

CONSOLIDATED QUARTERLY REPORT

FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH
2021

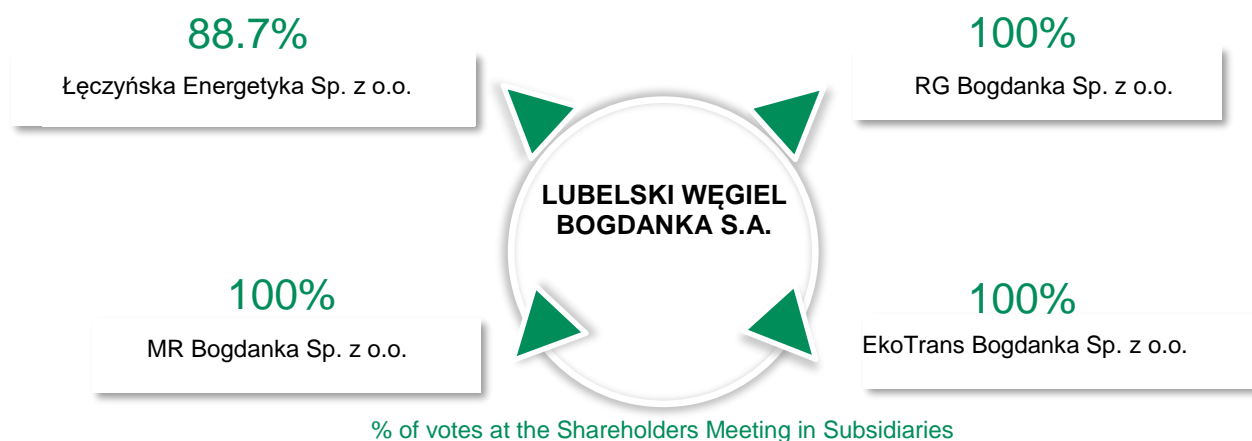


THE LUBELSKI WĘGIEL
BOGDANKA GROUP

BOGDANKA, MAY 2021

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 activity, pursuant to the Polish Classification of Activity (PKD 0510Z), is hard coal mining.

SUBSIDIARIES:



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

As at 31 March 2021, 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 2021, 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 2021, 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 2021, the Parent held 100.0% of share 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 31 March 2021 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.	115,131	93,063	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.	17,213	5,530	100.0	none	none	full
EkoTRANS Bogdanka Sp. z o.o.	5,533	1,066	100.0	none	none	full
MR Bogdanka Sp. z o.o.	8,292	5,048	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 for the financial period ended on 31 December 2020. Those financial statements are available on the Parent's website at www.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 of the Group and the condensed interim financial statements of the Parent.

These condensed interim consolidated financial statements of the LW Bogdanka Group and condensed interim financial statements of the Parent for the first quarter of 2021 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 2020.

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 2020.

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 2021 occurred in the period of the first quarter of 2021 and until the publication date of this Consolidated Quarterly Report:

- On 13 January 2021, the Management Board of the Parent concluded with Enea Wytwarzanie Sp. z o.o. an Annex to the Long-Term Agreement on sale of thermal coal. The Annex concerns the transfer of undelivered supplies from 2020 to 2021, increasing the volume of coal supplies to Elektrownia Kozienice for 2021.
- On 22 January 2021, the Management Board of the Parent concluded with ENEA Elektrownia Połaniec S.A. an Annex to the Agreement on sale of thermal coal. The Annex concerns the extension of the term of the Agreement until 31 December 2024, thus transferring the undelivered supplies from 2020 to 2021. In total, the Agreement currently covers thermal coal supplies in 2013-2024.
- On 19 February 2021, the Management Board of the Parent concluded with Enea Wytwarzanie Sp. z o.o. an Additional Agreement on sale of coal as well as Annexes to the Long-Term Agreement on sale of thermal coal. The Additional Agreement specifies the price and volume of coal supplies to Elektrownia Kozienice during its term from the date of its conclusion to 30 April 2021. As a result of concluding the Additional Agreement and Annexes, the volume of coal delivered during the term of the Additional Agreement will lower the volume of supplies provided for in the Long-Term Agreement for 2021 – their delivery will be transferred from 2021 to 2026.
- On 28 April 2021 a plenary meeting was held by the parties (social side, ministerial side, employers) participating in works aimed at reaching an agreement about the Social Agreement concerning hard coal mining in Poland. During the meeting, the parties initialed the final wording of the concerted Social Agreement. Representatives of the Parent participated in the meeting by way of videoconference and did not formally initialed the Social Agreement along other parties. However, it shall be noted that the Social Agreement includes provisions which could potentially affect the Parent should a decision to close it and enter the so-called Support System be made in the future. At present, particularly due to financial results and operating efficiency, the Parent remains directly unaffected by the Social Agreement and the planned restructuring of the hard coal mining sector.
- On 30 April 2021, the Management Board of the Parent concluded with Enea Wytwarzanie Sp. z o.o. a second Additional Agreement on sale of coal as well as an Annex to the Long-Term Agreement on sale of thermal coal. The second concluded Additional Agreement specifies the price and volume of coal supplies to Elektrownia Kozienice during its term from the date of its conclusion to 31 July 2021. As a result of concluding the second Additional Agreement and the Annex, the volume of coal delivered during the term of the second Additional Agreement will lower the volume of supplies provided for in the Long-Term Agreement for 2021 – their delivery will be transferred from 2021 to 2027.
- On 11 May 2021, the Parent's Management Board concluded with Bank Gospodarstwa Krajowego S.A. an Annex to a Revolving Overdraft Facility Agreement of 12 May 2020. The Annex prolongs the facility expiry date for another 12 months and is scheduled for repayment by 12 May 2022. Other terms (the limit of PLN 150 million, in particular) remain unchanged.

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

The coronavirus (SARS-Cov-2) epidemic continuing from 2020 and causing COVID-19 still has a significant impact on the economy, both in Poland and internationally. It is still necessary for the government to take measures counteracting the epidemic and introduce other restrictions which affect

the condition of the economy. The said measures and influences may be observed on the example of the third wave of the coronavirus, which took place in Q1 and at the beginning of Q2 2021.

The circumstances described above did not, however, materially impacted Group's operations in 2020. Very good production results which translated into the financial result in Q1 2021 were achieved thanks to the intense work of employees and optimized wall run system and timetable in the period of higher coal demand.

However, bearing in mind the risks posed by COVID-19, the Group continues to apply proper security and other measures to counteract the negative impact of COVID-19 on Group's operations and financial results. These measures include, in particular, personal protection equipment, keeping distance, proper work organisation, use of shift work or home office where possible, and suitable technical resources facilitating prophylaxis. The Group's Management Board hopes that it will soon be possible for the Group to participate in vaccination programme run in places of employment (the Group declared its wish to be a part of the programme).

5. Data with regard to the condensed interim consolidated financial statements for the Lubelski Węgiel Bogdanka Group in the first quarter of 2021

Interim Consolidated Income Statement

The revenue in the first quarter of 2021 amounted to PLN 543,675,000, which represents an increase by 17.2% compared to the same period of the previous year.

The consolidated operating profit in the first quarter of 2021 amounted to PLN 64,502,000.

In the first quarter of 2021, net profit attributable to owners of the Parent was recorded in the amount of PLN 50,230,000, while in the comparable period of 2020 the Group recorded net profit attributable to owners of the Parent of PLN 33,502,000. It represents an increase by 49.9% 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 2021 amounted to PLN 457,625,000, which shows an increase by PLN 22,528,000 compared to the amount achieved as at 31 December 2020.

