

FINANCIAL SUPERVISORY COMMISSION

Quarterly report SA-Q 3/ 2018

(according to § 60 section. 1 point 1 Regulation on current and periodic information)

(for issuers of securities engaged in manufacturing, construction, trading or service activities)

for 3 quarters of the fiscal year 2018 for the period from **2018.07.01 to 2018.09.30**

date of transfer: 2018-11-29

Elektrociepłownia "Będzin" S.A.

(full name of the issuer)

BĘDZIN

shortened name of the issuer

61-144

(postal code)

Bolesława Krzywoustego

(street)

(phone)

ecbedzin@ecb.com.pl

(e-mail)

625-000-76-15

(NIP)

ENERGETYKA

(Sector according to WSE classification in Warsaw)

Poznań

(city/town)

7

(number)

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271740563

(REGON)

SELECTED FINANCIAL DATA (current year)	in PLN k		in EUR k	
	3 quarters cumulatively 2018/ period from 2018-01-01 to 2018-09-30	3 quarters cumulatively 2017/ period from 2017-01-01 to 2017-09-30	3 quarters cumulatively 2018/ period from 2018-01-01 to 2018-09-30	3 quarters cumulatively 2017/ period from 2017-01-01 to 2017-09-30
I. Net revenue from the sale of products, goods and materials	2 438	1 846	573	434
II. Profit (loss) on operating activities	1 247	937	293	220
III. Gross profit (loss)	684	1 373	161	323
IV. Net profit (loss)	626	1 338	147	314
V. Net cash flow from operating activities	2 732	3 051	642	717
VI. Net cash flow from investing activities	1 679	2 401	395	564
VII. Net cash flow from financial activities	-3 909	-4 455	-919	-1 047
VIII. Net cash flow, total	502	997	118	234
IX. Total assets	156 150	156 355	36 557	37 487
X. Liabilities and provisions for liabilities	62 972	63 803	14 743	15 297
XI. Long-term liabilities	15 869	47 319	3 715	11 345
XII. Short-term liabilities	46 722	16 135	10 938	3 868
XIII. Equity capital	93 178	92 552	21 814	22 190
XIV. Share capital	15 746	15 746	3 686	3 775
XV. Number of shares	3 149 200	3 149 200	3 149 200	3 149 200
XVI. Profit (loss) per ordinary share (in PLN/EUR)	0,20	0,42	0,05	0,10
XVII. Diluted profit (loss) per ordinary share (in PLN/EUR)	0,20	0,42	0,05	0,10
XVIII. Book value per share (in PLN/EUR)	29,59	29,39	6,93	7,05
XIX. Diluted book value per share (in PLN/EUR)	29,59	29,39	6,93	7,05
XX. Declared or paid dividend per share (in PLN/EUR)				

Balance sheet items in selected financial data have been shown as values at the end of the current quarter (column 3 quarters cumulatively / 2018 period from 2018-01-01 to 2018-09-30) and as values at the end of the previous financial year (column 3 quarters cumulatively / 2017 period from 2017-01-01 to 2017-09-30)

