

CONSOLIDATED QUARTERLY REPORT

FOR THE PERIOD FROM
1 JANUARY TO 30 SEPTEMBER 2022



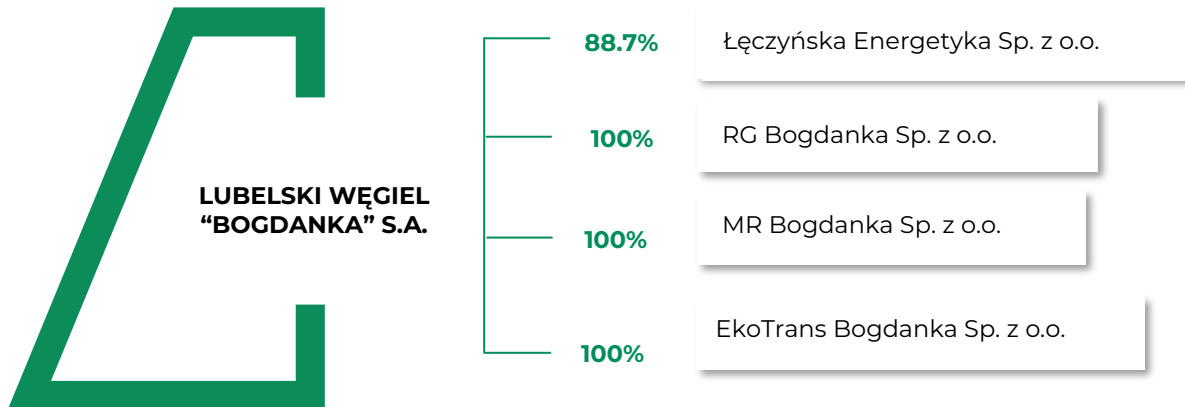
LUBELSKI WĘGIEL BOGDANKA GROUP

BOGDANKA, NOVEMBER 2022



General information

Lubelski Węgiel Bogdanka Group:



% of votes at the shareholder meeting 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 September 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 September 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 September 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 September 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 30 September 2022 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.	107,958	93,404	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.	22,000	2,659	100.0	none	none	full
EkoTRANS BOGDANKA Sp. z o.o.	4,467	908	100.0	none	none	full
MR BOGDANKA Sp. z o.o.	11,305	6,134	100.0	none	none	full

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

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

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 September 2022, Enea S.A. held in total 64.57% of shares in Lubelski Węgiel "Bogdanka" S.A.

In addition, 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.

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

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

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

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

Fair value is understood to be the price that may be obtained upon the sale of an asset or the price paid to transfer a liability in a common transaction on the main (or the most favorable) market on the measurement date and in the current market conditions, irrespective of whether the price is directly observable or estimated using a different measurement technique. In its fair value measurement of an asset or a liability, the Group considers the characteristics of the asset or liability if market players consider these features when measuring assets or liabilities as at the valuation date. Fair value for measurement and/or disclosure purposes in the Consolidated Quarterly Report is determined as described above, except for share-based payments, which are subject to IFRS 2, leases, which are subject to IFRS 16, as well the measurements that are similar to fair value but are not fair value, such as net selling price under IAS 2 or value in use under IAS 36.

Estimates

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

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

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

Accounting policy

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

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

balance of retained earnings as at 1 January 2022 (which is presented in the interim consolidated and standalone Statement of changes in equity). The key drivers contributing to this amount was: an increase in the net value of property, plant and equipment by PLN 29,496 thousand, adjusted by the tax effect, i.e. a PLN 5,604 thousand increase in the deferred tax liability.

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

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

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

At the same time, in order to maintain comparability of data, the Group's consolidated numbers and the Parent Company's numbers for the first three quarters of 2021 were restated. The total effect of this adjustment on the period result (both standalone and consolidated) as at 30 September 2021 was PLN 11,530 thousand.

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

The effect of application of the Amendment to IAS 16 Property, Plant and Equipment on the Group's Consolidated Statement of Financial Position as at 31 December 2021 and the Interim Consolidated Statement of Profit and Loss, the Interim Consolidated Statement of Comprehensive Income and the Interim Consolidated Statement of Cash Flows for the first three quarters of 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	-	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 liabilities	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 liabilities	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

Interim consolidated statement of profit or loss for the first three quarters of 2021

	Data for the period from 1 January to 30 September 2021 approved	Adjustment due to application of the Amendment to IAS 16	Data for the period from 1 January to 30 September 2021 restated*
<i>Continuing operations</i>			
Sales revenues	1,668,479	52,030	1,720,509
Cost of sales	(1,323,670)	(37,795)	(1,361,465)
Profit before tax	344,809	14,235	359,044
Selling and distribution expenses	(29,026)	-	(29,026)
Administrative expenses	(99,150)	-	(99,150)
Other revenues	1,135	-	1,135
Other costs	(654)	-	(654)
Other losses - net	(4,317)	-	(4,317)
Operating profit	212,797	14,235	227,032
Financial income	248	-	248
Financial costs	(6,466)	-	(6,466)
Profit before tax	206,579	14,235	220,814
Income tax	(41,828)	(2,705)	(44,533)
Profit on continuing operations	164,751	11,530	176,281
Net profit for the period	164,751	11,530	176,281
of which profit attributable to:			
- shareholders of the Parent Company	165,168	11,530	176,698
- non-controlling interests	(417)	-	(417)

