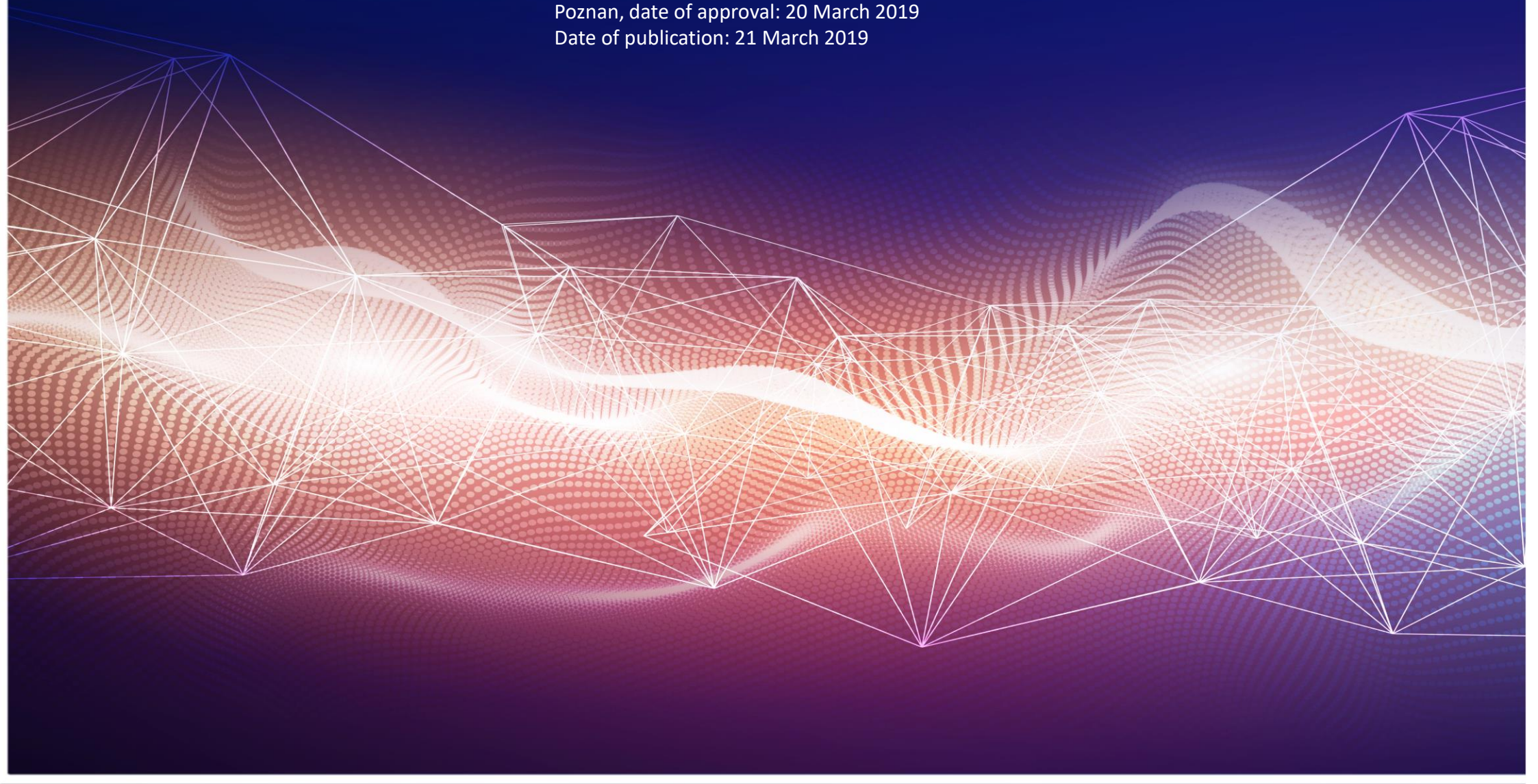




# Consolidated report on payments to public administration in 2018

Poznan, date of approval: 20 March 2019  
Date of publication: 21 March 2019



### ENEA Group operations

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

- ENEA S.A. – 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. – 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 Lubelski Węgiel Bogdanka S.A. based on its own mining licences issued by the Minister of the Environment.

Due to the fact that within LW Bogdanka Group the mining operations are performed exclusively by LW Bogdanka S.A., 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 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a non-member state may be recognised as equivalent in connection with Chapter 6a, Articles 63-63j 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 2018



## Coal mining in ENEA Group

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

The entity'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:

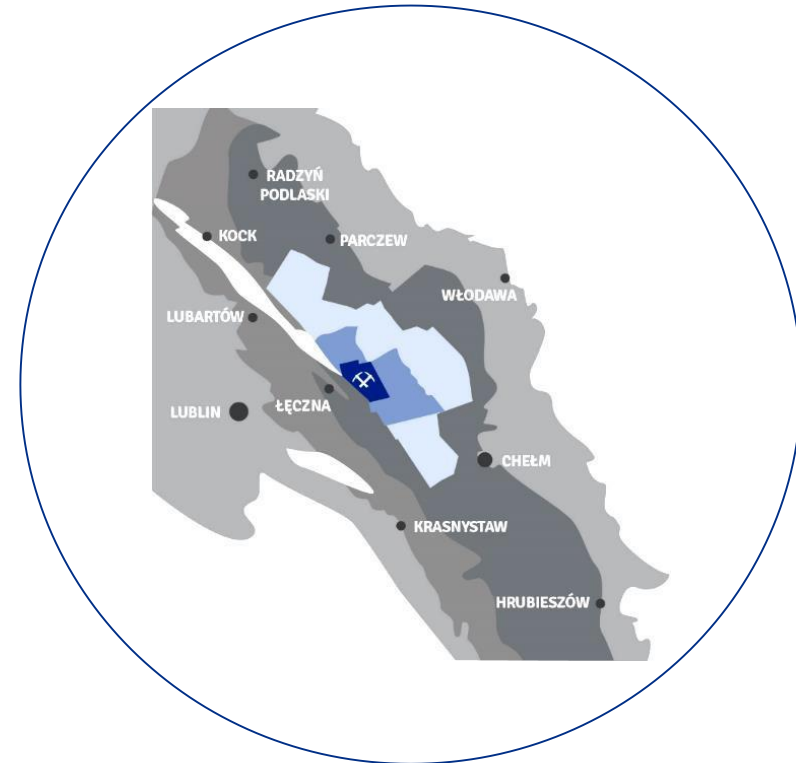
- **bituminous coal production**
- **bituminous coal sale**
- **securing the resource base for ENEA Group**

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 Polesie Lubelskie boundaries, and just small parts are located in Wyżyna Lubelska. As regards the administration, Bogdanka mine is located in the Lubelskie province, within the area of Puchaczów municipality.

The mining activities are performed by the Parent Company based on its own mining licences issued by the Minister of the Environment.



Mining area and production potential



LW Bogdanka holds three mining fields in which the mine shafts are located:

- Bogdanka
- Nadrybie
- Stefanów

The mining shafts are located in Bogdanka and Stefanów.

## 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
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>

### Payments to public administration in 2018

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 2018 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 2018, the payments to public administration bodies were not attributed to any particular projects.

In 2016, Lubelski Węgiel Bogdanka S.A. and its subsidiaries set up a Tax Group under the name of Podatkowa Grupa Kapitałowa Lubelski Węgiel Bogdanka with its registered office in Bogdanka (hereinafter referred to as "PGK LWB"), in which Lubelski Węgiel Bogdanka S.A. is represented. Apart from Lubelski Węgiel Bogdanka S.A., the Tax Group also includes the following subsidiaries: EKOTRANS Bogdanka Sp. z o.o., MR Bogdanka Sp. z o.o., and RG Bogdanka Sp. z o.o. PGK LWB became a corporate income tax (CIT) payer on 1 January 2017. By decision of 31 January 2019, Head of the Lublin Tax Office stated that the decision on registration of the agreement concerning the establishment of the tax group expired on 31 March 2018.

The subject of taxation in the tax group was the income determined on the total income of the group, calculated as the excess of the sum of the incomes of all the companies comprising the group over the sum of their losses. Therefore, from 2017 to 31 March 2018 corporate income tax was transferred by the subsidiaries to Lubelski Węgiel Bogdanka S.A. and not directly to the tax authority. Only Lubelski Węgiel Bogdanka S.A. transferred the income tax calculated on the total income of PGK LWB to the tax authorities.

Given the above circumstances, as well as the fact that corporate income tax was calculated for the entire Tax Group for the period from 1 January to 31 March 2018, in this report on payments to public administration it was disclosed in amounts transferred to the tax authority in the amount calculated on the income of the entire Tax Group until 31 March 2018 and of LWB on operations in the mining industry in the period from 1 April to 31 December 2018.

