

# **ZESPÓŁ ELEKTROWNI PAŃNÓW – ADAMÓW – KONIN SA**

## **STANDALONE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD OF 9 MONTHS ENDED 30 SEPTEMBER 2019**

*This is a translation of the document issued originally in Polish language.  
The Polish original should be referred to in matters of interpretation.*

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## BALANCE SHEET

### Assets

	30 September 2019 (unaudited)	30 June 2019 (unaudited)	31 December 2018	30 September 2018 (unaudited)	30 June 2018 (unaudited)
<b>A. Fixed assets</b>	<b>1 654 025</b>	<b>1 685 404</b>	<b>1 745 389</b>	<b>1 808 071</b>	<b>1 821 655</b>
<b>I. Intangible assets</b>	<b>2 387</b>	<b>2 621</b>	<b>45 055</b>	<b>11 415</b>	<b>11 629</b>
1. Development expenses	-	-	-	-	-
2. Goodwill	-	-	-	-	-
3. Other intangible assets	2 387	2 621	45 055	11 415	11 629
4. Prepayments for intangible assets	-	-	-	-	-
<b>II. Tangible fixed assets</b>	<b>589 754</b>	<b>597 745</b>	<b>614 649</b>	<b>629 106</b>	<b>638 308</b>
1. Tangible assets	540 031	549 653	566 398	575 243	581 810
a) land (including perpetual usufruct)	1 278	1 279	1 281	1 282	1 284
b) buildings, premises and constructions	164 543	167 282	171 029	173 911	174 013
c) plant and machinery	372 932	379 448	392 116	398 109	404 538
d) motor vehicles	377	675	848	925	887
e) other	901	969	1 124	1 016	1 088
2. Construction in progress	48 186	48 092	48 251	53 863	56 498
3. Prepayments for construction in progress	1 537	-	-	-	-
<b>III. Long-term receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
1. from affiliates	-	-	-	-	-
2. from others, of which entity has capital engagement	-	-	-	-	-
3. from others	-	-	-	-	-
<b>IV. Long-term investment</b>	<b>1 054 533</b>	<b>1 077 635</b>	<b>1 077 881</b>	<b>1 159 827</b>	<b>1 163 943</b>
1. Property	-	-	-	-	-
2. Intangible fixed assets	-	-	-	-	-
3. Long-term financial assets	1 054 533	1 077 635	1 077 881	1 159 827	1 163 943
a) in affiliates	1 054 381	1 077 483	1 077 729	1 159 675	1 163 791
– shares	1 049 381	1 049 381	1 049 381	1 128 740	1 128 740
– other securities	-	-	-	-	-
– loans granted	-	23 102	23 348	30 935	31 551
– other long-term financial assets	5 000	5 000	5 000	-	3 500
b) in other entities of which entity has capital engagement	-	-	-	-	-
– shares	-	-	-	-	-
– other securities	-	-	-	-	-
– loans granted	-	-	-	-	-
– other long-term financial assets	-	-	-	-	-
c) in other entities	152	152	152	152	152
– shares	152	152	152	152	152
– other securities	-	-	-	-	-
– loans granted	-	-	-	-	-
– other long-term financial assets	-	-	-	-	-
4. Other long-term investments	-	-	-	-	-
<b>V. Long-term prepayments and deferred costs</b>	<b>7 351</b>	<b>7 403</b>	<b>7 804</b>	<b>7 723</b>	<b>7 775</b>
1. Deferred tax assets	-	-	-	-	-
2. Other prepayments and deferred costs	7 351	7 403	7 804	7 723	7 775

## BALANCE SHEET (cont.)

	450 265	242 329	406 608	417 815	384 816
<b>B. Current assets</b>					
<b>I. Inventories</b>	<b>63 505</b>	<b>63 879</b>	<b>56 084</b>	<b>60 321</b>	<b>54 764</b>
1. Raw materials	38 515	41 919	35 094	42 259	45 067
2. Semi-finished goods and work-in-progress	-	-	-	-	-
3. Finished products	-	-	-	-	-
4. Goods	24 990	21 960	20 989	18 062	9 669
5. Inventory prepayments	-	-	1	-	28
<b>II. Short-term receivables</b>	<b>248 456</b>	<b>145 621</b>	<b>175 393</b>	<b>227 393</b>	<b>186 950</b>
1. Receivables from affiliates	180 456	80 291	65 833	139 196	136 306
a) trade receivables, due in:	54 546	48 699	53 986	43 981	41 091
– up to 12 months	54 546	48 699	53 986	43 981	41 091
– over 12 months	-	-	-	-	-
b) other	125 910	31 592	11 847	95 215	95 215
2. Receivables from other entities of which entity has capital engagement	-	-	-	-	-
a) trade receivables, due in:	-	-	-	-	-
– up to 12 months	-	-	-	-	-
– over 12 months	-	-	-	-	-
b) other	-	-	-	-	-
3. Receivables from other entities	68 000	65 330	109 560	88 197	50 644
a) trade receivables, due in:	35 252	34 522	44 210	26 706	20 404
– up to 12 months	35 252	34 522	44 210	26 706	20 404
– over 12 months	-	-	-	-	-
b) taxation, subsidy, customs duty, social security, health insurance and other debtors	6 855	7 508	6 189	5 146	3 747
c) other	25 893	23 300	59 161	56 345	26 493
d) submitted to court	-	-	-	-	-
<b>III. Short-term investments</b>	<b>137 541</b>	<b>31 525</b>	<b>174 807</b>	<b>129 288</b>	<b>141 726</b>
1. Short-term financial assets	137 541	31 525	174 807	129 288	141 726
a) in affiliates	49 867	25 403	25 438	22 880	19 585
– shares	-	-	-	-	-
– other securities	-	-	-	-	-
– loans granted	47 867	23 403	23 438	15 880	16 085
– other short-term financial assets	2 000	2 000	2 000	7 000	3 500
b) in other entities	1 917	-	19	325	840
– shares	-	-	-	-	-
– other securities	-	-	-	-	-
– loans granted	-	-	-	-	-
– other short-term financial assets	1 917	-	19	325	840
c) cash and other monetary assets	85 757	6 122	149 350	106 083	121 301
– cash on hand and cash at bank	85 757	6 122	149 350	106 083	121 001
– other cash and cash equivalents	-	-	-	-	300
– other monetary assets	-	-	-	-	-
2. Other short-term investments	-	-	-	-	-
<b>IV. Short-term prepayments and deferred costs</b>	<b>763</b>	<b>1 304</b>	<b>324</b>	<b>813</b>	<b>1 376</b>
<b>C. Unpaid share capital (basic)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>D. Own shares</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>2 104 290</b>	<b>1 927 733</b>	<b>2 151 997</b>	<b>2 225 886</b>	<b>2 206 471</b>

