

Basic financial

Table. Selected figures for financial data

Selected figures from separate statement of comprehensive income	In PLN thousand		In EURO thousand	
	For the year ended 31 December 2020	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ended 31 December 2019
Revenue from sales	723 539	656 800	161 714	152 680
Own sales expense	-716 236	-577 445	-160 081	-134 233
Operating profit/ (loss)	-317	32 787	-71	7 622
Profits/ (loss) before tax	-278	33 320	-62	7 746
Net profit/ (loss)	-436	26 454	-97	6 150
Other comprehensive net income	-175	-684	-39	-159
Total comprehensive income	-611	25 77	-136	5 991
Basic figures from separate statement of cash flows				
Net cash flows from operating activities	108 406	166 827	24 229	38 781
Net cash flows from investing activities	-108 936	-126 827	-24 348	-29 482
Net cash flows from financing activities	-1 412	-27 095	-316	-6 299
Basic figures from separate statement of financial position	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
Non-current assets	1 453 475	1 460 222	314 960	342 896
Current assets	525 409	375 279	113 853	88 125
Total assets	1 978 884	1 835 501	428 813	431 021
Non-current liabilities	198 974	209 269	43 117	49 142
Current liabilities	344 747	190 458	74 705	44 724
Equity	1 435 163	1 435 774	310 991	337 155

Exchange rates of euro used for translation of selected financial data

- Statement of financial position items - average exchange rate announced by NBP as at 31 December 2020 – 4.6148
- Statement of comprehensive income and cash flows items - arithmetic average of average exchange rates announced by NBP as at the end of each month of the period from 1 January to 31 December 2020 – 4.4742
- Statement of financial position items - average exchange rate announced by NBP as at 31 December 2019 – 4.2585
- Statement of comprehensive income and cash flows items - arithmetic average of average exchange rates announced by NBP as at the end of each month of the period from 1 January to 31 December 2019 – 4.3018



Selected figures for financial data

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Table. Basic ratios

(%)	from 1 January to 31 December 2020	from 1 January to 31 December 2019
Return on assets (ROA)	-0.02	1.44
Return on equity (ROE)	-0.03	1.84
Return on capital employed (ROCE)	-0.03	2.60



Basic ratios

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Chart. Net profit analysis

Net profit of **0.4 MPLN** lower by 26.9 MPLN (-101%) as compared to 2019, mainly as a result of the following:

- **72.1 MPLN**; lower profit on sales:
 - 138.8 MPLN higher manufacturing costs:
 - -85.0 MPLN higher variable costs (increase in the provision for the purchase of CO₂ emission allowances by 73.6 MPLN due to an increase in the average purchase price of CO₂ allowances by 82% compared to 2019, increase in fuel costs by 2.2 MPLN due to the approx. 6% increase in coal prices with an approx. 5% drop in consumption volume, increase in other variable costs by 9.2 MPLN, i.e. 4.2 MPLN increase in certificate redemption cost and an increase in the cost of purchasing energy for technical needs)
 - -17.8 MPLN higher fixed costs (mainly an increase in the cost of services by 1.9 MPLN and the cost of depreciation by PLN 15 MPLN),
 - -36.0 MPLN higher value of goods and materials sold: -21 MPLN due to a higher volume of resale of purchased electricity and -15 MPLN due to a higher volume of resale of CO₂ emission allowances.
 - +66.7 MPLN higher sale revenues, mainly due to the 10% increase in heat selling price and a 2% increase in the heat volume sold.
- **-4.8 MPLN**; increased selling and overall management costs,
- **+43.8 MPLN**; higher result on other financial operations, i.e.:
 - +47.6 MPLN increase in revenues from selling the CO₂ emission allowances from the pool of unused allowances from previous years,
 - +0.5 MPLN decrease in the provision for reclamation of landfills,
 - -4.3 MPLN other increases (higher provision value, higher receivables, creation of provision for contractual penalty).
- **-0.5 MPLN**; a lower result on financial activities:
 - -1.0 MPLN: lower interest on the cash-pool,
 - +0.5 MPLN interest on other liabilities.

