



# Presentation of results the LW Bogdanka Group Q1 2024

## Decrease of coal prices on the global market

### CIF ARA coal prices

- 105.9 USD/t - average CIF ARA coal price in Q1 2024 -27.8% vs. Q1 2023 (146.7 USD/t)
- comparing with the average CIF ARA coal price in Q4 2023 (125.1 USD/t), this is a decrease of 15.3%

### Inventories in ARA ports

- approx. 5.7 million tons of coal inventories at the end of March 2024 at ARA ports - at the end of December 2023 the inventories stood at 5.5 million tons

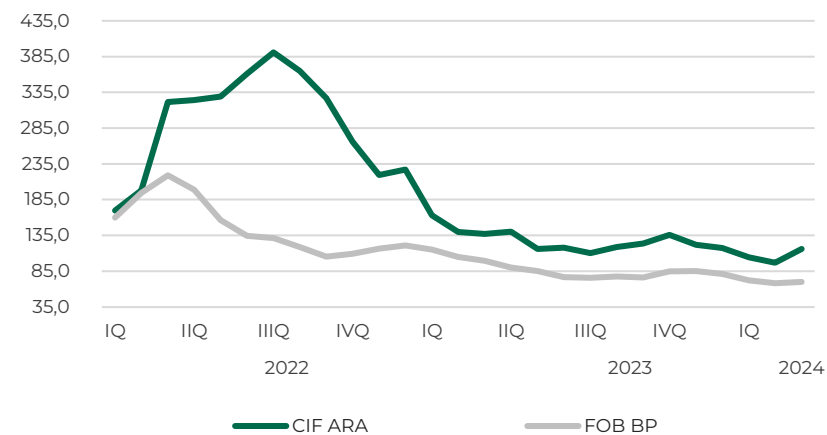
### Prices at major ports worldwide

- 70.1 USD/t - average Baltic Ports FOB price in Q1 2024 vs. Q1 2023 (106.6 USD/ton) – down by 34.2%
- comparing with the average price in Q4 2023 (83.6 USD/t), this is a decrease of 16.1%



Source: [www.sxcoal.com](http://www.sxcoal.com), [www.polskiyrynekwegla.pl](http://www.polskiyrynekwegla.pl)

### Price of coal on the international market (USD/tonne)



## Decrease of thermal coal prices on the domestic market

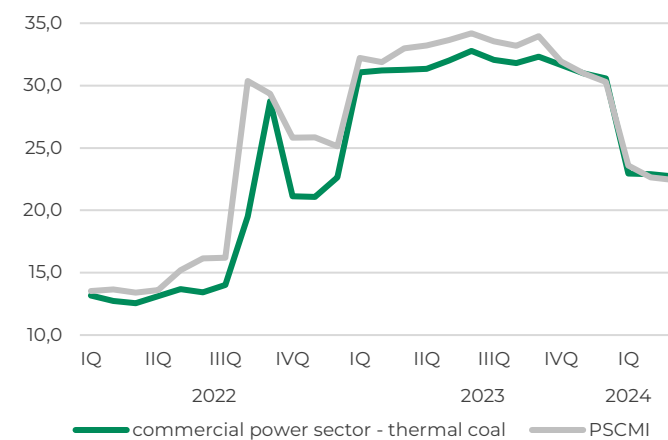
### Price of thermal coal

- The average price of fine steam coal for the commercial power sector in Q1 2024 was PLN 22.9/GJ, the price growth rate was ca. 26.6% compared to Q1 2023 (31.2 PLN/GJ)
- The average calorific value of fine coal for the commercial power sector was approx. 21.4 GJ

### Prices from the PSCMI index

- The average price from the PSCMI Index in Q1 2024 was approx. PLN 22.9/GJ, compared to the average price in Q1 2023 (32.4 PLN/GJ), the decrease was approx. 29.3%

### Prices for thermal coal on the domestic market (PLN/GJ)



Source: ARP, TGE, [www.polskiyrynekwegla.pl](http://www.polskiyrynekwegla.pl).



