

MANAGEMENT BOARD REPORT

LW Bogdanka Group for Q1 2023

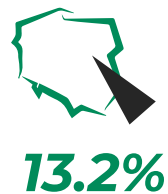




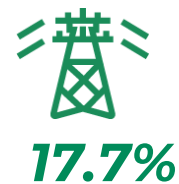
Lubelski Węgiel Bogdanka S.A.

a leader on the hard coal market in Poland, standing out in comparison with its peers in terms of financial results, mining efficiency and investment plans including access to new deposits.

Share in the hard coal market in Poland



Share in the steam coal market in Poland



Share in coal supplies to the commercial power sector in Poland

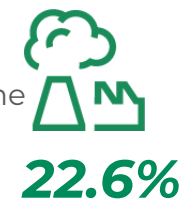


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1. Operating summary



Selected financial and operating highlights of the LW Bogdanka Group for Q1 2023

Operating data

3.0 million tons

Gross coal production

1.6 million tons

Production of commercial coal

54.7%

Mining yield

1.6 million tons

Sales of commercial coal

8.5 km

New excavations



Financial highlights

PLN 940.7 million

Sales revenues

PLN 188.4 million

Sales profit

PLN 155.8 million

EBIT

PLN 291.6 million

EBITDA

PLN 126.2 million

Net profit



Headcount

5,879 persons

Headcount as at the end of Q1 2023

2.5%

Increase in headcount from Q1 2022.



Key events in Q1 2023 and events until the Report publication date

- appointment of President of the LW Bogdanka S.A. Management Board
- establishment of the Łęczyński Energy Cluster
- Extraordinary Shareholder Meeting of LW Bogdanka S.A.
- changes to the composition of the LW Bogdanka S.A. Supervisory Board
- presentation of key elements of the Development Strategy of the LW Bogdanka Group for 2023-2030 with an Outlook until 2040, including the dividend policy



2. Organization and activity of the LW Bogdanka Group





Taking into account the Group's structure and the fact that the basis for the Group's operations and activities is the business conducted by LW Bogdanka S.A. (activities of subsidiary companies are primarily ancillary to the activities conducted by the Parent Company), the descriptions presented in the Report refer also directly to the activities and events taking place within LW Bogdanka S.A. Wherever there are any discrepancies, this is clearly indicated by posting an appropriate description and data.

Lubelski Węgiel Bogdanka Spółka Akcyjna

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Legal form and regulations underlying the Company's activity

LW Bogdanka S.A. is a joint stock company operating on the basis of the law of Poland. The Company operates on the basis of, among others, the following legislation:

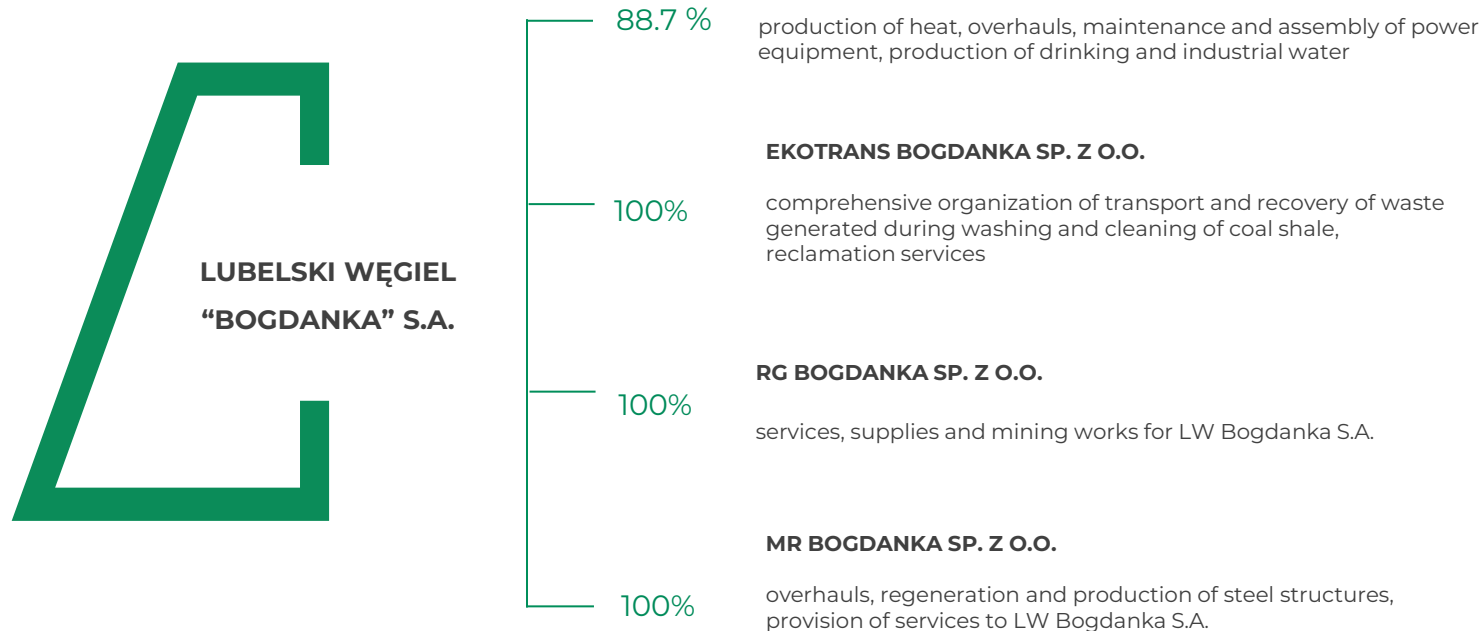
- Act of 15 September 2000 entitled Commercial Company Code
- Act of 9 June 2011 entitled Geological and Mining Law

The Company's founder is the State Treasury represented by the State Treasury Minister. The Company may operate in the Republic of Poland and abroad. The Company is established for an unlimited duration.

Historical background

17 January 1975	1 March 1993	29 December 1994	25 June 2009	29 October 2015	17 November 2017	20 December 2019	17 December 2020	18 June 2022	17 May 2023
decision made to build a pilot and extraction mine in Bogdanka. Bogdanka was one of 7 mines that were to be built in the Lublin Coal Basin, but due to suspension of the project, it turned out to be the only one	transformation of the state-owned enterprise into a wholly-owned State Treasury company with the business name Kopalnia Węgla Kamiennego "Bogdanka" S.A.	as part of the implementation of the provisions of a bank settlement, as a result of debt conversion, KWK "Bogdanka" SA ceased to be a wholly-owned State Treasury company as new shareholders (creditors) acquired 4.0% of the Company's shares	IPO on the Warsaw Stock Exchange	LW Bogdanka S.A. became part of the ENEA Group	obtaining a concession for hard coal mining from the Ostrów deposit in the Ludwin mining area	obtaining a concession for hard coal mining from the "Lublin Coal Basin – Area K-6 and K-7" deposit in the "Cyców" mining area	adoption of the new LW Bogdanka Strategy until 2030 in response to rapid developments in the domestic and international market in 2020	signing of a letter of intent on the sale by ENEA S.A. of shares in LW Bogdanka S.A. to the State Treasury	adoption of the new LW Bogdanka Group Strategy for 2023-2030 with an Outlook until 2040 in response to rapid developments in the domestic and international market in 2023

Structure of the LW Bogdanka Group



Changes in the LW Bogdanka Group's structure

In Q1 2023, there were no changes in the structure of the LW Bogdanka Group or in its organizational and capital relations with other entities. During this period there were no changes in the structure of the LW Bogdanka Group as a result of merger of business entities, takeover or sale of the Group's entities, long-term investments, demerger, restructuring and discontinuation of activity.

As at the date of this Report, LW Bogdanka S.A. also holds 22.41% of shares in Kolejowe Zakłady Maszyn KOLZAM S.A., with the share capital of PLN 750 thousand (bankruptcy proceedings have been discontinued, the company is not conducting any business activity). The title to the shares has been transferred to the Parent Company as security for the financial settlements for performance of transportation services. This company has not been consolidated.

Development strategy LW Bogdanka S.A.

Due to the dynamically changing environment, on 17 May 2023, a new Development Strategy of the LW Bogdanka Group for 2023-2030 with an outlook until 2040 was announced (description of the main assumptions on pages 11-12 of the Report).

In Q1 2023, the Development Strategy announced on 16 December 2020 was in effect - "Key elements of the Development Strategy of LW Bogdanka S.A. in the Mining Area of the ENEA Group until 2030 (with an outlook to 2040), including dividend policy".

The Strategy was consistent with the draft of Poland's Energy Policy until 2040 and was a link of the Enea Group's Development Strategy until 2030 with an outlook to 2035 by taking into account, among others, the satisfaction of the anticipated demand for steam coal from the power plants and cogeneration plants included in the Enea Group's Generation area.

Changes to the Strategy effective in Q1 2023

On 9 November 2022, the Company updated the assumptions announced in the Growth Strategy of LW Bogdanka S.A. in the Mining Area of the ENEA Group until 2030 (with an outlook to 2040), one of the basic assumptions of which was to increase the number of products through selective coal mining (type 34).

Due to the results of the completed tests, indicating a small amount of type 34 coal in the samples tested, as well as increased demand for steam coal, the Company has decided to deviate from the aforementioned assumption in order to maximize the production of its core product. The abandonment of selective coal mining in the deposit will allow the Company to increase its potential production capacity after 2026 by approx. 10% compared to the average volumes presented in the current Strategy.

Company is working on a comprehensive update of the Strategy, as part of which other elements of the Strategy, such as the resource base, development plans, as well as strategic initiatives including seeking investment opportunities outside the core business, may also be revised.

Vision

Bogdanka is the performance leader in the mining industry attaining the highest standards of work safety, flexibly adjusting its operations to evolving environmental requirements and market conditions and involved in endeavors aimed at reaching the "green deal" through diversification of its business.

Mission

Bogdanka is a reliable and credible coal supplier for the commercial power sector, which maintains its competitive advantage in a manner ensuring a constant growth in the Company's value and develops as regards OHS standards, environmental protection and implementation of innovative solutions.

As part of the work on the Strategy, the following two fundamental strategic goals have been specified:

- Maintenance of the leader's position in the market of the steam coal supply to the commercial power sector in Poland, while effectively competing with import
- Maintaining high production efficiency and profitability due to the application of innovative organizational as well as technical and technological solutions.

Based on the prepared forecasts (draft of Poland's Energy Policy until 2040, National Plan for Energy and Climate for 2021-2030), LW Bogdanka S.A. will endeavor to remain the most cost efficient producer of steam coal in Poland, which effectively competes with other coal producers and suppliers at the same time maintaining the present production potential until 2040.

In order to attain the strategic objectives, LW Bogdanka S.A. will take the following optimization measures:

- Expanding business areas (diversification) – leveraging the technical and human potential to undertake effective initiatives outside of core business
- Identifying, appraising and documenting new coal resources (coking coal – type 35).
- Implementing own innovation programs (technical-technological and occupational safety solutions) to maintain competitive advantage
- Implementing key strategic initiatives defined for the Mining Area in the Enea Group Strategy.

In attaining the strategic objectives, the Company intends to leverage its strengths, such as:

- Stable sales thanks to long-term contracts with coal buyers
- Geographical rent – the only mine in the Lublin Coal Basin
- Low mining costs – the highest cost efficiency in the industry
- Highly skilled employees and technical culture
- Optimal utilization of production capacity
- Ongoing dialogue with the trade unions
- Status as a listed company

Production

The Company intends to take advantage of the opportunities offered by its concession to mine coal from the Ostrów, K-6 and K-7 fields. The Company expects the average production of 9.7 mt in 2021-2025 – during this period only steam coal will be produced.

In 2026-2040, in turn, the Company assumed that also coking coal (type 34) would be mined. From 2026 going forward, coking coal volumes will oscillate between 0.7 to 3.1 mt per annum, with an average of 1.9 mt.

The average total coal production over the period until 2040 will therefore be approx. 8.8 mt. Thanks to longwall strikes of 6-7 km,

which are innovative in Poland and common in global mining, the Company expects higher mining concentration and lower mining costs, which will enable it to effectively compete with other coal, especially imported. On 9 November 2022 the Company announced that it is abandoning the mining of type 34 coal and focusing on steam coal production.

Capital expenditures

The average expenditures will amount to approx. PLN 535 million in 2021-2025, approx. PLN 405 million in 2026-2030, approx. PLN 352 million in 2031-2035, and approx. PLN 307 million in 2036-2040. These figures do not include potential expenditures on vertical accessing of the Ostrów Field (PLN 2.1 billion).

Corporate Social Responsibility (CSR)

Due to its very important role in the region, the Company invariably sets as its objective to conduct its business activities in accordance with the corporate social responsibility (CSR) strategy, which includes ensuring the highest level of safety in the workplace, environmental efficiency, protection of local biodiversity, stimulating development and ensuring the safety of the local community, as well as effective management of relations with all stakeholder groups, based on the principles of sustainable development (Green Mine).

Dividend policy

In the medium and long term, LW Bogdanka S.A. wants to remain a dividend payer, and the Management Board's intention is to apply to the Shareholder Meeting for payment of a dividend of up to 50% of the net profit posted in the Company's standalone financial statements prepared in accordance with the EU IFRS.

Growth strategies of the subsidiaries

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

The Management Board of Łęczyńska Energetyka sp. z o.o. has identified the following strategic objectives for the company to be pursued in the coming years:

- change in the heat generation method resulting from, among others, the need to ensure an uninterrupted supply of heat to consumers (guaranteeing additional reserve generating capacity to reduce the risk of heat generation interruptions) and gradual abandonment of coal fuel. The company intends to take steps to find and select the optimal non-coal source for heat generation in the coming years in order to satisfy increasingly stringent environmental protection standards
- Modernization of the heating main between Bogdanka and Łęczna – the implementation of this task aims at gradual reduction of considerable transmission losses and will additionally allow for protecting the network against corrosion, thus supporting its operation in the following years.

The above investment projects are planned to be executed using the Company's own funds, however in the case of the Bogdanka-Łęczna main, the source of funding may be changed in subsequent years (if aid funds are obtained).

Łęczyński Energy Cluster

Due to its competences, Łęczyńska Energetyka is a dedicated entity to act as a coordinator in the Łęczyński Energy Cluster. This role will involve exercising energy management within the cluster, representing the cluster externally, commercial balancing and energy billing in the cluster

Łęczyńska Energetyka sp. z o.o. may also act as a provider of services associated with the operation of heat sources, sharing electricity and heat-related know-how.

Development strategy MR Bogdanka sp. z o.o.

The company's strategic objectives are:

- Development of mining machinery production and overhaul capabilities
- Manufacture of general purpose steel structures
- Manufacture and regeneration of bulk products used at LW Bogdanka S.A.

The company's primary objectives include:

- Conducting and developing capabilities in the overhaul of mining machinery and equipment
- Manufacture of general purpose steel structures while meeting all formal and legal requirements
- Performance of work related to regeneration of bulk products used in the Parent Company
- provision of repair and adaptation services for the office and administrative infrastructure on the surface.

Development strategy of EkoTrans Bogdanka sp. z o.o.

The Company plans to conduct post-mining waste management activities in 2023 and beyond.

As part of recovery and processing of waste generated in the process of dry and wet processing of hard coal, the company plans to utilize approx. 2.5 mt of waste annually.

Development strategy RG Bogdanka sp. z o.o.

The Company's main development direction for the coming years is to continue its strategy, i.e. to increase the share of specialist mining work such as excavation of roadways, rebuilding and execution of works with the use of specialist machinery. These activities are aimed at establishing the company's position in the local market. Extension of the scope of activities will ensure continuity of operations and will also allow for professional development of employees through successive improvement of their qualifications. The Company plans to expand its machinery fleet over the long term to ensure independence and the capacity to perform the full range of mining operations.



New Development Strategy LW Bogdanka Group

On 17 May 2023 the Company's Supervisory Board approved the "Development Strategy of the LW Bogdanka Group for 2023-2030 with an Outlook until 2040" ("Strategy"), including the dividend policy, adopted by the Management Board on 9 May 2023.

The key premises for developing and adopting the new Strategy were:

- The turbulences in the global coal market related to the destabilization of the market caused by the war in Ukraine and the embargo on imports from Russia. The change in the global and local coal demand and supply structure, as well as the increase in raw material prices and their projected continuation in the medium term.
- Poland's accelerating energy transition - an update of PEP 2040 and the Social Agreement and Program for the Coal Sector (closure of the LW Bogdanka mine in 2049).
- Progressing exploration of raw materials - the scarcity of critical raw materials sets the stage for the development of mining activities.
- Ownership change - the acquisition of a majority stake from ENEA by the State Treasury planned for mid-2023, and increased potential to diversify operations and support the energy transition.
- The progress of LW Bogdanka - the launch of efficient transition to optimize mining, the concretized actions of the ESG Strategy and the Strategy of the Łęczyński Energy Cluster, plans to develop a Concern with diversified operations.

The long-term goal of the new Strategy is to transform LW Bogdanka into a Multi-commodity Concern.

The activator of the new Strategy is coal mining, which we will effectively pursue until 2049, providing space for the development of new business pillars for the Multi-commodity Concern.

Vision

Innovative multi-commodity concern driving green transition and securing the economic development of the Lublin region.

Mission

Responsible and sustainable development based on mining competence.

The Development Strategy of the LW Bogdanka Group for 2023-2030 with an Outlook until 2040 ("Strategy") is based on 5 pillars - a strong coal foundation and, on top of it, 2 pillars of diversification and pillars of sustainable and responsible development. Under the 5 pillars, 21 strategic initiatives have been developed.