Interim consolidated statement of comprehensive income for the first three quarters of 2021

	Data for the period from 1 January to 30 September 2021 approved	Adjustment due to application of the Amendment to IAS 16	Data for the period from 1 January to 30 September 2021 restated*
Net profit for the period	164,751	11,530	176,281
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	164,037	11,530	175,567
of which comprehensive income attributable to:			
- shareholders of the Parent Company	164,454	11,530	175,984
- non-controlling interests	(417)	-	(417)

Interim consolidated statement of cash flows for the first three quarters of 2021

	Data for the period from 1 January to 30 September 2021 approved	Adjustment due to application of the Amendment to IAS 16	Data for the period from 1 January to 30 September 2021 restated*
Cash flow on operating activity			
Net profit	164,751	11,530	176,281
<i>Adjustments:</i>			
Income tax recognized in profit or loss	41,828	2,705	44,533
Depreciation and amortization	325,425	-	325,425
Loss on the sale and liquidation of property, plant and equipment	33,042	-	33,042
Use and recognition of impairment allowances for property, plant and equipment	87	-	87
Interest income	(105)	-	(105)
Interest expense	1,012	-	1,012
Loss on measurement of financial instruments	2,612	-	2,612
Other cash flows	7,826	-	7,826
<i>Changes in working capital:</i>			
Change in provisions for employee benefits	15,787	-	15,787
Change in provisions	14,351	-	14,351
Change in inventories	(80,036)	-	(80,036)
Change in trade and other receivables	(55,766)	-	(55,766)
Change in trade and other liabilities	74,534	-	74,534
Total adjustments	380,597	2,705	383,302
Cash from operating activities	545,348	14,235	559,583
Income tax paid and received	(65,203)	-	(65,203)
Net cash flow on operating activity	480,145	14,235	494,380
Cash flow on investing activity			
Acquisition of property, plant and equipment	(228,342)	(14,235)	(242,577)
Acquisition of intangible assets	(9,258)	-	(9,258)
Proceeds on the sale of property, plant and equipment	96	-	96
Interest received	24	-	24
Expenditures for other short-term investments	(31,607)	-	(31,607)
Proceeds from cash collected in the Mine Closure Fund's bank account	365	-	365
Net cash flow on investing activity	(268,722)	(14,235)	(282,957)
Cash flow on financing activity			
Payment of lease liabilities	(2,903)	-	(2,903)
Repayments of loans and borrowings	(2,277)	-	(2,277)
Payments of interest and commissions related to financing activities	(317)	-	(317)
Dividends paid	(86)	-	(86)
Net cash flow on financing activity	(5,583)	-	(5,583)
Net increase in cash and cash equivalents before effects of FX rate changes	205,840	-	205,840
Net increase in cash and cash equivalents	205,840	-	205,840
Cash and cash equivalents at the beginning of the period	241,610	-	241,610
Cash and cash equivalents at the end of the period	447,450	-	447,450

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

The effect of application of the Amendment to IAS 16 Property, Plant and Equipment on the Parent Company's Statement of Financial Position as at 31 December 2021 and the Interim Statement of Profit and Loss, the Interim Statement of Comprehensive Income and the Interim Statement of Cash Flows for the first three quarters of 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 liabilities	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 liabilities	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 the first three quarters of 2021

	Data for the period from 1 January to 30 September 2021 approved	Adjustment due to application of the Amendment to IAS 16	Data for the period from 1 January to 30 September 2021 restated*
<i>Continuing operations</i>			
Sales revenues	1,665,301	52,030	1,717,331
Cost of sales	(1,319,915)	(37,795)	(1,357,710)
Profit before tax	345,386	14,235	359,621
Selling and distribution expenses	(29,265)	-	(29,265)
Administrative expenses	(99,447)	-	(99,447)
Other revenues	857	-	857
Other costs	(621)	-	(621)
Other losses - net	(4,304)	-	(4,304)
Operating profit	212,606	14,235	226,841
Financial income	4,751	-	4,751
Financial costs	(6,100)	-	(6,100)
Profit before tax	211,257	14,235	225,492
Income tax	(40,832)	(2,705)	(43,537)
Profit on continuing operations	170,425	11,530	181,955
Net profit for the period	170,425	11,530	181,955

Interim statement of comprehensive income for the first three quarters of 2021

	Data for the period from 1 January to 30 September 2021 approved	Adjustment due to application of the Amendment to IAS 16	Data for the period from 1 January to 30 September 2021 restated*
Net profit for the period	170,425	11,530	181,955
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	169,709	11,530	181,239

