1)</u>
I. Inventories	21 355	-	21 355	-
1. Materials	21 257	-	21 257	-
2. Semi-finished products and products in progress	-	-	-	-
3. Finished products	-	-	-	-
4. Goods	98	-	98	-
5. Advance payments for supplies	-	-	-	-
II. Short-term receivables	610 396	804	611 199	(1)
1. Receivables from affiliates	52 395	-	52 394	-
a) trade-related, with a payment period of:	52 393	-	52 392	-
– up to 12 months	52 393	-	52 392	-
– above 12 months	-	-	-	-
b) other	2	-	2	-
2. Receivables from other entities where the entity has equity interests	-	-	-	-
a) trade-related, with a payment period of:	-	-	-	-
– up to 12 months	-	-	-	-
– above 12 months	-	-	-	-
b) other	-	-	-	-
3. Receivables from other parties	558 001	804	558 005	-
a) trade-related, with a payment period of:	26 901	-	26 901	-
– up to 12 months	26 901	-	26 901	-
– above 12 months	-	-	-	-
b) on account of taxes, subsidies, customs duties, social and health insurance, and other benefits	174 767	804	175 571	-
c) other	356 333	-	356 333	-
d) pursued in court	-	-	-	-
III. Short-term investments	827 313	707	828 020	-
1. Short-term financial assets	827 313	707	828 020	-
a) in affiliates	236 455	-	236 455	-
– shares or stocks	-	-	-	-
– other securities	-	-	-	-
– loans granted	236 455	-	236 455	-
– other short-term financial assets	-	-	-	-
b) in other entities	-	-	-	-
– shares or stocks	-	-	-	-
– other securities	-	-	-	-
– loans granted	-	-	-	-
– other short-term financial assets	-	-	-	-
c) cash and cash equivalents	590 858	707	591 565	-
– cash in hand and at bank	590 858	-	591 565	-
– other cash	-	-	-	-
– other monetary assets	-	-	-	-
2. Other short-term investments	-	-	-	-
IV. Short-term prepayments	3 328	-	3 328	-
C. Basic capital (fund) contributions due	-	-	-	-
D. Equity shares (stocks)	-	-	-	-
TOTAL ASSETS	<u>3 082 138</u>	<u>4 993</u>	<u>3 082 130</u>	<u>(5 001)</u>

BALANCE SHEET (cont.)

Liabilities

	<i>Published data ZE PAK SA (unaudited)</i>	<i>Data of PAK ATOM SA (unaudited)</i>	<i>Transformed data (unaudited)</i>	<i>Exclusions connected to the merger (unaudited)</i>
As at 31 March 2023				
A. Equity	1 496 457	4 987	1 496 444	(5 000)
I. Basic capital (fund)	101 647	5 000	101 647	(5 000)
II. Supplementary capital (fund), including:	1 766 996	-	1 766 996	-
– sale value (issue value) surplus over the nominal share (stock) value	380 030	-	380 030	-
III. Revaluation capital (fund), including:	8 466	-	8 466	-
– on account of fair value revaluation	-	-	-	-
IV. Other reserve capitals (funds), including:	3 472	-	3 472	-
– created in accordance with the company's articles of association	-	-	-	-
– for equity shares (stocks)	-	-	-	-
V. Profit (loss) from previous years	(472 160)	(8)	(472 168)	-
VI. Net profit (loss)	88 036	(5)	88 031	-
VII. Write-offs from net profit during the financial year (negative value)	-	-	-	-
B. Liabilities and provisions for liabilities	1 585 681	6	1 585 686	(1)
I. Provisions for liabilities	1 440 158	-	1 440 158	-
1. Deferred income tax provisions	4 013	-	4 013	-
2. Provision for retirement and similar benefits	20 095	-	20 095	-
– long-term	7 774	-	7 774	-
– short-term	12 321	-	12 321	-
3. Other provisions	1 416 050	-	1 416 050	-
– long-term	93 099	-	93 099	-
– short-term	1 322 951	-	1 322 951	-
II. Long-term liabilities	129	-	129	-
1. To related entities	-	-	-	-
2. To other entities in which the entity has equity interests	-	-	-	-
3. To other entities	129	-	129	-
a) loans and borrowings	-	-	-	-
b) on account of debt securities issue	-	-	-	-
c) other financial liabilities	-	-	-	-
d) bills of exchange	-	-	-	-
e) other	129	-	129	-
III. Short-term liabilities	143 142	6	143 147	(1)
1. Liabilities to related entities	33 589	1	33 589	(1)
a) trade-related, with a maturity date of:	33 586	1	33 586	(1)
– up to 12 months	33 586	1	33 586	(1)
– above 12 months	-	-	-	-
b) other	3	-	3	-

BALANCE SHEET (cont.)

