

MANAGEMENT BOARD REPORT

on the activity of LW Bogdanka S.A.
and the LW Bogdanka Group for 2023





Lubelski Węgiel Bogdanka S.A.

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

Share in the hard coal market in Poland



Share in the steam coal market in Poland



Share in coal supplies to the commercial power sector in Poland



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Dear Stakeholders,

I present to you the Management Board report on the activity of LW Bogdanka S.A. and the LW Bogdanka Group along with financial highlights for 2023. The report is a very important form of communication with the outside world for us. Although it primarily provides financial data for investors, it also includes information on our sustainability, so we can provide you with a holistic view of our Company.

We ended the year with successes

We ended 2023 with many mining successes and the highest financial results in the Company's entire history. This strengthens our position as one of the leading suppliers of Polish hard coal to the commercial power sector and one of the most efficient companies in the domestic mining industry. Today, Bogdanka is in excellent economic condition, with stabilized production and ambitious mining plans for 2024. This has been achieved thanks to the commitment and determination of the Workforce, partnership relations with the Enea Group, and efficient management of the mine, including a professional cost policy. The success of 2023 is all the more gratifying because it was achieved during a difficult and challenging period for the mine itself and the Polish mining industry.

We dealt with geological problems

In retrospect, the beginning of 2023 did not promise such excellent results. This was influenced by two significant geological and hydrological events. First, in Q1 2023, LW Bogdanka continued to offset the effects of the unlucky squeeze of longwall 3/VII/385 in the Stefanów field in the second half of the previous year. Second, in April 2023 in the Nadrybie field, there was an increased inflow of water near the goaf of the old longwall 1/II/382. The hydrological situation, with the commitment of the Workforce, was brought under control after several weeks. In light of these objective difficulties, the Management Board decided to change the original longwall run schedules and introduce mining planning based on a mix of 3-4 longwalls. This strategic decision turned out to be crucial, as it enabled the mine to accelerate production and, by the end of 2023, successfully implement an updated plan to extract approx. 7 million tons of commercial coal.

We achieved the highest financial results in history

Thanks to the commitment of the Workforce to the implementation of the new plan, we have proven our superior skills and production capabilities. This was reflected in the Group's excellent financial performance. In 2023, a dividend of PLN 2.58 per share from the profit generated in 2022 was disbursed. In 2023, the Group generated over PLN 3.9 billion in revenue, PLN 1.3 million in EBITDA and PLN 687.1 million in net profit. Its mining yield reached 60.1%. Despite a difficult start to 2023 for Bogdanka, underground preparatory work has not been halted, which will result in increased mining of new pits in the future. Bogdanka ended 2023 with output at 7.1 million tons of commercial coal and sales of 6.7 million tons. In turn, its share in coal supplies to the commercial power sector in Poland surpassed 25%.

The market environment affected our business

Certainly, the financial results of the Bogdanka Group in 2023 were affected by the embargo on Russian coal introduced in connection with

Russia's attack on Ukraine, which resulted in an increase in the price of coal on the domestic market including coal imported from directions other than the East. These prices were included in long-term contracts signed with key customers, including Enea Elektrownia Połaniec and Enea Wytwarzanie. However, Russia's military actions have also had an adverse effect on the conduct of our Company's business, mainly for logistical and inflationary reasons. Last year, not only Bogdanka, but the entire industry, experienced wage pressures and significant increases in the prices of materials, energy and external services.

We published a new strategy

A significant event for Bogdanka was the publication of the Company's new Strategy in May 2023. It has gained widespread acceptance, both from experts and academics and the market, as well as from industry media. The main objective set forth in the new LW Bogdanka Strategy for 2023-2030 is the development of an innovative multi-commodity concern, driving green transition and securing the economic development of central and eastern Poland. The Strategy calls for responsible and sustainable development of Bogdanka, based on current and future mining competencies. The new Strategy provides for 4 pillars of development related to: the multi-commodity approach, sustainable energy, green transition and care for the future of the Lublin Region, which are based on one solid coal foundation. We believe that the basis of our business until 2040 will continue to be hard coal mining for the Polish power industry. This is where the main income will come from, and coal sales will provide an adequate level of financing for new investments. In addition to this coal base, Bogdanka will seek new sources of income to diversify its revenue streams and minimize the risks associated with its dependence on coal. This is particularly important in the context of the prospect of 2049, when, according to the Social Accord, Bogdanka will cease mining coal. We believe that Bogdanka's future lies in the exploration, extraction and utilization of diverse raw materials, focusing especially on critical raw materials and renewable energy sources. LW

Bogdanka intends to play an active and important role in the energy transition process, contributing to a significant reduction in the carbon intensity of the Polish economy.

The provisions of the Strategy began to be implemented quickly. Just a few months after the Strategy was published, Bogdanka signed two agreements on cooperation in new mining projects: with Węglokoks of Katowice and KGHM Polska Miedź. In 2023, the Company also conducted analytical projects related to "raw materials of the future".

We care about sustainability

Sustainability policies have always been and continue to be important to the Company. Bogdanka, like the entire Polish mining industry, faces global environmental challenges and the inevitable decarbonization and gradual shift of the European economy away from fossil fuels. The Company, as presented in its annual ESG Reports, is undergoing a conscious transition and is among the ESG leaders in Poland. We want to increase our environmental performance year after year, reducing the impact of production activities on the natural and social environment, while ensuring national energy security and stable jobs in the Region. In mid-2023, we launched a pilot 3 MW photovoltaic farm at the mine. Experience from the first such project will be used in the development of subsequent farms. We are the leader of the Lublin Circular Economy Cluster, which is successfully engaged in, among other things, the implementation of circular projects, including the extension of the life cycle of coal processing by-products, including those previously accumulated on spoil tips. We are also an active member of the Lublin Hydrogen Cluster and the Łęczyński Energy Cluster, which announced its strategy in 2023.

We established partnerships and supported social and cultural events

In parallel with the above activities, we have been in talks to strengthen cooperation with the Polesie National Park, culminating in the signing of a historic Agreement on Cooperation in Research, Environmental Protection and Education. This is the only agreement of its kind in Poland, concluded between a national park and a mine. It demonstrates the effectiveness and reliability of our approach to environmental protection and the trust our stakeholders have in us. Support from LW Bogdanka was also received in 2023 by other scientific and research institutions, cultural and art institutions, as well as entities operating in the field of sports. In total, in 2023 Bogdanka supported 76 socio-cultural events, 4 museums and theaters, and 41 local clubs and sports projects.

We conducted social activities

In 2023, LW Bogdanka also conducted a number of social activities, including internal and external training and initiatives aimed at activating residents of the counties close to us. An important part of these projects were vocational activation programs - such as those aimed at women in the labor market or entrepreneurial youth. In addition, LW Bogdanka carried out numerous campaigns and educational actions last year related to improving safety - both inside and outside the mine.

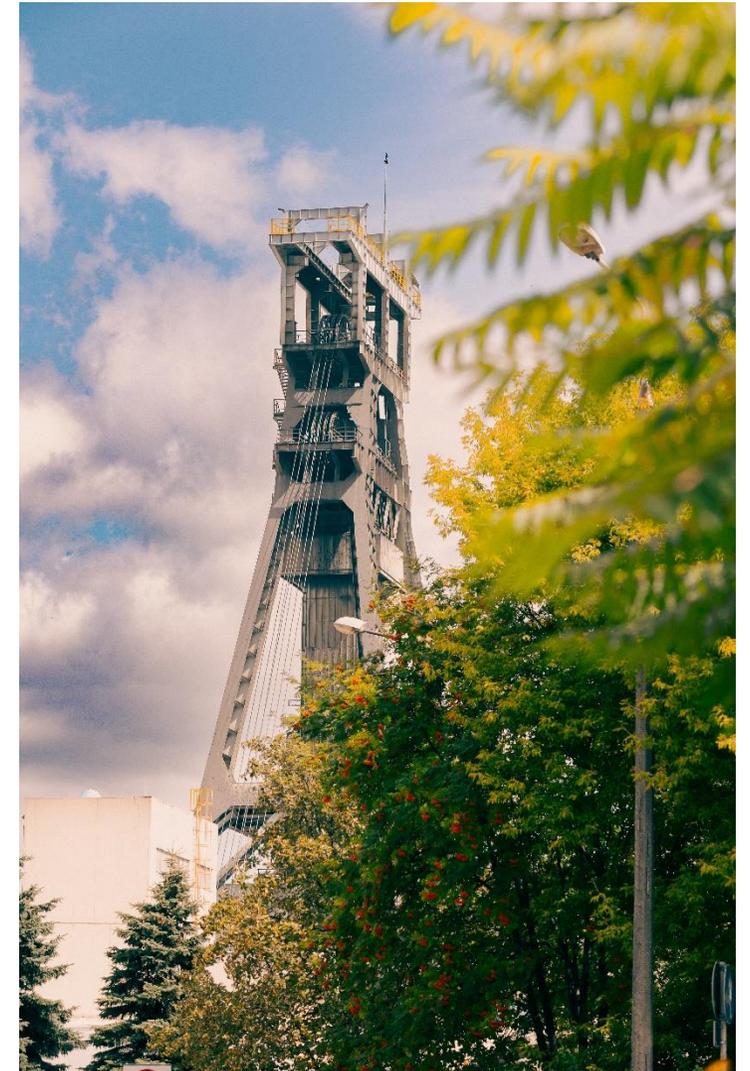
Summary

The results achieved in 2023 bode well for the Group as a whole for the coming years. Today, Bogdanka has stabilized production, prepared new efficient longwalls, and an optimal and realistic mining schedule. In 2023, the Group's more than 6,000 ambitious and skilled employees repeatedly demonstrated their commitment, and I

believe we can continue to count on their support. I would like to thank our entire Team, as well as our Partners, Customers and Investors for trusting us and enabling us to achieve such wonderful successes last year. And now - I invite you, on behalf of the Management Board of LW Bogdanka and the other Group companies, to review the financial and operating data and non-financial indicators presented in the Report.

Respectfully yours,

Kasjan Wyligata
President of the LW Bogdanka S.A.
Management Board



1. Organization and activity of the LW Bogdanka Group



LW Bogdanka S.A.

is 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. The bituminous coal sold by the Company is used predominantly for the production of electricity, heat and cement. The Company's customers are mainly industrial companies, primarily those operating in the power sector, located in eastern and northeastern Poland. LW Bogdanka S.A. is part of the Enea Group, one of the leaders of the Polish energy market. The Company has been listed on the Warsaw Stock Exchange since 2009.

LW Bogdanka S.A. has three mining fields:

- Bogdanka
- Nadrybie
- Stefanów

The structure of coal production in 2023 was as follows:

- fine coal: 99,0%
- pea coal: 0,4%
- chestnut coal: 0,6%

Use of LW Bogdanka S.A.'s coal:

- production of electricity
- production of heat
- cement production

The Company's key customers (by percentage of revenue) are:

- ENEA Group – Enea Wytwarzanie (70%)
- ENEA Group – Enea Połaniec (15%)
- Grupa Azoty Zakłady Azotowe Puławy S.A. (6%)

The Company holds four concessions for the mining of hard coal from the following deposits (areas):

- Bogdanka (Puchaczów V)
- K-3 (Stręczyn)
- Ostrów (Ludwin)
- K-6, K-7 (Cyców)

Modern technologies

LW Bogdanka S.A. cares about the safety of its staff and the natural environment. In the mining process, it applies state-of-the-art technologies and world-class machinery, making them a mine with the highest efficiency and best performance rates in Poland. The Company's underground productivity is more than twice the average value in the hard coal mining industry in Poland.

Cost control

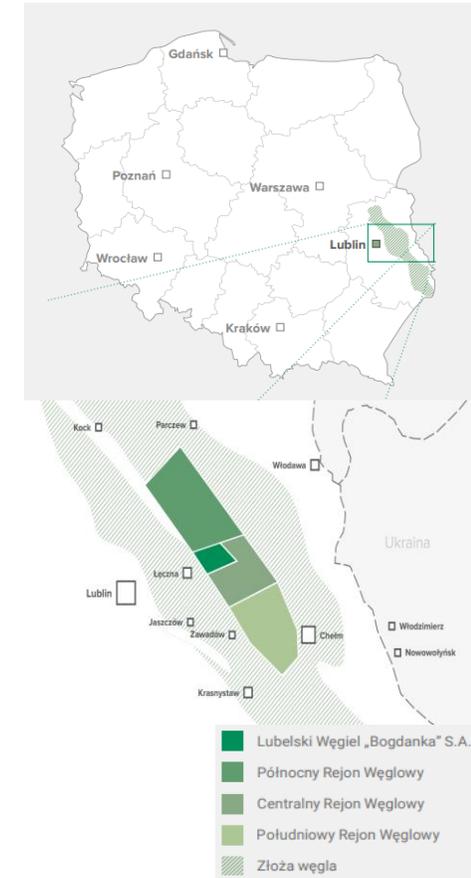
The Company remains the efficiency leader in the Polish mining industry owing to its consistently executed Cost Optimization Program. The Company's strategy calls for a further decrease in the Unit Mining Cash Cost.

The Company has a deposit management system in place, consisting of:

- digital deposit model (the only one to date in the Polish hard coal mining sector)
- digital map of mining excavations
- digital schedule of opening, preparatory and operational works.

We have built our success based on:

- highly qualified staff, top technical culture focused on cooperation and achievement of common objectives
- highly efficient, reliable, energy-saving machinery and equipment, properly adjusted to existing geological and mining conditions, mechanizing both primary mining works and a broad range of auxiliary works
- mechanization and automation of the broadest possible range of underground works
- deployment of modern IT systems for various areas of mining activity, aimed at streamlining technological processes, monitoring the operation of machinery and equipment, useful in production planning and hazard identification





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.

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Legal form and regulations underlying the Company's activity

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

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

The Company's founder is the State Treasury represented by the 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	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	przyjęcie nowej Strategii LW Bogdanka do 2030 r. w odpowiedzi na dynamiczne zmiany w międzynarodowym rynku w 2020	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



Management

The management process at LW Bogdanka uses an integrated management system that includes quality, environmental and occupational health and safety management systems. Our vision, mission and strategic goals are described in the Integrated Management System Policy.

The members of the LW Bogdanka Management Board are appointed and dismissed by the Supervisory Board for a joint term of office of three years. Pursuant to the Articles of Association, the Management Board manages the Company's activity and represents it externally, ensuring transparency and effectiveness of the governance system. The activities of the Management Board are defined in its Bylaws and the Management Board members are required to act in accordance with the Company's Articles of Association and the Best Practice for WSE Listed Companies.

The activity of LW Bogdanka is exercised by the Supervisory Board. The Management Board presents to the Supervisory Board regular and exhaustive information about all the important matters pertaining to the Company's activity as well as about the risks and how these risks are managed. The members of the Supervisory Board are appointed and dismissed by the Shareholder

Meeting for a term of three years. The procedures of the Supervisory Board's work are defined in detail in the Supervisory Board Bylaws.

Our management objectives:

1. Maintaining the leader's position in the market of the steam coal supply to the commercial power sector in Poland, while effectively competing with imports.
2. Maintaining high production efficiency and profitability due to the application of innovative organizational as well as technical and technological solutions.
3. Our overriding values in our business are: responsibility, ethics, professionalism and transparency. These values ensure the harmonious development of the Company, pursuing its business goals with the highest standards and a proactive attitude related to environmental performance, occupational

Changes in the LW Bogdanka Group's structure

In 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.

safety and community relations.

4. We are committed to maintaining the highest quality standards for all the products we produce and manufacture. Given the special nature of the Company's operations, we are also mindful of protecting the environment and reducing undesirable environmental impacts, as well as ensuring and prioritizing the occupational safety of our employees and those who work for or on behalf of the company.
5. The implementation of the above declarations is guaranteed by the attention of the management of the Mine to ensure the resources, including the means, necessary to improve the competence and motivation of all of the Company's employees.

Operating model and the supply chain

Core business - we mine coal

The LW Bogdanka Group as a company primarily involved in the extraction and processing of coal, is at the very beginning of the industry's supply chain. Primary production is accompanied by execution of other activities, carried out mostly by subsidiaries (production of heat, water treatment and supply, and wastewater collection, as well as transportation services, to the extent related to rail transport of coal and transport of waste rock).

We supply raw materials to other industries

Looking at the dominant coal production business, the company is primarily a supplier of raw material to other industries (power industry, cement production, chemical industry), being at the beginning of their supply chain.

Purchasing and our suppliers

Of course, this does not mean that LW Bogdanka does not have suppliers and does not use products and services from other sectors. The following purchases are of key importance from the point of view of the mine's supply chain: materials, fuels and energy, as well as specialized products and services specific to the mining industry (e.g., drilling and reconstruction of excavations, haulage of winnings, as well as the supply of roadway supports, mining machinery and equipment). The mine also needs huge and stable supplies of electricity and fuel. Without electricity, the heavy equipment installed underground would not function, it would be impossible to bring the winnings to the surface, drainage pumps would not work, nor would air-conditioning systems.

Rail transport

Diesel oil, in turn, is used underground for transportation purposes, as well as by above-ground rail transport.

External entities

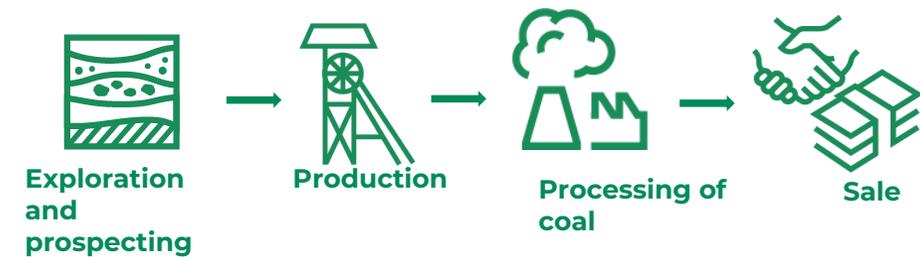
It should also be mentioned that some of the companies that perform work for the LW Bogdanka Group perform it on the site of the mine, including underground, with the consequence of extending social responsibility, related, for example, to the sphere of occupational health and safety, to cover people working on the site of the mine who are not its employees.

They undergo training in this area, and alongside this, the standards of their work are subject to constant monitoring and control. In addition to the aforementioned work, other tasks are outsourced to external entities, typically carried out under an outsourcing model (e.g., transportation, security services). In connection with the execution of all kinds of work, every day, in addition to own employees, several hundred - and sometimes even more than a thousand - employees of external companies work on the site.

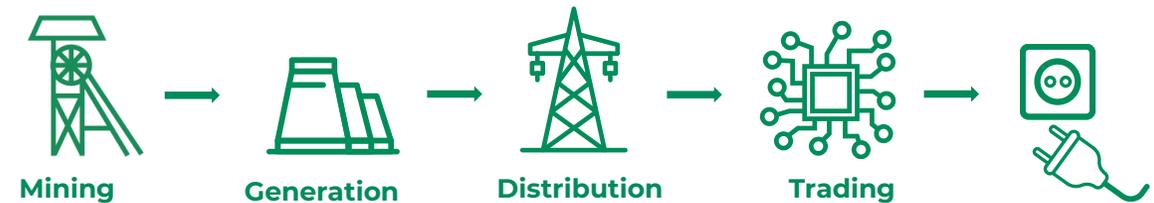
Share in the Enea Group value chain

As the LW Bogdanka Group is a member of the Enea Group, the supply chain can be viewed from a different, broader perspective. Enea boasts a fully integrated value chain. This has economic implications, such as stability and security of supply, as well as resilience to commodity price fluctuations. It also provides opportunities for synergy effects (e.g., a power purchase agreement with Enea S.A., securing a sales market for coal). From a liability management perspective, such a highly vertically integrated business model allows for practically full control over the social and environmental impacts associated with the creation of economic value.

LW Bogdanka Group's value chain



Enea Group's value chain



Integrated value creation model

We create value responsibly

A comprehensive approach to responsible management involves a holistic view of the organization and its performance. One of the insights is the process of value creation through the lens of analysis of six capitals:

- financial
- production (operational)
- human
- intellectual
- social
- natural

The analysis, in the context of the six capitals, goes well beyond the characteristics of the business and its financial results, taking into account:

- the forms of dialogue with the stakeholders that accompany them
- linking individual capitals to the categories of business risk that the Group manages and controls - through a responsible management approach.

This approach makes it possible to present in a transparent way the relationship between day-to-day operations and responsible management, and between business strategy and adherence to the principles of sustainable development. In an industry such as mining, the mitigation of risks related to social and environmental issues cannot stop. Their awareness is the starting point for responsible management.

We take a long-term view

The mine's operations need to be looked at in the long term - it is today's decisions and investments that translate into preparing the deposits for mining and ensuring production capacity in the years to come. In turn, whether and what deposits will be mined determines the time horizon of the mine's operation.

We take a strategic view

LW Bogdanka's strategy envisages such an approach to concession and mining management that will allow mining operations to continue until 2049 and introduce diversification of this branch of activity in terms of new strategic raw materials for the energy transition.

We take care of our neighbors

Open and partnership-based dialogue with local stakeholders directly translates into the functioning of the communities of the mining municipalities and the Łęczna County. These are thousands of people whose economic situation, among other things, due to the employment plan, depends on the financial result of the mine. This is also high revenues to municipal budgets from taxes and other public tributes paid by LW Bogdanka, thanks to which local governments can effectively carry out their own and commissioned tasks.

We are an innovative mine

Mining planning, using unique and innovative technologies related to, among other things, digital modeling of the deposit, makes it possible to predict surface deformation and, therefore, subsidence processes affecting environmental changes and those in flora and fauna. This is also forward thinking about landscaping, e.g. in connection with waste rock storage, as well as innovative solutions for its alternative economic use outside of mining, in line with the circular economy.

Activities in all production and management processes of the LW Bogdanka Group, when analyzed through the prism of the six capitals and in a long-term perspective, are interrelated and interdependent. The ability to create added value for these six areas is strategic, i.e. anchored in business strategy, sustainable development, undergoing a continuous process of improvement.



Value creation model at LW Bogdanka Group



Financial capital - these are all sources of financing for mining and other related activities. This is the share capital entrusted by the owners, the financial results generated, and long- and short-term liabilities. With these funds, we can invest and develop our current and future operations.

Key volumes and cash transfers, and capitals:

- Total assets: PLN 5,762.2 million
- Equity: 4,304.0 million
- Revenues: 3,939.3 million
- Net profit: PLN 687.1 million

Stakeholders and forms of dialogue with them, and capitals:

- Strategic and operational cooperation with the majority shareholder
- Daily telephone and electronic communication with minority shareholders and other capital market participants and lenders
- Participation in capital market initiatives
- Current and periodic reporting and integrated reporting

Risk management, and capitals:

- Risks associated with the socio-economic situation in Poland and globally
- Insurance Risk
- Risk associated with the state's economic policy towards the hard coal mining industry
- Risk related to the prices of energy commodities in Poland and globally
- Risk associated with the specific nature of the mining sector operations and possible occurrence of unpredictable events
- Risk of changing tax laws
- Property tax risk in relation to LW Bogdanka S.A.'s mine workings



Production (operational) capital - this is all the mining, energy and transportation infrastructure we have. This is the entire underground and above-ground infrastructure of the mine and the accompanying machinery, equipment, as well as modern IT infrastructure. It also includes heating plants, its own rail siding, as well as rolling stock and an integrated management system.

- Fixed assets: PLN 4,102.0 million, including property, plant and equipment of PLN 3,841.3 million
- PLN 777.7 million in investment and development spending in 2023

- Analysis of lodged complaints and direct contact with customers to identify areas of improvement
- Cooperation and direct exchange of opinions with suppliers and subcontractors to improve efficiency and safety at work

- Risk associated with the launch of production from new deposits of the LW Bogdanka Group
- Technical and technological risks
- Risk associated with the high cost of the technologies used by the Group
- Risk of IT system failures
- Risk of customer insolvency
- Key supplier risk
- Risk of supplier price collusion
- Risk of prolonging the process of issuing administrative decisions on the conduct of mining operations



Human capital - the people employed underground and on the surface, the experts and originators of improvements, along with their knowledge and experience, which make up a unique resource, i.e. competence, and thus related intellectual capital. This is also an established culture of safety and responsibility for yourself and your colleagues, as well as an ethics and compliance system.

- 6,132 employees in the LW Bogdanka Group
- average monthly salary in the group at PLN 13,724
- PLN 265.6 million in OSH spending in 2023
- Decrease in accident rates by 16% in relation to 2022 as a result of implementing a plan to improve workplace safety and build a safety culture
- 134 people working at LW Bogdanka S.A. employed under the "Pass to Work" program

- Work within the OHS Commission (including dialogue with the trade unions and their representatives)
- Implementation of the Compliance Policy
- Partnerships with trade schools and universities - educating future personnel for the LW Bogdanka Group as a multicommodity concern

- Risk related to the strong position of the trade unions in the Group
- Risk associated with retaining and recruiting the Group's personnel

Value creation model at LW Bogdanka Group



Intellectual capital - knowledge and innovation which contribute to the efficiency and innovativeness of the mine. They provide unique efficiency and effectiveness in coal mining, as well as new solutions to increase the Group's flexibility in relation to the market situation, investment plans or policies and new responsibilities. Intellectual capital also includes the knowledge gained from local research partners.

Key volumes and cash transfers, and capitals:

- 92,816 hours of training for employees
- PLN 57.4 million - net book value of intangible assets, including the value of geological information - PLN 35.3 million
- PLN 26 thousand for scholarships for top students of partner high schools
- 30 employees who started 1st and 2nd degree study programs with funding in 2023

Stakeholders and forms of dialogue with them, and capitals:

- Technology partnerships and tech dialogue.
- Cooperation with the academic community, including the Association of Lublin Universities,
- Industry cooperation under strategic partnership agreements (Węglokoks, KGHM Polska Miedź)
- Activity of the Scientific Council for Environmental Protection at the LWB Management Board
- Coordination and development of the network of RES and CE Clusters based on the strategy

Risk management, and capitals:

- Technical and technological risks



Social Capital - contribution to the socio-economic development of local communities living in the Lublin Region - in particular, based on the ESG strategy consistent with the local "Green Mining Region" strategy for mining municipalities. Relationships, based on constructive dialogue and trust, and as a result, no conflicts with stakeholders. Unique, constructive attitude of trade unions. Reducing the negative social effects of mining activities (effective removal of mining damage) and implementing *LWB's Social Involvement Policy*.

- income tax PLN 163.5 million z in 2023
- PLN 1,241.6 million transferred in 2023 to the community in the form of expenses for employee benefits
- PLN 6.3 million to remove mining damage in the local community in 2023
- PLN 3.4 million for charity in 2023

- Regular meetings of the Management Board with the Trade Unions
- Regular meetings of the Consulting Team for periodic assessment of impacts of mining operations on the surface within the boundaries of Cyców, Ludwin and Puchaczów municipalities.
- Meetings of Cluster Members
- Open conferences, public consultations
- ESG Strategy
- ESG Reporting

- Risk associated with reclamation and mining damage
- Risk related to the strong position of the trade unions



Natural capital - Reducing negative environmental impacts, including biodiversity, natural resource management and waste management. Reducing environmental emissions, calculating and publishing the Group's carbon footprint, Maximizing environmental performance through investment projects and innovation, as well as partnerships with environmental organizations and institutions. Diversifying operations to support "green transition."

- 2.2 million tons of commercially used mining waste
- 3.5 million m3 of recovered and commercially used mine water
- PLN 44.1 million of environmental spending in 2023, including nearly PLN 2.3 million for monitoring and reclamation
- PLN 150 thousand - Expenditures incurred for projects dedicated to the support of ecosystems and biodiversity

- Issuing opinions on projects and investment plans in terms of impact on ESG aspects
- Activity of the Scientific Council for Environmental Protection
- Cooperation with environmental organizations in assessing the impact of mining activities on the environment
- Signing a cooperation agreement with the Polesie National Park

- Risk of restrictive climate policies resulting in changes to applicable law
- Risk associated with the tightening of standards and regulations on environmental law standards and the obligation to obtain environmental permits
- Risk related to mining waste management
- Investment risk associated with the presence of protected areas

Outlook

Global coal production

Approximately 8.3 billion tons of coal are produced worldwide. It is estimated that this level will be maintained in the coming years.

Coal consumption is estimated to remain stable at around 8 billion tons in the coming years, mainly due to the development of renewable energy.

Domestic coal production

According to the National Energy Policy (PEP 2040), hard coal production in Poland will decline.

In 2023, 48.3 million tons of hard coal were produced and 16.9 million tons were imported into Poland.

A decline to 47 million tons is expected in the next few years.

Steam coal mining in Poland is expected to end by 2049.

Our production accounts for about 15% of Poland's output.

Power plant capacities

The update of the National Energy Policy assumes the use of coal-fired power plants and combined heat and power plants, despite further increases in generation from gas-fired units,

Coal prices in Poland

Hard coal prices in Poland are currently at a high level. In the long term, prices are expected to stabilize.

Factors affecting our industry:

- EU and national regulations
- Russia's invasion of Ukraine
- Coal prices in the world and in Poland
- Steel and energy prices
- Prices of other energy sources: gas
- RES production volume
- Transition of the economy towards low-carbon

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. However, it should be noted that 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.

How do we see the future of our industry in Poland?

Trends shaping the future of the coal market in Poland:

Green transition resulting from EU policy:

- Support for RES development
- Reducing demand for steam coal
- Striving to achieve climate neutrality
- Social pressures related to climate change

Changes in the volume and structure of demand:

- Moving away from steam coal in favor of renewable energy sources
- Increase in energy efficiency and self-production of energy in industry
- Recognition of coking coal as a strategic raw material

Limited financing options:

- Abandonment of financing of coal projects by financial institutions
- Building low-impact (the so-called non-carbon) portfolios by financial institutions

Mine phasing-out process:

- Steam coal mining in Poland is expected to end by 2049.
- Decommissioning of the sector involves a number of socio-economic risks

How do we see our future?

According to the Strategy, steam coal production will remain the core pillar of our business. We intend to leverage our resources and market advantages, including innovation and cost control.

LW Bogdanka is the third largest hard coal producer in Poland and the undisputed leader in efficiency - based on its high mining competence we plan to develop the other pillars of our business - the multi-commodity approach, production of components for renewable energy sources or energy storage. Our ambition is to remain the economic pillar of the region, providing stable employment.

The steam coal market in Poland in recent years has been characterized by unprecedented dynamics and difficult-to-predict operating conditions. The Company is closely monitoring these changes and responding to them on an ongoing basis.

In the short term, costs and expenses are also under full control. In the long run, in addition to efforts to improve efficiency, it may be necessary to optimize the production process and make operational adjustments to the expected level of coal demand. All these measures will help maintain long-term mining profitability and keep the lowest unit cost of coal production.

We consciously influence the environment

We care about economic and social development and our employees

We support the economic and social development of the Region in which we operate. Our Company provides stable employment and high salaries, much higher than the average for the Lubelskie Voivodship. In addition to the base salary and bonus system, our employees receive a number of additional financial and non-financial benefits - from "Barbórka" benefits, fourteenth salary, jubilee awards, vacation benefits, or subsidized nursery/pre-school and children's and teenagers' vacations, to supporting development, entrepreneurial attitudes, quality and accessible education for all, and numerous social initiatives.

LW Bogdanka is the economic pillar of the region and we want to support values that integrate social communities.

Therefore, we are implementing the Social Involvement Policy, which involves the development of the cultural, scientific, educational, health spheres, building the local infrastructure and securing other needs of the local community.

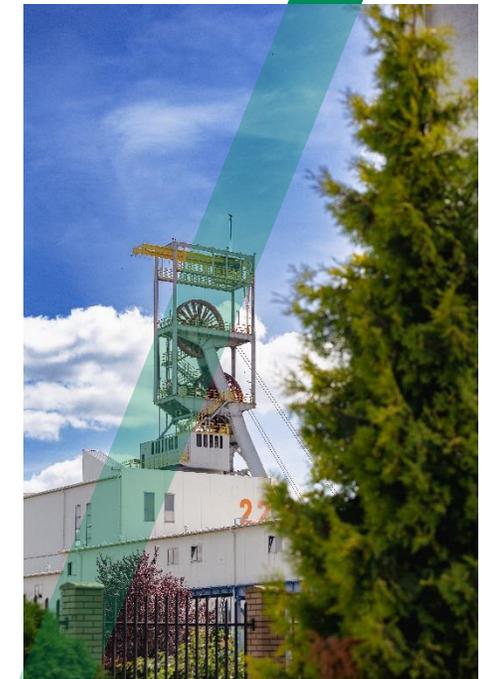
How we take care of the local infrastructure:

- We improve safety on roads and other public spaces
- We take care of water management and counteract drought and negative phenomena related to water availability
- We reclaim and nurture green spaces, promoting sustainable development, organic farming or supporting native species,
- We care about the aesthetics of urban and rural spaces, while promoting shared responsibility for public order.

Our social activities focus on the following areas, among others:

- Social affairs - support of charitable organizations, counteracting social exclusion, ensuring equal opportunities
- Science and education – in particular, support for schools (including vocational schools), educational projects, equalizing opportunities for students, supporting entrepreneurial attitudes, creativity and innovation, and educating in the area of sustainable development;
- Health, including physical activity - supporting medical institutions, promoting prevention and healthy lifestyles, countering diseases of civilization and taking care of the overall improvement of community health;
- National memory and identity, protection of heritage, supporting art and culture – including initiatives that build civic awareness and patriotism, including local patriotism, referring to history, popularizing knowledge of Polish history or its elements, customs, traditions, as well as participation in the reconstruction, restoration and rescue of landmarks;
- Increasing the availability of cultural events, promoting artists and authors,
- Environmental protection, ecology – supporting initiatives and organizations aimed at raising the level of environmental awareness and shaping the environmental attitudes of society by promoting the principles of sustainable development, including the dissemination of knowledge in this area and social activation in the field of environmental protection and sustainable development; implementation of initiatives to support the implementation of the UN Sustainable Development Goals and tasks that have a positive impact on the environment;

We value our neighbors and the area where we operate. We are proud of the Region and its inhabitants: their energy, ideas and local engagement. At the same time, we realize that our mine is the economic pillar of the entire voivodship. This is why we support Lublin initiatives and have worked on the reputation of a good partner for years. We realize the challenges faced by the enterprises operating in our industry and know that these issues are also of concern to residents of the Lublin region and local authorities. We work together on responsible changes that will allow us to preserve stability of employment. Our Group's ESG Strategy is the answer to these challenges.



Summary of 2023

OPERATING DATA

11.7 million tons

Gross coal extracted

7.1 million tons

Production of commercial coal

60.1%

Mining yield

29.7 km

New excavations

6.7 million tons

Sales of commercial coal

HEADCOUNT

6,132 persons

Headcount as at the end of 2023

5.9%

Increase in headcount from 2022



FINANCIAL HIGHLIGHTS

PLN 3,939.3

million

PLN 839.8

million

EBIT

PLN 896.5

million

Sales profit

PLN 1,345.2

million

EBITDA

PLN 687.1

million

Net profit

Summary of 2023

Highlights

- appointment of President of the LW Bogdanka S.A. Management Board
- establishment of the Łęczyński Energy Cluster
- Extraordinary General Meeting of LW Bogdanka S.A. - adoption of resolutions to change the composition of the Supervisory Board
- 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
- 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

Events after the balance sheet date

- dismissal of a member of the LW Bogdanka S.A. Supervisory Board
- receipt of a judgment in a patent case
- convening an Extraordinary General Meeting of LW Bogdanka S.A. - adoption of resolutions to change the composition of the Supervisory Board



Production potential and material factors related to the growth of LW Bogdanka S.A. and the whole Group



- K-6 and K-7 deposits in the Cyców mining area, located in Cyców municipality, with a total area of 51.78 km², with seams 379, 380, 382, 387, 389 and 391 earmarked for mining operations

Material factors related to the growth of LW Bogdanka S.A. and the whole Group

- stable volume of sales as a benefit of membership in the Enea Group
- rich reserves of hard coal, ensuring the continuation of mining operations for a long time to come
- highly skilled employees and technical culture
- innovation and development of state-of-the-art technologies
- many years of experience that translates into business efficiency and flexibility.

The mining area exploited by the Company is divided into the following three mining fields:

- Bogdanka field
- Nadrybie field
- Stefanów field

Mine shafts are located in:

- Bogdanka
- Nadrybie
- Stefanów

Of these, extraction shafts are located in:

- Bogdanka
- Stefanów

The Company holds four concessions for the mining of hard coal from the following deposits:

- Bogdanka deposit in the Puchaczów V mining area (seams: 382, 385/2, 389, 391) with an area of 73.3 km², located in Cyców, Ludwin and Puchaczów municipalities of the Lubelskie Voivodeship
- K-3 deposit in the Stręczyn mining area (seams: 379/2, 385/2, 391) with an area of 9.38 km², located in Cyców and Puchaczów municipalities of the Lubelskie Voivodeship
- Ostrów deposit in the Ludwin mining area, located in Ludwin, Łęczna, Ostrów Lubelski, Sosnowica, Uścimów and Puchaczów municipalities, with a total area of 78.67 km², with seams 377/1, 379, 382 and 385/2 earmarked for mining operations

Resources of the Bogdanka (Puchaczów V) hard coal deposit – updated as at 31 December 2023

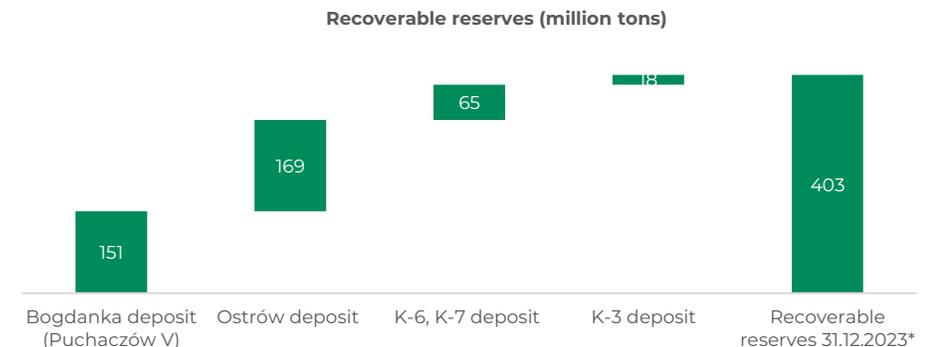
Resources [million tons]	year			Difference 2023-2022
	2021	2022	2023	
Total anticipated economic resources	730.3	724.9	718.9	-6.0
Potentially economic resources*	234.0	247.9	232.7	-15.2
Potentially extractable resources*	175.3	169.0	151.3	-17.7

* Resources that may be mined on the basis of the concessions held by the Company and after an extension of the concession for the Bogdanka deposit (the concession process for the Company is currently in progress)

Resources of hard coal deposits – updated as at 31 December 2023

Resources [million tons]	Ostrów	K-6, K-7	Stręczyn - K-3
Total anticipated economic resources*	1,247.6	656.0	143.2
Economic resources	247.0	90.3	22.3
Extractable resources	169.0	65.0	18.0

* Anticipated economic resources in the concession area



Concessions

Mining operations involving the extraction of hard coal for economic purposes must be carried out in accordance with the provisions of the Geological and Mining Law.

- In the Strategy until 2030 (with an outlook to 2040), the key areas for the Company are Puchaczów V, Stręczyn (K-3), Ludwin (Ostrów) and Cyców (K-6, K-7)
- In 2017, the Company obtained a mining concession for the Ostrów deposit (Ludwin area). As a result, the Company doubled its extractable resources
- In 2019, the Company obtained a mining concession for the Ostrów deposit (Cyców area). As a result, the Company's extractable resources increased by 66 million tons
- on 30 November 2022, LW Bogdanka S.A. obtained a concession for the exploration and prospecting of type 34 and 35 coking coal in the area containing the Łaszczów deposit.

LW Bogdanka S.A. holds the following mining licenses:

Deposit	Concession no.	Concession grant date	Concession expiration date
Bogdanka	5/2009	6 April 2009	31 December 2031
K-3	3/2014	17 June 2014	17 July 2046
Ostrów	6/2017	17 November 2017	31 December 2065
K-6, K-7	10/2019	20 December 2019	31 December 2046



Permit/license	Number	Issuing authority	Date granted	Expiration date
Water permit for a water service covering:				
a) drainage of the LW Bogdanka S.A. mine	LU.RUZ.421.16.2019.VR	PGW Wody Polskie	6 November 2019	31 October 2025
b) discharge of industrial sewage (seepage water from the mining waste facility and water from the mine drainage system) via the Żelazny Trench to the Świnka River				
Permit to carry out mining construction works related to the expansion of the mine waste heap	L.dz.5/512/1/93/AG	Regional Mining Authority in Lublin	30 March 1993	-
Permit approving the construction design for an extension of the mining waste facility at Bogdanka	LUB.5200.20.2021.MS Ref. no. 37949	Regional Mining Authority in Lublin	10 December 2021	-
Decision of the Marshal of the Lubelskie Voivodeship authorizing the operation of a mining waste facility at Bogdanka.	DŚ-III.7244.2.2022.EWF		31 March 2022	31 March 2032

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

Corporate Social Responsibility (CSR)

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

Dividend policy

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

New Development Strategy of 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:

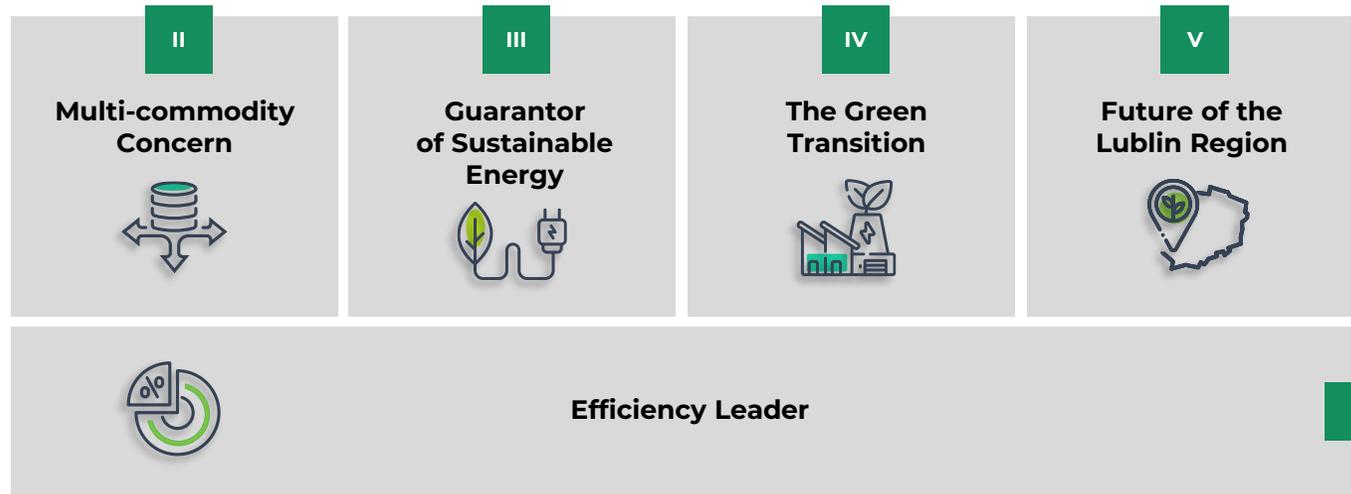
- The turbulences in the global coal market related to the destabilization of the market caused by the war in Ukraine and the embargo on imports from Russia. The change in the global and local coal demand and supply structure, as well as the increase in raw material prices and their projected continuation 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.



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.



New Development Strategy of LW Bogdanka Group

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.

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.

