ZE PAK SA

FINANCIAL STATEMENT
FOR THE YEAR CONCLUDED ON
31 DECEMBER 2024

30 APRIL 2025

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(in PLN thousand)

BALANCE SHEET

Assets

	Note	as at 31 December 2024	as at 31 December 2023
A. Fixed assets		**2 422 186**	**1 883 371**
I. Intangible and legal assets	6	**604 090**	**583 441**
1. Costs of completed development work		-	-
2. Goodwill		-	-
3. Other intangible and legal assets		604 090	583 441
4. Advance payment on intangible and legal assets		-	-
II. Tangible fixed assets	7	**48 267**	**23 189**
1. Tangible assets		4 165	5 973
a) lands (including the perpetual usufruct of land)		1 639	1 645
b) buildings, premises, as well as civil and water engineering facilities		536	1 155
c) technical equipment and machinery		1 145	2 184
d) means of transport		27	55
e) other fixed assets		818	934
2. Capital work in progress		24 459	7 460
3. Advance payments for capital work in progress		19 643	9 756
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	8.1	**1 764 324**	**1 270 397**
1. Real estate		-	-
2. Intangible assets		-	-
3. Long-term financial assets		1 764 324	1 270 397
a) in affiliates		1 205 964	712 865
– shares or stocks		908 525	543 701
– other securities		-	-
– loans granted		297 439	169 164
– other long-term financial assets		-	-
b) in other entities where the entity has equity interest		558 208	557 380
– shares or stocks		543 502	543 502
– other securities		-	-
– loans granted		12 176	11 348
– other long-term financial assets		2 530	2 530
c) in other entities		152	152
– shares or stocks		152	152
– other securities		-	-
– loans granted		-	-
– other long-term financial assets		-	-
4. Other long-term investments		-	-
V. Long-term prepayments	10	**5 505**	**6 344**
1. Deferred income tax assets		4 236	3 961
2. Other prepayments and accruals		1 269	2 383
B. Current assets		**611 083**	**959 250**
I. Inventories	22	**7 990**	**17 008**
1. Materials		7 809	17 007
2. Semi-finished products and products in progress		-	-
3. Finished products		-	-

(in PLN thousand)

4. Goods		177	-
5. Advance payments for supplies		4	1
II. Short-term receivables	9	**362 633**	**715 483**
1. Receivables from affiliates	39.2	11 743	71 677
a) trade-related, with a payment period of:		11 743	71 677
– up to 12 months		11 743	71 677
– above 12 months		-	-
b) other		-	-
2. Receivables from other entities where the entity has equity interests		75 281	85 053
a) trade-related, with a payment period of:		75 281	85 053
– up to 12 months		75 281	85 053
– above 12 months		-	-
b) other		-	-
3. Receivables from other parties		275 609	558 753
a) trade-related, with a payment period of:		80 235	29 958
– up to 12 months		80 235	29 958
– above 12 months		-	-
b) on account of taxes, subsidies, customs duties, social and health insurance, and other benefits		4 891	150 349
c) other		190 483	378 446
d) pursued in court		-	-
III. Short-term investments	8.2	**240 066**	**223 360**
1. Short-term financial assets		240 066	223 360
a) in affiliates		-	1 070
– shares or stocks		-	-
– other securities		-	-
– loans granted		-	1 070
– 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	32	240 066	222 290
– cash in hand and at bank		240 066	222 290
– other cash		-	-
– other monetary assets		-	-
2. Other short-term investments		-	-
IV. Short-term prepayments	10	**394**	**3 399**
C. Basic capital (fund) contributions due		**-**	**-**
D. Equity shares (stocks)		**-**	**-**
Total assets		**3 033 269**	**2 842 621**

Konin, 30 April 2025

(in PLN thousand)

Liabilities

		Note	*as at 31 December 2024*	*as at 31 December 2023*
A. Equity			**2 058 025**	**1 992 833**
I.	**Basic capital (fund)**	11	**101 647**	**101 647**
II.	**Supplementary capital (fund), including:**		**1 881 440**	**1 769 188**
	– sales value (issue value) surplus over the nominal share value (stocks)		380 030	380 030
III.	**Revaluation capital (fund), including:**		**6 274**	**6 274**
	– 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)**
VI.	**Net profit (loss)**		**65 192**	**584 412**
VII.	**Write-offs from net profit during the financial year (negative value)**		**-**	**-**
B. Liabilities and provisions for liabilities			**975 244**	**849 788**
I.	**Provisions for liabilities**	13	**730 341**	**705 190**
	1. Deferred income tax provisions	24	-	-
	2. Provision for retirement and similar benefits		24 109	27 455
	– long-term		8 645	9 241
	– short-term		15 464	18 214
	3. Other provisions		706 232	677 735
	– long-term		55 329	69 441
	– short-term		650 903	608 294
II.	**Long-term liabilities**		**128 304**	**129**
	1. To related entities		-	-
	2. To other entities in which the entity has equity interests		-	-
	3. To other entities		128 304	129
	a) loans and borrowings		-	-
	b) on account of debt securities issue		-	-
	c) other financial liabilities		128 304	-
	d) bills of exchange		-	-
	e) other		-	129
III.	**Short-term liabilities**	15	**115 653**	**142 809**
	1. Liabilities to related entities	39.2	47 483	7 960
	a) trade-related, with a maturity date of:		47 317	7 912
	– up to 12 months		47 317	7 912
	– above 12 months		-	-
	b) other		166	48
	2. Liabilities against other entities, in which the entity has equity interests		1 733	381
	a) trade-related, with a maturity date of:		1 733	381
	– up to 12 months		1 733	381
	– above 12 months		-	-
	b) other		-	-
	3. Liabilities to other entities		63 311	130 898
	a) loans and borrowings		-	-
	b) on account of debt securities issue		-	-
	c) other financial liabilities		-	-
	d) trade-related, with a maturity date of:		42 594	97 707
	– up to 12 months		42 594	97 707
	– above 12 months		-	-

(in PLN thousand)

	e) received advance payments for supplies	31	-
	f) bills of exchange	-	-
	g) on account of taxes, customs duties, social and health insurance, and other public-law titles	10 034	24 776
	h) remuneration-related	4 129	4 206
	i) other	6 523	4 209
	4. Special funds	3 126	3 570
IV.	**Prepayments and accruals**	**946**	**1 660**
	1. Negative goodwill	-	-
	2. Other prepayments and accruals	946	1 660
	– long-term	132	178
	– short-term	814	1 482
Total liabilities		**3 033 269**	**2 842 621**

Konin, 30 April 2025

(in PLN thousand)

PROFIT AND LOSS STATEMENT (calculation variant)

		Note	*Year concluded on 31 December 2024*	*Year concluded on 31 December 2023 (restated data)*
A.	**Net revenues from the sales of products and goods, including:**	*19*	**2 119 031**	**3 213 066**
	– from affiliates	*39.2*	44 077	176 491
	I. Net revenues from the sales of products		1 482 931	2 061 468
	II. Net revenues on goods sold		636 100	1 151 598
B.	**Costs of products and goods sold, including:**		**2 008 108**	**2 549 749**
	– to affiliates		41 158	153 608
	I. Manufacturing costs of sold products	25	1 542 653	1 901 531
	II. Value of goods sold		465 455	648 218
C.	**Gross profit (loss) from sales (A–B)**		**110 923**	**663 317**
D.	Selling costs	25	1 346	1 154
E.	Overheads	*25*	59 088	64 819
F.	**Profit (loss) from sales (C–D–E)**		**50 489**	**597 344**
G.	Other operating revenues	26	15 542	74 194
	I. Profit on the disposal of non-financial fixed assets		-	35 566
	II. Grants		46	46
	III. Revaluation of non-financial assets		9 644	-
	IV. Other operating revenues		5 852	38 582
H.	Other operating costs	*27*	37 660	20 087
	I. Loss on disposal of non-financial fixed assets		36 272	-
	II. Revaluation of non-financial assets		-	-
	III. Other operating costs		1 388	20 087
I.	**Profit(loss) on operating activity (F+G–H)**		**28 371**	**651 451**
J.	Financial revenues	*28*	58 631	63 128
	I. Dividends and profit distribution, including:		8 393	5 949
	a) from affiliates, including:		8 391	5 931
	– in which the entity has equity interests		-	-
	b) from other entities, including:		2	18
	– in which the entity has equity interests		-	-
	II. Interest, including:		32 376	52 663
	– from affiliates		21 756	3 422
	III. Profit on the disposal of financial assets, including:		-	362
	– in affiliates		-	362
	IV. Revaluation of financial assets		-	37
	V. Other		17 862	4 117
H.	Financial costs	*29*	22 140	50 107
	I. Interest, including:		313	819
	– to affiliates		-	-
	II. Loss on disposal of financial assets, including:		-	-
	– in affiliates		-	-
	III. Revaluation of financial assets		71	-
	IV. Other		21 756	49 288
L.	**Gross profit (loss) (I+J–K)**		**64 862**	**664 472**
M.	Income tax	*24*	(330)	80 060
K.	Other mandatory decrease of profit (increase of loss)		-	-
O.	**Net profit (loss) (L–M–N)**		**65 192**	**584 412**

Konin, 30 April 2025

(in PLN thousand)

CASH FLOW STATEMENT (indirect method)

	Note	Year concluded on 31 December 2024	Year concluded on 31 December 2023
A. Cash flows from operating activities			
I. Net profit (loss)		**65 192**	**584 412**
II. Total adjustments		301 995	(1 402 368)
1. Depreciation and amortization	25	4 011	1 952
2. Profits (losses) on foreign exchange differences		2 034	(5 887)
3. Interest and shares in profits (dividends)		(30 713)	(27 618)
4. Profit (loss) on investment activities	33	(16 446)	(40 736)
5. Change in provisions	33	631 809	590 099
6. Change in inventories		9 018	(2 787)
7. Change in receivables	33	355 151	(263 731)
8. Change in short-term liabilities, excluding loans and borrowings	33	(27 277)	43 398
9. Change in prepayments and accruals		2 686	1 344
10. Other adjustments	33	(628 278)	(1 698 402)
III. Net cash flows from operating activities (I±II)		**367 187**	**(817 956)**
B. Cash flows from investment activities			
I. Proceeds		20 763	575 226
1. Disposal of intangible and legal assets, as well as tangible fixed assets		-	66 837
2. Disposal of property, as well as intangible and legal assets		-	-
3. From financial assets, including:	33	20 763	508 389
a) in affiliates		19 724	507 952
b) in other entities		1 039	437
– disposal of financial assets		-	-
– dividends and shares in profits		2	18
– repayment of granted long-term loans		-	-
– interest		-	-
– other proceeds related to financial assets		1 037	419
4. Other investment proceeds		-	-
II. Expenses		367 878	759 701
1. Acquisition of intangible and legal assets, as well as tangible assets	33	27 747	21 954
2. Investments in real estate, as well as intangible and legal assets		-	-
3. Financial assets, including:		340 131	737 747
a) in affiliates	33	340 131	737 747
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)		**(347 115)**	**(184 475)**
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		263	268
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		-	-

(in PLN thousand)

CASH FLOW STATEMENT *(indirect method) (cont.)*

7. Financial lease liability payments		-	-
8. Interest		263	268
9. Other financial expenses		-	-
III. Net cash flows on financial activities (I-II)		**(263)**	**(268)**
D. Total net cash flows (A.III±B.III±C.III)		**19 809**	**(1 002 699)**
E. Cash flow change in the balance sheet, including:		17 775	(996 812)
– cash flow change related to foreign exchange differences		2 034	5 887
F. Cash at beginning of period	*32*	**219 581**	**1 222 280**
G. Cash at end of period (F±D), including	*32*	**239 390**	**219 581**
– restricted cash		7 884	6 792

Konin, 30 April 2025

(in PLN thousand)

STATEMENT OF EQUITY (FUND) CHANGES

	Note	*Year concluded on 31 December 2024*	*Year concluded on 31 December 2023*
I. Equity (fund) at start of period (BO)		**1 992 833**	**1 408 414**
– amendments in accounting principles		-	-
– company merger		-	**7**
I.a. Equity (fund) at start of period (BO), after adjustments		**1 992 833**	**1 408 421**
1. Basic capital (fund) at beginning of period		101 647	101 647
1.1. Basic capital (fund) changes		-	-
a) increase		-	-
b) reduction		-	-
1.2. Basic capital (fund) at end of period	*11*	**101 647**	**101 647**
2. Supplementary capital (fund) at beginning of period		1 769 188	1 766 996
2.1. Supplementary (fund) capital changes		112 252	2 192
a) increase due to		112 252	2 192
– share issue		-	-
– profit distribution		112 252	-
– fixed asset liquidation		-	2 192
b) reduction due to		-	-
– loss coverage		-	-
2.2. Supplementary capital (fund) at end of period		**1 881 440**	**1 769 188**
3. Revaluation capital (fund) at beginning of period – amendments in adopted accounting principles (policy)		6 274	8 466
3.1. Revaluation capital **(fund)** changes		-	(2 192)
a) increase		-	-
b) reduction due to		-	(2 192)
– fixed asset liquidation		-	(2 192)
– fixed asset impairment write-down	*7*	-	-
3.2. Revaluation equity (fund) at end of period		**6 274**	**6 274**
4. Other supplementary capitals **(funds)** at beginning of period		3 472	3 472
4.1. Changes in other supplementary capitals **(funds)**		-	-
a) increase		-	-
b) reduction due to		-	-
– loss coverage		-	-
4.2. Other supplementary capitals (funds) at end of period		**3 472**	**3 472**
5. Profit (loss) from previous years at beginning of period		112 252	(472 160)
5.1. Profit from previous years at beginning of period		584 412	543 584
– amendments in accounting principles		-	-
– error adjustments		-	-
5.2. Profit from previous years at beginning of period, after adjustments		584 412	-
a) increase due to		-	-
– distribution of profit from previous years		-	-
b) reduction due to		(584 412)	(543 584)
– covered losses from previous years		(472 160)	(543 584)
– supplementary capital increase		(112 252)	-
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)
– amendments in accounting principles		-	-
– error adjustments		-	-
5.5. Loss from previous years at beginning of period, after adjustments		(472 160)	(1 015 744)
a) increase due to	*12.1*	-	-
– loss from previous years carried forward to be covered	*12.1*	-	-
b) reduction due to	*12.1*	472 160	543 584

(in PLN thousand)

STATEMENT OF EQUITY CHANGES (cont.)

– distribution of profit from previous years	12.1	472 160	543 584
5.6. Loss from previous years at end of period		-	(472 160)
5.7. Profit (loss) from previous years at end of period		**-**	**(472 160)**
6. Net result		**65 192**	**584 412**
a) net profit	12.1	65 192	584 412
b) net loss		-	-
c) profit write-offs		-	-
II. Equity (fund) at end of period (BZ)		**2 058 025**	**1 992 833**
III. Equity (fund) after recognizing proposed profit distribution (loss coverage)		**2 058 025**	**1 992 833**

Konin, 30 April 2025

INTRODUCTION TO THE FINANCIAL STATEMENT

1. General information about the Company

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

The company is entered into the Register of Entrepreneurs of the National Court Register (KRS) 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, assigned on 21 June 2001.

The Company's NIP (Tax ID) No. is: 665-00-01-645 assigned on 17 September 1993, and a REGON (Business ID) No.: 310186795.

The existence of the Company shall be unlimited.

The Company is the parent entity of the ZE PAK SA Capital Group.

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

1) generation and distribution of electricity (PKD 35.11.Z),
2) generation and sale of thermal power (steam and hot water) (PKD 35.30.Z),

2. Composition of the Management Board

At the beginning of the financial year 2024, the Company's Management Board was composed as follows:

1) Piotr Woźny – President of the Management Board,
2) Zygmunt Artwik – Vice-President of the Management Board,
3) Andrzej Janiszowski – Vice-President of the Management Board,
4) Maciej Koński – Vice-President of the Management Board.
5) Maciej Nietopiel – Vice-President of the Management Board,
6) Katarzyna Sobierajska – Vice-President of the Management Board.

As at the date of publication of this report, the Company Management Board is composed as follows:

1) Piotr Woźny – President of the Management Board,
2) Zygmunt Artwik – Vice-President of the Management Board,
3) Andrzej Janiszowski – Vice-President of the Management Board,
4) Maciej Koński – Vice-President of the Management Board.
5) Maciej Nietopiel – Vice-President of the Management Board,
6) Katarzyna Sobierajska – Vice President of the Management Board.

3. 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 IAS.