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## BALANCE SHEET (cont.)

### Liabilities and equity

	30 September 2019 (unaudited)	30June 2019 (unaudited)	31December 2018	30 September 2018 (unaudited)	30 June 2018 (unaudited)
<b>A. Equity</b>	<b>1 464 425</b>	<b>1 362 345</b>	<b>1 338 387</b>	<b>1 463 579</b>	<b>1 496 473</b>
<b>I. Equity capital</b>	<b>101 647</b>	<b>101 647</b>	<b>101 647</b>	<b>101 647</b>	<b>101 647</b>
<b>II. Reserve capital, including:</b>	<b>1 124 377</b>	<b>1 124 377</b>	<b>1 124 377</b>	<b>1 124 347</b>	<b>1 124 347</b>
– surplus of sales value (issue value) over nominal value of shares	380 030	380 030	380 030	380 030	380 030
<b>III. Revaluation reserve, including:</b>	<b>227 466</b>	<b>227 466</b>	<b>227 466</b>	<b>227 496</b>	<b>227 496</b>
– for fair value revaluation	-	-	-	-	-
<b>IV. Other reserves, including:</b>	<b>3 472</b>	<b>3 472</b>	<b>3 472</b>	<b>3 472</b>	<b>3 472</b>
– created in accordance with the company's articles of association	-	-	-	-	-
– for own shares	-	-	-	-	-
<b>V. Profits (losses) from previous years</b>	<b>(118 575)</b>	<b>(118 575)</b>	<b>(54 059)</b>	<b>(54 059)</b>	<b>(54 059)</b>
<b>VI. Net profit (loss) for the period</b>	<b>126 038</b>	<b>23 958</b>	<b>(64 516)</b>	<b>60 676</b>	<b>93 570</b>
<b>VII. Deductions from net profit during the period (negative value)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B. Liabilities and provisions for liabilities</b>	<b>639 865</b>	<b>565 388</b>	<b>813 610</b>	<b>762 307</b>	<b>709 998</b>
<b>I. Provisions for liabilities</b>	<b>447 454</b>	<b>335 687</b>	<b>505 037</b>	<b>393 350</b>	<b>284 165</b>
1. Deferred tax liability	51 273	42 838	37 523	66 510	74 100
2. Provision for retirement benefits and similar obligations	11 121	11 401	19 855	13 076	14 041
– long-term	7 972	7 950	7 905	9 436	9 360
– short-term	3 149	3 451	11 950	3 640	4 681
3. Other provisions	385 060	281 448	447 659	313 764	196 024
– long-term	112 445	112 246	111 471	78 104	77 967
– short-term	272 615	169 202	336 188	235 660	118 057
<b>II. Long-term liabilities</b>	<b>2 209</b>	<b>2 433</b>	<b>61 392</b>	<b>96 907</b>	<b>132 450</b>
1. To affiliates	-	-	-	-	-
2. To other entities of which entity has capital engagement	-	-	-	-	-
3. To other entities	2 209	2 433	61 392	96 907	132 450
a) loans and credits	-	-	58 900	94 398	129 937
b) debt securities issued	-	-	-	-	-
c) other financial liabilities	209	433	492	509	513
d) bills of exchange	-	-	-	-	-
e) other	2 000	2 000	2 000	2 000	2 000
<b>III. Short-term liabilities</b>	<b>180 048</b>	<b>220 545</b>	<b>245 412</b>	<b>260 118</b>	<b>285 868</b>
1. To affiliates	12 794	11 206	11 428	28 355	51 380
a) trade liabilities:	12 791	11 102	10 743	12 407	18 043
– up to 12 months	12 791	11 102	10 743	12 407	18 043
– over 12 months	-	-	-	-	-
b) other	3	104	685	15 948	33 337

## BALANCE SHEET (cont.)

2. To other entities of which entity has capital engagement	-	-	-	-	-
a) trade liabilities:					
– up to 12 months	-	-	-	-	-
– over 12 months	-	-	-	-	-
b) other	-	-	-	-	-
3. To other entities	-	-	-	-	-
a) loans and credits	162 067	205 093	229 850	227 183	229 406
b) debt securities issued	97 474	134 162	148 773	149 987	151 187
c) other financial liabilities	-	-	-	-	-
d) trade liabilities:	71	209	364	391	326
– up to 12 months	31 659	33 541	35 113	33 510	25 850
– over 12 months	31 659	33 541	35 113	33 510	25 850
e) advance payments received	-	-	-	-	-
2. To other entities of which entity has capital engagement	-	-	-	-	-
f) bills of exchange	-	-	-	-	-
g) taxation, customs duty and social security creditors	26 031	28 843	38 141	21 983	14 970
h) payroll	3 859	3 235	3 299	3 262	3 325
i) other	2 973	5 103	4 160	18 050	33 748
4. Special funds	5 187	4 246	4 134	4 580	5 082
<b>IV. Accruals and deferred income</b>	<b>10 154</b>	<b>6 723</b>	<b>1 769</b>	<b>11 932</b>	<b>7 515</b>
1. Negative goodwill	-	-	-	-	-
2. Other accruals and deferred income	10 154	6 723	1 769	11 932	7 515
– long-term	375	387	410	422	433
– short-term	9 779	6 336	1 359	11 510	7 082
<b>Total Liabilities and equity</b>	<b>2 104 290</b>	<b>1 927 733</b>	<b>2 151 997</b>	<b>2 225 886</b>	<b>2 206 471</b>

