

Current report no. 39/2021 of 31 August 2021

Subject:

Information on the planned division of the subsidiary Elektrociepłownia BĘDZIN Sp. z o.o.

Report content:

With reference to the current report no. 20/2021 of 23 June 2021, which contains information regarding the planned transformation of the activities of the subsidiary Elektrociepłownia BĘDZIN Sp. z o.o. [Subsidiary] towards a low-emission cogeneration, the Management Board of Elektrociepłownia "Będzin" S.A. [Company] informs that on 31 August 2021, the plan of the division of the Subsidiary was accepted pursuant to Art. 529 sec. 1 point 4 of the Commercial Code (division by separation).

The Subsidiary is a local heat provider with significant position on the local heating market in the Dąbrowa Basin. According to the objectives of the planned transformation, given business, regulatory and social requirements, the Subsidiary shall make changes to the heat and electricity production technologies to reduce CO₂ emission, improve energy efficiency and achieve an increase in the share of Renewable Energy Sources's (RES) in total energy production.

To maintain operations of the Subsidiary and ensure energy security for the residents of Sosnowiec, Czeladź and Będzin municipalities, effective and ecological heat production in the perspective of the next several years is required.

To this end, since the beginning of this year, the Subsidiary has reorganized its internal structure and developed a concept of the project aimed at medium-term shift away from coal and, finally, termination of coal energy production. In addition, it has created the potential to introduce futuristic energy technologies as part of the Subsidiary's existing assets through the implementation of a business project entitled "The New Będzin Project ("Projekt Nowy Będzin") in the Branch of the Subsidiary (Branch) registered on 1 July 2021. The project involves the implementation of the previously prepared idea of energy transformation consisting in a complete shift away from coal usage in the process of heat and electricity generation. The Branch shall instead strive for the utilisation of biomass, gas, solar energy and alternative fuels.

Due to the requirements of the entities capable of providing funding for the New Będzin Project, the Subsidiary has decided to hand over the Project implemented in the Branch to a separate entity wholly dependent on the Issuer. This objective will be achieved based on the procedure of separation by division, in accordance with the applicable regulations of the Commercial Companies Code. According to the Issuer's assessment, such structuring of the New Będzin Project will provide real potential for obtaining external funding for those investment projects.

Legal basis:

Art. 17 sec. 1 of MAR

Signatures:

Kamil Kamiński - Member of the Management Board