Pillar I - Efficiency Leader:

- Developing the Group - the starting point for entering the diversification areas will be to professionalize and build a strong group.
- Guaranteeing production until 2049 by starting mining from the K-6 and K-7 resource base in 2024, and preparing for the opening of the vertical Ostrów field after 2038, guarantees flexibility and energy security for the State in the energy transition.
- Efficient Transition by improving efficiency in 8 areas of operation. The result of these measures will be a reduction in the unit cost of mining.
- Innovative mine - the use of the latest solutions in the area of monitoring of the rock mass, production process and environment, implementation of innovations to improve safety and ergonomics of work, and management of the plant based on sensors that generate real data to support decision-making.

- Supporting Ukraine's energy reconstruction by leveraging Bogdanka's expertise and resources to actively support the post-war reconstruction of critical infrastructure in Ukraine.
- commercialization of mining expertise by professionalizing the expertise and technology across the chain.
- developing the potential for raw material transport by assessing the potential for greater use of the rolling stock.

Pillar II - Multi-commodity Concern:

- Multi-commodity mining based on the exploration and commercial mining of a range of minerals critical to sustainable transition and attractive to the market.
- The Bogdanka Fund, which is an accelerator that enables investment in new technologies for the future of the Company and the region.

Pillar III - Sustainable Energy Guarantor:

- Production of RES components, i.e. foundation baskets for wind farms and structures for mounting photovoltaic panels.
- A new scale of RES installations involving diversification of LW Bogdanka's revenues through RES installations in the range of approx. 500MW by 2030 and the sale of electricity generated by RES installations.
- Recycling of electric batteries.
- Recycling of photovoltaic waste.

Pillar IV - Green Transition:

- Circular economy focused on reducing resource consumption by implementing circular economy solutions, use of mining waste (shale) for commercial applications (production of fertilizer ingredients, building materials), development of heat recovery technology from mine water, analysis of the possibility of increasing retention (drainage of the Stefanów field).
- Increasing energy efficiency and reducing greenhouse gas emissions in the mine's operations, using energy from the test RES facilities being built under Pillar III to increase LW Bogdanka's energy efficiency,

developing the Łęczyński Energy Cluster and reducing the carbon footprint.

- Revitalization of post-mining areas and removal of mining damage, development of a strategy for the operation of the Nadrybie field after completion of mining, sustainable use and reclamation of spoil tips in cooperation with local governments, and effective management of mining damage.

Pillar V - The Future of the Lublin Region:

- Attracting and retaining the best employees through a campaign improving the employer's brand image for potential employees, integrating digital technologies into training processes, increasing Bogdanka's competitiveness in attracting experts to support the transition process, developing cooperation with external partners, including partner schools in the Region and the Scientific Council at LW Bogdanka.
- Increasing the level of occupational safety by building a safety culture in the organization, promoting health care and effective prevention in all positions.
- Technical improvement of occupational safety by monitoring working conditions with mobile control equipment and seeking solutions to eliminate unsafe activities.
- Re-branding programs focusing on the development of a plan for replenishing staff knowledge and re-branding, a priority program for existing employees in new business areas (RES).
- Responsible business practices through the implementation of ESG criteria in purchasing and sales processes and care for limited and sustainable use of raw materials and energy in all processes operating within the Company, proactive approach in undertaking sustainable ESG initiatives and communicating good practices to the value chain, transparency in communications with stakeholders, and effective activities of the corporate foundation.

New Development Strategy LW Bogdanka S.A.

Basic operational and economic parameters:

- The average level of coal production will be approx. 9.1 million tons in 2023-2025, approx. 10.1 million tons in 2026-2030, and approx. 9.1 million tons in 2031-2040.
- Average sales revenues are projected at PLN 5,902 million in 2023-2025, at PLN 5,565 million in 2026-2030, and at PLN 4,967 million in 2031-2040.
- The average value of expenditures in 2023-2025 will be approx. PLN 1,017 million, in 2026-2030 approx. PLN 1,116 million, and in 2031-2040 approx. PLN 426 million.
- In its Strategy, Bogdanka aims to strengthen its market position by achieving a 58% market share of coal supplied to the commercial power sector in 2030.
- The Company is targeting a dynamic increase in the average share of revenue from non-core business initiatives from 1% in 2023-2025 to 12% in 2026-2030 and to 29% in 2031-2040.
- Adopting the aforementioned assumptions, the Company will aim to achieve, on average, a return on equity (ROE) of 26% in 2023-2025 (11% in 2026-2030, 3% in 2031-2040) a return on assets (ROA) of 22% (10% in 2026-2030, 3% in 2031-2040) and an EBITDA margin of 46% (41% in 2026-2030, 30% in 2031-2040).

Dividend policy:

- LW Bogdanka S.A. intends to remain a dividend-paying company, taking into account planned capital expenditures related to diversification of operations.
- The intention of the Management Board of LW Bogdanka S.A. is to apply to the Shareholder Meeting in the future for a dividend payout of up to 50% of net profit.
- The amount of dividend recommended each time will depend on the current market situation, cash flows generated from operations, ongoing and planned investments, and the possibility and conditions of raising debt financing.
- The Company's dividend policy in the future will be influenced by the implementation of strategic initiatives aimed at increasing production efficiency and diversifying revenues, which, in turn, may translate into the level of capital expenditures.



Investment activities completed in Q1 2023

In Q1 2023, LW Bogdanka S.A. carried out its scheduled investment tasks. As part of implementation of the investments, expenditures on fixed assets in the total amount of PLN 159,942 thousand were incurred.

The 2023 plan includes the following task groups:

- development and replacement investments – including purchases of machinery and equipment, their modernization and overhaul, extension of the mining waste facility, longwall shearers,
- operational investments – including the construction and modernization of excavations in the Bogdanka, Nadrybie, Stefanów and Ostrów fields etc.

Development and replacement investments LW Bogdanka S.A.

Maintenance of machinery

- Purchase of new machinery and equipment subject to assembly - CS 1150 K anchor truck, electromagnetic separator, equipment train and electromagnetic unit were purchased for a total amount of PLN 4,174 thousand.
- Purchases of finished goods, machinery and equipment – finished goods were purchased for PLN 2,683 thousand. The most important ones are as follows: finished transport equipment (among others: a heavy set for section transport, passenger and emergency transport cabin), pumps and hydraulic units, electrical equipment (among others: electric motors), other finished equipment, among others a hydraulic press.
- Modernization and repair of machinery and equipment - PLN 6,188 thousand was spent

on, among other things, modernization of EL 160 LS and SKL dinting loaders, high-pressure units and modernization of 1600 belt conveyors - and their adaptation to transport of people, and expenditures were incurred on the overhaul of one S-200 locomotive.

Securing new concessions

- Drilling of prospecting wells in the region of Łaszczów continues, in accordance with the provisions of the “concession for the exploration of deposits in the Łaszczów prospecting area” - an expenditure of PLN 1,902 thousand was incurred in Q1 2023.

Other development investments

- Expansion of the mining waste facility at Bogdanka – PLN 1,845 thousand. Works are currently in progress to perform earthworks in accordance with the executed contract along with electrical and construction works related to the construction of the conveyor.
- Central air conditioning of the Bogdanka field – expenditures of PLN 1,159 thousand were allocated for the modernization of coils in spray and evaporative condensers – stage 1 and commencement of stage 2.
- Power engineering, telecommunications and mechanical installations – expenditures of PLN 6,606 thousand were incurred, among others, the installation of the main drainage pipeline in shaft 1.2, the construction of a photovoltaic farm, and the expansion of the visualization system for shaft 1.3 skip loading equipment.
- Windmill switchgear facilities and other electrical power systems - PLN 438 thousand was incurred, among other things, for the modernization of the 6 kV STR-M3 (28-field) switchgear.
- Replacement investments in the Coal Preparation Plant - PLN 2,737 thousand was allocated, among others, to the modernization of steel

structures and facades of the Coal Preparation Plant, and modernization of the freight and passenger crane in facility 67.1.

- Construction and modernization of core business facilities and installations - PLN 932 thousand was incurred, among other things, for the modernization of the HETMAN-T telecommunications system, replacement of wireless communications in shaft 1.2, as well as the adaptation of the shaft for transporting people and materials on the counterweight side.

ICT - PLN 1,426 thousand was earmarked for, among other things, the Facility Map System, a system for monitoring seismic activity in the mining area, as well as the purchase of computer hardware and systems.

Other - in total PLN 6,879 thousand was spent, among others, on the construction of civil structures in the Bogdanka field, environmental protection (e.g. construction of an underground water pumping station at the Żelazny ditch, as well as the expansion of pumping stations P-2 I P-3); land affected by mining damage was purchased.

Operational investments of LW Bogdanka S.A.

New excavations and upgrade of existing ones

New excavations were completed in accordance with the applicable Mining Work Schedule. The total length of the completed roadway excavations carried out as part of the investments in Q1 2023 was approximately 8.1 km and their value amounted to PLN 115,827 thousand. The modernization of excavations in the form of reconstruction of roadways, reconstruction of vertical excavations and modernization of retention reservoirs was carried out in accordance with the adopted schedule for a total value of PLN 7,146 thousand.

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

The LW Bogdanka Group's subsidiaries incurred expenditures on fixed assets in the amount of PLN 6,433 thousand.

Łęczyńska Energetyka - the investment tasks carried out in Q1 2023 included investments related to generation, transmission and distribution of heat and included the purchase of hardware and software for a total amount of PLN 336.4 thousand.

RG Bogdanka, MR Bogdanka - incurred total capital expenditures of PLN 6,097 thousand in Q1 2023 for the purchase and installation of machinery and equipment, purchase of computer hardware, and the right-of-use assets.

Investment activities completed in Q1 2023

Selected items of capital expenditures in the LW Bogdanka Group

[PLN 000s]	TEP 2023	Actuals - TEP Q1 2023	Actuals TEP 2023 [%]
New excavations and upgrade of existing ones	456,957	122,973	26.9%
Maintenance of machinery	179,246	13,045	7.3%
Securing new concessions	10,588	1,902	18.0%
Longwall shearers	6,278	0	-
Other development investments	106,737	13,717	12.9%
ICT	30,947	1,426	4.6%
Administration	3,400	0	-
Other	47,889	6,879	14.4%
TOTAL CAPEX in LW Bogdanka S.A.	842,042	159,942	19.0%
Łęczynska Energetyka Sp. z o.o.	8,000	336	4.2%
MR Bogdanka	1,590	561	35.3%
RG Bogdanka	9,905	5,536	55.9%
EkoTrans	0	0	-
TOTAL CAPEX in the LW Bogdanka Group	861,537	166,375	19.3%

Value of capital expenditures incurred for excavations in Q1 2023

Total excavations and works	Depreciation method	Length [running meters]	Value of capital expenditures [PLN 000s]
Gate roads	natural	7,340	
Basic excavations	straight-line	760	122,973
Reconstructions	linear/natural	168	

The total length of roadway excavations completed in Q1 2023 was 8,328 m. Reconstruction of excavations was carried out according to the adopted schedules. Total expenditures on reconstruction of roadway excavations in this period amounted to PLN 7,146 thousand. The total expenditure incurred on new excavations and modernization of existing ones amounts to PLN 115,827 thousand.

Fractions are not included in the values shown in the table as they are charged directly to expenses. However, they are included in the total length. In this case, this is 228 m.

Price of coal on the international market



CIF ARA coal prices

- 146.7 USD/t - average CIF ARA coal price in Q1 2023 -36.1% vs. Q1 2022 (USD 229.6 per ton)
- comparing with the average CIF ARA coal price in Q4 2022 (237.6 USD/t), this is a decrease of 38.3%

Inventories in ARA ports

- approx. 5.5 million tons of coal inventories at the end of March 2023 at ARA ports - at the end of December 2022 the inventories stood at 6.4 million tons

Prices at major ports worldwide

- 106.6 USD/t - average Baltic Ports FOB price in Q1 2023 vs. Q1 2022 (191.2 USD/ton) – down by 44.2%
- comparing with the average price in Q4 2022 (115.6 USD/t), this is a decrease of 7.8%

China

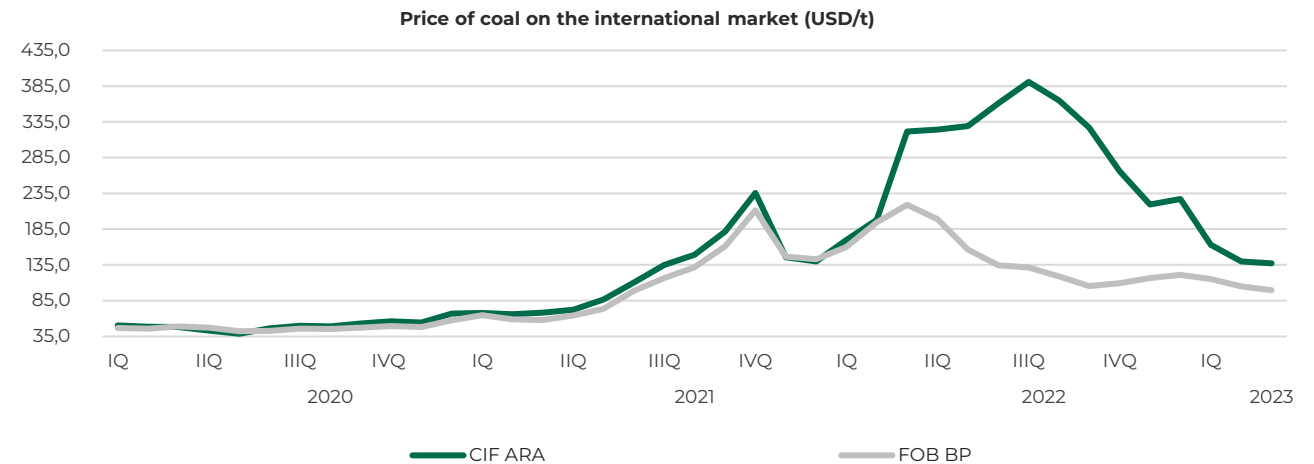
- in Q1 2023, approximately 1.2 billion tons of coal was produced, +9.0% vs. Q1 2022 (1.1 billion tons)
- in Q1 2023 imports totaled 100.0 million tons, up approximately 93.1% from Q1 2022 (323.2 million tons).

USA

- in Q1 2023 production was 137.4 million tons, +2.8% vs. Q1 2022 (133.7 million tons)
- in Q1 2023, consumption was 91.5 million tons, -24.5% vs. Q1 2022 (121.2 million tons)
- exports in Q1 2023 amounted to 22.3 million tons of hard coal, +16.1% y/y (19.2 million tons in Q1 2022).

Russia

- in Q1 2023, production was 107.0 million tons, down 2.1% vs.
- exports in Q1 2023 amounted to 39.1 million tons, an increase of 5.6% y/y



Prices for fine steam coal on the domestic market



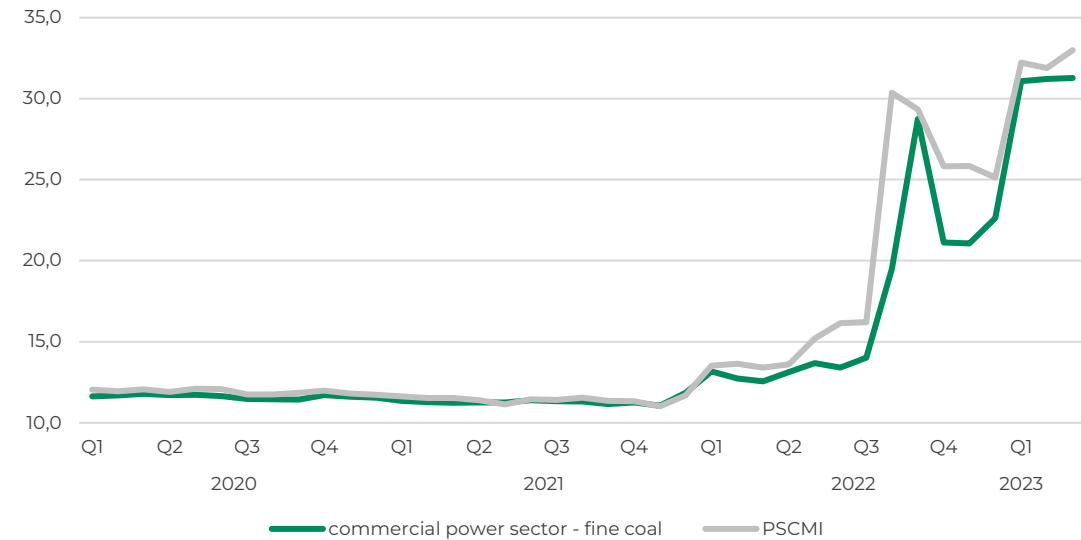
Price of fine steam coal

- The average price of fine steam coal for the commercial power sector in Q1 2023 was PLN 31.2/GJ, the price growth rate was ca. 143.8% compared to Q1 2022 (PLN 12.8/GJ)
- The average calorific value of fine coal for the commercial power sector was approx. 21.3 GJ.

Prices from the PSCMI index

- The average price from the PSCMI Index in Q1 2023 was approx. PLN 32.4/GJ, compared to the average price in Q1 2022 (PLN 13.5/GJ), the increase was approx. 140.0%

Prices for fine steam coal on the domestic market [PLN/GJ]



Production, sales and inventories of steam coal on the domestic market



Steam coal production in Poland

- in Q1 2023, steam coal production was approx. 9.1 million tons, down 18.0% y/y.

