ENEA GROUP

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the period from 1 January to 30 September 2020

in compliance with EU IFRS

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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 are approved by the Management Board of ENEA S.A.

Members of the Management Board

President of the Management Board	**Paweł Szczeszek**	....
Member of the Management Board	**Tomasz Siwak**	....
Member of the Management Board	**Tomasz Szczegielniak**	....
Member of the Management Board	**Marcin Pawlicki**	....

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

Poznań, 26 November 2020

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the nine-month period ended 30 September 2020 (unaudited)	For the three-month period ended 30 September 2020 (unaudited)	For the nine-month period ended 30 September 2019 restated* (unaudited)	For the three-month period ended 30 September 2019 restated* (unaudited)
Revenue from sales	7	13 502 346	4 527 432	11 713 144	4 090 540
Excise duty		(48 626)	(15 569)	(53 799)	(17 757)
Net revenue from sales		**13 453 720**	**4 511 863**	**11 659 345**	**4 072 783**
Compensations		-	-	506 577	76 176
Revenue from operating leases and subleases		10 178	2 580	2 867	254
Revenue from sales and other income		**13 463 898**	**4 514 443**	**12 168 789**	**4 149 213**
Other operating revenue		182 284	46 793	123 752	47 058
Change in provision for onerous contracts		53 432	14 127	60 702	19 698
Depreciation/amortisation		(1 189 814)	(418 846)	(1 131 252)	(387 049)
Employee benefit costs		(1 454 779)	(473 840)	(1 334 713)	(461 563)
Use of materials and raw materials and value of goods sold		(2 642 122)	(979 061)	(2 506 510)	(859 129)
Purchase of electricity and gas for sales purposes		(5 469 283)	(1 786 374)	(4 419 831)	(1 413 407)
Transmission services		(355 046)	(118 151)	(330 109)	(117 461)
Other third-party services		(650 428)	(249 712)	(658 884)	(223 467)
Taxes and fees		(335 387)	(114 160)	(331 261)	(104 565)
Loss on change, sale and liquidation of property, plant and equipment and right-of-use assets		(28 053)	(10 858)	(36 374)	(13 731)
(Impairment loss)/reversal of impairment loss on non-financial non-current assets	9	(521 984)	(212)	4 279	-
Other operating costs		(129 409)	(29 798)	(137 179)	(37 630)
Operating profit		**923 309**	**394 351**	**1 471 409**	**597 967**
Finance costs		(260 021)	(86 313)	(238 667)	(85 206)
Finance income		31 353	8 017	44 027	16 893
Impairment of financial assets at amortised cost	11	(141 470)	(2 733)	-	-
Dividend income		275	123	201	101
Share of results of associates and jointly controlled entities	11	(333 826)	(83 488)	140	4 583
Impairment of investments in jointly controlled entities		(129 208)	(129 208)	-	-
Profit before tax		**90 412**	**100 749**	**1 277 110**	**534 338**
Income tax	8	(134 116)	(62 810)	(287 199)	(123 872)
Net profit for the reporting period		**(43 704)**	**37 939**	**989 911**	**410 466**
Other comprehensive income					
Subject to reclassification to profit or loss:					
- measurement of hedging instruments		(131 580)	10 225	(9 215)	(1 932)
- income tax	8	25 015	(1 950)	1 751	367
Not subject to reclassification to profit or loss:					
- restatement of defined benefit plan		(46 504)	-	(3 202)	-
- income tax	8	8 836	-	608	-
Net other comprehensive income		**(144 233)**	**8 275**	**(10 058)**	**(1 565)**
Comprehensive income for the reporting period		**(187 937)**	**46 214**	**979 853**	**408 901**
Including net profit:					
attributable to shareholders of the Parent		(62 417)	36 801	891 537	385 749
attributable to non-controlling interests		18 713	1 138	98 374	24 717
Including comprehensive income:					
attributable to shareholders of the Parent		(205 919)	45 076	881 694	384 184
attributable to non-controlling interests		17 982	1 138	98 159	24 717
Net profit attributable to shareholders of the parent		(62 417)	36 801	891 537	385 749
Weighted average number of ordinary 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 per share)		**(0.14)**	**0.08**	**2.02**	**0.87**
Diluted profit per share (in PLN per share)		**(0.14)**	**0.08**	**2.02**	**0.87**

* the presentation restatement of data for the comparative period is presented in note 5 to these condensed consolidated interim financial statements.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2020 (unaudited)	As at 31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	9	21 403 643	21 470 804
Right-of-use assets		705 293	719 948
Intangible assets	10	363 679	379 024
Investment properties		22 183	23 109
Investments in associates and jointly controlled entities	11	132 182	373 016
Deferred income tax assets	8	710 482	569 369
Financial assets measured at fair value	20	46 574	40 172
Debt financial assets at amortised cost	21	7 797	48 649
Trade and other receivables		178 393	20 862
Costs related to the conclusion of agreements		12 106	12 749
Finance lease and sublease receivables		450	319
Funds in the Mine Decommissioning Fund		134 982	133 998
Total non-current assets		**23 717 764**	**23 792 019**
Current assets			
CO_2 emission allowances		148 084	1 375 128
Inventories	12	1 317 116	1 376 295
Trade and other receivables		1 945 696	2 123 567
Costs related to the conclusion of agreements		12 695	12 646
Assets arising from contracts with customers	14	355 192	330 447
Finance lease and sublease receivables		1 191	950
Current income tax receivables		6 027	59 746
Financial assets measured at fair value	20	32 870	7 056
Debt financial assets at amortised cost	21	8 552	3 576
Other short-term investments		-	477
Cash and cash equivalents	15	4 581 108	3 761 947
Total current assets		**8 408 531**	**9 051 835**
TOTAL ASSETS		**32 126 295**	**32 843 854**

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2020 (unaudited)	As at 31 December 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		(16 271)	(16 295)
Revaluation reserve - measurement of hedging instruments		(123 921)	(17 356)
Retained earnings		10 169 528	10 268 882
Total equity attributable to shareholders of the parent		**14 249 818**	**14 455 713**
Non-controlling interests		1 042 040	1 024 058
Total equity		**15 291 858**	**15 479 771**
LIABILITIES			
Non-current liabilities			
Credit facilities, loans and debt securities	17	6 676 575	7 803 113
Trade and other payables		183 507	119 775
Liabilities arising from contracts with customers	14	9 049	5 023
Lease liabilities		489 244	504 324
Accounting for income from subsidies and road lighting modernisation services	19	241 575	227 413
Deferred income tax provision	8	430 354	413 392
Employee benefit liabilities		1 073 123	983 818
Financial liabilities measured at fair value		173 931	24 496
Provisions for other liabilities and other charges	18	814 458	774 065
Total non-current liabilities		**10 091 816**	**10 855 419**
Current liabilities			
Credit facilities, loans and debt securities	17	1 947 087	2 102 911
Trade and other payables		1 724 665	1 913 440
Liabilities arising from contracts with customers	14	182 427	110 678
Lease liabilities		25 540	27 939
Accounting for income from subsidies and road lighting modernisation services	19	13 050	12 804
Current income tax liabilities		167 908	121 703
Employee benefit liabilities		448 966	466 082
Liabilities concerning the equivalent for rights to free purchase of shares		281	281
Financial liabilities measured at fair value		856	36 438
Provisions for other liabilities and other charges	18	2 231 841	1 716 388
Total current liabilities		**6 742 621**	**6 508 664**
Total liabilities		**16 834 437**	**17 364 083**
TOTAL EQUITY AND LIABILITIES		**32 126 295**	**32 843 854**

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(a) Q3 2020 (unaudited)

	Equity attributable to shareholders of the parent								
	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	Non-controlling interests	Total equity
As at 01.01.2020	441 443	146 575	**588 018**	**3 632 464**	**(16 295)**	**(17 356)**	**10 268 882**	**1 024 058**	**15 479 771**
Net profit for the reporting period	-	-	-	-	-	-	(62 417)	18 713	(43 704)
Net other comprehensive income	-	-	-	-	-	(106 565)	(36 937)	(731)	(144 233)
Net comprehensive income recognised in the period	**-**	**-**	**-**	**-**	**-**	**(106 565)**	**(99 354)**	**17 982**	**(187 937)**
Other	-	-	**-**	-	24	-	-	-	24
As at 30 September 2020	441 443	146 575	**588 018**	**3 632 464**	**(16 271)**	**(123 921)**	**10 169 528**	**1 042 040**	**15 291 858**

(b) Q3 2019 (unaudited)

	Equity attributable to shareholders of the parent								
	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	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 September 2019	441 443	146 575	**588 018**	**3 632 464**	**(16 295)**	**(23 488)**	**10 805 034**	**1 004 869**	**15 990 602**

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the nine-month period ended 30 September 2020 (unaudited)	30 September 2019 (unaudited)
Cash flows from operating activities			
Net profit for the reporting period		(43 704)	989 911
Adjustments:			
Income tax in profit or loss	8	134 116	287 199
Depreciation/amortisation		1 189 814	1 131 252
Loss on change, sale and liquidation of property, plant and equipment and right-of-use assets		28 053	36 374
Impairment loss/(reversal of impairment loss) on non-financial non-current assets		521 984	(4 279)
Loss on sale of financial assets		40 261	23 751
Interest income		(11 844)	(9 405)
Dividend income		(275)	(201)
Interest costs		154 895	178 200
Gain on measurement of financial assets		(74 850)	(12 321)
Impairment of financial assets at amortised cost		141 470	-
Share of profit of associates and jointly controlled entities		333 826	(140)
Impairment of investments in jointly controlled entities		129 208	-
Other adjustments		(16 295)	(13 368)
Total adjustments		**2 570 363**	**1 617 062**
Paid income tax		(135 401)	(137 447)
Changes in working capital:			
CO_2 emission allowances		1 227 044	532 055
Inventories		51 769	(167 496)
Trade and other receivables		18 862	(440 543)
Trade and other payables		(50 814)	118 755
Employee benefit liabilities		25 741	28 345
Accounting for income from subsidies and road lighting modernisation services		13 501	19 109
Provisions for other liabilities and charges		316 721	408 145
Total changes in working capital		**1 602 824**	**498 370**
Net cash flows from operating activities		**3 994 082**	**2 967 896**
Cash flows from investing activities			
Purchase of non-current property, plant and equipment and intangible assets and right-of-use assets		(1 687 983)	(1 571 333)
Proceeds from sale of non-current property, plant and equipment and intangible assets and right-of-use assets		8 694	8 649
Purchase of financial assets		(7 800)	(29 904)
Proceeds from sale of financial assets		476	543
Purchase of subsidiaries		-	(29 740)
Purchase of associates and jointly controlled entities		(1 629)	(181 357)
Received dividends		275	201
Inflows concerning funds at Mine Decommissioning Fund bank account		(984)	2 471
Received interest		2 533	3 278
Other inflows from investing activities		1 075	8 861
Net cash flows from investing activities		**(1 685 343)**	**(1 788 331)**
Cash flows from financing activities			
Credit and loans received		2 308	-
Bond issuance		-	1 000 000
Repayment of credit and loans		(103 848)	(93 518)
Bond buy-back		(1 184 310)	(156 110)
Dividends paid		-	(8 673)
Repayment of lease liabilities		(21 054)	(19 053)
Expenditures concerning future bond issues		-	(195)
Interest paid		(178 864)	(165 697)
Other outflows under financing activities		(3 810)	(3 267)
Net cash flows from financing activities		**(1 489 578)**	**553 487**
Total net cash flows		**819 161**	**1 733 052**
Cash at the beginning of reporting period		3 761 947	2 650 838
Cash at the end of reporting period		**4 581 108**	**4 383 890**
including restricted cash		290 486	228 470

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

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

ADDITIONAL INFORMATION AND EXPLANATIONS

General information

1. General information on the Parent

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

ENEA S.A. ("Company," "Parent") is the parent entity for ENEA Group ("Group").

