



Presentation of results the LW Bogdanka Group H1 2024

Decrease of coal prices on the global market

CIF ARA coal prices

- 110.8 USD/t - average CIF ARA coal price in Q2 2024 -11.1% vs. Q2 2023 (124.7 USD/t)
- comparing with the average CIF ARA coal price in Q1 2024 (105.9 USD/t) this is an increase of 4.6%
- the average price in H1 2024 was 108.3 USD/t, down 20.2% (135.7 USD/t in H1 2023)

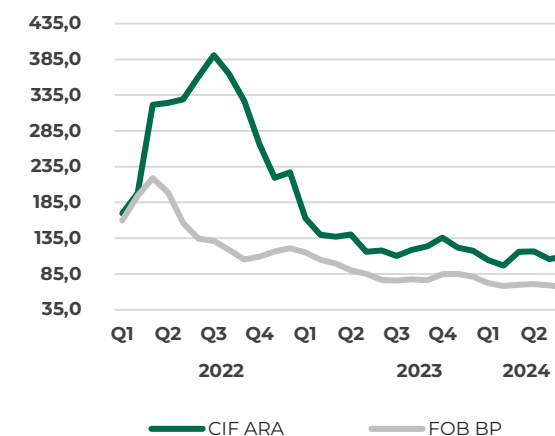
Inventories in ARA ports

- approx. 4.5 million tons of coal inventories at the end of June 2024 at ARA ports - at the end of March 2024 the inventories stood at 5.7 million tons

Prices at major ports worldwide

- 68.6 USD/t - average Baltic Ports FOB price in Q2 2024 vs. Q2 2023 (83.9 USD/ton) – down by 18.2%
- comparing with the average price in Q1 2024 (70.1 USD/t), this is a decrease of 2.1%
- the average price in H1 2024 was 69.4 USD/t, down 27.1% (95.2 USD/t in H1 2023)

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



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

Decrease of thermal coal prices on the domestic market

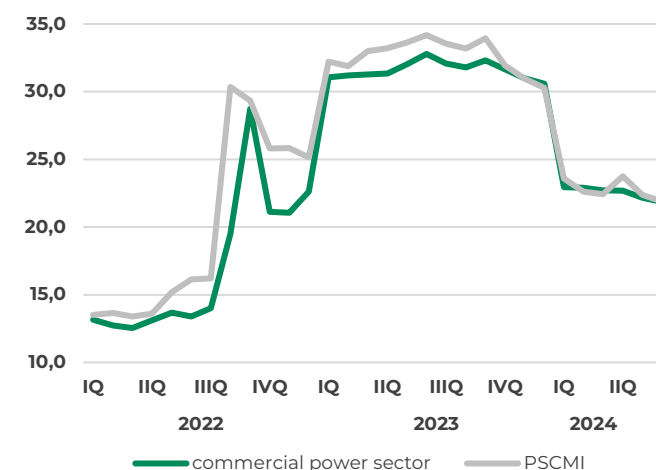
Price of fine steam coal

- The average price of fine steam coal for the commercial power sector in Q2 2024 was 31.2 PLN/GJ, the price decline rate was ca. -30.8% compared to Q2 2023 (32.1 PLN/GJ)
- The average price of fine steam coal for the commercial power sector in H1 2024 was 22.5 PLN/GJ, the price decline rate was ca. 28.8% compared to H1 2023 (31.6 PLN/GJ)
- The average calorific value of fine coal for the commercial power sector was approx. 21.8 GJ

Prices from the PSCMI index

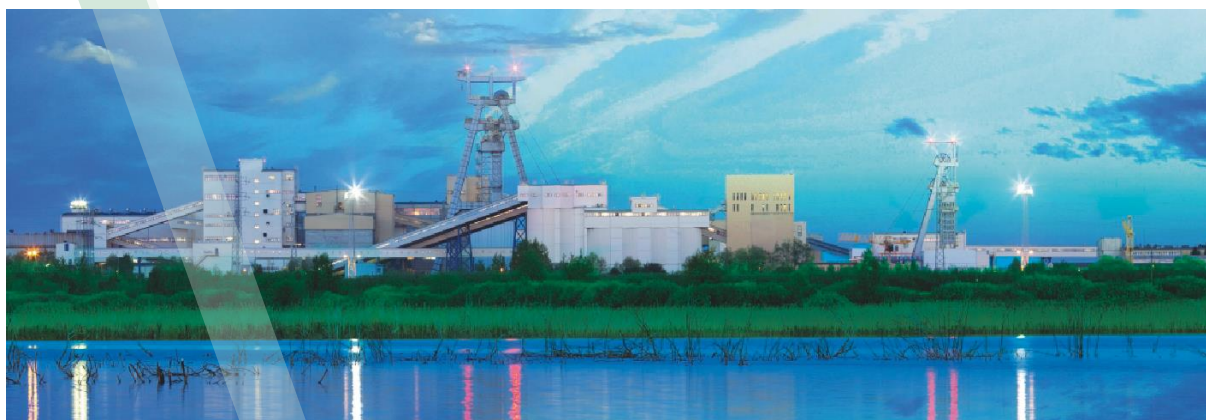
- The average price from the PSCMI Index in Q2 2024 was approx. 22.7 PLN/GJ, compared to the average price in Q2 2023 (33.7 PLN/GJ), the decrease was approx. 32.6%
- The average price from the PSCMI Index in H1 2024 was approx. 22.8 PLN/GJ, compared to the average price in H1 2023 (33.0 PLN/GJ), the decrease was approx. 30.9%

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.polskiyrynekwegla.pl.



