

Answers to shareholders' questions at the General Meeting of ENEA S.A. held on 20 May 2019

1. One of the risks identified in 2018 was the risk of failure to achieve the economic goal of the envisaged construction of Ostrołęka C Power Plant – how is the Management Board monitoring the risk?

The Management Board monitors the risk in monthly cycles whereby every risk owner conducts a current risk factors assessment. The monitoring of the risk of failure to achieve the economic goal of the envisaged construction of Ostrołęka C Power Plant is performed in accordance with the corporate risk management policy in place in ENEA Group.

2. Since the project (Ostrołęka C) was ordered to proceed with the works in the reported financial year, what are the cost-effectiveness analyses of the unit construction compared to gas units, in the context of the developments on the CO₂ market? There are analyses suggesting that CO₂ prices may break the barrier of EUR 30, or even EUR 50. Does the project risk analysis consider such risks?

Such analyses are prepared by independent institutions and their results are used for long-term forecasting, including for analyses of the cost-effectiveness of investment projects.

The financial model of the Ostrołęka C project includes price forecasts for CO₂ emission allowances, hard coal, electricity, etc. (so-called energy price curves) developed by an independent advisor. Generally, these forecasts included scenarios of energy market development, in particular the energy mix, similar (but differing in some aspects) to those provided for in the draft Energy Policy of Poland until 2040.

3. What about the cost of transporting coal? It has been reported that Ostrołęka C project has signed long-term contracts for coal delivery from PGG. It gives us the transportation cost of PLN 1.5–2 per 1 GJ from Silesia to Ostrołęka, as it seems that LW Bogdanka will not serve this unit, given that even the Połaniec power plant purchases coal from PGG.

We do not comment on the details of contracts concluded by Elektrownia Ostrołęka Sp. z o.o.

LW Bogdanka already supplies coal to Ostrołęka B.

4. On 2 May this year, the Company announced a communication on finalising the contract for the original financing by the Company. On the costs side, there is over PLN 1.181 billion spent in 2018, and 819 million to be secured in 2021. What about further financing, considering the fact that, as at today, the Company's shares in the project are at 50 percent and the project is expected to cost approx. PLN 6 billion gross?

In total, from 2017 to 2018, ENEA S.A.'s expenditure on the purchase of shares supplying capital to Elektrownia Ostrołęka Sp. z o.o. amounted to PLN 271.4 million. On 28 December 2018, ENEA S.A. concluded a memorandum of understanding with Energa S.A. and Elektrownia Ostrołęka Sp. z o.o. (SPV). In the agreement, ENEA S.A. declared its financial involvement in the Ostrołęka C Power Plant project at the Construction Stage (initiated by the issuance of Notice To Proceed (NTP) to the General Contractor) amounting to PLN 1 billion, and Energa S.A. – to an amount not smaller than PLN 1 billion. The planned total amount of ENEA S.A.'s financing involvement in this project will thus be PLN 1,271.4 million.

Work on defining the final form and structure of the Project financing is ongoing.

5. The Parties to the Memorandum of Understanding undertook to make efforts to ensure non-consolidation of the Company's results with their results – current report of 30 April 2019. If the Company does not wish to consolidate the project in which it holds 50% of shares, to me, this means one thing – the project will bring losses in your financial analyses.

The rules contained in the IFRS allow consolidation of joint ventures such as the Ostrołęka C project, using the equity method – this means that ENEA S.A.'s share in the financial results of the Company is accounted for directly in the Profit and Loss Account. And such consolidation takes place.

6. Another question regards the Act on freezing energy prices. A provision of approx. PLN 89 million was recognised in March for Q4. Does this concern only the G Tariff, or does it also cover small and medium-sized enterprises, and what about the industry? To my knowledge, this provision should have been recognised at a greater amount in 2018, as it probably only covers that part of the G Tariff which was included in the ERO's price lists.

The provision in the amount of PLN 79 million relates to agreements concluded with customers from G tariff groups, in the tariff regulated by the President of ERO.

