INTERIM CONDENSED CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024

The Lubelski Węgiel Bogdanka Group

Bogdanka, September 2024

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INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

	NOTE	AS AT 30 JUNE 2024	AS AT 31 DECEMBER 2023
Assets			
Non-current assets			
Property, plant and equipment	5	2 905 643	3 841 342
Intangible assets	6	35 757	57 393
Right-of-use asset	7.1	28 309	32 290
Investment property		2 660	2 532
Deferred tax assets		2 059	2 200
Trade and other receivables	8	14 194	954
Cash and cash equivalents	10	159 520	165 248
Total non-current assets		3 148 142	4 101 959
Current assets			
Inventories	9	278 353	334 478
Trade and other receivables	8	506 699	591 024
Cash and cash equivalents	10	822 851	734 707
Total current assets		1 607 903	1 660 209
TOTAL ASSETS		**4 756 045**	**5 762 168**
Equity			
Ordinary shares	11	301 158	301 158
Supplementary capital		702 549	702 549
Other reserve capital		2 884 583	2 282 626
Retained earnings		(605 186)	1 007 287
Equity attributable to shareholders of the Parent Company		3 283 104	4 293 620
Non-controlling interest		10 785	10 421
Total equity		3 293 889	4 304 041
Liabilities			
Non-current liabilities			
Deferred tax liabilities		43 771	291 091
Provisions for employee benefits	16	246 544	208 518
Provisions for other liabilities and charges	17	166 984	169 102
Grants		10 825	10 262
Lease liabilities		25 462	27 353
Trade and other payables	13	27 543	21 464
Total non-current liabilities		521 129	727 790
Current liabilities			
Loans and borrowings	14	275	1 809
Provisions for employee benefits	16	122 223	62 201
Provisions for other liabilities and charges	17	14 365	16 923
Grants		673	530
Lease liabilities		5 885	8 082
Current income tax liabilities		4 005	11 204
Dividend liabilities		85 038	4
Trade and other payables	13	705 497	629 058
Liabilities from contracts with customers		3 066	526
Total current liabilities		941 027	730 337
Total liabilities		1 462 156	1 458 127
TOTAL EQUITY AND LIABILITIES		**4 756 045**	**5 762 168**

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2024 (IN PLN 000s)

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	NOTE	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Continuing operations			
Revenue from sales	18	1 670 581	1 825 080
Cost of products, materials and goods sold		(1 501 022)	(1 371 762)
Profit before tax		169 559	453 318
Selling and distribution expenses		(28 120)	(25 308)
Administrative expenses		(97 258)	(94 200)
Other revenues	19	4 041	1 377
Other costs	20	(858)	(5 769)
Other losses - net	21	(5 089)	(4 116)
Impairment loss allowance for non-current assets		(1 174 268)	(50 370)
Operating profit / (loss)		(1 131 993)	274 932
Financial income	22	23 123	17 021
Financial costs	22	(12 317)	(12 565)
Pre-tax profit/(loss)		(1 121 187)	279 388
Income tax	23.2	213 217	(53 541)
Profit/(Loss) on continuing operations		(907 970)	225 847
Net profit/(loss) for the period		**(907 970)**	**225 847**
of which profit/(loss) attributable to:			
- shareholders of the Parent Company		*(908 465)*	*225 928*
- non-controlling interests		*495*	*(81)*

EARNINGS PER SHARE

EARNINGS/(LOSS) 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 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
- basic earnings/(loss) per share from continuing operations		(26.71)	6.64
- basic earnings/(loss) per share from discontinued operations		-	-
Basic earnings/(loss) per share	24	**(26.71)**	**6.64**
- diluted earnings/(loss) per share from continuing operations		(26.71)	6.64
- diluted earnings/(loss) per share from discontinued operations		-	-
Diluted earnings/(loss) per share	24	**(26.71)**	**6.64**

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2024 (IN PLN 000s)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTE	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Net profit/(loss) for the period		**(907 970)**	**225 847**
Other comprehensive loss for the period Items never to be reclassified to current period profit or loss: Actuarial losses from defined benefit plans	16	(21 008)	(3 077)
Other comprehensive loss that will not be reclassified to profit or loss, before tax		(21 008)	(3 077)
Other comprehensive income/(loss) to be reclassified to profit or loss, before tax		-	-
Other comprehensive loss, before tax		(21 008)	(3 077)
Income tax on the items not to be transferred	23.1	3 991	585
Other comprehensive net loss for the period		(17 017)	(2 492)
Net comprehensive income/(loss) for the period - total		**(924 987)**	**223 355**
of which comprehensive income/(loss) attributable to:			
- shareholders of the Parent Company		*(925 482)*	*223 436*
- non-controlling interests		*495*	*(81)*

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2024 (IN PLN 000s)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	NOTE	ORDINARY SHARES	SUPPLEMENTARY CAPITAL	OTHER RESERVE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY	NON-CONTROLLING INTEREST	TOTAL EQUITY
As at 1 January 2024		**301 158**	**702 549**	**2 282 626**	**1 007 287**	**4 293 620**	**10 421**	**4 304 041**
Total net comprehensive income/(loss) for the period:		-	-	-	(925 482)	**(925 482)**	495	**(924 987)**
- net profit/(loss)		-	-	-	*(908 465)*	***(908 465)***	*495*	***(907 970)***
- other comprehensive loss		-	-	-	*(17 017)*	***(17 017)***	-	***(17 017)***
Dividends	25	-	-	-	(85 034)	**(85 034)**	(131)	**(85 165)**
Transfer of the previous year's result	25	-	-	601 957	(601 957)	**-**	-	**-**
Change in equity in the period		-	-	601 957	(1 612 473)	**(1 010 516)**	364	**(1 010 152)**
As at 30 June 2024		**301 158**	**702 549**	**2 884 583**	**(605 186)**	**3 283 104**	**10 785**	**3 293 889**

