

In case of divergence between the language versions, the Polish version shall prevail.

Polenergia S.A. Group

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020
INCLUDING THE REPORT OF THE INDEPENDENT AUDITOR**

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Warsaw, 12 August 2020

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1. Interim condensed consolidated balance sheet

as at 30 June 2020

ASSETS

	Note	30.06.2020	31.12.2019
I. Non-current assets		1 881 747	1 881 025
1. Tangible fixed assets	10	1 614 774	1 630 749
2. Intangible assets	12	4 758	9 281
3. Subordinated entities goodwill	13	69 613	69 613
4. Financial assets		22 671	10 159
5. Financial assets measured using the equity method		162 643	153 643
6. Long term receivables		2 750	3 842
7. Deferred income tax assets	18	4 102	3 695
8. Prepayments and accrued income		436	43
II. Current assets		718 332	598 736
1. Inventories		40 261	38 331
2. Trade receivables	14	75 433	85 667
3. Income tax receivable		812	789
4. Other short term receivables		63 229	45 662
5. Prepayments and accrued income		9 347	6 434
6. Short term financial assets		87 288	76 148
7. Cash and equivalent		441 962	345 705
Total assets		2 600 079	2 479 761

EQUITY AND LIABILITIES

	Note	30.06.2020	31.12.2019
I. Shareholders' equity		1 356 206	1 295 244
Equity attributable to the shareholders of the parent company		1 355 281	1 294 316
1. Share capital		90 887	90 887
2. Share premium account		557 983	557 983
3. Reserve capital from option measurement		13 207	13 207
4. Other capital reserves		443 680	403 661
5. Retained profit (loss)		185 037	119 567
6. Net profit		64 490	109 011
7. F/X translation differences		(3)	-
Non-controlling interests		925	928
II. Long term liabilities		938 997	939 429
1. Bank loans and borrowings	20,21	720 209	732 400
2. Deferred income tax provision	18	68 477	68 416
3. Provisions	19	22 391	22 392
4. Accruals and deferred income		48 503	50 100
5. Other liabilities	20	79 417	66 121
III. Short term liabilities		304 876	245 088
1. Bank loans and borrowings	20,21	70 855	50 015
2. Trade payables	20	93 544	74 339
3. Income tax payable	20	2 581	5 565
4. Other liabilities	20	118 003	96 293
5. Provisions	19	2 469	2 108
6. Accruals and deferred income		17 424	16 768
Total equity and liabilities		2 600 079	2 479 761

2. Interim condensed consolidated profit and loss account

For the period ended 30 June 2020

	Note	For 6 months ended 30.06.2020	For 6 months ended 30.06.2019	unaudited For 3 months ended 30.06.2020	unaudited For 3 months ended 30.06.2019
			restated data		
Revenues from contracts with clients		818 584	1 270 331	363 866	569 452
Other revenues		3 414	33 898	(842)	20 112
Sales revenues	22	821 998	1 304 229	363 024	589 564
Cost of goods sold	23	(704 936)	(1 209 862)	(323 124)	(558 420)
Gross sales profit		117 062	94 367	39 900	31 144
Other operating revenues	24	3 435	3 625	1 189	1 864
Selling expense	23	(271)	(342)	(112)	(98)
General overheads	23	(21 555)	(18 793)	(11 596)	(9 589)
Other operating expenses	25	(1 101)	(2 759)	(457)	(1 488)
Financial income	26	3 562	3 296	260	1 473
Financial costs	27	(23 524)	(24 841)	(11 749)	(12 575)
Profit before tax		77 608	54 553	17 435	10 731
Income tax	18	(13 121)	(8 900)	(2 843)	(2 065)
Net profit		64 487	45 653	14 592	8 666
Net profit attributed to:		64 487	45 653	14 592	8 666
Parent company shareholders		64 490	45 630	14 595	8 643
Non-controlling shareholders		(3)	23	(3)	23
Earnings per share:					
Weighted average of ordinary shares		45 443 547	45 443 547	45 443 547	45 443 547
– basic earnings (loss) for period attributable to parent company shareholders		1,42	1,00	0,32	0,19
– diluted earnings (loss) for period attributable to parent company shareholders		1,42	1,00	0,32	0,19

Interim condensed consolidated statement of comprehensive income

	For 6 months ended 30.06.2020	For 6 months ended 30.06.2019	unaudited For 3 months ended 30.06.2020	unaudited For 3 months ended 30.06.2019
Net profit for period	64 487	45 653	14 592	8 666
Other comprehensive income that may be reclassified to profit and loss account once specific conditions are met				
Cash flow hedges	(3 522)	411	(3 522)	411
F/X translation differences	(3)	(582)	(3)	(582)
Other net comprehensive income	(3 525)	(171)	(3 525)	(171)
COMPREHENSIVE INCOME FOR PERIOD	60 962	45 482	11 067	8 495
Comprehensive income for period:	60 962	45 482	11 067	8 495
Parent company shareholders	60 965	45 459	11 070	8 472
Non-controlling shareholders	(3)	23	(3)	23

3. Interim condensed consolidated statement of changes in equity

For the period ended 30 June 2020

	Share capital	Share premium account	Reserve capital from option measurement	Other capital reserves	Retained profit	Net profit	F/X translation differences	Equity attributable to the shareholders of the parent company	Non-controlling interest	Total equity
As at January 2020	90 887	557 983	13 207	403 661	228 578	-	-	1 294 316	928	1 295 244
Comprehensive income for reporting period										
- Net profit (loss) for reporting period	-	-	-	-	-	64 490	-	64 490	(3)	64 487
- Other comprehensive income for period	-	-	-	(3 522)	-	-	(3)	(3 525)	-	(3 525)
Transactions with owners of the parent recognized directly in equity										
- Allocation of profit/loss	-	-	-	43 541	(43 541)	-	-	-	-	-
As at 30 June 2020	90 887	557 983	13 207	443 680	185 037	64 490	(3)	1 355 281	925	1 356 206

For the period ended 30 June 2019

	Share capital	Share premium account	Reserve capital from option measurement	Other capital reserves	Retained profit	Net profit	F/X translation differences	Equity attributable to the shareholders of the parent company	Non-controlling interest	Total equity
As at January 2019	90 887	601 911	13 207	402 612	75 639	-	582	1 184 838	903	1 185 741
Comprehensive income for reporting period										
- Net profit (loss) for reporting period	-	-	-	-	-	45 630	-	45 630	23	45 653
- Other comprehensive income for period	-	-	-	411	-	-	(582)	(171)	-	(171)
Transactions with owners of the parent recognized directly in equity										
- Allocation of profit/loss	-	(43 928)	-	-	43 928	-	-	-	-	-
As at 31 June 2019	90 887	557 983	13 207	403 023	119 567	45 630	-	1 230 297	926	1 231 223

4. Interim condensed consolidated statement of cash flows

For the period ended 30 June 2020

	For 6 months ended	
	30.06.2020	30.06.2019
A.Cash flow from operating activities		
I.Profit (loss) before tax	77 608	54 553
II.Total adjustments	71 318	43 195
1.Depreciation	49 945	50 998
2.Foreign exchange losses (gains)	197	(33)
3.Interest and profit shares (dividends)	22 383	23 522
4.Losses (gains) on investing activities	774	(606)
5. Income tax	(15 689)	(3 102)
6.Changes in provisions	359	(7 412)
7.Changes in inventory	(1 931)	5 335
8.Changes in receivables	(30 908)	422 538
9.Changes in liabilities, excluding bank loans and borrowings	50 417	(443 456)
10.Changes in accruals	(3 488)	(3 615)
11. Other adjustments	(741)	(974)
III.Net cash flows from operating activities (I+/-II)	148 926	97 748
B.Cash flows from investing activities		
I. Cash in	31	184
1. Disposal of intangibles and tangible fixed assets	31	170
2. Other investment inflows	-	14
II.Cash out	35 450	25 142
1. Acquisition of tangible fixed assets	26 371	19 057
2. For financial assets, including:	9 079	6 085
a) acquisition of financial assets	9 049	6 085
b) long term loans given	30	-
III.Net cash flows from investing activities (I-II)	(35 419)	(24 958)
C.Cash flows from financing activities		
I.Cash in	61 164	19 391
1.Loans and borrowings	61 164	19 391
II.Cash out	78 399	129 253
1.Repayment of loans and borrowings	54 314	104 257
2.Lease payables	2 956	4 280
3.Interest	20 868	20 483
4.Other financial expenses	261	233
III.Net cash flows from financing activities (I-II)	(17 235)	(109 862)
D.Total net cash flows (A.III+/-B.III+/-C.III)	96 272	(37 072)
E.Increase/decrease in cash in the balance sheet, including:	96 257	(37 098)
- change in cash due to f/x differences	(15)	(26)
F.Cash at beginning of period	345 705	311 857
G.Cash at end of period, including:	441 962	274 759
- restricted cash	123 465	29 720

