



MANAGEMENT BOARD REPORT

on the Activity of the LW Bogdanka Group
for Q1 2024



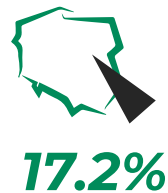
LW Bogdanka Group



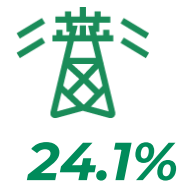
Lubelski Węgiel Bogdanka S.A.

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

Share in the hard coal market in Poland



Share in the steam coal market in Poland



Share in coal supplies to the commercial power sector in Poland

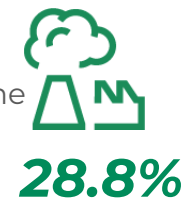


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1. Operating summary



LW Bogdanka 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 Q1 2024 was as follows:

- fine coal: 99.4%
- pea coal: 0.5%
- chestnut coal: 0.1%

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 (61%)
- ENEA Group – Enea Połaniec (17%)

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

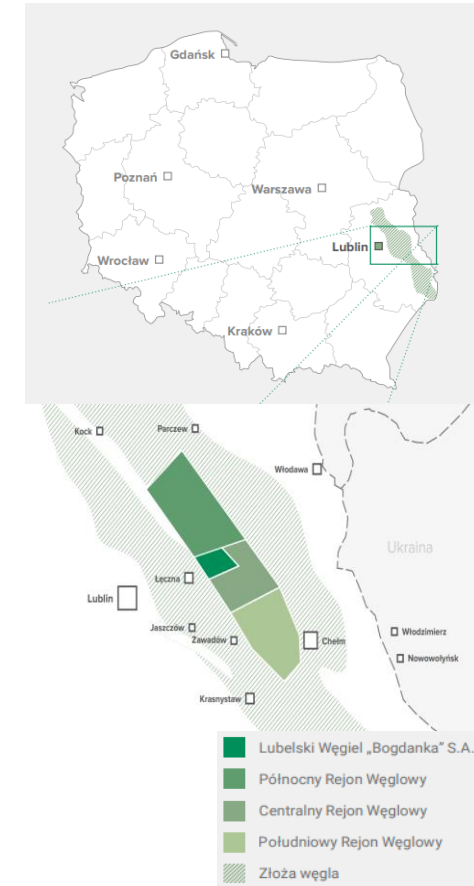
The Company remains the efficiency leader in the Polish mining industry owing to its consistently executed Cost Optimization Program. The Company's strategy calls for a further decrease in the Unit Mining Cash Cost.

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:

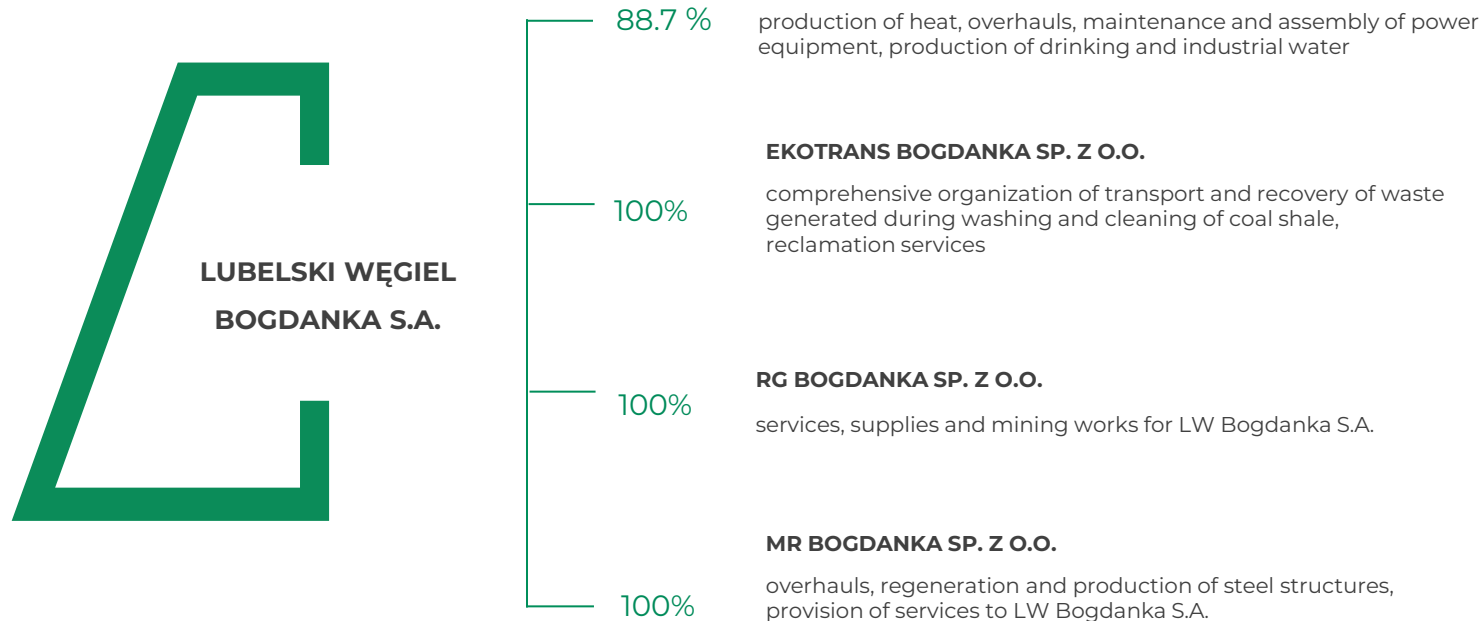
- Act of 15 September 2000 entitled Commercial Company Code
- Act of 9 June 2011 entitled Geological and Mining Law

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

Historical background

17 January 1975	1 March 1993	29 December 1994	25 June 2009	29 October 2015	17 November	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	in response to rapid developments in the domestic and international market in 2020 adoption of the new LW Bogdanka Strategy until 2030	in response to rapid developments in the domestic and international market in 2023 adoption of the new Strategy of the LW Bogdanka Group for 2023-2030 with an Outlook until 2040

Structure of the LW Bogdanka Group



Changes in the LW Bogdanka Group's structure

In Q1 2024, 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.

Summary of Q1 2024

Operating data

2.9 million tons

Gross coal extracted

64.7%

Mining yield

1.9 million tons

Production of commercial coal

6.4 km

New excavations

1.8 million tons

Sales of commercial coal

Headcount

6,212 persons

Headcount as at the end of Q1 2024

1.3%

Increase in headcount from 2023



Financial highlights of LW Bogdanka Group

PLN 815.9

million

Sales revenues

PLN 45.5

million

Sales profit

PLN 48.3

million

EBIT

PLN 162.5

million

EBITDA

PLN 42.8

million

Net profit

Highlights

- dismissal of a member of the LW Bogdanka S.A. Supervisory Board
- receipt of a judgment in a patent case
- receipt of a notice from a key business partner on reduction of demand for coal in 2024 by approx. 934 thousand tons

Events after the balance sheet date

- updating the production target for 2024 to approx. 7-8 million tons of commercial coal
- Extraordinary Shareholder Meeting - adoption of resolutions to change the composition of the Supervisory Board, resolutions to amend the Remuneration Policy for Members of the Supervisory Body and the Management Body of LW Bogdanka S.A. and to amend the rules for setting the remuneration of Management Board members
- resignations of Supervisory Board members
- changes in the composition of the Company's Management Board.

Development strategy of LW Bogdanka Group

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

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

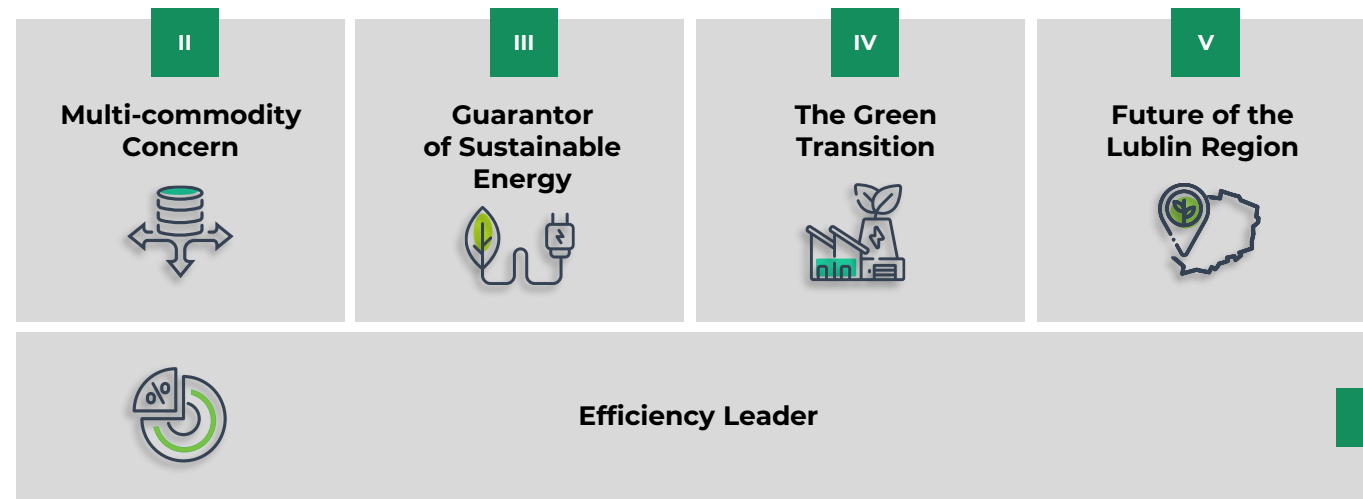
- The turbulences in the global coal market related to the destabilization of the market caused by the war in Ukraine and the embargo on imports from Russia. The change in the global and local coal demand and supply structure, as well as the increase in raw material prices and their projected continuation in the medium term.
- Poland's accelerating energy transition - an update of PEP 2040 and the Social Agreement and Program for the Coal Sector (closure of the LW Bogdanka mine in 2049).
- Progressing exploration of raw materials - the scarcity of critical raw materials sets the stage for the development of mining 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.



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.

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 Q1 2024

In Q1 2024, 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 145,060 thousand were incurred.

The 2024 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. Redevelopment of mining excavations will also be carried out.

Development and replacement investments LW Bogdanka S.A.

Maintenance of machinery

- Purchase of new machinery and equipment subject to assembly - an expenditure of PLN 3,750 thousand was incurred for the purchase of, among others, a longwall shearer and a roadheader,
- Purchases of finished goods, machinery and equipment – finished goods were purchased for PLN 2,525 thousand. The most important ones are as follows: finished transport equipment (among others: a hydraulic stationary hoist, a baggage vehicle), pumps and hydraulic units, electrical equipment (among others: electric motors), other finished equipment, among others a WD-type hydraulic drilling rig.
- Modernization and overhaul of machinery and equipment - PLN 4,224 thousand was allocated to, among others, the modernization of the DC motor, the overhaul of the PF-4/1032 longwall conveyor, the overhaul of the PF-

4/1132 scraper conveyor, and expenditures were incurred on the overhaul of the S-200 locomotives.

Other development investments

- Extension of the mining waste facility at Bogdanka - an expenditure of PLN 11 thousand was incurred. The expansion of Phase II of Sector V has been completed. Works to perform earthworks in accordance with the executed contract are under way. The land is currently being drained for the expansion of the next sector.
- Central air conditioning of the Bogdanka field - expenditures of PLN 1,392 thousand were allocated for the modernization of coils in spray and evaporative condensers - stage 2.
- Power, mechanical and telecommunications installations expenditures in the amount of PLN 563 thousand incurred, among other things, for the installation of a DN 250 main drainage pipeline in shaft 1.2, the installation of a DN100 pipeline in shaft 1.5.
- Windmill switchgear facilities and other electrical power systems - PLN 645 thousand was incurred, among other things, for the MW S 1.3 intake air cooling system.
- Replacement investments in the Coal Preparation Plant - PLN 3,215 thousand was allocated, among others, to the modernization of steel structures and facades of the Coal Preparation Plant, and replacement of the jigs in area 46.1.
- Construction and modernization of core business facilities and installations - PLN 1,306 thousand was incurred, among other things, for the construction of a potable water transmission pipeline and adaptation of the shaft for transporting people and materials on the counterweight side.