As at 31 March 2021, deferred income tax liability amounted to PLN 234,646,000, which represents a decrease by PLN 13,541,000 in comparison to the balance of this item as at 31 December 2020.

6. Data with regard to the interim condensed financial statements for the Parent in the first quarter of 2021

Interim Income Statement

The revenue in the first quarter of 2021 amounted to PLN 542,064,000, which represents an increase by 17.1% compared to the same period of the previous year.

Operating profit in Q1 2021 amounted to PLN 62,889,000.

In the first quarter of 2021, net profit was recorded in the amount of PLN 49,105,000, while in the comparable period of 2020 the Group recorded net profit of PLN 31,198,000. It represents an increase by 57.4% 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 31 March 2021 amounted to PLN 450,041,000, which shows an increase by PLN 20,939,000 as compared to the amount achieved as at 31 December 2020.

As at 31 March 2021, deferred income tax liability amounted to PLN 234,613,000, which represents a decrease by PLN 13,539,000 in comparison to the balance of this item as at 31 December 2020.

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 first quarter of 2021 accounted for below 0.1% of total consolidated revenue. 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 2021 and in the same period of 2020, the Parent did not pay any dividend to the shareholders.

On 19 May 2021, the Parent's Management Board adopted a resolution regarding a motion submitted to the Parent's General Shareholders Meeting concerning distribution of net profit for 2020. Pursuant to the resolution, the Management Board proposed that the net profit for 2020, amounting to PLN 70,050,000, be allocated in full 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 significant 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 after 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 2020. Contingent liabilities and assets have not changed significantly during the first three months of 2021 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., PGNiG Termika S.A., and Miejskie Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. in Chełm.

In the reporting periods ending on 31 March 2021 and 31 March 2020, the value of sales to the above entities and the total receivables of the Group from those entities were as follows:

	FOR THE PERIOD		
	1 Jan. 2021 – 31 Mar. 2021	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2020 - 31 Mar. 2020
Sales in period	71,936	207,354	53,859
Total receivables at end of period including VAT	32,468	30,871	31,936

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 31 March 2021 and 31 March 2020, 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. 2021 – 31 Mar. 2021	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2020 - 31 Mar. 2020
Purchases in period	24,028	110,577	29,018
Total liabilities at end of period including VAT	7,942	12,295	18,598

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 31 March 2021 and 31 March 2020, 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. 2021 – 31 Mar. 2021	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2020 - 31 Mar. 2020
Purchases in period	21,213	97,754	23,825
Total liabilities at end of period including VAT	17,453	21,908	18,603

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 2021 and 31 March 2020, 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. 2021 – 31 Mar. 2021	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2020 - 31 Mar. 2020
Sales in period	435,039	1,545,731	392,428
Total receivables at end of period including VAT	224,870	183,710	156,117

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 ending on 31 March 2021 and 31 March 2020, the value of trade on account of purchases from subsidiaries making the Lubelski Węgiel Bogdanka Group and the Parent's total liabilities towards those entities were as follows:

	FOR THE PERIOD		
	1 Jan. 2021 – 31 Mar. 2021	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2020 - 31 Mar. 2020
Purchases in period, including:	36,947	121,792	29,198
- Purchases of services activated on the value of "property, plant and equipment"	3,010	11,470	284
Total liabilities at end of period including VAT	15,655	13,398	12,161

In the reporting periods ending on 31 March 2021 and 31 March 2020, the value of trade on account of sales to subsidiaries making the Lubelski Węgiel Bogdanka Group and the Parent's total receivables from those associated entities were as follows:

	FOR THE PERIOD		
	1 Jan. 2021 – 31 Mar. 2021	1 Jan. 2020 - 31 Dec. 2020	1 Jan. 2020 - 31 Mar. 2020
Sales in period	4,772	12,431	3,970
Total receivables at end of period including VAT	1,508	2,154	1,522

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 STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