As at 30 September 2020, the Parent's shareholding structure was as follows:

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

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

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

The Parent's duration is indefinite.

Its activities are conducted on the basis of relevant concessions issued for the Parent and for specific Group companies.

The Group's condensed consolidated interim financial statements cover the nine-month period ended 30 September 2020 and contain comparative data for the nine-month period ended 30 September 2019 and the year ended 31 December 2019.

2. Group composition

As at 30 September 2020, ENEA Group consisted of the parent - ENEA S.A., 14 subsidiaries, 10 indirect subsidiaries, 2 associates and 2 jointly controlled entities.

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.);

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

- 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.)

	Company name	Segment	Registered office	ENEA S.A.'s stake in total number of voting rights as at 30 September 2020	ENEA S.A.'s stake in total number of voting rights as at 31 December 2019
SUBSIDIARIES					
1.	**ENEA Operator Sp. z o.o.**	distribution	Poznań	100%[8]	100%
2.	**ENEA Wytwarzanie Sp. z o.o.**	generation	Świerże Górne	100%	100%
3.	**ENEA Elektrownia Połaniec S.A.**	generation	Połaniec	100%	100%
4.	**ENEA Oświetlenie Sp. z o.o.**	other activity	Szczecin	100%	100%
5.	**ENEA Trading Sp. z o.o.**	trade	Świerże Górne	100%	100%
6.	**ENEA Serwis Sp. z o.o.**	distribution	Lipno	100%	100%
7.	**ENEA Centrum Sp. z o.o.**	other activity	Poznań	100%	100%
8.	**ENEA Pomiary Sp. z o.o.**	distribution	Poznań	100%	100%
9.	**ENERGO-TOUR Sp. z o.o. w likwidacji**	other activity	Poznań	100%[6]	100%[6]
10.	**ENEA Innowacje Sp. z o.o.**	other activity	Warsaw	100%[9]	100%
11.	**Lubelski Węgiel BOGDANKA S.A.**	mining	Bogdanka	65.99%	65.99%
12.	**Annacond Enterprises Sp. z o.o. w likwidacji**	distribution	Warsaw	-[7]	61%
13.	**ENEA Ciepło Sp. z o.o.**	generation	Białystok	99.94%	99,94%
14.	**ENEA Ciepło Serwis Sp. z o.o.**	generation	Białystok	100%	100%
15.	**ENEA Nowa Energia Sp. z o.o.**	generation	Poznań	100%	100%
INDIRECT SUBSIDIARIES					
16.	**ENEA Logistyka Sp. z o.o.**	distribution	Poznań	100%[5,8]	100%[8]
17.	**ENEA Bioenergia Sp. z o.o.**	generation	Połaniec	100%[1]	100%[1]
18.	**ENEA Połaniec Serwis Sp. z o.o.**	generation	Połaniec	100%[1]	100%[1]
19.	**Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o.**	generation	Oborniki	99.93%[2]	99.93%[2]
20.	**Miejska Energetyka Cieplna Piła Sp. z o.o.**	generation	Piła	71.11%[2]	71.11%[2]
21.	**EkoTRANS Bogdanka Sp. z o.o.**	mining	Bogdanka	65.99%[3]	65.99%[3]
22.	**RG Bogdanka Sp. z o.o.**	mining	Bogdanka	65.99%[3]	65.99%[3]
23.	**MR Bogdanka Sp. z o.o.**	mining	Bogdanka	65.99%[3]	65.99%[3]
24.	**Łęczyńska Energetyka Sp. z o.o.**	mining	Bogdanka	58.53%[3]	58.53%[3]
25.	**ENEA Badania i Rozwój Sp. z o.o.**	other activity	Świerże Górne	100%[4]	100%[4]
JOINTLY CONTROLLED ENTITIES					
26.	**Polska Grupa Górnicza S.A.**	-	Katowice	7.66%	7.66%
27.	**Elektrownia Ostrołęka Sp. z o.o.**	-	Ostrołęka	50%	50%
ASSOCIATES					
28.	**Polimex – Mostostal S.A.**	-	Warsaw	16.48%	16.48%
29.	**ElectroMobility Poland S.A.**	-	Warsaw	25%	25%

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

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

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

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

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

[5] – indirect subsidiary through stake in ENEA Operator 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 24 February 2020 Annacond Enterprises Sp. z o.o. w likwidacji was removed from the National Court Register.

[8] – on 27 August 2020, an Extraordinary General Meeting of ENEA Operator Sp. z o.o. adopted a resolution on a capital increase by PLN 13 864 thousand, i.e. from PLN 4 683 074 to PLN 4 696 938, by issuing 138 638 new shares with a nominal value of PLN 100 each and total nominal value of PLN 13 864 thousand. On 8 September 2020, ENEA S.A. signed a commitment to acquire 138 638 new, equal and undivided shares in exchange for a non-cash contribution in the form of 165 407 shares in ENEA Logistyka Sp. z o.o., with a nominal value of PLN 100 each. The share capital increase was registered at the National Court Register on 27 October 2020. At 31 December 2019, ENEA Logistyka Sp. z o.o. was a subsidiary of ENEA S.A.

[9] – On 1 September 2020, an Extraordinary General Meeting of ENEA Innowacje Sp. z o.o. adopted a resolution to increase share capital by PLN 9 300 thousand, i.e. from PLN 17 060 thousand to PLN 26 360 thousand, by issuing 93 000 new shares with a nominal value of PLN 100.00 each. All of the newly-issued shares in ENEA Innowacje Sp. z o.o. were acquired by ENEA S.A. on 2 September 2020. The share capital increase was registered at the National Court Register on 15 October 2020.

3. Changes in composition of the Parent's Management Board and Supervisory Board

Management Board

	As at 30 September 2020	Appointment	As at 31 December 2019	Resignation
President of the Management Board	Paweł Szczeszek	30 June 2020	Mirosław Kowalik	5 June 2020
Member of the Management Board, responsible for finance	Jarosław Ołowski		Jarosław Ołowski	
Member of the Management Board, responsible for trade	Tomasz Siwak	17 August 2020	Piotr Adamczak	10 August 2020
Member of the Management Board, responsible for corporate affairs	Tomasz Szczegielniak	7 August 2020	Zbigniew Piętka	24 July 2020

Supervisory Board

	As at 30 September 2020	Appointment	As at 31 December 2019	Dismissal / resignation
Chairperson of the Supervisory Board	Izabela Felczak-Poturnicka	19 March 2020	Stanisław Hebda	6 February 2020
Deputy Chairperson of the Supervisory Board	Roman Stryjski		Mariusz Pliszka	
Secretary of the Supervisory Board	Michał Jaciubek		Michał Jaciubek	
Member of the Supervisory Board	Maciej Mazur		Maciej Mazur	
Member of the Supervisory Board	Piotr Mirkowski		Piotr Mirkowski	
Member of the Supervisory Board	Paweł Koroblowski		Paweł Koroblowski	
Member of the Supervisory Board	Ireneusz Kulka		Ireneusz Kulka	
Member of the Supervisory Board	Mariusz Pliszka		Roman Stryjski	
Member of the Supervisory Board	Mariusz Fistek	19 March 2020		
Member of the Supervisory Board	Rafał Włodarski	16 September 2020		

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

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

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

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

On 22 July 2020 Mr. Zbigniew Piętka tendered his resignation as Member of ENEA S.A.'s Management Board for Corporate Affairs, effective from 24 July 2020.

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

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

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

On 17 September 2020, the Company received a statement from the Minster of State Assets of the same date regarding use by the Minister of State Assets of an authorisation to appoint, pursuant to § 24 sec. 1 of the Company's Articles of Association, of a member of the Supervisory Board of ENEA S.A. Under the aforementioned authorisation, Mr. Rafał Włodarski was appointed to the Company's Supervisory Board as of 16 September 2020.

On 23 October 2020, the Company's Supervisory Board adopted a resolution appointing Mr. Marcin Pawlicki as Member of ENEA S.A.'s Management Board for operations, effective from 29 October 2020.

On 17 November 2020, the Supervisory Board of ENEA S.A. adopted a resolution to dismiss Mr. Jarosław Ołowski as Member of ENEA S.A.'s Management Board for Finance.

The following table contains the composition of ENEA S.A.'s Supervisory Board as of the date on which these consolidated financial statements:

	As at 26 November 2020
President of the Management Board	Paweł Szczeszek
Member of the Management Board, responsible for trade	Tomasz Siwak
Member of the Management Board, responsible for corporate affairs	Tomasz Szczegielniak
Member of the Management Board, responsible for operations	Marcin Pawlicki

4. Basis for preparing financial statements

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 20120. 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.

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.

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 2019.

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

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 2019.

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 amounts being presented in the condensed consolidated interim financial statements and explanatory notes to these statements. Such assumptions and estimates are based on the Management Board's best knowledge regarding current and future events and activities. However, actual results may differ from forecasts. The estimates used in preparing these condensed consolidated interim financial statements are consistent with estimates used in preparing the consolidated 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.

Change in presentation of items in statement of comprehensive income

In these condensed consolidated interim financial statements, the Group changed the scope of presentation, within the statement of comprehensive income, for derivative transactions concerning CO_2 as well as electricity, gas and property rights, along with associated currency forward transactions. Results of the measurement of these transactions, previously presented as finance income or finance costs, were presented as other operating revenue or other operating costs. At the same time, the Group currently presents the results of these transactions on a net basis together with the results of other related derivatives transactions, previously presented as other operating revenue / other operating costs. According to the Group, this form of presentation reflects the Group's financial results better and more consistently because these transactions are related to the Group's operating activities. Furthermore, the Group in its statement of comprehensive income singled out operating lease and sub-lease income, which in previous periods had been presented as revenue from sales.