BALANCE	in PLNk	as at 2018-09-30	as at 2018-06-30	as at 2017-12-31	as at 2017-09-30
Assets					
I. Non-current assets		152 026	152 459	152 991	153 512
1. Intangible and legal assets, including:		10	15	25	32
2. Property, plant and equipment		554	555	556	557
3. Long term receivables		19 595	20 105	20 605	21 060
3.1 From related parties					
3.2 From other entities		19 595	20 105	20 605	21 060
4. Long-term investments		130 588	130 588	130 588	130 588
4.1. Long-term financial assets		130 588	130 588	130 588	130 588
a) in related parties		130 588	130 588	130 588	130 588
- shares or stock in subordinate entities		130 588	130 588	130 588	130 588
5. Long-term prepayments		1 279	1 196	1 217	1 275
5.1 Deferred income tax assets		1 279	1 196	1 217	1 275
II. Current assets		4 124	3 031	3 364	4 423
1. Inventories					
2. Short-term receivables		2 025	1 961	1 776	1 803
2.1 From related parties		40			40
2.2 From other entities		1 985	1 961	1 776	1 763
3. Short-term investments		2 082	1 047	1 580	2 606
3.1 Short-term financial assets		2 082	1 047	1 580	2 606
a) in related parties					659
- shares or stock in subordinate entities priced according to property rights method					659
c) cash and cash equivalents		2 082	1 047	1 580	1 947
4. Short-term prepayments		17	23	8	14
Total assets		156 150	155 490	156 355	157 935
Liabilities					
I. Equity		93 178	93 017	92 552	93 160
1. Share capital		15 746	15 746	15 746	15 746
2. Supplementary capital		61 545	61 545	60 815	60 815
3. Other capital reserves		15 261	15 261	15 261	15 261
4. Net profit (loss)		626	465	730	1 338
II. Liabilities and provisions for liabilities		62 972	62 473	63 803	64 775
1. Provisions for liabilities		367	357	335	243
1.1 Deferred income tax liabilities reserve		366	328	246	203
1.2 Employee benefits reserve		1	1	1	8
a) long-term		1	1	1	
b) short-term					8
1.3 Other reserves		0	28	88	32
a) long-term					
b) short-term			28	88	32
2. Long-term liabilities		15 869	16 562	47 319	18 800
2.1. To other entities		15 869	16 562	47 319	18 800
a) loans and borrowings		12 650	13 320	14 640	15 300
b) arising from issuance of debt securities				29 879	
c) other financial liabilities		419	442		
d) other		2 800	2 800	2 800	3 500
3. Short-term liabilities		46 722	45 540	16 135	45 718
3.1 To related parties		4 247	3 723	4 296	3 718
a) other		4 247	3 723	4 296	3 718
3.2 To other entities		42 472	41 814	11 836	41 997
a) credit and loans		2 650	2 610	2 608	2 520
b) due to issue of debt securities		30 366	29 901		30 307
c) other financial liabilities		92	91		
d) due to delivery and services		72	43	57	50
e) for taxes, duties, insurance and other benefits		248	100	125	73
f) due to remuneration		15	18	17	18
g) other		9 029	9 051	9 029	9 029
3.3 Special funds		3	3	3	3
4. Prepayments		14	14	14	14
4.1. Other prepayments		14	14	14	14
a) long-term		14	14	14	14
Total liabilities		156 150	155 490	156 355	157 935
Book value		93 178	93 017	92 552	93 160
Number of shares		3 149 200	3 149 200	3 149 200	3 149 200
Book value per share (in PLN)		29,59	29,54	29,39	29,58
Diluted number of shares		3 149 200	3 149 200	3 149 200	3 149 200
Diluted book value per share (in PLN)		29,59	29,54	29,39	29,58

Profit and loss account

Lp.	Tytuł	3rd quarter 2018/ period from 2018-07-01 to 2018-09-30	3 quarters cumulatively 2018/ period from 2018-01-01 to 2018-09-30	3rd quarter 2017/ period from 2017-07-01 to 2017-09-30	3 quarters cumulatively 2017/ period from 2017-01-01 to 2017-09-30
A	Net revenue from sales, including:	1 294	2 438	622	1 846
-	<i>from affiliated entities</i>	798	915	99	249
I	Net revenue from sales of products	1 294	2 438	622	1 846
B	Operating cost	432	1 184	377	905
I	Amortization	6	17	7	16
II	Materials and energy		3		1
III	External services	193	478	216	355
IV	Taxes and charges, including:	9	26	8	28
V	Payroll	211	551	127	439
VI	Social security and other benefits	7	49	13	48
VII	Other expenses by kind	6	60	6	18
C	Selling profit (loss) (A-B)	862	1 254	245	941
D	Other operating income	0	0	0	0
E	Other operating cost	0	7	4	4
I	Other operating cost		7	4	4
F	Profit (loss) on operating activities (C+D-E)	862	1 247	241	937
G	Financial revenue	0	1 680	0	2 680
I	Dividends received and share of profits, including:		1 679		2 614
-	<i>from affiliated entities</i>		1 679		2 614
II	Interest, including:		1		2
III	Other				64
H	Financial cost	746	2 243	774	2 244
I	Interest, including:	746	2 243	774	2 244
-	<i>to related parties</i>	37	123	28	80
I	Gross profit (loss) (F+G-H)	116	684	-533	1 373
J	Corporate income tax	-45	58	-54	35
I	deferred part	-45	58	-54	35
K	Net profit (loss) (I-J-K)	161	626	-479	1 338

