



**CONSOLIDATED  
QUARTERLY  
REPORT**

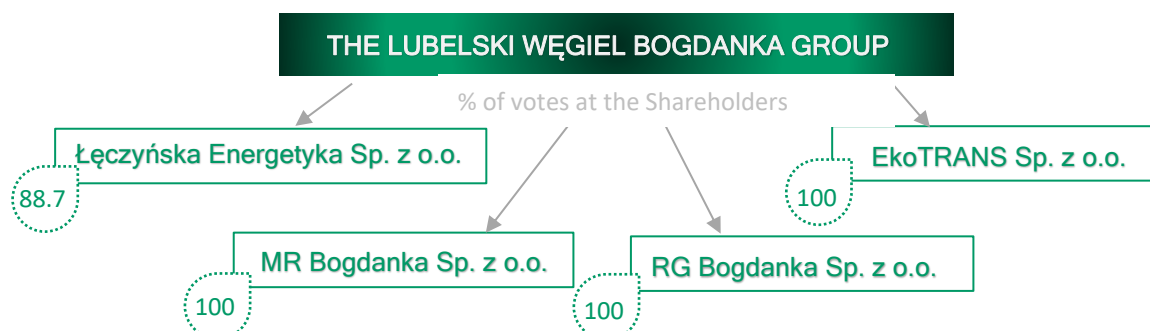
**FOR THE PERIOD FROM  
1 JANUARY TO 30 SEPTEMBER  
2020**

**THE LUBELSKI WĘGIEL BOGDANKA  
GROUP**

**BOGDANKA, NOVEMBER 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 Lubelski Węgiel 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 30 September 2020, the Parent Company 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 30 September 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 30 September 2020, the Parent held 100.0% of shares in the capital of the 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 30 September 2020, the Parent held 100.0% of shares in the capital of the 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 30 September 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
<b>COMPANIES SUBJECT TO CONSOLIDATION IN THE CURRENT AND PREVIOUS PERIODS:</b>						
<b>ŁĘCZYŃSKA ENERGETYKA Sp. z o.o.</b>	112,212	92,051	88.7	Non-controlling interests amount to 11.30% and are held by: Łęczna Municipality 11.29% Puchaczów Commune 0.01%	none	full
<b>RG BOGDANKA Sp. z o.o.</b>	15,805	5,113	100.0	none	none	full
<b>EkoTRANS BOGDANKA Sp. z o.o.</b>	3,847	661	100.0	none	none	full
<b>MR BOGDANKA Sp. z o.o.</b>	7,974	4,819	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 [ri.lw.com.pl](http://ri.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, Lubelski Węgiel Bogdanka S.A., for the three quarters 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.

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 of 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 three quarters 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 + margin.

The agreement was concluded for the period of 12 months and is scheduled for repayment by 12 May 2021.

- On 29 May 2020, the Management Board of the Parent concluded, with ENEA Elektrownia Połaniec S.A. an Annex to the Long-Term Agreement on sale of thermal coal. The Annex concerns the extension of the term of the Agreement until 31 December 2023, thus the Agreement covers power coal supplies for the period 2013-2023. The Annex also specifies the volumes and terms and conditions of these supplies (including prices) for each year during the term of the Agreement.

#### 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. 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 was relatively small. In Q2 and Q3 2020, however, the impact of the coronavirus epidemic was significantly bigger. At the present moment it is impossible to quantify the exact impact of these events, as the level of sales and Group's operating results are influenced by many more factors apart from COVID-19 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 production of electric energy and demand for power coal, 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 negatively affect the consolidated financial result. The impact is particularly evident in the decrease of sales revenue in Q2 2020, during which consolidated sales revenue dropped by 31% compared to the analogous period of 2019. The decrease largely corresponds to the consequences of the ongoing coronavirus epidemic.

In order to mitigate the negative influence of coronavirus on its financial results, the Group took a number of adjusting and optimizing actions. One such action was the application filed by the Parent with the Provincial Labour Office to be granted financial support from the Guaranteed Employee Benefits Fund ("GEBF") in order to protect jobs (as part of Anti-Crisis Shield 4.0 relief package). The application was accepted and on 6 October 2020 the Parent was informed that it was granted financial support from GEBF amounting to PLN 33.7 million. The financial support will be paid in three parts starting October 2020.

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 mined by the Parent.

