

Presentation of results the LW Bogdanka Group Q1 2023



Decrease of coal prices on the global market

CIF ARA coal prices

- 146.7 USD/t - average CIF ARA coal price in Q1 2023 -36.1% vs. Q1 2022 (USD 229.6 per ton)
- comparing with the average CIF ARA coal price in Q4 2022 (237.6 USD/t), this is a decrease of 38.3%

Inventories in ARA ports

- approx. 5.5 million tons of coal inventories at the end of March 2023 at ARA ports - at the end of December 2022 the inventories stood at 6.4 million tons

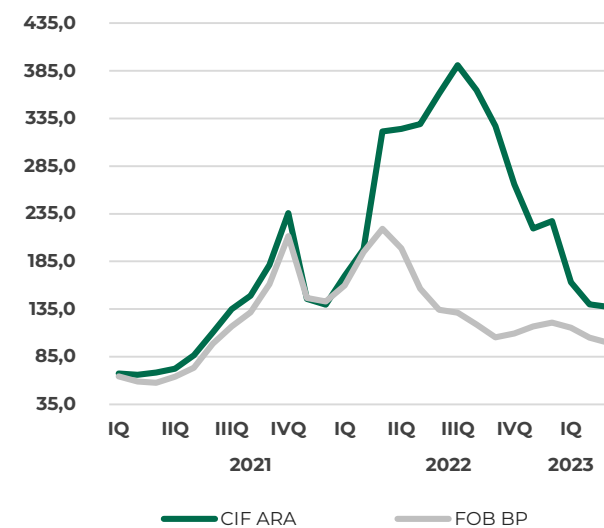


Source: www.sxcoal.com, www.polskiirynekwegla.pl

Prices at major ports worldwide

- 106.6 USD/t - average Baltic Ports FOB price in Q1 2023 vs. Q1 2022 (191.2 USD/ton) – down by 44.2%
- comparing with the average price in Q4 2022 (115.6 USD/t), this is a decrease of 7.8%

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



Increase of thermal coal prices on the domestic market

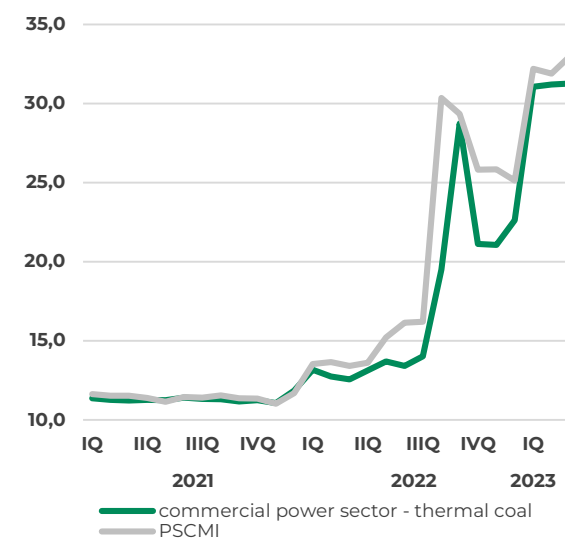
Price of fine steam coal

- The average price of fine steam coal for the commercial power sector in Q1 2023 was PLN 31.2/GJ, the price growth rate was ca. 143.8% compared to Q1 2022 (PLN 12.8/GJ)
- The average calorific value of fine coal for the commercial power sector was approx. 21.3 GJ.