On 29 May 2020, DNB Bank Polski S.A. ("DNB"), acting to order of Polenergia S.A., issued a guarantee in relation to the contract for the supply of wind turbines entered into by Polenergia Farma Wiatrowa Szymankowo Sp. z o.o. with Siemens Gamesa Renewable Energy Sp. z o.o. and Siemens Gamesa Renewable Energy A/S for the amount of EUR 18,284.6k expiring on 31 July 2020, which was extended until 31 August 2020. As security for said guarantee, Polenergia SA paid a deposit to DNB corresponding to 108% of the guarantee amount, i.e. PLN 87.634,7. Such amount has been disclosed in the consolidated statement of cash flows under item "Restricted cash".

5. The rules underlying the interim condensed consolidated financial statements

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 and cover the six month period from 1 January to 30 June 2020 and the comparative period from 1 January to 30 June 2019, while also including data for the second quarters of 2020 and 2019, and with respect to the balance sheet - as at 31 December 2019. In accordance with the applicable laws, these interim condensed consolidated financial statements for the six months ended 30 June 2020 have been reviewed by an independent auditor, while the comparative data for the financial year ended 31 December 2019 have been audited by an independent auditor.

These consolidated financial statements have been prepared in accordance with the historical cost method, except for the following material items in the balance sheet:

- derivatives which have been measured at fair value.

IFRS include standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

Some entities within the Group keep their own accounting books in line with the accounting policies (principles) set forth by the Accounting Act of 29 September 1994 (the "Act") as amended and rules issued based on such Act ("Polish Accounting Standards"). These consolidated financial statements include adjustments which have not been included in the Group entities' accounting books, in order to align the financial statements of such entities with the requirements of IFRS.

These interim condensed consolidated financial statements have been prepared on the assumption that the Company and the Group companies will continue as going concerns in the foreseeable future, that is for at least 12 months after the reporting date, i.e. 30 June 2020.

6. Accounting principles applied

The accounting principles applied by the Group have been outlined in the consolidated financial statements of Polenergia Group for 2019 published on 9 March 2020. Those Financial Statements also provided detailed information on the principles and methods of measuring assets and liabilities, as well as measuring the financial result, the method of preparing financial statements and gathering comparable data. Such principles have been applied on a consistent basis.

6.1 Changes of the accounting principles (policy) applied

Disclosure of revenues from certificates of origin granted and other revenues

In 2019 the Group changed its accounting policy in terms of disclosure of revenues from:

- 1) certificates of origin granted, with a view to more realistically reflect the economic content of the transaction - as reduction of the cost of goods sold;
- 2) funds to pay the stranded costs and gas costs - under Other Revenues
- 3) measurement of future contracts for the purchase/sale of electricity and gas - under Other Revenues;
- 4) carbon dioxide emission allowance - under Other Revenues.

In prior periods the abovementioned revenue sources used to be recognized under "Sales revenues/ Revenues from customer contracts". The change was made with a view to more realistically reflect the economic content of the transaction.

The change of policy has had a significant impact on the comparative data, that is why the Group has decided to revise such data. The impact of the changes on comparative data is shown in the table below:

	before change 30.06.2019	change	after change 30.06.2019
Sales revenues	1 304 229	(1 304 229)	-
Revenues from contracts with clients	-	1 270 331	1 270 331
Other revenues	-	33 898	33 898

	before change 30.06.2019	change	after change 30.06.2019
Selling certificates of origin	-	34 076	34 076
Income from granted certificates of origin	-	(34 076)	(34 076)

Full description of the rules applied in the disclosure of revenues from awarded and sold certificates of origin was provided in the Consolidated Financial Statements for the year ended 31 December 2019.

6.2 Functional and reporting currency

The functional currency and the reporting currency of these consolidated financial statements is Polish Zloty.

Transactions denominated in currencies other than the functional currency are translated into the functional currency at the rate of exchange prevailing on the transaction date.

As at the balance sheet day, cash, bank loans and other monetary assets and liabilities denominated in currencies other than the functional currency are translated into such functional currency at the average exchange rate of the National Bank of Poland on the balance sheet day. Foreign exchange differences on translation and settlement of items are recognized in finance income or cost, as appropriate. Changes in the measurement of derivatives designated as hedging instruments for hedge accounting purposes are recognized in accordance with the applicable hedge accounting policies.

The following exchange rates were used for measurement purposes:

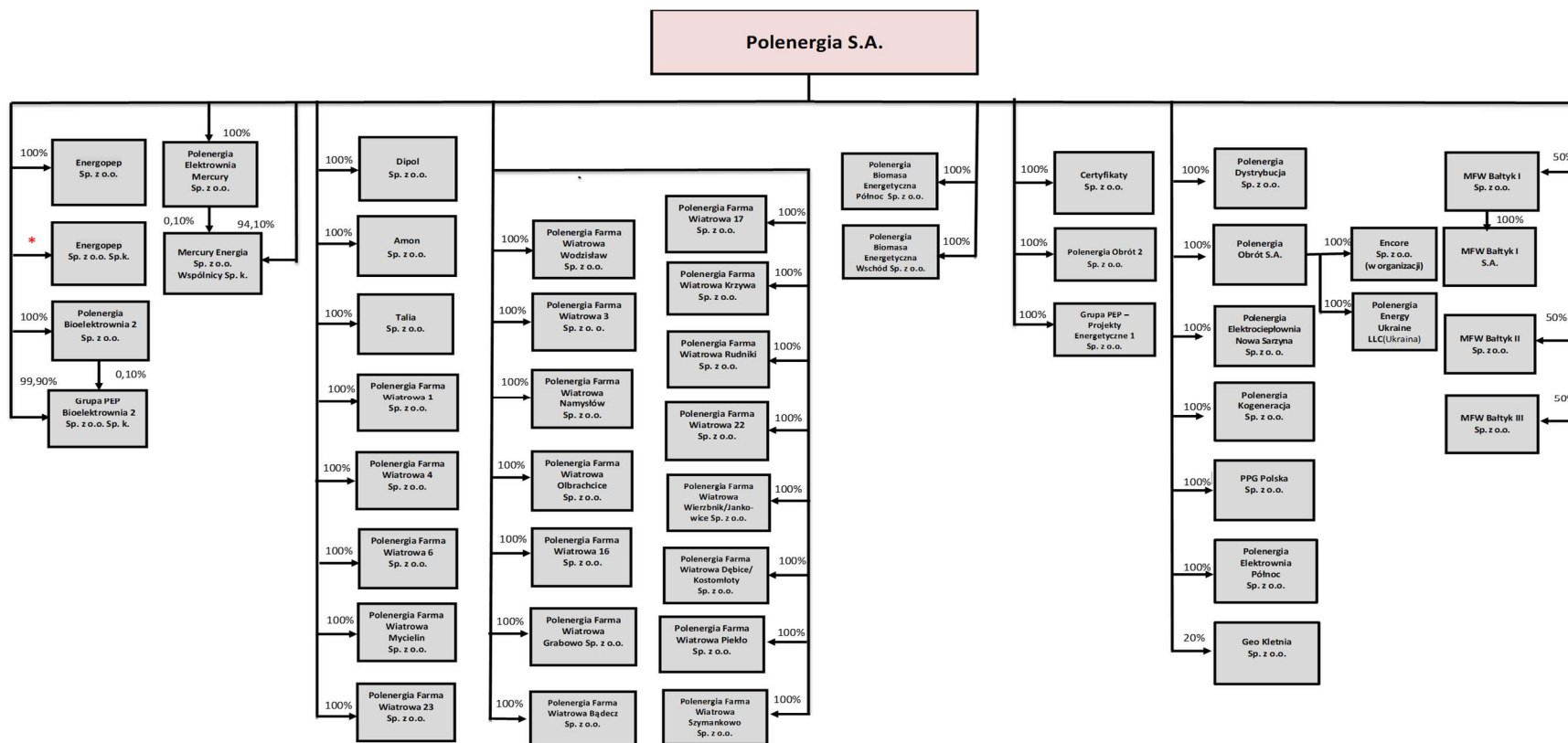
	30.06.2020	31.12.2019	30.06.2019
USD	3.9806	3.7977	3.7336
EUR	4.4660	4.2585	4.2520
GBP	4.8851	4.9971	4.7331

6.3 Seasonality and cyclical nature of operations

The Group has been operating in the business of electrical energy generation from renewable sources. Wind conditions which determine the electricity production in wind farms are unevenly distributed throughout the year. In autumn and winter they are significantly better than in spring and summer. The Group resolved to build wind farms in locations selected based on professional wind measurements confirmed by independent and reputable experts. However, there can be no assurance that the actual wind conditions will be no different than those used in the Group's models for specific investment projects. Likewise, for PV farms it is the sun exposure conditions, which also are unevenly distributed throughout the year, that determine the uneven distribution of the electricity generation by those farms. During the spring and summer season, the sun exposure is much better than in autumn or winter.

