# ENEA S.A.

# CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS

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

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

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

ENEA Centrum Sp. z o.o.

Entity responsible for maintaining accounting

books and preparing financial statements ..............................................

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

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

**Poznań, 26 November 2020**

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

# SEPARATE STATEMENT OF COMPREHENSIVE INCOME

| | Note | Period<br>9-month period ended 30 September 2020 (unaudited) | 3-month period ended 30 September 2020 (unaudited) | 9-month period ended 30 September 2019 (unaudited) | 3-month period ended 30 September 2019 (unaudited) |
|---|---|---|---|---|---|
| Revenue from sales | | 4 614 261 | 1 529 997 | 3 757 086 | 1 339 312 |
| Excise duty | | (48 555) | (15 552) | (53 702) | (17 735) |
| **Net revenue from sales** | 7 | **4 565 706** | **1 514 445** | **3 703 384** | **1 321 577** |
| Compensations | | - | - | 506 577 | 76 176 |
| Lease income | | 244 | 91 | - | - |
| **Revenue from sales and other income** | | **4 565 950** | **1 514 536** | **4 209 961** | **1 397 753** |
| Other operating revenue | | 8 505 | 2 283 | 7 986 | 3 693 |
| Change in provision for onerous contracts | 24.1 | 53 432 | 14 127 | 60 702 | 19 698 |
| Depreciation/amortisation | | (3 757) | (1 295) | (3 959) | (1 306) |
| Employee benefit costs | | (51 928) | (11 585) | (52 665) | (15 832) |
| Use of materials and raw materials and value of goods sold | | (2 133) | (804) | (1 610) | (609) |
| Purchase of electricity and gas for sales purposes | | (4 435 567) | (1 478 387) | (4 031 932) | (1 324 033) |
| Transmission and distribution services | | (9 024) | (4 596) | (2 555) | (1 339) |
| Other third-party services | | (172 802) | (57 470) | (164 954) | (65 745) |
| Taxes and fees | | (3 750) | (399) | (3 756) | (516) |
| Gain on sale and liquidation of property, plant and equipment and right-of-use assets | | 124 | 18 | 437 | 5 |
| Other operating costs | | (50 744) | (11 717) | (53 705) | (16 951) |
| **Operating (loss)/profit** | | **(101 694)** | **(35 289)** | **(36 050)** | **(5 182)** |
| Finance costs | | (215 472) | (72 354) | (210 482) | (80 613) |
| Finance income | | 175 533 | 49 977 | 191 263 | 68 525 |
| Dividend income | | 593 694 | 243 658 | 781 507 | 359 099 |
| Change in impairment of interests in subsidiaries, associates and jointly controlled entities | 11 | (796 165) | (258 118) | 234 | 234 |
| Change in impairment of financial assets at amortised cost | 19 | (141 470) | (2 733) | 201 | 354 |
| **(Loss)/profit before tax** | | **(485 574)** | **(74 859)** | **726 673** | **342 417** |
| Income tax | | 23 445 | (13 609) | (26 903) | (25 528) |
| **Net (loss)/profit for the reporting period** | | **(462 129)** | **(88 468)** | **699 770** | **316 889** |
| **Other comprehensive income** | | | | | |
| Subject to reclassification to profit or loss: | | | | | |
| - measurement of hedging instruments | | (131 657) | 10 266 | (9 262) | (1 932) |
| - income tax | | 25 015 | (1 950) | 1 760 | 367 |
| Not subject to reclassification to profit or loss: | | | | | |
| - restatement of defined benefit plan | | (2 870) | - | 1 133 | - |
| - income tax | | 545 | - | (215) | - |
| **Net other comprehensive income** | | **(108 967)** | **8 316** | **(6 584)** | **(1 565)** |
| **Comprehensive income for the reporting period** | | **(571 096)** | **(80 152)** | **693 186** | **315 324** |
| Net (loss)/profit attributable to the Company's shareholders | | (462 129) | (88 468) | 699 770 | 316 889 |
| Weighted average number of ordinary shares | | 441 442 578 | 441 442 578 | 441 442 578 | 441 442 578 |
| **Net profit per share (in PLN per share)** | | **(1.05)** | **(0.20)** | **1.59** | **0.72** |
| **Diluted profit per share (in PLN per share)** | | **(1.05)** | **(0.20)** | **1.59** | **0.72** |

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

# SEPARATE 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 | 24 141 | 24 070 |
| Right-of-use assets | | 30 845 | 33 249 |
| Intangible assets | 10 | 4 337 | 4 376 |
| Investment properties | | 13 344 | 13 755 |
| Investments in subsidiaries, associates and jointly controlled entities | 11 | 12 329 583 | 12 892 612 |
| Deferred income tax assets | 8 | 137 897 | 95 395 |
| Financial assets measured at fair value | | 32 383 | 38 848 |
| Debt financial assets at amortised cost | 19 | 5 856 311 | 4 567 870 |
| Finance lease and sublease receivables | | 1 020 | 2 610 |
| Costs related to the conclusion of agreements | | 12 106 | 12 749 |
| **Total non-current assets** | | **18 441 967** | **17 685 534** |
| **Current assets** | | | |
| Inventories | 12 | 352 296 | 217 460 |
| Trade and other receivables | | 1 200 081 | 962 730 |
| Costs related to the conclusion of agreements | | 12 695 | 12 646 |
| Assets arising from contracts with customers | 13 | 241 797 | 215 223 |
| Finance lease and sublease receivables | | 3 368 | 3 083 |
| Current income tax receivables | | - | 30 680 |
| Debt financial assets at amortised cost | 19 | 1 704 258 | 2 801 067 |
| Cash and cash equivalents | 14 | 2 663 300 | 2 768 210 |
| **Total current assets** | | **6 177 795** | **7 011 099** |
| **TOTAL ASSETS** | | **24 619 762** | **24 696 633** |

