



**commodities  
for the future**

# Annual Report 2021

## Group Key Figures

<b>BALANCE SHEET FIGURES</b>	<b>31/12/2021</b> EUR thousand	<b>31/12/2020</b> EUR thousand
Total assets	98,834	70,973
Non-current assets	22,914	21,273
Current assets	74,013	47,967
Shareholders' equity	21,128	17,605
Provisions	10,985	9,769
Liabilities	66,720	43,598

<b>INCOME STATEMENT FIGURES</b>	<b>2021</b> EUR thousand	<b>2020</b> EUR thousand
Sales	428,133	269,680
EBITDA	5,582	5,494
Net profit*	3,201	2,810

\* 2021 net profit of EUR 3,920,636.16 excluding EUR 720,112.64 of pension provisions (2020 pension provisions of EUR: 841,222.36)

## Financial Calendar

<b>1 January 2022</b>	Start of the financial year
<b>August 2022</b>	Annual General Meeting
<b>30 September 2022</b>	Interim Report 2021
<b>31 December 2022</b>	End of the financial year
<b>30 June 2023</b>	Annual financial statements 2022

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The English version of the annual report and the consolidated financial statements 2021 of HMS Bergbau AG is a one-to-one translation. The English version is not audited; in the event of variances, the German version shall take precedence over the English translation.

# Letter to Shareholders

## DEAR LADIES AND GENTLEMEN,

The 2021 financial year was marked by a steadily improving global economic environment. This came in the wake of internationally successful vaccination campaigns and the potential to better manage the COVID-19 pandemic. Economic catch-up effects and continued high government spending led to a strong global economic recovery. As a result, leading economic research institutes found themselves raising their economic growth forecast several times by early 2022. The solid economic development and strong demand for raw materials, coupled with supply chain bottlenecks prior Russian aggression in Ukraine, have led in some areas to significant inflation rates globally since mid-2021.

Given the steadily increasing demand for commodities, the commodity markets have been able to recover steadily since the middle of 2020. This recovery continued at an accelerated pace throughout 2021 and into March 2022. Coal prices, for example, rose by more than 75 per cent per tonne in the course of 2021.

The stock markets took their cue from the positive economic environment and also performed well. Important indices such as the DAX, Dow Jones and the EuroStoxx 50 marked new all-time highs in autumn 2021 and closed 2021 near those all-time highs. With the Russian Aggression in Ukraine the stock markets around the world the indices fell significantly in the first quarter of 2022 .

As an international commodity trader, HMS Bergbau AG was able to seize the opportunities accompanying the global market events of the past 1,5 years. As part of our internationalisation strategy, we traded coal as well as other raw materials, such as ores (e.g. chrome, lithium, manganese or beryllium), cement and fertilisers. We also succeeded in strengthening the trading business operated by HMS Bergbau AG in Asia and Africa. Here, the Group again

had a share of more than 90 per cent of its volumes traded.

All of this led to an extremely satisfactory business performance for HMS Bergbau AG in 2021, with the Group's total performance increasing by more than 60 per cent year-on-year to EUR 427,7 million in the period from January to December of 2021. The increase in sales of EUR 160,6 million, which resulted primarily from price increases, led to a significantly better earnings situation, EBITDA amounted to EUR 5,582 thousand in the 2021 reporting period, compared to EUR 5,494 thousand (EUR 3.540 thousand excluding nonrecurring effect from the sale of shares) in the same prior-year period. While the sale of shares in the amount of EUR 1,954 thousand made a significant contribution to EBITDA in 2020, EBITDA in the 2021 reporting period is exclusively attributable to the positive operating development.

As part of our strategy of transitioning into a vertically integrated, international raw materials trading group, the acquisition of a 51 per cent shareholding in Maatla Resources (Pty,) Ltd, a project company in Botswana, was agreed in April 2021. In addition to deepening the value chain by mining its own raw material deposits amounting to 1,2 million tonnes of coal per year, HMS Bergbau AG also secured the global marketing rights.

At the same time, we also forged ahead with the business and project development of the Silesian Coal International Group of Companies S,A, subsidiary. Here we are still targeting annual production of around 1,5 million tonnes of coking coal, which has been defined as a critical raw material by the European Union since 2014. Furthermore, a bond in the amount of EUR 8 million was placed as part of a private placement. The liquid funds are to be invested primarily in operating activities and existing and new project developments.

The HMS Bergbau AG Group continued to act sustainably and responsibly in 2021. As in the previous year, the entire HMS Group offset its administrative and operational CO<sub>2</sub> emissions by investing in international climate protection projects. The goal of these investments is a sustainable reduction in greenhouse gases, which has earned HMS Bergbau AG a certification as a CO<sub>2</sub>-friendly company since 2020. In its operational activities, HMS Bergbau AG not only takes a positive view of the Paris Climate Agreement, but will also continue to make an active contribution to climate protection by supporting international climate protection projects.

The HMS Group sees itself well positioned through its worldwide activities with local operations – especially in view of the current geopolitical upheavals – in a market with steadily increasing global energy consumption. China, Indonesia and India will continue to be significant consumers of coal. The objective in these rapidly growing economies is and remains flexible and relatively inexpensive electricity production, without which less prosperity and, above all, no steady supply could be realised.

With regard to the short-term effects of the developments in Ukraine that occurred after the reporting date and the sanctions decided upon by the Western-oriented countries against Russia, further, possibly significant changes in energy and raw material prices as well as in the global supply chains must be expected. Nevertheless the management provides a positive forecast about current business developments and short-term business performance.

The management of HMS Bergbau AG considers the medium-term business prospects to be promising. Thanks to its international positioning and continuously expanded range of services, the Group will be able to continue to generate stronger results and increased sales volumes in the future.

Berlin, April 2022



**DENNIS SCHWINDT**  
Chief Executive Officer



**JENS MOIR**  
Chief Financial Officer

# Report of the Supervisory Board

## DEAR LADIES AND GENTLEMEN,

During the 2021 financial year, the Supervisory Board of HMS Bergbau AG carried out its tasks as stipulated by law and the Company's Articles of Association and continuously monitored and advised the Management Board in its work. The Supervisory Board obtained comprehensive information on the current economic and financial position of the Group; its business performance; financial, investment and personnel planning as well as its strategic development at regular board meetings and through additional verbal and written reports submitted to the Supervisory Board by the Management Board. The reports also pertained to the current earnings situation, opportunities and risks and risk management. The Supervisory Board discussed all fundamentally important decisions in-depth with the Management Board. The Supervisory Board assessed any business transactions requiring its approval in detail before the relevant resolutions were adopted. The Supervisory Board voted on reports and proposals put forward by the Management Board when required by law or the Articles of Association.

### KEY ITEMS OF DISCUSSION IN THE MEETINGS

The Supervisory Board of HMS Bergbau AG held a total of 7 meetings in the 2021 financial year. Subjects that were regularly discussed included the current business performance of the Company and its subsidiaries as well as its liquidity, net assets and financial position. All of the resolutions required by law and the Articles of Association were passed. The Management Board informed the Supervisory Board promptly between meetings about important matters. When required, resolutions were passed by circular procedure.

The central topics in the Supervisory Board meetings in the 2021 financial year were the Group's strategic focus and corporate planning, the corresponding adjustments to the organisational structure and personnel at the Company and its subsidiaries. The strategic position of

the Silesian Coal International Group of Companies S.A., the funding of operational activities, the international footprint of the HMS Group, the development and price trends in the global coal markets were regular topics for discussion at the meetings. The Supervisory Board also dealt with options relating to the financing of the local subsidiaries' trading activities and the provision of the necessary guarantees by HMS Bergbau AG. Issues relating to the impact of the pandemic on HMS Bergbau AG, geopolitical changes, environmental protection, know-client processes, global CO<sub>2</sub> developments and sustainable business practices, including implementation in trade agreements, were also discussed at the Supervisory Board meetings. HMS Bergbau AG has once again made its operations CO<sub>2</sub>-neutral in the 2021 financial year.

The Management Board informed the Supervisory Board regularly about general market developments, price and earnings forecasts and intended actions. The Management Board also presented and discussed potential future projects with the Supervisory Board. Important transactions approved by the Supervisory Board are described in the combined management report for the Company and the Group.

### PERSONNEL CHANGES

The Supervisory Board was newly elected at the Annual General Meeting on 8 September 2020 and remained unchanged in the 2021 financial year. In addition to Heinz Schernikau (Chairman of the Supervisory Board), the founder and former Chairman of the Management Board of HMS Bergbau AG, Dr h. c. Michael Bärlein (Deputy Chairman of the Supervisory Board), and Patrick Brandl are also members of the Supervisory Board of HMS Bergbau AG

There were also no changes to the Management Board of HMS Bergbau AG in the 2021 financial year. Following the scheduled retirement of Heinz Schernikau on 30 June 2020, Dennis Schwindt was appointed Chief Execu-

tive Officer (CEO). Jens Moir, who was appointed to the Management Board by the Supervisory Board on 1 September 2020, continues to serve as Chief Financial Officer. The Management Board therefore consists of two members.

## 2021 ANNUAL FINANCIAL STATEMENTS

The annual and consolidated financial statements of HMS Bergbau AG for the 2021 financial year were prepared in accordance with provisions of the German Commercial Code (Handelsgesetzbuch – HGB). The Company's auditor for the 2021 financial year, PANARES GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Berlin, was appointed to audit the annual and consolidated financial statements of HMS Bergbau AG, as well as the combined management report and the report of the Management Board on the relationships with associated companies in the 2021 financial year, in accordance with a resolution of the Annual General Meeting.

The auditor reviewed the annual and consolidated financial statements of HMS Bergbau AG and the combined management report for the Company and the Group, including the accounting system, in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW) and issued unqualified audit opinions. The internal control system was also deemed to be effective.

All Supervisory Board members had access in due time to the annual and consolidated financial statements, the combined management report for the Company and the Group and the corresponding audit reports. The documents were reviewed and discussed in detail by the Supervisory Board at the meeting on 08 June 2022. Both the Management Board and auditor were present at the meeting and provided detailed answers to all questions posed by the

Supervisory Board. The auditor also reported on the key findings of the audit. The examination of the annual and consolidated financial statements, as well as the combined management report for the Company and the Group by the Supervisory Board, did not lead to any objections, resulting in the approval of the audit results. Based on the final review of all documents, the Supervisory Board did not raise any objections and approved the annual financial statements of HMS Bergbau AG as of 31 December 2021 and the consolidated financial statements as of 31 December 2021, as prepared by the Management Board, at its meeting on 08 June 2022. The 2021 annual financial statements have therefore been adopted in accordance with Section 172 of the German Stock Corporation Act (AktG).

The Supervisory Board also examined and approved the proposal of the Management Board dated 08 June 2022 to distribute a dividend of EUR 0.04 per ordinary share entitled to a dividend and to carry forward the remaining unappropriated retained earnings of HMS Bergbau AG of EUR 7,015,127.76 in full to the new account.

There were no conflicts of interest of members of the Supervisory Board during the reporting period.

The Supervisory Board would like to thank the Management Board and all employees for their commitment and dedication in the 2021 financial year.

Berlin, June 2022



**HEINZ SCHERNIKAU**

Chairman of the Supervisory Board



## Members of the Management Board

DURING REPORTING PERIOD

### **DENNIS SCHWINDT**

CHIEF EXECUTIVE OFFICER

Dennis Schwindt is Chief Executive Officer of HMS Bergbau AG, Mr Schwindt holds a degree in economics from the Humboldt University in Berlin and has been managing several operating projects at HMS Bergbau AG as the Company's authorised representative and in the area of commodity trading since 2012, He gained extensive experience in the oil and gas industry and in plant engineering in his previous positions at both medium-sized German companies and international groups,



### **JENS MOIR**

CHIEF FINANCIAL OFFICER

Jens Moir is Chief Financial Officer of HMS Bergbau AG, Mr Moir has more than 20 years of hands-on experience as a CFO and financial executive in international steel construction, oil and gas, renewable energy and entertainment companies, In his latest role, he oversaw various technology start-ups, Mr Moir is a British and German national with international experience in Germany, Poland, Austria and the USA,

## Members of the Supervisory Board

DURING REPORTING PERIOD

### **HEINZ SCHERNIKAU**

CHAIRMAN OF THE SUPERVISORY BOARD

### **DR, H, C, MICHAEL BÄRLEIN**

DEPUTY CHAIRMAN OF THE SUPERVISORY BOARD

### **PATRICK BRANDL**

MEMBER OF THE SUPERVISORY BOARD

# Investor Relations

## DEVELOPMENT OF THE CAPITAL MARKETS IN 2021

At the beginning of 2021, hopes for a milder course of the Covid-19 pandemic predominated, despite the emergence of new Covid-19 virus mutations, high incidences globally and the steady spread of the delta variant. The main trigger for this optimism was the approval of Covid-19 vaccines. Although the vaccines were not expected to end the pandemic, they at least offered the prospect that it would be more manageable.

The steady improvement in the investment climate on the international stock exchanges was driven by uplifting economic data, as well as by the substitute of the delta variant by the omicron variant, which caused considerably milder disease. Uncertainty surrounding global economic development progressively declined and was further eased by the continued expansionary monetary policies of the European Central Bank and the Federal Reserve. This was additionally supported by the ongoing lack of investment alternatives to equities. The persistently high levels of economic aid and extended stimulus packages further contributed to the overall positive development on the stock markets in the course of 2021.

The upward trend in the global capital markets was not hindered by the sharp increase in the number of Covid-19 infections or the newly imposed year-end lockdowns that resulted. Record levels of new government borrowing through increased social spending to cushion the severe humanitarian and economic impact of the Covid-19 crisis were also unable to slow the uptrend. The upward trend ultimately peaked in November 2021, as new all-time highs were registered on the global benchmark indices.

These highs were reached again at the beginning of 2022, although OECD analysts were

predicting that it would take years for many countries to return to their pre-crisis GDP per capita, especially those with relatively low immunisation rates. Nevertheless, the OECD reported that global economic activity had already returned to pre-crisis levels by autumn 2021.

An overall rapidly changing global political situation set off by Russia's war against Ukraine, brought the stock market rally to an abrupt end in January 2022.

Whereas global GDP growth expectations had been steadily increased in 2021, now due to the Russian crisis and the strong upward trend in inflation, the economy's development is plagued by uncertainty.

In its current World Economic Outlook of 19 April 2022, the International Monetary Fund forecasts significantly lower global GDP growth of 3.6 per cent for the current year and 3.6 per cent for the year 2023. As recently as January 2022, global growth rates of 4.4 per cent for 2022 and 3.8 per cent for 2023 were expected. According to IMF analysts, the significantly bleaker growth prospects are mainly due to Russia's war against Ukraine and the related repercussions. In addition, China's zero-tolerance Covid strategy is increasingly weighing on overall global economic development, although this is only marginally mentioned by the IMF.

For Germany, the IMF reduced its economic forecast for 2022 by a significant 1.7 per cent to 2.1 per cent. For the eurozone, the IMF now expects GDP growth of 2.8 per cent in 2022, down from the previous expectation of 3.9 per cent in January 2022.

According to IMF experts, economic risks have increased considerably overall and are being further intensified by rising inflation risks.

## PERFORMANCE OF THE STOCK MARKETS

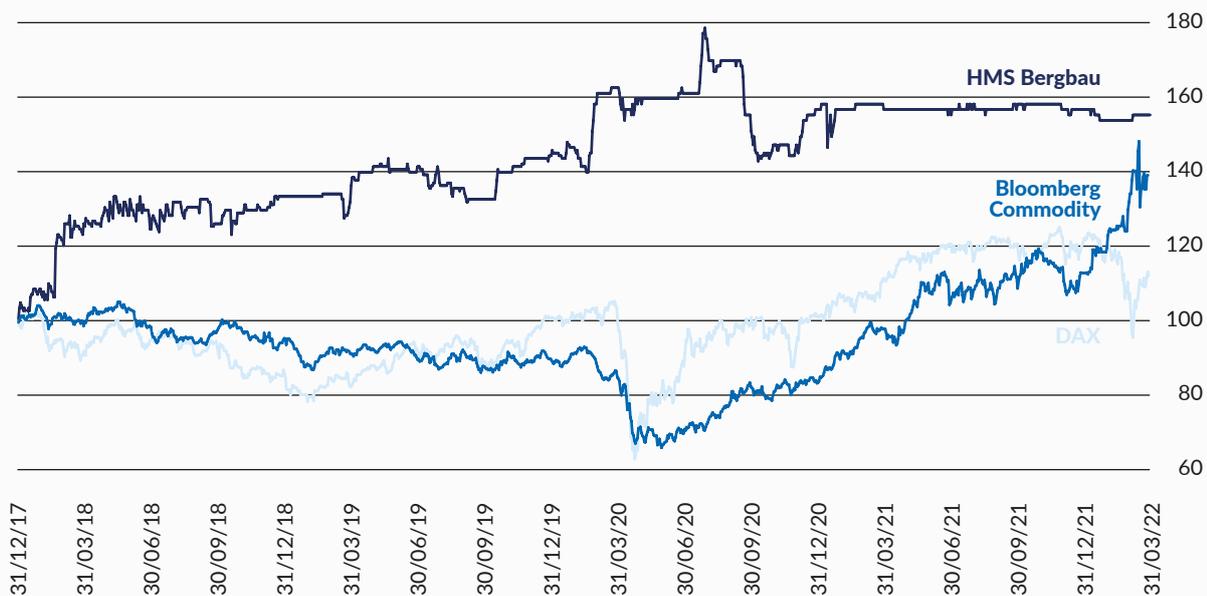
The Dow Jones Index began the 2021 trading year at 30,606 points and, despite the global pandemic-related lockdowns and increasing inflation risks, recorded steadily positive price development. At around 36,357 points, the Dow Jones closed the year on 31 December 2021 near an all-time high, which it had marked at 36,488 points shortly before. Overall, the US benchmark index recorded a sharp increase of approximately 18.79 per cent in the course of 2021.

The EuroStoxx 50 and the DAX indices, the main European stock market barometers, also

recorded dynamic performance similar to the Dow Jones Index. The EuroStoxx 50 index closed the year on 31 December 2021 at 4,292 points, almost reaching its all-time high of 4,401 points, recorded in mid-November 2021. As a result, the index gained approximately 20.93 per cent for the year as of 31 December 2021.

