

# Consolidated report

on payments to public administration  
in 2019

Poznań

Date of approval and publication: 4 June 2020

# CONSOLIDATED REPORT ON PAYMENTS TO PUBLIC ADMINISTRATION IN 2019

## ENEA Group operations

There are six leading entities within ENEA Group which manage the individual areas of operations, i.e.:

- ENEA S.A. (parent entity in the ENEA Group) – electricity and gas trading
- ENEA Operator Sp. z o.o. – electricity distribution
- ENEA Wytwarzanie Sp. z o.o. and ENEA Elektrownia Połaniec S.A. – generation and sale of electricity and heat
- ENEA Trading Sp. z o.o. – wholesale electricity trading
- LW Bogdanka S.A. (LWB) – coal production
- The other entities within ENEA Group render ancillary activities in relation to the aforesaid companies.

In ENEA Group, the mining operations are performed by its subsidiary, Lubelski Węgiel Bogdanka S.A.. The mining activities are performed by LW Bogdanka based on its own mining licences issued by the Minister of the Climate (formerly, Minister of the Environment).

Due to the fact that within LW Bogdanka Group the mining operations are performed exclusively by LW Bogdanka, payments to the public administration made by this entity correspond to total payments made for this purpose within LW Bogdanka Group, and also payments made for this purpose within ENEA Group.

## Basis of preparation

This consolidated report on payments to public administration has been prepared in accordance with § 61 of Regulation of the Finance Minister of 29 March 2018 n current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognised as equivalent, in connection with Chapter 6a, Articles 63e-63j of the Accounting Act (“the Act”).

ENEA Group companies do not pursue any business activity within the primary forest logging on the area of primary forests.

Due to the fact that ENEA S.A. is not an entity which operates in the mining sector and is not an entity engaged in primary forest logging, the Issuer does not prepare any non-consolidated report on payments to public administration.



## CONSOLIDATED REPORT ON PAYMENTS TO PUBLIC ADMINISTRATION IN 2019

### Coal mining in ENEA Group

In ENEA Group, the mining operations are performed by its subsidiary, LW Bogdanka S.A.

The Company's core activity is bituminous coal mining and beneficiation.

LW Bogdanka S.A. is a parent for four subsidiaries performing supporting mining operations:

- Łęczyńska Energetyka Sp. z o.o. - provides services for the mine within supply of heat energy and performs water and sewage management. Additionally, the company supplies heat energy to external entities such as housing developments and other objects in Łęczna. The entity operates also within the construction works and repairs of heating, water supply and sewage installations
- EkoTRANS Bogdanka Sp. z o.o. - provides services for the mine within the operations relating to the transport, treatment and disposal of waste created by flushing and cleaning of coal output
- RG Bogdanka Sp. z o.o. - provides services for the mine mainly related to the performance of mining and auxiliary works, as well as to the handling of haulage
- MR Bogdanka Sp. z o.o. - provides services for the mine related to renovations, repair and construction works, performance of works in underground machine divisions, regeneration and production of steel structures

### Scope of mining operations

The individual areas of operations in the Mining Area include:

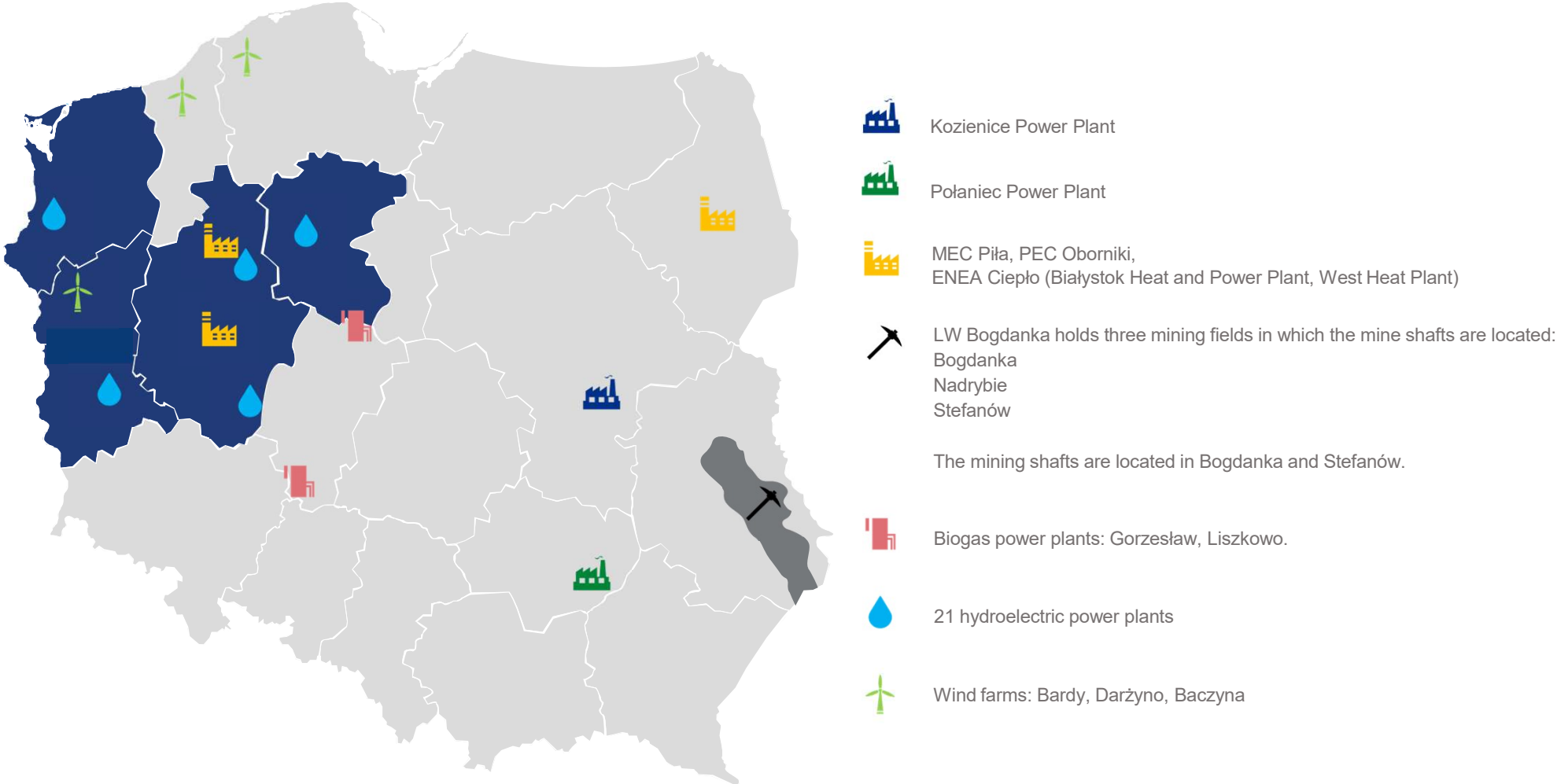
- **bituminous coal production**
- **bituminous coal sale**
- **securing the resource base for ENEA Group**

Bogdanka mine is located in the Central Coal Region (CCR) in the north-eastern part of the Lublin Coal Basin, which is identified to the largest extent. Geographically, the Central Coal Region is within Lublin Polesie (Polesie Lubelskie) boundaries, and just small parts are located in Lublin Upland (Wyżyna Lubelska). As regards the administration, Bogdanka mine is located in the Lublin Province (Lubelskie), within the area of Puchaczów municipality.

The mining activities are performed by LWB based on its own mining licences issued by the Minister of the Climate (formerly, Minister of the Environment).