Konin, 14 November 2019

ZESPÓŁ ELEKTROWNI PAŃNÓW – ADAMÓW – KONIN SA  
The standalone condensed financial statements for 9 months ended 30 September 2019  
(in thousand PLN)

**PROFIT AND LOSS ACCOUNT (calculation type)**

	9 months ended 30 September 2019 (unaudited)	3 months ended 30 September 2019 (unaudited)	9 months ended 30 September 2018 (unaudited)	3 months 30 September 2018 (unaudited)
<b>A. Net sales of finished goods, goods for resale and raw materials, of which:</b>	<b>1 070 575</b>	<b>376 087</b>	<b>851 632</b>	<b>351 645</b>
– from affiliates	240 015	82 009	293 416	101 573
I. Net sales of finished products	882 732	324 476	726 673	290 613
II. Net sales of goods for resale and raw materials	187 843	51 611	124 959	61 032
<b>B. Cost of finished products, goods for resale and raw materials sold, of which:</b>	<b>963 150</b>	<b>331 992</b>	<b>887 117</b>	<b>377 624</b>
– to affiliates	247 271	95 628	370 303	144 048
I. Cost of finished products sold	804 461	283 449	770 291	315 605
II. Cost of goods for resale and raw materials sold	158 689	48 543	116 826	62 019
<b>C. Gross profit (loss) on sales (A–B)</b>	<b>107 425</b>	<b>44 095</b>	<b>(35 485)</b>	<b>(25 979)</b>
D. Selling expenses	1 048	254	1 445	501
E. Administrative expenses	32 254	11 187	37 025	11 065
<b>F. Profit (loss) on sales (C–D–E)</b>	<b>74 123</b>	<b>32 654</b>	<b>(73 955)</b>	<b>(37 545)</b>
G. Other operating income	6 242	2 175	2 418	1 803
I. Gains on the sale of non-financial fixed assets	1 088	-	4	-
II. Grants	35	12	35	12
III. Revaluation of non-financial assets	-	59	-	-
IV. Other operating income	5 119	2 104	2 379	1 791
H. Other operating expenses	15 682	2 938	1 859	911
I. Loss on the sale of non-financial fixed assets	-	231	-	-
II. Impairment of non-financial assets	1 654	-	771	660
III. Other	14 028	2 707	1 088	251
<b>I. Operating profit (loss) (F+G–H)</b>	<b>64 683</b>	<b>31 891</b>	<b>(73 396)</b>	<b>(36 653)</b>
J. Financial income	82 514	79 435	132 034	89 290
I. Dividends and shares in profits, including:	78 868	77 038	127 774	90 000
a) from affiliates, including:	78 830	77 000	127 692	90 000
– of which the entity has capital engagement	78 830	77 000	127 692	90 000
b) from others, including:	38	38	82	-
– of which the entity has capital engagement	-	-	-	-
II. Interest, including:	610	219	1 709	652
– from affiliates	323	110	320	108
III. Profit on the disposal of financial assets, including:	-	-	-	-
– affiliates	-	-	-	-
IV. Revaluation of investments	2 656	2 143	2 161	(1 443)
V. Other	380	35	390	81
K. Financial costs	9 255	3 683	10 651	3 019
I. Interest, including:	7 951	3 418	9 235	2 796
– to affiliates	-	-	-	-
II. Loss on the disposal of financial assets, including:	-	-	-	-
– in affiliates	-	-	-	-
III. Impairment of investments	-	-	-	-
IV. Other	1 304	265	1 416	223
<b>L. Gross profit (loss) (I+J–K)</b>	<b>137 942</b>	<b>108 669</b>	<b>47 987</b>	<b>49 618</b>
M. Corporate profits tax	11 904	6 589	(12 689)	(7 577)
N. Other tax charges	-	-	-	-
<b>O. Net profit (loss) (L–M–N)</b>	<b>126 038</b>	<b>102 080</b>	<b>60 676</b>	<b>57 195</b>

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## STATEMENT OF CASH FLOW (indirect method)

	9 months ended 30 September 2019 (unaudited)	3 months ended 30 September 2019 (unaudited)	9 months ended 30 September 2018 (unaudited)	3 months ended 30 September 2018 (unaudited)
<b>A. Cash flow from operating activities</b>				
I. Net profit (loss)	<b>126 038</b>	102 080	<b>60 676</b>	<b>54 984</b>
II. Adjustments, total	<b>(92 801)</b>	15 704	<b>37 566</b>	<b>799</b>
1. Depreciation	28 940	9 619	28 901	9 631
2. Foreign exchange gains (losses)	(753)	(1 003)	(1 031)	928
3. Interest and shares in profits (dividends)	(73 013)	(75 722)	(118 890)	(87 313)
4. Profit (loss) on investing activities	(1 552)	(122)	(1 134)	514
5. Change in provisions	277 131	111 768	221 897	112 251
6. Change in inventories	(7 420)	375	(18 704)	(5 557)
7. Change in receivables	(6 063)	(27 665)	6 266	(40 528)
8. Change in short-term liabilities, except for loans and borrowings	(13 119)	(4 614)	(42 959)	6 702
9. Change in prepayments, accruals and deferred income	9 451	4 965	513	4 171
10. Other adjustments	(306 403)	(1 897)	(37 293)	-
<b>III. Net cash flow from operating activities (I±II)</b>	<b>33 237</b>	<b>117 784</b>	<b>98 242</b>	<b>55 783</b>
<b>B. Cash flow from investing activities</b>				
I. Inflows	<b>25 192</b>	<b>1 841</b>	<b>32 563</b>	<b>82</b>
1. Sale of intangible assets and tangible fixed assets	13 324	(27)	4	-
2. Sale of investments in property and intangible assets	-	-	-	-
3. From financial assets, including:	11 868	1 868	32 559	82
a) in affiliates	11 830	1 830	32 477	-
b) in others	38	38	82	82
– disposal of financial assets	-	-	-	-
– dividends and share in profits	38	38	82	82
– repayment of long-term loans granted	-	-	-	-
– interests	-	-	-	-
– other inflows from financial assets	-	-	-	-
4. Other investing inflows	-	-	-	-
II. Outflows	<b>5 528</b>	<b>1 599</b>	<b>22 097</b>	<b>908</b>
1. Purchase of intangible assets and tangible fixed assets	5 528	1 599	21 909	909
2. Investments in property and intangible assets	-	-	-	-
3. For financial assets, including:	-	-	188	(1)
a) in affiliates	-	-	188	(1)
b) in others	-	-	-	-
– purchase of financial assets	-	-	-	-
– long-term loans granted	-	-	-	-
4. Other investing outflows	-	-	-	-
<b>III. Net cash flow from investing activities (I-II)</b>	<b>19 664</b>	<b>242</b>	<b>10 466</b>	<b>(826)</b>