Germany's DAX benchmark index started the 2021 trading year at 13,719 points, closing at 15,884 points on 31 December 2021. The index marked an all-time high of 16,251 points in November 2021 and, on 31 December 2021, closed approximately 15.78 per cent higher for the year.

## PERFORMANCE OF HMS SHARES IN COMPARISON TO THE DAX AND BLOOMBERG COMMODITY INDICES FROM THE BEGINNING OF 2018 THROUGH EARLY 2022



Source: Finanzen.net, HMS Bergbau AG

## DEVELOPMENT OF HMS SHARES

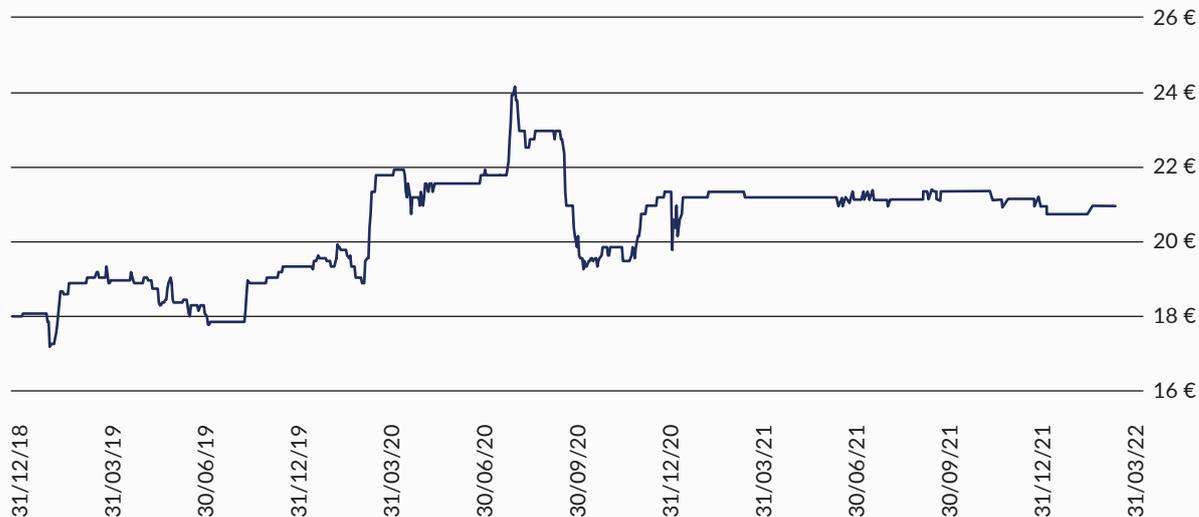
In a relative comparison with the DAX and the Bloomberg Commodity Index, the HMS Bergbau share was unable to match the outperformance of previous years but still ended the 2021 trading year with an increase of approximately 2.91 per cent.

The share increased from EUR 20.60 on the last trading day of 2020 to EUR 21.20 at the end of the reporting period on 31 December 2021.

The market capitalisation of HMS Bergbau AG equalled EUR 97.3 million at the end of the 2021 trading year, compared to EUR 94.6 million as of 31 December 2020.

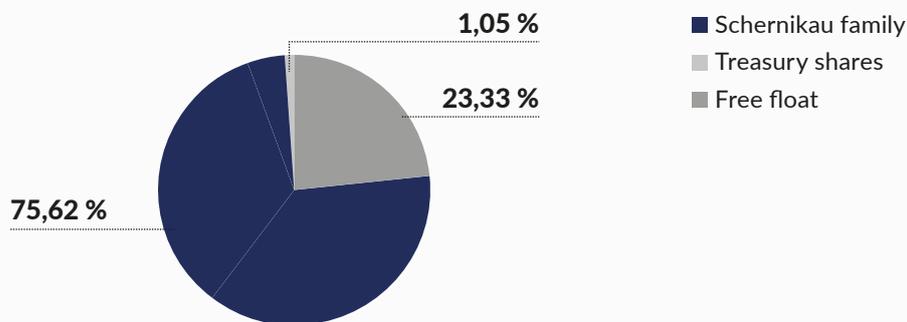
With the start of Russia's war against Ukraine in February 2022, the share showed relative strength and closed at EUR 21.00 at the end of March. Overall, the HMS Mining share has continued the positive performance that it has sustained for many years.

### SHARE PRICE OF HMS BERGBAU AG FROM 2018 THROUGH MARCH 2022



Source: Deutsche Börse AG, HMS Bergbau AG

### SHAREHOLDER STRUCTURE AS AT 31 DECEMBER 2021



Source: HMS Bergbau AG

As of 31 December 2021, the share capital of HMS Bergbau AG consisted of 4,590,588 shares with a nominal value of EUR 1.00 each, for a total of EUR 4,590,588.00. ERAG Energie und Rohstoff AG holds 36.98 per cent of the shares, and LaVo Verwaltungsgesellschaft mbH

holds 34.28 per cent. The Schernikau family holds 4.36 per cent. A total of 1.05 per cent continues to be held as treasury shares by HMS Bergbau AG, and 23.33 per cent of the shares are in free float.

## ANNUAL GENERAL MEETING 2021

The ordinary Annual General Meeting of HMS Bergbau AG was held on 26 August 2021 as a virtual Annual General Meeting. The agenda included the proposed resolutions on the appropriation of unappropriated retained earnings, the discharge of the Management Board and the Supervisory Board and the election of the auditor. A vote was also taken on increasing the remuneration of the Supervisory Board and the corresponding amendment to Article 11 (1) of the Articles of Association. In addition, the agenda included an amendment to the Articles of Association that allows the visual and audio broadcast of the Annual General Meeting, in whole or in part, via electronic or other media. All agenda items were passed with almost 100 per cent of the votes represented.

## INVESTOR RELATIONS ACTIVITIES

In addition to the publication of the annual and half-year reports, the Management Board of HMS Bergbau AG informs shareholders promptly and comprehensively on current developments at HMS Bergbau AG via capital market announcements. All news relevant to the capital market is written and published in German and English, which exceeds the disclosure requirements for a Basic Board Listing on the Frankfurt Stock Exchange. In addition, the Management Board meets regularly with institutional investors, financial journalists and industry analysts about the Company's business model, future prospects and other topics relevant to the capital market.

## KEY SHARE DATA AS AT 31 DECEMBER 2020

### BASIC DATA

ISIN/WKN	DE0006061104/606110
Ticker symbol	HMU
Bloomberg symbol	HMU GY
Reuters symbol	HMUG,DE
Market segment / Transparency level	Open Market / Basic Board
Designated sponsor / Listing partner	ODDO BHF Aktiengesellschaft
Investor relations	GFEI Aktiengesellschaft
Share capital	EUR 4,590,588.00
Number of shares	4,590,588
Free float	23.33 %

### PERFORMANCE DATA

Share price on 31/12/2020 (Xetra closing price)	20.60 Euro
Share price on 30/12/2021 (Xetra closing price)	21.20 Euro
Market capitalisation on 31/12/2020	94,566,113 Euro
Market capitalisation on 31/12/2021	97,320,466 Euro

# Group Management Report HMS BERGBAU AG, BERLIN

## COMBINED MANAGEMENT REPORT OF THE COMPANY AND THE GROUP FOR FINANCIAL YEAR 2021

### 1. OVERVIEW AND SUSTAINABILITY

The HMS Bergbau Group is a globally active group of companies that serve as trading and distribution partners for renowned international electricity producers, cement manufacturers and industrial consumers with coal and energy raw materials such as steam coal, coking coal and coke products, as well as other raw materials such as ore, cement and fertilisers.

HMS Bergbau AG is increasingly developing into a diversified international commodity trading group. In the 2021 financial year, the Group continued its strategy of expanding its business activities to include other raw materials such as beryllium, manganese ore, chrome ore, clinker and phosphates. The focus of its activities remains the coal business. HMS Bergbau AG has spent decades building up its widely recognised expertise throughout the entire value chain, from the mining of raw materials and transport logistics to customer deliveries. HMS Bergbau AG trades coal, more than 90 per cent of which is used in industrial applications. The main users are steel and cement producers, as well as power plant companies, followed by customers in the areas of glassworks, paper mills and waste processing plants, among others. Our customer base consists of private and state-owned companies from Asia, Europe, the Middle East and Africa. Less than 10 per cent of HMS's coal trading volumes are used to generate electricity in power plants.

HMS Bergbau AG exports about 90 per cent of its coal trading volume to developing countries that lack alternatives to the basic energy supply with coal. These include Bangladesh, Pakistan, Vietnam, China or India. These countries, including China, were exempted in the Paris Climate Agreement from the global decisions on CO<sub>2</sub> reduction in the interest of the climate. The background to these exemptions is precisely this lack of alternatives to the basic

energy supply with coal. These countries often lack both the financial resources and sufficient capacities for the development of wind or solar energy. For this reason, all UN resolutions support developing countries in the use of fossil fuels until viable alternatives are available to them. By supplying these countries, we believe we are contributing to economic development and thus to greater prosperity. This economic development is a prerequisite for the inflow of financial resources that can be made available for the development of infrastructure for alternative energy production.

The HMS Bergbau Group cooperates with renowned and reliable producers, mainly in Indonesia, South Africa, Poland, and North and South America. We also represent numerous selected international coal producers. The HMS Bergbau Group handles the complete marketing of coal in selected markets.

### GROUP STRUCTURE

The HMS Bergbau Group has established an international network of long-term business partners and consistently pursues its philosophy of building long-term and profitable business relationships with international producers and consumers. The Group's internationality is also a result of its subsidiaries HMS Bergbau Africa (Pty) Ltd., HMS Bergbau Singapore Pte Ltd., PT. HMS Bergbau Indonesia and HMS Bergbau USA Corp.

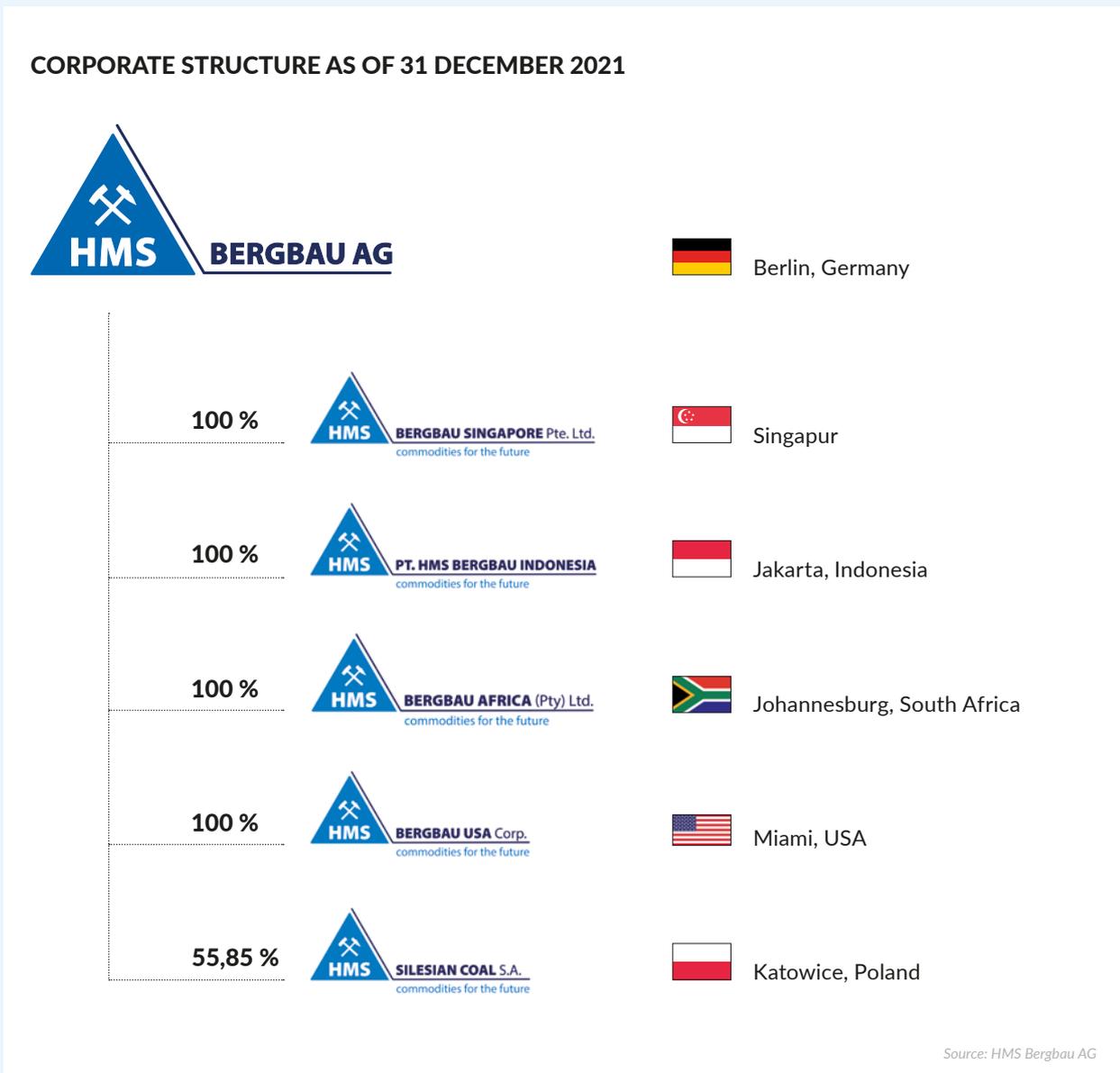
As of 31 December 2021, HMS Bergbau AG held a 55.85 per cent stake in the Group subsidiary Silesian Coal International Group of Companies S.A., Poland, which has already carried out geological explorations for the Orzesze area in Silesia. We are continuously working not only on the operational side of the project but also on further financing measures.

The Silesian Coal International Group of Companies S.A. plans to develop the identified

potential coal deposit of 2.2 billion tonnes in situ – of which around 672 million tonnes of high-quality coal were identified as recoverable according to the JORC standard – at low cost via an already existing infrastructure. Once the mining licence has been granted, the aim is to produce around 1.5 million tonnes of coking

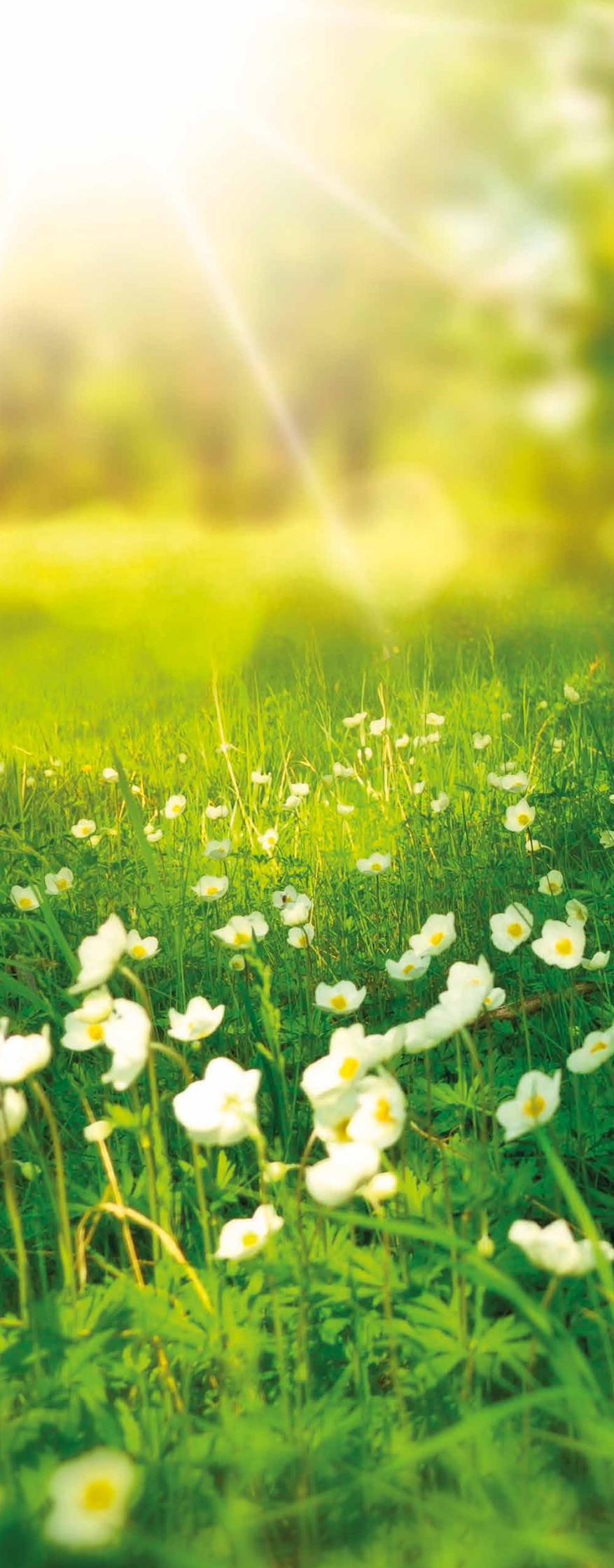
coal annually. Coking coal has been defined as a critical raw material by the European Union since 2014.

The group structure of the HMS Bergbau Group and its major subsidiaries as of 31 December 2021 were as follows:



HMS Bergbau AG is a dynamic, performance-driven company and an important player in international energy trading. Our strategy of monitoring the long-term developments on

the global commodity markets while identifying current market trends continues to be based on the following fundamental prerequisites:



## SUSTAINABILITY

Megatrends such as energy efficiency, climate change and globalisation are currently leading to a rethink and thus to changed actions in almost all industries and services worldwide. The energy sector is also continuously working on new, more efficient energy generation systems, which at the same time should cause a minimum of emissions. The main focus is on the general supply of energy to the globally increasing population, but also on energy storage, which should enable a steady supply. According to leading energy analysis companies, these two objectives can only be achieved through a mix of renewable and fossil energy sources, such as coal and gas.

