

An aerial photograph of a large industrial complex, likely a steel mill, during a sunset. The sun is low on the horizon, casting a warm orange glow over the scene. The facility consists of numerous buildings, conveyor belts, and a prominent tall structure. In the foreground, there are several large rectangular water tanks. The background shows a wide river and green fields under a clear sky.

Q1 2022

Presentation of results
the LW Bogdanka Group
Q1 2022

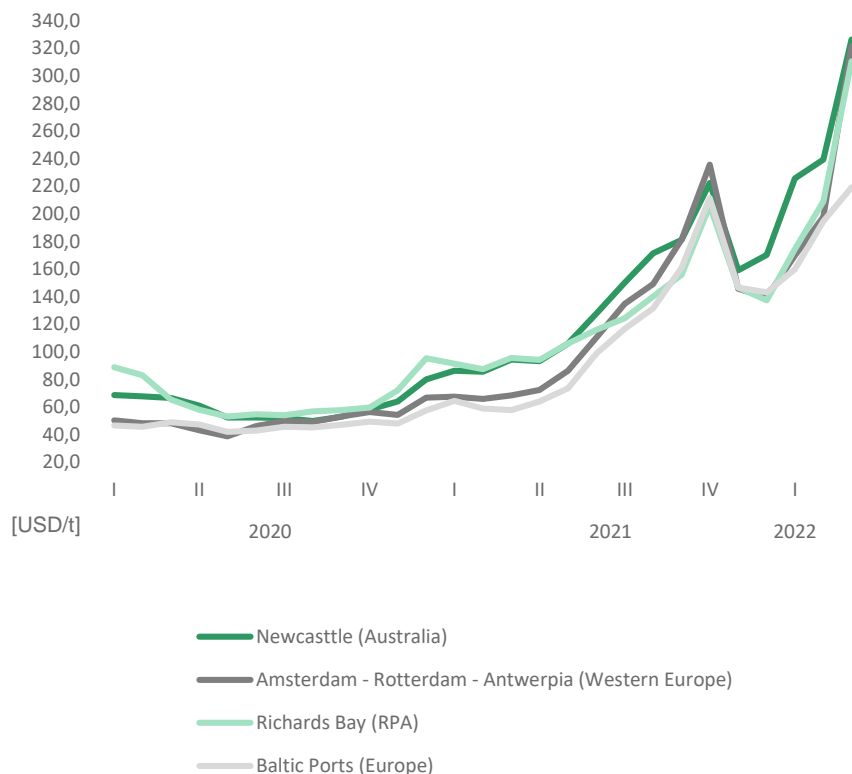
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Situation on the coal market and
key operating data

Increase of coal prices on the global market in Q1 2022 vs. Q1 2021



CIF ARA coal prices:

- ✓ 229.6 USD/t - average CIF ARA coal price in Q1 2022 +241.7% vs. Q1 2021 (67.2 USD/t)
- ✓ comparing with the average CIF ARA coal price in Q4 2021 (173.6 USD/t) this is an increase of 32.3%

Inventories in ARA ports:

- ✓ approx. 2.4 million tons of coal inventories at the end of March 2022 at ARA ports - at the end of December 2021 the level was 3.5 million tons

Prices at major ports worldwide:

- ✓ 191.2 USD/t - average Baltic Ports FOB price in Q1 2022 vs. Q1 2021 (60.4 USD/t) - an increase of 216.6%
- ✓ comparing with the average price in Q4 2021 (167.0 USD/t) this is an increase of 14.5%

Increase of coal production in China in Q1 2022



1. China:

- ✓ in Q1 2022, approximately 1,082.8 million tons of coal was produced, +11.6% vs. Q1 2021 (970.6 mt)
- ✓ in Q1 2022 imports totaled 51.8 million tons, down approximately 24.4% from Q1 2021 (68.5 mt)

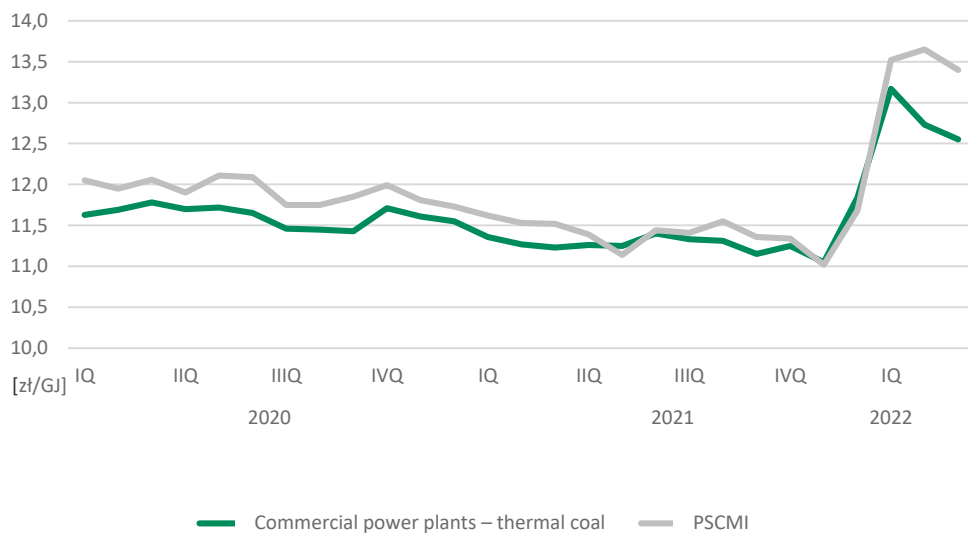
2. US:

- ✓ in Q1 2022 production was 133.7 million tons, up 6.2% vs. Q1 2021 (125.9 mt)
- ✓ in Q1 2022 consumption was 121.2 million tons, down 3.2% vs. Q1 2021 (125.2 mt)
- ✓ exports after Q1 2022 amounted to 19.2 million tons of hard coal, an increase of 2.1% y/y

3. Russia:

- ✓ production for January-February 2022 was 71.4 million tons, up 1.9% y/y
- ✓ exports for January-February 2022 were 30.7 million tons, up 0.9% y/y

Increase of thermal coal prices



Price of thermal coal

- ✓ The average price of thermal coal for the commercial power sector in Q1 2022 was PLN 12.82/GJ, the price growth rate was ca. 13.6% compared to Q1 2021 (11.29 PLN/GJ)
- ✓ The average calorific value of fine coal for the commercial power sector was approx. 21.4 GJ

Prices from the PSCMI index

- ✓ The average price from the PSCMI Index in Q1 2022 was approx. PLN 13.52/GJ, compared to the average price in Q1 2021 (11.56 PLN/GJ) the increase was approx. 17.0%

Increase in sales, decrease in inventories of thermal coal in Poland in Q1 2022 vs. Q1 2021

PERFORMANCE OF POLISH COMPANIES**:

	Q1 2021	Q1 2022	Change
Extraction of thermal coal in domestic coal market (million tonnes)	10.7	10.7	0.0%
Sales of thermal coal in domestic coal market (million tonnes)	10.3	10.8	4.9%
Average cost of coal sold (PLN)	342.7	380.4	11.0%

COAL PRICES:

Average price of power coal (PLN)	273.6	311.6	13.9%
Average price of coal sold to commercial power industry (PLN)	241.2	267.9	11.1%

DEMAND/SUPPLY:

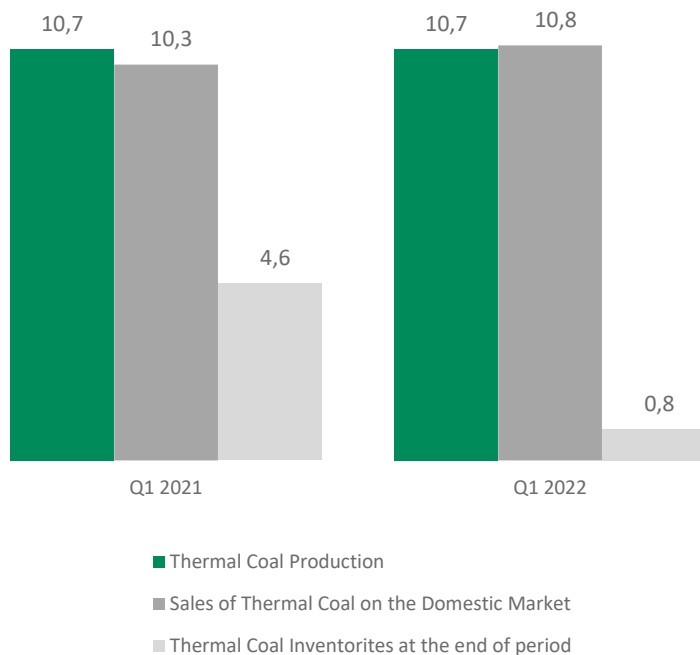
Production of electric power in commercial power plants with the use of hard coal (GWh)	24,382	22,707	-6.9%
Inventories of coal in mines (million tonnes)**	4.6	0.8	-82.2%

*PSE SA

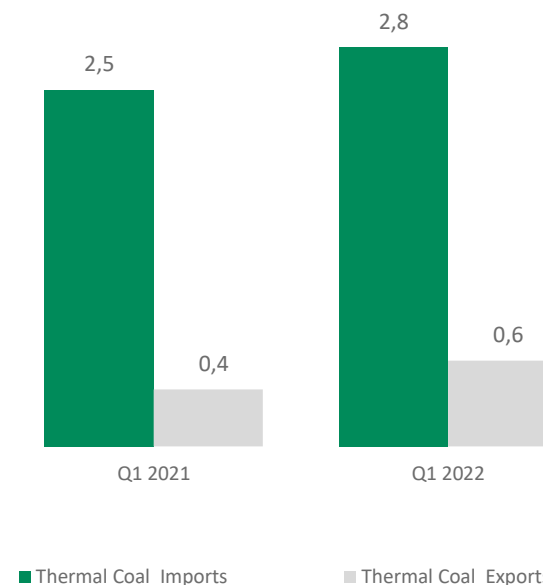
**data do not include Silesia, Siltech, Ekoplus

