

MANAGEMENT BOARD REPORT

on the Activity of the LW Bogdanka Group for Q3 2023

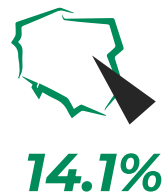




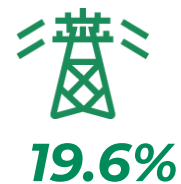
Lubelski Węgiel Bogdanka S.A.

a leader on the hard coal market in Poland, standing out in comparison with its peers in terms of financial performance, 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

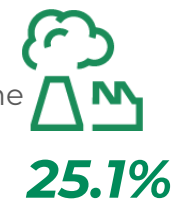


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1. Operating summary



LW Bogdanka Group's selected financial and operating highlights for 3 quarters of 2023

Operating data

7.9 million tons

Gross coal extracted

4.6 million tons

Production of commercial coal

57.5%

Mining yield

4.6 million tons

Sales of commercial coal

22.8 km

New excavations



Financial highlights

PLN 2,688.8 million

Sales revenues

PLN 374.3 million

Sales profit

PLN 309.0 million

EBIT

PLN 673.4 million

EBITDA

PLN 256.7 million

Net profit



Headcount

6,030 persons

Headcount
as at the end of Q3 2023

4.7%

Increase in headcount
from Q3 2022.



Highlights of the first 3 quarters of 2023 and events after the balance sheet date up to the date of publication of this Report

Three quarters of 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
- 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.
- Extraordinary Shareholder Meeting of LW Bogdanka S.A. - appointment of members of the Supervisory Board

Events after the balance sheet date

- the State Treasury and Enea S.A. signed an agreement confirming the State Treasury's intention to purchase all Enea's shares in LW Bogdanka S.A.
- the trade unions operating at LW Bogdanka S.A. signed two memorandums of agreement - with the Ministry of State Assets and the Bogdanka Management Board - securing the social interests of the mine's employees.

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:

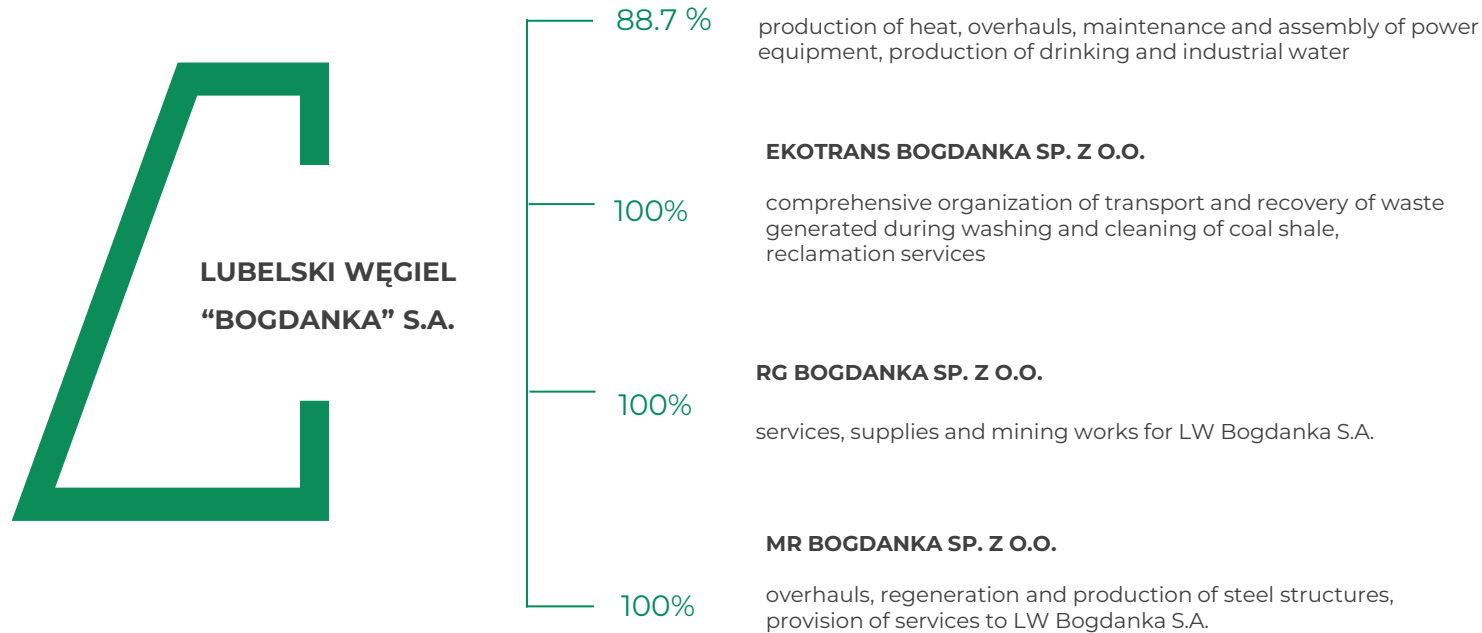
- Act of 15 September 2000 entitled Commercial Company Code
- Act of 9 June 2011 entitled Geological and Mining Law

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 the first 3 quarters of 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 of 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 Development 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 be about 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.

Development 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 of the 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 operations.
- 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 of the 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 operating activities, ongoing and planned investments, and the possibility and conditions of raising debt financing.
- The Company's dividend policy in the future will be influenced by the implementation of strategic initiatives aimed at increasing production efficiency and diversifying revenues, which, in turn, may translate into the level of capital expenditures.



Investment activities completed in Q1-Q3 2023

In the first 3 quarters of 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 545,845 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 in LW Bogdanka S.A.

Maintenance of machinery

- Purchase of new machinery and equipment subject to assembly - electromagnetic separator, battery shunting train, vibrating sifter, ventilation dams, etc. were purchased for a total amount of PLN 7,698 thousand.
- Purchases of finished goods, machinery and equipment – finished goods were purchased for PLN 10,667 thousand. The most important ones are as follows: finished transport equipment (among others: a fuel transportation truck, a heavy set for section transport and container trucks), pumps and hydraulic units, electrical equipment (among others: electric motors, transformers), other finished equipment, including a hydraulic press, an axial ventilator, PW-style feeders, air coolers and a shunting locomotive.
- Modernization and repair of machinery and equipment – PLN 49,648 thousand was spent among other things on: modernization of dinting loaders, high-pressure units and

modernization of 1600 belt conveyors - and their adaptation to transport of people, modernization of JOY AFC longwall conveyor, in progress: modernization of a 4-line wheel set in GWS of shaft 1.3

Expenditures were incurred on the overhaul of S-200 locomotives, overhaul of longwall conveyors and a JOY longwall mining machine.

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 8,179 thousand was incurred in the first 3 quarters of 2023.

Other development investments

- Extension of the mining waste facility at Bogdanka - an expenditure of PLN 14,774 thousand was incurred. Works are currently in progress to perform earthworks in accordance with the executed contract along with electrical works, and a conveyor has been installed.
- 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 16,500 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 6,840 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 17,282 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 area 46.1.

- Construction and modernization of core business facilities and installations - PLN 5,839 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 3,185 thousand were incurred for the construction of infrastructure.

ICT - PLN 6,853 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 22,988 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 247 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 from the beginning of the year was approximately 20.0 km (in total 22.8 km) and their value amounted to PLN 330,592 thousand. The modernization of excavations in the form of reconstruction of horizontal and vertical excavations was carried out in accordance with the adopted schedule for a total value of PLN 37,447 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 11,643 thousand.

Łęczyńska Energetyka - the investment tasks carried out in the first 3 quarters of 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 2,923 thousand.

RG Bogdanka, MR Bogdanka - incurred total capital expenditures of PLN 8,720 thousand in 2023 for the purchase and installation of machinery and equipment, purchase of computer hardware, and the right-of-use assets.

Investment activities completed in Q1-Q3 2023

Selected items of capital expenditures in the LW Bogdanka Group

[PLN thousand]	TEP 2023	TEP 2023*	Implementat ion of TEP Q1-Q3 2023	Implementat ion of TEP Q1-Q3 2023 [%]
New excavations and upgrade of existing ones	456,957	555,885	368,039	66.2%
Maintenance of machinery	179,246	152,139	68,013	44.7%
Securing new concessions	10,588	10,588	8,179	77.2%
Longwall shearers	6,278	6,278	5,657	90.1%
Other development investments	106,737	109,945	65,869	59.9%
ICT	30,947	31,857	6,853	21.5%
Other	51,289	51,259	23,235	45.3%
TOTAL CAPEX in LW Bogdanka S.A.	842,042	917,951	545,845	59.5%
Łęczyńska Energetyka Sp. z o.o.	8,000	8,000	2,923	36.5%
MR Bogdanka	1,590	1,590	838	52.7%
RG Bogdanka	9,905	9,905	7,882	79.6%
EkoTrans	0	0	0	0.0%
TOTAL CAPEX in the LW Bogdanka Group	861,537	937,446	557,488	59.5%

*plan update

Value of capital expenditures incurred for excavations in Q1-Q3 2023

Total excavations and works	Depreciation method	Length [running meters]	Value of capital expenditures [PLN 000s]
Gate roads	natural	17,143	
Basic excavations	straight-line	2,837	368,039
Reconstructions	linear/natural	1,505	

The total length of roadway excavations completed during the first 9 months of 2023 was 21,262 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 37,447 thousand. The total expenditure incurred on new excavations and modernization of existing ones amounts to PLN 330,592 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 1,282 m.