	NOTE	ORDINARY SHARES	SUPPLEMENTARY CAPITAL	OTHER RESERVE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY	NON-CONTROLLING INTEREST	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)***
Dividends	25	-	-	-	(87 755)	**(87 755)**	(294)	**(88 049)**
Transfer of the previous year's result		-	-	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**

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2024 (IN PLN 000s)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Cash flows from operating activities			
Net profit/(loss)		(907 970)	225 847
Adjustments:			
Income tax in the interim consolidated statement of profit or loss		(213 217)	53 541
Depreciation and amortization		220 385	207 494
Loss on the sale and liquidation of property, plant and equipment		34 530	43 794
Recognition and reversal of impairment losses for property, plant and equipment	5.2	1 174 268	50 370
Interest income		(18 372)	(17 401)
Interest expense		1 021	624
Other cash flows		5 000	6 304
Changes in working capital:			
Change in provisions for employee benefits		77 040	101 341
Change in provisions		2 239	4 576
Change in inventories		56 125	(99 798)
Change in trade and other receivables		71 085	(191 907)
Change in trade and other payables	26	(114 771)	163 435
Total adjustments		1 295 333	322 373
Cash from operating activities		387 363	548 220
Income tax paid		(37 582)	(45 066)
Net cash flows from operating activities		**349 781**	**503 154**
Cash flows from investing activities			
Acquisition of property, plant and equipment	26	(273 619)	(339 395)
Acquisition of intangible assets		(5 023)	(8 305)
Proceeds from sales of property, plant and equipment		15	611
Interest received		18 372	17 401
Inflows/(Outflows) from cash collected in the Mine Closure Fund's bank account		5 728	(7 279)
Net cash flows from investing activities		**(254 527)**	**(336 967)**
Cash flows from financing activities			
Payment of lease liabilities		(5 423)	(5 053)
Repayments of loans and borrowings		(1 518)	(1 518)
Payments of interest and commissions related to financing activities		(38)	(116)
Dividends paid		(131)	(294)
Net cash flows from financing activities		**(7 110)**	**(6 981)**
Net increase in cash and cash equivalents before effects of FX rate changes		88 144	159 206
Net increase in cash and cash equivalents		88 144	159 206
Cash and cash equivalents at the beginning of the period		734 707	475 059
Cash and cash equivalents at the end of the period		**822 851**	**634 265**

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2024 (IN PLN 000s)

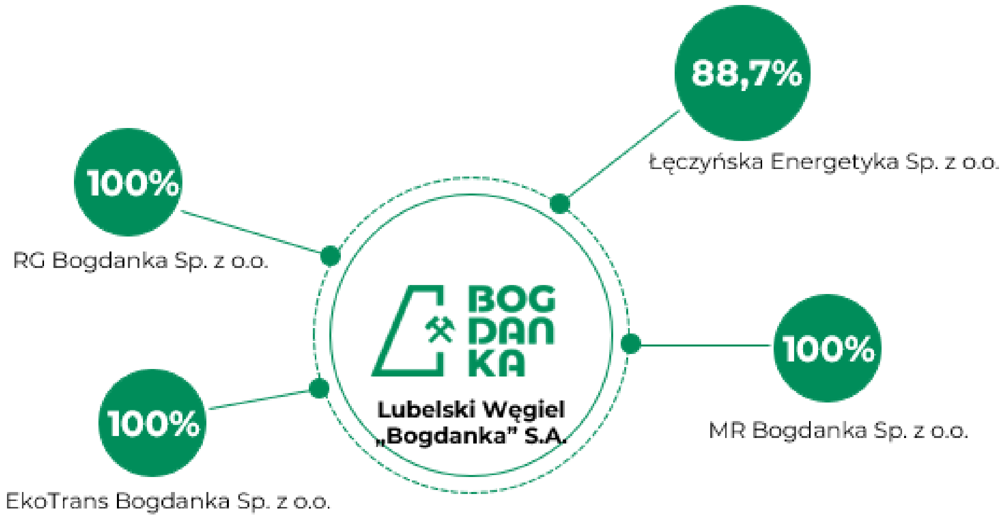
1. GENERAL INFORMATION

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 consolidated financial statements have been prepared for the 6-month period ended 30 June 2024, 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:



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

Parent Company

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

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

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

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

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

<u>Subsidiaries</u>

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

As at 30 June 2024, 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 2024, 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 2024, 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 2024, 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.	105 841	95 413	88.7	Non-controlling interests are 11.30% and belong to: - Łęczna Township 11.29% - Puchaczów Township 0.01%	none	full
RG “BOGDANKA” Sp. z o.o.	24 596	1 459	100.0	none	none	full
EkoTRANS BOGDANKA Sp. z o.o.	6 298	1 001	100.0	none	none	full
MR BOGDANKA Sp. z o.o.	17 493	10 061	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 2024, ENEA S.A. held in total 64.57% of shares in the Parent Company.

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 Group will continue 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.

Additionally, since indications of a possible impairment of non-current assets were identified, an impairment test was conducted. As a result of this test, an impairment of non-current assets was identified, which, however, does not affect the Group's ability to continue as a going concern. A detailed description of the test is provided in Note 5.2.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These interim condensed consolidated financial statements of the Group for H1 2024 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 financial derivatives 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.

The Group considered the impact of climate risks (factors) on the consolidated financial statements and included them, among other things, in the impairment test of non-financial assets or in the calculation of provisions for other liabilities and other charges.

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 2023.

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 estimates and judgments are subject to regular review.

With the exception of the estimates related to the impairment test (see note 5.2 for a detailed description), the significant estimates and judgments have not changed since the publication of the annual consolidated financial statements for 2023.

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 in 2024:

- 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.

