

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



WIND POWER



CONVENTIONAL ENERGY



DISTRIBUTION



TRADING

POLENERGIA GROUP

Q4 2019 Financial Results

March 2020

The year 2019 was full of events that enhanced the Group's performance

<p>+</p> <h3>Change of approach to RES by the Management Board</h3> <p>In 2019 the government of Poland launched RES auctions for onshore wind farms with capacity of ca. 2.5 GW and for PV projects with capacity of ca. 750 MW.</p> <p>Work has been intensified on the Offshore Wind Power Act. Numerous public mentions by government officials of the need to develop RES have been noted.</p>	<p>+</p> <h3>High windiness</h3> <p>Gross productivity of wind farms in 2019 amounted to 36% compared to 30% in 2018.</p>	<p>+</p> <h3>Wind farm RES auctions</h3> <p>In 2019 auctions took place, among others, for onshore wind farms with the capacity of ca. 2.5 GW. Polenergia won the RES auction with three wind farm projects (Dębsk, Szymankowo, Kostomłoty) totaling 186 MW.</p>	<p>+</p> <h3>Amendments to PPA/CPA at wind farms Mycielín and GSR:</h3> <p>Amendments permit more realistic reflection of the profile and balancing costs, as well as adopting more flexible rules of hedging sales of electricity and green certificates.</p>	<p>+</p> <h3>Pioneering financing of the Szymankowo project</h3> <p>Stable market conditions permitted the financing of the first wind project of this magnitude ever in Poland based on the energy market revenues in the <i>project finance</i> formula.</p>
<p>+</p> <h3>European Green Deal</h3> <p>The investment plan developed by EU provides for expending in the next decade EUR 1 trillion for the support of sustainable projects and creating incentives for investors.</p>	<p>+</p> <h3>High efficiency of trading business</h3> <p>Better performance in trading by 21m YOY resulting from effective use of the market opportunities.</p>	<p>+</p> <h3>ENS secured revenues from the capacity market for 2024 on auction</h3> <p>Additional revenues of 28.9m and better performance by 6.7m.</p>	<p>+</p> <h3>Sale of a 50% shares in MFW I</h3> <p>The project sales revenues amounted to 34m.</p>	<p>+</p> <h3>Development of offshore wind farms</h3> <p>The companies MFW I and MFW II were granted technical conditions for grid connection with the capacity, respectively, 1.56 GW and 240 MW</p> <p>The company MFW Bałtyk III obtained the environmental decision for electricity transmission infrastructure to connect the intended offshore electrical energy stations with the National Energy System.</p>

In consequence, in 2019 the Company net worth increased by 31% that is by 291m and record-breaking financial performance was observed.

Summary of major events Q4 2019



Fact

Outcome/Comment

- **Increased net worth of the Company**

— Share price increase from PLN 20.5 as at 31.12.2018 up to PLN 26.9 as at 31.12.2019 and PLN 29.8. as at 06.03.2020.
- **RES auctions - announced auctions for 2020 in two tiers (also for projects with capacity exceeding 1 MW):** Tier One auctions have been announced to take place around mid-year, with Tier Two in the fourth quarter of this year.

— This year's auctions for projects with capacity exceeding 1 MW provide for the purchase of EE from wind farms up to 800 MW and from PV up to 700 MW.

— Auctions for projects with capacity up to 1 MW provide for support to photovoltaic farms with total capacity of 800 MW.

— In view of the publication of the ordinance, bearing the signature of the Prime Minister, on the quantity and value of energy to be bought in auctions during 2020, it won't be necessary to once again amend the RES Act in order to hold auctions in 2020.
- **Offshore Act - the bill is in the public consultation process**

— The government intends to pass the bill dedicated to offshore wind power in Q1 2020.

— The draft regulations provide for a two-stage model of the support scheme. During the first stage, planned for the years 2020-22, with respect to farms with the capacity up to 4.6GW the right to redress the negative balance will be granted to projects that will have, among others, a grid connection contract in place. During the second stage, the right to redress the negative balance will be granted in auctions.

— First auctions have been scheduled for 2023, with the maximum duration of support being 25 years.
- **Act on Wind Farm Projects - signals of liberalization of the 10H rule**

— Ms. Jadwiga Emilewicz, Minister for Development, announced that preparations were being made of a bill on regulatory amendments with respect to onshore wind power industry in the first half of 2020.

— Following the public consultation process, a realistic date of entry into force of the new act is 1 January 2021.
- **PV Sulechów I - a concession was granted for the generation of electrical energy:** On 24.01.2020 the company Wind Farm 17 developing the PV Sulechów I project obtained the concession

— Being awarded a concession to generate electricity is tantamount to being admitted to the auction system.

— As of 2020 the Group recognized photovoltaics as a separate operating segment.
- **Start of the financing process of Dipol i Krzęcin wind farms:** On 26.02.2020 Dipol i Krzęcin wind farms signed facilities agreement.

— Total debt amounted to PLN 31.8m purposed to refinancing of Dipol outstanding debt, filling up debt service reserve accounts of the Borrowers and refinancing of Polenergia S.A equity contributed to the Borrowers.

— Debt repayment is planned no later than 7 years from facilities agreement signing date.
- **Distributions from the companies:** In Q4 2019 distributions totaling 58.7m were made from the Group projects, including: ENS (40m), WF Krzęcin (1.3m), WF Mycielin (14.7m) and Polenergia Dystrybucja (2.7m).

— In wind farm Krzęcin the existing distributions result in a record pace of return on the invested capital.

— First distribution from wind farm Mycielin.

— The Polenergia projects guarantee steady inflows to the Headquarters permitting implementation of further projects.
- **Debt prepayment in Amon, Talia and Mycielin wind farms**

— According to the loan agreement, in Q4 the loan was prepaid from the surplus cashflow in the amount of 10.9m (Amon PLN 3.6m, Talia PLN 2.4m, Mycielin PLN 4.9m).
- **Increase of prices of green certificates in Q4**

— Prices of green certificates increased from PLN 134 as at 31.09.2019 up to PLN 144.9 as at 31.12.2019 and PLN 151.5 as at 06.03.2020.

Summary of major events Q4 2019



Fact

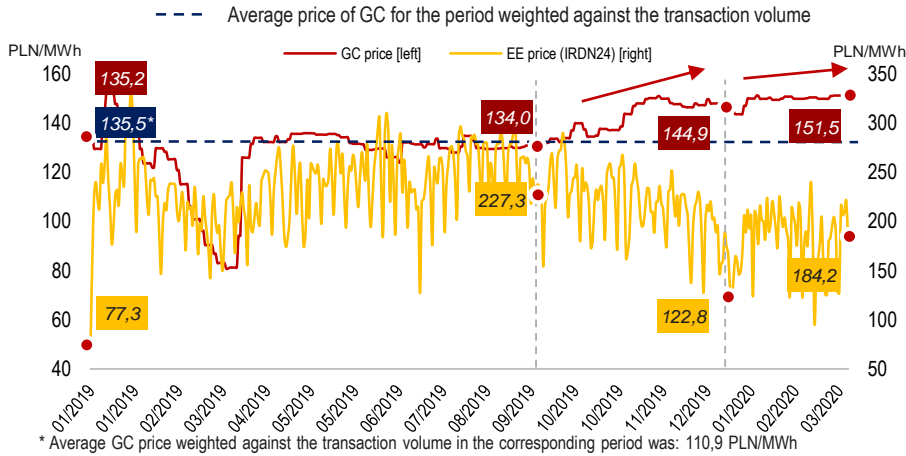
- **RES auctions for photovoltaic power plants:** In Q4 auctions for photovoltaic power stations took place (ca. 0.7 GW).
- **Polenergia Dystrybucja - received an unprofitable tariff for the sale of energy to households in 2020.**
President of ERO approved new tariff for Polenergia Dystrybucja on 27.02.2020
Until the new tariff was approved, Polenergia Dystrybucja was selling energy at the price from the 2018 tariff, i.e. at 235 PLN/MWh (as a result of the frozen prices, the Company had no tariff approved in 2019).
- **Drop in power prices:** Drop in the electricity forward contract quotations for 2021 from 272 PLN/MWh as at 30.09.2019 down to ca. 254.9 PLN/MWh as at 31.12.2019 and down to PLN 244.2 as at 06.03.2020.

