ELEKTROCIEPŁOWNIA "BĘDZIN" S.A. GROUP OF COMPANIES

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2021 IN ACCORDANCE WITH IAS 34 "INTERIM FINANCIAL REPORTING"

Content

1. General information

These Condensed Consolidated Interim Financial Statements for the period from 1 January to 31 March 2021 have been prepared according to IAS 34 "Interim Financial Reporting", which has been approved by the European Union.
The statement fairly and clearly presents the assets and financial position of Elektrociepłownia "Będzin" S.A. Group of Companies, has been approved by the Management Board of Elektrociepłownia "Będzin" S.A. (Parent Company) for publication and consists of:
- Condensed consolidated interim statement of financial position as of 31 March 2021
- Condensed consolidated interim statement of comprehensive income for the three months ended 31 March 2021,
- condensed consolidated interim statement of changes in equity for the period from 1 January to 31 March 2021,
- Condensed consolidated interim statement of cash flow for the period from 1 January to 31 March 2021,
- notes to the condensed consolidated interim financial statement.

The Management Board of Elektrociepłownia „Będzin" S.A.

Bartosz Dryjski –
Member of the
Management Board

Kamil Kamiński –
Member of the
Management Board

Signature of the person responsible for keeping the books of account and representing the entity keeping the books of account

Poznań, 31 May 2021

(prepared according to IAS 34 "Interim Financial Reporting", in thousands of PLN)

2. Condensed consolidated statement of financial position

	Note	31.03.2021 unaudited	31.12.2020
Assets			
Fixed assets			
Tangible fixed assets	11	132,240	134,957
Right to use tangible non-current assets		5,875	5,966
Intangible assets	12	662	706
Lease receivables		57,280	68,044
Loans granted		6,930	16,443
Other non-current investments		976	976
Other receivables		4,590	4,253
Deferred tax assets		-	-
Total fixed assets		**208,553**	**231,345**
Current assets			
Inventory		29,327	32,486
CO2 emission allowances		82	82
Lease receivables		50,403	53,913
Loans granted		13,512	4,000
Trade receivables and other receivables		13,050	10,028
Income tax receivables		-	21
Cash and cash equivalents		52,676	27,528
Prepayments and accruals		214	106
Total current assets		**159,264**	**128,164**
Total assets		**367,817**	**359,509**

Notes to the condensed consolidated interim financial statements are an integral part thereof

(prepared according to IAS 34 "Interim Financial Reporting", in thousands of PLN)

	Note	31.03.2021 unaudited	31.12.2020
Liabilities			
Equity	16		
Share capital		37,728	37,728
Supplementary capital		67,613	67,613
Reserve capital		44,843	44,843
Capital from remeasurements of defined benefits		(533)	(533)
Retained earnings		(167,900)	(153,883)
Total equity		**(18,249)**	**(4,232)**
Non-current liabilities			
Liabilities under credits, borrowings, or other debt instruments		35,528	36,040
Liabilities measured at fair value through financial performance.		317	432
Liabilities under employee benefits	18	5,552	5,552
Other liabilities		501	502
Deferred tax provision		53	55
Total non-current liabilities		**41,951**	**42,581**
Current liabilities			
Liabilities under credits, borrowings, or other debt instruments		182,666	198,517
Trade liabilities and other liabilities		36,109	36,218
Liabilities under employee benefits	18	2,813	2,520
Income tax liabilities		2,691	271
Provisions	19	119,836	83,634
Total current liabilities		**344,115**	**321,160**
Total liabilities		**386,066**	**363,741**
Total liabilities and equity		**367,817**	**359,509**

Notes to the condensed consolidated interim financial statements are an integral part thereof

(prepared according to IAS 34 "Interim Financial Reporting", in thousands of PLN)

3. Condensed consolidated statement of comprehensive income

	01.01.2021 - 31.03.2021 unaudited	***01.01.2020 - 31.03.2020 unaudited***
Continuing operations		
Revenues	63,429	49,907
including interest income recognised using the ESP method	*461*	*404*
Other operating revenues	220	804
Financing costs of operating activities	(2,006)	(3,373)
Amortisation and depreciation	(3,102)	(3,770)
Costs of the obligation to redeem CO2 emission allowances	(36,102)	(8,706)
Consumption of materials and energy	(23,507)	(22,501)
External services	(318)	(4,499)
Taxes and charges	(3,041)	(1,328)
Payroll and employee benefits	(5,045)	(5,149)
Other costs by type	(371)	(707)
Value of goods and materials sold	(561)	(145)
Other operating expenses	(194)	(174)
Profit from operational activities	**(10,598)**	**359**
Financial revenues	239	102
Financial expenses	(1,278)	(2,403)
Net financial revenues / (expenses)	**(1,039)**	**(2,301)**
Profit before tax	**(11,637)**	**(1,942)**
Income tax	(2,380)	(136)
Net profit/loss	**(14,017)**	**(2,078)**
Net profit/loss:		
attributable to shareholders of the parent company	(14,017)	(2,078)
attributable to non-controlling interest	-	-
Net profit for reporting period	**(14,017)**	**(2,078)**
Profits or losses and other comprehensive income in the reporting period	**(14,017)**	**(2,078)**
Total income:		
attributable to shareholders of the parent company	(14,017)	(2,078)
attributable to non-controlling interest	-	-
Net profit per share		
Main (PLN)	(4.45)	(0.66)
Diluted (PLN)	(4.45)	(0.66)

The reported net loss is entirely attributable to shareholders of the parent company.

Notes to the condensed consolidated interim financial statements are an integral part thereof

(prepared according to IAS 34 "Interim Financial Reporting", in thousands of PLN)

4. Condensed consolidated statement of changes in equity

	Note	Share capital	Supplementary capital	Reserve	Revaluation capital - defined benefits plan	Retained earnings	Equity total
Equity as of 01.01.2021		**37,728**	**67,613**	**44,843**	**(533)**	**(153,883)**	**(4,232)**
Net profit distribution		-			-		-
Profits for reporting period							
Net profit for reporting period		-	-	-	-	(14,017)	(14,017)
Other comprehensive income for the reporting period							
Remeasurements of the net liabilities due to the defined benefit plan (adjusted by the tax effect)	*31*	-	-	-	-	-	-
Total profit or loss or other comprehensive income in total for the reporting period		-	-	-	-	(14,017)	(14,017)
Total payments from and to owners		-	-	-	-	-	-
Equity as of 31.03.2021 unaudited		**37,728**	**67,613**	**44,843**	**(533)**	**(167,900)**	**(18,249)**

	Note	Share capital	Supplementary capital	Reserve	Revaluation capital - defined benefits plan	Retained earnings	Equity total
Equity as of 01.01.2020		**37,728**	**67,613**	**44,843**	**(564)**	**(84,271)**	**65,349**
Net profit distribution		-	-		-	-	-
Profit or loss for the reporting period							
Net profit for reporting period		-	-	-	-	(69,612)	(69,612)
							-
Other comprehensive income for the reporting period -							-
Remeasurements of the net liabilities due to the defined benefit plan (adjusted by the tax effect)	*31*	-	-	-	31	-	31
							-
Total profit or loss or other comprehensive income in total for the reporting period		-	-	-	31	(69,612)	(69,581)
Total payments from and to owners		-	-	-	-	-	-
Equity as of 31.12.2020		**37,728**	**67,613**	**44,843**	**(533)**	**(153,883)**	**(4,232)**

