

MANAGEMENT BOARD REPORT

on the Activity of the LW Bogdanka Group for H1 2023

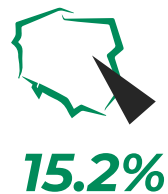




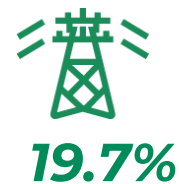
Lubelski Węgiel Bogdanka S.A.

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

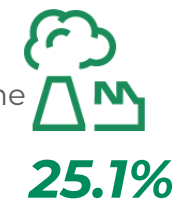


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1. Operating summary



LW Bogdanka Group's selected financial and operating highlights for H1 2023

Operating data

5.7 million tons

Gross coal production

3.3 million tons

Production of commercial coal

57.8%

Mining yield

3.1 million tons

Sales of commercial coal

16.7 km

New excavations



Financial highlights

PLN 1,825.1 million

Sales revenues

PLN 333.8 million

Sales profit

PLN 274.9 million

EBIT

PLN 532.8 million

EBITDA

PLN 225.8 million

Net profit



Headcount

5,947 persons

Headcount
as at the end of H1 2023

3.4%

Increase in headcount
from H1 2022



Highlights of the first half of 2023 and events after the balance sheet date up to the date of publication of this Report

H1 2023

- 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 to 2040, including the dividend policy
- Ordinary Shareholder Meeting of Lubelski Węgiel Bogdanka S.A.
- 2022 dividend decision

Events up to the Report publication date

- receipt of a notice from a key business partner on reduction of demand for coal in 2023 by approx. 1.05 million tons +/- 15%
- updating the production target for 2023 to approx. 7 million tons of commercial coal
- resignation of two members of the Supervisory Board of Lubelski Węgiel Bogdanka S.A.
- convening an Extraordinary Shareholder Meeting of LW Bogdanka S.A. - appointment of members of the Supervisory Board

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

Address: Bogdanka, 21-013 Puchaczów, Lubelskie Voivodeship
 Phone: +48 81 462 51 00, +48 81 462 51 01
 Fax: +48 81 462 51 91
 www: www.lw.com.pl; www.ri.lw.com.pl
 REGON: 430309210
 NIP: 713-000-57-84
 e-mail: bogdanka@lw.com.pl

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:

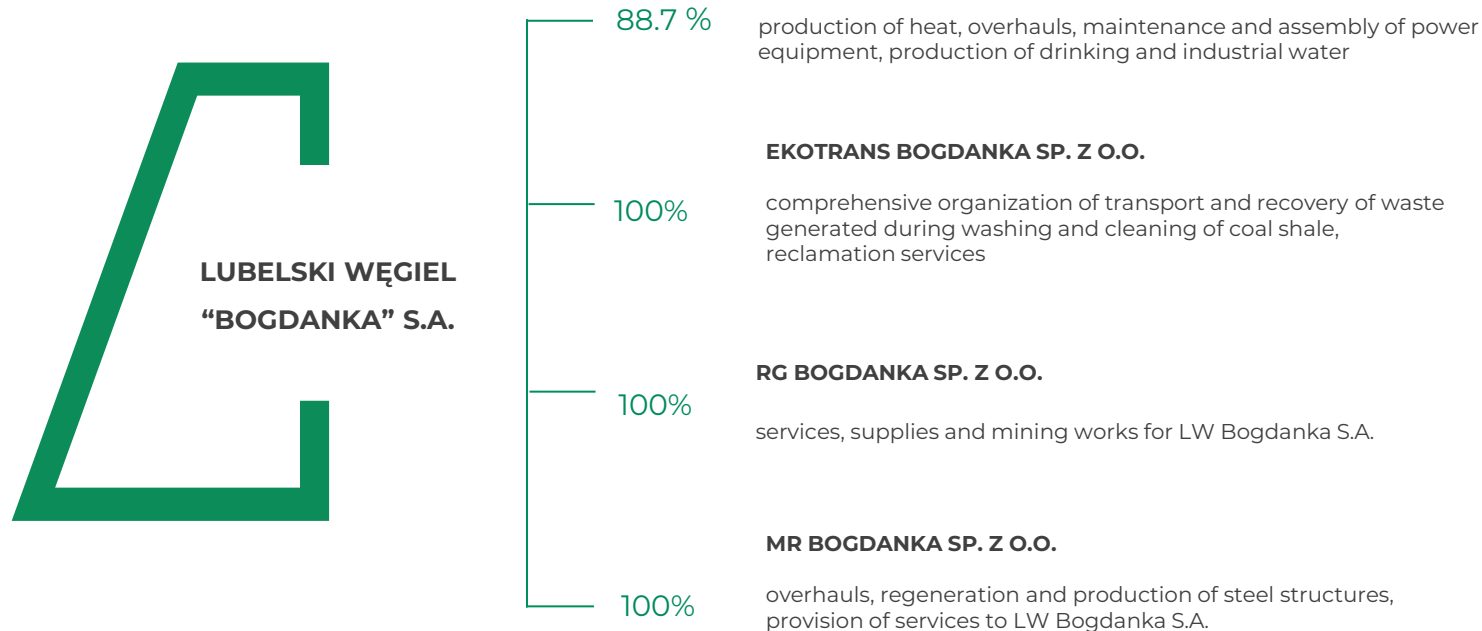
- Act of 15 September 2000 entitled Commercial Company Code
- Act of 9 June 2011 entitled Geological and Mining Law

The Company's founder is the State Treasury represented by the Minister of State Assets. 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 to 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 H1 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 of LW Bogdanka S.A. (until 17 May 2023)

In view of the dynamically changing environment, on 17 May 2023 a new Development Strategy for the LW Bogdanka Group for 2023-2030 with an outlook to 2040 was announced (see pages 12-13 of the Report for a description of the main assumptions).

The Development Strategy announced on 16 December 2020 - "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" was in effect until 17 May 2023. 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

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.

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
- Implementation of 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 and 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 (from 17 May 2023)

On 17 May 2023 the Company's Supervisory Board approved the "Development Strategy of the LW Bogdanka Group for 2023-2030 with an Outlook to 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 to 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 Group

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, PLN 5,565 million in 2026-2030, and 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 H1 2023

In H1 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 336,200 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 - among other things, CS 1150 K anchor truck, electromagnetic separator, equipment train, electromagnetic unit and a 1200 conveyor were purchased for a total amount of PLN 10,753 thousand.
- Purchases of finished goods, machinery and equipment – finished goods were purchased for PLN 7,009 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 15,699 thousand was spent on, among other things, modernization of

longwall electrical accessories, modernization of dinging 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 S-200 locomotives.

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 4,565 thousand was incurred in H1 2023.

Other development investments

- Extension of the mining waste facility at Bogdanka - an expenditure of PLN 4,780 thousand was incurred. 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 – PLN 1,449 thousand was allocated for the modernization of coils in spray and evaporative condensers – stage 1 and commencement of stage 2.
- Power engineering, telecommunications and mechanical installations - an expenditure of PLN 10,882 thousand was 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.
- Hoisting machine switchgear facilities and other electrical power systems - PLN 4,572 thousand was incurred, among other things, for the modernization of the 6 kV STR-M3 (28-field) switchgear and modernization of the Microscada system.
- Replacement investments in the Coal Preparation Plant - PLN 9,587 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 as well as replacement of

- the jigs in the 46.1 area.
- Construction and modernization of core business facilities and installations - PLN 3,196 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.
- Expansion of the coal storage yard - expenditures totaling PLN 2,260 thousand were incurred for the construction of infrastructure.

ICT - PLN 4,239 thousand was earmarked for, among other things, the Facility Map System, optimization of control of underground winnings haulage, a system for monitoring seismic activity, as well as the purchase of computer hardware and systems.

Other - an expenditure of PLN 13,061 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 and P-3); in addition land affected by mining damage was purchased. PLN 229 thousand was incurred for administration and transportation.

Operational investments of LW Bogdanka S.A.

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 H1 2023 was approximately 14.8 km (in total 16.7 km) and their value amounted to PLN 228,334 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 15,585 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 8,682 thousand.

Łęczyńska Energetyka - the investment tasks carried out in H1 2023 pertained to investments related to generation, transmission and distribution of heat and included the purchase of hardware and software for a total amount of PLN 531 thousand.

RG Bogdanka, MR Bogdanka - incurred total capital expenditures of PLN 8,151 thousand in H1 2023 for the purchase and installation of machinery and equipment, purchase of computer hardware, and the right-of-use assets.

Investment activities completed in H1 2023

Selected items of capital expenditures in the LW Bogdanka Group

[PLN thousand]	TEP 2023	TEP 2023*	TEP actuals H1 2023	Actuals - TEP H1 2023 [%]
New excavations and upgrade of existing ones	456,957	555,885	243,919	43.9%
Maintenance of machinery	179,246	152,139	33,461	22.0%
Securing new concessions	10,588	10,588	4,565	43.1%
Longwall shearers	6,278	6,278	0	0.0%
Other development investments	106,737	109,945	36,726	33.4%
ICT	30,947	31,857	4,239	13.3%
Other	51,289	51,259	13,290	25.9%
TOTAL CAPEX in LW Bogdanka S.A.	842,042	917,951	336,200	36.6%
Łęczyńska Energetyka Sp. z o.o.	8,000	8,000	531	6.6%
MR Bogdanka	1,590	1,590	828	52.1%
RG Bogdanka	9,905	9,905	7,323	73.9%
EkoTrans	0	0	0	0.0%
TOTAL CAPEX in the LW Bogdanka Group	861,537	937,446	344,882	36.8%

*plan update

Value of capital expenditures incurred for excavations in H1 2023

Total excavations and works	Depreciation method	Length [running meters]	Value of capital expenditures [PLN 000s]
Gate roads	natural	12,999	
Basic excavations	straight-line	1,827	243,919
Reconstructions	linear/natural	620	

The total length of roadway excavations completed during the first 6 months of 2023 was 16,036 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 15,585 thousand. The total expenditure incurred on new excavations and modernization of existing ones amounts to PLN 228,334 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 1,210 m.

Price of coal on the international market



CIF ARA coal prices

- 124.7 USD/t - average CIF ARA coal price in Q2 2023 -63.1% vs. Q2 2022 (338.0 USD/t)
- comparing with the average CIF ARA coal price in Q1 2023 (146.7 USD/t), this is a decrease of 15.0%
- the average price in H1 2023 was 135.7 USD/t, down 52.2% (283.8 USD/t in H1 2022)

Inventories in ARA ports

- approx. 6.3 million tons of coal inventories at the end of June 2023 at ARA ports - at the end of March 2023 the inventories stood at 5.5 million tons

Prices at major ports worldwide

- 83.9 USD/t - average Baltic Ports FOB price in Q2 2023 vs. Q2 2022 (163.2 USD/ton) – down by 48.6%
- comparing with the average price in Q1 2023 (106.6 USD/t), this is a decrease of 21.3%
- the average price in H1 2023 was 95.2 USD/t, down 66.5% (177.2 USD/t in H1 2022)

China

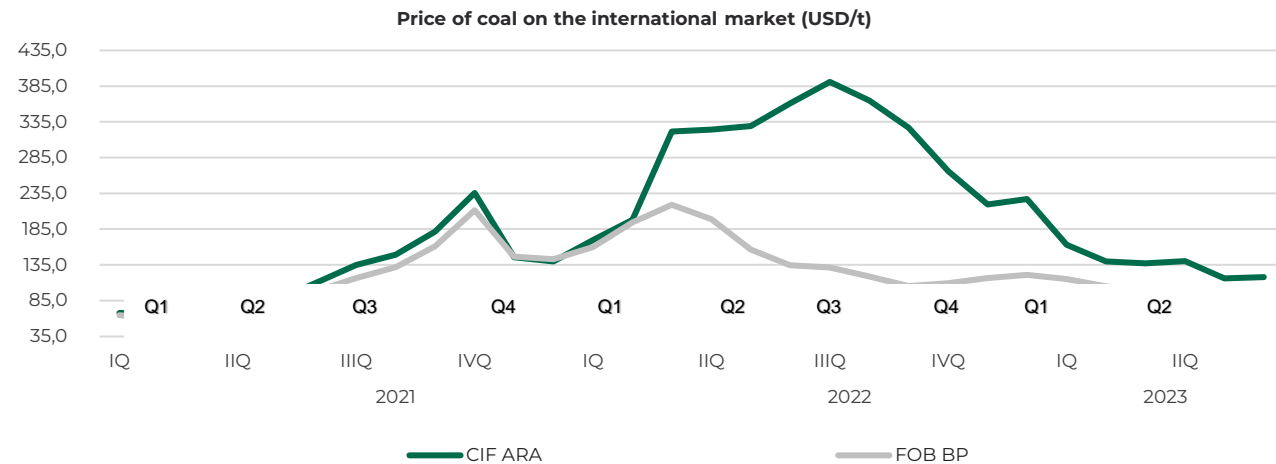
- in H1 2023, approx. 2.3 billion tons of coal were produced, i.e. +4.5% vs. 2021 H1 (2.2 billion tons)
- in H1 2023 imports totaled 221.9 million tons, up approximately 93.0% from H1 2022 (115.0 million tons)