It should also be noted that on 29 September the Parent updated production assumptions for 2020 and now expects total annual net output of approx. 7.4 million tonnes. This level is lower compared to the expected under standard circumstances and its update was influenced by a number of factors. The significantly reduced demand for thermal coal from the commercial power plants and the heat sector observed in the first half of 2020 was a result of a warm and windy winter as well as decreased economic activity due to the coronavirus pandemic. In Q3 2020 apart from the abovementioned factors, there were also geological and mining circumstances which limited the assumed wall progress and achieved yield levels, such as deforming pressure increment causing limited capacity of longwall workings. These difficulties, combined with staff shortages stemming from the growing number of COVID-19 infections as well as the obligation to isolate employees who had been in contact with infected persons have resulted in significant limitation of output. It shall, however, be emphasized that the Parent believes these hindrances to be temporary.

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

### **The third quarter of 2020**

#### Interim Consolidated Income Statement

In the third quarter of 2020 the consolidated revenue under agreements with customers achieved the level of PLN 504,522,000 while in the comparable period of 2019 the figure was PLN 527,776,000. This represents a decrease in net revenue for Q3 2020 by 4.4%.

Consolidated operating profit in the third quarter of 2020 amounted to PLN 842,000,000.

In the third quarter of 2020, net loss attributable to owners of the Parent was recorded in the amount of PLN 1,766,000, while in the comparable period of 2019 the Group recorded net profit attributable to owners of the Parent of PLN 66,029,000.

### **Three quarters of 2020**

#### Interim Consolidated Income Statement

In cumulative terms, the revenue from agreements with customers for three quarters of 2020 amounted to PLN 1,353,533,000, which represents a decrease by 16.8% as compared to the same period of the previous year.

The consolidated operating profit for three quarters of 2020 amounted to PLN 50,742,000.

In cumulative terms, the net profit attributable to owners of the Parent for three quarters of 2020 was recorded in the amount of PLN 34,793,000, while in the comparable period of 2019 the Group generated net profit attributable to owners of the Parent of PLN 263,759,000. It represents a decrease by 86.8% 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 30 September 2020 amounted to PLN 425,326,000, which shows an increase by PLN 37,034,000 as compared to the amount achieved as at 31 December 2019.

As at 30 September 2020, deferred income tax liability occurred in the amount of PLN 235,094,000, which represents a decrease by PLN 3,383,000 in comparison to the balance of this item as at 31 December 2019.

## 6. *Data with regard to the condensed interim financial statements for the Parent in three quarters of 2020*

### **The third quarter of 2020**

#### Interim Income Statement

In the third quarter of 2020 the revenue under agreements with customers achieved the level of PLN 503,986,000 while in the comparable period of 2019 the figure was PLN 527,611,000. This represents a decrease in net revenue for Q3 2020 by 4.5%.

Operating profit in the third quarter of 2020 amounted to PLN 257,000,000.

Net loss for the third quarter of 2020 amounted to PLN 2,026,000, while in the same period of the previous year the Parent recorded net profit of PLN 65,550,000.

### **Three quarters of 2020**

#### Interim Income Statement

In cumulative terms, the revenue from agreements with customers for three quarters of 2020 amounted to PLN 1,350,956,000, which represents a decrease by 16.8% as compared to the same period of the previous year.

The operating profit for three quarters of 2020 amounted to PLN 45,671,000.

In cumulative terms, the net profit for three quarters of 2020 amounted to PLN 32,015,000, while in the same period of 2019 the net profit was PLN 260,329,000. It represents a decrease by 87.7% compared to the same period of the previous year.

#### Interim Statement of Financial Position

Provisions for other liabilities and charges, as well as provisions for employee benefits as at 30 September 2020 amounted to PLN 417,591,000, which shows an increase by PLN 34,063,000 as compared to the amount achieved as at 31 December 2019.

As at 30 September 2020, deferred income tax liability occurred in the amount of PLN 235,050,000, which represents a decrease by PLN 3,371,000 in comparison 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 nature of sales can be noticed in the case of retail sales at a point of coal sale. Sales to individual customers in the third quarter 2020 accounted for 0.15% of total consolidated revenue, and cumulatively in the first three quarters of 2020 - 0.12% 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 nine months of 2020 and in the same period of 2019, the Parent did not pay any dividend to the shareholders.

On 30 June 2020 the Parent's Annual General Shareholders Meeting took place, during which a resolution on adjourning the Meeting and setting it on 29 July 2020 was adopted. At the Annual General Shareholders Meeting on 29 July 2020, the Shareholders of the Parent adopted a resolution on distribution of profit for 2019, under which the entire net profit of the Parent amounting to PLN 306,184,000 was allocated for reserve capital.

