



Presentation of results the LW Bogdanka Group Q4 2024, Y2024



Grupa Kapitałowa
Lubelski Węgiel Bogdanka

LW Bogdanka S.A.

is a leader on the hard coal market in Poland, standing out in comparison with its peers in terms of financial performance, mining efficiency and investment plans, including access to new deposits. The bituminous coal sold by the Company is used predominantly for the production of electricity, heat and cement. The Company's customers are mainly industrial companies, primarily those operating in the power sector, located in eastern and northeastern Poland.

LW Bogdanka S.A. is part of the Enea Group, one of the leaders of the Polish energy market.

The Company has been listed on the Warsaw Stock Exchange since 2009.

LW Bogdanka S.A. has three mining fields:

- Bogdanka
- Nadrybie
- Stefanów

The structure of coal production in 2023 was as follows:

- fine coal: 98.5%
- pea coal: 1.2%
- chestnut coal: 0.3%

Use of LW Bogdanka S.A.'s coal:

- production of electricity
- production of heat
- cement production

The Company's key customers (by percentage of revenue) are:

- ENEA Group – Enea Wytwarzanie (68%)
- ENEA Group – Enea Połaniec (15%)

The Company holds four concessions for the mining of hard coal from the following deposits (areas):

- Bogdanka (Puchaczów V)
- K-3 (Stręczyn)
- Ostrów (Ludwin)
- K-6, K-7 (Cyców)

Modern technologies

LW Bogdanka S.A. cares about the safety of its staff and the natural environment. In the mining process, it applies state-of-the-art technologies and world-class machinery, making them a mine with the highest efficiency and best performance rates in Poland. The Company's underground productivity is more than twice the average value in the hard coal mining industry in Poland.

Cost control

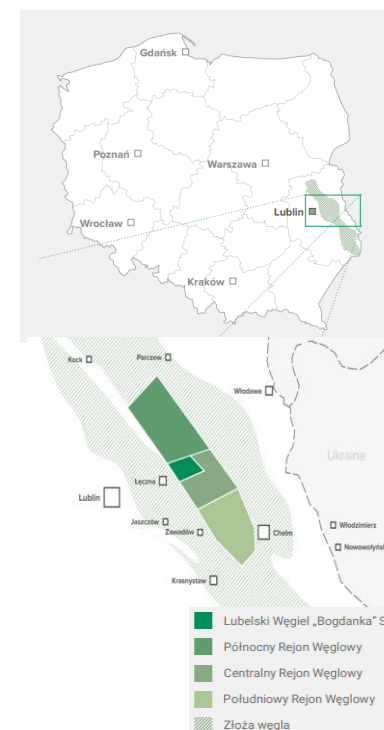
The Company remains the efficiency leader in the Polish mining industry owing to its consistently executed Cost Optimization Program. The Company's strategy calls for a further decrease in the Unit Mining Cash Cost.

The Company has a deposit management system in place, consisting of:

- digital deposit model (the only one to date in the Polish hard coal mining sector)
- digital map of mining excavations
- digital schedule of opening, preparatory and operational works.

We have built our success based on:

- highly qualified staff, top technical culture focused on cooperation and achievement of common objectives
- highly efficient, reliable, energy-saving machinery and equipment, properly adjusted to existing geological and mining conditions, mechanizing both primary mining works and a broad range of auxiliary works
- mechanization and automation of the broadest possible range of underground works
- deployment of modern IT systems for various areas of mining activity, aimed at streamlining technological processes, monitoring the operation of machinery and equipment, useful in production planning and hazard identification



Stabilization of coal prices on the global market

Global coal prices affect the prices of coal in Poland with a delay of approximately one year, including the prices of coal sold at LW Bogdanka S.A.. Significant factors also include imports and exports, transport costs and currency prices, energy policy and regulations (e.g. the embargo on Russian coal).

CIF ARA coal prices

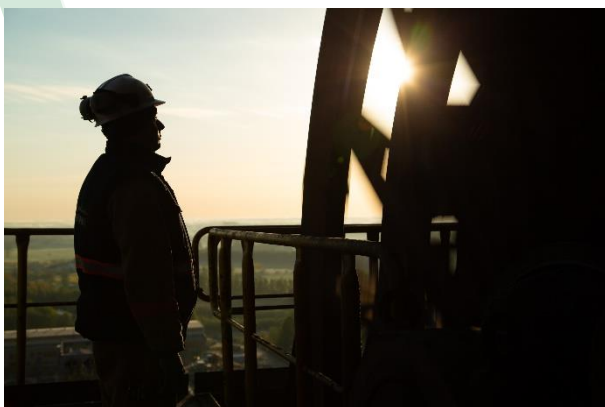
- 118.3 USD/t - average CIF ARA coal price in Q4 2024 -5.4% vs. Q4 2023 (125.1 USD/t)
- compared to the average CIF ARA coal price in Q4 2024 (115.0 USD/t), up by 2.9%
- the average price in 2024 was 112.5 USD/t, down by 12.5% y/y (in 2023, 128.5 USD/t).

Inventories in ARA ports

- approx. 4.0 million tonnes of coal inventories at the end of December 2024 at ARA ports - at the end of September 2024 the inventories stood at 3.9 million tonnes.

Prices at major ports worldwide

- 87.0 USD/t - average Baltic Ports FOB coal price in Q4 2023 vs. Q4 2023 (83.6 USD/t) - down by 4.1%
- compared to the average price in Q4 2024 (79.8 USD/t), which means an increase of 9.0%
- the average price in 2024 was 76.4 USD/t, down by 12.9% y/y (in 2023, 87.7 USD/t).



