



**CONSOLIDATED
QUARTERLY
REPORT**

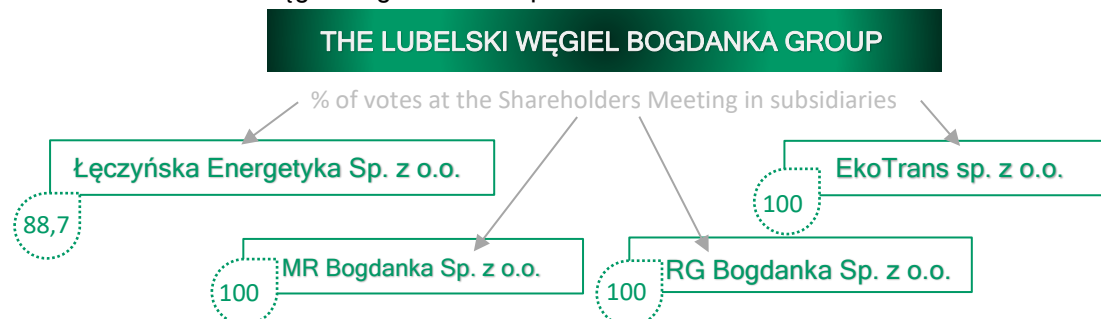
**FOR THE PERIOD FROM
1 JANUARY TO 31 MARCH
2020**

**THE LUBELSKI WĘGIEL
BOGDANKA GROUP**

BOGDANKA, MAY 2020

1. General information

The Lubelski Węgiel Bogdanka Group:



The Lubelski Węgiel Bogdanka Group (hereinafter referred to as the “Group”) is composed of the following companies:

The Parent

Lubelski Węgiel Bogdanka S.A., with registered office in Bogdanka, 21-013 Puchaczów.

Lubelski Węgiel Bogdanka S.A. is a joint stock company, operating under the laws of Poland. The Company was created as a result of the restructuring of the state enterprise Kopalnia Węgla Kamiennego Bogdanka with registered office in Bogdanka, under the Act on the Privatisation of State Enterprises of 13 July 1990.

On 26 March 2001, Lubelski Węgiel Bogdanka Spółka Akcyjna was registered in the Register of Entrepreneurs of the National Court Register, under KRS No. 0000004549. At present the register is maintained by the District Court Lublin-Wschód in Lublin, with the seat in Świdnik, VI Commercial Division of the National Court Register.

The shares of LW Bogdanka S.A. are listed on the Warsaw Stock Exchange in Warsaw.

The Company's core business activities, pursuant to the Polish Classification of Activity (PKD 0510Z), are mining and agglomeration of hard coal.

Subsidiaries

Łęczyńska Energetyka Sp. z o.o., with registered office in Bogdanka, 21-013, Puchaczów.

As at 31 March 2020, the Parent held 88.7% of shares in the capital of the subsidiary, Łęczyńska Energetyka Sp. z o.o.

Łęczyńska Energetyka Sp. z o.o. provides services to the mine involving supplying heat energy and conducts water/wastewater management. In addition, the company supplies heat energy to third parties like housing estates and other facilities in Łęczna. The company also conducts activities involving the construction and refurbishment of heat-generating, water supply and sewage disposal installations.

The company prepares its balance sheet as at 31 December.

EkoTRANS Bogdanka Sp. z o.o., with registered office in Bogdanka, 21-013 Puchaczów.

As at 31 March 2020, the Parent held 100.0% of shares in the capital of the subsidiary, EkoTRANS Bogdanka Sp. z o.o.

EkoTRANS Bogdanka Sp. z o.o. provides services to the mine with respect to transport, recovery and reuse of spoil arising during coal output cleaning and washing as well as reclamation services.

The company prepares its balance sheet as at 31 December.

RG Bogdanka Sp. z o.o., with registered office in Bogdanka, 21-013, Puchaczów.

As at 31 March 2020, the Parent held 100.0% of share in capital of its subsidiary RG Bogdanka Sp. z o.o.

RG Bogdanka Sp. z o.o. provides services to the mine mainly with respect to the mining works, auxiliary works and run-of-mine services.

The company prepares its balance sheet as at 31 December.

MR Bogdanka Sp. z o.o., with registered office in Bogdanka, 21-013, Puchaczów.

As at 31 March 2020, the Parent held 100.0% of share in capital of its subsidiary MR Bogdanka Sp. z o.o.

