



Grupa Kapitałowa  
Lubelski Węgiel Bogdanka

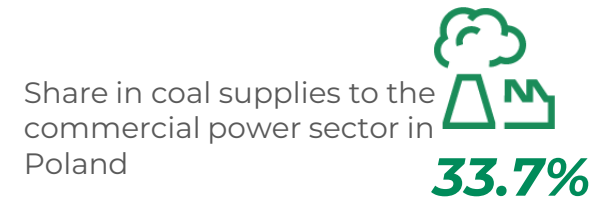
# MANAGEMENT BOARD REPORT

on the Activity of the LW Bogdanka Group  
for Q3 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 assuming access to new deposits.



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# 1. Operating summary



## Summary - three quarters of 2024

### Operating data

**8.5 million tonnes**

Gross coal extracted

**63.5%**

Mining yield

**5.4 million tons**

Commercial coal production

**16.4 km**

New excavations

**5.7 million tonnes**

Sales of commercial coal

### Headcount

**6,182 employees**

Headcount as at the end of Q3 2024

**0.8%**

Increase in headcount compared to 2023



\* Data cleared of a single write-off

### Financial data of LW Bogdanka Group

**PLN 2,600.1 million**

Sales revenues

**PLN 227.3 million**

Profit on sales

**PLN -945.0 million**

EBIT

**PLN 229.2 million**

\*EBIT

**PLN 539.3 million**

EBITDA

**PLN -756.1 million**

Net loss

**PLN 195.0 million**

\* Net profit:

### Highlights

- dismissal of a member of the Supervisory Board of LW Bogdanka S.A.
- receiving a judgement 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 tonnes
- updating the production target for 2024 to approx. 7-8 million tonnes of commercial coal
- extraordinary Meeting of Shareholders - adoption of resolutions on changes in the composition of the Supervisory Board, resolutions on the amendment to the Remuneration Policy for Members of the Supervisory Body and the Management Body of LW Bogdanka S.A. and on the amendment to the rules for setting the remuneration of members of the Management Board

changes in the composition of the Supervisory Board

changes in the composition of the Management Board of the Company

session of the Annual General Meeting

decision on the payment of the dividend

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

### Events after the balance sheet date until the day of publication of the Report

Events of this nature did not occur after the balance sheet date.



## 2. Organisation 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 north-eastern 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 the three quarters of 2024 was as follows:

- fine coal - 97.6%
- pea coal - 1.9%
- chestnut coal - 0.5%

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

- electricity production
- heat generation
- cement production

### The Company's key customers include (percentage share of revenue):

- Enea Group - Enea Wytwarzanie (67%)
- Enea Group - Enea Połaniec (15%)

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

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

### Modern technology

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

### Cost control

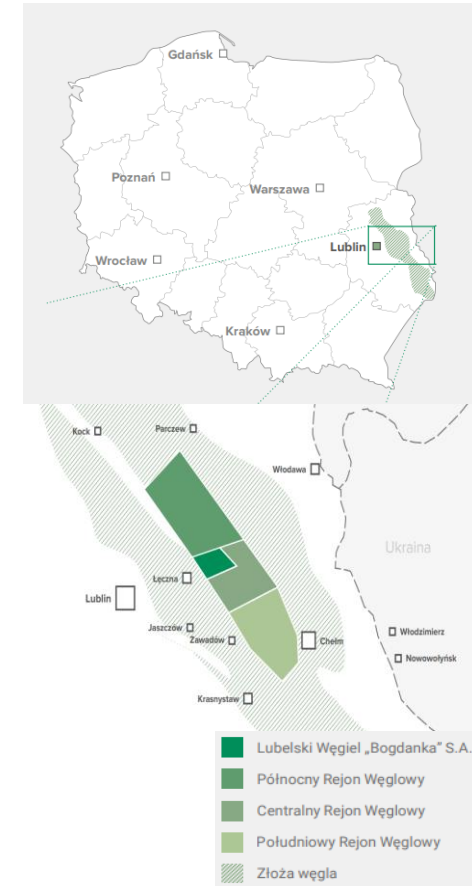
The Company remains the efficiency leader in the Polish mining industry owing to its consistently implemented Cost Optimisation Programme. The Company's strategy assumes a further decrease in the Unit Mining Cash Cost.

### 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
- mechanisation 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 under the laws of Poland. The Company operates on the basis of, among others, the following legislation:

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

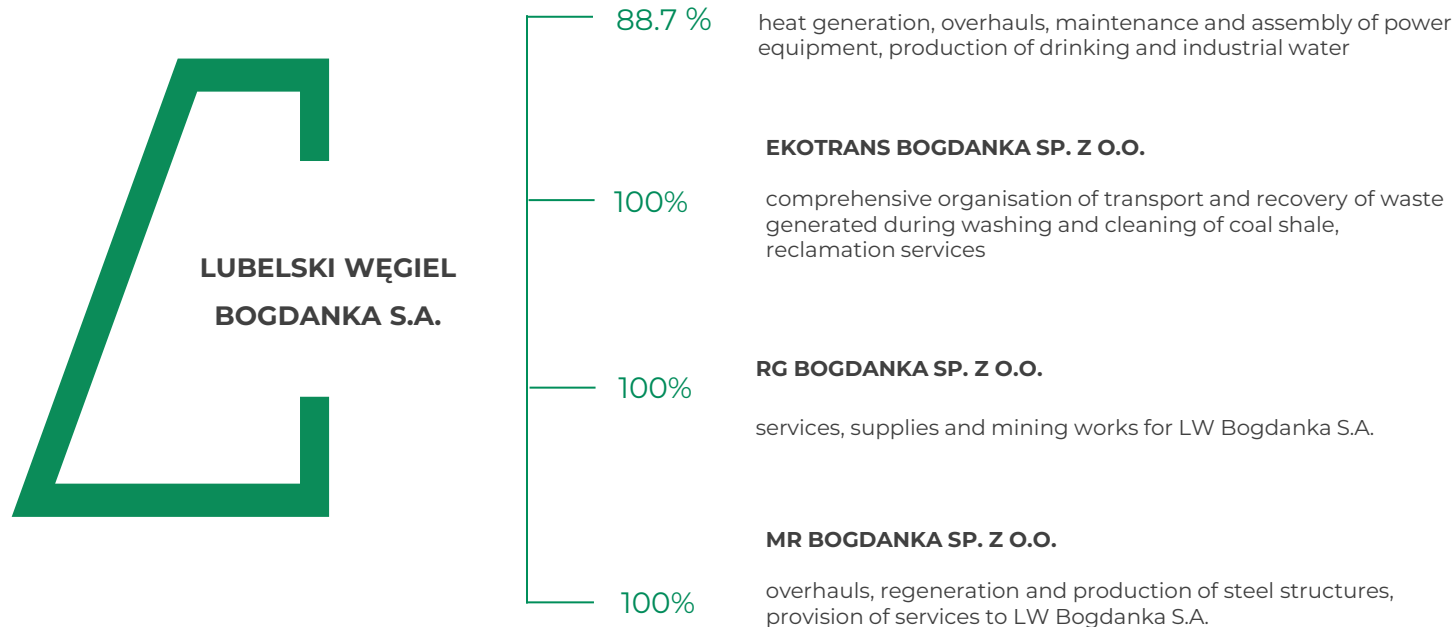
The founder of the Company is the State Treasury represented by the Minister of the State Assets. The Company may operate in the territory of the Republic of Poland and abroad. The Company is established for an unlimited duration.

**Historical background**

17 January 1975	1 March 1993	29 December 1994	25 June 2009	29 October 2015	17 November	20 December 2019	17 December 2020	17 May 2023
decision made to build a pilot and extraction mine in Bogdanka. Bogdanka was one of 7 mines that were to be built in the Lublin Coal Basin, but due to suspension of the project, it turned out to be the only one.	transformation of the state-owned enterprise into a wholly-owned State Treasury company with the business name: Kopalnia Węgla Kamiennego "Bogdanka" S.A.	as part of the implementation of the provisions of a bank settlement, as a result of debt conversion, KWK "Bogdanka" S.A. 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 mining of hard coal from the Ostrów deposit in the Ludwin mining area	obtaining a concession for mining of hard coal from the "Lublin Coal Basin – Area K-6 and K-7" deposit in the "Cyców" mining area	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 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 structure of the LW Bogdanka Group

During the three quarters of 2024, there were no changes in the structure of the LW Bogdanka Group or in its organisational 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 submission 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 Supervisory Board of the Company approved the "Development Strategy of the LW Bogdanka Group for 2023-2030 with an Outlook to 2040" (the "Strategy"), adopted by the Management Board on 9 May 2023 comprising also the dividend policy.

The Development Strategy of the LW Bogdanka Group for 2023-2030 with an outlook to 2040 (the "Strategy") is based on 5 pillars - a strong coal foundation and 2 pillars of diversification based on it as well as pillars of sustainable and responsible development. Under the 5 pillars, 21 strategic initiatives have been developed.

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

Currently, a clear trend of increasing the generation capacity of renewable energy source (RES) units is observed, which directly affects the demand for coal. The growing importance of RES in the Polish energy mix, as well as the gradual shutdown of coal-based generating units planned in 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 decarbonisation of the Polish economy. This process forces companies operating in the coal sector to review their existing strategies and adapt them to the changing market reality. In connection with 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 the professionalising and building a strong group.
- Ensuring output until 2049 by commencement of 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 the flexibility and energy security for the State in 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.
- commercialisation 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 Concern 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.
- Revitalisation 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 programmes focusing on the development of a plan for replenishing staff knowledge and re-branding, a priority programme 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.

### Key operational and economic parameters:

- The average level of coal production in 2023-2025 will be approx. 9.1 million tonnes, in 2026-2030 approx. 10.1 million tonnes and in 2031-2040 approx. 9.1 million tonnes.
- Average sales revenue in 2023-2025 is projected at PLN 5,902 million, in 2026-2030 at a level of PLN 5,565 million, and in 2031-2040 at a level of PLN 4,967 million.
- The average value of expenditure 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 the 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 targets 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 on a case by case basis 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 affected by the implementation of strategic initiatives aimed at increasing production efficiency and diversification of revenues, which, in turn, may translate into the level of capital expenditure.



## Development strategies of 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.
- modernisation 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).

### Łęczna Energy Cluster

Due to its competence, Łęczyńska Energetyka is a dedicated entity to act as a coordinator in the Łęczna 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 of 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, subject to compliance with 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 million tonnes of waste annually.

### Development Strategy of RG Bogdanka sp. z o.o.

The Company's main development direction indicated for the coming years is to continue the strategy adopted, i.e. to increase the share of specialist mining work such as excavation of roadways, rebuilding and execution of works with the use of specialised 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 as well as allow for professional development of employees through successive improvement of their qualifications. The Company plans to expand its machinery fleet over the long term to ensure independence and the capacity to perform the full range of mining operations.



## Investment activities completed in Q1-Q3 2024

In Q1-Q3 2024, LW Bogdanka S.A. carried out its scheduled investment tasks. As part of implementation of the investments, expenditure on fixed assets in the total amount of PLN 640,612 thousand were incurred.

The 2024 plan includes the following groups of tasks:

- development and replacement investments - including purchases of machinery and equipment, their modernisation and overhaul as well as the construction or modernisation of building facilities and systems,
- operational investments – including the construction and modernisation of excavations in the Bogdanka, Nadybie, Stefanów and Ostrów fields.

### Development and replacement investments LW Bogdanka S.A

#### Maintenance of machinery

- Purchase of new machinery and equipment subject to assembly - expenditure of PLN 8,565 thousand was incurred for the purchase of, among others, a roadheader, a longwall shearer, a shunt tractor, a main dewatering pump and ventilation sluices.
- Purchases of finished goods, machinery and equipment – finished goods were purchased for the total amount of PLN 29,947 thousand. The most important include: the purchase of coal cars (33 units); off-the-shelf transport equipment (e.g. WSD.006 chassisless containers, WHR brake trolleys); hydraulic pumps and units (screw compressors, WPS pump unit), electrical equipment (including electric motors, flameproof distribution box), off-the-shelf equipment, e.g. WD-type hydraulic drilling rig, UW-1 hydraulic anchors and centrifugal separators.
- Modernisation and overhaul of machinery and

equipment - the amount of PLN 14,428 thousand was earmarked, among others, for the modernisation of the DC engine, periodic overhauls of coal cars, general overhauls of S-200 locomotives, as well as the overhaul of the PF-4/1032 longwall conveyor.

#### Longwall shearers

- Purchase of a shearer system - an outlay of PLN 168,699 thousand was incurred for the investment, and the trial operation is currently underway.

