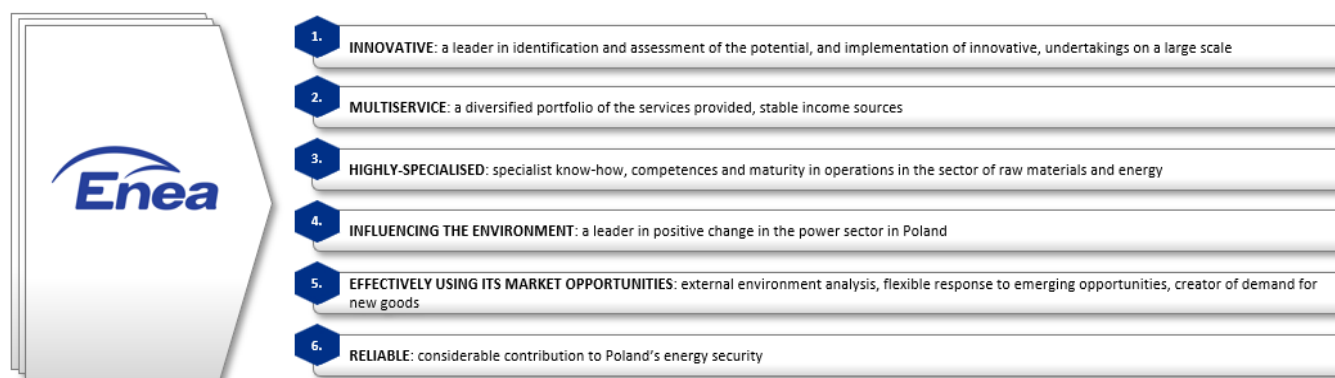


## Justification by the Management Board of ENEA S.A. of the proposed distribution of the net profit for the financial year covering the period from 1 January 2018 to 31 December 2018

Justifying the motion on the distribution of the net profit of ENEA S.A. for the period from 1 January 2018 to 31 December 2018, the Management Board informs that in the 2018 financial year the Company generated the net financial profit of PLN 727,136 thousand.

The justification for the proposed profit distribution is presented below:

1. Taking into account the core directions of ENEA Capital Group's investments as presented in Point 2 below, it is proposed to allocate 100% of the net profit in the amount of PLN 727,136 thousand to increase the reserve capitals for purposes of investment financing.
2. The essential driver for development of ENEA Capital Group ("ENEA Group", "Group") is the "ENEA Capital Group's Development Strategy until 2030". The new development directions defined in the document foresee that ENEA Group will be:



In line with the Strategy, the superior strategic goal is a regularly growing value of ENEA Capital Group. The Strategy foresees the implementation of 15 strategic goals supporting the superior objective, within the following four perspectives:

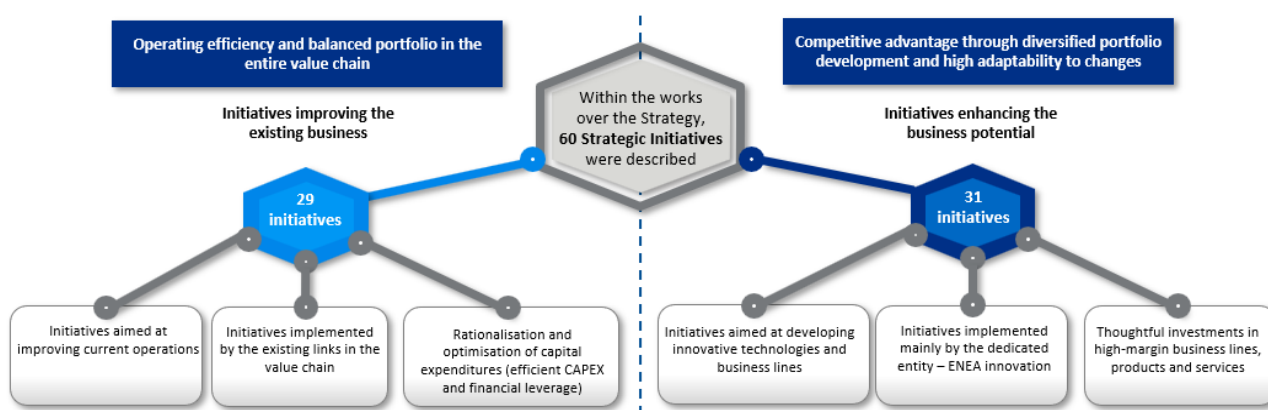
- a. the owner's:
  - large, controlled share in selected market segments;
  - durable relations with Customers, regularly decreasing costs of Customer outreach and retention;
  - maintenance of ENEA Group's financial security;
  - high mark-ups on package services and products;
  - innovativeness in all the aspects of ENEA Group's operations;
- b. the Customer's:
  - ability to satisfy comprehensive needs – whether expressed or not;
  - delivery of what is needed (not only that which was ordered) in due time;
  - attractive price-quality relation of the packages of products and services offered;
  - low total purchase cost, support in financing purchases from ENEA Group's offer;
  - sense of being "well cared for" by an ethical, reliable and innovative supplier;
- c. the processes':
  - generation of an optimum product and services mix for well-identified Customers in cooperation with business partners;
  - reaching Customers efficiently and providing promised values on time, at adequate price and quality;