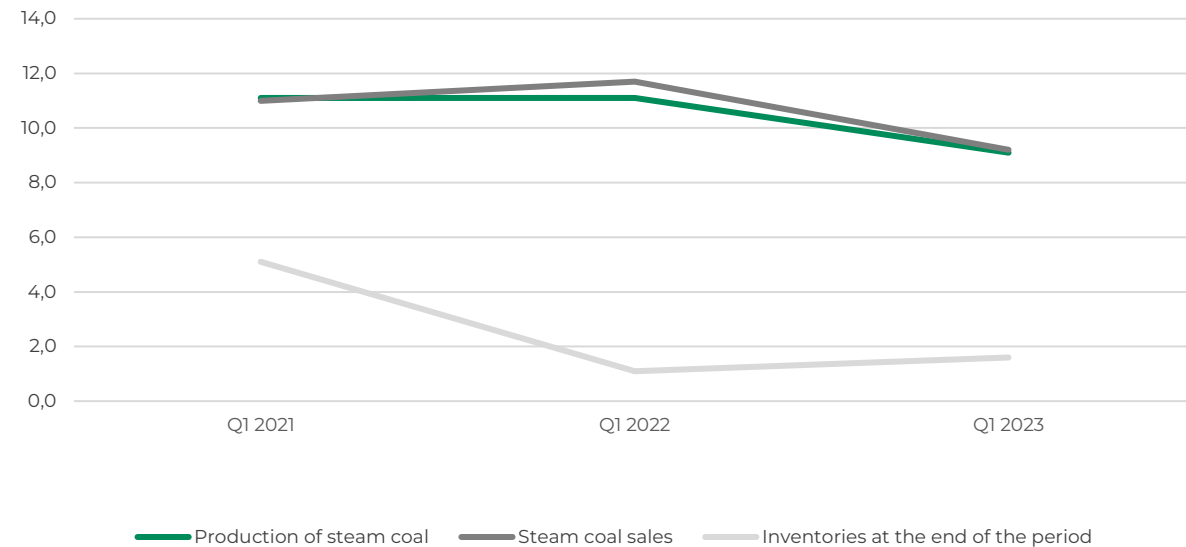
Steam coal sales in Poland

- the sales in Q1 2023 amounted to approx. 9.2 million tons, of which sales to the commercial power sector amounted to approx. 6.3 million tons of fine steam coal
- compared to Q1 2022, steam coal sales decreased by approx. 21.4%.

Coal inventories in Poland

- at the end of Q1 2023, steam coal inventories were 1.6 million tons (1.8 million tons at the end of 2022).
- compared to Q1 2022 (1.1 million tons) inventories rose by 0.5 million tons (+45.5%)

Production, sales and inventories of steam coal on the domestic market [million tons]



Production, sales and inventories of steam coal on the domestic market



Key buyers of steam coal in Poland

The commercial power sector is the main buyer of steam coal in Poland, purchasing approx. 6.3 million tons of fine steam coal. The most important buyers in the commercial power sector are:

- Tauron
- PGE
- Enea
- PGNiG
- ENERGA

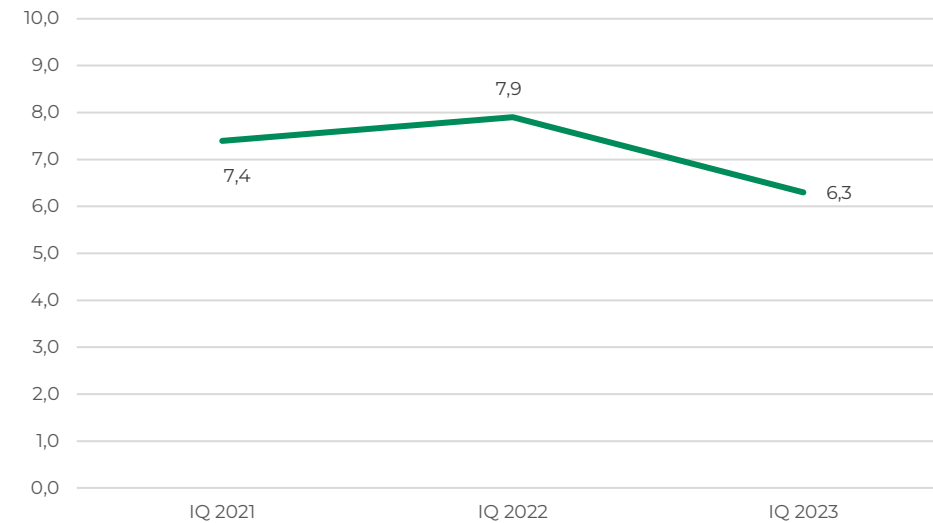
Steam coal sales in Poland

In Q1 2023, approximately 9.2 million tons of steam coal was sold in Poland. Approximately 9.1 million tons of steam coal were delivered to the domestic market, including nearly 7.9 million tons of fine steam coal.

Coal exports

Approximately 1.1 million tons of coal was exported, including approx. 0.1 million tons of steam coal.

Sales of steam coal to the commercial power sector [million tons]



Production of electricity in Poland



Total electricity production

In Q1 2023, 43,473 GWh of electricity was produced, down 3,172 GWh (-6,8%) compared to Q1 2022.

Electricity production from coal

The main fuel used for electricity production was coal, which generated 30,256 GWh in Q1 2023. Such a level means a drop by 4,766 GWh (-13,6%) compared to Q1 2022.

In Q1 2023, coal was the source of 69,6% of all electricity production in Poland; its share in the fuel mix was lower by 5,5% compared to Q1 2022.

Electricity production from hard coal

In Q1 2023, hard coal produced 20,838 GWh of electricity (down 8,23% vs. Q1 2022).

Electricity production from lignite

In Q1 2023, lignite produced 9,418 GWh (23,5% less compared to Q1 2022).

Electricity production from wind power plants

Wind power generated 6,670 GWh in Q1 2023, up 4,1% from Q1 2022. The share of wind power in electricity generation was approx. 15,3%.

Electricity production from gas-fired power plants

Gas-fired power generation in Q1 2023 was 3,933 GWh, up 25,5% compared to Q1 2022.

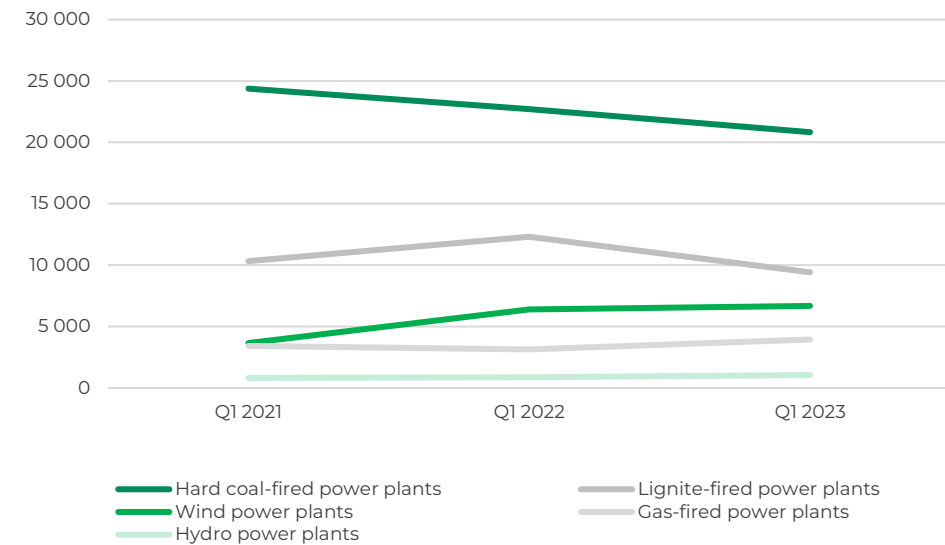
Domestic electricity consumption

In Q1 2023, 44,099 GWh of electricity was consumed, down 1,584 GWh (3,5%) compared to Q1 2022.

Balance of cross-border exchange

The balance of cross-border exchange of electricity in Q1 2023 was 626 GWh, compared to -961 GWh in Q1 2022. This means importing energy.

Electricity production in Poland [GW/h]



Description of factors which, in the opinion of the LW Bogdanka Group, will affect the results generated by the Parent Company and its subsidiaries in the perspective of at least the next quarter

For a full description of the risks to the Group's operations, see the 2022 report. The following are the factors that the Group believes are most significant as we look ahead to the next (second) quarter of 2023.

Factors associated with the state's economic policy towards the hard coal mining industry

An important factor influencing the LW Bogdanka Group's market position is the government's plans regarding hard coal mining companies and the power sector. Since 2 February 2021, "Poland's Energy Policy until 2040" approved by the Council of Ministers has been in force, with the assumption that hard coal is still an important source of energy for the Polish economy in the perspective of 2030 and beyond. However, an update to PEP 2040 is currently being developed due to the changing geopolitical and economic situation and the energy crisis related to Russia's aggression against Ukraine. In parallel, efforts are underway to organize the ownership structure of the electricity market, aiming at the establishment of the National Energy Security Agency (NABE) by the State Treasury.

The purpose of its establishment is to take over coal-fired power plants from power companies (including ENEA Group), enabling the long-term operation of both power companies and coal-fired power plants, while ensuring the country's energy security during the energy transition planned in PEP 2040. To this end, it is also planned that the State Treasury will directly acquire the shares of LW Bogdanka S.A. (outside NABE) belonging to Enea S.A. It should be noted, however, that at present, work on both the PEP 2040 update and the ownership transformation of coal assets is not finally completed. However, the projected still relatively high role of coal in the national energy system and in the process of ensuring the country's energy security (despite downward trends) has a positive impact on the long-term aspect of LW Bogdanka's operations.

Factors related to the prices of energy commodities in Poland and globally

The prices of energy commodities are influenced primarily by the prices of steam coal and raw materials alternative to steam coal (crude oil, natural gas, renewable sources) on global markets and, consequently, on the domestic market. This is critical to the business conducted by the Parent Company. Currently, the global coal market, after a period of strong increases in Q3 and Q4 of 2022, has seen declines and the price is at around 130-150 USD/t. However, it should be emphasized that prices are still at a high level, especially in relation to the average selling price of coal in the world as recorded over the past few years. In the domestic coal market, the price of domestic fine coal sold to the commercial power segment (PSCMI 1 index - approx. PLN 32/GJ) and commercial and non-commercial district heating plants (PSCMI 2 index - approx. PLN 45/GJ) rose sharply in Q3-Q4 2022. Domestic coal prices in the first months of 2023 are still at high levels, compared to the average levels of both PSCMI indices in previous years.

Factors related to launch of production from new fields by the Parent Company

An important aspect of the Company's operations is the need to secure future mining opportunities through access to new coal resources. The decrease in the resource base resulting from ongoing mining, in the absence of new concessions, limits the possibility of more efficient planning of opening and preparation of a deposit for mining, and contributes to shortening the life of a mine or reduction of the level of production and, consequently, the expected financial results in the future. The opening of new deposits is connected with the necessity to incur additional capital expenditures, in particular for capital excavations. The key issue is to ensure that production efficiency is maintained despite longer transport and haulage routes and reduced effective working hours.

Technical and technological factors

The underground mining of hard coal deposits is a complex process subject to strict technical and technological regimes. In the course of such activities, various downtimes may occur due to scheduled and unscheduled (e.g. breakdowns) technical interruptions. In this group of risks, there is also the risk of unexpected, usually local, deterioration of the quality of the deposit.

Countermeasure:

- availability of infrastructure – two mining shafts
- possibility of transporting the excavated material from the Stefanów field to the Bogdanka field through underground excavations
- underground coal storage reservoir system
- raw coal reservoirs on the surface
- use of modern mining equipment and machinery
- developing solutions to minimize the risk of adverse events materializing
- research and development to increase productivity and improve workplace safety.

Factors related to the strong position of the trade unions in the Group

In the hard coal mining sector, trade unions hold a significant position and play an important role in shaping the personnel and payroll policy, often forcing renegotiations of the payroll policy using protests. As at 31 March 2023, there were six trade union organizations active in the Group (of which, at LWB, there were four trade union organizations representing approx. 64.0 % of the workforce). The strong position of the trade unions gives rise to a situation in which there exists a risk of increasing salaries under the negotiated salary agreements in the future, which consequently may adversely affect the financial performance of the LW Bogdanka Group. Furthermore, potential protests and/or strikes organized by the trade unions operating in the Group may have an impact on the operating activities of the LW Bogdanka Group. Countermeasure: Ongoing dialogue and holding periodic negotiation meetings with the trade union organizations.

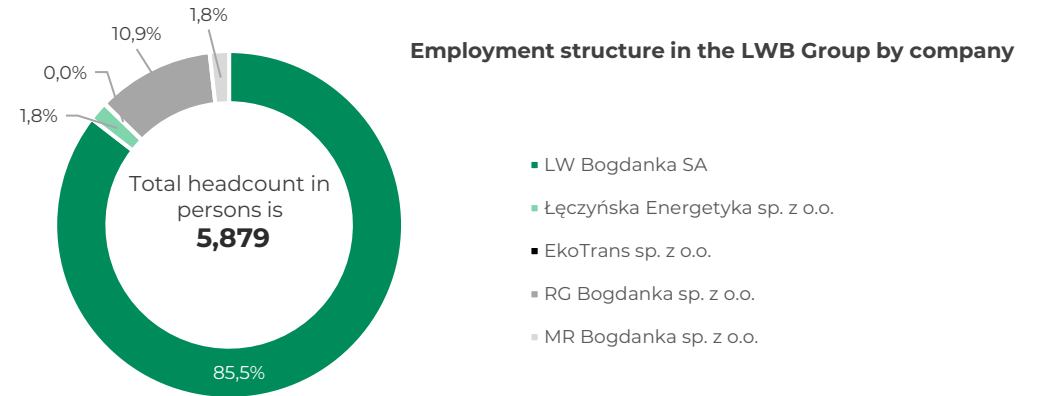
Changes in headcount

Headcount in the Group

In Q1 2023, there was a 2.5% increase in LW Bogdanka Group's headcount compared to Q1 2022. The largest increase in the number of employees was reported in LW Bogdanka S.A.

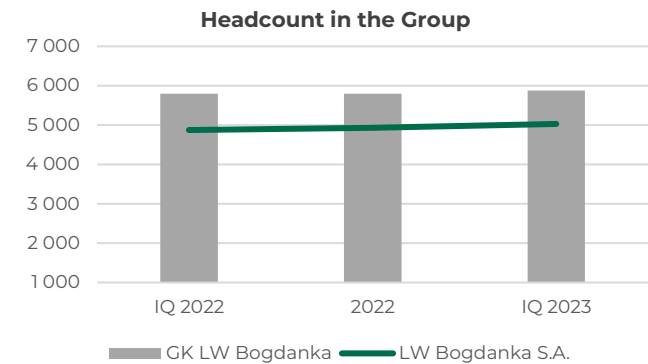
Headcount in LW Bogdanka S.A.

In Q1 2023, the Parent Company employed 85.5% of the LW Bogdanka Group's total workforce. Blue-collar workers accounted for 81.7% of LW Bogdanka S.A.'s total workforce. Compared to Q1 2022, the number of underground workers increased by 0.4%. In Q1 2023, 159 people were hired by LW Bogdanka S.A., while 59 people left the Company in the same period.



Headcount in FTEs	31.03.2022*	31.12.2022	31.03.2023	Employment structure in the Group	Change Q1 2023/ Q1 2022	Change Q1 2023/ 2022
Total workers	4,030	4,021	4,108	-	1.9%	2.2%
Underground employees	3,082	3,050	3,064	-	-0.6%	0.5%
Surface employees	948	971	1,044	-	10.1%	7.5%
Full-time underground employees	469	507	508	-	8.3%	0.2%
Full-time surface employees	376	401	413	-	9.8%	3.0%
Total underground	3,551	3,557	3,572	-	0.6%	0.4%
LW Bogdanka S.A.	4,875.0	4,929	5,029	85.5%	3.2%	2.0%
RG Bogdanka Sp. z o.o.	690	656	643	10.9%	-6.8%	-2.0%
MR Bogdanka sp. z o.o.	77	108	103	1.8%	33.8%	-4.6%
EkoTrans Bogdanka sp. z o.o.	1	1	1	0.0%	0.0%	0.0%
Łęczyńska Energetyka Sp. z o.o.	95	97	103	1.8%	8.4%	6.2%
LW Bogdanka Group	5,738	5,791	5,879	100.0%	2.5%	1.5%

*Change in the presentation of data for 2022. Previously, data was presented in FTEs.



Environmental issues [E]

Location of the LW Bogdanka Group

The Group's entire infrastructure as well as Puchaczów V and Stręczyn mining areas are surrounded by protected areas.

In the immediate vicinity are:

- the Polesie National Park
- the Łęczna Lake District Landscape Park.

The Ludwin mining area in the eastern part includes significant parts of the Łęczna Lake District Landscape Park. Within its boundaries, there is also the Brzeziczno reservation which contains a Nature 2000 Protected Area.

The combined mining areas in the central and eastern parts include small parts of that landscape park's buffer zone, which in this location has been included in the Natura 2000 protected areas "Uściwierskie Lakes" (CODE PLH 060009) and "Polesie" (CODE PLB 060019). This region is also part of the "West Polesie Transboundary Biosphere Reserve". To the east is the Polesie Protected Landscape Area and to the south-east is the Chełm Protected Landscape Area.

The activity of the Group has material influence on the natural environment. This is why the individual units conduct long-term environmental activities, resulting in the implementation of the Integrated Quality, Environmental and OHS Management System and in obtaining PN EN ISO 14001, 9001 i 45001 certificates, and implement ongoing operational measures to minimize the impact of the Group's operations on the environment.