Wzrost sprzedaży węgla energetycznego w polskich kopalniach, spadek zapasów, import na poziomie 2,8 mln ton
 Decrease in production and increase in sales of thermal coal market in Poland, import at the level of 2.5 million tonnes

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

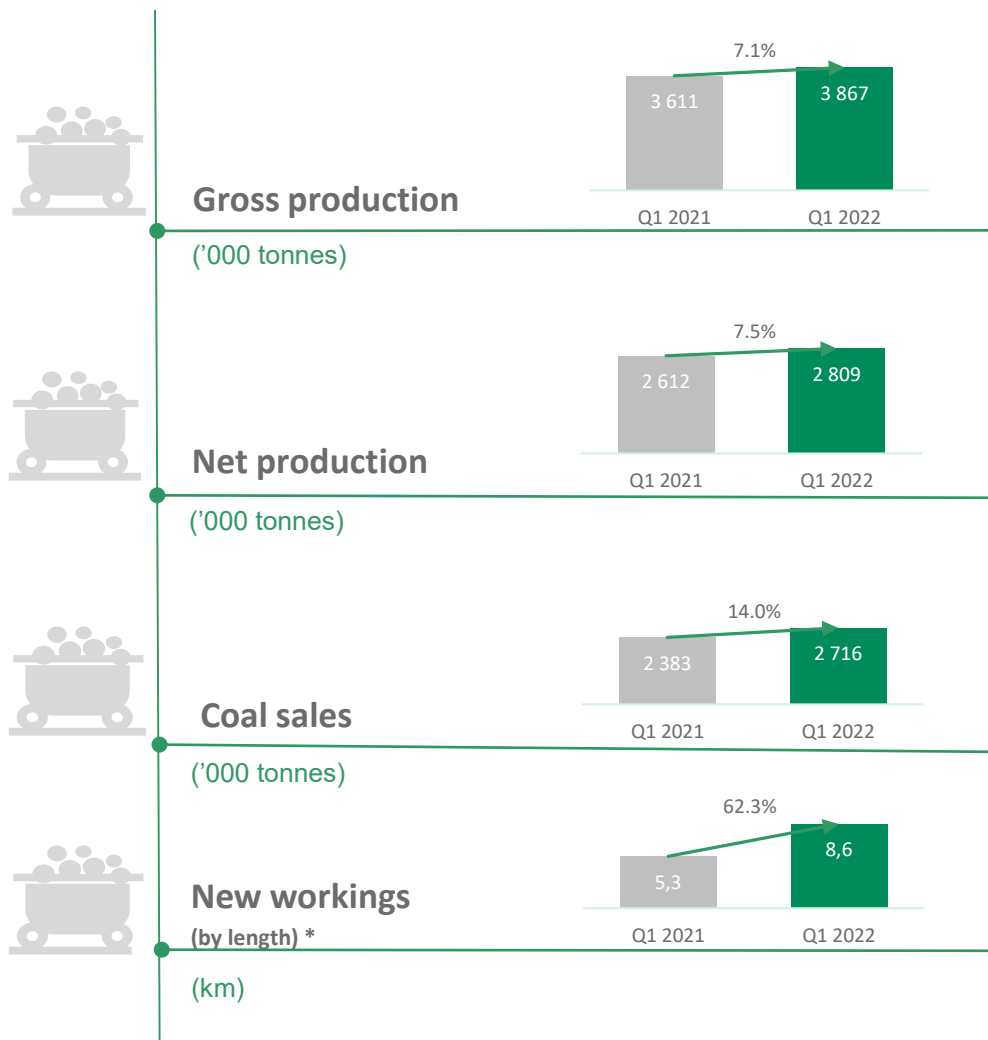


Thermal coal imports and exports
 [million tonnes]*



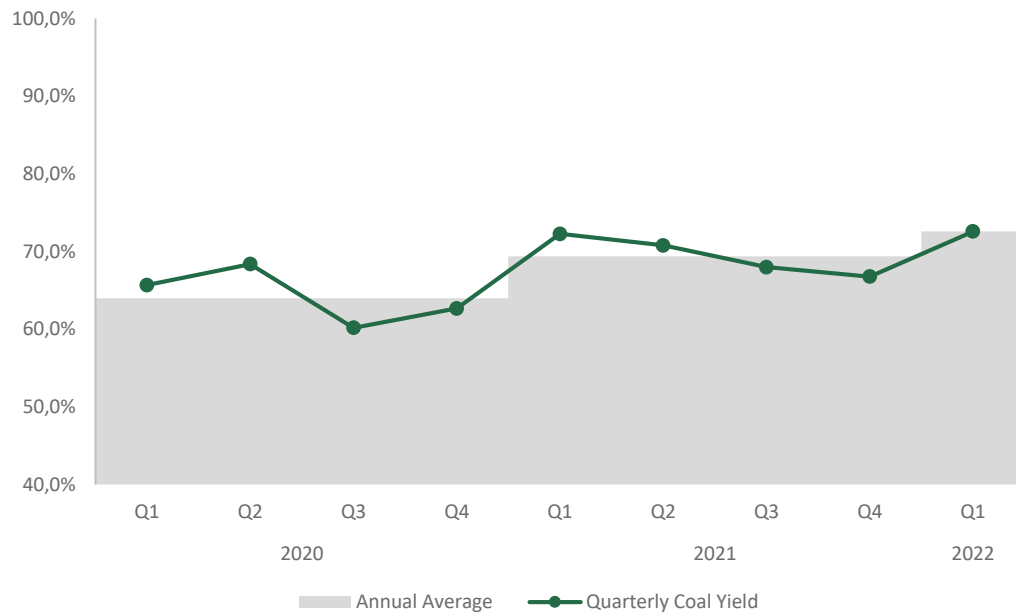
* data do not include Silesia, Siltech, Ekoplus.

