

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM
1 JANUARY TO 30 JUNE 2022



LUBELSKI WĘGIEL BOGDANKA S.A.

SEPTEMBER 2022

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INTERIM 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	3,431,752	3,391,630
Intangible assets	6	55,817	55,674
Non-current investments		75,601	75,601
Right-of-use asset	7.1	18,576	20,292
Trade and other receivables	8	104	123
Cash and cash equivalents	10	145,751	147,671
Total non-current assets		3,727,601	3,690,991
Current assets			
Inventories	9	177,907	95,421
Trade and other receivables	8	275,723	323,568
Other current investments	11	252,268	-
Cash and cash equivalents	10	562,089	580,560
Total current assets		1,267,987	999,549
TOTAL ASSETS		4,995,588	4,690,540
Equity			
Common equity	12	301,158	301,158
Supplementary capital		702,549	702,549
Other reserve capital		2,194,624	1,988,063
Retained earnings		657,664	604,736
Total equity		3,855,995	3,596,506
Liabilities			
Non-current liabilities			
Deferred tax liabilities		239,556	232,833
Provisions for employee benefits	17	144,462	165,447
Provisions for other liabilities and charges	18	129,994	130,402
Subsidies	15	10,951	11,282
Lease liabilities		16,779	18,377
Trade and other payables	14	26,119	28,838
Total non-current liabilities		567,861	587,179
Current liabilities			
Provisions for employee benefits	17	67,032	39,240
Provisions for other liabilities and charges	18	11,723	25,085
Subsidies	15	493	493
Lease liabilities		3,090	3,048
Trade and other payables	14	383,160	422,177
Liabilities from contracts with customers		11,101	9,704
Dividend liability		85,038	4
Current income tax liabilities		10,095	2,864
Financial liabilities		-	4,240
Total current liabilities		571,732	506,855
Total liabilities		1,139,593	1,094,034
TOTAL EQUITY AND LIABILITIES		4,995,588	4,690,540

*explanation provided in Note 2.1.1

INTERIM 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*
<i>Continuing operations</i>			
Revenue from sales	19	1,459,533	1,081,240
Cost of sales		(958,539)	(869,169)
Profit before tax		500,994	212,071
Selling costs		(21,708)	(18,669)
Administrative expenses		(68,913)	(65,494)
Other revenues	20	853	736
Other costs	21	(891)	(307)
Other losses - net	22	(2,938)	(1,771)
Operating profit		407,397	126,566
Finance income	23	12,791	4,648
Finance costs	23	(6,546)	(4,013)
Profit before tax		413,642	127,201
Income tax	24.2	(77,546)	(22,574)
Profit on continuing operations		336,096	104,627
Net profit for the period		336,096	104,627

*explanation provided in Note 2.1.1

EARNINGS PER SHARE

EARNINGS PER SHARE ATTRIBUTABLE TO COMPANY SHAREHOLDERS DURING 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		9.88	3.08
- basic earnings per share from discontinued operations		-	-
Basic earnings per share	25	9.88	3.08
- diluted earnings per share from continuing operations		9.88	3.08
- diluted earnings per share from discontinued operations		-	-
Diluted earnings per share	25	9.88	3.08

*explanation provided in Note 2.1.1

INTERIM 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		336,096	104,627
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	17	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	24.1	(1,977)	166
Other net comprehensive income/(loss) for the period		8,427	(716)
Net comprehensive income for the period – total		344,523	103,911

*explanation provided in Note 2.1.1

INTERIM STATEMENT OF CHANGES IN EQUITY

	NOTE	COMMON EQUITY	SUPPLEMENTARY CAPITAL	OTHER RESERVE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
As at 1 January 2022		301,158	702,549	1,988,063	580,844	3,572,614
Adjustment due to changes in accounting policy		-	-	-	23,892	23,892
As at 1 January 2022 after adjustments		301,158	702,549	1,988,063	604,736	3,596,506
Total net comprehensive income for the period:		-	-	-	344,523	344,523
- <i>net profit</i>		-	-	-	336,096	336,096
- <i>other comprehensive income</i>		-	-	-	8,427	8,427
Dividend for 2021	26	-	-	-	(85,034)	(85,034)
Transfer of the previous year's result	26	-	-	206,561	(206,561)	-
Change in equity in the period		-	-	206,561	52,928	259,489
As at 30 June 2022		301,158	702,549	2,194,624	657,664	3,855,995