Prices from the PSCMI index

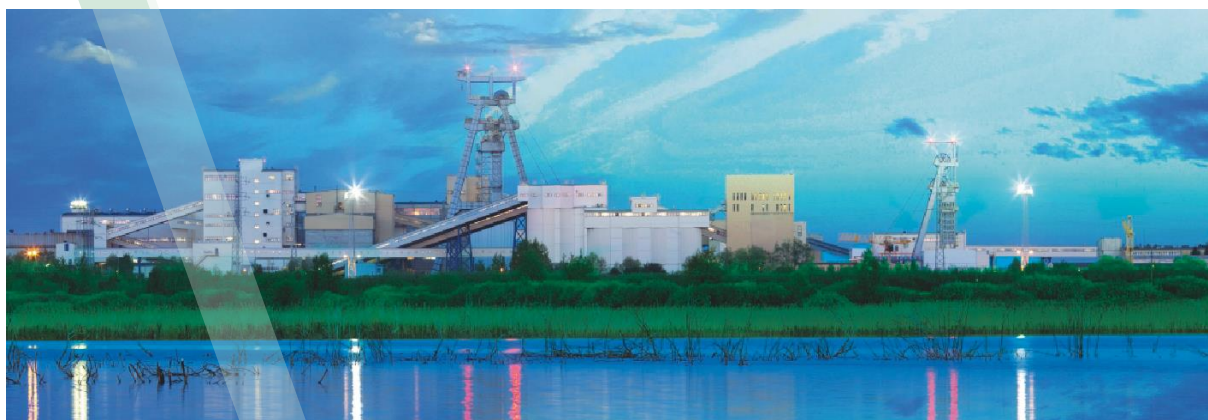
- The average price from the PSCMI Index in Q1 2023 was approx. PLN 32.4/GJ, compared to the average price in Q1 2022 (PLN 13.5/GJ), the increase was approx. 140.0%

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 2022 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.polskirynekwegla.pl.



Source: ARP

Decrease in extraction and sales of thermal coal market in Poland in Q1 2023 compared to Q1 2022

PERFORMANCE OF POLISH COMPANIES*:	Q1 2022	Q1 2023	Change
Extraction of thermal coal in domestic coal market (million tonnes)	10.7	8.9	-16.8%
Sales of thermal coal in domestic coal market (million tonnes)	10.8	8.8	-18.5%
Average cost of coal sold (PLN)	380.4	585.8	54.0%
COAL PRICES			
Average price of power coal (PLN)	311.6	757.8	143.2%
Average price of coal sold to commercial power industry (PLN)	267.9	652.6	143.6%
DEMAND/SUPPLY			
Production of electric power in commercial power plants with the use of hard coal (GWh)*	22,707	20,838	-8.2%
Inventories of coal in mines (million tonnes)**	0.8	1.1	37.5%

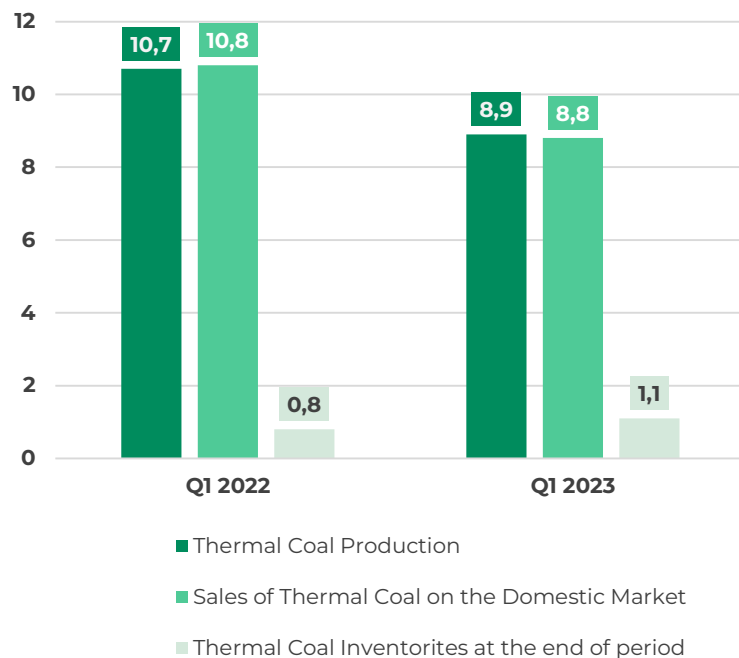
Source: ARP

* PSE S.A.

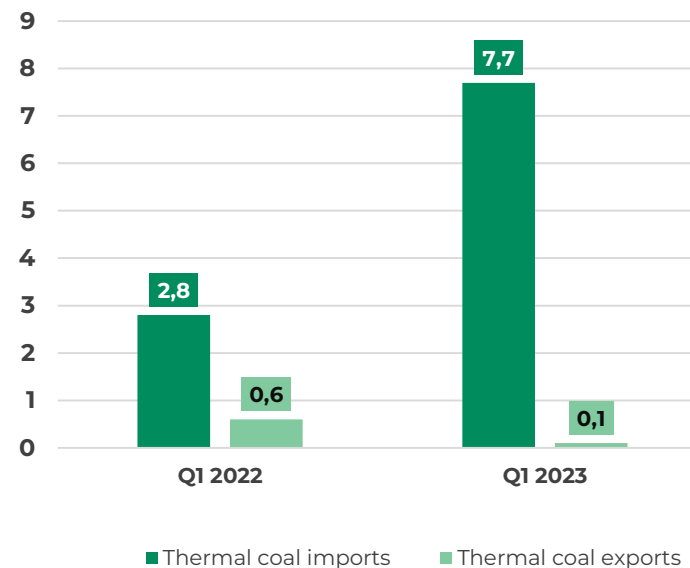
** data do not include Silesia, Siltech, Ekoplus