GK LW Bogdanka - increase in all operational parameters in Q1 2022 compared to Q1 2021



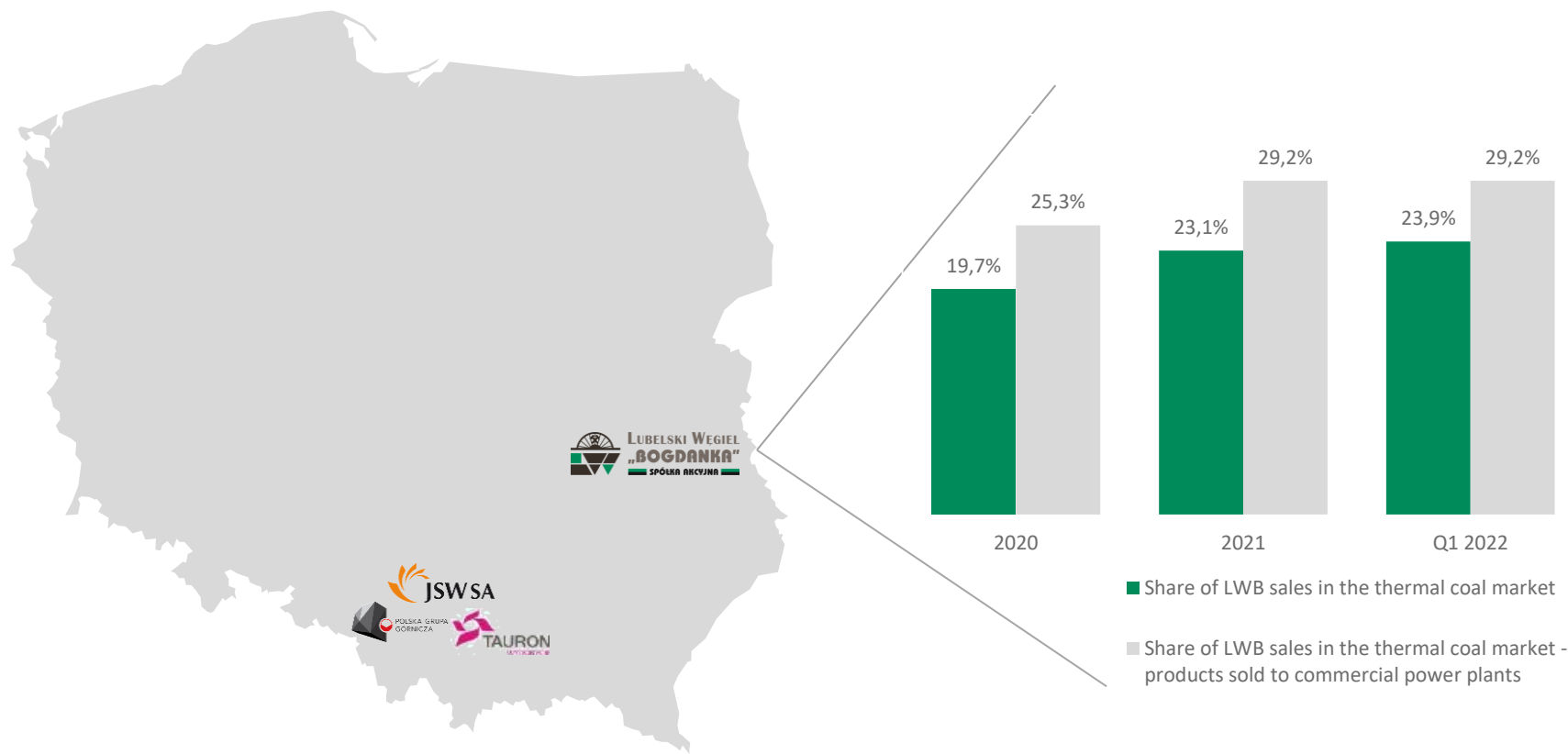
*Length of new workings includes reconstruction works