At the same time, the steadily increasing awareness of sustainable energy supply and production is leading to changes in business processes and practices. The aforementioned global megatrends ultimately lead to sustainable changes in working and trading conditions within the value chains. HMS Bergbau AG has also started to reduce its global footprint in recent years. Within the framework of know-your-client processes, HMS Bergbau AG tries to exert influence and encourage trading partners to also operate sustainably. Corresponding clauses on compliance with key environmental legislation and the avoidance of environmental impacts are to be included in business contracts in the future. At the same time, trading partners of HMS Bergbau AG are to be obliged to check their suppliers and enforce comparable standards with them as well. Advice on efficiency improvements is already being provided in official meetings with customers. By implementing the suggestions made by HMS Bergbau AG, negative environmental impacts are reduced, and efficiency is increased. As part of its business model, HMS Bergbau AG has always maintained direct customer connections in Europe, Africa, America and Asia, which prove very useful in initiating such consultations.

HMS Bergbau AG is convinced that the Group's targeted growth can be reconciled with sustainable and environmentally friendly production and sales processes. Sustainable action that is in balance with people, the environment and economic success is an important and long-term success factor for HMS Bergbau AG.

### **CO<sub>2</sub> COMPENSATION OF OWN ACTIVITIES**

HMS Bergbau AG already had its operational activities certified as climate-friendly in September 2020. For this purpose, independent analysts determined the carbon balance, or CO<sub>2</sub> footprint, of the HMS Group with all locations. The CO<sub>2</sub> emissions calculated in this way, which include factors such as energy and water consumption, travel expenses, own transport of goods, but also the commuting behaviour of the approximately 35 employees, have been compensated annually since the past financial year. For offsetting, international climate protection projects – designated according to gold standards – that aim at a sustainable reduction in greenhouse gases while supporting the climate goals of the UN were financially supported. HMS Bergbau is aware that other greenhouse gases which have a significant impact on climate (e.g. methane) are not covered by CO<sub>2</sub> compensation measures or comparable schemes.

### **1.1 PRICE DEVELOPMENT**

The price of coal has risen by around 75 per cent in the 2021 financial year, from around 69 USD/tonne at the beginning of the year to around 121 USD/tonne at the end of December 2021. Russia's war against Ukraine and the associated sanctions imposed by the West against Russia have caused prices to rise significantly once again. In March 2022, for example, prices per tonne of coal were well over USD 300. In order to be able to effectively compensate for possible future market fluctuations, HMS Bergbau AG is able to optimise its value added through the vertical integration of extraction, handling and transport, taking into account current and

future price increases. Furthermore, the Company is expanding into new markets as well as other product categories.

### **1.2 INTERNATIONALISATION OF THE MARKETS**

Commodity markets continue to converge as a result of international trade and improved logistics. At the same time, market transparency is increasing through the use of trading platforms and index-based trading activities. Although these trends fuel higher competition, internationalisation also offers HMS Bergbau AG additional opportunities to expand its business into areas such as trading in other commodities. At the same time, HMS Bergbau AG is entering new markets. At the end of 2018, for example, a new subsidiary in the United States was founded under the name HMS Bergbau USA Corp. and has since recorded positive performance.

The current geopolitical crisis with Russia is also leading to an ongoing reassessment of independent energy supply in Europe. Considerations within large parts of the EU are generally ruling out the import of raw materials from Russia in the future. The focus in many Western countries is therefore returning to coal-fired power generation in order to remove the dependence on Russian gas for energy production in the short and medium term. HMS Bergbau sees opportunities for its business model, at least in the short term. The long-term development cannot yet be estimated.

### **1.3 VERTICAL INTEGRATION**

In order to extend our coverage of the value chain from mining through logistics to customer delivery and ensure the future security of supply in the face of growing energy demand, it's imperative that we invest in our own resources. In this context, investments in exclusive marketing agreements, in particular, make economic sense for HMS Bergbau AG.

Our long-term strategy of vertical integration is based on the following pillars:

#### **STRONG TRADING BUSINESS**

Our future growth and business success are based on the continued expansion of our trading activities with solid, long-term supplier and customer relationships and steady value contributions.

#### **GROWTH**

At HMS Bergbau AG, we strive to achieve sustainable earnings growth through vertical integration and the resulting competitive advantages. This strategy specifically includes expanding our international coal marketing activities in the South African and Asian coal markets. We are also working to build new business contacts and consolidate existing ones through our subsidiary in the United States. We also plan to identify and seize short- and medium-term opportunities in Europe.

#### **CORPORATE CULTURE**

Experiencing the everyday corporate culture of highly professional and ethical standards throughout the Group is a true advantage for HMS Bergbau Group in its competition for qualified international personnel who can drive forward our strategy.

#### **SUSTAINABLE ACTION**

Our ambitious CSR commitment is designed to address the global challenges we face and to support the 17 Sustainable Development Goals defined by the United Nations Member States. Environmental protection is part of responsible and sustainable action for a modern company like HMS Bergbau AG. For this reason, HMS Bergbau AG has been certified CO<sub>2</sub>-neutral since September 2020. HMS Bergbau AG also considers its actions as a clear competitive advantage that is also offered to customers as additional added value.

#### **1.4 HORIZONTAL INTEGRATION**

The expansion of global trading to include other raw materials is to be another important pillar of HMS Bergbau AG in the medium term. The constantly growing demand for a wide variety of raw materials from existing and potential new customers is to be offered and covered via the HMS Bergbau structures. New markets, especially in the USA, Asia, Africa and the Middle East, are now more in focus than ever before. The existing network and know-how built up over the years, as well as the proven transport capabilities, are not only used for the Company's coal activities but also increasingly for other raw materials and products such as ores, metals, cement products, and petcoke. This strategy offers the advantage of higher utilisation of existing capacities while offering attractive opportunities to diversify risk and increase gross margins.

The share of deliveries to non-power plant customers is also steadily increasing. In 2021, more than 90 per cent of deliveries were made to industries in which coal or its ashes are used as materials and can therefore be substituted to only a limited extent. The steel and cement industries are of overriding importance to the customer portfolio.

### **2. BUSINESS AND MACROECONOMIC ENVIRONMENT**

#### **2.1 GLOBAL ECONOMY**

According to OECD analysts, global economic developments have steadily improved in 2021 and continue to be on the upswing in 2022. The recovery of domestic economies, however, is clearly varied. The momentum of the recovery is also slowing down due to the differences in vaccination coverage of the population worldwide. New virus variants also continue to pose risks. In addition, Russia's war against Ukraine has had a negative impact on the global economy since spring 2022.

According to the OECD, this has not stopped GDP in most OECD countries from returning to levels above those at the end of 2019 and gradually approaching the growth path expected before the pandemic. But lower-income countries, especially those with low vaccination rates, still risk falling behind.

The recovery of the global economy lost momentum after mid-2021. In many parts of the world, rising corona infections caused a further slowdown in economic activity. Despite this, global economic output grew by 5.8 per cent in 2021 after -3.1 per cent in 2020.

The gross domestic product in the United States grew by 5.7 per cent in 2021 and once again outpaced the economic output in the European Union (as well as the euro area), which recorded growth of 5.3 per cent in 2021.

According to the Institute for the World Economy (IfW), economic momentum in Germany also cooled in the last quarter of 2021 due to COVID-19 infections and was slightly down from the same quarter of the previous year. Nevertheless, Germany's gross domestic product rose by 2.9 per cent for the full year of 2021.

China, the largest economy among the emerging countries, recorded strong economic growth in 2021, despite the pandemic, of 8.1 per cent (previous year: 2.3 per cent).

## **ECONOMIC FORECASTS**

The effects of the Ukraine war are likely to be reflected in higher inflation rates. In the industrialised nations, the International Monetary Fund (IMF) expects an inflation rate of 5.7 per cent in 2022. In developing and emerging countries, consumer prices are expected to rise by 8.7 per cent. Due to the high inflation, experts believe that a tightening of monetary policy is imminent.

For the eurozone, the IMF expects the inflation rate in the current year 2022 to reach 5.3 per cent. In Germany, the inflation rate is expected to be 5.5 per cent. In some EU states, such as Lithuania, Latvia and Estonia, a double-digit inflation rate is expected.

In December 2021, the OECD still expected the global economy to grow by 5.6 per cent in 2021 and by 4.5 per cent in 2022. In 2023, growth is expected to slow down slightly to 3.2 per cent, which should largely correspond to the pace of growth before the pandemic. In March 2022, after the outbreak of the Russia-Ukraine war, the OECD revised its global growth outlook. Depending on the duration and course of the war, the OECD expects global economic growth to be 0.5 to 1.1 per cent lower than estimated in the December 2021 forecast.

The IMF revised its outlook more precisely on 19 April 2022. In its latest World Economic Outlook, the IMF reduced global GDP growth for the second consecutive time to 3.6 per cent for the current year and 3.6 per cent for 2023. As recently as January 2022, global growth rates of 4.4 per cent for 2022 and 3.8 per cent for 2023 were expected. The sharp decline in the growth outlook is mainly due to Russia's war against Ukraine and the related impact on commodity prices, according to IMF analysts.

For the two largest economies in the world, the USA and China, the IMF also expects a significantly weaker growth momentum in 2022, according to its latest forecast dated April 2022. US GDP is expected to grow by only 3.7 per cent in 2022 and by 2.3 per cent in 2023.

The frequent and strict corona lockdowns in Chinese metropolises, such as Shanghai, are also slowing down the global economy. This could further exacerbate supply chain problems for many companies. For China, the IMF predicts growth rates of only 4.4 per cent this year and 5.1 per cent in 2023.

For the eurozone, the IMF forecasts growth of 2.8 per cent in 2022 and 2.3 per cent in 2023.

For Germany, the IMF sharply reduced its economic forecast for 2022 by 1.7 per cent to 2.1 per cent. For the eurozone, the IMF now expects GDP growth of 2.8 per cent in 2022, after a forecast of 3.9 per cent in January 2022.

A severe recession is expected for Russia and Ukraine.

### **ECONOMIC POLICY RISKS**

According to IFW analysts, since the spring of 2022 with the war in Ukraine, new strains and risks for the global economy have arisen. Concerns about bottlenecks in the supply of raw materials continue to cause commodity prices to rise sharply and increase the already considerable risks to price stability. The sanctions against Russia imposed by the Western nations are not only burdening the Russian economy, but are also leading to export losses in the sanctioning countries themselves. The threat of production restrictions is increasing from the problems in the supply chains, similar to the experience at the outbreak of the pandemic. Increasing uncertainty about further geopolitical developments is weighing not only on the investment climate, but also on the consumer climate. The economic shock triggered by Russia's attack on Ukraine is hitting a global economy that has not yet fully recovered from the last crisis caused by the corona pandemic.

The positive economic upswing is also losing momentum in many advanced economies. The increased demand for goods after the lockdowns, which was not matched by a sufficient expansion of supply, has led to bottlenecks in production chains. Labour shortages, pandemic-related shutdowns, rising energy and commodity prices, and shortages of key inputs are hampering growth and increasing cost pressures. Inflationary pressures are proving stronger and more persistent than expected just a few months ago.

At the moment, the full consequences of the developments that have occurred in Ukraine and the sanctions that have been implemented against Russia are unclear. We assume that this will have an impact both on procurement and on the purchase prices of our products. Price volatility is expected to continue to increase, and the impact on the transport and logistics of our products will be affected. We can already see higher demand from attempts to secure energy supplies worldwide, while supply is decreasing due to embargoes that have been put in place. We cannot yet estimate the full impact of these events on our net assets, financial position and results of operations.

### **2.2 RAW MATERIALS**

Developments on the international commodity markets in 2020 and 2021 were dominated by the global COVID-19 pandemic. While a deep global recession led to a sharp drop in prices on commodity markets in 2020, a strong global economic recovery led to steadily rising commodity and energy prices in 2021.

In 2021, world market prices for commodities rose sharply, especially for industrial raw materials. After the COVID-19 pandemic-related slump in April 2020, commodity prices rose steadily. In some cases, price reached levels that significantly exceeded pre-crisis levels. Even the subsequent sharp rise in corona infections and the renewed introduction of corona restrictions were not enough to slow down the upward trend in commodity prices. The increase in price levels for industrial raw materials was and still is particularly pronounced. Price increases and supply bottlenecks were clearly visible to consumers, especially for building materials and, in 2022, energy prices. There is public debate as to whether the sharp price increases are merely due to the corona pandemic and will subside in the near term, or whether they signal the beginning of a new commodity supercycle. A commodity supercycle describes a long period of demand-driven price increases that significantly exceed the average long-term price levels. Since a structural change in the

economy can permanently alter the demand for commodities, a supercycle requires a structural supply adjustment that takes some time, depending on the commodity. As long as it is impossible to increase supply due to a lack of capacity, rising demand will cause prices to rise.

### 2.3 GLOBAL PRIMARY ENERGY CONSUMPTION

The increase in global trade in goods and the steadily increasing production of goods, as well as uninterrupted population growth, have led to a strong increase in global energy consumption. In the last four decades alone, this has more than doubled. In addition to the absolute consumption of the respective energy sources, the energy mix has also changed, among other things due to the increase in renewable energies.

The third wave of the pandemic in 2021 barely dampened global energy demand. The IEA estimates that global energy demand increased by 4.6 per cent in 2021, which would more than offset the 4 per cent decline in 2020 and push demand 0.5 per cent above 2019 levels. Nearly 70 per cent of the projected increase in global energy demand is in emerging and developing economies, where demand is projected to have increased 3.4 per cent above 2019 levels. Energy consumption in advanced economies is projected to be 3 per cent below pre-COVID levels.

Despite the expected 6.2 per cent increase in 2021, global oil demand is projected to remain around 3 per cent below 2019 levels. Oil consumption for road transport is also not expected to have reached 2019 levels by the end of 2021. Oil consumption for aviation in December 2021 was around 20 per cent below 2019 levels. Annual oil demand for aviation remains more than 30 per cent below 2019 levels.

Coal demand is expected to have increased by 4.5 per cent in 2021. More than 80 per cent of this increase is estimated to come from Asia,

with China alone expected to account for over 50 per cent. Coal demand in the United States and the European Union is also recovering but is still below 2019 pre-crisis levels. The power sector accounted for only 50 per cent of the decline in coal-related emissions in 2020.

Natural gas demand is expected to have grown by 3.2 per cent in 2021. This is due to rising demand in Asia, the Middle East and the Russian Federation. As a result, global gas demand in 2021 will be more than 1 per cent higher than in 2019. Almost three-quarters of global demand growth in 2021 will come from the industrial and building sectors, while electricity generation from natural gas will remain below 2019 levels.

Electricity demand will have increased by around 4.5 per cent or over 1,000 TWh in 2021. With electricity demand outpacing low-carbon supply, and with steeply rising natural gas prices, coal contributed over 50% of electricity supply increase in 2021, according to the International Energy Agency. In 2021 the share of coal increased to over 36% of the world's electricity. Emerging and developing economies account for almost 80 per cent of the projected increase in demand in 2021, with the People's Republic of China alone accounting for half of global demand growth. Demand in advanced economies remains below 2019 levels.

Demand for all fossil fuels is estimated to have increased significantly in 2021. The increase in coal demand alone is expected to be 60 per cent more than all renewables combined.

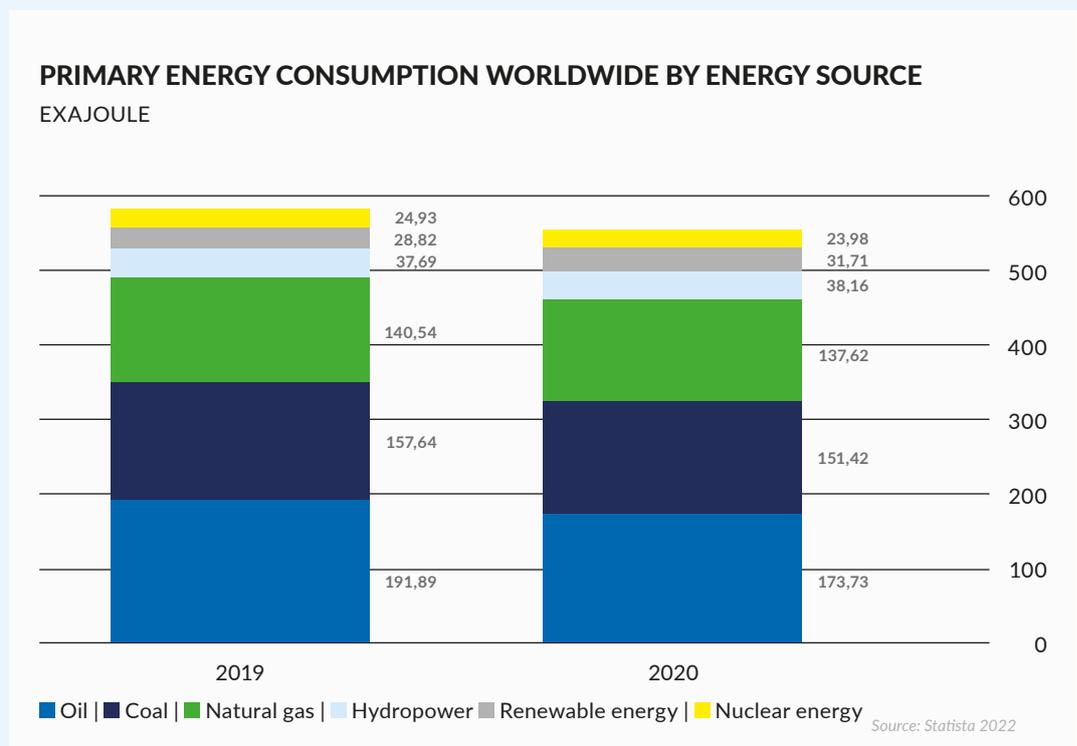
Solar PV and wind have contributed two-thirds of the growth in renewables. The share of renewables in electricity generation is expected to have risen to almost 30 per cent in 2021. Wind energy is projected to have grown the most among renewables in absolute terms, with an estimated increase of approximately 17 per cent, or 275 TWh. Electricity generation from solar PV is expected to have increased in

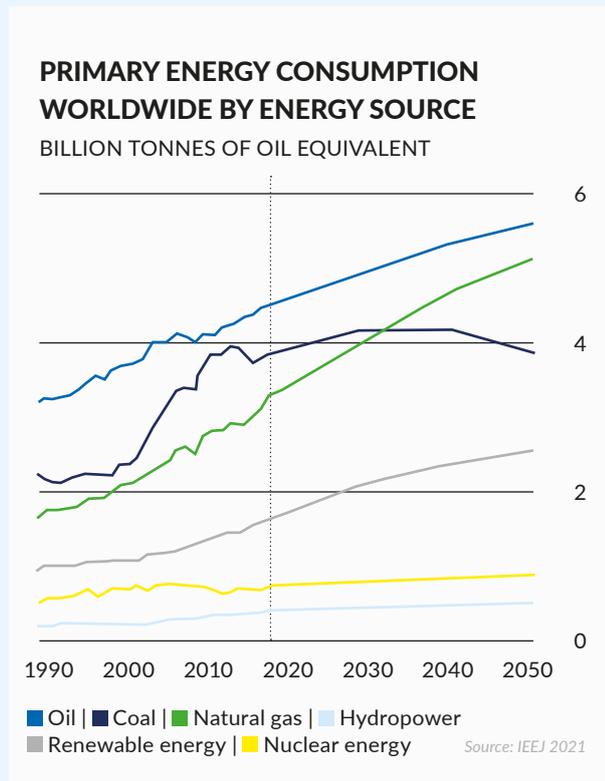
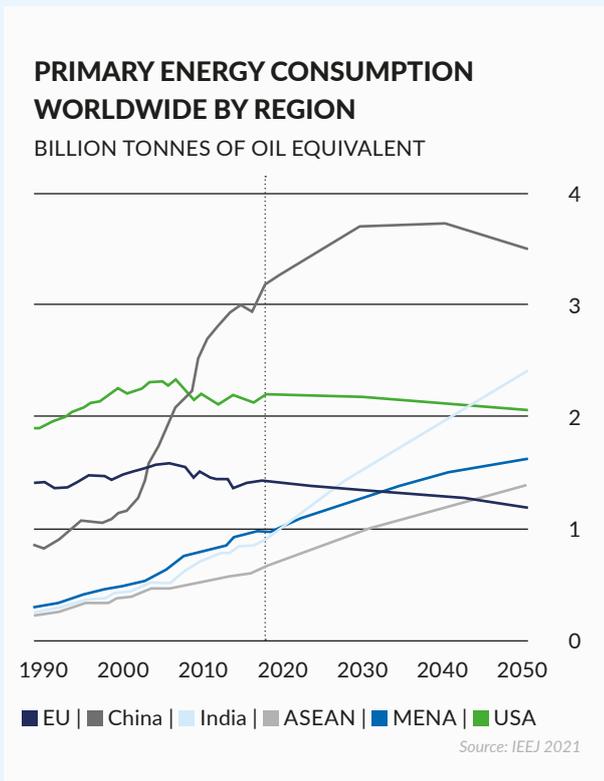
2021 by 145 TWh, or almost 18 per cent, and approach the 1,000 TWh mark.