Methodology for measuring carbon footprint

On the basis of the methodology for measuring the carbon footprint of the LW Bogdanka Group and 3 products (steam coal, fines, mining waste) developed in 2022, work continued on the implementation of the project "LW Bogdanka's Carbon Footprint - computerization of the data collection process" aimed at:

1. Adapting internal IT systems of Lubelski Węgiel Bogdanka S.A. to the methodologies developed
 2. Improving the quality and increasing the quantity of data used to calculate the carbon footprint in accordance with the accepted methodology, thereby reducing the emissions 'uncertainty' indicator.
 3. Accelerating the data aggregation process
 4. Standardizing the data collection method
 5. Improving efficiency of work of the people responsible for collecting data and calculating the carbon footprint.
- In Q1 2023, data analysis tasks were mainly carried out and work was undertaken to prepare implementation guidelines. The project is scheduled for completion in December 2023.

Bogdanka initiates the Łęczyński Energy Cluster

In February 2023, an agreement was signed on the establishment of the Łęczyński Energy Cluster. Lubelski Węgiel Bogdanka S.A. was the initiator of the Łęczyński Energy Cluster, and Łęczyńska Energetyka has taken on the role of the coordinator whose tasks will include integrating local government units and Bogdanka. In addition, the signatories of the agreement were: Lublin University of Technology, Łęczna County Office and 6 local municipalities. The purpose of the Łęczyński Energy Cluster is to increase the share of energy generated from renewable sources in the local energy mix, support the local development of businesses with high electricity demand in the process of optimizing the costs and reducing their carbon footprint.



Biodiversity

In Q1 2023, actions were undertaken to continue the activities in the field of biodiversity protection and stimulation, conducted in cooperation with the Foundation for Nature, i.e.:

- 1 "Rare and vanishing animal species of the Lublin region"
 - 2 "Wandering of Lublin Cranes"
- The details of the cooperation will be worked out in the coming months.

The year 2023 also sees the continuation of activities launched in 2022 to protect biodiversity in cooperation with the Bird Horizons Foundation, by joining the project entitled "Bird Horizons - Active Protection of Endangered Birds in the Polesie Lubelskie region." The goals of the project include:

- active protection of endangered wading bird species in Polesie Lubelskie (Eurasian curlew, Black-tailed godwit, Common tern, Little tern)
- implementation of a comprehensive and systematic protection program to maintain and increase the breeding population of the species covered by the Project,
- raising public awareness of the problem and ways of helping endangered birds.

As part of the project, in cooperation with the Polesie National Park, so far three artificial bird nesting islands have been constructed on the Big Zośka Reservoir in the area of the Perehod Nature Trail in the Polesie National Park, which will enable endangered bird species such as the common tern, little tern, to establish their colonies.



Bogdanka's Glade

At the beginning of 2023, work began on the development of the Bogdanka Glade, i.e. a thematic social and natural space for recreational and educational purposes, consisting of specified zones, i.e. cultivation, wellness, farming, children's play zone, animation areas, etc. designed and implemented in the spirit of the latest design trends with regard to the principles of sustainability and naturalism.

The space will be created for local residents, LW Bogdanka employees, including retirees, and tourists.

It will be located on land owned by LW Bogdanka in close proximity to the Company's headquarters. As part of the activities, it is planned to work closely with the Puchaczów Municipality in developing conceptual guidelines in line with the strategy of the Municipality as well as the strategy of the supra-local Green Basin.

The final design concept for the Bogdanka Glade is planned to be ready by the end of 2023.

The implementation of the Project is of a strategic nature as part of the implementation of the assumptions of the ESG Strategy of Lubelski Węgiel Bogdanka, the purpose of which is supporting local governments in making the region more attractive and improving the quality of life for the local communities, including LW Bogdanka's employees.

Education - Nadrybie Nature Trail and Nadrybie Parklet

The year 2023 also marks the continuation of educational activities aimed at children and young people. The priority in the planning activities is to use:

- The nature trail in Nadrybie - developed in 2015 with the cooperation of LW Bogdanka and the Polish Society for the Protection of Birds;
- Nadrybie Parklet - established in 2020 in cooperation with the Landscapes Foundation.

Throughout 2023, we plan to provide nature education for approx. 450 participants. Educational activities will be carried out by experts/educators from the Foundation for Nature.

Social issues [S]

Employee issues

“Solidary Miners” Foundation

Organization which has become a permanent part of the support system for the employees of Bogdanka and its subsidiaries, as well as the local community living in Lubelskie Voivodeship, who turn to it when they find themselves in a difficult life situation.



Key socially-beneficial initiatives pursued by the Solidary Miners Foundation in 2023:

1. Aid granted on a case by case basis – grants towards the costs of treatment, rehabilitation and equipment, provision of financial assistance. The case-by-case aid was predominantly related to the intended improvement of the health of employees (pensioners) and their families and to the purchase of medical equipment for their needs. As regards this kind of aid, the Foundation is primarily involved in providing financial contributions, and in some cases also organizational support. Social assistance most often concerned children from families of a deceased mine worker and mining pensioners suffering from chronic diseases. In such cases, apart from the direct financial support from the Foundation, company-wide targeted collections are also organized with the support of volunteers. Several dozen individuals receive individual aid from the Foundation every year.

The pursuit of these initiatives has been ongoing since the establishment of the Foundation.

2. Continuation of the cooperation with the County Family Support Center in Łęczna in connection with the launch of the Consultation and Information Point for addicts. The purpose of the Point is to diagnose problems related to addictions and violence in the family, to plan assistance and provide support in overcoming life difficulties, to reduce the scale of violence and aggression, and to counteract addictions. The assistance is targeted predominantly at residents of Łęczna county. The Point's primary activity consists of duty hours of specialists (physicians, psychologists), the preparation of articles, the distribution of leaflets and the maintenance of a dedicated tab on the County Family Support Center website. Assistance from the Foundation comes largely in the form of financial support, attempts to reach people in need of help and communication activities on the Company's premises.

3. Helping victims of the war in Ukraine. Aid and assistance to Ukrainian citizens affected by the armed conflict continues to be organized. In-kind donations were delivered to the Marynka Center where refugees are housed. In Q1 2023, 13 people in need of financial assistance were supported.

4. Organization of collections and charity events. Since the beginning of the year, the Foundation has been committed to the sick and needy children of the Company's employees. In conjunction with the ZZG Trade Unions, an auction was held during a Charity Ball, with proceeds donated to the treatment of two boys. At the same time, a number of auctions were put up on Allegro. Bidders had a choice of an underground trip, taking a tour of the mine and the waste rock pile, or flying in an airplane.

A collection for the treatment of a sick girl was also held at all three mining fields on the initiative of employees. The funds raised

allowed the collection to be closed and a date set for the girl's ailing heart surgery.

In cooperation with the Occupational Therapy Workshop of Janowica, an Easter Fair was organized - the income from the sale of Easter decorations was donated to the organization's statutory activities.

5. Organization of the Mining Feast. The Foundation, together with the Founder: Management Board of Lubelski Węgiel Bogdanka S.A., in order to integrate all the Company's employees and pensioners, began preparations for the organization of the Feast. The event, which refers to mining traditions, will be a unique opportunity to integrate the team and spending time together with friends.

Involvement in the development of the social environment

Cooperation for the Rehabilitation and Education Center in Łęczna

Continuing the activities started in 2022. LW Bogdanka together with the Association for Children, Youths and their Families SENSUS at the beginning of 2023 formalized a schedule of activities to build sensory gardens and a graduation tower for the wards of the Rehabilitation and Education Center in Łęczna and the residents of Łęczna. The gardens will be designed and adapted to meet the developmental needs of the Center's wards, as well as for the entire local community. They will be used for the rehabilitation of the Center's wards, i.e. children and youths with profound intellectual disabilities, and children and youths with mild, moderate or severe intellectual disabilities with multiple disabilities.

The gardens are designed to include 4 zones i.e.:

- therapeutic activity zone
- sensory zone (which will be designed with raised flower beds), intended mainly for sensory stimulation

- walking zone
- graduation towers

Raised beds will be designed to provide the children, including wheelchair-bound ones, with the opportunity for direct contact with the vegetation, particularly with regard to the senses: touch, taste and smell. All plants to be planted will have soft forms and muted colors, making them relaxing and calming.

In the walking zone, the traffic layout will be adapted to the movement of children with disabilities, including those with mobility impairments, those in wheelchairs, and for children with visual impairments. Thus, it will take into account the requirements regarding the width of paths, slopes, maneuvering areas, changes in traffic directions, and landings, if any. Traffic routes will be designed in the form of alleys. The designs of the sensory gardens will also be integrated into the architectural design of the palace and park complex in Łęczna adjacent to the Center.

The cooperation agreement is the result of a letter of intent signed in November 2022 between the University of Life Sciences in Lublin, the Rehabilitation and Education Center in Łęczna, the Łęczna County, Lubelski Węgiel Bogdanka S.A. and the Association for Children, Youths and their Families SENSUS from Łęczna.

Social issues [S]

Involvement in the development of the social environment

Development of the local community

Bogdanka's strength is its people this is a slogan that shows that the position the Company holds was achieved through the joint efforts of all employees. In addition to its slogan and original symbol, it is also of value to its immediate neighbors - the local community. Bogdanka has a rich 40-year history, but it has something else very important: belonging to the region and its people.

Bogdanka strives to be a good neighbor for local stakeholders. We support our immediate surroundings and the local community, e.g. by funding a number of social projects and initiatives aimed at developing the cultural, scientific, educational and health spheres, building the municipal infrastructure, and addressing other needs of the local community. We focus our activities in the Lubelskie Voivodeship in accordance with *LWB's Social Involvement Policy*.

Charitable activity

In Q1 2023, the Management Board of LW Bogdanka S.A. made in-kind or monetary donations in order to actively support socially beneficial goals pursued by various social actors. 8 donation agreements were signed with foundations, associations, municipalities, schools, hospitals and other entities executing projects for the benefit of the local community. A number of initiatives were carried out from the donation fund, including the purchase of modern rescue equipment by the Volunteer Fire Department in Stany Nowe, the purchase of generators by Caritas of the Zamojsko-Lubaczowska Diocese, and by the Rural Women's Association in Zamch.

Bogdanka's multi-sector partnerships

Continuous dialogue and efforts to support the development of the local community have resulted in a partnership agreement in the area of corporate social responsibility with a local government unit of special significance for the Company, namely Łęczna County and the Puchaczów municipality. Within the framework of this cooperation, the following tasks are executed: promotion of localism, artists, tourism, as well as counteracting social exclusion, and environmental and cultural education.

Ecology in schools

The focus of project activities on zero waste is a response to the generation of waste we encounter in our daily lives. LW Bogdanka S.A.'s Social Involvement Policy prioritizes education issues. The project will focus on formal as well as non-formal nature education on environmental protection, water resources, air, and waste reduction. The company undertakes a number of activities to support the development of the local community in this case aimed at children and young people. The implementation of the project in primary and secondary schools is often a continuation of our long-standing cooperation with educational institutions in the county. The project combines the promotion of ecology, the idea of zero waste but will also help establish cooperation between educational institutions. The effectiveness of all these activities is conditional precisely on the integration of society in the search for the best methods and the implementation of ecological habits.

Five schools from the Łęczna county participated in the rEKOstructor environmental competition. The first stage of the competition took place in schools, and after the deliberations of the internal committees, photos of the best designs were sent to us.

The Simon Bolivar School Complex in Milejów and the Kazimierz Jagiellończyk School Complex submitted 3 designs each, the School Complex in Kijany submitted two designs, and the Mining School Complex in Łęczna and the School Complex with Integrative Branches in Cyców each submitted one.

The completion of the project with the presentation of awards took place on 9 March at the Company's headquarters. The winners of the competition were - students of year 3 of the IT Technical School from the King Kazimierz Jagiellończyk School Complex in Łęczna. As a reward the young people went on a trip to the Copernicus Science Center in Warsaw.



“Active and fulfilled women”- second edition

Recruitment for the next edition of a social project aimed at women from the county of Łęczna has begun. Lubelski Węgiel Bogdanka, together with its partners Stowarzyszenie Wspierania Aktywności, Stowarzyszenie Lubelski Klub Biznesu and Municipal Public Library in Puchaczów, are working on preparing the project schedule and refining the subject matter of workshop modules and meetings.

The project envisions 210 hours of workshops in development groups, 100 hours of individual psychological counseling and 56 hours of tutoring for 60 female participants. The thrust of the project is to promote women's employability, socio-educational and personal development. Through the promotion of ecological thinking, raising awareness of sustainable development, promoting development in rural areas of the county of Łęczna and the city of Łęczna, exchange of good practices, psychological support, and discovering the potential inherent in regionalism and local traditions.



Social issues [S]

Involvement in the development of the social environment

Obverse and Reverse of ART

Obverse and Reverse is a project launched in 2022, planned to be part of the development process of Lachert Manor in Ciechanki and the entire region. The evaluation of the 2022 task identified the most important social needs that coincide with the goals of the project: increasing the competence of residents, increasing the recognition of the place, developing the region and building ties among residents. The project is aimed at residents of the Puchaczów municipality in every age group. About 300 people will participate in the event.

The idea of animating the place - Ciechanki Manor - is based on the idea of mutual benefit. The manor, as a place imbued with the creative identity of its interwar owners, will become an open house for young authors, artists, schoolchildren and art students. At the same time, it will open its doors to the local community, creating a place to meet, talk and exchange.

The two communities - local and artistic - will be able to meet in the Creative Work Center on equal footing and feel at home in the venue. The project will be divided into two tasks:

Task I entitled REWERS assumes the organization of a series of events - meetings with art for the local community. There are plans to hold workshops on photography, film, radio, beekeeping and even cooking. On summer evenings there will be dances parties organized.

AWERS is the name of the second Task, in which an plein-air meeting is planned for students from the University of Warsaw's art department and a plein-air workshop in landscape architecture.

Bogdanka Socially Committed

It is a program that addresses the needs of the Company's employees who are socially engaged and want to act for the benefit of their environment. Work is currently underway to reorganize the program due to moving it to the Solidary Miners Foundation.

Active in Bogdanka - work-life-balance

For another year now the employees of the LW Bogdanka Group can submit their passions in the Active in Bogdanka program. The program is addressed to all Group employees who would like to present their non-work activities.



Bogdanka's Cultural Scholarships Summary of the 2nd and start of the 3rd edition of the program



For the second edition, young artists and culture managers submitted as many as 56 projects. From the submissions, the competition committee selected 20 projects to receive funding in categories:

film, music, visual arts, dance, theater and popularization of culture.

This year's scholarship budget was PLN 100 thousand. The projects carried out as part of the scholarships were characterized by extraordinary diversity and admirable creative invention. The funding made it possible to deliver, among other things, two films, multicultural concerts, a site-specific performance, workshops related to Ukrainian culture, and a fashion show by designers studying at the Lviv Academy of Fine Arts.



Bogdanka's Cultural Scholarships in Hatka Żaka is a scholarship program aimed at supporting the activities of young artists and culture managers from the Lublin region. It is implemented as part of the Social Involvement Policy of LW Bogdanka S.A., in cooperation with the Chatka Żaka Academic Centre of Culture and Media of the Maria Curie-Skłodowska University in Lublin.

In March, the call for projects for the next edition of the scholarships was launched.

Young artists have a chance to win financial support in the amount ranging from PLN 2.5 thousand to as much as PLN 7 thousand. The condition is to prepare and present an artistic idea in the creative or culture animation field.

There is PLN 100 thousand available to be distributed among students. Applications can be sent until 19 May.

Bogdanka for Ukraine

The organization of an aid campaign resulting from the ongoing armed conflict taking place on the territory of Ukraine started in the Company immediately after receiving the information about the start of the war. Assistance for Ukrainian Refugees and those remaining in Ukraine was envisaged as a package of activities closely related to the Company's social involvement policy as part of its corporate social responsibility. The initiative involved close cooperation with aid institutions, with volunteers and with local governments. It covered material and financial assistance in multiple areas. The coordination of the aid campaign was entrusted to the Solidary Miners Foundation. This year, the donations to Ukraine were in the form of powerbanks. In support of the refugees still residing in the county of Łęczna, in-kind donations were made. LW Bogdanka also made financial donations to organizations providing humanitarian aid: Jan Olszewski Foundation "Helping Poles in the East" and Caritas of Zamojsko-Lubaczowska Diocese.

The Lublin Entrepreneurs of Tomorrow

pilot program for young people aged 14-19, which involved a total of 50 students from three counties - Łęczna, Krasnystaw and Janów - was implemented in partnership with Lubelski Węgiel Bogdanka. During the program, the young people participated in a total of more than 19 practical workshops, meetings and lectures, and they were able to use the knowledge they gained in two competitions - for the best business idea and for the best business plan - organized as part of the program.



Governance issues [G]

Issues of social responsibility and sustainability are assuming increasing importance on the international stage. They specifically regulate the requirements in the field of non-financial activities of large enterprises, which include the LW Bogdanka Group.

Invariably, all operations undertaken by the Company are in compliance with laws and internal regulations. Compliance management at the Company covers three areas – compliance of operations with generally applicable laws, compliance with the Company's internal acts, and compliance with ethical standards. The Compliance Policy Department monitors ongoing compliance with the law and responds promptly if irregularities arise. In addition, since 2020, the company has had a Compliance Policy in place.

The key compliance documents at LW Bogdanka S.A. are:

- The Company's Articles of Association
- Management Board Bylaws
- Supervisory Board Bylaws
- Shareholder Meeting Bylaws
- Organizational Bylaws
- Labor Regulations
- Company Collective Bargaining Agreement
- LWB Code of Ethics
- Whistleblowing Policy
- Compliance Policy.