Implementation of the LW Bogdanka S.A. Development Strategy in 2023

Coal production

Plan:

- in 2023-2025 it will be approx. 9.1 million tons
- in 2026-2030 it will be approx. 10.1 million tons
- in 2031-2040 it will be approx. 9.1 million tons

Actuals 2023: **7.1 million tons**

Sales revenues

Plan:

- in 2023-2025 it will be PLN 5,902 million
- in 2026-2030 it will be PLN 5,565 million
- in 2031-2040 it will be PLN 4,967 million

Actuals 2023: **PLN 3,939 million**

Value of expenditures

Plan:

- in 2023-2025 it will be approx. PLN 1,017 million
- in 2026-2030 it will be approx. PLN 1,116 million
- in 2031-2040 it will be approx. PLN 426 million

Actuals 2023: **PLN 763 million**

Market position

In its Strategy, Bogdanka aims to strengthen its market position by achieving in 2030 58% share in the market of coal supplied to the commercial power sector.

Actuals 2023: **25.4%**

Dynamic increase in the average share of revenue from non-core business initiatives

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.

Actuals 2023: **0.0%**



Return on Equity (ROE)

Plan:

- in 2023-2025 it will be 26%
- in 2026-2030 it will be 11%
- in 2031-2040 it will be 3%

Actuals 2023: **17.2%**

Return on Assets (ROA)

Plan:

- in 2023-2025 - 22%
- in 2026-2030 - 10%
- in 2031-2040 - 3%

Actuals 2023: **13.1%**

EBITDA margin

Plan:

- in 2023-2025 - 46%
- in 2026-2030 - 41%
- in 2031-2040 - 30%

Actuals 2023: **33.6%**



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, 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 2024 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.



Investment activities completed in 2023

In 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 762,692 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 fields etc.

Development and replacement investments of 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 18,392 thousand.
- Purchases of finished goods, machinery and equipment – finished goods were purchased for PLN 20,490 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 68,057 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 has been completed, in accordance with the provisions of the "concession for the exploration of deposits in the Łaszczów prospecting area" - an expenditure of PLN 10,588 thousand was incurred in 2023.

Longwall shearers – total expenditures of PLN 5,666 thousand were incurred, among others, for the modernization of shearer system 7 and purchase of 3 new sections for shearer 6.

Other development investments

- Extension of the mining waste facility at Bogdanka - an expenditure of PLN 15,397 thousand was incurred. The expansion of Phase II of Sector V has been completed. Works 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 7,685 thousand was incurred, among others, the installation of the main drainage pipeline in shaft 1.2 and the expansion of the visualization system for shaft 1.3 skip loading equipment.
- Photovoltaic farms and RES investments - expenditures of PLN 27,377 thousand were incurred, including the construction of a 3MW photovoltaic power plant and the purchase of land for future projects.
- Hoisting machine switchgear facilities and other electrical power systems - PLN 9,391 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 21,101 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 8,816 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 3,385 thousand were incurred for the construction of infrastructure.

ICT - PLN 16,185 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 - expenditures of PLN 29,661 thousand were incurred, among others, on environmental protection (e.g. construction of a mine water pumping station at the RE Żelazny ditch, as well as the expansion of pumping stations P-2 and P-3) and construction of civil structures of the Bogdanka field; in addition, land affected by mining damage was purchased. Expenses of PLN 1,195 thousand were 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 25.7 km (in total approx. 29.7 km) and their value amounted to PLN 430,660 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 67,197 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 15,007 thousand.

Łęczyńska Energetyka - the investment tasks carried out in 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 4,587 thousand.

RG Bogdanka, MR Bogdanka, EkoTrans Bogdanka - incurred total capital expenditures of PLN 10,420 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 2023

Selected items of capital expenditures in the LW Bogdanka Group

[PLN thous.]	TEP 2023	TEP 2023*	Execution TEP 2023	Execution TEP 2023 [%]	TEP 2024
New excavations and upgrade of existing ones	456,957	555,885	497,857	89.6%	564,407
Maintenance of machinery	179,246	152,139	106,939	70.3%	239,032
Securing new concessions	10,588	10,588	10,588	100.0%	0
Longwall shearers	6,278	6,278	5,666	90.3%	167,931
Other development investments	106,737	109,945	94,601	86.0%	80,073
IT/TC	30,947	31,857	16,185	50.8%	30,316
Other	51,289	51,259	30,856	60.2%	44,539
TOTAL CAPEX in LW Bogdanka S.A.	842,042	917,951	762,692	83.1%	1,126,298
Łęczynska Energetyka Sp. z o.o.	8,000	8,000	4,587	57.3%	9,500
MR Bogdanka	1,590	1,590	1,028	64.7%	1,590
RG Bogdanka	9,905	9,905	9,195	92.8%	3,987
EkoTrans	0	0	197	-	0
TOTAL CAPEX in the LW Bogdanka Group	861,537	937,446	777,699	83.0%	1,141,375

*plan update

Value of capital expenditures incurred for excavations in 2023

Total excavations and works	Depreciation method	Length [running meters]	Value of capital expenditures [PLN 000s]
Gate roads	natural	22,542	
Basic excavations	straight-line	3,178	497,857
Horizontal reconstructions	linear/natural	2,365	

The total length of roadway excavations completed during the 12 months of 2023 was 27,302 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 67,197 thousand. The total expenditure incurred on new excavations and modernization of existing ones amounts to PLN 430,660 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 1,582 m.



Planned investment activities for 2024

Operational investments of LW Bogdanka S.A.

New excavations and upgrade of existing ones

The plan includes the mining of excavations – mainly longwall galleries, capital galleries, crosscuts and other technological and access excavations, enabling the mining of longwalls in seams 385, 389 and 391 in the Bogdanka and Stefanów fields. Redevelopment of mining excavations will also be carried out.

Growth investments of LW Bogdanka S.A.

Maintenance of machinery

- Purchase and assembly of new machinery and equipment to be assembled – plans for 2024 include the purchase of used Eaos coal cars, ELECTRA battery locomotives, purchase of overhead diesel locomotives, mine track locomotives, a belt conveyor, ventilation dams, PWP vibrating sifters, cooling equipment, a self-propelled drilling and anchoring device, and an excavation stripping device, and purchase of a GM-50 roadheader
- Purchases of finished goods, machinery and equipment – the following purchases are planned: ready-made transport equipment (including transport platforms, container trucks without a chassis, mobile transport hoists, a heavy set for section transport), pumps and hydraulic units, electrical equipment (including but not limited to electric motors, electrical instruments) and other ready-made equipment
- Modernization and repairs of machinery and equipment – the plan includes the modernization of transformer stations, EL 160LS dinting loaders, diesel locomotives for

the suspended BIZON system, URW Panda excavation stripping devices and renovation of roadheaders, periodic repairs of wagons, modernization of type 1600 belt conveyors – adaptation to the transport of people.

- Renovation and modernization of longwall systems – the plan for 2024 includes the modernization of type 1600 belt conveyors – adaptation to the transport of people, renovation of the JOY BSL bottom conveyor, and renovation of JOY 4LS longwall shearers
- Shearer complex 8 – the purchase of new longwall mining equipment is planned for 2024.

Other development investments

- Expansion of the mining waste disposal facility in Bogdanka - work has been completed on the expansion of the facility as part of Stage II in Sector V; the plans for 2024 include land purchase for the next stages and the start of construction of Sector IV.
- Expansion of the coal storage site – continuation of works related to the expansion of the storage site; the plan for 2024 provides for infrastructure development.
- Replacement investments in the Coal Preparation Plant – the task includes the execution of the following items: modernization of the steel structures and the facade of the Coal Preparation Plant, continuation of the replacement of jigs, and modernization of access roads and truck yards has been planned.

ICT

- Integrated Production Management System – the plan provides for the continuation of work on the underground wireless communication system and the WiFi wireless communication system in underground excavations
- Alarm and monitoring systems – the plan includes: seismic activity monitoring system, monitoring system for the company's facilities, expansion of the automation and video

monitoring system in the area of belt haulage in the Stefanów field, development of a system for monitoring and automating the haulage of excavated material.

- Purchase of ready-to-use equipment – information and communication technology – this group included purchases of hardware and network equipment, software and underground mobile computer equipment.

RES initiatives

- In 2024, RES investments are planned, among others for an electric car charging station and outlays for the construction of a photovoltaic farm, mainly the purchase of land for a PV power plant.

Other

- Construction of civil structures in the areas of the Nadrybie, Bogdanka and Stefanów Fields – major expenditures are planned for building a gantry crane at the service yard in the Bogdanka Field and expansion of technical rooms in the shaft top building of Shaft 1.4, and it was also planned to modernize the Fuel Station in the Bogdanka, Nadrybie and Stefanów Fields
- Environmental Protection – it is planned, among others, to complete a pumping station of underground waters on the RE Żelazny ditch and rebuilding and expanding pumping station in the location of Bogdanka Gaj and the construction of pumping stations in the village of Uciekajka and the village of Dratów.
- Railway investments – completion of the work to modernize electrical heating of turnouts at the Bogdanka station has been planned.

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

Łęczyńska Energetyka – planned capital expenditures in 2024 are designated for investments related to generation, transmission and distribution of heat. Expenditures were also planned for purchasing goods

MR Bogdanka – in 2024, it plans to use expenditures to purchase and assemble machinery and equipment as well as ICT systems.

RG Bogdanka – expenditures planned mainly for purchasing finished goods, ICAT and transport.

Significant trade contracts

As in previous years, LW Bogdanka S.A. entered into new trade agreements and negotiated prices and supply volumes for subsequent years under the existing long-term agreements.

As a result of the above activities, as at the date of submitting the Report, nearly 100% of the volume planned for sales in 2024 was contracted. The Company reports all contracts that are material from the point of view of its operations, as well as their amendments, through current reports. In 2023, the criterion of significance was fulfilled by the execution of annexes amending terms and conditions of agreements and entering into additional agreements with:

- ENEA Elektrownia Polaniec S.A.
- ENEA Wytwarzanie Sp. z o.o.
- Zakłady Azotowe "Puławy" S.A.

Transactions with related parties

In 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 list presented beside shows major contracts in force in 2023 entered into between LW Bogdanka S.A. and its subsidiaries. In 2023, LW Bogdanka S.A. had a contract in force for purchase of electricity from Enea S.A. For more information on the agreements with the Enea Group and companies controlled by the State Treasury, see Note 30 of the Financial Statements of LW Bogdanka for 2023.

Agreements between LW Bogdanka S.A. and MR Bogdanka sp. z o.o.

- delivery of casing pipes and connectors
- overhaul of machinery and equipment and repairs of tools
- delivery of components of machines, equipment and steel structures
- repairs of transport units of the underground thill rail
- production of friction racks SV-36 and SV-32
- provision of maintenance services, ongoing repairs and overhauls, service of joinery, snow clearing and removals
- memorandum of cooperation
- lease of part of the multifunctional workshop and warehouse building
- vehicle weighing service with specific goods on a truck scale for fine coal at Bogdanka
- supplying electricity
- lease of a plot and rooms for providing laundry services and preparing beverages.

Agreements between LW Bogdanka S.A. and Łęczyńska Energetyka sp. z o.o.

- supply of heat
- supply of water and discharge of sewage, maintenance service for central heating, domestic hot water and process heat systems.
- sales of steam coal and electricity
- lease of rooms
- heating intake air to mining shafts (operational service and supervision)
- lease of rooms from Łęczyńska Energetyka for PSG and POS sections
- weighing services
- cold water supply and sewage discharge from buildings in Zawadów
- service and maintenance of sewer lift station, drainage system and network
- service of supervision as the owner's representative
- service of producing ID badges.

Agreements between LW Bogdanka S.A. and RG Bogdanka sp. z o.o.

- performance of mining works and services at the LW Bogdanka S.A. mine on business days
- performance of explosive works
- tenancy, lease and lending for use
- provision of services of higher-order supervision of mine operations.

Agreements between LW Bogdanka S.A. and EKOTRANS Bogdanka sp. z o.o.

- removal of non-hazardous waste (waste rock)
- lease of office room in the multi-functional building
- agreement on providing services with trucks.



Information on financial instruments, bonds, loan agreements

Information on financial derivatives

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

Bonds

As at 31 December 2023, the Group:

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

Assessment of the capacity to execute investment plans

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

Tenancy and lease agreements

The Group's total net revenues from tenancy and lease agreements, including land, premises, machinery and equipment, in 2023, amounted to PLN 10,335 thousand.

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

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

Information on loans and borrowings taken out and granted

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

Information on sureties and guarantees granted and received

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

Guarantees extended by LW Bogdanka S.A.

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

Information on loans drawn down

In 2023, the Parent Company did not enter into any loan agreements.

Agreements relating to loans and borrowings of subsidiaries

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

In 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.



Price of coal on the international market

CIF ARA coal prices

- 125.1 USD/t - average CIF ARA coal price in Q4 2023 -47.3% vs. Q4 2022 (237.6 USD/t)
- comparing with the average CIF ARA coal price in Q3 2023 (117.6 USD/t) this is an increase of 6.4%
- the average price in 2023 was 128.5 USD/t, down 58.1% y/y (in 2022: 291.5 USD/t).

Inventories in ARA ports

- ca. 5.5 million tons of coal inventories at the end of December 2023 at ARA ports - at the end of September 2023 the inventories stood at 7.0 million tons

Prices at major ports worldwide

- 83.6 USD/t - average Baltic Ports FOB price in Q4 2023 vs. Q4 2022 (115.6 USD/ton) – down by 35.3%
- comparing with the average price in Q3 2023 (76.6 USD/t) this is an increase of 9.1%
- the average price in 2023 was 87.7 USD/t, down 40.4% y/y (in 2022, it was 147.1 USD/t).

China

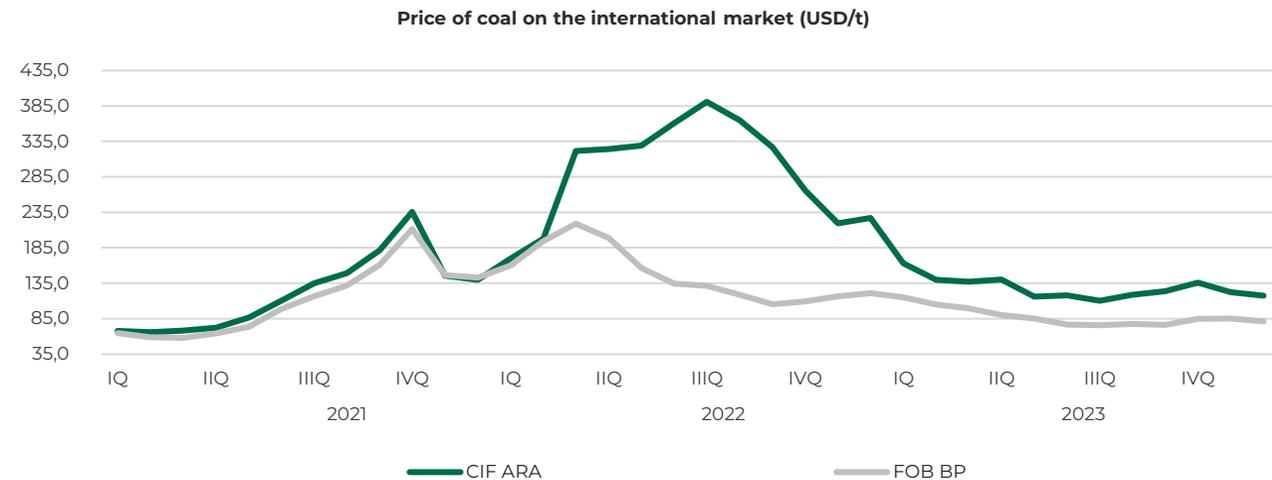
- in 2023, approx. 4.7 billion tons of coal were produced, i.e. +2.2% vs. 2022 (4.5 billion tons)
- in 2023, imports totaled 474.4 million tons, up approximately 63.6% from 2022 (290.0 million tons).

USA

- in 2023, production was 527.6 million tons, up -1.8% vs. 2022 (537.2 million tons)
- in 2023, consumption was 384.4 million tons, -17.4% vs. 2021 (465.2 million tons)
- exports in 2023 amounted to 66.8 million tons of hard coal, -13.0% y/y (76.8 million tons in 2022)

Russia

- in 2023, production was 430 million tons, down 1.4% y/y (436 million tons in 2022)
- exports in 2023 amounted to 213 million tons, up 9.8% y/y (194 million tons in 2022).



Prices for fine steam coal on the domestic market

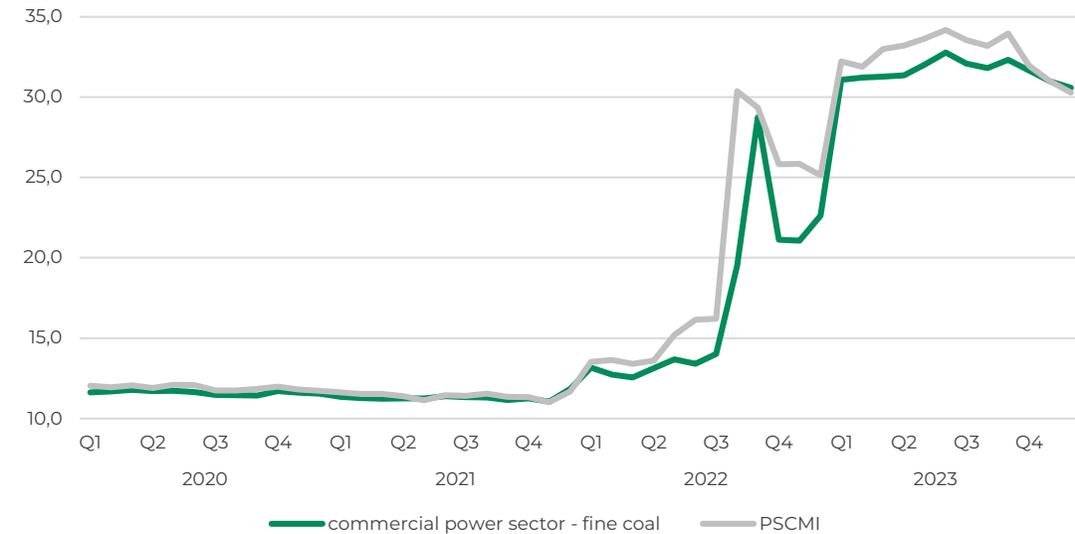
Price of fine steam coal

- The average price of fine steam coal for the commercial power sector in Q4 2023 was 31.1 PLN/GJ, the price growth rate was approx. 44.0% compared to Q4 2022 (21.6 PLN/GJ) in 2023 (17.14 PLN/GJ) – up 84.8% compared to 2022 (17.1 PLN/GJ)
- The average calorific value of fine coal for the commercial power sector was approx. 21.3 GJ.

Prices from the PSCMI index

- The average price from the PSCMI Index in Q4 2023 was approx. 25.6 PLN/GJ, compared to the average price in Q4 2022 (25.6 PLN/GJ), the increase was approx. 21.5%
- in 2023, the price was 32.7 PLN/GJ vs. 19.9 PLN/GJ in 2022, which means an increase of 64.3%.

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 2023, steam coal production was 36.4 million tons, down 10.1% y/y.

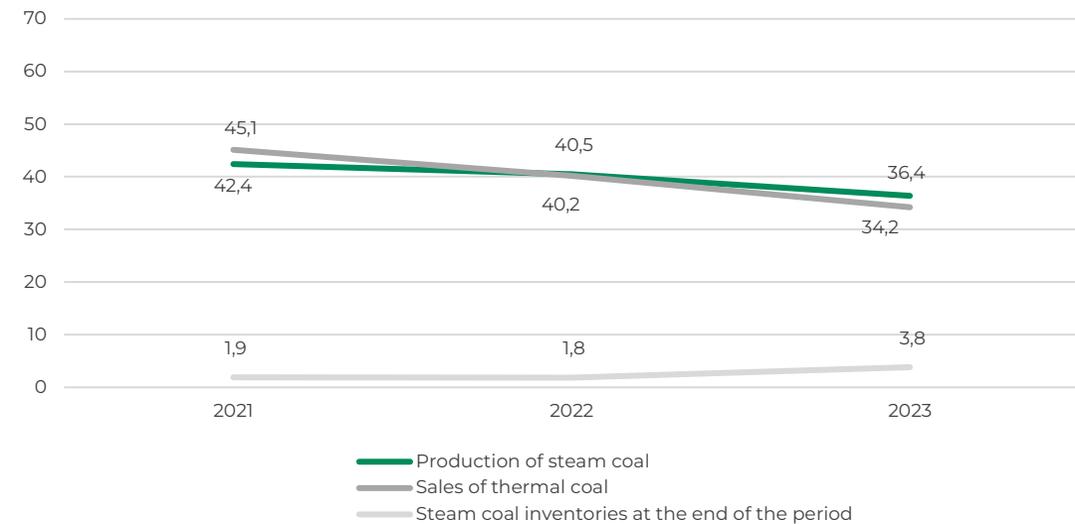
Steam coal sales in Poland

- the sales in 2023 was approx. 34.2 million tons, of which sales to the commercial power sector was approx. 23.7 million tons of fine steam coal
- compared to 2022, steam coal sales decreased by approx. 14.9%.

Coal inventories in Poland

- at the end of 2023, steam coal inventories were 3.8 million tons (1.8 million tons at the end of 2022).

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



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

In response to the anticipated decline in demand for steam coal, in 2023 we published a new Strategy, which calls for diversification of revenue sources. Detailed information on the new Strategy can be found on pages 20-22.

Key buyers of steam coal in Poland

The commercial power sector is the main buyer of steam coal in Poland, purchasing approx. 23.7 million tons of fine steam coal. The most important buyers in the commercial power sector are:

- Tauron
- PGE
- Enea
- PGNiG
- ENERGA

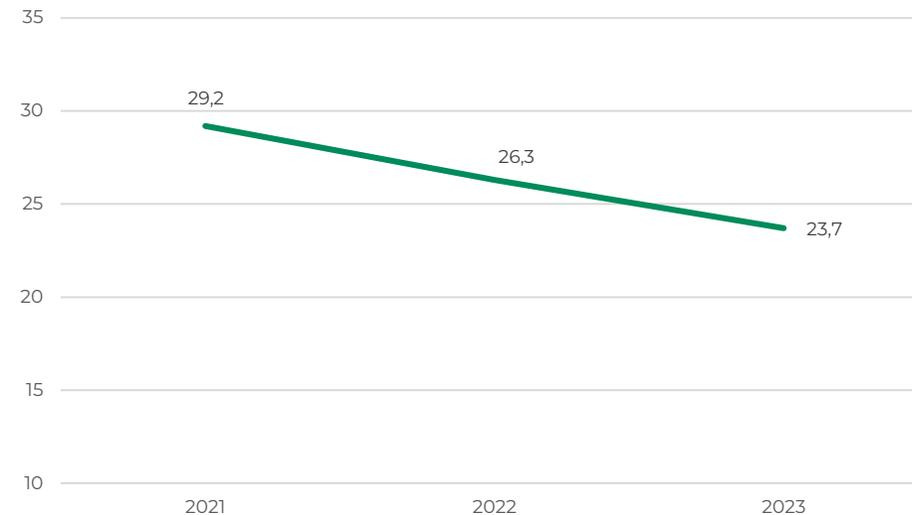
Steam coal sales in Poland

During the entire 2023, approx. 34.2 million tons of steam coal were sold in Poland. Approximately 33.4 million tons of steam coal were delivered to the domestic market, including nearly 29.3 million tons of fine steam coal.

Coal exports

Approximately 4.2 million tons of coal was exported, including approx. 0.8 million tons of steam coal.

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



Production of electricity in Poland

Total electricity production

In 2023, 163,629 GWh of electricity was produced, down 9,954 GWh (6.6%) compared to 2022.

Electricity production from coal

The main fuel used for electricity production was coal, which generated 111,178 GWh in 2023. Such a level means a drop by 23,561 GWh (-17.5%) compared to 2022. In 2023, coal was the source of 67.9% of all electricity production in Poland; its share in the fuel mix was lower by 9.0% compared to 2022.

Electricity production from hard coal

In 2023, hard coal produced 76,607 GWh of electricity (down 12.7% compared to 2022).

Electricity production from lignite

In 2023, lignite produced 34,571 GWh (down 26.4% compared to 2022).

Electricity production from wind power plants

Wind power generated 22,000 GWh in 2023, up 20.2% from 2022. The share of wind power in electricity generation was approx. 13.5%.

Electricity production from gas-fired power plants

Gas-fired power generation in 2023 was 13,650 GWh, up 36.5% compared to 2022.

Electricity generation from other renewable sources

Other renewable power generation in 2023 was 13,209 GWh, up 42.1% compared to 2022.

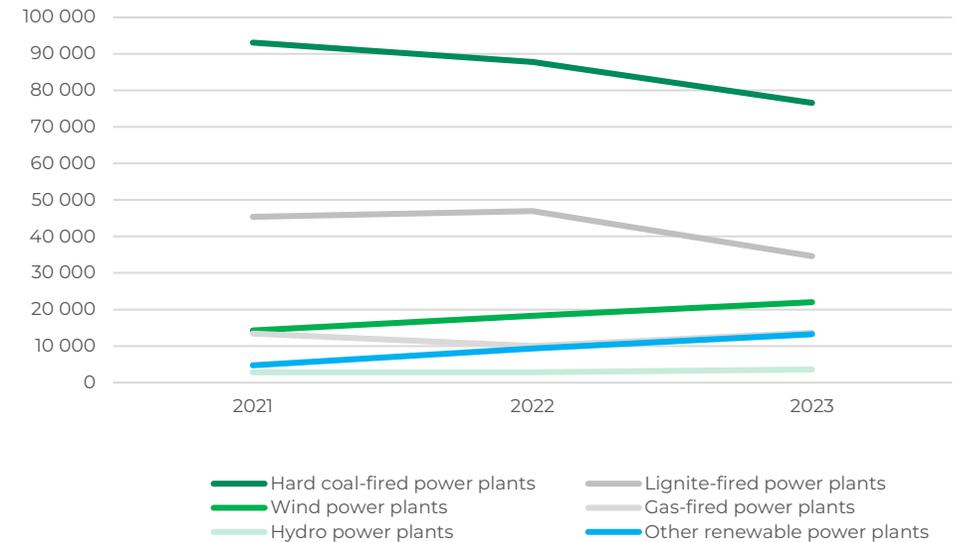
Domestic electricity consumption

167,518 GWh of electricity was consumed in 2023, down 5,961 GWh (-3.4%) compared to 2022.

Balance of cross-border exchange

The balance of cross-border exchange of electricity in 2023 was 3,889 GWh, pointing to electricity imports, compared to -1,679 GWh in 2022.

Electricity production in Poland [GW/h]



Description of factors which, in the opinion of the LW Bogdanka Group, will affect the achieved results

Risk management

Key objectives of risk management:

- ensure security of the Group's operations
- ensure the effectiveness of its decisions aimed at maximizing profits at an acceptable level of risk.

The systems in operation:

- The Integrated Enterprise Risk Management (ERM) System of the Enea Group.

Fundamental principles, procedures and documents on which the operation of the management system is based:

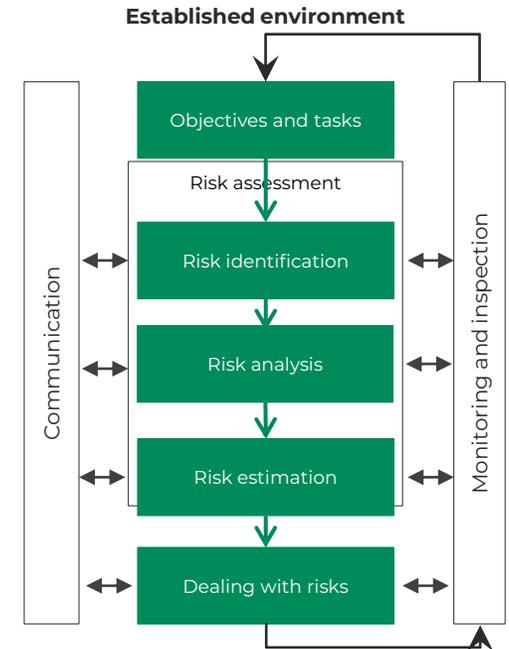
- Enea Group's Enterprise Risk Management Policy
- Enea Group's Enterprise Risk Management Methodology – ERM procedures
- LW Bogdanka Group's risk register
- Report - Update of LWB Risks according to the Enea Group ERM Methodology (LW Bogdanka Group risk map , list of critical, key, medium and low risks in the LW Bogdanka Group, action programs to minimize critical and key risks of the Parent Company).

Risk management process

LW Bogdanka S.A., within the integration process in the ENEA Group and pursuant to relevant regulations in the Group, implemented from January 2018 "Derivative Acts" – the ERM System in force in the Group Companies. As at 31 December 2023, the Risk Register of the Parent Company was updated in accordance with the ENEA Group Methodology. The Parent Company presents the Supervisory Board and the Audit Committee with information and reports on the implementation and performance of the ERM system. In the following periods, it is planned to work on further adjustment of the system to the Group's needs in the direction of increasing its role and effectiveness, using the experience to date and results of the system's operation.

The participants of the risk management system at LW Bogdanka S.A. are as follows:

- Supervisory Board
- Management Board
- Audit Committee
- Heads of organizational cells in the Parent Company – risk owners
- Risk Management Department.



Risk management process



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

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

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

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

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

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

Countermeasure: monitoring all factors, adjusting operations to the market situation and environment, planning future activities,

formulating long-term financial projections, cost control, entering into long-term contracts. taking measures to improve mining efficiency.

Risk severity: **medium**

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

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

However, it should be noted that the projected still relatively high role of coal in the Polish Power System and in the process of ensuring the country's energy security (despite downward trends) has a positive impact on the long-term aspect of LW Bogdanka's operations.

Risk severity: **medium**

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

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

On the world coal market, in January 2024, prices at ARA ports are at approx. 100 USD/ton, down from the average prices in Q4 2023, which were at approx. 120 USD/ton. Average CIF ARA prices for the whole of 2023 were at approx. 128 USD/t. However, it should be noted that despite the decline in CIF ARA prices at the beginning of 2024 and in the last months of 2023, particularly compared to the record prices in 2022, the current level of 100 USD/t is above the average prices in 2019-2021 (the average for this period is approx. 77 USD/t).

In the domestic fine steam coal market, the PSCMI 1 index (commercial power segment) is trading at around PLN 30/GJ, and the PSCMI 2 index (commercial and non-professional district heating segment) is trading at around PLN 28/GJ. The average prices for 2023 were, respectively: PLN 32.67/GJ (PSCMI 1) and PLN 36.55/GJ. Despite the decline in both indices at the end of 2023, compared to their levels at the beginning of the year, however, it should be noted that domestic coal prices are still at high levels, especially the quotations of the PSCMI 1 index compared to the average quotations in previous years (PLN 11.42/GJ in 2021 and PLN 19.12/GJ in 2022).

Risk severity: **low**

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

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

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

The consequences may be as follows:

- temporary interruptions of operations, losses of property and financial assets
- accidents at work, including fatal accidents
- potential legal liability of the Company.

Countermeasure:

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

The following is also important:

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

- high level of personnel skills.

Risk severity: **medium**

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

Risk of restrictive climate policies resulting in changes to applicable law

The EU's restrictive climate policy is leading to a reduction in greenhouse gas emissions, an increase in the acquisition of renewable energy and increased energy efficiency. In the Polish power generation industry, electricity is produced mainly from coal (hard coal and lignite). Production of electricity or heat from coal involves significant CO₂ emissions. Since the beginning of 2021, there has been a significant increase in the price of CO₂ emission allowances which, despite a decrease in the last months of 2023, continues to remain high, and directly affects the cost of coal combustion. The aforementioned restrictions or the introduction of new stricter standards or limits on emissions of CO₂, SO_x and NO_x, among others, or other chemical compounds, as well as the continued high price level of CO₂ emission allowances, could have great impact on the competitiveness of coal for electricity and heat generation. As a result of the anti-smog policy, new legal regulations have been enacted on the quality standards of coal sold on the Polish market. As a result, the above restrictions or plans for further legal changes may cause a further reduction in demand for coal in general or for coal of inferior quality. This may adversely affect LW Bogdanka S.A.'s coal sales and, consequently, have a negative impact on the Group's financial performance.

Countermeasure:

- active participation in consultations conducted by the hard coal industry in

Poland to minimize the above risks borne by domestic coal producers;

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

Risk severity: **medium**

Risks directly associated with the Group's operations

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

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

Risk severity: **low**

Technical and technological risks

The underground mining of hard coal deposits is a complex process subject to strict technical and technological regimes. In the course of such activities, various downtimes may occur due to scheduled and

unscheduled (e.g. breakdowns) technical interruptions. In this group of risks, there is also the risk of unexpected, usually local, deterioration of the quality of the deposit.

Countermeasure:

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

Risk severity: **medium**

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

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

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

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

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

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

Risk severity: **high**

Risk of IT system failures

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

Countermeasure:

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

Risk severity: **low**

Risks directly associated with the Group's operations

Risk of customer insolvency

The risk of customer insolvency is associated with the general level of current receivables of the LW Bogdanka Group due from its customers and the balance of receivables over the Group's liabilities. The Group's trade and other short-term receivables accounted for 10.3% of its balance sheet value and 15% of its sales revenues in 2023. Trade receivables accounted for 93.6% of total trade receivables and other short-term receivables. Countermeasure:

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

Risk severity: **low**

Risk related to the strong position of the trade unions

In the hard coal mining sector, trade unions hold a significant position and play an important role in shaping the personnel and payroll policy, often forcing renegotiations of the payroll policy using protests. As at 31 December 2023, there were six trade union organizations active in the Group (of which, at LWB, there were four trade union organizations representing approx. 67.7 % of the workforce). The strong position of the trade unions gives rise to a situation in which there exists a risk of increasing salaries under the negotiated salary agreements in the future,

which consequently may adversely affect the financial performance of the LW Bogdanka Group. Furthermore, potential protests and/or strikes organized by the trade unions operating in the Group may have an impact on the operating activities of the LW Bogdanka Group. Countermeasure: Ongoing dialogue and holding periodic negotiation meetings with the trade union organizations.

Risk severity: **medium**

Risk associated with retaining and recruiting the Company's personnel

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

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

Risk severity: **medium**

Key supplier risk

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

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

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

Risk severity: **high**

Risk of supplier price collusion

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

Countermeasure:

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

Risk severity: **medium**



Financial risk and environmental protection risks

Insurance risk

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

Risk severity: **medium**

Risk associated with reclamation and mining damage

The LW Bogdanka Group is responsible for reclamation of post-mining areas and removal of mining damage. The existing standards regarding reclamation and removal of mining damage may change in the future and greater severity is anticipated in this respect.

Countermeasure: repair works, preventive protection of buildings against the effects of mining damage and reimbursement to investors of costs of adapting new buildings constructed within the mine site, ongoing dialog with the local community. Advance inventory of

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

Risk severity: **low**

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

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

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

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

Risk severity: **medium**

Risk related to mining waste management

The Company produces large quantities of mining waste. Mining waste is processed (recovered) and stored in the mining waste facility in Bogdanka. Approx. 50% of waste is processed and 50% is kept in the facility. Based on a construction permit, the Company is conducting works to increase the current spoil tip

(to 250 m a.s.l.) and to enlarge the spoil tip in the eastern part. It has also taken steps to acquire adjacent land for further expansion, and another permit has been obtained for the expansion of the mining waste facility in the south-eastern part, which will secure waste storage for the next 6-7 years. Further actions are being taken to acquire more land to expand the facility. Failure to complete this investment will entail the risk of undermining the stability of the mining process and the need to seek alternative methods of mining waste management. Countermeasure: the Group has been carrying out works to elevate and expand the existing mining waste facility. It has also continued efforts to acquire further land for the upcoming stages of spoil tip expansion.

The Parent Company takes intense efforts to recover and manage the mining waste.

Risk severity: **medium**

Investment risk associated with the presence of protected areas

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

Countermeasure: ongoing monitoring, adjusting operations to meet the requirements and obligations.

Risk severity: **medium**

Risks relating to proceedings and the legal environment

Risk of changing tax laws

Lack of stability and transparency in the Polish tax system, resulting from the changes in regulations and inconsistent interpretations of the tax law, can cause uncertainty in the final results of financial decisions. Continuous revisions of tax laws and also strict sanction regulations are not incentives to take such decisions. Volatility of regulations and sometimes even of interpretations thereof may entail occurrence of any types of risks.

Consequently, the amounts stated in the financial statements may change at a later time, upon their final determination by the tax authorities.

Countermeasure:

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

Risk severity: **medium**

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

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

Countermeasure:

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

Risk severity: **low**

Risk of changing the law and its interpretation and application

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

Countermeasure:

- using the services of legal advisors and advisory companies, as well as consulting a variety of offices specializing

in the topics under analysis

- if applicable, the Group also requests binding interpretations of the law.

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

Risk severity: **medium**

Risk of violating stock exchange disclosure obligations

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

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

Risk severity: **low**

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

As other mines, LW Bogdanka S.A. carries out the mining operations based on the Mine Operation Plan approved by the Director of the Regional Mining Authority. The current Operation Plan covers the years 2023-2025 and has been subject to numerous updates in connection with the changes in circumstances arising during the operations. An update to the Operation Plan in the form of a Supplement is approved by means of an administrative decision subject to the same principles as the Plan. The Company was informed that one of the social organizations, which indicates in its statutory objectives the protection of nature, landscape and the environment, had applied for admission to participate in the administrative proceedings for

updating the Operation Plan currently in effect in the Company. An intervention by social organizations which are negatively inclined towards the Company in the procedures regarding approval of updates of the Operating Plan entails the risk that this process will be prolonged, and thus may have the effect of obstructing the mining operations covered by the Supplement. To mitigate the above risk, the Company conducts educational and informational activities regarding the impact of mining operations on the environment, as well as relies on the support of reputable law firms to conduct the proceedings.

Risk severity: **high**

Working conditions and technical risks

Working conditions

The nature of the business activity conducted by the Company causes employees working in the mine, especially underground, to be exposed to a number of natural hazards and technical risks. Working in underground conditions means also exposing an employee to harmful and onerous factors of working environment which are present in the workplaces.

Natural hazards

The following natural hazards occur in the mine:

- **Methane threat**
risk severity: **low**
- **Water threat**
risk severity: **high**
- **Threat of a coal dust explosion**
risk severity: **medium**
- **Fire hazard**
risk severity: **medium**

Because of compliance with OSH regulations, continuous monitoring and applied prevention measures, the occurring threats and risks remain under control.

Technical threats

In 2023, there were an average of 8 workers per day in positions with mechanical agent hazards associated with particularly hazardous machinery.

Especially dangerous machines include:

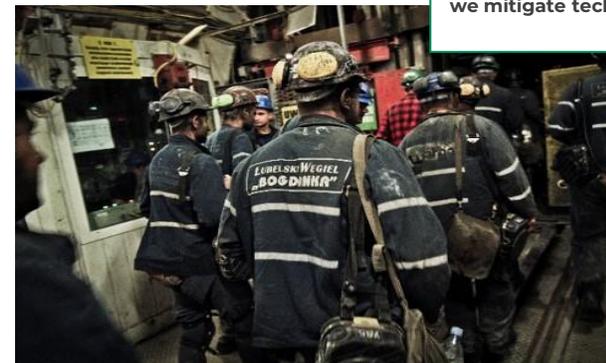
- belt and scraper conveyors
- underground railway locomotives
- suspended diesel railways
- hydraulic powered supports.

Mitigation of technical risks and their impact on employees is achieved through:

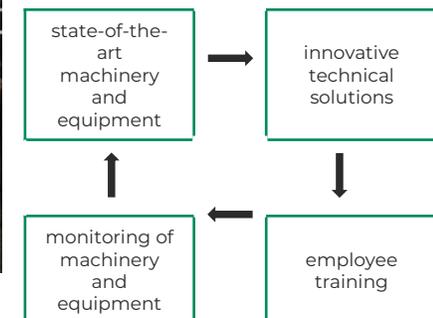
- replacement of machinery and equipment with more modern and safer for employees
- training on the operation of machinery, equipment and installations requiring appropriate qualifications, as well as skills in the area of operation of minor mechanization
- ongoing monitoring of technical condition of machinery and equipment
- Implementation of innovative technical solutions, use of minor mechanization machinery and equipment with improved safety standards.



8 employees per day, on average, are exposed to mechanical risks



we mitigate technical risks thanks to:



Harmful and onerous factors

Harmful and onerous factors

Measurements of harmful factors occurring at workplaces in the Company are carried out in line with the Regulation of the Minister of Health of 2 February 2011 in the matter of tests for and measurements of harmful factors in the work environment (Journal of Laws 2023.419) and the internal procedure developed in this regard.

The internal procedure includes measurements of the following factors:

- coal dust
- crystalline silica dust
- audible noise
- general and local vibrations
- ionizing radiation
- harmful effect of welding gases
- microclimate.

All employees working in conditions harmful to health are kept informed about the existing risks, i.e. harmful and onerous factors at workplaces. The employer provides employees with personal protective equipment that is appropriate to the hazards present and provides training on their proper use.

Accidents at work

In 2023, at LW Bogdanka S.A. there were 56 accidents causing temporary disability. The number of accidents and the basic accident rates are shown in the adjacent table. In 2023 the incidence decreased by 19,7%, and frequency decreased by 19,7%.



Number of underground employees in workplaces where Highest Allowed Intensity and Highest Allowed Concentration standards are exceeded

	Dust	Noise	Vibrations	Microclimate	Chemical agents	Other
2021	584	405	59	316	-	-
2022	1,459	635	103	637	-	-
2023	1,380	967	109	845	-	-

Summary of number of accidents and accident rates in the Company in 2021-2023

	2021	2022	2023
Total number of accidents	68	67	56
including: fatalities	-	1	-
including: involving serious injury	-	-	-
incidence ratio (per 1000 employees)	13.9	13.7	11.0
frequency ratio (per 100,000 days worked)	7.2	7.1	5.7

Human capital

The **LW Bogdanka Group** is one of the biggest employers in the Lublin region. We employ almost six thousand people, a vast majority of whom come from Łęczna County and its surrounding areas, i.e. within 50 km from Bogdanka.

Naturally, we are strongly attached to the region and its inhabitants. We offer attractive jobs, opportunities to develop in the organization and a rich social package. Our desire is to build a close-knit team with our Employees, where people are committed to work and aware of the challenges, opportunities and possibilities faced by our organization. Employees are perceived as one of our crucial assets conditioning our sustainable development. We are happy about their professional ambitions and assure that they continuously improve their professional qualifications and interpersonal skills and are effectively motivated.

Key HR objectives:

- Attracting and retaining the best employees
- Increased work safety
- Technical improvement of work safety
- Industry re-qualification program for mining workers

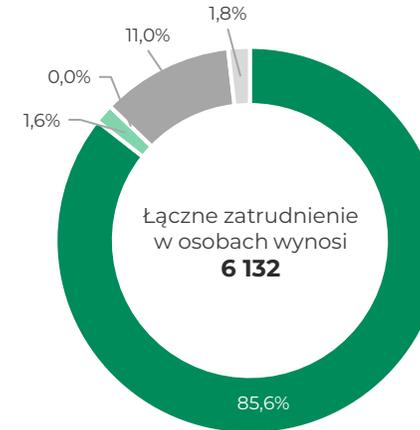
[persons as at 31 December]	2022	2023	Structure	Change 2023/2022
LW Bogdanka S.A.	4,929	5,246	85.6%	6.4%
Łęczyńska Energetyka Sp. z o.o.	97	101	1.6%	4.1%
EkoTrans sp. z o.o.	1	1	0.0%	0.0%
RG Bogdanka Sp. z o.o.	656	675	11.0%	2.9%
MR Bogdanka sp. z o.o.	108	109	1.8%	0.9%
LW Bogdanka Group	5,791	6,132	100.0%	5.9%

Headcount in the Group

In 2023, there was a slight increase in the LW Bogdanka Group's headcount, by 5.9%. The largest increase in the number of employees was reported in LW Bogdanka S.A. The employees working underground constituted the core group of employees at the LW Bogdanka Group, i.e. 70.3%.