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

- 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 so-called reverse factoring). The amendments require specific disclosures regarding such contracts to enable users of financial statements to assess the impact of these contracts on the liabilities and cash flows and the exposure of the entity to liquidity risk. These amendments are intended to increase the transparency of disclosures about debt financing arrangements, but do not affect the recognition and measurement principles.

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

- 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.

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

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

- Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*

  In August 2023, the Board published amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*. The amendments introduced are intended to make it easier for entities to determine whether a currency is convertible into another currency and to estimate the immediate exchange rate when a currency is not convertible. In addition, the amendments to the standard introduce additional disclosures when currencies are not convertible on how the alternative exchange rate is determined.

  The amendment is applicable to financial statements for the periods beginning on or after 1 January 2025.

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

- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7.

  On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

  (a) specify more precisely the dates of initial recognition and derecognition for certain financial assets and liabilities, with an exception for certain financial liabilities that are settled by electronic funds transfer;

  (b) clarify and add further guidance on assessing whether a financial asset meets the SPPI criterion;

(c) add new disclosures for certain instruments, in which contractual terms can change cash flows; and

(d) update disclosures relating to equity instruments measured at fair value through other comprehensive income (FVOCI).

The amendment is applicable to financial statements for the periods beginning on or after 1 January 2026.

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

- IFRS 18 *Presentation and Disclosure in Financial Statements*.

  In April 2024, the Board issued a new standard, IFRS 18 *Presentation and Disclosure in Financial Statements*. The standard is intended to replace IAS 1 *Presentation of Financial Statements* and will be effective from 1 January 2027. The changes compared to the standard being replaced are related mainly to three issues: the statement of profit or loss, the required disclosures for certain performance measures and issues relating to the aggregation and disaggregation of information in financial statements.

  The published standard will be applicable to financial statements for the periods beginning on or after 1 January 2027.

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

- IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

  The International Accounting Standards Board (IASB) has issued a new IFRS accounting standard for subsidiaries. IFRS 19 allows eligible subsidiaries to apply IFRS accounting standards with a limited number of disclosures. The application of IFRS 19 will reduce the cost of preparing the financial statements of subsidiaries, while maintaining the usefulness of the information for users of their financial statements. Subsidiaries that apply IFRS to prepare their own financial statements present disclosures that may be disproportionate to the information needs of their users. IFRS 19 will address these challenges by:

  - allowing subsidiaries to keep only one set of accounting ledgers - to meet the needs of both the parent company and the users of their financial statements;

  - reducing information requirements - IFRS 19 allows for fewer disclosures that are better suited to the needs of the users of their financial statements.

  The published standard will be applicable to financial statements for the periods beginning on or after 1 January 2027.

  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 2024 amounted to PLN 44,116 thousand (PLN 44,087 thousand in the same period last year), representing 2.6% of total consolidated sales revenues in 2024 (2.4% 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 2024, revenue from sales of coal outside Poland amounted to PLN 19,635 thousand, which is 1.2% of total consolidated revenues from sales (in 2023, there was no revenue from sales outside of Poland). 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 2024 and 2023, the Group's key buyers with the share in sales exceeding 10% of sales revenues, included:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
ENEA Wytwarzanie Sp. z o.o.	63%	72%
ENEA Elektrownia Połaniec S.A.	16%	13%

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 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 2024 (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 2024								
Cost or valuation	29 794	4 006 790	2 829 056	3 076 451	152 786	36 066	471 193	7 773 080
Accumulated depreciation	-	(1 779 112)	(1 241 639)	(2 046 581)	(79 818)	(26 227)	-	(3 931 738)
Net book value	29 794	2 227 678	1 587 417	1 029 870	72 968	9 839	471 193	3 841 342
As at 30 June 2024								
Net book value at the beginning of the year	29 794	2 227 678	1 587 417	1 029 870	72 968	9 839	471 193	3 841 342
Addition	-	-	-	-	-	883	473 699	474 582
Transfers from fixed assets under construction	-	232 858	226 139	41 371	18 501	1 010	(293 740)	-
Reduction	-	(59 152)	(52 235)	(20 073)	(200)	(18)	(226)	(79 669)
Depreciation and amortization	-	(130 167)	(114 017)	(78 737)	(3 535)	(1 701)	-	(214 140)
Impairment loss	(10 756)	(747 987)	(533 943)	(324 066)	(30 437)	(3 156)	(70)	(1 116 472)
Net book value	19 038	1 523 230	1 113 361	648 365	57 297	6 857	650 856	2 905 643
As at 30 June 2024								
Cost or valuation	19 038	3 244 179	2 281 203	2 658 671	137 315	32 021	650 856	6 742 080
Accumulated depreciation	-	(1 720 949)	(1 167 842)	(2 010 306)	(80 018)	(25 164)	-	(3 836 437)
Net book value	19 038	1 523 230	1 113 361	648 365	57 297	6 857	650 856	2 905 643
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 book value 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

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 2024:

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	QUANTITY [pcs]	LENGTH [m]	INITIAL VALUE	ACCUMULATED DEPRECIATION	IMPAIRMENT LOSS	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:	24	26 014	558 191	(285 347)	(88 199)	184 645	67%
- depreciated until June 2024.	*9*	*11 380*	*266 739*	*(157 657)*	*(32 746)*	*76 336*	*71%*
Roadways recognized as fixed assets, depreciated based on useful lives	252	101 253	1 959 332	(713 063)	(467 445)	778 824	60%
Others items depreciated based on useful lives (shafts, shaft towers, stoppings, storage tanks and other)	31	-	319 324	(169 432)	-	149 892	53%
Total as at 30 June 2024	307	127 267	2 836 847	(1 167 842)	(555 644)	1 113 361	61%

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%

5.2 Impairment loss on property, plant and equipment

Impairment test for 2024

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 and non-standard conditions. In such a situation, the Management Board of the Parent Company must act very cautiously.