Notes to the condensed consolidated interim financial statements are an integral part thereof

(prepared according to IAS 34 "Interim Financial Reporting", in thousands of PLN)

5. Condensed consolidated statement of cash flow

	01.01.2021 - 31.03.2021 unaudited	01.01.2020 - 31.03.2020 unaudited
Cash flows from operating activities		
Profit before tax	**(11,637)**	**(1,942)**
Accrual of deferred tax	-	34
Adjustments		
Amortisation of tangible fixed assets	3,053	3,711
Amortization of intangible assets	49	59
Profit (loss) on investment activity	(2)	(3)
Financing costs of operating activities	2,006	
Change in receivables under loans granted	(241)	8,608
Change in the balance of inventories	3,159	6,659
Change in trade and other receivables	(3,359)	3,448
Change in trade and other liabilities	(310)	(32,277)
Change in provisions and liabilities due to employee benefits	36,495	13,360
Change in prepayments and accruals	(108)	104
Other adjustments	-	-
Cash flows from operating activity	**29,105**	**1,761**
Net financial revenues / (expenses)	324	4,451
Interest received	-	(10)
Interest paid	-	-
Income tax paid	-	424
Net cash flow from operating activities	**29,429**	**6,626**
Change in receivables under lease contracts	15,825	16,193
Net cash provided by operating activities including change in receivables from lease contracts	**45,254**	**22,819**
Cash flows from investment activities		
Granted long-term loans	-	(147)
Purchase of tangible fixed assets	(108)	(130)
Purchase of other investments	-	-
Disposal of tangible fixed assets	-	4
Interest received	-	10
Cash inflows from repaid loans granted	-	242
Net cash from investment activities	**(108)**	**(21)**
Cash flows from financial activity		
Raised loans, credits and other debt instruments	(1,607)	7,713
Repaid loans, credits and other debt instruments -	(16,228)	(29,842)
Payments of liabilities arising from financial leases	(173)	(276)
Interest paid	(2,012)	(2,449)
Dividends paid	-	-
Subsidies received	22	-
Net cash flows from financing activities	**(19,998)**	**(24,854)**
Total net cash flows	**25,148**	**(2,056)**
Opening balance cash and cash equivalents	**27,528**	**16,806**
Changes in the classification of financial assets		
Closing balance cash and cash equivalents	**52,676**	**14,750**
including restricted funds	2,856	8,870

Notes to the condensed consolidated interim financial statements are an integral part thereof

(prepared according to IAS 34 "Interim Financial Reporting", in thousands of PLN)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. Parent Company and Group of Companies Data

Elektrociepłownia "Będzin" S.A. The ("Parent Company") is a joint stock company registered in Poland. The Company's registered office is located in Poznań at ul. Bolesława Krzywoustego 7.

Elektrociepłownia "Będzin" S.A. is the parent entity of Elektrociepłownia "Będzin" S.A. Group of Companies

The condensed consolidated interim financial statements for the period from 1 January 2018 to 31 March 2021 include the financial statements of the Parent Entity and its subsidiaries (collectively, "Group of Companies").

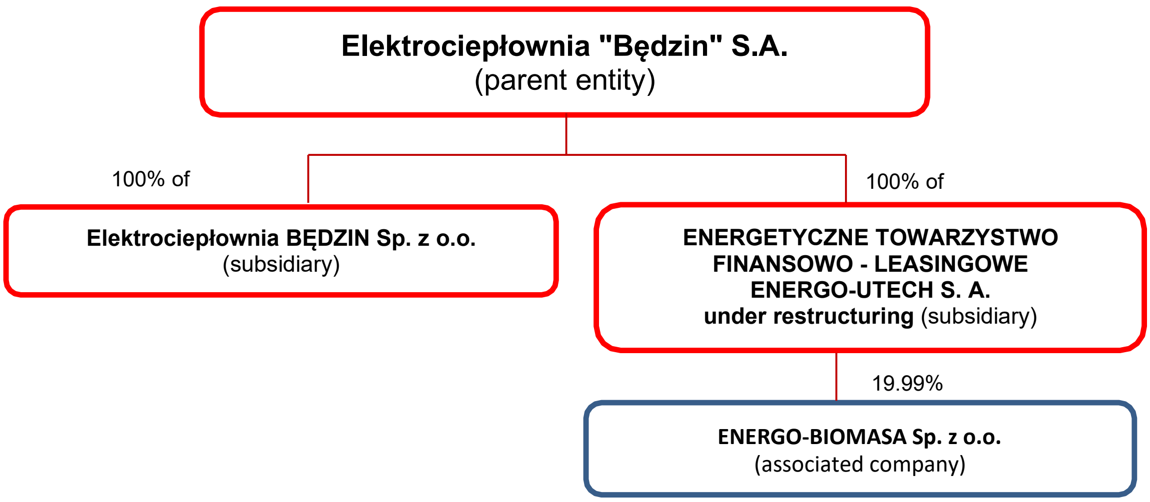
Share capital of the Parent Company amounts to PLN 15,746.00 thousand and is divided into 3,149,200 A series shares with a nominal value of PLN 5 each. Share capital has been revalued, as disclosed in note 16.

The Parent Company has been entered into the Register of Entrepreneurs of the National Court Register under KRS No.: 0000064511 in accordance with the resolution of the District Court in Katowice of 18 December 2001; it holds REGON (National Business Registry Number): 271740563 and NIP (Tax Identity Number): 6250007615.
Duration of activity of Elektrociepłownia „Będzin" S.A. as the Parent Company and the entities comprising the Group of Companies is indefinite.

The core activity of the parent entity and the Group of Companies is:

- heat production (steam and hot water),
- production of electricity,
- financial lease;
- other financial services. Subsidiaries as of

31 March 2021



Name and registered	Cou	Share %	
		31.03.2021	31.12.2020
Elektrociepłownia BĘDZIN Sp. z o.o. ul. Małobądzka 141, Będzin	Poland	100	100
Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A. under restructuring ul. Bolesława Krzywoustego 7, Poznań*	Poland	100*	100

(prepared according to IAS 34 "Interim Financial Reporting", in thousands of PLN)

***Signing of the investment agreement regarding the subsidiary ETFL Energo-Utech S.A. under restructuring**

On 31 March 2021, an agreement was concluded between Elektrociepłownia "Będzin" S.A. (ECB) 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 shares subject to the transaction were released from the pledge. The total number of shares 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. Group of Companies 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.

Affiliated companies in which the Company holds shares as of 31 March 2021

Name and registered	Cou	Share %	
		31.03.2021	31.12.2020
ENERGO-BIOMASA Sp. z o.o. Suliszewo 97, Drawsko Pomorskie	Poland	19.99	19.99

As of the date of the approval of these consolidated financial statements and as of 31 March 2021, the composition of the Management and Supervisory Boards of the Parent Company was as follows:

Management Board

1. Bartosz Dryjski – Member of the Management Board
2. Kamil Kamiński – Member of the

Management Board Supervisory Board

1. Krzysztof Kwiatkowski – Chairman
2. Waldemar Organista – Vice President
3. Sebastian Chęciński – Member of the Supervisory Board
4. Marcin Śledzikowski – Member of the Supervisory Board
5. Waldemar Witkowski – Member of

the Audit Committee under the Supervisory Board

1. Sebastian Chęciński – Chairman of the Audit Committee,
2. Marcin Śledzikowski – Member of the Audit Committee,
3. Krzysztof Kwiatkowski – Member of the Audit Committee.

