



Presentation of results the LW Bogdanka Group Q4 2022, 2022

Increase of coal prices on the global market

CIF ARA coal prices

- 237.6 USD/t - average CIF ARA coal price in Q4 2022 +36.9% vs. Q4 2021 (USD 173.6 per ton)
- comparing with the average CIF ARA coal price in Q3 2022 (360.9 USD/t), this is a decrease of 34.2%
- the average price in 2022 was 291.5 USD/t, up 140.1% y/y (in 2021: 121.4 USD/t)

Inventories in ARA ports

- approx. 6.4 million tons of coal inventories at the end of December 2022 at ARA ports – at the end of September 2022, inventories were at the same level.

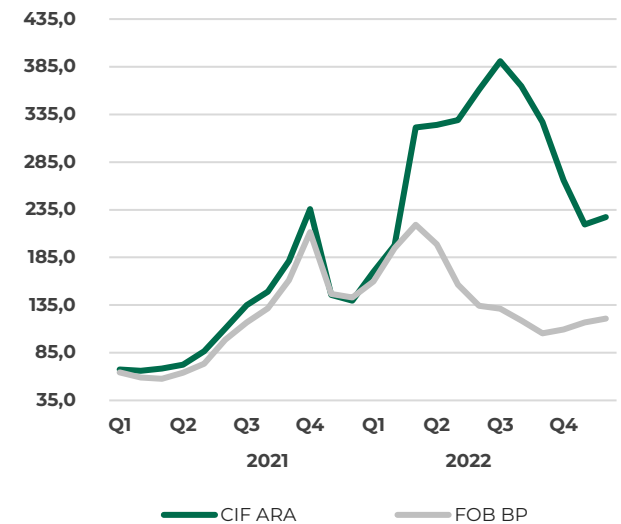


Source: www.sxcoal.com, www.polskirynekwegla.pl

Prices at major ports worldwide

- 115.6 USD/t - average Baltic Ports FOB price in Q4 2022 vs. Q4 2021 (167.0 USD/ton) – down by 30.8%
- comparing with the average price in Q3 2022 (118.4 USD/t), this is a decrease of 2.4%
- the average price in 2022 was 147.1 USD/t, up 33.0% y/y (in 2021, it was 110.6 USD/t).

Price of coal on the international market (USD/t)



Increase of thermal coal prices on the domestic market

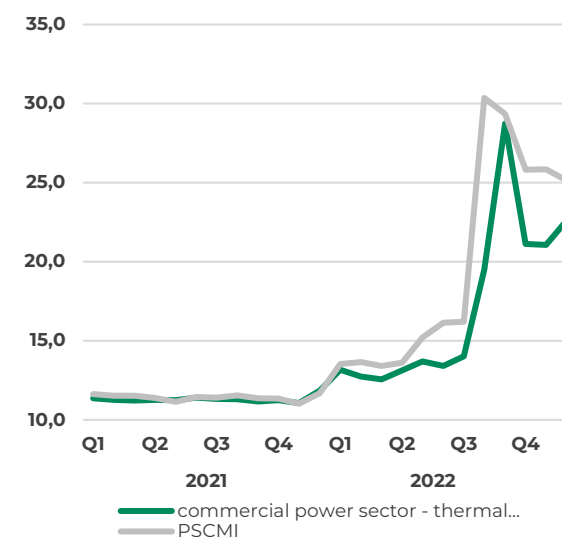
Price of fine steam coal

- The average price of fine steam coal for the commercial power sector in Q4 2022 was PLN 21.60/GJ, the price growth rate was approx. 89.8% compared to Q4 2021 (PLN 11.38/GJ)
- in 2022 (PLN 17.14/GJ) – up 51.5% compared to 2021 (PLN 11.31/GJ)
- The average calorific value of fine coal for the commercial power sector was approx. 21.1 GJ.

