



MANAGEMENT BOARD REPORT

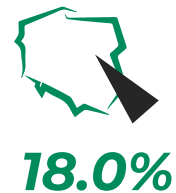
on the Activity of the LW Bogdanka Group
for H1 2024



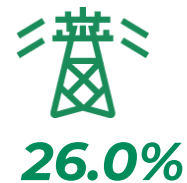
Lubelski Węgiel Bogdanka S.A.

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

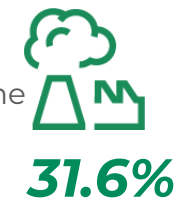


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1. Operating summary



Summary – H1 2024

Operating data

5.5 million tons

Gross coal extracted

63.2%

Mining yield

3.5 million tons

Production of commercial coal

11.7 km

New excavations

3.6 million tons

Sales of commercial coal

Headcount

6,222 employees

Headcount as at the end of 1H 2024

1.5%

Increase in headcount from 2023



Financial highlights of LW Bogdanka Group

PLN 1,670.6 million

Sales revenues

PLN 44.2 million

Sales profit

PLN -1,132.0 million

EBIT

PLN 262.7 million

EBITDA

PLN -908.0 million

Net loss

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
- 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
- changes in the composition of the Supervisory Board
- changes in the composition of the Company's Management Board
- ordinary Shareholder Meeting
- dividend decision

Events after the balance sheet date

- writing down the carrying value of non-current assets in connection with the results of an asset impairment test. In addition, the Company has begun work on updating its Strategy, which is expected to be announced by the end of 2024.

2. Organization and activity of the LW Bogdanka Group



LW Bogdanka S.A.

is a leader on the hard coal market in Poland, standing out in comparison with its peers in terms of financial performance, mining efficiency and investment plans, including access to new deposits. The bituminous coal sold by the Company is used predominantly for the production of electricity, heat and cement. The Company's customers are mainly industrial companies, primarily those operating in the power sector, located in eastern and northeastern Poland. LW Bogdanka S.A. is part of the Enea Group, one of the leaders of the Polish energy market. The Company has been listed on the Warsaw Stock Exchange since 2009.

LW Bogdanka S.A. has three mining fields:

- Bogdanka
- Nadrybie
- Stefanów

The structure of coal production in H1 2024 was as follows:

- fine coal: 98.6%
- pea coal: 1.2%
- chestnut coal: 0.2%

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 (63%)
- ENEA Group – Enea Połaniec (16%)

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

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

Modern technologies

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

Cost control

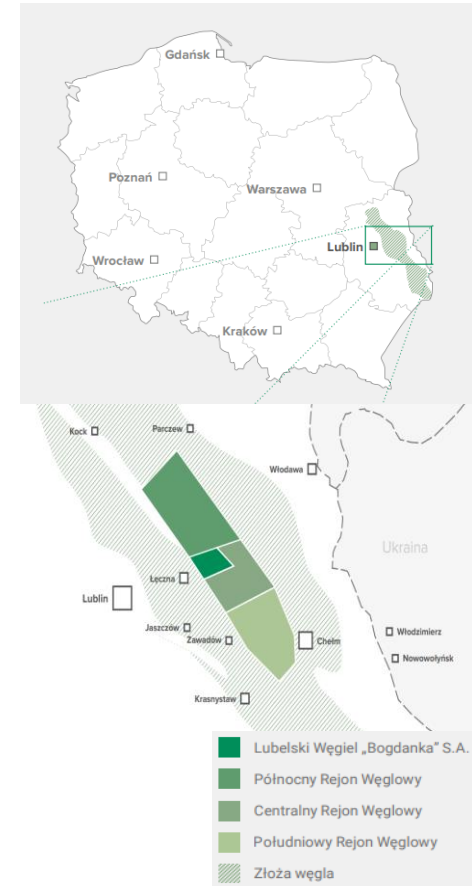
The Company remains the efficiency leader in the Polish mining industry owing to its consistently executed Cost Optimization Program. The Company's strategy calls for a further decrease in the Unit Mining Cash Cost.

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

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

We have built our success based on:

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





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

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Legal form and regulations underlying the Company's activity

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

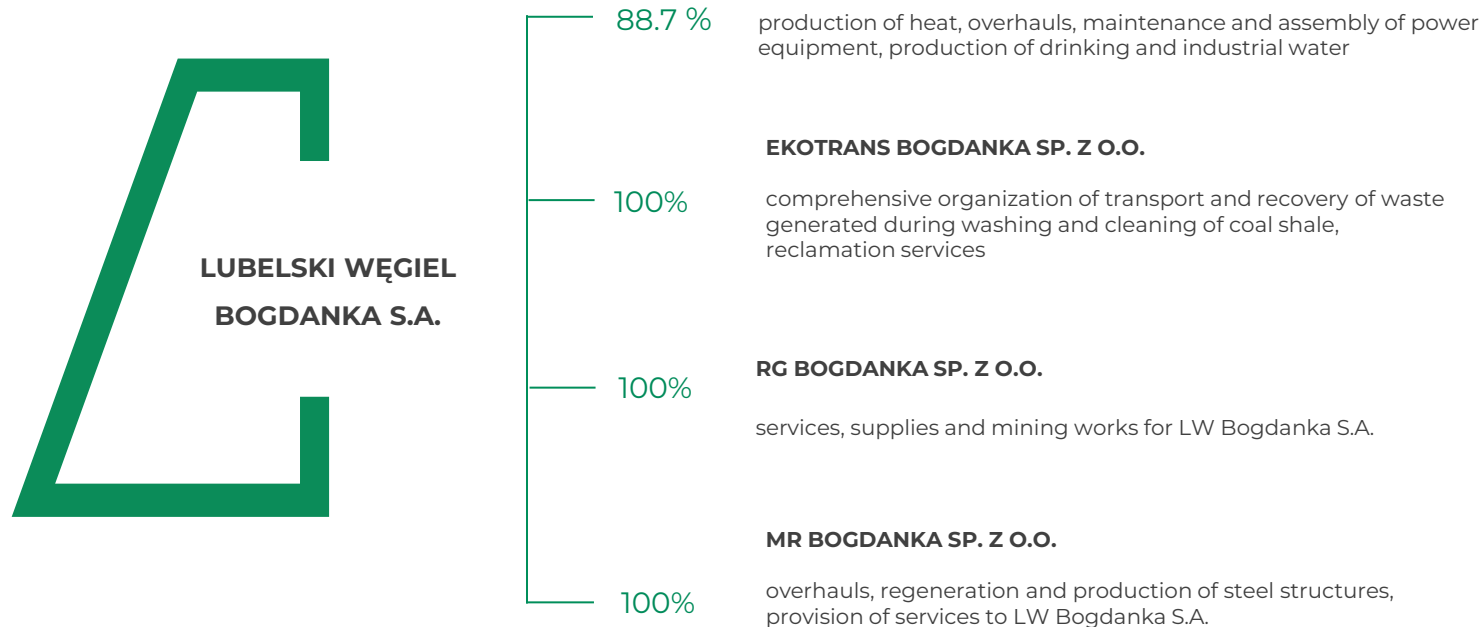
- Act of 15 September 2000 entitled Commercial Company Code
- Act of 9 June 2011 entitled Geological and Mining Law

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

Historical background

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

Structure of the LW Bogdanka Group



Changes in the LW Bogdanka Group's structure

In H1 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.

Development strategy of LW Bogdanka Group

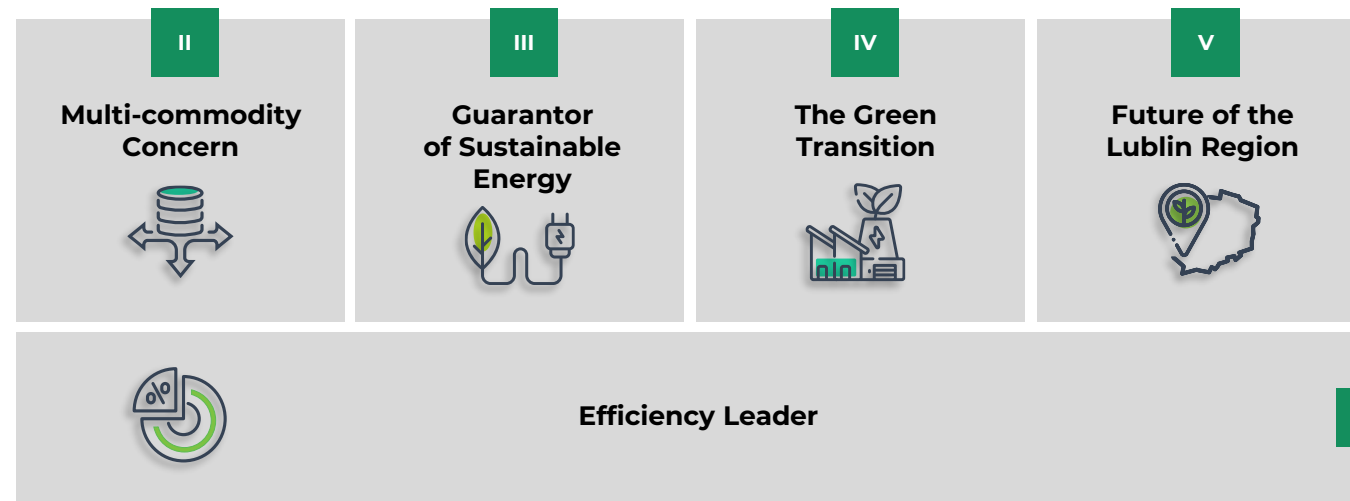
On 17 May 2023 the Company's Supervisory Board approved the "Development Strategy of the LW Bogdanka Group for 2023-2030 with an Outlook to 2040" ("Strategy"), including the dividend policy, adopted by the Management Board on 9 May 2023.

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.

Start of work on updating the Strategy of the LW Bogdanka Group

Currently, there is a clear trend of increasing the generation capacity of renewable energy source (RES) units, which directly affects the demand for coal. The growing importance of RES in Poland's energy mix, as well as the gradual shutdown of coal-based generating units planned for the long term and their conversion to other energy sources, leads to a decrease in the share of energy produced from coal, which is a consequence of the climate policy assuming progressive decarbonization of the Polish economy. This process is forcing companies operating in the coal sector to review existing strategies and adapt them to the changing market realities. In view of the aforementioned changes in the market and the resulting sales prospects, the Company has begun work on updating its Strategy, which is expected to be announced by the end of 2024.



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 H1 2024

In H1 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 475,295 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 4,347 thousand was incurred for the purchase of, among others, a roadheader, longwall shearer and a battery-powered shunting tractor.
- Purchases of finished goods, machinery and equipment – finished goods were purchased for PLN 20,821 thousand. The most important ones are as follows: the purchase of 33 coal cars; finished transportation equipment (including WSD.006 containers without chassis); hydraulic pumps and units, electrical equipment (including electric motors), other finished equipment, including WD-type hydraulic drilling rig, UW-1 hydraulic bolters.
- Modernization and overhaul of machinery and equipment – PLN 10,292 thousand was allocated to, among other things, the modernization of a DC engine, periodic overhauls of coal cars, and general overhauls

of S-200 locomotives, PF-4/1032 longwall conveyor and PF-4/1132 scraper conveyor.

Longwall shearers

- Purchase of a shearer system - an outlay of PLN 166,433 thousand was incurred for the investment, and the system is currently being installed in the longwall.

Other development investments

- Extension of the mining waste facility at Bogdanka - an expenditure of PLN 15 thousand was incurred. The land is currently being drained for the expansion of the next sector.
- Central air conditioning of the Bogdanka field - expenditures of PLN 1,688 thousand were allocated for the modernization of coils in spray and evaporative condensers.
- Power, mechanical and telecommunications installations expenditures in the amount of PLN 1,091 thousand incurred, among other things, for the installation of a DN 250 main drainage pipeline in shaft 1.2, the installation of a DN 100 pipeline in shaft 1.5.
- Windmill switchgear facilities and other electrical power systems - PLN 2,028 thousand was incurred, among other things, for the MW S 1.3 intake air cooling system.
- Replacement investments in the Coal Preparation Plant - PLN 8,194 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.
- Switchgear and 110/6kV substation facilities - an outlay of PLN 970 thousand was incurred for the modernization of T-7 and T8 110/6kV transformer stations.
- Construction and modernization of core business facilities and installations - PLN 3,458 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 6,602 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.

