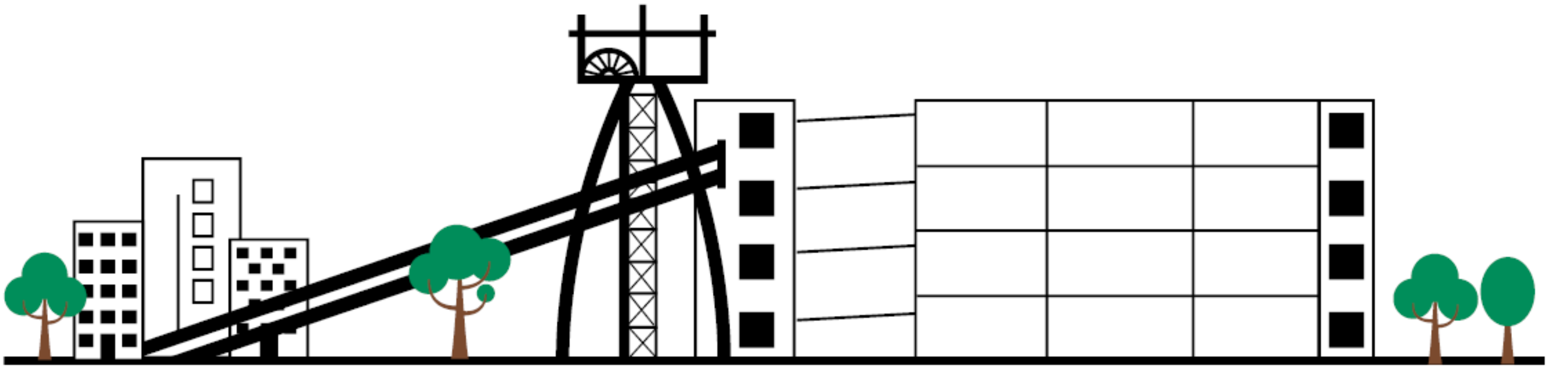
CONDENSED INTERIM

FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021



LUBELSKI WĘGIEL BOGDANKA S.A.

BOGDANKA, SEPTEMBER 2021

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1. INTERIM STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

	NOTE	AS AT 30 JUNE 2021	AS AT 31 DECEMBER 2020
Assets			
Non-current assets			
Property, plant and equipment	5	3,338,165	3,447,547
Intangible assets	6	56,991	58,358
Non-current investments		75,601	75,601
Right-of-use asset	7.1	21,312	23,025
Trade and other receivables	8	6,132	200
Cash and cash equivalents	10	141,226	141,591
Total non-current assets		3,639,427	3,746,322
Current assets			
Inventories	9	174,277	88,557
Trade and other receivables	8	226,456	266,922
Overpaid income tax		-	9,606
Cash and cash equivalents	10	367,769	216,782
Total current assets		768,502	581,867
TOTAL ASSETS		**4,407,929**	**4,328,189**
Equity			
Ordinary shares	11	301,158	301,158
Supplementary capital		702,549	702,549
Other capital reserves		1,988,063	1,918,013
Retained profits		379,286	353,647
Total equity		3,371,056	3,275,367
Liabilities			
Non-current liabilities			
Deferred income tax liability		224,887	248,152
Provisions for employee benefits	16	178,807	175,227
Provisions for other liabilities and charges	17	199,628	212,456
Grants	14	11,486	11,871
Lease liabilities	7.1	19,081	20,636
Trade and other liabilities	13	29,678	32,354
Total non-current liabilities		663,567	700,696
Current liabilities			
Provisions for employee benefits	16	47,981	34,353
Provisions for other liabilities and charges	17	10,724	7,066
Grants	14	527	469
Lease liabilities	7.1	3,016	2,974
Trade and other liabilities	13	307,549	305,935
Liabilities under contracts with customers		889	1,329
Current income tax liabilities		2,488	-
Financial liabilities		132	-
Total current liabilities		373,306	352,126
Total liabilities		1,036,873	1,052,822
TOTAL EQUITY AND LIABILITIES		**4,407,929**	**4,328,189**

FOR THE PERIOD OF SIX MONTHS ENDED 30 JUNE 2021 (PLN '000)

2. INTERIM INCOME STATEMENT

	NOTE	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Continuing operations			
Sales revenue	18	1,043,893	846,970
Cost of products, goods and materials sold		(841,973)	(724,927)
Gross profit		201,920	122,043
Selling costs		(18,669)	(14,976)
Administrative expenses		(65,494)	(62,360)
Other income	19	736	1,915
Other costs	20	(307)	(1,110)
Other net loss	21	(1,771)	(98)
Profit on operating activities		116,415	45,414
Finance income	22	4,648	3,333
Finance costs	22	(4,013)	(5,015)
Profit before taxation		117,050	43,732
Income tax	23.2	(20,645)	(9,691)
Profit on continuing operations		96,405	34,041
Net profit for the reporting period		96,405	34,041

3. EARNINGS PER SHARE

EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY DURING THE PERIOD (IN PLN PER SHARE)	NOTE	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
- basic earnings per share on continuing operations		2.83	1.00
- basic earnings per share on discontinued operations		-	-
Basic earnings per share	**24**	**2.83**	**1.00**
- diluted earnings per share on continuing operations		2.83	1.00
- diluted earnings per share on discontinued operations		-	-
Diluted earnings per share	**24**	**2.83**	**1.00**

FOR THE PERIOD OF SIX MONTHS ENDED 30 JUNE 2021 (PLN '000)

4. INTERIM STATEMENT OF COMPREHENSIVE INCOME

	NOTE	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Net profit for the reporting period		**96,405**	**34,041**
Total other comprehensive loss for the reporting period Items which will never be subject to reclassification to profit or loss for the current period: Actuarial losses of defined benefit schemes	16	(882)	(2,656)
Total other loss not to be reclassified to profit or loss, before taxation		(882)	(2,656)
Total other gain/(loss) to be reclassified to profit or loss, before taxation		-	-
Total other loss, before taxation		(882)	(2,656)
Income tax relating to non-transferrable items	23.1	166	505
Other net comprehensive loss for the reporting period		(716)	(2,151)
Other net comprehensive income for the reporting period – total		**95,689**	**31,890**

5. INTERIM STATEMENT OF CHANGES IN EQUITY

	NOTE	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:		-	-	-	95,689	**95,689**
- Net profit		-	-	-	*96,405*	***96,405***
- Other comprehensive loss		-	-	-	*(716)*	***(716)***
Transfer of the result from previous year	25	-	-	70,050	(70,050)	**-**
Change in equity in the period		-	-	70,050	25,639	**95,689**
As at 30 June 2021		**301,158**	**702,549**	**1,988,063**	**379,286**	**3,371,056**

	NOTE	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:		-	-	-	31,890	**31,890**
- Net profit		-	-	-	*34,041*	***34,041***
- Other comprehensive loss		-	-	-	*(2,151)*	***(2,151)***
Change in equity in the period		-	-	-	31,890	**31,890**
As at 30 June 2020		**301,158**	**702,549**	**1,611,829**	**623,224**	**3,238,760**

FOR THE PERIOD OF SIX MONTHS ENDED 30 JUNE 2021 (PLN ‘000)