Price of coal on the international market



CIF ARA coal prices

- 117.6 USD/t - average CIF ARA coal price in Q3 2023 -67.4% vs. Q3 2022 (360.9 USD/t)
- comparing with the average CIF ARA coal price in Q2 2023 (124.7 USD/t), this is a decrease of 5.7%
- the average price in Q1-Q3 2023 was 129.7 USD/t, down 58.1% (309.5 USD/t in Q1-Q3 2022)

Inventories in ARA ports

- approx. 7.0 million tons of coal inventories at the end of September 2023 at ARA ports - at the end of June 2023 the inventories stood at 6.3 million tons

Baltic Ports FOB coal prices

- 76.6 USD/t - average Baltic Ports FOB price in Q3 2023 vs. Q3 2022 (118.4 USD/ton) – down by 35.3%
- comparing with the average price in Q2 2023 (83.9 USD/t), this is a decrease of 8.7%
- the average price in Q1-Q3 2023 was 89.0 USD/t, down 44.4% (160.0 USD/t in Q1-Q3 2022)

China

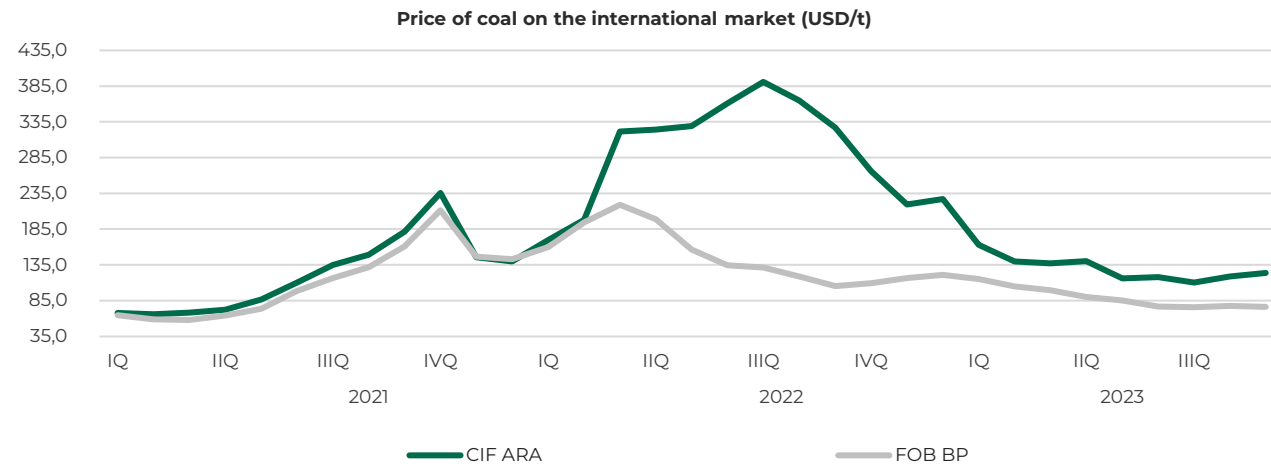
- approx. 3.4 billion tons of coal were produced during the first 3 quarters of 2023, or +3.0% vs. the same period of 2022 (3.3 billion tons)
- in the first 3 quarters of 2023 imports totaled 347.7 million tons and were approximately 73.1% higher than in the first 3 quarters of 2022 (200.9 million tons)

USA

- production in the first 3 quarters of 2023 was 405.7 million tons, up +0.7% vs. the first 3 quarters of 2022 (402.7 million tons)
- consumption in the first 3 quarters of 2023 was 295.9 million tons, up -18.1% vs. the first 3 quarters of 2022 (361.4 million tons)
- exports in the first 3 quarters of 2023 amounted to 65.0 million tons of hard coal, +12.5% y/y (57.8 million tons in the first 3 quarters of 2022)

Russia

- production in the first 3 quarters of 2023 was 322.2 million tons, down 2.7% y/y
- exports in the first 3 quarters of 2023 amounted to 164.9 million tons, up 28.8% 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 Q3 2023 was 32.1 PLN/GJ, the price growth rate was approx. 54.3% compared to Q3 2022 (20.8 PLN/GJ)
- The average price of fine steam coal for the commercial power sector in Q1-Q3 2023 was 31.8 PLN/GJ, the price growth rate was about 102.6% compared to Q1-Q3 2022 (15.7 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 Q3 2023 was approx. 33.6 PLN/GJ, compared to the average price in Q3 2022 (25.3 PLN/GJ), the increase was approx. 32.8%
- The average price from the PSCMI Index in the first 3 quarters of 2023 was approx. 33.2 PLN/GJ, compared to the average price in the first 3 quarters of 2022 (17.9 PLN/GJ), the increase was approx. 85.5%

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 the first 3 quarters of 2023, steam coal production was 25.9 million tons, down 14.2% y/y

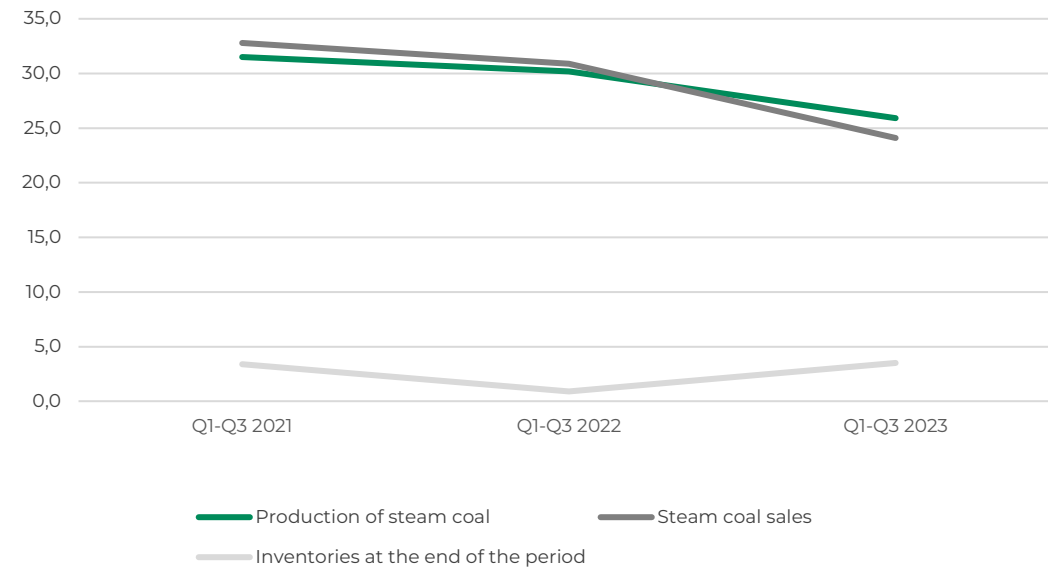
Steam coal sales in Poland

- Sales in the first 3 quarters of 2023 amounted to approx. 24.1 million tons, of which sales to the commercial power sector were about 16.5 million tons of fine steam coal
- compared to the first 3 quarters of 2022, steam coal sales decreased by approx. 22.0%

Coal inventories in Poland

- at the end of Q3 2023, steam coal inventories were 3.5 million tons (0.9 million tons at the end of Q3 2022)
- compared to H1 2023 (3.1 million tons) inventories rose by 0.4 million tons (+12.9%)

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

- Tauron
- PGE
- Enea
- PGNiG
- ENERGA

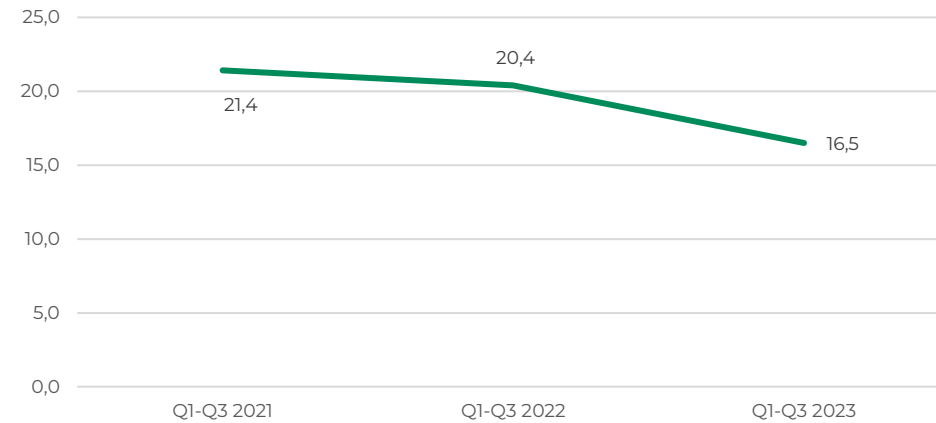
Steam coal sales in Poland

In the first 3 quarters of 2023, approximately 24.1 million tons of steam coal were sold in Poland. Approximately 23.6 million tons of steam coal were delivered to the domestic market, including 20.5 million tons of fine steam coal.

Coal exports

Approximately 3.0 million tons of coal was exported, including approx. 0.5 million tons of steam coal.

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



Production of electricity in Poland



Electricity production from wind power plants

Wind power generated 14,071 GWh in the first 3 quarters of 2023, up 3.7% from the first 3 quarters of 2022. The share of wind power in electricity generation was approx. 11.8%.

Electricity production from gas-fired power plants

Gas-fired power generation in the first 3 quarters of 2023 was 9,483 GWh, up 30.2% compared to 2022.

Electricity generation from other renewable sources

Electricity generation from other renewables in the first 3 quarters of 2023 was 11,779 GWh, up 45.4% compared to 2022.

Domestic electricity consumption

In the first 3 quarters of 2023, 123,088 GWh of electricity was consumed, down 5,934 GWh (-4.6%) compared to the first 3 quarters of 2022.

Balance of cross-border exchange

The balance of cross-border exchange of electricity in the first 3 quarters of 2023 was 4,097 GWh, compared to -1,499 GWh in the first 3 quarters of 2022. This means importing energy.

Total electricity production

In the first 3 quarters of 2023, 118,911 GWh of electricity was produced, down by 8,580 GWh (-8.8%) compared to the first 3 quarters of 2022.

Electricity production from coal

The main fuel used for electricity production was coal, which generated 80,856 GWh in the first 3 quarters of 2023. Such a level means a drop by 18,469 GWh (-18.6%) compared to the first 3 quarters of 2022.

In the first 3 quarters of 2023, coal was the source of 68.0% of all electricity production in Poland; its share in the fuel mix was 8.1% lower than in the first 3 quarters of 2022.

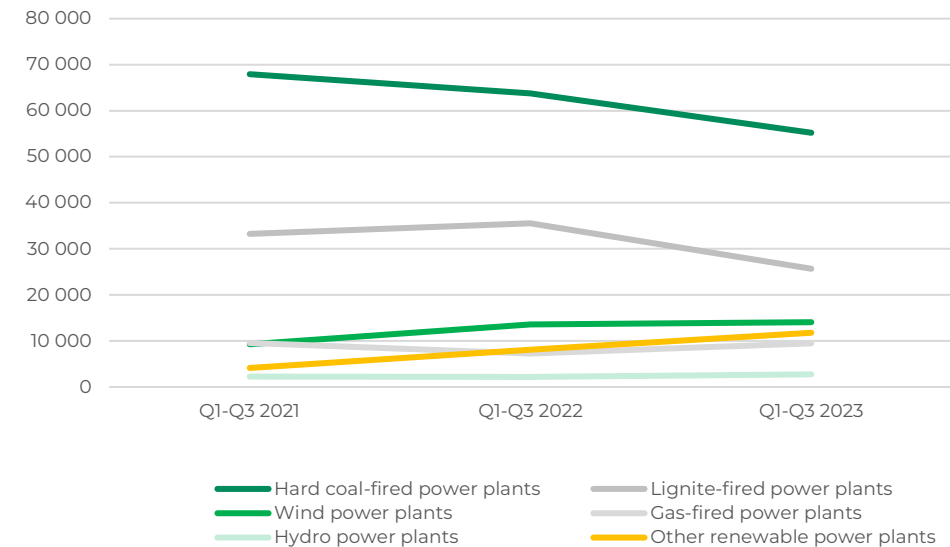
Electricity production from hard coal

In the first 3 quarters of 2023, hard coal produced 55,191 GWh of electricity (down 13.5% vs. the first 3 quarters of 2022).