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 as at 31 December 2023 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:

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 component fixed assets, provided their operation period differs from the operation period of a given fixed asset. Components are amortized during their usability period. According to the IFRS, a renovations and periodic inspections constitute a specific component. 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

Pursuant 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 they constitute the interest cost adjustment.

Furthermore, the Company would capitalise external financing costs on the liabilities of general nature, employed 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.

(in PLN thousand)

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.

List of differences as at 31 December 2024:

	Balance sheet value acc. to AoA	*Balance sheet value acc. to IFRS*	*Value adjustment*
Tangible fixed assets	48 268	66 238	17 970
Equity	2 058 025	2 037 357	20 668
Deferred tax asset	4 236	4 246	10

List of differences as at 31 December 2023:

	Balance sheet value acc. to AoA	*Balance sheet value acc. to IFRS*	*Value adjustment*
Tangible fixed assets	23 190	42 029	18 839
Equity	1 992 833	2 009 250	86 417
Deferred tax asset	3 960	3 970	10

Summary of the consequences of disclosed differences in net profit and equity:

	31 December 2024	*31 December 2023*
AoA net profit	65 192	584 412
Tangible fixed asset adjustment	243	(10 524)
IAS 19 Adjustment – Actuarial profits (losses)	(754)	1 556
IFRS 16 Adjustment – Lease	(790)	(790)

	31 December 2024	*31 December 2023*
AoA capital	2 058 025	1 992 833
Tangible fixed asset adjustment	16 703	26 990
IAS9 – Asset impairment	(41)	(41)
IFRS 16 Adjustment – Lease	(37 330)	(37 330)

4. Going concern assumption

This financial statement was developed under the Company's going concern assumption for the foreseeable future, at least 12 months after the balance sheet date, i.e. after 31 December 2024. In particular, given the aforementioned more stringent reporting standards for public interest entities and stakeholder protection, the Company's Management Board ("Management Board") notes the following issues.

The Company has been limiting its activities associated with electricity generation for several years. Power units with a total capacity of 644 MW were decommissioned in recent years. The Company is entering 2025 as an operator of its last coal-fired unit at the Pątnów Power Plant, with a capacity of 474 MW. A significant reduction in the scale of basic operating activities translates to lower electricity generation capacity and potential for profiting from it. Simultaneously, please note that the magnitude of reducing fixed costs associated with the operating activities is proportionally lower relative to the scale of operation reduction. In addition, please bear in mind that phasing out generation activities entails a need to incur some of the costs associated with non-generating assets – these are the costs of public and legal tributes (e.g., property tax), which the Group will incur during the period required to achieve the compliance of the site operated over the previous years with certain legal regulations. The time schedule for phasing out Company's generation activities provides for the generation of power based on lignite coal until all the coal from the currently operated Tomisławice open pit mine is extracted. This means that generation activities will not be conducted in the Company beyond the end of H1 2026. After phasing out lignite power generation, certain costs will have to be covered from accumulated funds, the sale of assets or revenues generated by potential new investment projects.

For years the Company has been working in an effort to optimise the use of available assets previously employed within its generation operations. The most advanced project at present, for which the Company is a guaranteed contributor, is the construction of a 574 MW CCGT gas unit at the site of the former Adamów coal-fired power plant. It is implemented by a subsidiary, PAK CCGT sp. z o.o. The project was granted support through winning the capacity market auction in December 2021 and concluding a 17-year capacity contract. Construction work commenced in December 2023. Work progress at the end of 2024 is 33.4%, with the expected unit commissioning date set for Q3 2027. Work is currently underway to secure external funding for the project. This work is extending beyond the originally planned schedule, but there is now a noticeable change in the perception of such projects by financial institutions (due to, among other things, project compatibility with the taxonomy and the possibility of obtaining instruments to secure the repayment of the financing granted for such a project). The project is currently being implemented based on own funds and funds obtained through bridging financing (the acquisition of bridging financing is reported by the Company in the note on events after the balance sheet date in item 42 of this statement).

At the same time, in January 2025, the Company announced the signing of a term sheet with PGE SA on the potential disposal of the project. The document provides for negotiating PGE SA's exclusivity until the end of June 2025, but does not prevent continued search for external debt financing.

The ZE PAK SA Group does not currently have the capacity to finance the project entirely from its own resources. In the absence of a project sales transaction and the simultaneous extended process of obtaining external debt financing, other ways to enable the continuation of the CCGT unit construction or temporary suspend the project will have to be considered. This may involve additional costs and complicate the execution work schedule (project suspension is provided for in certain cases in the contract with the project contractor). In its going concern assessment, the Management Board also considers such alternative scenarios.

The company is also working on using the assets currently employed to generate lignite-based electricity at the Pątnów power plant. One of the potential projects currently being analysed is the modernisation of the 474 MW coal-fired unit at the Pątnów Power Plant and convert it to gas-fired. The advantage of this solution is lower capital expenditure expected than in the case of constructing a gas-fired unit from scratch. Awareness of the high needs of the national power grid in terms of flexible generating units adapted to cooperate with an increasing number of non-controllable RES sources prompted the Company to thoroughly analyse such a solution. For this purpose, the Company has obtained gas network connection conditions and applied for power grid connection conditions, and expects them to be issued by the end of May 2025. However, it should be taken into account that the decision to implement such a project depends on an in-depth analysis of the work schedule and capital expenditure, which the Company is working on assisted by a professional consultant. Also relevant to the decision will be the possible support scheme for the project in question.

The circumstances described above may impact the assessment of the Company's future activities, including the assessment of the Company's going concern. The planned phase-out of the current core coal-based business with all its consequences generates the aforementioned risks, the materialisation of which may adversely affect the Company's future financial standing.

Simultaneously, the Management Board has thoroughly analysed cash flow forecasts and confirms that the said analysis indicates a potential generation of sufficient, positive cash flows, for at least 12 successive months after the date of this financial statement. This analysis was conducted based on assessing the scenarios described above, including under the assumption of selling the currently implemented CCGT project in accordance with the boundary conditions described in the term sheet.

As a result, the Management Board believes that the Company's current financial standing and the cash flows planned under the adopted assumptions allow for an expectation that the Company will not encounter any problems in settling its financial liabilities and fulfilling its business intentions within the 12 months from the date of this financial statement.

5. Merger of commercial companies

In the financial year 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.

6. Adopted accounting principles (policy)

The Company operates based on the following legal acts:

1. Act on accounting of 29 September 1994 (consolidated text, Dz.U. of 2023, item 120, as amended – hereinafter 'AoA', 'Act'),
2. Act of 15 February 1992 on corporate income tax (Dz.U. of 2021, item 2427, as amended),
3. Act of 29 July 2005 on public offering and conditions governing the introduction of financial instruments to organised trading and public companies (consolidated text, Dz.U. of 2021, item 2140), as amended.

4. Regulation of the Minister of Finances of 29 March 2018 on current and periodic information published by issuers of securities and the conditions regarding information required by the law of a non-member state as equivalent (consolidated text, Dz.U. of 2018, item 757, as amended).
5. Regulation of the Minister of Finances of 5 October 2020 on the scope of information disclosed in financial statements and consolidated financial statements required in a prospectus for issuers based in the Republic of Poland, subject to Polish accounting principles (Dz.U. of 2020, item 2000).

The company has implemented the following orders with respect to asset and liability measurement methods:

1. Order No. 35/2003 by the President of the Management Board of ZE PAK SA in Konin dated 1 July 2003 on tangible fixed asset management,
2. Order No. 34/2003 by the President of the Management Board of ZE PAK SA in Konin dated 1 July 2003 on the Corporate Chart of Accounts at ZE PAK SA.

The financial statement has been drawn up pursuant to the historical cost convention, modified in the case of:

- intangible assets,
- fixed assets,
- investments in subsidiaries and other long-term investments,
- other short-term investments (excluding cash and financial assets),
- financial instruments.

The Company applies the following asset and liability valuation and financial result measurement methods:

Tangible fixed assets

The tangible fixed asset initial value is recognized in the books at acquisition price or costs incurred for their production, expansion or modernization. After the initial recognition, the value of fixed assets is reduced by redemption and write-downs against impairment.

Re-estimation is based on separate regulations. Re-estimation result is entered as revaluation capital. After a fixed asset is sold or liquidated, the amount remaining in the revaluation capital is transferred onto supplementary capital. The last re-estimation took place on 1 January 1995.

Costs incurred after commissioning a fixed asset, such as repair and renovation costs, service charges impact the financial result of the financial year they were incurred in. However, if it is possible to demonstrate that such costs caused an increase in expected future economic benefits on account of owning a certain fixed asset, exceeding the originally assumed benefits, they increase the fixed asset initial value.

Fixed assets, except for land, are subject to straight-line depreciation over a period corresponding to their estimated economic useful life period or the shorter of two, economic useful life or usufruct, which is as follows:

- buildings, premises, as well as civil and water engineering facilities from 2 to 27 years,
- technical equipment and machinery from 2 to 27 years,
- means of transport from 2 to 10 years,
- other tangible assets from 2 to 27 years.

The estimates regarding economic useful life and the depreciation method are subject to review at the end of each financial year for the purposes of a verification whether the applied depreciation periods and methods are consistent with the forecast time distribution of economic benefits generated by the fixed asset.

At each balance sheet date, the Company assesses whether the balance sheet value of disclosed assets exceeds the expected values of future economic benefits. If there are premises so indicating, the asset balance sheet value is reduced to the recoverable amount. Permanent impairment write-downs are recognized in other operating costs.

Permanent impairment write-downs related to fixed assets, the measurement of which was updated based on separate regulations, reduce the differences caused by revaluation recognized in the revaluation capital. Potential write-down surplus over the revaluation differences is included in other operating costs.

The capital work in progress value is measured at the amount of total costs directly related to their acquisition or production, including financial costs, minus the permanent impairment write-downs. The capital work in progress also includes investment materials. Capital work in progress is not depreciated until their construction is complete and they are commissioned.

External financing costs related to the construction, adaptation, assembly or improvement of capital work or intangible assets, for the period of construction, adaptation, assembly or improvement are recognized in the value of such assets, if the liabilities have been incurred for this purpose. Other external financing costs are recognized in the income statement.

Permanent impairment of assets

For each balance sheet date, the Company assesses whether there is any objective evidence to a permanent impairment in an asset or group of assets. If such evidence exists, the Company determines an estimated, recoverable value of an asset and applies an impairment write-down in the amount equal to the difference between the recoverable and balance sheet values. The loss resulting from the impairment is recognized in the income statement for the current period. In the event of a previous asset re-estimation, the loss reduces the revaluation capital amount, and is then recognized in the income statement for the current period.

Intangible assets

Intangible assets are recognized if it is probable that they will generate future economic benefits for the Company that can be directly related to said assets. Intangible assets are initially recognized at acquisition or production prices. Following the initial recognition, intangible assets are measured at their acquisition or production prices reduced by redemption and permanent impairment write-downs. Intangible assets are subject to straight-line depreciation over the period corresponding to their estimated economic useful life. The expected economic useful life is as follows:

- licenses – software - 2 years,
- other licenses - 5 years,
- other intangible assets - 5 years.

Intangible assets with an initial value below PLN 3 500 are depreciated once, in the month of their commissioning.

The estimates regarding economic useful life and the depreciation method are subject to review at the end of each financial year for the purposes of a verification whether the applied depreciation periods and methods are consistent with the forecast time distribution of economic benefits generated by given intangible assets.

At each balance sheet date, the Company assesses whether the balance sheet value of disclosed assets exceeds the expected values of future economic benefits. If there are premises so indicating, the asset balance sheet value is reduced to the recoverable amount. Permanent impairment write-downs are recognized in other operating costs.

Emission allowances and their equivalents purchased by the Company for its own needs are recognized as intangible assets. These allowances are measured at the acquisition price for redemption purposes.

Long-term receivables

Long-term receivables include, among others:

- receivables for deposits paid (e.g., under lease agreements),
- receivables from entities with which a bank settlement or arrangement was concluded.

Long-term receivables, like any other receivables, are measured pursuant to Art. 28 of the AoA and during the year, i.e., at the acquisition or creation date – at nominal value, and at the balance sheet date – at required payment value, with due care, reduced by write-downs in justified cases.

Long-term investments

Long-term investments are assets controlled by the entity, which will generate in inflow of economic benefits to the entity in the future. Investments may be non-financial assets, and appear as:

- properties,
- intangible assets,

or financial assets, appearing in such a case as:

- shares and stocks,
- other securities (long-term bills, treasury bonds, etc.),
- long-term loans granted,
- other long-term assets (bills of exchange, cheques, deposits, commercial bills, capital funding).

As at the balance sheet date, long-term investments are measured at acquisition price less permanent impairment write-downs.

Investments in subsidiaries, i.e., controlled entities, joint subsidiaries and affiliates are measured at historical cost minus the potential impairment, and plus contractual contingent liabilities.

The Company recognises estimated conditional payment liability in correspondence with the stocks. Potential deviations related to the liability will adjust stock value in a consecutive period.

Short-term investments (excluding cash and financial instruments)

Short-term investments, excluding cash and financial instruments, are measured at market price (value), and short-term investments with no active market are measured at fair value determined otherwise.

The outcomes of an increase or decrease in short-term investments measured at market prices (values) are recognized accordingly as costs or revenue.

Financial assets

Financial assets, upon entering to accounting books, are measured at cost (acquisition price), which constitutes the fair value of payment made. Transaction costs are recognized in the initial value of these financial instruments. Financial assets are entered into accounting books at the transaction date.

Following initial recognition, financial assets are classified as one of four categories and measured as follows:

	Category	*Measurement method*
1.	Financial assets maintained to the maturity date	At adjusted acquisition price (depreciated cost) determined using the effective interest rate
2.	Loans granted and own receivables	At adjusted acquisition price (depreciated cost) determined using the effective interest rate Receivables with a short maturity date, for which no interest rate has been determined are measured at the amount due
3.	Financial assets for trading	At fair value, and profits/losses on revaluation are recognized in the income statement
4.	Available-for-sale financial assets	At fair value, and profits/losses on revaluation are recognized in the income statement until the investment is sold or its value reduced. At this point, the total revaluation P&L is carried onto the income statement.

The fair value of financial instruments traded within an active market is determined in relation to prices quoted within this market at the balance sheet date. In the absence of a quoted market price, the fair value is estimated based on a quoted market price of a similar instrument or predicted cash flows.

Permanent impairment of financial assets

For each balance sheet date, the Company assesses whether there is any objective evidence to a permanent impairment in a financial asset or group of financial assets. If such evidence exists, the Company determines an estimated, recoverable value of an asset and applies an impairment write-down in the amount equal to the difference between the recoverable and balance sheet values. Write-downs related to a financial asset or portfolio of similar financial assets are determined:

- in the case of financial assets measured at adjusted acquisition price – as the difference between the value of these assets arising from accounting books at the measurement date and the recoverable amount. The recoverable amount shall be the current value of future cash flows expected by the entity, discounted using an effective interest rate, which the entity has applied previously when measuring the overestimated financial asset or portfolio of similar financial assets,
- in the case of financial assets measured at fair value – as the difference between the asset acquisition price and its fair value on the measurement date, with the provision that fair value of debt financial instruments at the measurement date shall be construed as the current value of future cash flows expected by the entity discounted using a current market interest rate applied to similar financial instruments. The loss accumulated up to that date, recognized in the revaluation capital (fund) is included in the financial costs in the amount not lower than the write-down less the part directly recognized as financial costs.
- in the case of other financial assets – as the difference between the asset value arising from the accounting books and the current value of future cash flows expected by the entity, discounted using a current market interest rate applied to similar financial instruments.

Lease

The Company is a party to lease agreements pursuant to which it accepts third-party fixed or intangible assets for paid use or collection of profits over a definite period.

In the case of lease agreements under which substantially the entire risk and benefits arising from ownership of assets constituting agreement subject matter are transferred, the lease subject matter is recognized in the assets as a fixed asset, while the liability in the amount equal to the current value of minimum lease payments determined at the day prior to the lease start date is also recognized. Lease payments are allocated between financial costs and liability balance reduction in a way that enables obtaining a constant interest rate on the remaining unpaid liability. Financial costs are recognized directly in the income statement.

Fixed assets covered by a financial lease agreement are depreciated in a way defined for own fixed assets. However, in the event of uncertainty as to the transfer of the agreement subject matter ownership transfer, the fixed assets used pursuant to financial lease agreements are depreciated over the expected period of use or the lease period, whichever is shorter. Lease payments under lease agreements that do not satisfy the conditions of a financial lease agreement are recognised as costs in the income statement using the straight-line method and over the lease period.