The most recent impairment test was carried out by the Parent Company at the end of 2023 and no impairment was identified as a result.

Due to the dynamically changing situation in the domestic coal market, indications of potential impairment were analyzed again at the end of H1 2024. During the analysis, special attention was given to factors such as a clear upward trend of renewable generation capacity, growing importance of RES in Poland's energy mix, as well as the gradual shutdown of coal-based generating units planned for the long term and their conversion to other energy sources. These factors lead to a decrease in the share of energy produced from coal (which is a consequence of the climate policy assuming progressive decarbonization of the Polish economy) and ultimately cause a decline in demand for coal. This process is forcing companies operating in the coal sector to review existing strategies and adapt them to the changing market realities. In the Parent Company's opinion, the situation described above, as well as the fact that the Parent Company's market capitalization has been below the carrying amount of its net assets for a long period of time (this indication has already been a cause for impairment tests at the end of previous years), contributed to the need to perform impairment tests on the cash-generating units as at 30 June 2024, in order to ensure that their valuation reflects current market conditions and the future outlook for the coal sector.

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Due to the impossibility of determining the fair value for a very large group of assets for which there is no active market, as well as the lack of comparable transactions, the recoverable amount of the tested assets was determined by estimating their value in use using the discounted cash flow method based on financial projections prepared by the Parent Company from 2024 (covering the second half of the year) to 2049 (assuming another 2-year period of mine closure period until 2051).

When estimating the value in use of the tested assets on the basis of the constructed model, climate factors and risks were also taken into account, which could have a significant impact on the value of the obtained discounted cash flows. In turn, the key assumptions under which the value in use of the tested assets was estimated are presented below:

- because of these interrelations between the individual departments and because of the organization in effect in the mine, all of the Parent Company's assets are treated as a single CGU;
- the forecast period from July 2024 to 2051 - given the market factors described above, demand for steam coal from the Parent Company was estimated first; then, based on this estimation, a schedule of longwall operations and preparatory work to be carried out was prepared (taking into account the Parent Company's recoverable reserves of coal available for use with the current, infrastructure i.e., infrastructure existing as at the balance sheet date, mainly the shafts), as well as the expected level of employment;
- the average volume of coal production and sales in the forecast period is approx. 8.5 million tons in 2025-2030, approx. 5.7 million tons in 2031-2040, and approx. 3.3 million tons in 2041-2049;
- coal prices in 2024 were assumed on the basis of contracts signed as of the date of the analysis; in 2025-2049, prices were assumed on the basis of studies carried out for the needs of the entire Enea Group (to ensure a consistent approach in the LWB Group and the ENEA Group);
- the entire model does not take into account inflation;
- considering the potential need for considerable restructuring of the Group's operations to adapt them to significantly lower production and sales levels and, most importantly, declining prices, the model assumes that wage growth will be held below inflation over the forecast period;
- a weighted average cost of capital (WACC) of 7.99% over the entire forecast period, estimated on the basis of the latest economic data (with a risk-free rate of 5.773% and a beta factor of 1.0), was used as the pre-tax discount rate;
- the average annual level of capital expenditures over the entire forecast period of PLN 340,341 thousand, including an average of PLN 561,429 thousand in 2024-2035; capital expenditures include only the work resulting from the developed schedule of preparatory work as well as replacement expenditures necessary to continue operations;
- the model used for the impairment test (including the resulting cash flows and the value of the assets under test) was prepared as at 30 June 2024.

The results of the test conducted are shown in the table below:

AS AT 30 JUNE 2024	RECOVERABLE AMOUNT OF ASSETS UNDER TEST	NET CARRYING AMOUNT OF ASSETS UNDER TEST
Result of the conducted impairment test	2 542 632	3 716 828

As at the balance sheet date, the total value of the Parent Company's assets under test was PLN 3,716,828 thousand, while the value of discounted cash flows estimated based on the forecast (value in use) was PLN 2,542,632 thousand. As a result of the test carried out as at 30 June 2024, an impairment of PLN 1,174,196 thousand was determined, while the impairment loss of PLN 1,156,311 thousand was allocated to property, plant and equipment and the impairment loss of PLN 17,885 thousand was allocated to intangible assets.

Sensitivity analysis of the model to a change in key assumptions

The sensitivity analysis conducted indicates that significant factors affecting the estimates of the recoverable amount of cash-generating units include the discount rate, the price of steam coal and the volume of sales. The results of the sensitivity analysis of the model (change in recoverable amount) to a change in key assumptions are shown in the tables below.

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2024 (IN PLN 000s)

Impact of the change in the financial discount rate (base value 7.99%):

CHANGE OF ASSUMPTIONS	-0.5 p.p.	BASE VALUE	+0.5 p.p.
Change of the recoverable amount	192 097	2 542 632	(178 169)

Impact of the change in the price of coal:

CHANGE OF ASSUMPTIONS	-5 p.p.	-1 p.p.	-0.5 p.p.	BASE VALUE	+0.5 p.p.	+1 p.p.	+5 p.p.
Change of the recoverable amount	(1 276 014)	(254 783)	(127 353)	2 542 632	127 125	254 249	1 269 412

Given the high sensitivity of the model itself to a change in price, as well as the potentially wide possible range of changes in the price of coal, the sensitivity analysis was performed for three levels of price change: a change of +/- 0.5 p.p.; a change of +/- 1 p.p.; and a change of +/- 5 p.p.