ICT – PLN 2,806 thousand has been spent, among other things, on an underground wireless communication system, monitoring systems for the company's facilities, as well as the purchase of computer hardware and systems.

Others - expenditures in the total amount of PLN 6,336 thousand were incurred mainly for the construction of an mine water pumping station

on the "Żelazny" RE ditch (as part of environmental protection efforts) as well as for the construction of surface civil structures, modernization of electric heating of switches at the Bogdanka station.

Operational investments of LW Bogdanka S.A.

New excavations were completed in accordance with the applicable Mining Work Schedule. The total length of the completed roadway excavations carried out as part of the investments in Q1 2024 was approximately 5.2 km (in total 6.4 km) and their value amounted to PLN 87,580 thousand.

The modernization of excavations in the form of reconstruction of roadways, reconstruction of vertical excavations and modernization of retention reservoirs was carried out in accordance with the adopted schedule for a total value of PLN 28,127 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 649 thousand.

Łęczyńska Energetyka - the investment tasks carried out in Q1 2024 included investments related to generation, transmission and distribution of heat and included the purchase of hardware and software for a total amount of PLN 133 thousand.

RG Bogdanka, MR Bogdanka - incurred total capital expenditures of PLN 516 thousand in Q1 2024 for the purchase and installation of machinery and equipment, as well as core business.

Investment activities completed in Q1 2024

Selected items of capital expenditures in the LW Bogdanka Group

[PLN thous.]	TEP 2024	TEP actuals Q1 2024	TEP actuals Q1 2024 [%]
New excavations and upgrade of existing ones	564,407	115,707	20.5%
Maintenance of machinery	239,032	10,499	4.4%
Longwall shearers	167,931	0	0.0%
Other development investments	80,073	7,132	8.9%
ICT	30,316	2,806	9.3%
Other	44,539	8,916	20.0%
TOTAL CAPEX in LW Bogdanka SA	1,126,298	145,060	12.9%
Łęczyńska Energetyka Sp. z o.o.	9,500	133	1.4%
MR Bogdanka	1,590	86	5.4%
RG Bogdanka	3,987	430	10.8%
EkoTrans	0	0	0
TOTAL CAPEX in the LW Bogdanka SA Group	1,141,375	145,709	12.8%

Value of capital expenditures incurred for excavations in Q1 2024

Total excavations and works	Depreciation method	Length [running meters]	Value of capital expenditures [PLN 000s]
Gate roads	natural	3,694	
Basic excavations	straight-line	1,440	115,707
Reconstructions	linear/natural	1,192	

The total length of roadway excavations completed in Q1 2024 was 5,179 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 28,127 thousand. The total expenditure incurred on new excavations and modernization of existing ones amounts to PLN 87,580 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 46 m.

Price of coal on the international market

CIF ARA coal prices

- 105.9 USD/t - average CIF ARA coal price in Q1 2024 -27.8% vs. Q1 2023 (146.7 USD/t)
- comparing with the average CIF ARA coal price in Q4 2023 (125.1 USD/t), this is a decrease of 15.3%

Inventories in ARA ports

- approx. 5.7 million tons of coal inventories at the end of March 2024 at ARA ports - at the end of December 2023 the inventories stood at 5.5 million tons

Prices at major ports worldwide

- 70.1 USD/t - average Baltic Ports FOB price in Q1 2024 vs. Q1 2023 (106.6 USD/ton) – down by 34.2%
- comparing with the average price in Q4 2023 (83.6 USD/t), this is a decrease of 16.1%

China

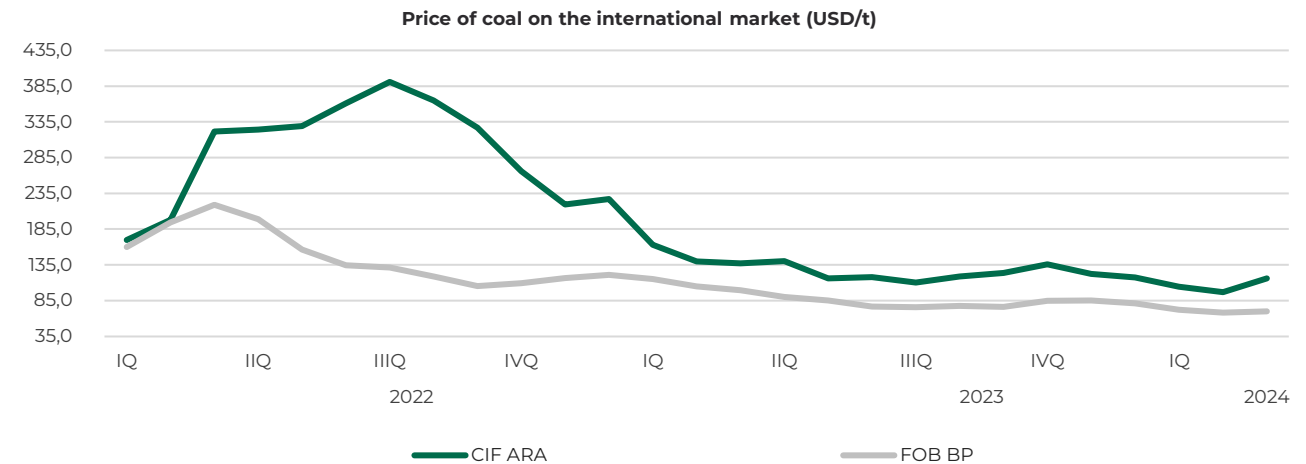
- in Q1 2024, approximately 1.1 billion tons of coal was produced, -8.3% vs. Q1 2023 (1.2 billion tons)
- in Q1 2024 imports totaled 116.0 million tons, up approximately 16.0% from Q1 2023 (100.0 million tons)

USA

- in Q1 2024 production was 114.7 million tons, -16.5% vs. Q1 2023 (137.4 million tons)
- consumption in Q1 2024 was 91.5 million tons, remaining at the same level as in Q1 2023
- exports in Q1 2024 amounted to 23.9 million tons of hard coal, +7.2% y/y (22.3 million tons in Q1 2023)

Russia

- production in Q1 2024 was 108.0 million tons, down 0.9% y/y
- exports in Q1 2024 amounted to 33.0 million tons, a decrease of 15.6% y/y



Prices for fine steam coal on the domestic market

Price of fine steam coal

- The average price of fine steam coal for the commercial power sector in Q1 2024 was PLN 22.9/GJ, the price growth rate was ca. 26.6% compared to Q1 2023 (31.2 PLN/GJ)
- The average calorific value of fine coal for the commercial power sector was approx. 21.4 GJ.

Prices from the PSCMI index

- The average price from the PSCMI Index in Q1 2024 was approx. PLN 22.9/GJ, compared to the average price in Q1 2023 (32.4 PLN/GJ), the decrease was approx. 29.3%

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 Q1 2024, steam coal production was approx. 8.7 million tons, down 4.4% y/y.

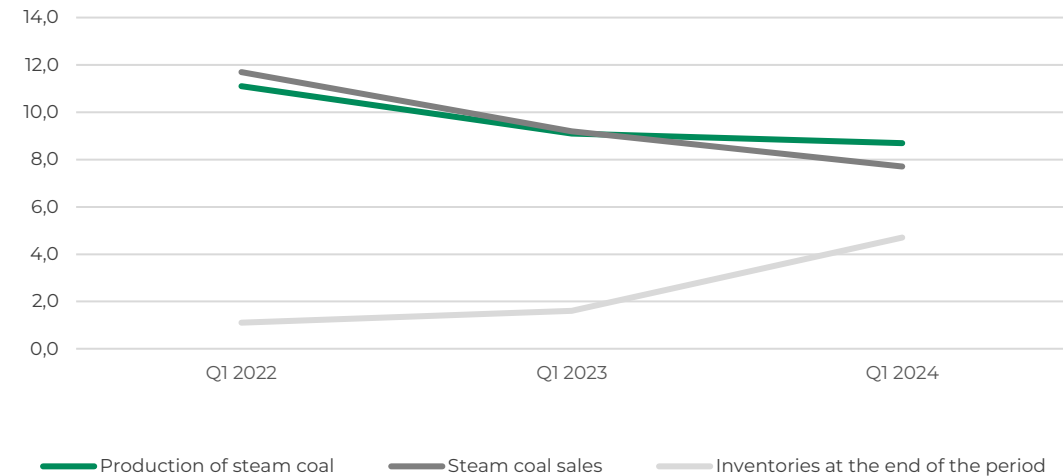
Steam coal sales in Poland

- the sales in Q1 2024 amounted to approx. 7.7 million tons, of which sales to the commercial power sector amounted to approx. 5.5 million tons of fine steam coal
- compared to Q1 2023 steam coal sales decreased by approx. 16.3%.

Coal inventories in Poland

- at the end of Q1 2024, steam coal inventories were 4.7 million tons (3.8 million tons at the end of 2023)
- compared to Q1 2023 (1.6 million tons) inventories rose by 3.1 million tons (+193.8%)

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



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

Key buyers of steam coal in Poland

The commercial power sector is the main buyer of steam coal in Poland, purchasing approx. 5.5 million tons of fine steam coal. The most important buyers in the commercial power sector are:

- Tauron
- PGE
- Enea
- PGNiG
- ENERGA

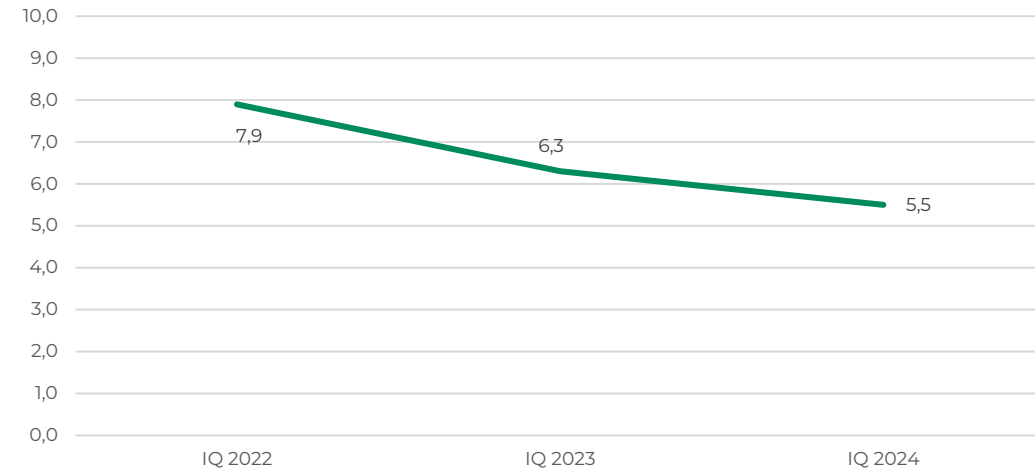
Steam coal sales in Poland

In Q1 2024, approximately 8.7 million tons of steam coal was sold in Poland. Approximately 7.4 million tons of steam coal were delivered to the domestic market, including nearly 6.7 million tons of fine steam coal.

Coal exports

Approximately 1.1 million tons of coal was exported, including approx. 0.3 million tons of steam coal.

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



Production of electricity in Poland

Total electricity production

In Q1 2024, 43,906 GWh of electricity was produced, up 433 GWh (1.0%) compared to Q1 2023.

Electricity production from coal

The main fuel used for electricity production was coal, which generated 28,001 GWh in Q1 2024. Such a level means a drop by 2,255 GWh (-7.5%) compared to Q1 2023.

In Q1 2024, coal was the source of 63.8% of all electricity production in Poland; its share in the fuel mix was lower by 5.8% compared to Q1 2023.

Electricity production from hard coal

In Q1 2024, hard coal produced 19,202 GWh of electricity (down 7.9% vs. Q1 2023).

Electricity production from lignite

In Q1 2024, lignite produced 8,799 GWh (6.6% less compared to Q1 2023).