If the sale and leaseback are of financial lease nature, the part of the sales revenue that exceeds the value disclosed in the balance sheet is deferred and recognized in the lease agreement period. If the sale and leaseback are of operating lease nature and if the transaction is concluded at fair value prices, any profits and losses on this account are recognized in the income statement. If the selling price is lower than the fair value, the profits and loss on this account are recognized in the income statement, except for a situation wherein the loss is compensated by future lease payments lower than market prices. In such a situation, the loss is deferred in time and recognized proportionally to lease payments over the period of the expected asset period of use. If the selling price exceeds the fair value, the amount exceeding the fair value is deferred in time and recognized as revenue over the period of the expected asset use period.

Short- and long-term receivables

Trade receivables are disclosed in the amount due less impairment write-downs. Receivables are updated taking into account the probability of their payment through making an impairment write-down. Receivable impairment write-downs are classified accordingly as other operating costs or financial costs – depending on the type of receivable the impairment write-down relates to. Redeemed, overdue or unrecoverable receivables reduce the previously made impairment write-downs related to them. Redeemed, overdue or unrecoverable receivables that have not been subject to impairment write-downs or write-downs covering only a partial value are classified accordingly as other operating costs or financial costs.

Inventories

Inventories are measured at the acquisition price (or production cost) and the net selling price, whichever is lower. Individual assets are measured using the ‘weighted average’ method.

The net selling price is the achievable VAT-free and excise tax-free selling price less discounts, rebates and the like, and less the costs associated with asset adaptation to the sale and making such a sale.

The Company subjects held assets to impairment write-downs. Write-downs for 100% of the value are created for spare parts valued at over PLN 100 thousand that do not circulate for more than 3 years. Inventory impairment write-downs increase other operating costs.

The Company follows a procedure of continuous stock-taking of repair and consumable materials. Production fuel stock is verified on a monthly basis, with the last production fuel stock-taking conducted as at 31 December 2024.

Internally generated assets

The cost of internally generated assets includes costs directly related to a given product and a justified part of the costs indirectly related to their generation.

Direct costs include:

- value of direct materials consumed,
- direct wages,
- wear of specialist tools,
- other costs incurred in relation to bringing the product to the form and place, where it is on the valuation date.

The justified part of indirect costs, relevant for the product generation period, includes variable indirect production costs, which correspond to the level of these costs with the normal use of production capacity. The normal use of production capacity is the average production magnitude for a given number of periods, in accordance with the expectations under typical conditions and taking into account planned renovations.

Generation costs at which assets are measured do not include overheads, selling costs, other operating costs and financial operation costs. Generation costs are transferred to ZE PAK SA assets on the balance sheet date at the latest.

Cash in bank accounts

Domestic cash is disclosed at nominal value. Cash in bank accounts is confirmed based on a bank balance confirmation form. The cash disclosed in the cash flow account consists of cash in hand and bank deposits with maturity below 3 months that have not been yet recognised as investment activities.

Equities

The following capitals are encountered within the Company, which are disclosed in the balance sheet by nominal value, namely:

- Share capital,
- Supplementary capital,
- Revaluation capital,
- Other reserve capitals.

The share capital is disclosed in the amount consistent with the Company's Articles of Association and the entry in the National Court Register.

Supplementary capital is created based on the distribution of profit, surplus from the sales of shares above their nominal value, transfer from Crew Fund and transfer from revaluation supplementary capital.

Provisions

Provisions are recognized when the Company is burdened with an existing obligation (legal or customary) resulting from past events, and when it is certain or highly probable that the fulfilment of this obligation will lead to fund outflow, and when the amount of this liability can be reliably estimated.

Asset liquidation costs are recognized in the current amount of forecast liquidation costs. These provisions are recognized as other prepayments and settled in time over the remaining operation period of equipment to be decommissioned. In the case of decommissioned equipment, provisions for their liquidation costs are recognized as other operating costs. In the Provisions item, the Company also includes the provision for future reclamation costs related to the land where the Company stores waste.

Provisions for leaves, retirement severance benefits and death benefits

The employees of the Company are entitled to holiday leaves specified by the provisions of the Labour Code. The Company creates the provisions for the cost of unused leaves, for which employees were entitled until the balance sheet date.

According to the company remuneration system, the employees are entitled to retirement severance benefits at the moment of retirement, and to death benefits. The provisions for future severance pay is created based on independent actuarial calculations.

Provision for ash landfill reclamation

The obligation to reclaim ash landfill land arises upon commencing their operation. The provision is created based on reports by independent experts who estimate reclamation cost, commissioned by the Management Board of the Company. Estimates concerning projected reclamation costs are analysed periodically; on every reporting date, the size of provision is verified in accordance with current assumptions within the discount and inflation rates. In addition, the Company recognizes an ash landfill asset, which is accounted for with a straight-line method over its operation period. In the subsequent periods the asset is subject to straight-line depreciation over the estimated operation period of the ash storage yard. Simultaneously, over subsequent period the Group recognizes an increase in the provisions resulting from the discount unwinding effect in correspondence with financial costs. The use of the provision is settled in correspondence with financial costs at the end of every reporting period. Potential future changes in the reclamation cost adjust correct asset and provision value.

Provision for CO_2 emission allowances

The Company creates the provision for liabilities associated with the deficit of CO_2 emission allowances in the period, when the actual emission exceeds the allocated allowances. The cost of the created provision is presented in the income statement under selling costs. At the date of allowance redemption, the emission allowances classified as other intangible assets are written-off in correspondence with the provisions for CO_2. emission allowances. The redemption value is adjusted by realized exchange rate differences at the allowance purchase date.

The provision is created in the amount of:

- in a part covered by the allowances held at the balance sheet date – in the value of the held allowances, i.e. purchased at the balance sheet value, received in the zero value.
- in the part not covered by the allowances held at the balance sheet date – in the amount of concluded CO_2 purchase forward contracts measured at the balance sheet date at the average NBP exchange rate.

Provision for the liquidation fixed tangible assets

(in PLN thousand)

The provision for the liquidation of fixed tangible assets is created in the amount arising from received bids for the liquidation of fixed tangible assets. The Company updates the value of the provision on every balance sheet date. The value of the provision due to liquidation of components of tangible fixed assets is discounted on every balance sheet date.

Assets and liabilities denominated in foreign currencies

As at 31 December 2023, the assets and liabilities denominated in currencies other than PLN are converted to PLN using the average NBP exchange rate at the balance sheet date. The foreign exchange differences, which arise from the calculation, are respectively recognised in the financial revenue (costs) item or in cases governed by legislation, capitalised in the value of assets.

The following exchange rates were adopted for the purposes of the measurement:

	31 December 2024	*31 December 2023*
EUR	4.2730	4.3480
USD	4.1012	3.9350

Foreign exchange rate differences

Foreign exchange rate differences related to settlements denominated in foreign currencies, arising at their measurement date and upon the payment of receivables and liabilities in foreign currencies are classified accordingly as revenues or financial costs, and in justified cases – as product generation costs or goods acquisition costs, and the acquisition cost or generation cost of fixed assets, capital work in progress or intangible assets. Foreign exchange rate differences are disclosed in the income statement as offset.

Long-term liabilities

Long-term liabilities are liabilities that become due after 12 months from the balance sheet date. Here the company recognises contingent liabilities on account of stock purchase.

Contingent liabilities mean an obligation to provide benefits, the appearance of which depends on specific events.

The Company measures liabilities at current value arising from the Contract or other documents, taking into account the loss of monetary value over time. The Company recognises estimated conditional payment liability in correspondence with the stocks. Potential deviations related to the liability will adjust stock value in a consecutive period.

Foreign currency liabilities are measured by the Company at the average exchange rate applicable at the balance sheet date and announced by the NBP for a given currency.

Bank loans and borrowings

Upon initial recognition, bank loans and borrowings are recognized as per the cost, which is the value of received cash and which includes credit/loan cost. Next, all bank loans and borrowings, except for liabilities held for trading, are measured at adjusted acquisition price (depreciated cost), using the effective interest rate. Liabilities for trading are measured at fair value. Profit or loss on revaluation to fair value is recognized in the income statement for the current period.

Special funds

The Company has the following special funds:
- Company Employee Benefit Fund (ZFŚS)
- Crew Fund.

Act of 4 March 1994 on the Company Employee Benefit Fund (cons. text, Dz.U. of 2021, item 2445, as amended) stipulates that the Company Employee Benefit Fund shall be created by employers employing at least 50 full-time employees. The Company establishes such a fund and makes periodic write-downs in the amount agreed with Trade Unions. Pursuant to an agreement concluded with the Trade Unions, the Company administers the Inter-Company Employee Benefit Fund of the Company and its subsidiaries. The Fund’s balance sheet includes accumulated revenues of the Fund less the non-refundable expenses of the Fund. The Company discloses the Fund’s balance and the Fund’s assets in the balance sheet separately.

Prepayments and accruals

Loans received for financing pro-ecological investment projects, later redeemed through granting subsidies, are disclosed as other prepayments and accruals and recognized in the income statement for subsequent periods, proportionally to the depreciation of fixed assets purchased or generated as part of financial investments.

The Company conducts cost prepayment aimed at allocating costs related to a given period. Prepayments include costs related to later periods than the period wherein they were incurred, among others, insurance costs, subscriptions and bill of exchange discounts.

Prepayments also include a part of the estimated costs of future land reclamation of ash landfills operated by the Company. These costs are recognized at the discounted value and relate to the outlays that the Company will have to incur to completely fill an ash landfill.

Cost prepayments also include the value of the provisions for Company asset liquidation to be settled.

Accruals include the value of the certificates of origin covering energy produced from renewable energy sources combined with thermal energy and natural gas, and energy efficiency certificates that the entity is obliged to redeem in connection with the supply of electricity to end users. The provision for the obligation to present for redemption the certificates of origin of energy produced from renewable energy sources or in peak load co-generation or energy efficiency is recognised as follows:

- in the part covered by the certificates of origin held at the balance sheet date – in the value of the held certificates,
- in the part uncovered by the certificates of origin at the balance sheet date – at the lower value of the market value of the certificates required to fulfil the obligation at the balance sheet date, and a possible compensatory payment.

Prepayments and accruals of revenues include liquidated damages, compensation from insurance companies, interests increasing the principal amount, negative goodwill and subsidies received for fixed asset generation.

In the revenue prepayment and accruals item, the Company also discloses revenues from future periods associated with the settlement of leaseback P&L.

Revenues from the sales of goods, products and services, interest and dividends

Revenues from sales include due or received amounts on account of the sales of goods and services (less returns, discounts and rebates). Revenues from sales are recognized at net value, i.e., minus the VAT due. Revenues from the sales of purchased energy are recognized as revenues from the sales of goods. The value of revenues from the sales of purchased energy is recognized at the average price of bilateral agreements.

Revenues on the sales of goods also include revenues associated with biomass and diesel sales.

Revenues from interests are recognized upon being accrued (using an effective interest rate), if them being received is certain.

Due dividends are classified as financial costs at the date a competent authority of a relevant company adopts a resolution on profit distribution, unless the resolution stipulates a different dividend right date.

Revenues from the sales of electricity include the value of compensation for stranded costs value. Revenue from compensation is recognized successively to earned compensation rights at the end of each financial year, until the end of their validity period. Per each revenue recognition moment, the Group determines a factor for estimated stranded costs to the total amount of received, returned and expected discounted annual advance payments (including the previously received advance payments). The revenue amount for a given fiscal year is the product of the indicator and previously received amounts of advance payments adjusted with annual impairments, decreased by the revenues for compensation recognized in the previous years. The difference between the total amount of the included income and the total amount of the received advance payments to the total amount of stranded costs is recognised by the Company as:

a) receivables, in the event of a negative difference between the total amount of received advance payments and the revenue recognized in relation to compensation,
b) liabilities, in the event of a positive difference between the total amount of received advance payments and the revenue recognized in relation to compensation.

Since 1 January 2021, the Company has been recognizing capacity market revenues. Revenues from the capacity market are revenues on account of performing capacity contracts (obligations) concluded pursuant to Auction 2021 (primary market) and the performance of the capacity obligation arising from agreements concluded within the secondary market. The capacity market is a market mechanism aimed at ensuring stable electricity supply in the long term. After each month ends, the Company is entitled to remuneration from PSE S.A. for the performance of the capacity obligation.

Operating costs

The Company records costs by type and calculation, and draws up a calculation-based income statement.

Price Difference Payment Fund write-offs

The Company is subject to an obligation of providing write-offs to the Price Difference Payment Fund pursuant to Art. 21 of the Act of 27 October 2022 on emergency measures aimed at limiting electricity prices and supporting certain consumers (Dz. U. of 2022, item 2243) – as electricity producers and power utilities conducting business activity in the field of electricity trading.

Pursuant to Art. 24 and Art. 39 of the said act, write-offs shall be provided for each calendar month in relation to the period from 1 December 2022 until 31 December 2023.

For the financial year 2023, ZE PAK S.A. was obliged to provide a write-off amounting to PLN 43 627 thousand related to trading and PLN 115 680 thousand related to generation. These amounts have been recognized under “Taxes and fees” in the Income Statement. The Company recognizes these write-offs as payments. They are charged in the month when the obligation arises.

General production costs

General production costs are recognized statistically for electricity and thermal energy sold, and for other work and services proportionally to direct wages burdening other work and services.

Corporate Income Tax

The basis to calculate the income task is the gross profit adjusted for permanent and temporary differences between income determined for tax purpose and the balance sheet financial result. Temporary differences on account of income tax are recognized in the balance sheet as provisions for deferred income tax (positive difference) or as prepayments (negative differences).

Deferred income tax

Deferred income tax is determined using the balance liability method in relation to all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their balance sheet value presented in the financial statement. The deferred income tax provision is created in relation to all positive temporary differences, unless the deferred income tax provision arises as a result of goodwill depreciation or an initial recognition of an asset or liability upon a transaction that does not constitute a merger, and upon its conclusion does neither impact the gross financial result nor the taxable income or tax loss.

The deferred income tax asset is recognised in relation to all negative temporary differences and unused tax losses transferred to future years, in the amount to which it is probable that a taxable profit enabling the use of the said losses is achieved.

In the case of negative temporary differences resulted from shares in subsidiaries or affiliates and shares in joint subsidiaries, the deferred income tax asset component is recognised in the balance sheet only to the extent that it is probable that in the predictable future, the above-mentioned temporary differences will be reversed and the taxable income, which enables the negative temporary differences to be deducted, will be achieved.

The balance sheet value of the assets' component for the deferred tax is reviewed on every balance sheet date and reduced to the extent that it is no longer probable that the taxable income sufficient for a partial or complete realisation of the assets' component for the deferred tax will be achieved.

Deferred income tax assets and deferred income tax provisions are measured using tax rates that will apply, according to the regulations enacted by the balance sheet date, in the period when the asset is realised or the provision released. Deferred tax assets and deferred tax provisions are disclosed in the balance sheet by compensated value.

Konin, 30 April 2025

ADDITIONAL INFORMATION AND EXPLANATIONS TO THE FINANCIAL STATEMENT

1. Information on significant events related to previous years, included in the financial year financial statement

Until the date of signing the financial statement for financial year, there were no other significant events regarding the previous years that should have been recognised in the financial statement for the financial year.

2. Information on significant events after the balance sheet date and not recognized in the financial statement

On 1 January 2025, the Company acquired shares in 10 companies of ORSTED Polska OF SP 1-10.

On 23 January 2025, the Company and PGE Polska Grupa Energetyczna SA concluded a term sheet document related to a potential disposal by ZE PAK SA to PGE SA of:

- 100% shares in the PAK CCGT sp. z o.o. special purpose vehicle ('Shares'), which is constructing a CCGT gas-fired 600 MWe unit along with auxiliary infrastructure ('CCGT unit'). The general contractor of the investment project is a consortium of Siemens Energy Global GmbH Co KG, Siemens Energy sp. z o.o. and Mytilineos SA (the Company announced the conclusion of a contract for the CCGT unit construction through a current report 22/2023 dated 20 November 2023)
- 50% of the stocks in PGE PAK Energia Jądrowa SA ('Stocks'). Currently, PGE SA and ZE PAK SA hold 50% of the stocks in PGE PAK Energia Jądrowa SA. The activities of PGE PAK Energia Jądrowa SA focus on developing a nuclear power plant construction project in the Konin region. The company holds a principal decision related to the construction of a nuclear power plant issued by the Minister of Climate and Environment in November 2023.