The dividend rate paid to the owners of the Parent is presented in the table below.

	For the period	
	1 Jan. 2020 - 30 Sep. 2020	1 Jan. 2019 - 31 Dec. 2019
Dividend paid	-	25,510
Number of ordinary shares as at the dividend date ('000)	34,014	34,014
<b>Dividend per share (in PLN)</b>	<b>-</b>	<b>0.75</b>

The dividend rate per share is calculated as the quotient of the dividend attributable to owners of the Parent and the number of ordinary shares as at the dividend date.

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

Apart from the financial support granted to the Parent from the Guaranteed Employee Benefits Fund, described in detail in Note 4, after the balance-sheet date no other events occurred that would affect the financial results and not be disclosed in the Consolidated Quarterly Report.

## 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 nine 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., PGE Górnictwo i Energetyka Konwencjonalna S.A., Energa Elektrownie Ostrołęka S.A. and Miejskie Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. in Chełm.

In the reporting periods ended on 30 September 2020 and 30 September 2019, the value of sales to the above entities and the total receivables of the Group from those entities were as follows:

	1 Jan. 2020 - 30 Sep. 2020	For the period 1 Jan. 2019 - 31 Dec. 2019	1 Jan. 2019 - 30 Sep. 2019
Sales in period	142,348	260,977	192,975
Total receivables at end of period including VAT	6,944	22,290	32,943

Key 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 licenses.

In the reporting periods ending on 30 September 2020 and 30 September 2019, the value of purchases from the above entities and the total liabilities of the Group to those entities were as follows:

	1 Jan. 2020 - 30 Sep. 2020	For the period 1 Jan. 2019 - 31 Dec. 2019	1 Jan. 2019 - 30 Sep. 2019
Purchases in period	86,166	129,228	104,462
Total liabilities at end of period including VAT	14,816	10,610	13,411

### Transactions with ENEA Group companies

Purchase transactions cover primarily the purchases of electrical energy from ENEA S.A. and materials from ENEA Logistyka Sp. z o.o. as well as services from Enea Centrum Sp. z o.o.

In the reporting periods ending on 30 September 2020 and 30 September 2019, the value of turnover on account 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 - 30 Sep. 2020	1 Jan. 2019 - 31 Dec. 2019	1 Jan. 2019 - 30 Sep. 2019
Purchases in period	71,876	73,105	53,419
Total liabilities at end of period including VAT	20,816	15,726	11,999

Sale transactions cover primarily the sales of thermal coal to ENEA Wytwarzanie Sp. z o.o., ENEA Elektrownia Połaniec S.A., Enea Ciepło Sp. z o.o. and in a small amount to Enea Badania i Rozwój Sp. z o.o.

In the reporting periods ending on 30 September 2020 and 30 September 2019, the value of sales with the ENEA Group companies and the total receivables of the Group from those entities as at individual balance-sheet dates were as follows:

	For the period		
	1 Jan. 2020 - 30 Sep. 2020	1 Jan. 2019 - 31 Dec. 2019	1 Jan. 2019 - 30 Sep. 2019
Sales in period	1,162,479	1,840,921	1,395,215
Total receivables at end of period including VAT	169,409	168,051	200,025

In the reporting periods ending on 30 September 2020 and 30 September 2019, the value of dividend paid for the Enea Group companies, i.e. Enea S.A. and Enea Wytwarzanie Sp. z o.o. was as follows:

	For the period		
	1 Jan. 2020 - 30 Sep. 2020	1 Jan. 2019 - 31 Dec. 2019	1 Jan. 2019 - 30 Sep. 2019
Dividend paid to the ENEA Group companies	-	16,837	16,837

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

The Parent's revenue resulting from the co-operation with Łęczyńska Energetyka, the 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., 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 30 September 2020 and 30 September 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:

	For the period		
	1 Jan. 2020 - 30 Sep. 2020	1 Jan. 2019 - 31 Dec. 2019	1 Jan. 2019 - 30 Sep. 2019
Purchases in period, including:	87,992	116,900	86,698
- Purchases of services activated on the value of "property, plant and equipment"	6,554	4,481	2,983
Total liabilities at end of period including VAT	11,817	12,723	11,345

In the reporting periods ended on 30 September 2020 and 30 September 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 Company's receivables from these associated entities were as follows:

	For the period		
	1 Jan. 2020 - 30 Sep. 2020	1 Jan. 2019 - 31 Dec. 2019	1 Jan. 2019 - 30 Sep. 2019
Sales in period	8,267	12,300	8,375
Total receivables at end of period including VAT	941	1,954	909

In the reporting periods ending on 30 September 2020 and 30 September 2019 the value of dividends received from subsidiaries: Łęczyńska Energetyka Sp. z o.o., MR Bogdanka sp. z o.o., EkoTRANS Sp. z o.o. and RG Bogdanka Sp. z o.o. was as follows:

	For the period		
	1 Jan. 2020 - 30 Sep. 2020	1 Jan. 2019 - 31 Dec. 2019	1 Jan. 2019 - 30 Sep. 2019
Dividend received from the LW BOGDANKA Group companies	945	1,165	1,165

## 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	
	30 September 2020	31 December 2019
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,507,470	3,282,449
Intangible assets	61,230	63,676
Right-of-use asset	17,019	18,094
Investment properties	3,011	3,140
Deferred tax assets	2,461	1,890
Trade and other receivables	1,268	6,533
Cash and cash equivalents	134,982	133,998
<b>Total non-current assets</b>	<b>3,727,441</b>	<b>3,509,780</b>
<b>Current assets</b>		
Inventories	81,492	104,248
Trade and other receivables	220,766	238,951
Overpaid income tax	5,709	16,745
Cash and cash equivalents	337,656	382,740
<b>Total current assets</b>	<b>645,623</b>	<b>742,684</b>
<b>TOTAL ASSETS</b>	<b>4,373,064</b>	<b>4,252,464</b>
<b>Equity</b>		
<b>Equity attributable to owners of the Parent</b>		
Ordinary shares	301,158	301,158
Other capitals	2,620,562	2,314,378
Retained profits	329,065	602,607
	<b>3,250,785</b>	<b>3,218,143</b>
<b>Non-controlling interests</b>	<b>10,405</b>	<b>10,359</b>
<b>Total equity</b>	<b>3,261,190</b>	<b>3,228,502</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	8,617	10,894
Deferred income tax liability	235,094	238,477
Provisions for employee benefits	178,038	159,225
Provisions for other liabilities and charges	193,689	171,635
Grants	11,806	12,224
Lease liabilities	17,405	17,466
Trade and other liabilities	32,780	39,879
	<b>677,429</b>	<b>649,800</b>
<b>Current liabilities</b>		
Loans and borrowings	3,158	3,182
Provisions for employee benefits	29,269	32,740
Provisions for other liabilities and charges	24,330	24,692
Grants	469	469
Lease liabilities	329	1,081
Trade and other liabilities	376,258	311,554
Liabilities under contracts with customers	632	444
	<b>434,445</b>	<b>374,162</b>
<b>Total liabilities</b>	<b>1,111,874</b>	<b>1,023,962</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,373,064</b>	<b>4,252,464</b>

## INTERIM CONSOLIDATED INCOME STATEMENT

	Q3 2020, period from 1 Jul. 2020 to 30 Sep. 2020	3 quarters of 2020, period from 1 Jan. 2020 to 30 Sep. 2020	Q3 2019, period from 1 Jul. 2019 to 30 Sep. 2019	3 quarters of 2019, period from 1 Jan. 2019 to 30 Sep. 2019
Revenue from contracts with customers, including:	504,522	1,353,533	527,776	1,626,112
<i>Core business revenue</i>	493,996	1,320,231	518,050	1,590,019
<i>Additional business revenue</i>	10,526	33,302	9,726	36,093
Costs of products, goods and materials sold	(465,906)	(1,189,685)	(404,599)	(1,210,685)
Gross profit	38,616	163,848	123,177	415,427
Selling costs	(9,420)	(24,260)	(10,150)	(27,831)
Administrative expenses	(29,273)	(90,661)	(32,815)	(83,255)
Other income	1,004	3,113	756	3,286
Other costs	(246)	(1,362)	(237)	(713)
Other profit/(loss) - net	161	64	(2,859)	12,765
Profit on operating activities	842	50,742	77,872	319,679
Finance income	104	2,564	2,507	10,806
Finance costs	(2,369)	(7,719)	(940)	(7,969)
Profit/(loss) before taxation	(1,423)	45,587	79,439	322,516
Income tax	(407)	(10,748)	(13,408)	(58,562)
<b>Net profit/(loss) for the reporting period</b>	<b>(1,830)</b>	<b>34,839</b>	<b>66,031</b>	<b>263,954</b>
<i>including:</i>				
- <i>Attributable to the owners of the Parent</i>	(1,766)	34,793	66,029	263,759
- <i>Attributable to non-controlling interests</i>	(64)	46	2	195