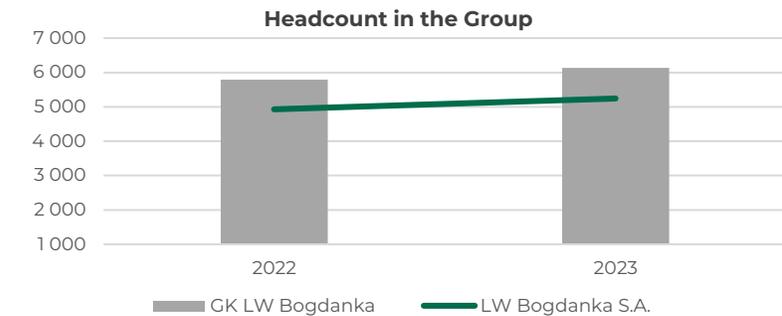
Headcount in LW Bogdanka S.A.

In 2023, the Parent Company employed 85.6% of the LW Bogdanka Group's total workforce. Blue-collar workers accounted for 80.3% of LW Bogdanka S.A.'s total workforce.



Employment structure in the LWB Group by company

- LW Bogdanka SA
- Łęczyńska Energetyka sp. z o.o.
- EkoTrans sp. z o.o.
- RG Bogdanka sp. z o.o.
- MR Bogdanka sp. z o.o.



Changes in headcount

White-collar

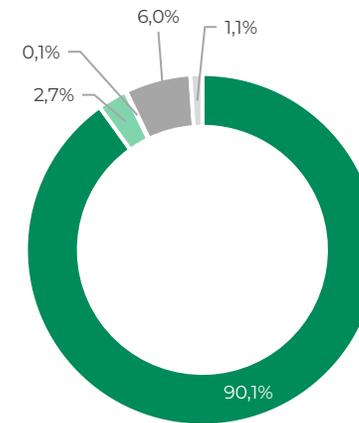
[persons as at 31 December]	2022	2023	Structure	Change 2023/2022
LW Bogdanka S.A.	908	1,032	90.1%	13.7%
Łęczyńska Energetyka Sp. z o.o.	30	31	2.7%	3.3%
EkoTrans sp. z o.o.	1	1	0.1%	0.0%
RG Bogdanka Sp. z o.o.	66	69	6.0%	4.5%
MR Bogdanka sp. z o.o.	11	12	1.1%	9.1%
LW Bogdanka Group	1,016	1,145	100.0%	12.7%

Employees in blue-collar positions

[persons as at 31 December]	2022	2023	Structure	Change 2023/2022
LW Bogdanka S.A.	4,021	4,214	84.5%	4.8%
Łęczyńska Energetyka Sp. z o.o.	67	70	1.4%	4.5%
EkoTrans sp. z o.o.	-	-	-	-
RG Bogdanka Sp. z o.o.	590	606	12.2%	2.7%
MR Bogdanka sp. z o.o.	97	97	1.9%	0.0%
LW Bogdanka Group	4,775	4,987	100.0%	4.4%

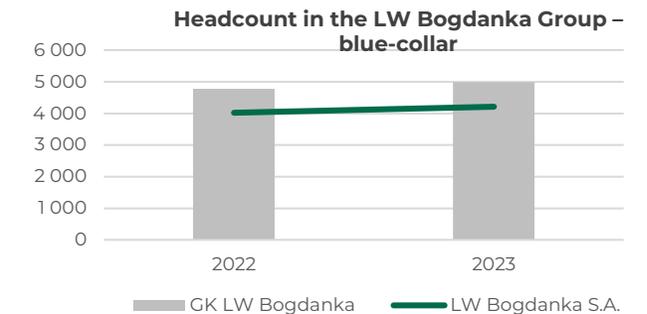
Underground employees

[persons as at 31 December]	2022	2023	Structure	Change 2023/2022
LW Bogdanka S.A.	3,557	3,726	86.5%	4.8%
Łęczyńska Energetyka Sp. z o.o.	-	-	-	-
EkoTrans sp. z o.o.	-	-	-	-
RG Bogdanka Sp. z o.o.	571	582	13.5%	1.9%
MR Bogdanka sp. z o.o.	-	-	-	-
LW Bogdanka Group	4,128	4,308	100.0%	4.4%

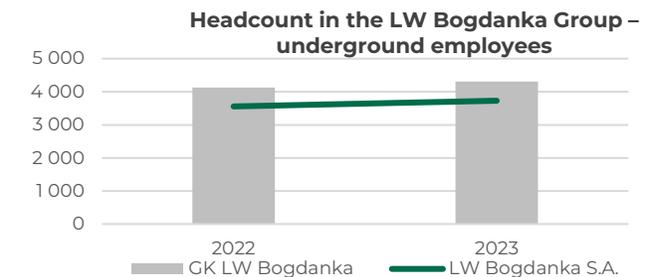


Headcount in the LW Bogdanka Group – white-collar

- 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.



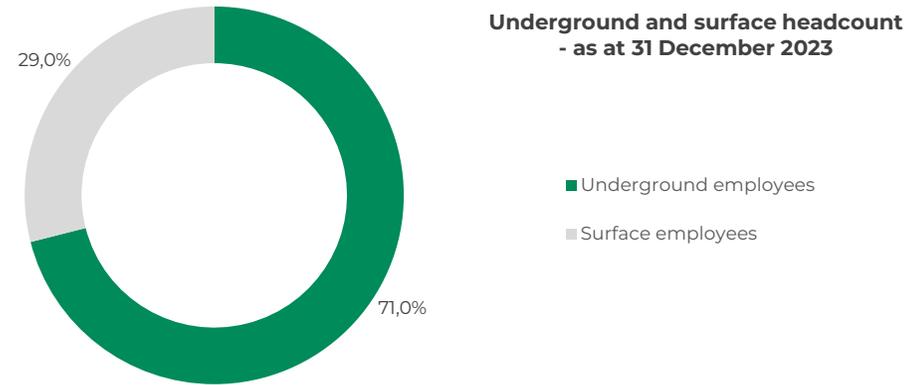
Headcount in the LW Bogdanka Group – blue-collar



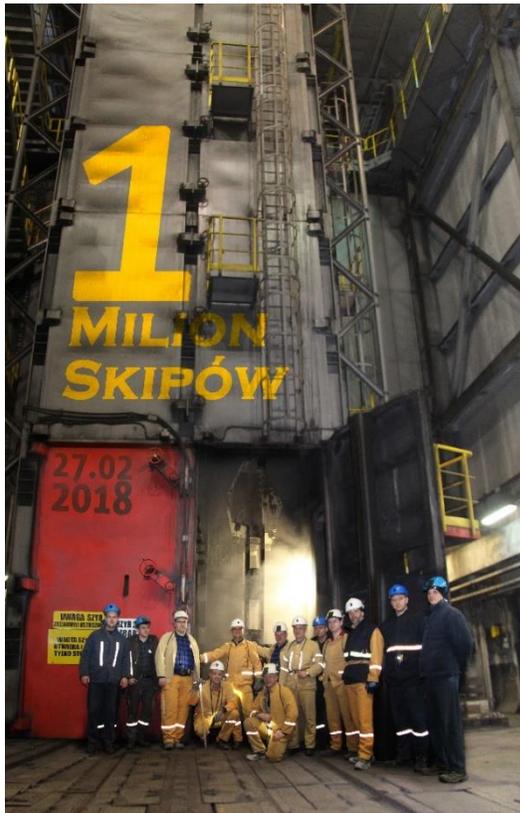
Headcount in the LW Bogdanka Group – underground employees

Changes in headcount in LW Bogdanka S.A.

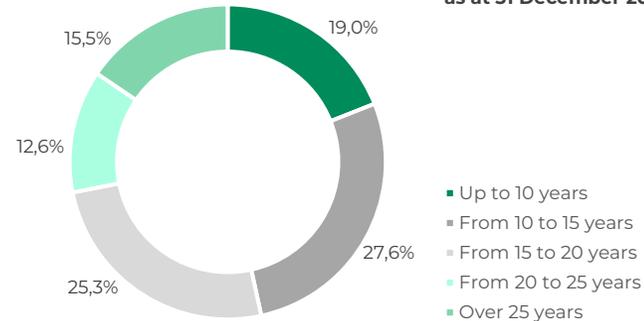
- at the end of 2023, the Company employed 5,246 people, compared to 4,929 at the end of 2022, i.e. an increase by 6.4%
- underground mine workers constitute 71.0% of staff, compared to 29.0% of surface workers.
Given the nature of the industry, the Company employs mostly men. They accounted for 92.9%, while women for 7.1%
- in terms of age, the main group, 44.0% of all employees, was between 30 and 40 years of age
- in terms of education, the largest group consists of people with secondary education. Their share in total headcount at the end of December in 2023 was 57.0%.
- 2802 people (53.4%) have worked for more than 15 years, which indicates extensive experience and high qualifications.



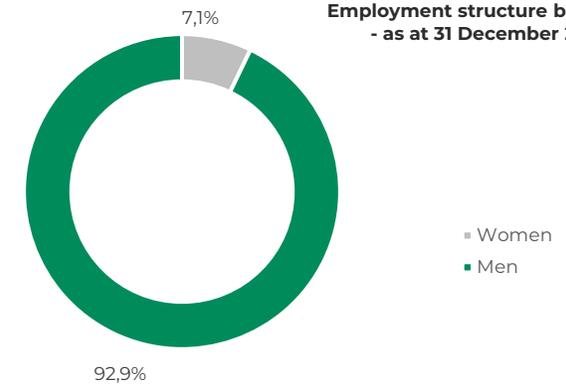
Employment structure in LW Bogdanka S.A.



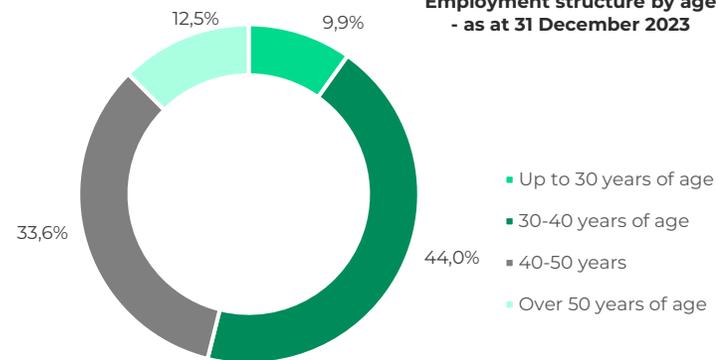
Employment structure by seniority
 - as at 31 December 2023



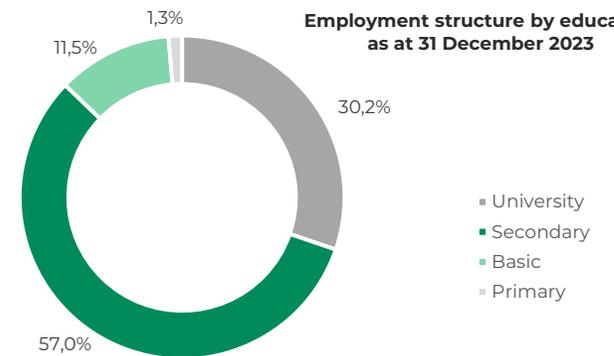
Employment structure by gender
 - as at 31 December 2023



Employment structure by age
 - as at 31 December 2023



Employment structure by education
 as at 31 December 2023



Average monthly salary

The Company's remuneration rules are governed by the Company Collective Bargaining Agreement of 31 October 2001 (hereinafter referred to as the "CBA"), concluded between the Company's Management Board and the trade unions operating at the Company: the Inter-Company Commission of the NSZZ "Solidarność", the Trade Union of Miners in Poland, the Trade Union "Kadra" and the Trade Union of Employees of Coal Preparation Plants in Poland "Przeróbka".

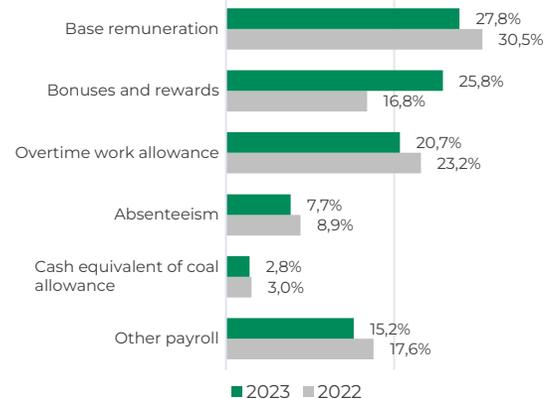
The CBA defines the benefits due under the employment contract, as well as rules for the payment of individual salary components, including: tables of applicable rates, allowances for efficient performance, e.g. for overtime work, allowances for rescue staff and others. The CBA also applies to key managers as referred to in the rule 6.1 of Best Practices of Companies Listed on WSE 2021.

In 2023, the personnel payroll was in line with:

- memorandum of agreement on implementation of payroll policy in 2023 of 2 February 2023.
- memorandum of agreement of 28 December 2022 on the disbursement of a special incentive award for 2023.
- memorandum of agreement of 10 October 2023 on the disbursement of a special award on the occasion of the 40th Anniversary of mining operations.
- monthly bonus calculated on the basis of:
 - extent of completion of monthly production tasks
 - sales of commercial coal
 - average sales price achieved
 - rate of performance of the Company's expense budget in specific periods.

When implementing the remuneration policy, the Company pays special attention to ensure that the remunerations reflect the results of operations. Employees who demonstrate commitment and show initiative at work are given bonuses and rewards.

Remuneration structure in 2022 and 2023 was as follows:



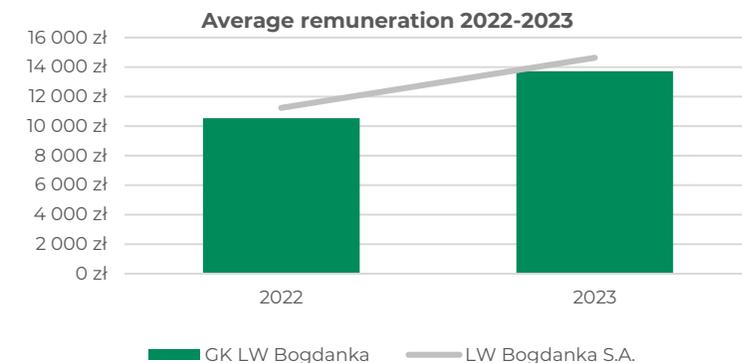
In 2023, the Company Management Board placed particular emphasis on correlating remuneration with the Company's performance and minimizing the economic impact caused by the technical and geological problems that occurred in 2022 and 2023. The increase in remunerations was mainly due to the following events:

- Recognising the Staff members' ongoing commitment and contribution to rebuilding maximum production capacity as soon as possible in 2023, the Management Board paid a special incentive award for 2023, which affected the Company's average remuneration. The incentive award (gross amount for the employee) disbursed to the employees totalled PLN 38 million.
- Further to the memorandum of understanding between the Trade Unions, taking into account a 15.4% increase in basic remuneration at the Company, and, the resulting signing of the Additional Protocol No. 96 to the Collective Bargaining Agreement setting the basic remuneration increase as of 1 January 2023. The increase in the basic remuneration resulted also in the increase in the nominal amount of bonus, work allowances and other compensations.

- In addition, following an analysis of the current and future economic situation of the Company, with a view to maintaining the stability of jobs and appreciating the contribution of the staff to the 40-year development and maintaining the current good organisational condition, an occasional Jubilee award was paid to the Company's employees, which (gross amount for the employee) totalled PLN 123.6 million.

[PLN]	2022	2023	Change 2023/2022
LW Bogdanka S.A.	11,246	14,633	30.1%
Łęczyńska Energetyka Sp. z o.o.	6,141	7,311	19.1%
EkoTrans sp. z o.o.	9,733	10,755	10.5%
RG Bogdanka Sp. z o.o.	6,524	7,934	21.6%
MR Bogdanka sp. z o.o.	5,843	7,408	26.8%
LW Bogdanka Group*	10,536	13,724	30.3%

*The average monthly remuneration was calculated on the basis of the average employment in the LW Bogdanka Group (taking into account the methodology of Statistics Poland reducing the employment of employees staying (continuously) on sickness, maternity, care or rehabilitation benefits for more than 14 days).



Marketing activities

In 2023, marketing activities were performed in line with the *Sponsorship Activity Strategy for Lubelski Węgiel Bogdanka in 2022–2024* and *Social Engagement Policy for LW Bogdanka S.A.* in effect at the Company. The above-mentioned documents strictly define both the objectives and the areas of the activities.

In 2023, the Company supported numerous local initiatives and projects, consistently building its image as a socially responsible company. The majority of activities undertaken in the area of promotion were aimed at creating a positive brand image of the mine, especially in the local community.

Objectives

The objectives of the marketing and promotional activities include:

- promoting (disseminating and strengthening) the Company's brand by increasing its recognition, visibility and range of influence
- strengthening the public and opinion leaders' awareness of the importance of the Company for the Lublin Region
- creating a positive image of the Company, especially in its immediate geographic environment
- building the image of the Company as effectively implementing the idea of corporate social responsibility (CSR)
- enhancing the Company's reputation as an active patron of socially relevant projects and initiatives, especially in the Lubelskie Voivodeship
- engaging young people (including children of the Company's employees) in sports, taking care of their psycho-physical development through the opportunity to participate in sports activities organized by entities sponsored by the Company
- building public support for the Company's business activities
- continued creation of Bogdanka's image as

a leader in the mining industry in the domestic and European markets

- reaching the Company's key stakeholders, such as customers, business partners, shareholders, investors, and the local community

The above goals were realized through the following tools: sponsorship projects, PR projects, corporate social responsibility activities, as well as activation of projects through organizational support, and promotional and advertising activities. The projects were selected, reviewed and accounted for in terms of achieving the Company's goals and efficiency.



Sponsorship

The Company carries out activities in the form of sports sponsorship (amateur and professional sports) and socio-cultural sponsorship (projects with the greatest social potential). The overall sponsorship projects executed in 2023 translated into advertising, promotional and image benefits for the brand and the company. The primary strategic objective of the sponsorship activities is to implement the CSR strategy by strengthening the company's image as a patron of culture and sports, i.e. a socially responsible company – present in key initiatives for the community.

Throughout 2023, the Company carried out a total of 117 sponsorship projects, 41 of which were related to sports (amateur and professional sports), and 76 to social and cultural area. Outlays incurred for sponsorship expenses amounted to PLN 16,335 thousand, 51% more than in 2022. The sponsorship

budget was realized in 99.3% (the annual plan assumed a maximum budget of PLN 16,450 thousand). The increase in expenses for the purchase of sponsorship rights in 2023 was primarily due to increasing the annual budget as part of the Sponsorship Strategy of the Company and organising sports and social initiatives of interest to the Company and to the community. In exchange for sponsorship fee, all sponsored entities carried out promotional and advertising services for LW Bogdanka S.A., as provided for in the relevant agreements.

The Company's sponsorship activities are carried out in two areas:

a) Sports sponsorship

Within the framework of sports sponsorship, the Company is involved in professional and amateur sports, maintaining selected sports traditions of the region and supporting the development of young sports talents and developing the physical fitness of children and young people.

Regarding sports sponsorship, the number of projects completed in 2023 increased by 9 as compared to 2022, and total expenses amounted to PLN 14,429 thousand (a y/y increase of more than 50%). Among the sports supported were those that are most popular in the region: soccer, speedway, volleyball, basketball, and the main beneficiaries of the sponsorship budget in 2023 were sports clubs from the Lublin area, namely Górnik Łęczna S.A. together with Górnik Łęczna Foundation running the Sports Academy, Speedway Lublin S.A. (running a team that performs as Motor Lublin), LKPS Lublin Sp. z o. o. (running a team that competes in the PlusLiga volleyball league under the name BOGDANKA Luk Lublin), Miejsko-Górnicy Klub Sportowy Gwarek Łęczna (amateur boxing), Chełmski Klub Sportowy Sp. z o.o. (running the Chełmianka Chełm soccer team and the Bogdanka Arka Chełm volleyball team), and Miejski Klub Sportowy Avia Świdnik Sp. z o.o. (volleyball section). In case of the aforementioned projects, the Company's involvement is long-term, which guarantees the achievement of the goals set in the

Strategy and brings benefits for the Bogdanka brand.

The main beneficiaries of the Company's sponsorship budget, and at the same time, the projects that generated the most public interest and brought the greatest value to the exposure of the LW Bogdanka brand were as follows:

- **Górnik Łęczna S.A. (with the Górnik Łęczna Foundation)**

Górnik Łęczna at present competes in soccer 1 liga (1st division). Throughout its existence to date, it has performed for eight seasons in the top division. Through its Foundation, the Club runs the Sports Academy, training over 400 male and female athletes in three disciplines: football, badminton and running. The Club has been awarded the Golden Certificate of Youth Football Schools by the Polish Football Association and is the only one in the Lubelskie Voivodeship holding the distinction of meeting the highest standards in football coaching for children and young people. For 5 years now, the foundation Fundacja Górnika (Miner Foundation) has run the first and only Sports Champions School (football) at the Secondary School level. The Company has uninterruptedly been the Górnik Łęczna Strategic Sponsor from its very beginnings, i.e. since 1979. In 2023, the value of LW Bogdanka S.A.'s brand exposure in the context of this project was PLN 6671.5 thousand.



Marketing activities

- **Speedway Motor Lublin (participating in the PGE Ekstraliga speedway league as Platinum Motor Lublin).**

In 2023, for a second year in a row, Motor Lublin became Poland's team champion in the world's best speedway league: the PGE Extra League. Motor Lublin is currently the most recognizable sports club east of the Vistula river, with thousands of fans in the Lublin Region and other Polish cities. Aside from the team gold medal, Motor Lublin's athletes scored many individual successes in 2023, e.g. Bartosz Zmarzlik became the world senior individual champion and Mateusz Cierniak won the corresponding trophy in the junior category. In 2023, the value of LW Bogdanka S.A.'s brand exposure in the context of this project amounted to PLN 13,484 thousand, and it was the highest amount granted to the Company sponsored entities.



- **LKPS Lublin Sp. z o.o. (competing in the PlusLiga volleyball league under the name BOGDANKA Luk Lublin)**

In the second half of 2023 the Company became the title sponsor of LUK Lublin, a team competing in the PlusLiga volleyball league. The participation of the BOGDANKA Luk Lublin team in the league competition in a discipline that enjoys considerable interest and has great achievements at the club and national team level is excellent brand promotion for the Company on the national arena. All games are broadcast live by the Polsat Sport radio station (with an average viewership of over 250,000), and the results of games involving BOGDANKA Luk Lublin are reported by all major national and regional media. Thanks to the presence of the brand in the mass media and the very high interest of fans in the volleyball matches, the Company obtains image benefits expressed in a high advertising equivalent and positive perception by the local community. In the second half of 2023, the value of LW Bogdanka S.A.'s brand exposure in the context of sponsoring BOGDANKA Luk Lublin stood at PLN 4,395.3 thousand.



Effectiveness of executed sponsorship projects:

As every year, the Company performed a detailed analysis of the implemented sponsorship projects in the area of sports, in terms of value of Lubelski Węgiel Bogdanka brand exposure and effectiveness. Total brand exposure in sponsorship projects completed in 2023 amounted to nearly PLN 31,100 thousand. Such a result was achieved by over 148 thousand cases of exposure of the Bogdanka brand in the press, television and the Internet.

TOP 10 sponsorship projects with the highest value of Bogdanka brand exposure in 2023:

1. Speedway Motor Lublin: PLN 13,484.0 thousand
2. Górnik Łęczna and the Sports Academy: PLN 6,671.5 thousand
3. BOGDANKA Luk Lublin: PLN 4,395.3 thousand.
4. Bogdanka Volley Cup: PLN 1,765.0 thousand
5. BOGDANKA Arka Chełm: PLN 1,298.9 thousand.
6. Polski Cukier AZS UMCS Lublin: PLN 723.3 thousand
7. Avia Świdnik: PLN 418.1 thousand
8. Chełmianka Chełm: PLN 372.1 thousand
9. ORLEN Polish International (Badminton): PLN 365.8 thousand
10. Padwa Zamość: PLN 333.5 thousand

b) Social and cultural sponsorship

Social and cultural sponsorship focuses on selected areas of community involvement, in pursuit of socially-beneficial goals, using the Company's promotional potential. Among the priority tasks supported by socio-cultural sponsorship are culture and the arts, science and traditions, social affairs, as well as remembrance and national identity.

In the area of socio-cultural sponsorship, the Company recorded a significant year-on-year increase in the projects undertaken (up by 23) in 2023. Total expenses for this area of sponsorship amounted to PLN 1,906.2 thousand (up 68% y/y). The Company continued its activities in the scope of supporting social and cultural events, it also extended its support with patronage to 4 cultural institutions from the Lubelskie Voivodeship, namely: H. Ch. Andersen Theater in Lublin, Musical Theater in Lublin, Vistula Museum in Kazimierz Dolny and 'Wirydarz' Art Gallery in Lublin. From the Company's perspective, its involvement in initiatives of this kind is an expression of consistency with the implemented policy of social responsibility, which consists in building the image of a socially credible organisation in its surroundings, engaging in important events for the local community.

Sponsorship and promotion [PLN 000s]	2022	2023
Promotion	1,791.5	2,204.4
Sports sponsorship	9,611.5	14,428.6
Social and cultural sponsorship	1,134.2	1,906.2
Total	12,537.2	18,539.2

Marketing activities

Public relations

The remainder of the promotion budget was used in 2023 for correlated public relations activities using diverse communication channels (internet, social media, press, radio, television). These activities were focused on building public support for the Company's business activities.

The most noteworthy of these was the participation in the Three Seas Local Government Congress during which the Company published a new Strategy for 2023-2030 with an outlook until 2040. Among last year's events, one should emphasize the participation of a large group of our employees in the School of Underground Mining (SEP) – every year this industry event brings together experts, scientists and opinion-forming media. Shortly after the SEP, another edition of the Mining Leaders Academy took place. Also, the company was represented by members of the Management Board in major events, such as the European Economic Congress and the Economic Forum in Karpacz.

Last year saw numerous activities on the Internet and social media aimed at popularizing the brand and presenting Bogdanka to a wider audience. The Company also produced video materials featuring guests visiting the Company, but also video materials giving an insight into the nature of the work of underground workers. These materials were posted on the Company's official social media channels. Bogdanka also conducted a social campaign pointing out compliance with health and safety rules in the working environment. In addition to video spots, billboards with campaign content appeared in Lublin and the Łęczna municipality. In addition, the Company worked in collaboration with Polska Press, the publisher of the free monthly magazine *Nasze Miasto Łęczna*,

which was distributed in the Łęczna Municipality. No less important are the interviews and articles that appeared both in the industry press (*Trybuna Górnicza*, *nettg.pl*), in national papers (*Forbes*, *Puls Biznesu*, *PAP*) and in local media (*Kurier Lubelski*, *Dziennik Wschodni*, *TVP3 Lublin*, *Radio Lublin*).



Information about the auditor of the financial statements, principles of drafting the consolidated and standalone financial statements, and court and out-of-court proceedings

Information about the auditor of the financial statements

On 24 March 2021, the Supervisory Board adopted a resolution to select PricewaterhouseCoopers Polska spółka

z ograniczoną odpowiedzialnością Audyt sp.k. with its registered office in Warsaw (PwC), as the entity authorized to:

- review the Parent Company's financial statements and the consolidated financial statements of the Company's Group for the first half of 2021 and 2022,
- audit the Parent Company's financial statements and the consolidated financial statements of the Company's Group for 2021 and 2022.

On 29 May 2023, the Supervisory Board adopted a resolution to extend the agreement with PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. with its registered office in Warsaw, as the entity authorized to:

- review the Parent Company's financial statements and the consolidated financial statements of the Company's Group for the first half of 2023, 2024 and 2025,
- audit the Parent Company's financial

statements and the consolidated financial statements of the Company's Group for 2023, 2024 and 2025.

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. is entered since 16 February 1995 in the list of entities authorized to audit financial statements maintained by the National Chamber of Statutory Auditors, under registration number 144.

The Group has previously used the services of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. and entities within the PwC network, among others, in the following areas: review and audit of standalone and consolidated financial statements, including verification of the Group's consolidated financial statements for 2022-2020, prepared in XBRL format; tax consulting in the area of, among other things, excise taxes; verification of the correctness of the Parent Company's calculation of the Excise Ratio; work related to verification of the calculation of the Electricity Intensity Ratio; and evaluation of the Parent Company's Management and Supervisory Board Remuneration Report.

The fees of the auditor of the financial statements (of the Parent Company and its subsidiaries) and of other entities in the PricewaterhouseCoopers network, for all services rendered in 2022 and 2023, are as follows:

	2022	2023
Auditor remuneration [PLN thousand]	389	495
of which:		
- Audit of the annual financial statements	275	350
- Review of the financial statements	50	70
- Verification of the consolidated XBRL financial statements	25	30
- Verification of the remuneration statement	30	35
- Other assurance services (review of ratios)	9	10

Principles of preparation of consolidated and standalone financial statements

Consolidated Financial Statements of the LW Bogdanka Group and Financial Statements of LW Bogdanka S.A. for the financial year from 1 January to 31 December 2023 were prepared in line with the International Financial Reporting Standards and related interpretations announced in the form of European Commission regulations.

These financial statements were drawn up in accordance with the historical cost principle, except for derivative financial instruments measured at fair value.

The standalone and consolidated financial statements have been prepared using the same accounting policies for the current and comparative periods.

Court and out-of-court proceedings

The Company was 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 was not final. On 14 February 2023, the Company's appeal against the judgment of the court of first instance was filed, as the Company does not agree with the aforementioned judgment.

On 20 February 2024, as a result of the Parent Company's appeal against the judgment of the court of first instance, the Court of Appeal in Warsaw (case file No. VII Aga 422/23) amended the appealed judgment and dismissed the claim in large part. Pursuant to the Court's judgment, the Parent Company is obliged to pay to the plaintiffs the amount of PLN 4.1 million, together with interest calculated from the dates indicated in the judgment. The judgment is final.

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.

Settlement proceedings

In 2023, the Company was not a party to any settlements.

2. Financial standing



Coal production, sales and inventories of the LW Bogdanka Group

Production and sales of the Company's commercial coal

[000s of tons]	Q4 2022	Q4 2023	Change	Percentage change	2022	2023	Change	Percentage change
Gross coal extracted	2,399	3,810	1,411	58.8%	12,695	11,740	-955	-7.5%
Production of commercial coal	1,238	2,496	1,258	101.6%	8,401	7,053	-1,348	-16.0%
Mining yield (%)	51.6%	65.5%	13.9 p.p.	26.9%	66.2%	60.1%	-6.1 p.p.	-9.2%
Sales of commercial coal	1,244	2,142	898	72.2%	8,400	6,703	-1,697	-20.2%
New excavations (km)	7.6	6.9	-0.7	-9.2%	32.8	29.7	-3.1	-9.5%

Company's commercial coal inventories

[000s of tons]	31 December 2022	30 September 2023	31 December 2023	Change [%] 31 December 2023 / 30 September 2022	Change [%] 31 December 2023 / 31 December 2022
Coal inventories	22	18	371	1,961.1%	1,586.4%

Commercial coal production structure

[%]	Q4 2022	Q4 2023	2022	2023
Fine coal	94.4%	99.4%	98.1%	99.0%
Chestnut coal	3.8%	0.1%	0.6%	0.6%
Pea coal	1.8%	0.5%	1.3%	0.4%
Total	100.0%	100.0%	100.0%	100.0%

The Group's operating results were under pressure from force majeure geological events in late 2022 and during the first half of 2023, as well as high input prices. The negative impact of the aforementioned factors was partially mitigated by higher coal prices in commercial contracts.

Coal production

(-) gross coal production in 2023 decreased by 7.5%, i.e. by 955 thousand tons
 (-) commercial coal production in 2023 was 7,053 thousand tons, down 16.0%, (i.e. -1,348 thousand tons) as compared to 2022
 (-) yield was 60.1% in 2023, compared to 66.2% in 2022

Coal sales

(-) in Q4 2023, coal sales increased 72.2% compared to Q4 2022, amounting to 2,142 thousand tons
 (-) in 2023, commercial coal sales amounted to 6,703 thousand tons, down 20.2% as compared to 2022

Inventories

(-) as at the end of 2023, coal inventories totaled 371 thousand tons, up 349 thousand tons as compared to the end of 2022
 (+) the coal inventories presented at the end of 2023 corresponds approximately to sixteen days worth of commercial coal production (based on 12-month average daily production)
 (+) inventory levels allow for safe operation of the logistics processes in the event of coal production problems.

Commercial coal production structure

(+) due to a lower demand for coarse coal grades, the share of production of fine coal sold to industrial customers has increased
 (-) In Q4 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 thous.]	Q4 2022	Q4 2023	Change	Percentage change	2022	2023	Change	Percentage change
Coal sales	401,931	1,226,274	824,343	205.1%	2,378,826	3,856,089	1,477,263	62.1%
Other operations	16,825	20,023	3,198	19.0%	52,389	70,188	17,799	34.0%
Sales of goods and materials	2,845	4,226	1,381	48.5%	20,500	13,011	-7,489	-36.5%
Total	421,601	1,250,523	828,922	196.6%	2,451,715	3,939,288	1,487,573	60.7%

Structure of revenues

[%]	Q4 2022	Q4 2023	2022	2023
Coal sales	95.3%	98.1%	97.0%	97.9%
Other operations	4.0%	1.6%	2.2%	1.8%
Sales of goods and materials	0.7%	0.3%	0.8%	0.3%
Total	100.0%	100.0%	100.0%	100.0%

Geographical structure of sales revenues

[PLN thous.]	Q4 2022	Structure	Q4 2023	Structure	2022	Structure	2023	Structure
Domestic sales	421,601	100.0%	1,250,523	100.0%	2,375,309	96.9%	3,939,288	100.0%
Foreign sales	0	0.0%	0	0.0%	76,406	3.10%	0	0.0%
Total	421,601	100.0%	1,250,523	100.0%	2,451,715	100.0%	3,939,288	100.0%

Revenue from sales of coal

(+) in Q4 2023, the Group earned PLN 1,226,274 thousand in revenue from sales of coal, up PLN 824,343 thousand compared to Q4 2022.

(+) in 2023, revenue from sales of coal amounted to PLN 3,856,089 thousand compared to PLN 2,378,826 thousand in the same period of 2022, a y/y increase of 62.1%. The main source of the Group's sales revenues is the production and sales of steam coal by the Parent Company. In each of the comparative reporting periods these activities generate approximately 95-98% of the sales revenue generated by the LW Bogdanka Group.

Revenue from other operations

In Q4 2023, revenue from other operations (which includes, among others, revenues of subsidiaries) amounted to PLN 20,023 thousand (1.6% of total revenues), compared to PLN 16,825 thousand (4.0% of revenues) in the corresponding period of 2022 (increase by 19.0% 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 all of 2023, revenue from other operations amounted to PLN 70,188 thousand compared to PLN 52,389 thousand in the previous year. The increase in the revenues in this group is attributable mainly to higher revenues 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 recorded as at the end of 2023 results from lower sales (both in terms of quantity and value) 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 focused its operations predominantly on the territory Poland in 2023. In 2023, the Company did not sell coal abroad, while in Q4 2023 coal sales intended for foreign customers were made through intermediary coal entities. Steam coal exports to Ukraine in 2022 were carried out on the basis of export contracts concluded in 2021.

Main customers

In 2023, over 94% of the coal sold (by revenue) was sold by LW Bogdanka S.A. to Enea Wytwarzanie sp. z o.o., Enea Elektrownia Połaniec S.A. and Grupa Azoty Zakłady Azotowe Puławy S.A.

In the corresponding period of 2022 the share of the above buyers was approx. 20.4 pp lower. Major customers by percentage of revenue:

- Enea Wytwarzanie sp. z o.o. – Grupa Enea S.A. – approx. 70% share in revenues
- Enea Elektrownia Połaniec SA – Grupa Enea S.A. – approx. 15% share in revenues
- Grupa Azoty Zakłady Azotowe Puławy S.A. – approx. 6% share in revenues

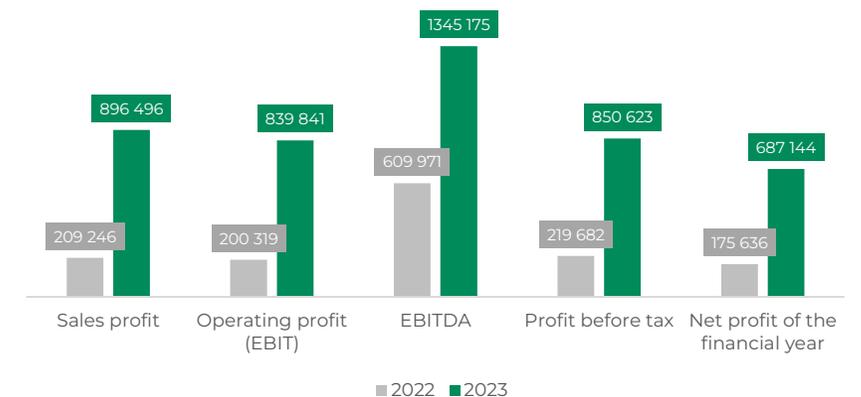
Key financial results of the LW Bogdanka Group

Analysis of the consolidated statement of profit or loss

[PLN thous.]	Q4 2022	Q4 2023	Change	2022	2023	Change
Sales revenues	421,601	1,250,523	196.6%	2,451,715	3,939,288	60.7%
Cost of products, goods and materials sold, selling and distribution and administrative expenses	588,936	728,325	23.7%	2,242,469	3,042,792	35.7%
Profit/(loss) on sales	-167,335	522,198	-412.1%	209,246	896,496	328.4%
Gross return on sales	-39.7%	41.8%	81.5 p.p.	8.5%	22.8%	14.3 p.p.
Other revenues	1,907	890	-53.3%	3,340	3,548	6.2%
Other costs	952	329	-65.4%	2,271	6,900	203.8%
Net operating profit/(loss)	-166,380	522,759	-414.2%	210,315	893,144	324.7%
Other net profits/(losses)	-7,317	8,108	-210.8%	-9,996	-53,303	433.2%
Operating profit/(loss) (EBIT)	-173,697	530,867	-405.6%	200,319	839,841	319.3%
EBIT margin	-41.2%	42.5%	83.7 p.p.	8.2%	21.3%	13.1 p.p.
EBITDA	-66,420	671,755	-1,111.4%	609,971	1,345,175	120.5%
EBITDA return	-15.8%	53.7%	69.5 p.p.	24.9%	34.1%	9.2 p.p.
Financial income	11,572	9,069	-21.6%	32,936	35,965	9.2%
Financial costs	2,524	6,491	157.2%	13,573	25,183	85.5%
Pre-tax profit/(loss)	-164,649	533,445	-424.0%	219,682	850,623	287.2%
Profit margin before tax	-39.1%	42.7%	81.8 p.p.	9.0%	21.6%	12.6 p.p.
Income tax	-30,018	102,998	-443.1%	44,046	163,479	271.2%
Net profit/(loss) of the financial year	-134,631	430,447	-419.7%	175,636	687,144	291.2%
Net profitability	-31.9%	34.4%	66.3 p.p.	7.2%	17.4%	10.2 p.p.



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



Key financial results of LW Bogdanka Group

Sales revenues

Sales revenues in Q4 2023 increased by 196.6% compared to the corresponding period of the previous year and stood at PLN 1,250,523 thousand. In the entire 2023, the Group generated revenue in the amount PLN 3,939,288 thousand compared to PLN 2,451,715 thousand in 2022 (60.7% increase).

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

In Q4 2023 the costs of products, goods and materials sold and selling and distribution and administrative expenses amounted to PLN 728,325 thousand and were higher by PLN 139,389 thousand compared to the corresponding period of the previous year, when they stood at PLN 588,936 thousand. In 2023, the cost of products, goods and materials sold, and selling and distribution and administrative expenses increased from PLN 2,242,469 thousand to PLN 3,042,792 thousand.

Profit/(loss) on sales

In Q4 2023, profit on sales amounted to PLN 522,198 thousand, compared to loss on sale of PLN 167,335 thousand in the corresponding period of 2022. In the entire 2023, the Group generated sales profit in the amount of PLN 896,496 thousand compared to PLN 209,246 thousand in 2022.

Other revenues

In Q4 2023, other revenues were PLN 890 thousand, compared to PLN 1,907 thousand in the corresponding period of 2022. Revenues for 2023 amounted to PLN 3,548 thousand versus PLN 3,340 thousand a year earlier. In both periods under analysis damages received are the dominant item.

Other costs

In Q4 2023, other revenues were PLN 329 thousand, compared to PLN 952 thousand in the corresponding period of 2022. Other costs in 2023 amounted to PLN 6,900 thousand, compared to PLN 2,271 thousand at the end of 2022. In the period under analysis donations paid are the dominant item.

Other net profits/(losses)

In Q4 2023, other net profits were PLN 8,108 thousand, compared to a net loss of PLN 7,317 thousand in Q4 2022. In all of 2023, other net losses totaled PLN 53,303 thousand, compared to a net loss of PLN 9,996 thousand in 2022. This significant increase is mainly due to the creation of an impairment loss relating to fixed assets (due to longwall event 3/VII/385).

EBIT

The operating result in Q4 2023 amounted to PLN 530,867 thousand. At the same time EBIT margin amounted to 42.5%, which is 83.7 p.p. more than in Q4 of the previous year. In 2023, EBIT amounted to PLN 839,841 thousand, compared to PLN 200,319 thousand in 2022. EBIT margin for 2023 was 13.1 p.p. higher than in 2022, and stood at 21.3%.

EBITDA

EBITDA in Q4 2023 increased compared to Q4 2022 and amounted to PLN 671,755 thousand. EBITEBITDA margin in Q4 2023 was higher than that achieved in the corresponding period of 2022 and amounted to 53.7%. In 2023, the Group achieved EBITDA margin of 34.1%, 9.2 p.p. higher than in 2022 (EBITDA increased by 120.5% in the period under review). EBITDA in 2023 was PLN 1,345,185 thousand, compared to PLN 609,971 thousand in 2022.

Financial income

In Q4 2023, financial income was PLN 9,069 thousand, compared to PLN 11,572 thousand in Q4 2022. In the entire 2023, financial income totaled PLN 35,965 thousand, compared to PLN 32,936 thousand in 2022. Financial income in the period under review in 2023 consists primarily of interest income from short-term bank deposits (in the amount of PLN 25,963 thousand) and interest on the Mine Closure Fund (in the amount of PLN 9,375 thousand).

Financial costs

Financial costs for Q4 2023 were PLN 3,967 thousand higher than in the corresponding period of 2022 and amounted to PLN 6,491 thousand. Financial costs in the entire 2023 amounted to PLN 25,183 thousand compared to PLN 13,573 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 31 December 2023, the Group had total debt of PLN 1,809 thousand, compared to PLN 4,885 thousand as at 31 December 2022.

Profit/(loss) before tax

In Q4 2023, the Group recorded a profit before tax of PLN 533,445 thousand compared to a loss before tax of PLN 164,649 thousand in Q4 2022. Result before tax in the entire 2023 was PLN 850,623 thousand, compared to PLN 219,682 thousand in 2022.

Net profit/(loss) for the period

In Q4 2023, the Group recorded a net profit of PLN 430,447 thousand, compared to net loss of PLN 134,631 thousand in Q4 2022. The Group's net profit in 2023 was PLN 687,144 thousand, compared to PLN 175,636 thousand in the previous year.

LW Bogdanka Group's balance sheet

Balance sheet

[PLN thous.]	31 December 2022	31 December 2023	Change
Total assets	4,818,709	5,762,168	19.6%
Return on assets (ROA)*	3.7%	13.0%	9.3 p.p.
Non-current assets	3,880,528	4,101,959	5.7%
Current assets	938,181	1,660,209	77.0%
Equity	3,707,664	4,304,041	16.1%
Return on equity (ROE)*	4.8%	17.2%	12.4 p.p.
Provisions and liabilities	1,111,045	1,458,127	31.2%

*the calculation takes into account the net result for the last four quarters and the average level of assets and equity (as at 31 December 2023 + as at 31 December 2021)/2.