Under the Term Sheet, the parties agreed fundamental terms of a potential transaction of Share and Stock disposal and PGE SA's exclusivity in relation to conducting negotiations by 30 June 2025 (planned date of transaction closure). The exclusivity referred to in the preceding sentence shall not apply to activities conducted by PAK CCGT sp. z o.o. in terms of acquiring funding under "Project Finance" that will be continued. The Term Sheet does not oblige the parties to complete the transaction. The detailed terms of a potential transaction will be determined after PGE conducts a due diligence study with the help of third-party legal, financial and tax consultants, as well as technical and environmental advisers.

3. Changes in the accounting principles (policy) in the financial year

Financial statements for the current and previous financial years were developed using identical accounting principles (policy) and financial statement data presentation methods. The Company only added principles concerning *Long-term liabilities* associated with a contingent liability arising upon the acquisition of shares in companies.

4. Error adjustment and comparative data restatement

No adjustments of errors, which would affect the comparability of the financial data for the preceding year with the financial statement data for the current year have been made in the current financial year.

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

In the current period, pursuant to the amendment to the Accounting Act (Dz.U. of 2024, item 1863), there was a change in the recognition of revenue from the sale of materials that the Company purchased for its operating activities but which had not been used or changed their purpose. In addition, we changed the presentation of *Revenue on sureties granted* in the current year. As a result of the change, the figures in this statement have been restated as if it had been in force at the beginning of the previous financial year. Presentation of numerical information ensures comparability of the data in the financial statement for the preceding year and the financial statement for the current financial year.

(in PLN thousand)

The impact of a change on the sales P&L in the current period is as follows:

A. Net revenues on the sales of products and goods, including:	(2 229)
B. Costs of products and goods sold, including:	1 537
C. Gross profit (loss) from sales (A–B)	(692)
G. Other sales revenues (Other)	692

The restated data for 2023 can be found below.

PROFIT AND LOSS STATEMENT (calculation variant)

	Published data	*Restated data*	*Change in data presentation (material sales)*	*Change in data presentation (sureties granted)*
A. Net revenues on the sales of products and goods, including:	**3 215 623**	**3 213 066**	**(2 557)**	**-**
– from affiliates	176 491	176 491	-	-
I. Net revenues from product sales	2 061 468	2 061 468	-	-
II. Net revenues on goods sold	1 154 155	1 151 598	(2 557)	
B. Costs of products and goods sold, including:	**2 551 053**	**2 549 749**	**(1 304)**	**-**
– to affiliates	153 608	153 608	-	-
I. Manufacturing costs of products sold	1 901 531	1 901 531	-	-
II. Manufacturing costs of goods and materials sold	649 522	648 218	(1 304)	-
C. Gross profit (loss) from sales (A–B)	**664 570**	**663 317**	**(1 253)**	**-**
D. Selling costs	1 154	1 154	-	-
E. Overheads	64 819	64 819	-	-
F. Profit (loss) from sales (C–D–E)	**598 597**	**597 344**	**(1 253)**	**-**
G. Other operating revenues	75 722	74 194	1 253	(2 781)
I. Profit from the disposal of non-financial fixed assets	35 566	35 566	-	-
II. Grants	46	46	-	-
III. Revaluation of non-financial assets	-	-	-	-
IV. Other operating revenues	40 110	38 582	1 253	(2 781)
H. Other operating costs	20 087	20 087	-	-
I. Loss on disposal of non-financial fixed assets	-	-	-	-
II. Revaluation of non-financial assets	-	-	-	-
III. Other operating costs	20 087	20 087	-	-
I. Profit(loss) on operating activity (F+G–H)	**654 232**	**651 451**	**-**	**(2 781)**
J. Financial revenues	60 347	63 128	-	2 781
I. Dividends and profit distribution, incl.:	5 949	5 949	-	-
a) from affiliates, including:	5 931	5 931	-	-
– in which the entity has equity interests	-	-	-	-
b) from other entities, including:	18	18	-	-
– in which the entity has equity interests	-	-	-	-
II. Interest, including:	52 663	52 663	-	-
– from affiliates	3 422	3 422	-	-
III. Profit on the disposal of financial assets, including:	362	362	-	-
– in affiliates	362	362	-	-
IV. Revaluation of financial assets	37	37	-	-
V. Other	1 336	4 117	-	2 781
K. Financial costs	50 107	50 107	-	-
I. Interest, incl.:	819	819	-	-
– to affiliates	-	-	-	-

II. Loss on disposal of financial assets, including:	-	-	-	-
– in affiliates	-	-	-	-
III. Revaluation of financial assets	-	-	-	-
IV. Other	49 288	49 288	-	-
L. Gross profit (loss) (I+J–K)	**664 472**	**664 472**	**-**	**-**
M. Income tax	80 060	80 060	-	-
K. Other mandatory decrease of profit (increase of loss)	-	-	-	-
O. Net profit (loss) (L–M–N)	**584 412**	**584 412**	**-**	**-**

6. Intangible assets

Year concluded on 31 December 2024

	Concessions, patents, licenses and similar values	*Other intangible assets*	*Advance payment on intangible assets*	*Total*
Initial value				
Opening balance	17 530	581 071	-	598 601
Increase, including:	368	832 238	-	832 606
– acquisition	-	832 238	-	832 238
– transfers from capital work in progress	368	-	-	368
Reductions, incl.:	-	810 618	-	810 618
– CO_2 emission allowance redemption	-	606 658	-	606 658
– decommissioning	-	-	-	-
– sales	-	203 960	-	203 960
Closing balance	**17 898**	**602 691**	**-**	**620 589**
Redemption				
Opening balance	13 879	3	-	13 882
Increase, including:	1 339	-	-	1 339
– period depreciation	1 339	-	-	1 339
– other	-	-	-	-
– transfers	-	-	-	-
Reductions, incl.:	-	-	-	-
– sales	-	-	-	-
– decommissioning	-	-	-	-
Closing balance	**15 218**	**3**	**-**	**15 221**
Impairment write-downs				
Opening balance	1 278	-	-	1 278
Increases	-	-	-	-
Reductions, incl.:	-	-	-	-
– utilization	-	-	-	-
– write-down adjustment	-	-	-	-
Closing balance	**1 278**	**-**	**-**	**1 278**
Net value				
Opening balance	**2 373**	**581 068**	**-**	**583 441**
Closing balance	**1 402**	**602 688**	**-**	**604 090**

Year concluded on 31 December 2023

	Concessions, patents, licenses and similar values	*Other intangible assets*	*Advance payment on intangible assets*	*Total*
Initial value				
Opening balance	20 539	3	-	20 542
Increase, including:	635	1 734 582	-	1 735 217
– acquisition	-	1 698 402	-	1 698 402

(in PLN thousand)

– release of CO_2 emission allowances from the IRGiT SA collateral	-	36 180	-	36 180
– transfers from capital work in progress	635	-	-	635
Reductions, incl.:	3 644	1 153 514	-	1 157 158
– CO_2 emission allowance redemption	-	1 153 514	-	1 153 514
– decommissioning	3 644	-	-	3 644
– sales	-	-	-	-
Closing balance	**17 530**	**581 071**	**-**	**598 601**
Redemption				
Opening balance	16 841	3	-	16 844
Increase, including:	682	-	-	682
– period depreciation	682	-	-	682
– other	-	-	-	-
– transfers	-	-	-	-
Reductions, incl.:	3 644	-	-	3 644
– sales	-	-	-	-
– decommissioning	3 644	-	-	3 644
Closing balance	**13 879**	**3**	**-**	**13 882**
Impairment write-downs				
Opening balance	1 278	-	-	1 278
Increases	-	-	-	-
Reductions, incl.:	-	-	-	-
– utilization	-	-	-	-
– write-down adjustment	-	-	-	-
Closing balance	**1 278**	**-**	**-**	**1 278**
Net value				
Opening balance	2 420		-	2 420
Closing balance	**2 373**	**581 068**	**-**	**583 441**

Intangible asset ownership structure:

	31 December 2024	*31 December 2023*
Own	**604 090**	**583 441**
Used under a rental, tenancy or other agreement, including a lease agreement	-	-
Total	**604 090**	**583 441**

(in PLN thousand)

7. Tangible fixed assets

Year concluded on 31 December 2024

-	*Lands (including the perpetual usufruct of land)*	*Buildings, premises, as well as civil and water engineering facilities*	*Technical equipment and machinery*	*Means of transport*	*Other fixed assets*	*Capital work in progress*	*Advance payments for capital work in progress*	*Total*
Initial value								
Opening balance	1 854	1 532 271	4 154 998	3 368	10 119	7 643	9 756	5 720 009
Increase, including:	1	-	440	-	490	16 999	14 765	32 695
– acquisition	1	-	128	-	35	18 134	14 765	33 063
– transfers to fixed assets	-	-	312	-	455	(767)	-	-
– transfers to intangible assets	-	-	-	-	-	(368)	-	(368)
Reductions, incl.:	-	3 755	596	2	27	-	4 878	9 258
– sales	-	4	330	-	-	-	-	334
– decommissioning	-	3 751	266	2	27	-	-	4 046
– other	-	-	-	-	-	-	4 878	4 878
Closing balance	**1 855**	**1 528 516**	**4 154 842**	**3 366**	**10 582**	**24 642**	**9 756**	**5 743 446**
Redemption								
Opening balance	209	683 560	2 012 525	2 111	8 369	-	-	2 706 774
Increase, including:	7	619	1 412	28	606	-	-	2 672
– period depreciation	7	619	1 412	28	606	-	-	2 672
Reductions, incl.:	-	3 535	522	2	27	-	-	4 086
– sales	-	4	265	-	-	-	-	269
– decommissioning -	-	3 531	257	2	27	-	-	3 817
Closing balance	**216**	**680 644**	**2 013 415**	**2 137**	**8 948**	**-**	**-**	**2 705 360**
Impairment write-downs								
Opening balance	-	847 556	2 140 289	1 202	816	183	-	2 990 046
Increase, including:	-	-	-	-	-	-	-	-
– transfers to fixed assets	-	-	-	-	-	-	-	-
Reductions	-	220	7	-	-	-	-	227
Closing balance	**-**	**847 336**	**2 140 282**	**1 202**	**816**	**183**	**-**	**2 989 819**
Net value								
Opening balance	**1 645**	**1 155**	**2 184**	**55**	**934**	**7 460**	**9 756**	**23 189**
Closing balance	**1 639**	**536**	**1 145**	**27**	**818**	**24 459**	**19 643**	**48 267**

(in PLN thousand)

Year concluded on 31 December 2023

	Lands (including the perpetual usufruct of land)	*Buildings, premises, as well as civil and water engineering facilities*	*Technical equipment and machinery*	*Means of transport*	*Other fixed assets*	*Capital work in progress*	*Advance payments for capital work in progress*	*Total*
Initial value								
Opening balance	1 849	1 550 608	4 157 222	3 599	9 772	15 844	17 668	5 756 562
Increase, including:	10	78	871	2	430	3 270	9 756	14 417
– acquisition	10	-	48	2	53	5 183	9 756	15 052
– transfers to fixed assets	-	78	823	-	377	(1 278)	-	-
– transfers to intangible assets	-	-	-	-	-	(635)	-	(635)
Reductions, incl.:	5	18 415	3 095	233	83	11 471	17 668	50 970
– sales	5	10 852	949	233	2	9 680	-	21 721
– decommissioning	-	7 563	2 146	-	81	-	-	9 790
– sales of receivables	-	-	-	-	-	-	17 668	17 668
– other	-	-	-	-	-	1 791	-	1 791
Closing balance	**1 854**	**1 532 271**	**4 154 998**	**3 368**	**10 119**	**7 643**	**9 756**	**5 720 009**
Redemption								
Opening balance	202	700 477	2 014 376	2 333	8 225	-	-	2 725 613
Increase, including:	7	41	984	11	227	-	-	1 270
– period depreciation	7	41	984	11	227	-	-	1 270
Reductions, incl.:	-	16 958	2 835	233	83	-	-	20 109
– sales	-	9 855	840	233	2	-	-	10 930
– decommissioning -	-	7 103	1 995	-	81	-	-	9 179
Closing balance	**209**	**683 560**	**2 012 525**	**2 111**	**8 369**	**-**	**-**	**2 706 774**
Impairment write-downs								
Opening balance	-	849 012	2 140 455	1 202	816	183	-	2 991 668
Increase, including:	-	-	-	-	-	-	-	-
– transfers to fixed assets	-	-	-	-	-	-	-	-
Reductions	-	1 456	166	-	-	-	-	1 622
Closing balance	**-**	**847 556**	**2 140 289**	**1 202**	**816**	**183**	**-**	**2 990 046**
Net value								
Opening balance	**1 647**	**1 119**	**2 391**	**64**	**731**	**13 870**	**17 668**	**37 490**
Closing balance	**1 645**	**1 155**	**2 184**	**55**	**934**	**7 460**	**9 756**	**23 189**

(in PLN thousand)

Tangible fixed asset ownership structure:

	31 December 2024	*31 December 2023*
Own	**48 267**	**23 189**
Used under a rental, tenancy or other agreement, including a lease agreement	-	-
Total	**48 267**	**23 189**

The balance sheet value of land in perpetual usufruct as at 31 December 2024 was PLN 1 639 thousand (PLN 1 645 thousand on 31 December 2023).

Capital expenditure by ZE PAK SA in 2024 amounted to PLN 18 134 thousand (PLN 5 183 thousand in 2023), including PLN 13 129 thousand on environmental protection (no expenditure on environmental protection in 2023). In addition, the Company made advance payments of PLN 14 756 thousand on capital work in progress.

The investments planned for 2025 amount to PLN 14 756 thousand, including PLN 5 700 thousand on environmental protection.

Tangible fixed asset impairment test

According to NAS No. 4, the units generating economic benefits are the smallest identifiable groups of assets which generate cash inflows of the current use that are largely independent of the cash inflows from other assets or groups of assets. If there are any prerequisites that a given asset may be impaired, a 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 unit generating economic benefits, to which the asset belongs.

While distinguishing the units generating economic benefits within the Company's assets, it was primarily important to analyse the autonomy of generated economic benefits in terms of the Company functioning.

As at 31 December 2024, there was one unit generating cash, i.e., fixed (generating) assets separated at ZE PAK SA – unit No. 9 of the Pątnów Power Plant (formerly the so-called Pątnów II Power Plant) ('Pątnów Power Plant CGU') – in relation with decommissioning all other power units.

In accordance with Art. 7(1) and Art. 28 of the Act of 29 September 1994 on accountancy and the National Accounting Standard No. 4 "Value impairment of assets" at the end of every reporting period, the Company's Management Board evaluates whether there are any prerequisites indicating that there may have occurred a loss in the value of components of fixed assets. In case of statement that there are such prerequisites, the Company estimates a recoverable value of assets' components. Therefore, the Company always analyses the prerequisites that might affect a loss in the value of any of the assets' components, and determines the units generating economic benefits within the Company. The main premise was the periodic Parent Company's stock market capitalization below the net asset carrying amount.

Given that the current baseline operating scenario provides for the operation of Unit No. 9 at Pątnów Power Plant units until the end of H1 2026 at most and a significant part of the assets within the "Pątnów Power Plant CGU" had already been written off, i.e., up to land value, the Group waived the testing of these assets as at 31 December 2024.

The Company believes that there were premises at the end of the reporting period to conduct tests for the impairment of shares in PAK CCGT sp. z o.o., Energia Przykona X sp. z o.o. and Neo Energia Przykona X sp. z o.o. held by ZE PAK SA.

In the case of projects implemented by Energia Przykona sp. z o.o. and Neo Energia Przykona X sp. z o.o. ('RES projects'), the main rationale behind the tests was the dynamic changes in the electricity market, mainly related to electricity prices. In the case of the project implemented by PAK CCGT sp. z o.o. ('CCGT project'), the additional significant parameters included changes in the prices of gas and CO_2 emission allowances.

The fixed asset impairment tests were conducted by the Company based on financial models that took into account the planned operating period, including 30 years for RES projects and 25 years for the CCGT project.

The following main assumptions were adopted in relation to RES projects:

- electricity generation volumes adopted based on wind intensity reports;
- electricity sales prices adopted based on forecasts developed by an independent, third-party consultant;
- operating costs adopted based on standards adopted for such projects;
- discount rate of 9.10% adopted.

