INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE

The Lubelski Węgiel Bogdanka Group

Bogdanka, September 2023

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INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

	NOTE	AS AT 30 JUNE 2023	AS AT 31 DECEMBER 2022
Assets			
Non-current assets			
Property, plant and equipment	5	3,674,504	3,637,525
Intangible assets	6	60,079	59,554
Right-of-use asset	7.1	24,258	21,851
Investment property	8	2,624	2,702
Deferred tax assets		2,396	2,256
Trade and other receivables	9	1,015	8,716
Cash and cash equivalents	11	155,204	147,924
Total non-current assets		3,920,080	3,880,528
Current assets			
Inventories	10	295,658	195,860
Trade and other receivables	9	403,266	203,658
Income tax overpaid		-	63,604
Cash and cash equivalents	11	634,265	475,059
Total current assets		1,333,189	938,181
TOTAL ASSETS		**5,253,269**	**4,818,709**
Equity			
Common equity	12	301,158	301,158
Supplementary capital		702,549	702,549
Other reserve capital		2,282,626	2,194,624
Retained earnings		546,453	498,774
Equity attributable to shareholders of the Parent Company		3,832,786	3,697,105
Non-controlling interests		10,184	10,559
Total equity		3,842,970	3,707,664
Liabilities			
Non-current liabilities			
Loans and borrowings	16	268	1,786
Deferred tax liabilities		247,125	263,381
Provisions for employee benefits	18	196,244	179,958
Provisions for other liabilities and charges	19	155,621	155,452
Subsidies	15	10,462	10,732
Lease liabilities	7.1	18,779	18,314
Trade and other liabilities	14	22,550	32,265
Total non-current liabilities		651,049	661,888
Current liabilities			
Loans and borrowings	16	3,081	3,099
Provisions for employee benefits	18	137,987	49,855
Provisions for other liabilities and charges	19	11,731	12,746
Subsidies	15	486	488
Lease liabilities	7.1	7,290	5,179
Current income tax liabilities		4,877	-
Dividend liabilities		87,759	4
Trade and other liabilities	14	505,441	377,394
Liabilities from contracts with customers		598	392
Total current liabilities		759,250	449,157
Total liabilities		1,410,299	1,111,045
TOTAL EQUITY AND LIABILITIES		**5,253,269**	**4,818,709**

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2023 (IN PLN 000s)

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	NOTE	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
Continuing operations			
Sales revenues	20	1,825,080	1,462,589
Cost of sales		(1,371,762)	(957,590)
Profit before tax		453,318	504,999
Selling and distribution expenses		(25,308)	(21,494)
Administrative expenses		(94,200)	(68,746)
Other revenues	21	1,377	1,040
Other costs	22	(5,769)	(904)
Other losses - net	23	(54,486)	(2,937)
Operating profit		274,932	411,958
Financial income	24	17,021	9,385
Financial costs	24	(12,565)	(6,762)
Profit before tax		279,388	414,581
Income tax	25.2	(53,541)	(78,537)
Profit on continuing operations		225,847	336,044
Net profit for the period		**225,847**	**336,044**
of which profit attributable to:			
- shareholders of the Parent Company		*225,928*	*335,798*
- non-controlling interests		*(81)*	*246*

EARNINGS PER SHARE

EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY IN THE YEAR (IN PLN PER SHARE)	NOTE	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
- basic earnings per share from continuing operations		6.64	9.87
- basic earnings per share from discontinued operations		-	-
Basic earnings per share	26	**6.64**	**9.87**
- diluted earnings per share from continuing operations		6.64	9.87
- diluted earnings per share from discontinued operations		-	-
Diluted earnings per share	26	**6.64**	**9.87**

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2023 (IN PLN 000s)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTE	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
Net profit for the period		**225,847**	**336,044**
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	18	(3,077)	10,404
Other comprehensive income/(loss) that will not be reclassified to profit or loss, before tax		(3,077)	10,404
Other comprehensive income/(loss) to be reclassified to profit or loss, before tax		-	-
Other comprehensive income/(loss), before tax		(3,077)	10,404
Income tax on the items not to be transferred	25.1	585	(1,977)
Other net comprehensive income/(loss) for the period		(2,492)	8,427
Net comprehensive income for the period – total		**223,355**	**344,471**
of which comprehensive income attributable to:			
- shareholders of the Parent Company		*223,436*	*344,225*
- non-controlling interests		*(81)*	*246*

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2023 (IN PLN 000s)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	NOTE	COMMON EQUITY	SUPPLEMENTARY CAPITAL	OTHER RESERVE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
As at 1 January 2023		**301,158**	**702,549**	**2,194,624**	**498,774**	**3,697,105**	**10,559**	**3,707,664**
Total net comprehensive income for the period:		-	-	-	223,436	**223,436**	(81)	**223,355**
- net profit		-	-	-	*225,928*	***225,928***	*(81)*	***225,847***
- other comprehensive loss		-	-	-	*(2,492)*	***(2,492)***	-	***(2,492)***
Dividend	27	-	-	-	(87,755)	**(87,755)**	(294)	**(88,049)**
Transfer of the previous year's result	27	-	-	88,002	(88,002)	**-**	-	**-**
Change in equity in the period		-	-	88,002	47,679	**135,681**	(375)	**135,306**
As at 30 June 2023		**301,158**	**702,549**	**2,282,626**	**546,453**	**3,832,786**	**10,184**	**3,842,970**

	NOTE	COMMON EQUITY	SUPPLEMENTARY CAPITAL	OTHER RESERVE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
As at 1 January 2022		**301,158**	**702,549**	**1,988,063**	**591,671**	**3,583,441**	**10,268**	**3,593,709**
Adjustment due to changes in accounting policy*		**-**	**-**	**-**	23,892	**23,892**	**-**	**23,892**
As at 1 January 2022 after adjustments		**301,158**	**702,549**	**1,988,063**	**615,563**	**3,607,333**	**10,268**	**3,617,601**
Total net comprehensive income for the period:		-	-	-	344,225	**344,225**	246	**344,471**
- net profit		-	-	-	*335,798*	***335,798***	*246*	***336,044***
- other comprehensive income		-	-	-	*8,427*	***8,427***	-	***8,427***
Dividend	27	-	-	-	(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	52,630	**259,191**	246	**259,437**
As at 30 June 2022		**301,158**	**702,549**	**2,194,624**	**668,193**	**3,866,524**	**10,514**	**3,877,038**

*For a detailed explanation of the change in accounting policy, see the Group's 2022 consolidated financial statements

