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# Summary of draft resolutions to increase the share capital of ENEA S.A.

January 2022

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## Overview

# Summary of the draft resolution to increase the share capital by public offering



<p><b>Selected assumptions for the resolution to increase the share capital</b></p>	<ul style="list-style-type: none"> <li>■ Draft resolution to increase the share capital to <b>88,288,515 New Issue Shares</b> representing less than 20% of the Company's shares admitted into trading on the regulated market</li> <li>■ Private subscription within the meaning of Article 431 § 2 item 1 of the Commercial Company Code carried out by public offering in Poland <b>exempt from the obligation to publish a prospectus</b></li> <li>■ <b>Exclusion of pre-emptive rights</b> in order to shorten the time needed to raise funds for the implementation of capital expenditure projects consistent with the current strategic objectives of the Group</li> <li>■ <b>Priority of allocation of the New Issue Shares</b> in the numbers that enable current shareholders to maintain their current share in votes, provided that they meet the criteria specified in the resolution and:             <ul style="list-style-type: none"> <li>■ (i) hold a stake greater than 0.1% of the overall number of shares in the Company's share capital as at 22 February, i.e. the date of registration for the <b>EGM</b></li> <li>■ (ii) take part in the bookbuilding process</li> </ul> </li> </ul>	
<p><b>Purpose of the Issue</b></p>	<ul style="list-style-type: none"> <li>■ Co-financing capital expenditure projects in the Distribution Area</li> <li>■ <b>Coal assets will not be financed</b></li> </ul>	
<p><b>Timetable</b></p>	<ul style="list-style-type: none"> <li>■ 19 January</li> </ul>	<p>Publication of draft resolutions</p>
	<ul style="list-style-type: none"> <li>■ 22 February</li> </ul>	<p><b>Date of registration for EGM</b></p>
	<ul style="list-style-type: none"> <li>■ 10 March</li> </ul>	<p><b>EGM</b>, the vote on capital increase</p>

## Use of proceeds from the offering

# Description of planned capital expenditure projects (1/2)



## Initiatives to fulfill the main strategic objectives

- ✓ Development of the distribution network to satisfy demand for capacity and electricity and connect new entities to the grid
- ✓ Improvement of SAIDI<sup>(1)</sup> and SAIFI<sup>(1)</sup> and reduction of grid losses
- ✓ Ensuring the region's energy security
- ✓ Preparing the grid structure to bi-directional energy flows in connection with the dynamic development of distributed generation and prosumers

## Summary of estimated expenditures for projects in 2022-2023

Area of expenditures	Investment [PLN m]	Subsidy [PLN m]	Own contribution [PLN m]
HV/MV substations <sup>(2)</sup>	394	164	229
HV lines	67	14	53
MV grid	201	74	127
Remote reading meters	286	59	227
Grid connections	283	20	263
<b>Total</b>	<b>1,231</b>	<b>331</b>	<b>900</b>

Source: Company

- 1) SAIDI – System Average Interruption Duration Index – average time of interruption in energy supply, expressed in minutes per customer per year; SAIFI – System Average Interruption Frequency Index – average frequency of interruption in energy supply
- 2) HV/MV – high voltage / medium voltage