Source: ARP

## Decrease in extraction and sales of thermal coal market in Poland in Q1 2024 compared to Q1 2023

| PERFORMANCE OF POLISH COMPANIES*:  | Q1 2023 | Q1 2024 | Change |
|--|---------|---------|--------|
| Extraction of thermal coal in domestic coal market (million tonnes)                      | 8.9     | 8.3     | -6.7%  |
| Sales of thermal coal in domestic coal market (million tonnes)                           | 8.8     | 7.1     | -19.3% |
| Average cost of coal sold (PLN)  | 585.8   | 732.4   | 25.0%  |
| COAL PRICES  |         |         |        |
| Average price of power coal (PLN)  | 757.8   | 521.4   | -31.2% |
| Average price of coal sold to commercial power industry (PLN)                            | 652.6   | 486.6   | -25.4% |
| DEMAND/SUPPLY  |         |         |        |
| Production of electric power in commercial power plants with the use of hard coal (GWh)* | 20,838  | 19,202  | -7.9%  |
| Inventories of coal in mines (million tonnes)**  | 1.1     | 3.9     | 254.5% |

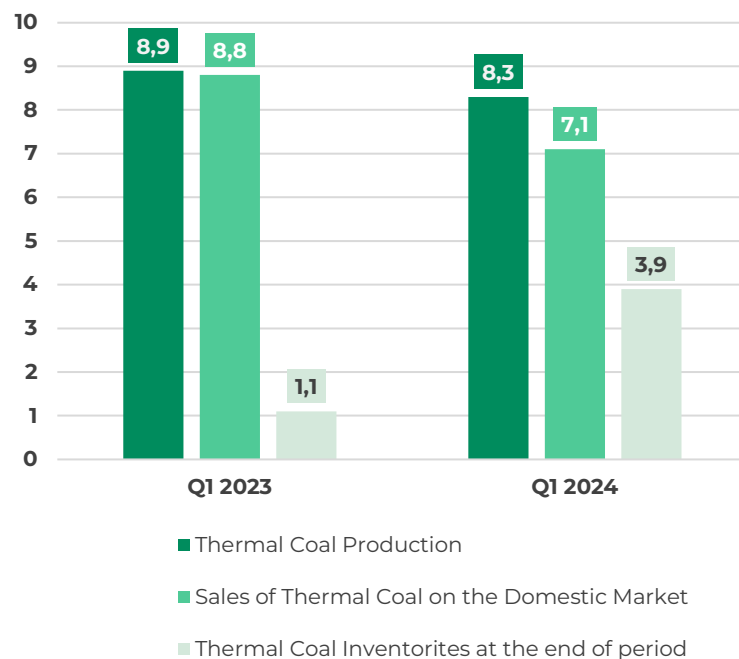
Source: ARP

\*PSE S.A.

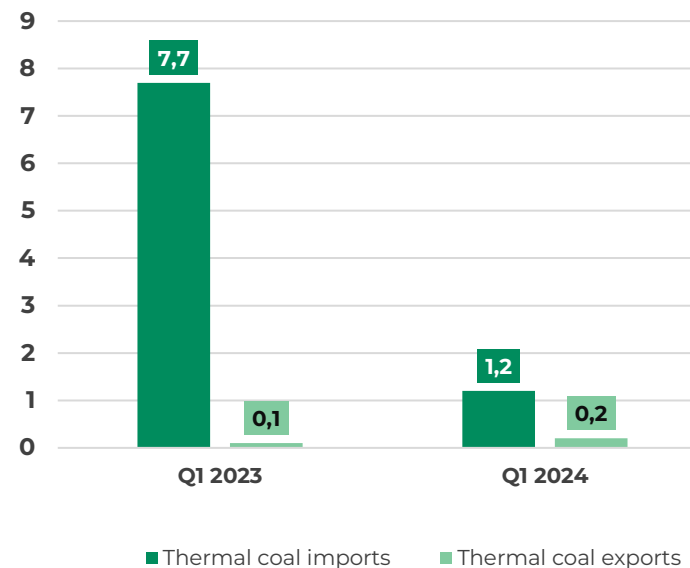
\*\*data do not include Silesia, Siltech, Ekoplus

## Decrease in extraction and sales of thermal coal in Polish mines, increase of inventories, imports at 1.2 million tons

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



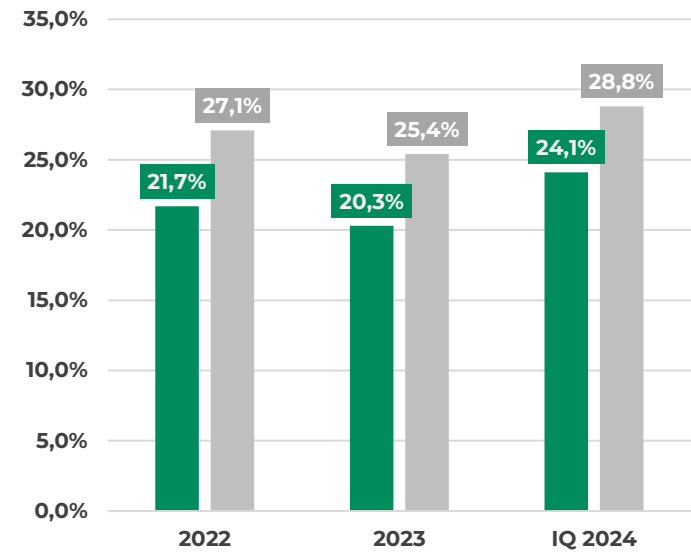
**Thermal coal imports and exports** [million tonnes]\*



