

Other information

Description of the organisation of the issuer's group of companies

The company as the parent entity of Elektrociepłownia "Będzin" S.A. Group of Companies prepares condensed consolidated financial statements for the 3 months of 2021 in accordance with International Financial Reporting Standards.

Subsidiaries are:

- Elektrociepłownia BĘDZIN spółka z o.o. with its registered office in Będzin (42-500), at ul. Małobądzka 141, in which the Company holds 100% of shares;
- Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A. under restructuring with its registered office in Poznań (61-144), at ul. Bolesława Krzywoustego 7, in which the Company holds 46% of shares.

The associated party entity (non-consolidated) is Energo-Biomasa spółka z o.o., in which Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A. under restructuring holds 19.99% of shares.

Indication of the effects of changes in the Company's structure

On 4 August 2014, the Company with its subsidiary Elektrociepłownia BĘDZIN Sp. z o.o. entered into an agreement on the transfer of the ownership title to the enterprise, on the basis of which the Company transferred the ownership rights to the Company's enterprise to the Elektrociepłownia BĘDZIN Sp. subsidiary within the meaning of Art. 55¹ of the Civil Code. Through in-kind contribution of a branch of business, Elektrociepłownia "Będzin" S.A. acquired 100% of shares in its subsidiary, i.e. the Elektrociepłownia BĘDZIN Sp. z o.o. with a nominal value of PLN 76,820 thousand. The value of the shares is based on the net book value of the contributed assets and as of 30 September 2019 it was PLN 80.987 thousand.

On 15 April 2015, the ownership of the shares of Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A. was transferred to Elektrociepłownia "Będzin" S.A. As a result of the aforementioned transaction, the Company holds 100% of shares (i.e. 2,240 shares) in Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A. under restructuring. The purchase of shares was financed with funds from the bond issue and the company's own funds. The main reasons behind the transaction of the acquisition of shares in the aforementioned subsidiary included the development of the Group of Companies in accordance with the accepted strategic assumptions and diversification of the revenue sources.

On 31 March 2021, an agreement was concluded between Elektrociepłownia "Będzin" S.A. and Poznański Bank Spółdzielczy (Co-operative bank) (Bank 1) and Kujawsko-Dobrzański Bank Spółdzielczy (Bank 2), on the basis of which, receivables of each of the Banks against Elektrociepłownia "Będzin" S.A. arising from bonds (2 bonds with a value of PLN 20 thousand) were exchanged for Shares of ETFL Energo-Utech S.A. under restructuring, and thus transfer of the Shares subject to exchange with Bank 1 and Bank 2, provided that the share subject to the agreement were released from the pledge. The total number of shares conditionally acquired as a result of the exchange is respectively: by Bank 1 - 600 shares. and 600 by Bank 2 respectively, representing approximately 54% of the share capital. After the balance sheet date, agreed changes were made to the Articles of Association of the Subsidiary, i.e. the removal of share preference and granting the Banks the right to appoint 2 members to the 3-person Supervisory Board results in the Banks taking control of ETFL Energo-Utech S.A. under restructuring. The parties also agreed to the principle of a call, exercisable from 31 March 2025 to 31 March 2026. The price for the buy-back of shares, by the current owner Elektrociepłownia "Będzin" S.A. of ETFL Energo-Utech S.A. under restructuring amounts to PLN 3,870,000. The banks agreed to provide ETFL Energo-Utech S.A. under restructuring with financing (minimum PLN 12 million) to secure its business activities in order to implement the composition agreement with its creditors - should this composition agreement be concluded. The agreement contains conditions precedent related to the entry into force of the agreement and the releasement of pledges on Energo-Utech shares. Due to these conditions, Energo-Utech's balance sheets have been reported as of 31 March 2021 in the consolidated quarterly report.

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As a result of the above transactions, the Company changed its business focus. The Company is a holding company and develops its business of renting and leasing fixed assets and providing financial services.

The production activity in the field of co-generation of heat and power is carried out at Elektrociepłownia BĘDZIN Sp. z o.o. subsidiary,

while activities in the scope of provision of financial services, mainly leasing, are carried out by Energetyczne Towarzystwo Finansowo-Leasingowe ENERGO-UTECH S.A. under restructuring.

Description of issuer's relevant successes and failures in the period covered by the report, together with a list of the most significant events

There were no significant successes or failures in the current period for the Company.