Electricity production from lignite

In the first 3 quarters of 2023, lignite produced 25,665 GWh of electricity (27.8% less compared to the first 3 quarters of 2022).

Electricity production in Poland [GW/h]



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

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

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

An important factor influencing the LW Bogdanka Group's market position is the government's plans regarding hard coal mining companies and the power sector. Since 2 February 2021, "Poland's Energy Policy until 2040" approved by the Council of Ministers has been in force, with the assumption that hard coal is still an important source of energy for the Polish economy in the perspective of 2030 and beyond. However, an update to PEP 2040 is currently being developed due to the changing geopolitical and economic situation and the energy crisis related to Russia's aggression against Ukraine.

In parallel, efforts are underway to organize the ownership structure of the electricity market, aiming at the establishment of the National Energy Security Agency (NABE) by the State Treasury. The purpose of its establishment is to take over coal-fired power plants from power companies (including ENEA Group), enabling the long-term operation of both power companies and coal-fired power plants, while ensuring the

country's energy security during the energy transition planned in PEP 2040. To this end, it is also planned that the State Treasury will directly acquire the shares of LW Bogdanka S.A. (outside NABE) belonging to Enea S.A. It should be noted, however, that at present, work on both the PEP 2040 update and the ownership transformation of coal assets is not finally completed. However, the projected still relatively high role of coal in the 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.

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

The prices of energy commodities are influenced primarily by the prices of steam coal and raw materials alternative to steam coal (crude oil, natural gas, renewable sources) on global markets and, consequently, on the domestic market. This is critical to the business conducted by the Parent Company.

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 120 - 140 USD/t. However, it should be emphasized that prices are still at a high level, especially in relation to the average sales prices of coal in the world as recorded in recent years.

On the domestic coal market, after a period of dynamic increase, domestic coal prices stabilized in the second half of 2022 (PSCMI 1 and 2) and then started to fall from mid-2023 (PSCMI 1 to about 33 PLN/GJ, PSCMI 2 to about 34 PLN/GJ). It should be noted, however, that the current levels of domestic indices remain high, compared to the average levels in the previous years.

Factors 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.

Technical and technological factors

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

Countermeasure:

- availability of infrastructure – two mining shafts
- possibility of transporting the excavated material from the Stefanów field to the Bogdanka field through underground excavations
- underground coal storage reservoir system
- raw coal reservoirs on the surface
- use of modern mining equipment and machinery
- developing solutions to minimize the risk of

- adverse events materializing
- research and development to increase productivity and improve workplace safety.

Factors related to the strong position of the trade unions

In the 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 September 2023, there were six trade union organizations active in the Group (of which, at LWB, there were four trade union organizations representing approx. 66.3 % 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.

Changes in headcount

Headcount in the Group

In the first 3 quarters of 2023, headcount in the LW Bogdanka Group increased by 4.7% compared to Q1-Q3 2022.

The largest increase in the number of employees was reported in LW Bogdanka S.A.

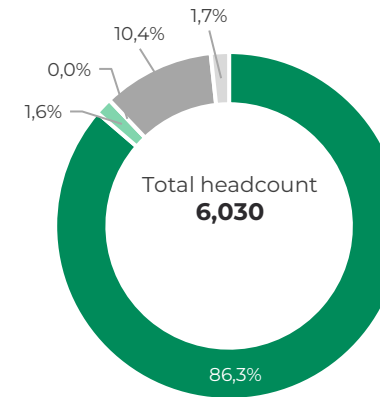
Headcount in LW Bogdanka S.A.

In the first 3 quarters of 2023, the Parent Company employed 86.3% of the LW Bogdanka Group's total workforce.

Blue-collar workers accounted for 80.6% of LW Bogdanka S.A.'s total workforce.

Compared to the first 3 quarters of 2022, the number of underground workers increased by 4.2%.

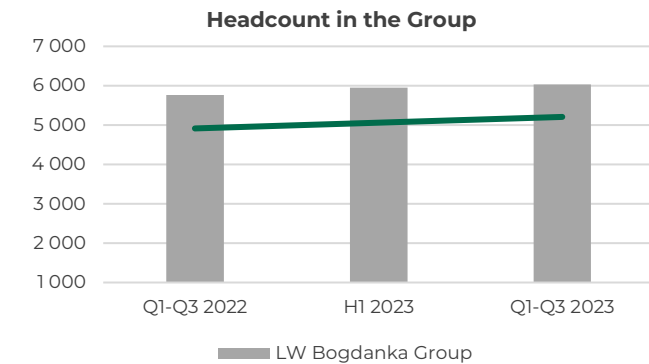
In the first 3 quarters of 2023, 389 people were hired by LW Bogdanka S.A. and 114 people left the Company in the same period.



Employment structure in the LWB Group by company

- LW Bogdanka S.A.
- Łęczyńska Energetyka Sp. z o.o.
- EkoTrans sp. z o.o.
- RG Bogdanka Sp. z o.o.
- MR BOGDANKA Sp. z o.o.

Headcount in persons	30 Sep 2022*	30 June 2023	30 Sep 2023	Employment structure in the Group	Change Q3 2023/ Q3 2022	Change Q1-Q3 2023/ H1 2023
Total workers	4,022	4,101	4,196	-	4.3%	2.3%
Underground employees	3,058	3,042	3,154	-	3.1%	3.7%
Surface employees	964	1,059	1,042	-	8.1%	-1.6%
Full-time underground employees	494	537	546	-	10.5%	1.7%
Full-time surface employees	394	424	461	-	17.0%	8.7%
Total underground employees	3,552	3,579	3,700	-	4.2%	3.4%
LW Bogdanka S.A.	4,910	5,062	5,203	86.3%	6.0%	2.8%
RG Bogdanka Sp. z o.o.	648	682	625	10.4%	-3.5%	-8.4%
MR Bogdanka sp. z o.o.	104	103	102	1.7%	-1.9%	-1.0%
EkoTrans Bogdanka sp. z o.o.	1	1	1	0.0%	0.0%	0.0%
Łęczyńska Energetyka Sp. z o.o.	96	99	99	1.6%	3.1%	0.0%
LW Bogdanka Group	5,759	5,947	6,030	100.0%	4.7%	1.4%



*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 long-term environmental activities are conducted, 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.

Carbon footprint measurement and automation

On the basis of the methodology for measuring the carbon footprint of the LW Bogdanka Group and 3 products (steam coal, fine coal, 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.

So far, in 2023, data analysis tasks have been completed and implementation work on the application has begun. The project is scheduled for completion in December 2023.

At the same time, in August 2023, work began on an audit of the carbon footprint measurement methodology, which was contracted out to an external company to review its assumptions following the Covid-19 pandemic. The completion of audit work has been planned for 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 Perehod Nature Trail in the Polesie National Park, which will enable endangered bird species such as the common tern, little tern, to establish their colonies.



The project entitled "Protection of the Black Tern (Chlidonias Niger) in key Natura 2000 sites in the Lublin region" started in May and ended in August 2023. It was another project implemented also in cooperation with the Bird Horizons Foundation. 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.

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.
- a procedure has been undertaken out to select a bidder to develop the design concept,
- consultations have been held with the representative of the Puchaczów Municipality in order to start work on formal cooperation.

The final design concept for the Bogdanka Glade is planned to be ready in the first quarter of 2024. 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 to support local governments in making the region more attractive and improving the quality of life for its residents, including employees of LW Bogdanka.

Education - Nadrybie Nature Trail and Nadrybie Parklet

In September 2023, the educational project for children and youth focused on how to preserve nature while benefiting from it was completed. The nature trail in Nadrybie - developed in 2015 with the cooperation of LW Bogdanka and the Polish Society for the Protection of Birds. The Nadrybie Parklet - established in 2020 in cooperation with the Landscapes Foundation - was also used in the project.

More than 250 students and teachers took part in the project and educational activities were carried out by experts/educators from the Foundation for Nature.

In September, it was decided to expand the educational activities within the Project with a competition called "My discoveries on the Nadrybie Nature Trail".



Social issues - [S]

Employee issues

“Solidary Miners” Foundation

For the past 10 years, the Foundation's activities have focused on helping those who need financial assistance for treatment or rehabilitation. The foundation works for the benefit of the employees of Bogdanka, its subsidiaries and the local community.



Key social initiatives pursued by the Solidary Miners Foundation by the end of September 2023 included:

1. Aid granted on a case by case basis – grants towards the costs of treatment, rehabilitation and equipment, provision of financial assistance – by the end of September 2023, aid was provided to 35 current and former employees of the Company and their families, as well as 5 organizations and entities that requested support. 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. 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. Financial support for the Regional Sobriety Center “Maksymilian” in Łęczna, which carries out a project entitled “Increasing the availability of therapeutic help and rehabilitation for residents of the Łęczna municipality addicted to alcohol and providing psychological and social assistance to families with alcohol problems”.

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 25 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.

8. Skin cancer prevention program at LWB
 Since the Company is committed to preventive healthcare and promotion of health, it participated in the “Skin cancer prevention program for Lubelskie Voivodeship residents in 2022-2026”

107 employees took part in the campaign organized on 11 September. As part of a related educational effort, the Company received educational posters and fliers that were distributed throughout the county. The employees participating in the SCPP were aged 26-65. They included mainly miners or office workers, but electricians, steel fixers, electrical equipment installers, IT experts also took part in the testing. In each person, the doctor evaluated one to several, sometimes more than a dozen nevi with a dermatoscope during a dermatological examination.

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.

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.

Currently, within the framework of the project:

- the architectural design of the sensory gardens has been developed;
- all approvals for the investment project have been obtained, including permits from the historic sites protection officer;
- Work on the commissioning of the graduation towers is nearing completion.

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.

Our involvement in cultural activities for the community are visible among others through our cooperation with the Municipal Public Library in Puchaczów and the Creative Work Center in Ciechanki. As part of this cooperation, on 27 September 2023, a meeting with the writer Joanna Jax was organized, which filled up the Creative Work Center in Ciechanki.

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.

86 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.

In cooperation with the Municipality of Puchaczów and with the support of the Solidarity Miners Foundation, the opening and two-month exhibition of the works of the painter Jakub Podlodowski was organized in the Creative Work Center in Ciechanki and was seen by almost 700 people.

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.

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.

Bogdanka close to nature

In the summer holiday season (July-September), the Company started an inter-sector cooperation with the University of Life Sciences in Lublin, the Polesie National Park and Kurier Lubelski, launching the educational series entitled "Bogdanka close to nature".