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



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

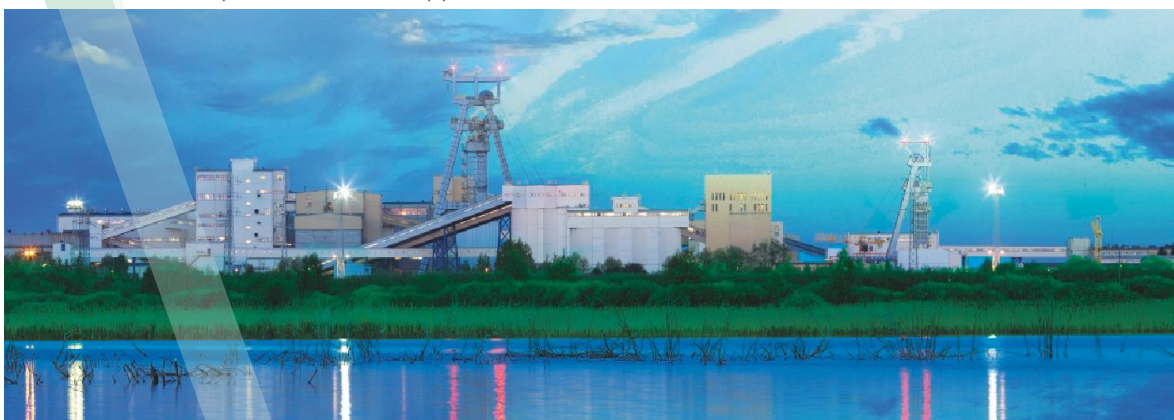
Thermal coal prices on the domestic market

Prices of steam coal in Poland also affect the prices of coal sold in the Company. The price declines affected the company's financial results, including revenue and EBITDA.

The decline in coal prices in Poland results from an increase in energy production from renewable sources (RES), an increase in coal stocks, a decrease in coal prices on global markets.

Price of fine steam coal

- the average price of fine steam coal for the commercial power sector in Q4 2024 was 20.8 PLN/GJ, the price decline rate was approx. 33.1% compared to Q4 2023 (31.1 PLN /GJ)
- in 2024 (21.8 PLN/GJ) - a decline of 31.0% compared to 2023 (31.6 PLN/GJ)
- the average calorific value of fine coal for the commercial power sector was approx. 21.3 GJ

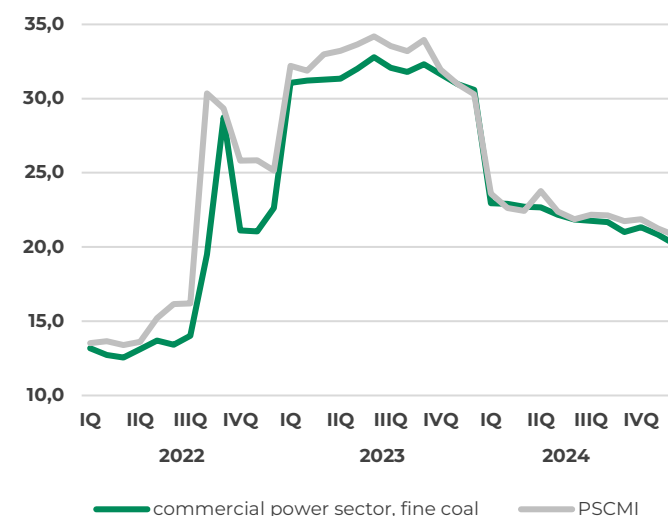


Source: ARP

Prices from the PSCMI index

- the average price from the PSCMI Index in Q4 2024 was approx. 22.0 PLN/GJ, compared to the average price in Q4 2023 (31.1 PLN/GJ), down by approx. 31.5%
- in 2024, the price stood at 22.2 PLN/GJ compared to 32.7 PLN/GJ in 2023, down by 34.1%.

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



Source: ARP, TGE, www.polskiyrynekwegla.pl.

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

PERFORMANCE OF POLISH COMPANIES*:	Q4 2023	Q4 2024	Change	2023	2024	Change
Extraction of thermal coal in domestic coal market (million tonnes)	10.1	8.6	-14.9%	35.1	31.5	-10.3%
Sales of thermal coal in domestic coal market (million tonnes)	9.5	8.7	-8.4%	32.4	29.2	-9.9%
Average cost of coal sold (PLN)	651.3	676.1	3.8%	665.9	748.3	12.4%
COAL PRICES						
Average price of power coal (PLN)	671.3	473.5	-29.5%	726.4	507.9	-30.1%
Average price of coal sold to commercial power industry (PLN)	647.2	437.8	-32.4%	663.2	463.1	-30.2%
DEMAND/SUPPLY						
Production of electric power in commercial power plants with the use of hard coal (GWh)*	21,416	19,642	-9.1%	76,607	69,112	-9.8%
Inventories of coal in mines (million tonnes)**	3.0	4.2	40.0%	3.0	4.2	40.0%