## STATEMENT OF CASH FLOW (indirect method) (cont.)

### C. Cash flow from financing activities

I. Inflows	-	-	-	-
1. Net inflows from issue of shares, issue of other capital instruments and additional payments to capital	-	-	-	-
2. Loans and credits	-	-	-	-
3. Issue of debt securities	-	-	-	-
4. Other financial inflows	-	-	-	-
II. Outflows	<b>116 489</b>	<b>38 391</b>	<b>175 170</b>	<b>95 060</b>
1. Reacquisition of own shares	-	-	-	-
2. Dividends and other payments to shareholders	-	-	55 466	55 466
3. Outflows due to appropriation of profit other than payments to shareholders	-	-	-	<b>95 060</b>
4. Repayment of loans and credits	111 408	37 136	111 408	37 136
5. Redemption of debt securities	-	-	-	-
6. Relating to other financial liabilities	-	-	-	-
7. Finance lease payments	112	28	138	51
8. Interest paid	4 969	1 227	8 158	2 407
9. Other financial outflows	-	-	-	-
<b>III. Net cash flow from financial activities (I-II)</b>	<b>(116 489)</b>	<b>(38 391)</b>	<b>(175 170)</b>	<b>(95 060)</b>
<b>D. Total net cash flow (A.III±B.III±C.III)</b>	<b>(63 588)</b>	<b>79 635</b>	<b>(66 462)</b>	<b>(40 103)</b>
E. Balance sheet change in cash and cash equivalents,, including:	<b>(63 593)</b>	<b>79 635</b>	<b>(66 462)</b>	<b>(40 103)</b>
– change in cash and cash equivalents due to foreign exchange gains/losses	(5)	-	-	-
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>149 345</b>	<b>6 122</b>	<b>172 546</b>	<b>146 187</b>
<b>G. Cash and cash equivalents at the end of the period (F±D), including</b>	<b>85 757</b>	<b>85 757</b>	<b>106 084</b>	<b>106 084</b>
– of restricted use	3 443	-	3 496	97

Konin, 14 November 2019

## STATEMENT OF CHANGES IN EQUITY

	30 September 2019 (unaudited)	30 June 2019 (unaudited)	31 December 2018	30 September 2018 (unaudited)	30 June 2018 (unaudited)
<b>I. Equity at the beginning of the period (OB)</b>	<b>1 338 387</b>	<b>1 338 387</b>	<b>1 488 863</b>	<b>1 488 863</b>	<b>1 488 863</b>
– changes in accounting policy	-	-	-	-	-
– correction of prior period error	-	-	-	-	-
<b>I.a. Equity at the beginning of the period (OB), after adjustments</b>	<b>1 338 387</b>	<b>1 338 387</b>	<b>1 488 863</b>	<b>1 488 863</b>	<b>1 488 863</b>
1. Share capital at the beginning of the period	101 647	101 647	101 647	101 647	101 647
1.1. Changes in share capital	-	-	-	-	-
a) increases	-	-	-	-	-
b) decreases	-	-	-	-	-
<b>1.2. Share capital at the end of the period</b>	<b>101 647</b>	<b>101 647</b>	<b>101 647</b>	<b>101 647</b>	<b>101 647</b>
2. Reserve capital at the beginning of the period	1 124 377	1 124 377	1 028 647	1 094 493	1 094 697
2.1. Changes in reserve capital	-	-	29 650	29 650	29 650
a) increases	-	-	29 650	29 650	29 650
– issue of shares	-	-	-	-	-
– profit distribution	-	-	29 649	29 649	29 649
– disposal of fixed assets	-	-	31	1	1
– acquisition of the company	-	-	-	-	-
b) decreases	-	-	-	-	-
– redemption of shares	-	-	-	-	-
– cover of loss	-	-	-	-	-
<b>2.2. Reserve capital at the end of the period</b>	<b>1 124 377</b>	<b>1 124 377</b>	<b>1 124 377</b>	<b>1 124 347</b>	<b>1 124 347</b>
3. Capital from revaluation at the beginning of the period – changes of accountancy policies	227 497	227 497	227 498	227 497	227 497
3.1. Changes of capital from revaluation	-	-	(31)	(1)	(1)
a) increases	-	-	-	-	-
b) decreases	-	-	31	1	1
– disposal of fixed assets	-	-	31	1	1
<b>3.2. Capital from revaluation at the end of the period</b>	<b>227 496</b>	<b>227 496</b>	<b>227 467</b>	<b>227 496</b>	<b>227 496</b>
4. Other reserves at the beginning of the period	3 472	3 472	3 472	3 472	3 472
4.1. Changes in other reserves	-	-	-	-	-
a) increases	-	-	-	-	-
b) decreases	-	-	-	-	-
– cover of loss	-	-	-	-	-
<b>4.2. Other reserves at the end of the period</b>	<b>3 472</b>	<b>3 472</b>	<b>3 472</b>	<b>3 472</b>	<b>3 472</b>
5. Profit (loss) from previous years at the beginning of the period	(118 575)	(118 575)	61 550	61 550	61 550
5.1. Profit from previous years at the beginning of the period	-	-	115 609	115 609	115 609
– changes of accountancy rules	-	-	-	-	-
– error adjustments	-	-	-	-	-
5.2. Profit from previous years at the beginning of the period, after adjustments	-	-	115 609	115 609	115 609
a) increases	-	-	-	-	-
– distribution of profits from previous years	-	-	-	-	-
b) decreases	-	-	115 609	115 609	115 609
– distribution of profit for reserve capital	-	-	29 649	29 649	29 649
– dividend payment	-	-	85 960	85 960	85 960
5.3. Profit from previous years at the end of the period	-	-	-	-	-