The aim of the project was to educate on valuable natural features of the Polesie Lubelskie region. The project included the publication of content on valuable species of the region, as well as the organization of competitions for children, printed in the Kurier Lubelski daily and on the website. Professor Grzegorz Grzywaczewski, Chairman of the Scientific Council for Environmental Protection at Lubelski Węgiel Bogdanka S.A., was responsible for the substantive content of the project.

Social issues - [S]

Involvement in the development of the social environment

“Active and fulfilled women” - second edition

April 2023 saw the launch of another edition of a social project aimed at women from the county of Łęczna.

LW Bogdanka S.A., 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 2023. 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. The evaluation survey showed high satisfaction with the sessions, 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 second edition of the workshop started in September 2023, which will last until 7 December 2023 when the project will be officially completed. Women can attend several workshops each week and also benefit from the support of a psychologist. The second part of the project is focused on internal growth and on presenting the work-life balance concept. The available sessions include, among others: “Renewal” – a series of workshops that includes techniques supporting well-being, intuitive dancing, relaxation through sound, “Stress code”, or effective techniques of dealing with stress.

The artistic expression workshops for developing potential and creativity, that are very popular with the participants, include “Green source of power – botanical transfer”, “Potpourri madness” and boho necklaces.



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 House in Ciecchanki 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 2023, is aimed at recipients from the Puchaczów municipality in every age group. About 300 people took part in the event.

The idea of animating the place - Ciecchanki 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 opened its doors to the local community, creating a place to meet, talk and exchange.

The two communities - local and artistic - were able to meet in the Creative Work Center on equal footing and feel at home in the venue. The project was divided into two tasks: Task I entitled REVERSE assumed the organization of a series of events - meetings with art for the local community. Several workshops were held, including photography, film, radio, beekeeping and culinary workshops. On summer evenings, local residents entertained themselves at dances, which the elderly residents of the Puchaczów municipality had been looking forward to since the beginning of the project. As part of the photography workshops, a creative photography workshop was held with Paweł Adamiec - Photographer / costume designer / visual artist for seniors, which delighted the participants.



Women from the Senior Home in Bogdanka prepared designs for floral crowns, which later became the centerpiece of their photo shoots. The photos were presented in the park surrounding the Lachert Manor House.

OBVERSE is the title of Task II, which included an open-air art workshop for art students from the Academy of Fine Arts in Warsaw, led by Professor Stanislaw Brach, Head of the Ceramics Studio at the Department of Sculpture. An event was also held for the local community to present the results of the students' work – the sculpture was fired publicly in a Hungarian kiln made especially for the occasion and a meeting was held with Professor Stanislaw Brach. One of the effects of this task is the improvement of the quality of life of local residents through contact with art, which is especially important for young people. The project closing event was held on 2 September 2023 and consisted of a summary of the workshops, presentation of photos, videos, pod casts prepared during the workshops.

The event was followed by a dance party hosted by the Butryn Band. Integration of the local community, building a bond with a place – the Lachert Manor House, intergenerational integration and building pride with belonging to the local culture and place are just few of the effects of the project.



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. 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 zloty 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.

On 1 October 2023, the Litewski Square in Lublin witnessed the performance entitled "Traces of Relationships - art driven by art, based on the foundations of building relationships, their evolution, difficulties, communication methods and, above all, the traces these relationships leave in a person".

The project was prepared by artists Agata Grabałowska and Adrianna Sawczak as part of their scholarships.



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 power banks. In support of the refugees still residing in the county of Łęczna, in-kind donations were made. LW Bogdanka S.A. also made financial donations to organizations providing humanitarian aid: Jan Olszewski Foundation "Helping Poles in the East" and Caritas of Zamojsko-Lubaczowska Diocese. In August 2023, the company cooperated with the above Foundation to organize transportation for material donations (including, among other things, winter clothing, shoes, blankets), which were delivered to Kyiv for our compatriots and those most affected by the war.

Lublin Entrepreneurs of Tomorrow

The 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:

- 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 underway to prepare the Company for the regulatory requirements of the Corporate Sustainability Reporting Directive (CSRD), which will apply to large listed companies from 2024. The Company has also adopted the Anti-corruption Policy, which organized the previous regulations referring directly to broadly defined corrupt activities.

Lubelski Węgiel Bogdanka, as a member of the Responsible Business Forum cooperated with other market entities in the work on the "Children's Rights Charter in business". The Declaration was created to introduce a commitment to respect children's rights in the areas of employees, consumers, marketing and sponsorship.

As part of the activities, the Company shared its best practices regarding children's rights.

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 the LW Bogdanka Group until 2030 (with an outlook to 2040).

ESG Report – Stable Growth in a difficult environment – 40 years of mining

The tenth Sustainability Report of the LW Bogdanka Group was published in August.

It describes the most significant events of the year 2022 and was prepared in accordance with the requirements of the Global Reporting Initiative Standards. The document contains information on the Company's activities related to the environment, contact with local communities, institutions and employees.

Scientific Council for Environmental Protection at LW 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.

The Scientific Council has held three meetings since the beginning of 2023, where:

- during the first meeting of the Council, its members gave their opinion on the "Łęczyński Energy Cluster" project, issuing positive recommendations.
- during the second meeting, its members discussed the project initiated by the Mineral 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
- during 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 in the LW Bogdanka Group

Production and sales of the Company's commercial coal

[thousand tons]	Q3 2022	Q3 2023	Change	% change	Q1-Q3 2022	Q1-Q3 2023	Change	% change
Gross coal extracted	2,596	2,277	-319	-12.3%	10,296	7,930	-2,366	-23.0%
Production of commercial coal	1,593	1,291	-302	-19.0%	7,163	4,557	-2,606	-36.4%
Mining yield (%)	61.4%	56.7%	-4.7 p.p.	-7.7%	69.6%	57.5%	-12.1 p.p.	-17.4%
Sales of commercial coal	1,920	1,499	-421	-21.9%	7,157	4,561	-2,596	-36.3%
New excavations (km)	6.9	6.1	-0.8	-11.6%	25.2	22.8	-2.4	-9.5%

Company's commercial coal inventories

[thousand tons]	30 Sep 2022	31 Dec 2022	30 Sep 2023	Change [%] 30 Sep 2023 / 31 Dec 2022	Change [%] 30 Sep 2023 / 30 Sep 2022	
Coal inventories		27	22	18	-18.2%	-33.3%

Commercial coal production structure

[%]	Q3 2022	Q3 2023	Q1-Q3 2022	Q1-Q3 2023
Fine coal	97.9%	99.5%	98.7%	98.8%
Chestnut coal	0.4%	0.1%	0.1%	0.9%
Pea coal	1.7%	0.4%	1.2%	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

(-) in Q3 2023 alone, commercial coal production was 1,291 thousand tons, with gross coal extraction of 2,277 thousand tons, resulting in a yield ratio of 56.7%

(-) in Q3 2023, commercial coal production was 302 thousand tons, or 19%, lower than that in the corresponding period of 2022

(-) gross coal extraction in the first 3 quarters of 2023 decreased 23.0% y/y, i.e. by 2,366 thousand tons

(-) commercial coal production in the first 3 quarters of 2023 was 4,557 thousand tons, or 2,606 thousand tons less than in the corresponding period of 2022

(-) yield was 57.5% in the first 3 quarters of 2023, compared to 69.6% in the first 3 quarters of 2022

Coal sales

(-) in Q3 2023, coal sales decreased 21.9% compared to Q3 2022

(-) in the first 3 quarters of 2023, commercial coal sales were 4,561 thousand tons, down 36.3% from the corresponding period of 2022

Inventories

(-) at the end of Q3 2023, coal inventories totaled 18 thousand tons, down 4 thousand tons from 31 December 2022

(-) the coal inventories presented at the end of Q3 2023 corresponds approximately to one day of commercial coal production (based on 9-month average daily production)

Commercial coal production structure

(+) the share of production of fine coal sold to industrial customers was maintained

(-) In Q3 2023 as well as in the entire period under analysis in 2023, the lower 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]	Q3 2022	Q3 2023	Change	% change	Q1-Q3 2022	Q1-Q3 2023	Change	% change
Sales of coal	553,166	848,822	295,656	53.4%	1,976,895	2,629,815	652,920	33.0%
Other operations	8,821	12,801	3,980	45.1%	35,564	50,165	14,601	41.1%
Sales of goods and materials	5,538	2,062	-3,476	-62.8%	17,655	8,785	-8,870	-50.2%
Total	567,525	863,685	296,160	52.2%	2,030,114	2,688,765	658,651	32.4%

Structure of revenues

[%]	Q3 2022	Q3 2023	Q1-Q3 2022	Q1-Q3 2023
Sales of coal	97.5%	98.3%	97.4%	97.8%
Other operations	1.6%	1.5%	1.7%	1.9%
Sales of goods and materials	0.9%	0.2%	0.9%	0.3%
Total	100.0%	100.0%	100.0%	100.0%

Geographical structure of sales revenues

[PLN thousand]	Q3 2022	Structure	Q3 2023	Structure	Q1-Q3 2022	Structure	Q1-Q3 2023	Structure
Domestic sales	567,491	100.0%	863,685	100.0%	1,953,708	96.2%	2,688,765	100.0%
Foreign sales	34	0.0%	0	0.0%	76,406	3.8%	0	0.0%
Total	567,525	100.0%	863,685	100.0%	2,030,114	100.0%	2,688,765	100.0%

Revenue from sales of coal

(+) in Q3 2023, the Group earned PLN 848,822 thousand in revenue from sales of coal, up 53.4% compared to Q3 2022.

(+) in the first 3 quarters of 2023, revenue from sales of coal amounted to PLN 2,629,815 thousand compared to PLN 1,976,895 thousand in the first 3 quarters of 2022, up 33.0% y/y. The main source of the Group's sales revenues is the production and sales 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.

Revenue from other operations

In Q3 2023, revenue from other operations (which includes, among others, revenues of subsidiaries earned outside the LW Bogdanka Group) amounted to PLN 12,801 thousand, compared to PLN 8,821 thousand in the corresponding period of 2022, up 45.1% 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 the first 3 quarters of 2023, revenue from other operations amounted to PLN 50,165 thousand, compared to PLN 35,564 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. During the three quarters of 2023, the Company did not sell coal abroad, while in the first 3 quarters of 2022, coal sales to foreign countries (Ukraine) were made through an intermediary coal entity. Steam coal exports to Ukraine in the first 3 quarters of 2022 were carried out on the basis of export contracts concluded in 2021.

Main customers

Approx. 94% of coal sales (in value terms) the first 3 quarters 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. 17 p.p. lower.