Facing new challenges, the Company regularly evaluates its existing regulations and policies, especially in terms of climate requirements but also in terms of diversity and human rights. Work is also underway to update the Company's climate risks. The newly established Climate Section is responsible for the measures taken and monitoring of climate requirements.

Bogdanka's ESG strategy

The Company's corporate social responsibility strategy, in effect since 2018, was updated in 2022. As a result of the work, the ESG Strategy of the LW Bogdanka Group for 2023-2025 with an outlook to 2030 was developed. The purpose of the ESG strategy is to fill in the gaps and take action in the areas and issues identified as weaknesses and to solidify strengths in the environmental, social, corporate governance and regional pillars, taking into account the viewpoints of various stakeholder groups, legal considerations, market trends and the long-term plan 'just transition' and challenges facing the mining industry. The ESG strategy was adopted by the LW Bogdanka Management Board in December 2022. Since the beginning of the year, work has been underway to operationalize the objectives of the ESG Strategy. As a result, project charts for strategic initiatives have been developed, and implementation of some of them has already begun. An example is the process implemented at the Company for analyzing investment proposals for their environmental and social impact. In the near future, a similar policy will be adopted in the evaluation of projects undertaken at the CoI



Scientific Council for Environmental Protection at Lubelski Węgiel Bogdanka S.A.

Considering the vicinity of the extremely valuable natural environment in which LW Bogdanka operates, but also the expectations of stakeholders regarding the Company's environmental impact, in May 2022 the LW Bogdanka Management Board established the Scientific Council for Environmental Protection at Lubelski Węgiel Bogdanka S.A. as a form of a standing opinion-making and advisory body consisting of experts in various fields of environmental protection. The Scientific Council is an opinion and recommendation-making body providing the Management Board with its insight regarding the Group's various anticipated or completed activities in the field of environmental protection. It operates as an independent body whose members put in their time on a voluntary basis, without receiving any remuneration for their effort.

The Scientific Council's duties include in particular:

- assessment of the resources, creations and components of nature subject to the immediate impact by LW Bogdanka
- participation in the development and pursuit of LW Bogdanka's environmental protection policy
- preparation of opinions on projects and concepts of projects for the Company's involvement in environmental protection initiatives
- assessment of the effectiveness of environmental protection measures taken by the Company
- preparation of opinions on selected applications for cooperation in the field of environmental protection received by LW Bogdanka
- preparation of opinions on research and scientific programs in the field of environmental protection addressed to LW Bogdanka
- submission of motions and opinions on environmental protection issues

- proposing of activities in the area of environmental protection for LW Bogdanka's potential involvement.

Meetings of the Scientific Council are held at least twice a year – Company employees may report their needs for obtaining opinions, while Council members receive information and data of interest to them, in accordance with the principles of due diligence and transparency

Mr. Grzegorz Grzywaczewski, Professor of the University of Life Sciences in Lublin, was elected Chairman of the Council for the next 5 years.

In Q1 2023, two meetings of the Scientific Council were held:

- as part of the first meeting of the Council, its members gave their opinion on the "Łęczyński Energy Cluster" project, issuing positive recommendations.
- as part of the second meeting, its members discussed the project initiated by the Institute of Mineral Raw Materials and Energy Management of the Polish Academy of Sciences together with the KOMAG Institute of Mining Technology, Maria Curie-Skłodowska University and LW Bogdanka, to develop an IT system of monitoring and forecasting the impact of hydrogeological and hydrological changes on the biotic and abiotic environment in order to strengthen the potential of small-scale retention

In February 2023 (within the framework of the first meeting of the Scientific Council), a trip to the mine workings of Lubelski Węgiel Bogdanka S.A. was also organized in order to familiarize all members of the Council with the work of miners, mine infrastructure including coal mining processes that are implemented and used in our Company.



3. Financial standing



Coal production, sales and inventories of the LW Bogdanka Group

Production and sales of the Company's commercial coal

[thousand tons]	Q1 2022	Q1 2023	Change	Percentage change
Gross coal production	3,867	2,969	-898	-23.2%
Production of commercial coal	2,809	1,623	-1,186	-42.2%
Mining yield (%)	72.6%	54.7%	-17.9 p.p.	-24.7%
Sales of commercial coal	2,716	1,582	-1,134	-41.8%
New roadways (km)	8.6	8.5	-0.1	-1.2%

Company's commercial coal inventories

[thousand tons]	31.03.2022	31.12.2022	31.03.2023	Change [%] 31.03.2023 / 31.03.2022	Change [%] 31.03.2023 / 31.12.2022
Coal inventories	113	22	62	-45.1%	181.8%

Commercial coal production structure

[%]	Q1 2022	Q1 2023
Fine coal	99.4%	97.9%
Chestnut coal	0.0%	1.9%
Pea coke	0.6%	0.2%
Total	100.0%	100.0%

The results generated by the Group in Q1 2023 were pressured by a non-recurring event in Q3 2022 - a squeeze of longwall 3/VII/385. The decrease in commercial coal output resulted in a decrease in the sales volume which, however, was mitigated by a higher sales price.

Coal production

(-) gross coal production in Q1 2023 decreased by 23.2%, i.e. by 898 thousand tons
 (-) commercial coal production in Q1 2023 was 1,623 thousand tons, down 42.2%, i.e. (-1,186 thousand tons) as compared to Q1 2022
 (-) yield was 54.7% in Q1 2023, compared to 72.6% in Q1 2022

Coal sales

(-) in Q1 2023, coal sales decreased 41.8% compared to Q1 2022

Inventories

(+) at the end of Q1 2023, coal inventories totaled 62 thousand tons, up 40 thousand tons from the end of 2022
 (+) the coal inventories presented at the end of Q1 2023 corresponds approximately to three days of commercial coal production (based on 3-month average daily production)
 (+) a relatively low level of coal inventories is a result of the commercial coal production and the coal sales

Commercial coal production structure

Due to sales to individual customers, the structure of coal production has changed slightly. However, fine steam coal remains the dominant coal type, with a production share of about 98% in Q1 2023.

Sales revenues and main customers of the LW Bogdanka Group

Changes in sales revenue sources

[PLN 000s]	Q1 2022	Q1 2023	Change	Percentage change
Coal sales	711,611	915,560	203,949	28.7%
Other operations	14,079	22,055	7,976	56.7%
Sales of goods and materials	6,078	3,063	-3,015	-49.6%
Total	731,768	940,678	208,910	28.5%

Structure of revenues

[%]	Q1 2022	Q1 2023
Coal sales	97.3%	97.4%
Other operations	1.9%	2.3%
Sales of goods and materials	0.8%	0.3%
Total	100.0%	100.0%

Geographical structure of sales revenues

[PLN 000s]	Q1 2022	Structure	Q1 2023	Structure
Domestic sales	666,413	91.1%	940,678	100.0%
Foreign sales	65,355	8.9%	0	0.0%
Total	731,768	100.0%	940,678	100.0%

Revenue from sales of coal

(+) in Q1 2023, the Group earned PLN 915,560 thousand in revenue from sales of coal, up 28.7% compared to Q1 2022

The main source of the Group's sales revenues is the production and sale of steam coal by the Parent Company. These activities generate approximately 97% of the sales revenue generated by the LW Bogdanka Group in each of the comparative reporting periods.

Revenue from other activities

In Q1 2023, revenue from other operations (which includes, among others, revenues of subsidiaries) amounted to PLN 22,055 thousand (2.3% of total revenues), compared to PLN 14,079 thousand (1.9% of revenues) in the corresponding period of 2022 (increase by 56.7% y/y). Notable items in this group were as follows:

- revenues from coal transport services provided by the Parent Company to certain coal buyers (transport fee)
- revenues of Łęczyńska Energetyka from the sale of heat to external entities
- revenues from industrial services provided to companies performing works commissioned by the Parent Company
- rental income from fixed assets.

The lower value of revenue from sales of goods and materials is a derivative of lower value of sales of scrap, i.e. supports recovered from the liquidation of roadways which are not suitable for refurbishment and reuse.

Geographical structure of sales revenues

The Group focuses its operations predominantly on Poland. In Q1

2023, there were no foreign sales, while in Q1 2022, coal sales to foreign countries (mainly Ukraine) took place with the help of an intermediary coal entity.

Main customers

In Q1 2023, nearly 88% of the coal sold (by revenue) was sold by LW Bogdanka S.A. to Enea Wytwarzanie sp. z o.o., Enea Elektrownia Połaniec S.A. and Grupa Azoty Zakłady Azotowe Puławy S.A.

In the corresponding period of 2022 the share of the above buyers was approx. 12 pp lower.

Major customers by percentage of revenue:

- Enea Wytwarzanie sp. z o.o. - Grupa Enea S.A. - approx. 71% share in revenues
- Enea Elektrownia Połaniec SA - Grupa Enea S.A. - approx. 11% share in revenues
- Grupa Azoty Zakłady Azotowe Puławy S.A. - approx. 6% share in revenues

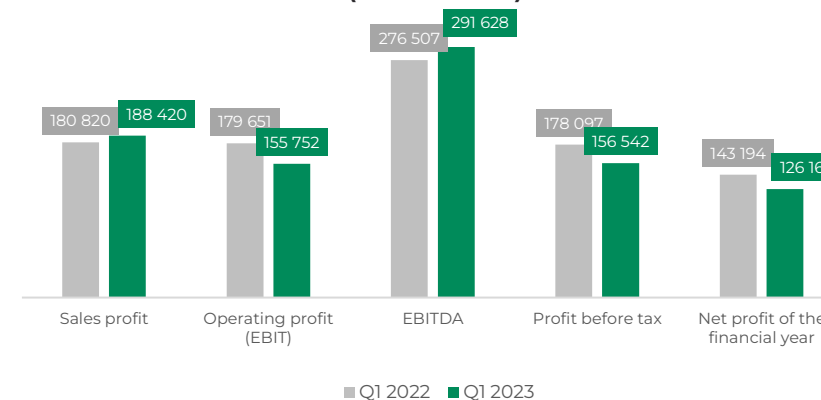
Key financial results of the LW Bogdanka Group

Analysis of the consolidated statement of profit or loss

[PLN 000s]	Q1 2022	Q1 2023	Change
Sales revenues	731,768	940,678	28.5%
Cost of products, goods and materials sold, selling and distribution expenses, and administrative expenses	550,948	752,258	36.5%
Sales profit	180,820	188,420	4.2%
Gross return on sales	24.7%	20.0%	-4.7 pp
Other revenues	827	1,019	23.2%
Other costs	621	900	44.9%
Net operating profit	181,026	188,539	4.2%
Other net losses	-1,375	-32,787	2,284.5%
Operating profit (EBIT)	179,651	155,752	-13.3%
EBIT margin	24.6%	16.6%	-8.0 pp
EBITDA	276,507	291,628	5.5%
EBITDA margin	37.8%	31.0%	-6.8 p.p.
Financial income	2,256	7,632	238.3%
Financial expenses	3,810	6,842	79.6%
Profit before tax	178,097	156,542	-12.1%
Profit margin before tax	24.3%	16.6%	-7.7 pp
Income tax	34,903	30,377	-13.0%
Net profit of the financial year	143,194	126,165	-11.9%
Net profitability	19.6%	13.4%	-6.2 pp



Key financial results of the LW Bogdanka Group (PLN thousand)



Key financial results LW Bogdanka Group

Sales revenues

Sales revenues in Q1 2023 increased by 28.5% compared to the corresponding period of last year and stood at PLN 940,678 thousand.

Cost of products, goods and materials sold, selling and distribution expenses, and administrative expenses

In Q1 2023, the cost of products, goods and materials sold, together with selling and distribution and administrative expenses amounted to PLN 752,258 thousand and were higher by PLN 201,310 thousand compared to the corresponding period of the previous year, when they stood at PLN 550,948 thousand.

Sales profit

In Q1 2023, sales profit amounted to PLN 188,420 thousand, compared to PLN 180,820 thousand in the corresponding period of 2022.

Other revenues

Other revenues in Q1 2023 amounted to PLN 1,019 thousand versus PLN 827 thousand a year earlier. The increase compared to Q1 2022 is mainly due to a higher amount of compensation received.

Other costs

Other expenses in Q1 2023 amounted to PLN 900 thousand, compared to PLN 621 thousand in Q1 2022 - the increase is mainly due to higher amounts of enforcement fees in connection with litigation.

Other net losses

Other net losses were PLN 32,787 thousand in Q1 2023, compared to PLN 1,375 thousand in Q1 2022.

Such a significant increase is primarily due to the recognition of impairment losses on non-current assets in the amount of PLN 28,669 thousand.

EBIT

The operating profit in Q1 2023 amounted to PLN 155,752 thousand. EBIT margin in Q1 2023 amounted to 16.6%, which is 8.0 p.p. lower than in the first quarter of the previous year.

EBITDA

EBITDA in Q1 2023 increased by 57.7% compared to Q1 2022 and amounted to PLN 291,628 thousand.

EBITDA profitability in Q1 2023 was lower than that achieved in the corresponding period of 2022 and amounted to 31.0%.

Financial income

Financial income in Q1 2023 amounted to PLN 7,632 thousand, compared to PLN 2,256 thousand in Q1 2022.

Financial income in the 2023 period under analysis consists nearly entirely of interest income on bank deposits. Such a significant increase is due to the rise in interest rates during 2023.

Financial expenses

Financial costs for Q1 2023 were 79.6% higher than in the corresponding period of 2022 and amounted to PLN 6,842 thousand.

The increase in financial costs is due to the inclusion of higher interest expenses from valuation of employee benefits and the provision for the Mine Closure Fund.

As at 31 March 2023, the Group had total debt of PLN 4,116 thousand, compared to PLN 7,174 thousand as at 31 March 2022.

Profit before tax

In Q1 2023, the Group recorded a profit before tax of PLN 156,542 thousand compared to PLN 178,097 thousand in Q1 2022.

Net profit for the financial period

In Q1 2023, the Group recorded a net profit of PLN 126,165 thousand compared to a profit of PLN 143,194 thousand in Q1 2022.

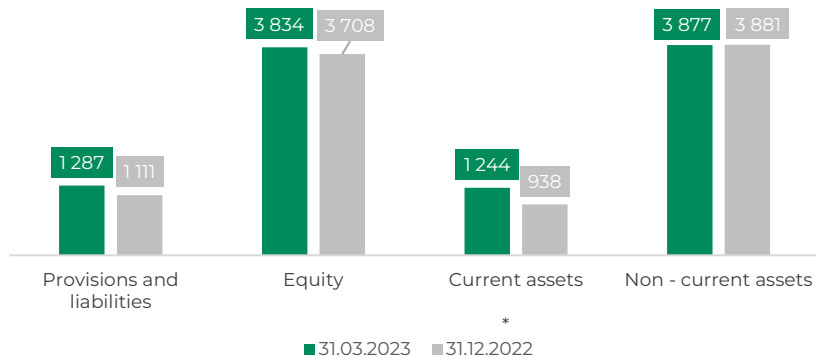
LW Bogdanka Group's balance sheet

Balance sheet

[PLN 000s]	31.12.2022	31.03.2023	Change
Total assets	4,818,709	5,121,279	6.3%
Return on assets (ROA)*	3.7%	3.2%	-0.5 p.p.
Non-current assets	3,880,528	3,877,423	-0.1%
Current assets	938,181	1,243,856	32.6%
Equity	3,707,664	3,833,829	3.4%
Return on equity (ROE)*	4.8%	4.2%	-0.6 p.p.
Provisions and liabilities	1,111,045	1,287,450	15.9%

*the calculation takes into account the net result for the last four quarters and the average level of assets and equity (as at 31 March 2023 + as at 31 December 2022)/2.

Analysis of the consolidated statement of financial position (PLN million)



Assets

Total assets as at 31 March 2023 compared to the value as at 31 December 2022 increased by PLN 302,570 thousand and amounted to PLN 5,121,279 thousand, with non-current assets decreasing by PLN 3,105 thousand and current assets increasing by PLN 305,675 thousand.

In non-current assets, the most significant change is a decrease in intangible assets by PLN 4,449 thousand and trade and other receivables by PLN 4,574 thousand. With the increasing value of cash (Mine Closure Fund) by PLN 5,056 thousand.

In current assets, inventories increased by PLN 34,771 thousand, and trade and other receivables increased by PLN 337,545 thousand. However, the value of overpaid income tax decreased by PLN 63,604 thousand (due to the settlement of the overpayment with current liabilities).

As at 31 March 2023, return on assets (ROA) was 3.2%, compared to 3.7% at the end of 2022.

Liabilities and equity

Equity increased by 3.4%. This was a result of the total income received for 2022 and for Q1 2023. Provisions and liabilities increased by 15.9% compared to its value as at 31 December 2022, with current liabilities increasing by 41.9% (primarily increasing trade and other payables, current income tax liabilities and employee benefit liabilities, and non-current liabilities decreasing by 1.8% (primarily decreasing deferred income tax liabilities and trade and other payables while increasing employee benefit provisions).

As at 31 March 2023, return on equity decreased by 0.6 p.p. compared to the end of 2022. As at 31 March 2023 the ratio stood at 4.2%, compared to 4.8% as at 31 December 2022.