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

	NOTE	COMMON EQUITY	SUPPLEMENTARY CAPITAL	OTHER RESERVE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
As at 1 January 2021		301,158	702,549	1,918,013	353,647	3,275,367
Total net comprehensive income for the period**:		-	-	-	103,911	103,911
- <i>net profit</i>		-	-	-	104,627	104,627
- <i>other comprehensive loss</i>		-	-	-	(716)	(716)
Transfer of the previous year's result		-	-	70,050	(70,050)	-
Change in equity in the period		-	-	70,050	33,861	103,911
As at 30 June 2021		301,158	702,549	1,988,063	387,508	3,379,278

INTERIM 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		336,096	104,627
<i>Adjustments:</i>			
Income tax in the interim statement of profit or loss		77,546	22,574
Depreciation and amortization		190,517	208,121
Loss on the sale and liquidation of property, plant and equipment		24,209	24,085
Use and recognition of impairment allowances for property, plant and equipment		4,314	6
Interest income		(8,335)	(65)
Interest expense		478	567
Dividend received and receivable	30	(3,452)	(4,509)
Other cash flows		(8,614)	200
<i>Changes in working capital:</i>			
Change in provisions for employee benefits		17,211	16,326
Change in other provisions		(10,644)	6,833
Change in inventories		(82,486)	(85,720)
Change in trade and other receivables		51,316	37,804
Change in trade and other payables		52,000	24,051
Total adjustments		304,060	250,273
Cash from operating activities		640,156	354,900
Income tax paid and received		(61,968)	(41,668)
Net cash flows from operating activities		578,188	313,232
Cash flows from investing activities			
Acquisition of property, plant and equipment	27	(351,104)	(161,800)
Acquisition of intangible assets		(1,827)	(130)
Proceeds from sales of property, plant and equipment		318	96
Interest received		6,066	17
Dividends received		-	1,239
Expenditures for other short-term investments	11	(250,000)	-
Proceeds from cash collected in the Mine Closure Fund's bank account		1,920	365
Net cash flows from investing activities		(594,627)	(160,213)
Cash flows from financing activities			
Payment of lease liabilities		(2,032)	(2,032)
Net cash flows from financing activities		(2,032)	(2,032)
Net increase/(decrease) in cash and cash equivalents before effects of FX rate changes		(18,471)	150,987
Increase/(Decrease) in the net balance of cash and cash equivalents		(18,471)	150,987
Cash and cash equivalents at the beginning of the period		580,560	216,782
Cash and cash equivalents at the end of the period		562,089	367,769

*explanation provided in Note 2.1.1

1. GENERAL INFORMATION

1.1. Information about the Company

Lubelski Węgiel “Bogdanka” S.A. is a joint stock company operating under the laws of Poland. The Company was created 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).

The Company is the Parent Company in the Lubelski Węgiel Bogdanka Group. The Group prepares interim condensed consolidated financial statements in accordance with the IFRS for the period from 1 January to 30 June 2022. In order to fully appreciate the financial standing and performance of the Company, these interim condensed financial statements should be read in conjunction with the interim condensed consolidated financial statements of the Lubelski Węgiel Bogdanka Group for the period ended 30 June 2022 as well as the audited financial statements of Lubelski Węgiel “Bogdanka” S.A. for the financial year ended 31 December 2021. The reports and statements mentioned above are available on the Company’s website at www.ri.lw.com.pl.

Company in the ENEA Group’s structure

On 14 September 2015, ENEA S.A. announced a takeover bid for the Company’s shares, stating that it intended to acquire up to 64.57% of all votes at the General Meeting. 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 the Company and consequently the Company became a member 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 Company’s shares in Q2 2022, as at 30 June 2022, ENEA S.A. held in total 64.57% of shares in the Company.

On 18 June 2022, a letter of intent was signed in the 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 Company by the end of 2023.

The State Treasury is the ultimate controlling entity.

1.2. Going concern assumption

These interim condensed 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 Company continuing as a going concern.

2. DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES APPLIED

2.1. Basis of preparation

These interim condensed financial statements of LW “Bogdanka” S.A. 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 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 Company considers the characteristics of the asset or liability if market players consider these features when measuring assets or liabilities as at the valuation date. Fair value for measurement and/or disclosure purposes in the Company's financial statements 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 Company 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 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 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 interim statement of financial position	31 December 2021	Impact exerted by the amendment	1 January 2022
Property, plant and equipment	3,362,134	29,496	3,391,630
Equity, including:	3,572,614	23,892	3,596,506
<i>Retained earnings</i>	<i>580,844</i>	<i>23,892</i>	<i>604,736</i>
Deferred tax liabilities	227,229	5,604	232,833

At the same time, in order to maintain comparability of data, the 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.