Major customers by percentage of revenue:

- Enea Wytwarzanie sp. z o.o. - Enea S.A. Group - approx. 71.3% share in revenues
- Enea Elektrownia Połaniec S.A. - Enea S.A. Group - approx. 14.6% share in revenues

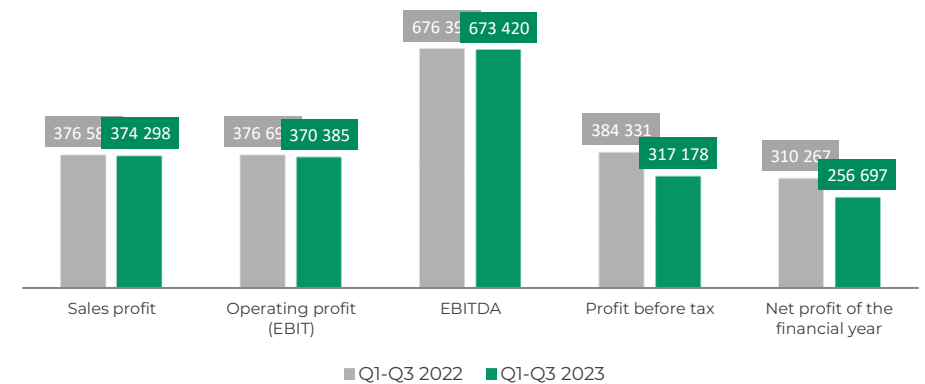
Key financial results of the LW Bogdanka Group

Analysis of the consolidated statement of profit or loss

[PLN thousand]	Q3 2022	Q3 2023	Change	Q1-Q3 2022	Q1-Q3 2023	Change
Sales revenues	567,525	863,685	52.2%	2,030,114	2,688,765	32.4%
Cost of products, goods and materials sold, selling and distribution expenses, and administrative expenses	605,703	823,197	35.9%	1,653,533	2,314,467	40.0%
Profit/(loss) on sales	-38,178	40,488	-206.1%	376,581	374,298	-0.6%
Gross sales margin	-6.7%	4.7%	11.4 p.p.	18.5%	13.9%	-4.6 p.p.
Other revenues	393	1,281	226.0%	1,433	2,658	85.5%
Other costs	415	802	93.3%	1,319	6,571	398.2%
Net operating profit/(loss)	-38,200	40,967	-207.2%	376,695	370,385	-1.7%
Other net losses	258	-6,925	-2784.1%	-2,679	-61,411	2192.3%
Operating profit/(loss) (EBIT)	-37,942	34,042	-189.7%	374,016	308,974	-17.4%
EBIT margin	-6.7%	3.9%	10.6 p.p.	18.4%	11.5%	-6.9 p.p.
EBITDA	60,999	140,624	130.5%	676,391	673,420	-0.4%
EBITDA margin	10.7%	16.3%	5.6 p.p.	33.3%	25.0%	-8.3 p.p.
Financial income	11,979	9,875	-17.6%	21,364	26,896	25.9%
Financial costs	4,287	6,127	42.9%	11,049	18,692	69.2%
Profit/(loss) before tax	-30,250	37,790	-224.9%	384,331	317,178	-17.5%
Profit margin before tax	-5.3%	4.4%	9.7 p.p.	18.9%	11.8%	-7.1 p.p.
Income tax	-4,473	6,940	-255.2%	74,064	60,481	-18.3%
Net profit/(loss) of the financial year	-25,777	30,850	-219.7%	310,267	256,697	-17.3%
Net profitability	-4.5%	3.6%	8.1 p.p.	15.3%	9.5%	-5.8 p.p.



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



Key financial results LW Bogdanka Group

Sales revenues

Sales revenues in Q3 2023 increased by 52.2% compared to the corresponding period of last year and stood at PLN 863,685 thousand. In the first 3 quarters of 2023, the Group generated revenue in the amount of PLN 2,688,765 thousand compared to PLN 2,030,114 thousand in the corresponding period of 2022 (an increase of 32.4%).

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

In Q3 2023, the cost of products, materials and goods sold, and selling and distribution and administrative expenses amounted to PLN 823,197 thousand and were higher by PLN 217,494 thousand compared to the corresponding period of the previous year, when they stood at PLN 605,703 thousand. In the first 3 quarters of 2023, the cost of products, materials and goods sold, and selling and distribution and administrative expenses increased compared to the first three quarters of the previous year from PLN 1,653,533 thousand to PLN 2,314,467 thousand.

Profit/(loss) on sales

In Q3 2023, sales profit amounted to PLN 40,488 thousand, compared to loss on sales of PLN -38,178 thousand in the corresponding period of 2022. In the first 3 quarters of 2023 the Group generated sales profit in the amount of PLN 374,298 thousand compared to PLN 376,581 thousand in the same period of 2022.

Other revenues

Other revenues in the first 3 quarters of 2023 amounted to PLN 2,658 thousand versus PLN 1,433 thousand a year earlier. The increase is mainly due to a higher amount of compensation received.

Other costs

Other costs in the first 3 quarters of 2023 amounted to PLN 6,571 thousand, compared to PLN 1,319 thousand in the same period of 2022 – the increase is primarily due to a higher amount of donations.

Other net gains/(losses)

In Q3 2023, other net losses amounted to PLN -6,925 thousand compared to other net gains of PLN 258 thousand in Q3 2022.

In the first 3 quarters of 2023, other net losses were PLN -61,411 thousand compared to PLN -2,679 thousand in the first 3 quarters of 2022, which is associated with an impairment loss recognized for property, plant and equipment (PLN 46,145 thousand) and a provision created for potential trade liabilities.

EBIT

The operating result in Q3 2023 amounted to PLN 34,042 thousand. At the same time EBIT margin amounted to 3.9%, which is 10.6 p.p. more than in Q3 of the previous year. EBIT margin for the first 3 quarters of 2023 was 6.9 p.p. lower than in the first 3 quarters of 2022, and stood at 11.5%. During the first 3 quarters of 2023, EBIT amounted to PLN 308,974 thousand, compared to PLN 374,016 thousand in the first 3 quarters of 2022.

EBITDA

EBITDA in Q3 2023 increased by 130.5% compared to Q3 2022 and amounted to PLN 140,624 thousand. EBITDA margin in Q3 2023 was higher than that achieved in the corresponding period of 2022 and amounted to 16.3%. In the first 3 quarters of 2023, the Group achieved EBITDA margin of 25.0%, 8.3 p.p. lower than in the same period of 2022 (EBITDA decreased by 0.4% in the period under analysis). EBITDA after three quarters of 2023 amounted to PLN 673,420 thousand, compared to PLN 676,391 thousand after the first 3 quarters of 2022.

Financial income

Financial income in Q3 2023 amounted to PLN 9,875 thousand, compared to PLN 11,979 thousand in Q3 2022. Financial income in the first 3 quarters of 2023 amounted to PLN 26,896 thousand versus PLN 21,364 thousand a year earlier. Financial income in the first 3 quarters of 2023 consists primarily of interest income from short-term bank deposits (in the amount of PLN 19,628 thousand) and interest on the Mine Closure Fund (in the amount of PLN 6,876 thousand).

Financial costs

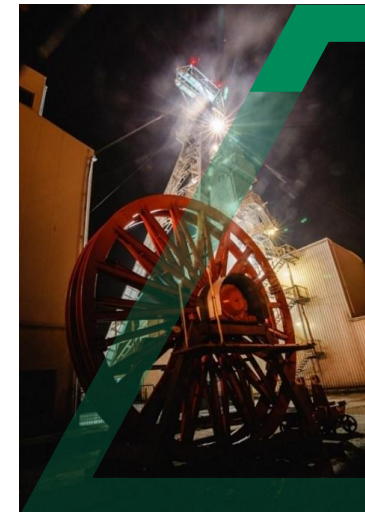
Financial costs for Q3 2023 were 42.9% higher than in the corresponding period of 2022 and amounted to PLN 6,127 thousand. Financial costs in the first 3 quarters of 2023 amounted to PLN 18,692 thousand, compared to PLN 11,049 thousand in the same period of 2022. The increase in financial costs is due 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 September 2023, the Group had total debt of PLN 2,580 thousand, compared to PLN 4,885 thousand as at 31 December 2022.

Profit/(loss) before tax

In Q3 2023, the Group recorded profit before tax of PLN 37,790 thousand, compared to a loss of PLN -30,250 thousand in Q3 2022. Profit before tax for the first 3 quarters of 2023 amounted to PLN 317,178 thousand, compared to PLN 384,331 thousand in the corresponding period of 2022.

Net profit/(loss) for the period

In Q3 2023, the Group recorded net profit of PLN 30,850 thousand, compared to a loss of PLN -25,777 thousand in Q3 2022. The Group's net profit for the first 3 quarters of 2023 amounted to PLN 256,697 thousand, compared to PLN 310,267 thousand in the corresponding period of the previous financial year.



LW Bogdanka Group's balance sheet

Balance sheet

[PLN thousand]	31 Dec 2022	30 Sep 2023	Change
Total assets	4,818,709	5,295,484	9.9%
Return on assets (ROA)*	3.7%	2.4%	-1.3 p.p.
Non-current assets	3,880,528	4,017,107	3.5%
Current assets	938,181	1,278,377	36.3%
Equity	3,707,664	3,873,820	4.5%
Return on equity (ROE)*	4.8%	3.2%	-1.6 p.p.
Provisions and liabilities	1,111,045	1,421,664	28.0%

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

Assets

Total assets as at 30 September 2023 compared to the value as at 31 December 2022 increased by PLN 476,775 thousand and amounted to PLN 5,295,484 thousand, with non-current assets increasing by PLN 136,579 thousand and current assets by PLN 340,196 thousand. In non-current assets, the most significant change is a PLN 134,869 thousand increase in property, plant and equipment. Among current assets, the most significant change is the increase in trade and other receivables by PLN 268,640 thousand and cash and cash equivalents by PLN 128,948 thousand. As at 30 September 2023, return on assets (ROA) was 2.4%, compared to 3.7% at the end of 2022.

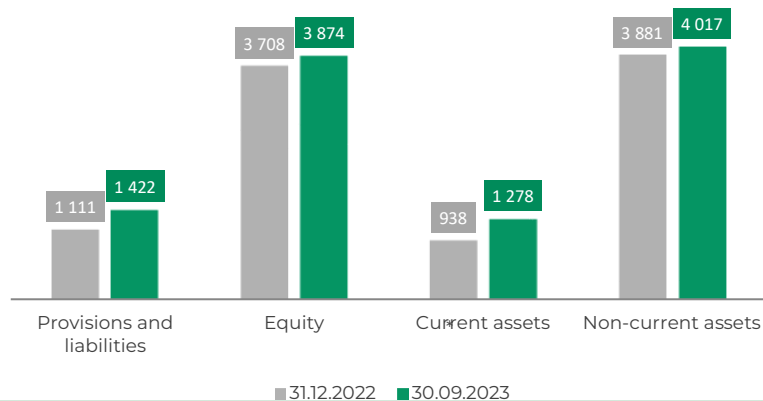
Equity and liabilities

Equity increased by 4.5%. This was the result of the total income earned in the first 3 quarters of 2023 and the settlement of the results for 2022.