Assets

Total assets as at 31 December 2023 compared to the value as at 31 December 2022 increased by PLN 943,459 thousand and amounted to PLN 5,762,168 thousand, with non-current assets increasing by PLN 221,431 thousand and current assets increasing by PLN 722,028 thousand. Among non-current assets, the most significant change is the increase in property, plant and equipment (+PLN 203,817 thousand, the balance of new investments and depreciation of assets held) and cash and cash equivalents (+PLN 17,324 thousand – funds accumulated within the Mine Closure Fund). Among current assets, there was a significant increase in inventories (+PLN 138,618 thousand), trade and other receivables (+PLN 387,366 thousand) and cash and cash equivalents (+PLN 259,648 thousand).

As at 31 December 2023, return on assets (ROA) was 13.0%, compared to 3.7% at the end of 2022.

Equity and liabilities

As at 31 December 2023 Equity increased by 16.1% compared to 31 December 2022. This was a result of the total income for 2023 and the settlement of the result for 2022 (dividend). Provisions and liabilities increased by 31.2% compared to the value as at 31 December 2022, with current liabilities increasing by 62.6% (primarily due to an increase in trade and other liabilities, and employee benefit liabilities), and non-current liabilities increasing by 10.0% (primarily due to an increase in provisions for other liabilities, deferred income tax liabilities and employee benefit liabilities). As at 31 December 2023, return on equity increased by 12.4 p.p. compared to the end of 2022. As at 31 December 2023 the ratio stood at 17.2%, compared to 4.8% as at 31 December 2022.

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



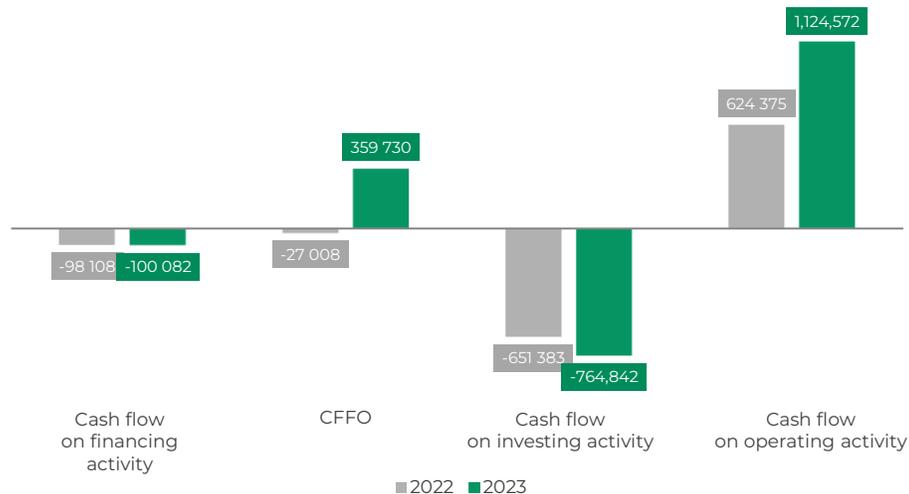
LW Bogdanka Group's cash flows

Cash position

[PLN thous.]	Q4 2022	Q4 2023	Change	2022	2023	Change
Cash flow on operating activity	-124,356	376,528	-	624,375	1,124,572	80.1%
Cash flow on investment activity	-164,672	-242,868	47.5%	-651,383	-764,842	17.4%
CCFO*	-289,028	133,660	-	-27,008	359,730	-
Cash flow on financing activity	-2,840	-2,960	4.2%	-98,108	-100,082	2.0%

* sum of operating and investment cash flows

Cash flow analysis (PLN thousand)



Cash position

Cash flows from operating activities

In Q4 2023, the Group generated PLN 500,884 thousand higher net cash flow on operating activity than in Q4 2022. In 2023, it amounted to PLN 376,528 thousand as compared to PLN -124,356 thousand a year earlier.

In 2023, the LW Bogdanka Group generated PLN 1,124,572 thousand in cash flow on operating activity (+80.1% y/y). The increase of PLN 500,197 thousand in net cash flow from operating activity is primarily due to a increase in net profit.

Cash flows from financing activities

In Q4 2023 the Group recorded negative cash flow on financing activity in the amount of PLN 2,960 thousand. In the entire 2023 the Group recorded negative cash flow on financing activity in the amount of PLN 100,082 thousand. The dividend paid to the Company's shareholders represented the largest item.

Cash flows from investing activities

Cash flow on investing activity increased (in absolute terms) by 47.5% (to PLN 242,868 thousand) in Q4 2023 compared to the corresponding period of 2022.

In the entire 2023, cash flow on investing activity (in absolute terms) were up 17.4% vs. the value for the entire 2022 and amounted to PLN -764,842 thousand. These were mainly related to expenditures for the purchase of property, plant and equipment.

Debt and liquidity ratios of 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 thous.]	31 December 2022	31 December 2023	Change
General debt ratio	23.1%	25.3%	2.2 p.p.
(Debt plus employee liabilities)/EBITDA ratio	0.38	0.20	-47.4%
Net debt/EBITDA ratio*	-0.77	-0.54	-29.9%
Debt to equity ratio	30.0%	33.9%	3.9 p.p.
Fixed capital to non-current assets ratio (non-current assets/fixed capital)	108.6%	118.5%	9.9 p.p.
Short-term debt ratio (current liabilities/liabilities)	9.3%	12.7%	3.4 p.p.
Long-term debt ratio (non-current liabilities/liabilities)	13.7%	12.6%	-1.1 p.p.

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

	31 December 2022	31 December 2023	Change
Current liquidity ratio	2.15	2.33	8.4%
Quick liquidity ratio	1.70	1.86	9.4%

In the period covered by the consolidated annual 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 31 December 2023 increased by 2.2 p.p. compared to 31 December 2022 to 25.3% (the increase in the balance sheet value was lower than the change in liabilities).

As at 31 December 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 indicator describing the ratio of debt to EBITDA at the end of 2023 fell by 47.4% and stood at 0.20. Comparing data as at 31 December 2023 to 31 December 2022, there was a relatively bigger increase in EBITDA (calculated on a rolling basis for the last four quarters) compared to the debt increase.

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 fell, in absolute terms, from -0.77 as at 31 December 2022 to -0.54 as at 31 December 2023. Net debt fell by approximately PLN 263 million and amounted to PLN -733 million with EBITDA increasing by approximately PLN 735 million (EBITDA calculated on a rolling basis for the last four quarters).

Debt to equity ratio

The debt to equity ratio as at 31 December 2023 increased by 3.9 p.p. from 31 December 2022 and amounted to 33.9% - liabilities increased by approximately PLN 347 million and equity increased by approximately PLN 596 million.

Fixed capital to non-current assets ratio

The ratio of coverage of non-current assets with fixed capital reached 118.5% (as at 31 December 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 221 million while the value of fixed capital (the sum of equity and non-current liabilities without provisions) increased by approx. PLN 649 million.

Turnover of receivables and liabilities in the LW Bogdanka Group

Turnover ratios

[PLN thous.]

			31 December 2022	31 December 2023	Change
1. Inventory turnover ratio	$\frac{\text{average balance of inventories}}{\text{cost of goods and materials sold}} \times$	number of days in the period	26	35	34.6 %
2. Receivables turnover ratio*	$\frac{\text{average balance of receivables}}{\text{revenues from sales}} \times$	number of days in the period	39	37	-5.1%
3. Liabilities turnover ratio**	$\frac{\text{average balance of liabilities}}{\text{cost of goods and materials sold}} \times$	number of days in the period	71	66	-7.0%
4. Operating cycle	1+2		65	72	10.8%
5. Cash conversion cycle	4-3		-6	6	-

*Trade and other receivables

**Trade and other liabilities

Inventory turnover ratio

The inventory turnover ratio as at 31 December 2023 increased by 9 days from 31 December 2022 and is 35 days. On average, it takes 9 days longer to liquidate inventory.

Receivables turnover ratio

The receivables turnover ratio (calculated on the basis of the balance sheet item "Trade and other receivables") was 37 days (as at 31 December 2023) compared to 39 days (as at 31 December 2022). The average balance of receivables increased by approx. PLN 133 million, with a growth of revenues by approx. PLN 1.488 million.

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 5 days to 66 days compared to the value at the end of 2022. During the period under review, the Group recorded a relatively higher level of costs incurred, relative to the level of liabilities.

Operating cycle

The operating cycle of current assets (the sum of the inventory and trade receivables turnover ratios) in the period under analysis was lengthened and amounted to 72 days. On average, the Group's current assets are liquidated after 72 days.

Cash conversion cycle

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

LW Bogdanka Group's provisions

Balance sheet provisions

[PLN thous.]	As at 31 December 2022	As at 31 December 2023	Change 31 December 2023/ 31 December 2022
Employee provisions	229,813	270,719	17.8%
Provision for mine decommissioning and land reclamation costs	155,452	169,102	8.8%
Mining damage	6,844	7,352	7.4%
Other	5,902	9,571	62.2%
Total	398,011	456,744	14.8%

Change in provisions

[PLN thous.]	Change in Q4 2022	Change in Q4 2022	Change Q4 2023/ Q4 2022	Change in 2022	Change in 2023	Change 2023/ 2022
Employee provisions	36,473	-91,559	-	19,178	40,906	113.3%
Provision for mine decommissioning and land reclamation costs	26,578	15,932	-40.1%	25,050	13,650	-45.5%
Mining damage	2,073	5,317	156.5%	462	508	10.0%
Other	-480	-10,973	-	-12,902	3,669	-
Total	64,644	-81,283	-	31,788	58,733	84.8%

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

[PLN thous.]	Change in provisions in 2023	Change recognized in operating activities (EBITDA)	Of which:			
			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	40,906	67,777	11,697	-	3,355	-41,923
Provision for mine decommissioning and land reclamation costs	13,650	8,308	10,104	-4,762	-	-
Mining damage	508	6,769	-	-	-	-6,261
Other	3,669	3,829	-	-	-	-160
Total	58,733	86,683	21,801	-4,762	3,355	-48,344

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

[PLN thous.]	Changes in provisions in Q4 2023	Change recognized in operating activities (EBITDA)	Of which:			
			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	-91,559	-89,390	3,075	-	278	-5,522
Provision for mine decommissioning and land reclamation costs	15,932	7,203	2,940	5,789	-	-
Mining damage	5,317	6,769	-	-	-	-1,452
Other	-10,973	-10,973	-	-	-	-
Total	-81,283	-86,391	6,015	5,789	278	-6,974

Sales revenues and main customers of LW Bogdanka S.A.

Changes in sales revenue on various items

[PLN thous.]	Q4 2022	Q4 2023	Change	Percentage change	2022	2023	Change	Percentage change
Coal sales	407,959	1,232,769	824,810	202.2%	2,391,240	3,874,226	1,482,986	62.0%
Other operations	10,160	13,113	2,953	29.1%	36,392	51,489	15,097	41.5%
Sales of goods and materials	2,845	4,224	1,379	48.5%	20,481	12,940	-7,541	-36.8%
Total	420,964	1,250,106	829,142	197.0%	2,448,113	3,938,655	1,490,542	60.9%

Structure of revenues

[%]	Q4 2022	Q4 2023	2022	2023
Coal sales	96.9%	98.7%	97.7%	98.4%
Other operations	2.4%	1.0%	1.5%	1.3%
Sales of goods and materials	0.7%	0.3%	0.8%	0.3%
Total	100.0%	100.0%	100.0%	100.0%

Geographical structure of sales revenues

[PLN thous.]	Q4 2022	Structure	Q4 2023	Structure	2022	Structure	2023	Structure
Domestic sales	420,964	100.0%	1,250,106	100.0%	2,371,707	96.9%	3,938,655	100.0%
Foreign sales	0	0.0%	0	0.0%	76,406	3.1%	0	0.0%
Total	420,964	100.0%	1,250,106	100.0%	2,448,113	100.0%	3,938,655	100.0%

Revenue from sales of coal

(+) in Q4 2023, the Group earned PLN 1,232,769 thousand in revenue from sales of coal, up PLN 824,810 thousand compared to Q4 2022.

(+) in the whole 2023, revenue from sales of coal amounted to PLN 3,874,226 thousand compared to PLN 2,391,240 thousand in 2022, a y/y increase of PLN 1,482,986 thousand.

(+) the main source of revenues of LW Bogdanka S.A. is the production and sale of steam coal. These activities generate approximately 97-99% of the sales revenue generated by LW Bogdanka S.A. in each of the comparative reporting periods.

Revenue from other operations

In Q4 2023, revenue from other operations amounted to PLN 13,113 thousand compared to PLN 10,160 thousand in the corresponding period of 2022 (increase by 29.1% y/y). Notable items in this group were as follows:

- revenues from coal transport services provided by LW Bogdanka to certain coal buyers,
- revenues from industrial services provided to companies performing works commissioned by the Company
- revenues from tenancy of fixed assets.

In the whole 2023, revenue from other operations amounted to PLN 51,489 thousand and were higher by 41.5% than in 2022. Higher transport fee revenues are responsible for the increase in revenue in this group. The lower value of revenue from sales of goods and materials recorded as at the end of 2023 results from lower sales (both in terms of quantity and value) 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 Company focused its operations predominantly on the territory Poland in 2023. In 2023, the Company did not sell coal abroad, while in Q4 2023 coal sales intended for foreign customers were made through intermediary coal entities. Steam coal exports to Ukraine in 2022 were carried out on the basis of export contracts concluded in 2021.

Main customers

In 2023, nearly 94% of the coal sold (by revenue) was sold to Enea Wytwarzanie sp. z o.o., Enea Elektrownia Połaniec S.A. and Grupa Azoty Zakłady Azotowe Puławy S.A.

Major customers by percentage of revenue:

- Enea Wytwarzanie sp. z o.o. – the Enea Group – approx. 70% share in revenues
- Enea Elektrownia Połaniec S.A. - the Enea Group – approx. 15% share in revenues
- Grupa Azoty Zakłady Azotowe Puławy S.A. – approx. 6% share in revenues

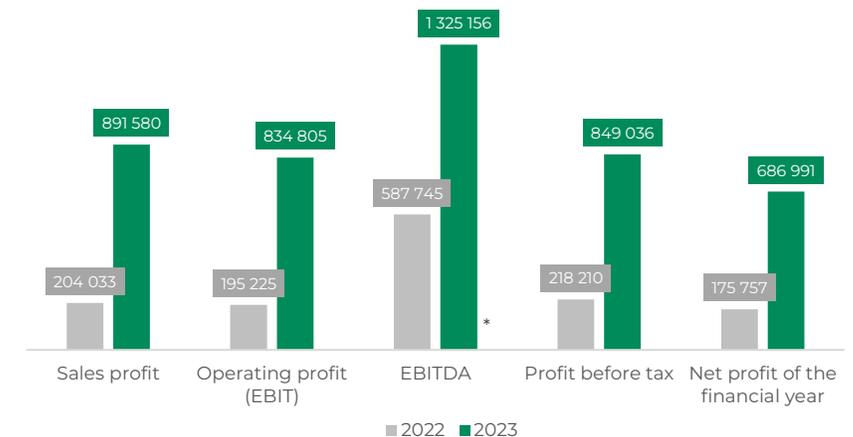
Key financial results of LW Bogdanka S.A.

Analysis of the statement of profit or loss

[PLN thous.]	Q4 2022	Q4 2023	Change	2022	2023	Change
Sales revenues	420,964	1,250,106	197.0%	2,448,113	3,938,655	60.9%
Cost of products, goods and materials sold, selling and distribution and administrative expenses	588,193	727,612	23.7%	2,244,080	3,047,075	35.8%
Profit/(loss) on sales	-167,229	522,494	-412.4%	204,033	891,580	337.0%
Gross return on sales	-39.7%	41.8%	81.5 p.p.	8.3%	22.6%	14.3 p.p.
Other revenues	1,693	694	-59.0%	2,904	3,100	6.7%
Other costs	430	329	-23.5%	1,709	6,886	302.9%
Net operating profit/(loss)	-165,966	522,859	-415.0%	205,228	887,794	332.6%
Other net profits/(losses)	-7,288	8,108	-211.3%	-10,003	-53,289	432.7%
Operating profit/(loss) (EBIT)	-173,254	530,967	-406.5%	195,225	834,505	327.5%
EBIT margin	-41.2%	42.5%	83.7 p.p.	8.0%	21.2%	13.2 p.p.
EBITDA	-69,496	669,074	-1,062.8%	587,745	1,325,156	125.5%
EBITDA margin	-16.5%	53.5%	70.0 p.p.	24.0%	33.6%	9.6 p.p.
Financial income	11,449	8,896	-22.3%	36,075	38,766	7.5%
Financial costs	2,331	6,158	164.2%	13,090	24,235	85.1%
Pre-tax profit/(loss)	-164,136	533,705	-425.2%	218,210	849,036	289.1%
Profit margin before tax	-39.0%	42.7%	81.7 p.p.	8.9%	21.6%	12.7 p.p.
Income tax	-30,339	103,037	-439.6%	42,453	162,045	281.7%
Net profit/(loss) of the financial year	-133,797	430,668	-421.9%	175,757	686,991	290.9%
Net profitability	-31.8%	34.5%	66.3 p.p.	7.2%	17.4%	10.2 p.p.



Key financial results of LW BOGDANKA S.A (PLN thousand)



Key financial results of LW Bogdanka S.A.

Sales revenues

Revenues on sales in Q4 2023 increased by PLN 829,142 thousand compared to the corresponding period of the previous year and stood at PLN 1,250,106 thousand. In the entire 2023, the Company generated revenue in the amount of PLN 3,938,655 thousand compared to PLN 2,448,113 thousand in 2022 (60.9% increase).

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

In Q4 2023, the cost of products, commodities and materials sold, together with selling and distribution and administrative expenses amounted to PLN 727,612 thousand and were higher by PLN 139,419 thousand (+23.7%) compared to the corresponding period of the previous year, when they stood at PLN 588,193 thousand. In 2023, the cost of products, commodities and materials sold jointly with selling and distribution and administrative expenses was PLN 3,047,075 thousand, which signifies a 35.8% increase compared to 2022 (PLN 2,244,080 thousand).

Profit/(loss) on sales

In Q4 2023, profit on sales amounted to PLN 522,494 thousand, compared to loss on sale of PLN 167,229 thousand in the corresponding period of 2022. In the whole 2023, the Company generated sales profit in the amount of PLN 891,580 thousand compared to PLN 204,033 thousand in 2022.

Other revenues

In Q4 2023, other revenues were PLN 694 thousand, compared to PLN 1,693 thousand a year before. In 2023, the value of other revenues was PLN 3,100 thousand, compared to PLN 2,904 thousand for the previous year. In the period under analysis damages obtained are the dominant item.

Other costs

In Q4 2023, other costs were PLN 329 thousand, compared to PLN 430 thousand in the corresponding period of 2022. Other costs in 2023 were PLN 6,886 thousand, compared to PLN 1,709 thousand in 2023. In both periods under analysis donations paid are the dominant item.

Other net profits/(losses)

In Q4 2023, other net profits were PLN 8,108 thousand, compared to a net loss of PLN 7,288 thousand in Q4 2022. Other net losses in 2023 amounted to PLN 53,289 thousand compared to PLN 10,003 thousand in 2022. This significant increase is mainly due to the creation of an impairment loss relating to fixed assets (due to longwall event 3/VII/385).

EBIT

The operating result in Q4 2023 amounted to PLN 530,967 thousand. EBIT margin in Q4 2023 stood at 42.5%. EBIT margin for the whole 2023 was 13.2 p.p. higher than in 2022, and stood at 21.2%. In the whole 2023, EBIT amounted to PLN 834,505 thousand, compared to PLN 195,225 thousand in 2022.

EBITDA

EBITDA in Q4 2023 amounted to PLN 669,074 thousand and increased by PLN 738,570 thousand compared to Q4 2022. EBITDA margin in Q4 2023 stood at 53.5%. In the whole 2023, the Company achieved EBITDA margin of 33.6%, i.e. 9.6 p.p. higher than in 2022 (EBITDA increased by PLN 737,411 thousand in the period under analysis). EBITDA in 2023 was PLN 1,325,156 thousand, compared to PLN 587,745 thousand in 2022.

Financial income

Financial income in Q4 2023 amounted to PLN 8,896 thousand and was lower than in Q4 2022, when it was PLN 11,449 thousand. In the entire 2023, financial income totaled PLN 38,766 thousand, compared to PLN 36,075 thousand in 2022. Financial income in the period analysed in 2023 consists primarily of interest income from short-term bank deposits (in the amount of PLN 25,325 thousand) and interest on the Mine Closure Fund (in the amount of PLN 9,375 thousand).

Financial costs

Financial costs for Q4 2023 were PLN 3.827 higher than in the corresponding period of 2022 and amounted to PLN 6,158 thousand. In the entire 2023, financial costs totaled PLN 24,235 thousand, compared to PLN 13,090 thousand in 2022 (an increase by PLN 11,145 thousand). 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. 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 31 December 2023, the Company did not have any interest bearing debt.

Profit/(loss) before tax

In Q4 2023, the Company recorded a profit before tax of PLN 533,705 thousand compared to a loss before tax of PLN 164,136 thousand in Q4 2022. Profit before tax in the entire 2023 was PLN 849,036 thousand, compared to PLN 218,210 thousand in 2022.

Net profit/(loss) for the period

In Q4 2023, the Company recorded net profit of PLN 430,668 thousand, compared to net loss of PLN 133,797 thousand in Q4 2022. The Company's net profit in 2023 was PLN 686,991 thousand, compared to PLN 175,757 thousand in the previous year.

LW Bogdanka S.A.'s balance sheet

Balance sheet

[PLN thous.]	31 December 2022	31 December 2023	Change
Total assets	4,777,736	5,719,703	19.7%
Return on assets (ROA)*	3.7%	13.1%	9.4 p.p.
Non-current assets	3,867,202	4,091,155	5.8%
Current assets	910,534	1,628,548	78.9%
Equity	3,686,707	4,283,487	16.2%
Return on equity (ROE)*	4.8%	17.2%	12.4 p.p.
Provisions and liabilities	1,091,029	1,436,216	31.6%

*the calculation takes into account the net result for the last four quarters and the average level of assets and equity (as at 31 December 2023 + as at 31 December 2021)/2.

Assets

Total assets as at 31 December 2023 went up to PLN 5,719,703 thousand (i.e. an increase by PLN 941,967 thousand) compared to the value as at 31 December 2022, with non-current assets increasing by PLN 223,953 thousand and current assets increasing by PLN 718,014 thousand. Among non-current assets, the most significant change is the increase in property, plant and equipment by PLN 207,391 thousand (the balance of new investments and depreciation of assets held) and cash and cash equivalents by PLN 17,324 thousand (funds accumulated within the Mine Closure Fund). Among current assets, there was a significant increase in inventories by PLN 138,822 thousand, trade and other receivables by PLN 387,598 thousand and cash and cash equivalents by PLN 254,069 thousand.

As at 31 December 2023, return on assets (ROA) was 13.1%, compared to 3.7% at the end of 2022.

Equity and liabilities

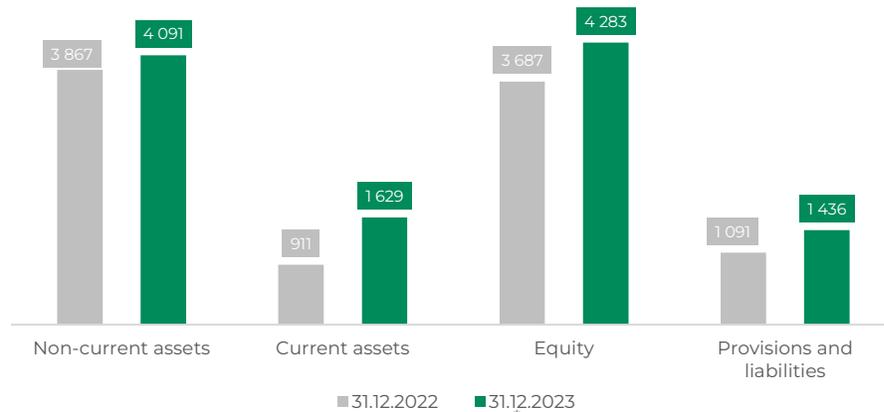
Equity increased by PLN 596,780 thousand. This was a result of the total income for 2023 and the settlement of the result for 2022.

Provisions and liabilities increased by PLN 345,187 thousand compared to the value as at 31 December 2022, with current liabilities falling by PLN 278,681 thousand (an increase was recorded primarily for trade and other payables, current income tax liabilities and employee benefit liabilities) and non-current liabilities increasing by PLN 66,506 thousand (an increase was recorded primarily for deferred income tax liabilities and employee benefit provisions).

As at 31 December 2023, return on equity increased by 12.4 p.p. compared to the end of 2022.

As at 31 December 2023 the ratio stood at 17.2%, compared to 4.8% as at 31 December 2022.

Analysis of standalone statement of financial position (PLN million)



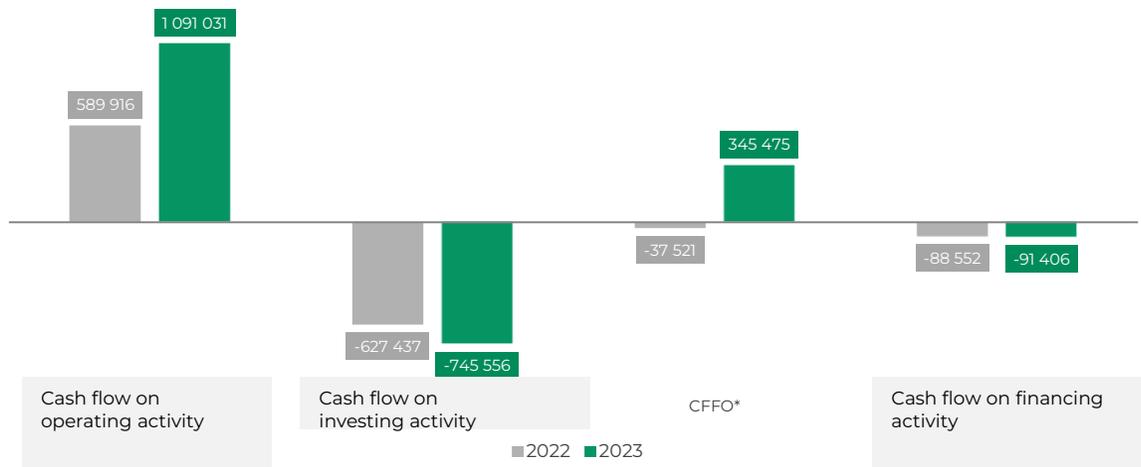
Cash flows of LW Bogdanka S.A.

Cash position

[PLN thous.]	Q4 2022	Q4 2023	Change	2022	2023	Change
Cash flow on operating activity	-128,868	373,317	-	589,916	1,091,031	84.9%
Cash flow on investment activity	-165,160	-238,879	44.6%	-627,437	-745,556	18.8%
CFFO*	-294,028	134,438	-	-37,521	345,475	-
Cash flow on financing activity	-712	-1,092	53.4%	-88,552	-91,406	3.2%

* sum of operating and investment cash flows

Cash flow analysis (PLN thousand)



Cash position

Cash flows from operating activities

In Q4 2023, the Company generated PLN 502,185 thousand higher net cash flows on operating activity than in Q4 2022; in Q4 2022, they were negative and amounted to PLN -128,868 thousand as compared to positive flows of PLN 373,317 thousand in Q4 2023. In 2023, the Company generated PLN 1,091,031 thousand in net cash flow (+84.9% y/y).

Cash flows from investing activities

Cash flow on investing activity increased (in absolute terms) by 44.6% (to PLN 238,879 thousand) in Q4 2023 compared to the corresponding period of 2022. Cumulatively for 12 months of 2023, investment flows were 18.8% higher than the value of flows in the corresponding period of the previous year. These were mainly related to expenditures for the purchase of property, plant and equipment.

Cash flows from financing activities

In Q4 2023, the Company recorded negative cash flow on financing activity in the amount of PLN 1,092 thousand, representing an increase of 53.4%.

For the whole 2023 the company generated negative cash flow from financing activities of PLN 91,406 thousand. The dividend paid to the Company's shareholders represented the largest item.

Debt and liquidity ratios of LW Bogdanka S.A.

While discussing standalone results, the Company 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 Company over individual reporting periods. The Company 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 Company's opinion, allows for an optimal assessment of the financial results recorded.

Cash position

[PLN thous.]	31 December 2022	31 December 2023	Change
General debt ratio	22.8%	25.1%	2.3 p.p.
(Debt plus employee liabilities)/EBITDA ratio*	0.38	0.20	-47.4%
Net debt/EBITDA ratio*	-0.77	-0.53	-31.2%
Debt to equity ratio	29.6%	33.5%	3.9 p.p.
Fixed capital to non-current assets ratio (non-current assets/fixed capital)	108.2%	118.2%	10.0 p.p.
Short-term debt ratio (current liabilities/liabilities)	9.2%	12.5%	3.3 p.p.
Long-term debt ratio (non-current liabilities/liabilities)	13.7%	12.6%	-1.1 p.p.

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

	31 December 2022	31 December 2023	Change
Current liquidity ratio	2.14	2.33	8.9%
Quick liquidity ratio	1.69	1.85	9.5%

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

Total debt ratio

The total debt ratio as at 31 December 2023 increased by 2.3 p.p. compared to 31 December 2022 to 25.1% (the increase in the balance sheet value was lower than the change in liabilities).

As at 31 December 2023, the level of the Company'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 Company'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 as at the end of 2023 decreased by 47.4% and stood at 0.20. Comparing data as at 31 December 2023 to 31 December 2022, there was a relatively bigger increase in EBITDA (calculated on a rolling basis for the last four quarters) compared to the debt increase.

Net debt/EBITDA

The ratio describing the ratio of net debt (total interest-bearing short- and long-term liabilities less cash and cash equivalents) to EBITDA fell, in absolute terms, from -0.77 as at 31 December 2022 to -0.53 as at 31 March 2023. Net debt decreased by approximately PLN 254 million and amounted to PLN -709 million with EBITDA increasing by approximately PLN 737 million (EBITDA calculated on a rolling basis for the last four quarters).

Debt to equity ratio

The debt to equity ratio as at 31 September 2023 increased by 3.9 p.p. compared to 31 December 2022 and amounted to 33.5% - liabilities increased by approximately PLN 345 million and equity increased by approximately PLN 597 million.

Fixed capital to non-current assets ratio

The ratio of coverage of non-current assets with fixed capital reached 118.2% (as at 31 December 2023) compared to 108.2% (as at 31 December 2022) - in the period under analysis, the value of non-current assets increased (by approx. PLN 224 million) and so did the value of fixed capital (the sum of equity and non-current liabilities without provisions) - by approx. PLN 650 million.

Turnover of receivables and liabilities in LW Bogdanka S.A.

Turnover ratios

[PLN thous.]

			31 December 2022	31 December 2023	Change
1. Inventory turnover ratio	$\frac{\text{average balance of inventories}}{\text{cost of goods and materials sold}} \times$	number of days in the period	26	34	30.8%
2. Receivables turnover ratio*	$\frac{\text{average balance of receivables}}{\text{revenues from sales}} \times$	number of days in the period	39	37	-5.1%
3. Liabilities turnover ratio**	$\frac{\text{average balance of liabilities}}{\text{cost of goods and materials sold}} \times$	number of days in the period	71	65	-8.5%
4. Operating cycle	1+2		65	71	9.2%
5. Cash conversion cycle	4-3		-6	6	-

* Trade and other receivables

** Trade and other liabilities

Inventory turnover ratio

The inventory turnover ratio as at 31 December 2023 increased by 8 days from 31 December 2022 and was 34 days. On average, it takes 8 days longer to liquidate inventory.

Receivables turnover ratio

The receivables turnover ratio (calculated on the basis of the balance sheet item "Trade and other receivables") was 37 days (as at 31 December 2023) compared to 39 days last year. The decrease of the ratio is attributable to a higher average level of receivables, with a higher average level of 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 6 days to 65 days compared to the value at the end of 2022.

During the period under review, the Group recorded a relatively higher level of costs incurred, relative to the level of liabilities.

Operating cycle

The operating cycle of current assets (the sum of the inventory and trade receivables turnover ratios) in the period under analysis was lengthened to 71 days. On average, the Company's current assets are liquidated after 71 days.

Cash conversion cycle

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



LW Bogdanka S.A.'s provisions

Balance sheet provisions

[PLN thous.]	As at 31 December 2022	As at 31 December 2023	Change 2023/2022
Employee provisions	222,335	261,285	17.5%
Provision for mine decommissioning and land reclamation costs	155,452	169,102	8.8%
Mining damage	6,844	7,352	7.4%
Other	5,680	8,755	54.1%
Total	390,311	446,494	14.4%

Change in provisions

[PLN thous.]	Change in Q4 2022	Change in Q4 2022	Change Q4 2023/ Q4 2022	Change in 2022	Change in 2023	Change 2023/2022
Employee provisions	39,417	-89,084	-	17,648	38,950	120.7%
Provision for mine decommissioning and land reclamation costs	26,578	15,932	-40.1%	25,050	13,650	-45.5%
Mining damage	2,073	5,317	156.5%	462	508	10.0%
Other	-366	-10,890	-	-13,023	3,075	-
Total	67,702	-78,725	-	30,137	56,183	86.4%

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

[PLN thous.]	Change in provisions in 2023	Change recognized in operating activities (EBITDA)	Change recognized below operating profit – interest	Of which: 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	38,950	65,784	11,467	-	3,032	-41,333
Provision for mine decommissioning and land reclamation costs	13,650	8,308	10,104	-4,762	-	-
Mining damage	508	6,769	-	-	-	-6,261
Other	3,075	3,235	-	-	-	-160
Total	56,183	84,096	21,571	-4,762	3,032	-47,754

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

[PLN thous.]	Change in provisions in Q4 2023	Change recognized in operating activities (EBITDA)	Change recognized below operating profit – interest	Of which: 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	-89,084	-86,493	2,890	-	-45	-5,436
Provision for mine decommissioning and land reclamation costs	15,932	7,203	2,940	5,789	-	-
Mining damage	5,317	6,769	-	-	-	-1,452
Other	-10,890	-10,890	-	-	-	-
Total	-78,725	-83,411	5,830	5,789	-45	-6,888

Costs and expenses of LW Bogdanka S.A.

Costs by nature

[PLN thous.]	Q4 2022	Q4 2023	Change	2022	2023	Change
Net production [thousand tons]	1,238	2,496	101.6%	8,401	7,053	-16.0%
Sales [thousand tons]	1,244	2,142	72.2%	8,400	6,703	-20.2%
Depreciation and amortization	97,068	136,483	40.6%	381,339	442,882	16.1%
Consumption of materials and energy	218,342	307,041	40.6%	734,236	1,209,903	64.8%
External services	133,688	182,029	36.2%	548,784	666,241	21.4%
Employee benefits	269,020	494,212	83.7%	843,180	1,174,302	39.3%
Cost of representation and advertising	2,564	5,024	95.9%	14,537	20,587	41.6%
Taxes and fees	10,555	13,578	28.6%	52,174	51,283	-1.7%
Other costs	28,928	1,551	-94.6%	32,379	6,223	-80.8%
Total costs by type	760,165	1,139,918	50.0%	2,606,629	3,571,421	37.0%
Cost of producing services for the entity's proprietary needs	-113,526	-133,705	17.8%	-411,960	-490,163	19.0%
Prepayments and accruals	-112,090	-77,270	-31.1%	-9,424	-594	-93.7%
Provisions and other presentation adjustments between expense by nature and by function	50,280	-64,688	-228.7%	40,792	97,185	138.2%
Total production costs	584,829	864,255	47.8%	2,226,037	3,177,849	42.8%
Movement in products	522	-139,695	-26861.5%	-1,210	-142,492	11676.2%
Cost of goods and materials sold	2,842	3,052	7.4%	19,253	11,718	-39.1%
Cost of goods sold, including:	588,193	727,612	23.7%	2,244,080	3,047,075	35.8%
Cost of goods and materials sold	535,225	658,383	23.0%	2,044,636	2,793,404	36.6%
Selling and distribution expenses	11,101	20,954	88.8%	49,882	64,888	30.1%
Administrative costs	41,867	48,275	15.3%	149,562	188,783	26.2%

Q4 2023

Costs by nature

In Q4 2023, LW Bogdanka S.A. incurred costs by nature of PLN 1,139,918 thousand (PLN +379,753 thousand y/y), i.e. 50.0% more than in Q4 2022. The increase in costs in Q4 2023 was mainly due to higher costs of employee benefits and consumption of materials and energy, as well as external services and higher depreciation and amortization.

Depreciation and amortization

Depreciation and amortization increased by 40.6% (to PLN 136,483 thousand). Mostly the value of natural depreciation increased, which results from the increasing longwall progress and 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 Q4 2023 compared to Q4 2022 increased by 40.6% and amounted to PLN 307,041 thousand. During the period under analysis, the cost of electricity consumption increased significantly (primarily due to an increase in the purchase prices of electricity and materials and a higher output).

External services

The value of costs of external services increased by 36.2% compared to Q4 2022 and amounted to PLN 182,029 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 Q4 2023 increased by PLN 225.192 thousand compared to Q4 2022. This is the result of an increase in salaries and other employee benefits as agreed with social partners, and a disbursement of bonuses for employees and the related increase of obligatory contributions.

Representation and advertising costs

The increase in the value of representation and advertising expenses by PLN 2.5 million follows from the performance of the current payment schedule under sponsorship agreements.

Taxes and charges

The increase in taxes and charges by approx. PLN 3.0 million is mainly due to an increase in the mining fee and property tax.

Other costs

The decrease in other costs of PLN 27.4 million is mainly due to a high base in 2022, as a result of concluding a long-term insurance policy in Q4 2022 that is a deferred cost.

Costs and expenses of LW Bogdanka S.A.

2023

Costs by nature

In 2023, LW Bogdanka S.A. incurred costs by nature of PLN 3,571,421 thousand, i.e. 37.0% (+PLN 964,792 thousand) more than in 2022. The increase in costs in the period under analysis was mainly due to higher costs of consumption of materials and energy and employee benefits, as well as higher costs of external services and depreciation and amortization.

Depreciation and amortization

Depreciation and amortization increased by 16.1% (to PLN 442,882 thousand) – value of the natural depreciation increased (by approx. PLN 66 million), which results from the higher value of the construction of longwall galleries depreciated during longwall mining and higher longwall progress.

Consumption of materials and energy

The total value of the costs of consumed materials and energy increased by 64.8% in 2022 and amounted to PLN 1,209,903 thousand. During the period under analysis, the cost of electricity consumption increased significantly as well as the value of materials consumed, which is primarily due to an increase in prices (especially electricity).

Taxes and charges

The slight decrease in taxes and charges by approx. PLN 0.9 million is due to a decrease in the mining fee, with a higher value of property tax.

External services

The value of external services in 2023 compared to the corresponding period in 2022 increased from PLN 548,784 thousand to PLN 666,241 thousand (+21.4%). 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 2023, compared to the corresponding period of 2022, increased by PLN 331,122 thousand. This is the result of an increase in salaries agreed with social partners, disbursement of awards for employees, other employee benefits as well as the resulting obligatory contributions.

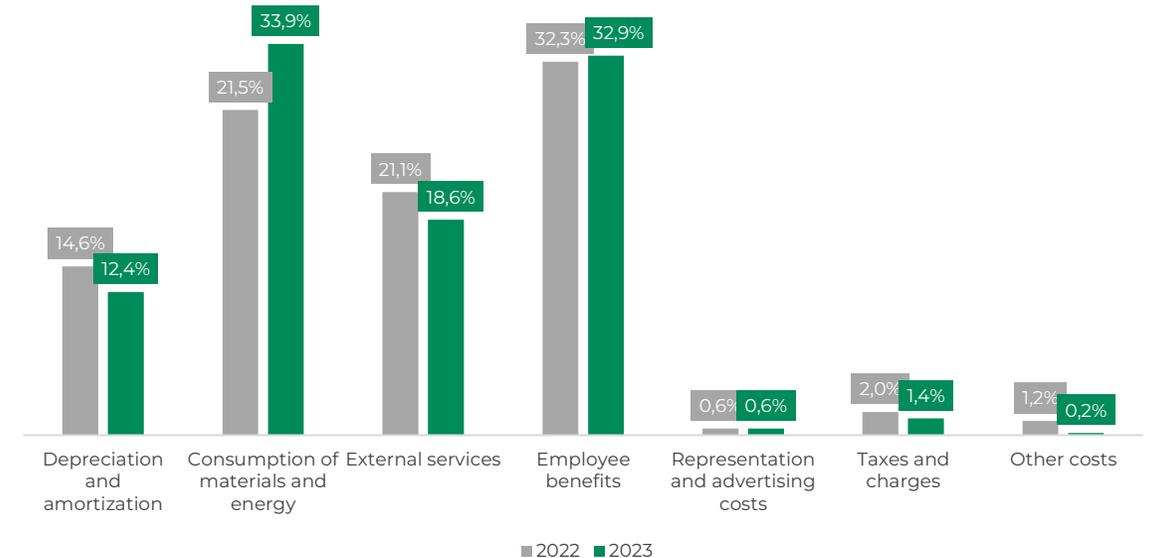
Representation and advertising costs

The increase in the value of representation and advertising expenses by PLN 6.1 million follows from the performance of the current payment schedule under sponsorship agreements.

Other costs

The decrease in other costs of PLN 26.2 million is mainly due to a high base in 2022, as a result of concluding a long-term insurance policy in Q4 2022 that is a deferred cost.

Costs by type
(% share of total costs)



Costs and expenses of LW Bogdanka S.A.

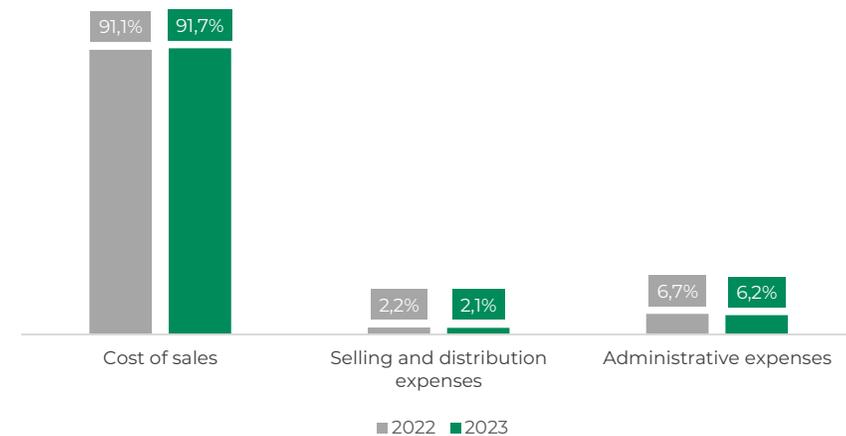
Costs by function

Cost of goods sold (by function) in Q4 2023 amounted to PLN 727,612 thousand, while in the corresponding period of the previous year it amounted to PLN 588,193 thousand.
 Cost of goods sold (by function) in 2023 amounted to PLN 3,047,075 thousand and was 35.8% (+PLN 802,995 thousand) higher than the cost incurred in the corresponding period of 2022.