Interim statement of cash flows for first three quarters of 2021

	Data for the period from 1 January to 30 September 2021 approved	Adjustment due to application of the Amendment to IAS 16	Data for the period from 1 January to 30 September 2021 restated*
Cash flow on operating activity			
Net profit	170,425	11,530	181,955
<i>Adjustments:</i>			
Income tax recognized in profit or loss	40,832	2,705	43,537
Depreciation and amortization	317,166	-	317,166
Loss on the sale and liquidation of property, plant and equipment	33,030	-	33,030
Use and recognition of impairment allowances for property, plant and equipment	87	-	87
Interest income	(105)	-	(105)
Interest expense	648	-	648
Dividends received	(4,509)	-	(4,509)
Loss on measurement of financial instruments	2,612	-	2,612
Other cash flows	80	-	80
<i>Changes in working capital:</i>			
Change in provisions for employee benefits	12,665	-	12,665
Change in provisions	14,165	-	14,165
Change in inventories	(80,371)	-	(80,371)
Change in trade and other receivables	(56,243)	-	(56,243)
Change in trade and other liabilities	75,163	-	75,163
Total adjustments	355,220	2,705	357,925
Cash from operating activities	525,645	14,235	539,880
Income tax paid and received	(63,729)	-	(63,729)
Net cash flow on operating activity	461,916	14,235	476,151
Cash flow on investing activity			
Acquisition of property, plant and equipment	(224,779)	(14,235)	(239,014)
Acquisition of intangible assets	(236)	-	(236)
Proceeds on the sale of property, plant and equipment	96	-	96
Interest received	23	-	23
Dividends received	4,509	-	4,509
Expenditures for other short-term investments	(31,607)	-	(31,607)
Proceeds from cash collected in the Mine Closure Fund's bank account	365	-	365
Net cash flow on investing activity	(251,629)	(14,235)	(265,864)
Cash flow on financing activity			
Payment of lease liabilities	(2,806)	-	(2,806)
Net cash flow on financing activity	(2,806)	-	(2,806)
Net increase in cash and cash equivalents before effects of FX rate changes	207,481	-	207,481
Net increase in cash and cash equivalents	207,481	-	207,481
Cash and cash equivalents at the beginning of the period	216,782	-	216,782
Cash and cash equivalents at the end of the period	424,263	-	424,263

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

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

As for the operations conducted in the period under analysis, in the first three quarters of 2022 and until the publication date of this Consolidated Quarterly Report, the following material events occurred in the Group that affected its operations in 2022:

- On 26 May 2022, the Parent Company's Management Board signed an annex to the steam coal sales agreement with ENEA Elektrownia Połaniec S.A. The annex relates to an update of the terms of deliveries (including coal prices) in 2022 and part of 2023, carried out for Enea Elektrownia Połaniec S.A. The term of validity of the Agreement was extended to 31 December 2027. In total, the Agreement covers steam coal supply period from 2013 to 2027.
- On 15 June 2022, the Parent Company's Management Board signed annexes to the Steam Coal Sales Agreement with ENEA Wytwarzanie Sp. z o.o. The annexes relate to updates to the terms and conditions of deliveries (including coal prices) in 2022, executed for ENEA Wytwarzanie Sp. z o.o. and their signing is due to significant changes occurring in the market and economic environment, which took place in Q1 2022.
- On 2 September 2022, the Parent Company's Management Board became aware of updated production assumptions for 2022. As a result of encountering sudden and unforeseen impediments to mining, the Parent Company's Management Board updated the production target for 2022, setting it at approximately 9.2 million tons of commercial coal.
- Also in early September 2022, a sudden and unexpected increase in operating pressure occurred in longwall 3/VII/385, resulting in a squeeze. The Parent Company has taken measures to free the clamped sections and resume mining. However, these measures are technically and organizationally complex. As a result, the Parent Company has decided to once again update its production plan for 2022, setting it at approx. 8.3 million tons of commercial coal. At the same time, due to the above event, the Parent Company adopted a production target for 2023 at approx. 8.3 million tons of commercial coal.

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

The only material non-recurring event that occurred during the first 9 months of 2022 and continues until the date of this Consolidated Quarterly Report, is the armed conflict resulting from the attack of Russian Federation's armed forces on Ukraine on 24 February 2022. This event has had an immense impact on the social and economic condition and its economic impact is global. 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 76,406 thousand in the first 9 months of 2022 which represented approximately 3.8% of the consolidated revenue from sales (PLN 69,583 thousand in the first 9 months of 2021 and PLN 130,731 thousand in the entire 2021, which represented, respectively, 4.0% 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 the first three quarters of 2022 and should not have such an effect in the short term. Still, such impact may be felt in the longer term.

The second significant unusual event affecting the Group's operations and results is the occurrence of geological and mining problems in early September this year, described in more detail in Note 3, which led to an update of the production plan for 2022 and 2023.

5. **Details of the interim condensed consolidated financial statements of the Lubelski Węgiel Bogdanka Group for the first three quarters of 2022**

Q3 2022

Interim consolidated statement of profit or loss

In Q3 2022 consolidated revenue from sales was PLN 567,525 thousand, compared to PLN 636,571 thousand in the corresponding period of 2021. This represents a 10.8% decline in net revenue in Q3 2022.

In Q3 2022, the Group reported a consolidated operating loss of PLN 37,942 thousand. In turn, the net loss attributable to shareholders of the Parent Company amounted to PLN 25,821 thousand, while in the same period of 2021 the Group generated a net profit attributable to shareholders of the Parent Company of PLN 76,985 thousand.

The first three quarters of 2022

Interim consolidated statement of profit or loss

Consolidated sales revenues for the first three quarters of 2022 amounted to PLN 2,030,114 thousand, up 18.0% relative of the corresponding period of the previous year.

The consolidated operating profit for the first three quarters of 2022 was PLN 374,016 thousand. In turn, the net profit attributable to shareholders of the Parent Company for the first three quarters of 2022 amounted to PLN 309,977 thousand, while in the same period of 2021 the net profit attributable to shareholders of the Parent Company stood at PLN 176,698 thousand. This corresponds to an increase of 75.4% compared to the corresponding period of the previous year.

