



**DEVELOPMENT STRATEGY
OF LW BOGDANKA S.A.
MINING AREA OF THE ENEA GROUP UNTIL 2030
(UNDER THE 2040 FRAMEWORK)**



Market environment and stakeholders have clear expectations towards the Company, with the market environment posing new challenges

Expectations and challenges



- Maintaining production capacity
- Maintaining high company profitability ratios
- Innovation
- Business and social support for the region
- Respect for environment
- Stable place of work

Strategy – continuation and diversification

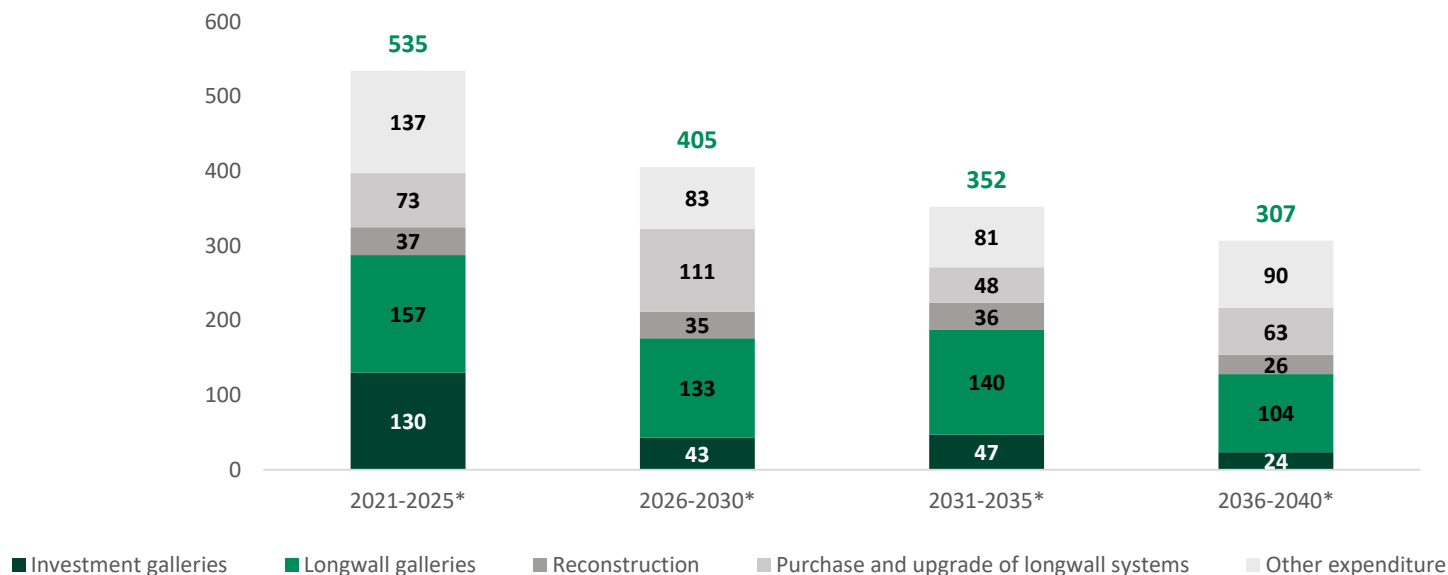


- **Two products** – selective extraction (type 34)
- **Diversification** – increasing the areas of business activity
- Identifying, recognizing, and documenting new coal reserves (**coking coal** – type 35);

Total CAPEX for core activity in 2021-2040 will amount to PLN 4.1 billion

Capital expenditure [PLN billion]

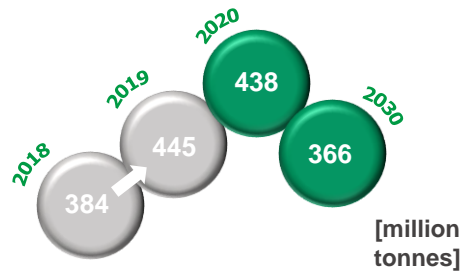
Total expenditure
**PLN
 8.0
 billion**



- PLN 2.7 billion of the total expenditure will be spent on longwall galleries, and PLN 1.5 billion on purchase and upgrade of longwall systems (core activity).
- Average expenditure in 2021-2030 will amount to approx. PLN 470 million.
- The quoted amounts do not include possible cost of making the Ludwin Field – Ostrów deposit vertically available (PLN 2.1 billion) but they do include expenditure on initial exploration of new deposits.