The Group also operates on the industrial power outsourcing market. The Group's key customers use heat and electricity supplied by the Group for production purposes at their industrial facilities. Heat and electricity supply business is not subject to seasonal fluctuations.

7. Organizational structure of the Group



* 0,1% przysługuje spółce Energopec Sp. z o.o., 33,9 % POL-SA, 33% POL-D, 33% Dipol.

8. Adjusted Consolidated EBITDA and Adjusted Consolidated Net Profit

The Group presents data on its EBITDA, adjusted EBITDA and the adjusted net profit allocated to the parent company shareholders in order to present the Group's results to the exclusion of certain elements that have no impact on the core business of the Group and that lead to no cashflows in the reporting period.

EBITDA and ADJUSTED EBITDA

	For 6 months ended		unaudited	unaudited
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Profit before tax	77 608	54 553	17 432	10 731
Financial revenues	(3 562)	(3 296)	(260)	(1 473)
Financial costs	23 524	24 841	11 749	12 575
Depreciation/Amortization	49 945	50 998	24 613	25 454
Development - related impairment loss	214	782	107	329
Biomass - related impairment loss	-	(27)	-	(21)
EBITDA	147 729	127 851	53 641	47 595

ADJUSTED NET PROFIT attributed to parent shareholders

	For 6 months ended		unaudited	unaudited
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
NET PROFIT attributed to parent shareholders	64 490	45 630	14 600	8 640
Unrealized foreign exchange net (gains)/losses	86	172	1 395	9
(Income)/Cost from measurement of long-term borrowings	729	678	403	342
Development - related impairment loss	214	782	107	329
Biomass - related impairment loss	-	(27)	-	(21)
Purchase price allocation:				
Depreciation/Amortization	4 339	5 064	1 807	2 532
Tax	(823)	(960)	(343)	(480)
Adjusted NET PROFIT attributed to parent shareholders	69 035	51 339	17 969	11 351

Neither the level of EBITDA, nor the adjusted EBITDA, nor the adjusted net profit allocated to the parent company shareholders have been defined in IFRS, hence they are not derived based on any accounting standards. The rules for deriving such indices were defined in the Consolidated Financial Statements of the Polenergia Group for 2019 that were published on 9 March 2020. Definitions of the foregoing indices applied by other entities may be different from those used by the Group.

9 Operating segments

On 18 May 2020 the Supervisory Board approved the Strategy of Polenergia Group for the years 2020-2024 prepared by the Issuer's Management Board ("Polenergia Group Strategy"). When devising the Polenergia Group Strategy, current and forecast situation in the power sector was considered, the analysis of the macroeconomic, marketplace and regulatory environment was performed and assumptions were made regarding the directions of the sector's development in the next five years' time horizon. The Polenergia Group Strategy was prepared so as to enable the Group to reach the optimal level of development while maintaining stable financial standing. Facing a huge transformation process of the Polish energy market, it is an ambition of Polenergia Group to support any efforts related to the Polish energy transformation process and the development of low-emission economy.

In view of the above, for management purposes, the Group redefined its business areas dividing them into operational segments, while data for the 6-month period ended 30 June 2019 was transposed so as to ensure its comparability.

The following operating segments have been identified, being identical with the reporting segments:

-
- Onshore wind farms - development, construction and maintenance of facilities generating electrical energy from onshore wind,
 - Photovoltaics - development, construction and maintenance of facilities generating electrical energy using the solar radiation,
 - Offshore wind farms - development, construction and maintenance of facilities generating electrical energy from offshore wind,
 - Gas and clean fuels - development, construction and maintenance of facilities generating electrical energy in gas cogeneration and development work in the manufacture of hydrogen and generation of energy from hydrogen based on the renewable sources originating energy,
 - Trading and sales - commercial business in terms of trading in electricity and certificates of origin, as well as in other energy market instruments, as well as sale of electricity to industrial customers and provision of market access services to energy producers using renewable energy sources,
 - Distribution - provision of electrical energy and gas distribution and sale services to commercial, industrial and household customers,

After the development of the biomass segment comprising the production of pellet from energy plants had been abandoned, the Management Board resolved to refrain from identifying such segment and to include the results of those operations under "Unallocated" item.

The Management Board has been separately monitoring the operating performance of the segments in order to make decisions regarding allocation of resources, evaluation of the effects of such allocation and the operating performance. Such evaluation is based on the EBITDA result and gross sale profit or loss. Income tax is monitored at the Group level and is not allocated to operating segments. Company's cash is disclosed under Unallocated Assets.

Transaction prices used in transactions between the operating segments are determined on an arm's length basis, similarly to the transactions with non-related parties. Any and all consolidation adjustments are allocated to individual segments.

The Warsaw Commodity Clearing House (Izba Rozliczeniowa Giełd Towarowych) is the only customer with whom the Group generated no less than 10% of total revenues of the Group.

For 6 months ended 30.06.2020	RES Generation			Gas and Clean Fuels	Trading and sales	Distribution	Unallocated	Purchase price allocation	Total
	On shore wind farms	Photovoltaics	Off shore wind farms						
Revenues from contracts with clients	152 157	1 824	-	122 676	483 701	46 364	11 862	-	818 584
Other revenues	-	-	-	3 082	332	-	-	-	3 414
Total revenues	152 157	1 824	-	125 758	484 033	46 364	11 862	-	821 998
Net sales profit (loss)	95 204	1 025	-	1 531	17 083	7 280	(722)	(4 339)	117 062
General overheads	(1 319)	(102)	-	(3 279)	(6 927)	(2 605)	(7 323)	-	(21 555)
Interest income/(expense)	(18 618)	(266)	-	10	(149)	(1 060)	2 063	-	(18 020)
Other financial revenue/(expense)	(1 955)	(51)	-	820	(912)	(177)	333	-	(1 942)
Other operating revenue/(expense)	1 649	1	-	(729)	393	485	264	-	2 063
Profit/loss before tax	74 961	607	-	(1 647)	9 488	3 923	(5 385)	(4 339)	77 608
Income tax	-	-	-	-	-	-	(14 014)	893	(13 121)
Net profit/loss	-	-	-	-	-	-	-	-	64 487
EBITDA **)	127 308	1 338	-	6 978	10 601	7 896	(6 392)	-	147 729
Segment assets	1 484 236	28 064	162 643	223 915	234 546	156 788	309 887	-	2 600 079
Segment liabilities	864 696	16 508	-	67 724	182 154	94 536	18 255	-	1 243 873
Depreciation/Amortization	31 703	414	-	9 455	51	2 737	1 246	4 339	49 945