Source: ARP

Decrease in extraction and sales of thermal coal market in Poland in H1 2024 compared to H1 2023

SYTUACJA POLSKICH SPÓŁEK*:	Q2 2023	Q2 2024	Change	H1 2023	H1 2024	Change
Extraction of thermal coal in domestic coal market (million tonnes)	8.1	7.1	-12.3%	16.9	15.5	-8.3%
Sales of thermal coal in domestic coal market (million tonnes)	6.5	6.5	-	15.3	13.6	-11.1%
Average cost of coal sold (PLN)	749.1	879.8	17.4%	658.1	802.7	22.0%
COAL PRICES						
Average price of power coal (PLN)	755.8	527.8	-30.2%	757.0	524.4	-30.7%
Average price of coal sold to commercial power industry (PLN)	680.3	478.4	-29.7%	664.7	482.8	-27.4%
DEMAND/SUPPLY						
Production of electric power in commercial power plants with the use of hard coal (GWh)*	16,733	15,707	-6.1%	37,571	34,909	-7.1%
Inventories of coal in mines (million tonnes)**	2.4	4.4	83.3%	2.4	4.4	83.3%

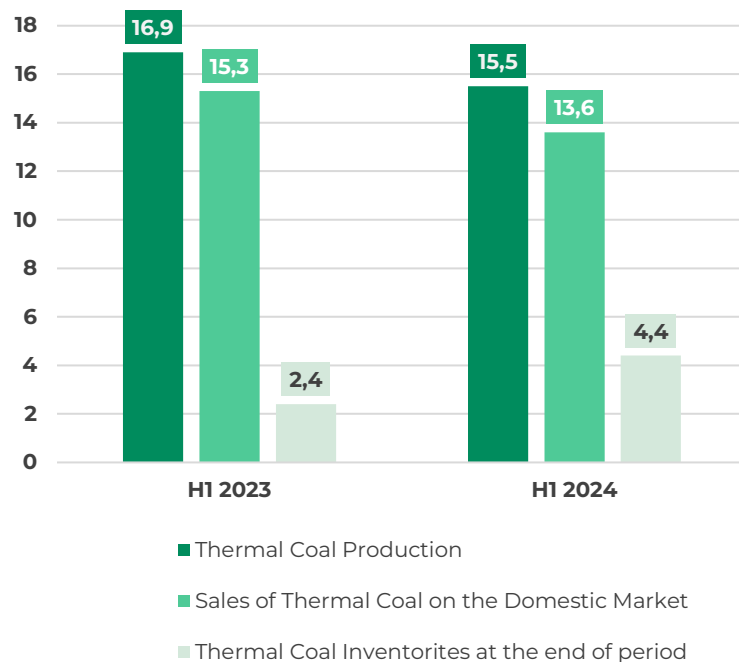
Source ARP

*PSE S.A.

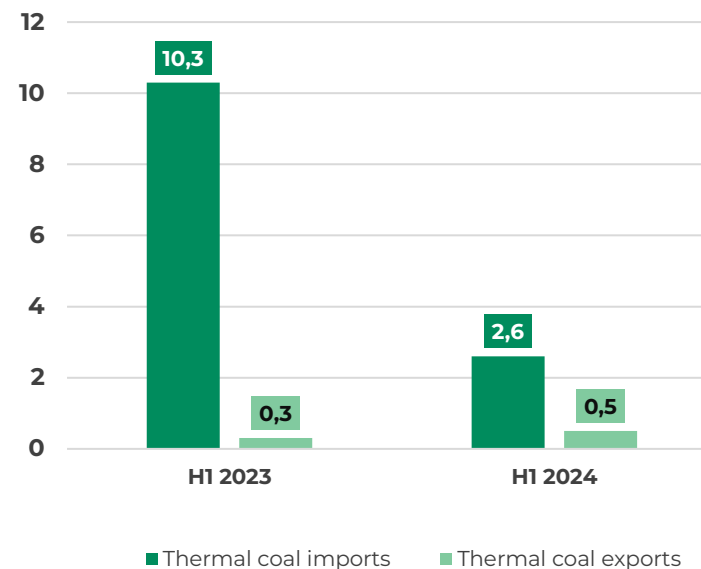
**data do not include Silesia, Siltech, Ekoplus

Decrease in extraction and sales of thermal coal in Polish mines with increase of inventories, imports at 2.6 million tons