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## Mining area and production potential



## CONSOLIDATED REPORT ON PAYMENTS TO PUBLIC ADMINISTRATION IN 2019

### Principles adopted on the preparation of the consolidated report on payments to public administration

Pursuant to Article 63e item 6 of the Act, the payment shall mean the amount paid, in cash or in kind, from the operations mentioned in Article 63e item 1 or 2, in respect of :

- production receivables
- taxes collected from income, production or corporate profits, excluding tax on consumption, such as tax on goods and services, personal income tax or sales tax
- royalties
- dividends
- licence fees and bonuses for discovery or production
- licence fees, lease charges, fees for commencement of operations and other provisions due to licence granting
- payments for infrastructural improvement

In this Consolidated report on payments to public administration, the following purposes were included:

The purpose of payment defined in Article 63e of the Act	In respect of tax and charges qualified for the given purpose of payment mentioned in the Act
Taxes collected from income, production or corporate profits, excluding tax on consumption, such as tax on goods and services, personal income tax or sales tax	Corporate income tax - CIT Excise tax
Licence fees and bonuses for discovery or production	Fees for mining use
Licence fees, lease charges, fees for commencement of operations and other provisions due to licence granting	<ul style="list-style-type: none"> <li>• Service charge</li> <li>• Fees for perpetual usufruct of land</li> <li>• Fee for using paid-for geological information</li> </ul>

## CONSOLIDATED REPORT ON PAYMENTS TO PUBLIC ADMINISTRATION IN 2019

### Payments to public administration in 2019

All the payments resulting from the mining operations were made for the account of the public administration in Poland.

The said payments were made by LW Bogdanka, however, due to the fact that within ENEA Group the mining operations are performed exclusively by LW Bogdanka, the payments to public administration by this entity correspond to the total payments for this purpose within ENEA Group.

The amounts presented in this Consolidated report constitute the value of cash transfers made in 2019 to public administration bodies in Poland for particular purposes, decreased by any potential returns received.

All the payments mentioned above were made in cash, i.e. no payments in kind were made. In 2019, the payments to public administration bodies were not attributed to any particular projects.

### Payments to the relevant levels of public administration in 2019 by entity

	31 December 2019 [PLN k]	31 December 2018 [PLN k]
<b>Government administration:</b>	<b>59,209</b>	<b>16,558</b>
Lublin Tax Office*	47,901	5,228
Ministry of the Climate (formerly, Ministry of the Environment)	3,895	4,312
National Fund for Environmental Protection and Water Management	7,120	6,763
Tax Office in Nowy Targ	293	255
<b>Local government administration:</b>	<b>54,771</b>	<b>26,615</b>
Municipality Council	54,364	26,208
County Councils	407	407
<b>TOTAL</b>	<b>113,980</b>	<b>43,173</b>