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2023 (IN PLN 000s)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
Cash flows on operating activity			
Net profit		225,847	336,044
Adjustments:			
Income tax in the interim consolidated statement of profit or loss		53,541	78,537
Depreciation and amortization		207,494	199,120
Loss on the sale and liquidation of property, plant and equipment		43,794	24,206
Use and recognition of impairment losses for property, plant and equipment	5.2	50,370	4,314
Interest income		(17,401)	(8,335)
Interest expense		624	655
Other cash flows		6,304	(2,498)
Changes in working capital:			
Change in provisions for employee benefits		101,341	20,770
Change in provisions		4,576	(10,550)
Change in inventories		(99,798)	(81,738)
Change in trade and other receivables		(191,907)	51,910
Change in trade and other liabilities	28	163,435	55,120
Total adjustments		322,373	331,511
Cash from operating activities		548,220	667,555
Income tax paid		(45,066)	(63,114)
Net cash flows from operating activities		**503,154**	**604,441**
Cash flow on investing activity			
Acquisition of property, plant and equipment	28	(339,395)	(352,766)
Acquisition of intangible assets	6	(8,305)	(12,968)
Proceeds on the sale of property, plant and equipment		611	335
Interest received		17,401	6,102
Expenditures for other short-term investments		-	(250,000)
Inflows/(Outflows) from cash collected in the Mine Closure Fund's bank account		(7,279)	1,920
Net cash flows from investing activities		**(336,967)**	**(607,377)**
Cash flow on financing activity			
Payment of lease liabilities		(5,053)	(5,241)
Repayments of loans and borrowings	16	(1,518)	(1,518)
Payments of interest and commissions related to financing activities	16	(116)	(158)
Dividends paid		(294)	-
Net cash flow on financing activity		**(6,981)**	**(6,917)**
Net increase/(decrease) in cash and cash equivalents before effects of FX rate changes		159,206	(9,853)
Increase/(decrease) in the net balance of cash and cash equivalents		159,206	(9,853)
Cash and cash equivalents at the beginning of the period		475,059	600,175
Cash and cash equivalents at the end of the period		**634,265**	**590,322**

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2023 (IN PLN 000s)

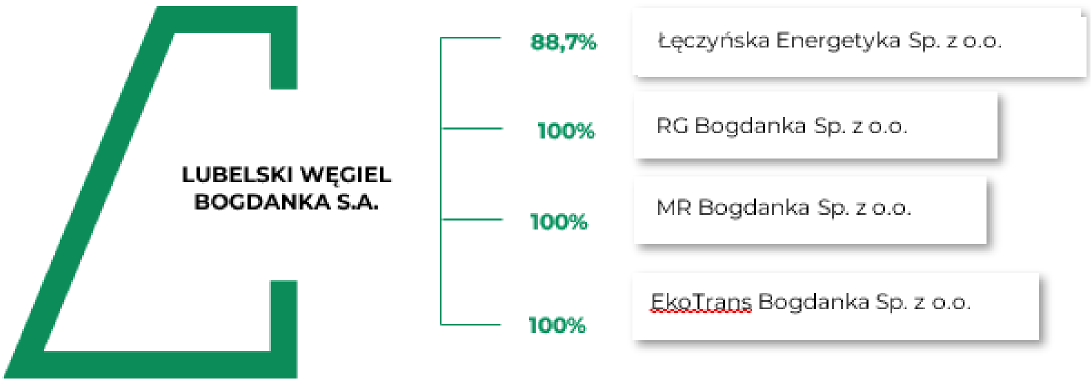
1. GENERAL INFORMATION

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

The interim condensed consolidated financial statements have been prepared for the 6-month period ended 30 June 2023, in Polish zloty (PLN), while data are presented in thousands of PLN, unless otherwise stated.

1.1 Composition of the Group and its primary line of business

Lubelski Węgiel Bogdanka Group



% liczba głosów na WZ w Spółkach Zależnych

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

Parent Company

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

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

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

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

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

Subsidiaries

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

As at 30 June 2023, the Parent Company held 88.7% shares in the capital of the "Łęczyńska Energetyka" Sp. z o.o. subsidiary.

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

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

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

As at 30 June 2023, the Parent Company held 100.0% shares in the capital of EkoTRANS Bogdanka Sp. z o.o.

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

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

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

As at 30 June 2023, the Parent Company held 100.0% shares in the capital of RG "Bogdanka" Sp. z o.o.

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

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

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

As at 30 June 2023, the Parent Company held 100.0% shares in the capital of MR Bogdanka Sp. z o.o.

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

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

The summary list of subsidiaries comprising the Group as at the balance sheet date is presented in the table below:

NAME OF THE SUBSIDIARY	BALANCE SHEET TOTAL [PLN 000s]	EQUITY [PLN 000s]	% SHARES HELD	NON-CONTROLLING INTERESTS	LIMITATIONS OF CONTROL; RESTRICTIONS ON CONSOLIDATED ASSETS AND LIABILITIES	CONSOLIDATION METHOD
ENTITIES CONSOLIDATED IN THE CURRENT PERIOD AND IN PREVIOUS PERIODS:						
"ŁĘCZYŃSKA ENERGETYKA" Sp. z o.o.	103,278	90,099	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.	32,216	4,421	100.0	none	none	full
EkoTRANS BOGDANKA Sp. z o.o.	5,046	503	100.0	none	none	full
MR BOGDANKA Sp. z o.o.	13,002	7,388	100.0	none	none	full

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

Group in the ENEA Group's structure

On 14 September 2015, ENEA S.A. announced a takeover bid for shares of Lubelski Węgiel "Bogdanka" S.A., the Parent Company, stating that it intended to acquire up to 64.57% of all votes at the Shareholder Meeting of Lubelski Węgiel "Bogdanka" S.A. The transaction was settled on 29 October 2015. As a result of the transaction, ENEA S.A. and its subsidiary acquired in total 66% of shares in Lubelski Węgiel "Bogdanka" S.A. and consequently Lubelski Węgiel "Bogdanka" S.A. and its subsidiaries became part of the ENEA Group with ENEA S.A. in Poznań as its parent company. As a result of a disposal by a subsidiary of ENEA S.A. of the Parent Company's shares in Q2 2022, as at 30 June 2023, ENEA S.A. held in total 64.57% of shares in the Parent Company.

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 S.A. 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. The acquisition of the Parent Company's shares by the State Treasury is planned for the end of Q3 2023.

The State Treasury is the ultimate parent

1.2 Going concern assumption

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

2. DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES APPLIED

2.1 Basis of preparation

These interim condensed consolidated financial statements of the Group for H1 2023 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as approved by the European Union.

The interim condensed consolidated financial statements have been drawn up in accordance with the historical cost principle, except for derivative financial instruments measured at fair value.

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

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

2.1.1 New accounting principles

The interim condensed consolidated financial statements for the current and comparative period have been prepared using the same accounting policies and the same accounting policy and calculation methods were used as in the most recent annual consolidated financial statements for 2022.

2.1.2 Significant values based on professional judgment and estimates

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

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

The significant estimations and judgments have not changed since the publication of the annual consolidated financial statements for 2022.

2.1.3 New standards and interpretations

In these interim condensed consolidated financial statements, the Group applied for the first time the following new standards and amendments to the existing standards, which came into force as of 1 January 2023:

- 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.

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

- Amendment to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

In 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.