USA

- in H1 2023 production was 270.4 million tons, +3.1% vs. H1 2022 (262.2 million tons)
- in H1 2023, consumption was 172.0 million tons, -25.3% vs. H1 2022 (230.2 million tons)
- exports in H1 2023 amounted to 45.0 million tons of hard coal, +14.2% y/y (39.4 million tons in H1 2022)

Russia

- in H1 2023 production was 213.0 million tons, up 1.5% vs. y/y
- exports in H1 2023 amounted to 86.3 million tons, up 2.4% y/y



Prices for fine steam coal on the domestic market



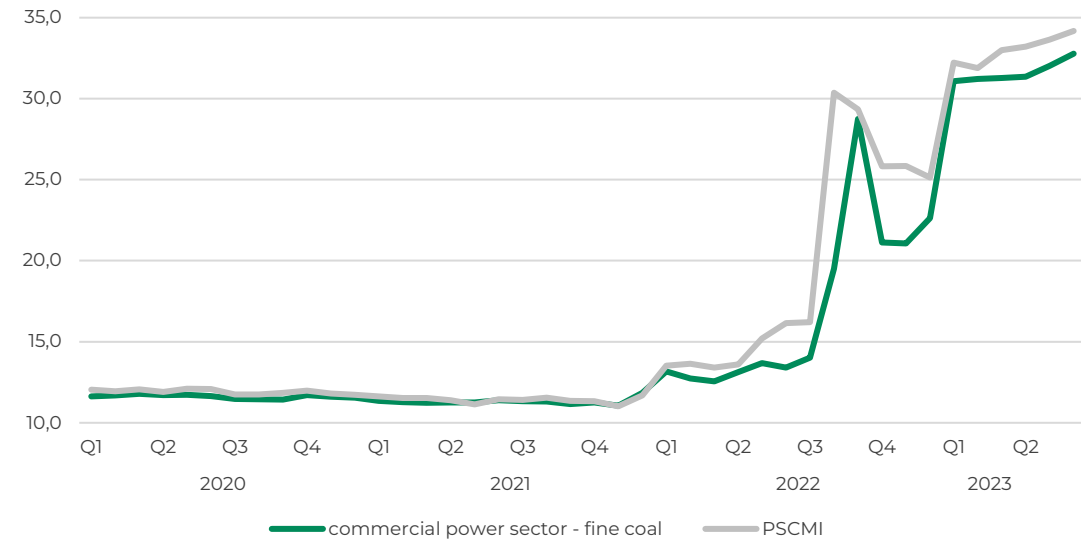
Price of fine steam coal

- The average price of fine steam coal for the commercial power sector in Q2 2023 was 31.2 PLN/GJ, the price growth rate was ca. 139.6% compared to Q2 2022 (13.4 PLN/GJ)
- The average price of fine steam coal for the commercial power sector in H1 2023 was 31.2 PLN/GJ, the price growth rate was ca. 141.2% compared to H1 2022 (13.1 PLN/GJ)
- The average calorific value of fine coal for the commercial power sector was approx. 21.7 GJ

Prices from the PSCMI index

- The average price from the PSCMI Index in Q2 2023 was approx. 33.7 PLN/GJ, compared to the average price in Q2 2022 (15.0 PLN/GJ), the increase was approx. 124.7%
- The average price from the PSCMI Index in H1 2023 was approx. 33.0 PLN/GJ, compared to the average price in H1 2022 (14.3 PLN/GJ), the increase was approx. 130.8%

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 H1 2023, steam coal production was approx. 17.4 million tons, down 19.4% y/y.

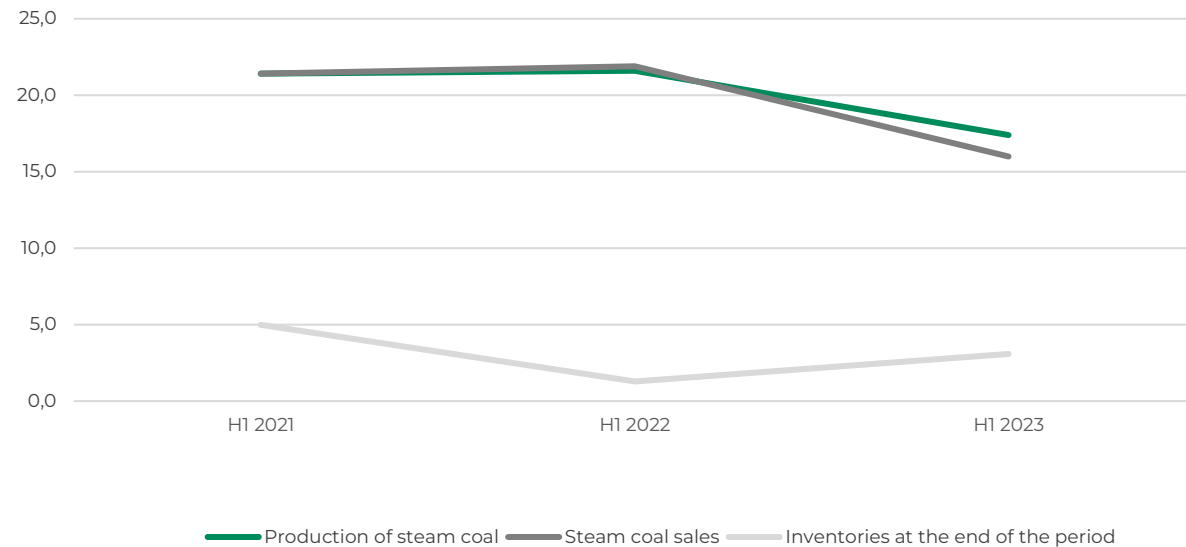
Steam coal sales in Poland

- the sales in H1 2023 amounted to approx. 16.0 million tons, of which sales to the commercial power sector amounted to approx. 11.1 million tons of fine steam coal
- compared to H1 2022, steam coal sales decreased by approx. 26.9%

Coal inventories in Poland

- at the end of H1 2023, steam coal inventories were 3.1 million tons (1.3 million tons at the end of H1 2022)
- compared to Q1 2023 (1.6 million tons) inventories rose by 1.5 million tons (+93.8%)

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. 11.1 million tons of fine steam coal. The most important buyers in the commercial power sector are:

- Tauron
- PGE
- Enea
- PGNiG
- ENERGA

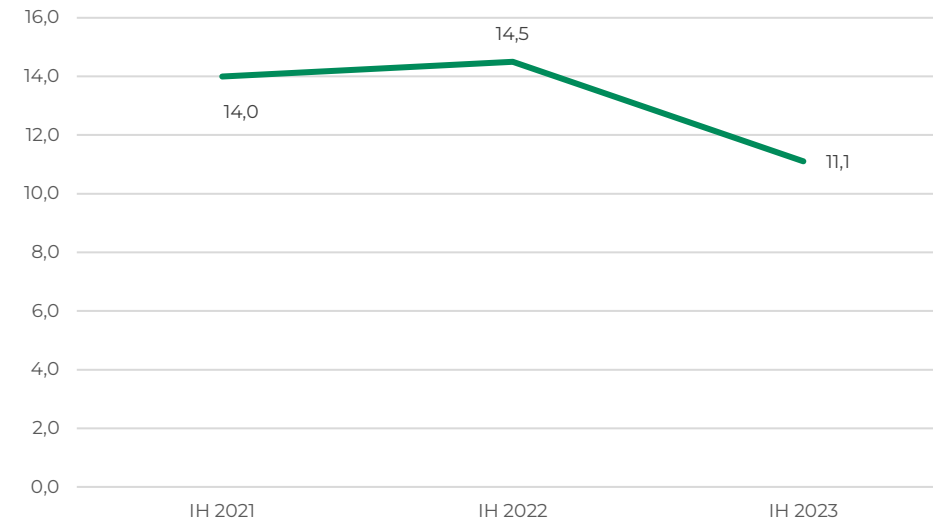
Steam coal sales in Poland

In H1 2023, approximately 16.0 million tons of steam coal was sold in Poland. Approximately 15.7 million tons of steam coal were delivered to the domestic market, including 13.8 million tons of fine steam coal.

Coal exports

Approximately 2.0 million tons of coal was exported, including approx. 0.3 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 H1 2023, 80,771 GWh of electricity was produced, down 8,346 GWh (-9.4%) compared to Q1 2022.

Electricity production from coal

The main fuel used for electricity production was coal, which generated 54,940 GWh in H1 2023.

Such a level means a drop by 11,903 GWh (-17.8%) compared to H1 2022.

In H1 2023, coal was the source of 68.0% of all electricity production in Poland - its share in the fuel mix was lower by 17.8% compared to H1 2022.

Electricity production from hard coal

In H1 2023, hard coal produced 37,571 GWh of electricity (down 13.0% vs. H1 2022)

Electricity production from lignite

In H1 2023, lignite produced 17,369 GWh (26.6% less compared to H1 2022).

Electricity production from wind power plants

Wind power generated 10,395 GWh in H1 2023, down 0.5% from H1 2022. The share of wind power in electricity generation was approx. 12.9%.

Electricity production from gas-fired power plants

Gas-fired power generation in H1 2023 was 6,932 GWh up 23.3% compared to H1 2022.

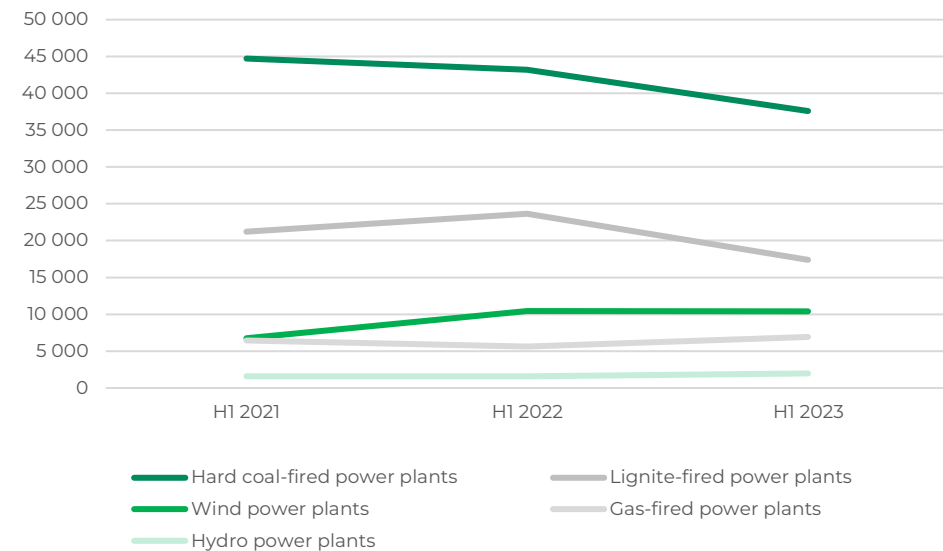
Domestic electricity consumption

In H1 2023, 83,118 GWh of electricity was consumed, down 4,291 GWh (-4.9%) compared to H1 2022.






Balance of cross-border exchange

The balance of cross-border exchange of electricity in H1 2023 was 2,346 GWh, compared to -1,708 GWh in H1 2022. This means importing energy.

Electricity production in Poland [GW/h]



Main risks to which the Group is exposed, by area category

Environment and market	Operational	Financial	Environmental protection	Legal
<ul style="list-style-type: none"> • Risks associated with the socio-economic situation in Poland and globally • Risk associated with the state's economic policy towards the hard coal mining industry • Risk related to the prices of energy commodities in Poland and globally • Risk associated with the specific nature of the mining sector operations and possible occurrence of unpredictable events • Risk associated with the specific nature of the mining sector operations and possible occurrence of unpredictable events • Risk of restrictive climate policies resulting in changes to applicable law 	<ul style="list-style-type: none"> • Risk associated with the launch of production from new deposits of LW Bogdanka S.A. • Technical and technological risks • Risk associated with the high cost of the technologies used by the Company • Risk of IT system failures • Risk of customer insolvency • Risk related to the strong position of the trade unions • Risk associated with retaining and recruiting the Group's personnel • Key supplier risk • Risk of supplier price collusion 	<ul style="list-style-type: none"> • Insurance Risk 	<ul style="list-style-type: none"> • Risk associated with reclamation and mining damage • Risk associated with the tightening of standards and regulations on environmental law standards and the obligation to obtain environmental permits • Risk related to mining waste management • Investment risk associated with the presence of protected areas 	<ul style="list-style-type: none"> • Risk of changing tax laws • Property tax risk in relation to LW Bogdanka S.A.'s mine workings • Risk of changing the law and its interpretation and application • Risk of violating stock exchange disclosure obligations • Risk of prolonging the process of issuing administrative decisions on the conduct of mining operations 

Risk related to the Group's social, economic and market environment

Risk associated with the socio-economic situation in Poland and globally

Factors affecting the financial results of LW Bogdanka S.A.:

- directions and rate of change of domestic and global GDP, including changes in the volume of industrial production
- demand for electricity and heat
- development of renewable energy sources
- climate policy trends in Poland and in Europe
- government plans to expand/modernize Poland's electricity generation system
- plans of the European Parliament to reduce methane emissions in the energy sector
- government plans to introduce a tax on above-the-average profits or windfall tax
- prices of raw materials on global markets, which translates into prices of production inputs
- prices of CO2 emission allowances and the commercial power sector's pressure on coal prices
- coal exports and imports balance from/to Poland
- inflation rate
- unemployment rate

Countermeasure: monitoring all factors, adjusting operations to the market situation and environment, planning future activities, formulating long-term financial projections, cost control, entering into long-term contracts. taking measures to improve mining efficiency.

