CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM
1 JANUARY TO 30 JUNE 2022

LUBELSKI WĘGIEL BOGDANKA GROUP

SEPTEMBER 2022

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INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

	NOTE	AS AT 30 JUNE 2022	AS AT 31 DECEMBER 2021 restated*
Assets			
Non-current assets			
Property, plant and equipment	5	3,506,064	3,469,838
Intangible assets	6	60,924	55,989
Right-of-use asset	7.1	25,001	26,205
Investment property	8	2,794	2,886
Deferred tax assets		2,920	2,243
Trade and other receivables	9	1,103	1,092
Cash and cash equivalents	11	145,751	147,671
Total non-current assets		3,744,557	3,705,924
Current assets			
Inventories	10	181,482	99,744
Trade and other receivables	9	273,776	325,697
Other current investments	12	252,268	-
Cash and cash equivalents	11	590,322	600,175
Total current assets		1,297,848	1,025,616
TOTAL ASSETS		**5,042,405**	**4,731,540**
Equity			
Common equity	13	301,158	301,158
Supplementary capital		702,549	702,549
Other reserve capital		2,194,624	1,988,063
Retained earnings		668,193	615,563
Equity attributable to shareholders of the Parent Company		3,866,524	3,607,333
Non-controlling interests		10,514	10,268
Total equity		3,877,038	3,617,601
Liabilities			
Non-current liabilities			
Loans and borrowings	17	3,304	4,822
Deferred tax liabilities		239,575	232,855
Provisions for employee benefits	19	147,859	168,857
Provisions for other liabilities and charges	20	129,994	130,402
Subsidies	16	10,951	11,282
Lease liabilities		19,061	20,622
Trade and other payables	15	26,706	29,575
Total non-current liabilities		577,450	598,415
Current liabilities			
Loans and borrowings	17	3,104	3,120
Provisions for employee benefits	19	73,142	41,778
Provisions for other liabilities and charges	20	11,917	25,186
Subsidies	16	493	493
Lease liabilities		7,309	6,784
Current income tax liabilities		8,972	1,215
Financial liabilities		-	4,240
Dividend liabilities		85,038	4
Trade and other payables	15	386,841	423,000
Liabilities from contracts with customers		11,101	9,704
Total current liabilities		587,917	515,524
Total liabilities		1,165,367	1,113,939
TOTAL EQUITY AND LIABILITIES		**5,042,405**	**4,731,540**

*explanation provided in Note 2.1.1

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

BOGDANKA

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	NOTE	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021 restated*
Continuing operations			
Revenue from sales	21	1,462,589	1,083,938
Cost of sales		(957,590)	(872,959)
Profit before tax		504,999	210,979
Selling costs		(21,494)	(18,523)
Administrative expenses		(68,746)	(64,993)
Other revenues	22	1,040	977
Other costs	23	(904)	(311)
Other losses - net	24	(2,937)	(1,784)
Operating profit		411,958	126,345
Finance income	25	9,385	142
Finance costs	25	(6,762)	(4,287)
Profit before tax		414,581	122,200
Income tax	26.2	(78,537)	(22,620)
Profit on continuing operations		336,044	99,580
Net profit for the period		336,044	99,580
of which profit attributable to:			
- shareholders of the Parent Company		*335,798*	*99,713*
- non-controlling interests		*246*	*(133)*

*explanation provided in Note 2.1.1

EARNINGS PER SHARE

EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY IN THE PERIOD (IN PLN PER SHARE)	NOTE	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021 restated*
- basic earnings per share from continuing operations		9.87	2.93
- basic earnings per share from discontinued operations		-	-
Basic earnings per share	27	**9.87**	**2.93**
- diluted earnings per share from continuing operations		9.87	2.93
- diluted earnings per share from discontinued operations		-	-
Diluted earnings per share	27	**9.87**	**2.93**

*explanation provided in Note 2.1.1

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTE	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021 restated*
Net profit for the period		**336,044**	**99,580**
Other comprehensive income/(loss) for the period			
Items never to be reclassified to current period profit or loss: Actuarial gains/(losses) from defined benefit plans	19	10,404	(882)
Other comprehensive income/(loss) that will not be reclassified to profit or loss, before tax		10,404	(882)
Other comprehensive income/(loss) to be reclassified to profit or loss, before tax		-	-
Other comprehensive income/(loss), before tax		10,404	(882)
Income tax on the items not to be transferred	26.1	(1,977)	168
Income tax on the items to be transferred		-	-
Other net comprehensive income/(loss) for the period		8,427	(714)
Net comprehensive income for the period – total		**344,471**	**98,866**
of which comprehensive income attributable to:			
- shareholders of the Parent Company		*344,225*	*98,999*
- non-controlling interests		*246*	*(133)*

*explanation provided in Note 2.1.1

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

BOGDANKA

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	NOTE	COMMON EQUITY	SUPPLEMENTARY CAPITAL	OTHER RESERVE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
As at 1 January 2022		**301,158**	**702,549**	**1,988,063**	**591,671**	**3,583,441**	**10,268**	**3,593,709**
Adjustment due to changes in accounting policy		-	-	-	23,892	**23,892**	-	**23,892**
As at 1 January 2022 after adjustments		**301,158**	**702,549**	**1,988,063**	**615,563**	**3,607,333**	**10,268**	**3,617,601**
Total net comprehensive income for the period:		-	-	-	344,225	**344,225**	246	**344,471**
- net profit		-	-	-	*335,798*	***335,798***	*246*	***336,044***
- other comprehensive income		-	-	-	*8,427*	***8,427***	-	***8,427***
Dividend	28	-	-	-	(85,034)	**(85,034)**	-	**(85,034)**
Transfer of the previous year's result	28	-	-	206,561	(206,561)	-	-	-
Change in equity in the period		-	-	206,561	52,630	**259,191**	246	**259,437**
As at 30 June 2022		**301,158**	**702,549**	**2,194,624**	**668,193**	**3,866,524**	**10,514**	**3,877,038**

	NOTE	COMMON EQUITY	SUPPLEMENTARY CAPITAL	OTHER RESERVE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
As at 1 January 2021		**301,158**	**702,549**	**1,918,013**	**367,665**	**3,289,385**	**10,442**	**3,299,827**
Total net comprehensive income for the period**:		-	-	-	98,999	**98,999**	(133)	**98,866**
- net profit		-	-	-	*99,713*	***99,713***	*(133)*	***99,580***
- other comprehensive loss		-	-	-	*(714)*	***(714)***	-	***(714)***
Dividend		-	-	-	-	**-**	(86)	**(86)**
Transfer of the previous year's result		-	-	70,050	(70,050)	-	-	-
Change in equity in the period		-	-	70,050	28,949	**98,999**	(219)	**98,780**
As at 30 June 2021		**301,158**	**702,549**	**1,988,063**	**396,614**	**3,388,384**	**10,223**	**3,398,607**

**The table shows the restated amount of net profit and net comprehensive income for the year, as explained in Note 2.1.1

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

BOGDANKA

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021 restated*
Cash flows from operating activities			
Net profit		336,044	99,580
Adjustments:			
Income tax in the interim consolidated statement of profit or loss		78,537	22,620
Depreciation and amortization		199,120	213,649
Loss on the sale and liquidation of property, plant and equipment		24,206	24,096
Use and recognition of impairment allowances for property, plant and equipment		4,314	6
Interest income		(8,335)	(65)
Interest expense		655	840
Other cash flows		(2,498)	4,232
Changes in working capital:			
Change in provisions for employee benefits		20,770	18,435
Change in other provisions		(10,550)	7,153
Change in inventories		(81,738)	(85,249)
Change in trade and other receivables		51,910	38,144
Change in trade and other payables		55,120	26,472
Total adjustments		331,511	270,333
Cash from operating activities		667,555	369,913
Income tax paid and received		(63,114)	(42,597)
Net cash flows from operating activities		**604,441**	**327,316**
Cash flows from investing activities			
Acquisition of property, plant and equipment	29	(352,766)	(164,136)
Acquisition of intangible assets		(12,968)	(3,782)
Proceeds from sales of property, plant and equipment		335	96
Interest received		6,102	18
Expenditures for other short-term investments	12	(250,000)	-
Proceeds from cash collected in the Mine Closure Fund's bank account		1,920	365
Net cash flows from investing activities		**(607,377)**	**(167,439)**
Cash flows from financing activities			
Payment of lease liabilities		(5,241)	(2,124)
Repayments of loans and borrowings	17	(1,518)	(1,518)
Payments of interest and commissions related to financing activities	17	(158)	(219)
Dividends paid		-	(86)
Net cash flows from financing activities		**(6,917)**	**(3,947)**
Net increase/(decrease) in cash and cash equivalents before effects of FX rate changes		(9,853)	155,930
Increase/(Decrease) in the net balance of cash and cash equivalents		(9,853)	155,930
Cash and cash equivalents at the beginning of the period		600,175	241,610
Cash and cash equivalents at the end of the period		**590,322**	**397,540**

