

Consolidated profit and loss account

Consolidated profit and loss account - 2017

| [PLN k] | 2016 | 2017 | Change | % change |
|------------------------------------------------------------------------|-------------------|-------------------|----------------|---------------|
| Revenue from the sale of electricity | 6 548 229 | 6 932 940 | 384 711 | 5.90% |
| Revenue from the sale of heat | 312 625 | 347 871 | 35 246 | 11.30% |
| Revenue from the sale of gas | 179 476 | 145 262 | -34 214 | -19.10% |
| Revenue from the sale of distribution services | 3 001 032 | 3 215 618 | 214 586 | 7.20% |
| Revenue from certificates of origin | 13 739 | 12 937 | -802 | -5.80% |
| Revenue from the sale of CO ₂ emission rights | 32 780 | 77 315 | 44 535 | 135.90% |
| Revenue from the sale of goods and materials | 87 004 | 87 199 | 195 | 0.20% |
| Revenue from the sale of other products and services | 176 369 | 177 139 | 770 | 0.40% |
| Revenue from the sale of coal | 904 424 | 409 408 | -495 016 | -54.70% |
| Net sales revenue | 11 255 678 | 11 405 689 | 150 011 | 1.30% |
| Depreciation | 1 110 350 | 1 194 540 | 84.190 | 7.60% |
| Costs of employee benefits | 1 490 752 | 1 470 644 | -20 108 | -1.30% |
| Consumption of materials and raw materials and the value of goods sold | 1 361 884 | 1 728 771 | 366 887 | 26.90% |
| Purchase of energy and gas for sale purposes | 4 074 797 | 3 169 673 | -905 124 | -22.20% |
| Transmission services | 860 991 | 1 057 151 | 196 160 | 22.80% |
| Other third party services | 664 644 | 815 743 | 151 099 | 22.70% |
| Taxes and levies | 326 537 | 376 542 | 50 005 | 15.30% |
| Sales tax deductible costs | 9 889 955 | 9 813 064 | -76 891 | -0.80% |
| Other operating revenue | 144 038 | 141 790 | -2 248 | -1.60% |
| Other operating costs | 261 625 | 221 871 | -39 754 | -15.20% |
| Loss on the sale and liquidation of property, plant and equipment | -30 662 | -23 530 | 7 132 | 23.30% |

| [PLN k] | 2016 | 2017 | Change | % change |
|----------------------------------------------------------------------|------------------|------------------|----------------|---------------|
| Impairment loss on non-financial non-current assets | 98 160 | 1 284 | -96.876 | -98.70% |
| Operating profit | 1 119 314 | 1 487 730 | 368 416 | 32.90% |
| Financial costs | 127 010 | 170 689 | 43 679 | 34.40% |
| Financial revenue | 76 350 | 139 718 | 6 368 | 83.00% |
| Share in the results of affiliates - and jointly controlled entities | - | 9 282 | 9 282 | 100.00% |
| Dividend revenue | 148 | 526 | 378 | 255.40% |
| Profit before tax | 1 068 802 | 1 466 567 | 397 765 | 37.20% |
| Income tax | 219 889 | 301 676 | 81 787 | 37.20% |
| Net profit of the reporting period | 848 913 | 1 164 891 | 315 978 | 37.20% |
| EBITDA | 2 327 824 | 2 683 554 | 355 730 | 15.30% |

2017:

Factors behind the change of EBITDA of Enea Group:

* The basic factor behind the change in EBITDA is the takeover of Enea Elektrownia Połaniec (as of 14 March 2017)

- + an increase in revenue from the sale of electricity by PLN 385 million arises mainly from a higher sales volume of 3 334 GWh with a simultaneous drop in the average sale price by 4.6% and higher revenue from Regulatory System Services
- + an increase in revenue from sales of heat by PLN 35 million results from the sales volume higher by 1 716 340 GJ (mainly as a result of the EEP acquisition) with a simultaneous drop in the average sales price
- a decrease in revenue from sales of natural gas by PLN 34 million caused by a 38 GWh decrease in volume with a simultaneous drop in the average price by 15.3%,
- + an increase in revenue from the sale of distribution services by PLN 215 million results from higher transfer costs – an increase in the transitional fee and the RES fee (implemented as of 1 July 2016) and higher sales volume of distribution services (by 2.8%) to end users
- + higher revenue from the sale of CO₂ emission allowances by PLN 45 million mainly result from the achieved profit on futures for CO₂ emission allowances, with a simultaneous lower volume of CO₂ emission allowances trading carried out as part of the current balancing of electricity production
- a decrease in coal sales by PLN 495 million results from a higher volume of intra-group supplies
- + a decrease in employee benefit costs by PLN 20 million mainly due to a change in employee provisions (e.g. the release of a provision for retirement coal allowance as a result of the purchase of a free coal allowance from current and future pensioners), with a simultaneous increase in costs due to the takeover of EEP

