

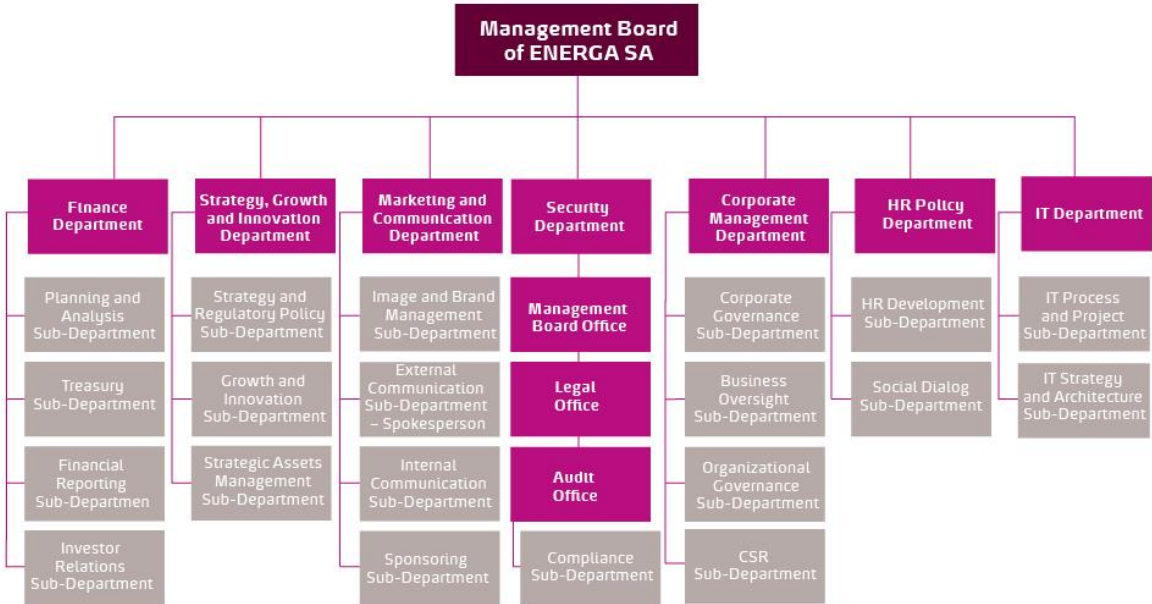
Changes to the Group’s and Energa SA’s management rules

Energa SA Group’s Organizational Governance operated on the basis of a Energa SA’s Management Board and its application depended on the position of individual Group companies in this respect. The agreement that replaced this legal order is a civil-law act. It was concluded by 31 Group companies which voluntarily undertook to comply with the resulting obligations and draw the resulting benefits. At the same time, as a result of this change, in light of the law, each party to the agreement has the right to demand its due performance from the remaining parts thereto.

Just like the Organizational Governance, the agreement comprehensively regulates the cooperation within the Group and significantly strengthens the supervisory role of Energa SA, compared to the previous status quo. It also introduces new institutions aimed at increasing the Group’s business flexibility and the principle according to which in parallel to the interests of each of the companies, they are obligated to act in the interests of the Group, among others, through using intra-group procurement centers, within the institutions established to this effect, referred to as Support Service Structures. Another important business change is that the segments and their Leaders were replaced with Business Lines with Leading Entities managing them, responsible for the results and attainment of the objectives of the Business Lines and the companies allocated to their Lines. The segments were a fixed structure, to which the companies belonged depending on the capital ownership (company, daughter company, granddaughter company), whereas participation in a Business Line does not have result from capital dependence.

The bases of its operation in Energa SA are defined in the Energa SA Organizational Bylaws together with the organizational structure, which was approved in June 2017. The document regulates such areas as the Company management principles, organizational structure, and the scope of duties and responsibilities of individual cells. The chart below shows the structure of Energa SA up to the level of organizational units directly reporting to Management Board members, as at 31 December 2017.

Energa’s organizational structure chart as at 31 December 2017



In addition, in 2017 Energa SA had standing advisory bodies, supporting the Company’s Management Board in making strategic decisions, among others Risk Committee, Council for Counteracting Mobbing

and Discrimination, Ethics Council, Financial Risk Management Committee, IT Coordination Council, Program Council, and Security and Critical Infrastructure Council.

Key changes in the Group's structure and organization

As at 31 December 2017, the Energa SA Group was composed of the parent company Energa SA and 34 subsidiaries.

Simplified organizational structure chart of the Energa SA Group as at 31 December 2017



Following the signing of the investment agreement on the execution of the new power unit in Ostrołęka construction project (Current Report No. 49/2016), on 11 January 2017, the President of UOKiK issued an unconditional approval for the concentration and consequently on 1 February 2017, Energa SA and ENEA S.A. signed a share purchase agreement by ENEA S.A. Under the above agreements, Energa SA and Enea S.A. acquired joint control over Elektrownia Ostrołęka SA with its registered office in Ostrołęka; the company's purpose is building and operating a new coal-fired unit. Both parties will hold a 50% stake in Elektrownia Ostrołęka SA and the same number of votes at the General Meeting. The Management Board and the Supervisory Board consist of the same number of representatives of both investors. Decisions on significant actions require unanimous consent of both shareholders who have the rights to Elektrownia Ostrołęka SA's net assets. Given the above, the investment was classified as a joint venture and is captured using the equity method.

