



ENEA S.A.

**CONDENSED SEPARATE
INTERIM FINANCIAL
STATEMENTS**

for the period from 1 January
to 30 June 2020
in compliance with
EU IFRS

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These condensed separate interim financial statements are prepared in accordance with the requirements of IAS 34 *Interim Financial Reporting*, as endorsed by the European Union, and are approved by the Management Board of ENEA S.A.

Members of the Management Board

**President of the
Management Board**

Paweł Szczeszek

.....

**Member of the
Management Board**

Jarosław Ołowski

.....

**Member of the
Management Board**

Tomasz Siwak

.....

**Member of the
Management Board**

Tomasz Szczegielniak

.....

ENEA Centrum Sp. z o.o.

Entity responsible for maintaining accounting

books and preparing financial statements

.....

ENEA Centrum Sp. z o.o. ul. Górecka 1, 60-201 Poznań

KRS 0000477231, NIP 777-000-28-43, REGON 630770227

Poznań, 3 September 2020

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Note	Period			
		6 months ended 30 June 2020 (unaudited)	3 months ended 30 June 2020 (unaudited)	6 months ended 30 June 2019 (unaudited)	3 months ended 30 June 2019 (unaudited)
Revenue from sales		3 084 264	1 448 976	2 417 774	949 704
Excise duty		(33 003)	(14 987)	(35 967)	(15 106)
Net revenue from sales	7	3 051 261	1 433 989	2 381 807	934 598
Compensations		-	-	430 401	430 401
Lease income		153	86	-	-
Revenue from sales and other income		3 051 414	1 434 075	2 812 208	1 364 999
Other operating revenue		6 222	2 657	4 293	3 506
Change in provision for onerous contracts	24.1	39 305	14 958	41 004	19 448
Depreciation/amortisation		(2 462)	(1 267)	(2 653)	(1 925)
Employee benefit costs		(40 343)	(20 367)	(36 833)	(18 890)
Use of materials and raw materials and value of goods sold		(1 329)	(743)	(1 001)	(553)
Purchase of electricity and gas for sales purposes		(2 957 180)	(1 398 240)	(2 707 899)	(1 288 810)
Transmission and distribution services		(4 428)	(2 962)	(1 216)	(442)
Other third-party services		(115 332)	(60 758)	(99 209)	(50 262)
Taxes and fees		(3 351)	(393)	(3 240)	(383)
Gain on sale and liquidation of property, plant and equipment and right-of-use assets		106	106	432	211
Other operating costs		(39 027)	(17 609)	(36 754)	(17 791)
Operating (loss)/profit		(66 405)	(50 543)	(30 868)	9 108
Finance costs		(143 118)	(59 069)	(129 869)	(65 704)
Finance income		125 556	60 763	122 738	60 490
Dividend income		350 036	350 036	422 408	422 408
Impairment of interests in subsidiaries, associates and jointly controlled entities		(538 047)	(537 650)	-	-
Impairment of financial assets at amortised cost		(138 737)	(137 695)	(153)	(4)
(Loss)/profit before tax		(410 715)	(374 158)	384 256	426 298
Income tax		37 054	(13 041)	(1 375)	(4 645)
Net (loss)/profit for the reporting period		(373 661)	(387 199)	382 881	421 653
Other comprehensive income					
Subject to reclassification to profit or loss:					
- measurement of hedging instruments		(141 923)	(42 184)	(7 330)	(865)
- income tax		26 965	8 015	1 393	165
Not subject to reclassification to profit or loss:					
- restatement of defined benefit plan		(2 870)	(2 870)	1 133	1 133
- income tax		545	545	(215)	(215)
Net other comprehensive income		(117 283)	(36 494)	(5 019)	218
Comprehensive income for the reporting period		(490 944)	(423 693)	377 862	421 871
Net (loss)/profit attributable to the Company's shareholders		(373 661)	(387 199)	382 881	421 653
Weighted average number of ordinary shares		441 442 578	441 442 578	441 442 578	441 442 578
Net profit per share (in PLN per share)		(0.85)	(0.88)	0.87	0.96
Diluted profit per share (in PLN per share)		(0.85)	(0.88)	0.87	0.96

The separate statement of comprehensive income should be analysed in conjunction with the additional information and explanations, which constitute an integral part of these condensed separate interim financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2020 (unaudited)	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	9	24 357	24 070
Right-of-use assets		31 650	33 249
Intangible assets	10	4 327	4 376
Investment properties		13 482	13 755
Investments in subsidiaries, associates and jointly controlled entities	11	12 574 704	12 892 612
Deferred income tax assets	8	122 174	95 395
Financial assets measured at fair value		38 268	38 848
Debt financial assets at amortised cost	19	5 882 505	4 567 870
Finance lease and sublease receivables		1 245	2 610
Costs related to the conclusion of agreements		13 322	12 749
Total non-current assets		18 706 034	17 685 534
Current assets			
Inventories	12	270 119	217 460
Trade and other receivables		1 483 959	962 730
Costs related to the conclusion of agreements		12 377	12 646
Assets arising from contracts with customers	13	251 369	215 223
Finance lease and sublease receivables		3 175	3 083
Current income tax receivables		13 819	30 680
Debt financial assets at amortised cost	19	1 654 810	2 801 067
Cash and cash equivalents	14	1 793 957	2 768 210
Total current assets		5 483 585	7 011 099
TOTAL ASSETS		24 189 619	24 696 633

The separate statement of financial position should be analysed in conjunction with the additional information and explanations, which constitute an integral part of these condensed separate interim financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	30 June 2020 (unaudited)	As at 31 December 2019
EQUITY AND LIABILITIES			
Equity			
Share capital		588 018	588 018
Share premium		4 627 673	4 627 673
Revaluation reserve - measurement of financial instruments		(17 036)	(17 036)
Revaluation reserve - measurement of hedging instruments		(132 314)	(17 356)
Reserve capital		5 690 700	5 690 700
Retained earnings		2 326 194	2 702 180
Total equity		13 083 235	13 574 179
LIABILITIES			
Non-current liabilities			
Credit facilities, loans and debt securities	16	7 232 047	7 742 980
Other liabilities		-	80 123
Lease liabilities		27 099	30 970
Employee benefit liabilities		61 457	58 693
Financial liabilities measured at fair value	18	167 685	23 802
Total non-current liabilities		7 488 288	7 936 568
Current liabilities			
Credit facilities, loans and debt securities	16	1 408 435	2 088 642
Trade and other payables		747 143	567 409
Liabilities arising from contracts with customers	13	5 501	12 631
Lease liabilities		6 913	5 470
Employee benefit liabilities		28 476	28 872
Liabilities concerning the equivalent for rights to free purchase of shares		281	281
Other financial liabilities	22	727 146	52 599
Provisions for other liabilities and other charges	17	694 201	429 982
Total current liabilities		3 618 096	3 185 886
Total liabilities		11 106 384	11 122 454
TOTAL EQUITY AND LIABILITIES		24 189 619	24 696 633

The separate statement of financial position should be analysed in conjunction with the additional information and explanations, which constitute an integral part of these condensed separate interim financial statements.



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(unless stated otherwise, all amounts expressed in PLN 000s)

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital (nominal amount)	Reserve for revaluation and merger accounting	Total share capital	Share premium	Revaluation reserve - measurement of financial instruments	Revaluation reserve - measurement of hedging instruments	Reserve capital	Retained earnings	Total equity
As at 1 January 2019	441 443	146 575	588 018	4 627 673	(17 036)	(15 986)	4 963 564	3 149 613	13 295 846
Net profit for the reporting period	-	-	-	-	-	-	-	382 881	382 881
Net other comprehensive income	-	-	-	-	-	(5 937)	-	918	(5 019)
Net comprehensive income recognised in the period	-	-	-	-	-	(5 937)	-	383 799	377 862
Allocation of net profit - transfer	-	-	-	-	-	-	727 136	(727 136)	-
As at 30 June 2019 (unaudited)	441 443	146 575	588 018	4 627 673	(17 036)	(21 923)	5 690 700	2 806 276	13 673 708

	Share capital (nominal amount)	Reserve for revaluation and merger accounting	Total share capital	Share premium	Revaluation reserve - measurement of financial instruments	Revaluation reserve - measurement of hedging instruments	Reserve capital	Retained earnings	Total equity
As at 1 January 2020	441 443	146 575	588 018	4 627 673	(17 036)	(17 356)	5 690 700	2 702 180	13 574 179
Net loss for the reporting period	-	-	-	-	-	-	-	(373 661)	(373 661)
Net other comprehensive income	-	-	-	-	-	(114 958)	-	(2 325)	(117 283)
Net comprehensive income recognised in the period	-	-	-	-	-	(114 958)	-	(375 986)	(490 944)
As at 30 June 2020 (unaudited)	441 443	146 575	588 018	4 627 673	(17 036)	(132 314)	5 690 700	2 326 194	13 083 235

The separate statement of changes in equity should be analysed in conjunction with the additional information and explanations, which constitute an integral part of these condensed separate interim financial statements.

SEPARATE STATEMENT OF CASH FLOWS

	Note	Period	
		6 months ended 30 June 2020 (unaudited)	6 months ended 30 June 2019 (unaudited)
Cash flows from operating activities			
Net (loss)/profit for the reporting period		(373 661)	382 881
Adjustments:			
Income tax in profit or loss		(37 054)	1 375
Depreciation/amortisation		2 462	2 653
Gain on sale and liquidation of property, plant and equipment		(106)	(432)
Loss on sale of financial assets		4 632	1 059
Interest income		(103 148)	(99 515)
Dividend income		(350 036)	(422 408)
Interest costs		127 816	115 624
Impairment of interests		538 047	-
Impairment of financial assets at amortised cost		138 737	153
Total adjustments		321 350	(401 491)
Paid income tax		(9 005)	(52 204)
Flows resulting from settlements within tax group		105 306	36 173
Changes in working capital:			
Inventories		(52 659)	(47 118)
Trade and other receivables		(206 795)	(439 560)
Trade and other payables		(39 817)	277 512
Employee benefit liabilities		(502)	748
Provisions for other liabilities and other charges		44 819	(93 551)
Total changes in working capital		(254 954)	(301 969)
Net cash flows from operating activities		(210 964)	(336 610)
Cash flows from investing activities			
Purchase of non-current property, plant and equipment and intangible assets and right-of-use assets		(77)	-
Proceeds from sale of non-current property, plant and equipment and intangible assets and right-of-use assets		106	432
Purchase of financial assets		(1 804 000)	(360)
Proceeds from sale of financial assets		1 584 246	97 129
Purchase of subsidiaries		-	(5 400)
Purchase of associates and jointly controlled entities		(696)	(181 269)
Received interest		114 011	99 739
Net cash flows from investing activities		(106 410)	10 271
Cash flows from financing activities			
Bond issuance		-	1 000 000
Repayment of credit and loans		(81 040)	(71 040)
Bond buy-back		(1 106 255)	(78 055)
Expenditures concerning lease payments		(2 741)	(3 068)
Expenditures concerning future bond issues		-	(195)
Interest paid		(141 390)	(112 456)
Net cash flows from financing activities		(1 331 426)	735 186
Total net cash flows		(1 648 800)	408 847
Cash at the beginning of reporting period	14	2 715 611	999 193
Cash at the end of reporting period	14	1 066 811	1 408 040

The separate statement of cash flows should be analysed in conjunction with the additional information and explanations, which constitute an integral part of the condensed separate interim financial statements

**ENEA S.A.**

Condensed separate interim financial statements in accordance with IFRS EU for the period from 1 January to 30 June 2020
(unless stated otherwise, all amounts expressed in PLN 000s)

ADDITIONAL INFORMATION AND EXPLANATIONS

General information

1. General information on ENEA S.A.

Name:	ENEA Spółka Akcyjna
Legal form:	Spółka Akcyjna (joint-stock company)
Country of registered office:	Poland
Registered office:	Poznań
Address:	ul. Górecka 1, 60-201 Poznań
KRS:	0000012483
Telephone number:	(+48 61) 884 55 44
Fax number:	(+48 61) 884 59 59
E-mail:	enea@enea.pl
Website:	www.enea.pl
REGON number:	630139960
NIP number:	777-00-20-640

ENEA S.A. ("ENEA," "Company"), back then operating as Energetyka Poznańska S.A., was entered into the National Court Register at the District Court in Poznań on 21 May 2001, under KRS number 0000012483.