MR Bogdanka Sp. z o.o. provides services to the mine with respect to renovation, repair and construction services, works in underground machinery departments, regeneration and production of steel constructions.

The company prepares its balance sheet as at 31 December.

A breakdown as at 31 March 2020 characterising the Group's subsidiaries is presented below:

NAME OF THE SUBSIDIARY	BALANCE-SHEET TOTAL [PLN '000]	EQUITY [PLN '000]	% OF SHARES HELD	NON-CONTROLLING INTERESTS	RESTRICTIONS IN CONTROL; RESTRICTIONS IN CONSOLIDATED ASSETS AND EQUITY & LIABILITIES	CONSOLIDATION METHOD
COMPANIES SUBJECT TO CONSOLIDATION IN THE CURRENT AND PREVIOUS PERIODS:						
ŁĘCZYŃSKA ENERGETYKA sp. z o.o.	114,970	93,115	88.7	Non-controlling interests amount to 11.30% and are held by: Łęczna Municipality 11.29% Puchaczów Commune 0.01%	none	full
RG BOGDANKA sp. z o.o.	12,166	3,722	100.0	none	none	full
EkoTRANS BOGDANKA sp. z o.o.	4,145	1,175	100.0	none	none	full
MR BOGDANKA sp. z o.o.	7,545	4,249	100.0	none	none	full

Lubelski Węgiel Bogdanka S.A. is the Parent in the Lubelski Węgiel Bogdanka Group. The Group prepares consolidated financial statements compliant with the IFRS as approved by the European Union.

In order to understand fully the Group's financial standing and the results of its operation, these condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Lubelski Węgiel Bogdanka Group, as well as with the audited financial statements of the Parent, Lubelski Węgiel Bogdanka, for the financial period ended on 31 December 2019. Those financial statements are available on the Parent's website at www.lw.com.pl.

The Group in the structure of the ENEA Group

On 14 September 2015, ENEA S.A. announced a tender offer for the shares of the Parent, Lubelski Węgiel Bogdanka S.A., and it declared its intention to acquire up to 64.57% of the total vote at the General Shareholders Meeting of Lubelski Węgiel Bogdanka S.A. The transaction settlement took place on 29 October 2015. As a result of the transaction, ENEA S.A. along with its subsidiary acquired the total of 66% of shares in Lubelski Węgiel Bogdanka S.A., as a result of which Lubelski Węgiel Bogdanka S.A. with its subsidiaries became a part of the ENEA Group of which ENEA S.A. with registered office in Poznań is the parent.

The ultimate controlling entity is the State Treasury.

2. *Principles applied in preparing the condensed interim consolidated financial statements and the condensed interim financial statements of the Parent, Lubelski Węgiel Bogdanka S.A.*

These condensed interim consolidated financial statements of the LW Bogdanka Group and condensed interim financial statements of the Parent, LW Bogdanka, for the first quarter of 2020 were prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting", as approved by the European Union.

The Consolidated Quarterly Report was prepared according to the historical cost principle except for derivative instruments measured at fair value as well as share-based payments.

Historical cost is calculated on the basis of fair value of the payment made for goods or services.

Fair value is the price that would be received in a sale of an asset or paid to transfer a liability in a customary transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless whether such price is directly observable or estimated using other valuation technique. In the fair value measurement of an asset or liability, the Group takes into account the characteristics of the given asset or liability if the market participants take them into account when pricing assets or liabilities at the measurement date. Fair value for the purpose of measurement and / or disclosure in the Group's Consolidated Quarterly Report is determined in accordance with the above principle, except for share-based payments which are covered by the scope of IFRS 2, lease transactions which are covered by the scope of IFRS 16, and measurements which are in a certain way similar to fair value but are not defined as fair value, such as net realisable value according to IAS 2 or value in use according to IAS 36.

Estimated figures

Accounting estimates as well as the professional judgement regarding current and future events in individual fields are required for the preparation the condensed interim (consolidated and separate) financial statements on the basis of the International Financial Reporting Standards and in accordance with the accounting policies.

The main accounting estimates and judgments are based on past experience as well as other factors, including assessments of future events which seem justified in a given situation. Accounting estimates and judgments are reviewed on a regular basis.

Other key estimates and judgements have not changed since the publication of the annual consolidated and annual separate financial statements for 2019.

