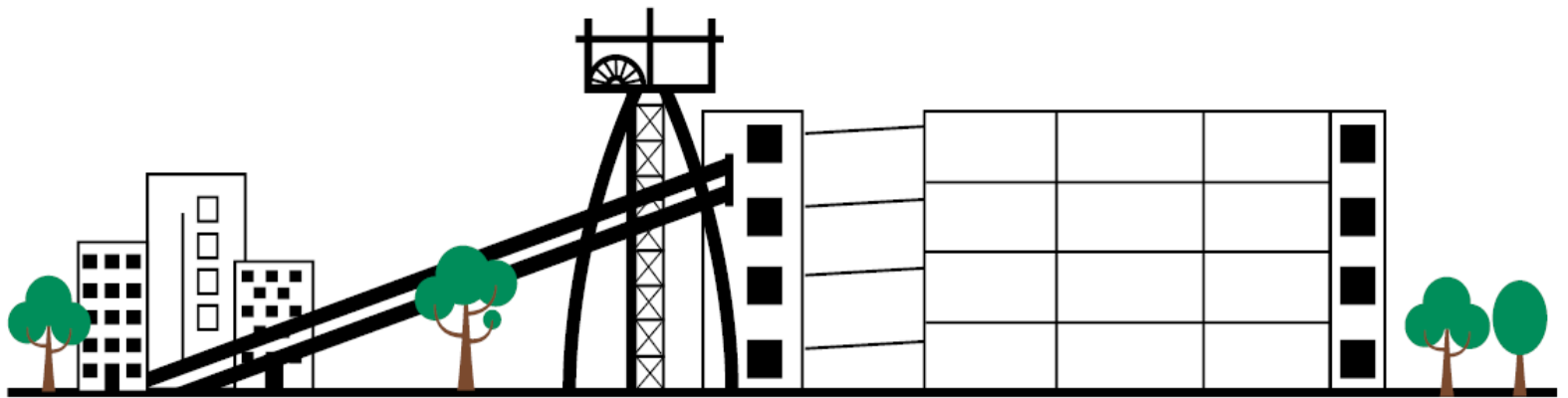
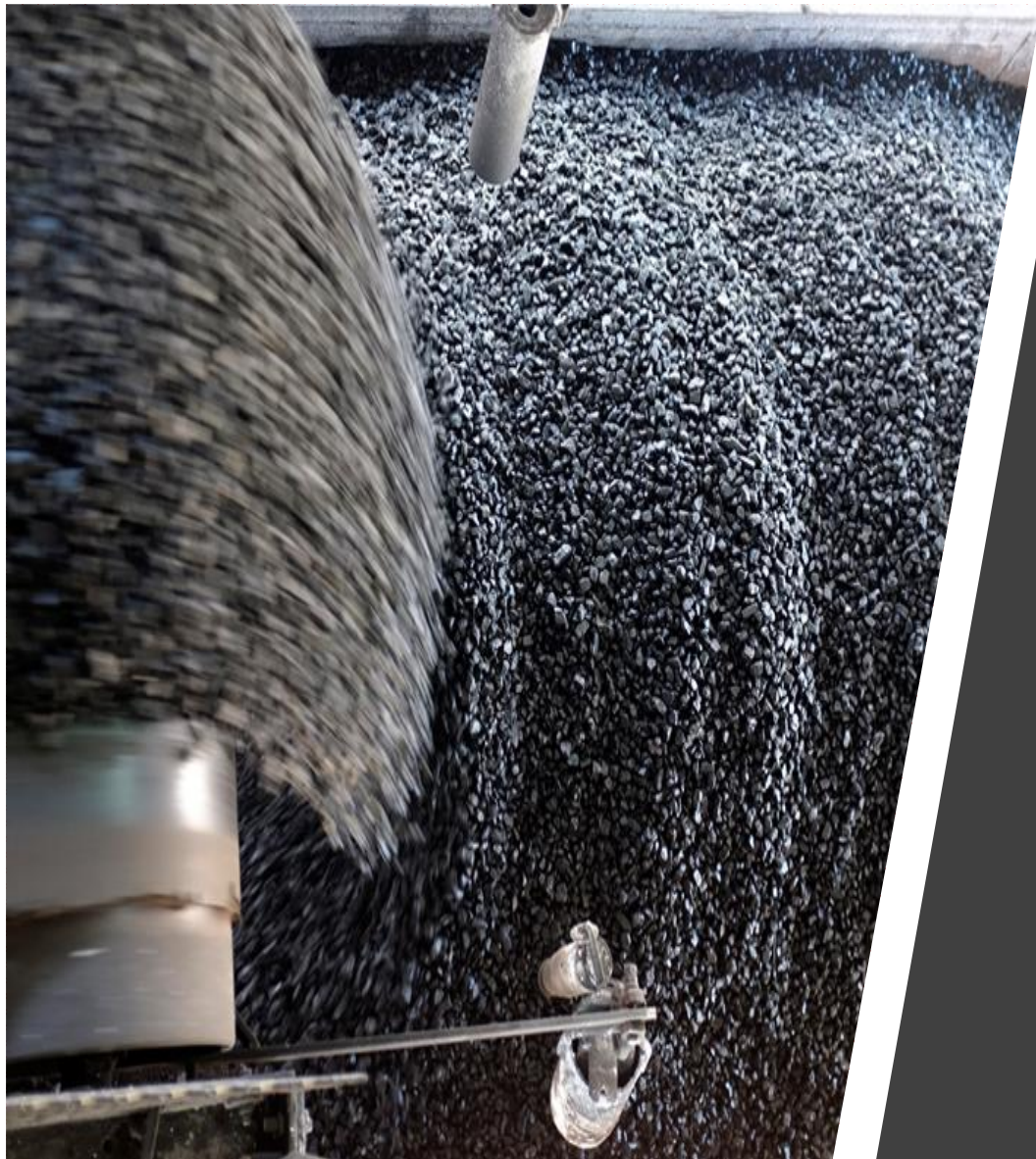