6. INTERIM STATEMENT OF CASH FLOWS

	NOTE	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Cash flow from (used in) operating activities			
Net profit		96,405	34,041
Adjustments:			
Income tax in the interim income statement		20,645	9,691
Depreciation/amortisation		208,121	166,804
Profit/(loss) on sale and liquidation of property, plant and equipment		24,085	15,786
Creating and using impairment losses of property, plant and equipment		6	(1,050)
Interest income		(65)	(2,397)
Interest expense		567	423
Dividend received and due	29	(4,509)	(945)
Other flows		200	39
Changes in working capital:			
Change in provisions for employee benefits liabilities		16,326	14,565
Changes in provisions		6,833	3,786
Change in inventories		(85,720)	(42,325)
Change in trade and other receivables		37,804	23,478
Change in trade and other liabilities		24,051	(12,239)
Total adjustments		248,344	175,616
Operating cash inflow		344,749	209,657
Income tax paid and received		(41,668)	(4,961)
Net cash flow from (used in) operating activities		**303,081**	**204,696**
Cash flow from (used in) investing activities			
Acquisition of property, plant and equipment	26	(151,649)	(332,579)
Acquisition of intangible assets	6	(130)	(833)
Inflow from the sale of property, plant and equipment		96	49
Interest received		17	2,398
Dividend received	29	1,239	-
Inflow / (Outflow) on account of funds being deposited in the bank account of the Mine Closure Fund		365	(984)
Net cash flow from (used in) investing activities		**(150,062)**	**(331,949)**
Cash flow from (used in) financing activities			
Lease payments		(2,032)	(1,695)
Net cash flow from (used in) financing activities		**(2,032)**	**(1,695)**
Net increase / (decrease) in cash and cash equivalents before the consequences of the exchange rate changes		150,987	(128,948)
Net increase / (decrease) in cash and cash equivalents		150,987	(128,948)
Cash and cash equivalents at beginning of period		216,782	366,899
Cash and cash equivalents at end of period		**367,769**	**237,951**

FOR THE PERIOD OF SIX MONTHS ENDED 30 JUNE 2021 (PLN '000)

1. GENERAL INFORMATION

1.1. Information about the Company

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.

The Company is the Parent in the Lubelski Węgiel Bogdanka Group. The Group draws condensed interim consolidated financial statements in accordance with IFRS of the Group for the period from 1 January to 30 June 2021. In order to understand fully the Company's financial standing and the results of its operation, these interim condensed financial statements should be read in conjunction with the condensed interim consolidated financial statements of the Lubelski Węgiel Bogdanka Group for the period ended on 30 June 2021, as well as with the audited financial statements of Lubelski Węgiel Bogdanka S.A. for the financial period ended on 31 December 2020. Those financial statements are available on the Company's website at www.ri.lw.com.pl.

The Company in the structure of the ENEA Group

On 14 September 2015, ENEA S.A. announced a tender offer for the shares of the Company and it declared its intention to acquire up to 64,57% of the total vote at the General Shareholders Meeting of the Company. The transaction was completed on 29 October 2015. As a result, ENEA S.A. along with its subsidiary acquired a total of 66% of shares in the Company, which thus became a part of the ENEA Group, whose parent is ENEA S.A. with registered office in Poznań.

The ultimate controlling entity is the State Treasury.

1.2. Assumption of going concern

The condensed interim financial statements were prepared under the assumption of going concern in the foreseeable future and that there are no circumstances indicating any risk to the continuation of the Company's activities.

2. DESCRIPTION OF KEY ACCOUNTING PRINCIPLES (POLICIES) APPLIED

2.1. Basis for preparation

These condensed interim financial statements of LW Bogdanka S.A. for the first half of 2021 were prepared in accordance with International Accounting Standard 34 – "Interim Financial Reporting", as endorsed by the EU.

The condensed interim financial statements were 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 to sell 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 Company 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 Company's financial statements 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.

2.1.1. New Accounting Policies

The condensed interim 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 financial statements.

2.1.2. Material values based on professional assessment and estimates

Accounting estimates as well as the professional judgement of the Management Board regarding current and future events in individual fields are required for the preparation of the condensed interim 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.

Key estimates and judgements have not changed since the publication of the annual financial statements for 2020.

2.1.3. New standards and interpretations

The following new standards and amendments to the applicable standards that entered into force on 1 January 2021 were for the first time applied in these condensed interim financial statements:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related to the IBOR reform
  In response to the expected reform of reference rates (IBOR reform), the International Accounting Standards Board ("the Board") has published the second part of amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. These concern accounting matters which arise when IBOR-based financial instruments move to new interest rates. The amendments introduce a number of guidelines and permissions, in particular a practical simplification for modification of agreements required under the reform, which shall be included by updating the effective interest rate, exemption from ceasing to apply hedge accounting, temporary exemption from the obligation to identify a risk component, as well as obligation of additional disclosures.
  Application of the above amendments did not materially affect the Company's consolidated financial statements.

In these condensed interim financial statements the Company did not decide to earlier apply the following published standards, interpretations or revisions before they become effective:

- Amendments to IAS 1 "Presentation of Financial Statements"
  The Board published amendments to IAS 1 which explain the matter of presenting liabilities as non-current and current. The published amendments are applicable to financial statements for periods beginning on or after 1 January 2023.
  As at the date of drawing up these condensed interim financial statements, the amendment has not been yet endorsed by the European Union.

- Amendments to IFRS 3 "Business Combinations"
  The amendments, published in May 2020, to the standard aim at updating appropriate reference for the Conceptual Framework in IFRS without introducing changes to the content related to business combinations accounting.
  As at the date of drawing up these condensed interim financial statements, the amendment has not been yet endorsed by the European Union.

- Amendments to IAS 16 "Property, plant and equipment"
  The amendment prohibits the adjustment of cost of producing plant, property and equipment by amounts received from the sale of components produced in the period of preparing property,

plant and equipment to start functioning according to the management's plans. Instead, the entity will recognize the abovementioned revenue on sales and related costs directly in the profit and loss account. The amendment is applicable to financial statements for periods beginning on or after 1 January 2022.
As at the date of drawing up these condensed interim financial statements, the amendment has not been yet endorsed by the European Union.

- Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”
  Amendments to IAS 37 provide clarification with respect to costs recognized by the entity in the analysis, whether an agreement is an onerous contract. The amendment is applicable to financial statements for periods beginning on or after 1 January 2022.
  As at the date of drawing up these condensed interim financial statements, the amendment has not been yet endorsed by the European Union.

- Annual Improvements to IFRS 2018-2020 cycle
  “Annual Improvements to IFRS 2018-2020 cycle” amend the following standards: IFRS 1 "First-time Adoption of International Financial Reporting Standards”, IFRS 9 “Financial Instruments”, IAS 41 “Agriculture” and examples illustrating in IFRS 16 “Leases”. Revisions include clarifications and make the guidelines in the standards regarding recognition and measurement more clarified.
  As at the date of drawing up these condensed interim financial statements, the amendments have not been yet endorsed by the European Union.

- Amendment to IAS 1 "Presentation of Financial Statements” IFRS Board guidelines concerning the practical aspect of disclosures in relation to accounting policies.
  The amendment to IAS 1 introduces a requirement to disclose material information concerning accounting principles defined in the standard. The amendment clarifies that information on accounting principles is material if their lack renders it impossible for the users of financial statements to understand vital information included therein. Moreover, Board guidelines concerning the application of the concept of materiality were also significantly amended in order to ensure directives for practical application of the idea of materiality to disclosures concerning accounting principles.
  As at the date of drawing up these condensed interim financial statements, the amendments have not been yet endorsed by the European Union.

- Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”
  In February 2021, the Board issued an amendment to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in terms of defining estimates. Amendment to IAS 8 explains how entities are to differentiate between changes in accounting principles and changes in estimates. As at the date of drawing up these condensed interim financial statements, the amendments have not been yet endorsed by the European Union.

- Amendments to IFRS 16 “Lease”
  In 2020, in relation to the coronavirus (Covid-19) pandemic, an amendment to IFRS 16 was introduced. It enables application of a simplification in assessing whether lease agreement amendments introduced during the pandemic constitute a lease modification. As a result, lessees may apply the simplification involving not adhering to IFRS 16 policies concerning lease agreement modifications. As the amendments concerned a reduction of lease fees due until 30 June 2021 and before, in February 2021 the Board introduced extended availability of a practical solution related to lease payment reliefs, which would affect payments originally due in June 2022 or before.
  As at the date of drawing up these condensed interim financial statements, the amendments have not been yet endorsed by the European Union.