Earnings per share attributable to owners of the Company during the period (in PLN per share)			
- Basic		1.02	7.75
- Diluted		1.02	7.75

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q3 2020, period from 1 Jul. 2020 to 30 Sep. 2020	3 quarters of 2020, period from 1 Jan. 2020 to 30 Sep. 2020	Q3 2019, period from 1 Jul. 2019 to 30 Sep. 2019	3 quarters of 2019, period from 1 Jan. 2019 to 30 Sep. 2019
<b>Net profit/(loss) for the reporting period</b>	(1,830)	34,839	66,031	263,954
Other comprehensive income/(loss) for the financial period:				
Items which will never be subject to reclassification to profit or loss for the current period:				
- Actuarial loss of defined benefit schemes	-	(2,656)	-	(781)
- Income tax relating to non-transferrable items	-	505	-	148
Items which will never be subject to reclassification to profit or loss for the current period - total	-	(2,151)	-	(633)
Items which are or may be subject to reclassification to profit or loss for the current period - total	-	-	-	-
Other net comprehensive loss for the reporting period	-	(2,151)	-	(633)
<b>Other net comprehensive income/(loss) for the reporting period - total</b>	<b>(1,830)</b>	<b>32,688</b>	<b>66,031</b>	<b>263,321</b>
<i>including:</i>				
- Attributable to owners of the Parent	(1,766)	32,642	66,029	263,126
- Attributable to non-controlling interests	(64)	46	2	195

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	OTHER CAPITAL							Total equity
	Ordinary shares	Supplementary fund	Reserve capital	Other capital related to the Management Options Scheme	Retained profits	Total equity	Non-controlling interests	
<b>As at 1 January 2020</b>	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:	-	-	-	-	32,642	32,642	46	32,688
- <i>Net profit</i>	-	-	-	-	34,793	34,793	46	34,839
- <i>Other comprehensive loss</i>	-	-	-	-	(2,151)	(2,151)	-	(2,121)
Transfer of the result for 2019	-	-	306,184	-	(306,184)	-	-	-
<b>As at 30 September 2020</b>	301,158	702,549	1,914,174	3,839	329,065	3,250,785	10,405	3,261,190
<b>As at 1 January 2019</b>	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:	-	-	-	-	263,126	263,126	195	263,321
- <i>Net profit</i>	-	-	-	-	263,759	263,759	195	263,954
- <i>Other comprehensive loss</i>	-	-	-	-	(633)	(633)	-	(633)
Transfer of the result for 2018	-	-	26,087	-	(26,087)	-	-	-
Dividend for 2018	-	-	-	-	(25,510)	(25,510)	-	(25,510)
<b>As at 30 September 2019</b>	301,158	702,549	1,607,990	3,839	562,019	3,177,555	10,372	3,187,927

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	For the period	
	1 Jan. 2020 - 30 Sep. 2020	1 Jan. 2019 - 30 Sep. 2019
<b>Cash flow from (used in) operating activities</b>		
Cash inflow from operating activities*	412,991	566,651
Interest received and paid	(1,603)	(1,974)
Income tax paid	(12,233)	(50,203)
<b>Net cash flow from (used in) operating activities</b>	<b>399,155</b>	<b>514,474</b>
<b>Cash flow from (used in) investing activities</b>		
Acquisition of property, plant and equipment	(438,064)	(357,718)
Acquisition of intangible assets	(2,311)	(5,520)
Inflow from the sale of property, plant and equipment	75	1,006
Interest received	2,491	2,996
Expenditure on other current investments	-	(68)
Inflows from other current investments	-	67
Inflow / (Outflow) on account of funds being deposited in the bank account of the Mine Closure Fund	(984)	2,471
<b>Net cash flow from (used in) investing activities</b>	<b>(438,793)</b>	<b>(356,766)</b>
<b>Cash flow from (used in) financing activities</b>		
Repayments of loans and borrowings	(2,277)	(2,277)
Lease payments	(2,759)	(2,765)
Dividend paid	-	(25,510)
Interest and commissions paid regarding financing activities	(410)	(499)
<b>Net cash flow from (used in) financing activities</b>	<b>(5,446)</b>	<b>(31,051)</b>
Net increase / (decrease) in cash and cash equivalents	(45,084)	126,657
Cash and cash equivalents at beginning of period	382,740	170,793
<b>Cash and cash equivalents at end of period</b>	<b>337,656</b>	<b>297,450</b>

\*detailed list of consolidated cash inflow from (used in) operating activities is presented on page 16.