Source ARP

\* data do not include Silesia, Siltech, Ekoplus

**We maintains a strong position on the coal market – 28.8% 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

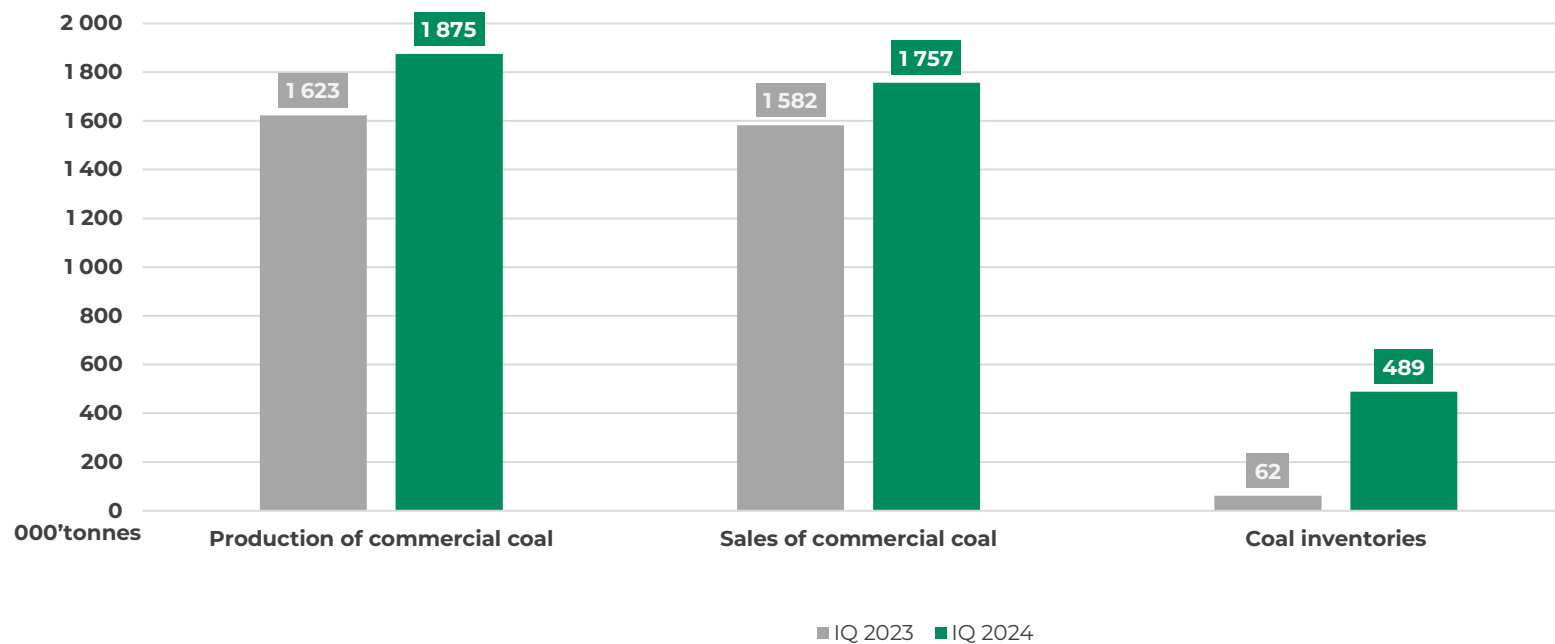
## GK LW Bogdanka - increase of operational parameters in Q1 2024 compared to Q1 2023

|   |             | Q1 2023 | Q1 2024 | Change |
|---|-------------|---------|---------|--------|
| <b>Technical and operating data</b>         |             |         |         |        |
| Gross coal production                       | 000' tonnes | 2,969   | 2,896   | -2.5%  |
| Production of commercial coal               | 000' tonnes | 1,623   | 1,875   | 15.5%  |
| Mining yield (%)                            | %           | 54.7%   | 64.7%   | 18.3%  |
| Sales of commercial coal                    | 000' tonnes | 1,582   | 1,757   | 11.1%  |
| Coal inventories (at the end of the period) | 000' tonnes | 62      | 489     | 688.7% |
| New roadways (km)*                          | km          | 8.5     | 6.4     | -24.7% |