	AS AT 31 MARCH 2021	AS AT 31 DECEMBER 2020
Assets		
Non-current assets		
Property, plant and equipment	3,485,353	3,531,565
Intangible assets	57,887	59,175
Right-of-use asset	24,418	25,288
Investment properties	2,998	3,044
Deferred tax assets	2,880	2,089
Trade and other receivables	1,280	1,193
Cash and cash equivalents	141,226	141,591
Total non-current assets	3,716,042	3,763,945
Current assets		
Inventories	127,530	91,124
Trade and other receivables	317,661	268,260
Overpaid income tax	-	10,324
Cash and cash equivalents	275,436	241,610
Current assets not designated for sale	720,627	611,318
Total current assets	720,627	611,318
TOTAL ASSETS	4,436,669	4,375,263
Equity		
Ordinary shares	301,158	301,158
Supplementary capital	702,549	702,549
Other capital reserves	1,918,013	1,918,013
Retained profits	417,895	367,665
Equity attributable to owners of the Parent	3,339,615	3,289,385
Non-controlling interests	10,519	10,442
Total equity	3,350,134	3,299,827
Liabilities		
Non-current liabilities		
Loans and borrowings	7,099	7,858
Deferred income tax liability	234,646	248,187
Provisions for employee benefits	184,195	178,671
Provisions for other liabilities and charges	212,191	212,456
Grants	11,635	11,871
Lease liabilities	22,093	22,914
Trade and other liabilities	30,022	33,093
Total non-current liabilities	701,881	715,050
Current liabilities		
Loans and borrowings	3,140	3,150
Provisions for employee benefits	51,212	36,656
Provisions for other liabilities and charges	10,027	7,314
Grants	527	469
Lease liabilities	3,022	3,005
Trade and other liabilities	301,149	308,463
Current income tax liabilities	11,443	-
Financial liabilities	2,393	-
Liabilities under contracts with customers	1,741	1,329
Current liabilities not designated for sale	384,654	360,386
Total current liabilities	384,654	360,386
Total liabilities	1,086,535	1,075,436
TOTAL EQUITY AND LIABILITIES	4,436,669	4,375,263

INTERIM CONSOLIDATED INCOME STATEMENT

	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2021	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2020
<i>Continuing operations</i>		
Revenue	543,675	464,081
Cost of products, goods and materials sold	(435,834)	(381,766)
Gross profit	107,841	82,315
Selling costs	(8,902)	(7,868)
Administrative expenses	(32,663)	(30,448)
Other income	447	1,567
Other costs	(160)	(151)
Other net loss	(2,061)	(521)
Profit on operating activities	64,502	44,894
Finance income	68	1,578
Finance costs	(2,502)	(2,909)
Profit before taxation	62,068	43,563
Income tax	(11,761)	(9,895)
Profit on continuing operations	50,307	33,668
Net profit for the reporting period	50,307	33,668
including profit attributable to:		
- <i>shareholders of the Parent</i>	50,230	33,502
- <i>non-controlling interests</i>	77	166

EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT DURING THE PERIOD (IN PLN PER SHARE)	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2021	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2020
- basic earnings per share on continuing operations	1.48	0.98
- basic earnings per share on discontinued operations	-	-
Basic earnings per share	1.48	0.98
- diluted earnings per share on continuing operations	1.48	0.98
- diluted earnings per share on discontinued operations	-	-
Diluted earnings per share	1.48	0.98

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2021	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2020
Net profit for the reporting period	50,307	33,668
Other comprehensive income/(loss) for the financial period		
Total other gain/(loss) not to be reclassified to profit or loss, before taxation	-	-
Total other gain/(loss) to be reclassified to profit or loss, before taxation	-	-
Total other gain/(loss), before taxation	-	-
Income tax relating to non-transferrable items	-	-
Income tax relating to transferrable items	-	-
Other comprehensive net income/(loss) for the financial period	-	-
Other net comprehensive income for the reporting period – total	50,307	33,668
<i>including comprehensive income attributable to:</i>		
- shareholders of the Parent	50,230	33,502
- non-controlling interests	77	166

