

# CONSOLIDATED QUARTERLY REPORT

FOR THE PERIOD FROM  
1 JANUARY TO 31 MARCH 2022



LUBELSKI WĘGIEL BOGDANKA GROUP

## 1. General information

Lubelski Węgiel Bogdanka Group:



% of votes at shareholder meetings in subsidiaries

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

### Parent Company



**Lubelski Węgiel „Bogdanka” S.A.** with its registered office in Bogdanka, 21-013 Puchaczów.

Lubelski Węgiel „Bogdanka” S.A. is a joint stock company operating on the basis of the law of Poland. The Company was created through transformation of a state-owned enterprise Kopalnia Węgla Kamiennego “Bogdanka” with its registered office in Bogdanka, on the basis of the State Enterprise Privatization Act of 13 July 1990.

On 26 March 2001, Lubelski Węgiel “Bogdanka” Spółka Akcyjna was registered in the Register of Commercial Undertakings KRS under file number 0000004549. At present, this register is maintained by the District Court Lublin-East in Lublin, Branch in Świdnik, 6th Commercial Division of the National Court Register.

The shares of Lubelski Węgiel “Bogdanka” S.A. are listed on the Warsaw Stock Exchange (WSE).

The Company’s primary line of business, according to the Polish Classification of Business Activity, is hard coal mining (PKD 0510Z).



### Subsidiaries

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

As at 31 March 2022, the Parent Company held 88.7% shares in the capital of the “Łęczyńska Energetyka” Sp. z o.o. subsidiary.

“Łęczyńska Energetyka” Sp. z o.o. supplies heat to the mine and provides water and sewage management services. The company also supplies heat to external entities, such as housing estates and other facilities in Łęczna. The Company also builds and repairs heating, water and sewage systems.

The Company’s balance sheet date is December 31st.



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

As at 31 March 2022, the Parent Company held 100.0% shares in the capital of EkoTRANS Bogdanka Sp. z o.o.

EkoTRANS Bogdanka Sp. z o.o. provides the mine with services entailing transportation, disposal and management of waste created during the washing and purification of coal winnings, as well as land reclamation services.

The Company's balance sheet date is December 31st.



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

As at 31 March 2022, the Parent Company held 100.0% shares in the capital of RG "Bogdanka" Sp. z o.o.

RG "Bogdanka" Sp. z o.o. provides services to the mine, including primarily mining works, auxiliary work and the handling of coal haulage

The Company's balance sheet date is December 31st.



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

As at 31 March 2022, the Parent Company held 100.0% shares in the capital of MR Bogdanka Sp. z o.o.

MR Bogdanka Sp. z o.o. provides the mine with services including renovation, construction services, work performed in underground machinery divisions, refurbishment and production of steel structures.

The Company's balance sheet date is December 31st.

The list of subsidiaries comprising the Group as at 31 March 2022 is presented in the table below:

NAME OF THE SUBSIDIARY	BALANCE SHEET TOTAL [PLN '000s]	EQUITY [PLN '000s]	% SHARES HELD	NON-CONTROLLING INTEREST	LIMITATIONS OF CONTROL; RESTRICTIONS ON CONSOLIDATED ASSETS AND LIABILITIES	CONSOLIDATION METHOD
ENTITIES CONSOLIDATED IN THE CURRENT PERIOD AND IN PREVIOUS PERIODS:						
„ŁĘCZYŃSKA ENERGETYKA” Sp. z o.o.	106,763	90,962	88.7	Non-controlling interests are 11.30% and belong to: - Łęczna Township 11.29% - Puchaczów Township 0.01%	none	full
RG “BOGDANKA” Sp. z o.o.	24,924	7,029	100.0	none	none	full
EkoTRANS BOGDANKA Sp. z o.o.	5,407	865	100.0	none	none	full
MR BOGDANKA Sp. z o.o.	8,651	4,692	100.0	none	none	full

Lubelski Węgiel “Bogdanka” S.A. is the Parent Company in the Lubelski Węgiel Bogdanka Group. The Group draws up consolidated financial statements in accordance with IFRS in the form approved by the European Union.

In order to fully appreciate the financial standing and performance of the Group, this Consolidated Quarterly Report should be read in conjunction with the audited consolidated financial statements of the Lubelski Węgiel Bogdanka Group as well as the audited standalone financial statements of the Parent Company for the financial year ended 31 December 2021. The reports and statements mentioned above are available on the Parent Company’s website at [www.ri.lw.com.pl](http://www.ri.lw.com.pl).

#### **Group in the ENEA Group’s structure**

On 14 September 2015, ENEA S.A. announced a takeover bid for shares of Lubelski Węgiel “Bogdanka” S.A., the Parent Company, stating that it intended to acquire up to 64.57% of all votes at the General Meeting of Lubelski Węgiel „Bogdanka” S.A. The transaction was settled on 29 October 2015. As a result of the transaction, ENEA S.A. and its subsidiary acquired in total 66% of shares in Lubelski Węgiel “Bogdanka” S.A. and consequently Lubelski Węgiel “Bogdanka” S.A. and its subsidiaries became part of the ENEA Group with ENEA S.A. in Poznań as its parent company.

#### **The State Treasury is the ultimate parent.**

## **2. Rules for preparation of the interim condensed consolidated financial statements of the Group and the interim condensed financial statements of the Parent Company**

These interim condensed consolidated financial statements of the Group and the interim condensed financial statements of the Parent Company for Q1 2022 have been prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting” as approved by the European Union.

The Consolidated Quarterly Report has been drawn up in accordance with the historical cost principle, except for derivative financial instruments, which are measured at fair value.

Historical cost is generally determined based on the fair value of the payment made for goods or services.

Fair value is understood to be the price that may be obtained upon the sale of an asset or the price paid to transfer a liability in a common transaction on the main (or the most favorable) market on the measurement date and in the current market conditions, irrespective of whether the price is directly observable or estimated using a different measurement technique. In its fair value measurement of an asset or a liability, the Group considers the characteristics of the asset or liability if market players consider these features when measuring assets or liabilities as at the valuation date. Fair value for measurement



and/or disclosure purposes in the Consolidated Quarterly Report is determined as described above, except for share-based payments, which are subject to IFRS 2, leases, which are subject to IFRS 16, as well the measurements that are similar to fair value but are not fair value, such as net selling price under IAS 2 or value in use under IAS 36.

### **Estimates**

Preparation of the interim condensed (consolidated and standalone) financial statements on the basis of the International Financial Reporting Standards and in accordance with the accounting policy requires that, in addition to accounting estimates, professional judgment is also used with respect to current and future events in the individual areas.

Important accounting estimates and judgments are based on past experience and other factors, including anticipated future events that seem reasonable in the current situation. Accounting estimates and judgments are subject to regular review.

Material estimates and judgments have not changed since the publication date of the annual consolidated and standalone financial statements for 2021.