Management Board's position concerning the possibility of fulfilment of previously published result forecasts for a given year

Elektrociepłownia "Będzin" S.A. has not published any forecasts of results for the current financial year and, therefore, does not put forth the Management Board's position on the possibility of achieving them.

Ownership status and changes in the structure of significant shareholders.

To the knowledge of Elektrociepłownia "Będzin" S.A., as of the date of the hand-over of the report for the first quarter of 2021, the following shareholders hold more than 5% of the share capital and the same percentage of votes in the General Meeting of Shareholders:

As at the date of the report					
Name of the entity	Shares [number of shares]	Votes	Shares [%]	Votes [%]	Nominal value of shares
VALUE Fundusz Inwestycyjny Zamknięty oraz Familiar S.A. SICAV- SIR*	646,184	646,184	20.52	20.52	3,230,920
Krzysztof Kwiatkowski	626,462	626,462	19.89	19.89	3,132,310
Waldemar Witkowski	325,000	325,000	10.32	10.32	1,625,000
Bank Gospodarstwa Krajowego	311,355	311,355	9.89	9.89	1,556,775
AUTODIRECT S.A.	258,037	258,037	8.19	8.19	1,290,185
State Treasury	157,466	157,466	5.00	5.00	787,330
Other	824,496	824,496	26.18	26.18	4,122,480
Total	3,149,200	3,149,200	100.00	100.00	15,746,000

* pursuant to an agreement entered into on May 13, 2021 (RB No. 10/2021 dated 14 May 2021).

There have been no changes in the ownership structure of the issuer's significant shareholdings since the date of the previous adjusted interim report for 2020.

Ownership and changes in the structure of shares held by the managing and supervising persons.

Persons managing and supervising Elektrociepłownia "Będzin" S.A. own shares in the Company or have the right to them.

Status as at the date of the report						
Persons managing and supervising	Shares [number of shares]	Votes	Shares [%]	Votes [%]	Nominal value of shares	
Kamil Kamiński	0	0	0	0	0	
Bartosz Dryjski	0	0	0	0	0	
Krzysztof Kwiatkowski	626,462	626,462	19.89	19.89	3,132,310	
Waldemar Organista	123,146	123,146	3.91	3.91	615,730	
Waldemar Witkowski	325,000	325,000	10.32	10.32	1,625,000	
Marcin Śledzikowski	0	0	0	0	0	
Sebastian Chęciński	0	0	0	0	0	

Persons managing and supervising the Issuer do not hold shares in companies belonging to the Issuer's Group of Companies.

There have been no changes in the holdings of the Issuer's shares or rights to shares by the persons managing and supervising the Issuer since the date of the previous adjusted interim report for 2020.

Major legal proceedings

No court cases as of 31 March 2021.

Information about transactions with affiliated entities

Elektrociepłownia "Będzin" S.A. did not conclude transactions with affiliated entities on conditions other than market conditions.

Information on sureties, loans and guarantees granted

Shares in subsidiaries of Elektrociepłownia "Będzin" S.A. constitute collateral for the financing granted to the Company in the form of registered pledges.

In addition, the Company has the following contingent liabilities:

1. On 22 July 2016, The Company acceded to the debt of Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A. (subsidiary) stemming from three factoring agreements concluded on 22 July 2016 with regard to purchase and financing of lease receivables nos.: 879/07/2016, 880/07/2016 and 881/07/2016, under which PKO BP Faktoring SA seated in Warsaw granted the Debtor a financing limit totalling PLN 20,000,000 (say: twenty million Polish zlotys) until 21 July 2021. In accordance with the agreement, the liability of the Joint Borrower and the Debtor is joint and several liability, and the Factor may demand full or partial performance from both debtors jointly or from each of them separately. The loan balance as of 31 March 2021 was PLN 4,028 thousand. The subsidiary received from PKO Faktoring a grace period in repayment of installments until June 2020, and then applied for another grace period until completion of accelerated composition proceedings or until the sale of buses, assuming payment from November 2020 of reduced installments of PLN 30 thousand.
2. On February 2019, the Company issued a blank promissory note with a blank promissory note agreement as security for repayment of a revolving credit facility of PLN 1,300 thousand granted to the subsidiary

Energetyczne Towarzystwo Finansowo-Leasingowe ENERGO-UTECH S.A. under restructuring by Poznański Bank Spółdzielczy. The balance of the revolving credit facility as at 31 December 2020 was PLN 903 thousand. The credit is not being repaid on account of the fact that the Subsidiary has entered a restructuring process. The credit is 80% secured by the Polish Development Fund.