Effect of application of the Amendment to IAS 16 Property, Plant and Equipment on the Company's statements

The effect of application of the Amendment to IAS 16 Property, Plant and Equipment on the Parent Company's statement of financial position as at 31 December 2021 and the interim statement of profit or loss, the interim statement of comprehensive income and the interim statement of cash flows of the Company for H1 2021 is presented in the tables below:

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

Interim 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*
<i>Continuing operations</i>			
Revenue from sales	1,043,893	37,347	1,081,240
Cost of sales	(841,973)	(27,196)	(869,169)
Profit before tax	201,920	10,151	212,071
Selling costs	(18,669)	-	(18,669)
Administrative expenses	(65,494)	-	(65,494)
Other revenues	736	-	736
Other costs	(307)	-	(307)
Other losses - net	(1,771)	-	(1,771)
Operating profit	116,415	10,151	126,566
Finance income	4,648	-	4,648
Finance costs	(4,013)	-	(4,013)
Profit before tax	117,050	10,151	127,201
Income tax	(20,645)	(1,929)	(22,574)
Profit on continuing operations	96,405	8,222	104,627
Net profit for the period	96,405	8,222	104,627

Interim 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	96,405	8,222	104,627
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	166	-	166
Other comprehensive net loss for the period	(716)	-	(716)
Net comprehensive income for the period – total	95,689	8,222	103,911

Interim statement of cash flows 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*
Cash flows from operating activities			
Net profit	96,405	8,222	104,627
<u>Adjustments:</u>			
Income tax in the interim statement of profit or loss	20,645	1,929	22,574
Depreciation and amortization	208,121	-	208,121
Loss on the sale and liquidation of property, plant and equipment	24,085	-	24,085
Use and recognition of impairment allowances for property, plant and equipment	6	-	6
Interest income	(65)	-	(65)
Interest expense	567	-	567
Dividend received and receivable	(4,509)	-	(4,509)
Other cash flows	200	-	200
<u>Changes in working capital:</u>			
Change in provisions for employee benefits	16,326	-	16,326
Change in other provisions	6,833	-	6,833
Change in inventories	(85,720)	-	(85,720)
Change in trade and other receivables	37,804	-	37,804
Change in trade and other payables	24,051	-	24,051
Total adjustments	248,344	1,929	250,273
Cash from operating activities	344,749	10,151	354,900
Income tax paid and received	(41,668)	-	(41,668)
Net cash flows from operating activities	303,081	10,151	313,232
Cash flows from investing activities			
Acquisition of property, plant and equipment	(151,649)	(10,151)	(161,800)
Acquisition of intangible assets	(130)	-	(130)
Proceeds from sales of property, plant and equipment	96	-	96
Interest received	17	-	17
Dividends received	1,239	-	1,239
Proceeds from cash collected in the Mine Closure Fund's bank account	365	-	365
Net cash flows from investing activities	(150,062)	(10,151)	(160,213)
Cash flows from financing activities			
Payment of lease liabilities	(2,032)	-	(2,032)
Net cash flows from financing activities	(2,032)	-	(2,032)
Net increase in cash and cash equivalents before effects of FX rate changes	150,987	-	150,987
Net increase in cash and cash equivalents	150,987	-	150,987
Cash and cash equivalents at the beginning of the period	216,782	-	216,782
Cash and cash equivalents at the end of the period	367,769	-	367,769

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

2.1.2. Material items subject to judgment and estimates

Preparation of the interim condensed financial statements on the basis of the International Financial Reporting Standards and in accordance with the accounting policy requires that, in addition to accounting estimates, professional judgment 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 financial statements for 2021.

2.1.3. *New standards and interpretations*



In these interim condensed 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 Company’s 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 Company’s 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 Company’s financial statements.



With respect to these interim condensed financial statements, the Company 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 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 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 financial statements, the approval of this amendment has been deferred by the European Union.

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

3. SEGMENT INFORMATION

Basic reporting layout – industry segments

➤ The Company 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 31,100 thousand (PLN 21,533 thousand in the same period last year), representing 2.1% of total sales revenues in 2021 (2.0% in the same period last year).

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

Supplementary reporting layout – geographic segments

➤ The Company’s operations are focused predominantly on 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% of all sales revenues (3.5% in the same period last year). The Company also has no related assets and liabilities located outside of the territory of Poland.

Accordingly, the Company does not present its operating results broken down by geographic region.

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

Breakdown into mining fields

➤ The Company conducts its business in the area of three mining fields: Bogdanka, Nadrybie and Stefanów. Production assets are concentrated at the location of the 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 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 Company'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%	68%
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 revenue from sales. Accordingly, this has no significant impact on the Company's operating and financing activities.