Presentation of results
the LW Bogdanka Group
Q4 2021, 2021



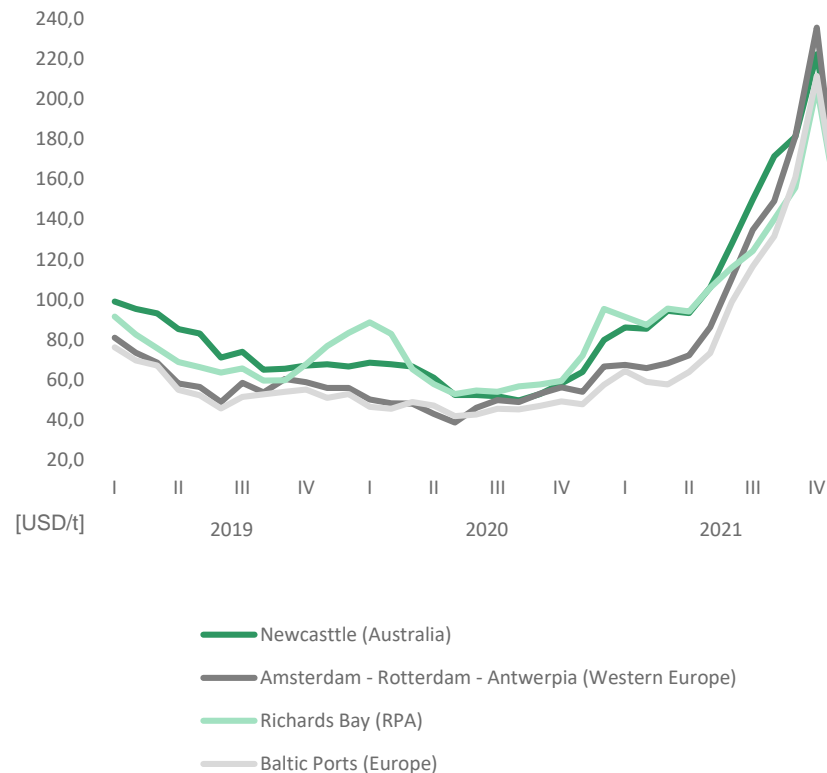
- 1 Situation on the coal market and key operating data 3
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1

Situation on the coal market
and key operating data

Increase of coal prices on the global market in Q4 2021 compared to Q3 2021



CIF ARA coal prices

- ✓ USD 173.6/tonne - the average coal price (CIF ARA) in Q4 2021 was higher by 194.2% compared to Q4 2020 (USD 59.0/tonne)
- ✓ comparing to average coal price (CIF ARA) in Q3 2021 (USD 155.1/tonne), it's an increase by 11.9%
- ✓ average price in 2021 was USD 121.4/tonne, up by 141.4% y/y, (USD 50.3/tonne in 2020)

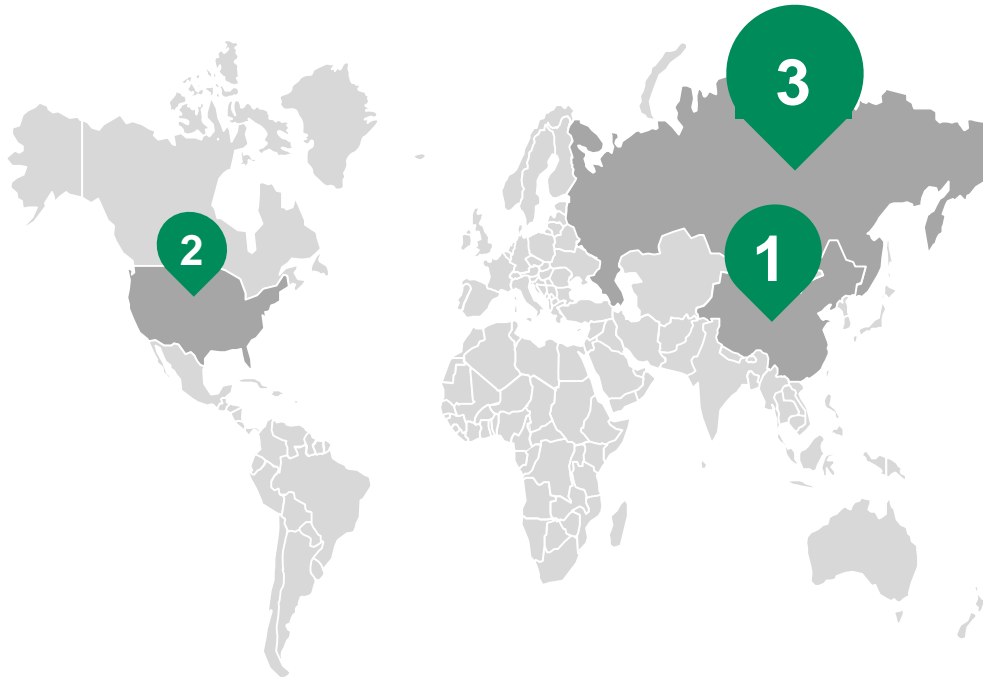
Inventories in ARA ports

- ✓ about 3.5 million tonnes of coal inventories at the end of December 2021 in ARA ports – as at the end of September 2021 the level was 4.1 million tonnes

Prices in the world's main ports

- ✓ USD 167.0/tonne - average coal price FOB Baltic Ports in Q4 2021 as compared to Q4 2020 (USD 51.6/tonne) - an increase by 223.6%
- ✓ comparing to average coal price in Q3 2021 (USD 136.4 /tonne), it's an increase by 22.4%
- ✓ average price in 2021 was USD 110.6/tonne, up by 134.3% y/y, (USD 47.2/tonne in 2020)

Increase of coal production in China, USA and Russia in 2021 vs. 2020



1. China:

- ✓ in 2021 approx. 4.1 billion tonnes of coal were produced, i.e. +7.9% compared to 2020 (3.8 billion tonnes)
- ✓ imports in 2021 were 323.2 million tonnes and were higher by approx. 6.0% compared to 2020 (304.0 million tonnes)

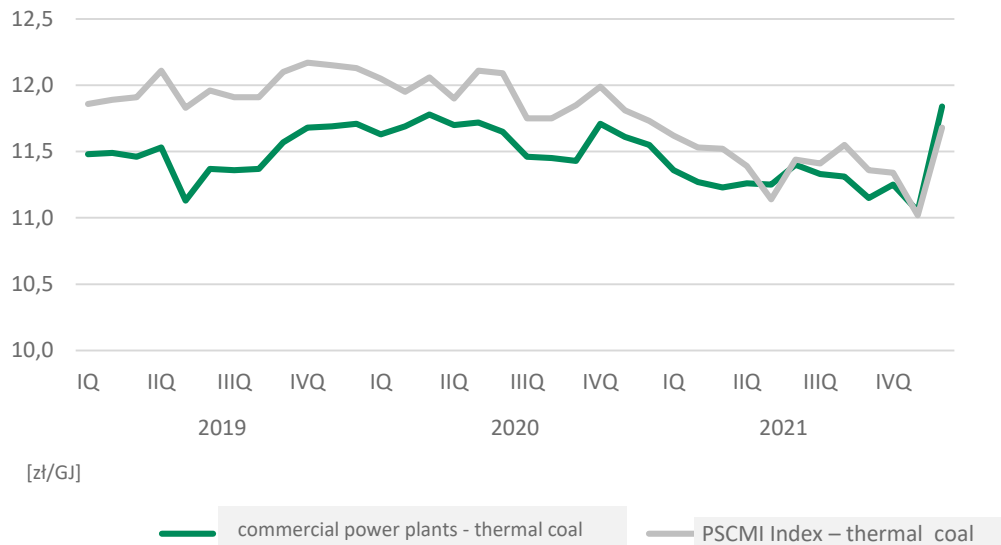
2. USA:

- ✓ production in 2021 was 524.7 million tonnes, i.e. +7.3% compared to 2020 (489.1 million tonnes)
- ✓ consumption in 2021 was 496.9 million tonnes, i.e. +15.0% compared to 2020 (432.1 million tonnes)
- ✓ exports in 2021 – 77.6 million tonnes of hard coal, +24.9% y/y

3. Rosja:

- ✓ in 2021 approx. 437.0 million tonnes were produced, i.e. up by 9.0% y/y (401 million tonnes in 2020)
- ✓ exports in 2021 were 212 million tonnes, up by 9.8% y/y (193 million tonnes in 2020)

Stabilization of thermal coal prices sold to commercial power plants on the domestic market in 2021



Thermal coal prices:

- ✓ in Q4 2021 the average annual price of fine thermal coal for commercial power plants was PLN 11.38 per GJ, the change dynamics was ca. -2.1% y/y
- ✓ in 2021 (PLN 11.31 per GJ) – down by 2.7% compared to 2020 (PLN 11.62 per GJ)
- ✓ average heating value of thermal coal for commercial power plants was about 21.3 GJ

Prices based on the PSCMI index:

- ✓ in Q4 2021 the average price based on the PSCMI index was approx. PLN 11.35 per GJ, as compared to average price in Q4 2020 (PLN 11.84 per GJ) this represents a decrease by approx. -4.1%
- ✓ in 2021 the price stood at the level of PLN 11.31 per GJ as compared to PLN 11.92 per GJ in 2020, i.e. down by 4.2%

Increase in extraction and sales of thermal coal market in Poland in 2021 compared to 2020

PERFORMANCE OF POLISH COMPANIES*:

	Q4 2020	Q4 2021	Change	2020	2021	Change
Extraction of thermal coal in domestic coal market (million tonnes)	10.7	10.7	0.0%	40.1	41.0	2.2%
Sales of thermal coal in domestic coal market (million tonnes)	11.3	11.4	0.9%	38.1	41.5	8.9%
Average cost of coal sold (PLN)	349.3	357.0	2.2%	374.4	361.8	-3.4%

COAL PRICES:

Average price of power coal (PLN)	274.9	288.0	4.8%	281.8	277.6	-1.5%
Average price of coal sold to commercial power industry (PLN)	248.3	239.7	-3.5%	249.2	239.9	-3.7%

DEMAND/SUPPLY:

Production of electric power in commercial power plants with the use of hard coal (GWh)**	20,104	25,088	24.8%	71,546	93,037	30.0%
Inventories of coal in mines (million tonnes)***	4.6	1.7	-63.0%	4.6	1.7	-63.0%

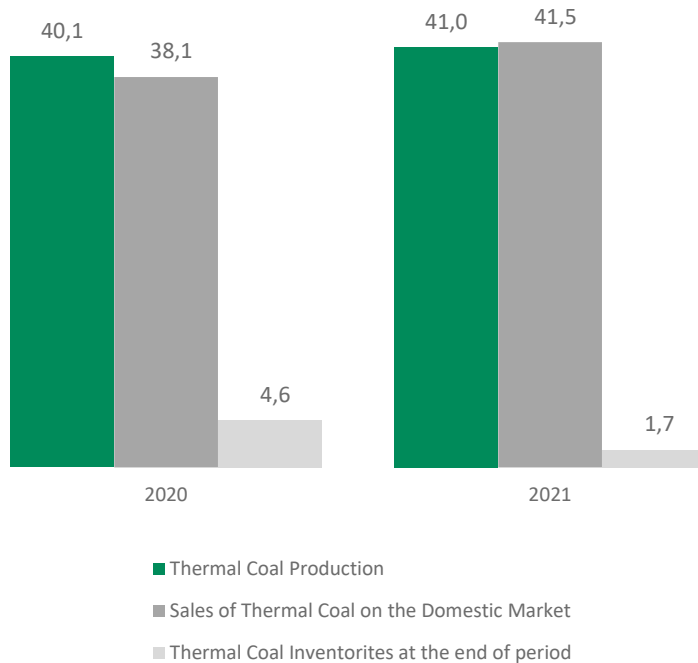
*PSE S.A.

**data do not include Silesia, Siltech, Ekoplus

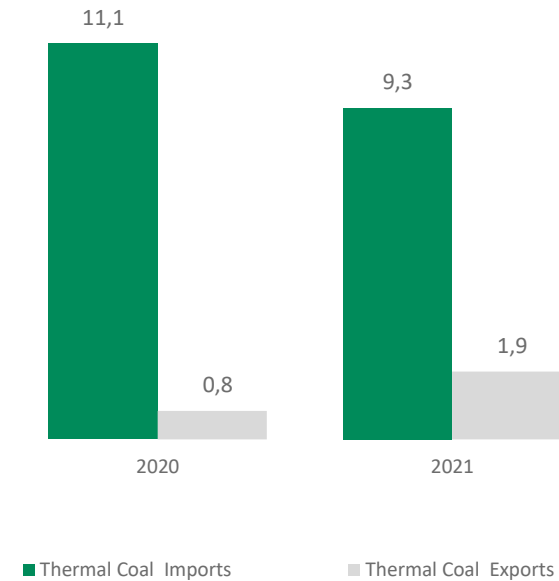
Source: ARP, PSE S.A.

Increase in production and sales of thermal coal in Polish mines with a decrease in inventories and import

Thermal coal production, domestic sales and inventories in Polish mines [million tonnes]*