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



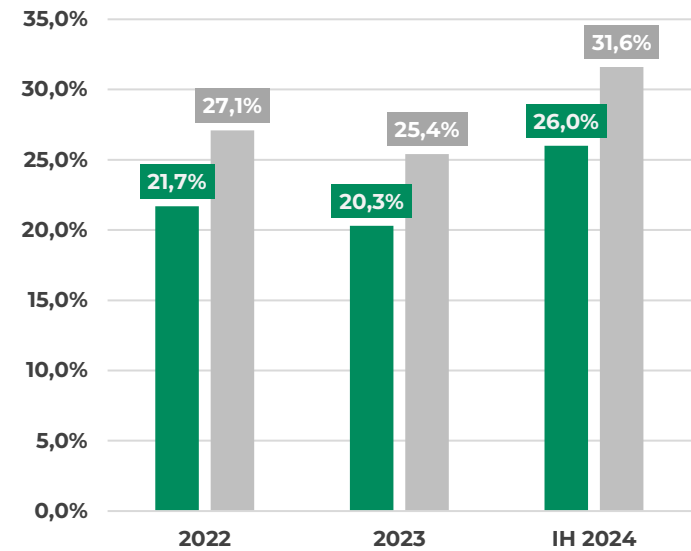
Thermal coal imports and exports [million tonnes]*



Source: ARP

* data do not include Silesia, Siltech, Ekoplus

We maintains a strong position on the coal market – 31.6% 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

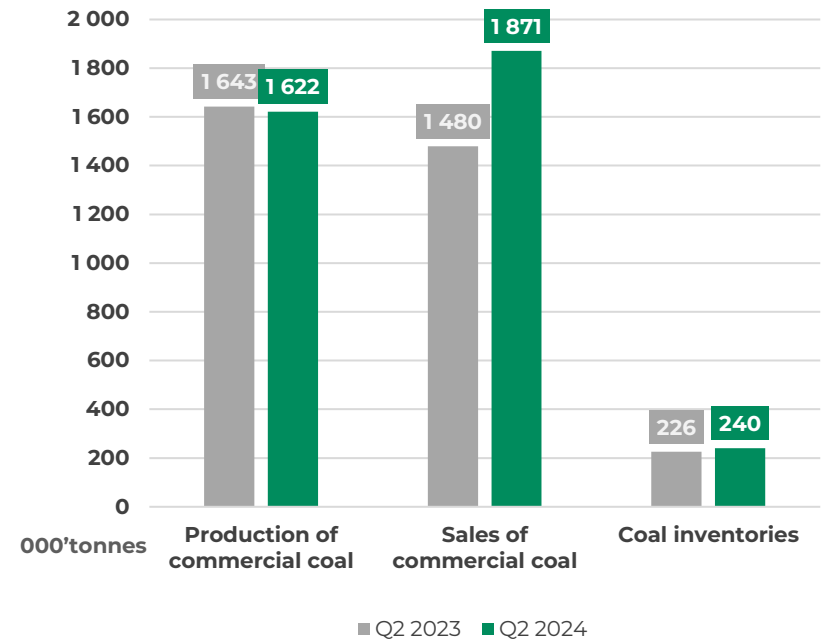
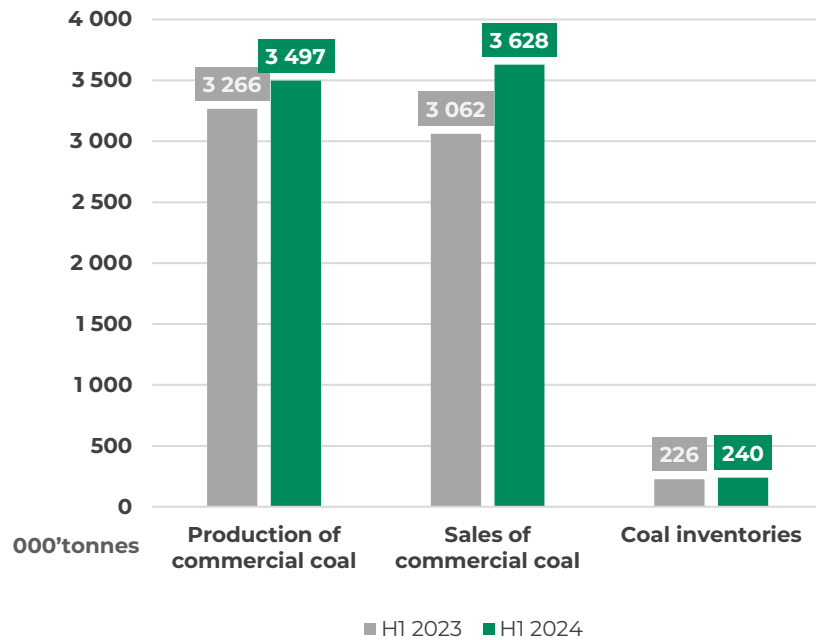
GK LW Bogdanka - increase of all operational parameters in H1 2024 compared to H1 2023