The following main assumptions were adopted in relation to the CCGT project:

- potential electricity generation volumes adopted based on forecasts developed by an independent, third-party consultant;

(in PLN thousand)

- electricity sales, gas purchase and CO_2 emission allowance purchase prices were adopted based on forecasts developed by an independent, third-party consultant;
- from mid-2027 onwards, capacity market revenues were assumed based on the results of the auction on 16 December 2021;
- other operating costs adopted based on standards assumed for such projects;
- discount rate of 10.00% adopted.

The Tests was conducted as at 31 December 2024.

The following test results were obtained:

	recoverable amount	*carrying amount*	*difference*
PAK CCGT sp. z o.o.	2 616 599	755 658	+1 860 941
Energia Przykona sp. z o.o.	248 272	244 592	+3 680
Neo Energia Przykona X sp. z o.o.	151 199	143 409	+7 790

In the case of all conducted tests, the recoverable amount exceeded the balance sheet value, and thus, no impairment of tested assets was identified.

The recoverable and carrying amount would be equated due to a change in any of the following parameters:

	operating cash flow changes by	*discount rate changes by*
PAK CCGT sp. z o.o.	-41.33%	+7.60 p.p.
Energia Przykona sp. z o.o.	-0.17%	+0.02 p.p.
Neo Energia Przykona X sp. z o.o	-0.59%	+0.06 p.p.

8. Investments

8.1. Long-term investments

Year concluded on 31 December 2024

	Shares and stocks in affiliated entities	*Loans granted to affiliated entities*	*Other assets in other entities*	*Shares and stocks in other entities*	*Loans granted to other entities*	*Total*
Opening balance, of which:	543 701	169 164	2 530	543 654	11 348	1 270 397
Gross value	780 135	169 164	2 530	648 388	-	1 611 565
Impairment write-downs	(236 434)	-	-	(104 734)	-	(341 168)
Increase, including:	364 824	128 275	-	-	828	493 927
− acquisition	364 824	105 449	-	-	-	470 273
− interest capitalisation	-	24 031	-	-	-	24 031
− interest accrued		(2 275)			828	(1 447)
− loan/share reclass.	-	1 070	-	-	-	1 070
Reductions, incl.:	-	-	-	-	-	-
− repayment	-	-	-	-	-	-
− interest repayment	-	-	-	-	-	-
− sales	-	-	-	-	-	-
Closing balance, of which:	**908 525**	**297 439**	**2 530**	**543 654**	**12 176**	**1 764 324**
Gross value	1 144 959	297 439	2 530	648 388	12 176	2 105 492
Impairment write-downs	(236 434)	-	-	(104 734)	-	(341 168)

On 27 June 2024, the Company acquired 99% of the shares in Energia Przykona sp. z o.o. and Neo Energia Przykona X sp. z o.o. for PLN 348 844 thousand, and increased the capital in PGE PAK Energia Jądrowa by PLN 14 124 thousand. On the Company paid for the shares in 10 companies of ORSTED Polska OF SPV 1-10 for PLN 1 856 thousand (the shares were acquired on 1 January 2025). The Company conducted tests for the impairment of shares in PAK CCGT sp. z o.o., Energia Przykona X sp. z o.o. and Neo Energia Przykona X sp. z o.o. The conducted tests did not indicate share impairment.

The balance under *Loans granted to affiliated entities* comprises the following items:

(in PLN thousand)

Borrower	*Granted loan amount (capital)*	*Amount of loan used with interest*	*Currency*	*Interest*	*Due date*
PAK CCGT sp. z o.o.	3 500	3 861	PLN	WIBOR 3M plus margin	30 June 2026
PAK CCGT sp. z o.o.	7 000	4 384	PLN	WIBOR 3M plus margin	30 June 2026
PAK CCGT sp. z o.o.	150	193	PLN	WIBOR 6M plus margin	30 June 2026
PAK CCGT sp. z o.o.	950	1165	PLN	WIBOR 3M plus margin	30 June 2026
PAK CCGT sp. z o.o.	600 000	246 062	PLN	WIBOR 3M plus margin	31 December 2041
PAK-OZE 5 sp. z o.o.	4 500	2 616	PLN	WIBOR 3M plus margin	31 December 2027
Energia Przykona sp. z o.o.	29 700	6 268	PLN	WIBOR 3M plus margin	31 December 2027
Energia Przykona sp. z o.o.	17 745	20 440	PLN	WIBOR 3M plus margin	31 December 2027
Energia Przykona sp. z o.o.	17 000	2 396	PLN	WIBOR 3M plus margin	31 December 2027
Energia Przykona sp. z o.o.	215	236	EUR	EURIBOR 3M plus margin	31 December 2027
Neo Energia Przykona X sp. z o.o.	3 351	3 639	PLN	WIBOR 3M plus margin	31 December 2027
Neo Energia Przykona X sp. z o.o.	1 185	1 265	EUR	EURIBOR 3M plus margin	31 December 2027

Interest on long-term loans is capitalised at the end of the financial year in accordance with the Agreement.

Year concluded on 31 December 2023

	Shares and stocks in affiliated entities	*Loans granted to affiliated entities*	*Other assets in other entities*	*Shares and stocks in other entities*	*Loans granted to other entities*	*Total*
Opening balance, of which:	685 342	41 557	2 530	152	-	729 581
Gross value	950 613	41 557	2 530	76 049	-	1 070 749
Impairment write-downs	(265 271)	-	-	(75 897)	-	(341 168)
Increase, including:	518 524	169 164	-	543 302	11 348	1 242 538
− acquisition	518 524	167 400	-	-	-	685 924
− interest capitalisation	-	1 764	-	-	-	1 764
− loan/share reclass.	-	-	-	543 302	11 348	554 850
Reductions, incl.:	660 165	41 557	-	-	-	701 722
− repayment	-	30 000	-	-	-	30 000
− interest repayment	-	209	-	-	-	209
− sales	116 663	-	-	-	-	116 663
− loan/share reclass.	543 502	11 348	-	-	-	554 850
Closing balance, of which:	**543 701**	**169 164**	**2 530**	**543 654**	**11 348**	**1 270 397**
Gross value	780 135	169 164	2 530	648 388	11 348	1 611 565
Impairment write-downs	(236 434)	-	-	(104 734)	-	(341 168)

On 3 July 2023, the company sold 10.09% shares of PAK – Polska Czysta Energia sp. z o.o. for PLN 117 026 thousand. The cost of this transaction is recognized in the item 'sales', in the amount of PLN 116 663 thousand.

In 2023, ZE PAK SA established new affiliated entities, which are listed below with the amounts of contributions:

- PGE PAK Energia Jądrowa SA PLN 5 000 thousand.

PAK CCGT sp. z o.o. recorded capital increase of PLN 478 788 thousand in 2023. The capital was covered in cash.

The company acquired 100% shares in PAK Serwis sp. z o.o. for PLN 34 643 thousand and in Horset for PLN 93 thousand.

The balance under *Loans granted to affiliated entities* comprises the following items:

Borrower	*Granted loan amount (capital)*	*Currency*	*Interest*	*Due date*
PAK CCGT sp. z o.o.	3 500	PLN	WIBOR 3M plus margin	30 June 2026
PAK CCGT sp. z o.o.	3 900	PLN	WIBOR 3M plus margin	30 June 2026
PAK CCGT sp. z o.o.	150	PLN	WIBOR 3M plus margin	30 June 2026
PAK CCGT sp. z o.o.	160 000	PLN	WIBOR 3M plus margin	31 December 2041

Interest on long-term loans is capitalised at the end of the financial year in accordance with the Agreement.

(in PLN thousand)

8.2. Short-term investments

Year concluded on 31 December 2024

	Shares and stocks in affiliated entities	*Loans granted to affiliated entities*	*Other assets in affiliated entities*	*Shares and stocks in other entities*	*Measurement of futures contracts*	*Total*
Opening balance, of which:	-	1 070	-	-	-	1 070
Gross value	-	1 070	-	-	-	1 070
Impairment write-downs	-	-	-	-	-	-
Increase, including:	-	-	-	-	-	-
– acquisition	-	-	-	-	-	-
– interest accrued		-	-	-	-	-
Reductions, incl.:	-	1 070	-	-	-	1 070
–	-	1 070	-	-	-	1 070
Closing balance, of which	**-**	**-**	**-**	**-**	**-**	**-**
Gross value	-	-	-	-	-	-
Impairment write-downs	-	-	-	-	-	-

In 2024, the loan granted to PAK CCGT sp. z o.o. in the amount of PLN 950 thousand, together with interest accrued, was reclassified to *Long-term investments*.

Year concluded on 31 December 2023

	Shares and stocks in affiliated entities	*Loans granted to affiliated entities*	*Other assets in affiliated entities*	*Shares and stocks in other entities*	*Measurement of futures contracts*	*Total*
Opening balance, of which:	-	281 499	-	-	-	281 499
Gross value	-	281 499	-	-	-	281 499
Impairment write-downs	-	-	-	-	-	-
Increase, including:	-	53 392	-	-	-	53 392
– acquisition	-	52 322	-	-	-	52 322
– reclass from long-term part	-	1 070	-	-	-	1 070
– interest accrued		-	-	-	-	-
Reductions, incl.:	-	333 821	-	-	-	333 821
– repayment	-	332 678	-	-	-	332 678
– sales	-	-	-	-	-	-
– revaluation	-	1 143	-	-	-	1 143
Closing balance, of which	**-**	**1 070**	**-**	**-**	**-**	**1 070**
Gross value	-	1 070	-	-	-	1 070
Impairment write-downs	-	-	-	-	-	-

The balance under *Loans granted to affiliated entities* comprises the following items:

PAK CCGT sp. z o.o.	PLN 950 thousand.	PLN	WIBOR 3M plus margin	30 June 2024

In 2023, the borrowers repaid loans amounting to PLN 333 678 thousand, together with the interest due.

9. Short-term receivables

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023*
Trade receivables, including:	167 259	186 688
– from affiliates	11 743	71 677
– from other entities	80 235	29 958
– from other entities where the company has equity interest	75 281	85 053
Receivables on account of taxes, subsidies, customs duties, social and health insurance, and other public-law issues, including:	4 891	150 349
– VAT	4 891	150 349
Other, including:	190 483	378 446
– receivables on account of LTC release	-	33 121
– advances, deposits and security deposits, including:	188 890	343 497
• IRGiT SA	34 923	26 261
• PGE Dom Maklerski SA	103 154	282 091

(in PLN thousand)

• PSE SA	50 611	34 943
• other	202	202
– receivables on account of loans and other ZFŚS benefits	1 282	1 362
– other	311	466
Short-term receivables, total	**362 633**	**715 483**

10. Prepayments

	31 December 2024	*31 December 2023*
Long-term prepayments		
Deferred income tax assets	4 236	3 961
Other, including:	1 269	2 383
– ash landfill asset	1 268	2 382
– other	1	1
Long-term total (after write-down)	**5 505**	**6 344**
Short-term prepayments		
Subscription	16	11
Polish Power Exchange and IRGiT sp. z o.o. membership costs	-	104
Licensing costs	99	99
Property insurance	276	3 088
Other	3	97
Short-term, total	**394**	**3 399**

11. Capitals

31 December 2024

	pcs	*PLN*	*%*	*pcs*	*%*
Shareholder list	*Number of shares*	*Nominal value of 1 share*	*Share in the share capital*	*Number of votes*	*Share in the total number of votes*
Zygmunt Solorz (indirectly) through: Argumenol Investment Company Limited	33 523 911	2,00	65,96	33 523 911	65,96
Nationale-Nederlanden OFE	4 503 242	2,00	8,86	4 503 242	8,86
OFE PZU “Złota Jesień”	4 635 719	2,00	9,12	4 635 719	9,12
Others	8 160 675	2,00	16,06	8 160 675	16,06
Total	**50 823 547**	**-**	**100,00**	**50 823 547**	**100,00**

* *According to the information held by the Company based on the provided notifications on acquisition/disposal of shares.*

31 December 2023

	pcs	*PLN*	*%*	*pcs*	*%*
Shareholder list	*Number of shares*	*Nominal value of 1 share*	*Share in the share capital*	*Number of votes*	*Share in the total number of votes*
Zygmunt Solorz (indirectly) through: Argumenol Investment Company Limited	33 523 911	2,00	65,96	33 523 911	65,96
Nationale-Nederlanden OFE	4 503 242	2,00	8,86	4 503 242	8,86
OFE PZU “Złota Jesień”	4 635 719	2,00	9,12	4 635 719	9,12
Others	8 160 675	2,00	16,06	8 160 675	16,06
Total	**50 823 547**	**-**	**100,00**	**50 823 547**	**100,00**

* *According to the information held by the Company based on the provided notifications on acquisition/disposal of shares.*

12. Division of profit / loss coverage

12.1 Previous year loss coverage

The General Meeting held on 24 June 2024 adopted a resolution on distributing the achieved net profit of PLN 584 412 as follows: PLN 472 160 thousand to cover the loss from previous years and PLN 112 252 thousand to increase supplementary capital.

12.2 Current year profit distribution

Net profit for the financial year of 2024 amounted to PLN 65 192 thousand. As at the date of publishing the financial statement, the ZE PAK SA Management Board decided to allocate the generated profit to increase supplementary capital.

(in PLN thousand)

13. Provisions

The following changes in provisions were recorded in the reporting periods covered by the financial statement:

Year concluded on 31 December 2024

	Provision for retirement and similar benefits	*Provision for CO_2 emission allowances*	*Reclamation provision*	*Other provisions*	*Total*
As at 1 January 2024	27 455	608 294	69 441	-	705 190
Increases	10 209	650 342	-	286	660 837
Utilization	(13 555)	(606 658)	(11 737)	-	(631 950)
Release	-	(1 636)	(2 100)	-	(3 736)
As at 31 December 2024, including:	**24 109**	**650 342**	**55 604**	**286**	**730 341**
Long-term	8 645	-	55 329	-	63 974
Short-term	15 464	650 342	275	286	666 367

Year concluded on 31 December 2023

	Provision for retirement and similar benefits	*Provision for CO_2 emission allowances*	*Reclamation provision*	*Decommissioning provision*	*Other provisions*	*Total*
As at 1 January 2023	20 095	1 154 147	72 224	20 875	1 264	1 268 605
Increases	19 390	608 294	-	-	-	627 684
Utilization	(12 030)	(1 153 514)	-	-	-	(1 165 544)
Release	-	(633)	(2 783)	(20 875)	(1 264)	(25 555)
As at 31 December 2023, including:	**27 455**	**608 294**	**69 441**	**-**	**-**	**705 190**
Long-term	9 241	-	69 441	-	-	78 682
Short-term	18 214	608 294	-	-	-	626 508

Resolutions related to the decision of the Minister of Climate (adaptation to kBAT)

On 20 January 2021, the Company received a Decision of the Provincial Administrative Court in Warsaw dated 5 January 2021 on suspending the execution of a contested decision of the Minister of Climate of 4 August 2020 ('**Decision of the Minister of Climate'**), which upholds the decision of the Marshal of the Wielkopolskie Province on the adaptation of the integrated permit for the 474 MW power unit (formerly Elektrownia Pątnów II sp. z o.o.) to the requirements of the BAT conclusion (**'Decision of the Marshal'**). The aforementioned decision granted the Company with a temporary derogation from boundary emission values set out in the Commission Implementing Decision (EU) 2017/1442 dated 31 July 2017, establishing best available techniques (BAT) conclusions, under Directive 2010/75/EU of the European Parliament and of the Council, as regards atmospheric emissions of nitrogen oxides, dust, mercury and sulfur dioxide. The Company filed a complaint against the aforementioned decision.

The Company filed a complaint against the aforementioned decision on the suspension of enforceability. The complaint against the aforementioned decision was also filed by the Minister of Climate.

On 16 March 2021, the Company received another decision of the Provincial Administrative Court (WSA) dated 12 March 2021 on suspending the execution of the aforementioned WSA's decision on suspending the execution of the Decision of the Minister of Climate.

The resolution contained in the aforementioned decisions of the Provincial Administrative Court in Warsaw dated 5 January 2021 and 12 March 2021 expired as a result of judgement issued in this case by the Provincial Administrative Court in Warsaw on 9 April 2021.

Judgement of the Provincial Administrative Court in Warsaw on the decision of the Minister of Climate (kBAT adaptation)

The Provincial Administrative Court in Warsaw, at a closed session, by way of a judgement dated 9 April 2021, file ref. IV SA/Wa 2149/20, repealed the decision of the Minister of Climate dated 4 August 2020 and contested by the Greenpeace Polska Foundation, pursuant to which the Decision of the Marshal of the Wielkopolskie Province dated 29 April 2020 was upheld. Due to the aforementioned judgement, the Decision of the Minister of Climate has no legal effects. The Provincial Administrative Court in Warsaw did not repeal the decision of the first instance body, i.e., the Decision of the Marshal.