Interim consolidated statement of financial position

As at 30 September 2022, provisions for other liabilities and charges and provisions for employee benefits amounted to PLN 333,367 thousand, decreasing by PLN 32,856 thousand compared to 31 December 2021.

As at 30 September 2022, deferred tax liabilities amounted to PLN 247,756 thousand, up PLN 14,901 thousand from 31 December 2021.

6. **Details of the interim condensed financial statements of the Parent Company for the first three quarters of 2022**

Q3 2022

Interim statement of profit or loss

In Q3 2022 revenue from sales was PLN 567,616 thousand, compared to PLN 636,091 thousand in the corresponding period of 2021. This represents a 10.8% decline in net revenue in Q3 2022.

In Q3 2022, the Parent Company reported an operating loss of PLN 38,918 thousand. In turn, the net loss amounted to PLN 26,542 thousand, while in the same period of 2021 the Parent Company generated a profit of PLN 77,328 thousand.

The first three quarters of 2022

Interim statement of profit or loss

Sales revenues for the first three quarters of 2022 amounted to PLN 2,027,149 thousand, up 18.0% relative of the corresponding period of the previous year.

Operating profit for the first three quarters of 2022 was PLN 368,479 thousand. In turn, the net profit for the first 3 quarters of 2022 amounted to PLN 309,554 thousand, while in the same period of 2021 the net profit stood at PLN 181,955 thousand. This corresponds to an increase of 70.1% compared to the corresponding period of the previous year.

Interim statement of financial position

As at 30 September 2022, provisions for other liabilities and charges and provisions for employee benefits amounted to PLN 322,609 thousand, decreasing by PLN 37,565 thousand compared to 31 December 2021.

As at 30 September 2022, deferred tax liabilities amounted to PLN 247,740 thousand, up PLN 14,907 thousand from 31 December 2021.

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

There is no seasonality in production, while seasonality of retail sales can be observed at the coal sales outlet. Sales to individual clients represented approx. 1.65% of total consolidated revenue from sales in the first three quarters of 2022. Accordingly, this has no significant impact on the Group's operating and financing activities.

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

On 23 June 2022, the Ordinary Shareholder Meeting of the Parent Company was held, at which the Shareholders adopted a resolution on the distribution of the 2021 net 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, or PLN 2.50 per share, was earmarked for payment of dividend,
- the remaining amount, i.e. PLN 206,561 thousand, was allocated to the Parent Company's reserve capital.

In turn, in 2021, the Parent Company did not pay a dividend, while the entire net profit for 2020 was allocated to reserve capital.

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

9. Subsequent events not captured in the Consolidated Quarterly Report

There were no material events after the balance sheet date, which have not been captured in the Consolidated Quarterly Report but could affect the financial results as at 30 September 2022.

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

A detailed description of contingent liabilities and contingent assets is presented in Note 30 to the annual consolidated financial statements for 2021.

On 30 September 2022, a judgment was handed down before the Regional Court in Lublin in a case involving legal claims regarding patent 206048, which recognizes part of the plaintiffs' claims against the Parent Company. The judgment is not final.

At the moment, the Parent Company is awaiting a written justification of the judgment. At the same time, the deadline for preparing the justification was extended to 30 December 2022. Upon its receipt, the Parent Company assumes that it will file an appeal against the judgment.

With the exception of the situation described above, during the first three quarters of 2022, the balance of other contingent liabilities and contingent assets did not change significantly as compared to the end of the previous financial year.

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

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

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

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

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

In the reporting periods ended 30 September 2022 and 30 September 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		
	01.01.2022- 30.09.2022	01.01.2021- 31.12.2021	01.01.2021- 30.09.2021
Sales in the period	217,890	272,190	180,832
Balance of receivables as at the end of the period including VAT	9,170	34,682	28,160

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 September 2022 and 30 September 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		
	01.01.2022- 30.09.2022	01.01.2021- 31.12.2021	01.01.2021- 30.09.2021
Purchases in the period	193,239	122,872	89,897
Balance of payables as at the end of the period, including VAT	36,916	12,981	9,236

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 September 2022 and 30 September 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		
	01.01.2022- 30.09.2022	01.01.2021- 31.12.2021	01.01.2021- 30.09.2021
Purchases in the period	87,807	85,297	63,539
Balance of payables at the end of the period, including VAT, of which:	20,269	17,693	18,287

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 September 2022 and 30 September 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		
	01.01.2022- 30.09.2022	01.01.2021- 31.12.2021	01.01.2021- 30.09.2021
Sales in the period	1,447,021	1,886,441	1,375,910
Balance of receivables as at the end of the period including VAT	93,871	246,790	250,778

In the reporting periods ended 30 September 2022 and 30 September 2021, the dividends paid to Enea Group companies were as follows:

	FOR THE PERIOD		
	01.01.2022- 30.09.2022	01.01.2021- 31.12.2021	01.01.2021- 30.09.2021
Dividends paid to ENEA Group companies	54,905	-	-

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

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

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

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

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

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

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

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

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

In the reporting periods ended 30 September 2022 and 30 September 2021, the turnover resulting from purchases from Lubelski Węgiel Bogdanka Group companies and the amounts payable by the Parent Company to these entities were as follows:

	FOR THE PERIOD		
	01.01.2022- 30.09.2022	01.01.2021- 31.12.2021	01.01.2021- 30.09.2021
Purchases in the period, of which:	133,949	148,702	108,331
- <i>Purchases of services activated as Property, plant and equipment</i>	38,111	33,735	20,492
Balance of payables as at the end of the period, including VAT	17,725	17,485	15,178

In the reporting periods ended 30 September 2022 and 30 September 2021, the turnover resulting from purchases from sales to subsidiaries comprising the Lubelski Węgiel Bogdanka Group and the amounts receivable by the Parent Company from these entities were as follows:

	FOR THE PERIOD		
	01.01.2022- 30.09.2022	01.01.2021- 31.12.2021	01.01.2021- 30.09.2021
Sales in the period	12,845	13,761	9,466
Balance of receivables as at the end of the period including VAT	1,442	2,208	1,035

In the reporting periods ended 30 September 2022 and 30 September 2021, the dividends received from subsidiaries Łęczyńska Energetyka Sp. z o.o., MR Bogdanka Sp. z o.o., EkoTRANS Sp. z o.o. and RG Bogdanka Sp. z o.o. were as follows:

	FOR THE PERIOD		
	01.01.2022- 30.09.2022	01.01.2021- 31.12.2021	01.01.2021- 30.09.2021
Dividend received from LW Bogdanka Group companies	3,452	4,509	4,509

Sector and geographic segment reporting

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30 SEPTEMBER 2022	AS AT 31 DECEMBER 2021 restated*
Assets		
Non-current assets		
Property, plant and equipment	3,550,630	3,469,838
Intangible assets	64,899	55,989
Right-of-use asset	21,804	26,205
Investment property	2,749	2,886
Deferred tax assets	3,037	2,243
Trade and other receivables	1,093	1,092
Cash and cash equivalents	147,896	147,671
Total non-current assets	3,792,108	3,705,924
Current assets		
Inventories	187,223	99,744
Trade and other receivables	159,187	325,697
Income tax overpaid	14,569	-
Cash and cash equivalents	766,927	600,175
Total current assets	1,127,906	1,025,616
TOTAL ASSETS	4,920,014	4,731,540
Equity		
Common equity	301,158	301,158
Supplementary capital	702,549	702,549
Other reserve capital	2,194,624	1,988,063
Retained earnings	642,372	615,563
Equity attributable to shareholders of the Parent Company	3,840,703	3,607,333
Non-controlling interests	10,558	10,268
Total equity	3,851,261	3,617,601
Liabilities		
Non-current liabilities		
Loans and borrowings	2,545	4,822
Deferred tax liabilities	247,756	232,855
Provisions for employee benefits	154,032	168,857
Provisions for other liabilities and charges	128,874	130,402
Subsidies	10,874	11,282
Lease liabilities	18,292	20,622
Trade and other liabilities	25,257	29,575
Total non-current liabilities	587,630	598,415
Current liabilities		
Loans and borrowings	3,106	3,120
Provisions for employee benefits	39,308	41,778
Provisions for other liabilities and charges	11,153	25,186
Subsidies	493	493
Lease liabilities	4,998	6,784
Current income tax liabilities	-	1,215
Financial liabilities due to measurement of derivatives	-	4,240
Trade and other liabilities	419,421	423,004
Liabilities from contracts with customers	2,644	9,704
Total current liabilities	481,123	515,524
Total liabilities	1,068,753	1,113,939
TOTAL EQUITY AND LIABILITIES	4,920,014	4,731,540

*Explanation provided in Note 2

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Q3 2022 PERIOD FROM 01.07.2022 TO 30.09.2022	THE FIRST THREE QUARTERS OF 2022 PERIOD FROM 01.01.2022 TO 30.09.2022	Q3 2021 PERIOD FROM 01.07.2021 TO 30.09.2021 restate d*	THE FIRST THREE QUARTERS OF 2021 PERIOD FROM 01.01.2021 TO 30.09.2021 restate d*
<i>Continuing operations</i>				
Sales revenues	567,525	2,030,114	636,571	1,720,509
Cost of sales	(549,790)	(1,507,380)	(488,506)	(1,361,465)
Profit before tax	17,735	522,734	148,065	359,044
Selling and distribution expenses	(16,656)	(38,150)	(10,503)	(29,026)
Administrative expenses	(39,257)	(108,003)	(34,157)	(99,150)
Other revenues	393	1,433	158	1,135
Other costs	(415)	(1,319)	(343)	(654)
Other net gains/(losses)	258	(2,679)	(2,533)	(4,317)
Operating profit / (loss)	(37,942)	374,016	100,687	227,032
Financial income	11,979	21,364	106	248
Financial costs	(4,287)	(11,049)	(2,179)	(6,466)
Profit/(Loss) before tax	(30,250)	384,331	98,614	220,814
Income tax	4,473	(74,064)	(21,913)	(44,533)
Profit/(Loss) on continuing operations	(25,777)	310,267	76,701	176,281
Net profit/(loss) for the period	(25,777)	310,267	76,701	176,281
of which profit/(loss) attributable to:				
- shareholders of the Parent Company	(25,821)	309,977	76,985	176,698
- non-controlling interests	44	290	(284)	(417)