Mitigation/ Comment

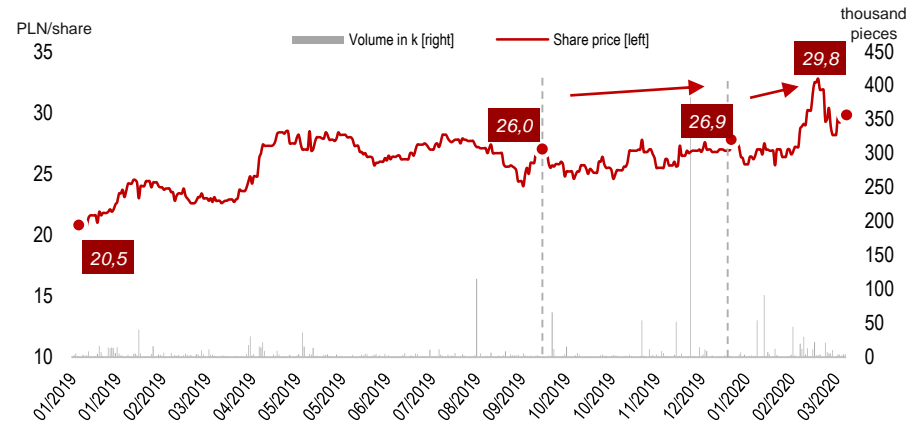
- Polenergia participated in the auction with its 2 PV projects (Sulechów II and Sulechów III) with the capacity of 20.7 MW. Both projects offered prices that were higher than the maximum price obtained in the auction, thus they won no support. Polenergia intends to participate with both projects in another auction in 2020.
- PV projects are not burdened with any risk of permit cancellation (as is the case with wind projects). This allows more aggressive bidding and the tactics of shifting projects to future auctions in order to capture more attractive prices.
- In view of those circumstances, the Company established a provision in December 2019 in the amount of PLN 918 k, which means that doesn't expect significant impact on EBITDA in 2020.
- Thanks to the ongoing market monitoring, a decision was made to hedge the electricity prices for 2020 and 2021 in part of the wind farm portfolio, thus mitigating the risk of the potential drop in electricity prices.
- The Group has been actively monitoring the situation on the energy market.
- In the opinion of the Group and independent market advisors, it is a short-term drop, whilst in the long-term perspective the growth of prices is expected.

Key indices and market prices (in the last 12 months)

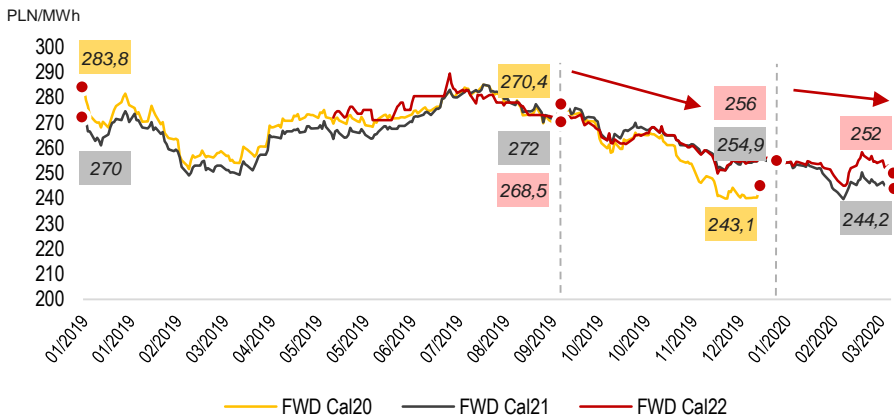
1 Prices of green certificates and electricity



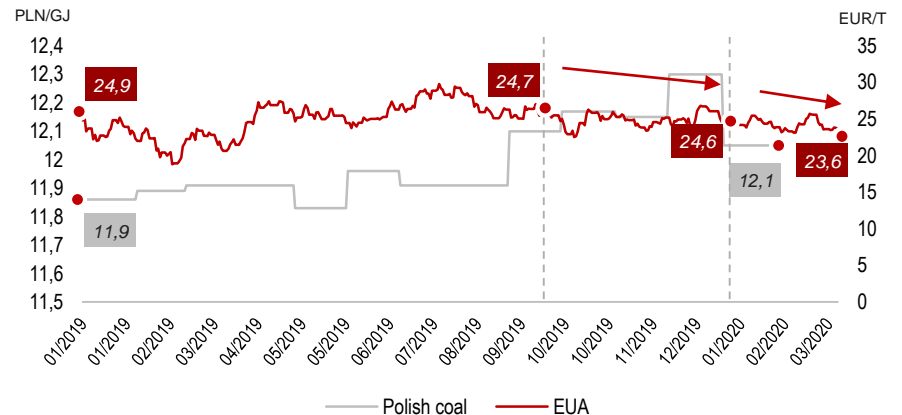
2 Stock exchange price quotations of Polenergia S.A. shares



3 Forward electricity prices



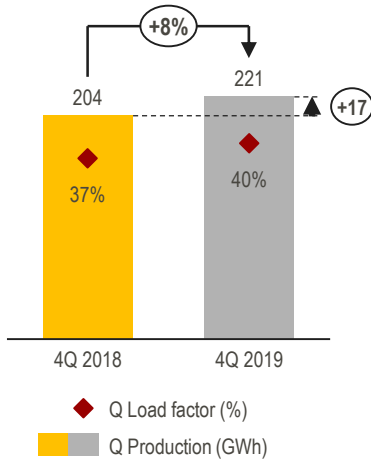
4 Coal price quotations and CO² emission allowance on the Polish market



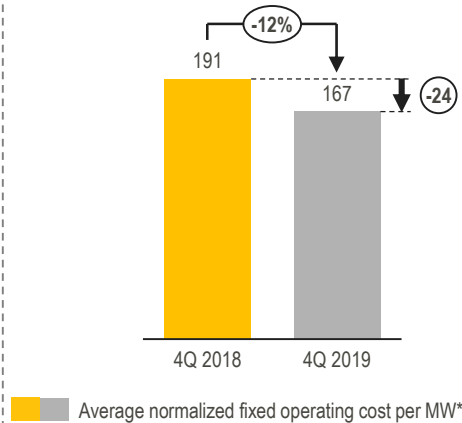
Summary of key operating parameters - Wind power segment

1 Wind farms production (gross) and LF%

Quarterly data

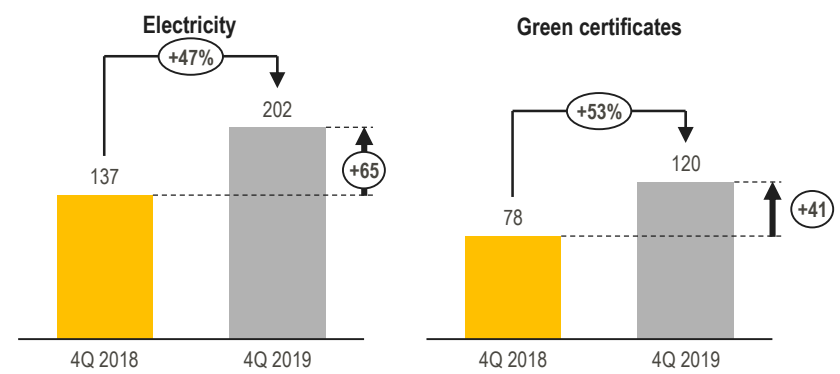


2 Average fixed operating cost per MW in wind farms* [PLN k/MW/year]

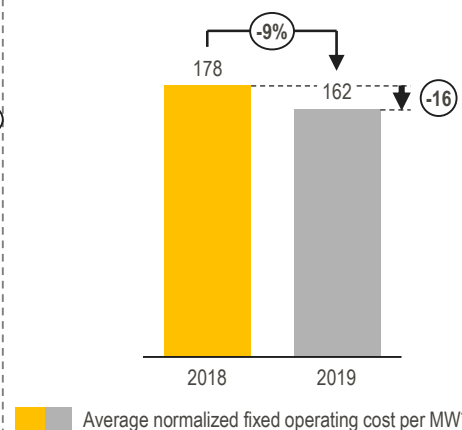
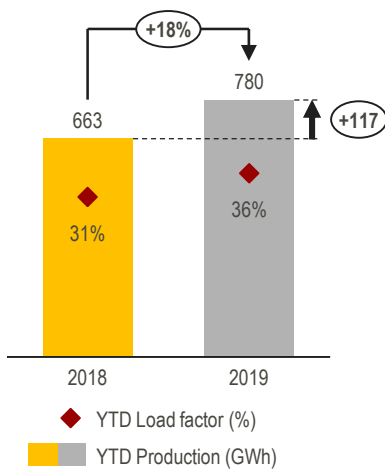


* Average fixed operating cost in 2018 was normalized to include the adjustment of the 2017 real estate tax provisions in Gawlowice and Skurpie (100.8 PLN/MW). The average operating cost before normalization is 291.9 PLN/MW.