Decrease in extraction and sales of thermal coal in Polish mines, decrease of inventories, imports at 7.7 million tons

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



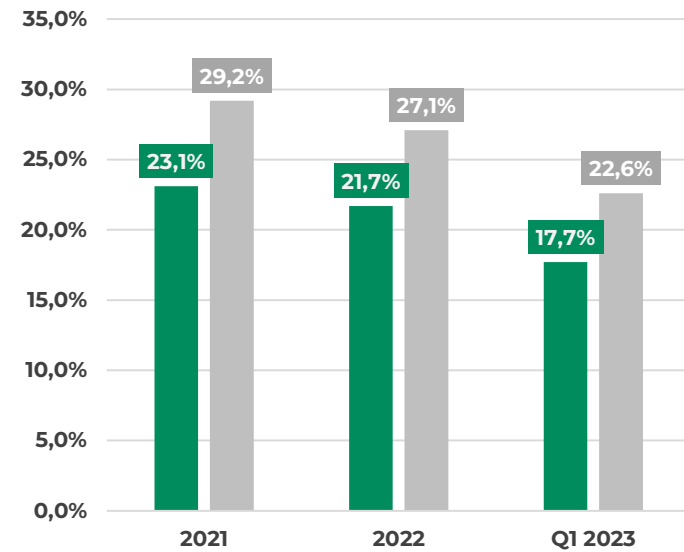
Thermal coal imports and exports [million tonnes]*



Source: ARP

* data do not include Silesia, Siltech, Ekoplus

We maintains a strong position on the coal market – 22.6% 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

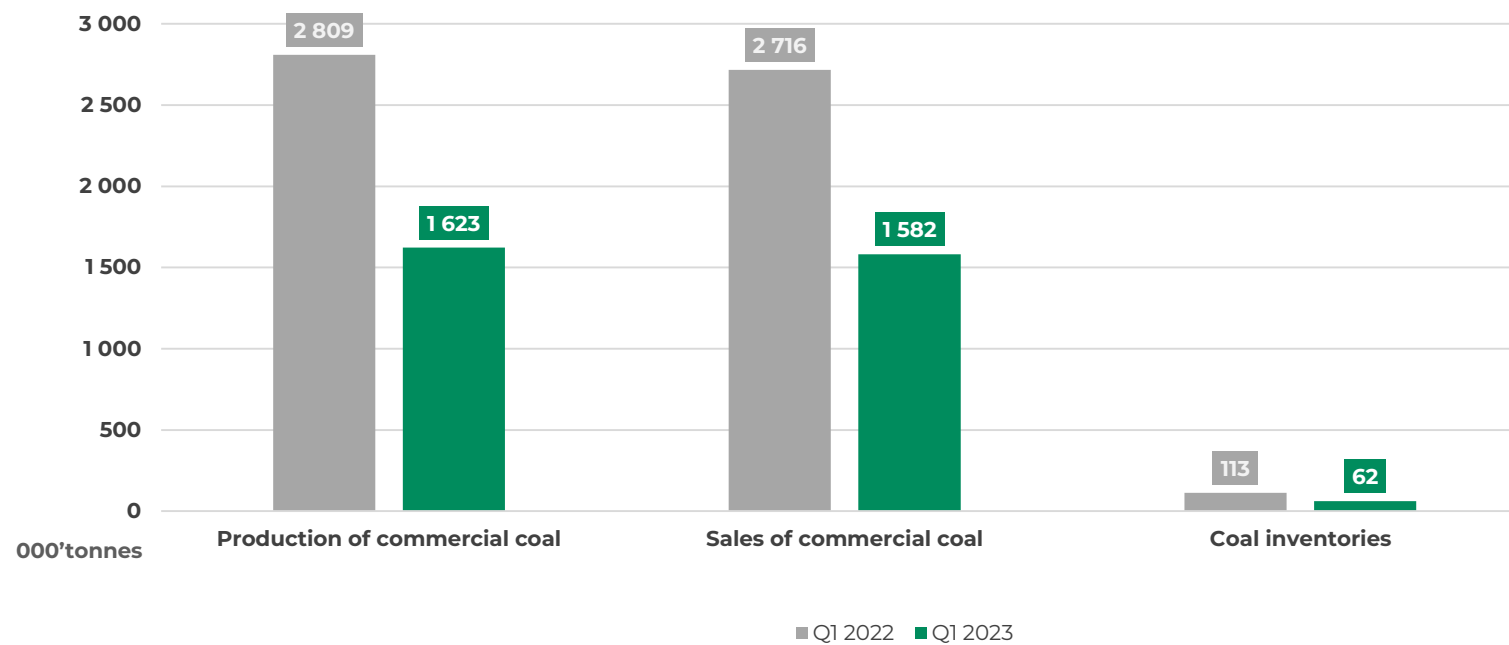
GK LW Bogdanka - decrease of operational parameters in Q1 2023 compared to Q1 2022 caused by geological and mining problems