Accounting Policies

The condensed interim (consolidated and separate) financial statements were prepared using the same accounting principles for the current and comparative periods; the financial statements follow the same accounting principles (policies) and calculating methods as the latest annual consolidated and separate financial statements for 2019.

3. *Brief description of achievements and failures of the Group during the reporting period along with key events related thereto*

As regards the business activities pursued by the Group, the following material events (having influence on the Group's operations in 2020) occurred in the period of the first quarter of 2020 and until the publication date of this Consolidated Quarterly Report:

- On 12 May 2020, the Parent's Management Board entered with Bank Gospodarstwa Krajowego S.A. into a revolving overdraft facility agreement with a limit of PLN 150 million. The facility is a revolving overdraft facility and serves for financing the on-going operations of the Parent; it bears interest based on 1M WIBOR 1M + margin. The agreement was concluded for the period of 12 months and is scheduled for repayment by 12 May 2021.

4. *Description of factors and events, especially of untypical nature, which have a material impact on the results achieved*

The epidemic of SARS-Cov-2 coronavirus causing the COVID-19 disease has been developing since the beginning of 2020, but arrived to Poland at the beginning of March. The virus itself and the results it brings, together with the results of measures taken by the government for counteracting the epidemic, have affected the condition of the economy both in Poland and globally. For this reason also the activities of the Group have been affected by the current situation. However, due to the fact that the abovementioned events intensified as late as at the end of the first quarter 2020, their impact on financial results and the Group's operating activity in Q1 2020 is relatively small. At the present moment it is impossible to quantify the impact of these events, nevertheless problems caused by the virus epidemic [decrease in the economic activity in Poland and the related lower demand for electric energy which is followed by a lower demand for coal, significant drop in production of electric energy from coal in Q1 2020, reduced supplies, materials availability] and the protection measures taken for counteracting virus infection, on one hand result in reducing production and reducing the economy of scale, and on the other - in higher operating costs, which eventually will affect the financial result.

In the long term, it is assumed that when the epidemic ends the domestic economy will return to regular development, the demand for electric energy will increase which will translate into higher demand for thermal coal from the Parent.

5. *Data with regard to the Condensed Interim Consolidated Financial Statements for the Lubelski Węgiel Bogdanka Group in the first quarter of 2020*

Interim Consolidated Income Statement

In the first quarter of 2020 the consolidated revenue under agreements with customers achieved the level of PLN 464,081,000 while in the comparable period of 2019 the figure was PLN 540,787,000. This represents a decrease in net revenue for Q1 2020 by 14.2%

Consolidated operating profit in the first quarter of 2020 amounted to PLN 44,894,000.

In the first quarter of 2020, net profit attributable to owners of the Parent was recorded in the amount of PLN 33,502,000, while in the comparable period of 2019 the Group recorded net profit attributable to owners of the Parent of PLN 109,781,000. It represents a decrease by 69.5% compared to the same period of the previous year.

Interim Consolidated Statement of Financial Position

Total provisions for other liabilities and charges, as well as provisions for employee benefits as at 31 March 2020 amounted to PLN 396,791,000, which shows an increase by PLN 8,499,000 as compared to the amount achieved as at 31 December 2019.

Deferred income tax liability disclosed as at 31 March 2020 amounted to PLN 241,110,000, which represents an increase of PLN 2,633,000 as compared to the balance of this item as at 31 December 2019.

6. *Data with regard to the interim condensed financial statements for the Parent in the first quarter of 2020*

Interim Income Statement

In the first quarter of 2020 the consolidated revenue under agreements with customers achieved the level of PLN 426,831,000 while in the comparable period of 2019 the figure was PLN 539,690,000. This represents a decrease in net revenue for Q1 2020 by 20.9%

Operating profit in Q1 2020 amounted to PLN 41,804,000.

Net profit for Q1 2020 amounted to PLN 31,198,000, while in the same period of the previous year the Parent generated net profit of PLN 106,942,000. It represents a decrease by 70.8%.

Interim Statement of Financial Position

Provisions for other liabilities and charges, as well as provisions for employee benefits as at 31 March 2020 amounted to PLN 390,377,000, which shows an increase by PLN 6,849,000 as compared to the amount achieved as at 31 December 2019.

Deferred income tax liability disclosed as at 31 March 2020 amounted to PLN 241,059,000, which represents an increase of PLN 2,638,000 as compared to the balance of this item as at 31 December 2019.