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

	For the nine-month period ended 30 September 2019				For the three-month period ended 30 September 2019			
	Approved data	Change in presentation of leases	Change in presentation of derivative transactions	Restated data	Approved data	Change in presentation of leases	Change in presentation of derivative transactions	Restated data
Revenue from sales	11 716 011	(2 867)		11 713 144	4 090 794	(254)		4 090 540
Excise duty	(53 799)			(53 799)	(17 757)			(17 757)
Net revenue from sales	**11 662 212**	**(2 867)**		**11 659 345**	**4 073 037**	**(254)**		**4 072 783**
Compensations	506 577			506 577	76 176			76 176
Revenue from operating leases and subleases	-	2 867		2 867	-	254		254
Revenue from sales and other income	**12 168 789**			**12 168 789**	**4 149 213**			**4 149 213**
Other operating revenue	101 995		21 757	123 752	(14 152)		61 210	47 058
Change in provision for onerous contracts	60 702			60 702	19 698			19 698
Depreciation/amortisation	(1 131 252)			(1 131 252)	(387 049)			(387 049)
Employee benefit costs	(1 334 713)			(1 334 713)	(461 563)			(461 563)
Use of materials and raw materials and value of goods sold	(2 506 510)			(2 506 510)	(859 129)			(859 129)
Purchase of electricity and gas for sales purposes	(4 419 831)			(4 419 831)	(1 413 407)			(1 413 407)
Transmission services	(330 109)			(330 109)	(117 461)			(117 461)
Other third-party services	(658 884)			(658 884)	(223 467)			(223 467)
Taxes and fees	(331 261)			(331 261)	(104 565)			(104 565)
Loss on change, sale and liquidation of property, plant and equipment and right-of-use assets	(36 374)			(36 374)	(13 731)			(13 731)
Reversal of impairment losses on non-financial non-current assets	4 279			4 279	-			-
Other operating costs	(158 188)		21 009	(137 179)	(71 637)		34 007	(37 630)
Operating profit	**1 428 643**		**42 766**	**1 471 409**	**502 750**		**95 217**	**597 967**
Finance costs	(243 860)		5 193	(238 667)	(37 912)		(47 294)	(85 206)
Finance income	91 986		(47 959)	44 027	64 816		(47 923)	16 893
Dividend income	201			201	101			101
Share of profit of associates and jointly controlled entities	140			140	4 583			4 583
Profit before tax	**1 277 110**			**1 277 110**	**534 338**			**534 338**
Income tax	(287 199)			(287 199)	(123 872)			(123 872)
Net profit for the reporting period	**989 911**			**989 911**	**410 466**			**410 466**

6. 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 (in the functional currency).

The condensed consolidated interim financial statements are presented in PLN, which is the functional and presentation currency for all of the Group's entities. Items in financial statements are rounded to full thousands of zlotys (PLN 000s), unless otherwise stated.

Operating segments

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 and other activity, as shown below.

TRADE	Purchase and sale of electricity.
DISTRIBUTION	Electricity distribution and transmission services.
GENERATION	Generation of electricity from conventional and renewable sources, generation of industrial heat.
MINING	Production and sale of coal, companies providing support services to mines.

AND

OTHER ACTIVITY	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, impairment of financial assets at amortised cost, impairment of investments in 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.

In connection with the fact that ENEA Logistyka Sp. z o.o. became a subsidiary of ENEA Operator Sp. z o.o., the revenue, costs, assets and liabilities of ENEA Logistyka Sp. z o.o. are presented in these condensed consolidated interim financial statements in the distribution segment rather than in the other activities segment. The comparative period in notes concerning segments was also appropriately restated.

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

Segment results:

Segment results for the period from 1 January to 30 September 2020 are as follows:

	Trade	Distribution	Generation	Mining	Other activity	Exclusions	Total
Net revenue from sales	4 956 747	2 374 588	5 858 019	183 960	80 406	-	13 453 720
Inter-segment sales	914 797	23 115	412 558	1 162 479	281 506	(2 794 455)	-
Total net revenue from sales	**5 871 544**	**2 397 703**	**6 270 577**	**1 346 439**	**361 912**	**(2 794 455)**	**13 453 720**
Revenue from operating leases and sub-leases	-	-	474	7 095	2 646	(37)	10 178
Revenue from sales and other income	**5 871 544**	**2 397 703**	**6 271 051**	**1 353 534**	**364 558**	**(2 794 492)**	**13 463 898**
Total costs	(5 813 717)	(1 872 281)	(6 012 750)	(1 278 206)	(333 754)	2 821 482	(12 489 226)
Segment result	**57 827**	**525 422**	**258 301**	**75 328**	**30 804**	**26 990**	**974 672**
Depreciation/amortisation	(1 031)	(468 605)	(427 879)	(250 439)	(53 171)		
(Impairment loss)/reversal of impairment loss on non-financial non-current assets	-	-	(522 822)	838	-		
Segment result - EBITDA	**58 858**	**994 027**	**1 209 002**	**324 929**	**83 975**		
% of revenue from sales and other income	**1.0%**	**41.5%**	**19.3%**	**24.0%**	**23.0%**		
Unallocated costs at Group level (administration expenses)							(51 363)
Operating profit							**923 309**
Finance costs							(260 021)
Finance income							31 353
Dividend income							275
Impairment of financial assets at amortised cost							(141 470)
Share of profit of associates and jointly controlled entities							(333 826)
Impairment of investments in jointly controlled entities							(129 208)
Income tax							(134 116)
Net profit							**(43 704)**
Share of profit attributable to non-controlling interests							18 713

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

Segment results:

Segment results for the period from 1 July to 30 September 2020 are as follows:

	Trade	Distribution	Generation	Mining	Other activity	Exclusions	Total
Net revenue from sales	1 618 094	767 163	2 047 419	51 644	27 543	-	4 511 863
Inter-segment sales	254 288	8 222	117 625	450 599	97 455	(928 189)	-
Total net revenue from sales	**1 872 382**	**775 385**	**2 165 044**	**502 243**	**124 998**	**(928 189)**	**4 511 863**
Revenue from operating leases and subleases	-	-	201	2 279	112	(12)	2 580
Revenue from sales and other income	**1 872 382**	**775 385**	**2 165 245**	**504 522**	**125 110**	**(928 201)**	**4 514 443**
Total costs	(1 854 202)	(619 506)	(1 971 877)	(495 216)	(111 501)	946 387	(4 105 915)
Segment result	**18 180**	**155 879**	**193 368**	**9 306**	**13 609**	**18 186**	**408 528**
Depreciation/amortisation	(368)	(159 649)	(143 555)	(101 097)	(17 937)		
(Impairment loss)/reversal of impairment loss on non-financial non-current assets	-	-	-	(212)	-		
Segment result - EBITDA	**18 548**	**315 528**	**336 923**	**110 615**	**31 546**		
% of revenue from sales and other income	**1.0%**	**40.7%**	**15.6%**	**21.9%**	**25.2%**		
Unallocated costs at Group level (administration expenses)							(14 177)
Operating profit							**394 351**
Finance costs							(86 313)
Finance income							8 017
Dividend income							123
Impairment of financial assets at amortised cost							(2 733)
Share of profit of associates and jointly controlled entities							(83 488)
Impairment of investments in jointly controlled entities							(129 208)
Income tax							(62 810)
Net profit							**37 939**
Share of profit attributable to non-controlling interests							1 138

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

Segment results:

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	2 155 012	3 791 691	230 896	78 674	-	11 659 345
Inter-segment sales	617 634	29 429	2 234 452	1 395 215	264 295	(4 541 025)	-
Total net revenue from sales	**6 020 706**	**2 184 441**	**6 026 143**	**1 626 111**	**342 969**	**(4 541 025)**	**11 659 345**
Compensations	506 577	-	-		-	-	506 577
Revenue from operating leases and sub-leases	-	-	244	-	2 676	(53)	2 867
Revenue from sales and other income	**6 527 283**	**2 184 441**	**6 026 387**	**1 626 111**	**345 645**	**(4 541 078)**	**12 168 789**
Total costs	(6 468 718)	(1 818 593)	(5 287 295)	(1 274 766)	(299 520)	4 501 818	(10 647 074)
Segment result	**58 565**	**365 848**	**739 092**	**351 345**	**46 125**	**(39 260)**	**1 521 715**
Depreciation/amortisation	(1 260)	(443 856)	(412 351)	(260 783)	(44 389)		
Reversal of impairment losses on non-financial non-current assets	-	4 279	-	-	-		
Segment result - EBITDA	**59 825**	**805 425**	**1 151 443**	**612 128**	**90 514**		
% of revenue from sales and other income	**0.9%**	**36.9%**	**19.1%**	**37.6%**	**26.2%**		
Unallocated costs at Group level (administration expenses)							(50 306)
Operating profit							**1 471 409**
Finance costs							(238 667)
Finance income							44 027
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)

Segment results:

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	731 784	1 344 706	67 316	24 336	-	4 072 783
Inter-segment sales	162 566	10 486	757 082	460 459	96 390	(1 486 983)	-
Total net revenue from sales	**2 067 207**	**742 270**	**2 101 788**	**527 775**	**120 726**	**(1 486 983)**	**4 072 783**
Compensations	76 176	-	-	-	-	-	76 176
Revenue from operating leases and sub-leases	-	-	147	-	125	(18)	254
Revenue from sales and other income	**2 143 383**	**742 270**	**2 101 935**	**527 775**	**120 851**	**(1 487 001)**	**4 149 213**
Total costs	(2 066 464)	(606 346)	(1 818 144)	(439 205)	(104 802)	1 500 803	(3 534 158)
Segment result	**76 919**	**135 924**	**283 791**	**88 570**	**16 049**	**13 802**	**615 055**
Depreciation/amortisation	(440)	(153 735)	(137 978)	(89 077)	(14 994)		
Segment result - EBITDA	**77 359**	**289 659**	**421 769**	**177 647**	**31 043**		
% of revenue from sales and other income	**3.6%**	**39.0%**	**20.1%**	**33.7%**	**25.7%**		
Unallocated costs at Group level (administration expenses)							(17 088)
Operating profit							**597 967**
Finance costs							(85 206)
Finance income							16 893
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)

Other information concerning segments as at 30 September 2020 and for the nine-month period ended on that date is as follows:

	Trade	Distribution	Generation	Mining	Other activity	Exclusions	Total
Property, plant and equipment	14 487	9 600 772	8 796 742	3 126 957	350 755	(495 777)	21 393 936
Trade and other receivables	1 604 522	328 381	1 673 983	221 581	134 494	(1 841 699)	2 121 262
Costs related to the conclusion of agreements	24 801	-	-	-	-	-	24 801
Assets arising from contracts with customers	150 149	209 416	197	-	802	(5 372)	355 192
Total	**1 793 959**	**10 138 569**	**10 470 922**	**3 348 538**	**486 051**	**(2 342 848)**	**23 895 191**
ASSETS excluded from segments							8 231 104
- including property, plant and equipment							9 707
- including trade and other receivables							2 827
TOTAL ASSETS							**32 126 295**
Trade and other payables	130 828	400 907	675 909	289 718	369 907	(319 648)	1 547 621
Liabilities arising from contracts with customers	1 532 065	186 034	-	632	168	(1 527 423)	191 476
Total	**1 662 893**	**586 941**	**675 909**	**290 350**	**370 075**	**(1 847 071)**	**1 739 097**
Equity and liabilities excluded from segments							30 387 198
- including trade and other payables							360 551
TOTAL EQUITY AND LIABILITIES							**32 126 295**
for the 9-month period ending 30 September 2020							
Investment expenditures on property, plant and equipment and intangible assets	615	751 006	731 396	495 696	28 564	(30 702)	1 976 575
Investment expenditures on property, plant and equipment and intangible assets excluded from segments							-
Depreciation/amortisation	1 031	468 605	427 879	250 439	53 171	(13 026)	1 188 099
Amortisation excluded from segments							1 715
Recognition/(reversal/use) of impairment losses on receivables	2 542	(9 386)	(9 825)	(1 671)	(94)	-	(18 434)
Recognition/(reversal) of impairment losses on non-financial non-current assets	-	-	522 822	(838)	-	-	521 984

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

Other information concerning segments as at 31 December 2019 and for the nine-month period ended on 30 September 2019 is as follows:

	Trade	Distribution	Generation	Mining	Other activity	Exclusions	Total
Property, plant and equipment	14 777	9 286 046	9 399 673	2 877 136	370 997	(487 292)	21 461 337
Trade and other receivables	1 276 901	311 253	1 068 321	245 030	86 534	(891 869)	2 096 170
Costs related to the conclusion of agreements	25 395	-	-	-	-	-	25 395
Assets arising from contracts with customers	119 665	214 946	388	-	504	(5 056)	330 447
Total	**1 436 738**	**9 812 245**	**10 468 382**	**3 122 166**	**458 035**	**(1 384 217)**	**23 913 349**
ASSETS excluded from segments							8 930 505
- including property, plant and equipment							9 467
- including trade and other receivables							48 259
TOTAL ASSETS							**32 843 854**
Trade and other payables	562 020	468 229	873 069	251 396	194 856	(396 943)	1 952 627
Liabilities arising from contracts with customers	512 613	101 221	-	444	1 405	(499 982)	115 701
Total	**1 074 633**	**569 450**	**873 069**	**251 840**	**196 261**	**(896 925)**	**2 068 328**
Equity and liabilities excluded from segments							30 775 526
- including trade and other payables							80 588
TOTAL EQUITY AND LIABILITIES							**32 843 854**
for the 9-month period ending 30 September 2019							
Investment expenditures on property, plant and equipment and intangible assets	36	675 604	499 989	294 728	49 245	(21 181)	1 498 421
Investment expenditures on property, plant and equipment and intangible assets excluded from segments							-
Depreciation/amortisation	1 260	443 856	412 351	260 783	44 389	(32 940)	1 129 699
Amortisation excluded from segments							1 553
Recognition/(reversal/use) of impairment losses on receivables	1 688	871	361	560	(228)	-	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)

Explanatory notes to the consolidated statement of comprehensive income

7. Revenue from sales

Net revenue from sales

	For the nine-month period ended	
	30 September 2020	30 September 2019 restated*
Revenue from the sale of electricity	10 338 327	8 803 270
Revenue from the sale of distribution services	2 309 758	2 083 727
Revenue from the sale of goods and materials	72 042	78 663
Revenue from the sale of other products and services	122 631	132 109
Revenue from origin certificates	8 629	15 436
Revenue from the sale of CO_2 emission allowances	-	-
Revenue from the sale of industrial heat	239 307	246 121
Revenue from the sale of coal	160 830	194 930
Revenue from the sale of gas	202 196	105 089
Total net revenue from sales	**13 453 720**	**11 659 345**

* the presentation restatement of data for the comparative period is presented in note 5 to these condensed consolidated interim financial statements.

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.

	For the nine-month period ended	
	30 September 2020	30 September 2019
Revenue from continuous services	12 850 281	10 992 086
Revenue from services provided at specified time	603 439	667 259
Total	**13 453 720**	**11 659 345**

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

8. Tax

Deferred income tax

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

	As at	
	30 September 2020	31 December 2019
Net deferred income tax assets at the beginning of period, including:	**155 977**	**119 665**
- deferred income tax assets at the beginning of period	**569 369**	**487 272**
- deferred income tax provision at the beginning of period	**413 392**	**367 607**
(Charge)/addition to profit or loss	90 300	19 796
(Charge)/addition to other comprehensive income	33 851	16 516
Net deferred income tax assets at the end of period, including:	**280 128**	**155 977**
- deferred income tax assets at the end of period	**710 482**	**569 369**
- deferred income tax provision at the end of period	**430 354**	**413 392**

In the 9-month period ended 30 September 2020, the Group's profit before tax was credited as a result of an increase in net deferred income tax assets by PLN 90 300 thousand (in the 9-month period ended 30 September 2019 the charge to the Group's profit before tax as a result of a decrease in net deferred income tax assets amounted to PLN 5 489 thousand).

Explanatory notes to the consolidated statement of financial position

9. Property, plant and equipment

In the 9-month period ending 30 September 2020 the Group purchased property, plant and equipment items for a total of PLN 1 950 025 thousand (in the 9-month period ending 30 September 2019: PLN 1 446 489 thousand). These amounts mainly concern the generation segment (PLN 725 355 thousand), mining (PLN 494 784 thousand) and distribution (PLN 712 815 thousand).

In the 9-month period ending 30 September 2020 the Group sold and liquidated property, plant and equipment items with total net book value of PLN 31 687 thousand (in the 9 months ended 30 September 2019: PLN 46 467 thousand).

In the 9-month period ended 30 September 2020, impairment losses on property, plant and equipment increased by PLN 518 618 thousand on a net basis (in the 9-month period ended 30 September 2019 impairment of property, plant and equipment decreased by PLN 4 866 thousand on a net basis).

As at 30 September 2020, total impairment of property, plant and equipment amounted to PLN 1 974 384 thousand (as at 31 December 2019: PLN 1 455 766 thousand).

Future contract liabilities related to the purchase of property, plant and equipment incurred as at the reporting date but not yet recognised in the statement of financial position reached PLN 1 226 877 thousand as at 30 September 2020 (as at 31 December 2019: PLN 1 306 454 thousand).

Impairment test on non-financial non-current assets of ENEA Wytwarzanie Sp. z o.o., ENEA Ciepło Sp. z o.o. and ENEA Elektrownia Połaniec S.A.

As at 30 June 2020, based on information and analyses in our possession concerning changes in the market prices of CO_2 emission allowances, electricity, energy origin certificates as well as macroeconomic forecasts related to the COVID-19 pandemic caused by the SARS-COV-2 virus, and in connection with market capitalisation being below the net book value of assets, ENEA Group carried out an impairment test on the non-financial non-current assets of ENEA Wytwarzanie Sp. z o.o., ENEA Ciepło Sp. z o.o. and ENEA Elektrownia Połaniec S.A.

Based on the analysis, impairment losses on non-financial non-current assets in the energy generation area at CGU Elektrownie Systemowe Kozienice worth a total of PLN 522 822 thousand were recognised, thus adjusting the book value of these assets to PLN 7 201 295 thousand. This impairment loss reduced the Group's result by a total of PLN 423 486 thousand.

The value of each CGU's non-financial non-current assets was estimated on the basis of useful value using the discounted cash flows approach based on financial projections. The following changes in the adopted calculation assumptions took place in comparison to the tests presented in the financial statements for 2019 (changes in price parameters are expressed in 2020 fixed prices):

- wholesale base electricity price: lower prices for the comparative period 2021-2042 by an average of 10 PLN/MWh,
- prices of energy origin certificates (renewables and cogeneration): the support system for renewables until 2031 was taken into account, and specific renewables plants will use support within a 15-year period; prices in the period 2021-2031 will be on average 1 PLN/MWh lower than the analyses for 2019,
- prices of CO_2 emission allowances: prices 4 EUR/t higher on average, comparing to the same period in 2021-2042,
- prices of biomass: during the entire period, down by an average of approx. 5.7 PLN/GJ in comparison to analyses for 2019,
- prices of coal: an average decline of approx. 0.30 PLN/GJ in comparison to analyses for 2019 is expected,
- nominal discount rate - 5.03% [discount rate before tax is 5.81%]. The Group used a 2% premium on cost of own capital for specific risk for the analysed CGUs. The discount rate taking into account the specific risk premium was 5.59% [discount rate taking into account the specific risk premium before tax was 6.37%],

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

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

The following shows the sensitivity analysis for the discount parameters on the total useful value of assets (starting point) for each ENEA Wytwarzanie Sp. z o.o. CGU:

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

Change in assumptions	-0.5pp	Output value	+0.5pp
Change in recoverable value	**668 364**	**8 007 236**	**(566 062)**
- CGU Elektrownie Systemowe Kozienice	610 622	7 201 295	(515 796)
- CGU Wind	22 623	485 182	(21 019)
- CGU Hydro	35 118	321 193	(29 246)
- CGU Biogas	1	(435)	(1)

Impairment test on LWB's non-financial non-current assets

The Group carried out a periodic assessment of indications of possible impairment of non-current assets in the Mining segment (LWB), in line with guidelines specified in IAS 36 Impairment of Assets. Given the on-going COVID-19 pandemic, which is forcing businesses to operate in variable, entirely unusual and previously unseen conditions, these indications should be analysed especially closely. In making this assessment for the purposes of the interim consolidated financial statements as at 30 June 2020 the Group, based on an analysis of the present economic and market situation, noted that the current market capitalisation of LWB remained at a level that was lower than the balance sheet value of net assets. It should be noted that this indication was already present at the end of the previous financial year and was the main reason for performing an impairment test as at 31 December 2019. And despite the fact that a full-scale pandemic occurred in 2020, this does not constitute the main indication of impairment of assets, rather an additional indication confirming the necessary to perform an impairment test.

In the first six months of 2020, (compared to the end of the previous financial year) a further decline in share price, and thus market capitalisation, took place, although on a smaller scale. According to LWB, this situation mainly stemmed from factors that were beyond its control such as political factors and the EU's climate policy and also in part because of low liquidity and low free float, along with the economic slowdown caused by COVID-19.

Given the above, despite the fact that non-current assets were fairly recently tested for impairment, LWB was obligated to perform an impairment test on the value of CGUs during the financial year, i.e. as at 30 June 2020.

Due to the inability to determine fair values for a very large group of assets for which there is no active market and no comparable transactions, the recoverable values of these assets were determined by estimating their useful values using the discounted cash flow approach based on the Group's financial projections from 2020 (for the year's second half) to 2051.