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

- 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 amendment to the standard, there was ambiguity as to whether the recognition of equal amounts of an asset and a liability for accounting purposes (e.g. the initial recognition of a lease) that has no impact on current tax settlements triggers the recognition of deferred tax balances, or whether the so-called initial recognition exemption applies, which says that deferred tax balances are not recognized if the recognition of an asset or liability has no impact on accounting or tax results at the time of that recognition. The amended IAS 12 addresses this issue by requiring recognition of deferred taxes in the above situation through an additional provision that the exemption from initial recognition does not apply if an entity simultaneously recognizes an asset and an equivalent liability and each creates temporary differences.

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

- Amendments to IAS 12 “Income Taxes”: global minimum income tax (Pillar Two)

  In May 2023, the Board issued amendments to IAS 12, “Income Taxes,” in response to the Pillar Two global minimum income tax regulations issued by the Organization for Economic Cooperation and Development (OECD) in connection with the international tax reform. The amendment to IAS 12 provides a temporary exemption from the requirement to recognize deferred taxes resulting from enacted tax laws that implement the Pillar Two model rules. While companies can apply the guidance of the revised IAS 12 standard immediately, certain disclosures are required for annual periods beginning on or after 1 January 2023.

  At the time of preparing these interim condensed consolidated financial statements, the amendment has not yet been approved by the European Union.

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

- Amendment to IFRS 16 "Leases"

  In September 2022, the Board amended IFRS 16 "Leases" by supplementing the requirements for subsequent measurement of the lease obligation for sale and leaseback transactions when the criteria of IFRS 15 are met and the transaction should be recognized as a sale.

  The amendment requires the seller-lessee to subsequently measure its lease obligations under sale-leasebacks in such a way that no gain or loss related to the retained right-of-use is recognized. The new requirement is particularly relevant when sale-leasebacks include variable lease payments that do not depend on an index or rate, as these payments are excluded from "lease payments" under IFRS 16. The revised standard includes a new example that illustrates the application of the new requirement in this regard. The amendment comes into effect as of 1 January 2024.

  At the time of preparing these interim condensed consolidated financial statements, the amendment has not yet been approved by the European Union.

- Amendments to IAS 1 “Presentation of financial statements”

  In 2020, the Board has published amendments to IAS 1, which clarify the issue of presentation of liabilities as non-current and current. In October 2022, the Board issued further amendments to IAS 1, which addresses the classification of liabilities as non-current and current, for which an entity is required to meet certain contractual requirements known as covenants. The revised IAS 1 standard states that liabilities are classified as either non-current or current depending on the rights that exist at the end of the reporting period.

Neither the entity's expectations nor events after the reporting date (for example, abandonment or violation of covenants) affect the classification.

The amendment is applicable to financial statements for the periods beginning on or after 1 January 2024.

At the time of preparing these interim condensed consolidated financial statements, the amendments have not yet been approved by the European Union.

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Disclosure of supplier finance arrangements

  In May 2023, the Board issued amendments to IAS 7, Statement of Cash Flows, and IFRS 7, Financial Instruments: Disclosures. The amendments to the standards introduce disclosure requirements for supplier finance arrangements. The amendments require specific disclosures regarding the entity's financial contracts with suppliers to enable users of financial statements to assess the impact of these contracts on the entity's liabilities and cash flows and the entity's exposure to liquidity risk. These amendments are intended to increase the transparency of disclosures about arrangements made with suppliers. The amendments do not affect recognition and measurement principles, only disclosure requirements.

  The new disclosure obligations will be effective for annual reporting periods beginning on or after 1 January 2024.

  At the time of preparing these interim condensed consolidated financial statements, the amendments have not yet been approved by the European Union.

- Amendments to IFRS 10 and IAS 28 concerning the sale or contribution of assets between an investor and its associates or joint ventures

  The amendments resolve the existing inconsistency between IFRS 10 and IAS 28. The accounting treatment depends on whether non-cash assets that are sold or contributed to an associate or joint venture constitute a "business."

  If the non-cash assets constitute a "business" then the investor reports the full gain or loss on the transaction. If however the assets do not meet the definition of a business then the investor recognizes a gain or loss only from the portion representing the interests of other investors.

  The amendments were published on 11 September 2014. At the time of preparing these consolidated financial statements, the approval of this amendment has been deferred by the European Union.

The Group is in the course of analyzing the impact that the new standards will exert on the consolidated financial statements. The above standards will affect the consolidated financial statements, however the Group believes the impact will be relatively insignificant.

3. SEGMENT INFORMATION

Basic reporting layout – industry segments

The Group focuses its activity mainly on the production and sales of coal. Revenue from sales of other products and services in the period from 1 January to 30 June 2023 amounted to PLN 44,087 thousand (PLN 38,860 thousand in the corresponding period last year), representing 2.4% of total consolidated sales revenues in 2023 (2.7% in the same period last year).

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

Supplementary reporting layout – geographic segments

The Group conducts its operations mainly in the territory of Poland. In the period from 1 January to 30 June 2023, there were no revenue from sales of coal outside Poland (in the corresponding period of last year this revenue amounted to PLN 76,372 thousand, which was 5.2% of total consolidated sales revenues). The Group has no related assets and liabilities located outside of the territory of Poland.

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

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

Breakdown into mining fields

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

Main buyers of coal

During the 6 months of 2023 and 2022, the Group's key buyers with the share in sales exceeding 10% of revenue from sales, included:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
ENEA Wytwarzanie Sp. z o.o.	72%	52%
ENEA Elektrownia Połaniec S.A.	13%	17%

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 0.1% of the total consolidated revenue from sales. Accordingly, this has no significant impact on the Group's operating and financing activities.

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2023 (IN PLN 000s)

