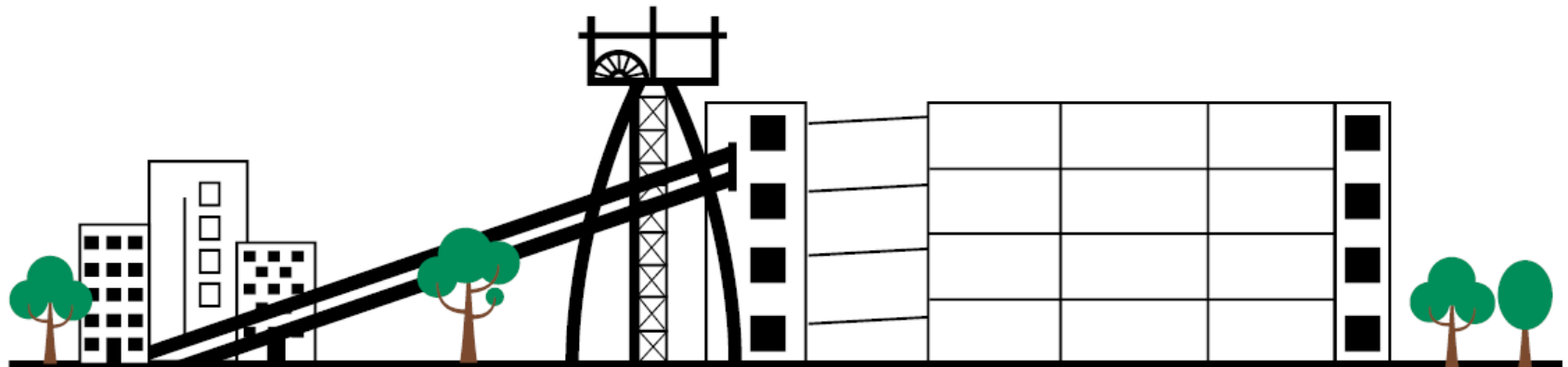


Directors' Report on Operations of the LW Bogdanka Group for the third quarter of 2021





**Lubelski Węgiel
Bogdanka S.A.**

one of the leading hard coal
producers in Poland, standing out
in the industry in terms of financial
performance, productivity,
and investment plans to access new
deposits.

Share in the hard coal market
in Poland

18.9%

Share in the thermal coal market

23.0%

Share in the supplies of coal to the
commercial power sector

29.2%

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1

Summary of operations

Operating data of the LW Bogdanka Group

Gross coal extraction – 10.7 million tonnes

Production of commercial coal – 7.5 million tonnes

Yield – 70.3%

Sale of commercial coal – 7.2 million tonnes

New excavations – 15.4 km

Employment at the LW Bogdanka Group

Headcount at the end of Q3 2021 – 5,745 FTJs

Increase in headcount comparing to 2020 – 0.6%

Financial data of the LW Bogdanka Group

Revenue – PLN 1,668.5 million

Profit on sales – PLN 216.6 million

EBIT – PLN 212.8 million

EBITDA – PLN 538.3 million

Net profit – PLN 164.8 million



Key events in three quarters of 2021

Q1 2021

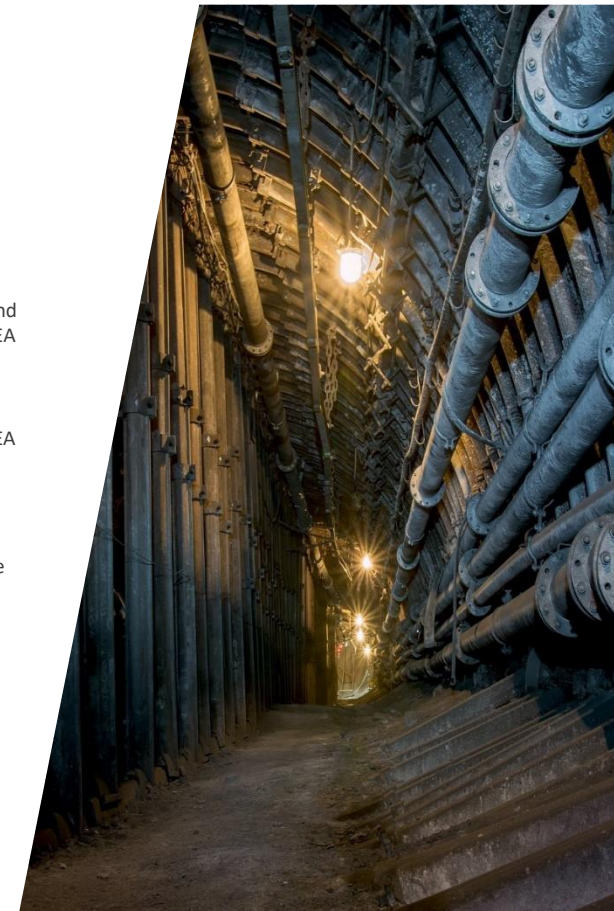
- conclusion of an Annex to the Long-term Agreement with ENEA Wytwarzanie Sp. z o.o.
- court registration of the amendments in the Articles of Association of Association of LW Bogdanka S.A.
- concluding an Annex with Enea Elektrownia Połaniec S.A.
- fifth Call to Shareholders of LW Bogdanka S.A. to submit their share certificates to the Company
- conclusion of an Additional Agreement and Annexes to the Long-term Agreement with ENEA Wytwarzanie Sp. z o.o.

Q2 2021

- conclusion of an Additional Agreement and an Annex to the Long-term Agreement with ENEA Wytwarzanie Sp. z o.o.
- recommendation of the Management Board regarding the allocation of profit for 2020 to the Company's reserve capital
- Extraordinary General Shareholders Meeting – changes in the composition of the Supervisory Board
- Annual General Shareholders Meeting

Q3 2021 and events until the publication date

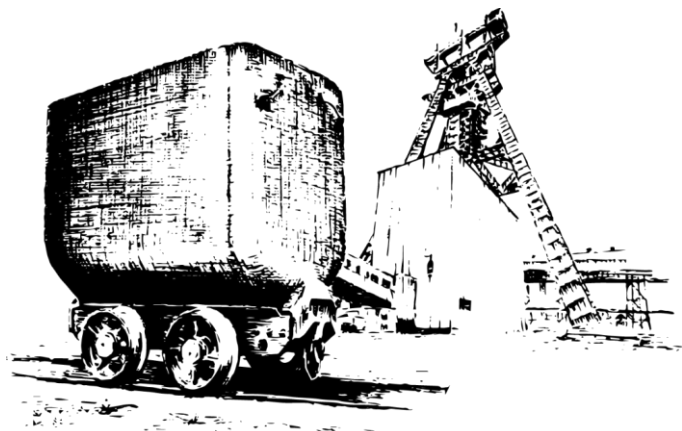
- conclusion of further Additional Agreements and Annexes to the Long-term Agreement with ENEA Wytwarzanie Sp. z o.o.
- conclusion of an Additional Agreement and Annexes to the Long-term Agreement with ENEA Połaniec S.A.
- conclusion of an Agreement with D. Trading International S.A. with registered office in Geneva for export of thermal coal to Ukraine





2

Organisation and business
activities of the LW Bogdanka
Group



Given the Group's structure and the fact that the majority of its operations are carried out by the Parent (the subsidiaries perform auxiliary functions to the operations run by the Parent), descriptions contained in the Report also refer directly to actions and events occurring at the Parent. Whenever any differences occur, they are clearly indicated by relevant description and data.

Lubelski Węgiel Bogdanka Spółka Akcyjna

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Industry ID No. (REGON): 430309210
Tax Reg. No. (NIP): 713-000-57-84
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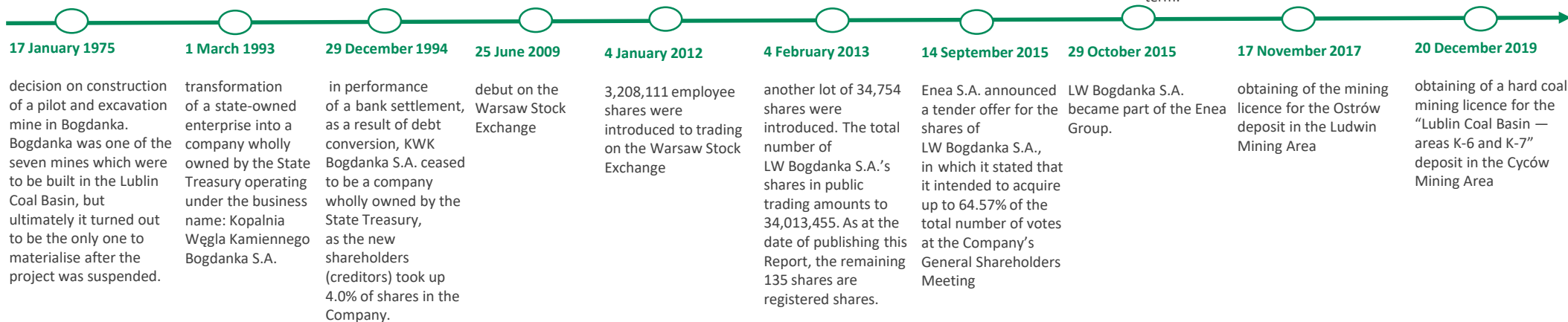
Legal form and regulations which provide a basis for the Company's activities

LW Bogdanka S.A. is a joint stock company, operating under the laws of Poland. The Company operates on the basis of legal acts which include the following:

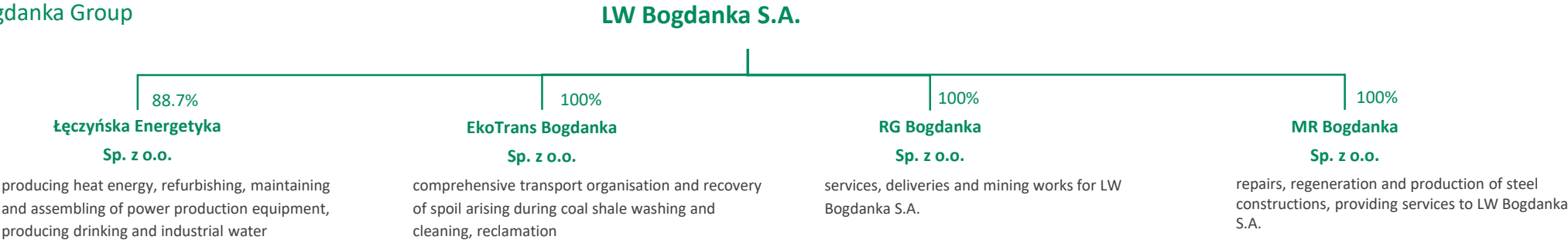
- Act of 15 September 2000 – Commercial Companies Code
- Act of 9 June 2011 – Geological and Mining Law

The founder of the Company is the State Treasury, represented by the Minister of the State Treasury.
The Company may operate in Poland and abroad.
The Company was established for an indefinite term.

History in brief



Structure of the LW
Bogdanka Group



As at the date of submitting this Report, LW Bogdanka S.A. also holds 22.41% of shares in Kolejowe Zakłady Maszyn KOLZAM S.A., with a share capital of PLN 750,000 (bankruptcy proceedings were discontinued, the company does not conduct business). The ownership title to the shares was transferred to the Parent as security for financial settlements for the provision of transport services. That company has not been included in the consolidation.

Changes in the structure of the LW Bogdanka Group

During three quarters of 2021, there were no changes in the structure of the LW Bogdanka Group or in the Group's organisational and capital associations with other entities. In the period in question there were no changes in the structure of the LW Bogdanka Group that would result from merger of business entities, acquisition or sale of the Group's undertakings, long-term investments, division, restructuring or discontinuation of activities.



Development strategy of LW Bogdanka S.A.

On 16 December 2020 the Parent announced key components of the Development Strategy of LW Bogdanka S.A. from the Mining Area of the Enea Group until 2030 (under the 2040 framework), including the dividend policy. The adopted Strategy reflects Poland's 2040 Energy Policy and constitutes a link in the 2030 Development Strategy of the Enea Group (under the 2035 framework) as it covers, among other things, activities to meet the assumed demand for thermal coal on the side of power and cogen plants from the Generation Area of the Enea Group.

Vision

Bogdanka is the efficiency leader in the mining sector with the highest work safety standards, who flexibly adjusts to environmental requirements and market conditions, and builds "Green Deal" as part of diversification of business activity.

Mission

Bogdanka proves that it is a reliable supplier of coal for commercial power plants, able to maintain its competitive advantage and to ensure continuous increase in the value of the Company, while improving its work safety and environment protection standards, and implementing innovative solutions.

In the course of the activities to formulate the Strategy, two main Strategic Goals were identified:

- Maintaining the position of the market leader in thermal coal supplies for commercial power plants in Poland, who successfully competes with importers;
- Maintaining high efficiency and profitability of production due to innovative organizational as well as technical and technological solutions.

Based on developed forecasts (Poland's 2040 Energy Policy, The National Energy and Climate Plan for the period 2021-2030), LW Bogdanka S.A. will aim to remain the most cost-efficient producer of thermal coal in Poland, who can successfully compete with other coal producers and suppliers while maintaining the current production potential under the 2040 framework.

In order to complete the abovementioned assumptions, LW Bogdanka S.A. will take the following optimization actions:

- a. Increasing the number of products due to selective extraction (type 34);
- b. Broadening operating areas (diversification) – use of technical and human potential with a view to launching efficient initiatives outside of the core business;
- c. Identifying, recognizing and documenting new coal reserves (coking coal – type 35);
- d. Implementing own innovative solution programs (technical and technological, work safety) which allow competitive advantage to be maintained;
- e. Implementing key strategic initiatives defined for the Mining Area of the Enea Group Strategy.

While completing the assumptions enumerated above the Company plans to take advantage of its strengths, such as:

- Stable sales thanks to long-term agreements with coal recipients;
- Geographic rent – the only mine extracting coal in the Lublin Coal Basin;
- Low cost of extraction – the highest cost-efficiency on the market;
- Highly qualified employees, technical culture;
- Optimal use of production capacity;
- Constant dialogue with representatives of the employees and local community;
- Quoted Company status.

Production

The Company plans to seize the opportunities provided by holding a mining license for Ostrów and "K-6, K-7" deposits.

The Company assumes average production in 2021-2025 at a level of 9.7 million tonnes. Only thermal coal would be produced during that period. Between 2026 and 2040, on the other hand, also coking coal will be extracted (type 34). Since 2026 the volume of coking coal will reach the level between 0.7 to 3.1 million tonnes annually, with average value of 1.9 million tonnes.

Hence, total average coal production until 2040 shall amount to approx. 8.8 million tonnes. Due to length of walls reaching 6-7 kilometers, which is an innovation in Poland, but typical of global mining, the Company assumes higher excavation concentration and lower cost of mining which will allow it to successfully compete with coal providers, especially from abroad.

Capital expenditure

Average expenditure in 2021-2025 will amount to approx. PLN 535 million, in 2026-2030 to approx. PLN 405 million, approx. PLN 352 million in 2031-2035, and approx. PLN 307 million in 2036-2040. The quoted amounts do not include possible cost of making the Ostrów deposit vertically available (PLN 2.1 billion).

Corporate Social Responsibility (CSR)

Because of its crucial importance to the region, one of the Company's goals, as always, is to run its business operations in compliance with the rules of corporate social responsibility (CSR), which include ensuring the highest work safety standards, environmental effectiveness, protection of local biodiversity, stimulation of development and a guarantee of security for local communities, as well as the effective management of relationships with all groups of stakeholders – all these in line with the principles of sustainable growth (Green Mine).

Dividend policy

In the medium and long run, LW Bogdanka S.A. wants to remain a dividend-paying company and the Management Board intends to ask the General Shareholders Meeting for approval of dividends up to 50% of the net profits shown in the Company's separate financial statements, prepared in accordance with the IFRS EU.

Development strategy of the subsidiaries

Development strategy of Łęczyńska Energetyka Sp. z o.o.

The Management Board defined the following strategic goals for the Company, to be pursued in the years to come:

- Extension of the Water Treatment Station (WTS) – due to the technological needs of LW Bogdanka S.A. there are plans to continue this task in 2022-2023 (cooling fire-extinguishing water tank).
- Construction of a new boiler unit in the boiler house in Bogdanka – due to the necessity to ensure uninterrupted supply of thermal energy to customers (guaranteeing an additional back-up generating capacity for mitigating the risk of breaks in heat generation); there are plans to build a new boiler unit in the boiler house. The parameters of this boiler unit will be selected with due account taken for the applicable environmental protection laws - next year a concept of assumptions for 2023-2024 will be prepared.
- Modernisation of the main heat line Bogdanka - Łęczna – this task will be performed with a view to reducing significant transmission losses and protecting the network against gradual corrosion, thus making them available for use in subsequent years.

All investment projects are planned to be implemented from the Company's own funds, with a proviso that in the event of the Bogdanka-Łęczna line, as of 2022 the source of financing may change (in case the support funds are received).

Development strategy MR Bogdanka Sp. z o.o.

The Company's strategic goals include:

- increase capacity in the area of mining machine manufacturing and refurbishment,
- manufacture general purpose steel structures,
- manufacture and regenerate mass products used by LW Bogdanka S.A.

The company's main objectives include:

- modernisation and repairs of mining machinery and equipment,
- manufacture general purpose steel structures in accordance with all formal and legal requirements,
- works related to manufacture and regenerate mass products used by the Parent,
- repair and adaptation services for the office and administrative infrastructure on the surface.