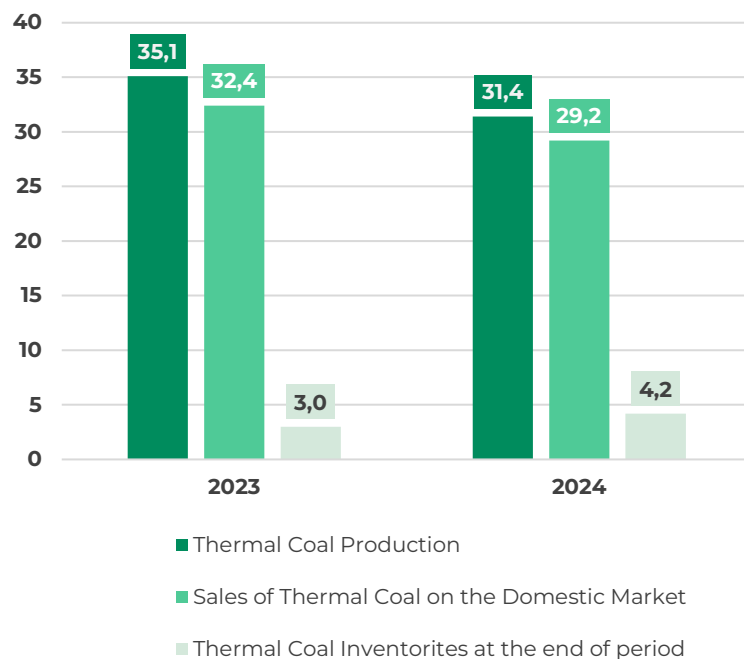
Source: ARP

** PSE S.A.

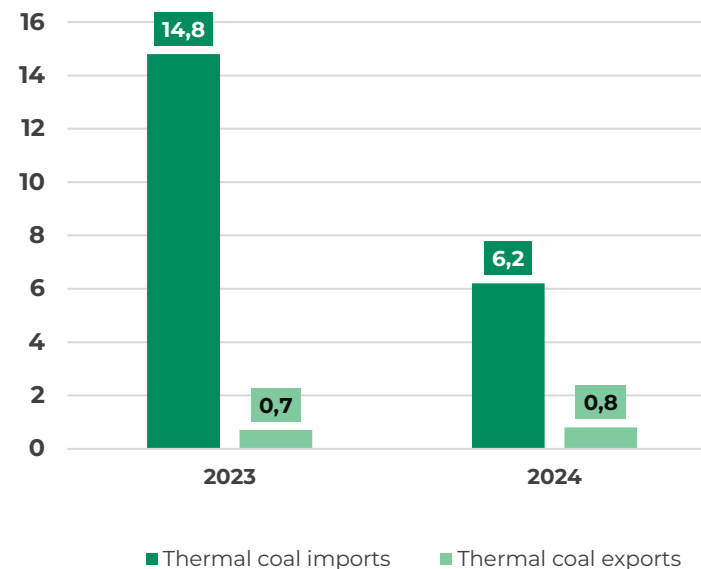
** data do not include Silesia, Siltech, Ekoplus

Decrease in extraction and sales of thermal coal in Polish mines, increase of inventories, imports at 6.2 million tons

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



Thermal coal imports and exports [million tonnes]*



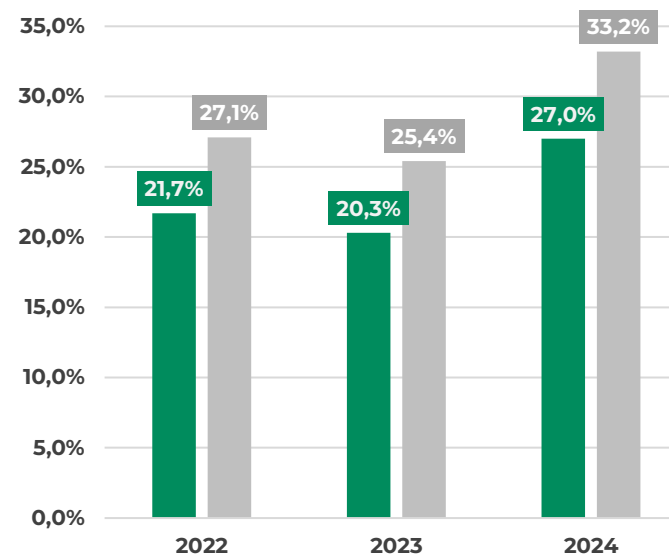
Source ARP

* data do not include Silesia, Siltech, Ekopius

We maintain a strong position on the coal market – 33.2% of share in sales to commercial power plants