7. Basis for the preparation of the condensed interim consolidated financial statement

7.1 Declaration of compliance

The following condensed consolidated interim financial statements for the period from 1 January 2020 to 31 March 2021 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") approved by the European Union ("EU").

7.2 Basis of valuation

The consolidated financial statement was prepared based on historical cost convention, except for financial instruments, which were assessed at their fair value.

7.3 Functional and presentation currency

Data in the consolidated financial statement have been presented in thousands of Polish zlotys unless indicated otherwise. The Polish zloty is the functional currency of the Parent Company and the Group of Companies.

7.4 Judgments and estimates made

The preparation of the condensed consolidated interim financial statement in accordance with EU IFRS requires the Parent Company's Management Board to make judgments, estimates and assumptions that affect the application of the adopted accounting policies and the presented values of assets, liabilities, revenue and costs, whose actual values may differ from the estimated ones.

During the period covered by these consolidated financial statements, there were no significant changes in the methods of estimation used compared to the 2020 consolidated financial statements.

7.5 Continuation of the Group of Companies' business activity

The Group of Companies identifies and actively manages the risk associated with liquidity, understood as the possibility of losing or limiting the ability to pay current expenses. As of the reporting date, the Management Board of the Group of Companies has identified the following risks and uncertainties related to the concept of continuing business activity by the Group:

1. with regard Group of Companies as a whole;

The excess of current liabilities over the Group of Companies' unencumbered current assets as of 31 March 2021 amounts to PLN 184.851 million. This is primarily due to the situation in the financial sector (represented mainly by the subsidiary ETFL Energo-Utech S.A. under restructuring); this amount includes loan liabilities of the subsidiary in the amount of PLN 96.01 million reclassified from non-current to current liabilities as a result of the breach of bank covenants with the simultaneous failure to obtain banks' statements that the breach would not result in termination of loan agreements. The reclassified credit liabilities finance, in particular, the lease receivables, which in the statement are divided into current and non-current. As described below, the subsidiary company (responsible for the financial sector in the consolidated statement) is undergoing restructuring and continues to implement the lease contracts concluded in previous periods, as well as the credit liabilities financing them (under the assumed composition proposals). As of this date, the Company does not enter into any new lease contracts The Management Board of the Parent Company assumes that the Group's situation related to the negative working capital will be addressed by accepting the arrangement in the subsidiary company and thus restructuring the debt through reduction and, at the same time, rescheduling it over a longer period. As of the date of signing this statement, the Judge-Commissioner has not set the voting date. The Company has updated – in connection with the ongoing negotiations – the composition proposals and thus the restructuring plan. However, these documents do not have a formal character. Failure to accept the arrangement will indicate a possible bankruptcy of the subsidiary company.

2. With regard to the Parent Company (holding activities within the group, which are not separately classified as a segment in this consolidated financial statement);

As of the balance sheet date of 31 March 2021, current liabilities in the Parent Company exceed current assets by PLN 6,708 thousand. The Management Board assumes that the Parent Company will continue its business activity, taking into consideration the following uncertain aspects:

- on 10 April 2019, the terms and conditions of the "A" series bond issue, amounting to PLN 16,200 thousand, were amended in such a way that the issue period was extended to 10 April 2022. The Parent Company's Management Board analysed the terms and conditions of the bond issue due to significant asset impairment. Pursuant to point 23.1.17 of the Bond Issue Agreement, a breach of the terms and conditions of issue occurs in the event of a "loss of the Issuer's balance sheet assets of significant value (...), which loss (...) may have a significant impact on the Issuer's financial position and its ability to fulfil or meet its liabilities arising in connection with the Bonds". The Parent Company's Management Board believes that this condition is met regardless of the uncertainty associated with the imprecise contractual provision. According to the Management Board, despite the impairment of assets amounting to more than 10% of the balance sheet total, the second part of this condition is important, which states that the impairment would have to negatively affect the ability to meet the liabilities arising in connection with the bonds. In the opinion of the Parent Company's Management Board, as a result of the actions taken, the entity holds sufficient resources to meet its interest liabilities in a timely manner, while the repayment of the debenture stock will take place in 2022 from the sale of shares in the subsidiary, i.e. Elektrociepłownia BĘDZIN Sp. z o.o. (sale of energy segment assets). Therefore, the loss incurred does not affect the Parent Company's ability to fulfil its liabilities and the condition itself is not breached. The Management Board of the Parent Company claims that despite significant asset impairment, liabilities arising in connection with the bonds (payment of interest) have been and continue to be settled on an ongoing basis.

- The Parent Company issued a guarantee for repayment of three loans granted to its subsidiary company – ETFL Energo-Utech S.A. under restructuring. As of the balance sheet date, this liability amounted to PLN 10,332 thousand, of which PLN 3,576 thousand is the unsecured portion of tangible assets of ETFL Energo-Utech S.A. under restructuring. The aforementioned accelerated composition proceedings, which will be voted on in the coming months, are crucial in assessing the potential need to repay the unsecured amount. The Management Board believes that the proposals presented in the composition proceedings will be accepted by the creditors of the subsidiary company, and therefore, it will not be necessary to repay the above-mentioned contingent liability.

- The subsidiary company, which represents the energy sector and whose shares are valued at the level of the Parent Company's individual financial statement, as of the balance sheet date, at PLN 33,951 thousand, incurred a significant loss in the second quarter of 2020, mainly as a result of a decreased thermal power order of the Company's primary counterparty, as well as a significant, non-budgetary increase in prices of CO_2 emission allowances. In 2020, the subsidiary did not fully redeem the CO_2 emission allowances by the statutory deadline of 30 April 2021 (12.5% of the required allowances were redeemed). As a result of its failure to redeem 515,000 tonnes of emission allowances, the subsidiary may be legally required to pay an administrative penalty in an amount materially higher (EUR 100/tonne) than the market value of those allowances at the balance sheet date (EUR 31/tonne) or the date of this report (EUR 55/tonne). The outstanding liability under unredeemed emission allowances is approximately PLN 109 million, plus approximately PLN 232 million of potential administrative penalties. The plan of subsidiary's Management Board is further described in section 7.5.3. The subsidiary's situation may significantly affect the value of shares in the said company and the projected proceeds from their sale, necessary to repay the bond liabilities upon their maturity date, i.e. 30 April 2022.

- As of the date of the report, the parent company is negotiating with one of the lenders, the debt towards which amounts to PLN 910 thousand, while the repayment date falls in December 2021. The negotiations concern spreading the repayments of this instalment amount over the period until April 2022.