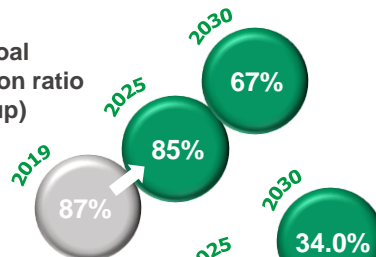
Lubelski Węgiel Bogdanka S.A. wants to remain a dividend-paying company in the medium and long run

OPERATING RESOURCES



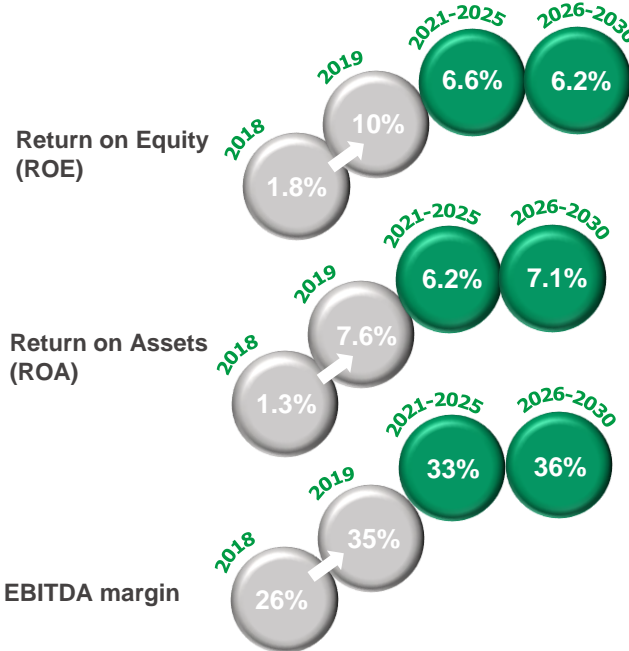
MARKET

In-house coal consumption ratio (Enea Group)



Share in coal market for commercial power plants

FINANCIAL *



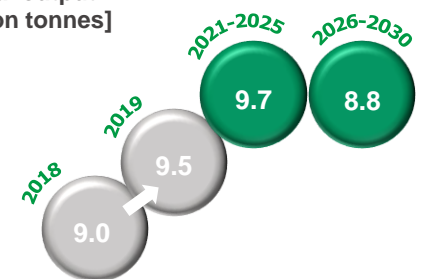
CAPEX*

Average annual expenses for construction in progress [PLN million]



OUTPUT

Annual output [million tonnes]



* Measures do not include expenditure and results of implementing strategic initiatives. Approximated price of thermal and coking coal in PLN/GJ was assumed for analysis.

Source: Company assumptions

Lubelski Węgiel Bogdanka S.A. implements a number of strategic initiatives



BOGDANKA acts for climate and environment

- 01 Balanced use of heaps
- 02 Post-mining waste management technologies
- 03 Support of local natural environment
- 04 Just transformation of mining regions



BOGDANKA cares for safety

- 05 Programme to improve work safety
- 06 Programme to improve technical work safety



BOGDANKA is a good place to work in

- 07 Pro-employee activities
- 08 Solutions reducing nuisance of work
- 09 Investments in employee competence development



BOGDANKA is efficient

- 10 Independent bolted support
- 11 Geomechanical model
- 12 Mining pit monitoring based on state-of-the-art technological solutions
- 13 Development of resource base

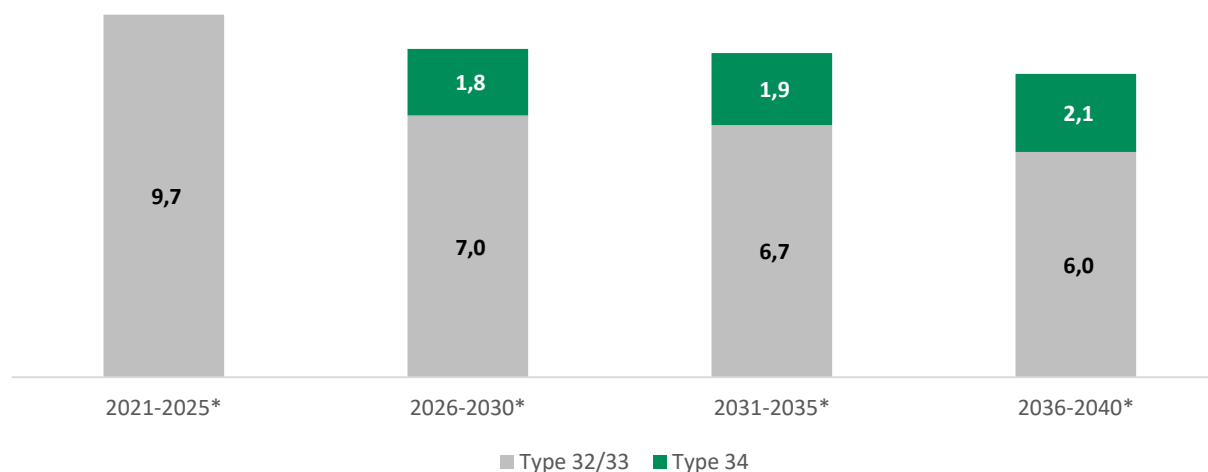


BOGDANKA is a Smart Mine

- 14 Research, development and innovation work
- 15 Process-based technical and management standards
- 16 Industrial revolution 4.0 / Internet of Things