Source: ARP



■ Share of LWB sales in the thermal coal market

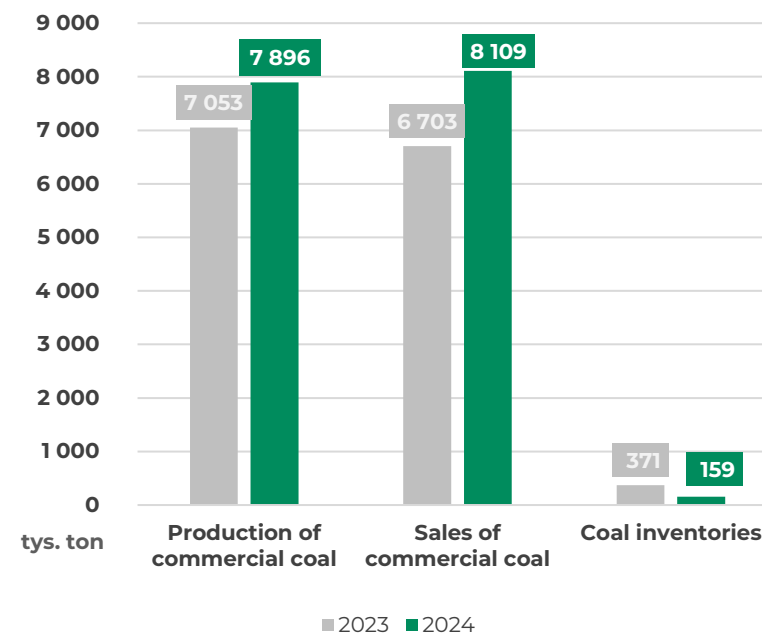
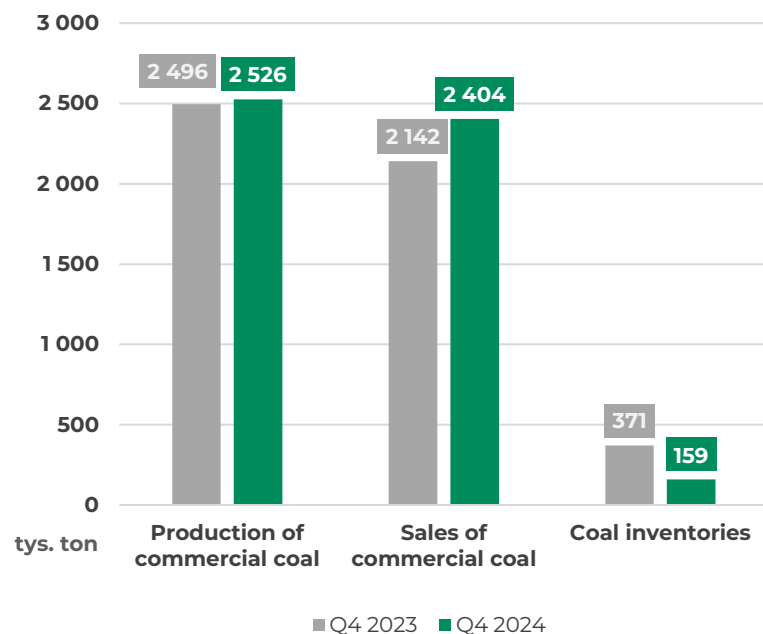
■ Share of LWB sales in the thermal coal market - products sold to commercial power plants

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

		Q4 2023	Q4 2024	Change	2023	2024	Change
Technical and operating data							
Gross coal production	[000 tons]	3,810	3,597	-5.6%	11,740	12,049	2.6%
Production of commercial coal	[000 tons]	2,496	2,526	1.2%	7,053	7,896	12.0%
Mining yield	%	65.5%	70.2%	7.2%	60.1%	65.5%	9.0%
Sales of commercial coal	[000 tons]	2,142	2,404	12.2%	6,703	8,109	21.0%
Inventories (at the end of period)	[000 tons]	371	159	-57.1%	371	159	-57.1%
New workings	km	6.9	5.4	-21.7%	29.7	21.8	-26.6%

Source: In-house data

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



Source: In-house data

Coal yield at a level of 65.5% in 2024

Coal Yield

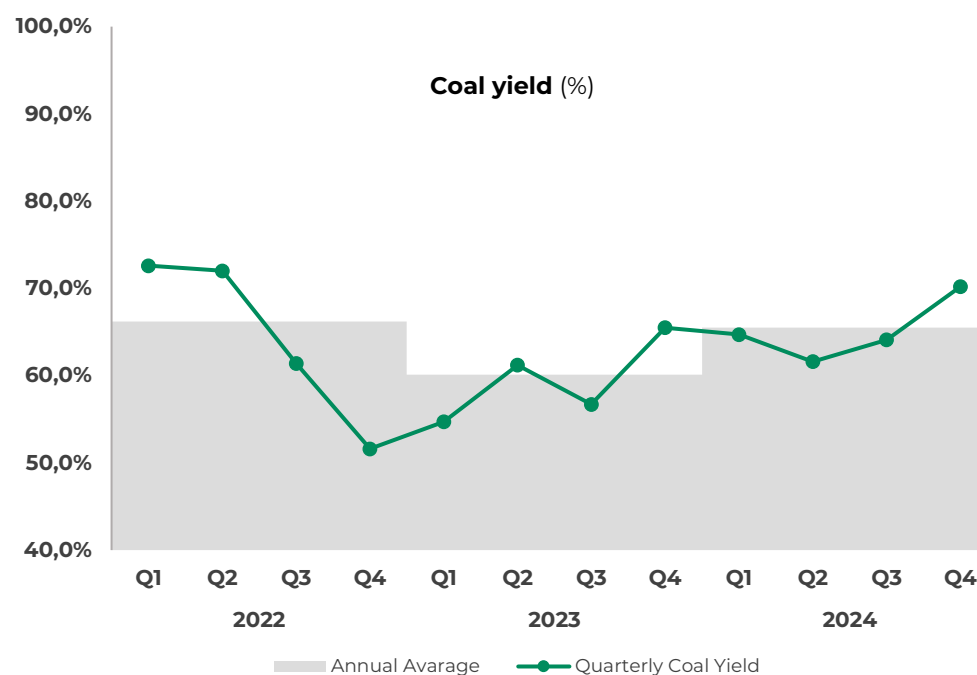
- coal yield in Q4 2024 was about 70.2% and was higher than in Q4 2023 (65.5%)
- average yield in 2024 was 65.5% compared to 60.1% in 2023

The share of extraction from the walls (%)