Provisions and liabilities increased by 28.0% compared to the value as at 31 December 2022, with current liabilities increasing by 70.9% (primarily due to an increase in employee benefit liabilities, trade and other liabilities), while non-current liabilities decreased marginally by 1.2% (primarily due to a decrease in deferred tax liabilities).

As at 30 September 2023, return on equity decreased by 1.6 p.p. compared to the end of 2022. As at 30 September 2023 the ratio stood at 3.2%, compared to 4.8% as at 31 December 2022.

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



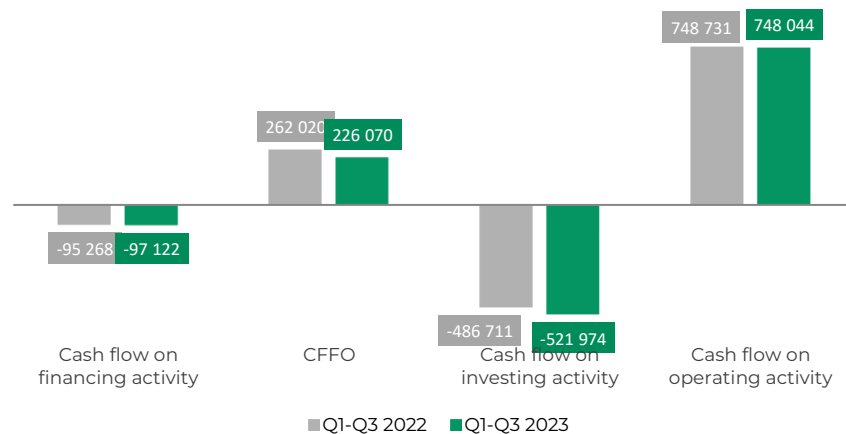
LW Bogdanka Group's cash flows

Cash position

[PLN thousand]	Q3 2022	Q3 2023	Change	Q1-Q3 2022	Q1-Q3 2023	Change
Cash flows from operating activities	144,290	244,890	69.7%	748,731	748,044	-0.1%
Cash flows from investing activities	120,666	-185,007	-	-486,711	-521,974	7.2%
CFFO*	264,956	59,883	-77.4%	262,020	226,070	-13.7%
Cash flows from financing activities	-88,351	-90,141	2.0%	-95,268	-97,122	1.9%

* sum of operating and investment cash flows

Cash flow analysis (PLN thousand)



Cash position

Cash flows from operating activities

In Q3 2023, the Group generated 69.7% more net cash flows from operating activities than in Q3 2022 – in Q3 2023, they amounted to PLN 244,890 thousand compared to PLN 144,290 thousand a year earlier.

In the first 3 quarters of 2023, the LW Bogdanka Group generated PLN 748,044 thousand in cash flow on operating activity (-0.1% y/y). The reported decrease is primarily due to changes in working capital with a decrease in net result.

Cash flows from financing activities

In Q3 2023 the Group recorded negative cash flows from financing activities in the amount of PLN 90,141 thousand.

In the first 3 quarters of 2023 the Group recorded negative cash flows from financing activities in the amount of PLN 97,122 thousand. The dominating items were dividends paid out to shareholders and payments under financial lease agreements.

Cash flows from investing activities

Cash flows from investing activities (in absolute terms) in Q3 2023 amounted to PLN 185,007 thousand, compared to the positive cash flows from investing activities in the corresponding period of 2022, which were PLN 120,666 thousand (in Q3 2022, the term deposit ended, classified as current investments, which caused a positive cash flow of PLN 252,268 thousand).

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

In the first 3 quarters of 2023, cash flows from investing activities increased (in absolute terms) by 7.2%, i.e. from PLN 486,711 thousand to PLN 521,974 thousand.

In the first 3 quarters of 2022, the Parent Company held a term deposit (in the amount of PLN 250,000 thousand) with a maturity of more than 3 months, while in 2023 cash flows from investing activities were related to the investment tasks being pursued.

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 Dec 2022	30 Sep 2023	Change
Total debt ratio	23.1%	26.8%	3.7 pp
(Debt plus employee liabilities)/EBITDA ratio*	0.38	0.60	57.9%
Net debt/EBITDA ratio*	-0.77	-0.99	28.6%
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%	108.9%	0.3 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%	12.3%	-1.4 p.p.

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

	31 Dec 2022	30 Sep 2023	Change
Current liquidity ratio	2.15	1.72	-20.0%
Quick liquidity ratio	1.70	1.44	-15.3%

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 September 2023 increased by 3.7 p.p. compared to 31 December 2022, to 26.8% – the relative increase in total liabilities was greater than the increase in liabilities.

As at 30 September 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 Q3 2023 increased by 57.9% and stood at 0.60. Comparing the data as at 30 September 2023 to 31 December 2022, there was a slight 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 -0.99 as at 30 September 2023. Net debt increased by approximately PLN 131 million and amounted to PLN -601 million with EBITDA decreasing by approximately PLN 3 million to PLN 607 million (EBITDA calculated on a rolling basis for the last four quarters).

Debt to equity ratio

The debt to equity ratio as at 30 September 2023 increased by 6.7 p.p. from 31 December 2022 and amounted to 36.7% - liabilities increased by approximately PLN 311 million and equity increased by approximately PLN 166 million.

Fixed capital to non-current assets ratio

The ratio of coverage of non-current assets with fixed capital reached 108.9% (as at 30 September 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 137 million while the value of fixed capital (the sum of equity and non-current liabilities without provisions) increased by approx. PLN 160 million.

Turnover of receivables and liabilities in the LW Bogdanka Group

Turnover ratios

[PLN thousand]			31 Dec 2022	30 Sep 2023	Change
1. Inventory turnover ratio	$\frac{\text{average balance of inventories}}{\text{cost of sales}} \times$	number of days in the period	26	26	0.0%
2. Receivables turnover ratio*	$\frac{\text{average balance of receivables}}{\text{sales revenues}} \times$	number of days in the period	39	34	-12.8%
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	61	-14.1%
4. Operating cycle	1+2		65	60	-7.7%
5. Cash conversion cycle	4-3		-6	-1	-83.3%

* Trade and other receivables

** Trade and other liabilities

Inventory turnover ratio

The inventory turnover ratio as at 30 September 2023 remained at the same level compared to 31 December 2022 and is 26 days.

It takes an average of 26 days to liquidate inventories.

Receivables turnover ratio

The receivables turnover ratio (calculated on the basis of the balance sheet item "Trade and other receivables") was 34 days (as at 30 September 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 parallel increase 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 10 days to 61 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 5 days and amounted to 60 days. On average, the Group's current assets are liquidated after 60 days.

Cash conversion cycle

The changes described above resulted in achieving a cash conversion cycle of -1 day as at 30 September 2023. The negative value of the ratio indicates that the Group uses trade credit (financing with non-interest-bearing debt).

LW Bogdanka Group's provisions

Balance sheet provisions [PLN thousand]	As at	As at	As at	Change	Change
	30 Sep 2022	31 Dec 2022	30 Sep 2023	30 Sep 2023/ 31 Dec 2022	30 Sep 2023/ 30 Sep 2022
Employee provisions	193,340	229,813	362,278	57.6%	87.4%
Provision for mine decommissioning and land reclamation costs	128,874	155,452	153,170	-1.5%	18.9%
Mining damage	4,771	6,844	2,035	-70.3%	-57.3%
Other	6,382	5,902	20,544	248.1%	221.9%
Total	333,367	398,011	538,027	35.2%	61.4%

Total provisions as at 30 September 2023 amounted to PLN 538,027 thousand, an increase of 35.2% compared to 31 December 2022.

Change in provisions [PLN thousand]	Change	Change	Change	Change in	Change in	Change
	Q3 2022	Q3 2023	Q3 2023/ Q3 2022	Q1-Q3 2022	Q1-Q3 2023	Q1-Q3 2023/ Q1-Q3 2022
Employee provisions	-27,661	28,047	-	-17,295	132,465	-
Provision for mine decommissioning and land reclamation costs	-1,120	-2,451	118.8%	-1,528	-2,282	49.3%
Mining damage	-778	-291	-62.6%	-1,611	-4,809	198.5%
Other	14	11,139	-	-12,422	14,642	-
Total	-29,545	36,444	-	-32,856	140,016	-

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

[PLN thousand]	Change in provisions in Q1-Q3 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	132,465	157,167	8,622	-	3,077	-36,401
Provision for mine decommissioning and land reclamation costs	-2,282	1,105	7,164	-10,551	-	-
Mining damage	-4,809	-	-	-	-	-4,809
Other	14,642	14,802	-	-	-	-160
Total	140,016	173,074	15,786	-10,551	3,077	-41,370

[PLN thousand]	Changes in provisions in Q3 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	28,047	37,604	2,844	-	-	-12,401
Provision for mine decommissioning and land reclamation costs	-2,451	290	2,388	-5,129	-	-
Mining damage	-291	-	-	-	-	-291
Other	11,139	11,139	-	-	-	-
Total	36,444	49,033	5,232	-5,129	-	-12,692

Costs and expenses of LW Bogdanka S.A.

Costs by nature

[PLN thousand]	Q3 2022	Q3 2023	Change	Q1-Q3 2022	Q1-Q3 2023	Change
Net production [thousand tons]	1,593	1,291	-19.0%	7,163	4,557	-36.4%
Sales [thousand tons]	1,920	1,499	-21.9%	7,157	4,561	-36.3%
Depreciation and amortization	93,754	106,832	13.9%	284,271	306,399	7.8%
Consumption of materials and energy	165,657	287,111	73.3%	515,894	902,862	75.0%
External services	129,326	158,855	22.8%	415,096	484,212	16.7%
Employee benefits	234,423	223,457	-4.7%	574,160	680,090	18.4%
Representation and advertising costs	5,344	5,580	4.4%	11,973	15,563	30.0%
Taxes and charges	12,944	12,642	-2.3%	41,619	37,705	-9.4%
Other costs	1,428	793	-44.5%	3,451	4,672	35.4%
Total costs by nature	642,876	795,270	23.7%	1,846,464	2,431,503	31.7%
Cost of producing services for the entity's proprietary needs	-100,034	-128,246	28.2%	-298,434	-356,458	19.4%
Prepayments and accruals	32,648	43,157	32.2%	102,666	76,676	-25.3%
Provisions and other presentation adjustments between expense by nature and by function	-28,440	30,290	-206.5%	-9,488	161,873	-1806.1%
Total production costs	547,050	740,471	35.4%	1,641,208	2,313,594	41.0%
Change in products	55,352	82,826	49.6%	-1,732	-2,797	61.5%
Cost of goods and materials sold	4,325	2,043	-52.8%	16,411	8,666	-47.2%
Cost of goods sold, including:	606,727	825,340	36.0%	1,655,887	2,319,463	40.1%
Cost of sales	550,872	760,684	38.1%	1,509,411	2,135,021	41.4%
Selling and distribution expenses	17,073	18,318	7.3%	38,781	43,934	13.3%
Administrative expenses	38,782	46,338	19.5%	107,695	140,508	30.5%

Q3 2023

Costs by nature

In Q3 2023, LW Bogdanka S.A. incurred costs by nature of PLN 795,270 thousand (PLN +152,394 thousand y/y), i.e. 23.7% more than in Q3 2022. The increase in costs in Q3 2023 was mainly due to higher costs of consumption of materials and energy, external services and depreciation and amortization.