Coal yield at a level of 72.6% in Q1 2022



- ✓ coal yield in Q1 2022 was about 72.6% and was higher than in Q1 2021 (72.3%) and higher than in Q4 2021 (66.8%)
- ✓ in Q1 2022 100% of raw coal was obtained from high walls. In the same period in Q1 2021 35.9% of raw coal was obtained from low walls and 64.1% high walls
- ✓ production in Q1 2022 was conducted on 77 days, in Q1 2021 it was 74 days

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





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Financial highlights of the LW
Bogdanka Group in Q1 2022

Higher coal yield, increase in production and sales in Q1 2022 vs. Q1 2021

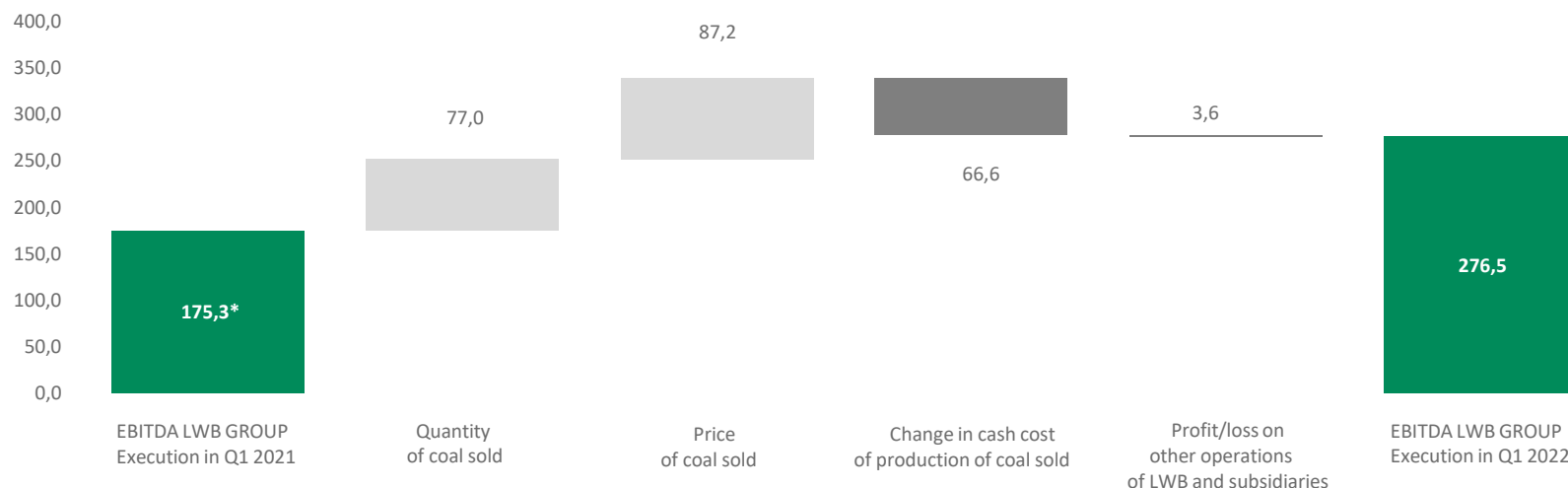
Item	Unit	Q1 2021	Q1 2022	Change
Technical and operating data				
Gross production	'000 tonnes	3,611	3,867	7.1%
Net production	'000 tonnes	2,612	2,809	7.5%
Coal yield	%	72.3%	72.6%	0.4%
Coal sales	'000 tonnes	2,383	2,716	14.0%
Inventories (end of period)	'000 tonnes	350	113	-67.7%
New workings (by length)*	km	5.3	8.6	62.3%
Financial data				
Revenue	PLN' 000	562,429*	731,768	30.1%
EBITDA	PLN' 000	175,315*	276,507	57.7%
EBIT	PLN' 000	69,596*	179,651	158.1%
Net profit	PLN' 000	54,433*	143,194	163.1%

* Items after restatement for 2021 due to the Group's application of the amendments to IAS 16 - see Note 2 of the Consolidated Quarterly Report for Q1 2022 for details

** Length of excavations made includes reconstruction works

Increase in EBITDA in Q1 2022 compared to Q1 2021 caused by higher sales and price of coal

Factors influencing EBITDA [PLN million]



Q1 2022

Factors influencing EBITDA:

- (+) EBITDA margin – 37,8% in Q1 2022 comparing to 31,2% in Q1 2021
- (+) increase in revenue on sales of coal: higher quantitative sales (+333,000 tonnes, +14.0%)
- (+) higher price of coal sold
- (-) gross extraction higher by 256,000 tonnes (+7,1%) – increase in production cost

* Items after restatement for 2021 due to the Group's application of the amendments to IAS 16 - see Note 2 of the Consolidated Quarterly Report for Q1 2022 for details