Prices from the PSCMI index

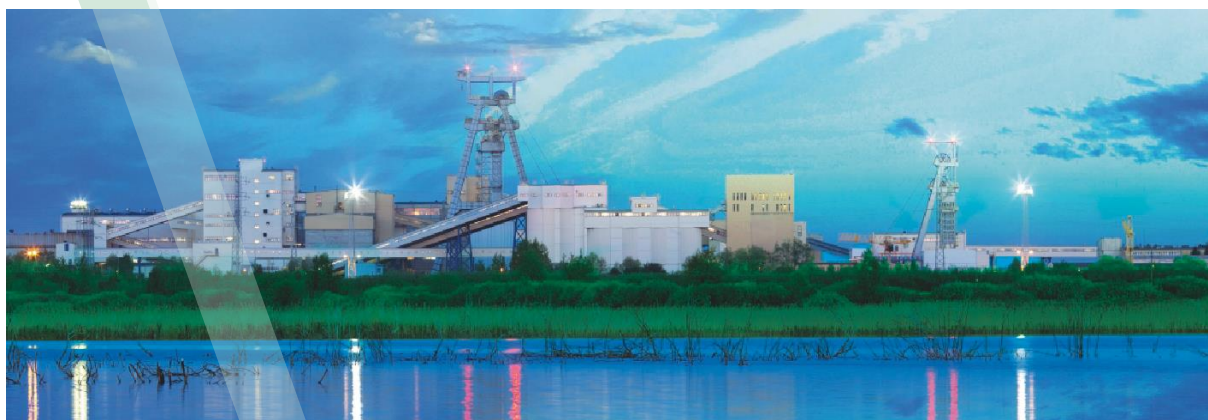
- The average price from the PSCMI Index in Q4 2022 was approx. PLN 25.6/GJ, compared to the average price in Q4 2021 (PLN 11.35/GJ), the increase was approx. 125.6%
- in 2022, the price was PLN 19.85 thousand/GJ vs. PLN 11.42/GJ in 2021, which means an increase of 73.8%.

Prices for fine steam coal on the domestic market (PLN/GJ)



The high level, calculated statistically, of average steam coal sales prices in August and September, is the result of coal companies renegotiating coal sales prices and including in the revenues of those months adjustments to invoices from previous months.

Source: ARP, TGE, www.polskiyrynekwegla.pl.



Source: ARP

Decrease in extraction and sales of thermal coal market in Poland in 2022 compared to 2021

PERFORMANCE OF POLISH COMPANIES*:	Q4 2021	Q4 2022	Change	2021	2022	Change
Extraction of thermal coal in domestic coal market (million tonnes)	10,7	9,8	-8,4%	41,0	38,7	-5,6%
Sales of thermal coal in domestic coal market (million tonnes)	11,4	8,9	-21,9%	41,5	37,5	-9,6%
Average cost of coal sold (PLN)	357,0	544,1	52,4%	361,8	464,5	28,4%
COAL PRICES						
Average price of power coal (PLN)	288,0	633,6	120,0%	277,6	449,9	62,1%
Average price of coal sold to commercial power industry (PLN)	239,7	453,0	89,0%	239,9	348,4	45,2%
DEMAND/SUPPLY						
Production of electric power in commercial power plants with the use of hard coal (GWh)*	25 088	23 990	-4,4%	93 037	87 761	-5,7%
Inventories of coal in mines (million tonnes)**	1,7	1,2	-29,4%	1,7	1,2	-29,4%

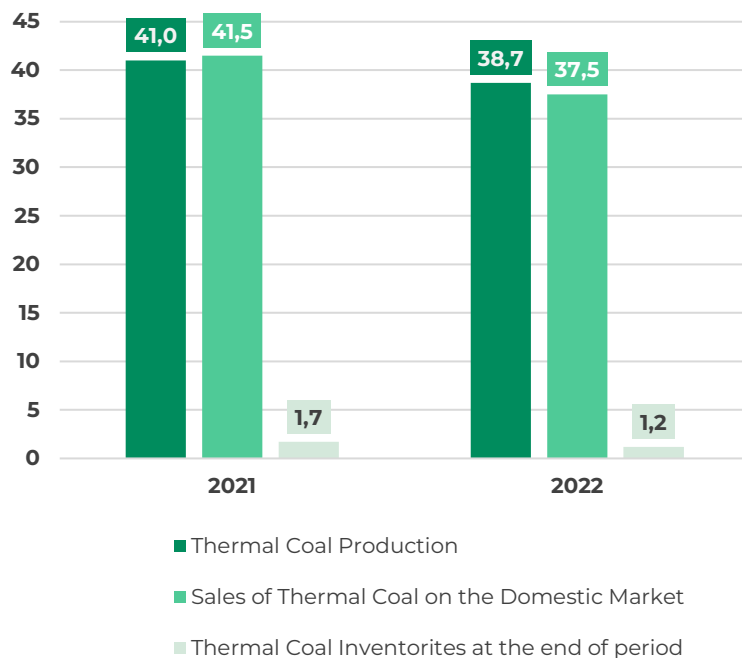
Source: ARP

*PSE S.A.

