

## **Current Report no. 56/2020 of 30.12.2020**

### **Subject:**

Updated information on the Agreement with PGG S.A.

### **Content of the Report:**

With reference to Current Report No. 20/2017 of 2 October 2017, the interim report for the first half of 2020 and the interim report for the third quarter of 2020, the Management Board of Elektrociepłownia "Będzin" S. A. ("Company") hereby informs as follows: on 30 December 2020, it received information from its Subsidiary Elektrociepłownia BĘDZIN Sp. z o.o. (hereinafter referred to as the "Subsidiary") that in connection with the absence of an agreement between the Subsidiary and PGG on changing the terms and conditions of cooperation, on 30 December 2020 it served notice of termination of the coal sales agreement (the "Agreement") concluded on 2 October 2017 on Polska Grupa Górnicza S.A. with its registered office in Katowice (hereinafter referred to as "PGG") with a two-year notice period, i.e. effective on 31 December 2022, if the Subsidiary's statement to terminate the Agreement with a six-month notice period of 31 August 2020, i.e. effective on 28 February 2021, is deemed ineffective.

The Management Board of Elektrociepłownia BĘDZIN Sp. z o.o. notes that the economic conditions which directly affect the Subsidiary's operations and the performance of the Agreement have changed significantly.

The Subsidiary noted excessive difficulties arising from limited production and sales of electricity and heat resulting from the market and weather conditions, as well as from limited demand for heat on the part of the main customer, i.e. TAURON Ciepło Sp. z o.o. with its registered office in Katowice.

Further performance of the agreement in its current form by the Subsidiary would involve excessive difficulties and economically unjustified losses affecting its financial standing of the Subsidiary.

The Management Board of the Subsidiary emphasizes that despite the termination of the Agreement, due to the developed business relations and good cooperation to date, it still requests PGG to amend the terms of the Agreement and adjust them to the market prices as well as to reach a consensual agreement between the parties.

### **Legal basis**

Article 17 (1) of the Regulation on market abuse (MAR) – confidential information.

### **Signature:**

Bartosz Dryjski – Member of the Management Board

Kamil Kamiński – Member of the Management Board