The impact of changes in real wage growth:

CHANGE OF ASSUMPTIONS	-0.5 p.p.	BASE VALUE	+0.5 p.p.
Change of the recoverable amount	241 930	2 542 632	(257 851)

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	MEANS OF TRANSPORTATION	OTHER FIXED ASSETS	FIXED ASSETS UNDER CONSTRUCTION	TOTAL
As at 1 January 2024	5 520	21 701	34 525	-	-	9 115	70 861
Recognition of impairment loss allowance	10 756	769 688	342 276	30 437	3 156	70	1 156 383
Utilization of impairment loss allowance	-	(21 701)	(18 210)	-	-	-	(39 911)
As at 30 June 2024	16 276	769 688	358 591	30 437	3 156	9 185	1 187 333
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

The impairment loss allowance for property, plant and equipment was recognized and reversed in the interim consolidated statement of profit or loss in the “Impairment loss allowance for non-current assets” item.

6. INTANGIBLE ASSETS

	SOFTWARE	FEES, LICENSES	GEOLOGIC INFORMATION	OTHER	TOTAL
As at 1 January 2024					
Cost or valuation	8 720	23 862	54 343	15 975	102 900
Accumulated depreciation	(6 936)	(8 697)	(19 007)	(10 867)	(45 507)
Net book value	1 784	15 165	35 336	5 108	57 393
As at 30 June 2024					

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Net book value at the beginning of the year	1 784	15 165	35 336	5 108	57 393
Addition	47	882	-	4 094	5 023
Reduction	(8)	-	-	(6 934)	(6 942)
Depreciation and amortization	(283)	(852)	(680)	(17)	(1 832)
Impairment loss	(1)	(4 257)	(13 627)	-	(17 885)
Net book value	1 539	10 938	21 029	2 251	35 757
As at 30 June 2024					
Cost or valuation	8 490	20 488	40 716	9 202	78 896
Accumulated depreciation	(6 951)	(9 550)	(19 687)	(6 951)	(43 139)
Net book value	1 539	10 938	21 029	2 251	35 757

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 book value 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

Impairment losses on intangible assets are recognized when there are indications that the Group will not obtain future economic benefits from its intangible assets.

Since indications of a possible impairment of non-current assets were identified, the Parent Company conducted an impairment test as at 30 June 2024. A detailed description of the impairment test of non-current assets, including intangible assets, is presented in Note 5.2.

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The total balance of impairment losses for intangible assets is shown in the table below:

	SOFTWARE	FEES, LICENSES	GEOLOGIC INFORMATION	TOTAL
As at 1 January 2024	-	-	1 780	1 780
Recognition of impairment loss allowance	1	4 257	13 627	17 885
As at 30 June 2024	1	4 257	15 407	19 665
As at 1 January 2023	-	-	1 780	1 780
As at 30 June 2023	-	-	1 780	1 780

The impairment loss allowance for intangible assets was recognized in the interim consolidated statement of profit or loss in the “Impairment loss allowance for non-current assets” item.

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7. LEASES

7.1 Right-of-use asset

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

	PERPETUAL USUFRUCT RIGHT TO LAND	TECHNICAL EQUIPMENT AND MACHINERY	MEANS OF TRANSPORTATION	TOTAL
As at 1 January 2024				
Cost or valuation	18 324	15 131	13 012	46 467
Accumulated depreciation	(2 529)	(11 217)	(431)	(14 177)
Net book value	15 795	3 914	12 581	32 290
As at 30 June 2024				
Net book value at the beginning of the year	15 795	3 914	12 581	32 290
Addition	439	1	-	440
Other	-	-	(99)	(99)
Depreciation and amortization	(263)	(1 969)	(2 090)	(4 322)
Net book value	15 971	1 946	10 392	28 309
As at 30 June 2024				
Cost or valuation	18 763	9 802	12 884	41 449
Accumulated depreciation	(2 792)	(7 856)	(2 492)	(13 140)
Net book value	15 971	1 946	10 392	28 309
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 book value 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

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

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Amortization of the right-of-use asset	4 322	4 694
Financial costs	994	782
Total	5 316	5 476

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2024 (IN PLN 000s)

Change in lease liabilities and balance as at 30 June 2024 are presented in the table below:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
As at 1 January	35 435	23 493
Addition	440	7 101
Other changes	(99)	-
Decrease	-	(254)
Principal installment under financial lease agreements	(4 429)	(4 271)
Total	31 347	26 069

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 2024	AS AT 31 DECEMBER 2023
Under 1 year	304	272
From 1 to 2 years	244	244
From 2 to 5 years	569	691
Minimum future payments	1 117	1 207

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. TRADE AND OTHER RECEIVABLES

	AS AT 30 JUNE 2024	AS AT 31 DECEMBER 2023
Trade receivables	427 859	559 089
Impairment losses for receivables	(6 403)	(5 872)
Net trade receivables	421 456	553 217
Prepayments and accruals	84 222	37 412
Other receivables	1 021	395
Current part	506 699	591 024
Prepayments and accruals	13 372	459
Other receivables	822	495
Non-current part	14 194	954
Total trade and other receivables	520 893	591 978

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2024 (IN PLN 000s)

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 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
As at 1 January	5 872	6 819
Recognition of impairment loss	545	335
Receivables written down during the year as uncollectible	(1)	(99)
Reversal of unused amounts	(13)	(84)
Total	6 403	6 971

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

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

	AS AT 30 JUNE 2024	AS AT 31 DECEMBER 2023
Up to 1 month	2	2
From 3 to 6 months	9	-
Over 12 months	6 392	5 870
Total	6 403	5 872

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

	AS AT 30 JUNE 2024	AS AT 31 DECEMBER 2023
Up to 1 month	341	1 433
From 1 to 3 months	190	67
From 3 to 6 months	311	90
From 6 to 12 months	121	353
Over 12 months	328	99
Total	1 291	2 042

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

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9. INVENTORIES

	AS AT 30 JUNE 2024	AS AT 31 DECEMBER 2023
Materials	187 083	187 027
Impairment loss allowance for materials	(8)	(8)
Finished products	91 278	147 459
Total	278 353	334 478

The cost of inventories in the interim consolidated statement of profit or loss was recognized in the "Costs of products, materials and goods sold" item, in which the total value over the first 6 months of 2024 was PLN 1,501,022 thousand (PLN 1,371,762 thousand in the corresponding period of 2023).