Depreciation and amortization

Depreciation and amortization increased by 13.9% (to PLN 106,832 thousand). The value of natural depreciation and amortization increased, which results from the higher value of the construction of longwall galleries depreciated during longwall mining.

Costs of consumed materials and energy

The cost of materials and energy consumed in Q3 2023 compared to Q3 2022 increased by 73.3% and amounted to PLN 287,111 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 22.8% compared to Q3 2022 and amounted to PLN 158,855 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 Q3 2023 decreased by PLN 11.0 million.

In Q3 2022, an award was paid to employees, while the level of costs in Q3 2023 is due to higher average headcount, increases in salaries, employee benefits and related amounts, as agreed upon with the trade unions.

Representation and advertising costs

Representation and advertising costs amounted to PLN 5,580 thousand and were at a similar level as in the corresponding period of the previous year.

Taxes and charges

The slight decrease in taxes and charges by approx. PLN 0.3 million is mainly due to a decrease in the mining fee, with a growing property tax.

Other costs

The decrease in other costs by PLN 0.6 million is due to lower compensation for mining damage, lower fees for bank services and lower other costs.

Costs and expenses of LW Bogdanka S.A.

Three quarters of 2023

Costs by nature

In the first 3 quarters of 2023, LW Bogdanka S.A. incurred costs by nature of PLN 2,431,503 thousand, i.e. 31.7% (+ PLN 585,039 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 7.8% (to PLN 306,399 thousand) – the value of natural depreciation and amortization increased, 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 75.0% compared to the first 3 quarters of 2022 and amounted to PLN 902,862 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 3.9 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 the first 3 quarters of 2023 compared to the corresponding period in 2022 increased from PLN 415,096 thousand to PLN 484,212 thousand (+16.7%). 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 the first 3 quarters of 2023, compared to the corresponding period of 2022, increased by PLN 105,930 thousand. This is the result of an increase in salaries agreed with the trade unions, an award paid to employees along with obligatory charges, as well as higher other employee benefits.

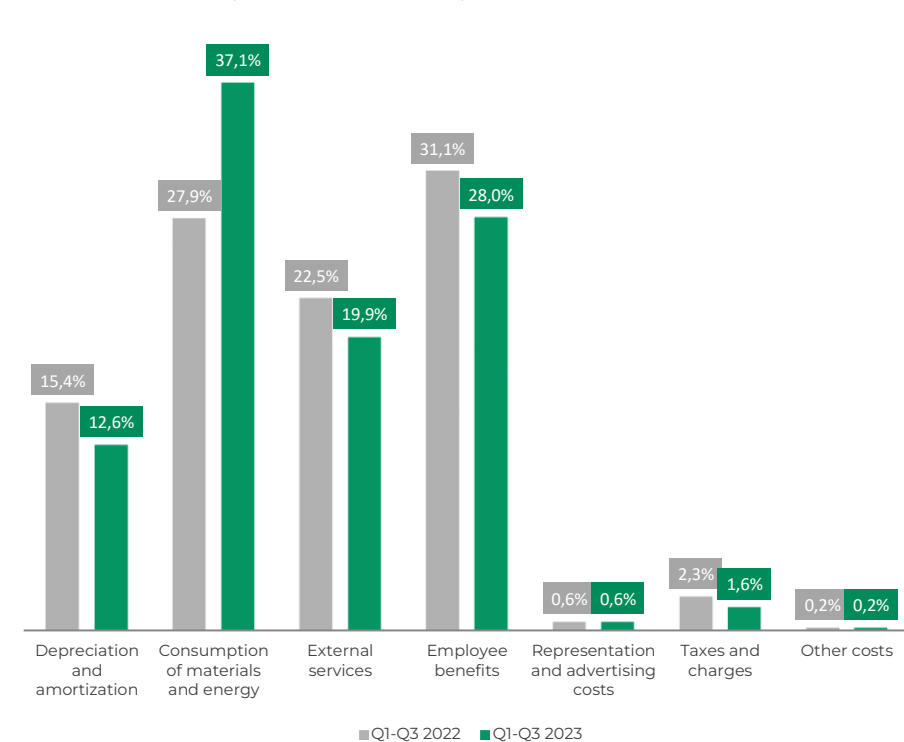
Representation and advertising costs

The increase in the value of representation and advertising expenses by PLN 3.6 million follows from the performance of the current payment schedule under sponsorship agreements.

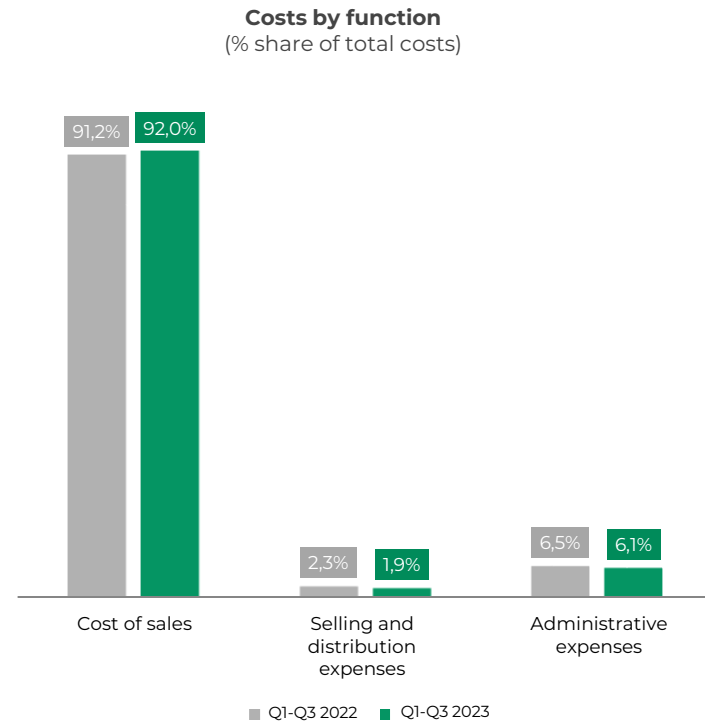
Other costs

The increase in other costs by PLN 1.2 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

Cost of goods sold (by function) in Q3 2023 amounted to PLN 825,340 thousand, while in the corresponding period of the previous year it amounted to PLN 606,727 thousand. Cost of goods sold (by function) for the first three quarters of 2023 amounted to PLN 2,319,463 thousand and was 40.1% (+PLN +663,576 thousand) higher than the cost incurred in the corresponding period of 2022.

[PLN thousand]	Q3 2022	Q3 2023	Change	Q1-Q3 2022	Q1-Q3 2023	Change
Cost of sales	550,872	760,684	38.1%	1,509,411	2,135,021	41.4%
Selling and distribution expenses	17,073	18,318	7.3%	38,781	43,934	13.3%
Administrative expenses	38,782	46,338	19.5%	107,695	140,508	30.5%
Cost of goods sold	606,727	825,340	36.0%	1,655,887	2,319,463	40.1%

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 Łęczżyńska 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 September 2023, the value of turnover with Enea S.A. 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 September 2023 amounted to PLN 761,436 thousand, of which:

- PLN 157,429 thousand was shown in non-current assets
- PLN 604,007 thousand was shown in current assets.

The amount of PLN 157,429 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 604,007 thousand includes cash (cash on hand) held in short-term bank deposits; the amount of the deposits depends on internally forecast 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 575,210 thousand and in subsidiaries to PLN 28,797 thousand (mainly in Łęczżyńska Energetyka).

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

A detailed description of conditional liabilities and assets was presented in Note 10 of LW Bogdanka Group's Consolidated Quarterly Report for the 9 months ended 30 September 2023. During the first 3 quarters of 2023, the balance of contingent liabilities and contingent assets did not change significantly as compared to the end of the previous financial year.

Evaluation of factors and unusual events affecting the operating result

As for the operations conducted in the period under analysis, in the first 3 quarters of 2023 and until the publication date of this Consolidated Report for Q3 2023, the following material events occurred in the Group that affected its operations in 2023:

- in February 2023, in the Parent Company, after a new longwall crosscut was made in longwall 3/VII/385 and the longwall shearer system was reinstalled, the trial start-up began. However, during the trial start-up there was an incident consisting of a sudden and unexpected outpouring of groundwater into the underground workings, as a result of which mining on this longwall had to be halted. 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 period, 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 (this impairment loss was reflected in the consolidated financial result at the end of H1 2023).

- on 17 July 2023, the Parent Company received from Enea Trading Sp. z o.o., acting as a proxy of Enea Wytwarzanie sp. z o.o. and Enea Elektrownia Połaniec S.A., information on the reduction of demand for coal from the power plants belonging to the Enea Group by approx. 1.05 million tons (+/- 15%) in relation to the volumes specified in contracts in effects for the current year. The lower demand for coal is due to production limitations introduced by the Transmission System Operator (PSE S.A.) in connection with the reduction in demand in the National Energy System.

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 September 2023, the Parent Company had no open derivative transactions.

Bonds

- As at 30 September 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, amounted to PLN 8,127 thousand net in the first 3 quarters of 2023.

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 forecast 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 the first three quarters of 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 Q3 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 Q3 2023, the Parent Company did not grant (or receive) any sureties.

Transactions with related parties

In Q3 2023, the Parent Company and its subsidiaries did not enter into any individually or jointly significant transactions with related parties out of compliance with the arm's length principle.

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

For more information on the agreements with the Enea Group and companies controlled by the State Treasury, see Note 11 of the Consolidated Quarterly Report of the LW Bogdanka Group for the period from 1 January to 30 September 2023.

Guarantees extended by LW Bogdanka S.A.

In Q3 2023 the Parent Company did not instruct banks to issue any guarantees.

Loans taken

In Q3 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 September 2023, Łęczyńska Energetyka Sp. z o.o. did not use any external sources to fund its operations.

In Q3 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.