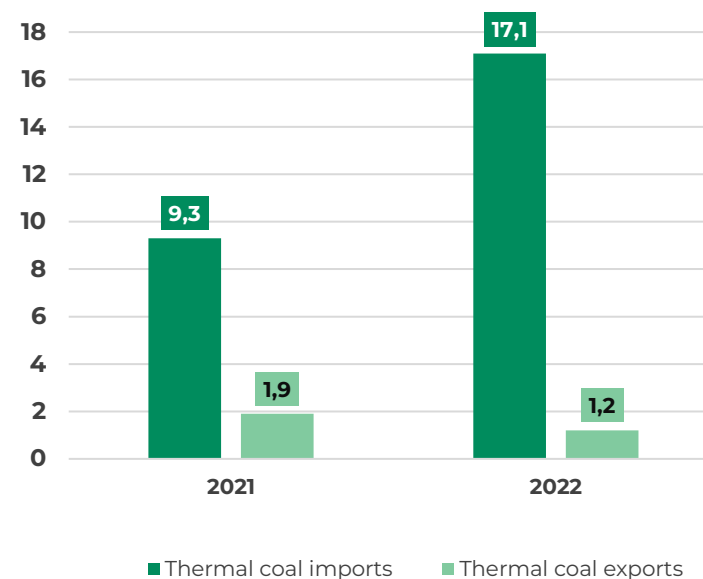
**data do not include Silesia, Siltech, Ekoplus

Decrease in extraction and sales of thermal coal in Polish mines with decrease of inventories, imports at 17.1 million tons

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



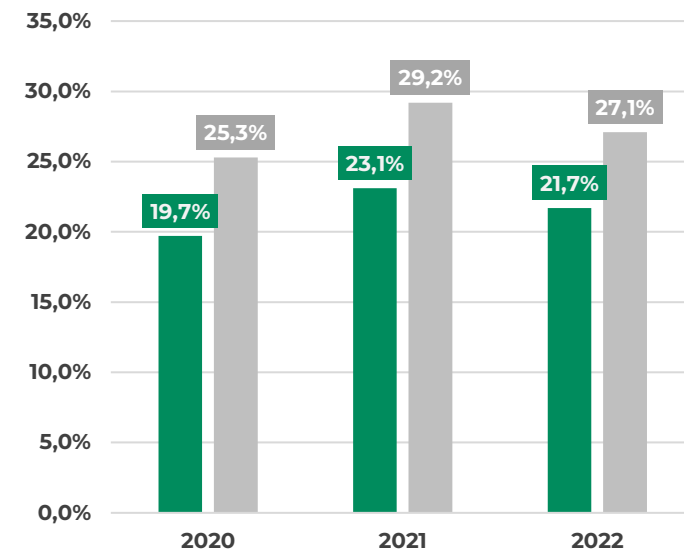
Thermal coal imports and exports [million tonnes]*



Source: ARP

* data do not include Silesia, Siltech, Ekopius

We maintains a strong position on the coal market– 27.1% of share in sales to commercial power plants



■ Share of LWB sales in the thermal coal market

■ Share of LWB sales in the thermal coal market - products sold to commercial power plants

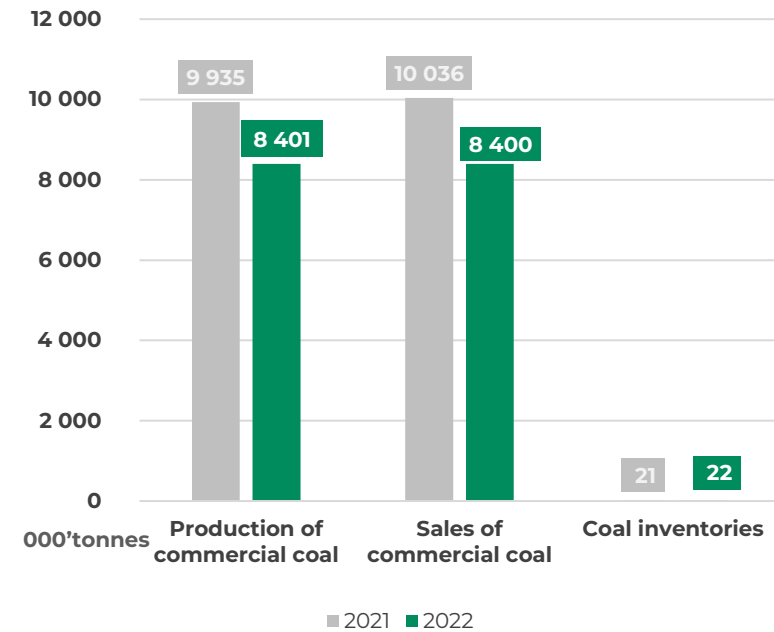
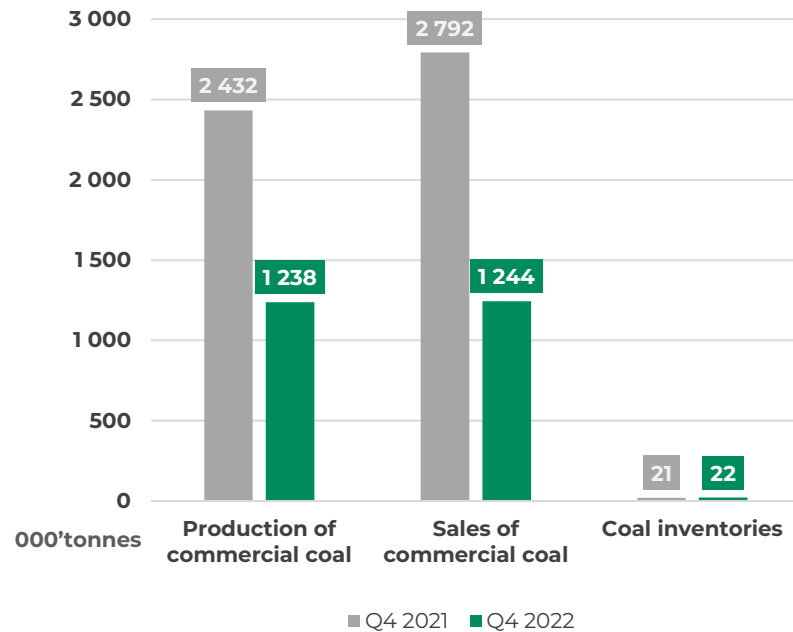
Source: ARP