#### Other development investments

- Expansion of the mining waste disposal facility at Bogdanka - the expenditure of PLN 267 thousand was incurred. The land is currently being drained for the expansion of the next sector.
- Central air conditioning of the Bogdanka field - expenditure of PLN 1,689 thousand was incurred for the modernisation of coils in spray and evaporative condensers.
- Power, mechanical and telecommunications installations - outlays amounting to PLN 2,151 thousand were incurred, among others, for the extension of power grids and installation of a DN 100 pipeline in shaft 1.5.
- Windmill switchgear facilities and other electrical power systems - expenditure of PLN 7,323 thousand was incurred, among others, for the construction of the 6kV RP-2 switchgear in the Stefanów field, the upgrade of the MicroScada system system and cooling system for air intake MW S1.3.
- ZPMW replacement investments - PLN 16,337 thousand were earmarked, among others, for the modernisation of ZPMW facilities. In September this year, the replacement of jigs in area 46.1 was completed.
- Switchgear and 110/6kV substation facilities - expenditure of PLN 2,221k was incurred for the modernisation of T-7 and T8 110/6kV transformer stations and also for the replacement of two 110/kV GSTR transformers in Stefanów.
- Construction and modernisation of core business facilities and installations - expenditure in the amount of PLN 5,022

thousand was incurred, among others, for the construction of a potable water transmission pipeline, as well as the adaptation of the shaft for transporting of people and materials on the counterweight side.

- Other investments - expenditure of PLN 54 thousand was incurred for technical documentation of electric car charging stations.

**ICT** - PLN 6,784 thousand was earmarked for, among others, an underground wireless communication system, a monitoring system for the company's facilities, as well as the purchase of computer hardware and systems.

**Administration** - PLN 3,037 thousand was allocated, among others, for the extension of car parks in the Stefanów field, as well as the installation of air conditioning in offices.

**Transport** - an amount of PLN 869 thousand has been earmarked to replenish the fleet.

#### Other

- Environmental protection - expenditure incurred in the total amount of PLN 25,331 thousand for the construction of an underground 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 disposal facility and to enable the free discharge of underground water limited by mining damage
- Construction of surface facilities, railway investments and purchase of other equipment - an outlay of 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 Q1-Q3 2024 amounted to

approximately 13 km (in total, 16.4 km), with a value of PLN 292,520 thousand.

- The modernisation of excavations in the form of reconstruction of roadways, reconstruction of vertical excavations and modernisation of retention reservoirs was carried out in accordance with the adopted schedule for a total value of PLN 54,890 thousand.

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

The subsidiaries belonging to the LW Bogdanka Group incurred expenditure on fixed assets in the amount of PLN 4,639 thousand.

**Łęczyńska Energetyka** - investment tasks completed in Q1-Q3 2024 included investments related to the generation, transmission and distribution of heat, and also included the purchase of equipment and software for a total amount of PLN 2,015 thousand.

**RG Bogdanka, MR Bogdanka** - total capital expenditure of PLN 2,624 thousand was incurred for the purchase and installation of machinery and equipment as well as for core business.

## Investment activities completed in Q1-Q3 2024

### Selected items of capital expenditure in LW Bogdanka Group

[PLN thousand]	TEP 2024*	TEP actuals Q1-Q3 2024	TEP actuals Q1-Q3 2024 [%]
New excavations and upgrade of existing pits	462,019	347,410	75.2%
Maintenance of machinery	210,339	52,940	25.2%
Longwall shearers	167,931	168,699	100.5%
Other development investments	79,875	35,064	43.9%
ICT	25,967	6,784	26.1%
Administration	5,231	3,037	58.1%
Transport	1,125	869	77.2%
Other	44,861	25,809	57.5%
Strategic initiatives	100	0	0.0%
<b>TOTAL CAPEX in LW Bogdanka SA</b>	<b>997,448</b>	<b>640,612</b>	<b>64.2%</b>
Łęczyńska Energetyka sp. z o.o.	9,500	2,015	21.2%
MR Bogdanka	1,590	1,339	84.2%
RG Bogdanka	3,987	1,285	32.2%
EkoTrans	0	0	0
<b>TOTAL CAPEX in LW Bogdanka SA Group</b>	<b>1,012,525</b>	<b>645,251</b>	<b>63.7%</b>

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

### Value of capital expenditure incurred for excavations in Q1-Q3 2024

Total excavations and works	Depreciation method	Length [running metres]	Value of capital expenditure [PLN thousand].
Gate roads	natural	8,628	
Basic excavations	straight-line	4,481	292,520
Reconstructions	linear/natural	2,383	

The total length of roadway excavations completed in Q1-Q3 2024 was 14,020 m, including investment excavations of 13,109 m and cost excavations, i.e. longwall and process cut-offs of 911 m.

Reconstruction of excavations was carried out according to the adopted schedules of mining works completed in the amount of 2,383 m. Expenditure incurred on the modernisation and reconstruction of roadway excavations in the period amounted to PLN 54,890 thousand, while expenditure incurred on new excavations amounted to PLN 292,520 thousand.



## Price of coal on the international market

### CIF ARA coal prices

- 115.0 USD/t - average CIF ARA coal price in Q3 2024 -2.2% vs. Q3 2023 (117.6 USD/t)
- Compared to the average CIF ARA coal price in Q2 2024 (110.8 USD/t), this means an increase of 3.8%
- the average price in the three quarters of 2024 was 110.54 USD/t, down by 14.8% (129.7 USD/t in the three quarters of 2023).

### Inventories in ARA ports

- approx. 3.9 million tonnes of coal inventories at the end of September 2024 at ARA ports - at the end of June 2024 the inventories stood at 4.5 million tonnes

### Baltic Ports FOB coal prices

- 79.8 USD/t - average Baltic Ports FOB coal price in Q3 2024 vs. Q3 2023 (76.6 USD/t) - up by 4.2%
- compared to the average price in Q2 2024 (68.6 USD/t), this means an increase of 16.3%
- the average price in the three quarters of 2024 was 72.8 USD/t, down by 18.2% (89.0 USD/t in the three quarters of 2023).

### China

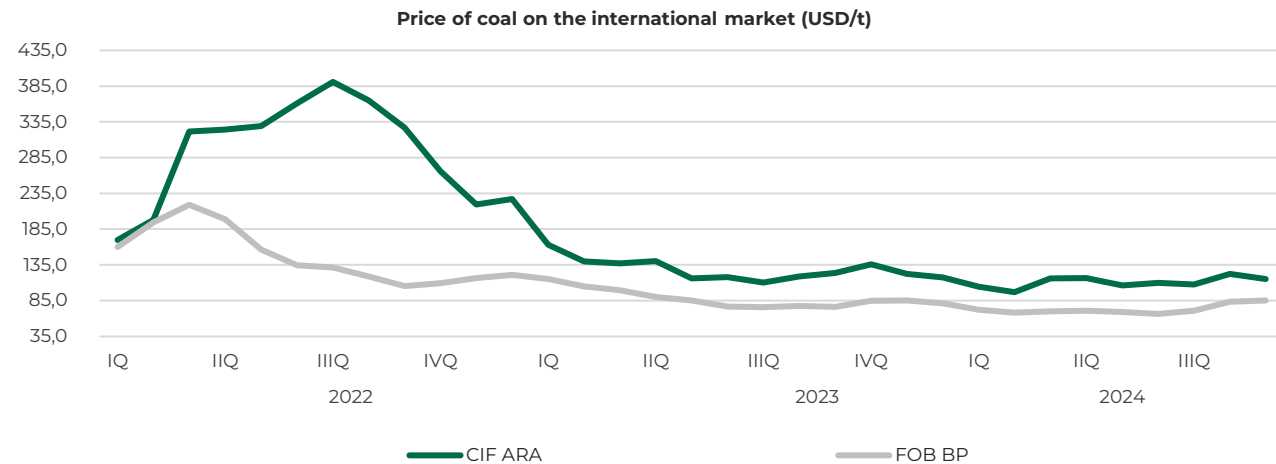
- approximately 3.5 billion tonnes of coal were produced in the three quarters of 2024, i.e. +2.9% compared to the corresponding period in 2024 (3.4 billion tonnes)
- imports in the three quarters of 2024 amounted to 390.0 million tonnes, up by approximately 11.9% compared to the three quarters of 2023 (347.7 million tonnes)

### USA

- production in the three quarters of 2024 amounted to 344.4 million tonnes, -15.7% vs. three quarters of 2023 (405.7 million tonnes)
- consumption in the three quarters of 2024 amounted to 281.4 million tonnes, -4.9% vs. three quarters of 2023 (295.9 million tonnes)
- exports in the three quarters of 2024 amounted to 71.4 million tonnes of hard coal, 9.8% y/y (65.0 million tonnes in the three quarters of 2023).

### Russia

- production in the three quarters of 2024 amounted to 310.0 million tonnes, down by 3.8% y/y (322.2 million tonnes)
- exports in the three quarters of 2024 amounted to 132.0 million tonnes, down by 20.0% y/y



## Prices of fine steam coal on the domestic market

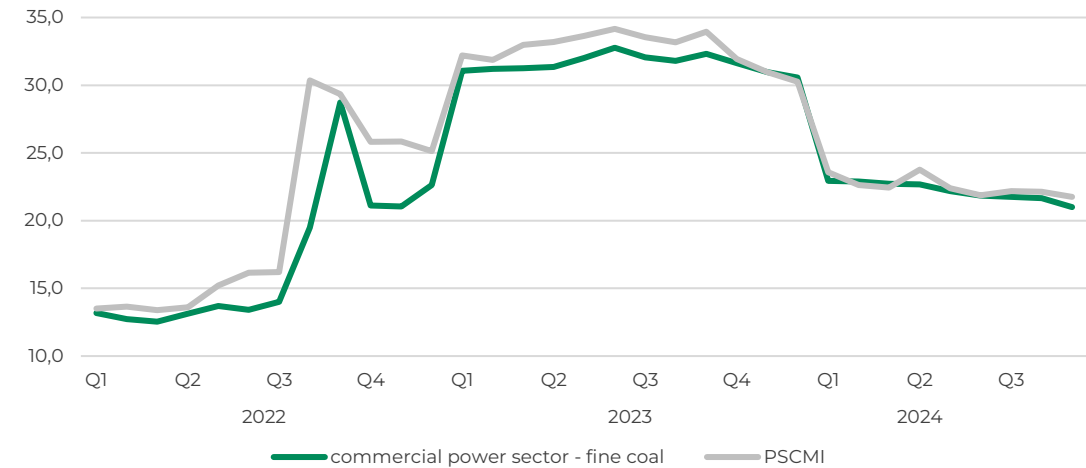
### Price of fine steam coal

- the average price of fine steam coal for the commercial power sector in Q3 2024 was 21.5 PLN/GJ, the price decline rate was approx. 33.0% compared to Q3 2023 (32.1 PLN/GJ)
- the average price of fine steam coal for the commercial power sector in the period of three quarters of 2024 was 22.2 PLN/GJ, the price decline rate was approx. 30.2% compared to three quarters of 2023 (31.8 PLN/GJ)
- the average calorific value of fine coal for the commercial power sector was approx. 21.5 GJ

### Prices from the PSCMI index

- the average price from the PSCMI Index in Q3 2024 was approx. 22.0 PLN/GJ, compared to the average price in Q3 2023 (33.6 PLN/GJ), down by approx. 34.5%
- the average price from the PSCMI Index in the period of the three quarters of 2024 was approx. 22.5 PLN/GJ, compared to the average price in three quarters of 2023 (33.2 PLN/GJ), down by approx. 32.2%

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



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

### Steam coal production in Poland

- in the three quarters of 2024, approx. 23.8 million tonnes of steam coal was produced, down by 8.1% y/y