# Description of planned capital expenditure projects (2/2)



Area	Main activities	Technology	Completion	Expenditures <sup>(1)</sup>	
<b>High and medium voltage substations</b>	<ul style="list-style-type: none"> <li>Building new transformer/switching stations (4 substations)</li> <li>Extending and rebuilding existing substations (10 substations)</li> <li>Expanding switchgear to include transformers (16 substations) and upgrading (3 substations)</li> </ul>	<ul style="list-style-type: none"> <li>Indoor substations (GIS technology)</li> <li>Outdoor-indoor substation (trad. technology)</li> </ul>	No later than 31 December 2023	<b>PLN 394 m</b>	
				Own contrib. 58%	Subsidies 42%
<b>Grid of HV lines</b>	<ul style="list-style-type: none"> <li>Building new lines and a switching substation (1 switching substation)</li> <li>Rebuilding existing lines (9 lines)</li> </ul>	<ul style="list-style-type: none"> <li>Outdoor-indoor switching substation</li> <li>Overhead lines on truss structures</li> </ul>	No later than 31 December 2023	<b>PLN 67 m</b>	
				Own contrib. 79%	Subsidies: 21%
<b>Grid of MV lines</b>	<ul style="list-style-type: none"> <li>Replacing overhead lines with underground cable in a smart grid</li> <li>Installing remote FDiR control switches</li> <li>Adapting the grid to new automation and installing transformers</li> </ul>	<ul style="list-style-type: none"> <li>Underground cable</li> <li>Indoor substations with external operation</li> </ul>	No later than 31 December 2023	<b>PLN 201 m</b>	
				Own contrib. 63%	Subsidies 37%
<b>Remote reading meters</b>	<ul style="list-style-type: none"> <li>Installing remote reading meters defined in the Energy Law Act of 10 April 1997</li> </ul>	<ul style="list-style-type: none"> <li>Electricity consumption meters with the remote reading option</li> </ul>	No later than 31 December 2023	<b>PLN 286 m</b>	
				Own contrib. 80%	Subsidies 20%
<b>Grid connections</b>	<ul style="list-style-type: none"> <li>Building, rebuilding and upgrading MV and LV infrastructure to enable connection of customers from groups III-VI</li> </ul>	<ul style="list-style-type: none"> <li>Underground cable</li> <li>Indoor substations with external operation</li> <li>Connections</li> </ul>	No later than 31 December 2023, then continuation	<b>PLN 283 m</b>	
				Own contrib. 93%	Proceeds <sup>2</sup> 7%

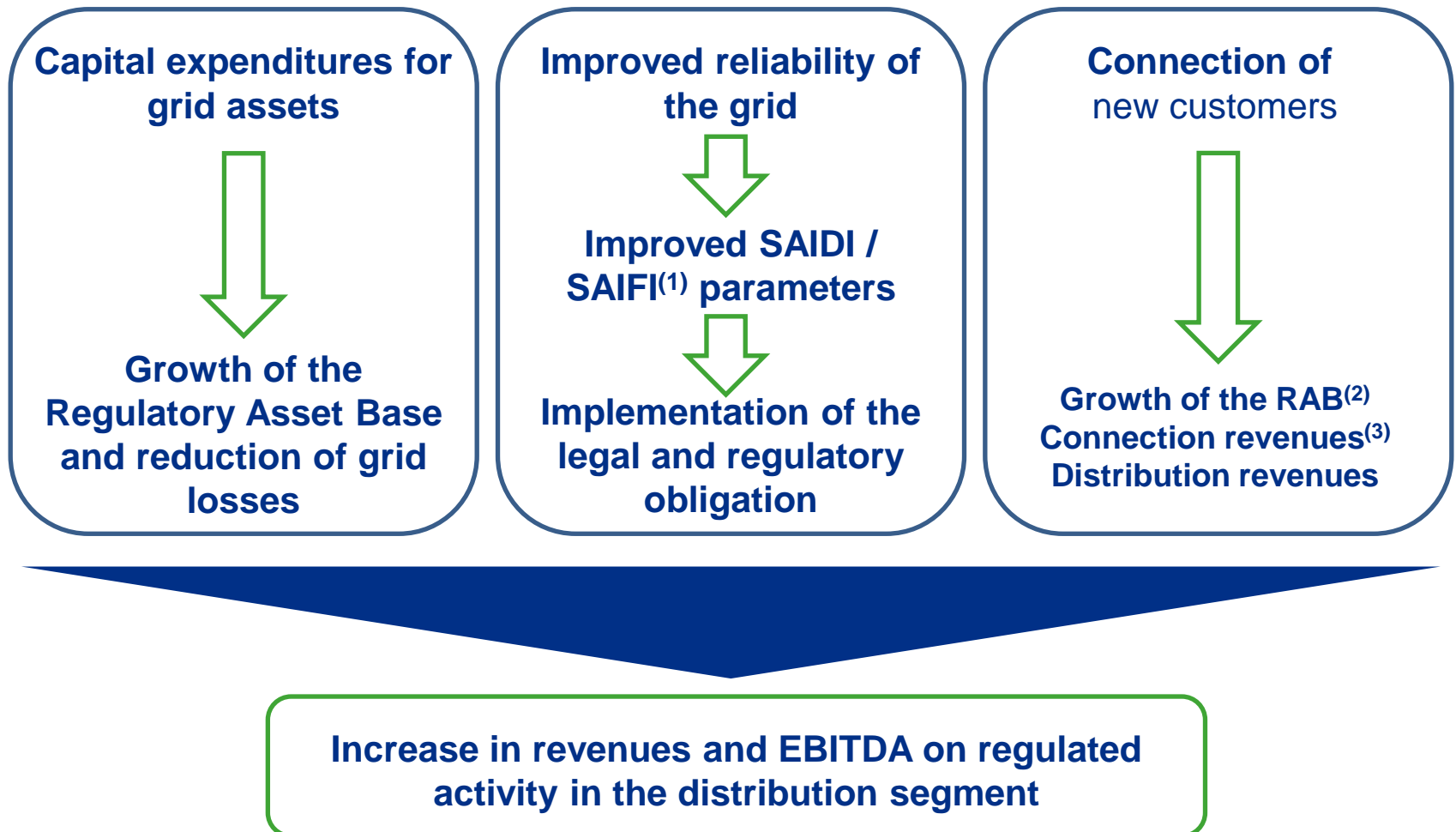
GIS (Gas Insulated Switchgear) - switchgears produced using gas insulation technology; FDiR (Fault, Detection, Isolation, Restoration) - fault detection, isolation and restoration of power supply; HV – high voltage; MV - medium voltage; LV – low voltage