- an increase in the cost of consumption of materials and raw materials and the value of goods sold by PLN 367 million mainly due to the EEP acquisition with a simultaneous decrease in costs due to a larger volume of intra-group purchase of coal
- + a drop in the cost of purchasing electricity and gas by PLN 905 million results from:
 - + a decrease in the volume of electricity purchased (by 3 721 GWh) with simultaneous decrease in the average purchase price - by 3.3%
 - + decrease in the cost of natural gas purchase due to a decrease in the average price by 12.0% and a decrease in volume by 17 GWh
 - + decrease in the purchase cost of PM (property rights) mainly due to the continuing low prices of green certificates
- an increase in transmission costs by PLN 196 million mainly as a result of an increase in the interim fee and the charging of renewable energy charges (from H2 2016) and an increase in the fixed transmission fee in the PSE tariff
- an increase in the cost of third party services by PLN 151 million mainly due to the acquisition of EEP
- an increase in taxes and levies by PLN 50 million results, among others, from the acquisition of EEP and from an increase in the value of property, plant and equipment related to completed investment processes
- + an increase in the result generated on other operating activities by PLN 45 million:
 - + lower provisions for potential claims by PLN 43 million (including: PLN 86 million establishment of a provision for terminated contracts for the purchase of renewable energy PM RES), establishment in 2016 of a provision related to the estimation of the value of shares in Eco-Power sp. z o. o. company of PLN 129 million)
 - + profit on the bargain purchase of shares in ENGIE Energia Polska SA (currently Enea Elektrownia Połaniec SA) - PLN 12 million
 - + surplus of coal inventories by PLN 11 million
 - + lower increase in provisions for non-contractual use of transmission corridors PLN 10 million
 - + lower loss on liquidation of property, plant and equipment by PLN 7 million, e.g. as a result of the liquidation of excavations
 - + higher revenue arising from claims, penalties and fines by PLN 2 million
 - an increase in impairment losses on overdue and bad debt by PLN 29 million
 - a decrease in free property, plant and equipment accepted without consideration by PLN 19 million, e.g. as a result of fewer agreements on collisions on network assets

Consolidated profit and loss account – Q4 2017

| [PLN k] | Q4 2016 | Q4 2017 | Change | % change |
|----------------------------------------------------------|-----------|-----------|---------|-----------|
| Revenue from the sale of electricity | 1 669 912 | 1 817 852 | 147 940 | 8.90% |
| Revenue from the sale of heat ¹⁾ | 108 994 | 105 841 | -3 153 | -2.90% |
| Revenue from the sale of gas | 43 646 | 44 512 | 866 | 2.00% |
| Revenue from the sale of distribution services | 783 754 | 832 369 | 48 615 | 6.20% |
| Revenue from certificates of origin ²⁾ | 758 | -7 363 | -8 121 | -1071.40% |
| Revenue from the sale of CO ₂ emission rights | 10 841 | 63 377 | 52 536 | 484.60% |
| Revenue from the sale of goods and materials | 21 324 | 28 874 | 7 550 | 35.40% |

| [PLN k] | Q4 2016 | Q4 2017 | Change | % change |
|------------------------------------------------------------------------|------------------|------------------|----------------|----------------|
| Revenue from the sale of other products and services ¹⁾ | 45 922 | 51 879 | 5 957 | 13.00% |
| Revenue from the sale of coal | 266 583 | 106 151 | -160 432 | -60.20% |
| Net sales revenue | 2 951 734 | 3 043 492 | 91 758 | 3.10% |
| Depreciation | 280 265 | 317 140 | 36 875 | 13.20% |
| Costs of employee benefits | 416 205 | 328 429 | -87 776 | -21.10% |
| Consumption of materials and raw materials and the value of goods sold | 347 410 | 470 931 | 123 521 | 35.60% |
| Purchase of energy and gas for sale purposes ²⁾ | 1 027 870 | 880 514 | -147 356 | -14.30% |
| Transmission services | 226 259 | 268 877 | 42 618 | 18.80% |
| Other third party services | 215 179 | 270 354 | 55 175 | 25.60% |
| Taxes and levies | 80 533 | 90 443 | 9 910 | 12.30% |
| Sales tax deductible costs | 2 593 721 | 2 626 688 | 32 967 | 1.30% |
| Other operating revenue | 45 358 | 64 754 | 19 396 | 42.80% |
| Other operating costs | 173 181 | 49 931 | -123 250 | -71.20% |
| Loss on the sale and liquidation of property, plant and equipment | -11 210 | -12 468 | -1 258 | -11.20% |
| Impairment loss on non-financial non-current assets | 48 808 | 1 284 | -47 524 | -97.40% |
| Operating profit | 170 172 | 417 875 | 247 703 | 145.60% |
| Financial costs | 27 416 | 67 933 | 40 517 | 147.80% |
| Financial revenue | 28 461 | 78 715 | 50 254 | 176.60% |
| Share in the results of affiliates - and jointly controlled entities | - | 1 880 | 1 880 | 100.00% |
| Profit before tax | 171 217 | 430 537 | 259 320 | 151.50% |
| Income tax | 42 959 | 103 595 | 60 636 | 141.10% |
| Net profit of the reporting period | 128 258 | 326 942 | 198 684 | 154.90% |
| EBITDA | 499 245 | 736 299 | 237 054 | 47.50% |