[PLN thous.]	Q4 2022	Q4 2023	Change	2022	2023	Change
Cost of goods and materials sold	535,225	658,383	23.0%	2,044,636	2,793,404	36.6%
Selling and distribution expenses	11,101	20,954	88.8%	49,882	64,888	30.1%
Administrative costs	41,867	48,275	15.3%	149,562	188,783	26.2%
Cost of goods sold	588,193	727,612	23.7%	2,244,080	3,047,075	35.8%



Costs by function
 (% share of total costs)



Other information affecting the LW Bogdanka Group's financial position

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

The LW Bogdanka Group achieved a record high net profit in 2023, which is almost four times higher than the 2022 profit. The Group's revenues, which amounted to more than PLN 3.9 billion, were also the highest in its history. Such good results were achieved despite the geological and hydrological challenges in the first half of 2023. In Q4 2023 the Group rebuilt its production capacity, thanks to which the preliminary production plan for 2024 provides for producing approx. 9 million tonnes of commercial coal. The challenge for Bogdanka is the gradual reduction in demand for coal. This is due to the EU's decarbonising climate policy and the slow elimination of coal from the energy mix (as a consequence of the increasing generation of electricity from RES). Domestic sales may be supported by the resumption of coal exports to Ukraine via intermediary companies (the Group made its first fuel deliveries there at the end of 2023). 2024 is expected to see continued high prices of production inputs and pressure from power generators on coal prices. In addition, the recorded significant increase in consumer goods prices has strengthened the pressure from social partners to increase wages. As a result of these events coal production cost will be higher. Despite the challenges facing the mine, LW Bogdanka Group still intends to focus on the efficiency and profitability of coal production, respect for the environment and the implementation of innovative solutions. The LW Bogdanka Group constantly monitors the levels of costs, indicators and the value of

accumulated cash. The current debt (a loan taken out by Łęczyńska Energetyka from the Voivodeship Fund for Environmental Protection and Water Management (WFOŚiGW)), together with the existing level of cash, guarantee current financing. The Parent Company systematically performs works aimed to optimize the mining process (in terms of the applied technology and the planned deposit slicing and opening out works for new coal seams). The works as a whole (planning new excavations, extraction and sales of commercial coal) take the current and future market risk into account. The opening out works (for new excavations) are performed in a manner enabling continuous extraction. Coal prices are also monitored all the time in domestic and international markets. The LW Bogdanka Group pays its liabilities on an ongoing basis. The Group manages its financial resources efficiently, depositing free funds in banks (the tenor and value of deposits depends on internal short-term financial forecasts). At the time of preparing the information, there are no indications that there is a risk that the Company will not be able to meet its liabilities in the future.

Suppliers

The awarding of contracts by hard coal mining companies for the purpose of carrying out these activities is subject to sectoral public procurement regulations. At LW Bogdanka Group all procurement orders above the thresholds defined in accordance with the Public Procurement Law are awarded based on the rules stipulated in this law. Other contracts are awarded based on the Group's internal procedures. The main suppliers for the LW Bogdanka Group are companies offering services and products specific to the mining industry (excavation and reconstruction of roadways, haulage of winnings, as well as supply of roadway supports, specialist mining machinery and equipment), as well as companies supplying electricity.

In the period from 1 January to 31 December 2023, the value of turnover with Enea S.A. exceeded 10% of the Group's revenue.

Investments and deposits of the LW Bogdanka Group

Cash held by the Group at the end of December 2023 amounted to PLN 899,955 thousand, of which:

- PLN 165,248 thousand was shown
- in non-current assets
- PLN 734,707 thousand was shown in current assets.

The amount of PLN 165,248 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 734,707 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 708,556 thousand and in subsidiaries to PLN 26,151 thousand (mainly in Łęczyńska Energetyka).

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

A detailed description of conditional liabilities and assets was presented in Note 29 of LW Bogdanka Group's Consolidated financial statements for 2023.

Other information affecting the LW Bogdanka Group's financial position

Evaluation of factors and unusual events affecting the operating result

As for the operations conducted in 2023 and until the publication date of these Statements, the following material events occurred in the Group that affected its operations in 2023:

Operational problems in longwall 3/VII/385

An unusual event affecting the Group's operations and results in 2023 was the occurrence of unanticipated geological events at the end of 2022. In February 2023, 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. At the same time, the Parent Company undertook work to address the damage as quickly as possible and to minimise the negative effects of the above incident.

This event affected the Group's operational

(production and sales levels) and financial results. 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 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.

After dealing with geological and hydrological issues during Q4 2023, the Parent Company's production returned to normal, robust levels.

Notice of reduction in demand for coal from Enea Trading Sp. z o.o.

On 17 July 2023 the Parent Company received from Enea Trading Sp. z o.o., acting as attorneys-in-fact for Enea Wytwarzanie Sp. z o.o. and Enea Elektrownia Połaniec S.A., notice on demand for coal at power stations from Enea Group being reduced by ca. 1.05 million tons (+/-15%) compared to volumes under the contracts in effect 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.

3. Corporate governance



Identification of applied corporate governance rules

This Corporate Governance Statement was prepared in accordance with § 70 Section 6 Item 5 of the Finance Minister's Regulation of 29 March 2018 on current and periodic information transmitted by securities issuers and the conditions for recognizing the information required by legal regulations of a non-member state as equivalent.

LW Bogdanka S.A., a company listed on the Warsaw Stock Exchange, applied in the period from 1 January 2023 to 31 December 2023 the corporate governance principles defined in the "Best Practices of Companies Listed on WSE 2021".

Considering that the Prime Minister has not defined best practices in the area of corporate governance, as referred to in Article 7 sec. 3 of the Act on the Rules for Managing State Property, in respect of the best practices in 2023 the Company did not use practices other than those defined in the Code of Best Practice for WSE Listed Companies (DPSN).

Code of Best Practice for WSE Listed Companies

On 29 March 2021, the Stock Exchange Board adopted resolution No. 13/1834/2021 on the document "Best Practices of Companies Listed on WSE 2021" (hereinafter: "Best Practices"), with effect as from 1 July 2021. The document is available on the WSE website at: <https://www.gpw.pl/dobre-praktyki2021>

A report on the progress in the application by the Company of the Best Practices was published on 27 July 2021; it is available under the Investor Relations tab of LW BOGDANKA S.A.'s website, in the corporate governance section: <https://ri.lw.com.pl/lad-korporacyjny-raporty>

Application of the "Best Practices for WSE Listed Companies 2021":

Chapter I - Information policy and communication with investors

In 2023, the Company communicated with investors under an information policy designed primarily to build trust of capital market participants.

The Company communicated with investors via its Investor Relations web page at www.ri.lw.com.pl, where all the information of interest to investors is published in Polish and English.

- Investor Relations Service published all Company information, such as the financial statements, reports, corporate news, information on the Company's governing bodies, etc.
- information on the ESG activities can be found under a tab dedicated to environmental, social and corporate governance matters. Information on ESG is also included in an annual integrated report published on the Company's website.
- The Company regularly reports its preliminary financial results in the middle of the month following the quarter end.
- in 2023 a new business strategy was adopted

by the Company, containing the ESG Strategy which presents actions planned for implementation as regards ESG management, including actions to minimize environmental damage and climate impacts.

- Every quarter, representatives of the Management Board participate in a performance results conference, addressed primarily to analysts and journalists. Furthermore, the President of the Management Board takes part in investor chats addressed to individual investors; usually approx. 100 people log into these chats, which are announced in advance on the Company's website, in the investor's calendar.
- The Company responds to investor queries on an ongoing basis, usually contacting the investor by e-mail or telephone.

Chapter II - Management Board and Supervisory Board

The persons on the Company's Management Board and Supervisory Board meet all the criteria and requirements specified in the Best Practices. Votes held by the Supervisory Board and the Management Board are open, barring the situations when a secret ballot is required by the law.

The Company does not apply rules 2.1, 2.2, 2.11.6 as regards diversity policy in respect of the Management Board and Supervisory Board.

When appointing the Management Board and the Supervisory Board, education and professional experience are taken into account, without differentiating candidates by gender, age, background or other factors that have no substantive impact on the assessment of qualifications. The decisive aspect is, first of all, being fit to discharge the specific function well. At LW Bogdanka, we do not have a separate formal diversity policy applied to management and supervisory bodies.

- As at 31 December 2022, there were 22% women and 78% men on the Company's Supervisory Board and as at 31 December 2023 there were 11% women and 89% men.
- As regards the Management Board, as at 31 December 2022 and as 31 December 2023 the composition was 100% men.

Chapter III - Internal systems and functions

- The Company meets the criteria and requirements in respect of the systems of internal control, risk management and compliance, as well as in respect of the internal audit function.
- The Company's organizational chart specifies the departments responsible for risk management, compliance and internal audit.
- There is an Internal Audit Department, headed by a manager.
- The remuneration of persons responsible for risk management, compliance and internal audit depends on the achievement of their set tasks, rather than the performance of the Company.
- The Risk Management Department is headed by the Director for Corporate Affairs, who reports directly to the President of the Management Board.
- The Compliance Policy Department is headed by the Director for Audit, who reports directly to the President of the Management Board.
- The Internal Audit Department functionally reports to the Audit Committee, and organizationally - directly to LW Bogdanka S.A.'s President of the Management Board.
- Every time an internal audit is conducted, the person responsible for the internal audit function presents the findings and a post-audit report. Moreover, an annual report on the systems' effectiveness is presented to the Supervisory Board.
- An audit involving an independent assessment of LW Bogdanka's internal audit function by an independent auditor was performed in 2020.

Identification of applied corporate governance rules

Section IV - Shareholder Meeting and shareholder relations

- The Company sets the place and date as well as the form of a General Meeting so as to enable the participation of the highest possible number of shareholders. The General Meetings are organized in the Company's head office in Bogdanka.
- The Ordinary Shareholder Meeting's proceedings are broadcast in real time. The proceedings of Extraordinary Shareholder Meetings are recorded, and the recordings are made available on the Company's website.
- Representatives of the Management Board and the Supervisory Board are always present at the Shareholder Meetings, to discuss the Company's performance and situation
- The Company publishes draft resolutions
- The Company seeks to pay out dividend in accordance with its dividend policy; in 2023, a dividend on the 2022 profits was disbursed in the amount of PLN 2.58 per share, which represents 49.9% Company profit generated in 2022.

In 2023, the Company did not apply rule 4.1, which provides for the possibility for shareholders to attend a Shareholder Meeting using means of electronic communication (Shareholder e-Meeting).

Justification

The Company has relinquished this rule due to technical and legal risk factors it perceives. At the same time, an analysis of the potential cost of holding a Shareholder e-Meeting, as well as

absence of any requests in this respect from the Company's shareholders, made the Company conclude that there was no need to introduce any changes.

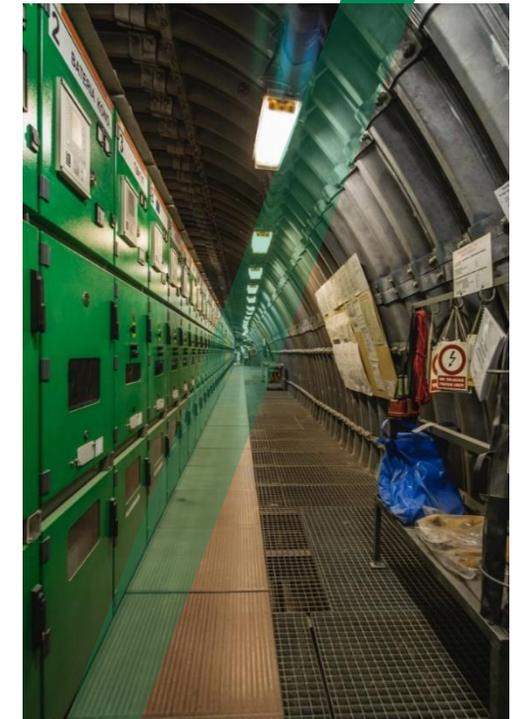
The Company does not exclude that it will provide the possibility of a two-way communication with shareholders in real time during shareholder meetings held in the future.

Chapter V - Conflicts of interests and transactions with related parties

- The Company meets all the requirements as regards management of conflicts of interests and transactions with related parties.
- No shareholder is given undue preference over other shareholders with regard to transactions with related parties.
- Each of the Company's transaction with a related party requires a consent of the Supervisory Board which – prior to adoption of the relevant resolution – examines if an external entity should be consulted on the matter, to price the transaction and analyze its economic effects.

Chapter VI – Remuneration

- The Company operates a Payroll Policy which meets all the requirements of the Best Practices.
- The Company seeks to prevent rotation of managerial staff, by providing stable, consistent and non-discriminatory remuneration rules.
- The Company did not have any active executive options program in 2023.
- Members of the Supervisory Board receive monthly compensation irrespective of the number of meetings. They also did not receive any additional remuneration for work on the Supervisory Board committees.
- The remuneration of Supervisory Board Members is not linked to the performance of the Company.



Diversity policies

The Company does not maintain a formal diversity policy applicable to its administrative, management and supervisory bodies. Principles for appointing the Management Board and the Supervisory Board are defined in the Company's Articles of Association. When appointing members of its corporate bodies, the Company pays a lot of attention to ensuring comprehensiveness, diversity, as well as a range of educational backgrounds, age and professional experience, without differentiating candidates by gender, age, background or other factors that have no substantive impact on the evaluation of their qualifications. The decisive aspect is, first of all, being fit to discharge the specific function well. Irrespective of the above, the Company does follow a diversity policy in its employee selection and recruitment. LW BOGDANKA S.A.'s diversity policy is designed to use the full potential of employees, their diverse skills, talents, competencies and experiences in an atmosphere of respect and support. This approach applies to all the employees of the Company, which fosters its better functioning and contributes to the development of its strong market position.

Furthermore, such diversity policy leads to high work productivity, building of trust, as well as counteracts discrimination, thus creating an environment of mutual respect.

The matters of diversity are regulated by: the Diversity Policy, the Company Articles of Association, Labor Regulations, Code of Ethics, Personnel Policy and the Company Collective Bargaining Agreement. In accordance with the Code of Ethics, in LW Bogdanka S.A. any conduct such as discrimination, both direct as well as indirect, harassment or mobbing are absolutely prohibited and unacceptable.

Among the employer's basic duties, the Labor Regulations list prevention of discrimination in employment, in particular on the basis of gender, age, disability, race, religion, nationality, political opinion, union membership, ethnicity, religion, sexual orientation, as well as on the basis of employment for a definite or indefinite period of time, or else on a full-time or part-time basis. The policy of equal career development

opportunities for every employee is a key element of the strategy implemented by the company.

The Human Resources policy specifies the rules of recruiting employees. When looking for the best candidates, we focus first and foremost on their knowledge, professional qualifications, personality aptitude and work experience. Being aware of the value of human capital, the Company attaches a lot of importance to its recruitment processes. In the process of candidate recruitment and selection, the Company is guided by professional candidate selection criteria based on requirements applicable to individual job descriptions.

Pursuant to its provisions, the Company Collective Bargaining Agreement lays down the duty to respect equal opportunities for efficient and well-organized work, so that the remuneration reflects the type of work performed, its quality and productivity. The criteria for setting remuneration for work are intended to ensure that employees receive a fair pay. Remuneration is determined in the amount corresponding to the type of work performed, the qualifications of the employee required for its performance, and taking into account the quantity and quality of the work performed.

Key personnel of LW BOGDANKA S.A. are selected based on objective substantive criteria, and with respect for diversity. The Company furnishes equal opportunities for professional development and advancement.

LW Bogdanka S.A.'s activities to ensure compliance with equal treatment principles include:

- familiarizing all employees with the Code of Ethics; continuous promotion of ethical standards at the mine site (the Company's website, notice boards, roll-ups, posters, messages, health and safety monitors, etc.)
- training for managers raising their awareness of discrimination and mobbing
- equal access of women to decision-making processes, promotions, pay raises and management positions
- operation of a remuneration system that does not in any way discriminate against any employees

- equal access to training for all employees
- maintenance of dialog with employee representatives (trade unions)
- maintenance of regular internal communication with all employees
- pension schemes
- assistance provided to families of employees who have found themselves in difficult circumstances (the "Solidary Miners" Foundation)
- equal support for local initiatives.

LW Bogdanka S.A. – the Management Board

as at 31 December 2023.

Total	4
Women	0
Men	4
Up to 30	1
From 31 to 40 years of age	0
From 41 to 50 years of age	2
Over 50 years of age	1
Foreign nationals	0

LW Bogdanka S.A. – Supervisory Board

as at 31 December 2023.

Total	9
Women	1
Men	8
Up to 30	0
From 31 to 40 years of age	1
From 41 to 50 years of age	6
Over 50 years of age	2
Foreign nationals	0

Description of the main features of the issuer's internal control and risk management systems with reference to the process of drawing up stand-alone and consolidated financial statements

LW Bogdanka S.A. prepares stand-alone and consolidated financial statements based on the generally binding provisions of the law and internal regulations.

Under the internal control and risk management systems, in the process of preparing financial statements the Group applies a number of internal procedures designed to ensure effective and efficient control, as well as identification and elimination of potential risks. The above solutions are defined in the Organizational Regulations of the Company, the document distribution instruction, accounting policy, as well as job descriptions (scopes of duties and powers) of the financial and accounting services employees. At the same time, the Company maintains full employee's obligation of self-control as well as functional control exercised by all levels of management, within the scope of their coordination and oversight duties.

LW Bogdanka S.A. operates control mechanisms in order to achieve the following control objectives:

- powers and duties – division of tasks among employees ensures that errors or irregularities are detected at an early stage
- reliability and completeness – from start to finish, all operations and transactions are correctly conducted and registered
- timeliness – operations are performed and registered in records or IT applications at the right time, as stipulated by the relevant regulations

- valuation and qualification – assets and liabilities and equity are valued correctly, and profits and costs are disclosed in the correct amount
- presentation and recognition – assets, liabilities, profits and expenses, as well as all transactions, are correctly recognized, described and recorded in the relevant documents
- monitoring and reporting – reports presenting information and data on the performed activities are provided timely to the Company's Management Board
- confidentiality – information and data is disclosed only to persons who are their intended recipients given their functions and duties
- availability – IT systems and applications are available when needed to conduct and register operations and transactions
- compliance – the process and its supporting systems are compliant with the existing laws, norms and standards.

The data from the accounting ledgers ensure accuracy of the financial statements, as they contain evidence entered on the basis of the appropriate supporting documentation. The completeness of reporting applies to all reporting templates applicable to the Company. Data presentation method is to ensure that the reports can be easily understood (transparency and clarity of information), provide useful information and the presented data is comparable.

Accounting ledgers of LW BOGDANKA S.A. are maintained by the FINANSE IT system, which is a part of the INTEGRA Integrated Management System.

The oversight over the process of preparing the Company's financial statements is exercised by Vice-President of the Management Board for Economic and Financial Affairs, to whom the financial and accounting services report. Moreover, the quality of the financial statements is also a function of the experience and qualifications of the financial and accounting services employees, over whom the functional oversight is exercised by the Chief Accountant of the Company.

LW Bogdanka S.A. maintains its accounting ledgers and prepares the financial statements in line with the International Financial Reporting Standards and the related interpretations announced in the form of the European Commission regulations, as enacted by the EU ("IFRS EU").

Pursuant to the provisions of Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (the "Issuer") and with reference to European Commission Regulation No. 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format, the Company, as the Issuer, is required to prepare financial statements in accordance with the European Single Electronic Format (ESEF) for the financial year beginning 1 January 2020.

Under the aforementioned regulations, issuers are required to prepare annual financial statements in XHTML format, and where annual financial statements include consolidated financial statements prepared in accordance with IFRS - which is the case for LWB - issuers must mark (otherwise tag) them using XBRL. In view of the above, the financial statements for 2023 of the LW Bogdanka Group, in which the Company is the Parent Company, have been prepared in accordance with the requirements of the ESEF.

The Company keeps abreast of the changes required by external laws and regulations relating to reporting requirements. The Audit Committee, appointed by the Supervisory Board, exercises oversight over financial reporting in the Company and collaborates with the independent auditor. Moreover, pursuant to Article 4a of the Accountancy Act of 29 September 1994, the duties of the Supervisory Board include ensuring that the Company's financial statements and the activity report meet the requirements prescribed

by the law.

In order to verify the consistency of the data contained in the financial statements with the actual state affairs and the records in the accounting ledgers maintained by the Company, the financial statements are audited by an independent auditor, who presents their own audit report. The Company's Supervisory Board selects the statutory auditor from among reputable audit firms, based on the Audit Committee's recommendations which, among others, ensures that the auditor will maintain impartiality and independence when performing the audit.

The adopted rules of procedure regarding the preparation of financial statements and the "Audit Firm Selection Procedure for the Purposes of LW Bogdanka S.A.'s Statutory Audits", as well as the "Policy of the Provision by an Audit Firm of Permitted Services Other Than a Statutory Audit" and the "Audit Firm Selection Procedure" are supposed to procure compliance with the requirements of the law and the actual state of affairs, as well as to allow for early identification and elimination of prospective risks so that they do not affect the accuracy and correctness of the presented financial data.

Description of the main features of the issuer's internal control and risk management systems with reference to the process of drawing up stand-alone and consolidated financial statements

The Internal Audit department is another important element of the organizational structure; the department follows the "Internal Audit Regulations".

The scope of activities of the Internal Audit Department includes in particular:

- Evaluation of the effectiveness and adequacy of the internal control and risk management systems
- Examination and evaluation of the adequacy of the control mechanism to ensure compliance of the operation of individual organizational units with the law, Articles of Association, agreements, procedures, by-laws, instructions, internal normative acts, etc.
- Examination and evaluation of the control mechanisms to ensure that the Company's activities are in line with the adopted strategies and plans
- Examination and evaluation of the control mechanisms to ensure reliability and consistency of the data providing the basis for the preparation of the reports required by the law as well as of management reports
- Evaluation of operational effectiveness and efficiency
- Identification and assessment of potential threats to the Company's activities

- Carrying out planned and ad hoc audits in the Company and its subsidiaries in the LW Bogdanka S.A. Group
- Monitoring of the implementation of post-audit recommendations and corrective actions
- Performance of tasks instructed by the Supervisory Board and the Audit Committee operating within the Company's Supervisory Board
- Cooperation with the Compliance Policy Department and the Risk Management Department to collectively support the Company in achieving its goals and to provide integrated support to the Company's bodies in the area of effectiveness and efficiency of the internal control system and the risk management system, consisting in particular in the continuous undisturbed exchange of information.

The internal controls system in LW Bogdanka S.A. is a set of procedures and control mechanisms designed and implemented to reasonably ensure that the objectives set by the LW Bogdanka Group are achieved. The internal control system is based on the principles of independence and covers all the processes in the Company, including the areas with direct or indirect impact on the correctness of the financial statements.



Changes to LW Bogdanka S.A.'s basic governance principles

In order to clarify the governance principles at LW Bogdanka S.A., the following changes were made in 2023:

- changes to the Company's organizational structure
- approval of the updated Policy of conduct in the process of employee recruitment and selection for production positions as well the Policy of conduct in the process of employee recruitment and selection for managerial and specialist positions
- amending the wording of the Rules and Regulations of the Company Social Benefit Fund
- implementation of the amended Procedure for the preparation and circulation of documents submitted to the meetings of the Management Board of Lubelski Węgiel Bogdanka S.A.
- amending the Rules and Regulations of the Incentive Program for LWB Management (MBO)
- introduction of updates to the Project Management Methodology at the Lubelski Węgiel Bogdanka Group and the Project Classification Regulations at the Lubelski Węgiel Bogdanka Group
- updates of the process structure of the Integrated Quality, Environmental and OHS Management System in Lubelski Węgiel Bogdanka S.A.
- approval of the Lubelski Węgiel Bogdanka S.A. Whistleblowing Procedure
- establishment of online work regulations applicable to employees of Lubelski Węgiel Bogdanka S.A.
- introduction of Employee upskilling and professional development policy at LW Bogdanka S.A.
- introducing the Policy on the protection system for facilities and areas of Lubelski Węgiel Bogdanka S.A.
- new consolidated text of the "Coal Sale Regulations"
- new consolidated text of the Labor Regulations,
- implementation of the Company HR Policy
- update of the scope of actions taken at Lubelski Węgiel Bogdanka S.A. in case of emergency alerts and/or CRP emergency alerts
- adoption of the Rules and Regulations of the "My Development" Program for blue-collar employees at LW Bogdanka S.A.,
- adoption for use of the Anti-Corruption Policy of Lubelski Węgiel Bogdanka S.A.
- adoption for use of the principles set forth in Information Security Policy for ICT systems at LW Bogdanka S.A.
- implementation of the Procedure for representation expenses and expenses incurred for motivation and communication purposes at Lubelski Węgiel Bogdanka S.A.
- adoption for use of the Code of Ethics of the Lubelski Węgiel Bogdanka Group S.A.

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 dominant strategic shareholder is ENEA S.A., with a majority shareholding of 64.6% in LW Bogdanka S.A., which entitle it to 21,962,189 votes, translating into the nominal value of PLN 109,810,945.

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

Treasury shares

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

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 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.



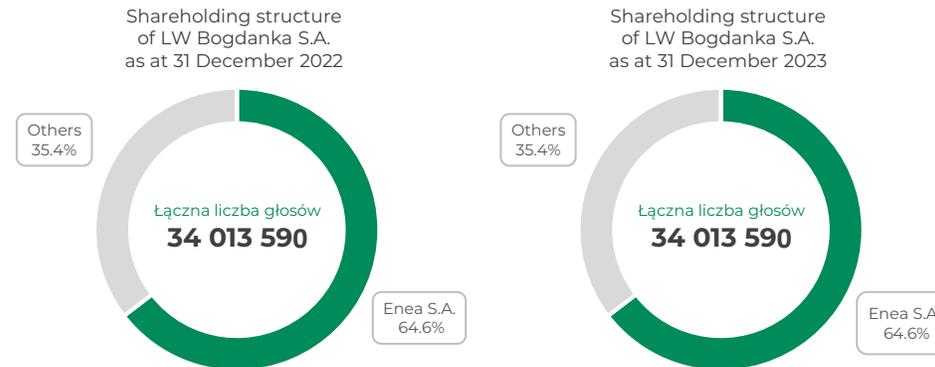
Share capital structure and shareholding structure of LW Bogdanka S.A.

Changes in the shareholder structure before and by report date

According to information in possession of the Parent Company, in 2023 there were no changes in the number of votes held by the shareholders having more than 5% of the votes at LW Bogdanka S.A.'s Shareholder Meeting.

As from 31 December 2023 until the publication date of this Report, and according to the information in possession of the Parent Company, there have been no changes in the number of votes held by the shareholders having more than 5% of the votes at LW Bogdanka S.A.'s Shareholder Meeting.

Shareholder structure



Shareholders holding directly or indirectly significant stakes in the Company

Shareholder	31 December 2022		31 December 2023	
	Number of shares / votes at the Shareholder Meeting	Interest in the share capital (%)	Number of shares / votes at the Shareholder Meeting	Interest in the share capital (%)
Enea S.A.	21,962,189	64.6%	21,962,189	64.6%
Others	12,051,401	35.4%	12,051,401	35.4%
Total	34,013,590	100.0%	34,013,590	100.0%

As from 31 December 2023 until the publication date of this Report, and according to the information in possession of the Parent Company, there have been no changes in the number of votes held by the shareholders having more than 5% of the votes at LW Bogdanka S.A.'s Shareholder Meeting.

Specification of holders of any securities that give special controlling rights over the issuer

The Company did not issue any securities that give special rights of control to the shareholders.

Specification of any restrictions on voting rights

The Company's Articles of Association do not stipulate any restrictions on the exercise of voting rights at the Shareholder Meeting of LW BOGDANKA S.A.

Specification of any restrictions on the transfer of the title to securities issued by the Company

The Company's Articles of Association do not stipulate any restrictions on transfer of the ownership title to securities of the Companies.

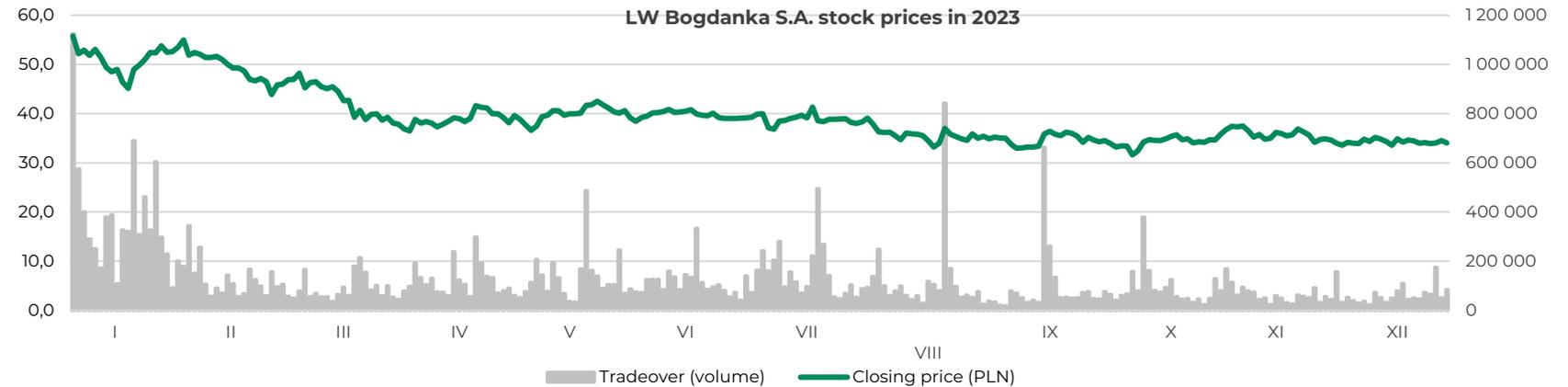


Amendments to the Company's Articles of Association

Any amendments to the Company's Articles of Association require a resolution of the Shareholder Meeting and entry into the Register of Commercial Undertakings, as stipulated by the Articles of Association of LW BOGDANKA S.A. and the Commercial Company Code. If extensive amendments are to be made to the Articles of Association, the Management Board prepares a draft of a new consolidated text of the Articles, including a schedule of the provisions to be amended or introduced as new, and attaches this draft to the announcement convening the Shareholder Meeting at which the amendments are to be enacted.

After the Shareholder Meeting amends the Articles of Association, the Management Board prepares a draft consolidated text of the amended Articles and presents it to the Supervisory Board for approval. Furthermore, any amendments to the Articles of Association are governed by the Regulation of the Finance Minister of 29 March 2018 on the Current and Periodic Information Transmitted by Securities Issuers and the Conditions for Recognizing the Information Required by the Regulations of a Non-Member State as Equivalent, which stipulate the obligation to publish - in the form of an interim report - the information about the intended or introduced amendments to the Articles of Association.

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



Key share data

	2022	2023
Maximum price [PLN]	61.2	55.8
Minimum price [PLN]	27.3	31.3
Last price [PLN]	49.9	34.0
Average price [PLN]	44.7	39.5
Capitalization at the end of the period [PLN million]	1,698.0	1,157.1
Carrying amount [PLN million]	3,686.7	4,283.5
P/E [market capitalization/net profit]	9.7	1.7
P/BV [market capitalization/book value]	0.5	0.3
Rate of return at the end of the period [%]	64.3	-37.0
% of profit earmarked for dividend payment [%]	29.2	49.9
Dividend rate [%]	4.4	6.5
Average trading value per session [PLN 000s]	11,353.7	5,377.4
Average volume per session	237,845	127,539
Number of shares traded	34,013,590	34,013,590

Analyst recommendations

Date of issue	Institution	Recommendation	Price target	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 Dom Maklerski	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 Dom Maklerski	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 60.00	PLN 36.22
27 October 2023	Santander Brokerage House	Sell	PLN 25.60	PLN 34.70
16 November 2023	Ipopema	Sell	PLN 36.18	PLN 35.92
29 November 2023	Santander Brokerage House	Sell	PLN 26.50	PLN 34.64
11 December 2023	BOŚ Brokerage House	Sell	PLN 33.00	PLN 35.18

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

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

Shares in the Company's related parties

Members of the Management Board and of the Supervisory Board of LW Bogdanka S.A. do not hold any shares in subsidiaries:

- Łęczyńska Energetyka Sp. z o.o.
- EkoTRANS Bogdanka sp. z o.o.
- RG Bogdanka Sp. z o.o.
- MR Bogdanka Sp. z o.o.

According to the information available to the Parent Company, in the period from the publication of the previous interim report, i.e. the report for Q3 2023, to the publication date of the annual report for 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 the Company's shares as at 20 March 2024	Par value per share (PLN)	Number of Company shares as at 22 November 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 the Company's shares as at 20 March 2024	Par value per share (PLN)	Number of Company shares as at 22 November 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
Piotr Breś	0	0	0	0	0
Kamil Szafranski	210	1050	210	1050	0

	Number of the Company's shares as at 20 March 2024	Par value per share (PLN)	Number of the Company's shares as at 22 November 2023	Par value per share (PLN)	Number of shares in subsidiaries
TOTAL	1,506	7,530	1,506	7,530	0

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

Dividend policy of LW Bogdanka S.A.

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.

In view of the rapid changes in the coal market in Poland and globally, it is the Management Board's priority to ensure financial and liquidity security of the Company. As a result, the amount of the dividend distribution recommended by the Management Board is in each case a function of:

- the current market situation
- cash flows generated from operating activity
- planned investment ventures
- forecasted level of the Company's indebtedness.

The dividend distribution policy is subject to regular verification, and any future dividends will be paid in accordance with the decisions of the Shareholder Meeting.

Dividend distribution from net profit of LW Bogdanka S.A. for 2022

On 29 June 2023, the Ordinary General Meeting of the Company was held, at which the Shareholders adopted a resolution on the distribution of the 2022 profit, according to which the net profit of the Company in the amount of PLN 175,757 thousand was allocated as follows:

- The amount of PLN 87,755 thousand was allocated for dividend
- The remaining amount, i.e. PLN 88,002 thousand, was allocated to the Company's reserve capital.

Decision on dividend distribution in LW Bogdanka S.A. for 2023

The Company's Management Board is analyzing whether the dividend for 2023 can be paid out and, as at the date of this Management Report, the decision on the distribution of the 2023 profit has not yet been made. A recommendation from the Company's Management Board regarding the distribution of the 2023 profit is expected in the middle of Q2 2024.

Dividend paid out from profit in 2021-2023

	2021	2022	2023
Unit net profit for the preceding year [in PLN million]	70.0	291.6	175.8
Total dividend [in PLN million]	-	85.0	87.8
Dividend per share [PLN]	-	2.50	2.58
% of profit earmarked for dividend payment	-	29.2%	49.9%
Profit/loss per share [PLN]	2.1	8.6	5.2
Dividend ratio	-	4.4%	6.5%



Governance bodies of LW Bogdanka S.A.

Management Board

Appointment and dismissal of Management Board Members

Pursuant to the Company's Articles of Association, Management Board Members or the entire Management Board are appointed and dismissed by the Supervisory Board. When appointing Management Board Members, the Supervisory Board follows in particular the provisions of § 17 sec. 2 and 3 as well as § 19 sec. 4 and 5 of the Company's Articles of Association, and the principles resulting from mandatory provisions of the law.

The appointment and dismissal of the Company's President of the Management Board and Vice-Presidents of the Management Board are regulated by the Articles of Association of LW Bogdanka S.A.

Management Board Members are appointed for a joint term of office, which lasts three consecutive years.

Mandates of the Management Board Members commence as from the moment of their appointment and expire on the date of the Shareholder Meeting approving the financial statements for the most recent full financial year of discharging their function, or else on the date of dismissal, resignation or death of the Management Board Member.

Pursuant to the Articles of Association of LW Bogdanka S.A., each Management Board Member can be dismissed or suspended by the Supervisory Board.

Responsibilities and powers

Pursuant to the Articles of Association, the Management Board manages the Company's activity and represents it externally. The Bylaws adopted by the Management Board and approved by the Supervisory Board specify the

detailed organization of the Management Board's work. In the course of discharging their responsibilities, Management Board Members are required to follow the Company's Articles of Association and the DPSN principles that the Company has committed to.

The Management Board is vested with managing all the Company's business not reserved by provisions of the law or provisions of the Articles of Association for the Shareholder Meeting or Supervisory Board.

Individual members of the Management Board manage the individual areas of the Company's operations assigned to them, and the President of the Management Board directs the work of the Management Board.

Management Board resolutions shall be required for all issues exceeding the scope of the Company's ordinary business.

Barring the powers of other corporate bodies of LW Bogdanka S.A., the following matters require a resolution to be adopted by the Management Board, and in particular:

- adoption of the Management Board bylaws
- adoption of the organizational bylaws for the Company's enterprise
- establishing and liquidating branches
- appointing commercial proxies and authorization of attorneys-in-fact, except for attorneys ad litem, whereby the appointment of a commercial proxy requires consent of all Management Board members.
- adoption of the material and financial plan, including the investment plan
- granting by the Company of guarantees, property and bill of exchange sureties
- issue and acceptance of bills of exchange of the net value in excess of PLN 200,000 (say: two hundred thousand Polish zloty)
- performance of other legal activities that may result in assuming a liability or acquisition, sale or encumbrance of non-current assets, of the total net value in excess of PLN 200,000 (say: two hundred thousand Polish zloty)
- matters referred by the Management Board to be examined by the Supervisory Board, the Shareholder Meeting or the ENEA Group Committees.

The Company's Management Board ensures transparency and effectiveness of corporate governance and handles its matters in accordance with the law and best practices.

The Management Board presents to the Supervisory Board regular and exhaustive information about all the important matters pertaining to LW Bogdanka S.A.'s activity as well as about the risks associated with the Company's operations and how these risks are managed.

Two Management Board members acting jointly or a Management Board member acting with a commercial proxy are authorized to make statements of intent on behalf of the Company.

The consent of all Management Board Members shall be required for the appointment of a commercial proxy. Any member of the Management Board may revoke the commercial power of attorney.

Information about meetings of the Management Board and the resolutions adopted

In 2023, 74 minuted meetings of the Management Board took place, in which 1,538 resolutions were adopted, including 7 resolutions adopted by the means of electronic communications.

One resolution, on the other hand, was adopted without a meeting by affixing signatures to the same copy.

A total of 1,539 total resolutions were adopted.

Decisions made by the Management Board in the form of resolutions were based on:

- the Commercial Company Code,
- the Company's Articles of Association,
- the Supervisory Board Bylaws,
- the Management Board Bylaws,
- rules set forth in resolutions of the Shareholder Meeting,
- Procedure for the preparation and circulation of documents submitted to the meetings of the Management Board of LW Bogdanka S.A.

Information about appointed and revoked commercial proxies in 2023

- revocation: Mr. Mariusz Romańczuk
- appointment: Mr. Tomasz Bryk.

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

Composition

Pursuant to the Company's Articles of Association, the Management Board consists of 3 to 7 members, including the President and the remaining members of the Management Board. At present, there are four members of the Management Board of LW Bogdanka S.A.

Composition of the Management Board as at 31 December 2022:

- 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 31 December 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 31 December 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
1 January 2024 to the Report publication date	<ul style="list-style-type: none"> • No changes in the composition of the Management Board of LW Bogdanka S.A.

Composition of the Management Board of LW Bogdanka S.A. as at 19 March 2024



Kasjan Wyligala – President of the Management Board as of 13 January 2023

- as from 24 June 2022 to 13 January 2023, he served as Vice-President of the Management Board for Strategy and Development.

Education

In 2014, Mr. Kasjan Wyligala 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.

Experience

Mr. Kasjan Wyligala 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. Wyligala has been involved in the mining industry since 2016, when he joined the Industrial Development Agency, first as Advisor to the President of the Management Board and then as Director of the Strategic Analyses Office.

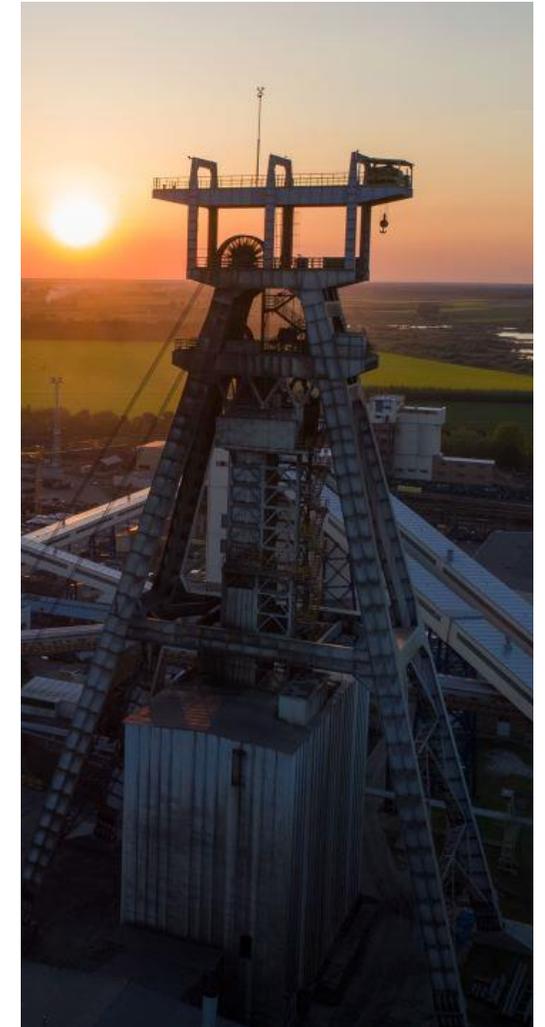
Starting in 2017, he worked for one of the world's largest non-ferrous metals mining companies - KGHM Polska Miedź S.A. in leading management positions, including Chief Corporate Governance Officer and Director of the Asset Management Department.

As the President of the Management Board, Mr. Kasjan Wyligala is in charge of the organization and oversight of the Company's activities, in particular with respect to:

- Provision of information and reports to investors, shareholders and stock market institutions
- Execution of LW BOGDANKA S.A.'s strategy and the Company's long-term plans, as well as implementation of strategic management and project management in the Company
- Market analyses
- Policy of communication and cooperation with the mass media
- Corporate Social Responsibility, sustainable development projects and ESG
- Activities related to the maintenance and improvement of the Compliance system
- Enterprise organization
- Support services to the Company's governing bodies
- Legal services to the Company
- Privatization, restructuring of the Company
- Internal structural and ownership transitions
- Environmental protection activities
- Promotion and marketing activities
- Corporate governance and capital investments
- Risk management
- Internal audit in the Company
- Collaboration with the members of the Company's Management Board in drawing up development concepts, multi-annual economic plans and production development plans.

Serving as the Vice-President of the Management Board for Operations, and then the Vice-President of the Management Board for Strategy and Development, Mr. Wyligala was in charge of the organization and oversight of the Company's activities, in particular with respect to:

- Provision of information and reports to investors, shareholders and stock market institutions
- Execution of LW BOGDANKA S.A.'s strategy and the Company's long-term plans, as well as implementation of strategic management and project management in the Company
- Market analyses
- Policy of communication and cooperation with the mass media
- Corporate Social Responsibility and sustainable development
- Activities related to the maintenance and improvement of the Compliance system
- Enterprise organization
- Support services to the Company's governing bodies
- Legal services to the Company
- Privatization, restructuring of the Company
- Internal structural and ownership transitions
- Environmental protection activities
- Promotion and marketing activities
- Corporate governance and capital investments
- Risk management
- Collaboration with the members of the Company's Management Board in drawing up development concepts, multi-annual economic plans and production development plans.



Composition of the Management Board of LW Bogdanka S.A. as at 19 March 2024



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

Education

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.

Experience

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.

Vice-President of the Management Board for Economic and Financial Affairs is in charge of the Company's activities in particular with respect to:

- the Company's financial management,
- economic and financial analyses,
- reporting and statistics,
- budgeting and controlling,
- oversight over the management of the Company's value,
- oversight over the financial and accounting functions,
- oversight over book-keeping and settlements with business partners,
- cost-effectiveness of investment ventures,
- principles development for the management of short-term securities,
- HR policy and employee matters,
- payroll and insurance policy,
- deployment of the ICT infrastructure in the Company,
- asset stock taking and management,
- cost estimation,
- process planning and monitoring for: procurement, investments, logistics,
- personnel welfare matters,
- internal audit in the Company,
- personal data protection.



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

Education

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.