Technical and operating data				
		Q1 2022	Q1 2023	Change
Gross coal production	tys. ton	3 867	2 969	-23,2%
Production of commercial coal	tys. ton	2 809	1 623	-42,2%
Mining yield (%)	%	72,6%	54,7%	-24,7%
Sales of commercial coal	tys. ton	2 716	1 582	-41,8%
Coal inventories (at the end of the period)	tys. ton	113	62	-45,1%
New roadways (km)*	km	8,6	8,5	-1,2%

*Length of excavations made includes reconstruction works

Source: In-house data

GK LW Bogdanka - decrease of operational parameters in Q1 2023 compared to Q1 2022 caused by geological and mining problems



Source: In-house data

Coal yield at a level of 54.7% in Q1 2023

Coal Yield (%)

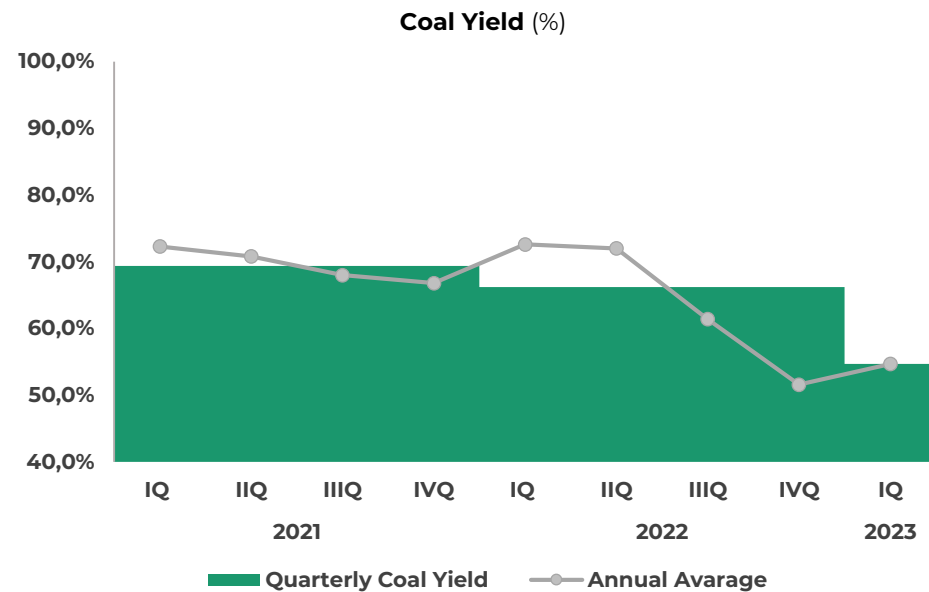
- coal yield in Q1 2023 was about 54.7% and was lower than in Q1 2022 (72.6%)

The share of extraction from the walls (%)

- in Q1 2023 63.1% of raw coal was obtained from high walls and 36.9% low walls. In the same period of 2022 100% of raw coal was obtained from high walls