GK LW Bogdanka - decrease of operational parameters in 2022 compared to 2021 caused by geological and mining problems

		Q4 2021	Q4 2022	Change	2021	2022	Change
Parametry techniczno – operacyjne							
Gross coal production	(000 tons]	3,641	2,399	-34.1%	14,308	12,695	-11.3%
Production of commercial coal	(000 tons]	2,432	1,238	-49.1%	9,935	8,401	-15.4%
Mining yield	%	66.8%	51.6%	-22.8%	69.4%	66.2%	-4.6%
Sales of commercial coal	(000 tons]	2,792	1,244	-55.4%	10,036	8,400	-16.3%
Inventories (at the end of period)	(000 tons]	21	22	4.8%	21	22	4.8%
New roadways	km	7.8	7.6	-2.6%	23.2	32.8	41.4%

Source: ARP

GK LW Bogdanka - decrease of operational parameters in 2022 compared to 2021 caused by geological and mining problems



Source: In-house data

Coal yield at a level of 66.2% in 2022

Coal Yield

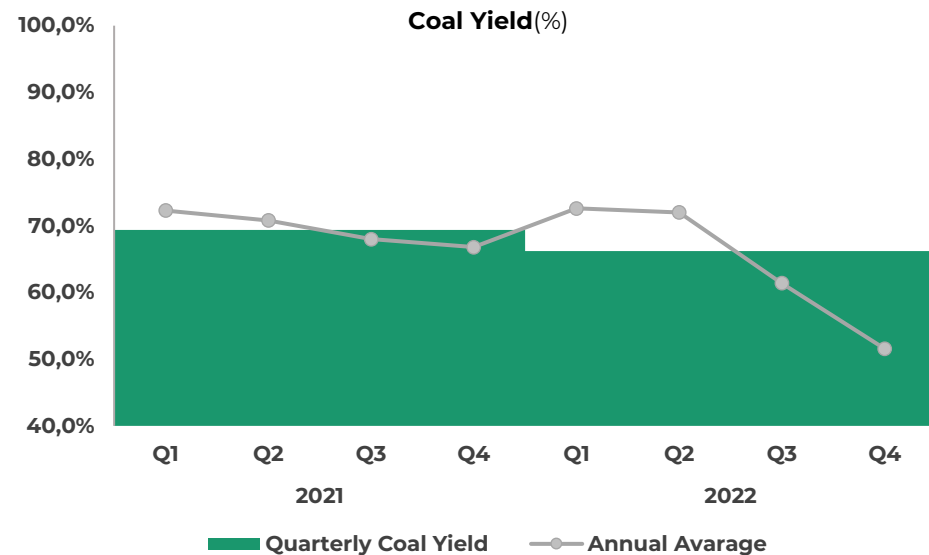
- coal yield in Q4 2022 was about 51.6% and was lower than in Q4 2021 (66.8%)
- average yield in 2022 was 66.2% compared to 69.4% in 2021

The share of extraction from the walls (%)

- in Q4 2022 49.1% of raw coal was obtained from low walls and 50.9% high walls. In the same period of 2021 this ratio was 31.5% compared to 68.5%.
- in 2022 21.3% of raw coal was obtained from low walls and 78.7% from high walls. In the same period of 2021 this ratio was 47.5% to 52.5%