*Explanation provided in Note 2

EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY IN THE PERIOD (IN PLN PER SHARE)	THE FIRST THREE QUARTERS OF 2022 PERIOD FROM 01.01.2022 TO 30.09.2022	THE FIRST THREE QUARTERS OF 2021 PERIOD FROM 01.01.2021 TO 30.09.2021 restated*
- basic earnings per share from continuing operations	9.11	5.19
- basic earnings per share from discontinued operations	-	-
Basic earnings per share	9.11	5.19
- diluted earnings per share from continuing operations	9.11	5.19
- diluted earnings per share from discontinued operations	-	-
Diluted earnings per share	9.11	5.19

*Explanation provided in Note 2

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q3 2022 PERIOD FROM 01.07.2022 TO 30.09.2022	THE FIRST THREE QUARTERS OF 2022 PERIOD FROM 01.01.2022 TO 30.09.2022	Q3 2021 PERIOD FROM 01.07.2021 TO 30.09.2021 ^{restat ed*}	THE FIRST THREE QUARTERS OF 2021 PERIOD FROM 01.01.2021 TO 30.09.2021 ^{restat ed*}
Net profit/(loss) for the period	(25,777)	310,267	76,701	176,281
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	-	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	-	(1,977)	-	168
Other net comprehensive income/(loss) for the period	-	8,427	-	(714)
Net comprehensive income/(loss) for the period - total	(25,777)	318,694	76,701	175,567
of which comprehensive income/(loss) attributable to:				
- <i>shareholders of the Parent Company</i>	(25,821)	318,404	76,985	175,984
- <i>non-controlling interests</i>	44	290	(284)	(417)

*Explanation provided in Note 2

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	COMMON EQUITY	SUPPLEMENTARY CAPITAL	OTHER RESERVE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY	NON-CONTROLLING 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:	-	-	-	318,404	318,404	290	318,694
- net profit	-	-	-	309,977	309,977	290	310,267
- net other comprehensive income	-	-	-	8,427	8,427	-	8,427
Dividend	-	-	-	(85,034)	(85,034)	-	(85,034)
Transfer of the previous year's result	-	-	206,561	(206,561)	-	-	-
Change in equity in the period	-	-	206,561	26,809	233,370	290	233,660
As at 30 September 2022	301,158	702,549	2,194,624	642,372	3,840,703	10,558	3,851,261

	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**:	-	-	-	175,984	175,984	(417)	175,567
- net profit	-	-	-	176,698	176,698	(417)	176,281
- net other comprehensive loss	-	-	-	(714)	(714)	-	(714)
Dividends	-	-	-	-	-	(86)	(86)
Transfer of the previous year's result	-	-	70,050	(70,050)	-	-	-
Change in equity in the period	-	-	70,050	105,934	175,984	(503)	175,481
As at 30 September 2021	301,158	702,549	1,988,063	473,599	3,465,369	9,939	3,475,308

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	THE FIRST THREE QUARTERS OF 2022 PERIOD FROM 01.01.2022 TO 30.09.2022	THE FIRST THREE QUARTERS OF 2021 PERIOD FROM 01.01.2021 TO 30.09.2021 ^{restated*}
Cash flow on operating activity		
Net profit	310,267	176,281
<u>Adjustments:</u>		
Income tax recognized in profit or loss	74,064	44,533
Depreciation and amortization	297,884	325,425
Loss on the sale and liquidation of property, plant and equipment	28,891	33,042
Use and recognition of impairment allowances for property, plant and equipment	4,491	87
Interest income	(21,042)	(105)
Interest expense	611	1,012
Loss on measurement of financial instruments	-	2,612
Other cash flows	(3,440)	7,826
<u>Changes in working capital:</u>		
Change in provisions for employee benefits	(6,891)	15,787
Change in provisions	(10,005)	14,351
Change in inventories	(87,479)	(80,036)
Change in trade and other receivables	166,509	(55,766)
Change in trade and other liabilities	68,251	74,534
Total adjustments	511,844	383,302
Cash from operating activities	822,111	559,583
Income tax paid and received	(73,380)	(65,203)
Net cash flow on operating activity	748,731	494,380
Cash flow on investing activity		
Acquisition of property, plant and equipment	(490,040)	(242,577)
Acquisition of intangible assets	(18,035)	(9,258)
Proceeds on the sale of property, plant and equipment	371	96
Interest received	18,950	24
Expenditures for other short-term investments	(250,000)	(31,607)
Proceeds from other current investments	252,268	-
Proceeds from cash collected in the Mine Closure Fund's bank account	(225)	365
Net cash flow on investing activity	(486,711)	(282,957)
Cash flow on financing activity		
Payment of lease liabilities	(7,730)	(2,903)
Repayments of loans and borrowings	(2,277)	(2,277)
Payments of interest and commissions related to financing activities	(227)	(317)
Dividends paid	(85,034)	(86)
Net cash flow on financing activity	(95,268)	(5,583)
Net increase in cash and cash equivalents before effects of FX rate changes	166,752	205,840
Net increase in cash and cash equivalents	166,752	205,840
Cash and cash equivalents at the beginning of the period	600,175	241,610
Cash and cash equivalents at the end of the period	766,927	447,450