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

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

# SEPARATE STATEMENT OF FINANCIAL POSITION

| | Note | As at 30 September 2020 (unaudited) | As at 31 December 2019 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | | 588 018 | 588 018 |
| Share premium | | 4 627 673 | 4 627 673 |
| Revaluation reserve - measurement of financial instruments | | (17 036) | (17 036) |
| Revaluation reserve - measurement of hedging instruments | | (123 998) | (17 356) |
| Reserve capital | | 5 974 031 | 5 690 700 |
| Retained earnings | | 1 954 395 | 2 702 180 |
| **Total equity** | | **13 003 083** | **13 574 179** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Credit facilities, loans and debt securities | 16 | 6 625 134 | 7 742 980 |
| Other liabilities | | - | 80 123 |
| Lease liabilities | | 24 533 | 30 970 |
| Employee benefit liabilities | | 61 133 | 58 693 |
| Financial liabilities measured at fair value | 18 | 173 932 | 23 802 |
| **Total non-current liabilities** | | **6 884 732** | **7 936 568** |
| **Current liabilities** | | | |
| Credit facilities, loans and debt securities | 16 | 1 933 516 | 2 088 642 |
| Trade and other payables | | 665 887 | 567 409 |
| Liabilities arising from contracts with customers | 13 | 4 641 | 12 631 |
| Lease liabilities | | 8 295 | 5 470 |
| Current income tax liabilities | | 163 019 | - |
| Employee benefit liabilities | | 21 026 | 28 872 |
| Liabilities concerning the equivalent for rights to free purchase of shares | | 281 | 281 |
| Other financial liabilities | 22 | 1 141 481 | 52 599 |
| Provisions for other liabilities and other charges | 17 | 793 801 | 429 982 |
| **Total current liabilities** | | **4 731 947** | **3 185 886** |
| **Total liabilities** | | **11 616 679** | **11 122 454** |
| **TOTAL EQUITY AND LIABILITIES** | | **24 619 762** | **24 696 633** |

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

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

# SEPARATE STATEMENT OF CHANGES IN EQUITY

| | Share capital (nominal amount) | Reserve for revaluation and merger accounting | Total share capital | Share premium | Revaluation reserve - measurement of financial instruments | Revaluation reserve - measurement of hedging instruments | Reserve capital | Retained earnings | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **As at 1 January 2019** | **441 443** | **146 575** | **588 018** | **4 627 673** | **(17 036)** | **(15 986)** | **4 963 564** | **3 149 613** | **13 295 846** |
| Net profit for the reporting period | - | - | - | - | - | - | - | 699 770 | 699 770 |
| Net other comprehensive income | - | - | - | - | - | (7 502) | - | 918 | (6 584) |
| **Net comprehensive income recognised in the period** | **-** | **-** | **-** | **-** | **-** | **(7 502)** | **-** | **700 688** | **693 186** |
| Allocation of net profit - transfer | - | - | - | - | - | - | 727 136 | (727 136) | - |
| **As at 30 September 2019 (unaudited)** | **441 443** | **146 575** | **588 018** | **4 627 673** | **(17 036)** | **(23 488)** | **5 690 700** | **3 123 165** | **13 989 032** |

| | Share capital (nominal amount) | Reserve for revaluation and merger accounting | Total share capital | Share premium | Revaluation reserve - measurement of financial instruments | Revaluation reserve - measurement of hedging instruments | Reserve capital | Retained earnings | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **As at 1 January 2020** | **441 443** | **146 575** | **588 018** | **4 627 673** | **(17 036)** | **(17 356)** | **5 690 700** | **2 702 180** | **13 574 179** |
| Net loss for the reporting period | - | - | - | - | - | - | - | (462 129) | (462 129) |
| Net other comprehensive income | - | - | - | - | - | (106 642) | - | (2 325) | (108 967) |
| **Net comprehensive income recognised in the period** | **-** | **-** | **-** | **-** | **-** | **(106 642)** | **-** | **(464 454)** | **(571 096)** |
| Allocation of net profit - transfer | - | - | - | - | - | - | 283 331 | (283 331) | - |
| **As at 30 September 2020 (unaudited)** | **441 443** | **146 575** | **588 018** | **4 627 673** | **(17 036)** | **(123 998)** | **5 974 031** | **1 954 395** | **13 003 083** |

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

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

# SEPARATE STATEMENT OF CASH FLOWS

| | Note | Period<br>9-month period ended 30 September 2020 (unaudited) | 9-month period ended 30 September 2019 (unaudited) |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net (loss)/profit for the reporting period | | (462 129) | 699 770 |
| Adjustments: | | | |
| Income tax in profit or loss | | (23 445) | 26 903 |
| Depreciation/amortisation | | 3 757 | 3 959 |
| Gain on sale and liquidation of property, plant and equipment | | (124) | (437) |
| Loss on sale of financial assets | | 28 207 | 11 952 |
| Interest income | | (145 026) | (151 254) |
| Dividend income | | (593 694) | (781 507) |
| Interest costs | | 166 441 | 178 651 |
| Impairment of interests | | 796 165 | (234) |
| Impairment of financial assets at amortised cost | | 141 470 | (201) |
| **Total adjustments** | | **373 751** | **(712 168)** |
| Income tax (paid)/refund | | (9 005) | 32 316 |
| Flows resulting from settlements within tax group | | 146 414 | (30 668) |
| Changes in working capital: | | | |
| Inventories | | (134 836) | (122 107) |
| Trade and other receivables | | (199 206) | (120 303) |
| Trade and other payables | | (79 642) | (41 706) |
| Employee benefit liabilities | | (8 276) | 215 |
| Provisions for other liabilities and other charges | | 141 619 | (5 483) |
| **Total changes in working capital** | | **(280 341)** | **(289 384)** |
| **Net cash flows from operating activities** | | **(231 310)** | **(300 134)** |
| **Cash flows from investing activities** | | | |
| Purchase of non-current property, plant and equipment and intangible assets and right-of-use assets | | (711) | (35) |
| Proceeds from sale of non-current property, plant and equipment and intangible assets and right-of-use assets | | 124 | 437 |
| Purchase of financial assets | | (1 807 800) | (454 360) |
| Proceeds from sale of financial assets | | 1 597 140 | 131 215 |
| Purchase of subsidiaries | | (9 300) | (40 284) |
| Purchase of associates and jointly controlled entities | | (1 629) | (181 357) |
| Received dividends | | 593 694 | 781 507 |
| Received interest | | 124 132 | 133 397 |
| **Net cash flows from investing activities** | | **495 650** | **370 520** |
| **Cash flows from financing activities** | | | |
| Bond issuance | | - | 1 000 000 |
| Repayment of credit and loans | | (92 934) | (82 934) |
| Bond buy-back | | (1 184 310) | (156 110) |
| Expenditures concerning lease payments | | (4 098) | (3 964) |
| Expenditures concerning future bond issues | | - | (195) |
| Interest paid | | (176 790) | (163 291) |
| **Net cash flows from financing activities** | | **(1 458 132)** | **593 506** |
| **Total net cash flows** | | **(1 193 792)** | **663 892** |
| Cash at the beginning of reporting period | 14 | 2 715 611 | 999 193 |
| **Cash at the end of reporting period** | **14** | **1 521 819** | **1 663 085** |

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

# ADDITIONAL INFORMATION AND EXPLANATIONS

## General information

### 1. General information on ENEA S.A.

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

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

As at 30 September 2020, ENEA S.A.'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 Company's duration is indefinite. Its activities are conducted on the basis of relevant concessions issued for the Company.

