

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 basins or ponds. The background shows a flat landscape with a river or lake and distant hills.

1H 2022

Presentation of results
the LW Bogdanka Group
1H 2022

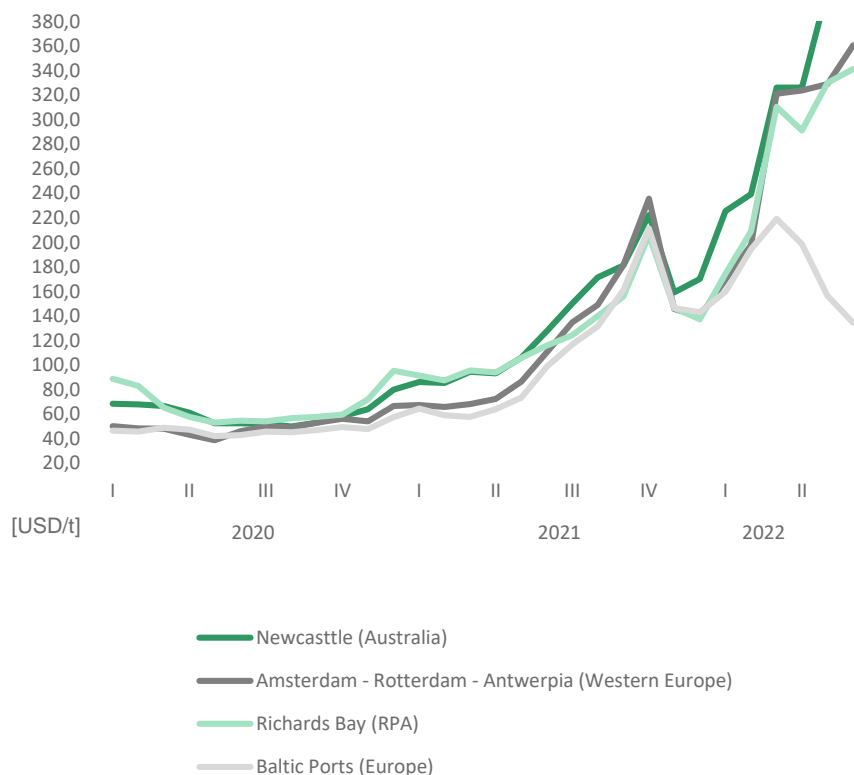
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Situation on the coal market
and key operating data

Increase of coal prices on the global market in Q2 2022 vs. Q2 2021



CIF ARA coal prices

- 338.0 USD/t – average CIF ARA coal price in Q2 2022 +277.2% vs. Q2 2021 (89.6 USD/t)
- comparing with the average CIF ARA coal price in Q1 2022 (229.6 USD/t) this is an increase of 47.2%
- the average price in H1 2022 was 283.8 USD/t, up 261.8% y/y (78.4 USD/t)

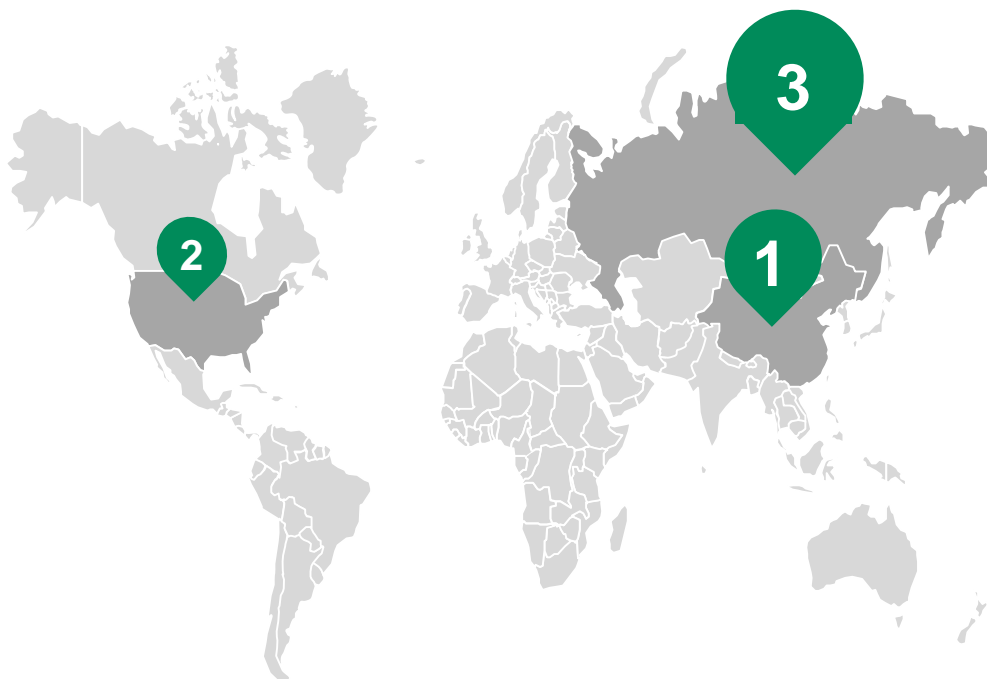
Inventories in ARA ports

- approx. 6.6 million tons of coal inventories at the end of June 2022 at ARA ports (at the end of March 2022 it was 2.4 million tons)
- increase in inventories due to increased purchases from Russia in connection with a complete suspension of imports from Russia on 10 August

Prices at major ports worldwide

- 163.2 USD/t – average Baltic Ports FOB price in Q2 2022 vs. Q2 2021 (78.7 USD/t) – an increase of 107.4%
- comparing with the average CIF ARA coal price in Q1 2022, i.e. 191.2 USD/t, it decreased by 14.6%
- the average price in H1 2022 was 177.2 USD/t, up 155.0% y/y (69.5 USD/t)

Increase of coal production in China, Russia and USA in 1H 2022



1. China:

- ✓ in H1 2022, approx. 2.2 billion tons of coal were produced, i.e. +15.8% vs. H1 2021 (1.9 billion tons)
- ✓ in H1 2022 imports totaled 115.0 million tons, down approximately 17.6% from H1 2021 (139.6 million tons)