Risk severity: **medium**

Risk 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 Polish Power 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.

Risk severity: **medium**

Risk 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.

In the global coal market, after a period of strong increases in Q3 and Q4 of 2022, followed by a decline that took place in Q1 and Q2 of 2023, there has been a stabilization of prices currently forming in the range of around 110-130 USD/t. However, it should be emphasized that prices are still at a high level, especially in relation to the average selling prices of coal in the world as recorded over the past few years.

In the domestic coal market, the prices 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 H1 2023 are still at high levels, compared to the average levels of both PSCMI indices in previous years.

Risk severity: **low**

Risk associated with the specific nature of the mining sector operations and possible occurrence of unpredictable events

The operational activities of LW Bogdanka S.A. are exposed to risks and dangers arising from the specific nature of operations in the mining sector. These include, among others:

- events associated with the environment (including industrial and technological accidents)
- extraordinary events, including geotechnical phenomena, mining disasters, fires or working floodings with underground water

- damages caused by mining operations. The consequences may be as follows:
- temporary interruptions of operations, losses of property and financial assets
- accidents at work, including fatal accidents
- potential legal liability of the Company.

Countermeasure:

- strict compliance with OHS rules
- ongoing monitoring of risks associated with the specific workplaces
- use of prevention.

The following is also important:

- use of modern and reliable mining machinery and equipment to reduce the risk of industrial accidents
- relatively regular location of the coal seams mined
- relatively low costs associated with mining damage repair, due to the low degree of urbanization of the area where the mine extracts hard coal
- high level of personnel skills

Risk severity: **medium**

Risk related to the Group's social, economic and market environment

Risk of restrictive climate policies resulting in changes to applicable law

The EU's restrictive climate policy is leading to a reduction in greenhouse gas emissions, an increase in the acquisition of renewable energy and increased energy efficiency. In the Polish power generation industry, electricity is produced mainly from coal (hard coal and lignite). Production of electricity or heat from coal involves significant CO₂ emissions. Since the beginning of 2021, there has been a significant increase in the price of CO₂ emission allowances which continues to remain high in 2022 and H1 2023 and directly affects the cost of coal combustion.

The above restrictions or imposition of stricter standards or limits on emissions of, among other CO₂, SO_x and NO_x, or other chemical compounds, as well as the continued increase in the price of CO₂ emission allowances, can bring about great difficulties in terms of competitiveness and decisions on investment in power or heat generation capacity based on steam coal. As a result of the anti-smog policy, new legal regulations have been enacted on the quality standards of coal sold on the Polish market. As a result, the above restrictions or plans for further legal changes may cause a further reduction in demand for coal in general or for coal of inferior quality. This may adversely affect LW Bogdanka S.A.'s coal sales and, consequently, have a negative impact on the Group's financial performance.

Countermeasure:

- active participation in consultations

conducted by the hard coal industry in Poland to minimize the above risks borne by domestic coal producers;

- monitoring changes in the Energy Law or other laws and studying their possible impact on the Group's operations.

Risk severity: **medium**



Risks directly associated with the Group's operations

Risk associated with the launch of production from new deposits of LW Bogdanka S.A.

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.

Risk severity: **low**

Technical and technological risks

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.

Risk severity: **medium**

Risk associated with the high cost of the technologies used by the Company

The applied technology of steam coal mining involves the use of highly specialized machinery and equipment.

Due to the global concentration of manufacturers of such machinery and equipment, there is a risk of unforeseen price increases, which might entail an increase in capital expenditures or deterioration of cost efficiency.

There is also the risk of hindered access to unique spare parts necessary to guarantee the continued operation.

As the depth increases, the difficulty related to working maintenance intensifies (increase in rock mass pressures), the primary temperature of the rock increases, as do some natural hazards, i.e. those related to water, methane. Providing access to deposit areas where longwalls with runs of over 7,000 meters had been located requires the implementation of technological and organizational solutions to address natural hazards, secure production continuity and OSH. Taken together, this can result in an increase in coal mining costs.

Countermeasure: cost and capital expenditures control, use of highly specialized machinery and equipment, strong working culture with respect to compliance with mining and geological laws and technology, care for the equipment used, scientific and research work, implementation of innovative technologies for improving underground air conditions, implementation of the IIoT platform for controlling operating

parameters, and continuously analyzing the effective working time of key machinery in the production process.

Risk severity: **high**

Risk of IT system failures

Any loss, partial or total, of data related to the failure of computer systems may adversely affect current operations and thus affect future financial results.

Countermeasure:

- periodic audits of IT security
- reviews of authorizations to IT systems
- improving security by continuously monitoring network traffic of potential threats and implementing solutions to impede access and improve security of access to IT systems
- performing secure backups of systems and data, ensuring rapid restoration of systems in the event of failures.

Risk severity: **low**

Risk of customer insolvency

The risk of customer insolvency is associated with the general level of current receivables of the LW Bogdanka Group due from its customers and the balance of receivables over the Group's liabilities. The Group's trade and other short-term receivables accounted for 7.7% of its balance sheet value and 22.1% of its sales revenues in H1 2023. Trade receivables accounted for 78.5% of total trade receivables and other short-term receivables.

Countermeasure:

- monitoring of outstanding amounts due from the business partners for products sold
- analysis of credit risk for the key business partners on a case by case basis or as part of specific classes of assets
- executing transactions with business partners whose reliability has been confirmed only.

Risk severity: **low**

Risk related to the strong position of the trade unions

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 30 June 2023, there were six trade union organizations active in the Group (of which, at LWB, there were four trade union organizations representing approx. 65.8 % 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.

Risk severity: **medium**

Risks directly associated with the Group's operations

Risk associated with retaining and recruiting the Company's personnel

The labor market is now a worker's market, which promotes the fact that employees can easily switch to a more attractive position. In addition, due to the policy of decarbonizing the economy, the mining industry is becoming unattractive to potential job candidates. Failure to provide competitive employment opportunities and maintain salaries at market standards will result in the loss of highly qualified employees.

Countermeasure:

Building generational continuity, working with local vocational schools, implementing development programs, providing employees with opportunities for advancement and development within the company's structures, building a friendly corporate culture. Development activities of management skills of managers and supervisors.

Risk severity: **medium**

Key supplier risk

The specific nature of the business requires the use of technologies that often involve the use of highly specialized machinery and equipment and the use of specialized services. Thus, there is a potential risk of problems in finding suitable suppliers, as well as the risk that suppliers default on their contracts. This also applies to contractors for specialized mining services, as there may be dependence on these entities due to their small number in the Polish market.

Countermeasure: assessment of potential risks associated with the conclusion of contracts with suppliers in terms of performance of contracts and possibility of starting cooperation with other suppliers.

In addition, a performance bond is required to secure the performance of contracts subject to increased risk.

Risk severity: **high**

Risk of supplier price collusion

The requirement for highly specialized products and services and the legal aspects that must be met in order for such products and services to be considered appropriate carry the risk of price collusion. Thus, there is a potential risk of a group of suppliers agreeing on commercial terms that may be offered to LW Bogdanka S.A.

Countermeasure:

- ongoing market monitoring and new supplier acquisition
- periodic analysis of contract prices and assessment of market trends
- searching for replacement products.

Risk severity: **medium**



Financial risk and environmental protection risks

Insurance risk

The Group is exposed to insurance risks, both to the standard extent applicable to all business entities, as well as to the extent typical of entities in the mining industry arising in particular from risks accumulated in the underground mine area. Given the significance of the risks to which the Group is exposed, where particularly justified, these risks are transferred externally on the basis of insurance contracts concluded. The Group has insurance coverage for underground property, surface property and business third party liability as well as for other, less significant risks. In connection with the renewal of insurance coverage for another 3-year period, once again its quality with regard to risks on the mine surface has been significantly improved by extending coverage to include "terrorism" risks, and Business Interruption insurance has been maintained. In addition, the Group is systematically taking actions to reduce its exposure to data protection risks.

Risk severity: **medium**

Risk associated with reclamation and mining damage

The LW Bogdanka Group is responsible for reclamation of post-mining areas and removal of mining damage. The existing standards regarding reclamation and removal of mining damage may change in the future and greater severity is anticipated in this respect. Countermeasure: repair works, preventive protection of buildings against the effects of mining damage and reimbursement to investors of costs of adapting new buildings constructed within the mine site, ongoing dialog with the local community.

Advance inventory of construction facilities to eliminate unjustified claims. Ongoing monitoring of land subject to mining impact. Meetings of the Consulting Team for periodic assessment of impacts of mining operations on the land surface within the borders of Cyców, Ludwin and Puchaczów municipalities organized by the Director of the Mining Authority twice a year. Consistent execution of drainage hydrological works and land reclamation in the affected area.

Risk severity: **low**

Risk associated with the tightening of standards and regulations on environmental law standards and the obligation to obtain environmental permits

The activities of LW Bogdanka S.A. exert a significant impact on the environment. Accordingly, it must hold certain permits and comply with regulatory standards for the use of the environment (including the BAT requirements of BAT - Best Available Techniques). These pertain in particular to:

- water and sewage management
- waste management
- emissions of substances and noise into the air
- use of natural resources.

Countermeasure: The Company monitors regulations on an ongoing basis and adjusts its operations as necessary within statutory deadlines.

Risk severity: **medium**

Risk related to mining waste management

The Company produces large quantities of mining waste. Mining waste is processed (recovered) and stored in the mining waste facility in Bogdanka. Approx. 50% of waste is processed and 50% is kept in the facility. Based on a construction permit, the Company is conducting works to increase the current spoil tip (to 250 m a.s.l.) and to enlarge the spoil tip in the eastern part. It has also taken steps to acquire adjacent land for further expansion, and another

permit has been obtained for the expansion of the mining waste facility in the south-eastern part, which will secure waste storage for the next 6-7 years. Further actions are being taken to acquire more land to expand the facility. Failure to complete this investment will entail the risk of undermining the stability of the mining process and the need to seek alternative methods of mining waste management. Countermeasure: the Group has been carrying out works to elevate and expand the existing mining waste facility. It has also continued efforts to acquire further land for the upcoming stages of spoil tip expansion. The Parent Company takes intense efforts to recover and manage the mining waste.

Risk severity: **medium**

Investment risk associated with the presence of protected areas

The mine is located close to protected areas (a national park, landscape parks, protected landscape areas, wildlife corridor, as well as two Natura 2000 areas located partially in the mining area and three in close proximity to the mining area). All planned investments must be analyzed in terms of their potential negative impact on protected areas. There is a risk that in case of undertaking investment activities, certain obligations or stricter requirements may be imposed on the mine with a view to reducing negative environmental impacts. An objection may also be lodged against the performance of a particular investment project. Such investment restrictions may require higher capital expenditures and hence may affect the financial result. Countermeasure: ongoing monitoring, adjusting operations to meet the requirements and obligations.

Risk severity: **medium**

Risks relating to proceedings and the legal environment

Risk of changing tax laws

Lack of stability and transparency in the Polish tax system, resulting from the changes in regulations and inconsistent interpretations of the tax law, can cause uncertainty in the final results of financial decisions. Continuous revisions of tax laws and also strict sanction regulations are not incentives to take such decisions. Volatility of regulations and sometimes even of interpretations thereof may entail occurrence of any types of risks. Consequently, the amounts stated in the financial statements may change at a later time, upon their final determination by the tax authorities.

Countermeasure:

- monitoring the changing tax laws
- training for employees to make sure they are as competent as possible in this area
- thorough analyses of any emerging tax issues, including by relating them to recent tax interpretations and court rulings on similar issues, requesting individual tax interpretations
- cooperation with advisory companies
- performance of the Transfer Pricing Policy which sets forth the terms and principles of setting prices for transactions executed within the Group
- application by the Parent Company of a tax strategy as referred to in Article 27c of the Act on Corporate Income Tax.

Risk severity: **medium**

Property tax risk in relation to LW Bogdanka S.A.'s mine workings

In line with the adopted strategy, until 2019 the Parent Company did not include in its property tax declarations the value of underground mine workings together with the infrastructure located in these workings as the taxable item for the purposes of this tax. During 2019, with a view to protecting the Group against potential negative consequences, i.e. interest on unpaid property tax, the Group decided to include the value of underground mine workings with their infrastructure to calculate the tax. It appears that the risk has been significantly reduced.