Electricity production from wind power plants

Wind power generated 7,955 GWh in Q1 2024, up 19.3% from Q1 2023. The share of wind power in electricity generation was approx. 18.1%.

Electricity production from gas-fired power plants

Gas-fired power generation in Q1 2024 was 4,619 GWh, up 17.4% compared to Q1 2023.

Electricity generation from other renewable sources

Other renewable power generation in Q1 2024 was 2,154 GWh, up 38.6% compared to Q1 2023.

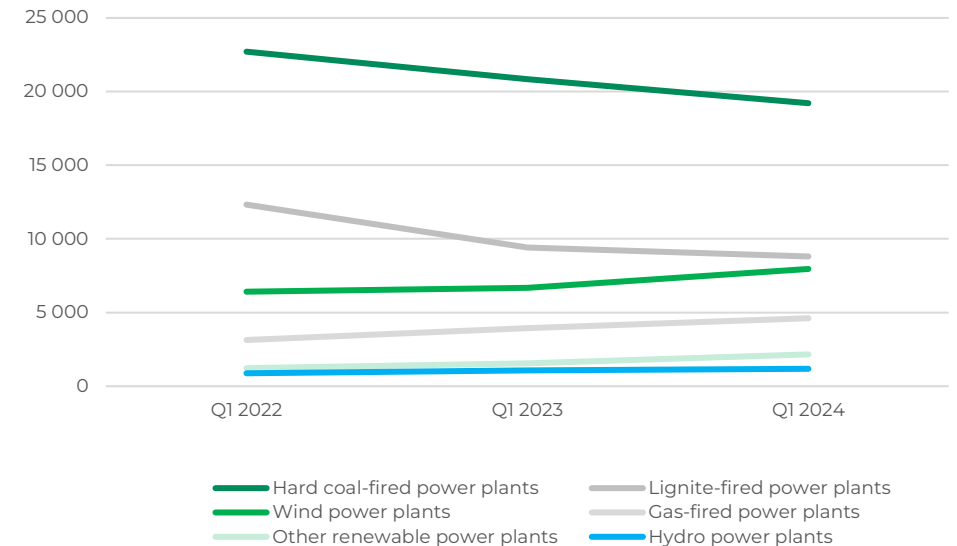
Domestic electricity consumption

In Q1 2024, 45,270 GWh of electricity was consumed, down 1,171 GWh (2.7%) compared to Q1 2023.

Balance of cross-border exchange

The balance of cross-border exchange of electricity in Q1 2024 was 1.364 GWh, compared to 738 GWh in Q1 2023. This means importing energy.

Electricity production in Poland [GW/h]



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

For a full description of the risks to the Group's operations, see the 2023 report. The following are the factors that the Group believes are most significant as we look ahead to the next (second) quarter of 2024.

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

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

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

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

On the world coal market, in March 2024, prices at ARA ports are at approx. 116 USD/ton, which a slight decrease from the average price in December 2023, which was at approx. 117 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 115 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) for February 2024 was at around PLN 22.63/GJ, and the PSCMI 2 index (commercial and non-professional district heating segment) was at around PLN 24.85/GJ. The last price for 2023 in December was respectively: PLN 28.51/GJ (PSCMI 1) and PLN 28.38/GJ. Despite the decline in both indices at the beginning of 2024, compared to their levels at the end of the year, however, it should be noted that domestic coal prices are still at relatively high levels, especially compared to the quotations of the PSCMI 1 index in previous years (on average PLN 11.42/GJ in 2021 and PLN 19.12/GJ in 2022).

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

An important aspect of the Company's operations is the need to secure future mining opportunities through access to new coal resources. The decrease in the resource base resulting from ongoing mining, in the absence of new concessions, limits the possibility of more efficient planning of opening and preparation of a deposit for mining, and contributes to shortening the life of a mine or reduction of the level of production

and, consequently, the expected financial results in the future. The opening of new deposits is connected with the necessity to incur additional capital expenditures, in particular for capital excavations. The key issue is to ensure that production efficiency is maintained despite longer transport and haulage routes and reduced effective working hours.

Technical and technological factors

The underground mining of hard coal deposits is a complex process subject to strict technical and technological regimes.

In the course of such activities, various downtimes may occur due to scheduled and unscheduled (e.g. breakdowns) technical interruptions. In this group of risks, there is also the risk of unexpected, usually local, deterioration of the quality of the deposit.

Countermeasure:

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

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

In the hard coal mining sector, trade unions hold a significant position and play an important role in shaping the personnel and payroll policy, often forcing renegotiations of the payroll policy using protests. As at 31 March 2024, there were six trade union organizations active in the Group (of which, at LWB, there were four trade union organizations representing approx. 68.6 % of the workforce). The strong position of the trade

unions gives rise to a situation in which there exists a risk of increasing salaries under the negotiated salary agreements in the future, which consequently may adversely affect the financial performance of the LW Bogdanka Group. Furthermore, potential protests and/or strikes organized by the trade unions operating in the Group may have an impact on the operating activities of the LW Bogdanka Group.

Countermeasure:

Ongoing dialogue and holding periodic negotiation meetings with the trade union organizations.

Changes in headcount

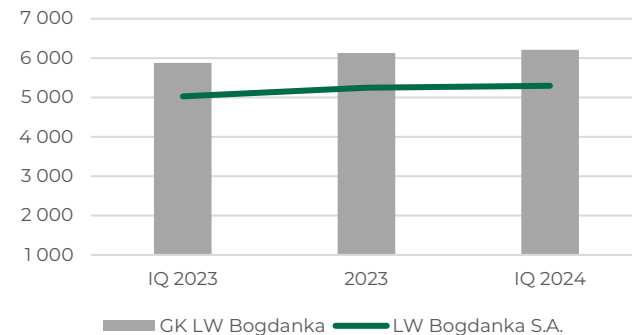
The **LW Bogdanka Group** is one of the biggest employers in the Lublin region. We employ over six thousand people, a vast majority of whom come from Łęczna County and its surrounding areas, i.e. within 50 km from Bogdanka.

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

Headcount in the Group

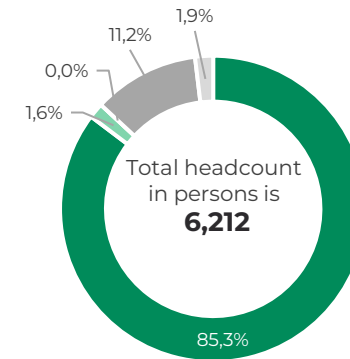


Headcount in the Group

In Q1 2024, there was a 5.7% increase in LW Bogdanka Group's headcount compared to Q1 2023.

Headcount in LW Bogdanka S.A.

In Q1 2024, the Parent Company employed 85.3% of the LW Bogdanka Group's total workforce. Blue-collar workers accounted for 80.4% of LW Bogdanka S.A.'s total workforce. Compared to Q1 2023, the number of underground workers increased by 6.2%. In Q1 2024, 107 people were hired by LW Bogdanka S.A., while 55 people left the Company in the same period.



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.

Headcount in persons	31.03.2023	31.12.2023	31.03.2024	Employment structure in the Group	Change Q1 2024/ Q1 2023	Change Q1 2024/ 2023
Total workers	4,108	4,214	4,262	-	3.7%	1.1%
Underground employees	3,064	3,159	3,216	-	5.0%	1.8%
Surface employees	1,044	1,055	1,046	-	0.2%	-0.9%
Full-time underground employees	508	567	577	-	13.6%	1.8%
Full-time surface employees	413	465	459	-	11.1%	-1.3%
Total underground employees	3,572	3,726	3,793	-	6.2%	1.8%
LW Bogdanka S.A.	5,029	5,246	5,298	85.3%	5.3%	1.0%
RG Bogdanka Sp. z o.o.	643	675.0	697	11.2%	8.4%	3.3%
MR Bogdanka Sp. z o.o.	103	109	115	1.9%	11.7%	5.5%
EkoTrans Bogdanka sp. z o.o.	1	1.0	1.0	0.0%	0.0%	0.0%
Łęczyńska Energetyka Sp. z o.o.	103	101.0	101	1.6%	-1.9%	0.0%
of LW Bogdanka Group	5,879	6,132	6,212	100.0%	5.7%	1.3%

Environmental issues - [E]

Location of the LW Bogdanka Group

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

In the immediate vicinity are:

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

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

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

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

Carbon footprint

On the basis of the carbon footprint measurement methodology adopted in 2022, work continued on the project entitled "LW Bogdanka's Carbon Footprint - computerization of the data collection process" aimed at:

- Adapting internal IT systems of Lubelski Węgiel Bogdanka S.A. to the methodologies developed

- Improving the quality and increasing the quantity of data used to calculate the carbon footprint in accordance with the accepted methodology, thereby reducing the emissions 'uncertainty' indicator.
- Accelerating the data aggregation process
- Standardizing the data collection method
- Improving efficiency of work of the people responsible for collecting data and calculating the carbon footprint.

Biodiversity

Invariably, as in previous years, in 2024 Lubelski Węgiel Bogdanka continues its activities in the field of protection and stimulation of biodiversity, carried out in cooperation with the Foundation for Nature, i.e.:

1. Rare and vanishing animal species of the Lublin Region - whose main goal in 2024 will be to monitor the breeding sites of the great gray owl and protect the species by creating additional breeding sites.
 2. Wandering of Lublin Cranes - whose main goal will be the active protection of the population of cranes nesting in and around Polesie National Park by securing nests and monitoring nestlings.
- Q1 2024 also saw the continuation of activities launched in 2022 to protect biodiversity in cooperation with the Bird Horizons Foundation, by joining the project entitled "Bird Horizons - Active Protection of Endangered Birds in the Polesie Lubelskie region." The goals of the project include:
- active protection of endangered wading bird species in Polesie Lubelskie (Eurasian curlew, Black-tailed godwit, Common tern, Little tern)
 - implementation of a comprehensive and systematic protection program to maintain and increase the breeding population of the species covered by the Project,
 - raising public awareness of the problem and ways of helping endangered birds.

As part of the project, in cooperation with the Polesie National Park, so far three artificial bird nesting islands have been constructed on the Big Zośka Reservoir in the area of the Perehod Nature Trail in the Polesie National Park, which will enable endangered bird species such as the common tern, little tern, to establish their colonies. The project will be completed in April 2024.

Bogdanka's Glade

Q1 2024 saw further work on the final version of the Bogdanka Glade design concept, i.e. a thematic social and natural space for recreational and educational purposes, consisting of specified zones, i.e. cultivation, wellness, farming, children's play zone, animation areas, etc. designed and implemented in the spirit of the latest design trends with regard to the principles of sustainability and naturalism.

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

It will be located on land owned by LW Bogdanka in close proximity to the Company's headquarters. The implementation of the Project is of a strategic nature as part of the implementation of the assumptions of the ESG Strategy of Lubelski Węgiel Bogdanka, the purpose of which is supporting local governments in making the region more attractive and improving the quality of life for the local communities, including LW Bogdanka's employees.

Cooperation with the Polesie National Park

On 29 January 2024, a cooperation agreement for the sustainable development of Polesie was signed between the Company and the Polesie National Park. The object of the agreement 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 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.

Conference "Circular economy - no longer a choice, but a necessity"

On 21 February 2024, a conference entitled "Circular economy - no longer a choice, but a necessity" was held in Lublin, organized by the Company as coordinator of the Lublin Region Circular Economy Cluster. Among the participants were representatives of business, local governments, universities and research institutes.

The conference featured a large dose of practice, including a discussion of pioneering CE projects. An important issue raised during the speeches was the use of Carboniferous shale from LW Bogdanka S.A. for the production of ceramic building materials and fertilizers, which is an example of sustainable use of natural resources and reduction of mining waste. The highlight of this part of the conference was the ceremonial signing of a letter of intent between Lubelski Węgiel Bogdanka and Taylor Sp. z o.o. regarding the use of mining waste from Bogdanka for the production of bio-fertilizers.