The Group's result in Q1 2022 was influenced by higher production and sales

Item [PLN '000]	Q1 2021 restated data*	Q1 2022	Change
Revenue	562,429	731,768	30.1%
Costs of products, goods and materials sold, selling and administrative expenses	491,059	550,948	12.2%
Profit on sales	71,370	180,820	153.4%
Gross sales margin	12.7%	24.7%	12.0 p.p.
Other income	447	827	85.0%
Other costs	160	621	288.1%
Net operating profit	71,657	181,026	152.6%
Other net losses	-2,061	-1,375	-33.3%
Operating profit (EBIT)	69,596	179,651	158.1%
EBIT margin	12.4%	24.6%	12.2 p.p.
EBITDA	175,315	276,507	57.7%
EBITDA margin	31.2%	37.8%	6.6 p.p.
Finance income	68	2,256	3 217.6%
Finance costs	2,502	3,810	52.3%
Profit before taxation	67,162	178,097	165.2%
Pre-tax profit margin	11.9%	24.3%	12.4 p.p.
Income tax	12,729	34,903	174.2%
Net profit for the financial year	54,433	143,194	163.1%
Net sales margin	9.7%	19.6%	9.9 p.p.

* Items after restatement for 2021 due to the Group's application of the amendments to IAS 16 - see Note 2 of the Consolidated Quarterly Report for Q1 2022 for details

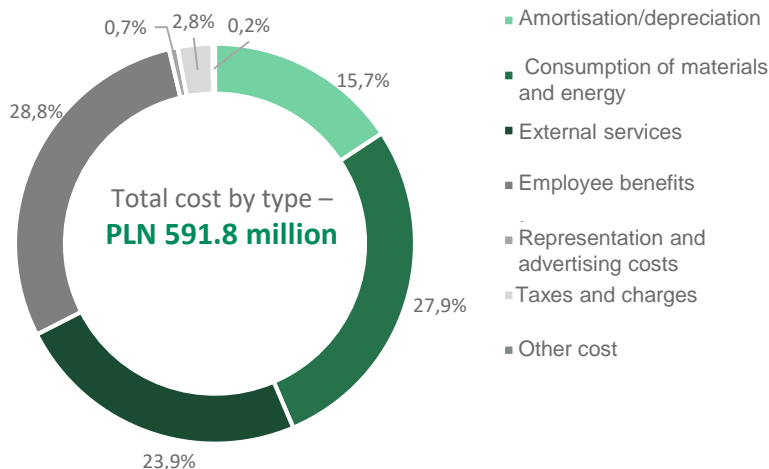
W IQ 2022 wzrost produkcji netto o 7,5% oraz sprzedaży węgla o 14,0% przy wzroście kosztów rodzajowych LW Bogdanka S.A. o 15,7%

Item [PLN '000]	Q1 2021 restated data*	Q1 2022	Change
Net production ['000 tonnes]	2,612	2,809	7.5%
Coal sales ['000 tonnes]	2,383	2,716	14.0%
Depreciation and amortization	102,920	92,720	-9.9%
Materials and energy	114,953	165,145	43.7%
External services	119,020	141,481	18.9%
Employee cost and benefits	155,665	170,390	9.5%
Entertainment and advertising	2,912	4,392	50.8%
Taxes and charges	15,409	16,570	7.5%
Other expenses	854	1,148	34.4%
Cost by nature	511,733	591,846	15.7%
Cost of activities for the Company's own needs	-39,533	-91,107	130.5%
Accruals and deferrals	17,816	26,651	49.6%
Provisions and other presentation adjustments between costs by type and by function	32,688	31,824	-2.6%
Total production costs	522,704	559,214	7.0%
Change in product inventories	-35,012	-15,152	-56.7%
Value of goods and materials sold	3,269	6,052	85.1%
Own cost of production sold, including:	490,961	550,114	12.0%
Costs of products, goods and materials sold	448,733	504,061	12.3%
Selling costs	8,968	10,158	13.3%
Administrative costs	33,260	35,895	7.9%

* Items after restatement for 2021 due to the Group's application of the amendments to IAS 16 - see Note 2 of the Consolidated Quarterly Report for Q1 2022 for details

In Q1 2022 increase in net production by 7,5% and in coal sales by 14,0% with higher costs by type of LW Bogdanka S.A. by 15,7%

Gross extraction – increase by 7.1%, i.e. 256,000 tonnes
Net extraction – increase by 7.5%, i.e. 197,000 tonnes
New workings – increase by 62.3% (8,6 km in Q1 2022 vs. 5,3 km in Q1 2021)
Total costs by type – PLN 591.8 million in Q1 2022, , increase in relation to Q1 2021 by 15.7%, i.e. PLN 80.1 million
Cash costs by type (net of depreciation/amortisation) – increase by 22.1%, i.e. by approx PLN 90.3 million



Taxes and charges (+7.5% r/r)

- ✓ increase in payments to the National Fund for the Disabled
- ✓ higher value of a payment for extracting a deposit

Entertainment and advertising costs (+50.8% r/r)

- ✓ change of payment terms resulting from sponsorship agreements

Other costs (+34.4% r/r)

- ✓ higher mining damage costs
- ✓ higher advertising costs

Employee benefits (+9.5% r/r):