The key assumptions used in estimating the value in use of the tested assets are presented below:

- given the links between the various divisions and the mine's organisational scheme, all of LWB's assets were considered as one CGU;
- the average annual volume of coal sales in 2021-2035 was set at 9.3 Mt;
- forecast period from 2020 (H2) to 2051 - was estimated on the basis of the company's extractable coal resources as at the balance sheet date (i.e. resources that are currently available using infrastructure existing as of the balance sheet date, which mainly concerns shafts), taking into account an average annual output of 9.3 Mt in 2021-2035 (in subsequent years, average annual output systematically decreases as a result of deposits in the "Bogdanka" field being depleted and the assumption that only currently existing infrastructure is used);
- the assumption pertaining to coal prices in H2 2020 and in 2021-2043 was adopted on the basis of studies prepared for the purposes of the entire Group; the average coal sale price in the period was estimated at 10.81 PLN/GJ, assuming a sideways trend in the range of +/-5%; from 2044 a fixed price was used at the 2043 level;
- the entire model is inflation-free;
- real wage growth is assumed for the entire forecast period at a level that reflects the company's best possible estimate as at the test date;
- the discount rate is the weighted average cost of capital (WACC) of 6.77% throughout the entire forecast period, estimated based on the latest economic data (using a risk-free rate of 1.98% and a beta coefficient of 1.07);

– an average annual level of investment expenditures in the entire forecast period of PLN 253 562 thousand, including on average PLN 338 253 thousand in 2021-2035.

Presented in the table below are the results of this impairment test:

CGU [PLN 000s] - as at 30.06.2020	Recoverable value	Book value
CGU Mining	2 827 861	2 773 884

The sensitivity analysis shows that significant factors having impact on the estimated recoverable values of CGUs include: discount rate, prices of coal for energy-generation purposes and real wage growth. Presented below are the results of an analysis of the model's sensitivity (change in recoverable value) to changes in key assumptions.

Impact of change in discount rate (starting point 6.77%)

Change in assumptions	-0.5pp	Output value	+0.5pp
Change in recoverable value	**130 582**	**2 827 861**	**(122 525)**

Impact of changes in coal prices

Change in assumptions	-0.5%	Output value	+0.5%
Change in recoverable value	**(68 486)**	**2 827 861**	**68 486**

Impact of change in real wage growth

Change in assumptions	-0.5pp	Output value	+0.5pp
Change in recoverable value	**268 702**	**2 827 861**	**(268 702)**

10. Intangible assets

In the 9-month period ending 30 September 2020 the Group purchased intangible assets worth PLN 26 550 thousand (in the 9-month period ended 30 September 2019 the Group purchased intangible assets worth PLN 31 306 thousand).

In the 9-month period ending 30 September 2020 the Group did not conduct significant sales or liquidations of intangible assets (in the 9-month period ended 30 September 2019 the Group also did not conduct significant sales or liquidations of intangible assets).

Future contract liabilities related to the purchase of property, plant and equipment incurred as at the reporting date but not yet recognised in the statement of financial position reached PLN 21 339 thousand as at 30 September 2020 (as at 31 December 2019: PLN 29 716 thousand).

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

11. Investments in associates and jointly controlled entities

The following table shows key financial data concerning associates and jointly controlled entities consolidated using the equity approach:

As at 30 September 2020	Elektrownia Ostrołęka Sp. z o.o.	Polimex - Mostostal S.A.	Polska Grupa Górnicza S.A.	ElectroMobility Poland S.A.	Total
Stake	**50.00%**	**16.48%**	**7.66%**	**25%**	
Current assets	49 862	1 084 081	1 743 569	22 244	2 899 756
Non-current assets	205 953	657 600	9 008 003	34 925	9 906 481
Total assets	**255 815**	**1 741 681**	**10 751 572**	**57 169**	**12 806 237**
Current liabilities	907 208	789 989	4 384 648	982	6 082 827
Non-current liabilities	10 287	288 441	4 711 109	18	5 009 855
Total liabilities	**917 495**	**1 078 430**	**9 095 757**	**1 000**	**11 092 682**
Net assets	**(661 680)**	**663 251**	**1 655 815**	**56 169**	**1 713 555**
Share in net assets	**-**	**109 304**	**126 835**	**14 042**	**250 181**
Goodwill	-	15 954	-	-	15 954
Elimination of unrealised gains/losses	-	(7 118)	2 373	-	(4 745)
Impairment of investments			(129 208)	-	(129 208)
Book value of equity-accounted investments at 30 September 2020	**-**	**118 140**	**-**	**14 042**	**132 182**

The Group made a consolidation adjustment concerning margins on sales in transactions between the Group and Polimex - Mostostal S.A. and Polska Grupa Górnicza S.A.

Given the adverse financial situation of Polska Grupa Górnicza S.A. (PGG), negative changes in this company's market and economic surroundings as well as plans to extinguish hard-coal mining in Poland, the Group identified indications of impairment of its investment in PGG. Due to the above, having conducted an impairment test, the Group decided to recognize an impairment loss on the entire value of its investment in PGG shares. As at 30 September 2020, the value of its investment in PGG in the condensed consolidated interim financial statements was zero.

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

As at 31 December 2019	Elektrownia Ostrołęka Sp. z o.o.	Polimex - Mostostal S.A.	Polska Grupa Górnicza S.A.	ElectroMobility Poland S.A.	Total
Stake	**50.00%**	**16.48%**	**7.66%**	**25%**	
Current assets	37 549	964 470	2 226 017	40 174	3 268 210
Non-current assets	65 419	718 259	9 794 651	17 542	10 595 871
Total assets	**102 968**	**1 682 729**	**12 020 668**	**57 716**	**13 864 081**
Current liabilities	86 271	779 861	4 040 084	1 297	4 907 513
Non-current liabilities	170 532	319 677	4 694 514	3	5 184 726
Total liabilities	**256 803**	**1 099 538**	**8 734 598**	**1 300**	**10 092 239**
Net assets	**(153 835)**	**583 191**	**3 286 070**	**56 416**	**3 771 842**
Share in net assets	**-**	**96 110**	**251 713**	**14 104**	**361 927**
Goodwill	7 080	15 954	52 697	-	75 731
Impairment	(7 080)	-	(52 697)	-	(59 777)
Goodwill after impairment	-	15 954	-	-	15 954
Elimination of unrealised gains/losses	-	(7 573)	2 708	-	(4 865)
Book value of equity-accounted investments at 31 December 2019	**-**	**104 491**	**254 421**	**14 104**	**373 016**

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

Change in investments in subsidiaries, associates and jointly controlled entities

	As at	
	30 September 2020	31 December 2019
As at the beginning of period	**373 016**	**734 268**
Change in the change in net assets	(111 626)	(482 165)
Impairment of investments in jointly controlled entities	(129 208)	(59 777)
Purchase of investments	-	180 690
As at the reporting date	**132 182**	**373 016**

Implementation of project to build Elektrownia Ostrołęka C

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

On 23 December 2019 ENEA S.A. and ENERGA S.A. executed a loan agreement with Elektrownia Ostrołęka Sp. z o.o., pursuant to which ENERGA S.A. issued a loan of up to PLN 340 million to Elektrownia Ostrołęka Sp. z o.o. until 26 February 2021. Under the agreement, if the circumstances indicated in point 1.8 of the Agreement materialise, ENERGA S.A. will sell to ENEA S.A. half of the debt that it will own based on a loan agreement with Elektrownia Ostrołęka Sp. z o.o., payable by 31 January 2021, for a price equal to the nominal value of the debt, covering especially principal and interest as of 31 January 2021. In accordance with the loan agreement, ENEA S.A. will be required to pay the price for the debt by 31 January 2021. ENERGA S.A. paid Elektrownia Ostrołęka Sp. z o.o. the first tranche of the loan on 23 December 2019, amounting to PLN 160 million, the second tranche on 13 January 2020, amounting to PLN 17 million, and the third tranche (PLN 163 million) on 22 April 2020. The aforementioned condition for the second and third tranche of the loan, totalling PLN 180 million, was met as of 30 June 2020 (and in December 2019 for the first tranche). In connection with this, on 30 June 2020 ENEA S.A. recognised a future receivables concerning the aforementioned two tranches of PLN 90 million plus PLN 1 299 thousand in interest, and a liability towards ENERGA S.A. of the same amount.

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

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

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

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

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

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

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

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

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

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

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

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

1) regulatory changes at the EU level and the credit policy of certain financial institutions, which show that there is far greater access to financing for energy projects based on gas than coal;

   and

2) the acquisition of control over Energa by PKN Orlen, the strategy of which does not include investments in electricity generation based on coal combustion.

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

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

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

Given the above, as at 30 June 2020 the Group identified grounds for recognizing an additional impairment loss on the loans granted to Elektrownia Ostrołęka Sp. z o.o. (SPV), amounting to PLN 136 653 thousand.

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

Impairment of loans issued to Elektrownia Ostrołęka Sp. z o.o. as at 30 September 2020 amounted to PLN 207 241 thousand, together with interest (the value of these loans is written off to zero). The total impairment loss on loans issued to Elektrownia Ostrołęka Sp. z o.o. recognised in the nine-month period ended 30 September 2020 was PLN 141 470 thousand, and this amount was recognised in the consolidated statement of comprehensive income under "Impairment of financial assets at amortised cost."

Furthermore, in reference to a settlement proposal submitted by the General Contractor on 23 June, with regard to an investment consisting of the construction of coal-fired power plant Ostrołęka C, grounds were identified for recognising a PLN 222 200 thousand provision (this amount was recognised in the consolidated statement of comprehensive income under "Share in results of associates and jointly-controlled entities) for future investment liabilities toward Elektrownia Ostrołęka Sp. z o.o. and ENERGA S.A. Due to considerable uncertainty as to the final amounts of claims, the amount of this provision is the best possible estimate, based on the General Contractor's proposals, among other things. The amount and validity of these claims are currently being closely analysed by Elektrownia Ostrołęka Sp. z o.o.

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

12. Inventories

Inventories

	As at	
	30 September 2020	31 December 2019
Materials	770 555	952 280
Semi-finished products and production in progress	3 708	772
Finished products	5 393	34 396
Energy origin certificates	566 124	436 118
Goods	13 027	11 569
Gross value of inventory	**1 358 807**	**1 435 135**
Impairment of inventory	(41 691)	(58 840)
Net value of inventory	**1 317 116**	**1 376 295**

In the 9-month period ended 30 September 2020, impairment of inventory decreased by PLN 17 149 thousand on a net basis (in the 9-month period ended 30 September 2019 impairment of inventory decreased by PLN 2 012 thousand on a net basis).

