



FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2024



Lubelski Węgiel Bogdanka S.A.

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SEPARATE STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

	NOTE	AS AT 31 DECEMBER 2024	AS AT 31 DECEMBER 2023
Assets			
Non-current assets			
Tangible fixed assets	4	1,786,735	3,772,158
Intangible assets	5	15,717	52,011
Non-current investments	7	75,601	75,601
Right-of-use asset	6,1	21,633	26,113
Trade receivables and other receivables	8	353	24
Deferred tax assets	24,3	157,019	-
Cash and cash equivalents	10	177,394	165,248
Total non-current assets		2,234,452	4,091,155
Current Assets			
Inventories	9	229,154	329,916
Trade receivables and other receivables	8	580,205	590,076
Income tax overpaid	24,4	1,591	-
Cash and cash equivalents	10	807,770	708,556
Total current assets		1,618,720	1,628,548
TOTAL ASSETS		3,853,172	5,719,703
Equity			
Common equity	11	301,158	301,158
Supplementary capital		702,549	702,549
Other reserve capitals		2,884,583	2,282,626
Retained earnings		(1,214,654)	997,154
Total equity		2,673,636	4,283,487
Liabilities			
Long-term liabilities			
Deferred income tax liabilities	24,3	-	291,091
Provisions for employee benefits	16	264,660	204,537
Provisions for other liabilities and charges	17	173,450	169,102
Grants	14	10,423	10,262
Lease liabilities		20,091	24,280
Trade and other liabilities	13	16,295	20,604
Total long-term liabilities		484,919	719,876
Short-term liabilities			
Provisions for employee benefits	16	72,120	56,748
Provisions for other liabilities and charges	17	18,377	16,107
Grants	14	671	530
Lease liabilities	6,1	4,353	4,011
Trade and other liabilities	13	598,646	626,564
Liabilities from contracts with customers		450	526
Liabilities due to current income tax	24,4	-	11,854
Total short-term liabilities		694,617	716,340
Total liabilities		1,179,536	1,436,216
TOTAL EQUITY AND LIABILITIES		3,853,172	5,719,703

SEPARATE STATEMENT OF PROFIT OR LOSS

	NOTE	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 December 2023
<i>Continuing operations</i>			
Sales revenues	18	3,659,728	3,938,655
Cost of products, goods and materials sold	19	(2,843,689)	(2,793,404)
Gross profit		816,039	1,145,251
Sales costs	19	(60,386)	(64,888)
Administrative expenses	19	(191,912)	(188,783)
Other income	20	4,996	3,100
Other expenses	21	(3,367)	(6,886)
Other losses - net	22	(2,283)	(5,520)
Impairment loss for non-current assets		(2,437,292)	(47,769)
Operating profit/(loss)		(1,874,205)	834,505
Financial revenues	23	46,782	38,766
Financial costs	23	(23,865)	(24,235)
Profit/ (loss) before tax		(1,851,288)	849,036
Income Tax	24,2	347,234	(162,045)
Profit/(loss) on continuing operations		(491,943)	686,991
Net profit/(loss) for the period		(1,504,054)	686,991

EARNINGS PER SHARE

EARNINGS PER SHARE ATTRIBUTABLE TO COMPANY SHAREHOLDERS DURING THE YEAR (IN PLN PER SHARE)	NOTE	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
- basic profit/(loss) per share from continuing operations		(44.22)	20.20
- basic profit/(loss) per share from discontinued operations		-	-
Basic earnings per share	25	(44.22)	20.20
- diluted earnings per share from continuing operations		(44.22)	20.20
- diluted earnings per share from discontinued operations		-	-
Diluted earnings per share	25	(44.22)	20.20

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	NOTE	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Net profit/(loss) for the period		(1,504,054)	686,991
Other comprehensive loss for the financial period: Items never to be reclassified to current period profit or loss:			
Actuarial losses from defined benefit plans	16	(25,633)	(3,032)
Other comprehensive loss that will not be reclassified to profit or loss, before tax		(25,633)	(3,032)
Other comprehensive income to be reclassified to profit or loss, before taxation		-	-
Other comprehensive loss, before tax		(25,633)	(3,032)
Income tax on the items not to be transferred	24,1	4,870	576
Other comprehensive net loss for the period		(20,763)	(2,456)
Net comprehensive income/(loss) for the period - total		(1,524,817)	684,535

SEPARATE STATEMENT OF CHANGES IN EQUITY

	NOTE	COMMON EQUITY	SUPPLEMENTARY CAPITAL	OTHER RESERVE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
As at 1 January 2024		301,158	702,549	2,282,626	997,154	4,283,487
Total net comprehensive loss for the period:		-	-	-	(1,524,817)	(1,524,817)
- <i>net loss</i>		-	-	-	(1,504,054)	(1,504,054)
- <i>other comprehensive loss</i>		-	-	-	(20,763)	(20,763)
Dividend for 2023	26	-	-	-	(85,034)	(85,034)
Previous year's result carried forward	26	-	-	601,957	(601,957)	-
Change of equity in the period		-	-	601,957	(2,211,808)	(1,609,851)
Status as at 31 December 2024		301,158	702,549	2,884,583	(1,214,654)	2,673,636

	NOTE	COMMON EQUITY	SUPPLEMENTARY CAPITAL	OTHER RESERVE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
As at 1 January 2023		301,158	702,549	2,194,624	488,376	3,686,707
Total net comprehensive income for the period:		-	-	-	684,535	684,535
- <i>net profit</i>		-	-	-	686,997	686,997
- <i>other comprehensive loss</i>		-	-	-	(2,456)	(2,456)
Dividend for 2022	26	-	-	-	(87,755)	(87,755)
Previous year's result carried forward		-	-	88,002	(88,002)	-
Change of equity in the period		-	-	88,002	508,778	596,780
As at 1 January 2023		301,158	702,549	2,282,626	997,154	4,283,487

SEPARATE STATEMENT OF CASH FLOWS

	NOTE	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Cash flows from operating activities			
Net profit		(1,504,054)	686,991
<i>Adjustments:</i>			
Income tax in the statement of profit or loss		(347,234)	162,045
Depreciation and amortisation		386,703	442,882
Loss on sale and liquidation of property, plant and equipment		60,301	67,871
Reversal and recognition of impairment losses for property, plant and equipment	4.3	2,437,292	47,769
Interest income		(43,355)	(31,913)
Dividend received		(1,617)	(3,443)
Interest expenses		1,334	567
Other cash flows		(1,740)	(96)
<i>Changes in working capital:</i>			
Change in provisions for employee benefits		49,863	35,918
Change in provisions		13,333	21,995
Change in inventories		100,762	(138,821)
Change in trade receivables and other receivables		9,542	(379,856)
Change in trade liabilities and other liabilities	27	(43,096)	282,735
Total adjustments		2,622,088	507,653
Cash from operating activities		1,118,034	1,194,644
Income tax paid		(109,451)	(103,613)
Net cash flows from operating activities		1,008,583	1,091,031
Cash flows from investment activities			
Acquisition of property, plant and equipment	27	(850,780)	(763,147)
Acquisition of intangible assets		(1,138)	(1,055)
Proceeds from the sale of property, plant and equipment		43	615
Interest received		43,355	31,912
Dividend received	23	1,617	3,443
Outflows from cash collected in the Mine Closure Fund's bank account		(12,146)	(17,324)
Net cash flows from investing activities		(819,049)	(745,556)
Cash flows from financing activities			
Dividends paid to shareholders	26	(85,034)	(87,755)
Payment of lease liabilities		(5,286)	(3,651)
Net cash flows from financing activities		(90,320)	(91,406)
Net increase in cash and cash equivalents before effects of FX rate		99,214	254,069
Net increase in cash and cash equivalents		99,214	254,069
Opening balance of cash and cash equivalents		708,556	454,487
Closing balance of cash and cash equivalents		807,770	708,556



GENERAL INFORMATION

1.1 Information about the Company

Lubelski Węgiel “Bogdanka” S.A. is a joint stock company operating under of the laws of Poland. The Company was established through the transformation of the state-owned enterprise, Kopalnia Węgla Kamiennego “Bogdanka” with its registered office in Bogdanka, pursuant to the Act of 13 July 1990 on the Privatisation of State Enterprises.

On 26 March 2001, Lubelski Węgiel "Bogdanka" Spółka Akcyjna was registered in the Register of Entrepreneurs of the National Court Register under the KRS number 0000004549. At present, the register is maintained by the District Court Lublin-East in Lublin, with its seat in Świdnik, 6th Commercial Department of the National Court Register.

The shares of Lubelski Węgiel “Bogdanka” S.A. are listed on the Warsaw Stock Exchange (WSE).

The Company's core business, according to the Polish Classification of Business Activity (PKD 0510Z), is hard coal mining.

The Company is the Parent Company in the Lubelski Węgiel Bogdanka Group. The Group prepares consolidated financial statements in accordance with the IFRS for the period from 1 January to 31 December 2024. In order to fully understand the financial standing and performance of the Company, these financial statements should be read in conjunction with the consolidated financial statements of the Lubelski Węgiel Bogdanka Group for the period ended 31 December 2024. The statements are available on the Company's website at www.ri.lw.com.pl on a date compliant with the current report regarding the date of delivery of the annual report of the Company and the consolidated report of the Group for the financial period ended 31 December 2024.

Company in the ENEA Group's structure

On 14 September 2015, ENEA S.A. announced a takeover bid for the Company's shares, stating that it intended to acquire up to 64.57% of all votes at the General Meeting of the Company. The transaction was settled on 29 October 2015. As a result of the transaction, ENEA S.A. and its subsidiary acquired the total of 66% of the Company shares and consequently the Company became a member of the ENEA Group with ENEA S.A. With its registered office in Poznań as its parent company. As a result of a disposal of the Company's shares in Q2 2022 by a subsidiary of ENEA S.A., as at 31 December 2023, ENEA S.A. held the total of 64.57% of shares in the Company.

The State Treasury is the ultimate controlling entity

1.2 Going concern assumption

These financial statements have been prepared based on the assumption that the Company will continue its business activity as a going concern in the foreseeable future and that there are no circumstances indicating a treat to the Company continuing as a going concern.

In addition, due to the identification of indications of potential impairment of non-current assets, an impairment test was performed. As a result of the test, impairment of non-current assets was identified, but this does not pose a risk to the continuation of Company's business activity as a going concern. A detailed description of the test is provided in Note 4.3.

2. DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES APPLIED

2.1 Basis for preparation

These financial statements of LW Bogdanka S.A. have been prepared on the basis of International Financial Reporting Standards and related interpretations promulgated as regulations of the European Commission, as approved by the European Union (“EU IFRS”).

The financial statements have been drawn up in accordance with the historical cost principle, except for derivative financial instruments measured at fair value.

Historical cost is generally determined based on the fair value of the payment made for goods or services.

Fair value is understood as the price that may be obtained upon the sale of an asset or the price paid to transfer a liability in a common transaction on the main (or the most favourable) market on the measurement date and in the current market conditions, irrespective of whether the price is directly observable or estimated using a different measurement technique. In its fair value measurement of an asset or a liability, the Company considers the characteristics of the asset or liability if market players take these features into account when measuring assets or liabilities as at the measurement date. Fair value for measurement and/or disclosure purposes in the Company's financial statements is determined as described above, except for share-based payments, which are subject to IFRS 2, leases, which are subject to IFRS 16, as well the measurements that are similar to fair value but are not fair values, such as net selling price under IAS 2 or value in use under IAS 36.

Impact of climate factors on the financial statements

In preparing the financial statements, the Company analysed the risks (factors) related to climate change. Detailed information on climate factors and risks is included in the Management Board's Report on the Activities of LW Bogdanka S.A. and the LW Bogdanka Group for 2024 (the “Activity Report”), including in particular within Sustainable Development Report of the LW Bogdanka Capital Group which constitutes a separate part of this Activity Report.

The Company considered the impact of climate risks (factors) on the financial statements and included them, among other things, in the impairment test of non-financial assets or in the calculation of provisions for other liabilities and other charges.

2.1.1 New accounting principles

The financial statements have been prepared using the same accounting principles for the current period and for the comparative period and the same accounting principles (policy) and calculation methods were used as in the recent annual financial statements for 2023.

2.1.2 Compliance with the European Single Electronic Format (“ESEF”)

Pursuant to the provisions of Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (the “Issuer”) and with reference to European Commission Regulation No. 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format, the Company, as the Issuer, is required to prepare financial statements in accordance with the Single European Electronic Format (ESEF) for the financial year beginning 1 January 2020. This obligation currently applies to consolidated financial statements, and the first report required to be prepared in accordance with ESEF requirements is the annual consolidated financial statements of the Lubelski Węgiel Bogdanka Group for 2020.

Pursuant to the aforementioned regulations, issuers are required to prepare annual financial statements in the XHTML format, and where annual financial statements include consolidated financial statements prepared in accordance with IFRS - which is the case for LWB - issuers must mark (otherwise tag) them using XBRL. In view of the foregoing, the financial statements for 2023 of the

Lubelski Węgiel Bogdanka Group, where the Company is the Parent Company, have been prepared in accordance with the requirements of the ESEF.

2.1.3 Material values based on professional judgement and estimates

Preparation of the financial statements on the basis of the International Financial Reporting Standards and in accordance with the accounting policy requires that, in addition to accounting estimates, professional judgement of the Management Board is also used regarding current and future events in individual areas.

Important accounting estimates and judgements result from past experience and other factors, including anticipated future events that seem reasonable in the current situation. Accounting estimates and judgements are subject to regular evaluation.

The Company makes estimations and adopts assumptions concerning the future. By definition, the resulting accounting estimates will rarely match the actual performance. The estimates and assumptions which carry a significant risk of making significant adjustment of the carrying amount of assets and liabilities during the next financial year are presented in this note.

Detailed information concerning the assumptions adopted is presented in the relevant notes to these financial statements as indicated in the table below.

Items in the financial statements which are associated with a risk of adjusting the carrying amounts of assets and liabilities are shown below.

	VALUE OF THE ITEM TO WHICH THE ESTIMATE RELATES IN PLN THOUSAND		DESCRIPTION OF ACCOUNTING POLICY	DETAILS OF THE ASSUMPTIONS MADE AND THE CALCULATION OF THE SIGNIFICANT ESTIMATE
	2024	2023		
Property, plant and equipment	1,786,735	3,772,158	Note 2.3 and 2.7	Note 4
Provision for employee benefits	336,780	261,285	Note 2.17	Note 16
Intangible assets	15,717	52,011	Note 2.4 and 2.7	Note 5
Provision for mine closure costs and reclamation of land	173,450	169,102	Note 2.18	Note 17
Deferred income tax assets/(liabilities)	157,019	(291,091)	Note 2.16	Note 24.3

Estimation of the mine life and coal reserves

The life of a mine is the period until which, according to the judgement of the Management Board, the Company is able to operate and conduct mining operations on the basis of the resources currently available for use by the Company. The life of a mine is one of the key judgements affecting the financial statements as a whole and the measurement of key items of assets and liabilities.

When determining the life of a mine, the following premises (factors) are primarily taken into account:

- valid mining concessions and operating permits held by the Company;
- plans of the Company's Management Board regarding the method of mining its deposits;
- formal documents in the form of approved plans and strategies of the Company;
- corporate approvals, when required, e.g. The approval of the Supervisory Board, the approval of the General Meeting;
- the current economic situation in the country and worldwide, which affects the mining sector and the Company's current operations, as well as plans for future mining;
- the economic and financial model (forecast) that determines the theoretical period for which the Company will have sufficient resources of the deposits to conduct production in accordance with the assumed average annual level of production (output).

The evaluation of the validity of the adopted mine life is carried out annually, on the same date as the verification of the useful life of property, plant and equipment carried out in accordance with IAS "16 Property, Plant and Equipment."

A change in the existing life of the mine - reducing the period or extending it - is performed only if significant changes occur in the premises listed above, i.e. in particular when:

- The Company acquires new concessions for new mining areas and includes these areas in its plan of operations;
- in the case of obtaining concessions for new mining areas, the investment plan drawn up by the Company demonstrates the economic justification of the project and the high probability of being able to obtain project financing for its implementation;
- The Company obtains the necessary corporate approvals to enter these areas or change the scope of its operations;
- the economic and financial model prepared and updated by the Company, based on the current projected average annual production level at the time of the forecast, indicates a significant (i.e. by at least 3 years or 10% of the length of the remaining period) reduction or extension of the life of the mine;
- The Company's Management Board is determined to implement the presented plan as intended (its implementation is more likely than less likely), whereby the above determination shall mean, in particular, the adoption of relevant resolutions, the public announcement of the plan, and the launch of operational and investment activities.