5. PROPERTY, PLANT AND EQUIPMENT

Restated*	Land	Buildings and structures		Technical equipment and machinery	Means of transport	Other property, plant and equipment	Fixed assets under construction	Total
		total	including roadways					
As at 1 January 2022								
Cost or valuation	11,259	3,468,396	2,492,310	2,860,779	130,923	28,093	215,827	6,715,277
Accumulated depreciation	-	(1,518,834)	(1,096,267)	(1,743,300)	(69,729)	(21,280)	-	(3,353,143)
Net carrying amount	11,259	1,949,562	1,396,043	1,117,479	61,194	6,813	215,827	3,362,134
As at 30 June 2022								
Net carrying amount at the beginning of the year	11,259	1,949,562	1,396,043	1,117,479	61,194	6,813	215,827	3,362,134
Adjustment due to application of the Amendment to IAS 16*	-	23,273	23,273	-	-	-	6,223	29,496
Increases	-	-	-	-	-	872	258,566	259,438
Transfers from fixed assets under construction	750	45,469	44,515	79,981	8,093	332	(134,625)	-
Decreases	-	(27,475)	(24,348)	(777)	(45)	-	(105)	(28,402)
Depreciation	-	(101,955)	(90,223)	(80,771)	(2,960)	(1,441)	-	(187,127)
Impairment loss	(50)	-	-	(3,737)	-	-	-	(3,787)
Net carrying amount	11,959	1,888,874	1,349,260	1,112,175	66,282	6,576	345,886	3,431,752
As at 30 June 2022								
Cost or valuation	11,959	3,384,339	2,410,427	2,927,735	138,400	27,637	345,886	6,835,956
Accumulated depreciation	-	(1,495,465)	(1,061,167)	(1,815,560)	(72,118)	(21,061)	-	(3,404,204)
Net carrying amount	11,959	1,888,874	1,349,260	1,112,175	66,282	6,576	345,886	3,431,752
As at 1 January 2021								
Cost or valuation	11,101	3,454,751	2,412,394	2,684,551	107,660	28,058	259,433	6,545,554
Accumulated depreciation	-	(1,405,808)	(1,003,097)	(1,606,937)	(64,270)	(20,992)	-	(3,098,007)
Net carrying amount	11,101	2,048,943	1,409,297	1,077,614	43,390	7,066	259,433	3,447,547
As at 30 June 2021								
Net carrying amount at the beginning of the year	11,101	2,048,943	1,409,297	1,077,614	43,390	7,066	259,433	3,447,547
Adjustment due to application of the Amendment to IAS 16*	-	10,151	10,151	-	-	-	-	10,151
Increases	-	-	-	-	-	754	135,066	135,820
Transfers from fixed assets under construction	158	177,438	174,724	29,882	22,002	652	(230,132)	-
Decreases	-	(40,130)	(24,126)	(60)	(41)	-	(3,466)	(43,697)
Depreciation	-	(128,104)	(116,831)	(72,532)	(2,973)	(1,324)	-	(204,933)
Impairment loss	-	-	-	-	-	-	3,428	3,428
Net carrying amount	11,259	2,068,298	1,453,215	1,034,904	62,378	7,148	164,329	3,348,316
As at 30 June 2021								
Cost or valuation	11,259	3,493,608	2,464,541	2,705,383	129,155	27,202	164,329	6,530,936
Accumulated depreciation	-	(1,425,310)	(1,011,326)	(1,670,479)	(66,777)	(20,054)	-	(3,182,620)
Net carrying amount	11,259	2,068,298	1,453,215	1,034,904	62,378	7,148	164,329	3,348,316

*explanation provided in Note 2.1.1

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%
- <i>depreciated until June 2022.</i>	8	5,611	127,503	(90,939)	36,564	71%
Roadways recognized as fixed assets, depreciated based on useful lives	248	94,903	1,677,105	(614,976)	1,062,129	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	2,410,427	(1,061,167)	1,349,260	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	484,821	(301,249)	183,572	62%
- <i>depreciated until June 2021.</i>	10	15,607	202,649	(102,433)	100,216	51%
Roadways recognized as fixed assets, depreciated based on useful lives	246	96,425	1,674,845	(556,869)	1,117,976	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	2,464,478	(1,011,326)	1,453,152	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 Company’s financial statements, the 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 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 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 Company’s annual financial statements for 2021.

When repeating the analysis of the indications for the purposes of the interim financial statements of the Company as at 30 June 2022, the Management Board of the 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 Company has remained below the carrying amount of its net assets, which, in the opinion of the 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 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 Company’s coal. Therefore, the Company is taking action to take advantage of the period of elevated demand for coal.



