Extended consolidated quarterly report of the Enea Group for the third quarter of 2019

Poznań, 19 November 2019

Contents of the extended consolidated quarterly report

ENEA Group's selected consolidated financial data

	in PLN 000s		in EUR 000s	
	9 months ended on 30.09.2019	**9 months ended on 30.09.2018**	**9 months ended on 30.09.2019**	**9 months ended on 30.09.2018**
Net revenue from sales	11 662 212	9 384 198	2 706 729	2 206 230
Compensations	506 577	-	117 573	-
Revenue from sales and other income	12 168 789	9 384 198	2 824 302	2 206 230
Operating profit	1 428 643	920 248	331 579	216 351
Profit before tax	1 277 110	763 780	296 410	179 565
Net profit for the reporting period	989 911	620 289	229 752	145 830
EBITDA	2 555 616	1 973 339	593 143	463 933
Net cash flows from operating activities	2 967 896	2 834 248	688 831	666 333
Net cash flows from investing activities	(1 788 331)	(1 754 164)	(415 061)	(412 405)
Net cash flows from financing activities	553 487	(454 223)	128 461	(106 788)
Total net cash flows	1 733 052	625 861	402 231	147 140
Weighted average number of shares	441 442 578	441 442 578	441 442 578	441 442 578
Net profit attributable to the Parent's shareholders, per share (in PLN/EUR per share)	2.02	1.32	0.47	0.31
Diluted profit per share (in PLN/EUR per share)	2.02	1.32	0.47	0.31

	As at 30.09.2019	**As at 31.12.2018**	**As at 30.09.2019**	**As at 31.12.2018**
Total assets	32 249 814	29 965 625	7 373 746	6 968 750
Total liabilities	16 259 212	14 916 463	3 717 581	3 468 945
Non-current liabilities	10 032 733	10 109 857	2 293 930	2 351 130
Current liabilities	6 226 479	4 806 606	1 423 651	1 117 815
Equity	15 990 602	15 049 162	3 656 165	3 499 805
Share capital	588 018	588 018	134 447	136 748
Book value per share (in PLN/EUR per share)	36.22	34.09	8.28	7.93
Diluted book value per share (in PLN/EUR per share)	36.22	34.09	8.28	7.93

The above financial data for the third quarter of 2019 and 2018 was translated into EUR in accordance with the following rules:

- asset and equity and liability items - using the average exchange rate published for 30 September 2019 – EURPLN 4.3736 (EURPLN 4.3000 as at 31 December 2018),
- items in the statement of profit and loss and other comprehensive income and statement of cash flows - using an exchange rate constituting the arithmetic average of the average exchange rates published by the National Bank of Poland for the last day of each month in the period from 1 January to 30 September 2019 - EURPLN 4.3086 (EURPLN 4.2535 for the period from 1 January to 30 September 2018).

ENEA Group
Condensed consolidated interim financial statements for the period from 1 January to 30 September 2019

Poznań, 19 November 2019

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

Members of the Management Board

President of the Management Board	**Mirosław Kowalik**	**……………………………….**
Member of the Management Board	**Piotr Adamczak**	**…………………………………**
Member of the Management Board	**Jarosław Ołowski**	**…………………………………**
Member of the Management Board	**Zbigniew Piętka**	**…………………………………**

Prepared by: Robert Kiereta
Head of Consolidated Reporting …………………………………

Poznań, 19 November 2019

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

Consolidated statement of financial position

	Note	As at 30.09.2019	31.12.2018
ASSETS			
Non-current assets			
Property, plant and equipment	7	21 169 704	21 027 393
Perpetual usufruct of land		-	105 141
Right-of-use assets		351 198	-
Intangible assets	8	450 345	435 712
Investment properties		23 221	25 864
Investments in associates and jointly controlled entities	9	915 099	734 268
Deferred income tax assets	21	523 665	487 272
Financial assets measured at fair value	17	56 638	49 442
Debt financial assets at amortised cost	13	7 741	7 741
Trade and other receivables		237 662	23 257
Costs related to the conclusion of agreements		11 797	12 905
Financial lease and sub-lease receivables		755	-
Funds in the Mine Decommissioning Fund		125 808	128 279
		23 873 633	**23 037 274**
Current assets			
CO_2 emission rights		54 181	586 236
Inventories	14	1 434 533	1 264 870
Trade and other receivables		2 096 894	1 874 505
Costs related to the conclusion of agreements		12 097	16 948
Assets arising from contracts with customers	11	296 452	327 980
Current income tax receivables		34 792	93 659
Financial lease and sub-lease receivables		942	-
Financial assets measured at fair value	17	32 137	112 536
Debt financial assets at amortised cost	13	29 719	234
Other short-term investments		544	545
Cash and cash equivalents	16	4 383 890	2 650 838
		8 376 181	**6 928 351**
Total assets		**32 249 814**	**29 965 625**

	Note	30.09.2019	31.12.2018
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of the parent			
Share capital		588 018	588 018
Share premium		3 632 464	3 632 464
Revaluation reserve - measurement of financial instruments		(16 295)	(16 295)
Revaluation reserve - measurement of hedging instruments		(23 488)	(16 024)
Retained earnings		10 805 034	9 908 842
		14 985 733	**14 097 005**
Non-controlling interests		1 004 869	952 157
Equity		**15 990 602**	**15 049 162**
LIABILITIES			
Non-current liabilities			
Credit facilities, loans and debt securities	18	7 571 404	7 973 713
Trade and other payables		23 729	67 485
Liabilities arising from contracts with customers	11	4 808	3 312
Lease liabilities		234 611	3 646
Accounting for grants and road lighting modernisation services	20	217 032	198 141
Deferred income tax provision	21	407 130	367 607
Employee benefit liabilities		835 030	814 769
Financial liabilities measured at fair value		34 271	24 072
Provisions for other liabilities and other charges	22	704 718	657 112
		10 032 733	**10 109 857**
Current liabilities			
Credit facilities, loans and debt securities	18	1 537 601	355 840
Trade and other payables		2 212 594	2 534 733
Liabilities arising from contracts with customers	11	214 248	65 266
Lease liabilities		11 166	2 994
Accounting for grants and road lighting modernisation services	20	12 144	11 925
Current income tax liabilities		97 326	134
Employee benefit liabilities		431 304	420 018
Liabilities concerning the equivalent for rights to free purchase of shares		281	281
Financial liabilities measured at fair value		31 733	108 818
Provisions for other liabilities and other charges	22	1 678 082	1 306 597
		6 226 479	**4 806 606**
Total liabilities		**16 259 212**	**14 916 463**
Total equity and liabilities		**32 249 814**	**29 965 625**

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

Consolidated statement of profit and loss and other comprehensive income

	Note	9 months ended 30.09.2019	3 months ended 30.09.2019	9 months ended 30.09.2018	3 months ended 30.09.2018
Revenue from sales		11 716 011	4 090 794	9 571 486	3 405 375
Excise duty		(53 799)	(17 757)	(187 288)	(60 732)
Net revenue from sales	23	**11 662 212**	**4 073 037**	**9 384 198**	**3 344 643**
Compensations	26.1	506 577	76 176	-	-
Revenue from sales and other income		**12 168 789**	**4 149 213**	**9 384 198**	**3 344 643**
Other operating revenue		101 995	(14 152)	140 680	50 823
Change in provision for onerous contracts	26.1	60 702	19 698	-	-
Amortisation		(1 131 252)	(387 049)	(1 104 456)	(381 910)
Employee benefit costs		(1 334 713)	(461 563)	(1 235 498)	(409 841)
Use of materials and raw materials and value of goods sold		(2 506 510)	(859 129)	(1 845 163)	(696 964)
Purchase of electricity and gas for sales purposes		(4 419 831)	(1 413 407)	(3 087 195)	(1 200 875)
Transmission services		(330 109)	(117 461)	(308 325)	(103 935)
Other third-party services		(658 884)	(223 467)	(636 404)	(226 117)
Taxes and fees		(331 261)	(104 565)	(310 102)	(94 076)
Loss on sale and liquidation of property, plant and equipment		(36 374)	(13 731)	(22 157)	(8 302)
Reversal of impairment losses on non-financial non-current assets		4 279	-	51 365	-
Other operating costs		(158 188)	(71 637)	(106 695)	13 919
Operating profit		**1 428 643**	**502 750**	**920 248**	**287 365**
Finance costs		(243 860)	(37 912)	(255 045)	(68 917)
Finance income		91 986	64 816	48 443	(39 093)
Dividend income		201	101	430	215
Share of results of associates and jointly controlled entities		140	4 583	49 704	25 954
Profit before tax		**1 277 110**	**534 338**	**763 780**	**205 524**
Income tax	21	(287 199)	(123 872)	(143 491)	(47 265)
Net profit for the reporting period		**989 911**	**410 466**	**620 289**	**158 259**
Other comprehensive income					
Subject to reclassification to profit or loss:					
- measurement of hedging instruments		(9 215)	(1 932)	(28 225)	(729)
- other		-	-	19	(173)
- income tax	21	1 751	367	5 363	139
Not subject to reclassification to profit or loss:					
- restatement of defined benefit programme		(3 202)	-	(38 406)	-
- income tax	21	608	-	7 297	-
Net other comprehensive income		**(10 058)**	**(1 565)**	**(53 952)**	**(763)**
Comprehensive income for the reporting period		**979 853**	**408 901**	**566 337**	**157 496**
Including net profit:					
attributable to shareholders of the Parent		891 537	385 749	584 117	152 927
attributable to non-controlling interests		98 374	24 717	36 172	5 332
Including comprehensive income:					
attributable to shareholders of the Parent		881 694	384 184	531 777	152 164
attributable to non-controlling interests		98 159	24 717	34 560	5 332
Net profit attributable to shareholders of the parent		891 537	385 749	584 117	152 927
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)		**2.02**	**0.87**	**1.32**	**0.35**
Diluted profit per share (in PLN per share)		**2.02**	**0.87**	**1.32**	**0.35**

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

Consolidated statement of changes in equity

(a) Q3 2019

	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**	**Retained earnings**	**Equity attributable to non-controlling interests**	**Total equity**
As at 01.01.2019	441 443	146 575	**588 018**	**3 632 464**	**(16 295)**	**(16 024)**	**9 908 842**	**952 157**	**15 049 162**
Net profit for the reporting period							891 537	98 374	989 911
Net other comprehensive income						(7 464)	(2 379)	(215)	(10 058)
Net comprehensive income recognised in the period						**(7 464)**	**889 158**	**98 159**	**979 853**
Dividends								(8 673)	**(8 673)**
Buy-out of non-controlling interests in subsidiaries							(4 531)	(25 209)	**(29 740)**
Other							11 565	(11 565)	**-**
As at 30.09.2019	441 443	146 575	**588 018**	**3 632 464**	**(16 295)**	**(23 488)**	**10 805 034**	**1 004 869**	**15 990 602**

(b) Q3 2018

	Share capital (nominal amount)	Reserve for revaluation and merger accounting	**Total share capital**	**Share premium**	**Revaluation reserve - measurement of financial instruments**	**Other equity**	**Revaluation reserve - measurement of hedging instruments**	**Retained earnings**	**Equity attributable to non-controlling interests**	**Total equity**
As at 01.01.2018	441 443	146 575	**588 018**	**3 632 464**	**741**	**(27 101)**	**25 967**	**8 858 130**	**921 450**	**13 999 669**
Adjustment due to implementation of IFRS 9 and 15								391 641		**391 641**
As at 01.01.2018, adjusted	441 443	146 575	**588 018**	**3 632 464**	**741**	**(27 101)**	**25 967**	**9 249 771**	**921 450**	**14 391 310**
Net profit for the reporting period								584 117	36 172	620 289
Net other comprehensive income					19		(22 862)	(29 497)	(1 612)	(53 952)
Net comprehensive income recognised in the period					**19**		**(22 862)**	**554 620**	**34 560**	**566 337**
As at 30.09.2018	441 443	146 575	**588 018**	**3 632 464**	**760**	**(27 101)**	**3 105**	**9 804 391**	**956 010**	**14 957 647**

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

Consolidated statement of cash flows

	9 months ended 30.09.2019	9 months ended 30.09.2018
Cash flows from operating activities		
Net profit for the reporting period	989 911	620 289
Adjustments:		
Income tax in profit or loss	287 199	143 491
Amortisation	1 131 252	1 104 456
Loss on sale and liquidation of property, plant and equipment	36 374	22 157
Reversal of impairment losses on non-financial non-current assets	(4 279)	(51 365)
Loss on sale of financial assets	23 751	28 340
Interest income	(9 405)	(27 546)
Dividend income	(201)	(430)
Interest costs	178 200	161 266
(Gain)/loss on measurement of financial instruments	(12 321)	39 536
Share of profit of associates and jointly controlled entities	(140)	(49 704)
Other adjustments	(13 368)	(9 426)
	1 617 062	**1 360 775**
Paid income tax	(137 447)	(190)
Changes in working capital:		
CO_2 emission rights	532 055	299 046
Inventories	(167 496)	(214 924)
Trade and other receivables	(440 543)	(609 496)
Trade and other payables	118 755	1 176 356
Employee benefit liabilities	28 345	(29 293)
Accounting for grants and road lighting modernisation services	19 109	1 156
Provisions for other liabilities and other charges	408 145	230 529
	498 370	**853 374**
Net cash flows from operating activities	**2 967 896**	**2 834 248**
Cash flows from investing activities		
Purchase of tangible and intangible assets	(1 571 333)	(1 364 173)
Proceeds from sale of tangible and intangible assets	8 649	1 201
Purchase of financial assets	(29 904)	(173 898)
Proceeds from sale of financial assets	543	88 901
Purchase of subsidiaries	(29 740)	-
Purchase of associates and jointly controlled entities	(181 357)	(314 985)
Received dividends	201	430
Inflows concerning funds held at Mine Decommissioning Fund bank account	2 471	1 680
Received interest	3 278	5 781
Other inflows from investing activities	8 861	899
Net cash flows from investing activities	**(1 788 331)**	**(1 754 164)**
Cash flows from financing activities		
Credit and loans received	-	7 862
Bond issuance	1 000 000	-
Repayment of credit and loans	(93 518)	(65 044)
Bond buy-back	(156 110)	(245 000)
Dividends paid	(8 673)	-
Repayment of lease liabilities	(19 053)	(1 414)
Interest paid	(165 697)	(150 238)
Expenditures concerning future bond issues	(195)	(797)
Other (outflows)/inflows from financing activities	(3 267)	408
Net cash flows from financing activities	**553 487**	**(454 223)**
Total net cash flows	**1 733 052**	**625 861**
Cash at the beginning of reporting period	2 650 838	2 687 126
Cash at the end of reporting period	**4 383 890**	**3 312 987**

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

Notes to the condensed consolidated interim financial statements

1. General information on ENEA S.A. and ENEA Group

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
National Court Register - District Court in 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 Group's principal business activities are as follows:

- production of electric and thermal energy (ENEA Wytwarzanie Sp. z o.o., ENEA Elektrownia Połaniec S.A., Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. w Obornikach, Miejska Energetyka Cieplna Piła Sp. z o.o., ENEA Ciepło Sp. z o.o.);
- trade of electricity (ENEA S.A., ENEA Trading Sp. z o.o.);
- distribution of electricity (ENEA Operator Sp. z o.o.);
- distribution of heat (Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. w Obornikach, Miejska Energetyka Cieplna Piła Sp. z o.o., ENEA Ciepło Sp. z o.o.);
- mining and enriching of hard coal (LW Bogdanka S.A.)

As at 30 September 2019, the Parent's shareholding structure was as follows: the State Treasury of the Republic of Poland held a 51.50% stake and the other shareholders held 48.50%. As at 30 September 2019, the Parent's highest-level controlling entity was the State Treasury.

As at 30 September 2019, 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.

As at 30 September 2019, the Group consisted of the parent - ENEA S.A. ("Company," "Parent"), 15 subsidiaries, 9 indirect subsidiaries, 2 associates and 3 jointly controlled entities.

These condensed consolidated interim financial statements should be read in conjunction with ENEA Group's consolidated financial statements for the financial year ended 31 December 2018.

These condensed consolidated 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 Group's going concern.

2. Statement on compliance

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

The Parent'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 Group's condensed consolidated interim financial statements in accordance with EU IFRS as at 30 September 2019. The presented tables and explanations are prepared with due diligence. These condensed consolidated interim financial statements have not been reviewed by a statutory auditor. The accounting rules below are applied consistently across all of the presented periods unless stated otherwise.

3. Applied accounting rules

These condensed consolidated interim financial statements are prepared in accordance with accounting rules that are consistent with those applied in preparing the most recent annual consolidated financial statements, for the financial year ended 31 December 2018, except for accounting rules arising under IFRS 16 *Leases*, which entered into force on 1 January 2019.

3.1. Functional currency and presentation currency

Items in the financial statements of individual Group entities are measured in the main currency of the economic setting in which the entity operates ("functional currency").

The Polish zloty is the reporting currency for these condensed consolidated interim financial statements. Data in these condensed consolidated interim financial statements is presented in PLN 000s unless stated otherwise.

3.2. Leases

A contract contains a lease if:
- a) it concerns an identified asset that is explicitly specified in the contract (e.g. using an inventory number or indication of a specific floor of a building) or indirectly specified when it is made available to the customer; and
- b) the lessee receives essential all of the economic benefits from such assets during the period of use, i.e. both basic benefits and the benefits derived from it; and
- c) the lessee has the right to specify the method in which it uses the identified asset.

As lessee, the Group recognises lease contracts in its financial statements as:
- a) right-of-use assets at purchase price;
  - covering the value of the lease liability plus payments made on or before the contract date, initial direct costs, an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories,
  - less any lease incentives received.
- b) lease liability constituting the sum of the present value of lease payments and the present value of payments expected at the end of the lease term.

Subsequent to initial recognition, the Group measures the right-of-use assets at purchase price less depreciation and impairment. The depreciation period is set as:
- a) If the lease transfers ownership of the underlying asset to the lessee or if the lessee is certain that it will exercise a purchase option, the depreciation period is from the commencement date to the end of the useful life of the underlying asset, or
- b) the depreciation period starts from the commencement date to the earlier of:
  - the end of the useful life of the right-of-use asset, or
  - the end of the lease term.

Lease payments, constituting the basis for measuring the lease liability, consist of the following payments:
- a) fixed lease payments for the contract term, i.e. the basic contract term and the term for which the lease contract is expected to be extended (including lease payments that despite being variable are in substance fixed because they are unavoidable), less lease receivables resulting from special promotional fees,
- b) variable lease payments that depend on an index or a rate, including payments linked to CPI, payments dependent on a reference interest rate (i.e. LIBOR) or payments that are variable in order to reflect changes in market rates for rent,
- c) amounts expected to be payable by the lessee under residual value guarantees,
- d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option,
- e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The present value of future lease payments is calculated using a discount rate. ENEA S.A., ENEA Operator Sp. z o.o., ENEA Wytwarzanie Sp. z o.o., Enea Elektrownia Połaniec S.A. and Lubelski Węgiel „Bogdanka” S.A. apply a residual interest rate, i.e. a rate that ENEA S.A. would be required to pay based on a similar lease contract or, if not possible to determine, an interest rate at the commencement date that ENEA S.A. would have to use to make a loan necessary to purchase the given asset for a similar period and with similar collateral. ENEA S.A. uses an interest rate equal to 6-month WIBOR from the last day of the year preceding the financial year, plus margin. The other companies use an interest rate equal to 1-month WIBOR from the last day of the year preceding the financial year, plus margin. The discount rate will be updated once a year, at the end of the year, and will be in force in the next period. In the case of sub-leases, lessees at ENEA Group use the lessor's discount rate.

The Group sets the lease term, i.e. irrevocable lease term, together with:
- a) the term for an option to extend the lease contract if it is sufficiently certain that the Group will exercise this right; and
- b) the term for an option to terminate the lease contract if it is sufficiently certain that the Company will not exercise that right.

In most of its lease contracts, the Group uses a lease period in accordance with the contractual period. For contracts executed for an undefined period, the Group determines the minimum contractual period for both of the parties.

If the Group is unable to determine how long it intends to use the asset and such an estimate could be treated as a lease term in the case of contracts with an undefined period, the Group assumes that the irrevocable contractual period will be the termination period for that contract.

In the case of the right to perpetual usufruct of land, the lease term is the same as the term for the right to perpetual usufruct.

In subsequent periods, the lease liability is measured taking into account:

a) interest charged (unwind of discount),
b) lease payments made,
c) reflection of the re-evaluation of contract, changes in the contract or changes in the nature of variable payments that are fixed in substance.

The liability in a given period will constitute the difference between the present value of lease payments and the sum of lease payments for the given period. The interest part of a lease payment is directly recognised in the statement of profit and loss.

For multi-element contracts, the Group recognises lease components separately from non-lease components.
The Group allocates contractual remuneration to all components, using individual sales prices in the case of lease components and aggregated individual sales prices in the case of non-lease components.

The Group has the option to apply a practical expedient and not to apply the lease model in reference to:

a) short-term leases (contracts with a term of up to 12 months and without the right to purchase the asset),
b) the leasing of low-value assets, the initial value of which does not exceed PLN 10 thousand (even if the value of such assets is significant after aggregation) and assets that are not largely depended on or tied to other assets specified in the contract.

This exemption does not apply to situations where the Group transfers the asset under a sub-lease or expects to transfers it. If the Group decides to use this expedient, it recognises lease payments as cost on a straight-line basis throughout the lease term.

As lessor, the Group classifies leases as finance leases or operating leases. A lease is classified as a finance lease if the lease contract meets one of the following criteria:

a) the lease transfers ownership of the underlying asset to the lessee by the end of the lease term,
b) the lessee has the option to purchase the underlying asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception date, that the option will be exercised
c) the lease term is for the major part of the economic life of the underlying asset even if title is not transferred
d) at the inception date, the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset; and
e) the underlying asset is of such a specialised nature that only the lessee can use it without major modifications,
f) if the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee,
g) gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (for example, in the form of a rent rebate equalling most of the sales proceeds at the end of the lease),
h) the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

The Group recognises operating lease revenue on a straight-line basis throughout the lease term.

The Group (as lessor) in a finance lease ceases to recognise the leased asset as property, plant and equipment and recognises finance lease receivables in an amount equal to the net lease investment. The recognition of finance income reflects a fixed periodic rate of return in the net lease investment by the lessor as part of a finance lease. Lease payments for a given reporting period decrease the gross lease investment, reducing both the principal receivable and the amount of unrealised finance income.

As an indirect lessor, the Group recognises the main lease contract and the sub-lease contract as two separate contracts. The measurement of the head lease, i.e. measurement of the right-of-use assets and the lease liability, is in accordance with the measurement methodology for standard lease contracts. The Group (indirect lessor) classifies a sublease contract as finance lease or operating lease in reference to the right-of-use resulting from the main lease contract.

Sublease contracts the term of which constitutes a major part of the head lease term are classified as finance leases. Otherwise, the sublease is an operating lease.