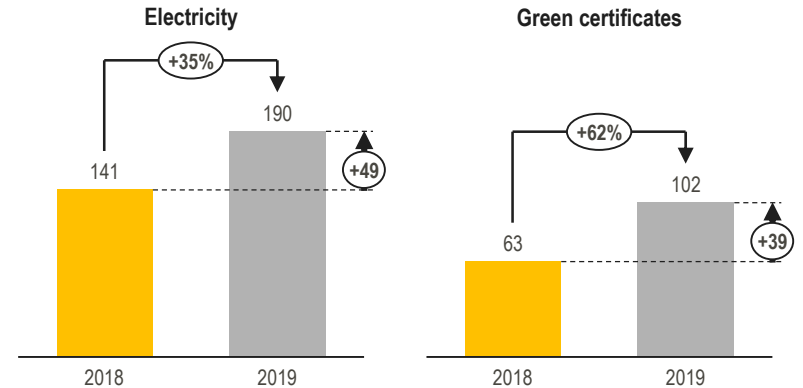
3 Average revenue per MWh (after balancing and profile cost) at the Group level [PLN/MWh]



YTD figures

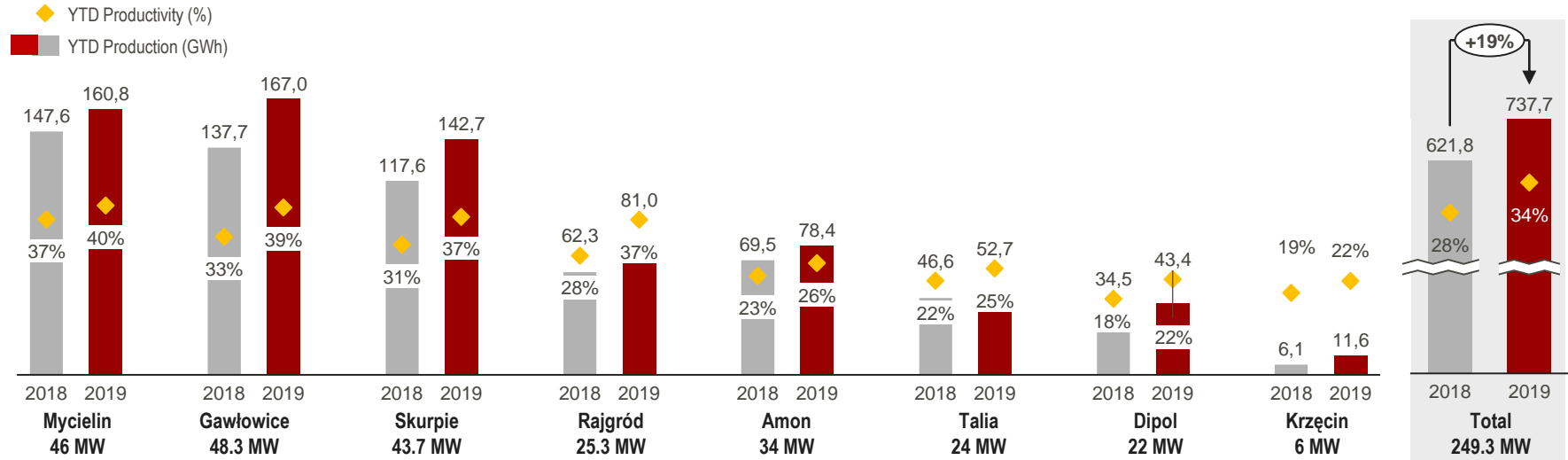


* Average fixed operating cost in 2018 was normalized to include the adjustment of the technical servicing cost in Mycielín and the provision for the 2017 real estate tax in Gawlowice and Skurpie (13.4 PLN/MW). The average operating cost before normalization is 191.9 PLN/MW.

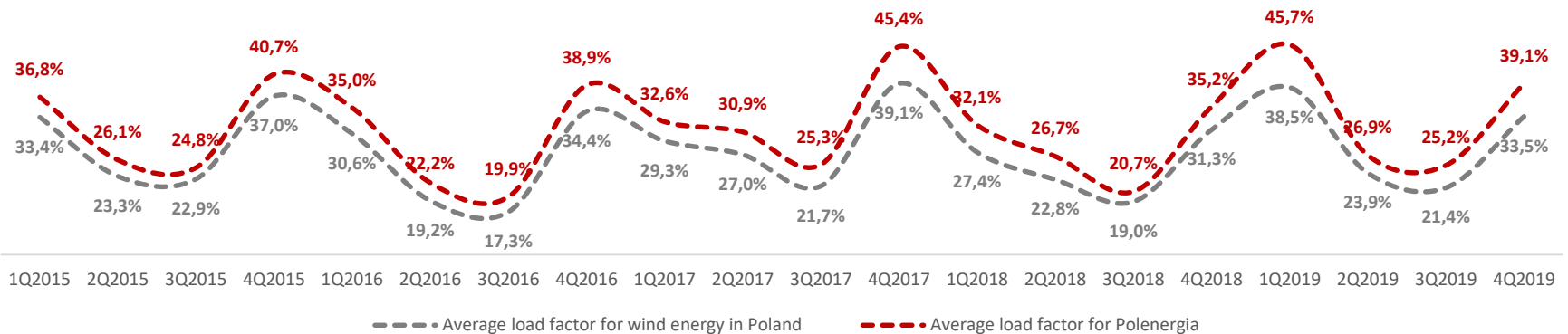


Wind power - production

(Net) Production, YTD



Net productivity of Polenergia farms above the average*



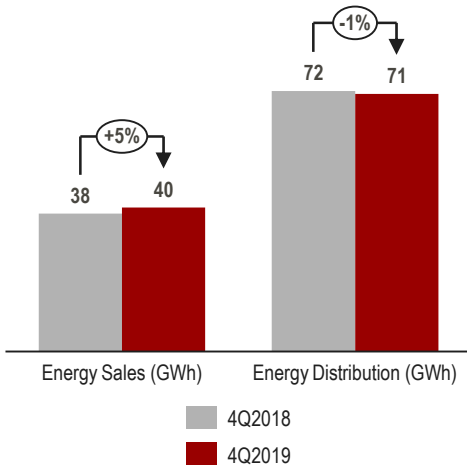
* Comparison made based on net productivity (after own consumption and losses) in view of the availability of data on that sector

THE USE OF STATE-OF-THE-ART TECHNOLOGIES, VERY GOOD LOCATION OF PROJECTS AND AN EXPERIENCED TECHNICAL TEAM PERMIT TO CONSTANTLY ACHIEVE HIGHER OUTPUT THAN THE MARKET AVERAGE.