1) The subsidies will be sourced from the Infrastructure and Environment Operational Programme 2014-2020, regional operational programmes

2) Proceeds from the connections during the program implementation period



# Selected benefits achieved by implementing the capital expenditure projects



1) Source: 2018-2025 Quality Regulation for Distribution System Operators of 29 May 2019; Awarding a bonus for meeting the ultimate goals of the quality regulation or imposing a penalty for failing to meet the ultimate goals of the quality regulation up to the amount of the return on capital that forms part of the regulated revenue;  
2) Regulatory Asset Base;  
3) Excluding connection fees received from customers



# Summary of the ENEA Group Development Strategy until 2030 with an outlook to 2040

# Key directions for the Group's growth



## Energy generation<sup>(1)</sup>

- Energy generation from RES: PV, offshore, onshore, biogas plants
- Energy storage
- Hybrid installations
- Hydrogen fuel
- Low-emission sources: gas, biomass, RDF



## Distribution

- Development and upgrade of the HV and MV distribution grid
- Adaptation of the grid for bidirectional flow of energy
- Development of smart power grids
- Ensuring continuity of supply of electricity with appropriate parameters



## Other Activities

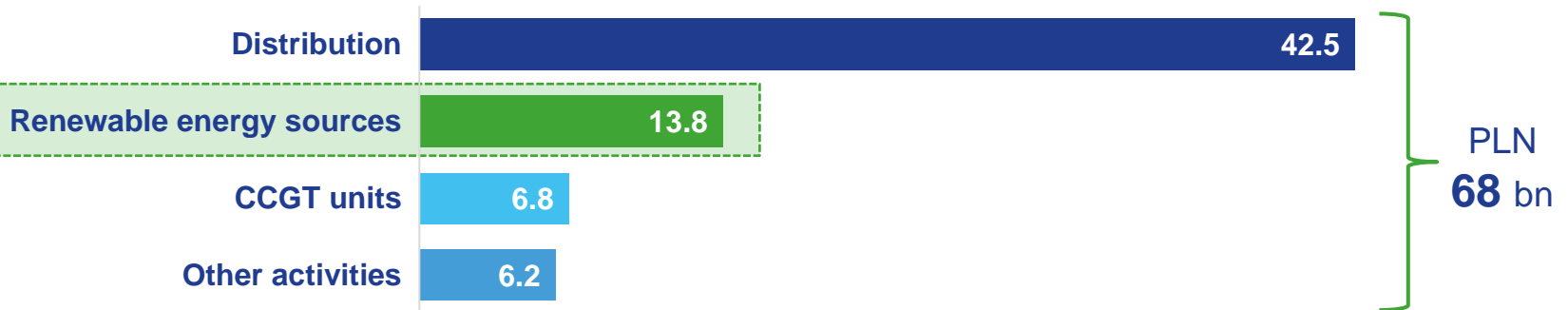
- New sales activities, development of product offering, digitalization
- Cooperation with prosumers, local governments and city movements
- Implementation of innovative solutions and digital transformation
- Development of heating networks, co-generation dispersed heat
- Development of activity on the wholesale market