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	8,347	16,545
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	8,347	20,332
As at 1 January 2021	4,394	211	3,715	11,409	19,729
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	7,981	16,301

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

6. INTANGIBLE ASSETS

	SOFTWARE	FEES, LICENSES	GEOLOGIC INFORMATION	TOTAL
As at 1 January 2022				
Cost or valuation	7,810	21,436	54,343	83,589
Accumulated amortization	(5,455)	(6,173)	(16,287)	(27,915)
Net carrying amount	2,355	15,263	38,056	55,674
As at 30 June 2022				
Net carrying amount at the beginning of the year	2,355	15,263	38,056	55,674
Increases	183	1,645	-	1,828
Decreases	-	(11)	-	(11)
Amortization	(287)	(707)	(680)	(1,674)
Net carrying amount	2,251	16,190	37,376	55,817
As at 30 June 2021				
Cost or valuation	7,962	22,996	54,343	85,301
Accumulated amortization	(5,711)	(6,806)	(16,967)	(29,484)
Net carrying amount	2,251	16,190	37,376	55,817
As at 1 January 2021				
Cost or valuation	8,178	21,285	54,343	83,806
Accumulated amortization	(5,236)	(5,285)	(14,927)	(25,448)
Net carrying amount	2,942	16,000	39,416	58,358
As at 30 June 2021				
Net carrying amount at the beginning of the year	2,942	16,000	39,416	58,358
Increases	-	130	-	130
Decreases	(22)	-	-	(22)
Amortization	(284)	(511)	(680)	(1,475)
Net carrying amount	2,636	15,619	38,736	56,991
As at 30 June 2021				
Cost or valuation	7,909	21,267	54,343	83,519
Accumulated amortization	(5,273)	(5,648)	(15,607)	(26,528)
Net carrying amount	2,636	15,619	38,736	56,991

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	MEANS OF TRANSPORTATION	TOTAL
As at 1 January 2022			
Cost or valuation	16,042	14,016	30,058
Accumulated amortization	(1,392)	(8,374)	(9,766)
Net carrying amount	14,650	5,642	20,292
As at 30 June 2022			
Net carrying amount at the beginning of the year	14,650	5,642	20,292
Amortization	(244)	(1,472)	(1,716)
Net carrying amount	14,406	4,170	18,576
As at 30 June 2021			
Cost or valuation	16,042	14,016	30,058
Accumulated amortization	(1,636)	(9,846)	(11,482)
Net carrying amount	14,406	4,170	18,576
As at 1 January 2021			
Cost or valuation	15,314	14,051	29,365
Accumulated amortization	(928)	(5,412)	(6,340)
Net carrying amount	14,386	8,639	23,025
As at 30 June 2021			
Net carrying amount at the beginning of the year	14,386	8,639	23,025
Amortization	(232)	(1,481)	(1,713)
Net carrying amount	14,154	7,158	21,312
As at 30 June 2021			
Cost or valuation	15,314	14,051	29,365
Accumulated amortization	(1,160)	(6,893)	(8,053)
Net carrying amount	14,154	7,158	21,312

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 the right-of-use asset	1,716	1,713
Finance costs	476	519
Total	2,192	2,232

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	21,425	23,610
Principal installment under financial lease agreements	(1,556)	(1,513)
Total	19,869	22,097

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	401	220
From 1 to 2 years	-	99
Minimum future payments	401	319

The Company 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. TRADE AND OTHER RECEIVABLES

	AS AT 30 JUNE 2022	AS AT 31 DECEMBER 2021
Trade receivables	262,975	303,955
Impairment losses for receivables	(7,684)	(7,613)
Net trade receivables	255,291	296,342
Accruals	20,197	27,104
Other receivables	235	122
Current part	275,723	323,568
Accruals	104	123
Non-current part	104	123
Total trade and other receivables	275,827	323,691

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

All of the Company’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	7,613	5,085
Impairment loss recognized	79	2,256
Receivables written off during the year as uncollectible	(1)	(1)
Reversal of unused amounts	(7)	(7)
Total	7,684	7,333

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

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	7,683	7,613
Total	7,684	7,613

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	104	29
From 3 to 6 months	3	-
Total	107	29

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

9. INVENTORIES

	AS AT 30 JUNE 2022	AS AT 31 DECEMBER 2021
Materials	117,075	91,665
Impairment loss allowance for materials	(9)	-
Finished products	60,841	3,756
Total	177,907	95,421

The cost of inventories in the interim 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 958,539 thousand (PLN 869,169 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 at the end of the period	9	69

The impairment loss allowance for inventories is recognized in the interim statement of profit or loss in the “Other loss - net” item.

No security has been established on the inventories.