As at 30 June 2020, ENEA S.A.'s shareholding structure was as follows:

	Poland's State Treasury	Other shareholders	Total
As at 30 June 2020	51.50%	48.50%	100.00%

As at 30 June 2020, the Parent's highest-level controlling entity was the State Treasury.

As at 30 June 2020, ENEA S.A.'s statutory share capital amounted to PLN 441 443 thousand (PLN 588 018 thousand after restatement to EU IFRS, taking into account hyperinflation and other adjustments) and was divided into 441 442 578 shares.

The Company's duration is indefinite. Its activities are conducted on the basis of relevant concessions issued for the Company.

The Company's condensed separate interim financial statements cover the 6-month period ended 30 June 2020 and contain comparative data for the 6-month period ended 30 June 2019 and as at 31 December 2019.

ENE A S.A.

Condensed separate interim financial statements in accordance with IFRS EU for the period from 1 January to 30 June 2020
(unless stated otherwise, all amounts expressed in PLN 000s)

2. Group composition

As at 30 June 2020, ENEA Group consisted of the parent - ENEA S.A., 15 subsidiaries, 9 indirect subsidiaries, 2 associates and 2 jointly controlled entities.

The main business activity of ENEA S.A. is trade of electricity.

Company name	Activity	Registered office	ENE A S.A.'s stake in total number of voting rights as at 30 June 2020	ENE A S.A.'s stake in total number of voting rights as at 31 December 2019
SUBSIDIARIES				
1. ENEA Operator Sp. z o.o.	distribution	Poznań	100%	100%
2. ENEA Wytwarzanie Sp. z o.o.	generation	Świerże Górne	100%	100%
3. ENEA Elektrownia Połaniec S.A.	generation	Połaniec	100%	100%
4. ENEA Oświetlenie Sp. z o.o.	other activity	Szczecin	100%	100%
5. ENEA Trading Sp. z o.o.	trade	Świerże Górne	100%	100%
6. ENEA Logistyka Sp. z o.o.	other activity	Poznań	100%	100%
7. ENEA Serwis Sp. z o.o.	distribution	Lipno	100%	100%
8. ENEA Centrum Sp. z o.o.	other activity	Poznań	100%	100%
9. ENEA Pomiar y Sp. z o.o.	distribution	Poznań	100%	100%
10. ENERGO-TOUR Sp. z o.o. w likwidacji	other activity	Poznań	100% ⁵	100% ⁵
11. ENEA Innowacje Sp. z o.o.	other activity	Warsaw	100%	100%
12. Lubelski Węgiel BOGDANKA S.A.	mining	Bogdanka	65.99%	65.99%
13. Annacond Enterprises Sp. z o.o. w likwidacji	distribution	Warsaw	- ⁶	61%
14. ENEA Ciepło Sp. z o.o.	generation	Białystok	99.94%	99.94%
15. ENEA Ciepło Serwis Sp. z o.o.	generation	Białystok	100%	100%
16. ENEA Nowa Energia Sp. z o.o.	generation	Poznań	100%	100%
INDIRECT SUBSIDIARIES				
17. ENEA Bioenergia Sp. z o.o.	generation	Połaniec	100% ¹	100% ¹
18. ENEA Połaniec Serwis Sp. z o.o.	generation	Połaniec	100% ¹	100% ¹
19. Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o.	generation	Oborniki	99.93% ²	99.93% ²
20. Miejska Energetyka Ciepła Piła Sp. z o.o.	generation	Piła	71.11% ²	71.11% ²
21. EkoTRANS Bogdanka Sp. z o.o.	mining	Bogdanka	65.99% ³	65.99% ³
22. RG Bogdanka Sp. z o.o.	mining	Bogdanka	65.99% ³	65.99% ³
23. MR Bogdanka Sp. z o.o.	mining	Bogdanka	65.99% ³	65.99% ³
24. Łęczyńska Energetyka Sp. z o.o.	mining	Bogdanka	58.53% ³	58.53% ³
25. ENEA Badania i Rozwój Sp. z o.o.	other activity	Świerże Górne	100% ⁴	100% ⁴
JOINTLY CONTROLLED ENTITIES				
26. Polska Grupa Górnicza S.A.	-	Katowice	7.66%	7.66%
27. Elektrownia Ostrołęka Sp. z o.o.	-	Ostrołęka	50%	50%
ASSOCIATES				
28. Polimex – Mostostal S.A.	-	Warsaw	16.48%	16.48%
29. ElectroMobility Poland S.A.	-	Warsaw	25%	25%

The additional information and explanations presented on pages 10-38 constitute an integral part of these condensed separate interim financial statements.



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¹ – indirect subsidiary through stake in ENEA Elektrownia Połaniec S.A.

² – indirect subsidiary through stake in ENEA Wytwarzanie Sp. z o.o.

³ – indirect subsidiary through stake in Lubelski Węgiel BOGDANKA S.A.

⁴ – indirect subsidiary through stake in ENEA Innowacje Sp. z o.o.

⁵ – on 30 March 2015 the company's extraordinary general meeting adopted a resolution on the dissolution of the company following a liquidation proceeding; the resolution entered into force on 1 April 2015. An application for the company to be removed from the National Court Register was filed on 5 November 2015. At the date on which these condensed separate interim financial statements were prepared, procedural activities connected with removing the entity from the National Court Register were in progress.

⁶ – on 24 February 2020 Annacond Enterprises Sp. z o.o. w likwidacji was removed from the National Court Register.

3. Management Board and Supervisory Board composition

Management Board

	As at		As at	
	30 June 2020	Appointment	31 December 2019	Resignation
President of the Management Board	Paweł Szczeszek	30 June 2020	Mirosław Kowalik	5 June 2020
Member of the Management Board, responsible for finance	Jarosław Ołowski		Jarosław Ołowski	
Member of the Management Board, responsible for sales	Piotr Adamczak		Piotr Adamczak	10 August 2020
Member of the Management Board, responsible for corporate affairs	Zbigniew Piętka		Zbigniew Piętka	24 July 2020

Supervisory Board

	As at		As at	
	30 June 2020	Appointment	31 December 2019	End of term / resignation
Chairperson of the Supervisory Board	Izabela Felczak-Poturnicka	19 March 2020	Stanisław Hebda	6 February 2020
Deputy Chairperson of the Supervisory Board	Roman Stryjski		Mariusz Pliszka	
Secretary of the Supervisory Board	Michał Jaciubek		Michał Jaciubek	
Member of the Supervisory Board	Maciej Mazur		Maciej Mazur	
Member of the Supervisory Board	Piotr Mirkowski		Piotr Mirkowski	
Member of the Supervisory Board	Paweł Korobłowski		Paweł Korobłowski	
Member of the Supervisory Board	Ireneusz Kulka		Ireneusz Kulka	
Member of the Supervisory Board	Mariusz Pliszka		Roman Stryjski	
Member of the Supervisory Board	Mariusz Fistek	19 March 2020		

On 27 May 2020, the Company received statements from the Minister of State Assets of the same date on exercise of his authorisation to appoint and dismiss a member of ENEA S.A.'s Supervisory Board pursuant to § 24 sec. 1 of the Company's Articles of Association. According to these statements, the Minister of State Assets dismissed Mr. Bartosz Nieścior from the Company's Supervisory Board, effective from 27 May 2020, and appointed Mr. Paweł Szczeszek to the Company's Supervisory Board, effective from the same date.

On 4 June 2020 Mr. Mirosław Kowalik tendered his resignation as President and member of ENEA S.A.'s Management Board, effective from 5 June 2020. On the same date, the Company's Supervisory Board adopted a resolution delegating Supervisory Board Member Paweł Szczeszek to temporarily serve as President of ENEA S.A.'s Management Board, effective from 6 June 2020 until a new Management Board President is appointed, however not later than three months counting from the delegation date.

In connection with Mr. Paweł Szczeszek being appointed as President of ENEA S.A.'s Management Board on 30 June 2020, Mr. Paweł Szczeszek's mandate as Member of the Company's Supervisory Board expired.

On 22 July 2020 Mr. Zbigniew Piętka tendered his resignation as Member of ENEA S.A.'s Management Board for

The additional information and explanations presented on pages 10-38 constitute an integral part of these condensed separate interim financial statements.



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Corporate Affairs, effective from 24 July 2020.

On 23 July 2020 Mr. Piotr Adamczak tendered his resignation as Member of ENEA S.A.'s Management Board for Trade, effective from 10 August 2020.

On 7 August 2020, the Company's Supervisory Board adopted a resolution appointing Mr. Tomasz Szczegielniak as Member of ENEA S.A.'s Management Board for Corporate Affairs.

On 7 August 2020, the Company's Supervisory Board adopted a resolution appointing Mr. Tomasz Siwak as Member of ENEA S.A.'s Management Board for Trade, effective from 17 August 2020.

The following table presents the composition of the Management Board as at the date on which these consolidated financial statements were prepared:

As at 3 September 2020	
President of the Management Board	Paweł Szczeszek
Member of the Management Board for Finance	Jarosław Ołowski
Member of the Management Board for Trade	Tomasz Siwak
Member of the Management Board for Corporate Affairs	Tomasz Szczegielniak

4. Basis for preparing financial statements

These condensed separate interim financial statements are prepared in accordance with the requirements of IAS 34 *Interim Financial Reporting*, as endorsed by the European Union, and are approved by the Management Board of ENEA S.A.

The Company's Management Board used its best knowledge as to the application of standards and interpretations as well as methods and rules for the measurement of items in ENEA S.A.'s condensed separate interim financial statements in accordance with EU IFRS as at 30 June 2020. The presented tables and explanations are prepared with due diligence. These condensed separate interim financial statements have been reviewed by a statutory auditor. The accounting rules are applied consistently across all of the presented periods unless stated otherwise.

These condensed separate interim financial statements are prepared on a going concern basis for the foreseeable future. There are no circumstances such as would indicate a threat to the Company's going concern.

The Company prepares condensed consolidated interim financial statements for ENEA Group in accordance with IFRS EU as at and for the 6-month period ending 30 June 2020. In order to obtain full information on ENEA Group's financial situation and results, readers of ENEA S.A.'s condensed separate interim financial statements should read these in conjunction with ENEA Group's condensed consolidated interim financial statements and ENEA S.A.'s separate annual financial statements for the financial year ended on 31 December 2019.