Development strategy EkoTrans Bogdanka Sp. z o.o.

In 2021 and onwards the Company is planning to conduct business operations related to mining waste management. The Company aims to recover and recycle about 2.7 million tonnes of waste generated by dry and wet coal processing annually.

Development strategy RG Bogdanka Sp. z o.o.

The existing strategy of the Company will be continued as its main development direction for the next years; the strategy assumes increasing the share of specialist mining works - drilling of excavations, redevelopments as well as works with the use of specialist machinery. These activities are aimed at stabilising the Company's position on the local market. Larger scope of activities will ensure its business continuity and will allow its employees to pursue their professional development through gradually improving their qualifications. In the long run, the Company plans to develop its machine park, which is to ensure its independence and possibility to perform the full extent of mining works.

Investment projects completed in Q1-Q3 2021

In Q1-Q3 2021, LW Bogdanka S.A. performed the planned investment tasks. In this respect capital expenditures for non-current assets totalled PLN 206,638,000.

The plan for 2021 includes the following groups of tasks:

- development and replacement investments, including the purchase of machines and equipment, their modernisation and repairs, enlargement of the mining waste neutralization facility, enlargement of the coal storage yard, longwall complexes and upgrade of a central air-conditioning system in the Stefanów Fields, etc.
- operating tasks, including building and modernisation of workings in the Bogdanka, Nadrybie, Stefanów and Ostrów Fields, etc.

INVESTMENTS DEVELOPMENT AND REPLACEMENT LW BOGDANKA S.A.

Maintenance of machinery

- Purchase of new machines and equipment to be assembled - suspended diesel locomotives, air barges, and PWP sifters with a total worth of PLN 2,036,000. The total of PLN 1,438,000 was spent for the assembly of belt conveyors, air barges, and conveyor feeder sets.
- Purchases of finished machines and equipment – the finished goods worth PLN 31,388,000 were purchased. The most important items included: ready-made transportation devices (including hoists, braking trolleys, carriers for transporting euro-pallets), hydraulic pumps and aggregates, electric devices (including motors, protection devices tester, flameproof bay of substation, LF1 switch), other ready-made devices and manoeuvring locomotives.
- Modernisation and renovations of machinery and equipment – PLN 6,848,000 for modernisation of the Panda device, belt conveyors and Scharf diesel locomotives, Bevex suspended locomotives, wagon repairs, as well as modernisations of the system of haulage equipment on belt conveyors.

Longwalls

- Purchase and assembly of ploughing complex 6 – expenditure of PLN 285,000 was made, supply of the ploughing complex 6 components is underway as per the signed agreements.

Other development investments

- Expansion of mining waste treatment facility in Bogdanka - design works are underway regarding enlargement as part of Stage II; we obtained the environmental decision which is now expected to become final.
- Extension of the coal storage area – expenditure of PLN 3,914,000 on works related to extension of target land development and equipping commercial coal storage site.
- Power, telecommunications and mechanical installations – expenditure of PLN 748,000 was made; the investment included the expansion of the power engineering networks, the main drainage pipeline in shaft 1.2, and a plot of land was purchased for the construction of a photovoltaic installation.
- Switching station and other electromagnetic systems – expenditure of PLN 2,006,000 was made. The investments included modernisation of control systems for main fans station, supply system and shaft signalling of hoist machine in shaft 1.3, as well as modernisation of belt conveyors control and signalling system.
- MCPP replacement projects – PLN 5,640,000 was assigned for further modernisation of steel structures and MCPP facade; drainage pipeline was made in the MCPP facilities; inspection holes above reservoirs are being made in the MCPP facility.
- Construction and modernisation of facilities and installations related to core operations – PLN 13,713,000 – continuation of the investment: modernisation of the central air conditioning system in Stefanów, modernisation and development of the THOR system, replacement of batteries in the back-up power supply for telecommunications systems, extension of narrow gauge system in the Stefanów Field.
- Other - PLN 194,000 - expenditures included switching station and 110/6kV station facilities.

ICT – PLN 3,350,000 was allocated for, among other things, alarm and monitoring systems, for the “Smart Mine” project as well as for the purchase of computer equipment and systems.

Transport – PLN 758,000 was spent on purchase of passenger cars.

Other – PLN 464,000 was spent for, among other things, construction of structures above the Bogdanka Field and railway investments.

OPERATIONAL INVESTMENTS LW BOGDANKA S.A.

New workings and upgrade of existing ones

New excavations were built in accordance with the applicable Mining Works Schedule. The total length of the gallery workings as part of investments in Q1-Q3 2021 was approx. 14.1 km (total: 15.4 km) with the value of PLN 108,252,000.

Modernisation of workings with respect to reconstruction of galleries, vertical excavations and modernisation of storage reservoirs was performed in accordance with the adopted schedules, and its total value was PLN 25,585,000.

Investment projects completed in Q1-Q3 2021

The LW Bogdanka Group companies incurred expenditure for non-current assets of PLN 3,708,000.

Łęczyńska Energetyka and other subsidiaries of LW Bogdanka S.A.

Łęczyńska Energetyka

Investment tasks completed in 2021 included projects related to production, transmission and distribution of heat. In three quarters of 2021 the Company's capital expenditure totalled PLN 2,268,000.

RG Bogdanka, MR Bogdanka

In 2021 incurred capital expenditure in the total amount of PLN 1,440,000. These expenses were related to material investments.

Selected items of capital expenditure in the LW Bogdanka Group

[PLN '000]	PTE 2021	Performance of PTE in Q1-Q3 2021	Performance of PTE Q1-Q3 2021 [%]
New workings and upgrade of existing ones	297,846	133,837	44.9%
Maintenance of machinery	83,389	41,710	50.0%
Obtaining new licences	3,150	-	-
Longwalls	118,500	285	0.2%
Other development investments	62,696	26,215	41.8%
ICT	17,034	3,350	19.7%
Administration	50	19	38.0%
Transport	140	758	541.4%
Other	7,301	464	6.4%
TOTAL CAPEX in LW Bogdanka S.A.	590,106	206,638	35.0%
Łęczyńska Energetyka Sp. z o.o.	5,262	2,268	43.1%
Other subsidiaries:	2,323	1,440	62.0%
TOTAL CAPEX at the LW Bogdanka Group	597,691	210,346	35.2%

Capital expenditure for excavations in Q1-Q3 2021

Excavations and works - total	Depreciation method	Length [m]	Value of the coal from the excavations [PLN '000]	Total value of capital expenditure [PLN '000]	Value of capital expenditure [PLN '000]
Longwall excavations:	natural	12,080			
Basic excavations	linear	1,169	52,030	185,867	133,837
Reconstructions	linear / natural	1,322			

The total length of the corridor workings made in the period of 9 months of 2021 was 14,089 m. The reconstructions of the workings were executed as per the assumptions of the time schedule. The total expenditure on reconstruction of the corridor workings in that period amounted to PLN 25,585,000. The total expenditure incurred on the new workings and on the modernization of the existing ones amounted to PLN 108,252,000.

Fractions are not included in the values indicated in the tables, because they are directly recognised in the costs. However, fractions are included in the total length. In this case, this is about 840 m.

Coal prices on the international market

CIF ARA coal prices

- USD 155.1/tonne – the average coal price (CIF ARA) in Q3 2021, i.e. +206.5% (compared to USD 50.6/tonne in Q3 2020)
- comparing to the average coal price (CIF ARA) in (USD 89.6/tonne), it's an increase by 73.1%
- average price after three quarters of 2021 was USD 104.0/tonne, up by 119.4% y/y, (USD 47.4/tonne)

Inventories in ARA ports

- Approx. 4.1 million tonnes of coal inventories at the end of September 2021 in ARA ports – as at the end of June 2021 the level was 4.5 million tonnes.

Prices in the world's main ports

- The average coal price FOB Baltic Ports in Q3 2021 amounted to USD 136.4/tonne, i.e. up by 196.5% y/y, (USD 45.7/tonne)
- comparing to the average price in Q2 2021, (USD 78.7/tonne), it's an increase by 73.3%
- average price after three quarters of 2021 was USD 91.8/tonne, up by 100.9% y/y, (USD 45.7/tonne)

China

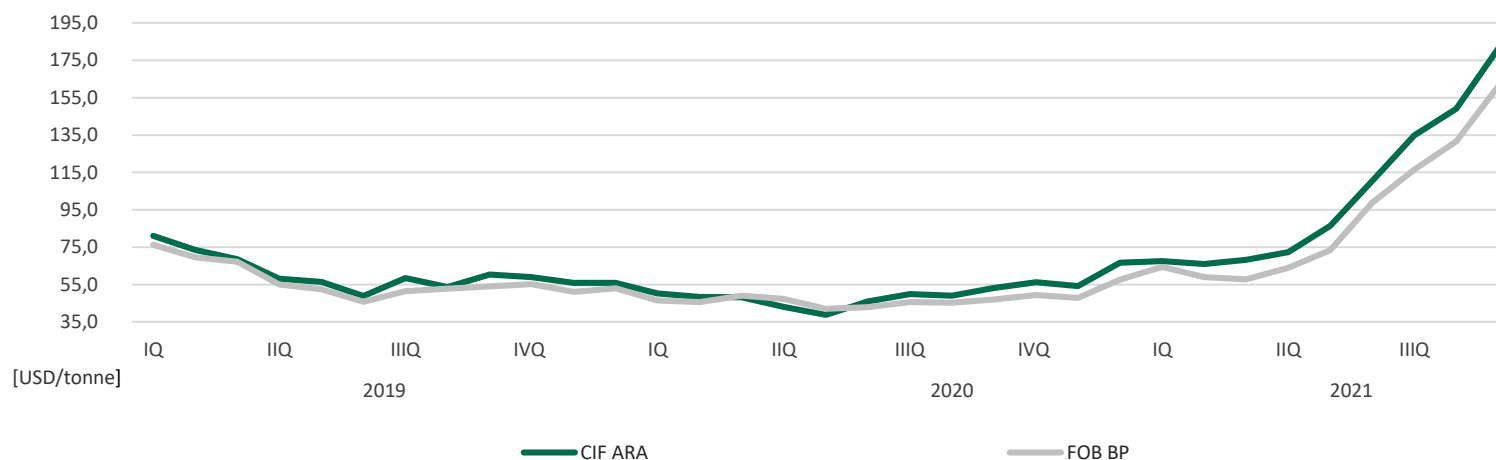
- in three quarters of 2021 approx. 2.9 billion tonnes of coal were produced i.e. +3.6% compared to in three quarters of 2020 (2.8 billion tonnes)
- imports in three quarters of 2021 were 230.4 million tonnes – a decrease by approx. 3.8% compared to three quarters of 2020 (239.4 million tonnes)

USA

- during three quarters of 2021, approx. 396.1 million tonnes were produced, i.e. up by 9.7% compared to three quarters of 2020 (361.2 million tonnes)
- during three quarters of 2021, approx. 390.3 million tonnes were consumed, i.e. up by 19.6% compared to three quarters of 2020 (326.3 million tonnes)
- exports after three quarters 2021 – 59.3 million tonnes of hard coal, up by 27.8% y/y

Russia

- during three quarters of 2021, approx. 318.0 million tonnes were produced, i.e. up by 8.5% y/y
- during three quarters of 2021, approx. 160.0 million tonnes were exported, i.e. up by 12.7% y/y



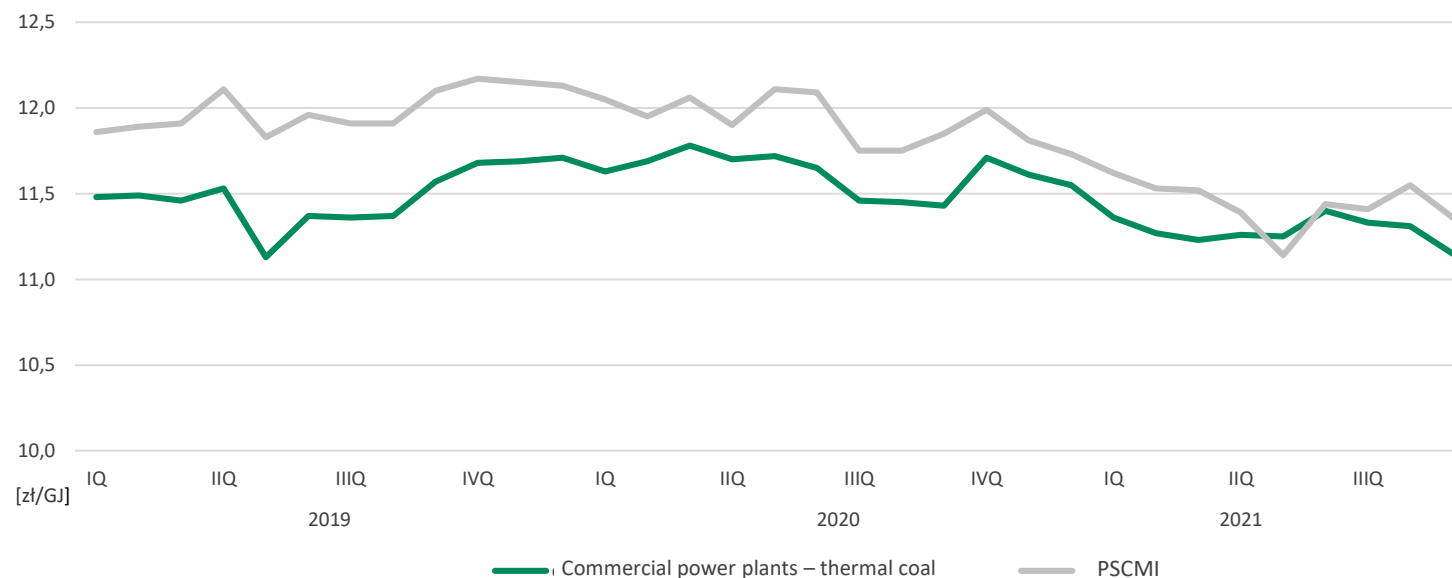
Fine thermal coal prices in the domestic market

Fine thermal coal prices

- in Q3 2021, the average annual price of fine thermal coal for commercial power plants was PLN 11.26 per GJ, the change dynamics was ca. - 1.7% y/y
- in three quarters of 2021 approx. (PLN 11.28 per GJ) – down by 2.8% compared to three quarters of 2020 (PLN 11.61 per GJ)
- average heating value of fine coal for commercial power plants was about 21.4 GJ

Prices based on the PSCMI index

- in Q3 2021 the average price based on the PSCMI index was approx. PLN 11.44 per GJ, which compared to average price in Q3 2020 (PLN 11.78 per GJ) represents a decrease by approx. -2.9%
- in three quarters of 2021 the price stood at a level of PLN 11.44 per GJ, compared to PLN 11.95 per GJ in three quarters of 2020, translating into a decrease by 4.3%



Production, sales and inventories of thermal coal in the domestic market

Production of thermal coal in Poland

- in three quarters of 2021, the production of thermal coal amounted to about 31.5 million tonnes, which represents an increase of 1.6% y/y

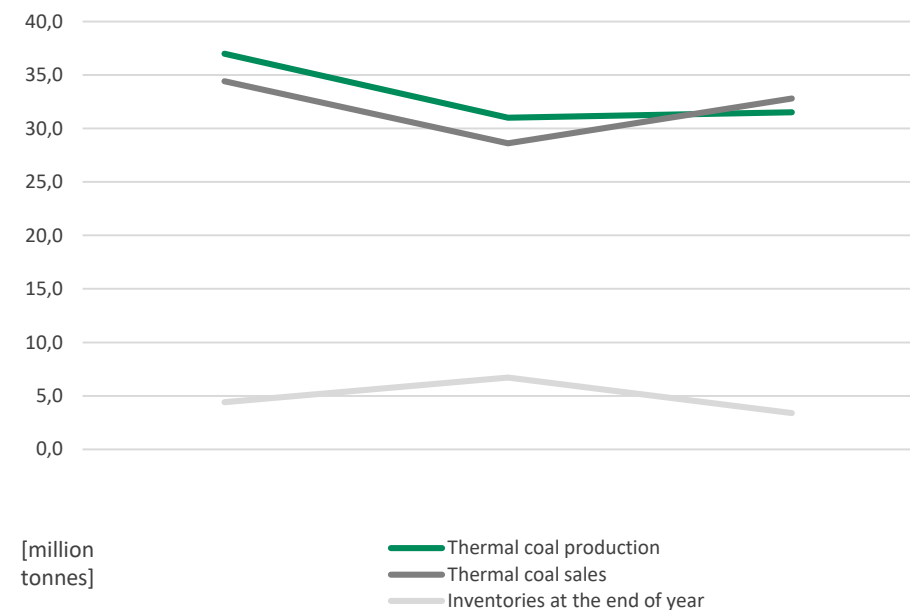
Sales of thermal coal market in Poland

- sales in three quarters of 2021 amounted to about 32.8 million tonnes, including about 21.4 million tonnes of thermal fine coal sold to commercial power plants
- sales of thermal coal increased by about 14.7% in comparison to three quarters of 2020

Inventories of coal in Poland

- the level of thermal coal inventories at the end of Q3 2021 totalled 3.4 million tonnes (at the end of Q3 2020 – 6.7 million tonnes), down by 49.0%

Production, sales and inventories of thermal coal in the domestic market



Production, sales and inventories of thermal coal in the domestic market

Key customers of thermal coal in Poland

Commercial power plants are the main recipients of thermal coal in Poland. They bought about 21.4 million tonnes of thermal fine coal. Key customers from the commercial power industry are as follows:

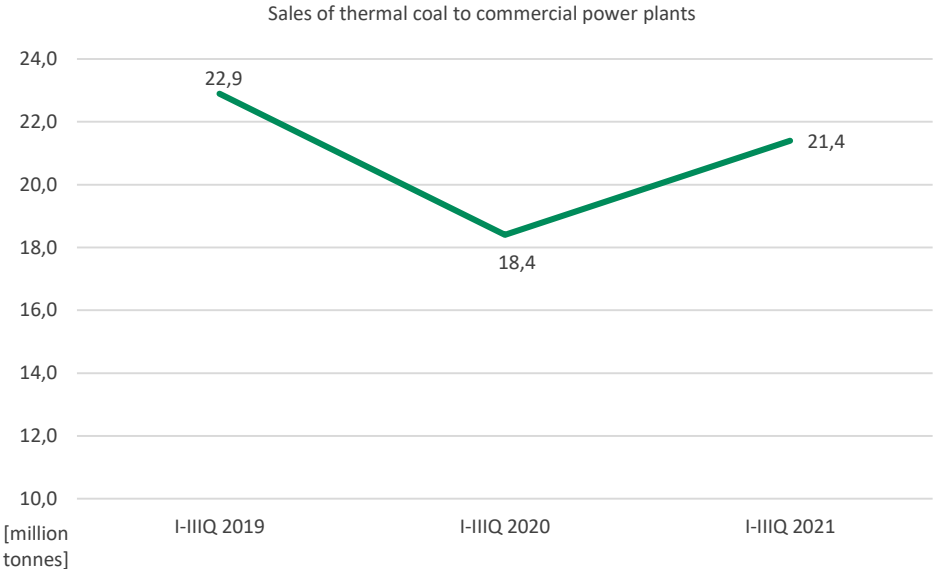
- Tauron
- PGE
- Enea
- PGNiG
- ENERGA

Sales of thermal coal market in Poland

In three quarters of 2021, about 32.8 million tonnes of thermal coal were sold in Poland. 31.4 million tonnes of thermal coal were delivered to the domestic market, including 27.2 million tonnes of thermal fine coal.