- IFRS 14 “Regulatory Deferral Accounts”
  The standard permits entities which are first-time adopters of IFRS (on or after 1 January 2016) to recognise amounts arising from rate-regulated activities in accordance with the accounting principles applied previously. To improve comparability with entities already applying IFRS and not disclosing such amounts, in accordance with the published IFRS 14, amounts arising from rate-regulated activities should be presented under a separate item, both in the statement of financial position and in the profit and loss account, and in the statement of other comprehensive income.
  By a decision of the European Union, IFRS 14 will not be endorsed.

- Amendments to IFRS 10 and IAS 28 regarding sale or contribution of assets between an investor and its associate or joint venture
  Amendments solve the problem of current inconsistency between IFRS 10 and IAS 28. Accounting treatment depends on whether non-monetary assets sold or contributed to an associate or joint venture constitute a business.
  If non-monetary assets constitute a business, the investor discloses the full gain or loss on the transaction. If, however, assets do not satisfy the definition of a 'business', the investor recognises the loss or gain only with respect to a part representing interests of other investors.
  Amendments were published on 11 September 2014. As at the date of drawing up these condensed interim financial statements, endorsement of this amendment has been postponed by the European Union.

The Company currently analyses the impact of the new standards, amendments to standards and interpretations on the financial statements. In the Company's assessment the financial statement will be mainly influenced by amendments to IAS 16 "Property, plant and equipment" with respect to including the value of coal obtained while driving roadways to the cost of driving (which will result in increased sales revenue and increased initial value of workings, which translates into higher impairment losses). In recent years the value of coal obtained as a result of drilling near-wall pits was in the range from PLN 55 million to PLN 113 million and depended on the price of coal in the given period, the number and length of the near-wall pits made in individual periods as well as geology-related conditions of the seam where they were drilled.

Other amendments (to IAS 1, IFRS 3, IAS 37, annual improvements to IFRS 2018-2020, amendments to IFRS 16, IFRS 10 and IAS 28) will affect the financial statements, but the Company believes it should be relatively small.

3. INFORMATION ON BUSINESS SEGMENTS

Key reporting structure - industry segments

The Company's core business is production and sale of coal. From 1 January to 30 June 2021, revenue on sales of other products and services amounted to PLN 21,533,000 (in the analogous period of 2020: PLN 17,594,000), representing, 2.1% of total revenue in 2021, the same as in the analogous period of 2020.

Accordingly, the Company does not present its results by industry segments.

Supplementary reporting structure – geographical segments

The Company operates primarily in Poland. From 1 January to 30 June 2021, revenue on foreign sale of coal totaled PLN 37,769.00 (the Company made no foreign sales in the analogous period of the previous year), representing 3.6% of total sales revenue. The Company does not hold the related assets or liabilities outside Poland.

Accordingly, the Company does not present its results by geographical segments.

Within the scope of its duties, the Management Board analyses financial data which is in agreement with the financial statements prepared in accordance with the IFRS.

Division into mining fields

The Company carries out its activities within the area of three mining fields: Bogdanka, Nadrybie and Stefanów. The production assets are concentrated in the registered office of the Company, in the centre of the Bogdanka Field, and are related to the remaining locations. For this reason, the Nadrybie and the Stefanów Fields cannot function separately. Due to the above-mentioned relations between the fields and departments, as well as the organisational system in place at the mine, all the assets of the Company are treated as a single cash generating unit (CGU).

Key coal customers

Within six months in 2021 and 2020, key customers for the Company's coal, whose share in sales exceeded 10% of the total revenue on sales, were:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Enea Wytwarzanie Sp. z o.o.	68%	66%
Enea Elektrownia Połaniec S.A.	14%	16%

4. INFORMATION CONCERNING SEASONALITY

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 retail customers account for less than 0.1% of total sales. They do not have any significant impact on the operating and financial activities of the Company.

5. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and structures		Plant and equipment	Vehicles	Other property, plant and equipment	Construction in progress	Total
		total	including workings					
As at 1 January 2021								
Cost or assessed value	11,101	3,454,751	2,412,394	2,684,551	107,660	28,058	259,433	6,545,554
Depreciation	-	(1,405,808)	(1,003,097)	(1,606,937)	(64,270)	(20,992)	-	(3,098,007)
Net book value	**11,101**	**2,048,943**	**1,409,297**	**1,077,614**	**43,390**	**7,066**	**259,433**	**3,447,547**
As at 30 June 2021								
Net book value at beginning of year	11,101	2,048,943	1,409,297	1,077,614	43,390	7,066	259,433	3,447,547
Increases	-	-	-	-	-	754	135,066	135,820
Transfer from construction in progress	158	177,438	174,724	29,882	22,002	652	(230,132)	-
Decreases	-	(40,130)	(24,126)	(60)	(41)	-	(3,466)	(43,697)
Depreciation/amortisation	-	(128,104)	(116,831)	(72,532)	(2,973)	(1,324)	-	(204,933)
Impairment loss	-	-	-	-	-	-	3,428	3,428
Net book value	11,259	2,058,147	1,44,3064	1,034,904	62,378	7,148	164,329	3,338,165
As at 30 June 2021								
Cost or assessed value	11,259	3,483,457	2,454,390	2,705,383	129,155	27,202	164,329	6,520,785
Depreciation	-	(1,425,310)	(1,011,326)	(1,670,479)	(66,777)	(20,054)	-	(3,182,620)
Net book value	**11,259**	**2,058,147**	**1,443,064**	**1,034,904**	**62,378**	**7,148**	**164,329**	**3,338,165**
As at 1 January 2020								
Cost or assessed value	11,200	3,302,541	2,297,226	2,434,466	106,281	26,566	216,935	6,097,989
Depreciation	-	(1,347,236)	(967,481)	(1,474,761)	(62,807)	(19,378)	-	(2,904,182)
Net book value	**11,200**	**1,955,305**	**1,329,745**	**959,705**	**43,474**	**7,188**	**216,935**	**3,193,807**
As at 30 June 2020								
Net book value at beginning of year	11,200	1,955,305	1,329,745	959,705	43,474	7,188	216,935	3,193,807
Increases	-	19,317	-	-	-	983	397,366	417,666
Transfer from construction in progress	12	104,360	100,858	22,278	397	172	(127,219)	-
Decreases	(111)	(15,544)	(15,544)	(221)	-	-	-	(15,876)
Amortisation	-	(89,219)	(77,741)	(70,724)	(2,655)	(1,547)	-	(164,145)
Impairment loss	-	-	-	-	-	-	1,050	1,050
Net book value	11,101	1,974,219	1,337,318	911,038	41,216	6,796	488,132	3,432,502
As at 30 June 2020								
Cost or assessed value	11,101	3,297,406	2,269,272	2,446,437	106,629	26,064	488,132	6,375,769
Depreciation	-	(1,323,187)	(931,954)	(1,535,399)	(65,413)	(19,268)	-	(2,943,267)
Net book value	**11,101**	**1,974,219**	**1,337,318**	**911,038**	**41,216**	**6,796**	**488,132**	**3,432,502**

FOR THE PERIOD OF SIX MONTHS ENDED 30 JUNE 2021 (PLN '000)

5.1 Property, plant and equipment – workings

The tables below present short characteristics of galleries and other PPP items, disclosed under "Workings".