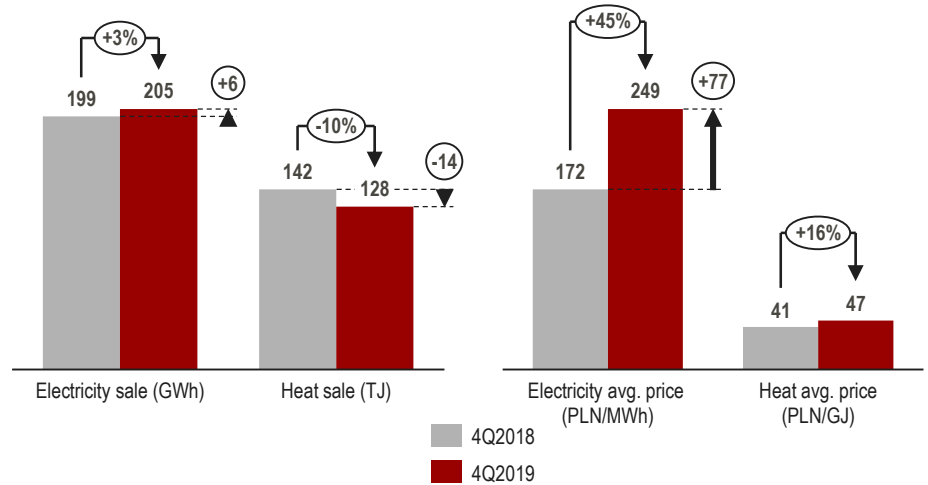
Summary of key operating parameters

4 Distribution segment – sales [GWh]

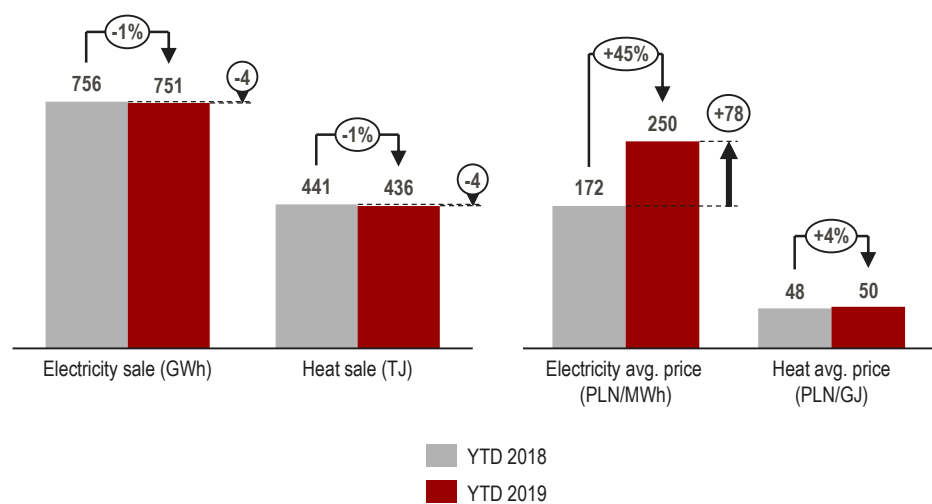
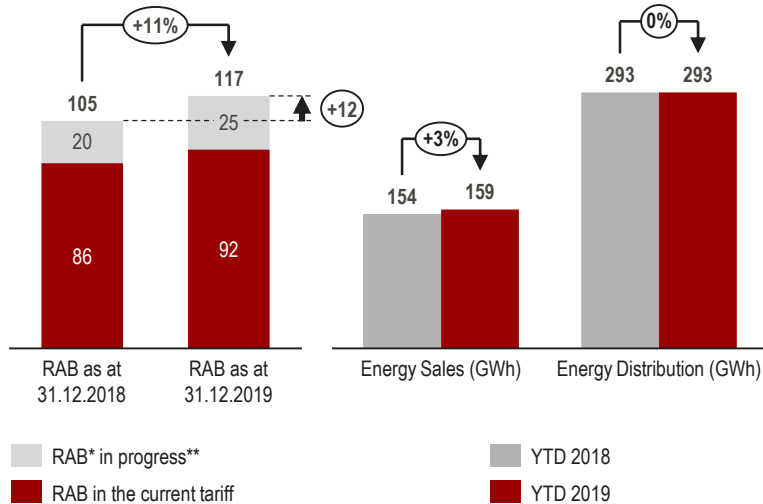
Quarterly data



5 Conventional energy segment - sales[GWh] and average prices[PLN/MWh]

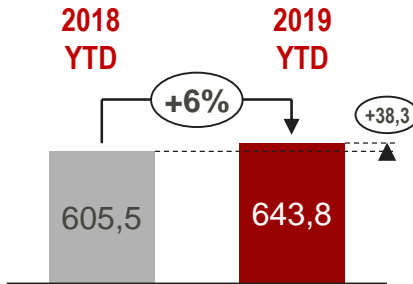
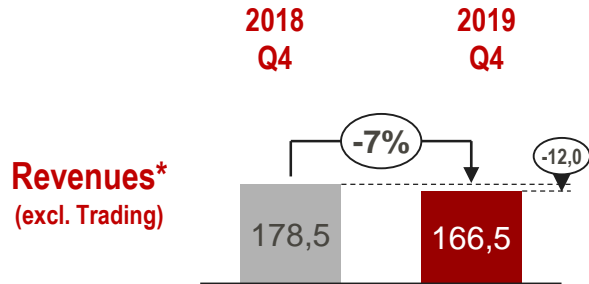


YTD figures

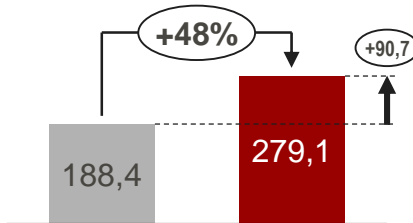
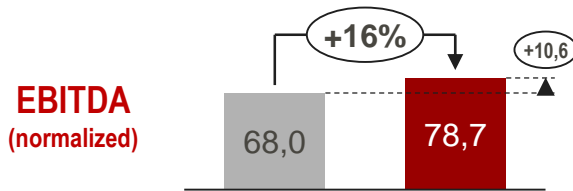


* Regulatory Asset Base
 ** Expenditure already made but not reflected in the distribution tariff. Such inclusion will take place during successive updates of the tariff.

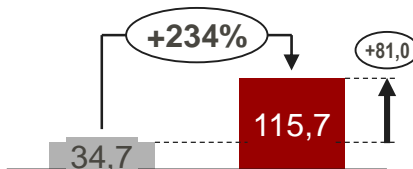
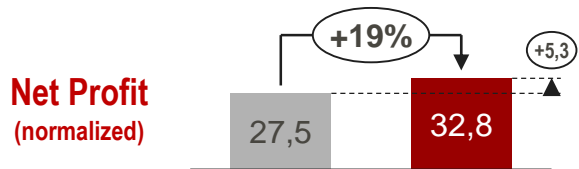
Summary of key figures



- **Q4:** Revenues lower due to decrease of the conventional segment revenues partly offset by higher wind farm power segment revenues.
- **YTD:** Higher revenues due to increased revenues of the wind power segment partly offset by lower revenues in the conventional segment.



- **Q4:** Increased EBITDA predominantly as a result of better performance of the wind power segment (25m) and in the trading segment (6m) partly offset by worse performance in the conventional energy segment (-22m).
- **YTD:** Increased EBITDA predominantly as a result of better performance of the wind power segment (83m) and in the trading segment (31m) partly offset by worse performance in the conventional energy segment (-29m).



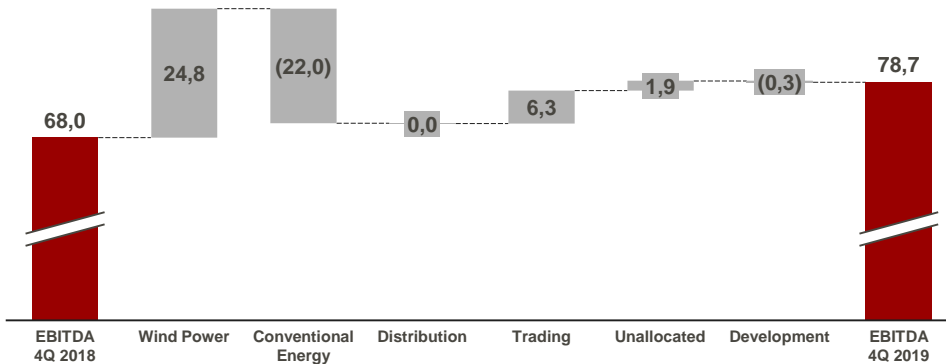
- Increased net profit is an effect of higher EBITDA and lower finance expenses, as well as lack of tax efficiency in 2018 offset by higher depreciation/amortization.

* In Q4 the Group changed its accounting policy in terms of disclosure of revenues from certificates of origin granted as reduction of the cost of goods sold. The annual value of correction of PLN 11.5m was reconized in Q4 2019.

SIGNIFICANT IMPROVEMENT OF PERFORMANCE PREDOMINANTLY DUE TO BETTER WINDINESS, HIGHER PRICES OF ELECTRICITY AND GREEN CERTIFICATES, AS WELL AS BETTER COMMERCIAL OPERATIONS RISK MANAGEMENT

EBITDA by operating segments

Q4



Comments

Wind Power: better performance driven by higher production volumes and higher prices of electricity and green certificates. In addition, lower operating costs in 2019 as a result of the 2017 real estate tax provision booked in December 2018 and lack of rental costs in EBITDA (MSSF 16) in 2019. Above was partly offset by higher technical service costs due to reversal of part of the Vestas historical costs in 2018.

Conventional Energy: lower result is driven by lower revenues from stranded costs compensation mainly due to the change in allocation of such stranded costs compensation in December 2018 (lower expected loss on electricity in 2019 and 2020), lower revenues from the gas costs compensation (change of the Wg index and lower adjustment of gas costs for 2018 recognized in July 2019) and lack of revenues from yellow certificates following the expiration, with the end of 2018, of the existing support system for gas cogeneration.

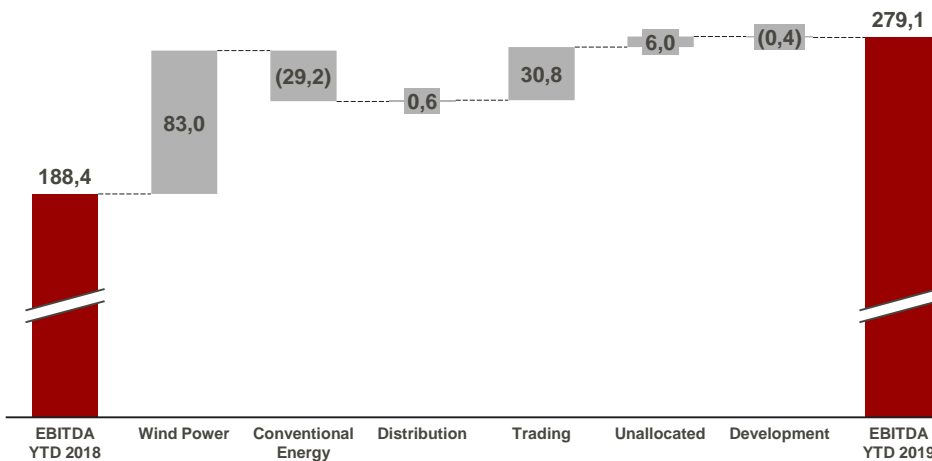
Distribution: better performance due to higher distribution margin, offset by lower other operating revenues and lower energy sales margin.