Technical and operating data								
[000 tons]	Q2 2023	Q2 2024	Change	Change %	H1 2023	H1 2024	Change	Change %
Gross coal production	2,684	2,633	-51	-1.9%	5,653	5,529	-124	-2.2%
Production of commercial coal	1,643	1,622	-21	-1.3%	3,266	3,497	231	7.1%
Mining yield (%)	61.2%	61.6%	0.4 p.p.	0.7%	57.8%	63.2%	5.4 p.p.	9.3%
Sales of commercial coal	1,480	1,871	391	26.4%	3,062	3,628	566	18.5%
New roadways (km)	8.2	5.3	-2.9	-35.4%	16.7	11.7	-5.0	-29.9%

*Length of excavations made includes reconstruction works

Source: In-house data

GK LW Bogdanka - increase of all operational parameters in H1 2024 compared to H1 2023 caused by geological and mining problems



Source: In-house data

Coal yield at a level of 63.2% in H1 2024

Coal Yield

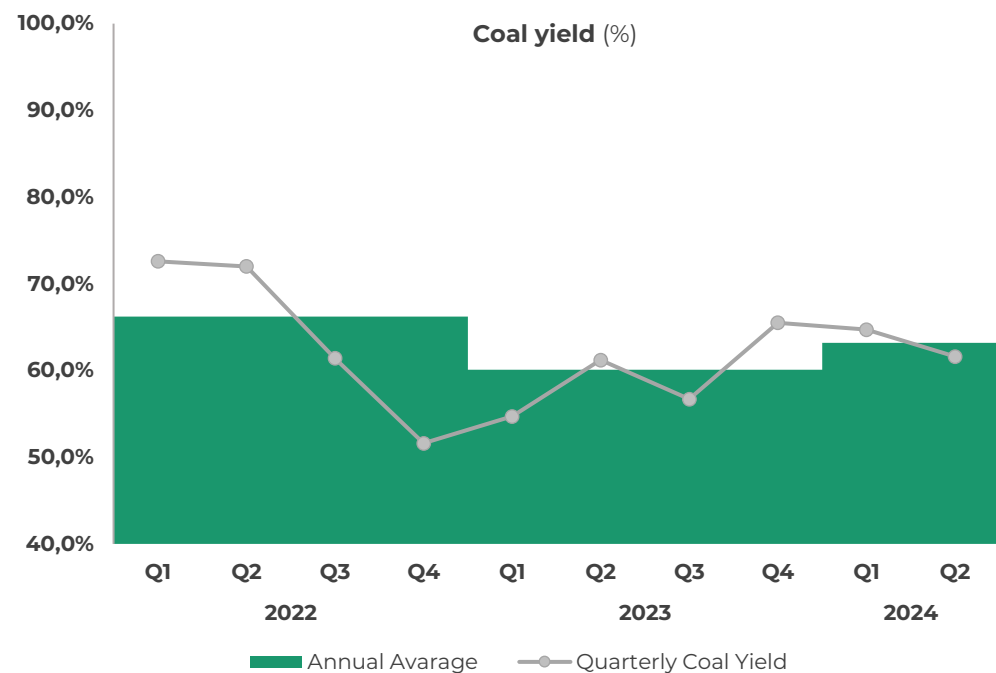
- coal yield in Q2 2024 was about 61.6% and was higher than in Q2 2023 (61.3%) and lower than in Q1 2024 (64.7%)
- average yield in H1 2024 was 63.2% compared to 57.8% in H1 2023

The share of extraction from the walls (%)

- in Q2 2024 44.4% of raw coal was obtained from low walls and 55.6% high walls. In the same period of 2023 this ratio was 19.8% compared to 80.2%.
- in H1 2024 52.2% of raw coal was obtained from low walls and 47.8% from high walls. In the same period of 2023 this ratio was 30.1% to 69.9%