2. USA:

- ✓ in H1 2022 production was 262.2 million tons, down 0.8% vs. H1 2021 (264.4 million tons)
- ✓ in H1 2022 consumption was 230.2 million tons, down 3.6% vs. H1 2021 (238.9 million tons)
- ✓ exports in H1 2022 amounted to 39.4 million tons of hard coal, an increase of 10.7% vs. H1 2021

3. Russia:

- ✓ in H1 2022 production was 208.0 million tons, down 1.9% vs. H1 2021 (212.0 million tons)
- ✓ in H1 2022 exports totaled 84.3 million tons, down 19.7% vs. H1 2021 (105.0 million tons)

Increase of thermal coal prices sold to commercial power plants on the domestic market



Thermal coal prices

- ✓ The average price of thermal coal for the commercial power sector in Q2 2022 was PLN 13.41/GJ, the price growth rate was ca. 18.7% (PLN 11.30/GJ in Q2 2021)
- ✓ in H1 2022 (PLN 13.11/GJ) – up 16.0% vs. H1 2021 (PLN 11.30/GJ)
- ✓ The average calorific value of thermal coal for the commercial power sector was approx. 21.1 GJ

Thermal coal prices based on the PSCMI index

- ✓ The average price from the PSCMI Index in Q2 2022 was approx. PLN 14.99/GJ, compared to the average price in Q2 2021 (11.32 PLN/GJ), the increase was approx. 32.4%
- ✓ in H1 2022, the price was PLN 14.26 thousand/GJ vs. PLN 11.44 thousand/GJ in H1 2021, a y/y increase of 24.7%.

Increase in extraction and sales of thermal coal market in Poland in 1H 2022 compared to 1H 2021

PERFORMANCE OF POLISH COMPANIES*:

	Q2 2021	Q2 2022	Change	1H 2021	1H 2022	Change
Extraction of thermal coal in domestic coal market (million tonnes)	9.9	10.0	1.0%	20.6	20.7	0.5%
Sales of thermal coal in domestic coal market (million tonnes)	9.4	9.4	0.0%	19.7	20.2	2.5%
Average cost of coal sold (PLN)	359.0	429.1	19.5%	350.6	403.1	15.0%

COAL PRICES:

Average price of power coal (PLN)	274.0	347.7	26.9%	273.8	328.4	19.9%
Average price of coal sold to commercial power industry (PLN)	241.1	281.2	16.6%	241.2	274.0	13.6%

DEMAND/SUPPLY:

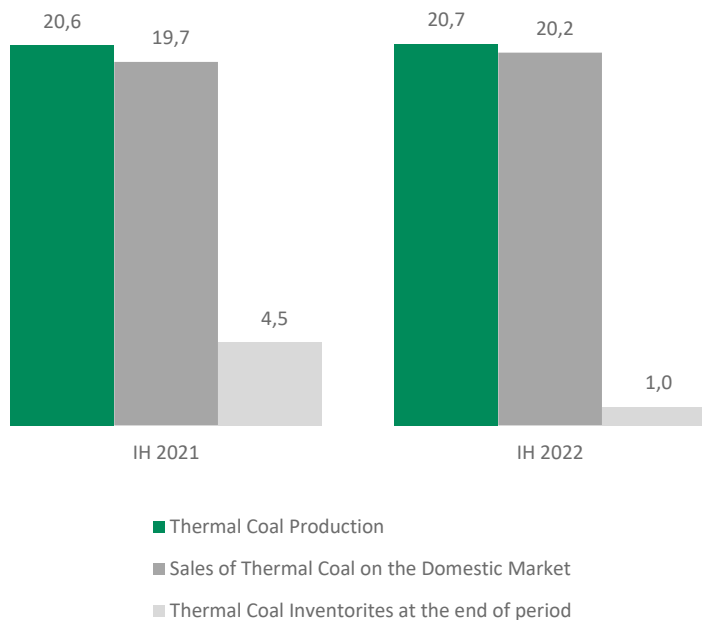
Production of electric power in commercial power plants with the use of hard coal (GWh)*	20,314	20,469	0.8%	44,696	43,176	-3.4%
Inventories of coal in mines (million tonnes)**	4.5	1.0	-77.8%	4.5	1.0	-77.8%

*PSE S.A.

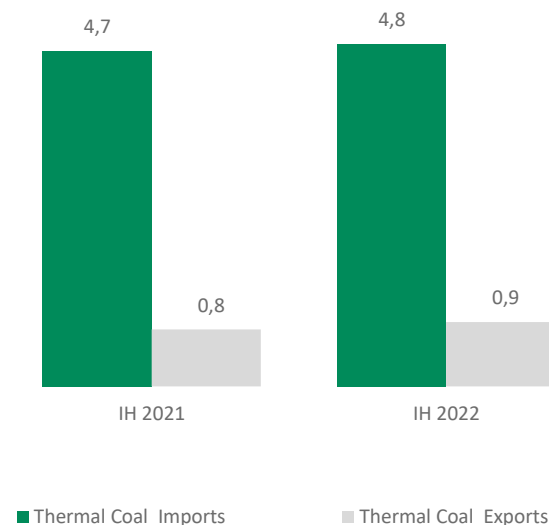
**data do not include Silesia, Siltech, Ekoplus

Increase in extraction and sales of thermal coal in Polish mines with decrease of inventories, imports at 4.8 million tons