### **Accounting policy**

As of 1 January 2022, the Group applied for the first time the Amendments to IAS 16 *Property, Plant and Equipment*, which prohibit an entity from adjusting the cost of property, plant and equipment for amounts received from the sale of items produced in the period when the property, plant and equipment is prepared for the commencement of operations as intended by management. Instead, the entity must recognize the above revenue from sales and related costs directly in the statement of profit or loss. This change is critical in terms of capturing the value of coal extracted during the excavation of roadways in the roadway excavation cost.

Accordingly, as of 1 January 2022, revenue from sales of coal obtained during the excavation of roadways does not reduce the initial value of the roadways, but the costs incurred for the excavation of roadways must be adjusted for the part of the costs that is related to the production of coal obtained during the excavation process. This amendment was applied retroactively in respect to the property, plant and equipment (roadways) that were adapted to the location and the conditions necessary for them to function as intended by the management, on or after the commencement date of the earliest period presented in these interim condensed standalone and consolidated financial statements (i.e. as at 1 January 2021). The total net effect of the first application of this amendment was PLN 23,892 thousand and was captured, as an adjustment to the opening balance of retained earnings as at 1 January 2022 (which is presented in the interim consolidated and standalone Statement of changes in equity). The key drivers contributing to this amount was: an increase in the net value of property, plant and equipment by PLN 29,496 thousand, adjusted by the tax effect, i.e. a PLN 5,604 thousand increase in the deferred tax liability.

The tables below present the effect of the application of this amendment as at 1 January 2022.

Effect of application of the Amendment to IAS 16 <i>Property, plant and equipment</i> on the Group's interim consolidated statement of financial position			
	31 December 2021	Impact exerted by the amendment	1 January 2022
Property, plant and equipment	3,440,342	29,496	3,469,838
Equity, including:	3,593,709	23,892	3,617,601
<i>Retained earnings</i>	591,671	23,892	615,563
Deferred tax liabilities	227,251	5,604	232,855

Effect of application of the Amendment to IAS 16 <i>Property, plant and equipment</i> on the Parent Company's interim statement of financial position			
	31 December 2021	Impact exerted by the amendment	1 January 2022
Property, plant and equipment	3,362,134	29,496	3,391,630
Equity, including:	3,572,614	23,892	3,596,506
<i>Retained earnings</i>	580,844	23,892	604,736
Deferred tax liabilities	227,229	5,604	232,833

At the same time, in order to maintain comparability of data, the Group's consolidated numbers and the Parent Company's numbers for Q1 2021 were restated. The total effect of this adjustment on the period result (both standalone and consolidated) as at 31 March 2021 was PLN 4,126 thousand.

### **Effect of application of the Amendment to IAS 16 *Property, Plant and Equipment* on the consolidated financial statements**

The effect of application of the Amendment to IAS 16 *Property, Plant and Equipment* on the Group's consolidated statement of financial position as at 31 December 2021 and the interim consolidated statement of profit and loss, the interim consolidated statement of comprehensive income and the interim consolidated statement of cash flows for Q1 2021 is presented in the tables below:

## Consolidated statement of financial position as at 31 December 2021

	As at 31 December 2021 approved	Adjustment due to application of the Amendment to IAS 16	As at 31 December 2021 restated*
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3,440,342	29,496	3,469,838
Intangible assets	55,989	-	55,989
Right-of-use asset	26,205	-	26,205
Investment property	2,886	-	2,886
Deferred tax assets	2,243	-	2,243
Trade and other receivables	1,092	-	1,092
Cash and cash equivalents	147,671	-	147,671
<b>Total non-current assets</b>	<b>3,676,428</b>	<b>-</b>	<b>3,705,924</b>
<b>Current assets</b>			
Inventories	99,744	-	99,744
Trade and other receivables	325,697	-	325,697
Cash and cash equivalents	600,175	-	600,175
<b>Total current assets</b>	<b>1,025,616</b>	<b>-</b>	<b>1,025,616</b>
<b>TOTAL ASSETS</b>	<b>4,702,044</b>	<b>29,496</b>	<b>4,731,540</b>
<b>Equity</b>			
Common equity	301,158	-	301,158
Supplementary capital	702,549	-	702,549
Other reserve capital	1,988,063	-	1,988,063
Retained earnings	591,671	23,892	615,563
Equity attributable to shareholders of the Parent Company	3,583,441	23,892	3,607,333
Non-controlling interest	10,268	-	10,268
<b>Total equity</b>	<b>3,593,709</b>	<b>23,892</b>	<b>3,617,601</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	4,822	-	4,822
Deferred tax liabilities	227,251	5,604	232,855
Provisions on account of employee benefits	168,857	-	168,857
Provisions for other liabilities and charges	130,402	-	130,402
Subsidies	11,282	-	11,282
Lease liabilities	20,622	-	20,622
Trade and other payables	29,575	-	29,575
<b>Total non-current liabilities</b>	<b>592,811</b>	<b>5,604</b>	<b>598,415</b>
<b>Current liabilities</b>			
Loans and borrowings	3,120	-	3,120
Provisions on account of employee benefits	41,778	-	41,778
Provisions for other liabilities and charges	25,186	-	25,186
Subsidies	493	-	493
Lease liabilities	6,784	-	6,784
Current income tax liabilities	1,215	-	1,215
Financial liabilities due to measurement of derivatives	4,240	-	4,240
Trade and other payables	423,004	-	423,004
Liabilities from contracts with customers	9,704	-	9,704
<b>Total current liabilities</b>	<b>515,524</b>	<b>-</b>	<b>515,524</b>
<b>Total liabilities</b>	<b>1,108,335</b>	<b>5,604</b>	<b>1,108,335</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,702,044</b>	<b>29,496</b>	<b>4,731,540</b>

**Interim consolidated statement of profit or loss for Q1 2021**

	Data for the period from 1 January to 31 March 2021 approved	Adjustment due to application of the Amendment to IAS 16	Data for the period from 1 January to 31 March 2021 restated*
<i>Continuing operations</i>			
Revenue from sales	543,675	18,754	562,429
Cost of sales	(435,834)	(13,660)	(449,494)
Gross profit	107,841	5,094	112,935
Selling and distribution expenses	(8,902)	-	(8,902)
Administrative expenses	(32,663)	-	(32,663)
Other revenues	447	-	447
Other costs	(160)	-	(160)
Other losses - net	(2,061)	-	(2,061)
Operating profit	64,502	5,094	69,596
Finance income	68	-	68
Finance costs	(2,502)	-	(2,502)
Profit before tax	62,068	5,094	67,162
Income tax	(11,761)	(968)	(12,729)
Profit on continuing operations	50,307	4,126	54,433
Net profit for the period	50,307	4,126	54,433
of which profit attributable to:			
- shareholders of the Parent Company	50,230	4,126	54,356
- non-controlling interest	77	-	77