## STATEMENT OF CHANGES IN EQUITY (cont.)

5.4. Loss from previous years at the beginning of the period	(118 575)	(118 575)	(54 059)	(54 059)	(54 059)
– changes of accountancy rules	-	-	-	-	-
– error adjustments	-	-	-	-	-
5.5. Loss from previous years at the beginning of the period, after adjustments	(118 575)	(118 575)	(54 059)	(54 059)	(54 059)
a) increases	-	-	-	-	-
– transfer of loss from previous years to cover	-	-	-	-	-
b) decreases	-	-	-	-	-
– cover of loss from reserve capital	-	-	-	-	-
5.6. Loss from previous years at the end of the period	(118 575)	(118 575)	(54 059)	(54 059)	(54 059)
<b>5.7. Profit (loss) from previous years at the end of the period</b>	<b>(118 575)</b>	<b>(118 575)</b>	<b>(54 059)</b>	<b>(54 059)</b>	<b>(54 059)</b>
<b>6. Net result</b>	<b>126 038</b>	<b>23 958</b>	<b>(64 516)</b>	<b>60 676</b>	<b>93 570</b>
a) net profit	126 038	23 958	(64 516)	60 676	93 570
b) net loss	-	-	-	-	-
c) result impairments	-	-	-	-	-
<b>II. Equity at the end of the period (CB)</b>	<b>1 464 425</b>	<b>1 362 345</b>	<b>1 338 387</b>	<b>1 480 021</b>	<b>1 496 473</b>
<b>III. Equity after proposed result distribution (cover of loss)</b>	<b>1 464 425</b>	<b>1 362 345</b>	<b>1 338 387</b>	<b>1 480 021</b>	<b>1 496 473</b>

Konin, 14 November 2019

## **ADDITIONAL INFORMATION TO THE CONDENSED SUMMARY FINANCIAL STATEMENT FOR 9 MONTHS**

### **1. General information about the Company**

Zespół Elektrowni Pątnów-Adamów-Konin Spółka Akcyjna ("ZE PAK SA", "the Company") was established by the Notarial Deed of 29 December 1994. The Company's registered office is in Konin at Kazimierska 45.

The Company is entered into the Register of Entrepreneurs under the KRS number 0000021374 assigned on 21 June 2001.

The Company has been operating under the NIP number: 665-00-01-645 assigned on 17 September 1993, and the REGON symbol: 310186795.

The Company has been established for an indefinite period.

The Company is the parent company of the Capital Group of Zespół Elektrowni Pątnów – Adamów – Konin ("Group", "Capital Group", "ZE PAK SA Group").

According to articles of association, the subject of the Company's activities is:

- 1) production and distribution of electricity,
- 2) production and distribution of heat (steam and hot water).

The summary quarterly financial statement of ZE PAK SA as developed based on the provisions of the regulation of the Minister of Finances of 29 March 2018 on current and periodic information published by issuers of securities and the conditions for regarding information required by the law of a non-member state as equivalent (Journal of Laws 2018 item 757). The format, basis and scope of the developed statement are in accordance with the requirements of that regulation.

### **2. Determination and clarification of differences in the disclosed data and significant differences regarding the adopted accounting principles (policy) between the statement and the comparable data as well as the statement and the comparable data developed according to IFRS**

The Company is the parent company of the Capital Group, which is obliged to develop a consolidated financial statement in accordance with IFRS standards approved by the EU ("IFRS"). The Company did not prepare and does not prepare an individual financial statement in accordance with IFRS.

The main potential differences between the IFRS and the AoA (DZ.U. 2019 item 351 consolidated text) developed with the assumption of using the IFRS based on the IFRS 1 guidelines and adoption of the financial data resulting from the consolidated financial statement of the ZE PAK SA Group are presented below. The date of transition of the ZE PAK SA Group to the IFRS is 1 January 2009.

If the financial statement was developed in accordance with the IFRS, the main differences between the accounting principles adopted for the enclosed statement and the IFRS, with the assumption that the date of transition to the IFRS is 1 January 2009:

#### **1. Tangible fixed assets**

##### **a) Valuation of the tangible fixed assets**

According to the IFRS 1, as of the date of the first application of the IFRS, the body can make a fair value quotation of the fixed assets and recognise their fair value as the assumed cost at this date. The Company established the assumed cost of the selected tangible fixed assets by assignment of the fair value of these assets as of 1 January 2009, i.e. the assumed date of transition to the application of the IFRS.

Due to differences in the valuation of property, plant and equipment under the Accounting Act and IFRS, the amount of impairment losses on property, plant and equipment also varies.