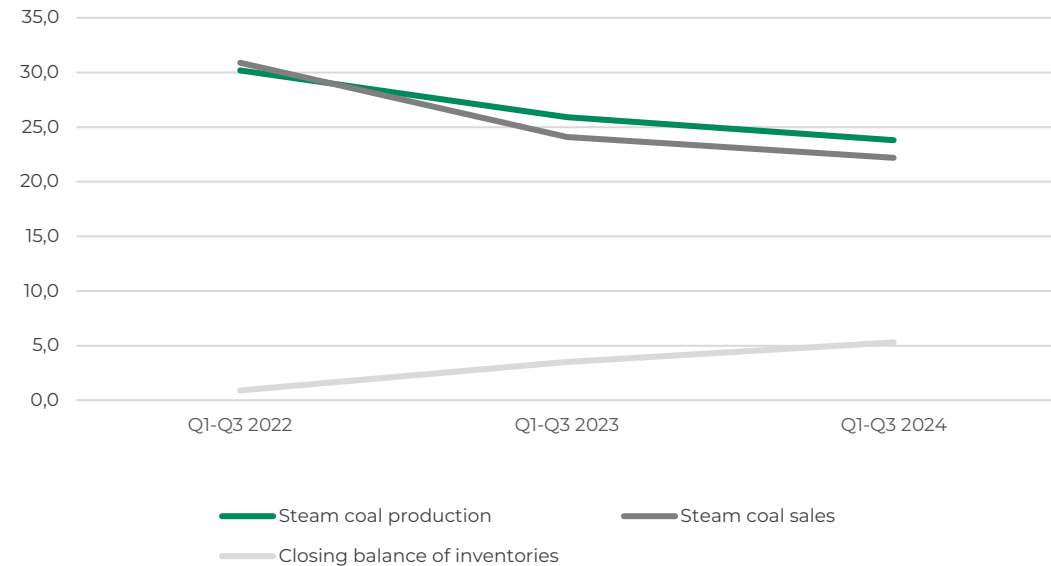
### Steam coal sales in Poland

- the sales in the three quarters of 2024 amounted to approx. 22.2 million tonnes, of which sales to the commercial power sector amounted to approx. 15.1 million tonnes of fine steam coal
- compared to the three quarters of 2023, steam coal sales decreased by approx. 7.9%

### Coal inventories in Poland

- at the end of the Q3 2024, steam coal inventories amounted to 5.3 million tonnes (3.5 million tonnes at the end of Q3 2023)
- compared to H1 2024 (5.1 million tonnes) inventories rose by 0.2 million tonnes (+3.9%)

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





## 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. 15.1 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

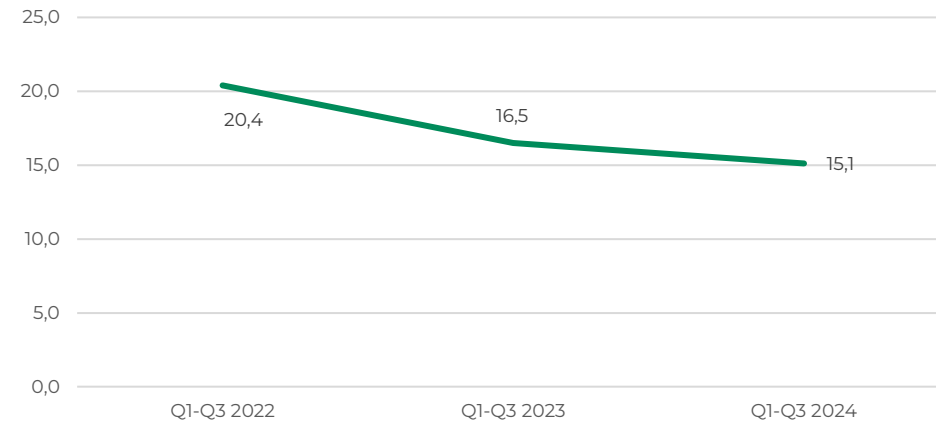
In the period of the three quarters of 2024, approximately 22.2 million tonnes of steam coal were sold in Poland.

Approximately 21.5 million tonnes of steam coal were delivered to the domestic market, including 18.9 million tonnes of fine steam coal.

### Coal exports

Approximately 3.0 million tonnes of coal were exported, including approximately 0.7 million tonnes of steam coal.

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



## Production of electricity in Poland

### Total electricity production

In the period of three quarters of 2024, 122,983 GWh of electricity was produced, compared to three quarters of 2023, which means a decrease of 5,721 GWh (-10.4%).

### Electricity production from coal

The main fuel for electricity generation was coal, which generated 76,029 GWh in three quarters of 2024. This level means a decrease of 4,827 GWh (-5.97%) compared to three quarters of 2023. In the period of three quarters of 2024, coal was the source of 61.8% of all electricity production in Poland - its share in the fuel mix was 6.2% lower than in three quarters of 2023.

### Electricity production from hard coal

In the period of three quarters of 2024, 49,470 GWh of electricity was produced from hard coal (down by 10.4% compared to three quarters of 2023).

### Electricity production from lignite

In the period of three quarters of 2024, 26,559 GWh of electricity was produced from lignite (up by 3.5% compared to three quarters of 2023).

### Electricity production from wind power plants

Wind power generated 17,552 GWh in the period of three quarters of 2024, up by 24.7% compared to three quarters of 2023. The share of wind power in electricity generation was approximately 14.3%.

### Electricity production from gas-fired power plants

Electricity production by gas-fired power plants in the period of three quarters of 2024 amounted to 11,519 GWh, an increase of 21.5% compared to 2023.

### Electricity production from other renewable sources

Electricity production from other renewable sources in the period of three quarters of 2024 amounted to 15,366 GWh, up by 30.5% compared to 2023.

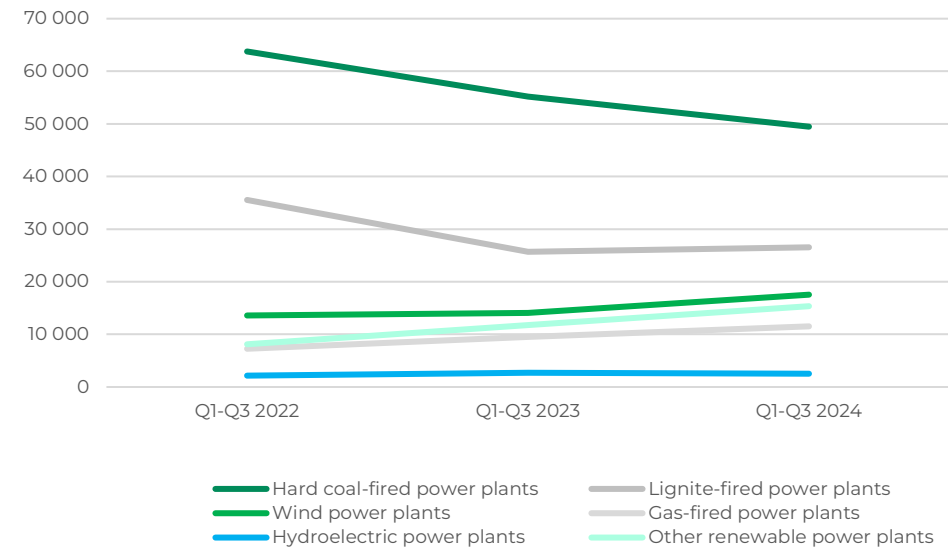
### Domestic electricity consumption

In the period of three quarters of 2024, 125,264 GWh of electricity was produced which, compared to three quarters of 2023, means an increase of 2,256 GWh (1.8%).

### Cross-border exchange balance

The balance of cross-border exchange of electricity during three quarters of 2024 was 2,281 GWh, while in the period of three quarters of 2023 it amounted to 4,097 GWh. This means importing energy.

Electricity production in Poland [GW/h]



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

A full description of the risks affecting the Group's business is included in the 2023 report. Below we present the factors that, in the opinion of the Group, are the most significant in the perspective of the next (fourth) quarter of 2024.

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

Important factors influencing LW Bogdanka Group's market position include 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. It should be noted, however that the projected still relatively high role of coal in the Polish Power System and in the process of ensuring the country's energy security (despite downward trends) has a positive impact on the long-term aspect of LW Bogdanka's operations.

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

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

On the world coal market, in September 2024, prices at ARA ports reach a level of approx. 115 USD/t, which means an increase from the average price in January 2024, which amounted to approx. 105 USD/ton. CIF ARA cumulative average prices for the three quarter period of 2024 amounted to approx. 112 USD/t. However, it should be noted that despite the decline in CIF ARA prices in 2024, in particular compared to the record prices of 2022, the level of September 2024, i.e. approx. 115 USD/t is above the average prices for 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 the month of September 2024 was at a level of 21.75 PLN/GJ, and the PSCMI 2 index (commercial and non-professional district heating segment) at a level of approximately 24.38 PLN/GJ. The last price from December 2023 was respectively: 28.51 PLN/GJ (PSCMI 1) and 27.99 PLN/GJ (PSCMI 2). Despite the decline in both indices at the beginning of 2024, compared to their levels at the end of 2023, however, it should be noted that domestic coal prices stabilised and are still at relatively high levels, especially compared to the quotations of the PSCMI 1 index in previous years (an average of 11.42 PLN/GJ in 2021 and 19.12 PLN/GJ in 2022).

### Factors associated with the launch of mining of coal 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 currently held coal reserves. The reduction in the resource base due to depletion of the deposit through ongoing mining. Failure to prepare the deposit for exploitation and a reduction in the level of extraction will consequently affect the expected financial performance in the future. The opening of new deposits is connected with the necessity to incur additional capital expenditure, in particular for new capital excavations and the construction of new shafts (ventilation and material intake and output shafts). The key issue is to ensure that production efficiency is maintained despite longer transport and haulage routes and reduced effective working hours. The lack of shaft construction in the Ostrów Field affects the shortening the life of the mine.

### Technical and technological factors

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

Countermeasure:

- availability of infrastructure - two mining shafts
- possibility of transporting the excavated material from the Stefanów field to the Bogdanka field through underground excavations

- underground coal storage reservoir system
- raw coal reservoirs on the surface
- use of modern mining equipment and machinery
- research and development work to increase productivity and improve occupational safety.

### Factors related to the strong position of 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 organisations active in the Group (of which, at LWB, there were four trade unions representing approximately 70.3% of the workforce). The strong position of the trade unions gives rise to a situation in which there exists a risk of increasing salaries under the negotiated salary agreements in the future, which consequently may adversely affect the financial performance of the LW Bogdanka Group. Furthermore, potential protests and/or strikes organised by the trade unions operating in the Group may have an impact on the operating activities of the LW Bogdanka Group.

Countermeasure:

Ongoing dialogue with trade unions, holding regular negotiation meetings with the social partner.

## Changes in the headcount

### Headcount in the Group

In the period of three quarters of 2024, there was an increase in headcount in the LW Bogdanka Group by 2.5% compared with three quarters of 2023.

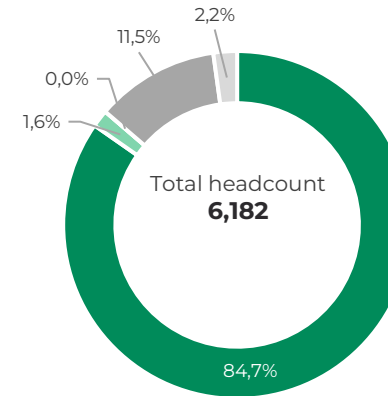
### Headcount in LW Bogdanka S.A.

At the end of Q3 2024, the Parent Company employed 84.7% of the total workforce of the LW Bogdanka Group.

Blue-collar workers accounted for 80.4% of LW Bogdanka S.A.'s total workforce.

Compared to three quarters of 2023, the number of underground workers increased by 1.7%.

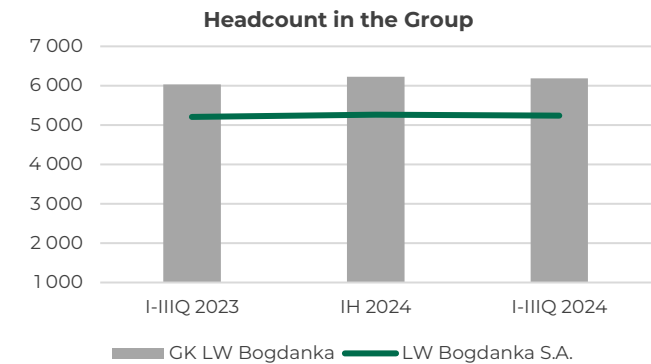
In the period of three quarters of 2024, 142 people were hired by LW Bogdanka S.A., while 151 people left the Company in the same period.



### 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	30.09.2023	30.06.2024	30.09.2024	Employment structure in the Group	Change Q3 2024/ Q3 2023	Change Q1-Q3 2024 1H 2024
Total workers	4,196	4,230	4,213	-	0.4%	-0.4%
Underground employees	3,154	3,185	3,186	-	1.0%	0.0%
Surface employees	1,042	1,045	1,027	-	-1.4%	-1.7%
Full-time underground employees	546	583	577	-	5.7%	-1.0%
Full-time surface employees	461	452	447	-	-3.0%	-1.1%
Total underground employees	3,700	3,768	3,763	-	1.7%	-0.1%
<b>LW Bogdanka S.A</b>	<b>5,203</b>	<b>5,265</b>	<b>5,237</b>	<b>84.7%</b>	<b>0.7%</b>	<b>-0.5%</b>
RG Bogdanka sp. z o.o.	625	734	713	11.5%	14.1%	-2.9%
MR Bogdanka sp. z o.o.	102	125	133	2.2%	30.4%	6.4%
EkoTrans Bogdanka sp. z o.o.	1	1	1	0.0%	0.0%	0.0%
Łęczyńska Energetyka sp. z o.o.	99	97	98	1.6%	-1.0%	1.0%
<b>GK LW Bogdanka</b>	<b>6,030</b>	<b>6,222</b>	<b>6,182</b>	<b>100.0%</b>	<b>2.5%</b>	<b>-0.6%</b>





## 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, the following parks are located:

- 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, the Brzeziczno reservation is also situated which contains a Nature 2000 Protected Area.