1) The Enea Group Strategy assumes that assets related to electricity generation in conventional coal units would be spun off from its structures.

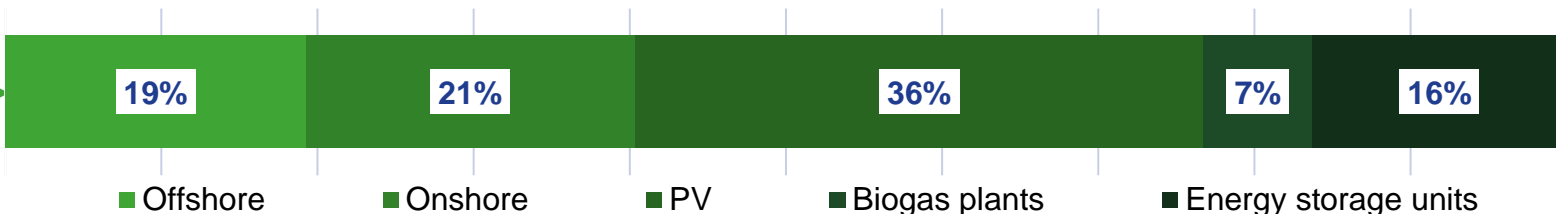
# Capital expenditures planned for subsequent years



Capital expenditures in all areas of activity of the ENEA Group are estimated at more than PLN 68 billion over the 2023-2042 time horizon



Structure of capital expenditures designated for new capacity in renewable energy sources over the 2023-2042 time horizon<sup>(1)</sup>



The Group assumes that about 50% of its RES investments will be financed using the joint venture structures and 50% on Enea's balance sheet (other than offshore projects, which will be implemented entirely in the joint venture formula)