Currently, the life of the mine is estimated at 2051, and this has not changed compared to the last annual financial statements for 2023. However, the actual mine decommissioning date may differ from the Company's estimate. This is due to the fact that only the recoverable coal reserves available as of the reporting date were included in the calculation of the estimated mine life. Any decrease in the demand for the Company's coal may result in a reduction in output below capacity, which will affect the life of the mine.

The Company takes into account the ongoing work on the restructuring of the mining sector, announced in the Energy Policy of Poland until 2040 ("PEP 2040") as well as the termination of hard coal mining in Poland by 2049 anticipated in the "Social Agreement on the Transformation of the Hard Coal Mining Sector and Selected Processes of Transformation of the Silesian Voivodeship". However, due to a significant change in the geopolitical and economic situation in 2022, work has been launched on updating the PEP 2040, which is still not completed.

At the moment, the Company remains outside the direct influence of the aforementioned regulations (in particular due to its financial performance and operational efficiency). At the same time, the Company is taking steps to diversify its areas of activity and works on updating the strategy for the coming years.

Valuation of provisions for employee benefits

- Assumptions regarding actuarial valuation of the provisions for employee benefits

The present value of employee benefit liabilities depends on a number of factors that are determined using actuarial methods, with several assumptions. The assumptions used to determine the provision for and costs of employee benefits include assumptions regarding discount rates and the rate of increase in the basis of the benefit in question. The main assumptions for provisions for employee benefits are disclosed in Note 16. Any changes to these assumptions affect the carrying amount of the provisions for employee benefits.

As at 31 December 2023, a sensitivity analysis of the measurement results to a change in the financial discount rate and to changes in planned increases in the bases in the range of -1 p.p./+1 p.p. was carried out.

The tables below show the carrying amount of each provision title and how the carrying amount would change under other assumptions:

As at 31 December 2024

PROVISION TITLE	CARRYING AMOUNT	FINANCIAL DISCOUNT RATE		VARIATIONS PLANNED INCREASES IN THE BASES	
		-1 p.p.	+1 p.p.	-1 p.p.	+1 p.p.
		Retirement severance pay	114,261	9,568	(8,466)
Disability severance pay	1,810	123	(110)	(83)	91
Service anniversary award	180,116	10,931	(9,819)	(8,643)	9,418
Death benefits	7,594	531	(475)	(412)	450
TOTAL	303,781	21,153	(18,870)	(15,746)	17,253

As at 31 December 2023

PROVISION TITLE	CARRYING AMOUNT	FINANCIAL DISCOUNT RATE		VARIATIONS PLANNED INCREASES IN THE BASES	
		-1 p.p.	+1 p.p.	-1 p.p.	+1 p.p.
		Retirement severance pay	71,902	5,966	(5,272)
Disability severance pay	1,015	69	(62)	(47)	51
Service anniversary award	157,487	9,930	(8,905)	(7,869)	8,589
Death benefits	5,072	363	(324)	(280)	307
TOTAL	235,476	16,328	(14,563)	(12,352)	13,545

The following table shows the results of the balance sheet valuation as at 31 December 2024 by maturity:

DISBURSEMENT PERIOD	RETIREMENT SEVERANCE PAY	DISABILITY SEVERANCE PAY	SERVICE ANNIVERSARY AWARDS	DEATH BENEFITS	TOTAL
2025*	14,323	194	23,825	779	39,121
2026	3,950	175	18,665	701	23,491
2027	3,677	167	18,121	678	22,643
2028	5,367	158	15,253	670	21,448
2029	6,186	151	14,404	647	21,388
Remaining part	80,758	965	89,848	4,119	175,690
TOTAL	114,261	1,810	180,116	7,594	303,781

*The value of benefits to be paid in 2025 takes into account payments resulting from vested pension rights and service anniversary awards for persons who have reached the retirement age and who remain in employment.

Provision for mine closure costs and reclamation of land

The Company recognises the provision for mine closure and reclamation of land as required by the applicable provisions of law.

The calculation of decommissioning costs relates to surface and underground infrastructure facilities that can be decommissioned as of the balance sheet date. The calculation also includes facilities that are investments in progress. The estimated decommissioning costs do not take into account expected revenues from decommissioning, such as the sale of scrap metal or the sale of buildings and equipment. In addition, decommissioning costs do not include overheads, costs of reclamation and removal of mining damage, and costs of decommissioning facilities for which there is no legal obligation to decommission. It should also be noted that the estimation of the decommissioning costs does not include the cost of any severance payments to employees laid off in groups.

The unit costs used by PAS (Polish Academy of Sciences), in calculating the costs of mine closure and land reclamation - including, in particular, the costs of decommissioning shafts (along with the dismantling of equipment), the costs of decommissioning underground workings, as well as the costs of maintaining underground and surface facilities necessary to ensure the safety of mine operations - are derived from the documentation of the Upper Silesian Coal Basin (GZW) mines that have been decommissioned in recent years, as well as data from the Industrial Development Agency. The main assumptions made when determining the cost of mine closure and land reclamation include the assumptions with regards to the life of a mine, anticipated inflation and long-term discounting rates. Any changes to these assumptions affect the carrying amount of the provision. Any changes to these assumptions affect the carrying amount of the provision.

➤ Sensitivity to change in mine life

Assumptions concerning the life of the mine are described above. If the mine life assumed as at 31 December 2024 was extended by 1 year, the carrying amount of the provision for mine closure and land reclamation costs would be lower by PLN 2,007 thousand, whereas if the mine life was extended by 10 years, the carrying amount of the provision would be lower by PLN 19,058 thousand. At the same time, if the life of the mine was shortened by 1 year, the carrying amount of the provision for mine closure and land reclamation costs would be higher by PLN 2,031 thousand, whereas if the life of the mine was shortened by 10 years, the carrying amount of the provision would be higher by PLN 21,410 thousand.

➤ Sensitivity to change in inflation and discount rate

The inflation rates used to calculate the provision for 2025-2051 are as follows: 4.5% for 2025, 2.85% for 2026, 2.6% for 2027 and 2.5% for 2028-2051 (as at 31 December 2023, the inflation rate was 5.95% for 2024, 4.1% for 2025, 3.1% for 2026 and 2.5% for 2027-2051).

The calculation of the provision was significantly affected by the discount rate, which reflects the change in the value of money over time. The assumptions use a discount rate based mainly on Treasury bond yields, and as of 31 December 2024, it was set at: 5.6% in 2025-2026, i.e. during periods of high projected inflation, and 3.7% in subsequent years, when the projected inflation should return to the NBP's inflation target (as of 31 December 2023: the discount rate was 5.3% in 2024-2025 and 3.7% thereafter, respectively).

If the assumed inflation rates had differed from the estimates of the Company's Management Board by 1 p.p., it is estimated that the carrying amount of the provisions would be PLN 51,933 thousand higher (in the case of inflation rates higher by 1 p.p.) or PLN 40,309 thousand lower (in the case of inflation rates lower by 1 p.p.).

The impact of the change in the financial discount rate on the carrying amount of provisions for mine closure and land reclamation costs as of 31 December 2024 and 31 December 2023 is shown in the following tables:

As at 31 December 2024

CHANGE IN THE FINANCIAL DISCOUNT RATE	-1 p.p.	-0.5 p.p.	BASE VALUE	+0.5 p.p.	+1 p.p.
Value of the provision for mine closure costs and reclamation of land	225,241	197,594	173,450	152,352	133,903

As at 31 December 2023

CHANGE IN THE FINANCIAL DISCOUNT RATE	-1 p.p.	-0.5 p.p.	BASE VALUE	+0.5 p.p.	+1 p.p.
Value of the provision for mine closure costs and reclamation of land	221,744	193,579	169,102	147,816	129,293

The analysis shows that an increase in the financial discount rate as of 31 December 2024 by 0.5 p.p. results in a decrease in the value of the provision for mine closure and land reclamation costs by PLN 21,098 thousand, and an increase in the financial discount rate by 1 p.p. results in a decrease in the value of the provision for mine closure and land reclamation costs by PLN 39,547 thousand. On the other hand, a decrease in the financial discount rate as of 31 December 2024 by 0.5 p.p. results in an increase in the value of the provision for mine closure and land reclamation costs by PLN 24,144 thousand, and a decrease in the financial discount rate by 1 p.p. results in an increase in the value of the provision for mine closure and land reclamation costs by PLN 51,791 thousand.

Except for estimates related to impairment tests (detailed description is presented in note 4.3), other significant estimates and judgements have not changed since the publication of the annual financial statements for 2023.

2.1.4 New standards and interpretations

In these financial statements, the following new standards and amendments to the existing standards, which came into force in 2024 were applied for the first time:

➤ Amendments to IFRS 16 “Leases”

The amendment to IFRS 16 “Leases” supplements the requirements for subsequent measurement of the lease obligation for sale and leaseback transactions when the criteria of IFRS 15 are met and the transaction should be recognised as a sale. The amendment requires the seller-lessee to subsequently measure its lease obligations under sale-leasebacks in such a way that no gain or loss related to the retained right-of-use is recognised. The new requirement is particularly relevant when sale-leasebacks include variable lease payments that do not depend on an index or rate, as these payments are excluded from “lease payments” under IFRS 16.

The application of the aforementioned amendments did not have a significant impact on the Company's financial statements.

➤ Amendments to IAS 1 “Presentation of Financial Statements”

The amendments to IAS 1 clarify the issue of presentation of liabilities as non-current and current and address the classification of liabilities when an entity is required to meet certain contractual requirements known as covenants. Consequently, the revised IAS 1 standard states that liabilities are classified as either non-current or current depending on the rights that exist at the end of the reporting period. Neither the entity's expectations nor events after the reporting date (for example, covenants of loan agreements which the entity must comply with only after the balance sheet date) affect the classification.

The application of the aforementioned amendments did not have a significant impact on the Company's financial statements.

➤ Amendments to IAS 7 “Statement of cash flows” and IFRS 7 “Financial instruments: disclosures” - disclosure of supplier finance arrangements

Amendments to IAS 7 “Statement of cash flows” and IFRS 7 “Financial instruments: disclosures” introduce disclosure requirements for supplier finance arrangements (the so-called reverse factoring). The amendments require specific disclosures regarding such contracts to enable users of financial statements to assess the impact of these contracts on the liabilities and cash flows and the exposure of the entity to liquidity risk. These amendments are intended to increase the transparency of disclosures concerning debt financing arrangements, but do not affect recognition and measurement principles.

The application of the aforementioned amendments did not have a significant impact on the Company's financial statements.

In these financial statements, the Company has not decided to apply the following published standards, interpretations or amendments to existing standards before the date of their entry into force:

➤ Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates”

In August 2023, the Board published amendments to IAS 21, “The Effects of Changes in Foreign Exchange Rates”. The amendments introduced are intended to make it easier for entities to determine whether a currency is convertible into another currency and to estimate the immediate exchange rate when a currency is not convertible. In addition, the amendments to the standard introduce additional disclosures when currencies are not convertible on how the alternative exchange rate is determined.

The published amendments are applicable to financial statements for the periods beginning on or after 1 January 2025.

➤ Changes in the classification and measurement of financial instruments - Amendments to IFRS 9 and IFRS 7.

In May 2024, the IASB published the amendments to IFRS 9 and IFRS 7 with the aim to:

- a) clarify the recognition and derecognition dates for certain financial assets and liabilities, with an exemption for certain financial liabilities settled through electronic funds transfer;
- b) clarify and add further guidelines concerning assessing whether a financial asset meets the SPPI criteria;
- c) add new disclosures for certain instruments where the contractual terms may change cash flows; and
- d) update disclosures on equity instruments measured at fair value through other comprehensive income (FVOCI).

The published amendments are applicable to financial statements for the periods beginning on or after 1 January 2026. As at the day of drawing up this financial statements, these amendments have not yet been approved by the European Union.

➤ Annual amendments to IFRS

The “Annual amendments to IFRS” introduce changes to the standards: IFRS 1 “First-time Adoption of International Financial Reporting Standards”, IFRS 7 “Financial Instruments: Disclosures”, IFRS 9 “Financial Instruments”, IFRS 10 “Consolidated Financial Statements” and IAS 7 “Statement of Cash Flows”.

The amendments provide explanations and clarify the standards' guidance in the scope of recognition and measurement.

As at the day of drawing up this financial statements, these amendments have not yet been approved by the European Union.

➤ IFRS 18 “Presentation and Disclosure in Financial Statements”

In April 2024, the Board published the new standard, IFRS 18 “Presentation and Disclosure in Financial Statements”. The standard will replace IAS 1 - Presentation of Financial Statements and will be effective from 1 January 2027. The changes in relation to the replaced standard mainly relate to three issues: the statement of profit or loss, the required disclosures on performance measures and issues related to the aggregation and disaggregation of information contained in the financial statements.

The published standard will apply to financial statements for the periods beginning on or after 1 January 2027. As at the day of drawing up this financial statements, these amendments have not yet been approved by the European Union.

➤ Amendments to IFRS 10 and IAS 28 concerning sales or contribution of assets between the investor and its affiliated entities or joint ventures.

The amendments solve the problem of the existing inconsistency between IFRS 10 and IAS 28. The accounting treatment depends on whether non-monetary assets sold or contributed to an affiliate or a joint venture represent “business”.

In case if non-monetary assets represent “business”, the investor shall recognise full profit or loss on the transaction. On the other hand, if assets do not meet the definition of business, the investor recognises the profit or loss excluding a part representing shares of other investors.

The amendments were published on 11 September 2014. As at the day of drawing up this financial statements, the approval of this amendment has been postponed by the European Union.

The Company is in the course of analysing the impact of the new standards and their interpretations on the financial statements. The above standards will have an impact on the financial statements, with IFRS 18 “Presentation and Disclosure in Financial Statements” with potentially the greatest impact. On the other hand, the Company believes that the impact of the remaining standards and amendments to the standards will be relatively insignificant.

2.2 Measurement of items in foreign currencies

Functional and the reporting currency

The financial statements were prepared in Polish zloty (PLN). The Polish zloty is the Company's functional and reporting currency. The data in the financial statements are shown in thousands of zlotys, unless in specific situations they are given with greater precision.

Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency at initial recognition using the exchange rate prevailing at the date of the transaction. As at the balance sheet date:

- monetary items expressed in foreign currency are converted applying the closing exchange rate (the average exchange rate determined for a given currency by the National Bank of Poland on that day is deemed the closing exchange rate),
- non-monetary items measured at the historic cost in foreign currency are converted applying the exchange rate as at the day of original transaction (exchange rate of the bank used by the entity), and
- non-monetary items measured at the fair value in foreign currency are converted applying the exchange rate as at the day of determining the fair value.

Exchange rate differences arising from translation are recognized in the statement of profit or loss, as appropriate, with exchange rate differences relating to operating activities recognized in "Other profits/(losses) - net" and those relating to financing activities recognized in "Financial income/costs" or, in cases prescribed by accounting principles (policies), in equity when they qualify for recognition as cash flow hedges and shares in net assets.

2.3 Property, plant and equipment (note 4)

Property, plant and equipment means non-current assets:

- which are held by the Company for use in the production process, in the supply of goods and provision of services or for administrative purposes,
- accompanied by the expectation that they will not be used for a period longer than one year,
- in respect of which it is probable that future economic benefits associated with the asset will be gained by the entity, and
- whose value can be reliably determined.

As at the date of initial recognition, property, plant and equipment is measured at the purchase price (manufacturing cost).

At the time of initial recognition, the purchase price (manufacturing cost) of non-current assets includes the cost of underground mining pits ("capital" and expensable pits) and longwall workings performed in mining fields, less the cost of coal extracted during the production of these workings.

Upon initial recording, the purchase price (manufacturing cost) of non-current assets includes the expected cost of dismantling and removing them and restoring the place where the asset component is located to its initial state; the obligation to perform those actions arises upon installation or use of the asset component. In particular, the initial value of non-current assets incorporates the discounted liquidation cost of non-current assets related to underground mining activity and other facilities which according to the current mining law must be liquidated after the operations are discontinued.