- The Management Board of the Parent Company has prepared the projected flows, maintaining the above key conditions, i.e:

- the lack of maturity of contingent liabilities due to guarantees granted for the repayment of loans taken out by the Subsidiary Company,
- restructuring of debt with respect to affiliated and non-affiliated entities conducted after the balance sheet date,
- settling the outstanding liabilities under the emission allowances within 4-5 years, as well as a waiver – or at least a significant reduction – of administrative penalties, which will make it possible to sell shares in the energy subsidiary and settle the bond liability in 2022;
- the positive conclusion of talks held with the lender and spreading the repayments of the liability in the amount of PLN 910 thousand over the period until April 2022.

Under these assumptions, the excess cash flows generated ensure the ongoing operation of the Parent Company and repayment of debt until the bond liabilities are repaid in 2022. At the same time, the Management Board aims to sell investments in the Subsidiary Company, i.e. Elektrociepłownia Będzin Sp. z o.o., and use those funds primarily to repay bond liabilities.

3. With regard to the financial segment (in large part corresponding to the business activity carried out by the Subsidiary Company ETFL Energo-Utech S.A. under restructuring);

the Management Board of the Company – due to a significant surplus of current liabilities over current assets, which occurred on 31 December 2019, termination of lease contracts, as well as the balance of outstanding liabilities due but not repaid in the Company (PLN 4.5 million due to banks, PLN 6 million due to other creditors from loans, and PLN 3 million from promissory notes) – has filed a motion to commence accelerated composition proceedings On 12 February 2020, the court issued a decision to commence such proceedings, which protected the Company from enforcement measures undertaken by its creditors. The assumptions of the restructuring plan are described in point 7.5.2, in the section "Accelerated composition proceedings in the Subsidiary Company ETFL Energo-Utech S.A. under restructuring".

With respect to the financial sector's operations, the Group's Management Board has become aware of the following material uncertainties:

- the assumptions for the financial plan are neither final nor confirmed by the creditors of the Subsidiary Company. Information presented in the said point relates to the status of talks and negotiations held with creditors of the Subsidiary Company, in accordance with the best of the Management Board's knowledge as of the date of preparing this financial statement. These assumptions, in particular including those regarding the level of debt reduction, may further change as a result of the ongoing negotiations. Their final shape will determine both the chances of a positive vote on the arrangement and the flows in subsequent periods, on which the possibility of continuing the sector's operations will be based. Continuation of the financial sector's operation depends on the success of the restructuring plan,
- the restructuring plan assumes that the financial sector will be able to return to full operational activity in terms of concluding new agreements (lease, loan, factoring, other from the financial sector) starting from September 2021, and the level of concluded agreements will range from PLN 21 million in 2021 to PLN 112 million as early as 2024 – with a similar level being maintained in subsequent years. The market situation caused by the coronavirus, the expected economic slowdown, and the risk of a recurrence of the pandemic may affect the ability to meet these assumptions, and as such, the ability to fulfil the proposed arrangement with creditors,
- with regard to plans to return to operational activity (described above), it will be necessary to obtain new financing sources. According to the Parent Company's Management Board, appropriate structuring of the newly concluded agreements, in particular appropriate security provided to financial institutions, will allow obtaining financing at cost that is not higher than the current cost of financing. Failure to meet this assumption may indicate that the financial sector will potentially have to pass on the cost of financing and, possibly, the resulting limitation on concluding new agreements or accepting a margin that is lower than the one assumed in the restructuring plan. Both cases may entail positive financial flows and generated net profit, which are lower than projected,

- the projected cash flows, taking into account the positive outcome of the vote on the proposed arrangement with creditors, include a positive cash flow of PLN 10 million resulting from the guarantee of receivables repayment granted by a non-affiliated entity. These receivables (with a net book value of PLN 9,003.4 thousand), as of the balance sheet date, are secured by way of an assignment of receivables, while the repayment deadline is 31 December 2021.

The continuity of operations in the financial sector depends on the fulfilment of the above-mentioned conditions, and in the first place, on the conclusion of an arrangement with creditors – the lack the creditors' consent regarding the reduction of liabilities will make the continuation of this entity's operations impossible, and consequently, termination of its operations in the financial sector. Details of the assumptions for the proposed restructuring plan are presented in point 7.5. "Continuation of operations," subsection 7.5.2. "Restructuring of the financial sector (of subsidiary ETFL Energo-Utech S.A. under restructuring)". To strengthen the Company's position in the context of negotiations with creditors, the Management Board of the Parent Company that owns ETFL Energo-Utech S.A. under restructuring has undertaken negotiations with the entities interested in purchasing the shares of the subsidiary. On 31 March 2021, a trilateral agreement was concluded between the banks (2 cooperative banks) and the Elektrociepłownia
"Będzin" S.A. Company. on the exchange of claims due to the redemption of the Issuer's bonds for shares of the Subsidiary Company Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A. under restructuring, under which the Banks shall exchange their claims against the Issuer corresponding to the value of one Bond issued by the Issuer, for 54% of shares of ETFL Energo-Utech S.A. in restructuring (600 for each Bank), provided that these shares are released from the registered pledge. Shares of ETFL Energo-Utech S.A. under restructuring constitute the collateral for the issue of bonds of Elektrociepłownia Będzin S.A., while the cooperative banks are one of the bondholders. Due to the deterioration of the economic and liquidity situation of the Issuer of bonds and to increase the value of the bond collateral by strengthening the possibility of accepting the agreement by the creditors, the cooperative banks – as part of the acquisition of the shares of the Company – undertook to take over the majority of the shares of ETFL Energo-Utech S.A. under restructuring along with a commitment to co-finance new projects in an amount of no less than PLN 12 million – provided that this composition is approved.

4. With regard to the energy sector (corresponding to the business activity carried out by the Subsidiary Elektrociepłownia BĘDZIN Sp. z o.o.), the Parent Company's Management Board has become aware of the following uncertainties regarding the continuity of operations:

A loss of PLN 61,428 thousand was incurred due to the losses incurred by the energy sector. In 2020, the Management Board took drastic measures to restore liquidity in the sector and intends to implement a plan to switch to alternative fuel sources for heat and electricity production, since the current situation related to the European Union's policy aimed to reduce carbon emissions and the speculative nature of the market for CO_2 emission allowances renders the production from conventional sources unprofitable.

On 14 January 2021, the Company received a letter from Polska Grupa Górnicza S.A. on the non-collection of coal volumes from the coal supply contract terminated on 31 August 2020. PGG S.A. indicates that the coal subject to non-collection amounted to 125,000 tonnes and estimated the claims arising from the contractual penalty, storage costs of the unclaimed volume, coal production costs incurred and other costs at approximately PLN 49 million. On 4 March 2021, the Company received a pro forma invoice for PLN 41.5 million.

The Management Board believes that PGG's claim is unjustified. According to the Contract, "If due to a change in business relations of either of the Parties the performance of the Contract shall involve excessive difficulties or shall threaten one of the Parties with a gross loss, this Party may request renegotiation of the Contract. If the other Party fails to respond to the above mentioned request or no agreement is reached within 2 months from the date of receipt of the request to renegotiate the Contract, the Party requesting the renegotiation shall have the right to terminate the hereby Contract with a 6 months' notice (without any indemnification liability to either Party)."