On 13 April 2017, the General Meeting of Elektrownia Ostrołęka SA adopted a resolution to increase the share capital by PLN 19,000,000; the new shares were subscribed for, half each, i.e. PLN 9,500,000 each, by Energa SA and Enea SA and covered by a cash contribution. On 30 May 2017, the increase was registered in KRS.

On 23 November 2017, the General Meeting of Elektrownia Ostrołęka SA, by virtue of resolution 1, resolved to transform this entity into a limited liability company. Registration is currently in progress in the National Court Register.

On 11 May 2017, an increase in the share capital of Energa Kogeneracja Sp. z o.o. by PLN 38,326,000 up to PLN 400,989,000 was registered in KRS. Energa SA holds a 64.59% stake in the company's share capital.

On 28 August 2017, a resolution was adopted by the Extraordinary General Meeting of ENSA PGK3 Sp. z o.o. to increase the share capital by PLN 1,490,000.00 i.e. up to PLN 1,500,000.00. The newly issued shares in the number of 2,980 were subscribed for by the sole shareholder, i.e. Energa SA, in exchange for a cash contribution. At the same time, at the Meeting, a resolution was also adopted to change the company's name to Energa Ochrona Sp. z o.o. The changes were registered in KRS on 27 October 2017.

Also on 28 August 2017, a Meeting was held at which a resolution was adopted to increase the share capital of Energa Finance AB (publ), from EUR 20,000,000 up to EUR 24,200,000 by issuing 4,200,000 new shares of the nominal value of EUR 1 each, which were subscribed for by Energa SA and covered by it with its own contribution. The share capital of the company was increased on 19 September 2017.

On 31 August 2017, Energa SA entered into two agreements with its subsidiaries:

- 1) the first with Energa-Obrót SA regarding a transfer of ownership title to shares in Energa Oświetlenie Sp. z o.o. in exchange for redemption of bonds issued by Energa-Obrót SA,
- 2) the second with Energa-Operator SA regarding a transfer of ownership title to shares in Energa-Operator Logistyka Sp. z o.o. in exchange for redemption of bonds issued by Energa-Operator SA.

The redemption and the transfers of ownership titles to shares in Energa Oświetlenie Sp. z o.o. and Energa-Operator Logistyka Sp. z o.o. in favor of Energa SA took place on 6 September 2017 and 14 September 2017, respectively.

On 13 September 2017, the Extraordinary Partner Meeting of ENSA PGK1 Sp. z o.o. adopted a resolution to merge ENSA PGK1 Sp. z o.o. (the receiving company) with Energa Invest SA (the acquired company) - under the procedure of Article 492 §1 Item 1 of the Commercial Company Code - by transferring all the assets of the acquired company worth PLN 67,700,000 onto the receiving company in exchange for 94,692 shares of the total nominal value of PLN 47,346,000. The merger was entered to KRS on 12 October 2017. At the same time, as at merger date, the business name of ENSA PGK1 Sp. z o.o. was changed to Energa Invest Sp. z o.o.

On 9 November 2017, the court entered in KRS the merger of Energa Wytwarzanie SA (acquiring company) with its subsidiaries, i.e. Elektrownia CCGT Grudziądz Sp. z o.o., Elektrownia CCGT Gdańsk Sp. z o.o. and AEGIR 4 Sp. z o.o. (acquired companies). The merger has been carried out without increasing the share capital of Energa Wytwarzanie SA.

On 1 December 2017, the takeover of Energa Obsługa i Sprzedaż Sp. z o.o. as a result of merger with Energa-Obrót SA without increasing the share capital of Energa-Obrót SA was registered in KRS.

The changes made by the resolution adopted by the Extraordinary General Meeting of EOB PGK2 Sp. z o.o. on 3 July 2017 to increase the share capital by PLN 290,000, i.e. up to PLN 300,000, were registered in KRS on 13 December 2017. The new 580 shares were subscribed for by Energa SA (the sole shareholder), which covered them with a cash contribution. On the same date, also the company's business name was changed to Centrum Badawczo-Rozwojowe im. M. Faradaya Sp. z o.o.

On 12 December 2017, the Extraordinary General Meetings of ENSA PGK2 Sp. z o.o., ENSA PGK4 Sp. z o.o., ENSA PGK5 Sp. z o.o., ENSA PGK6 Sp. z o.o., ENSA PGK7 Sp. z o.o. (acquired companies) and ENSA PGK8 Sp. z o.o. (acquiring company) adopted resolutions on the merger of these companies. On 29 December 2017, the merger was registered in KRS.