The mine liquidation costs recognised in the initial value of non-current assets are depreciated with the depreciation method used for depreciation of the non-current assets to which they are related, starting from the moment the given non-current asset is commissioned for use, throughout the period set in the liquidation plan of facility groups being part of the anticipated mine decommissioning schedule.

As at balance sheet day, property, plant and equipment is measured at manufacturing cost less accumulated depreciation charges and accumulated impairment losses.

The subsequent expenditure is recognised in the carrying amount of a given tangible fixed asset or recognised as a separate tangible fixed asset (where appropriate) only if it is probable that inflow of economic benefits to the Company will occur due to this item whereas the cost of a given item can be measured in reliable way. Any other expenditure on repairs and maintenance is presented in the profit and loss account in the financial period during which it was incurred.

Land is not subject to depreciation.

Depreciation begins when the asset is available for use. Depreciation of fixed assets is calculated using the straight-line method as of the month following commissioning, or using the natural method to spread their initial values or revalued values, less residual values, over their useful lives, which for individual groups of non-current assets are as follows:

DEPRECIATION PERIOD	
Buildings and structures	25-40 years, but no longer than the expected date of mine decommissioning
Structures (mining pits)	Depreciation by the natural method based on the length of the mined longwalls (calculated in running metres)
Technical equipment and machines	5-20 years, but no longer than the expected date of mine decommissioning
Means of transport	3-30 years, but no longer than the expected date of mine decommissioning
Other tangible fixed assets	3-20 years, but no longer than the expected date of mine decommissioning

Depreciation is discontinued on the earlier of the following dates: when the fixed asset item is classified as held for sale (or included in the group to be sold classified as held for sale) in accordance with IFRS 5 "Non-Current Assets Held For Sale And Discontinued Operations" or removed from the accounting records as a result of its liquidation, sale or withdrawal.

Certain significant constituent parts of fixed assets (components) the useful life of which differs from the useful life of the whole fixed asset and the purchase price (manufacturing cost) of which is significant as compared to the purchase price (manufacturing cost) of the whole property, plant and equipment item are depreciated separately, using the depreciation rates reflecting the expected period of their use.

The verification of the residual value and useful lives of fixed assets and any change in them is carried out at each balance sheet date.

If the carrying amount of a fixed asset exceeds its estimated recoverable amount, its carrying amount is written down immediately to its recoverable amount (Note 2.7).

The value of the fixed asset includes the costs of regular and material inspections (including certification inspections) which are mandatory.

The cost of external funding, which includes interest and fees and commissions on incurred liabilities and FX differences resulting from loans and borrowings in foreign currencies to the extent to which they are recognized as adjustment of the interest expense which can be directly ascribed to acquisition, construction or production of an adjusted asset, are activated as part of the purchase price or production cost of such asset. The amount of costs of external funding subject to capitalization is determined pursuant to IAS 23 "Borrowing Costs".

Specialised spare parts with a significant initial value that are expected to be used for more than one year are recognised as property, plant and equipment. The same approach is adopted for those maintenance-related spare parts and equipment which may only be used for specific items of property, plant and equipment. Other maintenance-related spare parts of insignificant value are classified as inventories and recognized in the statement of profit or loss upon their utilization.

Profits and losses on the sale of fixed assets are determined by comparing proceeds on the sale with their carrying amount and recognized in the statement of profit or loss, in the "Other net profits/(losses)" item.

2.4 Intangible assets (Note 5)

Geological information

Purchased geological information is recognised in accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources" at the value resulting from the contract with the Ministry of Climate and Environment (formerly the Ministry of Environment). Until the concession is received, it is not subject to depreciation. The activated costs are then written off over the life of the concession.

Software

The acquired licenses for computer software are activated in the amount of costs incurred for their purchase and preparation of the specific computer programme for use. The capitalised costs are written off over the estimated useful life of the software (2-5 years).

Mining usufruct

The fee for the establishment of a mining usufruct of space for hard coal mining from a deposit is activated in the amount of the fee incurred. The activated costs are written off over the term of the mining usufruct contract.

The depreciation of intangible assets is charged on a straight-line basis from the month following the commissioning. As at balance sheet day, intangible assets are measured at a purchase price or manufacturing cost less accumulated depreciation charges and accumulated impairment losses.

2.5 Lease (Note 6)

An agreement contains a lease if it relates to an identified asset that can be either explicitly specified in the agreement or implicitly specified when it is made available for use to the customer and the lessee receives substantially all of the economic benefits of the asset over its useful life and has the right to determine the use of the identified asset. The Company, as a lessee, recognises leases in its financial statements as the right to use an asset at cost, which includes the value of the lease liability plus all payments made at or before the date of the agreement, initial direct costs associated with entering into the agreement, estimated costs of dismantling and removing the asset, costs of renovating the site where the asset was located, costs of bringing the leased asset to the condition in which it is to be returned under the agreement unless these costs were incurred to produce inventory. The value determined in this way is reduced by receivables from incentives provided by the lessor. After initial recognition, the Company measures the right to use an asset at cost less depreciation, amortisation and impairment. The depreciation period covers the period from the beginning of the contract to the earlier of: the end of the asset's economic life or the end of the lease. The lease liability is the sum of the present value of the lease payments and the present value of the expected payments at the end of the lease.

2.6 Long-term investments (Note 7)

Shares in subsidiaries and associates are measured at a purchase price less impairment losses.

Profits and losses on the sale of investments are determined by comparing proceeds on the sale with their carrying amount and recognised in the statement of profit or loss, in the "Other net profits/(losses)" item.

2.7 Impairment of non-financial assets (Note 4.3)

Assets with unspecified useful lives are not depreciated, but are tested annually for possible impairment. The assets that are subject to depreciation and amortization are analysed for impairment any time any events or changes in circumstances indicate that their carrying amount may not be realised. Impairment loss is recognised at the surplus of the asset's carrying amount over its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of sale, or value in use. For the purpose of the impairment analysis, assets are grouped at the lowest level where there are identifiable separate cash flows (cash generating units). Non-financial assets previously found to be impaired are evaluated at each balance sheet date for indications that the impairment loss may be reversed.

The establishment, reversal and use of an impairment loss on non-financial assets are recognised in the statement of profit or loss in the profit and loss account in the item "Impairment loss on fixed assets" or in the item "Other net profits/(losses) - net".

2.8 Financial assets (Note 15)

The Company classifies financial assets upon initial recognition into the following categories:

- financial assets measured at a fair value through profit or loss:
- equity instruments measured through other comprehensive income,
- financial assets measured at an amortised cost,
- financial assets measured at a fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss include:

- financial assets held for trading (including derivatives for which hedge accounting is not applied),
- financial assets voluntarily assigned to this category,
- financial assets that do not meet the definition of an underlying loan agreement, including equity instruments such as stocks and shares, except those designated as equity instruments through other comprehensive income,
- financial assets that meet the requirements of the definition of an ordinary loan agreement, which are not held in accordance with the business model for the realisation of cash flows or for the realisation of cash flows or sales.

Equity instruments measured through other comprehensive income comprise investments in equity instruments classified voluntarily and irrevocably at initial recognition. Equity instruments that meet the criteria of being held for trading and that meet the criteria of contingent consideration recognised by the acquiring company in a business combination may not be subject to such classification.

Financial assets measured at amortised cost are financial assets held in accordance with a business model whose purpose is to hold financial assets to earn contractual cash flows and whose contractual terms meet the criteria of the underlying loan agreement.

Financial assets measured at fair value through other comprehensive income are financial assets held in accordance with a business model whose purpose is to both receive contractual cash flows and sell financial assets; and whose contractual terms meet the criteria of an underlying loan agreement.

Upon initial recognition, the Company measures a financial asset subject to classification for the purpose of measurement at its fair value. An exception to this rule is trade receivables without a significant financial component, which are measured at the transaction price.

The fair value of financial assets not carried at fair value through profit or loss is increased by transaction costs directly attributable to the purchase/acquisition of these assets.

2.9 Inventory (Note 9)

Materials are reported at the purchase price, less any allowance for inventory backlog. Goods are valued at cost, but not higher than the net achievable sales price. Finished goods are measured at cost, not higher than the net achievable sales price. The value of material and goods consumption is determined using the weighted average method. Finished goods, in turn, are measured at average annual cost. The cost of finished goods and production in progress comprises direct labour, auxiliary materials, other direct costs and pertinent general production costs (based on normal production capacity) but excludes borrowing costs. The net sales price is the estimate sales price in normal course of business, minus relevant variable costs of sales.

Within inventories, the Company reports energy certificates of origin acquired for redemption.

2.10 Trade receivables (Note 8)

Trade receivables are initially recognised at the transaction price and subsequently measured at amortised cost using the effective interest rate, including impairment losses. In a situation where there

are no differences between the initial value of the receivable and the amount at maturity (payment), there is no interest calculated at the effective rate.

Receivables denominated in foreign currencies during the financial year are measured at the historical exchange rate, i.e. the average exchange rate of the National Bank of Poland as of the date of the operation, while as of the balance sheet date, receivables are measured at the average exchange rate of the National Bank of Poland as of that date.

The impairment loss for receivables is determined on the basis of expected credit losses. Expected credit losses are credit losses weighted by the risk of default. Credit loss is the difference between all contractual cash flows due to the Company under the contract and all cash flows that the Company expects to receive, taking into account the effect of changes in the value of money over time. The Company estimates expected credit losses at:

- 12-month expected credit losses, or
- expected credit losses over the entire lifecycle.

Expected credit losses take into account both counterparty default events that have already occurred, as well as potential estimated credit losses. The allowance is recognised as an expense in the statement of profit or loss in selling costs. If trade receivables are uncollectible, they are written off in the trade receivables provision account. Subsequent repayments of previously written-off receivables are recognised as a reduction of expenses under “Selling costs” in the statement of profit or loss.

2.11 Cash and cash equivalents (Note 10)

Cash and cash equivalents comprise cash in bank, call deposits in banks, other short-term investments with high liquidity and original maturity up to 3 months. Current account overdrafts are presented in the statement of financial position as a component of short-term loans and borrowings within current liabilities.

Cash and cash equivalents accumulated in a separate account of the Mine Closure Fund, as well as restricted cash with a restriction for a period of at least 12 months from the balance sheet date, are classified as long-term.

Cash on bank account, demand deposits and other short-term investments with original maturities of 3 months or less and high liquidity are carried at amortised cost at each balance sheet date (at par/original value plus accrued interest to the balance sheet date, adjusted for an allowance for expected credit losses).

The Company makes investments in debt instruments and tries to invest cash only in securities or banks with an investment rating of not less than BBB-. This ensures that the risk of default (failure to return the funds invested by the Company) is negligible. Therefore, it is not necessary to analyse expected credit losses over the life of the instrument (lifetime expected credit losses) but the potential write-down should only be considered for 12-month expected credit losses.

2.12 Non-current assets held for sale

Non-current assets held for sale are classified if their carrying value will be recovered through a disposal transaction rather than through their continued use. This condition is considered to be met only if the disposal transaction is highly probable and the asset is available for immediate disposal in its present condition (in accordance with generally accepted commercial terms). Classification of an asset as held for sale assumes that the Company's Management Board intends to complete the disposal transaction within one year of the reclassification. The Company measures a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less sales cost.

2.13 Share capital (Note 11)

Ordinary shares are classified in equity.

The costs incurred directly in connection with the issue of new shares and options are presented in the equity as decrease, after tax, of proceeds from the issue.

2.14 Financial liabilities (Note 13 and 15)

Financial liabilities comprising trade and other liabilities are recognized initially at fair value, less transaction costs incurred.

Financial liabilities comprising loans and borrowings and debt securities are classified at initial recognition into the following categories:

- financial liabilities measured at fair value through profit or loss include,
- financial liabilities at amortised cost.

Financial liabilities measured at fair value through profit or loss include:

- financial liabilities fulfilling the definition of held for trading, including derivatives not used in hedge accounting,
- financial liability voluntarily designated by the Company as measured at fair value through profit or loss.

Financial liabilities measured at amortised cost include all financial liabilities subject to classification for measurement purposes not classified as financial liabilities at fair value through profit or loss.

Initial measurement of financial liabilities

Upon initial recognition, the Company measures a financial liability subject to classification for the purpose of measurement at its fair value.

The fair value of the financial liability not carried at fair value through profit or loss is reduced by transaction costs directly attributable to the issuance (incurrence/creation) of the liability.

Balance sheet measurement and recognition of revaluations

Balance sheet measurement of a financial liability and recognition of revaluations depend on the classification of the item into the appropriate category for measurement purposes.

- Financial liabilities measured at fair value through profit or loss

Financial liabilities classified as financial liabilities at fair value through profit or loss are measured at fair value at each balance sheet date. The fair value determined at the balance sheet date is not adjusted for transaction costs that would have to be incurred to settle the item. Revaluations to fair value are recognised in the financial result for the period.

- Financial liabilities measured at amortised cost

Financial liabilities classified as financial liabilities at amortised cost are measured at amortised cost at each balance sheet date.

2.15 Financial derivatives

The Company may enter into derivative contracts through which it manages foreign exchange risk. These contracts include forward contracts. Derivatives are initially recognised at fair value on the date the relevant contracts are signed and are subsequently remeasured to fair value at the end of each reporting period.

2.16 Current and deferred income tax (Note 24)

Current Tax

Current income tax charge is calculated on the basis of the prevailing tax regulations or actually introduced at the balance sheet date in the country where the Company operates and generates taxable income. The Management Board periodically reviews the calculation of tax liabilities with reference to situations in which relevant tax regulations are subject to interpretation, creating provisions, if any, for the amounts due to tax authorities.

Deferred Tax

The deferred income tax liability resulting from temporary differences between the tax value of assets and liabilities and their carrying value in the financial statements – is recognised in the full amount, using the balance sheet method. However, if the deferred income tax results from original recognition of an asset or liability in a transaction other than combination of business entities, which does not

influence the financial result or the income tax (tax loss) it is not presented. Deferred income tax is determined by applying the tax rates (and regulations) legally or actually applicable as at the balance sheet date which, in accordance with the expectations, will apply as at the time of realization of the pertinent deferred income tax assets or the settlement of the deferred tax liability.

Assets due to deferred income tax are recognised if it is probable that taxable income will be gained in the future, which would enable to use temporary differences or use of tax losses.

2.17 Provisions for employee benefits (Note 16)

Pension liabilities and other employee benefits

In accordance with the Company Collective Bargaining Agreement (CBA) and the relevant legislation, the Company pays benefits under the following main titles:

- retirement and disability severance pay,
- service anniversary awards,
- death benefits.

The Company recognises the liability for the payment of the above benefits in the statement of financial position at the present value of the liability at the balance sheet date, including actuarial gains and losses. The liability due to the above benefits is calculated by an independent actuarial consulting firm using the Projected Unit Credit Method.

Provisions are calculated using the individual method for each employee separately. The calculation of the provisions for the employee is based on the anticipated amount of the respective benefit that the Company undertakes to pay out on the basis of internal regulations, in particular the CBA, and pertinent provisions of law.

The projected amount of the benefit is calculated taking into account, among other things, the projected amount of the assessment base for this benefit, the projected increase in the assessment base until the employee becomes entitled to this benefit, and a percentage factor based on the employee's length of service.

The amount calculated is subject to actuarial discounting as at the balance sheet date and then decreased by actuarially discounted amounts of annual provision charges, as at the same day, which the Company makes to increase the provision of the respective employee. The actuarial discount means the product of the financial discount and probability of survival of the respective employee as a Company employee until the time of receipt of the benefit. The financial discount rate corresponds to the market yield on long-term government bonds at the time of the valuation.

The aforementioned probability is determined based on the Multiple Decrement Model method, taking into account the possibility of an employee's dismissal, the risk of total disability and the risk of death.

The possibility of an employee's dismissal is determined using a probability distribution and taking into account Company statistics. The risk of total disability and the risk of death of an employee are determined using statistical data.

Actuarial gains and losses increase or decrease other comprehensive income (pension benefits) or expense (other long-term benefits) in the statement of comprehensive income in the period in which they arise.