\*Length of excavations made includes reconstruction works

Source: In-house data

## GK LW Bogdanka - increase of operational parameters in Q1 2024 compared to Q1 2023



Source: In-house data



## Coal yield at a level of 64.7% in Q1 2024

### Coal Yield (%)

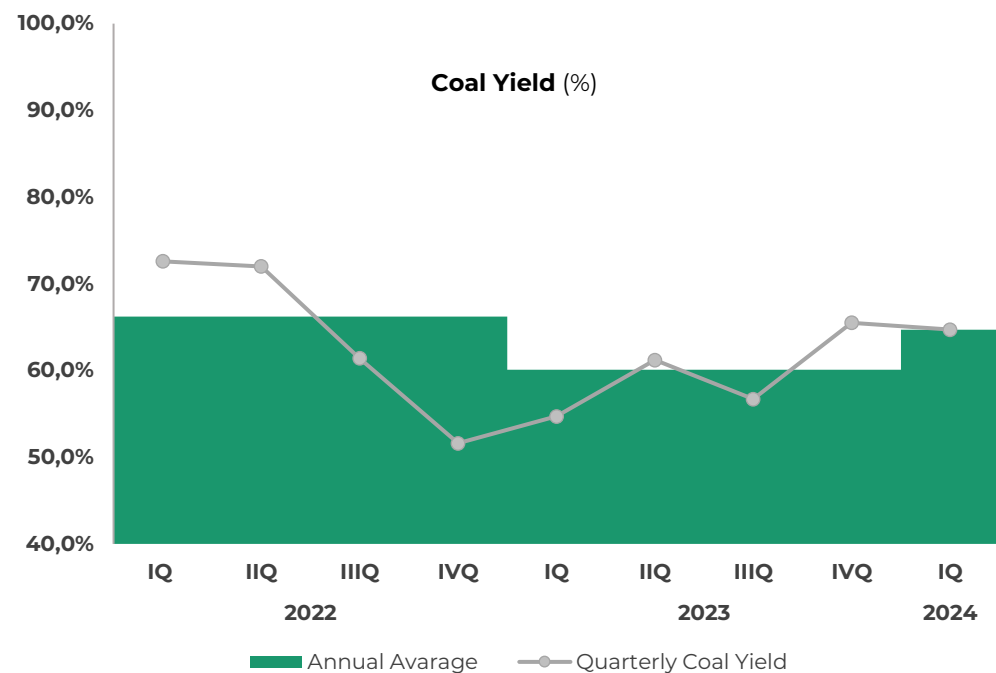
- coal yield in Q1 2024 was about 64.7% and was higher than in Q1 2023 (54.7%)

### The share of extraction from the walls (%)

- in Q1 2024 47.8% of raw coal was obtained from high walls and 52.2% low walls. In the same period of 2023 63.1% of raw coal was obtained from high walls and 36.9% from low walls