Decision by the Minister of Climate and Environment

On 21 November 2022, the Minister of Climate and Environment issued a decision, file ref.: DIŚ-III.435.12.2020.AŻ.1, repealing the contested Decision of the Marshal, in its part related to cl. IV.1.3. (p.5 of the contested decision) regarding PERIOD II – from 18 August 2021 to 17 August 2024 and reworded this section of the decision. The remaining part of the Decision of the Marshal was upheld.

Complaints against the Decision of the Minister of Climate and Environment

On 23 December 2022, the Greenpeace Polska Foundation filed a complaint to the Provincial Administrative court in Warsaw against the decision of the Minister of Climate and Environment dated 21 November 2022 (DIŚ-III.435.12.2020.AŻ.1) – file ref. IV SA/Wa 166/23. In a letter of 9 March 2023, the Company requested the Provincial Administrative Court in Warsaw for a copy of the aforementioned complaint.

On 24 May 2023, at a public hearing, the Provincial Administrative Court in Warsaw ("WSA") announced a judgement, with which the WSA dismissed the complaint submitted by the Greenpeace Polska Foundation against the decision of the Minister of Climate and Environment dated 21 November 2022, ref. No.: DIŚ-III.435.12.2020.AŻ.1. File ref. No.: IV SA/Wa 166/23. The contested decision confirmed the possibility of the Pątnów II Power Plant to apply derogations from emission limit values set out in BAT conclusions until 17 August 2024. These derogations have been previously established in the decision by the Marshal of the Wielkopolskie Province.

In an oral justification of the judgement, WSA stated that:
- the decision of the Minister of Climate, contrary to the raised allegations, does not violate the law to the extent justifying its repeal,
- the allegations of procedural and substantive law did not deserve considering,
- the materials collected in relation to the case enabled the Minister of Climate to make a decision, and the prerequisites for applying the aforementioned derogations, questioned by the Greenpeace Polska Foundation, have been met.

The WSA judgement means that the Company has the right to operate the generating assets at Pątnów II Power Plant with application of the aforementioned derogations.

(in PLN thousand)

The WSA judgement was contested by the Greenpeace Foundation by way of a cassation appeal dated 2 August 2023. On 22 September 2023, the Company replied to the cassation appeal, wherein it filed for its complete dismissal. The case received a ref. No. NSA III OSK 3147/23. The hearing date is yet to be set.

The Company has not created provisions for proceeding-related costs.

The Company completed the construction of a system to reduce the emissions of heavy metals and dusts in the boiler flue gases of Unit No. 9 at the "Pątnów" Power Plant. Currently, the unit satisfies EU environmental protection standards.

14. Receivable impairment write-downs

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023*
As at 1 January	17 056	19 128
Increases	-	-
Utilization	6 952	2 072
Release	-	-
As at 31 December	**10 104**	**17 056**

15. Short-term liabilities

	Year concluded on 31 December 2023	*Year concluded on 31 December 2022*
Trade liabilities, including:	91 644	106 000
– to related entities	47 317	7 912
– to other entities	42 594	97 707
– to other entities where the company has equity interest	1 733	381
Loans and borrowings	-	-
Other financial liabilities	-	-
Received advance payments for supplies	31	-
Liabilities due to taxes, customs duties, social and health insurance, and other public-law issues, including:	10 034	24 776
– corporate income tax	-	15 326
– personal income tax	1 157	1 286
– excise tax	6	2
– VAT	-	-
– ZUS (Social Insurance Institution)	5 012	5 742
– fees for commercial utilization of the environment	3 859	2 420
Remuneration liabilities	4 129	4 206
Other, including:	6 689	4 257
– ZFŚS liability	2 345	2 125
– remuneration write-off liabilities	829	806
– investment liabilities	3 258	577
– deposits, including:	150	560
– other	107	189
Special funds	3 126	3 570
Short-term liabilities, total	**115 653**	**142 809**

16. Liabilities secured with the entity's assets

The Company had the following types of liabilities secured against its assets:

Agreement	*Security type*	*31 December 2024 Security amount (PLN thous.)*	*Curren cy*	*31 December 2023 Security amount (PLN thous.)*	*Curren cy*
Multi-purpose credit limit agreement at Pekao SA for PLN 50 000 thousand for ZE PAK SA	Statement on submission to enforcement 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

(in PLN thousand)

	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	Statement on submission to enforcement 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	Statement on submission to enforcement 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 60 000	PLN
Agreement on membership in the Exchange Clearing House run by IRGiT S.A. dated 28 May 2010	Statement on submission to enforcement 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

17. Contingent liabilities

	31 December 2024	*31 December 2023*
Due to guarantees and sureties granted and commissioned to:	3 078 322	3 270 547
– affiliates, including:	-	-
– to subsidiaries	-	-
– to the parent company	-	-
– other entities, in which the issuer has equity interests	-	-
– other entities	3 078 322	3 270 547
Due to other issues to:	-	-
– affiliates, including:	-	-
– to subsidiaries	-	-
– to the parent company	-	-
– other entities, in which the issuer has equity interests	-	-
– other entities, including:	-	-
– to a shareholder of a joint subsidiary	-	-
– for a significant investor	-	-
– for other entities	-	-
– for employees	-	-
Total contingent liabilities	**3 078 322**	**3 270 547**

The amount of PLN 3 078 322 thousand is related to the sureties granted by ZE PAK SA and guarantees issued to companies within the ZE PAK SA CG amounting to PLN 2 921 919 thousand and to companies within the PAK – Polska Czysta Energia sp. z o.o. CG amounting to PLN 156 403 thousand.
On 22 November 2023, ZE PAK SA granted a surety for PAK – CCGT sp. z o.o. to a consortium of Siemens Energy Global GmbH&Co. KG; Siemens Energy sp. z o.o.; Mytilineos SA in the amount of PLN 390 699 thousand and EUR 622 738 thousand, in connection with the conclusion by the aforementioned companies of Agreement No. 1149/2023 dated 1 September 2023.

Contingent liabilities for power plant decommissioning in the light of integrated permits held

The obligation to conduct decommissioning and land reclaiming arises from integrated permits for operating fuel combustion systems at Pątnów and Adamów 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.

(in PLN thousand)

The Adamów Power Plant has already terminated its activities and is currently undergoing the decommissioning/reclamation of the systems located there. In the case of Pątnów, the older units were decommissioned in 2024, and the phase-out of the 474 MW Unit No. 9 (formed Pątnów II Power Plant) is planned for H1 2026.

Based on experience associated with decommissioning the Adamów power plant, 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, and that there are no significant outflows of cash associated with reclamation.

18. Other contracts not included in the balance sheet

As at 31 December 2024 and 31 December 2023, the Company did not hold significant contracts not included in the balance sheet:

19. Sales by type and territory

The structure of sales revenues in 2024 and 2023 by type is as follows:

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023 (restated data)*
Revenues from sales of electricity, including:	1 168 589	1 689 793
− affiliates	-	-
− other entities	1 168 589	1 689 793
Capacity market revenues, including:	158 027	167 481
− affiliates	-	-
− other entities	158 027	167 481
Revenues from sales of energy certificates of origin, including:	-	(381)
− affiliates	-	-
− other entities	-	(381)
Revenues from sales of thermal energy, including:	22 375	18 572
− affiliates	-	-
− other entities	22 375	18 572
Revenues from sales of services, including:	60 231	55 498
− affiliates	31 022	39 061
− other entities	29 209	16 437
Revenues from sales of traded electricity, including:	378 938	840 764
− affiliates	897	683
− other entities	378 041	840 081
Revenues from sales of other goods, including:	257 162	313 391
− affiliates	12 072	19 317
− other entities	245 090	294 074
Revenues from LTC release:	73 709	130 505
Total net sales revenues	**2 119 031**	**3 215 623**

Sales revenue structure:

	31 December 2024	*31 December 2023*
Domestic trade revenues	**2 119 031**	**3 215 623**
Foreign trade revenues	-	-
Total	**2 119 031**	**3 215 623**

20. Impairment write-downs against tangible assets

In the current reporting period, the Company did not make any tangible asset impairment write-downs.

(in PLN thousand)

21. Interest and exchange rate differences that increased the good acquisition price or goods production cost during the financial year

In the reporting year concluded on 31 December 2024, as well as the previous year, the Company did not increase the goods acquisition price or product manufacturing costs with interest and exchange rate differences.

22. Inventories

	31 December 2024	*31 December 2023*
Materials	7 809	17 007
Semi-finished products and products in progress	-	-
Products	-	-
Goods, including:	177	-
− green certificates	15	-
− white certificates	155	-
− blue certificates	7	-
Advance payments for supplies	4	1
Total inventories	**7 990**	**17 008**
Total inventories impairment write-downs, including:	70 613	73 307
− materials	70 613	73 307

23. Information on revenues, costs and results of discontinued activities in the financial year or planned to be discontinued in the following year

As at 31 December 2024, the Company phased-out the operation of all coal-fired units at the Pątnów power plant, except for one, the most effective 474 MW unit (former Pątnów II power plant), with operation phase-out planned for H1 2026.

24. Income tax

Gross profit reconciliation for the tax base is as follows:

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023*
Gross profit (loss)	**64 862**	**664 472**
Current year revenues not included as taxable income	(9 477)	(7 738)
Current year revenues not recognized in the financial year result	33 121	4 127
Current year costs permanently not recognized as tax deductible costs	9 885	22 787
Current year costs permanently not recognized as tax deductible costs	730	32 913
Previous year costs recognized as tax deductible costs in the current year	(12 691)	(9 980)
Current year costs recognized as tax deductible costs, not included in the financial result	(84 183)	(92 766)
Other differences	(8 940)	(33 421)
Taxable income (loss)	**(6 693)**	**580 394**
− tax loss realisation	-	158 458
− deductible donations	-	15
Income tax base	**-**	**421 921**
Tax rate	**19%**	**19%**
Income tax (current)	**-**	**80 165**
Dividend income tax	1	3
Paid/returned income tax from previous years	(56)	193
Change in the provision/deferred income tax asset state	(275)	(301)
Total income tax	**330**	**80 060**

Regulations regarding the goods and services tax, the corporate income tax and the burden load associated with social insurance are subject to frequent changes. These frequent changes result in the lack of relevant benchmarks, incoherent interpretations and few established precedents, which could be applied. The binding legislation also contains ambiguities, which create differences in the opinions, in terms of legal interpretation of tax legislation, both, between state authorities, as well as state authorities and enterprises.

Tax settlements and other areas of activity (for example customs or foreign currency issues) can subjected to inspection by the authorities, which are entitled to impose large penalties and fines, and all additional tax liabilities, resulting from the inspection, must be paid together with high interest. These circumstances make the tax risk in Poland to be higher than in countries with a more mature tax system.

As a consequence, the amounts shown and disclosed in financial statements can be changed in the future, as a result of the ultimate decision by a tax audit authority.

Amendments to the Tax Code were introduced on 15 July 2016 in order to reflect the provisions of the General Anti-Abuse Regulation (GAAR). The GAAR is supposed to prevent the creation and abuse of artificial legal structures, formed in order to avoid paying taxes in Poland. The GAAR defines tax evasion as an activity conducted mainly with the aim to obtain a tax benefit, contradictory in current circumstances to the subject matter and goal of the tax law regulations. According to GAAR, such an activity does not result in obtaining a tax benefit, if the manner of activity was artificial. All events of (i) unjustified division of operations, (ii) involvement of intermediaries, despite a lack of economic or business justification, (iii) elements mutually cancelling or compensating each other and (iv) other activities of a similar effect to the previously mentioned, can be treated as a prerequisite for the existence of artificial activities subject to GAAR provisions. The new regulations will require a much wider judgement when assessing the tax effects of individual transactions.

The GAAR clause should be applied in relation to transactions made after it came into effect and to transaction, which were conducted prior to the GAAR clause entering into force, but for which the benefits were or are still achieved after the date of entry into force. The implementation of the above regulations will enable Polish tax audit authorities to question the legal agreements and arrangements executed by the taxpayers, such as group restructuring and reorganization.

The Company recognizes and measures the assets or liabilities for the current and deferred income tax by applying the requirements of AoA. The income tax, on the basis of the profit (tax loss), taxation base, unreconciled tax losses, unused tax relieves and tax rates, taking into account the uncertainties associated with tax settlements.

In case of uncertainty whether a tax authority would accept, and to what extent, tax settlements of a transaction, the Group recognises these settlements taking into account the uncertainty assessment.

(in PLN thousand)

The deferred income tax provisions/assets include differences on account of the following:

	Balance		*Income statement for the year concluded on*	
	31 December 2024	*31 December 2023*	*31 December 2024*	*31 December 2023*
Deferred income tax provisions				
Accelerated tax depreciation	-	-	-	-
LTC-related receivables from Zarządca Rozliczeń	-	6 293	(6 293)	(784)
Loan valuation	485	542	(57)	542
Cash valuation	-	-	-	-
Certificates in stock	-	-	-	(452)
Other	-	-	-	-
Deferred income tax provisions	**485**	**6 835**	**(6 350)**	**(694)**
Deferred income tax assets				
Provisions for employee benefits	4581	5 310	(729)	1 464
Other provisions	74	73	1	25
Reclamation provision	-	-	(23)	-
Non-transferred ZUS XI-XII contributions	-	-	-	(551)
Cash and settlement valuation	-	3 503	(3 503)	3 503
Receivables impairment write-down	-	1 804	(1 804)	(321)
Financial asset impairment write-down	-	-	-	(3 027)
Loan and credit valuation	-	-	-	(1 568)
Tax loss asset	-	-	(30 107)	(30 107)
Other	66	83	(17)	(1)
Tax loss asset impairment write-down	-	-	30 107	30 107
Deferred income tax assets	**4 721**	**10 796**	**(6 075**	**(393)**
Deferred income tax net provisions			(275)	(301)
Deferred income tax net assets	(4 236)	(3 961)	-	-
Deferred income tax assets charged to the financial result	**-**	**-**	**(275)**	**(301)**

In 2024, the Company recognized a tax loss of PLN 6 693 thous., with no created asset on account of deferred income tax.

(in PLN thousand)

25. Costs by type

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023 (restated data)*
Depreciation and amortization	4 011	1 952
Material and energy consumption	668 109	971 878
Outsourcing	141 765	115 229
Taxes and fees	683 263	757 456
Remuneration	93 494	93 368
Social security and other benefits	22 606	21 358
– including pensions	6 976	8 035
Other costs by type	5 142	8 490
Costs by type, total	**1 618 390**	**1 969 731**
Change in product stock	(14 777)	(2 162)
The cost of manufacturing products for the own needs (negative value)	(526)	(65)
Costs of sales (negative value)	(1 346)	(1 154)
Overheads (negative value)	(59 088)	(64 819)
Manufacturing costs of products sold	(1 542 653)	(1 901 531)

26. Other operating revenues

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023 (restated data)*
Profit on the disposal of non-financial fixed assets, including:	-	35 566
– revenues from sales of fixed assets and intangible assets	-	74 676
– net fixed assets and liquidation costs	-	(39 110)
Grants	46	46
Revaluation of non-financial assets	9 644	-
Other operating revenues, including:	5 852	38 582
– received compensation and liquidated damages	983	12
–		
– material sales result	692	1 253
– Adamów Power Plant decommissioning revenues	-	2 500
– release of provision	121	22 065
– actuarial profits	931	-
– “Job after coal” subsidy	324	-
– transfer pricing adjustment	714	995
– other	2 087	11 754
Other operating revenues, total	**15 542**	**74 194**

27. Other operating costs

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023*
Loss on disposal of non-financial fixed assets	36 272	-
Revaluation of non-financial assets	-	-
Other operating costs, including:	1 388	20 087
– litigation and enforcement proceeding costs	6	3
– in-kind and financial donations granted	79	10 265
– equipment failure costs	101	28
– inventory liquidation costs	182	9
– compensation and penalties paid	72	37
– actuarial losses	-	1 921
– “Job after coal” programme costs	452	-
– other operating costs	496	7 824
Other operating costs, total	**37 660**	**20 087**

(in PLN thousand)

28. Financial revenues

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023*
Profit on dividends and share in profits, including:	8 393	5 949
– profit on share in affiliated entities, including:	8 391	5 931
• PAK Górnictwo sp. z o.o.	4 566	(644)
• PAK Serwis sp. z o.o.	3 825	6 575
– profit on share in other entities	2	18
Interest, including:	32 376	52 663
– interest on loans granted, including:	22 583	22 612
• realised interest, including:	24 031	23 606
– from affiliates	24 031	4 373
• non-realised interest, including:	(1 448)	(994)
– from affiliates	(2 275)	(71)
– bank interest	9 793	30 051
Profit on the disposal of financial assets, including:	-	362
– in affiliates	-	362
Investment revaluation	-	37
Other, including:	17 862	4 117
– surety interest inflows	1 350	1 260
– surety remuneration	16 510	2 781
– other	2	76
Financial revenues, total	**58 631**	**63 128**

29. Financial costs

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023*
Loss on investment disposal	-	-
Interest, including:	313	819
– interest to affiliated entities	-	-
– interest to other entities	8	485
– budget interest	42	66
– bank interest	113	88
– other interest (including lease liabilities)	150	180
Revaluation of financial assets	71	-
Other, including:	21 756	49 288
– realized negative exchange rate differences	5 584	40 850
– unrealized negative exchange rate differences	5 592	2 933
– other financial costs	499	571
– sales of receivables	8 707	-
– provision discount	1 374	4 934
Financial costs, total	**22 140**	**50 107**

30. Capital work in progress production cost

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023*
Capital work in progress production cost, including	15 052	15 052
– interest on liabilities (contracted to fund CWIP production)	-	-
– liability exchange rate differences (contracted to fund CWIP production)	-	-

31. Revenues and costs of extraordinary value or incidental

Until signing the financial statement for the period concluded on 31 December 2024, there were no recorded revenues and costs of extraordinary value or incidental that were not and should have been recognized in the financial year statement.