**Interim consolidated statement of comprehensive income for Q1 2021**

	Data for the period from 1 January to 31 March 2021, approved	Adjustment due to application of the Amendment to IAS 16	Data for the period from 1 January to 31 March 2021, restated*
<b>Net profit for the period</b>	<b>50,307</b>	<b>4,126</b>	<b>54,433</b>
Other comprehensive income/(loss) for the period			
Other comprehensive income/(loss) that will not be reclassified to profit or loss, before tax	-	-	-
Other comprehensive income/(loss) to be reclassified to profit or loss, before tax	-	-	-
Other comprehensive income/(loss), before tax	-	-	-
Income tax on the items not to be transferred	-	-	-
Income tax on the items to be transferred	-	-	-
Other net comprehensive income/(loss) for the period	-	-	-
<b>Net comprehensive income for the period – total</b>	<b>50,307</b>	<b>4,126</b>	<b>54,433</b>
of which comprehensive income attributable to:			
- shareholders of the Parent Company	50,230	4,126	54,356
- non-controlling interest	77	-	77



**Interim consolidated statement of cash flows for Q1 2021**

	Data for the period from 1 January to 31 March 2021, approved	Adjustment due to application of the Amendment to IAS 16	Data for the period from 1 January to 31 March 2021, restated*
<b>Cash flows from operating activities</b>			
Net profit	50,307	4,126	54,433
<i>Adjustments:</i>			
Income tax recognized in profit or loss	11,761	968	12,729
Depreciation and amortization	105,719	-	105,719
Loss on the sale and liquidation of property, plant and equipment	12,328	-	12,328
Interest income	(15)	-	(15)
Interest expense	645	-	645
Other cash flows	2,985	-	2,985
<i>Changes in working capital:</i>			
Change in provisions for employee benefits	20,080	-	20,080
Change in provisions	4,403	-	4,403
Change in inventories	(36,406)	-	(36,406)
Change in trade and other receivables	(49,488)	-	(49,488)
Change in trade and other payables	10,100	-	10,100
<b>Total adjustments</b>	<b>82,112</b>	<b>968</b>	<b>83,080</b>
Cash from operating activities	132,419	5,094	137,513
Income tax paid and received	(10,479)	-	(10,479)
<b>Net cash flows from operating activities</b>	<b>121,940</b>	<b>5,094</b>	<b>127,034</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	(86,142)	(5,094)	(91,236)
Acquisition of intangible assets	(134)	-	(134)
Interest received	14	-	14
Proceeds from cash collected in the Mine Closure Fund's bank account	365	-	365
<b>Net cash flows from investing activities</b>	<b>(85,897)</b>	<b>(5,094)</b>	<b>(90,991)</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities	(1,344)	-	(1,344)
Repayments of loans and borrowings	(759)	-	(759)
Payments of interest and commissions related to financing activities	(114)	-	(114)
<b>Net cash flows from financing activities</b>	<b>(2,217)</b>	<b>-</b>	<b>(2,217)</b>
Net increase in cash and cash equivalents before effects of FX rate changes	33,826	-	33,826
Net increase in cash and cash equivalents	33,826	-	33,826
Cash and cash equivalents at the beginning of the period	241,610	-	241,610
<b>Cash and cash equivalents at the end of the period</b>	<b>275,436</b>	<b>-</b>	<b>275,436</b>


**Effect of application of the Amendment to IAS 16 Property, Plant and Equipment on the standalone financial statements**

The effect of application of the Amendment to IAS 16 Property, Plant and Equipment on the Parent Company's statement of financial position as at 31 December 2021 and the interim statement of profit and loss, the interim statement of comprehensive income and the interim statement of cash flows for Q1 2021 is presented in the tables below:

## Statement of financial position as at 31 December 2021

	As at 31 December 2021 approved data	Adjustment due to application of the Amendment to IAS 16	As at 31 December 2021 restated*
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3,362,134	29,496	3,391,630
Intangible assets	55,674	-	55,674
Non-current investments	75,601	-	75,601
Right-of-use asset	20,292	-	20,292
Trade and other receivables	123	-	123
Cash and cash equivalents	147,671	-	147,671
<b>Total non-current assets</b>	<b>3,661,495</b>	<b>29,496</b>	<b>3,690,991</b>
<b>Current assets</b>			
Inventories	95,421	-	95,421
Trade and other receivables	323,568	-	323,568
Other current investments	-	-	-
Cash and cash equivalents	580,560	-	580,560
<b>Total current assets</b>	<b>999,549</b>	<b>-</b>	<b>999,549</b>
<b>TOTAL ASSETS</b>	<b>4,661,044</b>	<b>29,496</b>	<b>4,690,540</b>
<b>Equity</b>			
Common equity	301,158	-	301,158
Supplementary capital	702,549	-	702,549
Other reserve capital	1,988,063	-	1,988,063
Retained earnings	580,844	23,892	604,736
<b>Total equity</b>	<b>3,572,614</b>	<b>23,892</b>	<b>3,596,506</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	227,229	5,604	232,833
Provisions on account of employee benefits	165,447	-	165,447
Provisions for other liabilities and charges	130,402	-	130,402
Subsidies	11,282	-	11,282
Lease liabilities	18,377	-	18,377
Trade and other payables	28,838	-	28,838
<b>Total non-current liabilities</b>	<b>581,575</b>	<b>5,604</b>	<b>587,179</b>
<b>Current liabilities</b>			
Provisions on account of employee benefits	39,240	-	39,240
Provisions for other liabilities and charges	25,085	-	25,085
Subsidies	493	-	493
Lease liabilities	3,048	-	3,048
Trade and other payables	422,181	-	422,181
Liabilities from contracts with customers	9,704	-	9,704
Current income tax liabilities	2,864	-	2,864
Financial liabilities due to measurement of derivatives	4,240	-	4,240
<b>Total current liabilities</b>	<b>506,855</b>	<b>-</b>	<b>506,855</b>
<b>Total liabilities</b>	<b>1,088,430</b>	<b>5,604</b>	<b>1,094,034</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,661,044</b>	<b>29,496</b>	<b>4,690,540</b>

**Interim statement of profit or loss for Q1 2021**

	Data for the period from 1 January to 31 March 2021 approved	Adjustment due to application of the Amendment to IAS 16	Data for the period from 1 January to 31 March 2021 restated*
<i>Continuing operations</i>			
Revenue from sales	542,064	18,754	560,818
Cost of sales	(435,073)	(13,660)	(448,733)
Gross profit	106,991	5,094	112,085
Selling and distribution expenses	(8,968)	-	(8,968)
Administrative expenses	(33,260)	-	(33,260)
Other revenues	339	-	339
Other costs	(159)	-	(159)
Other losses - net	(2,054)	-	(2,054)
Operating profit	62,889	5,094	67,983
Finance income	67	-	67
Finance costs	(2,326)	-	(2,326)
Profit before tax	60,630	5,094	65,724
Income tax	(11,525)	(968)	(12,493)
Profit on continuing operations	49,105	4,126	53,231
Net profit for the period	49,105	4,126	53,231

