

**ANSWERS TO SHAREHOLDERS' QUESTIONS
ASKED DURING THE ORDINARY GENERAL MEETING OF ENEA S.A. HELD ON 30 JULY 2020**

Question asked under Item 5. Present the Report of the Supervisory Board of ENEA S.A. on its activity in 2019.

- 1) *In connection with the Supervisory Board Report, I have this question: what were the reasons for increasing the directors and officers liability insurance and was that connected to the involvement in the unsuccessful Ostrołęka C construction project?*

Before every renewal of the directors and officers liability insurance for members of the ENEA Group's authorities, the terms and conditions of insurance are negotiated. It is a standard procedure, in which, among others, the current market standards for the insurance are analyzed. In accordance with internal regulations, the terms and conditions of future insurance are approved by the ENEA S.A. Supervisory Board before the agreement is signed. The involvement in the Ostrołęka C power plant construction project caused neither reduction nor increase of the insurance cover for members of the ENEA Group corporate bodies in 2020.

Questions asked under Item 7. Examine and adopt a resolution to approve the Management Board Report on the activity of ENEA S.A. and the ENEA Group in 2019.

- 2) *What were the costs incurred by the company in connection with the court proceedings held before the Regional Court in Poznań in the case filed by the ClientEarth Prawnicy dla Ziemi in case no. 9GC1118/18, which ultimately ended with annulment of the resolution permitting the investment in the Ostrołęka C construction project?*

In the reporting period from 1 January to 31 December 2019, ENEA S.A. incurred costs associated with the case filed by the "ClientEarth Prawnicy dla Ziemi" Foundation, with case ref. no. IX GC 1118/18 (in the 1st instance) and case ref. no. I AGa 219/19 (in the 2nd instance) in the total net amount of PLN 284.53 thousand (including costs of court representation and proportional fee for the appeal). The Court of Appeals issued its judgment on 8 July 2020, ruling that the judgment of the Regional Court is in compliance with the law due to the invalidity of the Resolution stemming from its adoption in breach of the division of powers between the corporate bodies of a commercial company.

- 3) *Does the Management Board take any action to compensate the Company for the loss incurred in connection with the failed involvement in the construction project of Unit C of the Ostrołęka Power Plant?*
- 4) *What other costs may still be incurred in connection with the write-off of the Ostrołęka C Project?*

The Chairwoman stated that questions 3) and 4) went beyond the scope of the Management Board Report on the Activity of ENEA S.A. and ENEA Group in 2019.

- 5) *In the Management Board Report for the previous year, you stated in the first quarter: Signing an agreement between ENEA S.A. and Electric Power Research Institute on cooperation in research projects concerning energy storage and distributed generation. I believe this is one of the most promising directions at this moment. My question is whether you have seen any effects already (please remember that this was in the first quarter last year). Are these projects aimed for example at producing "green hydrogen"? What is the current progress of those projects?*

The purpose of the agreement with the Electric Power Research Institute is to give ENEA access to project databases including tracking, interpretation and analysis of research needs arising in the areas of: energy storage, distributed generation and microgrids. ENEA is considering the possibility of launching projects in this area (also including hydrogen storage projects). ENEA will report on significant events related to the implementation of those projects in appropriate reports.

- 6) *Another issue in the first quarter: Launching a research and development project entitled System of power and energy balancing and monitoring the quality of electricity supply of dispersed energy sources and storage facilities – implemented by ENEA Operator along with the AGH University of Science and Technology. My question here is similar: have you seen any effects already, what is the progress status of this project and can you see any effects that are positive for ENEA's business?*

Continuous monitoring systems cover a broad range of issues associated with the process of continuous monitoring of the operation of power grids, quality of electricity, measurement instruments and the whole ICT infrastructure required in order to transmit the measurement data, as well as remote management of measurement systems and instruments. This project has received co-funding from the National Centre for Research and Development as part of Measure 1.2: "Sector R&D Programmes" of Operational Programme Smart Growth 2014-2020. Implementation of the project is in progress. The industrial research phase has been completed and the experimental phase is currently in progress. ENEA will report on significant events related to the implementation of this project in appropriate reports.