## INTERIM CONSOLIDATED CASH INFLOW FROM OPERATING ACTIVITIES

	For the period	
	1 Jan. 2020 - 30 Sep. 2020	1 Jan. 2019 - 30 Sep. 2019
<b>Profit before taxation</b>	<b>45,587</b>	<b>322,516</b>
- Depreciation of non-current assets	262,665	287,122
- Amortisation of intangible assets	2,432	1,876
- Depreciation of investments in real property	129	129
- Depreciation of the right-of-use asset	2,518	2,540
- Profit/(loss) on sale of property, plant and equipment	45	(939)
- Profit/(loss) on liquidation of plant, property and equipment	26,277	34,490
- Actuarial losses as recognised in the interim consolidated statement of comprehensive income	(2,656)	(781)
- Change in provisions for employee benefits	15,342	9,460
- Changes in provisions	4,766	(41,045)
- Other flows	2,387	629
- Release of impairment losses of property, plant and equipment	(838)	-
- Change in inventories	22,756	(38,718)
- Change in trade and other receivables	23,449	(79,405)
- Change in trade and other liabilities	8,132	68,777
<b>Cash inflow from (used in) operating activities</b>	<b>412,991</b>	<b>566,651</b>
Balance-sheet change in liabilities, liabilities under contracts with customers and grants	57,375	(6,147)
Set-off of income tax overpaid with other taxes payable	9,058	11,857
Change in investment liabilities	(58,301)	63,067
<b>Change in liabilities for the purposes of the interim consolidated statement of cash flows</b>	<b>8,132</b>	<b>68,777</b>
Increase in non-current assets	513,319	305,356
Increase resulting from revaluation of capitalised costs of liquidating non-current assets relating to mining activities	(16,925)	(10,641)
Other non-cash adjustments	(29)	(64)
Change in investment liabilities	(58,301)	63,067
<b>Acquisition of property, plant and equipment</b>	<b>438,064</b>	<b>357,718</b>
Increase in intangible assets	2,396	5,520
Other non-cash adjustments	(85)	-
<b>Acquisition of intangible assets</b>	<b>2,311</b>	<b>5,520</b>



## INTERIM STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

	As at	
	30 September 2020	31 December 2019
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,422,847	3,193,807
Intangible assets	58,995	60,416
Right-of-use asset	14,743	15,782
Non-current investments	75,601	75,601
Trade and other receivables	241	5,498
Cash and cash equivalents	134,982	133,998
<b>Total non-current assets</b>	<b>3,707,409</b>	<b>3,485,102</b>
<b>Current assets</b>		
Inventories	79,460	102,199
Trade and other receivables	219,926	237,895
Overpaid income tax	5,651	16,288
Cash and cash equivalents	311,897	366,899
<b>Total current assets</b>	<b>616,934</b>	<b>723,281</b>
<b>TOTAL ASSETS</b>	<b>4,324,343</b>	<b>4,208,383</b>
<b>Equity</b>		
Ordinary shares	301,158	301,158
Other capitals	2,620,562	2,314,378
Retained profits	315,014	591,334
<b>Total equity</b>	<b>3,236,734</b>	<b>3,206,870</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred income tax liability	235,050	238,421
Provisions for employee benefits	175,067	156,119
Provisions for other liabilities and charges	193,689	171,635
Grants	11,806	12,224
Lease liabilities	15,105	15,176
Trade and other liabilities	32,128	39,300
	662,845	632,875
<b>Current liabilities</b>		
Provisions for employee benefits	24,789	31,111
Provisions for other liabilities and charges	24,046	24,663
Grants	469	469
Lease liabilities	314	1,036
Trade and other liabilities	374,514	310,915
Liabilities under contracts with customers	632	444
	424,764	368,638
<b>Total liabilities</b>	<b>1,087,609</b>	<b>1,001,513</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,324,343</b>	<b>4,208,383</b>