According to the Management Board, there were several changes in the business relations that entitled ECB to renegotiate the agreement, e.g.:

- increase in the price of CO_2 emission allowances (EUA),
- decrease in electricity sales prices,
- a 50% decrease in heat sales to the main customer (TAURON Ciepło Sp. z o.o.),
- decrease in coal prices for other customers in the market,
- COVID-19.

Should no agreement be reached, the party that requested the renegotiation was entitled to terminate the Agreement at 6 months' notice. Additionally, it should be pointed out that the further performance of the contract would entail excessive difficulties for Elektrociepłownia BĘDZIN Sp. z o.o. as this would lead the Company to become insolvent, resulting in the need to file for bankruptcy or restructuring. At the same time, the wording in fine, i.e. "without any indemnification liability" indicates that it is the intention of the Parties that, in the event of termination of the Contract, the Parties shall be protected and not bear adverse consequences on this account, including contractual penalties. This is because contractual penalties constitute an indemnity undertaking. Due to the above analysis, the Management Board has not included a provision for counterparty claims in the financial statements.

Accordingly, the Management Board took the following actions:

- the contract with PGG S.A. (the main coal supplier until 31 August 2020) was terminated because the prices were not consistent with the arm's length principle, and there was no flexibility in terms of payment conditions. Furthermore, new agreements were concluded with different coal suppliers based on market parameters and with a 90-day payment term;
- due to the termination of the above contract, PGG S.A. issued a pro forma note for PLN 41.5 million. The Company's Management Board believes that there was adequate justification for the termination of this contract, which was lawfully filed as described above, and accordingly, no provision has been made in the statements for the possible negative outcome of negotiations or disputes with this counterparty,
- a backup contract was signed with the main heat recipient, guaranteeing flow from the ordered capacity of additional 20 MW and capacity reservation of up to 100 MW;
- an application has been prepared to change the heat tariff, which will cover the higher costs associated with the increase in the price of CO_2 emission allowances in late 2020 and the first quarter of 2021;
- a change request has been prepared to amend the Integrated Permit to allow the co-firing of up to 40% of biomass, which will result in a significant reduction in CO_2 emissions by 2021;
- Various investment options are being considered, including a boiler (coal- or gas-fired) with a capacity of up to 20 MW that will allow the company to expand beyond the emission allowance system;

The Company's Management Board has prepared a cash flow forecast, subject to the above key conditions (i.e. current coal purchase prices, maintaining payment deadlines to a minimum of 90 days, the introduction of biomass co-firing, increase in the heat tariff, purchase of CO_2 emission allowances for 2020 within 4-5 years and no administrative penalties due to the failure to redeem CO_2 emission allowances by 30 April 2021). Under these assumptions, the positive cash flows generated will be sufficient to meet the current liabilities of this sector for a period of no less than one year from the balance sheet date.

Failure to introduce these key changes related to the Energy Regulatory Office taking into account the increase in the heat tariff, as well as the implementation of the policy of substituting coal as the main source of fuel and maintaining current coal prices, and above all, the materialisation of the consequences of failure to purchase all 2020 emission allowances by their maturity date, i.e. penalties in the amount of
EUR 100 for each unredeemed tonne of CO_2 (with this penalty not releasing the subsidiary from its obligation to redeem the missing emission allowances), will result in a loss of liquidity and will pose a significant threat to the Company's continued operations. The Management Board actively undertakes measures to counteract negative consequences of the above scenario, particularly by presenting a plan to the entities responsible for settlement of the redeemed emission allowances, which consists in the repayment of the non-redeemed portion and an indication of an important social interest related to the operation of the heat and power plant, which may constitute the basis for waiving or significantly reducing the penalties imposed under the Tax Ordinance. Despite these material uncertainties, the Group's Management Board believes that the adopted principle of continuing operations is appropriate.

To sum up, the continuity of business activity of Elektrociepłownia Będzin S.A. in an unchanged form will depend on the positive approval of the arrangement with the creditors of the subsidiary and the fulfilment of the assumptions adopted by the Management Board of the Parent Company that there is no need to repay contingent liabilities due to guarantees granted and the maintenance of bond liabilities as non-current liabilities. In addition, with respect to the power sector, its continued operations depend primarily on the adoption of a plan to drastically reduce carbon dioxide emissions in the coming periods and the positive conclusion of ongoing discussions regarding the settlement of debt due to the non-redemption of outstanding CO_2 emission allowances and the cancellation or significant reduction of administrative penalties related thereto.

The Management Board of the Parent Company believes that the probability of a positive scenario is high and therefore considers that the going concern principle in an unchanged form is reasonable. Therefore, the consolidated financial statement for 2020 was prepared based on the assumption that the Company will continue its business activity for the foreseeable future, covering a period of not less than one year from the balance sheet date, without materially decreasing.

The Parent Company's Management Board anticipates that the recovery measures taken in the energy sector will enable the sale of 100% of shares in the subsidiary ECB Sp. z o.o. z o.o. and will make it possible to generate unallocated cash to be used for new investments (as deductible). However, in connection with the sale of 54% of shares of an entity representing the financial segment (the loss of control over this entity, described in point 42 "Events after the end of the reporting period") and the plan to sell shares in a Subsidiary Company representing the energy segment, it becomes necessary to define the subject matter of the Group's and the Subsidiary Company's activities.
Due to its experience and knowledge of the market, the Parent Company plans to invest in the area of high-efficiency co-generation of energy from renewable sources (biomass) and (in dedicated points) gas sources on its own and in cooperation with partners (larger projects). The Company has been analysing available technologies in the context of wood biomass utilisation (burning, gasifying) and is interested in the biogas plant market. RDF utilisation technologies are also in the area of the Company's interest.

8. Description of major accounting principles applied

During the preparation of this consolidated financial statement, the Group has applied the same accounting policies and methods of computation as in the consolidated statement for 2019.

As of the date of preparing the consolidated financial statement, the following new standards, amendments to existing standards and interpretations have been issued by the IASB but are not effective yet:

- Amendments to IFRS 4 "Insurance Contracts" titled "Extension of the temporary exemption from IFRS 9" approved in the EU on 16 December 2020. (the expiration date of the temporary exemption from IFRS 9 has been extended from 1 January 2021 to annual periods beginning on or after 1 January 2023),

- Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases" – Interest Rate Benchmark Reform – Stage 2, approved in the EU on 13 January 2021. (effective for annual periods beginning on or after 1 January 2021).

The Group has decided not to use the possibility of early application of those new standards and amendments to existing standards.

The Group has not opted for early adoption of any other standard, interpretation or amendment that has been published but is not yet effective under European Union law.

9. Business risk management

The Group of Companies is exposed to the following risks arising from the use of financial instruments:
- credit risk;
- liquidity risk;
- currency risk;
- interest rate risk.

Information on the Group's exposure to a given type of risk, objectives, policies and procedures for measuring and managing risks adopted by the Group, as well as information about the Group's capital management is presented in the 2020 consolidated annual financial statements.

As of 31 December 2020, the Group's current liabilities amounted to PLN
344,115 thousand which is PLN 184,851 thousand higher than the amount of current assets. The surplus results primarily from the need to reclassify credit liabilities presented in the non-current liabilities. In connection with the breach of bank covenants, the Subsidiary did not obtain representations from the banks that the breach would not result in termination of the loan agreements. The reclassified loan liabilities are used to finance, in particular, lease receivables, which in the statement are divided into current and non-current. The Subsidiary Company is under restructuring and continues to fulfil both the lease contracts and the loan liabilities that finance them (under the arrangement proposals).