Countermeasure:

- monitoring the changing tax laws
- training for employees to make sure they are as competent as possible in this area
- thorough analyses of any emerging tax issues, including by relating them to recent tax interpretations and court rulings on similar issues

Risk severity: **low**

Risk of changing the law and its interpretation and application

The laws in Poland change quite frequently. Interpretations of the law and the practice of applying it also are subject to change. Changes to interpretation of tax regulations are particularly frequent. Practices of tax authorities and judgments handed down by courts in cases related to taxation are not uniform. The adoption by the tax authorities of an interpretation of tax law different from that adopted by the Group or the introduction of new requirements by the Mining Law may imply a deterioration of its financial position and, as a result, adversely affect the Group's results and development prospects.

Countermeasure:

- using the services of legal advisors and advisory companies, as well as consulting a variety of offices specializing in the topics under analysis
- if applicable, the Group also requests binding interpretations of the law.

In spite of the efforts undertaken it is not possible to fully eliminate the risks although the Management Board believes that the risk is significantly mitigated.

Risk severity: **medium**

Risk of violating stock exchange disclosure obligations

As the shares in LW Bogdanka S.A. are listed on the Warsaw Stock Exchange, the Company is subject to a number of obligations which, in case of failure to perform or improper performance, may entail significant fines.

Countermeasure: proper performance of the obligations including prior implementation of internal procedures for exchange of stock exchange information in LW Bogdanka S.A., as well as ongoing monitoring of the Company's operations in terms of information duties.

Risk severity: **low**

Risk of prolonging the process of issuing administrative decisions on the conduct of mining operations

As other mines, LW Bogdanka S.A. carries out the mining operations based on the Mine Operation Plan approved by the Director of the Regional Mining Authority. The current Operation Plan covers the years 2023-2025 and has been subject to numerous updates in connection with the changes in circumstances arising during the operations. An update to the Operation Plan in the form of a Supplement is approved by means of an administrative

decision subject to the same principles as the Plan. The Company was informed that one of the social organizations, which indicates in its statutory objectives the protection of nature, landscape and the environment, had applied for admission to participate in the administrative proceedings for updating the Operation Plan currently in effect in the Company. An intervention by social organizations which are negatively inclined towards the Company in the procedures regarding approval of updates of the Operating Plan entails the risk that this process will be prolonged, and thus may have the effect of obstructing the mining operations covered by the Supplement. To mitigate the above risk, the Company conducts educational and informational activities regarding the impact of mining operations on the environment, as well as relies on the support of reputable law firms to conduct the proceedings.

Risk severity: **high**

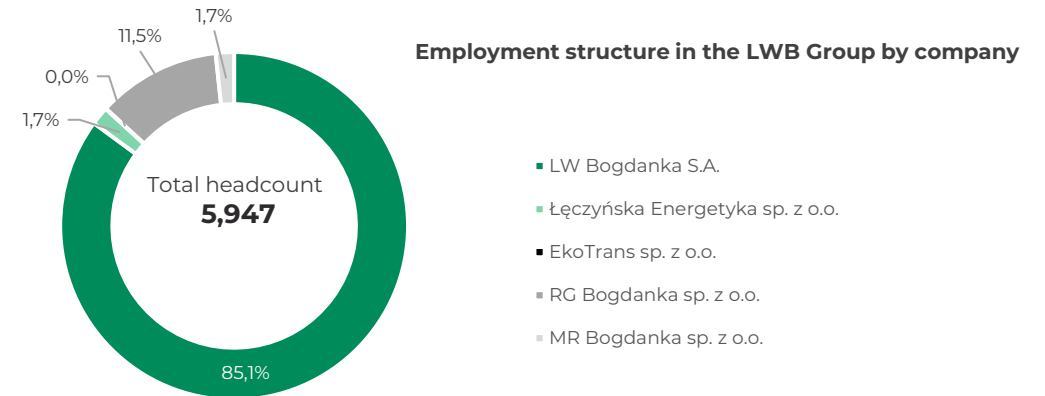
Changes in headcount

Headcount in the Group

In H1 2023 2023, there was a 3.4% increase in LW Bogdanka Group's headcount compared to H1 2022.
 The largest increase in the number of employees was reported in LW Bogdanka S.A.

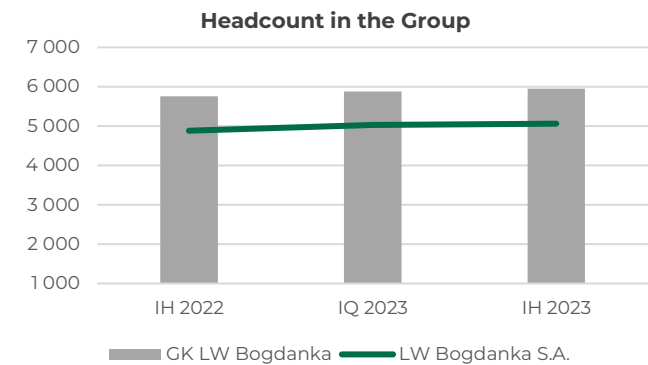
Headcount in LW Bogdanka S.A.

In H1 2023, the Parent Company employed 85.1% of the LW Bogdanka Group's total workforce. Blue-collar workers accounted for 81.0% of LW Bogdanka S.A.'s total workforce. Compared to H1 2022, the number of underground workers increased by 1.1%. In H1 2023, 220 people were hired by LW Bogdanka S.A., while 83 people left the Company in the same period.



Headcount in persons	30.06.2022*	31.03.2023	30.06.2023	Employment structure in the Group	Change H1 2023/ H1 2022	Change H1 2023/ Q1 2023
Total workers	4,020	4,108	4,101	-	2.0%	-0.2%
Underground employees	3,065	3,064	3,042	-	-0.8%	-0.7%
Surface employees	955	1,044	1,059	-	10.9%	1.4%
Full-time underground employees	476	508	537	-	12.8%	5.7%
Full-time surface employees	384	413	424	-	10.4%	2.7%
Total underground	3,541	3,572	3,579	-	1.1%	0.2%
LW Bogdanka S.A.	4,880	5,029	5,062	85.1%	3.7%	0.7%
RG Bogdanka Sp. z o.o.	671	643.0	682	11.5%	1.6%	6.1%
MR Bogdanka sp. z o.o.	105	103	103	1.7%	-1.9%	0.0%
EkoTrans Bogdanka sp. z o.o.	1	1	1	0.0%	0.0%	0.0%
Łęczyńska Energetyka Sp. z o.o.	94	103	99.0	1.7%	5.3%	-3.9%
LW Bogdanka Group	5,751	5,879	5,947.0	100.0%	3.4%	1.2%

*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 Brzeziczo 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:

- Adapting internal IT systems of Lubelski Węgiel Bogdanka S.A. to the methodologies developed
- 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.
- Accelerating the data aggregation process
- Standardizing the data collection method
- Improving efficiency of work of the people responsible for collecting data and calculating the carbon footprint.

In H1 2023, data analysis tasks were completed and implementation work began. By the end of Q2, the framework of an application dedicated to data collection had been built. The project is scheduled for completion in December 2023.

Bogdanka as a partner in key sustainable development initiatives of the Lublin Region

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.



In April 2023, LW Bogdanka signed letters of intent pertaining to cooperation in the establishment of the Lublin Hydrogen Cluster and the Lublin Circular Economy Cluster. Within the framework of the cooperation, the Partners will take measures to manage waste streams towards the production of other products or reduction of pollutant emissions.

The mission of the Lublin Hydrogen Cluster is to establish a permanent network of cooperation based on the transfer of knowledge, technology and innovative solutions. Particularly important will be the production of hydrogen by electrolysis using energy produced from renewable energy installations, taking into account the implementation of the Polish Hydrogen Strategy.

The thematic areas in which the Parties will operate include i hydrogen production and utilization using RES.

The cluster will connect businesses in the chemical and related industries.

In turn, the purpose of establishing the Lublin Circular Economy (CE) Cluster is to develop a business and technological environment and establish a permanent network of cooperation based on the transfer of knowledge, technology and innovative solutions.

This will be followed by the development of a business environment focused on achieving the goals of sustainable development policy and measures to improve environmental quality.



Environmental issues - [E]

Biodiversity

In 2023, the activities started in previous years in the field of biodiversity protection and stimulation, conducted in cooperation with the Foundation for Nature were continued, i.e.:

- Rare and vanishing animal species of the Lublin Region - whose main objective is to continue monitoring of potential breeding sites of the lesser spotted owl within the Polesie National Park and active protection of this species, among other things, through the installation of nesting baskets.
- Wandering of Lublin Cranes - whose main goal in 2023 will be to find and secure a minimum of 13 nests and monitor crane chicks to eliminate threats from predators and humans.
 To carry out this task, equipment will be used in the form of camera traps, thanks to which it will be possible to carry out monitoring during the breeding season. By May, 10 crane nests and 5 breeding pairs had been located. Monitoring in the form of camera traps has been installed.

As part of its cooperation with the Foundation for Nature, LW Bogdanka also became a Partner of the "Festival of Nature" which took place on 19-21 May 2023 in the Saski Park in Lublin. The event brought together expert naturalists, nature lovers, conservation institutions and NGOs promoting environmental protection activities including biodiversity or active species protection.



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 Pehod Nature Trail in the Polesie National Park, which will enable endangered bird species such as the common tern, little tern, to establish their colonies.



In May 2023, also with the Bird Horizons Foundation, cooperation was undertaken on a project entitled "Protection of the Black Tern (*Chlidonias Niger*) in key Natura 2000 sites in the Lublin region.

Its goal is to provide active protection for the black tern (*Chlidonias Niger*) in key Natura 2000 areas for the species in Lubelskie Voivodeship. The black tern is very quick to accept and eager to breed on artificial nesting platforms, and these sites provide the birds with higher breeding success.

The project will use precisely this proven method and will employ the artificial styrodur nests that have been used successfully for years in Germany and Poland.



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.

Currently, as part of the project, public consultations have been carried out, including surveys, meetings with residents and activities for students at local schools.

Preliminary results show that as many as 99% of respondents said such a space should be created.

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. In H1 2023, 120 students participated in educational activities on the nature trail.

Educational activities are 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 H1 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 deceased mine workers 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.

In the first half of 2023, the Foundation provided financial and in-kind support to 28 needy individuals and 5 organizations and institutions that asked the Foundation for help.

One of the establishments assisted was Primary School No. 3 from Sandomierz, at whose request specialized first aid kits were purchased.

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 Center where refugees are housed. Organization of collections and charity events

4. 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.

5. Based on an internal employee group, the Foundation has organized a collection of information about children of employees, or their families who need help. In this regard, a charity event is being prepared, the proceeds of which will be donated to reported and verified collections for children in need.

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.



6. Organization of the Mining Feast
 The Solidary Miners Foundation in Bogdanka together with the Founder: the Management Board of Lubelski Węgiel Bogdanka S.A. invited all employees and retirees of Lubelski Węgiel Bogdanka S.A. and employees of LW Bogdanka Group companies to a Mining Feast, which took place on 20 May 2023 at the Lublin Fair Hall. Participation in the feast was free of charge. Participants were treated to traditional foods and feast hits. During the evening, guests enjoyed concerts by invited stars Sławomir, Golec uOrkiestra and the Józef Polok Band from Silesia. The feast was organized as part of the celebration of the 40th anniversary of mining in the Lublin Coal Basin. The event was attended by 4,000 people.



7. The Bogdanka Socially Committed program has been transferred to the Solidary Miners Foundation since this year. It is a program that addresses the needs of the Company's socially engaged employees who are willing to act for the benefit of their community. After the amendment of the regulations, purchasing procedures were simplified, which made it much easier for initiative leaders to conduct projects. Funding was awarded to 18 employee initiatives, including for the purchase of specialized equipment for Voluntary Fire Brigade units in Cyców, Wierzbica, and Ciechanki, the organization of fit vacations in Wólka Tarnowska, and the creation of a school relaxation corner at School No. 2 in Łęczna.

Social issues - [S]

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 S.A. 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.

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 H1 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. 35 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 focuses 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 rEKOnstructor 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.



Social issues

- [S]

Involvement in the development of the social environment

“Active and fulfilled women” - second edition

April saw the launch of another edition of a social project aimed at women from the county of Łęczna. LW Bogdanka, together with its partners Stowarzyszenie Wspierania Aktywności, Stowarzyszenie Lubelski Klub Biznesu and Municipal Public Library in Puchaczów, prepared the project schedule and the subject matter of workshop modules and meetings. The project envisioned 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.

The first part of the project ended in June. The project completion was carried out in the form of a family picnic in the park where the Lachert Manor House is located.

In the spring part of the project, activities including personal development, career counseling, mentoring, tutoring, study visits and artistic expression were implemented. Based on

the evaluation survey, we have information that the female participants loved these forms of work, especially those in the area of personal development and soft skills.