**Interim statement of comprehensive income for Q1 2021**

	Data for the period from 1 January to 31 March 2021, approved	Adjustment due to application of the Amendment to IAS 16	Data for the period from 1 January to 31 March 2021, restated*
<b>Net profit for the period</b>	<b>49,105</b>	<b>4,126</b>	<b>53,231</b>
Other comprehensive income/(loss) for the period			
Other comprehensive income/(loss) that will not be reclassified to profit or loss, before tax	-	-	-
Other comprehensive income/(loss) to be reclassified to profit or loss, before tax	-	-	-
Other comprehensive income/(loss), before tax	-	-	-
Income tax on the items not to be transferred	-	-	-
Income tax on the items to be transferred	-	-	-
Other net comprehensive income/(loss) for the period	-	-	-
<b>Net comprehensive income for the period – total</b>	<b>49,105</b>	<b>4,126</b>	<b>53,231</b>

**Interim statement of cash flows for Q1 2021**

	Data for the period from 1 January to 31 March 2021, approved	Adjustment due to application of the Amendment to IAS 16	Data for the period from 1 January to 31 March 2021, restated*
<b>Cash flows from operating activities</b>			
Net profit	49,105	4,126	53,231
<i>Adjustments:</i>			
Income tax recognized in profit or loss	11,525	968	12,493
Depreciation and amortization	102,920	-	102,920
Loss on the sale and liquidation of property, plant and equipment	12,321	-	12,321
Interest income	(14)	-	(14)
Interest expense	469	-	469
Other cash flows	2,427	-	2,427
<i>Changes in working capital:</i>			
Change in provisions for employee benefits	19,322	-	19,322
Change in provisions	3,572	-	3,572
Change in inventories	(36,591)	-	(36,591)
Change in trade and other receivables	(48,881)	-	(48,881)
Change in trade and other payables	8,910	-	8,910
<b>Total adjustments</b>	<b>75,980</b>	<b>968</b>	<b>76,948</b>
Cash from operating activities	125,085	5,094	130,179
Income tax paid and received	(10,254)	-	(10,254)
<b>Net cash flows from operating activities</b>	<b>114,831</b>	<b>5,094</b>	<b>119,925</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	(85,004)	(5,094)	(90,098)
Acquisition of intangible assets	(35)	-	(35)
Interest received	14	-	14
Proceeds from cash collected in the Mine Closure Fund's bank account	365	-	365
<b>Net cash flows from investing activities</b>	<b>(84,660)</b>	<b>(5,094)</b>	<b>(89,754)</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities	(1,258)	-	(1,258)
<b>Net cash flows from financing activities</b>	<b>(1,258)</b>	<b>-</b>	<b>(1,258)</b>
Net increase in cash and cash equivalents before effects of FX rate changes	28,913	-	28,913
Net increase in cash and cash equivalents	28,913	-	28,913
Cash and cash equivalents at the beginning of the period	216,782	-	216,782
<b>Cash and cash equivalents at the end of the period</b>	<b>245,695</b>	<b>-</b>	<b>245,695</b>

Except for the amendments described above, the interim condensed (consolidated and standalone) financial statements for the current and comparative period have been prepared using the same accounting policies and the same accounting policy and calculation methods were used as in the most recent annual consolidated and standalone financial statements for 2021.

### 3. Material achievements and failures of the Group in the period covered by the report and list of key related events

In the first quarter of 2022 and until the publication date of this Consolidated Quarterly Report, no material events have occurred in the Group that would affect its operations in 2022.

### 4. Description of factors and events, in particular non-recurring ones, exerting material influence on the financial results.

At present, the only material non-recurring event that occurred during the first quarter of 2022 and continues until the date of this Consolidated Quarterly Report, is the armed conflict resulting from the attack of Russian Federation's armed forces on Ukraine on 24 February 2022. This event has had an immense impact on the social and economic condition and its economic impact is global. This event has also impacted the Lubelski Węgiel Bogdanka Group.

The following areas should be considered in order to present the impact of this event on the Group:

- Export sales, the vast majority of which were sales of coal to Ukraine, amounted to PLN 65,355 thousand in the first quarter of 2022 which represented approximately 8.9% of the Group's consolidated sales revenues (PLN 26,396 thousand in the first quarter of 2021 and PLN 130,731 thousand in the entire 2021, which represented 4.7% and 5.5% of the Group's consolidated sales revenues respectively). As a result of the military conflict mentioned above, damages to the infrastructure and higher risk associated with deliveries, coal sales to Ukraine may be significantly hindered. At present, one cannot predict exactly the degree of difficulties or their timeframe, however the Group believes that the present domestic demand for steam coal is so high (among others because of the lower production in Poland and import difficulties) that the coal (originally designated for the Ukrainian market) can be easily redirected to the domestic market or other foreign markets.
- Given the risks and uncertainties arising from this event, it has a significant impact on the global prices of energy commodities (crude oil, natural gas, steam coal and renewables). The high demand for gas and uncertainty in the supply of raw materials (including restrictions in raw material imports from the East, suspension of natural gas deliveries from Russia on 26 April 2022) contribute to high demand for electricity from coal-fired power generation.
- The Act of 13 April 2022 on special solutions to counteract the support of aggression against Ukraine and to protect national security came into force on 16 April 2022. With a view to the existing threat to national security, Article 8 of the Act forbids to bring coal originating from Russia and Belarus into the territory of the Republic of Poland and to transport it between two countries through the territory of the Republic of Poland. Also, Article 13 of the Act imposes an obligation on entities bringing coal into the territory of the Republic of Poland (including domestic mines) to have documentation indicating the country of origin of the coal and to issue statements to coal buyers indicating the country of origin of the coal. This Act directly contributes to the further increase in demand for domestic coal.
- The above event also affects prices and availability of other raw materials that are important for the Group's activities, in particular steel. For the time being, however, this risk is limited due to the active long-term supply contracts and inventories of key materials (including roadway supports), which were built up in advance. In the longer term, however, this event may have an adverse effect on the Group's operations and financial performance.
- The above event has no material direct impact on the Group's current staffing situation.

Given the above facts as well as the past developments, the Group believes that this event has had no significant effect on the operating activity and financial performance of the Group in Q1 2022 and should not have such an effect in the short term. Still, such impact may be felt in the longer term.

## 5. Details of the interim condensed consolidated financial statements of the Lubelski Węgiel Bogdanka Group for the first quarter of 2022

### **Interim consolidated statement of profit or loss**

Revenue from sales for Q1 2022 was PLN 731,768 thousand, compared to PLN 562,429 thousand in the corresponding period of 2021. This means an increase in net revenue by 30.1%.

The consolidated operating profit in Q1 2022 was PLN 179,651 thousand.

In Q1 2022, the Group generated net profit of PLN 143,194 thousand, compared to PLN 54,433 thousand in the corresponding period of 2021. This corresponds to an increase of 163.1%.

### **Interim consolidated statement of financial position**

As at 31 March 2022, provisions for other liabilities and charges and provisions for employee benefits amounted to PLN 387,126 thousand, increasing by PLN 20,903 compared to 31 December 2021.