Costs of past employment arising from the change in the program are recognised in the statement of comprehensive income immediately.

Profit-sharing and bonus schemes

The Company recognises liabilities and expenses for rewards and bonuses and profit-sharing programmes if it is subject to a contractual obligation or if past practice has given rise to a usual expected obligation.

Share-based payment

The fair value of share purchase options granted is recognised as compensation expense in correspondence with an increase in equity. The fair value is determined as of the date of grant of share purchase options by employees and spread over the period during which employees will unconditionally acquire the right to exercise the options (since the fair value of employee benefits cannot be directly assessed, their value is determined based on the fair value of the equity instruments

granted). The amount charged to expenses is adjusted to reflect the current number of options granted for which service and non-market vesting conditions are met.

2.18 Provisions (Note 17)

Provision for legal claims, other claims and removal of mining damage

The provision for legal claims, other claims and for removal of mining damage is recognised when the Company has the legal or customary obligation resulting from past events and it is probable that fulfilment of the obligation will cause the necessity to pay out funds, and its size has been reliably estimated. Provisions are not created for future operating losses.

Provision for mine closure costs and reclamation of land

The provision for future costs associated with mine closure and reclamation of land is established on the basis of the obligations following from the Geological and Mining Law Act imposing on mining enterprises an obligation to decommission mining plants upon completion of operation, in the amount of anticipated costs associated with:

- securing or decommissioning of mining workings and facilities and mining plant equipment;
- securing the unused part of the mineral deposit,
- securing the neighbouring mineral deposits,
- securing the workings of neighbouring mines,
- undertaking the necessary measures to protect the environment and to reclaim the land and to develop the brownfield sites after mining operations.

The costs of mine closure and land reclamation are calculated by an independent consulting firm (Mineral Raw Materials Management Institute at the Polish Academy of Sciences) using historical data on the costs of decommissioning of coal mines in Poland.

The provision amounts are presented in the present value of the expenditures which - as expected - will be required to fulfil the obligation. The interest rate before tax is then used, which reflects the current assessment of the market regarding the value of money over time and the risk associated specifically with the given liability. Increase of the provisions associated with elapse of time is recognised as interest expenses. Changes in the amount of provisions related to the updating of the estimates relating to them (inflation rate, expected nominal value of mine closure expenditures) with respect to the provision for mine closures are recognised as an adjustment to the value of non-current assets subject to decommissioning, while with respect to the provision for land reclamation as “Cost of products, goods and materials sold.”

2.19 Recognition of revenues (Note 18)

Contracts with customers are analysed and recognised by the Company according to the model indicated in IFRS 15. Recognition of revenue from a given contract follows the steps listed below:

- identification of the contract,
- identification of performance obligations,
- determining the transaction price,
- assignment of the transaction price to performance obligations,
- revenue recognition.

The Company combines two or more contracts that were concluded simultaneously or almost simultaneously with the same customer and recognises them as a single contract if at least one of the following criteria is met:

- the contracts are negotiated as a package and refer to the same commercial purpose, or
- the amount of the remuneration due under one contract depends on the price or performance of another contract, or
- the goods or services promised in the contracts (or some of the goods or services promised in each contract) constitute a single performance obligation.

Revenue is recognised when (or in the course of) meeting the obligation to perform by transferring the promised commodity or service (i.e. an asset) to a customer. The transfer of an asset takes place at the moment when the customer acquires control over the asset.

The Company transfers control of the goods or services over time and thereby satisfies the performance obligation and recognises revenue over time if one of the following conditions is met:

- criterion 1: the customer simultaneously receives and benefits from the entity's benefit as the entity performs that benefit; or
- criterion 2: as a result of the entity's performance, an asset (for example, work in progress) is created or improved and control over that asset - as it is created or improved - is vested in the customer; or
- criterion 3: the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for the performance to date.

If the performance obligation is not fulfilled over time in accordance with the provision indicated above, the Company fulfils its performance obligation at the specified time. In order to determine when the customer obtains control over the promised asset and the Company fulfils its performance obligation, Company considers the control requirements. In addition, the Company takes into account circumstances indicating that a transfer of control has occurred, including when:

- the Company has a current right to payment for an asset,
- the customer has a legal title to the asset,
- the Company physically transferred the asset,
- the customer bears significant risks and obtains significant benefits from the ownership of the asset,
- the customer accepted the asset.

The timing of sales revenue recognition

The table below summarises individual product groups offered by the Company, together with the relevant timing of the recognition of sales revenue:

PRODUCT TYPE	PRODUCT GROUP	TIMING OF REVENUE RECOGNITION	MEASUREMENT METHOD	MEASUREMENT METHOD	TRIGGER
Continuous services - consumption	"Hook space" Use of the shower room	Over time	Results	Consumption	Start of service performance
Delivery of products or services settled at a specific point in time	Hard coal Scrap Materials	Point in Time	N/A	Event	Delivery/completion of services
Continuous services - time elapsed	Investor supervision	Over time	Results	Time elapsed	Start of service performance

Interest income

Interest income is recognised pro rata to the elapse of time, using the effective interest rate method. When a receivable becomes impaired, the Company reduces its carrying amount to its recoverable amount, equal to the estimated future cash flows discounted at the instrument's original effective interest rate, and then gradually settles the discount amount against interest income. Interest income on impaired loans is recognised at the original effective interest rate.

Dividend income

Dividends due are recognised as financial income as of the date of adoption by the competent corporate body of the entity (in which the Company holds shares) of a resolution on the distribution of profit, unless the resolution specifies another dividend record date.

2.20 Recognition of grants received (Note 14)

The IAS 20 standard "Accounting for Government Grants and Disclosure of Government Assistance" is used in accounting for and disclosing government grants.

According to IAS 20.3, asset grants are government grants that are intended to finance non-current assets. According to IAS 20, government grants are recognised in profit or loss on a systematic basis in the respective periods in which the entity recognises the related costs that the grants are intended to compensate.

Recognition of grants in the financial statements depends on the purpose of the funding received:

- Grants received and earmarked for the acquisition or production of non-current assets are reported in the statement of financial position (balance sheet) under "Liabilities" and "Grants".
- The statement of profit or loss shows the settlement of the above grants in proportion to the depreciation of fixed assets for the financing of which the subsidy was granted.
- Grants for purposes other than those indicated above are recognised in the statement of profit or loss as other "Operating income."

Recognition of a grant in the accounts triggers the application of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" to all related contingent liabilities or assets.

An asset grant received should be settled in full upon total depreciation, sale or liquidation of an asset financed by it.

2.21 Dividend payment (Note 26)

Dividend payments to the Company's shareholders are recognised as liability in the financial statements in the period when they are approved by the Company's shareholders.

3. INFORMATION ON SEGMENTS

Basic reporting layout - industry segments

The Company focuses its activity mainly on the production and sales of coal. Revenue from sales of other products and services in 2023 amounted to PLN 70,623 thousand (PLN 64,429 thousand in 2023), representing 1.9% of total sales revenues in 2024 (1.6% in 2023).

Accordingly, the Company does not present its operating results broken down by industry segments.

Supplementary reporting layout - geographic segments

The Company's operations are focused predominantly on Poland. In 2024, revenue from sales outside Poland amounted to PLN 48,454 thousand, which accounted for 1.3% of total sales revenue (no revenue from sales outside Poland was recorded in 2023). The Company has no related assets and liabilities located outside of the territory of Poland.

Accordingly, the Company does not present its operating results broken down by industry segments.

While carrying out its tasks, the Management Board analyses financial data consistent with the financial statements prepared in accordance with the EU IFRS.

Breakdown into mining fields

The Company conducts its business in the area of three mining fields: Bogdanka, Nadrybie and Stefanów. Production assets are concentrated at the location of the Company's registered office, at the centre of the Bogdanka field and they are linked to the other locations; therefore, the Nadrybie and Stefanów fields cannot operate independently. Due to these interrelations between the individual fields, departments and because of the organisation effective in the mine, all of the Company's assets are treated as a single CGU (Cash Generating Unit).

Main coal purchasers

In 2024 and 2023, the Company's key customers, for which the share of sales exceeded 10% of the total sales revenue, included:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
ENEA Wytwarzanie Sp. z o.o.	67%	70%
ENEA Elektrownia Połaniec S.A.	15%	15%

4. PROPERTY, PLANT AND EQUIPMENT

	LAND	BUILDINGS AND STRUCTURES		TECHNICAL EQUIPMENT AND MACHINERY	MEANS OF TRANSPORT	OTHER FIXED ASSETS	TANGIBLE FIXED ASSETS UNDER CONSTRUCTION	TOTAL
		TOTAL	INCLUDING ROADWAYS					
As at 1 January 2024								
Cost or value derived from valuation**	29,401	3,891,164	2,830,933	2,999,379	151,149	33,278	475,851	7,580,222
Depreciation	-	(1,714,550)	(1,242,647)	(1,990,366)	(78,913)	(24,235)	-	(3,808,064)
Net carrying amount	29,401	2,176,614	1,588,286	1,009,013	72,236	9,043	475,851	3,772,158
As at 31 December 2024								
Net carrying amount opening balance	29,401	2,176,614	1,588,286	1,009,013	72,236	9,043	475,851	3,772,158
Increases	-	-	-	-	-	1,446	860,450	861,896
Transfers from fixed assets under construction	493	511,800	501,043	271,747	21,885	1,983	(807,908)	-
Decreases	-	(103,745)	(97,021)	(28,338)	(237)	(1)	(24)	(132,345)
Depreciation and amortisation	-	(238,482)	(215,297)	(131,141)	(6,636)	(2,825)	-	(379,084)
Revaluation charge	(21,298)	(1,527,784)	(1,200,668)	(711,665)	(55,768)	(6,444)	(12,931)	(2,335,890)
Net carrying amount	8,596	818,403	576,343	409,616	31,480	3,202	515,438	1,786,735
As at 31 December 2024								
Cost or value derived from valuation**	8,596	2,458,440	1,722,708	2,380,418	112,634	27,441	515,438	5,502,967
Depreciation	-	(1,640,037)	(1,146,365)	(1,970,802)	(81,154)	(24,239)	-	(3,716,232)
Net carrying amount	8,596	818,403	576,343	409,616	31,480	3,202	515,438	1,786,735
As at 01 January 2023								
Cost or value derived from valuation**	12,096	3,617,757	2,613,763	2,948,564	141,193	29,429	360,962	7,110,001
Depreciation	-	(1,556,718)	(1,110,436)	(1,891,338)	(75,170)	(22,008)	-	(3,545,234)
Net carrying amount	12,096	2,061,039	1,503,327	1,057,226	66,023	7,421	360,962	3,564,767
As at 31 December 2023								
Net carrying amount opening balance	12,096	2,061,039	1,503,327	1,057,226	66,023	7,421	360,962	3,564,767
Increases	-	-	-	42	-	2,482	761,634	764,158
Transfers from fixed assets under construction	18,016	473,075	412,056	138,153	12,796	2,994	(645,034)	-
Decreases	-	(70,340)	(65,573)	(5,806)	(172)	-	(3,053)	(79,371)
Depreciation and amortisation	-	(265,459)	(239,823)	(160,080)	(6,411)	(3,854)	-	(435,804)
Revaluation charge	(711)	(21,701)	(21,701)	(20,522)	-	-	1,342	(41,592)
Net carrying amount	29,401	2,176,614	1,588,286	1,009,013	72,236	9,043	475,851	3,772,158
As at 31 December 2023								

Cost or value derived from valuation**	29,401	3,891,164	2,830,933	2,999,379	151,149	33,278	475,851	7,580,222
Depreciation	-	(1,714,550)	(1,242,647)	(1,990,366)	(78,913)	(24,235)	-	(3,808,064)
Net carrying amount	29,401	2,176,614	1,588,286	1,009,013	72,236	9,043	475,851	3,772,158

**the value derived from valuation presented is the value less the impairment loss

No borrowing costs were incurred in 2024 and 2023 that would be subject to activation in the value of property, plant and equipment.

No collateral has been established on property, plant and equipment.

Depreciation and amortisation of fixed assets is recognised in the statement of profit or loss under the following items:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Cost of products, goods and materials sold	(338,484)	(392,180)
Cost of sales	(1,858)	(2,266)
Administrative expenses	(38,742)	(41,358)
As at 31 December	(379,084)	(435,804)

4.1 Property, plant and equipment - roadways

The following tables present a brief description of the roadways and other items of property, plant and equipment reported under the heading “roadways”.

As at 31 December 2024:

	QUANTITY [pcs]	LENGTH [m]	OPENING BALANCE	DEPRECIATION	NET VALUE AS AT	THE BALANCE SHEET DATE	LEVEL OF ACCUMULATED DEPRECIATION IN THE GROUP
Roadways recognised as fixed assets, depreciated using the natural method, of which:	22	25,824	558,517	(258,604)	(201,952)	97,961	82%
- amortised until December 2024	10	12,233	312,788	(159,539)	(110,534)	42,715	86%
Roadways recognised as fixed assets, depreciated based on useful lives	272	101,774	2,063,134	(716,617)	(910,037)	436,480	79%
Others items depreciated based on useful lives (shafts, shaft towers, stoppings, storage tanks and other)	31	-	323,426	(171,144)	(110,380)	41,902	87%
Total as at 31 December 2024	325	127,598	2,945,077	(1,146,365)	(1,222,369)	576,343	80%

As at 31 December 2023:

	QUANTITY [pcs]	LENGTH [m]	OPENING BALANCE	DEPRECIATION	NET VALUE AS AT THE BALANCE SHEET DATE	LEVEL OF ACCUMULATED DEPRECIATION IN THE GROUP
Roadways recognised as fixed assets, depreciated using the natural method, of which:	30	27,946	649,588	(378,321)	271,267	58%
- amortised until December 2023	14	13,324	330,176	(178,726)	151,450	54%

Roadways recognised as fixed assets, depreciated based on useful lives	261	98,789	1,862,021	(697,623)	1,164,398	37%
Others items depreciated based on useful lives (shafts, shaft towers, stoppings, storage tanks and other)	31	-	319,324	(166,703)	152,621	52%
As at 31 December 2023	322	126,735	2,830,933	(1,242,647)	1,588,286	44%

4.2 Property, plant and equipment - fixed assets under construction

The table below shows the most significant investment tasks included under “fixed assets under construction”:

	AS AT 31 DECEMBER 2024	AS AT 31 DECEMBER 2023
Roadways	313,644	356,540
Construction of a pumping station on the ditch - water drainage	65,556	37,144
Modernisation and refurbishment of longwall conveyors	28,856	1,491
Modernisation of ZPMW facilities	18,511	18,767
Purchase and installation of powered casings	15,484	-
Reinforcement of shaft 1.2, 1.3, 1.4 casing	8,253	7,251
Switching station modernisation	6,852	-
Modernisation of longwall electrical fittings	6,200	6,200
Installation of main drainage pipeline in shaft 1.2	4,146	3,798
Expansion of the Bogdanka landfill site	3,538	3,519
Modernisation of the telecommunications system	2,954	1,790
Other (including the purchase and modernisation of other machinery and equipment and the purchase of systems for operating machinery and equipment, etc.)	41,444	39,351
As at 31 December	515,438	475,851

4.3 Impairment loss on property, plant and equipment

Impairment test for 2024

In preparing the Company's financial statements, the Management Board periodically evaluates indications of possible impairment of non-current assets, in accordance with the guidelines of IAS 36 “Impairment of Assets”. Such analysis is even more important where companies must operate in volatile, non-standard conditions. Under such circumstances, the Management Board of the Company must act very cautiously.

In view of the dynamically changing situation on the domestic coal market, an analysis of the indications of possible impairment was already carried out in the first half of 2024. Attention was paid, in particular, to factors such as the clear trend towards an increase in the generation capacity of renewable energy sources (RES), the growing importance of RES in the Polish energy mix, as well as the gradual shutdown of coal-based generation units and their conversion to other energy sources planned in the long term. This leads to a decreasing share of energy produced from coal (which is a consequence of the climate policy assuming progressive decarbonisation of the Polish economy), which ultimately leads to a decrease in the demand for coal. This process forces companies operating in the coal sector to review their existing strategies and adapt them to the changing market reality. Therefore, the decision was made to conduct an impairment test as at 30 June 2024, which resulted in an impairment of PLN 1,174,196 thousand, with a write-down of PLN 1,156,311 thousand allocated to property, plant and equipment and a write-down of PLN 17,885 thousand allocated to intangible assets (for a detailed description of the test performed, see Note 5.2 of the Interim Condensed Financial Statements of the Company for the period from 1 January to 30 June 2024).