The Company's condensed separate interim financial statements cover the 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.

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

## 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.

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

| | Company name | Activity | 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. Management Board and Supervisory Board composition

### 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 sales | 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 | End of term / resignation |
|---|---|---|---|---|
| Chairperson of the Supervisory Board | Izabela Felczak-Poturnicka | 19 March 2020 | Stanisław Hebda | 6 February 2020 |
| Deputy Chairperson of the Supervisory Board | Roman Stryjski | | Mariusz Pliszka | |
| Secretary of the Supervisory Board | Michał Jaciubek | | Michał Jaciubek | |
| Member of the Supervisory Board | Maciej Mazur | | Maciej Mazur | |
| Member of the Supervisory Board | Piotr Mirkowski | | Piotr Mirkowski | |
| Member of the Supervisory Board | Paweł 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 | | |

On 27 May 2020, the Company received statements from the Minister of State Assets of the same date on exercise of his

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

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

The Company's Management Board used its best knowledge as to the application of standards and interpretations as well as methods and rules for the measurement of items in ENEA S.A.'s condensed separate interim financial statements in accordance with EU IFRS as at 30 September 2020. The presented tables and explanations are prepared with due diligence. These condensed separate interim financial statements have not been reviewed by a statutory auditor. The accounting rules are applied consistently across all of the presented periods unless stated otherwise.

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

The Company prepares condensed consolidated interim financial statements for ENEA Group in accordance with IFRS EU as at and for the 9-month period ending 30 September 2020. In order to obtain full information on ENEA Group's financial situation and results, readers of ENEA S.A.'s condensed separate interim financial statements should read these in conjunction with ENEA Group's condensed consolidated interim financial statements and ENEA S.A.'s separate annual financial statements for the financial year ended on 31 December 2019.

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

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

Preparing condensed separate interim financial statements in accordance with EU IFRS requires the Management Board to adopt certain assumptions and make estimates that have an impact on the adopted accounting rules and amounts shown in condensed separate interim financial statements and notes to financial statements. Assumptions and estimates are based on the Management Board's best knowledge regarding current and future events and activities. However, actual results may differ from forecasts. The estimates used in preparing these condensed separate interim financial statements are consistent with estimates used in preparing the separate financial statements for the most recent financial year. The estimated values presented in previous financial years have no material impact on the present interim period.

## 6. Functional currency and presentation currency

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

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

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

## Explanatory notes to the separate statement of comprehensive income

### 7. Revenue from sales

#### Net revenue from sales

| | 9-month period ended | |
|---|---|---|
| | 30 September 2020 | 30 September 2019 |
| Revenue from the sale of electricity | 4 468 969 | 3 612 032 |
| Revenue from the sale of gas | 93 417 | 88 815 |
| Revenue from the sale of other services | 3 320 | 2 537 |
| **Total net revenue from sales** | **4 565 706** | **3 703 384** |

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

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

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

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

| | 9-month period ended | |
|---|---|---|
| | 30 September 2020 | 30 September 2019 |
| Revenue from continuous services | 4 562 386 | 3 700 847 |
| Revenue from services provided at specified time | 3 320 | 2 537 |
| **Total** | **4 565 706** | **3 703 384** |

### 8. Tax

#### Deferred income tax

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

| | 9-month period ended 30 September 2020 | Year ended 31 December 2019 |
|---|---|---|
| **As at the beginning of period** | **95 395** | **98 432** |
| Adjustment due to implementation of IFRS 16 | - | 7 422 |
| **As at the beginning of period, adjusted** | **95 395** | **105 854** |
| Change recognised in profit or loss | 16 942 | (11 632) |
| Change recognised in other comprehensive income | 25 560 | 1 173 |
| **As at the end of period** | **137 897** | **95 395** |

In the 9-month period ended 30 September 2020, the Company's profit before tax increased as a result of an increase in net deferred income tax assets by PLN 16 942 thousand (in the 9-month period ended 30 September 2019 the charge to the Company's profit before tax as a result of a decrease in net deferred income tax assets amounted to PLN 27 150 thousand).

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

## Explanatory notes to the separate statement of financial position

### 9. Property, plant and equipment

In the 9-month period ending 30 September 2020 the Company purchased property, plant and equipment items for a total of PLN 677 thousand net (in the 9-month period ending 30 September 2019: PLN 35 thousand net).

In the 9-month period ending 30 September 2020 the Company purchased property, plant and equipment items for a total of PLN 0 thousand net (in the 9-month period ending 30 September 2019: PLN 0 thousand net).

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

### 10. Intangible assets

In the 9-month period ending 30 September 2020 the Company purchased intangible assets for a total of PLN 34 thousand net (in the 9-month period ending 30 September 2019: PLN 0 thousand net).

In the 9-month period ending 30 September 2020 the Company did not liquidate intangible assets (in the 9-month period ending 30 September 2019: PLN 0 thousand).

As at 30 September 2020, no indications for impairment were identified. No collateral has been established on intangible assets.

### 11. Investments in subsidiaries, associates and jointly controlled entities

**Change in investments in subsidiaries, associates and jointly controlled entities**

| | 9-month period ended 30 September 2020 | Year ended 31 December 2019 |
|---|---|---|
| **As at the beginning of period** | **12 892 612** | **12 794 956** |
| Purchase of investments | 245 503 | 391 743 |
| Sale of investments | (12 367) | (79) |
| Change in impairment | (779 138) | (293 621) |
| Other changes | (17 027) | (387) |
| **As at the end of period** | **12 329 583** | **12 892 612** |

**ENEA Operator Sp. z o. o.**

| | | |
|---|---|---|
| 27 August 2020 | Resolution to increase share capital by PLN 13 864 thousand to PLN 4 696 938 thousand through the issue of 138 638 new shares with a nominal value of PLN 100.00 each. | Extraordinary General Meeting |

**ENEA Innowacje Sp. z o. o.**

| | | |
|---|---|---|
| 1 September 2020 | Resolution to increase share capital by PLN 9 300 thousand, from PLN 17 060 thousand to PLN 26 360 thousand, through the issue of 93 000 new shares with a nominal value of PLN 100.00 each. | Extraordinary General Meeting |

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

**ENEA Logistyka Sp. z o.o.**

| | | |
|---|---|---|
| 8 September 2020 | Statement on acquisition of 138 638 shares in ENEA Operator Sp. z o.o., with a nominal value of PLN 100.00 each, in exchange for a non-monetary contribution in the form of 165 407 shares in ENEA Logistyka Sp. z o.o., with a nominal value of PLN 100.00 each. | - |

## Impairment of investments

| | 9-month period ended 30 September 2020 | Year ended 31 December 2019 |
|---|---|---|
| **As at the beginning of period** | **1 373 264** | **1 079 643** |
| Created | 796 165 | 532 384 |
| Reversed | - | (238 763) |
| Used | (17 027) | - |
| **As at the end of period** | **2 152 402** | **1 373 264** |

**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 of 30 April 2019, executed between ENEA S.A. and ENERGA S.A., materialise, ENERGA S.A. will conditionally sell half of its debt toward Elektrownia Ostrołęka Sp. z o.o. to ENEA S.A., 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 S.A., which held an 80% stake in ENERGA S.A.'s share capital and an 85% stake in its voting rights, published current report 31/2020, announcing that it had issued a statement to ENERGA in response to a question submitted by ENERGA S.A. to PKN Orlen S.A. regarding its intent to directly invest in the construction of a coal-based energy-generation unit, being implemented by Elektrownia Ostrołęka Sp. z o.o., based in Ostrołęka (Investment).