Trading: better result on trading in electricity (better trading risk management and lower price volatility on the market), execution of the structured contracts and higher margin on the wind farm portfolio (higher sales prices of green certificates and better performance on electricity as a result of the growth of volume). In addition, the result on the wind farm portfolio includes remeasurement of the green certificate inventory. The above-mentioned phenomenon was partly compensated by lower performance on other contracts in view of the termination of a long-term contract with a third party for the services related to production assets.

Unallocated costs: The result of Unallocated item in 2019 was higher by PLN 6m year on year predominantly due to higher EBITDA on biomass operations (+ PLN3.7m) and lower costs resulting from the VAT adjustment for the period 12.2017-11.2018, lower costs of headquarters' third party services and the costs borne in 2018 as a result of the sale of shares in companies dealing with offshore wind farm projects and the exercise of two call options on shares. EBITDA higher by PLN 1.9m in Q4 2019 stems mainly from the recognition of better performance (by PLN 1.3m) on biomass operations in connection with the stabilization on the biomass market and the restructuring process of the companies belonging to the biomass segment in progress since 2018, together with the sale of the assets of Biomasa Południe plant.

Development: EBITDA of the development segment was similar to one achieved the preceding year.

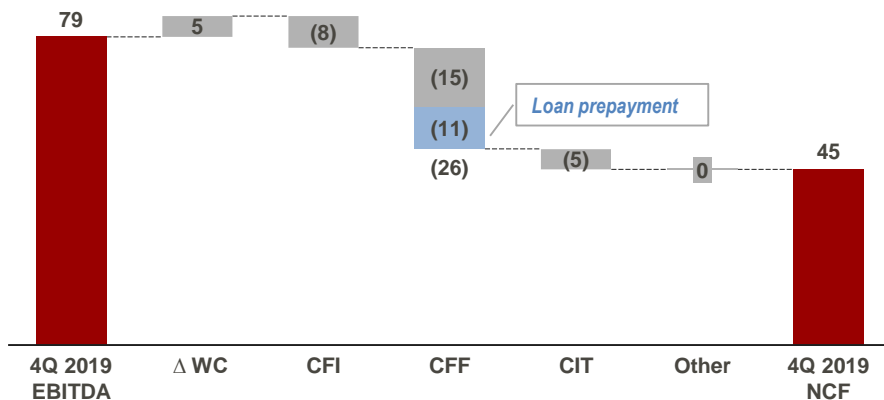
YTD



SIGNIFICANTLY BETTER PERFORMANCE OF WIND POWER AND TRADING SEGMENTS OFFSET BY LOWER RESULT IN THE CONVENTIONAL ENERGY SEGMENT

Cash flow of Polenergia Group

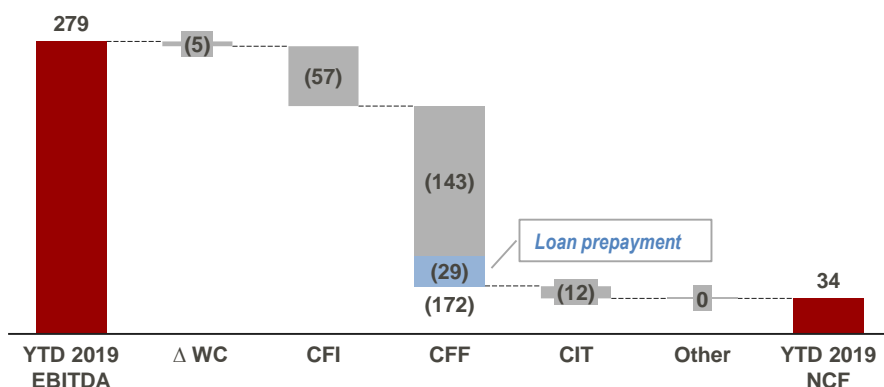
Q4



Comments

- **Δ WC:** Movements in working capital of ENS (drop in receivables from both types of compensation partly offset by lower provision for CO2 allowances and drop in inventories) and changes in the distribution segment.
- **CFI:** Capex in Onshore RTB and PV projects and distribution network development. Additional payments for Offshore project. Cash inflows from the transfer of shares in offshore projects.
- **CFF:** Repayment of the investment loan in the distribution segment (PLN -0.7m) and in the wind power segment (PLN -21.6m) includes the prepayment of the investment loan of PLN 11m in Amon, Talia and Mycielin wind farms. Incurring a loan by distribution segment (PLN 6.7m). Repayment of the overdraft in the trading segment (PLN -0.1m). In addition, repayment of interest and lease costs in the wind power, conventional energy and distribution segments (PLN -11m).

YTD



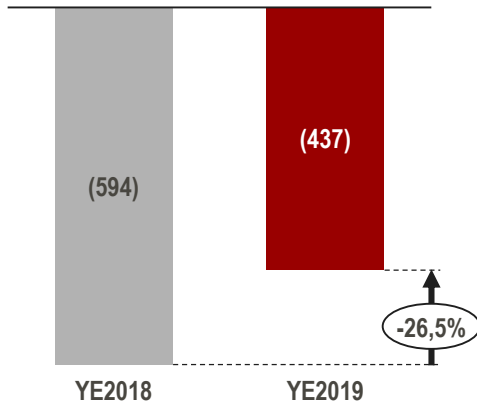
Comments

- **Δ WC:** Movements in working capital of ENS (deferral of payment date for the electricity invoice and heat, as well as VAT on CO2 purchase - change of the taxation rules) offset by changes in the segments of wind power, distribution and trading.
- **CFI:** Capital expenditures on Onshore RTB and PV projects, distribution network development and rehabilitation at ENS. Additional payments for Offshore project. Cash inflows from the transfer of shares in offshore projects.
- **CFF:** Repayment of the investment loan in ENS (PLN -11.4m), in the distribution segment (PLN -2.3m) and in the wind power segment (PLN -71.9m) includes the prepayment of the investment loan of PLN 29m in Amon, Talia and Mycielin wind farms. Incurring a loan by distribution segment (PLN 14.4m). Repayment of the overdraft facility in the trading segment (PLN -28.8) and in ENS (PLN -26m). In addition, repayment of interest and lease costs in the wind power, conventional energy and distribution segments (PLN -45m).

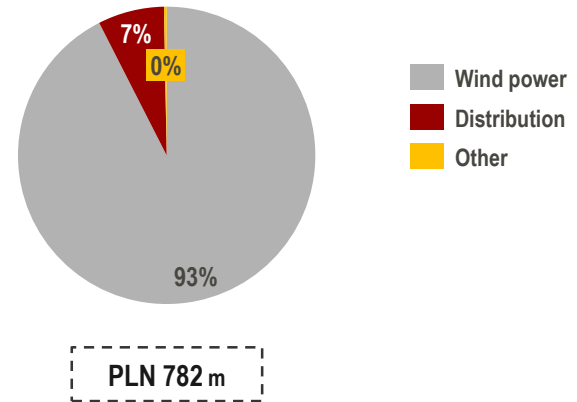
EBITDA 2019 PERMITTED FINANCING INVESTMENT CASH FLOWS (57M) FROM WIND FARM AND PV PROJECTS, AS WELL AS DEBT SERVICE IN THE WIND FARM SEGMENT, REPAYMENT OF OVERDRAFT IN THE TRADING AND CONVENTIONAL SEGMENTS AND PREPAYMENT OF LOAN IN AMON, TALIA AND MYCIELIN WIND FARMS

Debt structure as at 31 December 2019

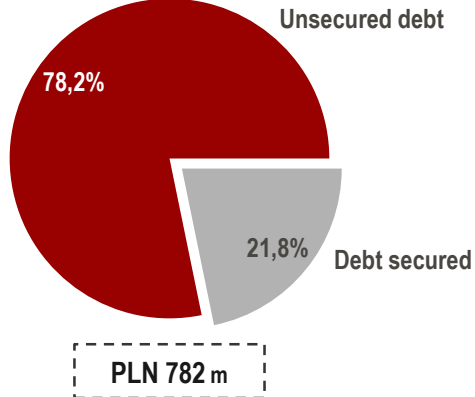
Net debt (YE2018 vs. YE2019)



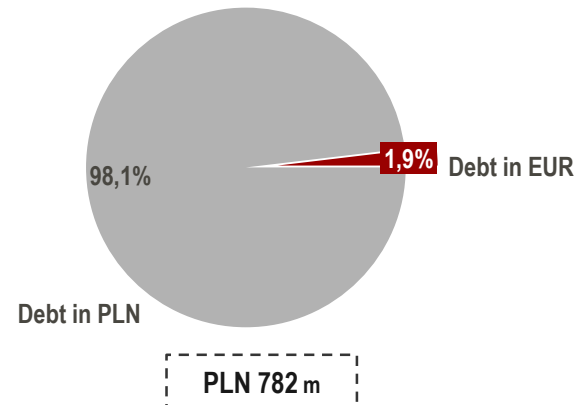
Debt structure by segment



Debt structure - interest rate hedging



Debt structure by currency (EUR vs. PLN)