Very popular were the handicraft workshops and tutoring based on the current needs of the women of the Rural Women's Associations. The participants are very satisfied and look forward to the second edition, which begins in September. The Active and Fulfilled II project will end on 1 December 2023.



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, which had its official inauguration in June, is aimed at recipients from the Puchaczów municipality in every age group. About 300 people will participate in the event.

The idea of animating the place - Ciechanki Manor House - is based on the idea of mutual benefit. The Manor House, as a place imbued with the creative identity of the interwar owners, will become a home open to young and older 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. As part of the photography workshops, there was a workshop on creative photography with Paweł Adamiec - Photographer / costume designer / visual artist for seniors. Women from the Senior Home in Bogdanka prepared designs for floral crowns, which later became the centerpiece of their photo shoots. The photos will be presented in the park surrounding the Lachert Manor House in September this year.



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.

Social issues - [S]

Involvement in the development of the social environment

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.

In the first call in 2023, 14 employees presented their activities and the committee awarded funding to 6 individual applications and one team application. The individual entries were dominated by sports, including shooting, soccer and figure skating.

In the Animal Husbandry category, funding went to a breeder of exotic birds who plans to hold meeting with children in educational classes starting in September.

As part of the presentation of Active, 7 videos were made about each of the 2022 winners of the 3rd edition.

Every Friday, LWB's social media published several-minute presentations of activities and achievements which enjoyed great interest among employees.



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

The gala summing up the second edition of the Scholarships took place on 2 March 2023. 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. 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 Cultural Scholarships in Chatka 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 addition, in March 2023, the call for projects for the next edition of the scholarships was launched, ended in May. In June 2023, 19 artists and culture managers affiliated with Lublin's academic center received Bogdanka Cultural Scholarships. The scholarships were awarded to young authors of the best projects related to artistic activities and activities related to the dissemination of culture in areas such as music, dance, theater, film or visual

arts.

The awards in the third edition of this competition were presented in Chatka Żaka by the Rector of the Maria Curie-Skłodowska University in Lublin, Radosław Dobrowolski, the Vice-President of LW Bogdanka, Artur Wasilewski, and Izabela Pastuszko, Director of the Chatka Żaka Academic Cultural and Media Center of the Maria Curie-Skłodowska University.

Creative scholarships in the amount of 2.5 to 7 thousand zlotys are awarded to individuals under the age of 30. Their goal is to support the individual development of young artists and culture managers from the Lubelskie Voivodeship and to increase the availability of artistic events and activities.



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, Krasnostaw 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.

The Compliance Department is also currently working to systematize the existing regulations directly related to broadly defined corrupt practices (among others, in the Code of Ethics) and to develop a new comprehensive document regulating corruption issues, i.e. the Anti-Corruption Policy.

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 'equitable 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 and project proposals for their environmental and social impact.

The Company's ESG Strategy initiatives are also an important part of the adopted Development Strategy of LW Bogdanka Group until 2030 (with an outlook to 2040).

Responsible Company Ranking

In June 2023, Bogdanka's representatives received an award for taking second place in the sector classification (energy, fuels and mining sector) in the Ranking of Responsible Companies. The Company was ranked 8th overall. The ranking makes it possible to compare performance in specific areas of management between

companies, and is a valuable instrument to help organize and develop corporate responsibility strategies. This year's edition attracted 70 companies, and 100 businesses expressed interest. Ultimately, more than 60 companies qualified for the main ranking.

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 H1 2023, three meetings of the Scientific Council were held:

- as part of the first meeting of the Council, its members gave their opinion on the "Łęczynski Energy Cluster" project, issuing positive recommendations.
- as part of the second meeting, its members discussed the project initiated by the Mining and Energy Economy Research Institute 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
- as part of the third meeting, council members consulted on the Company's concession plans.

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

[000 tons]	Q2 2022	Q2 2023	Change	Percentage change	H1 2022	H1 2023	Change	Percentage change
Gross coal production	3,833	2,684	-1,149	-30.0%	7,700	5,653	-2,047	-26.6%
Production of commercial coal	2,761	1,643	-1,118	-40.5%	5,570	3,266	-2,304	-41.4%
Mining yield (%)	72.0%	61.2%	-10.8 p.p.	-15.0%	72.3%	57.8%	-14.5 p.p.	-20.1%
Sales of commercial coal	2,521	1,480	-1,041	-41.3%	5,237	3,062	-2,175	-41.5%
New roadways (km)	9.8	8.2	-1.6	-16.3%	18.4	16.7	-1.7	-9.2%

Company's commercial coal inventories

[000 tons]	30.06.2022	31.12.2022	30.06.2023	Change [%] 30.06.2023 / 31.12.2022	Change [%] 30.06.2023 / 30.06.2022
Coal inventories	354	22	226	927.3%	-36.2%

Commercial coal production structure

[%]	Q2 2022	Q2 2023	H1 2022	H1 2023
Fine coal	98.5%	99.4%	98.9%	98.7%
Chestnut coal	0.0%	0.2%	0.0%	1.0%
Pea coal	1.5%	0.4%	1.1%	0.3%
Total	100.0%	100.0%	100.0%	100.0%

The Group's operating results were under pressure from force majeure geological events in late 2022 and during the first half of 2023, as well as high input prices.

The negative impact of the aforementioned factors was partially mitigated by higher coal prices in commercial contracts

Coal production

(-) gross coal production in H1 2023 decreased by 26.6%, i.e. by 2,047 thousand tons
 (-) commercial coal production in H1 2023 was 3,266 thousand tons, down 2,304 thousand tons from the corresponding period of 2022
 (-) yield in H1 2023 was 57.8%, compared to 72.3% in H1 2022

Sales of coal

(-) coal sales in Q2 2023 decreased 41.3% compared to Q2 2022
 (-) commercial coal sales in H1 2023 was 3,062 thousand tons, down 41.5% from the corresponding period of 2022

Inventories

(+) at the end of Q2 2023, coal inventories totaled 226 thousand tons, up 204 thousand tons from 31 December 2022
 (+) the coal inventories presented at the end of Q2 2023 corresponds approximately to eleven days of commercial coal production (based on 6-month average daily production)

(+) inventory levels allow for safe operation of the logistics processes in the event of coal production problems.

Commercial coal production structure

(+) the share of production of fine coal sold to industrial customers was maintained
 (-) In Q2 2023 as well as in the entire H1 2023, the decrease in the share of pea coal in the production mix is related to lower sales to retail customers.

Sales revenues and main customers of the LW Bogdanka Group

Changes in sales revenue on various items

[PLN thousand]	Q2 2022	Q2 2023	Change	Percentage change	H1 2022	H1 2023	Change	Percentage change
Sales of coal	712,118	865,433	153,315	21.5%	1,423,729	1,780,993	357,264	25.1%
Other business	12,664	15,309	2,645	20.9%	26,743	37,364	10,621	39.7%
Sales of goods and materials	6,039	3,660	-2,379	-39.4%	12,117	6,723	-5,394	-44.5%
Total	730,821	884,402	153,581	21.0%	1,462,589	1,825,080	362,491	24.8%

Structure of revenues

[%]	Q2 2022	Q2 2023	H1 2022	H1 2023
Sales of coal	97.4%	97.9%	97.4%	97.6%
Other business	1.7%	1.7%	1.8%	2.0%
Sales of goods and materials	0.9%	0.4%	0.8%	0.4%
Total	100.0%	100.0%	100.0%	100.0%

Geographical structure of sales revenues

[PLN thousand]	Q2 2022	Structure	Q2 2023	Structure	H1 2022	Structure	H1 2023	Structure
Domestic sales	719,804	98.5%	884,402	100.0%	1,386,217	94.8%	1,825,080	100.0%
Foreign sales	11,017	1.5%	0	0.0%	76,372	5.2%	0	0.0%
Total	730,821	100.0%	884,402	100.0%	1,462,589	100.0%	1,825,080	100.0%

Revenue from sales of coal

(+) in Q2 2023, the Group earned PLN 865,433 thousand in revenue from sales of coal, up 21.5% compared to Q2 2022

(+) in H1 2023, revenue from sales of coal amounted to PLN 1,780,993 thousand compared to PLN 1,423,729 thousand in H1 2022, a y/y increase of 25.1%.
 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 97-98% of the sales revenue generated by the LW Bogdanka Group in each of the comparative reporting periods.

Revenues on other activity

In Q2 2023, revenue from other operations (which includes, among others, revenues of subsidiaries earned outside the LW Bogdanka Group) amounted to PLN 15,309 thousand, compared to PLN 12,664 thousand in the corresponding period of 2022, up 20.9% 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.

In H1 2023, revenue from other operations amounted to PLN 37,364 thousand, compared to PLN 26,743 thousand in the corresponding period of the year before. The increase in the revenues in this group is attributable to higher revenues of the Parent Company from transport fees and revenues of subsidiaries from services

provided outside the LW Bogdanka Group. The lower value of revenue from sales of goods and materials is a derivative of lower 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 H1 2023 the company did not sell coal abroad, while in H1 2022, coal sales to foreign countries (Ukraine) were made through an intermediary coal entity. Steam coal exports to Ukraine in H1 2022 were carried out on the basis of export contracts concluded in 2021.

Main customers

Approx. 93% of coal sales (in value terms) during the first half of 2023 were between LW Bogdanka S.A. and 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. 16.0 p.p. lower.

Major customers by percentage of revenue:

- Enea Wytwarzanie sp. z o.o. - Grupa Enea S.A. - approx. 76% share in revenues
- Enea Elektrownia Połaniec S.A. - Grupa Enea S.A. - approx. 13% share in revenues

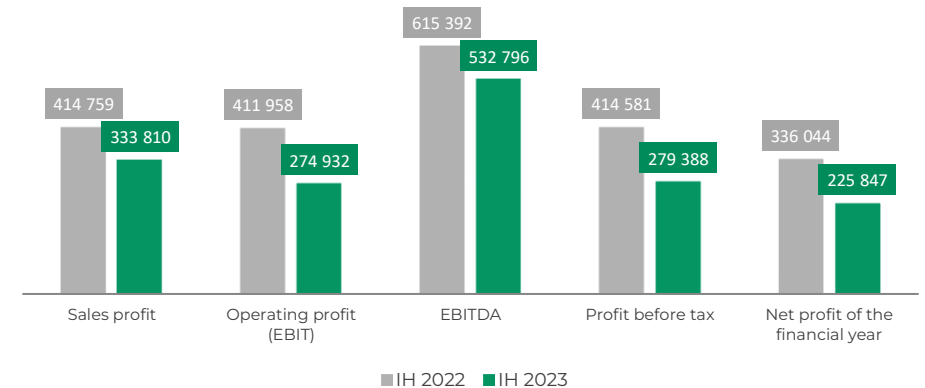
Key financial results of the LW Bogdanka Group

Analysis of the consolidated statement of profit or loss

[PLN thousand]	Q2 2022	Q2 2023	Change	H1 2022	H1 2023	Change
Sales revenues	730,821	884,402	21.0%	1,462,589	1,825,080	24.8%
Cost of products, goods and materials sold, selling and distribution expenses, and administrative expenses	496,882	739,012	48.7%	1,047,830	1,491,270	42.3%
Sales profit	233,939	145,390	-37.9%	414,759	333,810	-19.5%
Gross return on sales	32.0%	16.4%	-15.6 p.p.	28.4%	18.3%	-10.1 p.p.
Other revenues	213	358	68.1%	1,040	1,377	32.4%
Other costs	283	4,869	1,620.5%	904	5,769	538.2%
Net operating profit	233,869	140,879	-39.8%	414,895	329,418	-20.6%
Other net losses	-1,562	-21,699	1,289.2%	-2,937	-54,486	1,755.2%
Operating profit (EBIT)	232,307	119,180	-48.7%	411,958	274,932	-33.3%
EBIT margin	31.8%	13.5%	-18.3 p.p.	28.2%	15.1%	-13.1 p.p.
EBITDA	338,885	241,168	-28.8%	615,392	532,796	-13.4%
EBITDA margin	46.4%	27.3%	-19.1 p.p.	42.1%	29.2%	-12.9 p.p.
Financial income	7,129	9,389	31.7%	9,385	17,021	81.4%
Financial costs	2,952	5,723	93.9%	6,762	12,565	85.8%
Profit before tax	236,484	122,846	-48.1%	414,581	279,388	-32.6%
Profit margin before tax	32.4%	13.9%	-18.5 p.p.	28.3%	15.3%	-13.0 pp
Income tax	43,634	23,164	-46.9%	78,537	53,541	-31.8%
Net profit of the financial year	192,850	99,682	-48.3%	336,044	225,847	-32.8%
Net profitability	26.4%	11.3%	-15.1 pp	23.0%	12.4%	-10.6 pp



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



Key financial results LW Bogdanka Group

Sales revenues

Sales revenues in Q2 2023 increased by 21.0% compared to the corresponding period of last year and stood at PLN 884,402 thousand. In H1 2023, the Group generated revenue in the amount of PLN 1,825,080 thousand compared to PLN 1,462,589 thousand in the corresponding period of 2022 (24.8% increase).