*) EBITDA - definition in Note 8

For 6 months ended 30.06.2020		RES Generation		Gas and Clean Fuels	Trading and sales	Distribution	Unallocated	Total
		On shore wind farms	Photovoltaics					
- revenue from sale and distribution of electricity	over time	91 324	1 824	110 101	470 120	41 447	-	714 816
- revenue from certificates of origin	over time	60 786	-	1 005	7 312	-	-	69 103
- revenue from sale of heat	point in time	-	-	11 478	-	-	-	11 478
- revenue from consulting and advisory services	over time	-	-	-	-	-	2 065	2 065
- revenue from lease and operator services	over time	-	-	-	-	2 893	-	2 893
- revenue from sale and distribution of gas	over time	-	-	-	5 145	2 014	-	7 159
- revenue from sale of pellets	over time	-	-	-	-	-	9 687	9 687
- revenue from lease	over time	7	-	-	-	-	110	117
- other	over time	40	-	92	1 124	10	-	1 266
Total revenue from clients		152 157	1 824	122 676	483 701	46 364	11 862	818 584
- revenues from the valuation of futures contracts	over time	-	-	-	332	-	-	332
- revenues from the stranded costs and cost of gas	over time	-	-	3 082	-	-	-	3 082
Total other revenue		-	-	3 082	332	-	-	3 414
Total sales revenue		152 157	1 824	125 758	484 033	46 364	11 862	821 998

For 6 months ended 30.06.2019	RES Generation			Gas and Clean Fuels	Trading and sale	Distribution	Unallocated	Purchase price allocation	Total
	On shore wind farms	Photovoltaics	Off shore wind farms						
Revenues from contracts with clients	115 828	-	-	108 190	993 072	46 198	7 043	-	1 270 331
Other revenues	-	-	-	35 801	(1 903)	-	-	-	33 898
Total revenues	115 828	-	-	143 991	991 169	46 198	7 043	-	1 304 229
Net sales profit (loss)	61 718	(29)	-	22 919	10 397	6 912	(2 486)	(5 064)	94 367
General overheads	(1 592)	-	-	(3 285)	(4 707)	(2 784)	(6 425)	-	(18 793)
Interest income/(expense)	(20 204)	-	-	(370)	(330)	(919)	2 137	-	(19 686)
Other financial revenue/(expense)	(1 831)	(2)	-	(407)	(1 247)	(130)	1 758	-	(1 859)
Other operating revenue/(expense)	1 043	-	-	(627)	209	570	(671)	-	524
Profit/loss before tax	39 134	(31)	-	18 230	4 322	3 649	(5 687)	(5 064)	54 553
Income tax	-	-	-	-	-	-	(9 860)	960	(8 900)
Net profit/loss	-	-	-	-	-	-	-	-	45 653
EBITDA **)	93 129	(29)	-	29 819	5 935	7 172	(8 175)	-	127 851
Segment assets	1 406 002	11 203	167 826	249 994	375 272	132 099	269 831	4 257	2 616 484
Segment liabilities	896 130	7 231	-	55 810	305 742	83 334	16 878	20 136	1 385 261
Depreciation/Amortization	31 412	-	-	10 812	36	2 474	1 200	5 064	50 998

		restated data	RES Generation					
For 6 months ended 30.06.2019			On shore wind farms	Gas and Clean Fuels	Trading and sales	Distribution	Unallocated	Total
- revenue from sale and distribution of electricity	over time		81 736	96 604	962 723	43 111	-	1 184 174
- revenue from certificates of origin	over time		34 066	(26)	4 848	-	10	38 898
- revenue from sale of heat	point in time		-	11 518	-	-	-	11 518
- revenue from consulting and advisory services	over time		-	-	-	-	2 002	2 002
- revenue from lease and operator services	over time		-	-	-	445	-	445
- revenue from sale and distribution of gas	over time		-	-	21 043	2 626	-	23 669
- revenue from sale of merchandise	over time		-	-	-	-	35	35
- revenue from sale of pellets	over time		-	-	-	-	4 901	4 901
- revenue from lease	over time		7	-	-	-	91	98
- other	over time		19	94	4 458	16	4	4 591
Total revenue from clients			115 828	108 190	993 072	46 198	7 043	1 270 331
- revenues from the valuation of futures contracts	over time		-	-	(2 388)	-	-	(2 388)
- revenues from the stranded costs and cost of gas	over time		-	35 801	-	-	-	35 801
- revenues from CO2 emission allowances	point in time		-	-	485	-	-	485
Total other revenue			-	35 801	(1 903)	-	-	33 898
Total sales revenue			115 828	143 991	991 169	46 198	7 043	1 304 229

10 Non-current fixed assets

30.06.2020	land	building, premises and civil and water engineering	plant and machinery	vehicles	other non- current fixed assets	non-current fixed assets under construction	prepayments for non-current fixed assets under construction	total non-current fixed assets
1. Gross value of non-current fixed assets at beginning of period	59 727	620 361	1 406 150	5 621	(1 408)	305 418	-	2 395 869
a) increases (due to)	1 166	892	1 771	790	132	25 430	1 218	31 399
- purchase	-	69	1 101	405	132	25 430	1 218	28 355
- transfers	-	-	670	385	-	-	-	1 055
- other	1 166	823	-	-	-	-	-	1 989
b) reductions (due to)	-	(33)	(11)	(903)	(9)	(1 305)	-	(2 261)
- sale and retirement	-	(33)	(8)	(636)	-	-	-	(677)
- other	-	-	(3)	(267)	(9)	(250)	-	(529)
- transfers	-	-	-	-	-	(1 055)	-	(1 055)
2. Gross value of non-current fixed assets at end of period	60 893	621 220	1 407 910	5 508	(1 285)	329 543	1 218	2 425 007
3. Cumulative depreciation at beginning of period	(3 069)	(138 207)	(389 688)	(2 267)	1 732	(106)	-	(531 605)
- current period depreciation	(1 536)	(12 669)	(30 574)	(565)	(47)	-	-	(45 391)
- reductions (due to)	-	7	3	482	-	-	-	492
- sale and retirement	-	7	3	482	-	-	-	492
3. Cumulative depreciation at end of period	(4 605)	(150 869)	(420 259)	(2 350)	1 685	(106)	-	(576 504)
4. Impairment losses at beginning of period	-	(8 355)	(6 850)	-	(44)	(218 266)	-	(233 515)
- increase	-	-	-	-	-	(360)	-	(360)
- reduction	-	-	-	-	-	146	-	146
6. Impairment losses at end of period	-	(8 355)	(6 850)	-	(44)	(218 480)	-	(233 729)
7. Net value of non-current fixed assets at beginning of period	56 658	473 799	1 009 612	3 354	280	87 046	-	1 630 749
8. Net value of non-current fixed assets at end of period	56 288	461 996	980 801	3 158	356	110 957	1 218	1 614 774

In the 6-month period ended 30 June 2020, the Group incurred external borrowing costs qualifying for capitalization under initial value of non-current fixed assets, totaling PLN 1,222k, with land and buildings worth PLN 487,795k encumbered with mortgages securing repayment of credit facilities.

31.12.2019	land	building, premises and civil and water engineering	plant and machinery	vehicles	other non- current fixed assets	non-current fixed assets under construction	total non- current fixed assets
1. Gross value of non-current fixed assets at beginning of period	7 026	587 994	1 394 568	3 353	(342)	267 170	2 259 769
impact of the implementation of IFRS 16	52 701	3 090	103	438	13	-	56 345
Gross value of non-current fixed assets at beginning of period	59 727	591 084	1 394 671	3 791	(329)	267 170	2 316 114
a) increases (due to)	-	32 456	20 689	2 725	41	77 981	133 892
- purchase	-	196	8 673	2 739	21	77 967	89 596
- transfers	-	27 303	12 016	-	20	-	39 339
- other	-	4 957	-	(14)	-	14	4 957
b) reductions (due to)	-	(3 179)	(9 209)	(895)	(1 121)	(39 733)	(54 137)
- sale and retirement	-	-	(9 803)	(895)	(8)	-	(10 706)
- other	-	(2)	(5)	-	(1 113)	(78)	(1 198)
- transfers	-	(3 177)	599	-	-	(39 655)	(42 233)
2. Gross value of non-current fixed assets at end of period	59 727	620 361	1 406 151	5 621	(1 409)	305 418	2 395 869
3. Cumulative depreciation at beginning of period	-	(114 765)	(337 501)	(2 359)	995	(106)	(453 736)
- current period depreciation	(3 069)	(24 212)	(63 014)	(732)	130	-	(90 897)
- reductions (due to)	-	770	10 827	824	607	-	13 028
- sale and retirement	-	-	9 019	824	8	-	9 851
- transfers	-	770	1 808	-	599	-	3 177
3. Cumulative depreciation at end of period	(3 069)	(138 207)	(389 688)	(2 267)	1 732	(106)	(531 605)
4. Impairment losses at beginning of period	-	(8 355)	(6 850)	(46)	(44)	(201 467)	(216 762)
- increase	-	-	-	-	-	(17 515)	(17 515)
- reduction	-	-	-	46	-	716	762
6. Impairment losses at end of period	-	(8 355)	(6 850)	-	(44)	(218 266)	(233 515)
7. Net value of non-current fixed assets at beginning of period	7 026	464 874	1 050 217	948	609	65 597	1 589 271
impact of the implementation of IFRS 16	52 701	3 090	103	438	13	-	56 345
Net value of non-current fixed assets at beginning of period	59 727	467 964	1 050 320	1 386	622	65 597	1 645 616
8. Net value of non-current fixed assets at end of period	56 658	473 799	1 009 613	3 354	279	87 046	1 630 749

In the year ended 31 December 2019 the Group experienced cost of external financing qualifying for capitalization and inclusion in the initial value of non-current fixed assets totaling PLN 265 k, with land and buildings worth PLN 499,585k encumbered with a mortgage securing repayment of loans, total depreciation cost for the right-of-use assets of PLN 4,918k, with an increase in interest expenses on lease payables which amounted to PLN 916k.