In the case of finance leases, the Group as indirect lessor:

a) ceases to recognise the right-of-use assets from the head lease in full or in part such as become the object of the sublease, and recognises a sublease receivable (net sublease investment),
b) retains on the balance sheet a head lease liability, which constitutes lease payments to the head lessor.

The Group (indirect lessor) throughout the term of the sublease recognises both interest income from the sublease and interest costs on the head lease, which are presented separately.

The Group (indirect lessor) recognises sublease receivables in an amount equal to the sum of minimum lease payments due to the sublessor resulting from a finance sublease, discounting using the sublease interest rate. Based on the adopted interest rate, the fixed lease payment resulting from the contract is split into principal and interest. The principal portion reduces the amount of sublease receivable, while the interest portion is recognised in profit or loss.

When the Group executes a sublease contract that is an operating lease, the Group (indirect lessor) continues to recognise in the statement of financial position a lease liability and right-of-use assets.

During the operating sublease term, the Group:
a) recognises depreciation of the right-of-use assets and interest on the lease liability,
b) recognises sublease revenue.

As lessor, the Group does not have the option to use a practical expedient in the form of separating lease and non-lease components. The Group must allocate the total contractual consideration to lease and non-lease components based on the unit sale prices for specific components. Unit sale prices may be derived from price lists based on which the Group prepares its offerings. IFRS 15 Revenue from Contracts with Customers applies to non-lease components.

In June 2019, the IFRS Interpretations Committee issued a summary of decisions taken at public meetings concerning interpretations regarding IFRS 16, including regarding the right to underground parts of land. Prior to this decision being issued by the IFRIC, the Group had not treated contracts giving it the right to use underground portions of land as contracts constituting a lease in accordance with the definition of a lease introduced by IFRS 16. The Group also had not treated transmission easements as lease contracts both when electricity poles are situated on land covered by the easement and when infrastructure is not present and the easement only concerns an overhead power line. As at the date of these condensed consolidated interim financial statements, the Group preliminarily assessed that the issued decision has no application to its transactions and therefore did not recognise lease liabilities or right-of-use assets in respect of these contracts. Taken into account the lack of market practices in this regard so far, the Group plans to carry out a detailed analysis of the potential impact of this decision by the Committee on the Group's accounting rules. Depending on the results of this analysis, the Group might revise its judgement on whether these contracts constitute a lease when preparing its annual consolidated financial statements for the financial year ending on 31 December 2019. This may lead to an increase in right-of-use assets and lease liabilities presented in the statement of financial position.

It was not possible to reliably determine the potential impact of the Committee's decision on the Group's financial statements as at 30 September 2019.

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

3.3. Methods for implementing new standards

IFRS 16 - the Group adopted a modified retrospective approach as the approach for implementing IFRS 16, without restating the comparative data for previous periods, i.e. 1 January 2018 and 31 December 2018.

	31.12.2018	Impact of IFRS 16	01.01.2019
ASSETS			
Non-current assets			
Property, plant and equipment	21 027 393	(7 047)	21 020 346
Perpetual usufruct of land	105 141	(105 141)	-
Right-of-use assets	-	360 877	360 877
Intangible assets	435 712		435 712
Investment properties	25 864		25 864
Investments in associates and jointly controlled entities	734 268		734 268
Deferred income tax assets	487 272		487 272
Financial assets measured at fair value	49 442		49 442
Debt financial assets at amortised cost	7 741		7 741
Trade and other receivables	23 257	(1 103)	22 154
Costs related to the conclusion of agreements	12 905		12 905
Financial lease and sub-lease receivables	-	1 103	1 103
Funds in the Mine Decommissioning Fund	128 279		128 279
	23 037 274	**248 689**	**23 285 963**
Current assets			
CO_2 emission allowances	586 236		586 236
Inventories	1 264 870		1 264 870
Trade and other receivables	1 874 505	(759)	1 873 746
Costs related to the conclusion of agreements	16 948		16 948
Assets arising from contracts with customers	327 980		327 980
Financial lease and sub-lease receivables	-	759	759
Current income tax receivables	93 659		93 659
Financial assets measured at fair value	112 536		112 536
Debt financial assets at amortised cost	234		234
Other short-term investments	545		545
Cash and cash equivalents	2 650 838		2 650 838
	6 928 351	**-**	**6 928 351**
Total assets	**29 965 625**	**248 689**	**30 214 314**

Impairment of right-of-use assets as at 1 January 2019 and 30 September 2019 was PLN 11 905 thousand and concerned rights to perpetual usufruct of land.

	31.12.2018	Impact of IFRS 16	01.01.2019
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of the parent			
Share capital	588 018		588 018
Share premium	3 632 464		3 632 464
Revaluation reserve - measurement of financial instruments	(16 295)		(16 295)
Revaluation reserve - measurement of hedging instruments	(16 024)		(16 024)
Retained earnings	9 908 842		9 908 842
	14 097 005	**-**	**14 097 005**
Non-controlling interests	952 157		952 157
Equity	**15 049 162**	**-**	**15 049 162**

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

	31.12.2018	Impact of IFRS 16	01.01.2019
LIABILITIES			
Non-current liabilities			
Credit facilities, loans and debt securities	7 973 713		7 973 713
Trade and other payables	67 485		67 485
Liabilities arising from contracts with customers	3 312		3 312
Lease liabilities	3 646	235 107	238 753
Accounting for grants and road lighting modernisation services	198 141		198 141
Deferred income tax provision	367 607		367 607
Employee benefit liabilities	814 769		814 769
Financial liabilities measured at fair value	24 072		24 072
Provisions for other liabilities and other charges	657 112		657 112
	10 109 857	**235 107**	**10 344 964**
Current liabilities			
Credit facilities, loans and debt securities	355 840		355 840
Trade and other payables	2 534 733		2 534 733
Liabilities arising from contracts with customers	65 266		65 266
Lease liabilities	2 994	13 582	16 576
Accounting for grants and road lighting modernisation services	11 925		11 925
Current income tax liabilities	134		134
Employee benefit liabilities	420 018		420 018
Liabilities concerning the equivalent for rights to free purchase of shares	281		281
Financial liabilities measured at fair value	108 818		108 818
Provisions for other liabilities and other charges	1 306 597		1 306 597
	4 806 606	**13 582**	**4 820 188**
Total liabilities	**14 916 463**	**248 689**	**15 165 152**
Total equity and liabilities	**29 965 625**	**248 689**	**30 214 314**

The implementation of IFRS 16 had an impact on the level of EBITDA and its comparability with the previous period due to the new standard's impact in the form of an increase in depreciation and finance costs.

	30.09.2019	30.09.2018*
Net profit	**989 911**	**620 289**
Amortisation	1 131 252	1 104 456
Reversal of impairment losses on non-financial non-current assets	(4 279)	(51 365)
Finance costs	243 860	255 045
Finance income	(91 986)	(48 443)
Dividend income	(201)	(430)
Share of profit of associates and jointly controlled entities	(140)	(49 704)
Income tax	287 199	143 491
EBITDA	**2 555 616**	**1 973 339**

* Data without taking into account the impact of IFRS 16.

4. Significant estimates and assumptions

Drafting condensed consolidated interim financial statements in accordance with IAS 34 requires the Management Board to adopt certain assumptions and make estimates that have an impact on the application of accounting rules and on amounts being presented in the condensed consolidated interim financial statements and notes to these statements. Such assumptions and estimates are based on the Management Board's best knowledge regarding current and future events and activities. Actual results may significantly differ from forecasts. Estimates used in preparing these condensed consolidated interim financial statements are consistent with the estimates used in preparing the consolidated 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.

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

5. Group structure - list of subsidiaries and the Group's stakes in associates and jointly controlled entities

	Company name and address		**ENEA S.A.'s stake in total number of voting rights in % 30.09.2019**	**ENEA S.A.'s stake in total number of voting rights in % 31.12.2018**
1.	**ENEA Operator Sp. z o.o.** Poznań, ul. Strzeszyńska 58	subsidiary	100	100
2.	**ENEA Wytwarzanie Sp. z o.o.** Świerże Górne, al. Józefa Zielińskiego 1	subsidiary	100	100
3.	**ENEA Elektrownia Połaniec S.A.** Połaniec, ul. Zawada 26	subsidiary	100	100
4.	**ENEA Oświetlenie Sp. z o.o.** Szczecin, ul. Ku Słońcu 34	subsidiary	100	100
5.	**ENEA Trading Sp. z o.o.** Świerże Górne, Kozienice municipality, Kozienice 1	subsidiary	100	100
6.	**ENEA Logistyka Sp. z o.o.** Poznań, ul. Strzeszyńska 58	subsidiary	100	100
7.	**ENEA Ciepło Serwis Sp. z o.o.** Białystok, ul. Starosielce 2/1	subsidiary	100	100
8.	**ENEA Serwis Sp. z o.o.** Lipno, Gronówko 30	subsidiary	100	100
9.	**ENEA Centrum Sp. z o.o.** Poznań, ul. Górecka 1	subsidiary	100[9]	100
10.	**ENEA Pomiary Sp. z o.o.** Poznań, ul. Strzeszyńska 58	subsidiary	100	100
11.	**ENERGO-TOUR Sp. z o.o. w likwidacji** Poznań, ul. Strzeszyńska 58	subsidiary	100[6]	100[6]
12.	**ENEA Innowacje Sp. z o.o.** Warsaw, ul. Wiśniowa 40	subsidiary	100[8.11]	100
13.	**ENEA Ciepło Sp. z o.o.** Białystok, ul. Warszawska 27	subsidiary	99.94[10]	95.77
14.	**Lubelski Węgiel BOGDANKA S.A.** Bogdanka, Puchaczów	subsidiary	65.99	65.99
15.	**Annacond Enterprises Sp. z o.o. w likwidacji** Warsaw, ul. Jana Pawła II 12	subsidiary	61	61
16.	**Elektrownia Ostrołęka Sp. z o.o.** Ostrołęka, ul. Elektryczna 3	jointly controlled entity	50[7]	50
17.	**ElectroMobility Poland S.A.** Warsaw, al. Jerozolimskie 81	associate	25	25
18.	**Polimex – Mostostal S.A.** Warsaw, al. Jana Pawła II 12	associate	16.48	16.48
19.	**Polska Grupa Górnicza S.A.** Katowice, ul. Powstańców 30	jointly controlled entity	7.66	7.66
20.	**ENEA Bioenergia Sp. z o.o.** Połaniec, ul. Zawada 26	indirect subsidiary	100[4]	100[4]
21.	**ENEA Połaniec Serwis Sp. z o.o.** Połaniec, ul. Zawada 26	indirect subsidiary	100[4]	-
22.	**ENEA Badania i Rozwój Sp. z o.o.** Świerże Górne, al. Józefa Zielińskiego 1	indirect subsidiary	100[5.12]	100[1]
23.	**Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o.** Oborniki, ul. Wybudowanie 56	indirect subsidiary	99.93[1]	99.93[1]
24.	**Miejska Energetyka Cieplna Piła Sp. z o.o.** Piła, ul. Kaczorska 20	indirect subsidiary	71.11[1]	71.11[1]
25.	**EkoTRANS Bogdanka Sp. z o.o.** Bogdanka, Puchaczów	indirect subsidiary	65.99[2]	65.99[2]
26.	**RG Bogdanka Sp. z o.o.** Bogdanka, Puchaczów	indirect subsidiary	65.99[2]	65.99[2]
27.	**MR Bogdanka Sp. z o.o.** Bogdanka, Puchaczów	indirect subsidiary	65.99[2]	65.99[2]
28.	**Łęczyńska Energetyka Sp. z o.o.** Bogdanka, Puchaczów	indirect subsidiary	58.53[2]	58.53[2]
29.	**Centralny System Wymiany Informacji Sp. z o.o. w likwidacji** Poznań, ul. Strzeszyńska 58	jointly controlled entity	20[3.13]	20[3]

[1] – indirect subsidiary through stake in ENEA Wytwarzanie Sp. z o.o.
[2] – indirect subsidiary through stake in Lubelski Węgiel BOGDANKA S.A.
[3] – jointly controlled entity through stake in ENEA Operator Sp. z o.o.
[4] – indirect subsidiary through stake in ENEA Elektrownia Połaniec S.A.
[5] – indirect subsidiary through stake in ENEA Innowacje Sp. z o.o.
[6] – 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.
[7] – on 4 January 2019 an Extraordinary General Meeting of Elektrownia Ostrołęka Sp. z o.o. adopted a resolution on a PLN 361 382 thousand share capital increase, from PLN 551 100 thousand to PLN 912 482 thousand, through the issue of 7 227 642 new shares with voting preference, i.e. with two votes for one share, with nominal value of PLN 50.00 each and total nominal value of PLN 361 382 thousand. On 4 January 2019, ENEA S.A. signed a commitment to acquire 3 613 821 shares in exchange for a cash contribution of PLN 180 691 thousand. On 4 January 2019, ENEA S.A. provided its cash contribution. The share capital increase was registered at the National Court Register on 1 March 2019.
[8] – on 12 June 2019, an Extraordinary General Meeting of ENEA Innowacje Sp. z o.o. adopted Resolution no. 1 regarding a cash increase of the company's share capital by PLN 5 400 thousand, i.e. from PLN 3 805 thousand to PLN 9 205 thousand, by issuing 54 000 new shares with a nominal value of PLN 100 each. The share capital increase was registered at the National Court Register on 19 July 2019.
[9] – on 10 September 2019 an Extraordinary General Meeting of ENEA Centrum Sp. z o.o. adopted a resolution to increase the company's share capital by PLN 100 000 thousand, i.e. from PLN 3 929 thousand to PLN 103 929 thousand by issuing 1 000 000 new shares with a nominal value of PLN 100 each. On 10 September 2019 ENEA S.A. acquired the newly-issued shares and made a non-monetary contribution in the form of receivables totalling PLN 162 000 thousand due for ENEA S.A. from ENEA Centrum Sp. z o.o. for loans made under two loan agreements executed in 2014 and 2015. The amount of PLN 62 000 thousand constitutes a premium of the non-monetary contribution over the nominal value of the acquired shares and was transferred to ENEA Centrum Sp. z o.o.'s supplementary capital. The share capital increase was registered at the National Court Register on 8 November 2019.
[10] – on 4 September 2019 ENEA S.A. and ENEA Wytwarzanie Sp. z o.o. executed an agreement to sell shares of ENEA Ciepło Sp. z o.o., pursuant to which ENEA S.A. purchased form ENEA Wytwarzanie Sp. z o.o. 126 083 shares in ENEA Ciepło Sp. z o.o. with a nominal value of PLN 6 304 thousand.
[11] – on 24 September 2019 an Extraordinary General Meeting of ENEA Innowacje Sp. z o.o. adopted a resolution regarding a cash increase of the company's share capital by PLN 7 855 thousand, i.e. from PLN 9 205 thousand to PLN 17 060 thousand, by issuing 78 550 new shares with a nominal value of PLN 100 each. On 27 September 2019 ENEA S.A. acquired these shares in the increased share capital of ENEA Innowacje Sp. z o.o. On 10 October 2019 ENEA S.A. provided its cash contribution. The share capital increase is awaiting entry in the National Court Register.
[12] – on 27 September 2019 ENEA S.A. and ENEA Wytwarzanie Sp. z o.o. sold a 100% stake in ENEA Badania i Rozwój Sp. z o.o. to ENEA Innowacje Sp. z o.o.
[13] – on 1 October 2019, Centralny System Wymiany Informacji Sp. z o.o. was removed from the National Court Register.

6. Segment reporting

The Group presents segment information in accordance with IFRS 8 Operating Segments. Operating segments correspond to the reporting segments and are not aggregated. The Group's activities are managed in operating segments that are distinct in terms of products and services. ENEA Group reports four operating segments:

- trade - the purchase and sale of electricity,
- distribution - electricity distribution and transmission services,
- generation - the generation of electricity from conventional and renewable sources, generation of industrial heat,
- mining - the production and sale of coal, companies providing support services to mines,

and other activities - maintenance and modernisation of road lighting equipment, transport services, repair and construction services.

Segment revenue is revenue generated from sales to external customers and transactions with other segments that can be directly attributed to the given segment.

Segment costs include the cost of sales to external customers and costs of transactions with other segments within the Group that result from the operating activities of a given segment and can be directly attributed to the given segment.

Market prices are applied to inter-segment transactions, which makes it possible for units to generate margins sufficient to independently operate on the market. In analysing segment results, the Group especially focuses on EBITDA. EBITDA is defined as operating profit (calculated as result before tax adjusted by the share of results of associates and jointly controlled entities, finance income, dividend income and finance costs) plus amortisation and impairment of non-financial non-current assets.

Rules for determining segment results and segment assets and liabilities are in compliance with the accounting rules used in preparing consolidated financial statements.

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

Segment results:

(a) Segment results for the period from 1 January to 30 September 2019 are as follows:

	Trade	Distribution	Generation	Mining	Other activity	Exclusions	Total
Net revenue from sales	5 403 072	2 099 053	3 791 882	230 896	137 309	-	11 662 212
Inter-segment sales	617 634	23 428	2 234 505	1 395 215	345 598	(4 616 380)	-
Total net revenue from sales	**6 020 706**	**2 122 481**	**6 026 387**	**1 626 111**	**482 907**	**(4 616 380)**	**11 662 212**
Compensations	506 577	-	-	-	-	-	506 577
Revenue from sales and other income	**6 527 283**	**2 122 481**	**6 026 387**	**1 626 111**	**482 907**	**(4 616 380)**	**12 168 789**
Total costs	(6 511 484)	(1 756 806)	(5 287 295)	(1 274 766)	(436 609)	4 577 120	(10 689 840)
Segment result	**15 799**	**365 675**	**739 092**	**351 345**	**46 298**	**(39 260)**	**1 478 949**
Amortisation	(1 260)	(442 894)	(412 351)	(260 783)	(45 351)		
Reversal of impairment losses on non-financial non-current assets	-	4 279	-	-	-		
Segment result - EBITDA	**17 059**	**804 290**	**1 151 443**	**612 128**	**91 649**		
% of net revenue from sales	**0.3%**	**37.9%**	**19.1%**	**37.6%**	**19.0%**		
Unallocated costs at Group level (administration expenses)							(50 306)
Operating profit							**1 428 643**
Finance costs							(243 860)
Finance income							91 986
Dividend income							201
Share of profit of associates and jointly controlled entities							140
Income tax							(287 199)
Net profit							**989 911**
Share of profit attributable to non-controlling interests							98 374

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

(b) Segment results for the period from 1 July to 30 September 2019 are as follows:

	Trade	Distribution	Generation	Mining	Other activity	Exclusions	Total
Net revenue from sales	1 904 641	712 324	1 344 835	67 316	43 921	-	4 073 037
Inter-segment sales	162 566	8 457	757 100	460 459	122 814	(1 511 396)	-
Total net revenue from sales	**2 067 207**	**720 781**	**2 101 935**	**527 775**	**166 735**	**(1 511 396)**	**4 073 037**
Compensations	76 176	-	-	-	-	-	76 176
Revenue from sales and other income	**2 143 383**	**720 781**	**2 101 935**	**527 775**	**166 735**	**(1 511 396)**	**4 149 213**
Total costs	(2 161 681)	(584 768)	(1 818 144)	(439 205)	(150 775)	1 525 198	(3 629 375)
Segment result	**(18 298)**	**136 013**	**283 791**	**88 570**	**15 960**	**13 802**	**519 838**
Amortisation	(440)	(153 423)	(137 978)	(89 077)	(15 306)		
Segment result - EBITDA	**(17 858)**	**289 436**	**421 769**	**177 647**	**31 266**		
% of net revenue from sales	**(0.8%)**	**40.2%**	**20.1%**	**33.7%**	**18.8%**		
Unallocated costs at Group level (administration expenses)							(17 088)
Operating profit							**502 750**
Finance costs							(37 912)
Finance income							64 816
Dividend income							101
Share of profit of associates and jointly controlled entities							4 583
Income tax							(123 872)
Net profit							**410 466**
Share of profit attributable to non-controlling interests							24 717

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

(c) Segment results for the period from 1 January to 30 September 2018 are as follows:

	Trade	Distribution	Generation	Mining	Other activity	Exclusions	Total
Net revenue from sales	5 345 404	2 007 370	1 740 564	183 404	107 456	-	9 384 198
Inter-segment sales	999 359	24 688	3 561 525	1 152 236	334 202	(6 072 010)	-
Total net revenue from sales	**6 344 763**	**2 032 058**	**5 302 089**	**1 335 640**	**441 658**	**(6 072 010)**	**9 384 198**
Total costs	(6 307 426)	(1 552 491)	(4 994 292)	(1 210 638)	(418 957)	6 067 031	(8 416 773)
Segment result	**37 337**	**479 567**	**307 797**	**125 002**	**22 701**	**(4 979)**	**967 425**
Amortisation	(485)	(392 150)	(407 062)	(274 847)	(39 106)		
Reversal of impairment losses on non-financial non-current assets	-	-	51 365	-	-		
Segment result - EBITDA	**37 822**	**871 717**	**663 494**	**399 849**	**61 807**		
% of net revenue from sales	**0.6%**	**42.9%**	**12.5%**	**29.9%**	**14.0%**		
Unallocated costs at Group level (administration expenses)							(47 177)
Operating profit							**920 248**
Finance costs							(255 045)
Finance income							48 443
Dividend income							430
Share of profit of associates and jointly controlled entities							49 704
Income tax							(143 491)
Net profit							**620 289**
Share of profit attributable to non-controlling interests							36 172

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

(d) Segment results for the period from 1 July to 30 September 2018 are as follows:

	Trade	Distribution	Generation	Mining	Other activity	Exclusions	Total
Net revenue from sales	1 960 249	651 085	619 654	76 495	37 160	-	3 344 643
Inter-segment sales	384 575	9 996	1 290 554	403 193	118 816	(2 207 134)	-
Total net revenue from sales	**2 344 824**	**661 081**	**1 910 208**	**479 688**	**155 976**	**(2 207 134)**	**3 344 643**
Total costs	(2 336 292)	(506 558)	(1 815 862)	(454 675)	(142 887)	2 215 350	(3 040 924)
Segment result	**8 532**	**154 523**	**94 346**	**25 013**	**13 089**	**8 216**	**303 719**
Amortisation	(192)	(137 384)	(132 532)	(101 287)	(13 632)		
Segment result - EBITDA	**8 724**	**291 907**	**226 878**	**126 300**	**26 721**		
% of net revenue from sales	**0.4%**	**44.2%**	**11.9%**	**26.3%**	**17.1%**		
Unallocated costs at Group level (administration expenses)							(16 354)
Operating profit							**287 365**
Finance costs							(68 917)
Finance income							(39 093)
Dividend income							215
Share of profit of associates and jointly controlled entities							25 954
Income tax							(47 265)
Net profit							**158 259**
Share of profit attributable to non-controlling interests							5 332

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

Segment reporting (continued)

(a) Other information concerning segments as at 30 September 2019 is as follows:

	Trade	Distribution	Generation	Mining	Other activity	Exclusions	Total
Property, plant and equipment	14 875	9 086 151	9 322 458	2 838 802	366 901	(468 295)	21 160 892
Trade and other receivables	1 661 275	295 716	711 747	283 665	148 145	(767 260)	2 333 288
Costs related to the conclusion of agreements	23 894	-	-	-	-	-	23 894
Assets arising from contracts with customers	108 778	192 288	171	-	352	(5 137)	296 452
Total	1 808 822	9 574 155	10 034 376	3 122 467	515 398	(1 240 692)	23 814 526
ASSETS excluded from segments							8 435 288
- including property, plant and equipment							8 812
- including trade and other receivables							1 268
TOTAL: ASSETS							**32 249 814**
Trade and other payables	209 035	361 090	710 054	239 791	257 392	(368 221)	1 409 141
Liabilities arising from contracts with customers	524 696	98 150	-	386	-	(404 176)	219 056
Total	733 731	459 240	710 054	240 177	257 392	(772 397)	1 628 197
Equity and liabilities excluded from segments							30 621 617
- including trade and other payables							827 182
TOTAL: EQUITY AND LIABILITIES							**32 249 814**
<u>for the 9-month period ending 30 September 2019</u>							
Investment expenditures on property, plant and equipment and intangible assets	36	675 588	499 989	294 728	49 261	(21 181)	1 498 421
Investment expenditures on property, plant and equipment and intangible assets excluded from segments							-
Amortisation	1 260	442 894	412 351	260 783	45 351	(32 940)	1 129 699
Amortisation excluded from segments							1 553
Recognition/(reversal/usage) of impairment losses on receivables	1 688	1 091	361	560	(448)	-	3 252
Recognition/(reversal) of impairment losses on non-financial non-current assets	-	(4 279)	-	-	-	-	(4 279)

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

(b) Other information concerning segments as at 31 December 2018 is as follows:

	Trade	Distribution	Generation	Mining	Other activity	Exclusions	Total
Property, plant and equipment	15 306	8 854 779	9 439 189	2 821 637	367 219	(481 699)	21 016 431
Trade and other receivables	1 295 030	269 419	707 484	204 260	128 519	(707 658)	1 897 054
Costs related to the conclusion of agreements	29 853	-	-	-	-	-	29 853
Assets arising from contracts with customers	126 462	210 907	228	-	1 700	(11 317)	327 980
Total	1 466 651	9 335 105	10 146 901	3 025 897	497 438	(1 200 674)	23 271 318
ASSETS excluded from segments							6 694 307
- including property, plant and equipment							10 962
- including trade and other receivables							708
TOTAL: ASSETS							**29 965 625**
Trade and other payables	286 220	459 218	950 997	294 088	279 347	(547 302)	1 722 568
Liabilities arising from contracts with customers	171 673	66 707	-	517	1 354	(171 673)	68 578
Total	457 893	525 925	950 997	294 605	280 701	(718 975)	1 791 146
Equity and liabilities excluded from segments							28 174 479
- including trade and other payables							879 650
TOTAL: EQUITY AND LIABILITIES							**29 965 625**
for the 9-month period ending 30 September 2018							
Investment expenditures on property, plant and equipment and intangible assets	923	570 337	223 233	295 924	26 614	(13 590)	1 103 441
Investment expenditures on property, plant and equipment and intangible assets excluded from segments							282
Amortisation	485	392 150	407 062	274 847	39 106	(10 008)	1 103 642
Amortisation excluded from segments							814
Recognition/(reversal/usage) of impairment losses on receivables	1 514	5 519	11 502	(2 152)	685	(1 389)	15 679
Recognition/(reversal) of impairment losses on non-financial non-current assets	-	-	(51 365)	-	-	-	(51 365)

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

7. Property, plant and equipment

In the 9-month period ending 30 September 2019 the Group purchased property, plant and equipment items for a total of PLN 1 446 489 thousand (in the 9-month period ending 30 September 2018: PLN 1 094 514 thousand). These amounts mainly concern the generation segment (PLN 497 931 thousand), mining (PLN 293 288 thousand) and distribution (PLN 618 597 thousand).

In the 9-month period ending 30 September 2019 the Group sold and liquidated property, plant and equipment items with total net book value of PLN 46 467 thousand (in the 9 months ended 30 September 2018: PLN 26 908 thousand).

In the 9-month period ended 30 September 2019, impairment losses on property, plant and equipment decreased by PLN 4 866 thousand on a net basis (in the 9-month period ended 30 September 2018 impairment of property, plant and equipment decreased by PLN 53 481 thousand on a net basis).

As at 30 September 2019, total impairment of property, plant and equipment amounted to PLN 1 451 553 thousand (as at 31 December 2018: PLN 1 456 419 thousand).

On 29 February 2018, an Extraordinary General Meeting of Annacond Enterprises Sp. z o.o. (Annacond Enterprises) adopted a resolution on the liquidation of Annacond Enterprises. Annacond Enterprises' sole significant asset is a section of the cross-border 110kV line Wólka Dobrzyńska - state border (Line). In the course of the liquidation process, the Line was sold by Annacond Enterprises' liquidator. On 4 April 2019, Annacond Enterprises' Extraordinary General Meeting adopted a resolution approving the aforementioned transaction, i.e. granting consent for Annacond Enterprises to execute an agreement to sell the 110 kV power line Wólka Dobrzyńska - Brest 2. The sale price was PLN 5 370 thousand net.

8. Intangible assets

In the 9-month period ending 30 September 2019 the Group purchased intangible assets worth PLN 31 306 thousand (in the 9-month period ended 30 September 2018 the Group purchased intangible assets worth PLN 9 209 thousand).

In the 9-month period ending 30 September 2019, the Group received intangible assets from intangible assets under construction worth PLN 20 164 thousand (in the 9-month period ended 30 September 2018: PLN 21 008 thousand).

In the 9-month period ending 30 September 2019 the Group did not conduct significant sales or liquidations of intangible assets (in the 9-month period ended 30 September 2018 the Group also did not conduct significant sales or liquidations of intangible assets).

9. Investments in associates and jointly controlled entities

	30.09.2019	31.12.2018
As at the beginning of period	734 268	355 152
Change in the change in net assets	140	55 422
Purchase of investments	180 691	323 694
As at the reporting date	**915 099**	**734 268**

	30.09.2019	31.12.2018
Polska Grupa Górnicza S.A.	350 446	351 461
Elektrownia Ostrołęka Sp. z o.o.	447 090	268 832
Polimex - Mostostal S.A.	102 708	98 981
ElectroMobility Poland S.A.	14 855	14 994
	915 099	**734 268**

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

	Polimex Mostostal S.A.	Polska Grupa Górnicza S.A.	Elektrownia Ostrołęka Sp. z o.o.	ElectroMobility Poland S.A.
As at 30.09.2019				
Non-current assets	711 371	10 043 271	937 314	14 148
Current assets	911 140	2 507 937	37 645	45 840
Non-current liabilities	407 489	4 859 191	20 630	3
Current liabilities	641 630	3 824 456	74 307	566
Net assets	**573 392**	**3 867 561**	**880 022**	**59 419**
Share in votes	16.48%	7.66%	50.00%	25%
Share in net assets	**94 495**	**296 255**	**440 011**	**14 855**
Goodwill	15 954	52 697	7 079	-
Elimination of unrealised gains/losses	(7 741)	1 494	-	-
Equity-accounted investments	**102 708**	**350 446**	**447 090**	**14 855**

	Polimex Mostostal S.A.	Polska Grupa Górnicza S.A.	Elektrownia Ostrołęka Sp. z o.o.	ElectroMobility Poland S.A.
As at 31.12.2018				
Non-current assets	712 957	9 026 951	473 083	9 223
Current assets	1 222 581	3 030 488	95 005	52 464
Non-current liabilities	538 027	4 511 080	20 573	-
Current liabilities	840 158	3 801 041	24 011	1 711
Net assets	**557 353**	**3 745 318**	**523 504**	**59 976**
Share in votes	16.48%	7.66%	50.00%	25%
Share in net assets	**91 852**	**286 891**	**261 752**	**14 994**
Goodwill	15 954	52 697	7 080	-
Elimination of unrealised gains/losses	(8 825)	11 873	-	-
Equity-accounted investments	**98 981**	**351 461**	**268 832**	**14 994**

9.1. Implementation of project to build Elektrownia Ostrołęka C

Through resolution 94/IX/2018 of 28 December 2018, the Supervisory Board of ENEA S.A. approved the following:

- execution by the Management Board of ENEA S.A. of a memorandum (Memorandum) with ENERGA S.A. and Elektrownia Ostrołęka Sp. z o.o. setting out rules for cooperation in the project to build power plant Ostrołęka C, including termination of the Investment Agreement of 8 December 2016, together with Annex 1/2018 of 26 March 2018, and limitation of ENEA S.A.'s financial commitment at the Construction Stage to PLN 1 billion,
- vote by an ENEA S.A. representative at the Extraordinary General Meeting of Elektrownia Ostrołęka Sp. z o.o. for a resolution on consent to issue a notice to proceed (NTP), provided that this is preceded by all parties reaching an agreement.

The aforementioned memorandum between ENEA S.A., ENERGA S.A. and Elektrownia Ostrołęka Sp. z o.o. was executed on 28 December 2018. Pursuant to the memorandum, the Investment Agreement of 8 December 2016 together with the Annex of 26 March 2018 were terminated.

The memorandum specifies new rules for cooperation, including the Project's financing structure, where ENEA S.A. pledges financial involvement at the Construction Stage of PLN 1 billion, ENERGA S.A. pledges at least PLN 1 billion, on top of the funds already invested. Moreover, the memorandum sees other investors becoming involved as necessary to cover the Project's financial expenditures.

The parties to the memorandum intend to:

- agree on the form, schedule and conditions for a financial investment by a financial investor and/or other investors;
- execute a new investment agreement;
- agree on rules for the Company to secure credit facilities from borrowers necessary to complete the Construction Stage so that ENEA S.A. and ENERGA S.A. would not breach financial covenants.

The memorandum constituted a condition for ENEA S.A. to approve issue of the NTP for the general contractor.

On 28 December 2018 an Extraordinary General Meeting of Elektrownia Ostrołęka Sp. z o.o. agreed to issue an NTP to the general contractor - consortium of GE Power Sp. z o.o. (consortium leader) and ALSTOM Power Systems S.A.S.

The Management Board of Elektrownia Ostrołęka Sp. z o.o. on 28 December 2018 issued an NTP related to the construction of Elektrownia Ostrołęka C for the general contractor - consortium of GE Power Sp. z o.o. (consortium leader) and ALSTOM Power Systems S.A.S.

Given the issue of the NTP for the general contractor and taking into account the fact that in accordance with the memorandum the second advance tranche will be covered in equal parts by ENEA S.A. and Energa S.A. - in order to pay the second advance tranche to the contractor, an Extraordinary General Meeting of Elektrownia Ostrołęka Sp. z o.o. on 4 January 2019 adopted a resolution to increase the company's share capital by PLN 361 382 thousand.

ENEA S.A. purchased 3 613 821 shares in capital, with a nominal value of PLN 180 691 thousand, transferring a cash contribution to the SPV's bank account on 4 January 2019. The share capital increase was registered at the National Court Register on 1 March 2019.

On 7 January 2019 ENEA S.A., Energa S.A. and PGE Polska Grupa Energetyczna S.A. (PGE) began talks that might lead to PGE's involvement in the Elektrownia Ostrołęka C project, which is currently being implemented by ENEA S.A. and Energa S.A.

From 29 January 2019, based on point 1.7 of the aforementioned Memorandum, the Parties commenced efforts to adapt the terms of agreement with the General Contractor to the Project's current status.

On 30 April 2019, ENEA S.A. executed a memorandum ("Memorandum") with Energa S.A. regarding financing for a project to build a new coal unit - the planned Ostrołęka C power plant in Ostrołęka with 1000 MW gross capacity ("Project"). In the Memorandum, ENEA S.A. and Energa S.A. determined detailed rules for financing the Project, which had been preliminarily agreed in a memorandum of 28 December 2018 between ENEA S.A, Elektrownia Ostrołęka Sp. z o.o. ("company") and Energa S.A.

In the Memorandum, ENEA S.A. undertook to provide the company with PLN 819 million in financing for the project from January 2021 under a PLN 1 billion financial commitment from the 28 December 2018 memorandum, including approx. PLN 181 million already provided to the company to be used as an advance payment for the unit's general contractor. If ENEA S.A. does not execute a new Founding Agreement / Investment Agreement with Energa S.A. by 31 December 2020, ENEA S.A. will be required, within the deadlines specified in the Memorandum and within the PLN 819 million limit, to reimburse Energa S.A. for half of the funding that Energa S.A. provides to the company during that period.

If within a deadline resulting from the agreed schedule ENEA S.A. or Energa S.A. do not provide the funding - at their own fault - to the company in a manner other than through a loan or share purchase in particular, then ENEA S.A. or Energa S.A. will be required to pay the amount resulting from the schedule to the company's bank account. The Memorandum also includes provisions protecting ENEA S.A. against claims from the company for return of Project financing amounts that were directly returned to Energa S.A. in connection with financing provided by it during the period prior to execution of the new Founding Agreement / Investment Agreement.

The parties to the Memorandum undertook to specify, in separate agreements, rules for their participation in Project risks, rules for participating in profits and losses and corporate governance rules that will protect their rights and obligations proportionately to their involvement in the Project.

On 30 September 2019, in connection with an obligation arising from the Memorandum being met, ENEA S.A. executed an agreement with Energa S.A. to assign rights from a loan agreement concerning a loan issued to Elektrownia Ostrołęka Sp. z o.o. by Energa S.A. of 17 July 2019. On the same day, ENEA S.A. complied with an obligation arising from the Memorandum by reimbursing Energa S.A. for half of financing provided by Energa S.A. to the company during the period from the date on which the Memorandum was executed, i.e. PLN 29 000 thousand.

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

10. Impairment of trade and other receivables

	30.09.2019	31.12.2018
Impairment at the beginning of period	162 104	153 115
Adjustment due to implementation of IFRS 9	-	4 619
As at the beginning of period, adjusted	**162 104**	**157 734**
Created	11 235	26 492
Reversed	(1 576)	(2 068)
Used	(6 407)	(20 054)
Impairment at the end of period	**165 356**	**162 104**

In the 9-month period ended 30 September 2019, impairment of trade and other receivables increased by PLN 3 252 thousand (in the 9-month period ended 30 September 2018 impairment grew by PLN 15 679 thousand).

Impairment losses are mainly created on trade receivables. Impairment of other receivables is negligible.

11. Assets and liabilities arising from contracts with customers

30.09.2019	Assets arising from contracts with customers	Liabilities arising from contracts with customers
As at the beginning of period	**327 980**	**68 578**
Increase due to prepayments	-	29 958
Transfer from contract assets to receivables	(31 545)	-
Liabilities resulting from sales adjustments	-	120 520
Impairment	17	-
As at the end of period	**296 452**	**219 056**

31.12.2018	Assets arising from contracts with customers	Liabilities arising from contracts with customers
As at the beginning of period	**245 026**	**128 011**
Revenue recognised in a period that was taken into account in the opening balance for liabilities arising from contracts with customers	-	(59 433)
Non-invoiced receivables	83 254	-
Impairment	(300)	-
As at the end of period	**327 980**	**68 578**

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 (note 26.1) as well as advances received for connection fees.

12. Analysis of the age structure of assets arising from contracts with customers and trade and other receivables constituting financial instruments

	Nominal value	Impairment	Book value
30.09.2019			
Trade and other receivables			
Current	719 285	(9 899)	709 386
Overdue			
0-30 days	83 589	(144)	83 445
31-90 days	16 505	(1 222)	15 283
91-180 days	10 699	(3 584)	7 115
over 180 days	180 563	(150 507)	30 056
Total	**1 010 641**	**(165 356)**	**845 285**
Assets arising from contracts with customers	**296 735**	**(283)**	**296 452**

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

	Nominal value	Impairment	Book value
31.12.2018			
Trade and other receivables			
Current	1 070 741	(15 266)	1 055 475
Overdue			
0-30 days	96 941	(392)	96 549
31-90 days	15 714	(1 511)	14 203
91-180 days	17 380	(12 316)	5 064
over 180 days	163 255	(132 619)	30 636
Total	**1 364 031**	**(162 104)**	**1 201 927**
Assets arising from contracts with customers	**328 280**	**(300)**	**327 980**

13. Debt financial assets at amortised cost

	30.09.2019	31.12.2018
Current debt financial assets at amortised cost		
Loans granted	29 719	234
Current debt financial assets at amortised cost	**29 719**	**234**
Non-current debt financial assets at amortised cost		
Loans granted	7 741	7 741
Non-current debt financial assets at amortised cost	**7 741**	**7 741**
TOTAL	**37 460**	**7 975**

No impairment allowances for expected credit losses are presented in these condensed consolidated financial statements aside from impairment presented in note 12 concerning assets arising from contracts with customers and trade and other receivables constituting financial instruments.

14. Inventories

	30.09.2019	31.12.2018
Materials	842 812	769 319
Semi-finished products and production in progress	2 854	609
Finished products	27 967	18 612
Energy origin certificates	598 073	516 180
Goods	14 425	13 760
Gross value of inventory	**1 486 131**	**1 318 480**
Impairment of inventory	(51 598)	(53 610)
Net value of inventory	**1 434 533**	**1 264 870**

In the 9-month period ended 30 September 2019, impairment of inventory decreased by PLN 2 012 thousand on a net basis (in the 9-month period ended 30 September 2018 impairment of inventory decreased by PLN 1 086 thousand on a net basis).

15. Energy origin certificates

	01.01.2019 - 30.09.2019	01.01.2018 - 31.12.2018
Net value at the beginning of period	**516 133**	**257 046**
In-house manufacture	181 523	188 597
Purchase	92 107	461 543
Depreciation	(169 365)	(376 813)
Sale	(22 569)	(14 489)
Change in impairment	159	373
Other changes	-	(124)
Net value at the end of period	**597 988**	**516 133**

16. Restricted cash

As at 30 September 2019, the Group's restricted cash amounted to PLN 228 470 thousand (as at 31 December 2018: PLN 588 632 thousand). This mainly included cash in deposits for electricity and CO_2 emission allowance transactions, collateral paid to suppliers and cash withholding as collateral for proper performance of work.

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

17. Financial assets at fair value

As at 30 September 2019, the item financial assets at fair value included call options for Polimex-Mostostal S.A. shares, among other things. Pursuant to an agreement concerning a call option 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 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 the options as at 30 September 2019 amounted to PLN 6 366 thousand (at 31 December 2018: PLN 12 116 thousand).

Moreover, the Group's financial assets at fair value include the measurement of derivative contracts for the purchase of electricity and gas and concerning property rights not used for the Group's own purposes worth PLN 48 408 thousand (as at 31 December 2018: PLN 114 536 thousand). The nominal value of contracts for the purchase and sale of electricity, gas and property rights maturing in 2019-2021, presented as financial assets and liabilities at fair value, amounts to PLN 3 842 083 thousand (PLN 1 820 439 thousand concerning buy contracts and PLN 2 021 644 thousand concerning sell contracts).

18. Credit, loans and debt securities

	30.09.2019	31.12.2018
Bank credit	1 953 985	2 054 465
Loans	59 714	69 127
Outstanding	5 557 705	5 850 121
Long-term	**7 571 404**	**7 973 713**
Bank credit	180 250	160 138
Loans	12 692	12 546
Outstanding	1 344 659	183 156
Short-term	**1 537 601**	**355 840**
Total	**9 109 005**	**8 329 553**

In the 9-month period ended 30 September 2019, the book value of credit facilities, loans and debt securities increased by PLN 779 452 thousand on a net basis (in the 9-month period ended 30 September 2018, the book value of credit facilities and loans decreased by PLN 279 545 thousand).

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 Group's credit facilities and loans.

No.	Company	Lender	Contract date	Total contract amount	Debt at 30 September 2019	Debt at 31 December 2018	Contract period
1.	ENEA S.A.	EIB	18 October 2012 and 19 June 2013 (A and B)	1 425 000	1 193 936	1 264 369	31 December 2030
2.	ENEA S.A.	EIB	29 May 2015 (C)	946 000	929 333	941 833	30 September 2032
3.	ENEA S.A.	PKO BP	28 January 2014, Annex 1 of 25 January 2017	300 000	-	-	31 December 2019
4.	ENEA S.A.	Pekao S.A.	28 January 2014, Annex 1 of 25 January 2017	150 000	-	-	31 December 2019
5.	ENEA Ciepło Sp. z o.o.	National Fund for Environmental Protection and Water Management (NFOŚiGW)	22 December 2015	60 075	49 856	55 192	20 December 2026
6.	LWB	mBank	16 December 2016, Annex 1 of 30 November 2018, Annex 2 of 16 September 2019	100 000	-	-	29 November 2019
7.	Other	-	-	-	28 096	33 391	-
	TOTAL			**2 981 075**	**2 201 221**	**2 294 785**	
	Transaction costs and effect of measurement using effective interest rate				5 420	1 491	
	TOTAL			**2 981 075**	**2 206 641**	**2 296 276**	

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

Presented below is a short description of ENEA Group's significant credit and loan agreements:

ENEA S.A.

ENEA S.A. currently has credit agreements with the 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. Agreement C's availability ended in December 2017. Interest on credit facilities may be fixed or variable.

ENEA Ciepło Sp. z o.o.

Loan from NFOŚiGW - agreement executed on 22 December 2015 for the period from 1 April 2016 to 20 December 2026, with a PLN 60 075 thousand limit. The loan has annual interest based on WIBOR 3M of no less than 2%. The loan was transferred (together with an organised part of enterprise) from ENEA Wytwarzanie Sp. z o.o. to ENEA Ciepło Sp. z o.o. on 30 November 2018.

The total loan-related debt of ENEA Ciepło Sp. z o.o. as at 30 September 2019 amounted to PLN 49 856 thousand (at 31 December 2018: PLN 55 192 thousand).

Lubelski Węgiel Bogdanka S.A.

On 16 December 2016, the company executed a current account credit facility agreement with mBank for up to PLN 100 000 thousand. The credit facility has a variable interest rate. The credit facility was to be fully repaid by 30 November 2018, but Annex 1, executed on 30 November 2018, extended the repayment deadline to 29 November 2019. The credit facility remained unused as of the reporting date. An annex was signed on 16 September 2019 pursuant to which the amount of available credit was changed (PLN 100 000 thousand until 17 September 2019, PLN 20 000 thousand from 18 September to 21 October 2019, and PLN 100 000 thousand from 22 October 2019.

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 September 2019	Value of outstanding bonds at 31 December 2018	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	3 000 000	3 000 000	One-time buy-back between June 2020 and June 2022
2.	Bond issue programme agreement with BGK	15 May 2014	1 000 000	800 000	880 000	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	1 500 000	One-time buy-back of each series, in February 2020 and September 2021
4.	Bond issue programme agreement with BGK	3 December 2015	700 000	608 890	685 000	Buy-back in tranches, last tranche due in September 2027
	TOTAL		**9 700 000**	**6 908 890**	**6 065 000**	
	Transaction costs and effect of measurement using effective interest rate			(6 526)	(31 723)	
	TOTAL		**9 700 000**	**6 902 364**	**6 033 277**	

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

On 12 June 2019 ENEA S.A., ING Bank Śląski S.A., PKO Bank Polski S.A., Bank Pekao S.A. and mBank S.A. signed an agreement pursuant to which ING Bank Śląski S.A. as of the agreement date no longer performed the functions it performed under the "Programme Agreement regarding a bond issue program up to PLN 5 000 000 thousand of 30 June 2014" in reference to new bond issues.