5. PROPERTY, PLANT AND EQUIPMENT

	LAND	BUILDINGS AND STRUCTURES ** TOTAL	BUILDINGS AND STRUCTURES INCLUDING ROADWAYS	TECHNICAL EQUIPMENT AND MACHINERY	MEANS OF TRANSPORTATION	OTHER FIXED ASSETS	FIXED ASSETS UNDER CONSTRUCTION	TOTAL
As at 1 January 2023								
Cost or valuation	12,403	3,730,544	2,612,199	3,022,521	142,512	31,914	358,454	7,298,348
Accumulated depreciation	-	(1,617,881)	(1,110,007)	(1,943,119)	(75,946)	(23,877)	-	(3,660,823)
Net book value	12,403	2,112,663	1,502,192	1,079,402	66,566	8,037	358,454	3,637,525
As at 30 June 2023								
Net carrying amount at the beginning of the year	12,403	2,112,663	1,502,192	1,079,402	66,566	8,037	358,454	3,637,525
Addition	-	-	-	-	-	742	337,672	338,414
Transfers from fixed assets under construction	1,115	212,228	183,137	37,823	7,324	1,730	(260,220)	-
Reduction	-	(49,193)	(43,766)	(4,711)	(29)	-	(1,597)	(55,530)
Depreciation and amortization	-	(112,928)	(98,416)	(83,375)	(3,122)	(1,473)	-	(200,898)
Impairment loss	(586)	(21,701)	(21,701)	(24,062)	-	-	1,342	(45,007)
Net book value	12,932	2,141,069	1,521,446	1,005,077	70,739	9,036	435,651	3,674,504
As at 30 June 2023								
Cost or valuation	12,932	3,788,073	2,646,004	2,987,213	148,880	32,927	435,651	7,405,676
Accumulated depreciation	-	(1,647,004)	(1,124,558)	(1,982,136)	(78,141)	(23,891)	-	(3,731,172)
Net book value	12,932	2,141,069	1,521,446	1,005,077	70,739	9,036	435,651	3,674,504
As at 1 January 2022								
Cost or valuation	11,566	3,577,390	2,491,148	2,933,656	132,019	30,360	214,629	6,899,620
Accumulated depreciation	-	(1,576,191)	(1,095,838)	(1,789,595)	(70,409)	(23,083)	-	(3,459,278)
Net book value	11,566	2,001,199	1,395,310	1,144,061	61,610	7,277	214,629	3,440,342
As at 30 June 2022								
Net carrying amount at the beginning of the year	11,566	2,001,199	1,395,310	1,144,061	61,610	7,277	214,629	3,440,342
Adjustment due to application of the Amendment to IAS 16*	-	23,273	23,273	-	-	-	6,223	29,496
Addition	-	-	-	-	-	872	259,817	260,689
Transfers from fixed assets under construction	750	47,482	44,515	80,547	8,152	560	(137,491)	-
Reduction	-	(27,475)	(24,348)	(791)	(45)	-	(105)	(28,416)
Depreciation and amortization	-	(103,803)	(90,223)	(83,952)	(3,009)	(1,496)	-	(192,260)
Impairment loss	(50)	-	-	(3,737)	-	-	-	(3,787)
Net book value	12,266	1,940,676	1,348,527	1,136,128	66,708	7,213	343,073	3,506,064
As at 30 June 2022								
Cost or valuation	12,266	3,495,421	2,409,265	3,001,090	139,554	30,117	343,073	7,021,521
Accumulated depreciation	-	(1,554,745)	(1,060,738)	(1,864,962)	(72,846)	(22,904)	-	(3,515,457)
Net book value	12,266	1,940,676	1,348,527	1,136,128	66,708	7,213	343,073	3,506,064

*For a detailed explanation, see the Group's 2022 consolidated financial statements

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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 2023:	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:	26	28,545	514,397	(289,862)	224,535	56%
- depreciated until June 2023	10	13,172	197,153	(90,267)	106,886	46%
Roadways recognized as fixed assets, depreciated based on useful lives	256	98,741	1,817,031	(670,763)	1,146,268	37%
Others items depreciated based on useful lives (shafts, shaft towers, stoppings, storage tanks and other)	31	-	314,576	(163,933)	150,643	52%
Total as at 30 June 2023	313	127,286	2,646,004	(1,124,558)	1,521,446	43%

As at 30 June 2022:	QUANTITY [pcs]	LENGTH [m]	INITIAL VALUE	ACCUMULATED DEPRECIATION	NET VALUE AS AT THE BALANCE SHEET DATE	LEVEL OF ACCUMULATED DEPRECIATION IN THE GROUP
Roadways recognized as fixed assets, depreciated using the natural method, of which:	27	21,462	425,749	(287,714)	138,035	68%
- depreciated until June 2022	*8*	*5,611*	*127,503*	*(90,939)*	*36,564*	*71%*
Roadways recognized as fixed assets, depreciated based on useful lives	248	94,903	1,675,943	(614,547)	1,061,396	37%
Others items depreciated based on useful lives (shafts, shaft towers, stoppings, storage tanks and other)	30	-	307,573	(158,477)	149,096	52%
As at 30 June 2022	305	116,365	2,409,265	(1,060,738)	1,348,527	44%

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

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

In the course of the analysis of indications performed at the end of 2022, the need to perform an impairment test was identified, mainly because the market capitalization of the Parent Company was below the carrying value of its net assets. No impairment was found as a result of the test and the details of the test and the key assumptions adopted for the test are described broadly in the Group's annual consolidated financial statements for 2022.

When repeating the analysis of the indications for the purposes of the interim consolidated financial statements as at 30 June 2023 and up to the date of these consolidated financial statements, the Management Board of the Parent Company did not identify any new indications pointing to the need to repeat the impairment test during the financial year. Due to the changes in hard coal prices on global markets, the test conducted at the end of 2022 was analyzed for sensitivity to changes in key assumptions, including, in particular, changes in hard coal sales prices assumed for the test. The analysis showed no impairment of non-current assets.

As at the end of previous periods, it was noted that the market capitalization of the Parent Company has remained below the carrying amount of its net assets, which, in the opinion of the Parent

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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.

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 2023	4,809	-	14,003	10,457	29,269
Recognition of impairment loss allowance	586	21,701	28,170	-	50,457
Utilization of impairment loss allowance	-	-	(4,021)	(1,342)	(5,363)
Decrease	-	-	(87)	-	(87)
As at 30 June 2023	5,395	21,701	38,065	9,115	74,276
As at 1 January 2022	4,475	-	3,723	10,457	18,655
Recognition of impairment loss allowance	50	-	4,264	-	4,314
Utilization of impairment loss allowance	-	-	(527)	-	(527)
As at 30 June 2022	4,525	-	7,460	10,457	22,442

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

The high amount of the impairment loss on property, plant and equipment recognized in H1 2023 is due to the event of a sudden and unexpected groundwater spill into the underground workings, which occurred at the Parent Company in February 2023 in longwall 3/VII/385. This event is described in more detail in Note 33.

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6. INTANGIBLE ASSETS

	SOFTWARE	FEES, LICENSES	GEOLOGIC INFORMATION	OTHER	TOTAL
As at 1 January 2023					
Cost or valuation	8,214	23,239	54,343	16,877	102,673
Accumulated depreciation	(6,262)	(7,519)	(17,647)	(11,691)	(43,119)
Net book value	1,952	15,720	36,696	5,186	59,554
As at 30 June 2023					
Net carrying amount at the beginning of the year	1,952	15,720	36,696	5,186	59,554
Reclassification - transfer between groups	247	-	-	(247)	-
Addition	133	517	-	7,655	8,305
Reduction	-	(4)	-	(5,965)	(5,969)
Depreciation and amortization	(379)	(737)	(680)	(15)	(1,811)
Net book value	1,953	15,496	36,016	6,614	60,079
As at 30 June 2023					
Cost or valuation	8,791	23,469	54,343	12,594	99,197
Accumulated depreciation	(6,838)	(7,973)	(18,327)	(5,980)	(39,118)
Net book value	1,953	15,496	36,016	6,614	60,079