As at 30 June 2021:

	Quantity [items]	Length [m]	Initial value	Depreciation	Net value as at the balance-sheet date	Depreciation level in the given group
Walls disclosed in non-current assets, depreciated with the cost-of-production method, including:	22	25,609	474,733	(301,249)	173,484	63%
- Depreciated until June 2021	*10*	*15,607*	*202.649*	*(102.433)*	*100,216*	*51%*
Galleries disclosed under non-current assets, depreciated according to useful life	246	96,425	1,674,845	(556,869)	1,117,976	33%
Other items, depreciated according to useful life (shafts, shaft towers, dams, reservoirs and other)	30	-	304,812	(153,208)	151,604	50%
Total as at 30 June 2021	**298**	**122,034**	**2,454,390**	**(1,011,326)**	**1,443,064**	**41%**

As at 30 June 2020:

	Quantity [items]	Length [m]	Initial value	Depreciation	Net value as at the balance-sheet date	Depreciation level in the given group
Walls disclosed in non-current assets, depreciated with the cost-of-production method, including:	28	29,766	450,655	(271,817)	178,838	60%
- depreciated until June 2020	*8*	*2,775*	*128,680*	*(109,202)*	*19,478*	*85%*
Galleries disclosed under non-current assets, depreciated according to useful life	236	90,924	1,514,931	(512,132)	1,002,799	34%
Other items, depreciated according to useful life (shafts, shaft towers, dams, reservoirs and other)	31	-	303,686	(148,005)	155,681	49%
Total as at 30 June 2020	**295**	**120,690**	**2,269,272**	**(931,954)**	**1,337,318**	**41%**

5.2 Analysis of indications of possible impairment of property, plant and equipment value

When preparing the financial statements of the Company, the Management Board makes a periodic assessment of the premises indicating a possible impairment of assets, as instructed in IAS 36 "Impairment of assets". Such an analysis is even more significant in light of the ongoing Covid-19 pandemic ("coronavirus"), causing companies to operate in volatile, non-standard and unprecedented conditions. Therefore, the Company's Management Board has to demonstrate particular attention.

The analysis of indicators carried out at the end of 2020 confirmed the necessity of performing the impairment test, mainly due to the accumulation of factors, such as the value of Company's market capitalisation remaining lower than balance-sheet value of net assets as well as the pandemic.

No impairment was discovered, and details of the test and its key assumptions are described in detail in Company's annual consolidated financial statements for 2020.

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While repeating the analysis of indicators for the purpose of drawing up the interim consolidated financial statements of the Company as at 30 June 2021, the Management Board did not identify new premises indicating the necessity of carrying out the impairment test during the financial year. It was noted that the value of market capitalisation of the Company continues to be lower than balance-sheet value of net assets, yet the Management Board believes this situation is still primarily a result of factors beyond its control, such as political reasons and EU climate policy, limited trust in mining sector companies, and partially low liquidity of shares and low free float. It shall, however, be noted that the end of the first half of 2021 saw a significant increase (over 40%) in share price of the Company. The Management Board believes that the coronavirus pandemic, continuing from the beginning of 2020, affects current operations of the Group and its market environment to a lower extent than originally anticipated. This factor, along with intense work of the Company's staff, optimized wall run system and timetable made it possible to increase production and take advantage of the period of higher demand for coal.

Other impairment losses

The status of impairment losses on property, plant and equipment is presented in the table below:

	LAND	BUILDINGS AND STRUCTURES	PLANT AND EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
As at 1 January 2021	**4,394**	**211**	**3,715**	**11,409**	**19,729**
Creating impairment loss	-	-	-	6	6
Use of write-off due to impairment of value	-	-	-	(3,434)	(3,434)
As at 30 June 2021	**4,394**	**211**	**3,715**	**7,981**	**16,301**
As at 1 January 2020	**4,394**	**-**	**3,187**	**5,908**	**13,489**
Release of revaluation write-offs due to impairment of value	-	-	-	(1,050)	(1,050)
As at 30 June 2020	**4,394**	**-**	**3,187**	**4,858**	**12,439**

The creation and release of the impairment losses in relation to construction in progress was disclosed in the interim income statement under "Other net losses".

6. INTANGIBLE ASSETS

	COMPUTER SOFTWARE	FEES, LICENCES	GEOLOGICAL INFORMATION	TOTAL
As at 1 January 2021				
Cost or assessed value	8,178	21,285	54,343	83,806
Depreciation	(5,236)	(5,285)	(14,927)	(25,448)
Net book value	**2,942**	**16,000**	**39,416**	**58,358**
As at 30 June 2021				
Net book value at beginning of year	2,942	16,000	39,416	58,358
Increases	-	130	-	130
Decreases	(22)	-	-	(22)
Depreciation/amortisation	(284)	(511)	(680)	(1,475)
Net book value	2,636	15,619	38,736	56,991
As at 30 June 2021				
Cost or assessed value	7,909	21,267	54,343	83,519
Depreciation	(5,273)	(5,648)	(15,607)	(26,528)
Net book value	**2,636**	**15,619**	**38,736**	**56,991**
As at 1 January 2020				
Cost or assessed value	8,038	20,488	54,343	82,869
Depreciation	(4,631)	(4,255)	(13,567)	(22,453)
Net book value	**3,407**	**16,233**	**40,776**	**60,416**
As at 30 June 2020				
Net book value at beginning of year	3,407	16,233	40,776	60,416
Increases	139	694	-	833
Depreciation/amortisation	(307)	(511)	(680)	(1,498)
Net book value	3,239	16,416	40,096	59,751
As at 30 June 2020				
Cost or assessed value	8,177	21,182	54,343	83,702
Depreciation	(4,938)	(4,766)	(14,247)	(23,951)
Net book value	**3,239**	**16,416**	**40,096**	**59,751**

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7. LEASES

7.1 Right-of-use asset

The table below presents changes due to the right-of-use assets:

	RIGHT OF PERPETUAL USUFRUCT OF LAND	VEHICLES	TOTAL
As at 1 January 2021			
Cost or assessed value	15,314	14,051	29,365
Depreciation	(928)	(5,412)	(6,340)
Net book value	**14,386**	**8,639**	**23,025**
As at 30 June 2021			
Net book value at beginning of year	14,386	8,639	23,025
Depreciation/amortisation	(232)	(1,481)	(1,713)
Net book value	14,154	7,158	21,312
As at 30 June 2021			
Cost or assessed value	15,314	14,051	29,365
Depreciation	(1,160)	(6,893)	(8,053)
Net book value	**14,154**	**7,158**	**21,312**
As at 1 January 2020			
Cost or assessed value	15,314	3,729	19,043
Depreciation	(464)	(2,797)	(3,261)
Net book value	**14,850**	**932**	**15,782**
As at 30 June 2020			
Net book value at beginning of year	14,850	932	15,782
Increases	-	1,447	1,447
Decreases	-	(4)	(4)
Depreciation/amortisation	(232)	(929)	(1,161)
Net book value	14,618	1,446	16,064
As at 30 June 2020			
Cost or assessed value	15,314	5,172	20,486
Depreciation	(696)	(3,726)	(4,422)
Net book value	**14,618**	**1,446**	**16,064**

Costs related to the right-of-use assets are as follows:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Depreciation of the right-of-use asset	1.713	1,161
Finance costs	519	423
Total	**2,232**	**1,584**

Changes in lease liabilities and the balance as at 30 June 2021 are presented in the table below:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
As at 1 January	**23,610**	**16,212**
Increases	-	1,447
Decreases	-	(4)
Principal instalment under financial lease agreements	(1,513)	(1,272)
Total	**22,097**	**16,383**

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7.2 Minimum future payments on operating lease agreements which cannot be revoked

Minimum future payments on operating lease agreements which cannot be revoked, and which are not included in the scope of the IFRS 16 “Leases”, are as follows:

	AS AT 30 JUNE 2021	AS AT 31 DECEMBER 2020
Less than 1 year	639	206
From 1 year to 2 years	184	184
From 2 to 5 years	-	92
Minimum future payments	**823**	**482**

The Company is a party to lease agreements of specialist plant and machinery and vehicles which do not meet the criteria to be disclosed as financial lease. The agreements are concluded for various terms. In part, they are short-term agreements with the objective to check the quality of manufacture and fitness for use of plant and machinery in the technological process. Agreements concluded for more than 2 years include a provision about possible indexation of the rate using a goods and services price index. Selected short-term agreements are not covered with IFRS 16 “Leases” and therefore are not presented in the balance sheet as the right-to-use asset.