Number of production days

- production in 2022 was conducted on 303 days, compared to 300 days in 2021

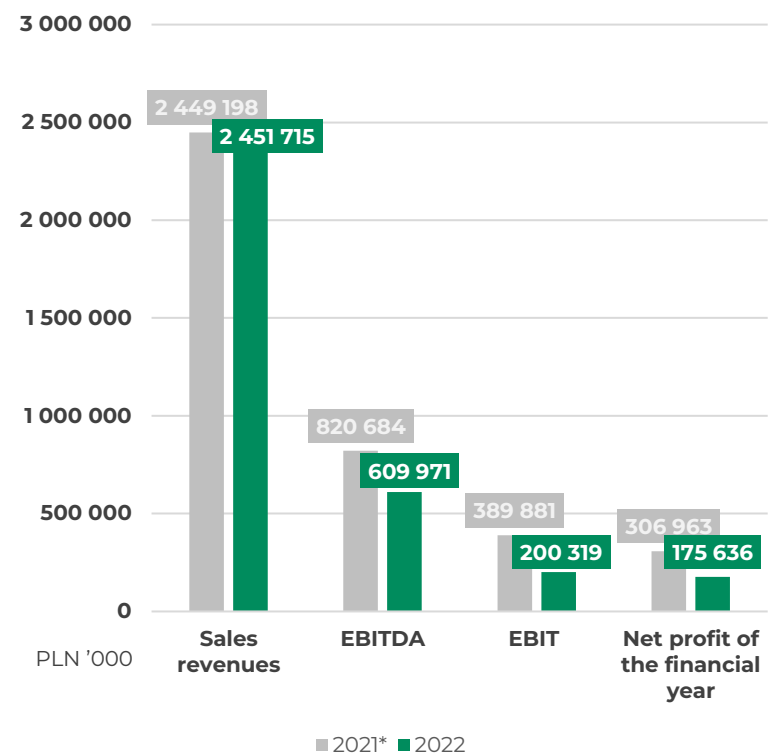
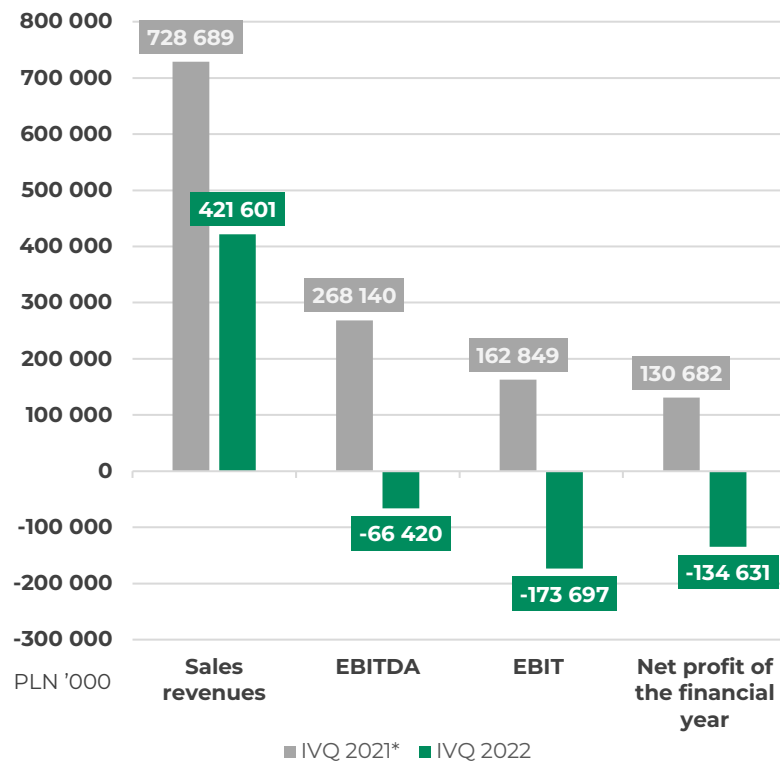


Key financial results of the LW Bogdanka Group in Q4 2022 and 2022

[PLN 000s]	Q4 2021*	Q4 2022	Change	2021*	2022	Change
Sales revenues	728,689	421,601	-42.1%	2,449,198	2,451,715	0.1%
Cost of products, goods and materials sold, selling and distribution expenses, and administrative expenses	568,022	588,936	3.7%	2,057,663	2,242,469	9.0%
Profit/(loss) on sales	160,667	-167,335	-204.2%	391,535	209,246	-46.6%
Gross return on sales	22.0%	-39.7%	-61.7 pp	16.0%	8.5%	-7.5 pp
Other revenues	4,088	1,907	-53.4%	5,223	3,340	-36.1%
Other costs	474	952	100.8%	1,128	2,271	101.3%
Net operating profit/(loss)	164,281	-166,380	-201.3%	395,630	210,315	-46.8%
Other net losses	-1,432	-7,317	411.0%	-5,749	-9,996	73.9%
Operating profit/(loss) (EBIT)	162,849	-173,697	-206.7%	389,881	200,319	-48.6%
EBIT margin	22.3%	-41.2%	-63.5 pp	15.9%	8.2%	-7.7 pp
EBITDA	268,140	-66,420	-124.8%	820,684	609,971	-25.7%
EBITDA margin	36.8%	-15.8%	-52.6 pp	33.5%	24.9%	-8.6 pp
Financial income	427	11,572	2,610.1%	675	32,936	4,779.4%
Financial expenses	1,879	2,524	34.3%	8,345	13,573	62.6%
Pre-tax profit/(loss)	161,397	-164,649	-202.0%	382,211	219,682	-42.5%
Profit margin before tax	22.1%	-39.1%	-61.2 pp	15.6%	9.0%	-6.6 pp
Income tax	30,715	-30,018	-197.7%	75,248	44,046	-41.5%
Net profit/(loss) of the financial year	130,682	-134,631	-203.0%	306,963	175,636	-42.8%
Net profitability	17.9%	-31.9%	-49.8 pp	12.5%	7.2%	-5.3 pp