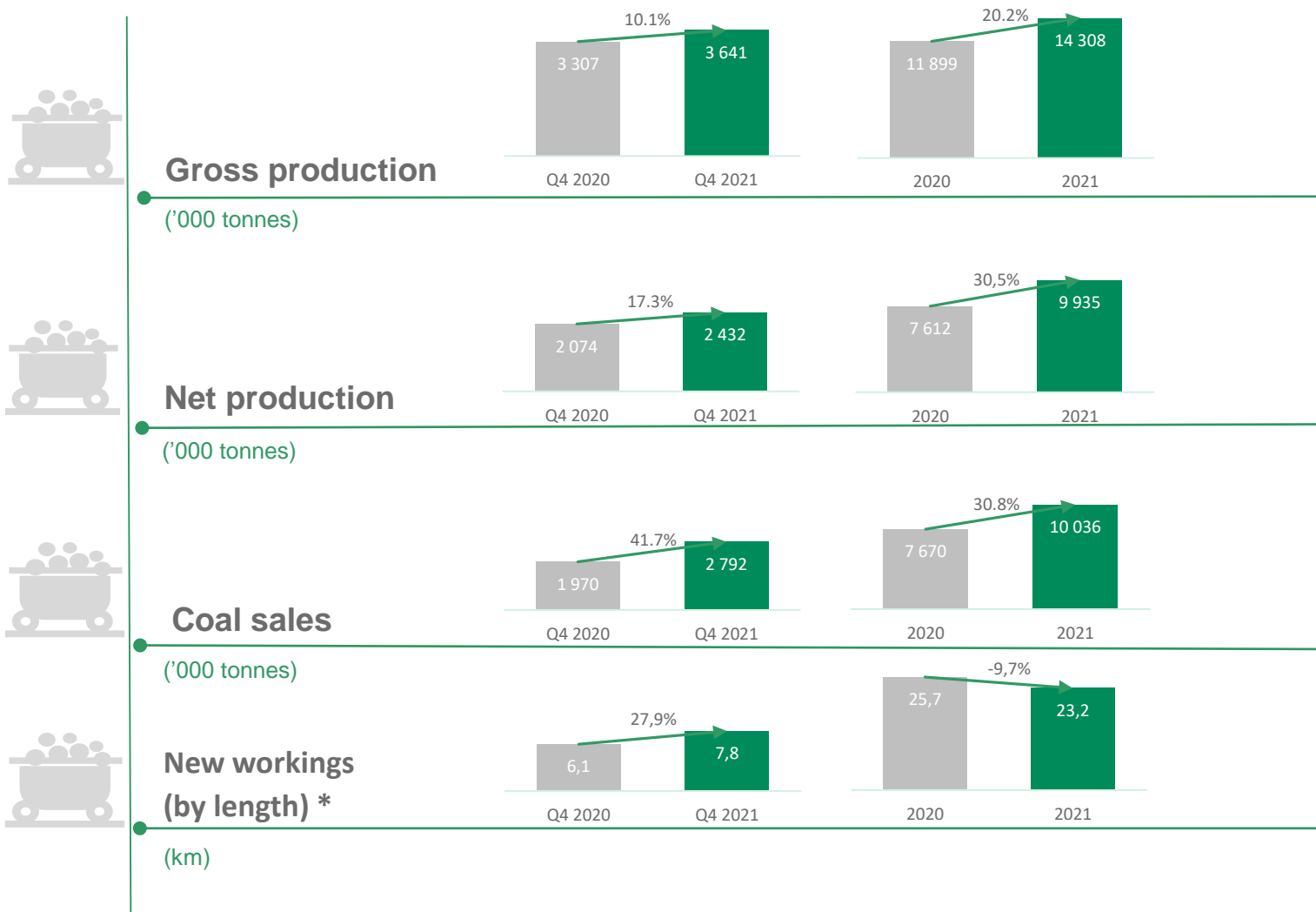


Thermal coal imports and exports [million tonnes]*



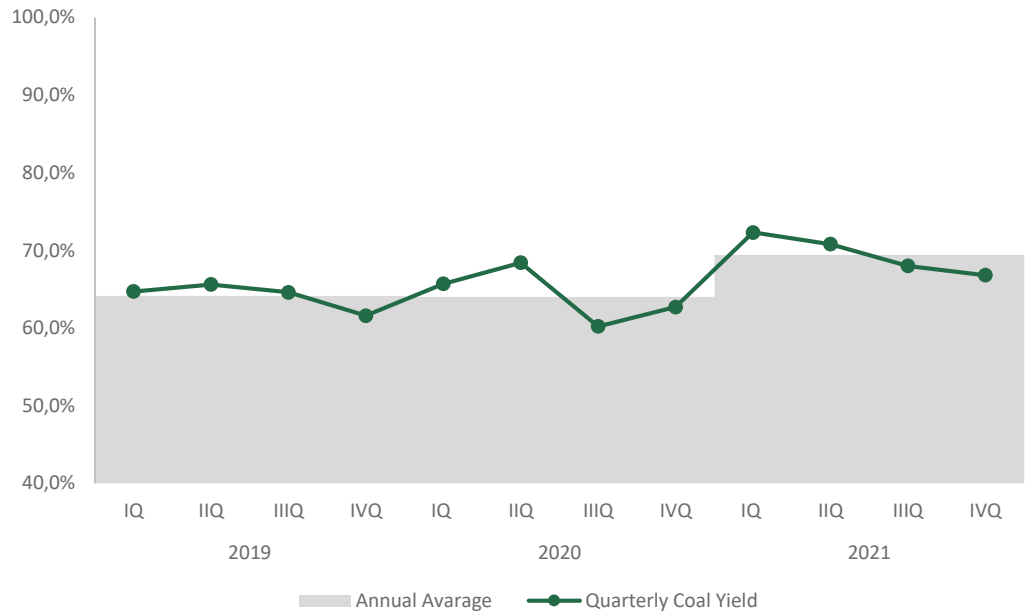
*data do not include Silesia, Siltech, Ekoplus

GK LW Bogdanka – increase of net production and coal sales in 2021 compared 2020



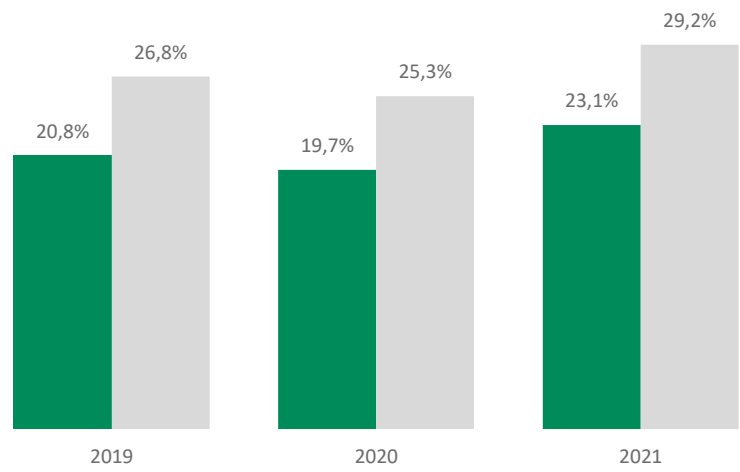
*Length of excavations made includes reconstruction works

Coal yield at a level of 69.4% in 2021



- ✓ coal yield in Q4 2021 was about 66.8% and was higher than in Q4 2020 (62.7%) and lower than in Q3 2021 (68.0%)
- ✓ average yield in 2021 was 69.4% compared to 64.0% in 2020
- ✓ in Q4 2021 31.5% of raw coal was obtained from low walls and 68.5% high walls. In the same period of 2020 this ratio was 36.9% compared to 63.1%.
- ✓ in 2021 47.5% of raw coal was obtained from low walls and 52.5% from high walls. In the same period of 2020 this ratio was 43.7% to 56.3%
- ✓ production in 2021 was conducted on 300 days, compared to 294 days in the same period 2020

We keep a strong position on the coal market – 29.2% of share in sales to commercial power plants



■ Share of LWB sales in the thermal coal market
■ Share of LWB sales in the thermal coal market - products sold to commercial power plants