10. CASH AND CASH EQUIVALENTS

	AS AT 30 JUNE 2022	AS AT 31 DECEMBER 2021
Cash in bank	30,187	53,280
Bank deposits	677,653	674,951
Total	707,840	728,231
<i>Of which:</i>		
- the non-current portion***	145,751	147,671
- the current portion	562,089	580,560
Total	707,840	728,231

*** restricted cash

The value of restricted cash amounted to PLN 171,628 thousand on 30 June 2022 (31 December 2021: PLN 165,842 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 Company is denominated in PLN.



Overdraft facility

Until 12 May 2022, the 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 Company had no outstanding loan agreements.

11. OTHER CURRENT INVESTMENTS

	AS AT 30 JUNE 2022	AS AT 31 DECEMBER 2021
Other current investments	252,268	-
<i>Of which:</i>		
- 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.

12. 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 Company have been paid up in full.

13. OTHER CAPITAL

According to the Articles of Association, the 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 Company's Supervisory Board on 30 September 2013 for the years 2013-2017. In Q3 2018, agreements were signed between the 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 relating to the Program recognized in the interim 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 Company did not hold any financial instruments designated as cash flow hedges.

Retained earnings

The amount of retained earnings consists of, in addition to the current year's net result, also retained earnings from prior years, non-transferable actuarial gains/losses on account of defined benefit plans 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 Company, 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.

14. TRADE AND OTHER PAYABLES

	AS AT 30 JUNE 2022	AS AT 31 DECEMBER 2021
Trade payables	175,311	134,767
Other liabilities, including:	174,412	239,085
- <i>Company Social Benefit Fund</i>	2,950	327
- <i>bid deposit liabilities</i>	2,248	4,524
- <i>investment commitments</i>	38,387	140,204
- <i>salary liabilities</i>	29,760	63,178
- <i>other liabilities</i>	101,067	30,852
Total financial liabilities	349,723	373,852
Liabilities for social security contributions and other taxes	59,556	77,163
Trade and other payables	409,279	451,015
<i>Of which:</i>		
- <i>the non-current portion</i>	26,119	28,838
- <i>the current portion</i>	383,160	422,177
Total	409,279	451,015

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

15. SUBSIDIES

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

Subsidies to research and development projects received are settled pro rata to the costs of these projects incurred by the 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.

16. 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 Company had no financial instruments carried at fair value.

17. PROVISION FOR EMPLOYEE BENEFITS

	AS AT 30 JUNE 2022	AS AT 31 DECEMBER 2021
Provisions recognized in the interim statement of financial position:		
Retirement and disability benefits	53,113	61,063
Jubilee awards	113,808	125,519
Other employee benefits (unused holiday leaves, salaries, death benefits and others)	44,573	18,105
Total	211,494	204,687

	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 statement of profit or loss:		
Retirement and disability benefits	3,359	3,170
Jubilee awards	(4,767)	8,957
Other employee benefits (unused holiday leaves, salaries, death benefits and others)	42,125	21,408
Total	40,717	33,535

	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 statement of comprehensive income:		
Retirement and disability benefits	(9,730)	1,040
Other employee benefits (death benefits)	(674)	(158)
Total	(10,404)	882

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	204,687	209,580
Current employment costs (including unused holiday leaves, salaries, death benefits and others)	50,560	30,896
Interest cost	3,061	1,314
Actuarial (gains)/losses recognized in the interim statement of profit or loss	(12,904)	1,325
Actuarial (gains)/losses recognized in the interim statement of comprehensive income	(10,404)	882
Total recognized in comprehensive income	30,313	34,417
Benefits paid out	(23,506)	(17,209)
As at 30 June	211,494	226,788
<i>including:</i>		
- non-current part	144,462	178,807
- current part	67,032	47,981

Employee benefit costs were captured in the following line items of the interim statement of profit or loss and in the interim 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	34,286	29,411
Selling costs	177	158
Administrative expenses	3,193	2,652
Finance costs	3,061	1,314
Total recognized in the interim statement of profit or loss	40,717	33,535
Actuarial (gains)/losses recognized in the interim statement of comprehensive income	(10,404)	882
Total recognized in the interim statement of comprehensive income	30,313	34,417