##### **b) Allotment of renovation components**

The International Financial Reporting Standards project the allotment within the scope of fixed assets of components, provided that their use period differs from the use period of a given fixed asset. The components are depreciated during their usability period. According to the IFRS, the specific component consists of renovations and periodical inspections. Therefore, the Company allotted the components of the planned values to bear the costs of overhauls and made depreciation of components in the period remaining until the planned commencement of the next renovation. The recognition of this adjustment also resulted in the need to charge the deferred tax.

c) Valuation of land and their perpetual usufruct

According to the AoA, the perpetual usufruct of land is subject to depreciation, and the depreciation write-downs are recognised in the income statement in the prime cost item.

Pursuant to IFRS 16, the perpetual usufruct right to land is classified by the Company as an asset due to the right to use, and on the other side as a lease liability, which reflects its obligation to make lease payments. The right-of-use asset is amortized.

d) Capitalisation of external financing costs

According to the AoA, the Company recognised in the capital work in progress all the costs of servicing liabilities incurred in order to finance them along with the exchange rate differences that took place.

For the purpose of the IFRS, the Company would make an adjustment of the capitalised exchange rate differences on the liabilities incurred in foreign currencies, consisting in the adaptation of the value of these exchange rate differences to the value, in which they comprise the adjustment of the interest costs.

Furthermore, the Company would execute the capitalisation of external financing costs on the liabilities of general nature, used for the financing of capital work in progress.

Due to the above fact, in the financial statement developed according to the IFRS, the Company would capitalise the external financing costs in the value not higher than the financing costs, which would occur if the liabilities were incurred in the functional currency, i.e. PLN.

Described areas of differences between the AoA and the IFRS were identified during the process of development of the Group's consolidated financial statement according to the IFRS and do not include the potential adjustments of the IFRS in relation to transactions with affiliated entities, which were eliminated in the scope of the Group's financial statement.

The International Accounting Standards Board (IASB) introduced many changes into the current accounting principles and issued new standards. New standards and changes to the current standards are still in the works. Furthermore, these standards are subject to the approval process by the EU. In relation to the above, it is possible that the standards, according to which the Company will develop its first financial statement compliant with the IFRS, which can include data from the past years, will differ from the standards used for the development of the below explanatory note describing the differences between the IFRS and the Polish accounting standards.

Furthermore, only a complete financial statement embracing the statement on the financial position, total income statement, statement of changes in the equity, as well as the cash flow statement, and the comparative data and explanatory notes can present the full and reliable view of the Company's financial position, the results of its activities and cash flows in accordance with the IFRS.

The presentation of some of the items of the financial statements according to the AoA and the IFRS can differ. The differences in the presentation will not affect the equity and the Company's net result.

The components of particular items in the financial statement, as well as the scope of additional information to the financial statement compliant with the AoA and the IFRS can differ substantially.

*The following table presents the differences as of 30 September 2019 (unaudited data):*

	<i>Balance sheet value Acc. to AoA</i>	<i>Balance sheet value Acc. to IFRS</i>	<i>Value adjustment</i>
Tangible fixed assets	589 754	607 790	18 036
Equity	1 464 425	1 404 942	(59 483)
Deferred tax provision	51 273	111 793	60 520

*Description of the effects of disclosed differences in net profit and equity:*

	<i>30 September 2019 (unaudited)</i>
AoA net profit	126 038
Adjustment of the tangible fixed assets	(3 070)
IAS 19 adjustment – Actuarial profits / losses	822
IAS 9 adjustment – Impairment of financial assets	1 278

	<i>30 September 2019 (unaudited)</i>
AoA capital	1 464 425
Adjustment of the tangible fixed assets	(58 600)
IAS 9 adjustment – Impairment of financial assets	(883)

### **3. Assumption of continuation of economic activity**

These financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future. However, the Management Board of the Company points out that as at September 30, 2019, short-term liabilities and provisions, including bank loans and provisions related to CO2 emission allowances, exceed current assets and the value of acquired CO2 emission allowances by PLN 15 million.

Increasing operating costs, significant fluctuations in the level of prices of CO2 emission allowances, the level of short-term debt and the uncertainty regarding market regulations determining the prices of generated energy and obtained certificates affect the uncertainty of the implementation of plans adopted by the Management Board. As a consequence, the Management Board draws attention to the existence of significant uncertainty which may raise serious doubts as to the Company's ability to continue as a going concern. However, it should be emphasized that a number of activities are undertaken at the operational level to improve the economic situation of the Company.

The Management Board has made a detailed analysis of the cash flow forecasts and confirms that the Company's cash flow analysis indicates the possibility of generating sufficient positive cash flows for at least the next 12 months from the date of these financial statements. This analysis assumes the renewal of the existing credit limits relating to the financing of the Company's current operations. In the opinion of the Management Board, the risk of not renewing credit limits is limited.

### **4. Merger of commercial companies**

Within the period for which the financial statements were prepared, the Company did not merge with any other business entity, nor did it acquire an organized part of the enterprise.

### **5. Accepted principles (policy) of accounting**

The accounting principles adopted by the Company, including the methods of valuation of assets and liabilities and the measurement of the financial result are compliant with the provisions of the Act of Accounting and are described in the financial statements of Zespół Elektrowni Państw - Adamów - Konin SA for the financial year ended December 31, 2018, published on April 30, 2019.

### **6. Comparability of financial data for the previous period with the report for the current period**

In the current period, the Company did not change the accounting principles, and therefore it was not required to present numerical information that would ensure comparability of the financial statements for the preceding year with the financial statements for the current financial year. The data presented as at December 31, 2018 is consistent with the end-of-year financial statements for the year ended December 31, 2018, while the data for the period ended September 30, 2018 is not consistent with the Company's interim condensed financial statements for the period ended September 30, 2018. This adjustment was described in the report for 2018.

ZESPÓŁ ELEKTROWNI PAŃNÓW – ADAMÓW – KONIN SA  
The standalone condensed financial statements for 9 months ended 30 September 2019  
(in thousand PLN)

The table below presents the impact of the adjustment described in the financial statements as at December 31, 2018 on the items in the financial statements as at September 30, 2018. At the same time, changes in comparative data were also presented in connection with the change in the principles of presenting accruals.