Export of coal

About 4.3 million tonnes of coal were exported, including approx. 1.4 million tonnes of thermal coal.



Electricity generation in Poland

Electricity generation – total

- In three quarters of 2021, 126,329 GWh of electricity was produced, which represents an increase of 15,736 GWh (14.2%) versus the same period of 2020.

Power generation from coal

- Coal was the main fuel used to produce electricity. In three quarters of 2021 it was used to produce 101,187 GWh, which was an increase by 21,214 GWh (26.5%) compared to three quarters of 2020.
- In three quarters 2021 coal accounted for 80.1% of total electricity production in Poland, but its share in the fuel mix went up by 7.8% in comparison with three quarters of 2020.

Power generation from hard coal

- Hard coal served for producing electricity of 67,949 GWh (up by 32.1% compared to three quarters 2020).

Power generation from lignite

- Lignite was used to produce 33,238 GWh of electricity (16.5% more than in three quarters of 2020).

Power generation by wind farms

- Wind farms produced 9,261 GWh of electricity, which represents a decrease by 8.1% in comparison with three quarters of 2020. Wind made up about 7.3% of electricity production.

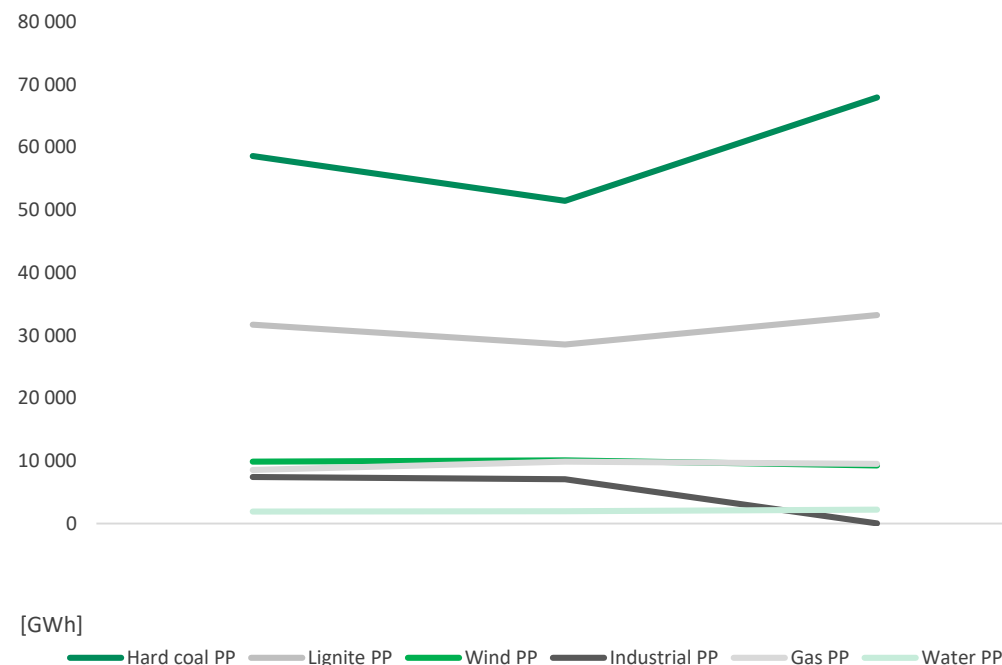
Power generation by gas-fired power stations

- Gas power plants produced 9,512 GWh of electricity, which was a decline of 3.6% compared to three quarters of 2020.

Electricity consumption on the domestic market

- In three quarters of 2021, the consumption of electricity totalled about 128,582 GWh, which represents an increase of 7,713 GWh (6.4%) versus the same period of 2020.

Electricity generation in Poland



Description of factors which, in the assessment of the LW Bogdanka Group, will affect the results achieved by the Parent and its subsidiaries within at least the following quarter.

A full description of risks connected with the Group's operations can be found in the Report for 2020. Below please find risk factors which the Group sees as the most important risk factors in the perspective of the following (the fourth) quarter of 2021.

Factors associated with the economic policy of the State in relation to the hard coal mining sector

Plans of the government concerning enterprises operating in the hard coal mining and power engineering sector have a significant influence on the market position of the LW Bogdanka Group. On 2 February 2021 "Poland's 2040 Energy Policy" was approved by virtue of resolution of the Council of Ministers. The assumption of the draft is that Polish economy will continue to be based on hard coal, however, due to increased demand for electricity, its share in production structure will decline. The estimated annual share of consumption of hard coal for electricity production will stand at a level of approx. 56% in 2030 assuming a balanced growth of fees for CO₂ emissions allowances. Poland's 2040 Energy Policy also assumes withdrawal from use of coal for individual heating in towns by 2030 and in rural areas by 2040. These assumptions are neutral from the point of view of LWB, hence the production plan levels for the following years should be maintained.

Factors associated with the levels of prices for raw materials for power production in Poland and the world

The prices of thermal coal and raw materials alternative to thermal coal (crude oil, natural gas, renewable sources) are the main factors shaping the prices of raw materials on global markets, and consequently, on the domestic market. This is of key significance for the activities conducted by the Parent.

Since the beginning of 2021 coal prices have gone up on the global markets and thus growth dynamically accelerated at the end of Q3 and the beginning of Q4 2021 reaching record breaking levels. The increases are a consequence of, among other things, strong economic development after the lockdown related to the Covid-19 pandemic, high demand for gas and low level of its storage. All these factors have a strong impact on high demand for electric energy from coal power plants.

On the domestic market of thermal coal, following price decreases in H1 2021 the situation stabilised and a slight increase started at the beginning of Q3 2021.

During three quarters of 2021 an increase in electricity production from coal was observed. This comes as a result of weather conditions (long cold winter and high temperatures in summer) as well as enhanced functioning of domestic economy despite long-lasting restrictions related to the COVID-19 pandemics, as well as the low level of gas storage. Low temperatures in Europe (including Poland) in Q1 2021, significantly reduced production capacities as far as energy from wind farms and other renewable sources are concerned, which concurrently translated into a significant drop of electric energy imported from other countries. Since supplies of energy from these sources were reduced, coal energy sector provided supplies of the missing volume of electric energy by increasing its production volume.

Factors associated with the launch of extraction of new deposits at the Parent

A material aspect of the operations conducted by the Company is the necessity to secure future extraction possibilities by providing access to new coal resources.

The decrease in the resource base stemming from day-to-day exploitation combined with the lack of new licenses limits the possibility of efficient planning in relation to making deposits available and preparing them for extraction, shortens the mine's life and decreases extraction levels, hence impacting financial results expected in the future.

Making new deposits available necessitates incurring additional investment expenditure, in particular on main excavations. The key is to maintain efficient production despite longer transport routes and delivery, as well as make efficient working time shorter.

Technical and technological factors

Extracting coal from underground seams is a complex process which is subject to strict technical and technological requirements. During such operations, various stoppages can occur due to planned and unplanned technical interruptions (e.g. malfunctions). In this group of risks, there is also a risk of unexpected, usually local, deterioration of the quality of the deposit.

Countermeasures:

- infrastructure availability – two lifting shafts,
- transport of the excavated material from the Stefanów Field to the Bogdanka Field by underground excavations,
- system of underground coal storage reservoirs,
- raw coal reservoirs on the surface
- use of advanced mining equipment and machines
- developing solutions minimising the risk of adverse events,
- research and development work aimed at increasing work productivity and safety.

Factors associated with the strong position of the trade unions in the Group

Trade unions hold a significant position in the hard coal mining sector and play an important role in determining staff and payroll policy, frequently forcing renegotiations of wage policy through protest actions. As at 30 September 2021, six trade union organisations operated at the Group (of which four trade union organisations at LWB associating approx. 64.7% of the employees). Strong position of the trade unions creates a risk that the costs of remuneration may increase in the future in connection with negotiated wage agreements, and in consequence adversely affect financial results achieved by the LW Bogdanka Group. Furthermore, possible protests and/or strikes organised by the trade unions could affect the operating activities conducted by the LW Bogdanka Group.

Countermeasures: permanent dialogue with trade union organisations, running cyclical meetings of the purpose of negotiating with the social side.

Epidemic risks

The coronavirus (SARS-Cov-2) epidemic continuing from 2020 and causing COVID-19 still has a significant impact on the economy, both in Poland and internationally. It is still necessary for the government to take measures counteracting the epidemic and introduce other restrictions which affect the condition of the economy. The said measures and influences may be observed on the example of the third wave of the coronavirus, which took place in Q1 and at the beginning of Q2 2021. At the end of Q3 2021 and beginning of Q4 2021, as the fourth wave unfolds, we may once more observe a rising number of cases and patients admitted to hospitals. This, in turn, may result in intensified measures taken by the state to counteract the epidemic, for instance by re-introducing restrictions.

However, as at the date of drawing up this Report, the circumstances described above did not affect the Group's operations to such an extent as in 2020.

Moreover very good production results which translated into the financial result in three quarters of 2021 were achieved thanks to efforts aimed at best possible use of production capacity, such as the intense work of employees and optimized wall run system and timetable in the period of higher coal demand.

However, bearing in mind the risks posed by COVID-19, the Group continues to apply proper security and other measures to counteract the negative impact of COVID-19 on Group's operations and financial results. These measures include, in particular, personal protection equipment, keeping distance, proper work organisation, use of shift work or home office where possible, and suitable technical resources facilitating prophylaxis.



Workforce changes

Employment at the Group

Three quarters of 2021 brought a 1.9% increase in employment in the Group (comparing to three quarters 2020). The highest increase in FTJs was recorded in RG Bogdanka Sp. z o.o.

Workforce of the Parent

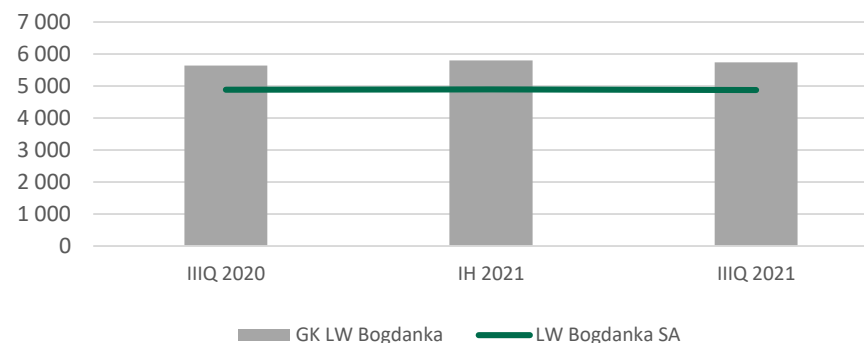
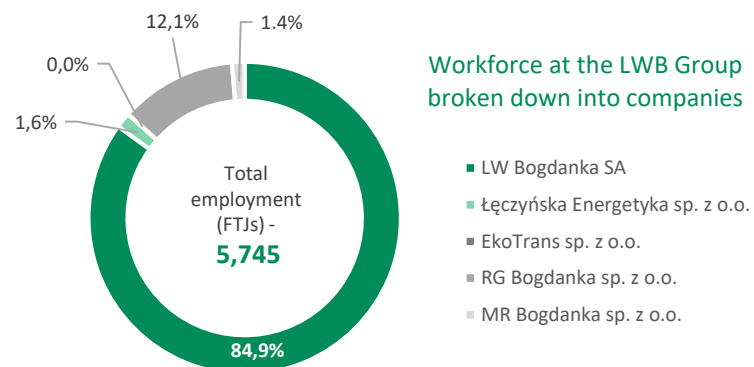
At the end of Q3 2021 the personnel employed at the Parent accounted for 84.9% of total employment in the Group.

Blue-collar workers accounted for 83.7% of all employees. Comparing the workforce as at 30 September 2020 the number of underground staff went down by 0.7%.

Underground personnel constituted the main group employed in LW Bogdanka S.A., i.e. 72.9% of total staff.

In three quarters of 2021, 72 employees were hired to LW Bogdanka S.A., while 118 employees left the Company.

Employment (FTJs)	30 Sep. 2020	30 Jun. 2021	30 Sep. 2021	Workforce structure at the Group	Change Q3 2021/ Q3 2020	Change Q3 2021/ H1 2021
Total						
Total workers	4,114.0	4,099.0	4,080.0	-	-0.8%	-0.5%
Underground workers	3,152.0	3,139.0	3,131.0	-	-0.7%	-0.3%
Surface workers	962.0	960.0	949.0	-	-1.4%	-1.1%
Full-time employees underground	424.0	425.0	425.0	-	0.2%	0.0%
Full-time employees on the surface	352.0	368.0	370.0	-	5.1%	0.5%
Total underground	3,576.0	3,564.0	3,556.0	-	-0.6%	-0.2%
LW Bogdanka S.A.	4,890.0	4,892.0	4,875.0	84.9%	-0.3%	-0.3%
RG Bogdanka Sp. z o.o.	570.0	731.9	697.9	12.1%	22.4%	-4.6%
MR Bogdanka Sp. z o.o.	79.5	79.5	77.5	1.3%	-2.5%	-2.5%
EkoTrans Bogdanka Sp. z o.o.	2.0	2.0	2.0	0.0%	0.0%	0.0%
Łęczyńska Energetyka Sp. z o.o.	97.2	94.0	93.0	1.6%	-4.3%	-1.1%
LW Bogdanka Group	5,638.7	5,799.4	5,745.4	100.0%	1.9%	-0.9%



Social matters

The dominant values cherished by the LW Bogdanka Group are as follows: honesty, professionalism and responsibility. These values ensure the harmonious development of the Group pursuing its economic objectives in line with the expectations of the society and the requirements of the environment. The Company has implemented the "Corporate Social Responsibility Strategy for 2018-2021"; the preparation process of the Strategy followed a cycle of dialogue sessions with key stakeholders of the Company based on the AA1000 standard.

Our approach to social responsibility management may be defined in a nutshell as an "Increase in the Company's value and the development of the local community based on the principles of sustainable growth, transparency and education for various groups".

Key goals of the Strategy include:

- Ensure the highest work safety level,
- Limit the impact of operations on the safety of local natural environment,
- Ensure safety and stimulate development of local community,
- Follow transparent and responsible management practices.



Effectiveness of safety management at workplace

At LW Bogdanka S.A., matters related to occupational health and safety management are part of the

Integrated Health and Safety, Quality and Environment Management System at LW Bogdanka S.A.

The Company maintains a quality management system compliant with the requirements of the relevant reference standards, which has been confirmed by audits in the organisation, including an audit carried out by PRS Certyfikacja S.A. Several facultative OHS solutions were implemented in order to improve employee safety at the Company.

Prevention

Health prevention measures were primarily focused, similarly as in 2020, on counteracting the dissemination of the COVID-19 pandemic. Relevant safety information was displayed on various carriers, including OHS screens or boards displayed at the entrance to the Company. Moreover, in order to ensure the highest level of occupational safety, the Company develops and displays on screens (located in places where the crew gathers before descent) reconstructions of accidents at work and demonstrations of correct performance of duties. As part of the action promoting health prevention, a prevention action was organised on the occasion of Women's Day for women employed at LWB – each of them received a gift with information materials regarding cancer disease. Another prevention-related activity was a participation in a project for prevention of chronic spine deceases.