2. Liabilities to other entities, in which the entity has equity interests	-	-	-	-
a) trade-related, with a maturity date of:	-	-	-	-
- up to 12 months	-	-	-	-
- above 12 months	-	-	-	-
b) other	-	-	-	-
3. Liabilities to other entities	103 809	5	103 814	-
a) loans and borrowings	-	-	-	-
b) on account of debt securities issue	-	-	-	-
c) other financial liabilities	-	-	-	-
d) trade-related, with a maturity date of:	82 923	5	82 928	-
- up to 12 months	82 923	5	82 928	-
- above 12 months	-	-	-	-
e) received advance payments for supplies	-	-	-	-
f) bills of exchange	-	-	-	-
g) on account of taxes, customs duties, social and health insurance, and other public-law titles	8 524	-	8 524	-
h) remuneration-related	4 082	-	4 082	-
i) other	8 280	-	8 280	-
4. Special funds	5 744	-	5 744	-
IV. Prepayments and accruals	2 252	-	2 252	-
1. Negative goodwill	-	-	-	-
2. Other prepayments and accruals	2 252	-	2 252	-
- long-term	225	-	225	-
- short-term	2 027	-	2 027	-
Total liabilities	3 082 138	4 993	3 082 130	(5 001)

PROFIT AND LOSS (calculation type)

	<i>Published data</i> ZE PAK SA (unaudited)	<i>Data of</i> PAK ATOM SA (unaudited)	<i>Transformed</i> data (unaudited)	<i>Exclusions</i> connected to the merger (unaudited)
As at 31 March 2023				
A. Net revenues from the sales of products, goods and materials, including:	739 183	-	739 180	(3)
– from affiliates	18 249	-	18 249	-
I. Net revenues from the sales of products	522 167	-	522 164	(3)
II. Net revenues from goods and material sold	217 016	-	217 016	-
B. Costs of products, goods and materials sold, including:	628 956	-	628 956	-
– to affiliates	14 807	-	14 804	-
I. Manufacturing costs of sold products	495 700	-	495 700	-
II. Manufacturing costs of goods and materials sold	133 256	-	133 256	-
C. Gross profit (loss) from sales (A–B)	110 227	-	110 224	(3)
D. Selling costs	449	-	449	-
E. Overheads	17 050	8	17 055	(3)
F. Profit (loss) from sales (C–D–E)	92 728	(8)	92 720	-
G. Other operating revenues	1 148	-	1 148	-
I. Profit from the disposal of non-financial fixed assets	-	-	-	-
II. Grants	-	-	-	-
III. Revaluation of non-financial assets	-	-	-	-
IV. Other operating revenues	1 148	-	1 148	-
H. Other operating costs	5 919	-	5 919	-
I. Profit/loss on disposal of non-financial fixed assets	-	-	-	-
II. Revaluation of non-financial assets	-	-	-	-
III. Other operating costs	5 919	-	5 919	-
I. Profit(loss) on operating activity (F+G–H)	87 957	(8)	87 949	-
J. Financial revenues	13 136	3	13 139	-
I. Dividends and profit distribution, including:	-	-	-	-
a) from affiliates, including:	-	-	-	-
– in which the entity has equity interests	-	-	-	-
b) from other entities, including:	-	-	-	-
– in which the entity has equity interests	-	-	-	-
II. Interest, including:	12 663	3	12 666	-
– from affiliates	7 114	-	7 114	-
III. Profit on the disposal of financial assets, including:	-	-	-	-
– in affiliates	-	-	-	-
IV. Revaluation of financial assets	37	-	37	-
V. Other	436	-	436	-
H. Financial costs	5 384	-	5 384	-
I. Interest, including:	212	-	212	-
– to affiliates	-	-	-	-
II. Loss on disposal of financial assets, including:	-	-	-	-
– in affiliates	-	-	-	-
III. Revaluation of financial assets	-	-	-	-
IV. Other	5 172	-	5 172	-
L. Gross profit (loss) (I+J–K)	95 709	(5)	95 704	-
M. Income tax	7 673	-	7 673	-
N. Other mandatory decrease of profit (increase of loss)	-	-	-	-
O. Net profit (loss) (L–M–N)	88 036	(5)	88 031	-