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

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7. LEASE

7.1 Right-of-use asset

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

	RIGHT OF PERPETUAL USUFRUCT OF LAND	TECHNICAL EQUIPMENT AND MACHINERY	MEANS OF TRANSPORTATION	TOTAL
As at 1 January 2023				
Cost or valuation	18,324	9,585	14,107	42,016
Accumulated depreciation	(2,009)	(6,790)	(11,366)	(20,165)
Net book value	16,315	2,795	2,741	21,851
As at 30 June 2023				
Net carrying amount at the beginning of the year	16,315	2,795	2,741	21,851
Addition	-	7,006	95	7,101
Depreciation and amortization	(260)	(2,969)	(1,465)	(4,694)
Net book value	16,055	6,832	1,371	24,258
As at 30 June 2023				
Cost or valuation	18,324	15,130	14,179	47,633
Accumulated depreciation	(2,269)	(8,298)	(12,808)	(23,375)
Net book value	16,055	6,832	1,371	24,258
As at 1 January 2022				
Cost or valuation	18,324	6,419	14,098	38,841
Accumulated depreciation	(1,488)	(2,715)	(8,433)	(12,636)
Net book value	16,836	3,704	5,665	26,205
As at 30 June 2022				
Net carrying amount at the beginning of the year	16,836	3,704	5,665	26,205
Addition	-	3,622	130	3,752
Depreciation and amortization	(260)	(3,191)	(1,505)	(4,956)
Net book value	16,576	4,135	4,290	25,001
As at 30 June 2022				
Cost or valuation	18,325	10,041	14,228	42,594
Accumulated depreciation	(1,749)	(5,906)	(9,938)	(17,593)
Net book value	16,576	4,135	4,290	25,001

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

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
Amortization of the right-of-use asset	4,694	4,956
Financial costs	782	453
Total	5,476	5,409

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Change in lease liabilities and balance as at 30 June 2023 are presented in the table below:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
As at 1 January	23,493	27,406
Addition	7,101	3,752
Decrease	(254)	-
Principal installment under financial lease agreements	(4,271)	(4,788)
Total	26,069	26,370

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 2023	AS AT 31 DECEMBER 2022
Less than 1 year	775	454
From 1 to 2 years	18	-
From 2 to 5 years	17	-
Minimum future payments	810	454

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

Selected short-term agreements are not covered by the scope of IFRS 16 "Leases" and as such are not presented in the balance sheet as right-of-use assets.

8. INVESTMENT PROPERTY

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
As at 1 January	2,702	2,886
Acquisition	13	-
Depreciation and amortization	(91)	(92)
Total	2,624	2,794

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

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

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
Revenues from investment property	122	67
Costs associated with investment property	(284)	(140)

The fair value of investment property estimated as of the balance sheet date is higher than the net carrying amount and is approx. PLN 5,370 thousand. The value was calculated by an independent appraiser by comparing it to market transaction prices for similar properties.

9. TRADE AND OTHER RECEIVABLES

	AS AT 30 JUNE 2023	AS AT 31 DECEMBER 2022
Trade receivables	323,390	170,359
Impairment losses for receivables	(6,971)	(6,819)
Net trade receivables	316,419	163,540
Accruals	86,180	37,295
Other receivables	667	2,823
Current part	403,266	203,658
Accruals	503	8,235
Other receivables	512	481
Non-current part	1,015	8,716
Total trade and other receivables	404,281	212,374

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

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

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

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
As at 1 January	6,819	7,714
Impairment loss recognized	335	80
Receivables written off during the year as uncollectible	(99)	(1)
Reversal of unused amounts	(84)	(7)
Total	6,971	7,786

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

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

	AS AT 30 JUNE 2023	AS AT 31 DECEMBER 2022
Up to 1 month	2	37
Above 12 months	6,969	6,782
Total	6,971	6,819

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

	AS AT 30 JUNE 2023	AS AT 31 DECEMBER 2022
Up to 1 month	2,433	554
From 1 to 3 months	202	517
From 3 to 6 months	301	13
From 6 to 12 months	32	187
Above 12 months	82	2
Total	3,050	1,273

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

10. INVENTORIES

	AS AT 30 JUNE 2023	AS AT 31 DECEMBER 2022
Materials	205,170	190,997
Impairment loss allowance for materials	(102)	(104)
Finished products	90,590	4,967
Total	295,658	195,860

The cost of inventories in the interim consolidated statement of profit or loss was recognized in the “Costs of products, goods and materials sold” item, in which the total value over the first 6 months of 2023 was PLN 1,371,762 thousand (PLN 957,590 thousand in the corresponding period of 2022).

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

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
As at 1 January	104	-
Recognition of impairment loss for inventories	-	9
Impairment loss used	(2)	-
Total	102	9

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

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

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11. CASH AND CASH EQUIVALENTS

	AS AT 30 JUNE 2023	AS AT 31 DECEMBER 2022
Cash in bank	49,680	41,463
Bank deposits	739,789	581,520
Total	789,469	622,983
Of which:		
*- the non-current portion***	155,204	*147,924*
- the current portion	634,265	*475,059*
Total	789,469	622,983

** restricted cash

The value of restricted cash amounted to PLN 182,385 thousand on 30 June 2023 (31 December 2022: PLN 175,030 thousand), of which PLN 155,204 thousand represented funds accumulated in the Mine Closure Fund to cover the costs of mine closures (31 December 2022: PLN 147,924 thousand), while the remaining amount relates to cash accumulated in separate VAT accounts and collateral received.

The cash held by the Group is denominated in PLN.

12. SHARE CAPITAL

	NUMBER OF SHARES (000s)	PAR VALUE OF ORDINARY SHARES	HYPERINFLATION ADJUSTMENT	TOTAL
As at 1 January 2023	34,014	170,068	131,090	301,158
As at 30 June 2023	34,014	170,068	131,090	301,158
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

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

13. OTHER CAPITAL

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

Other capital on account of the Management Option Issue Program

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

Capital on revaluation of cash flow hedges

Other capital may also include derivative financial instruments constituting cash flow hedges (in the portion considered to be an effective hedge) after taking into account the tax effect. During the first 6 months of 2023 and 2022, the Group did not hold any cash flow hedging financial instruments.

Non-controlling interests

Non-controlling interests pertain solely to the subsidiary "Łęczyńska Energetyka" Sp. z o.o. and are owned by the Łęczna Township (11.29%) and the Puchaczów Township (0.01%, adding up to 11.30%). During the first 6 months of 2023, the total loss attributable to non-controlling interests amounted to PLN 81 thousand (in 2022, non-controlling interests had a total income of PLN 246 thousand).

Retained earnings

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

Non-distributable equity components

Pursuant to Article 396 § 1 of the Commercial Company Code, which is applicable to the Parent Company and its subsidiaries, supplementary capital must be established to cover potential losses and at least 8% of the profit for the financial 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 2023 and 31 December 2022, 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 LIABILITIES

	AS AT 30 JUNE 2023	AS AT 31 DECEMBER 2022
Trade liabilities	236,229	158,325
Other liabilities, including:	235,137	187,494
- Company Social Benefit Fund	*4,626*	*762*
- bid deposit liabilities	*3,858*	*3,407*
- investment liabilities	*63,567*	*66,898*
- salary liabilities	*38,935*	*59,286*
- other liabilities	*124,151*	*57,141*
Total financial liabilities	471,366	345,819
Liabilities for social security contributions and other taxes	56,625	63,844
Trade and other liabilities	527,991	409,663
Of which:		
- the non-current portion	*22,550*	*32,265*
- the current portion	*505,441*	*377,398*
Total	527,991	409,663