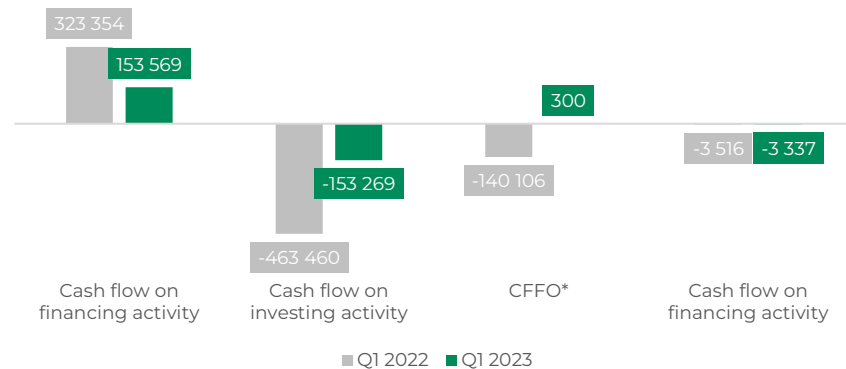
LW Bogdanka Group's cash flows

Cash position

[PLN 000s]	Q1 2022	Q1 2023	Change
Cash flow on operating activity	323,354	153,569	-52.5%
Cash flow on investing activity	-463,460	-153,269	-66.9%
CCFO*	-140,106	300	-
Cash flow on financing activity	-3,516	-3,337	-5.1%

* sum of operating and investment cash flows

Cash flow analysis (PLN thousand)



Cash position

Cash flow on operating activity

In Q1 2023, the Group generated PLN 169,785 thousand lower net cash flow on operating activity than in Q1 2022 - in 2023 it amounted to PLN 153,569 thousand compared with PLN 323,354 thousand a year earlier.

The decrease of PLN 169,785 thousand in net cash flow from operating activity is a result of an increase in net working capital.

Cash flow on financing activity

In Q1 2023 the Group recorded negative cash flow on financing activity in the amount of PLN 3,337 thousand.

The predominant items were repaid loans and payments of lease liabilities.

Cash flow on investing activity

Cash flow on investing activity decreased (in absolute terms) by 66.9% (to PLN 153,269 thousand) in Q1 2023 compared to the corresponding period of 2022.

In Q1 2022, a deposit (other short-term investment) with a maturity of more than 3 months was established in the amount of PLN 250,000 thousand.

Debt and liquidity ratios LW Bogdanka Group

While discussing consolidated results, the Group presents selected APM indicators as, in its opinion, they are a source of additional valuable information (in addition to the data presented in the financial statements) about the financial and operating position, as well as facilitate analysis and assessment of the financial performance of the Group over individual reporting periods. The Group presents these specific alternative performance measures because they represent standard measures and ratios commonly used in financial analysis. The selection of alternative performance measures was preceded by an analysis of their usefulness in terms of providing investors with useful information about the financial position, cash flows and financial performance and, in the Group's opinion, allows for an optimal assessment of the financial results recorded.

Cash position

[PLN 000s]	31.12.2022	31.03.2023	Change
Total debt ratio	23.1%	25.1%	2.0 pp
(Debt plus employee liabilities)/EBITDA ratio	0.38	0.43	13.2%
Net debt/EBITDA ratio**	-0.77	-0.75	-2.6%
Debt to equity ratio	30.0%	33.6%	3.6 p.p.
Fixed capital to non-current assets ratio (non-current assets/fixed capital)	108.6%	111.7%	3.1 pp
Short-term debt ratio (current liabilities/liabilities)	9.3%	12.4%	3.1 pp
Long-term debt ratio (non-current liabilities/liabilities)	13.7%	12.7%	-1.0 p.p.

*Debt = non-current liabilities under bonds issued + non-current loans and borrowings + current loans and borrowings

	31.12.2022	31.03.2023	Change
Current liquidity ratio	2.15	1.99	-7.4%
Quick liquidity ratio	1.70	1.62	-4.7%

In the period covered by the consolidated financial statements, the Group's liquidity ratios remained at a high and safe level - the Group has no difficulties in meeting its liabilities.

Total debt ratio

Total debt ratio as at 31 March 2023 increased by 2.0 p.p. compared to 31 December 2022, and amounted to 25.1% (the growth rate of liabilities was higher than the growth rate of the balance sheet value). As at 31 March 2023 the level of the Group's debt did not pose a threat to its operations or its ability to meet its obligations in a timely manner. Based on medium- and long-term projections, the Group's financing needs are analyzed to ensure liquidity and available cash balances at an appropriate level.

Debt plus employee liabilities/EBITDA

The indicator describing the ratio of debt to EBITDA at the end of March 2023 grew by 13.2% and stood at 0.43. Comparing data as at 31 March 2023 versus 31 December 2022, there was a higher rate of change in debt plus employee liabilities than in EBITDA (calculated on a rolling basis for the last four quarters).

Net debt/EBITDA

The ratio describing the ratio of net debt (total interest-bearing short- and long-term liabilities less cash and cash equivalents) to EBITDA decreased, in absolute terms, from -0.77 as at 31 December 2022 to -0.75 as at 31 March 2023. Net debt decreased and amounted to PLN -468 million with EBITDA increasing by approximately PLN 15 million (EBITDA calculated on a rolling basis for the last four quarters).

Debt to equity ratio

The debt to equity ratio as at 31 March 2023 increased by 3.6 p.p. from 31 December 2022 and amounted to 33.6% - liabilities increased by approximately PLN 176 million and equity increased by approximately PLN 126 million.

Fixed capital to non-current assets ratio

The ratio of coverage of non-current assets with fixed capital reached 111.7% (as at 31 March 2023) compared to 108.6% (as at 31 December 2022) - in the period under analysis the value of non-current assets decreased by approx. PLN 3 million while the value of fixed capital (the sum of equity and non-current liabilities without provisions) increased by approx. PLN 118 million.

Turnover of receivables and liabilities in the LW Bogdanka Group

Turnover ratios

[PLN 000s]

			31.12.2022	31.03.2023	Change
1. Inventory turnover ratio	$\frac{\text{average balance of inventories}}{\text{cost of sales}} \times$	number of days in the period	26	28	7.7%
2. Receivables turnover ratio*	$\frac{\text{average balance of receivables}}{\text{sales revenues}} \times$	number of days in the period	39	36	-7.7%
3. Liabilities turnover ratio**	$\frac{\text{average balance of liabilities}}{\text{cost of sales}} \times$	number of days in the period	71	58	-18.3%
4. Operating cycle	1+2		65	64	-1.5%
5. Cash conversion cycle	4-3		-6	6	-

*Trade and other receivables

** Trade and other liabilities

Inventory turnover ratio

The inventory turnover ratio as at 31 March 2023 increased by 2 days from 31 December 2022 and is 28 days. On average, it takes 2 days longer to liquidate inventory.

Receivables turnover ratio

The receivables turnover ratio (calculated on the basis of the balance sheet item "Trade and other receivables") was 36 days (as at 31 March 2023) compared to 39 days (as at 31 December 2022).
 The average balance of receivables increased by approx. PLN 108 million, driven by higher sales.

Liabilities turnover ratio

The liabilities turnover ratio (calculated on the basis of the balance sheet item "Trade and other liabilities") as at the end of March 2023 decreased compared to the end of 2022 and is 58 days.
 In the period under review, the Group had a higher average level of short-term trade payables (by approx. PLN 71 million), which is a result of the increase in costs in the

period under review.

Operating cycle

The operating cycle of current assets (the sum of the inventory and trade receivables turnover ratios) in the period under analysis was shortened by 6 days and amounted to 64 days. On average, the Group's current assets are liquidated after 64 days.

Cash conversion cycle

The trends described above resulted in achieving a cash conversion cycle of 6 days as at 31 March 2023. A positive value of the ratio means that the Group does not use trade credit to finance its current operations.

LW Bogdanka Group's provisions

Balance sheet provisions

[PLN 000s]

	As at 31.03.2022	As at 31.12.2022	As at 31.03.2023	Change Q1 2023/ 31.12.2022	Change Q1 2023/ Q1 2022
Employee provisions	230,691	229,813	263,389	14.6%	14.2%
Provision for mine decommissioning and land reclamation costs	130,161	155,452	152,332	-2.0%	17.0%
Mining damage	6,008	6,844	3,592	-47.5%	-40.2%
Other	20,266	5,902	9,907	67.9%	-51.1%
Total	387,126	398,011	429,220	7.8%	10.9%

Change in provisions

[PLN 000s]

	Change Q1 2022	Change Q1 2023	Change Q1 2023/ Q1 2022
Employee provisions	20,056	33,576	67.4%
Provision for mine decommissioning and land reclamation costs	-241	-3,120	-
Mining damage	-374	-3,252	-
Other	1,462	4,005	173.9%
Total	20,903	31,209	49.3%

Location of the impact of the change in provisions in the financial statements

[PLN 000s]

	Changes in provisions in Q1 2023	Change recognized in operating activities (EBITDA)	Change recognized below operating profit - interest	Including: Change recognized only in the balance sheet - increase in the carrying amount of fixed assets	Change recognized in Other Comprehensive Income	Change recognized only on the balance sheet - use of provisions
Employee provisions	33,576	44,290	2,867	-	-	-13,581
Provision for mine decommissioning and land reclamation costs	-3,120	396	2,388	-5,904	-	-
Mining damage	-3,252	-	-	-	-	-3,252
Other	4,005	4,135	-	-	-	-130
Total	31,209	48,821	5,255	-5,904	-	-16,963



Costs and expenses of LW Bogdanka S.A.

Costs by nature

[PLN 000s]	Q1 2022	Q1 2023	Change
Net production [000 tons]	2,809	1,623	-42.2%
Sales [000 tons]	2,716	1,582	-41.8%
Depreciation and amortization	92,720	103,352	11.5%
Materials and energy used	165,145	304,355	84.3%
External services	141,481	151,387	7.0%
Employee benefits	170,390	260,170	52.7%
Representation and advertising costs	4,392	4,446	1.2%
Taxes and fees	16,570	13,936	-15.9%
Other costs	1,148	3,408	196.9%
Total costs by type	591,846	841,054	42.1%
Cost of producing services for the entity's proprietary needs	-91,107	-117,049	28.5%
Prepayments and accruals	26,651	-7,977	-129.9%
Provisions and other presentation adjustments between expense by nature and by function	31,824	50,631	59.1%
Total production costs	559,214	766,659	37.1%
Movement in products	-15,152	-19,988	31.9%
Sales of goods and materials	6,052	2,996	-50.5%
Cost of goods sold, including:	550,114	749,667	36.3%
Cost of sales	504,061	693,091	37.5%
Selling costs	10,158	10,538	3.7%
Administrative costs	35,895	46,038	28.3%

Q1 2023

Costs by nature

In Q1 2023, LW Bogdanka S.A. incurred costs by nature of PLN 841,054 thousand (PLN +249,208 thousand y/y), i.e. 42.1% more than in Q1 2022. The increase in costs in Q3 2023 was mainly due to higher costs of consumption of materials and energy, and employee benefits.

Depreciation and amortization

The value of depreciation increased by 11.5% (to PLN 103,352 thousand) - primarily the value of natural depreciation increased due to the higher value of the construction of longwall galleries depreciated during longwall mining.

Costs of consumed materials and energy

The cost of materials and energy consumed in Q1 2023 compared to Q1 2022 increased by 84.3% and amounted to PLN 304,355 thousand.

During the period under analysis, the cost of electricity consumption increased significantly, and the value of materials consumed increased (primarily due to an increase in the price of materials, particularly steel).

External services

The value of costs of external services increased by 7.0% compared to Q1 2022 and amounted to PLN 151,387 thousand. In the period under analysis, the value of Saturday-Sunday work, auxiliary work and waste management increased in particular.

Employee benefits

The value of employee benefits in Q1 2023 compared to Q1 2022 increased by PLN 89.8 million. This is the result of an increase in salaries agreed with the trade unions, disbursement of bonuses for employees, the related increase of obligatory contributions, as well as higher other employee benefits.

Representation and advertising costs

The increase in the value of representation and advertising expenses by 1.2% (to PLN 4,446 thousand) follows from the performance of the current payment schedule under sponsorship agreements.

Taxes and fees

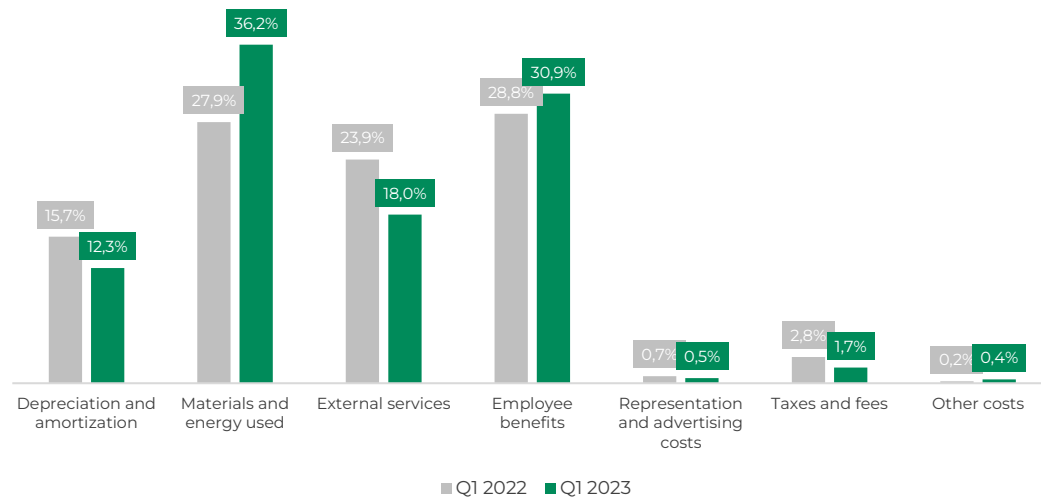
The decrease in taxes and fees by PLN 2,634 thousand results from a decrease in the mining fee (due to lower production of commercial coal).

Other costs

The increase of PLN 2,260 thousand in other costs is mainly due to higher costs of removal of mining damage.

Costs and expenses of LW Bogdanka S.A.

Costs by type
 (% share of total costs)

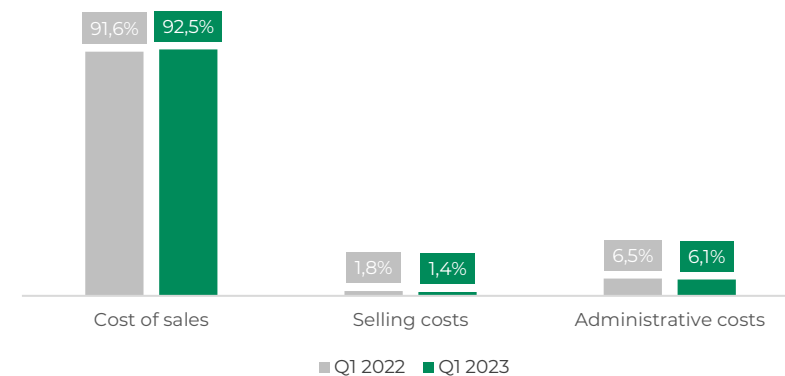


Costs by function

Cost of goods sold (cost by function) in Q1 2023 amounted to PLN 749,667 thousand, while in the corresponding period of the previous year it amounted to PLN 550,114 thousand.

[PLN 000s]	Q1 2022	Q1 2023	Change
Cost of sales	504,061	693,091	37.5%
Selling costs	10,158	10,538	3.7%
Administrative costs	35,895	46,038	28.3%
Cost of goods sold	550,114	749,667	36.3%

Costs by function
 (% share of total costs)



Other information affecting the LW Bogdanka Group's financial position

Information on the current and projected economic and financial standing of the LW Bogdanka Group and assessment of financial resources management

The LW Bogdanka Group constantly monitors the levels of costs, indicators and the value of accumulated cash. The current debt (a loan taken out by Łęczyńska Energetyka from the Voivodeship Fund for Environmental Protection and Water Management (WFOŚIGW)), together with the existing level of cash, guarantee current financing.

The Parent Company systematically performs works aimed to optimize the mining process (in terms of the applied technology and the planned deposit slicing and opening out works for new coal seams). The works as a whole (planning new excavations, extraction and sales of commercial coal) take the current and future market risk into account. The opening out works (for new excavations) are performed in a manner enabling continuous extraction. Coal prices are also monitored all the time in domestic and international markets. The LW Bogdanka Group pays its liabilities on an ongoing basis. The Group manages its financial resources efficiently, depositing free funds in banks (the tenor and value of deposits depends on internal short-term financial forecasts).

Suppliers

The awarding of contracts by hard coal mining companies for the purpose of carrying out these activities is subject to sectoral public procurement regulations. In the LW Bogdanka Group, all procurement orders above the thresholds defined in accordance with the Public Procurement Law are awarded based on the rules stipulated in this law. Other contracts are awarded based on the Group's internal procedures.

The main suppliers for the LW Bogdanka Group are companies offering services and products specific to the mining industry (excavation and reconstruction of roadways, haulage of winnings, as well as supply of roadway supports, specialist mining machinery and equipment), as well as companies supplying electricity. In the period from 1 January to 31 March 2023, the value of turnover with any supplier did not exceed 10% of the Group's revenue.

Investments and deposits of the LW Bogdanka Group

Cash held by the Group at the end of March 2023 amounted to PLN 625,002 thousand, of which:

- PLN 152,980 thousand was shown in non-current assets
- PLN 472,022 thousand was shown in current assets.

The amount of PLN 152,980 thousand includes cash accumulated by the Parent Company as part of the Mine Closure Fund intended to cover the costs of mine closures (these funds are kept on a bank deposit).