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

In Q2 2023, the cost of products, materials and goods sold, and selling and distribution and administrative expenses amounted to PLN 739,012 thousand and were higher by PLN 242,130 thousand compared to the corresponding period of the previous year, when they stood at PLN 496,882 thousand. In H1 2023, the cost of products, materials and goods sold, and selling and distribution and administrative expenses increased from PLN 1,047,830 thousand to PLN 1,491,270 thousand compared to H1 of the previous year.

Sales profit

In Q2 2023, sales profit amounted to PLN 145,390 thousand, compared to PLN 233,939 thousand in the corresponding period of 2022. In H1 2023 the Group generated sales profit in the amount of PLN 333,810 thousand compared to PLN 414,759 thousand in the same period of 2022.

Other revenues

Other revenues in H1 2023 amounted to PLN 1,377 thousand versus PLN 1,040 thousand a year earlier. The slight increase compared to 2022

is mainly due to a higher amount of compensation received with slightly lower excise tax refunds.

Other costs

Other expenses in H1 2023 amounted to PLN 5,769 thousand, compared to PLN 904 thousand in the same period of 2022 – the increase is primarily due to the much higher amount of donations.

Other net losses

Other net losses were PLN 21,699 thousand in Q2 2023, compared to PLN 1,562 thousand in Q2 2022. Other net losses were PLN 54,486 thousand in H1 2023, compared to PLN 2,937 thousand in H1 2022, which is related to the recognition of an impairment charge for property, plant and equipment (PLN 50,370 thousand).

EBIT

The operating result in Q2 2023 amounted to PLN 119,180 thousand. At the same time EBITDA profitability amounted to 13.5%, which is 18.3 p.p. less than in Q2 of the previous year. EBIT profitability for H1 2023 was 13.1 p.p. lower than in H1 2022, and stood at 15.1%. In H1 2023, EBIT amounted to PLN 274,932 thousand, compared to PLN 411,958 thousand for H1 2022.

EBITDA

EBITDA in Q2 2023 decreased by 28.8% compared to Q2 2022 and amounted to PLN 241,168 thousand. EBITDA profitability in Q2 2023 was lower than that achieved in the corresponding period of 2022 and amounted to 27.3%. In H1 2023 the Group achieved EBITDA profitability of 29.2%, 12.9 p.p. lower than in the same period of 2022 (EBITDA decreased by 13.4% in the period under analysis). EBITDA in H1 2023 was PLN 532,796 thousand, compared to PLN 615,392 thousand in H1 2022.

Financial income

Financial income in Q2 2023 amounted to PLN 9,389 thousand, compared to PLN 7,129 thousand in Q2 2022. Financial income in H1 2023 amounted to PLN 17,021 thousand versus PLN 9,385 thousand a year earlier. Financial income in H1 2023 consists primarily of interest income from short-term bank deposits (in the amount of PLN 12,342 thousand) and interest on the Mine Closure Fund (in the amount of PLN 4,394 thousand).

Financial costs

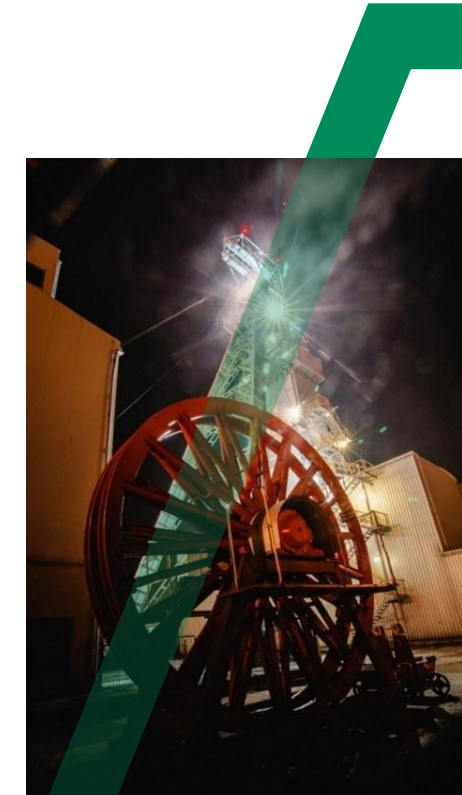
Financial costs for Q2 2023 were 93.9% higher than in the corresponding period of 2022 and amounted to PLN 5,723 thousand. Financial costs in H1 2023 amounted to PLN 12,565 thousand compared to PLN 6,762 thousand in the same period of 2022. The increase in financial costs is due to the inclusion of higher interest expenses from valuation of employee benefits and the settlement of the discount relating to the provision for the Mine Closure Fund. As at 30 June 2023, the Group had total debt of PLN 3,349 thousand, compared to PLN 4,885 thousand as at 31 December 2022.

Profit before tax

In Q2 2023, the Group recorded a profit before tax of PLN 122,846 thousand compared PLN 236,484 thousand in Q2 2022. Profit before tax for H1 2023 amounted to PLN 279,388 thousand, compared to PLN 414,581 thousand in the corresponding period of 2022.

Net profit for the period

In Q2 2023, the Group recorded a net profit of PLN 99,682 thousand compared to PLN 192,850 thousand in Q2 2022. The Group's net profit for H1 2023 amounted to PLN 225,847 thousand, compared to PLN 336,044 thousand in the corresponding period of the previous financial year.



LW Bogdanka Group's balance sheet

Balance sheet

[PLN thousand]	31.12.2022	30.06.2023	Change
Total assets	4,818,709	5,253,269	9.0%
Return on assets (ROA)*	3.7%	1.3%	-2.4 pp
Non-current assets	3,880,528	3,920,080	1.0%
Current assets	938,181	1,333,189	42.1%
Equity	3,707,664	3,842,970	3.6%
Return on equity (ROE)*	4.8%	1.7%	-3.1 pp
Provisions and liabilities	1,111,045	1,410,299	26.9%

*the calculation takes into account the net result for the last four quarters and the average level of assets and equity (as at 30 June 2023 + as at 31 December 2022)/2.

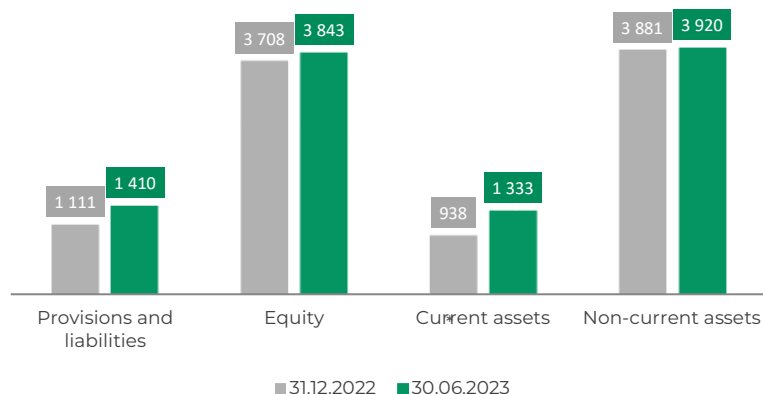
Assets

Total assets as at 30 June 2023 compared to the value as at 31 December 2022 increased by PLN 434,560 thousand and amounted to PLN 5,253,269 thousand, with non-current assets increasing by PLN 39,552 thousand and current assets by PLN 395,008 thousand. In non-current assets, the most significant change is a PLN 36,979 thousand increase in property, plant and equipment. Among current assets, the most significant change is the increase in trade and other receivables by PLN 199,608 thousand and cash and cash equivalents by PLN 159,206 thousand. As at 30 June 2023, return on assets (ROA) was 1.3%, compared to 3.7% at the end of 2022.

Equity and liabilities

Equity increased by 3.6%. This was a result of the total income received for H1 2023 and the settlement of the result for 2022. Provisions and liabilities increased by 26.9% compared to the value as at 31 December 2022, with current liabilities increasing by 69.0% (primarily due to an increase in employee benefit liabilities, trade and other liabilities, and dividend liabilities, and non-current liabilities decreasing marginally by 1.6% (primarily due to a decrease in deferred tax liabilities). As at 30 June 2023, return on equity decreased by 3.1 p.p. compared to the end of 2022. As at 30 June 2023 the ratio stood at 1.7%, compared to 4.8% as at 31 December 2022.

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



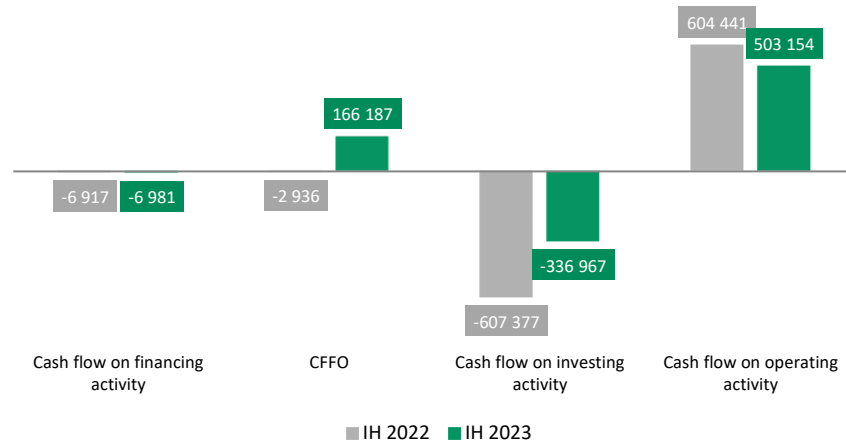
LW Bogdanka Group's cash flows

Cash position

[PLN thousand]	Q2 2022	Q2 2023	Change	H1 2022	H1 2023	Change
Cash flow on operating activity	281,087	349,585	24.4%	604,441	503,154	-16.8%
Cash flow on investing activity	-143,917	-183,698	27.6%	-607,377	-336,967	-44.5%
CCFO*	137,170	165,887	20.9%	-2,936	166,187	-
Cash flow on financing activity	-3,401	-3,644	7.1%	-6,917	-6,981	0.9%

* sum of operating and investment cash flows

Cash flow analysis (PLN thousand)



Cash position

Cash flow on operating activity

In Q2 2023, the Group generated PLN 24.4% higher net cash flow on operating activity than in Q2 2022 - in Q2 2023, it amounted to PLN 349,585 thousand compared to PLN 281,087 thousand a year earlier.

In H1 2023, the LW Bogdanka Group generated PLN 503,154 thousand in cash flow on operating activity (-16.8% y/y). The reported decrease is primarily due to changes in working capital with a decrease in net result.

Cash flow on financing activity

In Q2 2023 the Group recorded negative cash flow on financing activity in the amount of PLN 3,644 thousand.

In H1 2023 the Group recorded negative cash flow on financing activity in the amount of PLN 6,981 thousand. The predominant items were payments of lease liabilities.

Cash flow on investing activity

Cash flow on investing activity increased (in absolute terms) by 27.6% (to PLN 183,698 thousand) in Q2 2023 compared to the corresponding period of 2022.

During the period under analysis, there were primarily higher expenditures on acquisition of property, plant and equipment.

In H1 2023, cash flows on investing activities decreased (in absolute terms) by 44.5%, i.e. from PLN 607,377 thousand to PLN 336,967 thousand.

In H1 2022, the Parent Company had a term deposit (in the amount of PLN 250,000 thousand) with a maturity of more than 3 months, while there were no such expenses in 2023.

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 thousand]	31.12.2022	30.06.2023	Change
Total debt ratio	23.1%	26.8%	3.7 pp
(Debt plus employee liabilities)/EBITDA ratio*	0.38	0.64	68.4%
Net debt/EBITDA ratio*	-0.77	-1.20	55.8%
Debt to equity ratio	30.0%	36.7%	6.7 pp
Fixed capital to non-current assets ratio (non-current assets/fixed capital)	108.6%	110.7%	2.1 p.p.
Short-term debt ratio (current liabilities/liabilities)	9.3%	14.5%	5.2 pp
Long-term debt ratio (non-current liabilities/liabilities)	13.7%	12.4%	-1.3 pp

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

	31.12.2022	30.06.2023	Change
Current liquidity ratio	2.15	1.78	-17.2%
Quick liquidity ratio	1.70	1.39	-18.2%

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

The total debt ratio as at 30 June 2023 increased by 3.7 pp compared to 31 December 2022 to 26.8% - the increase in the total debt was greater than the change in the balance sheet value.

The debt to equity ratio as at 30 June 2023 increased by 6.7 p.p. from 31 December 2022 and amounted to 36.7% - liabilities increased by approximately PLN 300 million and equity increased by approximately PLN 135 million.

Fixed capital to non-current assets ratio

The ratio of coverage of non-current assets with fixed capital reached 110.7% (as at 30 June 2023) compared to 108.6% (as at 31 December 2022) - in the period under analysis the value of non-current assets increased by approx. PLN 40 million while the value of fixed capital (the sum of equity and non-current liabilities without provisions) increased by approx. PLN 124 million.

As at 30 June 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 cash balances at an appropriate level.