8. TRADE AND OTHER RECEIVABLES

	AS AT 30 JUNE 2021	AS AT 31 DECEMBER 2020
Trade receivables	196,437	226,737
Write-downs of receivables	(7,333)	(5,085)
Net trade receivables	189,104	221,652
Accruals and deferrals	37,153	35,582
Other receivables	199	9,688
Current	226,456	266,922
Accruals and deferrals	6,132	200
Non-current	6,132	200
Total trade and other receivables	**232,588**	**267,122**

Fair value of trade and other receivables does not differ significantly from their carrying amount.

All receivables of the Company are expressed in PLN.

Changes in the impairment losses of trade receivables are presented below:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
As at 1 January	**5,085**	**5,965**
Creating impairment loss	2,256	49
Receivables written down during the year as uncollectible	(1)	(28)
Reversal of unused amounts	(7)	(1,762)
Total	**7,333**	**4,224**

Creation and release of impairment losses was disclosed in the interim income statement under “Selling costs”. Other categories of trade and other receivables do not included items of reduced value.

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Maturity structure of accounts receivable with impairment of value is presented in the table below:

	AS AT 30 JUNE 2021	AS AT 31 DECEMBER 2020
Up to 1 month	2	1
Above 12 months	7,331	5,084
Total	**7,333**	**5,085**

Maturity structure of receivables with respect to which the payment deadline has elapsed, which are however unlikely to lose value, is presented in the table below:

	AS AT 30 JUNE 2021	AS AT 31 DECEMBER 2020
Up to 1 month	68	288
1 to 3 months	-	24
3 to 6 months	-	83
Total	**68**	**395**

Maximum exposure to credit risk as at the reporting date is the fair value of each category of receivables described above.

9. INVENTORIES

	AS AT 30 JUNE 2021	AS AT 31 DECEMBER 2020
Materials	90,356	63,653
Revaluation write-off due to impairment of value	(69)	(138)
Finished goods	83,990	25,042
Total	**174,277**	**88,557**

Cost of inventories in the interim income statement was disclosed under "Cost of products, goods and materials sold" totalling PLN 841,973,000 in the first 6 months of 2021 (PLN 724,927,000 in the same period of the previous year).

Changes in the impairment losses for impairment of inventories are presented below:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
As at 1 January	**138**	**-**
Use of write-off	69	-
Total	**69**	**-**

The creation and release of impairment losses of inventories was presented in the consolidated income statement in "Other loss - net."

No collateral was established on inventories.

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10. CASH AND CASH EQUIVALENTS

	AS AT 30 JUNE 2021	AS AT 31 DECEMBER 2020
Cash in banks	316,430	165,557
Bank deposits	192,565	192,816
Total	**508,995**	**358,373**
Including:		
*- Non-current**	*141.226*	*141,591*
- Current	*367,769*	*216,782*
Total	**508,995**	**358,373**

** cash with restricted liquidity*

As at 30 June 2021 the value of cash with restricted liquidity amounted to PLN 156,839,000 (31 December 2020: PLN 150,687,000) including PLN 141,226,000 of funds deposited in the Mine Closure Fund for the coverage of the costs of closing a mine (31 December 2020: PLN 141,591,000), and the remainder refers to funds collected on separate VAT accounts and collaterals received. Cash held by the Company are denominated in PLN.

Overdraft

On 12 May 2020, the Company entered with Bank Gospodarstwa Krajowego ("BGK") into a revolving overdraft facility agreement with a limit of PLN 150 million. Interest on the loan is based on WIBOR 1M and bank's fixed margin. On 11 May 2021, the Company concluded the Annex to the said agreement with Bank Gospodarki Krajowej; it prolongs the facility expiry date for another 12 months and is scheduled for repayment by 12 May 2022.

Statement of submission to execution and authorization to all bank accounts kept with BGK constitute collateral for the overdraft.

11. SHARE CAPITAL

	Number of shares ('000)	Ordinary shares – par value	Hyperinflation adjustment	Total
As at 1 January 2021	34,014	170,068	131,090	301,158
As at 30 June 2021	34,014	170,068	131,090	301,158
As at 1 January 2020	34,014	170,068	131,090	301,158
As at 31 December 2020	34,014	170,068	131,090	301,158

All shares issued by the Company have been fully paid up.

12. OTHER CAPITALS

Pursuant to the Articles of Association, the Company can create supplementary capital and other reserve capitals, the purpose of which is determined by provisions of law and resolutions of decision-making bodies. Other reserve capitals include supplementary capital under the Management Options issue and capital resulting from valuation of cash flow hedging financial instruments (partially deemed an efficient hedge).

Other capital related to the Management Options Scheme

Other capital related to the Management Options Scheme refers to the Management Options Scheme adopted by virtue of the Supervisory Board dated 30 September 2013, for the period 2013-2017. In Q3 2018 the Company and all beneficiaries of the Scheme (the persons to whom option may be granted) concluded arrangements under which Scheme participation agreements of the beneficiaries were terminated. Each beneficiary was paid compensation of PLN 1. Upon conclusion of the above arrangements the Management Options Scheme was ultimately closed. The amount PLN 3,839,000 disclosed in the interim statement of changes in equity under other reserve capitals, relating to the Scheme, may be transferred to retained profits.

Equity on valuation of cash flow hedges

Other capitals may include also derivatives used as cash flow hedges (in the part deemed the efficient hedge) after tax effect. During the first six months of 2021 and the first six months of 2020 the Company held no financial instruments hedging cash flows.

Retained profits

Apart from net earnings for the current year, the amount of retained profits consists of retained earnings, non-transferrable actuarial gain/loss on defined benefit schemes and capital arising from fair value measurement of property, plant and equipment as at the date on which the IAS/IFRS were first applied.

Components of equity not subject to distribution

Under Article 396.1 of the Commercial Companies Code applicable to the Company, a supplementary fund must be created to cover possible losses; at least 8% of profit for the given financial year must be transferred to the supplementary fund until it amounts to at least a third of the share capital. This portion of the supplementary fund is not available for distribution for the benefit of shareholders. As at 30 June 2021 and 31 December 2020, this value was PLN 100,386,000.

Also actuarial gains/(losses) relating to provisions for post-employment benefits recognised through comprehensive income, are not included in the distribution.

13. TRADE AND OTHER LIABILITIES

	AS AT 30 JUNE 2021	AS AT 31 DECEMBER 2020
Trade liabilities	115,254	125,932
Other liabilities, including:	179,894	148,617
- Company Social Benefits Fund	*2,790*	*307*
- Liabilities on security deposit	*5,549*	*7,548*
- Investment liabilities	*52,318*	*69,136*
- Salaries payable	*24,648*	*49,988*
- Other liabilities	*94,589*	*21,638*
Total financial liabilities	295,148	274,549
Liabilities – social security and other tax payable	42,079	63,740
Trade and other liabilities	**337,227**	**338,289**
Including:		
- Non-current	*29,678*	*32,354*
- Current	*307,549*	*305,935*
Total	**337,227**	**338,289**

Fair value of trade and other receivables does not differ significantly from their carrying amount.

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14. GRANTS

	AS AT 30 JUNE 2021	AS AT 31 DECEMBER 2020
As at 1 January	**12,340**	**12,693**
Including:		
- Non-current	*11,871*	*12,224*
- Current	*469*	*469*
Grants received	-	199
Grants settled during a year	(327)	(552)
Total grants	**12,013**	**12,340**
Including:		
- Non-current	*11,486*	*11,871*
- Current	*527*	*469*

15. FINANCIAL INSTRUMENTS

Hierarchy of financial instruments measured at fair value.

Financial instruments measured at fair value may be categorised to the following valuation models:

- Level 1: quoted prices (unadjusted) for identical assets and liabilities in an active market,
- Level 2: data inputs, other than quoted prices used in Level 1, which are observable for given assets and liabilities, both directly (e.g. as prices) or indirectly (e.g. derived from provisions),
- Level 3: data inputs which are not based on observable market prices (unobservable data inputs).