Social issues [S]

Employee issues

“Solidary Miners” Foundation

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



Key socially-beneficial initiatives pursued by the Solidary Miners Foundation in Q1 2024:

- Help in individual cases. Invariably, the Foundation's statutory activity is to help individuals with treatment and rehabilitation. The support is based on subsidizing medical equipment and financial aid, in the form of an allowance. The main beneficiaries of the Foundation's activity are current and retired employees and their families. Several dozen individuals receive individual aid from the Foundation every year. The pursuit of these initiatives has been ongoing since the establishment of the Foundation. In Q1 2024, financial assistance was provided to 16 employees or their family members.

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

- Organization of collections and charity events - since the beginning of the year, the Foundation has been committed to the sick and needy children of the Company's employees.

Bogdanka Socially Committed

Bogdanka Socially Committed, a program to support local social and charitable initiatives submitted and coordinated by employees, was very popular in Q1 2024. 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.

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. As part of its activity, mobile blood collection points are set up by the Company's office on a regular basis. 6 such campaigns are planned for 2024. The Club's activities also include periodic collections of cleaning products and bottle caps, thus supporting local aid institutions or individuals who have found themselves in difficult life situations.

Active in Bogdanka - work-life-balance

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



Social issues [S]

Involvement in the development of the social environment

Development of the local community

Activities for the benefit of the region, as well as in the environmental, social and organizational culture fields are the pillars of the adopted "LW Bogdanka Group's ESG strategy for 2023-2025 with an outlook to 2040." Bogdanka strives to be a good neighbor for local stakeholders 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.

The Company focuses its activities in the Lubelskie Voivodeship in accordance with LWB's Social Involvement Policy.

Charitable activity

In Q1 2024, the Management Board of LW Bogdanka S.A. made in-kind or monetary donations in order to actively support socially beneficial goals pursued by various social actors. 15 donation agreements were signed with entities executing projects for the benefit of the local community.

Bogdanka's multi-sector partnerships

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

"Active and fulfilled women" project - 3rd edition

Work is underway to launch the 3rd edition of a social project aimed at women to empower them in society and the labor market. Due to high interest in previous editions, the territorial scope of the project was expanded to include, in addition to the county of Łęczna, the counties of Włodawa and Chełm. The project will involve 60 female participants, who will be selected through an open recruitment process. The third edition of the project also included a separate project group of 15 female employees of Lubelski Węgiel Bogdanka. The project will be implemented together with partners Association for Supporting Activity and Municipal Public Library in Puchaczów.



Bogdanka's Cultural Scholarships Summary of the 3rd edition of the program

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

The project is a proposal for activities aimed at young artists from the Lubelskie Voivodeship as part of Bogdanka's Cultural Patronage. The purpose of the scholarships is to support the individual development of young artists and culture managers from the Lubelskie Voivodeship and to increase the availability of artistic events/activities, especially in rural areas. In the third edition, 19 winners won awards.

Lublin Entrepreneurs of Tomorrow vol. 2

A project aimed at developing the fundamentals of entrepreneurship among young people, encouraging them to create innovative ideas in line with sustainable development principles. Among the participants were students of the Chemical and Food Industry School Complex in Lublin, as well as the Transport and Communication School Complex and the Władysław Grabski School Complex No. 1 in Lublin.



Cooperation with the Revalidation and Education Center in Łęczna

On 21 March 2024, the opening of a brine graduation tower - a place that aims to provide rehabilitation opportunities in a natural setting - took place in Łęczna on the grounds of the Revalidation and Education Center. This is the first public facility of its kind in the county of Łęczna for the prevention and treatment of conditions such as upper respiratory diseases, which are shown to be occupational diseases related to mining.

The establishment of the graduation tower is a joint initiative of LW Bogdanka, the Łęczna County Office, ORW Łęczna, the University of Life Sciences in Lublin and the SENSUS Association for Children, Youths and their Families.



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.

In Q1 2024, nearly 1,800 children and caregivers from nearby schools and care centers participated in the activities.

Governance issues [G]

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

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

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

Facing new challenges, the Company regularly evaluates its existing regulations and policies, especially in terms of climate requirements but also in terms of diversity and human rights.

Work is also underway to update the Company's climate risks. The newly established Climate Section is responsible for the measures taken and monitoring of climate requirements.

The Group is also preparing to fulfil its reporting obligations against new non-financial reporting standards under the Corporate Sustainability Reporting Directive (the so-called CSRD).

A review of currently aggregated data and implemented policies is being carried out to bring the Company into compliance with the new standards.

Bogdanka's ESG Strategy

As of December 2022, the new "LW Bogdanka Group's ESG strategy for 2023-2025 with an outlook to 2030" is in effect. 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.

All social responsibility activities undertaken are guided by the assumptions of the adopted 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 initiatives for their environmental and social impact.



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, the Scientific Council for Environmental Protection at Lubelski Węgiel Bogdanka S.A., established by the LW Bogdanka Management Board, has been functioning invariably since May 2022, as a form of standing, independent opinion and advisory body consisting of experts in various fields of environmental protection.

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.

The Council's first meeting in 2024 is scheduled for the month of June.

"Go to the future 2024" Conference

On April 8-9 representatives of LW Bogdanka attended the "Go to the future" conference in Warsaw. On the first day, the "Roundtable for Sustainable Economic Transformation" debate was

held, initiated by the Polish ESG Association, emphasizing critical issues related to the sustainable transformation of the Polish mining industry. The meeting was also attended by representatives of companies, universities, ministries, state institutions, and current and former MPs.

Distinctions

On 16 January this year, the editors of the WPROST weekly honored LW Bogdanka in the Wprost Eagles 2024 contest with the honorable award "Enterprise of the Region." This award was given to Bogdanka for its economic and financial achievements in 2023 and its record in mining progress. The Award Committee recognized Bogdanka for its exceptional investments in RES (including a pilot photovoltaic farm that has been put into operation) and for innovations in the area of corporate governance (ESG), confirming its commitment to sustainable development and responsible operations.

On 2 February 2024, in Warsaw, LW Bogdanka was awarded the prestigious "Azymut" award of the Polish Economic Society in the category of "Motor of development in the region". The "Azymut" award is given once a year to the best Polish companies for outstanding business achievements and significant contributions to the development of the Polish economy.



3. Financial standing



Coal production, sales and inventories of the LW Bogdanka Group

Production and sales of the Company's commercial coal

[000s of tons]	Q1 2023	Q1 2024	Change	Percentage change
Gross coal extracted	2,969	2,896	-73	-2.5%
Production of commercial coal	1,623	1,875	252	15.5%
Mining yield (%)	54.7%	64.7%	10.0 pp	18.3%
Sales of commercial coal	1,582	1,757	175	11.1%
New excavations (km)	8.5	6.4	-2.1	-24.7%

Company's commercial coal inventories

[000s of tons]	31.03.2023	31.12.2023	31.03.2024	Change [%] 31.03.2024 / 31.03.2023	Change [%] 31.03.2024 / 31.12.2023
Coal inventories	62	371	489	688.7%	31.8%

Commercial coal production structure

[%]	Q1 2023	Q1 2024
Fine coal	97.9%	99.4%
Chestnut coal	1.9%	0.1%
Pea coal	0.2%	0.5%
Total	100.0%	100.0%

The Company's financial results in Q1 2024 were significantly affected by the lower coal sales price and reduced demand for steam coal reported by domestic and foreign business partners.

The Company retains the ability to respond on an ongoing basis to the market situation by increasing production due to the preparatory work performed last year and this year.

Coal production

(-) gross coal extraction in Q1 2024 decreased by 2.5%, or 73 thousand tons, to 2,896 thousand tons

(+) commercial coal production in Q1 2024 totaled 1,875 thousand tons, 15.5%

(+252 thousand tons) more than in Q1 2023

(+) yield was 64.7% in Q1 2024 vs. 54.7% in Q1 2023

Coal sales

(+) in Q1 2024, coal sales increased by 11.1% compared to Q1 2023, amounting to 1,757 thousand tons

Inventories

(+) at the end of Q1 2024, coal inventories totaled 489 thousand tons, up 118 thousand tons from the end of 2023

(+) the coal inventories presented at the end of Q1 2024 corresponds approximately to 19 days of commercial coal production (based on 3-month average daily production)

(+) the level of coal inventories is a result of the commercial coal production and the coal sales

Commercial coal production structure

Due to lower sales to individual customers, the structure of coal production has changed slightly. However, fine steam coal remains the dominant coal type, with a production share of over 99% in Q1 2024.

Sales revenues and main customers of the LW Bogdanka Group

Changes in sales revenue sources

[PLN thous.]	Q1 2023	Q1 2024	Change	Percentage change
Coal sales	915,560	792,961	-122,599	-13.4%
Other operations	22,055	18,785	-3,270	-14.8%
Sales of goods and materials	3,063	4,157	1,094	35.7%
Total	940,678	815,903	-124,775	-13.3%

Structure of revenues

[%]	Q1 2023	Q1 2024
Coal sales	97.4%	97.2%
Other operations	2.3%	2.3%
Sales of goods and materials	0.3%	0.5%
Total	100.0%	100.0%

Geographical structure of sales revenues

[PLN thous.]	Q1 2023	Structure	Q1 2024	Structure
Domestic sales	940,678	100.0%	797,156	97.7%
Foreign sales	0	0.0%	18,747	2.3%
Total	940,678	100.0%	815,903	100.0%

Revenue from sales of coal

(+) in Q1 2024, the Group earned PLN 792,961 thousand in revenue from sales of coal, down 13.4% compared to Q1 2023. The main determinant of lower revenue from sales of coal is the lower price of steam coal. The main source of the Group's sales revenues is the production and sales of steam coal by the Parent Company. These activities generate approximately 97% of the sales revenue generated by the LW Bogdanka Group in each of the comparative reporting periods.

Revenue from other operations

In Q1 2024, revenue from other operations (which includes, among others, revenues of subsidiaries) amounted to PLN 18,785 thousand, compared to PLN 22,055 thousand in the corresponding period of 2023 - down by 14.8% y/y (approx. 2.3% of total revenues in both periods).

Notable items in this group were as follows:

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

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

Geographical structure of sales revenues

The Group's operations are focused predominantly in Poland. In Q1 2024, there was foreign sale to Ukraine, which took place both directly and with the participation of an intermediary coal entity.

Main customers

In Q1 2024, over 78% of the coal sold (by revenue) was sold by LW Bogdanka S.A. to Enea Wytwarzanie sp. z o.o. and Enea Elektrownia Połaniec S.A.

In the corresponding period of 2023 the share of the above buyers was approx. 3.0 pp higher.

Major customers by percentage of revenue:

- Enea Wytwarzanie sp. z o.o. – Grupa Enea S.A. – approx. 61% share in revenues
- Enea Elektrownia Połaniec SA – Grupa Enea S.A. - approx. 17% share in revenues

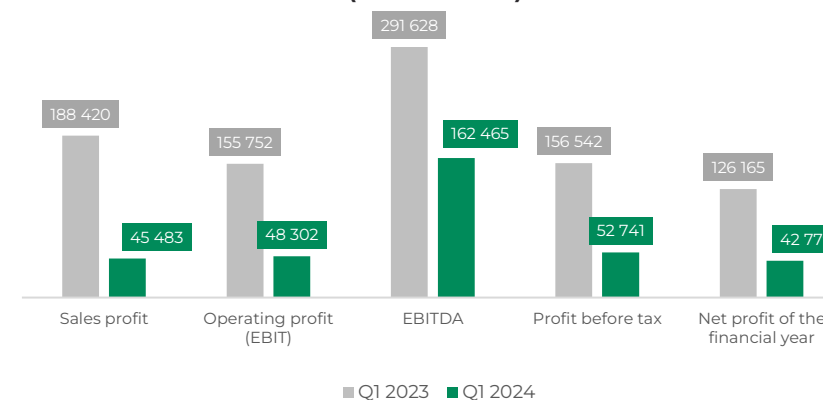
Key financial results of the LW Bogdanka Group

Analysis of the consolidated statement of profit or loss

[PLN thous.]	Q1 2023	Q1 2024	Change
Sales revenues	940,678	815,903	-13.3%
Cost of products, goods and materials sold, selling and distribution and administrative expenses	752,258	770,420	2.4%
Sales profit	188,420	45,483	-75.9%
Gross return on sales	20.0%	5.6%	-14.4 pp
Other revenues	1,019	3,702	263.3%
Other costs	900	199	-77.9%
Net operating profit	188,539	48,986	-74.0%
Other net losses	-32,787	-684	-97.9%
Operating profit (EBIT)	155,752	48,302	-69.0%
EBIT margin	16.6%	5.9%	-10.7 pp
EBITDA	291,628	162,465	-44.3%
EBITDA margin	31.0%	19.9%	-11.1 pp
Financial income	7,632	11,530	51.1%
Financial costs	6,842	7,091	3.6%
Profit before tax	156,542	52,741	-66.3%
Profit margin before tax	16.6%	6.5%	-10.1 pp
Income tax	30,377	9,962	-67.2%
Net profit of the financial year	126,165	42,779	-66.1%
Net profitability	13.4%	5.2%	-8.2 pp



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



Key financial results of LW Bogdanka Group

Sales revenues

Sales revenues in Q1 2024 decreased by 13.3% compared to the corresponding period of last year and stood at PLN 815,903 thousand.