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

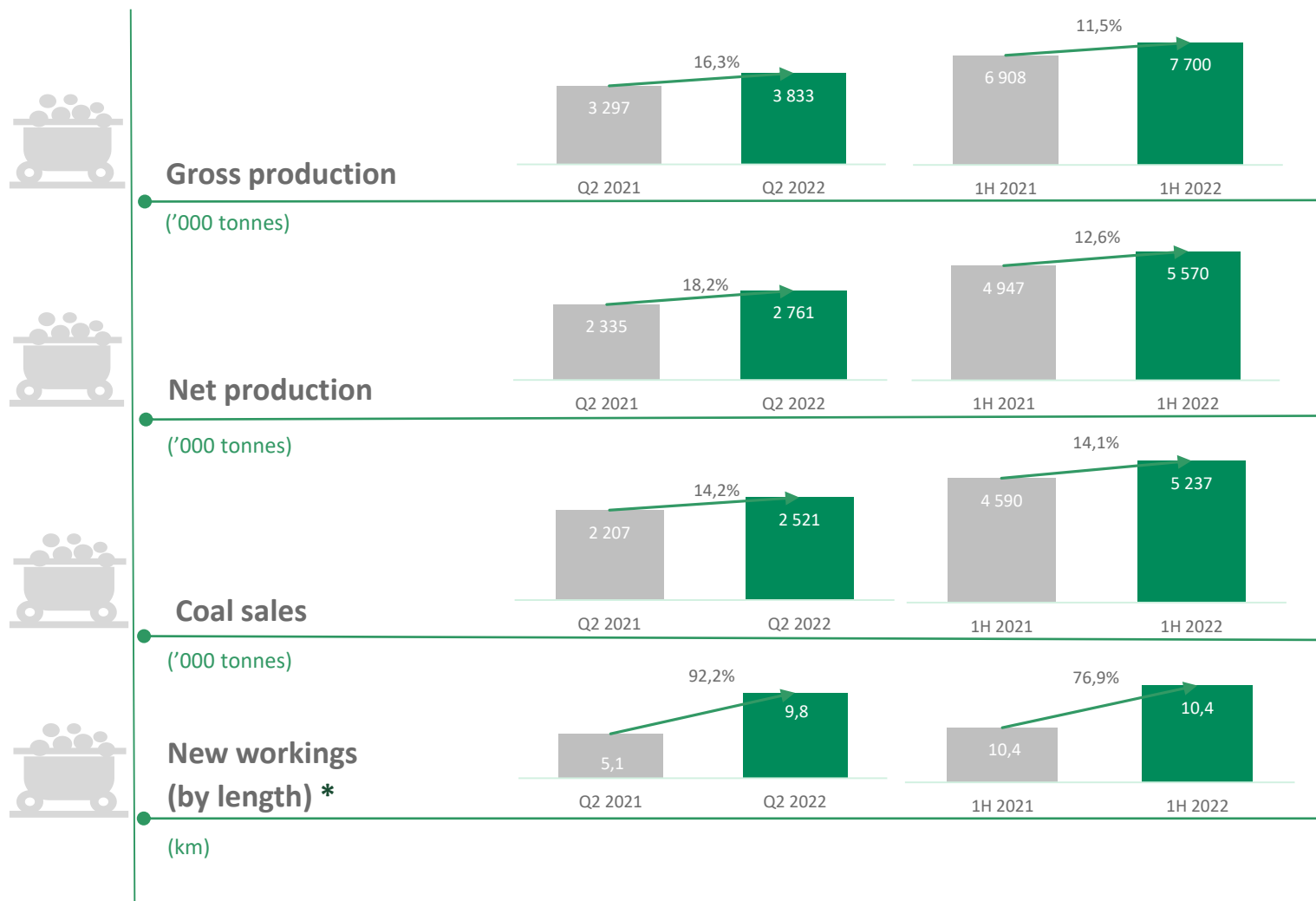


Thermal coal imports and exports [million tonnes]*



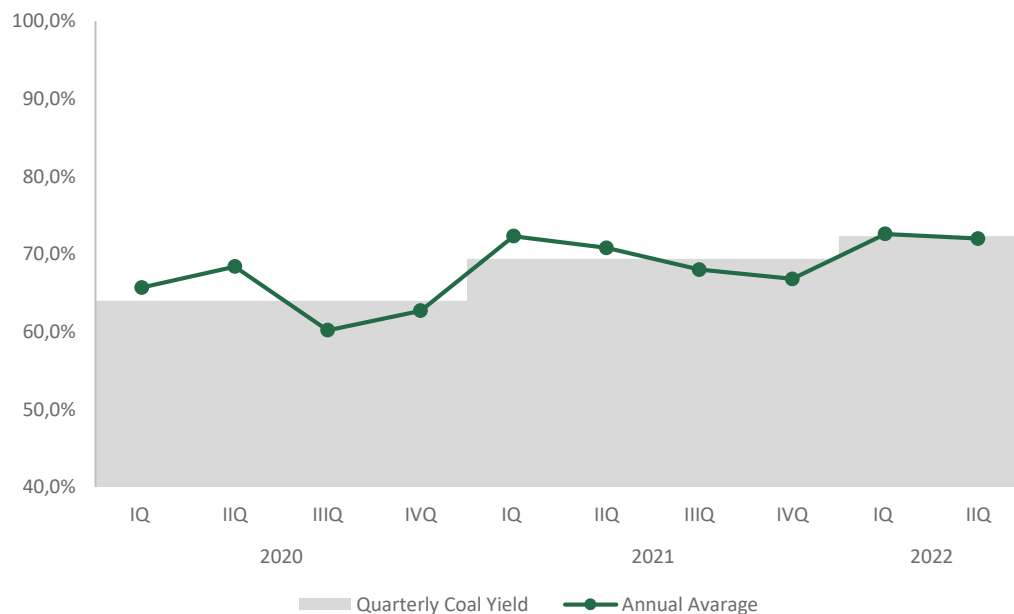
* data do not include Silesia, Siltech, Ekoplus.