Despite the impairment test performed as at 30 June, an analysis of the indications of possible impairment was carried out again at the end of 2024 due to the high probability of the necessity to adapt the scope of operations to the new market environment. In particular, this risk is indicated by the strategies adopted and presented to the market by Polish energy groups, which assume the development of new low-emission/zero-emission generation sources and their accelerated replacement of coal-based generation capacity, as well as the continued subsidising of unprofitable mines in Poland, distorting competition in the hard coal market. In the Company's opinion, the situation described above, as well as the Company's market capitalisation value, which has remained below the carrying value of its net assets for a long time (this prerequisite was already the reason for impairment testing at the end of previous years), make it necessary to re-test the asset impairment of the cash generating units as at 31 December 2024 to ensure that their valuation reflects current market conditions and the outlook for the coal sector.

Due to the impossibility of determining the fair value for a very large group of assets for which there is no active market, as well as the lack of comparable transactions, the recoverable amount of the tested assets was determined by estimating their value in use using the discounted cash flow method based on financial projections prepared by the Company from 2024 to 2049 (assuming a further 2-year mine decommissioning period until 2051).

When estimating the value in use of the tested assets on the basis of the constructed model, climate factors and risks were also taken into account, which could have a significant impact on the value of the obtained discounted cash flows (the issue of climate risks is further described in Note 2.1). The key assumptions under which the value in use of the tested assets was estimated are presented below:

- due to these interrelations between the individual departments and because of the organisation in effect in the mine, all of the Company's assets are treated as a single CGU;
- the forecast period from 2025 to 2051 (taking into account the 2-year decommissioning period) - bearing in mind the market factors described above, the demand for steam coal from the Company was first estimated; then, based on this estimate, a schedule of longwall runs and the necessary preparatory work was prepared (taking into account the Company's operable coal reserves at the balance sheet date - available for use with the current, i.e. existing infrastructure at the balance sheet date, mainly in relation to the shafts), as well as the expected level of employment;
- the average volume of coal production and sales during the forecast period is approximately 8.2 million tonnes in 2025-2030, approximately 5.3 million tonnes in 2031-2040 and approximately 3.1 million tonnes in 2041-2049;
- coal prices for 2025 were adopted on the basis of contracts signed as at the date of the analysis; for 2026-2049, prices were adopted on the basis of studies prepared for the entire Enea Group (as part of a consistent approach to asset measurement in the LWB Group and the Enea Group);
- the entire model does not take into account inflation;
- a weighted average cost of capital (WACC) of 8.63% over the entire forecast period, estimated on the basis of the latest economic data (with a risk-free rate of 5.89% and a beta factor of 1.0), was used as the pre-tax discount rate;
- the average annual level of capital expenditure over the entire forecast period of PLN 281,714 thousand, including an average of PLN 513,872 thousand in the years 2025-2035; the expenditures take into account only works resulting from the developed schedule of preparatory works and replacement expenditures necessary for continued operations;
- the model used for the impairment test (including the resulting cash flows and the value of the assets under testing) was prepared as at 31 December 2024, following a consistent approach at all levels of consolidation within the Lubelski Węgiel Bogdanka Group and the Enea Group.

The results of the test conducted are presented in the table below:

AS AT 31 DECEMBER 2024	RECOVERABLE AMOUNT OF ASSETS UNDER TESTING	NET CARRYING AMOUNT OF ASSETS UNDER TESTING
The result of the impairment test performed	1,605,744	2,855,222

The total value of the assets tested as at the balance sheet date amounted to PLN 2,855,222 thousand, while the value of the discounted cash flows estimated on the basis of the forecast prepared (value in use) amounted to PLN 1,605,744 thousand. As a result of the test conducted, an impairment of PLN 1,249,478 thousand was identified as at 31 December 2024, with a write-down of PLN 1,233,340 thousand allocated to property, plant and equipment and a write-down of PLN 16,138 thousand allocated to intangible assets.

In 2024, the total value of impairment losses recognised in the accounts on the basis of the tests performed both as at 30 June 2024 and 31 December 2024 amounted to PLN 2,423,674 thousand, of which PLN 2,389,651 thousand was allocated to property, plant and equipment and PLN 34,023 thousand was allocated to intangible assets.

Sensitivity analysis of the model to a change in key assumptions

The sensitivity analysis conducted indicates that significant factors affecting the estimates of the recoverable amount of cash-generating units include the discount rate, the price of steam coal and the volume of sales. The results of the sensitivity analysis of the model (change in recoverable amount) to a change in key assumptions are shown in the tables below:

Impact of a change in the financial discount rate (base value 8.63%):

CHANGE IN ASSUMPTIONS	-0.5 p.p.	BASE VALUE	+0.5 p.p.
Change in the recoverable amount	114,806	1,605,744	(106,912)

Impact of a change in the price of coal:

CHANGE ASSUMPTIONS	IN	-5 p.p.	-1 p.p.	-0.5 p.p.	BASE VALUE	+0.5 p.p.	+1 p.p.	+5 p.p.
Change in the recoverable amount		(1,068,701)	(212,907)	(106,453)	1,605,744	106,453	212,907	1,057,510

Given the high sensitivity of the model itself to a change in price, as well as the potentially wide possible range of changes in the price of coal, the sensitivity analysis was performed for three levels of price change: a change of +/- 0.5 p.p.; a change of +/- 1 p.p.; and a change of +/- 5 p.p.

The impact of changes in real wage growth:

CHANGE IN ASSUMPTIONS	-0.5 p.p.	BASE VALUE	+0.5 p.p.
Change in the recoverable amount	297,769	1,605,744	(316,867)

Other impairment losses

The balance of impairment losses for property, plant and equipment is shown in the table below:

	LAND	BUILDINGS AND STRUCTURES	INCLUDING ROADWAYS	TECHNICAL EQUIPMENT AND MACHINERY	MEANS OF TRANSPORT	OTHER FIXED ASSETS	FIXED ASSETS UNDER CONSTRUCTION	TOTAL
As at 1 January 2024	5,520	21,701	21,701	34,525	-	-	7,005	68,751
Recognition of impairment losses	21,298	1,565,154	1,238,038	741,301	55,768	6,444	12,931	2,402,896
Recognition of impairment losses	-	(37,370)	(37,370)	(29,636)	-	-	-	(67,006)
Presentation adjustment	1,367	-	-	-	-	-	-	1,367
As at 31 December 2024	28,185	1,549,485	1,222,369	746,190	55,768	6,444	19,936	2,406,008
As at 1 January 2023	4,809	-	-	14,003	-	-	8,347	27,159
Recognition of impairment losses	711	21,701	21,701	29,669	-	-	-	52,081
Recognition of impairment losses	-	-	-	(4,835)	-	-	(1,342)	(6,177)
Decreases	-	-	-	(4,312)	-	-	-	(4,312)
As at 31 December 2023	5,520	21,701	21,701	34,525	-	-	7,005	68,751

The creation and reversal of an impairment loss in respect of property, plant and equipment was recognised in the statement of profit and loss under the heading “Impairment of non-current assets”.

5. INTANGIBLE ASSETS

	SOFTWARE	FEES, LICENSES	GEOLOGICAL INFORMATION	TOTAL
As at 1 January 2024				
Cost or value derived from valuation	7,796	23,855	54,343	85,994
Depreciation	(6,287)	(8,689)	(19,007)	(33,983)
Net carrying amount	1,509	15,166	35,336	52,011
As at 31 December 2024				
Net carrying amount opening balance	1,509	15,166	35,336	52,011
Increases	-	1,137	-	1,137
Decreases	(8)	-	-	(8)
Depreciation and amortisation	(380)	(1,557)	(1,090)	(3,027)
Revaluation charge	(279)	(9,169)	(24,948)	(34,396)
Net carrying amount	842	5,577	9,298	15,717
As at 31 December 2024				
Cost or value derived from valuation	7,163	15,718	29,394	52,275
Depreciation	(6,321)	(10,141)	(20,096)	(36,558)
Net carrying amount	842	5,577	9,298	15,717
As at 1 January 2023				
Cost or value derived from valuation	7,958	23,231	54,343	85,532
Depreciation	(6,027)	(7,511)	(17,647)	(31,185)
Net carrying amount	1,931	15,720	36,696	54,347
As at 31 December 2023				
Net carrying amount opening balance	1,931	15,720	36,696	54,347
Increases	95	960	-	1,055
Decreases	-	(3)	-	(3)
Depreciation and amortisation	(517)	(1,511)	(1,360)	(3,388)
Net carrying amount	1,509	15,166	35,336	52,011
As at 31 December 2023				
Cost or value derived from valuation	7,796	23,855	54,343	85,994
Depreciation	(6,287)	(8,689)	(19,007)	(33,983)
Net carrying amount	1,509	15,166	35,336	52,011

No security has been established on intangible assets. In both 2024 and 2023, the Company did not generate intangible assets in-house.

Depreciation and amortisation of intangible assets is recognised in the statement of profit or loss under the following items:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Cost of products, goods and materials sold	(2,703)	(3,049)
Cost of sales	(15)	(18)
Administrative expenses	(309)	(321)
Total	(3,027)	(3,388)

Impairment losses on intangible assets are recognised when there are indications that the Company will not derive future economic benefits from its intangible assets.

Following the identification of indications of possible impairment of non-current assets, the Company carried out an impairment test as at 31 December 2024. A detailed description of the impairment test for non-current assets, including intangible assets, is provided in Note 4.3.

The balance of impairment losses for intangible assets is shown in the table below:

	SOFTWARE	FEEES AND LICENSES	GEOLOGICAL INFORMATION	TOTAL
As at 1 January 2024	-	-	1,780	1,780
Recognition of impairment losses	279	9,169	24,948	34,396
As at 31 December 2024	279	9,169	26,728	36,176
As at 1 January 2023	-	-	1,780	1,780
As at 31 December 2023	-	-	1,780	1,780

The creation and reversal of an impairment loss in respect of intangible assets was recognised in the statement of profit and loss under the heading “Impairment of intangible assets”.

6. LEASES

6.1 Right-of-use asset

The table below shows the changes in the right-of-use asset:

	RIGHT OF PERPETUAL USUFRUCT OF LAND	MEANS OF TRANSPORT	TOTAL
As at 1 January 2024			
Cost or value derived from valuation	16,042	12,786	28,828
Depreciation	(2,369)	(346)	(2,715)
Net carrying amount	13,673	12,440	26,113
As at 31 December 2024			
Net carrying amount opening balance	13,673	12,440	26,113
Increases	243	-	243
Decreases	-	(131)	(131)
Depreciation and amortisation	(489)	(4,103)	(4,592)
Net carrying amount	13,427	8,206	21,633
As at 31 December 2024			
Cost or value derived from valuation	16,284	12,651	28,935
Depreciation	(2,857)	(4,445)	(7,302)
Net carrying amount	13,427	8,206	21,633
As at 1 January 2023			
Cost or value derived from valuation	16,042	13,953	29,995
Depreciation	(1,881)	(11,317)	(13,198)
Net carrying amount	14,161	2,636	16,797
As at 31 December 2023			
Net carrying amount opening balance	14,161	2,636	16,797
Increases	-	12,848	12,848
Other	-	158	158
Depreciation and amortisation	(488)	(3,202)	(3,690)
Net carrying amount	13,673	12,440	26,113
As at 31 December 2023			
Cost or value derived from valuation	16,042	12,786	28,828
Depreciation	(2,369)	(346)	(2,715)
Net carrying amount	13,673	12,440	26,113

Costs relating to the right-of-use asset are recognised as follows:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Amortisation of the right-of-use asset	4,592	3,690
Financial costs	1,334	567
Total	5,926	4,257

The change in lease liabilities and the balance as at 31 December 2024 is shown in the table below:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Status as at 1 January	28,291	18,368
Increases	243	12,848
Decreases	(138)	-
Other changes	-	158
Principal instalment under finance lease agreements	(3,952)	(3,083)
Status as at 31 December	24,444	28,291

The maturity structure of lease liabilities as at 31 December 2024 is shown in the table below:

	AS AT 31 DECEMBER 2024	AS AT 31 DECEMBER 2023
Below 1 year	4,353	4,011
from 1 to 2 years	4,422	4,353
From 2 to 5 years	272	4,601
Over 5 years	15,397	15,326
Total	24,444	28,291

6.2 Minimum future payments under irrevocable lease agreements

The minimum future payments under irrevocable lease agreements that do not fall within the scope of IFRS 16 “Leases” are as follows:

	AS AT 31 DECEMBER 2024	AS AT 31 DECEMBER 2023
Below 1 year	241	272
from 1 to 2 years	595	244
From 2 to 5 years	-	691
Minimum future payments	836	1,207

The Company is a party to lease agreements for specialist machinery and equipment and means of transportation that do not meet the criteria for recognising them as finance leases. Lease agreements are concluded for terms of different length. In part, they are short-term contracts to verify the quality of workmanship and suitability of the machines and equipment in the production process. Agreements concluded for a period longer than 2 years contain a clause offering an option to index the rate by the price index of goods and services.

Selected short-term agreements are not covered by the scope of IFRS 16 “Leases” and as such are not presented in the balance sheet as “Right-of-use assets”.



7. NON-CURRENT INVESTMENTS

	SHARES	TOTAL
As at 31 December 2024		
Net carrying amount opening balance	75,601	75,601
Net carrying amount closing balance	75,601	75,601
As at 31 December 2023		
Net carrying amount opening balance	75,601	75,601
Net carrying amount closing balance	75,601	75,601

Non-current investments represent shares held in subsidiaries.

The Company holds shares in the following entities: 88.7% of shares in "Łęczyńska Energetyka" Sp. z o.o.; 100% of shares in EkoTRANS Bogdanka Sp. z o.o.; 100% of shares in RG "Bogdanka" Sp. z o.o.; and 100% of shares in MR Bogdanka Sp. z o.o.

The Company made no new non-current investments in 2024.

8. TRADE RECEIVABLES AND OTHER RECEIVABLES

	AS AT 31 DECEMBER 2024	AS AT 31 DECEMBER 2023
Trade receivables	532,829	558,378
Allowance for uncollectible accounts	(5,121)	(5,770)
Net trade receivables	527,708	552,608
Prepayments and accruals	47,982	37,221
Other receivables	4,515	247
Short-term part	580,205	590,076
Prepayments and accruals	353	24
Long-term part	353	24
Total trade receivables and other receivables	580,558	590,100

The fair value of trade and other receivables is not significantly different from their carrying value.

All the Company's receivables are denominated in Polish zloty.

Changes in the balance of revaluation charge for trade receivables are presented in the following table:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
As at 1 January	5,770	6,718
Recognition of a charge	537	255
Receivables written off as uncollectible during the year	(1,137)	(109)
Reversal of unused amounts	(49)	(1,094)
As at 31 December	5,121	5,770

The impairment loss allowance for receivables was recognized and reversed in the statement of profit or loss in the "Selling costs" item. The other categories of trade receivables and other receivables do not contain any items of a reduced value.

The age structure of impaired receivables is shown in the table below:

	AS AT 31 DECEMBER 2024	AS AT 31 DECEMBER 2023
Up to 1 month	-	2
Over 12 months	5,121	5,768
Total	5,121	5,770

The age structure of overdue receivables which do not show signs of impairment is presented in the table below:

	AS AT 31 DECEMBER 2024	AS AT 31 DECEMBER 2023
Up to 1 month	26	1,374
1 to 3 months	9	1
3 to 6 months	4	5
Total	39	1,380

The maximum exposure to credit risk as at the reporting date is the fair value of each category of receivables listed above.

9. INVENTORIES

	AS AT 31 DECEMBER 2024	AS AT 31 DECEMBER 2023
Materials	176,843	182,465
Impairment loss for materials	-	(8)
Finished products	52,311	147,459
Total	229,154	329,916

Due to the nature of the Company's operations, it is extremely important to ensure the continuity of the mining process and minimise downtime caused by breakdowns and maintenance. Therefore, the Company maintains a stock of key materials and spare parts, in particular, such as roadway supports, ropes for hoisting (shaft) machines and consumable parts for road headers and longwall shearer systems.