As at 31 March 2022, deferred tax liabilities amounted to PLN 228,074 thousand, up PLN 823 thousand from 31 December 2021.



## 6. Details of the interim condensed financial statements of the Parent Company for the first quarter of 2022

### Interim statement of profit or loss

Revenue from sales for Q1 2022 was PLN 729,429 thousand, compared to PLN 560,818 thousand in the corresponding period of 2021. This corresponds to an increase of 30.1%.

The operating profit in Q1 2022 was PLN 177,964 thousand.

In Q1 2022, the Parent Company generated net profit of PLN 142,017 thousand, compared to PLN 53,231 thousand in the corresponding period of 2021. This corresponds to an increase of 166.8%.

### Interim statement of financial position

As at 31 March 2022, provisions for other liabilities and charges and provisions for employee benefits amounted to PLN 378,691 thousand, increasing by PLN 18,517 compared to 31 December 2021.

As at 31 March 2022, deferred tax liabilities were PLN 228,052 thousand, up PLN 823 thousand from 31 December 2021.

## 7. Explanation of seasonal or cyclical nature of the Group's operations in the period

There is no seasonality in production, while seasonality of retail sales can be observed at the coal sales outlet. Sales to individual clients represented less than 0.3% of total consolidated revenue from sales in Q1 2022. Accordingly, this has no significant impact on the Group's operating and financing activities.

## 8. Information on dividend paid [or declared], in total and per share, for common and preference shares

In Q1 2022 and Q1 2021, the Parent Company did not pay out dividends to its shareholders.

The Parent Company's Management Board continues its analysis whether the dividend for 2021 can be paid out and, as at the date of this Consolidated Quarterly Report, the decision on the distribution of the 2021 profit has not been made. A recommendation from the Parent Company's Management Board regarding the distribution of the 2021 profit is expected by the end of May 2022.

## 9. Subsequent events not captured in the Consolidated Quarterly Report

There were no material events after the balance sheet date, which have not been captured in the Consolidated Quarterly Report but could affect the financial results as at 31 March 2022.

## 10. Information on changes in contingent liabilities or contingent assets which occurred since the end of the previous financial year

A detailed description of contingent liabilities and contingent assets is presented in Note 30 to the annual consolidated financial statements for 2021. During Q1 2022, the balance of contingent liabilities and contingent assets did not change significantly as compared to the end of the previous financial year.

## 11. Transactions between the Lubelski Węgiel Bogdanka Group and related parties

All transactions concluded with related parties are concluded in the ordinary course of business and on an arm's length basis.

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



The Group enters into commercial transactions with state and local administration authorities and with subsidiaries of the State Treasury of the Republic of Poland.

Major sales transactions pertain to the revenue from sales of coal to: Zakłady Azotowe w Puławach S.A. (Azoty Group), Energa Elektrownie Ostrołęka S.A., PGNiG Termika S.A., PGNiG Termika Energetyka Przemysł Sp. z o.o. and Miejskie Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. in Chełm.

In the reporting periods ended 31 March 2022 and 31 March 2021, the revenue from sales to the above entities and the balance of the Group's receivables from these entities were as follows:

	FOR THE PERIOD OF		
	01 Jan 2022- 31 Mar 2022	01 Jan 2021- 31 Dec 2021	01 Jan 2021- 31 Mar 2021
Sales in the period	76,113	272,190	71,936
Balance of receivables as at the end of the period, including VAT	25,976	34,682	32,468

Major purchase transactions include: the purchase of materials (roof supports) from Huta Łabędy S.A., purchase of transportation services from PKP Cargo S.A., purchase of electricity distribution services from PGE Dystrybucja S.A., purchase of fuel from Orlen Paliwa Sp. z o.o. and fees arising from mining and exploration concessions.

In the reporting periods ended 31 March 2022 and 31 March 2021, the turnover resulting from purchases from the above entities and the amounts payable by the Group to these entities were as follows:

	FOR THE PERIOD OF		
	01 Jan 2022- 31 Mar 2022	01 Jan 2021- 31 Dec 2021	01 Jan 2021- 31 Mar 2021
Purchases in the period	48,228	122,872	24,028
Balance of payables as at the end of the period, including VAT	16,634	12,981	7,942

#### **Transaction with ENEA Group companies**

Purchase transactions include primarily the purchase of electricity from ENEA S.A., purchase of materials from Enea Logistyka Sp. z o.o. and purchase of services from Enea Centrum Sp. z o.o.

In the reporting periods ended 31 March 2022 and 31 March 2021, the turnover resulting from purchases from ENEA Group companies and the amounts payable by the Group to these entities were as follows:

	FOR THE PERIOD OF		
	01 Jan 2022- 31 Mar 2022	01 Jan 2021- 31 Dec 2021	01 Jan 2021- 31 Mar 2021
Purchases in the period	30,521	85,297	21,213
Balance of payables at the end of the period, including VAT	21,172	17,693	17,453

Sales transactions concerned primarily sales of steam coal to ENEA Wytwarzanie Sp. z o.o., ENEA Elektrownia Połaniec S.A. and ENEA Ciepło Sp. z o.o.

In the reporting periods ended 31 March 2022 and 31 March 2021, the revenue from sales to ENEA Group companies and the balance of the Group's receivables from these entities were as follows:

	FOR THE PERIOD OF		
	01 Jan 2022- 31 Mar 2022	01 Jan 2021- 31 Dec 2021	01 Jan 2021- 31 Mar 2021
Sales in the period	533,351	1,886,441	435,039
Balance of receivables as at the end of the period including VAT	227,824	246,790	224,870

#### **Transactions between the Parent Company and the subsidiaries from the Lubelski Węgiel Bogdanka Group**

The revenue earned by the Parent Company from its cooperation with the "Łęczyńska Energetyka" Sp. z o.o. subsidiary included primarily sales of coal, payments for the lease of space, telecommunications services, investor supervision services and re invoicing of electricity.

Purchase transactions included mainly the purchase of heat, potable water and upkeep of the sewerage and central heating systems, underground water installations and water supply systems.

The revenue earned by the Parent Company from its cooperation with the EkoTRANS Bogdanka Sp. z o.o. subsidiary included mainly payments for the lease of space and telecommunications services.

Purchase transactions included mainly the purchase of services related to transportation, disposal and management of waste created during the washing and purification of coal winnings, as well as land reclamation services.

The revenue earned by the Parent Company from its cooperation with the RG "Bogdanka" Sp. z o.o. subsidiary included mainly payments for the lease of space, fees for the use of equipment and tools and telecommunications services.

Purchase transactions included mainly the purchase of services related to the performance of mining works, auxiliary work in the mine and handling of coal haulage.

The revenue earned by the Parent Company from its cooperation with the MR Bogdanka Sp. z o.o. subsidiary included mainly payments for the lease of space and telecommunications services.

Purchase transactions included mainly the purchase of services related to the renovation of mining machinery and equipment, transportation units, refurbishing services, maintenance services and the supply of equipment and components.