* items after restatement of the data for 2021 due to the Group's application of the amendments to IAS 16 - detailed explanation in Note 2.1.1 of the Consolidated Financial Statements for 2022

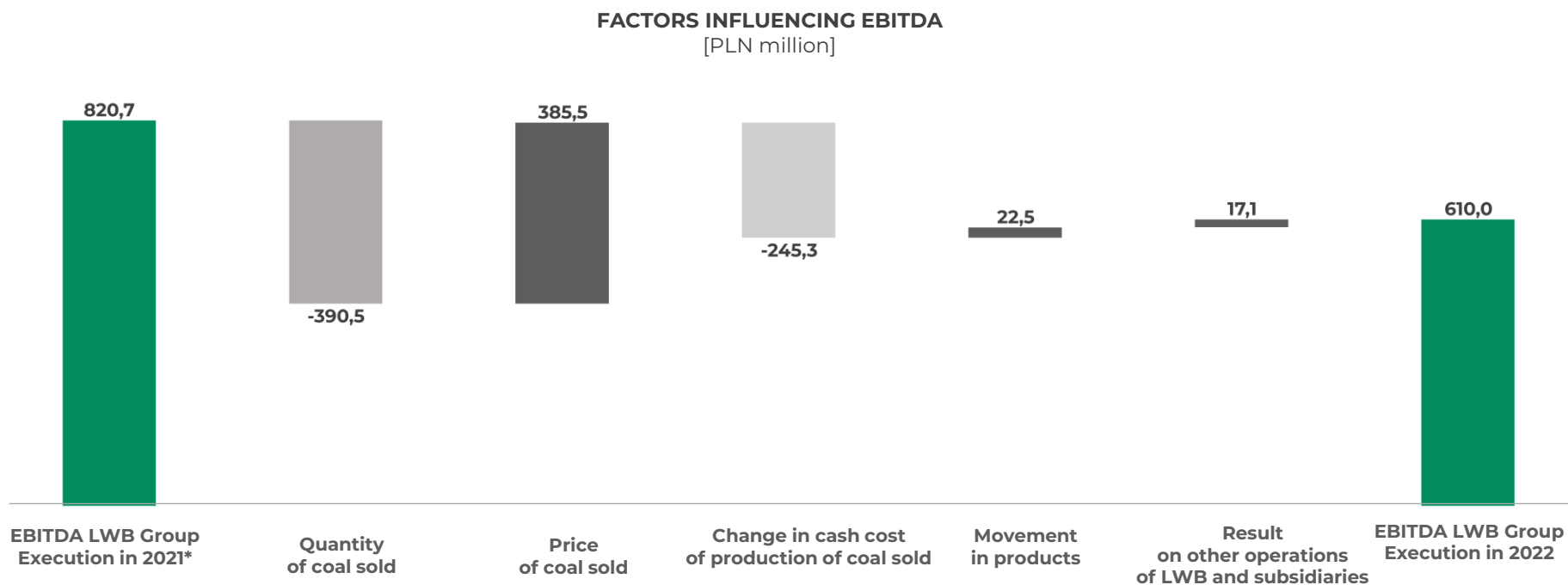
Key financial results of the LW Bogdanka Group in Q4 2022 and 2022



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Source: In-house data

EBITDA in 2022



- (-) Lower volume of coal sales
- (+) Higher price of coal sold
- (-) Higher production costs: higher cost of third-party services and employee benefits, higher prices of materials and electricity