7. Error adjustment

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

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

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

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

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

<i>Impairment write-downs</i>	<i>31 December 2023</i>	<i>changes</i>			<i>31 March 2024 (unaudited)</i>
		<i>creation</i>	<i>use</i>	<i>redemption</i>	
Inventories	73 307	-	-	-	73 307

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

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

<i>Impairment write-downs</i>	<i>31 December 2023</i>	<i>changes</i>			<i>31 March 2024 (unaudited)</i>
		<i>creation</i>	<i>use</i>	<i>redemption</i>	
Intangible fixed assets	1 278	-	-	-	1 278
Tangible fixed assets	2 990 046	-	-	220	2 989 826
Financial assets	341 168	-	-	-	341 168
Receivables	17 057	-	-	6 951	10 106

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

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

<i>Provisions and accruals</i>	<i>31 December 2023</i>	<i>changes</i>			<i>31 March 2024 (unaudited)</i>
		<i>creation</i>	<i>use</i>	<i>redemption</i>	
Provisions for retirement and similar benefits, including:	27 455	3 036	-	1 323	23 617
– provisions for retirement and post-mortem benefits	10 951	762	-	1 323	10 390
– annual bonus provision	12 411	1 707	5 552	-	8 566
– unused holidays provision	4 093	568	-	-	4 661
CO ₂ emission allowances provision	608 294	141 301	-	-	749 595
Reclamation provision	69 441	-	-	-	69 441
Cost prepayments for:	536	745	250	-	1 031
– fees for the commercial utilization of the environment	-	743	-	-	743
– duty to redeem property rights	200	2	-	-	202
– provision for current year costs	336	-	250	-	86
Deferred income	1 124	800	-	56	1 868
Total	706 850	145 883	5 802	1 379	845 552

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

In the 3-month period concluded on 31 March 2024, there had been a change in the provisions and assets related to deferred income tax, i.e.:

- a change in assets, increasing the tax load by PLN 712 thousand,
- a change in provisions, increasing the tax load by PLN 4 894 thousand.

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

Within the 3-month period concluded on 31 March 2024, the Company:

- purchased or accepted from investments, tangible fixed assets in the amount of PLN 95 thousand,
- sold and liquidated tangible fixed assets with a net value of PLN 64 thousand.

As at 31 March 2024, the liabilities of the Company on account of the purchase of tangible fixed assets amount to PLN 2 574 thousand.

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

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

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

In the 3 months of 2024, ZE PAK SA and subsidiaries, consolidated under the Group, did not conclude transactions with affiliates on other than market terms.

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

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

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

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

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

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

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

During the reporting period until the development date of this financial statement, i.e., 28 May 2024, there were no events, which had not been, and should have been recognised in the accounting books and the financial statement, for the period concluded on 31 March 2024.

20. Events of previous years recognised in the financial statement

Until the date of the financial statement for the period concluded on 31 March 2024, i.e. until 28 May 2024, there were no other significant events regarding the previous years, which had not, and should have had been recognised in the financial statement for the financial year.

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

War in Ukraine

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

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

High volatility of commodity markets (especially the energy and CO₂ allowances markets) means that the Company risks having to replenish open position margins on the futures markets.

In extreme situations, it may lead to problems with ensuring adequate liquidity. Whereas a lower propensity to take risk in financial markets may lead to a worse measurement of assets and foreign currencies in such markets as Poland, which are in the immediate vicinity of war zones. This, in turn, may mean worse measurement of the Company's assets and increased operating expenses.

The scope of sanctions imposed on such countries as Russia or Belarus is also important from the perspective of Company's activities. This is due to the impact such sanctions have on trade in relation to specific goods, energy raw materials in particular. Russia is one of the largest gas and oil suppliers for Europe. Reduced supply of these raw materials clearly translates to electricity price level in Europe and Poland, primarily due to the cross-border electricity exchange.

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

22. Other information

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

- explanations regarding the seasonality or cyclic nature of the issuer's activities within the presented period (CCFS item 9),
- information on significant settlements due to lawsuits (CCFS item 25.1),

- information on changes in contingent liabilities or contingent assets, which had occurred since the end of the last financial year (CCFS items 25.2, 26 and 27),
- information regarding paid (or declared) dividends (CCFS item 21),
- information on significant events after the balance sheet date (CCFS item 32).

Konin, 28 May 2024

SIGNATURES:

Piotr Woźny
President of the Management Board

Maciej Koński
Vice President of the Management Board

Zygmunt Artwik
Vice President of the Management Board

Andrzej Janiszowski
Vice President of the Management Board

Maciej Nietopiel
Vice President of the Management Board

Katarzyna Sobierajska
Vice President of the Management Board

Aneta Desecka
Chief accountant