*explanation provided in Note 2.1.1

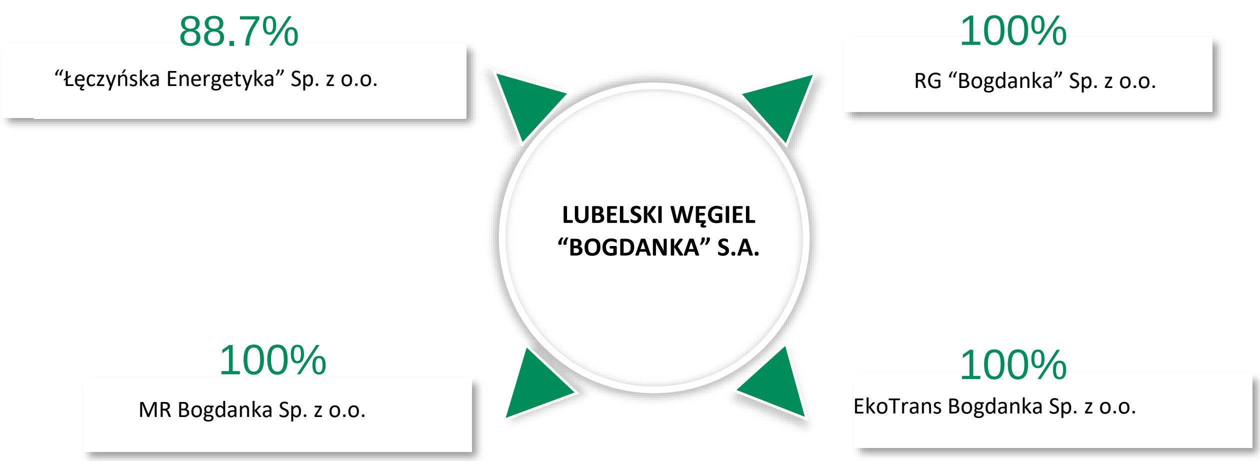
FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

1. GENERAL INFORMATION

Name of the reporting entity:	Lubelski Węgiel "Bogdanka" S.A.
Registered office:	Bogdanka, Republic of Poland
Legal form:	Joint stock company (spółka akcyjna)
Country of registration:	Republic of Poland
Registered office address:	Bogdanka, 21-013 Puchaczów
Primary place of business:	Republic of Poland
Primary line of business:	hard coal mining
Parent company:	Enea S.A.
Top-level parent in the Group:	State Treasury

1.1. Composition of the Group and its primary line of business

Lubelski Węgiel Bogdanka Group:



% of votes at general 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 under the laws 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 30 June 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 30 June 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 30 June 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 30 June 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 summary list of subsidiaries comprising the Group as at the balance sheet date is presented in the table below:

NAME OF THE SUBSIDIARY	BALANCE SHEET TOTAL [PLN 000s]	EQUITY [PLN 000s]	% SHARES HELD	NON-CONTROLLING INTERESTS	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.	108,425	93,022	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.	27,558	3,104	100.0	none	none	full
EkoTRANS BOGDANKA Sp. z o.o.	4,640	603	100.0	none	none	full
MR BOGDANKA Sp. z o.o.	9,929	5,602	100.0	none	none	full

All entities were consolidated in the current period and in previous periods

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. As a result of a disposal by a subsidiary of ENEA S.A. of the Parent Company's shares in Q2 2022, as at 30 June 2022, ENEA S.A. held in total 64.57% of shares in Lubelski Węgiel "Bogdanka" S.A.

On 18 June 2022, a letter of intent was signed in the Parent Company's headquarters regarding the sale of shares in Lubelski Węgiel "Bogdanka" S.A. by ENEA S.A. to the State Treasury. According to its contents, ENEA and the Ministry of State Assets will cooperate in the preparation and execution of the share purchase transaction. The letter of intent assumes that the State Treasury will purchase from ENEA S.A. a total of 21,962,189 shares in the Parent Company by the end of 2023.

The State Treasury is the ultimate controlling entity.

1.2. Going concern assumption

These interim condensed consolidated financial statements have been prepared based on the assumption that the Company will continue its business activity as a going concern in the foreseeable future and that there are no circumstances indicating a treat to the Group continuing as a going concern.

2. DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES APPLIED

2.1. Basis of preparation

These interim condensed consolidated financial statements of the Group for H1 2022 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as approved by the European Union.

The interim condensed consolidated financial statements have been drawn up in accordance with the historical cost principle, except for derivative financial instruments 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. For measurement and/or disclosure purposes in the interim condensed consolidated financial statements of the Group, fair value 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.

2.1.1. New 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 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 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 table below presents the effect of the application of this amendment as at 1 January 2022.

Effect of application of the Amendment to IAS 16 *Property, plant and equipment* 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
Retained earnings	*591,671*	*23,892*	*615,563*
Deferred tax liabilities	227,251	5,604	232,855

At the same time, in order to maintain comparability of data, the Group's consolidated numbers for H1 2021 were restated. The total effect of this adjustment on the period result as at 30 June 2021 was PLN 8,222 thousand.

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

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 or loss, the interim consolidated statement of comprehensive income and the interim consolidated statement of cash flows for H1 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*
Assets			
Non-current assets			
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
Total non-current assets	3,676,428	29,496	3,705,924
Current assets			
Inventories	99,744	-	99,744
Trade and other receivables	325,697	-	325,697
Cash and cash equivalents	600,175	-	600,175
Total current assets	1,025,616	-	1,025,616
TOTAL ASSETS	**4,702,044**	**29,496**	**4,731,540**
Equity			
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 interests	10,268	-	10,268
Total equity	3,593,709	23,892	3,617,601
Liabilities			
Non-current liabilities			
Loans and borrowings	4,822	-	4,822
Deferred tax liabilities	227,251	5,604	232,855
Provisions for 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
Total non-current liabilities	592,811	5,604	598,415
Current liabilities			
Loans and borrowings	3,120	-	3,120
Provisions for 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
Total current liabilities	515,524	-	515,524
Total liabilities	1,108,335	5,604	1,113,939
TOTAL EQUITY AND LIABILITIES	**4,702,044**	**29,496**	**4,731,540**

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

Interim consolidated statement of profit or loss for H1 2021

	Data for the period from 1 January to 30 June 2021 approved	Adjustment due to application of the Amendment to IAS 16	Data for the period from 1 January to 30 June 2021 restated*
Continuing operations			
Revenue from sales	1,046,591	37,347	1,083,938
Cost of sales	(845,763)	(27,196)	(872,959)
Profit before tax	200,828	10,151	210,979
Selling costs	(18,523)	-	(18,523)
Administrative expenses	(64,993)	-	(64,993)
Other revenues	977	-	977
Other costs	(311)	-	(311)
Other losses - net	(1,784)	-	(1,784)
Operating profit	116,194	10,151	126,345
Finance income	142	-	142
Finance costs	(4,287)	-	(4,287)
Profit before tax	112,049	10,151	122,200
Income tax	(20,691)	(1,929)	(22,620)
Profit on continuing operations	91,358	8,222	99,580
Net profit for the period	91,358	8,222	99,580
of which profit attributable to:			
- shareholders of the Parent Company	*91,491*	*8,222*	*99,713*
- non-controlling interests	*(133)*	-	*(133)*

Interim consolidated statement of comprehensive income for H1 2021

	Data for the period from 1 January to 30 June 2021 approved	Adjustment due to application of the Amendment to IAS 16	Data for the period from 1 January to 30 June 2021 restated*
Net profit for the period	**91,358**	**8,222**	**99,580**
Other comprehensive loss for the period			
Items never to be reclassified to current period profit or loss:			
Actuarial losses from defined benefit plans	(882)	-	(882)
Other comprehensive loss that will not be reclassified to profit or loss, before tax	(882)	-	(882)
Other comprehensive income/(loss) to be reclassified to profit or loss, before tax	-	-	-
Other comprehensive loss, before tax	(882)	-	(882)
Income tax on the items not to be transferred	168	-	168
Other comprehensive net loss for the period	(714)	-	(714)
Net comprehensive income for the period – total	**90,644**	**8,222**	**98,866**
of which comprehensive income attributable to:			
- shareholders of the Parent Company	*90,777*	*8,222*	*98,999*
- non-controlling interests	*(133)*	-	*(133)*