3. On 19 July 2019, the Company issued a blank promissory note with a blank promissory note agreement as security for repayment of an investment credit facility of PLN 6,612 thousand granted to Energetyczne Towarzystwo Finansowo-Leasingowe ENERGO- UTECH S.A. under restructuring (subsidiary) by mBank S.A. The balance of the credit facility as at 31 December 2020 was PLN 5,086 thousand. The credit is being repaid on an ongoing basis.

The total value of guarantees granted by Elektrociepłownia "Będzin" S.A. for repayment of liabilities to the ETFL Energo-Utech S.A. under restructuring (subsidiary) amounts to PLN 27,912 thousand.

The Management Board has analysed the risks related to the power of the creditors to enforce the guarantees. Until a composition agreement with the creditors is reached, the Subsidiary should repay its liabilities on an ongoing basis, and the creditors cannot terminate the agreements or enforce the guarantees. During negotiations of composition proposals, the Management Board of the Issuer will be agreeing with the creditors on separate composition proposals related to the guarantees. Should negotiations with the creditors fail and the subsidiary be at risk of bankruptcy, the creditors may demand the full amount of the debt from the guarantor. Credits granted to the subsidiary are also secured against its assets; the Management Board estimates that, as at the balance sheet date, the value of these assets is PLN 6,756 thousand, which means that the potential exposure of the Company on account of granted guarantees, taking into account the balance of liabilities as at 31.12.2020, i.e. PLN 10,017 thousand is PLN 3,261 thousand. The Management Board of the Company is of the opinion that the proposals presented during composition proceedings will be accepted by the creditors of the subsidiary, and thus the contingent liability will not have to be repaid; nevertheless, an adverse development of the situation may threaten the liquidity of the Company.

Factors that, in the issuer's opinion, will affect its performance in future reporting periods

Elektrociepłownia "Będzin" S.A. is the beneficiary of income from shares held in subsidiaries, the amount of which depends on the financial results achieved by these companies.

Other information that is significant for the assessment of human resources, property, financial standing, financial result and their changes, including information that is significant for the assessment of the ability to satisfy obligations by the Issuer.

As of the date of this statement, negotiations are underway with one of the lenders to reschedule instalments of the liability of PLN 910 thousand, three due instalments of which have not been paid on time, i.e. by 31 March 2021. These negotiations have not been completed.

CHARACTERISTICS OF EXTERNAL AND INTERNAL FACTORS RELEVANT TO THE DEVELOPMENT OF THE COMPANY

The primary objective of Elektrociepłownia "Będzin" S.A. is to pursue a strategy focused on achieving growth in the Company's value for the benefit of its shareholders. The Company is planning to realise the Group's development strategy through continuation and development of the business minding the care of environment and reduction of costs connected to generating heat and electricity and expansion of the business in the range of the financial services.

Factors that have a considerable impact on the development of the Company include, in particular:

- macroeconomic situation in Poland and the economic situation in the areas in which the members of the Group of Companies operate;
- political factors;
- legal and regulatory surroundings;
- positions taken and decisions made by Polish and European administration institutions and offices (e.g. the Office of Competition and Consumer Protection, Energy Regulatory Office, European

- environmental protection;
- situation in the heat and energy sector (decisions of the President of the Energy Regulatory Office concerning tariff approval, CO₂ emissions allowances, demand for heat and electricity, competition on the heat and energy market);
- situation in the financial sector (availability of short- and long-term forms of financing business activity, variation in interest rates);
- market reaction to new types of financial services offered by the Group of Companies, especially in the energy industry.

Additional information

Balance sheet data in EUR was converted according to the average exchange rate of the National Bank of Poland as at 31 March 2021 - PLN 4.6603. Figures from the profit and loss account in EUR for the period of three months of 2021 YTD were converted according to the exchange rate of the arithmetic mean of mean exchange rates announced by the National Bank of Poland and effective on the last day of each of the three months of 2021 YTD, i.e. PLN 4.5721

Balance sheet data for the comparable period of the previous year in EUR was converted according to the average exchange rate of the National Bank of Poland as of 31 December 2020 - PLN 4.6148. Figures from the profit and loss account in EUR for the period of three months of 2020 YTD were converted according to the exchange rate of the arithmetic mean of mean exchange rates announced by the National Bank of Poland and effective on the last day of each of the three months of 2020 YTD, i.e. PLN 4.3963