The cost of inventories in the statement of profit and loss is recognised in the item "Cost of products, goods and materials sold", the total value of which in 2024 amounted to PLN 2,843,689 thousand (2023: PLN 2,793,404 thousand).

Changes in the impairment loss for inventories are shown in the table below:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
As at 1 January	8	104
Use of allowance	(8)	(2)
Reversal of unused allowance	-	(94)
Total	-	8

The creation/reversal of the impairment loss for inventories is recognised in the statement of profit or loss under "Other net profits / (losses)".

No security has been established on inventories.

10. CASH AND CASH EQUIVALENTS

	AS AT 31 DECEMBER 2024	AS AT 31 DECEMBER 2023
Cash in bank	16,405	54,100
Bank deposits	968,759	819,704
Total	985,164	873,804
Of which:		
- long-term part***	177,394	165,248
- short-term part	807,770	708,556
Total	985,164	873,804

*** Restricted cash

The value of restricted cash amounted to PLN 197,339 thousand as at 31 December 2024 (31 December 2023: PLN 208,044 thousand), including PLN 177,394 thousand (at 31 December 2023: PLN 165,248 thousand) of funds accumulated within the Mine Closure Fund to cover the costs of decommissioning the mine, while the remaining amount relates to cash accumulated in separate VAT accounts and collateral received.

The Company's cash holdings are denominated in PLN.

The effective interest rates on short-term bank deposits approximate nominal interest rates, and the fair value of short-term bank deposits is not materially different from their carrying amount.

Interest rates are based on WIBID rates, which were at the following levels:

2024: 2.0%-5.2%; 2023: 3.0%-6.2%.

The maximum exposure to credit risk as at the reporting date is the fair value of each category of cash listed above.

11. SHARE CAPITAL

	NUMBER OF SHARES (in thousand)	COMMON EQUITY PAR VALUE	HYPERINFLATION ADJUSTMENT	TOTAL
As at 1 January 2024	34,014	170,068	131,090	301,158
As at 31 December 2024	34,014	170,068	131,090	301,158
As at 1 January 2023	34,014	170,068	131,090	301,158
As at 31 December 2023	34,014	170,068	131,090	301,158

All shares issued by the Company have been fully paid up.

12. OTHER CAPITAL

According to the Articles of Association, the Company may create supplementary capital and other reserve capital, the purpose of which is stipulated by law and resolutions of the governing bodies. Other reserve capital include, among others, reserve capital from the issue of Management Options and capital from the valuation of cash flow hedges (in the part considered to be effective hedging).

Other capital on account of the Management Option Issue Programme

Other capitals from the Management Option Issue Programme are related to the Management Option Programme adopted by resolution of the Company's Supervisory Board on 30 September 2013 for the years 2013-2017. In Q3 2018, agreements were signed between the Company and all beneficiaries of the Programme (the individuals to whom the options could potentially be awarded), according to which the beneficiaries' agreements on participation in the Programme were terminated. Compensation of PLN 1 was paid to each beneficiary. With the conclusion of the aforementioned agreements, the Executive Option Programme was ultimately closed. The amount of PLN 3,839 thousand relating to the Programme recognised in the statement of changes in equity under "Other reserve capital" may be transferred to retained earnings.

Capital from valuation of cash flow hedging financial instruments

Other capital may also include derivative financial instruments constituting cash flow hedges (in the portion considered to be an effective hedge) after taking into account the tax effect. In 2023 and 2022, the Company did not hold any financial instruments designated as cash flow hedges.

Retained earnings

The amount of retained earnings consists of, in addition to the current year's net result, also retained earnings from prior years, non-transferable actuarial gains/losses on account of defined benefit plans and capitals arising from the valuation of property, plant and equipment at fair value as of the date when IAS/IFRS was first applied.

Non-distributable equity components

Pursuant to Article 396 §1 of the Commercial Company Code, which is applicable to the Company, supplementary capital must be established to cover potential losses and at least 8% of the profit for the financial year is allocated to the supplementary capital until the capital reaches at least one-third of the share capital. This part of the supplementary capital is not available for distribution to shareholders. As at 31 December 2023 and 31 December 2022, this value was PLN 100,386 thousand.

Actuarial gains and losses relating to provisions for post-employment benefits recognised through other comprehensive income are also excluded from distribution.

13. TRADE LIABILITIES AND OTHER LIABILITIES

	AS AT 31 DECEMBER 2024	AS AT 31 DECEMBER 2023
Trade liabilities	244,749	287,294
Other liabilities, including:	248,493	222,163
- Company Social Benefit Fund	707	513
- liabilities due to bid deposits	1,175	4,768
- investment liabilities	66,068	67,004
- liabilities due to wages	86,469	99,892
- other liabilities	94,074	49,986
Total financial liabilities	493,242	509,457
Liabilities due to social security and other taxes	121,700	137,711
Trade and other liabilities	614,942	647,168
Of which:		
- long-term part	16,295	20,604
- short-term part	598,647	626,564
Total	614,942	647,168

The fair value of trade and other liabilities is not significantly different from their carrying value.

14. SUBSIDIES

	AS AT 31 DECEMBER 2024	AS AT 31 DECEMBER 2023
Status as at 1 January	10,792	11,220
Of which:		
- long-term part	10,262	10,732
- short-term part	530	488
Subsidies received	1,028	83
Subsidies settled during the year	(726)	(511)
Status as at 31 December	11,094	10,792
Of which:		
- long-term part	10,423	10,262
- short-term part	671	530

Received subsidies relating to non-current assets will be settled in full upon total depreciation, sale or liquidation of an asset financed by it. The presentation of the subsidy settlement is included in [Note 2.20](#).

15. FINANCIAL INSTRUMENTS

15.1 Financial instruments by category

	FINANCIAL ASSETS MEASURED AT AMORTISED COST	TOTAL
Assets according to the statement of financial position		
Trade receivables	527,708	527,708
Cash and cash equivalents	985,164	985,164
As at 31 December 2024	1,512,872	1,512,872

	FINANCIAL ASSETS MEASURED AT AMORTISED COST	TOTAL
Assets according to the statement of financial position		
Trade receivables	552,608	552,608
Cash and cash equivalents	873,804	873,804
As at 31 December 2023	1,426,412	1,426,412

	LIABILITY MEASURED AT AMORTISED COST	LIABILITY MEASURED AT FAIR VALUE	TOTAL
Liabilities according to the statement of financial position			
Trade and other financial liabilities and liabilities due to contracts with customers	311,267	-	311,267
Lease liabilities	24,444	-	24,444
As at 31 December 2024	335,711	-	335,711
Interest and commissions paid			
Interest	1,334	-	1,334
Total	1,334	-	1,334

	LIABILITY MEASURED AT AMORTISED COST	LIABILITY MEASURED AT FAIR VALUE	TOTAL
Liabilities according to the statement of financial position			
Trade and other financial liabilities and liabilities due to contracts with customers	354,824	-	354,824
Lease liabilities	28,291	-	28,291
As at 31 December 2023	383,115	-	383,115
Interest and commissions paid			
Interest	568	-	568
Total	568	-	568

15.2 Hierarchy of financial instruments

Hierarchy of financial instruments measured at fair value.

Financial instruments carried at fair value may be classified as belonging to the following valuation models:

- Level 1: quoted (unadjusted) prices on active markets for identical assets and liabilities,
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (e.g. as prices) or indirectly (as derived from provisions),
- Level 3: inputs that are not based on unobservable market prices (unobservable inputs).

As at 31 December 2024, the Company had no financial instruments measured at fair value.

15.3 Financial risk factors

The Company's operations expose it to a variety of financial risks: market risk (including: cash flow risk due to changes in interest rates), credit risk, currency risk and liquidity risk. The Company's overall risk management program focuses primarily on ensuring the Company's security (safeguarding its operations), ensuring the effectiveness of its decisions aimed at maximizing profits at an acceptable level of risk, and ensuring adequate liquidity to meet the investment tasks set for the Company. The objective of interest rate risk management is to limit the adverse effects of changes in market interest rates on cash flows to a level acceptable to the Company and to minimize financing costs.

There is a significant concentration of risk only in the case of credit risk. For the remaining risks, such concentration is not recorded.

15.3.1 Cash flow volatility risk caused by changes in interest rates

Since the Company has a significant level of interest-bearing assets, the Company's income and its cash flow from operating activities are dependent on changes in market interest rates.

Assets exposed to the risk of changes in interest rates include cash held on deposit as well as long-term cash relating to the Mine Closure Fund. In the case of liabilities, the risk of changes in interest rates may be associated in particular with short-term and long-term debt instruments and loans with variable interest rates as they may expose the Company to the risk of changes in cash flows as a result of interest rate changes. However, it should be noted that at the end of 2023 and 2024, the Company did not use any external financing.

Based on data for 2024 and 2023 on the Company's interest-bearing assets, the sensitivity of changes in financial income to changes in interest rates was estimated. The value of assets exposed to interest rate risk at 31 December 2024 from bank deposits of free funds amounts to PLN 807,770 thousand (31 December 2023: PLN 708,556 thousand) and from assets of the Mine Liquidation Fund PLN 177,394 thousand (31 December 2023: PLN 165,248 thousand).

The change in the result in financial income is shown in the tables below:

The impact of a change in interest rates on financial income from deposits at 31 December 2024:

CHANGE IN INTEREST RATE	-1 p.p.	-0.5 p.p.	+0.5 p.p.	+1 p.p.
Estimated impact	(8,078)	(4,039)	4,039	8,078

The impact of a change in interest rates on financial income from deposits at 31 December 2023:

CHANGE IN INTEREST RATE	-1 p.p.	-0.5 p.p.	+0.5 p.p.	+1 p.p.
Estimated impact	(7,086)	(3,543)	3,543	7,086

The value of assets relating to the Mine Closure Fund exposed to interest rate risk as at 31 December 2024 is PLN 177,394 thousand (PLN 165,248 thousand as at 31 December 2023).

Impact of interest rate changes on financial income from the collection of funds for the Mine Closure Fund as at 31 December 2024:

CHANGE IN INTEREST RATE	-1 p.p.	-0.5 p.p.	+0.5 p.p.	+1 p.p.
Estimated impact	(1,774)	(887)	887	1,774

Impact of interest rate changes on financial income from the collection of funds for the Mine Closure Fund (FLK) as at 31 December 2023:

CHANGE IN INTEREST RATE	-1 p.p.	-0.5 p.p.	+0.5 p.p.	+1 p.p.
Estimated impact	(1,652)	(826)	(826)	(1,652)

Benchmark reform

Due to the ongoing process of implementation of a new benchmark in the Polish financial market (managed by the Steering Committee of the National Working Group (KS NGR), established in connection with the reform of benchmarks), at the moment it seems that POLSTR will be the most likely benchmark and it will ultimately replace the currently used interest rate benchmarks, WIBOR and WIBID. The Company will conduct a detailed analysis when the implementation of the new benchmark is completed (the exact date for completion of the process is not yet known).

Nevertheless, due to the absence of long-term financial instruments (both assets and liabilities) based on WIBID/WIBOR, the Company does not identify any significant risk in this respect at the moment.

15.3.2 Foreign exchange risk

The Company enters into certain transactions denominated in foreign currencies, and therefore there is a risk of exchange rate fluctuations. The Company is primarily exposed to the risk of changes in the EUR/PLN and USD/PLN exchange rates.

As of the end of 2024, there were no significant foreign exchange transactions, nevertheless the Company does not rule out that in the future there may again be transactions related to the purchase of specialised equipment and machinery due to the need to renew its machinery (specialised equipment and machinery used in mining operations), which may also be subject to foreign exchange risk, as these purchases are often denominated in EUR. It is not excluded that USD/EUR-denominated sales transactions will also emerge.

As at 31 December 2024, the Company had no significant financial assets exposed to foreign exchange risk (as at 31 December 2023: PLN 264 thousand). The financial liabilities exposed to foreign exchange risk at 31 December 2024, on the other hand, amounted to PLN 392 thousand (31 December 2023: PLN 1,289 thousand) and related to liabilities for the purchase of materials. A 1% increase or decrease in the exchange rate would not result in any material impact on the financial result before tax.

15.3.3 Credit Risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to the Company's customers. In the case of banks and financial institutions, only entities with high credibility (having at least an investment grade rating) are accepted. In addition, the Company has a policy limiting excessive credit exposure to individual financial institutions. With regard to customers, the Company sells mainly to regular customers whose reliability is based on past cooperation experience.

The value of credit risk exposure and the concentration of this risk are shown in the table below:

	AS AT 31 DECEMBER 2024	AS AT 31 DECEMBER 2023
Cash and bank deposits	985,164	873,804
Short-term trade receivables	527,708	552,608
Total credit risk exposure	1,512,872	1,426,412
Receivables from 7 main customers	510,730	541,364
Degree of concentration of credit risk on receivables from 7 major customers	97%	98%
Cash deposited with Bank Gospodarstwa Krajowego (as a percentage of total cash and bank deposit balance)	99.2%	99.2%
Cash deposited with mBank S.A. (as a percentage of total cash and bank deposit balance)	0.8%	0.7%
Cash deposited with PEKAO S.A. bank. (as a percentage of total cash and bank deposit balance)	below 0.1 %	below 0.1 %
Cash deposited with PKO Bank Polski S.A. (as a percentage of total cash and bank deposit balance)	below 0.1 %	below 0.1 %

The payment situation of the Company's main customers is assessed as good, hence credit risk is rated as low. The Company has been cooperating with these customers for a long time, and there are no problems in receiving payments. On the other hand, sales to new customers are made on a prepayment basis. Receivables from other customers do not account for a significant share of total trade receivables.

The banks where the Company's cash and deposits are concentrated have the following ratings (data current as of the date of these financial statements):

- Bank PEKAO S.A. - Fitch's long-term rating: BBB (stable outlook),
- Bank Gospodarstwa Krajowego - Fitch long-term rating: A- (stable outlook),
- Bank PKO BP S.A. - Moody's long-term rating: A2 (stable outlook),
- mBank S.A. - Fitch's long-term rating: BBB- (stable outlook).

15.3.4 Liquidity risk

Prudent management of liquidity risk requires, among others, maintenance of an appropriate level of cash and available credit through a sufficient amount of granted credit facilities. The Company's Management Board monitors the Company's current liquidity forecasts (consisting of unused credit limits - when applicable - and cash and cash equivalents) based on expected cash flows. By preparing this forecast, deviations between actual cash flow and cash requirements are eliminated.

The table below contains an analysis of the Company's financial liabilities in respective age groups, distributed according to time to contractual maturity on the balance sheet date. The amounts presented in the table represent undiscounted contractual cash flows. The balance to be repaid within 12 months is posted at carrying amounts plus interest, if any.

BALANCE AS AT 31 DECEMBER 2024	BELOW 1 YEAR	FROM 1 TO 2 YEARS	FROM 2 TO 5 YEARS	OVER 5 YEARS
Trade and other liabilities	294,974	4,667	2,007	19,024
Lease liabilities	5,345	5,043	1,563	32,869
Total	300,319	9,710	3,570	51,893

BALANCE AS AT 31 DECEMBER 2023	BELOW 1 YEAR	FROM 1 TO 2 YEARS	FROM 2 TO 5 YEARS	OVER 5 YEARS
Trade and other liabilities	334,220	4,667	6,037	19,661
Lease liabilities	5,334	5,334	6,052	32,334
Total	339,554	10,001	12,089	51,995

Liabilities due less than 1 year are mostly payable within 3 months of the balance sheet date.

15.3.5 Sensitivity analysis of the financial result to a change in coal prices

Based on 2024 data for the Company's core business, the sensitivity of the financial result to changes in factors arising from market risks (coal price) was estimated.

The analysis shows that a 1% increase in the unit price of coal (which translates into a 1% increase in coal sales revenue) results in a 4.0% increase in profit on sales (gross profit – administrative expenses – selling costs). Analogically, a 1% decrease in the price of coal results in a 4.0% decrease in the result on sales.