Administration – PLN 2,775 thousand was allocated, among other things, for the expansion of parking lots in the Stefanów field and also for the installation of air conditioning in offices.

Transport

- An amount of PLN 602 thousand was allocated for transportation (purchase of cars).

Other

- Environmental protection – expenditures in the total amount of PLN 15,695 thousand were incurred for the construction of a mine water pumping station on the "Żelazny" RE ditch, together with its reconstruction in order to eliminate the spillway in the foreground of the mining waste facility and to allow the free discharge of mine water limited by mining damage
- Construction of surface facilities, railroad investments and purchase of other equipment - PLN 478 thousand was allocated.

Operational investments of LW Bogdanka S.A.

- New excavations are completed in accordance with the applicable Mining Work Schedule. The total length of the completed roadway excavations carried out as part of the investments in H1 2024 was approximately 9.7 km (in total 11.7 km) and their value amounted to PLN 184,337 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 45,469 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 1,131 thousand.

Łęczyńska Energetyka - the investment tasks carried out in H1 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 243 thousand.

RG Bogdanka, MR Bogdanka - incurred total capital expenditures of PLN 888 thousand in H1 2024 for the purchase and installation of machinery and equipment, as well as core business.

Investment activities completed in H1 2024

Selected items of capital expenditures in the LW Bogdanka Group

[PLN thousand]	TEP 2024*	TEP actuals H1 2024	TEP actuals H1 2024 [%]
New excavations and upgrade of existing ones	462,019	229,806	49.7%
Maintenance of machinery	210,339	35,460	16.9%
Longwall shearers	167,931	166,433	99.1%
Other development investments	79,875	17,444	21.8%
ICT	25,967	6,602	25.4%
Administration	5,231	2,775	53.0%
Transport	1,125	602	53.5%
Other	44,861	16,173	36.1%
Strategic initiatives	100	0	0.0%
TOTAL CAPEX in LW Bogdanka SA	997,448	475,295	47.7%
Łęczyńska Energetyka Sp. z o.o.	9,500	243	2.6%
MR Bogdanka	1,590	455	28.6%
RG Bogdanka	3,987	433	10.9%
TOTAL CAPEX in the LW Bogdanka SA Group	1,012,525	476,426	47.1%

* TEP update for 2024 due to the update of the 2024 production target.

Value of capital expenditures incurred for excavations in H1 2024

Total excavations and works	Depreciation method	Length [running meters]	Value of capital expenditures [PLN 000s]
Gate roads	natural	6,323	
Basic excavations	straight-line	3,068	229,806
Reconstructions	linear/natural	1,944	

The total length of roadway excavations completed in H1 2024 was 9,763 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 45,469 thousand. The total expenditure incurred on new excavations and modernization of existing ones amounts to PLN 184,337 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 372 m.

Price of coal on the international market

CIF ARA coal prices

- 110.8 USD/t - average CIF ARA coal price in Q2 2024 -11.1% vs. Q2 2023 (124.7 USD/t)
- comparing with the average CIF ARA coal price in Q1 2024 (105.9 USD/t) this is an increase of 4.6%
- the average price in H1 2024 was 108.3 USD/t, down 20.2% (135.7 USD/t in H1 2023)

Inventories in ARA ports

- approx. 4.5 million tons of coal inventories at the end of June 2024 at ARA ports - at the end of March 2024 the inventories stood at 5.7 million tons

Prices at major ports worldwide

- 68.6 USD/t - average Baltic Ports FOB price in Q2 2024 vs. Q2 2023 (83.9 USD/ton) – down by 18.2%
- comparing with the average price in Q1 2024 (70.1 USD/t), this is a decrease of 2.1%
- the average price in H1 2024 was 69.4 USD/t, down 27.1% (95.2 USD/t in H1 2023)

China

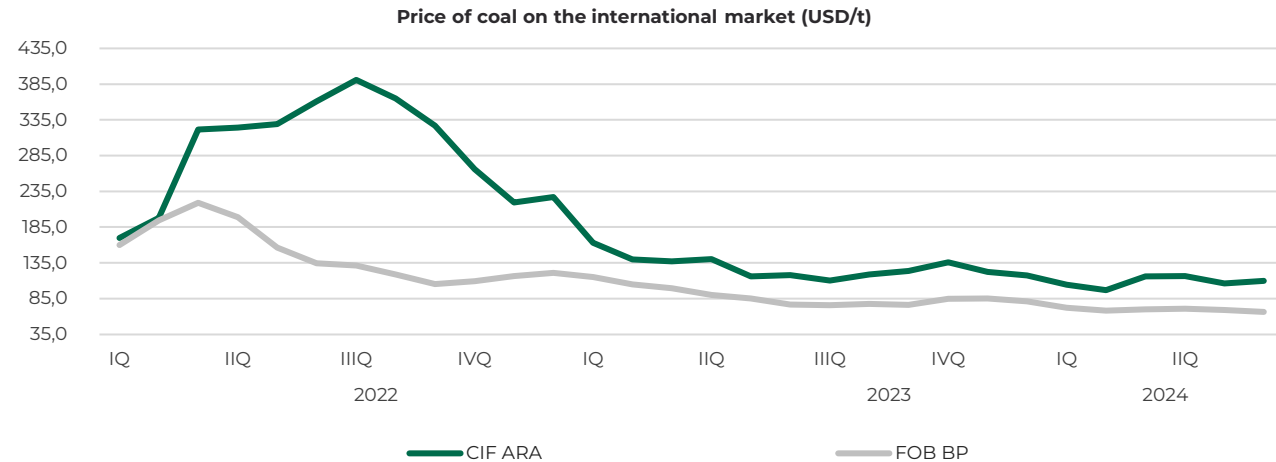
- in H1 2024, approx. 2.3 billion tons of coal were produced, similar to H1 2023
- in H1 2024 imports totaled 249.6 million tons, up approximately 12.5% from H1 2023 (221.9 million tons)

USA

- in H1 2024 production was 217.8 million tons, -19.5% vs. H1 2023 (270.4 million tons)
- in H1 2024, consumption was 175.8 million tons, up 2.2% vs. H1 2023 (172.0 million tons)
- exports in H1 2024 amounted to 47.1 million tons of hard coal, +4.7% y/y (45.0 million tons in H1 2023)

Russia

- production in H1 2024 was 211.0 million tons, down 0.7% y/y
- exports in H1 2024 amounted to 79.2 million tons, a decrease of 8.2% y/y



Prices for fine steam coal on the domestic market

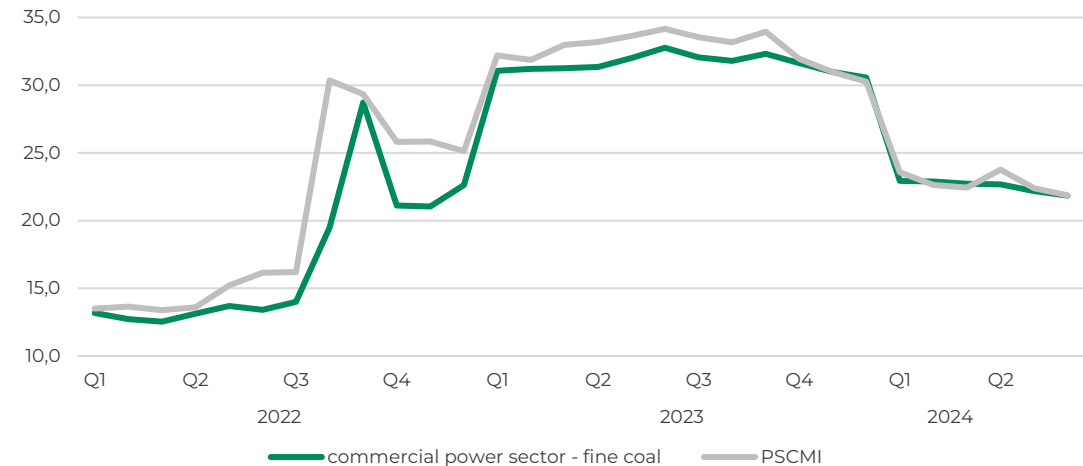
Price of fine steam coal

- The average price of fine steam coal for the commercial power sector in Q2 2024 was 31.2 PLN/GJ, the price decline rate was ca. -30.8% compared to Q2 2023 (32.1 PLN/GJ)
- The average price of fine steam coal for the commercial power sector in H1 2024 was 22.5 PLN/GJ, the price decline rate was ca. 28.8% compared to H1 2023 (31.6 PLN/GJ)
- The average calorific value of fine coal for the commercial power sector was approx. 21.8 GJ

Prices from the PSCMI index

- The average price from the PSCMI Index in Q2 2024 was approx. 22.7 PLN/GJ, compared to the average price in Q2 2023 (33.7 PLN/GJ), the decrease was approx. 32.6%
- The average price from the PSCMI Index in H1 2024 was approx. 22.8 PLN/GJ, compared to the average price in H1 2023 (33.0 PLN/GJ), the decrease was approx. 30.9%

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



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

Steam coal production in Poland

- in H1 2024, steam coal production was approx. 16.2 million tons, down 6.9% y/y.

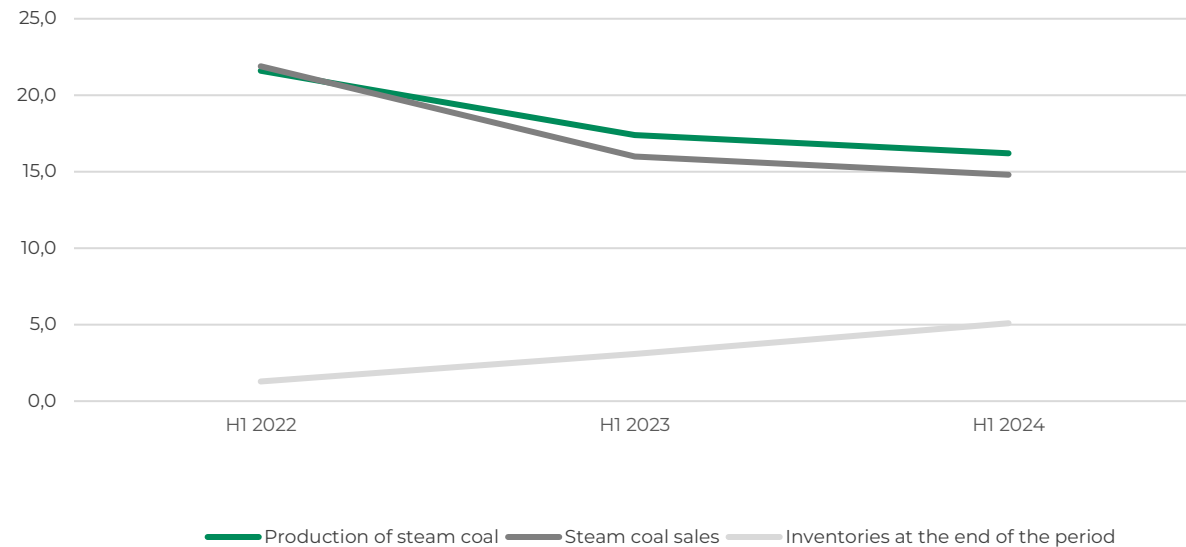
Steam coal sales in Poland

- the sales in H1 2024 amounted to approx. 14.8 million tons, of which sales to the commercial power sector amounted to approx. 10.1 million tons of fine steam coal
- compared to H1 2023, steam coal sales decreased by approx. 7.5%

Coal inventories in Poland

- at the end of H1 2024, steam coal inventories were 5.1 million tons (3.1 million tons at the end of H1 2023)
- compared to Q1 2024 (4.7 million tons) inventories rose by 0.4 million tons (+8.5%)

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



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

Key buyers of steam coal in Poland

The commercial power sector is the main buyer of steam coal in Poland, purchasing approx. 10.1 million tons of fine steam coal. The most important buyers in the commercial power sector are:

- Tauron
- PGE
- Enea
- PGNiG
- ENERGA

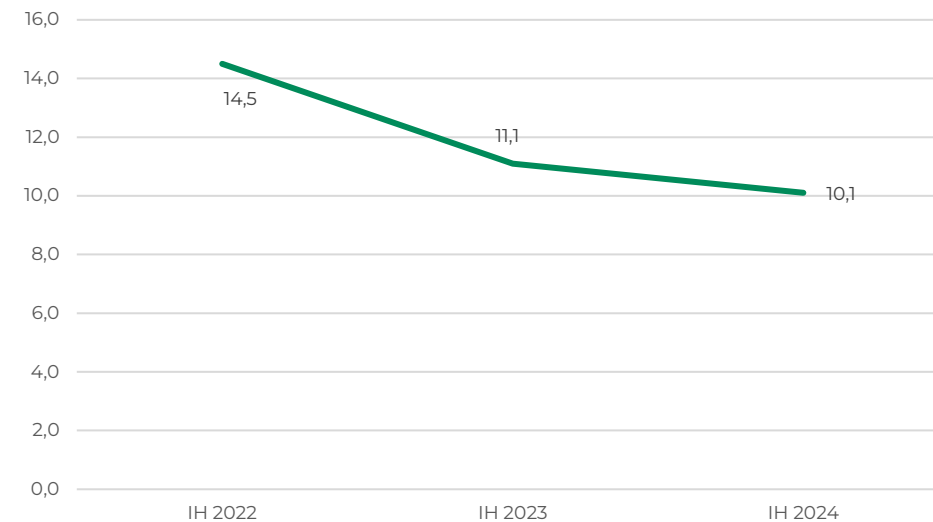
Steam coal sales in Poland

In H1 2024, approximately 14.8 million tons of steam coal was sold in Poland. Approximately 14.3 million tons of steam coal were delivered to the domestic market, including 12.7 million tons of fine steam coal.