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

13. Energy origin certificates

Energy origin certificates

	As at	
	30 September 2020	31 December 2019
Net value at the beginning of period	**430 571**	**516 133**
Internal manufacture	206 301	263 460
Purchase	115 218	109 101
Depreciation	(179 381)	(426 905)
Sale	(12 739)	(24 529)
Change in impairment	60	(6 110)
Other changes	-	(579)
Net value at the reporting date	**560 030**	**430 571**

14. Assets and liabilities arising from contracts with customers

Assets and liabilities arising from contracts with customers

	Assets arising from contracts with customers	Liabilities arising from contracts with customers
As at 01 January 2019	**327 980**	**68 578**
Change in non-invoices receivables	2 395	-
Increase due to prepayments	-	34 492
Liabilities resulting from sales adjustments		12 631
Impairment	72	-
As at 31 December 2019	**330 447**	**115 701**
Change in non-invoices receivables	24 756	-
Increase due to prepayments	-	83 765
Liabilities resulting from sales adjustments	-	(7 990)
Impairment	(11)	-
As at 30 September 2020	**355 192**	**191 476**

The balance of assets arising from contracts with customers mainly covers uninvoiced electricity sales, while the balance of liabilities arising from contracts with customers mainly covers advances received for connection fees as well as liabilities arising from sales adjustments related to the *Act on amendment of the act on excise duty and certain other acts* (note 25.1) as well as advances received for connection fees.

15. Restricted cash

As at 30 September 2020, the Group's restricted cash amounted to PLN 290 486 thousand (as at 31 December 2019: PLN 477 382 thousand). This mainly included cash for deposits for electricity and CO_2 emission allowance transactions (mainly cash for collateral in settlements with clearinghouse IRGiT), funds in a VAT account (split payment), collateral paid to suppliers and cash withholding as collateral for proper performance of work.

16. Profit allocation

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

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

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

17. Debt-related liabilities

Credit facilities, loans and debt securities

	As at 30 September 2020	31 December 2019
Bank credit	1 756 373	1 891 366
Loans	49 533	56 861
Bonds	4 870 669	5 854 886
Long-term	**6 676 575**	**7 803 113**
Bank credit	210 359	169 956
Loans	11 752	12 450
Bonds	1 724 976	1 920 505
Short-term	**1 947 087**	**2 102 911**
Total	**8 623 662**	**9 906 024**

In the 9-month period ended 30 September 2020, the book value of credit facilities, loans and debt securities decreased by PLN 1 282 362 thousand on a net basis (9-month period ended 30 September 2019: up by PLN 779 452 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 programs 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 2020	Debt at 31 December 2019	Interest	Contract period
1.	ENEA S.A.	EIB	18 October 2012 (A) and 19 June 2013 (B)	1 425 000	1 068 522	1 138 956	Fixed interest rate or WIBOR 6M + margin	17 June 2030
2.	ENEA S.A.	EIB	29 May 2015 (C)	946 000	892 667	915 167	Fixed interest rate or WIBOR 6M + margin	15 September 2032
3.	ENEA S.A.	PKO BP	28 January 2014, Annex 2 of 4 December 2019	300 000	-	-	WIBOR 1M + margin	31 December 2022
4.	ENEA S.A.	Pekao S.A.	28 January 2014, Annex 2 of 4 December 2019	150 000	-	-	WIBOR 1M + margin	31 December 2022
5.	ENEA Ciepło Sp. z o.o.	National Fund for Environmental Protection and Water Management (NFOŚiGW)	22 December 2015	60 075	43 002	48 184	Interest based on WIBOR 3M, no less than 2%	20 December 2026
6.	Other	-	-	-	22 010	26 218	-	-
	TOTAL			**2 881 075**	**2 026 201**	**2 128 525**		
Transaction costs and effect of measurement using effective interest rate					1 816	2 108		
	TOTAL			**2 881 075**	**2 028 017**	**2 130 633**		

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

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

ENEA S.A.

ENEA S.A. currently has credit agreements with the European Investment Bank (EIB) for a total amount of PLN 2 371 000 thousand (Agreement A PLN 950 000 thousand, Agreement B PLN 475 000 thousand and Agreement C PLN 946 000 thousand). Funds from the EIB were used to finance a multi-year investment plan aimed at modernising and expanding ENEA Operator Sp. z o.o.'s power network. Funds from Agreements A, B and C were fully used. Interest on credit facilities may be fixed or variable. In the 9-month period ended on 30 September 2020, ENEA S.A. did not execute new credit agreements.

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 2020 amounted to PLN 43 002 thousand (at 31 December 2019: PLN 48 184 thousand).

Bond issue programs

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

No.	Bond issue program name	Program start date	Program amount	Value of outstanding bonds as at 30 September 2020	Value of outstanding bonds as at 31 December 2019	Interest	Buy-back deadline
1.	Bond issue program agreement with PKO BP S.A., Bank PEKAO S.A., Santander BP S.A., Citi BH S.A.	21 June 2012	3 000 000	2 850 000	3 000 000	WIBOR 6M + margin	One-off buy-back for each series from June 2020 to June 2022
2.	Bond issue program agreement with BGK	15 May 2014	1 000 000	720 000	800 000	WIBOR 6M + margin	Buy-back in tranches, last tranche due in December 2026
3.	Bond issue program agreement with PKO BP S.A., Bank PEKAO S.A. and mBank S.A.	30 June 2014	5 000 000	2 500 000	3 378 200	WIBOR 6M + margin	One-time buy-back of each series; PLN 878 million bought back in February 2020, next series in September 2021 and June 2024
4.	Bond issue program agreement with BGK	3 December 2015	700 000	532 779	608 890	WIBOR 6M + margin	Buy-back in tranches, last tranche due in September 2027
	TOTAL		**9 700 000**	**6 602 779**	**7 787 090**		
Transaction costs and effect of measurement using effective interest rate				(7 134)	(11 699)		
	TOTAL		**9 700 000**	**6 595 645**	**7 775 391**		

In the 9-month period ended on 30 September 2020, ENEA S.A. did not execute new bond issue program agreements.

Interest rate hedges and currency hedges

In the 9-month period ending 30 September 2020 ENEA S.A. executed an Interest Rate Swap for an exposure amounting to PLN 1 000 000 thousand. The total bond and credit exposure hedged with IRS transactions as at 30 September 2020 amounted to PLN 5 321 399 thousand. Moreover, ENEA S.A. has fixed-rate credit agreements totalling PLN 692 580 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 2020, financial liabilities at fair value concerning IRSs amounted to PLN 173 932 thousand (31 December 2019: PLN 23 802 thousand).

In the 9-month period ending 30 September 2020 the Company executed FX forward transactions for a total volume of EUR 1 071 thousand. The last transaction's settlement date is in December 2020. Measurement of these instruments as at 30 September 2020 was PLN 82 thousand (PLN 0 thousand as at 31 December 2019).

Financing terms - covenants

Financing agreements require ENEA S.A. and ENEA Group to maintain certain financial ratios. As at 30 September 2020 and the date on which these condensed consolidated interim financial statements were prepared and in the course of 2020 the Group did not breach any credit agreement provisions such as would require early re-payment of long-term debt.

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

18. Provisions

In the 9-month period ended 30 September 2020, provisions for other liabilities and charges increased by a net amount of PLN 555 846 thousand (in the 9-month period ended 30 September 2019, provisions for other liabilities and charges increased by PLN 491 091 thousand).

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

	Provision for non-contractual use of land	Provision for other claims	Provision for landfill site reclamation	Provision for energy origin certificates	Provision for CO_2 emission allowance purchases	Mine liquidation	Other	Total
As at 01 January 2020	**210 087**	**230 706**	**91 280**	**197 555**	**1 233 325**	**162 972**	**364 528**	**2 490 453**
Reversal of discount and change of discount rate	4 927	-	9 920	-	-	2 628	-	17 475
Increase in existing provisions	32 039	34 338	194	330 033	1 427 085	19 426	241 968	2 085 083
Use of provisions	(10 567)	(3 765)	-	(161 385)	(1 271 545)	-	(96 788)	(1 544 050)
Reversal of unused provision	(709)	(1 659)	(163)	(82)	-	-	(49)	(2 662)
As at 30 September 2020	**235 777**	**259 620**	**101 231**	**366 121**	**1 388 865**	**185 026**	**509 659**	**3 046 299**
Long-term								*814 458*
Short-term								*2 231 841*

Change in provisions for other liabilities and charges in the period ended 31 December 2019

	Provision for non-contractual use of land	Provision for other claims	Provision for landfill site reclamation	Provision for energy origin certificates	Provision for CO_2 emission allowance purchases	Mine liquidation	Other	Total
As at 01 January 2019	**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	10 249	-	2 665	-	-	3 625	-	16 539
Increase in existing provisions	17 626	68 787	25 849	181 356	1 241 691	46 781	91 587	1 673 677
Use of provisions	(295)	(1 133)	-	(289 750)	(558 177)	-	(146 238)	(995 593)
Reversal of unused provision	(231)	(3 611)	(3 353)	(969)	(7 902)	-	(151 813)	(167 879)
As at 31 December 2019	**210 087**	**230 706**	**91 280**	**197 555**	**1 233 325**	**162 972**	**364 528**	**2 490 453**
Long-term								*774 065*
Short-term								*1 716 388*

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

A description of material claims and conditional liabilities is presented in note 25.

Provision for other claims

In the 9-month period ending 30 September 2020 ENEA S.A. created a PLN 14 971 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 2020 was PLN 138 003 thousand (this provision is included in the table above in the column "Provision for other claims" and detailed information on this provision are presented in note 25.6).

Other provisions mainly concern:

- potential liabilities related to grid assets resulting from differences in the interpretation of regulations PLN 176 374 thousand (as at 31 December 2019: PLN 170 985 thousand); it is difficult to determine when this provision will be performed, however in these financial statements it is assumed that it will not happen within 12 months,
- costs to use forest land managed by State Forests PLN 69 829 thousand (as at 31 December 2019: PLN 96 278 thousand); it is difficult to determine when this provision will be performed, however in these financial statements it is assumed that it will not happen within 12 months,
- future investment liabilities toward Elektrownia Ostrołęka Sp. z o.o. and ENERGA S.A. PLN 220 200 thousand (PLN 0 thousand as at 31 December 2019), detailed information on this provision is available in note 11,
- onerous contracts PLN 15 133 thousand (as at 31 December 2019: PLN 68 565 thousand); this provision will be performed in 2020 (note 25.1),
- property tax at Lubelski Węgiel Bogdanka S.A. PLN 10 761 thousand (as at 31 December 2019: PLN 10 306 thousand),
- rectification of mining damages PLN 1 243 thousand (as at 31 December 2019: PLN 2 149 thousand).

19. Accounting for subsidies and road lighting modernisation services

Accounting for income from subsidies and road lighting modernisation services

	As at	
	30 September 2020	31 December 2019
Long-term		
Accounting for deferred revenue - subsidies	155 020	147 268
Accounting for deferred revenue - road lighting modernisation services	86 555	80 145
Total non-current deferred revenue	**241 575**	**227 413**
Short-term		
Accounting for deferred revenue - subsidies	9 592	9 663
Accounting for deferred revenue - road lighting modernisation services	3 458	3 141
Total current deferred revenue	**13 050**	**12 804**

Schedule for accounting for deferred revenue

	As at	
	30 September 2020	31 December 2019
Up to one year	13 050	12 804
From one to five years	51 831	49 538
Over five years	189 744	177 875
Total deferred revenue	**254 625**	**240 217**

In the 9-month period ended 30 September 2020, the book value of accounting for grants and road lighting modernisation services increased by PLN 14 408 thousand on a net basis (in the 6-month period ended 30 September 2019, the book value of accounting for grants and road lighting modernisation services increased by a net amount of PLN 19 110 thousand).