Net profit (loss) (annualized)	18	18	974	974
Weighted average of ordinary shares	3 149 200	3 149 200	3 149 200	3 149 200
Profit (loss) on one ordinary share (PLN)	0,05	0,20	- 0,15	0,42
Diluted weighted average of ordinary shares	3 149 200	3 149 200	3 149 200	3 149 200
Diluted profit (loss) per one ordinary share (PLN)	0,05	0,20	- 0,15	0,42

STATEMENT OF CHANGES IN EQUITY	3rd quarter 2018/ period from 2018-07-01 to 2018-09-30	3 quarters cumulatively 2018/ period from 2018-01-01 to 2018-09-30	3rd quarter 2017/ period from 2017-07-01 to 2017-09-30	3 quarters cumulatively 2017/ period from 2017-01-01 to 2017-09-30
I. Equity (Opening Balance)	93 017	92 552	91 822	91 822
I.a. Equity (Opening Balance), after adjusting to comparative data	93 017	92 552	91 822	91 822
1. Opening balance of share capital	15 746	15 746	15 746	15 746
1.2. Share capital (Closing Balance)	15 746	15 746	15 746	15 746
4. Opening balance of supplementary capital	61 545	60 815	60 493	60 493
4.1. Changes in supplementary capital	0	730	322	322
a) increase (due to)	0	730	322	322
- from profit distribution		730	322	322
4.2. Closing balance of supplementary capital	61 545	61 545	60 815	60 815
6. Opening balance of other reserve capitals	15 261	15 261	15 261	15 261
6.2. Closing balance of other reserve capitals	15 261	15 261	15 261	15 261
7. Opening balance of previous years' profit (loss)	465	730	322	322
7.1. Opening balance of previous years' profit	465	730	322	322
7.2. Opening balance of previous years' profit, after adjustments of comparative data	465	730	322	322
b) decrease (due to)	0	730	322	322
- distribution of profit		730	322	322
7.3. Closing balance of previous years' profit	465	0	0	0
7.7. Closing balance of previous years' profit (loss)	465	0	0	
8. Net result	161	626	730	1 338
a) net profit	161	626	730	1 338
II. Closing balance of equity	93 178	93 178	92 552	93 160
III. Equity including proposed profit distribution (loss coverage)	93 178	93 178	92 552	93 160

CASHFLOW	3rd quarter 2018/ period from 2018- 07-01 to 2018-09- 30	3 quarters cumulatively 2018/ period from 2018-01-01 to 2018-09-30	3rd quarter 2017/ period from 2017- 07-01 to 2017-09- 30	3 quarters cumulatively 2017/ period from 2017-01-01 to 2017-09-30
A. Cash flows from operating activities - indirect method				
I. Net profit (loss)	161	626	-479	1 338
II. Total adjustments	1 283	2 106	2 025	1 713
1. Amortisation and depreciation	6	17	7	16
2. Interest and profit sharing (dividend)	746	564	776	-369
3. Change in provisions	10	31	77	158
4. Change in receivables	446	1 427	348	1 114
5. Change in short-term liabilities (excluding credits and loans)	152	138	913	907
6. Change in prepayments and accruals	-77	-71	-96	-113
III. Net cash flows from operating activities (I+/-II)	1 444	2 732	1 546	3 051
B. Cash flows from investment activities				
I. Inflows	0	1 679	0	2 614
3. From financial assets, including:	0	1 679	0	2 614
a) in related parties	0	1 679	0	2 614
- dividend and profit sharing		1 679		2 614
II. Outflows	0	0	0	213
1. Purchase of intangible assets and tangible fixed assets				34
2. For financial assets, including:	0	0	0	0
a) in related parties	0	0	0	0
b) in other entities	0	0	0	0
3. Other outflows from investment activities				179
III. Net cash flows from investment activities (I-II)	0	1 679	0	2 401
C. Cash flows from financial activities				
I. Inflows	0	0	0	0
II. Outflows	409	3 909	901	4 455
1. Repayment of credits and loans	106	1 926	620	2 751
2. Payment of liabilities arising from financial leases	23	156		
3. Interest	280	1 827	281	1 704
III. Net cash flows from financial activities (I-II)	-409	-3 909	-901	-4 455
D. Total net cash flows (A.III±B.III±C.III)	1 035	502	645	997
E. Balance sheet change in cash, including	1 035	502	645	997
F. Cash opening balance	1 047	1 580	1 302	950
G. Closing balance of cash (F±D), including:	2 082	2 082	1 947	1 947
- of limited disposability	1 862	1 862	1 865	1 865

Additional Information

Additional information, presenting the accounting policies adopted in the preparation of the report, data on changes in applied accounting principles, information on adjustments in provisions, deferred tax liabilities and assets, and revaluation write-downs on assets.