11 Right-of-use assets

Right-of-use assets under lease	30.06.2020	31.12.2019
Land real estate	48 932	49 459
Perpetual usufruct of the land	269	269
Other real estate	7 107	6 833
Plant and machinery	259	259
Vehicles	2 730	3 233
Other	13	13
Total	59 310	60 066

12 Intangible Assets

A review of the intangible assets of the Company performed as at 30 June 2020 showed no grounds for performing impairment test.

13 Goodwill

As at 30 June 2020 the goodwill amounted to PLN 69,613k. An impairment-related analysis was performed which showed no grounds for goodwill impairment test.

14 Short term receivables

As at 30 June 2020 impairment losses on uncollectible trade receivables were increased up to PLN 3,137k compared to PLN 2,077k as at 31 December 2019.

Below is a classification of trade receivables as per individual impairment model stages:

	Total	Step 2	Step 3
Gross value as at 1.1.2020	88 437	85 126	3 311
Arisen	74 597	74 597	-
Paid	(84 464)	(85 288)	824
Gross value as at 30.06.2020	78 570	74 435	4 135

The payment default rates and the calculation of credit losses as at 30 June 2020 have been presented in the table below:

	Receivables from individual customers				
	Total	Current 0-30 days	30-60 days	60-90 days	>90 days
30.06.2020	25 224	23 100	295	365	1 464
Expected credit losses	1 651	-	-	-	1 651
31.12.2019	15 904	14 492	-	157	1 255
Expected credit losses	1 180	-	-	-	1 180

	Receivables from corporate customers				
	Total	Current 0-30 days	30-60 days	60-90 days	>90 days
30.06.2020	52 979	50 621	54	-	2 304
Expected credit losses	1 486	-	-	-	1 486
31.12.2019	72 533	70 349	97	31	2 056
Expected credit losses	1 590	-	-	-	1 590

15 Financial instruments measured at fair value

Fair value of futures and forward contracts

Futures and forward contracts to buy or sell electricity entered into by Polenergia Obrót S.A., a subsidiary, are classified as derivatives, in line with IFRS 9 - Financial Instruments. Accordingly, such contracts are measured at fair value, with changes in fair value recognized under the profit and loss account. Gains or losses on the measurement of contracts are disclosed on a net basis under revenue or selling expenses, as appropriate. Measurement is performed with respect to the outstanding part of the contracts broken down into a current portion to be completed within 12 months from the reporting date, and a long term portion to be completed in subsequent years.

	For 6 months ended	
	30.06.2020	30.06.2019
Result of measurement of derivatives	332	(2 388)

	30.06.2020	31.12.2019
Short term assets	85 285	74 214
Long term assets	22 193	9 731
Total	107 478	83 945

	30.06.2020	31.12.2019
Short term liabilities	83 002	71 832
Long term liabilities	19 700	7 587
Total	102 702	79 419

The table above includes information on financial assets and liabilities the Group measures at fair value and classifies at specific levels of the fair value hierarchy:

- Level 1 – quoted prices in active markets for identical assets or liabilities (no adjustment),

- Level 2 – assets and liabilities measurement inputs other than quoted market prices included under Level 1 that are observable for the variables from active markets,
- Level 3 – assets and liabilities measurement inputs determined otherwise than based on the variables from active markets.

Derivatives are forward contracts (long and short positions) entered into on stock exchanges for speculative purposes and measured with the model using market parameters, i.e. the market price of an instrument discounted using relevant interest rates. The impact of applying unobserved data, if any, was immaterial to the measurement of derivatives (level 2).

The aggregate effect of the increase of the market prices of electricity, gas and CO2 emission allowances by 1% will make the gross sales profit drop by PLN 47k. The calculation was performed with respect to futures and forward contracts to buy or sell electricity, natural gas and CO2 emission allowances classified as derivatives measured at fair value.

Fair value of other financial assets and liabilities enumerated below is not materially different from their carrying amount:

- long term receivables,
- trade debtors and other receivables.
- cash and equivalent,
- bank loans and borrowings,
- trade creditors and other payables.

	Category	Carrying amount		Fair Value	
		30.06.2020	31.12.2019	30.06.2020	31.12.2019
Financial asstes					
Futures and forward contracts	Level 2	107 478	83 945	107 478	83 945
Financial liabilities					
Bank	n/a	791 064	782 415	791 064	782 415
SWAP	Level 2	3 523	2 236	3 523	2 236
Futures and froward contracts	Level 2	102 702	79 419	102 702	79 419

16 Significant shareholders

Shareholders holding 5% or more of the total number of shares as at the date of issue of these consolidated financial statements include:

No	Shareholder	Number of shares held	Number of votes	Shareholding
1	Mansa Investments Sp. z o.o. *)	23 467 043	23 467 043	51,64%
2	China - Central and Eastern Europe Investment Co-operation Fund SCS SICAV-SIF**)	7 266 122	7 266 122	15,99%
3	Nationale Nederlanden	2 570 000	2 570 000	5,66%
4	Generali OFE	3 000 000	3 000 000	6,60%
5	Aviva OFE	3 732 687	3 732 687	8,21%
6	Others	5 407 695	5 407 695	11,90%
Total		45 443 547	45 443 547	100,00%

*) Kulczyk Holding S.à r.l. effectively holds 100 % of shares in Mansa Investments Sp. z o.o.

**) The parent company for Capedia Holding Limited is China - Central and Eastern Europe Investment Co-operation Fund SCS SICAV-SIF.

17 Dividends distributed and proposed

No dividend was distributed by the parent in the 6-month period ended 30 June 2020. No dividend is intended to be distributed by the parent in 2020.

18 Income tax

	For 6 months ended		For 3 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Current income tax	12 682	5 725	6 770	4 889
Current income tax charge	12 642	5 716	6 730	4 879
Adjustments to prior years current income tax	40	9	40	10
Deferred income tax	439	3 175	(3 927)	(2 824)
Related to temporary differences and their reversal	439	3 175	(3 927)	(2 824)
Income tax charged to the profit and loss account	13 121	8 900	2 843	2 065

	Balance sheet	Profit and loss account	Capital	Balance sheet
	01.01.2020			30.06.2020
Deferred income tax				
Deferred income tax provision				
Tangible fixed assets	90 337	1 204	-	91 541
Intangible assets	1 650	(799)	-	851
Receivables	10 708	318	-	11 026
Cash	(603)	45	-	(558)
Loans and borrowings	(4 488)	(76)	-	(4 564)
Lease receivables	192	(20)	-	172
Liabilities	(5 161)	96	-	(5 065)
Other	(458)	70	-	(388)
Inventories	1 331	(345)	-	986
Deferred income tax provision before tax	93 508	493	-	94 001
Compensation				(25 524)
Deferred income tax provision				68 477
Deferred income tax assets				
Tangible fixed assets	1 401	(530)	-	871
Inventories	(182)	99	-	(83)
Receivables	1 290	118	-	1 408
Borrowings	(4 114)	523	-	(3 591)
Liabilities	13 210	(1 382)	785	12 613
Provisions	2 820	2 901	-	5 721
Retained assets	5 364	(1 473)	-	3 891
Prepayments	8 998	(202)	-	8 796
Deferred income tax asset	28 787	54	785	29 626
Compensation				(25 524)
Deferred income tax assets				4 102
Deferred income tax expense		439		
Net deferred tax (assets)/provision	64 721		(785)	64 375

The temporary difference related to tangible fixed assets and intangible assets follows from the assets measured due to the purchase price allocation and accelerated tax depreciation/amortization.