7. *Explanations regarding seasonal and cyclical nature of the Group's activity in the presented period*

The production is not seasonal, whereas seasonal character of sales can be noticed in the case of retail sales at a point of coal sale. Sales to individual customers in the first quarter 2020 accounted for below 0.1% of total consolidated sales. This has no significant effect on operating and financing activities of the Group.

8. *Information concerning the dividend paid (or declared), in aggregate and calculated per share, divided into ordinary and preferred shares*

In the first quarter of 2020 and in the same period of 2019, the Parent did not pay any dividend to the shareholders.

On 15 May 2020, the Parent's Management Board adopted a resolution regarding a motion submitted to the Parent's General Shareholders Meeting regarding distribution of net profit for 2019. Pursuant to the resolution, the Management Board proposed that the net profit for 2019, amounting to PLN 306,184,000, be allocated in full amount to reserve capital, which results from, among other factors, the uncertainty caused by the coronavirus epidemic.

9. *Events after the balance-sheet date not disclosed in the Consolidated Quarterly Report*

No events that would affect the financial results and were not disclosed in the Consolidated Quarterly Report occurred after the balance-sheet date.

10. *Information on changes in contingent liabilities or contingent assets, occurring following the end of the previous financial year*

Contingent liabilities and assets have been described in detail in Note 29 of the annual consolidated financial statements for 2019. Contingent liabilities and assets have not changed significantly during the first three months of 2020 comparing to the ended last financial year.

11. *Transactions of the Lubelski Węgiel Bogdanka Group with related entities*

All transactions with related entities are concluded as part of regular operations of the Group and are performed on an arms' length basis.

Transactions with subsidiaries of the State Treasury of the Republic of Poland

The Group concludes commercial transactions with state administration and local self-government bodies as well as subsidiary entities of the State Treasury of the Republic of Poland.

Key sale transactions include revenue on sales of thermal coal to the following companies: Zakłady Azotowe w Puławach S.A. (Azoty Group), PGE Energia Ciepła S.A., Energa Elektrownie Ostrołęka S.A. and Miejskie Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. in Chełm.

In the reporting periods ending on 31 March 2020 and 31 March 2019, the value of sales to the above entities and the total receivables of the Group from those entities were as follows:

Key	For the period		
	1 Jan. 2020- 31 Mar. 2020	1 Jan. 2019- 31 Dec. 2019	1 Jan. 2019- 31 Mar. 2019
Sales in period	53,859	260,977	60,313
Total receivables at end of period including VAT	31,936	22,290	27,053

purchase transactions include: purchase of materials (mine lining) from Huta Łabędy S.A., purchase of transport services from PKP Cargo S.A., purchases of electrical energy distribution services from PGE Dystrybucja S.A., purchase of fuel from Orlen Paliwa Sp. z o.o. as well as payments for mining and prospecting licences.

In the reporting periods ending on 31 March 2020 and 31 March 2019, the value of purchases from the above entities and the total liabilities of the Group to those entities were as follows:

	For the period		
	1 Jan. 2020- 31 Mar. 2020	1 Jan. 2019- 31 Dec. 2019	1 Jan. 2019- 31 Mar. 2019
Purchases in period	29,018	129,228	34,172
Total liabilities at end of period including VAT	18,598	10,610	16,487

Transactions with ENEA Group companies

Purchase transactions cover primarily the purchases of electricity from ENEA S.A. and services from Enea Centrum Sp. z o.o.

In the reporting periods ending on 31 March 2020 and 31 March 2019, the value of purchases from the ENEA Group companies and the Group's total liabilities towards those entities were as follows:

	For the period		
	1 Jan. 2020- 31 Mar. 2020	1 Jan. 2019- 31 Dec. 2019	1 Jan. 2019- 31 Mar. 2019
Purchases in period	23,825	73,105	19,361
Total liabilities at end of period including VAT	18,603	15,726	15,467

Sale transactions cover primarily the sales of thermal coal to ENEA Wytwarzanie Sp. z o.o. and ENEA Elektrownia Połaniec S.A. and Enea Ciepło Sp. z o.o.

In the reporting periods ending on 31 March 2020 and 31 March 2019, the value of sales to the ENEA Group companies and the total receivables of the Group from those entities were as follows:

	For the period		
	1 Jan. 2020- 31 Mar. 2020	1 Jan. 2019- 31 Dec. 2019	1 Jan. 2019- 31 Mar. 2019
Sales in period	392,428	1,840,921	469,004
Total receivables at end of period including VAT	156,117	168,051	176,754

Transactions of the Parent with the subsidiary companies of Lubelski Węgiel Bogdanka Group.