5. Accounting rules (policy) and significant estimates and assumptions

These condensed separate interim financial statements are prepared using accounting rules that are consistent with the rules used in preparing the most recent annual separate financial statements for the financial year ended 31 December 2019.

Preparing condensed separate interim financial statements in accordance with EU IFRS requires the Management Board to adopt certain assumptions and make estimates that have an impact on the adopted accounting rules and the amounts shown in condensed separate interim financial statements and notes to financial statements. Assumptions and estimates are based on the Management Board's best knowledge regarding current and future events and activities. However, actual results may differ from forecasts. The estimates used in preparing these condensed separate interim financial statements are consistent with the estimates used in preparing the separate financial statements for the most recent financial year. The estimated values presented in previous financial years do not have a material impact on the present interim period.

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6. Functional currency and presentation currency

Items in the Company's financial statements are measured in the currency of the main economic environment in which the Company operates (functional currency).

The condensed separate interim financial statements are presented in Polish zloty (PLN), which is the functional currency and presentation currency. Items in financial statements are rounded to full thousands of zlotys (PLN 000s), unless otherwise stated.

Explanatory notes to the separate statement of comprehensive income
7. Revenue from sales
Net revenue from sales

	6-month period ended	
	30 June 2020	30 June 2019
Revenue from the sale of electricity	2 980 428	2 315 324
Revenue from the sale of gas	68 456	64 783
Revenue from the sale of other services	2 377	1 700
Total net revenue from sales	3 051 261	2 381 807

The Company recognises revenue when an obligation to provide a consideration by the provision of a promised good or service to the customer is performed (or is being performed). Revenue is recognised on the basis of prices specified in sale agreements, less estimated rebates and other deductions.

The key groups of contracts include electricity sale contracts (including framework contracts) for retail, business, key and strategic customers. Under these contracts, service is provided in a continuous manner and the level of revenue depends on usage.

The standard payment deadline for invoices for the sale of electricity is 14 days from VAT invoice date. In the case of business, key and strategic customers, payment deadlines may be negotiated.

Presented below is revenue from sales, divided into categories that reflect how economic factors influence the amount, payment deadline and the uncertainty of revenue and cash flows.

	6-month period ended	
	30 June 2020	30 June 2019
Revenue from continuous services	3 048 884	2 380 107
Revenue from services provided at specified time	2 377	1 700
Total	3 051 261	2 381 807

8. Tax
Deferred income tax

Changes in deferred income tax provision (after offsetting assets and provision) are as follows:

	6-month period ended	Year ended
	30 June 2020	31 December 2019
As at the beginning of period	95 395	98 432
Adjustment due to implementation of IFRS 16	-	7 422
As at the beginning of period, adjusted	95 395	105 854
Change recognised in profit or loss	(731)	(11 632)
Change recognised in other comprehensive income	27 510	1 173
As at the end of period	122 174	95 395

In the 6-month period ended 30 June 2020, the Company's profit before tax was charged as a result of a decrease in net deferred income tax assets by PLN 731 thousand (in the 6-month period ended 30 June 2019 the charge to the Company's profit before tax as a result of a decrease in net deferred income tax assets amounted to PLN 1 622 thousand).

Explanatory notes to the separate statement of financial position

9. Property, plant and equipment

In the 6-month period ending 30 June 2020 the Company purchased property, plant and equipment items for a total of PLN 678 thousand net (in the 6-month period ending 30 June 2019: PLN 33 thousand net).

In the 6-month period ending 30 June 2020 the Company purchased property, plant and equipment items for a total of PLN 0 thousand net (in the 6-month period ending 30 June 2019: PLN 0 thousand net).

As at 30 June 2020, no indications for the impairment of property, plant and equipment were identified. No collateral is established on property, plant and equipment.

10. Intangible assets

In the 6-month period ending 30 June 2020 the Company did not purchase intangible assets (in the 6-month period ending 30 June 2019: PLN 0 thousand).

In the 6-month period ending 30 June 2020 the Company did not liquidate intangible assets (in the 6-month period ending 30 June 2019: PLN 0 thousand).

As at 30 June 2020, no indications of possible impairment were identified. No collateral is established on intangible assets.

11. Investments in subsidiaries, associates and jointly controlled entities

Change in investments in subsidiaries, associates and jointly controlled entities

	6-month period ended 30 June 2020	Year ended 31 December 2019
As at the beginning of period	12 892 612	12 794 956
Purchase of investments	220 139	391 743
Sale of investments	-	(79)
Change in impairment	(521 020)	(293 621)
Other changes	(17 027)	(387)
As at the end of period	12 574 704	12 892 612

Impairment of investments

	6-month period ended 30 June 2020	Year ended 31 December 2019
As at the beginning of period	1 373 264	1 079 643
Created	538 047	532 384
Reversed	-	(238 763)
Used	(17 027)	-
As at the end of period	1 894 284	1 373 264

Implementation of project to build Elektrownia Ostrołęka C

At 30 June 2020, ENEA S.A. held 9 124 821 shares of Elektrownia Ostrołęka Sp. z o.o., with a nominal value of PLN 50 each and total nominal value of PLN 456 241 thousand.

On 23 December 2019, ENEA S.A. and ENERGA S.A. executed a loan agreement with Elektrownia Ostrołęka Sp. z o.o. regarding a loan from ENERGA S.A. to Elektrownia Ostrołęka Sp. z o.o. of up to PLN 340 000 thousand until 26 February 2021. The agreement entails a conditional sale to ENEA S.A. (if the circumstances indicated in point 1.8 of the Agreement

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of 30 April 2019 between ENEA S.A. and ENERGA S.A. materialise) of half of ENERGA S.A.'s liability toward Elektrownia Ostrołęka Sp. z o.o., with a payment deadline of 31 January 2021, for a price equal to the nominal amount of the debt being sold, covering especially the principal and interest as at 31 January 2021. Under the loan agreement, ENEA S.A. will be required to pay the price for the debt being purchased on 31 January 2021. ENERGA S.A. paid out the first tranche of the loan to Elektrownia Ostrołęka Sp. z o.o., amounting to PLN 160 000 thousand, on 23 December 2019, the second tranche, amounting to PLN 17 000 thousand, on 13 January 2020, and the third tranche, amounting to PLN 163 000 thousand, on 22 April 2020. As of 30 June 2020, the condition referred to above was met for the second and third tranche of the loan (the condition for the first tranche had already been met in December 2019), amounting to PLN 180 000 thousand. In connection with this, as at 30 June 2020 ENEA S.A. recognised a future receivable concerning the two aforementioned tranches in a total amount of PLN 90 000 thousand, plus interest of PLN 1 299 thousand, and a liability toward ENERGA S.A. of the same amount.

On 30 April 2020, PKN Orlen S.A. completed the process of accounting for all transactions to purchase ENERGA S.A. shares following a tender offer to subscribe for the sale of all shares issued by ENERGA S.A., announced by PKN Orlen S.A. on 5 December 2019. As a result of the tender offer, PKN Orlen S.A. purchase 331 313 082 shares of ENERGA S.A., which constitutes approx. 80% of ENERGA S.A.'s share capital and approx. 85% of voting rights at ENERGA S.A.'s general meeting.

On 13 February 2020, ENEA S.A. executed an agreement with ENERGA S.A. suspending financing by ENERGA S.A. and ENEA S.A. for the project to build Elektrownia Ostrołęka C. In the agreement, ENEA S.A. and ENERGA S.A. undertook to carry out analyses, especially concerning the project's technical, technological, economic and organisational parameters and further financing.

ENERGA S.A. and ENEA S.A. assumed that suspending financing for the project would result in the company having to suspend its contract executed on 12 July 2018 to build Elektrownia Ostrołęka C with capacity of approx. 1000 MW, along with a contract to convert rail infrastructure for Elektrownia Ostrołęka C of 4 October 2019.

On 14 February 2020, Elektrownia Ostrołęka Sp. z o.o. issued to the General Contractor for the contract to build Elektrownia Ostrołęka C with capacity of approx. 1000 MW of 12 July 2018 a notice to suspend all works related to that contract, effective 14 February 2020.

On 18 April 2020, an agreement was signed between PKN Orlen and the State Treasury regarding PKN Orlen's planned acquisition of ENERGA S.A. The parties to the agreement envisaged that once PKN Orlen obtains control over ENERGA S.A., ENERGA S.A.'s flagship investments will be continued. PKN Orlen declared that immediately after assuming control over ENERGA S.A. it would review the terms for continuing these investments, especially the construction of Elektrownia Ostrołęka C.

On 7 May 2020, ENERGA S.A. announced that it was extending the analysis period in project Ostrołęka C. In accordance with the current report, it was assumed that analytical work would continue for about a month.

As part of the analytical work performed under the agreement, ENEA S.A. and ENERGA S.A. worked on updating business and technical assumptions as well as assumptions concerning the financing structure within the financial model. On ENERGA S.A.'s part, the results of this work were provided to Elektrownia Ostrołęka Sp. z o.o. on 14 May 2020, when the company received calculations concerning the Project's profitability in the coal fuel variant. These results were used by the company to perform a CGU test. The CGU test carried out by the company shows that completing the Project would generate a negative value, meaning that continuing the Project would be unjustified.

On 19 May 2020, PKN Orlen S.A., which held an 80% stake in ENERGA S.A.'s share capital and an 85% stake in its voting rights, published current report 31/2020, announcing that it had issued a statement to ENERGA in response to a question submitted by ENERGA S.A. to PKN Orlen S.A. regarding its intent to directly invest in the construction of a coal-based energy-generation unit, being implemented by Elektrownia Ostrołęka Sp. z o.o., based in Ostrołęka (Investment).

PKN Orlen S.A. declared preliminary readiness to directly invest in the Investment only if the Investment's technological assumptions were to be changed to gas-based technology. PKN Orlen S.A. also declared readiness to hold discussions with the company's shareholders, i.e. ENERGA S.A. and ENEA S.A., regarding the form, extent and means of investing in the aforementioned Investment.

Furthermore, on 19 May 2020 ENERGA S.A. published current report 41/2020, announcing that on 19 May 2020 it had received from PKN Orlen S.A., majority shareholder in ENERGA S.A., a declaration of preliminary readiness to directly invest in the construction of a power-generation unit by Elektrownia Ostrołęka Sp. z o.o. The declaration constituted a response to ENERGA S.A.'s question addressed to PKN Orlen S.A. and was made only on the condition that the Investment's technological assumptions would be changed to gas fuel, which is one of the scenarios being analysed, as announced by ENERGA S.A. in current reports 8/2020 of 13 February 2020, 11/2020 of 23 February 2020 and 38/2020 of 7 May 2020.

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On 19 May 2020, ENEA S.A. received an electronic copy of Resolution no. 39/2020 of the Management Board of Elektrownia Ostrołęka Sp. z o.o. of 19 May 2020 regarding recognition of impairment losses on the book value of the Company's assets. As a result of an impairment test on non-current assets performed at Elektrownia Ostrołęka Sp. z o.o., which followed an update of business assumptions by Elektrownia Ostrołęka Sp. z o.o. regarding the construction of power plant Ostrołęka C based on coal technology, the consolidated financial statements for 2019 include ENEA S.A.'s share of the net loss generated by Elektrownia Ostrołęka Sp. z o.o. Given the fact that it was higher than the value of the stake in this company, it was reduced to zero. At 30 June 2020, ENEA S.A.'s stake in Elektrownia Ostrołęka Sp. z o.o. was worth PLN 0.

