

CONSOLIDATED REPORT ON PAYMENTS TO PUBLIC ADMINISTRATION

FOR THE FINANCIAL YEAR FROM 1 JANUARY
UNTIL 31 DECEMBER 2022

The Lubelski Węgiel Bogdanka Group



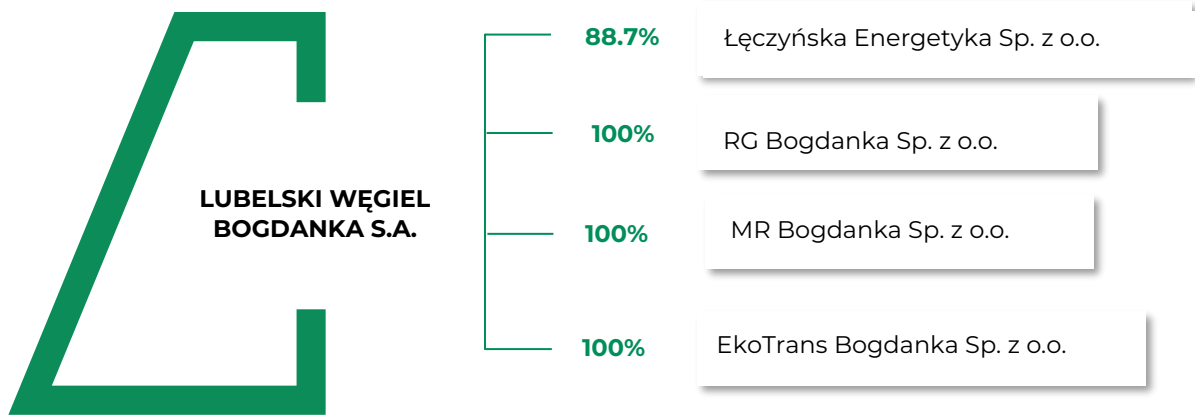
Bogdanka, March 2023

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1. COMPOSITION OF THE GROUP AND ITS PRIMARY LINE OF BUSINESS

Lubelski Węgiel Bogdanka Group



% of votes at general meetings in subsidiaries

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

Parent Company

Lubelski Węgiel „Bogdanka” S.A. with its registered office in Bogdanka, 21-013 Puchaczów.

Lubelski Węgiel „Bogdanka” S.A. is a joint stock company operating on the basis of the law of Poland. The Company was created through transformation of a state-owned enterprise Kopalnia Węgla Kamiennego “Bogdanka” with its registered office in Bogdanka, on the basis of the State Enterprise Privatization Act of 13 July 1990.

On 26 March 2001, Lubelski Węgiel “Bogdanka” Spółka Akcyjna was registered in the Register of Commercial Undertakings KRS under file number 0000004549. At present, this register is maintained by the District Court Lublin-East in Lublin, Branch in Świdnik, 6th Commercial Division of the National Court Register.

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

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

Subsidiaries

“Łęczyńska Energetyka” Sp. z o.o. with its registered office in Bogdanka, 21-013 Puchaczów.

As at 31 December 2022, the Parent Company held 88.7% shares in the capital of “Łęczyńska Energetyka” Sp. z o.o.

“Łęczyńska Energetyka” Sp. z o.o. supplies heat to the mine and provides water and sewage management services. The company also supplies heat to external entities, such as housing estates and other facilities in Łęczna. The Company also builds and repairs heating, water and sewage systems.

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

As at 31 December 2022, the Parent Company held 100.0% shares in the capital of EkoTRANS Bogdanka Sp. z o.o.

EkoTRANS Bogdanka Sp. z o.o. provides the mine with services entailing transportation, disposal and management of waste created during the washing and purification of coal winnings, as well as land reclamation services.

RG “Bogdanka” Sp. z o.o. with its registered office in Bogdanka, 21-013 Puchaczów.

As at 31 December 2022, the Parent Company held 100.0% shares in the capital of RG “Bogdanka” Sp. z o.o.

RG “Bogdanka” Sp. z o.o. provides services to the mine, including primarily mining works, auxiliary work and the handling of coal haulage

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

As at 31 December 2022, the Parent Company held 100.0% shares in the capital of MR Bogdanka Sp. z o.o.

MR Bogdanka Sp. z o.o. provides the mine with services including renovation, construction services, work performed in underground machinery divisions, refurbishment and production of steel structures.

2. BASIS OF PREPARATION OF THE CONSOLIDATED REPORT ON PAYMENTS TO GOVERNMENTS

This report on payments to governments has been drawn up pursuant to Chapter 6 of the Accounting Act of 29 September 1994 (“Act”).

In accordance with these provisions, starting from 2016, entities which are active in the extractive industry or logging of primary forests, provided that they satisfy the criteria specified in the Act, prepare, as at the balance sheet date, together with the consolidated financial statements, a consolidated report on payments to governments. The Act stipulates that an entity operating in the extractive industry is understood as an entity conducting activity involving exploration, prospecting, discovery, mining and extraction of deposits of minerals, oil, natural gas or other raw materials as part the business activity types listed in section B headings 05–08 of Polish Business Activity Classification.