Around two-thirds of the increase in global primary energy consumption will be covered by renewable energies. Accordingly, renewable energies will increase their share of global primary energy consumption from 14 per cent in 2019 to 22 per cent by 2040. The consumption curve for oil will flatten significantly, while natural gas consumption worldwide is expected to increase by almost 30 per cent by 2040. Although absolute volumes of coal consumption are steadily increasing, coal's share of global primary energy consumption is anticipated to decline from 26 per cent in 2019 to 19 per cent in 2040. Nevertheless, fossil fuels – oil, natu-

ral gas and coal – should still account for more than 70 per cent of global primary energy consumption in 2040, compared to 81 per cent in 2019. Nuclear energy is expected to increase by 23 per cent and maintain a constant 5 per cent share of primary energy consumption.

The IEA experts foresee a sharp increase in world electrification. According to the report, global electricity generation is expected to grow by around 50 per cent between 2019 and 2040, more than twice as fast as primary energy consumption. The difference in global electricity generation between 2019 and 2040 has a dimension equivalent to the sum of the electricity generation of the United States, China and India in 2019.





In the IEEJ reference scenario, which incorporates global energy and environmental policies and existing environmental technologies, global primary energy consumption will increase by about 20 per cent between current levels and 2050. Due to steady global economic growth, global energy consumption will inevitably increase. However, the intensity is decreasing, reflecting efficiency improvements and energy conservation efforts.

India, the Middle East and North Africa, and the Association of Southeast Asian Nations (ASEAN) will be the main driver for the global increase in primary energy consumption. The global share of these three regions will increase from 18 per cent in 2019 to 28 per cent in 2050. They are expected to account for 76 per cent of the increase in consumption between 2019 and 2050.

India, MENA and ASEAN will increase energy consumption by 2.7 per cent, 1.7 per cent and 2.2 per cent per year, respectively, from 2019 to 2050, and will account for 12 per cent, 9 per cent and 8 per cent of global energy consumption in 2050. Their growth rates will be 2.1, 0.8 and 1.5 per cent, higher than the global average of 0.6 per cent. This is mainly due to the strong GDP growth of the aforementioned regions. Decoupling energy consumption from economic growth in India, MENA and ASEAN is becoming a global challenge. This is because the average GDP growth between 2019 and 2050 will be 5.7 per cent in India and 4.1 per cent in ASEAN, while China's GDP growth will slow to 4.0 per cent with services dominating.

Of course, it will be essential for advanced economies such as the United States, the European Union and Japan to further reduce their energy consumption. The share of the

three advanced economies in global primary consumption in 2050 will be up to 20 per cent, while their share in global GDP will be 36 per cent. To reduce global energy consumption, the United States, Europe and Japan should accelerate their reduction of energy consumption while leading the way.

Although the share of non-fossil energy in the energy mix increases substantially in the IEEJ scenario, it does not seem realistic that non-fossil energy can cover all energy consumption in the future. In the time axis up to 2050, it can therefore be assumed that a combination of fossil fuels and non-fossil energy will be made available globally. This is especially true in emerging and developing countries, where consumption is increasing significantly.

In the medium term, global oil demand will increase by 0.5 per cent annually until 2030. In response, OPEC and non-OPEC countries will increase crude oil production. In the long term, oil production in North America will peak, while production in OPEC countries in the Middle East, which have abundant oil reserves, will continue to rise.

As the main axis of crude oil production will shift to the oil-producing countries of the Middle East, Asia's dependence on Middle Eastern crude oil will continue to increase. Asia will account for nearly 80 per cent of global crude oil imports in 2050. India will overtake China as the world's largest oil importer, with India's future imports expected to exceed China's oil imports today.

In the United States, the world's largest producer and consumer of natural gas, shale gas production will grow about 1 per cent annually over the next decade. Liquefied natural gas (LNG) exports will play an important role in expanding distribution channels and improving the balance of trade.

The supply of liquefied natural gas is also steadily increasing in East and West Africa. As there are offshore and, in some cases, small and medium-sized gas resources in these regions, floating LNG production is seen as a development option.

Coal production will increasingly be limited to certain countries and regions as the trend towards decarbonisation gradually takes hold and coal-related investments and funding are curtailed. Production of thermal coal will increase initially until 2040 due to an increase in coal-fired power generation. Coking coal, which is mainly used as feedstock for steel production, will decrease from 1,050 Mt in 2019 to 800 Mt in 2040.

Global electricity generation will grow at an annual rate of 1.7 per cent, reaching 1.7 times the 2019 level by 2050. This increase is equivalent to 2.3 times the current generation of China, the world's largest electricity producer. An estimated 95 per cent of the increase will be realised from emerging and developing countries.

Natural gas will be the largest source of energy for electricity generation by 2050. With the increasing introduction of renewables, the role of balancing electricity supply and demand will become more important than ever. Coal will continue to play a role as a baseload power source.

For Japan, Korea, the United States and some European countries, the construction of new nuclear power plants is rather unrealistic. On the other hand, China and some other countries continue to promote the use of nuclear energy. In addition, some countries in the Middle East are planning to introduce nuclear energy. As a result, global capacity will gradually increase until 2050.

Renewable energies such as wind and photovoltaics will generate 8,409 TWh in 2050, in-

creasing their share of the electricity generation mix to 19 per cent.

In addition to high consumption growth in emerging and developing Asia, energy consumption in the Middle East and North Africa is projected to increase 1.7-fold from 2019 to 2050, following a 3.3-fold increase from 1990 to 2018.

In contrast, energy consumption in advanced economies such as the European Union, the United States and Japan will continue to decline. This is mainly explained by improved energy efficiency as well as the decline in the energy intensity of GDP. The GDP growth of the three regions or economies mentioned will average 1.5 per cent. Their share of global energy consumption declined from 43.3 per cent in 1990 to 28.6 per cent in 2018. In 2050, the share of energy consumption is estimated to amount to 19.4 per cent.

Fossil fuels (oil, natural gas and coal) will continue to play an essential role in satisfying global energy consumption. Among energy sources, natural gas will see the greatest growth in consumption in the period 2019 to 2050. Natural gas consumption will increase by 1.2 per cent annually – mainly to support the power generation sector. Oil will have the second-largest consumption growth, increasing at an annual rate of 0.5 per cent, primarily in the transport sector (including automobiles, aircraft and ships). Coal consumption is set to peak in the mid-2030s as the world tries to keep coal consumption low in the face of climate change. The share of fossil fuels in global energy consumption in 2050, although falling from 81.2 per cent in 2018, should still be 77 per cent. Globally, it will not be easy to meet the steadily increasing energy demand without fossil fuels.

Among the energy consumption sectors, transport and power generation will show the largest growth rates in consumption. In the trans-

port sector, automobiles will account for most of the increase in energy consumption, supported by income growth. At the same time, the energy consumption of aircraft and ships will increase strongly. Due to income increases and infrastructure development in non-electrified regions, the electrification rate on the supply side – especially in Asia – will bring steadily rising demand for energy.

## **2.4 DEVELOPMENT OF COAL ENERGY CONSUMPTION**

Global energy consumption has risen sharply over the last 150 years. As early as the 19th century, coal was traded as the main source of energy and gained strongly in importance alongside natural gas and oil. Today, fossil fuels account for more than 81 per cent of primary energy consumption worldwide. Although energy use is becoming more and more efficient in principle, economic growth and increased consumption are causing a steady rise in energy consumption.

In the last 20 years, global coal consumption has increased by 2.7 per cent p.a. In the mid-2030s, global coal consumption is anticipated to reach its peak and then decline slightly until 2040 (-0.1 per cent). This development will make gas the second most important energy source by 2040, following oil. Coal as a primary energy is predicted to fall to third place. The slight drop in coal is due to the increased use of other energy sources in China. Nevertheless, China remains the most important market for coal and will consume almost half of this resource in 2040.

Coal remains a cheap resource worldwide. The decline in coal demand in industrialised nations will be offset by increased demand in emerging economies such as China or India. While coal's share of primary energy sources will decrease from 27 per cent in 2019 to about 21 per cent in 2040, absolute consumption will continue to increase slightly due to rising energy demand.

From 2018 to 2020, coal consumption plummeted by about 7 per cent, or 500 million tonnes, due to the global pandemic, according to IEW analysts. Coal is still however one of the most important raw materials in terms of electricity production. Coal reached about 27 per cent of the global electricity mix. The recovery in electricity demand could temporarily interrupt the structural decline in coal demand in Europe in 2021. Higher natural gas prices for electricity generation in the United States could also increase demand for coal there for the first time since 2013.

The International Energy Agency (IEA) forecasts a significant increase in coal consumption of around 2.6 per cent for 2021.

At the same time, the coal markets are expected to show a high degree of stability for the next five years, which, according to the International Energy Agency, is mainly due to robust growth in the most important Asian markets. The experts expect stable coal demand of around 7.4 billion tonnes per year. Declines in coal consumption in Europe and North America could be compensated for by growth in the consumption of coal in Southeast Asia of around 5 per cent. China and India are still considered the most important Asian markets. China remains the largest coal consumer, producer and importer, with a share of consumption of almost 50 per cent.

The country with the greatest increase will probably remain India, with an annual growth rate of 4.6 per cent. The IEA also classifies Indonesia, Vietnam, Malaysia, Pakistan and the Philippines as significant additional consumers.

Asia's steady growth in demand has seen the region's share of global coal production rise from just over 20 per cent in 1990 to nearly 80 per cent in 2019. As in previous years, the report finds that countries in South and Southeast Asia – such as India, Indonesia and Vietnam – continue to rely on coal to fuel their econom-

ic growth, despite growing renewable energy. While natural gas and oil have traditionally been the primary sources of electricity supply in Pakistan, the country recently commissioned 4 gigawatts (GW) of coal-fired capacity, with at least another 4 GW expected to come online in the next few years. In Bangladesh, where natural gas has long provided most of the electricity supply, the share of coal will also increase in the years ahead based on the 10 GW of capacity in the pipeline.

Public opposition to coal is growing, causing some countries to consider implementing more stringent climate and environmental policies. At the same time, renewable energies and natural gas are becoming steadily more competitive. Despite all this, the trend towards less coal is uneven around the world, including in Europe. While Western Europe is moving towards a coal phase-out, motivated by the expansion of renewables and the climate protection idea, most Eastern European countries are not planning to phase out coal. In Eastern Europe, lignite still remains a cornerstone of the electricity system.

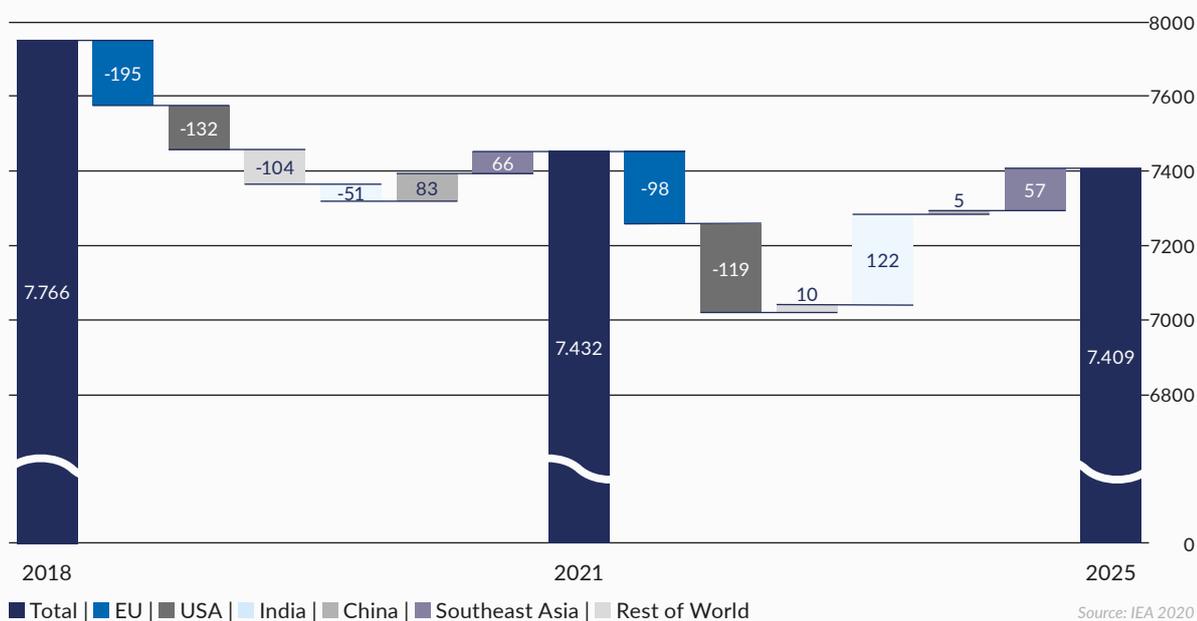
In addition to India, Indonesia, Brazil, China and the Middle East are expected to experience very high increases in energy demand. The IEA is assuming a decline in coal demand in all OECD countries in the medium term until 2025. In all non-OECD countries, in contrast, the IEA is anticipating demand for coal to increase.

## **2.5 COAL PRICES, COAL PRODUCERS AND COAL TRADE**

According to preliminary calculations by the VDKi, global hard coal production increased by more than 5 per cent to 7.4 billion tonnes in 2021. China has repeatedly recorded a considerable increase in production of 200 million tonnes in 2021 due to the rapid economic recovery. But India, the USA and Russia, Vietnam and Colombia also benefited from the high demand and increased their production.

## CHANGES IN GLOBAL COAL CONSUMPTION BY REGION

BILLION TONNES OF OIL EQUIVALENT



Electricity generation from hard coal increased by 26.7 per cent in 2021. The use of hard coal in the power plants was favoured by the extreme price increase of the competitive energy gas as well as the weather-related lower electricity feed-in from wind power plants. In sales to the steel industry, the energy source benefited from cyclical effects. The share of hard coal in total primary energy consumption increased from 7.5 per cent to 8.6 per cent.

Seaborne trade also increased by almost 6 per cent to 1,180 million tonnes. The exports of the largest hard coal exporting countries increased, with the exception of Australia and South Africa. Compared to the previous year, Russia with an increase of 13 per cent and the USA with an increase of 44 per cent were even able to surpass the exports of 2019.

German hard coal imports increased significantly by 24.5 per cent or 7.2 million tonnes to

around 39 million tonnes in 2021. Imports of coking coals increased by 16 per cent, imports of steam coals by 28 per cent.

The large producer countries China and India are at the same time large consumers of imported coal and an important pillar of world trade in hard coal. The increase in world trade in hard coal is also due to growing demand in Southeast Asia.

In the pandemic year 2020, there was a decline in the global production of hard coal. Production volume amounted to 7.1 billion tonnes, down from around 7.3 billion tonnes in 2019. China's production amounted to 3,840 million tonnes in 2020, around 96 million tonnes or +2.5 per cent more than in 2019. India also produced 1 per cent more than in 2019, increasing its production by 7 million tonnes to 718 million tonnes. Indonesia produced 498 million tonnes (-6.4 per cent). The largest declines were re-

corded by the USA with -24.4 per cent and Colombia with -32.5 per cent.

The decline in production in 2020 was due to the global recession. However, according to initial estimates, coal production in 2021 increased significantly and exceeded the level of 2019. The significant increase shows that coal demand is still growing. While China and India produce a considerable portion themselves and import significant quantities from the world coal market, there are quite a number of ASEAN countries that trigger a corresponding demand on the world coal market to supply newly built hard coal-fired power plants.