On 2 June 2020 the Management Board of ENEA S.A. accepted a final report on analyses conducted in collaboration with ENERGA S.A. regarding the project's technical, technological, economic, organisational and legal aspects and further financing. Conclusions from these analyses do not justify continuing the project in its existing form, i.e. the construction of a power plant generating electricity in a process of hard coal combustion. This evaluation is driven by the following:

- 1) regulatory changes at the EU level and the credit policy of certain financial institutions, which show that there is far greater access to financing for energy projects based on gas than coal;
- and
- 2) the acquisition of control over Energa by PKN Orlen S.A., the strategy of which does not include investments in electricity generation based on coal combustion.

At the same time, technical analysis confirmed the viability of a variant in which the power plant would use gas ("Gas Project") at the current location of the coal unit being built. As a result of the above, the Management Board of ENEA S.A. decided to continue building a generating asset in Ostrołęka and change the fuel source from coal to gas.

On 2 June 2020, a three-party agreement was executed between ENEA S.A., ENERGA S.A. and PKN Orlen S.A., spelling out the following key cooperation rules for the Gas Project:

- subject to the reservations expressed below, continue cooperation between the Company and ENERGA S.A. via the existing special-purpose vehicle, i.e. Elektrownia Ostrołęka Sp. z o.o., and settle costs related to the Project between ENEA S.A. and ENERGA S.A., along with settlements with Project contractors, in accordance with the existing rules,
- take into account PKN Orlen S.A.'s potential role in the Gas Project as a new shareholder,
- ENEA S.A.'s participation in the Gas Project as a minority shareholder with an investment cap, as a result of which the Company will not be an entity co-controlling Elektrownia Ostrołęka Sp. z o.o.,
- subject to the essential corporate approvals, execute a new shareholders agreement regarding the Gas Project that incorporates the aforementioned cooperation rules,
- undertake activities intended to secure financing for the Gas Project by ENERGA S.A. together with PKN Orlen S.A.

In connection with the above, as at 30 June 2020 the Company recognised an indication for an additional impairment of loans issued to Elektrownia Ostrołęka Sp. z o.o. (SPV):

- resulting from an agreement of 30 September 2019 assigning rights under a loan agreement of 17 July 2019, issued to the SPV by ENERGA S.A. of PLN 29 000 thousand, an impairment loss of PLN 12 070 thousand,
- resulting from an agreement executed on 23 December 2019 between ENERGA S.A., the SPV and ENEA S.A. of PLN 340 000 thousand, of which ENEA S.A. is required to buy half from ENERGA S.A., i.e. PLN 170 000 thousand, an impairment loss of PLN 124 583 thousand.

Impairment of loans issued to Elektrownia Ostrołęka Sp. z o.o. as at 30 June 2020 amounted to PLN 204 508 thousand, together with interest (the value of loans was written down to zero). The total impairment loss on the loans issued to Elektrownia Ostrołęka Sp. z o.o. recognised in the six-month period ended 30 June 2020 was PLN 138 737 thousand, and this amount was recognised in the consolidated statement of comprehensive income in the item "Impairment of financial assets at amortised cost."

Moreover, in connection with a settlement proposal presented by the General Contractor on 23 June regarding an investment consisting of the construction of the Ostrołęka C power plant based on coal, a provision of PLN 219 400 thousand was recognised (this amount was included in the consolidated statement of comprehensive income in the item "Share of results of associates and jointly controlled entities") for future investment liabilities toward Elektrownia Ostrołęka Sp. z o.o. and ENERGA S.A. The amount of this provision, because of a high level of uncertainty as to the final amounts of claims, is the best possible estimate, based on the General Contractors, among other things. The amount and justification for claims are currently being carefully analysed by Elektrownia Ostrołęka Sp. z o.o.

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ENE A S.A.'s commitment to provide funding for Elektrownia Ostrołęka Sp. z o.o. resulting from the existing agreements (especially the agreements dated 28 December 2018 and 30 April 2019) that is still outstanding amounts to PLN 620 million. Having regard to the above, the Company does not have sufficient information on any potential additional contributions, on top of those above, or their potential deadlines. The commitment resulting from these agreements (especially the agreements dated 28 December 2018 and 30 April 2019) can be fulfilled based on future arrangements resulting from the agreement dated 2 June 2020.

Impairment test on shares of ENE A Wytwarzanie Sp. z o.o., ENE A Ciepło Sp. z o.o. and ENE A Elektrownia Połaniec S.A.

As at 30 June 2020, based on information and analyses in our possession concerning changes in the market prices of CO₂ emission allowances, electricity, energy origin certificates as well as macroeconomic forecasts related to the COVID-19 pandemic caused by the SARS-COV-2 virus, and in connection with market capitalisation being below ENE A S.A.'s equity, the Company carried out an impairment test on the shares of ENE A Wytwarzanie Sp. z o.o., ENE A Ciepło Sp. z o.o. and ENE A Elektrownia Połaniec S.A.

Recoverable value is calculated as the sum total of the useful value of each CGU being part of ENE A Wytwarzanie Sp. z o.o., ENE A Ciepło Sp. z o.o. and ENE A Elektrownia Połaniec S.A., less financial liabilities. CGUs' useful values are specified using the discounted cash flow approach for periods longer than 5 years. The projection timeframe results from a combination of the economic useful value of each CGU and the long-term impact of existing and announced legal regulations. For generation assets with periods of economic use exceeding the projection period, a residual value was specified.

Based on this methodology and assumptions, ENE A S.A. identified during a semi-annual review a decline in the recoverable value of its stake in ENE A Wytwarzanie Sp. z o.o. to PLN 4 282 531 thousand, as compared to its book value. Given the above, the necessity to recognise an impairment loss on the stake in ENE A Wytwarzanie Sp. z o.o., amounting to PLN 317 908 thousand, was identified.

The key assumptions used in the tests are the result of the Company's and its subsidiaries' best knowledge and experience in electricity generation from various sources, taking into account the specific nature of the products of each CGU as well as events that have taken place or are expected in the future at ENE A Group.

The following changes in the adopted calculation assumptions took place in comparison to the tests presented in the financial statements for 2019 (changes in price parameters are expressed in 2020 fixed prices):

- wholesale base electricity price: lower prices for the comparative period 2021-2042 by an average of 10 PLN/MWh,
- prices of energy origin certificates (renewables and cogeneration): the support system for renewables until 2031 was taken into account, and specific renewables plants will use support within a 15-year period; prices in the period 2021-2031 will be on average 1 PLN/MWh lower than the analyses for 2019,
- prices of CO₂ emission allowances: prices 4 EUR/t higher on average, comparing to the same period in 2021-2042,
- prices of biomass: during the entire period, down by an average of approx. 5.7 PLN/GJ in comparison to analyses for 2019,
- prices of coal: an average decline of approx. 0.30 PLN/GJ in comparison to analyses for 2019 is expected,
- nominal discount rate - 5.03% [discount rate before tax is 5.81%]. The Company used a 2% premium on cost of own capital for specific risk for the analysed CGUs. The discount rate taking into account the specific risk premium was 5.59% [discount rate taking into account the specific risk premium before tax was 6.37%],

Given the substantial decrease in interest rates and thus a lower discount rate used in the current analyses in comparison to the tests for 2019, a sensitivity analysis for this parameter was deemed necessary.

The following shows the sensitivity analysis for the discount parameters on the total recoverable value (starting point) for the stake in ENE A Wytwarzanie Sp. z o.o.:

Impact of change in discount rate (starting point 5.59%)

Change in assumptions	-0.5 pp	Output value	+0.5 pp
Change in recoverable value of ENE A Wytwarzanie	668 364	4 282 531	(566 062)

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Based on information regarding impairment tests on the non-financial non-current assets of Lubelski Węgiel Bogdanka S.A., ENEA S.A. analysed the impairment tests on its stakes. The result of this analysis shows that the recoverable value of shares remains above the balance sheet value of the shares held by ENEA S.A. as at 30 June 2020, in connection with which the Company did not recognise the results of this analysis in its accounting books in this reporting period.

12. Inventories
Inventories

	As at	
	30 June 2020	31 December 2019
Energy origin certificates	269 174	216 449
Goods	945	1 011
Total	270 119	217 460

No collateral is established on inventory. Inventory is not subject to an impairment loss.

Energy origin certificates

	6-month period ended	Year ended
	30 June 2020	31 December 2019
Net value at the beginning of period	216 449	332 360
Purchase	213 636	310 378
Depreciation	(160 911)	(426 289)
Net value at the end of period	269 174	216 449

Costs connected with redeeming energy origin certificates are presented in profit or loss in the following item: Purchase of electricity and gas for sales purposes

13. Assets and liabilities arising from contracts with customers
Assets and liabilities arising from contracts with customers

	Assets arising from contracts with customers	Liabilities arising from contracts with customers
As at 1 January 2019	227 480	-
Change in non-invoices receivables	(12 259)	-
Change in impairment	2	-
Other changes	-	12 631
As at 31 December 2019	215 223	12 631
Change in non-invoices receivables	36 152	-
Change in impairment	(6)	-
Other changes	-	(7 130)
As at 30 June 2020	251 369	5 501

The balance of assets arising from contracts with customers mainly covers uninvoiced electricity sales, while the balance of liabilities arising from contracts with customers covers liabilities concerning sales adjustments related to the Act on amendment of the act on excise duty and certain other acts.

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14. Cash and cash equivalents**Significant judgements and estimates**

In accordance with ENEA S.A.'s credit risk assessment rules and the provisions of IFRS 9 as regards impairment tests for cash and cash equivalents as at 30 June 2020; the Company sees potential impact as negligible.

Presentation of deposits at clearinghouse IRGiT

These are funds constituting collateral for settlements with the clearing-house IRGiT, and they are analysed in terms of the possibility to free them up without incurring a substantial loss.

Cash and cash equivalents

	As at	
	30 June 2020	31 December 2019
Cash at bank account	54 374	166 604
including split payment	3 684	12 499
Other cash	1 739 583	2 601 606
- Deposits	1 608 907	2 577 963
- Cash pooling	126 594	20 446
- Other	4 082	3 197
Total cash and cash equivalents	1 793 957	2 768 210
Cash pooling	(727 146)	(52 599)
Cash recognised in the statement of cash flows	1 066 811	2 715 611

Restricted cash related to split payment - VAT as at 30 June 2020 was PLN 3 684 thousand (PLN 12 499 thousand as at 31 December 2019), and deposit at IRGiT as at 30 June 2020 was PLN 1 000 thousand (PLN 1 010 thousand as at 31 December 2019). No collateral is established on cash.

15. Profit allocation

On 30 July 2020, an Ordinary General Meeting of ENEA S.A. adopted resolution no. 6 concerning the allocation of net profit for the financial year covering the period from 1 January 2019 to 31 December 2019, pursuant to which 100% of the 2019 net profit was transferred to reserve capital, intended to finance investments.