Source: Company

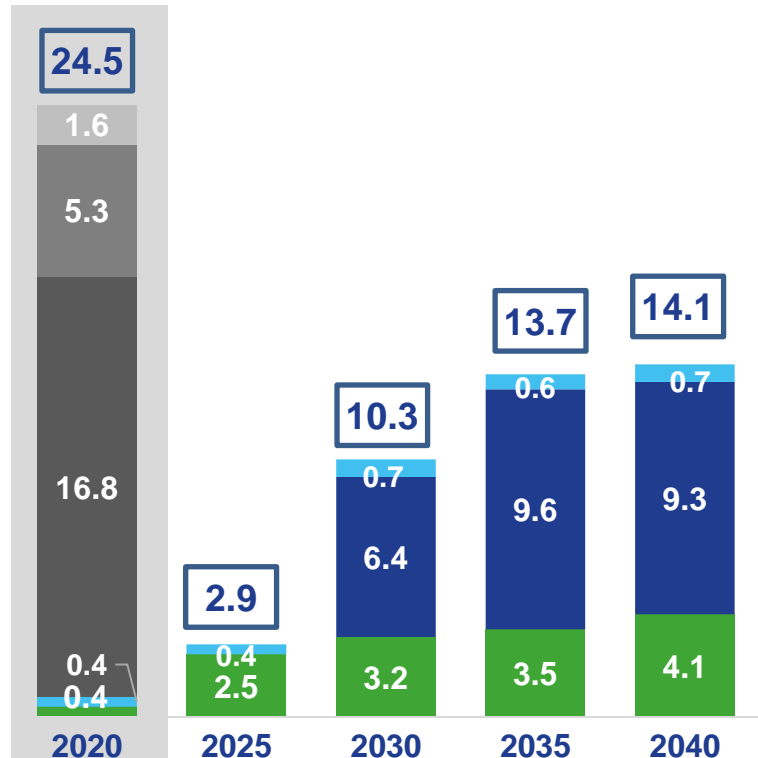
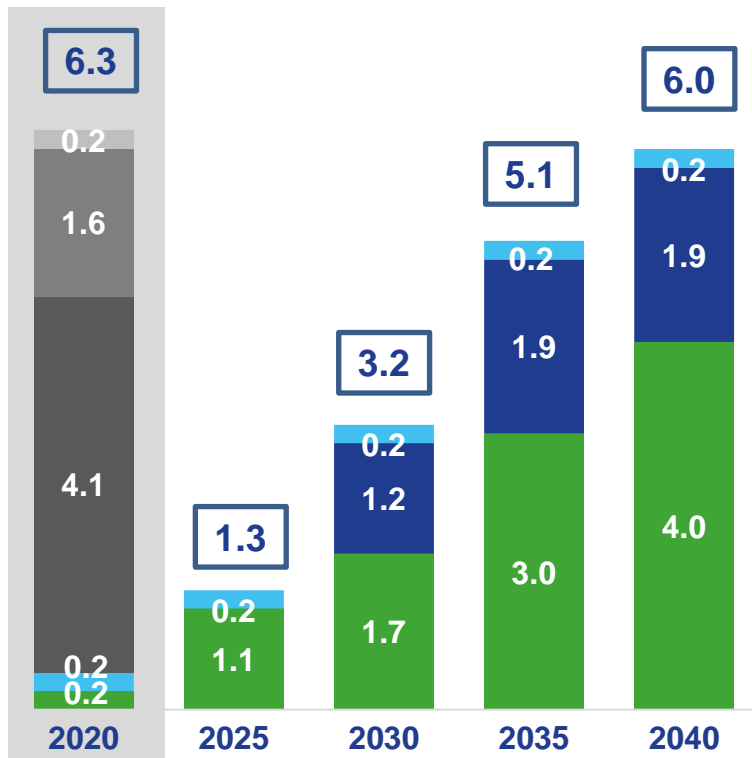
1) In the structure of capital expenditures for renewable sources, about 0.03% will be designated for hydro power plants; due to rounding error, the capital expenditures for individual technologies may not add up to 100%

# Planned evolution of the energy generation structure



Planned structure of installed capacity [GW]