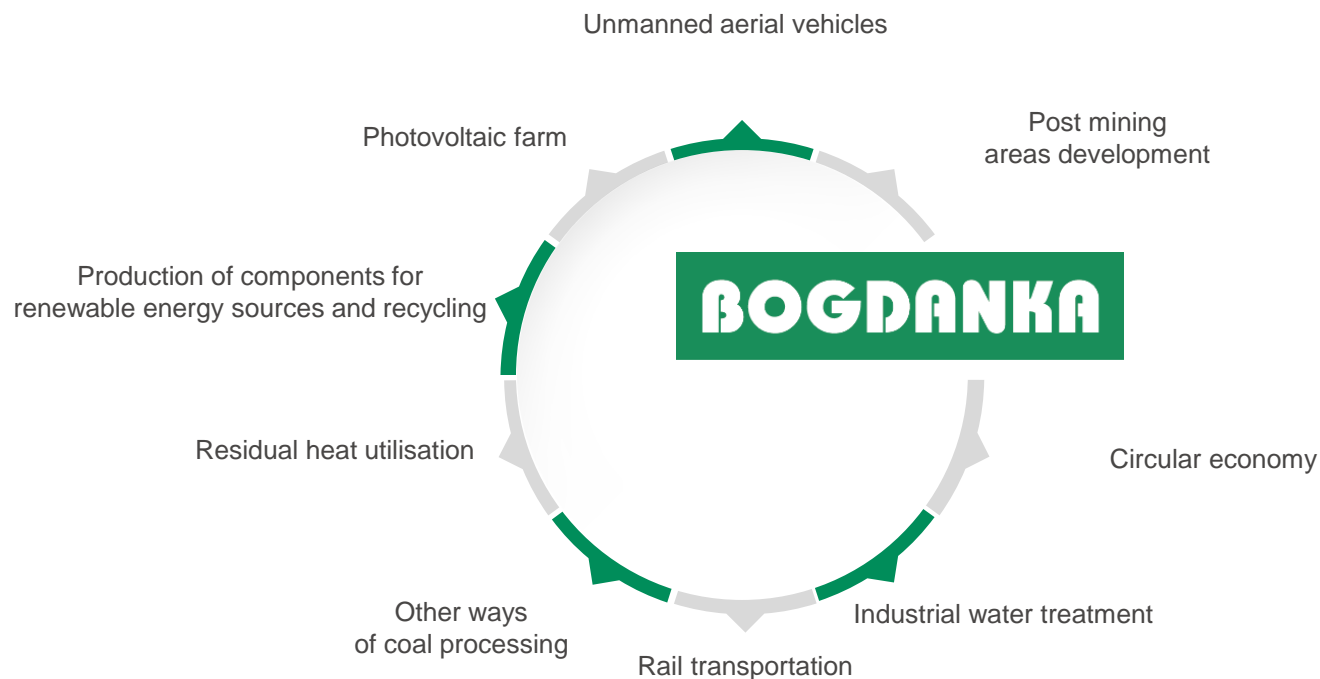
In 2021-2040 the Company plans to produce, on average, approx. 8.8 million tonnes net annually

Production of commercial coal [million tonnes]

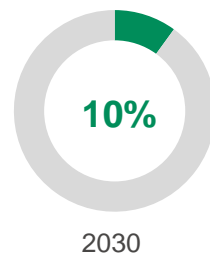
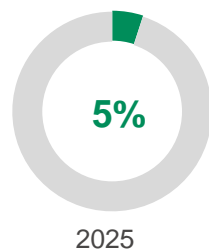


- Assumed production level is a result of assumed mining schedules for each of the walls and maximum extraction possibilities with the account taken of selective extraction and longwall system efficiency.
- In 2021-2025 we will produce exclusively thermal coal (type 32-33), while between 2026 and 2040 also coking coal will be extracted (type 34).
- Since 2026 the volume of coking coal will reach the level between 0.7 to 3.1 million tonnes annually, with average value of 1.9 million tonnes.
- Total net production value of commercial coal (type 32-33) in the Operating Period amounts to 147.3 million tonnes, and of coking coal (type 34) – 28.9 million tonnes.

In terms of diversification the Company focuses on development initiatives which will constitute key areas of business transformation



ESTIMATED REVENUE FROM OUTSIDE OF CORE BUSINESS





BOGDANKA

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