*Explanation provided in Note 2

ADDITIONAL INFORMATION FOR RECONCILIATION OF CONSOLIDATED CASH FLOWS FROM OPERATING ACTIVITIES

	THE FIRST THREE QUARTERS OF 2022 PERIOD FROM 01.01.2022 TO 30.09.2022	THE FIRST THREE QUARTERS OF 2021 PERIOD FROM 01.01.2021 TO 30.09.2021 ^{restated*}
Balance sheet change in liabilities, liabilities from contracts with customers and subsidies	(15,365)	47,191
Offsetting income tax overpayments against payables for other taxes	899	10,067
Change in capital commitments	82,717	17,276
Change in liabilities for the purposes of the interim consolidated statement of cash flows	68,251	74,534
Increases in fixed assets	407,427	225,366
Other non-cash adjustments	(104)	(65)
Change in capital commitments	82,717	17,276
Acquisition of property, plant and equipment*	490,040	242,577
Increases in intangible assets	18,036	9,258
Other non-cash adjustments	(1)	-
Acquisition of intangible assets	18,035	9,258

*Explanation provided in Note 2

INTERIM STATEMENT OF FINANCIAL POSITION

	AS AT 30 SEPTEMBER 2022	AS AT 31 DECEMBER 2021 restated*
Assets		
Non-current assets		
Property, plant and equipment	3,475,685	3,391,630
Intangible assets	55,009	55,674
Non-current investments	75,601	75,601
Right-of-use asset	17,718	20,292
Trade and other receivables	94	123
Cash and cash equivalents	147,896	147,671
Total non-current assets	3,772,003	3,690,991
Current assets		
Inventories	182,022	95,421
Trade and other receivables	157,223	323,568
Income tax overpaid	14,398	-
Cash and cash equivalents	749,227	580,560
Total current assets	1,102,870	999,549
TOTAL ASSETS	4,874,873	4,690,540
Equity		
Common equity	301,158	301,158
Supplementary capital	702,549	702,549
Other reserve capital	2,194,624	1,988,063
Retained earnings	631,122	604,736
Total equity	3,829,453	3,596,506
Liabilities		
Non-current liabilities		
Deferred tax liabilities	247,740	232,833
Provisions for employee benefits	150,659	165,447
Provisions for other liabilities and charges	128,874	130,402
Subsidies	10,874	11,282
Lease liabilities	16,011	18,377
Trade and other liabilities	24,659	28,838
Total non-current liabilities	578,817	587,179
Current liabilities		
Provisions for employee benefits	32,259	39,240
Provisions for other liabilities and charges	10,817	25,085
Subsidies	493	493
Lease liabilities	3,111	3,048
Trade and other liabilities	417,279	422,181
Liabilities from contracts with customers	2,644	9,704
Current income tax liabilities	-	2,864
Financial liabilities due to measurement of derivatives	-	4,240
Total current liabilities	466,603	506,855
Total liabilities	1,045,420	1,094,034
TOTAL EQUITY AND LIABILITIES	4,874,873	4,690,540

*Explanation provided in Note 2

INTERIM STATEMENT OF PROFIT OR LOSS

	Q3 2022 PERIOD FROM 01.07.2022 TO 30.09.2022	THE FIRST THREE QUARTERS OF 2022 PERIOD FROM 01.01.2022 TO 30.09.2022	Q3 2021 PERIOD FROM 01.07.2021 TO 30.09.2021 restated*	THE FIRST THREE QUARTERS OF 2021 PERIOD FROM 01.01.2021 TO 30.09.2021 restated*
<i>Continuing operations</i>				
Sales revenues	567,616	2,027,149	636,091	1,717,331
Cost of sales	(550,872)	(1,509,411)	(488,541)	(1,357,710)
Profit before tax	16,744	517,738	147,550	359,621
Selling and distribution expenses	(17,073)	(38,781)	(10,596)	(29,265)
Administrative expenses	(38,782)	(107,695)	(33,953)	(99,447)
Other revenues	358	1,211	121	857
Other costs	(388)	(1,279)	(314)	(621)
Other net gains/(losses)	223	(2,715)	(2,533)	(4,304)
Operating profit / (loss)	(38,918)	368,479	100,275	226,841
Financial income	11,835	24,626	103	4,751
Financial costs	(4,213)	(10,759)	(2,087)	(6,100)
Profit/(Loss) before tax	(31,296)	382,346	98,291	225,492
Income tax	4,754	(72,792)	(20,963)	(43,537)
Profit/(Loss) on continuing operations	(26,542)	309,554	77,328	181,955
Net profit/(loss) for the period	(26,542)	309,554	77,328	181,955

*Explanation provided in Note 2

EARNINGS PER SHARE ATTRIBUTABLE TO COMPANY SHAREHOLDERS DURING THE YEAR (IN PLN PER SHARE)	THE FIRST THREE QUARTERS OF 2022 PERIOD FROM 01.01.2022 TO 30.09.2022	THE FIRST THREE QUARTERS OF 2021 PERIOD FROM 01.01.2021 TO 30.09.2021 restated*
- basic earnings per share from continuing operations	9.10	5.35
- basic earnings per share from discontinued operations	-	-
Basic earnings per share	9.10	5.35
- diluted earnings per share from continuing operations	9.10	5.35
- diluted earnings per share from discontinued operations	-	-
Diluted earnings per share	9.10	5.35