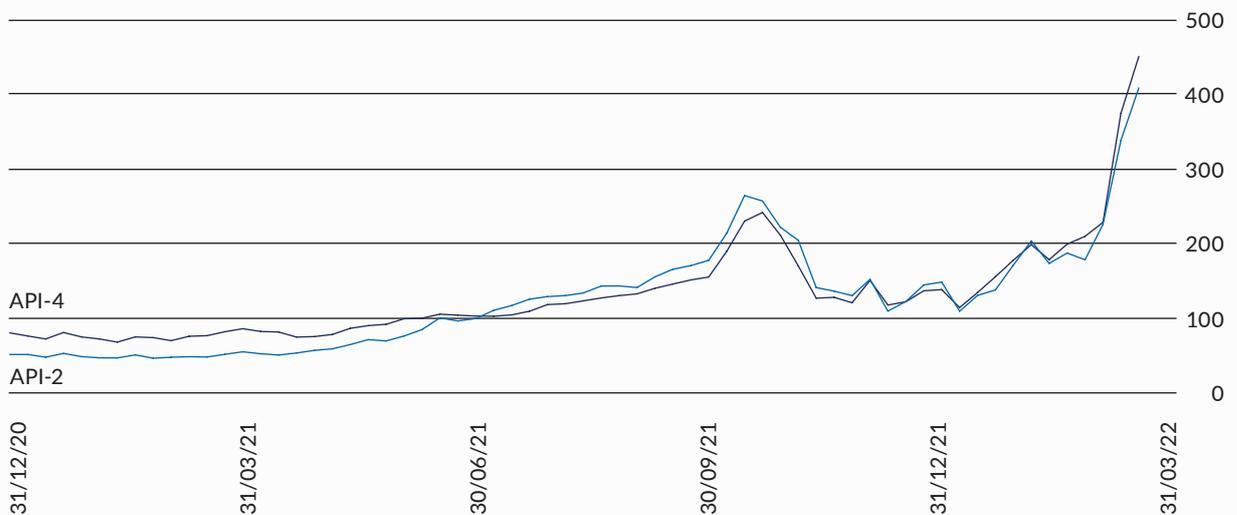
The increase in world trade in hard coal in 2021 is, as in the years before the pandemic year 2020, due in particular to growing demand in the ASEAN countries, and this, in turn, is driven by growing demand in the manufacturing sector. The construction of modern hard coal-fired power plants and growing steel production are

leading to additional demand for coking and steam coal. The development model of these countries is based on hard coal, similar to that of China, and will only expand to include renewable energy sources with a time lag.

According to the API-2 coal price index, the price of coal rose by around 75 per cent in the 2021 financial year, from approximately 69 USD/tonne at the beginning of the year to around 121 USD/tonne at the end of December 2021. Russia's war against Ukraine and the associated sanctions imposed by the West against Russia have once again driven prices up significantly. In March 2022, for example, prices per tonne of coal were well over USD 300. The current geopolitical situation could result in further price increases. The replacement of Russian gas is also being discussed. This could also be achieved by extending the deadline for coal-fired power generation in Europe. Due to the high uncertainty, a price forecast cannot be reliably presented.

### API-2 UND API-4 2021

(US\$/T)



Source: Argus Overview 2020/21, HMS Bergbau AG

## 2.6 TRADING

Trustworthy, stable business relationships with customers and suppliers are the basis of the HMS Bergbau Group's successful international trading activities.

The primary customers of the HMS Bergbau Group include power plant companies, steel and cement producers, followed by industrial companies such as glassworks, paper mills and waste processing plants. Our clientele consists of private and state-owned companies from Asia, Europe, the Middle East and Africa.

The HMS Bergbau Group cooperates with renowned and reliable producers, mainly in Indonesia, South Africa, Poland and North and South America. We are also responsible for representing numerous international coal producers. The HMS Bergbau Group handles their complete marketing of coal in selected markets.

## 2.7 LOGISTICS BUSINESS SEGMENT

The HMS Bergbau Group offers its customers and business partners a complete range of services from the timely supply of raw materials to the organisation of the entire transport logistics. Depending on the requirements, the service portfolio of our highly professional and experienced team ranges from the chartering of ships to the organisation of inland transports, port handling, storage management and coal preparation to technical supervision. The HMS

Group organises the entire logistics requirements for its partners in South Africa, for example, from truck transport to rail transport to port handling, which ensures a high level of delivery reliability for its suppliers and customers.

## 2.8 RESEARCH AND DEVELOPMENT

HMS Bergbau AG does not conduct any research or development.

## 2.9 EMPLOYEES

International competition for qualified personnel remains intense. Management continues to focus on sustainable employee development in an effort to bind employees to the HMS Group for the long term. To pursue its strategic goals, the HMS Group places a particular emphasis on qualified, ongoing training and further education. New employees were recruited – especially in the Asian and South African markets – and more are still planned. The risks associated with employee fluctuation are offset by having succession plans in place and grooming employee deputies. Employee training was offered primarily to new employees in the reporting year.

## 3. GROUP RESULTS OF OPERATIONS

The results of operations of the HMS Group for the 2021 financial year compared to the previous year are as follows:

	31/12/2021		31/12/2020		Change	
	EUR	%	EUR	%	EUR	%
	thousand		thousand		thousand	
<b>TOTAL PERFORMANCE</b>	<b>427,742</b>	<b>100</b>	<b>267,082</b>	<b>100</b>	<b>160,660</b>	<b>60</b>
Cost of materials	413,244	97	256,423	96	156,821	61
Personnel costs	2,862	1	2,321	1	541	23
Depreciation and amortisation	393	0	1,346	1	-953	-71
Other operating expenses						
/, other operating earnings	5,832	1	4,575	2	1,257	28
Taxes (excluding income taxes)	4	0	4	0	0	5
<b>OPERATIONAL EXPENSES</b>	<b>422,334</b>	<b>99</b>	<b>264,669</b>	<b>99</b>	<b>157,665</b>	<b>60</b>
<b>OPERATING RESULT</b>	<b>5,408</b>	<b>1</b>	<b>2,413</b>	<b>1</b>	<b>2,995</b>	<b>&gt; 100</b>
Financial result	-661		-493		-168	-34
Sale of shares	0		1,954		-1,954	-100
Allocation to pension provisions (1/15 of allocation under German Accounting Law Modernisation Act [BilMoG])	-223		-223		0	0
<b>EBITDA</b> (earnings before interest, taxes, depreciation and amortization)	<b>5,582</b>		<b>5,494</b>		<b>88</b>	<b>2</b>
<b>EARNINGS BEFORE INCOME TAXES</b>	<b>4,524</b>		<b>3,651</b>		<b>873</b>	<b>24</b>
Income taxes	-1,324		-841		-483	-57
<b>NET PROFIT*</b>	<b>3,201</b>		<b>2,810<sup>1</sup></b>		<b>390</b>	<b>14</b>

\*EUR 3,920,636.16 net profit in 2021 excluding EUR 720,112.64 pension provision effects (2020: EUR 841,222.36 pension provision)  
<sup>1</sup>EUR 856 thousand annual result 2020 excluding nonrecurring effect from the sale of shares

Sales in 2021 were primarily characterised by higher coal prices and continued strong trading business in Asia with increased tonnages. Asia and Africa accounted for approximately 99 per cent (previous year: around 99 per cent) of the volumes traded by the Group. Significant sales were also achieved in the United States and India. The cost of materials ratio changed slightly compared to the previous year and amounted to 96.6 per cent in the 2021 reporting period compared to 96.0 per cent in 2020.

Personnel costs increased in absolute terms from EUR 2,321 thousand to EUR 2,862 thousand. The personnel cost ratio, however, decreased from 0.86 per cent in the same period of the previous year to 0.67 per cent in 2021.

Depreciation and amortisation decreased to EUR 393 thousand in 2021 from EUR 1,346 thousand in 2020. The main reason for the decrease in 2021 was the extraordinary write-down

of current assets of EUR 1,269 thousand in 2020, which was due to an impairment of receivables from a South African company in connection with the COVID-19 pandemic. In 2021, there were no special write-downs of any significant magnitude.

Other expenses, net of other income, resulted primarily from legal and consulting costs, vehicle and travel costs, fulfillment costs and occupancy costs. These costs amounted to EUR 5,832 thousand in 2021 after EUR 4,575 thousand.

EBITDA amounted to EUR 5,582 thousand in the 2021 reporting period, compared to EUR 5,494 thousand in the 2020 reporting period. In the 2020 reporting period, the sale of shares in the amount of EUR 1,954 thousand (2021: EUR 0) contributed significantly to EBITDA, whereas, in the 2021 reporting period, EBITDA is exclusively attributable to the positive operating development.

#### 4. GROUP NET ASSETS

The net assets of HMS Group in comparison to 31 December 2020 can be summarised as follows:

	31/12/2021		31/12/2020		Change	
	EUR	%	EUR	%	EUR	%
	thousand		thousand		thousand	
<b>ASSETS</b>						
Non-current assets	22,914	23	21,273	30	1,641	8
Advance payments	1,320	1	0	0	1,320	-
Receivables	44,738	45	38,576	54	6,162	16
Cash and cash equivalents	25,976	26	6,211	9	19,765	>100
Other assets	3,885	4	4,913	7	-1,028	-21
	<b>98,834</b>	<b>100</b>	<b>70,973</b>	<b>100</b>	<b>27,861</b>	<b>39</b>
<b>CAPITAL</b>						
Shareholders' equity	21,534	22	18,011	25	3,523	20
Own shares	-405	0	-405	-1	0	0
Non-current liabilities	17,590	18	8,954	13	8,636	97
Current liabilities	60,115	61	44,414	63	15,701	35
	<b>98,834</b>	<b>100</b>	<b>70,973</b>	<b>100</b>	<b>27,860</b>	<b>39</b>

Non-current assets as of 31 December 2021 amounted to EUR 22.9 million, around EUR 1,641 thousand more than on the reporting date of 31 December 2020. The relatively small changes resulted primarily from the build-up of the balance sheet items technical equipment and machinery, as well as from advance payments and assets under construction, which were invested in the development of the Silesian coal field in Orzesze. In addition, other loans increased from EUR 10,762 thousand to EUR 11,288 thousand as of 31 December 2021. This increase was, inter alia, due to the interest income of issued loans.

Advance payments amounted to EUR 1,320 thousand as of 31 December 2021 (previous year: EUR 0). These relate to coal deliveries in the first quarter of 2022.

Receivables increased by EUR 6,162 thousand to EUR 44,738 thousand as of the 31 December 2021 reporting date, compared to EUR

38,576 thousand as of 31 December 2020. The change is mainly due to the reporting date-related build-up of trade receivables, which are related the development of revenues and EBITDA and will gradually decrease after the 31 December 2021 reporting date. The same applies to cash and cash equivalents, which had a significant increase of EUR 19,765 thousand to EUR 25,976 thousand as of 31 December 2021.

Non-current liabilities include pension and similar obligations. The change from EUR 8,294 thousand to EUR 8,849 thousand in 2021 was for actuarial reasons. Non-current liabilities also include the issue of a bond in the amount of EUR 8,193 thousand in 2021.

Current liabilities consist mainly of liabilities to suppliers and trade finance liabilities. The strong increase compared to 31 December 2020 is mainly a reporting date-related factor and also due to the sharply higher sales volumes.

## 5. GROUP FINANCIAL POSITION

	2021 EUR thousand	2020 EUR thousand
<b>1. Cash flow from current operating activities</b>	<b>15,346</b>	<b>5,334</b>
<b>2. Cash flow from investment activities</b>	<b>-882</b>	<b>-4,007</b>
<b>3. Cash flow from financing activities</b>	<b>7,520</b>	<b>263</b>
<b>4. Cash and cash equivalents at the end of the period</b>		
Change in cash and cash equivalents affecting payment	<b>21,984</b>	<b>1,589</b>
Cash and cash equivalents at the start of the period	1,251	-338
Cash and cash equivalents at the end of the period	23,235	1,251
<b>5. Composition of cash and cash equivalents</b>		
Cash and cash equivalents	25,976	6,211
Current liabilities to credit institutions	-2,741	-4,960
Cash and cash equivalents at the end of the period	<b>23,235</b>	<b>1,251</b>

Cash and cash equivalents in the 2021 financial year developed as follows:

In the 2021 financial year, the cash flow from operating activities improved significantly from EUR 5,334 thousand in 2020 to EUR 15,346 thousand. While the cash flow from investing activities still amounted to EUR -4,007 thousand in 2020, it improved to EUR -882 thousand in the 2021 financial year.

Cash flow from financing activities was significantly higher in the course of 2021 at EUR 7,520 thousand than in the 2020 financial year (EUR 263 thousand). The reason for this was the issue of a bond in the amount of EUR 8,000 thousand.

Cash and cash equivalents at the end of the period had increased significantly from EUR 1,251

thousand in 2020 to EUR 23,235 thousand as of 31 December 2021.

## 6. INFORMATION ON THE ANNUAL FINANCIAL STATEMENTS OF HMS BERGBAU AG

HMS Bergbau AG is the parent company of the HMS Group. HMS Bergbau AG remains responsible for the central management functions – strategy, finance, accounting/controlling – and all key trading activities. A significant number of trade agreements are conducted via the parent company. In other words, the activities of HMS Bergbau AG largely determine the situation of the entire HMS Group.

The annual financial statements of HMS Bergbau AG are prepared in accordance with German Commercial Law (HGB) and the German

	31/12/2021 EUR thousand		31/12/2020 EUR thousand		Veränderung EUR thousand	
		%		%		%
<b>TOTAL PERFORMANCE</b>	<b>416,989</b>	<b>100</b>	<b>215,730</b>	<b>100</b>	<b>201,258</b>	<b>93</b>
Cost of materials	406,645	98	209,679	97	196,966	94
Personnel costs	2,025	1	1,414	1	611	43
Depreciation and amortisation	14	0	17	0	-3	-20
Other operating expenses						
./. other operating earnings	4,786	1	3,722	2	1,064	29
Taxes (excluding income taxes)	4	0	4	0	1	15
<b>TAX EXPENSES</b>	<b>413,474</b>	<b>99</b>	<b>214,836</b>	<b>100</b>	<b>198,638</b>	<b>93</b>
<b>OPERATING RESULT</b>	<b>3,515</b>	<b>1</b>	<b>895</b>	<b>0</b>	<b>2,620</b>	<b>&gt; 100</b>
Financial result	-257		-10		-247	< -100
Sale of shares	0		1,954		-1,954	-100
Allocation to pension provisions (1/15 of allocation under German Accounting Law Modernisation Act [BilMoG])	-223		-223		0	0
<b>EBITDA</b> (earnings before interest, taxes, depreciation and amortization)	<b>3,310</b>		<b>693</b>		<b>2,617</b>	<b>&gt; 100</b>
<b>EARNINGS BEFORE INCOME TAXES</b>	<b>3,034</b>		<b>2,616</b>		<b>2,373</b>	<b>91</b>
Income taxes	-904		-439		-465	< -100
<b>NET PROFIT*</b>	<b>2,130</b>		<b>2,178</b>		<b>-47</b>	<b>-2</b>

\*EUR 2,850,547.43 net profit in 2021 excluding EUR 720,112.64 pension provision effects (2020: EUR 841,222.36 pension provision)

Stock Corporation Act (AktG). The following table provides an overview:

## 6.1 RESULTS OF OPERATIONS

The results of operations of HMS Bergbau AG are greatly influenced by the Company's primary trading activities. The significant increase in sales in the reporting year of roughly 93.3 per cent was based on the strong trading business in Asia with higher tonnages coupled with sharply higher coal prices that already starting increasing in the second half of 2020. The markets in Asia, which are seeing increasingly stronger demand, are also served by HMS Bergbau AG in addition to the local companies. More than 90 per cent of sales are generated with customer

and supplier relationships from Africa and Asia. The cost of materials ratio of HMS Bergbau AG has changed slightly from 97.2 per cent in the 2020 financial year to 97.5 per cent in the 2021 reporting period. Other operating expenses net of other income resulted mainly from the cost of goods sold, passing on charges for other services provided by Group companies, vehicle and travel costs, as well as legal and consulting costs. Earnings before income taxes in the 2021 reporting period of EUR 3,034 thousand was much higher than the previous year's figure of EUR 2,616 thousand, even though the result in 2020 was significantly influenced by the sale of shares in the amount of EUR 1,954 thousand.

## 6.2 NET ASSETS

	31/12/2021		31/12/2020		Veränderung	
	EUR	%	EUR	%	EUR	%
	thousand		thousand		thousand	
<b>ASSETS</b>						
Non-current assets	20,253	21	20,279	29	-26	0
Advance payments	1,320	1	0		1,320	-
Receivables	47,636	49	39,462	56	8,175	21
Cash and cash equivalents	25,815	26	5,692	8	20,123	> 100
Other assets	3,047	3	4,612	7	-1,565	-34
	<b>98,071</b>	<b>100</b>	<b>70,044</b>	<b>100</b>	<b>28,027</b>	<b>40</b>
<b>CAPITAL</b>						
Shareholders' equity	21,713	22	19,585	28	2,128	11
Own shares	-390	0	-405	-1	15	-4
Non-current liabilities	17,590	18	8,953	13	8,637	97
Current liabilities	59,158	60	41,911	60	17,246	41
	<b>98,071</b>	<b>100</b>	<b>70,044</b>	<b>100</b>	<b>28,027</b>	<b>40</b>

In the course of the significant sales expansion of HMS Bergbau AG in 2021, the balance sheet ratios have also changed. In the 2021 reporting period, almost all items under fixed assets remained without significant changes compared to the previous year. Total fixed assets amounted to EUR 20,253 thousand as of 31 December 2021, compared to EUR 20,279 thousand at the end of 2020. Advance payments amounted to EUR 1,320 thousand as of the 31 December 2021 reporting date, compared to EUR 0 as of the same date in the previous year.

Due to expanded trading activities of HMS Bergbau AG compared to the previous year, as well as further increases in raw material prices, receivables increased from EUR 39,462 thousand as of 31 December 2020 to EUR 47,636 thousand. Cash and cash equivalents were also higher at EUR 25,815 thousand at the end of 2021 (previous year: EUR 5,692 thousand). This increase was reporting date-related.

On the equity and liabilities side of the balance sheet, equity improved from EUR 19,585 thousand as of the end of the 2020 financial year to EUR 21,713 thousand as of 31 December 2021.