On 20 May 2019, an Ordinary General Meeting of ENEA S.A. adopted resolution no. 6 concerning the allocation of net profit for the financial year covering the period from 1 January 2018 to 31 December 2018, pursuant to which 100% of the 2018 net profit was transferred to reserve capital, intended to finance investments.



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16. Debt-related liabilities

Credit facilities, loans and debt securities

	30 June 2020	As at 31 December 2019
Bank credit	1 786 777	1 888 094
Bonds	5 445 270	5 854 886
Long-term	7 232 047	7 742 980
Bank credit	188 144	168 137
Bonds	1 220 291	1 920 505
Short-term	1 408 435	2 088 642
Total	8 640 482	9 831 622

In accordance with ENEA S.A.'s financing model, in order to secure funding for ENEA Group companies' on-going operations and investment needs, ENEA executes agreements with external financial institutions concerning bond issue programmes and/or credit agreements.

Credit facilities and loans

Presented below is a list of the Company's credit facilities and loans:

No.	Company	Lender	Contract date	Total contract amount	Debt at 30 June 2020 (principal)	Debt at 31 December 2019 (principal)	Interest	Final repayment deadline
1.	ENE A S.A.	EIB	18 October 2012 (A) and 19 June 2013 (B)	1 425 000	1 076 250	1 138 956	Fixed interest rate or WIBOR 6M + margin	17 June 2030
2.	ENE A S.A.	EIB	29 May 2015 (C)	946 000	896 833	915 167	Fixed interest rate or WIBOR 6M + margin	15 September 2032
3.	ENE A S.A.	PKO BP S.A.	28 January 2014, Annex 2 of 4 December 2019	300 000	-	-	WIBOR 1M + margin	31 December 2022
4.	ENE A S.A.	Bank Pekao S.A.	28 January 2014, Annex 2 of 4 December 2019	150 000	-	-	WIBOR 1M + margin	31 December 2022
TOTAL				2 821 000	1 973 083	2 054 123		
Transaction costs and effect of measurement using effective interest rate						1 838	2 108	
TOTAL				2 821 000	1 974 921	2 056 231		

ENE A S.A. currently has credit agreements with the European Investment Bank (EIB) for a total amount of PLN 2 371 000 thousand (Agreement A PLN 950 000 thousand, Agreement B PLN 475 000 thousand and Agreement C PLN 946 000 thousand). Funds from the EIB were used to finance a multi-year investment plan aimed at modernising and expanding ENEA Operator Sp. z o.o.'s power network. Funds from Agreements A, B and C were fully used. Interest on credit facilities may be fixed or variable. In the 6-month period ended on 30 June 2020, ENE A S.A. did not execute new credit agreements.

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Bond issue programmes

Presented below is a list of bonds issued by ENEA S.A.:

No.	Bond issue programme name	Programme start date	Programme amount	Value of outstanding bonds at 30 June 2020	Value of outstanding bonds as at 31 December 2019	Interest	Buy-back deadline
1.	Bond issue programme agreement with PKO BP S.A., Bank Pekao S.A., Santander BP S.A., Citi BH S.A.	21 June 2012	3 000 000	2 850 000	3 000 000	WIBOR 6M + margin	One-off buy-back for each series from June 2020 to June 2022
2.	Bond issue programme agreement with BGK	15 May 2014	1 000 000	760 000	800 000	WIBOR 6M + margin	Buy-back in tranches, last tranche due in December 2026
3.	Bond issue programme agreement with PKO BP S.A., Bank Pekao S.A. and mBank S.A.	30 June 2014	5 000 000	2 500 000	3 378 200	WIBOR 6M + margin	One-time buy-back of each series; PLN 878 million bought back in February 2020, next series in September 2021 and June 2024.
4.	Bond issue programme agreement with BGK	3 December 2015	700 000	570 834	608 890	WIBOR 6M + margin	Buy-back in tranches, last tranche due in September 2027
TOTAL			9 700 000	6 680 834	7 787 090		
Transaction costs and effect of measurement using effective interest rate				(15 273)	(11 699)		
TOTAL			9 700 000	6 665 561	7 775 391		

In the 6-month period ended on 30 June 2020, ENEA S.A. did not execute new bond issue programme agreements.

Interest rate hedges and currency hedges

In the 6-month period ending 30 June 2020 ENEA S.A. executed an Interest Rate Swap for an exposure amounting to PLN 1 000 000 thousand. The total bond and credit exposure hedged with IRSs as at 30 June 2020 amounted to PLN 5 669 554 thousand. Moreover, ENEA S.A. has fixed-rate credit agreements totalling PLN 704 474 thousand. These transactions have material impact on the predictability of expense flows and finance costs. The Company presents the measurement of these instruments in the item: "Financial liabilities at fair value." Derivative instruments are treated as cash flow hedges, which is why they are recognised and accounted for using hedge accounting rules. As at 30 June 2020, financial liabilities at fair value concerning IRSs amounted to PLN 167 685 thousand (31 December 2019: PLN 23 802 thousand).

In the 6-month period ending 30 June 2020 the Company executed FX forward transactions for a total volume of EUR 1 071 thousand. The last transaction's settlement date is in December 2020. Measurement of these instruments as at 30 June 2020 was PLN 106 thousand (PLN 0 thousand as at 31 December 2019).

Financing terms - covenants

Financing agreements require ENEA S.A. and ENEA Group to maintain certain financial ratios. And the date on which these condensed separate interim financial statements were prepared and in the course of 2020 the Company did not breach any credit agreement provisions such as would require early re-payment of long-term debt.

The additional information and explanations presented on pages 10-38 constitute an integral part of these condensed separate interim financial statements.

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17. Provisions

In the 6-month period ended 30 June 2020, provisions for other liabilities and charges increased on a net basis by PLN 264 219 thousand (6-month period ended 30 June 2019: decrease by PLN 93 551 thousand net).

Change in provisions for other liabilities and charges in the period ended 30 June 2020

	Provision for non-contractual use of land	Provision for other claims	Provision for energy origin certificates	Provision for onerous contracts	Other	Total
As at 1 January 2020	3 064	166 164	192 189	68 565	-	429 982
Increase in existing provisions	-	22 200	226 707	-	219 400*	468 307
Use of provisions	(39)	(3 121)	(160 911)	(39 305)	-	(203 376)
Reversal of unused provision	(605)	(107)	-	-	-	(712)
As at 30 June 2020	2 420	185 136	257 985	29 260	219 400	694 201
<i>Short-term</i>	<i>2 420</i>	<i>185 136</i>	<i>257 985</i>	<i>29 260</i>	<i>219 400</i>	<i>694 201</i>

* Details regarding the recognition of this provision are presented in note 11.

A description of material claims and conditional liabilities is presented in note 24.

Provision for other claims

In the 6-month period ending 30 June 2020 ENEA S.A. created a PLN 10 284 thousand provision for potential claims related to the termination by ENEA S.A. of agreements to purchase energy origin certificates for renewables, and the value of this provision as at 30 June 2020 was PLN 133 316 thousand (this provision is included in the table above in the column "Provision for other claims" and detailed information on this provision are presented in note 24.6).



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Financial instruments and financial risk management

18. Financial instruments and fair value

Financial instruments

The following table contains a comparison of fair values and book values:

	As at 30 June 2020		As at 31 December 2019	
	Book value	Fair value	Book value	Fair value
FINANCIAL ASSETS				
Long-term	5 922 018	6 025 703	4 609 328	4 638 079
Financial assets measured at fair value	38 268	38 268	38 848	38 848
Debt financial assets at amortised cost	5 882 505	5 987 435	4 567 870	4 599 231
Finance lease and sublease receivables	1 245	*	2 610	*
Short-term	5 133 761	1 654 810	6 667 275	2 801 067
Debt financial assets at amortised cost	1 654 810	1 654 810	2 801 067	2 801 067
Assets arising from contracts with customers	251 369	*	215 223	*
Trade receivables	1 430 450	*	879 692	*
Finance lease and sublease receivables	3 175	*	3 083	*
Cash and cash equivalents	1 793 957	*	2 768 210	*
TOTAL FINANCIAL ASSETS	11 055 779	7 680 513	11 276 603	7 439 146
FINANCIAL LIABILITIES				
Long-term	7 426 831	7 489 565	7 877 875	7 809 877
Credit facilities, loans and debt securities	7 232 047	7 321 880	7 742 980	7 786 075
Lease liabilities	27 099	*	30 970	*
Other liabilities	-	*	80 123	*
Financial liabilities measured at fair value	167 685	167 685	23 802	23 802
Short-term	2 782 832	1 408 435	2 663 629	2 088 642
Credit facilities, loans and debt securities	1 408 435	1 408 435	2 088 642	2 088 642
Lease liabilities	6 913	*	5 470	*
Trade and other payables	634 837	*	504 287	*
Liabilities arising from contracts with customers	5 501	*	12 631	*
Other financial liabilities	727 146	*	52 599	*
TOTAL FINANCIAL LIABILITIES	10 209 663	8 898 000	10 541 504	9 898 519

(*) book value is close to fair value measured in accordance with level 2 in the following hierarchy.

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Measurement of financial instruments at fair value by level in hierarchy.

	As at 30 June 2020			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	15 900	6 502	15 866	38 268
Equity instruments at fair value through other comprehensive income	-	-	15 866	15 866
Derivative instruments used in hedge accounting	-	106	-	106
Call options (at fair value through profit or loss)	-	6 396	-	6 396
Interests at fair value through profit or loss	15 900	-	-	15 900
Debt financial assets at amortised cost	-	7 642 245	-	7 642 245
Total	15 900	7 648 747	15 866	7 680 513
Financial liabilities measured at fair value	-	(167 685)	-	(167 685)
Derivative instruments at fair value through profit or loss	-	-	-	-
Derivative instruments used in hedge accounting (e.g. interest rate swaps)	-	(167 685)	-	(167 685)
Credit facilities, loans and debt securities	-	(8 730 315)	-	(8 730 315)
Total	-	(8 898 000)	-	(8 898 000)

	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	17 800	5 182	15 866	38 848
Equity instruments at fair value through other comprehensive income	-	-	15 866	15 866
Call options (at fair value through profit or loss)	-	5 182	-	5 182
Interests at fair value through profit or loss	17 800	-	-	17 800
Debt financial assets at amortised cost	-	7 400 298	-	7 400 298
Total	17 800	7 405 480	15 866	7 439 146
Financial liabilities measured at fair value	-	(23 802)	-	(23 802)
Derivative instruments at fair value through profit or loss	-	(37)	-	(37)
Derivative instruments used in hedge accounting (e.g. interest rate swaps)	-	(23 765)	-	(23 765)
Credit facilities, loans and debt securities	-	(9 874 717)	-	(9 874 717)
Total	-	(9 898 519)	-	(9 898 519)

Financial assets at fair value include:

- shares in unrelated entities, the stake in which is below 20%; this line includes a stake in PGE EJ1 Sp. z o.o. worth PLN 15 866 thousand, for which there is no market price quoted on an active market and the fair value of which was determined based on ENEA S.A.'s share of the net assets of PGE EJ1 Sp. z o.o. as at 31 December 2019; having analysed the standard IFRS 9, the Company decided to qualify these interests as financial instruments through other comprehensive income; in the course of 2019, no transactions were executed that would be recognised through profit or loss; in the event that interests in unrelated entities are quoted on the Warsaw Stock Exchange, their fair value is determined on the basis of stock market quotes;
- Polimex-Mostostal S.A. call options;
- derivative instruments, which include the measurement of interest rate swaps; the fair value of derivative instruments is established by calculating the net present value based on two yield curves, i.e. a curve to determine discount factors and a curve used to estimate future variable reference rates;

Non-current debt financial assets at amortised cost cover purchased debt securities - bonds and loans maturing in over one year. Fair value is calculated for financial instruments that are based on a fixed rate of interest, based on current WIBOR.

