

## **Current Report No. 25/2020**

Date of preparation: 29 September 2020

### **Subject: Update of production target for 2020**

Legal basis: Article 17.1 of MAR – Inside Information

#### Content:

The Management Board of Lubelski Węgiel Bogdanka S.A. (the “Company”) wishes to announce that on 29 September 2020 it adopted updated production assumptions for the year 2020 and decided to make them public.

Previously, the Company assumed that the 2020 production plan would be at the level of approximately 8.2 million tonnes, which was announced in Current Report No. 16/2020 of 15 July 2020.

The operating results of the Company for H1 2020 were mainly influenced by decreased demand for power coal by commercial power plants and the heating sector. In Q1, this was the result of a warm and windy winter, and in Q2 – of decreased overall demand for power in Poland due to restrictions implemented in connection with the coronavirus pandemic, which resulted in economic slowdown.

After the slowdown period, the demand for power coal has returned to normal and sales have returned to the levels recorded in previous years. However, wall run timetable and deadlines have been altered along with the dates of commencement of works on new walls intended for exploitation this year. As a result, a number of factors limiting the assumed progress on walls and the levels of yield occurred in September. The largest negative impact was brought about by a deforming pressure increment on one of the walls, which limited the operational capacity of longwall workings, hence limiting the progress on that wall.

These difficulties, combined with staff shortages stemming from the growing number of Covid-19 infections in the region as well as the obligation to isolate both employees who had been in direct contact with infected persons and the so-called second circle of contacts, have resulted in the Company having to update and accept a production target for 2020 at the level of 7.4 million tonnes.

The Company believes the hindrances enumerated above to be temporary, hence it will keep the production targets for the following years unchanged; they were announced on 9 February 2017 in Development Strategy of LW Bogdanka S.A. from the Mining Area of the Enea Group until 2025 (under the 2030 framework) and assumed annual average production for 2021-2025 at the level of approximately 9.3 million tonnes and for 2026-2030 at the level of approximately 9.1 million tonnes.

We would also like to inform that the Company has met the criteria to benefit from the Anti-Crisis Shield relief package and applied to Provincial Labour Office in Lublin for financing of job protection benefits from the Guaranteed Employee Benefits Fund amounting to approximately PLN 33.7 million.