As at 30 June 2021, a USD/PLN currency forward (liability amounting to PLN 132,000) was the only financial instrument measured at fair value – Level 2 (there were no financial instruments measured at fair value at the end of the analogous period of 2020).

16. PROVISIONS FOR EMPLOYEE BENEFITS

	AS AT 30 JUNE 2021	AS AT 31 DECEMBER 2020
Provisions disclosed in the interim statement of financial position, for:		
Retirement and disability benefits	66,589	64,332
Long service awards	131,418	128,495
Other benefits for employees (unused holidays, salaries and wages, death benefits etc.)	28,781	16,753
Total	**226,788**	**209,580**

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Costs disclosed in the interim income statement, of:		
Retirement and disability benefits	3,170	3,150
Long service awards	8,957	16,114
Other benefits for employees (unused holidays, salaries and wages, death benefits etc.)	21,408	11,832
Total	**33,535**	**31,096**

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	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Costs as disclosed in the interim statement of comprehensive income:		
Retirement and disability benefits	1,040	2,570
Other benefits for employees (death benefits)	(158)	86
Total	**882**	**2,656**

Change in provisions for employee benefits liabilities:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
As at 1 January	**209,580**	**187,230**
Costs of current employment (including unused holidays, salaries and wages, death benefits and other)	30,896	20,733
Interest expense	1,314	1,678
Actuarial losses as disclosed in the interim income statement	1,325	8,685
Actuarial losses as recognised in the interim statement of comprehensive income	882	2,656
Recognised in the comprehensive income, total	34,417	33,752
Benefits paid	(17,209)	(16,531)
As at 30 June	**226,788**	**204,451**
Including:		
- Non-current	178,807	*169,538*
- Current	47,981	*34,913*

Employee benefits costs are recognised in the interim income statement and the interim statement of comprehensive income as follows:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Cost of products, goods and materials sold	29,411	26,844
Selling costs	158	138
Administrative expenses	2,652	2,436
Finance costs	1,314	1,678
Total as disclosed in the interim income statement	**33,535**	**31,096**
Actuarial losses as recognised in the interim statement of comprehensive income	882	2,656
Total as disclosed in the interim statement of comprehensive income	**34,417**	**33,752**

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17. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Provision for mine closure and land reclamation	Mining damage	Legal claims	Real property tax	Other	Total
As at 1 January 2021	**212,456**	**2,579**	**4,368**	**-**	**119**	**219,522**
Including:						
Non-current	*212,456*	*-*	*-*	*-*	*-*	*212,456*
Current	*-*	*2,579*	*4,368*	*-*	*119*	*7,066*
Recognition in the interim statement of financial position						
- Update of the provision created	*(14,339)*	*-*	*-*	*-*	*-*	*(14,339)*
Recognition in the interim income statement						
- Creation of additional provisions	*-*	*-*	*52*	*-*	*3,984*	*4,036*
- Use of the created provision	*-*	*(259)*	*-*	*-*	*(119)*	*(378)*
- Discount settlement	*1,511*	*-*	*-*	*-*	*-*	*1,511*
As at 30 June 2021	**199,628**	**2,320**	**4,420**	**-**	**3,984**	**210,352**
Including:						
Non-current	*199,628*	*-*	*-*	*-*	*-*	*199,628*
Current	*-*	*2,320*	*4,420*	*-*	*3,984*	*10,724*
As at 1 January 2020	**171,635**	**2,149**	**12,034**	**10,306**	**174**	**196,298**
Including:						
Non-current	*171,635*	*-*	*-*	*-*	*-*	*171,635*
Current	*-*	*2,149*	*12,034*	*10,306*	*174*	*24,663*
Recognition in the interim statement of financial position						
- Update of the provision created	*20,996*	*-*	*-*	*-*	*-*	*20,996*
Recognition in the interim income statement						
- Creation of additional provisions	*-*	*-*	*128*	*-*	*104*	*232*
- Use of the created provision	*-*	*(123)*	*(37)*	*-*	*(153)*	*(313)*
- Interest	*-*	*-*	*134*	*302*	*-*	*436*
- Discount settlement	*1,752*	*-*	*-*	*-*	*-*	*1,752*
As at 30 June 2020	**194,383**	**2,026**	**12,259**	**10,608**	**125**	**219,401**
Including:						
Non-current	*194,383*	*-*	*-*	*-*	*-*	*194,383*
Current	*-*	*2,026*	*12,259*	*10,608*	*125*	*25,018*

Mine closure and land reclamation

The Company creates a provision for costs of mine closure and land reclamation, which it is obliged to incur under current laws. The value of mine closure and land reclamation calculated as at 30 June 2021 amounts to PLN 199,628,000 including a provision for a mine closure of PLN 188,635,000 and a provision for land reclamation of PLN 10,993,000. The change in provision compared to 31 December 2020 is PLN (12,828,000); an increase resulting from the reversal of the discount write-off of PLN 1,511,000 were recognised in the interim consolidated income statement under “Finance cost”, while a decrease caused by update of assumptions, amounting in total to PLN 14,339,000, was recognised in the interim consolidated statement of financial position as a decrease in “Property, plant and equipment”.

Removing mining damage

Given the need of removing damage resulting from mining activities, the Company creates a provision for mining damage. The estimated value of works necessary to remove damage as at 30 June 2021 amounts to PLN 2,320,000, and covers predominantly planned costs which will have to be incurred in connection with removal of damage in buildings and roads as well as compensations for damage to agricultural land. For the first 6 months of 2021 the amount of the used provision totalled PLN 259,000 (compared to PLN 123,000 for the same period of the previous year).

Legal claims

The amount disclosed constitutes a provision for certain legal claims filed against the Company by customers and suppliers. The value of made/released provisions in the current period is disclosed in the interim income statement under other income/expenses. In the opinion of the Company’s Management Board, supported by appropriate legal opinions, those claims being filed will not result in significant losses in an amount that would exceed the value of provisions created as at 30 June 2021.

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Other

Other provisions refer primarily to a provision, created by the Company as at 30 June 2021, for the cost of purchase of green certificates in the amount of PLN 3,831,000, which were necessary for filing for redemption in relation to the purchase and using electrical energy in 2021.

18. REVENUE

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Sale of coal	1,022,360	829,376
Other activities	13,785	11,577
Sale of goods and materials	7,748	6,017
Total revenue	**1,043,893**	**846,970**

The main categories of contracts falling within the above types of revenue include:

- Contracts for the sale of coal, relating to the core activities of the Company; those contracts may be of two types – with transport service (where the Company arranges transport for the customer) or without a service.
- Contracts for the sale of goods and materials, relating mainly to the sale of scrap; revenue from such sales accounts for a slight share in the total revenue. The total value of all revenue on that account during the first 6 months of 2021 amounted to PLN 7,748,000 (PLN 6,017,000 in the same period of the previous year).
- Contracts relating to the sale of other services, in which the largest portion relates to revenue from renting space in the bath – the so called hook places and closets. The service is provided almost exclusively to the Company's subcontractors (providing services within the scope of mining works to the Company), whose employees are required to use the bath under occupational and safety regulations. The total value of revenue from renting bath space during the first 6 months of 2021 amounted to PLN 4,953,000 (PLN 5,153,000 in the same period of the previous year).