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

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
As at 1 January	8	104
Utilization of the impairment loss	-	(2)
Total	8	102

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.

10. CASH AND CASH EQUIVALENTS

	AS AT 30 JUNE 2024	AS AT 31 DECEMBER 2023
Cash in bank	45 774	80 251
Bank deposits	936 597	819 704
Total	982 371	899 955
Of which:		
*- non-current part**	*159 520*	*165 248*
- current part	*822 851*	*734 707*
Total	982 371	899 955

* Restricted cash

The value of restricted cash amounted to PLN 184,775 thousand as at 30 June 2024 (31 December 2023: PLN 214,150 thousand), of which PLN 159,520 thousand represented funds accumulated in the Mine Closure Fund to cover the costs of mine closures (31 December 2023: PLN 165,248 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.

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2024 (IN PLN 000s)

11. SHARE CAPITAL

	NUMBER OF SHARES (000s)	PAR VALUE OF ORDINARY SHARES	HYPERINFLATION ADJUSTMENT	TOTAL
As at 1 January 2024	34 014	170 068	131 090	301 158
As at 30 June 2024	34 014	170 068	131 090	301 158
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

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

12. 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 on revaluation 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 financial derivatives 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 2024 and 2023, the Group did not hold any financial instruments designated as cash flow hedges.

Non-controlling interest

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 2024, total income attributable to non-controlling interests amounted to PLN 495 thousand (in the corresponding period of 2023, non-controlling interests had a total loss of PLN 81 thousand).

Retained earnings

The amount of retained earnings consists of, in addition to the current year's net result attributable to shareholders of the Parent Company, 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 2024 and 31 December 2023, 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.

13. TRADE AND OTHER PAYABLES

	AS AT 30 JUNE 2024	AS AT 31 DECEMBER 2023
Trade payables	185 892	272 732
Other liabilities, including:	484 008	229 157
- Company Social Benefit Fund	*6 683*	*924*
- bid deposit liabilities	*2 878*	*4 808*
- investment commitments	*264 832*	*67 339*
- salary liabilities	*43 342*	*104 432*
- other liabilities	*166 273*	*51 654*
Total financial liabilities	669 900	501 889
Liabilities on account of social security and other taxes	63 140	148 633
Trade and other payables	733 040	650 522
Of which:		
- non-current part	*27 543*	*21 464*
- current part	*705 497*	*629 058*
Total	733 040	650 522

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

14. LOANS AND BORROWINGS

	AS AT 30 JUNE 2024	AS AT 31 DECEMBER 2023
Non-current:	-	-
Current:	275	1 809
Special-purpose borrowings	275	1 809
- WFOŚ in Lublin	*275*	*1 809*
Total	275	1 809

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2024 (IN PLN 000s)

Changes in the balance of borrowing liabilities and the balances as at 30 June 2024 and 2023 were presented in the table below:

	WFOŚ IN LUBLIN	TOTAL
As at 1 January 2024	1 809	1 809
Repayment of principal installments	(1 518)	(1 518)
Interest accrued	22	22
Interest paid	(38)	(38)
As at 30 June 2024	275	275
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

15. 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 2024, the Group had no financial instruments carried at fair value.

16. PROVISIONS FOR EMPLOYEE BENEFITS

	AS AT 30 JUNE 2024	AS AT 31 DECEMBER 2023
Provisions recognized in the interim consolidated statement of financial position:		
Retirement and disability benefits	112 467	74 428
Jubilee awards	164 756	160 713
Other employee benefits (unused holiday leaves, salaries, death benefits and others)	91 544	35 578
Total	368 767	270 719

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2024 (IN PLN 000s)

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Expenses recognized in the interim consolidated statement of profit or loss:		
Retirement and disability benefits	19 764	4 233
Jubilee awards	12 026	22 523
Other employee benefits (unused holiday leaves, salaries, death benefits and others)	75 732	98 585
Total	107 522	125 341

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Losses recognized in the interim consolidated statement of comprehensive income:		
Retirement and disability benefits	21 369	2 978
Other employee benefits (death benefits)	(361)	99
Total	21 008	3 077

Change in provisions for employee benefits:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
As at 1 January	270 719	229 813
Current employment costs (including unused holiday leaves, salaries, death benefits and others)	85 371	107 305
Costs of past employment	15 339	-
Interest expense	5 424	5 778
Actuarial losses recognized in the interim consolidated statement of profit or loss	1 388	12 258
Actuarial losses recognized in the interim consolidated statement of comprehensive income	21 008	3 077
Total recognized in comprehensive income	128 530	128 418
Benefits paid out	(30 482)	(24 000)
As at 30 June	368 767	334 231
of which:		
- non-current part	*246 544*	*196 244*
- current part	*122 223*	*137 987*

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 OF 6 MONTHS ENDED 30 JUNE 2024 (IN PLN 000s)

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Cost of products, materials and goods sold	92 552	108 701
Selling and distribution expenses	490	538
Administrative expenses	9 056	10 324
Financial costs	5 424	5 778
Total recognized in the interim consolidated statement of profit or loss	107 522	125 341
Actuarial losses recognized in the interim consolidated statement of comprehensive income	21 008	3 077
Total recognized in the interim consolidated statement of comprehensive income	128 530	128 418

17. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	PROVISION FOR MINE CLOSURE COSTS AND RECLAMATION OF LAND	MINING DAMAGE	LITIGATION	OTHER	TOTAL
As at 1 January 2024	169 102	7 352	8 566	1 005	186 025
Of which:					
Non-current	*169 102*	-	-	-	*169 102*
Current	-	*7 352*	*8 566*	*1 005*	*16 923*
Recognized in the interim consolidated statement of financial position:					
- Existing provision updated	(6 185)	-	-	-	(6 185)
Recognition in the interim consolidated statement of profit or loss:					
- Additional provisions created	-	-	2 093	530	2 623
- Existing provision used	-	(1 315)	(3 677)	(189)	(5 181)
- Settlement of a discount	4 067	-	-	-	4 067
As at 30 June 2024	166 984	6 037	6 982	1 346	181 349
Of which:					
Non-current	*166 984*	-	-	-	*166 984*
Current	-	*6 037*	*6 982*	*1 346*	*14 365*
As at 1 January 2023	155 452	6 844	5 520	382	168 198
Of which:					
Non-current	*155 452*	-	-	-	*155 452*
Current	-	*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
Of which:					
Non-current	*155 621*	-	-	-	*155 621*
Current	-	*2 326*	*8 653*	*752*	*11 731*

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2024 (IN PLN 000s)

Mine closure and reclamation of land

The Group recognizes a provision for mine closure and land reclamation costs as required by the applicable provisions of law. The calculated level of cost of mine closure and reclamation of land as at 30 June 2024 is PLN 166,984 thousand, of which the provision for mine closure of PLN 151,350 thousand and the provision for reclamation of land of PLN 15,634 thousand. The change in the provision as compared to 31 December 2023 was PLN (2,118) thousand and the increase resulting from the reversal of the discount written off in the amount of PLN 4,067 thousand was captured in the interim consolidated statement of profit or loss as "Financial costs", while the decrease resulting from the update of assumptions in the total amount of PLN 6,185 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 2024 is PLN 6,037 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 2024 was in total PLN 1.315 thousand (PLN 4.518 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 2024.

Utilization of the provision during the first 6 months of 2024, in the amount of PLN 3,677 thousand pertained mainly to the payment by the Parent Company of legal claims related to patents awarded to plaintiffs in connection with the judgment of the Appellate Court of 15 February 2024.

18. REVENUE FROM SALES

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Sales of coal	1 626 465	1 780 993
Other operations	35 852	37 364
Sales of goods and materials	8 264	6 723
Total revenue from sales	1 670 581	1 825 080

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 2024 was PLN 8,264 thousand (PLN 6,723 thousand in the corresponding period of the previous year).
- Contracts relating to sales of other services, with the highest amounts being revenues from the rental of space in shower rooms (hooks and lockers). This service is provided almost exclusively to the Parent Company's sub-contractors (providing mining services to the Parent Company) whose employees are obliged by OHS regulations to use shower rooms. The total amount of consolidated revenue from sales from the rental of shower room space during the first 6 months of 2024 was PLN 4,464 thousand (PLN 4,488 thousand in the corresponding period of the previous year).

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2024 (IN PLN 000s)

19. OTHER REVENUES

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Indemnities received	1 920	852
Excise tax refund	253	98
Others, including:	1 868	427
- Reversal of other provisions for liabilities	*121*	*123*
- Reversal of impairment loss allowances	*1 691*	*16*
- Other revenues	*56*	*288*
Total other income	4 041	1 377

20. OTHER COSTS

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Donations	(351)	(4 865)
Enforcement fees and penalties	(182)	(353)
Indemnities	(136)	(147)
Other	(189)	(404)
Total other costs	(858)	(5 769)

21. OTHER LOSSES - NET

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Profit/(loss) on the sale of fixed assets	(9)	156
FX differences	(53)	(15)
Result on the liquidation of fixed assets	(4 042)	(174)
Other losses	(985)	(4 083)
Total other losses - net	(5 089)	(4 116)

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2024 (IN PLN 000s)

22. FINANCIAL INCOME AND COSTS

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Interest income on short-term bank deposits	17 957	12 342
Other revenues, including	5 166	4 679
- Interest on the Mine Closure Fund	*4 994*	*4 394*
- Other	*172*	*285*
Total financial income	23 123	17 021
Interest and fees on loans and borrowings	(22)	(98)
Interest expense on the valuation of employee benefits	(5 424)	(5 778)
Settlement of a discount relating to the provision for the Mine Closure Fund and for land reclamation	(4 067)	(4 776)
Recognition of a provision and impairment loss allowances for interest	(1 301)	(772)
Interest expense related to the lease of fixed assets	(994)	(782)
Other expenses	(509)	(359)
Total financial costs	(12 317)	(12 565)

23. INCOME TAX

23.1 Tax liability

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Current tax	29 970	69 352
Deferred tax recognized in profit or loss	(243 187)	(15 811)
Deferred tax recognized in other comprehensive loss:	(3 991)	(585)
- on account of actuarial losses recognized in the interim consolidated statement of comprehensive income	*(3 991)*	*(585)*
Total	(217 208)	52 956

23.2 Reconciliation of effective tax rate

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Pre-tax profit/(loss)	(1 121 187)	279 388
Tax calculated at the 19% rate	(213 025)	53 084
Correction of income tax for previous years	(1 273)	(559)
Tax effect of revenues permanently excluded from the tax base, of which:	(879)	(29)
- other	*(879)*	*(29)*
Tax effect of costs permanently excluded from the tax base:	1 960	1 045
- payment to the PFRON disabled persons fund	*1 046*	*861*
- donations	*23*	*31*
- other	*891*	*153*
Income tax liability	(213 217)	53 541
Effective tax rate	19%	19%

Income tax in these interim consolidated financial statements is calculated using the effective tax rate for 2024 of 19.0% (19.0% in 2023).

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2024 (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.

23.3 Current income tax receivables and liabilities

The current income tax liability of PLN 4,005 thousand presented in the balance sheet relates entirely to 2024.