2

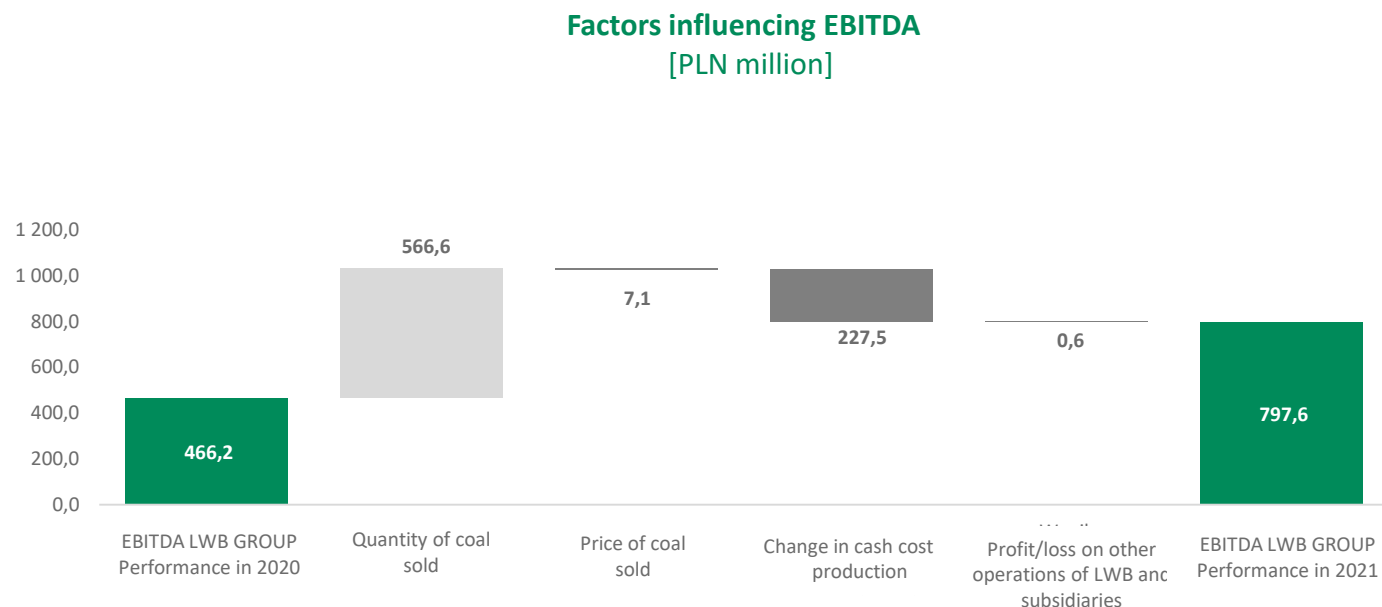
Financial highlights of
the LW Bogdanka
Group in Q4 2021, 2021

Record operating results of LW Bogdanka Group

Item	Unit	Q4 2020	Q4 2021	Change	2020	2021	Change
Technical and operating data							
Gross production	'000 tonnes	3,307	3,641	10.1%	11,899	14,308	20.2%
Net production	'000 tonnes	2,074	2,432	17.3%	7,612	9,935	30.5%
Coal yield	%	62.7%	66.8%	6.5%	64.0%	69.4%	8.4%
Coal sales	'000 tonnes	1,970	2,792	41.7%	7,670	10,036	30.8%
Inventories (end of period)	'000 tonnes	122	21	-82.8%	122	21	-82.8%
New workings (by length)*	km	6.1	7.8	27.9%	25.7	23.2	-9.7%
Financial data							
Revenue	PLN' 000	468,579	702,801	50.0%	1,822,112	2,371,280	30.1%
EBITDA	PLN' 000	148,519	259,292	74.6%	466,167	797,601	71.1%
EBIT	PLN' 000	44,499	154,001	246.1%	95,241	366,798	285.1%
Net profit	PLN' 000	38,123	123,515	224.0%	72,962	288,266	295.1%

*Length of excavations made includes reconstruction works

Increase in EBITDA in 2021 compared to 2020



2021

Factors influencing EBITDA:

(+) increase in revenue on sales of coal: higher quantitative sales (+2,366,000 tonnes, +30.8%)

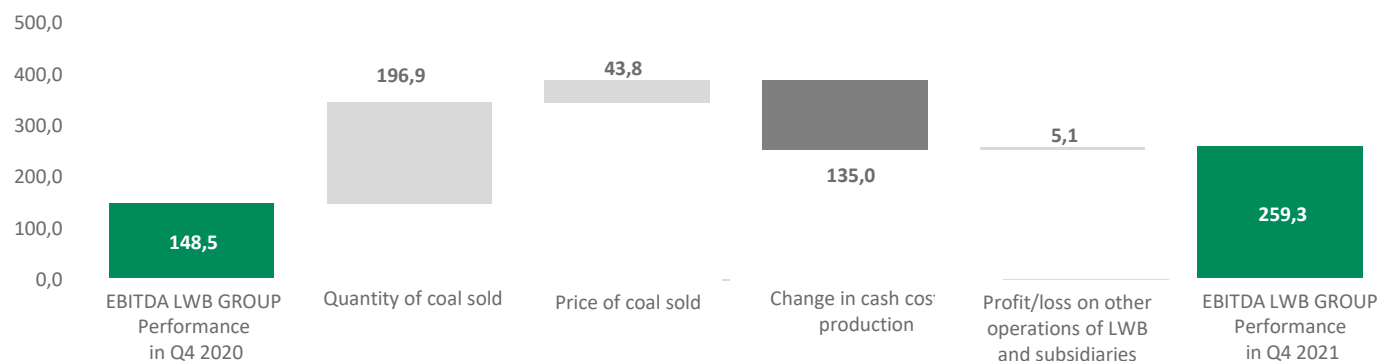
(-) lower price of coal

(-) extraction higher by 2,409,000 tonnes (+20.2%) – increase in production cost

(-) in 2020, an increased number of employees benefiting from the benefits introduced by the regulations on the anti-crisis shield; Due to the limitations of coal production, in 2020 some employees were delegated to preparatory (pavement) works to be performed by external companies - higher value of activated wages; in 2020 - the Provincial Labour Office granted the company PLN 33.2 million of subsidies for salaries from the funds of the Guaranteed Employee Benefits Fund [effect of the lower base]

Increase in EBITDA in Q4 2021 compared to Q4 2020

Factors influencing EBITDA [PLN million]



Q4 2021

Factors influencing EBITDA:

- (+) increase in revenue on sales of coal: higher quantitative sales (+822,000 tonnes, +41,7%)
- (+) higher price of coal sold

(-) extraction higher by 334,000 tonnes (+10.1%) – increase in production cost
 (-) in 2020, an increased number of employees benefiting from the benefits introduced by the regulations on the anti-crisis shield; in 2020 - the Provincial Labour Office granted the company PLN 33.2 million of subsidies for salaries from the funds of the Guaranteed Employee Benefits Fund [effect of the lower base]