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

In Q1 2024 the costs of products, goods and materials sold and selling and distribution and administrative expenses amounted to PLN 770,420 thousand and were higher by PLN 18,162 thousand compared to the corresponding period of the previous year, when they stood at PLN 752,258 thousand.

Sales profit

In Q1 2024, sales profit amounted to PLN 45,483 thousand, compared to PLN 188,420 thousand in the corresponding period of 2023.

Other revenues

Other revenues in Q1 2024 amounted to PLN 3,702 thousand versus PLN 1,019 thousand a year earlier. The increase compared to Q1 2023 is mainly due to a higher amount of compensation received by more than PLN 1 million, as well as receivables received in connection with won litigation (PLN 1,682 thousand).

Other costs

Other expenses in Q1 2024 amounted to PLN 199 thousand, compared to PLN 900 thousand in Q1 2023 - the decrease is due to lower donations by approx. PLN 292 thousand and lower costs related to court fees by approx. PLN 239 thousand.

Other net losses

Other net losses were PLN 684 thousand in Q1 2024, compared to the PLN 32,787 thousand net loss in Q1 2023.

Such a significant decrease is primarily due to the recognition, in Q1 2023, of impairment losses on non-current assets in the amount of PLN 28,669 thousand.

EBIT

The operating profit in Q1 2024 amounted to PLN 48,302 thousand. EBIT margin in Q1 2024 amounted to 5.9%, which is 10.7 p.p. lower than in Q1 of the previous year.

EBITDA

EBITDA in Q1 2024 decreased compared to Q1 2023 and amounted to PLN 162,465 thousand. EBITDA margin in Q1 2024 was lower than that achieved in the corresponding period of 2023 and amounted to 19.9%.

Financial income

In Q1 2024, financial income was PLN 11,530 thousand, compared to PLN 7,632 thousand in Q1 2023. Financial income in the 2024 period under analysis consists nearly entirely of interest income on bank deposits. The significant increase is due to the higher level of cash held by the Group.

Financial costs

Financial costs for Q1 2024 were 3.6% higher than in the corresponding period of 2023 and amounted to PLN 7,091 thousand.

In both periods under review, the dominant item was interest expense on the valuation of employee benefits.

As at 31 March 2024, the Group had total debt of PLN 1,042 thousand, compared to PLN 4,116 thousand as at 31 March 2023.

Profit before tax

In Q1 2024, the Group recorded a profit before tax of PLN 52,741 thousand compared to PLN 156,542 thousand in Q1 2023.

Net profit for the period

In Q1 2024, the Group recorded a net profit of PLN 42,779 thousand compared to a profit of PLN 126,165 thousand in Q1 2023.

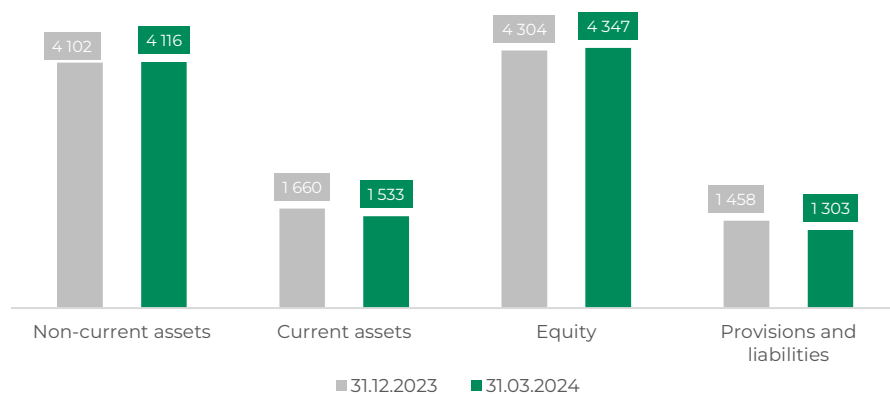
LW Bogdanka Group's balance sheet

Balance sheet

[PLN thous.]	31.12.2023	31.03.2024	Change
Total assets	5,762,168	5,649,331	-2.0%
Return on assets (ROA)*	13.0%	10.6%	-2.4 p.p.
Non-current assets	4,101,959	4,115,918	0.3%
Current assets	1,660,209	1,533,413	-7.6%
Equity	4,304,041	4,346,820	1.0%
Return on equity (ROE)*	17.2%	14.0%	-3.2 p.p.
Provisions and liabilities	1,458,127	1,302,511	-10.7%

*the calculation takes into account the net result for the last four quarters and the average level of assets and equity (as at 31 March 2024 + as at 31 December 2023)/2.

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



Assets

Total assets as at 31 March 2024 compared to the value as at 31 December 2023 decreased by PLN 112,837 thousand and amounted to PLN 5,649,331 thousand, with non-current assets increasing by PLN 13,959 thousand and current assets decreasing by PLN 126,796 thousand. In non-current assets, the most significant change is a PLN 22,202 thousand increase in property, plant and equipment. Among current assets, there was an increase in inventories by PLN 47,304 thousand, and cash and cash equivalents by PLN 46,376 thousand. However, trade and other receivables declined by PLN 220,476 thousand. As at 31 March 2024, return on assets (ROA) was 10.6%, compared to 13.0% at the end of 2023.

Equity and liabilities

Equity increased by 1.0%. This was a result of the total income received for Q1 2024. Provisions and liabilities decreased by 10.7% compared to its value as at 31 December 2023, with current liabilities decreasing by 21.3% (primarily decreasing trade and other payables and current income tax liabilities), and non-current liabilities remaining at a similar level. As at 31 March 2024, return on equity decreased by 3.2 p.p. compared to the end of 2023. As at 31 March 2024 the ROE ratio stood at 14.0%, compared to 17.2% as at 31 December 2023.



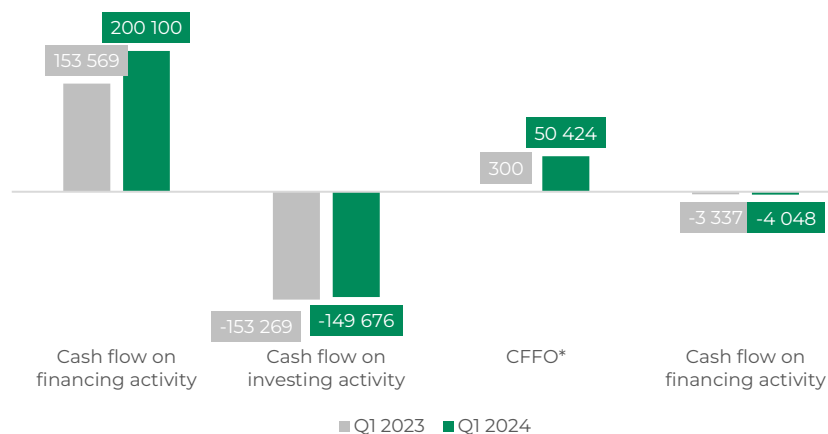
LW Bogdanka Group's cash flows

Cash position

[PLN thous.]	Q1 2023	Q1 2024	Change
Cash flows from operating activities	153,569	200,100	30.3%
Cash flows from investing activities	-153,269	-149,676	-2.3%
CCFFO**	300	50,424	-
Cash flows from financing activities	-3,337	-4,048	21.3%

* sum of operating and investment cash flows

Cash flow analysis (PLN thousand)



Cash position

Cash flows from operating activities

In Q1 2024, the Group generated PLN 46,531 thousand higher net cash flow on operating activity than in Q1 2023 - in Q1 2024, it amounted to PLN 200,100 thousand compared with PLN 153,569 thousand a year earlier.

The increase of PLN 46,531 thousand in net cash flow from operating activity is a result of higher cash inflows with higher income tax paid.

Cash flows from financing activities

In Q1 2024 the Group recorded negative cash flows from financing activities in the amount of PLN 4,048 thousand. The predominant items were repaid loans and payments of lease liabilities.

Cash flows from investing activities

Cash flow on investing activity decreased (in absolute terms) by 2.3% (to PLN 149,676 thousand) in Q1 2024 compared to the corresponding period of 2023.

The most significant change is in cash related to the Mine Closure Fund.

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.]	31.12.2023	31.03.2024	Change
Total debt ratio	25.3%	23.1%	-2.2 p.p.
(Debt plus employee liabilities)/EBITDA ratio*	0.20	0.25	25.0%
Net debt/EBITDA	-0.54	-0.64	18.5%
Debt to equity ratio	33.9%	30.0%	-3.9 p.p.
Fixed capital to non-current assets ratio (non-current assets/fixed capital)	118.5%	119.1%	0.6 p.p.
Short-term debt ratio (current liabilities/liabilities)	12.7%	10.2%	-2.5 p.p.
Long-term debt ratio (non-current liabilities/liabilities)	12.6%	12.9%	0.3 p.p.

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

	31.12.2023	31.03.2024	Change
Current liquidity ratio	2.33	2.74	17.6%
Quick liquidity ratio	1.86	2.05	10.2%

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

Total debt ratio

As of 31 March 2024, the total debt ratio decreased by 2.2 p.p. compared to 31 December 2023, and stood at 23.1% (the growth rate of liabilities was higher than the growth rate of total assets).

As at 31 March 2024 the level of the Group's debt did not pose a threat to its operations or its ability to meet its obligations in a timely manner.

Based on medium- and long-term projections, the Group's financing needs are analyzed to ensure liquidity and available cash balances at an appropriate level.

Debt plus employee liabilities/EBITDA

The indicator describing the ratio of debt to EBITDA at the end of March 2024 grew by 25.0% and stood at 0.25. Comparing data as at 31 March 2024 to 31 December 2023, there was a drop in EBITDA (calculated on a rolling basis for the last four quarters) while the debt increased.

Net debt/EBITDA

The indicator describing the ratio of net debt (total interest-bearing short- and long-term liabilities less cash and cash equivalents) to EBITDA increased, in absolute terms, from -0.54 as at 31 December 2023 to -0.64 as at 31 March 2024. Net debt increased and amounted to PLN -780 million with EBITDA decreasing by approximately PLN 129 million (EBITDA calculated on a rolling basis for the last four quarters).

Debt to equity ratio

The debt to equity ratio as at 31 March 2024 decreased by 3.9 p.p. from 31 December 2023 and amounted to 30.0% - liabilities decreased by approximately PLN 155 million and equity increased by approximately PLN 43 million.

Fixed capital to non-current assets ratio

The ratio of coverage of non-current assets with fixed capital reached 119.1% (as at 31 March 2024) compared to 118.5% (as at 31 December 2023) - in the period under analysis both the value of non-current assets increased by approx. PLN 14 million and the value of fixed capital (the sum of equity and non-current liabilities without provisions) increased by approx. PLN 41 million.

Turnover of receivables and liabilities in the LW Bogdanka Group

Turnover ratios

[PLN thous.]