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Source: In-house data

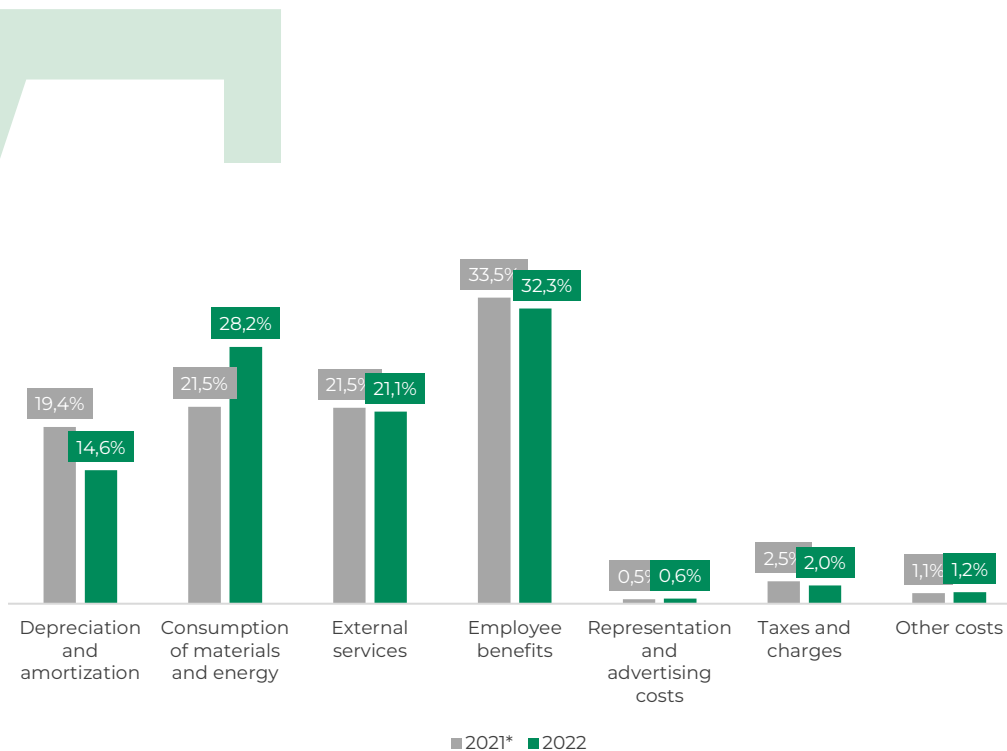
Cost by type in 2022

Cost by type	Q4 2021*	Q4 2022	Change	2021*	2022	Change
[PLN thousand]						
Net production [000 tons]	2,432	1,238	-49.1%	9,935	8,401	-15.4%
Sales [000 tons]	2,792	1,244	-55.4%	10,036	8,400	-16.3%
Depreciation and amortization	99,587	97,068	-2.5%	416,753	381,339	-8.5%
Consumption of materials and energy	138,151	218,342	58.0%	462,425	734,236	58.8%
External services	125,684	133,688	6.4%	461,962	548,784	18.8%
Employee benefits	266,870	269,020	0.8%	721,045	843,180	16.9%
Representation and advertising costs	2,248	2,564	14.1%	10,266	14,537	41.6%
Taxes and charges	11,606	10,555	-9.1%	52,836	52,174	-1.3%
Other costs	747	28,928	3,772.6%	24,452	32,379	32.4%
Total costs by nature	644,893	760,165	17.9%	2,149,739	2,606,629	21.3%
Cost of producing services for the entity's proprietary needs	-65,796	-113,526	72.5%	-191,692	-411,960	114.9%
Accruals	-77,518	-112,090	44.6%	8,122	-9,424	-216.0%
Provisions and other presentation adjustments between expense by nature and by function	-1,976	50,280	-2,644.5%	49,890	40,792	-18.2%
Total production costs	499,603	584,829	17.1%	2,016,059	2,226,037	10.4%
Change in products	63,624	522	-99.2%	21,286	-1,210	-105.7%
Cost of goods and materials sold	5,340	2,842	-46.8%	17,644	19,253	9.1%
Cost of goods sold, including:	568,567	588,193	3.5%	2,054,989	2,244,080	9.2%
Cost of sales	522,425	535,225	2.5%	1,880,135	2,044,636	8.7%
Selling and distribution expenses	10,775	11,101	3.0%	40,040	49,882	24.6%
Administrative expenses	35,367	41,867	18.4%	134,814	149,562	10.9%

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Source: In-house data

Cost by type in 2022



Taxes and fees (-1.3% y/y)

- The decrease in taxes and charges due to a decrease in the mining fee.