On 12 June 2019, ENEA S.A., PKO Bank Polski S.A., Bank Pekao S.A. and mBank S.A. executed an "Agreement amending and consolidating the Programme Agreement of 30 June 2014."
This agreement was intended to adapt the rights and obligations arising under it to the existing MiFID regulations.

On 26 June 2019 ENEA S.A. as part of the "Programme Agreement regarding a bond issue program up to PLN 5 000 000 thousand of 30 June 2014" issued 10 000 bearer bonds with a total nominal value of PLN 1 000 000 thousand, marked by Krajowy Depozyt Papierów Wartościowych S.A. under code PLENEA000096. Interest on the bonds will be calculated based on WIBOR for 6-month deposits, plus 1.20% margin. Interest will be paid on a semi-annual basis. The bond buy-back date is 26 June 2024. The issue is intended to refinance ENEA S.A.'s debt arising from the ENEA0220 series bonds. On 17 September 2019, series ENEA0624 bonds were introduced to the alternative trading system Catalyst pursuant to resolution 928/2019 by the Management Board of Giełda Papierów Wartościowych S.A. In accordance with resolution 217/19 of 25 September 2019 by the Management Board of BondSpot S.A., the first day of listing for the ENEA0624 bonds was 27 September 2019.

Interest rate swaps

In the 9-month period ending 30 September 2019 ENEA S.A. executed an Interest Rate Swap for an exposure amounting to PLN 488 890 thousand. The total bond and credit exposure hedged with IRS transactions as at 30 September 2019 amounted to PLN 5 673 219 thousand. Moreover, ENEA S.A. has fixed-rate credit agreements totalling PLN 224 805 thousand. These transactions have material impact on the predictability of expense flows and finance costs. The Group 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 September 2019, financial liabilities at fair value concerning IRSs amounted to PLN 33 787 thousand (31 December 2018: PLN 22 176 thousand).

Financing terms - covenants

Financing agreements require the Company and ENEA Group to maintain certain financial ratios. As at 30 September 2019 and the date on which these condensed consolidated interim financial statements were prepared and in the course of 2019 the Group did not breach any credit agreement provisions such as would require early re-payment of long-term debt.

19. Financial instruments

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

	30.09.2019		31.12.2018	
	Book value	**Fair value**	**Book value**	**Fair value**
Non-current financial assets at fair value	56 638	56 638	49 442	49 442
Non-current debt financial assets at amortised cost	7 741	(*)	7 741	(*)
Current financial assets at fair value	32 137	32 137	112 536	112 536
Current debt financial assets at amortised cost	29 719	(*)	234	(*)
Other short-term investments	544	(*)	545	(*)
Trade receivables	845 285	(*)	1 201 927	(*)
Assets arising from contracts with customers	296 452	(*)	327 980	(*)
Financial lease and sub-lease receivables	1 697	(*)	(**)	(**)
Cash and cash equivalents	4 383 890	(*)	2 650 838	(*)
Funds in the Mine Decommissioning Fund	125 808	(*)	128 279	(*)
Credit facilities, loans and debt securities	9 109 005	9 171 792	8 329 553	8 400 938
Lease liabilities	245 777	(*)	6 640	(*)
Trade and other payables	2 047 754	(*)	2 467 124	(*)
Liabilities arising from contracts with customers	120 520	(*)	-	-
Financial liabilities measured at fair value	66 004	66 004	132 890	132 890

(*) - Book value is close to fair value measured in accordance with level 2 in the following hierarchy.
(**) – As at 31 December 2018, financial lease receivables were recognised in the item: "Trade and other receivables," whereas data restatement was presented in note 3.3.

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

Financial assets at fair value include:

- interests in unrelated entities, the stake in which is below 20%. This item includes shares in PGE EJ1 Sp. z o.o. amounting to PLN 15 866 thousand, for which no price quoted on an active market is available and whose fair value was determined on the basis of ENEA S.A.'s stake in the net assets of PGE EJ1 Sp. z o.o. as at 31 December 2018. Having analysed IFRS 9, the Group decided to qualify these interests as financial assets through other comprehensive income. No transactions recognised in profit or loss were executed in 2019. If interests in unrelated entities are listed on the Warsaw Stock Exchange, then their fair value is based on quoted prices,
- Polimex-Mostostal S.A. call options,
- derivative instruments that 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,
- forward contracts for the purchase of electricity and gas and property rights

Non-current debt financial assets at amortised cost cover loans maturing in over one year.

Current debt financial assets at amortised cost cover loans maturing in under one year. The item other short-term investments includes deposits with maturity over 3 months.

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

The following table 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 Group recognises its stake in PGE EJ1 at level 3 (note 28).

No transfers between the levels were made in the nine-month period ended 30 September 2019.

	30.09.2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value				
Equity instruments at fair value through other comprehensive income	-	-	15 866	15 866
Call options (at fair value through profit or loss)	-	6 366	-	6 366
Other derivative instruments at fair value through profit or loss	-	48 408	-	48 408
Interests at fair value through profit or loss	17 050	-	1 085	18 135
Total	**17 050**	**54 774**	**16 951**	**88 775**
Financial liabilities measured at fair value				
Derivative instruments at fair value through profit or loss	-	32 217	-	32 217
Derivative instruments used in hedge accounting (e.g. interest rate swaps)	-	33 787	-	33 787
Credit facilities, loans and debt securities	-	9 171 792	-	9 171 792
Total	**-**	**9 237 796**	**-**	**9 237 796**

	31.12.2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value				
Equity instruments at fair value through other comprehensive income	-	-	15 866	15 866
Call options (at fair value through profit or loss)	-	12 116	-	12 116
Other derivative instruments at fair value through profit or loss	-	114 536	-	114 536
Interests at fair value through profit or loss	18 375	-	1 085	19 460
Total	**18 375**	**126 652**	**16 951**	**161 978**
Financial liabilities measured at fair value				
Derivative instruments at fair value through profit or loss	-	110 667	-	110 667
Derivative instruments used in hedge accounting (e.g. interest rate swaps)	-	22 223	-	22 223
Credit facilities, loans and debt securities	-	8 400 938	-	8 400 938
Total	**-**	**8 533 828**	**-**	**8 533 828**

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

20. Accounting for income from grants and road lighting modernisation services

	30.09.2019	31.12.2018
Long-term		
Accounting for deferred revenue - grants	144 333	133 689
Accounting for deferred revenue - road lighting modernisation services	72 699	64 452
	217 032	**198 141**
Short-term		
Accounting for deferred revenue - grants	9 395	9 713
Accounting for deferred revenue - road lighting modernisation services	2 749	2 212
	12 144	**11 925**

Schedule for accounting for deferred revenue

	30.09.2019	31.12.2018
Up to one year	12 144	11 925
Between one and five years	49 767	50 468
Over five years	167 265	147 673
	229 176	**210 066**

In the 9-month period ended 30 September 2019, the book value of accounting for grants and road lighting modernisation services increased by PLN 19 110 thousand on a net basis.

In the 9-month period ended 30 September 2018, the book value of accounting for grants and road lighting modernisation services decreased by PLN 547 302 thousand on a net basis. This was mainly caused by changes in accounting rules due to the adoption of IFRS 15.

The item 'deferred revenue concerning grants' includes mainly EU grants and grants from NFOŚiGW for the development of electricity and heating infrastructure.

Road lighting modernisation services, i.e. improving the quality and efficiency of road lighting, are services provided on an on-going basis. Revenue from improving the quality and efficiency of road lighting is recognised proportionally over the economic period of use for the tangible assets created.

21. Deferred income tax

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

	30.09.2019	31.12.2018
Deferred income tax assets at the beginning of period	**487 272**	**501 945**
Deferred income tax provision at the beginning of period	**367 607**	**245 240**
Net deferred income tax assets at the beginning of period	119 665	256 705
Adjustment due to implementation of IFRS 9 and 15	-	(91 866)
Net deferred income tax assets at the beginning of period, adjusted	119 665	164 839
Charge/(addition) to profit or loss	(5 489)	(61 936)
Charge/(addition) to other comprehensive income	2 359	16 762
Net deferred income tax assets at the end of period, including:	**116 535**	**119 665**
Deferred income tax assets at the end of period	**523 665**	**487 272**
Deferred income tax provision at the end of period	**407 130**	**367 607**

In the 9-month period ended 30 September 2019, the Group's profit before tax was charged as a result of a decrease in net deferred income tax assets by PLN 5 489 thousand (in the 9-month period ended 30 September 2018 the charge to the Group's profit before tax as a result of a decrease in net deferred income tax assets amounted to PLN 67 765 thousand).

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

22. Provisions for other liabilities and other charges

Total provision for liabilities and other charges, categories as short- or long-term

	30.09.2019	31.12.2018
Long-term	704 718	657 112
Short-term	1 678 082	1 306 597
Total	**2 382 800**	**1 963 709**

In the 9-month period ended 30 September 2019, provisions for other liabilities and charges increased by a net amount of PLN 491 091 thousand (in the 9-month period ended 30 September 2018, provisions for other liabilities and charges increased by PLN 45 317 thousand).

Change in provisions for liabilities and other charges

for the period ended 30 September 2019

	Provision for non-contractual use of land	Provision for other claims	Provision for landfill site reclamation	Provision for energy origin certificates	Provision for CO2 emission allowance purchases	Mine liquidation	Other	Total
As at the beginning of period	**182 738**	**166 663**	**66 119**	**306 918**	**557 713**	**112 566**	**570 992**	**1 963 709**
Reversal of discount and change of discount rate	1 456	-	-	-	-	2 718	221	4 395
Increase in existing provisions	17 692	42 983	2 743	313 237	993 569	11 866	29 478	1 411 568
Use of provisions	(183)	(932)	-	(289 701)	(558 177)	-	(111 774)	(960 767)
Reversal of unused provision	(210)	(21)	-	(124)	(7 902)	-	(27 848)	(36 105)
As at the end of period	**201 493**	**208 693**	**68 862**	**330 330**	**985 203**	**127 150**	**461 069**	**2 382 800**

In the first nine months of 2019, ENEA S.A. created a PLN 16 962 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 September 2019 was PLN 121 307 thousand. (this provision is recognised in the above table in the column 'Provisions for other claims').

Other provisions mainly concern:

- wind farm Skoczykłody: PLN 129 000 thousand (as at 31 December 2018: PLN 129 000 thousand),
- potential liabilities related to grid assets resulting from differences in the interpretation of regulations PLN 168 282 thousand (as at 31 December 2018: PLN 160 171 thousand),
- costs to use forest land managed by State Forests PLN 108 012 thousand (as at 31 December 2018: PLN 115 008 thousand),
- onerous contracts PLN 18 279 thousand (as at 31 December 2018: PLN 78 981 thousand, note 26.1),
- property tax at Lubelski Węgiel Bogdanka S.A. PLN 19 250 thousand (as at 31 December 2018: PLN 41 431 thousand),
- rectification of mining damages PLN 2 497 thousand (as at 31 December 2018: PLN 3 184 thousand),

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

A description of significant claims and the associated conditional liabilities is presented in note 26.

23. Net revenue from sales

	01.01.2019 30.09.2019	01.01.2018 30.09.2018
Revenue from the sale of electricity	8 803 270	6 717 906
Revenue from the sale of distribution services	2 083 727	1 986 165
Revenue from the sale of goods and materials	78 663	61 171
Revenue from the sale of other products and services	121 193	111 914
Revenue from origin certificates	15 436	3 239
Revenue from the sale of CO2 emission allowances	-	25 977
Revenue from the sale of industrial heat	246 121	248 544
Revenue from the sale of coal	194 930	151 655
Revenue from the sale of gas	105 089	77 627
Revenue from operating leases and sub-leases	13 783	-
Total net revenue from sales	**11 662 212**	**9 384 198**

The Group mainly classifies revenue by type of product/service. The key revenue groups are revenue from the sale of electricity (ENEA S.A., ENEA Wytwarzanie, ENEA Trading and ENEA Elektrownia Połaniec) and revenue from the sale of distribution services (ENEA Operator).

Sale of electricity: The Group recognises revenue when an obligation to provide a consideration by providing 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. Sales to the clearing-house Izba Rozliczeniowa Giełd Towarowych S.A. and the TGE power exchange also take place.

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

Payment deadlines for invoices concerning electricity sales to IRGiT are 1-3 days from delivery and invoice issue. For sales to TGE, payment deadlines are governed by TGE's regulations.

Sale of distribution services: In the case of distribution services sales, ENEA Operator charges a fee that contains separate components: grid fee (variable component), quality fee, grid fee (fixed component), instalment fee, transition fee and renewables fee.

In the case of the quality fee, transition fee and renewables fee, ENEA Operator serves, as a rule, as entity collecting fees and providing this consideration to other market participants, e.g. to Polskie Sieci Elektroenergetyczne S.A. (PSE). These fees (quality fee, transition fee, renewables fee) constitute quasi-taxes collected on behalf of other entities. ENEA Operator acts as agent collecting fees for other energy market participants, including PSE. In consequence, revenue from the sale of distribution services is decreased by the amount of renewables fee, quality fee and transition fee collected. Costs related to the procurement of transmission services and costs related to invoices for renewables support and support for producers are subject to adjustment.

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.

	01.01.2019-30.09.2019	01.01.2018-30.09.2018
Revenue from continuous services	10 992 086	8 781 698
Revenue from services provided at specified time	670 126	602 500
Total	**11 662 212**	**9 384 198**

24. Related-party transactions

Group companies execute transactions with the following related parties:

- Group companies - these transactions are eliminated at the consolidation stage;
- Transactions between the Group and members of the Group's corporate authorities, which should be divided into two categories:
  - resulting from being appointed as Supervisory Board members,
  - resulting from other civil-law contracts;
- Transactions with the State Treasury's subsidiaries.

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

Transactions with members of the Group's corporate authorities:

Item	Company's Management Board 01.01.2019 - 30.09.2019	Company's Management Board 01.01.2018 - 30.09.2018	Company's Supervisory Board 01.01.2019 - 30.09.2019	Company's Supervisory Board 01.01.2018 - 30.09.2018
Remuneration under management contracts and consulting contracts	2 381**	2 080*	-	-
Remuneration under appointment to management or supervisory bodies	-	-	599	594
TOTAL	**2 381**	**2 080**	**599**	**594**

** this remuneration includes a non-compete clause for former Management Board members, amounting to PLN 55 thousand
** this remuneration includes a non-compete clause for former Management Board members, amounting to PLN 275 thousand

In the 9-month period ended 30 September 2019, no loans were made to Supervisory Board members from the Company Social Benefit Fund (PLN 0 thousand for the 9-month period ended 30 September 2018). During this period, PLN 3 thousand in loans was repaid (PLN 4 thousand in the 9-month period ended 30 September 2018).

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

The Group 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:

- purchases of coal, electricity, property rights resulting from energy origin certificates as regards renewable energy and energy produced in cogeneration with heat, transmission and distribution services that the Group provides to the State Treasury's subsidiaries,
- sale of electricity, distribution services, connection to the grid and other associated fees, as well as coal, that the Group provides for both state and local administration authorities (sale to end customers) and to the State Treasury's subsidiaries (wholesale and retail sale - to end customers).

These transactions are executed on market terms, and these terms do not differ from the terms applied in transactions with other entities. The Group 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 Group 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 programmes is presented in note 18.

25. Future liabilities resulted from executed contracts as at the reporting date

Contractual liabilities related to the purchase of tangible and intangible assets incurred as at the reporting date but not yet recognised in the statement of financial position are as follows:

	30.09.2019	31.12.2018
Purchase of property, plant and equipment	1 097 015	1 118 027
Purchase of intangible assets	33 870	33 098
	1 130 885	**1 151 125**

26. Conditional liabilities and on-going proceedings in courts, arbitration bodies or public administration bodies

26.1. Impact of the Act on amendment of the act on excise duty and certain other acts

The Act on amendment of the act on excise duty and certain other acts ("Act") was adopted on 28 December 2018.

This regulation introduced the following:

- a reduction in the excise duty rate for electricity sold to final customers from 20 PLN/MWh to 5 PLN/MWh,
- specific directions for 2019 prices and fee rates for electricity for final customers to be applied by sellers, at the level of 2018 prices,

- the opportunity for sellers to seek an amount to offset reduced revenue from the sale of electricity to final customers in 2019 from the Settlement Manager specified in the Act (Price difference amount/Financial compensation).

The Act was updated later in the year, with the key change (published on 28 June 2019) introducing a more narrow group of final customers in the second half of 2019, consisting of customers from tariff group G and micro-enterprises, small businesses, hospitals, public finance sector entities, state organisational units without legal status, as defined in detail in the Act.

Based on the updated Act, an ordinance by the Minister of Energy was published on 23 July 2019 regarding methodology for calculating the Price difference amount and Financial compensation and methodology for determining reference prices ("Ordinance"). This document also set out the following:

- methodology for determining prices and fee rates for electricity sold to final customers in effect on 30 June 2018 in reference to the level to which the Company is required to reduce prices in 2019,
- methodology for calculating the Price difference amount and Financial compensation, as referred to in the Act.

Determining the size of provision for onerous contracts

Following the Act's entry into force and publication of the Ordinance, the Company analysed this issue in terms of updating provisions and recognising potential returns in the context of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

According to reporting regulations, if a given contract or group of contracts generate a loss, then the company should recognise an appropriate provision in the period in which the loss became unavoidable unless it is unable to reliably determine the amount of this provision and returns-related assets are recognised when they are certain in an amount not higher than the recognised provisions.

Initially in the 2018 settlement, the Group measured these provisions only as regards sales conducted on the basis of a tariff regulated by the URE President to customers in tariff group G. This measurement encompassed the legal conditions in force at that time, i.e.:

- maintaining the 2019 prices in regulated tariffs at the 2018 level,
- lack of clarity in the Act as published on 31 December 2018, resulting in contracts executed at a loss with customers from groups other than tariff G not being recognised,
- lack of basis for recognising any assets related to settlements with the Price Settlement Manager pursuant to the Act due to a lack of the relevant Ordinance and additional information containing data for settlements.

With implementing provisions and information necessary to reliably specify the Price difference amount being published, the Group carried out a re-assessment and, additionally, estimated the Act's financial effects in as far as possible and reliable as regards customers other than customers in regulated tariff G.

In estimating the provision as at 30 September 2019, the Group used the following assumptions:

a) The existing legal situation as at 30 September 2019 and information after the balance sheet date concerning the Act,
b) Retention of the existing methodology for estimating provisions for contracts executed at a loss for tariff group G within a regulated tariff,
c) Use of the existing methodology for estimating provisions for contracts executed at a loss for other customers groups indicated in the updated act for the fourth quarter of 2019.

Recognition of the effects of the Act

The following conclusions were made based on the above assumptions as at 30 September 2019:

(a) using the prices in effect in 2018 for tariff G clients, with a tariff regulated by the URE President, the Group estimated a loss on the contract. This loss results from using a cost model for purchasing electricity in 2019 (costs of electricity and property rights and an excise duty rate deemed as justified by the URE President in the tariff process for 2019) and the application of sales prices from 2018. The sales volume results from the planned sales to Tariff G customers in the fourth quarter of 2019. As at 30 September 2019, taking about into account, the Group:
   - used a PLN 60 702 thousand provision in the period Q1-Q3 2019,
   - maintained a PLN 18 279 thousand provision for Q4 2019,

(b) guided by the Act, the Group amended contractual terms taking into account the Act and methodology for determining reference prices in effect on 30 June 2018, as included in the Ordinance, and adjusted settlements with customers for the period from 1 January to 30 September 2019.

(c) guided by the Act and Ordinance, the Group estimated the Price difference amount for the first half of 2019 and Compensations for Q3 2019 at PLN 506 577 thousand, as results from the Application for payment of the price difference amount for H1 2019, submitted to the Settlement Manager on 4 October 2019, and an estimated value of Financial compensation for Q3 2019.
    Price difference amounts and Compensations were recognised in the item 'Compensations' in the statement of profit and loss and other comprehensive income and in the item 'Trade and other receivables' in the statement of financial position,

(d) At the same time, the Group estimated the amount of loss on a contract in Q4 2019 for other authorised customers (customers who have submitted appropriate declarations).
However, taking into account their level, the impact on financial result is viewed by the Group as negligible, and no additional provision was recognised on this account.

26.2. Sureties and guarantees

The following table presents significant bank guarantees valid as of 30 September 2019 under an agreement between ENEA S.A. and PKO BP S.A. up to a limit specified in the agreement.

Guarantee issue date	Guarantee validity	Entity for which the guarantee was issued	Bank - issuer	Guarantee amount in PLN 000s
12.08.2018	16.05.2021	Górecka Projekt Sp. z o.o.	PKO BP S.A.	2 109
13.11.2018	30.01.2020	Olsztyn municipality	PKO BP S.A.	4 462
24.05.2019	30.07.2020	City of Bydgoszcz	PKO BP S.A.	1 207
25.09.2019	02.12.2019	Zakład Wodociągów i Kanalizacji Sp. z o.o., Szczecin	PKO BP S.A.	1 000
Total bank guarantees				**8 778**

26.3. On-going proceedings in courts of general competence

<u>Proceedings initiated by the Group</u>

Proceedings in courts of general competence initiated by ENEA S.A. and ENEA Operator Sp. z o.o. concern receivables related to electricity supplies (electricity cases) and receivables related to other matters - illegal uptake of electricity, grid connections and other specialised services (non-electricity cases).

Proceedings in courts of general competences initiated by ENEA Wytwarzanie Sp. z o.o. mainly concern compensation for damages and contractual penalties from the company's counterparties.

At 30 September 2019, a total of 5 496 cases initiated by the Group were in progress before courts of general competence, worth in aggregate PLN 103 168 thousand (31 December 2018: 9 735 cases worth PLN 160 617 thousand).

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

<u>Proceedings against the Group</u>

Proceedings against the Group are initiated by both natural persons and legal entities. They concern issues such as: compensation for electricity supply disruptions, illegal uptake of electricity and compensation for the Group's use of properties on which power equipment is located. The Group considers cases related to non-contractual use of properties that are not owned by the Group as especially significant.

There are also claims concerning terminated agreements for the purchase of property rights (note 26.6).

Court proceedings against ENEA Wytwarzanie Sp. z o.o. concern compensation for damages and contractual penalties.

At 30 September 2019, a total of 2 220 cases against the Group were in progress before courts of general competence, worth in aggregate PLN 872 707 thousand (31 December 2018: 2 249 cases worth PLN 796 154 thousand). The outcome of individual cases is not significant from the viewpoint of the Group's financial result.

Provisions related to these court cases are presented in note 22.