In the reporting periods ended 31 March 2022 and 31 March 2021, the turnover resulting from purchases from Lubelski Węgiel Bogdanka Group companies and the amounts payable by the Parent Company to these entities were as follows:

	FOR THE PERIOD OF		
	01 Jan 2022- 31 Mar 2022	01 Jan 2021- 31 Dec 2021	01 Jan 2021- 31 Mar 2021
Purchases in the period, of which:	46,720	148,702	36,947
- Purchases of services activated as Property, plant and equipment	12,830	33,735	3,010
Balance of payables as at the end of the period, including VAT	20,188	17,485	15,655

In the reporting periods ended 31 March 2022 and 31 March 2021, the turnover resulting from purchases from sales to subsidiaries comprising the Lubelski Węgiel Bogdanka Group and the amounts receivable by the Parent Company from these entities were as follows:

	FOR THE PERIOD OF		
	01 Jan 2022- 31 Mar 2022	01 Jan 2021- 31 Dec 2021	01 Jan 2021- 31 Mar 2021
Sales in the period	5,016	13,761	4,772
Balance of receivables as at the end of the period including VAT	2,109	2,208	1,508

## 12. Sector and geographic segment reporting

The Management Board has not used segmentation managing the Group, as the Group focuses its activity mainly on the production and sales of coal.

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31 MARCH 2022	AS AT 31 DECEMBER 2021 restated*
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,478,896	3,469,838
Intangible assets	57,381	55,989
Right-of-use asset	24,112	26,205
Investment property	2,840	2,886
Deferred tax assets	2,681	2,243
Trade and other receivables	1,113	1,092
Cash and cash equivalents	145,751	147,671
<b>Total non-current assets</b>	<b>3,712,774</b>	<b>3,705,924</b>
<b>Current assets</b>		
Inventories	126,984	99,744
Trade and other receivables	308,714	325,697
Other current investments	250,025	-
Cash and cash equivalents	456,553	600,175
<b>Total current assets</b>	<b>1,142,276</b>	<b>1,025,616</b>
<b>TOTAL ASSETS</b>	<b>4,855,050</b>	<b>4,731,540</b>
<b>Equity</b>		
Common equity	301,158	301,158
Supplementary capital	702,549	702,549
Other reserve capital	1,988,063	1,988,063
Retained earnings	758,743	615,563
Equity attributable to shareholders of the Parent Company	3,750,513	3,607,333
Non-controlling interest	10,282	10,268
<b>Total equity</b>	<b>3,760,795</b>	<b>3,617,601</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	4,063	4,822
Deferred tax liabilities	228,074	232,855
Provisions on account of employee benefits	174,694	168,857
Provisions for other liabilities and charges	130,161	130,402
Subsidies	11,127	11,282
Lease liabilities	19,825	20,622
Trade and other payables	26,506	29,575
<b>Total non-current liabilities</b>	<b>594,450</b>	<b>598,415</b>
<b>Current liabilities</b>		
Loans and borrowings	3,111	3,120
Provisions on account of employee benefits	55,997	41,778
Provisions for other liabilities and charges	26,274	25,186
Subsidies	493	493
Lease liabilities	5,533	6,784
Current income tax liabilities	15,391	1,215
Financial liabilities due to measurement of derivatives	-	4,240
Trade and other payables	362,689	423,004
Liabilities from contracts with customers	30,317	9,704
<b>Total current liabilities</b>	<b>499,805</b>	<b>515,524</b>
<b>Total liabilities</b>	<b>1,094,255</b>	<b>1,113,939</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,855,050</b>	<b>4,731,540</b>

\*Explanation provided in Note 2



## INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2022	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2021 restated*
<i>Continuing operations</i>		
Revenue from sales	731,768	562,429
Cost of sales	(505,241)	(449,494)
Gross profit	226,527	112,935
Selling and distribution expenses	(10,109)	(8,902)
Administrative expenses	(35,598)	(32,663)
Other revenues	827	447
Other costs	(621)	(160)
Other losses - net	(1,375)	(2,061)
Operating profit	179,651	69,596
Finance income	2,256	68
Finance costs	(3,810)	(2,502)
Profit before tax	178,097	67,162
Income tax	(34,903)	(12,729)
Profit on continuing operations	143,194	54,433
Net profit for the period	143,194	54,433
of which profit attributable to:		
- <i>shareholders of the Parent Company</i>	143,180	54,356
- <i>non-controlling interest</i>	14	77

\*Explanation provided in Note 2

EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY IN THE PERIOD (IN PLN PER SHARE)	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2022	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2021 restated*
- basic earnings per share from continuing operations	4.21	1.60
- basic earnings per share from discontinued operations	-	-
<b>Basic earnings per share</b>	<b>4.21</b>	<b>1.60</b>
- diluted earnings per share from continuing operations	4.21	1.60
- diluted earnings per share from discontinued operations	-	-
<b>Diluted earnings per share</b>	<b>4.21</b>	<b>1.60</b>

\*Explanation provided in Note 2

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2022	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2021 restated*
<b>Net profit for the period</b>	<b>143,194</b>	<b>54,433</b>
Other comprehensive income/(loss) for the period		
Other comprehensive income/(loss) that will not be reclassified to profit or loss, before tax	-	-
Other comprehensive income/(loss) to be reclassified to profit or loss, before tax	-	-
Other comprehensive income/(loss), before tax	-	-
Income tax on the items not to be transferred	-	-
Income tax on the items to be transferred	-	-
Other net comprehensive income/(loss) for the period	-	-
<b>Net comprehensive income for the period – total</b>	<b>143,194</b>	<b>54,433</b>
<i>of which comprehensive income attributable to:</i>		
- <i>shareholders of the Parent Company</i>	143,180	54,356
- <i>non-controlling interest</i>	14	77

\*Explanation provided in Note 2

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	COMMON EQUITY	SUPPLEMENTARY CAPITAL	OTHER RESERVE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY	NON-CONTROLLING INTEREST	TOTAL EQUITY
<b>As at 1 January 2022</b>	<b>301,158</b>	<b>702,549</b>	<b>1,988,063</b>	<b>591,671</b>	<b>3,583,441</b>	<b>10,268</b>	<b>3,593,709</b>
Adjustment due to changes in accounting policy	-	-	-	23,892	23,892	-	23,892
<b>As at 1 January 2022 after adjustments</b>	<b>301,158</b>	<b>702,549</b>	<b>1,988,063</b>	<b>615,563</b>	<b>3,607,333</b>	<b>10,268</b>	<b>3,617,601</b>
Total net comprehensive income for the period:	-	-	-	143,180	<b>143,180</b>	14	<b>143,194</b>
- <i>net profit</i>	-	-	-	<i>143,180</i>	<b>143,180</b>	<i>14</i>	<b>143,194</b>
Change in equity in the period	-	-	-	143,180	<b>143,180</b>	14	<b>143,194</b>
<b>As at 31 March 2022</b>	<b>301,158</b>	<b>702,549</b>	<b>1,988,063</b>	<b>758,743</b>	<b>3,750,513</b>	<b>10,282</b>	<b>3,760,795</b>