**CONTINUED REDUCTION OF NET DEBT
NO CURRENCY RISK. INTEREST RATE RISK HEDGED IN CA. 22%**



WIND POWER



CONVENTIONAL ENERGY



DISTRIBUTION

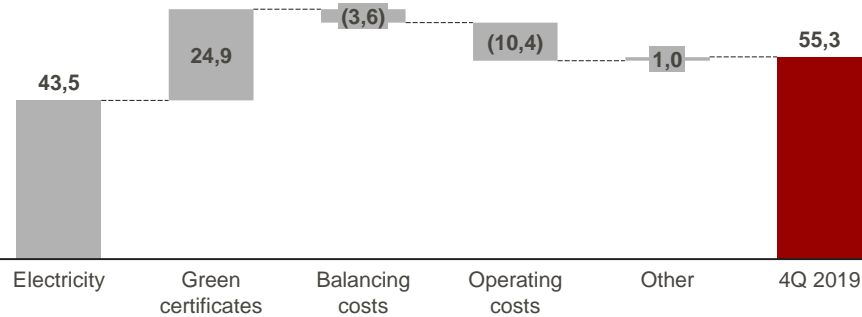


TRADING

Summary of segment results

Wind power - Q4

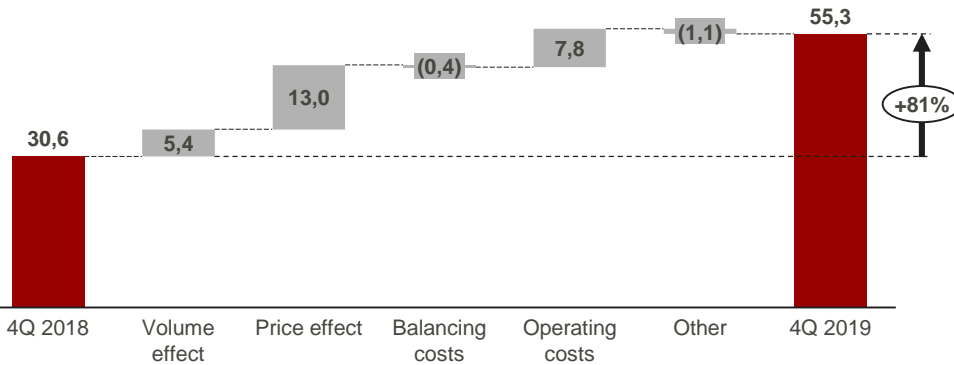
1 EBITDA build-up



Comments

- Production volume of electricity and green certificates higher by 17 GWh.
- Increase in sales prices of green certificates and electricity (by PLN 65.7/MWh in total) on the level of segment.
- Lower operating costs due to establishment of 2017 real estate tax provision in Gawłowice and Skurpie in December 2018.

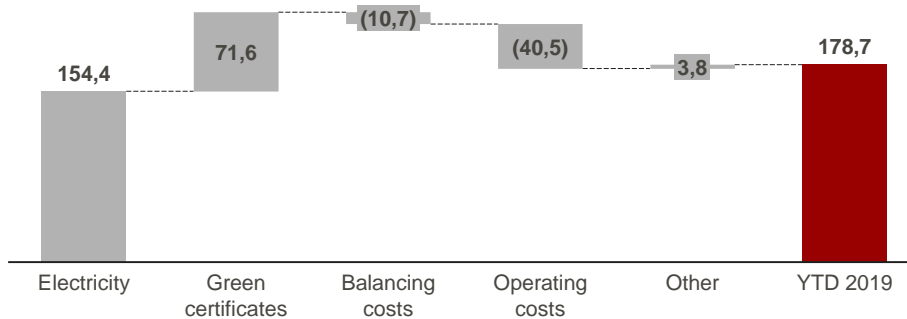
2 EBITDA bridge



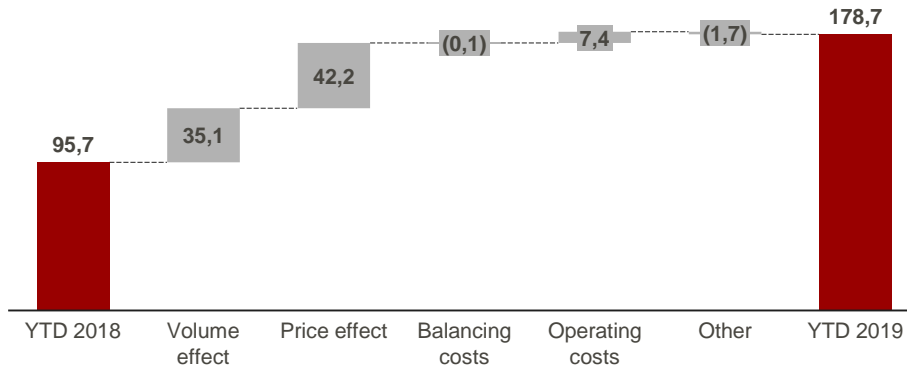
HIGHER PRODUCTION VOLUMES AND HIGHER SALES PRICES OF GREEN CERTIFICATES AND ELECTRICITY

Wind power - YTD

1 EBITDA build-up



2 EBITDA bridge



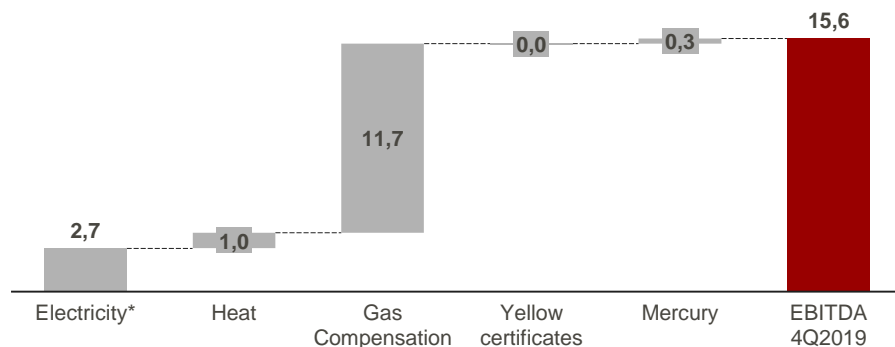
Comments

- Electricity production volume higher by 115.8 GWh, with green certificates production volume higher by 117.9 GWh.
- Increase in sales prices of green certificates and electricity (by PLN 66/MWh in total) on the level of segment.
- Positive deviation of the operating cost results mainly from the booking in December 2018 of the 2017 real estate tax provision in Gawłowiec and Skurpie and no lease cost in EBITDA required by the change in accounting standards (after IFRS 16 came into force) in 2019. The above was partly offset by negative deviation of the technical servicing costs in 2019 given lower technical servicing costs in Mycielin in 2018 resulting from reversal of part of historic costs of technical servicing as a consequence of the settlement with Vestas.

HIGHER PRODUCTION VOLUME, HIGHER SELLING PRICES OF GREEN CERTIFICATES AND ELECTRICITY

Conventional energy - Q4

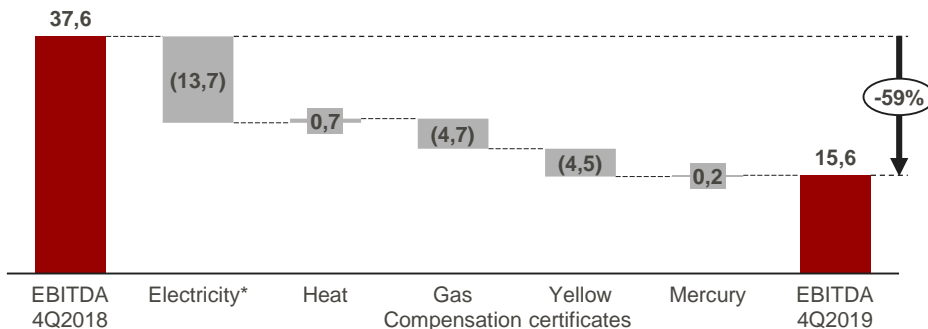
1 EBITDA build-up



Comments

- Lower performance on electricity results from lower stranded cost compensation revenues (Q4 2018 impact of higher margin on electricity sales in 2019 and 2020 in connection with the update (+) of energy prices and (-) CO2 prices, on the change of allocation of stranded costs compensation allocation throughout the entire compensation term).
- Higher revenues from gas compensation in Q42018 vs Q42019 result from the change of the forecast Wg index for 2018 (from 0.46 to 0.53).
- No revenues from yellow certificates 2019 - the existing cogeneration support scheme ended in December 2018.