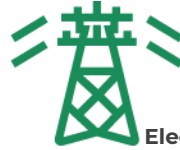
Coal exports

Approximately 2.1 million tons of coal was exported, including approx. 0.5 million tons of steam coal.

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



Production of electricity in Poland



Electricity production from wind power plants

Wind power generated 12,808 GWh in H1 2024, up 23.2% from H1 2023. The share of wind power in electricity generation was approx. 15.4%.

Electricity production from gas-fired power plants

Gas-fired power generation in H1 2024 was 7,363 GWh up 6.2% compared to H1 2023.

Electricity generation from other renewable sources

Other renewable power generation in H1 2024 was 8,790 GWh, up 34.9% compared to H1 2023.

Domestic electricity consumption

In H1 2024, 85,300 GWh of electricity was consumed, and compared to H1 2023, this represents an increase of 2,182 GWh (2.6%).

Balance of cross-border exchange

The balance of cross-border exchange of electricity in H1 2024 was 2,095 GWh, compared to 2,346 GWh in H1 2023. This means importing energy.

Total electricity production

In H1 2024, 83,205 GWh of electricity was produced, compared to H1 2023, this is an increase of 2,434 GWh (3.0%).

Electricity production from coal

The main fuel used for electricity production was coal, which generated 52,254 GWh in H1 2024. Such a level means a drop by 2,686 GWh (-4.9%) compared to H1 2023. In H1 2024, coal was the source of 62.8% of all electricity production in Poland - its share in the fuel mix was lower by 5.2% compared to H1 2023.

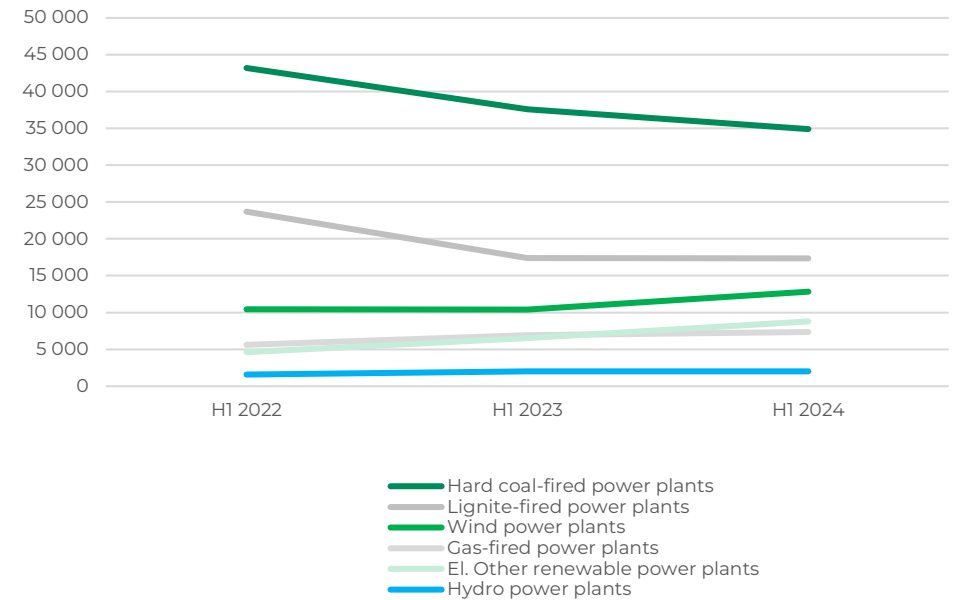
Electricity production from hard coal

In H1 2024, hard coal produced 34,909 GWh of electricity (down 7.1% vs. H1 2023)

Electricity production from lignite

In H1 2024, lignite produced 17,345 GWh (-0.1% less compared to H1 2023).

Electricity production in Poland [GW/h]



Key risks and 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

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

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

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

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

- directions and rate of change of domestic and global GDP, including changes in the volume of industrial production
- demand for electricity and heat
- development of renewable energy generation sources
- the timing of the end of the armed conflict in Ukraine, the scale of damage to the energy infrastructure, and thus the volume of electricity imports from neighboring countries
- the directions of reconstruction (choice of target technology) of electricity generation units after the end of the armed conflict in Ukraine
- climate policy trends in Poland and in Europe
- government plans to expand/modernize Poland's electricity generation system
- plans of the European Parliament to reduce methane emissions in the energy sector
- prices of raw materials on global markets, which translates into prices of production inputs
- prices of CO2 emission allowances and the commercial power sector's pressure on coal prices
- coal exports and imports balance from/to Poland

- inflation rate
- pressure from the trade unions to increase wages in the company
- government policy on the minimum wage in the economy
- unemployment rate.

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

Risk severity: **medium**

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

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

In parallel, efforts are underway to organize the ownership structure of the electricity market, aiming at the establishment of the National Energy Security Agency (NABE) by the State Treasury.

The purpose of its establishment is to take over coal-fired power plants from power companies (including ENEA Group), enabling the long-term operation of both power companies and coal-fired power plants, while ensuring the country's energy security during the energy transition planned in PEP 2040. To this end, it is also planned that the State Treasury will directly acquire the shares of LW Bogdanka S.A. (outside

NABE) belonging to Enea S.A.

It should be noted, however, that at present, work on both the PEP 2040 update and the ownership transformation of coal assets is not finally completed. However, the projected still relatively high role of coal in the Polish Power System and in the process of ensuring the country's energy security (despite downward trends) has a positive impact on the long-term aspect of LW Bogdanka's operations.

Risk severity: **medium**

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

The prices of energy commodities are influenced primarily by the prices of steam coal and raw materials alternative to steam coal (crude oil, natural gas, renewable sources) on global markets and, consequently, on the domestic market. This is critical to the business conducted by LW Bogdanka S.A. On the world coal market, in June 2024, prices at ARA ports are at approx. 109 USD/ton, which is 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 June 2024 level, i.e. 109 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 June 2024 was at around PLN 21.88/GJ, and the PSCMI 2 index (commercial and non-professional district heating segment) was at around PLN 24.32/GJ. The last price from December 2023 was respectively: PLN 28.51/GJ (PSCMI 1) and PLN 27.99/GJ (PSCMI 2). 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 stabilized and 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).

Risk severity: **low**

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

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

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

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

The consequences may be as follows:

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

Countermeasure:

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

The following is also important:

- use of modern and reliable mining machinery and equipment to reduce the risk of industrial accidents
- relatively regular location of the coal seams mined
- relatively low costs associated with mining

- damage repair, due to the low degree of urbanization of the area where the mine extracts hard coal
- high level of personnel skills

Risk severity: **medium**

Risk of restrictive climate policies resulting in changes to applicable law

The EU's restrictive climate policy is leading to a reduction in greenhouse gas emissions, an increase in the acquisition of renewable energy and increased energy efficiency.

In the Polish power generation industry, electricity is produced mainly from coal (hard coal and lignite). Production of electricity or heat from coal involves significant CO₂ emissions. Since the beginning of 2021, there has been a significant increase in the price of CO₂ emission allowances which, despite a decrease in the last months of 2023, continues to remain high, and directly affects the cost of coal combustion.

The above restrictions and subsequent draft regulations in the form of regulations on CO₂, SO_x, NO_x, mercury emission standards and quality standards for coal sold in the household market, i.e. the introduction of a draft regulation prohibiting the sale of coal in the market (or its segment) with a sulfur content exceeding 1.0-1.2% and sinterability RI>60, the implementation of local government anti-smog resolutions, the introduction of the ETS2 system, as well as the continued high level of CO₂ emission allowance prices, may affect major difficulties in the competitiveness of the coal produced by LWB for electricity and heat generation, and may directly affect the possibility of selling the coal produced by LWB. As a result, the above restrictions or plans for further legal changes may cause a further reduction in demand for coal. This may also negatively affect LW Bogdanka S.A.'s coal sales and reduce revenues, and consequently negatively affect the Group's financial performance.

Countermeasure:

- active participation in consultations conducted by the hard coal industry in Poland to minimize the above risks borne by domestic coal producers
- cooperation with relevant ministries and other energy and coal industry stakeholders to minimize the impact of EU climate policy
- monitoring changes in the Energy Law or other laws and studying their possible impact on the Group's operations

Risk severity: **high**



Risks directly associated with the Group's operations

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

An important aspect of the Company's operations is the need to secure future mining opportunities through access to new coal resources.

The decrease in the resource base resulting from ongoing mining, in the absence of new concessions, limits the possibility of more efficient planning of opening and preparation of a deposit for mining, and contributes to shortening the life of a mine or reduction of the level of production and, consequently, the expected financial results in the future.

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

Risk severity: **low**

Technical and technological risks

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

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

Countermeasure:

- availability of infrastructure – two mining

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

Risk severity: **medium**

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

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

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

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

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

Countermeasure: cost and capital expenditures control, use of highly specialized machinery and equipment, strong working culture with respect to compliance with mining and geological laws and technology, care for the equipment used, scientific and research work, implementation of

innovative technologies for improving underground air conditions, implementation of the IIoT platform for controlling operating parameters, and continuously analyzing the effective working time of key machinery in the production process.

Risk severity: **high**

Risk of IT system failures

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

Countermeasure:

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

Risk severity: **low**

Risk of customer insolvency

The risk of customer insolvency is associated with the general level of current receivables of the LW Bogdanka Group due from its customers and the balance of receivables over the Group's liabilities. The Group's trade and other short-term receivables accounted for 10.7% of its balance sheet value and 30.3% of its sales revenues in 2024. Trade receivables accounted for 83.2% of total trade receivables and other short-term receivables.

Countermeasure:

- monitoring of outstanding amounts due from the business partners for products sold
- analysis of credit risk for the key business partners on a case by case basis or as part of specific classes of assets

- executing transactions with business partners whose reliability has been confirmed only.

Risk severity: **low**

Risk related to the strong position of the trade unions

In the hard coal mining sector, trade unions hold a significant position and play an important role in shaping the personnel and payroll policy, often forcing renegotiations of the payroll policy using protests. As at 30 June 2024, there were six trade union organizations active in the Group (of which, at LWB, there were four trade union organizations representing approx. 67.1% of the workforce). The strong position of the trade unions gives rise to a situation in which there exists a risk of increasing salaries under the negotiated salary agreements in the future, which consequently may adversely affect the financial performance of the LW Bogdanka Group. Furthermore, potential protests and/or strikes organized by the trade unions operating in the Group may have an impact on the operating activities of the LW Bogdanka Group.

Countermeasure:

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

Risk severity: **medium**

Risks directly associated with the Group's operations

Risk associated with retaining and recruiting the Company's personnel

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

Countermeasure:

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

Risk severity: **medium**

Key supplier risk

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

Countermeasure: assessment of potential risks associated with the conclusion of contracts with suppliers in terms of performance of contracts and

possibility of starting cooperation with other suppliers.