EFFECTIVE TAX RATE

	For 6 months ended	
	30.06.2020	30.06.2019
Income tax charged to the profit and loss account, including	13 121	8 900
Current tax	12 682	5 725
Deferred tax	439	3 175
Profit (Loss) before tax	77 608	54 553
Tax on gross profit at effective tax rate of 19%	14 746	10 365
Adjustments to prior years current income tax	668	9
Current tax of limited partnerships	-	249
Non-deductible costs:	(2 288)	(1 723)
- permanent differences	75	253
- asset from tax losses in the Special Economic Zone	(149)	23
- temporary difference on which no tax asset/provision is established	(2 214)	(1 999)
Non-taxable income:	(5)	-
- other	(5)	-
Income tax in the profit and loss account	13 121	8 900

19 Provisions

	30.06.2020	31.12.2019
Long term provisions		
- pension plan and related provision	1 252	1 253
- litigation provision	21 139	21 139
Total long term provisions	22 391	22 392
Short term provisions		
- pension plan and related provision	212	212
- accrued holiday leave provision	2 180	1 684
- litigation and grid losses provision	77	212
Total short term provisions	2 469	2 108

Change in long term and short term provisions

	30.06.2020	31.12.2019
Provisions at beginning of the period	24 500	32 889
- recognition of provisions	503	607
- reversal of provisions	(143)	(8 996)
Provisions at end of the period	24 860	24 500

The long-term provision for litigation originates from the prudent approach to the case vs. Eolos Sp. z o.o. described in more detail in the Consolidated Financial Statements for the year ended 31 December 2019.

20 Liabilities

	30.06.2020	31.12.2019
- bank loans and borrowings	70 855	50 015
- trade payables	93 544	74 339
- income tax payable	2 581	5 565
- other liabilities	118 003	96 293
- budget payments receivable	11 748	14 933
- prepayments for deliveries	13 537	502
- lease liabilities	3 552	3 697
- futures and forward contracts measurement	83 002	71 832
- payroll payable	519	1 527
- special funds	144	22
- other	5 501	3 780
Total short term liabilities	284 983	226 212

	30.06.2020	31.12.2019
- futures and forward contracts measurement	19 700	7 587
- risk hedging	3 523	2 236
- investment liabilities	1 500	1 500
- lease liabilities	54 694	54 798
Total other long term liabilities	79 417	66 121

21 Bank loans incurred and other borrowing liabilities

In the period ended 30 June 2020 repayments of investment loans took place in operating wind farms amounting to PLN 35,800k, in Polenergia Dystrybucja Sp. z o.o. amounting to PLN 1,400k and in Polenergia Biomasa Wschód Sp. z o.o. amounting to PLN 600k.

In the same period, the debt from the drawdowns of investment loans in DIPOL Sp. z o.o., Polenergia Farma Wiatrowa 23 Sp. z o.o. and Polenergia Farma Wiatrowa 17 Sp. z o.o. increased in total by PLN 41,900k and from the drawdowns of the overdraft in Polenergia Obrót S.A by the net of PLN 19,100k.

In the period covered by these interim condensed consolidated financial statements or thereafter there has been no occurrence of events of default on obligatory payment of any principal and interest, nor any breach of the terms and conditions of any facility agreement, except for the loan to Polenergia Biomasa Wschód Sp. z o.o. ("BEW") referred to in Note 28 in the Consolidated Financial Statements for the year ended 31 December 2019. As at 30 June 2020 the BEW credit facility payables amounted to PLN 3,018.6 k and given the fact that as at the reporting date the company did not meet the covenants under the facility agreement, they have been fully included under short-term liabilities in the consolidated financial statements.

On 30 June 2020 BEW signed Annex 14 to the facility agreement. According to said Annex, the bank approves the operating plan adopted by BEW, waives the financial ratios test and amends the loan repayment schedule in that it defers the deadline for the prepayment of the loan in the amount of PLN 530k from 30 June 2020 until 31 December 2020.

On 26 February 2020, the companies Dipol Sp. z o.o. („Dipol”) and Polenergia Farma Wiatrowa 23 Sp. z o.o. („FW23”) entered into a facility agreement with mBank S.A. for the total overdraft capped at PLN 32,800k to be allocated to:

- refinancing of the outstanding amount of the facility extended to Dipol by Raiffeisen Bank International AG (taken over from Raiffeisen Bank Polska S.A.) under the agreement dated 23

November 2005 for the purpose of financing the construction of a 22 MW wind farm in Puck, with the debt as at the refinancing day amounting to EUR 3,284.5 k including accrued interest,

- partial refinancing of the equity contribution of Polenergia S.A. to Dipol and funding the debt service reserve as required by the a/m facility agreement,
- partial refinancing of the equity contribution of Polenergia S.A. to FW23.

The facility was disbursed on 5 March 2020 in the amount of PLN 21,583.2k at a request of Dipol and in the amount of PLN 5,145k at a request of FW23. The disbursements of the a/m amounts made the facility reach the contractual cap of the funds to be drawn down.

The maturity of the a/m facility for both companies has been contractually agreed to be 26 February 2027.

Repayment of the debt under the a/m facility agreement is secured by the registered pledge over the shares, assets and accounts, assignment of receivables, power of attorney to manage cash on the companies' accounts, the subordination agreement, the statement of voluntary submission to enforcement.

On 18 March 2020, the companies Dipol and FW23 concluded interest rate hedging transactions corresponding to 95% of the of the facility amount.

On 18 April 2020 Mansa Investments Sp. z o.o. signed loan agreements with the Group companies:

- Polenergia Farma Wiatrowa 3 sp. z o.o. for PLN 172,000k,
- Polenergia Farma Wiatrowa Szymankowo sp. z o.o. for PLN 51,000k,
- Polenergia Farma Wiatrowa Dębice-Kostomłoty sp. z o.o. for PLN 10,000k,

The principal of those loans is to be applied to pay expenses related to the construction of wind farm projects. Loans will be disbursed after agreements are entered into with each of the companies for the financing of project development, with the maturity of 30 December 2039 for each of the loans.

On 30 April 2020 Polenergia Farma Wiatrowa Mycielin Sp. z o.o. („WF Mycielin”) concluded another interest rate hedging transaction in relation to the loan granted to it by an investment facility syndicate, referred to in Note 28 of the Consolidated Financial Statements for the year ended 31 December 2019. Said transaction increases the hedged rate of the current debt of WF Mycielin to 90%, with concurrent extension of the hedge term until 15 December 2027.

On 8 May 2019 upon a request of Polenergia Farma Wiatrowa 17 Sp. z o.o. („WF17”) a refinancing tranche was disbursed under the investment loan agreement executed by WF17 with ING Bank Śląski S.A., referred to in Note 28 of the Consolidated Financial Statements for the year ended 31 December 2019. Such disbursement took place in the amount of PLN 15,172.6k and prevented any further drawdowns under the tranche limited by cap.

On 19 May 2020 WF17 concurrently concluded an interest rate hedging transaction corresponding to 95% of the of the loan tranche disbursed, for the entire term of financing.

On 30 June 2020 Polenergia Farma Wiatrowa 4 Sp. z o.o. („WF4”) concluded an interest rate hedging transaction in relation to the loan granted to it by an investment loan syndicate, referred to in Note 28 of the Consolidated Financial Statements for the year ended 31 December 2019. Said transaction hedges 80% of the WF4 debt under the loan, with the term until 29 March 2028.

22 Contingent liabilities

Guarantees and sureties granted

As at 30 June 2020 the Group has issued no third party guarantees.