Number of production days

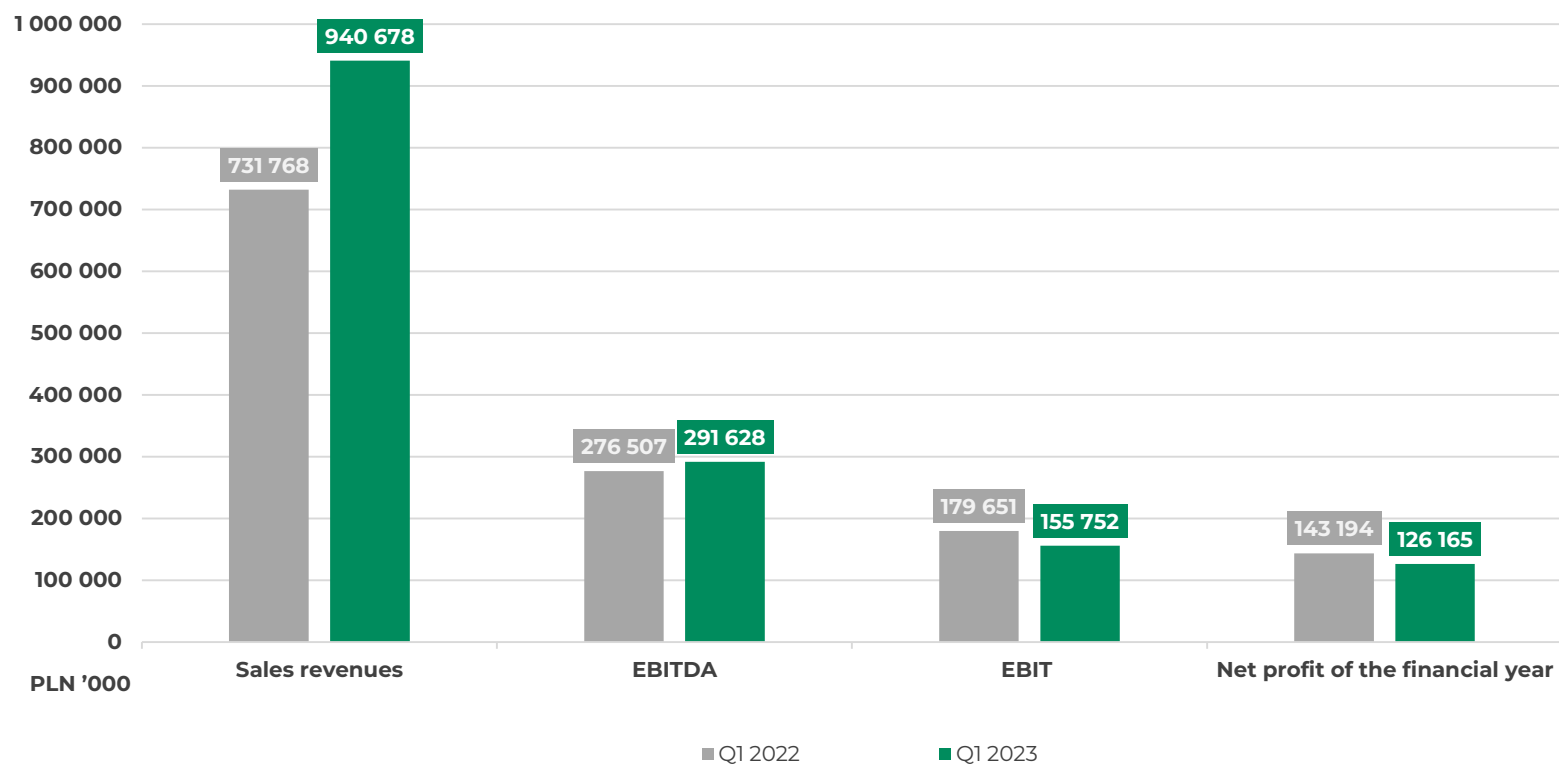
- production in Q1 2023 was conducted on 80 days, compared to 77 days in the same period Q1 2022