The Group's profitability is contingent upon the signing of appendices to long-term heat supply contracts, the economic situation on the electricity market, as well as long-term lease and rental contracts.

According to the Parent Company's Management Board, a significant part of the aforementioned gap will be covered by funds constituting the Group's surplus cash flows from the sale of key assets in the period until maturity of individual current financial liabilities. In 2020, in order to cover the remaining part of the financial gap, the Group has undertaken steps aimed to:
- sale the transferred funds from terminated lease contracts;
- intensify the collection of overdue debt in Energetyczne Towarzystwo Finansowo-Leasingowe ENERGO-UTECH S.A. under restructuring,
- extend maturity of part of financial liabilities resulting from financing the purchase of shares in Energetyczne Towarzystwo Finansowo-Leasingowe ENERGO-UTECH S.A. under restructuring,

Successful implementation of the above topics is critical to the Group's liquidity.

10. Segment reporting

The Group of Companies presents financial information according to two business segments: the energy segment, which includes the generation of electricity and heat from conventional sources, and the financial segment, which includes financial and service activities in the scope of leasing, holding or otherwise sharing tangible assets.

At the moment, this division corresponds to the Group's internal reporting scheme, which results from its management structure. It is subject to regular checks performed by the Parent Company's Management Board and used to make decisions on the allocation of resources, as well as evaluate segment performance.

The Group of Companies implements its business objectives within two basic reporting segments separated due to different management strategies (production, financial) adopted within each segment.

(prepared according to IAS 34 "Interim Financial Reporting", in thousands of PLN)

The Group's business activities are not geographically diversified; all of the Group's business activities are conducted in Poland, therefore, they have not been divided into geographical areas.

Operating segments for the following period: 01.01.2021 – 31.03.2021	Segment Financial segment	Energy segment	Total
Revenues from external customers	60,966	2,463	63,429
Other operating revenues	204	16	220
Total segment revenue	**61,170**	**2,479**	**63,649**
Financing costs of operating activities	-	(2,006)	(2,006)
Amortisation and depreciation	(2,886)	(216)	(3,102)
Costs of the obligation to redeem CO2 emission allowances	(36,102)	-	(36,102)
Consumption of materials and energy	(23,480)	(27)	(23,507)
External services	191	(509)	(318)
Taxes and charges	(2,839)	(202)	(3,041)
Payroll and employee benefits	(4,378)	(667)	(5,045)
Other costs by type	(88)	(283)	(371)
Value of goods and materials sold	(561)	-	(561)
Other operating expenses	(182)	(12)	(194)
Segment result on operating activities	**(9,155)**	**(1,443)**	**(10,598)**
Financial revenues	146	93	239
Financial expenses	(538)	(740)	(1,278)
Unallocated financial income/costs			
Profit/(Loss) before tax	**(9,547)**	**(2,090)**	**(11,637)**
Income tax	(2,382)	2	(2,380)
Net profit/loss	**(11,929)**	**(2,088)**	**(14,017)**

Segment assets and liabilities as of 31.03.2021	Segment Energy	Segment Financial	Total
Segment assets	199,833	167,984	367,817
Total assets	**199,833**	**167,984**	**367,817**
Segment liabilities	162,039	224,027	386,066
Unallocated liabilities			-
Total equity	37,794	(56,043)	(18,249)
Total liabilities and equity	**199,833**	**167,984**	**367,817**

(prepared according to IAS 34 "Interim Financial Reporting", in thousands of PLN)

Operating segments 01.01.2021 – 31.03.2021	Segment power industry	Segment financial	Total
Revenues from external customers	46,495	3,412	49,907
Other operating revenues	799	5	804
Total segment revenue	**47,294**	**3,417**	**50,711**
Financing costs of operating activities	-	(3,373)	(3,373)
Amortisation and depreciation	(3,548)	(222)	(3,770)
Amortisation and depreciation of CO2 emission rights	(8,706)	-	(8,706)
Consumption of materials and energy	(22,470)	(31)	(22,501)
External services	(4,057)	(442)	(4,499)
Taxes and charges	(1,066)	(262)	(1,328)
Payroll and employee benefits	(4,258)	(891)	(5,149)
Other costs by type	(85)	(622)	(707)
Value of goods and materials sold	(145)	-	(145)
Other operating expenses	(174)		(174)
Segment result on operating activities	**2,785**	**(2,426)**	**359**
Financial revenues	84	18	102
Financial costs	(2,018)	(385)	(2,403)
Profit before tax	**851**	**(2,793)**	**(1,942)**
Income tax	(172)	36	(136)
Net profit/loss	**679**	**(2,757)**	**(2,078)**

Segment assets and liabilities as of 31.03.2021	Segment power industry	Segment financial	Total
Segment assets	234,268	232,987	467,255
Total assets	**234,268**	**232,987**	**467,255**
Segment liabilities	122,384	281,600	403,984
Total equity	111,884	(48,613)	63,271
Total liabilities and equity	**234,268**	**232,987**	**467,255**

Revenues of the power generation segment due to	31.03.2021	31.03.2020
Electricity	34,750	21,287
Heat	25,360	24,785
Pellet	-	-
Other	856	423
Closing balance	**60,966**	**46,495**

Sale of electricity through Towarowa Giełda Energii (Polish Power Exchange) at current wholesale prices, determined for deliveries conducted in contractual periods (short-term contracts). Revenue recognised within the delivery periods, payment terms in the range of 7-30 days.
Sale of heat energy to an entity of the Tauron Polska Energia S.A. Group at tariff prices, with regard to supplies covered by long-term contracts. Revenue recognised within the delivery periods, payment terms in the range of 7-30 days.

Revenues of the financial segment due to	31.03.2021	31.03.2020
Lease, rental	1,799	3,118
Interest on loans granted, factoring services	461	404
Other	203	(110)
Closing balance	**2,463**	**3,412**

(prepared according to IAS 34 "Interim Financial Reporting", in thousands of PLN)

11. Investment properties, the right to use tangible non-current assets, tangible non-current assets

11.1 Investment properties

	31.03.2021	31.12.2020
Value as of 01.01.2021	967	-
Recognition of right to use under IFRS 16	-	116
Transfer from tangible non-current assets	-	851
Value as of 31.03.2021	967	967

11.2 Right to use tangible non-current assets

	Land, buildings and structures	Vehicle	Total
INITIAL VALUE			
Gross value as on 01.01.2020	5,980	918	6,898
Transfer from tangible non-current assets			-
Recognition of right to use under IFRS 16			-
Gross value as on 31.12.2020	5,980	918	6,898
Gross value as on 01.01.2021	5,980	918	6,898
Gross value as on 31.03.2021	5,980	918	6,898
DEPRECIATION AND IMPAIRMENT			
As on 01.01.2020	468	149	617
Amortization for the period	131	184	315
As of 31.12.2020	599	333	932
As of 01.01.2021	599	333	932
Amortization for the period	45	46	91
As of 31.03.2021	644	379	1,023
NET VALUE			
As of 01.01.2020	5,512	769	6,281
As of 31.12.2020	5,381	585	5,966
As of 01.01.2021	5,381	585	5,966
As of 31.03.2021	5,336	539	5,875