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

Risk severity: **high**

Risk of supplier price collusion

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

Countermeasure:

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

Risk severity: **medium**



Financial risk and environmental protection risks

Insurance risk

The Group is exposed to insurance risks, both to the standard extent applicable to all business entities, as well as to the extent typical of entities in the mining industry arising in particular from risks accumulated in the underground mine area. Given the significance of the risks to which the Group is exposed, where particularly justified, these risks are transferred externally on the basis of insurance contracts concluded. The Group has insurance coverage for underground property, surface property and business third party liability as well as for other, less significant risks. In addition to covering potential business liability and property damage, the Group also covers risks of loss of profit (Business Interruption) and "terrorism" risks, for risks on the mine surface.

Risk severity: **medium**

Risk associated with reclamation and mining damage

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

Countermeasure: repair works, preventive protection of buildings against the effects of mining damage and reimbursement to investors of costs of adapting new buildings constructed within the mine site, ongoing dialog with the local community. Advance inventory of construction facilities to eliminate unjustified claims. Ongoing monitoring of land subject to mining impact. Meetings of the Consulting Team for periodic assessment of impacts of mining operations on the land surface within the borders of Cyców, Ludwin and Puchaczów municipalities organized by the Director of the Mining Authority

twice a year. Consistent execution of drainage hydrological works and land reclamation in the affected area.

Risk severity: **low**

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

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

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

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

Risk severity: **medium**

Risk related to mining waste management

The Company produces large quantities of mining waste. Mining waste is processed (recovered) and stored in the mining waste facility in Bogdanka. Approx. 50% of waste is processed and 50% is kept in the facility. Based on a construction permit, the Company is conducting works to increase the current spoil tip (to 250 m a.s.l.) and to enlarge the spoil tip in the eastern part. It has also taken steps to acquire adjacent land for further expansion, and another permit has been obtained for the expansion of the mining waste facility in the south-eastern part, which will secure waste storage for the next 6-7 years. Further actions are being taken to acquire more land to expand the facility. Failure to complete this investment will entail the

risk of undermining the stability of the mining process and the need to seek alternative methods of mining waste management. Countermeasure: the Group has been carrying out works to elevate and expand the existing mining waste facility. It has also continued efforts to acquire further land for the upcoming stages of spoil tip expansion. The Parent Company takes intense efforts to recover and manage the mining waste.

Risk severity: **medium**

Investment risk associated with the presence of protected areas

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

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

Risk severity: **medium**

Risks relating to proceedings and the legal environment

Risk of changing tax laws

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

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

Countermeasure:

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

Risk severity: **medium**

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

In accordance with the adopted strategy, starting in 2019, the Parent Company, in its property tax returns, also has been taking into account the values of underground mine workings and equipment located in these workings for the

purposes of calculating this tax, hence it appears that for the time being the above risk has been significantly reduced.

Countermeasure:

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

Risk severity: **low**

Risk of changing the law and its interpretation and application

The laws in Poland change quite frequently. Interpretations of the law and the practice of applying it also are subject to change. Changes to interpretation of tax regulations are particularly frequent. Practices of tax authorities and judgments handed down by courts in cases related to taxation are not uniform.

The adoption by the tax authorities of an interpretation of tax law different from that adopted by the Group or the introduction of new requirements by the Mining Law may imply a deterioration of its financial position and, as a result, adversely affect the Group's results and development prospects.

Countermeasure:

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

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

Risk severity: **medium**

Risk of violating stock exchange disclosure obligations

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

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

Risk severity: **low**

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

As other mines, LW Bogdanka S.A. carries out the mining operations based on the Mine Operation Plan approved by the Director of the Regional Mining Authority. The current Operation Plan covers the years 2023-2025 and has been subject to numerous updates in connection with the changes in circumstances arising during the operations. An update to the Operation Plan in the form of a Supplement is approved by means of an administrative decision subject to the same principles as the Plan. The Company was informed that one of the social organizations, which indicates in its statutory objectives the protection of nature, landscape and the environment, had applied for admission to participate in the administrative proceedings for updating the Operation Plan currently in effect in the Company. An intervention by social organizations which are negatively inclined towards the Company in the procedures regarding approval of updates of the Operating Plan entails the risk that this process will be prolonged, and thus may have the effect of obstructing the mining operations covered by the Supplement. To mitigate the above risk, the Company conducts educational and informational activities regarding the impact of mining operations on the environment, as well as relies on the support of reputable law firms to conduct the proceedings.

Risk severity: **high**

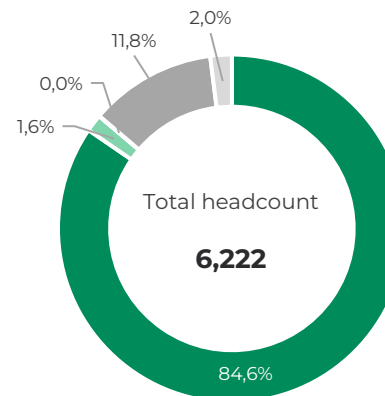
Changes in headcount

Headcount in the Group

In H1 2024, there was a 4.6% increase in LW Bogdanka Group's headcount compared to H1 2023.

Headcount in LW Bogdanka S.A.

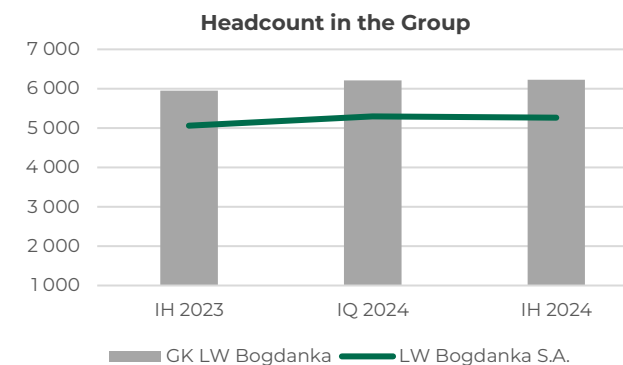
In H1 2024, the Parent Company employed 84.6% of the LW Bogdanka Group's total workforce. Blue-collar workers accounted for 80.3% of LW Bogdanka S.A.'s total workforce. Compared to H1 2023, the number of underground workers increased by 5.3%. In H1 2024, 120 people were hired by LW Bogdanka S.A., while 101 people left the Company in the same period.



Employment structure in the LWB Group by company

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

Headcount in persons	30.06.2023	31.03.2024	30.06.2024	Employment structure in the Group	Change H1 2024/ H1 2023	Change H1 2024/ Q1 2024
Total workers	4,101	4,262	4,230	-	3.1%	-0.8%
Underground employees	3,042	3,216	3,185	-	4.7%	-1.0%
Surface employees	1,059	1,046	1,045	-	-1.3%	-0.1%
Full-time underground employees	537	577	583	-	8.6%	1.0%
Full-time surface employees	424	459	452	-	6.6%	-1.5%
Total underground employees	3,579	3,793	3,768	-	5.3%	-0.7%
LW Bogdanka S.A.	5,062	5,298	5,265	84.6%	4.0%	-0.6%
RG Bogdanka Sp. z o.o.	682	697	734	11.8%	7.6%	5.3%
MR Bogdanka Sp. z o.o.	103	115	125	2.0%	21.4%	8.7%
EkoTrans Bogdanka sp. z o.o.	1	1	1	0.0%	0.0%	0.0%
Łęczyńska Energetyka Sp. z o.o.	99	101	97	1.6%	-2.0%	-4.0%
LW Bogdanka Group	5,947	6,212	6,222	100.0%	4.6%	0.2%



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.
- In April 2024, the project entitled "Bird Horizons - Active Protection of Endangered Birds in the Lublin Voivodeship" pursued since 2022 together with Bird Horizons Foundation, was completed.

The aim of the project was:

- 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, 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 was completed in April 2024.
- artificial breeding aviaries for chicks of wading bird species have been set up, thanks to which it has been possible to save about 130 godwits and 10 the Eurasian curlews.

Bogdanka's Glade

July 2024 saw completion of the work on developing 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 concept has been designed for local residents, LW Bogdanka employees, including retirees, and tourists. Its assumptions were based on the community consultations conducted in 2023 and the local municipality development strategies. It was located on land owned by LW Bogdanka in close proximity to the Company's headquarters.

At present, mainly due to the macroeconomic environment in which the Company finds itself and the potentially high expenses for the implementation of the assumption in question, the project has ended at the study and analysis phase without implementation.

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.

To date, as part of the cooperation the following have been established, among others: Fund for Research and Environmental Action in the Lublin Coal Basin: Grants for Scientists, and the "Together for Biodiversity" Program, under which 9 scientists of the Lubelskie Voivodeship received financial support to carry out scientific research in valuable ancestral areas of the closest impact of LW Bogdanka.

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 H1 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 H1 2024, financial assistance was provided to 20 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.
- The transfer of three donations (Primary School No. 4 in Łęczna, Primary School No. 2 in Łęczna and Our Day Care Center Helping Hand Association in Ciechanki) for the implementation of activities aimed at supporting teachers and educators in achieving educational goals.
- Establishing cooperation with the Sempre a Frente Foundation from Lublin, involving the implementation of laser therapy workshops with elements of survival for children of LW Bogdanka employees and the Foundation's beneficiaries.

Bogdanka Socially Committed

Bogdanka Socially Committed, a program to support local social and charitable initiatives submitted and coordinated by employees, was very popular in H1 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. Among the activities carried out was an initiative to develop the organization "Seniors with Vigor" where 3 sewing machines were purchased to serve seniors in learning to sew, creating materials for fairs and festivals.



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. In H1 2024, two campaigns were held during which 46 employees donated blood. 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 passion in the Active in Bogdanka program. The program is addressed to all Group employees who would like to present their non-work activities. Nine individual winners and one sports team were honored in the first edition. In addition to financial support, employees have the opportunity to record a professional video in which they showcase their passion. The finished material is published on the Company's social media.

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 H1 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. 22 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.

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.

Neighborhood cooperation

At the request of organizations working for seniors and the disabled near the mine, occasional fairs are organized on the Company's premises.

In the first half of the year, senior citizens from Bogdanka and participants of the Occupational Therapy Workshop in Janowica presented their works.



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 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 H1 2024, nearly 3,500 children and caregivers from nearby kindergartens, 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 Group 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.

Consequently, 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 LW Bogdanka S.A.

Considering the vicinity of the extremely valuable natural environment in which LW Bogdanka operates, but also the expectations of stakeholders regarding the Company's environmental impact, 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 first meeting of the Council in 2024 was held on 2 August 2024.

"Go to the future 2024" Conference

On 8-9 April 2024, 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.

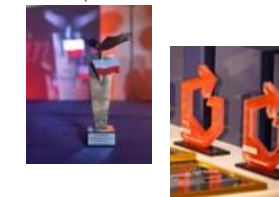
Distinctions

On 16 January 2024, 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

[000 tons]	Q2 2023	Q2 2024	Change	Percentage change	H1 2023	H1 2024	Change	Percentage change
Gross coal extracted	2,684	2,633	-51	-1.9%	5,653	5,529	-124	-2.2%
Production of commercial coal	1,643	1,622	-21	-1.3%	3,266	3,497	231	7.1%
Mining yield (%)	61.2%	61.6%	0.4 p.p.	0.7%	57.8%	63.2%	5.4 p.p.	9.3%
Sales of commercial coal	1,480	1,871	391	26.4%	3,062	3,628	566	18.5%
New excavations (km)	8.2	5.3	-2.9	-35.4%	16.7	11.7	-5.0	-29.9%

Company's commercial coal inventories

[000 tons]	30.06.2023	31.12.2023	30.06.2024	Change [%] 30.06.2024/ 31.12.2023	Change [%] 30.06.2024/ 30.06.2023
Coal inventories	226	371	240	-35.3%	6.2%

Commercial coal production structure

[%]	Q2 2023	Q2 2024	H1 2023	H1 2024
Fine coal	99.4%	97.8%	98.7%	98.6%
Chestnut coal	0.2%	0.2%	1.0%	0.2%
Pea coal	0.4%	2.0%	0.3%	1.2%
Total	100.0%	100.0%	100.0%	100.0%

The Group's financial results in H1 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 output in H1 2024 fell 2.2%, or 124 thousand tons, to 5,529 thousand tons, y/y
 (-) commercial coal production in H1 2024 was 3,497 thousand tons, up 231 thousand tons from the corresponding period of 2023
 (+) yield was 63.2% in H1 2024, compared to 57.8% in H1 2023

Sales of coal

(+) commercial coal sales in H1 2024 was 3,628 thousand tons, up 18.5% from the corresponding period of 2023
 (+) in Q2 2024, coal sales increased 26.4% compared to Q2 2023 and stood at 1,871 thousand tons

Inventories

(+) at the end of Q2 2024, coal inventories totaled 240 thousand tons, down 131 thousand tons from 31 December 2023
 (+) the coal inventories presented at the end of Q2 2024 corresponds approximately to ten days of commercial coal production (based on 6-month average daily production)
 (+) inventory levels allow for safe operation of the logistics processes in the event of coal production problems.