PKN Orlen S.A. declared preliminary readiness to directly invest in the Investment only if the Investment's technological assumptions were to be changed to gas-based technology. PKN Orlen S.A. also declared readiness to hold discussions with the company's shareholders, i.e. ENERGA S.A. and ENEA S.A., regarding the form, extent and 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 S.A., majority shareholder in ENERGA S.A., a declaration of preliminary readiness to directly invest in the construction of a power-generation unit by Elektrownia Ostrołęka Sp. z o.o. The declaration constitutes a response to ENERGA S.A.'s question addressed to PKN Orlen S.A. and was made only on the condition that the Investment's technological assumptions would be changed to gas fuel, which is one of the scenarios being analysed, as announced by ENERGA S.A. in current reports 8/2020 of 13 February 2020, 11/2020 of 23 February 2020 and 38/2020 of 7 May 2020.

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 S.A., the strategy of which does not include investments in electricity generation based on coal combustion.

At the same time, technical analysis confirmed the viability of a variant in which the power plant would use gas ("Gas Project") at the current location of the coal-unit being built. As a result of the above, ENEA S.A.'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 ENEA S.A., ENERGA S.A. and PKN Orlen S.A., spelling out the following key cooperation rules for the Gas Project:

- subject to the reservations expressed below, continue cooperation between the Company and ENERGA S.A. via the existing special-purpose vehicle, i.e. Elektrownia Ostrołęka Sp. z o.o., and settle costs related to the Project between ENEA S.A. and ENERGA S.A., along with settlements with Project contractors, in accordance with the existing rules,
- take into account PKN Orlen S.A.'s potential role in the Gas Project as a new shareholder,
- ENEA S.A.'s participation in the Gas Project as a minority shareholder with an investment cap, as a result of which the Company will not be an entity co-controlling Elektrownia Ostrołęka Sp. z o.o.,

- subject to the essential corporate approvals, execute a new shareholders agreement regarding the Gas Project that incorporates the aforementioned cooperation rules,
- undertake activities intended to secure financing for the Gas Project by ENERGA S.A. together with PKN Orlen S.A.

Given the above, the Company as at 30 June 2020 recognised grounds for a further impairment loss on loans issued to Elektrownia Ostrołęka Sp. z o.o. (SPV), amounting to PLN 136 653 thousand.

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 the 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.

### Impairment tests at ENEA Wytwarzanie Sp. z o.o., ENEA Ciepło Sp. z o.o., ENEA Elektrownia Połaniec S.A. and Lubelski Węgiel Bogdanka 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 ENEA S.A.'s equity, the Company 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.

The recoverable amounts result from the sum of the useful values of each CGU within ENEA Wytwarzanie Sp. z o.o., ENEA Ciepło Sp. z o.o. and ENEA Elektrownia Połaniec S.A., less financial liabilities. CGUs' useful values were specified using the discounted cash flows method for periods longer than five years. The projection's time frame results from a combination of economic lifetime of each CGU and the long-term impact of new and announced legal regulations. For generating units with expected economic lifetime exceeding the projection period, a residual value was specified.

Applying the above methodology and assumptions, ENEA S.A. during a semi-annual review identified a decline in the recoverable value of its stake in ENEA Wytwarzanie Sp. z o.o. to PLN 4 282 531 thousand, comparing to its book value. In connection with this, a PLN 317 908 thousand impairment loss was recognised on the stake in ENEA Wytwarzanie Sp. z o.o.

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

Presented below are the key changes in impairment tests in comparison with tests carried out in 2019 (changes in price parameters are expressed in constant prices in 2020):

- 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-

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

2042,

- prices of biomass: during the entire period, down by an average of approx. 5.7 PLN/GJ in comparison to analyses for 2019,
- prices of coal: an average decline of approx. 0.30 PLN/GJ in comparison to analyses for 2019 is expected,
- nominal discount rate - 5.03% [discount rate before tax is 5.81%]. The Company used a 2% premium for specific risk for the analysed CGUs. The discount rate taking into account the specific risk premium was 5.59% [discount rate taking into account the specific risk premium before tax was 6.37%],

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

The following shows the sensitivity analysis for the discount parameters on the total 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 - ENEA Wytwarzanie** | **668 364** | **4 282 531** | **(566 062)** |

Based on information derived from the impairment tests of non-financial assets carried out by Lubelski Węgiel Bogdanka S.A., ENEA S.A. tested its stake in LWB for impairment. The analyses showed that recoverable value remained above balance sheet value of the stake held by ENEA S.A. as at 30 June 2020, in connection with which the Company did not recognise the results of this analysis in accounting books in this reporting period.

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 Company identified indications of impairment of its investment in PGG. Due to the above, having conducted an impairment test, ENEA S.A. decided to recognise 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 separate interim financial statements was zero.

## 12. Inventories

### Inventories

| | As at | |
|---|---|---|
| | 30 September 2020 | 31 December 2019 |
| Energy origin certificates | 351 968 | 216 449 |
| Goods | 328 | 1 011 |
| **Total** | **352 296** | **217 460** |

No collateral is established on inventory. Inventories were not subject to impairment.