24. EARNINGS PER SHARE

Basic

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

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Profit/(loss) attributable to shareholders of the Parent Company	(908 465)	225 928
Weighted average number of ordinary shares (000s)	34 014	34 014
Basic earnings/(loss) per share (in PLN)	(26.71)	6.64

Diluted

Diluted earnings/(loss) per share is calculated by adjusting the average weighted number of ordinary shares in such a way as if a conversion to potential dilutive ordinary shares had occurred. As at 30 June 2024, the Parent Company had no outstanding instruments that might potentially cause dilution of ordinary shares.

25. 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 28 June 2024, the Ordinary General Meeting of the Parent Company was held, at which the Shareholders adopted a resolution on the distribution of the 2023 profit, according to which the net profit of the Parent Company in the amount of PLN 686,991 thousand was allocated as follows:

- The amount of PLN 85,034 thousand was allocated for dividends,
- The remaining amount, i.e. PLN 601,957 thousand, was allocated to the Parent Company's reserve capital.

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

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Dividend due and paid out	85 034	87 755
Number of ordinary shares as at the dividend record date (000s)	34 014	34 014
Dividend per share (in PLN)	2.50	2.58

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

	NOTE	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Balance sheet change in liabilities, liabilities from contracts with customers and subsidies		85 763	118 262
Offsetting income tax overpayments against payables for other taxes		413	44 193
Change in investment commitments		(200 948)	980
Change in liabilities for the purposes of the interim consolidated statement of cash flows		(114 772)	163 435
Increases in fixed assets	5	474 582	338 414
Other non-cash adjustments		(15)	1
Change in investment commitments		(200 948)	980
Acquisition of property, plant and equipment		273 619	339 395

27. 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 2023).

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, which was subsequently appealed by the aforementioned penalized entities).

On 11 October 2023, the Supreme Court dismissed the cassation appeal of the President of the UOKiK against the unfavorable judgment of the Appellate Court in respect of the original decision, which has the effect of removing the decision of the President of the UOKiK finding price collusion from legal circulation. The first trial date was set for 1 August 2024, but on 24 July 2024, the Parent Company filed a motion with the court to refer the case to mediation, and the trial date was canceled. The Parent Company is currently awaiting further decisions of the court.

Legal claims relating to patents

The contingent liability for legal claims relating to the fee for co-creators of the inventions covered by Patent No. 206048 and 206048 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 patent.

In H1 2024, there was a significant change in the status of legal claims for patents previously reported as a contingent liability. Namely, on 15 February 2024, the Appellate Court in Warsaw ruled that the plaintiffs were entitled to remuneration in the amount of PLN 4,075 thousand with interest from 2013, thus largely upholding the Parent Company's appeal. The judgment is final and therefore the Parent Company has made a payment to the plaintiffs. On 15 March 2024, the Parent Company received a written justification for the aforementioned judgment, which was subject to detailed analysis, as a result of which the Parent Company decided to file a cassation appeal.

On 28 May 2024, the Parent Company filed a cassation appeal with the Supreme Court; the plaintiffs also filed a cassation appeal. The Parent Company is currently awaiting a trial date in this case.

28. 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 2024	AS AT 31 DECEMBER 2023
Property, plant and equipment	206 768	391 323
Investment commitments	206 768	391 323

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.

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2024 (IN PLN 000s)

29. RELATED PARTY TRANSACTIONS

All transactions concluded with related parties are concluded in the ordinary course of the Group's 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 PGNiG Termika S.A.

In the reporting periods ended 30 June 2024 and 30 June 2023, the revenue from sales to the above entities and the balance of the Group's receivables from these entities were as follows:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Sales in the period	172 147	306 592	150 545
Balance of receivables at the end of the period, including VAT	93 296	32 379	13 178

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 2024 and 30 June 2023, 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 2024	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Purchases in the period	179 077	348 237	169 057
Balance of payables as at the end of the period, including VAT	28 566	39 427	25 275

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 2024 and 30 June 2023, 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 2024	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Purchases in the period	132 018	396 053	184 591
- Purchases of property, plant and equipment	-	*16 850*	-
Balance of payables as at the end of the period, including VAT	52 081	85 000	74 619

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 2024 and 30 June 2023, the revenue from sales to ENEA Group companies and the balance of the Group's receivables from these entities were as follows:

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2024 (IN PLN 000s)

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Sales in the period	1 368 247	3 444 717	1 604 660
Balance of receivables at the end of the period, including VAT	320 350	482 536	277 700

In the reporting periods ended 30 June 2024 and 30 June 2023, the values of dividend liabilities to ENEA Group companies were as follows:

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2024	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2023	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Dividend liabilities to ENEA Group companies	54 905	-	56 662
Dividends paid to ENEA Group companies	-	56 662	-

30. 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 2024	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2023
Remuneration of Management Board members and commercial proxies	2 888	2 382
Remuneration of Supervisory Board Members	322	284

In addition to the standard remuneration under management contracts, appointments or employment, in H1 2024, as well as in the corresponding period last year, there were no other transactions with the key personnel of the Parent Company.

31. EVENTS AFTER THE BALANCE SHEET DATE

According to our knowledge, there were no material events after the balance sheet date that could affect the financial results as at 30 June 2024 but have not been captured in the interim condensed consolidated financial statements.

32. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Management Board of Lubelski Węgiel Bogdanka S.A. hereby represents that on 17 September 2024 it approved these Interim Condensed Consolidated Financial Statements of the Group for the period from 1 January to 30 June 2024.

FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2024 (IN PLN 000s)

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

ZBIGNIEW STOPA 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	....
BARTOSZ ROŻNAWSKI Vice-President of the Management Board of the Parent Company, Production	....
SŁAWOMIR KRENCZYK Vice-President of the Management Board of the Parent Company, Development	....
URSZULA PIĄTEK Chief Accountant of the Parent Company	....