Experience

He has been associated with Lubelski Węgiel Bogdanka S.A. since 1985. Since June 2014, he was the Deputy Chairman of the NSZZ "Solidarność" Trade Union. From 2007 to 2014 he served as a shift foreman for underground electrical equipment. From 2006 to 2012, Mr. Partyka served as a member of LW BOGDANKA S.A.'s Supervisory Board. From April 2016 to June 2022, he was LW Bogdanka S.A.'s Vice-President of the Management Board for Labor and Social Affairs, and in July 2022 he was appointed for another term of office of the Management Board.

As the President of the Management Board or Labor and Social Affairs, Mr. Partyka is in charge of the organization and oversight of the Company's activities in particular with respect to the performance of tasks by the organizational units reporting to him, whose scope comprises:

- Work of the units reporting to the Technical Director, the Management Board's Representative for Production,
- Maintenance and development of production capabilities (including planned future ventures related to the development and modernization of production in the Company),
- Occupational health and safety,
- The Company's security policy, IK guarding and safety services,
- Defense matters,
- Company archives and general registrar's office
- Administration and resource management policy,
- Cooperation with trade unions.

Pursuant to Resolution of the Management Board No. 598/IX/2016 of 14 June 2016 (and in accordance with the provisions of the Act of 5 August 2010 on Protection of Non-disclosed Information), Mr. Partyka is also in charge of the protection of non-disclosed information.

Composition of the Management Board of LW Bogdanka S.A. as at 19 March 2024



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

Education

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.

Experience

Dariusz Dumkiewicz has many years-worth of professional experience in leading development and investment projects. In 2002-2006, he was employed in the Lublin City Hall in managerial positions responsible for implementation of projects financed from EU funds. In 2006, he served as an advisor to the Minister of Labor and Social Policy and as an expert on Eastern Poland Development in the Ministry of Development. In 2007, he became Director of the Strategy and Development Department in the Marshal's Office of Lubelskie Voivodeship. He was responsible for negotiations with the European Commission and financing of infrastructural investments of strategic importance for the voivodeship.

Since 2008, he was a Management Board Member and Vice-President of consultancies providing advisory services to companies, in particular from the energy sector. In 2016, he assumed the position of Director of the Lublin Branch of PSG sp. z o.o, a natural gas distributor in the Polskie Górnictwo Naftowe i Gazownictwo S.A. Group. Since 15 October 2018, he has been Vice-President of the Management Board for Development at LW Bogdanka S.A.. As from 24 June 2022, he is Vice-President of the Management Board for Sales and Investments.

The Vice-President of the Management Board for Development is in charge of the organization and oversight of the Company's activities in particular with respect to:

- Oversight of the departments reporting to the Director of the Procurement Division,
- Sales and wholesale shipping of coal,
- Management of commercial coal sales, control of the quality of coal output oversight over the coal processing plant,
- Management of coal storage,
- Oversight over the Rail Transport Department,
- Investment planning and execution.



Rules and amount of the remuneration of Management Board Members

Remuneration rules applicable to Management Board Members

In 2023, remuneration of the Members of LW BOGDANKA S.A.'s Management Board was regulated by: the Remuneration Rules applicable to Management Board Members of LW Bogdanka S.A. S.A. - introduced by force of resolutions of the Extraordinary Shareholder Meeting of 7 March 2017 and 17 October 2019, of the Company's Supervisory Board of 30 July 2018, as amended, as well as the Policy of Remuneration of the Members of Management and Supervisory Bodies in Lubelski Węgiel Bogdanka S.A. - introduced by force of the resolution of the Ordinary Shareholder Meeting of 29 July 2020.

All the Members of the Management Board concluded Provision of Management Services Agreements with the Company, pursuant to the Act of 9 June 2016 on the Principles of Remuneration of Persons Managing Certain Companies.

The above mentioned Agreements concluded by the Company stipulate that:

- in the term of the Service Agreement, Management Board Member shall receive a fixed monthly remuneration as well as variable supplemental remuneration for the Company's financial year;
- in return for the Management Board Members abiding by their non-competition obligations, over the term of the non-competition clause they shall receive a compensation of a total value equal to the 0.5 times monthly salary multiplied by a factor of 6;
- if the agreement is terminated, the Management Board Member shall transfer their responsibilities to the authorized person or persons, including the obligation to personally report at the request of the

Company, provide clarifications as requested, as well as ensure reliable

- hand-over of information, documents and items connected with the performance of the Agreement;
- Members of the Management Board are entitled to a severance payment equaling 3-times the fixed monthly salary provided that the Member performed their function for at least 12 months prior to the termination of the Agreement, except for:
 - renunciation, termination of, or amendment to, the Agreement as a result of a change to the function discharged by the Management Board Member,
 - renunciation, termination of, or amendment to, the Agreement as a result of an appointment of the Member to a subsequent term of office
 - on the Management Board of a company in the group, in the meaning of Article 4 Item 14 of the Competition and Consumer Protection Act of 16 February 2007;
 - resignation.

If a Management Board Member breaches the non-competition clause, they shall lose their right for the subsequent installments of the compensation and shall be liable to pay a contractual penalty to the Company. The managers acquired at their own expense third party liability insurance arising from non-performance or improper performance of the Provision of Management Services Agreement. Relative to the adopted Key Performance Indicators (KPIs), a Member of the Management Board may be awarded an annual bonus (variable remuneration) in the amount of 100% of the base remuneration received in a given year.

The total annual remuneration of LW BOGDANKA S.A.'s Management Board Members presented in the table below comprises four elements: fixed salary, variable part of the remuneration (the bonus payable on the achievement of the annual objective), severance payment and the non-competition clause compensation.

Full name	Period in office on the Management Board in 2023	Total annual remuneration
Kasjan Wyligala	1 January - 31 December	PLN 1,064.7 thousand
Adam Partyka	1 January - 31 December	PLN 991.2 thousand
Artur Wasilewski	1 January - 31 December	PLN 1 080.0 thousand
Dariusz Dumkiewicz	1 January - 31 December	PLN 1,008.0 thousand

In 2023, pursuant to the resolutions adopted in respect of the achievement of Management Objectives and determination of the amount of the Variable Remuneration for 2022, the following amounts of annual bonuses were paid:

Full name	Annual bonus for 2022 (paid in 2023)
Kasjan Wyligala	PLN 440.6 thousand
Adam Partyka	PLN 487.2 thousand
Artur Wasilewski	PLN 540.0 thousand
Dariusz Dumkiewicz	PLN 504.0 thousand
Artur Wasil	PLN 443.7 thousand

In 2023, Members of the Company's Management Board received non-competition clause compensation in the amount of PLN 78 thousand.

Amount of remuneration paid to the individual Members of the Management Board in 2023

In 2023, Members of the Company's Management Board (incumbent and former) received total gross remuneration of 4.665,6 thousand, which represents a y/e increase of 28.3% (in 2022, the corresponding amount paid was PLN 3636 thousand). For the performance of their functions in the Company, Members of the Management Board received remuneration under provision of service agreements.

In 2023, Members of the Management Board did not receive remuneration for performing functions in subsidiaries of LW Bogdanka S.A. In 2023, the total gross remuneration paid by the Company to the commercial proxies was PLN 3,402.5 thousand. For the performance of their functions in the Company, the commercial proxies received remuneration exclusively under an employment contract.

Amount of remuneration paid to the individual Members of the Management Board in 2023 under employment contracts.

Members of the Management Board are employed under provision of management services agreements.

Changes in remuneration rules after 31 December 2023

After 31 December 2023, there have been no changes to the remuneration rules applicable to Members of the Management Board. A detailed report on the remunerations for 2023, prepared pursuant to Article 90(g) sec. 1 of the Act on Public Offering, will be drawn by the Supervisory Board and presented to the Shareholder Meeting for their opinion.

Governance bodies of LW Bogdanka S.A.

Supervisory Board

Appointment and dismissal of Supervisory Board members

The appointment and dismissal of the Company's Supervisory Board members is regulated by the Articles of Association of LW Bogdanka S.A. Pursuant to the Articles of Association, the Supervisory Board consists of five to nine members. Supervisory Board Members shall be appointed or dismissed by the Shareholder Meeting, for a joint term of office, which lasts three years. The State Treasury, represented by the Minister of State Assets, is entitled to appoint one Supervisory Board Member. A Supervisory Board Member may be dismissed by the Shareholder Meeting at any time. If a Supervisory Board Member resigns from their function, they should address a written resignation to the Management Board, with a copy to the Supervisory Board. Mandates of the Supervisory Board members shall expire on the date of the Shareholder Meeting approving the activity report and the financial statements for the most recent full year of discharging the function of a Supervisory Board Member.

Composition

The Supervisory Board of LW BOGDANKA S.A. is appointed for a joint term of three years. The Supervisory Board Members of the Parent Company are appointed and dismissed by the Shareholder Meeting.

Activities

The Supervisory Board conducts continuous oversight over the Company's operations in all areas of its activity. The Board adopts resolutions on issues stipulated in the Commercial Company Code and the Company's Articles of Association.

Except for the competencies arising from the mandatory provisions of the law, the powers of the Supervisory Board comprise:

- an evaluation of the Management Board's report on the Company's activity, financial statements for the previous financial year, as well as an evaluation of the Management Board's report on the activities of the Group, and the consolidated financial statements of the Group, if they are drawn up
- selection of the statutory auditor to audit the Company's financial statements and the consolidated financial statements of the Group
- evaluation of the Management Board's motions on the distribution of net profit or coverage of net loss
- presentation to the Shareholder Meeting of an annual written statement on results of the evaluation referred to in items 1 and 3
- adoption of bylaws defining in detail the procedure of operation of the Supervisory Board
- adoption of a consolidated text of the Company's Articles of Association, prepared by the Management Board
- granting consent to the payment to shareholders of an advance towards an anticipated dividend
- adoption of the Rules and Regulations on the appointment and dismissal of Supervisory Board members elected by the Company's employees
- appointment and dismissal of the Management Board Members, including the President of the Management Board
- determining the remuneration of the Management Board Members
- suspension of Management Board Members in their duties
- delegating Supervisory Board Members, for a period no longer than three months, to temporarily perform the duties of Management Board Members who have been dismissed, resigned or who cannot perform their duties for any other reason
- granting consent authorizing Management Board members to assume positions in corporate bodies of other companies
- approval of material and financial plans, multi-annual development plans and area strategies adopted by the Management Board
- granting consent to purchase or disposal of non-current assets of the value of above PLN 20,000,000
- representing the Company in contracts and disputes between the Company and Management Board Members
- granting consent to conclusion by the Company of a material agreement with a shareholder holding at least 5% of the total number of votes in the company or with a related entity. A material agreement as referred to in the preceding sentence is an agreement whose value on its conclusion date is in excess of 10% of the Company's consolidated equity, determined based on the most recent financial statements published by the Company. This condition does not apply to typical transactions made on an arm's length basis in the course of the Company's operation, entered by the Company with entities from the Company's Group.
- giving consent to conclude:
 - a) agreements for legal services, marketing services, public relations and social communications services as well as management advisory services, if the amount of the total fee stipulated for the services in such agreement or other agreements concluded with the same entity is in excess of PLN 500,000 annually
 - b) amendments to agreements for legal services, marketing services, public relations and social communications services as well as management advisory services increasing the fee referred to above to an amount in excess of PLN 500,000 annually
 - c) agreements for legal services, marketing services, public relations and social communications services as well as management advisory services which do not stipulate the maximum amount of the fee for the services
 - d) agreements on donations or other agreements with a similar effect, of the value in excess of PLN 20,000 or 0.1% of the assets in the meaning of the Accounting Act
- e) of 29 September 1994, determined based on the most recent approved financial statements agreements cancelling debts or another agreement with a similar effect, of the value in excess of PLN 50,000 or 0.1% of the assets in the meaning of the Accounting Act of 29 September 1994, determined based on the most recent approved financial statements
- giving opinion on the report on representation expenditures submitted by the Management Board to the Shareholder Meeting, as well as on expenditure on legal services, marketing services, public relations and social communications services as well as management advisory services, and on the report on Best Practices, as referred to in Article 7 sec. 3 of the Act of 16 December 2016 on the Rules for Managing State Property, including the Management Board report on the Company's activities in the previous financial year
- giving opinion on any matters presented by the Management Board for examination by the Shareholder Meeting.

The procedures of the Supervisory Board's work, including the rules of convening its meetings, are defined in detail in the Supervisory Board Bylaws, adopted by the Supervisory Board. In its work, the Supervisory Board also follows the Best Practices of Companies Listed at the Warsaw Stock Exchange.

The Board may appoint standing or ad hoc committees from among its members. The Audit Committee is a standing committee of the Supervisory Board. It was the only Board committee in the Company in 2023.

Composition of the Supervisory Board of LW Bogdanka S.A.

Composition of the Supervisory Board as at 31 December 2022:

- 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

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

Changes to the composition of the Supervisory Board in 2023:

- 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, the Company was informed that 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. in effect as of 8 August 2023
- on 10 August 2023, the Company was informed that Ms. Bożena Knipfelberg tendered her resignation from the Supervisory Board in effect as of 10 August 2023
- on 27 September 2023, the Extraordinary Shareholder Meeting of Lubelski Węgiel Bogdanka S.A. adopted resolutions to appoint Mr. Piotr Breś and Kamil Szafrąński as Members of the Supervisory Board

Composition of the Supervisory Board from 27 September 2023 to 31 December 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 Szafrąński - Supervisory Board Member
- Grzegorz Wróbel - Supervisory Board Member.

Changes in the composition of the Supervisory Board after the balance sheet date until publication of the report:

On 1 March 2024, the Management Board of LW Bogdanka S.A. received a statement from the Minister of State Assets on the dismissal of a member of the Supervisory Board, Mr. Grzegorz Wróbel.

Composition of the Supervisory Board as at the date of publication of the report:

- 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 Szafrąński - Supervisory Board Member

In 2023, the Supervisory Board adopted resolutions on, among others:

- approval of the Technical and Economic Plans for 2023
- approval of the Audit Plan for 2023
- giving consent to training of the Presidents
- commencement of the procedure, selection of a candidate and appointment of the President of the Management Board of Lubelski Węgiel Bogdanka S.A.
- evaluation of the financial statements and the Management Board report for 2022
- giving consent for conclusion of sponsorship agreements
- giving consent to donations
- evaluation of the Management Board's motion to distribute the net profit earned in the financial year 2022
- giving consent for conclusion of sales agreements
- approval of the "Development Strategy of the LW Bogdanka Group for 2023-2030 with an Outlook until 2040".

Member attendance in meetings of the Supervisory Board

	2022	2023
Batyra Dariusz	16/17	9/9
Chudek Anna	17/17	9/9
Jankowski Szymon	17/17	9/9
Gigol Krzysztof	17/17	9/9
Wróbel Grzegorz	16/17	9/9
Rożnawski Bartosz	17/17	9/9
Piechota Bartosz	-	7/7
Breś Piotr	-	1/2
Szafrąński Kamil	-	2/2
Jakubaszek Marcin	16/17	7/7
Knipfelberg Bożena	17/17	6/7
Rak Zbigniew	16/17	3/3

Composition of the Supervisory Board of LW Bogdanka S.A.

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

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

Szymon Jankowski - Secretary of the Supervisory Board

Mr. Jankowski graduated from the Poznań University of Economics and Business, 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.

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, on the Board until 1 March 2024)

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.

Composition of the Supervisory Board of LW Bogdanka S.A.

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 (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.

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

Mr. Rak graduated from the AGH University of Science and Technology in Kraków, Mining Faculty, with the degree of M.Sc. Eng. in Mining and Geology. In 1996, he graduated from the Faculty of Management at the same University with a degree in Management and Marketing.

From 1991 to 1992, he studied at the School of Mining at the University of Oviedo, Spain. In 2001, he received the degree of Doctor of Technical Sciences in mining. Since the beginning of his professional career he has been associated with the Faculty of Mining (later Faculty of Mining and Geoengineering) at the AGH University of Science and Technology

in Kraków. In addition to his academic work, he works with the mining industry in Poland, providing technical advice and design work. Since 2003, he has been an expert of the President of the State Mining Authority on mine operation. He has also worked with many mining operations abroad, including in Czech Republic, Slovakia, Russia, Spain and Chile.

Since 2014, he has also had a business focusing on design work for the mining industry.

In 2017, he was a member of the Supervisory Board of KOFAMA Koźle S.A. He is the author of more than 50 publications on mining topics.

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

Mr. Jakubaszek graduated from the University of Warsaw, Faculty of Law and Administration. He holds the professional title of a legal advisor and is registered in the list of legal advisors at the Regional Chamber of Legal Advisors in Warsaw. In addition, he graduated from the School of British Law organized by the University of Warsaw with the participation of the University of Cambridge. He has 24 years of professional experience.

In his career, he worked as a lawyer in Amhurst Brown sp. z o.o., Wardyński & Partners s.c. and Miller, Canfield, W. Babicki & Partners 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.

Rules and amount of the remuneration of Supervisory Board Members

Remuneration rules applicable to Supervisory Board of the Company

Supervisory Board Members are entitled to monthly remuneration in the amount set by the Shareholder Meeting. The Company covers the costs incurred in connection with the performance of the functions of Supervisory Board Members, in particular the costs of transportation to Supervisory Board meetings, the costs of exercise of personal oversight and the costs of accommodation and food.

The remuneration of Supervisory Board Members delegated to temporarily perform the functions of a Management Board Member shall be determined by the Supervisory Board.

In the event a Member of the Supervisory Board is delegated to temporarily perform the function of a Management Board Member and is in receipt of the relevant remuneration, they are not entitled to the remuneration as a Member of the Supervisory Board.

Remuneration of Supervisory Board Members was set by force of:

- resolution no. 5 of the Extraordinary Shareholder Meeting on 7 March 2017,
- and then amended by force of resolution no. 30 of the Ordinary Shareholder Meeting of 26 June 2017,
- and of resolution no. 4 of the Extraordinary Shareholder Meeting of LW Bogdanka S.A. on 17 October 2019.

In accordance with the resolutions adopted, the monthly remuneration of Supervisory Board members is determined as the product of the basis of assessment referred to in the Act of 9 June 2016 on the Principles of Remuneration of

Persons Managing Certain Companies, account being taken of the detailed provisions defining its value, multiplied by the factor of:

- for the Chairperson of the Supervisory Board - 1.2
- for the remaining members of the Supervisory Board - 1.2.

Furthermore, pursuant to the regulations of the Enea Group, representatives of the Enea Group on the Company's Supervisory Board do not receive any remuneration.

In 2023, the base amount used to calculate the remunerations of the Supervisory Board Members of LW Bogdanka S.A. did not change, as a result of the entry into force of the Act of 19 December 2022 on the special solutions in support of the execution of the budget act for 2023.

Furthermore, pursuant to the resolution of the Ordinary Shareholder Meeting of 29 July 2020, the Policy of Remuneration of the Members of Management and Supervisory Bodies in LW Bogdanka S.A. was adopted, which stipulated more precise rules of remunerating members of the Company's Supervisory Board.

Other benefits and sources of remuneration

In 2023, Members of the Supervisory Board of LW BOGDANKA S.A. did not receive remuneration for performing functions on the corporate bodies in subsidiaries.

The Company does not operate pension schemes, nor does it pay any benefits of similar nature to the former members of the management and supervisory bodies.

Amount of remuneration paid to the individual Members of the Supervisory Board in 2023

In 2023, the total gross remuneration paid to Supervisory Board members for their service in the Company was PLN 552.1 thousand, which represents a y/y increase of 8.8% (in 2022 it amounted to PLN 507.3 thousand), including:

Supervisory Board Members, in office in 2023:

Full name	Period in office in 2023	Remuneration
Batyra Dariusz	1 January - 31 December	PLN 63.4 thousand
Jankowski Szymon	1 January - 31 December	PLN 63.4 thousand
Rak Zbigniew	1 January - 1 March	PLN 10.7 thousand
Wróbel Grzegorz	1 January - 31 December	PLN 63.4 thousand
Rożnawski Bartosz	1 January - 31 December	PLN 63.4 thousand
Chudek Anna	1 January - 31 December	PLN 63.4 thousand
Jakubaszek Marcin	1 January - 8 August	PLN 38.3 thousand
Gigol Krzysztof	1 January - 31 December	PLN 63.4 thousand
Piechota Bartosz	1 March - 31 December	PLN 52.8 thousand
Szafrański Kamil	27 September - 31 December	PLN 16.5 thousand
Breś Piotr	27 September - 31 December	PLN 16.5 thousand
Knipfelberg Bożena	1 January - 10 August	PLN 36.9 thousand

Governance bodies of LW Bogdanka S.A.

Audit Committee

The Audit Committee is a collegiate advisory and opinion-giving body supporting the Supervisory Board in 2023.

The Audit Committee consist of at least three members appointed by the Supervisory Board from among its members, for a term of office coinciding with the term of office of the Supervisory Board.

Tasks of the Audit Committee:

The Audit Committee advises the Supervisory Board on the internal budgetary policy and procedures adopted by the Company, as well as provides control and advice in the area of contacts with the statutory auditor.

- monitoring the financial reporting process
- monitoring the effective operation of internal control systems, risk management systems and the internal audit function, including in the area of financial reporting
- giving its opinion on the annual audit plan and presentation thereof for approval to the Supervisory Board
- monitoring of the auditing activities, in particular the audit conducted by the statutory auditor firm, taking into account all proposals and findings of the Audit Oversight Committee resulting from an inspection carried out in the audit firm
- controlling and monitoring the independence of the statutory auditor and the audit firm conducting the audit, in particular where the audit firm also renders other services for the Company
- informing the Supervisory Board about the financial statements audit results, and explaining how the audit has contributed to the reliability of financial reporting in the Company, and what the role of the Audit Committee was in the audit process

- evaluation of the independence
- of the statutory auditor and giving consent to the auditor's providing allowed services to the Company other than the audit of the financial statements
- development of the selection policy of the audit firm to conduct a statutory audit;
- development of the policy regarding the provision of permitted non-audit services by the audit firm carrying out the statutory audit of the Company's financial statements, as well as entities affiliated with the audit firm or members of the audit firm's network
- development of the statutory audit firm selection procedure
- presentation to the Supervisory Board of recommendations in respect of the selection of the statutory auditor or audit firm, in compliance with the policies referred to in (h) and (i) above
- presentation to the Management Board and the Supervisory Board of recommendations in respect of ensuring reliability of the financial reporting processes in the Company
- agreeing with the Company's statutory auditor of the nature and scope of the audit prior to each statutory audit of the annual financial statements
- presentation to the Supervisory Board of information on the work of the Audit Committee, including motions for required actions, is any

The Audit Committee presents to the Supervisory Board a recommendation which:

- names the audit firm the Committee is recommending to conduct the statutory audit
- contains a representation that the recommendation is independent of any third party influence
- ascertains that the Company has not executed any agreements containing clauses that by the force of law would render invalid any clauses in the agreements executed by the Company that would restrict the selection of an audit firm by the Supervisory Board for the purposes of conducting a statutory audit of the Company's financial statements to pre-defined categories or audit firm schedules

Composition of the Audit Committee from 31 December 2022 to 1 March 2023

Krzysztof Gigol	Chairman
Anna Chudek	Member
Bożena Knipfelberg	Member
Zbigniew Rak	Member
Grzegorz Wróbel	Member

Due to changes in the composition of the Supervisory Board made by the Extraordinary Shareholder Meeting on 1 March 2023, the Supervisory Board, at its meeting on 10 March 2023, appointed Mr. Dariusz Batura as a member of the Audit Committee. Next, in connection with the fact that on 9 August 2023 the Management Boards received Ms. Bożena Knipfelberg's resignation from her position of the Supervisory Board Member in effect as of 10 August 2023, on 24 August 2023 the Supervisory Board appointed Mr. Bartosz Piechota as a Supervisory Board Member.

Composition of the Audit Committee as at 31 December 2023

Krzysztof Gigol ¹⁾	Chairman
Dariusz Batyra ³⁾	Member
Anna Chudek ¹⁾	Member
Bartosz Piechota ^{1) 2)}	Member
Grzegorz Wróbel ¹⁾	Member

In view of the changes in the composition of the Supervisory Board made on 1 March 2024 (dismissal of Mr. Grzegorz Wróbel), as of the date of the Report the composition of the Audit Committee is as follows:

Composition of the Audit Committee as at the report date

Krzysztof Gigol ¹⁾	Chairman
Dariusz Batyra ³⁾	Member
Anna Chudek ¹⁾	Member
Bartosz Piechota ^{1) 2)}	Member

¹⁾ Independent member as defined in Article 129 sec. 3 of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision,
²⁾ Member holding knowledge and skills in accounting or financial statements audits,
³⁾ Member holding knowledge and skills in the industry in which the issuer operates.

Governance bodies of LW Bogdanka S.A.

The person holding the knowledge and skills in the area of accounting or financial statements audits is:

Mr. **Bartosz 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.

Industry-related knowledge and skills are held by:

Dariusz Batyra 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. In LW Bogdanka S.A, 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

Audit Committee

Membership of the Audit Committee ends when the member ceases to be a Supervisory Board member; however a Committee member may be dismissed from the Committee at any time by a Supervisory Board resolution. The Audit Committee member may also resign from the Committee at any time by submitting his or her resignation to the Committee Chairperson. In the case of the Committee Chairperson, he or she submits a resignation to the Supervisory Board Chairperson.

The Audit Committee Chairperson is elected by the Supervisory Board. The Committee Chairperson manages the work of the Committee, supervises the work of the Committee, in particular the organization and execution of the Committee meetings. The Supervisory Board Chairperson may be a member of Supervisory Board Committees but may not be the Chairperson of the Audit Committee. Committee meetings are convened by its Chairperson and in his or her absence by the committee member named by him or her. The Supervisory Board Chairperson or the Supervisory Board member named by him or her convenes the first meeting of the Committee.

The regulations pertaining to notifications of Supervisory Board meetings will apply accordingly to notifications of the Audit Committee meetings. The meetings of the Committees should be held as necessary, of which one before the Company publishes its financial statements. Committee resolutions are adopted by an absolute majority of votes. In the event of a tied vote, the Chairperson's vote shall prevail.

The procedure for adopting resolutions by the Supervisory Board applies to the adoption of Committee resolutions. The Committee presents information on its meetings to the Supervisory Board. The Committee Chairperson submits to the Supervisory Board the resolutions, motions and reports on matters on the agenda of the Supervisory Board meeting, as well as other motions, including motions on the need to prepare, for the needs of the Committee, expert papers or opinions on the scope of the Committee's duties or engagement of an advisor. Applicable provisions of the Rules and Regulations shall apply to matters not regulated by the provisions pertaining to Supervisory Board Committees.

Information on the activity of the Audit Committee

In 2023, the Audit Committee held 4 meetings and adopted 10 resolutions on the following, among others:

- issuing an opinion on the Standalone and Consolidated Financial Statements of Lubelski Węgiel Bogdanka S.A. for the financial year from 1 January to 31 December 2022
- issuing an opinion on the Management Board Report on the Activity of LW Bogdanka S.A. and the LW Bogdanka Group for 2022
- accepting information for the Supervisory Board on the results of the audit of the financial statements of Lubelski Węgiel Bogdanka S.A. and the Lubelski Węgiel Bogdanka Group for the financial year from 1 January to 31 December 2022
- accepting the Report on the activity of the Audit Committee in 2022
- approving the Report on implementation of the audit and internal control plan for 2022

In addition, the Audit Committee:

- acknowledged the risk management report – update of LWB's risks based on the ENEA Group's ERM Methodology – as in 2023
- familiarized itself with the report on the audits carried out in H1 2023 by the Internal Audit

Department at the Lubelski Węgiel Bogdanka Group

- reviewed the motion to issue an opinion on the Audit Plan for 2023.
- Cooperation of the Audit Committee with the statutory auditor:**

- The Audit Committee held a meeting with the statutory auditor, PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyty sp.k., to discuss the work related to the review of the Consolidated Half-Year Report for H1 2023
- reviewed the motion to give consent for PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyty Sp.k. to verify the correct calculation of the excise duty co-efficient for 2022
- learned about the work schedule of the statutory auditor PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyty sp.k related to the audit of the financial statements of the Company and the consolidated financial statements of the LW Bogdanka Group for 2023.

Attendance record of Audit Committee members

	2022	2023
Krzysztof Gigol	5/5	4/4
Dariusz Batyra	-	4/4
Anna Chudek	5/5	4/4
Bartosz Piechota	-	2/2
Grzegorz Wróbel	5/5	4/4
Bożena Knipfelberg	5/5	4/4
Zbigniew Rak	5/5	0/0

Governance bodies of LW Bogdanka S.A.

Information on selecting a statutory auditor

In order to review the Company's financial statements and the consolidated financial statements of the Company's Group, on 29 May 2023, the Supervisory Board, in accordance with the recommendation of the Audit Committee, adopted a resolution to extend the agreement with PwC. as the entity authorized to:

- review the Company's financial statements and the consolidated financial statements of the Company's Group for the first half of 2023, 2024 and 2025,
- audit the Company's financial statements and the consolidated financial statements of the Company's Group for 2023, 2024 and 2025.

Non-audit services:

In 2023, PwC was engaged to perform the following services, in addition to the service of auditing the financial statements of the Company and the consolidated financial statements of the Group and reviewing the interim statements:

- other assurance services (audit and review of the group consolidation package for ENEA's purposes),
- verification of the Group's consolidated 2023 financial statements prepared in the XBRL format
- assessing the Remuneration Report for the Parent Company's Management Board and Supervisory Board for 2023
- verification of correct calculation of the excise duty ratio for 2022.

During the performance of the above activities, both PwC as an entity authorized to audit financial statements and the statutory auditors performing financial audit activities for LW Bogdanka S.A. observed the independence criteria referred to in Article 69-73 of the Act of 11 May 2017 on statutory auditors, Audit Firms and Public Supervision.

Main assumptions underlying the Policy for selecting the audit firm

When selecting an audit firm, the main considerations are the audit team's experience in auditing companies, competence, financial criteria and human resources. The selection is conducted in accordance with the principle of impartiality and independence of audit firms, in compliance with the laws on the mandatory periodic rotation of audit firms and key statutory auditors, mandatory retention periods and the results of audit firm inspections presented in the annual report published by the Polish Audit Supervision Agency. The first statutory audit agreement is concluded with an audit firm for a minimum period of two years, with an option to renew for additional periods of at least two years. The maximum time of uninterrupted duration of the statutory audit mandate for a single audit firm may not exceed ten years. A new mandate may not begin until four years have elapsed since the end of the previous statutory audit.

Main assumptions of the Policy on the provision of permitted non-audit services by an audit firm

LW Bogdanka S.A. and its subsidiaries are allowed to use permitted services (i.e. those which are not prohibited pursuant to Article 136 of the Act on Auditors), which are provided by the audit firm performing the audit, provided that they are not related to the tax policy of the companies.

A permitted non-audit service may be rendered by an audit firm provided that the firm has been previously approved by the Audit Committee, following an assessment of the risks and safeguards of independence referred to in Articles 69-73 of the Act on Auditors. In addition, if the audit firm provides permitted non-audit services for a period of at least three consecutive financial years, the fee for the provision of such services is limited to 70% of the average fee for the last three consecutive financial years paid for the statutory audit of LW Bogdanka and, if applicable, its subsidiaries and the consolidated financial statements of the Group. In the case of prohibited services, i.e. services other than the permitted services, their direct or indirect provision to LW Bogdanka S.A. and its subsidiaries by the audit firm performing the audit of LW Bogdanka is prohibited in the period from the beginning of the audited period to the issuance of the audit report.

Shareholder Meeting

Functioning and main powers of the Shareholder Meeting, description of shareholders' rights and the manner in which they are exercised, in particular the principles laid down in the shareholder meeting bylaws

The Company's Shareholder Meeting is held as an Ordinary or Extraordinary Shareholder Meeting, on the basis of the Commercial Company Code, the Company's Articles of Association and the Rules and Regulations of the Shareholders Meeting of LW Bogdanka S.A.

Convening a Shareholder Meeting

The Shareholder Meeting shall be convened by the Management Board, subject to the provisions of the Commercial Company Code and the Company's Articles of Association. A Shareholder Meeting is convened by way of an announcement published on the Company's website and in the manner prescribed for the dissemination of current information by public companies, provided that such announcement should be made at least twenty-six days before the date of the Shareholder Meeting.

Shareholder rights

The Shareholder Meeting may adopt resolutions only on the matters provided for in the agenda, subject to Article 404 of the Commercial Company Code. A shareholder or shareholders representing at least one-twentieth of the share capital have the right to request that a specific item be placed on the agenda of the Shareholder Meeting. In order to exercise this right, the shareholders who are entitled to request that a specific item be placed on the agenda of the Shareholder Meeting should submit a motion to the Company's Management Board, in writing or in electronic form, together with a justification and a draft resolution on the proposed agenda item, no later than twenty one days before the set date of the

Shareholder Meeting.

The Management Board announces any changes to the agenda of the next Shareholder Meeting that are made at the request of shareholders immediately, but not later than eighteen days before the set date of the Shareholder Meeting. The announcement is done following the same procedure as for convening a Shareholder Meeting.

Right to participate in the General Meeting

Only those persons who are shareholders of LW Bogdanka S.A. sixteen days prior to the date of the Shareholder Meeting (date of registration to attend the Shareholder Meeting) have the right to attend and vote at the Shareholder Meeting. Pledges and users vested with voting rights have the right to attend the shareholder meeting of a public company if the limited right in rem created in their favor is registered in the securities account on the date of registration of attendance at the shareholder meeting. Other parties with the right to participate in the Shareholder Meeting are Members of the Company's Management Board and Supervisory Board and, in the case of a Shareholder Meeting at which the financial affairs of LW Bogdanka S.A. are on the agenda, the statutory auditor auditing the Company's financial statements and the Company's chief accountant. The Shareholder Meeting may also be attended by experts and guests invited by the body convening the Shareholder Meeting. A shareholder may transfer shares in the period between the date of registration to attend the Shareholder Meeting and the end date of the Shareholder Meeting. According to the Rules and Regulations of the Shareholder Meeting of LW Bogdanka S.A., the members of the Supervisory Board and the Management Board and the Company's statutory auditor should provide the participants of the Shareholder Meeting with explanations and information on the Company within the bounds of their powers and to the extent necessary to handle the matters being discussed by the Shareholder Meeting.

Right to participate in the Shareholder Meeting by proxy

A shareholder may participate in the Shareholder Meeting and exercise the voting right in person or by proxy. Proxy documents to attend and vote at the Shareholder Meeting should be given in writing or electronically.

Adoption of resolutions by the Shareholder Meeting

According to the Articles of Association, the Shareholder Meeting adopts resolutions if at least one-half of the share capital is represented at the Shareholder Meeting. Each share gives its holder one vote at the Shareholder Meeting.

Resolutions of the Shareholder Meeting are required, in addition to other matters arising from generally applicable provisions of law, to:

- review and approve the financial statements for the previous financial year and the Management Board report on the Company's activity;
- decide on distribution of net profit or coverage of net loss;
- grant a discharge to the members of the Company's bodies for the performance of their duties;
- set the record date and the dividend payment date;
- appoint and dismiss Supervisory Board members;
- define the number of members of the Supervisory Board;
- establish the rules for compensating Supervisory Board members and Management Board members;
- sell and lease out the Company's enterprise or its organized part, and establish a limited right in rem thereon;
- for the Company or any of its subsidiaries to enter into any loan, borrowing, surety or any other similar agreement with a Management Board member, a Supervisory Board member, a commercial proxy, a liquidator, or for the benefit

- of any such person
- define the rules, the procedure and the conditions for the retirement of shares;
- create and liquidate the Company's funds or capitals;
- adopt the Rules and Regulations of the Shareholder Meeting, setting out detailed principles for the conduct of meetings and the passing of resolutions;
- for the Company to join and leave the ENEA Group;
- adopt or repeal the ENEA Group Code after a Management Board recommendation and an opinion from the Supervisory Board.

Additionally, a Shareholder Meeting resolution is required for the matters set forth in §12 item 2 of the Company's Articles of Association.

Rules for amending the Company's Articles of Association

In accordance with the provisions of the Commercial Company Code, an amendment to the Company's Articles of Association requires a resolution adopted by a specific majority of votes and a relevant entry in the register. The Company's Articles of Association do not contain any provisions that differ from the provisions of the Commercial Company Code regulating amendments to Articles of Association.

Shareholder Meeting

Information on Shareholder Meetings of LW Bogdanka S.A. held in 2023

In 2023, one Ordinary Shareholder Meeting and two Extraordinary Shareholder Meetings were held.

Extraordinary Shareholder Meeting convened for 1 March 2023 – held in the Company's registered offices in Bogdanka.

Agenda of the Extraordinary Shareholder Meeting on 1 March 2023:

1. Open the Extraordinary Shareholder Meeting.
2. Elect the Chairperson of the Extraordinary Shareholder Meeting.
3. Assert that the Extraordinary Shareholder Meeting has been convened correctly and is capable of adopting resolutions.
4. Accept the agenda.
5. Adopt resolutions to change the Supervisory Board composition.
6. Adjourn the Extraordinary Shareholder Meeting.

Ordinary Shareholder Meeting convened for 29 June 2023 – held in the Company's registered offices in Bogdanka.

Agenda of the Ordinary Shareholder Meeting of 29 June 2023:

1. Open the Shareholder Meeting.
2. Elect the Chairman of the Shareholder Meeting.
3. Assert that the Shareholder Meeting has been convened correctly and that it is capable of adopting resolutions.
4. Accept the agenda.
5. Review the Management Board Report on the Activity of LW Bogdanka S.A. and the LW Bogdanka Group for 2022 containing a non-financial statement
6. Review the Financial Statements of Lubelski

Węgiel Bogdanka S.A. for the financial year 2022.

7. Review the Consolidated Financial Statements of the Lubelski Węgiel Bogdanka Group for the financial year 2022.
8. Present the Management Board's motion on the distribution of the net profit for the financial year 2022.
9. Present the Report of the Supervisory Board of Lubelski Węgiel Bogdanka S.A. for the financial year 2022.
10. Present the Report on representation expenditures and expenditures for legal, marketing, public relations and public communication services and management consulting services, and, and a report on the application of best practices referred to in Article 7 sec. 3 of the Act of 16 December 2016 on the Rules for Managing State Property for 2022.
11. Have the Shareholder Meeting adopt resolutions in the following matters:
 - to approve the Management Board Report on the Activity of LW Bogdanka S.A. and the LW Bogdanka Group for 2022 containing a non-financial statement,
 - to approve the Financial Statements of Lubelski Węgiel Bogdanka S.A. for the financial year 2022,
 - to approve the Consolidated Financial Statements of the Lubelski Węgiel Bogdanka Group for the financial year 2022,
 - to grant a discharge to the members of the Management Board of Lubelski Węgiel Bogdanka S.A. for the performance of their duties in the financial year 2022,
 - to approve the Report of the Supervisory Board of Lubelski Węgiel Bogdanka S.A. for the financial year 2022,
 - to grant a discharge to the members of the Supervisory Board of Lubelski Węgiel Bogdanka S.A. for the performance of their duties in the financial year 2022,
 - to issue an opinion on the Remuneration Report for the LW Bogdanka S.A. Management Board and Supervisory Board for 2021-2022.
 - to distribute the Company's net profit earned

in the financial year 2022,

- to set the dividend record date and payment date.
12. Other business.
 13. Close the Shareholder Meeting.

Extraordinary Shareholder Meeting convened for 27 September 2023 – held in the Company's registered offices in Bogdanka.

Agenda of the Ordinary Shareholder Meeting of 27 September 2023:

1. Open the Extraordinary Shareholder Meeting.
2. Elect the Chairperson of the Extraordinary Shareholder Meeting.
3. Assert that the Extraordinary Shareholder Meeting has been convened correctly and is capable of adopting resolutions.
4. Accept the agenda.
5. Adopt resolutions to appoint Supervisory Board members.
6. Adjourn the Extraordinary Shareholder Meeting.

Information on the Shareholder Meeting resolutions and all other documents are available at the website
LW Bogdanka S.A.: www.ri.lw.com.pl.



4. Non-Financial Statement



Company and its business model

Below, we present the Non-Financial Statement of the LW Bogdanka Group and LW Bogdanka S.A. for 2023 (hereinafter: Statement), which constitutes a separate part of the Activity Report of the LW Bogdanka Group and LW Bogdanka S.A. for 2023 (drawn up in a single document) including non-financial disclosures for the period from 1 January to 31 December 2023. The Statement has been prepared on the basis of internal rules, which incorporate the provisions of the Accounting Act of 29 September 1994, the European Commission's guidelines on non-financial reporting, the Polish Non-Financial Information Standards SIN and the international GRI standards. The Statement also contains disclosure required under the EU Regulation 2020/852.

General information

The policies and the efficiency indicators presented in the Statement have been selected and described on the basis of the analysis of matters significant from the point of view of the stakeholders and the financial criterion (performed based on the double materiality assessment), while taking into account internal and external factors related to the activities of the LW Bogdanka Group and LW Bogdanka S.A. Key factors considered in assessing materiality included:

- the industry in which the Group operates,
- the profile of activities
- market environment
- ratings
- impact on local communities and the natural environment
- expectations of identified stakeholders
- expert impact assessment, with a separate assessment of the impact on the local environment.

The data presented in the Statements will be reviewed and updated in the annual-reporting periods and published regularly together with the

annual reports for the respective financial years. Taking into account the structure of the Group and the fact that its activities and operations are based on those of the Parent Company (most activities of the subsidiaries are ancillary to those of the Parent Company), the description of the policies in place in the Group provided in the Statement also refers directly to the Parent Company's policies.

Description of the Group and its business model

The Parent Company in the LW Bogdanka Group is LW Bogdanka S.A., one of the leading producers of hard coal in Poland.

The Parent Company is also a leader in innovation and efficiency in the Polish mining sector. Since 99.2% of LW Bogdanka Group's consolidated revenues are generated by its Parent Company and the activities of the subsidiaries largely support the Parent Company's main business, the Group's business model is determined by the Parent Company's business model. The bituminous coal mined by LW Bogdanka S.A. is used predominantly for the production of electricity, heat and cement.

LW Bogdanka S.A. is the only hard coal mine in Poland located outside Upper Silesia and the only one producing coal from the Lublin Coal Basin. The mining area exploited by LW Bogdanka S.A. is divided into three mining fields: Bogdanka, Nadrybie and Stefanów (out of which mining shafts are located in Bogdanka and Stefanów only).

Production and sale of steam coal is the main source of revenue for the Group. In 2023, the majority, or 97% of the realized value of coal sales, was received from few key customers, namely:

- Enea Wytwarzanie sp. z o.o. (Enea Group)
- Enea Połaniec S.A. (Enea Group)
- Grupa Azoty Zakłady Azotowe Puławy S.A.
- Enea Ciepło sp. z o.o. (Enea Group).

Most sales in the Group (approx. 90%) are within the Enea Group, to which the LW Bogdanka Group belongs.

In addition to LW Bogdanka S.A. ("LWB"), the LW Bogdanka Group is comprised of Łęczynska Energetyka Sp. z o.o and three subsidiaries formed in 2013-2014. The latter took over certain functions initially discharged by the mine and they are fully owned by LW Bogdanka S.A. The Group's operations are focused predominantly in Poland. Łęczynska Energetyka Sp. z o.o., which functions within the group, supplies heat to the mine and provides water and wastewater management services. This means that it is responsible for managing its water and sewage systems, supplying potable and industrial water and for treating sanitary wastewater and rainwater from the mine. The Company also supplies heat to external entities, such as housing estates and other facilities in Łęczna. This activity, in terms of both turnover and headcount, is insignificant compared to the scale of activity of the mine itself.

EkoTRANS Bogdanka Sp. z o.o. ("EkoTrans"), established in 2013, provides services entailing the management of waste produced during the washing and cleaning of coal shale, namely its transport and logistics, as well as reclamation services.

The line of business of RG Bogdanka Sp. z o.o. ("RGB"), also established in 2013, is to provide services, supplies and mining and construction work to LW Bogdanka S.A.