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

Interim consolidated statement of cash flows for Q1 2021

	Data for the period from 1 January to 30 June 2021 approved	Adjustment due to application of the Amendment to IAS 16	Data for the period from 1 January to 30 June 2021 restated*
Cash flows from operating activities			
Net profit	91,358	8,222	99,580
Adjustments:			
Income tax in the interim consolidated statement of profit or loss	20,691	1,929	22,620
Depreciation and amortization	213,649	-	213,649
Loss on the sale and liquidation of property, plant and equipment	24,096	-	24,096
Use and recognition of impairment allowances for property, plant and equipment	6	-	6
Interest income	(65)	-	(65)
Interest expense	840	-	840
Other cash flows	4,232	-	4,232
Changes in working capital:			
Change in provisions for employee benefits	18,435	-	18,435
Change in other provisions	7,153	-	7,153
Change in inventories	(85,249)	-	(85,249)
Change in trade and other receivables	38,144	-	38,144
Change in trade and other payables	26,472	-	26,472
Total adjustments	268,404	1,929	270,333
Cash from operating activities	359,762	10,151	369,913
Income tax paid and received	(42,597)	-	(42,597)
Net cash flows from operating activities	**317,165**	**10,151**	**327,316**
Cash flows from investing activities			
Acquisition of property, plant and equipment	(153,985)	(10,151)	(164,136)
Acquisition of intangible assets	(3,782)	-	(3,782)
Proceeds from sales of property, plant and equipment	96	-	96
Interest received	18	-	18
Proceeds from cash collected in the Mine Closure Fund’s bank account	365	-	365
Net cash flows from investing activities	**(157,288)**	**(10,151)**	**(167,439)**
Cash flows from financing activities			
Payment of lease liabilities	(2,124)	-	(2,124)
Repayments of loans and borrowings	(1,518)	-	(1,518)
Payments of interest and commissions related to financing activities	(219)	-	(219)
Dividends paid	(86)	-	(86)
Net cash flows from financing activities	**(3,947)**	**-**	**(3,947)**
Net increase in cash and cash equivalents before effects of FX rate changes	155,930	-	155,930
Net increase in cash and cash equivalents	155,930	-	155,930
Cash and cash equivalents at the beginning of the period	241,610	-	241,610
Cash and cash equivalents at the end of the period	**397,540**	**-**	**397,540**

Except for the amendments described above, the interim condensed consolidated 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 financial statements for 2021.

2.1.2. Material items subject to judgment and estimates

Preparation of the interim condensed consolidated financial statements on the basis of the International Financial Reporting Standards and in accordance with the accounting policy requires that, in additional to accounting estimates, professional judgment of the Management Board is also used regarding 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.

The significant estimations and judgments have not changed since the publication of the annual consolidated financial statements for 2021.

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

2.1.3. New standards and interpretations

In these interim condensed consolidated financial statements, the Group applied for the first time the following new standards and amendments to the existing standards, which came into force as of 1 January 2022:

- Amendments to IFRS 3 "Business Combinations"
  The amendments to the standard published in May 2020 are aimed at updating the relevant references to the IFRS Conceptual Framework without making any substantive changes to the accounting for business combinations.

  Application of the above amendments had no significant effect on the Group's consolidated financial statements.

- Amendment to IAS 16 "Property, Plant and Equipment"
  The amendment to IAS 16 prohibits 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 recognizes the above revenue from sales and related costs directly in the statement of profit or loss.

  The impact of application of the above amendment was presented in detail in note 2.1.1.

- Amendment to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"
  Amendments to IAS 37 provide clarification regarding the costs that an entity should take into account in analyzing whether a contract is onerous.

  Application of the above amendments had no significant effect on the Group's consolidated financial statements.

- Annual Improvements to IFRSs 2018-2020
  The "Annual improvements to IFRSs 2018-2020" contain amendments to: IFRS 1 "First-time adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and illustrative examples to IFRS 16 "Leases". The improvements contain clarifications and refine the guidance of the standards with regard to recognition and measurement.

  Application of the above amendments had no significant effect on the Group's consolidated financial statements.

With respect to these interim condensed consolidated financial statements, the Group has not chosen early application of the following published standards, interpretations or amendments to the existing standards before their effective date.

- Amendments to IAS 1 "Presentation of Financial Statements" and guidance of International Accounting Standards Board regarding accounting policy disclosures
  The amendment to IAS 1 requires disclosure of material information regarding the accounting policies defined in the standard. The amendment clarifies that information on accounting policies is material if, in its absence, users of financial statements would not be able to understand other material information contained in the financial statements. Moreover, the Board's guidance on applying in practice the concept of materiality has also been modified to provide guidance on applying the concept of materiality to disclosures of accounting policies. The amendment comes into effect as of 1 January 2023.

- Amendment to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"
  In February 2021, the Board published an amendment to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" concerning the definition of estimates. The amendment to IAS 8 explains how entities should differentiate changes of accounting policies from changes in estimates. The amendment comes into effect as of 1 January 2023.
- Amendments to IAS 12 "Income Taxes"
  The amendments to IAS 12 clarify how to account for deferred taxes on transactions such as leases and asset retirement obligations. Prior to the amendments to the standard, there was ambiguity as to whether the exemption for the recognition of deferred tax recognized for the first time applied to these types of transactions, i.e. ones where both deferred tax assets and liabilities are recognized. The amendments to IAS 12 clarify that the exemption does not apply and that entities are required to recognize deferred tax

on such transactions. The amendments require companies to recognize deferred taxes on transactions that, upon initial recognition, give rise to equal taxable and deductible temporary differences.
The amendment is applicable to financial statements for the periods beginning on or after 1 January 2023.
At the time of preparing these interim condensed consolidated financial statements, the amendments have not yet been approved by the European Union.

- Amendments to IAS 1 “Presentation of financial statements”
  The Board has published amendments to IAS 1, which clarify the issue of presentation of liabilities as non-current and current. The amendment is applicable to financial statements for the periods beginning on or after 1 January 2023.
  At the time of preparing these interim condensed consolidated financial statements, the amendment has not yet been approved by the European Union.

- Amendments to IFRS 10 and IAS 28 concerning the sale or contribution of assets between an investor and its associates or joint ventures
  The amendments resolve the existing inconsistency between IFRS 10 and IAS 28. The accounting treatment depends on whether non-cash assets that are sold or contributed to an associate or joint venture constitute a “business.” If the non-cash assets constitute a “business” then the investor reports the full gain or loss on the transaction. If however the assets do not meet the definition of a business then the investor recognizes a gain or loss only from the portion representing the interests of other investors.
  The amendments were published on 11 September 2014. At the time of preparing these consolidated financial statements, the approval of this amendment has been deferred by the European Union.

The Group is in the course of analyzing the impact that the new standards will exert on the consolidated financial statements. The amendments (to IAS 1, IAS 8, IFRS 10 and IAS 28) will affect the consolidated financial statements, however the Group believes the impact will be relatively insignificant.

3. SEGMENT INFORMATION

Basic reporting layout – industry segments

The Group focuses its activity mainly on the production and sales of coal. Revenue from sales of other products and services in the period from 1 January to 30 June 2022 amounted to PLN 38,860 thousand (PLN 28,028 thousand in the same period last year), representing 2.7% of total consolidated sales revenues in 2022 (2.6% in the same period last year).

Accordingly, the Group does not present its operating results broken down by industry segments.

Supplementary reporting layout – geographic segments

The Group conducts its operations mainly in the territory of Poland. In the period from 1 January to 30 June 2022, revenue from sales of coal outside Poland amounted to PLN 76,372 thousand (PLN 37,769 thousand in the same period last year), which was 5.2% (3.5% in the same period last year) of total consolidated sales revenues. The Group also has no related assets and liabilities located outside of the territory of Poland.

Accordingly, the Group does not present its operating results broken down by geographic segments.

In carrying out its tasks, the Management Board of the Parent Company analyzes financial data that are consistent with the consolidated financial statements prepared in accordance with the IFRS.

Breakdown into mining fields

The Parent Company conducts its business in the area of three mining fields: Bogdanka, Nadrybie and Stefanów. Production assets are concentrated at the location of the Parent Company's registered office, at the center of the Bogdanka field and they are linked to the other locations; this is why the Nadrybie and Stefanów fields cannot function independently. Because of these interrelations between the individual fields, departments and because of the organization in effect in the mine, all of the Parent Company's assets are treated as a single CGU (Cash Generating Unit).

Main buyers of coal

During the 6 months of 2022 and 2021, the Group's key buyers with the share in sales exceeding 10% of revenue from sales, included:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
ENEA Wytwarzanie Sp. z o.o.	52%	67%
ENEA Elektrownia Połaniec S.A.	17%	14%

4. SEASONALITY INFORMATION

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 0.8% of the total consolidated revenue from sales. Accordingly, this has no significant impact on the Group's operating and financing activities.

