

Consolidated statement of comprehensive income

Table. Consolidated statement of comprehensive income

in PLN thousand	Note	For the year ended 31 December 2020	For the year ended 31 December 2019
		current period	previous period (transformed data)
Revenue from sales	1	1 183 441	1 093 001
Cost of sales	3	-1 073 026	-963 229
Cost of compensation for stranded costs	2	29 824	-7 237
Gross profit on sales		140 239	122 535
Other operating income	4	120 831	15 525
Selling and distribution expenses	3	-26 429	-21 789
General and administrative expenses	3	-63 877	-5 414
Other operating expenses	4	-13 673	-6 843
Operating profit		157 091	104 014
Finance income		7 919	10 669
<i>including: interest income</i>		<i>2 988</i>	<i>10 591</i>
Finance expenses		-7 242	-8 233
Net finance income	5	677	2 436
Profit before tax		157 768	106 450
Income tax	6	-31 814	-22 623
Net profit		125 954	83 827
Other comprehensive income, net of tax		-1 279	-684
Items that will not be reclassified to profit or loss			
Valuation of hedging instruments		-1 363	-
Deferred tax	6a	259	-
Items that will not be reclassified to profit or loss in the future:			
Actuarial gains/(losses) related to employee benefits		-216	-844
Deferred tax	6a	41	160
Total comprehensive income		124 675	83 143
Net profit 1 January 2019 to			
the ordinary shareholders	22	123 935	82 917

in PLN thousand	Note	For the year ended 31 December 2020	For the year ended 31 December 2019
non - controlling interests		2 019	910
Total comprehensive income 1 January 2019 to			
the ordinary shareholders		122 656	82 233
non - controlling interests		2 019	910
Basic and diluted earnings per share 1 January 2019 to shareholders of the Parent Company (in PLN)	22	8,32	5,56



[Consolidated statement of comprehensive income](#)

[Download](#)

Sprawozdanie z całkowitych dochodów

Table. Revenues from sale

in PLN thousand	For the year ended 31 December 2020	For the year ended 31 December 2019 (transformed data)
Revenues from sale of finished goods	1 079 516	1 025 227
Revenue from sale, distribution and trade of electricity	558 437	555 113
Revenue from sale and distribution of heat	509 441	459 005
Revenue from energy origin certificates	3 941	4 417
Revenue from support for high-efficiency gas cogeneration	1 131	-
Revenue from rental of investment property	5 236	4 292
Revenue from sale of other products	1 330	2 400
Revenues from sale of merchandise and raw materials	103 925	67 262
Revenue from resale of electricity	79 730	61 847
Revenues from sale of CO ₂ emission right	23 945	4 521
Revenue from sale of merchandise and raw materials	250	894
	1 183 441	1 092 489
in PLN thousand	For the year ended 31 December 2020	For the year ended 31 December 2019 (transformed data)
Revenue from contracts with customers	1 295 288	1 088 197
<i>Revenues from sale of finished goods, merchandise and raw materials</i>	<i>1 178 205</i>	<i>1 088 197</i>
<i>Revenue from contracts with customers recognized in other operating revenues</i>	<i>117 083</i>	<i>-</i>
Revenue from rental of investment property	5 236	4 292
	1 300 524	1 092 489



Sprawozdanie z całkowitych dochodów

Compensations to cover stranded costs in a subsidiary EC Zielona Góra S.A.

On the basis of the Act of 29 June 2007 on the rules of covering producers' costs in connection with early termination of long-term contracts for the sale of power and electricity (Dz. U. [Journal of Laws] of 2007, No. 130, item 905) (the "KDT Act"), the subsidiary EC Zielona Góra S.A. is entitled to receive cash flows to cover stranded costs (the so-called KDT compensations).

In accordance with the KDT Act, EC Zielona Góra S.A. receives compensations (quarterly advances) to cover stranded costs. After each year, the annual adjustment is performed. Upon expiry of the period for which KDT was concluded (KDT settlement period), the final adjustment is performed.

The amount of revenue, costs, and settlements recognized in a given year in relation to KDT compensation is an estimate of the Management Board. The estimate is determined on the basis of the Company's interpretation of the provisions of the KDT Act and the expected amounts of annual adjustments and the final adjustment set out by way of decisions issued by the President of the Energy Regulatory Office. Changes in the interpretation of the provisions of the KDT Act or assumptions may materially affect the estimates and result in significant changes in the company's assets, financial position and results of operation.