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

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

### Carbon footprint

On the basis of the carbon footprint measurement methodology adopted in 2022, work continued on the project entitled "LW Bogdanka's Carbon Footprint - computerisation 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.

Parallel to the computerisation process, the Company has also started work to update its carbon footprint methodology with a particular focus on the CSRD reporting guidelines. The completion of the work on the new methodology is scheduled Q1 2025.

### 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.

### Bogdanka's glade

In July 2024, work was completed on developing 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 pensioners and tourists. Its assumptions were based on public 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 operates and the potentially high expenditure for the implementation of the assumption in question, the project has been terminated at the study and analysis phase without implementation.

The implementation of the Project is of strategic nature as part of the implementation of the ESG Strategy of LW Bogdanka, the aim of which is to support local governments in increasing the attractiveness of the region and enhancing the quality of life of its inhabitants, 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, addressed to 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, among others, the following initiatives have been established: Fund for Research and Environmental Action in the Lublin Coal Basin: Grants for Scientists, and the "Together for Biodiversity" Programme, 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.

The termination of the cooperation is scheduled in the I quarter of 2025.



## Social issues - [S]

### Employee issues

#### “Solidary Miners” Foundation

Organisation 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 by the end of September 2024:

- Assistance in individual cases. Invariably, the Foundation's statutory activity is to help individuals in treatment and rehabilitation. The support is based on subsidising medical equipment and financial aid in the form of 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 continuing since the establishment of the Foundation. Financial assistance was provided to 36 employees or their family members. Following the requests for help and financial support submitted by the organisations, the Foundation decided to support 5 organisations on the basis of cooperation agreements or donation agreements.

- Continuation of the cooperation with the District Family Support Centre in Łęczna in connection with the operation 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 District. 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.
- Organisation 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.
- Financial and material donation to Caritas of Lublin Archdiocese as part of a campaign to support those affected in the floods which affected the inhabitants of southern Poland. The Foundation, together with LW Bogdanka donated 150 sets of field beds with sleeping bags

and cushions for flood victims, which Caritas distributed to the most needy places in the flood-affected area.

#### Bogdanka Socially Committed

The programme has been very popular among employees since the beginning of the year, with 44 initiatives submitted by the end of September. Bogdanka Socially Committed has been created with a view to socially engaged employees who, due to their own ingenuity, initiate undertakings addressed to the local environment, inhabitants and neighbours.

Project leaders drive positive changes in the immediate environment of the mine, and through their involvement charitable, social, educational and other campaigns are supported. The initiative submitted by the employee(s) may involve supporting an original idea for a pro-social activity or supporting institutions/organisations, operating in the local environment of the employees and recommended by them. The activities implemented included educational initiatives: the first aid course for residents of the municipality of Puchaczów or sewing lessons on machines for seniors. Initiatives also include purchases for the organisations, e.g. specialised equipment for voluntary fire-fighting teams or the purchase of sports equipment for MKS "Lublin" young sportsmen.



#### Honorary Blood Donors Club at LW Bogdanka

The Zdzisław Gola PCK Honorary Blood Donors Club has been operating at LW Bogdanka for over 40 years. As part of its activity, mobile blood collection points are set up next to the Company's office on a regular basis.

In 2024, six such campaigns are planned. By the end of September, four campaigns were held during which blood was donated by 81 employees.

The Club's activities also include periodic collections of cleaning products and bottle caps, thus supporting local aid institutions or individuals who experience difficult life situations. In recent months, members of the Club have made donations to the Community Care Centre in Łęczna, the Social Care Centre in Milejów. Cleaning products were donated to the Odra-Niemen Association, Lublin branch. Sweet parcels were given by blood donors to children and young people from the Day Care Centre at the St Barbara Parish in Łęczna.

#### 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 programme. The programme is addressed to all Group employees who would like to present their non-professional activities. Nine individual winners and one sports team were honoured 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 organisational 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 neighbour for local stakeholders by funding a number of social projects and initiatives aimed at developing the cultural, scientific, educational and health area, building the municipal infrastructure and addressing other needs of the local community. The Company focuses its priority activities on the Lubelskie Voivodeship in accordance with *the LWB's Social Involvement Policy*.

#### Charitable activity

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. Twenty five donation agreements have been concluded with community service providers.

Following the catastrophic flooding in southern Poland, the Action for Flood Victims was organised, which included the collection of in-kind donations at all mining fields; employees could also deduct a specific amount from their wages to contribute to the nationwide collection. Volunteers coordinated aid efforts and prepared the collected donations for handover. The campaign organised by the Company in cooperation

with the Solidary Miners Foundation also involved MR Bogdanka, RG Bogdanka, Łęczyńska Energetyka, as well as the LWB Honorary Blood Donors Club, all trade unions and the "Górnik" Trading and Service Company in Bogdanka. In the action organised by the Company in cooperation

#### 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 District and the Puchaczów Municipality. In the framework of this cooperation, the following tasks are executed: promotion of localism, artists, tourism, as well as counteracting social exclusion, environmental and cultural education.



#### 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. The participants included students of the Chemical and Food Industry School Complex in Lublin, the Transport and Communication School Complex and the Władysław Grabski School Complex No. 1 in Lublin.

#### Neighbourhood cooperation

At the request of organisations working for seniors and the disabled near the mine, occasional fairs are organised on the premises of the Company. So far, 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 organised. The classes are mainly dedicated to children of preschool or early elementary school age, but older groups are also willing 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 of charge. Nearly 5,000 children and caregivers from nearby kindergartens, schools and care centres participated in the activities. During the summer holidays, the educational zone was visited by children staying at half-day camps, sports camps in the Łęczna-Włodawa Lake District and kindergarten children. Senior citizens from the municipality of Ulan-Majorat and the youth volunteer firefighting team operating at the Puchaczów OSP also took part in the activities.



## Governance issues - [G]

Issues of social responsibility and sustainable development have become a permanent part of LW Bogdanka's operations. Invariably, all operations undertaken by the Company are compliant with the 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 legal provisions and responds promptly in the event of irregularities. In addition, the Company has had a Compliance Policy in place since 2020.

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

- Company's Articles of Association
- Management Board Bylaws
- Supervisory Board Bylaws
- Shareholder Meeting Bylaws
- Organisational Regulations
- Work 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 carried out to bring the Group into compliance with the new standards.

### Bogdanka's ESG strategy

As of December 2022, the "LW Bogdanka Group's ESG strategy for 2023-2025 with an outlook to 2030" is in force. 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 enhance 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 analysing 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 LW 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 tasks of the Scientific Council 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 implementation of the LW Bogdanka's environmental 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 programmes in the field of environmental protection addressed to LW Bogdanka
- submission of motions and opinions on environmental protection issues
- proposing 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 Scientists 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.

As part of the Council's operation, the Company has also started work on organising a commissioned scientific seminar under the working title "Challenges and opportunities of sustainable development of LW Bogdanka in the context of environmental and socio-economic conditions". The seminar is planned in cooperation with the Lublin academic community and is scheduled in Q4 2024.

The main objective of the seminar will be the initiation of the first substantive discussion based on expert knowledge and scientific research on LW Bogdanka's activities in terms of creating activities according to the principles of sustainable development, the impact of industrial activity on Polesie Lubelskie and recommended forms of limiting the adverse impact, which will be reinforced by the publication of a scientific monograph containing papers presented at the seminar.





# 3. Financial standing





## Coal production, sales and inventory of the LW Bogdanka Group

### Production and sales of the Company's commercial coal

[thousand tonnes]	Q3 2023	Q3 2024	Change	Change %	Q1-Q3 2023	Q1-Q3 2024	Change	Change %
Gross coal extracted	2,277	2,923	646	28.4%	7,930	8,452	522	6.6%
Commercial coal production	1,291	1,873	582	45.1%	4,557	5,370	813	17.8%
Mining yield (%)	56.7%	64.1%	7.4 p.p	13.1%	57.5%	63.5%	6.0 p.p	10.4%
Sales of commercial coal	1,499	2,077	578	38.6%	4,561	5,705	1,144	25.1%
New excavations (km)	6.1	4.7	-1.4	-23.0%	22.8	16.4	-6.4	-28.1%

### Company's commercial coal inventories

[thousand tonnes]	30.09.2023	31.12.2023	30.09.2024	Change [%] 30.09.2024 / 31.12.2023	Change [%] 30.09.2024 / 31.12.2023
Coal inventories	18	371	36	-90.3%	100.0%

### Commercial coal production structure

[%]	Q3 2023	Q3 2024	Q1-Q3 2023	Q1-Q3 2024
Fine coal	99.5%	97.3%	98.8%	98.2%
Chestnut coal	0.1%	0.6%	0.9%	0.3%
Pea coal	0.4%	2.1%	0.3%	1.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**The financial results generated by the Group in the three quarters of 2024 were affected by a lower coal sales price, which was to a major extent offset by higher sales. Moreover, the financial results in the period under review were significantly affected by an impairment loss on the carrying value of non-current assets in the amount of PLN 1,174 million**

### Coal production

(+) gross coal production in the period of three quarters of 2024 increased by 6.6%, i.e. by 522 thousand tonnes y/y  
 (+) in Q3 2024, production of commercial coal amounted to 1,873 thousand tonnes, with gross coal mining of 2,923 thousand tonnes, which translated into a yield ratio of 64.1%  
 (+) commercial coal production in the period of three quarters of 2024 was 5,370 thousand tonnes, 813 thousand tonnes more than in the corresponding period of 2023  
 (+) yield in the period of three quarters of 2024 amounted to 63.5% compared to 57.5% in three quarters of 2023.

### Sales of coal

(+) in Q3 2024 coal sales increased by 38.6% compared to Q3 2023  
 (+) in the period of the three quarters of 2024, sales of commercial coal amounted to 5,705 thousand tonnes, i.e. 25.1% more than in the corresponding period of 2023

### Inventories

(-) at the end of Q3 2024, coal inventories stood at 36 thousand tonnes, down by 335 thousand tonnes compared to the inventories as at 31 December 2023  
 (-) the level of coal inventories presented at the end of Q3 2024 corresponds approximately to one day's production of commercial coal (based on 9-month average daily production)

### Commercial coal production structure

(+) the dominant share of production of fine coal sold to industrial customers was maintained  
 (+) In Q3 2024, as well as in the entire period of 2024 under analysis, the higher share of pea coal in the production mix is related to sales to small customers and coal intermediaries.

## Sales revenues and main customers of the LW Bogdanka Group

### Changes in sales revenue on various items

[PLN thousand]	Q3 2023	Q3 2024	Change	Change %	Q1-Q3 2023	Q1-Q3 2024	Change	Change %
Sales of coal	848,822	910,590	61,768	7.3%	2,629,815	2,537,055	-92,760	-3.5%
Other operations	12,801	14,084	1,283	10.0%	50,165	49,936	-229	-0.5%
Sales of goods and materials	2,062	4,857	2,795	135.5%	8,785	13,121	4,336	49.4%
<b>Total</b>	<b>863,685</b>	<b>929,531</b>	<b>65,846</b>	<b>7.6%</b>	<b>2,688,765</b>	<b>2,600,112</b>	<b>-88,653</b>	<b>-3.3%</b>

### Structure of revenues

[%]	Q3 2023	Q3 2024	Q1-Q3 2023	Q1-Q3 2024
Sales of coal	98.3%	98.0%	97.8%	97.6%
Other operations	1.5%	1.5%	1.9%	1.9%
Sales of goods and materials	0.2%	0.5%	0.3%	0.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### Geographical structure of sales revenues

[PLN thousand]	Q3 2023	Structure	Q3 2024	Structure	Q1-Q3 2023	Structure	Q1-Q3 2024	Structure
Domestic sales	863,685	100.0%	922,393	99.2%	2,688,765	100.0%	2,573,339	99.0%
Foreign sales	0	0.0%	7,138	0.8%	0	0.0%	26,773	1.0%
<b>Total</b>	<b>863,685</b>	<b>100.0%</b>	<b>929,531</b>	<b>100.0%</b>	<b>2,688,765</b>	<b>100.0%</b>	<b>2,600,112</b>	<b>100.0%</b>

### Revenue from coal sales

(+) in Q3 2024, the Group generated PLN 910,590 thousand in revenue from coal sales, up by 7.3% compared to Q3 2023. (+) in the period of three quarters of 2024, revenues from coal sales amounted to PLN 2,537,055 thousand compared to PLN 2,629,815 thousand during three quarters of 2023, down by 3.5% y/y, attributable to a lower price, with an increasing volume of coal sold. The main source of the Group's sales revenue is the production and sales of steam coal by the Parent Company. This activity generates approximately 98% of LW Bogdanka Group's sales revenue in each of the comparative reporting periods.