### Number of production days

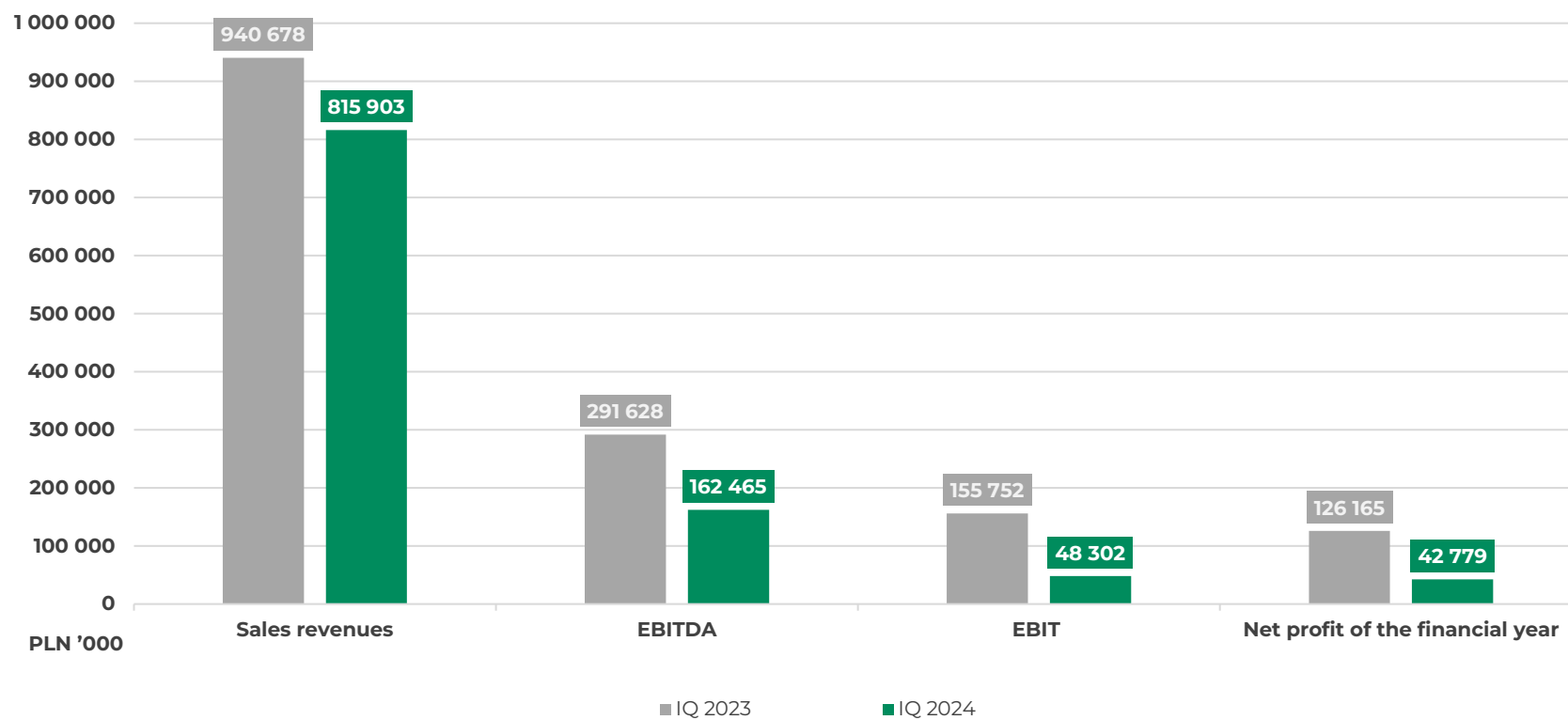
- production in Q1 2024 was conducted on 72 days, compared to 80 days in the same period Q1 2023



## Key financial results of the LW Bogdanka Group in Q1 2024 and Q1 2023

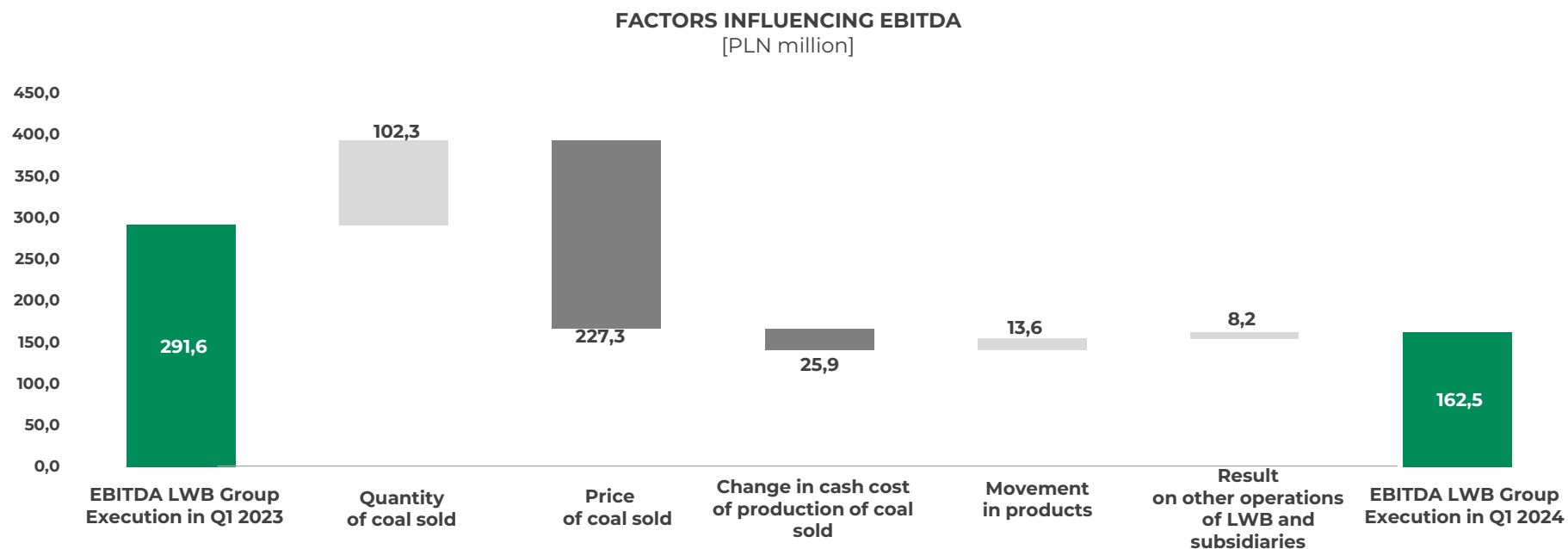
| [PLN thousand]   | Q1 2023        | Q1 2024        | Change        |
|--|----------------|----------------|---------------|
| Sales revenues   | 940,678        | 815,903        | -13.3%        |
| Cost of products, goods and materials sold, selling and distribution expenses, and administrative expenses | 752,258        | 770,420        | 2.4%          |
| <b>Profit on sales</b>   | <b>188,420</b> | <b>45,483</b>  | <b>-75.9%</b> |
| Gross sales margin   | 20.0%          | 5.6%           | -14.4 p.p     |
| Other revenues   | 1,019          | 3,702          | 263.3%        |
| Other costs  | 900            | 199            | -77.9%        |
| <b>Net operating profit</b>  | <b>188,539</b> | <b>48,986</b>  | <b>-74.0%</b> |
| Other net losses   | -32,787        | -684           | -97.9%        |
| <b>Operating profit (EBIT)</b>   | <b>155,752</b> | <b>48,302</b>  | <b>-69.0%</b> |
| EBIT margin  | 16.6%          | 5.9%           | -10.7 p.p     |
| <b>EBITDA</b>  | <b>291,628</b> | <b>162,465</b> | <b>-44.3%</b> |
| EBITDA margin  | 31.0%          | 19.9%          | -11.1 p.p     |
| Financial income   | 7,632          | 11,530         | 51.1%         |
| Financial costs  | 6,842          | 7,091          | 3.6%          |
| <b>Profit before tax</b>   | <b>156,542</b> | <b>52,741</b>  | <b>-66.3%</b> |
| Profit margin before tax   | 16.6%          | 6.5%           | -10.1 p.p     |
| Income tax   | 30,377         | 9,962          | -67.2%        |
| <b>Net profit of the financial year</b>  | <b>126,165</b> | <b>42,779</b>  | <b>-66.1%</b> |
| Net profitability  | 13.4%          | 5.2%           | -8.2 p.p      |