The last subsidiary is MR Bogdanka Sp. z o.o. ("MRB") purchased in 2014, which handles repairs and renovations on the surface, including refurbishment and production of steel structures. This company also provides services to LW Bogdanka S.A. Given that the scope of tasks performed by the companies, as described above, was previously performed by the mine, the organizational changes do not materially change the nature of impact of the LW Bogdanka Group on its surroundings.

The LW Bogdanka Group as a company primarily involved in the extraction and sale of coal, is at the very beginning of the industry's supply chain. The fact that the LW Bogdanka Group is part of the Enea Group allows it to achieve synergies (e.g. when purchasing electricity from Enea S.A.; in 2017 the opportunity to secure coal sales in the long term improved after Enea acquired the Połaniec power plant located in the vicinity of Bogdanka). From a liability management

perspective, such a highly vertically integrated business model allows for a high degree of control over the social and environmental impacts associated with the creation of economic value.

Environmental issues - [E]



Environmental issues – 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 to minimize this impact and reduce its environmental footprint. This has resulted in the implementation of the Integrated Quality, Environmental and OHS Management System and in obtaining PN EN ISO 14001, 9001 and 45001 certificates, as well as ongoing operational measures to minimize the impact of the Group's operations on the environment.

Air protection

- The Group does not have any unit that produces organized emissions of dust and gases into the air.
- a fugitive emission unit is the mining waste facility at Bogdanka, which can produce dust emissions on dry and windy days.
- Fugitive air emissions result from the combustion of fuels in combustion engines used in the Parent Company, as well as from welding and air conditioning processes.

Water and waste water management refers mainly to mine water, including:

- drainage of rock mass around mining excavations
- re-use of mine water for fire protection and process purposes,
- pumping of water to the surface
- surface re-use of mine water (Coal Preparation Plant, Łęcznińska Energetyka Sp. z o.o. – as part of the Water Treatment Plant),
- mine water retention in a surface reservoir and sedimentation tank to reduce suspended solids
- water discharge from the reservoir and leachate from the mining waste facility through a system of drainage ditches and Rów Żelazny watercourse to Świnka river in the amount of approx. 16,519 m³/24 hours
- the total chloride and sulfate level of discharged water is 999 mg/dm³.

Waste management:

- in 2023, the total output of mining waste was 5,433.1 thousand tons
- approx. 41% of waste was recycled and managed. Waste recovery, i.e., use for land reclamation, paving of roads, yards and other purposes, amounted to - 2,224.5 thousand tons, of which 94.1% of waste is used to perform reclamation of degraded areas. This process consists of restoring the original relief of the terrain by filling it with mining waste and then covering it with soil and introducing agriculture or planting trees there. Other extraction waste (3,208.6 thousand tons) is stored in the mining waste facility in Bogdanka.
- The Parent Company manages other post-industrial waste and transfers waste suitable for use (wood, used oils, scrap metal, conveyor belt offcuts) or disposal (used light sources, packaging for adhesives, paints, etc.) to authorized entities.

Land reclamation

The Parent Company maintains on an ongoing basis the organized greenery areas, the mining waste facility and the post-industrial sites rehabilitated in previous years recently reclaimed areas in the region of Pole Bogdanka, Nadrybie and Stefanów, as well as the railway facilities in Zawadowo. Reclamation of the 2 ha of escarpments of the mining waste facility was completed in July 2023.

Surface protection

- the impact of the mining operations carried out in 2023 on the surface was, as in previous years, mainly manifested in the expansion of the surface area of the impact to date
- the maximum subsidence in the Puchaczów V mining area remains in the area of the villages of Bogdanka and Nadrybie Wieś (Puchaczów municipality) and amounts to approximately 7.5 m in the central part of the subsidence trough in this region,
- as in previous years, damage to civil

structures in 2023 was mainly to rural buildings, with the reported damage to buildings not posing a risk to users and being repaired on an ongoing basis.

- In 2022, work related to the drainage of agricultural land in mining damaged areas was carried out through the ongoing maintenance of the surface field drainage system, pump house and pressure equalizing tanks.

Environmental issues - [E]

Environmental protection sanctions and fees paid by the Parent Company

Mining activity involves the payment of the mining fee, the fee for using the natural environment and water services and various other costs related to:

- management of mining waste
- management of industrial waste
- maintenance of post-industrial areas
- environmental monitoring
- drafting appraisals and documentation necessary for the proper operation of the plant.

The mining fee is paid every 6 months to the bank accounts of the municipalities where mining operations are carried out (60%) and to the National Fund for Environmental Protection and Water Management (NFOŚiGW) (40%). The Parent Company meets the environmental protection standards and obligations and in 2023 it was not required to pay any penalties for violating the conditions of using the environment set out in applicable legal regulations.

Mine close to nature

Sustainable development of the Groups means prioritizing environment protection and taking care of environmental aspects. The Company is aware that it is located in a valuable natural area, close to the Polesie National Park and other protected areas. For this reason, it implements numerous projects to reduce its negative impact on the environment and to mitigate other indirect effects of its industrial activity, such as emissions, consumption of water and materials. The size and scale of the environmental impact depends largely on the mining technology used by the mine and how environmental issues are managed within the company.

Effective environmental management is based on

the Integrated Quality, Environmental and OHS Management System in accordance with the ISO 9001, ISO 14001 and ISO 45001 standards.

The Company's priorities for the minimization and management of its impact on the environment adopted in 2023 include:

- prevention and removal of mining damage
- maintenance of the mine waste recovery methods
- more efficient use of electricity.

The initiatives to pursue the above objectives included, among others:

- implementing the most efficient procedure possible to streamline the processing of all mining damage claims
- recovery of mining waste; securing an appropriate amount of waste needed by the Ożarów Group, analyzing new possibilities of mining waste recovery; obtaining a decision on the recognition of mining waste in the volume of 50,000 MG/year with a grain size of 20-50 mm as a by-product
- launching a pilot 3MWp photovoltaic plant.

Being aware of the challenges ahead and monitoring the environmental parameters of the Company's operations, the following may be listed as the tasks set for the period of 2024-2025:

- monitoring the plant's impact on the environment
- monitoring of rock mass movements by using modern measurement methods
- carrying out recovery and management of mining waste and industrial waste
- circular economy, in which waste from one process is used as a raw material in other processes
- rehabilitation of the mining waste facility
- ongoing reclamation of areas adversely affected by mining activities
- planting of trees and bushes
- continuation of underground water treatment activities
- maintenance of the drainage infrastructure in the mining area
- carrying out hydro works related to the removal of mining damage.

Methodology for measuring carbon footprint

Starting in 2022, Lubelski Węgiel Bogdanka S.A. calculates the carbon footprint for the organization (LW Bogdanka Group) and for 3 products (steam coal, fine coal and mining waste). The complexity of the methodologies involved, including the need to collect a large volume of data from various organizational units of the Company required the Team to launch a project entitled "LW Bogdanka's carbon footprint – computerization of the data collection process", aimed at:

1. Adapting internal IT systems of Lubelski Węgiel Bogdanka S.A. to the methodologies developed.
2. Improving the quality and increasing the quantity of data used to calculate the carbon footprint in accordance with the accepted methodology, thereby reducing the emissions 'uncertainty' indicator.
3. Accelerating the data aggregation process
4. Standardizing the data collection method
5. Improving efficiency of work of the people responsible for collecting data and calculating the carbon footprint.

The project has been in the execution phase since 2023. At the same time, in order to perform the task as reliably as possible, the carbon footprint methodology in 2023 was subjected to an external audit.

Łęczyński Energy Cluster

On 17 February 2023, an agreement was signed on the establishment of the Łęczyński Energy Cluster. Nine entities have become members of the Cluster - Łęczyńska Energetyka sp. z o.o. (Cluster Coordinator), Lubelski Węgiel Bogdanka S.A., Puchaczów, Spiczyn, Cyców, Ludwin and Milejów townships, the city of Łęczna and the Łęczna County, and the Lublin University of Technology. OX2 has become a partner of the Cluster. 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.

Establishment of the Lublin Hydrogen Cluster and the Lublin Circular Economy Cluster

The establishment of two more Clusters has been initiated with signed letters of intent - the Lublin Hydrogen Cluster and the Lublin Circular Economy Cluster. The mission of the Hydrogen Cluster provides for cooperation based on the transfer of knowledge, technology and innovative solutions in the field of hydrogen production - especially in the process of electrolysis using energy produced from RES installations. The purpose of establishing the Lublin Circular Economy (CE) Cluster is to develop a business environment focused on achieving the goals of sustainable development policy and measures to improve environmental quality.

The signed letters provide for cooperation with public and private entities, including: JST, businesses, universities, business environment institutions and others.

Environmental issues - [E]

Agreements with KGHM Polska Miedź

The subject of the agreement concluded at the National Economic Summit in Lublin is cooperation on mining projects regarding raw materials of the future, cooperation and building Poland's energy independence - inter alia securing access to raw materials key to a sustainable transition.

Agreement with Węglokoks S.A.

On 18 September 2023, during the European Steel Congress Steel 2023 in Katowice, a letter of intent between Lubelski Węgiel Bogdanka S.A. and Węglokoks S.A. was signed. The two companies have adopted ambitious growth strategies aimed at strengthening their positions in the market. Węglokoks S.A. focuses primarily on the development of the Company's steelworks and plans to invest in modern production lines. For Lubelski Węgiel Bogdanka S.A., on the other hand, the long-term development strategy means striving to become a multi-commodity concern. This direction of development involves the mining and supply of key raw materials for the economy - including the steel industry.

Environmental efficiency of the mine

The LW Bogdanka Group wants to remain one of the most modern and efficient mines in Poland and Europe in terms of production. As a result, it is investing in innovative solutions that will also pay off with increased environmental efficiency. One of the pillars of the current development strategy is the implementation of projects in line with the "green transition," based in particular on:

- Circular economy
 - Energy efficiency
 - Regeneration of mining areas
- As part of R&D activities in 2023, the Company implemented the following projects:

- MINRESCUE - from mining waste to valuable resources - the Project Leader is the Central Mining Institute. The knowledge gained will allow the Company to make CE solutions more effective, including maximum management of waste rock as a by-product of coal production.
- "Designing and executing a rockmass monitoring system based on the photonics technology." The result of this EU-funded project is a rock mass monitoring system that has been proven in operational conditions, using measuring elements such as anchor bars integrated with a full-length fiber-optic sensor. Researchers have developed optimal measurement methods for recording stresses and strains of measuring anchors using photonics.
- The Company has pursued initiatives in automation, intelligent control and monitoring of the production process, which have a direct impact on cost optimization and increased safety.

In October 2023, an agreement was signed between LW Bogdanka and the CZH Group on cooperation in the recovery of coal from spoil tips. Harnessing the potential of spoil tips and the coal and other materials accumulated in them is intended as a form of diversification of raw material sources.



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. By the end of 2023, 15 nesting baskets have been installed, sound recorders have been purchased and installed, and monitoring of the species has been carried out in potential and documented locations.
- Wandering of Lublin Cranes - whose main goal in 2023 was to find and secure a minimum of 13 nests and monitor crane chicks to eliminate threats. Camera traps were used to conduct monitoring during the breeding season. By the end of 2023, 4 GPS/GSM transmitters have been put on juvenile cranes, a habitat observation camera has been installed in Krowie Bagno in the Polesie National Park, and 10 crane nests have been secured.

As part of its cooperation with the Foundation for Nature, LW Bogdanka S.A. also became a Partner of the "Festival of Nature" in Lublin. The event brought together expert naturalists, nature lovers, conservation institutions and NGOs promoting active environmental protection and biodiversity.



The year 2023 also sees the continuation of the cooperation with the Bird Horizons Foundation on the project entitled "Bird Horizons - Active Protection of Endangered Birds in the Polesie Lubelskie region." The goal of the project was:

- active protection of endangered wading bird species in Polesie Lubelskie (Eurasian curlew, Black-tailed godwit, Common tern)

- implementation of a comprehensive protection program to 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.

The second partnership project with the Bird Horizons Foundation was "Protection of the Black Tern (Chlidonias Niger) in key Natura 2000 sites in the Lublin Region" through the construction of artificial nesting platforms.

Bogdanka's Glade

At the beginning of 2023, work began on the creation of the Bogdanka Glade, a thematic social and natural space for recreational and educational purposes. It will be constructed of various zones such as education, play, water, geology, adit - designed in the spirit of sustainable development, that is, naturalistically, with a view to local residents, LW Bogdanka employees, pensioners or tourists. Located on land adjacent to industrial infrastructure, the Glade will fit into the strategy of a supra-local Green Mining Region. In 2023, as part of the project, extensive public consultations were conducted confirming that as many as 99% of respondents confirmed the desirability of its establishment.

The final design concept for the Bogdanka Glade is planned to be ready by mid-2024. The implementation of the Project is of a strategic nature as part of the implementation of the assumptions of the ESG Strategy (in the task regarding supporting local governments in making the region more attractive and improving the quality of life for its residents).

Environmental issues - [E]

Education - Nadrybie Nature Trail and Nadrybie Parklet

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

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

In 2023, 250 people from Łęczna and Krasnystaw counties took part in educational activities conducted by active naturalists.

Participants in the activities organized by Bogdanka were invited to participate in the "My discoveries on the Nadrybie Nature Trail" contest. The award presentation was accompanied by a nature drawing workshop with Marek Kołodziejczyk.



Educational series "Bogdanka close to nature"

The summer educational series entitled "Bogdanka close to nature", carried out in cooperation with Kurier Lubelski and the University of Life Sciences, was aimed at promoting the natural values of Polesie Lubelskie. Educational materials were published on the media every week with a creative question.



Groundbreaking cooperation between Bogdanka and the Polesie National Park

For the first time ever, the Polesie National Park (PPN) has signed an agreement with LW Bogdanka on cooperation for sustainable development of Polesie. Its object was to launch a research and implementation fund, aimed at scientists studying the Polesie area, as well as to support the PPN in carrying out the tasks specified in the PPN Conservation Plan. The parties also pledged to undertake correlated educational activities to promote the PPN's valuable natural assets. The documents, signed on 11 October 2023, indicate the future framework for financial support of the Park's activities in the amount of PLN 500 thousand. The partners declare the implementation of a number of new projects in the field of sustainable development, supporting conservation activities in the ecosystems of the Polesie National Park, including tasks aimed at protecting valuable natural habitats, protected plant and animal species in need of active measures. Support is also provided for the Park's environmental education and promotion of its unique natural and scenic qualities.



Environmental issues - [E]

Environmental issues

Consumption of electricity [MWh]

LW Bogdanka S.A.			LW Bogdanka Group		
2021	2022	2023	2021	2022	2023
322,038	312,056	322,274	327,320	316,831	327,383

Water consumption [m³]*

LW Bogdanka S.A.			LW Bogdanka Group		
2021	2022	2023	2021	2022	2023
8,696,337	8,929,962	10,993,949	11,441,832	11,874,558	13,964,026

LW Bogdanka S.A.	2021		2022		2023	
	Production	Recovery	Production	Recovery	Manufacturing	Recovery
[thousand tons] Mining waste	4,790.5	2,577.3	4,794.3	2,325.9	5,433.1	2,224.5
Post-industrial waste	18.2	18.2	14.5	14.5	10.5	10.5

Environmental protection at LW Bogdanka S.A [PLN 000s]	2021	2022	2023
Waste management	38,350.0	42,543.6	41,274.4
Cost of protection (reclamation, monitoring, etc.)	1,366.4	2,439.1	2,274.9
Environment utilization fees	640.7	599.3	545.0

* Calculated according to the sum collected by all companies in the LW Bogdanka Group, excluding mutual exchanges.

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

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

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

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

Risk severity: **medium**

Risk related to mining waste management

The Company produces large quantities of mining waste. Mining waste is processed (recovered) and stored in the mining waste facility in Bogdanka. Approx. 50% of waste is processed and 50% is kept in the facility.

Based on a construction permit, the Company is conducting works to increase the current spoil tip (to 250 m a.s.l.) and to enlarge the spoil tip in the eastern part. It has also taken steps to acquire adjacent land for further expansion, and another permit has been obtained for the expansion of the mining waste facility in the south-eastern part, which will secure waste storage for the next 6-7 years. Further actions are being taken to acquire more land to expand the facility.

Failure to complete this investment will entail the risk of undermining the stability of the mining process and the need to seek alternative methods of mining waste management.

Countermeasure: the Group has been carrying out works to elevate and expand the existing mining waste facility. It has also continued efforts to acquire further land for the upcoming stages of spoil tip expansion. The Parent Company takes intense efforts to recover and manage the mining waste.

Risk severity: **medium**

Investment risk associated with the presence of protected areas

The mine is located close to protected areas (a national park, landscape parks, protected landscape areas, wildlife corridor, as well as Natura 2000 areas – two located partially in the mining area and three in close proximity to the mining area).

All planned investments must be analyzed in terms of their potential negative impact on protected areas. There is a risk that in case of undertaking investment activities, certain obligations or stricter requirements may be imposed on the Company with a view to reducing negative environmental impacts. Such restrictions may require higher capital expenditures and hence may affect the financial result. Order to mitigate these risks, the Company has appointed a Scientific Council on environmental protection, which issues opinions and recommendations on an ongoing basis regarding LW Bogdanka's development and investment activities.

Risk severity: **medium**

Environmental issues - [E]

Environmental issues – climate hazards

Risks related to the need to change the Company's operations, which would entail additional capital expenditures

Climate change is influencing the EU's increasingly restrictive Climate Policy, which directly and indirectly translates into raising many of the environmental standards that mining facilities must meet.

Mitigating measures:

- Ongoing supervision of compliance with environmental standards
- Continuous monitoring of changes in the EU climate policy and resulting changes in national legislation
- Active participation in consultations on new regulations
- Constant seeking of technical and organizational solutions to minimize the company's climate impact, e.g. by increasing the level of energy efficiency.

Risk severity: **low**

Risk of inability to perform coal sales contracts due to the decline in demand for steam coal in Poland and worldwide

It is likely that demand for the products offered to date will gradually decline, due to changes in the country's energy mix, including the ENEA Group's energy mix, and a decrease in demand for electricity generated from coal (e.g. as a result of measures favoring energy efficiency, elimination of retail customers from the portfolio, more frequent switching to own sources of energy and

heat generation, higher average atmospheric temperatures in winter).

Mitigating measures:

- implementing a new business strategy and moving toward the multi-commodity approach

Risk severity: **medium**

Risk of increased operating costs through the need to pay more compensation for grassland and agricultural land losses associated with elimination of environmental mining damage

The conduct of mining activities is associated with the occurrence of mining damage and may lead to the formation of subsidence basins and disruption of local water relations, thus causing occasional local flooding.

Mitigating measures:

- effective mining damage management policy
- constant dialogue with the local community
- constant monitoring of rock mass movements by using modern measurement methods
- monitoring of environmental aspects through the Integrated Quality, Environmental and Safety Management System
- ongoing reclamation of areas adversely affected by mining activities.

Risk severity: **low**

Risk of increased cost of raising capital and/or insuring assets

Global climate crisis makes it increasingly difficult for fossil fuel-based businesses to access finance, while insurance undertakings view the mining sector as a high-risk industry.

Mitigating measures:

- use the Group's transition strategy when

- consulting with the reinsurance market.
- search for new methods of securing/protecting assets.

Risk severity: **low**

Risk of impediments to any administrative procedures involving environmental NGOs

The activities of environmental organizations may affect the social acceptance of the Company's activities, including by the occurrence of potential protests related to investment and development activities.

Mitigating measures:

- implementation of project activities in partnership with environmental organizations
- ongoing communication of activities that increase the safety of the natural environment
- enhanced environmental measures taken by the Company and additional investments in this area (energy efficiency improvements, Water Treatment Plant, construction of a photovoltaic farm)
- respect for government-mandated forms of conservation (e.g. no mining and no future mining plans under the Polesie National Park).

Risk severity: **medium**

Reputation risk related to the conduct of business in the fossil fuel industry

Because of the climate crisis, EU policies and the activities of environmental organizations, the mining industry may be seen as guilty of climate change.

Mitigating measures:

- participating in business initiatives, engaging in local society- and development-oriented

- activities
- intense communication activities focused mainly on showing the company's role in the Lubelskie Region, its environmental effectiveness and openness to change
- diversification and transformation.

Risk severity: **low**

Risk of a decline in revenue from steam coal sales

An increase in ambient temperatures during the heating season may imply a decline in demand for thermal energy generated from coal in favor of, among other things, wind power.

Mitigating measures:

- reducing the contribution of the Company's activities to global warming
- taking into account climate model forecasts in determining the scopes of contracts with clients
- developing RES in the Group.

Risk severity: **low**

Taxonomy - [E]

The following sections present information about to what extent the operations of the LW Bogdanka Group are associated with economic activities qualifying as environmentally sustainable (Taxonomy-aligned), in accordance with Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation). The key performance indicators have been prepared to meet the requirements presented in Commission Delegated Regulation (EU) 2021/2178, having regard to Regulation (EU) 2022/1214, Regulation (EU) 2023/2485 and Regulation (EU) 2023/2486 to the best the authors' knowledge and with due care.

Technical screening criteria:

The assessment of alignment of economic activities with the taxonomy, under individual key performance indicators was carried out based on the technical criteria for the two objectives of "Mitigation of Climate Change" and "Adaptation to Climate Change" set forth in EU Delegated Acts 2021/2139, 2022/1214 and 2023/2485, and EU Regulation 2023/2486 for establishing the technical criteria for other environmental objectives for taxonomy-eligibility.

Minimum safeguards:

The LW Bogdanka Group meets the minimum safeguards referred to in Article 18 of Regulation (EU) 2020/852. The assessment of compliance with the minimum safeguards was conducted on the basis of the recommended requirements for non-financial companies covered by the CSRD (Corporate Sustainability Reporting Directive), in accordance with the report of the EU platform on sustainable finance published in October 2022.

Turnover KPI

Accounting principles

With respect to the Turnover KPI, the indicator's denominator was the total sales revenue specified in the consolidated profit and loss account in the consolidated financial statements of the Lubelski Węgiel Bogdanka Group for the year ended 31 December 2023.

Regulation (EU) 2020/852 compliance assessment

Particular categories of the LW Bogdanka Group's revenue were analyzed in terms of their Taxonomy eligibility. The process included an analysis of Taxonomy-eligible activities, as defined in Regulation (EU) 2021/2139 and Regulation (EU) 2022/1214, taking into account Regulation (EU) 2023/2485 and Regulation (EU) 2023/2486. Based on the analysis conducted, seven Taxonomy-eligible activities were identified, associated with:

- provision of heat and hot water by Łęczczyńska Energetyka Sp. z o.o. (CCM 4.15)
- works carried out by Łęczczyńska Energetyka Sp. z o.o. in relation to connections to water supply and sewerage systems (CCM 5.1 and CCM 5.3)
- coal transport by rail (CCM 6.2)
- renovation of existing buildings (CCM 7.2).

Particular activities were analyzed against the technical criteria set out for particular activities in Regulation (EU) 2021/2139. Persons having relevant knowledge enabling them to confirm whether a specific criterion was met were consulted about particular technical criteria in order to confirm those criteria. No revenue from Taxonomy-aligned activities was identified as a result of the analysis performed.

Contribution to multiple objectives and disaggregation of KPIs and contextual information.

Not Applicable.

As part of the revenue of the LW Bogdanka Group for 2023, no revenue associated with environmentally sustainable (Taxonomy-aligned) activities was identified.

Portion of turnover/Total turnover

	Taxonomy alignment by objective	Taxonomy eligibility by objective
CCM	0%	1.47%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Taxonomy - [E]

Group's Turnover KPI				Material contribution criteria						Criteria concerning the "do no significant harm" principle						Minimum safeguards (17)	Share of Taxonomy-aligned activities (A.1) or Taxonomy-eligible activities (A.2) Turnover, 2022 (18)	Category (enabling activity) (19)	Category (transaction activity) (20)
Economic activities (1)	Code or codes (2)	Turnover (absolute value) (3)	Portion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)				
		currency	%	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; EL	T/N	Y/N	Y/N	Y/N	Y/N	Y/N	T/N	%	E	Y
A. Taxonomy-eligible activities																			
A.1 Types of environmentally sustainable (Taxonomy-aligned) activities																			
-	-	0.00	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-
Turnover from environmentally sustainable (Taxonomy-aligned) activities (A.1)		0.00	0.00%														0.00%		
Including enabling activity		0.00	0.00%														0.00%		
Including transitional activity		0.00	0.00%														0.00%		
A.2 Taxonomy-eligible but not environmentally sustainable (not Taxonomy-aligned) activities																			
Distribution in heating/cooling systems	CCM 4.15	30,069,249.36	0.76%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.90%		
Construction, development and operation of water collection, treatment and supply systems	CCM 5.1	26,240.70	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Construction, development and operation of sewage disposal and treatment systems	CCM 5.3	9,567.12	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Rail transport of goods	CCM 6.2	27,904,824.93	0.71%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.78%		
Renovation of existing buildings	CCM 7.2	34,532.65	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.01%		
Turnover from Taxonomy-eligible but not environmentally sustainable (not Taxonomy-aligned) activities (A.2)		58,044,414.76	1.47%																
Total (A1 + A.2)		58,044,414.76	1.47%	100%	0%	0%	0%	0%	0%								1.69%*		
B. Taxonomy-non-eligible activities																			
Turnover from Taxonomy-non-eligible activities (B)		3,881,243,173.82	98.53%																
Total (A + B)		3,939,287,588.58	100.00%																

* In 2022, turnover from CCM activity 7.7 - Acquisition and ownership of buildings (0.09%) is classified as A2 activity.

Taxonomy - [E]

Capex KPI

Accounting principles

The key performance indicator relating to capital expenditure was calculated by dividing the total of capital expenditures meeting the conditions referred to in point 1.1.2.2. of Annex I to Regulation 2021/2178 by the total of capital expenditures specified in the consolidated financial statements of the Lubelski Węgiel Bogdanka Group for 2023, which included the following:

- acquisition of fixed assets (the “increases” item in Note 4 “Property, plant and equipment” of the consolidated financial statements of the Lubelski Węgiel Bogdanka Group for 2023),
- acquisition of intangible assets (the “increases” item in Note 5 “Intangible assets” in the consolidated financial statements of the Lubelski Węgiel Bogdanka Group for 2023),
- increase in the value of assets on account of the right of use (the “increases” item in Note 6.1 “Right-of-use-asset” in the consolidated financial statements of the Lubelski Węgiel Bogdanka Group for 2023).

Regulation (EU) 2020/852 compliance assessment

Capital expenditure associated with the conducted activities which were Taxonomy-eligible and also Taxonomy-aligned was identified as a result of the analysis performed. The LW Bogdanka Group does not have in place, either, the CapEx plan referred to in point 1.1.2.2. of Annex I to Regulation (EU) 2021/2178. Costs were identified as part of the analyses which were associated with the purchase, from Taxonomy-eligible activities, of products and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions. The activities from which the products were purchased were analyzed against the technical criteria defined in Regulation (EU) 2021/2139. The results of the assessment were the basis for allocating specific costs to the numerator of the key performance indicator concerning capital expenditures. Expenditures related to photovoltaic power generation activities qualified as Taxonomy-aligned (4.1). The analysis of expenditures on photovoltaic power generation activities in terms of meeting environmental goals was 100% assigned to the “Climate Change Mitigation” objective. Hence, it does not contribute to the accomplishment of several environmental objectives.

Capital expenditures on account of Taxonomy-eligible activities included expenditures on:

- modernization of a heating network (CCM 7.3)
- extension and modernization of a hot-water transmission network by a Group Company (CCM 4.15)
- investments related to the rail division (CCM 6.2).

Disaggregation of KPIs and contextual information

The analysis showed that there was no need for disaggregating key performance indicators in detail and allocating them among particular operating units in accordance with point 1.2.2.3. of Annex I to Commission Delegated Regulation (EU) 2021/2178.

Portion of capital expenditures/ Total capital expenditures

	Taxonomy alignment by objective	Taxonomy eligibility by objective
CCM	1.43%	3.26%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Taxonomy - [E]

Capex KPI of the LWB Group				Material contribution criteria						Criteria concerning the "do no significant harm" principle						Share of Taxonomy-aligned activities (A1) or Taxonomy-eligible activities (A.2) Capital expenditures 2022 (18)	Category (enabling activity) (19)	Category (transaction activity) (20)	
Economic activities (1)	Code or codes (2)	Capital expenditures (absolute value) (3)	Proportion of capital expenditures (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)				Minimum safeguards (17)
		currency	T;N; N/EL	T;N; N/EL	T;N; N/EL	T;N; N/EL	T;N; N/EL	T;N; N/EL	T;N; N/EL	T/N	Y/N	Y/N	Y/N	Y/N	Y/N	T/N	%	E	Y
A. Taxonomy-eligible activities																			
A.1 Types of environmentally sustainable (Taxonomy-aligned) activities																			
Renewable energy technology generation	CCM 4.1.	11,450,000.00	1.43%	T	N	N	N	N	N	T	Y	Y	Y	Y	Y	T	0.00%*	E	-
Capital expenditures on environmentally sustainable (Taxonomy-aligned) activities (A.1)		11,450,000.00	1.43%	100%	0%	0%	0%	0%	0%	T	T	T	T	T	T	T	0.00%*		
Including enabling activity		11,450,000.00	1.43%	100%	0%	0%	0%	0%	0%	T	Y	Y	Y	Y	Y	T	0.00%*	E	-
Including transitional activity		0.00	0%	0%						-	-	-	-	-	-	-	0.00%*		-
A.2 Taxonomy-eligible but not environmentally sustainable (not Taxonomy-aligned) activities																			
Distribution in heating/cooling systems	CCM 4.15	2,092,301.84	0.26%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.37%		
Installation, maintenance and repair of energy efficiency improving equipment	CCM 7.3	14,697,819.87	1.84%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.02%		
Rail transport of goods	CCM 6.2	9,231,232.93	1.16%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.39%		
Capital expenditures on Taxonomy-eligible but not environmentally sustainable (not Taxonomy-aligned) activities (A.2)		26,021,354.64	3.26%														1.77%		
Total (A1 + A.2)		37,471,354.64	4.69%	100%	0%	0%	0%	0%	0%								1.77%		
B. Taxonomy-non-eligible activities																			
Capital expenditures on Taxonomy-non-eligible activities (B)		761,224,645.36	95.31%																
Total (A + B)		798,696,000.00	100.00%																

* In 2022, turnover from activity 3.1 - Generation of renewable energy technologies, accounting for 0.04% of capital expenditures, is classified under activity A1.

Taxonomy - [E]

Opex KPI

Accounting principles

In accordance with the definition in Regulation 2021/2187, the operating expenditures included in the denominator of the LW Bogdanka Group's operating expenditure index and being the basis for calculating the operating expenditure index comprise operating expenditures on:

- non-capitalized costs relating to research and development
- building renovation works
- short-term rent
- maintenance and repairs
- any other direct expenditures associated with day-to-day servicing of fixed assets by the undertaking or third party to whom activities necessary to ensure the continued and effective functioning of these assets were outsourced.

The proportion of the Taxonomy-eligible economic activities in the total operating expenditure was calculated by dividing the operating expenditure associated with Taxonomy-eligible activities by the total of the operating expenditures forming part of the above-specified operating expenditure categories in the consolidated financial statements of the Lubelski Węgiel Bogdanka Group for the year ended 31 December 2023.

Regulation (EU) 2020/852 compliance assessment

The LW Bogdanka Group did not earn revenue from Taxonomy-aligned activities, and therefore none of the costs included in the denominator was disclosed in the numerator as associated with Taxonomy-aligned economic activities. Capital expenditure associated with the conducted Taxonomy-eligible activities were identified as a result of the analysis performed. The LW Bogdanka Group does not have in place, either, the CapEx plan referred to in point 1.1.2.2. of Annex I to Regulation (EU) 2021/2178.

Costs were identified as part of the analyses which were associated with the purchase, from Taxonomy-eligible activities, of products and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions. No amount was allocated to the numerator of the key performance indicator as a result of the analysis performed. With respect to Taxonomy-eligible operating expenditures, the basis was the costs of operating activities associated with:

- installation, maintenance and repair of energy efficiency improving equipment, through the replacement and installation of window and door joinery (CCM 7.3)
- costs incurred on rail transport of goods carried out by entities providing coal transport services (CCM 6.2).
- costs of cooperation for the protection of habitats and species of protected birds (BIO 1.1).

The share of the aforementioned expenditures is nearly PLN 5.5 million, which accounts for 2.73% of the Group's operating expenditures.

Contribution to multiple objectives, disaggregation of KPIs and contextual information.

Not applicable.

No operating expenditures associated with (Taxonomy-aligned) activities were included in the numerator of the key performance indicator.

Portion of operating expenses/ Total operating expenses

	Taxonomy alignment by objective	Taxonomy eligibility by objective	
CCM	0%		2.66%
CCA	0%		0%
WTR	0%		0%
CE	0%		0%
PPC	0%		0%
BIO	0%		0.07%



Taxonomy - [E]

Opex KPI of the LWB Group				Material contribution criteria						Criteria concerning the "do no significant harm" principle									
Economic activities (1)	Code or codes (2)	Operating costs (absolute value) (3)	Proportion of operating expenses (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Share of Taxonomy-aligned activities (A1) or Taxonomy-eligible activities (A2) Operating expenses, 2022 (18)	Category (enabling activity) (19)	Category (transaction activity) (20)
				T/N; N/EL	T/N; N/EL	T/N; N/EL	T/N; N/EL	T/N; N/EL	T/N; N/EL	T/N; N/EL	T/N; N/EL	T/N	Y/N	Y/N	Y/N	Y/N	Y/N	T/N	%
A. Taxonomy-eligible activities																			
A.1 Types of environmentally sustainable (Taxonomy-aligned) activities																			
-	-	0.00	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-
Operating expenditures on environmentally sustainable (Taxonomy-aligned) activities (A.1)		0.00	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-
Including enabling activity		0.00	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-
Including transitional activity		0.00	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-
A.2 Taxonomy-eligible but not environmentally sustainable (not Taxonomy-aligned) activities																			
Installation, maintenance and repair of energy efficiency improving equipment	CCM 7.3	147,000.00	0.07%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.06%		
Rail transport of goods	CCM 6.2	5,116,401.03	2.59%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.70%		
Protection, including restoration of habitats, ecosystems and species	BIO 1.1.	144,920.00	0.07%	N/EL	N/EL	N/EL	N/EL	N/EL	EL								0.00%		
Operating expenditures on Taxonomy-eligible but not environmentally sustainable (not Taxonomy-aligned) activities (A.2)		5,408,321.03	2.73%	97.33%	0%	0%	0%	0%	2.67%								1.76%		
Total (A1 + A.2)		5,408,321.03	2.73%	97.33%	0%	0%	0%	0%	2.67%								1.76%		
B. Taxonomy-non-eligible activities																			
Operating expenses on Taxonomy-non-eligible activities (B)		192,497,258.62	97.27%																
Total (A + B)		197,905,579.65	100.00%																

Taxonomy - [E]

Information on activities associated with energy generation as part of nuclear processes and the generation of energy from gaseous fossil fuels.

The Group does not conduct or finance, and is not exposed to, the types of activities referred to in Sections 4.26 – 4.31 of Annexes I and II to the Commission Delegated Regulation (EU) 2021/2139, which is presented in the chart below.

Activities associated with nuclear power and natural gas

	Activity associated with nuclear power	Turnover KPI	Capex KPI	Opex KPI
1	The undertaking is engaged in the research, development, demonstration and arrangement of innovative electricity generation systems which generate power in nuclear processes with minimum waste from the fuel cycle, finances this activity or is exposed to it.	NO	NO	NO
2	The undertaking is engaged in the construction and safe operation of new nuclear facilities for the purpose of generating electricity or process heat, including to meet the needs of a heat supply system or of industrial processes, such as hydrogen production, as well as in their modernization in terms of safety, with the use of the best available technologies, finances this activity or is exposed to it.	NO	NO	NO
3	The undertaking is engaged in the safe operation of existing nuclear facilities generating electricity or process heat, including to meet the needs of a heat supply system or of industrial processes, such as the production of hydrogen from nuclear power, as well as in their modernization in terms of safety, finances this activity or is exposed to it.	NO	NO	NO
	Activity associated with natural gas			
1	The undertaking is engaged in the construction or operation of systems for generating electricity with the use of gaseous fossil fuels, finances this activity or is exposed to it.	NO	NO	NO
2	The undertaking is engaged in the construction, modernization and operation of systems for the co-generation of heat/cold and electricity with the use of gaseous fossil fuels, finances this activity or is exposed to it.	NO	NO	NO
3	The undertaking is engaged in the construction, modernization and operation of heat generation systems generating heat/cold with the use of gaseous fossil fuels, finances this activity or is exposed to it.	NO	NO	NO

Taxonomy - [E]

Taxonomy-aligned economic activities
(denominator)

	Types of economic activities	Turnover KPI						Capex KPI						Opex KPI							
		Amount and share (information to be provided in money amounts and as percentage values)																			
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)			
Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%		
1	The amount and share of the Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
2	The amount and share of the Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
3	The amount and share of the Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
4	The amount and share of the Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
5	The amount and share of the Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
6	The amount and share of the Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
7	The amount and share of other types of Taxonomy-aligned economic activities, not listed in rows 1–6 above, in the denominator of the applicable KPI	0.00	0.00%	0.00	0.00%	0	0.00%	11,450,000.00	1.43%	11,450,000.00	1.43%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0	0.00%	0	0.00%
8	Total applicable KPI	0.00	0.00%	0.00	0.00%	0	0.00%	11,450,000.00	1.43%	11,450,000.00	1.43%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0	0.00%	0	0.00%

Taxonomy - [E]

Taxonomy-aligned economic activity (numerator)

Types of economic activities	Turnover KPI						Capex KPI						Opex KPI									
	Amount and share (information to be provided in money amounts and as percentage values)						Amount and share (information to be provided in money amounts and as percentage values)						Amount and share (information to be provided in money amounts and as percentage values)									
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)					
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%				
1	The amount and share of the Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%		
2	The amount and share of the Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%		
3	The amount and share of the Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%		
4	The amount and share of the Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%		
5	The amount and share of the Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%		
6	The amount and share of the Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%		
7	The amount and share of other types of Taxonomy-aligned economic activities, not listed in rows 1-6 above, in the numerator of the applicable KPI						0.00	0.00%	0.00	0.00%	0	0.00%	11,450,000.00	1.43%	11,450,000.00	1.43%	0.00	0.00%	0.00	0.00%	0.00	0.00%
8	The total amount and total share of other types of Taxonomy-aligned economic activities in the numerator of the applicable KPI						0.00	0.00%	0.00	0.00%	0	0.00%	11,450,000.00	1.43%	11,450,000.00	1.43%	0.00	0.00%	0.00	0.00%	0.00	0.00%

Taxonomy - [E]

Taxonomy-eligible but not Taxonomy-aligned economic activities

Types of economic activities	Turnover KPI								Capex KPI						Opex KPI					
	Amount and share (information to be provided in money amounts and as percentage values)								Amount and share (information to be provided in money amounts and as percentage values)						Amount and share (information to be provided in money amounts and as percentage values)					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)			
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%		
1	The amount and share of the Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	
2	The amount and share of the Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	
3	The amount and share of the Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	
4	The amount and share of the Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	
5	The amount and share of the Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	
6	The amount and share of the Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	
7	The amount and share of other types of Taxonomy-eligible but not Taxonomy-aligned economic activities, not listed in rows 1-6 above, in the denominator of the applicable KPI	58,044,414.76	1.47%	58,044,414.76	1.47%	0	0.00%	26,021,354.65	3.26%	26,021,354.64	3.26%	0.00	0.00%	5,408,321.03*	2.73%*	5,263,401.03	2.66%	0.00	0.00%	
8	The total amount and total share of other types of Taxonomy-eligible but not Taxonomy-aligned economic activities in the denominator of the applicable KPI	58,044,414.76	1.47%	58,044,414.76	1.47%	0	0.00%	26,021,354.65	3.26%	26,021,354.64	3.26%	0.00	0.00%	5,408,321.03*	2.73%*	5,263,401.03	2.66%	0.00	0.00%	

* The indicator includes the costs of cooperation for the protection of habitats and species of protected birds (BIO 1.1)

Taxonomy - [E]

Taxonomy-non-eligible activities

	Types of economic activities	Turnover KPI		Capex KPI		Opex KPI	
		Amount (in PLN)	Share in %	Amount (in PLN)	Share in %	Amount (in PLN)	Share in %
1	The amount and share of the economic activity referred to in row 1 of template 1, which is a Taxonomy-non-eligible activity in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139, in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
2	The amount and share of the economic activity referred to in row 1 of template 1, which is a Taxonomy-non-eligible activity in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139, in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
3	The amount and share of the economic activity referred to in row 1 of template 1, which is a Taxonomy-non-eligible activity in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139, in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
4	The amount and share of the economic activity referred to in row 1 of template 1, which is a Taxonomy-non-eligible activity in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139, in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
5	The amount and share of the economic activity referred to in row 1 of template 1, which is a Taxonomy-non-eligible activity in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139, in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
6	The amount and share of the economic activity referred to in row 1 of template 1, which is a Taxonomy-non-eligible activity in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139, in the denominator of the applicable KPI	0	0.00%	0	0.00%	0	0.00%
7	The amount and share of other types of Taxonomy-non-eligible economic activities, not listed in rows 1–6 above, in the denominator of the applicable KPI	3,881,243,173.82	98.53%	761,224,645.36	95.31%	192,497,258.62	97.27%
8	The total amount and total share of the types of Taxonomy-non-eligible economic activities in the denominator of the applicable KPI	3,881,243,173.82	98.53%	761,224,645.36	95.31%	192,497,258.62	97.27%

Social issues [S]

Employee issues

HR policy

A HR policy is in place at the Group in order to effectively manage its employee potential. The policy's objective is to manage human resources by recruiting employees and ensuring their development, and maintaining the optimum headcount level which enables the economic activities to be conducted effectively and development plans to be carried out. In particular, it is aimed at selecting and forming employees' skills so that employees are prepared in the best possible way to efficiently carry out the Group's tasks and objectives, while achieving self-fulfillment and satisfaction with the work performed.

Employees are among the LW Bogdanka Group's most important assets, determining its long-term and sustainable development. The Group is the largest local employer engaged in a continuous dialogue and cooperation with stakeholders which builds a strong bond with the region and its residents. The Group's employees live mainly in the Łęczna County and its surrounding areas, within approx. 50 km from Bogdanka. The mine's managers attach great importance to the development of human potential by continuously enhancing employees' professional qualifications and interpersonal skills and effectively motivating employees.

Policies addressing employee issues at the Group are laid down in the following documents adopted in the Parent Company:

- Company Collective Bargaining Agreement
- Labor bylaws
- Rules and Regulations of the Company Social Benefit Fund
- Code of Ethics

- HR Policy of Lubelski Węgiel Bogdanka S.A.
- Procedure of proceeding in the process of recruitment and selection of employees for production positions
- Procedure of proceeding in the process of recruitment and selection of employees for managerial and specialized positions
- Compliance Policy of Lubelski Węgiel Bogdanka S.A.
- Lubelski Węgiel Bogdanka S.A. Whistleblowing Procedure
- Employee upskilling and professional development policy at LW Bogdanka S.A. and in the corresponding documents adopted by subsidiary companies.

The aforementioned documents cover the entirety of the policies and processes relating to employment and work at the Group, including among other things issues associated with employee selection criteria, employee adaptation to the work environment, professional development, cooperation and remuneration principles, women's labor and equal treatment rules or the incentive system.

When looking for the best candidates, the Group focuses first and foremost on their knowledge, qualifications, personality aptitude and work experience.

The recruitment process at the LW Bogdanka Group is conducted in compliance with the principles of equal access to the procedure, irrespective of candidates' gender, origin, age, religious denomination, nationality, beliefs and other factors relating to candidates' diversity. Underground mine workers constitute 71.3% of staff, compared to 28.7% of surface workers.