	Published data	Transformed data	Error adjustments	Correction of presentation in connection with the change of regulations
	30 September 2018			
<i>Assets</i>				
<b>A. Fixed assets</b>	<b>1 817 997</b>	<b>1 808 071</b>	<b>3 668</b>	<b>(13 594)</b>
<b>IV. Long-term investments</b>	<b>1 173 269</b>	<b>1 159 827</b>	-	<b>(13 594)</b>
3. Long-term financial assets	1 173 421	1 159 827	-	(13 594)
a) in affiliates	1 173 269	1 159 675	-	(13 594)
– shares	1 142 334	1 128 740	-	(13 594)
<b>V. Long-term prepayments and deferred costs</b>	<b>4 055</b>	<b>7 723</b>	<b>3 668</b>	-
2. Other prepayments and deferred costs	4 055	7 723	3 668	-
<i>Liabilities and equity</i>				
<b>A. Equity</b>	<b>1 480 021</b>	<b>1 463 579</b>	<b>(16 442)</b>	-
<b>V. Profits (losses) from previous years</b>	<b>(37 617)</b>	<b>(54 059)</b>	<b>(16 442)</b>	-
<b>B. Liabilities and provisions for liabilities</b>	<b>755 791</b>	<b>762 307</b>	<b>20 110</b>	<b>(13 594)</b>
<b>I. Provisions for liabilities</b>	<b>370 236</b>	<b>393 350</b>	<b>20 110</b>	<b>3 004</b>
2. Provision for retirement benefits and similar obligations	10 072	13 076	-	3 004
– short-term	636	3 640	-	3 004
3. Other provisions	293 654	313 764	20 110	-
– long-term	57 994	78 104	20 110	-
<b>IV. Accruals and deferred income</b>	<b>28 530</b>	<b>11 932</b>	-	<b>(16 598)</b>
2. Other accruals and deferred income	28 530	11 932	-	(16 598)
– long-term	14 016	422	-	(13 594)
– short-term	14 514	11 510	-	(3 004)

## 7. Error adjustment

In the current period, no corrections of errors were made that could affect the comparability of financial data for the preceding period with the data of the financial statements for the current financial period.

## 8. The amount and nature of items affecting assets, liabilities, equity, net income or cash flows that are abnormal due to their nature, value or frequency

During the current reporting period, there were no events affecting assets, liabilities, equities, net result or cash flow, that were unusual at their type, value or frequency.

## 9. Information on impairment write-downs against provisions value, impairing to the net value possible to achieve and on the reversal of such write-downs

The gross financial result for the current period includes the effects of creating and reversing the provision impairment write-down:

<i>Impairment write-downs</i>	<i>31 December 2018</i>	<i>Changes</i>			<i>30 September 2019 (unaudited)</i>
		<i>creation</i>	<i>use</i>	<i>liquidation</i>	
Inventories	11 233	4 469	-	6 669	9 033

Certificates of origin of energy arising from the energy production from renewable energy sources and peak load co-generation are presented according to fair value at the end of the month, in which the energy based on renewable sources was produced.

As at September 30, 2019, the Group had a total of 44,862.741 MWh of property rights to green certificates of green energy produced and verified by the ERO. From January 1, 2019 to September 30, 2019, the Group received 257,056.668 MWh certificates for production in September, October and November 2018 and for production from January to May 2019. During this period, an application was submitted for 285 611.687 MWh for production in November and December 2018 and for production from January to July 2019.

By September 30, 2019, 233,391.901 MWh was sold on TGE SA.

## 10. Information on the write-downs against the impairment of financial assets, tangible fixed assets, non-material and legal values or other assets and the reversal of such write-downs

The gross financial result for the current year includes the effects of creating and reversing impairment write-downs, in particular:

<i>Impairment write-downs</i>	<i>31 December 2018</i>	<i>Changes</i>		<i>30 September 2019 (unaudited)</i>
		<i>creation</i>	<i>use</i>	
Intangible assets	1 279	-	-	1 279
Tangible fixed assets	1 567 173	-	-	162 1 567 011
Financial assets	107 608	-	-	107 608
Receivables	35 120	521	-	35 641

## 11. Information on the creation, increase, use or liquidation of the provisions

The gross financial result for the current year includes the effects of creating the estimates of future obligations, in particular:

<i>Provisions and accruals</i>	<i>31 December 2018</i>	<i>Changes</i>		<i>30 September 2019 (unaudited)</i>
		<i>creation</i>	<i>use</i>	
Provisions for pension and similar benefits, including:	19 855	2 700	9 187	2 247 11 121
– provision for retirement and death benefits	8 695	1 889	-	2 247 8 337
– provision for an annual bonus	9 027	-	9 027	-
– provision for unused holidays	2 133	811	160	-
Provisions for CO2 emission allowances	334 782	271 227	334 712	-
Provision for the return of CO2 emission allowances	30 640	221	-	-
Provisions for reclamation	63 656	154	-	88 63 722
Provision for liquidation	17 391	599	-	-
Provision for fees	1 190	-	-	-
Accruals of costs due to titles:	1 265	9 855	1 357	158 9 605
– fees for commercial utilization of the environment	345	9 545	345	158 9 387
– duty to redeem property rights	815	310	907	-
– provision for costs of current year	105	-	105	-
Prepayment income settlement	504	120	75	-
<b>Total</b>	<b>469 283</b>	<b>284 876</b>	<b>345 331</b>	<b>2 493 406 335</b>



## **12. Information on the provisions and assets related to deferred income tax**

In the 9-month period ended on 30 September 2019, there had been a change in the state of the provisions and assets related to deferred income tax, i.e.:

- a change in the state of assets, increasing tax burden in the amount of PLN 4 199 thousand,
- a change in the state of the provisions, increasing tax burden in the amount of PLN 3 799 thousand.