The item 'deferred revenue concerning subsidies' includes mainly EU subsidies and subsidies from the 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.

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

20. Financial instruments and fair value

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

	As at 30 September 2020		As at 31 December 2019	
	Book value	Fair value	Book value	Fair value
FINANCIAL ASSETS				
Long-term	**366 040**	**46 574**	**236 923**	**40 172**
Financial assets measured at fair value	46 574	46 574	40 172	40 172
Debt financial assets at amortised cost	7 797	(*)	48 649	(*)
Trade and other receivables	176 237	(*)	13 785	(*)
Finance lease and sublease receivables	450	(*)	319	(*)
Funds in the Mine Decommissioning Fund	134 982	(*)	133 998	(*)
Short-term	**6 617 844**	**32 870**	**5 652 186**	**7 056**
Financial assets measured at fair value	32 870	32 870	7 056	7 056
Debt financial assets at amortised cost	8 552	(*)	3 576	(*)
Assets arising from contracts with customers	355 192	(*)	330 447	(*)
Other short-term investments	-	(*)	477	(*)
Trade and other receivables	1 638 931	(*)	1 547 733	(*)
Finance lease and sublease receivables	1 191	(*)	950	(*)
Cash and cash equivalents	4 581 108	(*)	3 761 947	(*)
TOTAL FINANCIAL ASSETS	**6 983 884**	**79 444**	**5 889 109**	**47 228**
FINANCIAL LIABILITIES				
Long-term	**7 523 257**	**6 923 181**	**8 451 708**	**7 870 704**
Credit facilities, loans and debt securities	6 676 575	6 749 250	7 803 113	7 846 208
Lease liabilities	489 244	(*)	504 324	(*)
Trade and other payables	183 507	(*)	119 775	(*)
Liabilities arising from contracts with customers	-	-	-	-
Financial liabilities measured at fair value	173 931	173 931	24 496	24 496
Short-term	**3 437 492**	**1 947 943**	**3 659 422**	**2 139 349**
Credit facilities, loans and debt securities	1 947 087	1 947 087	2 102 911	2 102 911
Lease liabilities	25 540	(*)	27 939	(*)
Trade and other payables	1 459 368	(*)	1 479 503	(*)
Liabilities arising from contracts with customers	4 641	(*)	12 631	(*)
Financial liabilities measured at fair value	856	856	36 438	36 438
TOTAL FINANCIAL LIABILITIES	**10 960 749**	**8 871 124**	**12 111 130**	**10 010 053**

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

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

Financial instruments are fair-value measured according to a hierarchy.

	As at 30 September 2020			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	**13 250**	**49 248**	**16 946**	**79 444**
Equity instruments at fair value through other comprehensive income	-	-	15 866	15 866
Derivative instruments used in hedge accounting	-	189	-	189
Call options (at fair value through profit or loss)	-	3 185	-	3 185
Other derivative instruments at fair value through profit or loss	-	45 874	-	45 874
Interests at fair value through profit or loss	13 250	-	1 080	14 330
Total	**13 250**	**49 248**	**16 946**	**79 444**
Financial liabilities measured at fair value	**-**	**(174 787)**	**-**	**(174 787)**
Derivative instruments at fair value through profit or loss	-	(855)	-	(855)
Derivative instruments used in hedge accounting (e.g. interest rate swaps)	-	(173 932)	-	(173 932)
Credit facilities, loans and debt securities	**-**	**(8 696 337)**	**-**	**(8 696 337)**
Total	**-**	**(8 871 124)**	**-**	**(8 871 124)**

	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	**17 800**	**12 482**	**16 946**	**47 228**
Equity instruments at fair value through other comprehensive income	-	-	15 866	15 866
Call options (at fair value through profit or loss)	-	5 182	-	5 182
Other derivative instruments at fair value through profit or loss	-	7 300	-	7 300
Interests at fair value through profit or loss	17 800	-	1 080	18 880
Total	**17 800**	**12 482**	**16 946**	**47 228**
Financial liabilities measured at fair value	**-**	**(60 934)**	**-**	**(60 934)**
Derivative instruments at fair value through profit or loss	-	(37 132)	-	(37 132)
Derivative instruments used in hedge accounting (e.g. interest rate swaps)	-	(23 802)	-	(23 802)
Credit facilities, loans and debt securities	**-**	**(9 949 119)**	**-**	**(9 949 119)**
Total	**-**	**(10 010 053)**	**-**	**(10 010 053)**

Financial assets at fair value include:

- shares in unrelated entities, the stake in which is below 20%; this line includes a stake in PGE EJ1 Sp. z o.o. worth PLN 15 866 thousand, for which there is no market price quoted on an active market and the fair value of which was determined based on ENEA S.A.'s share of the net assets of PGE EJ1 Sp. z o.o. as at 31 December 2019; having analysed the standard IFRS 9, the Group decided to qualify these interests as financial instruments through other comprehensive income; in the course of 2020, no transactions were executed that would be recognised through profit or loss; in the event that interests in unrelated entities are quoted on the Warsaw Stock Exchange, their fair value is determined on the basis of stock market quotes;
- Polimex-Mostostal S.A. call options;
- derivative instruments, which include the measurement of interest rate swaps; the fair value of derivative instruments is established by calculating the net present value based on two yield curves, i.e. a curve to determine discount factors and a curve used to estimate future variable reference rates;
- 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.

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

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

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

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

Level 3 - fair value is determined using various measurement techniques that are not, however, based on observable market data.

The Group recognises its stake in PGE EJ1 at level 3 (note 26). No transfers between the levels were made in the nine-month period ended 30 September 2020.

As at 30 September 2020, 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 nominal value of PLN 2 per share within specified deadlines, i.e. 15 December 2020 (in accordance with an annex dated 23 October 2020), 30 July 2021 and 30 July 2022. Fair value measurement of the call options was conducted using the Black-Scholes model. The book value of these options as at 30 September 2020 was PLN 3 185 thousand (at 31 December 2019: PLN 5 182 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 45 874 thousand (as at 31 December 2019: PLN 7 300 thousand). The nominal value of contracts for the purchase and sale of electricity, gas and property rights maturing in 2020-2022, presented as financial assets and liabilities at fair value, amounts to PLN 2 380 895 thousand (PLN 1 125 737 thousand concerns procurement contracts and PLN 1 255 158 thousand concerns sales contracts).

21. Debt financial assets at amortised cost

Debt financial assets at amortised cost

	As at	
	30 September 2020	31 December 2019
Current debt financial assets at amortised cost		
Loans granted	8 552	3 576
Total current debt financial assets at amortised cost	**8 552**	**3 576**
Non-current debt financial assets at amortised cost		
Loans granted	7 797	48 649
Total non-current debt financial assets at amortised cost	**7 797**	**48 649**
TOTAL	**16 349**	**52 225**

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

Impairment of financial assets at amortised cost (concerns loans granted) as at 30 September 2020 amounted to PLN 207 540 thousand. The total impairment loss on loans issued and recognised in the nine-month period ended 30 September 2020 was PLN 141 470 thousand, and this amount was recognised in the consolidated statement of comprehensive income under "Impairment of financial assets at amortised cost."

22. Impairment of trade and other receivables

Impairment of trade and other receivables

	As at	
	30 September 2020	31 December 2019
Impairment at the beginning of period	**157 844**	**162 104**
Created	11 511	9 135
Reversed	(14 691)	(3 494)
Used	(15 254)	(9 901)
Impairment at the reporting date	**139 410**	**157 844**

In the 9-month period ended 30 September 2020, impairment of trade and other receivables decreased by PLN 18 434 thousand (in the 9-month period ended 30 September 2019 impairment grew by PLN 3 252 thousand).

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

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

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

Receivables overdue by 4-6 months were also analysed however given the current level of these receivables it was concluded that their increase will not considerably increase expected credit losses.

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

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

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

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

	As at 30 September 2020		
	Nominal value	Impairment	Book value
Trade and other receivables			
Current	1 674 001	(7 827)	1 666 174
Overdue	280 577	(131 583)	148 994
0-30 days	82 497	(317)	82 180
31-90 days	19 919	(1 908)	18 011
91-180 days	12 350	(3 792)	8 558
over 180 days	165 811	(125 566)	40 245
Total	**1 954 578**	**(139 410)**	**1 815 168**
Assets arising from contracts with customers	**355 431**	**(239)**	**355 192**

	As at 31 December 2019		
	Nominal value	Impairment	Book value
Trade and other receivables			
Current	1 418 337	(8 783)	1 409 554
Overdue	301 025	(149 061)	151 964
0-30 days	99 035	(413)	98 622
31-90 days	13 354	(1 422)	11 932
91-180 days	6 932	(2 130)	4 802
over 180 days	181 704	(145 096)	36 608
Total	**1 719 362**	**(157 844)**	**1 561 518**
Assets arising from contracts with customers	**330 675**	**(228)**	**330 447**

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

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 are divided into two categories:
  - resulting from being appointed as Supervisory Board members,
  - resulting from other civil-law contracts.
- transactions with State Treasury related parties.

Transactions with members of the Group's corporate authorities:

Item	For the nine-month period ended			
	Company's Management Board		Company's Supervisory Board	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Remuneration under management contracts and consulting contracts	3 777*	2 381**	-	-
Remuneration under appointment to management or supervisory bodies	-	-	570	599
TOTAL	**3 777**	**2 381**	**570**	**599**

** This remuneration includes bonuses for 2018, amounting to PLN 1 294 thousand, and a non-compete clause for former Management Board members, amounting to PLN 443 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 2020, 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 2019).

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.

Transactions with State Treasury related parties.

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 programs. These entities include: PKO BP S.A., Pekao S.A. and BGK. Detailed information on bond issue programs is presented in note 17.

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

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

25.1. Impact of tariff for electricity for tariff G customers

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

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

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

In the 9-month period ending 30 September 2020 the Group used the provision for onerous contracts in the amount of PLN 53 432 thousand.

25.2. Sureties and guarantees

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

List of guarantees issued as at 30 September 2020

Guarantee issue date	Guarantee validity	Entity for which the guarantee was issued	Bank - issuer	Guarantee amount in PLN 000s
12 August 2018	16 May 2021	Górecka Projekt Sp. z o.o.	PKO BP S.A.	2 109
1 July 2020	30 June 2022	H. Święcicki Clinical Hospital in Poznań	PKO BP S.A.	1 281
7 July 2020	15 October 2020	Zakład Wodociągów i Kanalizacji Sp. z o.o., Szczecin	PKO BP S.A.	1 000
Total bank guarantees				**4 390**

The value of other guarantees issued by the Group as at 30 September 2020 was PLN 14 245 thousand.