Number of production days

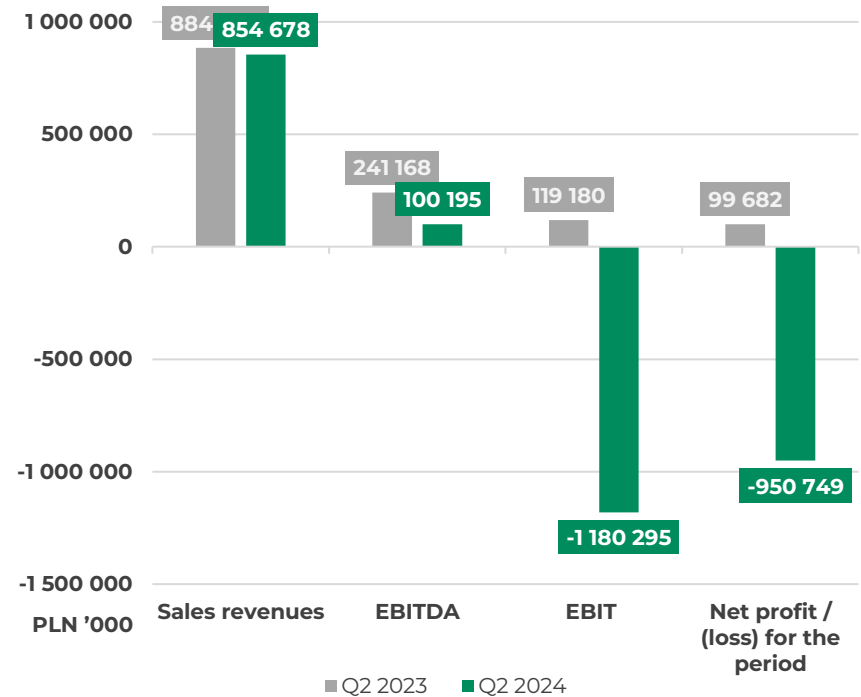
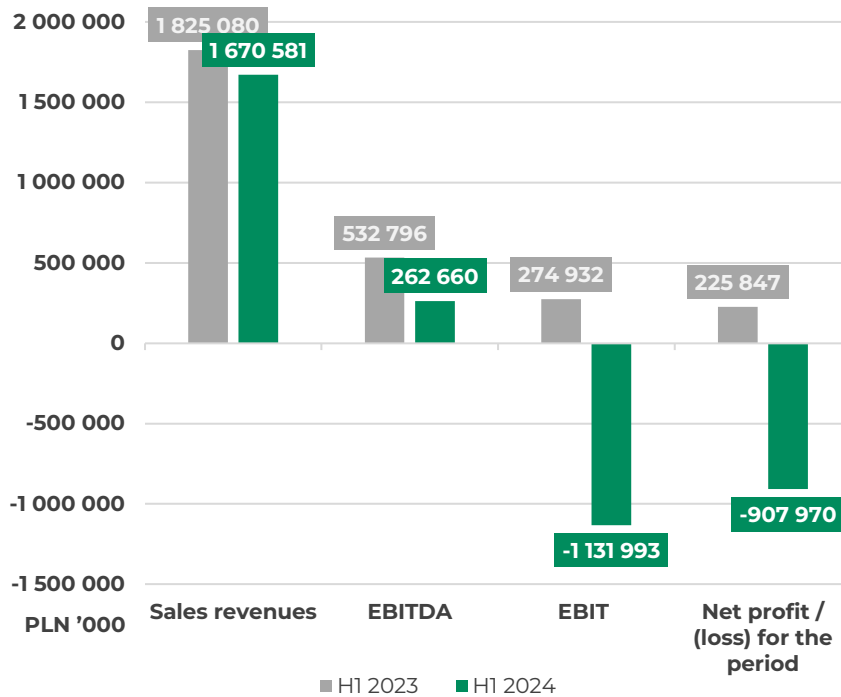
- production in H1 2024 was conducted on 139 days, compared to 156 days in the same period H1 2023