Commercial coal production structure

(+) the dominant share of production of fine coal sold to industrial customers was maintained
 (+) In Q2 2024 as well as in the entire H1 2024, the higher share of pea coal in the production mix is related to higher sales to Ukrainian customers.

Sales revenues and main customers of the LW Bogdanka Group

Changes in sales revenue on various items

[PLN thousand]	Q2 2023	Q2 2024	Change	Percentage change	H1 2023	H1 2024	Change	Percentage change
Sales of coal	865,433	833,504	-31,929	-3.7%	1,780,993	1,626,465	-154,528	-8.7%
Other operations	15,309	17,067	1,758	11.5%	37,364	35,852	-1,512	-4.0%
Sales of goods and materials	3,660	4,107	447	12.2%	6,723	8,264	1,541	22.9%
Total	884,402	854,678	-29,724	-3.4%	1,825,080	1,670,581	-154,499	-8.5%

Structure of revenues

[%]	Q2 2023	Q2 2024	H1 2023	H1 2024
Sales of coal	97.9%	97.5%	97.6%	97.4%
Other operations	1.7%	2.0%	2.0%	2.1%
Sales of goods and materials	0.4%	0.5%	0.4%	0.5%
Total	100.0%	100.0%	100.0%	100.0%

Geographical structure of sales revenues

[PLN thousand]	Q2 2023	Structure	Q2 2024	Structure	H1 2023	Structure	H1 2024	Structure
Domestic sales	884,402	100.0%	853,790	99.9%	1,825,080	100.0%	1,650,946	98.8%
Foreign sales	0	0.0%	888	0.1%	0	0.0%	19,635	1.2%
Total	884,402	100.0%	854,678	100.0%	1,825,080	100.0%	1,670,581	100.0%

Revenue from sales of coal

(-) in Q2 2024, the Group earned PLN 833,504 thousand in revenue from sales of coal, down 3.7% compared to Q2 2023 (-) in H1 2024, revenue from sales of coal amounted to PLN 1,626,465 thousand compared to PLN 1,780,993 thousand in H1 2023, a y/y decrease of 8.7%. (-) in both Q2 2024 and the entire H1 2024, the decrease in revenue was due to lower prices, with an increasing volume of coal sold.

The main source of the Group's sales revenues is the production and sales of steam coal by the Parent Company. These activities generate approximately 97-98% of the sales revenue generated by the LW Bogdanka Group in each of the comparative reporting periods.

Revenue from other operations

In Q2 2024, revenue from other operations (which includes, among others, revenues of subsidiaries earned outside the LWB Group) amounted to PLN 17,067 thousand, compared to PLN 15,309 thousand in the corresponding period of 2023, up 11.5% y/y. Notable items in this group were as follows:

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

In H1 2024, revenue from other operations amounted to PLN 35,852 thousand, compared to PLN 37,364 thousand in the corresponding period of the year before, which signifies a decline of 4.0%.

The decrease in this group is attributable, primarily, to the Parent Company's lower transport fee revenues.

The higher value of revenue from sales of goods and materials is a derivative of higher 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 H1 2024, coal sales to foreign countries (Ukraine, Slovakia) were made both through an intermediary coal entity and directly. There were no steam coal exports in H1 2023.

Main customers

Approximately 79% of coal (in value terms) in H1 2024 was sold 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. 10.0 p.p. higher.

Major customers by percentage of revenue:

- Enea Wytwarzanie sp. z o.o. – Grupa Enea S.A. – approx. 63% share in revenues
- Enea Elektrownia Połaniec S.A. - Grupa Enea S.A. - approx. 16% share in revenues

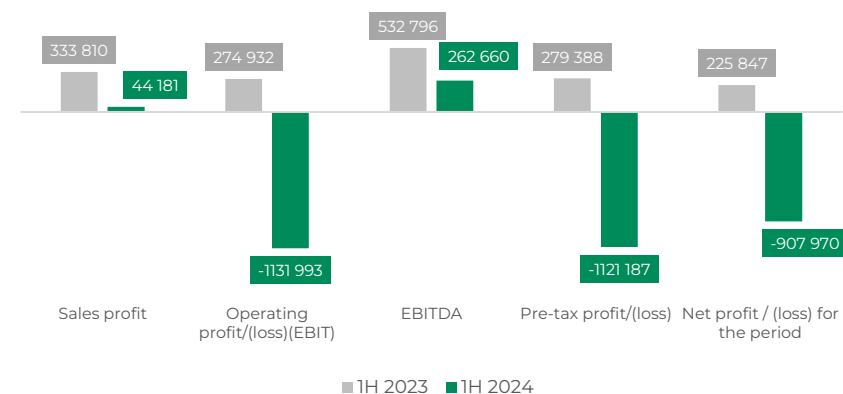
Key financial results of the LW Bogdanka Group

Analysis of the consolidated statement of profit or loss

[PLN thousand]	Q2 2023	Q2 2024	Change	H1 2023	H1 2024	Change
Sales revenues	884,402	854,678	-3.4%	1,825,080	1,670,581	-8.5%
Cost of products, goods and materials sold, selling and distribution and administrative expenses	739,012	855,980	15.8%	1,491,270	1,626,400	9.1%
Profit/(Loss) on sales	145,390	-1,302	-100.9%	333,810	44,181	-86.8%
Gross sales margin	16.4%	-0.2%	-16.6 p.p.	18.3%	2.6%	-15.7 p.p.
Other revenues	358	339	-5.3%	1,377	4,041	193.5%
Other costs	4,869	659	-86.5%	5,769	858	-85.1%
Operating profit/(loss)	140,879	-1,622	-101.2%	329,418	47,364	-85.6%
Other net profits/(losses)	2	-4,405	-220,350%	-4,116	-5,089	23.6%
Impairment loss allowance for non-current assets	-21,701	-1,174,268	5,311.1%	-50,370	-1,174,268	2,231.3%
Operating profit/(loss)(EBIT)	119,180	-1,180,295	-1,090.3%	274,932	-1,131,993	-511.7%
EBIT margin	13.5%	-138.1%	-151.6 p.p.	15.1%	-67.8%	-82.9 p.p.
EBITDA	241,168	100,195	-58.5%	532,796	262,660	-50.7%
EBITDA margin	27.3%	11.7%	-15.6 p.p.	29.2%	15.7%	-13.5 p.p.
Financial income	9,389	11,593	23.5%	17,021	23,123	35.8%
Financial costs	5,723	5,226	-8.7%	12,565	12,317	-2.0%
Pre-tax profit/(loss)	122,846	-1,173,928	-1,055.6%	279,388	-1,121,187	-501.3%
Profit margin before tax	13.9%	-137.4%	-151.3 p.p.	15.3%	-67.1%	-82.4 p.p.
Income tax	-23,164	223,179	-1,063.5%	-53,541	213,217	-498.2%
Net profit / (loss) for the period	99,682	-950,749	-1,053.8%	225,847	-907,970	-502.0%
Net profitability	11.3%	-111.2%	-122.5 p.p.	12.4%	-54.4%	-66.8 p.p.



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



Key financial results of LW Bogdanka Group

Sales revenues

Sales revenues in Q2 2024 decreased by 3.4% compared to the corresponding period of last year and stood at PLN 854,678 thousand.

In H1 2024, the Group generated revenue in the amount of PLN 1,670,581 thousand compared to PLN 1,825,080 thousand in the corresponding period of 2023 (8.5% decrease).

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

In Q2 2024, total cost of products, materials and goods sold, and selling and distribution and administrative expenses amounted to PLN 855,980 thousand and were higher by PLN 116,968 thousand compared to the corresponding period of the previous year, when they stood at PLN 739,012 thousand.

In H1 2024, the cost of products, materials and goods sold, and selling and distribution and administrative expenses increased from PLN 1,491,270 thousand to PLN 1,626,400 thousand, i.e. 9.1%, compared to H1 of the previous year.

Profit/(loss) on sales

In Q2 2024, sales loss amounted to PLN 1,302 thousand, compared to a PLN 145,390 thousand sales profit recorded in the corresponding period of 2023.

In H1 2024 the Group generated sales profit in the amount of PLN 44,181 thousand compared to PLN 333,810 thousand in the same period of 2023.

Other revenues

Other revenues in H1 2024 amounted to PLN 4,041 thousand versus PLN 1,377 thousand a year earlier. The increase compared to 2023 is mainly due to a higher amount of compensation

received and the reversal of impairment charges in the amount of PLN 1,691 thousand.

Other costs

Other expenses in H1 2024 amounted to PLN 858 thousand, compared to PLN 5,769 thousand in the same period of 2023. The lower amount is due to the lower value of donations made.

Other net gains/(losses)

Other net losses were PLN 4,405 thousand in Q2 2024, compared to other net gains of PLN 2.0 thousand in Q2 2023.

Other net losses were PLN 5,089 thousand in H1 2024, compared to PLN 4,116 thousand in H1 2023.

Impairment loss

In the analyzed period of 2024, as a result of an asset impairment test, a write-down of PLN 1,174,196 thousand was made (the total amount of write-downs related to non-current assets, including other write-downs, is PLN 1,174,268 thousand), while the write-down made in H1 2023 was PLN 50,370 thousand and related to machinery and equipment located in the geological event area.

EBIT

The operating result in Q2 2024 amounted to PLN -1,180,295 thousand. At the same time the EBIT margin amounted to -138.1%, which is 151.6 p.p. less than in Q2 of the previous year. The EBIT margin for H1 2024 was 82.9 p.p. lower than in H1 2023, and stood at -67.8%.

In H1 2024, EBIT amounted to PLN -1,131,993 thousand, compared to PLN 274,932 thousand for H1 2023.

EBITDA

EBITDA in Q2 2024 decreased by 58.5% compared to Q2 2023 and amounted to PLN 100,195 thousand. The EBITDA margin in Q2 2024 was lower than that achieved in the corresponding

period of 2023 and amounted to 11.7%. In H1 2024 the Group achieved EBITDA profitability of 15.7%, 13.5 p.p. lower than in the same period of 2023 (EBITDA decreased by 50.7% in the period under analysis). EBITDA in H1 2024 was PLN 262,660 thousand, compared to PLN 532,796 thousand in H1 2023.

Financial income

Financial income in Q2 2024 amounted to PLN 11,593 thousand, compared to PLN 9,389 thousand in Q2 2023.

Financial income in H1 2024 amounted to PLN 23,123 thousand versus PLN 17,021 thousand a year earlier. The higher financial income in H1 2024 is primarily due to higher interest income from bank deposits. The significant increase is due to the higher level of cash held by the Group.

Financial costs

Financial costs for Q2 2024 were 8.7% lower than in the corresponding period of 2023 and amounted to PLN 5,226 thousand.

Financial costs in H1 2024 amounted to PLN 12,317 thousand and were marginally lower than in the same period of 2023. As at 30 June 2024, the Group had total debt of PLN 275 thousand, compared to PLN 1,809 thousand as at 31 December 2023.

