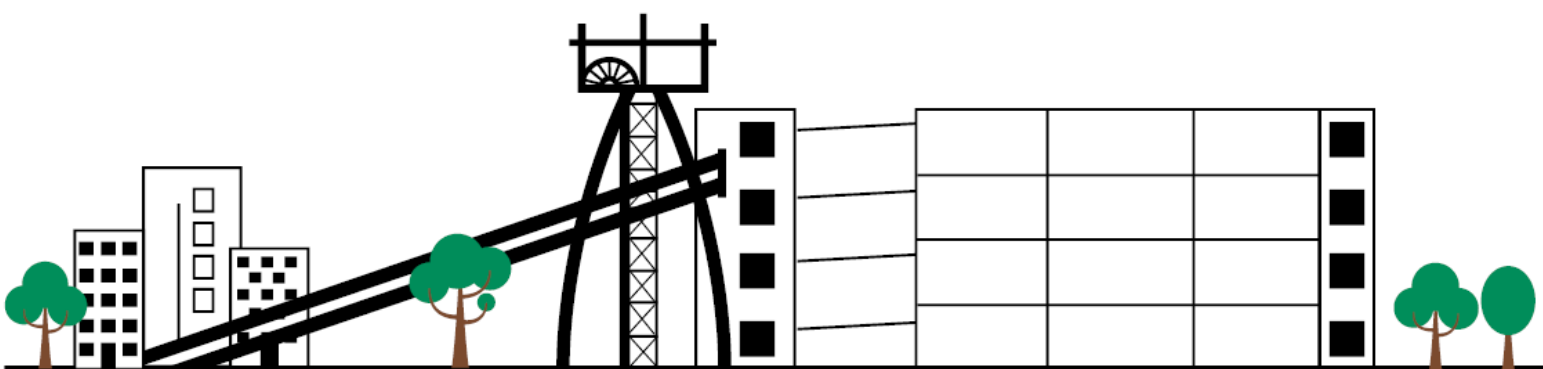


CONSOLIDATED REPORT ON PAYMENTS TO PUBLIC ADMINISTRATION

FOR THE FINANCIAL YEAR FROM 1 JANUARY
TO 31 DECEMBER 2021



**THE LUBELSKI WĘGIEL BOGDANKA
GROUP**

BOGDANKA, MARCH 2022

TABLE OF CONTENTS

1.	COMPOSITION OF THE GROUP AND THE OBJECT OF THE GROUP'S BUSINESS	3
2.	BASIS FOR PREPARING THE CONSOLIDATED REPORT ON PAYMENTS TO PUBLIC ADMINISTRATION	4
3.	RULES GOVERNING THE PREPARATION OF THE CONSOLIDATED REPORT ON PAYMENTS TO PUBLIC ADMINISTRATION	4
4.	PAYMENTS TO PUBLIC ADMINISTRATION MADE IN 2021	5
4.1.	Payments to public administration by entity	5
4.2.	Payments to public administration by subject	5
4.3.	Information disclosed in the report	5

1. THE COMPOSITION OF THE GROUP AND THE OBJECT OF THE GROUP'S BUSINESS

The Lubelski Węgiel Bogdanka Group:



% of votes at the Shareholders Meeting in Subsidiaries

The Lubelski Węgiel Bogdanka Group (hereinafter referred to as the “Group”) is composed of the following Companies:

The Parent

▶ **Lubelski Węgiel Bogdanka S.A.**, with registered office in Bogdanka, 21-013 Puchaczów.

Lubelski Węgiel Bogdanka S.A. is a joint stock company operating under the laws of Poland. The Company was created as a result of the restructuring of the state enterprise Kopalnia Węgla Kamiennego Bogdanka, with registered office in Bogdanka, under the Act on the Privatisation of State Enterprises of 13 July 1990.

On 26 March 2001, Lubelski Węgiel Bogdanka Spółka Akcyjna was registered in the Register of Entrepreneurs of the National Court Register under KRS No. 0000004549. At present, the register is maintained by the District Court Lublin-Wschód in Lublin, with its seat in Świdnik, VI Commercial Division of the National Court Register.