Principles for drawing up the report

Elektrociepłownia "Będzin" S.A. presents its financial statement for the period commencing 1 January 2018 and ending on 30 September 2018, as well as, comparable financial data for the period from 1 January 2017 to 30 September 2017 and as at 31 December 2017.

The financial statements were produced at the going concern assumption whereby the Company will continue its business operations throughout the foreseeable future encompassing period not shorter than that on the year as of the balance sheet date, and the scope of said activity will not be significantly reduced. There are no circumstances whatsoever posing a threat to such continuity.

When preparing the report for the period from 1 January 2018 to 30 September 2018, the accounting policies described in the annual financial statements for 2017 were applied.

Changes in accounting policies

Elektrociepłownia "Będzin" S.A. did not change the accounting policy.

Occurrences and events which in the issuer's opinion impacted the financial performance

The Company operates as a holding and is involved in lease and rent of fixed assets. The financial performance was impacted by dividend obtained from the subsidiary.

Information on the seasonality or the cyclical nature of the Company's operations

There is no seasonality nor any cyclical nature in the Company's operations.

Impairment charges

Impairment charges on fixed and current assets are made in effect of, inter alia, permanent impairment of such assets, according to Art. 28, sec. 7 of the Polish Accounting Act, when there is a high probability that an asset controlled by the Company will not generate significant envisaged economic benefits in the future.

As of 30 September 2018, impairment charges on short-term receivables amounted to PLN 8k, including: impairment charges on trade and service receivables: PLN 8k.

As of 30 September 2018, impairment charges on inventories and fixed assets amounted to PLN 14k including: impairment charges on fixed assets: PLN 14k.

The impairment charges did not change vis a vis balances recorded as at 31 December 2017.

Provisions

Provisions for liabilities are measured not less frequently than as at the balance sheet date, in justified, duly estimated value. The Company raises provisions for certain or highly likely future liabilities, the amount of which can be reliably projected, in particular for the costs of services related to a given reporting period and actually performed in the next reporting periods and for long-term and short-term employee benefits. The financial effects of provisions are taken to operating costs, other operating

costs or financial costs, respectively, depending on the nature of the operation, to which the future liabilities are linked. Provisions for jubilee bonuses, retirement severance pays, disability benefits, post-death benefits and unused holidays are measured based on the actuarial valuation prepared by a professional entity entered in the list actuaries, which is a member of the Polish Association of Actuaries.

The following factors were taken into account when calculating the provisions:

- the basis for calculating the reserve for an employee is the expected amount of severance or reward package the Company is obliged to pay under the Company Collective Labor Agreement,
- an actuarial discount denoting the product of the financial discount and the probability of the person's attaining the age of eligibility for payment,
- the amount of annual write-downs calculated according to the Projected Unit Credit Method,
- probability, as determined by the Multiple Decrement Model,
- financial discount determined on the basis of market rates of return on treasury bonds, whose currency and maturity date coincide with the currency and the estimated date of realization of employee benefits.

Poniżej tabele dotyczące zmian stanu rezerw długoterminowych i krótkoterminowych.

Changes in short-term provisions for retirement and similar benefits (by purpose in PLNk)	30/09/2018	30/09/2017
a) opening balance	-	8
e) closing balance	-	8

Changes in long-term provisions for retirement and similar benefits (by purpose in PLNk)	30/09/2018	30/09/2017
a) opening balance	1	-
e) closing balance	1	-

Changes in other short-term provisions (by purpose in PLNk)	30/09/2018	30/09/2017
a) opening balance	88	15
b) increase (due to)	-	32
balance sheet examination	-	32
c) utilisation (due to)	88	15
balance sheet examination	19	15
other	69	-
d) release (due to)	-	-
e) closing balance	-	32

Deferred tax assets and provisions

Deferred income tax provisions are raised in the amount of the future due amount arising from positive temporary differences. Deferred income tax provisions are raised with the consideration of tax rates applicable in the year when tax duty arises.

