

Current Report 22/2021

Date of preparation: 13.08.2021

Subject: Concluding an agreement for the export of thermal coal with D. Trading International S.A. with its registered office in Geneva.

General legal basis: Article 17(1) of MAR – inside information.

Content:

The Management Board of Lubelski Węgiel Bogdanka S.A. (hereinafter “Company” or “Seller”) hereby informs you that on 13.08.2021 it concluded an agreement for the export of thermal coal (hereinafter “Export Agreement”) to the territory of the Ukraine with D. Trading International S.A. with its registered office in Geneva.

The Export Agreement sets out terms and conditions regarding price and volume of coal supplies to customers in the Ukraine during its term, i.e. from 15 August 2021 to 28 February 2022. The value of supplies provided for in the Export Agreement is estimated at USD 27 million (i.e. about PLN 104 million). The amount specified in the previous sentence includes additional volume options to be used by the Parties during the term of the Export Agreement of the estimated value of USD 3.6 million (i.e. about PLN 14 million).

The total value of sales in 2021 and 2022 to D. Trading International S.A. after concluding the Export Agreement and with the account taken of other contracts is about USD 39 million (i.e. about PLN 149 million).

The Export Agreement provides for the following liquidated damages:

- if the border quality parameters of supplies are exceeded, the price of coal will be corrected by the ratio specified in the Export Agreement;
- if the amount of coal specified in the Export Agreement is not used, the Party at fault may be charged liquidated damages of 10% of the net value of coal that was not supplied or not collected.

The Export Agreement provides for a possibility of its termination only in the case of a breach of its anti-corruption provisions.

The remaining terms and conditions of the Export Agreement do not differ from market terms applied in agreements of this type.

The Management Board deems the above information important, because extending the outlet for coal and exporting coal to the Ukraine will allow Bogdanka S.A. to meet its Development Strategy objectives.