			31.12.2023	31.03.2024	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	35	46	31.4%
2. Receivables turnover ratio*	$\frac{\text{average balance of receivables}}{\text{sales revenues}} \times$	number of days in the period	37	53	43.2%
3. Liabilities turnover ratio**	$\frac{\text{average balance of liabilities}}{\text{cost of goods and materials sold}} \times$	number of days in the period	66	70	6.1%
4. Operating cycle	1+2		72	99	37.5%
5. Cash conversion cycle	4-3		6	29	383.3%

*Trade and other receivables

** Trade and other liabilities

Inventory turnover ratio

The inventory turnover ratio as at 31 March 2024 increased by 11 days from 31 December 2023 and is 46 days. On average, it takes 11 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 53 days (as at 31 March 2024) compared to 37 days (as at 31 December 2023).

The increase of the ratio is attributable to a higher average level of receivables, with a lower 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 under review increased by 4 days to 70 days compared to the value at the end of 2023.

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 99 days. On average, the Group's current assets are liquidated after 99 days.

Cash conversion cycle

The trends described above resulted in achieving a cash conversion cycle of 29 days as at 31 March 2024. A positive value of the ratio means that the Group does not use trade credit to finance its current operations.

LW Bogdanka Group's provisions

Balance sheet provisions

[PLN thous.]

	As at 31.03.2023	As at 31.12.2023	As at 31.03.2024	Change Q1 2024/ Q1 2023	Change Q1 2024/ 31.12.2023
Employee provisions	263,389	270,719	303,145	15.1%	12.0%
Provision for mine decommissioning and land reclamation costs	152,332	169,102	171,153	12.4%	1.2%
Mining damage	3,592	7,352	6,537	82.0%	-11.1%
Other	9,907	9,571	7,439	-24.9%	-22.3%
Total	429,220	456,744	488,274	13.8%	6.9%

Change in provisions

[PLN thous.]

	Change Q1 2023	Change Q1 2024	Change Q1 2024/ Q1 2023
Employee provisions	33,576	32,426	-3.4%
Provision for mine decommissioning and land reclamation costs	-3,120	2,051	-
Mining damage	-3,252	-815	-74.9%
Other	4,005	-2,132	-
Total	31,209	31,530	1.0%

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

[PLN thous.]

	Changes in provisions in Q1 2024	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	32,426	47,054	2,710	-	-	-17,338
Provision for mine decommissioning and land reclamation costs	2,051	418	2,033	-400	-	-
Mining damage	-815	-	-	-	-	-815
Other	-2,132	1,623	-	-	-	-3,755
Total	31,530	49,095	4,743	-400	-	-21,908



Costs and expenses of LW Bogdanka S.A.

Costs by nature

[PLN thous.]	Q1 2023	Q1 2024	Change
Net production [thousand tons]	1,623	1,875	15.5%
Sales [thousand tons]	1,582	1,757	11.1%
Depreciation and amortization	103,352	110,379	6.8%
Consumption of materials and energy	304,355	277,615	-8.8%
External services	151,387	176,551	16.6%
Employee benefits	260,170	247,397	-4.9%
Representation and advertising costs	4,446	6,233	40.2%
Taxes and charges	13,936	15,787	13.3%
Other costs	3,408	8,639	153.5%
Total costs by type	841,054	842,601	0.2%
Cost of producing services for the entity's proprietary needs	-117,049	-111,779	-4.5%
Prepayments and accruals	-7,977	35,574	-546.0%
Provisions and other presentation adjustments between expense by nature and by function	50,631	33,193	-34.4%
Total production costs	766,659	799,589	4.3%
Movement in products	-19,988	-33,590	68.1%
Cost of goods and materials sold	2,996	4,142	38.3%
Cost of goods sold, including:	749,667	770,141	2.7%
Cost of goods and materials sold	693,091	706,217	1.9%
Selling and distribution expenses	10,538	15,198	44.2%
Administrative costs	46,038	48,726	5.8%

Q1 2024

Costs by nature

In Q1 2024, LW Bogdanka S.A. incurred costs by nature of PLN 842,601 thousand (PLN +1,547 thousand y/y), i.e. 0.2% more than in Q1 2023. The increase in costs in Q1 2024 was mainly due to higher costs of external services, depreciation and amortization and other costs.

However, their impact was mostly offset by a decrease in the cost of materials and energy consumption and employee benefits.

Depreciation and amortization

The value of depreciation increased by 6.8% (to PLN 110,379 thousand) – primarily the value of natural depreciation and amortization increased, which results from the higher longwall progress and the higher value of the construction of longwall galleries depreciated during longwall mining.

Costs of consumed materials and energy

The cost of materials and energy consumed in Q1 2024 compared to Q1 2023 decreased by 8.8% and amounted to PLN 277,615 thousand. During the period under review, the cost of electricity consumption and the value of materials consumed declined (primarily due to lower scope of development work).

External services

The value of costs of external services increased by 16.6% compared to Q1 2023 and amounted to PLN 176,551 thousand. Contracts and prices from mining and mining-related contracts entered into throughout 2023 were in effect throughout the period under review.

Employee benefits

The value of employee benefits in Q1 2024 compared to Q1 2023 decreased by PLN 12.8 million.

During the period under review, there was an increase in average headcount with lower additional payments to employees.

Representation and advertising costs

The increase in the value of representation and advertising costs by 40.2% (to PLN 6,233 thousand) follows from the performance of the current payment schedule under sponsorship agreements.

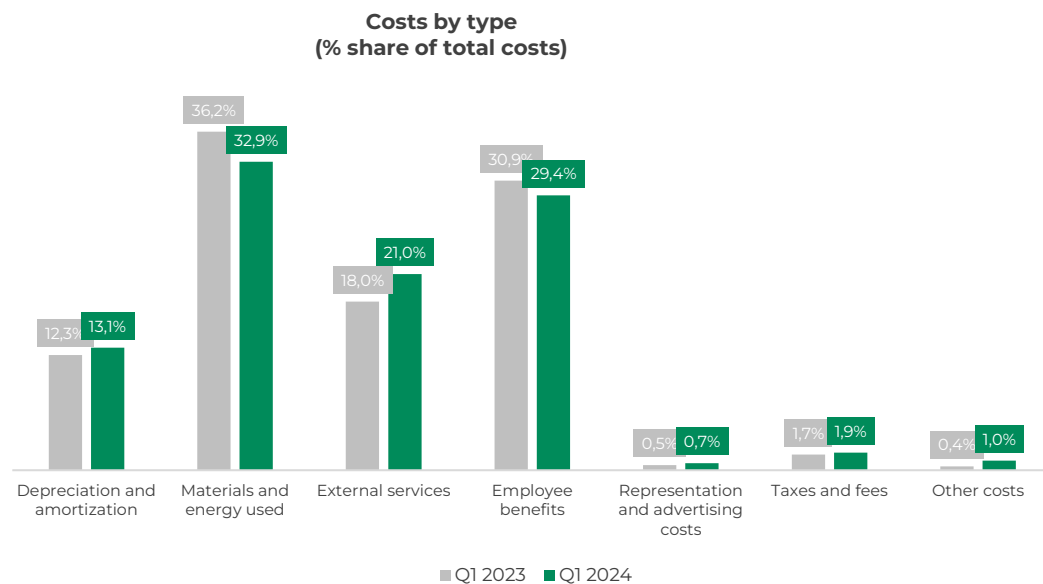
Taxes and charges

The increase in taxes and fees by PLN 1,851 thousand results from an increase in the property tax, the mining fee (due to higher production of commercial coal) and payments to the State Fund for the Rehabilitation of the Disabled.

Other costs

The increase in other expenses by PLN 5,231 thousand is mainly due to the implementation of the order of the Court of Appeals in Warsaw in connection with legal claims related to patents.

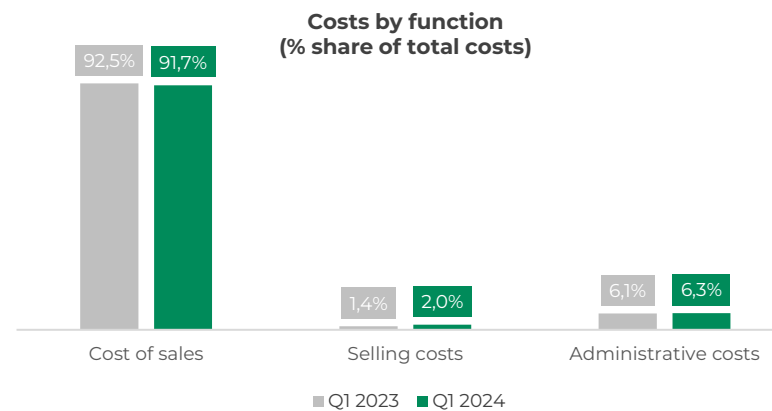
Costs and expenses of LW Bogdanka S.A.



Costs by function

Cost of goods sold (cost by function) in Q1 2024 amounted to PLN 770,141 thousand, while in the corresponding period of the previous year it amounted to PLN 749,667 thousand.

[PLN thous.]	Q1 2023	Q1 2024	Change
Cost of goods and materials sold	693,091	706,217	1.9%
Selling and distribution expenses	10,538	15,198	44.2%
Administrative costs	46,038	48,726	5.8%
Cost of goods sold	749,667	770,141	2.7%



Other information affecting the LW Bogdanka Group's financial position

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

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

The Parent Company systematically performs works aimed to optimize the mining process (in terms of the applied technology and the planned deposit slicing and opening out works for new coal seams). The works as a whole (planning new excavations, extraction and sales of commercial coal) take the current and future quantifiable market risk into account. The opening out works (for new excavations) are performed in a manner enabling continuous extraction. Coal prices are also monitored all the time in domestic and international markets.

The LW Bogdanka Group pays its liabilities on an ongoing basis. The Group manages its financial resources efficiently, depositing free funds in banks (the tenor and value of deposits depends on internal short-term financial forecasts).

Suppliers

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

Other contracts are awarded based on the Group's internal procedures.

The main suppliers for the LW Bogdanka Group are companies offering services and products specific to the mining industry (excavation and reconstruction of roadways, haulage of winnings, as well as supply of roadway supports, specialist mining machinery and equipment), as well as companies supplying electricity.

In the period from 1 January to 31 March 2024, the value of turnover with any supplier did not exceed 10% of the Group's revenue.

Investments and deposits of the LW Bogdanka Group

Cash held by the Group at the end of March 2024 amounted to PLN 940,603 thousand, of which:

- PLN 159,520 thousand was shown in non-current assets
- PLN 781,083 thousand was shown in current assets.

The amount of PLN 159,520 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 781,083 thousand includes cash (cash on hand) held in short-term bank deposits; the amount of the deposits depends on internally forecasted proceeds and expenses, as well as availability of such deposit products in the banks providing services to the Group companies.

In accordance with the adopted Strategy, the Group maintains the level of disposable cash in the amount of at least the value of average monthly sales revenues (1/12 of planned annual sales revenues). The funds accumulated in the Parent Company as at 31 March 2024 amounted to PLN 748,811 thousand and in subsidiaries to PLN 32,272 thousand (mainly in Łęczyńska Energetyka).

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

A detailed description of contingent liabilities and contingent assets is presented in Note 29 to the annual consolidated financial statements for 2023. In Q1 2024, there was a significant change in the status of legal claims for patents previously reported as a contingent liability.

On 15 February 2024, the Appellate Court in Warsaw ruled that the plaintiffs were entitled to remuneration in the amount of PLN 4,075 thousand with interest from 2013, thus largely upholding the Parent Company's appeal. The judgment is final and therefore the Parent Company has made a payment to the plaintiffs. On 15 March 2024, the Parent Company received a written justification for the aforementioned judgment, which was subject to detailed analysis, as a result of which the Parent Company decided to file a cassation appeal. This appeal is under preparation.

Evaluation of factors and unusual events affecting the operating result

During Q1 2024, there were no unusual events significantly affecting the Group's operations and results.

Information on financial instruments, bonds

Information on financial derivatives

As at 31 March 2024, the Parent Company had no open derivative transactions.