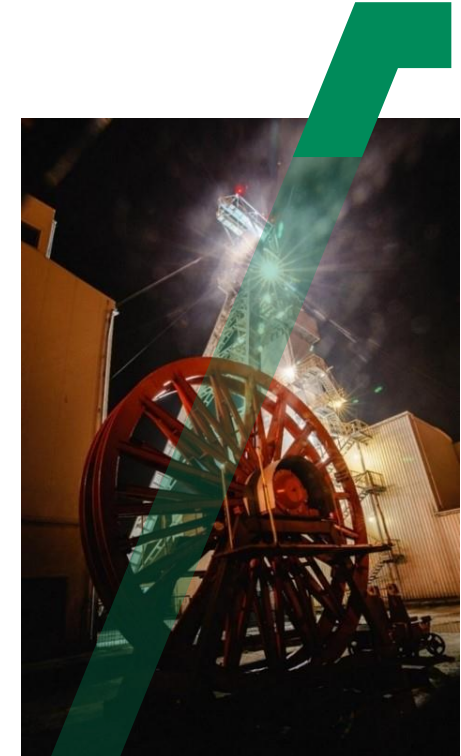
Profit/(loss) before tax

In Q2 2024, the Group recorded a loss before tax of PLN 1,173,928 thousand compared to a profit before tax of PLN 122,846 thousand in Q2 2023. Profit before tax for H1 2024 amounted to PLN -1,121,187 thousand, compared to PLN 279,388 thousand in the corresponding period of 2023.

Net profit/(loss) for the period

In Q2 2024, the Group recorded a net loss of PLN 950,749 thousand compared to a net profit of PLN 99,682 thousand in Q2 2023.

The Group's net loss for H1 2024 amounted to PLN 907,970 thousand, compared to a net profit of PLN 225,847 thousand in the corresponding period of the previous financial year.



LW Bogdanka Group's balance sheet

Balance sheet	31.12.2023	30.06.2024	Change
[PLN thousand]			
Total assets	5,762,168	4,756,045	-17.5%
Return on assets (ROA)*	13.0%	-8.5%	-21.5 p.p.
Non-current assets	4,101,959	3,148,142	-23.3%
Current assets	1,660,209	1,607,903	-3.2%
Equity	4,304,041	3,293,889	-23.5%
Return on equity (ROE)*	17.2%	-11.8%	-29.0 p.p.
Provisions and liabilities	1,458,127	1,462,156	0.3%

*the calculation takes into account the net result for the last four quarters and the average level of assets and equity (as at 30 June 2024 + as at 31 December 2023)/2.

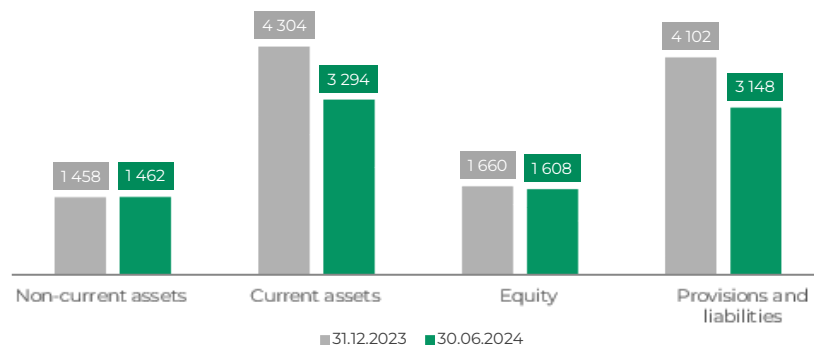
Assets

Total assets as at 30 June 2024 compared to the value as at 31 December 2023 decreased by PLN 1,006,123 thousand and amounted to PLN 4,756,045 thousand, with non-current assets decreasing by PLN 953,817 thousand and current assets decreasing by PLN 52,306 thousand. Among non-current assets, the most significant change is a decrease in property, plant and equipment by PLN 935,699 thousand and in intangible assets by PLN 21,636 thousand. The decrease in the value of fixed assets is a result of the impairment loss on non-current assets. Among current assets, the most significant change is the decrease in inventories by PLN 56,125 thousand and trade and other receivables by PLN 84,325 thousand and cash and cash equivalents by PLN 88,144 thousand. As at 30 June 2024, return on assets (ROA) was -8.5%, compared to 13.0% at the end of 2023.

Equity and liabilities

Equity decreased by 23.5%. This is mainly due to the inclusion of comprehensive net income for H1 2024. Provisions and liabilities increased marginally - by 0.3% compared to the value as of 31 December 2023, with current liabilities increasing by 28.8% (primarily trade and other liabilities, employee benefit liabilities and dividend payables increased) and non-current liabilities decreasing by 28.4% (mainly due to a decrease in deferred tax liabilities, while employee benefit liabilities increased). As at 30 June 2024, return on equity decreased by 29.0 p.p. compared to the end of 2023. As at 30 June 2024 the ratio stood at -11.8%, compared to 17.2% as at 31 December 2023.

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



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 thousand]	31.12.2023	30.06.2024	Change
Total debt ratio	25.3%	30.7%	5.4 p.p.
(Debt plus employee liabilities)/EBITDA ratio*	0.20	0.34	70.0%
Net debt/EBITDA ratio*	-0.54	-0.77	42.6%
Debt to equity ratio	33.9%	44.4%	10.5 p.p.
Fixed capital to non-current assets ratio (non-current assets/fixed capital)	118.5%	115.9%	-2.6 p.p.
Short-term debt ratio (current liabilities/liabilities)	12.7%	19.8%	7.1 p.p.
Long-term debt ratio (non-current liabilities/liabilities)	12.6%	11.0%	-1.6 p.p.

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

	31.12.2023	30.06.2024	Change
Current liquidity ratio	2.33	1.74	-25.3%
Quick liquidity ratio	1.86	1.43	-23.1%

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

Total debt ratio

Total debt ratio as at 30 June 2024 increased by 5.4 p.p. compared to 31 December 2023 and amounted to 30.7%. During the period under review, there was an increase in the value of liabilities with a decrease in total assets (lower net income due to the write-down).

As at 30 June 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 cash balances at an appropriate level.

Debt plus employee liabilities/EBITDA

The ratio describing the ratio of debt to EBITDA at the end of Q2 2024 increased by 70.0% and stood at 0.34. Comparing the data as at 30 June 2024 to 31 December 2023, there was a drop in EBITDA (calculated on a rolling basis for the last four quarters) while the debt and employee benefits increased.

Net debt/EBITDA

The indicator describing the ratio of net debt (total interest-bearing short- and long-term liabilities less cash and cash equivalents) to EBITDA increased, in absolute terms, from -0.54 as at 31 December 2023 to -0.77 as at 30 June 2024. Net debt increased by approximately PLN 90 million and amounted to PLN -823 million with EBITDA decreasing by approximately PLN 270 million to PLN 1.075 million (EBITDA calculated on a rolling basis for the last four quarters).

Debt to equity ratio

The debt to equity ratio as at 30 June 2024 increased by 10.5 p.p. from 31 December 2023 and amounted to 44.4% - liabilities increased by approximately PLN 4.0 million and equity decreased by approximately PLN 1.010 million.

Fixed capital to non-current assets ratio

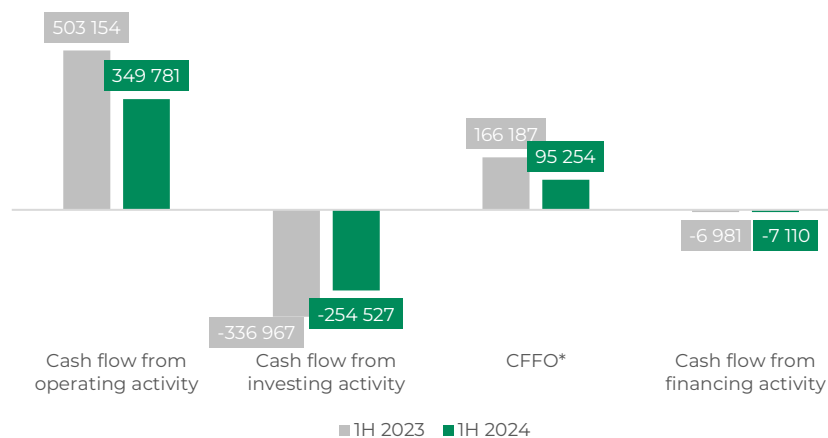
The ratio of coverage of non-current assets with fixed capital reached 115.9% (as at 30 June 2024) compared to 118.5% (as at 31 December 2023) - in the period under analysis the value of non-current assets decreased by approx. PLN 954 million while the value of fixed capital (the sum of equity and non-current liabilities without provisions) decreased by approx. PLN 1.215 million.

LW Bogdanka Group's cash flows

Cash position

[PLN thousand]	Q2 2023	Q2 2024	Change	H1 2023	H1 2024	Change
Cash flows from operating activities	349,585	149,681	-57.2%	503,154	349,781	-30.5%
Cash flows from investing activities	-183,698	-104,851	-42.9%	-336,967	-254,527	-24.5%
CCFO*	165,887	44,830	-73.0%	166,187	95,254	-42.7%
Cash flows from financing activities	-3,644	-3,062	-16.0%	-6,981	-7,110	1.8%

Cash flow analysis (PLN thousand)



Cash position

Cash flows from operating activities

In Q2 2024, the Group generated PLN 57.2% lower net cash flow on operating activity than in Q2 2023 - in Q2 2024, it amounted to PLN 149,681 thousand compared to PLN 349,585 thousand a year earlier.

In H1 2024, the LW Bogdanka Group generated PLN 349,781 thousand in cash flow on operating activity (-30.5% y/y). The reported decrease is primarily due to changes in working capital with a decrease in net result.

Cash flows from financing activities

In Q2 2024 the Group recorded negative cash flow from financing activities in the amount of PLN 3,062 thousand.

In H1 2024 the Group recorded negative cash flow from financing activities in the amount of PLN 7,110 thousand. The predominant items were payments of lease liabilities.

Cash flows from investing activities

Cash flow on investing activity decreased (in absolute terms) by 42.9% (to PLN 104,851 thousand) in Q2 2024 compared to the corresponding period of 2023.

In H1 2024, cash flows on investing activities decreased (in absolute terms) by 24.5%, i.e. from PLN 336,967 thousand to PLN 254,527 thousand. Both Q2 2024 and the entire H1 2024 recorded, primarily, lower spending on the acquisition of property, plant and equipment.

Turnover of receivables and liabilities in the LW Bogdanka Group

Turnover ratios

[PLN thousand]			31.12.2023	30.06.2024	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	37	5.7%
2. Receivables turnover ratio*	$\frac{\text{average balance of receivables}}{\text{sales revenues}} \times$	number of days in the period	37	59	59.5%
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	80	21.2%
4. Operating cycle	1+2		72	96	33.3%
5. Cash conversion cycle	4-3		6	16	166.7%

* Trade and other receivables

** Trade and other liabilities

Inventory turnover ratio

The inventory turnover ratio as at 30 June 2024 increased from 31 December 2023 and is 37 days.

On average, it takes 2 days longer to liquidate inventory.

Receivables turnover ratio

The receivables turnover ratio (calculated on the basis of the balance sheet item "Trade and other receivables") was 59 days (as at 30 June 2024) compared to 37 days (as at 31 December 2023).

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

Liabilities turnover ratio

The liabilities turnover ratio (calculated on the basis of the balance sheet item "Trade and other liabilities") during the corresponding period increased by 14 days to 80 days compared to the value at the end of 2023.

In the period under review, the Group had a higher average level of current trade liabilities with a lower level of expenses.

Operating cycle

The operating cycle of current assets (the sum of the inventory and trade receivables turnover ratios) in the period under analysis increased by 24 days and amounted to 96 days. On average, the Group's current assets are liquidated after 96 days.

Cash conversion cycle

The changes described above resulted in achieving a cash conversion cycle of 16 days as at 30 June 2024. A positive value of the ratio means that the Group does not use trade credit.

LW Bogdanka Group's provisions

Balance sheet provisions [PLN thousand]	As at 30.06.2023	As at 31.12.2023	As at 30.06.2024	Change 30.06.2024/ 31.12.2023	Change 30.06.2024/ 30.06.2023
Employee provisions	334,231	270,719	368,767	36.2%	10.3%
Provision for mine decommissioning and land reclamation costs	155,621	169,102	166,984	-1.3%	7.3%
Mining damage	2,326	7,352	6,037	-17.9%	159.5%
Other	9,405	9,571	8,328	-13.0%	-11.5%
Total	501,583	456,744	550,116	20.4%	9.7%

Total provisions as at 30 June 2024 amounted to PLN 550,116 thousand, an increase of 20.4% compared to 31 December 2023.