(in PLN thousand)

32. Structure of cash accepted to the cash flow statement

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023 (restated data)*
Cash in bank, including:	240 066	222 290
– cash in VAT accounts	3 264	2 514
Cash-in-hand	-	-
Other cash	-	-
Cash, total	**240 066**	**222 290**
Cash in PLN	175 624	207 802
Cash in foreign currencies (converted)	64 442	14 488
Cash in EUR	15 081	3 332
Foreign exchange rate differences	676	2 709
Cash in the Cash Flow Statement	**239 390**	**219 581**

33. Reasons behind differences between changes in certain balance sheet items and changes of the same items disclosed in the cash flow statement

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023*
Investment activity		
– profit on investment disposal	-	(37 580)
– profit on share disposal	-	(362)
– surety remuneration	(16 510)	(2 781)
– other	64	(13)
Profit (loss) on investment activities in the cash flow statement	**(16 446)**	**(40 736)**

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023*
Prepayments and accruals		
Balance sheet change in prepayments and accruals	3 844	1 262
– change in accruals	(714)	454
– change in special funds	(444)	(372)
Change in cash flow statement prepayments and accruals	**2 686**	**1 344**

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023*
Provisions		
Balance sheet change in the condition of provisions	25 151	(563 415)
– use of the provision related to EUA redemption	606 658	1 153 514
Cash flow statement provisions change	**631 809**	**590 099**

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023*
Liabilities		
Balance sheet change in short- and long-term liabilities and loans	101 020	36 496
– change in the ZFŚS	444	-
– change in investment liabilities	(437)	6 902
– change in financial liabilities	(128 304)	-
Cash flow statement liabilities change	**(27 277)**	**43 398**

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023*
Receivables		
Balance sheet change in receivables	352 850	(227 551)
– change in the liabilities related to sureties granted	4 140	-
– transfer from CO_2 emission allowance security	-	(36 180)
– acquisition of ORSTED companies	(1 839)	-
Cash flow statement receivables change	**355 151**	**(263 731)**

(in PLN thousand)

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023*
Other adjustments		
Balance sheet change in other adjustments	-	-
– purchase of CO_2 emission allowances	(664 475)	(1 698 402)
– CO2 purchase contract rollover transaction loss	36 198	
Change under *other* in cash flow statement adjustment	**(628 277)**	**(1 698 402)**

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023*
Investment activity inflows		
– dividends received from affiliated entities	8 391	5 967
– repayment of loans from affiliated entities	-	362 160
– interest received from affiliated entities	-	20 438
– received compensation for surety granted	12 370	2 781
– dividends received from other entities	2	18
– sale of shares	-	117 025
Financial asset inflows in the cash flow statement	**20 763**	**508 389**

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023*
Acquisition of intangible and legal assets, as well as tangible assets		
– capital expenditure on tangible fixed assets	17 929	14 417
– change in investment liabilities	(437)	6 902
– change in advance payments for capital work in progress	9 887	-
– outlays on intangible assets	368	635
Acquisition of intangible assets and tangible fixed assets in the cash flow statement	**27 747**	**21 954**

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023*
Expenditure on financial assets in affiliated entities		
Balance sheet change in expenditure on financial assets in affiliated entities	-	-
– acquisition of shares in newly established Companies	-	5 000
– acquisition of shares and stocks in affiliated entities	234 682	513 025
– loans granted to affiliated entities	105 436	219 722
Expenditure on financial assets in affiliated entities in the cash flow statement	**340 118**	**737 747**

34. Information on average employment divided into occupational groups

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023*
Employee group		
Management Board	6	5
Administration	64	66
Sales	15	15
Production	339	375
Others	279	294
Total employment	**703**	**755**

35. Information on audit company remuneration, paid or due for the financial year

The following table presents the remuneration of an entity entitled to audit financial statements paid or due to the year concluded on 31 December 2024, and on 31 December 2023, divided into types of services:

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023*
Statutory audit within the meaning of Art. 2(1) of the act on statutory auditors	586	580

(in PLN thousand)

Other approval-related services	-	-
Tax advisory services	-	-
Other services	-	-
Total, including	**586**	**580**
– due at the balance sheet date	286	280
– paid at the balance sheet date	300	300

36. Information on remuneration, together with remuneration on profit and pensions paid or due to persons making up management and supervisory bodies

Remuneration of persons making up management and supervisory or administrative bodies of the Company amounted to:

	Year concluded on 31 December 2024	*Year concluded on 31 December 2023*
Remuneration		
Company Management Board	5 760	7 254
Supervisory Board	1 274	1 271
Remuneration, total	**7 034**	**8 525**

37. Information on loans and benefits similar in nature granted to persons making up management and supervisory bodies

Both in the financial year concluded on 31 December 2024, and in the previous year, the Company did not grant any loans and similar benefits to members of management and supervisory bodies.

38. Information on joint ventures not subject to consolidation

The Company did not undertake joint ventures not subject to consolidation.

39. Information on the capital group and transactions with affiliated entities

39.1. Capital Group

The top-tier parent company for the Company, the financial statements of which are commonly available, is Stasalco LTD. Mr Zygmunt Solorz indirectly controls more than 50% of the shares in the Stasalco LTD share capital.

a) The Company operates within the Elektrim SA Capital Group.

   The consolidated financial statement at the highest tier of the capital group, with the Company being its part as a subsidiary, is developed by Elektrim SA with its registered office in Warsaw. The duration of the parent and member companies of the Capital Group is unlimited. The statement is available at the Company's registered office at 77/79 Pańska Street in Warsaw.

b) The Company is the parent company and develops consolidated financial statements.

   The ZE PAK SA Capital Group ('Group', 'Capital Group', 'ZE PAK SA Group') consists of ZE PAK SA ('parent company', 'Company') and its subsidiaries. The Group's consolidated financial statement covers the year concluded on 31 December 2024 and includes comparative data for the year concluded on 31 December 2023. The Consolidated Financial Statement is available at the Company's registered office in Konin, at 45 Kazimierska Street.

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

The main activities of the Group are:
1) generation and sale of electricity,
2) production and distribution of heat (steam and hot water),
3) lignite extraction.

The consolidated financial statement includes the Statements from the following companies:

Unit	*Registered office*	*Scope of activity*	*Group's share in capital, %*

			As at 31 December 2023	*As at 31 December 2022*
"PAK Kopalnia Węgla Brunatnego Konin" SA	62-540 Kleczew ul. 600-lecia 9	Lignite extraction	100.00%	100.00%
"PAK Górnictwo" sp. z o.o.	62-510 Konin ul. Przemysłowa 158	Repair and maintenance of machinery	100.00%	100.00%
PAK Pątnów sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electricity generation	100.00%	100.00%
Przedsiębiorstwo Remontowe "PAK SERWIS" sp. z o.o.	62-510 Konin ul. Przemysłowa 158	Renovation and construction services	100.00%	100.00%
"PAK CCGT" sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electricity generation	100.00%	100.00%
Energia Przykona sp. z o.o.	02-797 Warsaw ul. F. Klimczaka 1	Electricity generation	99.00%	-
Neo Energia Przykona X sp. z o.o.	02-797 Warsaw ul. F. Klimczaka 1	Electricity generation	99.00%	-
"PCE – OZE 5" sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electricity generation	100.00%*	100.00%*

* *Entities with partially or completely indirect share of ZE PAK SA via other ZE PAK SA Group*

Companies where ZE PAK SA holds shares and consolidates using the equity method:

Unit	*Registered office*	*Scope of activity*	*Group's share in capital, %*	
			As at 31 December 2024	*As at 31 December 2023*
"PAK – Polska Czysta Energia" sp. z o.o.	62-510 Konin ul. Kazimierska 45	Activities of central companies, excluding financial holdings	49.50%*	49.50%*

The financial statements of the following Companies have not been subject to consolidation:

Unit	*Registered office*	*Scope of activity*	*Group's share in capital, %*	
			As at 31 December 2024	*As at 31 December 2023*
Ørsted Polska OF SPV 1 sp. z o.o.	04-028 Warsaw Al. Stanów Zjednoczonych 61a	Electricity generation	60.00%	60.00%
Ørsted Polska OF SPV 2 sp. z o.o.	04-028 Warsaw Al. Stanów Zjednoczonych 61a	Electricity generation	1.00%	1.00%
Ørsted Polska OF SPV 3 sp. z o.o.	04-028 Warsaw Al. Stanów Zjednoczonych 61a	Electricity generation	1.00%	1.00%
Ørsted Polska OF SPV 4 sp. z o.o.	04-028 Warsaw Al. Stanów Zjednoczonych 61a	Electricity generation	1.00%	1.00%
Ørsted Polska OF SPV 5 sp. z o.o.	04-028 Warsaw Al. Stanów Zjednoczonych 61a	Electricity generation	1.00%	1.00%
Ørsted Polska OF SPV 6 sp. z o.o.	04-028 Warsaw Al. Stanów Zjednoczonych 61a	Electricity generation	60.00%	60.00%
Ørsted Polska OF SPV 7 sp. z o.o.	04-028 Warsaw Al. Stanów Zjednoczonych 61a	Electricity generation	1.00%	1.00%

(in PLN thousand)

Ørsted Polska OF SPV 8 sp. z o.o.	04-028 Warsaw Al. Stanów Zjednoczonych 61a	Electricity generation	50.00%	50.00%
Ørsted Polska OF SPV 9 sp. z o.o.	04-028 Warsaw Al. Stanów Zjednoczonych 61a	Electricity generation	50.00%	50.00%
Ørsted Polska OF SPV 10 sp. z o.o.	04-028 Warsaw Al. Stanów Zjednoczonych 61a	Electricity generation	50.00%	50.00%

As at 31 December 2024, the share in the general number of votes held by the Group in subsidiaries is equal to the Group's share in capitals of these subsidiaries.

39.2. Transactions with affiliated entities

Transaction with affiliated entities have been concluded on an arm's length basis. Volume of transactions with entities controlled by the parent company amounted to:

		Affiliates	Total
Sales revenues	*2024*	44 077	44 077
	2023	176 491	176 491
Procurement	*2024*	699 546	699 546
	2023	999 066	999 066
Financial revenues - interest	*2024*	21 738	21 738
	2023	14 742	14 742
Financial revenues - dividends	*2024*	8 391	8 391
	2023	5 931	5 931
Financial revenues - sureties	*2024*	15 075	15 075
	2023	2 362	2 362
Other operating revenues	*2024*	540	540
	2023	349	349
Receivables on account of supplies, works and services	*2024*	11 743	11 743
	2023	71 677	71 677
Trade and other financial liabilities	2024	47 483	47 483
	2023	7 912	7 912
Loans granted	2024	297 439	297 439
	2023	170 234	170 234

40. List of companies with Company's equity interest or 20% of the total number of votes in the company's governing body

As at 31 December 2024

	Entity name	*Registered office*	*Number of shares*	*Balance sheet value of shares/stocks****	*Share in the share capital (%)*	*Net profit (loss) for the year concluded on 31 December 2024**	*Equity as at 31 December 2024**
1.	PAK KWB Konin SA	Kleczew	24 750 000	-	100.00	175 690	(99 067)
2.	PCE – OZE 5 sp. z o.o.	Konin	42 784	19 415	100.00	(864)	18 003
3.	Przedsiębiorstwo Remontowe PAK SERWIS sp. z o.o.	Konin	189 419	34 643	100.00	832	30 544
4.	PAK Pątnów sp. z o.o.	Konin	2 000	101	100.00	(14)	45
5.	PAK Górnictwo sp. z o.o.	Konin	141 000	-	100.00	4 566	34 566
6.	PAK – Polska Czysta Energia sp. z o.o.	Konin	11 728 105	543 502	49.50	111 029	1 361 677
7.	PAK CCGT sp. z o.o.	Konin	1 600 000	499 992	100.00	(5 835)	492 941

(in PLN thousand)

8.	Energia Przykona sp. z o.o.	Warsaw	99	214 481	99.00	1 160	(2 030)
9.	Neo Energia Przykona X sp. z o.o.	Warsaw	99	134 363	99.00	432	(93)
10.	PGE PAK Energia Jądrowa SA	Konin	191 240	19 124	50.00	(15 561)	19 739
11.	Horset	Kiev		94	100.00	n/a	n/a
12.	Ørsted Polska OF SPV 1-10	Warsaw	-	5 728	-	n/a	n/a

* *Data of Companies is not final.*
** *Balance sheet value of shares/stocks results from direct and indirect equity interest.*

<u>As at 31 December 2023</u>

	Entity name	*Registered office*	*Number of shares*	*Balance sheet value of shares/stocks***	*Share in the share capital (%)*	*Net profit (loss) for the year concluded on 31 December 2023**	*Equity as at 31 December 2023**
1.	PAK KWB Konin SA	Kleczew	24 750 000	-	100,00	(22 736)	(265 747)
2.	PCE – OZE 5 sp. z o.o.	Konin	42 784	19 415	100,00	(594)	18 867
3.	Przedsiębiorstwo Remontowe PAK SERWIS sp. z o.o.	Konin	189 419	34 643	100,00	5 825	33 450
4.	PAK Pątnów sp. z o.o.	Konin	2 000	101	100,00	(15)	59
5.	PAK Górnictwo sp. z o.o.	Konin	141 000	-	100,00	4 224	34 224
6.	PAK – Polska Czysta Energia sp. z o.o.	Konin	11 728 105	543 542	49,50	16 890	1 198 500
7.	PAK CCGT sp. z o.o.	Konin	1 600 000	499 992	100,00	(449)	498 776
8.	PGE PAK Energia Jądrowa SA	Konin	50 000	5 000	50,00	(2 228)	7 052
9.	Horset	Kiev		94	100.00	n/a	n/a
10.	Ørsted Polska OF SPV 1-10	Warsaw	-	3,871	-	n/a	n/a

* *Data of Companies is not final.*
** *Balance sheet value of shares/stocks results from direct and indirect equity interest.*

All shares in subsidiaries, as at both 31 December 2024 and 31 December 2023, were not privileged.

At the end of every reporting period, the Management Board of the Company evaluates whether there are any premises indicating that shares in subsidiaries may have been impaired. As at 31 December 2024, we tested for the impairment of shares in newly acquired companies. The conducted tests do not demonstrate write-downs against shares.

41. Information on fulfilling the obligations of Art. 44 of the Energy Law act

The Company's core business is electricity generation. Pursuant to Art. 44 of the Energy Law act, the Company shall only be obliged to separate electricity generation from the unit entitled to receive funds for covering stranded costs. Other generating entities, the energy-related activity of which does not have to be separated pursuant to Art. 44(2) have been disclosed under other activities.