The increase in non-current liabilities from EUR 8,953 thousand to EUR 17,590 thousand is largely due to the issue of a bond and its interest rates in the amount of EUR 8,193 thousand. Current liabilities, which mainly consist of trade payables to suppliers and trade finance payables, increased from EUR 41,911 thousand to EUR 59,158 thousand as of 31 December 2021. This increase was also reporting date-related. Changes here were primarily due to volume and reporting date factors.

## 6.3 FINANCIAL POSITION

The financial position of the HMS Group is significantly influenced by HMS Bergbau AG; in this respect, reference is made to the corresponding explanations.

## 6.4 GENERAL STATEMENT

Our financial performance indicators, according to which the Management Board controls and monitors activities on an ongoing basis, are sales, gross margin and EBITDA. We were able to achieve and, in some cases, even exceed the EBITDA forecast for the entire HMS Group made in the previous year due to solid trading results in line with the market conditions. As a result, the EBITDA of the HMS Group amounted to EUR 5,582 thousand in the 2021 financial year, compared to EUR 5,494 thousand in 2020. In 2020, EBITDA was still positively influenced by the sale of shares in the amount of EUR 1,954 thousand. The same applies to HMS Bergbau AG, whose EBITDA amounted to EUR 3,310 thousand in the 2021 financial year, compared to EUR 693 thousand in 2020.

Despite all the challenging market conditions, HMS Bergbau AG was able to fully achieve its forecast targets at Group level.

Group sales in the 2021 financial year amounted to EUR 427,742 thousand, or approximately 62 per cent higher than in the same period in 2020 (2020: EUR 267,082 thousand). The sales of HMS Bergbau AG increased a significant 93 per cent, from EUR 215,730 thousand in the 2020 financial year to EUR 416,989 thousand in the 2021 reporting year.

The Group's gross margin deteriorated slightly from 4.0 per cent in 2020 to 3.4 per cent in 2021. The gross margin of HMS Bergbau AG amounted to 2.5 per cent in the 2021 financial year, compared to 2.8 per cent in the previous year. Thus sales proceeds and achieved EBITDA significantly exceeded the forecast targets provided in the Annual Report 2020.

## 7. RISKS AND OPPORTUNITIES

The Group's risk management, for which the Management Board of HMS Bergbau AG has overall responsibility, is integrated as a pro-

cess into the operating procedures of HMS. Opportunities and risks are identified, classified, evaluated, controlled and monitored in a forward-looking manner as an integral part of business activities. According to the unchanged principles of the Company, risks should only be assumed if they are associated with significant earnings opportunities at the same time. Risks should be minimised or, if reasonable, transferred to third parties. Opportunities are examined for their inherent earnings potential. The opportunities and risks that could have a significant impact on the Company's net assets, financial position and results of operation are explained below.

### 7.1 PRICE FLUCTUATIONS

In the traditional business of the HMS Group – coal trading based on back-to-back contracts and index- or fixed-price-based purchasing and sales agreements – there are, by definition, no effects on contractually agreed margins of individual transactions. If there is a deviation from the pure “back-to-back” principle, which, for example, provides for different base values for calorific value settlements on the purchase and sales side, price risks can arise, which are assessed daily within the framework of the risk management system, taking into account current forward prices and expected volatilities. It remains a principle of the Company not to enter into any significant risk positions in purchasing and sales and to exclude such risks when concluding contracts. The management of HMS Bergbau AG continues to strive for the realisation of “back-to-back” transactions.

### 7.2 FINANCIAL RISKS

Fluctuations in currencies and interest rates can have a significant impact on the results of the HMS Group. The Company attempts to eliminate currency differences in financing, purchasing and sales. The Group companies are obliged to assess and, if necessary, hedge all currency risks. Changes in the area of interest rates – that is to say, changes in risks from interest-bearing

liabilities, are included in the assessment of the respective trading transactions as financing costs, taking into account a risk premium as well as currency-specific differences. If it makes sense in the long term from a risk management standpoint, variable interest rates are swapped for fixed interest rates after evaluating all possible scenarios.

### **7.3 CREDIT RATINGS OF BUSINESS**

#### **PARTNERS AND COUNTERPARTY RISK**

Credit risks arise from our business relationships with customers and are increasing on account of ongoing growth in the proportion of our business partners located in Asia and Africa. In this context, the implemented risk management system aims to obtain adequate collateral for risk-bearing transactions or to insure receivables where financially practicable. Furthermore, we secure payment promises in advance of deliveries using letters of credit. Failure or partial failure to deliver on the part of suppliers may also give rise to risks that cannot be transferred completely to the purchaser. Our risk management policies attempt to address these risks appropriately by deploying staff in the regions to examine individual terms and specifications of contracts in detail.

#### **7.4 POLITICAL RISK**

With the expansion of business activities in the Asian and African markets, the Group is increasingly exposed to legal and regulatory risks, such as political influence, supply chain disruptions, civil unrest and adverse economic policies. Risks from environmental and other geographical influences are also included in these considerations. Furthermore, uncertainties arise from the respective legal frameworks, which are and will be subject to constant change. In both Asia and Africa, greater opportunities are accompanied by higher risks. In response to individual risks, the management of the Company tries to make appropriate contractual arrangements within the framework of the existing risk man-

agement or to eliminate the risks by involving experienced local partners. Realistically, such risks cannot be fully excluded.

### **7.5 INVESTMENT RISK**

By constantly monitoring the marketing strategy and its implementation successes, the Company's management attempts to recognise possible negative economic effects at an early stage within the framework of risk management and to take appropriate countermeasures by adjusting the strategy.

### **7.6 RISKS AND OPPORTUNITIES RESULTING FROM THE CORPORATE STRATEGY**

Decisions on investments and acquisitions are examined and made by the Management Board of HMS Bergbau AG within the framework of an assessment and approval process, which also provides for the involvement of relevant experts, if necessary, due to the considerable associated opportunities and risks. To the extent that these decisions are of fundamental importance, the approval of the Supervisory Board is also obtained. Especially when concluding long-term agreements, opportunities and risks must be weighed and thoroughly examined. Particularly, the size of the deposit, the logistical infrastructure, the financial situation, the legal situation, the management and the political environment must also be considered. This also involves the involvement of experts and obtaining corresponding expert opinions on the measures of our risk management system.

In the Trading business segment, intensive observation and analysis of markets and competitors enables opportunities and risks to be identified as early as possible. Overall, with the help of its risk management, HMS Bergbau AG is always in a position to mitigate the aforementioned risks and take advantage of opportunities as they arise.

There is also considerable potential for HMS Bergbau AG to expand its sales activities in new markets in Asia, particularly in Malaysia, Vietnam and Thailand. Furthermore, the Management Board sees considerable potential in the United States of America.

### **7.7 COVID-19 RISK**

The Company is currently facing the global impact of the coronavirus (Covid-19). Particularly the economic impact across all industries suggests that the Company will continue to be affected in the short and medium term. The economic impact of this cannot be quantified at this time. The Company sees a significant risk with respect to the achievement of its sales and profitability targets, especially in light of the possibility of virus mutations. An early warning system has been implemented in order to be able to react as quickly as possible to changes in the market. The impact of the coronavirus on corporate planning cannot be assessed at this time.

### **7.8 RUSSIA-UKRAINE CONFLICT RISK**

At the moment, the full consequences of the developments that have occurred in Ukraine and the sanctions that have been implemented against Russia are unclear. We assume that this will have an impact both on procurement and on the purchase prices of our products. Price volatility is expected to continue to increase, and the transport and logistics of our products will be affected. We can already see higher demand from attempts to secure energy

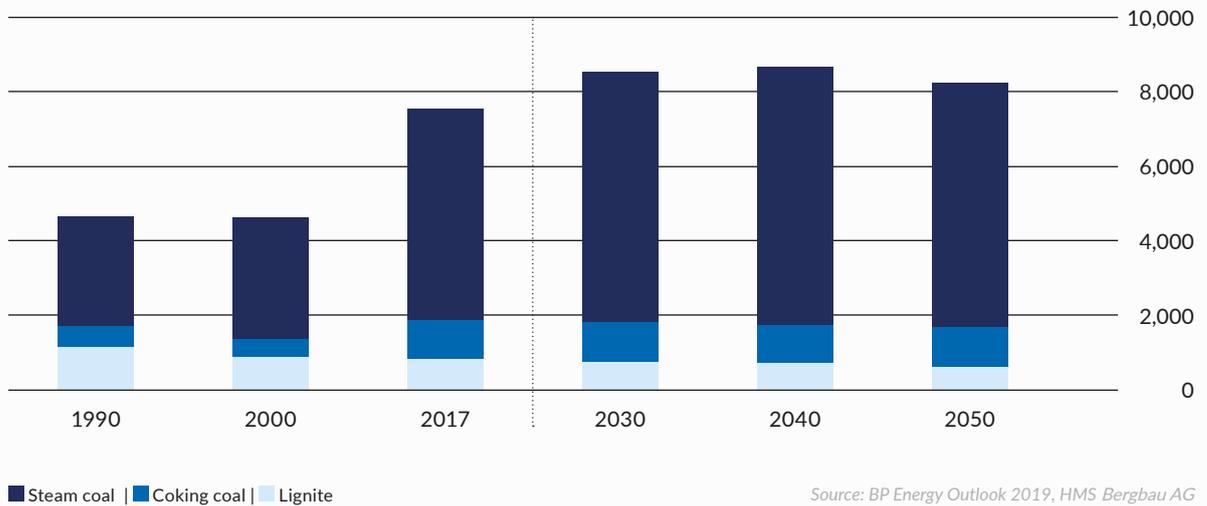
supplies worldwide, while supply is decreasing due to embargoes that have been put in place. We cannot yet estimate the full impact of these events on our net assets, financial position and results of operations.

## **8. REPORT ON FORECASTS**

In comparison to other energy resources, coal represents the largest reserves and resources reported globally. According to calculations by the Federal Office for Geosciences and Natural Resources (BGR), reserves should still last for 120 to 200 years, depending on the type of coal and the level of global economic development. It remains undisputed, however, that the potential of existing coal is sufficient enough to meet the foreseeable demand for many decades to come. In addition, scientific analysis and market surveys indicate that the share of coal in global electricity generation will remain stable. The IEA (International Energy Agency) expects hard coal to continue to be the largest source of industrial power generation. The following diagram illustrates the compensation for the decline in global coal-fired power generation by growing industries, especially in Asia but later also in Africa. In addition to the growing world population, which is anticipated to increase to 8.2 billion by 2030, the strongest driver of this development is undoubtedly growing energy consumption. Therefore, a primary energy matrix without coal is inconceivable for the next 50 years.

## GLOBAL COAL PRODUCTION BY TYPE

MILLION TONNES OF OIL EQUIVALENT



The steadily increasing development of world energy consumption in recent years, with fossil fuel coal as the primary energy source, will continue in the next few years. Coal prices will tend to increase in the future, driven by rapidly growing industrial demand from the Pacific Rim, population growth and generally rising per capita consumption. The management of HMS Bergbau AG assumes that the Pacific Rim region will continue to gain in importance as an important sales market. As in previous years, Asia is increasingly becoming the focus of HMS Bergbau AG's strategic orientation. In addition to South Africa, Indonesia is one of the most important production markets in the next few years from the management's point of view because of the resources available, the favourable mining conditions and the central location in the Pacific region. Significant growth potential, especially in securing substantial coal resources, continues to be essential in order to operate as a reliable trading partner in volatile markets. By securing its own resources, the management wants to guarantee the supply of end-users in the Asian market as well as in southern Africa

in the long run.

With the expectation of increasing world market prices, securing our own resources and the related expansion of the value chain – from production to the sale to the end customer – is an essential component in sustainably consolidating our market position. Particularly given the known risks in nuclear energy and the current difficulties in implementing the “energy transition” in Germany, management does not expect declining demand for fossil fuels in Europe as a whole. As a flexible energy supplier, coal-fired power generation will retain its importance, above all in Eastern Europe. Our efforts in Europe continue to focus on closing new contracts with European non-power plant customers and power plant operators and expanding and consolidating our market position in niche products such as petcoke, coking coal and coke products to achieve even better product diversification. In Africa and Asia, the Company is focusing on building long-term supplier and customer relationships to participate in the growing importance of both regions in

world coal trading. In the financial years ahead, the main task of HMS Bergbau AG will be to stabilise the business in Europe while at the same time growing the Asia and Africa business and continuing to expand in the US market. The Company plans to consistently pursue its strategy to expand the value chain, specifically by concluding and successfully implementing exclusive collaborations and marketing agreements, as well as through the development of proprietary production resources.

In addition to expanding business volumes, HMS Bergbau AG's activities focus on improving its market position in strategically important markets and business segments. The focus continues to be on global positioning, above all in South Africa, India and Indonesia, but also in the US. In addition to the coal business, the Company's activities are centred on the expansion of trade in other raw materials, such as ores, fertilisers and cement products. In the medium term, this trading business should become another pillar of HMS Bergbau AG.

The flexible structures of HMS Bergbau AG have enabled the Company to assert itself and develop well in a difficult market environment over the past few years. Next to making its structures even more flexible, the Company has also tapped new markets over the past few years as part of its vertical and horizontal integration. This development should lead to better results in the future and allow HMS Bergbau AG to continue to participate in the market on a lasting basis and participate in the long-term positive upward trend emerging in the commodity markets. Management will continue to pursue these goals consistently in the 2022 financial year.

Subject to the still unforeseeable consequences that may arise in connection with the coronavirus (COVID-19), but above all due to the unforeseeable consequences of the Rus-

sia-Ukraine conflict, the Company still plans to generate sales of EUR 500 million, with gross margin at the previous year's level of 3.5 percent and a positive EBITDA of EUR 5.5 million. Under this premise, and without taking into account possible consequences of the coronavirus and the Russia-Ukraine conflict – both of which cannot yet be quantified – there are currently no discernible risks that could jeopardise the Company's existence.

## **9. KEY FEATURES OF THE REMUNERATION SYSTEM**

The Supervisory Board decides upon the remuneration system for the Management Board of HMS Bergbau AG, including all material contractual elements, and reviews it regularly. It also determines the remuneration for individual Management Board members. Management Board remuneration consists of fixed elements alongside variable, performance-related components. Fixed remuneration is paid as a monthly salary, regardless of performance. Management Board members also receive additional non-cash fringe benefits, which mainly consist of the value under tax law for the private use of a company car. Performance-related remuneration is dependent on the Company's result for the financial year and the personal performance of the Management Board member in question.

## **10. HEDGE TRANSACTIONS**

The HMS Group enters into hedge transactions due to the price and exchange rate risks of underlying individual physical transactions if necessary.

## **11. CLOSING COMMENTS PURSUANT TO SECTION 312 (3) AKTG**

There were no dependencies in the reporting period as defined under Section 312 (3) AktG.



## 12 FORWARD-LOOKING STATEMENTS

This management report contains forward-looking statements that reflect the current opinion of the HMS Bergbau AG management with regard to future events. Any statement contained in this report reflecting or building upon intentions, assumptions, expectations, forecasts, or underlying assumptions is a forward-looking statement. These statements are based upon plans, estimates and forecasts that are currently available to the HMS Bergbau AG management and, therefore, only refer to the point in time at which they were made. Forward-looking statements are inherently subject to risks and uncertainties, which could result in actual developments differing significantly from these forward-looking statements or events implied or expressed therein. HMS Bergbau AG does not assume any responsibility

for such statements and does not intend to update such statements in light of new information or future events.

The further impact of the coronavirus on corporate planning cannot be assessed at this stage but is expected to be manageable based on past experience.