(prepared according to IAS 34 "Interim Financial Reporting", in thousands of PLN)

11.3 Tangible fixed assets

Gross value of tangible fixed assets	Land, buildings and structures	Machinery and equipment	Means of transport	Other tangible fixed assets	Tangible fixed assets under construction	Total
Gross value as on 01.01.2020	71,683	226,680	3,307	1,615	(1,629)	273,766
Acquisition	-	224	376	8	734	1,342
Sales	-	1,340	(5,392)	(15)	-	(4,067)
Liquidation	-	(322)	-	(9)	-	(331)
Clearance/reclassification	(426)	-	2,753	-	(607)	1,720
Gross value as on 31.12.2020	**71,257**	**227,922**	**(1,709)**	**1,599**	**(1,502)**	**272,430**
Gross value as on 01.01.2021	**71,257**	**227,922**	**(1,709)**	**1,599**	**(1,502)**	**272,430**
Acquisition	-	14	-	-	226	240
Sales	-	-	-	-	-	-
Liquidation	-	(3)	-	-	-	(3)
Clearance/reclassification	-	109	(1,273)	-	(14)	(1,178)
Gross value as on 31.03.2021	**71,257**	**227,933**	**(1,709)**	**1,599**	**(1,290)**	**271,489**

Reversal and write-downs on impairment losses	Land, buildings and structures	Machinery and equipment	Means of transport	Other tangible fixed assets	Tangible fixed assets under construction	Total
Depreciation and write-downs on impairment losses as of 01.01.2020	34,297	107,114	(9,014)	1,351	-	133,748
Amortisation and depreciation	2,714	8,859	723	116	-	12,412
Sales	-	(736)	(7,241)	(14)	-	(7,991)
Liquidation	-	(322)	-	(9)	-	(331)
Clearance/reclassification	-	-	(365)	-	-	(365)
Depreciation and write-downs on impairment losses as of 31.12.2020	**37,011**	**114,915**	**(15,897)**	**1,444**	**-**	**137,473**
Depreciation and write-downs on impairment losses as of 01.01.2021	**37,011**	**114,915**	**(15,897)**	**1,444**	**-**	**137,473**
Amortisation and depreciation	756	2,073	204	20	-	3,053
Liquidation	-	(3)	-	-	-	(3)
Clearance/reclassification	-	-	(1,274)	-	-	(1,274)
Depreciation and write-downs on impairment losses as of 31.03.2021	**37,767**	**116,985**	**(16,967)**	**1,464**	**-**	**139,249**
Net value						
01.01.2020	37,386	119,566	12,321	264	(1,629)	140,018
31.12.2020	34,246	113,007	14,188	155	(1,502)	134,957
01.01.2021	34,246	113,007	14,188	155	(1,502)	134,957
31.03.2021	33,490	110,948	15,258	135	(1,290)	132,240

12. Intangible assets

Gross value of intangible assets	Patents, licenses computer software	Other values intangible	Allowances	Total
Gross value as on 01.01.2020	1,677	5,512	72,325	79,514
Acquisition	-	-	-	-
Receipt (free assignement)	-	-	82	82
Gross value as on 31.12.2020	**1,677**	**5,512**	**72,407**	**79,596**
Gross value as on 01.01.2021	1,677	5,512	72,407	79,596
Acquisition	5	-	-	5
Liquidation	(36)	-	-	(36)
Gross value as on 31.03.2021	**1,646**	**5,512**	**72,407**	**79,565**

(prepared according to IAS 34 "Interim Financial Reporting", in thousands of PLN)

Reversal and write-downs on impairment losses	**Patents, licenses, software**	**Other values intangible**	**CO2 emission allowance**	**Total**
Depreciation and write-downs on impairment losses as of 01.01.2020	763	5,512	59,151	65,426
Amortisation and depreciation	208	-	13,174	13,382
Depreciation and write-downs on impairment losses as of	**971**	**5,512**	**72,325**	**78,808**
Depreciation and write-downs on impairment losses as of 01.01.2021	971	5,512	72,325	78,808
Amortisation and depreciation	49	-	-	49
Sales	-	-	-	-
Liquidation	(36)	-		(36)
Write-downs on impairment losses	-	-	-	-
Depreciation and write-downs on impairment losses as of 31.03.2021	**984**	**5,512**	**72,325**	**78,821**
Net value				
01.01.2020	914	-	13,174	14,088
31.12.2020	706	-	82	788
01.01.2021	706	-	82	788
31.03.2021	662	-	82	744

13. Write-downs for lease receivables

Change in the position of write-offs revaluing lease receivables	**31.03.2021**	**31.12.2020**
Opening balance	(38,941)	(38,986)
Increases	-	45
Closing balance	**(38,941)**	**(38,941)**

14. Write-downs for granted loans

Change in the position of write-offs revaluing loans	**31.03.2021**	**31.12.2020**
Opening balance	(3,310)	(4,197)
Decreases	-	887
Closing balance	**(3,310)**	**(3,310)**

15. Inventory

Inventory	**31.03.2021**	**31.12.2020**
Goods	26,638	26,638
Materials	2,657	5,848
Energy Certificates of Origin	20	-
Advances on deliveries	12	-
	29,327	**32,486**

Energy Certificates of Origin	**31.03.2021**	**31.12.2020**
Status as on 01.01.2021	-	19
Purchases	20	-
Depreciation	-	(19)
Status as on 31.03.2021	**20**	**-**

16. Equity

Registered capital	**31.03.2021**	**31.12.2020**
Number of shares at the beginning of the period	3,149,200	3,149,200
Number of shares at the end of the period (fully paid up)	**3,149,200**	**3,149,200**

Equity as on	**31.03.2021**	**Number of shares (pcs)**	**Nominal value of 1 share (in PLN)**	**Carrying amount (in thousands PLN)**
Series A shares		3,149,200	5	15,746
Total number of shares		**3,149,200**		
Share capital Nominal value				15,746
Share capital for hyperinflation revaluation				**21,982**
Total share capital				**37,728**
Supplementary capital				67,613
Reserve capital				44,843
Total other capital				**112,456**
Capital from remeasurements of defined benefits				(533)
Retained earnings				(167,900)
Total equity				**(18,249)**

Equity as of 31.12.2020	Number of shares (pcs)	Nominal value of 1 share (in PLN)	Carrying amount (in thousands PLN)
Series A shares	3,149,200	5	15,746
Total number of shares	**3,149,200**		
Share capital Nominal value			15,746
Share capital for hyperinflation revaluation			21,982
Total share capital			**37,728**
Supplementary capital			67,613
Reserve capital			44,843
Total other capital			**112,456**
Capital from remeasurements of defined benefits			(533)
Retained earnings			(153,883)
Total equity			**(4,232)**

Share capital ownership structure as of 31.03.2021

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 13 May 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.

Dividends
The Parent Company did not pay any dividends during the 3-month period of 2021.