Current debt financial assets at amortised cost cover purchased debt securities - bonds and loans maturing in under one year.

The fair value of bank credit, loans and debt securities is calculated for financial instruments that are based on a fixed rate of

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interest, based on current WIBOR.

The table above contains an analysis of financial instruments at fair value, grouped into a three-level hierarchy, where:

Level 1 - fair value is based on (unadjusted) market prices quoted for identical assets or liabilities on active markets

Level 2 - fair value is determined on the basis of values observed on the market, which are not a direct market quote (e.g. they are established by direct or indirect reference to similar instruments on a market),

Level 3 - fair value is determined using various measurement techniques that are not, however, based on observable market data. The Company recognises its stake in PGE EJ1 in level 3 (note 25).

No transfers between the levels were made in the 6-month period ended 30 June 2020.

As at 30 June 2020, financial assets at fair value included call options for Polimex-Mostostal S.A. shares, among other things. Pursuant to a call option agreement for Polimex-Mostostal S.A. shares of 18 January 2017, ENEA S.A. purchased call options from Towarzystwo Finansowe Silesia Sp. z o.o. This agreement sees the purchase, in three tranches, of 9 125 thousand shares at a nominal value of PLN 2 per share within specified deadlines, i.e. 30 October 2020 (in accordance with an annex dated 24 July 2020), 30 July 2021 and 30 July 2022. Fair value measurement of the call options was conducted using the Black-Scholes model. The book value of these options as at 30 June 2020 was PLN 6 396 thousand (at 31 December 2019: PLN 5 182 thousand).

19. Debt financial assets at amortised cost

Debt financial assets at amortised cost

	As at	
	30 June 2020	31 December 2019
Current debt financial assets at amortised cost		
Intra-group bonds	1 645 170	2 794 586
Loans granted	9 640	6 481
Total current debt financial assets at amortised cost	1 654 810	2 801 067
Non-current debt financial assets at amortised cost		
Intra-group bonds	3 228 727	3 669 222
Loans granted	2 653 778	898 648
Total non-current debt financial assets at amortised cost	5 882 505	4 567 870
TOTAL	7 537 315	7 368 937

Intra-group financing

ENEA Group has adopted a model for financing investments being implemented by ENEA S.A. through intra-group financing. ENEA S.A. raises long-term capital in financial markets through credit facilities or bond issues and subsequently distributes these within the Group based on intra-group bond issue programme agreements or loan agreements. Moreover, ENEA S.A. provides financing to subsidiaries from internal funding.

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Intra-group bonds

The following table presents on-going intra-group bond issue programmes as at 30 June 2020 and 31 December 2019:

No.	Bond issuer	Contract date	Amount granted	Amount used	Outstanding bonds as at 30 June 2020 (principal)	Outstanding bonds as at 31 December 2019 (principal)	Interest	Final buy-back deadline
1.	ENEA Wytwarzanie Sp. z o.o.	10 March 2011	26 000	26 000	18 000	18 000	WIBOR 6M + margin	31 March 2023
2.	ENEA Wytwarzanie Sp. z o.o.	8 September 2012 agreement for PLN 4 000 000 thousand decreased through Annex 2 of 21 January 2015 to PLN 3 000 000 thousand	3 000 000	2 650 000	2 500 000	2 650 000	Depending on the series: fixed interest rate or WIBOR 6M + margin	Depending on bond series' issue dates, however no later than by 15 June 2022
3.	ENEA Operator Sp. z o.o.	20 June 2013 amended through Annex 1 of 9 October 2014 and Annex 2 of 7 July 2015	1 425 000	1 425 000	1 076 250	1 138 956	Depending on the series: fixed interest rate or WIBOR 6M + margin	Depending on bond series' issue dates, however no later than by 17 June 2030
4.	ENEA Wytwarzanie Sp. z o.o.	17 November 2014	740 000	350 000	-	350 000	WIBOR 6M + margin	Buy-back in March 2020
5.	ENEA Wytwarzanie Sp. z o.o.	17 February 2015 for PLN 760 000 thousand, increased through Annex 1 of 3 June 2015 to PLN 1 000 000 thousand.	1 000 000	1 000 000	-	1 000 000	WIBOR 6M + margin	buy-back completed in February 2020
6.	ENEA Operator Sp. z o.o.	7 July 2015 amended through Annex 1 of 28 March 2017	946 000	946 000	896 833	915 167	Depending on the series: fixed interest rate or WIBOR 6M + margin	Depending on bond series' issue dates, however no later than by 15 December 2032
7.	ENEA Ciepło Sp. z o.o.	30 October 2015	18 000	18 000	-	1 000	WIBOR 6M + margin	Buy-back in March 2020
8.	ENEA Operator Sp. z o.o.	20 July 2018	400 000	400 000	400 000	400 000	WIBOR 3M + margin	15 December 2020
TOTAL					4 891 083	6 473 123		
Transaction costs and effect of measurement using effective interest rate					(17 186)	(9 315)		
TOTAL					4 873 897	6 463 808		

In the 6-month period ending 30 June 2020 ENEA S.A. did not execute new intra-group bond issue programme agreements concerning financing for ENEA Group companies.


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Loans

The following table presents loans issued by ENEA S.A. as at 30 June 2020 and 31 December 2019:

No.	Borrower	Contract date	Total contract amount	Debt at 30 June 2020	Debt at 31 December 2019	Interest	Final repayment deadline
1.	ENEA Oświetlenie Sp. z o.o.	19 January 2015	10 000	-	206	WIBOR 1M + margin	repaid in January 2020
2.	PGE EJ 1 Sp. z o.o.	8 November 2017	2 940	2 940	2 940	Fixed	8 November 2020
3.	PGE EJ 1 Sp. z o.o.	2 March 2018	4 800	4 800	4 800	Fixed	2 March 2021
4.	PEC Oborniki Sp. z o.o.	9 October 2018	2 000	-	2 000	WIBOR 1M + margin	31 December 2019 [repaid on 2 January 2020]
5.	KS „ENERGETYK”	19 May 2019	360	360	360	Fixed	31 January 2020, [the parties intend to execute an annex to this agreement]
6.	ENEA Operator Sp. z o.o.	11 July 2019	425 000	425 000	425 000	WIBOR 6M + margin	20 December 2021
7.	ENEA Centrum Sp. z o.o.	19 July 2019	40 000	-	-	WIBOR 3M + margin	30 June 2030
8.	Elektrownia Ostrołęka Sp. z o.o.	30 September 2019	29 000	29 000	29 000	Fixed	30 September 2020
9.	ENEA Operator Sp. z o.o.	13 December 2019	425 000	425 000	425 000	WIBOR 6M + margin	20 December 2021
10.	Elektrownia Ostrołęka Sp. z o.o.	23 December 2019	170 000	170 000	80 000	Fixed	26 February 2021
11.	ENEA Wytwarzanie Sp. z o.o.	30 January 2020	2 200 000	1 100 000	-	WIBOR 6M + margin	30 September 2024
12.	ENEA Elektrownia Połaniec S.A.	28 February 2020	500 000	200 000	-	WIBOR 6M + margin	20 December 2024
13.	ENEA Operator Sp. z o.o.	12 March 2020	950 000	500 000	-	WIBOR 6M + margin	20 December 2024
14.	PGE EJ 1 Sp. z o.o.	25 June 2020	4 000	4 000	-	Fixed	25 June 2023
				2 861 100	969 306		
Transaction costs and effect of measurement using effective interest rate, along with impairment of loans				(197 682)	(64 177)		
TOTAL				2 663 418	905 129		

In the 6-month period ending 30 June 2020 ENEA S.A. executed four new loan agreements with ENEA Wytwarzanie Sp. z o.o. for PLN 2 200 000 thousand, with ENEA Elektrownia Połaniec S.A. for PLN 500 000 thousand and ENEA Operator Sp. z o.o. for PLN 950 000 thousand, along with a PLN 4 000 thousand loan extended to PGE EJ 1 Sp. z o.o.

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During the reporting period, the following tranches were accessed by the companies under these agreements: ENEA Wytwarzanie Sp. z o.o. - two loan tranches for a total of PLN 1 100 000 thousand, ENEA Elektrownia Połaniec S.A. - one tranche for PLN 200 000 thousand, ENEA Operator Sp. z o.o. - one tranche for PLN 500 000 thousand, and PGE EJ 1 Sp. z o.o. - the entire loan.

In the 6-month period ended 30 June, ENEA S.A. executed with ENERGA S.A. and Elektrownia Ostrołęka Sp. z o.o. three annexes to a loan agreement in the amount of PLN 29 000 thousand, extending the loan repayment deadline. The last annex, executed on 30 June 2020, extended the one-off loan repayment to 30 September 2020.

In connection with a loan agreement executed on 23 December 2019 between ENEA S.A., ENERGA S.A. and Elektrownia Ostrołęka Sp. z o.o. for PLN 340 000 thousand, ENERGA S.A. paid out to Elektrownia Ostrołęka Sp. z o.o. two loan tranches totalling PLN 180 000 thousand in the first half of 2020. The agreement entails a conditional sale to ENEA S.A. of half of ENERGA S.A.'s liability toward Elektrownia Ostrołęka Sp. z o.o. (PLN 90 000 thousand – tranches II and III in total), with a payment deadline of 31 January 2021.

Impairment of financial assets at amortised cost (concerns loans granted) as at 30 June 2020 amounted to PLN 204 807 thousand. Total impairment of loans recognised in the 6-month period ended 30 June 2020 was PLN 138 737 thousand, and this amount was recognised in the separate statement of comprehensive income in the item "Impairment of financial assets at amortised cost."

20. Impairment of trade and other receivables

Impairment of trade and other receivables:

	6-month period ended 30 June 2020	Year ended 31 December 2019
Impairment of receivables at the beginning of period	54 820	60 710
Created	5 003	2 996
Used	(2 626)	(8 886)
Impairment of receivables at the end of period	57 197	54 820

In the 6-month period ended 30 June 2020, impairment of trade and other receivables increased by PLN 2 377 thousand (in the 6-month period ended 30 June 2019 impairment grew by PLN 162 thousand). Impairment losses are mainly recognised on trade receivables. Impairment of other receivables is negligible.

As at 30 June 2020, the Company carried out an additional analysis of the COVID-19 pandemic's potential impact on the impairment of receivables. An individual approach was applied to a list of ENEA S.A.'s largest debtors, using assumptions for a model described in the Company's existing *Methodology for determining expected credit losses for non-current debt assets and similar items*. As regards the model's quantitative module - available reporting data from the debtors was used, while the qualitative module incorporated the existing (and predicted) situation in the national economy as well as the counterparty's market and financial position. Based on this overall evaluation, a rating was assigned and subsequently transposed onto the Probability of Default parameter (in accordance with the aforementioned Methodology). As regards the Loss Given Default parameter, a value equal to 10% was conservatively adopted (in reality far exceeding the actual levels of receivables losses recorded by the Company). The above analysis generated an additional expected credit loss at a negligible level from a reporting viewpoint.