7. How does the Management Board function now with the G Tariff, in fact, with the entire Act, which is not being implemented as there is no regulation, and because of the spat with the European Commission? It was stated in an interview with the President of ERO that the (energy) companies had filed a complaint against the discontinuance of proceedings to set the G Tariff for the sales of electricity. Has ENEA filed a complaint as well? Let's be honest, this may generate enormous losses. Your debt is growing – it was 1.6 and now it is 2.4. The question is how many hybrid bonds there are. If there is a big sudden loss, the compensation will be largely delayed and the compensation fund will most likely not suffice for everything, the sales or turnover in the Company will systematically generate losses.

ENEA S.A. appealed to the Court of Competition and Consumers Protection against the decision of the President of ERO.

The text of the Act and its explanatory memorandum indicate that the legislator seeks to balance the interests of electricity users and energy companies. This leads to a conclusion that sellers should be compensated for their lost revenues. In some key areas, the Act makes references to the regulation whose final wording has not yet been published. Considering the lack of implementing provisions and a possible amendment to the Act, there are no grounds to estimate, to the extent reliable, the final financial implications of the Act for the Company.

The increased net debt/EBITDA ratio results mostly from the increased debt due to the investment implementation, which has significantly extended the scale of operations of ENEA Capital Group, with the ratio being kept at a safe level, in accordance with the terms and conditions of the debt financing. ENEA S.A. does not use any hybrid instruments.

8. With regard to what the President of ERO said and his reference to the legal path taken by the Management Board in the context of the Act on electricity price freeze, which is kind of like a legal nonsense, what actions does the Management Board take to prepare for a regulation that may be unfavourable for the Company? Have any legal steps been taken?

The Company's actions will depend on the final legislation, including the regulations and their real implications for the Company.

9. Why has the Management Board not submitted any comments to the regulation? TAURON Polska Energia and Energa S.A. have submitted their comments in the consultation of the Regulation of the Minister of Energy, yet ENEA made no such comments.

As part of the public consultations initiated by the Ministry of Energy on 14 March 2019 for the draft regulation on calculating the amount of the price difference and determining the reference price, ENEA S.A. submitted its comments to the document via the Association of Energy Trading, as its member.

10. Last year employment in the Company rose from 15,514 in 2017 to 16,185, with the number of white-collar workers rising from 6,298 to 6,737 – could you please justify this large increase of employment, given the small difference in the company’s operations in 2017-2018? My question regards mostly the white-collar jobs.

One of the reasons for the increase in the number of employees in 2018 was the fact that ENEA Połaniec S.A. and ENEA Bioenergia Sp. z o.o. in the 2018 analyses were included for 12 months, and in 2017 for 9.5 months. The remaining employment growth was caused by the need to ensure the continuity of all ongoing activities and the achievement of targets as established in the Group’s development strategy.

11. The President said that the Company is being very cautious – I don’t get it, as the debt is growing. The borrowings and loans have increased in 2017 to 2018 from PLN 5,867,114 000.00 to 6,033,277,000.00 – please explain this. The debt is growing. When is the Company going to pay the loans and when is it going to start reducing its debt? Resorting to debt to invest without profit is not in the best interest of the Company.

In 2018, ENEA Group allocated for investments in all areas of operations in total PLN 2.3 billion, keeping the net debt/EBITDA ratio at 2.4. The debt amount is constantly monitored by special services of ENEA S.A., so as not to expose the Company to the risk of not keeping the covenants in their financing contracts. All financial liabilities are timely paid, in accordance with the contracts.

12. What is the Company’s interest in the context of investing in Ostrołęka C? Please, explain.

ENEA Capital Group assesses its involvement in construction of the Ostrołęka C unit in the long-term perspective. The Group publicly communicates that one of the important elements is the need to shut down the generation sources operating in ENEA Capital Group due to the fact that the limits of working hours for these units have been reached. Information on the planned shutdowns of the units in Group’s individual power plants was made public in the “Report of the Management Board on the operations of ENEA S.A. and ENEA Capital Group in 2018” (p. 25).

By 2035, the Group plans to withdraw 3,447 MW of conventional generation capacity from Koziencice Power Plant and Połaniec Power Plant, and to shut down further 560 MW in 2036-2040. It gives a collective volume of 4,007 MW of conventional energy sources currently operating in the Group, whose withdrawal is planned by 2040.