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

15. SUBSIDIES

	AS AT 30 JUNE 2023	AS AT 31 DECEMBER 2022

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As at 1 January	11,220	11,775
Of which:		
- the non-current portion	*10,732*	*11,282*
- the current portion	*488*	*493*
Subsidies received	-	77
Subsidies settled during the year	(272)	(632)
Total subsidies at the end of the period	10,948	11,220
Of which:		
- the non-current portion	*10,462*	*10,732*
- the current portion	*486*	*488*

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

16. LOANS AND BORROWINGS

	AS AT 30 JUNE 2023	AS AT 31 DECEMBER 2022
Long-term:	268	1,786
Special-purpose borrowings	268	1,786
- WFOŚ in Lublin	268	1,786
Short-term:	3,081	3,099
Special-purpose borrowings	3,081	3,099
- WFOŚ in Lublin	3,081	3,099
Total	3,349	4,885

In 2014, the Łęczyńska Energetyka subsidiary received a special-purpose borrowing from the Voivodeship Environmental Protection Fund in Lublin to finance the investment project entitled "Construction of a water treatment station in Bogdanka, including technical connections". Repayment of this loan in equal monthly installments started in November 2015. The repayment date of the last installment is 31 March 2024. Interest rate on the loan is 0.7 times the bill of exchange rediscounting rate set by the Monetary Policy Council (but no less than 4% per year); The loan is secured with a blank promissory note with a promissory note amount of PLN 34,554 thousand, as well with an assignment of receivables on account of heat sales agreement with the Parent Company. During the first 6 months of 2023, "Łęczyńska Energetyka" repaid the principal of the loan in the amount of PLN 1,518 thousand.

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

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Changes in the balance of borrowing liabilities and the balances as at 30 June 2023 and 2022 were presented in the table below:

	WFOŚ IN LUBLIN	TOTAL
As at 1 January 2023	4,885	4,885
Repayment of principal installments	(1,518)	(1,518)
Interest accrued	98	98
Interest paid	(116)	(116)
As at 30 June 2023	3,349	3,349
As at 1 January 2022	7,942	7,942
Repayment of principal installments	(1,518)	(1,518)
Interest accrued	142	142
Interest paid	(158)	(158)
As at 30 June 2022	6,408	6,408

17. FINANCIAL INSTRUMENTS

Hierarchy of financial instruments carried at fair value.

Financial instruments 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 2023, the Group had no financial instruments carried at fair value.

18. PROVISIONS FOR EMPLOYEE BENEFITS

	AS AT 30 JUNE 2023	AS AT 31 DECEMBER 2022
Provisions recognized in the interim consolidated statement of financial position:		
Retirement and disability benefits	71,716	66,500
Jubilee awards	149,662	136,093
Other employee benefits (unused holiday leaves, salaries, death benefits and others)	112,853	27,220
Total	334,231	229,813

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2023 (IN PLN 000s)

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
Expenses recognized in the interim consolidated statement of profit or loss:		
Retirement and disability benefits	4,233	3,411
Jubilee awards	22,523	(4,640)
Other employee benefits (unused holiday leaves, salaries, death benefits and others)	98,585	45,741
Total	125,341	44,512

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
(Gains)/losses recognized in the interim consolidated statement of comprehensive income:		
Retirement and disability benefits	2,978	(9,730)
Other employee benefits (death benefits)	99	(674)
Total	3,077	(10,404)

Change in provisions for employee benefits:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
As at 1 January	229,813	210,635
Current employment costs (including unused holiday leaves, salaries, death benefits and others)	107,305	54,332
Interest cost	5,778	3,084
Actuarial (gains)/losses recognized in the interim consolidated statement of profit or loss	12,258	(12,904)
Actuarial (gains)/losses recognized in the interim consolidated statement of comprehensive income	3,077	(10,404)
Total recognized in comprehensive income	128,418	34,108
Benefits paid out	(24,000)	(23,742)
As at 30 June	334,231	221,001
including:		
- non-current part	*196,244*	*147,859*
- current part	*137,987*	*73,142*

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2023 (IN PLN 000s)

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

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
Cost of sales	108,701	37,720
Selling and distribution expenses	538	195
Administrative expenses	10,324	3,513
Financial costs	5,778	3,084
Total recognized in the interim consolidated statement of profit or loss	125,341	44,512
Actuarial (gains)/losses recognized in the interim consolidated statement of comprehensive income	3,077	(10,404)
Total recognized in the interim consolidated statement of comprehensive income	128,418	34,108

19. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	PROVISION FOR MINE CLOSURE COSTS AND RECLAMATION OF LAND	MINING DAMAGE	LITIGATION	OTHER	TOTAL
As at 1 January 2023	155,452	6,844	5,520	382	168,198
Including:					
Long-term	155,452	-	-	-	155,452
Short-term	-	6,844	5,520	382	12,746
Recognized in the interim consolidated statement of financial position:					
- Existing provision updated	(4,607)	-	-	-	(4,607)
Recognition in the interim consolidated statement of profit or loss:					
- Additional provisions created	-	-	3,133	530	3,663
- Existing provision used	-	(4,518)	-	(160)	(4,678)
- Settlement of a discount	4,776	-	-	-	4,776
As at 30 June 2023	155,621	2,326	8,653	752	167,352
Including:					
Long-term	155,621	-	-	-	155,621
Short-term	-	2,326	8,653	752	11,731
As at 1 January 2022	130,402	6,382	5,600	13,204	155,588
Including:					
Long-term	130,402	-	-	-	130,402
Short-term	-	6,382	5,600	13,204	25,186
Recognized in the interim consolidated statement of financial position:					
- Existing provision updated	(2,643)	-	-	-	(2,643)
Recognition in the interim consolidated statement of profit or loss:					
- Additional provisions created	-	-	421	315	736
- Existing provision used	-	(833)	-	(13,172)	(14,005)
- Settlement of a discount	2,235	-	-	-	2,235
As at 30 June 2022	129,994	5,549	6,021	347	141,911
Including:					
Long-term	129,994	-	-	-	129,994
Short-term	-	5,549	6,021	347	11,917

Mine closure and reclamation of land

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2023 (IN PLN 000s)

The Group recognizes a provision for mine closure and reclamation of land as required by the applicable provisions of law. The calculated level of cost of mine closure and reclamation of land as at 30 June 2023 is PLN 155,621 thousand, of which the provision for mine closure of PLN 147,132 thousand and the provision for reclamation of land of PLN 8,489 thousand. The change in the provision as compared to 31 December 2022 was PLN 169 thousand and the increase resulting from the reversal of the discount written off in the amount of PLN 4,776 thousand was captured in the interim consolidated statement of profit or loss as "Finance costs", while the decrease resulting from the update of assumptions in the total amount of PLN 4,607 thousand was recognized in the interim consolidated statement of financial position as a decrease in the "Property, plant and equipment" item.

Removal of mining damages

Due to the need to remedy the damage resulting from its operations, the Group recognizes a provision for mining damage. The estimated value of the work required to repair the damage as at 30 June 2023 is PLN 2,326 thousand, with the amount primarily related to the planned costs that will have to be incurred in connection with securing buildings, repairing damage to buildings and roads, and in connection with compensation for damage to agricultural land. The amount of provision used during the first 6 months of 2023 was in total PLN 4.518 thousand (PLN 833 thousand in the corresponding period of the previous year).