- in Q4 2024 29.1% of raw coal was obtained from low walls and 70.9% high walls. In the same period of 2023 this ratio was 53.0% compared to 47.0%.
- in 2024 43.7% of raw coal was obtained from low walls and 56.3% from high walls. In the same period of 2023 this ratio was 48.0% to 52.0%

Number of production days

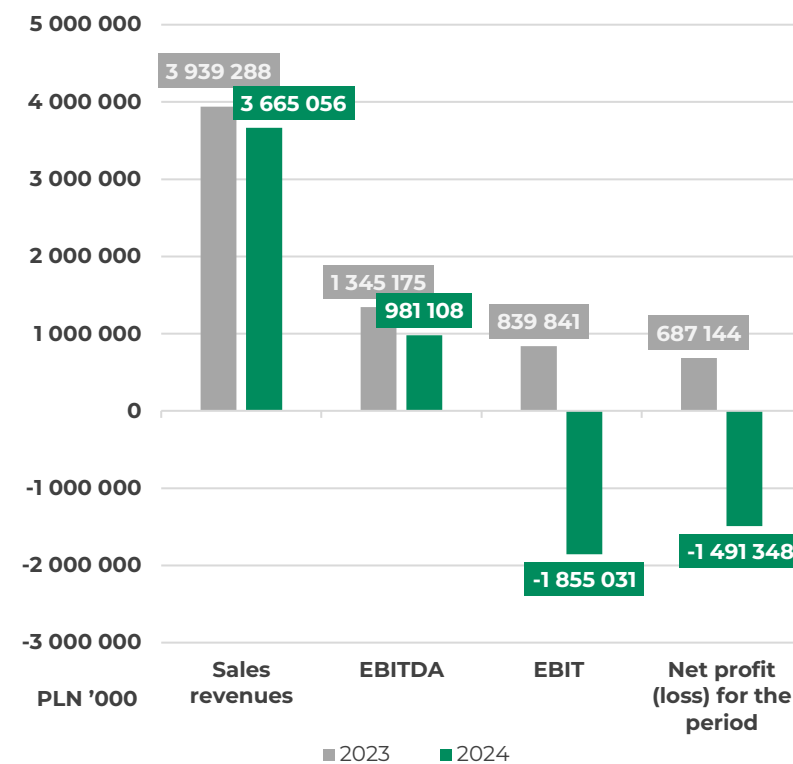
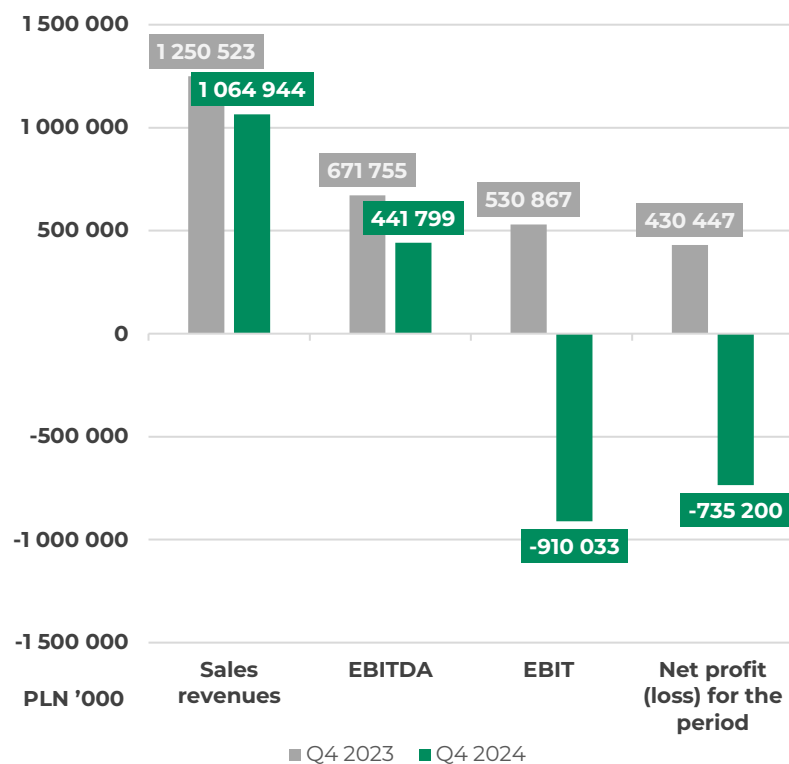
- production in 2024 was conducted on 274 days, compared to 305 days in the same period 2023