26.4. Other court proceedings

Proceedings on-going before public administration courts involving Lubelski Węgiel Bogdanka S.A. mainly concern disputes with local government units regarding property tax. This stems from the fact that in preparing property tax declarations LWB (like other mining companies in Poland) did not take into account the value of underground mining excavations or the value of equipment located therein. These cases concern refunds of overpayments and the way in which property tax base is calculated, regarding years 2004-2007 and 2008-2012, respectively.
In order to protect the Group from any potential consequences in the form of late interest on property tax - provided that the municipalities' decisions that include equipment and support structures located inside mining excavations are eventually upheld - LWB has decided to include the value of underground excavations and equipment in calculations regarding this tax (given the majority of case law involving tax on elements of mining excavations) and to pay back tax together with interest for years 2016-2019. Corrected declarations were submitted and back tax with interest was paid on 6 August 2019, with PLN 27 610 thousand in total being paid to the municipalities of Puchaczów, Cyców and Ludwin. This operation had no impact on the Group's consolidated financial result (part of a provision previously created for this purpose was used).

A proceeding involving LWB was in progress at the District Court in Lublin with regard to claims by the Polish Social Insurance Institution (ZUS) concerning accident contributions, namely the appropriateness of re-classifying workplace accidents and rescinding a penalty imposed on the company as a result of an inspection by ZUS's Lublin office. An appeals hearing was held on 21 November 2017, where the Court of Appeals in Lublin examined the appeal raised by ZUS with regard to the ruling of 7 February 2017. The Court of Appeals ruled to reject ZUS's appeal. On 15 January 2018 the Court of Appeals drafted a justification for its ruling. On 12 March 2018 a cassation appeal from ZUS was received by the Court of Appeals in Lublin. On 19 April 2019, LWB received a final ruling from the Supreme Court, pursuant to which the complaint was rejected. The ruling is final and the case is closed. A provision that had been previously recognised was released.

On 18 January 2018 ENEA Wytwarzanie Sp. z o.o. received a lawsuit dated 28 December 2017, which had been filed with the District Court in Białystok by the Municipality of Białystok against ENEA Wytwarzanie Sp. z o.o., for the payment of PLN 29 445 thousand together with statutory interest for the sale of 126 083 shares of Miejskie Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o., based in Białystok (currently ENEA Ciepło Sp. z o.o.), constituting a residual stake, as part of an obligation arising under an agreement to sell ENEA Ciepło Sp. z o.o. shares executed on 26 May 2014. On 23 February 2018 ENEA Wytwarzanie Sp. z o.o. responded to the lawsuit, disagreeing with the position presented in it and requesting that the lawsuit be rejected in its entirety. The dispute concerned interpretation of a provision in the share sale agreement of 2014 regarding whether or not ENEA Wytwarzanie Sp. z o.o. is obligated to purchase the remaining shares, i.e. residual stake. According to ENEA Wytwarzanie Sp. z o.o., the company fulfilled all of its obligations specified in the share sale agreement of 2014 as regards the purchase of ENEA Ciepło Sp. z o.o. shares and is not required to additionally purchase the 121 863 shares.
On 14 August 2018 the District Court in Białystok (first instance) ruled in favour of the lawsuit brought by the Municipality of Białystok in its entirety. On 10 September 2018 ENEA Wytwarzanie Sp. z o.o. appealed the ruling. On 8 January 2019 the Appeals Court in Białystok referred the motion to exclude judges from the Appeals Court in Białystok to the Supreme Court.
On 9 March 2019, the Supreme Court decided to reject and in part cancel ENEA Wytwarzanie Sp. z o.o.'s request to exclude judges from the Appeals Court in Białystok (file no. SN IV Co 9/19). The hearing at the Appeals Court in Białystok was held on 19 June 2019. Following the hearing, the Appeals Court in Białystok ruled to reject the company's appeal. ENEA Wytwarzanie Sp. z o.o. requested to receive the ruling together with justification. This ruling is final. On 8 October 2019, the company filed a cassation appeal with the Supreme Court against a ruling from the second-instance court, with the intermediation of the Appeals Court in Białystok.
On 15 July 2019, ENEA Wytwarzanie Sp. z o.o. paid PLN 34 539 thousand to the Municipality of Białystok (principal plus statutory late interest from 25 January 2017 to the payment date) for the purchase of 126 083 shares in Miejskie Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. in Białystok, along with PLN 144 thousand as reimbursement of first- and second-instance litigation costs.
Irrespective of the above, on 12 July 2019 ENEA Wytwarzanie Sp. z o.o. and ENEA S.A. signed an agreement specifying rules for the sale of the aforementioned shares by ENEA Wytwarzanie Sp. z o. o. to ENEA S.A.
On 29 August 2019, the Supervisory Board of ENEA S.A. authorised the Management Board of ENEA S.A. to purchase 126 083 shares in ENEA Ciepło Sp. z o.o., with a nominal value of PLN 50 each and total nominal value of PLN 6 304 thousand, for PLN 34 539 thousand. On 4 September 2019 ENEA S.A. and ENEA Wytwarzanie Sp. z o.o. executed a sale agreement concerning 126 083 shares in ENEA Ciepło Sp. z o.o., with a nominal value of PLN 50 each and total nominal value of PLN 6 304 thousand, for PLN 34 539 thousand, pursuant to which ownership of the shares was to be transferred from ENEA Wytwarzanie Sp. z o.o. to ENEA S.A. on the day on which ENEA S.A. paid the share purchase price to ENEA Wytwarzanie Sp. z o.o. ENEA S.A.'s payment to ENEA Wytwarzanie Sp. z o.o. was made on 11 September 2019.
Given the above, from 11 September 2019 ENEA S.A. holds 3 019 288 shares in the share capital of ENEA Ciepło Sp. z o.o., which constitutes a nearly 99.94% stake in this company's share capital. The remaining shares are held by the company's employees.

The Management Board of ENEA 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 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 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. ENEA'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 ENEA S.A. submitted an appeal against the ruling of 31 July 2019.

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 others scheduled for 30 July 2019 and 1 October 2019, did not take place. A new hearing date has not yet been set.

26.5. Cases concerning 2012 non-balancing

On 30 and 31 December 2014, ENEA S.A. submitted demands for settlement to:

	Demanded amount in PLN 000s
PGE Polska Grupa Energetyczna S.A.	7 410
PKP Energetyka S.A.	1 272
TAURON Polska Energia S.A.	17 086
TAURON Sprzedaż GZE Sp. z o.o.	1 826
Total	**27 594**

The subject of these demands is claims for the payment for electricity that was incorrectly settled on the balancing market in 2012. The companies receiving these demands obtained unjustified proceeds by not allowing ENEA S.A. to issue invoices for 2012.

Given a lack of an amicable resolution in this case, ENEA S.A. brought lawsuits against:
- TAURON Polska Energia S.A. – lawsuit of 10 December 2015,
- TAURON Sprzedaż GZE Sp. z o. o. – lawsuit of 10 December 2015,
- PKP Energetyka S.A. – lawsuit of 28 December 2015,
- PGE Polska Grupa Energetyczna S.A. – lawsuit of 29 December 2015.

The aforementioned disputes have not been resolved.

26.6. 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 10 court proceedings concerning agreements for the purchase of property rights arising under certificates of origin for energy from renewable sources, which includes:

- 7 proceedings for payment against ENEA S.A. concerning remuneration, contractual penalties or compensation;
- 3 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 2 proceedings in which claims for payment are being sought at the same time.

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;
- Golice Wind Farm Sp. z o.o., based in Warsaw.

The Agreements were generally 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:
  - 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 121 307 thousand provision for potential claims resulting from the terminated Agreements in relation to submissions made by 30 September 2019 concerning transactions to sell property rights by the counterparties; the provision is presented in note 22.

27. Profit allocation

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.

On 25 June 2018 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 2017 to 31 December 2017, pursuant to which 100% of the 2017 net profit was transferred to reserve capital, intended to finance investments.

28. Participation in nuclear power plant build programme

On 15 April 2015 KGHM, PGE, TAURON and ENEA S.A. executed an agreement to purchase shares in PGE EJ 1. KGHM, TAURON 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.

In accordance with the Founding Agreement, ENEA S.A.'s financial investment in the Preliminary Stage will not exceed approx. PLN 107 million. ENEA S.A.'s overall expenditures on purchasing shares and increasing the company's share capital amounted to PLN 32 544 thousand.

On 28 November 2018 PGE S.A. expressed preliminary interest in purchasing all of the shares of PGE EJ 1. According to information from PGE S.A., this transaction would be possible after an independent adviser prepares a valuation and corporate approvals are secured by all of the entities involved. On 4 December 2018 ENEA S.A. expressed preliminary interest in selling its entire stake in PGE EJ 1. Preliminary interest in selling their stakes in PGE EJ 1 was also expressed by the other shareholders, i.e. TAURON and KGHM. On 17 April 2019, PGE S.A. decided to withdraw from the process to purchase shares held by the remaining shareholders.

29. Tax group

Through a decision of 14 May 2019, the Director of the 1st Wielkopolskie Tax Authority in Poznań confirmed the expiry of a decision issued on 25 October 2016 regarding the registration of ENEA Tax Group agreement due to ENEA Tax Group's failure in tax year 2018 to comply with the condition to maintain a ratio of profit to revenue of at least 2%.

ENEA Tax Group lost its tax group status as of 31 December 2018.

1 January 2019 is the first day of a new tax year for companies within the tax group, and from this date they are required to individually settle corporate income tax.

30. Management Board and Supervisory Board changes

Management Board changes

On 16 May 2019, the Supervisory Board of ENEA S.A. appointed the following Management Board Members for a new joint term beginning on the date of ENEA S.A.'s Ordinary General Meeting approving the 2018 financial statements, i.e. from 21 May 2019: Mr. Mirosław Kowalik as President of the Management Board, Mr. Jarosław Ołowski as Member of the Management Board for Finance, Mr. Piotr Adamczak as Member of the Management Board for Trade and Mr. Zbigniew Piętka as Member of the Management Board for Corporate Affairs.

Supervisory Board changes

On 20 May 2019, ENEA S.A.'s Ordinary General Meeting appointed the following Supervisory Board Members for the 10th joint term, effective from 21 May 2019: Mr. Stanisław Hebda (who was also appointed Chairperson of the Supervisory Board), Mr. Paweł Jabłoński, Mr. Michał Jaciubek, Mr. Paweł Koroblowski, Mr. Ireneusz Kulka, Mr. Maciej Mazur, Mr. Piotr Mirkowski, Mr. Mariusz Pliszka and Mr. Roman Stryjski.

31. Events after the balance sheet date

On 14 October 2019, following completion of an early buy-back process, ENEA S.A. purchased 1 218 series ENEA0220 bonds. In connection with this, on 15 October 2019 the Management Board of ENEA S.A. adopted a resolution to redeem these bonds. The remaining 8 782 outstanding series ENEA0220 bonds continued to be held by bondholders and remain listed on an Alternative Trading System operated by BondSpot S.A. Their maturity is on 10 February 2020.

ENEA S.A.'s selected separate financial data

	in PLN 000s		in EUR 000s	
	9 months ended on 30.09.2019	**9 months ended on 30.09.2018**	**9 months ended on 30.09.2019**	**9 months ended on 30.09.2018**
Net revenue from sales	3 703 384	3 422 516	859 533	804 635
Compensations	506 577	-	117 573	-
Revenue from sales and other income	4 209 961	3 422 516	977 106	804 635
Operating loss	(36 050)	(19 473)	(8 367)	(4 578)
Profit before tax	726 673	680 998	168 656	160 103
Net profit for the reporting period	699 770	712 318	162 412	167 466
EBITDA	(32 091)	(17 785)	(7 448)	(4 181)
Net cash flows from operating activities	(300 134)	(239 992)	(69 659)	(56 422)
Net cash flows from investing activities	370 520	292 585	85 995	68 787
Net cash flows from financing activities	593 506	(299 070)	137 749	(70 312)
Total net cash flows	663 892	(246 477)	154 085	(57 947)
Weighted average number of shares	441 442 578	441 442 578	441 442 578	441 442 578
Net profit per share (in PLN/EUR per share)	1.59	1.61	0.37	0.38
Diluted profit per share (in PLN/EUR)	1.59	1.61	0.37	0.38

	As at 30.09.2019	**As at 31.12.2018**	**As at 30.09.2019**	**As at 31.12.2018**
Total assets	25 614 138	22 943 794	5 856 534	5 335 766
Total liabilities	11 625 106	9 647 948	2 658 018	2 243 709
Non-current liabilities	7 631 876	7 976 020	1 744 987	1 854 888
Current liabilities	3 993 230	1 671 928	913 030	388 820
Equity	13 989 032	13 295 846	3 198 517	3 092 057
Share capital	588 018	588 018	134 447	136 748
Book value per share (in PLN/EUR)	31.69	30.12	7.25	7.00
Diluted book value per share (in PLN/EUR)	31.69	30.12	7.25	7.00

The above financial data for 2019 and 2018 was translated into EUR in accordance with the following rules:

- asset and equity and liability items - using the average exchange rate published for 30 September 2019 – EURPLN 4.3736 (EURPLN 4.3000 as at 31 December 2018),
- items in the statement of profit and loss statement of cash flows - using an exchange rate constituting the arithmetic average of the average exchange rates published by the National Bank of Poland for the last day of each month in the period from 1 January to 30 September 2019 - EURPLN 4.3086 (EURPLN 4.2535 for the period from 1 January to 30 September 2018).

ENEA S.A.
Condensed separate interim financial statements for the period from 1 January to 30 September 2019

Poznań, 19 November 2019

Table of contents for the condensed separate interim financial statements

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

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 have been approved by the Management Board of ENEA S.A.

Members of the Management Board

President of the Management Board Mirosław Kowalik ………………………………….

Member of the Management Board Piotr Adamczak …………………………………

Member of the Management Board Jarosław Ołowski …………………………………

Member of the Management Board Zbigniew Piętka …………………………………

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, 19 November 2019

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

Separate statement of financial position

	Note	As at 30.09.2019	As at 31.12.2018
ASSETS			
Non-current assets			
Property, plant and equipment	7	23 472	25 791
Perpetual usufruct of land		-	1 504
Right-of-use assets		39 461	-
Intangible assets	7	4 400	4 501
Investment properties		13 894	14 305
Investments in subsidiaries, associates and jointly controlled entities	8	13 186 262	12 794 956
Deferred income tax assets	19	72 827	98 432
Financial assets measured at fair value	15	39 282	46 357
Debt financial assets at amortised cost	9	5 274 480	6 578 980
Trade and other receivables		-	1 103
Financial lease and sub-lease receivables		3 277	-
Costs related to the conclusion of agreements		11 797	12 905
		18 669 152	**19 578 834**
Current assets			
Inventories	13	455 685	333 578
Trade and other receivables		1 184 942	970 657
Costs related to the conclusion of agreements		12 097	16 948
Assets arising from contracts with customers	11	194 585	227 480
Current income tax receivables		22 313	77 098
Financial lease and sub-lease receivables		2 891	-
Debt financial assets at amortised cost	9	2 088 207	593 221
Cash and cash equivalents	14	2 984 266	1 145 978
		6 944 986	**3 364 960**
Total assets		**25 614 138**	**22 943 794**
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		(23 488)	(15 986)
Reserve capital		5 690 700	4 963 564
Retained earnings		3 123 165	3 149 613
Total equity		**13 989 032**	**13 295 846**
LIABILITIES			
Non-current liabilities			
Credit facilities, loans and debt securities	17	7 507 963	7 899 495
Lease liabilities		37 693	763
Employee benefit liabilities		52 433	53 586
Financial liabilities measured at fair value		33 787	22 176
		7 631 876	**7 976 020**
Current liabilities			
Credit facilities, loans and debt securities	17	1 523 090	341 475
Trade and other payables		492 099	646 660
Liabilities arising from contracts with customers	11	120 520	-
Lease liabilities		5 241	661
Employee benefit liabilities		23 378	23 143
Liabilities concerning the equivalent for rights to free purchase of shares		281	281
Other financial liabilities	18	1 321 181	146 785
Provisions for other liabilities and other charges	20	507 440	512 923
		3 993 230	**1 671 928**
Total liabilities		**11 625 106**	**9 647 948**
Total equity and liabilities		**25 614 138**	**22 943 794**

This separate statement of financial position should by analysed in conjunction with the explanatory notes, which constitute an integral part of the condensed separate interim financial statements.

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

Separate statement of profit and loss and other comprehensive income

		For the period of			
		9 months ended on 30.09.2019	**3 months ended on 30.09.2019**	**9 months ended on 30.09.2018**	**3 months ended on 30.09.2018**
Revenue from sales		3 757 086	1 339 312	3 609 298	1 233 365
Excise duty		(53 702)	(17 735)	(186 782)	(60 587)
Net revenue from sales		**3 703 384**	**1 321 577**	**3 422 516**	**1 172 778**
Compensations	24.1	506 577	76 176	**-**	**-**
Revenue from sales and other income		**4 209 961**	**1 397 753**	**3 422 516**	**1 172 778**
Other operating revenue		7 986	3 693	15 488	5 122
Change in provision for onerous contracts	24.1	60 702	19 698	-	-
Amortisation		(3 959)	(1 306)	(1 688)	(580)
Employee benefit costs		(52 665)	(15 832)	(44 945)	(14 578)
Use of materials and raw materials and value of goods sold		(1 610)	(609)	(1 922)	(562)
Purchase of electricity and gas for sales purposes		(4 031 932)	(1 324 033)	(3 209 996)	(1 121 928)
Transmission and distribution services		(2 555)	(1 339)	(1 599)	(745)
Other third-party services		(164 954)	(65 745)	(146 566)	(56 576)
Taxes and fees		(3 756)	(516)	(2 763)	(751)
Gain on sale and liquidation of property, plant and equipment		437	5	148	108
Other operating costs		(53 705)	(16 951)	(48 146)	(15 338)
Operating loss		**(36 050)**	**(5 182)**	**(19 473)**	**(33 050)**
Finance costs		(210 482)	(80 613)	(194 066)	(63 134)
Finance income		191 698	69 113	249 244	64 091
Dividend income		781 507	359 099	645 293	-
Profit/(loss) before tax		**726 673**	**342 417**	**680 998**	**(32 093)**
Income tax		(26 903)	(25 528)	31 320	(3 144)
Net profit / (loss) for the reporting period		**699 770**	**316 889**	**712 318**	**(35 237)**

Other comprehensive income				
Subject to reclassification to profit or loss				
- measurement of hedging instruments	(9 262)	(1 932)	(28 183)	(687)
- income tax	1 760	367	5 355	131
Not subject to reclassification to profit or loss				
- restatement of defined benefit programme	1 133	-	(3 798)	-
- income tax	(215)	-	722	-
Net other comprehensive income	**(6 584)**	**(1 565)**	**(25 904)**	**(556)**
Total comprehensive income	**693 186**	**315 324**	**686 414**	**(35 793)**
Profit attributable to the Company's shareholders	699 770	316 889	712 318	(35 237)
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)	**1.59**	**0.72**	**1.61**	**(0.08)**
Diluted profit per share (in PLN per share)	**1.59**	**0.72**	**1.61**	**(0.08)**

(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 01.01.2019	441 443	146 575	**588 018**	**4 627 673**	**(17 036)**	**(15 986)**	**4 963 564**	**3 149 613**	**13 295 846**
Net profit								699 770	**699 770**
Other comprehensive income						(7 502)		918	**(6 584)**
Net comprehensive income recognised in the period						**(7 502)**		**700 688**	**693 186**
Allocation of net profit - transfer							727 136	(727 136)	-
As at 30.09.2019	441 443	146 575	**588 018**	**4 627 673**	**(17 036)**	**(23 488)**	**5 690 700**	**3 123 165**	**13 989 032**

	Share capital (nominal amount)	Reserve for revaluation and merger accounting	**Total share capital**	**Share premium**	**Revaluation reserve - measurement of hedging instruments**	**Reserve capital**	**Retained earnings**	**Total equity**
As at 01.01.2018	441 443	146 575	**588 018**	**4 627 673**	**25 967**	**3 150 240**	**4 240 079**	**12 631 977**
Adjustment due to implementation of IFRS 9							(2 288)	**(2 288)**
As at 01.01.2018, adjusted	441 443	146 575	**588 018**	**4 627 673**	**25 967**	**3 150 240**	**4 237 791**	**12 629 689**
Net profit							712 318	**712 318**
Other comprehensive income					(22 828)		(3 076)	**(25 904)**
Net comprehensive income recognised in the period					**(22 828)**		**709 242**	**686 414**
Allocation of net profit - transfer						1 813 324	(1 813 324)	-
As at 30.09.2018	441 443	146 575	**588 018**	**4 627 673**	**3 139**	**4 963 564**	**3 133 709**	**13 316 103**

This separate statement of changes in equity should by analysed in conjunction with the explanatory notes, which constitute an integral part of the condensed separate interim financial statements.

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

Separate statement of cash flows

	Note	9 months ended 30.09.2019	9 months ended 30.09.2018
Cash flows from operating activities			
Net profit for the reporting period		699 770	712 318
Adjustments:			
Income tax in profit or loss		26 903	(31 320)
Amortisation		3 959	1 688
Gain on sale and liquidation of property, plant and equipment		(437)	(148)
Loss on sale of financial assets		11 751	17 771
Interest income		(151 254)	(162 406)
Dividend income		(781 507)	(645 293)
Interest costs		178 651	159 209
Reversal of impairment on equity		-	(51 365)
		(711 934)	(711 864)
Income tax (paid) / return		32 316	7 354
Tax on settlements within tax group		(30 668)	3 199
Changes in working capital			
Inventories		(122 107)	(91 868)
Trade and other receivables		(120 537)	(71 770)
Trade and other payables		(41 706)	(163 427)
Employee benefit liabilities		215	(2 175)
Provisions for other liabilities and other charges		(5 483)	78 241
		(289 618)	(250 999)
Net cash flows from operating activities		**(300 134)**	**(239 992)**
Cash flows from investing activities			
Purchase of tangible and intangible assets		(35)	(277)
Proceeds from sale of tangible and intangible assets		437	150
Proceeds from sale of financial assets		131 215	125 110
Purchase of financial assets		(454 360)	(266 140)
Purchase of subsidiaries		(40 284)	(19 520)
Purchase of associates and jointly controlled entities		(181 357)	(315 290)
Received dividends		781 507	645 293
Proceeds related to future purchase of financial assets		-	29
Received interest		133 397	123 230
Net cash flows from investing activities		**370 520**	**292 585**
Cash flows from financing activities			
Bond issuance		1 000 000	-
Repayment of credit and loans		(82 934)	(54 129)
Bond buy-back		(156 110)	(95 000)
Expenditures concerning lease payments		(3 964)	(249)
Expenditures concerning future bond issues		(195)	(797)
Interest paid		(163 291)	(148 895)
Net cash flows from financing activities		**593 506**	**(299 070)**
Increase / (decrease) in net cash		**663 892**	**(246 477)**
Cash at the beginning of reporting period		999 193	1 022 691
Cash at the end of reporting period*	14	**1 663 085**	**776 214**

* from 2019, the Group's cash pooling liabilities are recognised as cash equivalents for the purposes of the statement of cash flows. Comparative data has been changed accordingly.