The Company's revenue resulting from the co-operation with Łęczyńska Energetyka, the Company's subsidiary, is in the most part generated through sale of coal, lease of premises, telecommunications services, investor supervision, and re-invoicing electricity costs.

Purchases primarily include the purchase of heat power, potable water and the maintenance services for sewage installations, central heating, tailwater and water grid.

The Parent's revenue resulting from the co-operation with its subsidiary, EkoTRANS Bogdanka Sp. z o.o., relates predominantly to payments for lease of premises and telecommunication services.

Purchases include primarily services of transportation, utilisation and recovery of spoil arising during coal-associated shale cleaning and washing as well as the purchase of reclamation services.

Further, the Parent's revenue resulting from the cooperation with the subsidiary, RG Bogdanka Sp. z o.o., Bogdanka, is in the most part generated through the lease of premises, fees for using the machinery, and telecommunications services.

Purchases include primarily services with respect to the mining works and auxiliary works at the mine as well as run-of-mine services.

The Parent's revenue resulting from the co-operation with its subsidiary, MR Bogdanka Sp. z o.o., relates predominantly to payments for lease of premises and telecommunication services.

Purchases primarily include the purchase of services connected with renovation of mining equipment and devices as well as transport units, performing regeneration services, traffic maintenance services and supply of machineries and components.

In the reporting periods ended on 31 March 2020 and 31 March 2019 the value of trade related to purchase from the following subsidiaries: Łęczyńska Energetyka Sp. z o.o., EkoTRANS Sp. z o.o., RG Bogdanka Sp. z o. o. and MR Bogdanka Sp. z o.o., and the balance of the Parent's liabilities towards these related entities were as follows:

	1 Jan. 2020- 31 Mar. 2020	For the period 1 Jan. 2019- 31 Dec. 2019	1 Jan. 2019- 31 Mar. 2019
Purchases in period, including:	29,198	116,900	29,100
- Purchases of services activated on the value of "property, plant and equipment"	284	4,481	1,465
Total liabilities at end of period including VAT	12,161	12,723	12,585

In the reporting periods ended on 31 March 2020 and 31 March 2019 the value of trade related to sale to the following subsidiaries: Łęczyńska Energetyka Sp. z o.o., EkoTRANS Bogdanka Sp. z o.o., RG Bogdanka Sp. z o.o. and MR Bogdanka Sp. z o.o., and the balance of the Parent's receivables from these associated entities were as follows:

	1 Jan. 2020- 31 Mar. 2020	For the period 1 Jan. 2019- 31 Dec. 2019	1 Jan. 2019- 31 Mar. 2019
Sales in period	3,970	12,300	4,103
Total receivables at end of period including VAT	1,522	1,954	1,117

12. Reporting by segments: industry and location

The Management Board does not apply division into segments for managing the Group since the Group mainly focuses its activities on the production and sale of coal.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

	As at	
	31 March 2020	31 December 2019
Assets		
Non-current assets		
Property, plant and equipment	3,444,931	3,282,449
Intangible assets	63,651	63,676
Right-of-use asset	17,270	18,094
Investment properties	3,097	3,140
Deferred tax assets	2,238	1,890
Trade and other receivables	3,397	6,533
Cash and cash equivalents	134,010	133,998
Total non-current assets	3,668,594	3,509,780
Current assets		
Inventories	134,433	104,248
Trade and other receivables	276,576	238,951
Overpaid income tax	14,513	16,745
Cash and cash equivalents	257,701	382,740
Total current assets	683,223	742,684
TOTAL ASSETS	4,351,817	4,252,464
Equity		
Equity attributable to owners of the Parent		
Ordinary shares	301,158	301,158
Other capitals	2,314,378	2,314,378
Retained profits	636,109	602,607
	3,251,645	3,218,143
Non-controlling interests	10,525	10,359
Total equity	3,262,170	3,228,502
Liabilities		
Non-current liabilities		
Loans and borrowings	10,135	10,894
Deferred income tax liability	241,110	238,477
Provisions for employee benefits	164,542	159,225
Provisions for other liabilities and charges	172,047	171,635
Grants	12,085	12,224
Lease liabilities	17,405	17,466
Trade and other liabilities	34,164	39,879
	651,488	649,800
Current liabilities		
Loans and borrowings	3,172	3,182
Provisions for employee benefits	34,804	32,740
Provisions for other liabilities and charges	25,398	24,692
Grants	469	469
Lease liabilities	340	1,081
Trade and other liabilities	373,809	311,554
Contract liabilities	167	444
	438,159	374,162
Total liabilities	1,089,647	1,023,962
TOTAL EQUITY AND LIABILITIES	4,351,817	4,252,464