The amounts of the anticipated annual adjustments and the final adjustment are determined based on the model developed to calculate KDT compensations. The key parameters used in the model which affect the revenue, costs and settlements recognized in the financial statements are electricity selling prices and the interest rate used for discounting the long-term liability. For the purposes of the calculation model, the price paths based on best available knowledge were adopted (based on the report prepared by the third party, i.e. Agencja Rynku Energii S.A.).

In accordance with Article 18.1 of the KDT Act, the legislator defines the discount rate for the j -th period as the update rate equal to the yield on five-year treasury bonds issued as at the nearest day preceding 30 June of a given " j " year, according to data published by the minister competent for public finance and the Central Statistical Office, increased by the difference between the rediscount credit rate and the deposit rate of the National Bank of Poland valid as at 30 June of a given " j " year. The effective discount rate shall be understood as the average rate constant over the entire forecast period. As of 31 December 2020, the effective discount rate for the entire program is 4,03%.

Following the update of the assumptions adopted in the KDT compensation calculation model, it was estimated that the final adjustment would be lower than the sum of KDT

compensations paid during the entire period. In connection with the expectations as to the sales revenue in 2021–2024, i.e. over the remaining KDT settlement period, EC Zielona Góra S.A. will not have to return all amounts received under KDT compensations. The retained amounts will represent a grant to increase the revenue. As at 31 December 2020, the estimated amount of compensation not subject to the final adjustment amounts to PLN 51 460 thousand.

In connection with the Group's recognition of the maximum level of Stranded Costs over the entire period of the program (according to the estimates as at 31 December 2020, updated based on actual financial results for 2020), the Group recognizes as the KDT costs the amount corresponding to the amount of financial costs during the reporting period and the change in estimates. The decisive factors influencing the change in estimates are as follows:

- update of the forecasts for 2021–2024, including the Company's current financial plan for 2021–2022,
- inclusion of the BPG turbine overhaul expected to increase the turbine's power generation efficiency (higher margin for power generation results in a decrease in Stranded Costs due),
- update of data based on actual performance in 2020.

As at 31 December 2020, in accordance with the accounting principles, the part of the program results 1 January 2019 to the current reporting period was recognized. In the period from 1 January to 31 December 2020, the revenue from KDT compensations amounted to PLN 29 824 thousand (KDT compensation costs for the period from 1 January to 31 December 2019: PLN 7,237 thousand).

In the period from 1 January to 31 December 2020, the financial costs from KDT compensations amounted to PLN 3 934 thousand (in the period from 1 January to 31 December 2019: PLN 4,301 thousand).

The value of the liabilities due to KDT compensations as at 31 December 2020 amounted to PLN 416 551 thousand, of which a long-term liability: PLN 394 941 thousand and short-term liability: PLN 21 610 thousand (as at 31 December 2019: PLN 466,629 thousand).



[Compensations to cover stranded costs in a subsidiary](#)

[EC Zielona Góra S.A.](#)

[Download](#)

Sprawozdanie z całkowitych dochodów

Table. Costs of goods, merchandise and raw material sold

in PLN thousand

For the year ended
31 December 2020

For the year ended
31 December 2019
(transformed data)

in PLN thousand	For the year ended 31 December 2020	For the year ended 31 December 2019 (transformed data)
Cost of goods sold	-979 896	-845 869
Cost of merchandise and raw materials sold	-93 130	-64 907
	-1 073 026	-910 776



3a. Costs of goods, merchandise and raw material sold

[Download](#)

Table. Expenses by nature

in PLN thousand	For the year ended 31 December 2020	For the year ended 31 December 2019 (transformed data)
Depreciation, amortisation and impairment losses	-161 741	-143 438
Materials and energy	-466 491	-459 915
External services	-131 834	-115 701
Taxes and charges, including:	-233 258	-128 720
<i>CO₂ allowances</i>	-200 951	-101 497
Costs of employee benefits	-70 087	-68 000
Other expenses by nature	-6 791	-10 412
Total expenses by nature	-1 070 202	-926 186
Cost of merchandise and raw materials sold	-93 130	-64 907
Total cost of goods, merchandise and raw material sold, selling expenses and general and administrative expenses	-1 163 332	-991 093
Selling and distribution expenses	26 429	26 757
General and administrative expenses	63 877	53 560
Cost of sales	-1 073 026	-910 776



3b. Expenses by nature

[Download](#)