The Group's result in 2021 was influenced by higher production and sales

Item [PLN '000]	Q4 2020	Q4 2021	Change	2020	2021	Change
Revenue	468,579	702,801	50.0%	1,822,112	2,371,280	30.1%
Costs of products, goods and materials sold, selling and administrative expenses	420,787	550,982	30.9%	1,725,393	2,002,828	16.1%
Profit on sales	47,792	151,819	217.7%	96,719	368,452	281.0%
Gross sales margin	10.2%	21.6%	11.4 p.p.	5.3%	15.5%	10.2 p.p.
Other income	4,624	4,088	-11.6%	7,737	5,223	-32.5%
Other costs	532	474	-10.9%	1,894	1,128	-40.4%
Net operating profit	51,884	155,433	199.6%	102,562	372,547	263.2%
Other net losses	-7,385	-1,432	-80.6%	-7,321	-5,749	-21.5%
Operating profit (EBIT)	44,499	154,001	246.1%	95,241	366,798	285.1%
EBIT margin	9.5%	21.9%	12.4 p.p.	5.2%	15.5%	10.3 p.p.
EBITDA	148,519	259,292	74.6%	466,167	797,601	71.1%
EBITDA margin	31.7%	36.9%	5.2 p.p.	25.6%	33.6%	8.0 p.p.
Finance income	4,973	427	-91.4%	7,537	675	-91.0%
Finance costs	1,869	1,879	0.5%	9,588	8,345	-13.0%
Profit before taxation	47,603	152,549	220.5%	93,190	359,128	285.4%
Pre-tax profit margin	10.2%	21.7%	11.5 p.p.	5.1%	15.1%	10.0 p.p.
Income tax	9,480	29,034	206.3%	20,228	70,862	250.3%
Net profit for the financial year	38,123	123,515	224.0%	72,962	288,266	295.1%
Net sales margin	8.1%	17.6%	9.5 p.p.	4.0%	12.2%	8.2 p.p.

Increase in cost by nature in 2021 by 6.9% was due to higher production

Item [PLN '000]	Q4 2020	Q4 2021	Change	2020	2021	Change
Net production ['000 tonnes]	2,074	2,432	17.3%	7,612	9,935	30.5%
Coal sales ['000 tonnes]	1,970	2,792	41.7%	7,670	10,036	30.8%
Depreciation and amortization	94,409	99,587	5.5%	353,990	416,753	17.7%
Materials and energy	134,967	142,869	5.9%	501,940	474,751	-5.4%
External services	122,914	128,287	4.4%	462,016	467,561	1.2%
Employee cost and benefits	229,712	268,397	16.8%	651,888	726,203	11.4%
Entertainment and advertising	1,344	2,248	67.3%	7,804	10,266	31.5%
Taxes and charges	17,370	11,606	-33.2%	52,802	52,836	0.1%
Other expenses	606	747	23.3%	2,394	24,452	921.4%
Cost by nature	601,322	653,741	8.7%	2,032,834	2,172,822	6.9%
Cost of activities for the Company's own needs	-60,439	-65,796	8.9%	-279,952	-191,692	-31.5%
Accruals and deferrals	-76,141	-77,518	1.8%	1,104	8,122	635.7%
Value of coal obtained from excavations	-14,361	-25,888	80.3%	-55,071	-77,918	41.5%
Provisions and other presentation adjustments between costs by type and by function	-11,398	-1,976	-82.7%	9,850	49,890	406.5%
Total production costs	438,983	482,563	9.9%	1,708,765	1,961,224	14.8%
Change in product inventories	-21,436	63,624	-396.8%	6,324	21,286	236.6%
Value of goods and materials sold	2,556	5,340	108.9%	11,888	17,644	48.4%
Own cost of production sold, including:	420,103	551,527	31.3%	1,726,977	2,000,154	15.8%
Costs of products, goods and materials sold	382,928	505,385	32.0%	1,574,215	1,825,300	15.9%
Selling costs	7,428	10,775	45.1%	31,886	40,040	25.6%
Administrative costs	29,747	35,367	18.9%	120,876	134,814	11.5%

Increase in costs by nature by 6.9% caused by higher production

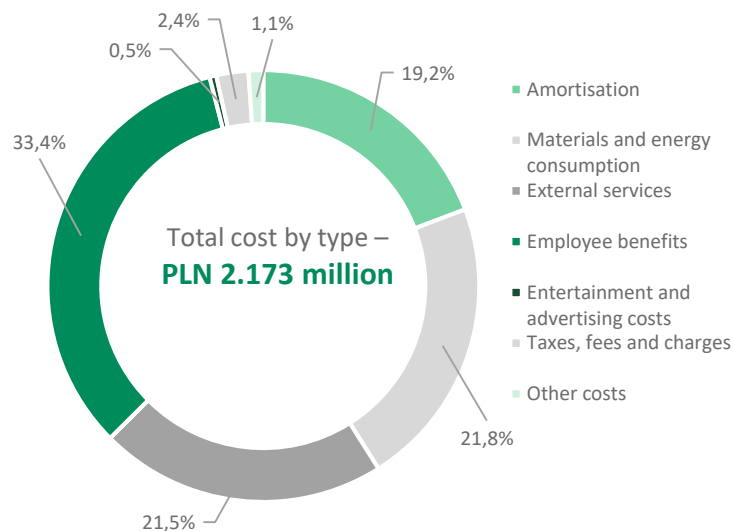
Gross extraction – increase by 20.2%, i.e. 2,409,000 tonnes

Net extraction – increase by 30.5%, i.e. by 2,323,000 tonnes

New excavations – down by 9.9% (23.2 km in 2021 compared to 25.7 km in 2020)

Total costs by nature – PLN 2.173 million in 2021, increase in relation to 2020 by 6.9%, i.e. PLN 140.0 million

Cash costs (net of depreciation/amortisation) – increase by 4.6%, i.e. by approx. PLN 77.2 million



Source: own data

Taxes and charges (+0.1% y/y):

- ✓ increase in real property tax

Other costs (+921.4% y/y):

- ✓ conclusion insurance policy
- ✓ higher advertising costs

Depreciation / Amortisation (+17.7% y/y):

- ✓ lower value of depreciation of non-current assets
- ✓ a drop in the natural depreciation (removal of longwall galleries of a lower initial value)

Materials and energy consumption

(-5.4% y/y):

- ✓ smaller scope of preparatory works (23.2 km of galleries in 2021 compared to 25.7 km in 2020)
- ✓ lower use of materials (heading casing elements, preinsulated pipes, stirrups, conveyor belts, elements for wall complex)

Entertainment and advertising costs (+31.5% y/y):