Key financial results of the LW Bogdanka Group in Q1 2023 and Q1 2022

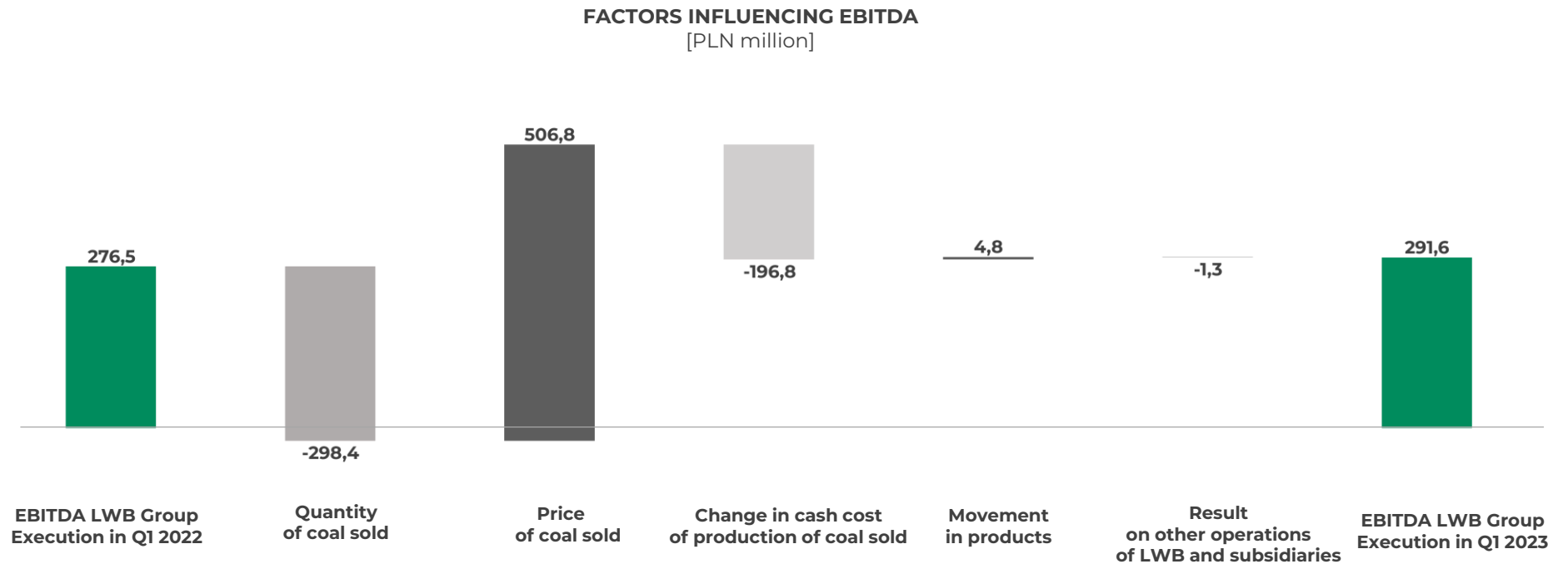
[PLN thousand]	IQ 2022	IQ 2023	Zmiana
Sales revenues	731,768	940,678	28.5%
Cost of products, goods and materials sold, selling and distribution expenses, and administrative expenses	550,948	752,258	36.5%
Profit on sales	180,820	188,420	4.2%
Gross sales margin	24.7%	20.0%	-4.7 p.p
Other revenues	827	1,019	23.2%
Other costs	621	900	44.9%
Net operating profit	181,026	188,539	4.2%
Other net losses	-1,375	-32,787	2,284.5%
Operating profit (EBIT)	179 651	155,752	-13.3%
EBIT margin	24.6%	16.6%	-8.0 p.p
EBITDA	276,507	291,628	5.5%
EBITDA margin	37.8%	31.0%	-6.8 p.p
Financial income	2,256	7,632	238.3%
Financial costs	3,810	6,842	79.6%
Profit before tax	178,097	156,542	-12.1%
Profit margin before tax	24.3%	16.6%	-7.7 p.p
Income tax	34,903	30,377	-13.0%
Net profit of the financial year	143,194	126,165	-11.9%
Net profitability	19.6%	13.4%	-6.2 p.p

Key financial results of the LW Bogdanka Group in Q1 2023 and Q1 2022



Source: In-house data

EBITDA of the LW Bogdanka Group in Q1 2023



(-) Lower volume of coal sales

(+) Higher price of coal sold

(-) Higher production costs: large number of mining days, higher cost of third-party services, employee benefits, materials and electricity