Key financial results of the LW Bogdanka Group in Q2 2024 and H1 2024

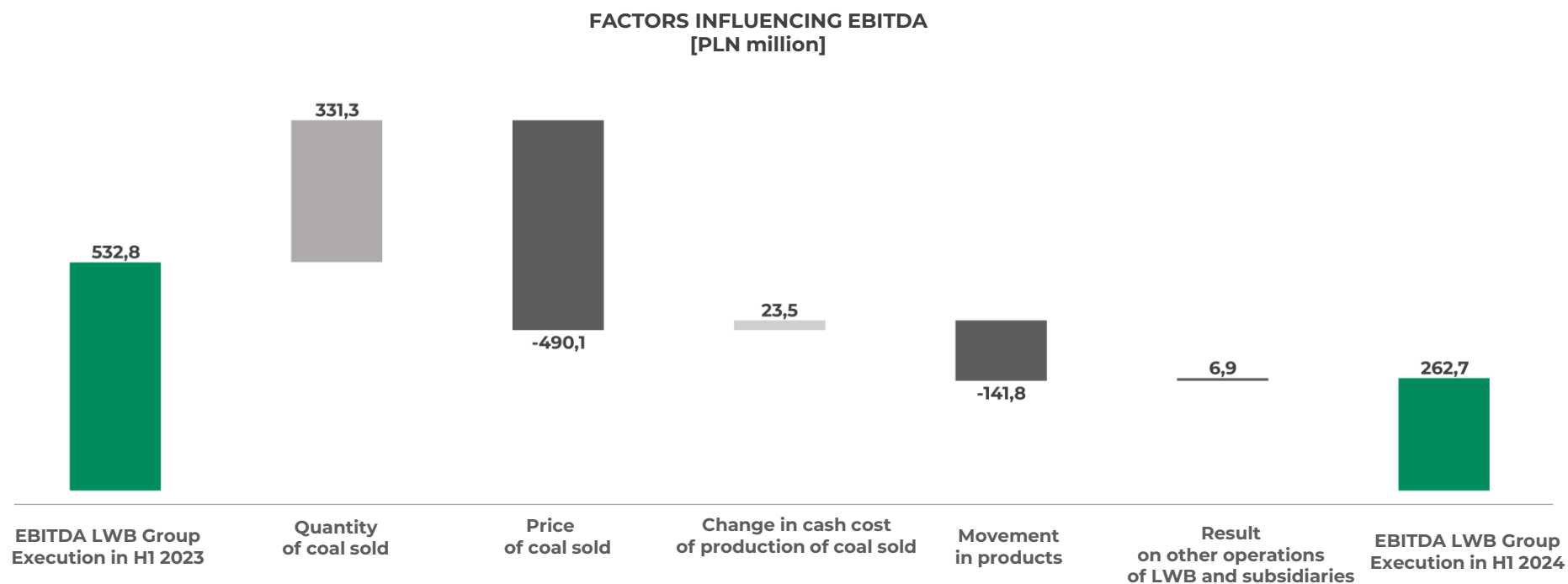
[PLN thousand]	Q2 2023	Q2 2024	Change	H1 2023	H1 2024	Change
Sales revenues	884,402	854,678	-3.4%	1,825,080	1,670,581	-8.5%
Cost of products, goods and materials sold, selling and distribution expenses, and administrative expenses	739,012	855,980	15.8%	1,491,270	1,626,400	9.1%
Profit/(Loss) on sales	145,390	-1,302	-100.9%	333,810	44,181	-86.8%
Gross return on sales	16.4%	-0.2%	-16.6 p.p	18.3%	2.6%	-15.7 p.p
Other revenues	358	339	-5.3%	1,377	4,041	193.5%
Other costs	4,869	659	-86.5%	5,769	858	-85.1%
Operating profit/(loss)	140,879	-1,622	-101.2%	329,418	47,364	-85.6%
Other net losses	-21,699	-4,405	-220,350%	-54,486	-5,089	23.6%
Write-off due to impairment of fixed assets	-21,701	-1,174,268	5,311.1%	-50,370	-1,174,268	2,231.3%
Operating profit/(loss)(EBIT)	119,180	-1,180,295	-1,090.3%	274,932	-1,131,993	-511.7%
EBIT margin	13.5%	-138.1%	-151.6 p.p	15.1%	-67.8%	-82.9 p.p
EBITDA	241,168	100,195	-58.5%	532,796	262,660	-50.7%
EBITDA margin	27.3%	11.7%	-15.6 p.p	29.2%	15.7%	-13.5 p.p
Financial income	9,389	11,593	23.5%	17,021	23,123	35.8%
Financial costs	5,723	5,226	-8.7%	12,565	12,317	-2.0%
Pre-tax profit/(loss)	122,846	-1,173,928	-1,055.6%	279,388	-1,121,187	-501.3%
Profit margin before tax	13.9%	-137.4%	-151.3 p.p	15.3%	-67.1%	-82.4 p.p
Income tax	23,164	223,179	-1,063.5%	53,541	213,217	-498.2%
Net profit / (loss) for the period	99,682	-950,749	-1,053.8%	225,847	-907,970	-502.0%
Net profitability	11.3%	-111.2%	-122.5 p.p	12.4%	-54.4%	-66.8 p.p

Key financial results of the LW Bogdanka Group in Q2 2024 and H1 2024



Source: In-house data

EBITDA in H1 2024



(+) Higher volume of coal sales

(-) Lower price of coal sold

(+) Decrease in production costs: higher extraction with fewer mining days, lower costs of materials and electricity