The Company also carried out information action regarding vaccinations against Covid-19, by organising vaccine registrations among the employees.



Close to nature

Sustainable development of LW Bogdanka S.A. means prioritisation of environment protection and care for ecological aspects. The Company is aware on how precious area, in terms of nature, it is situated, in vicinity of the Polesie National Park and other protected areas; therefore it pursues numerous projects which decrease the adverse effect on the environment and other indirect effects of the industrial activity, like emissions or the use of water and materials. The magnitude and scale of the impact on the natural environment depends to a large extent on the extraction technology employed by the mine and on how environmental issues are handled by the enterprise.

Effective environmental management is based on the Integrated Health and Safety, Quality and Environment Management System. It complies with PN-EN ISO 9001:2015, PN-EN ISO 14001:2015, PN-N-18001:2004 and, additionally, as regards health and safety, with the British standard BS OHSAS 18001:2007.

From the beginning of 2021, the project "Soil - agricultural space. Sustainable agriculture in the areas in vicinity of LWB" has been continued. On 23 September 2021 a meeting was held for consultations, training and summing up the project. It was attended by both local farmers, including lessees of land from LW Bogdanka, as well as representatives of local self-governments and the interested employees of the Company. The training was carried out by scholars from the Institute of Cultivation, Fertilisation and Pedology - State Research Institute in Puławy (IUNG). During the meeting the following subjects were discussed:

the condition and characteristics of agricultural land in the vicinity of Lubelski Wegiel Bogdanka; implementation of good agricultural practices with a view to protecting soil and water against contamination; correct agrotechnics in order to obtain the best crop yield of arable plants;

prevention of adverse effects of agricultural drought. Further, the project included preparation of training materials in the form of educational and informational brochures sent via electronic means to the training participants; hard copy brochures will be provided to the local self-government authorities in order to reach as many potentially interested recipients as possible.



In March 2021 the Company along with the Central Mining Institute in Katowice and the WSB University of Dąbrowa Górnicza organised workshop on revitalisation of post-mining land in the context of managing the mining waste treatment facility in Bogdanka.

Social matters

Investing in education on sustainable growth

"ŁącznaLAB" – is the continuation of successful cooperation with the Łączna Municipality and the Landscapes Foundation, as part of which, in a strict cooperation with dwellers, self-government, and experts, six tasks are performed in 2021, including: Urban Greenery. Meadows – setting flowery meadows and flower beds, including five mini theme meadows created together with local organisations and groups.

Culture of Space / Functional Greenery – it's a second stage of revitalisation of the Miner's Square and making a culture corner at the Cultural Centre at ul. Fatimska. Furthermore, as part of the cooperation, a sensory playground is being created in the Podzamcze Park as well as a "Dog Stop" offering events for dogs and dog owners.

The "Nadrybie Parklet" - a mobile educational platform known from the previous year, following a refreshment and a change of greenery has continued its route throughout the province.



New nesting sites for little owls, long-eared owls, and barn owls will soon appear in the Łęczyński powiat and a part of the Polesie region. This is thanks to the efforts of LW Bogdanka S.A. and the "For Nature" Foundation which at the end of 2020 started cooperation with a view to actively protecting those amazing owl species.

The cooperation with the "For Nature" Foundation, within the frame of the proposed actions, is crucial due to their influence on local natural environment

and shaping pro-environmental attitudes of the local community. From their nature, owls do not set nests, but to a small extent adapt nesting sites, using nests abandoned by other birds, tree hollows, rock shelves as well as abandoned utility buildings.

Active protection of cranes nesting in the Lublin region with particular attention for those related with the area of the Polesie National Park is another project joined by our Company.

On 28 July 2021 LW Bogdanka, Foundation for Nature, Provincial Fund for Environmental Protection and Water Management in Lublin, Polesie National Park and Marshal Office (Urząd Marszałkowski) in Lublin launched the following project: "Migrations of Lublin Cranes".

It is pursued on the basis of state-of-the-art technologies related with ringing cranes with the use of GPS-GSM transmitters/loggers for the purpose of observation of migration routes, as well as installing an on line camera (with a permanent cam preview at a website) to monitor their habitats. The above activities provide detailed information on the behaviour of this species thus facilitating elimination of many threats on the part of predators and humans, in particular during the hatching period. Analysis of observations and movements related to prey areas provides unique data helpful for developing a plan of protection of areas preferred by this species, which is related to the protection of wetland habitats both in Poland and abroad. An additional action in support of this project is education of children based on field meetings and using dedicated educational materials.

Socially Engaged Bogdanka

In August 2019 the Company launched a programme under which LW Bogdanka's employees may bring initiatives and inform the Company of social organisations which are important for local community and, at the same time, address the needs of groups of external stakeholders of the Company. An employee may once a year receive up to PLN

3,500 to implement his or her initiative described in the application – the ideas are subject to assessment by a Team appointed by the Vice-President of the Management Board responsible for Employee and Social Affairs.

Despite the continuing pandemic, this year our employees have already completed 16 projects for the local communities, including by joining the organisation of judo for children - "Open Lublin Province Championship" or renovation of historic tomb on the Roman-Catholic cemetery in Wereszczyn. An important branch of the Socially Engaged Bogdanka programme is education. A pre-school facility in Janowica has been equipped in new educational materials and pro-development toys, and Primary School No. 4 in Łączna children are provided with support in learning programming and cyberreality.



Development and Joy

"Development and Joy" – is a title and a motto of an initiative addressed to children under care of orphanages and foster families, including those who will attain their majority this year. The educational and development chances for children and youth are to be equalled through the "Development" module in order to motivate them to reach better results and help enter adult life. The "Joy" module assumes actions to provide good experience - that is participation in cultural events, integration trips, learning about the world and gaining new knowledge. In 2021 three organisations were invited to the project: Orphanage in Kijany, Orphanage in Siedliszcze and Janusz Korczak

Orphanage in Lublin. Additionally, in close cooperation with the Powiat Centre for Family Help in Łączna, as part of integration activities, individual support was provided to 20 children in foster families and to 50 foster families.



Bogdanka's Active People – 3rd edition

The employees of the LW Bogdanka Group submitted information of their passions to the Bogdanka's Active People programme; the proposals were accepted until 15 May. It's already the third edition of the programme which offers co-financing for interesting extra-professional activities of the employees. The programme has been appreciated both in the company and by the local media, and has become an important pillar of the employer branding strategy.



Social matters

The Solidary Miners Foundation

The Solidary Miners Foundation which operates at the LW Bogdanka Group addresses the needs of the Company's mining environment and the needs of the local mining environment. The Foundation provides help to miners in need (e.g. following an accident), and to miners' families that for various reasons have found themselves in difficult life circumstances, especially those who suffer from poverty or those who need ad-hoc support. The Foundation also responds to the needs of children raised in dysfunctional and poor families. The Foundation supports and promotes the development of talented young people from the local community. In Autumn 2016 the Foundation obtained the status of a public benefit organisation, which proves its strong commitment and effectiveness when it comes to accomplishing social benefit objectives. This has enabled the remittance of 1% of tax to the Foundation.



On average, 70 % of the help granted is related to the health of the employees and their families – treatment, rehabilitation and purchases of medical equipment. The Foundation provides assistance to mining retirees and pensioners to an increasingly larger extent.

In the majority of cases, social aid refers to families of miners who survived serious accidents or died in accidents, as well as mining retirees. Co-financing provided to education and health care is related mainly to assistance for institutions, associations and other organisations of significant social importance.

Development of the local community

From the very beginning of its existence, the LW Bogdanka Group has been supporting its immediate surroundings and the local community, inter alia, by subsidising a range of local social initiatives, aimed at the development of the cultural, scientific, educational and health realm, construction of communal infrastructure, and answering other needs of the local community. As from January 2021 new Rules governing donation granting have been in force, where goals and priorities for the Company's social involvement were described along with a procedure of applying for a grant. The changes include developing a grant application form. The rules were presented to the Company's stakeholders at a relevant webinar. The initiatives in which the Company is involved include canteen for the poor and the homeless operated by St. Brother Albert Brotherhood of Mercy and the construction of a mini traffic city for children of the Primary School in Nowa Jedlanka.

Bogdanka in the "Responsible Business in Poland" report and in the group of Partners of the Responsible Business Forum

The Company's CSR practices were noticed in the "Responsible Business in Poland. Best Practices 2020" Report. Urban Laboratory in Łęczna, Bogdanka's Active People, Inter-sectoral cooperation for the benefit of sustainable growth of LWB, Mining Leaders Academy or Socially Engaged Bogdanka – are only some of our initiatives appreciated by experts. On publishing the Report it was also announced that LW Bogdanka had joined the Responsible Business Forum Partnership Programme now comprising 51 strategic partners.



We support young culture

In the first half of 2021 a new programme – "Bogdanka's Cultural Scholarships in a Student's Cottage" was launched. It is a scholarship-based programme aimed at supporting the activity of young artists and culture animators from the Lublin region. It is performed under the framework of the Policy of social involvement of LW Bogdanka S.A. in cooperation with the Academic Centre for Culture and Media of the Maria Curie-Skłodowska University in Lublin - the Student's Cottage.



On 6 July 2021, during an official gala, cultural scholarships of the programme's first edition were presented in the Student's Cottage. The Competition Commission has decided to award 15 scholarships in the area of artistic activity (music, visual arts, theatre, literature) and promotion of culture, with a total value of PLN 70,000 gross. Beneficiaries of the scholarship are persons of less than 35 years of age who live, study or perform creative activity in the Lublin province. Four of them come from Ukraine and Belarus.



Awards and accolades

- Award in the "Mining Success of the Year" competition in the Innovation category, for innovative solutions implemented in order to exploit wall 1/VIII/391, including comprehensive use of digital tools, e.g. the Internet of Things.
- 2nd place in the Diamonds of Polish Economy 2020 ranking for the Lublin Province. The ranking was published by the "European Company", a magazine for entrepreneurs. From among 68,812 Polish companies whose financial results had been analysed in November 2020 by the Institute of the European Business, the title of a Diamond of Polish Economy 2020 was granted to 759 companies from the Lublin Province, including LW Bogdanka S.A.
- The Company has once again taken the top position in the Responsible Companies Ranking - our activities, and primarily the results achieved in the field of CSR and sustainable growth have been appreciated in this prestigious ranking: we have been awarded with the third place in the "Fuels, Energy, Mining" category, thus confirming our leading position in the mining industry. Almost 80 companies took part, and twice as that expressed its interest in the Ranking. The Responsible Companies Ranking, published for the first time in 2007, is the only list of companies operating in Poland assessed in terms of the quality of its CSR management. In 2021 its partner is the Responsible Business Forum.





3

Financial standing

Production, sales and inventories of coal

Production, sales of commercial coal of the Company

['000 tonnes]	Q3 2020	Q3 2021	Change	Change %	Q1-Q3 2020	Q1-Q3 2021	Change	Change %
Gross coal extraction	3,060	3,759	699	22.8%	8,592	10,667	2,075	24.2%
Production of commercial coal	1,841	2,556	715	38.8%	5,538	7,503	1,965	35.5%
Yield (%)	60.2%	68.0%	7.8 p.p.	13.0%	64.5%	70.3%	5.8 p.p.	9.0%
Sales of commercial coal	2,178	2,654	476	21.9%	5,700	7,244	1,544	27.1%
New excavations (km)	6.6	5.0	-1.6	-24.2%	19.7	15.4	-4.3	-21.8%

['000 tonnes]	30 Sep. 2020	31 Dec. 2020	30 Sep. 2021	Change [%] 30 Sep. 2021 30 Sep. 2020	Change [%] 30 Sep. 2021 31 Dec. 2020
Inventories of coal	17	122	381	2,141.2%	212.3%

Structure of commercial coal production

[%]	Q3 2020	Q3 2021	Q1-Q3 2020	Q1-Q3 2021
Fine coal	98.9%	97.8%	99.3%	98.7%
Nut coal	0.0%	0.1%	0.0%	0.0%
Pea coal	1.1%	2.1%	0.7%	1.3%
Total	100.0%	100.0%	100.0%	100.0%

The higher operating results of the Company for the three quarters of 2021 were mainly influenced by an increased demand for power coal by commercial power plants and the heating sector. These results are similar to values reached in the three quarters of 2019. The abovementioned operational results were achieved thanks to the intense work of employees and optimized wall run system and timetable.

Production of coal

- (+) gross extraction of coal in 3Qs of 2021 increased by 24.2% y/y, i.e. 2,075,000 tonnes.
- (+) production of commercial coal in 3Qs 2021 was 7,503,000 tonnes, i.e. more by 1,965,000 tonnes than in the same period of 2020
- (+) yield for 3Qs of 2021 was 70.3% compared to 64.5% for the same period of 2020.

Sale of coal

- (+) in Q3 2021, the sales of coal grew by 21.9% compared to Q3 2020.
- (+) in 3Qs of 2021, the sales of commercial coal amounted to 7,244,000 tonnes, i.e. they were smaller by 27.1% than in the same period of 2020.

Inventories

- (+) at the end of Q3 2021, the level of coal inventories amounted to 381,000 tonnes, which means an increase by 259,000 tonnes compared to the level as at 31 December 2020
- (+) the level of coal inventories presented at the end of Q3 2021 corresponds approximately to 11 days of commercial coal production (on the basis of average daily production of six months).
- (+) the level of inventories allows the mine for safe servicing of logistics processes in the event of problems with coal production.

Structure of commercial coal production

- (+) higher share of the production of fine coal sold to industrial customers maintained.
- (+) in Q3 2021, as in three quarters of 2021, increase in the share of pea coal in the production structure - higher sales to domestic and foreign customers (coal sold by the Company reached Ukraine through a coal agent).

Revenue and key customers of the LW Bogdanka Group

Dynamics of changes in product range with respect to revenue

[PLN '000]	Q3 2020	Q3 2021	Change	Change %	Q1-Q3 2020	Q1-Q3 2021	Change	Change %
Sale of coal	493,996	608,439	114,443	23.2%	1,320,231	1,627,002	306,771	23.2%
Other activities	7,195	8,252	1,057	14.7%	23,931	28,517	4,586	19.2%
Sale of goods and materials	3,331	5,197	1,866	56.0%	9,371	12,960	3,589	38.3%
Total	504,522	621,888	117,366	23.3%	1,353,533	1,668,479	314,946	23.3%

Structure of revenue

[%]	Q3 2020	Q3 2021	Q1-Q3 2020	Q1-Q3 2021
Sale of coal	97.9%	97.9%	97.5%	97.5%
Other activities	1.4%	1.3%	1.8%	1.7%
Sale of goods and materials	0.7%	0.8%	0.7%	0.8%
Total	100.0%	100.0%	100.0%	100.0%

Geographical structure of revenue

[PLN '000]	Q3 2020	Structure	Q3 2021	Structure	Q1-Q3 2020	Structure	Q1-Q3 2021	Structure
Domestic sales	504,522	100.0%	590,074	94.9%	1,353,533	100.0%	1,598,896	95.8%
Foreign sales	-	-	31,814	5.1%	-	-	69,583	4.2%
Total	504,522	100.0%	621,888	100.0%	1,353,533	100.0%	1,668,479	100.0%

Revenue on sales of coal

(+) in Q3 2021, the Group generated revenue in the amount of PLN 608,439,000, which represents an increase by 23.2% compared to Q3 2020.

(+) in 3Qs 2021 revenue on sales of coal was PLN 1,627,002,000 compared to PLN 1,320,231,000 in the analogous period of 2020, which means a decrease in revenue by 23.2% y/y.

The main source of revenue of the LW Bogdanka Group is the production and sale of thermal coal by the Parent. In each of the compared reporting periods this activity generates approx. 97%-98% of the LW Bogdanka Group's revenue.

Revenue on other operations

In Q3 2021 revenue on other operations (which includes revenue of subsidiaries) were PLN 8,252,000 (1.3% of total revenue), compared to PLN 7,195,000 (1.4% of revenue) in the analogous period of 2020 (up by 14.7% y/y). A significant share in that group of revenue was held by:

- revenue from services of coal transport provided by the Parent for the benefit of some customers,
- revenue generated by Łęczyńska Energetyka from the sale of heat energy to third parties,
- revenue on industrial services provided to companies performing works contracted by the Parent,
- revenue on lease of non-current assets.

In three quarters of 2021 revenue on other operations was PLN 28,517,000 compared to PLN 23,931,000 for the previous year. The increase in revenue in this group is primarily related to higher revenue from transport services (PLN +4,027,000).

Higher value (by more than a third) of revenue on sales of goods and materials is a consequence of higher scrap sales (i.e. lining recovered from closing galleries, which cannot be regenerated and reused).

Geographical structure of revenue

The activities of the Group are primarily concentrated in Poland. In three quarters of 2021 sales of coal abroad (Ukraine) was performed through a coal agent.

During three quarters of 2021 the Group generated profit on exported sales in the amount of PLN 69,583,000, making 4.2% of total revenue on sales.

Key customers

About 87% of coal sales (in terms of value) during three quarters of 2021 was effected to Enea Wytwarzanie Sp. z o.o., Enea Elektrownia Połaniec S.A. and Grupa Azoty Zakłady Azotowe Puławy S.A. on the other. The share of the abovementioned recipients in the analogous period of 2020 was approx. 9.0 p.p. higher.