Key financial results of the LW Bogdanka Group in Q4 2024 and 2024

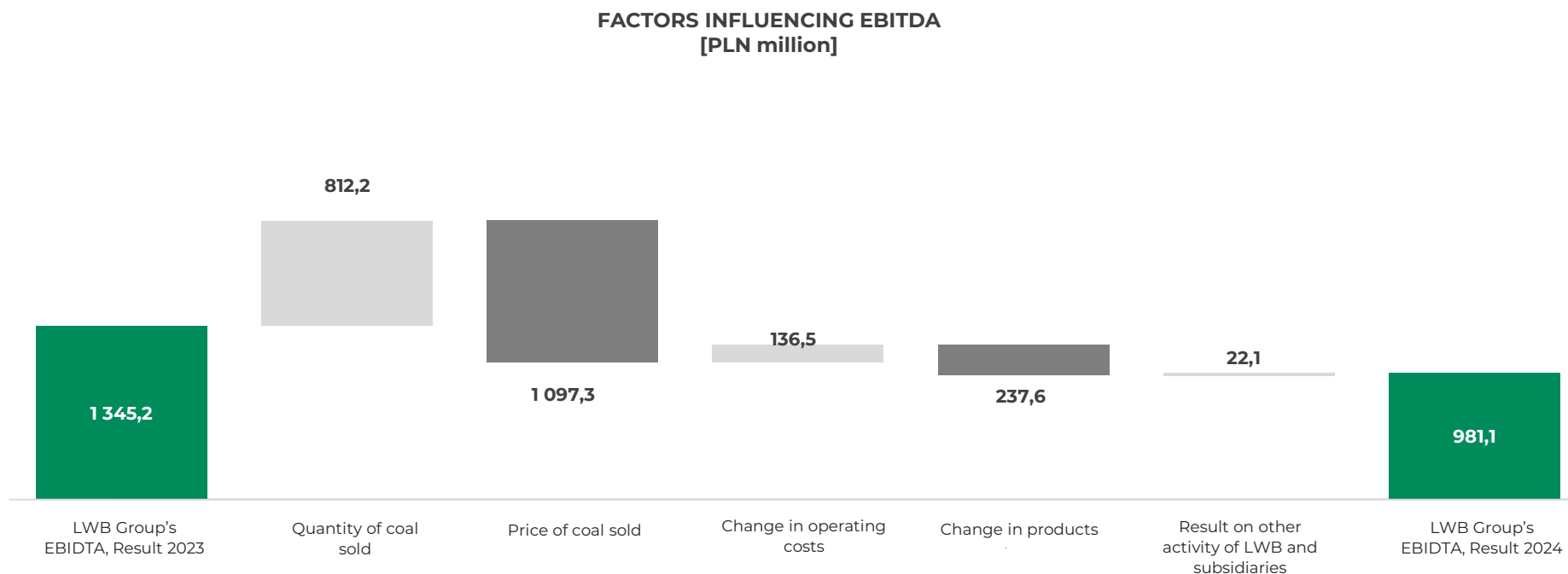
[PLN thousand]	IVQ 2023	IVQ 2024	Zmiana	2023	2024	Zmiana
Sales revenues	1,250,523	1,064,944	-14.8%	3,939,288	3,665,056	-7.0%
Cost of products, goods and materials sold, selling and distribution expenses, and administrative expenses	728,325	709,561	-2.6%	3,042,792	3,082,422	1.3%
Profit/(Loss) on sales	522,198	355,383	-31.9%	896,496	582,634	-35.0%
Gross return on sales	41.8%	33.4%	-8.4 p.p	22.8%	15.9%	-6.9 p.p.
Other revenues	890	719	-19.2%	3,548	5,425	52.9%
Other costs	329	2,275	591.5%	6,900	3,491	-49.4%
Operating profit/(loss)	522,759	353,827	-32.3%	893,144	584,568	-34.5%
Other net losses	9,732	-836	-108.6%	-5,534	-2,307	-58.3%
Write-off due to impairment of fixed assets	-1,624	-1,263,024	77,672.4%	-47,769	-2,437,292	5002.2%
Operating profit/(loss)(EBIT)	530,867	-910,033	-271.4%	839,841	-1,855,031	-320.9%
EBIT margin	42.5%	-85.5%	-128.0 p.p	21.3%	-50.6%	-71.9 p.p
EBITDA	671,755	441,799	-34.2%	1,345,175	981,108	-27.1%
EBITDA margin	53.7%	41.5%	-12.2 p.p	34.1%	26.8%	-7.3 p.p.
Financial income	9,069	12,147	33.9%	35,965	46,175	28.4%
Financial costs	6,491	5,441	-16.2%	25,183	24,467	-2.8%
Pre-tax profit/(loss)	533,445	-903,327	-269.3%	850,623	-1,833,323	-315.5%
Profit margin before tax	42.7%	-84.8%	-127.5 p.p	21.6%	-50.0%	-71.6 p.p.
Income tax	-102,998	168,127	-263.2%	-163,479	341,975	-309.2%
Net profit / (loss) for the period	430,447	-735,200	-270.8%	687,144	-1,491,348	-317.0%
Net profitability	34.4%	-69.0%	-103.4 p.p	17.4%	-40.7%	-58.1 p.p

Key financial results of the LW Bogdanka Group in Q4 2024 and 2024



Source: In-house data

EBITDA in 2024



- (+) Increase in quantitative coal sales - in 2024, sales of commercial coal amounted to 8,109 thousand tonnes, 21.0% more than in 2023
- (-) Lower price of coal sold - following falling prices on global and domestic markets, contract prices for coal sold by the Parent Company decreased.
- (+) Decline in production costs - lower consumption cost of materials and electricity and third-party services
- (-) Change in products - in 2024, coal inventories decreased by 212 thousand tonnes, which translated into an increase in costs of the period by PLN 95.1 million, while in 2023, there was an increase of 349 thousand tonnes in coal inventories with a value of PLN 142.5 million (coal production costs for inventory were capitalised)