Change in provisions [PLN thousand]	Change Q2 2023	Change Q2 2024	Change Q2 2024/ Q2 2023	Change in H1 2023	Change in H1 2024	Change H1 2024/ H1 2023
Employee provisions	70,842	65,622	-7.4%	104,418	98,048	-6.1%
Provision for mine decommissioning and land reclamation costs	3,289	-4,169	-	169	-2,118	-
Mining damage	-1,266	-500	-60.5%	-4,518	-1,315	-70.9%
Other	-502	889	-	3,503	-1,243	-
Total	72,363	61,842	-14.5%	103,572	93,372	-9.8%

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

[PLN thousand]	Change in provisions in H1 2024	Change recognized in operating activities (EBITDA)	Of which:			
			Change recognized below operating profit – interest	Change recognized only in the balance sheet – increase in the carrying amount of fixed assets	Change recognized in Other Comprehensive Income	Change recognized only on the balance sheet – use of provisions
Employee provisions	98,048	102,098	5,424	-	21,008	-30,482
Provision for mine decommissioning and land reclamation costs	-2,118	729	4,067	-6,914	-	-
Mining damage	-1,315	-	-	-	-	-1,315
Other	-1,243	2,623	-	-	-	-3,866
Total	93,372	105,450	9,491	-6,914	21,008	-35,663

[PLN thousand]	Changes in provisions in Q2 2024	Change recognized in operating activities (EBITDA)	Of which:			
			Change recognized below operating profit – interest	Change recognized only in the balance sheet – increase in the carrying amount of fixed assets	Change recognized in Other Comprehensive Income	Change recognized only on the balance sheet – use of provisions
Employee provisions	65,622	55,044	2,714	-	21,008	-13,144
Provision for mine decommissioning and land reclamation costs	-4,169	311	2,034	-6,514	-	-
Mining damage	-500	-	-	-	-	-500
Other	889	1,000	-	-	-	-111
Total	61,842	56,355	4,748	-6,514	21,008	-13,755

Costs and expenses of LW Bogdanka S.A.

Costs by nature

[PLN thousand]	Q2 2023	Q2 2024	Change	H1 2023	H1 2024	Change
Net production [thousand tons]	1,643	1,622	-1.3%	3,266	3,497	7.1%
Sales [thousand tons]	1,480	1,871	26.4%	3,062	3,628	18.5%
Depreciation and amortization	96,215	102,827	6.9%	199,567	213,206	6.8%
Consumption of materials and energy	311,396	251,911	-19.1%	615,751	529,526	-14.0%
External services	173,970	159,389	-8.4%	325,357	335,940	3.3%
Employee benefits	196,463	244,135	24.3%	456,633	491,532	7.6%
Representation and advertising costs	5,537	3,030	-45.3%	9,983	9,263	-7.2%
Taxes and charges	11,127	12,399	11.4%	25,063	28,186	12.5%
Other costs	471	49,233	10,352.9%	3,879	57,872	1,391.9%
Total costs by nature	795,179	822,924	3.5%	1,636,233	1,665,525	1.8%
Cost of producing services for the entity's proprietary needs	-111,163	-113,304	1.9%	-228,212	-225,083	-1.4%
Accruals	41,496	-4,680	-111.3%	33,519	30,894	-7.8%
Provisions and other presentation adjustments between expense by nature and by function	80,952	58,756	-27.4%	131,583	91,949	-30.1%
Total production costs	806,464	763,696	-5.3%	1,573,123	1,563,285	-0.6%
Change in products	-65,635	89,771	-236.8%	-85,623	56,181	-165.6%
Cost of goods and materials sold	3,627	4,063	12.0%	6,623	8,205	23.9%
Cost of goods sold, including:	744,456	857,530	15.2%	1,494,123	1,627,671	8.9%
Cost of goods and materials sold	681,246	796,920	17.0%	1,374,337	1,503,137	9.4%
Selling and distribution expenses	15,078	13,610	-9.7%	25,616	28,808	12.5%
Administrative expenses	48,132	47,000	-2.4%	94,170	95,726	1.7%

Q2 2024

Costs by nature

In Q2 2024, LW Bogdanka S.A. incurred costs by nature of PLN 822,924 thousand (PLN +27,745 thousand y/y), i.e. 3.5% more than in Q2 2023.

The increase in costs in Q2 2024 was mainly due to higher depreciation, employee benefits and other expenses, with a marked decrease in the cost of materials and energy consumption.

Depreciation and amortization

The value of depreciation increased by 6.9% (to PLN 102,827 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 Q2 2024 compared to Q2 2023 decreased by 19.1% and amounted to PLN 251,911 thousand. During the period under review, both consumption and the price of electricity fell, and the value of materials consumed also declined (primarily due to lower scope of development work).

External services

The value of costs of external services decreased by 8.4% compared to Q2 2023 and amounted to PLN 159,389 thousand. In the period under review, the scope of services outsourced to third-party companies changed and lower costs for coal transportation by rail and overhauls and other costs were recorded.

Employee benefits

The value of employee benefits in Q2 2024 increased by PLN 47.7 million. During the period under review, there was an increase in average headcount and salaries and their derivatives (due to the 2023 salary increase), as well as changes due to the increase in the minimum wage and the average wage in the economy.

Representation and advertising costs

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

Taxes and charges

The increase in taxes and charges by approx. PLN 1.3 million is mainly due to an increase in the property tax, mining fee and payments to the State Fund for the Rehabilitation of the Disabled.

Other costs

The increase in other costs of PLN 48.8 million is due to the conclusion of a new insurance policy for the next 18 months, with the costs of the policy to be accrued in proportion to its duration.

Costs and expenses of LW Bogdanka S.A.

H1 2024

Costs by nature

In H1 2024, LW Bogdanka S.A. incurred costs by nature in the amount of PLN 1,665,525 thousand, i.e. 1.8% (+PLN 29,292 thousand) higher than in the corresponding period of 2023. The increase in costs in the period under review was mainly due to the recorded increase in depreciation and amortization, external services, employee benefits, taxes and fees, and other costs, with a significant decrease in the cost of materials and energy consumption.

Depreciation and amortization

The value of depreciation increased by 6.8% (to PLN 213,206 thousand) - the value of natural depreciation and amortization increased (by approx. PLN 16 million), which results from the higher progress of longwalls, higher value of the construction of longwall galleries depreciated during longwall mining.

Costs of consumed materials and energy

The total value of the costs of consumed materials and energy decreased by 14.0% compared to H1 2023 and amounted to PLN 529,526 thousand.

Due to the smaller scope of auxiliary work, the cost of material consumption fell at the same time there was a decrease in the price of electricity.

External services

The value of external services for H1 2024 compared to the corresponding period in 2023 increased from PLN 325,357 thousand to PLN 335,940 thousand (+3.3%). During the

period under review, the scope of work outsourced to third-party companies changed and the cost of waste management increased.

Employee benefits

The value of employee benefits in H1 2024, compared to the corresponding period of 2023, increased by PLN 34,899 thousand. During the period under review, there was an increase in average headcount and salaries and their derivatives (due to the 2023 salary increase), as well as changes due to the increase in the minimum wage and the average wage in the economy.

Representation and advertising costs

The decrease in the value of representation and advertising expenses by PLN 0.7 million follows from the performance of the current payment schedule under sponsorship agreements.

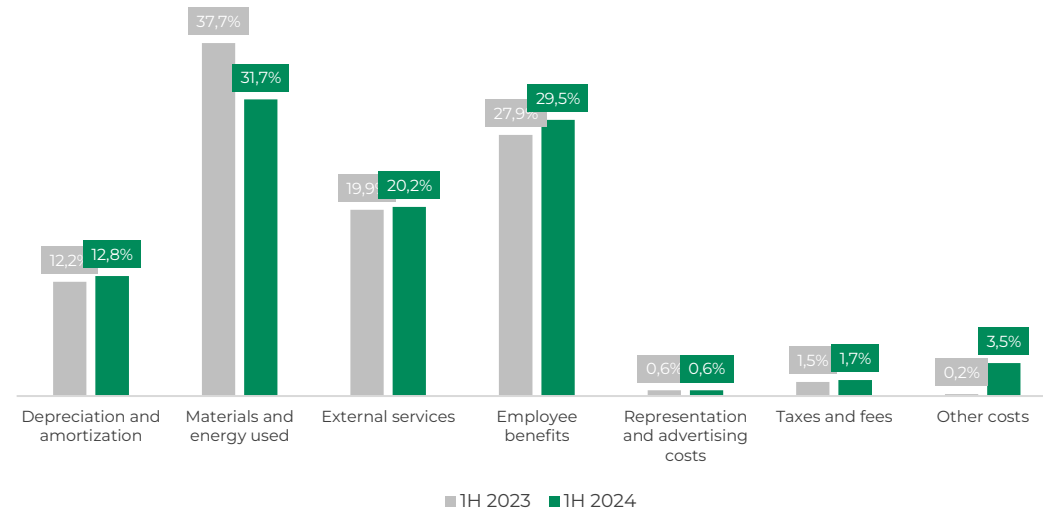
Taxes and charges

The increase in taxes and charges by approx. PLN 3.1 million is mainly due to an increase in the mining fee, payments to the State Fund for the Rehabilitation of the Disabled and property tax.

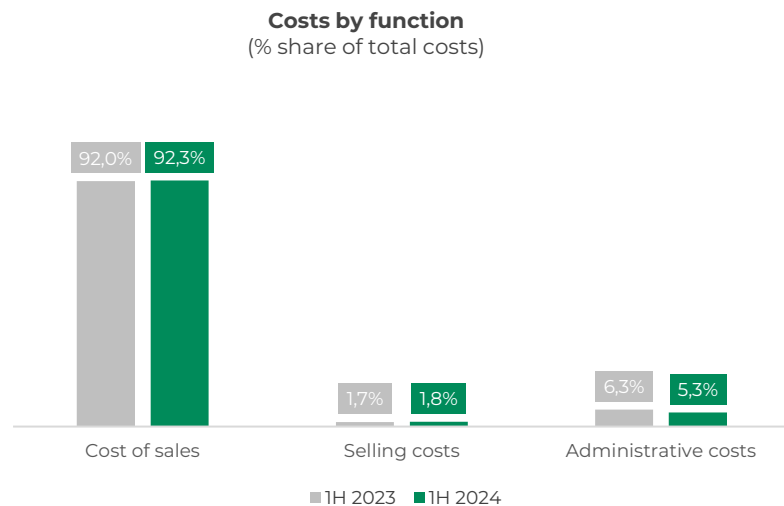
Other costs

The PLN 54.0 million increase in other expenses is due to the conclusion of a new insurance policy for the next 18 months and the implementation of an order by the Court of Appeals in Warsaw in connection with legal claims related to patents. The costs of the policy will be accrued in proportion to its duration.

Costs by nature
(% share of total costs)



Costs and expenses of LW Bogdanka S.A.



Costs by function

Cost of goods sold (by function) in Q2 2024 amounted to PLN 857,530 thousand, while in the corresponding period of the previous year it amounted to PLN 744,456 thousand.

Cost of goods sold (by function) in H1 2024 amounted to PLN 1,627,671 thousand and was 8.9% (PLN +133,548 thousand) higher than the cost incurred in the corresponding period of 2023.

[PLN thousand]	Q2 2023	Q2 2024	Change	H1 2023	H1 2024	Change
Cost of goods and materials sold	681,246	796,920	17.0%	1,374,337	1,503,137	9.4%
Selling and distribution expenses	15,078	13,610	-9.7%	25,616	28,808	12.5%
Administrative expenses	48,132	47,000	-2.4%	94,170	95,726	1.7%
Cost of goods sold	744,456	857,530	15.2%	1,494,123	1,627,671	8.9%

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 30 June 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 June 2024 amounted to PLN 982,371 thousand, of which:

- PLN 159,520 thousand was shown in non-current assets
- PLN 822,851 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 822,851 thousand includes cash (cash on hand) held in short-term bank deposits; the amount of the deposits depends on internally forecast proceeds and expenses, as well as availability of such deposit products in the banks providing services to the Group companies. In accordance with the adopted Strategy, the Group maintains the level of disposable cash in the amount of at least the value of average monthly sales revenues (1/12 of planned annual sales revenues). The funds accumulated

in the Parent Company as at 30 June 2024 amounted to PLN 783,778 thousand and in subsidiaries to PLN 39,073 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 27 to the Interim Condensed Consolidated Financial Statements for the period from 1 January to 30 June 2024.