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5. PROPERTY, PLANT AND EQUIPMENT

Restated*	LAND	BUILDINGS AND STRUCTURES TOTAL	BUILDINGS AND STRUCTURES INCLUDING ROADWAYS	TECHNICAL EQUIPMENT AND MACHINERY	MEANS OF TRANSPORTATION	OTHER PROPERTY, PLANT AND EQUIPMENT	FIXED ASSETS UNDER CONSTRUCTION	TOTAL
As at 1 January 2022								
Cost or valuation	11,566	3,577,390	2,491,148	2,933,656	132,019	30,360	214,629	6,899,620
Accumulated depreciation	-	(1,576,191)	(1,095,838)	(1,789,595)	(70,409)	(23,083)	-	(3,459,278)
Net carrying amount	**11,566**	**2,001,199**	**1,395,310**	**1,144,061**	**61,610**	**7,277**	**214,629**	**3,440,342**
As at 30 June 2022								
Net carrying amount at the beginning of the year	11,566	2,001,199	1,395,310	1,144,061	61,610	7,277	214,629	3,440,342
Adjustment due to application of the Amendment to IAS 16*	-	23,273	23,273	-	-	-	6,223	29,496
Increases	-	-	-	-	-	872	259,817	260,689
Transfers from fixed assets under construction	750	47,482	44,515	80,547	8,152	560	(137,491)	-
Decreases	-	(27,475)	(24,348)	(791)	(45)	-	(105)	(28,416)
Depreciation	-	(103,803)	(90,223)	(83,952)	(3,009)	(1,496)	-	(192,260)
Impairment loss	(50)	-	-	(3,737)	-	-	-	(3,787)
Net carrying amount	12,266	1,940,676	1,348,527	1,136,128	66,708	7,213	343,073	3,506,064
As at 30 June 2022								
Cost or valuation	12,266	3,495,421	2,409,265	3,001,090	139,554	30,117	343,073	7,021,521
Accumulated depreciation	-	(1,554,745)	(1,060,738)	(1,864,962)	(72,846)	(22,904)	-	(3,515,457)
Net carrying amount	**12,266**	**1,940,676**	**1,348,527**	**1,136,128**	**66,708**	**7,213**	**343,073**	**3,506,064**
As at 1 January 2021								
Cost or valuation	11,408	3,560,462	2,411,645	2,754,872	108,746	30,275	260,030	6,725,793
Accumulated depreciation	-	(1,459,775)	(1,002,668)	(1,646,893)	(64,814)	(22,746)	-	(3,194,228)
Net carrying amount	**11,408**	**2,100,687**	**1,408,977**	**1,107,979**	**43,932**	**7,529**	**260,030**	**3,531,565**
As at 30 June 2021								
Net carrying amount at the beginning of the year	11,408	2,100,687	1,408,977	1,107,979	43,932	7,529	260,030	3,531,565
Adjustment due to application of the Amendment to IAS 16*	-	10,151	10,151	-	-	-	-	10,151
Increases	-	-	-	-	-	754	136,994	137,748
Transfers from fixed assets under construction	158	180,052	174,724	31,702	22,002	707	(234,621)	-
Decreases	-	(40,130)	(24,126)	(72)	(41)	-	(3,466)	(43,709)
Depreciation	-	(129,945)	(116,831)	(75,773)	(3,041)	(1,385)	-	(210,144)
Impairment loss	-	-	-	-	-	-	3,428	3,428
Net carrying amount	11,566	2,120,815	1,452,895	1,063,836	62,852	7,605	162,365	3,429,039
As at 30 June 2021								
Cost or valuation	11,566	3,601,994	2,463,792	2,777,353	130,241	29,395	162,365	6,712,914
Accumulated depreciation	-	(1,481,179)	(1,010,897)	(1,713,517)	(67,389)	(21,790)	-	(3,283,875)
Net carrying amount	**11,566**	**2,120,815**	**1,452,895**	**1,063,836**	**62,852**	**7,605**	**162,365**	**3,429,039**

*explanation provided in Note 2.1.1

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

5.1. Property, plant and equipment – roadways

The following tables present a brief description of the roadways and other items of property, plant and equipment reported under the heading "roadways".

As at 30 June 2022:

	Quantity [pcs]	Length [m]	Initial value	Accumulated depreciation	Net value as at the balance sheet date	Level of accumulated depreciation in the group
Roadways recognized as fixed assets, depreciated using the natural method, of which:	27	21,462	425,749	(287,714)	138,035	68%
- depreciated until June 2022.	*8*	*5,611*	*127,503*	*(90,939)*	*36,564*	*71%*
Roadways recognized as fixed assets, depreciated based on useful lives	248	94,903	1,675,943	(614,547)	1,061,396	37%
Others items depreciated based on useful lives (shafts, shaft towers, stoppings, storage tanks and other)	30	-	307,573	(158,477)	149,096	52%
As at 30 June 2022	**305**	**116,365**	**2,409,265**	**(1,060,738)**	**1,348,527**	**44%**

As at 30 June 2021:

Restated*	Quantity [pcs]	Length [m]	Initial value	Accumulated depreciation	Net value as at the balance sheet date	Level of accumulated depreciation in the group
Roadways recognized as fixed assets, depreciated using the natural method, of which:	22	25,609	484,884	(301,249)	183,635	62%
- depreciated until June 2021.	*10*	*15,607*	*202,649*	*(102,433)*	*100,216*	*51%*
Roadways recognized as fixed assets, depreciated based on useful lives	246	96,425	1,674,096	(556,440)	1,117,656	33%
Others items depreciated based on useful lives (shafts, shaft towers, stoppings, storage tanks and other)	30	-	304,812	(153,208)	151,604	50%
Total as at 30 June 2021	**298**	**122,034**	**2,463,792**	**(1,010,897)**	**1,452,895**	**41%**

*explanation provided in Note 2.1.1

5.2. Analysis of indications of a possible impairment of property, plant and equipment

In preparing the Group's financial statements, the Parent Company's Management Board periodically evaluates indications of possible impairment of fixed assets, in accordance with the guidelines of IAS 36 "Impairment of Assets". Such analysis is all the more important in a situation where companies must operate in volatile, completely non-standard and unprecedented conditions. In such a situation, the Management Board of the Parent Company must act very cautiously.

In the course of the analysis of indications performed at the end of 2021, the need to perform an impairment test was identified, mainly because the market capitalization of the Parent Company was below the carrying value of its net assets. No impairment was found as a result of the test and the details of the test and the key assumptions adopted for the test are described broadly in the Group's annual financial statements for 2021.

When repeating the analysis of the indications for the purposes of the interim consolidated financial statements of the Group as at 30 June 2022, the Management Board of the Parent Company did not identify any new indications pointing to the need to repeat the impairment test during the financial year. It was noted again that the market capitalization of the Parent Company has remained below the carrying amount of its net assets, which, in the opinion of the Parent Company's Management Board, is still mainly due to factors beyond its control, such as political factors and the EU climate policy, limited confidence in companies in the mining sector, and also, partially, low liquidity of its shares a low level of free float. It must be noted, however, that the price of the Parent Company's shares increased fairly significantly, by nearly 80%, during the first half of 2022. Also, the ongoing war in Ukraine and the lower supply of raw materials worldwide are causing high demand for the Parent Company's coal. Therefore, the Group is taking action to take advantage of the period of elevated demand for coal.

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Other impairment losses

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

	LAND	BUILDINGS AND STRUCTURES	TECHNICAL EQUIPMENT AND MACHINERY	FIXED ASSETS UNDER CONSTRUCTION	TOTAL
As at 1 January 2022	**4,475**	**-**	**3,723**	**10,457**	**18,655**
Recognition of impairment loss allowance	50	-	4,264	-	4,314
Utilization of impairment loss allowance	-	-	(527)	-	(527)
As at 30 June 2022	**4,525**	**-**	**7,460**	**10,457**	**22,442**
As at 1 January 2021	**4,394**	**211**	**3,715**	**13,519**	**21,839**
Recognition of impairment loss allowance	-	-	-	6	6
Utilization of impairment loss allowance	-	-	-	(3,434)	(3,434)
As at 30 June 2021	**4,394**	**211**	**3,715**	**10,091**	**18,411**

The impairment loss allowance for property, plant and equipment was recognized and reversed in the interim consolidated statement of profit or loss in the “Other net loss” item.

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6. INTANGIBLE ASSETS

	SOFTWARE	FEES, LICENSES	GEOLOGIC INFORMATION	OTHER	TOTAL
As at 1 January 2022					
Cost or valuation	8,066	21,444	54,343	10,109	93,962
Accumulated amortization	(5,681)	(6,181)	(16,287)	(9,824)	(37,973)
Net carrying amount	**2,385**	**15,263**	**38,056**	**285**	**55,989**
As at 30 June 2022					
Net carrying amount at the beginning of the year	2,385	15,263	38,056	285	55,989
Increases	183	1,645	-	11,141	12,969
Decreases	-	(11)	-	(6,211)	(6,222)
Amortization	(293)	(707)	(680)	(132)	(1,812)
Net carrying amount	2,275	16,190	37,376	5,083	60,924
As at 30 June 2022					
Cost or valuation	8,218	22,996	54,343	11,557	97,114
Accumulated amortization	(5,943)	(6,806)	(16,967)	(6,474)	(36,190)
Net carrying amount	**2,275**	**16,190**	**37,376**	**5,083**	**60,924**