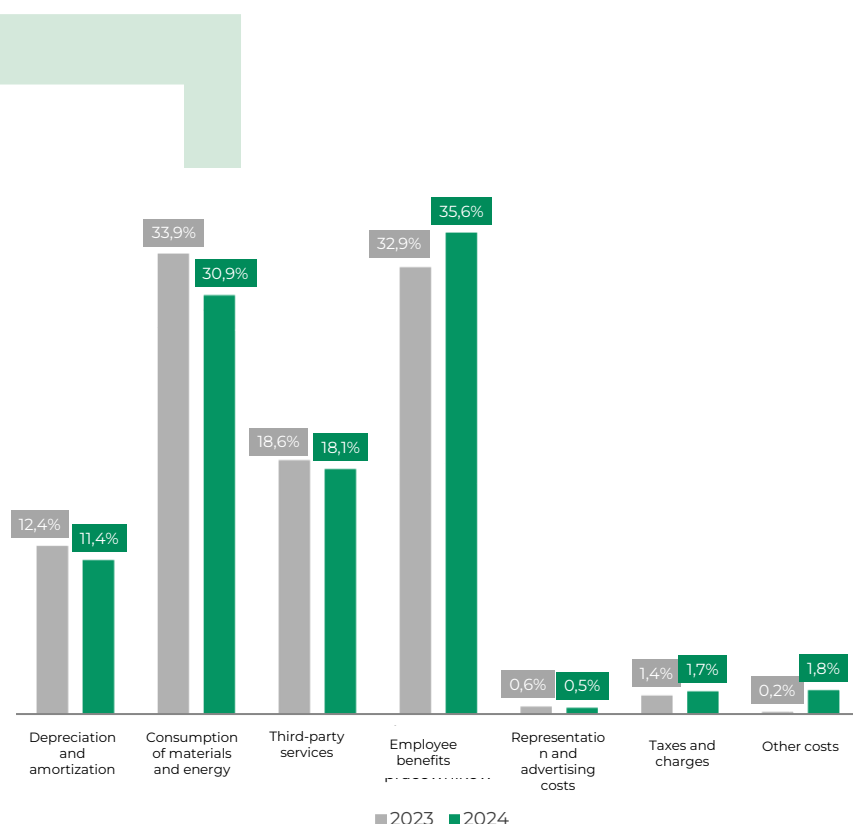
Source: In-house data

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

Costs by type	Q4 2023	Q4 2024	Change	2023	2024	Change
[PLN thousand]						
Net production [thousand tons]	2,496	2,526	1.2%	7,053	7,896	12.0%
Sales [thousand tons]	2,142	2,404	12.2%	6,703	8,109	21.0%
Depreciation and amortization	136,483	87,154	-36.1%	442,882	386,703	-12.7%
Consumption of materials and energy	307,041	282,929	-7.9%	1,209,903	1,045,922	-13.6%
External services	182,029	159,859	-12.2%	666,241	611,818	-8.2%
Employee benefits	494,212	434,286	-12.1%	1,174,302	1,203,138	2.5%
Representation and advertising costs	5,024	3,472	-30.9%	20,587	17,117	-16.9%
Taxes and charges	13,578	14,675	8.1%	51,283	58,633	14.3%
Other costs	1,551	3,331	114.8%	6,223	62,185	899.3%
Total costs by nature	1,139,918	985,706	-13.5%	3,571,421	3,385,516	-5.2%
Cost of producing services for the entity's proprietary needs	-133,705	-141,303	5.7%	-490,163	-481,744	-1.7%
Accruals	-77,270	-93,312	20.8%	-594	-10,742	1708.4%
Provisions and other presentation adjustments between expense by nature and by function	-64,688	2,425	-103.7%	97,185	92,102	-5.2%
Total production costs	864,255	753,516	-12.8%	3,177,849	2,985,132	-6.1%
Change in products	-139,695	-39,252	-71.9%	-142,492	95,148	-166.8%
Cost of goods and materials sold	3,052	3,413	11.8%	11,718	15,707	34.0%
Cost of goods sold, including:	727,612	717,677	-1.4%	3,047,075	3,095,987	1.6%
Cost of goods and materials sold	658,383	651,178	-1.1%	2,793,404	2,843,689	1.8%
Selling and distribution expenses	20,954	15,556	-25.8%	64,888	60,386	-6.9%
Administrative expenses	48,275	50,943	5.5%	188,783	191,912	1.7%

Source: In-house data

Cost by type in 2024



Source: In-house data

Costs by type

During 2024, LW Bogdanka S.A. incurred costs by type in the amount of PLN 3,385,516 thousand, i.e. by 5.2% (PLN -185,905 thousand) lower than in 2023. The decrease in costs in the analysed period was mainly affected by the recorded lower cost of consumption of materials and energy, depreciation and amortisation, as well as third-party services.

Amortisation and depreciation

Depreciation and amortisation decreased by 12.7% (to PLN 386,703 thousand). Depreciation of fixed assets mainly decreased in connection with the write-down.

Material and energy consumption

The total value of the cost of materials and energy consumed decreased by 13.6% compared to 2023 and amounted to PLN 1,045,922 thousand. Due to the smaller scope of auxiliary work, the cost of material consumption fell and, at the same time there was a decrease in the price of electricity.

Taxes and charges

The increase in taxes and charges of approx. PLN 7.4 million results from the increase in the mining fee, higher values of the property tax and contributions to PFRON.

Third-party services

The value of external services in 2024 decreased from PLN 666,241 thousand to PLN 611,818 thousand (-8.2%) compared to the corresponding period in 2023.

In the analysed period, the scope of works outsourced to third-party companies changed (in particular those outsourced outside LW Bogdanka S.A.'s work schedule).

Employee benefits

In 2024, compared to the corresponding period of 2023, the value of employee benefits increased by PLN 28,836 thousand.

In the period under review, there was an increase in average employment and salaries as well as the resulting obligatory contributions. In addition, the value of other employee benefits, negotiated with the social party, increased.