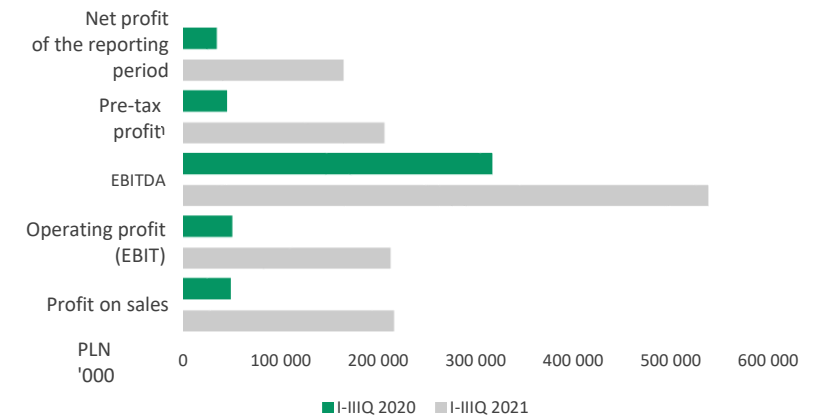
Key customers by share in revenue:

- Enea Wytwarzanie sp. z o.o. – approx. 70% of share in the revenue
- Enea Elektrownia Połaniec S.A. – Enea Group – approx. 12% share in the revenue

Financial highlights of the LW Bogdanka Group

Analysis of the consolidated income statement

[PLN '000]	Q3 2020	Q3 2021	Change	Q1-Q3 2020	Q1-Q3 2021	Change
Revenue	504,522	621,888	23.3%	1,353,533	1,668,479	23.3%
Costs of products, goods and materials sold, selling costs and administrative expenses	504,599	522,567	3.6%	1,304,606	1,451,846	11.3%
Profit/(loss) on sales	-77	99,321	-	48,927	216,633	342.8%
Gross sales margin	-	16.0%	-	3.6%	13.0%	9.4 p.p.
Other income	1,004	158	-84.3%	3,113	1,135	-63.5%
Other expenses	246	343	39.4%	1,362	654	-52.0%
Net operating profit	681	99,136	14,457.4%	50,678	217,114	328.4%
Other profits/(losses) - net	161	-2,533	-	64	-4,317	-
Operating profit (EBIT)	842	96,603	11,373.0%	50,742	212,797	319.4%
EBIT margin	0.2%	15.5%	15.3 p.p.	3.7%	12.8%	9.1 p.p.
EBITDA	96,540	208,460	115.9%	317,648	538,309	69.5%
EBITDA margin	19.1%	33.5%	14.4 p.p.	23.5%	32.3%	8.8 p.p.
Finance income	104	106	1.9%	2,564	248	-90.3%
Finance costs	2,369	2,179	-8.0%	7,719	6,466	-16.2%
Profit/(loss) before taxation	-1,423	94,530	-	45,587	206,579	353.2%
Pre-tax profit margin	-0.3%	15.2%	15.5 p.p.	3.4%	12.4%	9.0 p.p.
Income tax	407	21,137	5,093.4%	10,748	41,828	289.2%
Net profit/(loss) for the financial year	-1,830	73,393	-	34,839	164,751	372.9%
Net sales margin	-0.4%	11.8%	12.2 p.p.	2.6%	9.9%	7.3 p.p.



Financial highlights of the LW Bogdanka Group

Revenue

The value of revenue for Q3 2021 went up by 23.3% compared to the same period of the previous year and amounted to PLN 621,888,000.

During three quarters 2021 the LW Bogdanka Group generated revenue at a level of PLN 1,668,479,000 compared to PLN 1,353,533,000 in the same period of 2020 (increase by 23.3%).

Costs of products, goods and materials sold, selling costs and administrative expenses

In Q3 2021 costs of products, goods and materials sold plus selling costs and administrative expenses amounted to PLN 522,567,000, i.e. they went up by 17,968,000 compared to the same period of the previous year (PLN 504,599,000).

During three quarters of 2021 costs of products, goods and materials sold, selling costs and administrative expenses went up from PLN 1,304,606,000 to PLN 1,451,846,000.

Profit / (loss) on sales

In Q3 2021 profit on sales amounted to PLN 99,321,000, while in the same period of 2020 loss was recorded and amounted to PLN 77,000.

In three quarters of 2021 the Group generated profit on sales in the amount of PLN 216,633,000, versus PLN 48,927,000 in the same period of 2020.

Other income

In three quarters of 2021 other income amounted to PLN 1,135,000 compared to PLN 3,113,000 a year before. A significant increase in the value of other income in the previous year resulted from the returned excise tax and a higher value of damages received.

Other expenses

Other costs during three quarters 2021 amounted to PLN 654,000 while in the same period of 2020 the figure was PLN 1,362,000 – a dominant item in both periods were damages paid and donations granted (in 2020 this figure was more than twice as high in the current period).

Other profits/(losses) – net

Other net losses in Q3 2021 amounted to PLN -2,533,000 compared to net profit of PLN 161,000 in Q3 2020.

Other net losses during three quarters of 2021 were PLN -4,317,000 compared to net profit of PLN 64,000 in the same period of 2020.

Such a high value of other net losses is attributable primarily to the valuation of FX contracts regarding the sales of coal – PLN 2,612,000. Moreover, in 2020 impairment loss related to the construction in progress was released (PLN 1,050,000), which caused a drop in other net loss.

EBIT

Operating result in Q3 2021 amounted to PLN 96,603,000. EBIT margin in Q3 2021 was 15.5%, i.e. it was higher by 15.3 p.p. than in the third quarter of the previous year.

EBIT margin for three quarters of 2021 was higher by 9.1 p.p. compared to 3Qs 2020, and accounted for 12.8%.

EBITDA

EBITDA in the third quarter of 2021 went up by 115.9% compared to the third quarter of 2020 and amounted to PLN 208,460,000. EBITDA margin in Q3 2021 equalled 33.5%, which shows an increase compared to the same period of 2020.

In three quarters 2021 the Group achieved an EBITDA margin of 32.3%, i.e. 8.8 p.p. more year on year compared to the same period of 2020 (EBITDA amount increased by 69.5% in the analysed period). In three quarters of 2021, EBITDA amounted

to PLN 538,309,000, compared to PLN 317,648,000 in 2020.

Finance income

Finance income in Q3 2021 amounted to PLN 106,000 (+1.9% y/y). In three quarters 2021 finance income was PLN 248,000 (-90.3% y/y). The decline is related to a decrease in effective interest rate close to zero.

Finance costs

In Q3 2021 finance costs amounted to PLN 2,179,000 and were lower by 8.0% than the costs in the same period of 2020.

The finance cost for three quarters of 2021 amounted to PLN 6,466,000 compared to PLN 7,719,000 in the same period 2020.

As at 30 September 2021 total debt of the Group amounted to PLN 11,321,000, compared PLN 11,008,000 as at 31 December 2020.

Pre-tax profit (loss)

In Q3 2021 the Group recorded pre-tax profit of PLN 94,530,000 compared to the loss of PLN 1,423,000 in Q3 2020.

Profit before taxation for three quarters of 2021 amounted to PLN 206,579,000 against PLN 45,587,000 in the same period of 2020.

Other profit / (loss) for the reporting period

In Q3 2021 the Group achieved net profit of PLN 73,393,000 compared to a loss of PLN 1,830,000 in Q3 2020.

The net profit of the Group for three quarters of 2021 was PLN 164,751,000 compared to PLN 34,839,000 in the analogous period of the previous financial year.



Balance sheet of the LW Bogdanka Group

Balance sheet [PLN '000]	31 Dec. 2020	30 Sep. 2021	Change
Total assets	4,375,263	4,573,714	4.5%
Return on Assets (ROA)*	1.7%	4.5%	2.8 p.p.
Non-current assets	3,763,945	3,601,769	-4.3%
Current assets	611,318	971,945	59.0%
Equity	3,299,827	3,463,778	5.0%
Return on Equity (ROE)*	2.2%	6.0%	3.8 p.p.
Provisions and liabilities	1,075,436	1,109,936	3.2%

* the calculations include net result for the last four quarters and an average level of assets and equity (as at 30 September 2021 + as at 31 December 2020)/2



Assets

The balance-sheet total as at 30 September 2021 compared to the value as at 31 December 2020 went up by PLN 198,451,000 and amounted to PLN 4,573,714,000, with non-current assets going down by PLN 162,176,000 and current assets going up by PLN 360,627,000. As far as non-current assets are concerned, the change of greatest importance is the decrease in the value of property, plant and equipment by 4.6%. As far as current assets are concerned the most important change is an increase in the value of cash and equivalents by 85.2% and higher inventories by 87.8%. Trade and other receivables and other current investments also increased significantly.

As at 30 September 2021 the ROA figure was 4.5%, while as at the end of 2020 it was 1.7%.

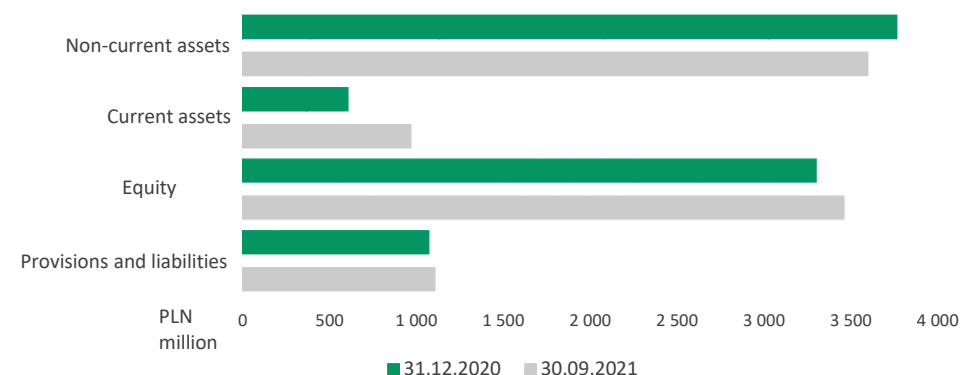
Equity and liabilities

The equity went up by 5.0%. It was an effect of the comprehensive income generated for three quarters of 2021. Provisions and liabilities went up by 3.2% compared to the value as at 31 December 2020, with current liabilities going up by 23.1% (increase was recorded mainly in trade and other liabilities, liabilities under contracts with customers, employee benefits payable and provisions for other liabilities and charges), and non-current liabilities dropping by 6.8% (including mainly liabilities regarding the deferred income tax and provisions for other liabilities and charges as well as trade and other liabilities).

At 30 September 2021 an increase in return on equity was recorded (by 3.8 p.p.) compared to the end of 2020.

The value of the ratio as at 30 September 2021 was 6.0% compared to 2.2% as at 31 December 2020.

Analysis of the consolidated statement of financial position

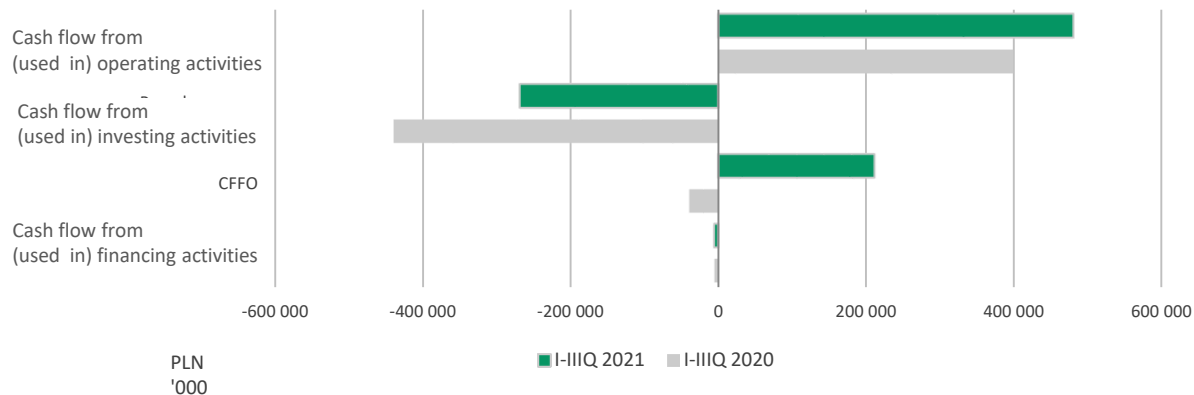


Cash flow of the LW Bogdanka Group

Cash flow

[PLN '000]	Q3 2020	Q3 2021	Change	Q1-Q3 2020	Q1-Q3 2021	Change
Cash flow from (used in) operating activities	179,024	162,980	-9.0%	399,155	480,145	20.3%
Cash flow from (used in) investing activities	-103,887	-111,434	7.3%	-438,793	-268,722	-38.8%
CFFO*	75,137	51,546	-31.4%	-39,638	211,423	-
Cash flow from (used in) financing activities	-1,865	-1,636	-12.3%	-5,446	-5,583	2.5%

* total cash flow from operating and investing activity

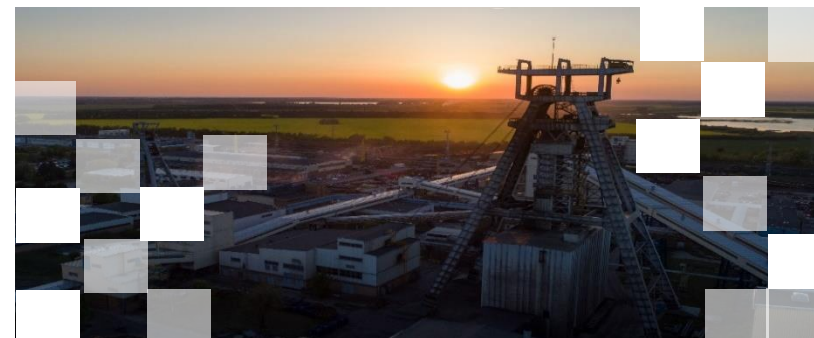


In Q3 2021 the Group generated net cash flow from operating activities lower by 9.0% than in Q3 2020 - in Q3 2021 it amounted to PLN 162,980,000 compared to PLN 179,024,000 a year before.

During three quarters of 2021 the LW Bogdanka Group generated cash flow from operating activities of PLN 480,145,000 (+20.3% y/y). The increase by PLN 80,990,000 in cash flow from operating activities is primarily related to the increase in the net profit and the tax paid.

Cash flow from investing activities increased (in absolute terms) in Q3 2021 by 7.3% (to PLN -111,434,000) compared to the same period in 2020. In the period under analysis lower capital expenditure (CAPEX) was recorded while expenditure on other current investments (deposits with the maturity period of more than 3 months) increased.

In Q3 2021, the Group recorded negative cash flow from financing activities of PLN 1,636,000. During three quarters of 2021, the Group recorded negative cash flow from financing activities of PLN 5,583,000. Repayment of loans and payment of liabilities under lease agreements were dominant in this respect.



Debt and liquidity ratios at the LW Bogdanka Group

The Group presents selected APM indicators, as in its opinion they are the source of additional (with respect to data presented in the financial statements) and valuable information on financial and operating standing, and make it easier to analyse and assess the Group's results achieved during various reporting periods. The Group presents these specific alternative measurements of results as they are standard indicators commonly used in financial analyses. The selection of alternative measurements followed an analysis of their usefulness as far as providing investors with useful information on financial standing, cash flows and financial efficiency is concerned, and the Group believes they allow the achieved financial results to be well assessed.

Cash flow

[PLN '000]	31 Dec. 2020	30 Sep. 2021	Change
Overall debt ratio	24.6%	24.3%	-0.3 p.p.
Ratio (debt plus employee liabilities)/EBITDA*	0.49	0.35	-28.6%
Net debt ratio/EBITDA*	-0.49	-0.64	30.6%
Debt to equity ratio	32.6%	32.0%	-0.6 p.p.
Fixed capital to non-current assets ratio (non-current assets/fixed capital)	101.0%	109.1%	8.1 p.p.
Current debt ratio (current liabilities/equity and liabilities)	8.2%	9.7%	1.5 p.p.
Non-current debt ratio (non-current liabilities/equity and liabilities)	16.3%	14.6%	-1.7 p.p.

* Debt = non-current liabilities due to bonds issue + non-current loans and borrowings + current loans and borrowings

	31 Dec. 2020	30 Sep. 2021	Change
Current liquidity ratio	1.73	2.28	31.8%
Quick liquidity ratio	1.47	1.88	27.9%

In the period covered by the consolidated financial statements, the liquidity ratios of the Group remained at a safe, high level, and the Group is not having any difficulties in settling its liabilities.

Overall debt ratio

The overall debt ratio as at 30 September 2021 went down by 0.3 p.p. compared to 31 December 2020 and reached 24.3% - the increase in assets was higher than the change in liabilities.

The level of the Group's debts as at 30 September 2021 did not pose any risk to the Group's operation and its ability to settle liabilities in a timely manner. The Group's financial needs are subject to medium-term and long-term analyses in order to secure liquidity and cash at proper levels.

Ratio debt plus employee liabilities/EBITDA

The ratio describing debt to EBITDA at the end of Q3 2021 dropped by 28.6% to 0.35. When comparing data as at 30 September 2021 to data as at 31 December 2020, an higher increase was recorded both in liabilities and EBITDA (cumulatively for the last four quarters).