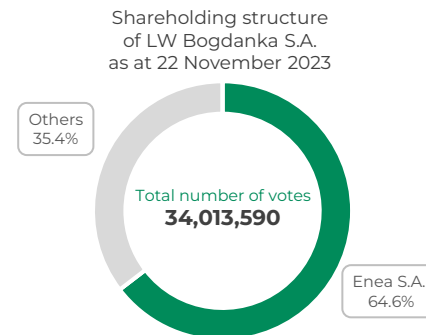
On 18 June 2022, a letter of intent was signed in the Parent Company's headquarters regarding the sale of shares in Lubelski Węgiel "Bogdanka" S.A. by ENEA S.A. to the State Treasury. According to its contents, ENEA S.A. and the Ministry of State Assets will cooperate in the preparation and execution 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.

Treasury shares

LW Bogdanka S.A. and LW Bogdanka S.A.'s subsidiaries did not purchase any treasury shares in Q3 2023.

Changes in the shareholder structure before the date of the report

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 H1 2023, to the date of publication of the report for Q3 2023, there were no changes in the ownership structure of significant shareholdings.



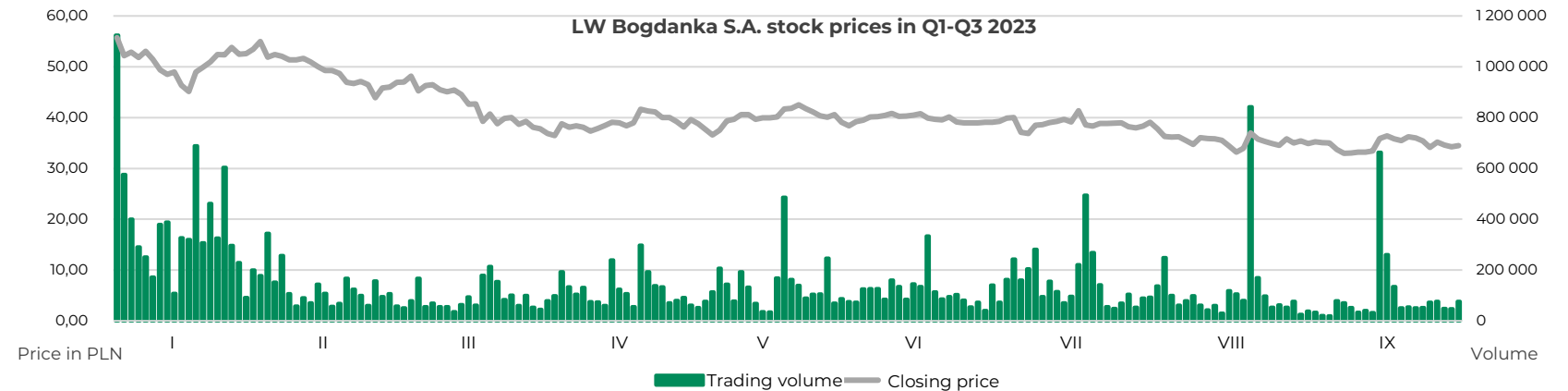
Participation of LW Bogdanka S.A.'s shares in indices

The Company was floated on the Warsaw Stock Exchange S.A. on 25 June 2009. At the end of Q3 2023, LW Bogdanka S.A. was included in the following stock exchange indices:

- WIG - includes all companies listed on WSE Main Market, which meet the base criteria for participation in the indices
- WIG30 - index of 30 largest and the most liquid companies listed on the Warsaw Stock Exchange
- WIG Mining - includes companies classified into the "mining" sector (formerly known as the "raw materials" sector)
- WIG-Poland - an index comprised only of shares of domestic companies listed on the WSE Main Market, which meet the base criteria for participation in the indices.
- The WIG.MS-BAS index is published based on the value of a portfolio of stocks of the 5 most liquid companies in industries including energy, mining and raw materials.
- WIG-ESG - socially responsible companies that conduct their business with respect for environmental, social and corporate governance factors.



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



Key share data

	Q1-Q3 2022	Q1-Q3 2023
Maximum price [PLN]	61.20	55.75
Minimum price [PLN]	27.35	33.30
Last price [PLN]	32.38	34.52
Average price [PLN]	47.24	41.03
Capitalization at the end of the period [PLN million]	1,101.4	1,174.15
Carrying amount [PLN million]	3,829.5	3,852.8
P/E [market capitalization/net profit]	3.6	3.8
P/BV [market capitalization/book value]	0.29	0.30
% of profit earmarked for dividend payment	29.2	49.9
Average trading value per session [PLN 000s]	13,107.6	6,317.2
Average volume per session	263,738	145,626
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
31 July	Noble Securities Brokerage House	Hold	PLN 42.28	PLN 38.32
1 August 2023	Santander Brokerage House	Sell	PLN 37.30	PLN 39.08
6 August 2023	BOŚ Brokerage House	Sell	PLN 33.00	PLN 36.24
16 August 2023	Pekao S.A.	Sell	PLN 28.56	PLN 35.52
21 September 2023	PKO BP Brokerage House	Buy	PLN 68.00	PLN 36.22

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 H1 2023 to the date of publication of the report for Q3 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*:

MANAGEMENT BOARD					
Full name	Number of Company shares as at 22 November 2023	Par value per share (PLN)	Number of Company shares as at 13 September 2023	Par value per share (PLN)	Number of shares in Subsidiaries
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

SUPERVISORY BOARD					
Full name	Number of Company shares as at 22 November 2023	Par value per share (PLN)	Number of Company shares as at 13 September 2023	Par value per share (PLN)	Number of shares in subsidiaries
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
Piotr Breś	0	0	-	-	-
Kamil Szafranski	210	1050	-	-	-

	Number of Company shares as at 22 November 2023	Par value per share (PLN)	Number of Company shares as at 13 September 2023	Par value per share (PLN)	Number of shares in subsidiaries
TOTAL	1,506	7,530	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 22 November 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 Q3 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 22 November 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, 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, 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, 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, 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 of 24 June 2022, he is Vice-President of the Management Board, 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.
- On 27 September 2023, the Company's Extraordinary Shareholder Meeting adopted a resolution to appoint Mr. Piotr Breś and Mr. Kamil Szafranski to the Company's Supervisory Board.

Composition of the Supervisory Board as at 22 November 2023:

- Anna Chudek - Supervisory Board Chairwoman
- Szymon Jankowski - Supervisory Board Secretary
- Dariusz Batyra - Supervisory Board Member
- Piotr Breś - Supervisory Board Member
- Krzysztof Gigol - Supervisory Board Member
- Bartosz Piechota - Supervisory Board Member
- Bartosz Rożnawski - Supervisory Board Member
- Kamil Szafranski - 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 Cieplej "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 Energia 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 Miejski Zakład Komunikacji Sp. z o.o. in Zamość. Currently he is a Member of the Supervisory Board of RC Ekoenergia Sp. z o.o. in Czechowice-Dziedzice.

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

Mr. Piechota graduated from the Faculty of Law and Administration at University of Warsaw and Cardiff University Law School. He also graduated from IESE Business School Barcelona (Advanced Management Program). Since August 2019, Bartosz Piechota has been Vice-President of the Management Board of Polska Grupa Lotnicza. He holds the professional title of attorney-at-law and is registered on the list of attorneys-at-law at the Regional Bar Council in Warsaw. Since 2010, he was a Partner and Founder of a leading law firm in Poland, specializing in business dispute resolution and restructuring. Previously, he worked at major national and international law firms. Individually recommended by national and foreign rankings (including Legal500) as a specialist in this area. He was a Member and Officer of the International Bar Association. From July 2018 to June 2022, he was a Member of the Supervisory Board of KGHM Polska Miedź S.A. From 2016 to 2019, he was a Member of the Supervisory Board of PLL LOT S.A., and from October 2018 to July 2019, he served as a Member of the Management Board of PLL LOT S.A., on secondment.

Piotr Breś - Supervisory Board Member (independent member, on the Board since 27 September 2023)

He is a graduate of the Faculty of Electrical Engineering at the Lublin University of Technology, majoring in electrical engineering. He completed the post-graduate studies of "Human resource management in keeping with European standards" – Warsaw School of Economics, „Master of Business Administration" at the Lublin Institute of Technology. From 2008 to 2021, he ran a business in the marketing and events industry. Since 2014 he has been a Lublin City Councilor - Member of the Budget and Economic Commission. In 2019-2020, he was a Member of the University Council of Lublin University of Technology. As of May 2021 he acts as the Director of the Lublin Branch of Totalizator Sportowy. He is a member of the Program Council of Radio Lublin and Chairman of the Social Council of the Prof. Mieczysław Kaczyński Neuropsychiatric Hospital in Lublin.

Kamil Szafranski - Supervisory Board Member (independent member, on the Board since 27 September 2023)

He is a graduate of the Warsaw School of Economics, majoring in Finance and Accounting, specializing in Corporate Finance and Banking. Completed postgraduate eMBA studies at the Warsaw Management University. He gained professional experience in finance and management working for:

- the PGNiG Group in Exalo Drilling S.A.,
- the Lotos Group in Lotos Serwis Sp. z o.o.,
- the Industrial Development Agency Group in Operator ARP Sp. z o.o.

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

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 Geengineering) 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 sales margin** - the gross sales margin is calculated by dividing profit by the value of sales
- **EBITDA margin** - ratio of operating profit plus depreciation and amortization to revenue
- **EBIT margin** - ratio of EBIT calculated for the period to sales revenues for the period
- **Gross margin** - ratio of gross profit (before tax) to net sales
- **Net margin** - ratio of net profit to net sales
- **Return on Assets (ROA)** – ratio of a company's net profit to the value of its assets
- **Return on Equity (ROE)** - ratio of net profit to equity
- **WFOŚiGW** - Voivodeship Fund for Environmental Protection and Water Management
- **Total debt ratio** - total liabilities to total assets
- **Debt to equity ratio** - total liabilities to equity
- **Fixed capital to fixed assets ratio** - sum of equity, non-current liabilities and non-current accruals to non-current assets
- **Current debt ratio** - short-term debt to total assets
- **Non-current debt ratio** – non-current liabilities to equity
- **Current ratio** – current assets to current liabilities
- **Quick ratio** – measure of the company's ability to pay its current liabilities with its most liquid assets
- **APMs** - alternative performance measures

Signatures of all of Management Board members

Kasjan Wyligala

President of the Management Board

.....

Artur Wasilewski

Vice-President of the Management Board
Economy and Finance

.....

Adam Partyka

Vice-President of the Management Board
Labor and Social Affairs

.....

Dariusz Dumkiewicz

Vice-President of the Management Board
Sales and Investments

.....

Bogdanka, 21 November 2023



LW Bogdanka S.A.
Bogdanka
21-013 Puchaczów

gielada@lw.com.pl