The Ostrołęka C Power Plant will be one of the most state-of-the-art and most efficient power plants of this type both in Europe and in the world. Designed using the supercritical technology, the power unit is to achieve one of the highest capacities among steam power plants in Poland – at 46%, with the world’s average of 33%. It is important because increasing the power plant’s capacity means a significant emission reduction, including CO₂.

13. Given the increase in RES investments, will thermal power plants be a problem?

If thermal power plants are understood as system power plants, in the opinion of ENEA S.A. they will not be a problem given the increase in RES investments. Renewable energy sources and system power plants are complementary sources. In its strategy, ENEA assumes an increase in the share of renewable energy sources in the electricity generation structure with a significant withdrawal of the currently operating generation capacities at ENEA Capital Group.

14. PLN 300 million spent in connection with the PGG investment - what is the deadline of this investment? When does the Company plan to exit it? How and with what profitability? There is no money for shareholders' dividend and at the same time PLN 300 million is spent on PGG. It is a bottomless pit and PGG will never be profitable. If one year it is profitable, it is not the next year.

The investment in PGG was considered a strategic investment undertaking for ENEA Capital Group.

15. What are the reasons for terminating the investment agreement of 8 December 2016 with the Annex of 26 March 2018 on the implementation of the Ostrołęka C project? The Company has informed of this fact in the Current Report of 29 December 2018.

Termination of the investment agreement was an element of the memorandum of understanding concluded on 28 December 2018 between ENEA, ENERGA S.A. and Elektrownia Ostrołęka Sp. z o.o., concerning the agreement of terms and conditions reflecting the current status of the Project.

16. In the Current Report of 29 December 2018, ENEA informed that ENEA, Energa and Elektrownia Ostrołęka Sp. z o.o. will agree on a form, schedule and conditions of the financial involvement of additional investors in order to contribute the remaining amount necessary to cover the financial outlay on the Ostrołęka C project until 28 January 2019. The remaining amount is more or less PLN 4 billion. The January deadline has expired. Only in the Current Report of 30 April 2019 did the Company inform on concluding a memorandum of understanding on financing the Ostrołęka C project. However, it was not explained how the remaining part of the investment would be financed. The current lack on financing – ca. PLN 4 billion necessary for financing the construction of the project – poses a significant risk for the Company and its shareholders. Therefore, the question is: what is the current situation with regard to third-party financing of the project, to the extent necessary to fully finance the project?

Work on defining the final form and structure of the Project financing is ongoing.

17. How does ENEA justify continuation of the project with no additional investors in a situation when in its communication of October 2018, the rating agency Fitch Ratings had warned ENEA that the involvement in the construction phase of the project in Ostrołęka without engaging financial investors might result in a negative rating outlook?

Conclusion of the memoranda of understanding of 28 December and 30 April did not cause any actions on the part of Fitch Ratings – the Company has not even been included in the list of companies that are closely monitored in terms of their activities.

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18. As three months have passed since the deadline for confirmation of the Ostrołęka C project financing by additional investors expired on 28 January 2019 – why was this deadline not met and when can shareholders expect further information from the Company on this subject?

The expiry of the deadline of 28 January 2019 specified in the memorandum for the definition of the Project financing conditions does not mean the expiry of the memorandum. The Memorandum of 30 April 2019 provides a clarification of this. Work on defining the final form and structure of the Project financing is ongoing.

19. What is the status of talks with ENERGA and PGE on the potential involvement of PGE in the construction of Ostrołęka C, which has been announced at the beginning of January?

Recently, ENEA S.A. held talks with ENERGA S.A. concerning participation in the financing of the Ostrołęka C project, which ended with signing, on 30 April this year, the Memorandum of Understanding on the financing of the Ostrołęka C Power Plant construction. Talks with potential external investors interested in taking part in the Project implementation will be continued. There were no reasons to inform about any change in the status of the talks concerning PGE's potential involvement, of which ENEA S.A. communicated in its Current Report of 7 January 2019.

20. Please confirm that ENEA has so far allocated PLN 1.327 billion for the Ostrołęka C Power Plant project. As stated in the Current Report of 26 March 2018, the Company has allocated PLN 327 million for the development stage. And, as stated in the Current Report of 29 December 2018, it has allocated PLN 1 billion on for the construction stage. If the amount is not correct, please specify the total planned amount of ENEA's financial involvement in this project.