Deferred income tax assets are raised in the amount of the future tax return amount arising from negative temporary differences which, in the future, will reduce the basis for the calculation of the income tax and following deductible tax loss; all determined using the precautionary principle. The

amount of deferred tax assets is determined taking into account the income tax rates applicable in the year in which the tax duty arises.

Assets from deferred income tax (in PLNk)	30/09/2018	30/09/2017
Provisions for liabilities		8
Valuation of bonds	165	153
Tax loss	1 114	1 114
TOTAL	1 279	1 275

Provisions from deferred income tax (in PLNk)	30/09/2018	30/09/2017
difference in the balance sheet value and tax value of the leased asset	366	203
TOTAL	366	203

Information on important acquisitions and disposals of tangible fixed assets

In the period from 1 January 2018 to 30 September 2018, the Company has not made any important acquisitions and disposals of tangible fixed assets.

Information about material settlements in court cases

There are currently no proceedings pending against Elektrociepłownia “Będzin” SA, or issued by the Company.

Errors in previous reporting periods

The financial statements made as at 30 September 2018 do not include any adjustments of errors made in the previous reporting periods.

Information on changes in the economic situation and the Company’s operating conditions

According to the Company, there were no changes in the economic situation and operating conditions that would affect the value of its financial assets and liabilities.

On 13 July 2018, having considered a potential investor’s request to extend the negotiation exclusivity period, the Management Board of the Issuer, namely Elektrociepłownia Będzin S.A., did not accept the request and adopted a resolution whereby it closed the process of selling 100% shares in the subsidiary, namely Elektrociepłownia BĘDZIN Sp. z o.o.

Agreement on the acquisition of shares in Elektrociepłownia BĘDZIN Sp. z o.o. was not concluded. Therefore, the negotiation process was closed. The company’s shareholders were informed about that fact in a stock exchange report no. 19/2018 of 13 July 2018.

Information on sureties, loans and guarantees

The Company has established a registered pledge on 768,700 shares in the capital of Elektrociepłownia BĘDZIN Sp. z o.o., which represents 100% of the company’s share capital. Pledges were established to secure the Bank’s claims under the loan agreement of 16 December 2014, under which the Bank pledged to grant the Company’s subsidiary, Energetyczne Towarzystwo Finansowo-

Leasingowe Energo-Utech S.A. under the terms of a loan agreement with an investment credit up to a maximum of PLN 94,491.83k. and a VAT credit up to a maximum of PLN 4,000.00k.

The registered pledge was established as collateral for the repayment of the loan agreement, up to the maximum amount of the collateral, i.e. PLN 196,983.65k. At the same time, the Company, as collateral for the repayment of loan agreements, undertook that after acquiring or acquiring new shares, it would establish a registered pledge and a financial pledge with the highest priority of satisfaction on new shares to the Bank. Under these pledges, the Company has transferred the rights to dividends and other payments to the Bank.

On 15 February 2016, Elektrociepłownia “Będzin” S.A. and ING Bank Śląski S.A. entered into a corporate PLN loan agreement on financing an investment and refinancing of incurred capital expenditures of PLN 21,640k. The interest rate on the loan is determined based on the variable interest rate established by the Bank, based on the WIBOR rate for one-month interbank deposits with an added bank's margin. Total debt is to be repaid in 84 monthly installments. Loan security includes, among others: registered pledge on machinery and equipment being the subject of investment, assignment of receivables from the lease of machinery and equipment, assignment of rights from the insurance policy of machinery and equipment, blank bill of exchange and declaration of submission to enforcement.

Transactions with related parties

The Company did not enter into transactions with related parties on conditions other than market conditions.

Financial instruments

The Company did not change the method of valuation of their financial instruments.
The Company has not changed its classification of financial assets.

Information on the issue, redemption and repayment of debt and equity securities

Short-term liabilities of PLN 30,366k arising from debt securities relate to the issue of bonds carried out to finance the acquisition of shares in Energetyczne Towarzystwo Finansowo-Leasingowego Energo-Utech S.A. The issue took place on 13 April 2015 and its total nominal value was PLN 30,000k. The bonds bear interest at 6M WIBOR rate and margin of 4.5p.p. At the end of 2015, the Group acquired own bonds worth PLN 500k in order to redeem them.