Berlin, 31 March 2022



**DENNIS SCHWINDT**  
Chief Executive Officer



**JENS MOIR**  
Chief Financial Officer

# Consolidated Balance Sheet

AS OF 31 DECEMBER 2021

## ASSETS

	EUR	31/12/2021 EUR	31/12/2020 EUR
<b>A. NON-CURRENT ASSETS</b>			
<b>I. Intangible assets</b>			
1, Licences, industrial property rights, similar rights and values and licences in such rights and values	0.00		1,364.00
2, Company value	2,672,201.45		2,975,997.00
		<b>2,672,201.45</b>	<b>2,977,361.00</b>
<b>II. Fixed assets</b>			
1, Technical equipment and machinery	1,020,720.19		284,358.08
2, Other equipment, office and factory equipment	47,605.96		41,687.12
3, Advance payments and assets under construction	7,737,844.89		7,070,460.29
		<b>8,806,171.04</b>	<b>7,396,505.49</b>
<b>III. Financial assets</b>			
1, Shares in associated companies	147,422.37		137,309.20
2, Other loans receivable	11,288,446.05		10,762,185.28
		<b>11,435,868.42</b>	<b>10,899,494.48</b>
		<b>22,914,240.91</b>	<b>21,273,360.97</b>
<b>B. CURRENT ASSETS</b>			
<b>I. Inventories</b>			
1, Advance payments		<b>1,319,609.39</b>	<b>0.00</b>
<b>II. Receivable and other assets</b>			
1, Trade receivables	44,738,074.70		38,575,913.38
2, Receivables from associates	623,609.67		126,863.13
3, Other assets	1,355,737.61		3,052,543.41
		<b>46,717,421.98</b>	<b>41,755,319.92</b>
<b>III. Cash and cash equivalents</b>		25,976,253.07	6,211,430.35
		<b>74,013,284.44</b>	<b>47,966,750.27</b>
<b>C. ACCRUALS AND DEFERRALS</b>		<b>166,974.04</b>	<b>182,570.79</b>
<b>D. DEFERRED TAXES</b>		<b>1,739,006.25</b>	<b>1,550,649.74</b>
		<b>98,833,505.64</b>	<b>70,973,331.77</b>

**LIABILITIES**

	EUR	31/12/2021 EUR	31/12/2020 EUR
<b>A. SHAREHOLDERS' EQUITY</b>			
<b>I. Subscribed equity</b>		4,543,419.00	4,542,820.00
<b>II. Capital reserve</b>		9,669,579.35	9,657,479.55
<b>III. Profit reserves</b>			
1, Statutory reserve	5,112.92		5,112.92
2, Other profit reserves	273,158.45		273,158.45
		<b>278,271.37</b>	<b>278,271.37</b>
<b>IV. Consolidated net profit</b>	4,823,882.26		1,568,984.01
<b>V. Exchange differences</b>	-860,726.52		-1,170,134.66
		<b>3,963,155.74</b>	<b>398,849.35</b>
<b>VI. Minority interests</b>		2,673,917.00	2,728,291.76
		<b>21,128,342.46</b>	<b>17,605,712.03</b>
<b>B. PROVISIONS</b>			
1, Pension provisions and similar obligations	8,848,613.80		8,293,603.43
2, Tax provisions	1,268,225.74		1,224,038.28
3, Other provisions	867,951.87		251,610.55
		<b>10,984,791.41</b>	<b>9,769,252.26</b>
<b>C. LIABILITIES</b>			
1, Bonds	8,192,500.00		
2, Liabilities to banks	3,390,412.79		5,880,054.01
3, Advance payments received	176,584.85		785,505.65
4, Trade payables	53,655,103.43		34,824,890.66
5, Other liabilities			
- thereof from taxes EUR 71 thousand (previous year: EUR 61 thousand)			
- thereof for social security EUR 5 thousand (previous year: EUR 3 thousand)	1,305,770.70		2,107,917.16
		<b>66,720,371.77</b>	<b>43,598,367.48</b>
		<b>98,833,505.64</b>	<b>70,973,331.77</b>

# Consolidated Income Statement

(1 JANUARY - 31 DECEMBER 2021)

	2021 EUR	2020 EUR
<b>1. Sales</b>	427,742,134.48	267,081,904.66
<b>2. Other operating earnings</b>	390,382.35	2,598,199.79
- thereof from currency translation: EUR 561 thousand (previous year: EUR 8 thousand)		
	<b>428,132,516.83</b>	<b>269,680,104.45</b>
<b>3. Cost of materials</b>		
a) Costs for goods purchased	-409,612,638.22	-253,342,372.12
b) Costs for services purchased	-3,630,922.30	-3,080,488.81
	<b>-413,243,560.52</b>	<b>-256,422,860.93</b>
<b>4. Personnel costs</b>		
a) Wages and salaries	-2,703,919.47	-2,171,769.76
b) Social security costs and pension support costs - thereof for pensions EUR -59 thousand (previous year: EUR 97 thousand)	-157,724.29	-149,115.77
	<b>-2,861,643.76</b>	<b>-2,320,885.53</b>
<b>5. Amortisation</b>		
a) Amortisation of intangible assets and fixed assets	-392,693.13	-76,630.34
b) of current assets to the extent it exceeds depreciation which is normal for the company	0.00	-1,269,190.20
	<b>-392,693.13</b>	<b>-1,345,820.54</b>
<b>6. Other operating expenses</b>		
- thereof from currency translation: EUR -616 thousand (previous year: EUR -374 thousand)	-6,445,369.10	-5,442,623.05
<b>7. Other interest and similar earnings</b>	474,222.69	394,950.90
<b>8. Interest and similar expenses</b>		
- thereof from discounting of pension obligations: EUR -665 thousand (previous year: EUR -679 thousand)	-1,135,280.74	-888,056.21
<b>9. Income taxes</b>		
- thereof from the allocation to deferred assets : EUR 188 thousand (previous year: EUR 191 thousand)	-1,323,538.33	-840,581.04
<b>10. EARNINGS AFTER TAXES</b>	<b>3,204,653.94</b>	<b>2,814,228.05</b>
<b>11. Other taxes</b>	-4,130.45	-3,983.61
<b>12. NET PROFIT FOR THE PERIOD*</b>	<b>3,200,523.49</b>	<b>2,810,244.44</b>
<b>13. Profit carryforward (previous year: Loss carryforward)</b>	1,568,984.01	-1,324,939.71
<b>14. Result to be allocated to minorities interest (loss)</b>	54,374.76	83,679.28
<b>15. Consolidated balance sheet profit</b>	<b>4,823,882.26</b>	<b>1,568,984.01</b>
<b>EBITDA</b> (Earnings Before Interest, Taxes, Depreciation and Amortisation)		

\*2021 net profit of EUR 3,920,636.16 excluding EUR 720,112.64 of pension provisions (2020: pension provisions of EUR 841,222.36)

# Consolidated Cash Flow Statement

(1 JANUARY - 31 DECEMBER 2021)

	2021 EUR thousand	2020 EUR thousand
<b>1. CASH FLOW FROM CURRENT OPERATING ACTIVITIES</b>		
Net earnings for the period	3,201	2,810
Depreciation of fixed assets	393	77
Depreciation of current assets	0	1,269
Profit from sales of minorities	0	-1,954
Increase (+)/decrease (-) in provisions	-962	-329
Other non-cash expenses/income (incl. pension provision)	-144	-302
Increase (+)/decrease (-) in inventories, trade receivables and other assets	-6,246	-13,723
Increase (+)/decrease (-) in inventories, trade payables and other liabilities	17,120	16,152
Interest expenses (+)/interest income (-)	661	493
Income tax expense (+)/tax benefit (-)	1,324	841
<b>Cash flow from current operating activities</b>	<b>15,346</b>	<b>5,334</b>
<b>2. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Cash outflow for investments in property, plant and equipment	-639	-1,237
Cash outflow for investments in associated companies	0	-146
Cash outflow for issuing loans	-902	0
Cash inflow from the repayment of loans	659	-2,624
<b>Cash flow from investment activities</b>	<b>-882</b>	<b>-4,007</b>
<b>3. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Cash inflows from equity injections	13	3
Raising of long-term loans	8,000	500
Interest payments on long-term loans	-253	0
Repayment of long-term loans	-240	-240
<b>Cash flow from financing activities</b>	<b>7,520</b>	<b>263</b>
<b>4. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		
Changes affecting payment (Subtotals 1 - 3)	21,984	1,589
Cash and cash equivalents at the start of the period	1,251	-338
<b>Cash and cash equivalents at the end of the period</b>	<b>23,235</b>	<b>1,251</b>
<b>5. COMPOSITION OF CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents	25,976	6,211
Current liabilities	-2,741	-4,960
<b>Cash and cash equivalents at the end of the period</b>	<b>23,235</b>	<b>1,251</b>

# Consolidated Statement of Changes in Shareholders' Equity

AS OF 31 DECEMBER 2021

	GROUP'S EQUITY		
	Subscribed capital common shares	Capital reserve	Generated consolidated shareholders' equity
	EUR	EUR	EUR
<b>31/12/2019</b>	<b>4,542,774.00</b>	<b>9,654,752.07</b>	<b>-1,046,668.34</b>
Issuance of treasury shares	46.00	2,727.48	0.00
Purchase of treasury shares	0.00	0.00	0.00
Commercial registration of a non-cash contribution (previous year)	0.00	0.00	0.00
Conversion of convertible loans	0.00	0.00	0.00
Currency translation differences	0.00	0.00	0.00
	4,542,820.00	9,657,479.55	-1,046,668.34
Consolidated net income	0.00	0.00	2,893,923.72
<b>31/12/2020</b>	<b>4,542,820.00</b>	<b>9,657,479.55</b>	<b>1,847,255.38</b>
Ausgabe eigener Anteile Issuance of treasury shares	599.00	12,099.80	0.00
Currency translation differences	0.00	0.00	0.00
	4,543,419.00	9,669,579.35	1,847,255.38
Consolidated net income	0.00	0.00	3,254,611.76
<b>31/12/2021</b>	<b>4,543,419.00</b>	<b>9,669,579.35</b>	<b>5,101,867.14</b>

		MINORITY SHAREHOLDERS			
Accumulated remaining consolidated income Currency translation adjustments	Group's share	Minority interest	Accumulated remaining consolidated income Currency translation adjustments	Shareholders' equity	Konzern- eigenkapital Group equity
EUR	EUR	EUR	EUR	EUR	EUR
-617,342.17	12,533,515.56	2,873,687.30	-107,300.36	2,766,386.94	15,299,902.50
0.00	2,773.48	0.00	0.00	0.00	2,773.48
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
-552,792.49	-552,792.49	0.00	45,584.10	45,584.10	-507,208.39
-1,170,134.66	11,983,496.55	2,873,687.30	-61,716.26	2,811,971.04	14,795,467.59
0.00	2,893,923.72	0.00	-83,679.28	-83,679.28	2,810,244.44
<b>-1,170,134.66</b>	<b>14,877,420.27</b>	<b>2,873,687.30</b>	<b>-145,395.54</b>	<b>2,728,291.76</b>	<b>17,605,712.03</b>
0.00	12,698.80	0.00	0.00	0.00	12,698.80
309,694.63	309,694.63	0.00	0.00	0.00	309,694.63
-860,440.03	15,199,813.70	2,873,687.30	-145,395.54	2,728,291.76	17,928,105.46
0.00	3,254,611.76	0.00	-54,374.76	-54,374.76	3,200,237.00
<b>-860,440.03</b>	<b>18,454,425.46</b>	<b>2,873,687.30</b>	<b>-199,770.30</b>	<b>2,673,917.00</b>	<b>21,128,342.46</b>

# Statement of Changes in Current Assets

AS OF 31 DECEMBER 2021

PROCUREMENT AND MANUFACTURING COSTS						
	01/01/2021	Currency conversion	Additions	Disposals	Re-classifications	31/12/2021
	EUR	EUR	EUR	EUR	EUR	EUR
<b>I. Intangible assets</b>						
1. Licences, industrial property rights, similar rights and values and licences in such rights and values	48,906.22	0.00	0.00	4,809.00	0.00	44,097.22
2. Goodwill	3,239,705.34	0.00	0.00	0.00	0.00	3,239,705.34
	<b>3,288,611.56</b>	<b>0.00</b>	<b>0.00</b>	<b>4,809.00</b>	<b>0.00</b>	<b>3,283,802.56</b>
<b>II. Property, plant and equipment</b>						
1. Technical equipment and machinery	309,803.77	-13,811.00	800,000.00	0.00	0.00	1,095,992.77
2. Other equipment, office and factory equipment	544,777.05	11,016.87	28,549.68	0.00	0.00	582,144.72
3. Deposits paid / plant under construction	7,070,460.29	57,140.13	610,244.47	0.00	0.00	7,737,844.89
	<b>7,925,041.11</b>	<b>54,346.00</b>	<b>1,438,794.16</b>	<b>0.00</b>	<b>0.00</b>	<b>9,415,982.38</b>
<b>III. Investments</b>						
1. Investments	200,657.09	9,942.61	170.56	0.00	0.00	210,770.26
2. Other loans receivable	12,462,185.28	0.00	1,184,926.89	658,666.12	0.00	12,988,446.05
	<b>12,662,842.37</b>	<b>9,942.61</b>	<b>1,185,097.45</b>	<b>658,666.12</b>	<b>0.00</b>	<b>13,199,216.31</b>
	<b>23,876,495.04</b>	<b>64,288.61</b>	<b>2,623,891.61</b>	<b>663,475.12</b>	<b>0.00</b>	<b>25,899,001.25</b>

ACCUMULATED AMORTISATION AND DEPRECIATION

BOOK VALUES

01/01/2021	Currency conversion	Additions	Disposals	Re-classifications	31/12/2021	31/12/2021	31/12/2020
EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
47,542.22	0.00	1,364.00	4,809.00	0.00	44,097.22	0.00	1,364.00
263,708.34	0.00	303,795.55	0.00	0.00	567,503.89	2,672,201.45	2,975,997.00
<b>311,250.56</b>	<b>0.00</b>	<b>305,159.55</b>	<b>4,809.00</b>	<b>0.00</b>	<b>611,601.11</b>	<b>2,672,201.45</b>	<b>2,977,361.00</b>
10,351.45	445.47	64,475.66	0.00	0.00	75,272.58	1,020,720.19	284,358.08
509,625.76	1,855.08	23,057.92	0.00	0.00	534,538.76	47,605.96	41,687.12
0.00	0.00	0.00	0.00	0.00	0.00	7,737,844.89	7,070,460.29
<b>519,977.21</b>	<b>2,300.55</b>	<b>87,533.58</b>	<b>0.00</b>	<b>0.00</b>	<b>609,811.33</b>	<b>8,806,171.05</b>	<b>7,396,505.50</b>
63,347.89	0.00	0.00	0.00	0.00	63,347.89	147,422.37	137,309.20
1,700,000.00	0.00	0.00	0.00	0.00	1,700,000.00	11,288,446.05	10,762,185.28
<b>1,763,347.89</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,763,347.89</b>	<b>11,435,868.42</b>	<b>10,899,494.48</b>
<b>2,594,575.66</b>	<b>2,300.55</b>	<b>392,693.13</b>	<b>4,809.00</b>	<b>0.00</b>	<b>2,984,760.33</b>	<b>22,914,240.92</b>	<b>21,273,360.98</b>

# Notes to the Consolidated Financial Statements

HMS BERGBAU AG, BERLIN, GERMANY

## FINANCIAL YEAR 2021

### I. GENERAL COMPANY INFORMATION

HMS Bergbau AG is headquartered in Berlin, Germany. The Company has been entered into the commercial register of the District Court of Berlin-Charlottenburg under HRB 59190.

### II. GENERAL INFORMATION ON THE CONTENT AND STRUCTURE OF THE CONSOLIDATED FINANCIAL STATEMENTS

HMS Bergbau AG is a **large stock corporation** as defined in Section 267 (3) HGB.

The consolidated financial statements of HMS Bergbau AG for the financial year from 1 January to 31 December 2021 were prepared in accordance with the accounting and valuation principles under German commercial law and the provisions of the German Stock Corporation Act (AktG).

The financial year of the Group and all entities included in the consolidated financial statements corresponds to the calendar year.

In addition to the balance sheet, income statement and notes, the cash flow statement and statement of changes in equity are presented separately pursuant to Section 297 (1) HGB.

The income statement was prepared using the total cost method.

### III. SCOPE OF CONSOLIDATION

#### 1. INFORMATION ON ALL GROUP ENTITIES

All German and foreign associated subsidiaries were included in the consolidated financial statements.

Company name	Headquarters	Interest in %	Equity in EUR thousands	Annual result in EUR thousands
HMS Bergbau Africa (Pty) Ltd,	Johannesburg	100	-672	-21
HMS Bergbau Singapore (Pte) Ltd,	Singapore	100	6,282	1,670
PT, HMS Bergbau Indonesia	Jakarta	100	-4,576	-249
Silesian Coal International Group of Companies S,A,	Katowice	55.9	-379	-273
HMS Bergbau USA Corp,	Miami	100	336	110

In the 2021 financial year, 51% of the shares in Maatla Energy (Pty) Ltd, Botswana, were acquired for a purchase price of EUR 0.2 thousand; the acquisition was still subject to conditions precedent as at 31 December 2021.

### IV. CONSOLIDATION PRINCIPLES

The annual financial statements of the subsidiaries included in the consolidated financial statements were prepared as at 31 December 2021, which is the reporting date of the parent company.

The annual financial statements of the subsidiaries included in the consolidated financial statements were prepared in a uniform manner, using the accounting and valuation principles of HMS Bergbau AG pursuant to legal provisions.

The consolidated financial statements were prepared as at the reporting date of the parent company.

#### 1. INFORMATION ON THE CAPITAL CONSOLIDATION METHOD APPLIED

For fully consolidated subsidiaries acquired prior to 1 January 2010, capital consolidation was

carried out as at the date of acquisition according to the book value method pursuant to Section 301 (1) no. 1 HGB (old version), whereby the acquisition costs were offset against the pro rata equity of the subsidiaries as at the time of acquisition or their first-time consolidation. For subsidiaries acquired after 1 January 2010, capital consolidation is carried out as at the time of acquisition according to the revaluation method pursuant to Section 301 (1) HGB. Equity is recognised at the amount equivalent to the present value of the assets, liabilities, accruals and deferrals, and special items included in the consolidated financial statements applicable as at the time of acquisition.

## 2. DATE OF FIRST-TIME CONSOLIDATION

The date on which the entity is established by the parent company always represents the date on which capital is consolidated within the meaning of Section 301 (2) HGB. As a result, capital was consolidated based on the values as at the entities' establishment also for entities established prior to the reporting year. Any profits or losses generated by subsidiaries before 1 January 2010 were included in and offset against the parent company's retained earnings. For these companies, the consolidation did not result in a difference within the meaning of Section 301 (1) HGB (old version). Entities acquired after 1 January 2010 are included as at the time they became subsidiaries of the parent company pursuant to Section 301 (2) HGB.

## 3. DEBT CONSOLIDATION

Mutual receivables and liabilities between the consolidated entities are offset against each other and eliminated within the context of debt consolidation. Any resulting differences from the consolidation of intra-group receivables and liabilities denominated in foreign currencies are directly recognised in equity.

## 4. CONSOLIDATION OF INCOME AND EXPENSES, ELIMINATION OF INTRA-GROUP PROFITS

Intra-group sales are offset against the corresponding intra-group expenses.

Expenses and income from other business transactions between consolidated entities are also offset against each other.

There were no intra-group profits from deliveries and services within the Group.

## V. CURRENCY TRANSLATION PRINCIPLES

The consolidated financial statements are prepared in euros, the functional and reporting currency of the parent company.

The balance sheets of foreign subsidiaries are translated using the spot exchange rate prevailing on the reporting date in accordance with Section 308a sentence 1 HGB and the income statements using the average annual rate in accordance with Section 308a sentence 2 HGB. Shareholders' equity is translated at the historical rate.

Differences arising from the currency translation of assets and liabilities are recognised directly in equity.

Exchange rate differences arising from the currency translation of items of the income statement and the annual results are reported as income or expenses within the consolidated net profit.

## VI. ACCOUNTING AND VALUATION PRINCIPLES

### ACCOUNTING AND VALUATION

The consolidated financial statements comply with the applicable provisions of Section 298 HGB.

**Intangible assets** are carried at cost less scheduled amortisation.

**Property, plant and equipment** are carried at cost less straight-line depreciation over the expected useful life.

**Financial assets** are carried at cost. In cases of permanent impairment, financial assets are impaired at their lower fair value. If the reasons for the impairment no longer exist, the impairment loss is reversed.

**Receivables and other assets** are recognised at the lower of their nominal value or fair value as at the reporting date.