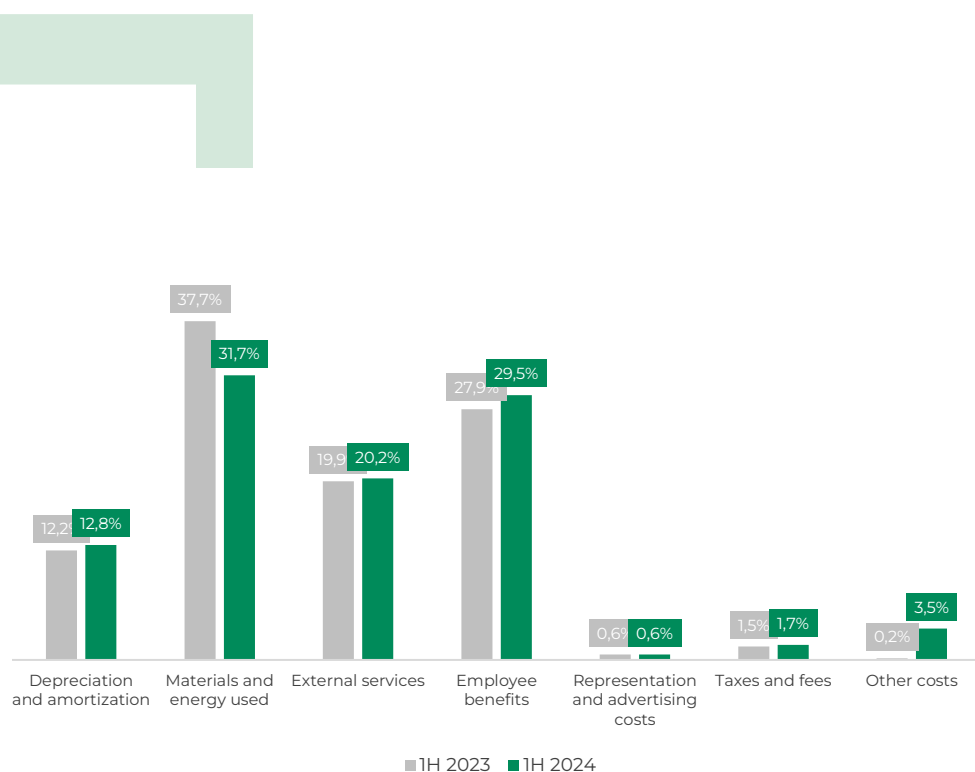
Source: In-house data

Cost by type of LW Bogdanka S.A. in Q2 2024 and H1 2024

[PLN thousand]	Q2 2023	Q2 2024	Change	H1 2023	H1 2024	Change
Net production [thousand tons]	1,643	1,622	-1.3%	3,266	3,497	7.1%
Sales [thousand tons]	1,480	1,871	26.4%	3,062	3,628	18.5%
Depreciation and amortization	96,215	102,827	6.9%	199,567	213,206	6.8%
Consumption of materials and energy	311,396	251,911	-19.1%	615,751	529,526	-14.0%
External services	173,970	159,389	-8.4%	325,357	335,940	3.3%
Employee benefits	196,463	244,135	24.3%	456,633	491,532	7.6%
Representation and advertising costs	5,537	3,030	-45.3%	9,983	9,263	-7.2%
Taxes and charges	11,127	12,399	11.4%	25,063	28,186	12.5%
Other costs	471	49,233	10,352.9%	3,879	57,872	1,391.9%
Total costs by nature	795,179	822,924	3.5%	1,636,233	1,665,525	1.8%
Cost of producing services for the entity's proprietary needs	-111,163	-113,304	1.9%	-228,212	-225,083	-1.4%
Accruals	41,496	-4,680	-111.3%	33,519	30,894	-7.8%
Provisions and other presentation adjustments between expense by nature and by function	80,952	58,756	-27.4%	131,583	91,949	-30.1%
Total production costs	806,464	763,696	-5.3%	1,573,123	1,563,285	-0.6%
Change in products	-65,635	89,771	-236.8%	-85,623	56,181	-165.6%
Cost of goods and materials sold	3,627	4,063	12.0%	6,623	8,205	23.9%
Cost of goods sold, including:	744,456	857,530	15.2%	1,494,123	1,627,671	8.9%
Cost of goods and materials sold	681,246	796,920	17.0%	1,374,337	1,503,137	9.4%
Selling and distribution expenses	15,078	13,610	-9.7%	25,616	28,808	12.5%
Administrative expenses	48,132	47,000	-2.4%	94,170	95,726	1.7%

Source: In-house data

Cost by type of LW Bogdanka S.A. in H1 2024



Source: In-house data

Costs by nature

In H1 2024, LW Bogdanka S.A. incurred costs by nature in the amount of PLN 1,665,525 thousand, i.e. 1.8% (+PLN 29,292 thousand) higher than in the corresponding period of 2023. The increase in costs in the period under review was mainly due to the recorded increase in depreciation and amortization, external services, employee benefits, taxes and fees, and other costs, with a significant decrease in the cost of materials and energy consumption.

Depreciation and amortization

The value of depreciation increased by 6.8% (to PLN 213,206 thousand) - the value of natural depreciation and amortization increased (by approx. PLN 16 million), which results from the higher progress of longwalls, higher value of the construction of longwall galleries depreciated during longwall mining.

Costs of consumed materials and energy

The total value of the costs of consumed materials and energy decreased by 14.0% compared to H1 2023 and amounted to PLN 529,526 thousand.

Due to the smaller scope of auxiliary work, the cost of material consumption fell at the same time there was a decrease in the price of electricity.

External services

The value of external services for H1 2024 compared to the corresponding period in 2023 increased from PLN 325,357 thousand to PLN 335,940 thousand (+3.3%). During the period under review, the scope of work outsourced to third-party companies changed and the cost of waste management increased.

Employee benefits

The value of employee benefits in H1 2024, compared to the corresponding period of 2023, increased by PLN 34,899 thousand. During the period under review, there was an increase in average headcount and salaries and their derivatives (due to the 2023 salary increase), as well as changes due to the increase in the minimum wage and the average wage in the economy.

Representation and advertising costs

The decrease in the value of representation and advertising expenses by PLN 0.7 million follows from the performance of the current payment schedule under sponsorship agreements.

Taxes and charges

The increase in taxes and charges by approx. PLN 3.1 million is mainly due to an increase in the mining fee, payments to the State Fund for the Rehabilitation of the Disabled and property tax.