GK LW Bogdanka – increase of all operational parameters in 1H 2022 compared to 1H 2021



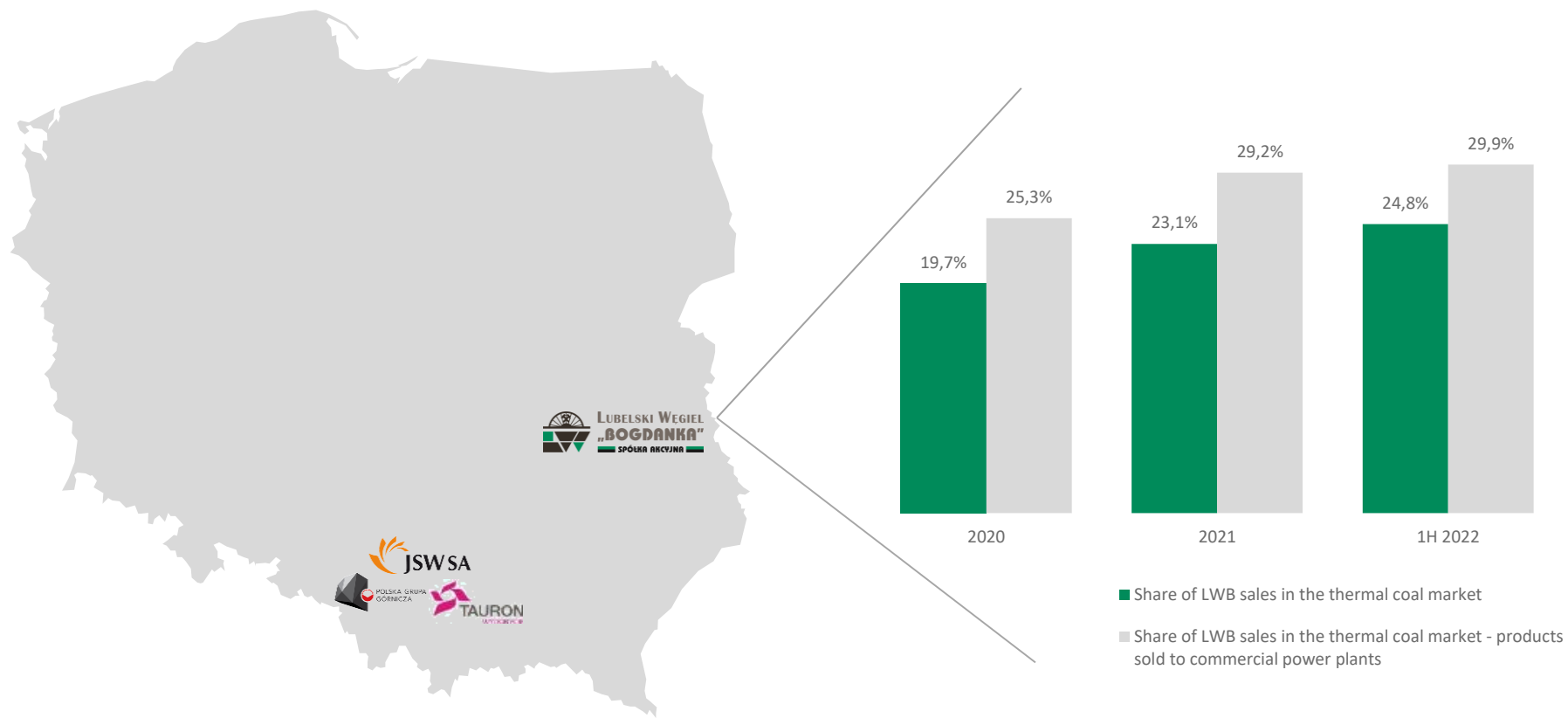
* Length of excavations made includes reconstruction works

Coal yield at a level of 72.3% in 1H 2022



- ✓ coal yield in Q2 2022 was about 72.0% and was higher than in Q2 2021 (70.8%) but lower than in Q1 2022 (72.6%)
- ✓ average yield in H1 2022 was 72.3% compared to 71.6% in H1 2021
- ✓ in Q2 2022 17.4% of raw coal was obtained from low walls and 82.6% high walls. In the same period of 2021 this ratio was 61.1% compared to 38.9%.
- ✓ In 1H 2022 8.1% of raw coal was obtained from low walls and 91.9% from high walls. In the same period of 2021 this ratio was 47.9% to 52.1%
- ✓ production in 1H 2022 was conducted on 151 days, compared to 147 days in the same period 1H 2021

We strengthened a strong position on the coal market– 29.9% of share in sales to commercial power plants





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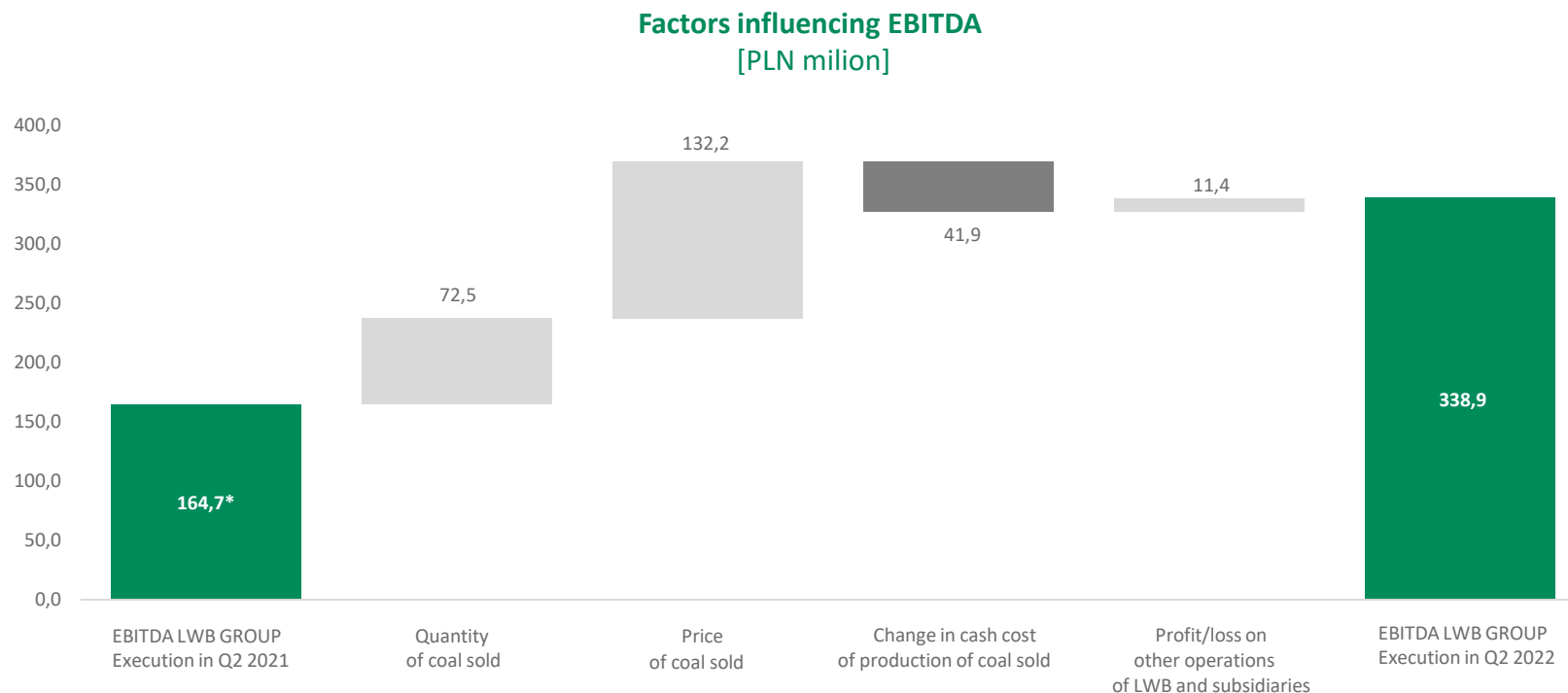
Financial highlights
of the LW Bogdanka Group
in Q2 2022 and 1H 2022