## **13. Information on significant acquisition and sales transactions of tangible fixed assets and any significant liability due to purchasing tangible fixed assets**

In the 9-month period ended on 30 September 2019, the Company:

- Purchased or accepted from investments, tangible fixed assets in the amount of PLN 2 115 thousand,
- sold or liquidated fixed tangible asset component in the net amount of PLN 296 thousand.

As of 30 September 2019, the liabilities of the Company for the purchase of tangible fixed assets amount to PLN 2 037 thousand.

## **14. Information about the failure to repay a bank credit or loan, or the breach of significant provisions of a bank credit or loan agreement, in relation to which no remedial actions have been undertaken until the end of the reporting period**

During the current reporting period, the Company made bank credit payments in accordance with the provisions of credit agreements. As of the balance sheet day of 30 September 2019, the Company met the covenants, pursuant to the credit agreement of 13 March 2014.

## **15. Information on the issuer or its subsidiary, concluding one or multiple transactions with associated entities, should they have been concluded under conditions other than market conditions**

Zespół Elektrowni Pątnów-Adamów-Konin SA and subsidiaries, consolidated under the Group, did not conclude any transactions with the affiliates pursuant to conditions other than market conditions in the period of 9 months of 2019.

## **16. Information on the change in the manner (method) of appraisal of financial instruments, appraised at fair value**

There have been no changes to the manner (method) of appraising financial instruments according to fair value in the Company's financial statement presented for the current reporting period.

## **17. Information on the changes in the classification of financial assets**

In the current reporting period, there have been no changes to the classification of financial assets.

## **18. Information on the issue, redemption and repayment of non-equity and equity securities**

In the current reporting period, the Company did not issue, redeem or repay any non-equity and equity securities.

## **19. Events of the accounting period not specified in the balance sheet and the income statement**

During the reporting period until the development date of this financial statement, i.e. till 14 September 2019, there were no events that were not, and should be included in the accounting books and financial statements for the period ended September 30, 2019.

## **20. Events of previous years recognised in the financial statement**

As of the date of preparation of the financial statements for the period ended September 30, 2019, i.e. until September 14, 2019, there were no other significant events related to previous years which were not and should be included in the financial statements of the accounting year.

## **21. Information on the changes in the business or economic circumstances that significantly affect the fair value of the entity's financial assets and financial liabilities, regardless of the fact, whether those assets and liabilities are recognised in the fair value or the corrected purchase cost (amortised cost)**

### ***Proceedings on an environmental decision on lignite deposit in Ościsłowo***

On 13 March 2017, PAK KWB Konin SA received the decision of the Regional Director for Environmental Protection in Poznań ("RDOŚ in Poznań") of 10 March 2017, refusing the establishment of the environmental conditions for the investment titled: "Extraction of lignite and associated minerals from the Ościsłowo Open Pit." The decision of RDOŚ in Poznań is not final. PAK KWB Konin SA appealed accordingly to the General Directorate for Environmental Protection in Warsaw. The appeal included a request to revoke the appealed ruling in its entirety and determine the environmental conditions for the execution of the above-mentioned project. On 30 November 2017, General Director of Environmental Protection in Warsaw has decided to repeal a decision in its entirety (contested by PAK KWB Konin SA - a subsidiary of the Company) of the Regional Director for Environmental Protection in Poznań ("RDOŚ in Poznań") dated March 10, 2017, refusing to specify environmental conditions for the project entitled: "Extraction of lignite and associated minerals from Ościsłowo Open Pit" and forward the case for reconsideration by RDOŚ in Poznań.

PAK KWB Konin SA, by letter of December 18, 2017 filed an objection against the abovementioned decision of GDOŚ in Warsaw to the Provincial Administrative Court in Warsaw (WSA). In the opinion of PAK KWB Konin S.A. there were grounds for issuing a reformatory decision by GDOŚ in Warsaw, i.e. amending the contested decision of RDOŚ in Poznań and substantive decision in this matter, not referring the matter for reconsideration. The other party also opposed the WSA. Both objections were dismissed by the WSA. The verdict was passed on March 1, 2018. On April 12, 2018, PAK KWB Konin SA filed a cassation complaint with the Supreme Administrative Court in Warsaw against the verdict of the WSA in Warsaw of 1 March 2018. This complaint was upheld and the case was re-examined by the Provincial Administrative Court in Warsaw, which in its judgment of 18 October 2018 overruled the decision of GDOŚ, which will again have to hear the appeals lodged in the present case.

Currently, the case is being reconsidered by GDOŚ in Warsaw, which in a letter of 6 March 2019 called on PAK KWB Konin SA to submit explanations and supplement the evidence within two months of receiving the request. By letter of April 12, 2019, PAK KWB Konin SA applied for extension of the deadline to September 30, 2019. On September 27, GDOŚ announced that the evidence had not yet been fully supplemented, and therefore set a new date for settling the case as at December 31, 2019.

The proceedings for issuing the environmental decision were initiated on 16 September 2015.

## **22. Additional information**

Additional information and disclosures required by the provisions of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and the conditions for regarding information required by the law of a non-member state as equivalent, which could significantly impact the assessment of the economic, financial situation and, which have been, as a result of the issuer's financial result, included in the explanatory notes to the interim condensed consolidated financial report (iccf), including:

- explanations regarding the seasonality or cyclicity of the issuer's activities in the presented period (item 10 of iccf),

- information on significant settlements due to lawsuits (28.2 iccfr),
- information on changes of contingent liabilities or contingent assets, which had occurred from the end of the last financial year (items 28.4 and 30 of iccfr),
- information regarding the paid (or declared) dividends (item 23 of iccfr).

*Konin, 14 November 2019*

## **SIGNATURES:**

Henryk Sobierajski  
President of the Management Board .....

Zygmunt Artwik  
Vice President of the Management Board .....

Paweł Markowski  
Vice President of the Management Board .....

Paweł Lisowski  
Vice President of the Management Board .....

Maciej Nietopiel  
Vice President of the Management Board .....

Aneta Desecka  
Chief Accountant .....