INTERIM CONSOLIDATED INCOME STATEMENT

	For Q1 ended on 31 March	
	2020	2019
Revenue from contracts with customers, including:	464,081	540,787
<i>Core business revenue</i>	450,560	526,277
<i>Additional business revenue</i>	13,521	14,510
Costs of products, goods and materials sold	(381,766)	(395,550)
Gross profit	82,315	145,237
Selling costs	(7,868)	(8,987)
Administrative expenses	(30,448)	(25,407)
Other income	1,567	1,315
Other costs	(151)	(326)
Other profit / (loss) - net	(521)	16,134
Profit on operating activities	44,894	127,966
Finance income	1,578	7,133
Finance costs	(2,909)	(3,295)
Profit before taxation	43,563	131,804
Income tax	(9,895)	(21,835)
Net profit for the financial year	33,668	109,969
<i>including:</i>		
- <i>attributable to the owners of the Parent</i>	33,502	109,781
- <i>attributable to non-controlling interests</i>	166	188

Earnings per share attributable to owners of the Parent during the year (in PLN per share)

- basic	0.98	3.23
- diluted	0.98	3.23

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For Q1 ended on 31 March	
	2020	2019
Net profit for the financial year	33,668	109,969
Other comprehensive income/(loss) for the financial period:		
Items which will never be subject to reclassification to profit or loss for the current period - total	-	-
Items which are or may be subject to reclassification to profit or loss for the current period - total	-	-
Other comprehensive net income/(loss) for the financial period	-	-
Other net comprehensive income for the reporting period - total	33,668	109,969
<i>including:</i>		
- <i>attributable to owners of the Parent</i>	<i>33,502</i>	<i>109,781</i>
- <i>attributable to non-controlling interests</i>	<i>166</i>	<i>188</i>

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary shares	Supplementary fund	Reserve capital	Other capital related to the Management Options Scheme	Retained profits	Total equity	Non-controlling interests	Total equity
As at 1 January 2020	301,158	702,549	1,607,990	3,839	602,607	3,218,143	10,359	3,228,502
Total net comprehensive income for the reporting period:	-	-	-	-	33,502	33,502	166	33,668
- <i>net profit</i>	-	-	-	-	<i>33,502</i>	<i>33,502</i>	<i>166</i>	<i>33,668</i>
As of 31 March 2020	301,158	702,549	1,607,990	3,839	636,109	3,251,645	10,525	3,262,170
As at 1 January 2019	301,158	702,549	1,581,903	3,839	350,490	2,939,939	10,177	2,950,116
Total net comprehensive income for the reporting period:	-	-	-	-	109,781	109,781	188	109,969
- <i>net profit</i>	-	-	-	-	<i>109,781</i>	<i>109,781</i>	<i>188</i>	<i>109,969</i>
As of 31 March 2019	301,158	702,549	1,581,903	3,839	460,271	3,049,720	10,365	3,060,085

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	For Q1 ended on 31 March	
	2020	2019
Cash flow from (used in) operating activities		
Cash inflow from operating activities*	83,351	169,242
Interest received and paid	(612)	311
Income tax paid	(5,390)	(19,293)
Net cash flow from (used in) operating activities	77,349	150,260
Cash flow from (used in) investing activities		
Acquisition of property, plant and equipment	(199,532)	(146,126)
Acquisition of intangible assets	(1,933)	(1,914)
Inflow from the sale of property, plant and equipment	49	1
Interest received	1,238	368
Expenditure on other current investments	-	(68)
Inflows from other current investments	-	67
Outflow on account of funds being deposited in the bank account of the Mine Closure Fund	(12)	(1)
Net cash flow from (used in) investing activities	(200,190)	(147,673)
Cash flow from (used in) financing activities		
Repayments of loans and borrowings	(759)	(759)
Lease payments	(1,294)	(1,222)
Interest and commissions paid regarding financing activities	(145)	(247)
Net cash flow from (used in) financing activities	(2,198)	(2,228)
Net increase / (decrease) in cash and cash equivalents	(125,039)	359
Cash and cash equivalents at beginning of period	382,740	170,793
Cash and cash equivalents at end of period	257,701	171,152

