

Current Report No. 28/2021

Date of preparation: 16 December 2021

Subject: Conclusion of an Annex to Long-term Agreement and Additional Agreement No. 5 with ENEA Wytwarzanie Sp. z o.o.

General legal basis: Article 17.1 MAR – Inside Information.

Content:

The Management Board of LW Bogdanka S.A. (the “Company” or the “Seller”) hereby announces that on 16 December 2021 it concluded an Annex to Long-Term Agreement No. UW/LW/01/2012 with ENEA Wytwarzanie Sp. z o.o. with registered office in Świerże Górne (the “Long-Term Agreement”). Also on 16 December 2021 the Company concluded another Additional Agreement for sale of coal No. UD/LW/05/2021 (“Additional Agreement No. 5”).

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. 19/2021 published on 30 April 2021, and Report No. 23/2021 published on 4 October 2021.

The Annex to Long-Term Agreement specifies the conditions of thermal coal supplies, including updated quantitative volumes for 2022 as well as the price of coal for 2022 to ENEA Wytwarzanie sp. z o.o. – Koziernice Power Station generating source.

As a result of concluding the Annex, the net value of the entire Long-Term Agreement effective between 2017 and 2036 will amount to PLN 17,987 million, i.e. 2.95% more than reported in Current Report No. 23/2021, however in the period 2022-2036 the net value of the Long-Term Agreement will be PLN 13,317 million.

Other terms and conditions of the Long-Term Agreement remain unchanged and do not differ from the market standards applied in such agreements.

Additional Agreement No. 5, 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 2022. The value of supplies provided for in Additional Agreement No. 5 is estimated at PLN 16.51 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. 5 shall increase the volume of coal for the Koziernice Power Plant in the period, hence the value of all supplies to the Koziernice Power Plant in 2021-2022 will increase, also by the value of Additional Agreement No. 5.

Additional Agreement No. 5 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. 5 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. 5, the Parties do not provide for the possibility of its termination.

Other terms and conditions of Additional Agreement No. 5 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.