18. PROVISION 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	13,103	155,487
<i>Of which:</i>					
<i>Non-current</i>	130,402	-	-	-	130,402
<i>Current</i>	-	6,382	5,600	13,103	25,085
Recognized in the interim statement of financial position:					
- <i>Existing provision updated</i>	(2,643)	-	-	-	(2,643)
Recognized in the interim statement of profit or loss:					
- <i>Additional provisions created</i>	-	-	421	153	574
- <i>Existing provision used</i>	-	(833)	-	(13,103)	(13,936)
- <i>Settlement of a discount</i>	2,235	-	-	-	2,235
As at 30 June 2022	129,994	5,549	6,021	153	141,717
<i>Of which:</i>					
<i>Non-current</i>	129,994	-	-	-	129,994
<i>Current</i>	-	5,549	6,021	153	11,723
As at 1 January 2021	212,456	2,579	4,368	119	219,522
<i>Of which:</i>					
<i>Non-current</i>	212,456	-	-	-	212,456
<i>Current</i>	-	2,579	4,368	119	7,066
Recognized in the interim statement of financial position:					
- <i>Existing provision updated</i>	(14,339)	-	-	-	(14,339)
Recognized in the interim statement of profit or loss:					
- <i>Additional provisions created</i>	-	-	52	3,984	4,036
- <i>Existing provision used</i>	-	(259)	-	(119)	(378)
- <i>Settlement of a discount</i>	1,511	-	-	-	1,511
As at 30 June 2021	199,628	2,320	4,420	3,984	210,352
<i>Of which:</i>					
<i>Non-current</i>	199,628	-	-	-	199,628
<i>Current</i>	-	2,320	4,420	3,984	10,724

Mine closure and reclamation of land

The Company 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 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 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 Company 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 Company by its clients and suppliers. The amount of provisions recognized/reversed in the current period is recognized in the interim statement of profit or loss as other revenues/costs. According to the judgment of the 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 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 12,944 thousand was used in 2022.

19. REVENUE FROM SALES

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021 restated*
Sales of coal	1,428,433	1,059,707
Other activities	19,002	13,785
Sales of goods and materials	12,098	7,748
Total revenue from sales	1,459,533	1,081,240

*explanation provided in Note 2.1.1

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

- Coal sales contracts relating to the Company's core business; there are two types of these contracts – with the transport service (in which the 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 revenue from sales. The total amount of all revenues on this account during the first 6 months of 2022 was PLN 12,098 thousand (PLN 7,748 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 Company's sub-contractors (providing mining services to the Company) whose employees are obliged by OHS regulations to use shower rooms. The total amount of revenue from sales from the rental of shower room space during the first 6 months of 2022 was PLN 4,750 thousand (PLN 4,953 thousand in the corresponding period of the previous year).

20. OTHER REVENUES

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
Indemnities received	148	463
Excise tax refund	298	-
Other,	407	273
<i>of which:</i>		
- Reversal of other provisions for liabilities	109	94
- Reversal of impairment loss allowances	193	85
- Settlement of revenues from a subsidy	85	63
- Other revenues	20	31
Total other revenues	853	736

21. OTHER COSTS

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2021
Donations	(730)	(230)
Indemnities	(19)	-
Enforcement fees and penalties	(79)	-
Other	(63)	(77)
Total other costs	(891)	(307)

22. 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	(455)	60
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	1,166	(1,234)
Total other losses - net	(2,938)	(1,771)

23. 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	8,323	12
Dividends receivable and received	3,452	4,509
Other revenues, including	1,016	127
- <i>Interest on the Mine Closure Fund</i>	912	53
- <i>Others</i>	104	74
Total finance income	12,791	4,648
Interest expense on the valuation of employee benefits	(3,061)	(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	(476)	(519)
Other expenses	(405)	(445)
Total finance costs	(6,546)	(4,013)

24. INCOME TAX

24.1. 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	68,846	43,744
Deferred tax recognized in profit or loss	8,700	(21,170)
Deferred tax recognized in other comprehensive income/(loss):	1,977	(166)
- <i>on account of actuarial gains/(losses) recognized in the interim statement of comprehensive income</i>	1,977	(166)
Total	79,523	22,408

*explanation provided in Note 2.1.1

24.2. 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	413,642	127,201
Tax calculated at the rate of 19%	78,592	24,168
Correction of income tax for previous years	(896)	(461)
Tax effect of revenues permanently excluded from the tax base, of which:	(960)	(1,863)
- dividend from subsidiaries	(656)	(857)
- others	(304)	(1,006)
Tax effect of costs permanently excluded from the tax base:	810	730
- payment to the PFRON disabled persons fund	757	686
- donations	53	44
Income tax liability	77,546	22,574
Effective tax rate	19%	18%

*explanation provided in Note 2.1.1

Income tax in these interim condensed 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 financial statements may change at a later time, upon their final determination by tax authorities.

24.3. Current income tax receivables and liabilities

The current income tax liability of PLN 10,095 thousand shown in the interim statement of financial position relates entirely to the liability for 2022.