### Revenue from other activities

In Q3 2024, revenue from other activities (which includes revenue of subsidiaries earned outside the LWB Group) amounted to PLN 14,084 thousand, compared with PLN 12,801 thousand in the corresponding period of 2023, up by 10.0% y/y. Significant items in this group were as follows:

- revenues from coal transport services provided by the Parent Company to certain coal customers (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 the period of three quarters of 2024, revenues from other operations amounted to PLN 49,936 thousand compared to PLN 50,165 thousand in the corresponding period of the previous year, which means a decline of 0.5%. The decrease of revenue in this group is attributable to the Parent Company's lower transport fee. The higher value of revenues from the sale of goods and materials is derived from 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 the period of three quarters of 2024, coal sales to foreign countries took place both through an intermediary coal entity (Ukraine) and directly (Slovakia). There were no steam coal exports in the corresponding period of 2023.

### Main customers

Approximately 82% of coal (in value terms) in the three quarters of 2024 was sold by LW Bogdanka S.A to Enea Wytwarzanie sp. z o.o. and Enea Elektrownia Połaniec S.A. In the corresponding period of 2023, the share of the aforementioned customers was approx. 4 p.p. lower. Major customers by share in revenue:

- Enea Wytwarzanie Sp. z o.o. - Grupa Enea S.A. - approx. 67% share in revenues
- Enea Elektrownia Połaniec S.A. - Grupa Enea S.A. - approx. 14.9% share in revenues

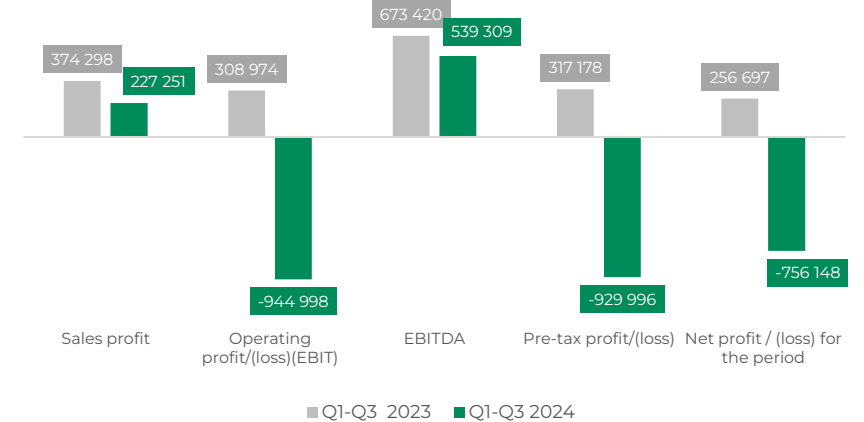
## Key financial results of the LW Bogdanka Group

### Analysis of the consolidated statement of profit or loss

[PLN thousand]	Q3 2023	Q3 2024	Change	Q1-Q3 2023	Q1-Q3 2024	Change
Sales revenue	863,685	929,531	7.6%	2,688,765	2,600,112	-3.3%
Costs of products, goods and materials sold, selling and administrative expenses	823,197	746,461	-9.3%	2,314,467	2,372,861	2.5%
<b>Profit on sales</b>	<b>40,488</b>	<b>183,070</b>	<b>352.2%</b>	<b>374,298</b>	<b>227,251</b>	<b>-39.3%</b>
Gross return on sales	4.7%	19.7%	15.0 p.p	13.9%	8.7%	-5.2 p.p
Other revenues	1,281	665	-48.1%	2,658	4,706	77.1%
Other costs	802	358	-55.4%	6,571	1,216	-81.5%
<b>Operating profit</b>	<b>40,967</b>	<b>183,377</b>	<b>347.6%</b>	<b>370,385</b>	<b>230,741</b>	<b>-37.7%</b>
Other net profits/(losses)	-11,150	3,618	-132.4%	-15,266	-1,471	-90.4%
Impairment loss allowance for non-current assets	4,225	0	-100.0%	-46,145	-1,174,268	2444.7%
<b>Operating profit/(loss) (EBIT)</b>	<b>34,042</b>	<b>186,995</b>	<b>449.3%</b>	<b>308,974</b>	<b>-944,998</b>	<b>-405.9%</b>
EBIT margin	3.9%	20.1%	16.2 p.p	11.5%	-36.3%	-47.8 p.p
<b>EBITDA</b>	<b>140,624</b>	<b>276,649</b>	<b>96.7%</b>	<b>673,420</b>	<b>539,309</b>	<b>-19.9%</b>
EBITDA margin	16.3%	29.8%	13.5 p.p	25.0%	20.7%	-4.3 p.p
Financial income	9,875	10,905	10.4%	26,896	34,028	26.5%
Financial costs	6,127	6,709	9.5%	18,692	19,026	1.8%
<b>Pre-tax profit/(loss)</b>	<b>37,790</b>	<b>191,191</b>	<b>405.9%</b>	<b>317,178</b>	<b>-929,996</b>	<b>-393.2%</b>
Profit margin before tax	4.4%	20.6%	16.2 p.p	11.8%	-35.8%	-47.6 p.p
Income tax	-6,940	-39,369	467.3%	-60,481	173,848	-387.4%
<b>Net profit/(loss) for the period</b>	<b>30,850</b>	<b>151,822</b>	<b>392.1%</b>	<b>256,697</b>	<b>-756,148</b>	<b>-394.6%</b>
Net profitability	3.6%	16.3%	12.7 p.p	9.5%	-29.1%	-38.6 p.p



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





## Key financial results of the LW Bogdanka Group

### Sales revenue

Sales revenue in Q3 2024 increased by 7.6% y/y in relation to the corresponding period of the preceding year and amounted to PLN 929,531 thousand. In the period of three quarters of 2024, the Group generated revenue in the amount of PLN 2,600,112 thousand compared to PLN 2,688,765 thousand in the corresponding period of 2023 (a decline of 3.3%).

### Costs of products, goods and materials sold, selling and administrative expenses

In Q3 2024, the total costs of products, goods and materials sold as well as selling and administrative amounted to PLN 746,461 thousand and were lower by PLN 76,736 thousand compared to the corresponding period of the previous year, when they stood at PLN 823,197 thousand.

In the period of three quarters of 2024, the total costs of products, goods and materials sold as well as selling and administrative expenses increased compared to the three quarters of the previous year from PLN 2,314,467 thousand to PLN 2,372,861 thousand, i.e. by PLN 58,394 thousand (+2.5%).

### Profit on sales

In Q3 2024, profit on sales amounted to PLN 183,070 thousand, compared to PLN 40,488 thousand in the corresponding period of 2023. During three quarters of 2024, the Group generated profit on sales in the amount of PLN 227,251 thousand compared to PLN 374,298 thousand in the corresponding period of 2023.

### Other revenues

Other revenues in the period of three quarters of 2024 amounted to PLN 4,706 thousand compared to PLN 2,658 thousand a year earlier. The increase is mainly due to a higher amount of compensation received and the reversal of impairment charges.

### Other costs

Other costs during three quarters of 2024 amounted to PLN 1,216 thousand compared to PLN 6,571 thousand in the corresponding period of 2023. The decrease is mainly due to the lower value of donations made.

### Other net gains/(losses)

In Q3 2024, other net gains amounted to PLN 3,618 thousand compared to other net losses of PLN -11,150 thousand in Q3 2023. During three quarters of 2024, other net losses amounted to PLN -1,471 thousand compared to PLN -15,266 thousand in the corresponding period of 2023. The 2023 amount was dominated by the provision for potential trade liabilities.

### Impairment loss

In the analysed 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 for three quarters of 2023 amounted to PLN 46,145 thousand and related to machinery and equipment located in the geological event area.

### EBIT

The operating result in Q3 2024 amounted to PLN 186,995 thousand. At the same time, the EBIT margin amounted to 20.1%, i.e. 16.2 p.p. higher than in Q3 of the previous year. The EBIT margin for three quarters of 2024 was 47.8 p.p. lower compared to three quarters of

2023 and stood at -36.3%. During three quarters of 2024, EBIT amounted to PLN -944,998 thousand compared to PLN 308,974 thousand for three quarters of 2023.

### EBITDA

EBITDA in Q3 2024 increased by 96.7% compared to Q3 2023 and amounted to PLN 276,649 thousand.

The EBITDA margin in Q3 2024 was higher than achieved in the corresponding period of 2023 and amounted to 29.8%.

During three quarters of 2024, the Group achieved EBITDA profitability of 20.7%, i.e. 4.3 p.p. lower than in the corresponding period of 2023 (EBITDA fell by 19.9% in the period under analysis). After three quarters of 2024, EBITDA amounted to PLN 539,309 thousand compared to PLN 673,420 thousand after three quarters of 2023.

### Financial income

Financial income in Q3 2024 amounted to PLN 10,905 thousand compared to PLN 9,875 thousand in Q3 2023.

During three quarters of 2024, financial income amounted to PLN 34,028 thousand compared to PLN 26,896 thousand a year earlier. The higher financial income during three quarters of 2024 is primarily driven by 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 Q3 2024 were 9.5% higher than the costs of the corresponding period of 2023, amounting to PLN 6,709 thousand.

Financial costs for three quarters of 2024 amounted to PLN 19,026 thousand compared to PLN 18,692 thousand in the corresponding period of 2023.

As at 30 September 2024, the Group's total debt amounted to PLN 1 thousand, against PLN 1,809 thousand as at 31 December 2023.

### Pre-tax profit/(loss)

In Q3 2024, the Group recorded profit before tax in the amount of PLN 191,191 thousand compared to PLN 37,790 thousand in Q3 2023. The result before tax for three quarters of 2024 amounted PLN -929,996 thousand of loss compared to the profit of PLN 317,178 thousand in the corresponding period of 2023.

### Net profit/(loss) for the period

In Q3 2024, the Group recorded net profit in the amount of PLN 151,822 thousand compared to PLN 30,850 thousand in Q3 2023. The Group's net loss for three quarters of 2024 amounted to PLN -756,148 thousand compared to the net profit of PLN 256,697 thousand in the corresponding period of the previous financial year.

### Consolidated financial results of the LW Bogdanka Capital Group for Q1-Q3 2024 cleared by the impact of a material non-recurring event, i.e. a write-down, resulting from an impairment test:

- Net sales revenue: PLN 2,600.1 million
- EBITDA: PLN 539.3 million
- EBIT: PLN 229.2 million
- Net profit: PLN 195.0 million



## Balance sheet of LW Bogdanka Group

### Balance sheet

[PLN thousand]	31.12.2023	30.09.2024	Change
Total assets	5,762,168	4,707,554	-18.3%
Return on assets (ROA)*	13.0%	-6.2%	-19.2 p.p
Non-current assets	4,101,959	3,224,612	-21.4%
Current Assets	1,660,209	1,482,942	-10.7%
Equity	4,304,041	3,445,711	-19.9%
Return on equity (ROE)*	17.2%	-8.4%	-25.6 p.p.
Provisions and liabilities	1,458,127	1,261,843	-13.5%

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

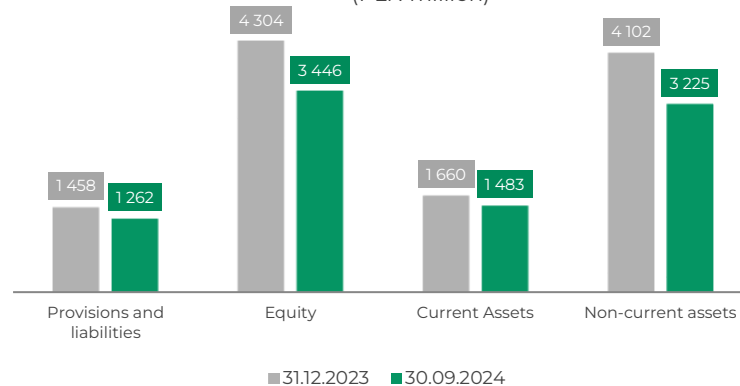
### Assets

Total assets as at 30 September 2024 in relation to the value as at 31 December 2023 decreased by PLN 1,054,614 thousand and amounted to PLN 4,707,554 thousand, with non-current assets decreasing by PLN 877,347 thousand and current assets by PLN 177,267 thousand. . Among the non-current assets, the most significant change is a decrease in property, plant and equipment by PLN 860,223 thousand and in intangible assets by PLN 20,873 thousand. The decrease in the value of non-current assets is a result of impairment of non-current assets. Among current assets, the most significant change is a decline in inventories by PLN 116,547 thousand as well as trade and other receivables by PLN 126,396 thousand, with a simultaneous increase in cash and their equivalents by PLN 65,676 thousand. As at 30 September 2024, the return on assets (ROA) was -6.2%, compared to 13.0% at the end of 2023.