19. OTHER INCOME

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Compensations and damages received	463	626
Return of the excise tax	-	1,053
Other,	273	236
including:		
- Release of other provisions for liabilities	94	153
- Release of impairment losses	85	8
Settlement of income from grants	63	44
- Other income	31	31
Total other income	**736**	**1,915**

20. OTHER EXPENSES

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Donations	(230)	(926)
Compensation	-	(96)
Other	(77)	(88)
Total other costs	**(307)**	**(1,110)**

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21. OTHER NET LOSS

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
(Profit)/(loss) on sale of non-current assets	60	(61)
Currency exchange differences	(387)	(4)
Impairment losses (made)/released due to impairment of construction in progress	(6)	1,050
Valuation of financial instruments	(132)	-
Profit/(loss) on liquidation of non-current assets	(20)	(182)
Creating/releasing other provisions	(52)	(91)
Other	(1,234)	(810)
Total other net loss	**(1,771)**	**(98)**

22. FINANCE INCOME AND COST

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Interest income on short-term bank deposits	12	1,391
Dividend due and received	4,509	945
Other income, including:	127	997
- Interest regarding the Mine Closure Fund	*53*	*913*
- Other	*74*	*84*
Total finance income	**4,648**	**3,333**
Interest expense on valuation of employee benefits	(1,314)	(1,678)
Settlement of discount on regarding provision for the Mine Closure Fund and land reclamation	(1,511)	(1,752)
Profit/(loss) on the settlement of interest on real property tax	-	(273)
Creation of a provision and impairment losses of interest	(224)	(396)
Interest expense of the lease of non-current assets	(519)	(423)
Other costs	(445)	(493)
Total finance costs	**(4,013)**	**(5,015)**

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23. INCOME TAX

23.1 Tax burden

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Current tax	43,744	8,244
Deferred tax charged into finance income	(23,099)	1,447
Deferred tax charged into other comprehensive income:	(166)	(505)
- as actuarial losses as recognised in the interim statement of comprehensive income	*(166)*	*(505)*
Total	**20,479**	**9,186**

23.2 Reconciliation of an effective tax rate

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Profit before taxation	117,050	43,732
Tax calculated at the rate of 19%	22,240	8,309
Correction of income tax for previous years	(461)	(23)
Tax effect of income permanently excluded from the taxable base, including:	(1,864)	(180)
- dividend received from subsidiaries	*(857)*	*(180)*
- Other	*(1,007)*	-
Tax effect of costs permanently excluded from the taxable base	730	1,585
- Payment to the National Fund for the Disabled	*686*	*646*
- settlements in respect of the real property tax	-	*52*
- Donations	*44*	*176*
- Other	-	*711*
Decrease in financial result by the income tax	**20,645**	**9,691**
Effective tax rate	**18%**	**22%**

Income tax in the condensed interim financial statements was determined with the application of nominal interest rate for 2021 amounting to 19.0% (2020: 19.0%).

The regulations concerning value added tax, real property tax, corporate income tax, personal income tax and social security contributions are frequently changed. As a result, there is sometimes no reference to established regulations or legal precedents. The applicable regulations also contain ambiguities which result in differences in opinions regarding the legal interpretation of tax regulations, both between state authorities and between state authorities and businesses.

Tax and other settlements (e.g. customs or foreign currency settlements) can be inspected by the authorities which are entitled to impose heavy fines, and additional amounts of liabilities established as a result of an inspection must be paid with high interest. As a result, the tax risk in Poland is greater than that which usually exists in countries with more advanced tax systems. Tax settlements can be inspected within a five-year period. Amounts disclosed in the financial statements can therefore be changed after their amount has been finally determined by the tax authorities.

23.3 Current income tax - receivables and liabilities

Receivables related to the overpayment of current income tax for 2020 as disclosed in the statement of financial position as at the end of the previous year (PLN 9,606,000) was in 2021 set off with current liabilities on account of other taxes.

FOR THE PERIOD OF SIX MONTHS ENDED 30 JUNE 2021 (PLN ‘000)

24. EARNINGS PER SHARE

Basic

Basic earnings per share are calculated as the quotient of the profit attributable to the shareholders of the Company and the weighted average number of ordinary shares during the year.

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Earnings attributable to owners of the Company	96,405	34,041
Weighted average number of ordinary shares ('000)	34,014	34,014
Basic earnings per share (in PLN)	**2.83**	**1.00**

Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares as if an exchange was made for potential ordinary shares causing dilution. As at 30 June 2021, the Company did not have instruments causing potential dilution of ordinary shares.

25. DIVIDEND PER SHARE

At the Annual General Shareholders Meeting on 24 June 2021, the Shareholders of the Company adopted a resolution on distribution of profit for 2020, under which the entire net profit of the Company amounting to PLN 70,050,000 was allocated for reserve capital.

The dividend rate to shareholders of the Company is presented in the table below.

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Dividend due and paid	-	-
Number of ordinary shares as at the dividend date ('000)	34,014	34,014
Dividend per share (in PLN)	**-**	**-**

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

26. ADDITIONAL NOTES TO OPERATING CASH FLOWS

	NOTE	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Balance-sheet change in liabilities, liabilities under contracts with customers and grants		(1,829)	44,473
Set-off of income tax overpaid with other taxes payable		10,019	9,058
Change in investment liabilities		15,861	(65,770)
Change in liabilities for the purposes of the interim statement of cash flows		**24,051**	**(12,239)**
Increase in non-current assets	5	135,820	417,666
Increase resulting from revaluation of capitalised costs of liquidating non-current assets relating to mining activities		-	(19,317)
Other non-cash adjustments		(32)	-
Change in investment liabilities		15,861	(65,770)
Acquisition of property, plant and equipment		**151,649**	**332,579**

27. CONTINGENT ITEMS

The Company has contingent liabilities on account of real property tax arrears as well as contingent liabilities and assets on account of legal claims arising in the normal course of its business activities.

Real property tax

Considering that the real property tax regarding the mining excavations was settled in the portion deemed probable by the Company, the Company has discontinued disclosing the provision for real property tax. Nevertheless possible contingent liability may primarily result from the existing discrepancies between the position of the Company and the position of tax authorities with respect to the subject of that tax. The issue revolves around the question of whether there are in the Company's mining excavations any other structures (in addition to the declared ones) within the meaning of the Act on Local Taxes and Charges which would be subject to the property tax. The discrepancies may also occur with regard to the value of particular facilities — in the event that it is agreed that the facilities are subject to the real property tax. The extent of such liability has not changed significantly compared to the end of the prior financial year (31 December 2020).

Patent claims

The contingent liability for legal claims related to the fee for co-inventors of inventions covered with patents no. 206048 and 209043 functioning at the Company from which the Company does not create provision may primarily result from impossibility to assess whether the claim in question is justified and different positions taken by the Company and the co-inventors of inventions covered with the abovementioned patents. The value of the possible liability as at the day of publishing these financial statements amounts to PLN 48 million. The Company estimated a provision for remuneration for co-inventors to the best of its knowledge and in line with principles so far applied at the Company when calculating remunerations for inventors. The item provisions for legal claims shows a provision for legal claims regarding remuneration for co-inventors of inventions covered by patents No. 206048 and 209043, used at the Company. The amount of remuneration will be subject to analysis of court experts or experts accepted by both parties, to be made upon drafting a technical opinion regarding the patented inventions. On 24 March 2016 a court expert issued an opinion. Subsequently, during the course of 2016, both parties submitted a number of reservations to the opinion. Further, a court expert was heard as regards the prepared opinion; the hearing, which took place on 4 July 2017, was preceded by drawing an additional opinion by the expert. Another trial took place on 5 September 2017; during the trial the Court made decisions as to considering further evidence motions, including further expert opinions, and requested the parties to specify their arguments to the expert opinions. On 1 December 2017 the Regional Court in Lublin issued a decision admitting the evidence in the form of opinions prepared by the AGH University of Science and Technology ("AGH") in Kraków and the Silesian University of Technology in Gliwice, Mining and Geology Faculty. The basic opinion prepared by AGH was delivered on 23 January 2019 and the Court obliged the parties to file evidence motions and reservations in relation to the contents of the opinion. The parties filed their remarks and applied for issuing supplementary opinion. As no supplementary opinion was issued, the date of the hearing was postponed several times. The supplementary opinion was received on 4 June 2020 and the Court, once again, obliged the parties to present reservations to the supplemented opinion, and further, by virtue of its decision of 15 September 2020, the Court allowed the AGH supplementary opinion as evidence in order for the parties to refer to the remarks and reservations included in the parties' letters. By virtue of the decision of 30 October 2020 the Court allowed the request of the Company and ordered AGH to present its stance on the evidence thesis for the AGH experts by taking into account the remuneration variants, advantageous for the Company, when drafting a new opinion. The date of the next hearing was set by the Court on 22 June 2021 but was later cancelled as the AGH supplementary opinion was being awaited.