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	ORDINARY SHARES	SUPPLEMENTARY CAPITAL	OTHER CAPITAL RESERVES	RETAINED PROFITS	TOTAL EQUITY	NON- CONTROLLING INTERESTS	TOTAL EQUITY
As at 1 January 2021	301,158	702,549	1,918,013	367,665	3,289,385	10,442	3,299,827
Total net comprehensive income for the reporting period:	-	-	-	50,230	50,230	77	50,307
- <i>Net profit</i>	-	-	-	50,230	50,230	77	50,307
Change in equity in the period	-	-	-	50,230	50,230	77	50,307
As of 31 March 2021	301,158	702,549	1,918,013	417,895	3,339,615	10,519	3,350,134

	ORDINARY SHARES	SUPPLEMENTARY CAPITAL	OTHER CAPITAL RESERVES	RETAINED PROFITS	TOTAL EQUITY	NON- CONTROLLING INTERESTS	TOTAL EQUITY
As at 1 January 2020	301,158	702,549	1,611,829	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>	-	-	-	33,502	33,502	166	33,668
Change in equity in the period	-	-	-	33,502	33,502	166	33,668
As of 31 March 2020	301,158	702,549	1,611,829	636,109	3,251,645	10,525	3,262,170

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2021	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2020
Cash flow from (used in) operating activities		
Net profit	50,307	33,668
<i>Adjustments:</i>		
Income tax in the profit and loss account	11,761	9,895
Depreciation/amortisation	105,719	89,913
Loss on sale and liquidation of property, plant and equipment	12,328	14,509
Interest income	(15)	(1,032)
Interest expense	645	420
Other flows	2,985	1,174
<i>Changes in working capital</i>		
Change in provisions for employee benefits liabilities	20,080	7,381
Changes in provisions	4,403	2,247
Change in inventories	(36,406)	(30,185)
Change in trade and other receivables	(49,488)	(34,489)
Change in trade and other liabilities	10,100	(10,762)
Total adjustments	82,212	49,071
Operating cash inflow	132,419	82,739
Income tax paid and received	(10,479)	(5,390)
Net cash flow from (used in) operating activities	121,940	77,349
Cash flow from (used in) investing activities		
Acquisition of property, plant and equipment	(86,142)	(199,532)
Acquisition of intangible assets	(134)	(1,933)
Inflow from the sale of property, plant and equipment	-	49
Interest received	14	1,238
Inflow / (Outflow) on account of funds being deposited in the bank account of the Mine Closure Fund	365	(12)
Net cash flow from (used in) investing activities	(85,897)	(200,190)
Cash flow from (used in) financing activities		
Lease payments	(1,344)	(1,294)
Repayments of loans and borrowings	(759)	(759)
Interest and commissions paid regarding financing activities	(114)	(145)
Net cash flow from (used in) financing activities	(2,217)	(2,198)
Net increase / (decrease) in cash and cash equivalents before the consequences of the exchange rate changes	33,826	(125,039)
Net increase / (decrease) in cash and cash equivalents	33,826	(125,039)
Cash and cash equivalents at beginning of period	241,610	382,740
Cash and cash equivalents at end of period	275,436	257,701

ADDITIONAL NOTES TO CONSOLIDATED OPERATING CASH FLOWS

	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2021	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2020
Balance-sheet change in liabilities, liabilities under contracts with customers and grants	(10,151)	56,124
Set-off of income tax overpaid with other taxes payable	6,151	-
Change in investment liabilities	14,100	(66,886)
Change in liabilities for the purposes of the interim consolidated statement of cash flows	10,100	(10,762)
Increase in non-current assets	72,049	266,444
Other non-cash adjustments	(7)	(26)
Change in investment liabilities	14,100	(66,886)
Acquisition of property, plant and equipment	86,142	199,532
Increase in intangible assets	133	1,933
Other non-cash adjustments	1	-
Acquisition of intangible assets	134	1,933