Ratio net debt/EBITDA

The ratio describing the relation of net debt (the total of current and non-current liabilities less cash and equivalents) to EBITDA went up (in absolute terms) from the level of -0.49 as at 31 December 2020 to -0.64 as at 30 September 2021. The value of net debt dropped by ca. PLN 206 million and amounted to PLN -436 million with EBITDA going up by ca. PLN 221 million (EBITDA cumulatively for the last four quarters).

Debt to equity ratio

Debt to equity ratio as at 30 September 2021 decreased in relation to 31 December 2020 by 0.6 p.p. and was 32.0% - liabilities grew by ca. PLN 35 million along with an increase in equity by ca. PLN 164 million.

Fixed capital to non-current assets ratio

The fixed capital to non-current assets ratio was 109.1% (as at 30 September 2021) compared to 101.0% (as at 31 December 2020) – in the analysed period the value of non-current assets dropped by approx. PLN 162 million; fixed capitals (equity plus non-current liabilities less provisions) increased by approx. PLN 129 million.

Debtors collection rates and turnover ratios at the LW Bogdanka Group

Turnover ratios

[PLN '000]			31 Dec. 2020	30 Sep. 2021	Change
1. Inventory turnover	$\frac{\text{average inventories}}{\text{costs of goods, products and materials sold}} \times$	days in the period	23	27	17.4%
2. Debtors collection rate*	$\frac{\text{average receivables}}{\text{revenue}} \times$	days in the period	51	48	-5.9%
3. Creditors payment rate**	$\frac{\text{average liabilities}}{\text{costs of goods, products and materials sold}} \times$	days in the period	72	67	-6.9%
4. Operating cycle	1+2		74	75	1.4%
5. Cash conversion cycle	4-3		2	8	300.0%

* Trade and other receivables

** Trade and other liabilities

Inventory turnover

The inventory turnover as at 30 September 2021 went up to 27 days, compared 31 December 2020. Disposal of inventories takes on average 4 days more.

Debtors collection rate

The debtors collection rate (calculated on the basis of the balance-sheet item "Trade and other receivables") was 48 days (as at 30 September 2021), compared to 51 days (as at 31 December 2020). In the period under analysis, average receivables increased by approx. PLN 41 million, with the revenue going down.

Creditors payment rate

The creditors payment rate (calculated on the basis of the balance sheet item "Trade and other liabilities") in the period covered by financial information got shorter by 5 days to 67 days, as compared to the end of 2020. In the analysed period the Group had higher average level of short-term trade liabilities (by approx. PLN 16 million) with the lower level of costs.

Operating cycle

The operating cycle for current assets (a sum of inventory turnover and debtors collection rate) in the analysed period got longer by 1 day to 75 days. On average after 75 days, the Group's current assets are converted into cash.

Cash conversion cycle

The consequence of the above trends, the cash conversion cycle as at 30 September 2021 was 8 days. The positive value of the cash conversion cycle means that the Group does not use trade credit.

Provisions of the LW Bogdanka Group

Balance-sheet provisions[PLN '000]	As at 30 Sep. 2020	As at 31 Dec. 2020	As at 30 Sep. 2021	Change Q3 2021/ 31 Dec. 2020	Change Q3 2021/ Q3 2020
Employee provisions	207,307	215,327	231,996	7.7%	11.9%
Provision for real property tax	10,761	-	-	-	-100.0%
Provision for the mine closure costs and land reclamation	193,689	212,456	198,767	-6.4%	2.6%
Mining damage	1,243	2,579	1,755	-32.0%	41.2%
Other	12,326	4,735	15,165	220.3%	23.0%
Total	425,326	435,097	447,683	2.9%	5.3%

The total provisions as at 30 September 2021 amounted to PLN 447,683,000, which means an increase by 2.9% compared to the value as at 31 December 2020.

Changes in provisions [PLN '000]	Change Q3 2020	Change Q3 2021	Change Q3 2021 / Q3 2020	Change in Q1-Q3 2020	Change in Q1-Q3 2021	Change in Q1-Q3 2021 / Q1-Q3 2020
Employee provisions	-3,670	-2,648	-27.8%	15,342	16,669	8.6%
Provision for real property tax	153	-	-	455	-	-
Provision for the mine closure costs and land reclamation	-694	-861	24.1%	22,054	-13,689	-
Mining damage	-783	-565	-27.8%	-906	-824	-9.1%
Other	-1,009	6,194	-	89	10,430	11,619.1%
Total	-6,003	2,120	-	37,034	12,586	-66.0%

Place where impact of the change in provisions is recognised in the consolidated financial statements

[PLN '000]	Change of provisions in Q1-Q3 2021	Change disclosed in operating activity (EBITDA)	Change disclosed below the result of operating activity – interest	Including: Change disclosed only in the balance sheet – increase in balance-sheet value of property, plant and equipment	Change disclosed in other comprehensive income	Change disclosed only in the balance-sheet – use of the provision
Employee provisions	16,669	38,419	2,119	-	882	-24,751
Provision for the mine closure costs and land reclamation	-13,689	2,478	2,266	-18,433	-	-
Mining damage	-824	-	-	-	-	-824
Other	10,430	10,751	-	-	-	-321
Total	12,586	51,648	4,385	-18,433	882	-25,896

[PLN '000]	Change in provisions in Q3 2021	Change disclosed in operating activity (EBITDA)	Change disclosed below the result of operating activity – interest	Including: Change disclosed only in the balance sheet – increase in balance-sheet value of property, plant and equipment	Change disclosed in other comprehensive income	Change disclosed only in the balance-sheet – use of the provision
Employee provisions	-2,648	3,765	805	-	-	-7,218
Provision for the mine closure costs and land reclamation	-861	813	755	-2,429	-	-
Mining damage	-565	-	-	-	-	-565
Other	6,194	6,328	-	-	-	-134
Total	2,120	10,906	1,560	-2,429	-	-7,917

Costs of LW Bogdanka S.A.

Costs by type

[PLN '000]	Q3 2020	Q3 2021	Change	Q1-Q3 2020	Q1-Q3 2021	Change
Net production ['000 tonnes]	1,841	2,556	38.8%	5,538	7,503	35.5%
Sales ['000 tonnes]	2,178	2,654	21.9%	5,700	7,244	27.1%
Depreciation/amortisation	92,778	109,045	17.5%	259,581	317,166	22.2%
Materials and energy consumption	123,872	110,625	-10.7%	366,973	331,882	-9.6%
Outsourced services	121,148	114,142	-5.8%	339,102	339,274	0.1%
Employee benefits	139,968	166,927	19.3%	422,176	457,806	8.4%
Entertainment and advertising costs	2,643	3,227	22.1%	6,460	8,018	24.1%
Taxes, fees and charges	12,501	14,807	18.4%	35,432	41,230	16.4%
Other expenses	561	1,107	97.3%	1,788	23,705	1,225.8%
Total costs by type	493,471	519,880	5.4%	1,431,512	1,519,081	6.1%
Cost of own work	-70,933	-51,238	-27.8%	-219,513	-125,896	-42.6%
Accruals and deferrals	34,016	37,541	10.4%	77,245	85,640	10.9%
Value of coal obtained from excavations	-16,075	-14,683	-8.7%	-40,710	-52,030	27.8%
Provisions and other presentation adjustments between costs by type and by function	-7,005	9,220	-	21,248	51,866	144.1%
Total production cost	433,474	500,720	15.5%	1,269,782	1,478,661	16.4%
Change in products	67,821	16,609	-75.5%	27,760	-42,338	-
Costs of goods and materials sold	3,316	5,162	55.7%	9,332	12,304	31.8%
Own cost of sales, including:	504,611	522,491	3.5%	1,306,874	1,448,627	10.8%
Costs of products, goods and materials sold	466,360	477,942	2.5%	1,191,287	1,319,915	10.8%
Selling costs	9,482	10,596	11.7%	24,458	29,265	19.7%
Administrative expenses	28,769	33,953	18.0%	91,129	99,447	9.1%

the third quarter of 2021

In Q3 2021, LW Bogdanka S.A. incurred costs by type in the amount of PLN 519,880,000 (PLN +26,409,000 y/y), i.e. by 5.4% higher than in Q3 2020. The increase in costs noted in Q3 2021 was largely influenced by higher depreciation/amortisation and employee benefits.

The value of depreciation/amortisation went up by 17.5% (to PLN 109,045,000) – the value of depreciation of non-current assets went up (by approx. PLN 5.8 million) and natural depreciation went up (by approx. PLN 11.5 million) - as a result of higher extraction and progress of the walls.

The total value of materials and energy consumption in Q3 2021 decreased by 10.7% compared to Q3 2020, and amounted to PLN 110,625,000. In the period under analysis the value of used materials dropped (smaller extent of preparatory works and lower wear and tear of parts of mining machines and equipment), the costs of electric energy went slightly up.

The cost of outsourced services went down by 5.8% compared to the Q3 2020, and totalled PLN 114,142,000.

In the period under analysis the decreases were recorded mainly in the value of works performed on Saturdays and Sundays (PLN -1.5 million) and mining & drilling works (PLN -15.5 million) with an increase in the value of overhauls (PLN +2.1 million), waste management (PLN +0.8 million) and other services (PLN +2.1 million).

The value of employee benefits in Q3 2021, compared to Q3 2020, increased by PLN 27.0 million. This comes as a result of increased remunerations and mandatory contributions with other employee benefits (Company Social Benefits Fund).

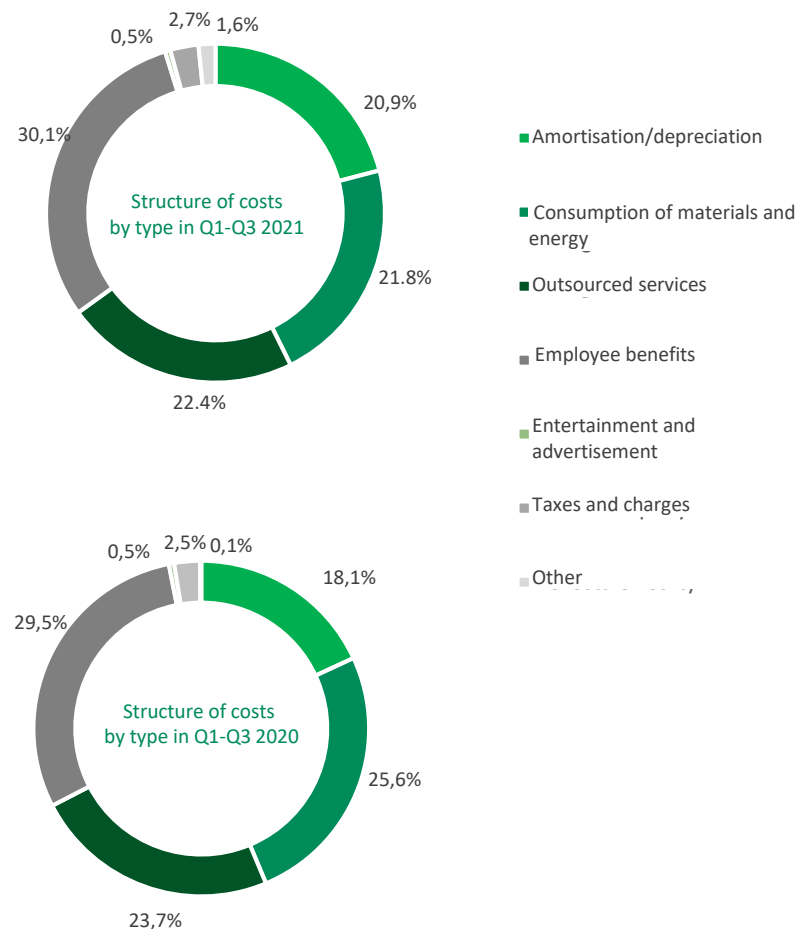
An increase in the value of hospitality expenditure and advertising costs by PLN 0.6 million is a consequence of an additional sponsorship agreement and an altered payment schedule related to it.

The increase in taxes and charges by approx. PLN 2.3 million is primarily attributable to an increase in the service charge, the real property tax and payments to the National Fund for the Disabled.

The increase in other expenses by PLN 0.5 million mainly results from higher costs of mining damage.

Costs of LW Bogdanka S.A.

Costs by type



Q1-Q3 2021

During three quarters of 2021, LW Bogdanka S.A. incurred costs by type in the amount of PLN 1,519,081,000, i.e. by 6.1% (PLN +87,569,000) higher than in the same period of 2020. The increase in costs recorded in the analysed period was largely influenced by the increase in costs of depreciation/amortisation, employee benefits and other costs.

The value of depreciation/amortisation went up by 22.2% (to PLN 317,166,000) – the value of depreciation of non-current assets and natural depreciation went up as a result of higher progress in excavations and the walls.

The total value of costs of materials and energy used fell by 9.6% compared to the 3Qs 2020 and amounted to PLN 331,882,000. In the period under analysis approx. 4.3 km less of excavations were made, the value of used materials dropped while the costs of electric energy went up (the increase in consumption of energy and heated water for the purpose of central heating and hot usable water).

Compared to three quarters of 2020, the value of external services in the same period of 2021 went up from PLN 339,102,000 to PLN 339,274,000 (+0.1%). In the period under analysis the increase was recorded mainly in the value of works performed on Saturdays and Sundays (PLN +30.6 million), auxiliary and workday works (PLN +8.5 million), waste management (PLN +6.1 million), overhauls (PLN +2.4 million) and other costs (PLN +4.1 million), while mining and drilling services decreased in value (PLN -50.8 million).

In three quarters of 2021, compared the same period of 2020, the value of employee benefits increased by PLN 35.6 million. In the period under analysis, the employees were paid awards (approx. PLN 6.2 million) as well as pay rises of 2020 which give a visible effect in costs of remunerations of Q1 2021. Other employee benefits (Company Social Benefits Fund) remained relatively low.

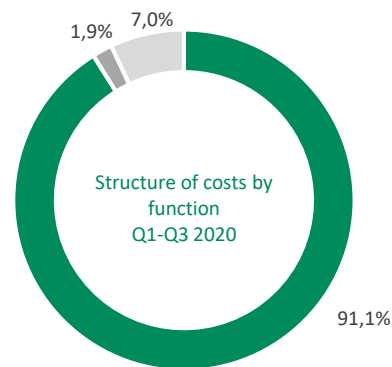
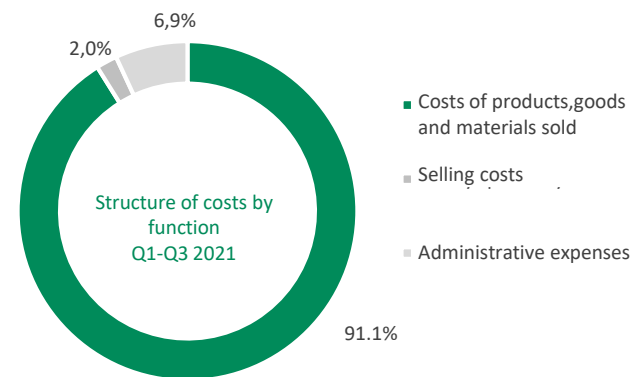
The value of hospitality expenditure and advertising costs rose by PLN 1.6 million as a consequence of additional sponsorship agreement concluded in 2021.

The increase in taxes and charges by approx. PLN 5.8 million is primarily attributable to an increase in the service charge, the real property tax, and the National Fund for the Disabled.

Other costs grew by PLN 21.9 million on account of a new insurance policy concluded for another period (its cost is settled in time, in proportion to its term).

Costs of LW Bogdanka S.A.

Costs by function



Costs by function

The cost of own production sold (by function) in Q3 2021 amounted to PLN 522,491,000 while in the analogous period of the previous year, it was PLN 504,611,000.

Own cost of production sold (by function) in three quarters 2021 was PLN 1,448,627,000 and was higher by 10.8% (PLN +141,753,000) than the cost incurred in the same period of 2020 (higher production and sales).

The growth in administrative expenses, to a great extent, results from higher personnel expenses, audit carried out at the Parent, increase in real property tax and payment to the National Fund for the Disabled.

[PLN '000]	Q3 2020	Q3 2021	Change	Q1-Q3 2020	Q1-Q3 2021	Change
Costs of products, goods and materials sold	466,360	477,942	2.5%	1,191,287	1,319,915	10.8%
Selling costs	9,482	10,596	11.7%	24,458	29,265	19.7%
Administrative expenses	28,769	33,953	18.0%	91,129	99,447	9.1%
Own cost of sales	504,611	522,491	3.5%	1,306,874	1,448,627	10.8%



Other information with influence on the financial standing of the LW Bogdanka Group

Information on current and forecast economic and financial position of the LW Bogdanka Group with the assessment of financial resources management

The LW Bogdanka Group monitors the level of costs, ratios and the value of accumulated cash on an ongoing basis. Current debt (a loan from the Regional Environmental Protection Fund and Water Management for Łęczyńska Energetyka), plus cash held, guarantee the financing on an ongoing basis. Works are consistently conducted at the Parent to optimise the mining process (with respect to the applied technology, planned cutting of the deposit and access excavations for new deposits). All works (including new excavation planning, extraction and sale of commercial coal) take into account existing and future market risks. Works to prepare new excavations for operational exploitation are carried out in such a manner so as to ensure the continuity of extraction. International and domestic coal prices are monitored on an ongoing basis. The LW Bogdanka Group pays its liabilities when due. The Group effectively manages its financial resources and, at the same time, deposits free funds with banks (for durations and in values determined on the basis of in-house financial forecasts). As at the moment of preparing the Report, there is a risk related to the epidemic of SARS-Cov-2 coronavirus, developing from the beginning of 2020 and causing the COVID-19 disease. At present the Management Board finds it difficult to forecast the long-term results of this situation both in the scale of Poland and the industry, and in consequence - difficult to state how it will affect operating and financing activity of the Group in subsequent quarters.