2 EBITDA bridge

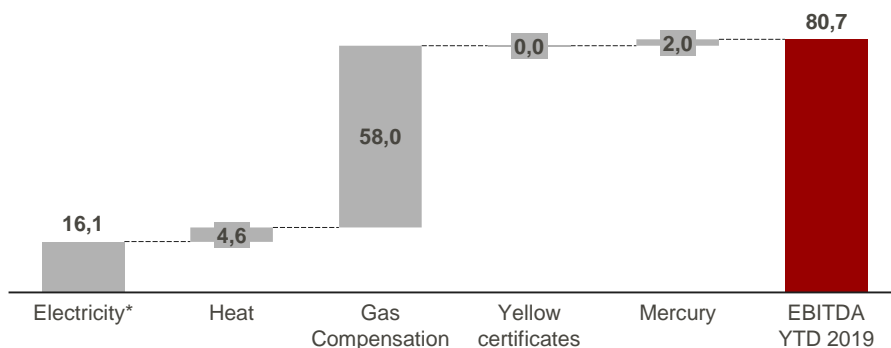


* Includes stranded cost compensation and revenue from black-start services

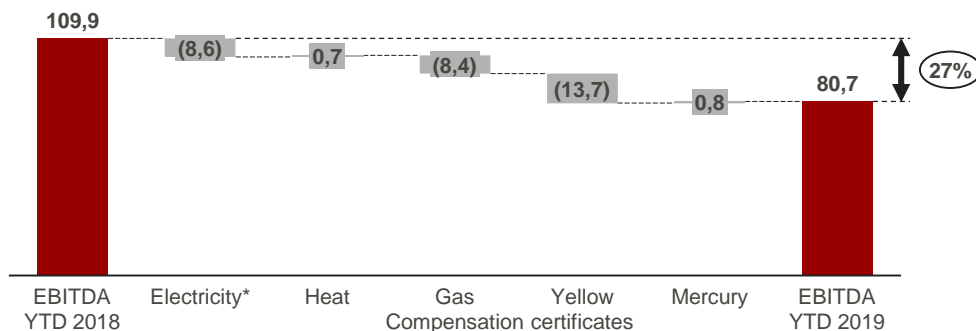
LOWER EBITDA DUE TO LOWER REVENUES FROM STRANDED COSTS COMPENSATION AND GAS COMPENSATION, AS WELL AS NO REVENUES FROM YELLOW CERTIFICATES

Conventional energy - YTD

1 EBITDA build-up



2 EBITDA bridge



* Includes stranded cost compensation and revenue from black-start services

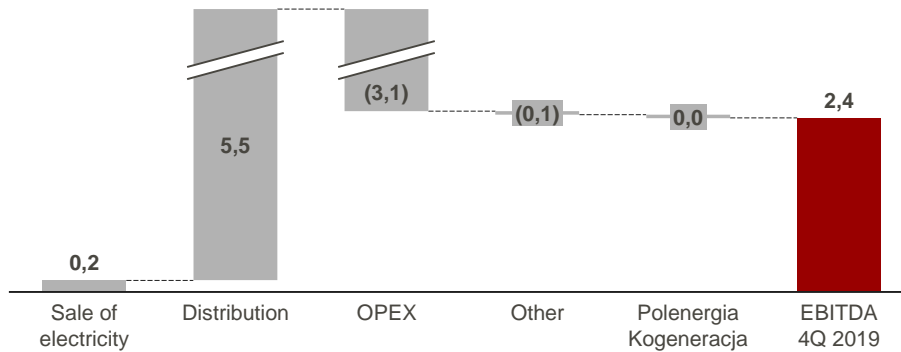
Comments

- Lower performance on electricity results from lower stranded cost compensation revenues compared to 2018 in view of the change of allocation of stranded cost compensation in December 2018 as a result of :
 - ✓ lower anticipated loss on electricity in 2019 and 2020:
 - (+) update of electricity prices for 2019 and 2020
 - (-) update of CO2 prices in the years 2018-2020
 - ✓ lower delta between the operating loss on energy and revenues from stranded costs compensation. No change of allocation was made in 2019.
- Lower revenues from gas compensation in 2019 compared against 2018 result from the change of the forecast Wg index +PLN 4.4m (change from 0.46 to 0.53) in December 2018 and lower adjustment of gas costs for 2018 (PLN +15.2m) recognized in July 2019 compared against the adjustment for 2017 (PLN +20.8m) recognized in July 2018.
- Lack of revenues from yellow certificates in 2019 following the expiration, with the end of December 2018, of the existing support system for cogeneration.

LOWER EBITDA DUE TO LOWER REVENUES FROM STRANDED COSTS COMPENSATION AND GAS COMPENSATION, AS WELL AS NO REVENUES FROM YELLOW CERTIFICATES

Distribution - Q4

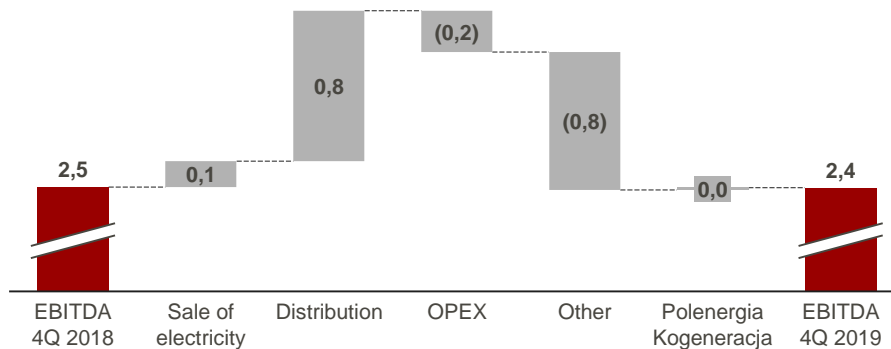
1 EBITDA build-up



Comments

The distribution segment recorded in Q42019 EBITDA result comparable to the corresponding period of the preceding year which is mainly a consequence of higher margin on distribution offset by lower other operating revenues (the Company received a refund of RET in Q42018).

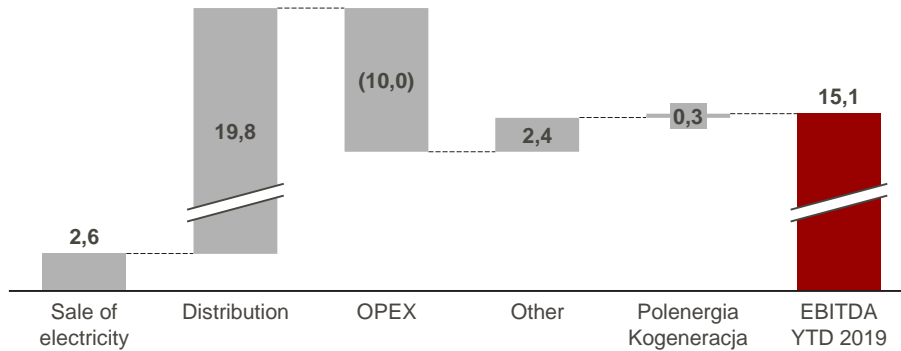
2 EBITDA bridge



STABLE OPERATIONAL ACTIVITY INCREASE OF MARGIN ON ELECTRICITY DISTRIBUTION.

Distribution - YTD

1 EBITDA build-up

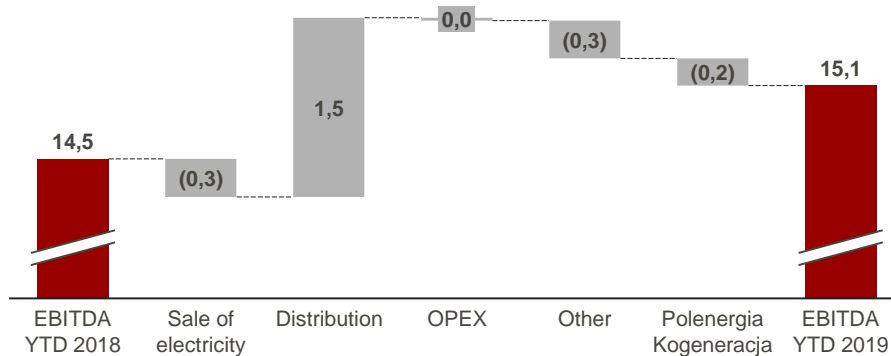


Comments

The distribution segment featured a growth of EBITDA by PLN 0.6m compared to the corresponding period of the preceding year, mainly because of:

- higher distribution margin,
- lower other operating revenues (high refund of real estate tax received in 2018),
- lower energy sales margin.