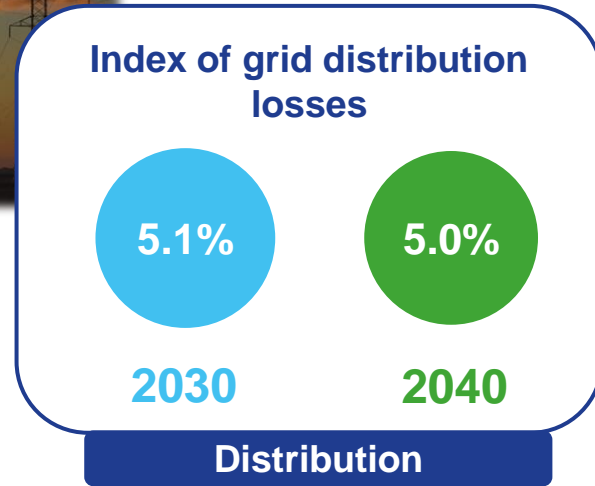
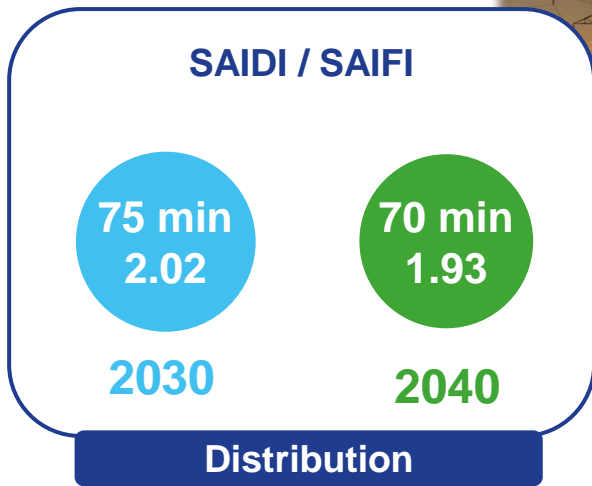
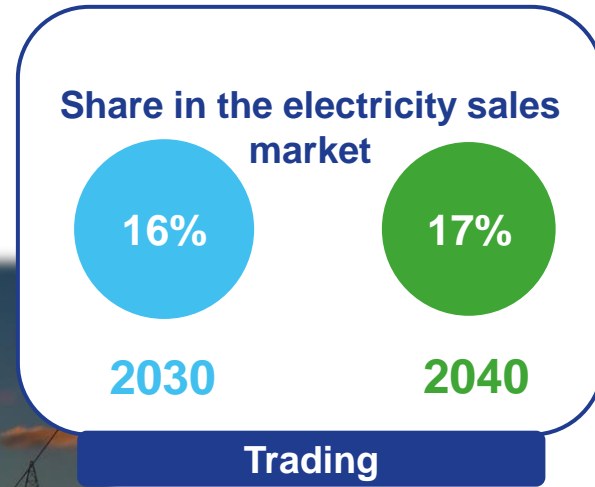
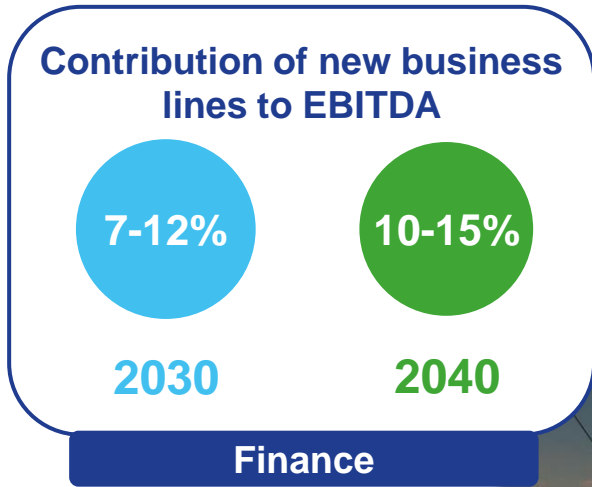
Planned structure of electricity generation [TWh]



- Połaniec (Green Unit)
- Połaniec (coal unit)
- Kozienice (coal)
- Kozienice (CCGT)
- Heat
- RES