25.3. On-going proceedings in courts of general competence

Proceedings initiated by the Group

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 2020, a total of 11 829 cases initiated by the Group were in progress before courts of general competence, worth in aggregate PLN 156 561 thousand (31 December 2019: 5 754 cases worth PLN 181 081 thousand).

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

Proceedings against the Group

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 25.6).

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

At 30 September 2020, a total of 2 423 cases against the Group were in progress before courts of general competence, worth in aggregate PLN 883 849 thousand (31 December 2019: 2 344 cases worth PLN 913 887 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 18.

25.4. 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.

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 in mid-2019 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).

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

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. The hearing has been suspended until a final ruling is issued in a case instigated by a shareholder of the Company - Fundacja "CLIENTEARTH Prawnicy dla ziemi." The proceeding was still suspended at the date on which these condensed consolidated interim financial statements were prepared.

25.5. Risk associated with legal status of properties used by the Group

Risk associated with the legal status of properties used by the Group results from the fact that the Group does not have a legal title to use land for all of its facilities where its transmission grids and the associated equipment are located. In the future, the Group might be obligated to incur the costs of non-contractual use of property.

Rulings in these cases are significant because they have a considerable impact on the Group's approach to people raising pre-trial claims concerning equipment located on their properties in the past as well as the way in which the legal status of such equipment is addressed in the case of new investments.

The loss of assets in this case is highly unlikely. Having an unclear legal status for properties where power equipment is located does not constitute a risk for the Group of losing such assets, rather it gives rise to the threat of additional costs related to demands for compensation for the non-contractual use of land, rent, costs related to transmission easements and, exceptionally, in individual cases, demands related to a change in the object's location (return of land to original condition). The Group recognises adequate provisions.

The provision also applies to compensation for the non-contractual use by the Group of properties on which the Group's grid assets (power lines) are located, in connection with transmission corridors or transmission easements being established for the Group.

As at 30 September 2020, the Group recognised a provision for claims concerning non-contractual use of land amounting to PLN 235 777 thousand.

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

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

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

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

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

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

- Farma Wiatrowa Krzęcin Sp. z o.o., based in Warsaw;
- Megawind Polska Sp. z o.o., based in Szczecin;
- PGE Górnictwo i Energetyka Konwencjonalna S.A., based in Bełchatów;
- PGE Energia Odnawialna S.A., based in Warsaw;
- PGE Energia Natury PEW Sp. z o.o., based in Warsaw (currently PGE Energia Odnawialna S.A., based in Warsaw);
- "PSW" Sp. z o.o., based in Warsaw;
- in.ventus Sp. z o.o. EW Śniatowo sp.k., based in Poznań;
- Golice Wind Farm Sp. z o.o., based in Warsaw.

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

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

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

- ordinance of the Minister of Economy of 18 October 2012 on a detailed scope of obligations to obtain and present for redemption origin certificates, pay substitute fees, purchase electricity and industrial heat generated from renewable sources and the obligation to validate data concerning the quantity of electricity generated from renewable sources (Polish Journal of Laws of 2012, item 1229);

- Act on renewable energy sources of 20 February 2015 (Polish Journal of Laws of 2015, item 478) and associated further legal changes and announced drafts of legal changes, including especially:
  - 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
  - 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 138 003 thousand provision for potential claims resulting from the terminated Agreements in relation to submissions made by 30 September 2020 concerning transactions to sell property rights by the counterparties; the provision is presented in note 18.

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

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

In a case brought by Golice Wind Farm Sp. z o.o. against ENEA S.A., the court issued on 14 August a partial and preliminary ruling, in which it:

- withdrew a claim seeking the voidance of ENEA S.A.'s termination of an agreement to sell property rights, which took place on 28 October 2016;
- accepted a claim for the payment of consideration for property rights and ordered ENEA S.A. to pay PLN 6 042 thousand, together with interest;
- considered the other parts of the claim for payment as justified in general.

This ruling is not final.

In cases brought by PGE Group companies, i.e.:

1. PGE Górnictwo i Energetyka Konwencjonalna S.A., based in Bełchatów (file no. IX GC 555/16) – on 15 October 2020 the court ruled to suspend the proceeding at the parties' joint request;
2. PGE Energia Odnawialna S.A., based in Warsaw (file no. IX GC 1011/17) – through a ruling of 21 October 2020 the court suspended the proceeding at the parties' joint request;
3. PGE Energia Odnawialna S.A., based in Warsaw (file no. IX GC 1064/17) – through a ruling of 23 October 2020, the court suspended the proceeding at the parties’ joint request.

In a case brought by ENEA S.A. against PGE Górnictwo i Energetyka Konwencjonalna S.A. (file no. X GC 608/20) – through a ruling of 26 October 2020, the court suspended the proceeding at the parties’ joint request.

26. Participation in nuclear power plant build program

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

ENEA S.A.'s investment in the Project's preliminary phase (Development 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. The shareholders made loans to the company in order to provide PGE EJ 1 with funds. As at the date on which these condensed consolidated interim financial statements were prepared, loans granted by ENEA S.A. to the company totalled approx. PLN 18.2 million.

On 1 October 2020, ENEA S.A. signed a letter of intent with the State Treasury regarding the latter's purchase of a 100% stake in PGE EJ 1. The letter of intent was signed by all PGE EJ 1 shareholders.

According to the letter of intent, the State Treasury intends to purchase the PGE EJ 1 shares by 31 December 2020, with no expiry date for the letter of intent set by the parties. The letter of intent does not commit the parties to the transaction. A decision on the transaction will depend on the outcome of negotiations and compliance with other conditions specified in the provisions of law or corporate documents.

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

On 23 November 2020, an Extraordinary General Meeting of PGE EJ 1 Sp. z o.o. adopted a resolution to increase the company's share capital from PLN 370 858 thousand to PLN 750 857 thousand, i.e. by PLN 379 999 thousand. In the process of raising PGE EJ 1 Sp. z o.o.'s share capital, on 24 November 2020 ENEA S.A. took up 269 503 shares in that company's share capital, amounting to PLN 38 000 thousand. At the same time, the parties agreed to offset amounts receivable resulting from the purchase of shares with amounts receivable resulting from all of the loans granted to the company by ENEA S.A., totalling approx. PLN 19 084 thousand (principal plus interest), and thus the receivables in question were mutually offset up to the amount of the lower receivable, i.e. the loan-related receivable.

27. Impact of COVID-19 pandemic

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

- At the date on which these consolidated financial statements were prepared, the Mining segment observed a decline in demand for coal (approx. 19% in comparison to the same period of 2019), which is related to lower economic activity in the country and a decrease in demand for electric energy.
- The Generation segment is recording lower electricity output based on hard coal in Q1-Q3 2020 (approx. 17%, compared to the same period of 2019), which was offset by a considerable increase in electricity sales in trade, leading eventually to a grow in revenue in this segment (approx. 4%, compared to the same period of last year).
- In the Distribution segment, the Group in Q1-Q3 2020 recorded a decline in the sale of distribution services to end customers by approx. 3%, compared to the same period of last year. However this did not result in a decline in EBITDA in this segment.
- Swings in global markets in the first half of this year also caused considerable changes in the prices of electricity, CO2 emission allowances, commodities and major swings in equity markets. The Group has analysed these trends with a view toward testing the assumptions used in impairment tests and conducted impairment tests on non-financial assets held by ENEA Wytwarzanie Sp. z o.o., ENEA Ciepło Sp. z o.o., ENEA Elektrownia Połaniec S.A. and LWB. The results of these tests are presented in note 9.
- As at 30 September 2020, the Company carried out an additional analysis of the COVID-19 pandemic's potential impact on receivables impairment. This analysis led to an additional impairment for expected losses, however its size was negligible from a reporting viewpoint. Nonetheless, the Group assesses that if restrictions related to the COVID-19 pandemic are introduced again and thus economic activity is reduced, the receivables turnover ratio might deteriorate given a reduced payment capacity on the part of electricity customers.

- Due to work being re-organised and because of enhanced safety measures mandated by the state of epidemic, the Group sees a risk of delays in completing scheduled repairs and modernisations of generation assets, including adaptations to BAT conclusions.

At the date on which these consolidated financial statements were prepared, it is difficult to predict how the situation will develop and what the potential negative effects for the Parent's and the Group's operating and financing activities will be in the future. A further spread of the virus may lead to the introduction of additional restrictions and a decline in economic activity (currently numerous restrictions apply to: hotels, restaurants, coffee shops and shopping galleries), decline in electricity demand and in consequence lower electricity output, which might impact the Group's revenue from sales. It also cannot be ruled out that a larger number of Covid cases at the Group will affect risks related to business continuity at the Group's companies. Potential interruptions in operations could have a negative impact on the Group's revenue from sales.

A crisis and coordination command, appointed by the Management Board, is operating at ENEA S.A., and all Group companies have appointed teams that coordinate tasks related to ensuring the continuity of ENEA Group companies' operations in the context of the coronavirus threat. The Management Board of ENEA S.A. is coordinating all activities in this area through the crisis coordination command. The command and teams engage in activities intended to protect the health of employees by providing personal protective equipment (face masks, anti-microbial gels, gloves), implementing safe work rules (including introducing, wherever possible, remote work, limited direct meetings in the workplace, disinfection of rooms, introducing a limit on the number of employees in a room, maintaining safe distances between employees).

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

A range of adaptive and optimising measures was undertaken in order to offset the negative impact of coronavirus on LWB's financial results. One example of this was an application submitted by the company to the Voivodship Employment Office for funding from the Guaranteed Employee Benefits Fund to protect jobs (under the Anti-Crisis Shield 4.0). The application was approved and on 6 October 2020 the company was informed that it was awarded PLN 33.7 million. This funding will be paid out in three tranches, starting in October 2020.

It should also be noted that on 29 September LWB updated its production targets for 2020, with the expectation that annual net output will reach approx. 7.4 million tonnes. This is much lower than what is expected under standard circumstances, and this reduction was driven by numerous factors. Demand for coal for energy-generation purposes on the part of large-scale power plants and district heating suppliers slumped significantly in the first half of this year, resulting from both a warm and windy winter and the coronavirus pandemic. In the third quarter of 2020 these factors were also supplemented with factors of a geological and mining nature, limiting the expected progress at longwalls and actual output volume, including in the form of higher deformation pressure causing a decline in the functionality of excavations near longwalls. Coupled with staff shortages resulting from a growing number of COVID-19 cases and the necessity to isolate employees who have had contact with COVID-19 patients, these conditions proved strenuous enough to significantly reduce output. It should be noted that according to the company these difficulties are temporary.

At the date on which these condensed consolidated interim financial statements were prepared, the Group did not identify material uncertainty over its going concern.