### Equity and liabilities

Equity decreased by 19.9%. This is mainly the result of the inclusion of the total net income for three quarters of 2024 and the dividend paid. Provisions and liabilities decreased by 13.5% compared to the value as at 31 December 2023, with current liabilities increasing by 1.1% (mainly due to an increase in current income tax liabilities and employee benefit liabilities, with a decrease in trade and other liabilities) and non-current liabilities falling by 28.1% (mainly due to a decline in deferred income tax liabilities, with a simultaneous increase in employee benefit liabilities). As at 30 September 2024, return on equity decreased by 25.6 p.p. compared to the end of 2023. The value of the ratio at 30 September 2024 stood at -8.4% compared to 17.2% as at 31 December 2023.

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



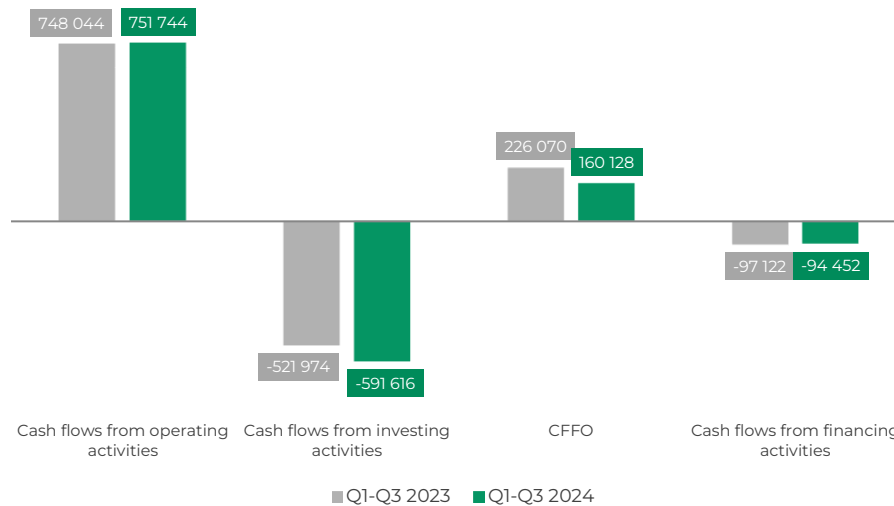
## Cash flows of the LW Bogdanka Group

### Cash position

[PLN thousand]	Q3 2023	Q3 2024	Change	Q1-Q3 2023	Q1-Q3 2024	Change
Cash flows from operating activities	244,890	401,963	64.1%	748,044	751,744	0.5%
Cash flows from investing activities	-185,007	-337,089	82.2%	-521,974	-591,616	13.3%
<b>CFFO*</b>	<b>59,883</b>	<b>64,874</b>	<b>8.3%</b>	<b>226,070</b>	<b>160,128</b>	<b>-29.2%</b>
Cash flow from financing activities	-90,141	-87,342	-3.1%	-97,122	-94,452	-2.7%

\*total operating and investment flows

Cash flow analysis (PLN thousand)



### Cash position

#### Cash flows from operating activities

In Q3 2024, the Group generated 64.1% higher net cash flows from operating activities than in Q3 2023 - in Q3 2024, they amounted to PLN 401,963 thousand compared to PLN 244,890 thousand a year earlier. In three quarters of 2024, the LW Bogdanka Group generated PLN 751,744 thousand in cash flows from operating activities (+0.5% y/y). The recorded increase is primarily the result of higher cash receipts with a simultaneously higher income tax paid.

#### Cash flows from investing activities

Cash flows from investing activities increased (in absolute terms) in Q3 2024 by 82.2% (to PLN 337,089 thousand) compared to the corresponding period of 2023. In the period of three quarters of 2024, cash flows from investing activities increased (in absolute terms) by 13.3%, i.e. from PLN 521,974 thousand to PLN 591,616 thousand. Both in Q3 2024 and in the entire period of 2024 under analysis, primarily, higher expenditure on the acquisition of property, plant and equipment was recorded.

### Cash flows from financing activities

In Q3 2024, the Group recorded negative cash flows from financing activities in the amount of PLN 87,342 thousand. In the period of three quarters of 2024, the Group recorded negative cash flows from financing activities in the amount of PLN 94,452 thousand. The predominant items were dividends paid to shareholders and payments on account of finance leases.

## Debt and liquidity ratios of the LW Bogdanka Group

When discussing consolidated results, the Group presents selected APM indicators as it believes they provide valuable additional information (besides the data presented in the financial statements) about the financial and operational situation, as well as facilitate the analysis and evaluation of the Group's financial performance over individual reporting periods. The Group presents these specific alternative performance measurements because they represent standard measures and indicators 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 on financial position, cash flows and financial efficiency and, in the Group's opinion, allows for an optimal assessment of financial results recorded.

### Cash position

[PLN thousand]	31.12.2023	30.09.2024	Change
Total debt ratio	25.3%	26.8%	1.5 p.p.
(Debt plus employee liabilities)/EBITDA ratio*	0.20	0.30	50.0%
Net debt/EBITDA ratio*	-0.54	-0.66	22.2%
Debt to equity ratio	33.9%	36.6%	2.7 p.p.
Fixed capital to non-current assets ratio (non-current assets/fixed capital)	118.5%	117.9%	-0.6 p.p.
Short-term debt ratio (current liabilities/liabilities)	12.7%	15.7%	3.0 p.p.
Long-term debt ratio (non-current liabilities/liabilities)	12.6%	11.1%	-1.5 p.p.

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

	31.12.2023	30.09.2024	Change
Current liquidity ratio	2.33	2.05	-12.0%
Quick liquidity ratio	1.86	1.75	-5.9%

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

### Total debt ratio

Total debt ratio as at 30 September 2024 increased by 1.5 pp. compared to the status as at 31 December 2023 and amounted to 26.8%.

In the period under analysis, there was a decrease in the value of liabilities with a simultaneous significant decrease in the total assets (a decrease in equity due to the write-down).

As at 30 September 2024, the Group's level of debt did not pose a threat a threat to its operations and its ability to meet its obligations in a timely manner.

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

### Debt plus employee liabilities/EBITDA

The ratio describing the ratio of debt to EBITDA at the end of Q3 2024 increased by 50.0% and stood at 0.30. Comparing the data as at 30 September 2024 against 31 December 2023, there was a decrease in EBITDA (calculated on a rolling basis for the last four quarters) with higher levels of debt and employee liabilities.

### Net debt/EBITDA ratio

The indicator describing the ratio of net debt (total interest-bearing short-term and long-term liabilities less cash and cash equivalents) to EBITDA increased, in absolute terms, from -0.54 as at 31 December 2023 to -0.66 as at 30 September 2024. Net debt increased by approximately 67 million and amounted to PLN -800 million with a decline in EBITDA by approximately PLN 134 million (EBITDA calculated on a rolling basis for the last four quarters) to the level of PLN 1,163 million.

### Debt to equity ratio

The debt to equity ratio as at 30 September 2024 increased by 2.7 p.p. compared to 31 December 2023 and amounted to 36.6% - liabilities decreased by approximately PLN 196 million and equity fell by approximately PLN 858 million.

### Fixed capital to non-current assets ratio

The ratio of coverage of non-current assets with fixed capital reached 117.9% (as at 30 September 2024) against 118.5% (as at 31 December 2023) - during the period under analysis, the value of non-current assets decreased by approximately PLN 877 million, as well as the value of fixed capital (the sum of equity and non-current liabilities excluding provisions) fell by approximately PLN 1,061 million.

## Turnover of receivables and liabilities in the LW Bogdanka Group

### Turnover ratios

[PLN thousand]			31.12.2023	30.09.2024	Change
1. Inventory turnover ratio	$\frac{\text{average balance of inventories}}{\text{cost of goods, products and materials sold}} \times$	number of days in the period	35	35	0.0%
2. Receivables turnover ratio*	$\frac{\text{average balance of receivables}}{\text{sales revenues}} \times$	number of days in the period	37	55	48.6%
3. Liabilities turnover ratio**	$\frac{\text{average balance of liabilities}}{\text{cost of goods, products and materials sold}} \times$	number of days in the period	66	76	15.2%
4. Operating cycle	1+2		72	90	25.0%
5. Cash conversion cycle	4 - 3		6	14	133.3%

\* Trade and other receivables

\*\* Trade and other liabilities

### Inventory turnover ratio

The inventory turnover ratio as at 30 September 2024 remained unchanged compared to the status as at 31 December 2023 and amounts to 35 days. On average, this is the time it takes to liquidate inventories.

### Receivables turnover ratio

The receivables turnover ratio (calculated on the basis of the balance sheet item "Trade and other receivables") was 55 days (as at 30 September 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") was extended by 10 days to 76 days in the period covered by the financial information, compared to the value as 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) increased by 18 days in the period under review to 90 days. On average, the Group's current assets are liquidated after 90 days.

### Cash conversion cycle

The result of the changes described above was to achieve a cash conversion cycle of 14 days as at 30 September 2024. A positive value of the ratio means that the Group does not use trade credit.



## Provisions of the LW Bogdanka Group

<b>Balance sheet provisions</b> [PLN thousand]	As at 30.09.2023	As at 31.12.2023	As at 30.09.2024	Change 30.09.2024/ 31.12.2023	Change 30.09.2024/ 30.09.2023
Employee provisions	362,278	270,719	363,323	34.2%	0.3%
Provision for mine decommissioning and land reclamation costs	153,170	169,102	167,553	-0.9%	9.4%
Mining damage	2,035	7,352	5,823	-20.8%	186.1%
Other	20,544	9,571	8,184	-14.5%	-60.2%
<b>Total</b>	<b>538,027</b>	<b>456,744</b>	<b>544,883</b>	<b>19.3%</b>	<b>1.3%</b>

The total balance of provisions as at 30 September 2024 amounted to PLN 544,883 thousand, an increase of 19.3% compared to the balance as at 31 December 2023.

<b>Change in provisions</b> [PLN thousand]	Change Q3 2023	Change Q3 2024	Change Q3 2024/ Q3 2023	Change in Q1-Q3 2023	Change in Q1-Q3 2024	Change Q1-Q3 2024/ Q1-Q3 2023
Employee provisions	28,047	-5,444	-	132,465	92,604	-30.1%
Provision for mine decommissioning and land reclamation costs	-2,451	569	-	-2,282	-1,549	-32.1%
Mining damage	-291	-214	-26.5%	-4,809	-1,529	-68.2%
Other	11,139	-144	-	14,642	-1,387	-
<b>Total</b>	<b>36,444</b>	<b>-5,233</b>	-	<b>140,016</b>	<b>88,139</b>	<b>-37.1%</b>

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

[PLN thousand]	Change in provisions in Q1-Q3 2024	Change recognised in operating activities (EBITDA)	Including:			
			Change recognised below operating profit - interest	Change recognised only in the balance sheet - increase in the carrying amount of fixed assets	Change recognised in Other Comprehensive Income	Change recognised only in the balance sheet - use of the provision
Employee provisions	92,604	104,318	8,882	-	21,008	-41,604
Provision for mine decommissioning and land reclamation costs	-1,549	1,064	6,100	-8,713	-	-
Mining damage	-1,529	-	-	-	-	-1,529
Other	-1,387	2,479	-	-	-	-3,866
<b>Total</b>	<b>88,139</b>	<b>107,861</b>	<b>14,982</b>	<b>-8,713</b>	<b>21,008</b>	<b>-46,999</b>

[PLN thousand]	Change in provisions in Q3 2024	Change recognised in operating activities (EBITDA)	Including:			
			Change recognised below operating profit - interest	Change recognised only in the balance sheet - increase in the carrying amount of fixed assets	Change recognised in Other Comprehensive Income	Change recognised only in the balance sheet - use of the provision
Employee provisions	-5,444	2,220	3,458	-	-	-11,122
Provision for mine decommissioning and land reclamation costs	569	335	2,033	-1,799	-	-
Mining damage	-214	-	-	-	-	-214
Other	-144	-144	-	-	-	-
<b>Total</b>	<b>-5,233</b>	<b>2,411</b>	<b>5,491</b>	<b>-1,799</b>	-	<b>-11,336</b>