## Key financial results of the LW Bogdanka Group in Q1 2024 and Q1 2023



Source: In-house data

## EBITDA of the LW Bogdanka Group in Q1 2024



(+) Higher volume of coal sales

(-) Lower price of coal sold

(-) Increase in production costs: higher cost of external services and materials, with a decrease in energy costs and a decrease in employee costs

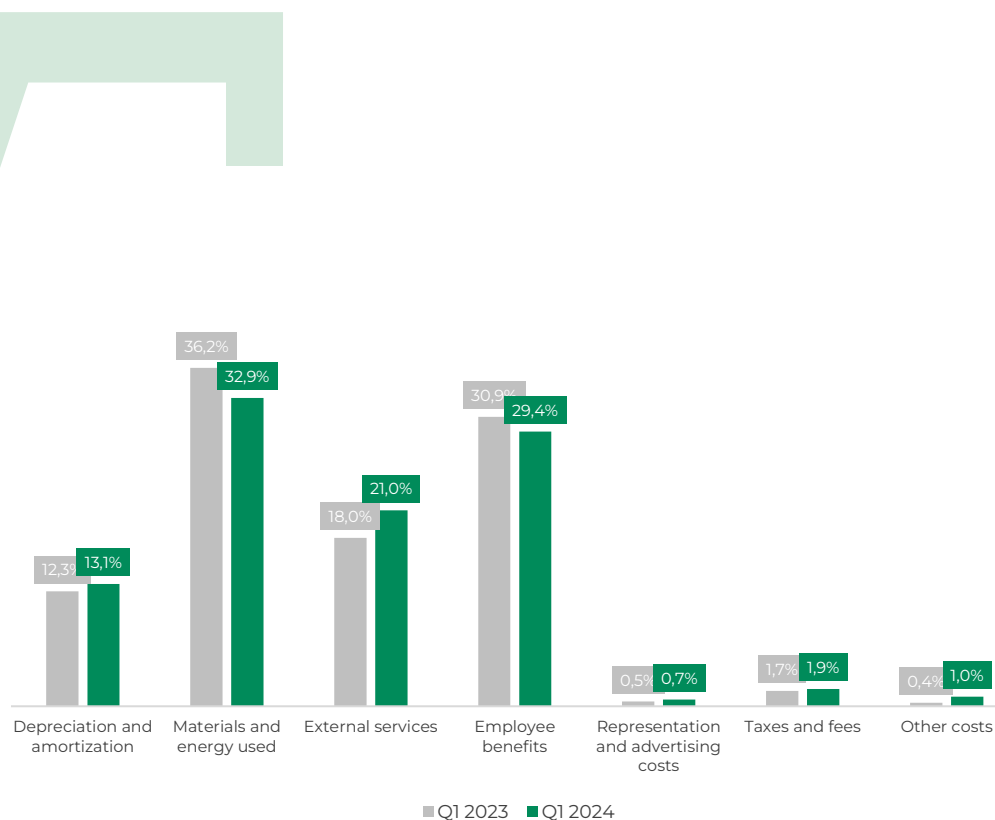
Source: In-house data

## Cost by type of LW Bogdanka S.A. in Q1 2024

| Cost by type  | Q1 2023        | Q1 2024        | Change      |
|---|----------------|----------------|-------------|
| <b>[PLN thousand]</b>   |                |                |             |
| Net production [000 tons]   | 1,623          | 1,875          | 15.5%       |
| Sales [000 tons]  | 1,582          | 1,757          | 11.1%       |
| Depreciation and amortization   | 103,352        | 110,379        | 6.8%        |
| Materials and energy used   | 304,355        | 277,615        | -8.8%       |
| External services   | 151,387        | 176,551        | 16.6%       |
| Employee benefits   | 260,170        | 247,397        | -4.9%       |
| Representation and advertising costs  | 4,446          | 6,233          | 40.2%       |
| Taxes and fees  | 13,936         | 15,787         | 13.3%       |
| Other costs   | 3,408          | 8,639          | 153.5%      |
| <b>Total costs by type</b>  | <b>841,054</b> | <b>842,601</b> | <b>0.2%</b> |
| Cost of producing services for the entity's proprietary needs                           | -117,049       | -111,779       | -4.5%       |
| Prepayments and accruals  | -7,977         | 35,574         | -546.0%     |
| Provisions and other presentation adjustments between expense by nature and by function | 50,631         | 33,193         | -34.4%      |
| <b>Total production costs</b>   | <b>766,659</b> | <b>799,589</b> | <b>4.3%</b> |
| Movement in products  | -19,988        | -33,590        | 68.1%       |
| Sales of goods and materials  | 2,996          | 4,142          | 38.3%       |
| <b>Cost of goods sold, including:</b>   | <b>749,667</b> | <b>770,141</b> | <b>2.7%</b> |
| Cost of sales   | 693,091        | 706,217        | 1.9%        |
| Selling costs   | 10,538         | 15,198         | 44.2%       |
| Administrative costs  | 46,038         | 48,726         | 5.8%        |

Source: In-house data

## Cost by type of LW Bogdanka S.A. in Q1 2024



Source: In-house data

### Costs by nature

In Q1 2024, LW Bogdanka S.A. incurred costs by nature of PLN 842,601 thousand (PLN +1,547 thousand y/y), i.e. 0.2% more than in Q1 2023.

The increase in costs in Q1 2024 was mainly due to higher costs of external services, depreciation and amortization and other costs.

However, their impact was mostly offset by a decrease in the cost of materials and energy consumption and employee benefits.

### Depreciation and amortization

The value of depreciation increased by 6.8% (to PLN 110,379 thousand) – primarily the value of natural depreciation and amortization increased, which results from the higher longwall progress and the higher value of the construction of longwall galleries depreciated during longwall mining.

### Costs of consumed materials and energy

The cost of materials and energy consumed in Q1 2024 compared to Q1 2023 decreased by 8.8% and amounted to PLN 277,615 thousand. During the period under review, the cost of electricity consumption and the value of materials consumed declined (primarily due to lower scope of development work).

### External services

The value of costs of external services increased by 16.6% compared to Q1 2023 and amounted to PLN 176,551 thousand.

Contracts and prices from mining and

mining-related contracts entered into throughout 2023 were in effect throughout the period under review.

### Employee benefits

The value of employee benefits in Q1 2024 compared to Q1 2023 decreased by PLN 12.8 million. During the period under review, there was an increase in average headcount with lower additional payments to employees.

### Representation and advertising costs

The increase in the value of representation and advertising costs by 40.2% (to PLN 6,233 thousand) follows from the performance of the current payment schedule under sponsorship agreements.

### Taxes and charges

The increase in taxes and fees by PLN 1,851 thousand results from an increase in the property tax, the mining fee (due to higher production of commercial coal) and payments to the State Fund for the Rehabilitation of the Disabled.

