



## **Current Report No. 7/2024**

Date of preparation: 3 April 2024

### **Subject: Updating the production target for 2024**

Legal basis: Article 17(1) of MAR – confidential information

Content:

With reference to Current Report No. 6/2024 dated 28 March 2024, the Management Board of Lubelski Węgiel Bogdanka S.A. ("Company") hereby reports that on 3 March 2024, during a meeting, the Management Board accepted information on the Company's updated sales opportunities and decided to adjust the planned coal production level in 2024 to them. In view of the above, the Management Board decided to cancel the initial production target adopted for 2024 (approx. 9 million tons of commercial coal), which the Company announced in Current Report No. 1/2024 of 22 January 2024, and set it in the range of approx. 7-8 million tons of commercial coal.

The above decision is based on commercial information received by the Company from domestic and foreign counterparties, including in particular a reduction in demand for coal from the Enea Group's power plants by approx. 934,000 tons compared to the values resulting from the minimum volumes in effect for the current year, which the Company reported in Current Report No. 6/2024 dated 28 March 2024.

Problems in estimating the production target are currently due to the difficult, and throughout the year unpredictable, situation in the steam coal market. At present, we are seeing a significant oversupply of fine steam coal in the Polish market, low coal-fired power generation, high RES power generation, difficulties in carrying out coal exports to war-stricken Ukraine, as well as a high coal inventory at the mine of approx. 0.5 million tons.

The Company will first aim to reduce the aforementioned level of inventories, which will allow it to increase the flexibility of production in subsequent quarters, as well as to optimize costs to the extent determined by sales opportunities. At the same time, the Company reports that in the event of an increase in demand for steam coal in the market, the Company retains the ability to respond on an ongoing basis by increasing production due to the preparatory work performed last year and this year.