Because of the industry's specific nature and legal requirements, the Group employs mainly men.

The LW Bogdanka Group does not introduce restrictions concerning equality in employment, and its current structure is an effect of

employees' preference as to the choice of occupation. Women are employed mainly in administrative positions, which is consistent with the trend prevailing in the labor market.

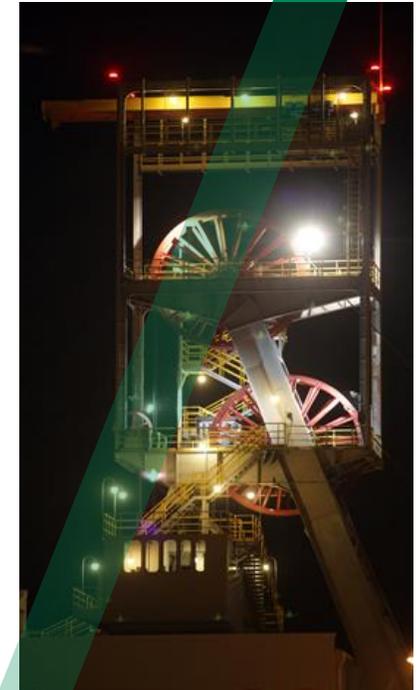
As at 31.12.2023 (persons)*

LW Bogdanka S.A.	contract of employment	civil law contract
Women	377	7
Males	4,876	29
Total	5,253	36

As at 31.12 2023 (persons)*

LW Bogdanka Group	contract of employment	civil law contract
Women	436	14
Males	5,724	49
Total	6,160	63

*the data covers also employees whose employment has been suspended on a temporary basis due to e.g. parental leave, leave without pay or a rehabilitation benefit.



Social issues [S]

Employee issues

Generational Change Program

In connection with a growing risk of a significant outflow of employee skills, the Company's Management Board - in order to secure staffing needs - implemented a Generational Change Program in 2017. Its first stage was the Voluntary Departure Program, allowing for a rational, coordinated, and phased closing of the generation gap, while maintaining continuity of the operations.

Addressing the generation gap, as it manifests itself within the Group, also involves cooperation with trade schools and universities. LW Bogdanka S.A. has signed letters of intent in this respect with the following establishments:

- AGH University of Science and Technology in Kraków
- University College of Applied Sciences in Chełm.

Lublin Universities Association composed of:

- Maria Curie-Skłodowska University in Lublin
- Lublin University of Technology in Lublin
- Medical University of Lublin
- University of Life Sciences in Lublin.

and the following secondary schools:

- Mining School in Łęczna
- Mining School in Ostrów Lubelski
- Electronic Schools Complex in Lublin
- Power Engineering and Transportation School Complex in Chełm

In addition to regular meetings with students and graduates and cooperation as part of the programs in force, the LW Bogdanka Group initiated a new support and incentive program in 2018, addressed to future mining industry workers, under the name "Go professional - school today, success tomorrow".

In 2023, apprenticeships were arranged for partnering school students and educational campaigns and competitions were run in partnering establishments.

The activities in this respect make the Company be noticed by potential future candidates for work. In order to improve the effectiveness of these activities, a new role in the organization was established, i.e. an employee dedicated to supporting the adaptation process, who was also entrusted with supervising apprenticeships.

As part of the "A Pass to Work" program, 134 persons were employed at LW Bogdanka S.A., which included 114 secondary school students and 20 graduates from the AGH University of Science and Technology in Kraków recruited as part of the "We Need the Best AGH Graduates" program. In line with the "A Pass to Work" program and the employment plan, at least 13 further graduates will be hired by the Company in 2024.

Additionally, since 2018, LW Bogdanka S.A. has paid 232 stipends funded by the Company for good grades in technical subjects to the secondary schools with which it has signed letters of intent and has offered paid summer holiday apprenticeship jobs on a full time basis to 36 students of the AGH University of Science and Technology in Kraków.

A new "MY DEVELOPMENT" program dedicated to blue-collar workers and white-collar workers with similar jobs was initiated in 2023. Joining the program provides the opportunity to support employees with funding for studies and qualification/specialization courses to expand their competencies.

A participant in the program, through acquisition of new skills and competencies, has the opportunity to more easily achieve certain career goals, which gives a chance to obtain a higher position in Mining Operations in the future.

LW Bogdanka S.A.	Hires 2023	Departures 2023	Hires 2022	Departures 2022
Women	98	22	36	17
Males	352	111	134	116
Employees divided into:				
- employees under 30	138	9	86	14
- employees aged 30-50	252	37	79	48
- employees over 50	60	87	5	71
Total	450	133	170	133

LW BOGDANKA GROUP	Hires 2023	Departures 2023	Hires 2022	Departures 2022
Women	110	35	81	29
Males	698	424	291	305
Employees divided into:				
- employees under 30	299	115	172	116
- employees aged 30-50	439	240	172	133
- employees over 50	70	104	28	85
Total	808	459	372	334

Social issues [S]

Employee issues

Employee upskilling and professional development policy at LW Bogdanka S.A.

After some of the restrictions caused by the Covid-19 pandemic were lifted, all the Company's employees could again have full access to the Company's training and upskilling offer in 2023.

The Employee Development and Technical Training Department conducted activities in the field of mandatory occupational health and safety training for employees of the LW Bogdanka Group (5,354 people, including periodic training of 4,835 people and onboarding training of 519 people), for employees of subsidiaries (570 people, including periodic training of 568 people and onboarding training of 2 people) and training for external entities - 689 people.

In addition, technical training courses, conferences and symposiums were held (3,202 people). Employees improved their competencies and skills during studies (undergraduate, postgraduate - 35 new students), as well as training and integration meetings (1,677 people).

In addition, a significant number of mandatory in-house courses (932 people) were conducted during 2023.

of LW Bogdanka Group

Total number of training hours in 2023	Total number of training hours in 2022
92,816	90,211

LW Bogdanka S.A.

Total number of training hours in 2023	Total number of training hours in 2022
85,432	83,275

Additional non-salary benefits

In addition to their salaries, the employees of the LW Bogdanka Group are also entitled to additional non-salary benefits. The most important benefits of this type include, among others:

- ✓ Benefits subsidized by the social benefits fund, including:
 - social allowances
 - rest-related benefits for employees and their families, i.e. holidays and recreational trips
 - passes for sports facilities
 - events for employees
 - tickets for cultural events
 - tickets and passes for sports events
 - partial refund of kindergarten costs
 - possibility to obtain loans for housing purposes
 - aid on compassionate grounds
- ✓ medical subscriptions for employees and their families
- ✓ employee volunteering, including organization of charity events, collections, auctions
- ✓ "Bogdanka Socially Committed" program, which in 2023 was entrusted for coordination to the Solidary Miners Foundation
- ✓ proprietary development programs, e.g. "Active in Bogdanka"
- ✓ Care in difficult life situations provided by the Solidary Miners Foundation.

LW Bogdanka S.A. 2023

Funds allocated to the Social Benefit Fund [PLN thousand].	Funds used	Performance [%]
34,827.8	27,643.9	79.4%

LW Bogdanka S.A. 2022

Funds allocated to the Social Benefit Fund [PLN thousand].	Funds used	Performance [%]
25,935.2	18,311.2	70.6%

LW Bogdanka S.A. 2021

Funds allocated to the Social Benefit Fund [PLN thousand].	Funds used	Performance [%]
20,350.3	9,164.7	45.0%



Social issues [S]

Employee issues

OHS management

Lubelski Węgiel Bogdanka S.A. is among the safest mines in Poland, because of the characteristics of the deposit it exploits and significantly less severe natural hazards. Owing to its well-prepared crew and advanced, often very innovative technical and organizational solutions, the Company stands out among the other hard coal mines. This notwithstanding, processes and procedures which reduce the risk and effects of potentially dangerous incidents need to be continuously updated and implemented. As the subsidiary companies of Lubelski Węgiel Bogdanka S.A. and entities rendering work use the Parent Company's infrastructure, the OHS procedures in force at LW Bogdanka S.A. are to be followed by them and by external entities on an obligatory basis.

Occupational health and safety management issues are part of the Integrated OHS, Quality, and Environmental Management System at LW Bogdanka S.A. The occupational health and safety management procedures conform to the ISO 45001:2018 standard. These issues are also considered in the Integrated Corporate Risk Management System. The management systems in operation are updated. The Company seeks ever more effective solutions by analyzing accidents at work and other OHS incidents. In order to ensure high safety standards, the Company monitors working conditions by regularly inspecting work stands and sites, as well as takes necessary preventive measures to eliminate or reduce potential hazards.

The Company has introduced an obligation at the mine to test materials and fixed assets for safety in production conditions before they are purchased and implemented. The Group does not just rely on the manufacturers' and suppliers' declarations,

but carries out its own additional assessments.

In the case of personal protection equipment or clothing, the plant employees and staff representatives are involved in the testing process. Opinions issued by these employees are important in deciding on the purchase of these items.

In order to reduce the number of accidents at work and OHS incidents, particular production processes are redefined, which applies especially to their automation and mechanization. The best example is the use of machines in the process of liquidating roadways and pulling out roof supports, which results in eliminating a work stand directly exposed to the risk from falling rock masses and rocks. The aforementioned underground use of modern machines and equipment by the LW Bogdanka Group makes it possible to reduce the employment of people in dangerous locations, in addition to increasing efficiency. The application of sprinkler systems in mining machinery and coal haulage lines, which not only eliminate the threat of a coal dust explosion, but also reduce the concentration of harmful dust in the air in the mine workings, makes it possible to eliminate potential risks of developing an occupational disease – pneumoconiosis.

The following measures aimed at improving safety were implemented at Lubelski Węgiel Bogdanka S.A. in 2023:

- the OHS Department conducted a greater number of inspections of working conditions in divisions, which involved talks with employees to raise their awareness of their responsibility for their own safety and the safety of their colleagues
- a review of working conditions at designated underground divisions was conducted in the course of mining operations together with Social Labor Inspectors
- presentations concerning accidents were shown and discussed during periodic training courses,

with particular emphasis on hazards and mistakes made by employees, including those who suffered injuries (human factors)

- a visualization of accidents at work and short instruction films were prepared; they are displayed on monitors installed in all Fields and used in periodic training courses
- Safety Days and tool days were organized focusing on fire protection and personal protection equipment demonstrations, first aid training with the participation of employees and students of the Medical University of Lublin, practical training on working at height, training on how to properly fit individual respiratory protective equipment to the face
- Days for Health were organized, during which employees had an opportunity to undergo a number of specialist medial tests and to have healthy diet consultations free-of-charge
- the annual contest on OHS knowledge was conducted for the employees of LW Bogdanka S.A.
- participation in the nationwide social campaign "Protect your lungs defend your life" organized by the Central Institute for Labor Protection.

Accidents in 2023

	LW Bogdanka S.A.	LW Bogdanka Group
Number of fatalities - total employees	0	0
Number of fatalities - subcontractors	1	1
Number of accidents resulting in working time loss - total employees	2	6
Number of all the reported accidents - total employees	56	72
Number of all the reported accidents - subcontractors	81	81

Social issues [S]

Employee issues

Risks related to employee issues

Generation-gap risk

In connection with the ongoing works on amendments to the Collective Bargaining Agreement, which take into account changes to work organization and pay, there is a risk of an increased outflow of experienced employees who are entitled to a retirement pension. They are valuable because of their knowledge and experience, and therefore their sudden departure over a short period of time may result in disruptions to generational continuity which is being restored, and thus in a slight staff turnover. The Company manages risks by monitoring the employment structure on an on-going basis and by launching special programs addressed to current employees and young people graduating from universities and vocational schools with programs corresponding to the Company's activities.

Risk severity: **medium**

Risk of losing the Company's key employees

The Company's pursuit of its core business, that is the production and sale of steam coal, requires qualified and experienced employees. Experienced and responsible miners are rare in the labor market, especially in south-eastern Poland where there is only one hard coal mine. Accordingly, the loss of key specialists in this area poses a significant risk related to the Company's business.

LW Bogdanka S.A. manages this risk by providing attractive incentive-based work conditions in what it considers its key business areas. This is intended to attract potential employees, but also to motivate existing staff to pursue self-development and further education options. In addition to paying remuneration commensurate with the position held and seniority, the Company also provides its staff with fringe benefits in accordance with the Rules and Regulations of the Company Social Benefits Fund. These include the granting of loans on preferential terms or the provision of financial aid for vacations and sporting or cultural events.

Risk severity: **low**

Trade unions and social dialogue

There are six trade union organizations in the Group, four of which operate in the Parent Company. As at 31 December 2023, the trade union organizations (in the Parent Company) had the following number of members:

- LW Bogdanka S.A. NSZZ "Solidarity" Inter-Company Trade Union Organization - 1,025 members
- Trade Union of Miners in Poland, LW Bogdanka S.A. Inter-Company Board - 1,552 members
- LW Bogdanka S.A. "Kadra" Trade Union - 409 members
- "Przeróbka" Coal Preparation Plant Employees Trade Union in Poland, LW Bogdanka S.A. Company Board - 570 members.

Overall, 3,556 employees, i.e. 67.7% of the Company's total workforce, were members of trade union organizations.

The LW Bogdanka Group's cooperation with the boards of trade union organizations is based on a constructive dialogue. Trade union organizations participate in making any decisions where the law provides for their involvement.

As part of monitoring the ESG Strategy, key stakeholder groups and current and target forms of dialogue with them were verified on an ongoing basis. For key stakeholder groups, contacts are very regular, direct, often conducted at the highest level and enable continuous consultations on significant matters.



Social issues [S]

Employee issues

“Solidary Miners” Foundation

Organization which has become a permanent part of the support system for the employees of Bogdanka and its subsidiaries, as well as the local community living in Lubelskie Voivodeship, who turn to it when they find themselves in a difficult life situation. 2023 was the tenth year of operation of the corporate Foundation, established by the LW Bogdanka S.A. Management Board as an additional and effective form of supporting the mining community: employees of the Company, its subsidiaries and subcontracting partners, including their families. The Foundation could not focus on miners alone and turn a blind eye on the needs of other individuals with close ties to the Mine. For this reason, the Company also finances activities addressed to people living in the Lublin Region.



The major tasks performed in 2023 in this area included:

1. Support for people in difficult life situations - individual support for employees of the LWB Group and subcontracting companies, their families, pensioners, people from the immediate environment - in need of assistance due to illness, accident or other reasons. More than 80% of the aid granted was related to improving the health of employees (pensioners) and their families -

subsidizing treatment and rehabilitation, and purchasing medical equipment for their needs. As regards this kind of aid, the Foundation is primarily involved in providing financial contributions, and in some cases also organizational support. Social assistance most often concerned children from families of a deceased mine worker and mining pensioners suffering from chronic diseases. In such cases, apart from the direct financial support from the Foundation, company-wide targeted collections are also organized with the support of volunteers. The pursuit of these initiatives has been ongoing since the establishment of the Foundation. Several dozen individuals receive individual aid from the Foundation each year - in 2023, approx. 60 applicants were supported.

2. Cooperation with institutions - support directed to organizations and care facilities, associations and other institutions of social importance. In 2023, 10 aid institutions and charitable organizations received support from the Foundation, including PCPR Łęczna (financing the operation of the Consultation and Information Point for Addicted Persons), Regional Sobriety Center Maksymilian Łęczna, Special School and Education Center for Disabled Children and Youth in Lublin, Association for Children with Blood Diseases in Lublin (equipment for the sick room), Care and Education Facility “Home No. 1” and “Home No. 2” in Kijany. In the case of support for institutions, the scope of aid is extended to specific groups of recipients, which greatly expands the group of beneficiaries.

3. Organizing a miner's feast - a team-building event for current and former employees, which was the culmination of the 40th anniversary of mining, held in Bogdanka at the turn of 2022/2023. In addition, the 10th anniversary of establishing the Solidary Miners Foundation was celebrated and miners who deserved thanks with their hard work were honored. Nearly 4,000 people attended the Feast.

In 2023, approx. PLN 3,400 thousand was spent on statutory activities, including:

- subsidies for treatment and rehabilitation - PLN 237.3 thousand + PLN 72.7 thousand
- social assistance - PLN 31.1 thousand - cooperation with educational institutions and health care - PLN 91.4 thousand
- aid related to the war in Ukraine - PLN 11.0 thousand
- support for blood donation and blood therapy - PLN 35.0 thousand
- implementation of the Bogdanka Socially Committed program - PLN 90.0 thousand
- other statutory activities: PLN 2,804.4 thousand + PLN 50.0 thousand

In 2022, PLN 785.9 thousand was spent on statutory activities, with the largest amount going to direct aid to those affected by the war in Ukraine.

Bogdanka Socially Committed

Bogdanka Socially Committed (BSZ) is a program to support local social and charitable initiatives submitted and coordinated by employees. Project leaders drive positive changes in the immediate environment of the mine, and through their involvement, charitable, social, educational and other efforts are supported. The initiative submitted by the employee(s) may involve supporting an original idea for a pro-social activity or supporting institutions/organizations, operating in the local environment of the employees and recommended by them. To date, the Program, which has been implemented as part of LW Bogdanka's corporate social responsibility budget, has been coordinated by the Foundation since 2023. In 2023, 34 initiatives were submitted, funding was awarded to 25 initiatives, of which one - at the request of the Coordinator - was postponed to 2024. The budget planned for PLN 100 thousand was spent in the amount of PLN 89.6 thousand. Examples of BSZ initiatives implemented in 2023:

- 11 initiatives to purchase specialized equipment for Voluntary Fire Brigade units;
- 2 initiatives to organize picnics for children
- 1 initiative aimed at seniors;

Educational initiatives submitted by staff (including expansion of educational facilities at schools in Łęczna and Malinówka, sports initiatives (soccer and figure skating) and construction of a relaxation patio at the school); purchase of coding mats and equipment necessary for working with them.

Social issues [S]

Involvement in the development of the social environment

“Active and fulfilled women II” project

LW Bogdanka S.A., together with its partners: Bona Fides Activity Support Association, Lublin Business Club and the Municipal Public Library in Puchaczów, implemented the 2nd edition of the activation and support project for women entitled "Active and fulfilled women." The thrust of the project is to increase the employability/expected change of the participants and their socio-educational and personal development. In addition to direct support, i.e. more than 400 hours of workshops in development groups, individual psychological counseling and tutoring for 60 female participants, their environmental awareness was raised, and development using local resources, exchange of good practices, and non-formal education was promoted.



Obverse and Reverse of ART

This is a partnership project, implemented since 2022, whose main goal was to activate and integrate around culture the local community of the Puchaczów municipality, as well as to activate the newly established Center for Creative

Work in Lachert Manor House in Ciechanki. Nearly 300 persons participated in the project. 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, as well as folk dances for residents.



The second task - OBERSE - is to integrate the local community, build ties with the place - the Lachert Manor House, intergenerational integration and cultivate pride in belonging to the local culture by discovering different art, presented by the staff and students of the Warsaw Academy of Fine Arts.

Lublin Entrepreneurs of Tomorrow

The pilot program for young people aged 14-19, which involved a total of 50 students from three counties - Łęczna, Krasnystaw and Janów - was implemented in partnership with Lubelski Węgiel Bogdanka.

During the program, the young people participated in a total of more than 19 practical workshops, meetings and lectures, and they were able to use the knowledge they gained in two competitions - for the best business idea and for the best business plan.



Social issues [S]

Involvement in the development of the social environment

Development of the local community

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*.

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 local government units of special significance for the Company, namely Łęczna County and the Puchaczów Municipality. Our involvement in cultural activities for the community are visible among others due to 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 Lachert Manor House.



Within the framework of this cooperation, the following tasks were 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 Podlódowski was organized in the Creative Work Center in Ciechanki and was seen by almost 700 people.

Ecology in schools

LW Bogdanka S.A.'s Social Involvement Policy prioritizes education issues. The focus of project activities on zero waste is the Company's response to spreading awareness of the generation of waste in our daily lives.

The project focuses on formal as well as non-formal nature education on environmental protection, water resources, air, and waste reduction. The company undertakes a number of activities to support the development of the local community in this case aimed at children and young people.

The implementation of the project in primary and secondary schools is often a continuation of our long-standing cooperation with educational institutions in the county.

The project combines the promotion of ecology, the idea of zero waste but will also help establish cooperation between educational institutions.

The effectiveness of all these activities is conditional precisely on the integration of society in the search for the best methods and the implementation of ecological habits. Five schools from the Łęczna county participated in the rEKOnstructor environmental competition. The first stage of the competition took place in schools, and after the deliberations of the internal committees, photos of the best designs were sent to us.

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

The completion of the project with the presentation of awards took place on 9 March 2023 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'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 56 projects.

From the submissions, the competition committee selected 20 winning projects in the following 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, concerts, workshops and a fashion show.

In the next edition, which runs from March to May 2023, 19 scholarship recipients were selected. 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. Since the first edition, it has been carried out in cooperation with the Academic Center for Culture and Media of the Maria Curie-Skłodowska University Chatka Żaka in Lublin.



Social issues [S]

Involvement in the development of the social environment

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. Coordination of the aid campaign in 2023 was handed over to the Solidary Miners Foundation - equipment, such as powerbanks, was donated for the aid to Ukraine. In relation to the refugees still residing in the Łęczna county, the support was based on in-kind donations. LW Bogdanka also made financial donations to organizations providing humanitarian aid: Jan Olszewski Foundation "Helping Poles in the East" and Caritas of Zamojsko-Lubaczowska Diocese. In August, Bogdanka's local community organized the transport of in-kind donations to Kiev.

Fair in the Pithead Building

The Company provides space for Christmas bazaars, the proceeds of which are donated to social causes.

Honorary Blood Donors Club at LW Bogdanka

The Zdzisław Gola PCK Honorary Blood Donor Club has been operating at LW Bogdanka for over 40 years and mobile blood collection points are located by the Company's office on a regular basis. In 2023, 5 blood donation events were organized, and the MotoHeart campaign was co-organized. A total of 138 people took part, collecting 62 liters of blood.

As in previous years, a collection of cleaning products was carried out among LW Bogdanka employees, which were donated to PCPR Łęczna,

OSP Milejów, ŚDS Łęczna, Lviv Polytechnic, ORW Łęczna, St. Brother Albert's Brotherhood of Mercy in Lublin, Odra-Niemen Association and Children's Home in Siedliszcze. The "Caps for Marcin" campaign was also launched in 2023. More than 2 tons of bottle caps were collected, and the proceeds from their sale were donated to the rehabilitation of a colleague, Marcin. The Honorary Blood Donors Club also participates in the "Gold Fever" campaign - several hundred kilograms of grosz coins were collected for children under the care of the Polish Red Cross.



Active in Bogdanka - work-life-balance in practice

Since 2019 the employees of the LW Bogdanka Group can submit their passions in the Active in Bogdanka program. In 2023, 33 employees presented their activities in 3 calls for entries. Among the activities awarded were ice figure skating, parrot breeding, music, shooting, geology, and mountain climbing. As part of winner presentations, 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.



Education Zone C

There is a special educational zone at the Company's headquarters in Bogdanka, where classes and workshops on mining are organized. The classes are conducted by the Company's employees as part of employee volunteerism and retired miners who express such interest. The classes are mainly dedicated to children of preschool or early elementary school age, but older groups are also happy to take advantage of the offer. Visitors to the C-Zone learn about the mining profession, the more than 40-year history of hard coal mining in the Lublin Coal Basin, and the innovations and technical solutions that distinguish the Bogdanka mine. Three interactive rooms are available to visitors, and participation in the tour is free.



Pro-health campaigns at LW Bogdanka

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"

More than a hundred employees took part in the campaign organized in September. As part of a related educational effort, the Company received educational posters and fliers that were distributed throughout the county.

Social issues [S]

Murals

On the occasion of the concluding celebrations of the 40th anniversary of coal mining in Bogdanka, the mine has created two anniversary murals designed by artist Ewa Podlodowska. The idea behind the murals is "contemporaneity" juxtaposed with the symbolism of the mine's 40-year history. During the creation of the murals, the so-called photocatalytic paints were used, which, when exposed to light, purify the air of harmful substances. Ten environmental effect persists for several years from application. In addition to its impact on the aesthetics of the public space, the mural will therefore have anti-smog properties, which will emphasize attention to environmental and educational aspects.

Donations

LW Bogdanka S.A. is a valued employer, an active participant in the life of local communities and an economic pillar of the region. People who identify with the Company, its brand and mission make up Bogdanka's capital. Over a dozen thousand people are directly and indirectly related to the Company as its staff and their families. Pursuing the goal of building social support for its business, the Company is interested in supporting values that integrate social communities.

A manifestation of this philosophy of operation is, among others, the provision of support to non-commercial local social initiatives in the form of donations aimed at developing the cultural, scientific, educational and health spheres, building the municipal infrastructure and addressing other needs of the local community.

The following data pertain to LW Bogdanka S.A. The expenses of the subsidiaries for the activities indicated below were minor in comparison.

CSR – expenditures [PLN 000s]	2022	2023
CSR	922.1	1,064.8
<hr/>		
Donations [PLN 000s]	2022	2023
Donations (excluding donations to the Solidary Miners Foundation)	675.0	1,508.6
<hr/>		
Donations [entities]	2022	2023
Number of beneficiaries of LW Bogdanka S.A.'s donation fund	46	92

Social risks

Risk related to the strong position of the trade unions

In the hard coal mining sector, trade unions hold a significant position and play an important role in shaping the personnel and payroll policy, often determining renegotiations of the payroll policy using protests. As at the date of submission of this Report, there were 6 trade union organizations operating in the Group with more than half of the employees as their members. 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 may affect the operating activities of LW Bogdanka S.A.

The Group manages this risk through cooperation and constant constructive dialogue with representatives of the trade unions and by holding talks and negotiations in potentially conflicting situations.

Risk severity: **medium**

Risk of conflict with the local community

The conduct of transmission activity is associated with the production plant's generation of emissions or impacts (mining damage) that may be burdensome for the community living in its vicinity. The conducting of mining operations is associated with a significant impact on the environment, including cases of land subsidence and local flooding. This situation may cause dissatisfaction or protests organized by local residents.

The Group manages this risk through strict compliance with environmental regulations and its own initiatives aimed at reducing its adverse impact on the natural environment (including projects related to the protection of biodiversity in the mine's vicinity). The Group also compensates residents for any losses incurred as a result of its business by facilitating the process of reporting mining damage (e.g. through an online form). Moreover, the nuisances caused by the Group to the local community are compensated with socially beneficial initiatives. The fact that the Group is the largest employer in the region, offering stable employment conditions, is also conducive to the favorable perception of the mine's operations in the Lublin region.

Risk severity: **low**



Governance issues



The overriding values guiding the LW Bogdanka Group are honesty, professionalism and responsibility.

These values ensure harmonious development of the Group, which pursues its business objectives in line with social expectations and environmental requirements.

All operations undertaken by the Company comply with the law 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 also underway to update the Company's climate risks. The newly established Climate Section is responsible for the measures taken and monitoring of climate requirements.

Bogdanka's ESG Strategy

The Company's corporate social responsibility strategy, in effect since 2018, was updated in 2022. As a result of the work, the ESG Strategy of the LW Bogdanka Group for 2023-2025 with an outlook to 2030 was developed. The purpose of the ESG strategy is to fill in the gaps and take action in the areas and issues identified as weaknesses and to solidify strengths in the environmental, social, corporate governance and regional pillars, taking into account the viewpoints of various stakeholder groups, legal considerations, market trends and the long-term plan '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 for 2023-2030 with an outlook until 2040.

Distinctions:

- Wprost Eagle for Lubelski Węgiel Bogdanka. LW Bogdanka received an award in the Sustainable Development Leader category
- "Patron of Sports 2022" award received during Dziennik Wschodni's gala Sportsman's Ball
- Bogdanka has become a laureate of the ESG Innovator 2023 contest in category [G] – Innovation in Corporate Governance. We have received the Golden Award for creating Poland's first Scientific Council for Environmental Protection operating at a mining company. The Council is an external

- and fully independent advisory team of experts charged with the task of issuing opinions for the LWB Management Board pertaining to investments and other decisions related to environmental aspects and impact.
- LW Bogdanka was awarded the title "Responsible Employer - HR Leader 2023" in the 13th edition of the program organized by Strefa Gospodarki. This prestigious award demonstrates the Company's commitment to developing innovative human resource management practices and creating a friendly work environment. This award is a confirmation for us that by placing appropriate emphasis on the development of our employees and taking care of the culture of the working environment
- LW Bogdanka received the Economic Award of the President of the Republic of Poland (21st edition). LW Bogdanka was among the 3 highest rated Polish companies in the "Responsible Business" category
- Lubelski Węgiel Bogdanka S.A.'s 2022 Annual Report received the 2nd grand prize in the corporate category at the 18th edition of The Best Annual Report competition for regulated market issuers and the 11th edition for the alternative market. Bogdanka received a distinction last year, and this year it is among the top 3 companies listed on the WSE's main market.
- LW Bogdanka was distinguished by the editorial board of Kurier Lubelski and found itself on the podium of the "Kurier's Hundred" ranking among the largest employers in the Lublin Region. This is another award for our Company recently and proves that Bogdanka is today a valued employer and a true economic engine of the region
- Kasjan Wyligąła, President of the Management Board of LW Bogdanka, was awarded the title Manager of the Year of the Lubelskie Voivodeship 2022 in the Kurier Lubelski contest in the Large Enterprise category
- Great success for Bogdanka in the Responsible Company Ranking. LW Bogdanka took 2nd place in the latest nationwide

Responsible Company Ranking 2023 under the auspices of Dziennik Gazeta Prawna in the "Energy, Fuels, Mining" category, while in the general classification it was ranked very high, 8th in Poland

- In 2023, as in the previous year, LW Bogdanka won Polityka's "Silver CSR Leaf" in the 12th ranking of socially responsible companies for 2022.



Governance issues [G]

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

Considering the vicinity of the extremely valuable natural environment in which LW Bogdanka operates, but also the expectations of stakeholders regarding the Company's environmental impact, in May 2022 the LW Bogdanka Management Board established the Scientific Council for Environmental Protection at Lubelski Węgiel Bogdanka S.A. as a form of a standing opinion-making and advisory body consisting of experts in various fields of environmental protection.

The Scientific Council is an opinion and recommendation-making body providing the Management Board with its insight regarding the Group's various anticipated or completed activities in the field of environmental protection.

It operates as an independent body whose members put in their time on a voluntary basis, without receiving any remuneration for their effort.

The Scientific Council's duties include in particular:

- assessment of the resources, creations and components of nature subject to the immediate impact by LW Bogdanka
- participation in the development and pursuit of LW Bogdanka's environmental protection policy
- preparation of opinions on projects and concepts of projects for the Company's involvement in environmental protection initiatives
- assessment of the effectiveness of environmental protection measures taken by the Company

- preparation of opinions on selected applications for cooperation in the field of environmental protection received by LW Bogdanka
- preparation of opinions on research and scientific programs in the field of environmental protection addressed to LW Bogdanka
- submission of motions and opinions on environmental protection issues
- proposing of activities in the area of environmental protection for LW Bogdanka's potential involvement.

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

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



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

- as part of the first meeting of the Council, its members gave their opinion on the "Łęczyński Energy Cluster" project, issuing positive recommendations.
- as part of the second meeting, its members discussed the project initiated by the Mining and Energy Economy Research Institute of the Polish Academy of Sciences together with the KOMAG Institute of Mining Technology, Maria Curie-Skłodowska University and LW Bogdanka, to develop an IT system of monitoring and forecasting the impact of

- hydrogeological and hydrological changes on the biotic and abiotic environment in order to strengthen the potential of small-scale retention
- as part of the third meeting, council members consulted on the Company's concession plans.

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

As indicated earlier, the establishment of the Scientific Council was awarded in the ESG Innovator 2023 competition in the category [G] - Innovation in the Governance area. LW Bogdanka has received the Golden Award for creating Poland's first Scientific Council for Environmental Protection operating at a mining company.



Stable growth in a difficult environment – 40 years of mining

In 2023, the tenth non-financial report was published and presented key information about the activities of the LW Bogdanka Group in 2022. This year, the LW Bogdanka Group's ESG Report was published for the first time. The report contains detailed information about the Group's commitment to environmental, social and governance issues. The structure of the Report was developed on the basis of the key areas of activity defined in the LW Bogdanka Group ESG Strategy.



Governance issues [G]

Human rights issues

Respect for human rights

Respect for human rights is an absolute duty of every organization and its staff. This duty stems from the legal system adopted by the UN (Universal Declaration of Human Rights), the European Union (European Convention on Human Rights) and Poland, in particular from the Constitution of the Republic of Poland which guarantees respect for human and civil rights, including:

- right to liberty (Article 31)
- equality before the law and prohibition of discrimination (Article 32)
- gender equality before the law (Article 33)
- right to privacy (Article 47)
- personal freedom and integrity (Article 41)
- freedom of religion and opinion (Articles 53-54)
- freedom of assembly and association (Articles 57-59).

At LW Bogdanka S.A., issues related to respect for human rights are governed by internal documents, such as:

- "Code of Ethics"
- "Code of Conduct for LWB SA Suppliers"
- "Compliance Policy of LWB S.A."
- "Breach reporting procedure at LWB SA"
- LW Bogdanka Group's ESG strategy for 2023-2025 with an outlook to 2030.

In 2023, LW Bogdanka S.A. continued the rollout of its compliance management system. Compliance management in the Company takes place in three areas: compliance with generally applicable laws, compliance with the Company's internal acts, and compliance with generally accepted ethical standards. Ensuring compliance management in the Company includes, in particular, compliance with the following documents: Breach Reporting Procedure at Lubelski Węgiel Bogdanka S.A.; Code of Ethics of the Lubelski Węgiel Bogdanka S.A. Group; Rules for accepting and giving gifts; Rules for

conducting sponsorship activities. The operation of the compliance management system at LW Bogdanka S.A. is handled by the Compliance Policy Department and the Management Board's Compliance Representative.

By developing and adopting these regulations, the Company undertook to respect human rights and actively promote them.

In the event of their breach, appropriate steps are taken to promptly change the undesirable situation. As in most companies, as regards relations between staff members, of key significance is to ensure respect for dignity and counteract any discrimination.

In accordance with the Company's Code of Ethics, any conduct such as discrimination, either direct or indirect, harassment or mobbing are absolutely prohibited and unacceptable in the LW Bogdanka Group.

It is the responsibility of each and every employee to counteract such phenomena and to firmly oppose them.

Each newly hired staff member is familiarized with the Code of Ethics as part of the onboarding procedure. All staff are familiar with the content and mechanisms of the Code of Ethics – all employees (100%) received a hard copy of the Code and confirmed this fact with their own signature.

In connection with the implementation of the Compliance Management System, some of the Company's employees were trained in compliance with the law and ethical principles. In addition to training, activities aimed at promoting ethical attitudes and preventing situations of human rights violations are additionally strengthened through internal communication channels, such as the Company's website and social media (Facebook), enabling the Company to reach the largest number of recipients possible. In 2023, onboarding training for newly hired employees was conducted by the Compliance Policy Department.

Employees of the Company are required to report information on potential irregularities or unethical behaviors. They may contact the Compliance Policy Department and the Management Board's Compliance

Representative through special breach reporting channels, including by e-mail, telephone, regular mail or using the anonymous online reporting form available on the website. In addition, employees can use mail boxes located at all three mining fields and in the Management Board building, which also allows information to be submitted anonymously.

Since 2014, bidders wishing to establish cooperation with the Company are required to submit statements on compliance with the principles of ethics, human rights, environmental protection and labor law (including occupational health and safety). The agreements entered into by the Company contain relevant provisions, including the consent to an audit to be conducted by or on behalf of LW Bogdanka S.A. In 2023, in all internal tender procedures, statements were submitted regarding at least the issue of respect for human rights (with the exception of minor proceedings, conducted on a non-tender basis, in the case of which such statements are not required).

Since 2015, the Code of Conduct for LW Bogdanka S.A. Suppliers has also been in force in the Company.

It governs issues related to:

- compliance with the law, including observance of human rights
- preventing discrimination
- relations in the workplace
- occupational health and safety (OHS)
- protection of the natural environment.

Any staff of subcontractors working on the premises of LW Bogdanka S.A. are expected to comply with the provisions of the Company's Code of Ethics. They also have the ability to provide information about any potential breaches.

In 2023, the company updated the Lubelski Węgiel Bogdanka S.A. Group's Code of Ethics, which clearly indicates the obligation to comply with the law, including internal regulations in force at the Company.

Total number of incidents of discrimination (in the workplace) in 2023	0
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Total number of reported breaches – complaints and concerns regarding non-compliance with the Code of Ethics in 2023	30
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Governance issues [G]

Human rights issues

Key indicators (LW Bogdanka S.A.)

Contracts containing the respect clause [%]	2023
Percentage of contracts containing the respect clause	100%

Employee training [participants]	2023
Number of employees trained in respect for human rights	100%

Fines for violations of human or employee rights [PLN]	2023
Total value of fines imposed on the Company for violations of human or employee rights	0

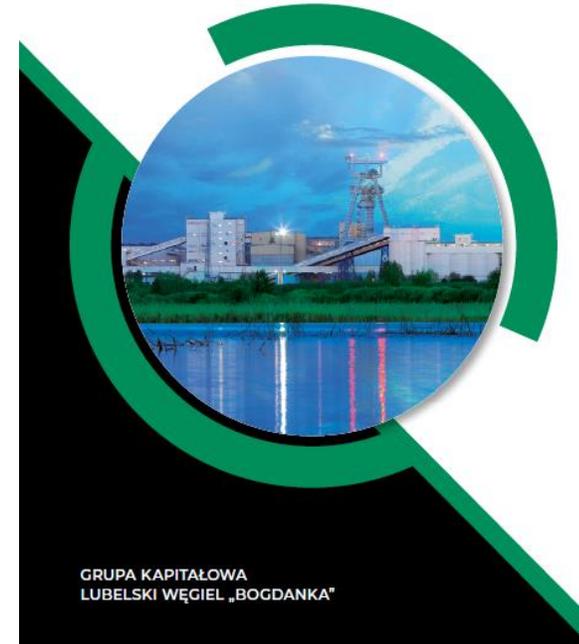
Risk of human rights violations in the Company

The LW Bogdanka Group strictly adheres to the provisions of Polish and European Union law in the field of respect for human rights. This notwithstanding, the scale of operations and the large number of employees carry a certain risk of human rights violations, especially in the sphere of respect for dignity or the principles of diversity. Despite the adoption of additional internal regulations in this respect and various educational campaigns, the Group may exert only a limited impact on incidental manifestations of discrimination among its staff.

The Group manages this risk through constant monitoring of all manifestations of human rights violations and training and information campaigns in this respect. The Company has a Compliance Policy Department in place along with the Management Board's Compliance Representative to supporting the Group's activities in this area. All employees who have been discriminated against or who have witnessed such events may use the Compliance Representative's help and pursue their pertinent rights.

Risk severity: **low**

KODEKS ETYKI



Governance issues [G]

Anti-corruption issues

Anti-corruption Policy

On 21 September 2023, by an order of the President of the Management Board of Lubelski Węgiel Bogdanka, the Company's fraud guidelines were updated and formalized by adopting an "Anti-Corruption Policy". The document aims to lay down legal and ethical standards to conduct business in a responsible and transparent manner. Knowledge of anti-corruption regulations and compliance with the principles and rules laid down in the Lubelski Węgiel Bogdanka S.A. Code of Ethics by all Employees is a prerequisite to protect not only the reputation but also the security of the Company.

As with the issue of respect for human rights, the anti-corruption policy is an important part of the LWB Group's Code of Ethics. In addition to the Code, this issue is also addressed in the following documents:

- "Breach reporting procedure at LWB SA"
- "Guidelines on accepting and giving gifts at Lubelski Węgiel Bogdanka S.A."
- "Compliance Policy of LWB S.A."

The Code of Ethics adopted by the LW Bogdanka Group indicates the ethical values and principles that should be followed in the Company and presents potential undesirable situations in an easily accessible manner. It addresses issues related to the ban on competition, conflict of interest and counteracting bribery and corruption.

The ethical standards described in the Code adopted by the LW Bogdanka Group define corruption as an act (action) strictly prohibited for all employees, regardless of their position within the organizational structure.

The Code defines corruption as an act involving:

- promising, offering or giving by any person, directly or indirectly, any undue benefits to an employee – regardless of the position or function within the Company – or to any other person, in exchange for acting or omitting to act while performing official duties
- requesting or accepting by a Company employee, directly or indirectly, any undue benefit, for such employee or for any other person, or accepting an offer or promise of such benefit, in exchange for acting or refraining from acting in the performance of official duties
- exceeding one's powers or failing to perform one's duties by a Company employee, resulting in damage to the Company's interest, committed in order to achieve any undue benefit by an employee or by any other person.

In 2023, in-depth anti-corruption training continued to be conducted. The training was addressed to management and was conducted by an officer of the Central Anticorruption Bureau (CBA).

Business partners are informed about the applicable rules through an anti-corruption clause adopted with the "Anti-Corruption Policy for Lubelski Węgiel Bogdanka S.A." - an anti-corruption clause constituting an appendix to concluded business agreements.

An issue closely associated with the topic of corruption is that of a conflict of interest. A conflict of interest may result from personal relationships, financial dependencies, external involvement of an employee or other obligations that may affect his or her impartiality when making decisions as to the selection of a potential counterparty for the Company. The Group has also regulated and secured these issues in its policies.

During onboarding training, each new employee is familiarized with the Code of Ethics, receives a copy thereof, and completes a Conflict of Interest

Report. As in the case of compliance with human rights, the Compliance Policy Department and the Management Board's Compliance Representative are responsible for monitoring and managing the anti-corruption area.

No breaches in this area were recorded in 2023. Values such as integrity of conduct in various spheres of activity, reporting and resolving ambiguous situations, high moral awareness of employees, etc., are standards that eliminate all manifestations of conflicts of interest and build a proper image of the Company, culture and mutual respect, both in interpersonal relationships and in labor relationships.

Key indicators

Corrupt behaviors [number]	2023
Number of confirmed cases	0
Anti-corruption training - managerial staff [%]	2023
Percentage of employees (managerial staff) who participated in anti-corruption training	100%
Percentage of employees who were informed about the anti-corruption approach and principles	100%

Anti-corruption risks

Risk of corruption among the Company's employees

In the LW Bogdanka Group, any activities that may show signs of corruption or situations that may raise doubts as to the impartiality of employees when awarding contracts are unacceptable. This notwithstanding, regardless of the procedures and regulations adopted by the Company in this area, a slight risk of corruption always remains. The most exposed to irregularities in this area are those employees who enter into direct contact with representatives of external parties that may potentially obtain a specific material benefit by establishing cooperation with the Company.

The Company manages this risk by adopting a number of regulations and procedures for internal application, requiring impartiality in the performance of official duties and prohibiting the acceptance of any material benefits from external parties. Training is also conducted in this field by the pertinent internal services operating within the Company – the Compliance Policy Department and the Management Board's Compliance Representative.

Risk severity: **low**

Glossary

GLOSSARY

- **CSR** – Corporate Social Responsibility
- **Net debt/EBITDA** – ratio of net debt (sum of interest-bearing short-term and long-term liabilities less cash and cash equivalents) to EBITDA
- **EBIT** – operating profit before interest and taxes
- **EBITDA** – EBIT plus depreciation and amortization and impairment losses
- **TEP** – Technical and Economic Plan
- **LWB** – Lubelski Węgiel Bogdanka S.A.
- **IFRS** – International Financial Reporting Standards endorsed for use in the EU
- **Gross margin on sales** – return on sales ratio calculated by dividing profit by the value of sales
- **EBITDA 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

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Artur Wasilewski

Vice-President of the Management Board
Economy and Finance

.....

Adam Partyka

Vice-President of the Management Board
Labor and Social Affairs

.....

Dariusz Dumkiewicz

Vice-President of the Management Board
Sales and Investments

.....

Bogdanka, 19 March 2024



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