1. General information 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
National Court Register - District Court in 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., 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 September 2019, ENEA S.A.'s shareholding structure was as follows: the State Treasury of the Republic of Poland held a 51.5% stake and the remaining shareholders held 48.5%. As at 30 September 2019, the Company's highest-level controlling entity was the State Treasury.

As at 30 September 2019, 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 main business activity of ENEA S.A. ("ENEA," "Company") is trade of electricity.

ENEA S.A. is the parent company for ENEA Group ("Group"), which as at 30 September 2019 consisted of 15 subsidiaries, 9 indirect subsidiaries, 2 associates and 3 jointly controlled entities.

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 ENEA S.A.'s going concern.

2. Statement on compliance

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 have been 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 September 2019. The presented tables and explanations are prepared with due diligence. These condensed separate interim financial statements have not been reviewed by a statutory auditor.

The Company prepares ENEA Group's condensed consolidated interim financial statements pursuant to EU IFRS as at 30 September 2019 and for the 9-month period ended 30 September 2019. These condensed separate interim financial statements should be read 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 31 December 2018.

3. Applied accounting rules

These condensed separate interim financial statements are prepared in accordance with accounting rules that are consistent with those applied in preparing the most recent annual separate financial statements, for the financial year ended 31 December 2018, except for accounting rules arising under IFRS 16 *Leases*, which entered into force on 1 January 2019.

3.1. Functional currency and presentation currency

The Polish zloty is the measurement currency and reporting currency for these condensed separate interim financial statements. Data in these condensed separate interim financial statements is presented in PLN 000s unless stated otherwise.

3.2. Leases

A contract contains a lease if:

a) it concerns an identified asset that is explicitly specified in the contract (e.g. using an inventory number or indication of a specific floor of a building) or indirectly specified when it is made available to the customer; and
b) the lessee receives essential all of the economic benefits from such assets during the period of use, i.e. both basic benefits and the benefits derived from it; and
c) the lessee has the right to specify the method in which it uses the identified asset.

As lessee, the Company recognises lease contracts in its financial statements as:

a) right-of-use assets at purchase price;
   - covering the value of the lease liability plus payments made on or before the contract date, initial direct costs, an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories,
   - less any lease incentives received.
b) lease liability constituting the sum of the present value of lease payments and the present value of payments expected at the end of the lease term.

Subsequent to initial recognition, the Company measures the right-of-use assets at purchase price less depreciation and impairment. The depreciation period is set as:

a) If the lease transfers ownership of the underlying asset to the lessee or if the lessee is certain that it will exercise a purchase option, the depreciation period is from the commencement date to the end of the useful life of the underlying asset, or
b) the depreciation period starts from the commencement date to the earlier of:
   - the end of the useful life of the right-of-use asset, or
   - the end of the lease term.

Lease payments, constituting the basis for measuring the lease liability, consist of the following payments:

a) fixed lease payments for the contract term, i.e. the basic contract term and the term for which the lease contract is expected to be extended (including lease payments that despite being variable are in substance fixed because they are unavoidable), less lease receivables resulting from special promotional fees,
b) variable lease payments that depend on an index or a rate, including payments linked to CPI, payments dependent on a reference interest rate (i.e. LIBOR) or payments that are variable in order to reflect changes in market rates for rent,
c) amounts expected to be payable by the lessee under residual value guarantees,
d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option,
e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The present value of future lease payments is calculated using a discount rate. The Company applies a residual interest rate, i.e. a rate that it would be required to pay based on a similar lease contract or, if not possible to determine, an interest rate at the commencement date that ENEA S.A. would have to use to make a loan necessary to purchase the given asset for a similar period and with similar collateral. The Company uses an interest rate equal to 6-month WIBOR from the last day of the year preceding the financial year, plus margin. The discount rate will be updated once a year, at the end of the year, and will be in force in the next period.

The Company sets the lease term, i.e. irrevocable lease term, together with:

a) the term for an option to extend the lease contract if it is sufficiently certain that the Company will exercise this right; and
b) the term for an option to terminate the lease contract if it is sufficiently certain that the Company will not exercise that right.

In most of its lease contracts, the Company uses a lease period in accordance with the contractual period. For contracts executed for an undefined period, the Company determines the minimum contractual period for both of the parties. If the Company is unable to determine how long it intends to use the asset and such an estimate could be treated as a lease term in the case of contracts with an undefined period, the Company assumes that the irrevocable contractual period will be the termination period for that contract.

In the case of the right to perpetual usufruct of land, the lease term is the same as the term for the right to perpetual usufruct.

In subsequent periods, the lease liability is measured taking into account:

a) interest charged (unwind of discount),
b) lease payments made,
c) reflection of the re-evaluation of contract, changes in the contract or changes in the nature of variable payments that are fixed in substance.

The liability in a given period will constitute the difference between the present value of lease payments and the sum of lease payments for the given period. The interest part of a lease payment is directly recognised in the statement of profit and loss.

For multi-element contracts, the Company recognises lease components separately from non-lease components. The Company allocates contractual remuneration to all components, using individual sales prices in the case of lease components and aggregated individual sales prices in the case of non-lease components.

The Company has the option to apply a practical expedient and not to apply the lease model in reference to:
a) short-term leases (contracts with a term of up to 12 months and without the right to purchase the asset),
b) the leasing of low-value assets, the initial value of which does not exceed PLN 10 thousand (even if the value of such assets is significant after aggregation) and assets that are not largely depended on or tied to other assets specified in the contract.

This exemption does not apply to situations where the Company transfers the asset under a sub-lease or expects to transfers it. If the Company decides to use this expedient, it recognises lease payments as cost on a straight-line basis throughout the lease term.

As lessor, the Company classifies leases as finance leases or operating leases. A lease is classified as a finance lease if the lease contract meets one of the following criteria:
a) the lease transfers ownership of the underlying asset to the lessee by the end of the lease term,
b) the lessee has the option to purchase the underlying asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception date, that the option will be exercised
c) the lease term is for the major part of the economic life of the underlying asset even if title is not transferred
d) at the inception date, the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset; and
e) the underlying asset is of such a specialised nature that only the lessee can use it without major modifications,
f) if the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee,
g) gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (for example, in the form of a rent rebate equalling most of the sales proceeds at the end of the lease),
h) the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

The Company recognises operating lease revenue on a straight-line basis throughout the lease term.

The Company (as lessor) in a finance lease ceases to recognise the leased asset as property, plant and equipment and recognises finance lease receivables in an amount equal to the net lease investment. The recognition of finance income reflects a fixed periodic rate of return in the net lease investment by the lessor as part of a finance lease. Lease payments for a given reporting period decrease the gross lease investment, reducing both the principal receivable and the amount of unrealised finance income.

As an indirect lessor, the Company recognises the main lease contract and the sub-lease contract as two separate contracts.
The measurement of the head lease, i.e. measurement of the right-of-use assets and the lease liability, is in accordance with the measurement methodology for standard lease contracts. The Company (indirect lessor) classifies a sublease contract as finance lease or operating lease in reference to the right-of-use resulting from the main lease contract.

Sublease contracts the term of which constitutes a major part of the head lease term are classified as finance leases. Otherwise, the sublease is an operating lease.

In the case of a finance lease, the Company as indirect lessor:
a) ceases to recognise the right-of-use assets from the head lease in full or in part such as become the object of the sublease, and recognises a sublease receivable (net sublease investment),
b) retains on the balance sheet a head lease liability, which constitutes lease payments to the head lessor.

The Company (indirect lessor) throughout the term of the sublease recognises both interest income from the sublease and interest costs on the head lease, which are presented separately.

The Company (indirect lessor) recognises sublease receivables in an amount equal to the sum of minimum lease payments due to the sublessor resulting from a finance sublease, discounting using the sublease interest rate. Based on the adopted interest rate, the fixed lease payment resulting from the contract is split into principal and interest. The principal portion reduces the amount of sublease receivable, while the interest portion is recognised in profit or loss.

When the Company executes a sublease contract that is an operating lease, the Company (indirect lessor) continues to recognise in the statement of financial position a lease liability and right-of-use assets.

During the operating sublease term, the Company:
a) recognises depreciation of the right-of-use assets and interest on the lease liability,
b) recognises sublease revenue.

As lessor, the Company does not have the option to use a practical expedient in the form of separating lease and non-lease components. The Company must allocate the total contractual consideration to lease and non-lease components based on the unit sale prices for specific components. Unit sale prices may be derived from price lists based on which the Company prepares its offerings. IFRS 15 *Revenue from Contracts with Customers* applies to non-lease components.

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

3.3. Methods for implementing new standards

IFRS 16 - the Company adopted a modified retrospective approach as the approach for implementing IFRS 16, without restating the comparative data for previous periods, i.e. 1 January 2018 and 31 December 2018.

	31.12.2018	Impact of IFRS 16	01.01.2019
ASSETS			
Non-current assets			
Property, plant and equipment	25 791	(1 497)	24 294
Perpetual usufruct of land	1 504	(1 504)	-
Right-of-use assets	-	42 063	42 063
Intangible assets	4 501	-	4 501
Investment properties	14 305	-	14 305
Investments in subsidiaries, associates and jointly controlled entities	12 794 956	-	12 794 956
Deferred income tax assets	98 432	-	98 432
Financial assets measured at fair value	46 357	-	46 357
Debt financial assets at amortised cost	6 578 980	-	6 578 980
Trade and other receivables	1 103	(1 103)	-
Financial lease and sub-lease receivables	-	4 963	4 963
Costs related to the conclusion of agreements	12 905	-	12 905
	19 578 834	**42 922**	**19 621 756**
Current assets			
Inventories	333 578	-	333 578
Trade and other receivables	970 657	(759)	969 898
Costs related to the conclusion of agreements	16 948	-	16 948
Assets arising from contracts with customers	227 480	-	227 480
Financial lease and sub-lease receivables	-	2 769	2 769
Current income tax receivables	77 098	-	77 098
Debt financial assets at amortised cost	593 221	-	593 221
Cash and cash equivalents	1 145 978	-	1 145 978
	3 364 960	**2 010**	**3 366 970**
TOTAL ASSETS	**22 943 794**	**44 932**	**22 988 726**

	31.12.2018	Impact IFRS 16	01.01.2019
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	(15 986)	-	(15 986)
Reserve capital	4 963 564	-	4 963 564
Retained earnings	3 149 613	-	3 149 613
Total equity	**13 295 846**	**-**	**13 295 846**
LIABILITIES			
Non-current liabilities			
Credit facilities, loans and debt securities	7 899 495	-	7 899 495
Lease liabilities	763	39 753	40 516
Employee benefit liabilities	53 586	-	53 586
Financial liabilities measured at fair value	22 176	-	22 176
	7 976 020	**39 753**	**8 015 773**

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

Current liabilities			
Credit facilities, loans and debt securities	341 475	-	341 475
Trade and other payables	646 660	-	646 660
Lease liabilities	661	5 179	5 840
Employee benefit liabilities	23 143	-	23 143
Liabilities concerning the equivalent for rights to free purchase of shares	281	-	281
Other financial liabilities	146 785	-	146 785
Provisions for other liabilities and other charges	512 923	-	512 923
	1 671 928	**5 179**	**1 677 107**
Total liabilities	**9 647 948**	**44 932**	**9 692 880**
Total equity and liabilities	**22 943 794**	**44 932**	**22 988 726**

The implementation of IFRS 16 had an impact on the level of EBITDA and its comparability with the previous period due to the new standard's impact in the form of an increase in depreciation and finance costs.

	30.09.2019	30.09.2018*
Net profit	**699 770**	**712 318**
Amortisation	3 959	1 688
Finance costs	210 482	194 066
Finance income	(191 698)	(249 244)
Dividend income	(781 507)	(645 293)
Income tax	26 903	(31 320)
EBITDA	**(32 091)**	**(17 785)**

*Data without taking IFRS 16 into account

4. Significant estimates and assumptions

Preparing condensed separate interim financial statements in compliance with IAS 34 requires the Management Board to adopted certain assumptions and estimates that have an impact on the application of adopted accounting rules and the values presented in the condensed separate interim financial statements and in notes to these financial statements. Such assumptions and estimates are based on the Management Board's best knowledge regarding current and future events and activities. Actual results may significantly differ from forecasts. 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 have no material impact on the present interim period.

5. Group structure - list of subsidiaries and ENEA S.A.'s stakes in associates and jointly controlled entities

	Company name and address		ENEA S.A.'s stake in total number of voting rights in % 30.09.2019	ENEA S.A.'s stake in total number of voting rights in % 31.12.2018
1.	**ENEA Operator Sp. z o.o.** Poznań, ul. Strzeszyńska 58	subsidiary	100	100
2.	**ENEA Wytwarzanie Sp. z o.o.** Świerże Górne, al. Józefa Zielińskiego 1	subsidiary	100	100
3.	**ENEA Elektrownia Połaniec S.A.** Połaniec, ul. Zawada 26	subsidiary	100	100
4.	**ENEA Oświetlenie Sp. z o.o.** Szczecin, ul. Ku Słońcu 34	subsidiary	100	100
5.	**ENEA Trading Sp. z o.o.** Świerże Górne, Kozienice municipality, Kozienice 1	subsidiary	100	100
6.	**ENEA Logistyka Sp. z o.o.** Poznań, ul. Strzeszyńska 58	subsidiary	100	100
7.	**ENEA Ciepło Serwis Sp. z o.o.** Białystok, ul. Starosielce 2/1	subsidiary	100	100
8.	**ENEA Serwis Sp. z o.o.** Lipno, Gronówko 30	subsidiary	100	100
9.	**ENEA Centrum Sp. z o.o.** Poznań, ul. Górecka 1	subsidiary	100[9]	100
10.	**ENEA Pomiary Sp. z o.o.** Poznań, ul. Strzeszyńska 58	subsidiary	100	100

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

11.	**ENERGO-TOUR Sp. z o.o. w likwidacji** Poznań, ul. Strzeszyńska 58	subsidiary	100[6]	100[6]
12.	**ENEA Innowacje Sp. z o.o.** Warsaw, ul. Wiśniowa 40	subsidiary	100[8.11]	100
13.	**ENEA Ciepło Sp. z o.o.** Białystok, ul. Warszawska 27	subsidiary	99.94[10]	95.77
14.	**Lubelski Węgiel BOGDANKA S.A.** Bogdanka, Puchaczów	subsidiary	65.99	65.99
15.	**Annacond Enterprises Sp. z o.o. w likwidacji** Warsaw, ul. Jana Pawła II 12	subsidiary	61	61
16.	**Elektrownia Ostrołęka Sp. z o.o.** Ostrołęka, ul. Elektryczna 3	jointly controlled entity	50[7]	50
17.	**ElectroMobility Poland S.A.** Warsaw, al. Jerozolimskie 81	associate	25	25
18.	**Polimex – Mostostal S.A.** Warsaw, al. Jana Pawła II 12	associate	16.48	16.48
19.	**Polska Grupa Górnicza S.A.** Katowice, ul. Powstańców 30	jointly controlled entity	7.66	7.66
20.	**ENEA Bioenergia Sp. z o.o.** Połaniec, ul. Zawada 26	indirect subsidiary	100[4]	100[4]
21.	**ENEA Połaniec Serwis Sp. z o.o.** Połaniec, ul. Zawada 26	indirect subsidiary	100[4]	-
22.	**ENEA Badania i Rozwój Sp. z o.o.** Świerże Górne, al. Józefa Zielińskiego 1	indirect subsidiary	100[5.12]	100[1]
23.	**Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o.** Oborniki, ul. Wybudowanie 56	indirect subsidiary	99.93[1]	99.93[1]
24.	**Miejska Energetyka Cieplna Piła Sp. z o.o.** Piła, ul. Kaczorska 20	indirect subsidiary	71.11[1]	71.11[1]
25.	**EkoTRANS Bogdanka Sp. z o.o.** Bogdanka, Puchaczów	indirect subsidiary	65.99[2]	65.99[2]
26.	**RG Bogdanka Sp. z o.o.** Bogdanka, Puchaczów	indirect subsidiary	65.99[2]	65.99[2]
27.	**MR Bogdanka Sp. z o.o.** Bogdanka, Puchaczów	indirect subsidiary	65.99[2]	65.99[2]
28.	**Łęczyńska Energetyka Sp. z o.o.** Bogdanka, Puchaczów	indirect subsidiary	58.53[2]	58.53[2]
29.	**Centralny System Wymiany Informacji Sp. z o.o. w likwidacji** Poznań, ul. Strzeszyńska 58	jointly controlled entity	20[3.13]	20[3]

[1] – indirect subsidiary through stake in ENEA Wytwarzanie Sp. z o.o.
[2] – indirect subsidiary through stake in Lubelski Węgiel BOGDANKA S.A.
[3] – jointly controlled entity through stake in ENEA Operator Sp. z o.o.
[4] – indirect subsidiary through stake in ENEA Elektrownia Połaniec S.A.
[5] – indirect subsidiary through stake in ENEA Innowacje Sp. z o.o.
[6] – 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.
[7] – on 4 January 2019 an Extraordinary General Meeting of Elektrownia Ostrołęka Sp. z o.o. adopted a resolution on a PLN 361 382 thousand share capital increase, from PLN 551 100 thousand to PLN 912 482 thousand, through the issue of 7 227 642 new shares with voting preference, i.e. with two votes for one share, with nominal value of PLN 50.00 each and total nominal value of PLN 361 382 thousand. On 4 January 2019, ENEA S.A. signed a commitment to acquire 3 613 821 shares in exchange for a cash contribution of PLN 180 691 thousand. On 4 January 2019, ENEA S.A. provided its cash contribution. The share capital increase was registered at the National Court Register on 1 March 2019.
[8] – on 12 June 2019, an Extraordinary General Meeting of ENEA Innowacje Sp. z o.o. adopted Resolution no. 1 regarding a cash increase of the company's share capital by PLN 5 400 thousand, i.e. from PLN 3 805 thousand to PLN 9 205 thousand, by issuing 54 000 new shares with a nominal value of PLN 100 each. The share capital increase was registered at the National Court Register on 19 July 2019.
[9] – on 10 September 2019 an Extraordinary General Meeting of ENEA Centrum Sp. z o.o. adopted a resolution to increase the company's share capital by PLN 100 000 thousand, i.e. from PLN 3 929 thousand to PLN 103 929 thousand by issuing 1 000 000 new shares with a nominal value of PLN 100 each. On 10 September 2019 ENEA S.A. acquired the newly-issued shares and made a non-monetary contribution in the form of receivables totalling PLN 162 000 thousand due for ENEA S.A. from ENEA Centrum Sp. z o.o. for loans made under two loan agreements executed in 2014 and 2015. The amount of PLN 62 000 thousand constitutes a premium of the non-monetary contribution over the nominal value of the acquired shares and was transferred to ENEA Centrum Sp. z o.o.'s supplementary capital. The share capital increase was registered at the National Court Register on 8 November 2019.
[10] – on 4 September 2019 ENEA S.A. and ENEA Wytwarzanie Sp. z o.o. executed an agreement to sell shares of ENEA

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

Ciepło Sp. z o.o., pursuant to which ENEA S.A. purchased form ENEA Wytwarzanie Sp. z o.o. 126 083 shares in ENEA Ciepło Sp. z o.o. with a nominal value of PLN 6 304 thousand.
[11] – on 24 September 2019 an Extraordinary General Meeting of ENEA Innowacje Sp. z o.o. adopted a resolution regarding a cash increase of the company's share capital by PLN 7 855 thousand, i.e. from PLN 9 205 thousand to PLN 17 060 thousand, by issuing 78 550 new shares with a nominal value of PLN 100 each. On 27 September 2019 ENEA S.A. acquired these shares in the increased share capital of ENEA Innowacje Sp. z o.o. On 10 October 2019 ENEA S.A. provided its cash contribution. The share capital increase is awaiting entry in the National Court Register.
[12] – on 27 September 2019 ENEA S.A. and ENEA Wytwarzanie Sp. z o.o. sold a 100% stake in ENEA Badania i Rozwój Sp. z o.o. to ENEA Innowacje Sp. z o.o.
[13] – on 1 October 2019, Centralny System Wymiany Informacji Sp. z o.o. was removed from the National Court Register.

6. Property, plant and equipment

In the 9-month period ending 30 September 2019 the Company purchased property, plant and equipment items for a total of PLN 35 thousand net (in the 9-month period ending 30 September 2018: PLN 1 040 thousand net).

In the 9-month period ending 30 September 2019 the Company sold and liquidated property, plant and equipment items with total net book value of PLN 0 thousand (in the 9 months ended 30 September 2018: PLN 1 thousand net).

No indications of impairment of property, plant and equipment were observed as at 30 September 2019.

7. Intangible assets

In the 9-month period ending 30 September 2019 the Company did not purchase intangible assets (in the 9-month period ending 30 September 2018: PLN 0 thousand).

In the 9-month period ending 30 September 2019 the Company did not liquidate intangible assets (in the 9-month period ending 30 September 2018: PLN 0 thousand).

8. Investments in subsidiaries, associates and jointly controlled entities

	30.09.2019	31.12.2018
As at the beginning of period	**12 794 956**	**11 945 473**
Purchase of investments	391 385	648 621
Sale of investments	(79)	-
Refundable capital contributions	(234)	-
Change in impairment	234	200 862
As at the end of period	**13 186 262**	**12 794 956**

Impairment of investments

	30.09.2019	31.12.2018
As at the beginning of period	**1 079 643**	**1 280 505**
Created	-	6 608
Reversed	(234)	(207 470)
As at the end of period	**1 079 409**	**1 079 643**

On 4 January 2019 an Extraordinary General Meeting of Elektrownia Ostrołęka Sp. z o.o. adopted a resolution on a PLN 361 382 thousand share capital increase, from PLN 551 100 thousand to PLN 912 482 thousand, through the issue of 7 227 642 new shares with voting preference, i.e. with two votes for one share, with nominal value of PLN 50.00 each and total nominal value of PLN 361 382 thousand. On 4 January 2019, ENEA S.A. signed a commitment to acquire 3 613 821 shares in exchange for a cash contribution of PLN 180 691 thousand. ENEA S.A.'s stake in Elektrownia Ostrołęka Sp. z o.o.'s share capital did not change and remains at 50% because the new shares in increased share capital were acquired by ENEA S.A. and Energa S.A. proportionally to their stakes, i.e. on a 50:50 basis.

On 12 June 2019 an Extraordinary General Meeting of ENEA Innovation Sp. z o.o. adopted a resolution regarding an increase of the company's share capital by PLN 5 400 thousand, i.e. from PLN 3 805 thousand to PLN 9 205 thousand, by issuing 54 000 new shares with a nominal value of PLN 100.00 each and total nominal value of PLN 5 400 thousand.

On 10 September 2019 an Extraordinary General Meeting of ENEA Centrum Sp. z o.o. adopted a resolution to increase the company's share capital by PLN 100 000 thousand, i.e. from PLN 3 929 thousand to PLN 103 929 thousand by issuing 1 000 000 new shares with a nominal value of PLN 100 each. On 10 September 2019 ENEA S.A. acquired the newly-issued shares and made a non-monetary contribution in the form of receivables totalling PLN 162 000 thousand due for ENEA S.A. from ENEA Centrum Sp. z o.o. for loans made under two loan agreements executed in 2014 and 2015.