Higher coal yield, increase in production and sales in 1H 2022 vs. 1H 2021

Item	Unit	Q2 2021*	Q2 2022	Change	1H 2021*	1H 2022	Change
Technical and operating data							
Gross production	'000 tonnes	3,297	3,833	16.3%	6,908	7,700	11.5%
Net production	'000 tonnes	2,335	2,761	18.2%	4,947	5,570	12.6%
Coal yield	%	70.8%	72.0%	1.7%	71.6%	72.3%	1.0%
Coal sales	'000 tonnes	2,207	2,521	14.2%	4,590	5,237	14.1%
Inventories (end of period)	'000 tonnes	479	354	-26.1%	479	354	-26.1%
New workings (by length)*	km	5.1	9.8	92.2%	10.4	18.4	76.9%
Financial data							
Revenue	PLN' 000	521,509	730,821	40.1%	1,083,938	1,462,589	34.9%
EBITDA	PLN' 000	164,685	338,885	105.8%	340,000	615,392	81.0%
EBIT	PLN' 000	56,749	232,307	309.4%	126,345	411,958	226.1%
Net profit	PLN' 000	45,147	192,850	327.2%	99,580	336,044	237.5%

* Items after restatement of the data for 2021 due to the Group's application of the amendments to IAS 16 - see Note 2.1.1 of the Interim Condensed Consolidated Financial Statements for H1 2022 for details.

Increase in EBITDA in Q2 2022 compared to Q2 2021 caused by higher prices and sales



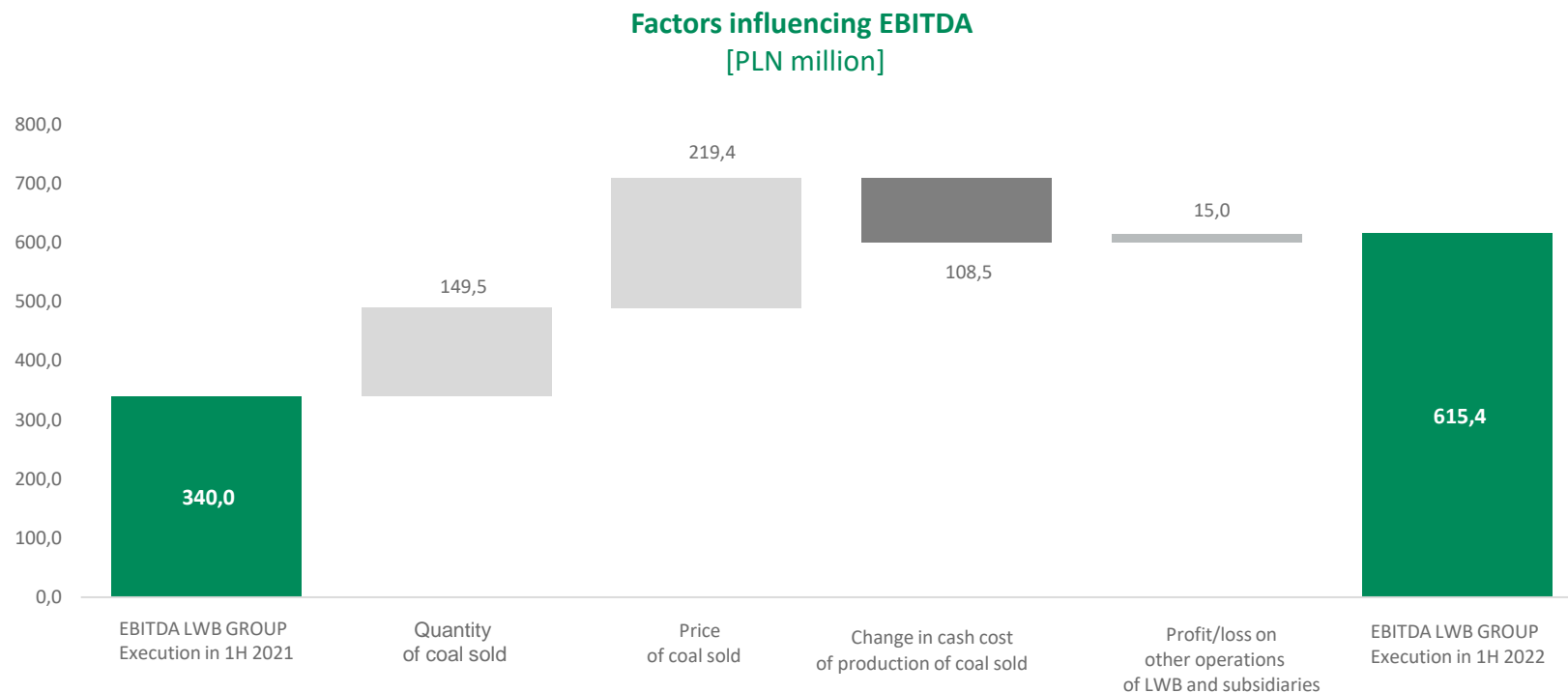
Q2 2022

Factors influencing EBITDA:

- (+) EBITDA margin – 46,4% in Q2 2022 comparing to 31.6% in Q2 2021
- (+) increase in revenue on sales of coal: higher quantitative sales (+314,000 tonnes, +14.2%)
- (+) higher price of coal sold
- (-) gross extraction higher by 536,000 tonnes (+16.3%) – increase in production cost

* Items after restatement of the data for 2021 due to the Group's application of the amendments to IAS 16 - see Note 2.1.1 of the Interim Condensed Consolidated Financial Statements for H1 2022 for details.

Increase in EBITDA in 1H 2022 compared to 1H 2021 caused by higher prices and sales



1H 2022

Factors influencing EBITDA:

- (+) EBITDA margin – 42.1% in 1H 2022 comparing to 31.4% in 1H 2021
- (+) increase in revenue on sales of coal: higher quantitative sales (+647,000 tonnes, +14.1%)
- (+) higher price of coal sold
- (-) gross extraction higher by 792,000 tonnes (+11.5%) – increase in production cost

* Items after restatement of the data for 2021 due to the Group's application of the amendments to IAS 16 - see Note 2.1.1 of the Interim Condensed Consolidated Financial Statements for H1 2022 for details.

The Group's result in 1H 2022 was influenced by higher sales and price of coal

Item [PLN '000]	Q2 2021*	Q2 2022	Change	1H 2021*	1H 2022	Change
Revenue	521,509	730,821	40.1%	1,083,938	1,462,589	34.9%
Costs of products, goods and materials sold, selling and administrative expenses	465,416	496,882	6.8%	956,475	1,047,830	9.6%
Profit on sales	56,093	233,939	317.1%	127,463	414,759	225.4%
Gross sales margin	10.8%	32.0%	21.2 p.p.	11.8%	28.4%	16.6 p.p.
Other income	530	213	-59.8%	977	1,040	6.4%
Other costs	151	283	87.4%	311	904	190.7%
Net operating profit	56,472	233,869	314.1%	128,129	414,895	223.8%
Other net losses	277	-1,562	-	-1,784	-2,937	64.6%
Operating profit (EBIT)	56,749	232,307	309.4%	126,345	411,958	226.1%
EBIT margin	10.9%	31.8%	20.9 p.p.	11.7%	28.2%	16.5 p.p.
EBITDA	164,685	338,885	105.8%	340,000	615,392	81.0%
EBITDA margin	31.6%	46.4%	14.8 p.p.	31.4%	42.1%	10.7 p.p.
Finance income	74	7,129	9,533.8%	142	9,385	6,509.2%
Finance costs	1,785	2,952	65.4%	4,287	6,762	57.7%
Profit before taxation	55,038	236,484	329.7%	122,200	414,581	239.3%
Pre-tax profit margin	10.6%	32.4%	21.8 p.p.	11.3%	28.3%	17.0 p.p.
Income tax	9,891	43,634	341.1%	22,620	78,537	247.2%
Net profit for the financial year	45,147	192,850	327.2%	99,580	336,044	237.5%
Net sales margin	8.7%	26.4%	17.7 p.p.	9.2%	23.0%	13.8 p.p.

* Items after restatement of the data for 2021 due to the Group's application of the amendments to IAS 16 - see Note 2.1.1 of the Interim Condensed Consolidated Financial Statements for H1 2022 for details.

Increase in costs by type 1H 2022 by 21.7% with higher production by 12.6%

Item [PLN '000]	Q2 2021*	Q2 2022	Change	1H 2021*	1H 2022	Change
Net production ['000 tonnes]	2,335	2,761	18.2%	4,947	5,570	12.6%
Coal sales ['000 tonnes]	2,207	2,521	14.2%	4,590	5,237	14.1%
Depreciation and amortization	105,201	97,797	-7.0%	208,121	190,517	-8.5%
Materials and energy	100,811	185,092	83.6%	215,764	350,237	62.3%
External services	103,846	144,289	38.9%	222,866	285,770	28.2%
Employee cost and benefits	132,822	169,347	27.5%	288,487	339,737	17.8%
Entertainment and advertising	1,879	2,237	19.1%	4,791	6,629	38.4%
Taxes and charges	11,014	12,105	9.9%	26,423	28,675	8.5%
Other expenses	21,744	875	-96.0%	22,598	2,023	-91.0%
Cost by nature	477,317	611,742	28.2%	989,050	1,203,588	21.7%
Cost of activities for the Company's own needs	-35,125	-107,293	205.5%	-74,658	-198,400	165.7%
Accruals and deferrals	30,283	43,367	43.2%	48,099	70,018	45.6%
Provisions and other presentation adjustments between costs by type and by function	9,958	-12,872	-229.3%	42,646	18,952	-55.6%
Total production costs	482,433	534,944	10.9%	1,005,137	1,094,158	8.9%
Change in product inventories	-23,935	-41,932	75.2%	-58,947	-57,084	-3.2%
Value of goods and materials sold	3,873	6,034	55.8%	7,142	12,086	69.2%
Own cost of production sold, including:	462,371	499,046	7.9%	953,332	1,049,160	10.1%
Costs of products, goods and materials sold	420,436	454,478	8.1%	869,169	958,539	10.3%
Selling costs	9,701	11,550	19.1%	18,669	21,708	16.3%
Administrative costs	32,234	33,018	2.4%	65,494	68,913	5.2%

* Items after restatement of the data for 2021 due to the Group's application of the amendments to IAS 16 - see Note 2.1.1 of the Interim Condensed Consolidated Financial Statements for H1 2022 for details.