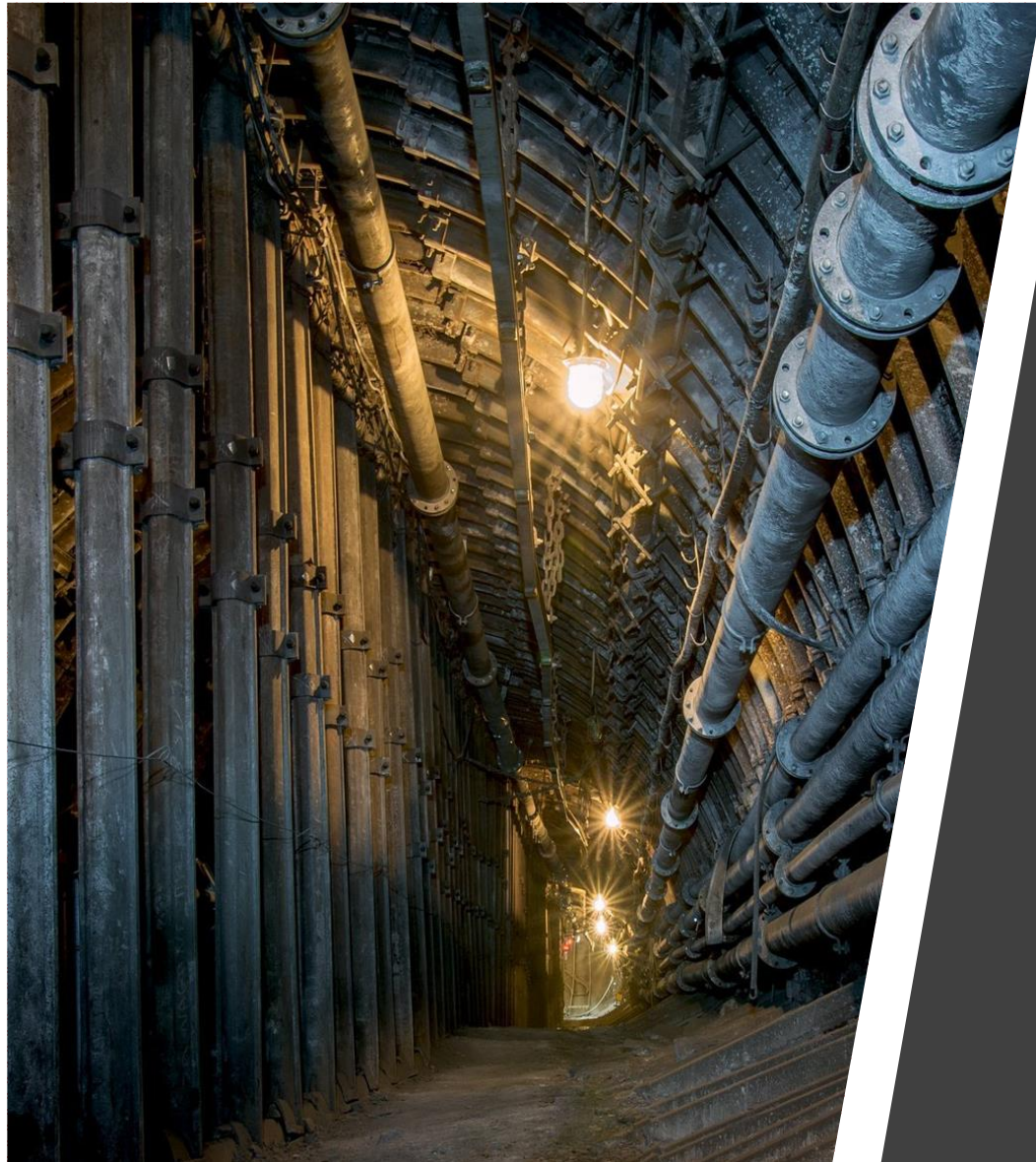
- ✓ conclusion of an additional sponsorship agreement

Employee benefits (+11.4% y/y):

- ✓ increase in remunerations
- ✓ additional reward for employees
- ✓ decrease in employee benefits

Outsourced services (+1.2% y/y):

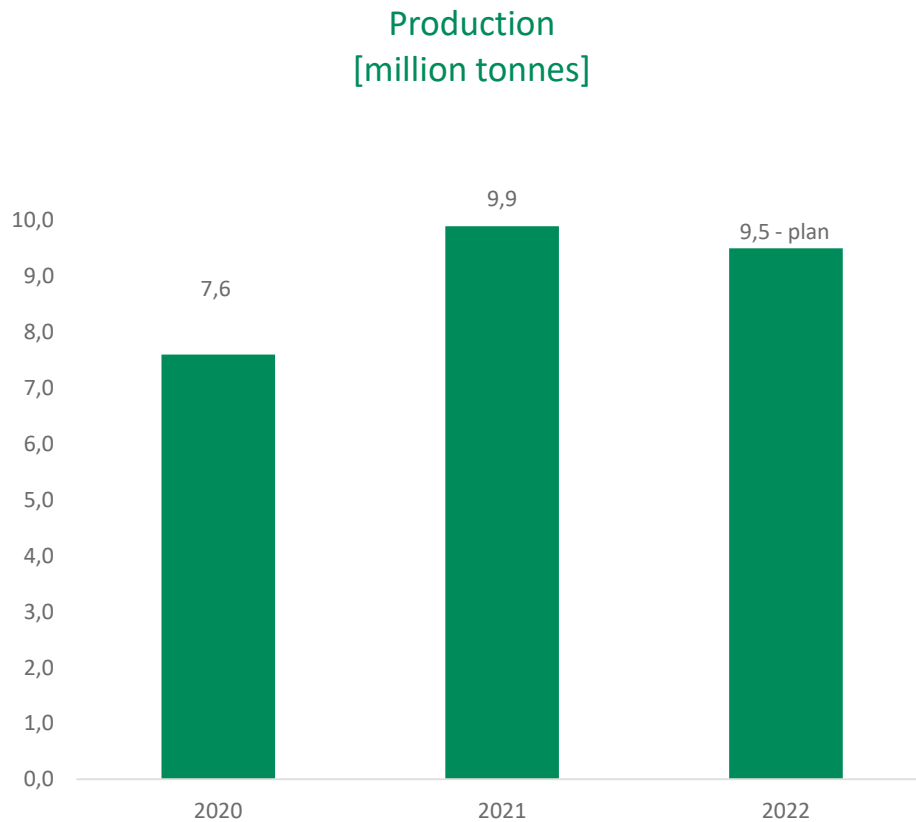
- ✓ higher costs of work performed on Saturdays and Sundays, and auxiliary works (higher number of mining days)
- ✓ higher reclamation costs (greater amount of managed waste)
- ✓ higher costs of drilling and reconstruction (increase in quantitative production)
- ✓ increase in renovation costs