Table. Employee benefits costs

in PLN thousand	For the year ended 31 December 2020	For the year ended 31 December 2019 (transformed data)
Payroll expenses	-54 291	-51 188
Social security contributions	-10 725	-10 115
Change in employee benefits	-1 409	1 188
Cost of Voluntary Leave Programme	-1 535	-1 398
Other post-employment benefits	-179	-89
Other employee benefits	-6 759	-6 398
	-74 898	-68 000

in PLN thousand	For the year ended 31 December 2020	For the year ended 31 December 2019 (transformed data)
Payroll costs reclassified to capital expenditures	4 811	-
	-70 087	-68 000



3c. Employee benefits costs

[Download](#)

Sprawozdanie z całkowitych dochodów

Table. Other operating income

in PLN thousand	For the year ended 31 December 2020	For the year ended 31 December 2019 (transformed data)
Penalties, fines and compensations	1 996	421
Settlement of grants received	7 057	6 721
Reversal of impairment losses on inventories and receivables	299	221
Revenue from the sale of CO2 emission allowances from the pool of undistributed CO2 emission allowances, adjusted by the valuation	108 713	8 370
Gain on sale of property, plant and equipment	26	230
Sale of scrap	1 199	512
Lease revenues	820	857
Other	721	215
	120 831	17 547



4a. Other operating income

[Download](#)

Table. Other operating costs

in PLN thousand	For the year ended 31 December 2020	For the year ended 31 December 2019 (transformed data)
Loss on sale of property, plant and equipment	-	-138
Impairment loss on inventory and receivables	-3 380	-376
Inventory variances	-	-157
Write off of fixed assets under construction	-639	-
Provision for recultivation of ash storages	-4 680	-5 163
Provision for the other costs	-1 864	-
Donations	-570	-679

in PLN thousand	For the year ended 31 December 2020	For the year ended 31 December 2019 (transformed data)
Penalties, compensations and fines paid	-30	-239
Costs of liquidation of fixed assets and materials	-1 681	-
Maintenance costs of ESP Młoty	-60	-69
Maintenance costs of social facilities	-74	-71
Receivables' write-offs	-94	-77
Costs of leased assets	-489	-471
Other	-112	-252
	-13 673	-7 692



4b. Other operating costs

[Download](#)

Sprawozdanie z całkowitych dochodów

Table. Net finance income

in PLN thousand	For the year ended 31 December 2020	For the year ended 31 December 2019 (transformed data)
Interest income on loans, receivables and on bank deposits	7 653	10 389
Interest on leasing	223	202
Other finance income	43	78
Total finance income	7 919	10 669
Interest on lease liabilities	-2 508	-2 482
Other interest expense on financial liabilities	-96	-594
Valuation of foreign exchange forwards	-	-78
Interest expense on employee benefits	-129	-157
Unwinding of discount from compensation of stranded costs	-3 934	-4 301
Other finance expenses	-575	-621
Total finance expenses	-7 242	-8 233
Net finance income	677	2 436



Net finance income

[Download](#)

Sprawozdanie z całkowitych dochodów

Table. Income tax recognized in the statement of comprehensive income

in PLN thousand	For the year ended 31 December 2020	For the year ended 31 December 2019
Income tax for the period	-40 195	-25 098
Deferred tax	8 381	2 475
Income tax relating to items in other comprehensive income	41	160
Income tax recognized in the statement of comprehensive income	-31 773	-22 463



6a. Income tax recognized in the statement of comprehensive income

[Download](#)

Table. Effective tax rate

in PLN thousand	For the year ended 31 December 2020	For the year ended 31 December 2020	For the year ended 31 December 2019	For the year ended 31 December 2019
	%	tys. zł	%	tys. zł
Profit before income tax		157 768		106 450
Income tax using the Group's binding tax rate	19,00%	-29 976	19,00%	-20 225
Non-deductible expenses (permanent differences)	1,10%	-1 730	2,13%	-2 269
Other (donations)	0,07%	-108	0,12%	-129
	20,17%	-31 814	21,25%	-22 623



6b. Effective tax rate

[Download](#)

Sprawozdanie z całkowitych dochodów

Tabela. Earnings per share

in PLN thousand	For the year ended 31 December 2020	For the year ended 31 December 2019
Net profit 1 January 2019 to shareholders of Parent Company	123 935	82 917
Weighted average number of ordinary shares as at closing balance (in thousands of shares)	14 900	14 900

in PLN thousand	For the year ended 31 December 2020	For the year ended 31 December 2019
Net profit for the period 1 January 2019 to shareholders of Parent Company per ordinary share (in PLN)	8,32	5,56



[Earnings per share](#)

[Download](#)