As at 1 January 2021					
Cost or valuation	8,464	21,285	54,343	8,557	92,649
Accumulated amortization	(5,470)	(5,285)	(14,927)	(7,792)	(33,474)
Net carrying amount	**2,994**	**16,000**	**39,416**	**765**	**59,175**
As at 30 June 2021					
Net carrying amount at the beginning of the year	2,994	16,000	39,416	765	59,175
Increases	-	130	-	3,652	3,782
Decreases	(22)	-	-	(4,031)	(4,053)
Amortization	(296)	(511)	(680)	(186)	(1,673)
Net carrying amount	2,676	15,619	38,736	200	57,231
As at 30 June 2021					
Cost or valuation	8,175	21,275	54,343	4,470	88,263
Accumulated amortization	(5,499)	(5,656)	(15,607)	(4,270)	(31,032)
Net carrying amount	**2,676**	**15,619**	**38,736**	**200**	**57,231**

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7. LEASE

7.1. Right-of-use asset

The table below presents changes in the right-of-use asset:

	RIGHT OF PERPETUAL USUFRUCT OF LAND	TECHNICAL EQUIPMENT AND MACHINERY	MEANS OF TRANSPORTATION	TOTAL
As at 1 January 2022				
Cost or valuation	18,324	6,419	14,098	38,841
Accumulated amortization	(1,488)	(2,715)	(8,433)	(12,636)
Net carrying amount	**16,836**	**3,704**	**5,665**	**26,205**
As at 30 June 2022				
Net carrying amount at the beginning of the year	16,836	3,704	5,665	26,205
Increases	-	3,622	130	3,752
Amortization	(260)	(3,191)	(1,505)	(4,956)
Net carrying amount	16,576	4,135	4,290	25,001
As at 30 June 2022				
Cost or valuation	18,325	10,041	14,228	42,594
Accumulated amortization	(1,749)	(5,906)	(9,938)	(17,593)
Net carrying amount	**16,576**	**4,135**	**4,290**	**25,001**
As at 1 January 2021				
Cost or valuation	17,596	-	14,112	31,708
Accumulated amortization	(992)	-	(5,428)	(6,420)
Net carrying amount	**16,604**	**-**	**8,684**	**25,288**
As at 30 June 2021				
Net carrying amount at the beginning of the year	16,604	-	8,684	25,288
Amortization	(248)	-	(1,492)	(1,740)
Net carrying amount	16,356	-	7,192	23,548
As at 30 June 2021				
Cost or valuation	17,596	-	14,112	31,708
Accumulated amortization	(1,240)	-	(6,920)	(8,160)
Net carrying amount	**16,356**	**-**	**7,192**	**23,548**

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

Costs relating to the right-of-use asset are recognized as follows:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
Amortization of right-of-use asset	4,956	1,740
Finance costs	453	590
Total	**5,409**	**2,330**

Change in lease liabilities and balance as at 30 June 2022 are presented in the table below:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
As at 1 January	**27,406**	**25,919**
Addition	3,752	-
Principal installment under financial lease agreements	(4,788)	(1,534)
Total	**26,370**	**24,385**

7.2. Minimum future payments under irrevocable lease agreements

The minimum future payments under irrevocable lease agreements that are not covered by the scope of IFRS 16 “Leases” are as follows:

	AS AT 30 JUNE 2022	AS AT 31 DECEMBER 2021
Less than 1 year	454	271
From 1 to 2 years	-	99
Minimum future payments	**454**	**370**

The Group is a party to lease agreements for specialist machinery and equipment and means of transportation that do not meet the criteria for recognizing them as finance leases. Lease agreements are concluded for terms of different length. In part, they are short-term contracts to verify the quality of workmanship and suitability of the machines and equipment in the production process. Agreements concluded for a period longer than 2 years contain a clause offering an option to index the rate by the price index of goods and services. Selected short-term agreements are not covered by the scope of IFRS 16 “Leases” and as such are not presented in the balance sheet as right-of-use assets.

8. INVESTMENT PROPERTY

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
As at 1 January	**2,886**	**3,044**
Depreciation	(92)	(92)
Total	**2,794**	**2,952**

Investment property refers to the Kalnica holiday resort located in Bieszczady and owned by the subsidiary “Łęczyńska Energetyka” Sp. z o.o.

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

The table below presents revenues and costs associated with investment property:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
Revenues from investment property	67	63
Costs associated with investment property	(140)	(132)

As at the balance sheet date, the fair value of investment property was not remeasured. The fair value of investment property according to the most recent valuation available was greater than the net carrying amount and was about PLN 5,370 thousand. The value was calculated by an independent appraiser by comparing it to market transaction prices for similar properties.

9. TRADE AND OTHER RECEIVABLES

	AS AT 30 JUNE 2022	AS AT 31 DECEMBER 2021
Trade receivables	260,259	305,975
Impairment losses for receivables	(7,786)	(7,714)
Net trade receivables	252,473	298,261
Accruals	20,642	27,262
Other receivables	661	174
Current part	273,776	325,697
Accruals	607	626
Other receivables	496	466
Non-current part	1,103	1,092
Total trade and other receivables	**274,879**	**326,789**

The fair value of trade and other receivables is not significantly different from their carrying amount.

All of the Group's receivables are denominated in Polish zloty.

The table below depicts the changes in the impairment loss for trade receivables:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
As at 1 January	**7,714**	**5,186**
Impairment loss recognized	80	2,256
Receivables written off during the year as uncollectible	(1)	(1)
Reversal of unused amounts	(7)	(7)
Total	**7,786**	**7,434**

The impairment loss allowance for receivables was recognized and reversed in the interim consolidated statement of profit or loss in the "Selling costs" item. Other categories of trade and other receivables contain no items with impaired value.

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

The age structure of impaired receivables is presented in the table below:

	AS AT 30 JUNE 2022	AS AT 31 DECEMBER 2021
Up to 1 month	1	-
Above 12 months	7,785	7,714
Total	**7,786**	**7,714**

The age structure of overdue receivables which do not show signs of impairment is presented in the table below:

	AS AT 30 JUNE 2022	AS AT 31 DECEMBER 2021
Up to 1 month	45	85
From 1 to 3 months	108	28
From 3 to 6 months	327	110
From 6 to 12 months	106	65
Above 12 months	1	2
Total	**587**	**290**

The maximum exposure to credit risk as at the reporting date is the fair value of each category of receivables listed above.

10. INVENTORIES

	AS AT 30 JUNE 2022	AS AT 31 DECEMBER 2021
Materials	120,650	95,988
Impairment loss allowance for materials	(9)	-
Finished products	60,841	3,756
Total	**181,482**	**99,744**

The cost of inventories in the interim consolidated statement of profit or loss was recognized in the "Costs of products, goods and materials sold" item, in which the total value over the first 6 months of 2022 was PLN 957,590 thousand (PLN 872,959 thousand in the corresponding period of 2021).

Changes in the impairment loss for inventories are presented in the table below:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
As at 1 January	**-**	**138**
Impairment loss recognized	9	-
Impairment loss used	-	(69)
Total	**9**	**69**

The impairment loss allowance for inventories is recognized in the interim consolidated statement of profit or loss in the "Other net loss" item.

No security has been established on the inventories held by the Group.

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

11. CASH AND CASH EQUIVALENTS

	AS AT 30 JUNE 2022	AS AT 31 DECEMBER 2021
Cash in bank	50,619	72,895
Bank deposits	685,454	674,951
Total	**736,073**	**747,846**
Of which:		
*- the non-current portion****	*145,751*	*147,671*
- the current portion	*590,322*	*600,175*
Total	**736,073**	**747,846**

**** restricted cash*

The value of restricted cash amounted to PLN 172,881 thousand on 30 June 2022 (31 December 2021: PLN 167,219 thousand), of which PLN 145,751 thousand represented funds accumulated in the Mine Closure Fund to cover the costs of mine closures (31 December 2021: PLN 147,671 thousand), while the remaining amount relates to cash accumulated in separate VAT accounts and collateral received.

The cash held by the Group is denominated in PLN.

12. OTHER CURRENT INVESTMENTS

	AS AT 30 JUNE 2022	AS AT 31 DECEMBER 2021
Other current investments	252,268	-
Of which:		
- term deposits with maturities above 3 months	*252,268*	-
Total	**252,268**	**-**

Other current investments are made up entirely of investments in BGK with initial maturity of over 3 months. The carrying amount as at 30 June 2022 consists of the principal of PLN 250,000 thousand and accrued interest of PLN 2,268 thousand. The maturity of the term deposits is 7 July 2022.

13. SHARE CAPITAL

	Number of shares (000s)	Par value of common shares	Hyperinflation adjustment	Total
As at 1 January 2022	34,014	170,068	131,090	301,158
As at 30 June 2022	34,014	170,068	131,090	301,158
As at 1 January 2021	34,014	170,068	131,090	301,158
As at 31 December 2021	34,014	170,068	131,090	301,158

All shares issued by the Parent Company have been paid up in full.

14. OTHER CAPITAL

According to the Articles of Association, the Parent Company may create supplementary capital and other reserve capital, the purpose of which is stipulated by law and resolutions of the governing bodies. Other capitals include, among others, reserve capital from the issue of Management Options and capital from the valuation of cash flow hedges (in the part considered to be effective hedging).