	COMMON EQUITY	SUPPLEMENTARY CAPITAL	OTHER RESERVE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY	NON-CONTROLLING INTEREST	TOTAL EQUITY
<b>As at 1 January 2021</b>	<b>301,158</b>	<b>702,549</b>	<b>1,918,013</b>	<b>367,665</b>	<b>3,289,385</b>	<b>10,442</b>	<b>3,299,827</b>
Total net comprehensive income for the period**:	-	-	-	54,356	<b>54,356</b>	77	<b>54,433</b>
- <i>net profit</i>	-	-	-	<i>54,356</i>	<b>54,356</b>	<i>77</i>	<b>54,433</b>
Change in equity in the period	-	-	-	54,356	<b>54,356</b>	77	<b>54,433</b>
<b>As at 31 March 2021</b>	<b>301,158</b>	<b>702,549</b>	<b>1,918,013</b>	<b>422,021</b>	<b>3,343,741</b>	<b>10,519</b>	<b>3,354,260</b>

\*\*The table shows the restated amount of net profit and net comprehensive income for the year, as explained in Note 2

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2022	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2021 restated*
<b>Cash flows from operating activities</b>		
Net profit	143,194	54,433
<i>Adjustments:</i>		
Income tax recognized in profit or loss	34,903	12,729
Depreciation and amortization	96,806	105,719
Loss on the sale and liquidation of property, plant and equipment	17,518	12,328
Use and recognition of impairment allowances for property, plant and equipment	50	-
Interest income	(1,533)	(15)
Interest expense	582	645
Other cash flows	1,399	2,985
<i>Changes in working capital:</i>		
Change in provisions for employee benefits	20,056	20,080
Change in provisions	2,457	4,403
Change in inventories	(27,240)	(36,406)
Change in trade and other receivables	16,962	(49,488)
Change in trade and other payables	43,595	10,100
<b>Total adjustments</b>	<b>205,555</b>	<b>83,080</b>
<b>Cash from operating activities</b>	<b>348,749</b>	<b>137,513</b>
Income tax paid and received	(25,395)	(10,479)
<b>Net cash flows from operating activities</b>	<b>323,354</b>	<b>127,034</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(208,687)	(91,236)
Acquisition of intangible assets	(8,542)	(134)
Proceeds from sales of property, plant and equipment	330	-
Interest received	1,519	14
Expenditures for other short-term investments	(250,000)	-
Proceeds from cash collected in the Mine Closure Fund's bank account	1,920	365
<b>Net cash flows from investing activities</b>	<b>(463,460)</b>	<b>(90,991)</b>
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(2,673)	(1,344)
Repayments of loans and borrowings	(759)	(759)
Payments of interest and commissions related to financing activities	(84)	(114)
<b>Net cash flows from financing activities</b>	<b>(3,516)</b>	<b>(2,217)</b>
Net increase/(decrease) in cash and cash equivalents before effects of FX rate changes	(143,622)	33,826
Net increase/(decrease) in cash and cash equivalents	(143,622)	33,826
Cash and cash equivalents at the beginning of the period	600,175	241,610
<b>Cash and cash equivalents at the end of the period</b>	<b>456,553</b>	<b>275,436</b>

\*Explanation provided in Note 2

## ADDITIONAL INFORMATION FOR RECONCILIATION OF CONSOLIDATED CASH FLOWS FROM OPERATING ACTIVITIES

	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2022	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2021 restated*
Balance sheet change in liabilities, liabilities from contracts with customers and subsidies	(42,926)	(10,151)
Offsetting income tax overpayments against payables for other taxes	-	6,151
Change in capital commitments	86,521	14,100
<b>Change in liabilities for the purposes of the interim consolidated statement of cash flows</b>	<b>43,595</b>	<b>10,100</b>
Increases in fixed assets	122,271	77,143
Other non-cash adjustments	(105)	(7)
Change in capital commitments	86,521	14,100
<b>Acquisition of property, plant and equipment*</b>	<b>208,687</b>	<b>91,236</b>
Increases in intangible assets	8,541	133
Other non-cash adjustments	1	1
<b>Acquisition of intangible assets</b>	<b>8,542</b>	<b>134</b>

\*Explanation provided in Note 2

## INTERIM STATEMENT OF FINANCIAL POSITION

	AS AT 31 MARCH 2022	AS AT 31 DECEMBER 2021 restated*
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,403,097	3,391,630
Intangible assets	56,542	55,674
Non-current investments	75,601	75,601
Right-of-use asset	19,434	20,292
Trade and other receivables	113	123
Cash and cash equivalents	145,751	147,671
<b>Total non-current assets</b>	<b>3,700,538</b>	<b>3,690,991</b>
<b>Current assets</b>		
Inventories	121,173	95,421
Trade and other receivables	306,652	323,568
Other current investments	250,025	-
Cash and cash equivalents	436,159	580,560
<b>Total current assets</b>	<b>1,114,009</b>	<b>999,549</b>
<b>TOTAL ASSETS</b>	<b>4,814,547</b>	<b>4,690,540</b>
<b>Equity</b>		
Common equity	301,158	301,158
Supplementary capital	702,549	702,549
Other reserve capital	1,988,063	1,988,063
Retained earnings	746,753	604,736
<b>Total equity</b>	<b>3,738,523</b>	<b>3,596,506</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	228,052	232,833
Provisions on account of employee benefits	171,314	165,447
Provisions for other liabilities and charges	130,161	130,402
Subsidies	11,127	11,282
Lease liabilities	17,543	18,377
Trade and other payables	25,917	28,838
<b>Total non-current liabilities</b>	<b>584,114</b>	<b>587,179</b>
<b>Current liabilities</b>		
Provisions on account of employee benefits	51,841	39,240
Provisions for other liabilities and charges	25,375	25,085
Subsidies	493	493
Lease liabilities	3,070	3,048
Trade and other payables	363,769	422,181
Liabilities from contracts with customers	30,317	9,704
Current income tax liabilities	17,045	2,864
Financial liabilities due to measurement of derivatives	-	4,240
<b>Total current liabilities</b>	<b>491,910</b>	<b>506,855</b>
<b>Total liabilities</b>	<b>1,076,024</b>	<b>1,094,034</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,814,547</b>	<b>4,690,540</b>

\*Explanation provided in Note 2



## INTERIM STATEMENT OF PROFIT OR LOSS

	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2022	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2021 restated*
<i>Continuing operations</i>		
Revenue from sales	729,429	560,818
Cost of sales	(504,061)	(448,733)
Gross profit	225,368	112,085
Selling and distribution expenses	(10,158)	(8,968)
Administrative expenses	(35,895)	(33,260)
Other revenues	649	339
Other costs	(613)	(159)
Other losses - net	(1,387)	(2,054)
Operating profit	177,964	67,983
Finance income	2,241	67
Finance costs	(3,665)	(2,326)
Profit before tax	176,540	65,724
Income tax	(34,523)	(12,493)
Profit on continuing operations	142,017	53,231
Net profit for the period	142,017	53,231