- ✓ increase in remunerations
- ✓ increase in employee benefits

Depreciation/Amortisation (-9.9% r/r):

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

Outsourced services (+18.9% r/r):

- ✓ higher costs of work performed on Saturdays and Sundays, and auxiliary works
- ✓ higher cost of services related to the transport of coal by rail
- ✓ increase in renovation costs

Materials and energy consumption (+43.7% r/r):

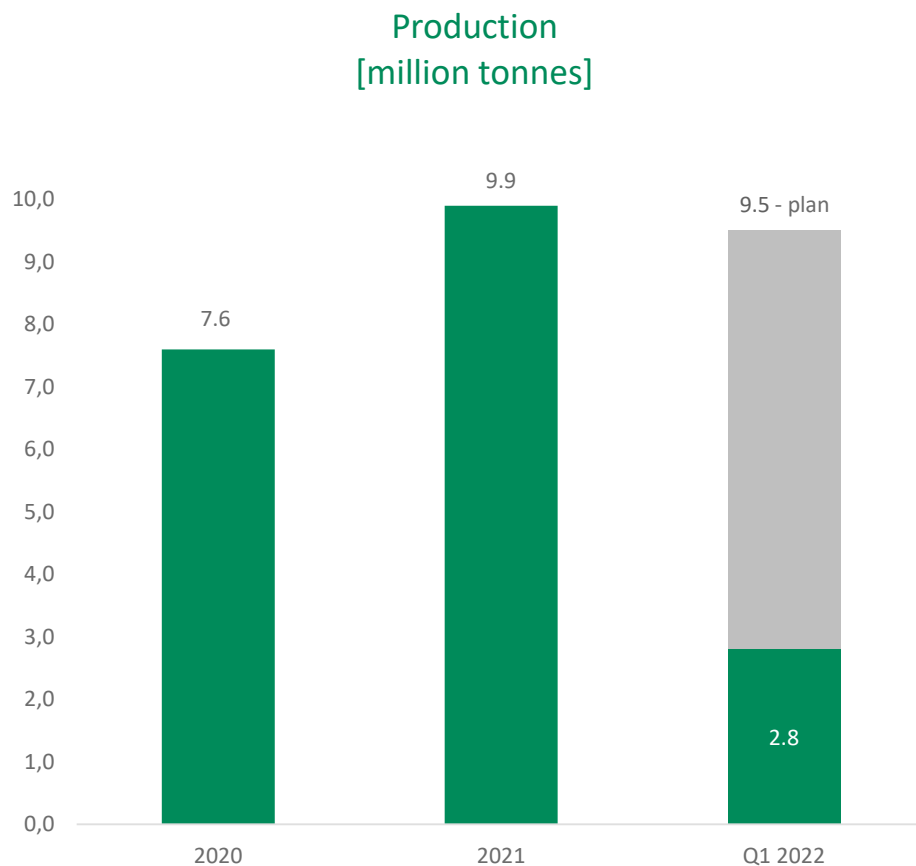
- ✓ higher use of materials (greater scope of preparatory work and greater wear of parts for mining machinery and equipment))
- ✓ increase in costs of electricity – higher price of energy



3

Performance of the plan
in Q1 2022

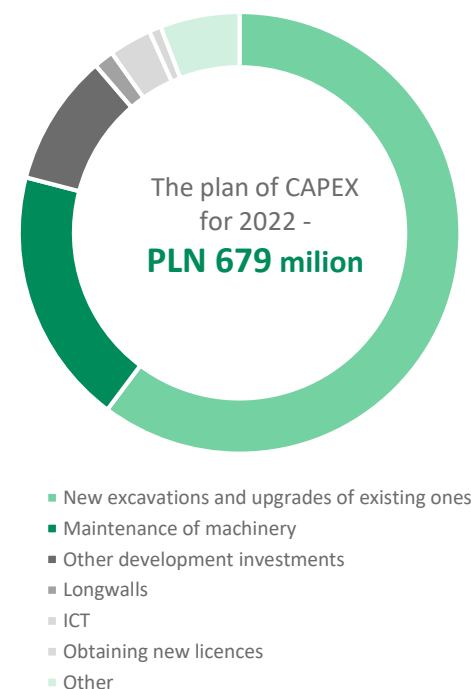
Production plan for 2022 r. – 9.5 million tonnes



- in Q1 2022 production was at the level 2.8 million tonnes, and sales were at the level 2.7 million tonnes, in Q1 2021 it was 2.6 million tonnes and 2.4 million tonnes

The use of CAPEX in Q1 2022 in accordance with the Strategy's assumptions - nearly PLN 130 million