In total, in 2017-2018, ENEA S.A.'s expenditure on the purchase of shares supplying capital to Elektrownia Ostrołęka Sp. z o.o. amounted to PLN 271.4 million. On 28 December 2018, ENEA S.A. concluded a memorandum of understanding with Energa S.A. and Elektrownia Ostrołęka Sp. z o.o. (SPV). In the memorandum, ENEA S.A. declared its financial involvement in the Ostrołęka C Power Plant project at the Construction Stage (initiated by the issuance of Notice To Proceed (NTP) to the General Contractor) amounting to PLN 1 billion, and Energa S.A. – to an amount not smaller than PLN 1 billion. The planned total amount of ENEA S.A.'s financing involvement in this project will thus be PLN 1,271.4 million.

21. How does ENEA justify allocating PLN 1.327 billion for the project in a situation when in its communication of 1 October 2018, the rating agency Fitch Ratings had warned ENEA that a contribution of over PLN 1 billion would be negative for ENEA's credit profile and could result in a negative rating outlook?

Firstly, the incorrect assumption made in the question should be corrected. The planned total amount of ENEA S.A.'s financing involvement in the Ostrołęka C Power Plant project will be PLN 1,271.4 million and not PLN 1,327 million. According to the memorandum of understanding with Energa S.A. and Elektrownia Ostrołęka Sp. z o.o. (SPV) concluded on 28 December 2018, ENEA S.A. declared its financial involvement in the Ostrołęka C Power Plant project at the Construction Stage (initiated by the issuance of Notice To Proceed (NTP) to the General Contractor) amounting to PLN 1 billion, and Energa S.A. – to an amount not smaller than PLN 1 billion. Of the declared amount, PLN 181 million was already spent by ENEA S.A. in January 2019 on the share capital increase of SPV. The same amount was spent by Energa S.A. On 30 April 2019, ENEA S.A. signed another memorandum of understanding with Energa S.A. According to that memorandum, ENEA S.A. shall engage another PLN 819 million in the construction of Ostrołęka C Power Plant, in general, from 2021, i.e. the year from which the ENEA Capital Group will generate very significant revenue from the capacity market. Work on defining the final form and structure of the Project financing is ongoing.

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22. In April 2019, Minister Krzysztof Tchórzewski claimed that he saw a possibility of financing the power unit in Ostrołęka only by ENEA and Energa, without the contribution of third parties, including from savings resulting from the resignation from the payment of dividends. Implementation of this scenario would significantly increase the financial risk for ENEA and its shareholders. Thus, the question is: do the Minister's words reflect ENEA's intentions? Is greater financial involvement in the project being considered?

As a rule, the Company does not in any way refer to the statements of any of the Shareholders. Work on defining the final form and structure of the Project financing is ongoing.

23. On 16 April 2019, *Gazeta Prawna* daily informed that the Supreme Audit Office and the Office of Competition and Consumer Protection were examining the investment in the Ostrołęka C Power Plant. Please provide the details of these inspections, known to ENEA.

Under the Act on the Supreme Audit Office, it is the Supreme Audit Office that provides the competent authorities of the State with information on the results of the inspections carried out. The President of the Supreme Audit Office then makes public the information on the inspection, in compliance with the provisions on the secrets protected by law.

24. On 20 December 2018, 95 investors with total assets of USD 11.5 trillion sent a letter calling on European energy companies to present clear deadlines and commitments for a rapid phase-out of coal use, not later than until 2030, taking into account that the energy market conditions are changing significantly in favour of green energy. The letter was signed by many international, significant shareholders of ENEA, including AVIVA Investors, AXA Investment Managers, CALPERS (?), FIDELITY International (etc.). How do ENEA'S Management Board and Supervisory Board justify the current investments in coal energy, in particular in the Ostrołęka C Power Plant, in light of the shareholders' expectations expressed in the aforementioned letter?

ENEA Capital Group assesses its involvement in construction of the Ostrołęka C unit in the long-term perspective. The Group publicly communicates that one of the important elements is the need to shut down the generation sources operating in ENEA Capital Group due to the fact that the limits of working hours for these units have been reached. Information on the planned shutdowns of the units in Group's individual power plants was made public in the "Report of the Management Board on the operations of ENEA S.A. and ENEA Capital Group in 2018" (p. 25).

