

## **Current Report No. 23/2021**

Date of preparation: 4 October 2021

### **Subject: Conclusion of another Additional Agreement and an Amendment to the Long-Term Agreement with ENEA Wytwarzanie Sp. z o.o.**

General legal basis: Article 17.1 MAR – Inside Information.

#### Content:

The Management Board of Lubelski Węgiel Bogdanka S.A. (the “Company” or the “Seller”) hereby announces that on 4 October 2021 it concluded another Additional Agreement for sale of coal No. UD/LW/04/2021 (“Additional Agreement No. 4”) – another in 2021 – with ENEA Wytwarzanie Sp. z o.o. with registered office in Świerże Górne. On the same date, the Company also concluded an Amendment (“Amendment”) to Long-Term Agreement No. UW/LW/01/2012 of 23 January 2012 (the “Long-Term Agreement”).

The aforementioned Long-Term Agreement was referred to in current reports published from 2012 to 2021, with the most recent information concerning amendments thereto having been made public in Report No. 7/2021 published on 19 February 2021, Report No. 10/2021 published on 30 April 2021 and Report No. 19/2021 published on 9 July 2021.

Additional Agreement No. 4, implemented in addition to the Long-Term Agreement, sets out the terms and conditions concerning the price and volume of coal supplies to the Koziernice Power Plant during its term, i.e. from the date of its conclusion to 31 December 2021. The value of supplies provided for in Additional Agreement No. 4 is estimated at PLN 301.8 million in addition to the value of supplies set out in the Long-Term Agreement.

Due to increased demand for coal, the volume of Additional Agreement No. 4 shall increase the volume of coal for the Koziernice Power Plant for 2021.

Under the Amendment to the Long-Term Agreement, the Parties defined new volumes of supplies for 2021-2029.

As a result of concluding the Amendment, the value of the entire Long-Term Agreement effective between 2017 and 2036 will amount to PLN 17,472 million net, i.e. 1.46% more than reported in Current Report No. 31/2019, however in the period 2021-2036 the value of the Long-Term Agreement will be PLN 12,964 million net.

The value of all supplies to the Koziernice Power Plant in 2021-2029 will increase, also by the value of Additional Agreement No. 4.

Another partial determination of the terms and conditions of supplies for 2021 due to the conclusion of Additional Agreement No. 4 and the Amendment to the Long-Term Agreement is a result of the current situation in the hard coal-fired electricity production sector.

Additional Agreement No. 4 provides for the following liquidated damages:

- if quality parameters of supplied coal batches fail to comply with border parameters specified in the agreement, the Buyer is entitled to apply liquidated damages, the amount of which shall be determined depending on the level of exceeding the parameter;
- if the amount of coal specified in Additional Agreement No. 4 is not delivered or not collected, liquidated damages shall be calculated as 20% of the net value of undelivered or uncollected amount of coal.

Due to a relatively short term of Additional Agreement No. 4, the Parties do not provide for the possibility of its termination.

Other terms and conditions of Additional Agreement No. 4 do not differ from the market conditions applied in such agreements.

The Management Board treats the above information as significant given the dominant share of the recipient in the Company's supply portfolio.