Increase in costs by type 1H 2022 by 21.7% with higher production by 12.6%

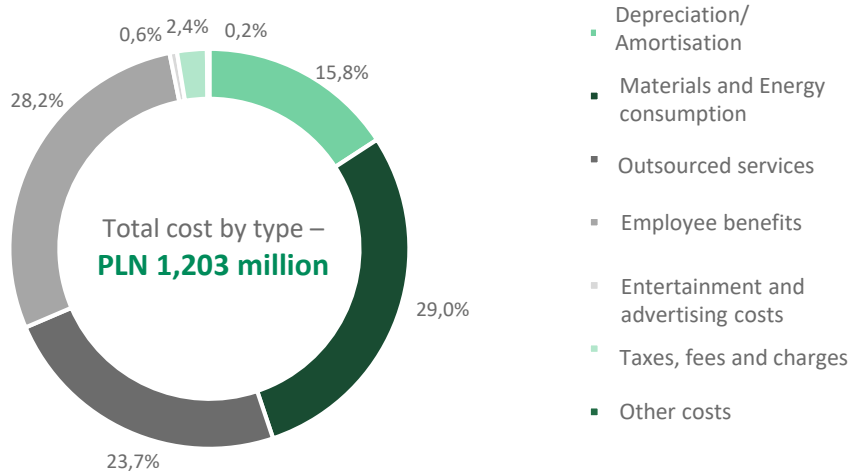
Gross production – increase by 11.5%, i.e. 792,000 tonnes

Net extraction – increase by 12.6%, i.e. by 623,000 tonnes

New excavations – increase by 77.2% (18.4 km in 1H 2022 compared to 10.4 km in H1 2021)

Total costs by type – PLN 1,203,588 million in 1H 2022 – increase in relation to 1H 2021 by 21.7%, i.e. by PLN 214.5 million

Cash costs (net of depreciation/amortisation) – increase by 29.7%, i.e. by approx. PLN 232.1 million



Taxes and charges (+8.5% y/y):

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

Entertainment and advertising costs (+38.4% y/y):

- ✓ change of payment terms resulting from sponsorship agreements

Other costs (-91.0% y/y):

- ✓ an insurance policy was concluded in 2021 and settled during its duration

Employee benefits (+17.8% y/y):

- ✓ increase in remunerations and compulsory contributions
- ✓ increase in other employee benefits (ZFŚS)

Depreciation / Amortisation (-8.5% y/y):

- ✓ lower value of natural depreciation / amortisation (result of lower progress in extraction of coal yield)

Outsourced services (+28.2 y/y):

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

Materials and energy consumption (+62.3% y/y):

- ✓ increase in electricity costs - higher energy cost
- ✓ increase in material consumption (greater scope of preparatory work and greater wear of parts for mining machinery and equipment)

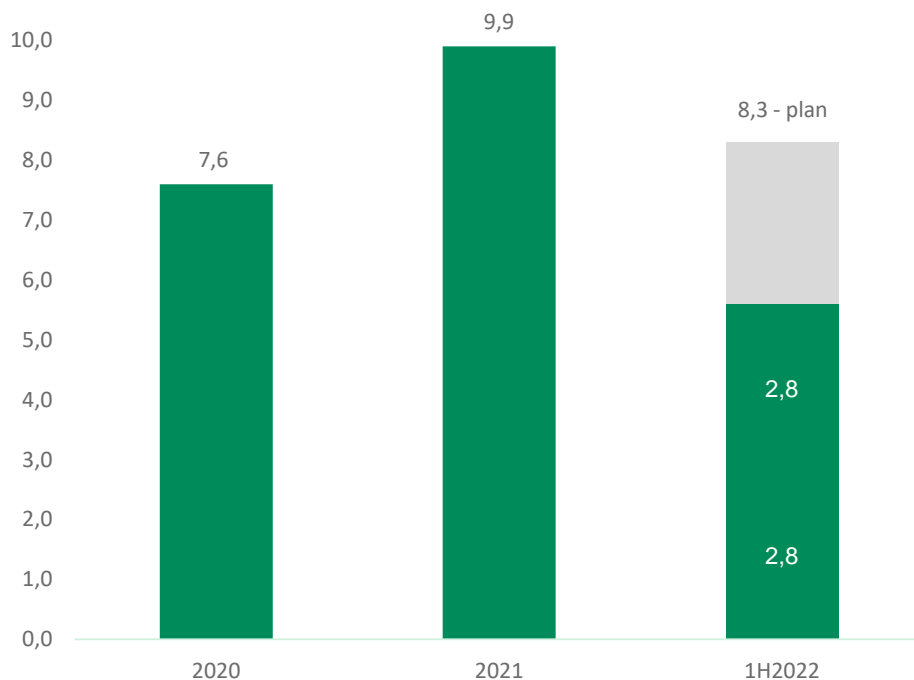


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Performance of the plan
in Q2 2022 and 1H 2022

Production plan update for 2022 – 8.3 million tonnes

Production
[million tonnes]

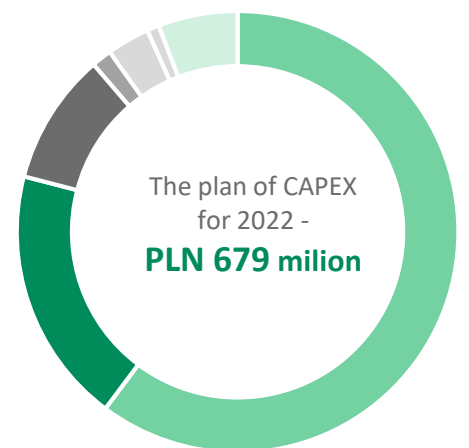


- ✓ In Q2 2022, production amounted 2.8 million tonnes and sales were at the level 2.5 million tonnes, in Q2 2021 production and sales were at the level 2.3 million tonnes and 2.2 million tonnes
- ✓ In 1H 2022 LW Bogdanka S.A. produced 5.6 million tonnes of coal, and sales were at the level of 5.2 million tonnes, in 1H 2021 it was 4.9 million tonnes and 5.2 million tonnes
- ✓ in September, the Company published an update of the production plan, assuming a reduction in production from 9.2 million tons to 8.3 million tons