Bonds

As at 31 March 2024 the Group:

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

Assessment of the capacity to execute investment plans

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

Tenancy and lease agreements

The Group's total net revenues from tenancy and lease agreements, including land, premises, machinery and equipment, in Q1 2024, amounted to PLN 2,650 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 2024.

Principles of preparation of consolidated and standalone interim condensed financial statements

The interim condensed consolidated financial statements of the Group and the interim condensed financial statements of the Parent Company for Q1 2024 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as approved by the European Union.

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

On 20 February 2024, as a result of the Parent Company's appeal against the judgment of the court of first instance in case file I C 942/13 for payment under the rights to patent 206048, the Court of Appeals 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 was 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. On 15 March 2024, the Parent Company received a written justification for the aforementioned judgment, which was subject to detailed analysis, as a result of which the Parent Company decided to file a cassation appeal. This appeal is under preparation.

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



Agreements relating to loans and borrowings

Information on loans and borrowings taken out and granted

In Q1 2024 the Parent Company did not take or grant any loans or terminate any loan agreements.

Information on sureties and guarantees granted and received

In Q1 2024, the Parent Company did not grant (or receive) any sureties.

Transactions with related parties

In Q1 2024, the Parent Company and its subsidiaries did not enter into any individually or jointly significant transactions with related parties out of compliance with the arm's length principle.

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

For more information on the agreements with the Enea Group and companies controlled by the State Treasury, see Note 11 of the Consolidated Quarterly Report of the LW Bogdanka Group for the period from 1 January to 31 March 2024.

Guarantees extended by LW Bogdanka S.A.

In Q1 2024 the Parent Company did not instruct banks to issue any guarantees.

Loans taken

In Q1 2024, LW Bogdanka S.A. did not have any active loan agreements.

Agreements relating to loans and borrowings of subsidiaries

Łęczyńska Energetyka sp. z o.o. continues to repay the loan granted under the agreement of 9 June 2014 (in the amount of PLN 26,580 thousand) by the Voivodeship Fund for Environmental Protection and Water Management (WFOŚiGW) in Lublin, intended to subsidize the construction of the Water Treatment Plant in Bogdanka, which was completed in February 2016. The interest rate is 0.7 of the bill rediscount rate set by the Monetary Policy Council, not less than 4.0% per annum.

The loan will be repaid successively until 31 July 2024.

Except for the above loan, in the period from 1 January to 31 March 2024, Łęczyńska Energetyka Sp. z o.o. did not use any external sources to fund its operations.

In Q1 2024, the subsidiaries: EkoTrans Bogdanka Sp. z o.o., RG Bogdanka Sp. z o.o., MR Bogdanka Sp. z o.o. did not grant or incur any loans and borrowings or terminate any agreements pertaining to loans and borrowings and did not issue any guarantees.



4. Shares and shareholding structure



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

Share capital structure

The Company's share capital is PLN 170,067,950 and is divided into 34,013,590 shares with a nominal value of PLN 5 each. On 4 January 2012, 3,208,111 employee shares were floated on the Warsaw Stock Exchange, and on 4 February 2013, another 34,754 shares were floated. The total number of the Company's shares traded is 34,013,455. The remaining 135 shares, as of the date of this Report, are registered shares. The total number of votes resulting from all outstanding shares of the Issuer corresponds to the number of shares, translating into 34,013,590 votes. The 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.

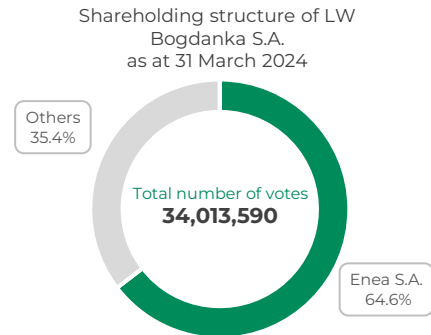
The Issuer's other shareholders are mainly institutional investors, pension and investment funds.

Treasury shares

In Q1 2024, LW Bogdanka S.A. and LW Bogdanka S.A.'s subsidiaries did not purchase any treasury shares.

Changes in the shareholder structure before and by report date

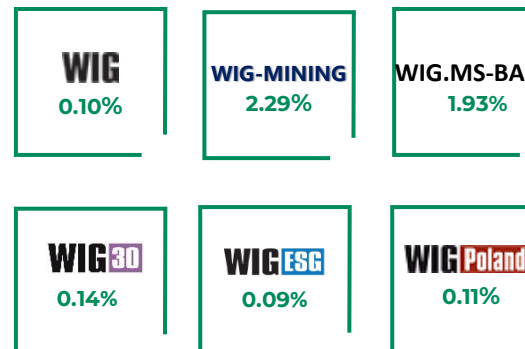
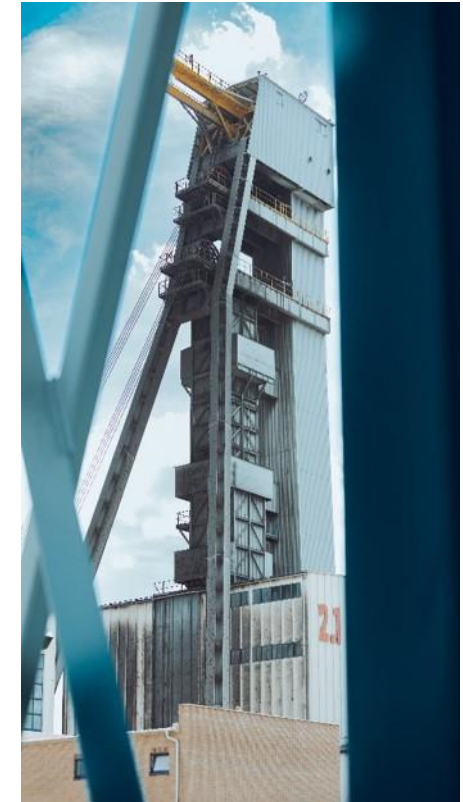
According to the information available to the Parent Company, in the period from the publication of the previous periodic report, i.e. the Annual Report for 2023, to the date of publication of the report for Q1 2024, there were no changes in the ownership structure of significant shareholdings.



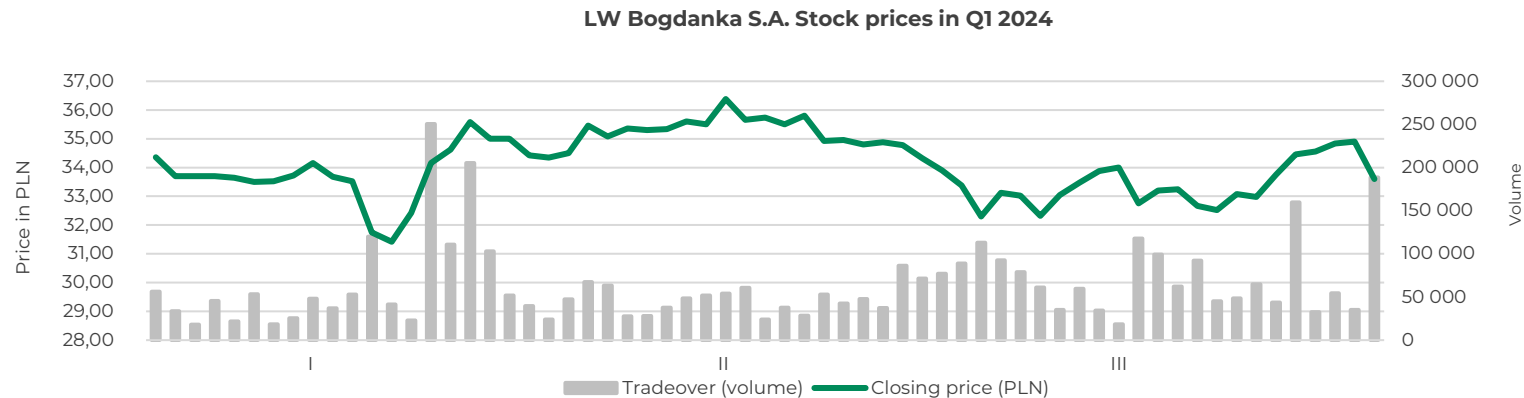
Participation of LW Bogdanka S.A.'s shares in indices

The Company was floated on the Warsaw Stock Exchange S.A. on 25 June 2009. At the end of Q1 2024, LW Bogdanka S.A. was included in the following stock exchange indices:

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



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



Key share data

	Q1 2023	Q1 2024
Maximum price [PLN]	55.75	36.38
Minimum price [PLN]	36.48	31.42
Last price [PLN]	38.08	33.60
Average price [PLN]	47.02	34.11
Capitalization at the end of the period [PLN million]	1,295.2	1,142.9
Carrying amount [PLN million]	3,815.8	4,325.7
P/E [market capitalization/net profit]	10.0	27.1
P/BV [market capitalization/book value]	0.34	0.26
Rate of return at the end of the period [%]	-31.7	-1.7
Average trading value per session [PLN 000s]	9,467.5	2,161.1
Average volume per session	192,175	63,349
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
11 January 2024	Ipopema	Buy	PLN 45.62	PLN 33.52
12 January 2024	Santander Brokerage House	Sell	PLN 18.30	PLN 33.72

The above information constitutes a summary of security broker recommendations within the meaning of Commission Delegated Regulation (EU) 2016/1958 of 9 March 2016.

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

Shares in the Company's related parties

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

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

According to the information available to the Parent Company, in the period from the publication of the previous Annual Report for 2023, to the date of publication of the report for Q1 2024, 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 22 May 2024	Par value per share (PLN)	Number of the Company's shares as at 20 March 2024	Par value per share (PLN)	Number of shares in Subsidiaries
Zbigniew Stopa	0	0	-	-	0
Bartosz Rożnawski	43	215	-	-	0
Sławomir Krenczyk	0	0	-	-	0
Artur Wasilewski	0	0	0	0	0
Kasjan Wyligala	-	-	0	0	-
Dariusz Dumkiewicz	-	-	0	0	-
Adam Partyka	-	-	253	1,265	-
SUPERVISORY BOARD					
Full name	Number of the Company's shares as at 22 May 2024	Par value per share (PLN)	Number of the Company's shares as at 20 March 2024	Par value per share (PLN)	Number of shares in subsidiaries
Bartosz Krysta	0	0	-	-	0
Szymon Jankowski	0	0	0	0	0
Paweł Cygan	0	0	-	-	0
Daniel Frąć	0	0	-	-	0
Magdalena Makiela	0	0	-	-	0
Dariusz Batyra	-	-	1 000	5 000	-
Anna Chudek	-	-	0	0	-
Krzysztof Gigol	-	-	0	0	-
Bartosz Piechota	-	-	0	0	-
Bartosz Rożnawski	-	-	43	215	-
Piotr Breś	-	-	0	0	-
Kamil Szafranski	-	-	210	1 050	-
TOTAL	43	215	1,506	7,530	0

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

5. Governing bodies



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

Composition of the Management Board as at 1 January and 31 March 2024:

- 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

Changes in the composition of the Management Board after the balance sheet date:

On 15 April 2024 the Company's Supervisory Board adopted resolutions to dismiss from the Company's Management Board Mr. Kasjan Wyligala - President of the Management Board and Mr. Dariusz Dumkiewicz - Vice-President of the Management Board, Sales and Investments as of the adoption of the resolutions, while Mr. Adam Partyka - Vice-President of the Management Board, Labor and Social Affairs, is dismissed as of 30 April 2024.

In addition, the Company's Supervisory Board, adopted a resolution to second to temporarily perform the activities of the Company's President of the Management Board, Mr. Sławomir Krenczyk - Member of the Company's Supervisory Board, until the date of appointment of the President of the Management Board, but no longer than until 15 July 2024.

On 25 April 2024, the Company's Supervisory Board adopted resolutions to appoint as of 1 May 2024:

- Mr. Zbigniew Stopa to the position of President of the Management Board
- Mr. Bartosz Rożnawski to the position of Vice-President of the Management Board for Production
- Mr. Sławomir Krenczyk to the position of Vice-President of the Management Board for Development

for the joint term of office, which commenced on 24 June 2022.