Source: Company

# Key efficiency ratios

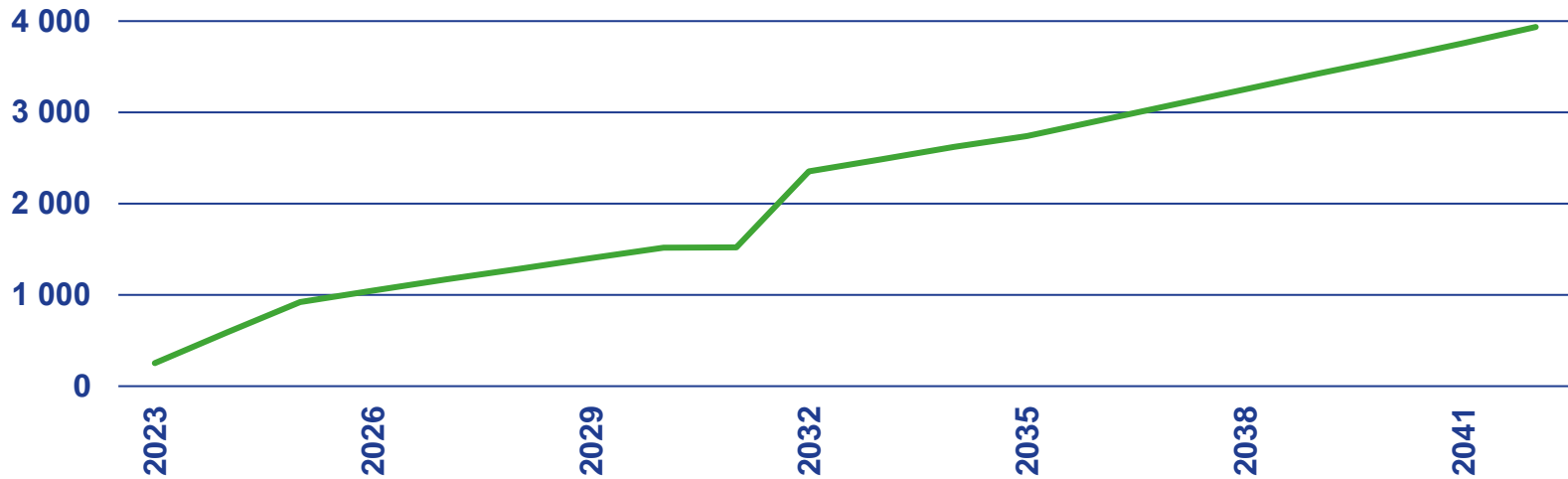


Source: Company

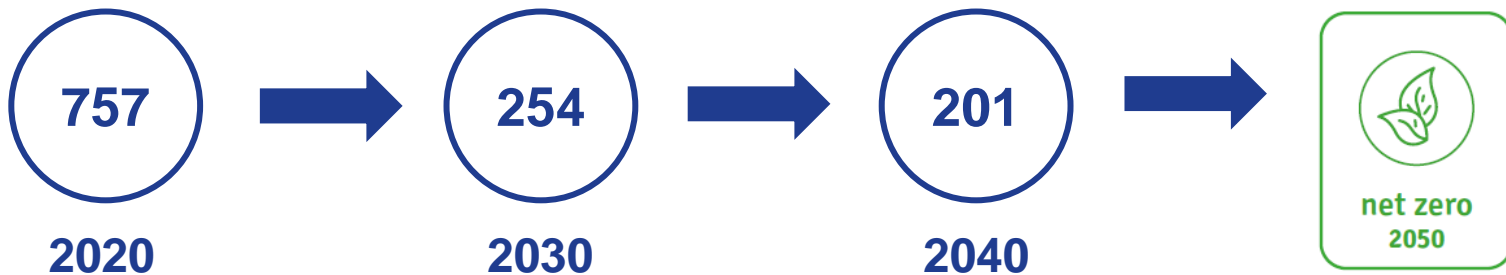
# Climate neutrality



Planned increase in installed RES capacity in 2023-2042 [MWe]



Unit CO<sub>2</sub> emission indicator [kg CO<sub>2</sub>/MWh]<sup>(1)</sup>



1) The increase in the unit CO<sub>2</sub> emission indicator in 2030 is due to the launch of a new CCGT power plant in Koźienice

# Key ESG initiatives







Why should we vote to adopt the resolution on the share issue?

# Arguments to vote for the resolution to increase the share capital



✓ Potential to grow the regulatory asset base

- Accelerated implementation of capital expenditure projects, which will translate to an increase in the regulatory asset base generating recurring and stable cash flows

✓ Support for the “green transformation” of the Enea Group

- Adaptation of the distribution grid to changes in the energy sector, including bidirectional energy flow, distributed generation and developments in electromobility
- Proactive approach to implementation of the strategy to reduce carbon footprint and introduce a climate neutrality policy, through development of generating capacity in renewable and low-emission energy sources

✓ Opportunity to acquire a considerable block of shares of a company included in the WIG30 index

- Opportunity to participate in a potential share offering of a company of strategic importance for the energy sector
- Priority of allocation<sup>(1)</sup> for current shareholders allowing them to maintain their current share in votes at the general meeting

1) For the shareholders who, as at February 22nd, i.e. the date of registration for the EGM, hold stakes exceeding 0.1% of the Company's share capital and take part in the bookbuilding process