17. Earnings per share

	31.03.2021	31.03.2020
Number of shares at the beginning of the period	3,149,200	3,149,200
Number of shares at the end of the period	3,149,200	3,149,200
The weighted average number of shares issued	**3,149,200**	**3,149,200**

	31.03.2021	31.03.2020
Net profit/loss attributable to shareholders of the Parent Company (in thousands of PLN)	(14,017)	(2,078)
Number of shares	3,149,200	3,149,200
Basic earnings per share (PLN/share)	**(4.45)**	**(0.66)**

18. Employee benefits

Changes in the present value of liabilities under defined benefits	01.01.2021 - 31.03.2021	01.01.2020 - 31.12.2020
Defined benefit obligation at the start of the period	4,333	4,613
Costs of current employment	-	134
Interest costs	-	80
Revaluation of liabilities under defined benefits plan	-	(39)
Recognised in other comprehensive income		
Benefits paid	-	(455)
Defined benefit obligation at end of period	**4,333**	**4,333**

Changes in the present value of liabilities under other employee benefits	01.01.2021 - 31.03.2021	01.01.2020 - 31.12.2020
Liability due to other employee benefits at the start of the period	3,739	4,090
Costs of current employment	975	1,356
Interest costs	-	55
Revaluation of other employee benefit liabilities recognised in profit or loss for the current period	-	274
Benefits paid	(682)	(1,701)
Reversal	-	(335)
Liability due to other employee benefits at the end of the period	**4,032**	**3,739**

Change in the balance of liabilities employee benefits	Seniority awards	Retirement packages and disability pensions	Other liabilities	Total
Status as on 01.01.2021	**2,707**	**3,311**	**2,054**	**8,072**
Establishment	-	-	317	317
Use	-	(21)	-	(21)
Reversal	-	(13)	(46)	(59)
Status as on 31.03.2021	**2,707**	**3,277**	**2,325**	**8,309**

- long-term provisions	2,413	2,742	397	5,552
- current provisions	379	569	1,865	2,813

(prepared according to IAS 34 "Interim Financial Reporting", in thousands of PLN)

Change in the balance of liabilities defined benefits plan benefits	Awards service anniversary	Retirement packages and disability pensions	Other liabilities	Total
Status as on 01.01.2020	**2,621**	**3,628**	**2,454**	**8,703**
Establishment	167	198	1,236	1,601
Use	(355)	(476)	(1,325)	(2,156)
Reversal	274	(13)	(298)	(37)
Revaluation of provisions recognised in other comprehensive income	-	(26)	(13)	(39)
Status as on 31.12.2020	**2,707**	**3,311**	**2,054**	**8,072**
- long-term provisions	2,413	2,742	397	5,552
- current provisions	379	569	1,572	2,520

Defined benefit obligations include provisions for retirement severance pay, disability benefits, posthumous benefits and Company Social Benefits Fund write-downs. The legal basis for the above provisions is the remuneration regulations, the Labour Code and IAS 19 rules.

19. Provisions

Provisions	Provisions for CO2 emission rights CO2	Other provisions	Total
Value as of 01.01.2021	**83,494**	**140**	**83,634**
Establishment	36,195	20	36,215
Use	-	(13)	(13)
Value as of 31.03.2021	**119,689**	**147**	**119,836**
- short-term part	119,689	147	119,836

Provisions	Provisions for CO2 emission rights CO2	Other provisions	Total
Value as of 01.01.2020	**60,257**	**139**	**60,396**
Establishment	83,494	140	**83,634**
Acquired as part of acquisition of businesses	-	-	**-**
Use	(60,236)	(160)	**(60,396)**
Reclassification	(21)	21	
Value as of 31.12.2020	**83,494**	**140**	**83,634**
- short-term part	83,494	140	83,634

20. Fair value of financial instruments

The fair value of financial instruments for which there is no active market is determined using appropriate valuation techniques. The Group uses professional judgment when selecting appropriate methods and assumptions.

(prepared according to IAS 34 "Interim Financial Reporting", in thousands of PLN)

Derivative financial instruments designated in hedging relationships – cash flow hedges, including:	**Carrying amount** 31.03.2021	**Carrying amount** 31.12.2020	**Fair value** 31.03.2021	**Fair value** 31.12.2020
Interest rate swaps	(317)	(432)	(317)	(432)
Total	**(317)**	**(432)**	**(317)**	**(432)**

21. Contractual obligations incurred to acquire tangible non-current assets and intangible assets

No contractual obligations exist.

22. Explanations concerning the seasonality or cyclicality of the operations of the Group of Companies

Since the Elektrociepłownia "Będzin" S.A. Group of Companies is a producer of heat and electricity, its operation is characterised by specific seasonality. The amount of heat and electricity generated differ between the specific reporting periods, which is related to the dependence of the production volumes on the seasons and changes in weather conditions. This particularly applies to the production and sales of heat, which are at a significantly higher level in the autumn and winter.

The seasonality effect does not occur in the financial segment.

23. Contingent liabilities and pending proceedings

There were no material changes from 31 December 2020.

24. Collateral on assets

There were no material changes from 31 December 2020.

25. Information on dividends received

During the period covered by these statements, the Parent Company did not receive any dividends.

26. Transactions with affiliated entities

Transactions with executives
During the reporting period ending 31 March 2021, no advances, loans, advances, loans, guarantees or other agreements obliging to provide benefits were granted to management and supervisory personnel and their spouses, relatives.

Remuneration for executives
Employee benefits for key management personnel of the Group were as follows:

	31.03.2021	**31.12.2020**
Short-term employee benefits	-	410
	-	**410**

Transactions with affiliated entities:

(prepared according to IAS 34 "Interim Financial Reporting", in thousands of PLN)

As of 31.03.2021	Receivables	Liabilities
Power Engineering S.A	1,486	-
EU Piekarnie sp. z o.o.	9,292	-
AUTODIRECT S.A.	766	-
ENERGO-BIOMASA Sp. z o.o.	4,691	-
	16,235	**-**

For the following period: 01.01.2021 – 31.03.2021	Sales of products	Other revenues
Power Engineering S.A	4	-
EU Piekarnie sp. z o.o.	189	-
AUTODIRECT S.A.	7	-
ENERGO-BIOMASA Sp. z o.o.	11	-
	211	**-**

27. Events after the end of the reporting period

On 14 May 2021, the Subsidiary's Management Board received information about a Breach of the credit agreement between Energo-Utech SA under restructuring and Bank Pekao SA. In connection with the above, Bank Pekao SA took advantage of additional collateral, i.e. blocking of the full amount of the lease liability of PLN 30,584 thousand. The Subsidiary's Management Board is currently seeking legal advice on whether such a seizure was consistent with the current legal relationship in which Energo-Utech SA is under restructuring and with the financial lease agreement between the parties. Nonetheless, the Management has taken the inability to dispose of this amount into account in the Company cash flows.

28. Employment

The average employment in the Group of Companies (full-time equivalent) was as follows:

	31.03.2021	31.12.2020
Manual positions:	89	91
Non-manual positions:	64	64
	153	**155**

29. Information about non-payment of a loan or credit or violation of material provisions of a loan or credit agreement.

There were no material changes from 31 December 2020.

30. Approval of the consolidated financial statements

The hereby Condensed Consolidated Interim Financial Statements have been prepared and approved for issue by the Parent Company's Management Board on 31 May 2021.