The change in the result in the other ranges analysed (assuming the other factors are constant) is shown in the table below:

CHANGE IN PRICE	-15%	-10%	-5%	-2%	-1%	0%	1%	2%	5%	10%	15%
Change in the result	-59.4%	-39.6%	-19.8%	-7.9%	-4.0%	-%	4.0%	7.9%	19.8%	39.6%	59.4%

The Company mitigates the risk of energy commodity prices to some extent by signing long-term commercial contracts with major steam coal buyers.

15.4 Capital risk management

The Company's goal in capital/financial risk management is to protect the Company's ability to continue as a going concern (in particular, to provide financing for the investments it makes) as well as to ensure adequate funds for current operations, enabling it to pay its maturing liabilities on time. The Company's goal in managing financial risk is also to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Company may adjust the amount of dividends declared for payment to shareholders, return capital to shareholders or issue new shares, or sell assets to decrease its borrowings.

As part of its capital management, the Company focuses on managing cash and cash equivalents, as well as potential indebtedness arising from lease obligations, loans, as well as those that may arise in the future from bond issues.

As at the end of 2024 and 2023, the Company had no financial liabilities from loans, borrowings or bond issues.

The ratio of net debt to capital employed is shown in the table below:

	AS AT 31 DECEMBER 2024	AS AT 31 DECEMBER 2023
Lease liabilities	24,444	28,291
less: cash and cash equivalents	(985,164)	(873,804)
Net debt	(960,720)	(845,513)
Total equity	2,673,636	4,283,487
Capital employed	1,712,916	3,437,974

16. PROVISION FOR EMPLOYEE BENEFITS

	AS AT 31 DECEMBER 2024	AS AT 31 DECEMBER 2023
Provisions recognised in the statement of financial position:		
Retirement and disability benefits	116,071	72,917
Service anniversary awards	180,116	157,487
Other employee benefits (unused holiday leave, salaries, death benefits and others)	40,593	30,881
Total	336,780	261,285

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR 1 JANUARY TO 31 DECEMBER 2023
Costs recognised in the statement of profit or loss:		
Retirement and disability benefits	24,114	8,323
Service anniversary award	41,325	42,655
Other employee benefits (unused holiday leave, salaries, death benefits and others)	26,460	26,273
Total	91,899	77,251

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Losses recognised in the statement of comprehensive income:		
Retirement and disability benefits	23,684	2,758
Other employee benefits (death benefits)	1,949	274
Total	25,633	3,032

Change in provisions for employee benefits:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
As at 1 January	261,285	222,335
Current employment costs (including unused holiday leave, salaries, death benefits and others)	45,512	43,254
Costs of past employment	15,339	-
Interest costs	10,840	11,467
Actuarial losses recognised in the statement of profit or loss	20,208	22,530
Actuarial losses recognised in the statement of comprehensive income	25,633	3,032
Total recognised in comprehensive income	117,532	80,283
Benefits paid	(42,037)	(41,333)
As at 31 December	336,780	261,285
Of which:		
- long-term part	264,660	204,537
- short-term part	72,120	56,748

The amounts recognised in the statement of profit or loss and statement of comprehensive income in 2024 are as follows:

	BENEFITS DURING EMPLOYMENT	POST- EMPLOYMENT BENEFITS	TOTAL
Balance of liabilities as at 1 January	183,296	77,989	261,285
Current employment costs (including unused holiday leave, salaries, death benefits and others)	39,599	5,913	45,512
Costs of past employment	-	15,339	15,339
Interest costs	7,306	3,534	10,840
Actuarial losses recognised in the statement of profit or loss	20,208	-	20,208
Actuarial losses recognised in the statement of comprehensive income	-	25,633	25,633
Total losses recognised in the statement of comprehensive income	67,113	50,419	117,532

The amounts recognised in the statement of profit or loss and statement of comprehensive income in 2023 are as follows:

	BENEFITS DURING EMPLOYMENT	POST-EMPLOYMENT BENEFITS	TOTAL
Balance of liabilities as at 1 January	152,731	69,604	222,335
Current employment costs (including unused holiday leave, salaries, death benefits and others)	38,142	5,112	43,254
Interest costs	7,632	3,835	11,467
Actuarial losses recognised in the statement of profit or loss	22,530	-	22,530
Actuarial losses recognised in the statement of comprehensive income	-	3,032	3,032
Total losses recognised in the statement of comprehensive income	68,304	11,979	80,283

Employee benefit costs are captured in the following items in the statement of profit or loss and in the statement of comprehensive income:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Cost of products, goods and materials sold	72,378	59,199
Sales costs	397	342
Administrative expenses	8,284	6,243
Financial costs	10,840	11,467
Total recognised in the statement of profit and loss	91,899	77,251
Actuarial losses recognised in the statement of comprehensive income	25,633	3,032
Total recognised in the statement of comprehensive income	117,532	80,283

Key actuarial assumptions used in the valuation:

	AS AT 31 DECEMBER 2024	AS AT 31 DECEMBER 2023
Discount rate	5.60%	5.30%
Employee mobility rate	0.50%	0.47%
Wage increases in the next year	5.50%	8.10%
Wage increases in 2026 (2023: in 2025)	3.85%	4.10%
Wage increases in 2027 (2023: in 2026)	3.60%	3.10%
Wage increases from 2028 (2023: from 2027)	3.50%	2.50%

The assumptions regarding future mortality are established based on opinions, published statistics and experience in the area. Average life expectancy (in years) of persons retiring as of the balance sheet date:

	AS AT 31 DECEMBER 2024	AS AT 31 DECEMBER 2023
Males	16.13	15.32
Women	24.36	23.59

Weighted average duration of the defined benefit plan liability (in years):

	AS AT 31 DECEMBER 2024	AS AT 31 DECEMBER 2023
Retirement and disability benefits	10.56	10.61
Service anniversary awards	8.20	8.50
Death benefits	6.54	6.70

17. PROVISION FOR OTHER LIABILITIES AND CHARGES

	PROVISION FOR MINE CLOSURE COSTS AND RECLAMATION OF LAND	MINING DAMAGE	LITIGATION	OTHER	TOTAL
As at 1 January 2024	169,102	7,352	8,566	189	185,209
Including:					
Long-term	169,102	-	-	-	169,102
Short-term	-	7,352	8,566	189	16,107
Recognised in the statement of financial position:					
- Revaluation of the provision created	(5,193)	-	-	-	(5,193)
Recognised in the statement of profit and loss:					
- Additional provisions created	579	6,935	2,353	391	10,258
- Use of the provision created	-	(3,519)	(3,701)	(189)	(7,409)
- Settlement of a discount	8,962	-	-	-	8,962
As at 31 December 2024	173,450	10,768	7,218	391	191,827
Including:					
Long-term	173,450	-	-	-	173,450
Short-term	-	10,768	7,218	391	18,377
As at 1 January 2023	155,452	6,844	5,520	160	167,976
Including:					
Long-term	155,452	-	-	-	155,452
Short-term	-	6,844	5,520	160	12,524
Recognised in the statement of financial position:					
- Revaluation of the provision created	(3,047)	-	-	-	(3,047)
Recognised in the statement of profit and loss:					
- Additional provisions created	6,593	6,769	3,046	189	16,597
- Use of the provision created	-	(6,261)	-	(160)	(6,421)
- Settlement of a discount	10,104	-	-	-	10,104
As at 31 December 2023	169,102	7,352	8,566	189	185,209
Including:					
Long-term	169,102	-	-	-	169,102
Short-term	-	7,352	8,566	189	16,107

Mine closure and reclamation of land

The Company recognises the provision for mine closure and reclamation of land as required by the applicable provisions of law. The calculated amount of mine closure and land reclamation costs as at 31

December 2024 is PLN 173,450 thousand, including the provision for mine closure of PLN 156,409 thousand and a provision for land reclamation of PLN 17,041 thousand. The change in provisions compared to the balance as at 31 December 2023 amounted to PLN 4,348 thousand, with the increase resulting from the reversal of the discount allowance in the amount of PLN 8,962 thousand recognised in the statement of profit or loss under “Financial costs”, the increase resulting from the update of the provision for land reclamation in the amount of PLN 579 thousand was recognised under “Costs of products, goods and materials sold”, while a decrease resulting from the updating of assumptions, in the total amount of PLN 5,193 thousand was recognised in the statement of financial position as a decrease in the item “Property, plant and equipment.”

Removal of mining damages

Due to the need to remedy the damage caused by its operations, the Company recognises a provision for mining damages. The estimated value of the work required to repair the damage as at 31 December 2024 is PLN 10,768 thousand, with the amount primarily related to the planned costs that will have to be incurred in connection with securing buildings, repairing damage to buildings and roads and in connection with compensation for damage to agricultural land. The amount of the provision used in 2024 was in total PLN 3,519 thousand (PLN 6,261 thousand in the previous year).

Litigation

The stated amounts represent a provision for certain legal claims brought against the Company by its clients and suppliers. The amount of provisions recognised/reversed in the current period is recognised in the statement of profit or loss as other revenues/costs. According to the judgement of the Company’s Management Board, supported by relevant legal opinions, the reporting of these claims will not cause any significant losses in amounts exceeding the amount of provisions recognised as at 31 December 2023. The utilisation of the provision in 2024 in the amount of PLN 3,701 thousand mainly relates to the payment of legal claims for patents adjudicated in favour of the plaintiffs in connection with the judgement of the Court of Appeals of 15 February 2024.

18. SALES REVENUES

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Sales of coal	3,589,105	3,874,226
Other operations	54,109	51,489
Sales of goods and materials	16,514	12,940
Total revenues on sales	3,659,728	3,938,655

The main categories of contracts in the above revenue types include:

- Coal sales contracts relating to the Company’s core business; there are two types of these contracts – with the transport service (in which the Company organises transport to the customer) or without the service.
- Contracts relating to the sale of goods and materials, mainly scrap metal; revenues from such contracts represent a small percentage of all revenue from sales. The total amount of all revenues on this account in 2023 was PLN 16,514 thousand (PLN 12,940 thousand in the previous year).
- Contracts relating to sales of other services, with the highest amounts being revenues from the rental of space in shower rooms (hooks and lockers). This service is provided almost exclusively to the Company’s sub-contractors (providing mining services to the Company) whose employees are obliged by OHS regulations to use shower rooms. The total amount of revenue from sales from the rental of shower room space in 2024 was PLN 13,994 thousand (PLN 13,049 thousand in the previous year).

19. COSTS BY TYPE

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Depreciation and amortisation	386,703	442,882
Consumption of materials and energy	1,045,922	1,209,903
Third party services	611,818	666,241
Employee benefits	1,203,138	1,174,302
Representation and advertising costs	17,117	20,587
Taxes and fees	58,633	51,283
Other costs by type	62,185	6,223
Total costs by type	3,385,516	3,571,421
Value of benefits produced for own use	(481,744)	(490,163)
Prepayments and accruals	(10,742)	(594)
Provisions and other presentation adjustments between expenses by nature and by function	92,102	97,185
Total production costs	2,985,132	3,177,849
Movement in products	95,148	(142,492)
Value of goods and materials sold	15,707	11,718
Own cost of production sold, including:	3,095,987	3,047,075
- Cost of products, goods and materials sold	2,843,689	2,793,404
- Costs of sales	60,386	64,888
- Administrative expenses	191,912	188,783

20. OTHER REVENUES

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Compensations received	2,719	2,600
Reversal of other provisions for liabilities	275	214
Reversal of impairment losses	1,714	125
Excise tax refund	253	98
Other revenues	35	63
Total other income	4,996	3,100

21. OTHER COSTS

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Donations	(2,464)	(5,912)
Enforcement fees and penalties	(252)	(380)
Claims	(408)	(160)
Other	(243)	(434)
Total other costs	(3,367)	(6,886)

22. OTHER NET LOSSES

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Profit on the sale of fixed assets	32	164
Exchange gains or losses	(91)	(199)
Result on the liquidation of fixed assets	(735)	(2,462)
Establishment of other provisions	(112)	(3,046)
Other gains/(losses)	(1,377)	23
Total other losses - net	(2,283)	(5,520)

23. FINANCIAL INCOME AND COSTS

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Interest income on short-term bank deposits	35,309	25,325
Dividends received	1,617	3,443
Other revenues, including:	9,856	9,998
- Interest relating to the Mine Closure Fund	9,459	9,375
- Other	397	623
Total financial revenues	46,782	38,766
Interest cost from valuation of employee benefits	(10,840)	(11,467)
Settlement of discount relating to provision for Mine Closure and for land reclamation	(8,962)	(10,104)
Other interest costs and indexation	(2,091)	(1,390)
Interest expenses relating to the lease of fixed assets	(1,334)	(567)
Other costs	(638)	(707)
Total financial costs	(23,865)	(24,235)

24. INCOME TAX

24.1 Tax liability

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Current Tax	96,006	133,749
Deferred tax recognised in profit or loss	(443,240)	28,296
Deferred tax recognised in other comprehensive income:	(4,870)	(576)
- due to actuarial losses recognised in the statement of comprehensive income	(4,870)	(576)
Total	(352,104)	161,469

24.2 Reconciliation of effective tax rate

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Profit before tax	(1,851,288)	849,036
Tax calculated at a rate of 19%	(351,745)	161,317
Correction of income tax for previous years	(1,435)	(559)
Tax effect of revenues permanently excluded from the tax base, of which:	(355)	(702)
- dividend from subsidiaries	(307)	(654)
- notional interest on retained capital	(48)	(48)
Tax effect of costs permanently excluded from the tax base, of which:	6,301	1,989
- payment to the PFRON disabled persons fund	1,785	1,488
- donations	38	58
- depreciation and amortisation	564	431
- other	3,914	12
Income tax charges to financial result	(347,234)	162,045
Effective tax rate	19%	19%

Income tax in the financial statements was assessed using a nominal tax rate for 2024 of 19.0% (2023: 19.0%).

The regulations governing VAT, property tax, corporate income tax, personal income tax, or social security contributions are frequently amended, as a result of which there is often no reference to established regulations or legal precedents. The current regulations also contain ambiguous provisions that result in differences of opinion about the legal interpretation of tax regulations both between various state authorities and between state authorities and businesses.

Tax and other (e.g. customs or foreign exchange) settlements may be audited by authorities, which may levy significant penalties; any additional liabilities determined as a result of the audit must be paid with high interest. Consequently, tax risk in Poland is higher than in countries with better developed tax systems. Tax settlements may be audited for a period of five years. As a result, the amounts stated in the financial statements may change at a later date after the final determination of their amounts by the tax authorities.

24.3 Deferred income tax

Deferred income tax assets and liabilities are offset against each other if the Company has an enforceable legal right to offset current tax assets and liabilities and if the deferred income taxes are subject to the same tax authorities. After the offsetting, the following amounts are shown in the financial statements:

	AS AT 31 DECEMBER 2024	AS AT 31 DECEMBER 2023
Deferred income tax assets		
- to be realised after 12 months	145,510	40,042
- to be realised during 12 months	22,168	14,708
Total deferred income tax assets	167,678	54,750
Deferred income tax liabilities		
- to be realised after 12 months	(6,620)	(338,838)
- to be realised during 12 months	(4,039)	(7,003)
Total deferred income tax liabilities	(10,659)	(345,841)
Deferred income tax assets/(liabilities) - net	157,019	(291,091)

Changes in deferred income tax assets and liabilities during the year (before taking into account their offsetting within one legal jurisdiction) are as follows:

Change in the balance of deferred tax assets

	VALUATION OF FIXED ASSETS	PROVISION FOR EMPLOYEE AND SIMILAR BENEFITS	UNPAID REMUNERATION AND OTHER BENEFITS	PROVISION FOR MINING DAMAGES	OTHER	TOTAL
As at 1 January 2024	-	49,644	77	1,396	3,633	54,750
(Charged)/credited to comprehensive income, including:	94,324	14,344	(4)	650	3,614	112,928
- recognised in the statement of profit and loss	94,324	9,474	(4)	650	3,614	108,058
- recognised in the statement of comprehensive income	-	4,870	-	-	-	4,870
As at 31 December 2024	94,324	63,988	73	2,046	7,247	167,678
As at 1 January 2023	-	42,244	4,346	1,300	973	48,863
(Charged)/credited to comprehensive income, including:	-	7,400	(4,269)	96	2,660	5,887
- recognised in the statement of profit and loss	-	6,824	(4,269)	96	2,660	5,311
- recognised in the statement of comprehensive income	-	576	-	-	-	576
As at 31 December 2023	-	49,644	77	1,396	3,633	54,750

Based on the projections made for the Company, which anticipate earning tax income in 2025 and beyond, it was determined that there is no risk of not realizing the deferred tax asset reported in these financial statements.