**detailed list of cash inflow from (used in) operating activities is presented in table on page 17.*

INTERIM CONSOLIDATED CASH INFLOW FROM OPERATING ACTIVITIES

	For Q1 ended on 31 March	
	2020	2019
Profit before taxation	43,563	131,804
- Depreciation of non-current assets	88,234	93,324
- Amortisation of intangible assets	812	664
- Depreciation of investments in real property	43	43
- Depreciation of the right-of-use asset	824	863
- Loss on sale of non-current assets	61	8
- Profit/(loss) on liquidation of plant, property and equipment	14,448	12,590
- Change in provisions for employee benefits	7,381	9,333
- Changes in provisions	2,247	(19,121)
- Other flows	1,174	949
- Change in inventories	(30,185)	(37,450)
- Change in trade and other receivables	(34,489)	(50,724)
- Change in trade and other liabilities	(10,762)	26,959
Cash inflow from (used in) operating activities	83,351	169,242
Balance-sheet change in liabilities, contract liabilities and grants	56,124	(49,100)
Set-off of income tax overpaid with other taxes payable	-	10,245
Change in investment liabilities	(66,886)	65,814
Change in liabilities for the purposes of the interim consolidated statement of cash flows	(10,762)	26,959
Increase in non-current assets	266,444	80,353
Other non-cash adjustments	(26)	(41)
Change in investment liabilities	(66,886)	65,814
Acquisition of property, plant and equipment	199,532	146,126

INTERIM STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

	As at	
	31 March 2020	31 December 2019
Assets		
Non-current assets		
Property, plant and equipment	3,358,384	3,193,807
Intangible assets	60,195	60,416
Right-of-use asset	14,966	15,782
Non-current investments	75,601	75,601
Trade and other receivables	2,370	5,498
Cash and cash equivalents	134,010	133,998
Total non-current assets	3,645,526	3,485,102
Current assets		
Inventories	132,157	102,199
Trade and other receivables	275,376	237,895
Overpaid income tax	14,448	16,288
Cash and cash equivalents	237,375	366,899
Total current assets	659,356	723,281
TOTAL ASSETS	4,304,882	4,208,383
Equity		
Ordinary shares	301,158	301,158
Other capitals	2,314,378	2,314,378
Retained profits	622,532	591,334
Total equity	3,238,068	3,206,870
Liabilities		
Non-current liabilities		
Deferred income tax liability	241,059	238,421
Provisions for employee benefits	161,521	156,119
Provisions for other liabilities and charges	172,047	171,635
Grants	12,085	12,224
Lease liabilities	15,105	15,176
Trade and other liabilities	33,619	39,300
	635,436	632,875
Current liabilities		
Provisions for employee benefits	31,939	31,111
Provisions for other liabilities and charges	24,870	24,663
Grants	469	469
Lease liabilities	314	1,036
Trade and other liabilities	373,619	310,915
Contract liabilities	167	444
	431,378	368,638
Total liabilities	1,066,814	1,001,513
TOTAL EQUITY AND LIABILITIES	4,304,882	4,208,383

INTERIM INCOME STATEMENT

	For Q1 ended on 31 March	
	2020	2019
Revenue from contracts with customers, including:	462,831	539,690
<i>Core business revenue</i>	452,909	529,077
<i>Additional business revenue</i>	9,922	10,613
Costs of products, goods and materials sold	(382,928)	(397,992)
Gross profit	79,903	141,698
Selling costs	(7,950)	(9,136)
Administrative expenses	(30,992)	(25,517)
Other income	1,511	1,053
Other costs	(147)	(324)
Other profit / (loss) - net	(521)	16,142
Profit on operating activities	41,804	123,916
Finance income	1,535	7,101
Finance costs	(2,702)	(3,059)
Profit before taxation	40,637	127,958
Income tax	(9,439)	(21,016)
Net profit for the financial year	31,198	106,942

Earnings per share attributable to owners of the Company during the period (in PLN per share)		
- basic	0.92	3.14
- diluted	0.92	3.14

INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For Q1 ended on 31 March 2020	2019
Net profit for the financial year	31,198	106,942
Other comprehensive income/(loss) for the financial period:		
Items which will never be subject to reclassification to profit or loss for the current period - total	-	-
Items which are or may be subject to reclassification to profit or loss for the current period - total	-	-
Other comprehensive net income/(loss) for the financial period	-	-
Other net comprehensive income for the reporting period - total	31,198	106,942