Other costs (+32.4% y/y)

- concluding a long-term insurance policy

Depreciation and amortization (-8.5% y/y):

- decrease in the value of natural depreciation (derived from lower extraction of spoil and progress of longwalls)
- increase in depreciation of fixed assets

Costs of consumed materials and energy (+58.8% y/y):

- larger scope of preparatory works performed (32.8 km of sidewalks in 2022 compared to 23.2 km in 2021)
- increase in the value of used materials (increase in material prices, increase in the purchase price of energy and heated water)

Representation and advertising costs (+416% y/y)

- changes in payments resulting from sponsorship agreements

Employee benefits (+16.9% y/y):

- increase in the value of remuneration and mandatory contributions
- additional reward for employees
- increase in employee benefits

External services (+18.8 y/y):

- higher costs of drilling and mining services and Saturday-Sunday work
- higher recultivation costs (higher cost of managed waste)
- higher cost of coal transport services
- increase in renovation and other costs

Source: In-house data

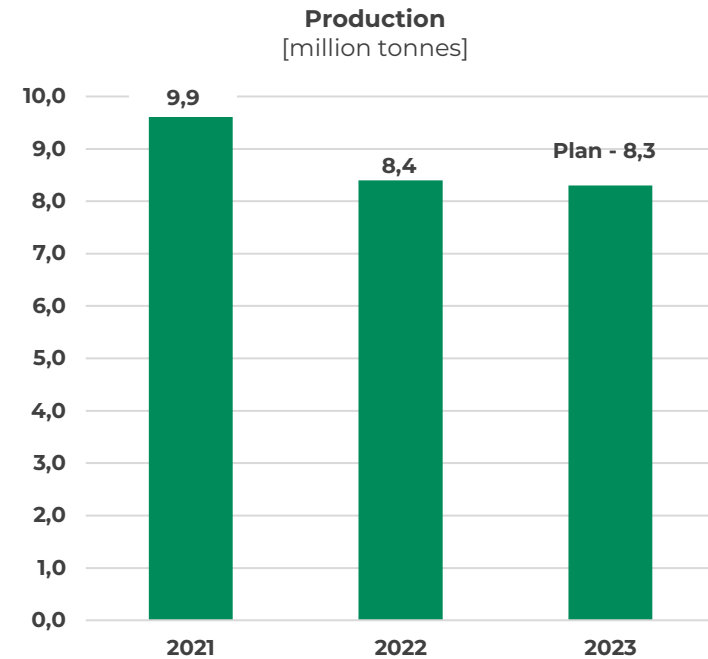
Production plan for 2023 – 8.3 million tonnes

Production and sales in 2022

- in Q4 2022, production reached 1.2 million tons, sales amounted to 1.2 million tons, in Q4 2021 2.4 million tons and 2.8 million tons, respectively
- LW Bogdanka S.A. produced and sold 8.4 million tons of coal in 2022, in 2021 it was 9.9 million tons and 10.0 million tons, respectively

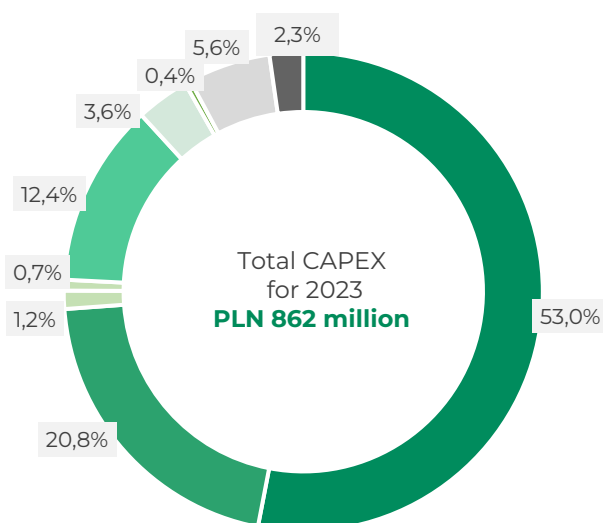
Production plan for 2023

- production plan for 2023 – 8,3 million tonnes



Source: In-house data

The use of CAPEX in 2022 – over PLN 609 million



- New excavations and upgrade of existing ones
- Maintenance of machinery
- Securing new concessions
- Longwall shearers
- Other development investments
- IT/TC
- Administration
- Other
- Subsidiaries

Source: In-house data

Selected items of capital expenditures in the LW Bogdanka Group

[PLN 000s]	TEP 2022	Execution TEP 2022	Execution TEP 2022 [%]	TEP 2023
New excavations and upgrade of existing ones	408,893	449,796	110.0%	456,957
Maintenance of machinery	127,457	62,724	49.2%	179,246
Securing new concessions	6,000	2,092	34.9%	10,588
Longwall shearers	10,000	2,942	29.4%	6,278
Other development investments	65,539	52,336	79.9%	106,737
IT/TC	21,253	10,206	48.0%	30,947
Administration	379	730	192.6%	3,400
Other	29,679	15,111	50.9%	47,889
TOTAL CAPEX in LW Bogdanka S.A.	669,200	595,937	89.1%	842,042
Łęczyńska Energetyka Sp. z o.o.	6,000	4,404	73.4%	8,000
MR Bogdanka	1,300	939	72.2%	1,590
RG Bogdanka	2,496	7,857	314.8%	9,905
EkoTrans	0	0	0.0%	0
TOTAL CAPEX in the LW Bogdanka Group	678,996	609,137	89.7%	861,537

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