For current trade receivables, expected credit losses are calculated based on historic data in a way described in *Rules for creating and recording impairment losses on trade receivables and other financial items at ENEA Group companies*. Due to the present situation, for receivables overdue by less than three months, an attempt was made to change the historic range from which data is obtained in order to obtain maximally credible data for future exposure periods for this type of receivables, taking into account the existing grouping criteria. As a result of the change in range, i.e. taking into account data to 30 June 2020 in the analysis, indicators for provisions matrices increased for receivables up to 3 months overdue, but this increase did not cause a material increase in expected credit losses.

Similar analyses will be performed in upcoming periods in order to monitor the materiality of potential additional impairment of receivables.

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21. Analysis of the age structure of assets arising from contracts with customers and trade and other receivables

Age structure of assets arising from contracts with customers and trade and other receivables constituting financial instruments:

	As at 30 June 2020		
	Nominal value	Impairment	Book value
Trade and other receivables			
Current	969 398	(411)	968 987
Overdue	166 505	(55 078)	111 427
0-30 days	59 551	(174)	59 377
31-90 days	19 766	(1 446)	18 320
91-180 days	9 570	(1 925)	7 645
over 180 days	77 618	(51 533)	26 085
Total	1 135 903	(55 489)	1 080 414
Assets arising from contracts with customers	251 419	(50)	251 369

	As at 31 December 2019		
	Nominal value	Impairment	Book value
Trade and other receivables			
Current	786 936	(281)	786 655
Overdue	145 787	(52 750)	93 037
0-30 days	56 891	(75)	56 816
31-90 days	8 504	(569)	7 935
91-180 days	3 849	(900)	2 949
over 180 days	76 543	(51 206)	25 337
Total	932 723	(53 031)	879 692
Assets arising from contracts with customers	215 267	(44)	215 223

22. Other financial liabilities

Cash management at ENEA Group is carried out at ENEA S.A. level, making it possible to effectively manage cash surpluses and to limit external financing costs. The Group's cash pooling service includes selected companies from ENEA's tax group.

In this service, the balances of participants' bank accounts are zeroed at the end of each day and subsequently any cash surpluses are transferred to the managing entity's (ENEA S.A.) bank account. The next day, cash balances are reversed and returned to the companies' bank accounts.

At 30 June 2020, the balance of liabilities within cash pooling was PLN 727 146 thousand (PLN 52 599 thousand at 31 December 2019) and is presented in line: "Other financial liabilities."

Other explanatory notes
23. Related-party transactions

The Company executes transactions with the following related parties:

- transactions with ENEA Group companies
- transactions between the Company and members of ENEA S.A.'s corporate bodies are divided into two categories:
 - resulting from being appointed as Supervisory Board members,
 - resulting from other civil-law contracts.
- transactions with State Treasury related parties.

ENEA Group companies

	6-month period ended	
	30 June 2020	30 June 2019
Purchase value, including:	3 771 432	3 382 934
purchase of materials	212	243
purchase of services	881 998	808 015
other (including electricity and gas)	2 889 222	2 574 676
Sale value, including:	173 506	179 050
sale of electricity	157 301	154 356
sale of services	1 471	6 341
other	14 734	18 353
Interest income, including:	111 000	108 461
on bonds	84 130	104 529
on loans	23 441	2 524
other	3 429	1 408
Dividend income	350 036	422 408

	As at	
	30 June 2020	31 December 2019
Receivables	617 906	317 779
Liabilities	1 199 298	579 935
Financial assets - bonds	4 873 897	6 463 808
Loans granted	2 650 988	852 905
Other financial liabilities	727 146	52 599

These transactions with Group companies are executed on market terms, which do not differ from the terms applied in transactions with other entities.

Transactions with members of the Group's corporate authorities

Item	Company's Management Board		Company's Supervisory Board	
	6-month period ended		6-month period ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Remuneration under management contracts and consulting contracts	2 674*	1 608**	-	-
Remuneration under appointment to management or supervisory bodies	-	-	386	418
TOTAL	2 674	1 608	386	418

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*** this remuneration covers bonuses for 2018 of PLN 1 294 thousand.*

*** this remuneration includes a non-compete clause for former Management Board members, amounting to PLN 193 thousand*

In the 6-month period ended 30 June 2020, no loans were made to Supervisory Board members from the Company Social Benefit Fund (PLN 0 thousand for the 6-month period ended 30 June 2019).

Other transactions resulting from civil-law contracts executed between ENEA S.A. and members of the Company's corporate authorities mainly concern the use of company cars by members of ENEA S.A.'s Management Board for private purposes.

Transactions with State Treasury related parties.

ENE S.A. also executes commercial transactions with state and local administration units and entities owned by Poland's State Treasury.

The subject of these transactions mainly is as follows:

- purchase of electricity and property rights resulting from origin certificates for energy from renewable sources and energy produced in cogeneration with heat, from State Treasury subsidiaries and
- sale of electricity, distribution services and other associated fees that the Company provides for both state and local administration authorities (sale to end customers) and to the State Treasury's subsidiaries (wholesale and retail sale - to final customers).

These transactions are executed on market terms, and these terms do not differ from the terms applied in transactions with other entities. The Company does not keep records that would make it possible to aggregate the amounts of all transactions executed with all state institutions and the State Treasury's subsidiaries.

In addition, the Company identified financial transactions with State Treasury's related parties, i.e. with banks serving as guarantors for bond issue programmes. These entities include: PKO BP S.A., Pekao S.A. and Bank Gospodarstwa Krajowego. Detailed information on bond issue programs is presented in note 16.

24. Conditional liabilities, court proceedings and cases on-going before public administration organs

This section of explanatory notes includes conditional liabilities and on-going proceedings in courts, arbitration bodies or public administration bodies

24.1. Impact of tariff for electricity for tariff G customers

On 30 December 2019 the President of the Energy Regulatory Office ("URE President") decided to approve a tariff for electricity for a set of tariff G customer groups for the period from 14 January to 31 March 2020 ("Tariff").

The URE President approved an electricity sales price for customers in tariff G groups for ENEA S.A. at an average of PLN 289.37 per MWh.

Considering the above and acting pursuant to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the Group identified the necessity to recognise as at 31 December 2019 a provision for onerous contracts amounting to PLN 68 565 thousand.

In H1 2020, the Group used the provision for onerous contracts in the amount of PLN 39 305 thousand.

24.2. Sureties and guarantees

In H1 2020, ENEA S.A. as Guarantor did not execute any surety agreements.

The following table presents significant bank guarantees valid as of 30 June 2020 under an agreement between ENEA S.A. and Bank PKO BP S.A. and Bank PEKAO S.A. up to a limit specified in the agreement.

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List of guarantees issued as at 30 June 2020

Guarantee issue date	Guarantee validity	Obliged entity	Entity for which the guarantee was issued	Bank - issuer	Guarantee amount in PLN 000s
13.06.2019	30.05.2021	ENE A Trading Sp. z o.o.	Izba Rozliczeniowa Giełd Towarowych S.A.	PEKAO S.A.	200 000
12.08.2018	12.08.2020	ENE A Wytwarzanie Sp. z o.o.	Polskie Sieci Elektroenergetyczne	PKO BP S.A.	20 000
12.08.2018	12.08.2020	ENE A Elektrownia Połaniec	Polskie Sieci Elektroenergetyczne	PKO BP S.A.	15 000
26.06.2020	15.12.2020	ENE A Serwis Sp. z o.o.	ENE A Operator Sp. z o.o.	PKO BP S.A.	3 145
12.08.2018	16.05.2021	ENE A S.A.	Górecka Projekt Sp. z o.o.	PKO BP S.A.	2 109
30.06.2020	06.10.2020	ENE A S.A.	Wrocław municipality	PKO BP S.A.	1 300
24.05.2019	30.07.2020	ENE A S.A.	City of Bydgoszcz	PKO BP S.A.	1 207
Total bank guarantees					242 761

The value of other guarantees issued by the Company as at 30 June 2020 was PLN 15 090 thousand. The total value of sureties and guarantees issued by ENE A S.A. as collateral for ENE A Group companies' liabilities at 30 June 2020 was PLN 302 968 thousand.

24.3. On-going proceedings in courts of general competence

Proceedings initiated by the Company

Proceedings in courts of general competence initiated by ENE A S.A. concern receivables related to electricity supplies and receivables related to other matters - illegal uptake of electricity, grid connections and other specialised services.

At 30 June 2020, a total of 12 422 cases initiated by the Company were in progress before courts of general competence, worth in aggregate PLN 53 669 thousand (31 December 2019: 5 014 cases worth PLN 45 394 thousand).

The outcome of individual cases is not significant from the viewpoint of the Company's financial result.

Proceedings against the Company

Proceedings against the Company are initiated by both natural persons and legal entities. They concern issues such as: compensation for electricity supply disruptions, compensation for the Company's use of properties on which power equipment is located as well as claims related to terminated contracts for the purchase of property rights (note 24.6).

At 30 June 2020, a total of 134 cases against the Company were in progress before courts of general competence, worth in aggregate PLN 545 372 thousand (31 December 2019: 145 cases worth PLN 561 828 thousand).

Provisions related to these court cases are presented in note 17.

24.4. Other court proceedings

The Management Board of ENE A S.A. filed in December 2018 a response to a lawsuit brought by the Company's shareholder, Fundacja "CLIENTEARTH Prawnicy dla ziemi," based in Warsaw, to cancel, determine the non-existence or repeal resolution no. 3 of the Extraordinary General Meeting of ENE A S.A. of 24 September 2018 regarding directional approval to join the Construction Stage of the Ostrołęka C project, and demanded that the lawsuit be rejected in its entirety as unjustified, along with reimbursement of court representation costs. The first hearing in the case was held on 10 April 2019, with no witnesses called to the hearing. The Court requested that the Company provide the Investment Agreement within 14 days, at least as regards points 1 to 8 (especially point 8.6), subject to the trial consequences indicated in art. 233 § 2 of the Civil Procedure Code. ENE A's attorney filed a reservation to the protocol pursuant to art. 162 of the Civil Procedure Code. On 24 April 2019, the Company provided the Investment Agreement. The Court decided to postpone the hearing to 17 July 2019. On 31 July 2019, the District Court in Poznań allowed the main claim and declared the Resolution invalid. On 17 September 2019, an attorney for ENE A S.A. submitted an appeal against the ruling of 31 July 2019. The

The additional information and explanations presented on pages 10-38 constitute an integral part of these condensed separate interim financial statements.

complainant submitted a response to the appeal, to which ENEA S.A.'s attorney replied. On 8 July 2020 the Appeals Court dismissed the Company's appeal against the District Court's ruling. As indicated in verbal major reasons for the ruling, the Appeals Court decided that the District Court's ruling complies with the law because the Resolution is invalid due to the fact that adopting the Resolution breached the division of competences between the organs of a commercial-law company. In consequence, on 8 July 2020 the ruling by the District Court in Poznań invalidating the Resolution became final. The Company assessed the impact of this event on the reported data as neutral.