According to the current report no. 6/2018 of 13.03.2018, the bonds will be redeemed on 10 April 2019.

The Company does not have and did not issue other debt securities or equity instruments.

The Company plans to repay the liabilities arising from debt securities with inflows from the dividend from subsidiaries to be paid in effect of distribution of earnings retained in previous years.

Information on paid (declared) dividends

In the period from 1 January 2018 to 30 September 2018 the Company did not pay any dividends.

Events occurring after the balance sheet date

No significant events not presented in the financial statements occurred after the balance sheet date.

Contingent liabilities and assets

On 22 July 2016, the Company accessed the debt of Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A. resulting from the factoring agreements concluded on 22 July 2016, with respect to the purchase and financing of lease receivables (agreements no. 879/07/2016, 880/07/2016 and 881/07/2016), on the basis of which PKO BP Faktoring S.A., with its registered office

in Warsaw, gave the Debtor a funding limit in the total amount of PLN 20m (twenty million Polish Zloty) until 21 July 2021. Under this agreement, the responsibility of the Joint Borrower and the Debtor is a joint and several liability, and the Factor may request all or part of the benefit of both parties jointly liable or separately from each.

Other important information facilitating the Company's assessment

In the reporting period, there were no other additional events that could affect the assessment of the Company's financial position, financial standing and results.

Krzysztof Kwiatkowski – President of the Management Board

Poznań, 29 November 2018

Other Information

Description of the organization of the issuer's capital group

Being the parent entity of the Capital Group, Elektrociepłownia „Będzin” S.A. produces consolidated financial statement of the last 9 months 2018 according to International Financial Reporting Standards.

The subsidiaries are:

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

Energo-Biomasa spółka z o.o is the co-controlled entity, in which Spółka Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A. holds 19.99% of shares.

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

On 4 August 2014, the Company, with its subsidiary Elektrociepłownia BĘDZIN Sp. z o.o., concluded an agreement transferring the ownership of the enterprise on the basis of which the Company was transferred to its subsidiary, i.e. Elektrociepłownia BĘDZIN Sp. z o.o., within the meaning of Article 55¹ of the Polish CC.

Elektrociepłownia „Będzin” S.A. in exchange for the contribution of an organized part of the company, took up 100% of the shares in the subsidiary, i.e. Elektrociepłownia BĘDZIN Sp. z o.o., with a nominal value of PLN 76,820. The value of the shares is based on the net book value of the contributed assets and as of 31 September 2017 amounts to PLN 80,987.

On 15 April 2015 the ownership rights of Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A. were transferred to Elektrociepłownia „Będzin” S.A..

As a result of the aforementioned transaction the Company holds 100% of shares (i.e. 2,240 units) of Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A.

The purchase of the shares was financed from own funds derived from the issuance of bonds, Company's own funds, and the latest tranche of shares amounted to PLN 11,819. According to the agreement it will be paid due 30 June 2019. The main reasons for the purchase of shares of Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A. were the formation of the Capital Group, in line with previous strategic assumptions, and diversification of revenue sources.

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

Manufacturing activities in the field of heat and power generation in cogeneration are carried out at a subsidiary – Elektrociepłownia BĘDZIN Sp. z o.o..

Financial services, primarily leasing services, are carried out at a subsidiary - Energetyczne Towarzystwo Finansowo-Leasingowe Energo-Utech S.A..

Description of significant achievements or failures of the issuer in the period covered by the report along with the list of the most important events related to them

In the opinion of the Board of Elektrociepłownia „Będzin” S.A. there have been no threats and risks to the continuation of the operations and no such threats or risks are expected to occur in the remaining months of the financial year.

Position of the board regarding the possibility of fulfilling previously published 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 present to the Management Board its position on the feasibility of their fulfillment.

Ownership and changes in the shareholding of majority shareholders.