Representation and advertising costs

The decrease in the value of representation and advertising costs by PLN 3.5 million results from the implementation of the current payment schedule under sponsorship agreements.

Other costs

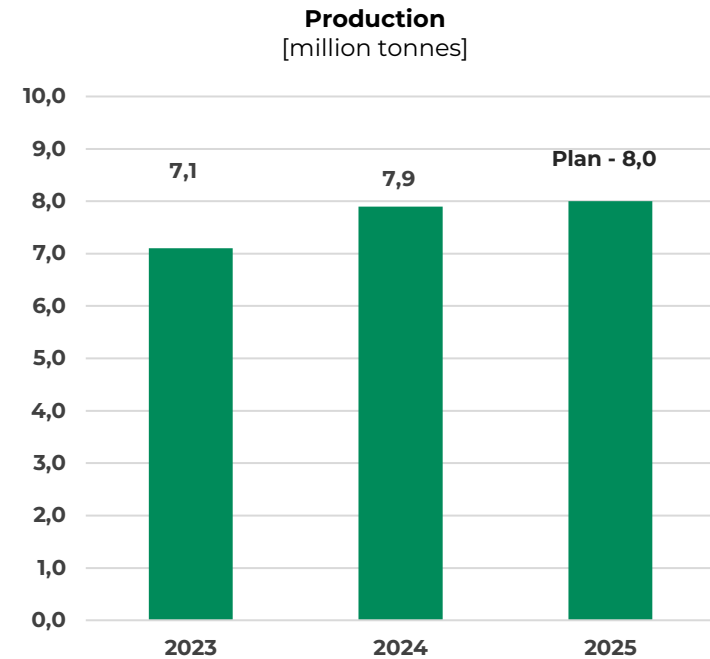
The increase in other costs by PLN 56.0 million is due to the conclusion of a new insurance policy for a further 18 months and the implementation of a decision of the Court of Appeals in Warsaw in connection with legal claims relating to patents. The costs of the policy are accrued in proportion to its duration and will therefore be charged to subsequent periods' results.

Production plan for 2025 – approx. 8.0 million tonnes

Production and sales in 2024

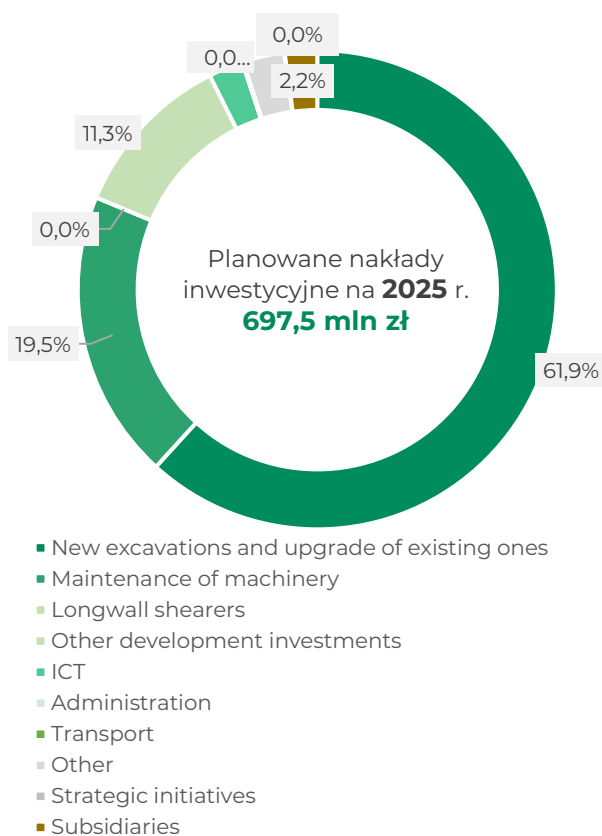
- in Q4 2024 production reached 2.5 million tons, sales amounted to 2.4 million tons, in Q4 2023 production amounted to 2.5 million tons, sales amounted to 2.1 million tons
- LW Bogdanka S.A. produced 7.9 million tons in 2024, while sales reached 8.1 million tons of coal, in 2023 production amounted to 7.1 million tons, sales 6.7 million tons

Production plan for 2025 – approx. 8.0 million tonnes



Source: In-house data

The use of CAPEX in 2024 – over PLN 870 million



Source: In-house data

Selected items of capital expenditure in LW Bogdanka Group

[PLN thousand]	TEP 2024*	Execution TEP 2024	Execution TEP 2024 [%]	TEP 2025
New excavations and upgrade of existing pits	462,019	456,018	98.7%	430,769
Maintenance of machinery	210,339	133,875	63.6%	136,220
Longwall shearers	167,931	168,699	100.5%	0
Other development investments	79,875	52,019	65.1%	78,832
ICT	25,967	14,872	57.3%	16,279
Administration	5,231	3,386	64.7%	335
Transport	1,125	869	77.2%	207
Other	44,861	32,078	71.5%	19,398
Strategic initiatives and RES	100	14	14.0%	250
TOTAL CAPEX in LW Bogdanka SA	997,448	861,830	86.4%	682,290
Łęczyńska Energetyka sp. z o.o.	9,500	3,177	33.4%	9,000
MR Bogdanka	1,590	2,097	131.9%	2,906
RG Bogdanka	3,987	3,744	93.9%	3,277
TOTAL CAPEX in the LW Bogdanka SA Group	1,012,525	870,848	86.0%	697,473

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

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