Suppliers

The granting of contracts by entities conducting business activities involving mining hard coal for the purpose of conducting those business activities is subject to the provisions of law on sectoral public contracts. At the LW Bogdanka Group all procurement orders above the thresholds, as defined in the Public Procurement Law, are granted in compliance with the procedures specified in the abovementioned Act. Other orders are made based on procedures applied at the Group. The principal suppliers for the LW Bogdanka Group include mainly companies that provide services and offer products characteristic for mining industry (drilling and reconstructions of workings, output dump, as well as supply of support systems for longwall galleries, specialist mining machines and equipment) and ones that provide electricity. Between 1 January and 30 September 2021, the value of the turnover with any supplier did not exceed 10% of the Group's total revenue.

Investments and capital investments of LW Bogdanka Group

The value of cash held by the Group as at the end of September 2021 stood at PLN 588,676,000, of which:

- PLN 141,226,000 disclosed in non-current assets,
- PLN 447,450,000 is disclosed in current assets.

The amount of PLN 141,226,000 covers assets accumulated by the Parent in the Mine Closure Fund, to be allocated for the coverage of costs of a mine closure (these resources are held in a bank deposit). The amount of PLN 447,450,000 includes financial resources (available cash) a portion of which is kept in short- and medium-term bank deposits. In accordance with the adopted Strategy, the Group maintains the amount of available cash at the levels equal to at least the value of average monthly sales

revenue (1/12 of forecast annual sales revenue). The funds accumulated at the Parent amount to PLN 424,263,000, while the funds accumulated at subsidiaries amount to PLN 23,187,000 (primarily to Łęczyńska Energetyka).

Assessment of factors and untypical events affecting the operating profit

1. Impact of the SARS-Cov-2 epidemic on the business activity of the LW Bogdanka Group

The coronavirus (SARS-Cov-2) epidemic continuing from 2020 and causing COVID-19 still has a significant impact on the economy, both in Poland and internationally. It is still necessary for the government to take measures counteracting the epidemic and introduce other restrictions which affect the condition of the economy. The said measures and influences may be observed on the example of the third wave of the coronavirus, which took place in Q1 and at the beginning of Q2 2021. At the end of Q3 2021 and beginning of Q4 2021, as the fourth wave unfolds, we may once more observe a rising number of cases and patients admitted to hospitals. This, in turn, may result in intensified measures taken by the state to counteract the epidemic, for instance by re-introducing restrictions.

Bearing in mind the risks posed by COVID-19, the Group continues to apply proper security and other measures to counteract the negative impact of COVID-19 on Group's operations and financial results. These measures include, in particular, personal protection equipment, keeping distance, proper work organisation, use of shift work or home office where possible, and suitable technical resources facilitating prophylaxis.

2. Agreement with the social side

On 2 July 2021 the Parent entered into agreement with the employees. One of its main premises is the guarantee of employment for the period of 5 years starting 1 July 2021 and covering the employees of the Parent and other companies of the LW Bogdanka Group. The Group currently analyses the impact of the concluded agreement on the consolidated financial statements and future financial results. The results will be discussed in the annual consolidated financial statements for 2021. Key assumptions of the employment guarantee which may affect Group's future financial results were described in Note 34 of the condensed interim consolidated financial statements of the LW Bogdanka Group for the first half of 2021.

Overview of significant off-balance sheet items of the LW Bogdanka Group in subjective, objective and value terms

In Q3 2021 no material off-balance sheet items occurred.

Information on financial instruments, bonds

Information on derivative financial instruments

As at 30 September 2021, the Parent held two open derivative transactions. Both transactions have been concluded with a bank for the purpose of securing the currency exchange risk for cash flows resulting from trade contracts of the Parent. The total value of the concluded fx forward transactions was USD 24.15 million.

Bonds

As at 30 September 2021 the Parent did not have active agreement regarding bond issue and had no issued and unredeemed bonds.

Assessment of the possibilities of investment plans execution

As at the date of providing this Report, LW Bogdanka S.A. sees no threat as to the possibility to acquire additional debt financing, however it indicates that the costs of acquiring the debt as well as the servicing thereof may be higher than currently.

Position of the Management Board of LW Bogdanka S.A. regarding the possibility to achieve previously published projections of results for the year in question in light of the results presented in the consolidated quarterly report as compared to the projected results

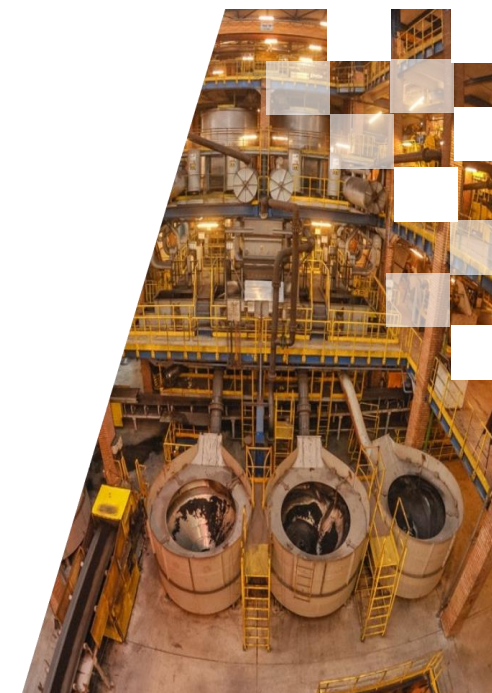
LW Bogdanka S.A. did not publish projections of financial results for 2021.

Rules governing the preparation of the Consolidated and Condensed Interim Financial Statements

The condensed interim consolidated financial statements of the LW Bogdanka Group and condensed interim financial statements of the Parent for the three quarters of 2021 were prepared in accordance with International Accounting Standard 34 – “Interim Financial Reporting”, as approved by the European Union.

Material proceedings pending before a court, the relevant authority for arbitration proceedings or a public administration authority

As of the date of preparing the Directors' Report on Operations of the Group for Q3 2021, LW Bogdanka S.A. and its subsidiaries were not parties to significant proceedings pending before a court, a relevant authority for arbitration proceedings or a public administration authority, concerning liabilities and receivables of the Company or its subsidiary.



Agreements concerning loans and borrowings

Information on loans granted

In Q3 2021 the Company did not contract or grant any loans or terminate any agreements concerning loans.

Information on sureties and guarantees provided and received

In Q3 2021, the LW Bogdanka S.A. did not grant or receive any sureties or guarantees.

Transactions with related entities

In Q3 2021 the Parent and its subsidiaries did not conclude transactions with related entities which would be individually or jointly significant and would be concluded on a basis other than an arm's length basis.

Information about all agreements that are significant from the point of view of the Issuer's operations is published in the form of current reports available at <http://ri.lw.com.pl/raporty-biezace>.

For more information about agreements with the Enea Group and companies controlled by the State Treasury see Note 11 of the Consolidated Quarterly Report of the LW Bogdanka Group for nine months ended on 30 September 2021.

Contracted loans

In Q3 2021 LW Bogdanka S.A. had one loan agreement in effect.

On 11 May 2021, the Parent concluded with Bank Gospodarstwa Krajowego S.A. Annex 1 to the open revolving overdraft facility agreement with a credit limit of PLN 150 million. Annex 1 prolongs the facility expiry date for another 12 months, that is by 12 May 2022. The facility is a revolving overdraft facility and serves for financing the ongoing operations of the Parent. It bears interest based on 1M WIBOR + fixed bank's margin.

Agreements concerning the subsidiaries' loans and borrowings

Łęczyńska Energetyka Sp. z o.o. continues the repayment of the loan (PLN 26,580,000) granted in accordance with an agreement of 9 June 2014 by the Provincial Fund for Environmental Protection and Water Management (WFOŚiGW) in Lublin, which was allocated to financing the construction of the Water Treatment Station in Bogdanka, completed in February 2016. The loan bears interest of 0.7 of the rediscount rate set by the Monetary Policy Council, not less than 4.0% annually. In 2014-2016, 100% of the granted loan amount was used, and its repayment will be gradually performed until 31 July 2024.

Except for the above loan, Łęczyńska Energetyka Sp. z o.o. did not use any third-party financing for its operations in 3Qs 2021.

In Q3 2021 the subsidiaries: EkoTrans Bogdanka Sp. z o.o., RG Bogdanka Sp. z o.o., MR Bogdanka Sp. z o.o., did not grant, incur or terminate agreements regarding credit facilities and loans.





4

Shares and shareholding

Share capital structure and shareholding of LW Bogdanka S.A.

Share capital structure

The Company's share capital amounts to PLN 170,067,950 and is divided into 34,013,590 shares with a par value of PLN 5 per share.

On 4 January 2012, a total of 3,208,111 employee shares were introduced to the Warsaw Stock Exchange, and further 34,754 employee shares were introduced on 4 February 2013.

The Company's public float totals 34,013,455 shares. As at the date of publishing this Report, the remaining 135 shares are registered shares.

The total number of votes resulting from all of the issued shares of the Issuer corresponds to the number of shares and equals 34,013,590 votes.

The Company has a strategic majority shareholder. The majority shareholder is the Enea Group which holds a majority block of shares which accounts for 66.0% of the shares in LW Bogdanka S.A.

(the majority shareholder's block of shares totals 22,448,834 shares, which corresponds to a nominal value of PLN 112,244,170). Other shareholders of the Issuer are mainly institutional investors in the form of pension and investment funds.

Treasury shares

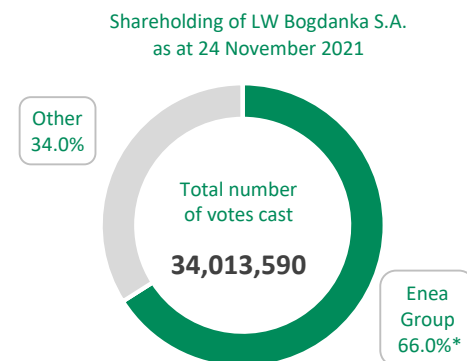
In Q3 2021 LW Bogdanka S.A. and subsidiaries of LW Bogdanka S.A. did not acquire any treasury shares of the Company.

Changes in the shareholding structure by the date of the Report

According to the information of the Parent, no changes in the ownership structure of significant blocks of shares have occurred in the period from the publication of the previous periodic report for H1 2021 to the day of publication of the Report for Q3 2021.

Shareholding structure

The graph below shows a shareholding structure of the Company as at 24 November 2021.

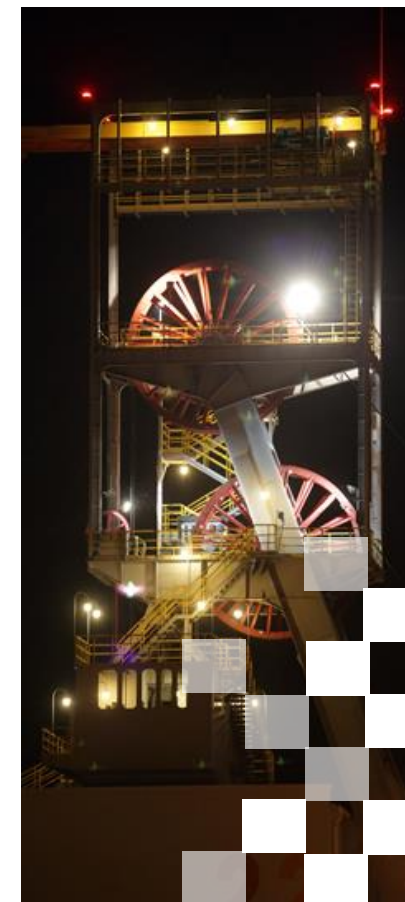
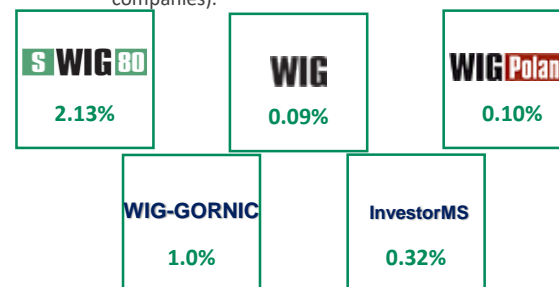


* Enea S.A. holds 64.6% of votes, and jointly with its subsidiary, Enea Wytwarzanie, it holds 66.0% of votes.

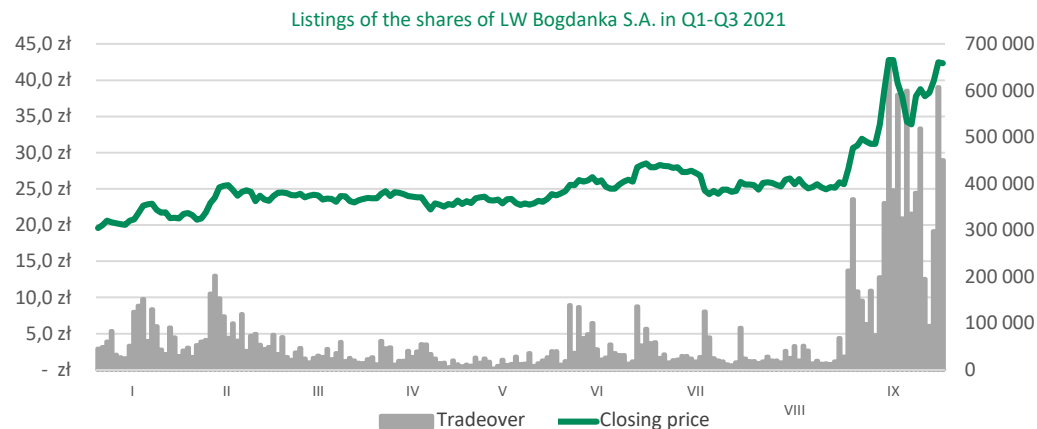
Participation of the LW Bogdanka S.A.'s shares in indices

The Company was first listed on the Warsaw Stock Exchange on 25 June 2009. During Q3 2021, LW Bogdanka S.A. made part of the following indices:

- WIG – includes all companies listed on the WSE Main Market that meet the baseline criteria of the participation in indices
- sWIG80 – includes 80 small-size companies listed on the WSE Main Market
- WIG Górnictwo – includes companies classified into the "Mining" sector (former name of the sector was "Raw Materials").
- WIG-Poland – includes only the shares of domestic companies listed on the WSE Main Market that meet the baseline criteria of participation in indices.
- Investor MS – Investor MS Index is an external index calculated by the stock exchange on commission of Investors TFI S.A. The functionality of the index is to assess behaviour of share prices of companies with medium and small market cap, which make an investment area of the "Investor Top 25 Małych Spółek FIO" fund (open-end fund of top 25 small companies).



Price performance of the shares of LW Bogdanka S.A. on the Warsaw Stock Exchange



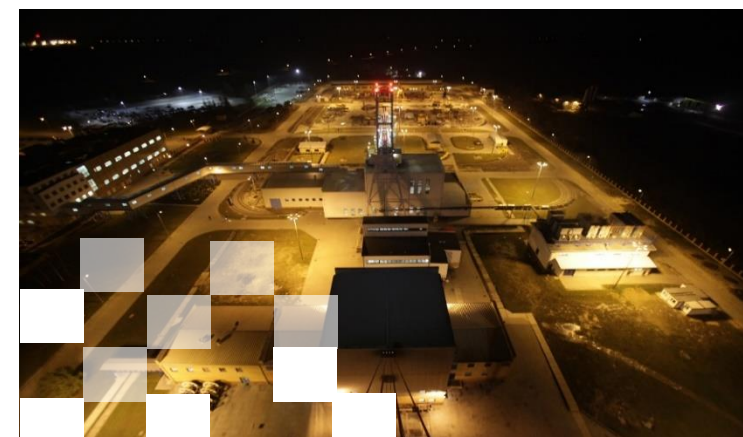
Analysts' recommendations

Date of Issue	Institution	Recommendation	Target price	Price on the date of issue
11 February	Erste Group	Buy	PLN 29.20	PLN 25.20
19 April	Noble Securities DM	Hold	PLN 23.15	PLN 23.85
20 April	PKO Bank Polski	Sell	PLN 18,90	PLN 22.95
27 April	Santander BM	Sell	PLN 11.90	PLN 22.90
5 August	Noble Securities DM	Hold	PLN 29.26	PLN 25.80
21 September	Santander	Sell	PLN 22.20	PLN 33.90
26 September	Ipopema	Buy	PLN 43.33	PLN 37.80
27 September	Bank Pekao BM	Buy	PLN 45.00	PLN 38.30

The above information is the summary of broker recommendation within the meaning of the Delegated Regulation of the Commission (EU) 2016/1958 dated 9 March 2016.