- 7) *4th quarter also: a question concerning the agreement signed by ENEA and its Bogdanka subsidiary. Another project that uses the potential synergy between ENEA, the majority shareholder of Bogdanka, and the Lublin-based company; as part of their cooperation in the coming years, installations will be built on the total area of approx. 55 ha, which will be able to generate a certain amount of energy. Question: When will this project be finalized?*

The photovoltaic farm project to be developed on the land owned by Lubelski Węgiel "Bogdanka" S.A. will enable proper development of the mine's land and may contribute to a significant reduction of the costs of electricity powering the LWB's technical infrastructure, while showing respect for the environment and using renewable technologies. In 2019, detailed analyses were conducted, regarding, among others, the decisions and consultations required for the land in question. ENEA will report on significant events related to the implementation of this project in appropriate reports.

- 8) *On 11 October, a trilateral letter of intent was signed between ENEA S.A., ENEA Wytwarzanie and the National Support Centre for Agriculture, which launched cooperation to build large-scale photovoltaic farms on farmland. What is the capacity that you are ultimately planning in connection with this letter of intent?*

The project of building large-scale photovoltaic plants in cooperation with the National Support Centre for Agriculture is one of the key projects underlying the assumptions for ENEA Group's energy transformation. In performance of the ENEA Group Strategy updated in December 2019, we are considering developing PV projects up to the total capacity of 1500-2000 MWp (base/dynamic scenario). ENEA will report on significant events related to the implementation of this project in appropriate reports.

Questions asked under:

Item 8. Examine and adopt a resolution to approve the Standalone Financial Statements of ENEA S.A. for the financial year ended 31 December 2019.

Item 9. Examine and adopt a resolution to approve the Consolidated Financial Statements of the ENEA Group for the financial year ended 31 December 2019.

- 9) *Item 29 of the financial statements presents the Capital Management Policy, which I will not quote, since the Management Board knows perfectly well what it is. This is where my question comes from: Why is cash and cash equivalents PLN 3,700 million currently, deposits PLN 2,900 million and we still have loans of PLN 7,800 million. Why do we have so much debt if we have so much free cash at hand. I believe this is a justified question at this moment – and how does it relate to the Policy described in item 29.*

ENEA S.A. uses appropriate lead time when raising funds needed to service and repay its external financing, including one-time repayments of significant indebtedness on account of loans issued. On 10 February 2020, ENEA S.A. redeemed ENEA0220 bond series in the amount of PLN 878.2 million. Moreover, the Company secures the cash needed to ensure stable and uninterrupted operating activity of the Group and to maintain appropriate financial liquidity, which is particularly important in the case of significant changes in the prices of electricity and CO₂ emission allowances on commodity exchanges. ENEA S.A. optimizes the sources and costs of external financing, taking into account the increasingly restrictive policy adopted by financial institutions towards the mining of and production of electricity from fossil fuels.

- 10) *Are you considering the possibility of using a portion of the infrastructure, since it has already been partially built in Ostrołęka, to be used simply for building a gas-fired unit? The write-off is down to zero. Is there really nothing useful in there and you need to run the ploughs through it, or is it possible to use any part of it?*

That was one of the elements considered in our feasibility analysis of the scenario of building a power plant generating electricity in a natural gas combustion process at the current building site of the coal-fired unit. Based on the results of this analysis, the Company's Management Board made a decision to continue the construction of the generating unit in Ostrołęka based on the assumption of changing the power source from coal-based to gas-based. After the final concept of the technical result is decided, it will be possible to determine the extent, to which we can use the infrastructure prepared for the coal technology project.

- 11) *What is the reason for such a large increase in employment in the Company – more than 800 people, who were employed according to this report, mainly white-collar workers.*

The 2019 vs. 2018 difference in average annual employment was 811 FTEs, including 341 FTEs in the LW Bogdanka Group, which are mostly blue-collar jobs.

In other companies of the ENEA Group, the change in employment is related mainly to basic processes and is needed to ensure security of electricity production, strengthen operational functioning based on own workers in connection with the fact that ENEA Group companies take over new tasks (ENEA Bioenergia sp. z o.o. – taking over the Combustion By-Products area, ENEA Połaniec Serwis sp. z o.o. – as support for technical processes). This translates into the fulfillment of goals stated in the ENEA Group's development strategy.