## Costs of LW Bogdanka S.A.

### Costs by type

[PLN thousand]	Q3 2023	Q3 2024	Change	Q1-Q3 2023	Q1-Q3 2024	Change
Net production [thousand t].	1,291	1,873	45.1%	4,557	5,370	17.8%
Sales [thousand t]	1,499	2,077	38.6%	4,561	5,705	25.1%
Amortization and depreciation	106,832	86,343	-19.2%	306,399	299,549	-2.2%
Consumption of materials and energy	287,111	233,467	-18.7%	902,862	762,993	-15.5%
External services	158,855	116,019	-27.0%	484,212	451,959	-6.7%
Employee benefits	223,457	277,320	24.1%	680,090	768,852	13.1%
Representation and advertising costs	5,580	4,382	-21.5%	15,563	13,645	-12.3%
Taxes and charges	12,642	15,772	24.8%	37,705	43,958	16.6%
Other costs	793	982	23.8%	4,672	58,854	1159.7%
<b>Total costs by type</b>	<b>795,270</b>	<b>734,285</b>	<b>-7.7%</b>	<b>2,431,503</b>	<b>2,399,810</b>	<b>-1.3%</b>
Manufacturing cost of products for internal purposes	-128,246	-115,358	-10.0%	-356,458	-340,441	-4.5%
Accruals	43,157	51,676	19.7%	76,676	82,570	7.7%
Provisions and other presentation adjustments between expenses by nature and by function	30,290	-2,272	-107.5%	161,873	89,677	-44.6%
<b>Total production costs</b>	<b>740,471</b>	<b>668,331</b>	<b>-9.7%</b>	<b>2,313,594</b>	<b>2,231,616</b>	<b>-3.5%</b>
Change in products	82,826	78,219	-5.6%	-2,797	134,400	-4905.1%
Value of goods and materials sold	2,043	4,089	100.1%	8,666	12,294	41.9%
<b>Own cost of production sold, including:</b>	<b>825,340</b>	<b>750,639</b>	<b>-9.1%</b>	<b>2,319,463</b>	<b>2,378,310</b>	<b>2.5%</b>
Cost of products, goods and materials sold	760,684	689,374	-9.4%	2,135,021	2,192,511	2.7%
Selling costs	18,318	16,022	-12.5%	43,934	44,830	2.0%
Administrative costs	46,338	45,243	-2.4%	140,508	140,969	0.3%

### Q3 2024

#### Costs by type

In Q3 2024, LW Bogdanka S.A. incurred costs by nature in the amount of PLN 734,285 thousand (PLN -60,985 thousand y/y), i.e. 7.7% lower than in Q3 2023. The decline in costs in Q3 2024 was mainly due to lower depreciation and amortisation costs, costs of consumption of materials and energy, as well as third-party services, while the cost of employee benefits increased.

#### Depreciation and amortisation

Depreciation and amortisation decreased by 19.2% (to PLN 86,343 thousand). Depreciation of fixed assets mainly decreased in connection with the write-down.

#### Costs of consumed materials and energy

The value of the cost of materials and energy consumed during Q3 2024 in relation to Q3 2023 decreased by 18.7% and amounted to PLN 233,467 thousand. In the period under analysis, the price of electricity fell, as did the value of materials consumed (primarily due to lower scope of development work).

#### External services

The value of costs of external services decreased by 27.0% compared to Q3 2023 and amounted to PLN 116,019 thousand. In the period under review, the scope of services outsourced to third-party companies (weekend work) changed.

#### Employee benefits

The value of employee benefits in Q3 2024 increased by PLN 53.9 million. During the period under review, there was an increase in average headcount and wages and their derivatives, as well as changes resulting from the increase in the minimum wage, including wage components dependent on its level. In addition, an *ad hoc* award for employees was paid in Q3 2024.

#### Representation and advertising costs

The decrease in the value of representation and advertising costs by PLN 1.2 million results from the implementation of the current payment schedule under sponsorship agreements.

#### Taxes and charges

The increase in taxes and charges by approximately PLN 3.1 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 (PFRON).

#### Other costs

The increase in other costs by PLN 0.2 million is due to the capital market supervision levy.

## Costs of LW Bogdanka S.A.

### Three quarters of 2024

#### Costs by type

During three quarters of 2024, LW Bogdanka S.A. incurred costs by type of PLN 2,399,810 thousand, i.e. by 1.3% (PLN -31,693 thousand) lower than in the corresponding period of 2023. The decrease in costs in the analysed period was mainly influenced by the decline in the costs of consumption of materials and energy and third-party services, as well as depreciation and amortisation.

#### Amortization and depreciation

Depreciation and amortisation decreased by 2.2% (to PLN 299,549 thousand). Depreciation of fixed assets mainly decreased in connection with the write-down.

#### Costs of consumed materials and energy

The total value of the cost of materials and energy consumed decreased by 15.5% compared to three quarters of 2023 and amounted to PLN 762,993 thousand. Due to the smaller scope of auxiliary work, the cost of material consumption fell and, at the same time there was a decrease in the price of electricity.

#### External services

The value of external services for three quarters of 2024 decreased from PLN 484,212 thousand to PLN 451,959 thousand (-6.7%) compared to the corresponding period in 2023. During the period under review, the scope of work outsourced to third-party companies changed (particularly for works outside LW Bogdanka's work schedule).

#### Employee benefits

In three quarters of 2024, compared to the corresponding period of 2023, the value of employee benefits increased by PLN 88,762 thousand. During the period under review, there was an increase in average headcount and wages and their derivatives, as well as changes resulting from the increase in the minimum wage, including wage components dependent on its level. In addition, an *ad hoc* award for employees was paid in Q3 2024.

#### Representation and advertising costs

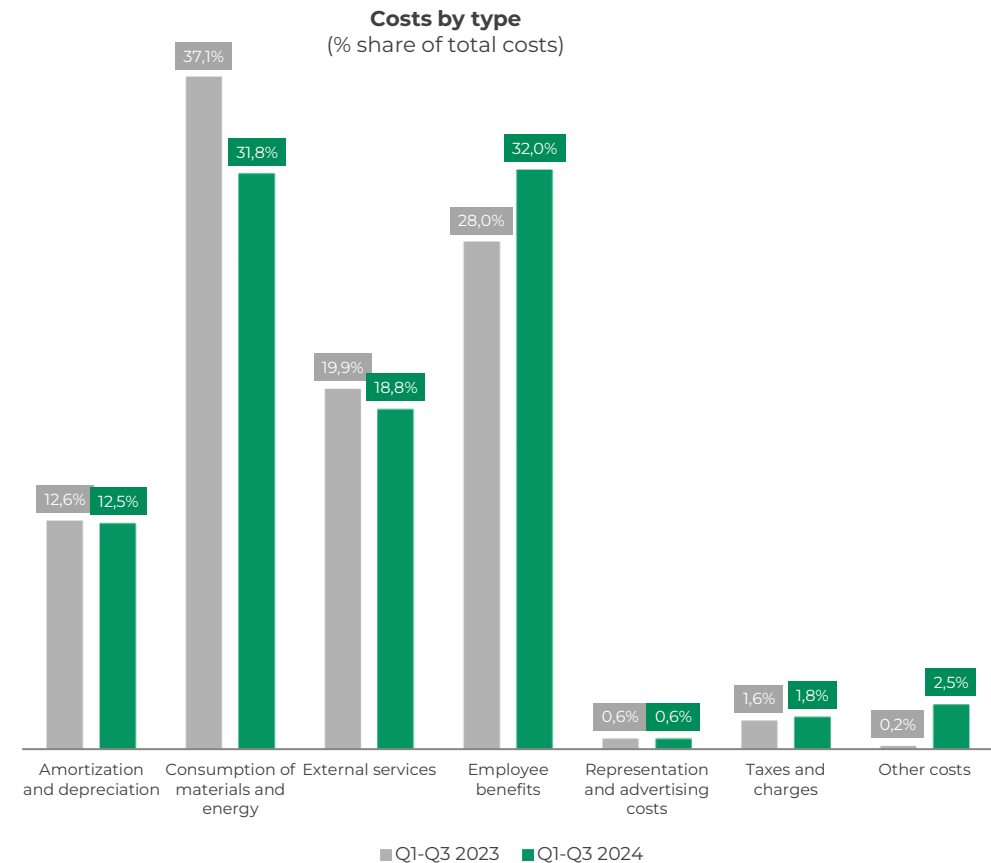
The decrease in the value of representation and advertising costs by PLN 1.9 million results from the implementation of the current payment schedule under sponsorship agreements.

#### Taxes and charges

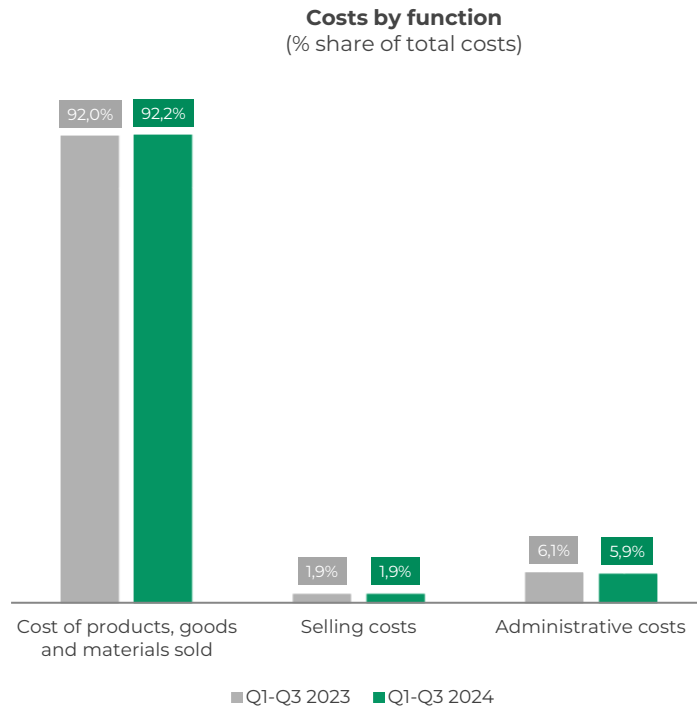
The increase in taxes and charges of approximately PLN 6.3 million is mainly due to an increase in the mining fee, payments to the State Fund for the Rehabilitation of Disabled (PFRON) and property tax.

#### Other costs

The increase in other costs by PLN 54.2 million is due to the conclusion of a new insurance policy for a further 18 months and the implementation of a decision of the Court of Appeals in Warsaw in connection with legal claims relating to patents. The costs of the policy are accrued in proportion to its duration and will therefore be charged to subsequent periods' results.



## Costs of LW Bogdanka S.A.



### Costs by function

The cost of goods sold (by function) in Q3 2024 amounted to PLN 750,639 thousand, while in the corresponding period of the previous year it amounted to PLN 825,340 thousand.

The cost of goods sold (by function) for three quarters of 2024 amounted to PLN 2,378,310 thousand and was 2.5% higher (+PLN 58,847 thousand) than the cost incurred in the corresponding period of 2023.

[PLN thousand]	Q3 2023	Q3 2024	Change	Q1-Q3 2023	Q1-Q3 2024	Change
Cost of products, goods and materials sold	760,684	689,374	-9.4%	2,135,021	2,192,511	2.7%
Selling costs	18,318	16,022	-12.5%	43,934	44,830	2.0%
Administrative costs	46,338	45,243	-2.4%	140,508	140,969	0.3%
<b>Costs of goods sold</b>	<b>825,340</b>	<b>750,639</b>	<b>-9.1%</b>	<b>2,319,463</b>	<b>2,378,310</b>	<b>2.5%</b>

## Other information affecting the financial position of the LW Bogdanka Group

### 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 continuously monitors cost levels, ratios and the value of accumulated cash. The current debt (a loan taken out by Łączna Energetyka from the Voivodeship Fund for Environmental Protection and Water Management (WFOŚiGW)), together with the level of cash held, guarantee current financing. The Parent Company systematically performs works aimed to optimise 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 on an ongoing basis in domestic and international markets. The LW Bogdanka Group settles 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 the aforementioned Act. Other contracts are awarded on the basis of the Group's internal procedures. The main suppliers for the LW Bogdanka Group are companies offering services and products specific to the mining industry (excavation and reconstruction of roadways, haulage of winnings, as well as supply of roadway supports, specialist mining machinery and equipment), as well as companies supplying electricity. In the period from 1 January to 30 September 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

The value of cash held by the Group at the end of September 2024 amounted to PLN 969,856 thousand, of which:

- an amount of PLN 169,473 thousand was recognised in non-current assets
- an amount of PLN 800,383 thousand was recognised in current assets

The amount of PLN 169,473 thousand includes cash accumulated by the Parent Company as part of the Mine Closure Fund, earmarked to cover the costs of decommissioning of the mine (these funds are held on a bank deposit).