## INTERIM INCOME STATEMENT

	Q3 2020, period from 1 Jul. 2020 to 30 Sep. 2020	3 quarters of 2020, period from 1 Jan. 2020 to 30 Sep. 2020	Q3 2019, period from 1 Jul. 2019 to 30 Sep. 2019	3 quarters of 2019, period from 1 Jan. 2019 to 30 Sep. 2019
Revenue from contracts with customers, including:	503,986	1,350,956	527,611	1,623,491
<i>Core business revenue</i>	<i>494,559</i>	<i>1,323,934</i>	<i>518,810</i>	<i>1,594,585</i>
<i>Additional business revenue</i>	<i>9,427</i>	<i>27,022</i>	<i>8,801</i>	<i>28,906</i>
Costs of products, goods and materials sold	(466,360)	(1,191,287)	(404,669)	(1,213,518)
<b>Gross profit</b>	<b>37,626</b>	<b>159,669</b>	<b>122,942</b>	<b>409,973</b>
Selling costs	(9,482)	(24,458)	(10,351)	(28,286)
Administrative expenses	(28,769)	(91,129)	(33,084)	(83,416)
Other income	960	2,875	698	2,845
Other costs	(240)	(1,350)	(237)	(705)
Other profit/(loss) - net	162	64	(2,877)	12,764
<b>Profit on operating activities</b>	<b>257</b>	<b>45,671</b>	<b>77,091</b>	<b>313,175</b>
Finance income	85	3,418	2,463	11,849
Finance costs	(2,246)	(7,261)	(787)	(7,420)
<b>Profit/(loss) before taxation</b>	<b>(1,904)</b>	<b>41,828</b>	<b>78,767</b>	<b>317,604</b>
Income tax	(122)	(9,813)	(13,217)	(57,275)
<b>Net profit/(loss) for the reporting period</b>	<b>(2,026)</b>	<b>32,015</b>	<b>65,550</b>	<b>260,329</b>

### Earnings per share attributable to owners of the Company during the period (in PLN per share)

- Basic	0.94	7.65
- Diluted	0.94	7.65

## INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Q3 2020, period from 1 Jul. 2020 to 30 Sep. 2020	3 quarters of 2020, period from 1 Jan. 2020 to 30 Sep. 2020	Q3 2019, period from 1 Jul. 2019 to 30 Sep. 2019	3 quarters of 2019, period from 1 Jan. 2019 to 30 Sep. 2019
<b>Net profit/(loss) for the reporting period</b>	<b>(2,026)</b>	<b>32,015</b>	<b>65,550</b>	<b>260,329</b>
Other comprehensive income/(loss) for the financial period:				
Items which will never be subject to reclassification to profit or loss for the current period:				
- Actuarial loss of defined benefit schemes	-	(2,656)	-	(781)
- Income tax relating to non-transferrable items	-	505	-	148
Items which will never be subject to reclassification to profit or loss for the current period - total	-	(2,151)	-	(633)
Items which are or may be subject to reclassification to profit or loss for the current period - total	-	-	-	-
Other net comprehensive loss for the reporting period	-	(2,151)	-	(633)
<b>Other net comprehensive income/(loss) for the reporting period - total</b>	<b>(2,026)</b>	<b>29,864</b>	<b>65,550</b>	<b>259,696</b>

## 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	
<b>As at 1 January 2020</b>	<b>301,158</b>	<b>702,549</b>	<b>1,607,990</b>	<b>3,839</b>	<b>591,334</b>	<b>3,206,870</b>
Total net comprehensive income for the reporting period:	-	-	-	-	29,864	29,864
- <i>Net profit</i>	-	-	-	-	<i>32,015</i>	<i>32,015</i>
- <i>Other comprehensive loss</i>	-	-	-	-	<i>(2,151)</i>	<i>(2,151)</i>
Transfer of the result for 2019	-	-	306,184	-	(306,184)	-
<b>As at 30 September 2020</b>	<b>301,158</b>	<b>702,549</b>	<b>1,914,174</b>	<b>3,839</b>	<b>315,014</b>	<b>3,236,734</b>
<b>As at 1 January 2019</b>	<b>301,158</b>	<b>702,549</b>	<b>1,581,903</b>	<b>3,839</b>	<b>341,540</b>	<b>2,930,989</b>
Total net comprehensive income for the reporting period:	-	-	-	-	259,696	259,696
- <i>Net profit</i>	-	-	-	-	<i>260,329</i>	<i>260,329</i>
- <i>Other comprehensive loss</i>	-	-	-	-	<i>(633)</i>	<i>(633)</i>
Transfer of the result for 2018	-	-	26,087	-	(26,087)	-
Dividend for 2018	-	-	-	-	(25,510)	(25,510)
<b>As at 30 September 2019</b>	<b>301,158</b>	<b>702,549</b>	<b>1,607,990</b>	<b>3,839</b>	<b>549,639</b>	<b>3,165,175</b>