* Explanation provided in Note 2

INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Q3 2022 PERIOD FROM 01.07.2022 TO 30.09.2022	THE FIRST THREE QUARTERS OF 2022 PERIOD FROM 01.01.2022 TO 30.09.2022	Q3 2021 PERIOD FROM 01.07.2021 TO 30.09.2021restat ed*	THE FIRST THREE QUARTERS OF 2021 PERIOD FROM 01.01.2021 TO 30.09.2021restat ed*
Net profit/(loss) for the period	(26,542)	309,554	77,328	181,955
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	-	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	-	(1,977)	-	166
Other net comprehensive income/(loss) for the period	-	8,427	-	(716)
Net comprehensive income/(loss) for the period - total	(26,542)	317,981	77,328	181,239

*Explanation provided in Note 2

INTERIM STATEMENT OF CHANGES IN EQUITY

	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:	-	-	-	317,981	317,981
- <i>net profit</i>	-	-	-	309,554	309,554
- <i>net other comprehensive income</i>	-	-	-	8,427	8,427
Dividend	-	-	-	(85,034)	(85,034)
Transfer of the previous year's result	-	-	206,561	(206,561)	-
Change in equity in the period	-	-	206,561	26,386	232,947
As at 30 September 2022	301,158	702,549	2,194,624	631,122	3,829,453

	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**:	-	-	-	181,239	181,239
- <i>net profit</i>	-	-	-	181,955	181,955
- <i>net 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	111,189	181,239
As at 30 September 2021	301,158	702,549	1,988,063	464,836	3,456,606

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

INTERIM STATEMENT OF CASH FLOWS

	THE FIRST THREE QUARTERS OF 2022 PERIOD FROM 01.01.2022 TO 30.09.2022	THE FIRST THREE QUARTERS OF 2021 PERIOD FROM 01.01.2021 TO 30.09.2021 restated*
Cash flow on operating activity		
Net profit	309,554	181,955
<i>Adjustments:</i>		
Income tax recognized in profit or loss	72,792	43,537
Depreciation and amortization	284,271	317,166
Loss on the sale and liquidation of property, plant and equipment	28,928	33,030
Use and recognition of impairment allowances for property, plant and equipment	4,491	87
Interest income	(21,042)	(105)
Interest expense	504	648
Dividends received	(3,452)	(4,509)
Loss on measurement of financial instruments	-	2,612
Other cash flows	(9,154)	80
<i>Changes in working capital:</i>		
Change in provisions for employee benefits	(11,365)	12,665
Change in provisions	(10,241)	14,165
Change in inventories	(86,601)	(80,371)
Change in trade and other receivables	166,374	(56,243)
Change in trade and other liabilities	66,509	75,163
Total adjustments	482,014	357,925
Cash from operating activities	791,568	539,880
Income tax paid and received	(72,784)	(63,729)
Net cash flow on operating activity	718,784	476,151
Cash flow on investing activity		
Acquisition of property, plant and equipment	(484,999)	(239,014)
Acquisition of intangible assets	(1,864)	(236)
Proceeds on the sale of property, plant and equipment	318	96
Interest received	18,773	23
Dividends received	3,452	4,509
Expenditures for other short-term investments	(250,000)	(31,607)
Proceeds from other current investments	252,268	-
Proceeds from cash collected in the Mine Closure Fund's bank account	(225)	365
Net cash flow on investing activity	(462,277)	(265,864)
Cash flow on financing activity		
Payment of lease liabilities	(2,806)	(2,806)
Dividends paid	(85,034)	-
Net cash flow on financing activity	(87,840)	(2,806)
Net increase in cash and cash equivalents before effects of FX rate changes	168,667	207,481
Net increase in cash and cash equivalents	168,667	207,481
Cash and cash equivalents at the beginning of the period	580,560	216,782
Cash and cash equivalents at the end of the period	749,227	424,263

*Explanation provided in Note 2

ADDITIONAL INFORMATION FOR RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	THE FIRST THREE QUARTERS OF 2022 PERIOD FROM 01.01.2022 TO 30.09.2022	THE FIRST THREE QUARTERS OF 2021 PERIOD FROM 01.01.2021 TO 30.09.2021 restated*
Balance sheet change in liabilities, liabilities from contracts with customers and subsidies	(16,548)	47,673
Offsetting income tax overpayments against payables for other taxes	899	10,067
Change in capital commitments	82,158	17,423
Change in liabilities for the purposes of the interim statement of cash flows	66,509	75,163
Increases in fixed assets	402,945	221,657
Other non-cash adjustments	(104)	(66)
Change in capital commitments	82,158	17,423
Acquisition of property, plant and equipment*	484,999	239,014

*Explanation provided in Note 2

APPROVAL OF THE CONSOLIDATED QUARTERLY REPORT

The Management Board of Lubelski Węgiel Bogdanka S.A. hereby represents that on 22 November 2022 it approved this Consolidated Quarterly Report for the first three quarters of the financial year 2022 covering the period from 1 January to 30 September 2022.

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

acting President of the Management Board

Vice-President of the Management Board
Economic and Financial Affairs

.....

DARIUSZ DUMKIEWICZVice-President of the Management Board
Sales and Investments

.....

ADAM PARTYKAVice-President of the Management Board
Labor and Social Affairs

.....

KASJAN WYLIGAŁAVice-President of the Management Board
Strategy and Development

.....

URSZULA PIĄTEK

Chief Accountant

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