Contractual obligations

On 15 May 2020 Polenergia Elektrociepłownia Nowa Sarzyna Sp. z o.o. (Polenergia ENS") and Polenergia Obrót S.A. („Polenergia Obrót") entered into an Agreement for the Provisions of Portfolio Management Services and Sale of Electricity, Gas Fuels and Emission Allowances ("SLA Agreement"). The SLA Agreement has been entered into for indefinite term. Under the SLA Agreement, Polenergia Obrót will provide the following services to Polenergia ENS: (i) optimizing electricity generation in all generation plants belonging to Polenergia ENS; (ii) managing the sales process of electricity generated in the generation plants belonging to Polenergia ENS; (iii) co-building optimized position of Polenergia ENS on the balancing market of electricity and gas, together with Polenergia ENS; (iv) managing the portfolio and concluding commercial transactions with respect to CO2 emission allowances; (v) managing the portfolio and concluding commercial transactions with respect to gas fuel; The cooperation between Polenergia ENS and Polenergia Obrót is aimed at maximizing the margin resulting from the optimizing of the electricity generation in the generating plants of Polenergia ENS with due regard to flexibility of such generating plants of Polenergia ENS, as well as the expertise and experience of Polenergia Obrót in terms of generating asset portfolio management.

On 29 May 2020, Polenergia Farma Wiatrowa 3 sp. z o.o. (the „Wind Farm") entered into a contract with the consortium including ELECTRUM sp. z o.o. and „P.U. JAREX" sp. z o.o. (the "Consortium") concerning the construction of Dębask Wind Farm with the aggregate installed capacity of 121 MW (the "Contract"). The Contract provides for the performance by the Consortium of comprehensive assembly and electrical works, as well as the required construction works for Wind Farm, on the end-user transformer substation 30/110 kV together with the MV, HV cable grid and optical fiber network for the purpose of developing Dębask Wind Farm.

On 4 June 2020, Polenergia Farma Wiatrowa 3 sp. z o.o. (the „Wind Farm") entered into a contract with the consortium including Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A. and ERBUD S.A. (the "Consortium") concerning the construction of Dębask Wind Farm with the aggregate installed capacity of 121 MW (the "Contract"). The Contract provides for the performance by the Consortium of the works for the Wind Farm, including comprehensive construction works in terms of building the foundations to accommodate wind turbines, making the roads suitable for oversize vehicle transport, upgrading the existing roads, building new service roads, assembly platforms necessary for the development of the Dębask Wind Farm.

On 19 June 2020 Polenergia Farma Wiatrowa 3 sp. z o.o. (the „Wind Farm") entered into contracts with Vestas - Poland Sp. z o.o.:

- for the supply, deployment and launching of 55 V110 2.2 wind turbines of 2.2MW each (121 MW in aggregate). Performance of said contract is envisaged for the period between October 2020 and June 2022.
- for the maintenance and availability of wind turbines ("AOM") for Wind Farm. AOM covers the provision of maintenance services for the abovementioned wind turbines for a term of 30 years following the go-live, including the scheduled inspections, repairs, supply of maintenance items and spare parts, remote oversight and other related activities. Vestas - Poland Sp. z o.o. also guarantees the required availability level of turbines under the servicing agreement and should such requirements not be met, it shall pay compensation to Wind Farm.

23 Litigation

During the 6-month period ending 30 June 2020, the District Court in Gdańsk, with a partial and preliminary judgment of 6 March 2020 granted the claim filed by Talia Sp. z o.o.

in that part which referred to ruling ineffective the notices of termination made by the company Polska Energia – Pierwsza Kompania Handlowa Sp. z o.o. („PKH”) of the following contracts: the Contract for the Sale of Proprietary Interest in Certificates of Origin Confirming Generation of Electrical Energy in a Renewable Energy Source - Wind Farm in Modlikowice dated 23 December 2009 and the Contract for the Sale of Electrical Energy Generated in a Renewable Energy Source - Wind Farm in Modlikowice dated 23 December 2009. The Court also determined that in principle the claims for damages raised by Talia against PKH on account of non-performance by PKH of the Contracts for the Sale of Proprietary Interest were justified. The judgment is not yet final and binding. The Company currently pursues its claim for payment of PLN 46,078k.

On 28 January 2020 the Court of Appeals in Warsaw, Commercial Division VII, dismissed the appeal of Polenergia S.A. against the judgment of 8 March 2019 issued by the District Court in Warsaw in the case for declaring invalidity of part of Resolution No. 2 of the Extraordinary General Meeting of Polenergia S.A. dated 13 July 2018, i.e. with respect to the amendment to Art. 10.2 letter (a) of the Statutes made under item 4) of the a/m Resolution. The judgment is final and binding.

During the 6-month period ended 30 June 2020 the Company's subsidiary - Polenergia Biomasa Energetyczna Północ Sp. z o.o. entered into a court settlement before a mediator in the court proceedings resulting in the other party's payment of PLN 150k to Polenergia Biomasa Energetyczna Północ Sp. z o.o. Also, the provisions of another settlement have been performed which resulted in payment of the aggregate amount of EUR 90k.

On 28 May 2020 the District Court in Gdańsk called for payment, within 7 days, of the court fee in the case filed by the Company's Subsidiary Polenergia Elektrownia Północ Sp. z o.o. which in December 2019 had filed an action to the Court for payment of liquidated damages of PLN 500k. The court fee was paid on 3 June 2020.

24 Capital expenditure

As at 30 June 2020, the Group's intention is that the aggregate capital expenditure on fixed assets in 2020 should total ca. PLN 371 million. Such amount shall mainly be allocated to projects development in the area of, without limitation, onshore and offshore wind power generation and the investment program implementation in the distribution segment.

25 Sales revenue

	restated data		restated data	
	For 6 months ended 30.06.2020	30.06.2019	For 3 months ended 30.06.2020	30.06.2019
- revenue from sale and distribution of electricity	714 816	1 184 174	308 190	540 923
- revenue from certificates of origin	69 103	38 898	38 047	12 129
- revenue from sale of heat	11 478	11 518	4 764	4 691
- revenue from consulting and advisory services	2 065	2 002	1 047	980
- revenue from lease and operator services	2 893	445	2 031	226
- revenue from sale and distribution of gas	7 159	23 669	4 638	5 966
- revenue from sale of merchandise	-	35	-	-
- revenue from sale of pellets	9 687	4 901	4 563	2 637
- revenue from lease	117	98	19	33
- other	1 266	4 591	567	1 867
Total revenue from clients	818 584	1 270 331	363 866	569 452
- revenues from the valuation of futures contracts	332	(2 388)	(2 749)	3 309
- revenues from the stranded costs and cost of gas	3 082	35 801	1 922	16 648
- revenues from CO2 emission allowances	-	485	(15)	155
Total other revenue	3 414	33 898	(842)	20 112
Total sales revenue	821 998	1 304 229	363 024	589 564

Revenue from sale and distribution of electricity includes income from electricity sale derivatives.

26 Cost according to type

	restated data		restated data	
	For 6 months ended		For 3 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
- depreciation	49 945	50 998	24 613	25 454
- materials and power consumption	98 514	104 326	47 763	45 438
- third party services	21 992	22 318	11 211	11 452
- taxes, duties and fees	10 293	11 894	5 316	6 280
- salaries	19 810	15 903	10 687	8 293
- social security and other benefits	2 853	2 639	1 541	1 300
- other cost by type	896	1 298	406	625
Total cost by type	204 303	209 376	101 537	98 842
- merchandise and materials sold (+)	517 135	1 019 621	216 481	469 265
- selling certificates of origin	59 825	34 076	37 050	17 102
- income from granted certificates of origin	(54 501)	(34 076)	(20 236)	(17 102)
- selling expenses (-)	(271)	(342)	(112)	(98)
- general overheads (-)	(21 555)	(18 793)	(11 596)	(9 589)
Total cost of goods sold	704 936	1 209 862	323 124	558 420

27 Other operating revenues

	For 6 months ended		For 3 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
- reversal of impairment losses, including:	210	147	-	27
- receivables remeasured write-downs	64	121	-	6
- non-current fixed assets impairment losses	146	26	-	21
- reversal of provisions, including:	135	35	-	35
- litigation provision	135	30	-	30
- other	-	5	-	5
- other, including:	3 090	3 443	1 189	1 802
- compensation and additional payments	1 061	709	31	507
- grant settlement	1 616	1 621	818	822
- gains on disposal of non financial fixed assets	77	171	11	170
- other	336	942	329	303
Total other operating revenues	3 435	3 625	1 189	1 864

28 Other operating expenses

	For 6 months ended		For 3 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
- asset impairment losses, including:	831	1 933	250	1 335
- receivables	471	1 152	143	1 006
- non-current fixed assets	360	781	107	329
- other, including:	270	826	207	153
- penalties, fines compensation payable	5	4	5	4
- other development-related cost	192	127	166	48
- loss on disposal of non-financial fixed assets	-	4	-	4
- other	73	691	36	97
Total other operating costs	1 101	2 759	457	1 488