3

Performance of the
plan in Q4 2021, 2021
and plan for 2022

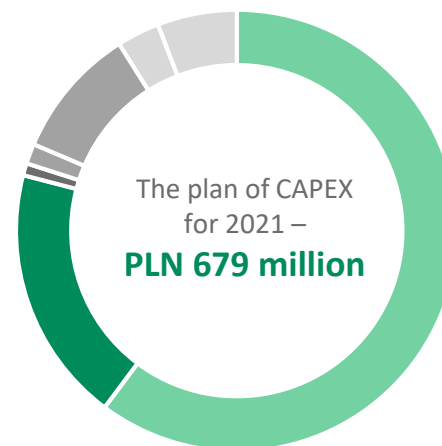
Production target for 2022 – 9,5 million tonnes



- ✓ in Q4 2021 LW Bogdanka S.A. produced 2.4 million tonnes of coal, and sales were at the level of 2.8 million tonnes, in Q4 2020 it was 2.1 million tonnes and 2.0 million tonnes
- ✓ In 2021 LW Bogdanka S.A. produced over 9.9 million tonnes of coal, and sales were at the level of 10.0 million tonnes

The use of CAPEX in 2021 – almost PLN 453 million

Item [PLN '000]	Realization of plan 2021	Realization of plan 2021 [%]	Plan for 2022 r.
New excavations and upgrades of existing ones	206 284	69,3%	408 893
Maintenance of machinery	54 357	65,2%	127 827
Obtaining new licences	1 378	43,7%	6 000
Longwalls	134 045	113,1%	10 000
Other development investments	40 312	64,3%	65 539
ICT	6 606	38,8%	21 253
Other	2 826	37,7%	29 688
TOTAL CAPEX in LW Bogdanka SA	445 808	75,5%	669 200
Łęczyska Energetyka sp. z o.o.	5 002	95,1%	6 000
Other subsidiaries	2 018	86,9%	3 796
TOTAL CAPEX AT THE LW BOGDANKA GROUP	452 828	75,8%	678 996



- New excavations and upgrades of existing ones
- Maintenance of machinery
- Obtaining new licences
- Longwalls
- Other development investments
- ICT
- Other

- 2021 saw increases in coal prices on the global market (**+141,4%** compared to 2020) while on the domestic market coal prices dropped (**-2.1%** comparing to 2020).
- In 2021 the Company performed net production at a level of **9.9 million tonnes** and sales at a level of **10.0 million tonnes**. In total 23.2 km of galleries was made (**-9.7%** compared to 2020).
- The Company retains a strong market position achieving, in 2021, the share in the market of thermal coal sales of **23.1%** , and the share in the market of thermal coal sales to commercial power plants of **29.2%**
- Financial results in 2021 are a consequence of record sales. We recorded revenue on sales amounting to **PLN 2.4 billion**, while EBITDA amounted to **PLN 797.6 million**, operating profit reached **PLN 366.8 million**, net profit was **PLN 288.3 million**
- In 2021 the Company adopted its production plan at a level of **9.5 million tonnes** and investment plan at the level of **PLN 679 million**

Thank you

BOGDANKA

Contact:

Lubelski Węgiel Bogdanka SA

Bogdanka, 21-013 Puchaczów

Tel. +48 81 462 51 00

bogdanka@lw.com.pl

Investor relations

Tel. +48 81 462 55 44

Tel. +48 81 462 50 29

Fax +48 81 462 54 26

gielda@lw.com.pl





4

Appendices – Financial
information

Statement of Financial Position of LW Bogdanka Capital Group

Item [PLN '000]	31.12.2020	31.12.2021
Non-current assets, including:	3,763,945	3,676,428
Cash and cash equivalents	141,591	147,671
Current assets, including:	611,318	1,025,616
Cash and cash equivalents	241,610	600,175
Total assets	4,375,263	4,702,044
Current liabilities	360,386	515,524
Non-current liabilities	715,050	592,811
Total liabilities	1,075,436	1,108,335
Equity	3,299,827	3,593,709
Current borrowings	3,150	3,120

Cash flow GK LW Bogdanka

Item [PLN '000]	2020	2021
Net cash flows on operating activities	476,960	762,812
Cash inflow from operating activities	491,458	854,359
Interest received and paid	-1,515	935
Income tax paid	-12,983	-92,482
Net cash flows on investing activities	-611,029	-394,353
Acquisition of property, plant and equipment	-603,476	-378,952
Interest paid regarding investing activity	-	-
Acquisition of intangible assets	-2,654	-9,595
Inflow from the sale of property, plant and equipment	136	96
Interest received	2,557	178
Expenditure on other current investments	-	-68,155
Proceeds from current investments	-	68,155
Outflow on account of funds being deposited in the bank account of the Mine Closure Fund	-7,592	-6,080
Net cash flows on financing activities	-7,061	-9,894
Bond redemption	-	-
Payments under lease liabilities	-3,494	-6,363
Repayments of loans and borrowings	-3,036	-3,036
Interest and commissions paid due to financing activities	-531	-409
Received budgetary contributions	-	-
Dividends paid	-	-86
Net decrease/increase in cash and cash equivalents	-141,130	358,565
Cash and cash equivalents at beginning of period	382,740	241,610
Cash and cash equivalents at end of period	241,610	600,175

Sales structure at LW Bogdanka Capital Group

Item [PLN '000]	Q4 2020	Share [%]	Q4 2021	Share [%]
Coal sales	455,357	97.2%	684,506	97.4%
Other activities	10,318	2.2%	12,442	1.8%
Sales of merchandise and materials	2,904	0.6%	5,853	0.8%
Total revenue	468,579	100.0%	702,801	100.0%

Provisions at the LW Bogdanka S.A.

Balance-sheet provisions

[PLN '000]	As at 31.12.2020	As at 31.12.2021	Change 2021/2020
Employee provisions	209,580	204,687	-2.3%
Mine decommissioning and land reclamation provision	212,456	130,402	-38.6%
Mining damage	2,579	6,382	147.5%
Other	4,487	18,703	316.8%
Total	429,102	360,174	-16.1%

The total provisions as at 31 December 2021 amounted to PLN 360,703,000, which means an increase by 16.1% compared to the value as at 31 December 2020.

Change in provisions

[PLN '000]	Change Q4 2020	Change Q4 2021	Change Q4 2021/ Q4 2020	Change in 2020	Change in 2021	Change 2021/2020
Employee provisions	9 724	-18 440	-	22 350	-4 893	-
Liabilities under local property tax	-10 761	0	-	-10 306	0	-
Mine decommissioning and land reclamation provision	18 767	-68 365	-	40 821	-82 054	-
Mining damage	1 336	4 627	246,3%	430	3 803	784,4%
Other	-7 555	3 972	-	-7 721	14 216	-
Total	11 511	-78 206	-	45 574	-68 928	-

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The Presentation is not an offer within the meaning of civil law, nor is it a public offering within the meaning of the Public Offering Act, nor is it a proposal, advertisement or invitation to purchase Company shares, and has been prepared for information purposes only.

Nothing in the Presentation shall be taken as a commitment to enter into any agreement or establish any legal relationship involving the Company.



Thank you for your
attention