- efficient, integrated management of flexible, open competence groups in clearly defined business lines, in the preferred role of Business Operators on entrusted assets;

d. development's:

- designing and implementation of the process of shaping a modern Organisational Governance System on all the levels across the entire ENEA Group;
- balanced investments in intangible and tangible assets.

More than 50% of innovative initiatives defined by ENEA in the Strategy are aimed to increase the business potential, and their implementation will support i.a. the development of innovative products, services and business lines of ENEA Group.



The Strategy foresees increasing generating capacities from conventional and renewable energy sources. Notwithstanding the launch of the 1,075 MW power unit at Koźienice Power Plant, ENEA plans its engagement in the construction of new sources or acquisitions of the already existing ones on the level of additional 1,500 – 2,000 MW until 2025. Some of these activities will be implemented via partnerships with other energy groups. At the same time, the Group foresees the modernisation of the existing 200 MW and 500 MW units at Koźienice Power Plant within the scope necessary for guaranteeing the efficiency of their operation and satisfaction of environmental standards, in particular resulting from the BAT conclusions, and as a consequence ensuring the possibilities of assets functioning on the market until 2030. The implementation of the Strategy will mean a significant growth in ENEA's importance in electricity generation for the needs of the National Power System.

A considerable element of the foreseen growth in electricity generation is to be the investment in the modern unit in the clean coal technology, the so-called IGCC (Integrated Gasification Combined Cycle) with the capacity of approx. 500 MW. The analyses for this project are ongoing. The Company assumes that it will be located near fuel sources, which will allow for increasing the economic efficiency of the investment. The development of conventional generation capacity is also to be supported by ENEA's involvement in the initiative to construct a modern coal-fired unit of 1,000 MW capacity in Ostrołęka. The project is carried out in cooperation with Energa S.A. The unit is to provide a stable, highly efficient and low-emissions source of energy in the National Power System.

ENEA also foresees a future transformation of the market towards the development of distributed generation sources and island energy markets (local balance areas). In relation to that the Group will focus on a strong development of distributed generation, investing in local polygeneration sources (electricity, heat, cold and other products). ENEA also emphasises the further development of the heat segment, which guarantees a safe return on investment via development of cogeneration sources and combined production of electricity.

The intentions expressed in the Strategy of ENEA Capital Group aim at changing the energy mix of ENEA Group and significantly increasing the share of renewable energy sources in installed capacities and electricity generation in the Group. Within the RES segment, ENEA Group continues sustainable development of activities in this segment through identification and acquisition of economically and technologically attractive generating assets. The Group will identify and evaluate acquisitionable assets/projects in the RES area, ensuring the implementation of the diversification policy with the most favourable economic parameters resulting from, inter alia, the use of modern, highly efficient

technologies and support systems. The essential element is diversification of generation sources and, at the same time, diversification of operational risks for each of the generation technologies. Capital and organisational involvement in the offshore wind energy is also possible for ENEA Capital Group. In addition, actions will be taken to increase the efficiency and competitiveness of installations already operating in ENEA Group through the modernisation of wind turbine blades, optimisation of the cascade operation of hydroelectric power plants, regulatory services, and utilisation of waste heat from biogas plants.