The amount of PLN 472,022 thousand includes cash (cash on hand) held in short-term bank deposits; the amount of the deposits depends on internally forecasted proceeds and expenses, as well as availability of such deposit products in the banks providing services to the Group companies. In accordance with the adopted Strategy, the Group maintains the level of disposable cash in the amount of at least the value of average monthly sales revenues (1/12 of planned annual

sales revenues).

The funds accumulated in the Parent Company amount to PLN 448,918 thousand and in subsidiaries to PLN 23,104 thousand (mainly in Łęczyńska Energetyka).

Description of important off-balance sheet line items LW Bogdanka Group - by subject, object and value

A detailed description of contingent liabilities and contingent assets is presented in Note 29 to the annual consolidated financial statements for 2022. During Q1 2023, the balance of contingent liabilities and contingent assets did not change significantly as compared to the end of the previous financial year.

Evaluation of factors and unusual events affecting the operating result

As for the operations conducted in the period under analysis, in the first quarter of 2023 and until the publication date of this Consolidated Quarterly Report, the following material events occurred in the Group that affected its operations in 2023:

In February 2023, in the Parent Company, after a new longwall crosscut was made in longwall 3/VII/385 and the longwall shearer system was reinstalled, the trial start-up began. However, during the trial start-up there was an incident consisting of a sudden and unexpected outpouring of groundwater into the underground workings, as a result of which mining on this longwall had to be halted. At the moment, advanced hydrogeological analyses are being carried out and independent expert opinions are being prepared to develop the best option for action and to determine the risks associated with further mining and technical work in the area. The exact magnitude of the aforementioned event and its impact on the consolidated operating and financial results are still unknown, but the Parent Company's Management Board

believes that the production plan set for 2023 is unthreatened. The Parent Company continues to conduct fully efficient mining of longwalls in the Bogdanka, Nadrybie and Stefanów fields. At the same time, due to the potential risk of losing some of the machinery and equipment located in longwall 3/VII/385, an impairment loss of PLN 26.8 million was recognized in the Parent Company to appropriately reflect this event in the financial result for Q1 2023.

Information on financial instruments, bonds

Information on financial derivatives

As at 31 March 2023, the Parent Company had no open derivative transactions.

Bonds

As at 31 March 2023 the Group:

- had no active bond issue agreement
- and no issued and outstanding bonds.

Assessment of the capacity to execute investment plans

As at the date of submission of this Report, the Group does not see any risk as regards the possibility of raising additional debt financing, however it points to the risk that the costs of raising and servicing such financing may be higher than those currently incurred.

Tenancy and lease agreements

The Group's total net revenues from tenancy and lease agreements, including land, premises, machinery and equipment, in Q1 2023, amounted to PLN 2,201 thousand.

Opinion of the LW Bogdanka S.A. Management Board regarding the possibility of fulfillment of previously published result forecasts for the given year in view of the results presented in the standalone annual report compared to forecasted results

LW Bogdanka S.A. did not publish any financial result forecasts for 2023.

Principles of preparation of consolidated and standalone interim condensed financial statements

The interim condensed consolidated financial statements of the Group and the interim condensed financial statements of the Parent Company for Q1 2023 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as approved by the European Union.

Material proceedings pending before courts, arbitration bodies or public administration bodies

The Company is a defendant in case ref. I C 942/13 for payment under the rights to patent no. 206048. On 30 September 2022, a judgment was handed down before the Regional Court in Lublin in the aforementioned case, which recognizes part of the plaintiffs' claims against the Parent Company. The judgment is not final. On 14 February 2023, the Company filed an appeal against the above judgment.

Apart from the aforementioned case, as at the date of preparation of this Report, neither LW Bogdanka S.A. nor its subsidiaries were parties to any material proceedings pending before any court, arbitration body or public administration body concerning the liabilities or receivables of the Company or its subsidiary.



Agreements relating to loans and borrowings

Information on loans and borrowings taken out and granted

In Q1 2023 the Parent Company did not take or grant any loans or terminate any loan agreements.

Information on sureties and guarantees granted and received

In Q1 2023, the Parent Company did not grant (or receive) any sureties.

Transactions with related entities

In Q1 2023, the Parent Company and its subsidiaries did not enter into any individually or jointly significant transactions with related parties out of compliance with the arm's length principle.

The Issuer makes disclosures about all agreements important for its business in the form of current reports available on the website: <http://ri.lw.com.pl/raporty-biezące>.

For more information on the 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 the period from 1 January to 31 March 2023.

Guarantees extended by LW Bogdanka S.A.

In Q1 2023 the Parent Company did not instruct banks to issue any guarantees.

Loans taken

In Q1 2023, LW Bogdanka S.A. did not have any active loan agreements.

Agreements relating to loans and borrowings of subsidiaries

Łęczyńska Energetyka sp. z o.o. continues to repay the loan granted under the agreement of 9 June 2014 (in the amount of PLN 26,580 thousand) by the Voivodeship Fund for Environmental Protection and Water Management (WFOŚiGW) in Lublin, intended to subsidize the construction of the Water Treatment Plant in Bogdanka, which was completed in February 2016. The interest rate is 0.7 of the bill rediscount rate set by the Monetary Policy Council, not less than 4.0% per annum. The loan will be repaid successively until 31 July 2024. Except for the above loan, in the period from 1 January to 31 March 2023, Łęczyńska Energetyka Sp. z o.o. did not use any external sources to fund its operations.

In Q1 2023, the subsidiaries: EkoTrans Bogdanka Sp. z o.o., RG Bogdanka Sp. z o.o., MR Bogdanka Sp. z o.o. did not grant or incur any loans and borrowings or terminate any agreements pertaining to loans and borrowings and did not issue any guarantees.



4. Shares and shareholding structure



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

Share capital structure

The Company's share capital is PLN 170,067,950 and is divided into 34,013,590 shares with a nominal value of PLN 5 each. On 4 January 2012, 3,208,111 employee shares were floated on the Warsaw Stock Exchange, and on 4 February 2013, another 34,754 shares were floated. The total number of the Company's shares traded is 34,013,455. The remaining 135 shares, as of the date of this Report, are registered shares. The total number of votes resulting from all outstanding shares of the Issuer corresponds to the number of shares, translating into 34,013,590 votes. The Company has a dominant strategic shareholder. The dominant shareholder is ENEA S.A., with a majority shareholding of 64.6% in LW Bogdanka S.A., which entitle it to 21,962,189 votes, translating into the nominal value of PLN 109,810,945.

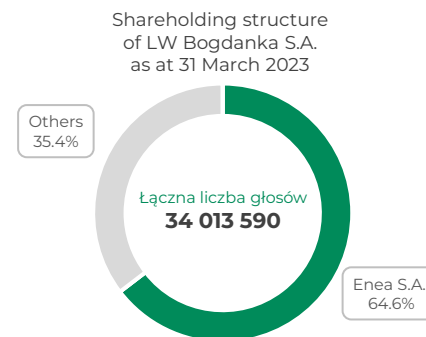
The Issuer's other shareholders are mainly institutional investors - pension and investment funds.

Treasury shares

LW Bogdanka S.A. and LW Bogdanka S.A.'s subsidiaries did not purchase any treasury shares in Q1 2023.

Changes in the shareholder structure before and by report date

According to the information available to the Parent Company, in the period from the publication of the previous periodic report, i.e. the Annual Report for 2022, to the date of publication of the report for Q1 2023, there were no changes in the ownership structure of significant shareholdings.

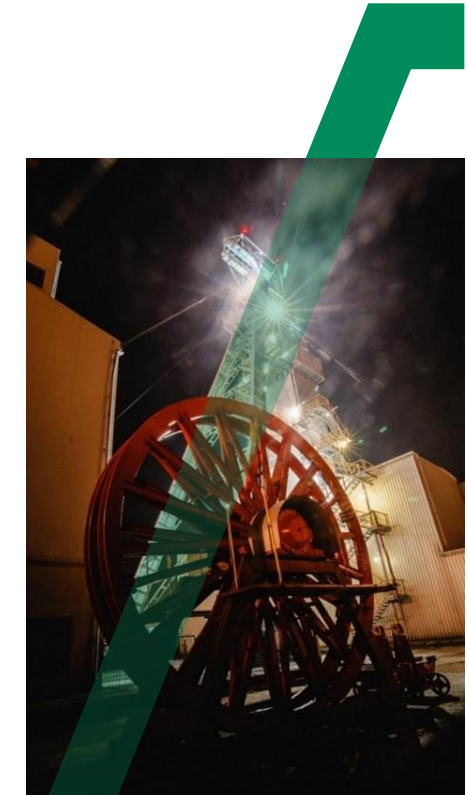
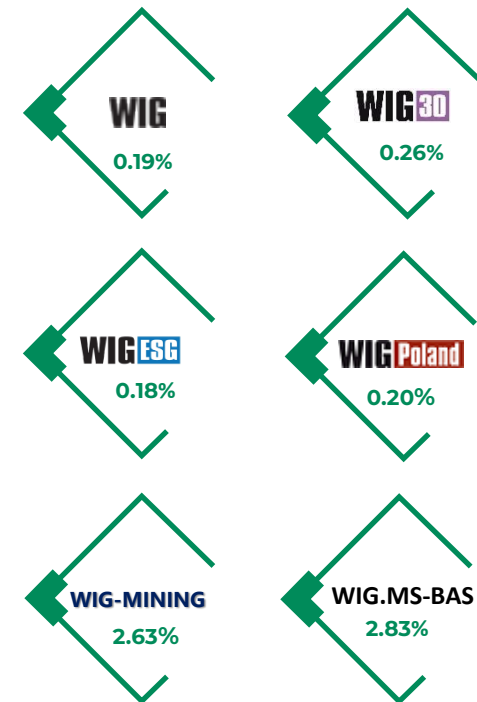


Participation of LW Bogdanka S.A.'s shares in indices

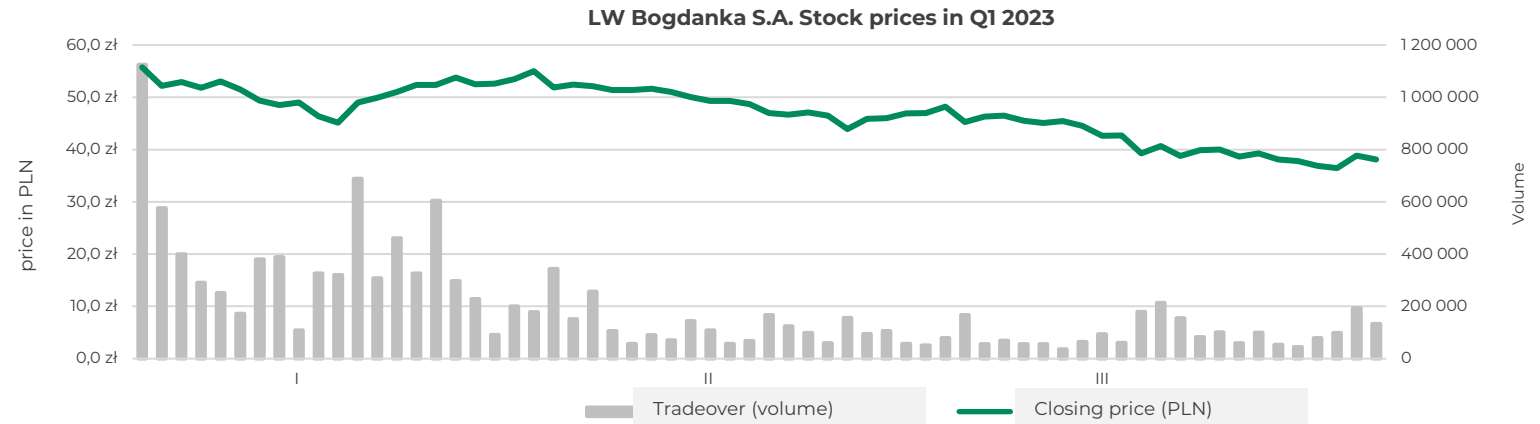
The Company was floated on the Warsaw Stock Exchange S.A. on 25 June 2009. At the end of Q1 2023, LW Bogdanka S.A. was included in the following stock exchange indices:

- WIG - includes all companies listed on WSE Main Market, which meet the base criteria for participation in the indices
- WIG30 - index of 30 largest and the most liquid companies listed on the Warsaw Stock Exchange
- WIG Mining - includes companies classified into the "mining" sector (formerly known as the "raw materials" sector)

- WIG-Poland - an index comprised only of shares of domestic companies listed on the WSE Main Market, which meet the base criteria for participation in the indices.
- The WIG.MS-BAS index is published based on the value of a portfolio of stocks of the 5 most liquid companies in industries including energy, mining and raw materials.
- WIG-ESG - socially responsible companies that conduct their business with respect for environmental, social and corporate governance factors.



LW Bogdanka S.A. stock prices on the Warsaw Stock Exchange



Key share data

	Q1 2022	Q1 2023
Maximum price [PLN]	61.20	55.75
Minimum price [PLN]	27.35	36.48
Last price [PLN]	56.70	38.08
Average price [PLN]	39.49	47.02
Capitalization at the end of the period [PLN million]	1,928.6	1,295.2
Carrying amount [PLN million]	3,738.5	3,815.8
P/E [market capitalization/net income]	13.6	10.0
P/BV [market capitalization/book value]	0.52	0.34
Rate of return at the end of the period [%]	73.4	-31.7
% of profit earmarked for dividend payment [%]	-	-
Dividend rate [%]	-	-
Average trading value per session [PLN 000s]	19,192.2	9,467.5
Average volume per session	402,268	192,175
Number of shares traded	34,013,590	34,013,590

Analyst recommendations

Date of issue	Institution	Recommendation	Target price	Price before the date of issue
03 January	Pekao S.A.	Buy	PLN 98.90	PLN 55.75
05 January	Ipopema	Buy	PLN 82.03	PLN 52.90
18 January	Santander Brokerage House	Buy	PLN 85.10	PLN 45.14
25 January	PKO BP Brokerage House	Buy	PLN 80.00	PLN 52.35
27 January	Noble Securities Dom Maklerski	Buy	PLN 72.50	PLN 52.50

The above information constitutes a summary of security broker recommendations within the meaning of Commission Delegated Regulation (EU) 2016/958 of 9 March 2016.

Number of shares of LW Bogdanka S.A. held by members of the Company's governing bodies

Shares in the Company's related parties

Members of the Management Board and of the Supervisory Board of LW Bogdanka S.A. do not hold any shares in 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 available to the Parent Company, in the period from the publication of the previous Annual Report for 2022, to the date of publication of the report for Q1 2023, there were no changes in the number of shares in LW Bogdanka S.A. held by persons discharging management and supervisory functions.

A breakdown of the shareholdings in LW Bogdanka S.A. and in the Company's related parties by persons discharging management and supervisory functions in LW Bogdanka S.A. is presented in the tables below*:

Full name	MANAGEMENT BOARD					
	Number of the Company's shares as at 24 May 2023		Number of the Company's shares as at 22 March 2023		Number of shares in Subsidiaries	
		Par value per share (PLN)		Par value per share (PLN)		
Kasjan Wyligala	0	0	0	0		0
Artur Wasilewski	0	0	0	0		0
Dariusz Dumkiewicz	0	0	0	0		0
Adam Partyka	253	1,265	253	1,265		0

Full name	SUPERVISORY BOARD					
	Number of the Company's shares as at 24 May 2023.		Number of the Company's shares as at 22 March 2023		Number of shares in subsidiaries	
		Par value per share (PLN)		Par value per share (PLN)		
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
Bartosz Piechota	0	0	0	0		0
Marcin Jakubaszek	0	0	0	0		0
Bartosz Rożnawski	43	215	43	215		0
Grzegorz Wróbel	0	0	0	0		0

TOTAL	Number of the Company's shares as at 24 May 2023.		Number of the Company's shares as at 22 March 2023		Number of shares in subsidiaries	
		Par value per share (PLN)		Par value per share (PLN)		
	1,296	6,480	1,296	6,480		0

*According to the representations by the members of the Issuer's Management Board and Supervisory Board

5. Governing bodies



Members and changes in the composition of the Management Board of LW Bogdanka S.A.

Composition of the Management Board as at 1 January 2023:

- Artur Wasilewski - acting President of the Management Board, Vice-President of the Management Board, Economic and Financial Affairs
- Adam Partyka - Vice-President of the Management Board, Labor and Social Affairs
- Dariusz Dumkiewicz - Vice-President of the Management Board, Sales and Investments
- Kasjan Wyligala - Vice-President of the Management Board, Strategy and Development

Period in office

1 January 2023 to 13 January 2023

Changes in the composition of the Management Board:

Composition

- Artur Wasilewski - acting President of the Management Board, Vice-President of the Management Board, Economic and Financial Affairs
- Adam Partyka - Vice-President of the Management Board, Labor and Social Affairs
- Dariusz Dumkiewicz - Vice-President of the Management Board, Sales and Investments
- Kasjan Wyligala - Vice-President of the Management Board, Strategy and Development

On 13 January 2023, the Company's Supervisory Board adopted a resolution to appoint Mr. Kasjan Wyligala as President of the LW Bogdanka S.A. Management Board

Composition of the Management Board as at 24 May 2023:

- Kasjan Wyligala - President of the Management Board
- Artur Wasilewski - Vice-President of the Management Board, Economic and Financial Affairs
- Adam Partyka - Vice-President of the Management Board, Labor and Social Affairs
- Dariusz Dumkiewicz - Vice-President of the Management Board, Sales and Investments

13 January 2023 to the publication date of the Report for Q1 2023

- Kasjan Wyligala - President of the Management Board
- Artur Wasilewski - Vice-President of the Management Board, Economic and Financial Affairs
- Adam Partyka - Vice-President of the Management Board, Labor and Social Affairs
- Dariusz Dumkiewicz - Vice-President of the Management Board, Sales and Investments

Composition of the Management Board of LW Bogdanka S.A. as at 24 May 2023



Kasjan Wyligała – President of the Management Board

In 2014, Mr. Kasjan Wyligała graduated from the Faculty of Law and Administration, University of Warsaw, majoring in law. He also completed post-graduate Executive Master of Business Administration studies at the Institute of Economics of the Polish Academy of Sciences, the "Enterprise Finance Management" program at the Warsaw School of Economics, and the Executive MBA in Innovation Management program at Queen Hedvig Academy. Mr. Kasjan Wyligała has many years-worth of experience in the corporate bodies of commercial companies, including public and foreign corporations, gained while serving on management and supervisory boards. Mr. Wyligała has been involved in the mining industry since 2016, when he joined the Industrial Development Agency, first as Advisor to the President of the Management Board and then as Director of the Strategic Analyses Office. Starting in 2017, he worked for one of the world's largest non-ferrous metals mining companies - KGHM Polska Miedź S.A. in leading management positions, including Chief Corporate Governance Officer and Director of the Asset Management Department.