It is worth noting that white-collar jobs also include specialists (including, among others, specialist electricians, off-unit specialists, operational inspection, grid assets, investment specialists, electric power supervision inspectors) rather than just administrative and office jobs.

Questions asked under Item 10. Present ENEA S.A.'s report on representation expenditures, expenses on legal services, marketing services, public relations and social communication services and management consultancy services for the year ended 31 December 2019 with an opinion issued by the Supervisory Board.

12) *I would like to repeat my question at this point: What were the costs that the Company incurred in connection with the legal services in the court proceedings filed by the ClientEarth Prawniczy dla Ziemi Foundation?*

In the reporting period from 1 January to 31 December 2019, ENEA S.A. incurred costs related to the case filed by the "ClientEarth Prawniczy dla Ziemi" Foundation, with case ref. no. IX GC 1118/18 (in the 1st instance) and case ref. no. I AGa 219/19 (in the 2nd instance), in the total net amount of PLN 284.53 thousand (including costs of court representation and proportional fee for the appeal). The Court of Appeals issued its judgment on 8 July 2020, ruling that the judgment of the Regional Court is in compliance with the law due to the invalidity of the Resolution stemming from its adoption in breach of the division of powers between the corporate bodies of a commercial company.

13) *This item mentions 5 cost items. I am wondering why the Company presents this report in a different layout than required by the Articles of Association. As I have said, the Articles of Association mention 5 items, while the Company presents 3 items by combining certain items and presenting them together.*

The Company presents the Report in accordance with the wording of § 11 sec. 4 item 1) and § 20 sec. 2 item 10 a) of the Articles of Association of ENEA S.A. The ENEA S.A.'s report on representation expenditures, expenses on legal services, marketing services, public relations and social communication services and management consultancy services for the year ended 31 December 2019 contains all the expenditures required by the above-mentioned provisions of the Articles of Association of ENEA S.A.

Question asked under Item 11. Adopt a resolution to distribute net profit of the reporting period for the financial year covering the period from 1 January 2019 to 31 December 2019.

14) *When has the Company's policy for paying out dividends been canceled, or what has happened to the Company's dividend policy? Why isn't it performed? Why does the Company pursue decisions at the cost of very significant write-offs, or in short – bad decisions?*

The guiding principle of ENEA S.A.'s dividend policy remains that any future dividend payments will be made depending on the amount of the profit generated by the Company and the Company's financial standing. By submitting its recommendations for the distribution of net profit, the Management Board takes into account the need to ensure financial liquidity and raise the capital needed to fund the investments related to the development of the Group. The final decision regarding the allocation of the net profit for the financial year will be made by the Ordinary General Meeting.

- 15) *ENEA is to be: Innovative – leading in innovation, evaluation of potential and implementation of large-scale innovative projects. Question: what large-scale projects? In the end, if the Strategy included in the materials and also invoked in the ENEA S.A. Management Board’s justification for the proposed profit distribution, assumes that ENEA will make capital expenditures of PLN 64 billion by 2035, which is roughly about PLN 4 billion annually, and we don’t even have such EBITDA – where will the money come from?*

ENEA Group, as a responsible raw materials and energy conglomerate striving to meet global challenges, intends to conduct its business in a sustainable manner, minimizing its impact on the natural environment. ENEA assumes that it will transition into an innovative low-emission concern. The Group’s ambition is to generate 7-12% of its EBITDA from innovative strategic initiatives by 2030. According to its estimates, the capital expenditures needed to maintain continuity of its operations and to launch new generating capacity will exceed PLN 64 billion by 2035. The Group is considering a number of forms of financial support as well as the possibility of entering into strategic alliances, special-purpose vehicles or consortia with Polish and international entities as alternative models for financing its investments. The decisions will ultimately depend on the advantages to the Group and the capacity to finance projects in the long term. The Group will diversify its funding sources to make the most of the opportunities available on the market. The Group will also strive to generate better results by improving and optimizing its operations.