¹⁾ Presentation change of published data for Q4 2016

²⁾ Presentation change in the scope of valuation and the cost of own sale of property rights

Q4 2017:

Factors behind the change of EBITDA of Enea Group:

* The basic factor behind the change in EBITDA is the takeover of Enea Elektrownia Połaniec (as of 14 March 2017)

- + an increase in revenue from the sale of electricity by PLN 148 million arises mainly from a higher sales volume of 1 258 GWh with a simultaneous drop in the average sale price by 6.3% and higher revenue from Regulatory System Services
- a decrease in revenue from sales of heat by PLN 35 million results from the sales volume higher by 322.220 GJ (mainly as a result of the EEP acquisition) with a simultaneous drop in the average sales price by 18%
- + an increase in revenue from the sale of distribution services by PLN 49 million results from higher transfer costs - increase in the interim fee and the RES fee and higher sales volume of distribution services (by 2.5%) to end users
- a decrease in revenue from the sale of certificates of origin by PLN 8 million due to the valuation of the cost of sales and inventory
- + higher revenue from the sale of CO₂ emission allowances by PLN 53 million mainly result from the achieved profit on futures for CO₂ emission allowances, with a simultaneous lower volume of CO₂ emission allowances trading carried out as part of the current balancing of electricity production
- + higher revenue from sales of goods and materials by PLN 8 million due to an increase in the volume of goods sold
- + higher revenue from sales of other services by PLN 6 million due to the EEP acquisition and increase in revenue from services related to street lighting operation and maintenance
- a decrease in coal sales by PLN 160 million results from a higher volume of intra-group supplies
- + a decrease in employee benefit costs by PLN 88 million mainly due to a change in employee provisions (the release of a provision for retirement coal allowance as a result of the purchase of a free coal allowance from current and future pensioners), with a simultaneous increase in costs due to the takeover of EEP
- an increase in the consumption of materials and raw materials and the value of goods sold by PLN 124 million mainly due to the EEP acquisition with a simultaneous decrease in costs due to a larger volume of intra-group purchase of coal
- + the drop in the cost of purchasing electricity and gas by PLN 147 million results from:
 - + a decrease in the volume of electricity purchased (by 868GWh) with simultaneous decrease in the average purchase price - by 1.0%
 - + decrease in the purchase cost of PM (property rights) of green certificates
- an increase in transmission costs by PLN 196 million mainly as a result of an increase in the interim fee and the charging of renewable energy charges (from H2 2016) and an increase in the fixed transmission fee in the PSE tariff
- an increase in the cost of third party services by PLN 151 million mainly due to the acquisition of EEP
- an increase in taxes and levies by PLN 50 million results, among others, from the acquisition of EEP and from an increase in the value of property, plant and equipment related to completed investment processes
- + an increase in the result generated on other operating activities by PLN 45 million:
 - + lower provisions for potential claims by PLN 43 million (including: PLN 86 million establishment of a provision for terminated contracts for the purchase of renewable energy PM RES), establishment in 2016 of a provision related to the estimation of the value of shares in Eco-Power sp. z o. o. company of PLN 129 million)

- + profit on the bargain purchase of shares in ENGIE Energia Polska SA (currently Enea Elektrownia Połaniec SA) - PLN 12 million
- + surplus of coal inventories by PLN 11 million
- + lower increase in provisions for non-contractual use of transmission corridors PLN 10 million
- + lower loss on liquidation of property, plant and equipment by PLN 7 million, e.g. as a result of the liquidation of excavations
- + higher revenue arising from claims, penalties and fines by PLN 2 million
- an increase in impairment losses on overdue and bad debt by PLN 29 million
- a decrease in free property, plant and equipment accepted without consideration by PLN 19 million, e.g. as a result of fewer agreements on collisions on network assets