### Energy origin certificates

| | 9-month period ended 30 September 2020 | Year ended 31 December 2019 |
|---|---|---|
| **Net value at the beginning of period** | **216 449** | **332 360** |
| Purchase | 314 094 | 310 378 |
| Depreciation | (178 575) | (426 289) |
| **Net value at the end of period** | **351 968** | **216 449** |

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

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

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

### Assets and liabilities arising from contracts with customers

| | Assets arising from contracts with customers | Liabilities arising from contracts with customers |
|---|---|---|
| **As at 01.01.2019** | **227 480** | **-** |
| Change in non-invoices receivables | (12 259) | - |
| Change in impairment | 2 | - |
| Other changes | - | 12 631 |
| **As at 31 December 2019** | **215 223** | **12 631** |
| Change in non-invoices receivables | 26 579 | - |
| Change in impairment | (5) | - |
| Other changes | - | (7 990) |
| **As at 30 September 2020** | **241 797** | **4 641** |

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

## 14. Cash and cash equivalents

### Significant judgements and estimates

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

**Presentation of deposits at clearinghouse IRGiT**

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

### Cash and cash equivalents

| | As at | |
|---|---|---|
| | 30 September 2020 | 31 December 2019 |
| **Cash at bank account** | **33 598** | **166 604** |
| including split payment | 20 061 | 12 499 |
| **Other cash** | **2 629 702** | **2 601 606** |
| - Deposits | 2 620 000 | 2 577 963 |
| - Cash pooling | - | 20 446 |
| - Other | 9 702 | 3 197 |
| **Total cash and cash equivalents** | **2 663 300** | **2 768 210** |
| Cash pooling | (1 141 481) | (52 599) |
| **Cash recognised in the statement of cash flows** | **1 521 819** | **2 715 611** |

Restricted cash related to split payment - VAT as at 30 September 2020 was PLN 20 061 thousand (PLN 12 499 thousand as at 31 December 2019), and deposit at IRGiT as at 30 September 2020 was PLN 6 500 thousand (PLN 1 010 thousand as at 31 December 2019). No collateral is established on cash.

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

## 15. Profit allocation

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

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

## 16. Debt-related liabilities

### Credit facilities, loans and debt securities

| | As at | |
|---|---|---|
| | 30 September 2020 | 31 December 2019 |
| Bank credit | 1 754 465 | 1 888 094 |
| Bonds | 4 870 669 | 5 854 886 |
| **Long-term** | **6 625 134** | **7 742 980** |
| Bank credit | 208 540 | 168 137 |
| Bonds | 1 724 976 | 1 920 505 |
| **Short-term** | **1 933 516** | **2 088 642** |
| **Total** | **8 558 650** | **9 831 622** |

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

### Credit facilities and loans

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

| No. | Company | Lender | Contract date | Total contract amount | Debt at 30 September 2020 (principal) | Debt at 31 December 2019 (principal) | Interest | Final repayment deadline |
|---|---|---|---|---|---|---|---|---|
| 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 S.A. | 28 January 2014, Annex 2 of 4 December 2019 | 300 000 | - | - | WIBOR 1M + margin | 31 December 2022 |
| 4. | ENEA S.A. | Bank Pekao S.A. | 28 January 2014, Annex 2 of 4 December 2019 | 150 000 | - | - | WIBOR 1M + margin | 31 December 2022 |
| | **TOTAL** | | | **2 821 000** | **1 961 189** | **2 054 123** | | |
| Transaction costs and effect of measurement using effective interest rate | | | | | 1 816 | 2 108 | | |
| | **TOTAL** | | | **2 821 000** | **1 963 005** | **2 056 231** | | |

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

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.

## 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).

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

### Financing terms - covenants

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

## 17. Provisions

In the 9-month period ended 30 September 2020, provisions for other liabilities and charges increased on a net basis by PLN 363 819 thousand (9-month period ended 30 September 2019: decrease by PLN 5 483 thousand net).

### 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 energy origin certificates | Provision for onerous contracts | Other | Total |
|---|---|---|---|---|---|---|
| **As at 1 January 2020** | **3 064** | **166 164** | **192 189** | **68 565** | **-** | **429 982** |
| Increase in existing provisions | - | 31 657 | 329 776 | - | 222 200* | 583 633 |
| Use of provisions | (39) | (3 134) | (160 911) | (53 432) | - | (217 516) |
| Reversal of unused provision | (639) | (1 659) | - | - | - | (2 298) |
| **As at 30 September 2020** | **2 386** | **193 028** | **361 054** | **15 133** | **222 200** | **793 801** |
| *Short-term* | *2 386* | *193 028* | *361 054* | *15 133* | *222 200* | *793 801* |

** Details concerning the recognition of this provision are available in note 11.*

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

### 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 24.6).

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

## Financial instruments and financial risk management

### 18. Financial instruments and fair value

#### Financial instruments

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

| | As at 30 September 2020 | | As at 31 December 2019 | |
|---|---|---|---|---|
| | Book value | Fair value | Book value | Fair value |
| **FINANCIAL ASSETS** | | | | |
| **Long-term** | **5 889 714** | **5 977 948** | **4 609 328** | **4 638 079** |
| Financial assets measured at fair value | 32 383 | 32 383 | 38 848 | 38 848 |
| Debt financial assets at amortised cost | 5 856 311 | 5 945 565 | 4 567 870 | 4 599 231 |
| Finance lease and sublease receivables | 1 020 | * | 2 610 | * |
| **Short-term** | **5 688 865** | **1 704 258** | **6 667 275** | **2 801 067** |
| Debt financial assets at amortised cost | 1 704 258 | 1 704 258 | 2 801 067 | 2 801 067 |
| Assets arising from contracts with customers | 241 797 | * | 215 223 | * |
| Trade receivables | 1 076 142 | * | 879 692 | * |
| Finance lease and sublease receivables | 3 368 | * | 3 083 | * |
| Cash and cash equivalents | 2 663 300 | * | 2 768 210 | * |
| **TOTAL FINANCIAL ASSETS** | **11 578 579** | **7 682 206** | **11 276 603** | **7 439 146** |
| **FINANCIAL LIABILITIES** | | | | |
| **Long-term** | **6 823 599** | **6 871 741** | **7 877 875** | **7 809 877** |
| Credit facilities, loans and debt securities | 6 625 134 | 6 697 809 | 7 742 980 | 7 786 075 |
| Lease liabilities | 24 533 | * | 30 970 | * |
| Other liabilities | - | * | 80 123 | * |
| Financial liabilities measured at fair value | 173 932 | 173 932 | 23 802 | 23 802 |
| **Short-term** | **3 669 596** | **1 933 516** | **2 663 629** | **2 088 642** |
| Credit facilities, loans and debt securities | 1 933 516 | 1 933 516 | 2 088 642 | 2 088 642 |
| Lease liabilities | 8 295 | * | 5 470 | * |
| Trade and other payables | 581 663 | * | 504 287 | * |
| Liabilities arising from contracts with customers | 4 641 | * | 12 631 | * |
| Other financial liabilities | 1 141 481 | * | 52 599 | * |
| **TOTAL FINANCIAL LIABILITIES** | **10 493 195** | **8 805 257** | **10 541 504** | **9 898 519** |