Debt plus employee liabilities/EBITDA

The ratio describing the ratio of debt to EBITDA at the end of Q2 2023 increased by 68.4% and stood at 0.64. Comparing the data as at 30 June 2023 to 31 December 2022, there was a drop in EBITDA (calculated on a rolling basis for the last four quarters) while the debt and employee benefits increased.

Net debt/EBITDA

The indicator describing the ratio of net debt (total interest-bearing short- and long-term liabilities less cash and cash equivalents) to EBITDA increased, in absolute terms, from -0.77 as at 31 December 2022 to -1.20 as at 30 June 2023. Net debt increased by approximately PLN 161 million and amounted to PLN -631 million with EBITDA decreasing by approximately PLN 83 million to PLN 527 million (EBITDA calculated on a rolling basis for the last four quarters).

Debt to equity ratio

Turnover of receivables and liabilities in the LW Bogdanka Group

Turnover ratios

[PLN thousand]			31.12.2022	30.06.2023	Change
1. Inventory turnover ratio	$\frac{\text{average balance of inventories}}{\text{cost of sales}} \times$	number of days in the period	26	32	23.1%
2. Receivables turnover ratio*	$\frac{\text{average balance of receivables}}{\text{sales revenues}} \times$	number of days in the period	39	30	-23.1%
3. Liabilities turnover ratio**	$\frac{\text{average balance of liabilities}}{\text{cost of goods and materials sold}} \times$	number of days in the period	71	58	18.3%
4. Operating cycle	1+2		65	62	4.6%
5. Cash conversion cycle	4-3		-6	4	-166.7%

* Trade and other receivables

** Trade and other liabilities

Inventory turnover ratio

The inventory turnover ratio as at 30 June 2023 increased from 31 December 2022 and is 32 days.

On average, it takes 6 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 30 days (as at 30 June 2023) compared to 39 days (as at 31 December 2022).

During the period under analysis, there was a higher average balance of receivables with a decrease in revenues.

Liabilities turnover ratio

The liabilities turnover ratio (calculated on the basis of the balance sheet item "Trade and other liabilities") during the period covered by the financial information decreased by 13 days to 58 days compared to the value at the end of 2022.

In the period under analysis, the Group recorded a relatively lower level of liabilities when compared to the level of costs incurred.

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 3 days and amounted to 62 days. On average, the Group's current assets are liquidated after 62 days.

Cash conversion cycle

The changes described above resulted in achieving a cash conversion cycle of 4 days as at 30 June 2023. A positive value of the ratio means that the Group does not use trade credit.

LW Bogdanka Group's provisions

Balance sheet provisions [PLN thousand]	As at 30.06.2022	As at 31.12.2022	As at 30.06.2023	Change 30.06.2023/ 31.12.2022	Change 30.06.2023/ 30.06.2022
Employee provisions	221,001	229,813	334,231	45.4%	51.2%
Provision for mine decommissioning and land reclamation costs	129,994	155,452	155,621	0.1%	19.7%
Mining damage	5,549	6,844	2,326	-66.0%	-58.1%
Other	6,368	5,902	9,405	59.4%	47.7%
Total	362,912	398,011	501,583	26.0%	38.2%

Total provisions as at 30 June 2023 amounted to PLN 501,583 thousand, an increase of 26.0% compared to 31 December 2022.

Change in provisions [PLN thousand]	Change Q2 2022	Change Q2 2023	Change Q2 2023/ Q2 2022	Change in H1 2022	Change in H1 2023	Change H1 2023/ H1 2022
Employee provisions	-9,690	70,842	-	10,366	104,418	907.3%
Provision for mine decommissioning and land reclamation costs	-167	3,289	-	-408	169	-
Mining damage	-459	-1,266	175.8%	-833	-4,518	442.4%
Other	-13,898	-502	-96.4%	-12,436	3,503	-
Total	-24,214	72,363	-	-3,311	103,572	-

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

[PLN thousand]	Change in provisions in H1 2023	Change recognized in operating activities (EBITDA)	Including:			
			Change recognized below operating profit - interest	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	104,418	119,563	5,778	-	3,077	-24,000
Provision for mine decommissioning and land reclamation costs	169	815	4,776	-5,422	-	-
Mining damage	-4,518	-	-	-	-	-4,518
Other	3,503	3,663	-	-	-	-160
Total	103,572	124,041	10,554	-5,422	3,077	-28,678

[PLN thousand]	Changes in provisions in Q2 2023	Change recognized in operating activities (EBITDA)	Including:			
			Change recognized below operating profit - interest	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	70,842	75,273	2,911	-	3,077	-10,419
Provision for mine decommissioning and land reclamation costs	3,289	419	2,388	482	-	-
Mining damage	-1,266	-	-	-	-	-1,266
Other	-502	-472	-	-	-	-30
Total	72,363	75,220	5,299	482	3,077	-11,715

Costs and expenses of LW Bogdanka S.A.

Costs by nature

[PLN thousand]	Q2 2022	Q2 2023	Change	H1 2022	H1 2023	Change
Net production [000 tons]	2,761	1,643	-40.5%	5,570	3,266	-41.4%
Sales [000 tons]	2,521	1,480	-41.3%	5,237	3,062	-41.5%
Depreciation and amortization	97,797	96,215	-1.6%	190,517	199,567	4.8%
Consumption of materials and energy	185,092	311,396	68.2%	350,237	615,751	75.8%
External services	144,289	173,970	20.6%	285,770	325,357	13.9%
Employee benefits	169,347	196,463	16.0%	339,737	456,633	34.4%
Representation and advertising costs	2,237	5,537	147.5%	6,629	9,983	50.6%
Taxes and charges	12,105	11,127	-8.1%	28,675	25,063	-12.6%
Other costs	875	471	-46.2%	2,023	3,879	91.7%
Total costs by nature	611,742	795,179	30.0%	1,203,588	1,636,233	35.9%
Cost of producing services for the entity's proprietary needs	-107,293	-111,163	3.6%	-198,400	-228,212	15.0%
Accruals	43,367	41,496	-4.3%	70,018	33,519	-52.1%
Provisions and other presentation adjustments between expense by nature and by function	-12,872	80,952	-728.9%	18,952	131,583	594.3%
Total production costs	534,944	806,464	50.8%	1,094,158	1,573,123	43.8%
Change in products	-41,932	-65,635	56.5%	-57,084	-85,623	50.0%
Cost of goods and materials sold	6,034	3,627	-39.9%	12,086	6,623	-45.2%
Cost of goods sold, including:	499,046	744,456	49.2%	1,049,160	1,494,123	42.4%
Cost of sales	454,478	681,246	49.9%	958,539	1,374,337	43.4%
Selling and distribution expenses	11,550	15,078	30.5%	21,708	25,616	18.0%
Administrative expenses	33,018	48,132	45.8%	68,913	94,170	36.7%

Q2 2023

Costs by nature

In Q2 2023, LW Bogdanka S.A. incurred costs by nature of PLN 795,179 thousand (PLN +183,437 thousand y/y), i.e. 30.0% more than in Q2 2022. The increase in costs in Q2 2023 was mainly due to higher costs of consumption of materials and energy, external services and employee benefits.

Depreciation and amortization

Depreciation and amortization decreased by 1.6% (to PLN 96,215 thousand), with a similar level of natural depreciation and amortization in both analyzed periods.

Costs of consumed materials and energy

The cost of materials and energy consumed in Q2 2023 compared to Q2 2022 increased by 68.2% and amounted to PLN 311,396 thousand.

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

External services

The value of costs of external services increased by 20.6% compared to Q2 2022 and amounted to PLN 173,970 thousand. During the period under analysis, the scope of services outsourced to third-party companies changed and prices increased.

Employee benefits

The value of employee benefits in Q2 2023 increased by PLN 27.1 million. This is the result of an increase in salaries agreed with the trade unions (and 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 PLN 3.3 million follows from the performance of the current payment schedule under sponsorship agreements.

Taxes and charges

The decrease in taxes and charges by approx. PLN 1.0 million is mainly due to a decrease in the mining fee.

Other costs

The decrease in other costs by PLN 0.4 million is due to lower compensation for mining damage.

Costs and expenses of LW Bogdanka S.A.

H1 2023

Costs by nature

In H1 2023, LW Bogdanka S.A. incurred costs by nature of PLN 1,636,233 thousand, i.e. 35.9% (+PLN +432,645 thousand) more than in the corresponding period of 2022. The increase in costs in the period under analysis was mainly due to higher costs of consumption of materials and energy, external services and employee benefits.

Depreciation and amortization

The value of depreciation increased by 4.8% (to PLN 199,567 thousand) - the value of natural depreciation and amortization increased (by approx. PLN 10 million), which results from the higher value of the construction of longwall galleries depreciated during longwall mining.

Consumption of materials and energy

The total value of the costs of consumed materials and energy increased by 75.8% compared to H1 2022 and amounted to PLN 615,751 thousand. During the period under analysis, the cost of electricity consumption increased significantly, and the value of materials consumed increased (which is primarily due to an increase in the prices).

Taxes and charges

The decrease in taxes and charges by approx. PLN 3.6 million is mainly due to a decrease in the mining fee, with a higher value of property tax.

External services

The value of external services for H1 2023 compared to the corresponding period in 2022 increased from PLN 285,770 thousand to PLN 325,357 thousand (+13.9%). During the period under analysis, the scope of works outsourced to third-party companies changed and prices increased.

Employee benefits

The value of employee benefits in H1 2023, compared to the corresponding period of 2022, increased by PLN 116,896 million. This is the result of an increase in salaries agreed with the trade unions, disbursement of bonuses for employees and obligatory charges, as well as higher other employee benefits.

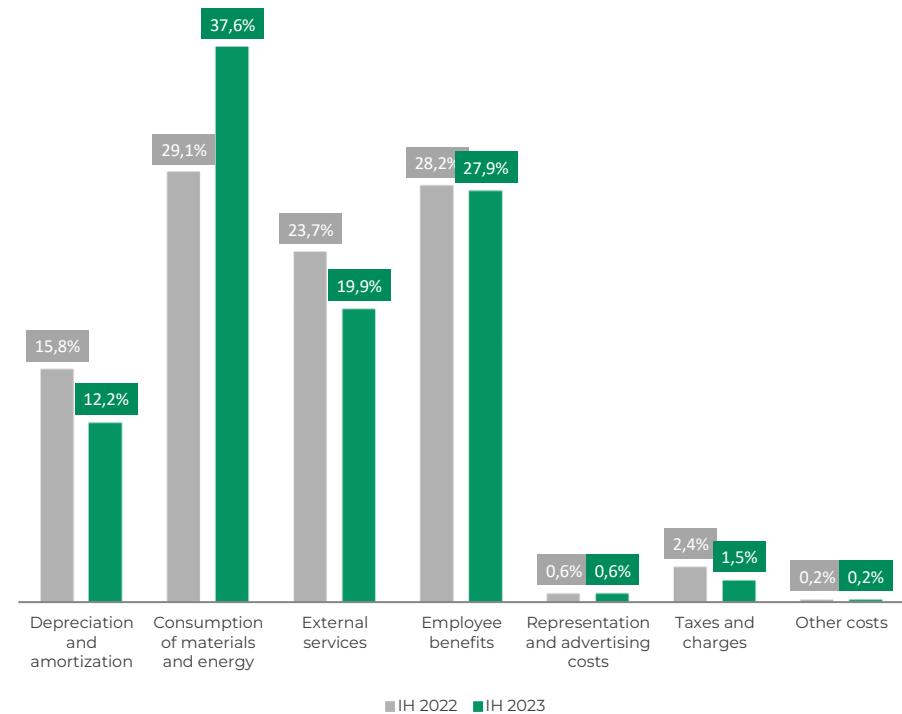
Representation and advertising costs

The increase in the value of representation and advertising expenses by PLN 3.4 million follows from the performance of the current payment schedule under sponsorship agreements.

Other costs

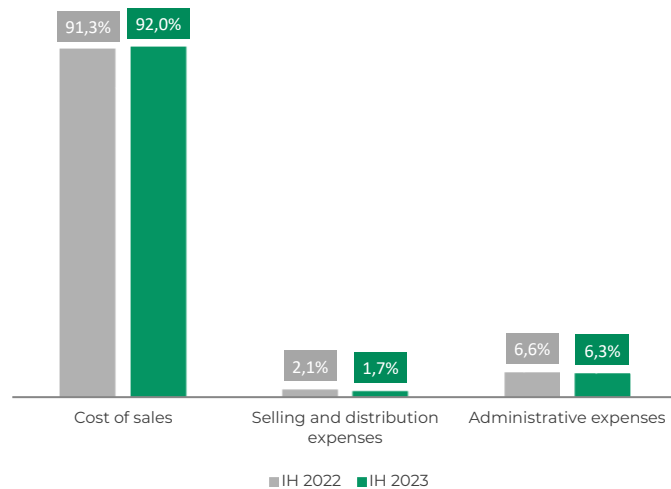
The increase in other costs by PLN 1.9 million is due to higher compensation for mining damage.