\*Explanation provided in Note 2

EARNINGS PER SHARE ATTRIBUTABLE TO COMPANY SHAREHOLDERS DURING THE YEAR (IN PLN PER SHARE)	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2022	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2021 restated*
- basic earnings per share from continuing operations	4.18	1.56
- basic earnings per share from discontinued operations	-	-
<b>Basic earnings per share</b>	<b>4.18</b>	<b>1.56</b>
- diluted earnings per share from continuing operations	4.18	1.56
- diluted earnings per share from discontinued operations	-	-
<b>Diluted earnings per share</b>	<b>4.18</b>	<b>1.56</b>

\*Explanation provided in Note 2

## INTERIM STATEMENT OF COMPREHENSIVE INCOME

	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2022	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2021 restated*
<b>Net profit for the period</b>	<b>142,017</b>	<b>53,231</b>
Other comprehensive income/(loss) for the period		
Other comprehensive income/(loss) that will not be reclassified to profit or loss, before tax	-	-
Other comprehensive income/(loss) to be reclassified to profit or loss, before tax	-	-
Other comprehensive income/(loss), before tax	-	-
Income tax on the items not to be transferred	-	-
Income tax on the items to be transferred	-	-
Other net comprehensive income/(loss) for the period	-	-
<b>Net comprehensive income for the period – total</b>	<b>142,017</b>	<b>53,231</b>

\*Explanation provided in Note 2

## INTERIM STATEMENT OF CHANGES IN EQUITY

	COMMON EQUITY	SUPPLEMENTARY CAPITAL	OTHER RESERVE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
<b>As at 1 January 2022</b>	<b>301,158</b>	<b>702,549</b>	<b>1,988,063</b>	<b>580,844</b>	<b>3,572,614</b>
Adjustment due to changes in accounting policy	-	-	-	23,892	23,892
<b>As at 1 January 2022 after adjustments</b>	<b>301,158</b>	<b>702,549</b>	<b>1,988,063</b>	<b>604,736</b>	<b>3,596,506</b>
Total net comprehensive income for the period:	-	-	-	142,017	<b>142,017</b>
- <i>net profit</i>	-	-	-	142,017	<b>142,017</b>
Change in equity in the period	-	-	-	142,017	<b>142,017</b>
<b>As at 31 March 2022</b>	<b>301,158</b>	<b>702,549</b>	<b>1,988,063</b>	<b>746,753</b>	<b>3,738,523</b>

	COMMON EQUITY	SUPPLEMENTARY CAPITAL	OTHER RESERVE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
<b>As at 1 January 2021</b>	<b>301,158</b>	<b>702,549</b>	<b>1,918,013</b>	<b>353,647</b>	<b>3,275,367</b>
Total net comprehensive income for the period**:	-	-	-	53,231	<b>53,231</b>
- <i>net profit</i>	-	-	-	53,231	<b>53,231</b>
Change in equity in the period	-	-	-	53,231	<b>53,231</b>
<b>As at 31 March 2021</b>	<b>301,158</b>	<b>702,549</b>	<b>1,918,013</b>	<b>406,878</b>	<b>3,328,598</b>

\*\*The table shows the restated amount of net profit and net comprehensive income for the year, as explained in Note 2

## INTERIM STATEMENT OF CASH FLOWS

	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2022	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2021 restated*
<b>Cash flows from operating activities</b>		
Net profit	142,017	53,231
<i>Adjustments:</i>		
Income tax recognized in profit or loss	34,523	12,493
Depreciation and amortization	92,720	102,920
Loss on the sale and liquidation of property, plant and equipment	17,531	12,321
Use and recognition of impairment allowances for property, plant and equipment	50	-
Interest income	(1,533)	(14)
Interest expense	447	469
Other cash flows	(4,824)	2,427
<i>Changes in working capital:</i>		
Change in provisions for employee benefits	18,468	19,322
Change in provisions	1,658	3,572
Change in inventories	(25,752)	(36,591)
Change in trade and other receivables	16,926	(48,881)
Change in trade and other payables	45,019	8,910
<b>Total adjustments</b>	<b>195,233</b>	<b>76,948</b>
Cash from operating activities	337,250	130,179
Income tax paid and received	(24,535)	(10,254)
<b>Net cash flows from operating activities</b>	<b>312,715</b>	<b>119,925</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(207,899)	(90,098)
Acquisition of intangible assets	(1,700)	(35)
Proceeds from sales of property, plant and equipment	313	-
Interest received	1,508	14
Expenditures for other short-term investments	(250,000)	-
Proceeds from cash collected in the Mine Closure Fund's bank account	1,920	365
<b>Net cash flows from investing activities</b>	<b>(455,858)</b>	<b>(89,754)</b>
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(1,258)	(1,258)
<b>Net cash flows from financing activities</b>	<b>(1,258)</b>	<b>(1,258)</b>
Net increase/(decrease) in cash and cash equivalents before effects of FX rate changes	(144,401)	28,913
Net increase/(decrease) in cash and cash equivalents	(144,401)	28,913
Cash and cash equivalents at the beginning of the period	580,560	216,782
<b>Cash and cash equivalents at the end of the period</b>	<b>436,159</b>	<b>245,695</b>

\*Explanation provided in Note 2

## ADDITIONAL INFORMATION FOR RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2022	FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2021 restated*
Balance sheet change in liabilities, liabilities from contracts with customers and subsidies	(40,875)	(10,859)
Offsetting income tax overpayments against payables for other taxes	-	6,151
Change in capital commitments	85,894	13,618
<b>Change in liabilities for the purposes of the interim statement of cash flows</b>	<b>45,019</b>	<b>8,910</b>
Increases in fixed assets	122,109	76,488
Other non-cash adjustments	(104)	(8)
Change in capital commitments	85,894	13,618
<b>Acquisition of property, plant and equipment*</b>	<b>207,899</b>	<b>90,098</b>

\*Explanation provided in Note 2

## APPROVAL OF THE CONSOLIDATED QUARTERLY REPORT

The Management Board of Lubelski Węgiel Bogdanka S.A. hereby represents that on 23 May 2022 it approved this Consolidated Quarterly Report for the first quarter of the financial year 2022 covering the period from 1 January to 31 March 2022.

## SIGNATURES OF ALL MANAGEMENT BOARD MEMBERS AND THE CHIEF ACCOUNTANT OF THE PARENT COMPANY

**ARTUR WASIL**

President of the Management Board

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.....

**ARTUR WASIL**

Vice-President of the Management Board,  
Economic and Financial Affairs

.....  
.....

**DARIUSZ DUMKIEWICZ**

Vice-President of the Management Board,  
Development

.....  
.....

**ADAM PARTYKA**

Vice-President of the Management Board,  
Labor and Social Affairs

.....  
.....

**KASJAN WYLIGAŁA**

Vice-President of the Management Board,  
Operations

.....  
.....

**URSZULA PIĄTEK**

Chief Accountant

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