The use of CAPEX is over PLN 272 million in 1H 2022

Wyszczególnienie

[tys. zł]	Plan for 2022	Realization of plan 1H 2022	Realization of plan 1H 2022 [%]
New excavations and upgrades of existing ones	408,893	221,829	54.3%
Maintenance of machinery	127,827	18,469	14.5%
Obtaining new licences	6,000	0	0.0%
Longwalls	10,000	2,760	27.6%
Other development investments	65,539	18,659	28.5%
ICT	21,253	2,426	11.4%
Administration	379	8	2.1%
Transport	1,324	566	42.7%
Other	27,985	1,903	6.8%
TOTAL CAPEX IN LW Bogdanka SA	669,200	266,620	39.8%
Łęczyńska Energetyka Sp. z o.o.	6,000	640	10.7%
Other subsidiaries	3,796	4,320	113.8%
TOTAL CAPEX AT THE GK LW Bogdanka	678,996	271,580	40.0%



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

- In Q2 2022 saw increases in coal prices on the global market (**+277.2%** compared to Q2 2021) while on the domestic market coal prices increased (**18.7%** comparing to Q2 2021)
- In Q2 2022 the Company performed its production plan at a level of more than **2.8 million tonnes** and sales plan at a level of **2.5 million tonnes**. In total 9.8 km of galleries was made (+92,2% vs. Q2 2021)
- The Company retains a strong market position achieving, in H1 2022, the share in the market of thermal coal sales at a level of **24.8%**, and the share in the market of thermal coal sales to commercial power plants of **29.9%**
- Financial results in Q2 2022 are a consequence of increased production and sales with higher price of coal – we recorded revenue on sales amounting to **PLN 730.8 million**, EBITDA was **PLN 338.9 million**, operating profit – **PLN 232.3 million**, and net profit – **PLN 192.9 million**.
- The AGSM decided to pay out a dividend of **PLN 2,50 per share**

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*	30.06.2022
Non-current assets, including:	3,705,924	3,744,557
Cash and cash equivalents	147,671	145,751
Current assets, including:	1,025,616	1,297,848
Cash and cash equivalents	600,175	590,322
Total assets	4,731,540	5,042,405
Current liabilities	515,524	587,917
Non-current liabilities	598,415	577,450
Total liabilities	1,113,939	1,165,367
Equity	3,617,601	3,877,038
Current borrowings	3,120	3,104

* Items after restatement of the data for 2021 due to the Group's application of the amendments to IAS 16 - see Note 2.1.1 of the Interim Condensed Consolidated Financial Statements for H1 2022 for details.

Cash flow GK LW Bogdanka

Item [PLN '000]	1H 2021 restated data*	1H 2022
Net cash flows on operating activities	327,316	604,441
Cash inflow from operating activities	369,913	667,555
Income tax paid	-42,597	-63,114
Net cash flows on investing activities	-167,439	-607,377
Acquisition of property, plant and equipment	-164,136	-352,766
Acquisition of intangible assets	-3,782	-12,968
Inflow from the sale of property, plant and equipment	96	335
Interest received	18	6 102
Proceeds from current investments	-	-250,00
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	-3,947	-6,917
Lease payments	-2,124	-5,241
Repayments of loans and borrowings	-1,518	-1,518
Interest and commissions paid due to financing activities	-219	158
Dividend payments	-86	-
Net decrease/increase in cash and cash equivalents	155,930	-9,853
Cash and cash equivalents at beginning of period	241,610	600,175
Cash and cash equivalents at end of period	397,540	590,322

* Items after restatement of the data for 2021 due to the Group's application of the amendments to IAS 16 - see Note 2.1.1 of the Interim Condensed Consolidated Financial Statements for H1 2022 for details.

Sales structure at LW Bogdanka Capital Group

Item [PLN '000]	Q2 2021 restated data*	Share [%]	Q2 2022	Share [%]
Coal sales	508,479	97.5%	712,118	97.4%
Other activities	8,531	1.6%	12,664	1.7%
Sales of merchandise and materials	4,499	0.9%	6,039	0.9%
Total revenue	521,509	100.0%	730,821	100.0%

* Items after restatement of the data for 2021 due to the Group's application of the amendments to IAS 16 - see Note 2.1.1 of the Interim Condensed Consolidated Financial Statements for H1 2022 for details.

Provisions at the LW Bogdanka S.A.

Balance-sheet provisions [PLN '000]	As at 30.06.2021	As at 31.12.2021	As at 30.06.2022	Change Q2 2022/ 31.12.2021	Change IIQ 2022/ IIQ 2021
Employee provisions	234,644	210,635	221,001	4.9%	-5.8%
Mine decommissioning and land reclamation provision	199,628	130,402	129,994	-0.3%	-34.9%
Mining damage	2,320	6,382	5,549	-13.1%	139.2%
Other	8,971	18,804	6,368	-66.1%	-29.0%
Total	445,563	366,223	362,912	-0.9%	-18.5%

The total provisions as at 30 June 2022 amounted to PLN 362,912,000 which means an increase by 0.9% compared to the value as at 31 December 2021.

Change in provisions

[PLN '000]	Change Q2 2021	Change Q2 2022	Change Q2 2022/ Q2 2021	Change in 1H 2021	Change in 1H 2022	Change 1H 2022/ 1H 2021
Employee provisions	-763	-9,690	1 170.0%	19,317	10,366	-46.3%
Mine decommissioning and land reclamation provision	-12,563	-167	-98.7%	-1, 828	-408	-96.8%
Mining damage	-104	-459	341.3%	-259	-833	221.6%
Other	1,368	-13,898	-1 115.9%	4,236	-12,436	-393.6%
Total	-12,062	-24,214	100.7%	10,466	-3,311	-131.6%

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attention