Evaluation of factors and unusual events affecting the operating result

Due to the occurrence of indications of possible impairment, the Parent Company was obliged to carry out an impairment test as of 30 June 2024 in accordance with the requirements of IAS 36 - Impairment of Assets, as a result of which on 27 August 2024 a decision was made to write down the carrying amount of assets.

The results of the test indicated that a write-down of the carrying value of assets in the amount of PLN 1,174 million is necessary. The value of the asset impairment write-down was charged to operating profit but it does not have impact on EBITDA.

It should be noted that the above operations are of an accounting nature and do not affect its liquidity position.

For a detailed description of the impairment of property, plant and equipment, see Note 5.2 of the LWB Group's Interim Condensed Consolidated Financial Statements for the period from 1 January to 30 June 2024.

Information on financial instruments, bonds

Information on financial derivatives

As at 30 June 2024 the Group had no open derivative transactions.

Bonds

As at 30 June 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 H1 2024, amounted to PLN 5,287 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 H1 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 verdict is legally binding. On 28 May 2024, the Parent Company filed a cassation appeal against the judgment of the Court of Appeals in Warsaw dated 20 February 2024 (file ref. no. VII AGa 422/23).

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 H1 2024 the Group did not take or grant any loans or terminate any loan agreements.

Information on sureties and guarantees granted and received

In H1 2024, the Group did not grant (or receive) any sureties.

Transactions with related parties

In H1 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 agreements with the Enea Group and companies controlled by the State Treasury, see Note 29 of the Interim Condensed Consolidated Financial Statements for the period from 1 January to 30 June 2024.

Guarantees extended by LW Bogdanka S.A.

In H1 2024 the Parent Company did not instruct banks to issue any guarantees.

Loans taken

In H1 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 30 June 2024, Łęczyńska Energetyka Sp. z o.o. did not use any external sources to fund its operations.

In H1 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.

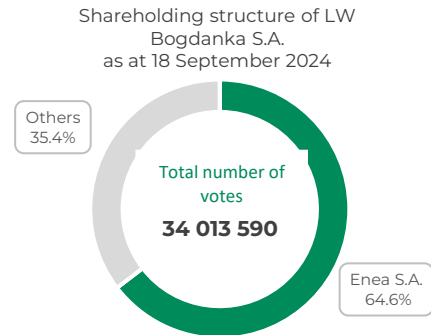
The Issuer's other shareholders are mainly institutional investors, pension and investment funds.

Treasury shares

In H1 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

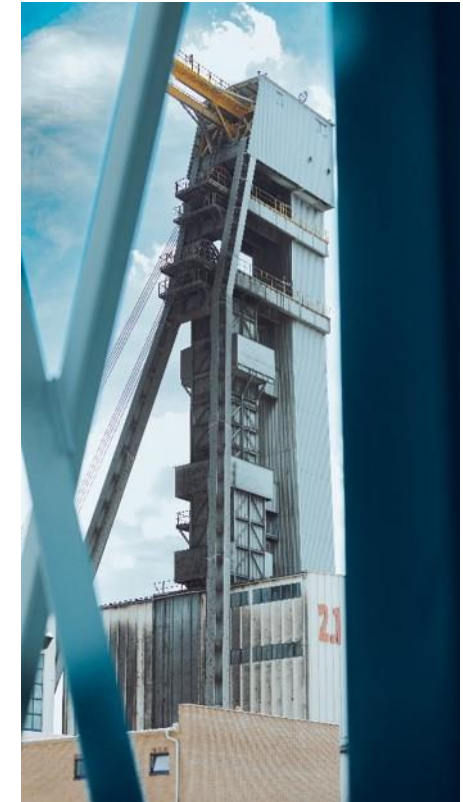
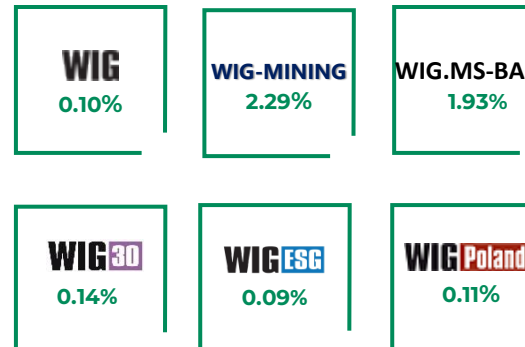
According to the information available to the Parent Company, in the period from the publication of the previous interim report, i.e. the Report for Q1 2024, to the date of publication of the report for H1 2024, there were no changes in the ownership structure of significant shareholdings.



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

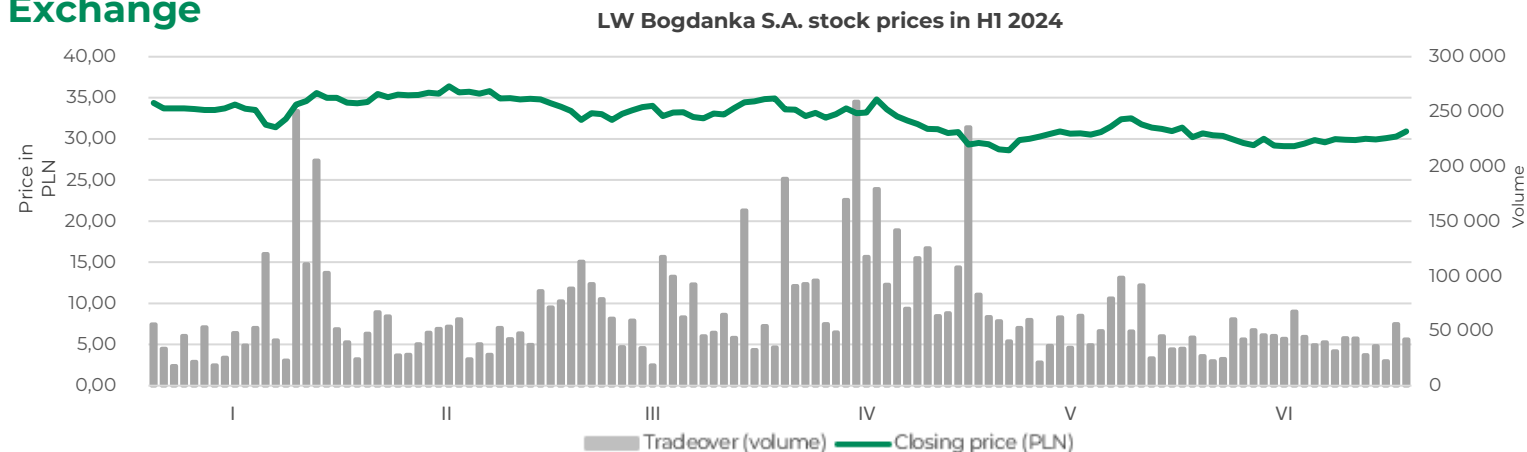
The Company was floated on the Warsaw Stock Exchange S.A. on 25 June 2009. At the end of H1 2024, LW Bogdanka S.A. was included in the following stock exchange indices:

- 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

	H1 2023	H1 2024
Maximum price [PLN]	55.75	36.38
Minimum price [PLN]	36.48	28.60
Last price [PLN]	39.28	30.92
Average price [PLN]	43.46	32.53
Capitalization at the end of the period [PLN million]	1,336.05	1,051.70
Carrying amount [PLN million]	3,823.9	3,272.3
P/E [market capitalization/net profit]	5.9	-1.16
P/BV [market capitalization/book value]	0.35	0.32
% of profit earmarked for dividend payment	49.9	12.4
Average trading value per session [PLN 000s]	7,239.3	2,257.8
Average volume per session	157,816	65,588
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
08 April 2024	Pekao BP Securities	Sell	PLN 27.00	PLN 32.56
09 April 2024	BOŚ Brokerage House	Sell	PLN 25.00	PLN 33.00
10 April 2024	Noble Securities	Sell	PLN 22.70	PLN 33.70
18 April 2024	Ipopema	Sell	PLN 26.00	PLN 32.24
23 May 2024	Santander Brokerage House	Sell	PLN 15.60	PLN 31.76

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

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

Shares in the Company's related parties

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

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

According to the information available to the Parent Company, in the period from the publication of the previous report, i.e. the report for Q1 2024, to the date of publication of the report for H1 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 Company shares as at 18 September 2024	Par value per share (PLN)	Number of the Company's shares as at 22 May 2024	Par value per share (PLN)	Number of shares in Subsidiaries
Zbigniew Stopa	0	0	0	0	0
Bartosz Rożnawski	43	215	43	215	0
Sławomir Krenczyk	0	0	0	0	0
Artur Wasilewski	0	0	0	0	0
SUPERVISORY BOARD					
Full name	Number of Company shares as at 18 September 2024	Par value per share (PLN)	Number of the Company's shares as at 22 May 2024	Par value per share (PLN)	Number of shares in subsidiaries
Bartosz Krysta	0	0	0	0	0
Szymon Jankowski	0	0	0	0	0
Paweł Cygan	0	0	0	0	0
Daniel Frąc	0	0	0	0	0
Magdalena Makiela	0	0	0	0	0
Robert Wietrzyk	0	0	-	-	-
Paweł Wójcik	0	0	-	-	-
TOTAL	43	215	43	215	0

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

5. Governing bodies



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

Composition of the Management Board as at 1 January 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:

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, was 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 Kreczyk - 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 Kreczyk 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 18 September 2024:

- 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, Economic and Financial Affairs



Composition of the Management Board of LW Bogdanka S.A. as at 18 September 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. W latach 1991-2006 pełnił funkcję Nadsztygara górniczego pod ziemią. 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 Szafranski - 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.

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 Szafranski, 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 Krenczyk, 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 Krenczyk, effective as of 30 April 2024.

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

On 20 May 2024, the Company's Management Board received notices of resignation from discharging the roles of Supervisory Board member from Mr. Dariusz Batyra. The resignation is due to a change in the reporting line of the position held by Mr. Dariusz Batyra, i.e. Chief Engineer, Mining Operations Manager, within the organizational structure of the Company. On 20 May 2024, the organizational unit employing Mr. Dariusz Batyra was transferred to the area reporting directly to the Vice-President of the Management Board for Production.

Pursuant to Article 387 of the Commercial Company Code, a supervisory board member may not be directly subordinate to a management board member.

On 28 June 2024, the Company's Ordinary Shareholder Meeting, as a result of resolutions adopted, appointed Mr. Robert Wietrzyk and Mr. Paweł Wójcik to the Company's Supervisory Board, for a joint three-year term, as members of the Supervisory Board, who were elected by the Company's employees on 8 May 2024, through elections held in accordance with § 16.1 of the Company's Articles of Association.

Composition of the Supervisory Board as at 18 September 2024

- Bartosz Krysta - Supervisory Board Chairman
- Szymon Jankowski - Supervisory Board Secretary
- Paweł Cygan - Supervisory Board Member
- Daniel Frąc - Supervisory Board Member
- Magdalena Makiela - Supervisory Board Member
- Robert Wietrzyk - Supervisory Board Member
- Paweł Wójcik - 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 S.A., 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.

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 Kirchhoff 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.

Robert Wietrzyk - Supervisory Board Member

He has been an employee of LW Bogdanka S.A. since 2009. Currently employed as an underground miner. Completed a post-secondary mining technical school, with a degree of underground mining technician.

Elected by employees as a candidate for the LW Bogdanka S.A. Supervisory Board in May 2024.

Paweł Wójcik - Supervisory Board Member

Graduate of the Catholic University of Lublin. He majored in administration, graduating in 2006. He has been with LW Bogdanka S.A. since 2007, initially on the surface in the logistics department, and currently an underground worker in the mechanical department as a steel fixer-mechanic. Social Branch Labor Inspector at LW Bogdanka S.A. since 2024.

Since April 2023 he has also served as a councilor for the Sławinek district.

Elected by employees as a candidate for the LW Bogdanka S.A. Supervisory Board in May 2024.



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

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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
Economy and Finance

.....

Bogdanka, 17 September 2024



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