Costs by type
(% share of total costs)



Costs and expenses of LW Bogdanka S.A.

Costs by function
 (% share of total costs)



Costs by function

Cost of goods sold (by function) in Q2 2023 amounted to PLN 744,456 thousand, while in the corresponding period of the previous year it amounted to PLN 499,046 thousand.

Cost of goods sold (by function) in H1 2023 amounted to PLN 1,494,123 thousand and was 42.4% (PLN +444,963 thousand) higher than the cost incurred in the corresponding period of 2022.

[PLN thousand]	Q2 2022	Q2 2023	Change	H1 2022	H1 2023	Change
Cost of sales	454,478	681,246	49.9%	958,539	1,374,337	43.4%
Selling and distribution expenses	11,550	15,078	30.5%	21,708	25,616	18.0%
Administrative expenses	33,018	48,132	45.8%	68,913	94,170	36.7%
Cost of goods sold	499,046	744,456	49.2%	1,049,160	1,494,123	42.4%

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). At the time of preparing the information, there are no indications that there is a risk that the Company will not be able to meet its liabilities in the future.

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 30 June 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 June 2023 amounted to PLN 789,469 thousand, of which:

- PLN 155,204 thousand was shown in non-current assets
- PLN 634,265 thousand was shown in current assets.

The amount of PLN 155,204 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 634,265 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 609,976 thousand and in subsidiaries to PLN 24,289 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 Interim Condensed Consolidated Financial Statements for the period from 01 January 2023 to 30 June 2023.

Evaluation of factors and unusual events affecting the operating result

As for the operations conducted in the period under analysis, in H1 2023 and until the publication date of this Consolidated Report for H1 2023, the following material event 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. The Parent Company has taken a number of steps to thoroughly investigate the causes and determine the risks surrounding the incident. In particular, advanced hydrogeological and geomechanical analyses and expert studies have been commissioned to develop the best course of action and identify the risks associated with further mining and technical work in the area.

The exact magnitude of the aforementioned event and its impact on consolidated operating and financial results are still unknown, however it should be expected that some of the machinery and equipment located in longwall 3/VII/385 may have been lost, and therefore their value may have been impaired. Therefore, with a prudent

approach in mind and the desire to adequately reflect this event in the consolidated financial result of the first half of 2023, the Parent Company recognized an impairment loss in the total amount of PLN 48.5 million (with respect to machinery and equipment, as well as parts of the longwall roadways located in the area of the event).

Dividend decision

On 29 June 2023 the Company's Ordinary Shareholder Meeting adopted a resolution on the payment of dividends to the Company's shareholders, allocating for this purpose the amount of PLN 87,755 thousand (PLN 2.58 per share) from the net profit for 2022. The dividend was paid on 21 July 2023.

Information on financial instruments, bonds

Information on financial derivatives

As at 30 June 2023, the Parent Company had no open derivative transactions.

Bonds

As at 30 June 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 H1 2023, amounted to PLN 5,327 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 H1 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 value of the claim is about PLN 32 million. The judgment is not final. On 14 February 2023, the Company filed an appeal against the above judgment. The Company disagrees with the verdict, and filed an appeal against the judgment of the Court of First Instance, challenging it in the part accepting the claim.

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 Q2 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 Q2 2023, the Parent Company did not grant (or receive) any sureties.

Transactions with related parties

In Q2 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 31 of the Interim Condensed Consolidated Financial Statements for H1 2023.

Guarantees extended by LW Bogdanka S.A.

In Q2 2023 the Parent Company did not instruct banks to issue any guarantees.

Loans taken

In Q2 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 30 June 2023, Łęczyńska Energetyka Sp. z o.o. did not use any external sources to fund its operations.

In H1 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.

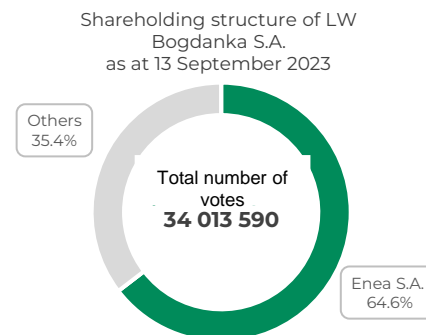
On 18 June 2022, a letter of intent was signed in the Parent Company's headquarters regarding the sale of shares in Lubelski Węgiel "Bogdanka" S.A. by ENEA S.A. to the State Treasury. According to its contents, ENEA S.A. and the Ministry of State Assets will cooperate in the preparation and execution of the share purchase transaction. The letter of intent assumes that the State Treasury will purchase from ENEA S.A. a total of 21,962,189 shares in the Parent Company. The acquisition of the Parent Company's shares by the State Treasury is planned for the end of Q3 2023.

Treasury shares

LW Bogdanka S.A. and LW Bogdanka S.A.'s subsidiaries did not purchase any treasury shares in H1 2023.

Changes in the shareholder structure before and by report date

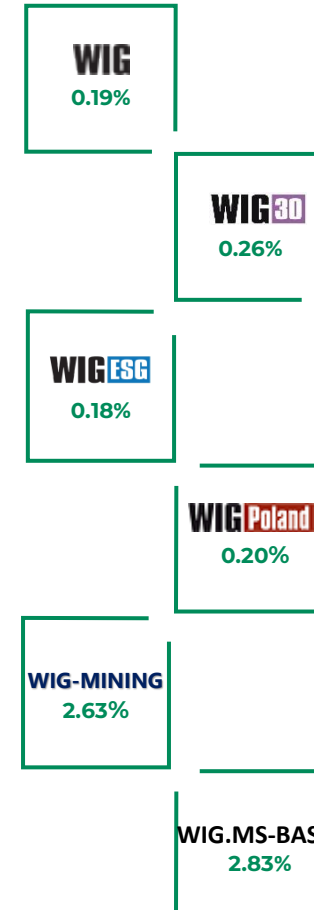
According to the information available to the Parent Company, in the period from the publication of the previous interim report, i.e. the report for Q1 2023, to the date of publication of the report for H1 2023, there were no changes in the ownership structure of significant shareholdings.



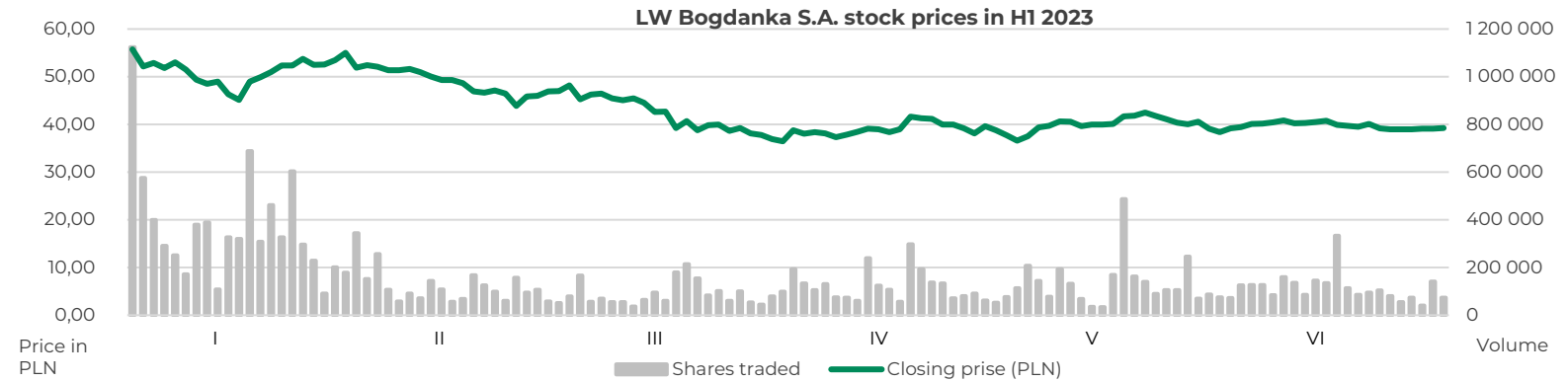
Participation of LW Bogdanka S.A.'s shares in indices

The Company was floated on the Warsaw Stock Exchange S.A. on 25 June 2009. As at the end of H1 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

	H1 2022	H1 2023
Maximum price [PLN]	61.20	55.75
Minimum price [PLN]	27.35	36.48
Last price [PLN]	57.00	39.28
Average price [PLN]	46.91	43.46
Capitalization at the end of the period [PLN million]	1,938.77	1,336.05
Carrying amount [PLN million]	3,856.0	3,823.9
P/E [market capitalization/net profit]	5.8	5.9
P/BV [market capitalization/book value]	0.50	0.35
% of profit earmarked for dividend payment	29.2	49.9
Average trading value per session [PLN 000s]	16,312.5	7,239.3
Average volume per session	324,199	157,816
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
3 January 2023	Pekao S.A.	Buy	PLN 98.90	PLN 55.75
5 January 2023	Ipopema	Buy	PLN 82.03	PLN 52.90
18 January 2023	Santander Brokerage House	Buy	PLN 85.10	PLN 45.14
25 January 2023	PKO BP Brokerage House	Buy	PLN 80.00	PLN 52.35
27 January 2023	Noble Securities Brokerage House	Buy	PLN 72.50	PLN 52.50
4 April 2023	BOŚ Brokerage House	Buy	PLN 100.00	PLN 38.40
18 April 2023	Ipopema	Buy	PLN 67.20	PLN 39.00
20 April 2023	Santander Brokerage House	Buy	PLN 73.20	PLN 41.30
22 May 2023	Santander Brokerage House	Buy	PLN 75.20	PLN 41.84
30 June 2023	Ipopema	Sell	PLN 33.24	PLN 39.12

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 report for Q1 2023 to the date of publication of the report for H1 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	Par value per share (PLN)	Number of the Company's shares as at	Par value per share (PLN)	Number of shares in Subsidiaries
	13 September 2023		24 May 2023		
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	Par value per share (PLN)	Number of the Company's shares as at	Par value per share (PLN)	Number of shares in subsidiaries
	13 September 2023		24 May 2023		
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
Bartosz Piechota	0	0	0	0	0
Bartosz Rożnawski	43	215	43	215	0
Grzegorz Wróbel	0	0	0	0	0
Bożena Knipfelberg	-	-	0	0	0
Marcin Jakubaszek	-	-	0	0	0

TOTAL	Number of the Company's shares as at	Par value per share (PLN)	Number of the Company's shares as at	Par value per share (PLN)	Number of shares in subsidiaries
	13 September 2023		24 May 2023		
	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

Composition of the Management Board as at 13 September 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

Period in office	Composition
1 January 2023 to 13 January 2023	<ul style="list-style-type: none"> • 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
Changes in the composition of the Management Board:	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
13 January 2023 to the publication date of the Report for H1 2023	<ul style="list-style-type: none"> • 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 13 September 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, Mr. Kasjan Wyligała worked for one of the world's largest non-ferrous metals mining companies - KGHM Polska Miedź S.A. in leading management positions, holding the positions of Chief Corporate Governance Officer and Director of the Asset Management Department. At LW Bogdanka S.A., he has served as Vice-President of the Management Board for Operations since 14 March 2022, and as of 24 June 2022 Vice-President of the Management Board for Strategy and Development. On 13 January 2023, he was appointed President of the Management Board of LW Bogdanka S.A.



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 1 January 2023:

- Anna Chudek - Supervisory Board Chairwoman
- Marcin Jakubaszek - Supervisory Board Deputy Chairman
- Szymon Jankowski - Supervisory Board Secretary
- 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

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.
- On 8 August 2023, Mr. Marcin Jakubaszek tendered his resignation from the Supervisory Board and from his position as Vice-Chairman of the Supervisory Board of Lubelski Węgiel Bogdanka S.A.
- On 10 August 2023, Ms. Bożena Knipfelberg tendered her resignation from the Supervisory Board of Lubelski Węgiel Bogdanka S.A.

Composition of the Supervisory Board as at 13 September 2023:

- Anna Chudek - Supervisory Board Chairwoman
- Szymon Jankowski - Supervisory Board Secretary
- Dariusz Batyra - Supervisory Board Member
- Krzysztof Gigol - 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.

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

Completed the Mining Secondary School and the Mining Technical School in Ostrów Lubelski and graduated from 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 in the Nadrybie field and the Bogdanka field.

As of July 2023, in the position of Chief Engineer, Mining Operations Manager, Deputy Technical Director - Management Board Representative for Production
 Since July 2020, he has been a Member of the Supervisory Board of LW Bogdanka S.A. elected by the employees.

Krzysztof Gigol - Supervisory Board Member (independent member)

Mr. Gigol 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.

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

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 Miejskie 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 Geoengineering) 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 mine 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.

Marcin Tomasz Jakubaszek - Supervisory Board Member (discharged his function until 8 August 2023)

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.

Bożena Knipfelberg - Supervisory Board Member (discharged her function until 10 August 2023)

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. She 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.

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

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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, 12 September 2023



LW Bogdanka S.A.
Bogdanka
21-013 Puchaczów

gielada@lw.com.pl