## INTERIM STATEMENT OF CASH FLOWS

	For the period	
	1 Jan. 2020 - 30 Sep. 2020	1 Jan. 2019 - 30 Sep. 2019
<b>Cash flow from (used in) operating activities</b>		
Cash inflow from operating activities*	393,449	545,133
Interest received and paid	(1,986)	(2,411)
Income tax paid	(11,099)	(49,330)
<b>Net cash flow from (used in) operating activities</b>	<b>380,364</b>	<b>493,392</b>
<b>Cash flow from (used in) investing activities</b>		
Acquisition of property, plant and equipment	(434,316)	(350,392)
Acquisition of intangible assets	(836)	(1,436)
Inflow from the sale of property, plant and equipment	75	980
Interest received	2,417	2,886
Dividend received	945	1,165
Inflow / (Outflow) on account of funds being deposited in the bank account of the Mine Closure Fund	(984)	2,471
<b>Net cash flow from (used in) investing activities</b>	<b>(432,699)</b>	<b>(344,326)</b>
<b>Cash flow from (used in) financing activities</b>		
Dividend paid to Company shareholders	-	(25,510)
Lease payments	(2,667)	(2,671)
<b>Net cash flow from (used in) financing activities</b>	<b>(2,667)</b>	<b>(28,181)</b>
Net increase / (decrease) in cash and cash equivalents	(55,002)	120,885
Cash and cash equivalents at beginning of period	366,899	154,522
<b>Cash and cash equivalents at end of period</b>	<b>311,897</b>	<b>275,407</b>

\*detailed list of cash inflow from (used in) operating activities is presented in table on page 22.

## INTERIM CASH INFLOWS FROM OPERATING ACTIVITIES

	For the period	
	1 Jan. 2020 - 30 Sep. 2020	1 Jan. 2019 - 30 Sep. 2019
<b>Profit before taxation</b>	<b>41,828</b>	<b>317,604</b>
- Depreciation of non-current assets	254,843	280,191
- Amortisation of intangible assets	2,256	1,754
- Depreciation of the right-of-use asset	2,482	2,493
- Profit/(loss) on sale of property, plant and equipment	45	(933)
- Profit/(loss) on liquidation of plant, property and equipment	26,277	34,490
- Actuarial losses as recognised in the interim statement of comprehensive income	(2,656)	(781)
- Change in provisions for employee benefits	12,626	7,455
- Changes in provisions	4,512	(41,114)
- Other flows	61	(1,231)
- Dividend received	(945)	(1,165)
- Release of impairment losses of property, plant and equipment	(838)	-
- Change in inventories	22,739	(39,329)
- Change in trade and other receivables	23,226	(78,589)
- Change in trade and other liabilities	6,993	64,288
<b>Cash inflow from (used in) operating activities</b>	<b>393,449</b>	<b>545,133</b>
Balance-sheet change in liabilities, liabilities under contracts with customers and grants	56,197	(10,523)
Set-off of income tax overpaid with other taxes payable	9,058	11,857
Change in investment liabilities	(58,262)	62,954
<b>Change in liabilities for the purposes of the interim statement of cash flows</b>	<b>6,993</b>	<b>64,288</b>
Increase in non-current assets	509,516	298,106
Increase resulting from revaluation of capitalised costs of liquidating non-current assets relating to mining activities	(16,925)	(10,641)
Other non-cash adjustments	(13)	(27)
Change in investment liabilities	(58,262)	62,954
<b>Acquisition of property, plant and equipment</b>	<b>434,316</b>	<b>350,392</b>
Increase in intangible assets	836	1,436
<b>Acquisition of intangible assets</b>	<b>836</b>	<b>1,436</b>

## APPROVAL OF THE CONSOLIDATED QUARTERLY REPORT

The Management Board of Lubelski Węgiel Bogdanka S.A. hereby declares that as at 25 November 2020 it approves this Consolidated Quarterly Report for three quarters of financial year 2020, covering the period from 1 January 2020 to 30 September 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