The Management Board of ENEA S.A. filed in December 2018 a response to a lawsuit brought by Międzyzakładowy Związek Zawodowy Synergia Pracowników Grupy Kapitałowej ENEA, based in Poznań, to cancel, determine the non-existence or repeal resolution no. 3 of the Extraordinary General Meeting of ENEA S.A. of 24 September 2018 regarding directional approval to join the Construction Stage of the Ostrołęka C project, and demanded that the lawsuit be rejected in its entirety as unjustified, along with reimbursement of court representation costs. The hearing was scheduled for 8 May 2019. That hearing, and other hearings scheduled for 30 July 2019 and 1 October 2019, did not take place. A new hearing date has not yet been set. The hearing has been suspended until a final ruling is issued in a case instigated by a shareholder of the Company - Fundacja "CLIENTEARTH Prawnicy dla ziemi."

24.5. Risk associated with legal status of properties used by ENEA S.A.

Risk associated with the legal status of properties used by the Company (currently used by ENEA Operator Sp. z o.o.) results from the fact that the Company does not have a legal title to use land for all of its facilities where its transmission grids and the associated equipment are located. In the future, the Company might be obligated to incur the costs of non-contractual use of property, which had taken place in previous years prior to the de-merger of ENEA Operator Sp. z o.o.

Unregulated legal status of properties previously used by the Company and currently in use by ENEA Operator Sp. z o.o. - grid infrastructure on such properties gives rise to a threat of claims involving a demand for payment of compensation for non-contractual use of land, establishing rent or in individual cases demands associated with a change of a facility's location (return of land to original condition).

The Company has a provision for court proceedings instigated against the Company by owners of properties on which transmission grids and associated equipment are located.

As at 30 June 2020, a provision for claims concerning non-contractual use of land amounted to PLN 2 420 thousand.

24.6. Dispute concerning prices for origin certificates for energy from renewable sources and terminated agreements for the purchase of property rights arising under origin certificates for energy from renewable sources

ENEA S.A. is a party to 8 court proceedings concerning agreements for the purchase of property rights arising under certificates of origin for energy from renewable sources, which includes:

- 5 proceedings for payment against ENEA S.A. concerning remuneration, contractual penalties or compensation;
- proceedings for the voidance of ENEA S.A.'s termination or withdrawal from agreements to sell property rights, which took place on 28 October 2016, including 1 proceeding in which claims for payment are being sought at the same time;
- 1 proceeding for payment, in which ENEA S.A. seeks a claim concerning a contractual penalty.

ENEA S.A. offset a part of receivables due for these counterparties from ENEA S.A. for sold property rights with damages-related receivables due for ENEA S.A. from renewables producers. The damage caused to ENEA S.A. arose as a result of the counterparties' failure to fulfil a contractual obligation to participate, in good faith, in re-negotiating long-term agreements for the sale of property rights in accordance with an adaptation clause that is binding for the parties.

On 28 October 2016, ENEA S.A. submitted statements depending on the agreement: on termination or withdrawal from long-term agreements for the purchase by the Company of property rights resulting from certificates of origin for energy from renewable sources (green certificates) (Agreements).

The Agreements were executed in 2006-2014 with the following counterparties, which own renewable generation assets ("Counterparties"):

- Farma Wiatrowa Krzęcin Sp. z o.o., based in Warsaw;
- Megawind Polska Sp. z o.o., based in Szczecin;

- PGE Górnictwo i Energetyka Konwencjonalna S.A., based in Bełchatów;
- PGE Energia Odnawialna S.A., based in Warsaw;
- PGE Energia Natury PEW Sp. z o.o., based in Warsaw (currently PGE Energia Odnawialna S.A., based in Warsaw);
- "PSW" Sp. z o.o., based in Warsaw;
- in.ventus Sp. z o.o. EW Śniatowo Sp. k., based in Poznań (currently TEC1 Sp. z o.o. EW Śniatowo Sp. k., based in Katowice);
- Golice Wind Farm Sp. z o.o., based in Warsaw.

As a rule, the Agreements were terminated by the end of November 2016. The dates on which the respective Agreements were terminated depended on contractual provisions.

The reason for terminating/withdrawing from the Agreements by the Company was the fact that it was no longer possible to restore contractual balance and the equivalence of the parties' considerations, caused by changes in laws.

Legal changes that occurred after the aforementioned Agreements were executed include in particular:

- ordinance of the Minister of Economy of 18 October 2012 on a detailed scope of obligations to obtain and present for redemption origin certificates, pay substitute fees, purchase electricity and industrial heat generated from renewable sources and the obligation to validate data concerning the quantity of electricity generated from renewable sources (Polish Journal of Laws of 2012, item 1229);
- Act on renewable energy sources of 20 February 2015 (Polish Journal of Laws of 2015, item 478) and associated further legal changes and announced drafts of legal changes, including especially:
 - the Act on amendment of the act on renewable energy sources and certain other acts dated 22 June 2016 (Polish Journal of Laws of 2016, item 925); and
 - a draft of the Ordinance of the Minister of Energy concerning changes in the share of electricity resulting from redeemed origin certificates confirming production of electricity from renewable sources, which is to be issued based on an authorisation under art. 12 sec. 5 of the Act on amendment of the act on renewable energy sources and certain other acts dated 22 June 2016 and certain other acts,

caused an objective lack of possibilities to develop reliable models to forecast the prices of green certificates.

The Agreements were terminated with the intention for the Company to avoid losses constituting the difference between contractual and market prices of green certificates. Due to the changing legal conditions after termination of the Agreements in 2017, especially arising from the Act of 20 July 2017 on amendment of the act on renewable energy sources, the estimated value of future contract liabilities would have changed. In the current legal framework, this would be significantly lower in comparison to the amount estimated when the Agreements were being terminated, i.e. approx. PLN 1 187 million. This decline reflects a change in the way in which the substitute fee is calculated, which in accordance with the content of some of the Agreements constitutes the basis for calculating the contract price and indexing it to the market price. The Company created a PLN 133 316 thousand provision for potential claims resulting from the terminated Agreements in relation to submissions made by 30 June 2020 concerning transactions to sell property rights by the counterparties; the provision is presented in note 17.

In February 2020, ENEA S.A. executed an agreement with Megawind Polska Sp. z o.o., based in Szczecin, which had initiated three court proceedings, regarding an amicable resolution of these disputes, pursuant to which:

- in case ref. IX GC 64/17, the proceeding was validly closed due to a court settlement being reached;
- in case ref. IX GC 996/16, the proceeding was validly closed after ENEA S.A. withdrew its appeal against the ruling of 29 November 2019;
- case IX GC 1167/16 was dismissed after Megawind Polska Sp. z o.o. withdrew the lawsuit and relinquished the claims.

With regard to the lawsuit brought by Golice Wind Farm Sp. z o.o. against ENEA S.A., the Court on 14 August 2020 issued a partial and preliminary ruling, in which it:

- dismissed a suit seeking the voidance of termination by ENEA S.A. of an agreement to sell property rights, which had taken place on 28 October 2016;



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- considered as warranted a claim for the payment of remuneration for property rights and ruled the payment by ENEA S.A. of PLN 6 042 thousand together with interest;
- within the remaining scope, considered the claim for payment as generally justified.

The ruling is not final.

25. Participation in nuclear power plant build programme

On 15 April 2015 KGHM Polska Miedź S.A., PGE S.A., TAURON S.A. and ENEA S.A. executed an agreement to purchase shares in PGE EJ 1. KGHM Polska Miedź S.A., TAURON S.A. and ENEA S.A. purchased 10% stakes in PGE EJ 1 each from PGE (30% in total). ENEA paid PLN 16 million for its stake.

ENE A S.A.'s investment in the Project's preliminary phase (Development Stage) will not exceed approx. PLN 107 million. ENE A S.A.'s overall expenditures on purchasing shares and increasing the company's share capital amounted to PLN 32 544 thousand. The shareholders made loans to the company in order to provide PGE EJ 1 with funds. The amount of loans issued by ENE A S.A. to the company as at 30 June 2020 was approx. PLN 11.7 million.

As at 30 June 2020, ENE A S.A. held 263 020 shares in the capital of PGE EJ 1 Sp. z o.o., with a total nominal value of approx. PLN 37 086 thousand, representing 10% of shares/votes.

26. Impact of COVID-19 pandemic

Information on a threat caused by coronavirus SARS-Cov-2, causing the COVID-19 disease ("coronavirus"), began coming out of China towards the end of 2019. COVID-19 reached Poland in mid-March 2020, and a state of epidemic was announced in Poland on 20 March 2020. The virus and its effects as well as the effects of actions taken by the state to combat the pandemic influence the condition of the domestic and global economy. ENE A S.A.'s activities have also been affected by the situation.

At the date on which these condensed interim separate financial statements were prepared, it is difficult to predict how the situation will evolve and what the potential negative effects for the Company's operating and financing activities will be. A further spread of the virus may lead to a decline in economic activity (currently numerous restrictions apply to: hotels, restaurants, coffee shops and shopping galleries), decline in electricity demand and in consequence lower electricity output, which might impact the Company's revenue from sales. According to ENE A S.A., the receivables turnover ratio may deteriorate because of the difficult economic situation and reduced payment capacity of electricity customers. Swings in global markets have also been recently causing considerable changes in the prices of electricity, CO₂ emission allowances, commodities and major swings in equity markets.

As at 30 June 2020, the Company carried out additional analysis of the potential impact of COVID-19 on the impairment of receivables. This analysis resulted in an additional expected credit loss, however its level is negligible from a reporting viewpoint. Nonetheless, the Company assesses that if restrictions related to COVID-19 are re-introduced and thus economic activity is stifled, its receivables turnover ratio may deteriorate in connection with a lower payment capacity of electricity customers.

ENE A S.A. cyclically performs credit assessments of subsidiaries (entity rating) and the recovery rates for bonds issued and intragroup loans. In accordance with ENE A Group's methodology for determining expected credit losses in respect of debt assets, no need to recognise an impairment for these subsidiaries was identified as of 30 June 2020.

The Management Board of ENE A S.A. has appointed a crisis and coordination command for ENE A Group, tasked with preventing, counteracting and combating COVID-19, and all Group companies have appointed teams that coordinate tasks related to ensuring the continuity of ENE A Group companies' operations in the context of the coronavirus threat. The Management Board of ENE A S.A. is coordinating all activities in this area through the crisis coordination command.

The precautions taken in order to prevent the spread of the coronavirus have an impact on operating costs, which together with changes in revenue will ultimately affect the consolidated net result.

At the date on which these condensed interim separate financial statements were prepared, the Company did not identify material uncertainty regarding going concern.

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27. Events after the reporting period

On 26 August 2020, a Split-Up Plan was submitted to the Regional Court Lublin-Wschód in Lublin concerning ENEA Wytwarzanie sp. z o.o., based in Świerże Górne, (Split-Up Company) and ENEA Nowa Energia sp. z o.o., based in Radom, (Acquiring Company) as part of the reorganisation of ENEA Group's Renewable Energy Sources Segment. The planned split-up will take place pursuant to art. 529 par. 1 point 4 of the Polish Commercial Companies Code, i.e. by splitting-up the Renewables Segment from ENEA Wytwarzanie sp. z o.o. to ENEA Nowa Energia sp. z o.o.