Key share indicators:

	Q1-Q3 2020	Q1-Q3 2021
Maximum price [PLN]	36.50	42.80
Minimum price [PLN]	14.90	19.60
Last price [PLN]	18.86	42.35
Average price [PLN]	21.87	25.62
Capitalisation at end of period [PLN million]	641.50	1,440.5
Book value [PLN million]	3,236.73	3,445.1
Price/earnings ratio	20.04	8.45
Price/book value	0.20	0.42
Average turnover per session [PLN '000]	1,010.8	2,363.9
Average volume per session	49,349	76,170
Number of shares in float [no. of shares]	34,013,590	34,013,590



Holdings of shares in LW Bogdanka S.A. by members of the Company's governing bodies

Shares in related entities of the Company

Members of the Management Board and the Supervisory Board of LW Bogdanka S.A. do not hold shares in the subsidiaries:

- Łęczyńska Energetyka Sp. z o.o.
- EkoTRANS Bogdanka Sp. z o.o.
- RG Bogdanka Sp. z o.o.
- MR Bogdanka Sp. z o.o.

According to the information of the Parent, no changes in the holdings of LW Bogdanka S.A. shares by management and supervisory staff have occurred in the period from the publication of the previous periodic report for H1 2021 to the day of publication of the Report for Q3 2021.

Holdings of shares in LW Bogdanka S.A. as well as shares in related undertakings of the Company by the management and supervisory personnel of LW Bogdanka S.A.*:

MANAGEMENT BOARD					
Name and surname	The number of the Company shares as of 24 November 2021	Par value of the shares (PLN)	Number of the Company's shares as at 15 September 2021	Par value of the shares (PLN)	Number of shares in subsidiary companies
Artur Wasil	0	0	0	0	0
Dariusz Dumkiewicz	0	0	0	0	0
Artur Wasilewski	0	0	0	0	0
Adam Partyka	253	1,265	253	1,265	0
SUPERVISORY BOARD					
Name and surname	Number of the Company's shares as at 24 November 2021	Par value of the shares (PLN)	Number of the Company's shares as at 15 September 2021	Par value of the shares (PLN)	Number of shares in subsidiary companies
Anna Chudek	0	0	0	0	0
Szymon Jankowski	0	0	0	0	0
Dariusz Batyra	1,000	5,000	1,000	5,000	0
Krzysztof Gigol	0	0	0	0	0
Bożena Knipfelberg	0	0	0	0	0
Zbigniew Rak	0	0	0	0	0
Marcin Jakubaszek	0	0	0	0	0
Bartosz Rożnawski	0	0	0	0	0
Grzegorz Wróbel	0	0	0	0	0
TOTAL	Number of the Company's shares as at 24 November 2021	Par value of the shares (PLN)	Number of the Company's shares as at 15 September 2021	Par value of the shares (PLN)	Number of shares in subsidiary companies
	1,253	6,265	1,253	6,265	0



*As declared by Management Board and Supervisory Board Members of the Issuer



5

Governing bodies

Composition of the Management Board of LW Bogdanka S.A. as at 24 November 2021

	<p>Artur Wasil President of the Management Board</p>	<p>Graduated in 2002 from the Faculty of Mining at the AGH University of Science and Technology in Krakow, with a degree in Mining and Geology, specialising in Mining Geotechnics. In 2002 he joined Lubelski Węgiel Bogdanka S.A. where he went through the levels of professional career from a trainee to a team foreman of extraction brigade. In 2012 Mr Wasil started work at PRG Linter S.A. where he performed the role of Mining Director, and in 2014 was appointed to the position of the President of the Management Board. Mr Artur Wasil also holds a post-graduate diploma in European Project Management and EU Law obtained at the Marie Curie-Skłodowska University in Lublin. On 21 March 2018 he took the position of the President of the Management Board of LW Bogdanka S.A.</p>
	<p>Artur Wasilewski Vice-President of the Management Board, Economic and Legal Affairs</p>	<p>He graduated from the Lublin University of Technology in 1998 with a degree in Management and Marketing. In 2000 he completed postgraduate studies in Corporate Finance and Capital Market. In 2003 he graduated with a Master of Business Administration degree from Warsaw University & University of Illinois. He has participated in multiple training courses in the domains of finance and reporting according to the International Financial Reporting Standards (IFRS/IAS). He is a Member of Supervisory Boards of companies. In 1998-2000, he worked as a financial analyst at a consultancy firm DEMOS Sp. z o.o., gaining experience in the scope of analysis and price estimation of enterprises, consulting implementations of efficiency solutions, preparing privatisation reports for the Polish Ministry of Treasury. Since 2000 he has been part of Lubelski Węgiel BOGDANKA S.A. Within the Company, he has climbed the career ladder from Financial Analyst, Manager of Planning and Analysis to Chief Economist. Since 2013 he served as the Controlling Director and in 2018 he took the position of Controlling and Finance Director. Since October 2018, Vice-President of the Management Board, Economic and Financial Affairs of LW Bogdanka S.A.</p>
	<p>Adam Partyka Vice-President of the Management Board, Employee and Social Affairs</p>	<p>He obtained an M.Sc. degree from the Lublin University of Technology where he studied computer science application in engineering. He also completed post-graduate studies at the University College of Enterprise and Administration in Lublin with major in finance and accounting. He has completed a number of training courses in the following fields: audit, responsibility and competence of management personnel, finance for managers, as well as courses for members of management boards and supervisory boards of companies. He has been related to LW Bogdanka since 1985. From June 2014 he held the position of the Deputy Chairman of the "Solidarność" Independent Self-Governing Trade Union. Between 2007 and 2014 he was a shift foreman responsible for electrical equipment underground. Between 2006 and 2012 he was a member of the Supervisory Board of LW Bogdanka S.A. On 1 April 2016 he became Vice-President of the Management Board, Employee and Social Affairs at LW Bogdanka S.A.</p>
	<p>Dariusz Dumkiewicz Vice-President of the Management Board, Development</p>	<p>Graduate of the Faculty of Law and Administration at the Marie Curie Skłodowska University in Lublin, from which he graduated in 2002 with a degree in law. He has also completed postgraduate programme in "Project Management and EU Law" arranged by UMCS and the Lublin Development Foundation. In 2018 he completed his Master of Business Administration degree at the Lublin University of Technology. Mr Dariusz Dumkiewicz has 16 years' work experience in leading development and investment projects. From 2002 to 2006 he was employed in managerial positions at the City Council of Lublin, where he managed EU-financed projects. In 2006 he performed the role of advisor to the Minister in the Ministry of Labour and Social Policy as well as an expert in the area of Development of Eastern Poland in the Ministry of Development. In 2007 he was made Director of the Department of Strategy and Development in the Marshall's Office of the Lublin Province. He was responsible for negotiations with the European Commission and financing strategic infrastructure investment projects for the province. Since 2008 he was a Member of the Management Board, Vice-President of consulting firms that provide advice to enterprises, primarily in the energy sector. In 2016 he took the position of Head of Lublin Branch of PSG sp. z o.o., the distributor of natural gas in the Górnictwo Naftowe i Gazownictwo S.A. Group. Since 15 October 2018 - Vice-President of the Management Board responsible for Development at LW Bogdanka S.A.</p>

Composition of the Supervisory Board of LW Bogdanka S.A. as at 24 November 2021

Changes in the composition of the Supervisory Board

In Q3 2021 no changes in the composition of the Supervisory Board occurred.

Composition of the Supervisory Board of LW Bogdanka S.A. as at 24 November 2021

- **Anna Chudek** - Chairperson of the Supervisory Board
- **Marcin Jakubaszek** - Deputy Chairman of the Supervisory Board
- **Szymon Jankowski** - Secretary of the Supervisory Board
- **Dariusz Batyra** - Member of the Supervisory Board
- **Krzysztof Gigol** - Member of the Supervisory Board
- **Bożena Knipfelberg** - Member of the Supervisory Board
- **Zbigniew Rak** - Member of the Supervisory Board
- **Bartosz Rożnawski** - Member of the Supervisory Board
- **Grzegorz Wróbel** - Member of the Supervisory Board

Anna Chudek

She graduated in Law at the Faculty of Law and Administration at the Marie Curie-Skłodowska University in Lublin. She completed attorney training at the Regional Court in Lublin. She completed the following postgraduate studies: European Project Management and EU Law at the Marie Curie-Skłodowska University in Lublin, Public Procurement at the University of Warsaw, Company Law at the University of Warsaw. Anna Chudek holds the title of attorney-at-law and is entered into the Register of Attorneys-At-Law of the Lublin Regional Bar Association. Since 1993, she has been employed as attorney-at-

law with the City Council of Świdnik, where she heads the Legal Office. She is also employed by the Świdnik District Governor's Office as attorney-at-law and legal services coordinator. On 1 March 2007, Ms Chudek set up a private practice, through which she provides services to local government units, public administration offices, and commercial companies, including from the energy sector.

Between 2006 and 2009 she was a Member of the Supervisory Board of Polskie Radio Regionalna Rozgłośnia "Radio Lublin", and from 3 June 2011 to 25 June 2020 – the Chairwoman of the Supervisory Board of Przedsiębiorstwo Energetyki Ciepłej "PEC" Sp. z o.o. in Świdnik.

Bożena Knipfelberg

She studied Management and Marketing at the Opole University of Technology and graduated with a degree in Economics. She also completed postgraduate studies in Accounting and Finance at the Warsaw School of Economics. She successfully completed a course for candidates for members of Supervisory Boards in State Treasury companies and, as a result, earned a diploma from the Minister of the State Treasury.

Bożena Knipfelberg is an experienced finance manager in companies from the power and telecommunications sector. She has worked in the professional power sector from 2007. She boasts extensive experience in finance, controlling, reporting, procurement, restructuring of organizations, as well as efficiency assessment of investment projects in companies. She has been part of the ENEA Group since March 2021. Bożena Knipfelberg holds the position of Group's Director of Controlling Department. Previously, she worked in PGE Group, where she served as Finance Director of Opole Power Plant,

and then as Director of Finance Controlling Department of PGE Górnictwo i Energetyka Konwencjonalna S.A. She also worked as Finance Director at a Polskie Koleje Państwowe Group company. She was a member of the Supervisory Board of Eltur – Serwis Sp. z o.o., a PGE Group subsidiary.

Szymon Jankowski

Szymon Jankowski graduated from the Academy of Economics in Poznań (currently Poznań University of Economics), where he completed studies in management and marketing at the Faculty of Management. He is also a graduate of post-graduate studies at the Poznań University of Economics in commercial law, as well as post-graduate studies at the WSB University in Poznań in renewable energy sources. He further developed his qualifications through training courses in corporate governance and corporate financial analysis. He also successfully completed a course for candidates for members of Supervisory Boards in State Treasury companies, and obtained the relevant diploma. Szymon Jankowski has been present in the professional power sector for more than 25 years. Since 1999 until now, he has worked in various corporate governance positions within the ENEA Group, recently as Manager of Corporate Governance Division for Enea S.A. He has experience in supervising companies in the energy, service and IT sectors. He has seated in Supervisory Boards in such companies as Enea Operator Sp. z o.o., Enea Centrum Sp. z o.o., BHU S.A., Energetyka Poznańska Zakład Transportu Sp. z o.o., and ITSERWIS Sp. z o.o. He has been the Secretary at the Supervisory Board of LW Bogdanka S.A. since February 2016.

Dariusz Batyra

Graduate of the Mining School Complex and the Mining Technical School in Ostrów Lubelski as well as the AGH University of Science and Technology in Krakow, with a degree in Mining and Geology, specialising in Underground Mining. He has been related to LW Bogdanka since 2001 and is currently employed as Underground Chief Mining Foreman, Deputy Manager of Mining Department in the Nadrybie Field.



Composition of the Supervisory Board of LW Bogdanka S.A. as at 24 November 2021

Krzysztof Gigol

Krzysztof Gigol graduated from the Management Faculty of Kozminski University in Warsaw. He also earned a postgraduate Master of Business Administration degree, having completed the studies at Warsaw School of Administration and Management with top grades. He boasts many years of practical experience in developing strategies for sales and business growth, as well as in management of teams in energy and industrial sectors. He has successfully designed new structures of organisations and implemented their restructuring processes. Since 2011, he has been involved in heating plant upgrades, as well as investments in cogeneration systems and renewable energy. He implements long-term projects in the field of industrial power generation and in companies owned by local governments. Krzysztof Gigol has been a member of Management Boards and held high-level managerial posts in power companies such as Gaspol Energy, Energia Polska, Cogen Energy, and Energa Obrót. He is an expert in the field of energy efficiency and independence, renewable energy sources and low-emission energy and heat generation. His involvement in social matters includes cooperation with Forum Rozwoju Efektywnej Energii, where he served as expert consultant, and PROZON Foundation for the Protection of the Ozone Layer, where he held the position of Deputy Chairman of the Management Board. He authored numerous articles and publications on energy and the energy security of Poland.

Marcin Tomasz Jakubaszek

He graduated from the Faculty of Law and Administration of Warsaw University. He holds the title of attorney-at-law and is entered in the Register of Attorneys-At-Law of the Warsaw Bar Association. Moreover, Marcin Jakubaszek graduated from the British Law School organised by Warsaw University and Cambridge University. He boasts 24 years of job experience. He has worked as lawyer with Amhurst Brown Sp. z o.o., Wardyński i Wspólnicy Sp.k., and Miller, Canfield, W. Babicki i Wspólnicy Sp.k. He has also served as liquidator in Polcel Sp. z o.o. In 2005, he started his own firm, Marcin Jakubaszek, Radcowie Prawni i Adwokaci. Since 2015, he has been a managing partner at Jakubaszek i Wspólnicy Sp.k., providing legal advisory services. He is Member of the Audit Committee of the Polish-Canadian Chamber of Commerce as well as Member of the Audit Committee of The Sue Ryder Foundation.

Bartosz Rożnawski

Graduate of the AGH University of Science and Technology in Krakow, with a degree in Environmental Engineering as well as Mining and Geology. He has been with LW Bogdanka for 14 years and is currently employed as Manager of Mining Department in the Stefanów Field, Deputy of the HMSMF.

Zbigniew Rak

He graduated from the AGH University of Science and Technology, where he completed studies at the Mining Faculty, earning an M.Sc. Eng. degree in Mining and Geology. In 1996 he graduated from the same University with an M.Sc. Eng. degree in Management and Marketing. Between 1991 and

1992 he studied at the School of Mining at the University of Oviedo in Spain. In 2001 he received the degree of Doctor of Engineering in the field of Mining. From the offset of his professional career Zbigniew Rak has been part of the Faculty of Mining (later the Faculty of Mining and Geoengineering) of the AGH University of Science and Technology in Krakow. In addition to his scientific work, he manages cooperation with the Polish mining industry and advises on technical matters and design projects. He has been serving as mining plant operations expert for the President of the State Mining Authority since 2003. Zbigniew Rak has partnered with various global mining plants, for instance in the Czech Republic, Slovakia, Russia, Spain and Chile. Since 2014 he has been running his own business focusing on designs for the mining industry. In 2017 he was a member of the Supervisory Board of KOFAMA Koźle S.A. He wrote over 50 papers on mining.

Grzegorz Wróbel

He is a graduate of administration at the Marie Curie-Skłodowska University in Lublin. He also completed the Executive Master of Business Administration post-graduate programme at the Warsaw Management University. His professional experience comes as a result of working in Public Utilities Department in Obsza. Grzegorz Wróbel has been employed in Obsza Commune Office since 2011. There he serves as Obsza Commune Secretary as well as Deputy Registrar of the Office of Vital Records in Obsza. In 2018 he became Councillor of the Lublin Province. Grzegorz Wróbel held the position of Member of the Supervisory Board of Miejski Zakład Komunikacji

Sp. z o.o. in Zamość. He is currently a Member of the Supervisory Board of RCEkoenergia Sp. z o.o. in Czechowice-Dziedzice.





Glossary

- **CSR** – Corporate Social Responsibility
- **Net debt/ EBITDA** – product of net debt (i.e. the total current and non-current liabilities less cash and equivalents) to EBITDA
- **EBIT** – earnings before interest and taxes
- **EBITDA** – EBIT increased by depreciation and amortization and impairment losses
- **PTE** – Technical and Business Plan
- **LWB** – Lubelski Węgiel Bogdanka S.A.
- **IFRS** – International Financial Reporting Standards adopted for use in the European Union
- **Gross margin on sales** – the rate of return on sales calculated by dividing the profit by the volume of sales
- **EBITDA margin** – operating profit plus depreciation and amortization to total revenue
- **EBIT margin** – ratio of EBIT calculated for a period and the revenue from the sales of the period
- **Gross margin** – ratio of gross profit (before taxes) and net sales
- **Net margin** – ratio of net profit and net sales
- **Return on Assets (ROA)** – ratio of a company's net profit to the value of its assets
- **Return on Equity (ROE)** – ratio of net profit to equity
- **WFOŚiGW** – the Provincial Fund for Environment Protection and Water Management
- **Debt ratio** – ratio of total liabilities to total assets
- **Debt to equity ratio** – ratio of total liabilities to equity
- **Non-current assets to equity ratio** – ratio of the sum of equity, non-current liabilities, non-current accruals and non-current assets
- **Current debt ratio** – ratio of current debt to total assets
- **Non-current debt ratio** – ratio of non-current liabilities to equity
- **Current liquidity ratio** – ratio of current assets and current liabilities
- **Quick liquidity ratio** – define a company's ability to meet its short-term obligations with its most liquid assets
- **APM** – alternative performance measures

Signatures of all Members of the Management Board

Artur Wasil	President of the Management Board
Adam Partyka	Vice-President of the Management Board, Employee and Social Affairs
Artur Wasilewski	Vice-President of the Management Board, Economic and Legal Affairs
Dariusz Dumkiewicz	Vice-President of the Management Board, Development

Bogdanka, 24 November 2021



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