### Payments to the relevant levels of public administration in 2018 by entity

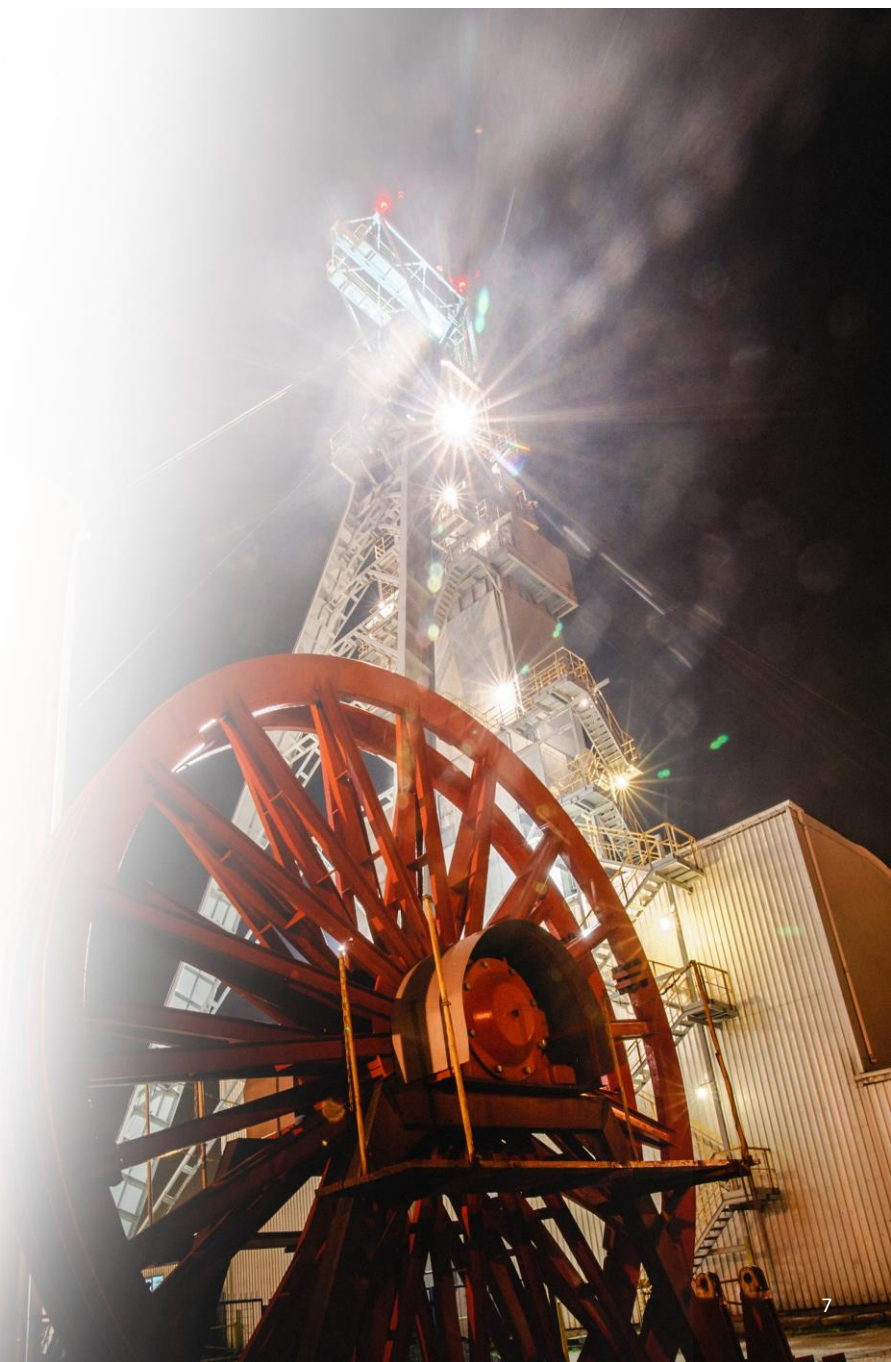
	31 December 2018 [PLN k]	31 December 2017 [PLN k]
<b>Government administration:</b>	<b>16,558</b>	<b>40,837</b>
Lublin Tax Office*	5,228	28,889
Ministry of Environment in Warsaw	4,312	4,730
National Fund for Environmental Protection and Water Management	6,763	6,978
Tax Office in Nowy Targ	255	240
<b>Local government administration:</b>	<b>26,615</b>	<b>12,696</b>
Municipality Council	26,208	12,268
County Council	407	428
<b>TOTAL</b>	<b>43,173</b>	<b>53,533</b>

\* LWB pays corporate income tax to the relevant tax authority in the amount of tax calculated on the income of the entire PGK LWB. As regards the Parent Company LWB S.A. itself, the income tax paid in 2018 amounted to PLN 4,863 thousand (in 2017, it was PLN 27,842 thousand).

Payments to public administration in 2018 by title

	31 December 2018 [PLN k]	31 December 2017 [PLN k]
<b>Government administration:</b>	<b>16,558</b>	<b>40,837</b>
Taxes collected from income, production or corporate profits (excluding tax on goods and services, personal income tax or sales tax)*	5,483	29,129
Licence fee and bonus for discovery and production	401	379
Licence fee, lease charge, fee for commencement of operations and other provisions due to licence granting	10,674	11,329
<b>Local government administration:</b>	<b>26,615</b>	<b>12,696</b>
Licence fee, lease charge, fee for commencement of operations and other provisions due to licence granting	26,615	12,696
<b>TOTAL</b>	<b>43,173</b>	<b>53,533</b>

\* LWB pays corporate income tax to the relevant tax authority in the amount of tax calculated on the income of the entire PGK LWB. As regards the Parent Company LWB S.A. itself, the income tax paid in 2018 amounted to PLN 4,863 thousand (in 2017, it was PLN 27,842 thousand).



The date of preparation and approval for publication of the Consolidated report on payments to public administration in 2018: 20 March 2019

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Signatures:

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