29 Financial income

	For 6 months ended		For 3 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
- financial income from interest on deposit and loans	2 219	2 347	831	1 262
- interest from lease	109	56	55	28
- f/x differences, including:	353	194	(89)	187
- unrealized	286	106	(156)	129
- realized	67	88	67	58
- other surety - related fees	-	-	(2)	-
- valuation of financial instruments	740	-	(676)	-
- other	141	699	141	(4)
Total financial revenue	3 562	3 296	260	1 473

30 Financial expenses

	For 6 months ended		For 3 months ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
- interest expenses	20 348	22 089	9 804	11 128
- f/x differences, including:	1 075	627	833	374
- unrealized	392	318	1 566	140
- realized	683	309	(733)	234
- commission and other fees	1 074	1 079	540	491
- measurement of financial liabilities *)	900	837	497	422
- other	127	209	75	160
Total financial cost	23 524	24 841	11 749	12 575

*) refers to bank loans measured at amortized cost

31 Liquidity risk

The Group monitors the risk of its funds being insufficient to pay liabilities as they fall due through periodic liquidity planning. Such tool takes into account the maturities of investments and financial assets (e.g. accounts receivable, other financial assets) and forecast cash flows from operating activities.

The Group aims at balancing the continuity and flexibility of financing by using diverse funding sources, including account overdrafts, credit facilities, finance lease contracts and lease-to-own contracts.

The table below shows the Group's financial liabilities by maturity as at 30 June 2020 and 31 December 2019, based on maturity in terms of undiscounted contractual payments.

30.06.2020	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	In excess of 5 years	Total
Interest bearing loans and borrowings	34 095	66 014	321 345	592 461	1 013 915
Other liabilities	117 103	-	22 071	-	139 174
Liabilities for deliveries and services	93 544	-	-	-	93 544
Lease liabilities	730	4 561	21 242	54 233	80 766
31.12.2019	Up to 3 months	From 3 months to 12 months	From 1 year to 5 years	In excess of 5 years	Total
Interest bearing loans and borrowings	21 405	65 609	343 427	631 838	1 062 279
Other liabilities	92 595	-	11 324	-	103 919
Liabilities for deliveries and services	74 339	-	-	-	74 339
Lease liabilities	3 857	2 222	22 726	61 356	90 161

32 Information on significant related party transactions

Major transactions with jointly controlled parties in the period ended on 30 June 2020 include:

30.06.2020	Revenues	Receivables
MFW Bałtyk I S.A.	323	323
MFW Bałtyk II Sp. z o.o.	580	580
MFW Bałtyk III Sp. z o.o.	581	581
Total	1 484	1 484

Major transactions with related parties in the period ended on 30 June 2020 include:

30.06.2020	Revenues	Receivables
Mansa Investments Sp. z o.o.	207	112
Kulczyk Holding Sarl	195	31
Polenergia Usługi Sp. z o.o.	51	-
Polenergia International Sarl	149	626
Total	602	769

Major transactions with parties where personal relations exist in the period ended on 30 June 2020 include:

30.06.2020	Revenues	Costs	Receivables	Liabilities
KI One S.A.	-	60	-	-
Krucza Inwestycje KREH 1 Sp. z o.o. S.K.	-	1 474	-	2
Autostrada Eksploatacja S.A.	1 403	-	422	-
Beyond.pl Sp. z o.o.	634	183	255	-
Ciech Sarzyna S.A.	3 064	726	1 262	166
Ciech Pianki Sp. z o.o.	203	-	85	-
Ciech Vitrosilicon S.A.	2 084	-	566	-
Ciech Transclean Sp. z o.o.	3	-	-	-
Ciech Soda Polska S.A.	22 800	-	4 074	-
Ciech Żywiec Sp. z o.o.	10 286	201	1 461	17
Total	40 477	2 644	8 125	185

For information on transactions with members of the parent's Management Board and Supervisory Board, see Notes 29 and 30.

33 Information on the total amount of remuneration and awards (in cash or in kind) paid or payable to members of the managing and supervising authorities of the parent

In the period ended 30 June 2020 and in the year ended 31 December 2019, remuneration of members of the Management Board of the parent and subsidiaries, and of the Supervisory Board was as follows:

Management Board	30.06.2020	31.12.2019
Michał Michalski	1 352	1 904
Iwona Sierżęga	715	702
Tomasz Kietliński	294	-
Piotr Maciolek	305	-
Jarosław Bogacz	374	-
Robert Nowak *)	422	1 069
Jacek Głowacki	-	1 126
Total	3 462	4 801

*) Mr. Robert Nowak receives relevant payments due to his resignation from his post in the Management Board on 16 December 2019.

Certain Management Board members are party to a mutual agreement on termination of employment within the next 6–12 months. If a Management Board member being party to such agreement resigns, the Company is required to pay a severance benefit equal to 30% - 100% of the remuneration received by such Management Board member over the last 12 months.

Supervisory Board	30.06.2020	31.12.2019
Hans E. Schweickardt	36	78
Marta Schmude	30	70
Orest Nazaruk	42	70
Brian Bode	36	61
Marjolein Helder	30	52
Adrian Dworzyński	30	42
Arkadiusz Jastrzębski	-	11
Kajetan d'Obyrn	-	17
Michał Kawa	-	17
Total	204	418

34 Transactions with members of the Group's Management Board and Supervisory Board, their spouses, siblings, ascendants, descendants, or other closely related persons

In the year ended 30 June 2020, there were no transactions with members of the Management Board and Supervisory Board, their spouses, siblings, ascendants, descendants, or other closely related persons.

35 Impact of COVID19 on the consolidated financial statements

In view of the COVID-19 outbreak, risk factors that may potentially impact the business and financial performance of the Group have been being monitored and identified on an ongoing basis. The Management Board has taken measures to mitigate the adverse impact of the coronavirus, however the final severity and magnitude of such impact are difficult to estimate.

The Management Board is of the opinion that Polenergia Group has so far been resilient to adverse economic environment caused by the COVID-19 outbreak. Very good financial performance achieved in 2020, including also the second quarter, show that the partial freezing of the Polish economy did not affect the operation of most of the segments operating within the Group. The drop of the national demand for electricity driven, among others, by the production plants and shopping malls has had its visible impact on the distribution segment only.

36 Material events after the reporting date

On 10 July 2020 the Company's subsidiary – Polenergia Farma Wiatrowa 3 Sp. z o.o. („Wind Farm”) – as the Borrower and the European Bank for Reconstruction and Development), mBank S.A., ING Bank Śląski S.A., Santander Bank Polska S.A. – as lenders („Lenders”) entered into the facilities agreement („Facilities Agreement”). Under the Facilities Agreement the Lenders shall grant to Wind Farm an investment loan totaling PLN 480,000k for the financing of construction of the Dębsk wind farm and the VAT loan up to PLN 73,000k during the construction period. Due to the Facilities Agreement, Wind Farm and the Company as a sponsor are obligated to provide a standard security package applied in project finance transactions. The Facilities Agreement provides for the repayment of the investment loan no later than by 10 June 2037 and of the VAT loan no later than by 31 March 2023. The loans bear interest at WIBOR plus the banks' margin.

On 29 July 2020, the subsidiary Polenergia Farma Wiatrowa Szymankowo Sp. z o.o. entered into an agreement amending and restating the existing loan agreement under which an investment loan will be granted for the financing of construction of a wind farm. The investment loan cap has been increased up to PLN 171 million and the VAT loan up to PLN 27 million.

On 3 August 2020 the subsidiary Polenergia Elektrociepłownia Nowa Sarzyna Sp. z o.o. („ENS”) received a decision of the President of the Energy Regulatory Office on the consumption cost of the collected natural gas an uncollected natural gas for 2019 due to ENS under the Act of 29 June 2007 on the terms of reimbursement of costs generated by the producers due to the accelerated termination of long term contracts for the sale of power and electricity (PL OJ 2019 item 1874) and the decision of the President of the Energy Regulatory Office on the determination of the annual adjustment factor with respect to the stranded costs for 2019. The sum of the abovementioned annual adjustments determined for ENS for 2019 totals ca. PLN 2,5m.