- **+6.7 MPLN**; lower income tax.

Chart. Revenues

Revenue increased by **66.7 MPLN** (10%) compared to 2019, mainly due to:

- **+45.2 MPLN** - higher revenues from electricity sales; higher electricity sales prices (by 10%) due to heat tariff and 2% higher sales volume,
- **-20.8 MPLN** - lower revenues from heat sales; a 2% decrease in sales volume at higher mean prices (approx. 10%) compared to 2019, with a decrease in own production volume by 13% compared to 2019,
- **+0.5 MPLN** - lower revenues from certificate sales,
- **+1.1 MPLN** - higher revenues from the system of support for electricity from high-efficiency cogeneration, these revenues were first obtained in 2020 on the basis of the law promoting electricity from high-efficiency cogeneration that took the place of the existing yellow and red certificate mechanism,
- **+42.2 MPLN** - higher revenues from sales of goods and materials; +28.2 MPLN higher volume of resale of purchased electricity and +14.6 MPLN higher volume and selling price of the CO₂ emission allowances,
- **-0.5 MPLN** - other revenue reductions.

Fixed and variable costs

Chart. Fixed costs

Fixed costs **increased** by **22.5 MPLN** compared to 2019.

Personnel costs increased by 1.7 MPLN. The reason for the increase in personal salaries was the change in employment. Employment increased by 47 jobs (employment as of 31 December 2020: 405 people, employment as of 31 December 2019: 358 people; average employment in 2020: 373 people, average employment in 2019: 351 people). The increase in employment in 2020 is the result of the transfer of the employees employed in the area of property maintenance in local branches of PGE Energia Ciepła S.A. to the company (under Art. 231 of the Labor Code; the transfer effective from 1 July 2020).

Maintenance costs increased by 1.0 MPLN: an effect of a wider scope of maintenance in 2020 compared to 2019.

Depreciation increased by 15.0 MPLN due to: purchase of new fixed assets (increase by 9.6 MPLN), and changes in the useful life of fixed assets (increase by 5.4 MPLN).

Services and other fixed costs increased by 4.8 MPLN due to higher costs of assistance service.

Chart. Variable costs

Variable costs **increased** by **85.0 MPLN** compared to 2019..

The costs of deficiency and purchase of CO₂ allowances increased by 73.6 MPLN (104%) as a result of two factors: higher purchase price of missing allowances and higher shortage thereof.

The shortage of CO₂ allowances amounted to 1 309 996 Mg and was about 12% higher than in 2019 (in 2019, it amounted to 1 174 828 Mg). The average allowance purchase price was 82% higher than in 2019.

The limit of free CO₂ allowances allocated to generating units was 159 365 Mg in 2020 (374 649 Mg in 2019). CO₂ emissions in 2020 were lower than in 2019. Free CO₂ allowances received in 2020 covered 11% of emissions, CO₂ allowances received in 2019 covered 24% of emissions.

Fuels costs increased by 2.2 MPLN:

- **-1.2 MPLN**; higher coal purchase costs: **+11.6 MPLN** lower volume of burnt coal (15 744 TJ in 2020 and 16 600 TJ in 2019),
- **-3.5 MPLN**; higher costs of biomass consumption **-4.1 MPLN** higher volume of burnt biomass (568 TJ in 2020 and 415 TJ in 2019), **+0.6 MPLN** lower biomass price - by approx. 9%,
- **+2.5 MPLN**; lower costs of gas consumption; **-0.3 MPLN** lower volume of gas consumed; **+2.8 MPLN** lower gas price,

Other variable costs increased by 9.2MPLN:

- **-4.3 MPLN**; increase in certificate redemption costs,w,
- **-5.1 MPLN**; increase in other costs related to the purchase of energy (overhaul of the Czechnica turbo generator set TG-1),
- **+0.2 MPLN**; other decreases.

Chart. Cash flow