INTERIM STATEMENT OF CHANGES IN EQUITY

	Other capitals					Total equity
	Ordinary shares	Supplementary fund	Reserve capital	Other capital related to the Management Options Scheme	Retained profits	
As at 1 January 2020	301,158	702,549	1,607,990	3,839	591,334	3,206,870
Total net comprehensive income for the reporting period:	-	-	-	-	31,198	31,198
- <i>net profit</i>	-	-	-	-	<i>31,198</i>	<i>31,198</i>
As of 31 March 2020	301,158	702,549	1,607,990	3,839	622,532	3,238,068
As at 1 January 2019	301,158	702,549	1,581,903	3,839	341,540	2,930,989
Total net comprehensive income for the reporting period:	-	-	-	-	106,942	106,942
- <i>net profit</i>	-	-	-	-	<i>106,942</i>	<i>106,942</i>
As of 31 March 2019	301,158	702,549	1,581,903	3,839	448,482	3,037,931

INTERIM STATEMENT OF CASH FLOWS

	For Q1 ended on 31 March	
	2020	2019
Cash flow from (used in) operating activities		
Cash inflow from operating activities*	75,233	161,817
Interest received and paid	(777)	108
Income tax paid	(4,961)	(18,932)
Net cash flow from (used in) operating activities	69,495	142,993
Cash flow from (used in) investing activities		
Acquisition of property, plant and equipment	(198,515)	(144,270)
Acquisition of intangible assets	(525)	(182)
Inflow from the sale of property, plant and equipment	49	1
Interest received	1,197	333
Outflow on account of funds being deposited in the bank account of the Mine Closure Fund	(12)	(1)
Net cash flow from (used in) investing activities	(197,806)	(144,119)
Cash flow from (used in) financing activities		
Lease payments	(1,213)	(1,213)
Net cash flow from (used in) financing activities	(1,213)	(1,213)
Net decrease in cash and cash equivalents	(129,524)	(2,339)
Cash and cash equivalents at beginning of period	366,899	154,522
Cash and cash equivalents at end of period	237,375	152,183

**detailed list of cash inflow from (used in) operating activities is presented in table on page 23.*

INTERIM CASH INFLOWS FROM OPERATING ACTIVITIES

	For Q1 ended on 31 March	
	2020	2019
Profit before taxation	40,637	127,958
- Depreciation of non-current assets	85,651	91,087
- Amortisation of intangible assets	746	605
- Depreciation of the right-of-use asset	815	831
- Loss on sale of non-current assets	61	-
- Profit/(loss) on liquidation of plant, property and equipment	14,448	12,590
- Change in provisions for employee benefits	6,230	8,345
- Changes in provisions	1,747	(19,193)
- Other flows	32	4
- Change in inventories	(29,958)	(37,742)
- Change in trade and other receivables	(34,353)	(49,802)
- Change in trade and other liabilities	(10,823)	27,134
Cash inflow from (used in) operating activities	75,233	161,817
Balance-sheet change in liabilities, contract liabilities and grants	56,607	(47,694)
Set-off of income tax overpaid with other taxes payable	-	10,245
Change in investment liabilities	(67,430)	64,583
Change in liabilities for the purposes of the interim statement of cash flows	(10,823)	27,134
Increase in non-current assets	265,945	79,705
Other non-cash adjustments	-	(18)
Change in investment liabilities	(67,430)	64,583
Acquisition of property, plant and equipment	198,515	144,270

APPROVAL OF THE CONSOLIDATED QUARTERLY REPORT

The Management Board of Lubelski Węgiel Bogdanka S.A. hereby declares that as at 21 May 2020 it approves this Consolidated Quarterly Report for the first quarter for the financial year 2020, between 1 January 2020 and 31 March 2020.

SIGNATURES OF ALL MEMBERS OF THE MANAGEMENT BOARD AND THE CHIEF ACCOUNTANT

ARTUR WASIL President of the Management Board

ARTUR
WASILEWSKI Vice-President of the Management Board,
Economic and Legal Affairs

DARIUSZ
DUMKIEWICZ Vice-President of the Management Board,
Development

ADAM PARTYKA Vice-President of the Management Board,
Employee and Social Affairs

URSZULA PIĄTEK Chief Accountant