The amount of PLN 800,383 thousand includes cash (available cash) kept on short-term bank deposits - the level of deposits depends on internal revenue and expenditure forecasts, as well as the availability of such a solution in 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 September 2024 amounted to PLN 760,963 thousand, while those in subsidiaries amounted to PLN 39,420 thousand (mainly in Łęczyńska Energetyka).

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

A detailed description of contingent liabilities and contingent assets are presented in note No. 10 to the Consolidated Quarterly Report of the LW Bogdanka Group for the period from 1 January to 30 September 2024.

### Evaluation of factors and unusual events affecting the operating result

The Group's results for three quarters of 2024 were significantly affected by an impairment loss on the carrying value of non-current assets in the amount of PLN 1,174 million (all of which was already recognised during the first half of the year), which was recognised in connection with the impairment test of assets as at 30.06.2024 in accordance with the requirements of IAS 36 (for a detailed description, see Note 5.2 of the Group's Interim Condensed Consolidated Financial Statements for the first half of 2024).

A detailed description of the impairment of property, plant and equipment is provided in 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 September 2024, the Group had no open derivative transactions.

### Bonds

As at 30 September 2024, the Group:

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

### Assessment of the capacity to execute investments

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. Currently, operational and investment tasks are financed from own funds.

### Lease and rental agreements

The Group's total revenue from lease and rental agreements for, among others, land, premises, machinery and equipment in the three quarters of 2024 amounted to PLN 8,014 thousand net.

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

LW Bogdanka S.A. did not publish any financial result forecasts for 2024.

### Principles for the 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 three quarters of 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 judgement 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 judgement and dismissed the claim in large part. Pursuant to the Court's judgement, the Parent Company was obliged to pay to the plaintiffs the amount of PLN 4.1 million, including interest calculated from the dates indicated in the judgement. The verdict is legally binding. On 28 May 2024, the Parent Company filed a cassation appeal against the judgement 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

During the three quarters of 2024, the Group did not take out, grant or terminate any loan agreements.

### Information on sureties and guarantees granted and received

The Group did not grant (or receive) any sureties during three quarters of 2024.

### Transactions with related parties

During the three quarters of 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 11 of the Interim Condensed Consolidated Financial Statements for the period from 1 January to 30 September 2024.

### Guarantees granted by LW Bogdanka S.A.

During three quarters of 2024, the Parent Company did not instruct banks to issue any guarantees.

### Loans taken

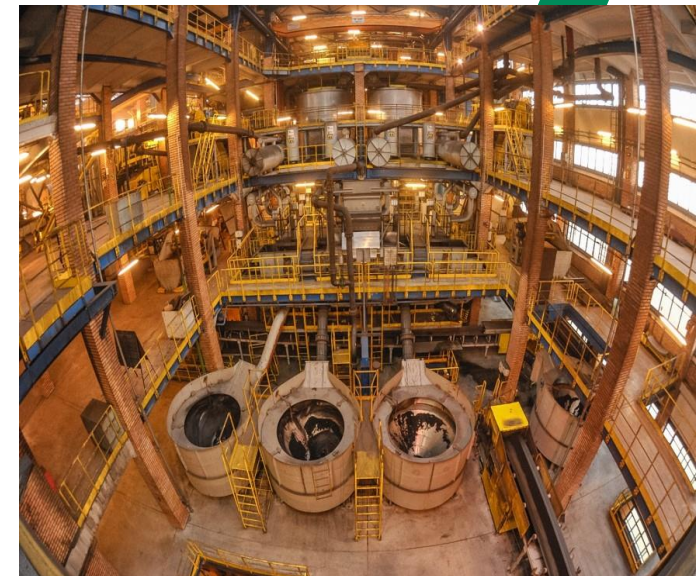
During three quarters of 2024, LW Bogdanka S.A. had no active loan agreements.

### Agreements relating to loans and borrowings of subsidiaries

Łęczyńska Energetyka sp. z o.o. continued 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, for subsidising 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 last principal instalment under the loan concerned was repaid in July 2024, while the payment of the last liability under the aforementioned loan agreement, i.e. the interest due for July 2024, was settled in October 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.

During the three quarters of 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 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 per share. 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 in the Company is ENEA S.A., with a majority shareholding of 64.6% in LW Bogdanka S.A., which authorise it to 21,962,189 votes, translating into the nominal value of PLN 109,810,945.

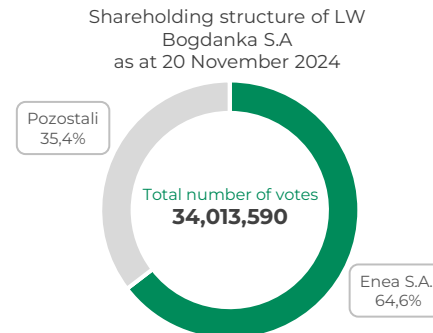
The Issuer's other shareholders are mainly institutional investors in the form of pension and investment funds.

### Treasury shares

In Q1-Q3 2024, LW Bogdanka S.A. and its subsidiaries did not purchase any Treasury shares.

### Changes in shareholder structure up to the date of the report

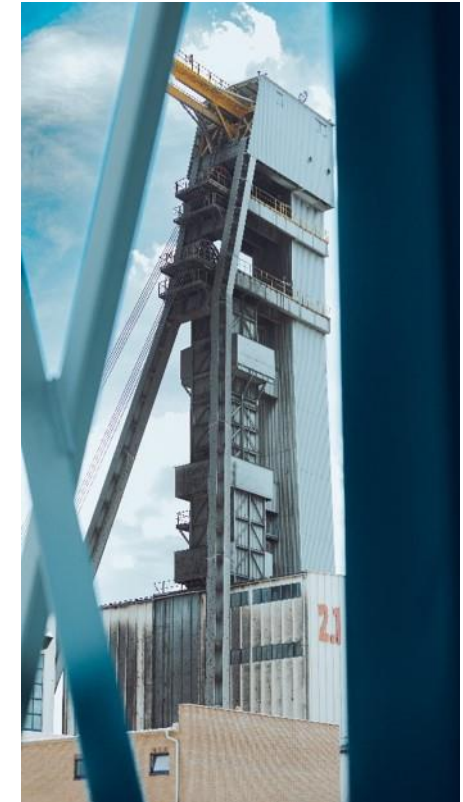
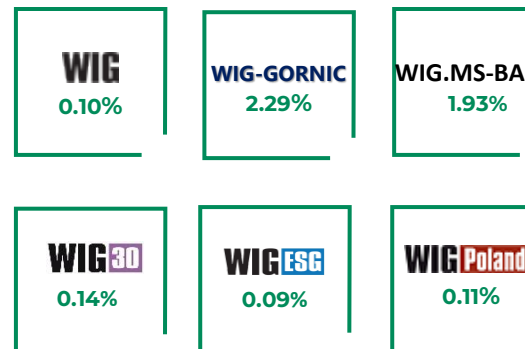
According to the information available to the Parent Company, in the period from the publication of the previous interim report, i.e. the Report for H1 2024, to the date of publication of the report for Q3 2024, there were no changes in the ownership structure of significant shareholdings.



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

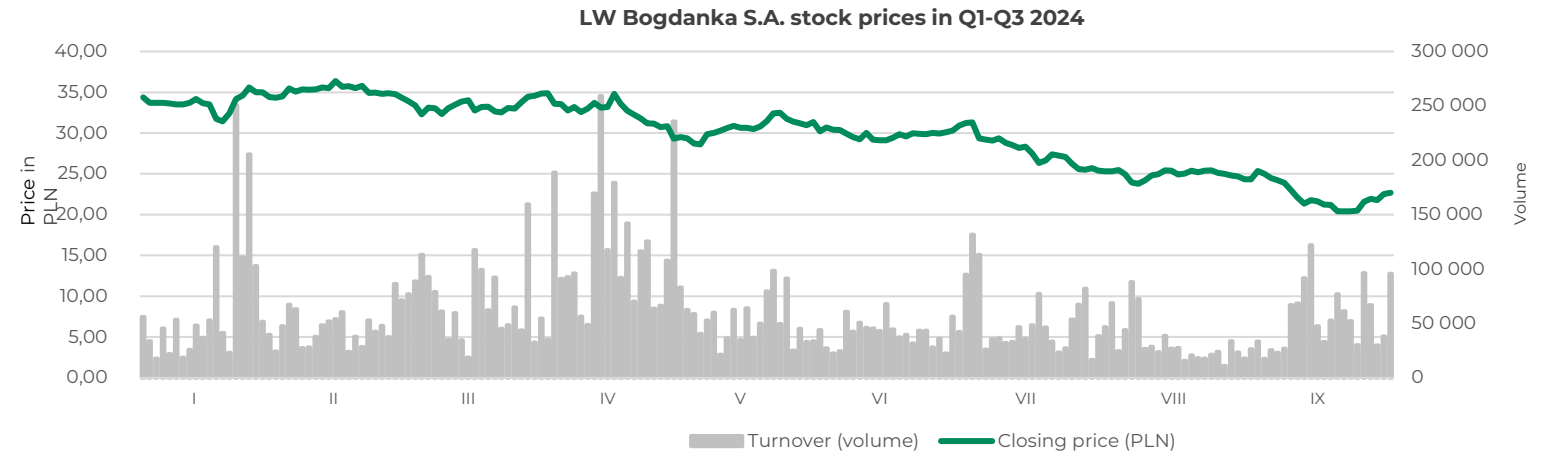
The company was floated on the Warsaw Stock Exchange S.A. on 25 June 2009. At the end of Q3 2024, LW Bogdanka S.A. was included in the following stock exchange indices:

- 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 data on shares

	Q1-Q3 2023	Q1-Q3 2024
Maximum price [PLN]	55.75	36.38
Minimum price [PLN]	33.30	20.04
Last price [PLN]	34.52	22.68
Average price [PLN]	41.03	29.94
Capitalisation at the end of the period [PLN million]	1,174.15	771.4
Carrying amount [PLN million]	3,852.8	3,419.5
P/E [market capitalisation/net profit/(loss)]	4.58	-1.01
P/BV [market capitalisation/book value]	0.30	0.23
% of profit allocated for dividend payment	49.9	12.4
Average trading value per session [PLN 000]	6,317.2	1,877.2
Average volume per session	145,626	58,874
Number of shares traded [pcs]	34,013,590	34,013,590

### Analyst recommendations

Date of issue	Institution	Recommendation	Price target	Price before 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
06 September 2024	PKO BP Securities	Sell	PLN 20.20	PLN 24.20
10 September 2024	Santander Brokerage House	Sell	PLN 13.00	PLN 23.00
24 September 2024	Ipopema	Sell	PLN 18.53	PLN 20.50

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 related parties of the Company

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

- 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 H1 2024, to the date of publication of the report for Q3 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 20 November 2024	Par value per share (PLN)	Number of Company shares as at 18 September 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 20 November 2024	Par value per share (PLN)	Number of Company shares as at 18 September 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	-	-	-
<b>TOTAL</b>					
	Number of the Company's shares as at 20 November 2024	Par value per share (PLN)	Number of the Company's shares as at 18 September 2024	Par value per share (PLN)	Number of shares in subsidiaries
	<b>43</b>	<b>215</b>	<b>43</b>	<b>215</b>	<b>0</b>

\*According to the representations by 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, Human Relations and Social Affairs
- Dariusz Dumkiewicz - Vice-President of the Management Board, Sales and Investments

### Changes to 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, Human Relations 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 20 November 2024:

- Zbigniew Stopa - President of the Management Board
- Bartosz Rożnawski - Vice-President of the Management Board, Production
- Mr. 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 LW Bogdanka S.A. as at 20 November 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.



## Composition 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 organisational structure of the Company. On 20 May 2024, the organisational 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 20 November 2024:

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

- Robert Wietrzyk - Member of the Supervisory Board
- Paweł Wójcik - Member of the Supervisory Board

### 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 optimisation, 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 organisation 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 organisation 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 programmes 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 Frąc - 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
- **PTE** - 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 amortisation 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 assets 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 Management Board members

### Zbigniew Stopa

President of the Management Board

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### Bartosz Rożnawski

Vice-President of the Management Board  
Production

.....

### Slawomir Krenczyk

Vice-President of the Management Board  
Development

.....

### Artur Wasilewski

Vice-President of the Management Board  
Economy and Finance

.....

*Bogdanka, 19 November 2024*



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