On 4 September 2019 ENEA S.A. and ENEA Wytwarzanie Sp. z o.o. executed an agreement to sell shares of ENEA Ciepło Sp. z o.o., pursuant to which ENEA S.A. purchased form ENEA Wytwarzanie Sp. z o.o. 126 083 shares in ENEA

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

Ciepło Sp. z o.o. with a nominal value of PLN 34 539 thousand.

On 24 September 2019 an Extraordinary General Meeting of ENEA Innowacje Sp. z o.o. adopted a resolution regarding a cash increase of the company's share capital by PLN 7 855 thousand, i.e. from PLN 9 205 thousand to PLN 17 060 thousand, by issuing 78 550 new shares with a nominal value of PLN 100 each. On 27 September 2019 ENEA S.A. acquired these shares in the increased share capital of ENEA Innowacje Sp. z o.o. On 10 October 2019 ENEA S.A. provided its cash contribution.

On 27 September 2019 ENEA S.A. sold 1 571 shares in ENEA Badania i Rozwój Sp. z o.o., with a nominal value of PLN 79 thousand, to ENEA Innowacje Sp. z o.o.

9. Financial assets at amortised cost

	30.09.2019	31.12.2018
Current debt financial assets at amortised cost		
Intra-group bonds	2 053 763	558 201
Loans granted	34 444	35 020
Current debt financial assets at amortised cost	**2 088 207**	**593 221**
Non-current debt financial assets at amortised cost		
Intra-group bonds	4 841 740	6 423 891
Loans granted	432 740	155 089
Non-current debt financial assets at amortised cost	**5 274 480**	**6 578 980**
TOTAL	**7 362 687**	**7 172 201**

Impairment - expected credit losses

	Nominal value	Impairment	Book value
30.09.2019			
Debt financial assets at amortised cost	7 362 914	(227)	7 362 687
Cash and cash equivalents	2 984 266	-	2 984 266
Financial assets at amortised cost	**10 347 180**	**(227)**	**10 346 953**

Intra-group bonds

ENEA Group has adopted a model for financing investments being implemented by ENEA S.A. through intra-group financing. ENEA S.A. raises cash on the financial market through credit facilities or bond issues and subsequently distributes these within the Group. The following table presents on-going intra-group bond issue programmes as at 30 September 2019 and 31 December 2018.

Contract execution date	Bond issuers	Final buy-back deadline	Amount granted	Amount used	Outstanding bonds as at 30.09.2019 (equity)	Outstanding bonds as at 31.12.2018 (equity)
			in PLN 000s	in PLN 000s	in PLN 000s	in PLN 000s
10 March 2011	ENEA Wytwarzanie Sp. z o.o.	31 March 2023	26 000	26 000	18 000	26 000
29 September 2011	ENEA Wytwarzanie Sp. z o.o.	29 September 2019	14 500	14 500	-	6 000
23 July 2012	ENEA Ciepło Sp. z o.o.	22 July 2019	158 500	158 500	-	13 450
8 September 2012 agreement for PLN 4 000 000 thousand decreased through Annex 2 of of 21 January 2015 to PLN 3 000 000 thousand	ENEA Wytwarzanie Sp. z o.o.	from 15 June 2020 to 15 December 2020, depending on bond series' issue dates; the rest of the amounts at the latest by 15 June 2022	3 000 000	2 650 000	2 650 000	2 650 000
20 June 2013 amended through Annex 1 of 9 October 2014 and Annex 2 of 7 July 2015	ENEA Operator Sp. z o.o.	Dependent on bond series' issue dates, however no later than by 17 June 2030	1 425 000	1 425 000	1 193 936	1 264 369
17 November 2014	ENEA Wytwarzanie Sp. z o.o.	31 March 2020	740 000	350 000	350 000	350 000
17 February 2015 for PLN 760 000 thousand, increased through Annex 1 of 3 June 2015 to PLN 1 000 000 thousand.	ENEA Wytwarzanie Sp. z o.o.	10 February 2020	1 000 000	1 000 000	1 000 000	1 000 000
7 July 2015 amended through Annex 1 of 28 March 2017	ENEA Operator Sp. z o.o.	Dependent on bond series' issue dates, however no later than by 15 December 2031	946 000	946 000	929 333	941 833
30 October 2015	ENEA Ciepło Sp. z o.o.	Buy-back in tranches - final buy-back deadline on 31 March 2020	18 000	18 000	2 000	5 000
20 September 2017	ENEA Operator Sp. z o.o.	15 December 2019	350 000	350 000	350 000	350 000
20 July 2018	ENEA Operator Sp. z o.o.	15 December 2020	400 000	400 000	400 000	400 000
			Total		**6 893 269**	**7 006 652**
Transaction costs and effect of measurement using effective interest rate					2 234	(24 560)
			Total		**6 895 503**	**6 982 092**

In the 9-month period ending 30 September 2019 ENEA S.A. did not execute new intragroup programme agreements concerning financing for ENEA Group companies.

Loans

On 11 July 2019 ENEA S.A. and ENEA Operator Sp. z o.o. executed a 425 000 thousand loan agreement for financing ENEA Operator Sp. z o.o.'s investments and on-going operations. Interest is variable, based on 6M WIBOR plus margin. The facility is available until 31 December 2019. The full-amount tranche will be launched on 29 July 2019. The loan will be repaid on a one-off basis on 20 December 2021.

On 19 July 2019 ENEA S.A. and ENEA Centrum Sp. z o.o. signed a PLN 40 000 thousand loan agreement to finance ENEA Centrum Sp. z o.o.'s investments. Interest on the loan is based on a floating interest rate, calculated using 3M WIBOR plus margin. The facility is available until 30 June 2020. The loan will be repaid between 30 September 2020 to 30 June 2030. No tranche was accessed as of the date on which these condensed separate interim financial statements were prepared.

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

10. Impairment of trade and other receivables

	30.09.2019	31.12.2018
Impairment of receivables at the beginning of period	**60 710**	**64 622**
Adjustment due to implementation of IFRS 9	-	2 572
Impairment of receivables at the beginning of period, adjusted	**60 710**	**67 194**
Created	7 706	7 645
Used	(6 230)	(14 129)
Impairment of receivables at the end of period	**62 186**	**60 710**

In the 9-month period ended 30 September 2019, impairment of trade and other receivables increased by PLN 1 476 thousand (in the 9-month period ended 30 September 2018 impairment grew by PLN 1 472 thousand). Impairment losses are recognised mainly on trade receivables; impairment losses on other receivables are insubstantial.

11. Assets and liabilities arising from contracts with customers

	30.09.2019	31.12.2018
Assets arising from contracts with customers at the beginning of period	**227 480**	**221 714**
Non-invoiced receivables	(32 900)	5 656
Change in impairment	5	110
Assets arising from contracts with customers at the end of period	**194 585**	**227 480**
Liabilities arising from contracts with customers at the beginning of period	**-**	**-**
Liabilities resulting from sales adjustments	120 520	-
Liabilities arising from contracts with customers at the end of period	**120 520**	**-**

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 (note 24.1).

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

	Nominal value	Impairment	Book value
30.09.2019			
Trade receivables			
Current	511 032	(152)	510 880
Overdue			
0-30 days	47 914	(43)	47 871
31-90 days	10 905	(608)	10 297
91-180 days	6 303	(2 169)	4 134
over 180 days	75 980	(57 312)	18 668
Total trade receivables	**652 134**	**(60 284)**	**591 850**
Assets arising from contracts with customers	**194 626**	**(41)**	**194 585**

	Nominal value	Impairment	Book value
31.12.2018			
Trade and other receivables and leases			
Current	840 754	(210)	840 544
Overdue			
0-30 days	60 135	(44)	60 091
31-90 days	11 310	(586)	10 724
91-180 days	4 254	(1 087)	3 167
over 180 days	76 603	(56 650)	19 953
Total trade and other receivables and leases	**993 056**	**(58 577)**	**934 479**
Assets arising from contracts with customers	**227 526**	**(46)**	**227 480**

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

13. Inventories

	30.09.2019	31.12.2018
Origin certificates	454 602	332 360
Goods	1 083	1 218
Total inventories	**455 685**	**333 578**

Energy origin certificates:

	01.01.2019 30.09.2019	01.01.2018 31.12.2018
As at the beginning of period	**332 360**	**216 494**
Purchase	291 048	494 125
Depreciation	(168 806)	(375 496)
Sale	-	(2 639)
Other changes	-	(124)
As at the end of period	**454 602**	**332 360**

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

14. Cash and cash equivalents

	30.09.2019	31.12.2018
Cash at bank account	**145 482**	**142 210**
including split payment	1 804	7 766
Other cash	**2 838 784**	**1 003 768**
- deposits	2 330 621	973 678
- other	508 163	30 090
Total cash and cash equivalents	**2 984 266**	**1 145 978**
Cash pooling	(1 321 181)	(146 785)
Cash and cash equivalents recognised in the statement of cash flows	**1 663 085**	**999 193**

As at 30 September 2019 and 31 December 2018, ENEA S.A. did not have restricted cash.

In accordance with ENEA S.A.'s credit risk evaluation rules and the provisions of IFRS 9 as regards assessment of cash and cash equivalents as at 30 September 2019 the Company viewed this risk as negligible.

15. Financial assets measured at fair value

As at 30 September 2019, 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 July 2020, 30 July 2021 and 30 July 2022. Fair value measurement of the call options was conducted using the Black-Scholes model. The fair value of the options as at 30 September 2019 amounted to PLN 6 366 thousand.

The item "financial assets at fair value" also includes interests in unrelated parties.

16. Financial instruments

The following table contains a comparison of fair values and balance sheet values:

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

	30.09.2019		31.12.2018	
	Book value	Fair value	Book value	Fair value
Non-current financial assets at fair value	39 282	39 282	46 357	46 357
Non-current debt financial assets at amortised cost	5 274 480	5 336 301	6 578 980	6 652 874
Current debt financial assets at amortised cost	2 088 207	2 088 207	593 221	593 221
Trade receivables	591 850	(*)	934 479	(*)
Assets arising from contracts with customers	194 585	(*)	227 480	(*)
Financial lease and sub-lease receivables	6 168	(*)	(**)	(**)
Cash and cash equivalents	2 984 266	(*)	1 145 978	(*)

	30.09.2019		31.12.2018	
	Book value	Fair value	Book value	Fair value
Non-current credit, loans and debt securities	7 507 963	7 570 860	7 899 495	7 970 880
Current credit, loans and debt securities	1 523 090	1 523 090	341 475	341 475
Financial liabilities measured at fair value	33 787	33 787	22 176	22 176
Lease liabilities	42 934	(*)	1 424	(*)
Other financial liabilities	1 321 181	(*)	146 785	(*)
Trade payables	473 545	(*)	524 976	(*)
Liabilities arising from contracts with customers	120 520	(*)	-	-

(*) - Book value is close to fair value measured in accordance with level 2 in the following hierarchy.
(**) – As at 31 December 2018, financial lease receivables were recognised in the item: "Trade and other receivables," whereas data restatement was presented in note 3.3

Financial assets at fair value include:

- interests in unrelated entities, the stake in which is below 20%. This item includes shares in PGE EJ1 Sp. z o.o. amounting to PLN 15 866 thousand, for which no price quoted on an active market is available and whose fair value was determined on the basis of ENEA S.A.'s stake in the net assets of PGE EJ1 Sp. z o.o. as at 31 December 2018. Having analysed IFRS 9, the Company decided to qualify these interests as financial assets through other comprehensive income. No transactions recognised in profit or loss were executed in 2019.
  If interests in unrelated entities are listed on the Warsaw Stock Exchange, then their fair value is based on quoted prices,
- Polimex-Mostostal S.A. call options,
- derivative instruments that 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 interest, based on current WIBOR.

The following table 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 26).

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

No transfers between the levels were made in the nine-month period ended 30 September 2019.

	30.09.2019			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Equity instruments at fair value through other comprehensive income	-	-	15 866	15 866
Interests at fair value through profit or loss	17 050	-	-	17 050
Call options	-	6 366	-	6 366
Debt financial assets at amortised cost	-	7 424 508	-	7 424 508
	17 050	**7 430 874**	**15 866**	**7 463 790**
Financial liabilities measured at fair value				
Derivative instruments used in hedge accounting (e.g. interest rate swaps) and for other purposes	-	33 787	-	33 787
Bank credit, loans and debt securities	-	9 093 950	-	9 093 950
	-	**9 127 737**	**-**	**9 127 737**

	31.12.2018			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Equity instruments at fair value through other comprehensive income	-	-	15 866	15 866
Interests at fair value through profit or loss	18 375	-	-	18 375
Call options	-	12 116	-	12 116
Debt financial assets at amortised cost	-	7 246 095	-	7 246 095
	18 375	**7 258 211**	**15 866**	**7 292 452**
Financial liabilities measured at fair value				
Derivative instruments used in hedge accounting (e.g. interest rate swaps) and for other purposes	-	22 176	-	22 176
Bank credit, loans and debt securities	-	8 312 355	-	8 312 355
	-	**8 334 531**	**-**	**8 334 531**

17. Credit facilities, loans and debt securities

	30.09.2019	31.12.2018
Long-term		
Bank credit	1 950 258	2 049 374
Outstanding	5 557 705	5 850 121
Total	**7 507 963**	**7 899 495**
Short-term		
Bank credit	178 431	158 319
Outstanding	1 344 659	183 156
Total	**1 523 090**	**341 475**
Total credit, loans and debt securities	**9 031 053**	**8 240 970**

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

ENEA S.A. currently has credit agreements with the 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. Agreement C's availability period ended in December 2017. Interest on credit facilities may be fixed or variable.

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

No.	Lender	Contract date	Total contract amount	Debt at 30 September 2019	Debt at 31 December 2018	Contract period
1.	European Investment Bank	18 October 2012 and 19 June 2013 (A and B)	1 425 000	1 193 936	1 264 369	31 December 2030
2.	European Investment Bank	29 May 2015 (C)	946 000	929 333	941 833	30 September 2032
3.	Bank PKO BP S.A.	28 January 2014, Annex 1 of 25 January 2017	300 000	-	-	31 December 2019
4.	Bank PEKAO S.A.	28 January 2014, Annex 1 of 25 January 2017	150 000	-	-	31 December 2019
	TOTAL		**2 821 000**	**2 123 269**	**2 206 202**	
	Transaction costs and effect of measurement using effective interest rate			5 420	1 491	
	TOTAL		**2 821 000**	**2 128 689**	**2 207 693**	

Bond issue programmes

No.	Bond issue programme name	Programme start date	Programme amount	Value of issued bonds at 30 September 2019	Outstanding bonds as at 30.09.2019 (principal)	Outstanding bonds as at 31.12.2018 (principal)	Buy-back deadline
1.	Bond issue programme agreement with PKO BP S.A., PEKAO S.A., Santander BP S.A., Citi BH S.A.	21 June 2012	3 000 000	3 000 000	3 000 000	3 000 000	Dependent on bond series' issue dates, however no later than by June 2022
2.	Bond issue programme agreement with BGK	15 May 2014	1 000 000	1 000 000	800 000	880 000	Buy-back in tranches until December 2026
3.	Bond issue programme agreement with PKO BP S.A., PEKAO S.A. and mBank S.A.	30 June 2014	5 000 000	2 500 000	2 500 000	1 500 000	Dependent on bond series' issue dates, however no later than by June 2024
4.	Bond issue programme agreement with BGK	3 December 2015	700 000	700 000	608 890	685 000	Buy-back in tranches until September 2027
	TOTAL		**9 700 000**	**7 200 000**	**6 908 890**	**6 065 000**	
	Transaction costs and effect of measurement using effective interest rate				(6 526)	(31 723)	
	TOTAL		**9 700 000**	**7 200 000**	**6 902 364**	**6 033 277**	

On 12 June 2019 ENEA S.A., ING Bank Śląski S.A., PKO Bank Polski S.A., Bank Pekao S.A. and mBank S.A. signed an agreement pursuant to which ING Bank Śląski S.A. as of the agreement date no longer performed the functions it had performed under the "Programme Agreement regarding a bond issue program up to PLN 5 000 000 thousand of 30 June 2014" in reference to new bond issues.

On 12 June 2019, ENEA S.A., PKO Bank Polski S.A., Bank Pekao S.A. and mBank S.A. executed an "Agreement amending and consolidating the Programme Agreement of 30 June 2014." This agreement was intended to adapt the rights and obligations arising under it to the existing MiFID regulations.

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

On 26 June 2019 ENEA S.A. as part of the "Programme Agreement regarding a bond issue program up to PLN 5 000 000 thousand of 30 June 2014" issued 10 000 bearer bonds with a total nominal value of PLN 1 000 000 thousand, marked by Krajowy Depozyt Papierów Wartościowych S.A. under code PLENEA000096. Interest on the bonds will be calculated based on WIBOR for 6-month deposits, plus 1.20% margin. Interest will be paid on a semi-annual basis. The bond buy-back date is 26 June 2024. The issue is intended to refinance ENEA S.A.'s debt arising from the ENEA0220 series bonds. On 17 September 2019, series ENEA0624 bonds were introduced to the alternative trading system Catalyst pursuant to resolution 928/2019 by the Management Board of Giełda Papierów Wartościowych S.A. In accordance with resolution 217/19 of 25 September 2019 by the Management Board of BondSpot S.A., the first day of listing for the ENEA0624 bonds was 27 September 2019.

Interest rate swaps

In the 9-month period ending 30 September 2019 ENEA S.A. executed an Interest Rate Swap for an exposure amounting to PLN 488 890 thousand. The total bond and credit exposure hedged with IRS transactions as at 30 September 2019 amounted to PLN 5 673 219 thousand. Moreover, ENEA S.A. has fixed-rate credit agreements totalling PLN 224 805 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 September 2019, financial liabilities at fair value concerning IRSs amounted to PLN 33 787 thousand (31 December 2018: PLN 22 176 thousand).

Financing terms - covenants

Financing agreements require the Company and ENEA Group to maintain certain financial ratios. As at 30 September 2019 and the date on which these condensed separate interim financial statements were prepared and in the course of 2019 the Company did not breach any credit agreement provisions such as would require early re-payment of long-term debt.

18. Other financial liabilities

Cash management at ENEA Group is carried out by ENEA S.A., making it possible to effectively manage cash surpluses (scale effect) and to limit external financing costs. Selected ENEA Group companies are included in cash pooling.

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 September 2019, the balance of liabilities within cash pooling was PLN 1 321 181 thousand (PLN 146 785 thousand at 31 December 2018) and was presented in the line: "Other financial liabilities."

19. Deferred income tax

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

	30.09.2019	31.12.2018
As at the beginning of period	**98 432**	**66 693**
Adjustment due to implementation of IFRS 9	-	537
As at the beginning of period, adjusted	**98 432**	**67 230**
Change recognised in profit or loss	(27 150)	20 895
Charge recognised in other comprehensive income	1 545	10 307
As at the end of period	**72 827**	**98 432**

In the 9-month period ended 30 September 2019, the Company's net profit before tax, as a result of a decrease in deferred income tax assets, amounted to PLN 27 150 thousand (in the 9-month period ended 30 September 2018, as a result of an increase in deferred income tax assets, net profit before tax amounted to PLN 11 602 thousand).

20. Provisions for liabilities and other charges

Provisions for liabilities and other charges:

	30.09.2019	31.12.2018
Short-term	507 440	512 923
Total	**507 440**	**512 923**

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

	Provision for non-contractual use of land	Provision for other claims	Provision for origin certificates	Provision for onerous contracts	Total
As at 31.12.2018	**2 794**	**126 874**	**304 274**	**78 981**	**512 923**
Increase in existing provisions	500	31 521	312 956	-	**344 977**
Use of provisions	-	(794)	(288 733)	(60 702)	**(350 229)**
Reversal of unused provisions	(210)	(21)	-	-	**(231)**
As at 30.09.2019	**3 084**	**157 580**	**328 497**	**18 279**	**507 440**

A description of significant claims and the associated conditional liabilities and provisions for onerous contracts is presented in notes 24.1, 24.3 and 24.7.

In the 9-month period ended 30 September 2019, provisions for other liabilities and other charges decreased by a net amount of PLN 5 483 thousand (in the 9-month period ended 30 September 2018, provisions for other liabilities and other charges increased by PLN 78 241 thousand).

In the 9-month period ending 30 September 2019 the Company created a PLN 16 962 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 September 2019 was PLN 121 307 thousand. The provision is recognised in the above table in the column 'Provisions for other claims.'

21. Net revenue from sales

	01.01.2019 30.09.2019	01.01.2018 30.09.2018
Revenue from the sale of electricity	3 612 032	3 352 292
Revenue from the sale of gas	88 815	66 412
Revenue from the sale of other services	2 537	2 362
Revenue from origin certificates	-	1 450
Total net revenue from sales	**3 703 384**	**3 422 516**

	01.01.2019 30.09.2019	01.01.2018 30.09.2018
Revenue from continuous services	3 700 847	3 418 704
Revenue from services provided at specified time	2 537	3 812
Total	**3 703 384**	**3 422 516**

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.

22. Profit allocation

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.

On 25 June 2018 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 2017 to 31 December 2017, pursuant to which 100% of the 2017 net profit was transferred to reserve capital, intended to finance investments.

23. Related-party transactions

The Company executes transactions with the following related parties:

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

1. ENEA Group companies

	01.01.2019 - 30.09.2019	01.01.2018 - 30.09.2018
Purchase value, including:	**5 041 768**	**4 380 855**
purchase of materials	345	430
purchase of services	1 212 318	1 278 462
other (including electricity and gas)	3 829 105	3 101 963
Sale value, including:	**269 777**	**278 039**
sale of electricity	243 923	253 248
sale of services	915	1 289
other	24 939	23 502
Interest income, including:	**164 655**	**158 879**
on bonds	157 138	154 244
on loans	5 516	4 123
other	2 001	512
Dividend income	**781 507**	**645 293**

	30.09.2019	31.12.2018
Receivables	147 618	287 457
Financial assets - bonds	6 895 503	6 982 092
Loans granted	429 726	182 562
Liabilities	427 542	642 657
Other financial liabilities	1 321 181	146 785

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

2. Transactions between the Company and members of the Company's corporate bodies are divided into two categories:

- resulting from being appointed as Supervisory Board members,
- resulting from other civil-law contracts.

The following table lists the amounts of transactions in the aforementioned categories:

Item	Company's Management Board		Company's Supervisory Board	
	01.01.2019 - 30.09.2019	01.01.2018 - 30.09.2018	01.01.2019 - 30.09.2019	01.01.2018 - 30.09.2018
Remuneration under management contracts and consulting contracts	2 381**	2 080*	-	-
Remuneration under appointment to management or supervisory bodies	-	-	599	594
TOTAL	**2 381**	**2 080**	**599**	**594**

* this remuneration includes a non-compete clause for former Management Board members, amounting to PLN 55 thousand

** this remuneration includes a non-compete clause for former Management Board members, amounting to PLN 275 thousand

In the 9-month period ended 30 September 2019, no loans were made to Supervisory Board members from the Company Social Benefit Fund (PLN 0 thousand for the 9-month period ended 30 September 2018). During this period, PLN 3 thousand in loans was repaid (PLN 4 thousand in the 9-month period ended 30 September 2018).