INTERIM STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

	AS AT 31 MARCH 2021	AS AT 31 DECEMBER 2020
Assets		
Non-current assets		
Property, plant and equipment	3,403,297	3,447,547
Intangible assets	57,655	58,358
Non-current investments	75,601	75,601
Right-of-use asset	22,168	23,025
Trade and other receivables	288	200
Cash and cash equivalents	141,226	141,591
Total non-current assets	3,700,235	3,746,322
Current assets		
Inventories	125,148	88,557
Trade and other receivables	315,715	266,922
Overpaid income tax	-	9,606
Cash and cash equivalents	245,695	216,782
Current assets not designated for sale	686,558	581,867
Total current assets	686,558	581,867
TOTAL ASSETS	4,386,793	4,328,189
Equity		
Ordinary shares	301,158	301,158
Supplementary capital	702,549	702,549
Other capital reserves	1,918,013	1,918,013
Retained profits	402,752	353,647
Total equity	3,324,472	3,275,367
Liabilities		
Non-current liabilities		
Deferred income tax liability	234,613	248,152
Provisions for employee benefits	180,738	175,227
Provisions for other liabilities and charges	212,191	212,456
Grants	11,635	11,871
Lease liabilities	19,824	20,636
Trade and other liabilities	29,455	32,354
Total non-current liabilities	688,456	700,696
Current liabilities		
Provisions for employee benefits	48,164	34,353
Provisions for other liabilities and charges	8,948	7,066
Grants	527	469
Lease liabilities	2,996	2,974
Trade and other liabilities	297,741	305,935
Current income tax liabilities	11,355	-
Financial liabilities	2,393	-
Liabilities under contracts with customers	1,741	1,329
Current liabilities not designated for sale	373,865	352,126
Total current liabilities	373,865	352,126
Total liabilities	1,062,321	1,052,822
TOTAL EQUITY AND LIABILITIES	4,386,793	4,328,189

INTERIM INCOME STATEMENT

	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2021	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2020
<i>Continuing operations</i>		
Revenue	542,064	462,831
Cost of products, goods and materials sold	(435,073)	(382,928)
Gross profit	106,991	79,903
Selling costs	(8,968)	(7,950)
Administrative expenses	(33,260)	(30,992)
Other income	339	1,511
Other costs	(159)	(147)
Other net loss	(2,054)	(521)
Profit on operating activities	62,889	41,804
Finance income	67	1,535
Finance costs	(2,326)	(2,702)
Profit before taxation	60,630	40,637
Income tax	(11,525)	(9,439)
Profit on continuing operations	49,105	31,198
Net profit for the reporting period	49,105	31,198

EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY DURING THE PERIOD (IN PLN PER SHARE)	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2021	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2020
- basic earnings per share on continuing operations	1.44	0.92
- basic earnings per share on discontinued operations	-	-
Basic earnings per share	1,44	0,92
- diluted earnings per share on continuing operations	1.44	0.92
- diluted earnings per share on discontinued operations	-	-
Diluted earnings per share	1,44	0,92

INTERIM STATEMENT OF COMPREHENSIVE INCOME

	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2021	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2020
Net profit for the reporting period	49,105	31,198
Other comprehensive income/(loss) for the financial period		
Total other gain/(loss) not to be reclassified to profit or loss, before taxation	-	-
Total other gain/(loss) to be reclassified to profit or loss, before taxation	-	-
Total other gain/(loss), before taxation	-	-
Income tax relating to non-transferrable items	-	-
Income tax relating to transferrable items	-	-
Other comprehensive net income/(loss) for the financial period	-	-
Other net comprehensive income for the reporting period – total	49,105	31,198