Additionally, in the case of entities operating under the headings listed in Chapter 6a of the Act, which are the parent companies identified in Article 55 sec. 1, the Act also requires that a consolidated report on payments to governments be also prepared. A consolidated report on payments to governments should include data of the parent company and its subsidiaries operating in the extractive industry or logging of primary forests, provided that they satisfy the criteria specified in the Act.

In the Lubelski Węgiel Bogdanka Group, the Parent Company is the only entity that is active in the extractive industry under the headings listed in Chapter 6a of the Act, which are subject to the above reporting duty.

The Parent Company as well as other Lubelski Węgiel Bogdanka Group companies are not active in the logging of primary forests, as mentioned in Article 63e item 2 of the Act and referred to in Section A 02 group 02.2 of the Polish Classification of Activities, in the area of primary forests.

Accordingly, all amounts presented in this consolidated report on payments to governments refer solely and exclusively to the mining activity conducted by the Parent Company.

The mining activity is carried out by the Parent Company based on the mining concessions issued by the Minister of Climate and Environment.

3. ACCEPTED RULES FOR THE PREPARATION OF THE CONSOLIDATED REPORT ON PAYMENTS TO GOVERNMENTS

Pursuant to article 63e item 6 of the Act, payments are defined as amounts paid, in cash or in kind, from the activity specified in Article 63e item 1 or 2, on account of:

- production entitlements;
- taxes levied on the income, production or profits of companies, excluding taxes levied on consumption such as value added taxes, personal income taxes or sales taxes,
- royalties,
- dividends,
- concession fees and bonuses for discovery and production,
- license fees, rental fees, entry fees and other considerations for licenses and/or concessions,
- payments for infrastructure improvements.

In this consolidated report on payments to governments, the Group has taken the following payments into account:

Payment category defined in Article 63e of the Act	Taxes and charges classified by the Group as a payment type listed in the Act
Taxes levied on the income, production or profits of companies, excluding taxes levied on consumption such as value added taxes, personal income taxes or sales taxes	Corporate income tax (CIT) Excise duties
Concession fees and bonuses for discovery and production	Mining usufruct fees
License fees, lease fees, setting-up fees and other levies for the granting of a license or concession	Mining fee Fees for perpetual usufruct of land Fee for use of the geological survey information

4. PAYMENTS TO GOVERNMENTS MADE IN 2022

All payments related to the conduct of mining activities were made solely to domestic government bodies. No payments were made to any government body of any other country.

4.1. Payments to governments, by entity

The following table presents the total amount of payments made in 2022 and 2021 to governments, broken down into payments made to relevant government levels:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2022	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2021
Government administration:	92,086	98,715
Tax Office	77,137	85,585
Ministry of Climate and Environment	6,319	6,164
National Fund for Environmental Protection and Water Management (NFOŚiGW)	8,396	6,942
Tax Office in Nowy Targ	234	24
Local government administration	38,480	35,654
Township Offices	38,059	35,246
District Starost Office	421	408
TOTAL	130,566	134,369

4.2. Payments to governments, by subject matter

The following table presents the total amount of payments made in 2022 and 2021 to appropriate government levels, broken down into respective titles specified in Article 63e item 6 of the Act:

	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2022	FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2021
Government administration:	92,086	98,715
Taxes levied on the income, production or profits of companies (excluding value added taxes, personal income taxes or sales taxes)	77,371	85,609
Concession fee and bonuses for discovery and production	1,124	1,221
License fee, rental fee, entry fees and other considerations for licenses and/or concessions	13,591	11,885
Local government administration	38,480	35,654
License fee, rental fee, entry fees and other considerations for licenses and/or concessions	38,480	35,654
TOTAL	130,566	134,369

4.3. Information provided in the report

The payment amounts stated in this consolidated report are the values of money transfers made in 2022 to domestic government bodies under the relevant titles, less any refunds.

In 2022, the Group did not make payments in kind.

Pursuant to Article 63f sec. 2 of the Act, this consolidated report on payments to governments contains the following information:

- the total amount of payments in 2022 and 2021 made to domestic government bodies, broken down into the relevant government levels,
- the total amount of payments, broken down into respective titles specified in Article 63e item 6 of the Act, made to the relevant domestic government level.

In 2022, the Group did not make project-linked payments to domestic government bodies.

5. SIGNATURES OF ALL OF MANAGEMENT BOARD MEMBERS OF THE PARENT COMPANY

KASJAN WYLIGAŁA

President of the Management Board of the Parent Company

.....

ARTUR WASILEWSKI

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

.....

DARIUSZ DUMKIEWICZ

Vice-President of the Management Board of the Parent Company, Trade and Investments

.....

ADAM PARTYKA

Vice-President of the Management Board of the Parent Company, Labor and Social Affairs

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