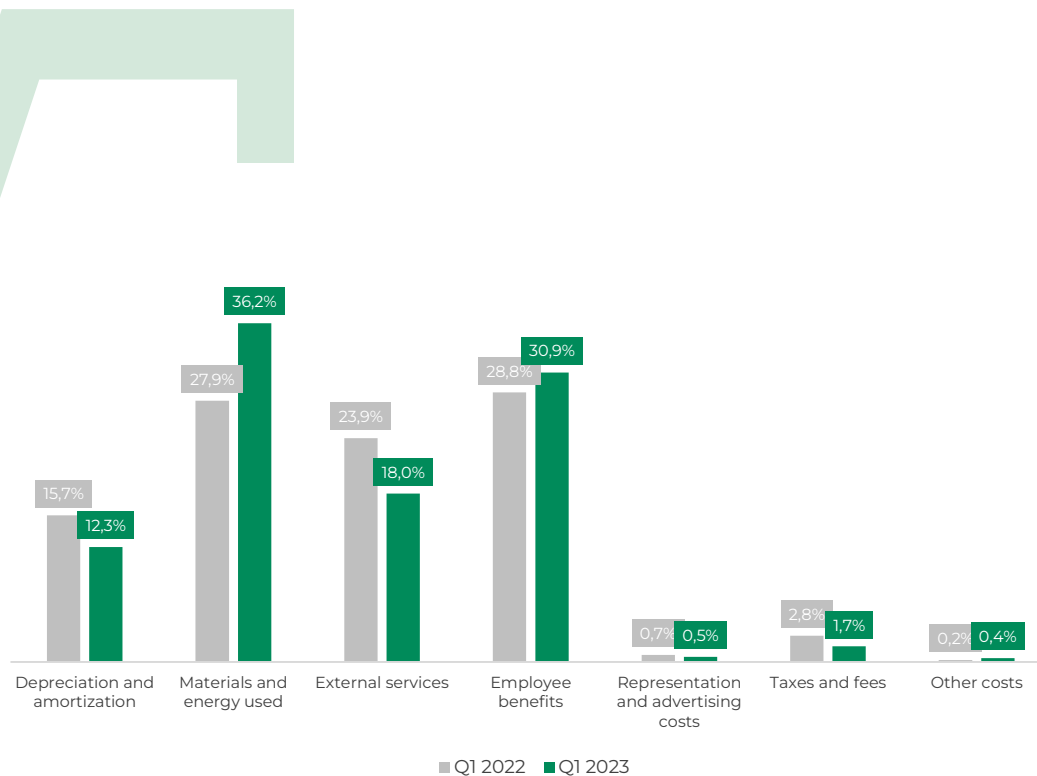
Source: In-house data

Cost by type of LW Bogdanka S.A. in Q1 2023

Cost by type	Q1 2022	Q1 2023	Change
[PLN thousand]			
Net production [000 tons]	2,809	1,623	-42.2%
Sales [000 tons]	2,716	1,582	-41.8%
Depreciation and amortization	92,720	103,352	11.5%
Materials and energy used	165,145	304,355	84.3%
External services	141,481	151,387	7.0%
Employee benefits	170,390	260,170	52.7%
Representation and advertising costs	4,392	4,446	1.2%
Taxes and fees	16,570	13,936	-15.9%
Other costs	1,148	3,408	196.9%
Total costs by type	591,846	841,054	42.1%
Cost of producing services for the entity's proprietary needs	-91,107	-117,049	28.5%
Prepayments and accruals	26,651	-7,977	-129.9%
Provisions and other presentation adjustments between expense by nature and by function	31,824	50,631	59.1%
Total production costs	559,214	766,659	37.1%
Movement in products	-15,152	-19,988	31.9%
Sales of goods and materials	6,052	2,996	-50.5%
Cost of goods sold, including:	550,114	749,667	36.3%
Cost of sales	504,061	693,091	37.5%
Selling costs	10,158	10,538	3.7%
Administrative costs	35,895	46,038	28.3%

Source: In-house data

Cost by type of LW Bogdanka S.A. in Q1 2023



Taxes and fees (-15.6% y/y)

- a decrease in the deposit exploitation fee

Other costs (+196.9% y/y)

- higher costs of removal of mining damage

Depreciation and amortization (+11.5% y/y):

- primarily the value of natural depreciation increased due to the higher value of the construction of longwall galleries depreciated during longwall mining.

Costs of consumed materials and energy (+84.3% y/y):

- the cost of electricity consumption increased significantly, and the value of materials consumed increased

Representation and advertising costs (+1.2% y/y)

- performance of the current payment schedule under sponsorship agreements

Employee benefits (+52.7% y/y):

- an increase in salaries agreed with the trade unions, disbursement of bonuses for employees, the related increase of obligatory contributions, as well as higher other employee benefits.