### Other costs

The increase in other expenses by PLN 5,231 thousand is mainly due to the implementation of the order of the Court of Appeals in Warsaw in connection with legal claims related to patents.

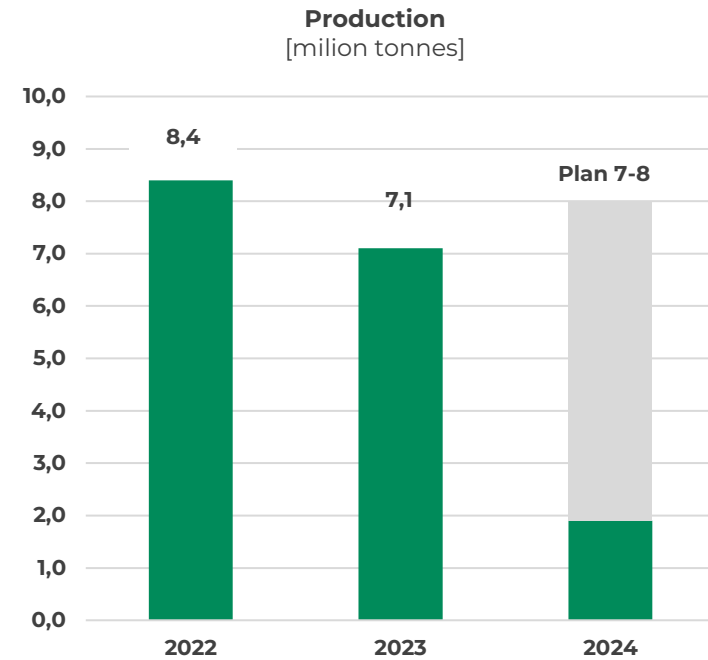
## Production plan for 2024 – 7-8 million tonnes

### Production and sales in Q1 2024

- in Q1 2024, production reached 1.9 million tons, sales amounted to 1.8 million tons, in Q1 2023 1.6 million tons and 1.6 million tons, respectively

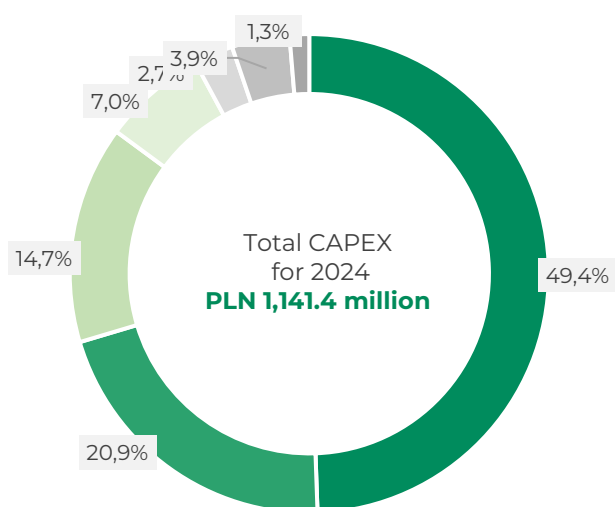
### Production plan for 2024

- production plan for 2024 – 7-8 million tonnes



Source: In-house data

## The use of CAPEX in Q1 2024 – over PLN 145.7 million



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

Source: In-house data

### Selected items of capital expenditures in the LW Bogdanka Group

| [PLN 000s]                                   | TEP 2024         | TEP actuals Q1 2024 | Actuals - TEP Q1 2024 [%] |
|--|------------------|---------------------|---------------------------|
| New excavations and upgrade of existing ones | 564,407          | 115,707             | 20.5%                     |
| Maintenance of machinery                     | 239,032          | 10,499              | 4.4%                      |
| Longwall shearers                            | 167,931          | 0                   | 0.0%                      |
| Other development investments                | 80,073           | 7,132               | 8.9%                      |
| ICT  | 30,316           | 2,806               | 9.3%                      |
| Other  | 44,539           | 8,916               | 20.0%                     |
| <b>TOTAL CAPEX LW Bogdanka S.A.</b>          | <b>1 126 298</b> | <b>145 060</b>      | <b>12.9%</b>              |
| Łęczyńska Energetyka sp. z o.o.              | 9 500            | 133                 | 1.4%                      |
| MR Bogdanka                                  | 1 590            | 86                  | 5.4%                      |
| RG Bogdanka                                  | 3 987            | 430                 | 10.8%                     |
| EkoTrans                                     | 0                | 0                   | 0                         |
| <b>TOTAL CAPEX in the LW Bogdanka Group</b>  | <b>1 141 375</b> | <b>145 709</b>      | <b>12.8%</b>              |



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