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25. In 2011, ENEA supported and adopted the 10 Principles of the UN Global Compact initiative regarding human rights, employee rights, environmental protection and corruption prevention. Thus, ENEA annually reports its progress in these fields. Principles 7, 8 and 9 are as follows: Businesses should support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environmentally friendly technologies. How the scope of Ostrołęka C Power Plant project corresponds to the principles that ENEA decided to apply?

The Ostrołęka C project corresponds to the principles that ENEA committed to apply. An example of the best solutions is the supercritical technology used in the Ostrołęka C project. The Ostrołęka C Power Plant will be one of the state-of-the-art and most efficient power plants of this type both in Europe and in the world. The power unit is to achieve one of the highest capacities among steam power plants in Poland, amounting to 46%. It is important because increasing the power plant's capacity means a significant emission reduction, including CO₂. The new power plant was designed so as to guarantee maximum operational flexibility of the unit, including short start-up time and dynamic load change, which will enable compatibility with renewable energy sources. The installation will meet all required emission standards for large combustion plants (LCP) and emission standards contained in the latest European Union directives imposing requirements on the use of best available techniques (BAT) for environmental protection. The supercritical technology and the employed technical solutions, as well as advanced environmental protection systems will limit the level of emissions from the Ostrołęka C Power Plant to the required minimum.

The aspects associated with environmental protection were presented in the "Report of the Management Board on the operations of ENEA S.A. and ENEA Capital Group in 2018". It is worth to underline that throughout the past term of ENEA Capital Group's Management Board, the Group made significant expenditure on environmental protection, amounting to PLN 625 million. The expenditure in consideration facilitated reduction of specific CO₂ emission in the period 2016-2018 by approx. 7% and growth of the generation volume from renewable energy sources (by 11% in 2018).

26. Has ENEA S.A. included price forecasts for electricity and CO₂ emission allowances, which were presented in the draft Energy Policy of Poland until 2040, in its investment policy? Were these forecasts included in the Ostrołęka C Power Plant funding model? If not, please state why?

The financial model of the Ostrołęka C project includes price forecasts for CO₂ emission allowances, hard coal, electricity, etc. (so-called energy price curves) developed by an independent advisor. Generally, these forecasts included scenarios of energy market development, in particular the energy mix, similar (but differing in some aspects) to those provided for in the draft Energy Policy of Poland until 2040. We point out that work in the Ministry of Energy on the final version of the Energy Policy is still ongoing, and it is scheduled to be completed this summer.

27. What business benefits will ENEA Group gain from its involvement in the construction of the Ostrołęka C coal-fired power plant? How the involvement in the construction of the Ostrołęka C coal-fired power plant by ENEA will impact the Company's plans to pay dividend in 2020 and in the following years?

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Unchangeably, the principle of the dividend policy of ENEA S.A. is to make payments in the future in accordance with the amount of profit generated and the financial capabilities of the Company.

28. What impact on the expected rate of return on investment in the Ostrołęka C Power Plant (IRR) has the increase in the EUA price by EUR 10?

If we have a closer look at the product quotation on the CO₂ emission allowances (EUAs) market and the electricity market, e.g. in 2018, it is clear that there is a correlation between these products – i.e. an increase of the EUAs prices translates into an increase in electricity prices. It should also be noted that for such a state-of-the-art (and thus low-emission) generation unit as the Ostrołęka C unit under construction, the impact of increased prices of CO₂ emission allowances will have less of an impact than for older coal sources.

29. “ENEA Capital Group Development Strategy until 2030” does not include necessity to drastically reduce CO₂ emissions in the horizon by 2030 and 2050. Is ENEA S.A. – and when – going to include in its strategy the aforementioned IPCC conclusions and the long-term strategy presented by the European Commission, which assumes that the Community will achieve climate neutrality by 2050? When does ENEA intend to develop a strategy determining how the company will achieve neutrality of greenhouse gas emissions (mainly carbon dioxide) by 2050 and the trajectory for achieving this carbon neutrality and estimated levels of CO₂ emissions in 2020, 2025, 2030, 2035, 2040 and 2045?