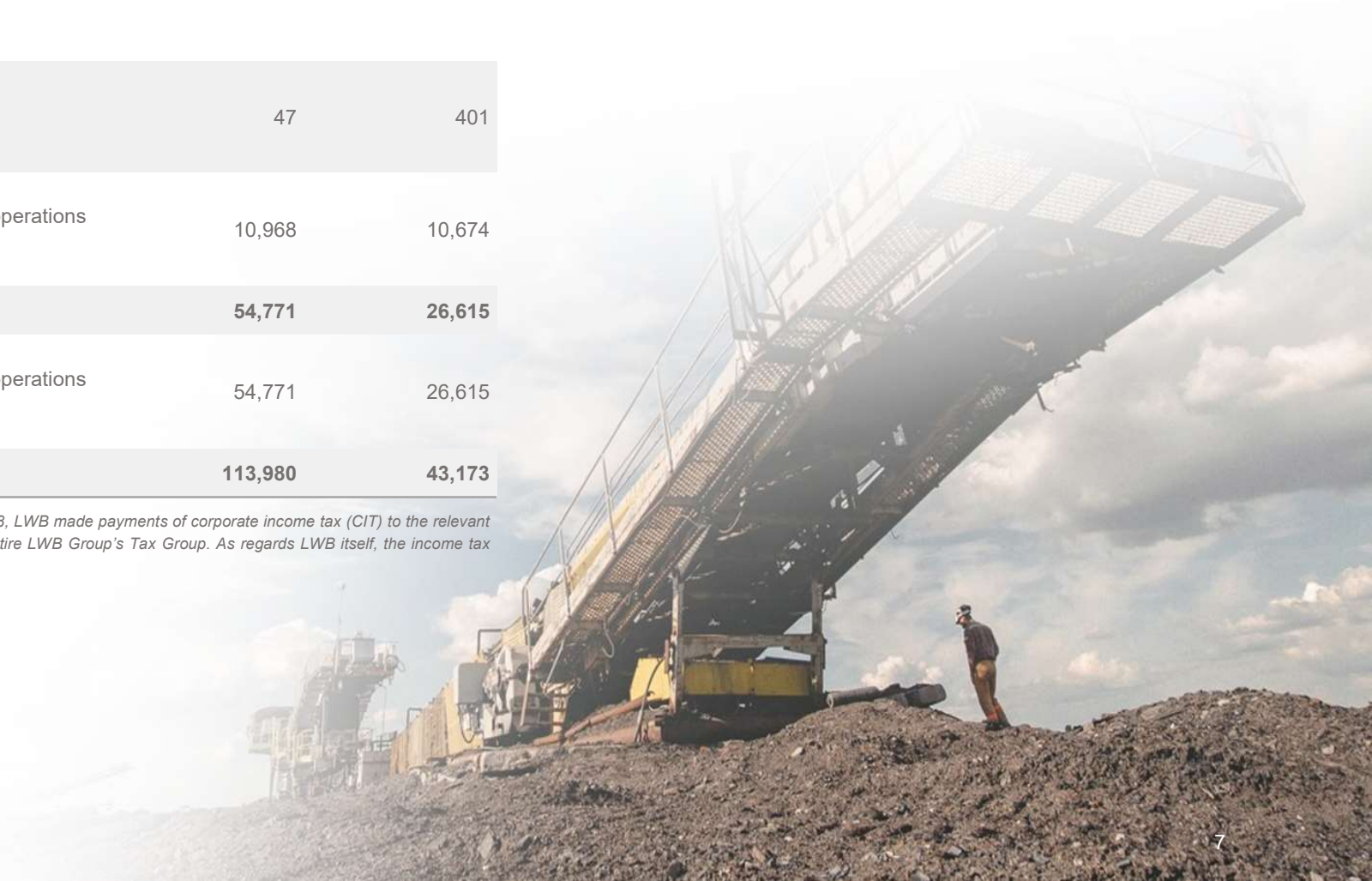
\* Under the LWB Group's Tax Agreement in force until 31 March 2018, LWB made payments of corporate income tax (CIT) to the relevant tax authority in the amount of tax calculated on the income of the entire LWB Group's Tax Group. As regards LWB itself, the income tax paid in 2018 amounted to PLN 4,863 thousand.

## CONSOLIDATED REPORT ON PAYMENTS TO PUBLIC ADMINISTRATION IN 2019

### Payments to public administration in 2019 by title

	31 December 2019 [PLN k]	31 December 2018 [PLN k]
<b>Government administration:</b>	<b>59,209</b>	<b>16,558</b>
Taxes collected from income, production or corporate profits (excluding tax on goods and services, personal income tax or sales tax)*	48,194	5,483
Licence fee and bonus for discovery and production	47	401
Licence fee, lease charge, fee for commencement of operations and other provisions due to licence granting	10,968	10,674
<b>Local government administration:</b>	<b>54,771</b>	<b>26,615</b>
Licence fee, lease charge, fee for commencement of operations and other provisions due to licence granting	54,771	26,615
<b>TOTAL</b>	<b>113,980</b>	<b>43,173</b>

\* Under the LWB Group's Tax Agreement in force until 31 March 2018, LWB made payments of corporate income tax (CIT) to the relevant tax authority in the amount of tax calculated on the income of the entire LWB Group's Tax Group. As regards LWB itself, the income tax paid in 2018 amounted to PLN 4,863 thousand.



## SIGNATURES OF THE MANAGEMENT BOARD

The date of approval for publication and publication of the Consolidated report on payments to public administration in 2019: **4 June 2020**

Signatures:

President of the Management Board  
and CEO

Mirosław Kowalik

Vice-President of the Management Board  
for Commercial Affairs

Piotr Adamczak

Vice-President of the Management Board  
for Financial Affairs

Jarosław Ołowski

Vice-President of the Management Board  
for Corporate Affairs

Zbigniew Piętka