Change in deferred tax liabilities

	VALUATION OF FIXED ASSETS	COSTS OF LONGWALL REINFORCEMENT	NET PROVISION FOR MINE CLOSURE COSTS AND RECLAMATION OF LAND****	OTHER	TOTAL
As at 1 January 2024	332,391	5,482	6,448	1,520	345,841
(Charged)/credited to comprehensive income, including:	(332,391)	(1,847)	172	(1,116)	(335,182)
- recognised in the statement of profit and loss	(332,391)	(1,847)	172	(1,116)	(335,182)
As at 31 December 2024	-	3,635	6,620	404	10,659
As at 1 January 2023	302,684	1,901	7,573	76	312,234
(Charged)/credited to comprehensive income, including:	29,707	3,581	(1,125)	1,444	33,607
- recognised in the statement of profit and loss	29,707	3,581	(1,125)	1,444	33,607
As at 31 December 2023	332,391	5,482	6,448	1,520	345,841

**** The item includes the total value of non-current assets and provisions, related to the decommissioning of the mine and land reclamation

24.4 Current income tax receivables and liabilities

The current income tax receivables of PLN 1,591 thousand relate entirely to 2024. At the end of previous year, the Company reported a liability on account of this tax, amounting to PLN 11,854 thousand.

25. EARNINGS PER SHARE

Basic

Basic earnings/(losses) per share are calculated as the quotient of profit/(loss) attributable to the Company's shareholders and the weighted average number of ordinary shares during the year.

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Profit/(Loss) attributable to shareholders of the Company	(1,504,054)	686,991
Weighted average number of ordinary shares (in thousand)	34,014	34,014
Basic earnings/(loss) per share (PLN)	(44.22)	20.20

Diluted

Diluted earnings/(losses) per share are calculated by adjusting the weighted average number of ordinary shares as if the conversion to potential dilutive ordinary shares had occurred. As at 31 December 2024, the Company did not have any instruments giving rise to potential dilution of ordinary shares.

26. DIVIDEND PER SHARE

The dividend per share ratio is calculated as the quotient of the dividend payable to Company shareholders and the number of ordinary shares outstanding as at the dividend record date.

On 28 June 2024, the Ordinary General Meeting of the Company was held, at which the Shareholders adopted a resolution on the distribution of the 2023 profit, according to which the net profit of the Company in the amount of PLN 686,991 thousand was allocated as follows:

- the amount of PLN 85,034 thousand was allocated for the dividend,
- the remaining amount, i.e. PLN 601,957 thousand, was allocated for the reserve capital of the Company.

The resulting ratios measuring dividends due to Company's shareholders are presented in the table below:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Dividend due and disbursed	85,034	87,755
Number of ordinary shares at the dividend record date (in thousand)	34,014	34,014
Dividend per share (in PLN)	2.50	2.58

In 2024, the Company incurred the loss in the amount of PLN 1,504,054 thousand. The Management Board of the Company is in the process of analysing the recommendations on the methods to cover the loss for 2024. The decision is expected in mid-Q2 2025

27. ADDITIONAL INFORMATION FOR RECONCILIATION OF CONSOLIDATED CASH FLOWS FROM OPERATING ACTIVITIES

	NOTE	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Balance sheet change in liabilities, liabilities from contracts with customers and subsidies		(32,002)	239,507
Offsetting income tax overpayments against liabilities due to other taxes		-	44,193
Change in investment liabilities		(11,094)	(965)
Change in liabilities for the purposes of the statement of cash flows		(43,096)	282,735
Increases in fixed assets	4	861,896	764,158
Other non-cash adjustments		(22)	(46)
Change in investment liabilities		(11,094)	(965)
Acquisition of property, plant and equipment		850,780	763,147

28. CONTINGENT ITEMS

The Company has conditional liabilities on account of property tax as well as conditional liabilities and assets on account of legal claims arising in the regular course of business.

Property Tax

In connection with the settlement of property tax on underground roadways, in the part deemed probable by the Company, the Company no longer recognises a provision for property tax. Nevertheless, the potential contingent liability may arise mainly from the existing differences between the Company's position and the position of tax authorities regarding the subject of this tax. The differences are related to the issue whether the underground roadways of the Company contain other structures (in addition to those already declared) within the meaning of the provisions of the Act on Local Taxes and Charges that are taxable with this tax; other differences may also relate to the value of individual structures if it is determined that they are indeed subject to property tax. The scope of the above liability did not change materially as compared to the end of the previous financial year (31 December 2023).

Legal claims relating to patents

The contingent liability for legal claims relating to the fee for co-creators of the inventions covered by Patent No. 206048 and functioning in the Company, for which the Company does not recognise a provision, may result mainly from the inability to assess the grounds for the amount of the claim in question and the difference between the Company's position and the position of the co-creators of the inventions covered by the above patent.

In 2024, there was a significant change in the status of legal claims relating to patents previously reported as a contingent liability. Namely, on 15 February 2024, the Court of Appeals in Warsaw ruled that the plaintiffs were entitled to the remuneration in the amount of PLN 4,075 thousand with interest from 2013, thus largely upholding the Company's appeal. The judgement is final and therefore the Company has made a payment to the plaintiffs. On 15 March 2024, the Company received a written justification for the aforementioned judgement, which was subject to detailed analysis, as a result of which the Company decided to file a cassation appeal.

On 28 May 2024, the Company filed a cassation appeal with the Supreme Court; in addition, the plaintiffs also filed an appeal. The Company is currently waiting for determining a date of hearing on this case.

Price collusion claims

The conditional assets resulting from the legal action brought by the Company on 30 December 2020 against "A. Weber" Sp. z o.o., Minova Ekochem S.A. and "DSI Schaum Chemie" Sp. z o.o. for payment of the amount of PLN 23,124 thousand (principal amount plus interest) as compensation for damage caused as a result of violation of competition law (unlawful anti-competitive arrangements, including price collusion, market sharing and collusive bidding in the purchase of mining chemical products, including polyurethane adhesives). The damage to the Company resulted from the necessity to pay inflated prices due to the prohibited agreements in 2006-2010 (following the decision of the President of UOKiK of 16 December 2013, which was subsequently appealed by the aforementioned penalized entities).

On 11 October 2023, the Supreme Court dismissed the cassation appeal of the President of the UOKiK against the unfavourable judgement of the Court of Appeals in respect of the original decision, which has the effect of removing the decision of the President of the UOKiK finding price collusion from legal circulation. The first trial date was set for 1 August 2024, however, on 24 July 2024, the Company filed a request with the court to refer the case to mediation so the trial date was cancelled. At the moment, the Company is awaiting further Court's decision.

29. FUTURE CONTRACTUAL LIABILITIES

Investment liabilities

Contractual investment liabilities incurred as at the balance sheet date but not yet recognised in the statement of financial position are as follows:

	AS AT 31 DECEMBER 2024	AS AT 31 DECEMBER 2023
Property, plant and equipment	217,676	391,323
Investment liabilities	217,676	391,323

Future contractual liabilities arise mainly under concluded contracts for mining work and for the purchase of mining machinery and equipment, which depend on the amount of preparatory work (excavation of roadways) planned.

30. TRANSACTIONS WITH RELATED PARTIES

All transactions concluded with related parties are concluded in the ordinary course of business of the Company and on an arm's length basis.

Transactions with subsidiaries of the State Treasury of the Republic of Poland

The Company enters into commercial transactions with state and local administration authorities and with subsidiaries of the State Treasury of the Republic of Poland.

Major sales transactions relate to the revenue from sales of steam coal to the following companies: Krajowa Grupa Spożywcza S.A., Zakłady Azotowe w Puławach S.A. (Azoty Group), Energa Elektrownie Ostrołęka S.A., PGNiG Termika S.A., PGE Energia Ciepła S.A., Miejskie Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. in Chełm and local government units (cities and municipalities).

In the reporting periods ended 31 December 2024 and 31 December 2023, the revenue on sales to the above-mentioned entities and the balance of the Company's receivables from these entities were as follows:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Sales in the period	357,706	306,592
Balance of receivables at end of period, including VAT	104,043	32,379

Major purchase transactions include: purchase of materials (roof supports) from Huta Łabędy S.A., purchase of transport services from PKP Cargo S.A., purchase of electricity distribution services from PGE Dystrybucja S.A., purchase of fuel from Orlen Paliwa Sp. z o.o., and fees arising from mining and exploration concessions.

In the reporting periods ended 31 December 2024 and 31 December 2023, the turnover resulting from purchases from the above entities and the balance of amounts payable by the Group to these entities were as follows:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Purchases in the period	341,934	348,237
Balance of liabilities at end of period, including VAT	36,700	39,427

Transactions with ENEA Group companies

Purchase transactions include primarily the the purchase of electricity from ENEA S.A. and the purchase of services from Enea Centrum Sp. z o.o.

In the reporting periods ended 31 December 2024 and 31 December 2023, the turnover resulting from purchases from ENEA Group companies and the amounts payable by the Group to these entities were as follows:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Purchases in the period, of which:	274,246	396,053
- Purchases of property, plant and equipment	-	16,850
Balance of liabilities at end of period, including VAT	58,419	85,000

Sales transactions mainly relate to the sales of steam coal to ENEA Wytwarzanie Sp. z o.o., Enea Elektrownia Połaniec S.A., Enea Ciepło Sp. z o.o. and Enea Bioenergia Sp. z o.o..

In the reporting periods ended 31 December 2024 and 31 December 2023, the revenue from sales to ENEA Group companies and the balance of the Company's receivables from these entities was as follows:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Sales in the period ¹⁾	3,079,286	3,444,717
Balance of receivables at end of period, including VAT	404,143	482,536

¹⁾including the deposit

In the reporting periods ended 31 December 2024 and 31 December 2023, the values of dividends paid to ENEA Group companies were as follows:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Dividend paid to ENEA Group companies	54,905	56,662

The Company's transactions with subsidiaries in the Lubelski Węgiel Bogdanka Group

The revenue earned by the Company from its cooperation with the "Łęczyńska Energetyka" Sp. z o.o. subsidiary included primarily sales of coal, payments for the lease of space, telecommunications services, investor supervision services and re invoicing of electricity.

Purchase transactions included mainly the purchase of heat, potable water and maintenance of the sewerage and central heating systems, mine water installations and water supply systems.

The revenue earned by the Company from its cooperation with the EkoTRANS Bogdanka Sp. z o.o. subsidiary included mainly payments for the lease of space and telecommunications services.

Purchase transactions included mainly the purchase of services related to transportation, disposal and management of waste created during the washing and purification of coal winnings, as well as land reclamation services.

The revenue earned by the Company from its cooperation with the RG "Bogdanka" Sp. z o.o. subsidiary included mainly payments for the lease of space, fees for the use of equipment and tools and telecommunications services.

Purchase transactions included mainly the purchase of services related to the performance of mining works, auxiliary work in the mine and handling of coal haulage.

The revenue earned by the Company from its cooperation with the MR Bogdanka Sp. z o.o. subsidiary included mainly payments for the lease of space and telecommunications services.

Purchase transactions comprised mainly the purchase of services related to the renovation of mining machinery and equipment, transportation units, refurbishing services, maintenance services and the supply of equipment and components.

In the reporting periods ended 31 December 2024 and 31 December 2023, the turnover resulting from purchases from Lubelski Węgiel Bogdanka Group companies and the amounts payable by the Company to these entities were as follows:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Purchases in the period, of which:	240,980	206,619
- Purchases of services activated as property, plant and equipment	38,226	55,846
Balance of liabilities at end of period, including VAT	25,505	22,267

In the reporting periods ended 31 December 2024 and 31 December 2023, the turnover resulting from sales to Lubelski Węgiel Bogdanka Group companies and the amounts receivable by the Company from these entities were as follows:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Sales in the period ¹⁾	25,221	30,417
Balance of receivables at end of the period including VAT	5,270	5,092

In the reporting periods ended 31 December 2024 and 31 December 2023, the values of dividends received from the subsidiaries comprising the Lubelski Węgiel Bogdanka Group were as follows:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Dividend received from LW BOGDANKA Group companies	1,617	3,443

31. INFORMATION ON REMUNERATION OF MANAGEMENT BOARD MEMBERS, SUPERVISORY BOARD MEMBERS AND COMMERCIAL PROXIES

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Remuneration of the Management Board members and commercial proxies	6,265	8,068
of which:		
- Annual bonus	474	3,079
Remuneration of the Supervisory Board members	512	553

In addition to the standard remuneration under management contracts, appointments or employment, in 2024, as well as in the corresponding period of the previous year, there were no other transactions with the key personnel of the Company.

32. INFORMATION ON THE AUDITOR OF THE FINANCIAL STATEMENTS AND ITS FEES

On 24 March 2021, the Company's Supervisory Board adopted a resolution to select PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. with its registered office in Warsaw, as the entity authorised to:

- review the Company's financial statements and the consolidated financial statements of the Company's Group for the first half of 2021 and 2022,
- audit the Company's financial statements and the consolidated financial statements of the Company's Group for 2021 and 2022.

On 29 May 2023, the Company's Supervisory Board adopted a resolution to extend the agreement with PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., as the entity authorised to:

- review the Company's financial statements and the consolidated financial statements of the Company's Group for the first half of 2023, 2024 and 2025,
- audit the Company's financial statements and the consolidated financial statements of the Company's Group for 2023, 2024 and 2025.

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. is entered since 16 February 1995 in the list of entities authorized to audit financial statements maintained by the National Chamber of Statutory Auditors, under registration number 144.

The Company has previously used the services of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. and entities within the PwC network, among others, in the following areas: review and audit of standalone and consolidated financial statements, including the review of the consolidated financial statements for 2023-2020, prepared in XBRL format; tax consulting in the area of, among other things, excise taxes; verification of the correctness of the Company's calculation of the Excise Ratio; work related to verification of the calculation of the Electricity Intensity Ratio; and evaluation of the Company's Management and Supervisory Board Remuneration Report. Moreover, PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. was engaged to perform the attestation service of the 2024 sustainability report (ESG) for the Company.

The fees of the auditor of the financial statements of the Company and entities in the PricewaterhouseCoopers network, for all services rendered for 2024 and 2023, are as follows:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2024	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2023
Auditor's fees	678	335
Including:		
- Audit of the annual financial statements	214	190
- Review of the financial statements	79	70
- Verification of consolidated XBRL financial statements	34	30
- Verification of the remuneration report	40	35
- Attestation of the sustainability report (ESG)	300	-
- Other assurance services (review of ratios)	11	10

33. EVENTS AFTER THE BALANCE SHEET DATE

On 24 January 2025, the Company received an insurance decision issued by the insurer, Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych ("TUW PZUW"). The decision of TUW PZUW, issued on 22 January 2025, relates to the award and payment of the compensation to the Company for the damage to underground assets resulting from the event in longwall 3/VII/385 in February 2023 (involving a sudden and unexpected spillage of groundwater into the underground workings). Pursuant to the aforementioned decision, the Company was awarded compensation in the total amount of PLN 144.85 million. This event was analysed in detail in terms of the provisions of IAS 10 "Events after the reporting period" and was classified as a non-adjusting event (it was recognised in 2025).

With the exception of the event described above, to the best of our knowledge, there were no other material events after the balance sheet date that could affect the financial results as at 31 December 2024 but have not been captured in the financial statements.

34. APPROVAL OF THE FINANCIAL STATEMENTS

The Management Board of Lubelski Węgiel Bogdanka S.A. Hereby represents that on 8 April 2025, it approves these financial statements of the Company for the period from 1 January to 31 December 2024 for publication.

35. SIGNATURES OF ALL MEMBERS OF THE MANAGEMENT BOARD AND THE CHIEF ACCOUNTANT

ZBIGNIEW STOPA

President of the Management Board

.....

ARTUR WASILEWSKI

Vice-President of the Management Board,
Economic and Financial Affairs

.....

BARTOSZ ROŻNAWSKI

Vice-President of the Management Board,
Production

.....

SŁAWOMIR KRENCZYK

Vice-President of the Management Board,
Development

.....

URSZULA PIĄTEK

Chief Accountant

.....