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.

3. Transactions with the State Treasury's subsidiaries

ENEA 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 end customers).

These transactions are executed on market terms, which do not differ from the terms applied in transactions with other entities. The Company does not maintain records that would make it possible to aggregate the value of all transactions with all state institutions and State Treasury subsidiaries, which is why the turnover and transaction balances with related parties presented in these condensed separate interim financial statements do not contain transactions with State Treasury 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 programmes is presented in note 17.

24. Conditional liabilities and on-going proceedings in courts, arbitration bodies or public administration bodies

24.1. Impact of the Act on amendment of the act on excise duty and certain other acts

The Act on amendment of the act on excise duty and certain other acts ("Act") was adopted on 28 December 2018.

This regulation introduced the following:

- a reduction in the excise duty rate for electricity sold to final customers from 20 PLN/MWh to 5 PLN/MWh,
- specific directions for 2019 prices and fee rates for electricity for final customers to be applied by sellers, at the level of 2018 prices,
- the opportunity for sellers to seek an amount to offset reduced revenue from the sale of electricity to final customers in 2019 from the Settlement Manager specified in the Act (Price difference amount/Financial compensation).

The Act was updated later in the year, with the key change (published on 28 June 2019) introducing a more narrow group of final customers in the second half of 2019, consisting of customers from tariff group G and micro-enterprises, small businesses, hospitals, public finance sector entities, state organisational units without legal status, as defined in detail in the Act.

Based on the updated Act, an ordinance by the Minister of Energy was published on 23 July 2019 regarding methodology for calculating the Price difference amount and Financial compensation and methodology for determining reference prices ("Ordinance"). This document also set out the following:

- methodology for determining prices and fee rates for electricity sold to final customers in effect on 30 June 2018 in reference to the level to which the Company is required to reduce prices in 2019,
- methodology for calculating the Price difference amount and Financial compensation, as referred to in the Act.

<u>Determining the size of provision for onerous contracts</u>

Following the Act's entry into force and publication of the Ordinance, the Company analysed this issue in terms of updating provisions and recognising potential returns in the context of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.* According to reporting regulations, if a given contract or group of contracts generate a loss, then the company should recognise an appropriate provision in the period in which the loss became unavoidable unless it is unable to reliably determine the amount of this provision and returns-related assets are recognised when they are certain in an amount not higher than the recognised provisions.

Initially in the 2018 settlement, the Company measured these provisions only as regards sales conducted on the basis of a tariff regulated by the URE President to customers in tariff group G. This measurement encompassed the legal conditions in force at that time, i.e.:

- maintaining the 2019 prices in regulated tariffs at the 2018 level,
- lack of clarity in the Act as published on 31 December 2018, resulting in contracts executed at a loss with customers from groups other than tariff G not being recognised,
- lack of basis for recognising any assets related to settlements with the Price Settlement Manager pursuant to the Act due to a lack of the relevant Ordinance and additional information containing data for settlements.

With implementing provisions and information necessary to reliably specify the Price difference amount being published, the Company carried out a re-assessment and, additionally, estimated the Act's financial effects in as far as possible and reliable as regards customers other than customers in regulated tariff G.

In estimating the provision as at 30 September 2019, the Company used the following assumptions:

a) The existing legal situation as at 30 September 2019 and information after the balance sheet date concerning the Act,
b) Retention of the existing methodology for estimating provisions for contracts executed at a loss for tariff group G within a regulated tariff,
c) Use of the existing methodology for estimating provisions for contracts executed at a loss for other customers groups indicated in the updated act for the fourth quarter of 2019.

Recognition of the effects of the Act

The following conclusions were made based on the above assumptions as at 30 September 2019:

(a) using the prices in effect in 2018 for tariff G clients, with a tariff regulated by the URE President, the Company estimated a loss on the contract. This loss results from using a cost model for purchasing electricity in 2019 (costs of electricity and property rights and an excise duty rate approved by the URE President in the 2019 tariff process) and the application of sales prices from 2018. The sales volume results from the planned sales to Tariff G customers in the fourth quarter of 2019. As at 30 September 2019, taking about into account, the Company:
   - used a PLN 60 702 thousand provision in the period Q1-Q3 2019,
   - maintain a PLN 18 279 thousand provision for Q4 2019,

(b) guided by the Act, the Company amended contractual terms taking into account the Act and methodology for determining reference prices in effect on 30 June 2018, as included in the Ordinance, and adjusted settlements with customers for the period from 1 January to 30 September 2019.

(c) guided by the Act and Ordinance, the Company estimated the Price difference amount for the first half of 2019 and Compensations for Q3 2019 at PLN 506 577 thousand, as results from the Application for payment of the price difference amount for H1 2019, submitted to the Settlement Manager on 4 October 2019, and an estimated value of Financial compensation for Q3 2019.
Price difference amounts and Compensations were recognised in the item 'Compensations' in the statement of profit and loss and other comprehensive income and in the item 'Trade and other receivables' in the statement of financial position,

(d) At the same time, the Company estimated the amount of loss on a contract in Q4 2019 for other authorised customers (customers who have submitted appropriate declarations),
However, taking into account their level, the impact on financial result is viewed by the Company as negligible, and no additional provision was recognised on this account.

24.2. Credit and loan sureties and guarantees issued by the Company

In the 9-month period ending 30 September 2019 ENEA as guarantor did not execute any surety agreements.

The following table presents significant bank guarantees valid as of 30 September 2019 issued at the request of ENEA S.A. under an agreement with PKO BP S.A. up to the limit specified in the agreement.

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	ENEA Trading Sp. z o.o.	Izba Rozliczeniowa Giełd Towarowych S.A.	PKO BP S.A.	175 000
12.08.2018	12.08.2020	ENEA Trading Sp. z o.o.	Izba Rozliczeniowa Giełd Towarowych S.A.	PKO BP S.A.	75 000
13.06.2019	30.05.2021	ENEA Wytwarzanie Sp. z o.o	Izba Rozliczeniowa Giełd Towarowych S.A.	PKO BP S.A.	55 000
13.06.2019	30.05.2021	ENEA Elektrownia Połaniec	Izba Rozliczeniowa Giełd Towarowych S.A.	PKO BP S.A.	50 000
12.08.2018	12.08.2020	ENEA Wytwarzanie Sp. z o.o.	Izba Rozliczeniowa Giełd Towarowych S.A.	PKO BP S.A.	40 000
12.08.2018	12.08.2020	ENEA Elektrownia Połaniec	Izba Rozliczeniowa Giełd Towarowych S.A.	PKO BP S.A.	25 000
12.08.2018	12.08.2020	ENEA Wytwarzanie Sp. z o.o.	Polskie Sieci Elektroenergetyczne	PKO BP S.A.	20 000
12.08.2018	12.08.2020	ENEA Elektrownia Połaniec	Polskie Sieci Elektroenergetyczne	PKO BP S.A.	15 000
13.11.2018	30.01.2020	ENEA S.A.	Olsztyn municipality	PKO BP S.A.	4 462
12.08.2018	16.05.2021	ENEA S.A.	Górecka Projekt Sp. z o.o.	PKO BP S.A.	2 109
24.05.2019	30.07.2020	ENEA S.A.	City of Bydgoszcz	PKO BP S.A.	1 207
29.08.2018	16.10.2019	ENEA Logistyka Sp. z o.o.	ENEA Operator Sp. z o.o.	PKO BP S.A.	1 080
25.09.2019	02.12.2019	ENEA S.A.	Zakład Wodociągów i Kanalizacji Sp. z o.o., Szczecin	PKO BP S.A.	1 000
Total					**464 858**

The value of other guarantees issued by ENEA S.A. as at 30 September 2019 was PLN 16 839 thousand.

The total value of sureties and guarantees issued by ENEA S.A. as collateral for ENEA Group companies' liabilities as at 30 September 2019 was PLN 538 597 thousand.

24.3. On-going proceedings in courts of general competence

Proceedings initiated by the Company

Proceedings in courts of general competence initiated by ENEA S.A. and ENEA Operator Sp. z o.o. concern receivables related to electricity supplies and receivables related to other matters - illegal uptake of electricity, grid connections and other specialised services rendered by the Company.

At 30 September 2019, a total of 4 842 cases initiated by the Company were in progress before courts of general competence, worth in aggregate PLN 41 588 thousand (31 December 2018: 8 982 cases worth PLN 45 379 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 20).

At 30 September 2019, a total of 148 cases against the Group were in progress before courts of general competence, worth in aggregate PLN 553 734 thousand (31 December 2018: 150 cases worth PLN 519 317 thousand).

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

24.4. Claim by Białystok Municipality

On 18 January 2018 ENEA Wytwarzanie Sp. z o.o. received a lawsuit dated 28 December 2017, which had been filed with the District Court in Białystok by the Municipality of Białystok against ENEA Wytwarzanie Sp. z o.o., for the payment of PLN 29 445 thousand together with statutory interest for the sale of 126 083 shares of Miejskie Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o., based in Białystok (currently ENEA Ciepło Sp. z o.o.), constituting a residual stake, as part of an obligation arising under an agreement to sell ENEA Ciepło Sp. z o.o. shares executed on 26 May 2014. On 23 February 2018 ENEA Wytwarzanie Sp. z o.o. responded to the lawsuit, disagreeing with the position presented in it and requesting that the lawsuit be rejected in its entirety.

The dispute concerned interpretation of a provision in the share sale agreement of 2014 regarding whether or not ENEA Wytwarzanie Sp. z o.o. is obligated to purchase the remaining shares, i.e. residual stake. According to ENEA Wytwarzanie Sp. z o.o., the company fulfilled all of its obligations specified in the share sale agreement of 2014 as regards the purchase of ENEA Ciepło Sp. z o.o. shares and is not required to additionally purchase the 121 863 shares.

On 14 August 2018 the District Court in Białystok (first instance) ruled in favour of the lawsuit brought by the Municipality of Białystok in its entirety. On 10 September 2018 ENEA Wytwarzanie Sp. z o.o. appealed the ruling. On 8 January 2019 the Appeals Court in Białystok referred the motion to exclude judges from the Appeals Court in Białystok to the Supreme Court. On 9 March 2019, the Supreme Court decided to reject and in part cancel ENEA Wytwarzanie Sp. z o.o.'s request to exclude judges from the Appeals Court in Białystok (file no. SN IV Co 9/19). The hearing at the Appeals Court in Białystok was held on 19 June 2019. Following the hearing, the Appeals Court in Białystok ruled to reject the company's appeal. ENEA Wytwarzanie Sp. z o.o. requested to receive the ruling together with justification. This ruling is final. On 8 October 2019 the Company filed a cassation appeal with the Supreme Court against a ruling from the second-instance court, with the intermediation of the Appeals Court in Białystok.

On 15 July 2019, ENEA Wytwarzanie Sp. z o.o. paid PLN 34 539 thousand to the Municipality of Białystok (principal plus statutory late interest from 25 January 2017 to the payment date) for the purchase of 126 083 shares in Miejskie Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. in Białystok, along with PLN 144 thousand as reimbursement of first- and second-instance litigation costs.

Irrespective of the above, on 12 July 2019 ENEA Wytwarzanie Sp. z o.o. and ENEA S.A. signed an agreement specifying rules for the sale of the aforementioned shares by ENEA Wytwarzanie Sp. z o. o. to ENEA S.A.

On 29 August 2019, the Supervisory Board of ENEA S.A. authorised the Management Board of ENEA S.A. to purchase 126 083 shares in ENEA Ciepło Sp. z o.o., with a nominal value of PLN 50 each and total nominal value of PLN 6 304 thousand, for PLN 34 539 thousand.

On 4 September 2019 ENEA S.A. and ENEA Wytwarzanie Sp. z o.o. executed a sale agreement concerning 126 083 shares in ENEA Ciepło Sp. z o.o., with a nominal value of PLN 50 each and total nominal value of PLN 6 304 thousand, for PLN 34 539 thousand, pursuant to which ownership of the shares was to be transferred from ENEA Wytwarzanie Sp. z o.o. to ENEA S.A. on the day on which ENEA S.A. paid the share purchase price to ENEA Wytwarzanie Sp. z o.o. ENEA S.A.'s payment to ENEA Wytwarzanie Sp. z o.o. was made on 11 September 2019.

Given the above, from 11 September 2019 ENEA S.A. holds 3 019 288 shares in the share capital of ENEA Ciepło Sp. z o.o., which constitutes a nearly 99.94% stake in this company's share capital. The remaining shares are held by the company's employees.

24.5. Other court proceedings

The Management Board of ENEA 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 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 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. ENEA'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 ENEA S.A. submitted an appeal against the ruling of 31 July 2019.

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 others scheduled for 30 July 2019 and 1 October 2019, did not take place. A new hearing date has not yet been set.

24.6. Cases concerning 2012 non-balancing

On 30 and 31 December 2014, ENEA S.A. submitted demands for settlement to:

	Demanded amount in PLN 000s
PGE Polska Grupa Energetyczna S.A.	7 410
PKP Energetyka S.A.	1 272
TAURON Polska Energia S.A.	17 086
TAURON Sprzedaż GZE Sp. z o.o.	1 826
Total	**27 594**

The subject of these demands is claims for the payment for electricity that was incorrectly settled on the balancing market in 2012. The companies receiving these demands obtained unjustified proceeds by not allowing ENEA S.A. to issue invoices for 2012.

Given a lack of an amicable resolution in this case, ENEA S.A. brought lawsuits against:

- TAURON Polska Energia S.A. – lawsuit of 10 December 2015,
- TAURON Sprzedaż GZE Sp. z o. o. – lawsuit of 10 December 2015,
- PKP Energetyka S.A. – lawsuit of 28 December 2015,
- PGE Polska Grupa Energetyczna S.A. – lawsuit of 29 December 2015.

The aforementioned disputes have not been resolved.

24.7. 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 10 court proceedings concerning agreements for the purchase of property rights arising under certificates of origin for energy from renewable sources, which includes:

- 7 proceedings for payment against ENEA S.A. concerning remuneration, contractual penalties or compensation
- 3 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 2 proceedings in which claims for payment are being sought at the same time.

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.

The Agreements were generally 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:
  - 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 121 307 thousand provision for potential claims resulting from the terminated Agreements in relation to submissions made by 30 September 2019 concerning transactions to sell property rights by the counterparties; the provision is presented in note 20.

25. Tax group

Through a decision of 14 May 2019, the Director of the 1st Wielkopolskie Tax Authority in Poznań confirmed the expiry of a decision issued on 25 October 2016 regarding the registration of ENEA Tax Group agreement due to ENEA Tax Group's failure in tax year 2018 to comply with the condition to maintain a ratio of profit to revenue of at least 2%.

ENEA Tax Group lost its tax group status as of 31 December 2018.

1 January 2019 is the first day of a new tax year for companies within the tax group, and from this date they are required to individually settle corporate income tax.

26. Participation in nuclear power plant build programme

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

In accordance with the Founding Agreement, ENEA S.A.'s financial investment in the Preliminary Stage will not exceed approx. PLN 107 million. ENEA S.A.'s overall expenditures on purchasing shares and increasing the company's share capital amounted to PLN 32 544 thousand.

On 28 November 2018 PGE S.A. expressed preliminary interest in purchasing all of the shares of PGE EJ 1. According to information from PGE S.A., this transaction would be possible after an independent adviser prepares a valuation and corporate approvals are secured by all of the entities involved. On 4 December 2018 ENEA S.A. expressed preliminary interest in selling its entire stake in PGE EJ 1. Preliminary interest in selling their stakes in PGE EJ 1 has also been expressed by the other shareholders, i.e. TAURON and KGHM. On 17 April 2019, PGE S.A. decided to withdraw from the process to purchase shares held by the remaining shareholders.

27. Implementation of project to build Elektrownia Ostrołęka C

Through resolution 94/IX/2018 of 28 December 2018, the Supervisory Board of ENEA S.A. approved the following:

- execution by the Management Board of ENEA S.A. of a memorandum (Memorandum) with ENERGA S.A. and Elektrownia Ostrołęka Sp. z o.o. setting out rules for cooperation in the project to build power plant Ostrołęka C, including termination of the Investment Agreement of 8 December 2016, together with Annex 1/2018 of 26 March 2018, and limitation of ENEA S.A.'s financial commitment at the Construction Stage to PLN 1 billion,
- vote by an ENEA S.A. representative at the Extraordinary General Meeting of Elektrownia Ostrołęka Sp. z o.o. for a resolution on consent to issue a notice to proceed (NTP), provided that this is preceded by all parties reaching an agreement.

The aforementioned memorandum between ENEA S.A., ENERGA S.A. and Elektrownia Ostrołęka Sp. z o.o. was executed on 28 December 2018. Pursuant to the memorandum, the Investment Agreement of 8 December 2016 together with the Annex of 26 March 2018 were terminated.

The memorandum specifies new rules for cooperation, including the Project's financing structure, where ENEA S.A. pledges financial involvement at the Construction Stage of PLN 1 billion, ENERGA S.A. pledges at least PLN 1 billion, on top of the funds already invested. Moreover, the memorandum sees other investors becoming involved as necessary to cover the Project's financial expenditures.

The parties to the memorandum intend to:

- agree on the form, schedule and conditions for a financial investment by a financial investor and/or other investors;
- execute a new investment agreement;
- agree on rules for the Company to secure credit facilities from borrowers necessary to complete the Construction Stage so that ENEA S.A. and ENERGA S.A. would not breach financial covenants.

The memorandum constituted a condition for ENEA S.A. to approve issue of the NTP for the general contractor.

On 28 December 2018 an Extraordinary General Meeting of Elektrownia Ostrołęka Sp. z o.o. agreed to issue an NTP to the general contractor - consortium of GE Power Sp. z o.o. (consortium leader) and ALSTOM Power Systems S.A.S.

The Management Board of Elektrownia Ostrołęka Sp. z o.o. on 28 December 2018 issued an NTP related to the construction of Elektrownia Ostrołęka C for the general contractor - consortium of GE Power Sp. z o.o. (consortium leader) and ALSTOM Power Systems S.A.S.

Given the issue of the NTP for the general contractor and taking into account the fact that in accordance with the memorandum the second advance tranche will be covered in equal parts by ENEA S.A. and Energa S.A. - in order to pay the second advance tranche to the contractor, an Extraordinary General Meeting of Elektrownia Ostrołęka Sp. z o.o. on 4 January 2019 adopted a resolution to increase the company's share capital by PLN 361 382 thousand.

ENEA S.A. purchased 3 613 821 shares in capital, with a nominal value of PLN 180 691 thousand, transferring a cash contribution to the SPV's bank account on 4 January 2019. The share capital increase was registered at the National Court Register on 1 March 2019.

On 7 January 2019 ENEA S.A., Energa S.A. and PGE Polska Grupa Energetyczna S.A. (PGE) began talks that might lead to PGE's involvement in the Elektrownia Ostrołęka C project, which is currently being implemented by ENEA S.A. and Energa S.A.

From 29 January 2019, based on point 1.7 of the aforementioned Memorandum, the Parties commenced efforts to adapt the terms of agreement with the General Contractor to the Project's current status.

On 30 April 2019, ENEA S.A. executed a memorandum ("Memorandum") with Energa S.A. regarding financing for a project to build a new coal unit - the planned Ostrołęka C power plant in Ostrołęka with 1000 MW gross capacity ("Project"). In the Memorandum, ENEA S.A. and Energa S.A. determined detailed rules for financing the Project, which had been preliminarily agreed in a memorandum of 28 December 2018 between ENEA S.A, Elektrownia Ostrołęka Sp. z o.o. ("company") and Energa S.A.

In the Memorandum, ENEA S.A. undertook to provide the company with PLN 819 million in financing for the project from January 2021 under a PLN 1 billion financial commitment from the 28 December 2018 memorandum, including approx. PLN 181 million already provided to the company to be used as an advance payment for the unit's general contractor.
If ENEA S.A. does not execute a new Founding Agreement / Investment Agreement with Energa S.A. by 31 December 2020, ENEA S.A. will be required, within the deadlines specified in the Memorandum and within the PLN 819 million limit, to reimburse Energa S.A. for half of the funding that Energa S.A. provides to the company during that period.

If within a deadline resulting from the agreed schedule ENEA S.A. or Energa S.A. do not provide the funding - at their own fault - to the company in a manner other than through a loan or share purchase in particular, then ENEA S.A. or Energa S.A. will be required to pay the amount resulting from the schedule to the company's bank account.

The Memorandum also includes provisions protecting ENEA S.A. against claims from the company for return of Project financing amounts that were directly returned to Energa S.A. in connection with financing provided by it during the period prior to execution of the new Founding Agreement / Investment Agreement.

The parties to the Memorandum undertook to specify, in separate agreements, rules for their participation in Project risks, rules for participating in profits and losses and corporate governance rules that will protect their rights and obligations proportionately to their involvement in the Project.

On 30 September 2019, in connection with an obligation arising from the Memorandum being met, ENEA S.A. executed an agreement with Energa S.A. to assign rights from a loan agreement concerning a loan issued to Elektrownia Ostrołęka Sp. z o.o. by Energa S.A. of 17 July 2019. On the same day, ENEA S.A. complied with an obligation arising from the Memorandum by reimbursing Energa S.A. for half of the financing provided by Energa S.A. to the company during the period from the date on which the Memorandum was executed, i.e. PLN 29 000 thousand.

28. Management Board and Supervisory Board changes

Management Board changes

On 16 May 2019, the Supervisory Board of ENEA S.A. appointed the following Management Board Members for a new joint term beginning on the date of ENEA S.A.'s Ordinary General Meeting approving the 2018 financial statements, i.e. from 21 May 2019: Mr. Mirosław Kowalik as President of the Management Board, Mr. Jarosław Ołowski as Member of the Management Board for Finance, Mr. Piotr Adamczak as Member of the Management Board for Trade and Mr. Zbigniew Piętka as Member of the Management Board for Corporate Affairs.

Supervisory Board changes

On 20 May 2019, ENEA S.A.'s Ordinary General Meeting appointed the following Supervisory Board Members for the 10th joint term, effective from 21 May 2019: Mr. Stanisław Hebda (who was also appointed Chairperson of the Supervisory Board), Mr. Paweł Jabłoński, Mr. Michał Jaciubek, Mr. Paweł Koroblowski, Mr. Ireneusz Kulka, Mr. Maciej Mazur, Mr. Piotr Mirkowski, Mr. Mariusz Pliszka and Mr. Roman Stryjski.

29. Events after the balance sheet date

On 14 October 2019, following completion of an early buy-back process, ENEA S.A. purchased 1 218 series ENEA0220 bonds. In connection with this, on 15 October 2019 the Management Board of ENEA S.A. adopted a resolution to redeem these bonds. The remaining 8 782 outstanding series ENEA0220 bonds continued to be held by bondholders and remain listed on an Alternative Trading System operated by BondSpot S.A. Their maturity is on 10 February 2020.