The shares of Lubelski Węgiel Bogdanka S.A. are listed on the Warsaw Stock Exchange in Warsaw.

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

Subsidiaries

▶ **Łęczyńska Energetyka Sp. z o.o.**, with registered office in Bogdanka, 21-013 Puchaczów.

As at 31 December 2021, the Parent held 88.7% of shares in the capital of the subsidiary Łęczyńska Energetyka Sp. z o.o.

Łęczyńska Energetyka Sp. z o.o. provides services to the mine involving supplying heat energy and conducts water/wastewater management. In addition, the company supplies heat energy to third parties like housing estates and other facilities in Łęczna. The Company also conducts activities involving the construction and refurbishment of heat-generating, water supply and sewage disposal installations.

▶ **EkoTRANS Bogdanka Sp. z o.o.**, with registered office in Bogdanka, 21-013 Puchaczów.

As at 31 December 2021, the Parent held 100.0% of shares in the capital of the subsidiary EkoTRANS Bogdanka Sp. z o.o.

EkoTRANS Bogdanka Sp. z o.o. provides services to the mine with respect to transport, utilisation and management of spoil created during coal output cleaning and washing as well as reclamation services.

▶ **RG Bogdanka Sp. z o.o.**, with registered office in Bogdanka, 21-013 Puchaczów.

As at 31 December 2021, the Parent held 100.0% of shares in the capital of the subsidiary RG Bogdanka Sp. z o.o.

RG Bogdanka Sp. z o.o. provides services to the mine mainly with respect to the mining works, auxiliary works and run-of-mine services.



MR Bogdanka Sp. z o.o., with registered office in Bogdanka, 21-013 Puchaczów.

As at 31 December 2021, the Parent held 100.0% of shares in the capital of the subsidiary MR Bogdanka Sp. z o.o.

MR Bogdanka Sp. z o.o. provides services to the mine with respect to renovation, repair and construction services, works in underground machinery departments, regeneration and production of steel constructions.

2. BASIS FOR PREPARING THE CONSOLIDATED REPORT ON PAYMENTS TO PUBLIC ADMINISTRATION

This report on payments to public administration has been prepared on the basis of the provisions included in Chapter 6a of the Accounting Act of 29 September 1994 (“Act”) (consolidated text, Dz. U. [Journal of Laws] of 2021.217, as amended).

Under these provisions, from 2016 onwards, entities operating in the mining industry or engaged in the logging of primary forests shall, provided that they meet the criteria specified in the Act, prepare a consolidated report on payments to public administration as at the balance-sheet date, together with the annual consolidated financial statements. The Act defines an entity operating in the mining industry as an entity engaged in activities that involve the exploration, prospecting, discovering, exploitation and extraction of minerals, oil, natural gas or other raw materials from the deposits, as included in the Polish Classification of Business Activities under section B, divisions 05–08.

Moreover, the Act also requires that the consolidated report on payments to public administration be prepared in the case of entities engaged in business activities included in the divisions listed in Chapter 6a of the Act which are parent companies specified in Article 55.1. The consolidated report on payments to public administration shall cover the details of a parent company and its subsidiaries which operate in the mining industry or are engaged in the logging of primary forests, provided that they meet the criteria specified in the Act.

In the case of the Lubelski Węgiel Bogdanka Group, the Parent is the only entity which operates in the mining industry and is engaged in the activities included in the divisions listed in Chapter 6a of the Act, which are covered by the reporting requirement.

Neither the Parent nor the remaining companies of the Lubelski Węgiel Bogdanka Group are engaged in business activities that involve the logging of primary forests referred to in Article 63e.2 of the Act and in section A, division 02, group 02.2 of the Polish Classification of Business Activities in the areas of primary forests.

Therefore, all the amounts disclosed in this consolidated report on payments to public administration relate exclusively to mining activities conducted by the Parent.

The Parent conducts its mining activities on the basis of its mining licences issued by the Minister of Climate and Environment.