One of the key objectives pursued by the Group is reducing emissions of carbon dioxide to the maximum extent possible. ENEA Capital Group has generation assets that are highly energy efficient compared to others (that operate in Poland). In the generation segment, the Group regularly modernises its generation units, thereby raising their efficiency, which in turn translates into lower use of fuel – closely followed by reduced CO₂ emissions. It also bears mentioning that ENEA Capital Group has plans aimed at modifying its energy mix so that the total electricity generation volume has a higher RES share. This will result in limiting the specific emission of carbon dioxide for the total production in the Group’s generation segment.

30. When does ENEA intend to publicly announce the shutdown dates of coal-fired units in utility power plants owned by the company?

Information on the planned shut downs of the units in Koźienice Power Plant, Połaniec Power Plant and Białystok Heat and Power Plant was made public in “Report of the Management Board on the operations of ENEA S.A. and ENEA Capital Group in 2018” (p. 25). The document is available at the ENEA S.A. website under the investor relations’ tab.

31. How do the decisions of subsequent foreign banks and institutional investors to abandon financing of coal projects (mines and power plants) and companies producing over 30-50% of electricity from coal influence costs of capital acquisition by ENEA Group and the capacity to refinance debt and implement the investment programme? In particular, does the Management Board of ENEA Capital Group anticipate an increase in financial costs in 2019-2020?

The Management Board is aware of the fact that international financial institutions have adopted policies aimed at limitation of financing hard coal extraction and hard coal electricity generation. The Management Board takes actions to secure financing. The Management Board is also aware that other energy companies will also seek financing in the foreseeable future (mainly to refinance the existing debts).

32. On 7 May 2019, the third biggest insurer in Europe – Generali – publicly announced that it would not insure the existing hard coal and lignite mines in Poland. How do decisions made by 6 out of 8 insurance companies which were earlier involved in insuring power plants and coal mines in Poland influence the company's choice of strategic options and the estimated costs of insuring the planned hard coal mines? When does ENEA plan to update its strategy, adapting it to the realities of 2019 and further years?

ENEA Group companies have insurance policies covering key coal assets.

It should be emphasised that there are still many insurers and reinsurers in the market willing to insure coal assets. The current policies were taken out in 2016 – 2018 under very favourable conditions. ENEA S.A. observes market trends and individual insurers and reinsurers' declarations of withdrawing from insuring coal assets. Together with our current insurer and brokers cooperating with ENEA Group, we also regularly analyse the insurance market situation.

ENEA assumes that the new strategy will be developed until the end of 2019.

33. In ENEA Group's Code of Ethics, the concern for the environment is listed among rules governing the company's actions. On 7 May 2019, the Supreme Administrative Court upheld the judgement of the Regional Administrative Court in Warsaw annulling the environmental decision, which was the basis for issuing the construction permit for temporary weir raising water levels of the Vistula river with the aim of uptaking water necessary for the operation of Koziencice Power Plant. In this situation, does ENEA Wytwarzanie, respecting the law and remaining consistent with its own sustainable development policy, intend to pull down this construction, which was meant to be a temporary solution, and which for more than one year is a physical barrier for endangered and protected fish species (including those protected under the European Natura 2000 network) and an obstacle to sailing on the Vistula river? If yes – when, and if not – why?

The Supreme Administrative Court based its judgement of 7 May 2019 on public administration body's procedural defects. ENEA Wytwarzanie Sp. z o.o. is currently waiting for the delivery of the aforementioned judgement of the Supreme Administrative Court together with the written statement of reasons, in order to take necessary legal steps, i.e. to request an environmental decision without procedural defects.

In accordance with the applicable provisions, giving the aforementioned judgement by the Supreme Administrative Court does not make the construction permit invalid. ENEA Wytwarzanie Sp. z o.o.,

respecting the law and remaining consistent with its own sustainable development policy, is going to pull down the temporary weir within the time period and in the manner specified in the applicable provisions.

34. According to media reports, although ENEA Wytwarzanie has been using the aforementioned weir for more than one year, it has not yet applied to the Construction Supervision Office for a formal consent for its operation. Has ENEA Wytwarzanie eventually submitted the application for its usage? If so, when? Has ENEA Wytwarzanie eventually obtained the relevant authorisation for its usage? If so, when? If it has not submitted the mentioned application, why? And when exactly is it going to apply for the consent for operating the weir it has been using since 2017?