Other capital on account of the Management Option Issue Program

Other capitals from the Management Option Issue Program are related to the Management Option Program adopted by resolution of the Parent Company's Supervisory Board on 30 September 2013 for the years 2013-2017. In Q3 2018, agreements were signed between the Parent Company and all beneficiaries of the Program (the individuals to whom the options may potentially be awarded), according to which the beneficiaries' agreements on participation in the Program were terminated. Compensation of PLN 1 was paid to each beneficiary. With the conclusion of the aforementioned agreements, the Executive Option Program was ultimately closed. The amount of PLN 3,839 thousand recognized in the interim consolidated statement of changes in equity under "Other reserve capital" may be transferred to retained earnings.

Capital on revaluation of cash flow hedges

Other capital may also include derivative financial instruments constituting cash flow hedges (in the portion considered to be an effective hedge) after taking into account the tax effect. During the first 6 months of 2022 and 2021, the Group did not hold any cash flow hedging financial instruments.

Non-controlling interests

Non-controlling interests pertain solely to the subsidiary "Łęczyńska Energetyka" Sp. z o.o. and are owned by the Łęczna Township (11.29%) and the Puchaczów Township (0.01%, adding up to 11.30%). During the first 6 months of 2022, total income attributable to non-controlling interests amounted to PLN 246 thousand (in the corresponding period of 2021, non-controlling interests had a total loss of PLN 133 thousand).

Retained earnings

The amount of retained earnings consists of, in addition to the current year's net result attributable to Parent Company shareholders, also retained earnings from prior years, non-transferable actuarial gains/(losses) on account of defined benefit plans attributable to Parent Company shareholders, and capitals arising from the valuation of property, plant and equipment at fair value as of the date when IAS/IFRS was first applied.

Non-distributable equity components

Pursuant to Article 396 § 1 of the Commercial Company Code, which is applicable to the Parent Company and its subsidiaries, supplementary capital must be established to cover potential losses and at least 8% of the profit for the fiscal year is allocated to the supplementary capital until the capital reaches at least one-third of the share capital. This part of the supplementary capital is not available for distribution to shareholders. As at 30 June 2022 and 31 December 2021, this value was PLN 100,386 thousand.

Actuarial gains and losses relating to provisions for post-employment benefits recognized through other comprehensive income are also excluded from distribution.

15. TRADE AND OTHER PAYABLES

	AS AT 30 JUNE 2022	AS AT 31 DECEMBER 2021
Trade payables	166,173	122,859
Other liabilities, including:	180,841	244,679
- Company Social Benefit Fund	*3,977*	*571*
- bid deposit liabilities	*2,281*	*4,550*
- investment commitments	*38,602*	*140,832*
- salary liabilities	*33,686*	*66,485*
- other liabilities	*102,295*	*32,241*
Total financial liabilities	347,014	367,538
Liabilities for social security contributions and other taxes	66,533	85,037
Trade and other payables	**413,547**	**452,575**
Of which:		
- the non-current portion	*26,706*	*29,575*
- the current portion	*386,841*	*423,000*
Total	**413,547**	**452,575**

The fair value of trade and other payables is not significantly different from their carrying amount.

16. SUBSIDIES

	AS AT 30 JUNE 2022	AS AT 31 DECEMBER 2021
As at 1 January	**11,775**	**12,340**
Of which:		
- the non-current portion	*11,282*	*11,871*
- the current portion	*493*	*469*
Subsidies received	-	107
Subsidies settled during the year	(331)	(672)
Total subsidies	**11,444**	**11,775**
Of which:		
- the non-current portion	*10,951*	*11,282*
- the current portion	*493*	*493*

Subsidies to research and development projects received are settled pro rata to the costs of these projects incurred by the Parent Company, while the remaining part of the subsidy, relating to non-current assets, should be settled in full upon total depreciation, sale or liquidation of an asset financed by it.

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

17. LOANS AND BORROWINGS

	AS AT 30 JUNE 2022	AS AT 31 DECEMBER 2021
Long-term:	**3,304**	**4,822**
Special-purpose borrowings	3,304	4,822
- WFOŚ in Lublin	*3,304*	*4,822*
Short-term:	**3,104**	**3,120**
Special-purpose borrowings	3,104	3,120
- WFOŚ in Lublin	*3,104*	*3,120*
Total	**6,408**	**7,942**

In 2014, the Łęczyńska Energetyka subsidiary received a special-purpose borrowing from the Voivodship Environmental Protection Fund in Lublin to finance the investment project entitled "Construction of a water treatment station in Bogdanka, including technical connections". Repayment of this loan in equal monthly installments started in November 2015. The repayment date of the last installment is 31 March 2024. Interest rate on the loan is 0.7 times the bill of exchange rediscounting rate set by the Monetary Policy Council (but no less than 4% per year); The loan is secured with a blank promissory note with a promissory note amount of PLN 34,554 thousand, as well with an assignment of receivables on account of heat sales agreement with the Parent Company. During the first 6 months of 2022, "Łęczyńska Energetyka" repaid the principal of the loan in the amount of PLN 1,518 thousand.

Until 12 May 2022, the Parent Company had a current account overdraft in Bank Gospodarstwa Krajowego ("BGK") with a limit up to 150 million. The interest rate applicable to the loan was based on the WIBOR 1 M rate and the bank's fixed margin. The agreement was not extended and accordingly, as at 30 June 2022, the Parent Company had no outstanding loan agreements.

The fair value of borrowings is not significantly different from their carrying amount. The loans received by the Group are denominated in Polish zloty.

Changes in the balance of borrowing liabilities and the balances as at 30 June 2022 and 2021 were presented in the table below:

	WFOŚ IN LUBLIN	TOTAL
As at 1 January 2022	**7,942**	**7,942**
Repayment of principal instalments	(1,518)	(1,518)
Interest accrued	142	142
Interest paid	(158)	(158)
As at 30 June 2022	**6,408**	**6,408**
As at 1 January 2021	**11,008**	**11,008**
Repayment of principal instalments	(1,518)	(1,518)
Interest accrued	203	203
Interest paid	(219)	(219)
As at 30 June 2021	**9,474**	**9,474**

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

18. FINANCIAL INSTRUMENTS

Hierarchy of financial instruments carried at fair value.

Financial assets carried at fair value may be classified as belonging to the following valuation models:

- Level 1: quoted (unadjusted) prices on active markets for identical assets and liabilities,
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (e.g. as prices) or indirectly (as derived from provisions),
- Level 3: inputs that are not based on unobservable market prices (unobservable inputs).

As at 30 June 2022, the Group had no financial instruments carried at fair value.

19. PROVISIONS FOR EMPLOYEE BENEFITS

	AS AT 30 JUNE 2022	AS AT 31 DECEMBER 2021
Provisions recognized in the interim consolidated statement of financial position:		
Retirement and disability benefits	54,256	62,198
Jubilee awards	116,315	128,038
Other employee benefits (unused holiday leaves, salaries, death benefits and others)	50,430	20,399
Total	**221,001**	**210,635**

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
Expenses recognized in the interim consolidated statement of profit or loss:		
Retirement and disability benefits	3,411	3,182
Jubilee awards	(4,640)	9,007
Other employee benefits (unused holiday leaves, salaries, death benefits and others)	45,741	23,779
Total	**44,512**	**35,968**

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
(Gains)/losses recognized in the interim consolidated statement of comprehensive income:		
Retirement and disability benefits	(9,730)	1,040
Other employee benefits (death benefits)	(674)	(158)
Total	**(10,404)**	**882**

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

Change in provisions for employee benefits:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
As at 1 January	**210,635**	**215,327**
Current employment costs (including unused holiday leaves, salaries, death benefits and others)	54,332	33,329
Interest cost	3,084	1,314
Actuarial (gains)/losses recognized in the interim consolidated statement of profit or loss	(12,904)	1,325
Actuarial (gains)/losses recognized in the interim consolidated statement of comprehensive income	(10,404)	882
Total recognized in comprehensive income	34,108	36,850
Benefits paid out	(23,742)	(17,533)
As at 30 June	**221,001**	**234,644**
including:		
- non-current part	147,859	182,270
- current part	73,142	52,374

Employee benefit costs were captured in the following line items of the interim consolidated statement of profit or loss and in the interim consolidated statement of comprehensive income:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
Cost of sales	37,720	31,632
Selling costs	195	170
Administrative expenses	3,513	2,852
Finance costs	3,084	1,314
Total recognized in the interim consolidated statement of profit or loss	**44,512**	**35,968**
Actuarial (gains)/losses recognized in the interim statement of comprehensive income	(10,404)	882
Total recognized in the interim consolidated statement of comprehensive income	**34,108**	**36,850**