INTERIM STATEMENT OF CHANGES IN EQUITY

	ORDINARY SHARES	SUPPLEMENTARY CAPITAL	OTHER CAPITAL RESERVES	RETAINED PROFITS	TOTAL EQUITY
As at 1 January 2021	301,158	702,549	1,918,013	353,647	3,275,367
Total net comprehensive income for the reporting period:	-	-	-	49,105	49,105
- <i>Net profit</i>	-	-	-	49,105	49,105
Change in equity in the period	-	-	-	49,105	49,105
As of 31 March 2021	301,158	702,549	1,918,013	402,752	3,324,472

	ORDINARY SHARES	SUPPLEMENTARY CAPITAL	OTHER CAPITAL RESERVES	RETAINED PROFITS	TOTAL EQUITY
As at 1 January 2020	301,158	702,549	1,611,829	591,334	3,206,870
Total net comprehensive income for the reporting period:	-	-	-	31,198	31,198
- <i>Net profit</i>	-	-	-	31,198	31,198
Change in equity in the period	-	-	-	31,198	31,198
As of 31 March 2020	301,158	702,549	1,611,829	622,532	3,238,068

INTERIM STATEMENT OF CASH FLOWS

	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2021	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2020
Cash flow from (used in) operating activities		
Net profit	49,105	31,198
<i>Adjustments:</i>		
Income tax in the profit and loss account	11,525	9,439
Depreciation/amortisation	102,920	87,212
Loss on sale and liquidation of property, plant and equipment	12,321	14,509
Interest income	(14)	(1,197)
Interest expense	469	420
Other flows	2,427	32
<i>Changes in working capital</i>		
Change in provisions for employee benefits liabilities	19,322	6,230
Changes in provisions	3,572	1,747
Change in inventories	(36,591)	(29,958)
Change in trade and other receivables	(48,881)	(34,353)
Change in trade and other liabilities	8,910	(10,823)
Total adjustments	75,980	43,258
Operating cash inflow	125,085	74,456
Income tax paid and received	(10,254)	(4,961)
Net cash flow from (used in) operating activities	114,831	69,495
Cash flow from (used in) investing activities		
Acquisition of property, plant and equipment	(85,004)	(198,515)
Acquisition of intangible assets	(35)	(525)
Inflow from the sale of property, plant and equipment	-	49
Interest received	14	1,197
Inflow / (Outflow) on account of funds being deposited in the bank account of the Mine Closure Fund	365	(12)
Net cash flow from (used in) investing activities	(84,660)	(197,806)
Cash flow from (used in) financing activities		
Lease payments	(1,258)	(1,213)
Net cash flow from (used in) financing activities	(1,258)	(1,213)
Net increase / (decrease) in cash and cash equivalents before the consequences of the exchange rate changes	28,913	(129,524)
Net increase / (decrease) in cash and cash equivalents	28,913	(129,524)
Cash and cash equivalents at beginning of period	216,782	366,899
Cash and cash equivalents at end of period	245,695	237,375

ADDITIONAL NOTES TO OPERATING CASH FLOWS

	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2021	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2020
Balance-sheet change in liabilities, liabilities under contracts with customers and grants	(10,859)	56,607
Set-off of income tax overpaid with other taxes payable	6,151	-
Change in investment liabilities	13,618	(67,430)
Change in liabilities for the purposes of the interim statement of cash flows	8,910	(10,823)
Increase in non-current assets	71,394	265,945
Other non-cash adjustments	(8)	-
Change in investment liabilities	13,618	(67,430)
Acquisition of property, plant and equipment	85,004	198,515

APPROVAL OF THE CONSOLIDATED QUARTERLY REPORT

The Management Board of Lubelski Węgiel Bogdanka S.A. hereby declares that as at 26 May 2021 it approves this Consolidated Quarterly Report for the first quarter for the financial year 2021, between 1 January and 31 March 2021.

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

.....