ENEA Wytwarzanie Sp. z o.o. applied to the Construction Supervision Office for the formal consent for using the temporary weir, i.e. on 28 February 2018, it submitted the application for granting the permit for using the temporary weir in question. Currently, the case is pending, and ENEA Wytwarzanie Sp. z o.o. is waiting for the permit for using the temporary weir to be issued.

35. When will the new strategy be published? The President mentioned that soon, but I would appreciate a more specific time-frame.

ENEA assumes that the new strategy will be developed until the end of 2019.

36. The President also mentioned that two deposits K-6 and K-7 would be available. Thus, the question is – whether new shafts will be needed in the mine?

The question is related to the operations of Lubelski Węgiel BOGDANKA S.A. ("LWB"), which is a public company listed on the Warsaw Stock Exchange.

In order to obtain such information, LWB's shareholders have to address the Management Board of LWB during LWB's General Meeting (Article 428 § 1 of the Code of Commercial Companies and Partnerships) or outside of the meeting (Article 428 § 6 of the Code of Commercial Companies and Partnerships).

The information concerning the submission of application for granting the concession for the extraction of coal from K-6 and K-7 deposits by LWB was published on LWB's website at:

<http://ri.lw.com.pl/czytaj-aktualnosc/2695/lw-bogdanka-zlozyla-wniosek-o-udzielenie-koncesji-na-wydobycie-wegla-ze-zloza-k-6-i-k-7/>

37. The President mentioned the construction of a photovoltaic farm in Szczecin. Could you briefly explain the experience of the Company relating to the efficiency of this solution and why only one photovoltaic farm and not more? For example, the Lithuanians already have 109 farms of that type in Poland and are extremely willing to build further ones.

ENEA Capital Group takes actions aimed at updating the Group's Development Strategy until 2030. The new strategy will refer to the assumptions presented in the document "Energy Policy of Poland until 2040", in particular to the direction of renewable energy sources development. Thanks to the development of renewable energy sources, the level of ENEA Group's decarbonisation will be higher, and it will result in the increase of Group's competitiveness on the electricity market in Poland.

The planned 1 MW photovoltaic farm (in Jastrowie) is related to the own project of ENEA Capital Group, which the Company intends to use for the purpose of participation in RES auctions for 2019. When it comes to renewable energy sources, ENEA Group acknowledges the potential of their

development because currently, all RES technologies are moving towards enhanced efficiency and, consequently, they provide energy which is cost-competitive.

38. The strategy also covers the IGCC technology, i.e. clean coal technology. As for the price of building such units, with reference to statements given in the media, and statements by the Management Board: do you plan to implement this technology in the foreseeable future?

Due to the changing market environment (winter package entering into force), currently, the Management Board of ENEA S.A. widens the scope of analyses, taking into account the usage of coal and biomass fuel input, which would enable the unit to achieve the level of CO₂ emissions lower than 550 kg/MWh.

39. Is the turbine used in Unit No. 11 in Koźienice this “unlucky turbine” of GENERAL ELECTRIC, which in other locations does not operate exactly as it is expected to operate?

The turbine installed in Unit No. 11 at ENEA Wytwarzanie Sp. z o.o. is a steam impulse turbine of TC4F-60 type for supercritical parameters with gross capacity of 1,075 MW. The turbine along with the generator was made in the Hitachi manufacturing facility in Hitachi, Japan (from 26 February 2014 known as Mitsubishi Hitachi Power Systems Ltd.).

40. What will happen if the Ostrołęka C Power Plant is not put into operation within the set deadline? According to the Shareholder’s knowledge, the tender conditions of the capacity market do not allow for switching to other energy sources. If the power plant is not built on time, the Company will pay penalties.

As a partner of the company dedicated to the construction and operation of the Ostrołęka C Power Plant, ENEA controls the implementation of the investment and its compliance with the schedule on an ongoing basis. The risks related to investment implementation have been taken into account in the financial analyses of the Ostrołęka C project.

41. A question concerning the withdrawal of PGE EJ 1. Was ENEA a party initiating the breakdown of talks with PGE EJ 1 concerning the disposal of shares in the PGE EJ project?