Further actions will depend on the assessment of the opinions. The extent of such liability has not changed significantly compared to the end of the prior financial year (31 December 2020).

Claims regarding a price collusion

Contingent assets resulting from a lawsuit instigated by the Company on 30 December 2020 against A. Weber Sp. z o.o., Minova Ekochem S.A. and DSI Schaum Chemie Sp. z o.o. for the payment of PLN 23,124,000 (principal plus interest) as damages for the damage inflicted as a consequence of violating the competition law (prohibited anti-competitive agreements covering price collusion, market sharing, and bid rigging in the purchase of chemical products for mining, including polyurethane adhesives). The damage incurred by the Company is a result of the necessity to pay overestimated price given the prohibited agreements in 2006-2010 (following the decision of the President of the Office of Competition and Consumer Protection (UOKiK) dated 16 December 2013). The case is at an initial stage now and the possible outcome cannot be estimated.

28. FUTURE CONTRACTUAL LIABILITIES

Investment liabilities

Contractual investment liabilities incurred as at the balance-sheet date, but still not disclosed in the interim statement of financial position, amount to:

	AS AT 30 JUNE 2021	AS AT 31 DECEMBER 2020
Property, plant and equipment	224,674	89,425
Investment liabilities	**224,674**	**89,425**

Future contractual liabilities include mainly agreements for mining works and the purchase of plant and machinery depend on the amount of scheduled preparatory works (drilling excavations).

29. TRANSACTIONS WITH RELATED ENTITIES

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

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

The Company 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 Górnictwo i Energetyka Konwencjonalna S.A., PGE Energia Ciepła S.A., Energa Elektrownie Ostrołęka S.A., PGNiG Termika S.A., and Miejskie Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. in Chełm.

In the reporting periods ending on 30 June 2021 and 30 June 2020, the value of tradeover on account of sales with the above entities and the total receivables of the Company from those entities were as follows:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Sales in period	119,630	207,354	98,718
Total receivables at end of period including VAT	7,402	30,871	14,784

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 June 2021 and 30 June 2020, the value of purchases from the above entities and the total liabilities of the Company to those entities were as follows:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Purchases in period	59,669	110,577	57,064
Total liabilities at end of period including VAT	15,208	12,295	13,041

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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 June 2021 and 30 June 2020, the value of turnover on account of purchases from the ENEA Group companies and the Company's total liabilities towards those entities were as follows:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Purchases in period	41,358	97,754	45,953
Total liabilities at end of period including VAT	16.361	21,908	17,049

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 30 June 2021 and 30 June 2020, the value of tradeover on account of sale with the ENEA Group companies and the total receivables of the Company from those entities as at individual balance-sheet dates were as follows:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Sales in period	867,680	1,545,731	711,880
Total receivables at end of period including VAT	169,733	183,710	145,483

Transactions of the Company with the subsidiary companies of the Lubelski Węgiel Bogdanka Group

The Company's revenue resulting from the co-operation with Łęczyńska EnergetykaSp. z o.o., 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 Company'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.

The Company's revenue resulting from the cooperation with the subsidiary, RG Bogdanka Sp. z o.o., is in the most part generated through 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 Company'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 30 June 2021 and 30 June 2020, the value of trade on account of purchases from subsidiaries making the Lubelski Węgiel Bogdanka Group and the Company's total liabilities towards those entities were as follows:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Purchases in period, including:	71,573	121,792	59,102
- Purchases of services activated on the value of "property, plant and equipment"	*11,888*	*11,470*	*3,518*
Total liabilities at end of period including VAT	13,135	13,398	11,542

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In the reporting periods ending on 30 June 2021 and 30 June 2020, the value of trade on account of sales to subsidiaries making the Lubelski Węgiel Bogdanka Group and the Company's total receivables from those entities were as follows:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Sales in period	7,254	12,431	6,246
Total receivables at end of period including VAT	866	2,154	895

In the reporting periods ending on 30 June 2021 and 30 June 2020 the value of dividends due and received from subsidiaries making the Lubelski Węgiel Bogdanka Group were as follows:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Dividend due from the LW BOGDANKA Group companies	3,270	-	945
Dividend received from the LW BOGDANKA Group companies	1,239	945	-
Total dividend	**4,509**	**945**	**945**

30. INFORMATION ON REMUNERATION OF THE MANAGEMENT BOARD, THE SUPERVISORY BOARD AND THE COMMERCIAL PROXIES

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
Remuneration of Management Board members and commercial proxies	2,226	2,179
Remuneration of the Supervisory Board members	275	223

Apart from the standard remuneration on account of managerial contracts, appointment or employment relationship, no other transactions with key personnel took place in the first half of 2021 and in the same period of the previous year.

31. THE INFLUENCE OF COVID-19 AS AN UNUSUAL EVENT ON COMPANY'S FINANCIAL RESULT

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. At present, the number of opinions foreseeing the possible fourth wave at the end of Q3 2021 and beginning of Q4 2021 is increasing.

However, as at the date of drawing up these statements, the circumstances described above did not materially impacted Company's operations in 2020. Very good production results which translated into the financial result in the first half of 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 Company continues to apply proper security and other measures to counteract the negative impact of COVID-19 on its 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.

FOR THE PERIOD OF SIX MONTHS ENDED 30 JUNE 2021 (PLN '000)

32. EVENTS AFTER THE BALANCE-SHEET DATE

On 2 July 2021 the Company entered into agreement with the employees. One of its main premises is the guarantee of employment for the period of 5 years starting 1 July 2021 and covering the employees of the Company and other companies of the LW Bogdanka Group.

The key provision of the guarantee of employment which may influence the Company's future financial results are presented below.

I. Each person employed in the Company under an employment contract, who – as at 1 July 2021 – boasts at least 3 years of experience in the LW Bogdanka Group was covered by the guarantee of employment for the period of 5 years starting 1 July 2021, but for no longer than until the said employee acquires pension rights.

II. The employer is not bound by the guarantee of employment if the Company employees are covered by guarantees under support schemes provided by law.

III. If the employer fails to maintain its obligation to guarantee employment, it warrants, regardless of other benefits due to the employee under labour law, that it will be obliged to pay the employee compensation in an amount corresponding to the product of the average monthly remuneration in the Company in the year preceding the termination of the employment relationship excluding bonuses from profits (according to the mythology of Central Statistical Office) and the number of months remaining to the end of the period of the employment guarantee, but not for more than 24 months. The guarantee of employment applies exclusively to specific circumstances when contract of employment is terminated (and does not apply, in particular, when the contract of employment is terminated by mutual agreement or is terminated by an employee, or with immediate effect through the fault of the employee, or when an employee is leaving employment on a pension or disability benefit).

The Parties are obliged to amend the existing Company Collective Bargaining Agreement by means of the provisions of the abovementioned agreement.

The Company currently analyses the impact of the concluded agreement on the financial statements and future financial results. The impact shall be presented in the annual financial statements for 2021, however, as at the date of drawing up these interim consolidated financial statements, the Company believes the agreement will not have material impact on its financial statements.

After the balance-sheet date, to the best of the Company's knowledge, no material event occurred, which could affect the Company's financial result as at 30 June 2021, and were not disclosed in the Company's interim consolidated financial statements.

33. APPROVAL OF THE FINANCIAL STATEMENTS

The Management Board of Lubelski Węgiel BOGDANKA S.A. declares that as of 15 September 2021, it approves for publication these condensed interim financial statements of the Company for the period from 1 January to 30 June 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	………………………………………………………………………………