Composition of the Management Board as at 22 May 2024:

- Zbigniew Stopa - President of the Management Board
- Bartosz Rożnawski - Vice-President of the Management Board, Production
- Sławomir Krenczyk - Vice-President of the Management Board, Development
- Artur Wasilewski - Vice-President of the Management Board, Economic and Financial Affairs



Composition of the Management Board of LW Bogdanka S.A. as at 22 May 2024

Zbigniew Stopa - President of the Management Board

He is a graduate of the Faculty of Mining at the AGH University of Science and Technology in Kraków, a recognized manager and an underground mining expert and specialist. In 1997 he completed postgraduate studies of occupational health and safety management at the Central Mining Institute in Katowice.

He participated in many specialized trainings and courses (basic economics, human resources management, finance for managers) and completed a course for candidates for supervisory board members of State Treasury companies. Almost the entire professional career of Mr. Zbigniew Stopa has been associated with the mining industry and Lubelski Węgiel Bogdanka S.A., where he worked at all levels of the company. From 1984 to 1985 he did an underground internship and between 1985 and 1987 he worked as an underground miner-supervisor. In February 1987 he took the position of underground shift foreman and, at the end of the same year, he became underground branch foreman. From 1991 to 2006, he served as an underground chief foreman. From May to December 2006 he was the Manager of the Mining Work Department at the Nadrybie Field.

Mr. Zbigniew Stopa holds the following qualifications approved by the Mining Inspectorate: Mining Department Manager (1997), Senior Supervisor (1991). In 2007 he was appointed by the President of the State Mining Authority to the Mining Safety Commission at the State Mining Authority in Katowice.

From 2006 to 2012 he held the position of Vice-President - Production Director, and then from 2012 to 2016 - President of the Management Board of LW Bogdanka S.A.

Bartosz Rożnawski - Vice-President of the Management Board, Production

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 postgraduate 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 Lubelski Węgiel 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, and in 2020, the position of Deputy Mining Operations Manager. From July 2020 to the end of April 2024 he was a Member of the Supervisory Board of LW Bogdanka S.A.

Sławomir Krenczyk - Vice-President of the Management Board, Development

He gained managerial experience in public companies, as well as managing foundations and projects. At the level of representation bodies, he was responsible for legal and organizational, communications and marketing, and development areas, among others. He has held directorships and management positions in public companies in the areas of communications, marketing and community relations. As part of his business activities, he has implemented consulting and training projects for local and international entities in the energy and raw materials industry. He was responsible for the energy and climate program of the Warsaw Security Forum, coordinating high-level experts from Poland, the US, the EU and Ukraine. He has authored and co-authored reports and publications on the energy transition, and has participated in public industry debates. In the debates, he points in particular to the importance of aspects of industrial competitiveness and security of energy supply. In 2015, he was a member of the project team responsible for the acquisition of a controlling stake in LW Bogdanka by Enea S.A.

On the parent shareholder side, he was responsible for the processes of integrating the mining company into the energy and resources group. In 2019-2020, he served as Bogdanka's Management Board representative and as the company's public relations director. He graduated from the Faculty of Law at the Catholic University of Lublin, and completed postgraduate studies at the Warsaw School of Economics (SGH), the University of Commerce and Services (WSHIU) in Poznań (Executive MBA) and the University of Social Sciences (SAN) in Łódź (doctoral seminar). He has experience as a university lecturer. He is preparing his doctoral thesis in the field of quality and management science.

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

In 1998, Mr. Wasilewski graduated from the Lublin University of Technology, majoring in Management and Marketing; in 2000 he completed postgraduate studies in Corporate Finance and Capital Market, and in 2003 - the Master of Business Administration program at University of Warsaw & University of Illinois. Participant of numerous training courses on finance and reporting under IAS/IFRS. Member of Supervisory Boards of capital companies. From 1998 to 2000, Mr. Wasilewski worked as a financial analyst for the consulting company "DEMOS" Sp. z o.o., gaining experience in analysis and valuation of businesses, advisory on the introduction of efficiency solutions and preparation of privatization reports for the Ministry of State Treasury.

Associated with Lubelski Węgiel Bogdanka S.A. as from 2000, Mr. Wasilewski progressed in his professional career from a Financial Analyst, through Manager of the Planning and Analyses Department to the position of the Chief Economist. From 2013, he served as Director of Controlling, and in 2018 he assumed the position of Director of Controlling and Finance. Vice-President of the Management Board for Economic and Financial Affairs as from 8 October 2018.

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

Composition of the Supervisory Board as at 1 January 2024:

- 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

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 31 March 2024

- 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

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

On 12 April 2024, the Extraordinary Shareholder Meeting of the Company adopted resolutions on the dismissal of Ms. Anna Chudek, Mr. Szymon Jankowski, Mr. Krzysztof Gigol, Mr. Piotr Breś, Mr. Kamil Szafrąński, Mr. Bartosz Piechota.

At the same time, on the same day, the Extraordinary Shareholder Meeting of the Company adopted resolutions to appoint Mr. Bartosz Krysta, Mr. Szymon Jankowski, Mr. Sławomir Kreczyk, Ms. Magdalena Makiela, Mr. Daniel Frąc and Mr. Paweł Cygan to the Company's Supervisory Board.

On 29 April 2024, the Company's Management Board received notices of resignation from discharging the roles of Supervisory Board members from Mr. Bartosz Rożnawski, effective as of 29 April 2024, and from Mr. Sławomir Kreczyk, effective as of 30 April 2024.

The resignations are due to the appointment of Mr. Bartosz Rożnawski and Mr. Sławomir Kreczyk to the positions on the Management Board of Lubelski Węgiel Bogdanka S.A.

Composition of the Supervisory Board as at 22 May 2024

- Bartosz Krysta - Supervisory Board Chairman
- Szymon Jankowski - Supervisory Board Secretary
- Dariusz Batyra - Supervisory Board Member
- Paweł Cygan - Supervisory Board Member
- Daniel Frąc - Supervisory Board Member
- Magdalena Makiela - Supervisory Board Member

Bartosz Krysta - Supervisory Board Chairman

PhD in economics, an expert with 27 years of experience in trade and sales development in energy companies. Specialist in the area of district heating, asset optimization, portfolio management, wholesale of electricity and related instruments, as well as controlling and risk management.

He began his career in 1997 at the Upper Silesian Power Company. Throughout his professional life, he has set the direction of trade and sales development in key companies in the energy market, such as Vattenfall, Tauron, Enea and Veolia. From 2001 to 2012, he worked at Vattenfall Sales Poland, holding managerial positions in controlling, sales portfolio and pricing. From 2012 to 2014, he was head of the Pricing and Risk Measurement Department at Tauron Polska Energia, where he was responsible for the implementation and development of an innovative commercial risk measurement and control system.

From 2014 to 2016, he served as Management Board Member for Portfolio Management and then as President of the Management Board at Enea Trading, responsible for the company's strategic and operational management.

At Zarmen Energia, from 2017 to 2018, as President of the Management Board and Managing Director, he created from scratch an organization for the wholesale trading of electricity and related instruments.

From 2019 to 2024, he has been associated with the Veolia Group.

At Veolia Energia Warsaw, he served as Management Board Member and Sales Director.

There he was responsible for, among other things, the development of the concept and implementation of the integration of sales areas across the Veolia Group, the organization and automation of the connection process, as well as the implementation of risk management tools and the development of commercial activities in the area of district heating projects and products.

Since 1 March 2024, he has served as Management Board Member for Sales at ENEA S.A.

Graduate of the Silesian University of Technology and postgraduate studies in the management of electricity trading and distribution companies.

He received his doctoral degree in economics in 2010 from the Department of Finance and Insurance at the University of Economics in Katowice.

He holds domestic and foreign certificates for training programs in energy, finance and management practices.

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 connected with the commercial power sector for over 30 years. Since 1999 he has been supervising the companies of the ENEA Group in various positions, most recently as the Head of the Corporate Supervision Department. 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 SA, Energetyka Poznańska Zakład Transportu sp. z o.o., ITSERWIS sp. z o.o., He currently

serves as the Secretary of the LW Bogdanka S.A. Supervisory Board. On the Supervisory Board of LW Bogdanka S.A., he currently serves as Secretary.

Dariusz Batyra - Supervisory Board Member

Mr. Batyra is a graduate of the mining secondary school in Ostrów Lubelski and the AGH University of Science and Technology in Kraków, majoring in Mining and Geology, specialization: Underground Deposit Mining. He also completed post-graduate studies in Value Based Management in Mining Companies at the Stanisław Staszic AGH University of Science and Technology in Kraków.

He has been working for LW Bogdanka S.A. since 1989, first as a mining school pupil and, since July 2001, as an employee of the Mine.

In the coal mine, he went through all career levels, from trainee in the mining department to Manager of the Mining Department, first in the Nadrybie field, and then in the Bogdanka field.

Since 2017, he has held the position of Deputy Mining Operations Manager.

Since October 2022, he has been Manager of the Mining Department in the Nadrybie field. Since July 2020, he has been a Member of the Supervisory Board of LW Bogdanka S.A. elected by the employees.

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

Paweł Cygan - Supervisory Board Member

He is a graduate of the School of Business - National Louis University in Nowy Sącz, a member of ACCA, a Certified Auditor.

He holds an MBA in Financial Management from the University of Hull in the UK.

He gained professional experience at Arthur Andersen / Ernst & Young in the area of financial audit and business consulting, then from 2004 he worked at Vattenfall, where he was responsible for the development and management of internal audit and business consulting and supervision of key projects in the area of electricity sales and distribution.

From 2008 to 2016, Vice-President of the Management Board, Chief Financial Officer of TAURON Dystrybucja and Chairman of the Supervisory Boards of its subsidiaries, including responsibility for dozens of optimization projects, M&A and implementation of key IT systems.

In 2014, he was recognized in the large enterprise category of the 2013 CFO of the Year competition organized by ACCA, Forbes and Euler Hermes, among others, "for the CFO's extensive involvement in the company's difficult and complex processes and for his influence on shaping the company's organizational culture."

In 2010-2012, he represented the Polish Electricity Committee and the Polish Society for Transmission and Distribution of Electricity at Eurelectric as part of the task force on the EU budget after 2013.

From 2016 to 2017, a management board member, CFO at the Ożarów Group, and since 2017, managing director, management board member at Kirchoff Automotive Poland, responsible for the overall operations of the company.

Daniel Frąć - Supervisory Board Member

Is a graduate of the Warsaw University of Technology's Faculty of Transportation, a graduate of Lublin University of Technology's Faculty of Management and Fundamentals of Technology, where he studied Management and Marketing, and a graduate of the Faculty of Mechanical Engineering.

He also completed a post-graduate Master Of Business Administration program at the University of Illinois at Urban-Champaign.

He is competent in corporate governance, the Commercial Company Code and corporate financial analysis.

He 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.

He has many years of experience in managerial positions obtained at international financial institutions, specializing in financial solutions for corporate entities and hedge accounting.

Magdalena Makiela - Supervisory Board Member

Advocate, doctor of legal sciences, arbitrator, mediator, Vice-President of the Court of Arbitration at the Chamber of Commerce and Industry in Kraków, Advisory Board Member at the European Criminal Bar Association. Trainer in the field of business mediation, speaker at numerous seminars and conferences on such topics as business mediation.

Graduate of the Faculty of Law and Administration of the Jagiellonian University in Kraków.

He earned his doctorate at his Alma Mater in the department of public international law.

She completed an advocate trainee program.

Owner of an advocate firm in Kraków with many years of experience in litigation and non-litigation, negotiation and mediation.

Expert in extradition law. She specializes in business cases, international criminal business cases, and providing services to commercial law companies.



Glossary

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

Signatures of all of Management Board members

Zbigniew Stopa

President of the Management Board

.....

Bartosz Rożnawski

Vice-President of the Management Board, Production

.....

Sławomir Kreczyk

Vice-President of the Management Board,
Development

.....

Artur Wasilewski

Vice-President of the Management Board
Economy and Finance

.....

Bogdanka, 21 May 2024



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