*(*) 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** | **3 267** | **15 866** | **32 383** |
| Equity instruments at fair value through other comprehensive income | - | - | 15 866 | 15 866 |
| Derivative instruments used in hedge accounting | - | 82 | - | 82 |
| Call options (at fair value through profit or loss) | - | 3 185 | - | 3 185 |
| Interests at fair value through profit or loss | 13 250 | - | - | 13 250 |
| **Debt financial assets at amortised cost** | **-** | **7 649 823** | **-** | **7 649 823** |
| **Total** | **13 250** | **7 653 090** | **15 866** | **7 682 206** |
| **Financial liabilities measured at fair value** | **-** | **(173 932)** | **-** | **(173 932)** |
| Derivative instruments at fair value through profit or loss | - | - | - | - |
| Derivative instruments used in hedge accounting (e.g. interest rate swaps) | - | (173 932) | - | (173 932) |
| **Credit facilities, loans and debt securities** | **-** | **(8 631 325)** | **-** | **(8 631 325)** |
| **Total** | **-** | **(8 805 257)** | **-** | **(8 805 257)** |

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

Financial assets at fair value include:

- shares in unrelated entities, the stake in which is below 20%; this line includes a stake in PGE EJ1 Sp. z o.o. worth PLN 15 866 thousand, for which there is no market price quoted on an active market and the fair value of which was determined based on ENEA S.A.'s share of the net assets of PGE EJ1 Sp. z o.o. as at 31 December 2019; having analysed the standard IFRS 9, the Company decided to qualify these interests as financial instruments through other comprehensive income; in the course of 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;

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

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

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

*(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 Company recognises its stake in PGE EJ1 in level 3 (note 25).

No transfers between the levels were made in the nine-month period ended 30 September 2020.

As at 30 September 2020, financial assets at fair value included call options for Polimex-Mostostal S.A. shares, among other things. Pursuant to a call option agreement for Polimex-Mostostal S.A. shares of 18 January 2017, ENEA S.A. purchased call options from Towarzystwo Finansowe Silesia Sp. z o.o. This agreement sees the purchase, in three tranches, of 9 125 thousand shares at 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).

## 19. Debt financial assets at amortised cost

### Debt financial assets at amortised cost

| | As at 30 September 2020 | As at 31 December 2019 |
|---|---|---|
| **Current debt financial assets at amortised cost** | | |
| Intra-group bonds | 1 684 377 | 2 794 586 |
| Loans granted | 19 881 | 6 481 |
| **Total current debt financial assets at amortised cost** | **1 704 258** | **2 801 067** |
| **Non-current debt financial assets at amortised cost** | | |
| Intra-group bonds | 3 198 741 | 3 669 222 |
| Loans granted | 2 657 570 | 898 648 |
| **Total non-current debt financial assets at amortised cost** | **5 856 311** | **4 567 870** |
| **TOTAL** | **7 560 569** | **7 368 937** |

### Intra-group financing

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

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

### Intra-group bonds

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

| No. | Bond issuer | Contract date | Amount granted | Amount used | Outstanding bonds as at 30 September 2020 (principal) | Outstanding bonds as at 31 December 2019 (principal) | Interest | Final buy-back deadline |
|---|---|---|---|---|---|---|---|---|
| 1. | ENEA Wytwarzanie Sp. z o.o. | 10 March 2011 | 26 000 | 26 000 | 18 000 | 18 000 | WIBOR 6M + margin | 31 March 2023 |
| 2. | ENEA Wytwarzanie Sp. z o.o. | 8 September 2012 agreement for PLN 4 000 000 thousand decreased through Annex 2 of 21 January 2015 to PLN 3 000 000 thousand | 3 000 000 | 2 650 000 | 2 500 000 | 2 650 000 | Depending on the series: fixed interest rate or WIBOR 6M + margin | Depending on bond series' issue dates, however no later than by 15 June 2022 |
| 3. | ENEA Operator Sp. z o.o. | 20 June 2013 amended through Annex 1 of 9 October 2014 and Annex 2 of 7 July 2015 | 1 425 000 | 1 425 000 | 1 068 522 | 1 138 956 | Depending on the series: fixed interest rate or WIBOR 6M + margin | Depending on bond series' issue dates, however no later than by 17 June 2030 |
| 4. | ENEA Wytwarzanie Sp. z o.o. | 17 November 2014 | 740 000 | 350 000 | - | 350 000 | WIBOR 6M + margin | Buy-back in March 2020 |
| 5. | ENEA Wytwarzanie Sp. z o.o. | 17 February 2015 for PLN 760 000 thousand, increased through Annex 1 of 3 June 2015 to PLN 1 000 000 thousand. | 1 000 000 | 1 000 000 | - | 1 000 000 | WIBOR 6M + margin | buy-back completed in February 2020 |
| 6. | ENEA Operator Sp. z o.o. | 7 July 2015 amended through Annex 1 of 28 March 2017 | 946 000 | 946 000 | 892 667 | 915 167 | Depending on the series: fixed interest rate or WIBOR 6M + margin | Depending on bond series' issue dates, however no later than by 15 December 2032 |
| 7. | ENEA Ciepło Sp. z o.o. | 30 October 2015 | 18 000 | 18 000 | - | 1 000 | WIBOR 6M + margin | Buy-back in March 2020 |
| 8. | ENEA Operator Sp. z o.o. | 20 July 2018 | 400 000 | 400 000 | 400 000 | 400 000 | WIBOR 3M + margin | 15 December 2020 |
| | **TOTAL** | | | | **4 879 189** | **6 473 123** | | |
| Transaction costs and effect of measurement using effective interest rate | | | | | 3 929 | (9 315) | | |
| | **TOTAL** | | | | **4 883 118** | **6 463 808** | | |

In the 9-month period ending 30 September 2020 ENEA S.A. did not execute new intra-group bond issue program agreements concerning financing for ENEA Group companies.