The decision about withdrawing from the process of acquiring shares belonging to other partners was made by the Management Board of PGE Polska Grupa Energetyczna S.A. (“PGE”), which was the subject of PGE’s Current Report No. 11/2019 of 17 April 2019.

42. Will the consolidation not occur until the Ostrołęka C Power Plant is put into operation? Will the consolidation occur after putting the unit into operation? Then, the question is, will the Company substitute generation assets? The Company is building a power plant which it will not consolidate neither before nor after putting it into operation.

The rules contained in the IFRS allow consolidation of joint ventures such as the Ostrołęka C project, using the equity method – this means that ENEA S.A.’s share in the financial results of the Company is accounted for directly in the Profit and Loss Account. And such consolidation takes place.

43. Is funding for the Ostrołęka C Power Plant currently secured? If not, how is it possible to start the construction of the Plant? Has the Management Board of ENEA been granted 3 billion in funding (from banks, obligations, any source)?

Work on defining the final form and structure of the Project financing is ongoing.

44. If we understand it correctly, the Ostrołęka C Power Plant will meet BAT standards for the existing installations, not the new ones, so standards which are much looser. When talking about the newest, restrictive BAT standards for coal mines, was the Management Board referring to BAT standards for the new installations or the existing ones, although Ostrołęka C does not exist in fact, and the integrated permit is of 2011?

According to the provisions of the Agreement with the General Contractor of the Ostrołęka C unit, the unit should be designed and made in a way ensuring that BAT standards are met for the new installations.

45. Because these are separate statements, and the turnover occurs at the parent company, and therefore in the separate statements, I would like to ask if you have an alternative option in case the regulation is very unfavourable to the company? Of course, the Act on electricity price freeze may be more unfavourable than the established provision. There is a significant risk relating to the going concern of the Trading segment. Does any of the options provides for the breach of covenants?

The implementing provisions necessary to determine the final effects of the Act of 28 December 2018 amending the Act on excise duty and certain other acts, as amended (in particular with regard to price changes in 2019 for customers other than tariff customers) have not been established yet. ENEA S.A. analyses the legislation on an ongoing basis and will analyse its impact, in particular on the results of the Trading segment, as soon as the implementing regulations and assumptions allowing to remove uncertainties and make reliable estimates are published.

46. Why does the Management Board want to allocate the entire profit for the supplementary capital for another consecutive year (Vice-President Olejniczak's answer)? How much undistributed profits (in PLN billion) from the previous years does the company have today in the form of supplementary capital (Vice-President Olejniczak's answer)?

The Management Board presented the detailed reasoning for keeping the entire net profit and allocating it for the supplementary capital in the justification for the Draft Resolution. Once again, the Company indicates that the basis for such a proposal is the financing of a broad investment plan amounting to over PLN 2 billion.

In addition, it should be pointed out that keeping the profit at the Company is the element of risk management in the Group, which is aimed at keeping the existing risk profile unchanged. Taking into account only those elements which were mentioned earlier by the Shareholders, such as the costs of financing and the possible effects of the Act amending the Act on excise duty and certain other acts, keeping the profit at the Company will result in even bigger stabilisation of the Company's financial liquidity.

The value of retained profits from the previous years as of 31 December 2018 is PLN 9,908,842 thousand.

47. If in 2018 the Company had 168 million for the first stage of investment in Ostrołęka, from which the shareholders will not have any profit because the investment will never be consolidated, neither before the investment nor during or after it, why there will not be money for a dividend of exactly the same value?

The rules contained in the IFRS allow consolidation of joint ventures such as the Ostrołęka C project, using the equity method – this means that ENEA S.A.'s share in the financial results of the Company is accounted for directly in the Profit and Loss Account. And such consolidation takes place.

48. I have a question relating to the existing and, as we understand, irrevocable, dividend policy. What is the expected specific expenditure for development and investment financed from the equity in comparison to unallocated cash in 2019?

As a rule, the Company does not publish or communicate forecasts, business plans, including those relating to the flow of finance, its source or the planned level of cash. The investment plans presented during the results conference, among others, are an exception to this rule. The value of expected expenditure on investments for 2019 is PLN 2.6 billion.