According to the information available to Elektrociepłownia “Będzin” S.A. the shareholders holding over 5% of share capital and holding the same % of votes at the annual general meeting are as follows:

Shareholders	As at 14 September 2018**				As at 29 November 2018 ***				Status change	
	shares	votes	shares [%]	votes [%]	shares	votes	shares [%]	votes [%]	purchase	sale
Krzysztof Kwiatkowski*	1 033 499	1 033 499	32,82	32,82	1 033 499	1 033 499	32,82	32,82	-	-
Agjo Funds TFI S.A.	334 747	334 747	10,63	10,63	334 747	334 747	10,63	10,63	-	-
Bank Gospodarstwa Krajowego	311 355	311 355	9,89	9,89	311 355	311 355	9,89	9,89	-	-
Familiar S.A. SICAV - SIR	271 526	271 526	8,62	8,62	271 526	271 526	8,62	8,62	-	-
Waldemar Organista	273 146	273 146	8,67	8,67	173 146	173 146	5,50	5,50	-	100 000
Zolkiewicz & Partners	157 740	157 740	5,01	5,01	157 740	157 740	5,01	5,01	-	-
State Treasury	157 466	157 466	5,00	5,00	157 466	157 466	5,00	5,00	-	-
Summary	2 539 479	2 539 479	80,64	80,64	2 439 479	2 439 479	77,46	77,46	-	100 000

* together with subsidiaries

** Information as at the date of publishing the financial statements for the 1st half of the year 2018.

*** Information as at the date of publishing the financial statements for the three quarters of 2018.

Ownership and changes in the shareholding of persons holding managerial and supervisory positions.

The persons managing and supervising Elektrociepłownia “Będzin” S.A. hold the following shares of the Company or rights thereto:

Shareholders	As at 14 September 2018**				As at 29 November 2018 ***				Status change	
	shares	votes	shares [%]	votes [%]	shares	votes	shares [%]	votes [%]	purchase	sale
Krzysztof Kwiatkowski*	1 033 499	1 033 499	32,82	32,82	1 033 499	1 033 499	32,82	32,82	-	-
Waldemar Organista	273 146	273 146	8,67	8,67	173 146	173 146	5,50	5,50	-	100 000
Summary	1 306 645	1 306 645	41,49	41,49	1 206 645	1 206 645	38,32	38,32	-	100 000

* together with subsidiaries

** Information as at the date of publishing the financial statements for the 1st half of the year 2018.

*** Information as at the date of publishing the financial statements for the three quarters of 2018.

Major court proceedings

There are currently no proceedings pending against Elektrociepłownia “Będzin” SA, or issued by the Company.

Information on related party transactions

Elektrociepłownia “Będzin” S.A. has not entered into transactions with related parties on conditions other than market conditions.

Information on sureties, loans and guarantees

Elektrociepłownia “Będzin” S.A. has not provided any sureties, loans or guarantees.

Shares and shares of subsidiaries of Elektrociepłownia “Będzin” S.A. provide collateral for the obtained financing granted to the Company in the form of registered pledges.

On 22 July 2016, the Company accessed the debt of Energetyczne Towarzystwo Finansowo-Leasingowego Energo-Utech S.A. resulting from the factoring agreements concluded on 22 July 2016, with respect to the purchase and financing of lease receivables (agreements no. 879/07/2016, 880/07/2016 and 881/07/2016), on the basis of which PKO BP Faktoring S.A., with its registered office in Warsaw, gave the Debtor a funding limit in the total amount of PLN 20,000,000.00 (twenty million Polish Zloty) until 21 July 2021. Under this agreement, the responsibility of the Debt Accessor and the Debtor is a joint and several liability, and the Factor may request all or part of the benefit of both parties jointly liable or separately from each.

Factors that will have an impact on the achieved results in the future reporting periods, in the issuer's opinion

Elektrociepłownia „Będzin” S.A. is the beneficiary of the income from its holdings and its shares in the subsidiaries, and the amount of said benefits depends on the financial performance of these companies.

Additional information

Balance sheet data in EUR was calculated according to the average National Bank of Poland exchange rate of 28 September 2018 amounting to PLN 4.2714. The income statement in EUR for the nine months of 2018 has been cumulatively calculated at the arithmetic mean of the average exchange rates published by the National Bank of Poland for the last day of each of the 9 months of 2018. i.e. PLN 4.2532.

Balance sheet data for the comparable period of the previous year in EUR was calculated according to the average National Bank of Poland exchange rate of 29 December 2017 amounting to PLN 4.1709. The income statement in EUR for the nine months of 2017 has been cumulatively calculated at the arithmetic mean of the average exchange rates published by the National Bank of Poland for the last day of each of the 9 months of 2017. i.e. PLN 4.2566.