Other costs

The PLN 54.0 million increase in other expenses is due to the conclusion of a new insurance policy for the next 18 months and the implementation of an order by the Court of Appeals in Warsaw in connection with legal claims related to patents. The costs of the policy will be accrued in proportion to its duration.

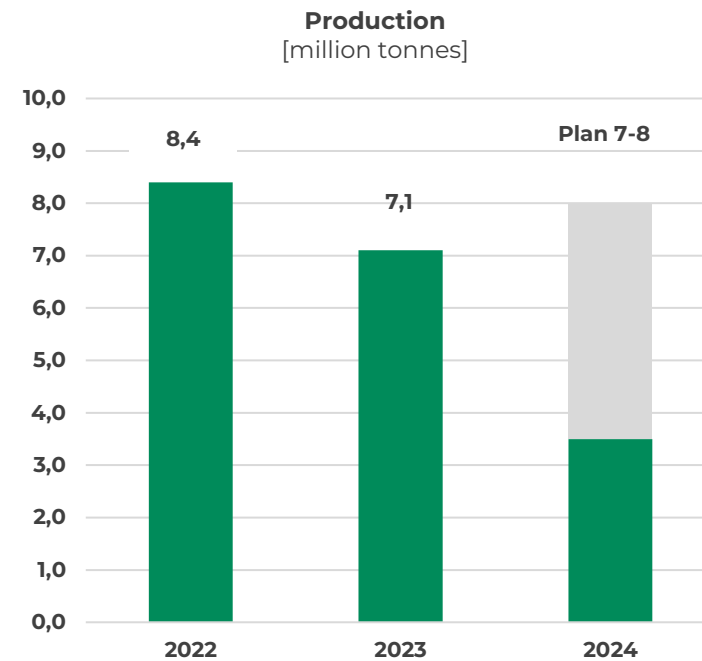
Production plan update for 2024 – 7-8 million tonnes

Production and sales in H1 2024

- in H1 2024, production reached 3.5 million tons, sales amounted to 3.6 million tons, in IH 2023 3.3 million tons and 3.1 million tons, respectively

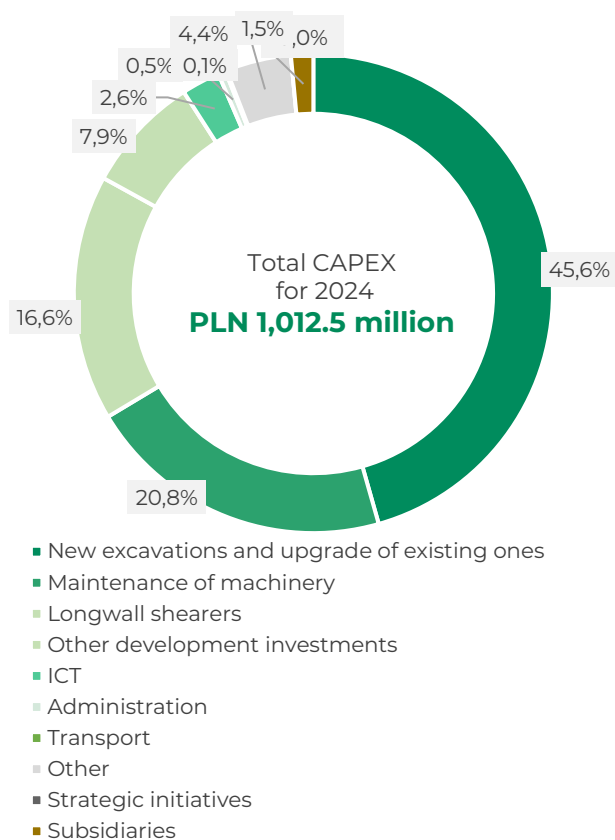
Production plan for 2024

- production plan for 2024 – 7-8 million tonnes



Source: In-house data

The use of CAPEX in H1 2024 – over PLN 476 million



Source: In-house data

Selected items of capital expenditures in the LW Bogdanka Group

[PLN thousand]	TEP 2024*	TEP actuals H1 2024	Actuals - TEP H1 2024 [%]
New excavations and upgrade of existing ones	462,019	229,806	49.7%
Maintenance of machinery	210,339	35,460	16.9%
Longwall shearers	167,931	166,433	99.1%
Other development investments	79,875	17,444	21.8%
ICT	25,967	6,602	25.4%
Administration	5,231	2,775	53.0%
Transport	1,125	602	53.5%
Other	44,861	16,173	36.1%
Strategic initiatives	100	0	0.0%
TOTAL CAPEX in LW Bogdanka S.A.	997,448	475,295	47.7%
Łęczyńska Energetyka Sp. z o.o.	9,500	243	2.6%
MR Bogdanka	1,590	455	28.6%
RG Bogdanka	3,987	433	10.9%
RG Bogdanka	0	0	0.0%
TOTAL CAPEX in the LW Bogdanka SA Group	1,012,525	476,426	47.1%

* TEP update for 2024 due to the update of the 2024 production target.

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