External services (+7.0 y/y):

- higher costs of Saturday and Sunday work, auxiliary work and day work
- higher recultivation costs (higher cost of managed waste)
- increase in renovation and other costs

Source: In-house data

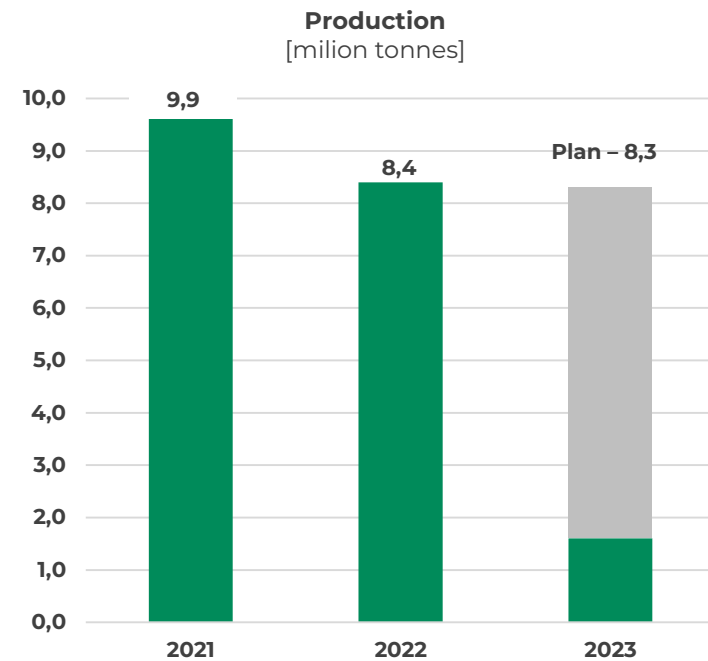
Production plan for 2023 – 8.3 million tonnes

Production and sales in Q1 2023

- in Q1 2023, production reached 1.6 million tons, sales amounted to 1.6 million tons, in Q1 2022 2.8 million tons and 2.7 million tons, respectively

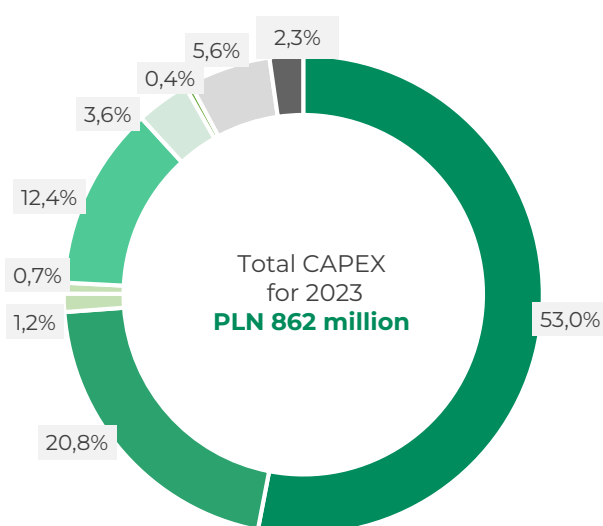
Production plan for 2023

- production plan for 2023 – 8.3 million tonnes



Source: In-house data

The use of CAPEX in Q1 2023 – over PLN 166.4 million



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

Source: In-house data

Selected items of capital expenditures in the LW Bogdanka Group

[PLN 000s]	TEP 2023	TEP actuals Q1 2023	Actuals - TEP H1 2023 [%]
New excavations and upgrade of existing ones	456,957	122,973	26.9%
Maintenance of machinery	179,246	13,045	7.3%
Securing new concessions	10,588	1,902	18.0%
Longwall shearers	6,278	0	-
Other development investments	106,737	13,717	12.9%
ICT	30,947	1,426	4.6%
Administration	3,400	0	-
Other	47,889	6,879	14.4%
TOTAL CAPEX LW Bogdanka S.A.	842,042	159,942	19.0%
Łęczyńska Energetyka sp. z o.o.	8,000	336	4.2%
MR Bogdanka	1,590	561	35.3%
RG Bogdanka	9,905	5,536	55.9%
EkoTrans	0	0	-
TOTAL CAPEX in the LW Bogdanka Group	861,537	166,375	19.3%

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