**Cash and cash equivalents** are recognised at their nominal amounts.

**Deferred tax assets** result from differences in the carrying amounts of assets, liabilities, accruals and deferrals under commercial law and tax law. These differences are expected to be reversed in later years. Deferred tax assets are based on the company-specific tax rate at the time of the reversal of the differences. The amounts recognised are to be released when the tax burden or relief occurs or is no longer expected to occur.

**Defined pension obligations** are calculated based on the projected unit credit method, using the "2018 G" mortality tables compiled by Prof Dr Klaus Heubeck, assuming an unchanged staff turnover and salary trend of 0%, a discount rate of 1.87% (previous year: 2.30%) and an unchanged pension trend of 2.0%. The difference between the seven-year and ten-year average interest rate, which is restricted from distribution (Section 253 [6] sentence 2 HGB), amounted to EUR 598 thousand (previous year: EUR 817 thousand). The first-time application of the German Accounting Law Modernisation Act (BilMoG) in the 2010 financial year resulted in an amount to be allocated to pension provisions of EUR 3,341 thousand in accordance with actuarial principles, which is spread over a period of 15 years pursuant to Article 67 (1), sentence 1 of the Introductory Act to the German Commercial Code (EGHGB). A total of EUR 2,673 thousand of this amount was allocated as at 31 December 2021. The remaining amount of EUR 668 thousand will be allocated to pension obligations in yearly instalments of EUR 223 thousand until

the year 2024 and recognised as an expense.

**Other provisions** take into account all foreseeable risks and uncertain obligations and are recognised at their settlement amount, i.e. including expected increases in prices and costs.

**Liabilities** are recognised at their repayment amount.

The translation of **business transactions in foreign currencies** is based on the spot exchange rate in accordance with Section 256a HGB.

## VII. NOTES TO THE CONSOLIDATED BALANCE SHEET

The statement of changes in **non-current assets** shows the development of the individual line items within non-current assets.

**Goodwill** resulted from the repurchase of an interest in Silesian Coal International Group of Companies S,A, in 2019 and 2020. The useful life of goodwill is 10 years.

**Advance payments and assets under construction** relate to exploration and development costs associated with the acquisition of a mining licence for the coalfield in Orzesze, Poland.

**Other loans** are to affiliated companies. Disposals and additions resulted from the repayment or extension of loans.

**Advance payments** within current assets are related to trade transactions that will be settled in subsequent periods and are due to shareholders (previous year: EUR 0 thousand).

All **receivables and other assets** (with the exception of liabilities to banks) continued to have remaining terms of less than one year, as in the prior year. Of the trade receivables, EUR 1,022 thousand (previous year: EUR 1,000 thousand) are due from shareholders and result from trading transactions.

**Deferred tax assets** result from the difference in valuation of the pension provision (EUR 1,739 thousand). The calculation of temporary differences is based on the respective company-specific overall tax rate of 30.18%. The measurement of deferred taxes as at 31 December 2021 continued to result in a surplus of deferred tax assets over liabilities, as was the case on the prior year's reporting date. The amount of capitalised deferred tax assets (EUR 1,739 thousand) is restricted from distribution.

The **subscribed capital** of EUR 4,590,588.00 (previous year: EUR 4,590,588.00) continues, as in the previous year, to consist of 4,590,588 ordinary bearer shares with a nominal value of EUR 1.00 each. A total of 599 treasury shares were issued to employees in the financial year. An amount of EUR 1.00 each was attributable to the share capital (EUR 599.00). A total of 47,169 (0.01%) in treasury shares were held as at the reporting date.

The **capital reserve** of EUR 9,577,779.35 results from the difference between the nominal amount and the issue amount achieved. The increase of EUR 12,099.80 results from the premium from the issue of treasury shares to employees.

**Authorised capital** amounts to EUR 2,295,294.00. The authorisation expires at the end of 7 August 2024. **Conditional capital** amounts to EUR 2,245,294.00.

**Pension provisions** amounted to EUR 8,847 thousand. The previous year's plan assets held exclusively to fulfil the pension obligation with a fair value of EUR 242 thousand as at 31 December 2020, were utilised in full in the 2021 financial year through the scheduled payment of pension benefits. The plan assets existed in the form of a management and security trust agreement in favour of the beneficiary and consisted of a bank account and a fund deposit. In the 2021 financial year, income of EUR 24 thousand

was recognised and realised based on the valuation of plan assets. In 2021, pensions amounting to EUR 460 thousand were recognised, which were partially paid from trust assets. For actuarial reasons, a reversal of provisions in the amount of EUR 95 thousand was recognised in personnel expenses. The compounding of interest and the change in the discount rate resulted in an interest expense of EUR 665 thousand (previous year: EUR 679 thousand), which was recognised in the income statement.

**Other provisions** concern primarily costs for the preparation and audit of the financial statements (EUR 155 thousand, previous year: EUR 142 thousand), Supervisory Board remuneration (EUR 64 thousand, previous year: EUR 44 thousand) and personnel provisions (EUR 560 thousand, previous year: EUR 65 thousand).

Of the **liabilities to banks**, EUR 2,466 thousand (previous year: EUR 4,580 thousand) relates to trade financing of individual back-to-back transactions and EUR 423 thousand to overdraft facilities. EUR 60 thousand of overdraft facilities is repaid quarterly, resulting in EUR 180 thousand (previous year: EUR 420 thousand) of the total facilities having a remaining term of more than one year. In the 2020 financial year, the Company received a KfW development loan in the amount of EUR 500 thousand, the remaining term of which is between one and five years for an amount of EUR 250 thousand (previous year: EUR 219 thousand) and greater than five years for EUR 219 thousand (previous year: EUR 281 thousand). The other components continue to have a remaining term of less than one year, as in the previous year.

**All trade payables and other liabilities** have a remaining term of less than one year. Of the trade payables, EUR 432 thousand (previous year: EUR 200 thousand) are due to shareholders and result from trading transactions. Other liabilities include liabilities to shareholders of EUR 893 thousand (previous year: EUR 1,690 thousand).

## CONTINGENT LIABILITIES AS DEFINED BY SECTION 251 HGB

HMS Bergbau AG issued a letter of comfort to Duisport agency GmbH according to which it undertakes to meet the financial obligations of HMS Bergbau Coal Division GmbH (formerly: HMS Bergbau AG Coal Division) relating to a coal handling and processing contract with Duisport agency GmbH. This letter of comfort is currently not expected to be utilised as no liabilities exist.

## OTHER FINANCIAL OBLIGATIONS

As at 31 December 2021, the purchase obligations from contracts concluded amounted to EUR 36,891 thousand, all relating to the 2022 financial year.

Additional other financial obligations mainly result from rental and lease agreements. The maturities of these obligations are as follows:

Up to 1 year	EUR 275 thousand
Between 1 and 5 years	EUR 91 thousand

## VIII. NOTES TO THE CONSOLIDATED INCOME STATEMENT

**Sales** of EUR 427,742 thousand were generated in the financial year, mainly from trading coal products such as steam coal, coking coal, anthracite, ores and cement products. On a regional basis, sales originated from Asia (84%), Africa (15%), Europe/Other countries (1%).

**Cost of materials** resulted from the global purchase of steam coal, coking coal and anthracite.

**Other operating income** includes, among other items, income from currency translation amounting to EUR 363 thousand (previous year: EUR 561 thousand).

**Other operating expenses** are mainly attributable to legal and consulting fees of EUR 2,434 thousand (previous year: EUR 1,490 thousand), vehicle and travel expenses of EUR 467 thousand (previous year: EUR 397 thousand), fulfil-

ment costs of EUR 1,639 thousand (previous year: EUR 1,665 thousand), occupancy costs of EUR 223 thousand (previous year: EUR 169 thousand), and 1/15th of the allocation to pension provisions, equal to EUR 223 thousand (previous year: EUR 223 thousand), resulting from the change in measurement pursuant to Section 253 (1) sentence 2 HGB. Expenses from currency translation amounted to EUR 616 thousand (previous year: EUR 374 thousand).

The **financial result** includes interest expenses on pension obligations of EUR 665 thousand (previous year: EUR 679 thousand).

The expense from **income taxes** resulted from the carryover of deferred tax assets (addition recognised in profit or loss of EUR 188 thousand; previous year: addition of EUR 191 thousand).

## IX. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

**Cash and cash equivalents** include cash and liabilities to banks due on demand as well as other current borrowings related to the disposition of cash and cash equivalents.

## X. OTHER NOTES

### 1. NAMES OF MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS

During the past financial year, the Company's business was conducted by the following **Management Board** members:

<b>Dennis Schwindt</b>	Chief Executive Officer
<b>Jens Moir</b>	Chief Financial Officer

Disclosure of the Management Board remuneration was waived by exercising the option granted by Section 286 (4) HGB.

During the financial year, the **Supervisory Board** consisted of the following members:

<b>Heinz Schernikau</b>	retired	Chairman of the Supervisory Board
<b>Dr h,c, Michael Bärlein</b>	Attorney, Berlin	Deputy Chairman of the Supervisory Board
<b>Patrick Brandl</b>	Merchant	

In 2021, the members of the Supervisory Board received remuneration of EUR 178 thousand for their activities as members of the Supervisory Board or additional advisory activities. There are provisions for unpaid statutory remuneration for 2021 and 2020 in the total amount of EUR 108 thousand.

## 2. AUDITOR'S FEE

The fee for the audit of the financial statements amounted to EUR 39 thousand (previous year: EUR 39 thousand). In addition, the auditing company provided other assurance services amounting to EUR 0 thousand (previous year: EUR 13 thousand) and other services amounting to EUR 10 thousand (previous year: EUR 7 thousand) in the year 2021.

## 3. AVERAGE NUMBER OF EMPLOYEES IN THE FINANCIAL YEAR

In the 2021 financial year, an average of 33 employees (13 women, 20 men) were employed.

## 4. AMOUNTS RESTRICTED FOR DISTRIBUTION

The difference between seven-year and ten-year average interest rates for the valuation of pension provisions (Section 253 (6) sentence 2 HGB) of EUR 598 thousand and deferred tax assets (Section 268 (8) HGB) of EUR 1,739 thousand are restricted from distribution, for a total of EUR 2,337 thousand (previous year: EUR 2,368 thousand).

## 5. SUBSEQUENT EVENTS

For the effects of the developments in Ukraine that have occurred after the reporting date, and the possible effect on energy and raw material prices and on global supply chains resulting from the European Union's sanctions against Russia, please refer to the explanations in the management report. There were no other events after

the reporting date that would be of particular significance for the assessment of the net asset, financial position and results of operations.

## 6. APPROPRIATION OF PROFIT OF THE PARENT COMPANY

The unappropriated retained earnings for the past 2021 financial year reported in the annual financial statements of HMS Bergbau AG, which were prepared in accordance with the principles of German commercial law and stock corporation law, amount to EUR 7,196,864.52 (previous year: EUR 5,066,429.73). Of this amount, EUR 2,336,833.25 (previous year: EUR 2,367,641.74) is subject to a distribution restriction. At the Annual General Meeting, the Management Board and the Supervisory Board will propose to distribute a dividend of EUR 0.04 per ordinary share entitled to dividend. This corresponds to a distribution of EUR 181,736.76 from unappropriated retained earnings. The remaining amount of EUR 7,015,127.76 is to be carried forward. Any treasury shares held by the Company are not entitled to dividends. The number of ordinary shares entitled to dividends may change before the date of the Annual General Meeting. In this case, a correspondingly adjusted proposal for the appropriation of unappropriated retained earnings will be submitted to the Annual General Meeting, maintaining a distribution of EUR 0.04 per ordinary share entitled to dividend.

Berlin, 31 March 2022



**DENNIS SCHWINDT**  
Chief Executive Officer



**JENS MOIR**  
Chief Financial Officer

# Independent Auditor's Report

TO HMS BERGBAU AG, BERLIN,

## STATEMENT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### AUDIT OPINIONS

We audited the consolidated financial statements of HMS Bergbau AG, Berlin, and its subsidiaries (the Group) – consisting of the consolidated balance sheet as of 31 December 2021, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in shareholders' equity for the financial year from 1 January 2021 through 31 December 2021, as well as the notes to the consolidated financial statements, including the presentation of accounting policies. In addition, we audited the report on the situation of the Company and the HMS Bergbau AG Group for the financial year from 1 January through 31 December 2021.

In our opinion, based on the knowledge obtained in the course of the audit,

- the accompanying consolidated financial statements comply with German commercial law in all material respects and, in accordance with German generally accepted accounting principles, give a true and fair view of the net assets and financial position of the Group as of 31 December 2021 and its results of operations for the financial year from 1 January 2021 through 31 December 2021;
- the accompanying report on the situation of the Company and the Group as a whole gives a true picture of the situation of the Company. In all material respects, this combined management report is consistent with the annual financial statements, complies with German statutory provisions and accurately presents the opportunities and risks of the future development.

In accordance with Section 322 (3) sentence 1 HGB (German Commercial Code), we declare that our audit has not led to any objections to the regularity of the consolidated financial statements or the report on the situation of the Company and the Group.

### BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and the report on the situation of the Company and the Group in accordance with Section 317 HGB and the generally accepted German standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW). Our responsibilities under these rules and policies are further described in the section entitled "Auditor's responsibilities for

the audit of the consolidated financial statements and the management report" of our audit opinion.

We are independent of the Group companies in accordance with German commercial law and rules of professional conduct and have fulfilled our other German professional obligations in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to form the basis for our audit opinion on the consolidated financial statements and the report on the situation of the Company and the Group.

The legal representatives are responsible for the other information.

Our audit opinions on the consolidated financial statements and the report on the situation of the Company and the Group do not extend to the other information and, accordingly, we provide neither an audit opinion nor any other form of audit conclusion on these issues.

In connection with our audit, we have the responsibility to read the other information and to evaluate whether the other information

- has material inconsistencies with the consolidated financial statements, the report on the situation of the Company and the Group or with our knowledge obtained during the audit;
- or otherwise appears significantly misrepresented.

### RESPONSIBILITY OF THE LEGAL REPRESENTATIVES FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

The legal representatives are responsible for the preparation of the consolidated financial statements, which comply with German commercial law in all material respects, and that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with generally accepted accounting principles. In addition, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with generally accepted accounting principles in order to facilitate the preparation of consolidated financial statements that are free from any intentional or unintentional material misstatements.

When preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern and for disclosing matters relating to the continuation of the business, where relevant. In addition, they are responsible for accounting on the basis of the going concern accounting principle, unless contrary to fact or law.

In addition, the legal representatives are responsible for the preparation of the report on the situation of the Company and the Group, which overall conveys a true picture of the Group's position and is consistent with the consolidated financial statements in all material respects, complies with German statutory provisions and accurately presents the opportunities and risks of the future development. In addition, the legal representatives are responsible for the arrangements and measures (systems) that they deem necessary to enable the preparation of a group management report in accordance with the applicable German statutory provisions and to provide sufficient and suitable evidence for the statements in the group management report.

#### **RESPONSIBILITY OF THE AUDITOR FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT**

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from intentional or unintentional material misstatements, and whether the report on the position of the Company and the Group as a whole provides a true picture of the Company's situation and in all material respects is consistent with the consolidated financial statements and the knowledge obtained in the course of the audit, complies with German statutory provisions, accurately presents the opportunities and risks of the future development and to issue an audit opinion that includes our audit opinion on the consolidated financial statements and the report on the position of the Company and the Group.

Reasonable assurance is a high level of assurance, but no guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if individually or together could reasonably be expected to influence

the economic decisions of users taken on the basis of these consolidated financial statements and the report on the position of the Company and the Group.

During the audit, we exercise due discretion and maintain a critical attitude. In addition, we

- identify and assess the risk of any intentional or unintentional material misstatements in the consolidated financial statements and the group management report, plan and perform audit procedures in response to such risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the overriding of internal controls;
- obtain an understanding of internal controls relevant to the audit of the consolidated financial statements and of the arrangements and measures relevant to the audit of the report on the position of the Company and the Group, in order to plan audit procedures that are appropriate for the circumstances but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company;
- evaluate the appropriateness of the accounting policies used, as well as the feasibility of accounting estimates and related disclosures made by the legal representatives;
- draw conclusions as to the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to this fact in our auditor's report to the related disclosures in the consolidated financial statements and report on the position of the Company and the Group or, if such disclosures are inadequate, to modify our particular opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view of the Group's net assets, financial position, and results of operations in accordance with German generally accepted accounting principles;
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the report on the position of the Company and the Group. We are responsible for the direction, supervision and performance of the Group audit. We are solely responsible for our audit opinions;
- evaluate the consistency of the report on the position of the Company and the Group with the consolidated financial statements, its legal compliance and the presentation of the Company's position;
- perform audit procedures on the prospective information presented by the legal representatives in the report on the position of the Company and the Group. Based on sufficient and appropriate audit evidence, we hereby, in particular, review the significant assumptions used by the legal representatives as a basis for the prospective information and assess the appropriate derivation of the prospective information from these assumptions.

We are not issuing a separate audit opinion on the prospective information or the underlying assumptions. There is a significant, unavoidable risk that future events will deviate significantly from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

Berlin, 24 June 2022

**PANARES GMBH**  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

**WENNING**  
Auditor

## Imprint

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## Legal Notice

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The report includes forward-looking statements that reflect the current opinion of HMS Bergbau AG's management with regard to future events. Any statement contained in this report reflecting or building upon intentions, assumptions, expectations, forecasts and underlying assumptions is a forward-looking statement. These statements are based upon plans, estimates and forecasts that are currently available to HMS Bergbau AG's management. They therefore only refer to the day on which they were made. Forward-looking statements are naturally subject to risks and uncertainties, which could result in actual developments differing significantly from these forward-looking statements or events implied or expressed therein. HMS Bergbau AG does not assume any liability for such statements and does not intend to update such statements in view of new

information or future events. This annual report of HMS Bergbau AG does represent annual financial statements in accordance with German commercial law and the regulations of the German Stock Corporation Act; information or figures contained in this report have been subject to an official audit by an auditor. This report is for reference only within the scope of HMS Bergbau AG's disclosure obligations in accordance with the general terms and conditions of Deutsche Börse AG concerning OTC trading on the Frankfurt Stock Exchange.

The English version of the annual report and the consolidated financial statements 2021 of HMS Bergbau AG is a one-to-one translation. The English version is not audited; in the event of variances, the German version shall take precedence over the English translation.

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