Litigation

The stated amounts represent a provision for certain legal claims brought against the Group by its clients and suppliers. The amount of provisions recognized/reversed in the current period is recognized in the interim consolidated statement of profit or loss as Other revenues/costs. According to the judgment of the Parent Company's Management Board, supported by relevant legal opinions, the reporting of these claims will not cause any significant losses in amounts exceeding the amount of provisions recognized as at 30 June 2023.

Other

Other provisions include mainly the provisions created by the Parent Company for the cost of purchases of green certificates. In connection with the submission of an appropriate application to the President of the Energy Regulatory Office to for the cancellation of green certificates (in connection with electricity purchased and consumed in 2021), the provision created at the end of 2021 in the amount of PLN 12,944 thousand was used in 2022.

20. SALES REVENUES

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
Sales of coal	1,780,993	1,423,729
Other business	37,364	26,743
Sales of goods and materials	6,723	12,117
Total sales revenues	1,825,080	1,462,589

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

- Coal sales contracts relating to the Group's core business; there are two types of these contracts – with the transport service (in which the Parent Company organizes transport to the customer) or without the service.
- Contracts relating to the sale of goods and materials, mainly scrap metal; revenues from such contracts represent a small percentage of all consolidated revenue from sales. The total amount of all revenues on this account during the first 6 months of 2023 was PLN 6,723 thousand (PLN 12,117 thousand in the corresponding period of the previous year).
- Contracts relating to sales of other services, with the highest amounts being revenues from the rental of space in shower rooms (hooks and lockers). This service is provided almost exclusively to the Parent Company's sub-contractors (providing mining services to the Parent Company) whose employees are obliged by OHS regulations to use shower rooms. The total amount of consolidated revenue from sales from the rental of shower room space

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2023 (IN PLN 000s)

during the first 6 months of 2023 was PLN 4,488 thousand (PLN 3,123 thousand in the corresponding period of the previous year).

21. OTHER REVENUES

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
Indemnities received	852	158
Excise tax refund	98	298
Others, including:	427	584
- *Reversal of other provisions for liabilities*	*123*	*109*
- *Reversal of impairment loss allowances*	*16*	*193*
- *Other revenues*	*288*	*282*
Total other income	1,377	1,040

22. OTHER COSTS

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
Donations	(4,865)	(734)
Enforcement fees and penalties	(353)	(19)
Indemnities	(147)	-
Other	(404)	(151)
Total other costs	(5,769)	(904)

23. OTHER LOSSES - NET

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
Profit/(loss) on the sale of fixed assets	156	(448)
FX gains and losses	(15)	71
Impairment loss for fixed assets	(50,370)	(4,314)
Result on the liquidation of fixed assets	(174)	594
Other gains/(losses)	(4,083)	1,160
Total other losses - net	(54,486)	(2,937)

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2023 (IN PLN 000s)

24. FINANCIAL INCOME AND COSTS

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
Interest income on short-term bank deposits	12,342	8,359
Other revenues, including	4,679	1,026
- Interest on the Mine Closure Fund	*4,394*	*912*
- Other	*285*	*114*
Total financial income	17,021	9,385
Interest and fees on loans and borrowings	(98)	(142)
Interest expense on the valuation of employee benefits	(5,778)	(3,084)
Settlement of a discount relating to the provision for the Mine Closure Fund and for land reclamation	(4,776)	(2,235)
Recognition of a provision and impairment loss allowances for interest	(772)	(369)
Interest expense related to the lease of fixed assets	(782)	(453)
Other expenses	(359)	(479)
Total financial costs	(12,565)	(6,762)

25. INCOME TAX

25.1 Tax liability

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
Current tax	69,352	70,517
Deferred tax recognized in profit or loss	(15,811)	8,020
Deferred tax recognized in other comprehensive income/(loss):	(585)	1,977
- on account of actuarial gains/(losses) recognized in the interim consolidated statement of comprehensive income	*(585)*	*1,977*
Total	52,956	80,514

25.2 Reconciliation of effective tax rate

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
Profit before tax	279,388	414,581
Tax calculated at the rate of 19%	53,084	78,770
Correction of income tax for previous years	(559)	(896)
Tax effect of revenues permanently excluded from the tax base, of which:	(29)	(283)
- other	*(29)*	*(283)*
Tax effect of costs permanently excluded from the tax base:	1,045	946
- payment to the PFRON disabled persons fund	*861*	*893*
- donations	*31*	*53*
- other	*153*	*-*
Income tax liability	53,541	78,537
Effective tax rate	19%	19%

Income tax in these interim consolidated financial statements is calculated using the effective tax rate for 2023 of 19.0% (19.0% in 2022).

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2023 (IN PLN 000s)

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 may be audited for a period of five years. Consequently, the amounts stated in the consolidated financial statements may change at a later time, upon their final determination by tax authorities.

25.3 Current income tax receivables and liabilities

The current income tax liability relates entirely to 2023. At the same time, at the end of the previous year, the Group reported a current income tax overpayment receivable in the amount of PLN 63,604 thousand. This amount was settled with current public liabilities (income tax and other taxes) during 2023.

26. EARNINGS PER SHARE

Basic

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

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
Profit attributable to shareholders of the Parent Company	225,928	335,798
Weighted average number of common shares (000s)	34,014	34,014
Basic earnings per share (in PLN)	6.64	9.87

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 2023, the Parent Company had no outstanding instruments that might potentially cause dilution of ordinary shares.

27. DIVIDEND PER SHARE

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.

On 29 June 2023, the Ordinary General Meeting of the Parent Company was held, at which the Shareholders adopted a resolution on the distribution of the 2022 profit, according to which the net profit of the Parent Company in the amount of PLN 175,757 thousand was allocated as follows:

- The amount of PLN 87,755 thousand was allocated for dividends,
- The remaining amount, i.e. PLN 88,002 thousand, was allocated to the Parent Company's reserve capital.

The resulting ratios measuring dividends due to Parent Company's shareholders are presented in the below:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022

Dividend due and paid out	87,755	85,034
Number of common shares as at the dividend record date (000s)	34,014	34,014
Dividend per share (in PLN)	2.58	2.50

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

	NOTE	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
Balance sheet change in liabilities, liabilities from contracts with customers and subsidies		118,262	(37,962)
Offsetting income tax overpayments against payables for other taxes		44,193	899
Change in capital commitments		980	92,183
Change in liabilities for the purposes of the interim consolidated statement of cash flows		163,435	55,120
Increases in fixed assets	5	338,414	260,689
Other non-cash adjustments		1	(106)
Change in capital commitments		980	92,183
Acquisition of property, plant and equipment		339,395	352,766

29. CONTINGENT ITEMS

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

Property tax

In connection with the settlement of property tax on underground roadways, in the part deemed probable by the Parent Company, the Parent Company no longer recognizes a provision for property tax. Still, the potential contingent liability may arise mainly from the existing differences between the Parent 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 Parent Company contain other structures (in addition to those already declared) within the meaning of the provisions of the Act on Local Taxes and Charges that are taxable with this tax; other differences may also relate to the value of individual structures if it is determined that they are indeed subject to property tax. The scope of the above liability did not change materially as compared to the end of the previous financial year (31 December 2022).