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

## Loans

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

| No. | Borrower | Contract date | Total contract amount | Debt at 30 September 2020 | Debt at 31 December 2019 | Interest | Final repayment deadline |
|---|---|---|---|---|---|---|---|
| 1. | ENEA Oświetlenie Sp. z o.o. | 19 January 2015 | 10 000 | - | 206 | WIBOR 1M + margin | repaid in January 2020 |
| 2. | PGE EJ 1 Sp. z o.o. | 8 November 2017 | 2 940 | 2 940 | 2 940 | Fixed | 31 March 2021 |
| 3. | PGE EJ 1 Sp. z o.o. | 2 March 2018 | 4 800 | 4 800 | 4 800 | Fixed | 2 March 2021 |
| 4. | PEC Oborniki Sp. z o.o. | 9 October 2018 | 2 000 | - | 2 000 | WIBOR 1M + margin | 31 December 2019 [repaid on 2 January 2020] |
| 5. | KS „ENERGETYK” | 19 May 2019 | 360 | 360 | 360 | Fixed | 31 January 2020, [the parties intend to execute an annex to this agreement] |
| 6. | ENEA Operator Sp. z o.o. | 11 July 2019 | 425 000 | 425 000 | 425 000 | WIBOR 6M + margin | 20 December 2021 |
| 7. | ENEA Centrum Sp. z o.o. | 19 July 2019 | 40 000 | - | - | WIBOR 3M + margin | 30 June 2030 (availability period ended) |
| 8. | Elektrownia Ostrołęka Sp. z o.o. | 30 September 2019 | 29 000 | 29 000 | 29 000 | Fixed | 26 February 2021 |
| 9. | ENEA Operator Sp. z o.o. | 13 December 2019 | 425 000 | 425 000 | 425 000 | WIBOR 6M + margin | 20 December 2021 |
| 10. | Elektrownia Ostrołęka Sp. z o.o. | 23 December 2019 | 170 000 | 170 000 | 80 000 | Fixed | 26 February 2021 |
| 11. | ENEA Wytwarzanie Sp. z o.o. | 30 January 2020 | 2 200 000 | 1 100 000 | - | WIBOR 6M + margin | 30 September 2024 |
| 12. | ENEA Elektrownia Połaniec S.A. | 28 February 2020 | 500 000 | 200 000 | - | WIBOR 6M + margin | 20 December 2024 |
| 13. | ENEA Operator Sp. z o.o. | 12 March 2020 | 950 000 | 500 000 | - | WIBOR 6M + margin | 20 December 2024 |
| 14. | PGE EJ 1 Sp. z o.o. | 25 June 2020 | 4 000 | 4 000 | - | Fixed | 25 June 2023 |
| 15. | PGE EJ 1 Sp. z o.o. | 3 September 2020 | 6 500 | 3 800 | - | Fixed | 1 September 2023 |
| | | | | **2 864 900** | **969 306** | | |
| Transaction costs and effect of measurement using effective interest rate, along with impairment of loans | | | | (187 449) | (64 177) | | |
| | **TOTAL** | | | **2 677 451** | **905 129** | | |

In the 9-month period ending 30 September 2020 ENEA S.A. executed five new loan agreements: with ENEA Wytwarzanie Sp. z o.o. for PLN 2 200 000 thousand, with ENEA Elektrownia Połaniec S.A. for PLN 500 000 thousand and ENEA

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

Operator Sp. z o.o. for PLN 950 000 thousand, along with two loans extended to PGE EJ 1 Sp. z o.o. (PLN 4 000 thousand and PLN 6 500 thousand).

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

PGE EJ 1 Sp. z o.o. accessed the entire PLN 4 000 thousand loan at once, along with two tranches from the PLN 6 500 thousand loan, totalling PLN 3 800 thousand. Events after the balance sheet date, i.e. 15 October 2020 PGE EJ 1 Sp. z o.o. accessed the third tranche of the PLN 6 500 thousand loan, amounting to PLN 2 700 thousand, thus using the entire loan amount available.

In the 9-month period ending 30 September 2020 ENEA S.A. executed with ENERGA S.A. and Elektrownia Ostrołęka Sp. z o.o. four annexes to a loan agreement in the amount of PLN 29 000 thousand, extending the loan repayment deadline. The last annex, executed on 30 September 2020, extended the one-off loan repayment to 26 February 2021.

In connection with a loan agreement executed on 23 December 2019 between ENEA S.A., ENERGA S.A. and Elektrownia Ostrołęka Sp. z o.o. for PLN 340 million, ENERGA S.A. during the 9-month period paid out two tranches to Elektrownia Ostrołęka Sp. z o.o. totalling PLN 180 million. The agreement stipulates a conditional sale to ENEA S.A. of half of ENERGA S.A.'s receivables from Elektrownia Ostrołęka Sp. z o.o. (PLN 90 million - first and second tranche), with a payment deadline of 31 January 2021.

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 June 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."

## 20. Impairment of trade and other receivables

### Impairment of trade and other receivables

| | 9-month period ended 30 September 2020 | Year ended 31 December 2019 |
|---|---|---|
| **Impairment of receivables at the beginning of period** | **54 820** | **60 710** |
| Created | 7 747 | 2 996 |
| Used | (5 293) | (8 886) |
| **Impairment of receivables at the end of period** | **57 274** | **54 820** |

In the 9-month period ended 30 September 2020, impairment of trade and other receivables increased by PLN 2 454 thousand (in the 9-month period ended 30 September 2019 impairment grew by PLN 1 476 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 Company's existing *Methodology for determining expected credit losses for non-current debt assets and similar items*. As regards the model's quantitative module - available reporting data from the debtors was used, while the qualitative module incorporated the existing (and predicted) situation in the national economy as well as the counterparty's market and financial position. Based on this overall evaluation, a rating was assigned and subsequently transposed onto the Probability of Default parameter (in accordance with the aforementioned Methodology). As regards the Loss Given Default parameter, a value equal to 10% was conservatively adopted (in reality far exceeding the actual levels of receivables losses recorded by the Company). The above analysis generated an additional expected credit loss at a negligible level from the viewpoint of reporting.

For current trade receivables, expected credit losses are calculated based on historic data as 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.

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

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.

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

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

| | As at 30 September 2020 | | |
|---|---|---|---|
| | Nominal value | Impairment | Book value |
| **Trade and other receivables** | | | |
| Current | 977 945 | (313) | 977 632 |
| Overdue | 153 780 | (55 822) | 97 958 |
| 0-30 days | 51 450 | (159) | 51 291 |
| 31-90 days | 14 608 | (1 336) | 13 272 |
| 91-180 days | 8 404 | (2 312) | 6 092 |
| over 180 days | 79 318 | (52 015) | 27 303 |
| **Total** | **1 131 725** | **(56 135)** | **1 075 590** |
| **Assets arising from contracts with customers** | **241 845** | **(48)** | **241 797** |

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

## 22. Other financial liabilities

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

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

At 30 September 2020, the balance of liabilities within cash pooling was PLN 1 141 481 thousand (PLN 52 599 thousand at 31 December 2019) and is presented in line: "Other financial liabilities."