Item	Plan for 2022	Realization of plan Q1 2022	Realization of plan Q1 2022 [%]
[PLN '000]			
New excavations and upgrades of existing ones	408,893	107,071	26.2%
Maintenance of machinery	127,827	11,603	9.1%
Obtaining new licences	6,000	-	0.0%
Longwalls	10,000	73	0.7%
Other development investments	65,539	7,703	11.8%
ICT	21,253	1,296	6.1%
Administration	379	4	1.1%
Transport	1,324	-	0.0%
Other	27,985	1,775	6.3%
Total CAPEX LW Bogdanka S.A.	669,200	129,525	19.4%
Łęczyska Energetyka sp. z o.o.	6,000	133	2.2%
Pozostałe Spółki Zależne	3,796	216	5.7%
Total CAPEX GK LW Bogdanka	678,996	129,874	19.1%



- Q1 2022 saw increases in coal prices on the global market (**+241.7%** compared to Q1 2021), on the domestic market coal prices also increased (**13.6%** comparing to Q1 2021)
- In Q1 2022 the Company performed its production plan at a level of more than **2.8 million tonnes** and sales plan at a level of near by **2.7 million tonnes**. In total 8,6 km of galleries was made (+62.3% compared to Q1 2021 r.)
- The Company retains a strong market position achieving, in Q1 2022, the share in the market of thermal coal sales of **23.9%**, and the share in the market of thermal coal sales to commercial power plants of **29.2%**
- The achieved financial results in Q1 2022 are a result of higher production and sales of the Company, with an increase of price – revenue amounted to **PLN 731.8 million**, EBITDA was **PLN 276.5 million**, operating profit **PLN 179.7 million**, and net profit **PLN 143.2 million**

Thank you

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Appendices – Financial
information

Statement of Financial Position of LW Bogdanka Capital Group

Item [PLN '000]	31.12.2021 restated data*	31.03.2022
Non-current assets, including:	3,705,924	3,712,774
Cash and cash equivalents	147,671	145,751
Current assets, including:	1,025,616	1,142,276
Cash and cash equivalents	600,175	456,553
Total assets	4,731,540	4,855,050
Current liabilities	515,524	499,805
Non-current liabilities	598,415	594,450
Total liabilities	1,113,939	1,094,255
Equity	3,617,601	3,760,795
Current borrowings	3,120	3,111

* Items after restatement for 2021 due to the Group's application of the amendments to IAS 16 - see Note 2 of the Consolidated Quarterly Report for Q1 2022 for details

Cash flow GK LW Bogdanka

Item [PLN '000]	Q1 2021 restated data*	Q1 2022
Net cash flows on operating activities	127,034	323,354
Cash inflow from operating activities	137,513	348,749
Income tax paid	(10,479)	(25,395)
Net cash flows on investing activities	(90,991)	(463,460)
Acquisition of property, plant and equipment	(91,236)	(208,687)
Acquisition of intangible assets	(134)	(8,542)
Inflow from the sale of property, plant and equipment	-	330
Interest received	14	1,519
Proceeds from current investments	-	(250,000)
Outflow on account of funds being deposited in the bank account of the Mine Closure Fund	365	1,920
Net cash flows on financing activities	(2,217)	(3,516)
Lease payments	(1,344)	(2,673)
Repayments of loans and borrowings	(759)	(759)
Interest and commissions paid due to financing activities	(114)	(84)
Net increase/decrease in cash and cash equivalents	33,826	(143,622)
Cash and cash equivalents at beginning of period	241,610	600,175
Cash and cash equivalents at end of period	275,436	456,553

* Items after restatement for 2021 due to the Group's application of the amendments to IAS 16 - see Note 2 of the Consolidated Quarterly Report for Q1 2022 for details

Sales structure at LW Bogdanka Capital Group

Item [PLN '000]	IQ 2021 restated data*	Share [%]	Q1 2022	Share [%]
Coal sales	547,431	97.3%	711,611	97.3%
Other activities	11,734	2.1%	14,079	1.9%
Sales of merchandise and materials	3,264	0.6%	6,078	0.8%
Total revenue	562,429	100.0%	731,768	100.0%

* Items after restatement for 2021 due to the Group's application of the amendments to IAS 16 - see Note 2 of the Consolidated Quarterly Report for Q1 2022 for details

Provisions at the LW Bogdanka S.A

Balance-sheet provisions	Q1 2021	2021	Q1 2022	Change Q1 2022/ 2021	Change Q1 2022/ Q1 2021
[PLN '000]					
Employee provisions	235,407	210,635	230,691	9.5%	-2.0%
Mine decommissioning and land reclamation provision	212,191	130,402	130,161	-0.2%	-38.7%
Mining damage	2,424	6,382	6,008	-5.9%	147.8%
Other	7,603	18,804	20,266	7.8%	166.5%
Total	457,625	366,223	387,126	5.7%	-15.4%

The total provisions as at 31 March 2022 amounted to PLN 387,126,000, which means an increase by 5.7% compared to the value as at 31 December 2021.

Balance-sheet provisions	Change Q1 2021	Change Q1 2022	Change Q1 2022/ Q1 2021
[PLN '000]			
Employee provisions	20,080	20,056	-0.1%
Mine decommissioning and land reclamation provision	-265	-241	-9.1%
Mining damage	-155	-374	141.3%
Other	2,868	1,462	-49.0%
Total	22,528	20,903	-7.2%

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