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

20. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Provision for mine closure costs and reclamation of land	Mining damage	Litigation	Other	Total
As at 1 January 2022	**130,402**	**6,382**	**5,600**	**13,204**	**155,588**
Of which:					
Non-current	*130,402*	*-*	*-*	*-*	*130,402*
Current	*-*	*6,382*	*5,600*	*13,204*	*25,186*
Recognized in the interim consolidated statement of financial position:					
- Existing provision updated	*(2,643)*	*-*	*-*	*-*	*(2,643)*
Recognition in the interim consolidated statement of profit or loss:					
– Additional provisions created	*-*	*-*	*421*	*315*	*736*
- Existing provision used	*-*	*(833)*	*-*	*(13,172)*	*(14,005)*
- Settlement of a discount	*2,235*	*-*	*-*	*-*	*2,235*
As at 30 June 2022	**129,994**	**5,549**	**6,021**	**347**	**141,911**
Of which:					
Non-current	*129,994*	*-*	*-*	*-*	*129,994*
Current	*-*	*5,549*	*6,021*	*347*	*11,917*

As at 1 January 2021	**212,456**	**2,579**	**4,368**	**367**	**219,770**
Of which:					
Non-current	*212,456*	*-*	*-*	*-*	*212,456*
Current	*-*	*2,579*	*4,368*	*367*	*7,314*
Recognized in the interim consolidated statement of financial position:					
- Existing provision updated	*(14,339)*	*-*	*-*	*-*	*(14,339)*
Recognition in the interim consolidated statement of profit or loss:					
– Additional provisions created	*-*	*-*	*52*	*4,371*	*4,423*
- Existing provision used	*-*	*(259)*	*-*	*(187)*	*(446)*
- Settlement of a discount	*1,511*	*-*	*-*	*-*	*1,511*
As at 30 June 2021	**199,628**	**2,320**	**4,420**	**4,551**	**210,919**
Of which:					
Non-current	*199,628*	*-*	*-*	*-*	*199,628*
Current	*-*	*2,320*	*4,420*	*4,551*	*11,291*

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

Mine closure and reclamation of land

The Group recognizes a provision for mine closure and reclamation of land as required by the applicable provisions of law. The calculated level of cost of mine closure and reclamation of land as at 30 June 2022 is PLN 129,994 thousand, of which the provision for mine closure of PLN 120,402 thousand and the provision for reclamation of land of PLN 9,592 thousand. The change in the provision as compared to 31 December 2021 was PLN (408) thousand and the increase resulting from the reversal of the discount written off in the amount of PLN 2,235 thousand was captured in the interim consolidated statement of profit or loss as “Finance costs”, while the decrease resulting from the update of assumptions in the total amount of PLN 2,643 thousand was recognized in the interim consolidated statement of financial position as a decrease in the “Property, plant and equipment” item.

Removal of mining damages

Due to the need to remedy the damage resulting from its operations, the Group recognizes a provision for mining damage. As at 30 June 2022, the value of works required to remedy mining damage is PLN 5,549 thousand. This amount includes mainly the planned costs that will have to be incurred in connection with the repair of damage to buildings and roads and in connection with the compensation for damage to arable land. The amount of provision used during the first 6 months of 2022 was in total PLN 833 thousand (PLN 259 thousand in the corresponding period of the previous year).

Litigation

The stated amounts represent a provision for certain legal claims brought against the Group by its clients and suppliers. The amount of provisions recognized/reversed in the current period is recognized in the interim consolidated statement of profit or loss as other revenues/costs. According to the judgment of the Parent Company’s Management Board, supported by relevant legal opinions, the reporting of these claims will not cause any significant losses in amounts exceeding the amount of provisions recognized as at 30 June 2022.

Other

Other provisions include mainly the provisions created by the Parent Company for the cost of purchases of green certificates. In connection with the submission of an appropriate application to the President of the Energy Regulatory Office to for the cancellation of green certificates (in connection with electricity purchased and consumed in 2021), the provision created at the end of the previous year in the amount of PLN 19,444 thousand was used in 2022.

21. REVENUE FROM SALES

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021 restated data*
Sales of coal	1,423,729	1,055,910
Other activities	26,743	20,265
Sales of goods and materials	12,117	7,763
Total revenue from sales	**1,462,589**	**1,083,938**

*explanation provided in Note 2.1.1

The main categories of contracts in the above revenue types include:

- Coal sales contracts relating to the Group's core business; there are two types of these contracts – with the transport service (in which the Parent Company organizes transport to the customer) or without the service.
- Contracts relating to the sale of goods and materials, mainly scrap metal; revenues from such contracts represent a small percentage of all consolidated revenue from sales. The total amount of all revenues on this account during the first 6 months of 2022 was PLN 12,117 thousand (PLN 7,763 thousand in the corresponding period of the previous year).
- Contracts relating to sales of other services, with the highest amounts being revenues from the rental of space in shower rooms (hooks and lockers). This service is provided almost exclusively to the Parent Company's sub-contractors (providing mining services to the Parent Company) whose employees are obliged by OHS regulations to use shower rooms. The total amount of consolidated revenue from sales from the rental of shower room space during the first 6 months of 2022 was PLN 3,123 thousand (PLN 3,360 thousand in the corresponding period of the previous year).

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

22. OTHER REVENUES

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
Indemnities received	158	539
Excise tax refund	298	-
Others, including:	584	438
- Reversal of other provisions for liabilities	*109*	*94*
- Reversal of impairment loss allowances	*193*	*86*
- Settlement of revenues from a subsidy	*85*	*63*
- Other revenues	*197*	*195*
Total other revenues	**1,040**	**977**

23. OTHER COSTS

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
Donations	(734)	(230)
Indemnities	(19)	-
Other	(151)	(81)
Total other costs	**(904)**	**(311)**

24. OTHER LOSSES - NET

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
Profit/(loss) on the sale of fixed assets	(448)	49
FX gains and losses	71	(387)
Recognition of impairment loss allowance for property, plant and equipment	(4,314)	(6)
Measurement of financial instruments	-	(132)
Result on the liquidation of fixed assets	594	(20)
Recognition/reversal of other provisions	-	(52)
Other	1,160	(1,236)
Total other losses - net	**(2,937)**	**(1,784)**

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25. FINANCE INCOME AND COSTS

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
Interest income on short-term bank deposits	8,359	14
Other revenues, including	1,026	128
- Interest on the Mine Closure Fund	*912*	*53*
- Others	*114*	*75*
Total finance income	**9,385**	**142**
Interest and fees on loans, borrowings and bonds	(142)	(203)
Interest expense on the valuation of employee benefits	(3,084)	(1,314)
Settlement of a discount relating to the provision for the Mine Closure Fund and for land reclamation	(2,235)	(1,511)
Recognition of a provision and impairment loss allowances for interest	(369)	(224)
Interest expense related to the lease of fixed assets	(453)	(590)
Other expenses	(479)	(445)
Total finance costs	**(6,762)**	**(4,287)**

26. INCOME TAX

26.1. Tax liability

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021 restated*
Current tax	70,517	44,545
Deferred tax recognized in profit or loss	8,020	(21,925)
Deferred tax recognized in other comprehensive income/(loss):	1,977	(168)
- on account of actuarial gains/(losses) recognized in the interim consolidated statement of comprehensive income	*1,977*	*(168)*
Total	**80,514**	**22,452**

*explanation provided in Note 2.1.1

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

26.2. Reconciliation of effective tax rate

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021 restated*
Profit before tax	414,581	122,200
Tax calculated at the rate of 19%	78,770	23,218
Correction of income tax for previous years	(896)	(463)
Tax effect of revenues permanently excluded from the tax base, of which:	(283)	(989)
- others	*(283)*	*(989)*
Tax effect of costs permanently excluded from the tax base:	946	854
- payment to the PFRON disabled persons fund	*893*	*810*
- donations	*53*	*44*
Income tax liability	**78,537**	**22,620**
Effective tax rate	**19%**	**19%**

*explanation provided in Note 2.1.1

Income tax in these interim condensed consolidated financial statements is calculated using the effective tax rate for 2022 of 19.0% (19.0% in 2021).

The regulations governing VAT, property tax, corporate income tax, personal income tax, or social security contributions are frequently amended, as a result of which there is often no reference to established regulations or legal precedents. The current regulations also contain ambiguous provisions that result in differences of opinion about the legal interpretation of tax regulations both between various state authorities and between state authorities and businesses.

Tax and other (e.g. customs or foreign exchange) settlements may be audited by authorities, which may levy significant penalties; any additional liabilities determined as a result of the audit must be paid with high interest. Consequently, tax risk in Poland is higher than in countries with better developed tax systems. Tax settlements can be audited for a period of five years. Consequently, the amounts stated in the consolidated financial statements may change at a later time, upon their final determination by tax authorities.

26.3. Current income tax receivables and liabilities

The current income tax liability of PLN 8,972 thousand shown in the interim consolidated statement of financial position relates entirely to the liability for 2022.

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27. EARNINGS PER SHARE (IN PLN)

Basic

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

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021 restated data*
Profit attributable to shareholders of the Parent Company	335,798	99,713
Weighted average number of common shares (000s)	34,014	34,014
Basic earnings per share (in PLN)	**9.87**	**2.93**

*explanation provided in Note 2.1.1

Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares in a manner allowing for a potential complete conversion into ordinary shares causing dilution. As at 30 June 2022, the Parent Company had no outstanding instruments that might potentially cause dilution of ordinary shares.