Legal claims relating to patents

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

At the end of 2021, the AGH University of Science and Technology in Kraków 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. Taking into account the aforementioned opinion, the possible amount of the fee for the co-authors determined by the experts that should be awarded to the Plaintiffs falls within the amount of the provision established by the Parent Company.

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. With the Court extending the deadline several times, the reasons for the judgment were delivered to the Parent Company as late as 24 January 2023. On 14 February 2023, the Parent Company filed an appeal against the aforementioned judgment with the Court of Appeals in Lublin. In turn, on 21 March 2023, the Court of Appeals in Lublin declared lack of its jurisdiction and transferred the case to the Court of Appeals in Warsaw.

The Parent Company’s Management Board completely disagrees with the aforementioned judgment, as in the Parent Company’s opinion it was issued in violation of a number of substantive laws and procedural rules. The Management Board of the Parent Company does not see at this stage any need to increase the provisions recognized for this case in the preceding periods.

Price collusion claims

The conditional assets resulting from the legal action brought by the Parent Company on 30 December 2020 against “A. Weber" Sp. z o.o., Minova Ekochem S.A. and "DSI Schaum Chemie" Sp. z o.o. for payment of the amount of PLN 23,124 thousand (principal amount plus interest) as compensation for damage caused as a result of violation of competition law (unlawful anti-competitive arrangements, including price collusion, market sharing and collusive bidding in the purchase of mining chemical products, including polyurethane adhesives). Damage to the Parent Company resulted from having to pay inflated prices due to the prohibited agreements in 2006-2010 (following the decision of the President of UOKiK of 16 December 2013). The case is still at an early stage and at the moment it is not yet possible to predict the potential resolution.

30. FUTURE CONTRACTUAL LIABILITIES

Investment commitments

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

	AS AT 30 JUNE 2023	AS AT 31 DECEMBER 2022
Property, plant and equipment	187,990	316,639
Investment commitments	187,990	316,639

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.

31. TRANSACTIONS WITH 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), Energa Elektrownie Ostrołęka S.A., Miejskie Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. in Chełm, and local government units (cities, townships).

In the reporting periods ended 30 June 2023 and 30 June 2022, the revenue from sales to the above entities and the balance of the Group’s receivables from these entities were as follows:

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2023 (IN PLN 000s)

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
Sales in the period	150,545	266,319	162,359
Balance of receivables at the end of the period, including VAT	13,178	30,139	19,624

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 2023 and 30 June 2022, the turnover resulting from purchases from the above entities and the amounts payable by the Group to these entities were as follows:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
Purchases in the period	169,057	270,970	110,654
Balance of payables as at the end of the period, including VAT	25,275	23,054	20,271

Transaction with ENEA Group companies

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

In the reporting periods ended 30 June 2023 and 30 June 2022, the turnover resulting from purchases from ENEA Group companies and the amounts payable by the Group to these entities were as follows:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
Purchases in the period	184,591	114,105	60,775
Balance of payables as at the end of the period, including VAT	74,619	18,458	21,302

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 2023 and 30 June 2022, the revenue from sales to ENEA Group companies and the balance of the Group's receivables from these entities were as follows:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
Sales in the period	1,604,660	1,710,337	1,029,427
Balance of receivables at the end of the period, including VAT	277,700	105,481	206,316

In the reporting periods ended 30 June 2023 and 30 June 2022, the values of dividend liabilities to ENEA Group companies were as follows:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2022	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
Dividend liabilities to ENEA Group companies	56,662	-	54,905
Dividends paid to ENEA Group companies	-	54,905	-

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2023 (IN PLN 000s)

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

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022
Remuneration of Management Board members and commercial proxies including:	2,382	2,623
Remuneration of Supervisory Board Members	284	254

In addition to the standard remuneration under management contracts, appointments or employment, in H1 2023, as well as in the corresponding period last year, there were no other transactions with the key personnel of the Parent Company.

33. IMPACT OF EXTRAORDIANRY EVENTS DURING H1 2023 AFFECTING THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

In February 2023, in the Parent Company, after a new longwall crosscut was made in longwall 3/VII/385 and the longwall shearer system was reinstalled, the trial start-up began. However, during the trial start-up there was an incident consisting of a sudden and unexpected outpouring of groundwater into the underground workings, as a result of which mining on this longwall had to be halted. The Parent Company has taken a number of steps to thoroughly investigate the causes and determine the risks surrounding the incident. In particular, advanced hydrogeological and geomechanical analyses and expert studies have been commissioned to develop the best course of action and identify the risks associated with further mining and technical work in the area.

The exact magnitude of the aforementioned event and its impact on consolidated operating and financial results are still unknown, however it should be expected that some of the machinery and equipment located in longwall 3/VII/385 may have been lost, and therefore their value may have been impaired. Therefore, with a prudent approach in mind and the desire to adequately reflect this event in the consolidated financial result of the first half of 2023, the Parent Company recognized an impairment loss in the total amount of PLN 48.5 million (with respect to machinery and equipment, as well as parts of the longwall roadways located in the area of the event).

At the same time, in the Group's opinion, the event described at the end of H1 2022 and at the end of 2022, consisting of the Russian military invasion of Ukraine, for the time being does not significantly affect the Group and its consolidated financial results

34. EVENTS AFTER THE BALANCE SHEET DATE

In connection with the planned acquisition of a block of 21,962,189 shares in the Parent Company from ENEA S.A. by the State Treasury, at the end of August 2023 talks were held at the Prime Minister's Office in Warsaw with representatives of the trade unions (representatives of all trade unions operating at the Parent Company) on the scope and level of safeguards for the workforce in connection with the upcoming acquisition of the Parent Company by the State Treasury. During the talks, the parties agreed, among other things, on the plans regarding the amount of supportive meal vouchers and meal vouchers, an increase in the basic contribution to the Employee Pension Plan paid by the Parent Company (from 4.5% to 7%) and payment of an additional benefit to the workforce for its contribution to the 40-year development and maintenance of the Parent Company's good organizational and financial condition (it is planned that this benefit will be paid in two installments, with the first installment - payable in October 2023 - estimated to amount to an average of approx. PLN 14 thousand gross per person, while the second installment - payable in the first quarter of 2024 - is expected to average approximately PLN 10 thousand gross per person). If the planned transaction comes to fruition and the arrangements described above are implemented, the event will have a significant impact on the Group's financial statements and its future consolidated financial results.

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2023 (IN PLN 000s)

Other than the above-described event after the balance sheet date, according to our knowledge, there were no other material events after the balance sheet date that could affect the Group's financial results as at 30 June 2023 but have not been captured in the interim condensed consolidated financial statements.

35. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Management Board of Lubelski Węgiel Bogdanka S.A. hereby represents that on 12 September 2023 it approved these Interim Condensed Consolidated Financial Statements of the Group for the period from 1 January to 30 June 2023.

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

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