Artur Wasilewski - Vice-President of the Management Board for Economic and Financial Affairs

In 1998, Mr. Wasilewski graduated from the Lublin University of Technology, majoring in Management and Marketing; in 2000 he completed postgraduate studies in Corporate Finance and Capital Market, and in 2003 - the Master of Business Administration program at University of Warsaw & University of Illinois. Participant of numerous training courses on finance and reporting under IAS/IFRS. Member of Supervisory Boards of capital companies. From 1998 to 2000, Mr. Wasilewski worked as a financial analyst for the consulting company "DEMOS" Sp. z o.o., gaining experience in analysis and valuation of businesses, advisory on the introduction of efficiency solutions and preparation of privatization reports for the Ministry of State Treasury. Associated with Lubelski Węgiel Bogdanka S.A. as from 2000, Mr. Wasilewski progressed in his professional career from a Financial Analyst, through Manager of the Planning and Analyses Department to the position of the Chief Economist. From 2013, he served as Director of Controlling, and in 2018 he assumed the position of Director of Controlling and Finance. Vice-President of the Management Board for Economic and Financial Affairs as from 8 October 2018.



Adam Partyka - Vice-President of the Management Board for Labor and Social Affairs

Mr. Partyka graduated from the Lublin University of Technology with a Master's degree in Engineering Applications of Information Technology and completed post-graduate studies at the University College of Enterprise and Administration in Lublin majoring in Accounting and Finance. He has completed numerous training courses in auditing, directors and officers responsibility and competences, finance for managers, and courses for members of management boards and supervisory boards. He has been associated with Lubelski Węgiel Bogdanka S.A. since 1985. Since June 2014, he was the Deputy Chairman of the NSZZ "Solidarność" Trade Union. From 2007 to 2014 he served as a shift foreman for underground electrical equipment. From 2006 to 2012, Mr. Partyka served as a member of LW BOGDANKA S.A.'s Supervisory Board. From April 2016 to June 2022, he was LW Bogdanka S.A.'s Vice-President of the Management Board for Labor and Social Affairs, and in July 2022 he was appointed for another term of office of the Management Board.



Dariusz Dumkiewicz - Vice-President of the Management Board for Sales and Investments

In 2002, Mr. Dumkiewicz graduated from the Faculty of Law and Administration of the Maria Curie-Skłodowska University (UMCS) in Lublin, majoring in law; he also completed postgraduate studies in "Project Management and EU Law" organized by the UMCS and the Lublin Development Foundation. In 2018, he was awarded Master of Business Administration at the Lublin University of Technology. Dariusz Dumkiewicz has many years-worth of professional experience in leading development and investment projects. In 2002-2006, he was employed in the Lublin City Hall in managerial positions responsible for implementation of projects financed from EU funds. In 2006, he served as an advisor to the Minister of Labor and Social Policy and as an expert on Eastern Poland Development in the Ministry of Development. In 2007, he became Director of the Strategy and Development Department in the Marshal's Office of Lubelskie Voivodeship. He was responsible for negotiations with the European Commission and financing of infrastructural investments of strategic importance for the voivodeship. Since 2008, he was a Management Board Member and Vice-President of consultancies providing advisory services to companies, in particular from the energy sector. In 2016, he assumed the position of Director of the Lublin Branch of PSG sp. z o.o., a natural gas distributor in the Polskie Górnictwo Naftowe i Gazownictwo S.A. Group. Since 15 October 2018, he has been Vice-President of the Management Board for Development at LW Bogdanka S.A. As from 24 June 2022, he is Vice-President of the Management Board for Sales and Investments.

Members and changes in the composition of the Supervisory Board of LW Bogdanka S.A.

Composition of the Supervisory Board as at 01 January 2023

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

The Supervisory Board had the above composition until 1 March 2023.

Changes in the composition of the Supervisory Board

On 1 March 2023, the Company's Extraordinary Shareholder Meeting adopted a resolution to dismiss Mr. Zbigniew Rak from the Company's Supervisory Board. Furthermore, a resolution was adopted to appoint Mr. Bartosz Piechota to the Company's Supervisory Board.

Composition of the Supervisory Board as at 24 May 2023

- Anna Chudek - Chairperson of the Supervisory Board
- Marcin Jakubaszek - Deputy Chairman of the Supervisory Board
- Szymon Jankowski - Secretary of the

- Supervisory Board
- Dariusz Batyra - Supervisory Board Member
- Krzysztof Gigol - Supervisory Board Member
- Bożena Knipfelberg - Supervisory Board Member
- Bartosz Piechota - Supervisory Board Member
- Bartosz Rożnawski - Supervisory Board Member
- Grzegorz Wróbel - Supervisory Board Member.

Anna Chudek - Chairperson of the Supervisory Board (independent member)

Ms. Chudek graduated from the Faculty of Law and Administration at Maria Curie-Skłodowska University in Lublin. She completed her judicial training at the Regional Court in Lublin. She completed the following postgraduate programs: "European Project Management and European Union Law" at Maria Curie-Skłodowska University in Lublin; "Public Procurement" at the University of Warsaw; "Corporate Law" at the University of Warsaw. She holds the professional title of a legal advisor and is registered in the list of legal advisors at the Regional Chamber of Legal Advisors in Lublin. Since 1993, she has been employed as a legal advisor in the Świdnik City Hall, where she manages the Legal Office. Ms Chudek also works the Świdnik County Hall as a legal advisor - legal services coordinator. Since 1 March 2007, she has been running her own law firm, which provides legal services to local government units, public administration bodies and commercial law companies, including those from the energy sector. In 2006-2009, she was a Member of the Supervisory Board of the Polish Radio Regional Broadcasting "Radio Lublin" and, in the period from 3 June 2011 to 25 June 2020, Chairperson of the Supervisory Board of Przedsiębiorstwo Energetyki Ciepłej "PEC" sp. z o.o. in Świdnik.

Bożena Knipfelberg - Supervisory Board Member

Ms. Knipfelberg is a graduate of economics, majoring in Management and Marketing at the Opole University of Technology. She also completed postgraduate studies in accounting and finance at the Warsaw School of Economics. She took a course for candidates for supervisory board members in State Treasury companies, completed with an examination and a diploma issued by the Minister of State Treasury. Ms. Knipfelberg is an experienced manager in the area of finance in companies from the energy

and telecommunications sectors. She has been working in the commercial power sector since 2007. He has extensive experience in finance, controlling, reporting, purchasing, organizational restructuring and evaluation of cost-effectiveness of company investment projects. Since March 2021, she has been associated with the ENEA Group. She serves as the Director of the Group's Controlling Department. Previously associated with the PGE Group where she served as Financial Director of the Opole Power Plant and then as Director of the Financial Controlling Department of PGE Górnictwo i Energetyka Konwencjonalna S.A. She was also the Financial Director in a company from the Polskie Koleje Państwowe Group. She has been a member of the Supervisory Board of Eltur-Service Sp. z o.o. - a PGE Group company.

Szymon Jankowski - Secretary of the Supervisory Board

Mr. Jankowski graduated from the Poznań University of Economics, Management Faculty, majoring in Management and Marketing. He also completed Postgraduate Studies at the Poznań University of Economics and Business in the field of Business Law and Postgraduate Studies at the WSB University in Poznań in the field of Renewable Energy Sources. He developed his competences through training in corporate governance and financial analysis of enterprises. He took a course for candidates for supervisory board members in State Treasury companies, completed with an examination and

a diploma.

He has been professionally associated with the commercial power sector for over 25 years. Since 1999 until today, he has been supervising companies of the ENEA Group in various positions, most recently as the Head of the Corporate Supervision Department in ENEA S.A. Mr. Jankowski has experience in supervising capital companies in the energy, services and IT sectors - he was a member of the supervisory board of, among others, Enea Operator sp. z o.o., Enea Centrum sp. z o.o., BHU S.A., Energetyka Poznańska Zakład Transportu sp. z o.o., ITSERWIS sp. z o.o. Since February 2016, he has been a member of the Supervisory Board of LW Bogdanka S.A. where he serves as the Secretary.

Dariusz Batyra - Supervisory Board Member

Mr. Batyra is a graduate of the mining secondary school in Ostrów Lubelski and the AGH University of Science and Technology in Kraków, majoring in Mining and Geology, specialization: Underground Deposit Mining. He also completed post-graduate studies in Value Based Management in Mining Companies at the Stanisław Staszic AGH University of Science and Technology in Kraków. He has been working for LW Bogdanka S.A. since 1989, first as a mining school pupil and, since July 2001, as an employee of the Mine.

In the coal mine, he went through all career levels, from trainee in the mining department to Manager of the Mining Department, first in the Nadrybie field, and then in the Bogdanka field. Since 2017, he has held the position of Deputy Mining Operations Manager. Since October 2022, he has been Manager of the Mining Department in the Nadrybie field. Since July 2020, he has been a Member of the Supervisory Board of LW Bogdanka S.A. elected by the employees.

Members and changes in the composition of the Supervisory Board of LW Bogdanka S.A.

Krzysztof Gigoł - Supervisory Board Member (independent member)

Mr. Gigoł is a graduate of the Faculty of Management at Kozminski University in Warsaw. He completed post-graduate MBA studies at the University of Finance and Management in Warsaw with a very good grade and was awarded the title of Master of Business Administration. He has many years of hands-on experience in developing sales and business development strategies and managing teams in the energy and industrial sectors. He effectively created new structures and led organizational restructuring processes. Since 2011 he has been involved in modernization of heating plants and investments in cogeneration and renewable energy sources. He implements long-term projects in the broad field of energy in industry and in companies owned by local government units. He has been a member of management boards and held senior managerial positions in energy companies such as Gaspol Energy, Energia Polska, Cogen Energy and Energa Obrót. Expert in energy efficiency and independence, renewable energy sources, and low-emission generation of electricity and heat. He has been involved on a voluntary basis in the work of the Energy Efficiency Development Forum, where he served as an expert, and in the PROZON Climate Protection Foundation as Vice-President of the Management Board. He has authored articles and papers on energy issues and national energy security.

Marcin Tomasz Jakubaszek - Supervisory Board Member

Mr. Jakubaszek graduated from the University of Warsaw, Faculty of Law and Administration. He holds the professional title of a legal advisor and is registered in the list of legal advisors at the Regional Chamber of Legal Advisors in Warsaw. In addition, he graduated from the School of British Law organized by the University of Warsaw with the participation of the University of Cambridge. He has 24 years of professional experience. In his career, he worked as a lawyer in Amhurst Brown sp. z o.o., Wardyński & Partners s.c. and Miller, Canfield, W. Babicki i Wspólnicy Sp. k. He was also liquidator in Polcel sp. z o.o. Since 2005, he has been running his own business providing legal advice in the "Marcin Jakubaszek, Radcowie Prawni i Adwokaci" law firm. Since 2015, he has been the managing partner of the "Jakubaszek i Wspólnicy" Sp. k. law firm, where he provides legal advisory services. He is a member of the Audit Committee of the Polish-Canadian Chamber of Commerce and a member of the Audit Committee of the Sue Ryder Foundation.

Bartosz Rożnawski - Supervisory Board Member

Mr. Rożnawski is a graduate of the Stanisław Staszic AGH University of Science and Technology in Kraków with a degree in Engineering, specializing in Environmental Geophysics and Mining and Geology.

At the AGH University of Science and Technology he also completed post-graduate studies in Value Based Management in Mining Companies.

He holds a Master of Business Administration (MBA) degree in Management from WSB University in partnership with EY Academy of Business.

He started his professional career in 2006 as an intern at LW Bogdanka S.A. and after a year continued as a shift foreman.

From 2010 to 2012, he was employed as a branch

foreman of the mining branch. In 2017, he was entrusted with the position of Mining Department Manager, which he discharged until March 2023. As from July 2020, he has been a Member of the Supervisory Board of LW BOGDANKA S.A.

Grzegorz Wróbel - Supervisory Board Member (independent member)

Mr. Wróbel graduated from Maria Curie-Skłodowska University in Lublin, majoring in administration. He also completed post-graduate Executive Master of Business Administration studies at the Warsaw Management University. He gained his professional experience in Zakład Gospodarki Komunalnej in Obsza. Since 2011, he has been employed in the Obsza Municipal Office, where he currently holds the position of the Secretary of the Obsza Municipal Office and the position of the Deputy Registrar. Since 2018, he has been a Councilor of the Lubelskie Voivodeship. He was a Member of the Supervisory Board of Miejski Zakład Komunikacji Sp. z o.o. in Zamość. Currently he is a Member of the Supervisory Board of RC Ekoenergia Sp. z o.o. in Czechowice-Dziedzice.

Bartosz Piechota - Supervisory Board Member (independent member, on the Board since 1 March 2023)

Mr. Piechota graduated from the Faculty of Law and Administration at University of Warsaw and Cardiff University Law School. He also graduated from IESE Business School Barcelona (Advanced Management Program).

Since August 2019, Bartosz Piechota has been Vice-President of the Management Board of Polska Grupa Lotnicza.

He holds the professional title of attorney-at-law and is registered on the list of attorneys-at-law at the Regional Bar Council in Warsaw. Since 2010, he was a Partner and Founder of a leading law firm in Poland, specializing in business dispute resolution and restructuring. Previously, he worked at major national and international law firms. Individually recommended by national and foreign rankings (including Legal500) as a specialist in this area. He was a Member and Officer of the International Bar Association.

From July 2018 to June 2022, he was a Member of the Supervisory Board of KGHM Polska Miedź S.A. From 2016 to 2019, he was a Member of the Supervisory Board of PLL LOT S.A., and from October 2018 to July 2019, he served as a Member of the Management Board of PLL LOT S.A., on secondment.

Zbigniew Rak - - Supervisory Board Member (independent member, on the Board until 1 March 2023)

Mr. Rak graduated from the AGH University of Science and Technology in Kraków, Mining Faculty, with the degree of M.Sc. Eng. in Mining and Geology. In 1996, he graduated from the Faculty of Management at the same University with a degree in Management and Marketing. From 1991 to 1992, he studied at the School of Mining at the University of Oviedo, Spain. In 2001, he received the degree of Doctor of Technical Sciences in mining. Since the beginning of his professional career he has been associated with the Faculty of Mining (later Faculty of Mining and Geoenvironment) at the AGH University of Science and Technology in Kraków. In addition to his academic work, he works with the mining industry in Poland, providing technical advice and design work. Since 2003, he has been an expert of the President of the State Mining Authority on mining plant operation. He has also worked with many mining operations abroad, including in Czech Republic, Slovakia, Russia, Spain and Chile. Since 2014, he has also had a business focusing on design work for the mining industry. In 2017, he was a member of the Supervisory Board of KOFAMA Koźle S.A. He is the author of more than 50 publications on mining topics.

Glossary

- **CSR** - Corporate Social Responsibility
- **Net debt/EBITDA** - ratio of net debt (sum of interest-bearing short-term and long-term liabilities less cash and cash equivalents) to EBITDA
- **EBIT** - operating profit before interest and taxes
- **EBITDA** - EBIT plus depreciation and amortization and impairment losses
- **TEP** - Technical and Economic Plan
- **LWB** - Lubelski Węgiel Bogdanka S.A.
- **IFRS** - International Financial Reporting Standards endorsed for use in the EU
- **Gross margin on sales** - return on sales ratio calculated by dividing profit by the value of sales
- **EBITDA profitability** - ratio of operating profit plus depreciation and amortization to revenue
- **EBIT margin** - ratio of EBIT calculated for the period to sales revenues for the period
- **Gross margin** - ratio of gross profit (before tax) to net sales
- **Net margin** - ratio of net profit to 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** - Voivodeship Fund for Environmental Protection and Water Management
- **Total debt ratio** - total liabilities to total assets
- **Debt to equity ratio** - total liabilities to equity
- **Fixed capital to fixed assets ratio** - sum of equity, non-current liabilities and non-current accruals to non-current assets
- **Current debt ratio** - short-term debt to total assets
- **Non-current debt ratio** – non-current liabilities to equity
- **Current ratio** – current assets to current liabilities
- **Quick ratio** – measure of the company's ability to pay its current liabilities with its most liquid assets
- **APMs** - alternative performance measures

Signatures of all of Management Board members

Kasjan Wyligala

President of the Management Board

.....

Artur Wasilewski

Vice-President of the Management Board
Economy and Finance

.....

Adam Partyka

Vice-President of the Management Board
Labor and Social Affairs

.....

Dariusz Dumkiewicz

Vice-President of the Management Board
Sales and Investments

.....

Bogdanka, 23 May 2023



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