28. DIVIDEND PER SHARE

On 23 June 2022, the Ordinary General Meeting of the Parent Company was held, at which the Shareholders adopted a resolution on the distribution of the 2021 profit, according to which the net profit of the Parent Company in the amount of PLN 291,595 thousand was allocated as follows:

- The amount of PLN 85,034 thousand was allocated for dividends,
- The remaining amount, i.e. PLN 206,561 thousand, was allocated to the Parent Company's reserve capital.

The resulting ratios measuring dividends due to Parent Company shareholders are presented below:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
Dividend due and paid out	85,034	-
Number of common shares as at the dividend record date (000s)	34,014	34,014
Dividend per share (in PLN)	**2.50**	**-**

The dividend per share ratio is calculated as the quotient of the dividend payable to Parent Company shareholders and the number of ordinary shares outstanding as at the dividend record date.

29. ADDITIONAL INFORMATION FOR RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	NOTE	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021 restated data*
Balance sheet change in liabilities, liabilities from contracts with customers and subsidies		(37,962)	184
Offsetting income tax overpayments against payables for other taxes		899	10,019
Change in capital commitments		92,183	16,269
Change in liabilities for the purposes of the interim consolidated statement of cash flows		**55,120**	**26,472**
Increases in fixed assets	5	260,689	137,748
Adjustment due to application of the Amendment to IAS 16		-	10,151
Other non-cash adjustments		(106)	(32)
Change in capital commitments		92,183	16,269
Acquisition of property, plant and equipment		**352,766**	**164,136**

*explanation provided in Note 2.1.1

30. CONTINGENT ITEMS

The Group has conditional liabilities on account of property tax as well as conditional liabilities and assets on account of legal claims arising in the regular course of business.

Property tax

In connection with the settlement of property tax on underground roadways, in the part deemed probable by the Parent Company, the Group no longer recognizes a provision for property tax. Still, the potential contingent liability may arise mainly from the existing differences between the Group's position and the position of tax authorities regarding the subject of this tax. The differences are related to the issue whether the underground roadways of the Parent Company contain other structures (in addition to those already declared) within the meaning of the provisions of the Act on Local Taxes and Charges that are taxable with this tax; other differences may also relate to the value of individual structures if it is determined that they are indeed subject to property tax. The scope of the above liability did not change materially as compared to the end of the previous financial year (31 December 2021).

Legal claims relating to patents

The contingent liability for legal claims relating to the fee for co-creators of the inventions covered by Patents Nos. 206048 and 209043 and functioning in the Parent Company, for which the Parent Company does not recognize a provision, may result mainly from the inability to assess the grounds for the amount of the claim in question and the difference between the Parent Company's position and the position of the co-creators of the inventions covered by the above patents. The value of the potential liability as of the date of publication of these financial statements is PLN 48 million. The Parent Company estimated the provision for the fee for the co-creators according to the best of its knowledge and the principles used by the Parent Company to date in calculating fees for creators of inventions. The item of provisions for legal claims shows a provision for claims related to the fee for co-creators of the inventions covered by patent Nos. 206048 and 209043 functioning in the Parent Company. The issue of the fee amount will be the examined by court experts or experts recognized by both parties and it will be resolved after the preparation of a technical opinion concerning the inventions covered by the patent.

At the end of 2021, the AGH University of Science and Technology in Krakow issued an opinion, to which the parties were able to file their objections, which was followed by a hearing on 8 February 2022 when all plaintiffs were heard. On 5 July, another hearing was held, at which a representative of the Parent Company's Management Board testified. The last hearing took place on September 2, 2022, however, the court did not announce its verdict during its duration. The date of the next hearing, during which a judgment is expected to be handed down, was set at 16 September 2022.

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

The scope of the above liability did not change materially as compared to the end of the previous financial year (31 December 2021).

Price collusion claims

Contingent assets resulting from the action brought by the Parent 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 payment of the amount of PLN 23,124 thousand (principal amount plus interest) as compensation for damage caused as a result of violation of competition law (unlawful anti-competitive arrangements, including price collusion, market sharing and collusive bidding in the purchase of mining chemical products, including polyurethane adhesives). Damage to the Parent Company resulted from having to pay inflated prices due to the prohibited agreements in 2006-2010 (following the decision of the President of UOKiK of 16 December 2013). The case is at an early stage and at the moment it is not possible to assess the potential settlement.

31. FUTURE CONTRACTUAL LIABILITIES

Investment commitments

Contractual investment commitment incurred as at the balance sheet date but not yet recognized in the interim consolidated statement of financial position:

	AS AT 30 JUNE 2022	AS AT 31 DECEMBER 2021
Property, plant and equipment	253,471	242,950
Investment commitments	**253,471**	**242,950**

Future contractual obligations arise mainly under concluded contracts for mining work and for the purchase of mining machinery and equipment, which depend on the amount of preparatory work (excavation of roadways) planned.

32. RELATED PARTY TRANSACTIONS

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 steam coal to: Zakłady Azotowe w Puławach S.A. (Azoty Group), PGE Energia Ciepła S.A., Energa Elektrownie Ostrołęka S.A., PGNiG Termika Energetyka Przemyśl Sp. z o.o., Grupa Azoty Koltar Sp. z o.o. and Miejskie Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. in Chełm.

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

In the reporting periods ended 30 June 2022 and 30 June 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 FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
Sales in the period	162,359	272,190	119,630
Balance of receivables at the end of the period, including VAT	19,624	34,682	7,402

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 30 June 2022 and 30 June 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 FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
Purchases in the period	110,654	122,872	59,669
Balance of payables as at the end of the period, including VAT	20,271	12,981	15,208

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 30 June 2022 and 30 June 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 FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
Purchases in the period	60,775	85,297	41,358
Balance of payables as at the end of the period, including VAT	21,302	17,693	16,361

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 30 June 2022 and 30 June 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 FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
Sales in the period	1,029,427	1,886,441	867,680
Balance of receivables at the end of the period, including VAT	206,316	246,790	169,733

In the reporting periods ended 30 June 2022 and 30 June 2021, the values of dividend liabilities to ENEA Group companies were as follows:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2021	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
Dividend liabilities to ENEA Group companies	54,905	-	-
Total dividend	**54,905**	-	-

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

33. REPORT ON REMUNERATION OF THE PARENT COMPANY'S MANAGEMENT BOARD MEMBERS, SUPERVISORY BOARD MEMBERS AND COMMERCIAL PROXIES

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
Remuneration of Management Board members and commercial proxies	2,623	2,226
Remuneration of Supervisory Board Members	254	275

In addition to the standard remuneration under management contracts, appointments or employment, in H1 2022, as well as in the corresponding period last year, there were no other transactions with the key personnel of the Parent Company.

34. IMPACT OF AN EXTRAORDINARY EVENT, I.E. RUSSIA'S AGGRESSION IN UKRAINE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The extraordinary event that occurred during the first half of 2022 and continues until the date of these interim condensed consolidated financial statements 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. The event also affects the 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 76,372 thousand in the first half of 2022 which represented approximately 5.2% of the consolidated revenue from sales (PLN 37,769 thousand in the first half of 2021 and PLN 130,731 thousand in the entire 2021, which represented, respectively, 3.5% and 5.5% of the consolidated sales revenues). As a result of the military conflict, coal sales to Ukraine have been significantly hindered. Due to the strong demand for steam coal, the Group redirected the coal originally intended for the Ukrainian market to domestic buyers.
- 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.
- On 16 April 2022, the Act of 13 April 2022 on special solutions to counteract the support of aggression against Ukraine and to protect national security came into effect. 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. The Act has directly translated into a further strengthening of 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 H1 2022 and should not have such an effect in the short term. Still, such impact may be felt in the longer term.

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2022 (IN PLN 000s)

35. EVENTS AFTER THE BALANCE SHEET DATE

According to our knowledge, there were no material events after the balance sheet date that could affect the Group's financial results as at 30 June 2022 but have not been captured in the interim condensed consolidated financial statements.

36. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Management Board of Lubelski Węgiel Bogdanka S.A. hereby represents that on 13 September 2022 it approved these Interim Condensed Consolidated Financial Statements of the Group for the period from 1 January to 30 June 2022.

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

ARTUR WASIL President of the Management Board of the Parent Company	…………………………………………………………………………
ARTUR WASILEWSKI Vice-President of the Management Board of the Parent Company, Economic and Financial Affairs	…………………………………………………………………………
DARIUSZ DUMKIEWICZ Vice-President of the Management Board of the Parent Company, Trade and Investments	…………………………………………………………………………
ADAM PARTYKA Vice-President of the Management Board of the Parent Company, Labor and Social Affairs	…………………………………………………………………………
KASJAN WYLIGAŁA Vice-President of the Management Board of the Parent Company, Strategy and Development	…………………………………………………………………………
URSZULA PIĄTEK Chief Accountant of the Parent Company	…………………………………………………………………………