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

## Other explanatory notes

### 23. Related-party transactions

The Company executes transactions with the following related parties:

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

**ENEA Group companies**

| | 9-month period ended 30 September 2020 | 9-month period ended 30 September 2019 |
|---|---|---|
| **Purchase value, including:** | **5 616 493** | **5 041 768** |
| purchase of materials | 352 | 345 |
| purchase of services | 1 319 958 | 1 212 318 |
| other (including electricity and gas) | 4 296 183 | 3 829 105 |
| **Sale value, including:** | **260 794** | **269 777** |
| sale of electricity | 238 969 | 243 923 |
| sale of services | 1 944 | 915 |
| other | 19 881 | 24 939 |
| **Interest income, including:** | **152 569** | **164 655** |
| on bonds | 115 415 | 157 138 |
| on loans | 33 558 | 5 516 |
| other | 3 596 | 2 001 |
| **Dividend income** | **593 694** | **781 507** |

| | As at 30 September 2020 | As at 31 December 2019 |
|---|---|---|
| Receivables | 207 925 | 317 779 |
| Liabilities | 1 515 554 | 579 935 |
| Financial assets - bonds | 4 883 118 | 6 463 808 |
| Loans granted | 2 661 103 | 852 905 |
| Other financial liabilities | 1 141 481 | 52 599 |

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

**Transactions with members of the Group's corporate authorities**

| Item | Company's Management Board 9-month period ended 30 September 2020 | Company's Management Board 9-month period ended 30 September 2019 | Company's Supervisory Board 9-month period ended 30 September 2020 | Company's Supervisory Board 9-month period ended 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 ENEA S.A. and members of the Company's corporate authorities mainly concern the use of company cars by members of ENEA S.A.'s Management Board for private purposes.

### Transactions with State Treasury related parties

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

The subject of these transactions mainly is as follows:

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

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

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

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

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

### 24.1. Impact of tariff for electricity for tariff G customers

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

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

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

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

### 24.2. Sureties and guarantees

In the 9-month period ending 30 September 2020 ENEA S.A. as Guarantor did not execute any surety agreements.

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

### List of guarantees issued as at 30 September 2020

| Guarantee issue date | Guarantee validity | Obliged entity | Entity for which the guarantee was issued | Bank - issuer | Guarantee amount in PLN 000s |
|---|---|---|---|---|---|
| 13.06.2019 | 30.05.2021 | ENEA Trading Sp. z o.o. | Izba Rozliczeniowa Giełd Towarowych S.A. | PEKAO S.A. | 230 000 |
| 21.09.2020 | 23.03.2021 | ENEA Elektrownia Połaniec | Stal-Systems S.A. | PKO BP S.A. | 67 382 |
| 12.08.2018 | 12.08.2021 | ENEA Elektrownia Połaniec | Polskie Sieci Elektroenergetyczne | PKO BP S.A. | 7 000 |
| 26.06.2020 | 15.12.2020 | ENEA Serwis Sp. z o.o. | ENEA Operator Sp. z o.o. | PKO BP S.A. | 3 145 |
| 12.08.2018 | 16.05.2021 | ENEA S.A. | Górecka Projekt Sp. z o.o. | PKO BP S.A. | 2 109 |
| 01.07.2020 | 30.06.2022 | ENEA S.A. | H. Święcicki Clinical Hospital in Poznań | PKO BP S.A. | 1 281 |
| 07.07.2020 | 15.10.2020 | ENEA S.A. | Zakład Wodociągów i Kanalizacji Sp. z o.o., Szczecin | PKO BP S.A. | 1 000 |
| **Total bank guarantees** | | | | | **311 917** |

The value of other guarantees issued by the Company as at 30 September 2020 was PLN 14 245 thousand. The total value of sureties and guarantees issued by ENEA S.A. as collateral for ENEA Group companies' liabilities at 30 September 2020 was PLN 371 295 thousand.

## 24.3. On-going proceedings in courts of general competence

### Proceedings initiated by the Company

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

At 30 September 2020, a total of 11 038 cases initiated by the Company were in progress before courts of general competence, worth in aggregate PLN 51 143 thousand (31 December 2019: 5 014 cases worth PLN 45 394 thousand).

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

### Proceedings against the Company

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

At 30 September 2020, a total of 127 cases against the Company were in progress before courts of general competence, worth in aggregate PLN 545 246 thousand (31 December 2019: 145 cases worth PLN 561 828 thousand).

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

## 24.4. Other court proceedings

The Management Board of 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, on 8 July 2020 the ruling by the District Court in Poznań invalidating the Resolution became final. The Company 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 separate interim financial statements were prepared.

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

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

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

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

As at 30 September 2020, a provision for claims concerning non-contractual use of land amounted to PLN 2 386 thousand.

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

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

- 5 proceedings for payment against ENEA S.A. concerning remuneration, contractual penalties or compensation;
- 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 (currently TEC1 Sp. z o.o. EW Śniatowo Sp. k., based in Katowice);
- Golice Wind Farm Sp. z o.o., based in Warsaw.

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

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

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

- ordinance of the Minister of Economy of 18 October 2012 on a detailed scope of obligations to obtain and present for redemption origin certificates, pay substitute fees, purchase electricity and industrial heat generated from renewable sources and the obligation to validate data concerning the quantity of electricity generated from renewable sources (Polish Journal of Laws of 2012, item 1229);
- Act on renewable energy sources of 20 February 2015 (Polish Journal of Laws of 2015, item 478) and associated further legal changes and announced drafts of legal changes, including especially:
  - 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 17.

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

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

In a case brought by Golice Wind Farm Sp. z o.o. against ENEA S.A., the court issued on 14 August 2020 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.:

- 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;
- 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;
- 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.

## 25. 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. KGHM Polska Miedź S.A., TAURON S.A. and ENEA S.A. purchased 10% stakes in PGE EJ 1 each from PGE (30% in total). ENEA paid PLN 16 million for its stake.

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 interim separate 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.

## 26. Impact of COVID-19 pandemic

Information on a threat caused by coronavirus SARS-Cov-2, causing the COVID-19 disease ("coronavirus"), began coming out of China towards the end of 2019. COVID-19 reached Poland in mid-March 2020, and a state of epidemic was announced 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. ENEA S.A.'s activities have also been affected by the situation.

At the date on which these condensed separate interim financial statements were prepared, it is difficult to predict how the situation will develop and what the potential negative effects for the Company's operating and financing activities will be. A further spread of the virus may lead to further 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 Company's revenue from sales. It also cannot be ruled out that a larger number of Covid cases at the Company will affect risks related to the Company's business continuity. Potential interruptions in operations could have a negative impact on revenue from sales.

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 Company 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.

ENEA S.A. cyclically reviews the credit ratings of its subsidiaries and the recoverability of intra-group bonds and loans. In accordance with ENEA Group's methodology for determining expected credit losses for debt assets, no need was identified as of 30 September 2020 for recognising this in respect of subsidiaries.

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 the coronavirus have an impact on operating costs, which together with changes in revenue will ultimately affect the consolidated net result.

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