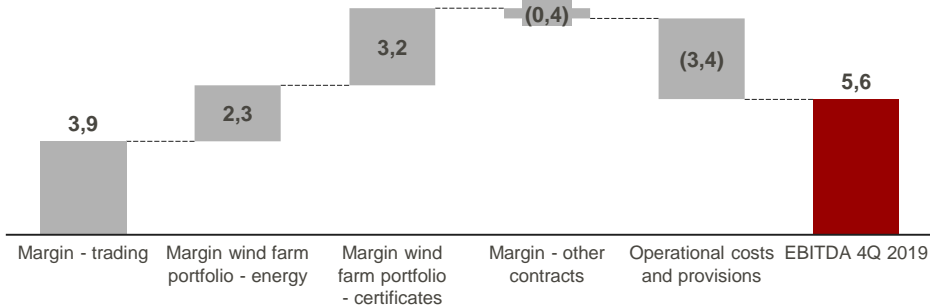
2 EBITDA bridge



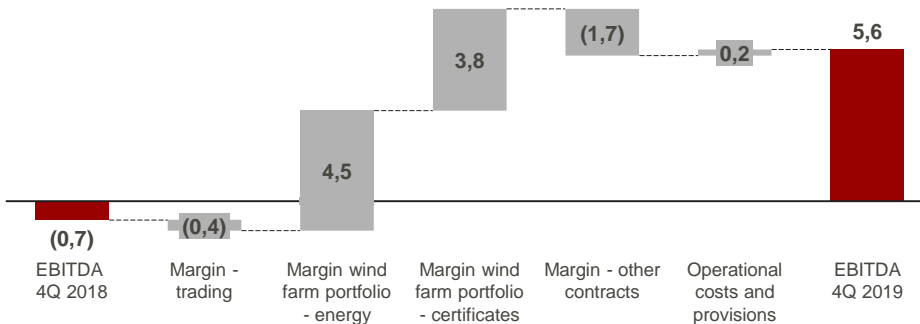
STABLE OPERATIONAL ACTIVITY HIGHER EBITDA DUE TO INCREASED MARGIN ON ENERGY DISTRIBUTION.

Trading - Q4

1 EBITDA build-up



2 EBITDA bridge



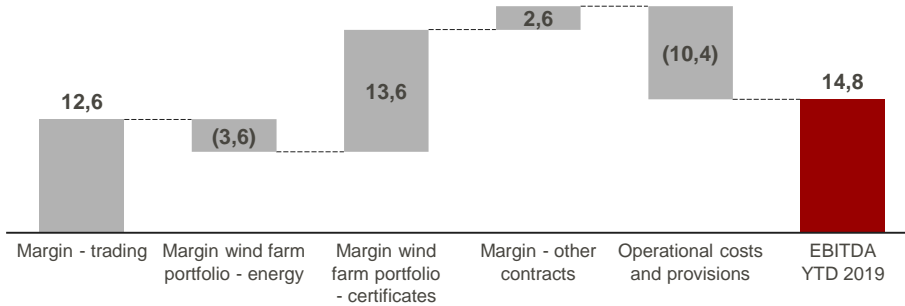
Comments

- Lower result on the trading portfolio due to worse result on short-term trading in Q4 2019.
- Higher margin on the wind farm portfolio due to higher sales prices of green certificates and better result on electricity as a consequence of the marketization of profile costs in PPAs with wind farms. In addition, the result on certificates in the wind farm segments includes the valuation of green certificates inventory on the level of wind farms in the amount of (PLN -2.74m) reflecting the change of the measurement outcome compared to Q3 2019.
- Lower performance on other contracts.

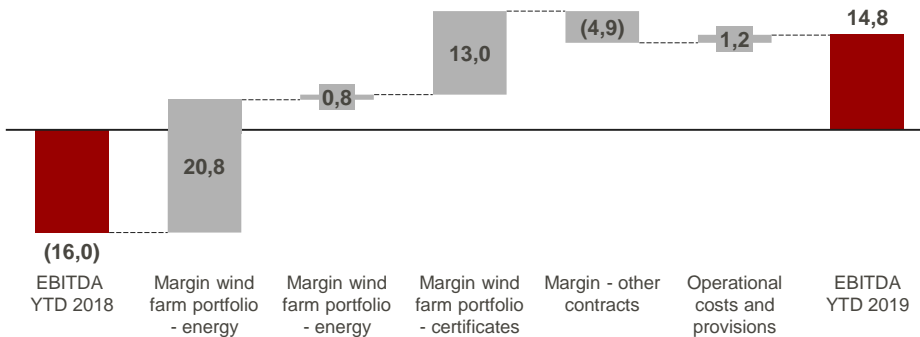
VERY GOOD RESULT ON TRADING IN GREEN CERTIFICATES, OFFSET BY LOWER RESULT ON OTHER CONTRACTS

Trading - YTD

1 EBITDA build-up



2 EBITDA bridge



Comments

- Better performance of electricity trading due to improved commercial operations risk management.
- Higher margin on the wind farm portfolio due to higher sales prices of green certificates and better result on electricity as a consequence of the marketization of profile costs in PPAs with wind farms. In addition, the result on certificates in the wind farm segments includes the valuation of green certificates inventory on the level of wind farms in the amount of (PLN 1.74m).
- Lower result on other contracts due to the recognition, in Q3 2018, of the result of electricity sales transactions for 2019.
- Lower cost of commission.

GOOD RESULT ON TRADING OF ELECTRICITY AND GREEN CERTIFICATES, AS WELL AS LOWER COSTS OF COMMISSION, OFFSET BY LOWER RESULT ON OTHER CONTRACTS

Projects under development

Wind farms (Szymankowo, Dębask, Kostomłoty, Piekło):

- The projects of Dębask, Szymankowo and Kostomłoty won the RES auctions for wind farms (186 MW).
- The construction of the Szymankowo wind farm is in progress. It is the first project in Poland of such magnitude that is independent on the support scheme. On 5.11.2019 an investment loan agreement up to PLN 107m and the VAT loan agreement up to PLN 20m was signed. An agreement with Siemens Gamesa Renewable Energy for the supply of turbines and technical servicing was signed. A construction contract was entered into with the company Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A. [Road and Engineering Company].
- Commencement of construction works under the projects of Dębask and Kostomłoty wind farms has been scheduled for 2020.

Offshore wind farms:

- The Group has been preparing for the construction of three offshore wind farms (Polenergia Bałtyk I S.A., MFW Bałtyk II Sp. z o.o. and MFW Bałtyk III Sp. z o.o.) located on the Baltic Sea with an aggregate capacity up to 3000 MW. The commencement date of construction of those farms depends on the date of an applicable regulatory system coming into force, with our assumption that first supplies of energy from the Offshore Wind Farms will be possible already in 2025.
- On 28 January 2019 the company MFW Bałtyk II sp. z o. o. was granted connection terms by PSE for the aggregate capacity of 240 MW which means a potential increase of the total capacity of the offshore wind farms (MFW Bałtyk II sp. z o. o. and MFW Bałtyk III sp. z o. o.) from 1200 MW to 1440 MW.
- On 30 January 2019 the company Polenergia Bałtyk I S.A. was granted the connection terms by PSE for the aggregate capacity of 1560 MW.
- Based on the connection terms received from PSE, talks have been held with the Operator aimed at the signing of the connection contracts.
- In December 2019 a final agreement was finalized with Wind Power AS, a company of the Equinor Group, for the sale of a 50% shares in the company MFW Bałtyk I sp. z o.o. being the sole shareholder to the company Polenergia Bałtyk I S.A. and developing a project of 1560 MW.

Biomass power plant (Wińsko):

- This project is offered for sale to potential buyers. Preliminary talks are held with prospective stakeholders.

Photovoltaic farms:

- The development was completed of 8 photovoltaic farms with total capacity of 8 MW that were successful bidders in a 2018 auction and thus were granted the right to cover the negative balance with reference to the price for the produced electricity quoted in the auction for a 15-year period. An operating permit was issued for the Sulechów I project and the Company developing that project was granted a concession for the generation of electricity.
- According to the loan agreement entered into on 22 October 2019 with ING Bank Śląski, the Bank will grant a loan to the Company Farma Wiatrowa 17 Sp. z o.o. to refinance the capital expenditures for the development of 8 photovoltaic farms amounting to max. PLN 15,5m and will provide financing for the construction of further photovoltaic farms with total capacity of up to 12 MW and to service VAT payments up to PLN 29m, subject to, among others, the successful bid of the Company in the RES auction and subject to an investment decision regarding the project.
- On 20 December 2019 the projects: Sulechów II and Sulechów III with the total capacity of 20.7 MW did not win the auction for the sale of energy from renewable energy sources. Since the projects with aggregate capacity of 12MW were not successful in the 2019 RES auction, the loan is available only for the project of 8 photovoltaic farms.
- The Group intends to have three photovoltaic projects with the total capacity of ca. 29 MW ready for the auction in 2020. Further projects with the capacity of ca. 80 MW are at their early stage of development.