3. RULES GOVERNING THE PREPARATION OF THE CONSOLIDATED REPORT ON PAYMENTS TO PUBLIC ADMINISTRATION

In accordance with Article 63e.6 of the Act, a payment means an amount paid, in cash or in kind, in connection with the activities specified in Article 63e.1 or 63e.2 on account of:

- production entitlements;
- taxes levied on income, production or profits of companies, excluding taxes on consumption such as the goods and services tax, personal income tax or sales tax;
- royalties;
- dividends;
- concession fees and bonuses for discovery and production;
- licence fees, tenancy fees, entry fees and other considerations for licences and/or concessions;

- payments for infrastructure improvements.

The Group has included the following titles in this consolidated report on payments to public administration:

Payment title defined in Article 63e of the Act	Titles of taxes and payments which the Group included in a given payment title specified in the Act
Taxes levied on income, production or profits of companies, excluding taxes on consumption such as the goods and services tax, personal income tax or sales tax	Corporate income tax Excise tax
Concession fees and bonus for discovery and production	Fees on account of mining rights
Licence fees, tenancy fees, entry fees and other considerations for licences and/or concessions	Maintenance fee Fees on account of perpetual usufruct of land Fee for the paid use of geological information

4.

PAYMENTS TO PUBLIC ADMINISTRATION MADE IN 2021

All payments resulting from mining activities were made exclusively to the national public administration. There were no payments made to the public administration of another country.

4.1. Payments to public administration by entity

Below is a list of all payments made in 2021 and 2020 for the benefit of public administration broken down into payments made for the benefit of the relevant public administration levels:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2021	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2020
Government administration:	98,715	27,331
Tax Office	85,585	13,973
Ministry of Climate and Environment	6,164	6,966
National Fund for Environmental Protection and Water Management	6,942	6,352
Nowy Targ Tax Office	24	40
Local government administration	35,654	41,303
Municipal/Commune Offices	35,246	40,895
Powiat Starosty [county authorities]	408	408
TOTAL	134,369	68,634

4.2. Payments to public administration by subject

Below is a list of all payments made in 2021 and 2020 for the benefit of the relevant levels of public administration broken down into titles indicated in Article 63e.6 of the Act:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2021	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2020
Government administration:	98,715	27,331
Taxes levied on income, production or profits of companies (excluding the goods and services tax, personal income tax or sales tax)	85,609	14,013
Concession fee and bonus for discovery and production	1,221	695*
Licence fee, tenancy fee, entry fee and other considerations for licences and/or concessions	11,885	12,623*
Local government administration	35,654	41,303
Licence fee, tenancy fee, entry fee and other considerations for licences and/or concessions	35,654	41,303
TOTAL	134,369	68,634

* the amounts specified in these items have changed in comparison to the amounts disclosed in the Consolidated Report on Payments to Public Administration for 2020. The change comes as a result of incorrect classification of a payment made

in relation to mining use in the total amount of PLN 642,000 as "Licence fees, tenancy fees, entry fees and other considerations for licences and/or concessions" instead of "Concession fees and bonus for discovery and production".

4.3. Information disclosed in the report

The amounts of payments disclosed in this consolidated report are the amounts of wire transfers made in 2021 for the benefit of national public administration on account of individual titles less refunds (if any).

In 2021, the Group did not make any in-kind payments.

Pursuant to Article 63f.2 of the Act, the following information is disclosed in this consolidated report on payments to public administration:

- the total amount of payments made for the benefit of national public administration broken down into payments made for the benefit of the relevant public administration levels;
- the total amount of payments broken down into the titles indicated in Article 63e.6 of the Act made for the benefit of the relevant level of national public administration.

In 2021, the Group did not make any payments assigned to projects for the benefit of national public administration.

5. SIGNATURES OF ALL MANAGEMENT BOARD MEMBERS OF THE PARENT**ARTUR WASIL**

President of the Management Board of the Parent

.....

ARTUR WASILEWSKIVice-President of the Management Board of the
Parent, Economic and Financial Affairs

.....

DARIUSZ DUMKIEWICZVice-President of the Management Board of the
Parent, Development

.....

ADAM PARTYKAVice-President of the Management Board of the
Parent, Employee and Social Affairs

.....

KASJAN WYLIGAŁAVice-President of the Management Board of the
Parent, Operations

.....