In the Strategy, a balanced extension of assets in all the links of the value chain is foreseen, aiming at securing fuels for the needs of its own generating activity.

In the mining area, ENEA also plans to retain the role of the efficiency leader. i.a. via the “Mine of intelligent solutions” programme aiming at the implementation of technological and IT innovations leading to further growth in the efficiency of mining and automation of underground works. ENEA intends also to apply the best practices in mine management to develop a new business line - mining plants operator’s services in the whole region of the Central and Eastern Europe.

In the Strategy, ENEA assumes maintenance of a strong market position and financial standing due to further strengthening of the distribution area, which today constitutes approx. 47 per cent of the Group’s EBITDA. ENEA will maximise the grid reliability improving SAIDI to the level of 144 minutes and SAIFI to the level of 1.69 until 2025, including via the application of modern IT tools allowing for a quick detection of grid failures and separation of damaged sections (Fault Detection, Isolation and Recovery – FDIR) and modernisation of overhead lines.

Additionally, ENEA will pursue the minimisation of the grid distribution losses index. ENEA will also invest in a smart distribution network initiating the transformation from the electricity supplier towards a multi-service enterprise.

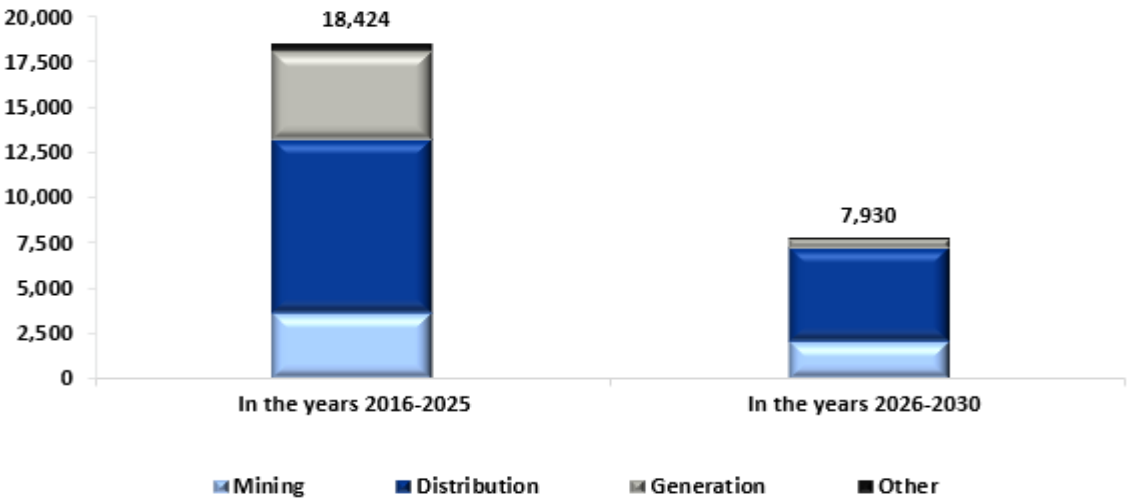
The Group assumes a considerable growth in the innovativeness of its actions and concentration on the Customer in the Strategy. From the total number of 60 strategic initiatives described in the document, as many as 31 are innovative in nature and relate to the development of new business lines. Thanks to them, the Group plans to diversify the revenue structure in the future, including via offering package products with added value for Customers.

ENEA will be active in such segments as the development of energy micro- and macroclusters, electromobility, prosumer installations or solutions from the field of the Internet of Things.

In order to realise the ambitious objectives that are set for the Group, it is necessary to build the cash portfolio in the long run, in particular for the needs of capital-intensive investments.

ENEA estimates that the basic capital expenditures on maintaining the continuity of the Group’s operation in 2016-2030 will total approx. PLN 26.4 billion.

Estimated capital expenditures of ENEA Group during 2016-2030 [PLN m, current prices] are as follows:



The proposed distribution of the net profit presented above is a consequence of considerable investment needs of the Group resulting i.a. from the plans included in “ENEA Capital Group’s Development Strategy until 2030”. In ENEA Group’s assessment, it is important to ensure a long-term building of the equity portfolio, so that in the future it is possible to manage the investment implementation efficiently. The retained profit will complement the sources of financing the investment expenses, particularly within investments connected with the growth of the Group.