25. EARNINGS PER SHARE (IN PLN)

Basic

Basic earnings per share are calculated as the quotient of profit attributable to the 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*
Profit attributable to shareholders of the Company	336,096	104,627
Weighted average number of common shares (000s)	34,014	34,014
Basic earnings per share (in PLN)	9.88	3.08

*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 Company had no outstanding instruments that might potentially cause dilution of ordinary shares.

26. DIVIDEND PER SHARE

On 23 June 2022, the Ordinary General Meeting of the 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 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 Company's reserve capital.

The resulting ratios measuring dividends due to 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 per share dividend ratio is calculated as the quotient of the dividend payable to Company shareholders and the number of common shares outstanding as at the record date.

27. 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*
Balance sheet change in liabilities, liabilities from contracts with customers and subsidies		(40,670)	(1,829)
Offsetting income tax overpayments against payables for other taxes		899	10,019
Change in capital commitments		91,771	15,861
Change in liabilities for the purposes of the interim statement of cash flows		52,000	24,051
Increases in fixed assets	5	259,438	135,820
Adjustment due to application of the Amendment to IAS 16		-	10,151
Other non-cash adjustments		(105)	(32)
Change in capital commitments		91,771	15,861
Acquisition of property, plant and equipment		351,104	161,800

*explanation provided in Note 2.1.1

28. CONTINGENT ITEMS

The Company 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 Company, the Company no longer recognizes a provision for property tax. Still, the potential contingent liability may arise mainly from the existing differences between the Company'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 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 Company, for which the 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 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 Company estimated the provision for the fee for the co-creators according to the best of its knowledge and the principles used by the 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 Company. The issue of the fee amount will be 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 Company's Management Board testified. The date of the next hearing, during which a judgment is expected to be handed down, was set at 2 September 2022.

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 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 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.

29. FUTURE CONTRACTUAL LIABILITIES

Investment commitments

Contractual investment commitment incurred as at the balance sheet date but not yet recognized in the interim 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.

30. RELATED PARTY TRANSACTIONS

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

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

The Company 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 Przemysłowa Sp. z o.o., Grupa Azoty Kolars Sp. z o.o. and Miejskie Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. in Chełm.

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 Company'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 Company 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 Company 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 Company'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	-	-

Transactions with subsidiaries in the Lubelski Węgiel Bogdanka Group

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

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

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

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

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

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

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

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

In the reporting periods ended 30 June 2022 and 30 June 2021, the turnover resulting from purchases from Lubelski Węgiel Bogdanka Group companies and the amounts payable by the Company 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, of which:	92,582	148,702	71,573
- Purchases of services activated as Property, plant and equipment	26,789	33,735	11,888

In the reporting periods ended 30 June 2022 and 30 June 2021, the turnover resulting from purchases from sales to subsidiaries comprising the Lubelski Węgiel Bogdanka Group and the amounts receivable by the Company 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	9,058	13,761	7,254
Balance of receivables as at the end of the period including VAT	1,825	2,208	866

In the reporting periods ended 30 June 2022 and 30 June 2021, the values of dividends receivable and received from subsidiaries comprising the Lubelski Węgiel Bogdanka Group 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 receivable from LW Bogdanka Group companies	3,452	-	3,270
Dividend received from LW Bogdanka Group companies	-	4,509	1,239
Total dividend	3,452	4,509	4,509

31. REPORT ON REMUNERATION OF 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 Company.

32. IMPACT OF AN EXTRAORDINARY EVENT, I.E. RUSSIA'S AGGRESSION IN UKRAINE ON THE FINANCIAL STATEMENTS OF THE COMPANY

The extraordinary event that occurred during the first half of 2022 and continues until the date of these interim condensed 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 Company.

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

- 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 Company's 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 Company's 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 Company 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 Company'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 Company's operations and financial performance.
- The above event has no material direct impact on the Company's current staffing situation.

Given the above facts as well as the past developments, the Company believes that this event has had no significant effect on the operating activity and financial performance of the Company in H1 2022 and should not have such an effect in the short term. Still, such impact may be felt in the longer term.

33. EVENTS AFTER THE BALANCE SHEET DATE

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

34. APPROVAL OF THE FINANCIAL STATEMENTS

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

SIGNATURES OF ALL MANAGEMENT BOARD MEMBERS AND THE CHIEF ACCOUNTANT

ARTUR WASIL

President of the Management Board

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ARTUR WASILEWSKI

Vice-President of the Management Board
Economic and Financial Affairs

.....

DARIUSZ DUMKIEWICZ

Vice-President of the Management Board,
Trade and Investments

.....

ADAM PARTYKA

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

.....

KASJAN WYLIGAŁA

Vice-President of the Management Board,
Strategy and Development

.....

URSZULA PIĄTEK

Chief Accountant

.....