To ensure equal treatment of consumers and eliminate cross-subsidization, Art. 44(1) of the Energy Law act obliges power utilities to keep accounting records in a manner enabling separate calculation of costs and revenues, profit and loss on conducted business activity in the field of supplying gas fuels or energy, hydrogen supply, hydrogen generation, hydrogen transmission, hydrogen distribution, hydrogen storage and hydrogen trading, including fixed costs, variable costs and revenues, separately for generation, transmission, distribution and trading of gas fuels or energy, gas fuel storage and natural gas liquefaction or liquefied natural gas re-gasification, also in relation to tariff-specified consumer groups, as well as in the scope not related to the aforementioned activities.

In order to satisfy the aforementioned requirement, the Company keeps accounting records that allows to separately calculate costs and revenues, profit and loss on individual types of activities set out in Art. 44(1) of the Energy Law act. Revenues related to the sales of electricity, thermal energy, property rights and system services have been distinguished with respect to revenues. With respect to costs, the Company keeps records ensuring that costs are divided into variable and fixed. The variable costs depend on the extent of electricity and heat generation, and these are the costs of the consumption of coal, auxiliary liquid fuels, such as heavy oil or heating oil and limestone flour, the costs of consumption of chemicals for technological purposes, charges for the economic use of the environment in terms of water, post-production waste and volatile pollutant emission into the air, and the costs of CO_2 emission allowances. The costs depended on the extent of production also include the costs related to the sale of energy: excise tax, statutory charges related to certification and participation in open energy markets. Other costs are fixed costs. The cost-allocation keys, based on which the primes costs of internal electricity and thermal energy generation and other activities are recognized, constitute a basis for the settlement of costs for each activity.

In order to satisfy the requirements aimed at ensuring the equal treatment of consumers and eliminating cross-subsidization between activities, Art. 44(2) of the Energy Law act obliges power utilities to, within the disclosure of additional information in their annual financial statement, present appropriate balance sheet and income statement items separately for individual types of conducted business activity in the field of transmission or distribution of electricity, transmission, distribution or storage of gas fuels, gas fuel trading, natural gas liquefaction or liquefied natural gas re-gasification, hydrogen transmission, hydrogen distribution, hydrogen storage and hydrogen trading, as well as to indicate the principles of allocation of assets and liabilities, and costs and revenues to each of these activities.

Art. 44(2) of the Energy Law act stipulates that "...A power utility dealing with the generation of electricity and having the right to receive funding to cover stranded costs pursuant to the act of 29 June 2007 on the principles of covering costs incurred by producers in relation to premature termination of long-term capacity and electricity sale contracts, as part of disclosures in the additional information of their annual financial statement, referred to in sect. 1a, presents appropriate balance sheet items and income statement separately for the conducted business activity in the field of electricity generation for generating units within the meaning of this act, for which the adjustment period within the meaning of this act has not ended, and indicates the principles of allocating assets and liabilities, and costs and revenues to each of these activities.

As part of its activities, the Company identified the obligation to separate electricity generation by the 474 MW unit No. 9 (formerly Pątnów II Power Plant), where we have the right to receive funding to cover stranded costs pursuant to the act of 29 June 2007 on the principles of covering costs incurred by producers in relation to premature termination of long-term capacity and electricity sale agreements set out in Art. 44(2a) of the Energy Law act.

In order to satisfy the aforementioned requirement, the Company keeps accounting records that allows to separately calculate costs and revenues, profit and loss on individual types of activities set out in Art. 44(1) and 44(2a) of the Energy Law. In relation to revenues, the Company separated revenues related to the sale of electricity from the generating unit covered by an LTC and other activities, i.e., electricity generation from other units and the sales of other services and materials.

Profit and loss account

The Company draws up the Income Statement in accordance with the Accounting Act provisions and it keeps a register of expenses based on their nature. Revenues from the sales of electricity, revenues from LTCs, revenues from system services and the costs of their production at unit No. 9 have been disclosed in the *Activity of unit No. 9* column in the income statement. Revenues from the sales of electricity in other generating units and revenues from system services provided by other units, as well as the production costs of other generating units, and other revenues from services and materials have been disclosed in the *Other activities* column. The Company keeps a register of prime costs by their nature and recognises the costs incurred during a given reporting period and the costs related to that period as part of the conducted business activity. Prime costs are divided into variable costs and fixed costs.

The variable costs depend on the extent of electricity generation, and these are the costs of the consumption of coal, auxiliary liquid fuels, such as light heating oil and limestone flour, the costs of consumption of chemicals for technological purposes, charges for the economic use of the environment in terms of water, post-production waste and volatile pollutant emission into the air, and the costs of CO_2 emission allowances.

The costs depended on the extent of production also include the costs related to the sale of energy: excise tax, statutory charges related to certification and participation in open energy markets. Other costs are fixed costs. Costs are recorded in the accounts of team 5 (cost centres). The cost-allocation keys, based on which the prime costs of internal electricity generation and other service activities are recognized, constitute a basis for the settlement of costs for each activity. Variable costs are settled using the "physical cost allocation method". Fixed costs are settled using an allocation key as generated energy and system services. Fixed cost allocation key calculation was based on "Industry cost statement for energy sector". Costs for other service activities are allocated using an allocation key for individual organisational units in the service and provision of services to consumers.

(in PLN thousand)

Condensed income statement for individual activities for 2024 and 2023

Year concluded on 31 December 2023	*Total*	*Activity of unit No. 9**	*Other activities*
Sales revenues	2 119 031	1 036 691	1 082 340
Costs of sold products, goods and materials	(2 008 108)	(949 343)	(1 058 765)
Selling costs	(1 346)	(657)	(689)
Overheads	(59 088)	(17 617)	(41 471)
Other operating revenues	32 052	-	32 052
Other operating costs	(37 660)	-	(37 660)
Operating result	**44 881**	**69 074**	**(24 193)**
Financial revenues	42 121	-	42 121
Financial costs	(22 140)	-	(22 140)
Gross profit (Loss)	**64 862**	**69 074**	**(4 212)**
Income tax	330	-	330
Net profit (Loss)	**65 192**	**69 074**	**(3 882)**

Year concluded on 31 December 2023	*Total*	*Activity of unit No. 9**	*Other activities*
Sales revenues	3 215 623	1 322 817	1 892 806
Costs of sold products, goods and materials	(2 551 053)	(1 002 031)	(1 549 022)
Selling costs	(1 154)	(773)	(381)
Overheads	(64 819)	(19 894)	(44 925)
Other operating revenues	75 722	-	75 722
Other operating costs	(20 087)	-	(20 087)
Operating result	**654 232**	**300 119**	**354 113**
Financial revenues	60 347	-	60 347
Financial costs	(50 107)	-	(50 107)
Gross profit (Loss)	**664 472**	**300 119**	**364 353**
Income tax	(80 060)	-	(80 060)
Net profit (Loss)	**584 412**	**300 119**	**284 293**

* *The Unit is subject to a compensation system in relation to a premature termination of long-term capacity and electricity sale contracts*

Balance

In the balance sheet, the selected items, for which figures can be reliably presented, were shown.

Intangible assets and tangible fixed assets have been divided according to a key of sales revenues recorded by individual activities, taking into account the division into electricity and other activities. Intangible assets in the form of CO_2 emission allowances – separated based on actual acquisition. Capital work in progress, as well as advance payments for capital work in progress have been separated based on a detailed analysis of economic content within individual entries in the book of accounts and balances of individual accounts being part of a given balance sheet item.

Inventories have been separated on the basis of a detailed analysis of economic content within individual entries in the book of accounts and balances of individual accounts being part of this balance sheet item.

Short-term receivables represent only receivables for supplies and services, and have been divided on the basis of the revenues registered on the analytic accounts, which are appropriate for given types of activities.

The item of provisions and prepayments is limited to the provision for the cost of purchasing emission allowances, and it was separated based on registered costs.

Short-term liabilities have been separated on the basis of a detailed analysis of economic content within individual accounting book content and balances of individual accounts being part of this balance sheet item.

Assets and liabilities associated with the activity of the unit covered by the LTC system have been disclosed in the *Activity of unit No. 9* column. Other assets associated with the activity of other electricity generating units have been disclosed in the *Other activities* column.

(in PLN thousand)

Selected items of the balance sheet in the division into the types of activities

31 December 2024	*Total*	*Activity of unit No. 9**	*Other activities*
Assets			
A. Fixed assets	**652 357**	**393 374**	**258 983**
I. Intangible and legal assets	**604 090**	**377 450**	**226 640**
2. CO_2 emission allowances	602 688	377 450	225 238
3. Other intangible and legal assets	1 402	-	1 402
II. Tangible fixed assets	**48 267**	**15 924**	**32 344**
1. Tangible assets	4 165	388	3 777
a) lands (including the perpetual usufruct of land)	1 639	388	1 251
b) buildings, premises, as well as civil and water engineering facilities	536	-	536
c) technical equipment and machinery	1 145	-	1 145
d) means of transport	27	-	27
e) other fixed assets	818	-	818
2. Capital work in progress	24 459	15 536	8 923
3. Advance payments for capital work in progress	19 643	-	19 643
B. Current assets	**365 555**	**171 014**	**194 541**
I. Inventories	**7 813**	**7 809**	**4**
1. Materials	7 809	7 809	-
5. Advance payments for supplies	4	-	4
II. Short-term receivables	**357 742**	**163 205**	**194 537**
a) trade-related, with a payment period of:	167 259	45 034	122 225
b) other	190 483	118 171	72 312
Liabilities	-		
VI. Net profit (loss)	**65 192**	**69 074**	**(3 882)**
3. Other provisions	650 903	407 646	243 257
III. Short-term liabilities	**91 644**	**57 518**	**34 126**
a) trade-related, with a maturity date of:	91 644	57 518	34 126

31 December 2023	*Total*	*Unit No. 9 operation**	*Other operations*
Assets			
A. Fixed assets	**606 630**	**229 739**	**376 891**
I. Intangible and legal assets	**583 441**	**229 302**	**354 139**
2. CO_2 emission allowances	-	-	-
3. Other intangible and legal assets	2 373	-	2 373
II. Tangible fixed assets	**23 189**	**437**	**22 752**
1. Tangible assets	5 973	437	5 536
a) lands (including the perpetual usufruct of land)	1 645	394	1 251
b) buildings, premises, as well as civil and water engineering facilities	1 155	-	1 155
c) technical equipment and machinery	2 184	43	2 141
d) means of transport	55	-	55
e) other fixed assets	934	-	934
2. Capital work in progress	7 460	-	7 460

(in PLN thousand)

3. Advance payments for capital work in progress	9 756	-	9 756
B. Current assets	**582 141**	**246 461**	**335 680**
I. Inventories	**17 008**	**7 686**	**9 322**
1. Materials	17 007	7 686	9 321
5. Advance payments for supplies	1	-	1
II. Short-term receivables	**565 133**	**238 775**	**326 358**
a) trade-related, with a payment period of:	186 687	36 689	149 998
b) other	378 446	202 086	176 360
Liabilities			
VI. Net profit (loss)	**584 412**	**300 119**	**284 293**
3. Other provisions	608 294	284 706	323 588
III. Short-term liabilities	**106 000**	**29 800**	**76 200**
a) trade-related, with a maturity date of:	106 000	29 800	76 200

42. Goals and rules of financial risk management

The main financial instruments applied by ZE PAK SA include bank loans, borrowings granted by affiliates and other institutions, cash and short-term deposits. The main goal of these financial instruments is to obtain funds for ZE PAK SA's activities. The Company also has other financial instruments, such as trade receivables and liabilities created directly in relation to its conducted activities.

The main types of financial instrument risk for ZE PAK SA include the interest rate risk and currency risk. The Management Board verifies and consults the rules of managing each of these kinds of risk. The Group also monitors the market price risk regarding all held financial instruments.

Despite the fact that the Company conducts its activities in Poland, where it incurs costs and generates revenues in PLN, there are a few significant factors that make the financial results dependent on WIBOR interest rates and the EUR/PLN exchange rate. The most important factors include:

- transactions related to EUA purchase settled in EUR,
- debt financing based on a floating interest rate.

Interest rate risk

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

ZE PAK SA holds financial liabilities, primarily floating-rate loans and borrowings. Exposure of the Company to the risk associated with interest rate changes mainly concerns long-term financial liabilities related to investment funding.

The interest rate of floating-rate financial instruments is updated in periods shorter than one year. The interest on financial instruments with a fixed interest rate is constant throughout the entire period up to the maturity/due date of these instruments.

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 Company concludes transactions solely with reputable companies of good credit rating. All clients who want to use trade credits are subject to initial verification procedures. Moreover, owing to current monitoring of receivables, the Company's exposure to the risk of unrecoverable receivables is insignificant.

The main consumer of the Company'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 Company does not employ additional securities arising from the phenomenon of receivable accumulation.

In relation to other financial assets of the Company, such as cash and its equivalents, financial assets available for sale, the Company'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 balance sheet value of these derivatives.

The Company 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 Company holds cash:

Bank name	*Rating awarded by a Rating Agency*		
	Fitch	S&P	Moody's
PEKAO SA	BBB	A-	A2
PKO BP	-	-	A2
BGK	A-	-	-
mBank	BBB-	BBB+	-
Bank Millennium	BB+	-	Baa3
Santander Bank Polska	BBB+	-	A2

Company cash as at 31 December 2024, broken down into individual bank credit ratings:

Rating level by individual rating agencies			*Cash amount as at 31 December 2024*
Moody's	*S&P*	*Fitch*	
Aaa	AAA	AAA	-
Aa1	AA+	AA+	-
Aa2	AA	AA	-
Aa3	AA-	AA-	-
A1	A+	A+	-
A2	A	A	239 138
A3	A-	A-	9
Baa1	BBB+	BBB+	902
Baa2	BBB	BBB	-
Baa3	BBB-	BBB-	17
Ba1	BB+	BB+	-
Ba2	BB	BB	-
Ba3	BB-	BB-	
B1	B+	B+	-
B2	B	B	-
B3	B-	B-	-
Caa1	CCC+	CCC	-
Caa2	CCC		-
Caa3	CCC-		-
Ca	CC		-
	C		-
C	D	DDD	-
–		DD	-
–		D	-

(in PLN thousand)

TOTAL	**240 066**

Currency risk

ZE PAK SA is exposed to the currency risk associated with concluded transactions.

As at 31 December 2024, ZE PAK SA did not hold any active instruments aimed at mitigating the exchange rate change risk, e.g., for a part of the cash flows related to the purchase of CO_2 emission allowances (e.g., EUR/PLN forward transactions). As at 31 December 2024, the Company holds intra-group loans granted in the amount of EUR 1 400 thous. and contingent liabilities on account of sureties granted in the amount of EUR 598 839 thous. The Management Board is constantly monitoring the financial position and market situation and can make the decision to use financial instruments limiting the exchange rate risk, if needed. According to the principles applied at ZE PAK SA, transactions are in the form of a security and will be adapted to the secured item in terms of volume and maturity date.

43. War in Ukraine

On 24 February 2022, Russian troops entered Ukraine, thus triggering an armed conflict between these countries. An 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 the energy raw material and agricultural sectors. The inability to forecast all consequences of the armed conflict in eastern Europe also makes investors less eager to take risks,

High volatility of commodity markets (especially the energy and CO_2 allowances markets) means that the Company risks having to replenish open position margins on the futures markets. In extreme situations, this may lead to issues related to 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 that such sanctions have on trade in relation to specific goods, energy raw materials in particular. Russia is one of the largest gas and oil suppliers for Europe. Reduced supply of these raw materials clearly translates to electricity price level in Europe and Poland, primarily due to the cross-border electricity exchange.

It is impossible in the current situation to predict neither the scale of the ongoing armed conflict nor its duration or all its consequences that can directly or indirectly affect the Company's activities. The Company monitors the development of the situation on an ongoing basis. It also undertakes actions mitigating adverse consequences of the unstable situation. The Company increased, among others, the availability of different forms of securing its positions within the energy and CO_2 allowance futures market. In the current situation, the Company evaluates the impact that the armed conflict has on its activities as moderate. No additional adjustments and provisions on account of the situation in Ukraine were disclosed in this statement.

44. Events after the balance sheet date

As at the date of signing this statement, there have been no event impacting the Company's operations, beyond those referred to in clause 2.

Konin, 30 April 2025

SIGNATURES:

Piotr Woźny
President of the Management Board ....

Zygmunt Artwik
Vice-President of the Management Board ....

Andrzej Janiszowski
Vice-President of the Management Board ....

Maciej Koński
Vice-President of the Management Board. ....

Maciej Nietopiel
Vice President of the Management Board ....

Katarzyna Sobierajska
Vice President of the Management Board ....

Aneta Desecka
Chief Accountant ....